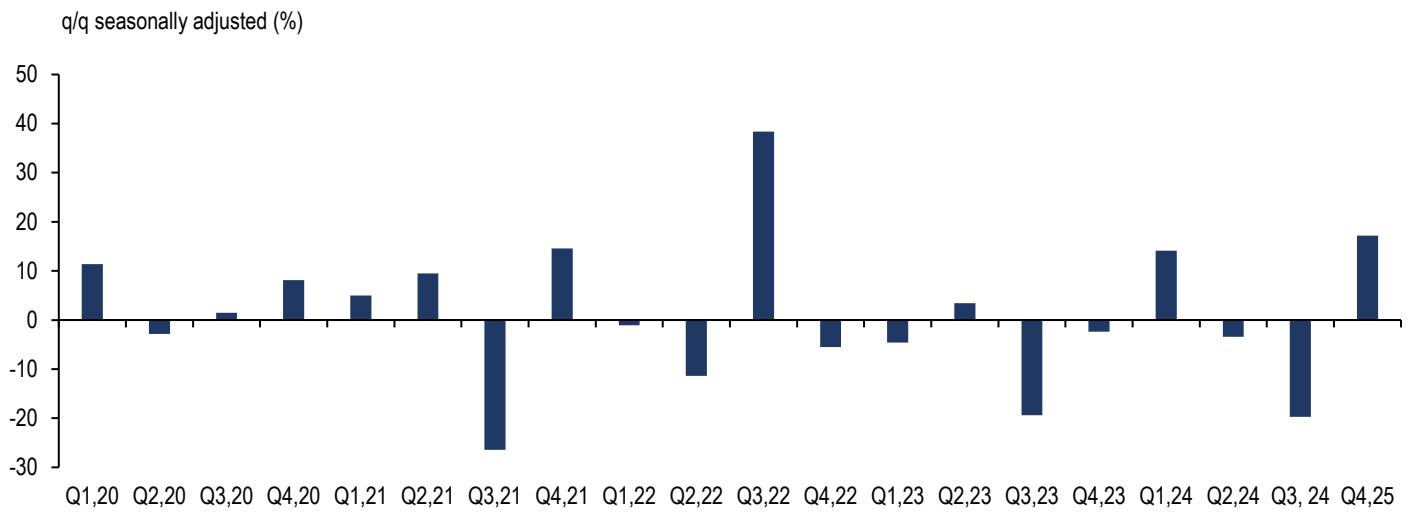


## South Africa's agricultural gross value added bounced back in Q4 2024

- After a sharp contraction of -19,7% in the third quarter of 2024 (revised), South Africa's gross value added expanded by 17,2% quarter-on-quarter (seasonally adjusted) in the last quarter of 2024. This expansion is mainly due to the better performance of some field crops, livestock, and the horticulture subsector (mainly fruits). In essence, the late deliveries of some field crops also helped (because the season was late), along with the recovery of the livestock industry following months of widespread animal diseases. Moreover, the generally excellent fruit production due to better water levels and stable electricity that supported irrigation also added positive momentum to the sector.
- From an annual perspective, the sector contracted by -8% year-on-year in 2024 (from -4,8% in 2023). This annual contraction is broadly in line with market expectations. The primary challenge of South Africa's agriculture in 2024 was the mid-summer drought that weighed on field crop production, combined with the livestock diseases in the first few quarters of the year.
- The recovery in the livestock subsector was only in the last quarter of 2024 when the country finally managed to control the diseases. The good performance of the horticultural subsector was insufficient to change the sector's fortunes more meaningfully, although it lessened the extent of the contraction.
- We believe 2025 will be a year of recovery in the sector. The production conditions of the field crops are favourable, and the early production estimates have already pointed to a recovery. For example, the Crop Estimates Committee forecasts the 2024-25 overall summer grains and oilseeds harvest at 17,2 million tonnes, up 11% from the previous season. This estimate comprises maize, sunflower seed, soybeans, groundnuts, sorghum and dry beans. We think these production estimates may be revised even further with continuous favourable rainfall in the coming months.
- Moreover, we continue to see better production conditions in other fields, such as sugar cane. The livestock and poultry subsector also benefits from favourable weather conditions, a potential decline in feed costs, and better grazing veld.
- The fruit and wine industry also continues to help form better dam levels, which are key for irrigation. Ultimately, these encouraging production conditions and base effects point to a better agricultural season in 2025 and a potential recovery of the gross value added.
- Overall, the South African economy grew by 0,6% in 2024 (from 0,7% in 2023). The country remains in a low-growth trap.

## Exhibit I: South Africa's agricultural gross value added



Source: Stats SA and Agbiz Research