SA agricultural economy showing robust growth

The second quarter agricultural GDP figures confirm that the sector is eventually out of the woods. Data released this morning showed that the sector grew by 33.6% q/q in the second quarter of 2017, which is significantly higher than the 22.2% q/q recorded in the first quarter of this year. This in line with the sentiment shared in the previous quarter that this positive growth path will continue throughout the year – sustained by robust agricultural output in the summer crops producing areas. Overall, we expect this positive growth path to be sustained throughout the year, but at a relatively lesser degree than what we observed in the first two-quarters of the year.

- These results mirror the increased activity in the overall agricultural sector, particularly summer grains, oilseeds, vegetables, as well as a slight recovery in the livestock industry. The 2017 total summer grains production are estimated at 18.91 million tonnes, which is double the previous season’s volume.
- While the data paints an encouraging picture of the sector’s recovery, the persistent dryness is the Western Cape province remains a key concern. This could affect the performance of the summer horticultural products, as well as winter grains and oilseeds which enable the province to contribute a lion share of 22% to the country’s agricultural economy.
- Over and above, we expect this positive growth rate to continue in the coming quarters, but at a relatively lower pace. This sentiment is also echoed in the recently released Agbiz/IDC Agribusiness Confidence Index, which typically signals how South Africa’s agricultural GDP could perform in the succeeding quarters. The index registered 54 points in the third quarter, which is an expansionary territory - above 50-index points (Chart 1).

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1 Seasonally adjusted annualised
2 Summer grains represents maize, sunflower seed, soybean, groundnuts, sorghum and dry beans.

Disclaimer: Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any loss or damage incurred due to the usage of this information.