

SA agricultural trade starts 2018 on good footing

In January 2018, the agricultural sector sprint into a positive net trade of R1.3 billion while the overall economy suffered a trade deficit of R27.67 billion. The positive agricultural trade balance can be attributed to the availability of quality summer fruits and beverage products coupled with improved demand in Europe for South African agricultural products. On the imports side, South Africa still source relative large quantities of rice, oilcakes and processed food from Asia and other markets.

- ❖ The agricultural exports were valued at R10.28 billion in January 2018 which is 7.3 percent higher than the corresponding time last year. Products like fruits, beverages, and vegetables accounted more than half of total agricultural exports, followed by animal products with 14.8 percent share (see Chart). About 44 percent of agricultural exports were destined to African markets and 34 percent to European markets. The demand in Europe increased by 20 percent compared to January 2017 while stagnating in the African market.
- ❖ Agricultural imports declined by 3.6 percent compared to corresponding period last year largely due to grains and processed food import substitutions as well as the strengthening of the exchange rate. However, imports of the animal products continued to rise, registering a 15.4 percent growth in value terms compared to January last year (see Chart).
- ❖ In the next months, the strengthening exchange rate could reduce the cost of imports subsequently benefiting the supply side of the sector by easing the high input costs. But, the exchange rate and lower harvest caused by drought could also weaken the export margins.

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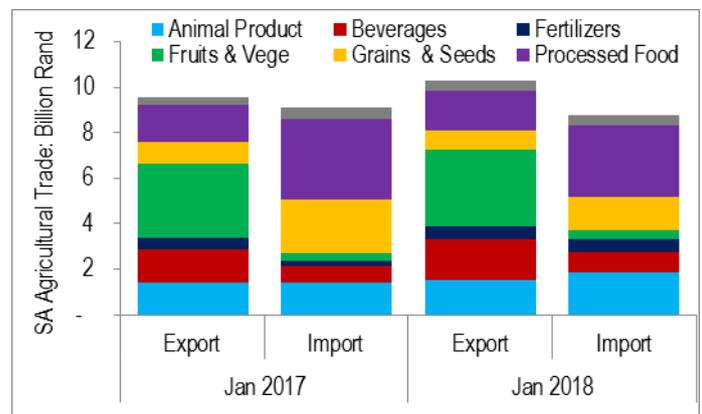
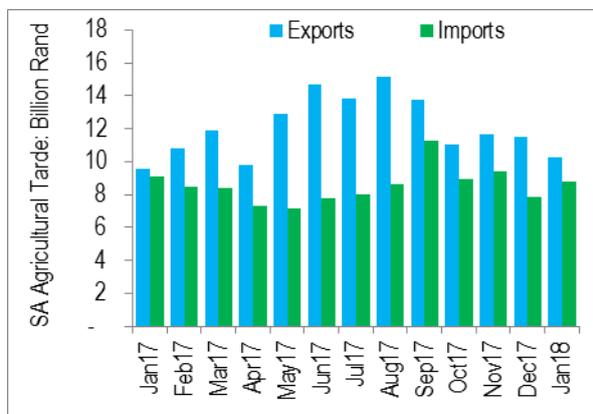


Chart: South African agricultural exports and imports per month (left) and per product (right) for 2017 and 2018

Source: SARS, Agbiz Research, 2018

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