

A surprise nosedive in agriculture GDP outcomes in Q3, 2023

 By Paul Makube

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South Africa's GDP growth fell short of expectations and contracted by 0.2% in Q3 of 2023 from a 0.5% rise in Q2 according to Statistics South Africa's latest update. Five of the ten economic sectors declined with the biggest drag on growth between Q2 and Q3 of 2023 emanating from manufacturing and construction both with -0.1 of a percentage contribution, as well as agriculture with -0.3 of a percentage contribution.



Source: [Freepik](#)

Despite some of the earlier indicators pointing to a potential upswing in Q3 agriculture GDP, the sector surprised on the downside with the biggest and sharpest contraction of 9.6% in Q3 of 2023. This was underpinned by a slowdown in economic activity for field crops, animal products, and horticulture products.

However, the bulk of the bumper harvest of the 2023 summer crops happened in Q3 but the downbeat prices offset what could have been an excellent quarter. The total summer crop harvest was massive at 20.74 million tonnes which is 6.8% higher year-on-year with South Africa's biggest staple at 17.06 million tonnes (commercial plus non-commercial) and 6% higher year-on-year, and soybeans up 24% year-on-year at a record high of 2.76 million tonnes.



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On livestock products, we have seen a negative price growth for beef and pork with poultry mostly flat while overall livestock slaughter fell by 8% relative to the previous quarter. The livestock subsector also grappled with disease outbreaks such as avian influenza in the poultry industry by mid-Q3 and given its sheer size of 42% of total agriculture gross producer value, any decline in the subsector activity makes a huge dent on overall agriculture growth.

Outlook and long-term prospects: Agriculture sector's resilience

Agriculture exports had an impressive performance with the value of export earnings jumping by 4% year-on-year to \$3.9bn. Maize continued to enjoy strong growth in exports with an impressive 8.5% year-on-year surge in volumes exported at 1.64 million tonnes in Q3 dominated by yellow maize (81%) followed by white maize (19%) according to the South African Grain Information Services (SAGIS) data.

Nonetheless, we still hold a positive view on the long-term prospects for the agriculture sector on the back of the renewed impetus to open export markets following the conclusion of deals for exports of avocados to China and the reopening of the Saudi Arabian market for SA meat.

Moreover, the seasonal outlook has improved significantly as the El Nino scare seems to have dissipated with forecasts still calling for rains into mid-December which bodes well for agriculture. Farmers are even optimistic in the field crop category with the first intention to plant indicating an increase of 2% year-on-year in the maize area, the country's biggest staple.

ABOUT PAUL MAKUBE

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