

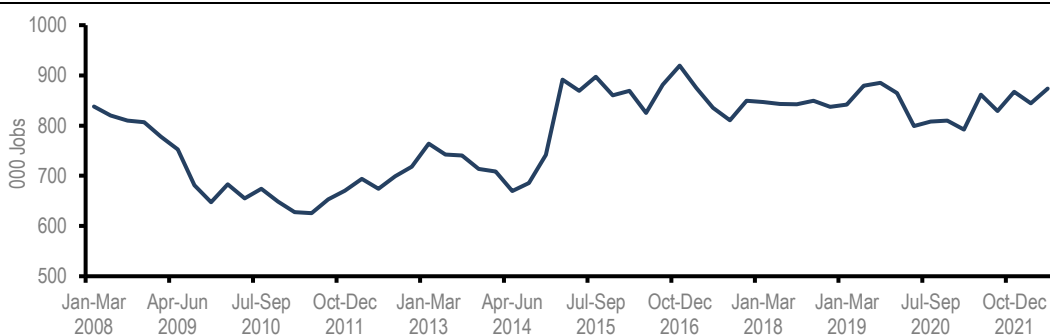
SA agricultural jobs up marginally in Q2, 2022

While the 2021/22 production season started on a rough footing of excessive rains, various subsectors of agriculture managed to recover when the rains slowed. We saw this recovery in the decent yields in horticulture, grains, sunflower seed and even record yields in soybeans. The primary agricultural jobs data also reflect the vibrancy of the sector. In the second quarter of this year, there were 874 000 people in primary agriculture, up by 1% year-on-year (and up 3% quarter-on-quarter). Notably, this is well above the long-term agricultural employment of 780 000. The increased farm activity during the harvesting process of some vegetables, fruits and field crops necessitated increased employment during the quarter. The subsectors that shaved jobs during this period were livestock and aquaculture (fish farms and hatcheries). The decline in employment in the livestock is understandable as the subsector faces the spread of foot-and-mouth disease, which has led to a temporary suspension of exports and numerous business activities, thus weighing on farmers' finances. Moreover, the higher feed costs are an additional challenge for the livestock industry.

Most provinces registered job gains from a regional perspective except for KwaZulu-Natal and North West. These are also amongst the regions that suffer from the spread of foot-and-mouth disease. The floods in KwaZulu-Natal in April this year might have also negatively affected the employment prospects in the second quarter of this year. With that said, these job losses were overshadowed by increased employment in other provinces. Hence, primary agriculture employment increased by 1% y/y (and 3% q/q), as stated above.

Looking ahead, data from the third quarter of the year could continue to show robust employment conditions, although possibly lower than the second quarter. The delayed harvest in some subsectors because of a relatively late start of the season will mean that people were in the fields harvesting for a more prolonged period than the previous year; hence we maintain a somewhat favourable view of employment conditions in the sector. Still, the financial pressures from animal disease and trade restrictions facing labour-intensive subsectors like citrus remain the major risks to job prospects. Aside from the subsector-specific issues, South Africa's agriculture faces challenges around the inadequate functioning of network industries – roads, rail, ports, water, and electricity, and poorly functioning municipalities, leading to an increase in the cost of doing business. Moreover, the challenging economic conditions in the country have, in some areas, led to labour unrest, which also requires close monitoring.

Exhibit 1: South Africa's agriculture employment



Source: Stats SA and Agbiz Research

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