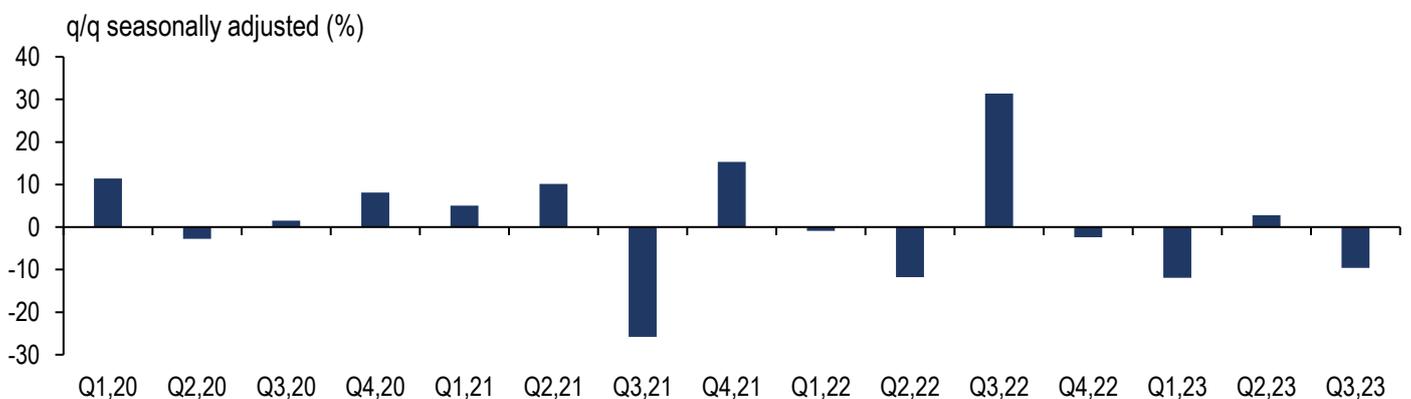


## South Africa's agricultural gross value added contracts in Q3, 2023

- Following an encouraging recovery of 2,8% quarter-on-quarter (seasonally adjusted) in the second quarter of 2023, South Africa's agricultural gross value added contracted by 9,6% in the third quarter. These figures were a surprise as we thought the ample field crop, whose harvest was a month behind the typical schedule, would still be reflected in the third-quarter data. For example, the 2022/23 maize harvest is at 16,4 million, which is 6% higher than the 2021/22 season's harvest and the second-largest harvest on record. Soybean harvest is at a record 2,8 million tonnes. South Africa's sugar cane crop is forecasted to be 18,5 million tonnes in 2023/24, up 3% y/y. Other field crops and fruit harvests were also decent this year. Ultimately, the base effects and headwinds in the livestock and poultry industry weighed on the sector. The livestock and poultry industry, which accounts for nearly half the sector's value, has been hit by animal diseases such as foot-and-mouth, avian influenza and African swine fever.
- Also worth noting is that South Africa's agriculture quarterly gross value-added figures tend to be quite volatile; hence, our communication always focuses on the annual performance. Importantly, with the downbeat growth figures of the recent quarters, we now think the sector could show mild contraction this year instead of the solid growth we initially anticipated.
- Aside from the quarterly growth figures, the sector's key challenges are rising geopolitical tensions, deteriorating infrastructure, weakening municipalities, crime, and energy supply, which all influence farm profitability. The South African government, collectively with the private sector, should address these issues to support the sector in the long term. Also crucial for the outlook of the agricultural sector is highlighting that El Nino's impact on the 2023/24 summer season is another aspect to keep an eye on, although we remain optimistic that it will have a mild impact on the sector and thus keep production at decent levels and, by extension, support growth.

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



Source: Stats SA and Agbiz Research