

Agriculture's 3rd quarter 2020 GDP outcomes still impressive

 By [Paul Makube](#)

9 Dec 2020

South Africa's agriculture GDP still came out impressive in the third quarter of 2020 at 18.5% quarter-on-quarter seasonally adjusted, annualised with a 0.6 percentage point contribution, according to Statistics South Africa (StatsSA).



Image source: [Gallo/Getty](#)

Again, field and horticulture crops, as well as animal products came out strongly in contribution to agriculture growth. A combination of strong exports, higher commodity prices, and the huge summer crop harvest boosted revenues in the subsector. For example, total maize exports increased by 235% to 963,441 tonnes in the third quarter of 2020 relative to the same period in 2019 and so far, 1.78 million tonnes have already been shipped for the current marketing season (May 2020-April 2021) which is 159% higher year-on-year.

Horticulture crops also saw strong exports with the total agriculture export earnings rising by 5% year-on-year in the 3rd quarter to US\$3.2 billion. After bucking the trend of seasonal declines during the winter period as well as the height of lockdown, livestock commodity prices remained resilient during the quarter and helped lift subsector performance thereby contributing positively to overall agriculture third quarter of 2020 GDP.

With the new summer crop planting season and the harvest of the winter crops beginning in the fourth quarter of 2020, we expect the 2020 agriculture performance to finish on a high note. The recent harvest estimates of the winter crops indicate a total record crop of 2.9 million tons which is 46% up on 2019 levels. Wheat, the biggest winter crop, is estimated at up 40% year-on-year to 2.15 million tonnes which will help reduce the country's import bill as it is a net importer.

On the back of a bullish weather outlook with the La Nina pattern having taken hold above 90% chance for Southern Africa, agriculture's outlook for the year ahead is even more positive. The preliminary intentions to plant report for summer crops indicates a 5% increase in planted area for the 2020/21 season to 4.15 million hectares. This is likely to increase further in subsequent reports given the high commodity prices and better production conditions. Good production conditions will boost all agriculture subsectors, thus another good year ahead.

ABOUT PAUL MAKUBE

Paul Makube is Senior Agricultural Economist at FNB.

- Vigilance in containing FMD critical for red meat export growth - 10 May 2024
- 1% upward revision for maize estimates, still down 18.5% year-on-year - 26 Apr 2024
- Chocolate prices continue to rise - 8 Apr 2024
- Agribusiness confidence for Q1 2024 dimmed by bad weather and a plethora of challenges - 26 Mar 2024
- Food inflation decelerates to a 25-month low - 22 Mar 2024

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>