

### ECONOMICS

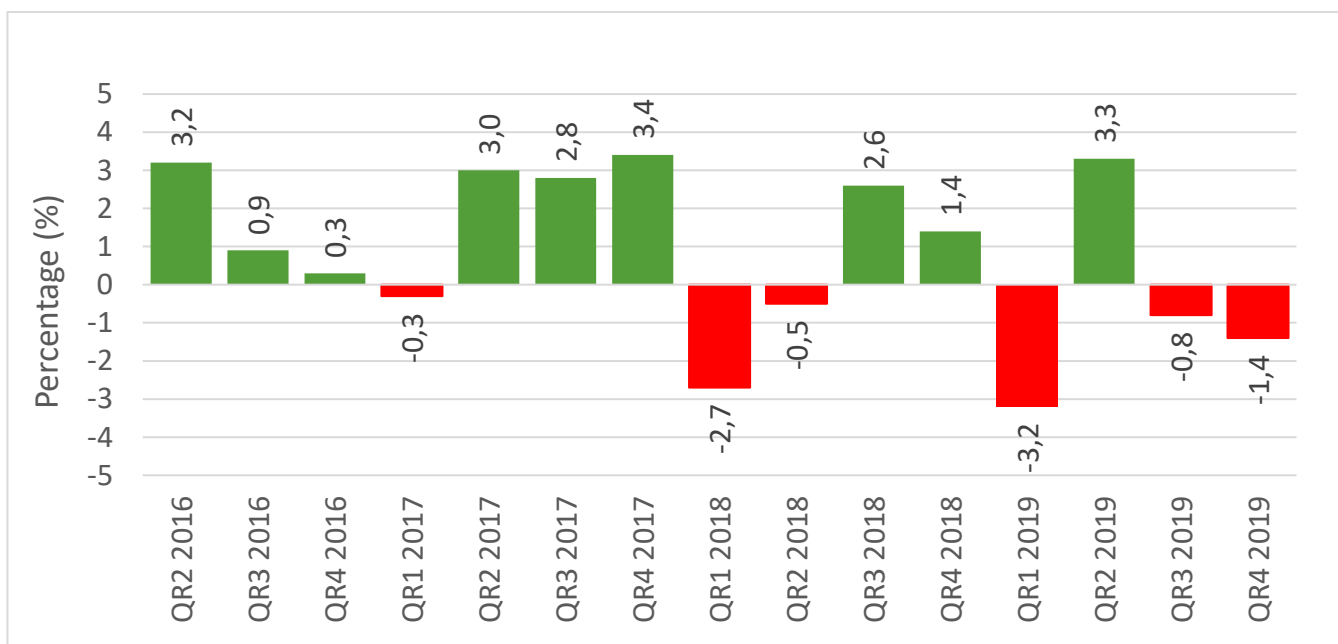
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South Africa's gross domestic product (GDP) contracted by 1,4% in the fourth quarter of 2019. The only contributors to growth in the fourth quarter were mining, finance and personal services. The biggest losers were agriculture, forestry and fishing (-7.6%), transport (-7.2%), construction (-5.9%), electricity (-4.0%) and trade (-3.8%).

Based on the latest data<sup>1</sup> (q4) the economy grew by only 0.2% in 2019. With two consecutive quarters (q3 & q4) of negative growth, South Africa is in a technical recession. This was also the case in the first half of 2018. Given the broader economic context, the growth rate of 0.2% was not a surprise. The February 2020 budget estimated growth of 0.3% for 2019.

**Figure 1: Percentage change in GDP (q/q Constant 2010-prices)**



Source: Compiled using Stats SA data.

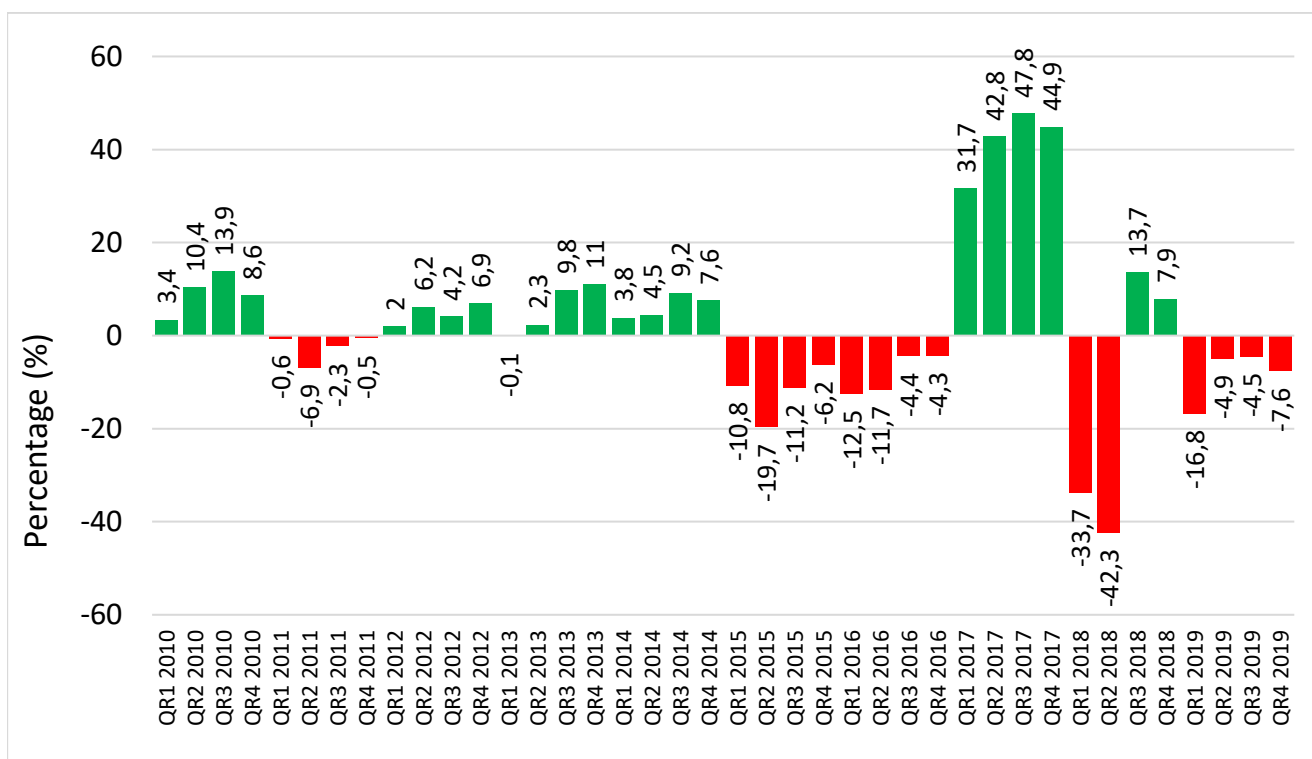
Output in the agricultural, forestry and fisheries sector declined by 7.6% in quarter four (2019), this is also the fourth consecutive quarter of negative growth for agriculture. The sector contributed -0,2 of a percentage point to GDP growth.

<sup>1</sup> Stats SA, 2020. Economy slips into recession. Available online: <http://www.statssa.gov.za/?p=13049>

Delayed rains and warm weather conditions had an incumbering impact on the production of field crops, whilst the output of horticultural products also declined. On a year-on-year basis, agriculture declined by 6.9%.

The re-emergence of load shedding caused further disruptions for output in agriculture and the rest of the economy. Furthermore, drought, low dam levels and water restrictions curtailed irrigation activities. The outbreak of foot-and-mouth disease and the temporary moratorium on auctions caused further disruptions.

**Figure 2: Year-on-year % change in real agricultural GDP (2010-prices) per quarter**



Source: Stats SA, Gross domestic product, Statistical release P0441

The outlook for production in 2020 could be different. Good rains in the summer crops area can improve yields. The Crop Estimates Committee estimates the 2019/20 summer crop production at approximately 16,8 million tons, which could be another record crop. There is also optimism about the improvement of the grape and fruit industry.

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<sup>2</sup> Everything has been done to ensure the accuracy of this information, however, AGRI SA takes no responsibility for any loss or damage incurred due to the usage of this information.