

# A further deterioration in agriculture GDP outcomes turn negative in Q1 of 2023

 By [Paul Makube](#)

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As widely expected, South Africa posted a pedestrian GDP growth of 0.4% in the first quarter of 2023 thus avoiding a technical recession. While eight of the industries recorded growth, agriculture was a major drag on growth as it deteriorated further by double-digit levels. After contracting by 2.4% year-on-year in the fourth quarter of 2022, agriculture GDP fell sharply by 12.3% year-on-year which reflects a downturn in economic activities in the field crops and animal product industries.



Source: josealbafotos via [Fxabay](#)

The weak performance in field crops was expected given the generally slow seasonal activity in the first quarter as well as the decrease in commodity prices. For animal products, the downturn in prices coupled with an 8% reduction in livestock slaughter underpinned the contraction in growth for this sector.



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The sector continues to grapple with challenges such as the ongoing debacle of uncompetitive phytosanitary measures on citrus from the EU (new rules on false codling moth), logistics and infrastructure deterioration, high energy costs, rising interest rates, elevated input costs, as well as disease outbreaks.

Nonetheless, we expect a rebound in the remaining quarters of 2023 given the huge harvest outlook for summer and winter grain and oilseed crops.

The May 2023 crop estimate indicated a 6% increase in overall grain and oilseed production for the season to 20.20 million tonnes with output for maize, South Africa's biggest staple, increasing by 4.6% year-on-year to 16.19 million tonnes despite a contraction in planted area. Citrus will see another good harvest with record volumes earmarked for exports, hopefully, aided by the declining shipping costs and the weaker rand exchange rate.

## ABOUT PAUL MAKUBE

Paul Makube is Senior Agricultural Economist at FNB.

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