

Sentiment cruises to a record high in the latest agribusiness confidence update

 By [Paul Makube](#)

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Unlike the RMB/BER Business Confidence Index that remained stable at 43 index points in 4Q21, the Agbiz-IDC Agribusiness Confidence cruised to a second record high since 2001 at 74 points which is indicative of robust domestic trading conditions and another year of favourable seasonal production outlook (2021/22).



Image source: [Gallo/Getty](#)

This survey outcome suggests that while recent input costs escalations are likely to erode producer margins, the relatively higher agricultural commodity prices and another excellent seasonal outlook following the 2020/21 bumper harvests far outweighed these concerns.



SA agribusiness confidence rebounds in Q4

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The latest production estimates point to another bumper crop for the 2021/22 production season with total maize and soybean expected planted area projected at 2.76m ha and 827,100 ha respectively. Assuming average yields of 6.22/t and 2.68/t respectively for maize and soybeans achieved during 2020/21 given the bullish weather outlook, South Africa is likely to produce more than 17m tons of maize and 2.22 million tonnes of soybeans.

The upswing in capital investment is most welcome and indicates long-term industry sustainability through asset replenishment and replacement. The banks have been solid behind agriculture amid the low-interest rate environment, and this is reflected in the 9 points drop in the financing costs subindex to 46.

It is important to recall that farmer finances took a serious knock due to the 2015/16 drought and it generally takes time to recover. Nonetheless, the past two years have been relatively fantastic, and we look forward to another year of solid performance from the agriculture sector.

ABOUT PAUL MAKUBE

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