



Index of investment potential in the agriculture & food sectors

Indicators included in the agriculture & food index (AFI)

Gross value added in agriculture, forestry & fisheries

Index of manufacturing volume - food & beverages

Ratio of foodbev manuf. Volume Index to total

Employment in agriculture

Income received by food & beverage retail outlets

Retail trade sales - specialised food stores

Retail trade sales - general dealers

Ratio of food & general dealer retail sales to total

Household consumption expenditure on food

Food producers' index on the JSE

Ratio of gross operating surplus to value added - agric

Average annual salary in the formal sectors

Reciprocal of household debt/disposable income ratio

Indicators included in the AFI (continued)

Exports

Animal products

Crops, fruit and vegetables

Fats & oils

Prepared foodstuffs

Imports

Animal products

Crops, fruit and vegetables

Fats & oils

Prepared foodstuffs

Indicators included in the AFI (continued)

Agbiz/IDC agribusiness confidence index

Turnover

Net operating income

Market share of the business

Employment

Capital investment

Volume exports

Economic growth in South Africa

General agricultural conditions

Debtor provision for bad debt

Financing costs

Indicators included in the agriculture & food index (AFI) - concluded

- Reciprocal of the prime overdraft rate
- Reciprocal of the diesel price
- Reciprocal of the Eskom tariff for agriculture
- Reciprocal of the average price of fertilizers
 - i. DAP
 - ii. TSP
 - iii. Urea
 - iv. Potassium chloride
- Reciprocal of average remuneration per worker

Products included in the price indices

Fruit	Vegetables & other	Key crops	Meat
Apples	Tomatoes	Soya beans	Beef
Apricots	Onions	Barley	Poultry
Grapes	Other veg	Maize	Mutton
Pears	Canola	Sorghum	Pork
Peaches	Dry beans	Wheat	
Plums	Lucerne & hay	Sugar	
Melons	Wool	Tobacco	
Avocados	Milk	Cotton	
Litchis	Potatoes	Groundnuts	
Mangos			
Lemons			
Grapefruit			
Oranges			



**Background & general
indicators**

The strategic role of agriculture

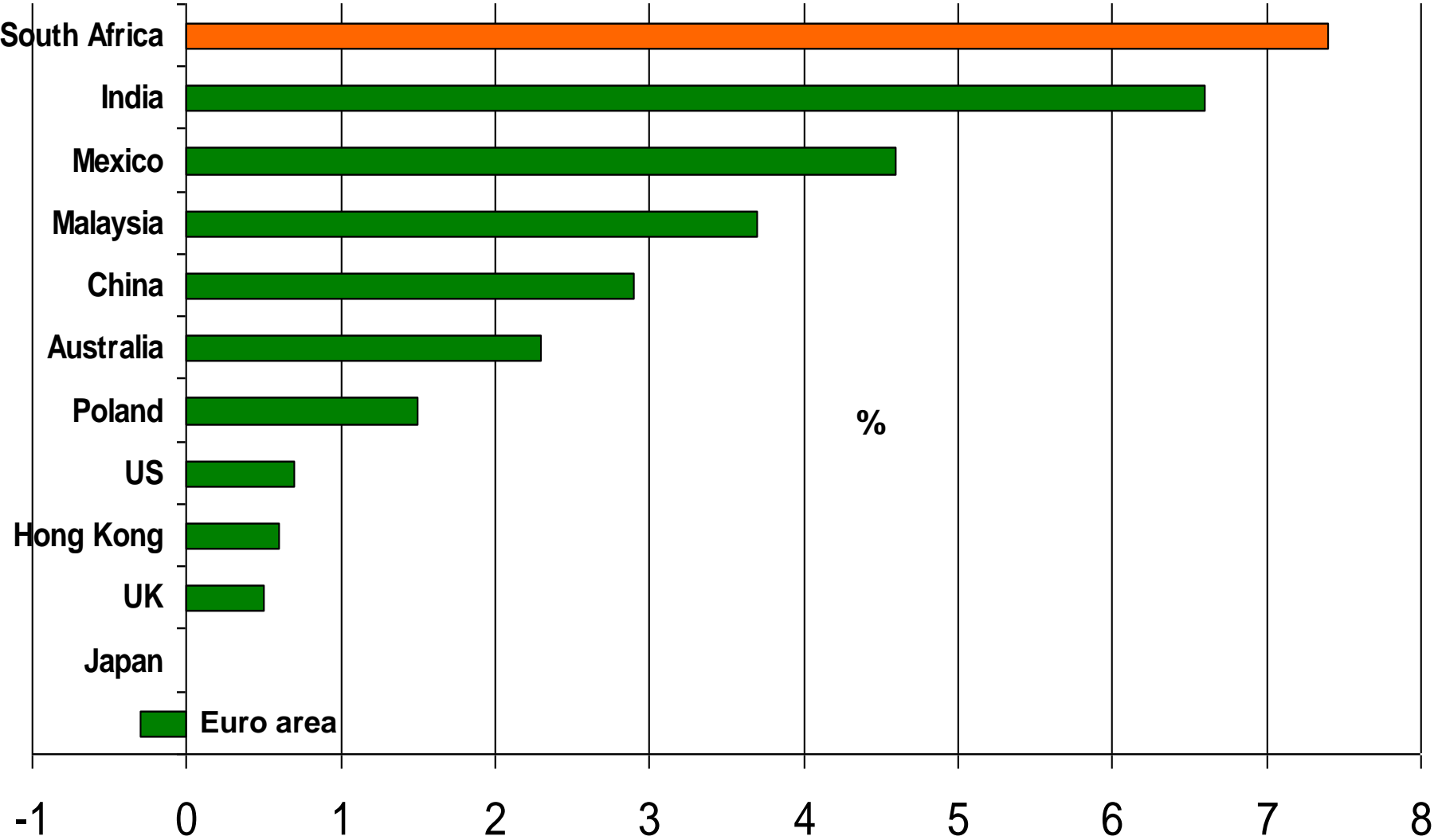
- Agriculture remains the single largest source of employment
- Provision of inputs for food processing
- Inputs for other sectors of the pervasive agriculture value-chain
- Strategically important for food security
- Valuable source of foreign exchange earnings
- Appropriate policies may stem the tide of urbanisation
- Focal point of environmental protection
- Tourism potential
- Contribution to GDP
- Contribution to fiscal revenues

Opportunities & growth drivers for the development of the agriculture sector (selection)

- Positive population growth
- Sustained growth in *per capita* incomes
- Strong regional growth
- Diversification of crops & products
- Alignment with diet revolutions
- Beneficiation
- Potential access to DTI incentives
- High ratio of operating surplus to value added
- Cooperation with local authorities in maintaining infrastructure
- Agri-tourism

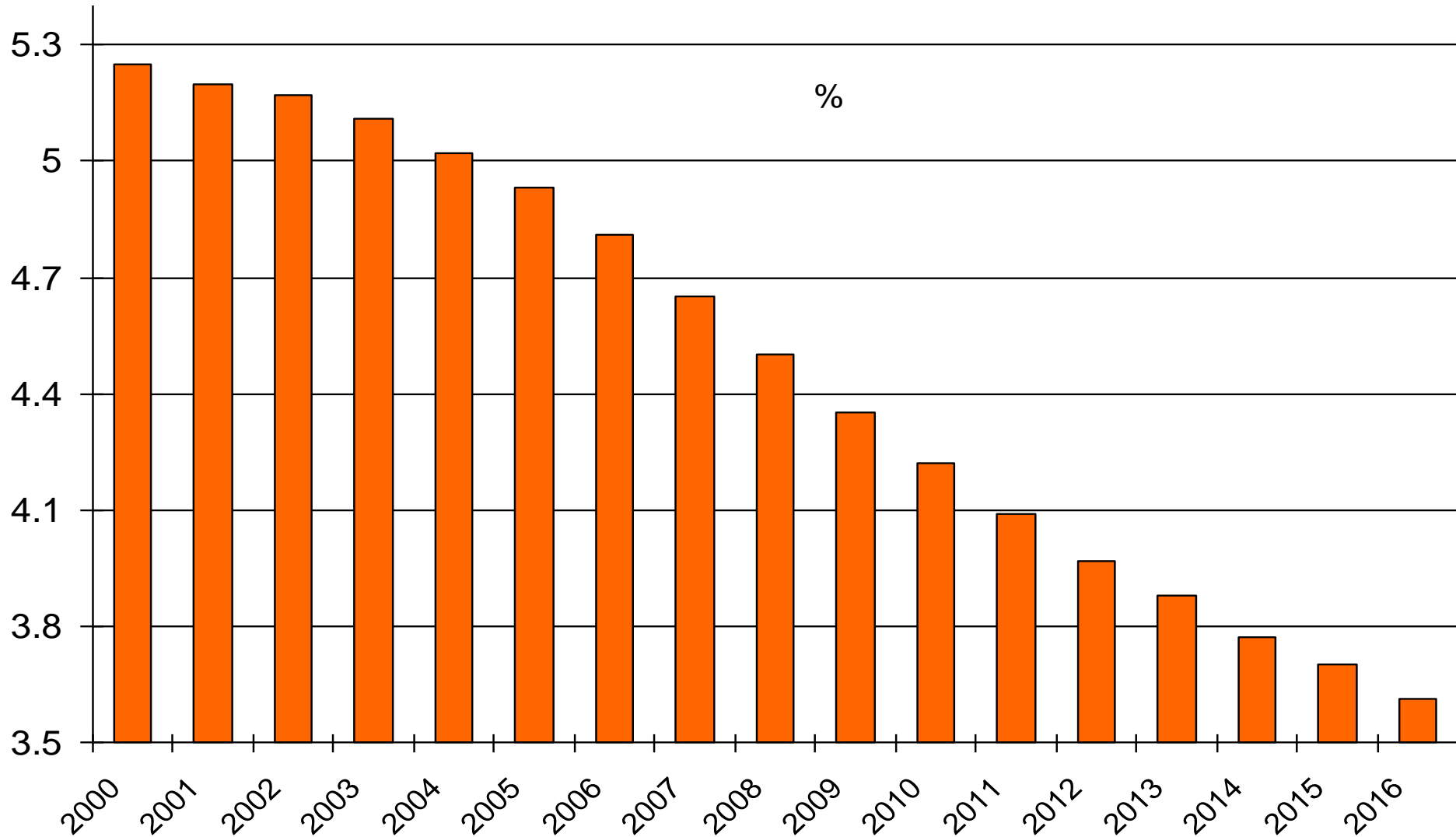
Money market interest rates in South Africa currently amongst the highest in the world (nominal)

(Source: EIU)



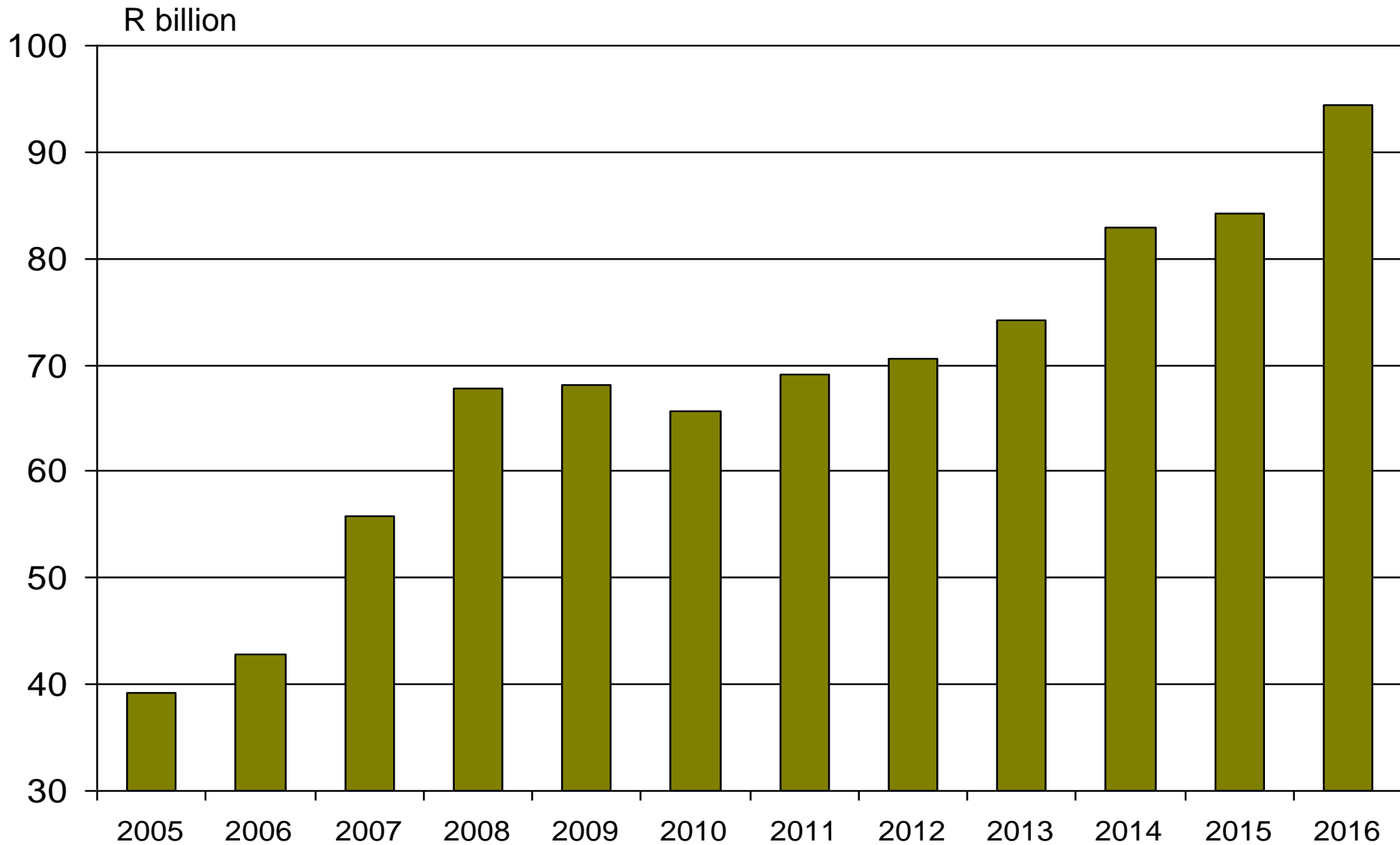
Value of fixed capital stock – agriculture's share of SA total

(Sources: SARB; own calculations)



Value added in agriculture at current prices

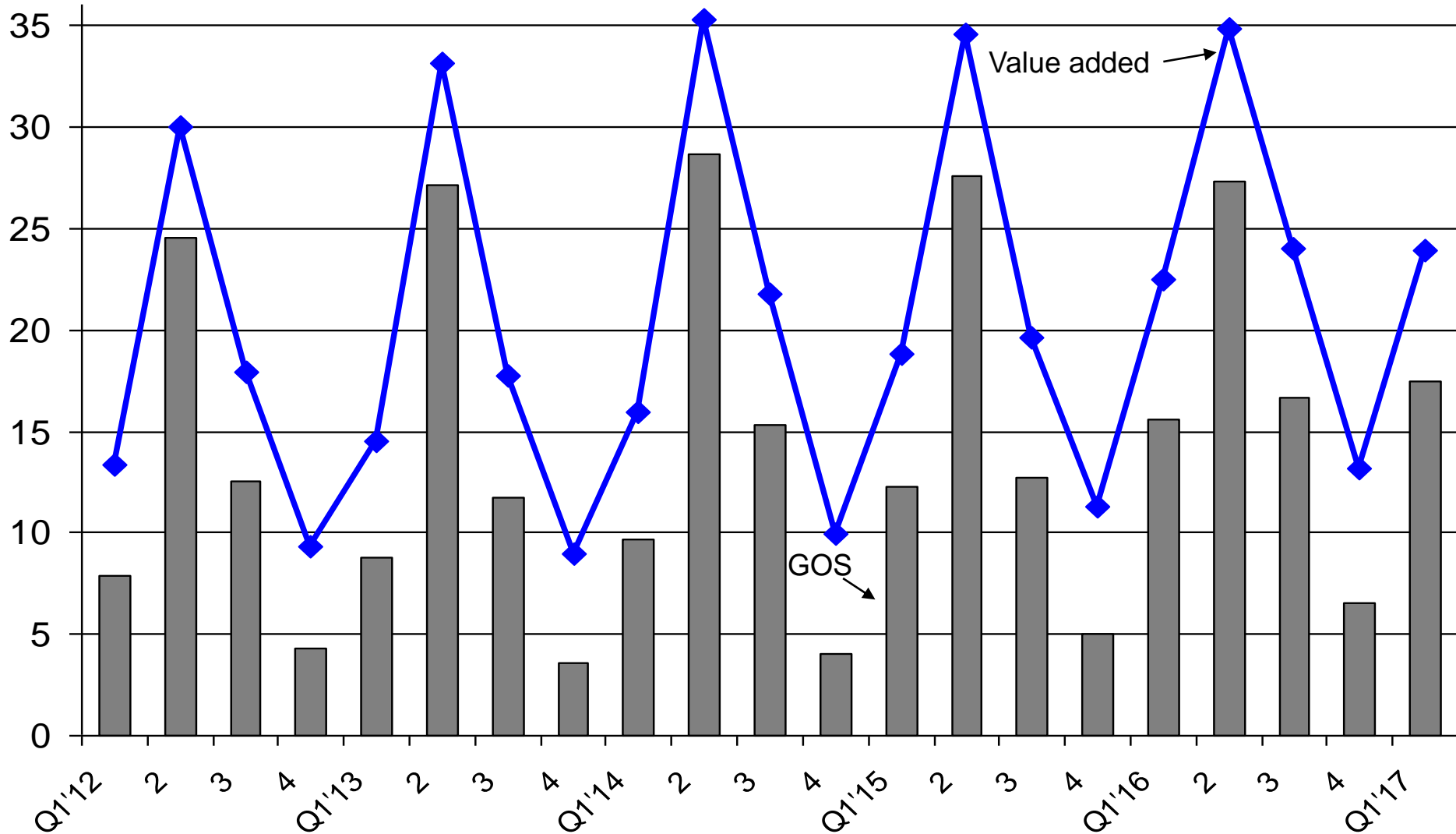
(Source: Stats SA)



Quarterly gross operating surplus & value added in agriculture - strong seasonality

(Source: Stats SA)

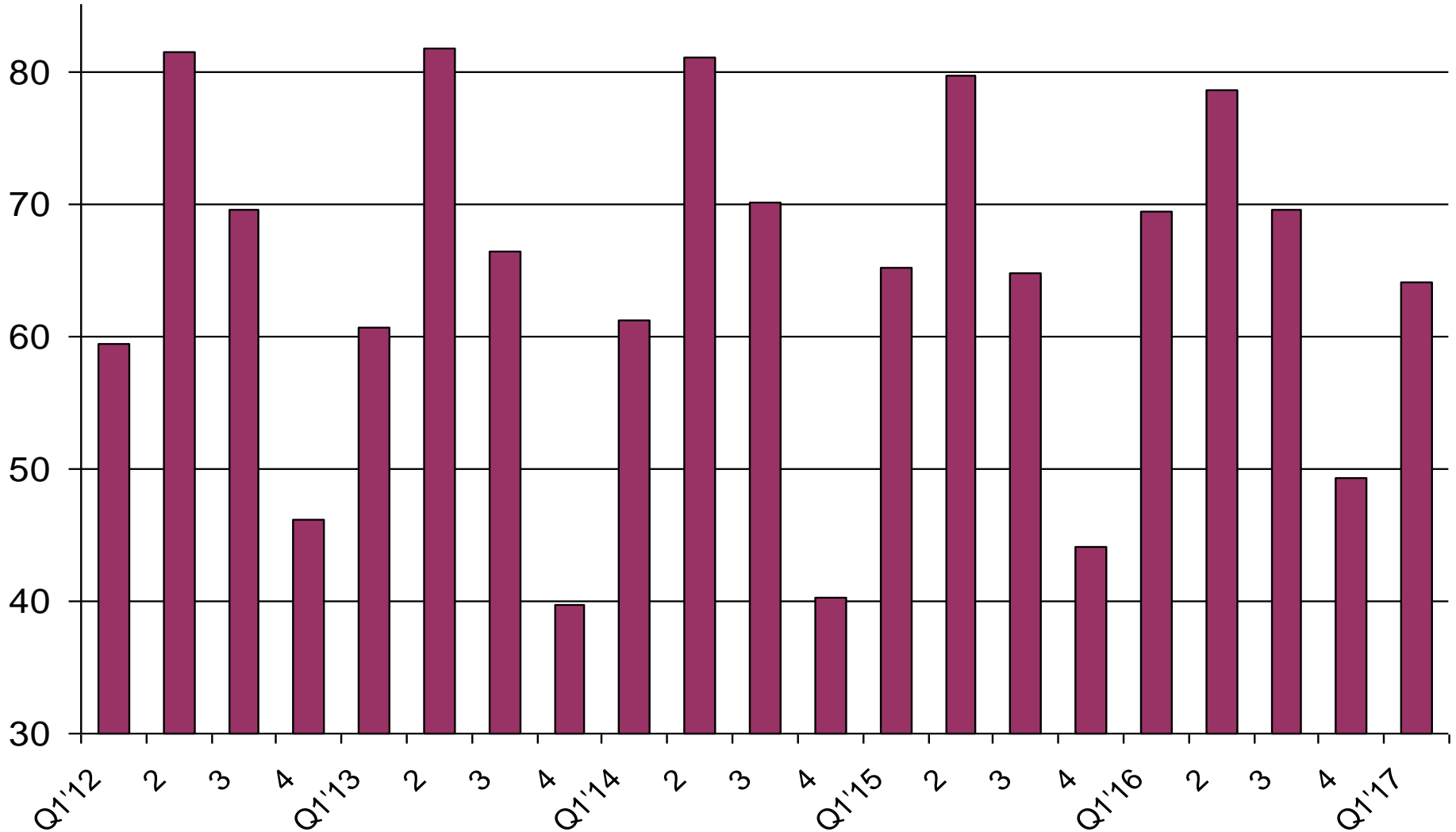
R billion



Ratio between quarterly gross operating surplus & value added in agriculture

(Sources: Stats SA; own calculations)

R billion



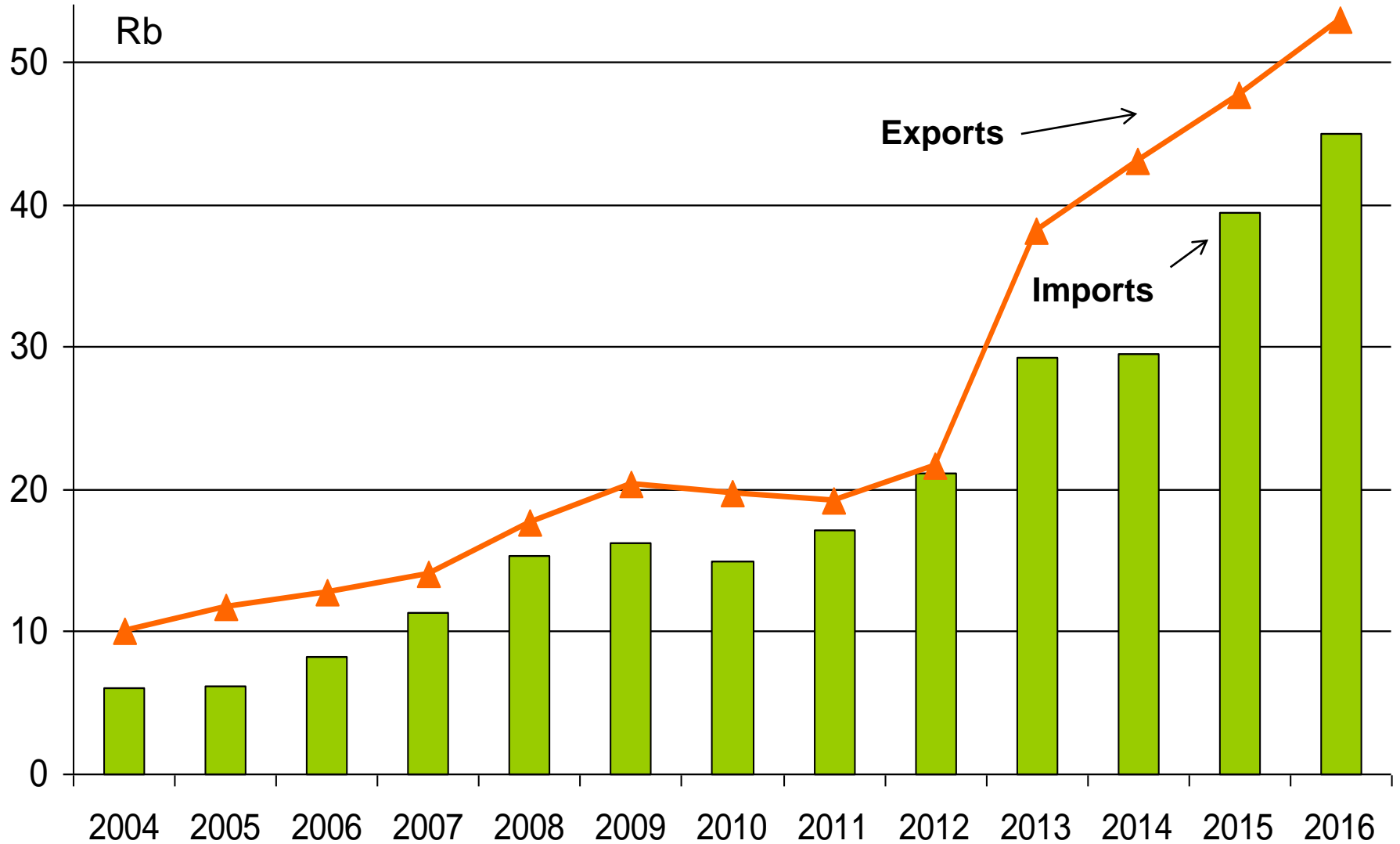
Primary agriculture trade balance (R91b surplus since 2013)

(Source: SARS)

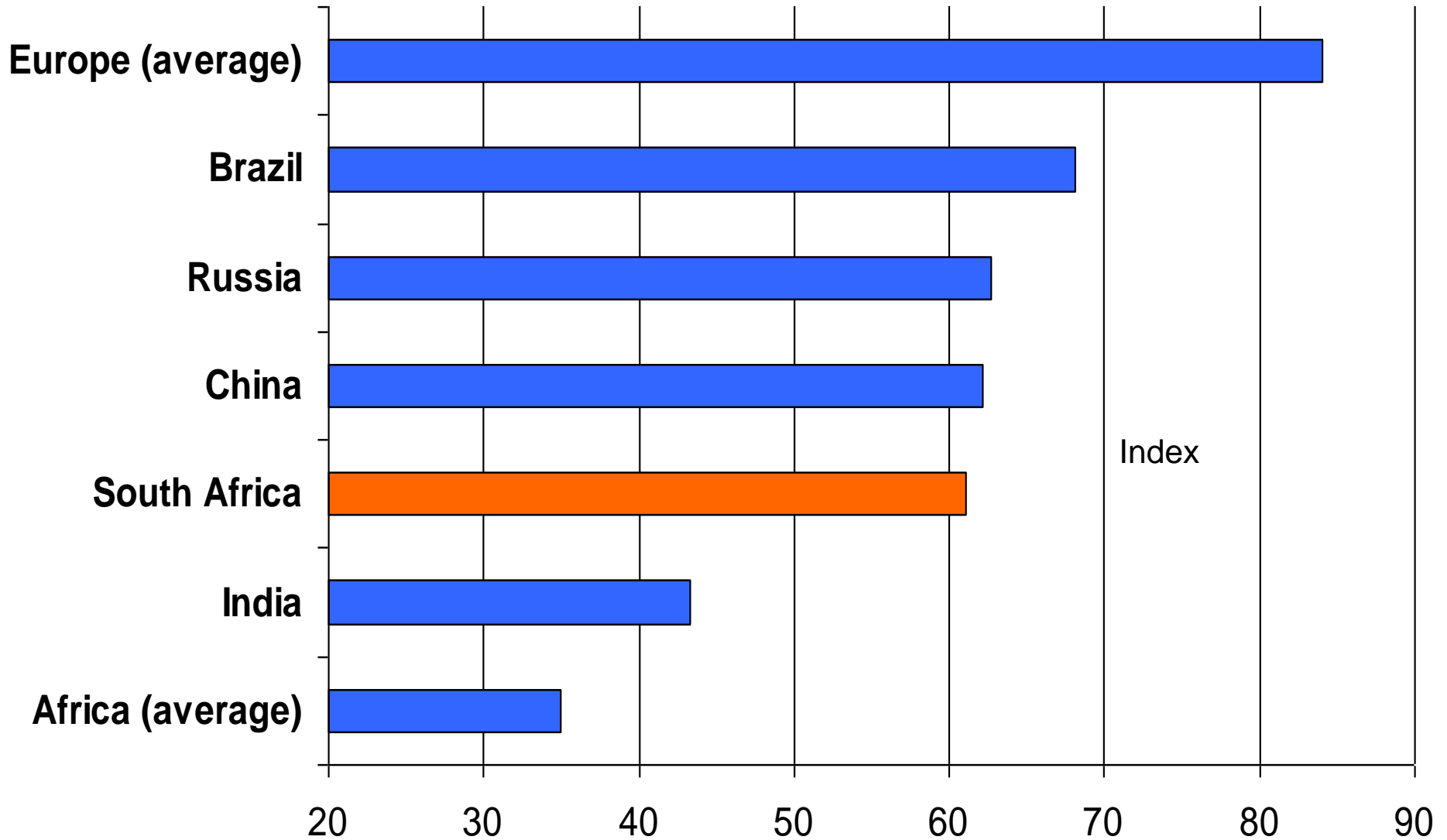


Secondary agriculture trade balance (R39b surplus since 2013)

(Source: SARS)

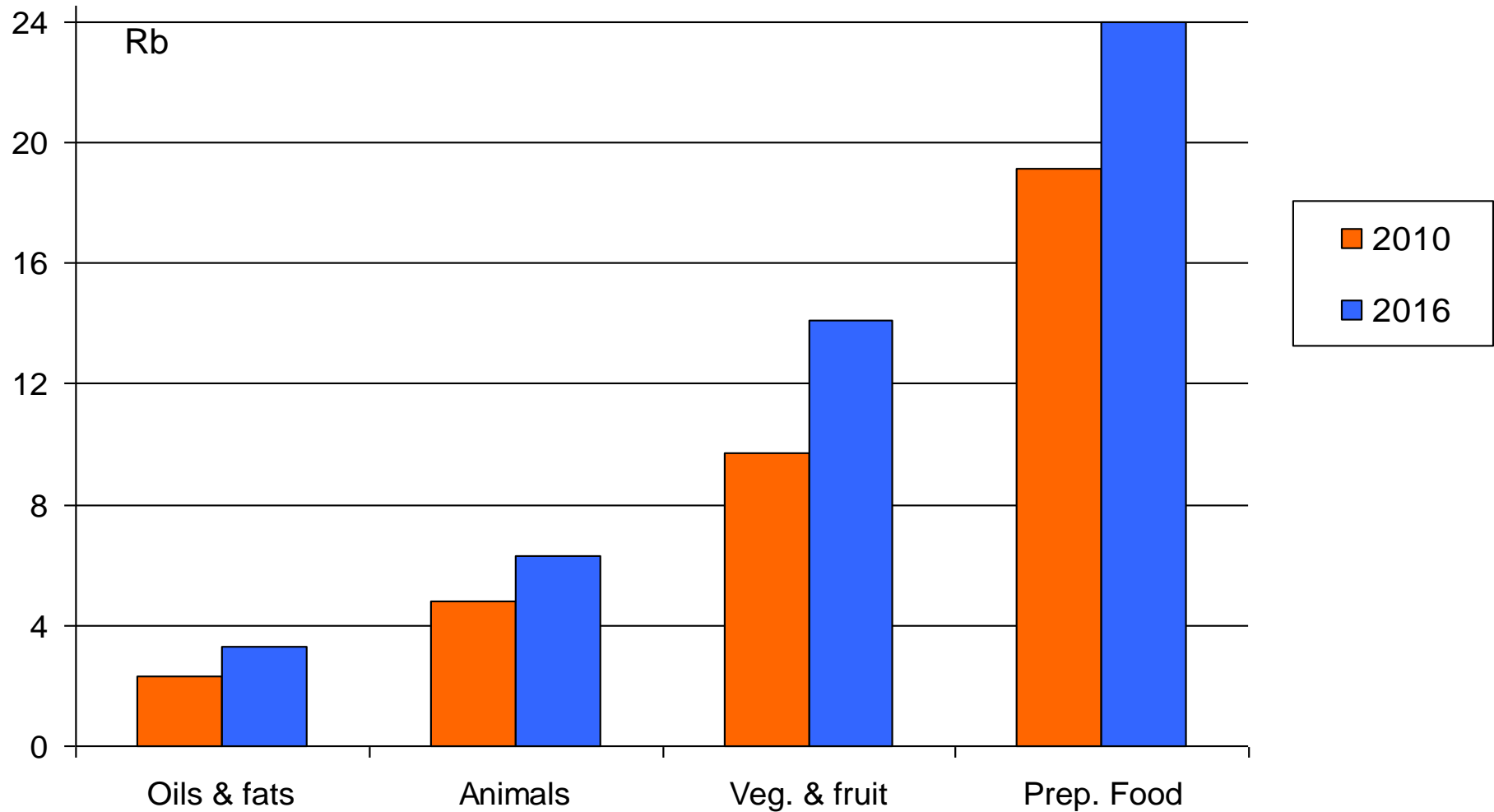


Du Pont food security index 2016 – BRICS, Africa & Europe



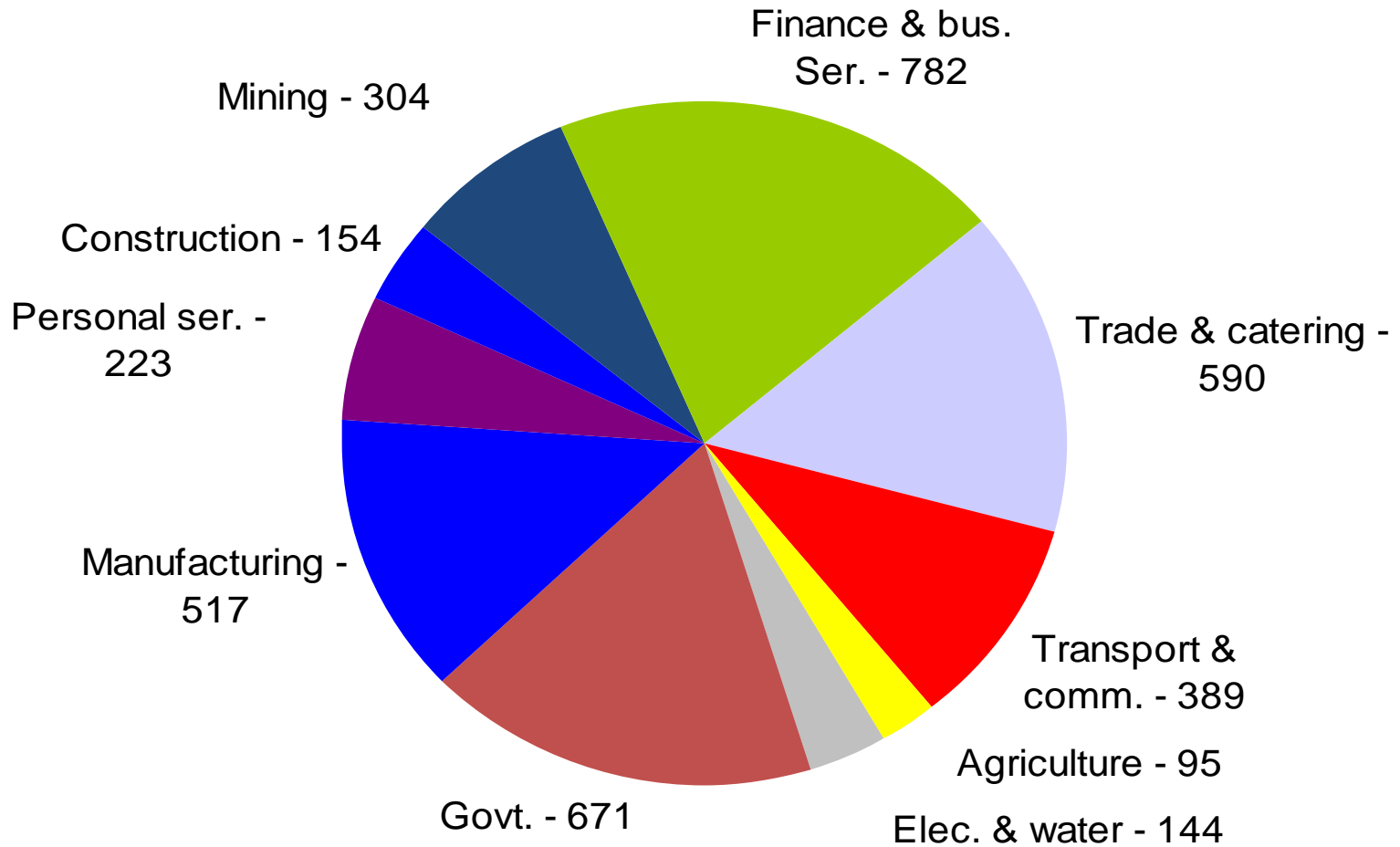
Agriculture exports to SADC 2010 & 2016 (at constant 2015 prices)

(Sources: SARS; own calc.)



Composition of GDP 2016 – R billion

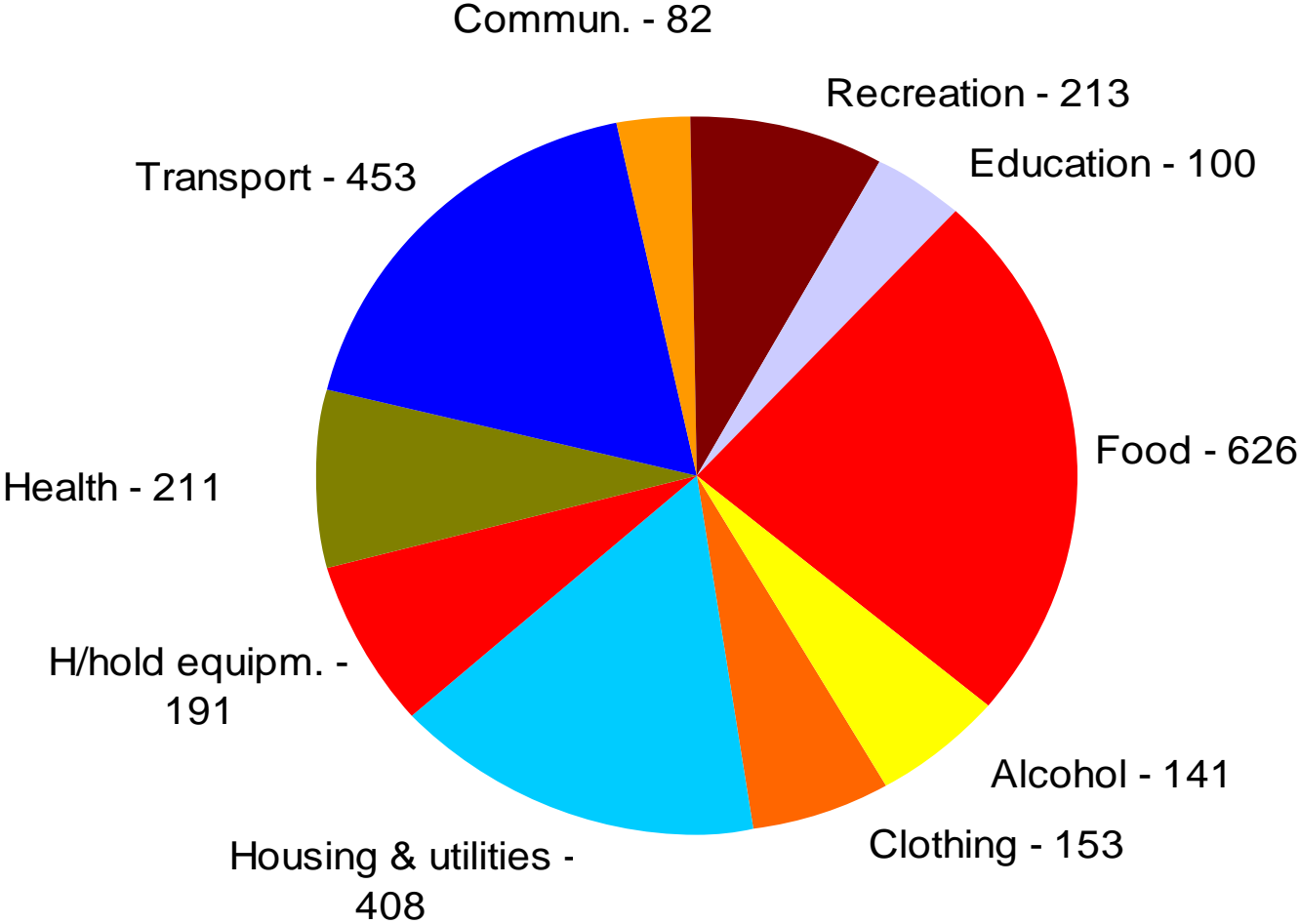
(Source : Stats SA)



(Total R3.9 trillion)

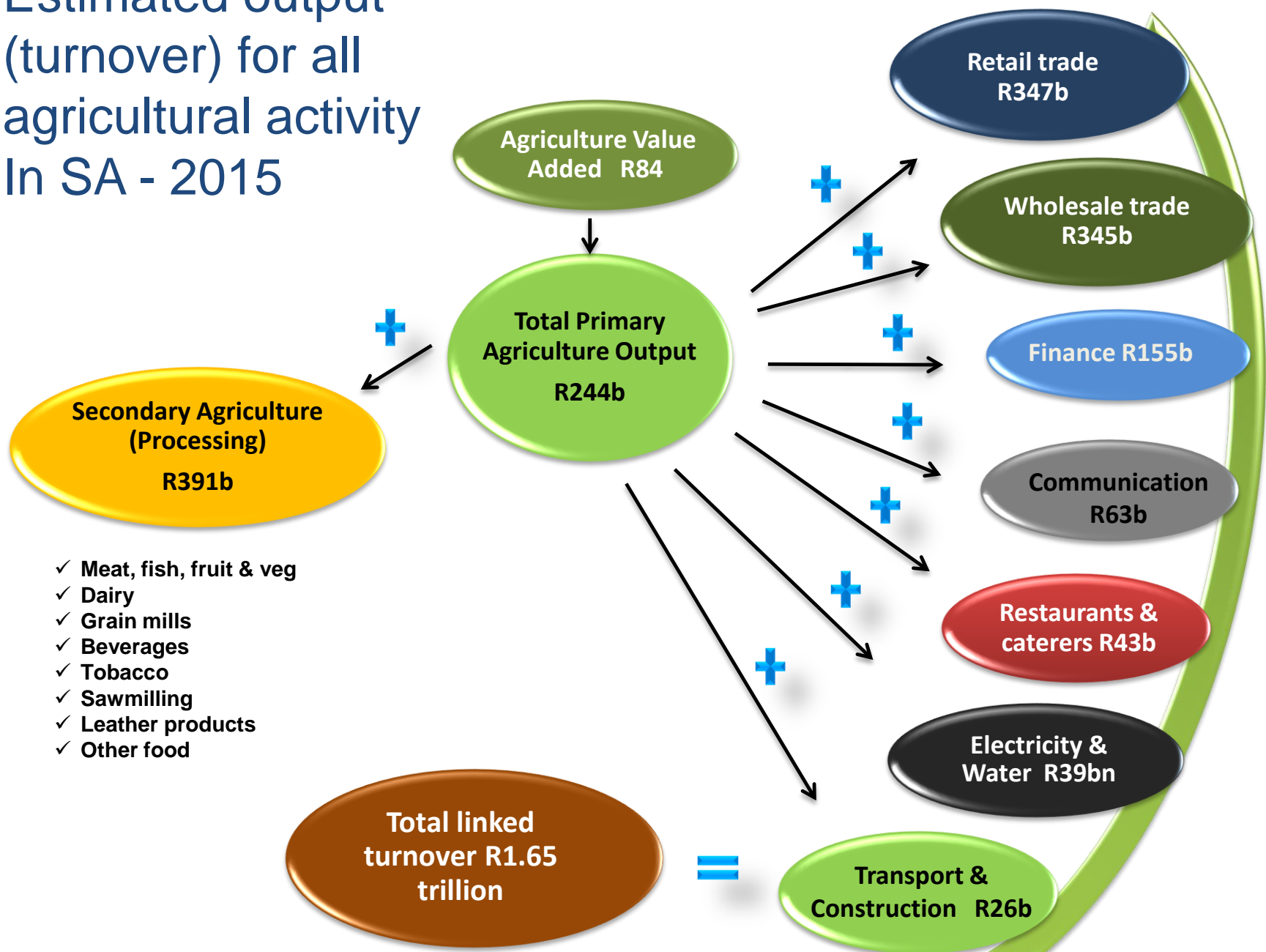
Composition of household expenditure 2016 – R billion

(Source : SARB)



(Total R2.6 trillion)

Estimated output (turnover) for all agricultural activity In SA - 2015



- ✓ Meat, fish, fruit & veg
- ✓ Dairy
- ✓ Grain mills
- ✓ Beverages
- ✓ Tobacco
- ✓ Sawmilling
- ✓ Leather products
- ✓ Other food

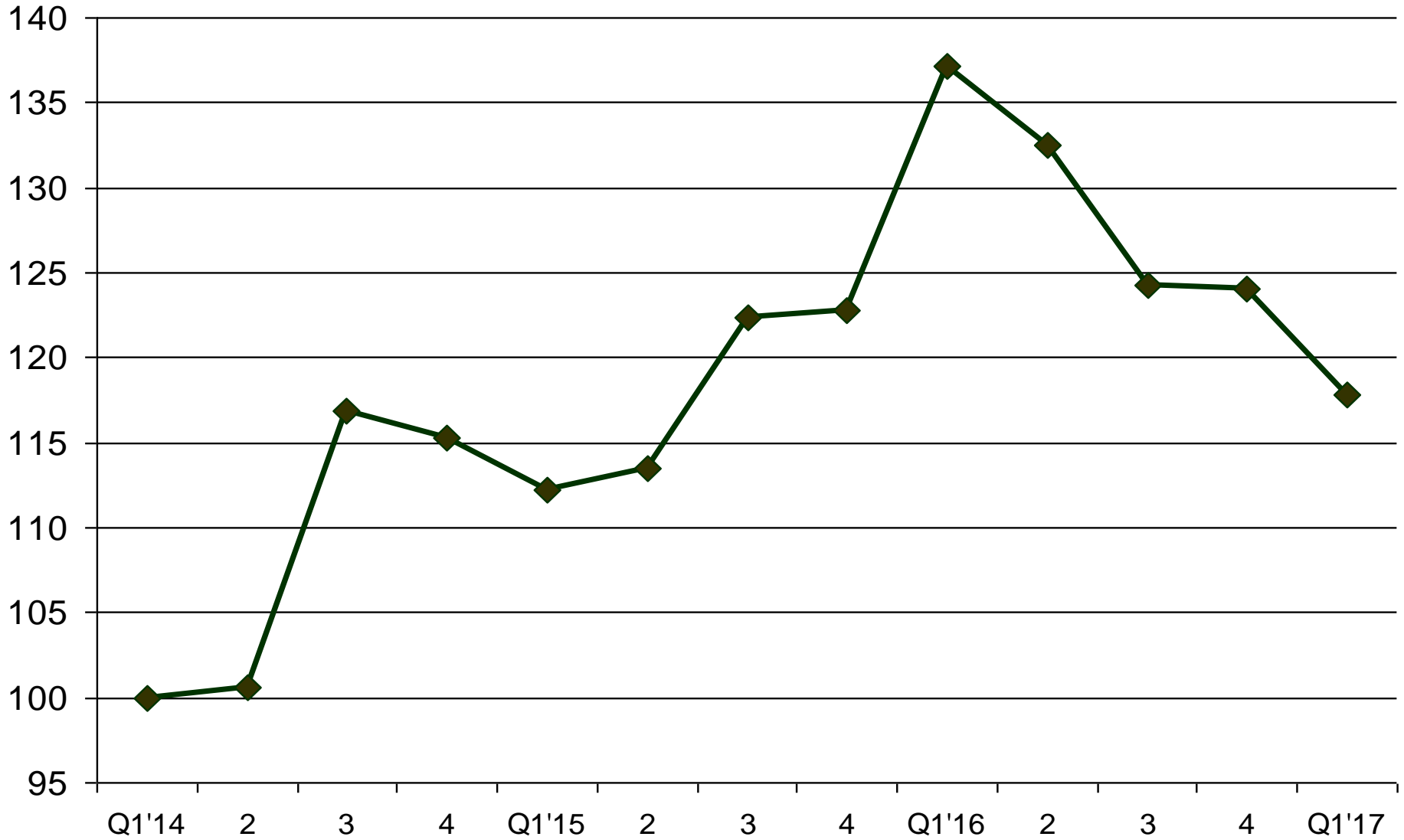
Key indicators of the agriculture & food index (AFI)



Price index – meat products

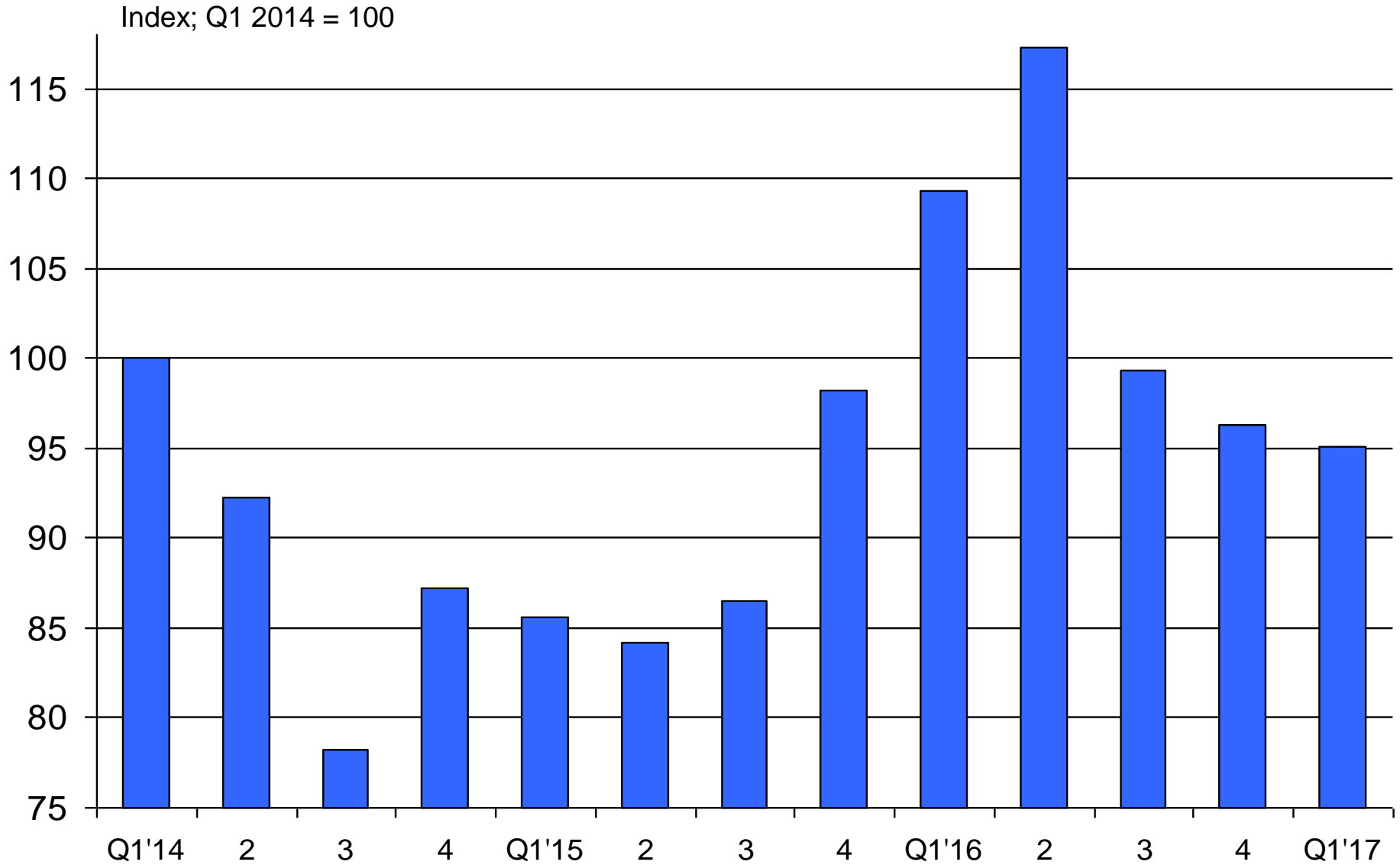
(Sources: World Bank; SARB; DAFF; own calculations)

Index; Q1 2014 = 100



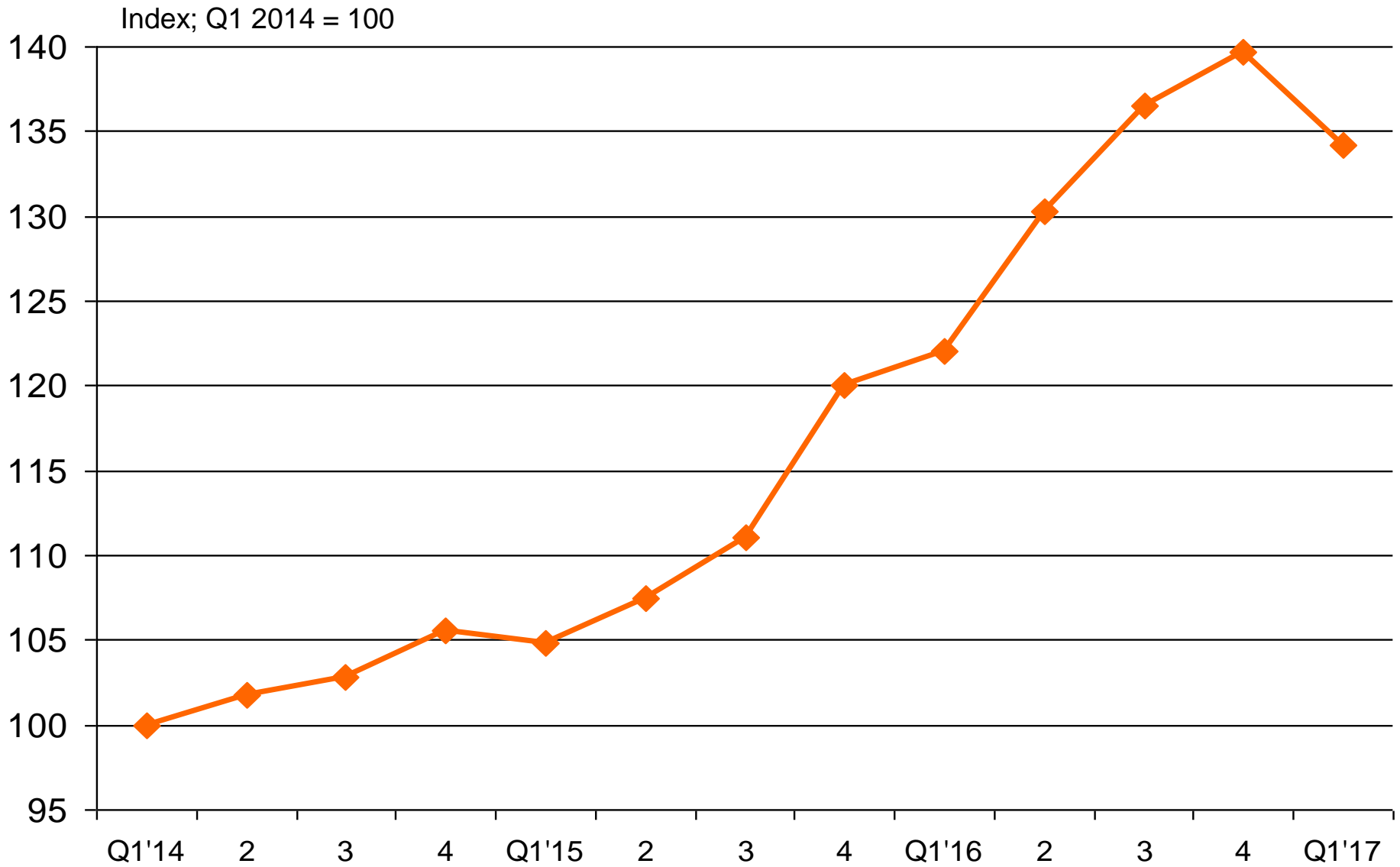
Price index – key crops

(Sources: World Bank; SARB; DAFF; own calculations)



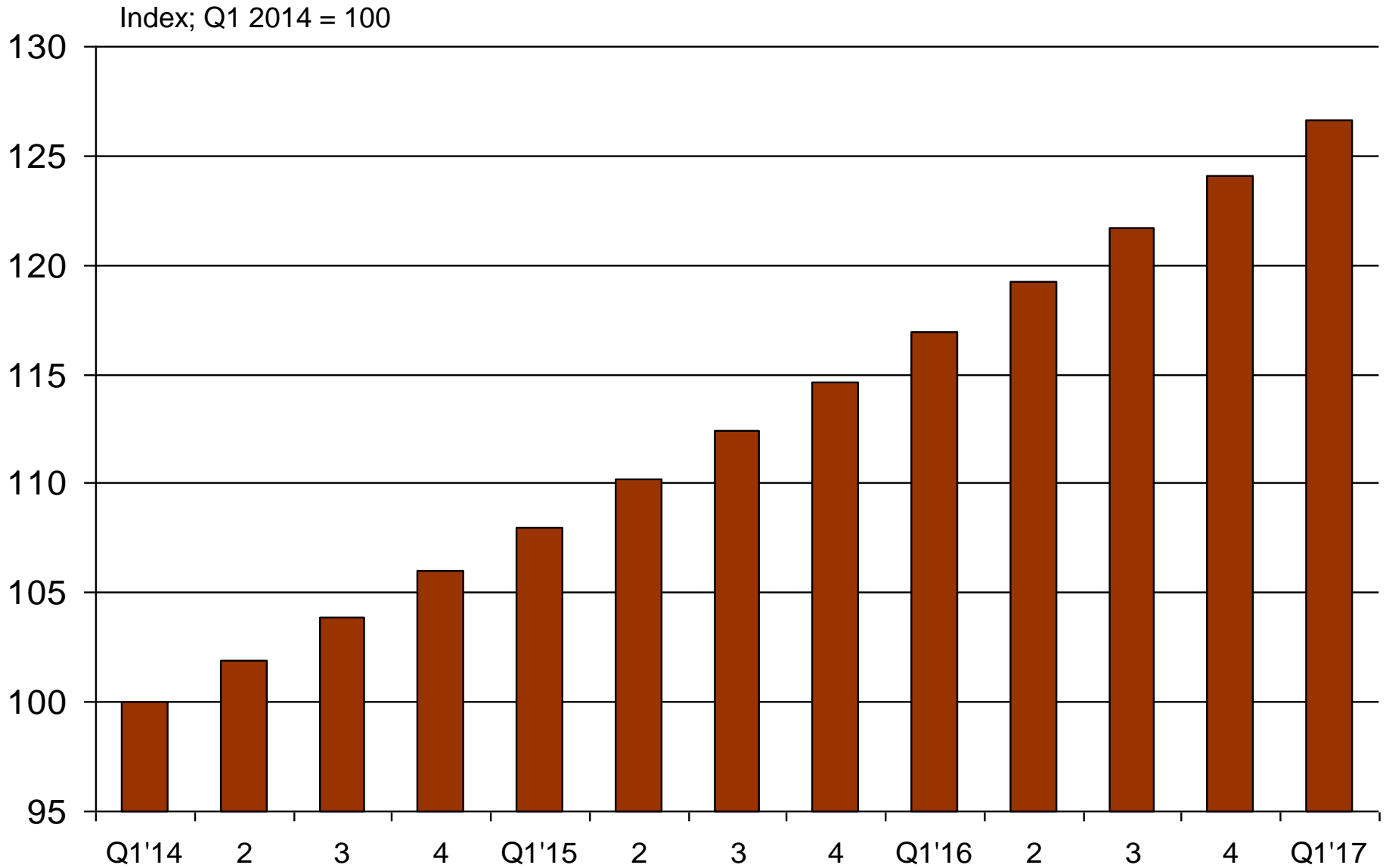
Price index – fruit

(Sources: World Bank; SARB; DAFF; own calculations)



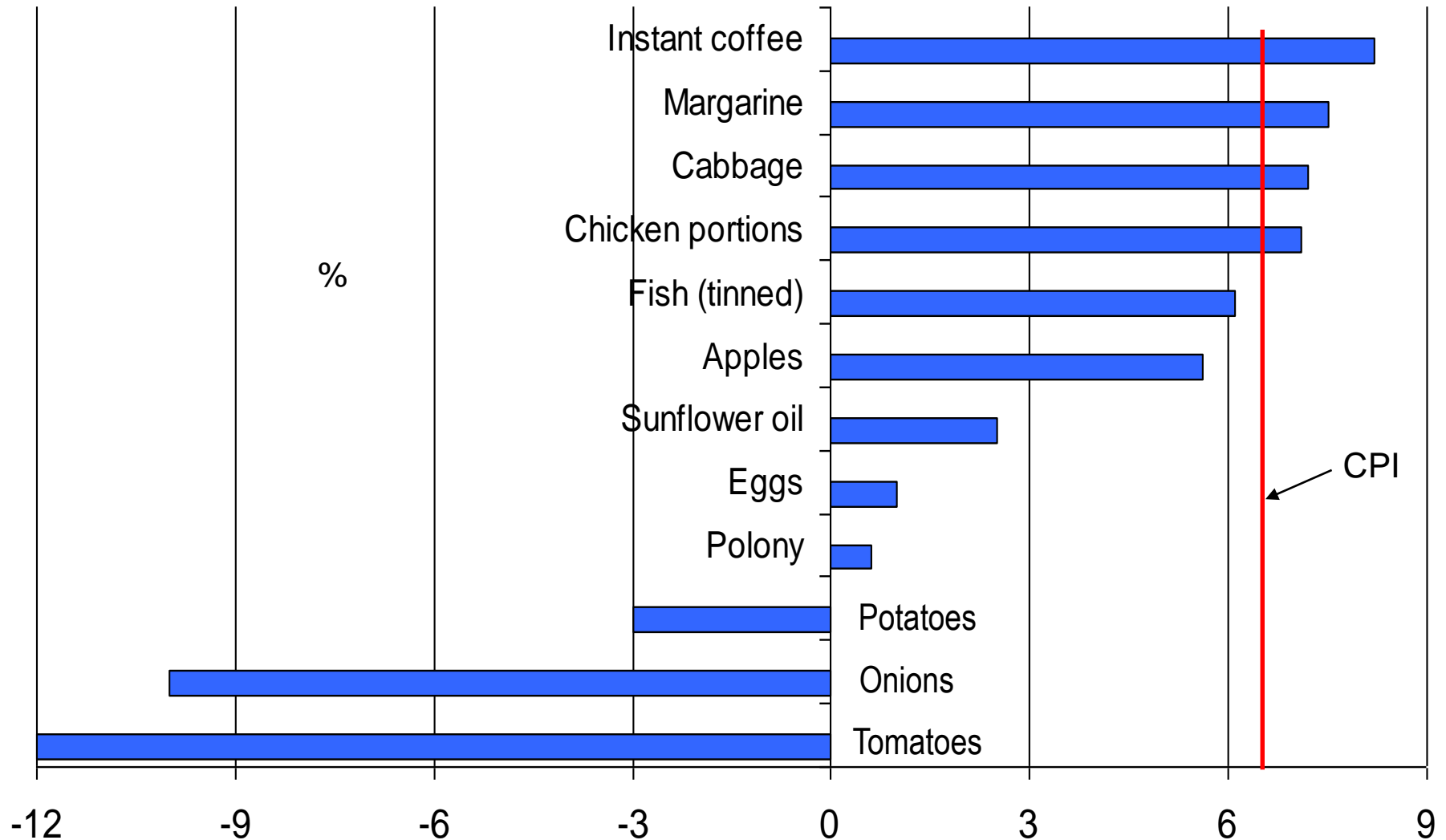
Price index – vegetables & other products

(Sources: DAFF; own calculations)



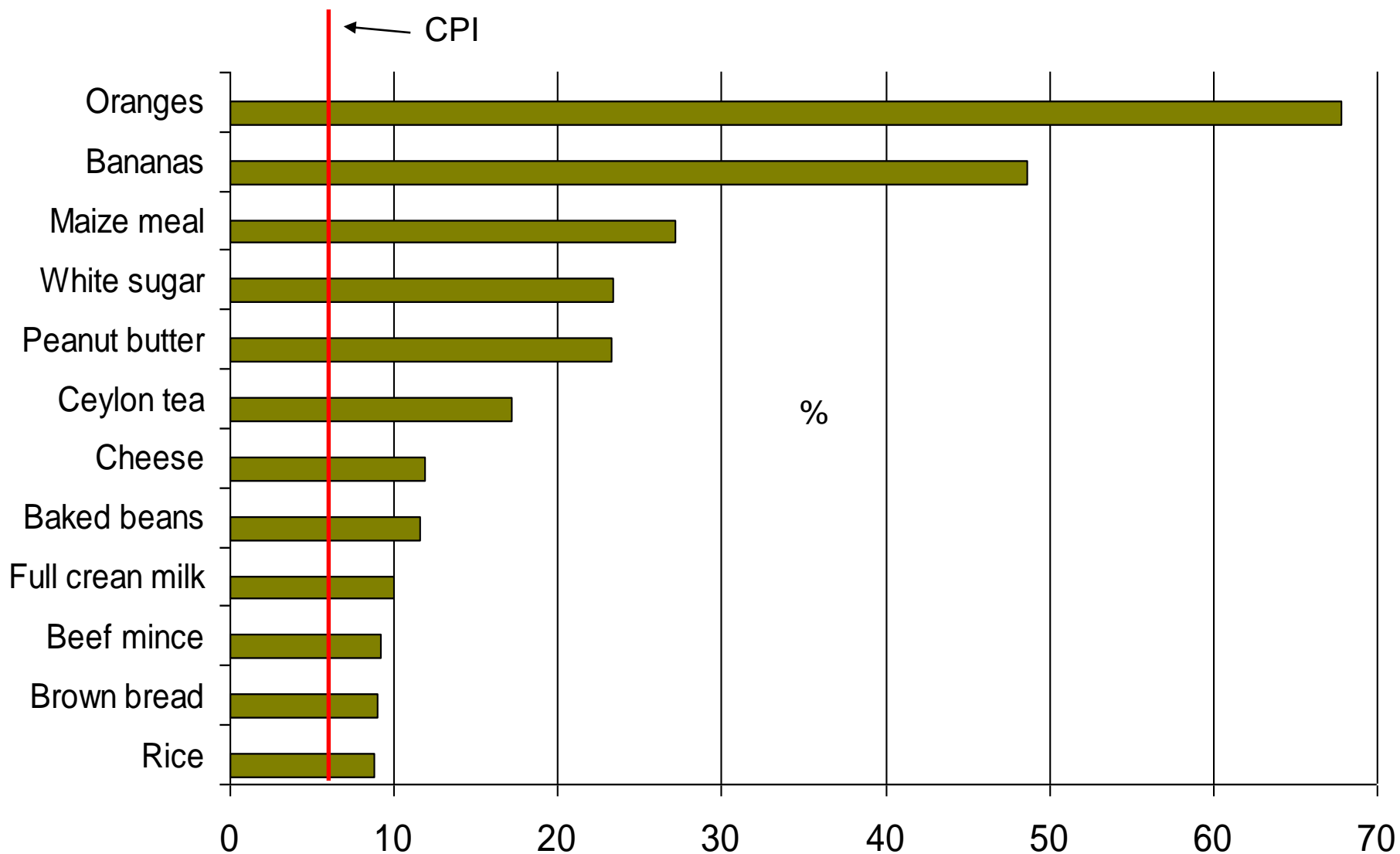
Food price volatility Feb'16 to Feb'17 – below or marginally above inflation

(Source: NAMC)

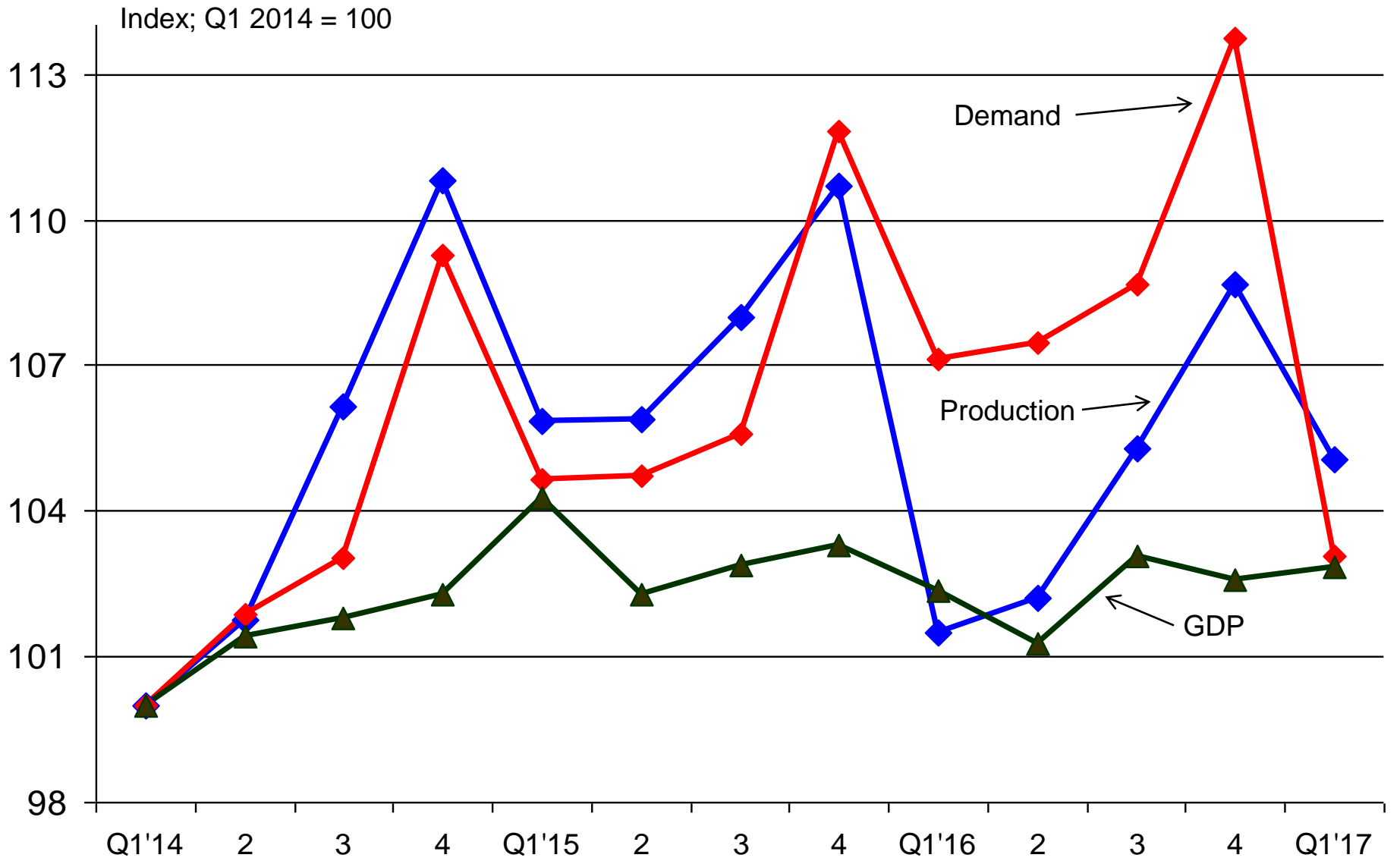


Food price volatility Feb'16 to Feb'17 – substantially above inflation

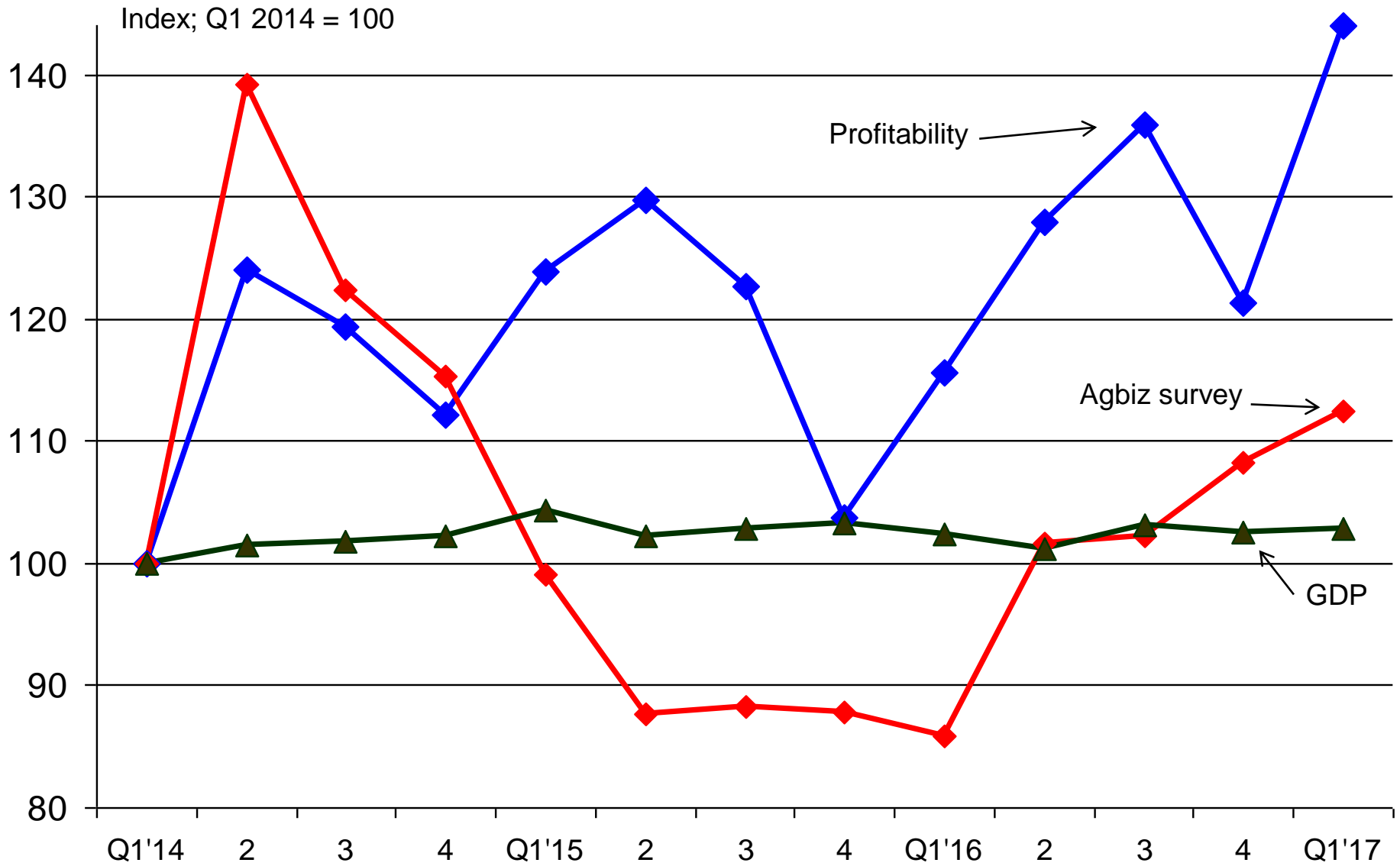
(Source: NAMC)



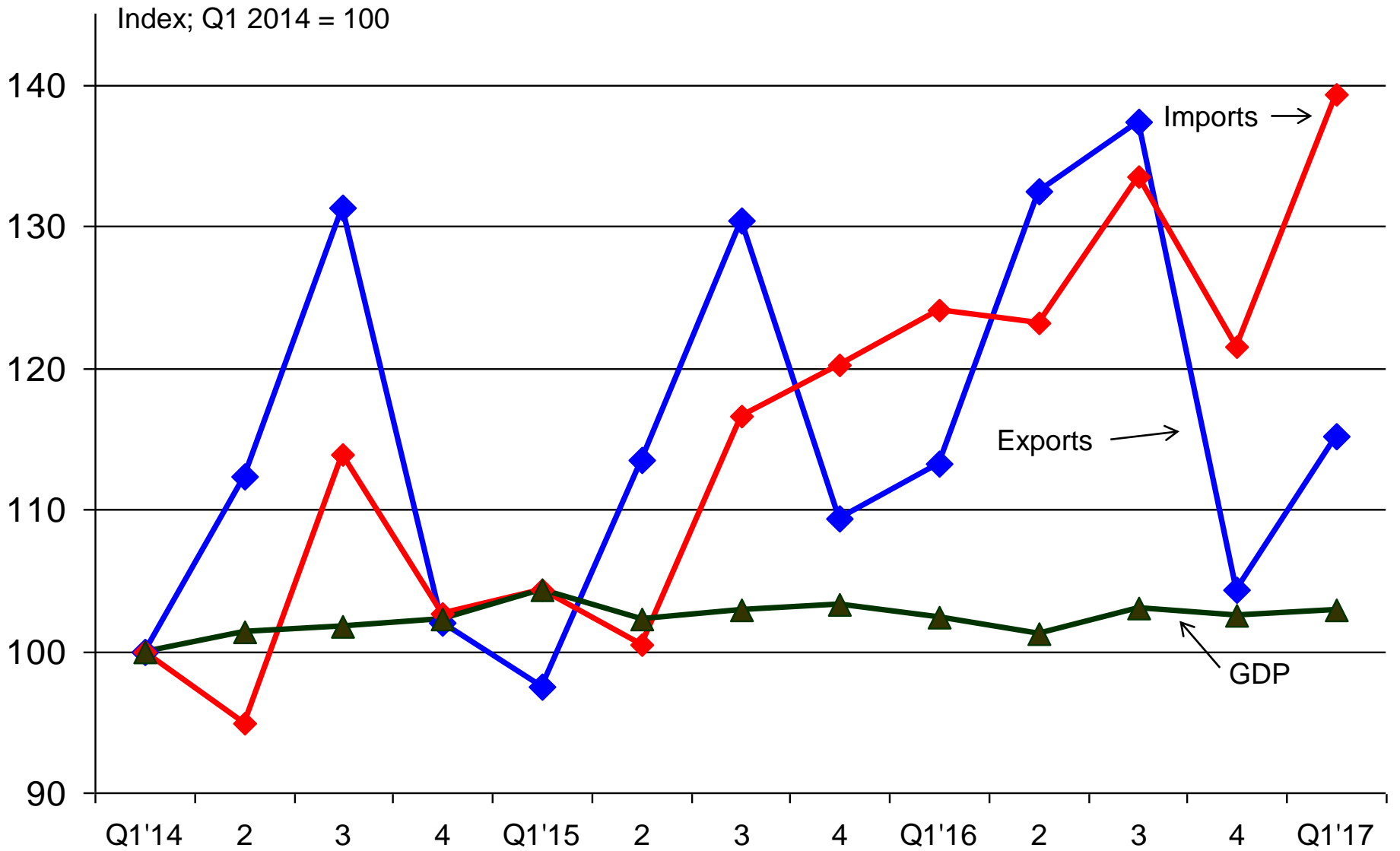
OM Agri Index Groups 1 & 2: Production & demand



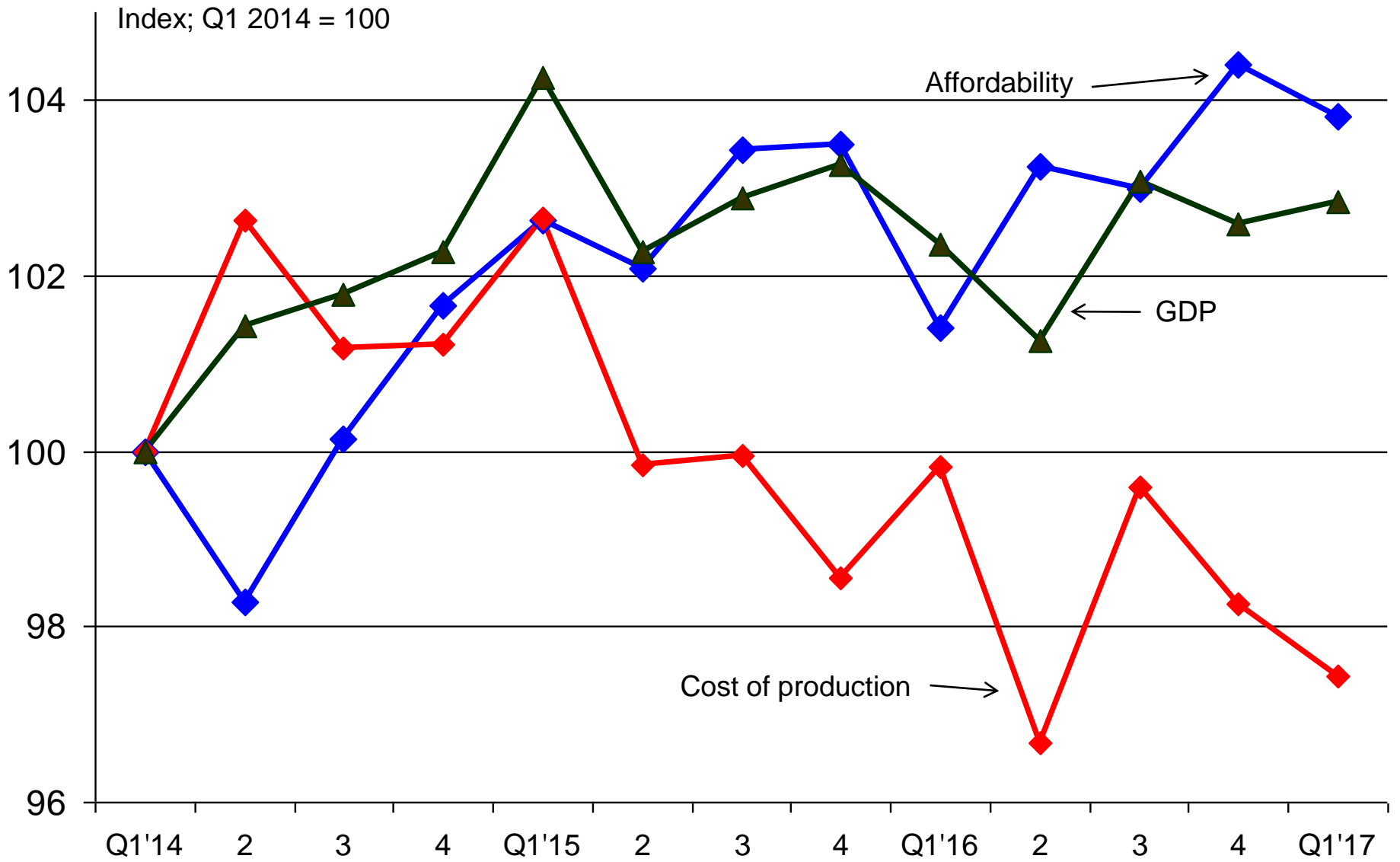
OM Agri Index Groups 3 & 7: Profitability & Agbiz survey



OM Agri Index Groups 5 & 6: Exports & imports

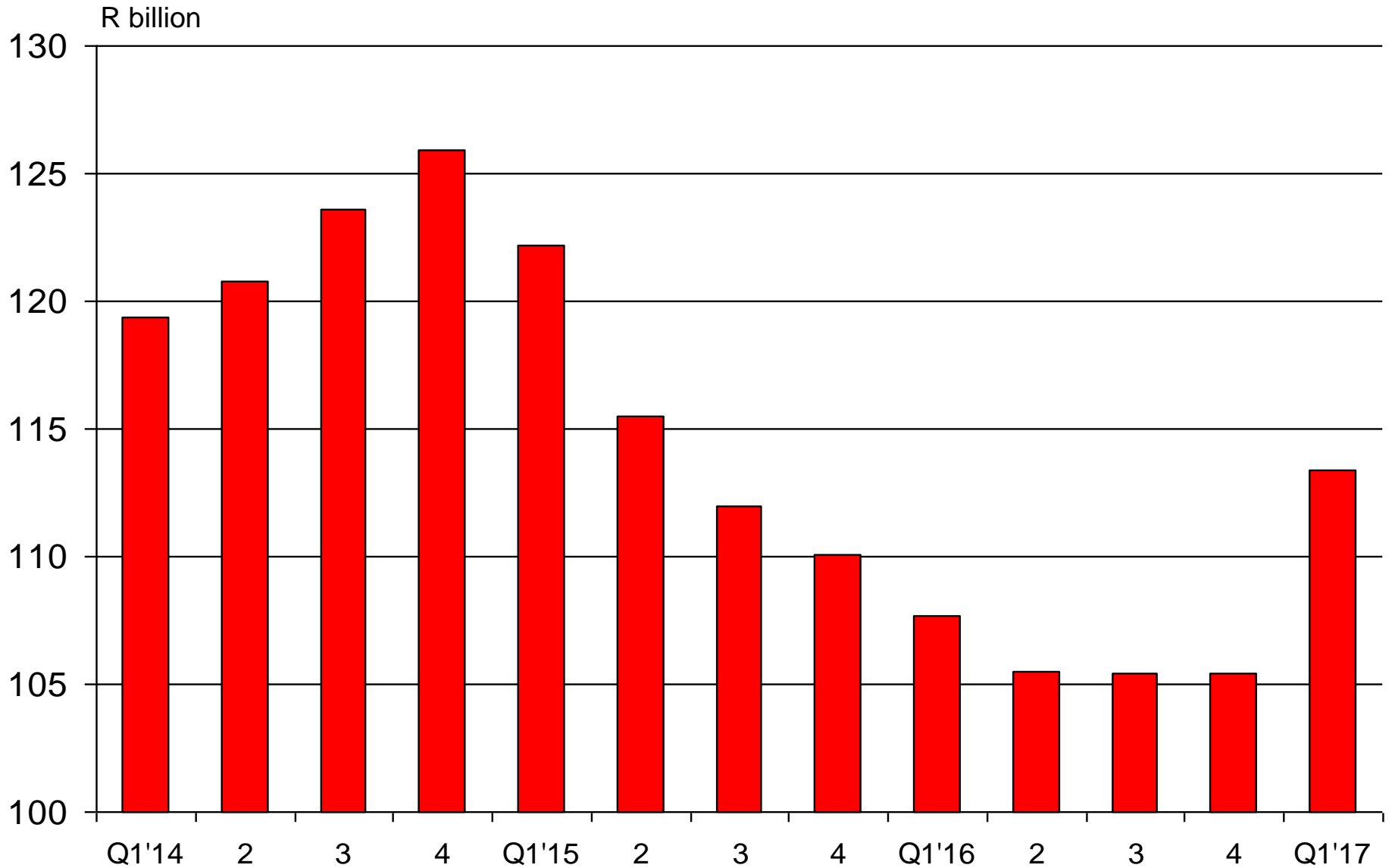


OM Agri Index Groups 4 & 8: Affordability & cost of production



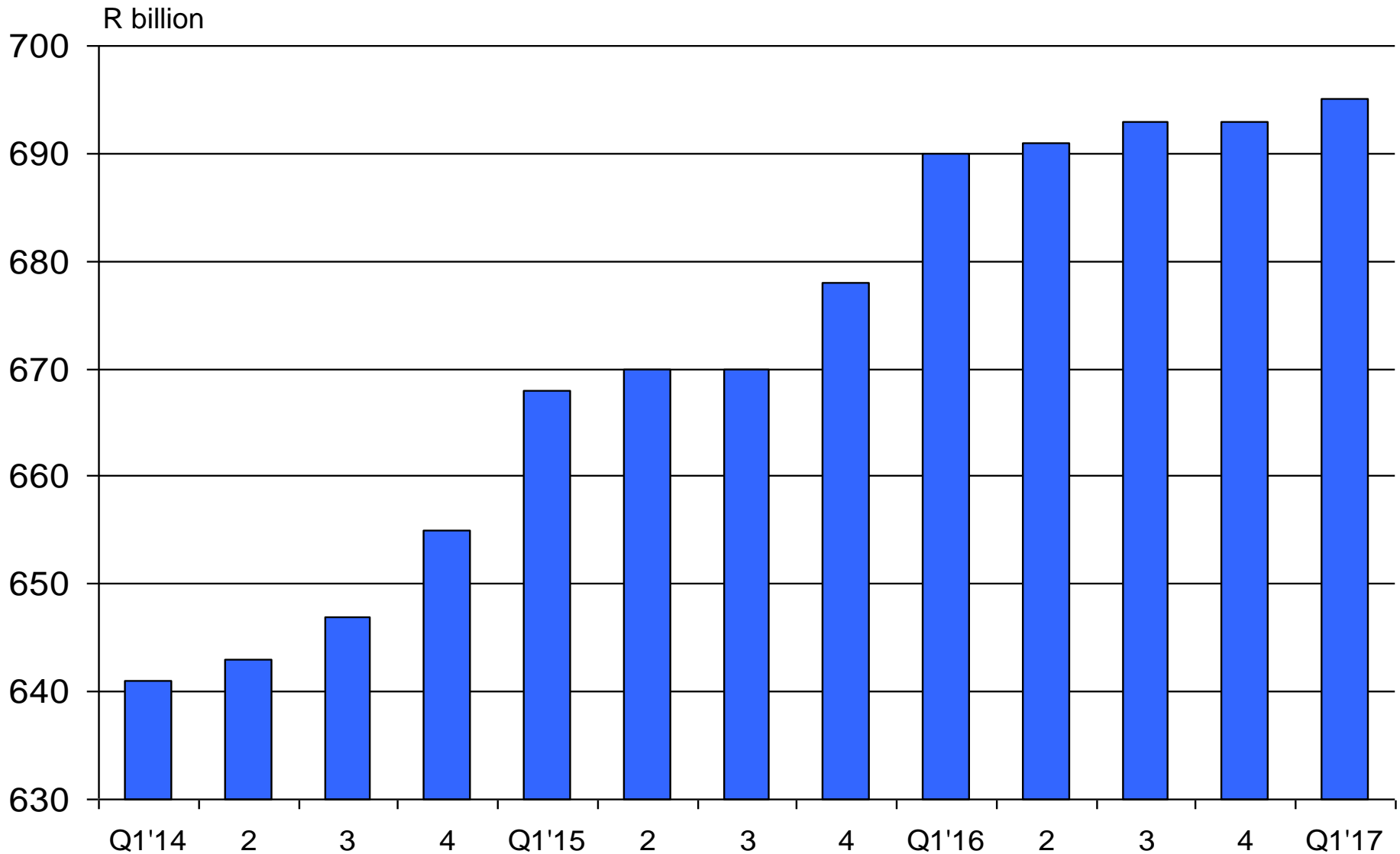
Gross value added in agriculture (constant 2016 prices)

(Sources: SARS, own calculations)



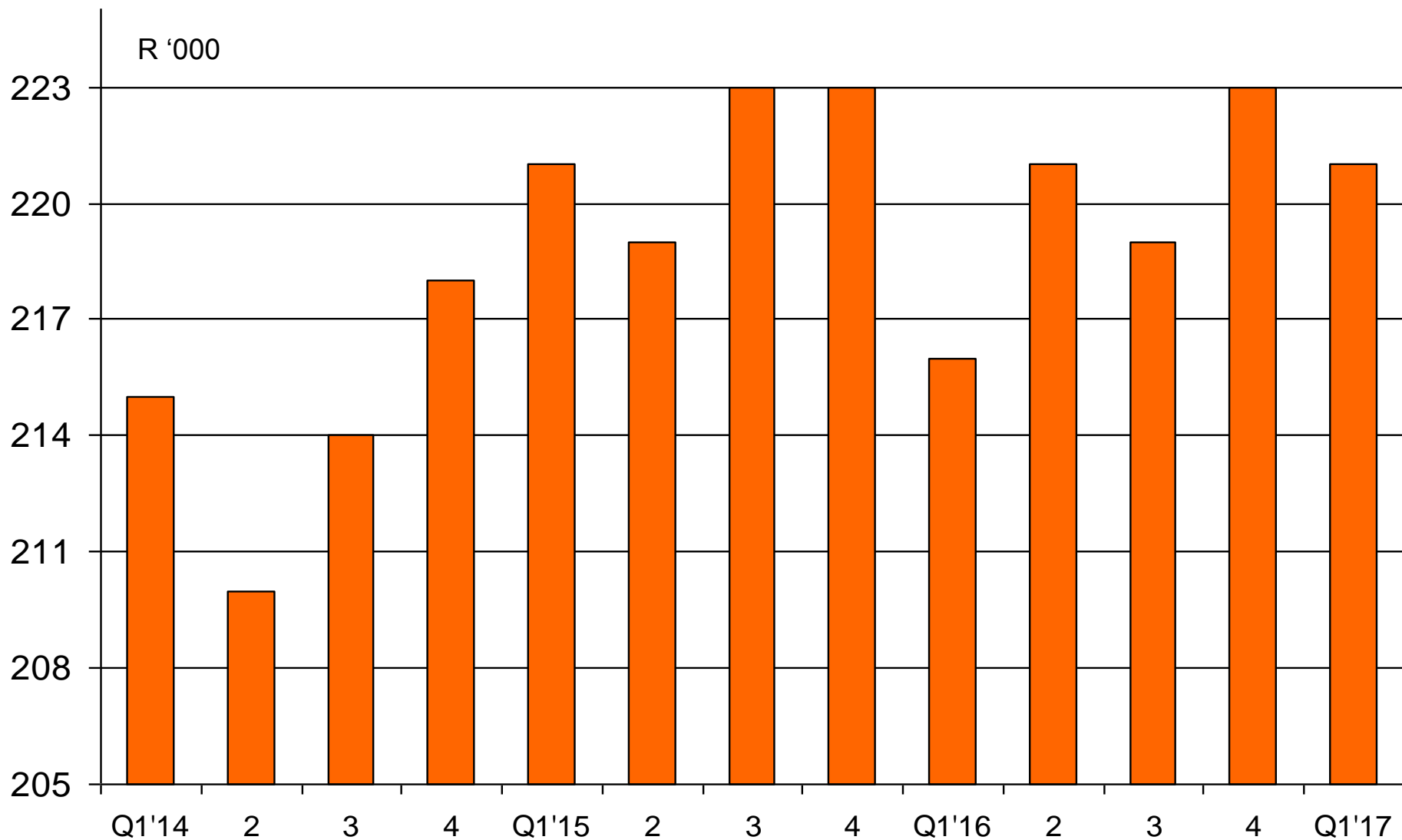
Household consumption expenditure on food & beverages (constant 2016 prices)

(Sources: SARB, own calculations)



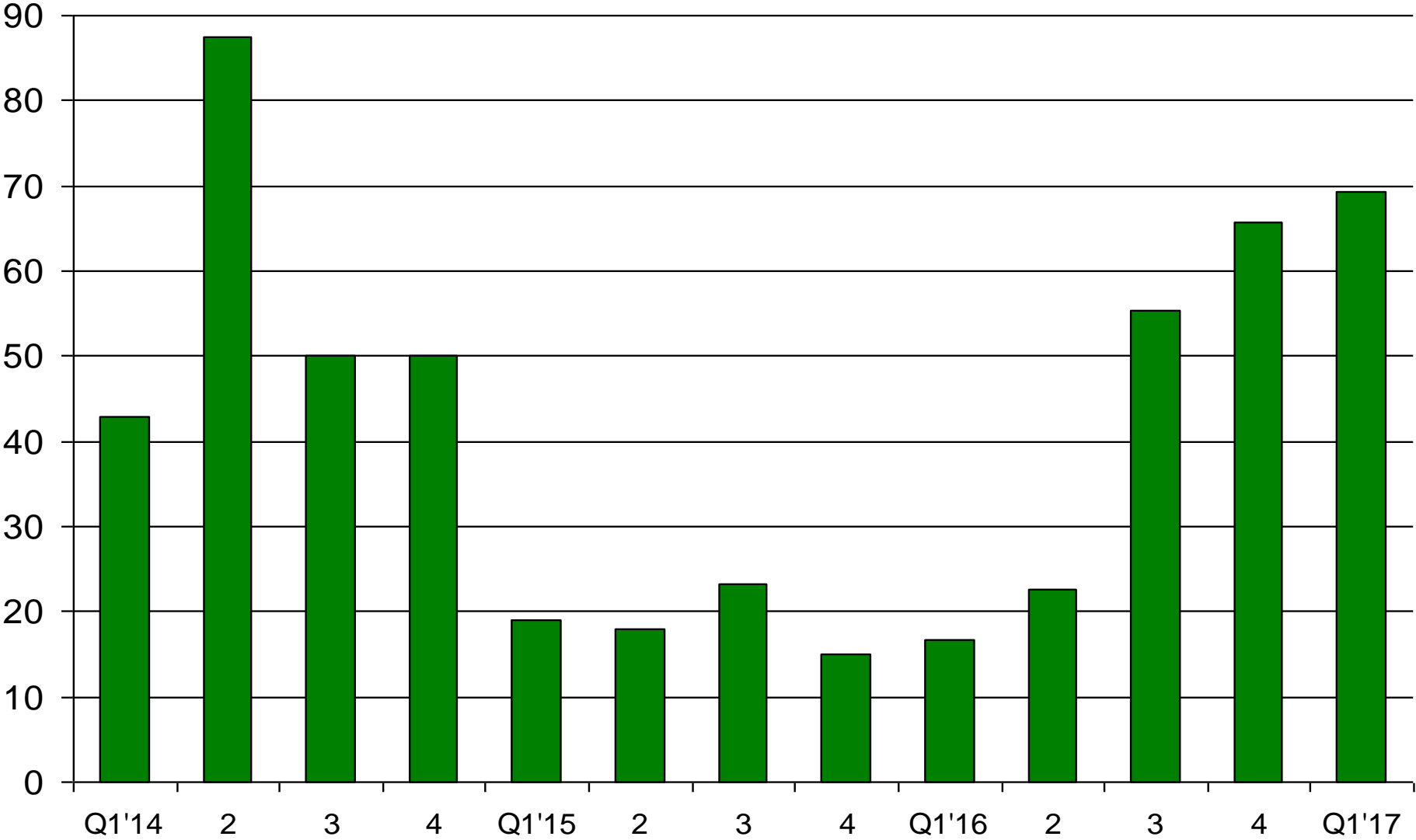
Average annual salary in the formal sectors of the economy (constant 2016 prices)

(Sources: Stats SA, own calculations)



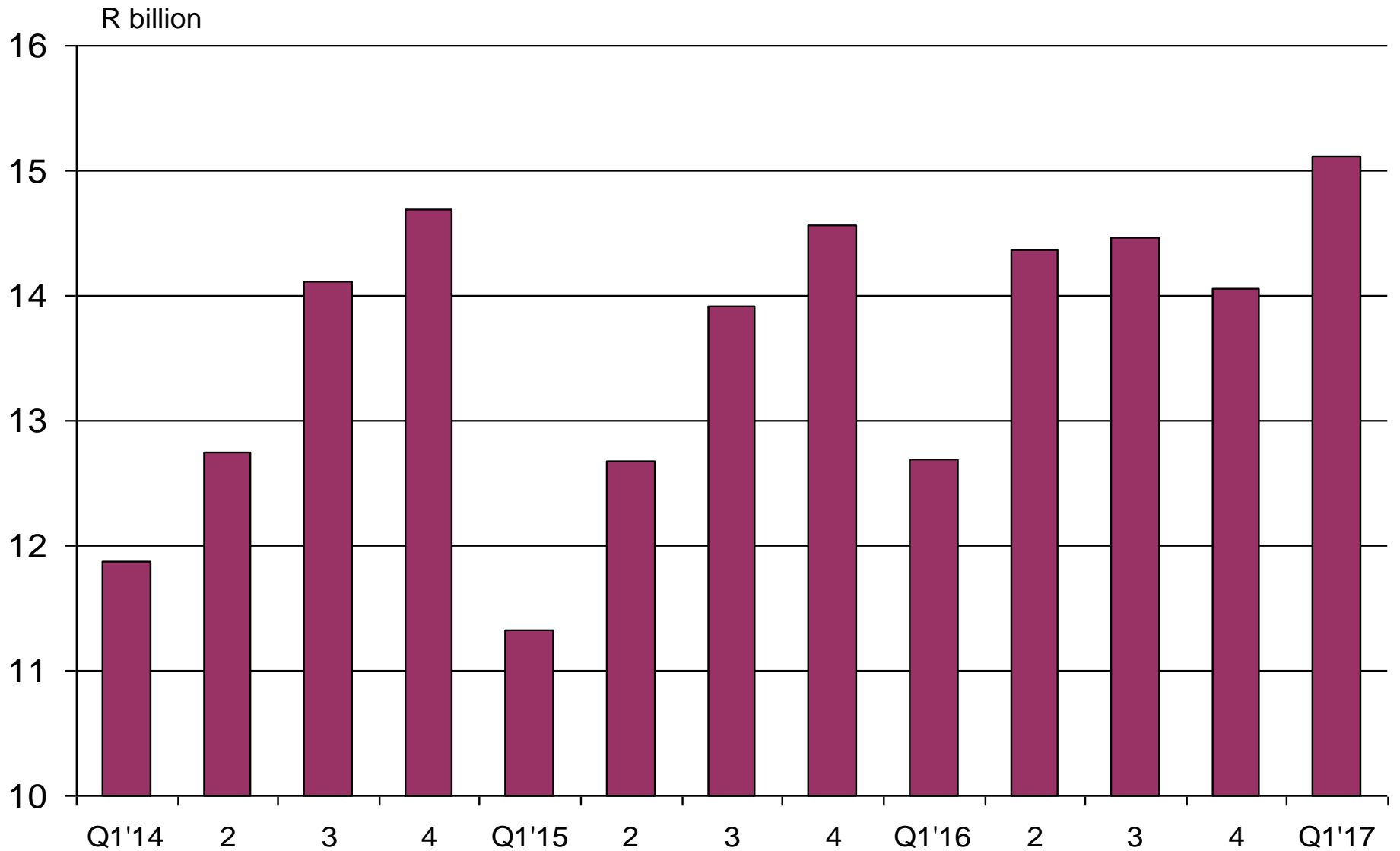
Agbiz confidence survey – general agricultural conditions

Index; 50 = neutral



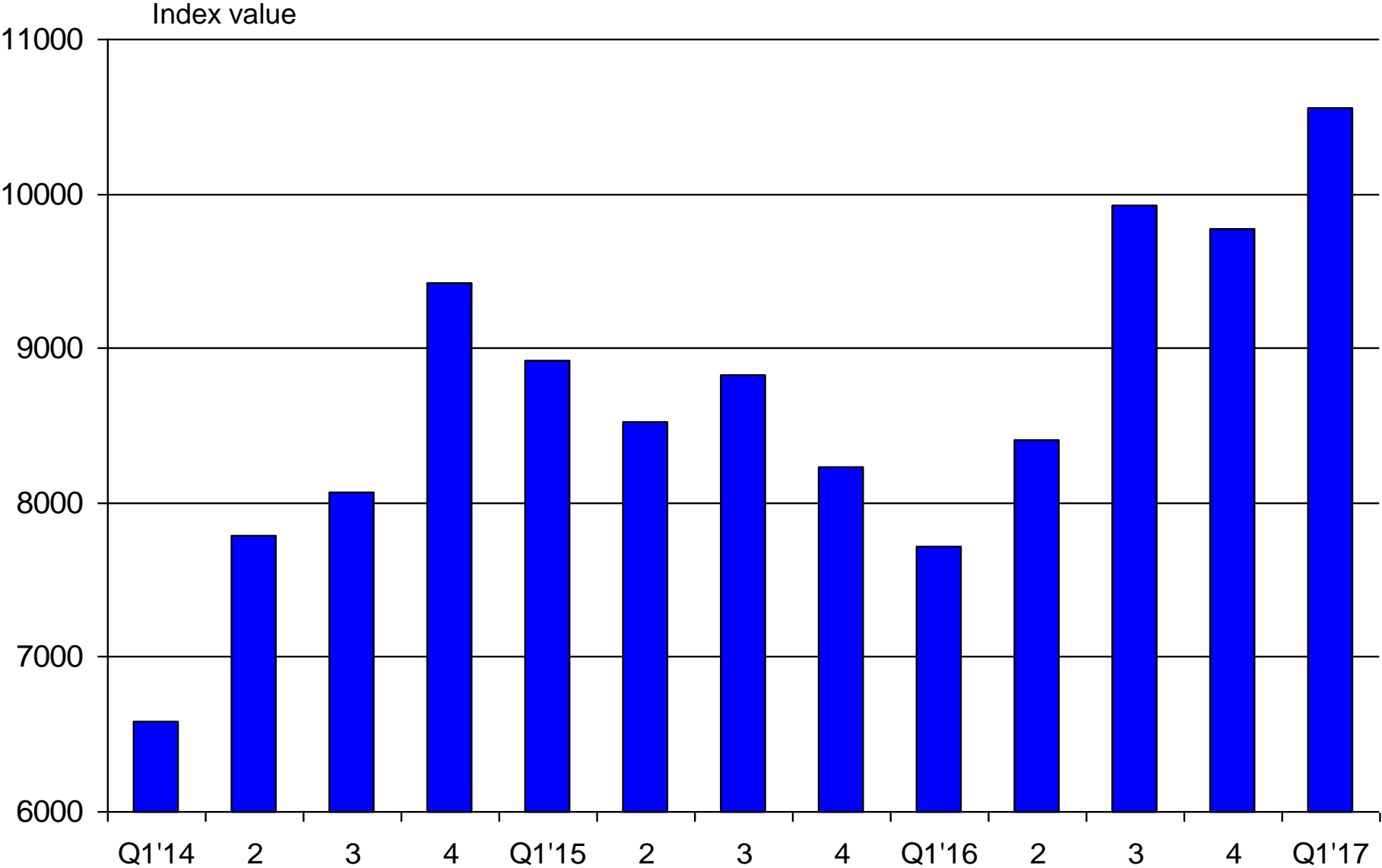
Exports of processed food (constant 2016 prices)

(Sources: SARS, own calculations)



JSE food producers' index

(Source: Share data online)



Overall agriculture & food index (AFI)

(Source: own calculations)

