Perspectives on **AGRICULTURE PERFORMANCE** in Q3 of 2024

This publication contextualises the latest statistical GDP release by StatsSA and provides insights on the major factors driving agriculture's contribution to GDP.

BFAP
DATA DRIVEN INSIGHT

The latest GDP estimates for the South African economy, released by StatsSA, have caused some consternation among analysts and policymakers. The data indicates a notable contraction of 0.3% in real terms for the third quarter of 2024, contrary to the expectation that recent positive developments would drive substantial economic growth. The data suggests that the agricultural sector was a major contributor to this unimpressive growth performance, and that it experienced a significant decline of 28% in the past quarter and a year-to-date decline of 15.5%. This brief aims to highlight key considerations in interpreting these results. We contend that, despite the inherent challenges in accurately capturing quarterly agricultural GDP figures, revisions are necessary. Additionally, reforms in the methodology for calculating and verifying these agricultural statistics, especially regarding quarterly dynamics versus annual shifts, could provide significant robustness to the process. Rather than the reported year-to-date (first three quarters of 2024) decline of 15.5% for agricultural GDP, our best estimate suggests a decline of 5-6%. Our revised baseline model forecasts a full-year (note: all four quarters) contraction of 4.8% for the agricultural sector in 2024.

INTRODUCTION

First things first. Calculating South Africa's agricultural GDP is a difficult undertaking due to the complex nature of the various agricultural industries, their linkages to the rest of the economy and the seasonal nature of farm production. This means that agricultural GDP, unlike many other sectors of the economy, is much more volatile and exposed to factors which influence the various components of the calculation of GDP. This has been known since the modern concept of GDP was formulated and developed by Simon Kuznets and Richard Stone, who attempted to use national income measurements to describe and understand the United States economy (Kuznets, 1934). This contribution earned Kuznets the Nobel Memorial Prize in Economic Sciences in 1971, and Stone in 1984. Today, detailed national accounting frameworks allow countries to calculate typical macroeconomic indicators such as GDP to use for policy and decision-making due to their relevance in giving an overall and fairly objective view of the performance of an economy. Most countries around the world use the System of National Accounts (SNA), which is a statistical framework developed and produced under the auspices of the United Nations (UN), the European Commission, the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF) and the World Bank Group (SNA, 2009). This framework is a standardised set of recommendations on how to compile measures of economic activity in accordance with strict accounting conventions based on economic principles. The SNA provides an internationally agreed standard to compile measures of economic activities of an economy which also records the detailed and complex interactions taking place between different economic agents. Although GDP and its various subcomponents are not a perfect measure of every economic and/or social outcome in an economy, it is an effective set of statistics to help show and understand the overall performance of an economy and its broader sub-sectors. It is widely used in policy areas such as national planning and the design and execution of monetary and fiscal policy.

Despite the SNA's incredibly detailed prescriptions (written in a 722-page report) and its continued improvements over several decades by leading macro economists and statisticians, the SNA working committee have noted that there remains a need for flexibility in compiling national accounts due to the vast differences between countries and different industries. The latter is quite relevant in the South African context in general and for agriculture in particular. This special Brief on South Africa's agricultural performance is aimed at addressing methodology and data issues using a combination of analytics and cross-checks to come up with the best estimate of the actual performance of the agricultural economy. Although necessarily technical, we highlight areas of concern and reflect on plausible re-calculated GDP numbers to consider.

The need for this brief was born out of recent challenges with agriculture's GDP statistics. When StatsSA released their annual GDP numbers back in March 2024, we were caught by surprise by agriculture's major contraction of 12.2% for 2023, which did not match our analysis of the performance of the sector, and definitely not the market sentiments. Once we inspected the data, we noticed some irregularities, as documented in our BFAP quarterly brief. This ultimately led to StatsSA's large revision by the time of the next release, moving real agricultural GDP from -12.2% to -4.7% for 2023.

With this background, it was again surprising when StatsSA released the 3rd quarter's GDP on the 3rd of December 2024, which indicated that the sector contracted by 28.8% on a seasonally adjusted and quarterly basis and contributed a massive -0.7% to the total economy's growth which ended -0.3% lower compared to the previous quarter (StatsSA, 2024a). If one were to exclude agriculture from the equation, the South African economy would have grown by 0.4%. This has sparked a widespread questioning of the data and agricultural stakeholders have requested us to analyse the results and, importantly, share our insights given our expertise and economic modelling capabilities.

COMPLEXITY IN CALCULATING AGRICULTURAL-GDP

South Africa currently has around 100 000 farmers who reported that they produce agricultural goods for commercial purposes (StatsSA, 2024b). Of these, the country has around 40 000 commercial and VAT-registered farming units spread across the country (StatsSA, 2020). These are used as the basis to calculate agriculture's macro-economic performance. These farmers are geographically spread throughout the country and most farmers produce more than one agricultural commodity at the same time. Simply put, it is impossible to know exactly within a particular quarter what is the extent of agricultural output generated by these thousands of farmers, each making individual decisions about their production, the prevailing prices they received on average per commodity, and the specific inputs they used to produce such output. This is essentially what the GDP calculation for agriculture requires: aggregate gross farm income minus intermediate expenditure (or farm input) and some smaller adjustments for construction on farms and livestock inventories to get to the industry's total value added.

Most of what is produced can be grouped into a subset of industries producing specific agricultural goods. **Figure 1** attempts to disaggregate the national accounting data to firstly show where agriculture fits into the rest of the economy and then disaggregate these totals into the different subcomponents used to calculate GDP. We use slightly older numbers as the base (2021) since this is the most detailed released data from StatsSA that shows these interlinkages and is based on the Supply and Use Tables, as well as the generation of income accounts (StatsSA, 2024c). The wider agriculture, forestry and fisheries sectors made up 3.2% of the SA economy. We then disaggregate this GDP between the different subsectors to show that 82% of this total comes from commercial or formal agriculture[1].

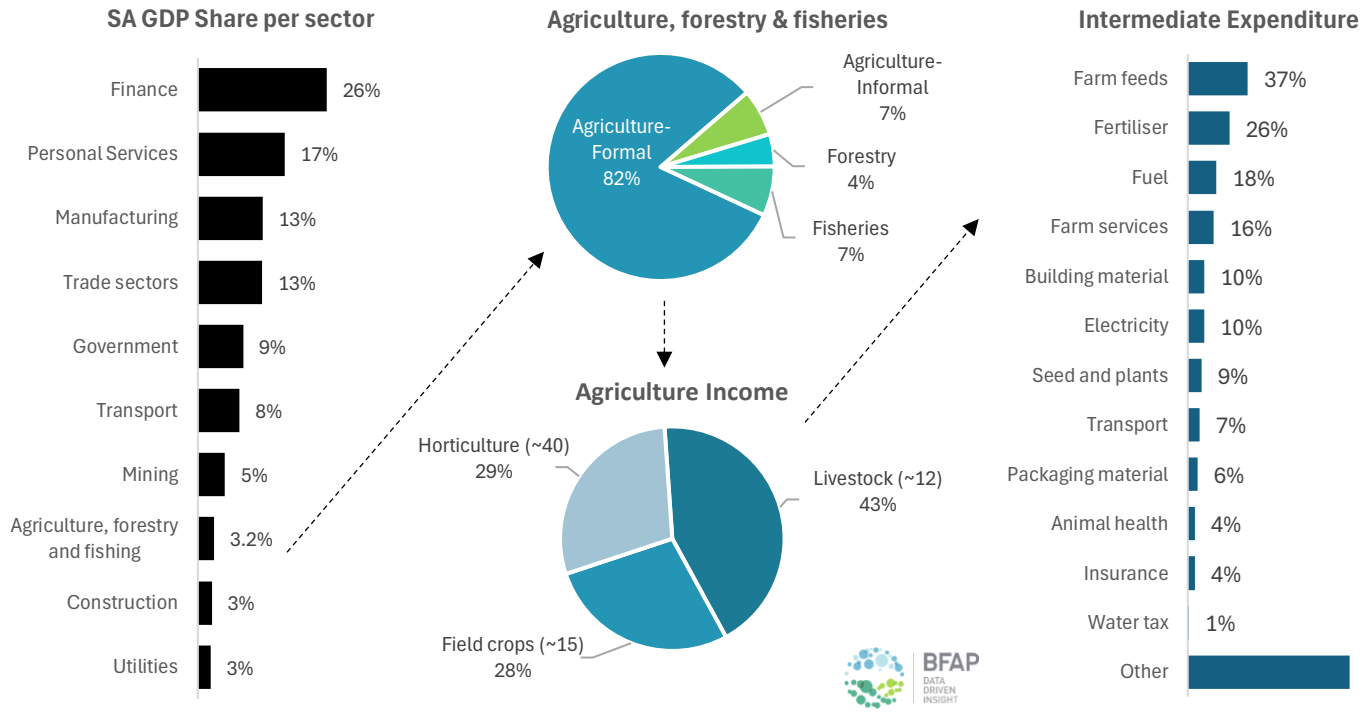

Figure 1: Agricultural GDP disaggregation from 2021 detailed accounts

Source: Own compilation from StatsSA, 2024b

[1] *These statistics are typically based on VAT-registered farmers and agricultural products that enter formal markets which are added to the income side calculation.*

The rest is made up of informal agriculture (7%), fisheries (7%) and forestry (4%), which implies their quarterly growth needs to be calculated separately. By following the arrow downwards in the figure, formal agriculture's income is given as a share between livestock, horticulture and field crops. The number in the brackets is our informal count of fairly homogenous industries that are situated within each of these. For instance, horticulture was the most diverse with around 40+ unique industries such as apples, table grapes, litchis, apricots, blueberries etc. Field crops had around 15 and animals and animal products another 12. Each industry has its own unique economic realities at any given point in time, impacted by demand conditions, trade policy, exchange rates, productivity levels, weather conditions, technology, management practices etc. Of these more than 60 agricultural industries some might perform well at any given time, driven by a combination of higher quantities supplied and/or sold at higher prices. Others might perform poorly if this combination is turned around. To calculate gross farm income per quarter one needs to know the volume and price of sales of each distinct industry.

In moving from the gross value of production to the GDP for agriculture, it is essential to subtract the value of spending on intermediate inputs such as feed, fertilizer, and various other farm-related costs. However, due to limitations in data coverage and availability, it is not possible to capture farm spending for individual industries. Instead, intermediate expenditure is calculated for the entire farming sector in aggregate. Additionally, agricultural production often spans multiple years, and the inputs used to produce a particular agricultural output are not always utilized within the same period, further complicating the calculation. For example, a maize farmer planting on dryland in the North West will purchase seeds and fertilizer in one year and harvest the crop in the following year. In such cases, the input use and output periods do not align, as reflected in the current GDP calculations.

Imagine having the task of calculating the income and costs from all these economic activities on a quarterly basis and then consolidating all of these and confidently stating what is happening in the farm economy for all farms in aggregate. This is essentially what the reported figures about the state of agriculture aim to do. Then, even if one were successful in calculating the income and costs with a high degree of accuracy, one still needs to make difficult calculations on the inflation of all these numbers, since all figures have to be reported in "real" growth terms. Stripping out inflation of 50+ industries on the price of all output and doing the same for more than 15 major cost items is a technically difficult task due to reasons such as the timeliness, availability and coverage of available data.

REVIEWING STATSSA/DALRRD STATISTICS

Two sets of statistics were available to BFAP to assess the current official data released to make sense of the agricultural GDP. The first is the StatsSA publication P0441, which is the official GDP publication and provides the statistics for agriculture, forestry and fisheries in aggregate (refer to **Figure 1**). A second dataset was kindly provided by the Department of Agriculture's sectoral statistics division responsible for compiling the economic accounts for the sector which is then used by StatsSA to compile the final GDP totals which get published as the official GDP release[2].

We commence our analysis by examining the official GDP statistics reported by StatsSA for the agriculture, forestry, and fisheries sectors. Subsequently, we delve into a detailed explanation of the underlying factors driving these figures and assess their plausibility.

The initial noteworthy finding, as illustrated in **Figure 2**, is the significant nominal growth of the sector, with year-to-date (YTD) aggregates for the first three quarters of 2024 showing an 11% increase compared to 2023. However, when these figures are adjusted to real terms, the YTD reflects a decline of 16%. This discrepancy indicates that the methodology used to deflate nominal values to real terms has a considerable impact on the reported real growth rates, particularly in 2024 and notably in the third quarter. It is uncommon for the YTD of the first three quarters to align with the total annual figures of the previous year.

[2] *Although the Department shared detailed accounts of their compilation of nominal value with their deflators, we did not have full access to their dataset which shows exactly the equations used to come up with their final real GDP calculation.*

We will further explore these dynamics in detail later in this Brief, examining whether the variations arise from income deflators or expenditures. It is also important to note that the reported 28.8% quarterly decline compares the green and orange bars for 2024, with StatsSA restating these real numbers on a seasonally adjusted basis. In summary, the third quarter experienced a significant downturn by historical standards, as did the combined first three quarters of 2024.

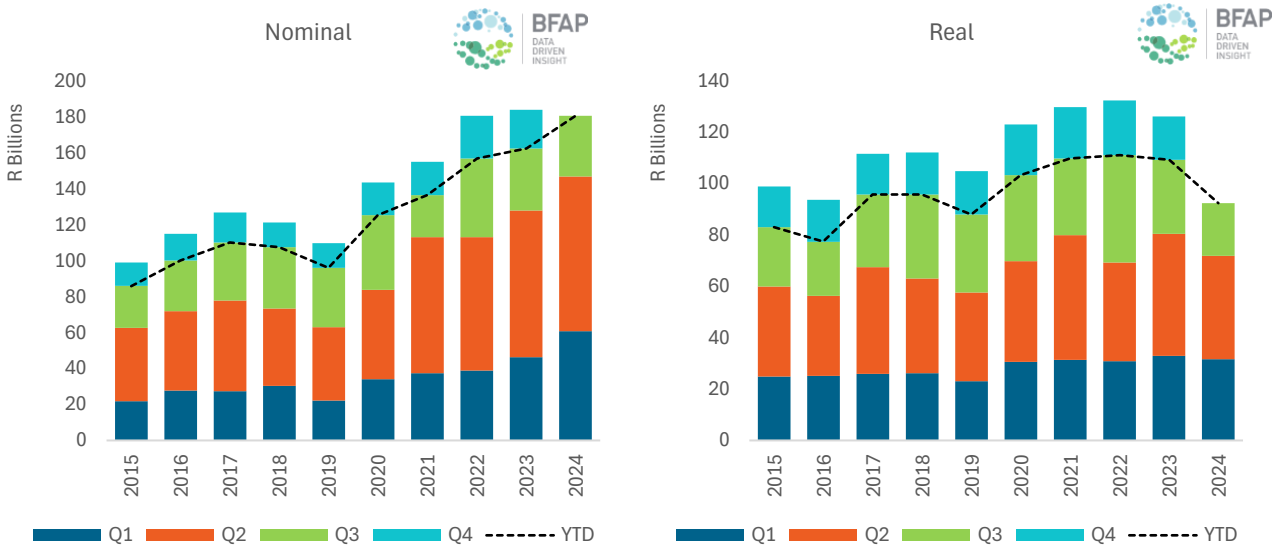

Figure 2: Nominal and real GDP for agriculture, forestry and fisheries
Source: StatsSA, 2024a

To contextualize the reported 15.5% year-to-date (YTD) decline in real agricultural GDP, it is important to note that the agricultural sector had already contracted by nearly 5% in the previous year, following substantial growth in 2021 and 2022. Therefore, the decline cannot be attributed to a significant base effect.

We now turn to the more detailed economic accounts for agriculture, as compiled by the National Department of Agriculture, Land Reform and Rural Development (DALRRD), to identify the main factors driving these results. In **Figure 3**, we replicate the previous figure but focus on the two primary components used to calculate the detailed agricultural GDP (excluding forestry and fisheries). Starting with nominal terms, we present the value of gross farm income (left) and the value of spending on inputs (right). Farm income for the first and second quarters of 2024 exceeded that of the same quarters in 2023, but the third quarter experienced a decline. When combined, these three quarters indicate that the YTD for 2024 was 0.5% higher than the same period in 2023 in nominal terms.

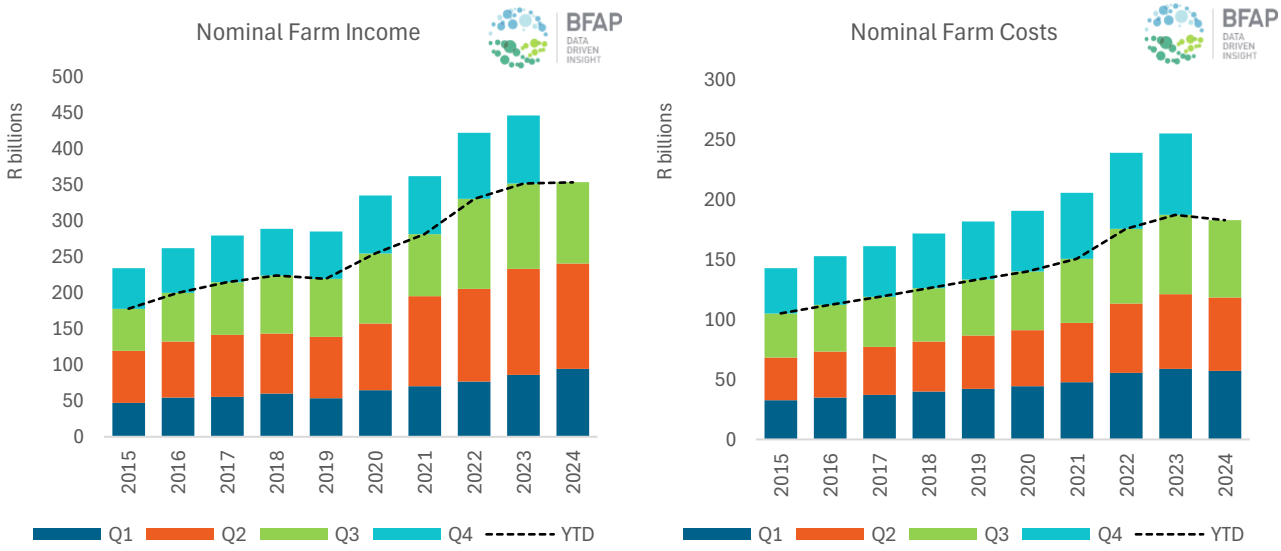

Figure 3: Nominal gross farm income and intermediate expenditure for agriculture
Source: DALRRD, 2024

Intermediate expenditure exhibited a slightly different trend, with the year-to-date (YTD) figure declining by 2.2% in 2024 thus far. An intuitive interpretation of these nominal values would suggest that if income remained relatively stable while spending on inputs declined, the GDP for agriculture should increase rather than decrease. This is indeed reflected in the DALRRD data. After accounting for farmers' construction and adjusting for changes in livestock inventories, the reported nominal GDP for agriculture increased by 3.8% for the YTD. Considering that the general inflation rate in the South African economy during this period was approximately 4.9%, based on the headline Consumer Price Index, deflating the nominal agricultural GDP with this broader inflation indicator suggests a real contraction of 0.5%.

We now deflate the farm income and expenditure values for agriculture using the deflators provided by DALRRD to closely replicate their GDP calculation in real terms. At the time of writing, it was assumed that DALRRD statisticians deflated nominal numbers for individual income and cost items, as communicated to us. The Department only shared their nominal values without the equations linking to their specific use of the deflators, necessitating judgment calls to mimic their calculations.

This highlights a significant issue affecting the real agricultural GDP numbers: the choice of deflation methods results in substantial differences, which would not typically be expected if the relationship between income and costs were robust. Table 1 illustrates that the choice of methodology leads to markedly different growth rates. Using DALRRD's communicated deflation methods results in a year-to-date (YTD) decline of 12.5%, while deflating using a weighted basket of income and expenditure groups, yields a decline of 13.3%. If one deflates total gross farm income with the total income deflator from DALRRD, agricultural GDP declines by 16.3%. We therefore assume that DALRRD used this approach in practice, as it is the closest to the StatsSA published growth rate for the sector.

Table 1: Re-calculated agricultural GDP using DALRRD nominal value and deflators

Method	**Indicator**	**Year-to-date (Q1-3) R billion % Change**		**Percentage change (%)**
		2023	**2024**	
Nominal	Gross Income	352	354	0.5%
	Costs	187	183	-2.2%
	GDP	170	177	3.8%
Deflate using CPI	Gross Income	235	225	-4.0%
	Costs	123	115	-6.8%
	GDP	118	117	-0.5%
Deflate using Individual deflators	Gross Income	214	201	-6.3%
	Costs	125	124	-0.9%
	GDP	95	83	-12.5%
Deflate semi-bulk groups on income and expenditure	Gross Income	208	198	-4.8%
	Costs	120	123	2.3%
	GDP	93	81	-13.3%
Deflate income and expenditure bulk total	Gross Income	208	199	-4.4%
	Costs	128	133	4.1%
	GDP	86	72	-16.3%
StatsSA	GDP	109	92	**-15.5%**

Source: Own compilation using DALRRD, 2024

We continue our analysis using DALRRD's communicated method of deflating individual income and expenditure items. Both the real YTD farm income and expenditure declined, by 6.3% and 1% respectively, resulting in the 13.3% contraction in agricultural GDP.

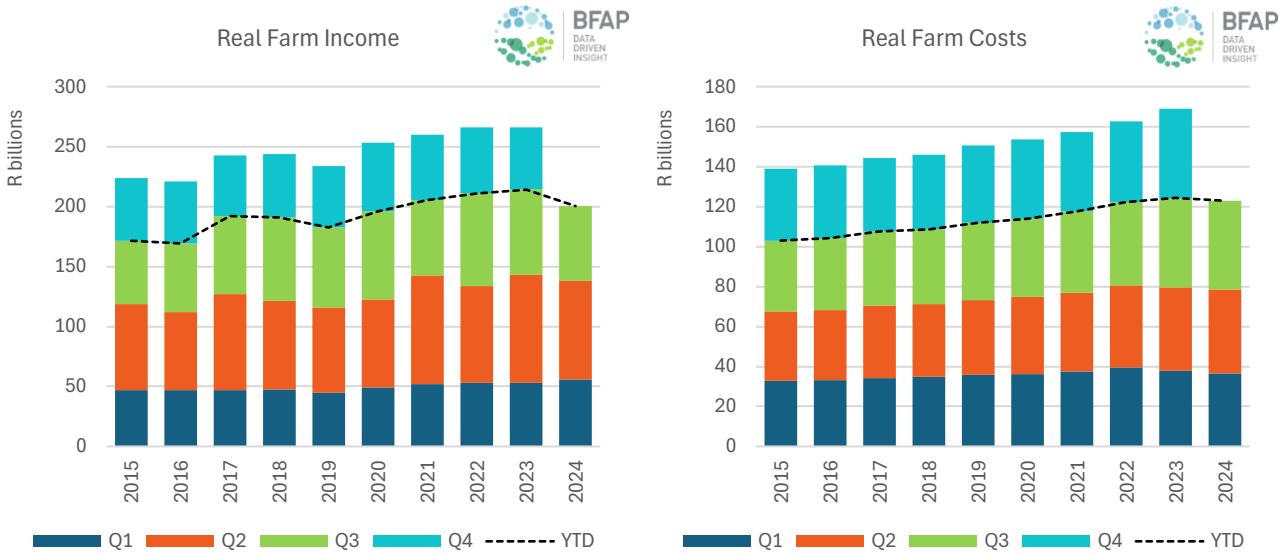

Figure 4: Real gross farm income and intermediate expenditure for agriculture (2015=100)
Source: Own compilation using DALRRD, 2024

IDENTIFYING AND ADDRESSING DATA CONCERNS

Having assessed the reported numbers from StatsSA and DALRRD, we now delve deeper into the finer subcomponents of the agricultural GDP calculation. We begin with an overall assessment of the nominal values, as this is always the starting point to identify any significant differences before applying the chosen deflation method. Table 2 presents DALRRD's year-to-date (YTD) percentage changes in values compared to BFAP's own assessment of income and costs in the agricultural sector. Our adjustments are based on a combination of official data sources like the National Crop Estimates Committee, trade databases, and other sources of data from industry organisations, BFAP's set of models, and cross-checks with industry partners.

The nominal income of field crops and livestock industries is largely consistent between DALRRD and BFAP. For field crops, income was adversely affected by drought, which reduced yields of dryland summer crops, and prices have not increased sufficiently to offset the negative impact of lower yields. In the livestock sector, nominal income levels have risen compared to last year, primarily due to the recovery of the chicken industry (the largest agricultural subsector in 2024) from Avian Influenza.

However, we have identified a significant discrepancy in horticultural income levels, with BFAP's estimates being 4.4% higher than those of DALRRD. Horticultural income has been significantly boosted by higher prices and volumes in key export markets. Overall, our estimates suggest that several large subindustries performed better than DALRRD's income estimates, resulting in an overall gross farm income adjustment that is 1.8% higher. This adjustment has a substantial impact on our agricultural GDP revision.

Additionally, our adjustments to the expenditure side add several billion Rands of value added. The table shows our adjustments to spending on fertiliser, feed, agro-chemicals, and seeds and plants, resulting in a net impact of a 2.4% decline in expenditure relative to DALRRD's gross spending total.

Table 2: YTD percentage comparison between DALRRD and BFAP

Income	**2023 vs 2024 YTD**			**Comment**
	DALRRD	**BFAP**	**Difference**	
Livestock	6.2%	6.7%	0.5%	Largely in line with expectation
Field Crops	-12.8%	-12.8%	-0.1%	Largely in line with expectation
Horticulture	6.3%	10.7%	4.4%	Fruit exports higher and wine grape prices support nominal income
Gross Farm Income	**0.5%**	**2.3%**	**1.8%**	**Fruit income pushes total income 1.8% higher**

Expenditure	2023 vs 2024 YTD			Comment
	DALRRD	BFAP	Difference	
Farm feeds	-15.0%	-13.3%	1.7%	AFMA feed sales volume YTD down
Fertiliser	-2.6%	-17.7%	-15.1%	Volume imported down between 4-7%, price also down 6-7%
Agro-chemicals	8.8%	-3.0%	-12.0%	General price declines due to high stock, volumes similar to 2023
Seed and plants	10.0%	2.1%	-7.9%	Field crop area stable but horticulture nursery sales slower
Gross Farm Expenditure	**-2.2%**	**-4.8%**	**-2.6%**	**Farm costs decreased at a faster rate**

Source: Own compilation and DALRRD, 2024

MOVING FROM NOMINAL TO REAL: DEFLATION

During our assessment of the methods used to calculate real agricultural GDP, it became evident that BFAP has a slightly different perspective on accounting for inflation. The methodology employed by DALRRD and StatsSA, known as double deflation, involves deflating both individual commodity prices on the income side and the individual intermediate expenditure items separately.

In the absence of a detailed description of their methodology, it was not immediately clear how DALRRD performs this deflation. If DALRRD indeed deflates individual industries on the income side (e.g., deflating orange and mango prices separately), any price increase occurring within the market is treated purely as inflationary and is stripped out to determine "real" farm income. It is debatable whether all price increases in agriculture should be regarded solely as inflationary, with no fundamental drivers influencing price changes. This approach indirectly suggests that "real" agricultural GDP is more closely aligned with the volume of production and the volume of inputs used, rather than any price effects. The selection and technical considerations surrounding the use of deflators warrant a robust discussion among experts and potential revisions to the current methods.

This does not imply that the double deflation method lacks merit. When StatsSA published their Gross Domestic Product report in 2023, the explanatory notes indicated that the double deflation technique is preferred to ensure greater coherence in the national accounts. This method allows for the growth of real GDP from the expenditure side to match the growth of real GDP from the production side. Although the System of National Accounts (SNA) mentions that the double deflation method is theoretically sound, the resulting estimates are subject to measurement errors in the volume of both output and intermediate consumption. This is particularly true if Producer Price Index (PPI) deflators are applied to inputs that are often imported. The SNA specifically states that “it is advisable to compare the growth rates of the price and volume measures of value added over recent years with the corresponding growth rates of output and intermediate inputs and, if possible, with volume estimates of inputs of labour and capital services to check for plausibility.”

An IMF discussion paper further elaborates that the double deflation method is data-intensive, requiring data on a broad range of price measurements for both outputs and inputs (Alexander et al., 2017). The question that then arises is whether public officials have access to timely and sufficiently high-quality data to calculate “real” prices for every agricultural product at the farm gate and deflators for every input cost item. Additionally, it requires both the quantities and prices of items sold or inputs purchased to compare growth rates and ensure they are plausible, all on a quarterly basis.

Our approach to deflating agricultural prices involves using a more general measure of inflation prevalent in the economy, such as the Consumer Price Index (CPI) or the overall GDP deflator. We estimate farm income and expenditure in nominal terms and then deflate the difference using general inflation to arrive at real agricultural GDP. Our models have been developed based on this methodology, which assumes that the relationship between nominal income and expenditure is accurately represented. A brief review suggests that the economic accounts for agriculture in the European Union use national GDP deflators to convert nominal farm income per industry to real terms, although most G20 nations prefer the double deflation method (Eurostat, 2024; Alexander et al., 2017). For practical purposes, it is essential to consider whether the current methodology is suitable, given the challenges in obtaining and interpreting price movements for agricultural products.

The current field crop harvest provides a pertinent example. The summer rainfall regions experienced a severe El Niño-induced drought in 2024, resulting in maize crop volumes declining by 29%, compared to 2023 (CEC, 2024). This significant drop in supply, both in South Africa and the wider Southern African region, led to substantial maize price increases. If one assumes that the entire price increase is due to inflation and deflates the income side by multiplying the current season's historically low volumes with a zero-price increase from the previous year, the resultant decline in "real" terms is much larger than if the maize income were deflated using the national GDP deflator or even a weighted agricultural Producer Price Index (PPI).

Up to this point, we have discussed the methods used to deflate income and cost values to calculate agricultural GDP, but have not addressed which deflators to use. This is another area of concern in the current statistical approach. The next set of graphs in **Figure 5** compares the deflators currently used by DALRRD with corresponding deflators for similar items. We compare DALRRD's deflators with StatsSA's Producer Price Index (PPI) numbers (reworked from monthly to quarterly indices), while for horticulture we developed a new index. For field crops, the deflators from DALRRD and StatsSA correlate closely, with slight differences but an overall good match for the average weighted price trend. The same can be said for livestock: while a recent divergence is somewhat concerning, the trend direction still aligns. Once again, horticulture presents a more serious problem, as DALRRD and StatsSA often show directional differences, and the divergence between them has been increasing over time.

The BFAP deflator for horticulture was compiled using comprehensive monthly trade data, municipal market aggregation, and additional market information. This is a crucial consideration because the choice of deflator can significantly impact the reported level of income for a particular quarter and, in rare cases, even result in opposite growth directions. For example, if we deflate horticulture's nominal income (which remains constant) using different deflators, the real horticultural income would increase year-to-date (YTD) by 5.9% using BFAP's deflator, 1.9% using StatsSA's deflator, and only 0.03% using DALRRD's deflator. This substantial margin of error highlights the challenges in compiling robust economic activity indicators for the sector.

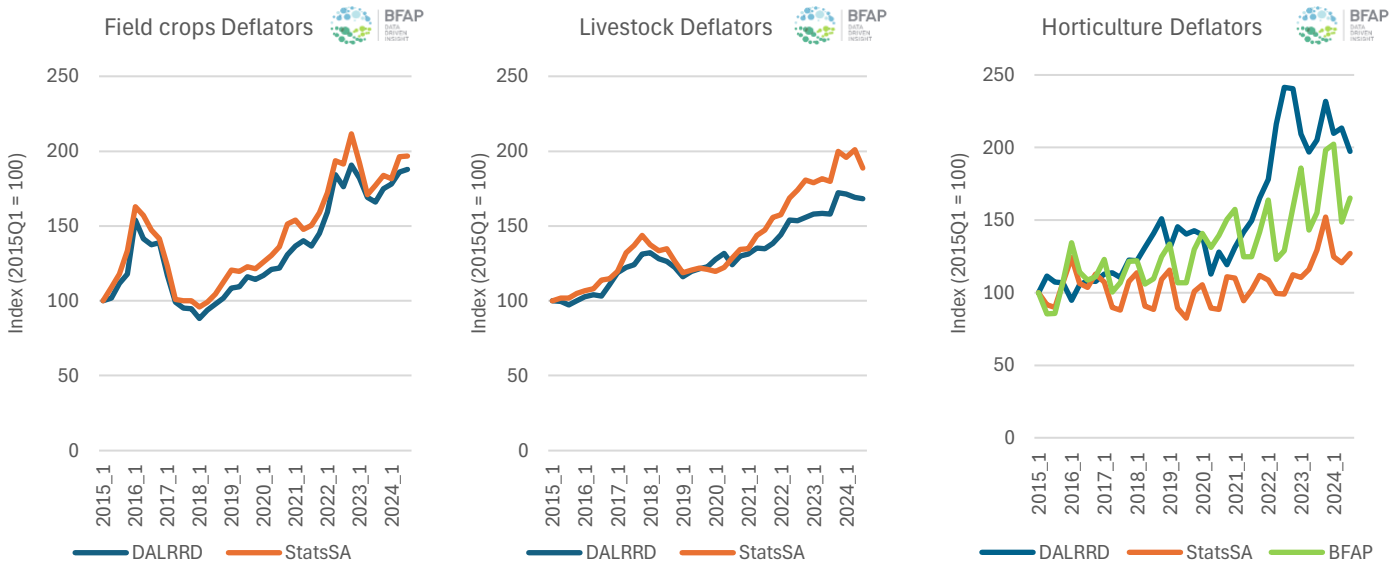

Figure 5: Deflators from different sources used to deflate agricultural income

Source: Own compilation using DALRRD, StatsSA & BFAP, 2024

We further illustrate this point by selectively presenting examples of individual expenditure items. The observations are consistent: the current use of expenditure deflators shows significant divergence between sources. Without detailed documentation on the use of deflators, it is currently impossible to determine which deflators are correct or preferable. The critical issue is that rigorous debate and insights are necessary to prevent a situation where key indicators, such as real GDP growth, become more a function of the deflation method used rather than the actual performance of the sector. **Figure 6** also highlights that the current real agricultural GDP might still be affected by divergence in deflator values, which were pronounced during recent global events such as the pandemic and the Russia-Ukraine war, impacting global commodity markets like grains, oilseeds, and fertilisers.

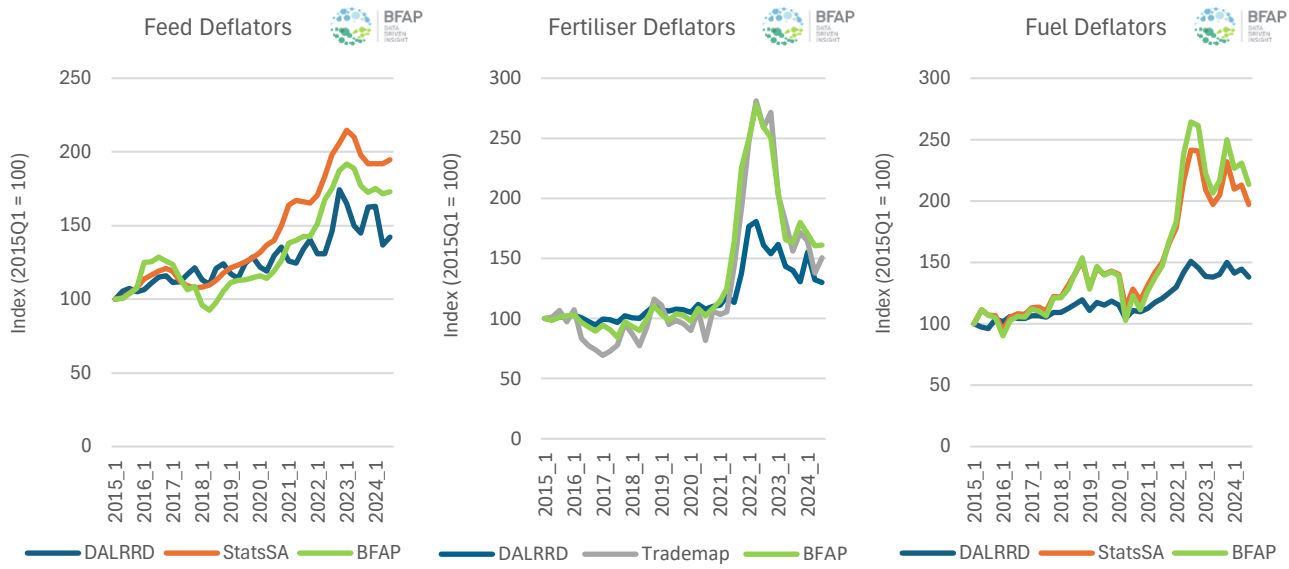

Figure 6: Deflators from different sources used to deflate agricultural expenditure

Source: Own compilation using DALRRD, StatsSA & BFAP, 2024

Finally, we aim to illustrate why the selection of deflators can significantly impact agricultural GDP figures. We use DALRRD's nominal expenditure on fertiliser and feed, which are among the largest expenditure items in agriculture, assuming these values accurately reflect farmers' spending on these inputs. In **Figure 7**, we demonstrate how using DALRRD's current deflator for fertiliser and feed results in markedly different real expenditure trends compared to using the same nominal values but applying different deflators (StatsSA's PPI for animal feed and BFAP's deflator for fertiliser). Before 2020, real spending showed a high correlation across these deflators, but significant deviations have emerged since then. The most substantial within-quarter divergence for feed spending was R4.6 billion in the second quarter of 2022, which would have caused a 13% deviation in the quarterly growth rate. This example underscores the critical impact that the choice of deflators can have on the reported economic performance of the agricultural sector.

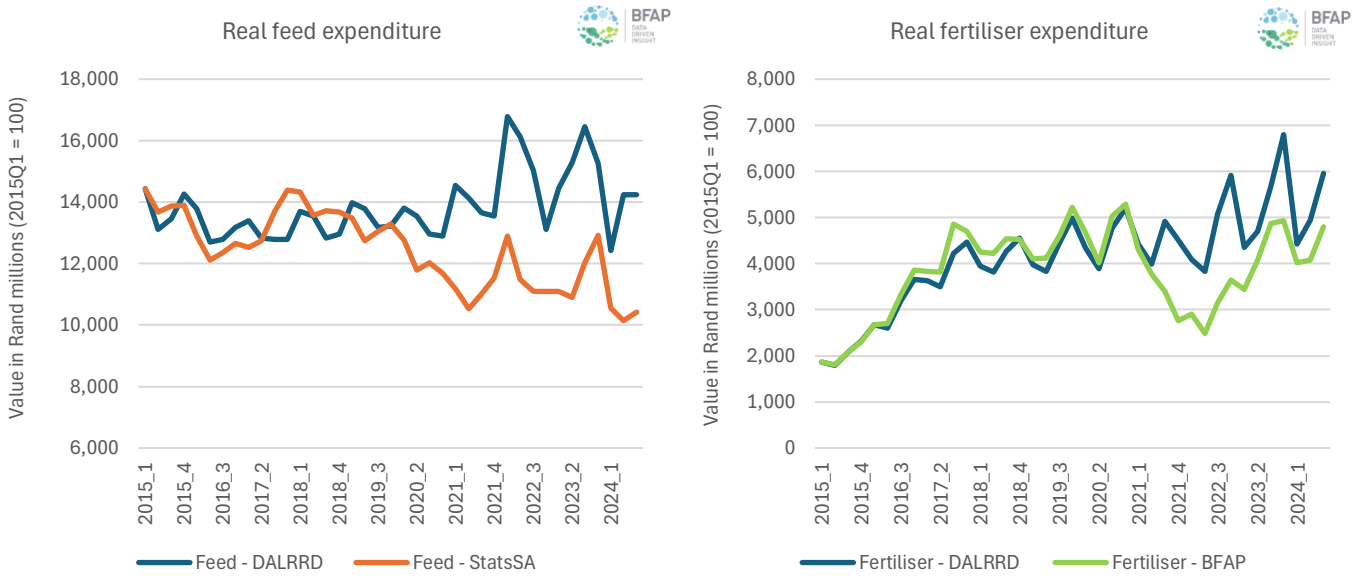

Figure 7: Deflators from different sources used to deflate agricultural expenditure, feed and fertiliser

Source: Own compilation using DALRRD, StatsSA & BFAP, 2024

COMPARISONS WITH BFAP DATA AND RECALCULATION OF AgGDP

Given the technical complexities discussed, we proceed cautiously to provide a BFAP estimate of agriculture's GDP for 2024. It is important to note that we cannot adjust figures prior to 2024, as this would alter the overall base for the country's GDP. Therefore, we work with the levels provided to us. More research and robust debate are necessary to address the technical challenges outlined in this report before a final figure can be agreed upon. We continue to use DALRRD's deflators to maintain consistency with their methodology. However, the new BFAP estimates in **Figure 8** offer

a preliminary indication to industry stakeholders and policymakers of the potential adjustments that may be expected in revised agricultural GDP figures.

Figure 8 compares the BFAP estimates to the official agricultural GDP reported by StatsSA. Our analysis suggests that the year-to-date (YTD) decline in real agricultural GDP should be between 5-6%, as opposed to the current official decline of 15.5%. We have also updated our BFAP annual models with the latest actual data to generate an annual forecast for 2024, which includes a projection for the fourth quarter. This forecast indicates that the agricultural sector will contract by 4.8% in real terms in 2024. This figure is also much closer to the initial BFAP Baseline real AgGDP forecast for 2024 of -2.2%, published in August 2024.

In summary, our adjustments indicate that an upward revision of approximately R10.8 billion is necessary for the real agricultural GDP. If this estimate is incorporated into the South African economy, it suggests that the economy would have grown YTD in real terms by 0.7%, rather than 0.4%. This revised growth rate aligns more closely with the forecasts projected by institutions such as the South African Reserve Bank (SARB) and the Bureau for Economic Research (BER).

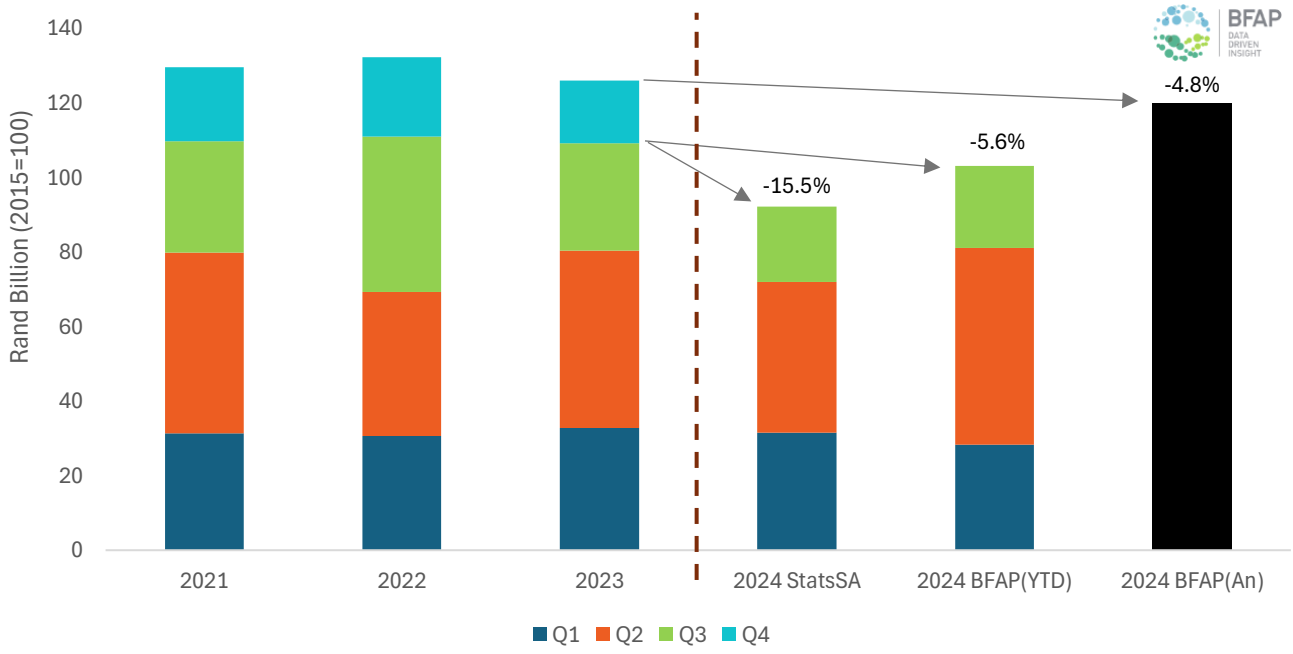

Figure 8: Proposed adjustments to agricultural GDP

Source: Own compilation using DALRRD, StatsSA & BFAP, 2024

CONCLUDING

Our current assessment of the agricultural GDP statistics has highlighted several areas of concern. While we acknowledge the complexity and difficulty in sourcing real-time statistics to calculate the sector's economic performance in aggregate, reforms are necessary to ensure more robust indicators for the agricultural economy. Given the technicalities discussed in this brief, we recommend a significant upward adjustment to the current agricultural GDP statistics, which will also present a more positive picture of the overall performance of the South African economy.

Considering the challenges of agricultural statistics in recent years, we also propose establishing a discussion forum to support the overall process of data collection, as well as to provide qualitative and quantitative insights into methods and data to use in arriving at growth figures for agriculture that better reflect actual performance. This approach will enhance the robustness and reliability of future estimates. A detailed review of the current methodology for calculating agricultural GDP is needed to ensure public trust in the statistics and to address the concerns raised in this report.

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