Western Cape Government

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AGRICULTURAL ECONOMIC SUMMARY: 1ST QUARTER 2026

Summary points

The Agricultural Economic Quarterly report highlights moderate economic growth in the Western Cape alongside positive performance in the agricultural sector. The Western Cape economy expanded by 0.7% quarter-on-quarter (q/q) and 1.3% year-on-year (y/y). Agriculture contributed 4.7% to the provincial economy, highlighting its importance despite its relatively small share of the provincial economy. This sector remains strategic to employment generation (especially rural areas), also unlocking furthermore jobs opportunities in the agri-processing value chains.

1. Introduction

Agriculture is a strategic sector, which contribute to food security, employment and economic growth. This report analyses the performance of the Western Cape agricultural sector in the first quarter of 2026 (Q1_2026) based economic and labour statistics released by Statistics South Africa (Stats SA). Economic and employment growth are priority of the Western Cape government. Through, the Growth for Jobs Strategy (G4J) the province aims to achieve a one trillion-rand economy and create more than 600 000 new jobs by 2035 (WCG, 2023).

The analysis of quarterly economic data provides crucial insights on the performance the economy and highlights constraints in the market. The state is known for its role in creating a conducive environment for businesses thrive. However, to ensure targeted interventions for unlocking the full potential of agriculture, the state also makes use of data and evidence-based research insights.

The next sections present an overview of the provincial economic sector performance with emphasis on agriculture, followed by a discussion of the national agricultural gross income from major subsectors, and a breakdown of the performance of the horticultural industries.

This will be followed by a discussion of the labour market performance, global shocks and inflation.

2. GROSS DOMESTIC PERFORMANCE

In the first quarter of 2026 (Q1_2026), the WC economy experienced a growth of 0.6% quarter-on-quarter (Q1_2026 vs Q4_2025) (q/q) and 2.0% on a year-on-year (Q1_2026 vs Q1_2025) (y/y) basis. Figure 1 below illustrates growth rates of each sector in the first quarter of 2026 (Q1_2026. The Western Cape agricultural sector showed a positive growth of 4% (q/q) and 7% (y/y). Othe sectors which sustained growth in both quarterly and annual basis were wholesale, transport, financial services, private services and government.

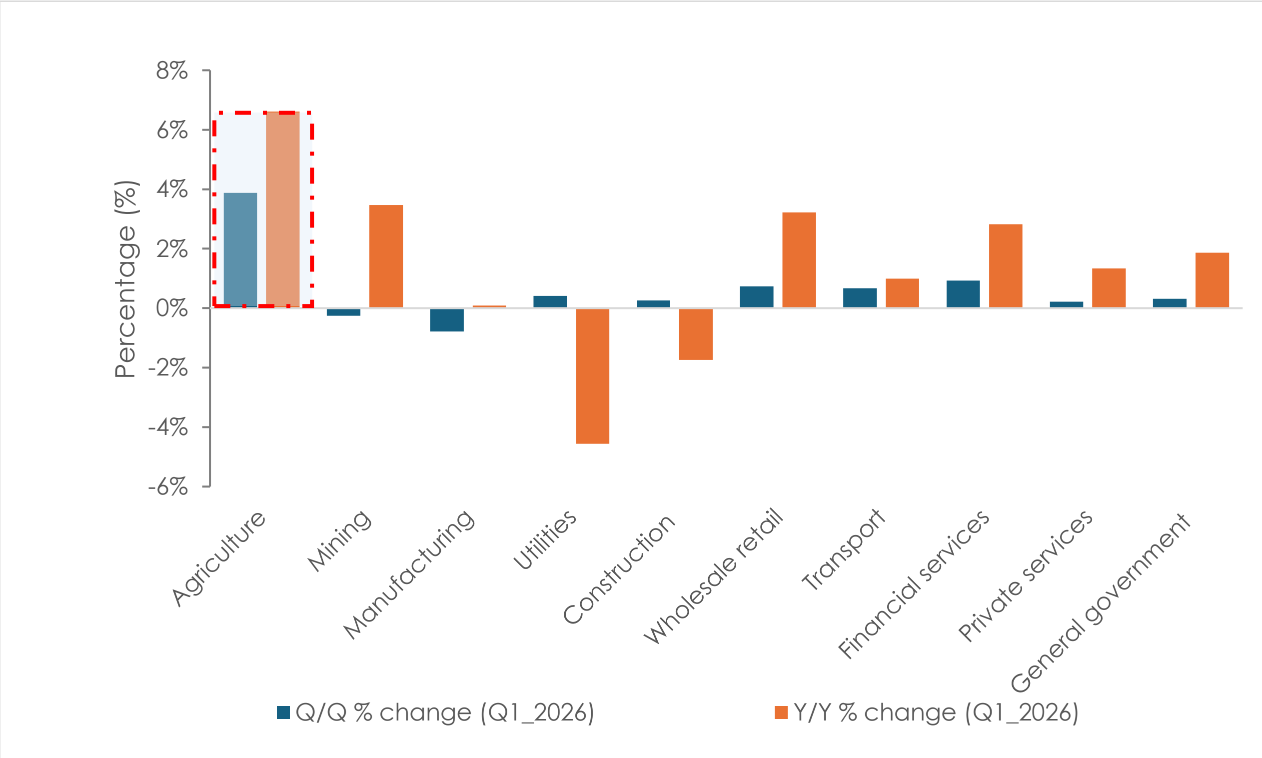

Figure 1: Western Cape sectors' economic performance in Q1 _ 2026
Source: (StatsSA & Quantec, 2026)

3. Agricultural sector performance

Figure 2 below highlights trends in Western Cape quarterly gross value added and the share of agriculture to total provincial gross value added (GVA) during the period Q1_2023 to Q1_2026. This period shows fluctuations in agriculture's GVA with a notable contraction in the third quarter of 2023, followed by a rebound in the fourth quarter of 2024, followed by steady growth from Q4_2024 to Q1_2026. However, throughout this period, the WC agriculture as a share of national agricultural GVA remained steady at 20%, driven by strong growth in the livestock sector. Agriculture is sensitive to both domestic and international shocks, and the period under review was characterised by volatility of the global economy, which many sectors are currently experiencing due to ongoing geopolitical tensions affecting agricultural input prices, market access, and overall market uncertainty. Additionally, the sector faces challenges of extreme environmental conditions, including phytosanitary and biosecurity concerns, as well as severe floods in the province. The impact of this shock is expected to reflect in the second quarter gross domestic statistics update.

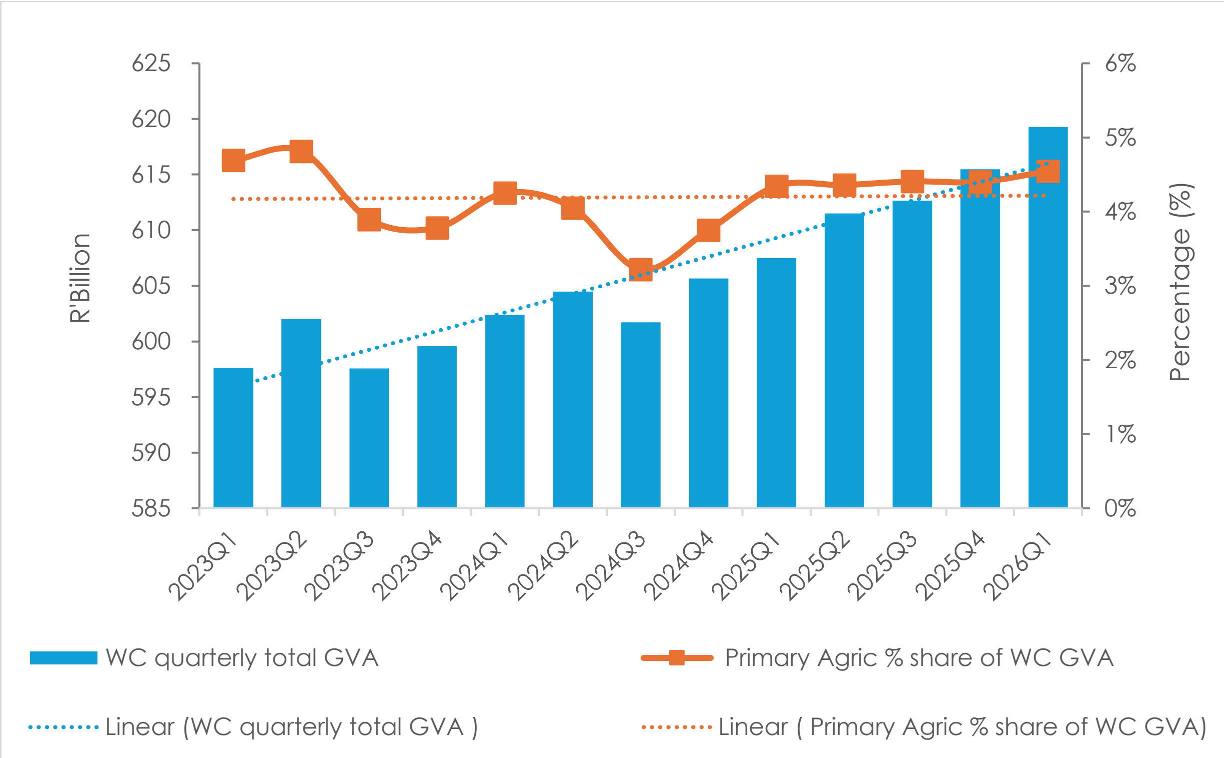

Figure 2: WC agricultural contribution to total provincial GVA
Source: (StatsSA & Quantec, 2026)

Figure3 illustrates South Africa's quarterly nominal gross farm income from three major agricultural sub-sectors (field crops, horticulture and animal products) for the period Q3_2024 to Q1_2026 (nominal terms) (DoA, 2026). As illustrated in the figure, at the national level, the livestock sector accounts for a large share of the total gross income from agriculture, followed by horticulture and field crops. Overall agricultural gross income increased by 9% on annual basis in value terms (nominal values)

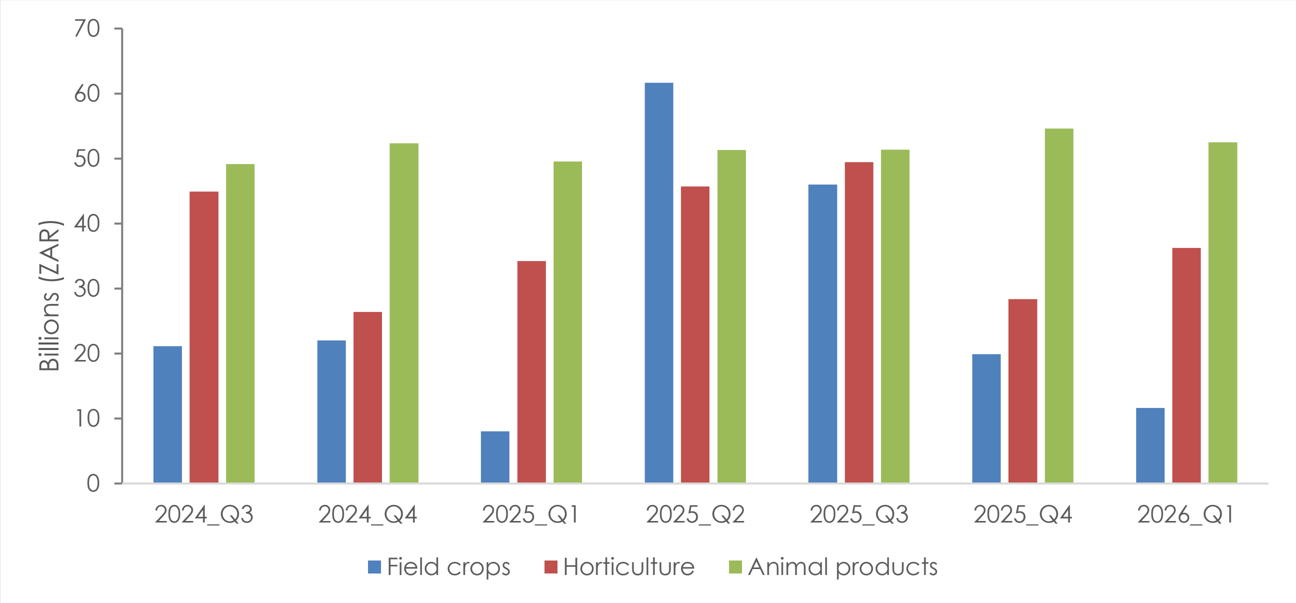

Figure 3: South African gross income from agricultural products, Q3_2024-Q1_2026
Source: (DoA, 2026a)

Table 1 presents a breakdown of South Africa's horticultural industries' performance in Q1_2026 in value terms and based on year-on-year (y/y) growth rates. Overall, the horticultural products gross incomes increased by 6% (y/y), generating gross farm income of R36 billion in Q1_2026, and of that total, citrus fruit accounted for 16% and followed deciduous at 11% to name a few.

Table 1 : RSA nominal gross income selected horticultural products, Q1-2026

Products	Q1_2026: Gross income R'000	Relative share 9%)	Annual growth rate
Rooibos tea	235 878	1%	1%
Citrus fruit	1 186 319	3%	16%
Subtropical fruit	1 930 059	5%	1%
Deciduous and other fruit	19 004 334	52%	11%
Dried fruit	2 995 903	8%	1%
Vegetables	10 313 625	28%	-1%
Flowers and bulbs	483 861	1%	2%
Other horticultural products	74 841	0%	2%

Source: (DoA, 2026a)

4. Agricultural labour market performance

The Western Cape agricultural sector continues to play an important role at both provincial and national level, contributing 26% (249 270 jobs) to total South Africa's primary agricultural employment in Q1_2026. At provincial level, agricultural employment expanded strongly quarter-on-quarter (q/q) by 16% and showed a moderate annual growth at 2% in this quarter. Growth was primary driven by crop production (84% of agricultural employment), highlighting, the labour-intensive nature of the horticultural sector.

Figure 4 shows the Western Cape agriculture and agri-processing sectors' employment trends for the period Q1_2012 to Q1_2026. Overall, both agricultural and agri-processing combined contributed a total of 344 971 jobs in Q1_2026 (q/q), showing quarterly increase of 10% driven largely by agricultural jobs, specifically the growing of crops, while the livestock sector experienced a decline of 18% (4 701 jobs) q/q and 20% (5 325 jobs). This is not a surprise as the period corresponds to a serious outbreak of the Food and Mouth disease (FMD).

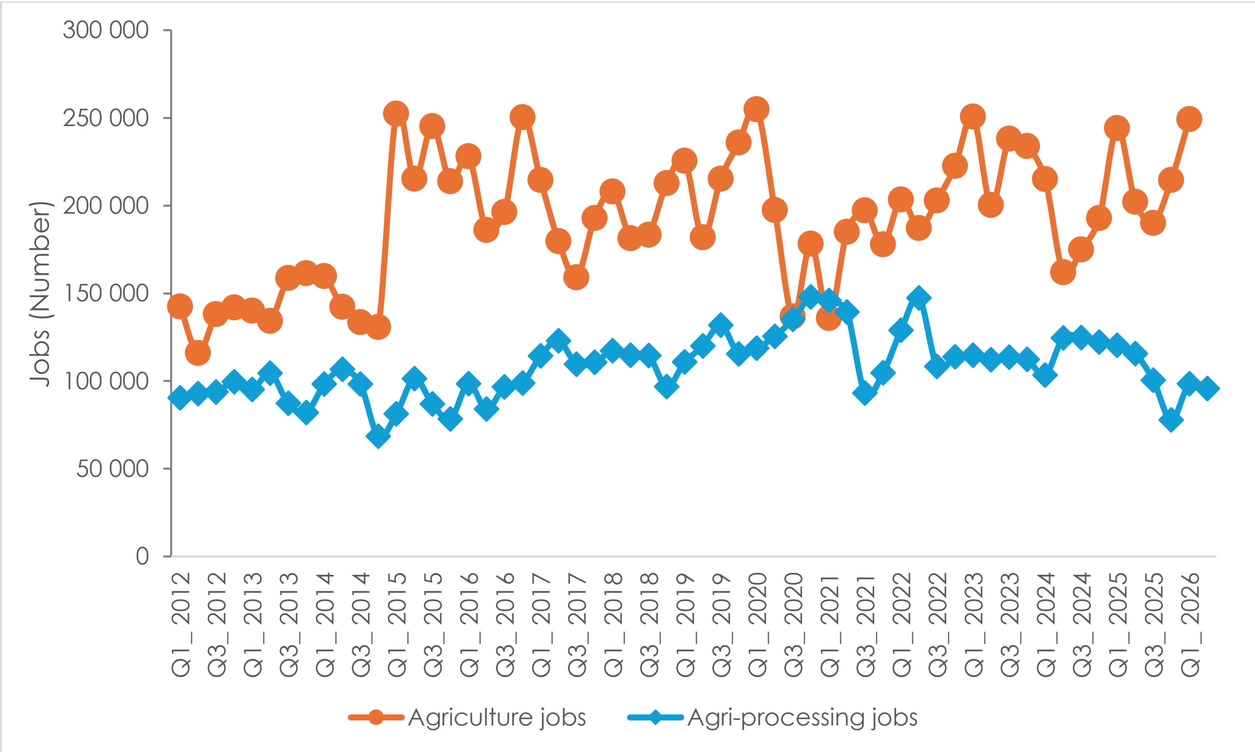

Figure 4: Western Cape agricultural employment trends, Q1_2012 to Q1_2026
Source: (Stats SA, 2026)

However, the livestock sector employment declined sharply by (-18% q/q; - 20% y/y) during the period corresponding with the Food and Mouth Disease (FMD)outbreak. Agri-processing employment contracted (-3 q/q; -17% y/y) despite gains in specific sectors such as dairy and food processing, which showed positive performance. Overall, agriculture and agri-processing combined accounted for 12% of provincial employment, indicative of the strategic importance to this sector to the economy.

5. GLOBAL SHOCKS ON FUEL PRICES AND EXCHANGE RATE

With the geopolitical tensions affecting the South African economy as the GDP data have highlighted, global shocks are discussed towards the underlying changes to the domestic production. Figure 4 presents three indicators that influence fuel costs and economic activity in South Africa: the Rand/US Dollar exchange rate, the Brent crude oil price, and the average diesel price. As South Africa imports most of its crude oil and petroleum products, international oil prices and exchange rate movements directly affect domestic fuel costs. Oil is traded internationally in US dollars, that results for example, when a weaker rand increases the cost of imported fuel even when global oil prices remain unchanged. Diesel was selected as an indicator because it is widely used across the economy, particularly in agriculture, freight transport, logistics and other productive sectors. Changes in diesel prices therefore affect production and distribution costs and can influence broader economic performance and inflation.

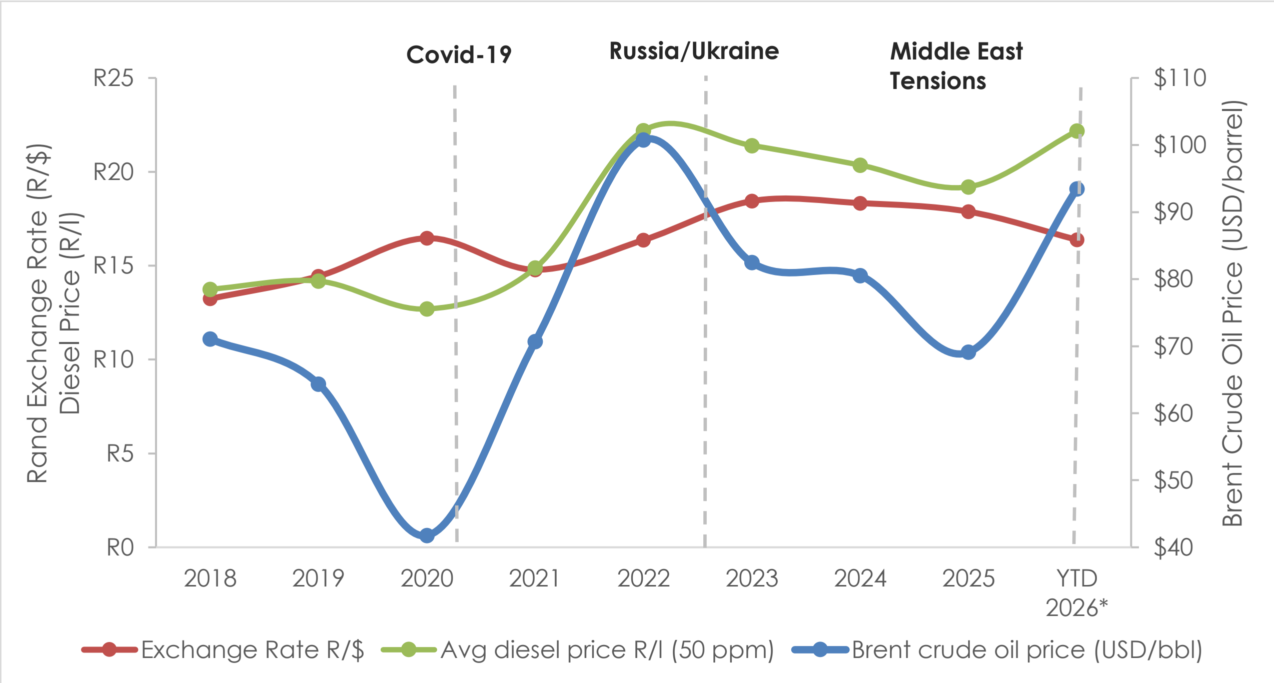

Figure 5: Impact of Brent Crude Oil Prices and Exchange Rate Movements on South Africa's Diesel Prices (2018–2026)
Source: FRED (St. Louis Fed), DMRE, EIA

The graph illustrates the relationship between the Brent crude oil price, the Rand/US Dollar exchange rate and South Africa's average diesel price between 2018 and 2026, highlighting how global economic shocks influence local fuel costs. During 2018 and 2019, relatively stable oil prices (approximately $64–$71 per barrel) and a stronger exchange rate (around R13–R14 per US dollar) contributed to moderate diesel prices of about R13–R14 per litre.

In 2020, the COVID-19 pandemic caused a sharp contraction in global economic activity, resulting in Brent crude oil prices dropping significantly to around $42 per barrel. Despite a weakening of the rand to approximately R16.46, the sharp decline in oil prices led to a reduction in diesel prices to about R12.70 per litre. As global economic activity recovered during 2021, oil demand increased, pushing Brent crude prices back to roughly $70 per barrel, which in turn resulted in higher diesel prices.

The most significant increase occurred in 2022 following the Russia Ukraine conflict. Disruptions to global energy markets caused oil prices to exceed 100 dollars per barrel. At the same time the rand weakened to around R16.37, which contributed to diesel prices rising sharply to above R22 per litre.

Although oil prices moderated between 2023 and 2025, declining from about $82 to $69 per barrel, diesel prices remained relatively elevated, decreasing only slightly from approximately R21.40 to R19.20 per litre. This was largely due to the continued weakness of the rand, which depreciated to around R18.44 in 2023 and remained above R17 through 2025, offsetting the benefit of lower oil prices.

In the most recent period (Q1 2026 year-to-date), renewed geopolitical tensions in the Middle East placed upward pressure on Brent crude oil prices, increasing them to approximately $93 per barrel. Although the rand strengthened somewhat to around R16.38, compared to R17.88 in 2025, this appreciation was insufficient to counteract the rise in oil prices, resulting in diesel prices rising again to an average of approximately R22.18 per litre year-to-date.

Overall, the graph demonstrates that South African fuel prices are highly sensitive to both international oil market developments and exchange rate movements, with global shocks such as pandemics, wars and geopolitical tensions having significant implications for fuel costs, production expenses and broader economic performance.

6. SOUTH AFRICA AND WESTERN CAPE INFLATION AND FOOD PRICES

This brief observes South Africa (RSA) and the Western Cape's (WC) latest quarterly food price changes in 2026 (April 2026), and the underpinning factors driving such changes in the selected food basket. South Africa is confronted with household food insecurity, primarily caused by low incomes, growing unemployment rate and persisting inequality. While food availability is not a national crisis in South Africa, however, economic access to food remains a critical challenge at household level. In the next sections we give a brief overview of the South African and Western Cape food price change analyses in the beginning of 2026, compared to 2025 (quarter-on-quarter change).

Figure 5 illustrates RSA and WC Province headline inflation rate (all items) and food products consumed by a typical household during the period May 2023 until April 2026 on quarter-on-quarter basis (q/q). South Africa's annual headline inflation in April 2026 recorded 4.02%, higher than headline inflation (2.83%) levels reported in April 2025 (y/y). The quarterly national food inflationary rate was 0.7% in April 2026 from 1.5% in April 2025(q/q), showing a decline over the observed period (see Figure 5). The primary drivers of this national quarterly food increase (0.7%) included vegetables (8.4%), other food (0.7%), and sugar, confectionery & desserts respectively at 0.5%, fish and other seafood(0.3%), tobacco (2.9%), and wine (1.8%).The above key food products price increases could also reflect an increase in farm-level inputs (fuel, fertilizers, and freight costs), seasonal supplies, weather conditions, the global logistical and infrastructure costs linked to the Middle East conflict escalations, diseases outbreaks (i.e., foot and mouth diseases, swine flu, and avian influenza), short global food supplies, among other things in the beginning of 2026 marketing year. The WC's quarterly food price increase in April 2026(q/q) reached 1.34%, higher than the national food price (0.77%) change for the same period.

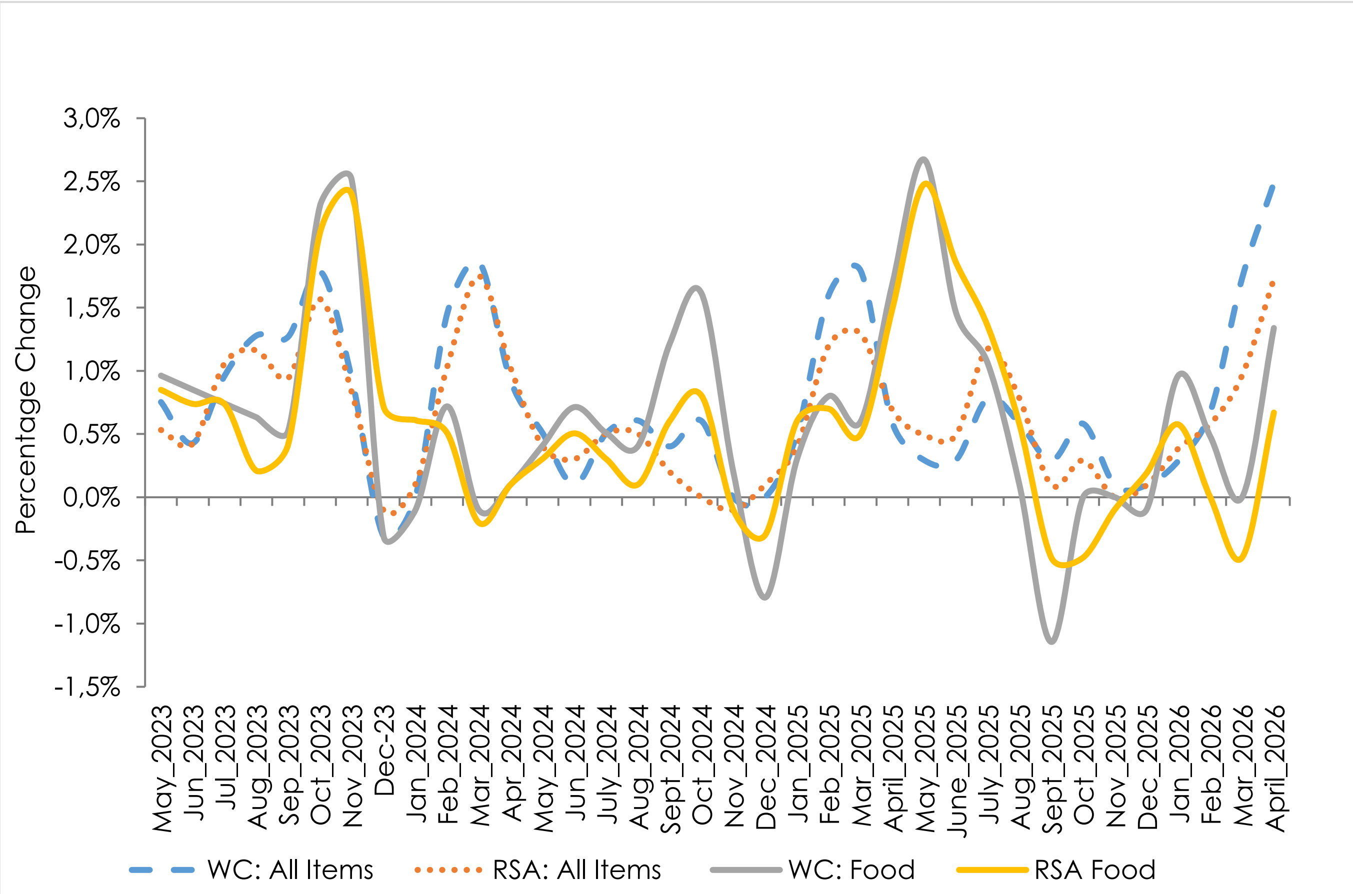

Figure 6: ***RSA and WC Quarter-on-Quarter(Q/Q) All items and food inflation rate April 2026***
Source: (StatsSA, 2026)

The WC quarterly food price changes were underpinned by vegetables (9.8%), other food (1.2%), fish and other seafood (3.9%), other food (5.5%), milk, other dairy products & eggs

(1.1%), tobacco (4.1%), and wine (1.9%) amongst other products under the review period. The inflationary effects observed in the above products can be attributed to multiple global and domestic effects (i.e. increasing farm inputs, increasing trade tariffs wars, related weather conditions, military escalation in the Middle East, animal diseases, fuel prices, floods etc.)

Table 1: The RSA & WC Inflation for Food and Beverage Products in April 2026

Food Product Items	*RSA Y/Y (%):2025/26*	*RSA Q/Q (%): Feb-April, 2026*	*WC Y/Y (%):2025/26*	*WC Q/Q (%): Feb-April, 2026*
Vegetables	-1,3%	8,4%	0,9%	9,8%
Tobacco	4,8%	2,9%	6,7%	4,1%
Wine	2,9%	1,8%	-2,6%	1,9%
Alcoholic beverages	3,8%	1,6%	1,0%	1,4%
Non-alcoholic beverages	4,6%	0,9%	4,4%	1,4%
Other food	**4,1%**	0,7%	**5,7%**	**1,2%**
Milk, other dairy products & eggs	0,1%	0,5%	**0,6%**	**1,1%**
Sugar, confectionery & deserts	**2,5%**	0,5%	**2,4%**	0,6%
Fish & other seafood	3,2%	0,3%	3,0%	0,2%
Oils & fats	2,0%	-0,1%	3,1%	**-0,3%**
Cereals (Incl. Bread)	-1,2%	-0,1%	-0,4%	0,2%
Meat	9,4%	-0,5%	9,4%	-0,4%
Fruit & nuts	-6,6%	-2,1%	**-10,9%**	3,4%

Source: (StatsSA, 2026)

Notwithstanding product upward quarterly price changes, there were WC price declines in oils and fats (-0.3%), and meat (-0.4%) products in April (Figure 2 & Table 1). The ample supplies, combined with base effects, and seasonal demand of these products were the drivers of the easing of the price of inflation. Moreover, observed quarter-on-quarter domestic food prices does not necessarily fully reflect the global agricultural market price changes, hence a yearly observation is preferable.

7. CONCLUSION

The Q1 2026 performance affirms that agriculture in the Western Cape remains an important sector. At a macro level, the sector's vulnerability to global price cycles and climate-related risks reinforces its fragile growth trajectory. Consequently, sustaining its developmental role will depend less on cyclical recovery and more on deliberate structural adjustment—particularly in strengthening value chains, improving resilience, and enhancing competitiveness in export markets.

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8. REFERENCE

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