

# Low rates positive for agriculture heading into the new crop season

 By [Paul Makube](#)

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The South African Reserve Bank (Sarb) has once again left the repo rate unchanged at a record low of 3.5% in its November 2020 meeting.



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The Sarb's inflation forecast indicates that it will be below the mid-point of the 3% to 6% range due to the slow economic recovery.

This implies limited upside for rates but also no further cuts in the medium term. Lower rates for longer especially as we head into the new crop season with increased demand for credit bode well for the agriculture sector.

This together with lower fuel prices will further boost confidence in the sector and provide an opportunity for farmers to do the necessary refurbishments and replacement of machinery and equipment.

We expect the agriculture sector to post another stellar performance in 2020/21 season.

## ABOUT PAUL MAKUBE

Paul Makube is Senior Agricultural Economist at FNB.

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