



agriculture, land reform & rural development

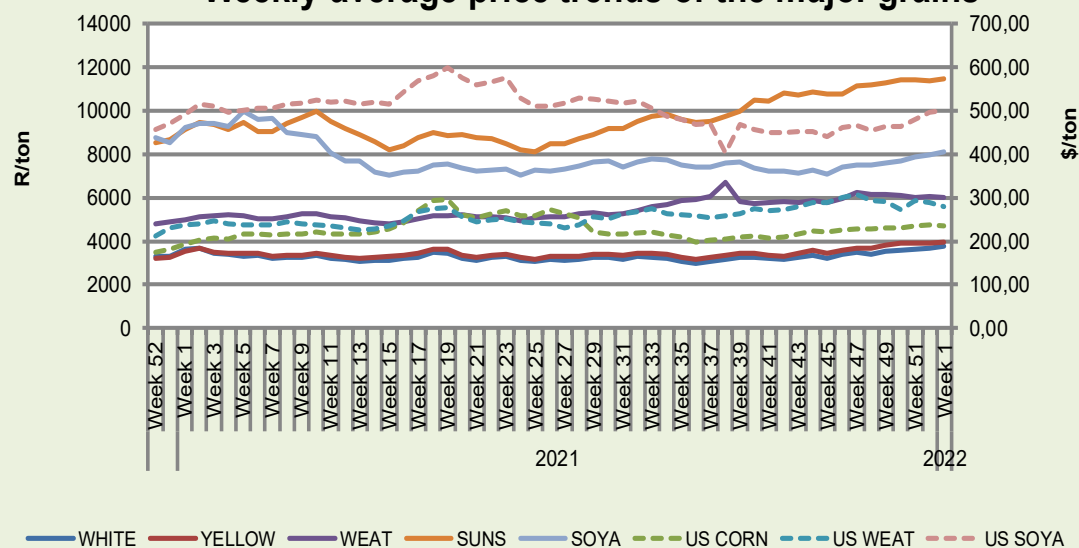
Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 07 January 2022

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

Weekly average price trends of the major grains

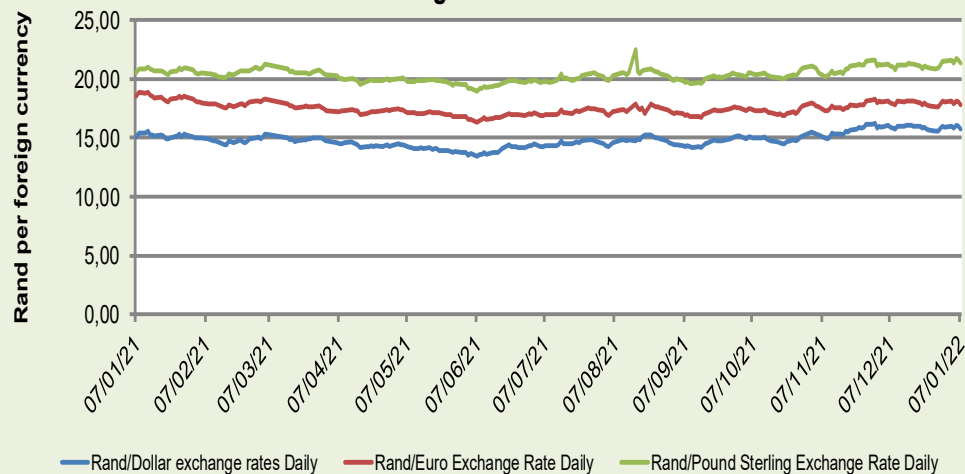


Domestic grain prices strengthened this week compared to the previous week, with the exception of wheat prices which decreased by 0.9% week-on-week. Excessive rains could be the biggest risk to the crop this year while domestic grain prices were driven more by global developments. Local white and yellow maize prices increased by 2.6% and 0.7% respectively this week compared to the previous week, while soybean and sunflower seed prices increased by 2.0% and 0.6% respectively week-on-week. On the international front, US yellow maize prices decreased by 0.9% week-on-week, after a dismal export-sales report from the US Department of Agriculture. US wheat price decreased by 3.5 % week-on-week, while a stronger dollar and rising supply forecasts issued by the USDA earlier in the week thwarted gains in the wheat complex. US soybean prices increased by 0.8% week-on-week, despite the lower Chinese soybean demand in the soy markets.

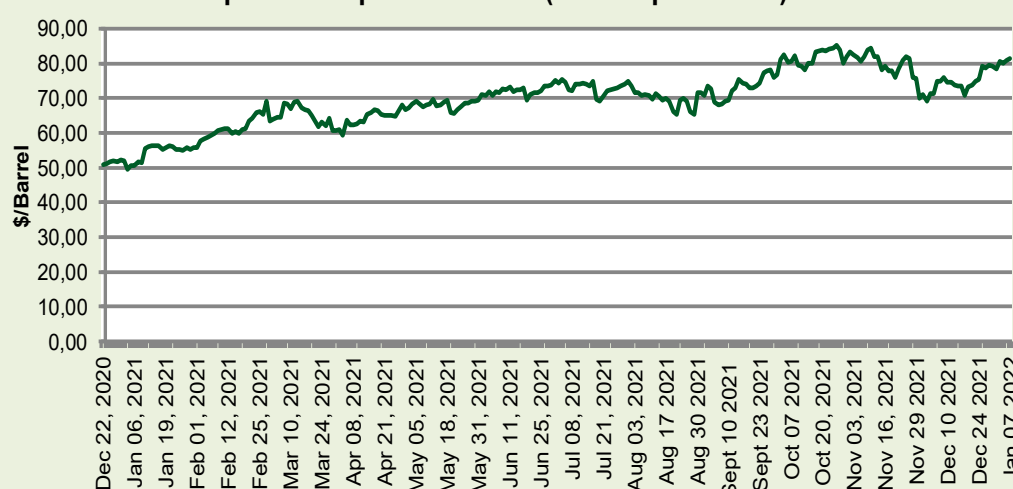
Spot price trends of major grains commodities

	1 year ago Week 1 (04-01-21 to 08-01-21)	Last week Week 52 (28-12-21 to 31-12-21)	This week Week 1 (03-01-22 to 07-01-22)	w-o-w % change
RSA White Maize per ton	R 3 616.60	R 3 678.00	R 3 773.80	2.6%
RSA Yellow Maize per ton	R 3 546.00	R 3 928.00	R 3 955.20	0.7%
USA Yellow Maize per ton	\$ 192.76	\$ 238.24	\$ 236.02	-0.9%
RSA Wheat per ton	R 4 993.20	R 6 056.50	R 6 001.40	-0.9%
USA Wheat per ton	\$ 237.07	\$ 289.78	\$ 279.64	-3.5%
RSA Soybeans per ton	R 9 236.40	R 7 955.00	R 8 110.20	2.0%
USA Soybeans per ton	\$ 492.89	\$ 496.56	\$ 500.64	0.8%
RSA Sunflower seed per ton	R 9 140.60	R 11 385.50	R 11 458.60	0.6%
RSA Sweet Sorghum per ton	R 4 260.00	-	-	-
Crude oil per barrel	\$ 50.80	\$ 79.20	\$ 80.27	1.4%

Exchange Rate Movements



Europe Brent Spot Price FOB (Dollars per Barrel)



The rand depreciated by 0.7% against the US dollar week-on-week, amid global risk appetite sensitive to the threat posed by the mutating virus, rising global inflation and higher US interest rate expectations. The rand depreciated by 1.0% against the Pound Sterling week-on-week, while sentiment for Sterling is improving at the prospects of the Bank of England raising interest rates. The rand depreciated by 0.6% against the Euro week-on-week, ahead of a strong set of labour market publications to be released in the coming week.

Brent crude oil averaged \$80.27 week-on-week, 1.4% less than \$79.20 reported the previous week, as demand remained resilient, while supplies were frayed across the Organisation of Petroleum Exporting Countries (OPEC) coalition and beyond. OPEC and its coalition announced plans to stick to a scheduled output boost of 400,000 barrels a day for February. However, Analysts believe this group is unlikely to meet the threshold as some members struggled to achieve their target in the previous months.



National South African Price information (RMAA) : Beef

Week 51 (20/12/2021 to 26/12/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 52 (27/12/2021 to 02/01/2022)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	10 559	56.51	60.76	Class A2	8 714	56.97	61.13
Class A3	1 016	55.74	59.70	Class A3	718	55.88	60.01
Class C2	473	47.45	52.48	Class C2	393	47.55	54.04

Units sold for class A2, A3 and C2 beef decreased by 17.5%, 29.3% and 16.9% respectively in the reporting week compared to the previous week. With improved seasonal production conditions, herd rebuilding continues. Meanwhile, the weekly average purchase prices for class A2, A3 and C2 beef increased by 0.8%, 0.3% and 0.2% respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class A2, A3 and C2 beef increased by 0.6%, 0.5% and 3.0% respectively in the reporting week compared to the previous week. The beef market experienced price gains across the board on the back of renewed seasonal demand and supply tightness.

National South African Price information (RMAA) : Lamb

Week 51 (20/12/2021 to 26/12/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 52 (27/12/2021 to 02/01/2022)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	8 857	87.77	89.45	Class A2	7 106	88.93	89.79
Class A3	1 038	86.38	88.31	Class A3	1 192	87.54	89.62
Class C2	1 343	72.51	74.82	Class C2	359	71.43	74.65

Units sold for class A2 and C2 lamb decreased by 19.8% and 73.3% respectively in the reporting week compared to the previous week while units sold for class A3 lamb increased by 14.8% week-on-week. The weekly average purchase prices for class A2 and A3 lamb increased by 1.3% each respectively in the reporting week compared to the previous week, while the weekly average purchase price for class C2 lamb decreased by 1.5% week-on-week. During the same period, the weekly average selling prices for class A2 and A3 lamb increased by 0.4% and 1.5% respectively in the reporting week compared to the previous week, while the weekly average selling price for class C2 lamb decreased by 0.2% week-on-week. Weekly lamb prices were on the upside supported by early month demand.

National South African Price information (RMAA) : Pork

Week 51 (20/12/2021 to 26/12/2021)	Units	Avg Purchase Price	Week 52 (27/12/2021 to 02/01/2022)	Units	Avg Purchase Price
Pork					
Class BP	13 734	28.77	Class BP	10 009	28.79
Class HO	6 072	28.57	Class HO	4 429	27.75
Class HP	3 730	28.24	Class HP	4 258	28.02

Units sold for class BP and class HO pork decreased by 27.1% each respectively in the reporting week compared to the previous week, while units sold for class HP pork increased by 14.2% week-on-week. Meanwhile, the weekly average purchase prices for class HO and class HP pork decreased by 2.9% and 0.8% respectively in the reporting week compared to the previous week, while the weekly average purchase price for class BP pork increased by 0.1% week-on-week. An uptick in pork prices is expected in the medium term due to improved competitiveness as pork is still selling at a discount relative to other red meat types.

Latest News Developments

The International Monetary Fund (IMF) in its 2022 outlook highlighted that the biggest negative factors affecting African economies in 2022 will be the Covid-19 pandemic and the accelerating pace of climate change, both of which need increased global cooperation and dialogue. According to IMF, with the world grappling with the latest wave of the coronavirus, Africa is still lagging behind although signs of growth are optimistic. Economists believe that Africa's slow pace of recovery hinges on the continent's slow Covid-19 vaccination rollout, weak political institutions and economies that were struggling pre-Covid-19 era. Economist Stevenson Dlamini, from the Zimbabwe University of Science and Technology (NUST) highlighted that vaccine politics, poor health systems and the global structure are the reasons behind the delay in the opening up of economies. According to Dlamini, corruption continues unabated in most African countries, bad politics and conflict affect economic growth more than anything in Africa. North-West University (NWU) Business School Economist Professor, Raymond Parsons, stated that the outlook for 2022 globally, medically, economically and politically is still highly uncertain and, as a small open economy, South Africa is vulnerable to volatility both globally and domestically.

Free State Agriculture (FSA) added their voice in calling for government's intervention to mitigate the damage suffered by farmers following heavy rainfall across the province. According to FSA, approximately 60% of the crops planted in the Western Free State were at risk as a result of serious flood damage. Jakkals le Roux, FSA representative for the Nala Local Municipality covering the major maize production districts of Wesselsbron and Bothaville stated that urgent intervention is needed to assist in keeping flood-ravaged farmers in the Lejweleputswa district on their land. According to a statement by FSA, the extensive flood damage was also reported in the Tokologo Local Municipality encompassing Hertzogville and Christiana, in the Tswelopele Local Municipality including the Bultfontein and Wesselsbron districts, and the Masilonyana Local Municipality where the wall of a mine tailings collapsed, flooding large tracts of farmland. The organisation will also be attending a meeting with the MECs for agriculture, police, roads, and transport in the coming week to discuss rapidly deteriorating roads infrastructure in the region, as well as the flood damage. Excessive rainfall caused damage in virtually every part of the summer grain production area, especially in the Western Free State and North West.

Grain SA's head of applied economics and member services, Corné Louw stated that Grain SA is currently in the process of evaluating the situation and is trying to establish the extent of the damage.

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