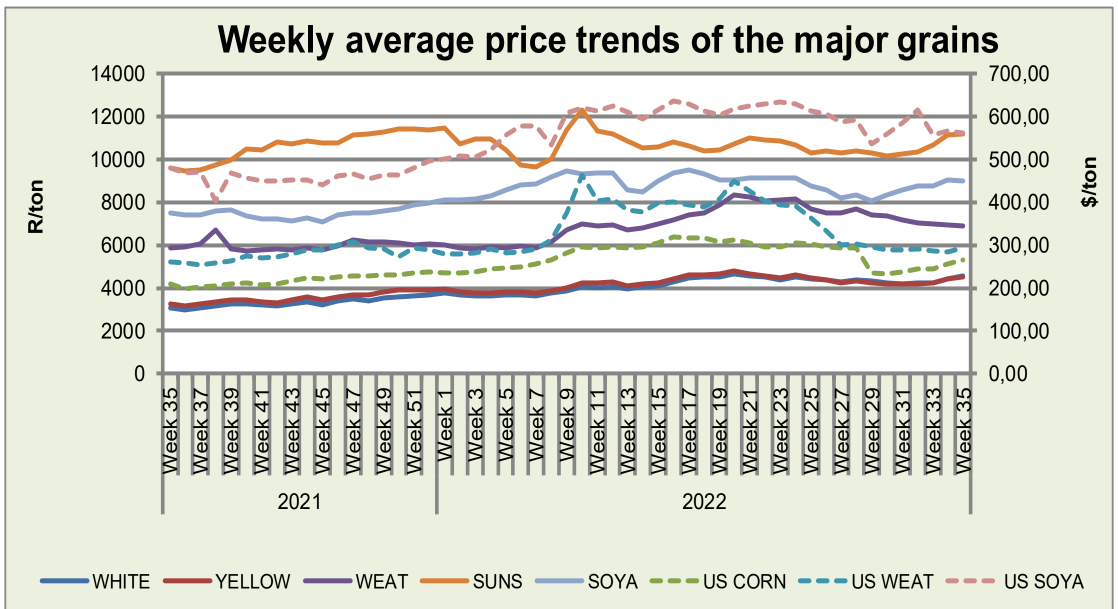
agriculture, land reform & rural development

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

Weekly Price Watch: 02 September 2022

Directorate: Statistics & Economic Analysis

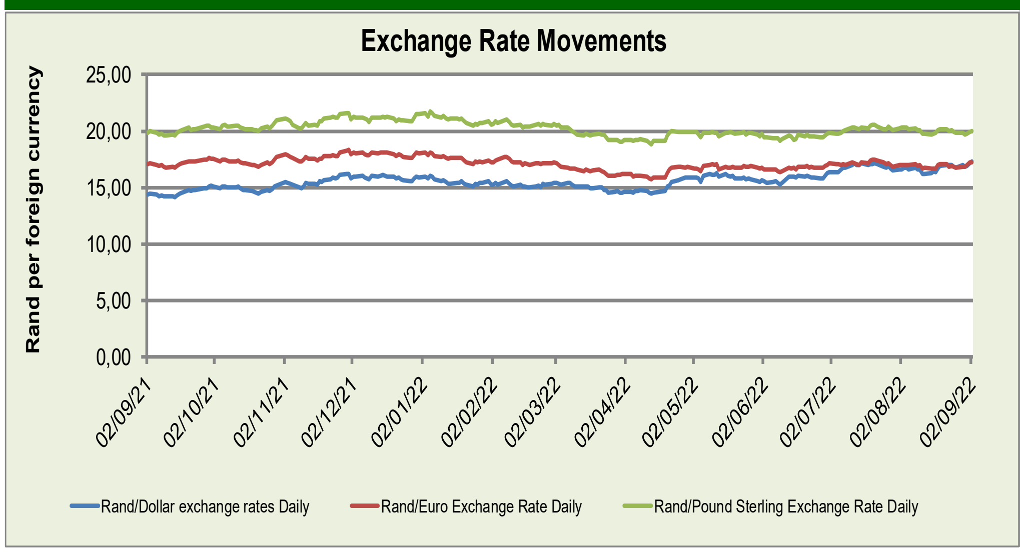
Sub-directorate: Economic Analysis

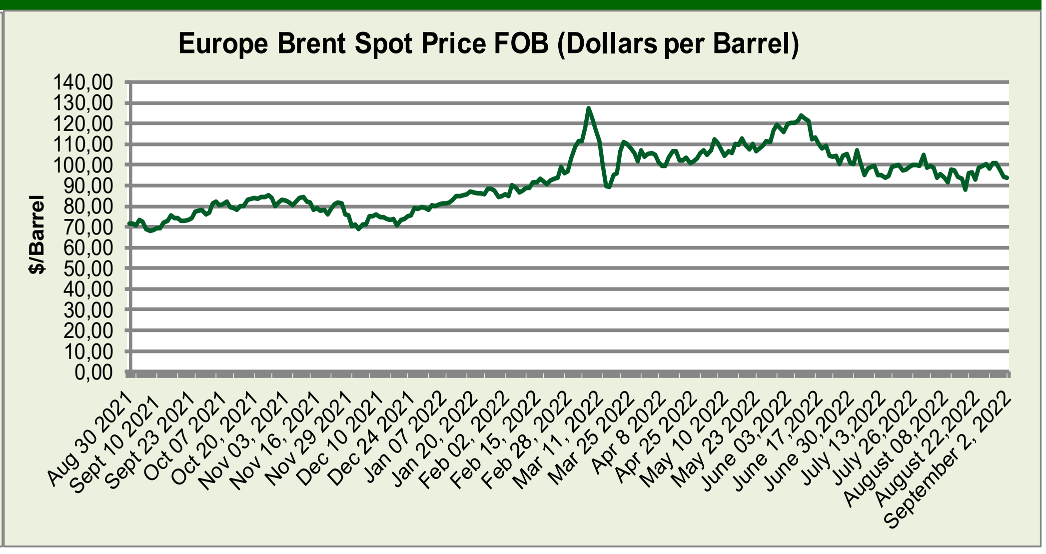


Local white maize, yellow maize and sunflower seed prices traded higher this week compared to the previous week, with some lingering effects of the disruptions caused by the war on grain supply chains and markets. Local white maize, yellow maize and sunflower seed prices increased by 3.0%, 2.7% and 0.2% respectively this week compared to the previous week, while local wheat and soybean prices decreased by 0.8% and 0.5% respectively week-on-week. Global events and currency movements mainly influenced domestic grains and oilseed prices. On the international front, US yellow maize price increased by 3.7% week-on-week, while the USDA crop progress report offer contrasting assessments of crop conditions. US wheat price increased by 3.0% week-on-week, while dry conditions in the hard red winter (HRW) wheat growing areas of the High Plains encouraged farmers to hold on to wheat. US soybean price decreased by 0.8% week-on-week, as soybean harvest picks up around the country.

Spot price trends of major grains commodities

	1 year ago Week 35 (30-08-21 to 03-09-21)	Last week Week 34 (22-08-22 to 26-08-22)	This week Week 35 (29-08-22 to 02-09-22)	w-o-w % change
RSA White Maize per ton	R 3 055.20	R 4 425.60	R 4 559,40	3.0%
RSA Yellow Maize per ton	R 3 232.80	R 4 410.40	R 4 531.00	2.7%
USA Yellow Maize per ton	$ 209.74	$ 255.30	$ 264.84	3.7%
RSA Wheat per ton	R 5 857.00	R 6 927.20	R 6 874.00	-0.8%
USA Wheat per ton	$ 260.04	$ 284.45	$ 293,01	3.0%
RSA Soybeans per ton	R 7 510.80	R 9 030.80	R 8 987,00	-0.5%
USA Soybeans per ton	$ 479.08	$ 565.50	$ 560.91	-0.8%
RSA Sunflower seed per ton	R 9 622.60	R 11 162.00	R 11 186.40	0.2%
RSA Sweet Sorghum per ton	R 4 230.00	-	-	-
Crude oil per barrel	$ 72.05	$ 97.90	$ 97.47	-0.4%





The rand appreciated by 1.8% against the US dollar week-on-week, in the wake of Fed's aggressive rate hikes and its hawkish rhetoric. The rand depreciated by 1.3% against the Pound Sterling week-on-week, while Britain's new prime minister has been announced. The rand depreciated by 0.6% against the Euro week-on-week, as policy makers are working on price gaps and trying to get a grip on the energy crisis.

Brent crude oil averaged $97.47 week-on-week, which is 0.4% less than $97.90 reported the previous week, as concern over China's COVID-19 curbs and weakness in the global economy limited gains. The potential impact of an economic recession has not yet been priced in. In a recession, oil prices tend to fall which may provide consumers some respite. Analysts expect that OPEC+ will discuss output cuts at their next meeting on the 5th of September .

National South African Price information (RMAA) : Beef

Week 33 (15/08/2022 to 21/08/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 34 (22/08/2022 to 28/08/2022)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	5 469	60.51	64.52	Class A2	5 926	61.39	64.49
Class A3	474	59.17	63.83	Class A3	621	61.51	63.58
Class C2	804	48.06	50.51	Class C2	400	47.42	53.00

Units sold for class A2 and A3 beef increased by 8.4% and 31.0% respectively in the reporting week compared to the previous week whilst, units sold for class C2 beef decreased by 50.2% week-on-week. There is no respite with the Foot-and-Mouth Disease (FMD) situation as per the latest update from the Minister of Agriculture, Land Reform and Rural Development (DALRRD). Meanwhile, the weekly average purchase prices for class A2 and A3 beef increased by 1.5% and 4.0% respectively in the reporting week compared to the previous week, while the weekly average purchase price for class C2 beef decreased by 1.3% week-on-week. During the same period, the weekly average selling prices for class A2 and class A3 beef decreased by 0.05% and 0.4% respectively in the reporting week compared to the previous week whilst, the weekly average selling price for class C2 beef increased by 4.9% week-on-week. The FMD outbreak is yet to make a significant dent on livestock prices as they remain elevated compared to last year's prices.

National South African Price information (RMAA) : Lamb

Week 33 (15/08/2022 to 21/08/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 34 (22/08/2022 to 28/08/2022)	Units	Avg Purchase Price	Avg Selling Price
Lamb				.			
Class A2	5 982	101.17	102.55	Class A2	7 282	100.02	102.27
Class A3	763	98.87	99.08	Class A3	937	99.26	99.93
Class C2	676	77.21	80.49	Class C2	626	75.83	80.32

Units sold for class A2 and A3 lamb increased by 21.7% and 22.8% respectively in the reporting week compared to the previous week whilst, units sold for class C2 lamb decreased by 7.4% week-on-week. The weekly average purchase prices for class A2 and C2 lamb decreased by 1.1% and 1.8% respectively in the reporting week compared to the previous week whilst, the weekly average purchase price for class A3 lamb increased by 0.4% week-on-week. Similarly, the weekly average selling prices for class A2 and C2 lamb decreased by 0.3% and 0.2% respectively in the reporting week compared to the previous week, due to a combination of easing demand due to economic constraints faced by consumers but also due to seasonal effects with more lambs becoming available as spring progresses. Meanwhile, the weekly average selling price for class A3 lamb increased by 0.9% week-on-week.

National South African Price information (RMAA) : Pork

Week 33 (15/08/2022 to 21/08/2022)	Units	Avg Purchase Price	Week 34 (22/08/2022 to 28/08/2022)	Units	Avg Purchase Price
Pork					
Class BP	9 187	26.45	Class BP	8 942	26.68
Class HO	7 305	26.09	Class HO	7 912	26.33
Class HP	6 826	25.85	Class HP	8 287	26.34

Units sold for class HO and class HP pork increased by 8.3% and 21.4% respectively in the reporting week compared to the previous week whilst, units sold for class BP pork decreased by 2.7% week-on-week. Adverse economic conditions are supporting demand for more affordable meat options. Meanwhile, the weekly average purchase prices for class BP, class HO and class HP pork increased by 0.9%, 0.9% and 1.9% respectively in the reporting week compared to the previous week. High input costs since the start of the year are also weighing on supply which is likely to keep prices from decreasing dramatically over the coming months.

Latest News Developments

The Bureau for Food and Agricultural Policy (BFAP) in its Food Inflation Brief reported that South Africa's food and non-alcoholic beverage inflation hit 9.7% year-on-year (y-o-y) in July, the highest level since the severe drought in 2016 and 2017. In comparison with other countries, South Africa is still noticeably behind compared with Zambia's year-on-year food inflation rate at 11.3% in July and Kenya at 15.3%. Among global major food markets, the equivalent numbers were 10.9% for the US, 12.8% for the European Union and 14.7% for Brazil. On a month-on-month (m-o-m) basis, South Africa's food and non-alcoholic beverage inflation was 1.1% up in July, with the sector contributing 1.7 percentage points to the y-o-y consumer price headline inflation figure of 7.8%. The Russian Ukraine war, which caused grains and oilseed prices to surge, is likely still affecting local bread and cereal prices, which recorded an inflation of 13.4% in July. According to BFAP, price shocks in local grain and oilseed markets take approximately 3 to 4 months to fully transmit to retail prices and although global prices for these commodities have eased over the past weeks, a weaker exchange rate and persistently high global shipping costs are keeping local commodity prices elevated.

Electricity utility Eskom presented an outlook during a joint meeting of the portfolio committees on Public Enterprises and Mineral Resources and Energy, that the risk of load-shedding remained high for the upcoming summer season, while confirming that there had already been 91 days of load-shedding during 2022. The onging unplanned breakdowns in addition to any planned maintenance, is forecast to rise substantially in the lower-demand summer months. According to Eskom's model which has different base scenarios, the model indicated that there will be 22 days of Stage 1 load-shedding for the period from September to the end of March 2023.

Leon de Beer, CEO of the National Wool Growers Association of SA (NWGA) indicated that since the recent lifting of China's ban on SA wool imports, prices obtained by local wool producers have been satisfactory. According to de Beer, in the first auction since the lifting of the ban, prices went up by 6.8% for uncertified wool and 7.7% for certified wool. The following week, due to some logistics challenges, prices went down by 3.3% for uncertified wool and 6.3% for certified wool. According to de Beer, the market reacted very well to the lifting of the Chinese ban except some logistics problems due to wool that was purchased when the ban was implemented in April and therefore had to be stored. De Beer indicated that there is also a challenge with ships and containers for international freight. According to De Beer, once all of these have been resolved, SA wool exports will flow better.

For more information contact: Directorate Statistics & Economic Analysis (SEA) at HeidiP@daff.gov.za or 0123198194.

Source: SAFEX, Standard bank, Stats SA, Reuters, Red Meat Abattoir Association, FNB and Absa Bank.

Disclaimer: DALRRD will not be liable for results of actions based on this price watch.