



agriculture, land reform & rural development

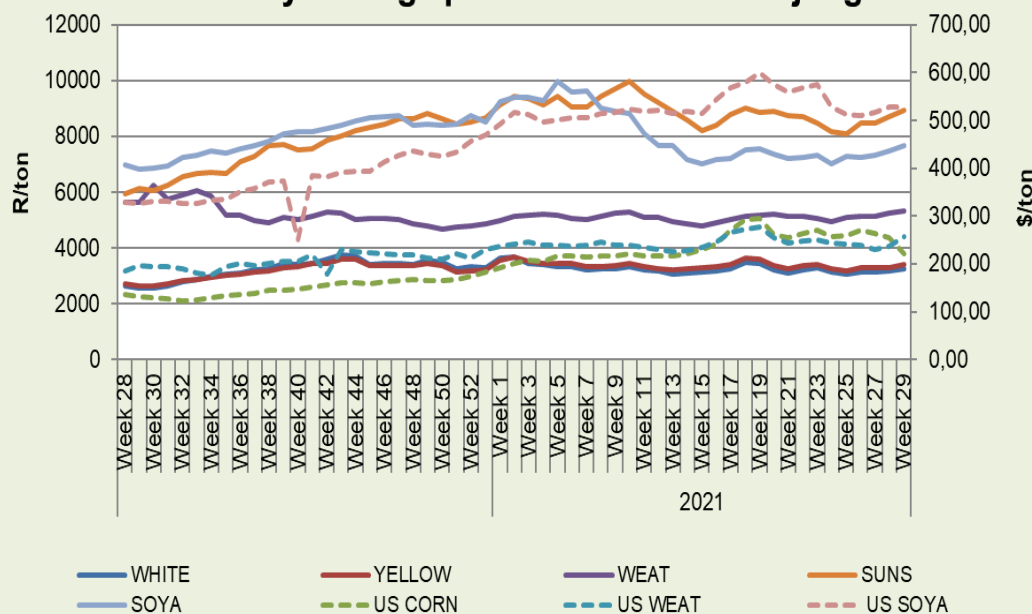
Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 23 July 2021

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

Weekly average price trends of the major grains

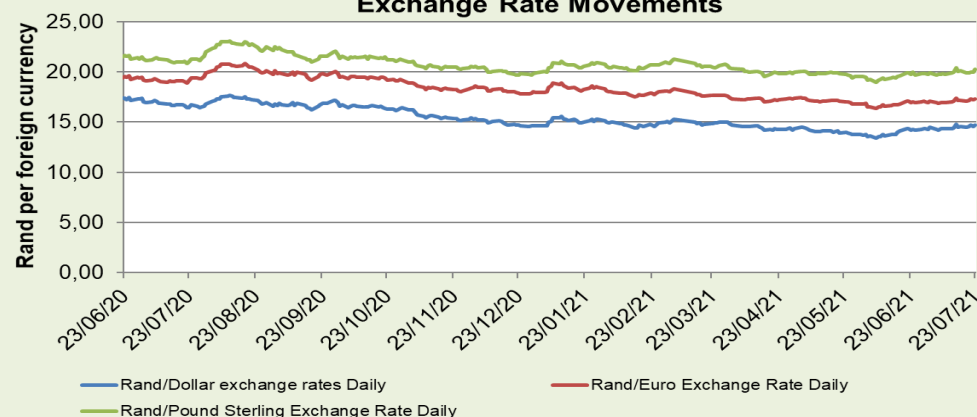


The South Africa's domestic market traded stronger this week when compared to the previous week. The prices of all the domestic grains reported an increase with exception of sweet sorghum which remain unchanged at R4 230/ton week on week. The prices of white maize, yellow maize, wheat, soybeans and sunflower seeds increased by 1.48%, 1.76%, 0.97%, 0.96% and 1.20% respectively this week in relation to the previous week. Internationally, grain prices were lower when compared to the previous week. The price of US corn and US soybean decreased by 0.05% and 0.77% respectively this week when compared to the previous week, whilst the price for US wheat increased by 3.96% week on week. Corn volume tracked fractionally lower from a week ago, while soybeans saw moderate declines and wheat trended moderately higher week-over-week. Corn and soybeans are still on pace for huge year-over-year gains as the 2021/22 marketing season moves nearer to completion.

Spot price trends of major grains commodities

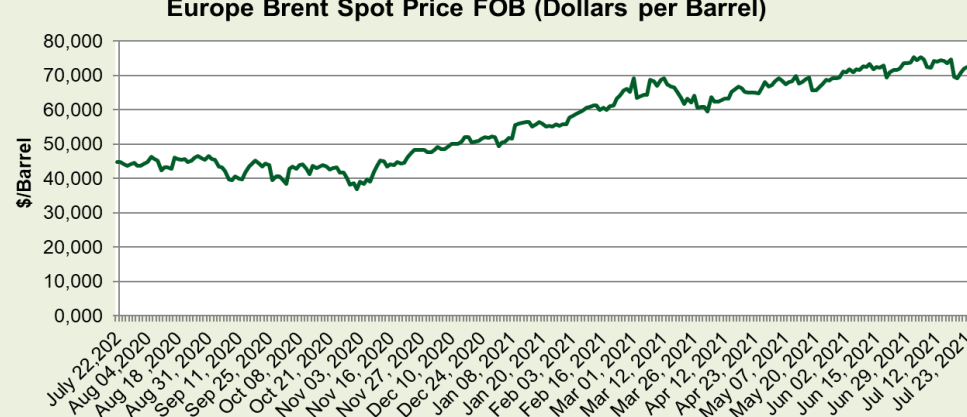
	1 year ago Week 29 (20-07-20 to 24-07-20)	This week Week 28 (12-07-21 to 16-07-21)	This week Week 29 (19-07-21 to 23-07-21)	w-o-w % change
RSA White Maize per ton	R 2 547.40	R 3 165.40	R 3 258.60	1.48%
RSA Yellow Maize per ton	R 2 632.60	R 3 295.60	R 3 400.80	1.76%
USA Yellow Maize per ton	\$ 131.13	\$ 253.77	\$ 222.01	-0.05%
RSA Wheat per ton	R 5 624.80	R 5 245.00	R 5 311.00	0.97%
USA Wheat per ton	\$ 196.25	\$ 236.35	\$ 256.70	3.96%
RSA Soybeans per ton	R 6 809.20	R 7 477.80	R 7 657.00	0.96%
USA Soybeans per ton	\$ 325.52	\$ 528.33	\$ 527.74	-0.77%
RSA Sunflower seed per ton	R 6 118.20	R 8 718.80	R 8 921.80	1.20%
RSA Sweet Sorghum per ton	R 3 900,00	R 4 209.00	R 4 230.00	0.00%
Crude oil per barrel	\$ 44,47	\$ 74.19	\$ 70.89	-4.45%

Exchange Rate Movements



The rand depreciated by 0.77% against the US dollar and by 0.35% against the Euro, whilst appreciated by 0.36% against the Pound sterling. The South African rand pullback after the SARB was in a unanimous decision to matched previous estimates and left the policy rate unchanged at 3.50% at its event earlier in the session.

Europe Brent Spot Price FOB (Dollars per Barrel)



Brent crude oil averaged \$70.89/barrel in the reporting week which is 4.45% lower than \$74.19/barrel reported in the previous week. The Brent crude oil prices, along with other riskier assets, tumbled earlier in the week on concerns about the broad economic impact of surging COVID-19 cases of the Delta variant in the United States, Britain, Japan and elsewhere.



National South African Price information (RMAA) : Beef

Week 27 (05/07/2021 to 11/07/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 28 (12/07/2021 to 18/07/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 689	52.05	53.35	Class A2	4 743	51.36	51.56
Class A3	800	51.34	54.02	Class A3	631	49.88	52.53
Class C2	621	43.68	45.92	Class C2	569	46.13	48.14

The quantity of units sold for class A2, A3 and C2 beef supplied to market decreased by 29.1%, 21.1% and 8.4% respectively compared to the previous week. The average purchase prices for class A2 and A3 beef decreased by 1.3% and 2.8% respectively, while average purchase price for class C2 beef increased by 5.6% when compared to the previous week. The average selling prices for class A2 and A3 beef decreased by 3.4% and 2.8% respectively, whilst average selling price for class C2 beef increased by 4.8% when compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 27 (05/07/2021 to 11/07/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 28 (12/07/2021 to 18/07/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5 240	98.28	99.11	Class A2	6 106	97.13	97.57
Class A3	827	97.79	96.08	Class A3	739	94.64	97.42
Class C2	705	72.21	76.50	Class C2	420	72.79	77.69

The quantity of lamb units sold for class A2 increased by 12.7%, whilst lamb units for class A3 and C2 supplied to the market this week decreased by 10.7% and 40.4% respectively this week relative to the previous week. The average purchase prices for class A2 and A3 lamb decreased by 1.2% and 3.2% respectively, while average purchase price for class C2 lamb increased by 0.8% when compared to the previous week. The average selling price for class A2 lamb decreased by 1.6%, while average selling prices for class A3 and C2 lamb increased by 1.4% and 1.6% respectively week on week.

National South African Price information (RMAA) : Pork

Week 27 (05/07/2021 to 11/07/2021)	Units	Avg Purchase Price	Week 28 (12/07/2021 to 18/07/2021)	Units	Avg Purchase Price
Class BP	6 459	27.51	Class BP	7 124	27.13
Class HO	8 512	27.07	Class HO	8 406	26.81
Class HP	6 501	27.23	Class HP	4 992	26.79

The quantity of pork units sold for class BP this week increased by 10.3%, whilst quantity of pork units sold for class HO and HP decreased by 1.2% and 23.2% respectively week on week. The average purchase prices for class BP, HO and HP pork decreased by 1.4%, 1.0% and 1.6% respectively when compared to the previous week.

Latest News Developments

The South African Reserve Bank (SARB) keeps the repo rate unchanged at 3.5%, which resulted on the prime commercial lending rate thus remains at a five-decade low of 7%. The South African Reserve Bank (SARB) indicated that the recent unrest which recently took place in the country is likely to slow our ongoing recovery of the economy. SARB governor Lesetja Kganyago alleged that it was a unanimous decision by the Monetary Policy Committee (MPC) of the South African Reserve Bank (Sarb) to keep the repo rate unchanged at 3.5%. However, Lesetja Kganyago said the implied policy rate path of the quarterly projection model indicates an increase of 25 basis points in the fourth quarter of 2021 and in each quarter of 2022. The governor better anchored expectations of future inflation could keep interest rates lower for longer, and be realised by achieving a stable public debt level, increasing the supply of energy, moderating administered price inflation and keeping wage inflation low into the recovery. The governor Lesetja Kganyago indicated that the recent unrest and economic damage could have lasting effects on investor confidence and job creation. "The direct and indirect costs of these events will likely further slow South Africa's economic recovery. We estimate the unrest to have fully negated the 2021 Q1 (first quarter) growth outcome. In addition, Lockdowns and other restrictive measures that remain in place in a number of countries will continue to weigh on economic activity, particularly in sectors dependent on close contact, such as travel, tourism, hospitality and leisure.

The S&P Global ratings agency indicated that recent unrest in South Africa is likely to shave about 0.7% off headline GDP growth in 2021 but strong commodity prices will continue to support the economy. The protests in support of former president Jacob Zuma broke out this month when he handed himself over to authorities to start a 15-month jail term for contempt of court, and escalated into riots that killed more than 300 people and caused extensive damage to businesses and infrastructure. It is estimated that the unrest will likely shave about 0.7% off headline GDP growth in 2021, hit private consumption, and slow the pace of economic recovery. The S&P Global rating agency further highlighted that, if the unrest were to recur and last for a long time, this would further pressure the economy and potentially stifle the rebound. S&P Global ratings agency forecast that South Africa's economy will expand by 4.2% in 2021, which is more than the Treasury's February estimate of 3.3% growth. The ratings agency said it did not expect an immediate rating action, but if the unrest was repeated or prolonged, it could pose risks to ratings. In May, S&P affirmed South Africa's long-term foreign-currency rating of BB-, or three notches below the investment grade. It kept the country's local currency debt at BB, both with a stable outlook.

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, Engineering News, Fnb and Absa.
Disclaimer: DALRRD will not be liable for results of actions based on this price watch.