



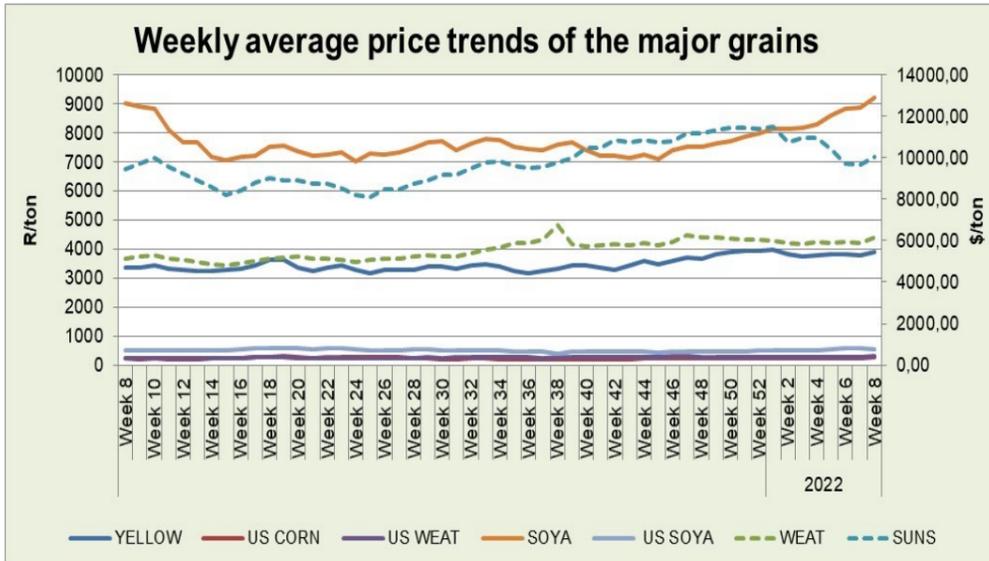
agriculture, land reform & rural development

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

Weekly Price Watch: 25 February 2022

Directorate: Statistics & Economic Analysis

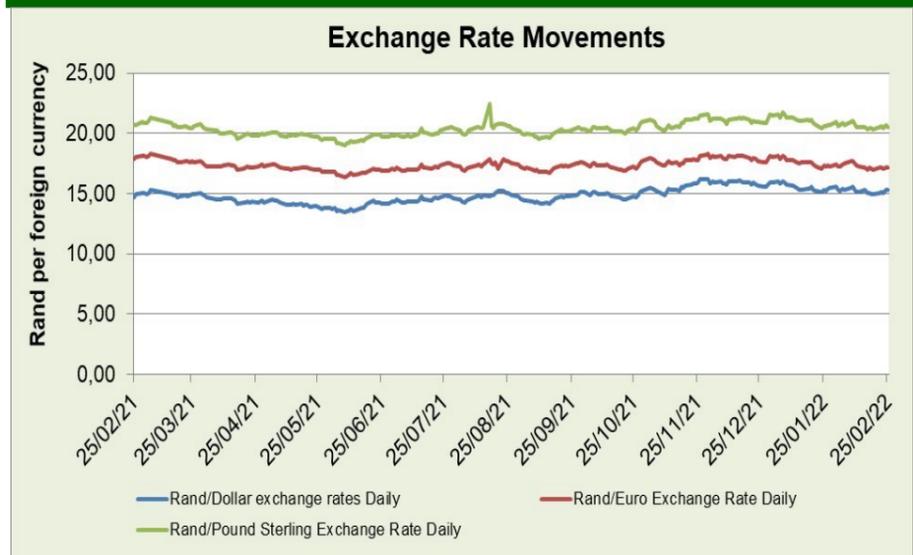
Sub-directorate: Economic Analysis



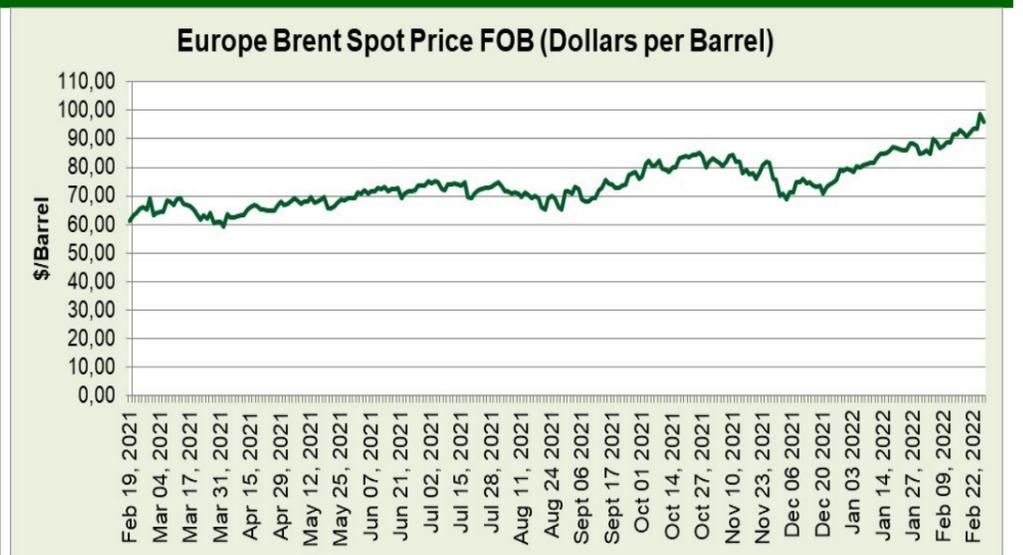
The price of local white and yellow maize increased by 2.7% and 2.5% respectively, whilst the international maize price increased by 3.7%. The local maize price was affected by the weaker local currency compared to last week. The price of local wheat increased by 4.0% whilst the US wheat price increased by 7.2%. The international price increased due to geo-political tensions between Russia and Ukraine(the black sea region) creating an expectation of supply disruptions. The local soybeans price increased by 3.5% and international soybean prices dropped by 7.9%. Mato Grosso (MT), the largest Brazilian soybean producer, is expected to have a record-breaking 2021-2022 harvest. The most recent forecast from Conab projects farmers will produce 1,432 million bushels, an increase of 6.7% in relation to last year. By the third week of February, Mato Grosso, had harvested 70% of the area planted. Goiás (GO), in the Brazilian Midwest, also is expected to have a record soybean harvest. The production this season is projected to reach a record of 552 million bushels, 3.2% higher than last season. The price of local sunflower increased by 3.9% compared to last week.

Spot price trends of major grains commodities

	1 year ago Week 8 (22-02-21 to 26-02-21)	Last week Week 7 (14-02-22 to 18-02-22)	This week Week 8 (21-02-22 to 25-22)	w-o-w % change
RSA White Maize per ton	R3 242,80	R 3 648.80	R3 748,60	2.7%
RSA Yellow Maize per ton	R3 343,20	R 3 783.80	R3 878,40	2.5%
USA Yellow Maize per ton	\$217,39	\$ 255.23	\$264,62	3,7%
RSA Wheat per ton	R5 115,20	R 5 890.40	R6 126,80	4,0%
USA Wheat per ton	\$244,86	\$ 290.63	\$311,60	7,2%
RSA Soybeans per ton	R9 008,00	R 8 874.40	R9 188,20	3,5%
USA Soybeans per ton	\$514,15	\$ 579.35	\$533,49	-7.9%
RSA Sunflower seed per ton	R9 423,00	R 9 644.20	R10 021,80	3,9%
Crude oil per barrel	\$ 64,92	\$ 91.82	\$ 94,87	4.2%



The rand depreciated by 0.6%, 0.3% and 0.7% against the US Dollar, Euro and Pound respectively compared to last week, as the war between Russia and Ukraine created uncertainty in the markets.



The price oil Brent crude oil price increased by 3.3% this week compared to last week as there is increased expectations of war between Russia and Ukraine is imminent.



National South African Price information (RMAA) : Beef

Week 06 (07/02/2022to 13/02/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 07 (14/02/2022to 20/02/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 408	56,22	56,35	Class A2	7 195	56.17	56.59
Class A3	502	55,98	57,14	Class A3	421	55.61	57.92
Class C2	336	47,06	46,20	Class C2	461	48.05	51.21

The units sold for class A2 and C2 beef increased by 12.3% and 37.2% respectively this week compared to last week, whilst class A3 units sold decreased by 16.1%. The producer prices decreased by 0.1% and 0.7% respectively for class A2 and A3, whilst prices increased by 2.1% for class C2 beef. The retail prices increased for all classes, by 0.4%, 1.4% and 10.8% for class A2,A3 and C2 respectively.

National South African Price information (RMAA) : Lamb

Week 06 (07/02/2022to 13/02/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 07 (14/02/2022to 20/02/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	4 662	86,36	86,06	Class A2	6 895	86.86	86.79
Class A3	538	84,64	84,66	Class A3	842	84.56	84.91
Class C2	338	71,70	75,00	Class C2	513	71.4	74.36

Lamb units available in the market for class A2, A3 and C2 increased by 47.9%, 56.5% and 51.8% respectively this week compared to last week. The producer prices for class A2 increased by 0.6% and classes, A3 and C2 decreased by 0.1% and 0.4% respectively. The market prices also increased for classes A2 and A3 by 0.8% and 0.3% respectively, while class C2 decreased by 0.9%.

National South African Price information (RMAA) : Pork

Week 06 (07/02/2022to 13/02/2022)	Units	Avg Purchase Price	Week 07 (14/02/2022to 20/02/2022)	Units	Avg Purchase Price
Class BP	12 708	24,77	Class BP	13 957	24.89
Class HO	6 525	24,18	Class HO	6 368	24.11
Class HP	7 285	24,20	Class HP	4 356	23.99

Units of pork available in the market increased by 9.8% for class BP compared to last week, whilst decreasing by 2.4% and 40.2% for class HO and HP respectively. The producer prices increased for class BP by 0.5% and decrease by 0.3% and 0.9% respectively for classes HO and HP.

Latest News Developments

Budget 2022: SA's total tax revenue exceeded the February 2021 Budget Speech estimate by R182bn at R1.55trn. A year ago revenue had been estimated at R1.4trn, which was adjusted to R1.5trn in November's Medium Term Budget Policy Statement Speech (MTBPS). Year-on-year revenue growth in revenue was 24% (2021: R1.25trn). Improved revenue is primarily due to improved commodity prices, with corporate tax receipts from mining companies accounting for most of the increase. Without this, a similar revenue outcome would have required an increase of at least six percentage points in either Personal Income Tax rates or the VAT rate, according to Alec Hogg.

Corporate income and profit has been more resilient than anticipated and collection of both personal income tax and VAT has been above expectations. Personal income tax brackets and rebates will be adjusted downwards by 4.5% to neutralise the impact of inflation pushing taxpayers into higher brackets. Without this adjustment for "fiscal drag", Treasury would have received R13.5bn more from taxpayers.

The bigger share of this, R3bn, is due to the saving of R3,5bn from not increasing deductions for the general fuel levy and Road Accident Fund. With the oil price raising at-pump costs of fuel, tax as a percentage of a litre of petrol falls from 41% to 34% and diesel from 45% to 38%, a ratio below that of India and Mexico. In Europe the average is 60%. The other R2.2bn in tax relief is concentrated on an expansion of the employment tax incentive where the maximum monthly value increases by 50% to R1,500. Personal income tax will contribute 41% of the total tax take this year; up from 38% two years ago. VAT will contribute 31%, up from 25% in 2020. The higher revenue receipts contracted SA's Budget Deficit to 5.7% of GDP from the originally anticipated 7.8%. Projections are for 6% in 2023 and 4.2% in 2024.

Government expects to achieve a primary surplus (revenue higher than non-interest expenditure) by 2024 – a year earlier than expected. As announced in the 2021 Budget Speech, the corporate income tax rate will be reduced to 27% from 28% this year for companies with tax years ending on or after 31 March 2023. SA's corporate income tax rate still significantly exceeds the OECD average of 23%. Real public debt per person living in South Africa is now R69,291. This is more than triple the R22,869 it was in 2009. Servicing the interest on this debt has now become the biggest single item on the national budget. Gross debt is projected to stabilise at 75% of GDP in 2025. The economy is expected to reach pre-pandemic levels of GDP this year. Real GDP growth recovered from 2020's contraction to 4.8% in 2021 and is projected at 2.1% in 2022 and averaging 1.8% over the three years to 2025, moderately higher than had been projected in November's MTBPS.

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