



agriculture, land reform & rural development

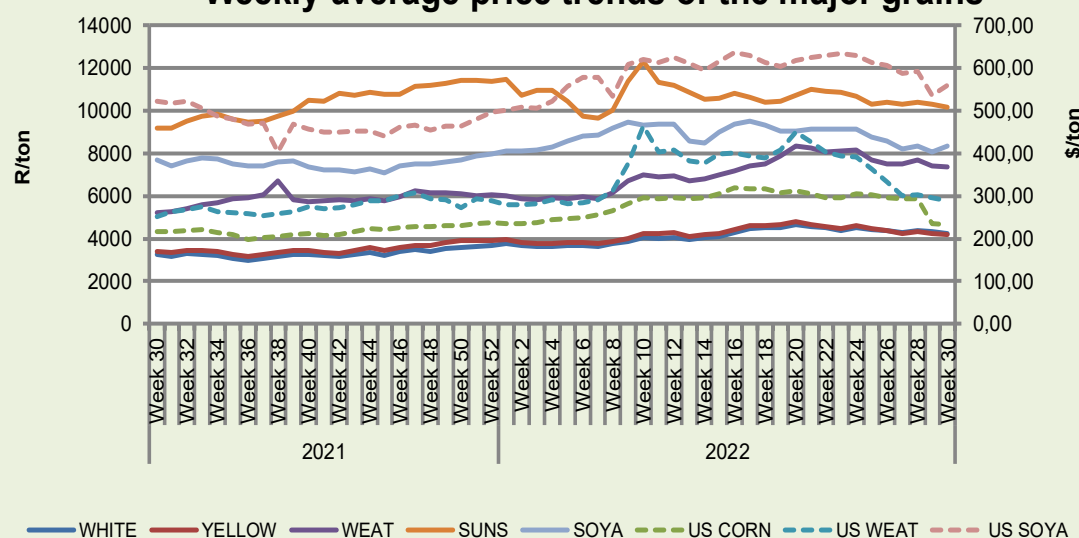
Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 29 July 2022

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

Weekly average price trends of the major grains

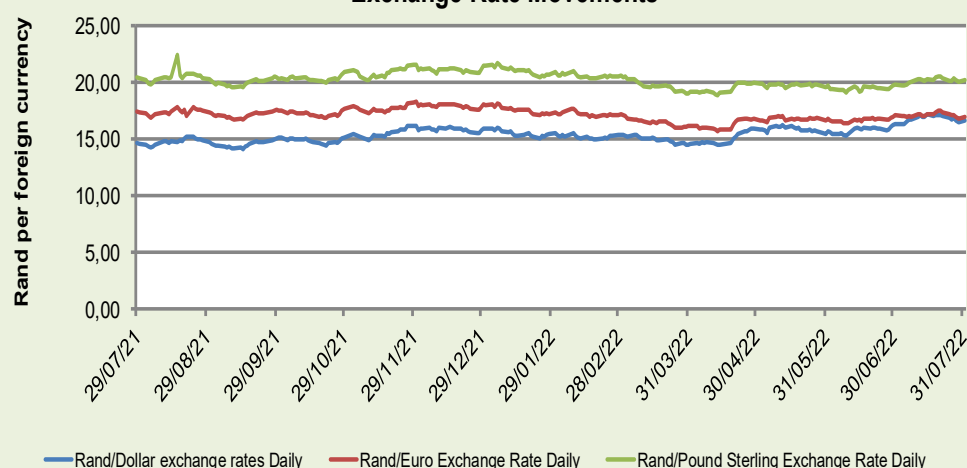


Domestic grain prices weakened this week compared to the previous week, with the exception of soybean prices which increased by 3.1% week-on-week, tracking global prices. The Crop Estimate Committee revised the 2021/22 soybean production upwards by 2.87% due to increased yields. Meanwhile, local white and yellow maize prices decreased by 2.2% and 1.1% respectively in the reporting week compared to the previous week whilst, wheat and sunflower seed prices decreased by 1.0% and 1.3% respectively week-on-week. On the international front, US yellow maize price decreased by 0.8% week-on-week, despite the dry weather that is expected to persist in much of the U.S. Corn Belt. US wheat price decreased by 2.2% week-on-week, while the US is poised to deliver a bumper spring wheat crop in the upcoming weeks as the US winter wheat harvest continues. US soybean price increased by 4.4% week-on-week, as dry weather persists and there's news that Argentinian farmers are not selling their soybeans due to inflation concerns.

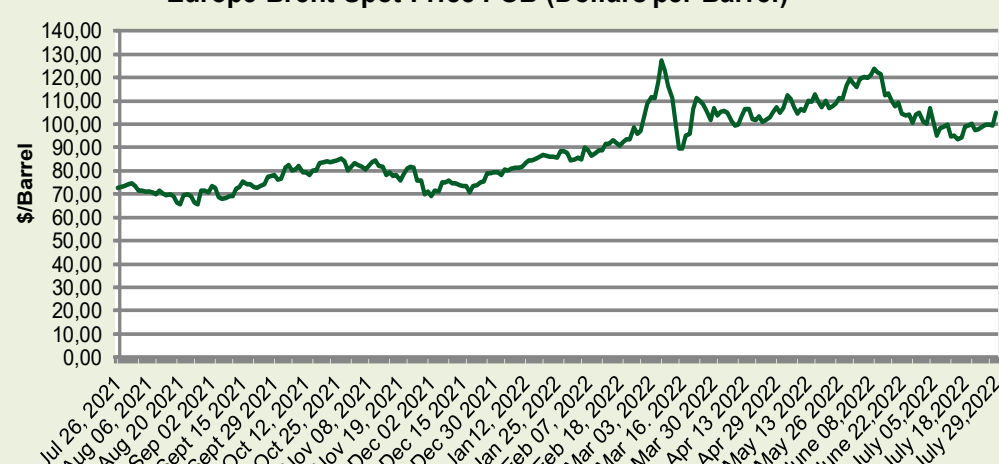
Spot price trends of major grains commodities

	1 year ago Week 30 (26-07-21 to 30-07-21)	Last week Week 29 (18-07-22 to 22-07-22)	This week Week 30 (25-07-22 to 29-07-22)	w-o-w % change
RSA White Maize per ton	R 3 241.80	R 4 332.20	R 4 238,00	-2.2%
RSA Yellow Maize per ton	R 3 392.80	R 4 213.40	R 4 166.20	-1.1%
USA Yellow Maize per ton	\$ 216.75	\$ 234.62	\$ 232.78	-0.8%
RSA Wheat per ton	R 5 214.60	R 7 427.20	R 7 353.20	-1.0%
USA Wheat per ton	\$ 252.00	\$ 295.93	\$ 289,53	-2.2%
RSA Soybeans per ton	R 7 700.20	R 8 077.20	R 8 330,20	3.1%
USA Soybeans per ton	\$ 521.61	\$ 537.03	\$ 560.55	4.4%
RSA Sunflower seed per ton	R 9 175.00	R 10 289.80	R 10 155.80	-1.3%
RSA Sweet Sorghum per ton	R 4 230.00	-	-	-
Crude oil per barrel	\$ 73.63	\$ 98.78	\$ 100.63	1.9%

Exchange Rate Movements



Europe Brent Spot Price FOB (Dollars per Barrel)



The rand appreciated by 2.6% against the US dollar week-on-week, on weaker-than-expected US growth and heightened fears of a global recession. The rand appreciated by 0.9% against the Pound Sterling week-on-week, against a backdrop of economic slowdown, rising interest rates and domestic political turmoil. The rand appreciated by 2.2% against the Euro week-on-week, amid a challenging winter for the Eurozone economy which is now expected to slide into a recession.

Brent crude oil averaged \$100.63 week-on-week, which is 1.9% more than \$98.78 reported the previous week, as investors turn their attention to next week's OPEC+ meeting when the world's biggest oil producers will decide on their output regime for September. There's dimming expectations that the producer group will imminently boost supply.



National South African Price information (RMAA) : Beef

Week 28 (11/07/2022 to 17/07/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 29 (18/07/2022 to 24/07/2022)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	5 937	60.60	64.48	Class A2	6 051	60.85	64.23
Class A3	569	58.03	63.48	Class A3	604	57.01	63.63
Class C2	619	47.98	52.67	Class C2	503	47.11	51.87

Units sold for class A2 and A3 beef increased by 1.9% and 6.2% respectively in the reporting week compared to the previous week whilst, units sold for class C2 beef decreased by 18.7% week-on-week. This is despite economic pressures that have been weighing on consumers' purchasing power. The weekly average purchase prices for class A3 and C2 beef decreased by 1.8% each respectively in the reporting week compared to the previous week while the weekly average purchase price for class A2 beef increased by 0.4% week-on-week. During the same period, the weekly average selling prices for class A2 and class C2 beef decreased by 0.4% and 1.5% respectively in the reporting week compared to the previous week whilst, the weekly average selling price for class A3 beef increased by 0.2% week-on-week. The subdued buyer market placed downward pressure on beef prices.

National South African Price information (RMAA) : Lamb

Week 28 (11/07/2022 to 17/07/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 29 (18/07/2022 to 24/07/2022)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	6 750	107.09	107.81	Class A2	5 838	103.66	104.52
Class A3	1 099	101.39	98.90	Class A3	952	101.25	99.28
Class C2	609	76.03	80.04	Class C2	549	78.62	80.71

Units sold for class A2, A3 and C2 lamb decreased by 13.5%, 13.4% and 9.9% respectively in the reporting week compared to the previous week, due to seasonal effects and pressures on consumers' disposable income. The weekly average purchase prices for class A2 and A3 lamb decreased by 3.2% and 0.1% respectively in the reporting week compared to the previous week whilst, the weekly average purchase price for class C2 lamb increased by 3.4% week-on-week. During the same period, the weekly average selling prices for class A3 and C2 lamb increased by 0.4% and 0.8% respectively in the reporting week compared to the previous week whilst, the weekly average selling price for class A2 lamb decreased by 3.1% week-on-week.

National South African Price information (RMAA) : Pork

Week 28 (11/07/2022 to 17/07/2022)	Units	Avg Purchase Price	Week 29 (18/07/2022 to 24/07/2022)	Units	Avg Purchase Price
Pork					
Class BP	5 328	26.89	Class BP	7 956	25.96
Class HO	4 514	26.43	Class HO	7 392	25.57
Class HP	4 709	26.36	Class HP	6 297	25.95

Units sold for class BP, class HO and class HP pork increased by 49.3%, 63.8% and 33.7% respectively in the reporting week compared to the previous week. There are growing concerns over cost pressures that are affecting margins in intensive industries. Meanwhile, the weekly average purchase prices for class BP, class HO and class HP pork decreased by 3.5%, 3.3% and 1.6% respectively in the reporting week compared to the previous week. Pork prices remain lower compared to the corresponding period last year when pork prices benefited from strong regional exports.

Latest News Developments

The Producer Price Index according to Statistics South Africa accelerated further, reaching a new high of 16.2% year-on-year in June, from 14.7% year-on-year in May. The Producer inflation increased by 2.1% month-on-month, reflecting renewed monthly pressure after a steady increase of 1.8% month-on-month during the two months before June. The Producer Price Index for Agriculture, forestry and fishing moderated to 14.9% year-on-year in June 2022 compared with 18.9% year-on-year in May. First National Bank expects producer inflation to peak in August 2022 but remain elevated to until the first half of 2023 before meaningfully moderating.

The South African Revenue Services in its trade statistics report indicated that South Africa's trade surplus narrowed to R 24.23 billion in June 2022 from an upwardly revised ZAR 30.85 billion the previous month, and is below market expectations of ZAR 25.5 billion. Exports amounted to R184. 61 billion while imports amounted to R160 billion. Notably, exports rose by 1.6% while imports accelerated by 6.3%. Considering the first half of the year, the country's trade surplus shrank to ZAR 133.52 billion, deteriorating from ZAR 249.86 billion the corresponding period last year. Exports increased by 16.7% year-on-year in June 2022 while imports grew by 47.6% over the same period. According to First National Bank, the recent relapse in commodity prices and concerns over a material global growth slowdown as well as domestic production constraints could limit export growth going forward.

Citrus Growers' Association (CGA) reported that the South African government has lodged a dispute with the World Trade Organisation (WTO) over measures suddenly implemented by the European Union (EU) around citrus imports from South Africa. The South African government has submitted a request for consultation with the EU in terms of the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU). SA government identified 21 inconsistencies in the EU's new proposed phytosanitary measures which have already impacted an estimated 3.2 million cartons of citrus valued at R605 million. According to CGA CEO, Justin Chadwick, there are reports of hundreds of containers of South African citrus being detained by authorities in the EU on arrival. Without immediate political intervention, the threat remains that these consignments will be destroyed by EU authorities, warned Chadwick.

According to the latest data from the Central Energy Fund, petrol prices may be cut by between R1.19 and R1.22/ litre, in August 2022 depending on the grade of fuel. Diesel price could be reduced by more than 80 cents if the oil price and rand-dollar exchange rate remain at current levels.

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