



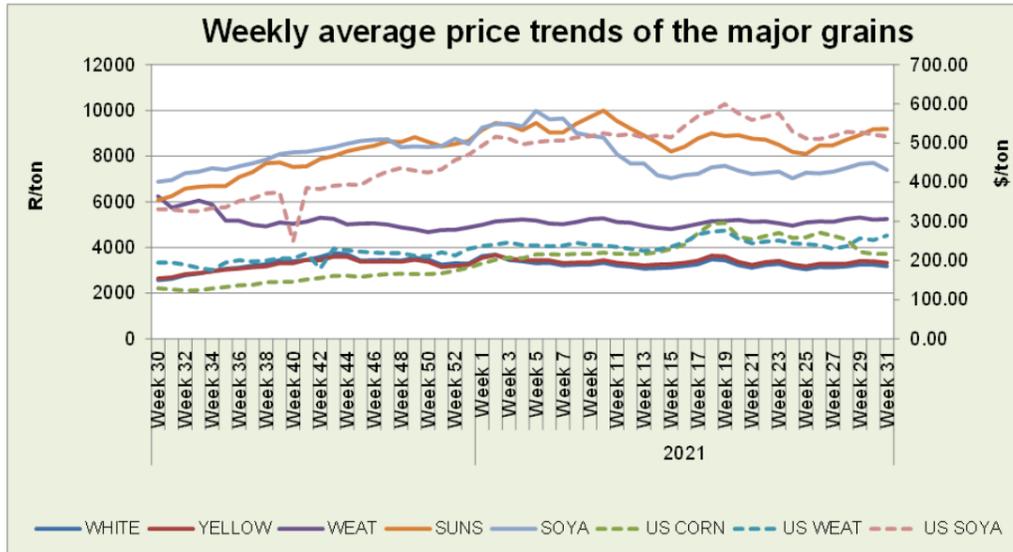
agriculture, land reform & rural development

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

Weekly Price Watch: 06 August 2021

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

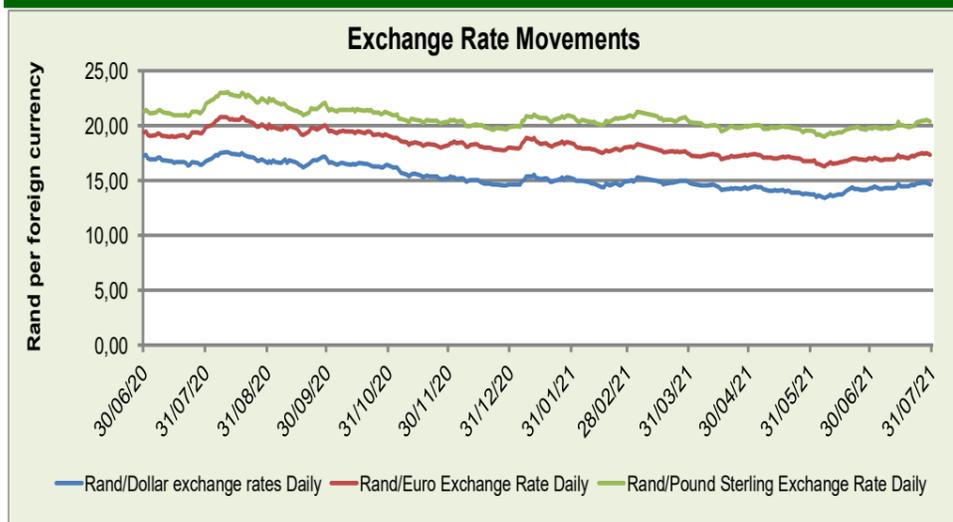


Domestic grain prices traded lower this week with the exception of wheat and sunflower, Local white maize, yellow maize and soybean prices decreased by 1.9%, 1.8% and 4.0% respectively this week compared to the previous week. While Local prices of wheat and sunflower increased by 0.6% and 0.1% respectively week-on-week. The local prices for sweet sorghum remained unchanged this week compared to the previous week.

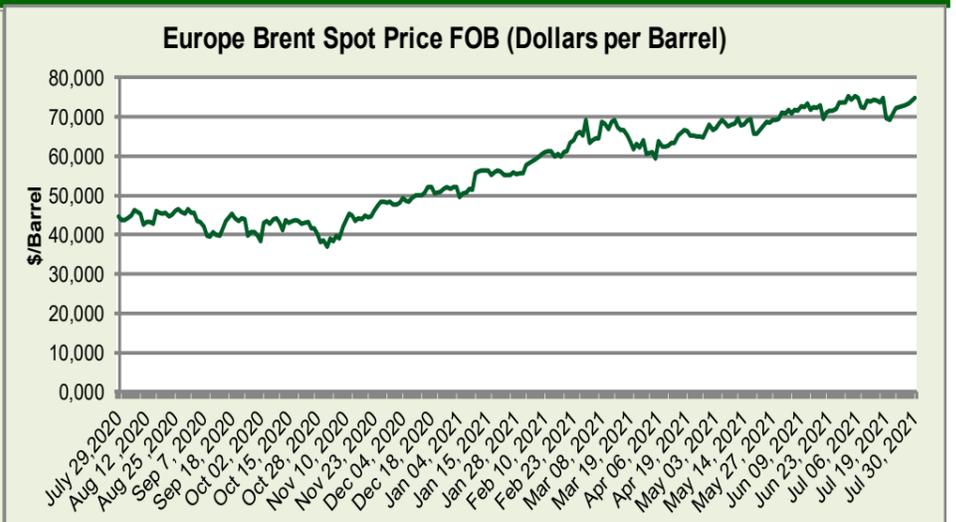
On the international front, US yellow maize and wheat prices increased by 0.2% and 4.6% respectively week-on-week, whilst the US soybean decreased by 0.9%. US maize traded higher after August's World Agricultural Supply and Demand Estimates (WASDE) indicated lower-than-expected yields, which caused technical sales. August's WASDE report reduced average US maize yields for 2021/22 to 10.96 tons/ha compared to July's estimate of 11.26 tons/ha.

Spot price trends of major grains commodities

	1 year ago Week 31 (03-08-20 to 07-08-20)	This week Week 30 (26-07-21 to 30-07-21)	This week Week 31 (02-08-21 to 06-08-21)	w-o-w % change
RSA White Maize per ton	R 2 629.80	R 3 241.80	R 3 180.60	-1.9%
RSA Yellow Maize per ton	R 2 695.60	R 3 392.80	R 3 332.60	-1.8%
USA Yellow Maize per ton	\$ 126.15	\$ 216.75	\$ 217.09	0.2%
RSA Wheat per ton	R 5 738.60	R 5 214.60	R 5 243.60	0.6%
USA Wheat per ton	\$ 194.91	\$ 252.00	\$ 263.62	4.6%
RSA Soybeans per ton	R 6 951.60	R 7 700.20	R 7 394.60	-4.0%
USA Soybeans per ton	\$ 330.00	\$ 521.61	\$ 516.71	-0.9%
RSA Sunflower seed per ton	R 6 244.00	R 9 175.00	R 9 188.00	0.1%
RSA Sweet Sorghum per ton	R 3 900.00	R 4 230.00	R 4 230.00	0.0%
Crude oil per barrel	\$ 45.33	\$ 73.63	\$ 71.78	-2.5%



The rand appreciated by 2.4% against the dollar, 2.1% against the euro and 2.0% against the pound. On Wednesday this week, the rand weakened to R14.81 against the dollar, due to growing anticipation that the US Federal Reserve could begin tapering bond buying, a sentiment supported by statements from Fed officials and strong US jobs data.



Brent crude oil averaged \$71.78 week-on-week, 2.5% less than \$73.63 reported the previous week. The drop in oil prices was largely due to the International Energy Agency (IEA) reporting that the spread of the Delta variant of the coronavirus would slow down the recovery of global oil demand. The domestic petrol price increased by 91c/litre, while diesel increased by 55c/litre.



National South African Price information (RMAA) : Beef

Week 29 (19/07/2021 to 25/07/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 30 (02/08/2021 to 08/08/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 424	51.25	52.43	Class A2	7 630	51.49	52.46
Class A3	757	50.08	53.29	Class A3	721	50.87	53.18
Class C2	438	44.55	46.94	Class C2	707	45.10	47.44

Units sold for class A2 and class C2 beef increased by 2.8% and 61.4% respectively in the reporting week compared to the previous week while units sold for class A3 beef decreased by 4.8% week-on-week. The weekly average purchase prices for class A2, A3 and C2 beef increased by 0.5%, 1.6% and 1.2% respectively in the reporting week compared to the previous week, while the weekly average selling price for class A2 beef and C2 beef increased by 0.1% and 1.1% week-on-week. During the same period, the weekly average selling prices for class A3 beef decreased by 0.2% in the reporting week compared to the previous week. The average weekly slaughtering volumes were 32% higher w/w following lower slaughter numbers in the previous week.

National South African Price information (RMAA) : Lamb

Week 29 (19/07/2021 to 25/07/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 30 (02/08/2021 to 08/08/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 627	99.20	101.07	Class A2	4 976	96.04	96.89
Class A3	885	97.86	98.81	Class A3	734	95.35	92.51
Class C2	1 086	73.11	80.27	Class C2	605	73.44	77.71

Units sold for class A2, A3 and C2 lamb decreased by 34.8%, 17.1% and 44.3% respectively in the reporting week compared to the previous week. The weekly average purchase prices for class A2 and A3 lamb decreased by 3.2% and 2.6% respectively in the reporting week compared to the previous week, while the average purchasing price for C2 lamb prices decreased by 0.5%. During the same period, the weekly average selling prices for class A2, A3 and C2 lamb decreased by 4.1%, 6.4% and 3.2% respectively in the reporting week compared to the previous week. The average weekly slaughtering volumes were 32% higher w/w following lower slaughter numbers in the previous week.

National South African Price information (RMAA) : Pork

Week 29 (19/07/2021 to 25/07/2021)	Units	Avg Purchase Price	Week 30 (02/08/2021 to 08/08/2021)	Units	Avg Purchase Price
Class BP	7 835	26.18	Class BP	8 224	25.34
Class HO	9 847	25.49	Class HO	9 839	24.82
Class HP	5 247	25.46	Class HP	6 913	25.00

Units sold for class BP and HP pork increased by 5.0% and 31.8% respectively in the reporting week compared to the previous week., while, the unit sold class HO decreased by 0,1%. The weekly average purchasing prices for class BP, class HO and class HP pork decreased by 3.2%, 2.6% and 1.8% respectively in the reporting week compared to the previous.

Latest News Developments

Grain farmers, who were in the midst of harvesting, and those who needed to start planting in September, would be the hardest hit, along with citrus farmers, who needed to ship and transport their fruit to the market. The price hikes would directly increase agricultural input costs, as a result of farmers having to pay more for fuel. The increase in Brent Crude oil prices and the depreciation of the rand would also drive up the price of other inputs costs, such as fertilizers and pesticides, along with farming equipment, while the higher transporting costs of these products would further exacerbate the situation.

Following two exceptional seasons of good rainfall across South Africa, the current lower interest rates have now prompted the replacement and replenishment of agricultural machinery and equipment. This was according to Paul Makube, senior agricultural economist at FNB Agriculture, who said the availability of the relatively cheaper credit and the record-high grain and oilseed prices that boosted farmers' revenues, underpinned the 33% year-on-year (y/y) increase in total machinery sales to 3 539 units during the first half of 2021. According to sales statistics released by the South African Agricultural Machinery Association (SAAMA), June tractor sales of 633 units was an almost 43% increase on the 444 units sold in June last year, while combine harvester sales increase by 13 units to 30, compared with the 17 units sold in June last year. On a year-to-date basis, combine harvester sales stood at 154 units, almost 32% up on last year, while tractors sales were at 3 385 units, up 27% during the first six months of the year compared with the corresponding period last year.

South Africa's annual consumer price inflation (CPI) softened further in July to 4,6%, down from 4,9% in June and 5,2% in May. However, the monthly increase in CPI in July was 1,1%, the highest monthly rise since July 2020, when the CPI increased 1,3%, according to Statistics South Africa (Stats SA). Meat, oils and fats continued to exert upward pressure, said Stats SA, with meat prices rising by 9,4% over the past 12 months. The continued increase in food, and especially meat prices, were contrary to predictions that these prices would begin to fall month-on-month due to growing consumer resistance. This was according to Hamlet Hlomendlini, secondary-agri enablement manager for agribusiness at Absa.

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