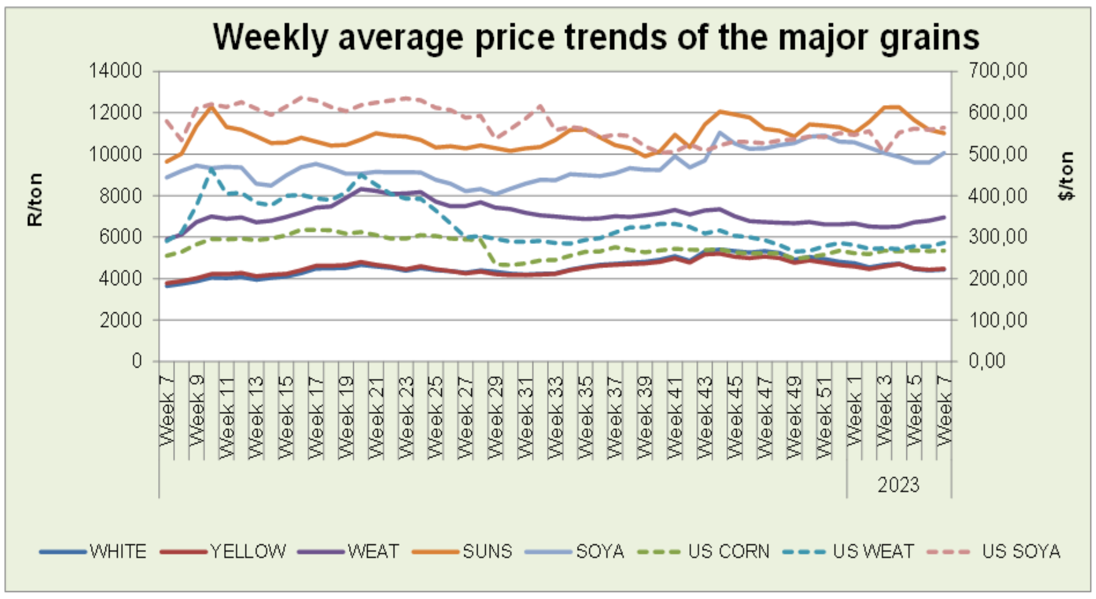
agriculture, land reform & rural development

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

Weekly Price Watch: 17 February 2023

Directorate: Statistics & Economic Analysis

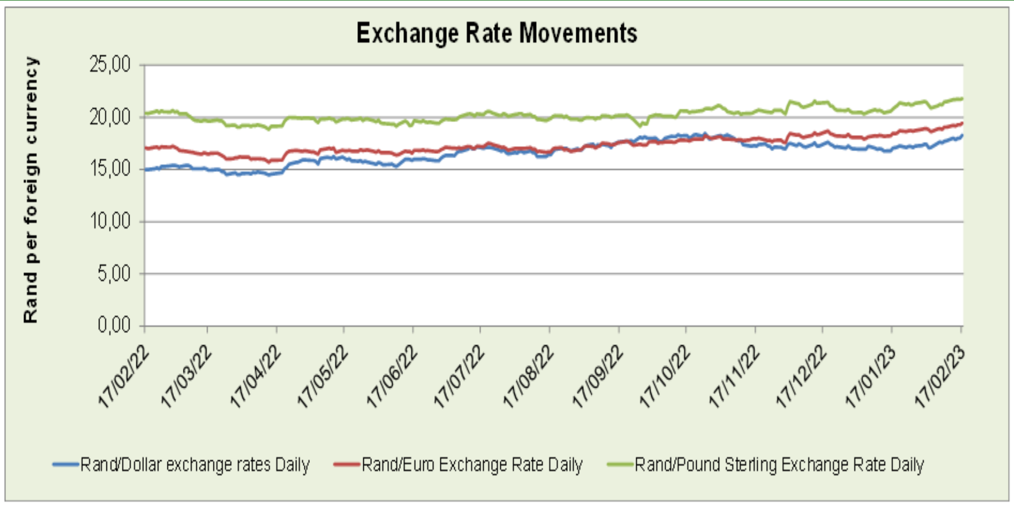
Sub-directorate: Economic Analysis



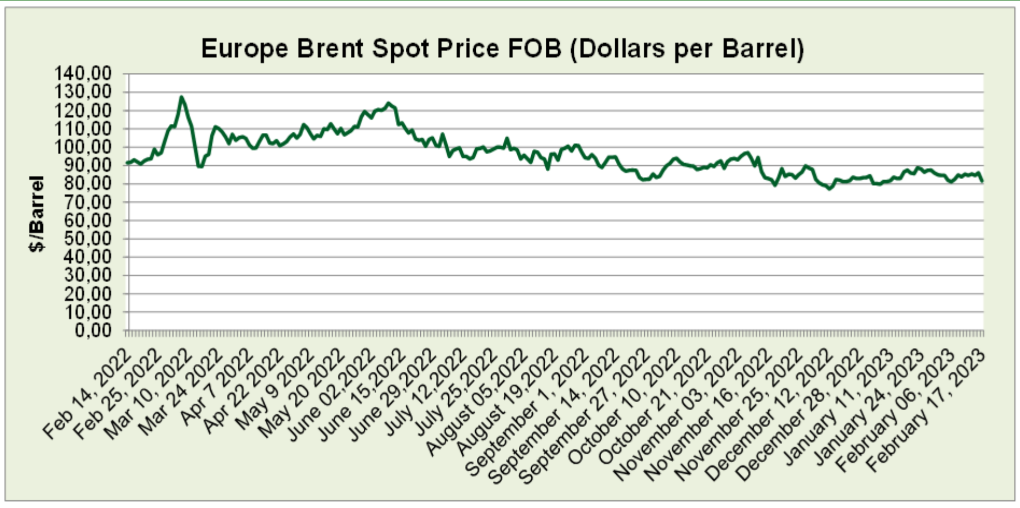
After being under pressure for two consecutive weeks, local white and yellow maize prices increased by 1.0% respectively this week compared to the previous week. Domestic maize prices traded mixed, impacted by a combination of lower US maize prices and the slightly weaker rand. Soybean and wheat prices also increased by 4.8% and 2.3% respectively influenced by lower international prices and the weaker rand. Whilst sunflower seed prices decreased by 1.5% during the same period. After a decrease last week US yellow maize, wheat and soybean prices increased by 0.6%, 3.2% and 0.9% respectively. US maize prices traded slightly lower from maize and soya bean harvesting pressure in Brazil. Brazil is harvesting record maize and soya bean crops, which is countering the crop losses seen in Argentina due to dry weather.

Spot price trends of major grains commodities

	1 year ago Week 7 (14-02-22 to 18-02-22)	Last week Week 6 (06-02-23 to 10-02-23)	This week Week 7 (13-02-23 to 17-02-23)	w-o-w % change
RSA White Maize per ton	R 3 648.80	R 4 394.00	R 4 436.60	1.0%
RSA Yellow Maize per ton	R 3 783.80	R 4 423.80	R 4 470.20	1.0%
USA Yellow Maize per ton	$ 255.23	$ 266.08	$ 267.69	0.6%
RSA Wheat per ton	R 5 890.40	R 6 799.40	R 6 953.80	2.3%
USA Wheat per ton	$ 290.63	$ 277.65	$ 286.47	3.2%
RSA Soybeans per ton	R 8 874.40	R 9 598.00	R 10 058.60	4.8%
USA Soybeans per ton	$ 579.35	$ 559.03	$ 563.97	0.9%
RSA Sunflower seed per ton	R 9 644.20	R 11 176.40	R 11 010.60	-1.5%
RSA Sweet Sorghum per ton	-	-	-	-
Crude oil per barrel	$ 91.82	$ 83.53	$ 84.44	1.1%



The rand depreciated by 2.2%, 2.0% and 1.7% against the US dollar, Pound Sterling and Euro week-on-week. The dollar surged on Friday to hit a six-week high against a basket of currencies as a bout of resilient economic data out of the United States raised market expectations that more interest rate hikes were in the offing. This left the rand at its weakest level in more than three months.



Brent crude oil averaged $84.44 this week compare to $83.53 reported the previous week, about 1.1% less reported the previous week. Oil prices rose on Monday, buoyed by optimism over Chinese demand, continued production curbs by major producers and Russia's plans to rein in supply. Future oil supply shortages are likely to drive prices towards $100 a barrel by the end of the year.

National South African Price information (RMAA) : Beef

Week 5 (30/01/2023 to 05/02/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 6 (06/02/2023 to 12/02/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 955	56,70	58,77	Class A2	8 555	56,02	56,80
Class A3	802	57,12	57,77	Class A3	998	56,10	56,22
Class C2	399	50,57	51,34	Class C2	516	50,12	51,06

Units sold for class A2, class A3, class C2 beef all increased by 7.5%, 24,4% and 29.3% respectively in the reporting week compared to the previous week. Meanwhile, the weekly average purchase prices for class A2, class A3 and class C2 beef decreased by 1.2%, 1,8% and 0.9% respectively this week compared to the previous week. During the same period the weekly average selling prices for class A2, class A3 and class C2 beef all decreased for two consecutive weeks by 3.4%, 2,7% and 0.5% respectively.

National South African Price information (RMAA) : Lamb

Week 5 (30/01/2023 to 05/02/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 6 (06/02/2023 to 12/02/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	13 329	84,30	86,02	Class A2	10 016	84,48	87,32
Class A3	1 445	84,29	86,52	Class A3	1 031	84,74	85,47
Class C2	1 282	65,57	69,85	Class C2	682	65,61	68,64

Units sold for class A2, class A3 and class C2 lamb all decreased by 24.9%, 28,7% and 46.8% respectively in the reporting week compared to the previous week. The weekly average purchase prices for class A2, class A3 and class C2 lamb increased by 0.2%, 0.5% and 0.1% respectively this week compared to the previous week. During the same period, the weekly average selling prices for class A3 and class C2 lamb decreased by 1.2% and 1.7% respectively, whilst the weekly average selling price for class A2 increased by 1,5%.

National South African Price information (RMAA) : Pork

Week 5 (30/01/2023 to 05/02/2023)	Units	Avg Purchase Price	Week 6 (06/02/2023 to 12/02/2023)	Units	Avg Purchase Price
Class BP	8 822	35,25	Class BP	13 626	34,74
Class HO	4 615	35,04	Class HO	7 350	34,32
Class HP	2 938	35,01	Class HP	5 794	34,23

All units sold for class BP, class HO and class HP pork increased by 54.5%, 59,3% and 97.2% respectively in the reporting week compared to the previous week. During the same period the weekly average purchase prices for class BP, class HO and class HP pork decreased by 1,4%, 2.1% and 2.2% respectively. Consumers are currently under pressure due to the prevailing tough economic conditions and they tend to switch to lower priced meat categories like chicken and pork. Therefore, the demand for chicken and pork is expected to remain elevated over the medium-term.

Latest News Developments

In line with predictions, Annual consumer inflation cooled to 6.9% in January, from 7.2% in December. January's reading was the lowest since May last year, this is the third consecutive month of a decline. But food inflation hit the highest rate since 2009. The consumer price index (CPI) declined by 0.1% between December and January, Statistics SA reported. Cheaper fuel helped to tame some prices, with petrol prices back to levels last seen in March 2022. The annual rate for food and non-alcoholic beverages however reached a 14-year high after it climbed to 13,4% in January, the highest reading since April 2009, when the rate was 13,6%. In December, the figure was 12,4%. Bread and cereals increased to 21,8%, oils and fats went up 18,5%, alcohol and tobacco jumped 6,6%, and electricity and fuel by 8,2%. Meat increased to 11,2%, and vegetables 14,3%. Record levels of load shedding are contributing to higher prices, as the cost of running generators means producers must charge more for their food. Load shedding is also disrupting production, meaning fewer products are available and prices are increasing. Farmers and other producers are battling to keep their produce refrigerated and irrigated.

Role players expect Minister of Finance Enoch Godongwana to announce support for the agriculture sector as load-shedding and rising input costs see farmers battling to produce affordable food. Finance minister will deliver the annual Budget Speech this week on the 22 February. With a week to go before Finance Minister tables his budget in Parliament, two global credit ratings agencies have warned of SA's deteriorating risk profile due to the impact of prolonged electricity cuts on the economy. On Wednesday, Fitch ratings said that while it had anticipated the power cuts would continue into 2023, the further deterioration of electricity supply goes beyond base case and presents downside risks to forecast that economic growth will average 1.1% in 2023. However, Fitch has not yet revised its growth projections due to higher-than-expected growth in the third quarter of 2022, which it believes should limit the size of downward revisions to 2023 growth forecast. Fitch also has not revisited SA's credit rating of BB- with a stable outlook (three notches below investment grade) saying there is still headroom to absorb a temporary impact on economic metrics from load shedding. A failure to address load shedding in the medium term or a further deterioration in the growth trajectory would be credit negative for SA.

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.