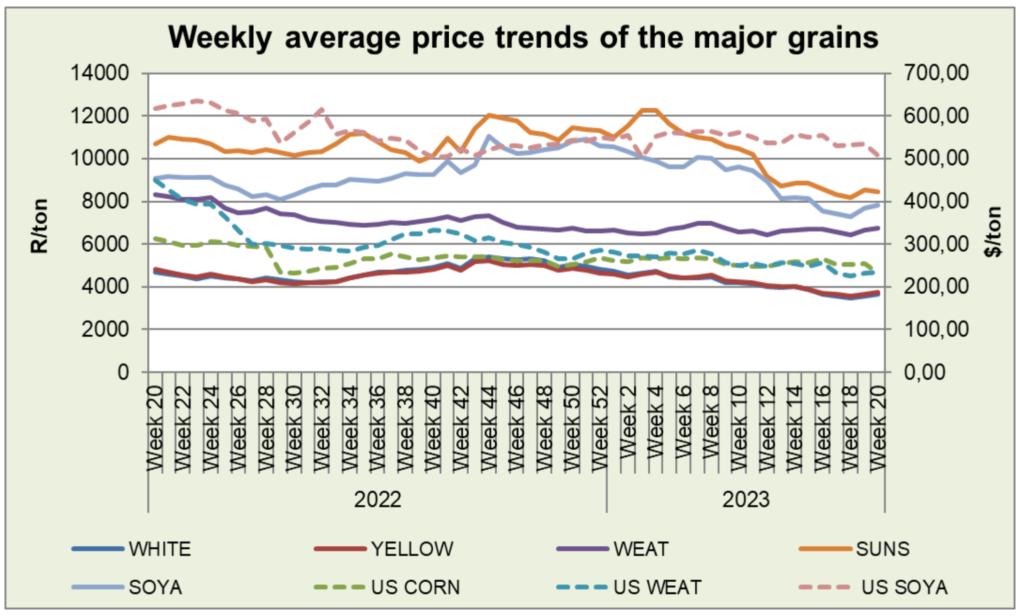
agriculture, land reform & rural development

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

Weekly Price Watch: 19 May 2023

Directorate: Statistics & Economic Analysis

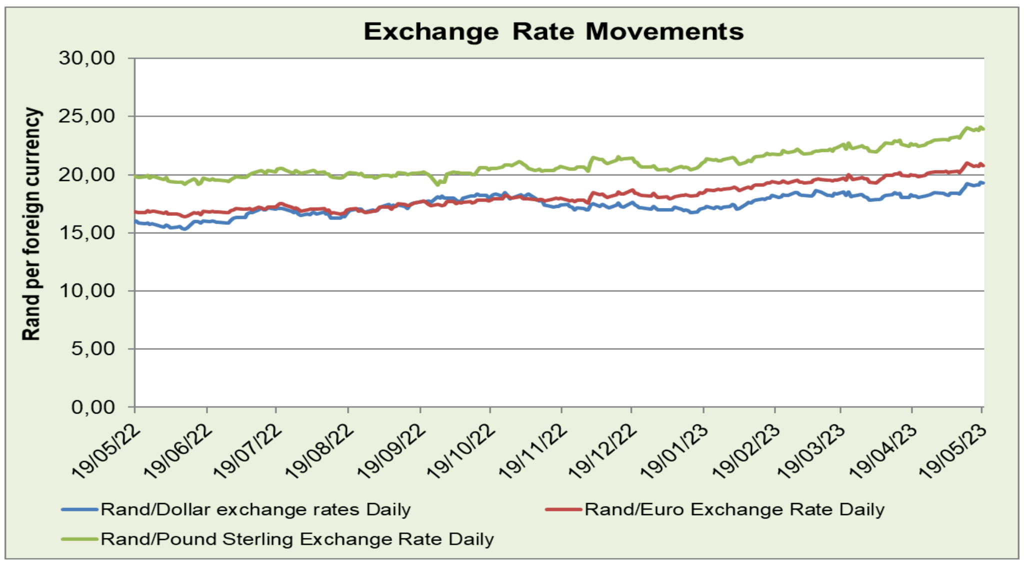
Sub-directorate: Economic Analysis

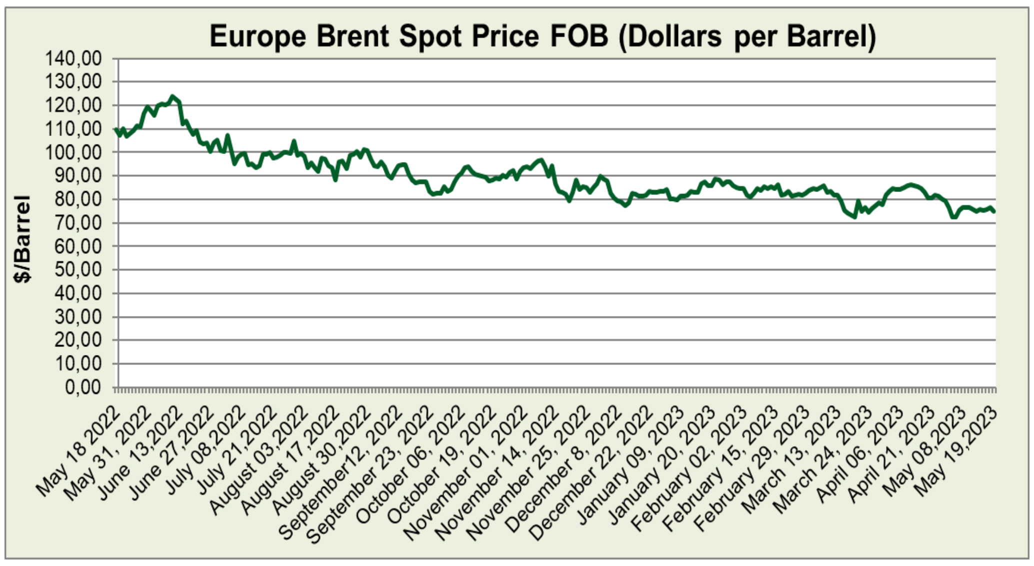


The International and local market traded marginally higher this week when compared to the previous week. The prices of domestic grains reported an increase which has seen the prices of white maize, yellow maize, wheat and soybeans increased by 2.9%, 1.8%, 1.4% and 1.5% respectively, while price of sunflower seed decreased by 1.1% when compared the previous week. Grain prices are skyrocketing on the back of supply shortage fears, and consumers will likely be paying more for bread in next three months. The price increases are driven by developments in international markets, coupled with a weaker rand-dollar exchange rate. Internationally, the grain price of US corn and US soybean decreased by 8.3% and 4.8% respectively, while the grain price of US wheat increased by 1.2% week on week. Global supply is lower than the market had anticipated, and that is why this week prices are skyrocketing. Lower production of maize is also expected globally. World corn production is forecast to decline from last year's record high, mostly reflecting reductions for Ukraine, the US, the EU, and China that are partially offset by increases for Brazil, Argentina, Serbia, and South Africa.

Spot price trends of major grains commodities

	1 year ago Week 20 (16-05-22 to 20-05-22)	Last week Week 19 (08-05-23 to 12-05-23)	This week Week 20 (15-05-23 to 19-05-23)	w-o-w % change
RSA White Maize per ton	R 4 664.80	R 3 551.20	R 3 653.75	2.9%
RSA Yellow Maize per ton	R 4 797.60	R 3 660.20	R 3 725.75	1.8%
USA Yellow Maize per ton	$ 312.50	$ 254.24	$ 233.08	-8.3%
RSA Wheat per ton	R 8 321.20	R 6 659.80	R 6 754.00	1.4%
USA Wheat per ton	$ 449.96	$ 232.28	$ 234.96	1.2%
RSA Soybeans per ton	R 9 059.20	R 7 688.00	R 7 803.75	1.5%
USA Soybeans per ton	$ 618.07	$ 534.17	$ 508.59	-4.8%
RSA Sunflower seed per ton	R 10 707.00	R 8 562.00	R 8 466.25	-1.1%
Crude oil per barrel	$ 109.98	$ 75.99	$ 75.57	-0.6%





The South African rand depreciated by 2.6% against the US dollar, by 1.3% against the Euro and by 1.5% against the Pound sterling respectively. The rand has been on a downward spiral of late following allegations by the US ambassador that South Africa supplied arms to Russia, adding pressure to the already buckled currency.

Brent crude oil price averaged $75.57/barrel in the reporting week which is 0.6% lower than $75.99/barrel reported in the previous week. The Oil prices have consistently declined since the start of April as concerns have grown over fuel demand in the US and China.

National South African Price information (RMAA) : Beef

Week 18 (01/05/2023 to 07/05/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 19 (08/05/2023 to 14/05/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8140	53,79	57,23	Class A2	8873	53,46	57,90
Class A3	1043	54,21	55,90	Class A3	901	54,11	55,21
Class C2	566	46,39	47,54	Class C2	621	46,06	47,62

Units sold for class A2 and class C2 beef increased by 9.0% and 9.7% respectively, whilst the unit sold for class A3 beef decreased by 13.6% in the reporting week compared to the previous week. The weekly average purchase prices for class A2, class A3 and class C2 beef decreased by 0.6%, 0.2% and 0.7% respectively week on week. The weekly average selling prices for class A2 and class C2 beef increased by 1.2% and 0.2% respectively, while class A3 beef decreased by 1.2% in the reporting week compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 18 (01/05/2023 to 07/05/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 19 (08/05/2023 to 14/05/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	10464	81,64	86,15	Class A2	13084	85,04	84,80
Class A3	1633	81,21	83,15	Class A3	1392	82,78	83,96
Class C2	1014	53,17	59,33	Class C2	1371	57,51	59,76

Units sold for class A2 and class C2 lamb increased by 25.0% and 35.2% respectively, while the unit sold for class A3 lamb increase by 14.8% 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 4.2%, 1.9% and 8.2% respectively week on week. The weekly average selling prices for class A2 lamb decreased by 1.6%, whilst the average selling prices for class A3 and class C2 lamb increased by 1.0% and 0.7% respectively in the reporting week compared to the previous week.

National South African Price information (RMAA) : Pork

Week 18 (01/05/2023 to 07/05/2023)	Units	Avg Purchase Price	Week 19 (08/05/2023 to 14/05/2023)	Units	Avg Purchase Price
Class BP	9863	29, 82	Class BP	9906	29,46
Class HO	7 412	29,46	Class HO	8375	29,19
Class HP	9 076	29,14	Class HP	7780	28,97

Units sold for class BP and class HO pork increased by 0.4% and 13.0% respectively, while unit sold for class HP pork decreased by 14.3% in the reporting week compared to the previous week. Meanwhile, the weekly average purchase prices for class BP class HO and HP pork decreased by 1.2%, 0.9% and 0.6% respectively week on week.

Latest News Developments

South African motorists can likely expect good news next month as the price of international oil drops. Mid-month data from the Central Energy Fund shows that there is currently an over-recovery in petrol prices, leading toward a decrease next month of between R1.11 and R1.13 per litre. Diesel drivers may also see another cut in fuel prices, with recent data pointing to an over-recovery between R1.27 and R1.36 per litre. These are the expected changes: Petrol 93: decrease 113 cents a litre; Petrol 95: decrease 111 cents a litre; Diesel 0.05%: decrease 136 cents a litre; Diesel 0.005%: decrease of 127 cents a litre; Illuminating paraffin: decrease of 79 cents a litre. The Department of Energy (DOE) has noted that its daily snapshots are not predictive and do not encompass other possible modifications, such as slate levy adjustments or retail margin changes. The department determines these adjustments, which consider various factors, at the end of the month. Domestic fuel costs are primarily governed by the rand/dollar exchange rate and international oil prices. In South Africa, the fuel price is adjusted on the first Wednesday of every month based on these two factors.

The South African rand has taken a severe tumble, reaching an all-time low at one stage of R19,51/US$1. The currency's drop, which has accelerated the downward trend of South Africa's exchange rate, comes as public speculation mounts over the country's alleged supplying of weapons to Russia for its war against Ukraine. Dawie Roodt, chief economist of the Efficient Group, told Farmer's Weekly that load-shedding and internationally perceived political instability driven by next year's elections had placed South Africa on a negative trend in the markets. Kulani Siweya, chief economist at Agri SA, acknowledged the severity of the situation but urged calm until it was clearer how the exchange rate would react in the coming days and weeks. With farmers already under strain from high input costs, those about to start their harvests could face higher fuel prices. Siweya said that should the exchange rate remain at the current level for a few more weeks, fuel prices would rise, as would fertiliser costs and other imported inputs. Roodt added that the news over Russia had caused overall loss of investment as a result of the negative public perception of South Africa.

Government recently approved anti-dumping duties, ranging between 8,8% to 239%, on frozen potato chips imported from the Netherlands, Germany and Belgium. These anti-dumping duties fell away in January, but were reintroduced after the International Trade and Administration Commission (ITAC) found that frozen potato chip imports from these countries were undercutting and harming the local industry by selling the product below their domestic market values or their average cost of production. Wolfe Braude, Agbiz Fruit general manager, said in a press statement that European exporters gave up trying to deny they were dumping frozen potato chips in South Africa half-way through the ITAC investigation, and then focussed on a defence that their illegal behaviour helped to lower prices for consumers eating fast foods. Willie Jacobs, CEO of Potatoes South Africa, told Farmer's Weekly that the industry was greatly relieved about the announcement, as it came a day before the 18-month cut-off within which an anti-dumping investigation had to be completed.

For more information contact: Directorate Statistics & Economic Analysis (SEA) at HeidiP@dalrrd.gov.za or 0123198194.

Source: SAFEX, Standard bank, Stats SA, FReuters, Red Meat Abattoir Association, FNB and Absa Bank.