



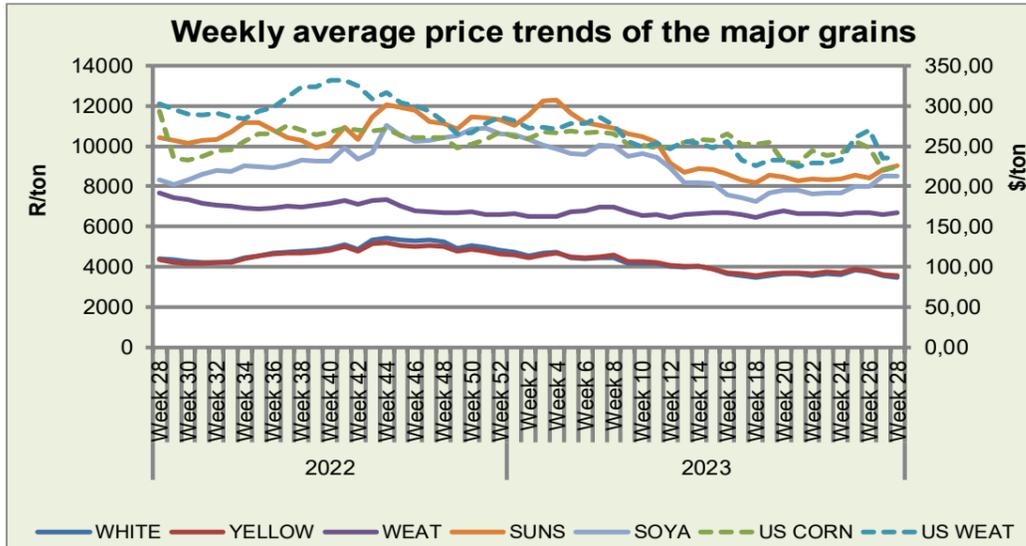
agriculture, land reform & rural development

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

Weekly Price Watch: 14 June 2023

Directorate: Statistics & Economic Analysis

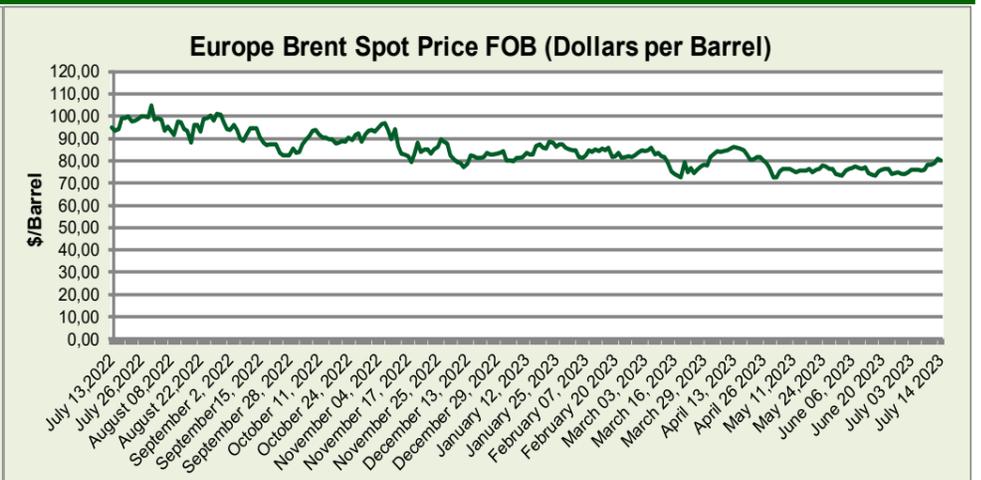
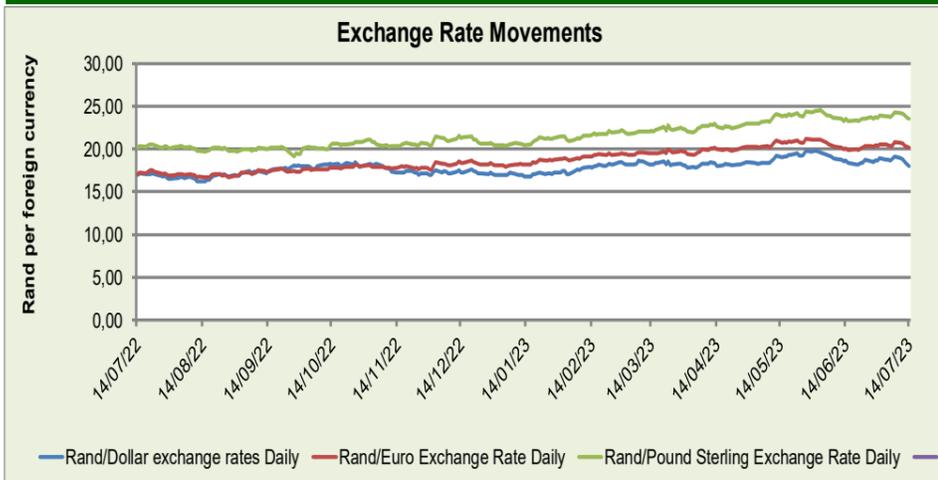
Sub-directorate: Economic Analysis



The domestic grain market has been volatile, with the local price of white maize and yellow maize decreasing by 1.7% each respectively in the reporting week compared to the previous, following the global declining corn price trends. Meanwhile, local wheat and sunflower seed prices increased by 1.8% and 2.4% respectively in the reporting week compared to the previous week, whilst soybean price increased marginally week-on-week. The global events continue to dominate markets, traders will be watching for news on the Black Sea Grain Initiative. On the international front, US yellow maize price increased by 2.6% week-on-week, as export sales of corn improved. US wheat price increased by 0.4% week-on-week, on concerns about the Black Sea Grain Initiative. US soybean price decreased by 2.4% week-on-week, following the release of the WASDE report which indicates that Global soybean trade for 2023/24 is down by 3.1 million tons to 169.3 million due to reduced US exports.

Spot price trends of major grains commodities

	1 year ago Week 28 (11-07-22 to 15-07-22)	Last week Week 27 (03-07-23 to 07-07-23)	This week Week 28 (10-07-23 to 14-07-23)	w-o-w % change
RSA White Maize per ton	R 4 397.40	R 3 535.80	R 3 475.75	-1.7%
RSA Yellow Maize per ton	R 4 337.00	R 3 596.20	R 3 536.25	-1.7%
USA Yellow Maize per ton	\$ 293.45	\$ 219.17	\$ 224.84	2.6%
RSA Wheat per ton	R 7 681.40	R 6 576.20	R 6 695.75	1.8%
USA Wheat per ton	\$ 302.52	\$ 235.31	\$ 236.19	0.4%
RSA Soybeans per ton	R 8 323,60	R 8 490.20	R 8 490,25	0.0%
USA Soybeans per ton	\$ 592,45	\$ 569.82	\$ 556.37	-2.4%
RSA Sunflower seed per ton	R 10 421.00	R 8 830.20	R 9 042.50	2.4%
RSA Sweet Sorghum per ton	-	-	-	-
Crude oil per barrel	\$ 95.52	\$ 75.96	\$ 79.27	4.4%



The rand appreciated by 2.0% against the US dollar week-on-week, boosted by positive US data, along with hopes that Chinese stimulus will offer support to commodity prices. The rand appreciated by 0.1% against the Pound Sterling week-on-week, ahead of key UK inflation data coming out in the coming week. The rand appreciated by 0.3% against the Euro week-on-week, while stickier inflation has prompted markets to bet that the Bank of England will need to tighten policy aggressively to rein in on inflation.

Brent crude oil averaged \$79.27 week-on-week, which is 4.4% more than \$75.96 reported the previous week, after supply disruptions in Libya and Nigeria heightened concerns that markets will tighten in coming months. Several oilfields in Libya were shut down on Thursday because of a local tribe's protest against the kidnapping of a former minister while Shell suspended loadings of Nigeria's Forcados crude oil owing to a potential leak at a terminal.



National South African Price information (RMAA) : Beef

Week 26 (26/06/2023 to 02/07/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 27 (03/07/2023 to 09/07/2023)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	8 858	48,40	51,22	Class A2	8 392	46,91	54,79
Class A3	1 067	50,61	52,02	Class A3	1 106	50,81	54,03
Class C2	590	44,61	46,04	Class C2	435	45,35	47,39

Units sold for class A2 and class C2 beef decreased by 5.3% and 26.3% respectively in the reporting week compared to the previous week, whilst units sold for class A3 beef increased by 3.7% week-on-week. Meanwhile, the weekly average purchase prices for class A3 and class C2 beef increased by 0.4% and 1.7% respectively in the reporting week compared to the previous week, whilst the weekly average purchase prices for class A2 beef decreased by 3.1% week-on-week. During the same period, the weekly average selling prices for class A2, class A3 and class C2 beef increased by 7.0%, 3.9% and 2.9% respectively in the reporting week compared to the previous week. Demand for red meat remains soft which could likely be the effect of increased pressure on consumers' disposable income from food, fuel, and interest rate costs.

National South African Price information (RMAA) : Lamb

Week 26 (26/06/2023 to 02/07/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 27 (03/07/2023 to 09/07/2023)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	11 642	89,17	89,65	Class A2	12 475	91,30	90,13
Class A3	1 749	85,52	87,52	Class A3	1 254	88,70	87,34
Class C2	941	61,00	64,71	Class C2	663	63,76	67,59

Units sold for class A3 and class C2 lamb decreased by 28.3% and 29.5% respectively in the reporting week compared to the previous week, whilst units sold for class A2 lamb increased by 7.2% week-on-week. We are still in the last stretch of the winter months with cold conditions intensifying thus further denting demand. Meanwhile, the weekly average purchase prices for class A2, class A3 and class C2 lamb increased by 2.4%, 3.7% and 4.5% respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class A2 and class C2 lamb increased by 0.5% and 4.5% respectively in the reporting week compared to the previous week, whilst the weekly average selling price for class A3 lamb decreased by 0.2% week-on-week. Local lamb prices have started to pick up over the past month with higher prices usually associated with winter months although the trend has been more muted this year compared to previous years.

National South African Price information (RMAA) : Pork

Week 26 (26/06/2023 to 02/07/2023)	Units	Avg Purchase Price	Week 27 (03/07/2023 to 09/07/2023)	Units	Avg Purchase Price
Pork					
Class BP	11 726	28,77	Class BP	10 806	28,71
Class HO	7 325	28,31	Class HO	5 367	28,27
Class HP	9 159	28,22	Class HP	6 896	28,08

Units sold for class BP, class HO and class HP pork decreased by 7.8%, 26.7% and 24.7% respectively in the reporting week compared to the previous week. Similarly, the weekly average purchase prices for class BP, class HO and class HP pork decreased by 0.2%, 0.1% and 0.5% respectively in reporting week compared to the previous week. Porker prices continued on a downward trend over the past weeks amid the already thin margins due to depressed consumer financial situation with disposable income significantly eroded as debt service costs have risen sharply in the past twelve months.

Latest News Developments

Analysts are less certain than they were a month ago that the Reserve Bank will pause its steepest phase of monetary tightening since 2006. Governor Lesetja Kganyago and his deputy Kuben Naidoo indicated that only once the MPC is confident that inflation is returning to the midpoint of the target range will it stop hiking rates. According to Stats SA, South Africa's consumer price index rose to 6.3% year-on-year in May, from 6.8% a month earlier. The Reserve Bank governor expects the gauge to revert to within the MPC's 3% to 6% target range in June while the data will be released in the week ahead.

India, the world's biggest rice exporter, is considering a temporary ban on rice exports. According to media reports, the rationale behind India's government is that they want to avoid the risk of more inflation before the elections. However, the problem with this view is that India faces far less inflation pressure than other regions. According to reports, the ban will affect about 80% of India's rice exports. While the move may lower domestic prices, it risks sending global costs even higher. Rice is a staple for about half of the world's population while benchmark prices have already soared to a two-year high amid fears that the return of the El Niño weather phenomenon will damage crops. Should the Indian government proceed with a temporary ban on rice exports, as recent reports suggest, there could be major disruptions in the global rice trade and upside pressure on prices. Also worth noting is that the potential ban on India's rice exports also comes in a season of abundance where such policy action is unexpected. For a leading exporter like India, a rice export ban would change the moderating price trend and add upside pressure. South Africa is one of the importing countries, the world's eleventh largest rice importer, with a typical import volume of about a million tonnes a calendar year. If India proceeds with this much-talked-about temporary rice export ban, South Africa will have to source larger volumes of its rice from other suppliers. Furthermore, according to Agbiz, given the importance of India in the global rice trade, if the country proceeds with the export ban, South Africans will feel its impact through a potential upswing in global rice prices.

The South African government delegation will embark on a charm offensive in the US in the coming week in a bid to defuse tensions with Africa's second-biggest trading partner over foreign policy and retain its preferential access to American markets. The delegation plans to meet with US lawmakers and lobby for South Africa to retain its eligibility to export goods duty free to the US under the African Growth and Opportunity Act. The delegation will also try to dispel what the government has termed misinformation about its stance toward Russia's war in Ukraine. South Africa has maintained a non-aligned position toward the invasion, a stand that has spiked tensions as several US lawmakers have called on President Joe Biden's administration to reconsider whether South Africa should continue to benefit from AGOA. According to President Cyril Ramaphosa's spokesman, Vincent Magwenya, there's no officially expressed view that seeks to exclude South Africa from AGOA despite some politicians in the US lobbying for SA's exclusion. AGOA expires in 2025 and US officials have previously stated that the qualifying criteria may be revised or the program may be replaced. South Africa ships cars and agricultural produce to the US under the accord and last year alone, exported \$2.7 billion worth of goods using AGOA and the so-called Generalized System of Preferences.

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