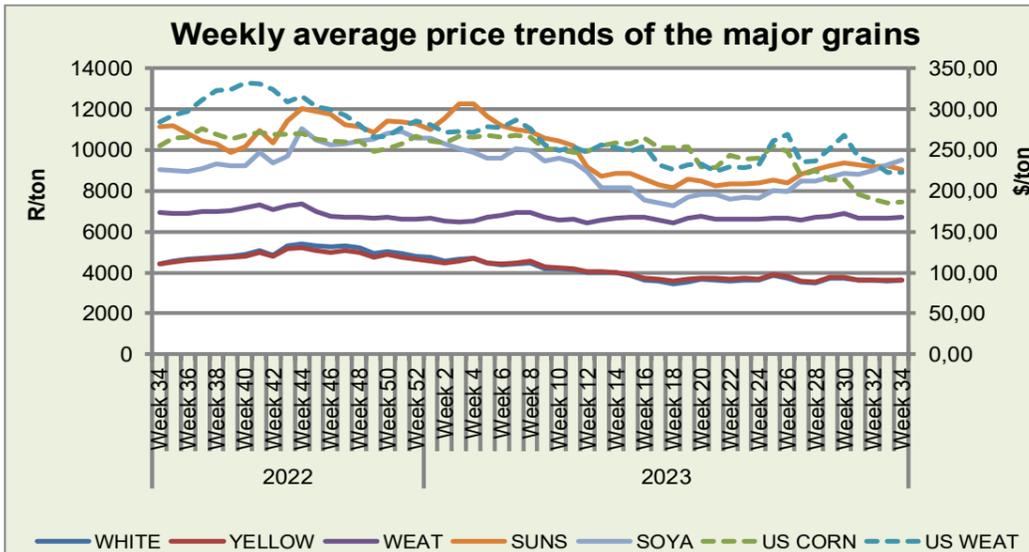




Weekly Price Watch: 25 August 2023

Directorate: Statistics & Economic Analysis

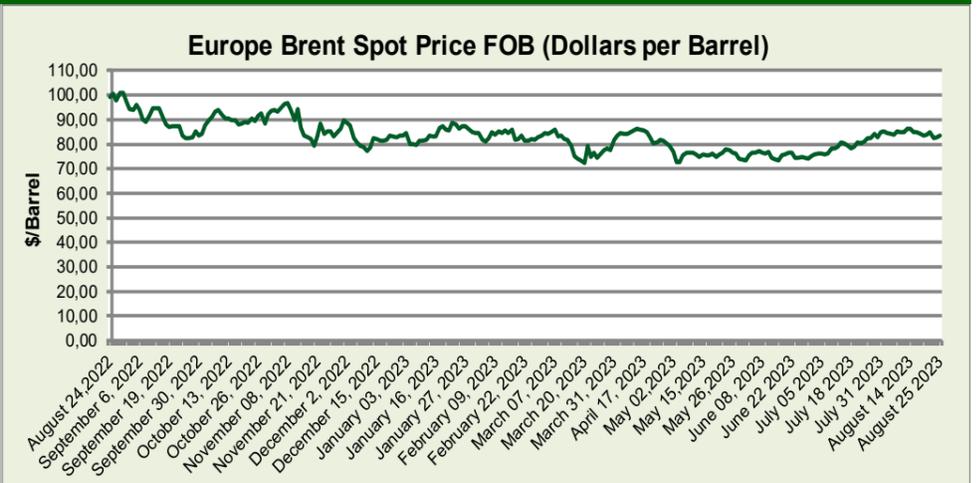
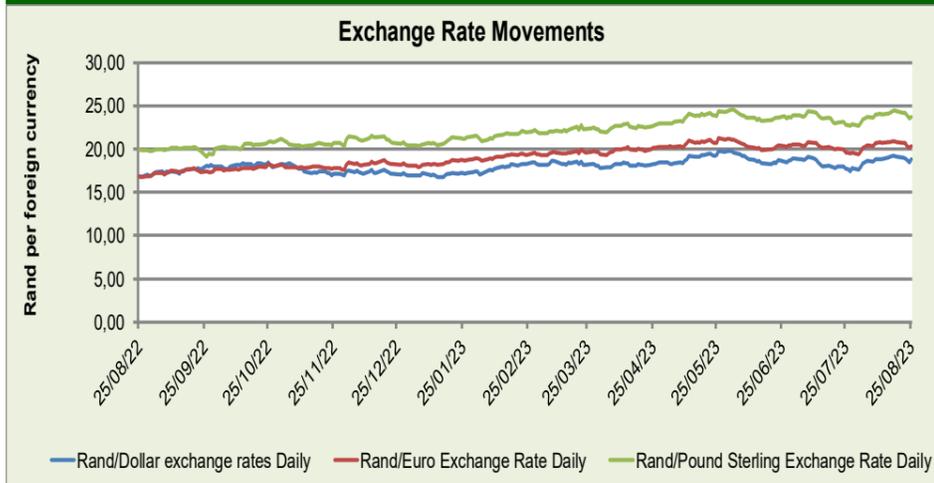
Sub-directorate: Economic Analysis



The domestic grain market strengthened this week compared to the previous week, following global price gains, except sunflower seed prices which decreased by 1.9% week-on-week. Local white and yellow maize prices increased by 1.2% and 0.7% respectively this week compared to the previous week, whilst local wheat and soybean prices increased by 0.4% and 2.2% respectively week-on-week. Global events continue to dominate markets. On the international front, US yellow maize price increased by 0.3% week-on-week, at the back of persistent hot and dry weather conditions. US wheat price increased by 0.1% week-on-week, in anticipation of USDA's export report end of week. US soybean price increased by 0.3% week-on-week, while the final numbers from the crop tour end of week suggested a slightly smaller crop for corn and soybeans than what the USDA had forecasted.

Spot price trends of major grains commodities

	1 year ago Week 34 (22-08-22 to 26-08-22)	Last week Week 33 (14-08-23 to 18-08-23)	This week Week 34 (21-08-23 to 25-08-23)	w-o-w % change
RSA White Maize per ton	R 4 425.60	R 3 580.00	R 3 622,40	1.2%
RSA Yellow Maize per ton	R 4 410.40	R 3 609.20	R 3 633.60	0.7%
USA Yellow Maize per ton	\$ 255,30	\$ 185,53	\$ 186,09	0.3%
RSA Wheat per ton	R 6 927,00	R 6 670.40	R 6 697.00	0.4%
USA Wheat per ton	\$ 284,45	\$ 222.52	\$ 222,70	0.1%
RSA Soybeans per ton	R 9 030,80	R 9 300.00	R 9 505,60	2.2%
USA Soybeans per ton	\$ 565,50	\$ 498.73	\$ 500.37	0.3%
RSA Sunflower seed per ton	R 11 162.00	R 9 213,00	R 9 041.40	-1.9%
RSA Sweet Sorghum per ton	-	-	-	-
Crude oil per barrel	\$ 97.90	\$ 84,69	\$ 83.56	-1.3%



The rand appreciated by 1.6% against the US dollar week-on-week, as the decline in US Treasury yields this week helped the risk sensitive rand. The rand appreciated by 2.0% against the Pound Sterling week-on-week, as higher interest rates dampen economic prospects. The rand appreciated by 1.6% against the Euro week-on-week, amid aggressive rate-tightening cycle by the Bank of England (BoE).

Brent crude oil averaged \$83.56 week-on-week, which is 1.3% less than \$84.69 reported the previous week, as demand woes stemming from a build in US gasoline stocks and weak manufacturing data globally outweighed optimism around a larger-than-expected drop in U.S. crude stocks. Markets are looking for hints on the outlook on how long interest rates will remain at current levels ahead of a speech by Federal Reserve Chair Jerome Powell.



National South African Price information (RMAA) : Beef

Week 32 (07/08/2023 to 13/08/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 33 (14/08/2023 to 20/08/2023)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	6 045	52,17	53,42	Class A2	7 546	51,49	52,48
Class A3	1 197	52,51	53,81	Class A3	1 052	51,16	52,64
Class C2	593	46,67	47,02	Class C2	614	46,41	48,02

Units sold for class A2 and C2 beef increased by 24,8% and 3.5% respectively in the reporting week compared to the previous week, whilst units sold for class A3 beef decreased by 12.1% week-on-week. Meanwhile, the weekly average purchase prices for class A2, class A3 and class C2 beef decreased by 1.3%, 2.6% and 0.6% respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class A2 and class A3 beef decreased by 1.8% and 2.2% respectively in the reporting week compared to the previous week whilst the weekly average selling price for class C2 beef increased by 2.1% week-on-week. Demand for red meat remains soft and prices continue to remain under pressure, although weekly price declines could signal that the market is approaching a turning point.

National South African Price information (RMAA) : Lamb

Week 32 (07/08/2023 to 13/08/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 33 (14/08/2023 to 20/08/2023)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	12 457	86,52	86,29	Class A2	12 212	86,50	87,35
Class A3	1 731	84,31	83,99	Class A3	1 385	84,00	84,48
Class C2	930	66,21	71,05	Class C2	678	62,84	67,80

Units sold for class A2, class A3 and class C2 lamb decreased by 2.0%, 20.0% and 27.1% respectively in the reporting week compared to the previous week. Meanwhile, the weekly average purchase prices for class A3 and class C2 lamb decreased by 0.4% and 5.1% respectively in the reporting week compared to the previous week whilst the weekly average purchase price for class A2 lamb decreased by 0.02% week-on-week. During the same period, the weekly average selling prices for class A2 and class A3 lamb increased by 1.2% and 0.6% respectively in the reporting week compared to the previous week, whilst the weekly average selling price for class C2 lamb decreased by 4.6% week-on-week. Local lamb prices have started to pick up over the past months although lamb prices continue to trade at a huge discount relative to last year.

National South African Price information (RMAA) : Pork

Week 32 (07/08/2023 to 13/08/2023)	Units	Avg Purchase Price	Week 33 (14/08/2023 to 20/08/2023)	Units	Avg Purchase Price
Pork					
Class BP	9 136	31,14	Class BP	10 450	32,54
Class HO	5 854	30,56	Class HO	6 430	31,57
Class HP	6 811	30,24	Class HP	7 215	31,36

Units sold for class BP, class HO and class HP pork increased by 14.4%, 9.8% and 5.9% 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 increased by 4.5%, 3.3% and 3.7% respectively in reporting week compared to the previous week. Pork price growth in 2023 remains way above the 2022 levels and prices are expected to lift ahead of Spring and the return of warmer conditions which will boost outdoor activity after the freezing winter months.

Latest News Developments

Statistics South Africa in its Consumer Price Index (CPI) report revealed that the annual consumer price inflation slowed to its lowest level in two years, reaching 4.7% in July, from 5.4% in June. This is the lowest reading since July 2021 and it is also the second consecutive month where inflation was below the 6% upper limit of the Reserve Bank's target range. The moderation continued to reflect the impact of a slowdown in food and transport inflation. Food inflation eased to 10% from 11.1%, with price increases in most food subcategories slowing. The product prices underpinning this deceleration are primarily bread and cereals; meat; fish; and oils and fats. Oils and fats eased for the third consecutive month, down by 12.9% y/y in July, reflecting the impact of lower global prices and the exceptionally high base established last year when the Russian war on Ukraine disrupted the supply of sunflower seeds and other grains. Prices of bread and cereals eased to 13.1% from 15.5% and meat prices fell to 5.1% from 6.1%. Transport costs fell by 2.6% y/y, dragged down by lower fuel prices. While there are renewed risks in global agriculture, such as India's decision to ban specific categories of rice exports and the Black Sea Grain Deal Initiative that facilitated grains and oilseeds exports from Ukraine to be terminated, analysts are still optimistic that South Africa's consumer food inflation will continue to slow during the second half of the year.

South Africa's avocado and beef industries are set to receive a boost through market access to China. This was announced during the 15th BRICS Summit held in South Africa. The re-opening of the Chinese beef market and the firm establishment of beef access to the Kingdom of Saudi Arabia is one positive development in South Africa's agriculture. The renewed access to this market is critical to South Africa's ambition to expand beef exports, as the Saudi Arabian beef market is sizeable and accounted for over US\$647 million in 2021. As South Africa increases its production in other meat value chains, Saudi Arabia could remain a strategic country for growing exports. Also, with China lifting the ban on imports of South African beef last week, multiple regions in South Africa, including the Northern Cape, Eastern Cape and Western Cape were declared foot-and-mouth disease (FMD)-free zones by the Chinese customs administration. This declaration extended to sections of Limpopo, the Free State, Gauteng, Mpumalanga and North West.

Meanwhile, the Minister of Agriculture, Land Reform and Rural Development, Thoko Didiza signed an agreement on sanitary requirements for the export of avocados from South Africa to China. About 11 memorandums of understanding and other agreements were signed by the two countries. Large role players in the avocado sector such as ZZ2, Core Fruit and Mission Produce expressed immense gratitude and relief, after many years waiting for the go-ahead. According to Clive Garrett, the marketing manager at ZZ2, market access to China was crucial as volumes in South Africa are growing exponentially, while the traditional European market are becoming saturated. Avocados have the potential to create much-needed employment in the country, boosting the economy especially since South Africa has resources and has the potential to triple its avocado plantings. According to Clive Garret, the opening of China and further markets, including India and Japan, will provide the necessary momentum that the market needs.

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