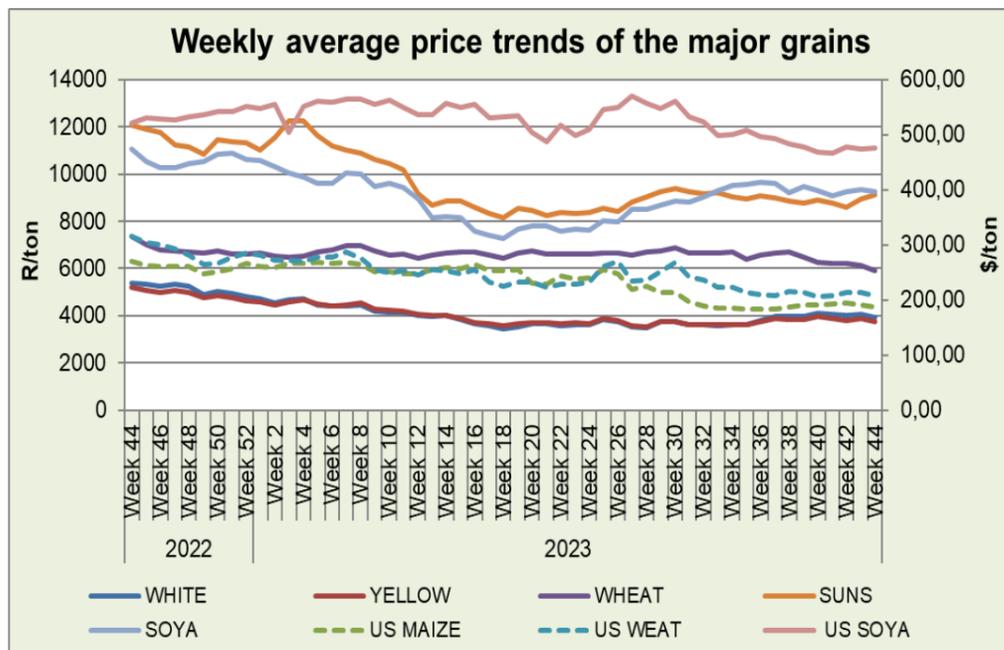




Weekly Price Watch: 03 November 2023

Directorate: Statistics & Economic Analysis

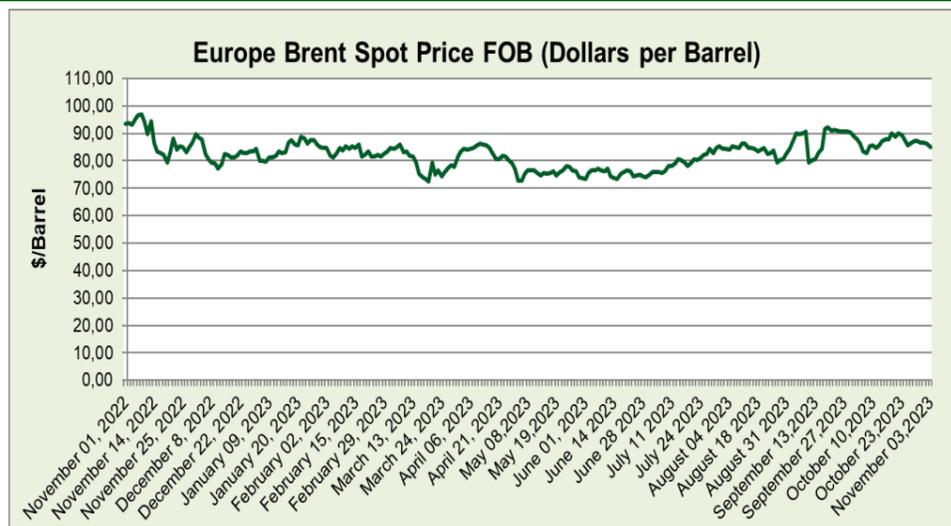
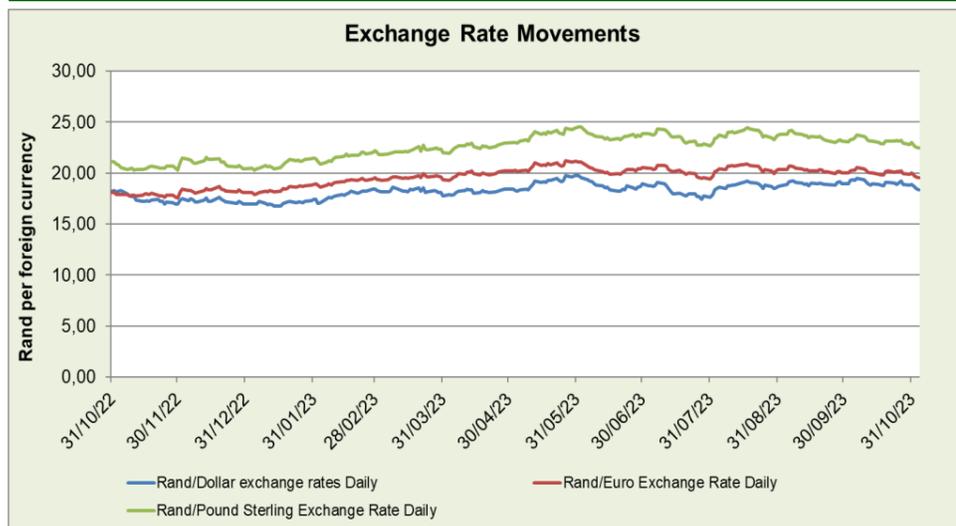
Sub-directorate: Economic Analysis



The International and local market traded marginally lower this week when compared to the previous week. The prices of domestic grains reported a decrease which seen the prices of white maize and yellow maize, wheat and soybeans decreased by 3,7%, 3,6%, 3,1% and 0,7% respectively, while price of sunflower seed increased by 2,1%, when compared the previous week. According to Agbiz Grain, the latest Crop Estimates Committee (CEC) report, it indicates that the size of the commercial maize crop in South Africa will remain unchanged at 16,395 million tonnes. The area estimate for maize is 2,586 million ha, and the expected yield is 6,34t/ha. The production forecast of white maize remained unchanged at 8,5 million tonnes and the yellow maize production forecast remained unchanged at 7,895 million tonnes. Also unchanged is the sunflower seed production forecast at 729 110 tonnes, soya beans at 2,755 million tonnes. Wheat production is forecast at 2,167 million tonnes, which is 1,66% or 35 450 tonnes more than the previous forecast with an expected yield of 4,03 t/ha. Internationally, the grain price of US soybean increased by 0,2%, whilst US corn and US wheat decreased by 1,9% and 2,6% respectively week on week.

Spot price trends of major grains commodities

	1 year ago Week 43 (31-10-22 to 04-11-22)	This week Week 43 (23-10-23 to 27-10-23)	This week Week 44 (30-10-23 to 03-11-23)	w-o-w % change
RSA White Maize per ton	R5 404,00	R4 082,00	R3 932,40	-3,7%
RSA Yellow Maize per ton	R5 205,40	R3 885,00	R3 742,80	-3,6%
USA Yellow Maize per ton	\$270,55	\$191,23	\$187,58	-1,9%
RSA Wheat per ton	R7 348,50	R6 110,20	R5 920,00	-3,1%
USA Wheat per ton	\$316,01	\$213,22	\$207,57	-2,6%
RSA Soybeans per ton	R11 038,00	R9 327,20	R9 261,00	-0,7%
USA Soybeans per ton	\$521,53	\$474,11	\$474,87	0,2%
RSA Sunflower seed per ton	R12 053,80	R8 944,80	R9 134,40	2,1%
Crude oil per barrel	\$93,51	\$87,21	\$86,32	-1,0%



The South African rand appreciated by 1,80% against the US dollar, by 1,82% against the Euro and by 1,83% against the Pound sterling respectively. The currency could be drawing strength from more hawkish talk from the South African Reserve Bank, which has left the prospect of another rate hike on the table.

Brent crude oil price averaged \$87,32/barrel in the reporting week which is 1.0% lower than \$87,21/barrel week on week. Oil prices settled 1% lower due concerns about global demand, which have outweighed the impact of supply cuts. The fuel demand outlook was clouded by concerns following China's report of a worse-than-expected drop in exports in October.



National South African Price information (RMAA) : Beef

Week 42 (16/10/2023 to 22/10/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 43 (30/10/2023 to 05/11/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 813	53,58	54,83	Class A2	9 534	53,56	55,85
Class A3	1 025	53,32	53,51	Class A3	1 046	53,29	55,71
Class C2	652	45,88	47,85	Class C2	744	46,51	48,66

Units sold for class A2, class A3 and class C2 beef increased by 8,2%, 2,0% and 14,1% respectively in the reporting week compared to the previous week. The weekly average purchase prices for class C2 beef increased by 1,4%, while the average purchase price for class A2 and class A3 beef decreased by 0,04% and 0,1% respectively week on week. The weekly average selling prices for class A2, class A3 and class C2 beef increased by 1,9%, 4,1% and 1,7% respectively in the reporting week compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 42 (16/10/2023 to 22/10/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 43 (30/10/2023 to 05/11/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	12 823	84,53	85,93	Class A2	16 688	84,84	84,84
Class A3	1 369	83,22	84,67	Class A3	1 519	83,51	85,18
Class C2	960	59,60	64,40	Class C2	1 178	60,13	65,45

Units sold for class A2, class A3 and class C2 lamb increased by 30,1%, 11,0% and 22,7% 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 0,4%, 0,3% and 0,9% respectively, week on week. The weekly average selling prices for class A3 and C2 class lamb increased by 0,6% and 1,6% respectively, while the average selling price for class A2 lamb decreased by 1,3% in the reporting week compared to the previous week.

National South African Price information (RMAA) : Pork

Week 42 (16/10/2023 to 22/10/2023)	Units	Avg Purchase Price	Week 43 (30/10/2023 to 05/11/2023)	Units	Avg Purchase Price
Class BP	10 489	37,28	Class BP	10 634	37,79
Class HO	6 250	36,17	Class HO	4 473	36,93
Class HP	7 363	36,81	Class HP	6 762	37,09

Units sold for class BP pork increased by 1,4%, while class HO and class HP pork decreased by 28,4% and 8,2% respectively in the reporting week compared to the previous week. Meanwhile, the weekly average purchase prices for class BP, class HO and class HP pork increased by 1,4%, 2,1% and 0,8% respectively, week on week.

Latest News Developments

World food prices fell slightly in October, by 0.5%, compared to September. The only food group that saw prices rise was dairy products. This is according to the Food and Agriculture Organization of the United Nations (FAO). The FAO Food Price Index, which tracks monthly changes in the international prices of a set of globally traded food commodities, averaged 120.6 points in October, down 10.9% from its corresponding value in October 2022. The cereal price index declined by 1.0% from the previous month. International rice prices dropped by 2.0% amid generally passive global import demand, while those of wheat dropped by 1.9%, weighed on by strong supplies from the United States of America and strong competition among exporters. By contrast, quotations for coarse grains rose slightly, led by maize due to thinning supplies in Argentina. The vegetable oil price index decreased by 0.7% from September, as lower world palm oil prices, due to seasonally higher outputs and subdued global import demand, more than offset higher prices for soy, sunflower and rapeseed oils. Soy oil prices rose owing to a robust demand from the biodiesel sector. The sugar price index declined by 2.2% but remained 46.6% above its year-earlier level. The October decline was mainly driven by a strong pace of production in Brazil, although concerns over a tighter global supply outlook in the year ahead capped the drop. The meat price index declined by 0.6%, as sluggish import demand, especially from East Asia led to a fall in the international prices of pig meat, more than offsetting marginal increases in the prices of poultry, bovine and ovine meats. In a contrasting trend, the dairy price index rose by 2.2% in October, ending a nine-month decline. World milk powder prices rose the most on the back of surging import demand for both near and longer-term supplies as well as some uncertainty over the impact of the El Niño weather conditions on the upcoming milk production in Oceania.

November is off to a good start for fuel prices – the new month is kicking off squarely on the front foot when it comes to price recoveries. According to early data from the Central Energy Fund, petrol and diesel prices are starting the month showing a significant over-recovery in prices. Petrol is currently showing an over-recovery (thus expected decrease) of around R1.60 per litre, while diesel is sitting close to an over-recovery of R1.90 a litre. While the start of the month is far too early to make a solid call, having fuel prices start the month with a sizeable over-recovery greatly increases the chance of seeing prices drop or stabilise in December. For example, October also started off with significant over-recoveries and ended the month with a big drop in both petrol and diesel prices, despite the oil market turmoil driven by the Hamas-Israel war and a weaker rand. Petrol prices were cut this week (Wednesday, 1 November) by R1.78 per litre, while the wholesale price of diesel came down by between 82 cents and 85 cents per litre. For November's start, South Africa is on solid footing on both fronts, with both the global oil price showing a pullback and the rand sitting stronger thanks to a positive reception to the budget and an indication that the US interest rate hiking cycle is at an end. With the rand stabilising around R19 to the dollar for almost two months, oil remains the biggest contributing factor to fuel price fluctuations locally. After the Hamas-Israel war broke out in early October, markets panicked and oil prices shot up significantly, raising concerns that fuel prices (and inflation) would follow suit. This is because the war risked pulling in other Middle Eastern nations, including Iran and Saudi Arabia – big oil producers. However, according to Bloomberg analysis, markets have hit some relative calm, and oil is set for a second weekly loss as the war remained contained and clouds appeared on the demand horizon. Global benchmark Brent held near \$87 a barrel amid dollar weakness and hints the US Federal Reserve is done with tightening. However, analysts have warned that the market is not yet in the clear. Israel has indicated that a cease-fire is not on the table, and there are still risks the conflict could spread and affect oil markets with Iran and Saudi Arabia still waiting in the wings.

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