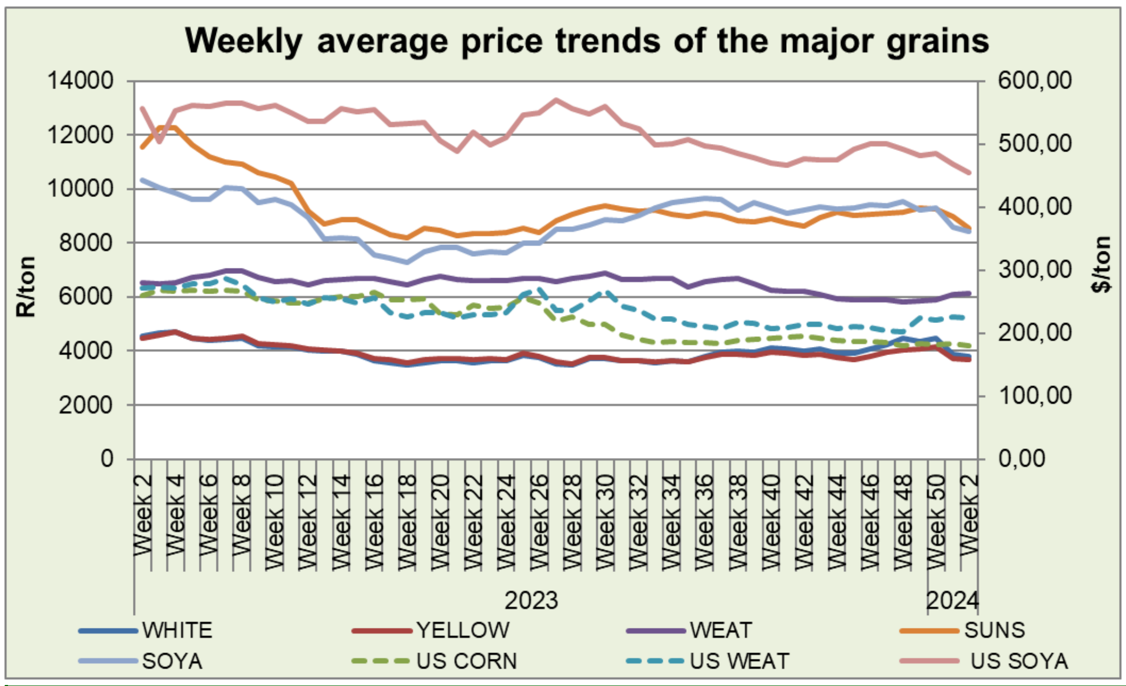
agriculture, land reform & rural development

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

Weekly Price Watch: 12 January 2024

Directorate: Statistics & Economic Analysis

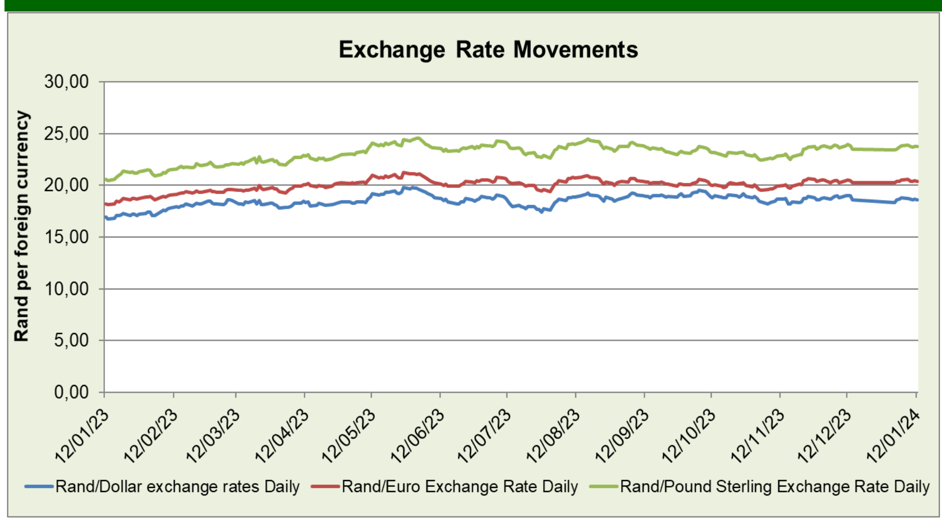
Sub-directorate: Economic Analysis



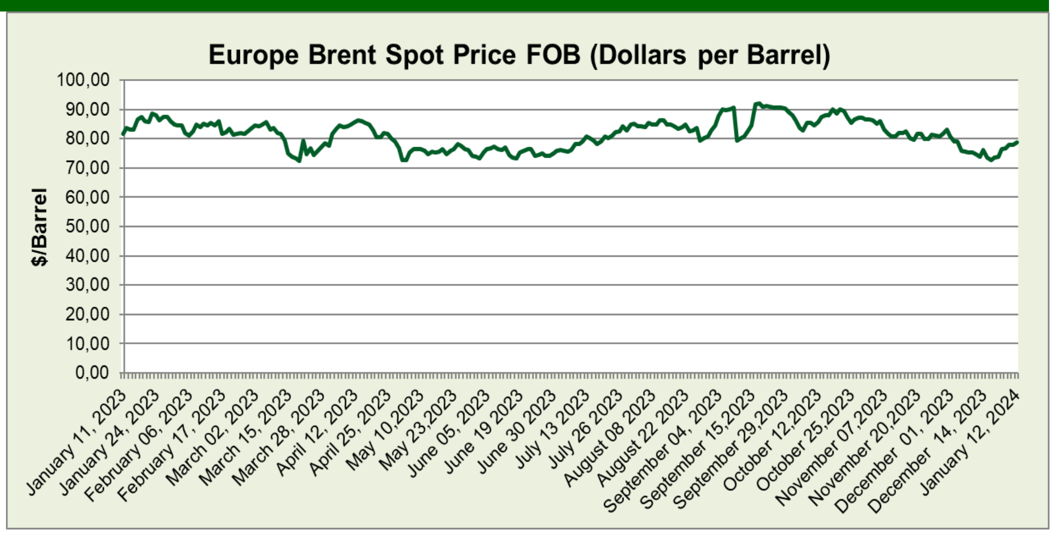
The maize price declined by 1.8% and 1.1% this week relative to the previous week, the US maize price also declined by 1.8%. Maize prices declined internationally due to an upward revision in maize outlook for China and Russia. The price of local wheat increased by 0.7% this week, while the international wheat price declined by 0.8%. The local prices increased as result of the weak rand, while internationally; the price took a knock as global supplies were raised by 3.6 million tons on higher beginning stocks and production. The price of local and international soybeans decreased by 2.2% and 2.9% respectively due to the improved rainfalls experienced in Argentina one of the World's largest producers of soybeans. Soybeans production is also increased in the US according to the latest World Agricultural Supply and Demand Estimates (WASDE). Sunflower prices also decreased due to the high production outlook.

Spot price trends of major grains commodities

	1 year ago Week 02 (09-01-23 to 13-01-23)	Last week Week 01 (02-01-24 to 05-01-24)	This week Week 02 (08-01-24 to 12-01-24)	w-o-w % change
RSA White Maize per ton	R4 742,5	R 3 876,25	R3 805,6	-1,8%
RSA Yellow Maize per ton	R4 582,5	R 3 730,50	R3 687,6	-1,1%
USA Yellow Maize per ton	$261,3	$ 183,69	$180,45	-1,8%
RSA Wheat per ton	R6 654,5	R 6 090,00	R6 134,2	0,7%
USA Wheat per ton	$281,0	$ 224,89	$223,14	-0,8%
RSA Soybeans per ton	R10 574,0	R 8 598,75	R8 407,4	-2,2%
USA Soybeans per ton	$546,7	$ 468.37	$454,90	-2,9%
RSA Sunflower seed per ton	R11 017,8	R 8 971.75	R8 542,6	-4,8%
Crude oil per barrel	$ 82,17	$ 73.44	$77,52	5,6%



The rand depreciated against the US dollar, the Euro and the pound this week relative to the previous week. Depreciating by 0,3%;0,3%;0,7% respectively. The rand was weaker since the beginning of the week as the market awaited U.S. inflation data released on Thursday. This was expected to provide some clarity on the Federal Reserve's monetary policy outlook.



The Brent crude oil price increased by 5.6% this week relative to the previous week. The price of oil increased as result of fears in the Red sea disruption to trade .Oil price rose as a result of the ongoing battle between the Houthis and the US in the Red Sea.

National South African Price information (RMAA) : Beef

Week 52 (25/12/2023 to 31/12/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 01 (01/01/2024 to 07/01/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 523	56,65	62,55	Class A2	7440	56,28	59,09
Class A3	599	56,69	63,65	Class A3	493	56,50	57,21
Class C2	387	48,02	49,95	Class C2	535	47,88	49,70

The units of class A2 and A3 beef traded this week, decreased by 12.7% and 17.7% respectively, while quantities of class C2 increased by 38.2%. The producer prices decreased by 0.7%, 0.3% and 0.3% for class A2,A3 and C2, while the market prices decreased by 5.5%,10.1% and 0.5% respectively.

National South African Price information (RMAA) : Lamb

Week 52 (25/12/2023 to 31/12/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 01 (01/01/2024 to 07/01/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	9 557	85,68	87,88	Class A2	13060	84,74	87,75
Class A3	864	85,98	88,18	Class A3	1109	84,46	86,69
Class C2	589	61,03	65,40	Class C2	750	60,46	64,92

The units of lamb traded this week increased by 36.7%, 28.4% and 27.3% respectively for class A2, A3 and C2. The producer prices decreased for all classes; the price of class A2, A3 and C2 decreased by 1.1%,1.8% and 0.9% respectively. The market prices also declined this week with the price of class A2,A3 and C2 decreasing by 0.1%;1.7% and 0.7% respectively.

National South African Price information (RMAA) : Pork

Week 52 (25/12/2023 to 31/12/2023)	Units	Avg Purchase Price	Week 01 (01/01/2024 to 07/01/2024)	Units	Avg Purchase Price
Class BP	7 279	33,86	Class BP	10064	33,62
Class HO	2 376	34,45	Class HO	6414	32,83
Class HP	4 592	33,43	Class HP	8164	33,04

The quantities of pork sold this week increased significantly relative to the previous week. Quantities of Class BP,HO and HP pork increased by 38%;170% and 77.8% respectively The producer prices decreased by 0.7%;4.7% and 1.2% respectively.

Latest News Developments

The Agricultural Business Chamber (Agbiz)/Industrial Development Corporation Agribusiness Confidence Index (ACI) declined by 10 points to 40 in the fourth quarter of the year. The reading for the fourth quarter this year is below the neutral 50-point mark, implying that South African agribusinesses are not upbeat about business conditions in the country. Wandile Sihlobo of Agbiz explains that “this emanates from the numerous challenges facing the sector such as intensified delays and inefficiencies at the ports, deteriorating rail and road infrastructure, worsening municipal service delivery, increased geopolitical uncertainty and persistent episodes of load-shedding”.

Electricity Minister Kgosientsho Ramokgopa stated that the current plan for rolling out grid infrastructure, particularly in the coming three years, is insufficient to end loadshedding and thus should be accelerated with the support of private investment, as well as funding from the Just Energy Transition Investment Plan (JET-IP). In his inaugural briefing for 2024, the Minister highlighted that, he had been given responsibility for ensuring that transmission-related constraints were addressed. He had also been given authority to issue requests for information and proposal for the financing of new transmission lines and to agree on financing models with National Treasury and the Presidency. Under the prevailing Transmission Development Plan, only 1 675 km of line is planned for construction by 2027, leaving the lion’s share of 14 218 km proposed for construction under the plan to be deployed from 2028 to 2032. The nature of the investment profile has been heavily criticised by local industry, which warned that it will be not be able to make the manufacturing and skills investments required to participate in the later steep rise in grid expenditure.

Trade, Industry and Competition Minister Ebrahim Patel stated that US agreed preliminary deal with Africa on extending Agoa by ten years. The US has reached preliminary agreement with African nations to extend their preferential trade access by another decade pending approval by Congress, The minister stated that; they reached a broad agreement on the need to extend it for another 10 years. The South African government sought to conclude the renewal of the deal early this year, enabling more than 30 African countries to continue exporting goods to the American market duty-free. Their special access under the so-called African Growth & Opportunities Act (Agoa) is scheduled to expire in September 2025. Minister also highlighted that they pointed to the need to increase the level of manufactured exports to the United States as part of our reindustrialization strategy.

Kearney’s recently released ‘2023 Global Cities Report shows that; social, geopolitical and technological transformations are actively disrupting the traditional hierarchy of global cities, creating a more widely distributed geography of opportunity. The Global Cities Index (GCI) seeks to quantify the extent to which a city can attract, retain and generate global flows of capital, people and ideas. Cities are measured against five key dimensions: human capital, information exchange, cultural experience, political engagement and business activity.

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.