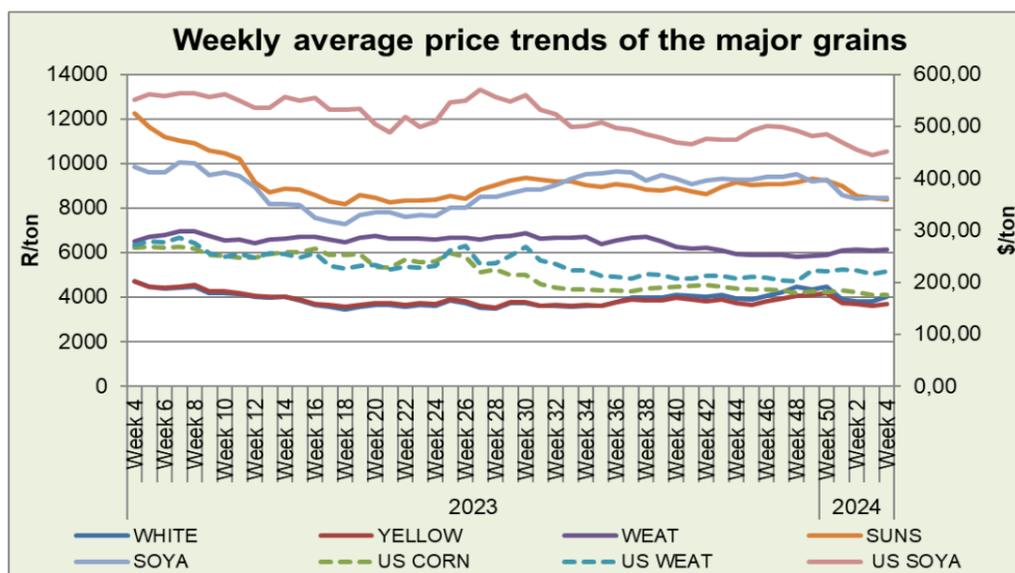




Weekly Price Watch: 26 January 2024

Directorate: Statistics & Economic Analysis

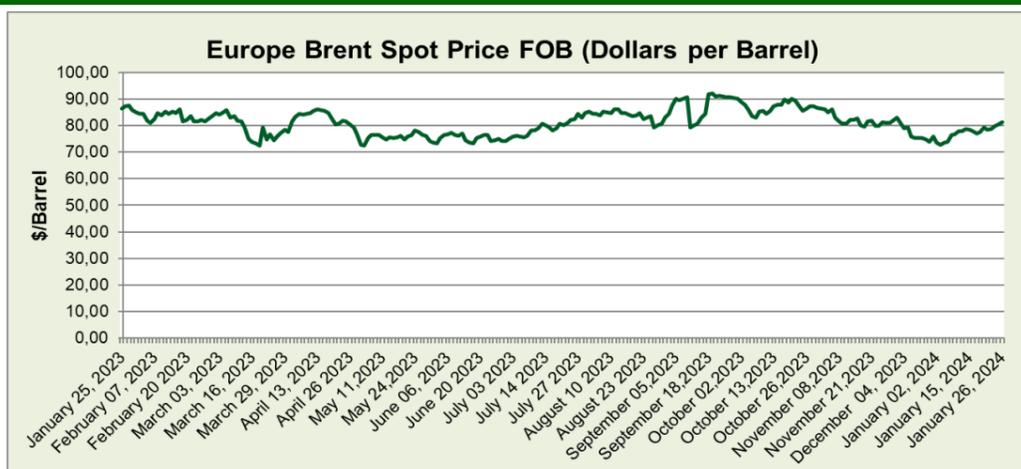
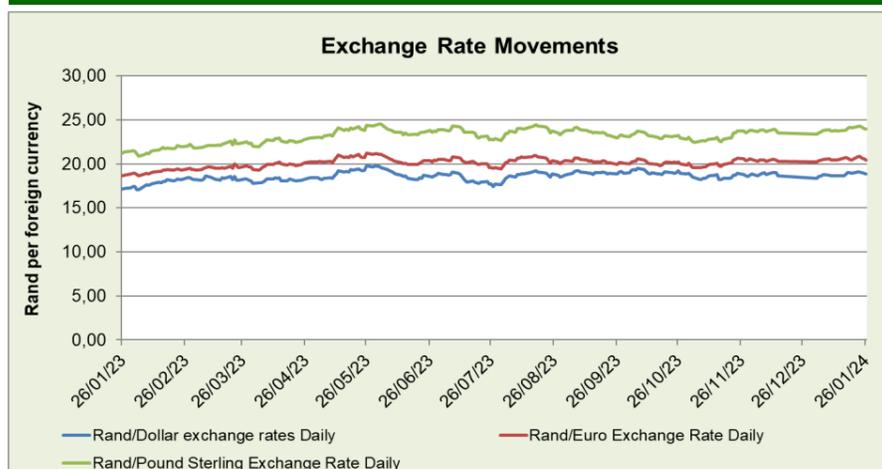
Sub-directorate: Economic Analysis



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 seen the prices of white maize, yellow maize, wheat and soybeans increased by 5,46%, 2,60%, 1,07% and 0,04% respectively, while price of sunflower seed decreased by 0,74%, when compared the previous week. Internationally, the grain price of US corn, US wheat and US soybean increased by 0,79%, 2,28% and 1,36% respectively week on week. Speculators have built their most bearish-ever January view across U.S. grains and oilseeds, and the collective net short is among the largest on record, driven by further selling in soybeans and meal last week. Corn futures also dipped and were near three-year lows amid plentiful supply, while wheat fell under pressure from cheap grain flowing out of the Black Sea region.

-Spot price trends of major grains commodities

	1 year ago Week 04 (23-01-23 to 27-01-23)	This week Week 03 (15-01-24 to 19-01-24)	This week Week 04 (22-01-24 to 26-01-24)	w-o-w % change
RSA White Maize per ton	R4 716,40	R3 818,80	R4 027,20	5,46%
RSA Yellow Maize per ton	R4 695,60	R3 614,00	R3 707,80	2,60%
USA Yellow Maize per ton	\$265,85	\$175,08	\$176,46	0,79%
RSA Wheat per ton	R6 517,40	R6 089,80	R6 155,20	1,07%
USA Wheat per ton	\$271,12	\$216,19	\$221,11	2,28%
RSA Soybeans per ton	R9 864,60	R8 457,20	R8 460,60	0,04%
USA Soybeans per ton	\$551,95	\$445,14	\$451,21	1,36%
RSA Sunflower seed per ton	R12 266,40	R8 460,00	R8 397,80	-0,74%
Crude oil per barrel	\$87,61	\$78,11	\$79,80	2,16%



The rand depreciated by 0,5%, 0,3% and 0,8% against the US dollar, the Euro and the Pound respectively when compared to the previous week. The South African rand depreciated as anticipated, the South African Reserve Bank kept its key rate unchanged at 8.25% for the fourth consecutive meeting and maintained a hawkish tone.

Brent crude oil price averaged \$79,80/barrel in the reporting week which is 2,16% higher than \$78,11/barrel week on week. Oil prices settled higher to end last week at nearly two-month highs as healthy U.S. economic growth and signs of Chinese stimulus supported the crude demand outlook, prompting bullish bets on crude.



National South African Price information (RMAA) : Beef

Week 02 (08/01/2024 to 14/01/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 03 (15/01/2024 to 21/01/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8967	55,08	56,39	Class A2	6274	54,67	56,12
Class A3	541	54,75	54,96	Class A3	507	54,41	54,82
Class C2	492	48,04	49,34	Class C2	419	47,65	48,36

The units sold for class A2, A3 and C2 beef decreased by 30,0%, 6,3% and 14,8% respectively, when compared to the previous week. The average purchase prices for class A2, A3 and C2 beef decreased by 0,7%, 0,6% and 0,8% respectively, week on week. The average selling price for class A2, A3 and C2 beef decreased by 0,48%, 0,3% and 2,0% respectively, when compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 02 (08/01/2024 to 14/01/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 03 (15/01/2024 to 21/01/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	14096	84,3	85,53	Class A2	11714	84,43	84,50
Class A3	1373	83,91	79,5	Class A3	1324	82,68	83,22
Class C2	1186	60,05	65,52	Class C2	1040	58,96	64,60

The units of lamb traded this week for class A2, A3 and C2 decreased by 16,9%, 3,6% and 12,3% respectively, week on week. The average purchase prices class A2 lamb increased by 0,15%, whilst prices for class A3 and C2 lamb decreased by 1,5% and 1,8% respectively, when compared to the previous week. The average selling prices for class A2 and C2 lamb decreased this week by 1,2% and 1,4% respectively, while price for class A3 lamb increased by 4,7% relative to the previous week.

National South African Price information (RMAA) : Pork

Week 02 (08/01/2024 to 14/01/2024)	Units	Avg Purchase Price	Week 03 (15/01/2024 to 21/01/2024)	Units	Avg Purchase Price
Class BP	10073	32,96	Class BP	11337	31,68
Class HO	6308	32,51	Class HO	6775	32,08
Class HP	7828	32,52	Class HP	8935	32,08

The quantities of pork traded for class BP, HO and HP increased by 12,5%, 7,4% and 14,1% respectively, when compared to the previous week. The average purchase prices for class BP, HO and HP pork decreased by 3,9%, 1,3% and 1,4% respectively, week on week.

Latest News Developments

South African Reserve Bank (SARB) President Lesetja Kganyago has announced that the bank's Monetary Policy Committee (MPC) has unanimously decided to keep the repo rate at 8.25 percent. He stated that at the current level of the repo rate, policy is restrictive, which is consistent with the inflation outlook and the need to respond to rising inflation expectations. Major risks from global and domestic sources of accelerating inflationary trends are evident and the economic outlook is very uncertain. The updated QPM [Quarterly Forecast Model] inflation and repo rate projections remain broad policy guidance, changing from meeting to meeting as new data becomes available. The Committee's future decisions are informed and sensitive to the risk balance of the prospect. Kganyago said it was necessary to contain inflation to a midpoint of about 3-6 percent. Current inflation is 5.1 percent. Returning inflation to the middle of the target range will improve the economic outlook and lower borrowing costs. From 2020, the Commission recommended further measures to strengthen economic conditions, including reaching an acceptable level of public debt, increasing energy supply, controlling price inflation and raising real wages in line with productivity growth. Such measures would also strengthen the effectiveness of monetary policy and its transmission to the wider economy.

The most devastating outbreak of avian influenza in recent years has finally seen a decline in infections and the price of poultry is already dropping. However, South African farmers are still awaiting the approval of the avian influenza vaccine. The H7N6 strain of bird flu that spread through Mpumalanga, Gauteng and the Free State last year sent poultry and egg prices soaring, and fears of a shortage loomed. The new strain, alongside the more common H5N1 strain, led to the culling of more than eight million chickens in South Africa, resulting in billions of rands in lost revenue. However, due to there not being a shortage of chicken from September through to December with supply meeting demand, prices are now going down, according to the South African Poultry Association's broiler organisation general manager, Izaak Breitenbach. He said that in the build-up to December, prices increased by 5,4%, which he said was "quite low" and a normal phenomenon during the period from September to December. Speaking about the vaccine, Breitenbach said they were hopeful that the vaccine would be approved by the Department of Agriculture, Land Reform and Rural Development (DALRRD) by the end of February. Abongile Balarane, SAPA's general manager of its egg organisation, said the eventual approval of the H7 vaccine was anticipated to bring relief to the poultry industry, and farmers were hopeful that the availability of the vaccine would help mitigate the impact of avian influenza during the next winter season. Meanwhile, the DA said they intended writing to President Cyril Ramaphosa to ask for his direct intervention on the continued failure by DALRRD to roll out vaccines for avian flu. Noko Masipa, DA shadow minister of agriculture, land reform and rural development, said while the DA acknowledged concerns by the DALRRD about the potential asymptomatic spread of the virus through vaccinated birds, it was their view that this could be effectively addressed through a balanced approach that utilised responsible vaccination alongside appropriate biosecurity measures and targeted surveillance.

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: DALRRD will not be liable for results of actions based on this price watch.