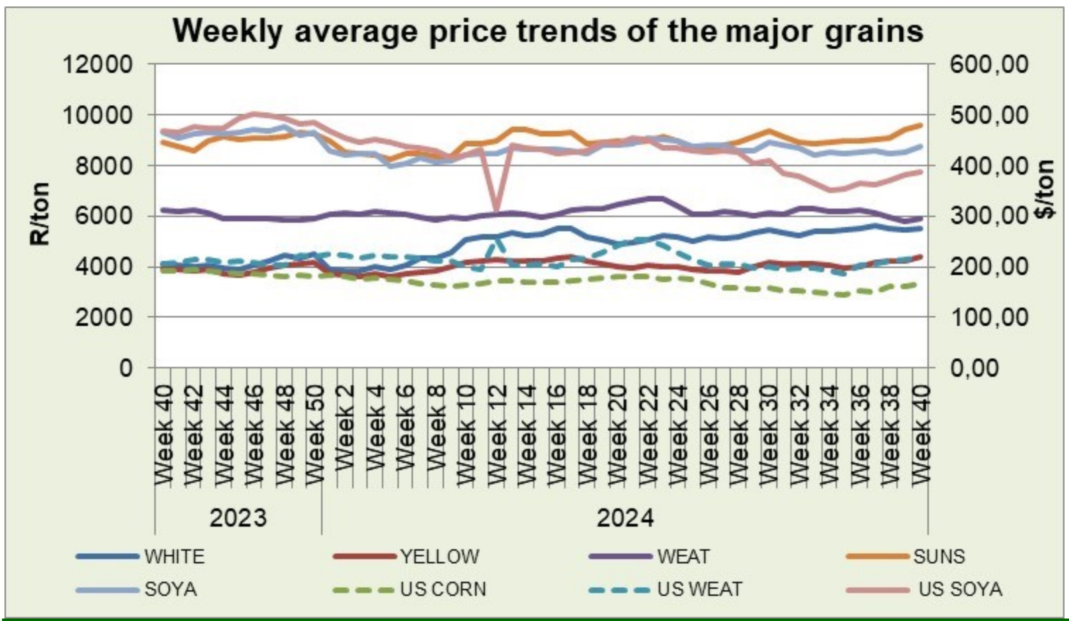
agriculture, land reform
& rural development

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

Weekly Price Watch: 04 October 2024

Directorate: Statistics & Economic Analysis

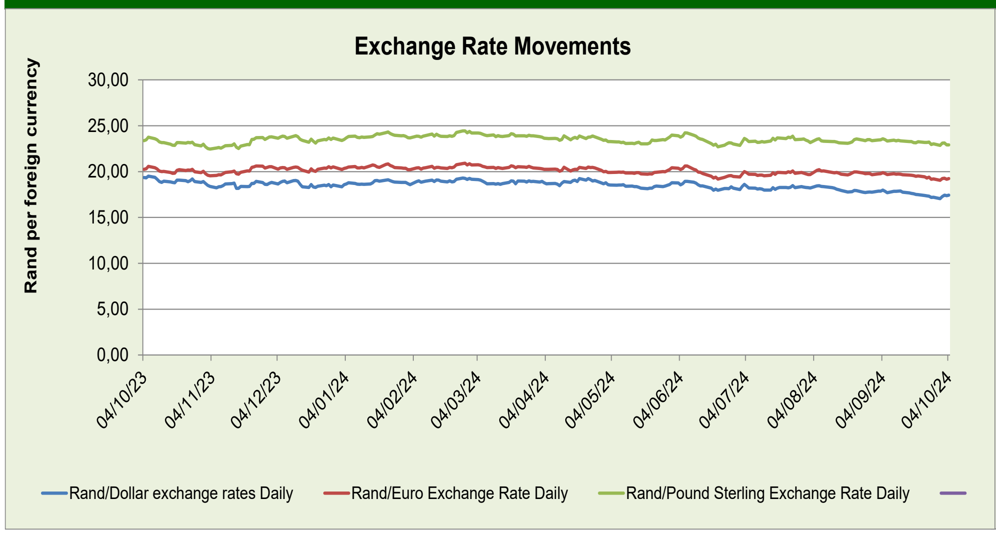
Sub-directorate: Economic Analysis

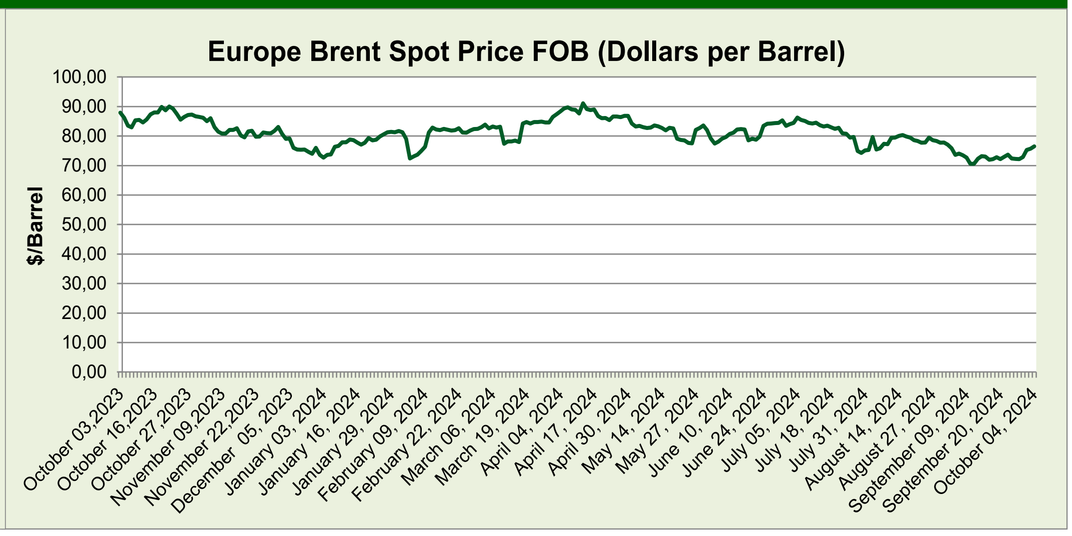


Domestic grain prices strengthened during the reporting week compared to the previous week, driven by global price rises attributed to a weaker dollar. The price of local white maize rose by 1.1%, while local yellow maize saw a more significant increase of 3.7% week-on-week. Strong local demand is expected to continue bolstering prices, and higher prices on the Chicago Board of Trade (CBOT) are likely to exert additional upward pressure. During the same period, local prices for wheat, soybean, and sunflower seeds increased by 1.8%, 2.6%, and 2.1%, respectively, compared to the previous week. On the international front, the price of US yellow maize increased by 3.9% week-on-week, partly due to crop damage caused by Hurricane Helene. Additionally, US wheat price rose by 2.8% week-on-week, as producers express concerns over the ongoing dry conditions in the Southern Plains, where winter wheat is currently being planted. During the same period, US soybean price saw a week-on-week increase of 1.9%, influenced by drought conditions in Brazil, which provided price support.

Spot price trends of major grains commodities

	1 year ago Week 40 (02-10-23 to 06-10-23)	Last week Week 39 (23-09-24 to 27-09-24)	This week Week 40 (30-09-24 to 04-10-24)	w-o-w % change
RSA White Maize per ton	R 4 106.00	R 5 433.25	R 5 493.00	1.1%
RSA Yellow Maize per ton	R 3 958.20	R 4 211.25	R 4 368.00	3.7%
USA Yellow Maize per ton	$ 191.80	$ 161.57	$ 167,88	3.9%
RSA Wheat per ton	R 6 242.40	R 5 786.00	R 5 891.60	1.8%
USA Wheat per ton	$ 206.69	$ 213.10	$ 219.11	2.8%
RSA Soybeans per ton	R 9 300.00	R 8 510.25	R 8 731.00	2.6%
USA Soybeans per ton	$ 468.72	$ 381.07	$ 388,14	1.9%
RSA Sunflower seed per ton	R 8 904.00	R 9 395.75	R 9 597.40	2.1%
Crude oil per barrel	$ 85.15	$ 72.84	$ 74.52	2.3%





The rand depreciated by 0.3% against the US dollar week-on-week, as tensions escalated in the Middle East after Iran launched a ballistic missile attack on Israel. The rand appreciated by 0.4% against the Pound Sterling week-on-week, amid concerns regarding potential reductions in spending and tax hikes in the upcoming Finance Minister inaugural budget. The rand appreciated by 0.5% against the Euro week-on-week, after the Bank of England Chief Economist called for a more cautious approach to lowering rates.

Brent crude oil averaged $74.52 in the reporting week, marking a 2.3% increase from $72.84 recorded the previous week. This uptick is largely linked to the escalating risk of a broader conflict in the Middle East. However, the gains were somewhat tempered by US President Joe Biden's advisement to Israel against striking Iranian oil installations. There are growing apprehensions that an expanding regional conflict could potentially disrupt the global supply of crude oil.

National South African Price information (RMAA) : Beef

Week 38 (16/09/2024 to 22/09/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 39 (23/09/2024 to 29/09/2024)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	12 047	51,80	53,26	Class A2	11 652	52,35	54,11
Class A3	773	51,98	52,85	Class A3	681	52,46	53,78
Class C2	635	41,83	43,41	Class C2	524	42,90	44,71

Units sales of class A2, class A3 and class C2 beef experienced declines of 3.3%. 11.9% and 17.5%, respectively, in the reporting week compared to the previous week. In terms of pricing, the weekly average purchase prices for class A2, class A3 and class C2 beef saw increases of 1.1%, 0.9% and 2.6%, respectively, in the same period. Additionally, the weekly average selling prices for class A2, class A3 and class C2 beef increased by 1.6%, 1.8% and 3.0%, respectively, compared to the prior week. The combination of decreasing inflation, lower interest rates, reduced fuel prices, and a stable electricity supply has positively influenced the prospects for a rebound in meat demand, as consumers' financial conditions are expected to improve in anticipation of the December holiday season.

National South African Price information (RMAA) : Lamb

Week 38 (16/09/2024 to 22/09/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 39 (23/09/2024 to 29/09/2024)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	16 387	91,55	92,13	Class A2	10 746	90,88	92,95
Class A3	1 970	87,93	89,45	Class A3	1 101	88,75	90,66
Class C2	1 093	62,99	67,07	Class C2	396	63,76	67,36

Units sales of class A2, A3 and class C2 lamb experienced declines of 34.4%, 44,1% and 63,8% respectively in the reporting week compared to the previous week. During the same period, the weekly average purchase prices for class A3 and class C2 lamb increased by 0.9% and 1.2% respectively, while the weekly average purchase price for class A2 lamb saw a decrease of 0.7% week-on-week. Additionally, the weekly average selling price for class A2, class A3 and class C2 lamb increased by 0.9%, 1.4% and 0.4% respectively in the reporting week compared to the previous week. The beginning of a declining interest rate cycle may result in more pronounced price increases in the final quarter of the year as the festive season approaches.

National South African Price information (RMAA) : Pork

Week 38 (16/09/2024 to 22/09/2024)	Units	Avg Purchase Price	Week 39 (23/09/2024 to 29/09/2024)	Units	Avg Purchase Price
Pork					
Class BP	12 463	32,35	Class BP	10 977	32,52
Class HO	4 340	31,26	Class HO	4 086	31,45
Class HP	6 920	31,80	Class HP	6 431	31,93

Units sales of class BP, HO and class HP pork experienced declines of 11.9%, 5.9% and 7.1% respectively in the reporting week compared to the previous week. Conversely, the weekly average purchase prices for class BP, HO and class HP pork increased by 0.5%, 0.6% and 0.4% respectively in the same period. Recent weeks have witnessed significant rises in pork prices. This trend is largely influenced by seasonal market factors where prices to start increasing towards the end of the year.

Latest News Developments

According to the South African Revenue Services, trade surplus experienced a significant reduction, decreasing to R5.6 billion in August from R17.1 billion in July. This represents the lowest surplus recorded since April 2023, primarily due to a decline in exports while imports saw a slight increase during the month. Exports fell by 5% month-on-month after a growth of 1.8% in July, likely reflecting subdued global demand and decreased prices for several of South Africa's key commodities. The decline in exports was predominantly driven by 'precious metals and stones', 'vehicles & transport equipment', and 'machinery and electronics', which saw decreases of 19%, 18%, and 9%, respectively. This downturn was somewhat mitigated by increases in 'mineral products' and 'vegetable products', which rose by 10% and 6%, respectively. Imports grew by 1.8%, a much slower rate compared to the 6.4% increase in July. The rise in imports was primarily attributed to 'vegetable products', 'chemical products', and 'machinery and electronics', which increased by 37%, 7%, and 5%, respectively.

Nedbank anticipates that the trade surplus will continue to diminish in the upcoming months as imports are expected to grow at a faster rate than exports. Exports are likely to remain constrained by relatively weak global demand, with ongoing challenges in rail and port efficiencies further limiting potential growth. Nevertheless, a consistent power supply is expected to bolster production and, consequently, export volumes. Nedbank also predicts that imports will be supported by increased consumption, as the ongoing decline in inflation enhances real incomes and interest rate reductions alleviate pressure on household finances.

South Africa's wine industry is on the verge of a resurgence, propelled by increasing domestic consumption and the rising appeal of white wines such as Cap Classique and Chenin Blanc in China. In 2023, exports of Cap Classique to China experienced a 4% increase, even as overall wine exports faced a downturn. While South Africa's total wine exports to China decreased in 2023, this market continues to represent a crucial area for growth within the local wine industry, with its market share consistently rising since 2019. This year, the Chinese market is expected to grow further, driven by post-pandemic recovery and heightened interest in white wines, thus presenting a substantial opportunity for South African producers. Furthermore, nations like Belgium, Zambia, and Thailand are also ramping up their imports of the South African wine.

Andrew Matheny, an economist at Goldman Sachs, indicated that South Africa could potentially receive a rating upgrade within six months, contingent upon the implementation of appropriate measures. To maintain the influx of investments that have surged since the establishment of a coalition government, South Africa must accelerate reforms aimed at enhancing economic growth, as advised by leading global investment banks. Following the establishment of the Government of National Unity, South African markets have experienced significant gains. The rand has appreciated by 5% against the dollar, local-currency bonds have outperformed all counterparts in an emerging-market index with returns of 24% in dollar terms, and the Johannesburg Stock Exchange has reached consecutive record highs, yielding a 15.7% return in dollar terms. Deputy President Paul Mashatile, along with a group of ministers, is scheduled to visit London in the week to attract new capital from institutions such as JPMorgan Chase & Co. and Goldman Sachs. According to JP Morgan strategist David Aserkoff, investors will maintain a positive outlook on South Africa, the continent's most industrialized economy, provided it can enhance the generation capacity of its state-owned power utility and address the issues facing its port and rail operator. Aserkoff emphasized the urgent need for South Africa to rehabilitate Eskom and restore Transnet to operational efficiency. He stated that the country requires two consecutive years of 2% growth in gross domestic product to realize its potential for outperformance. Aserkoff anticipates that 2025 will mark the beginning of these two critical years.

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.