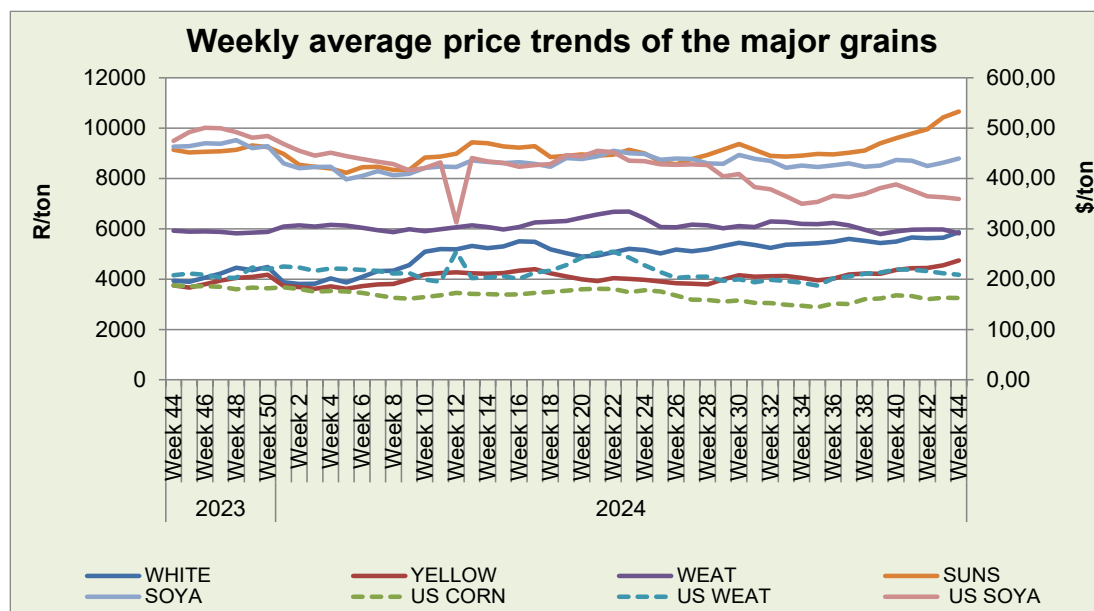




Weekly Price Watch: 01 November 2024

Directorate: Statistics & Economic Analysis

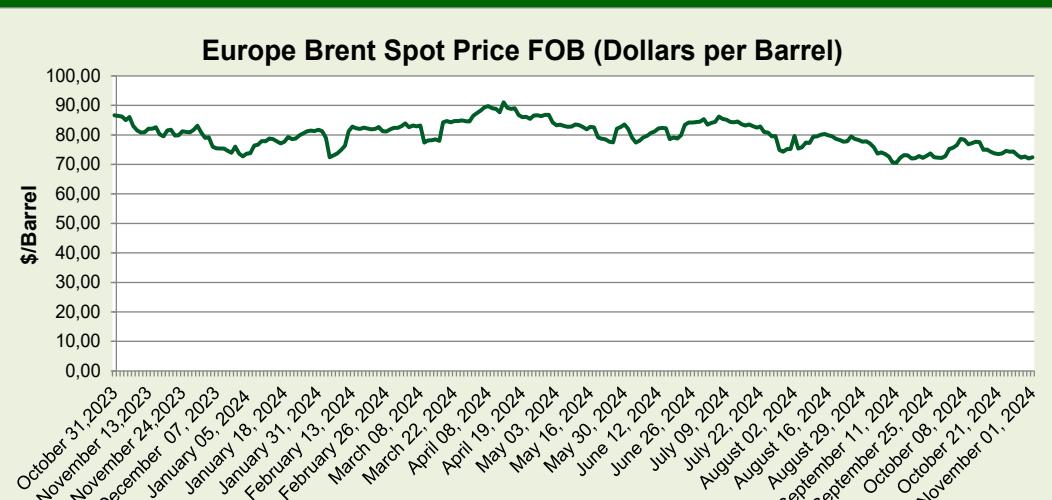
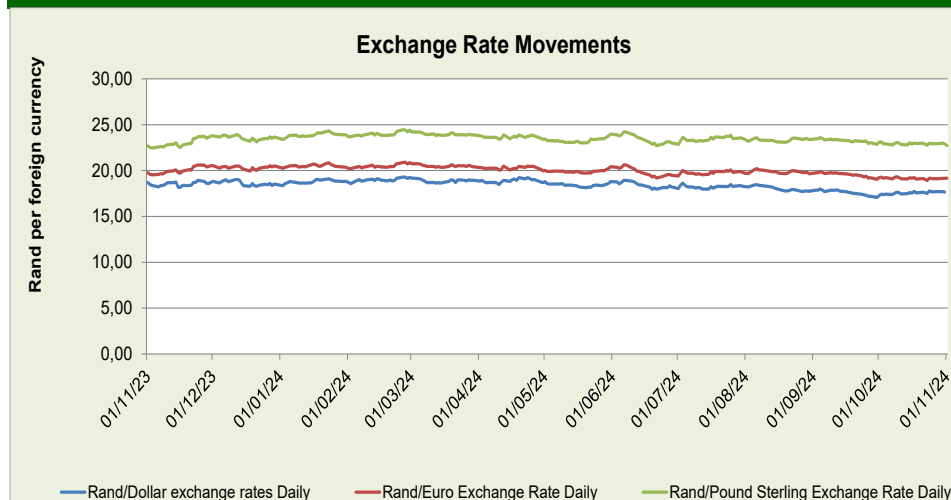
Sub-directorate: Economic Analysis



Domestic grain prices exhibited an upward trend in the reporting week compared to the previous week, with the exception of wheat prices, which experienced a decline of 2.6% week-on-week as the local production season nears its conclusion. The prices of local white and yellow maize rose by 3.8% and 4.3%, respectively, during the reporting week, influenced by further reductions in production forecasts for the 2023/24 season. Additionally, the local soybean price increased by 1.8% compared to the previous week, while the local sunflower seed price saw a week-on-week rise of 2.2%, attributed to global supply concerns. On the international front, the price of US yellow maize fell by 0.5% week-on-week, driven by an improved supply outlook for South America. Moreover, US wheat prices decreased by 1.3% week-on-week, owing to favorable weather conditions in both Russia and the US. During the same period, US soybean price also declined by 1.1% week-on-week, influenced by ample supplies and enhanced weather conditions in South America.

Spot price trends of major grains commodities

	1 year ago Week 44 (30-10-23 to 03-11-23)	Last week Week 43 (21-10-24 to 25-10-24)	This week Week 44 (28-10-24 to 01-11-24)	w-o-w % change
RSA White Maize per ton	R 3 932.40	R 5 648.20	R 5 864.00	3.8%
RSA Yellow Maize per ton	R 3 746.80	R 4 548.40	R 4 742.20	4.3%
USA Yellow Maize per ton	\$ 187.58	\$ 163.05	\$ 162,81	-0.5%
RSA Wheat per ton	R 5 920.00	R 5 973.80	R 5 818.60	-2.6%
USA Wheat per ton	\$ 207.57	\$ 211.67	\$ 208.82	-1.3%
RSA Soybeans per ton	R 9 261.00	R 8 630.00	R 8 787.00	1.8%
USA Soybeans per ton	\$ 474.87	\$ 362.75	\$ 359,03	-1.0%
RSA Sunflower seed per ton	R 9 134.00	R 10 430.20	R 10 657.40	2.2%
Crude oil per barrel	\$ 86.09	\$ 74.10	\$ 72.51	-2.1%



The rand depreciated by 0.2% against the US dollar week-on-week, as investors await the Federal Reserve's next policy decision. The rand appreciated by 0.02% against the Pound Sterling week-on-week, as market concerns following the Autumn Budget began to impact the currency. The rand depreciated by 0.3% against the Euro week-on-week, after the Eurozone's consumer price index exceeded expectations.

Brent crude oil averaged \$72.51 in the reporting week, reflecting a 2.1% decline from the previous week's average of \$74.10. This decrease comes amid renewed optimism for a ceasefire, following Israel's limited military response to Iran over the weekend. This military action by Israel did not impact any energy infrastructure, concentrating instead on military targets. The nature of these attacks has fostered heightened expectations for a possible ceasefire.



National South African Price information (RMAA) : Beef

Week 42 (14/10/2024 to 20/10/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 43 (21/10/2024 to 27/10/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	10 199	52,57	54,84	Class A2	11 691	52,75	55,76
Class A3	617	52,43	53,35	Class A3	810	52,70	54,41
Class C2	619	44,41	47,35	Class C2	610	45,43	47,77

Units sales of class A2 and class A3 beef increased by 14.6% and 31.1% respectively in the reporting week compared to the previous week at the start of an up-tick in demand. Conversely, unit sales for class C2 beef decreased by 1.5% week-on-week. In terms of pricing, the weekly average purchase prices for class A2, class A3 and class C2 beef saw increases of 0.3%, 0.5% and 2.3%, respectively in comparison to the previous week. Furthermore, the weekly average selling prices for class A2, class A3 and class C2 beef also increased by 1.7%, 2.0% and 0.9%, respectively, compared to the prior week. Analysts anticipate that beef prices will experience a rising trend, supported by a growth in disposable income and heightened demand during the seasonal festive period.

National South African Price information (RMAA) : Lamb

Week 42 (14/10/2024 to 20/10/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 43 (21/10/2024 to 27/10/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	14 270	88,88	88,45	Class A2	16 507	88,37	88,56
Class A3	1 461	85,64	86,20	Class A3	1 680	85,63	86,26
Class C2	1 143	63,24	66,87	Class C2	905	63,04	66,84

Units sales of class A2 and A3 lamb increased by 15.7% and 15.0% respectively during the reporting week when compared to the prior week. In contrast, unit sales of class C2 lamb decreased by 20.8% week-on-week. During the same period, the weekly average purchase prices for class A2, A3 and class C2 lamb increased by 0.6%, 0.01% and 0.04% , respectively relative to the previous week. Furthermore, the weekly average selling price for class A2 and class A3 lamb each increased by 0.1%, while the weekly average selling price for class C2 lamb fell by 0.04% compared to the previous week. Analysts anticipate that prices will exhibit a gradual upward trend as we approach December, driven by the increasing demand associated with the festive season.

National South African Price information (RMAA) : Pork

Week 42 (14/10/2024 to 20/10/2024)	Units	Avg Purchase Price	Week 43 (21/10/2024 to 27/10/2024)	Units	Avg Purchase Price
Class BP	14 153	32,60	Class BP	13 933	32,58
Class HO	3 153	31,02	Class HO	3 084	30,53
Class HP	5 658	31,56	Class HP	5 927	31,00

Units sales of class BP and HO pork experienced declines of 1.6% and 2.2%, respectively during the reporting week in comparison to the prior week. Conversely, unit sales of class HP pork saw an increase of 4.8% week-on-week. Furthermore, the weekly average weekly purchase prices for class BP, HO, and HP pork fell by 0.1%, 1.6%, and 1.6%, respectively during the same period. Seasonal patterns indicate that prices typically face downward pressure during this period due to varying trends within the meat market complex. However, pork prices are anticipated to rise as the year concludes, influenced by seasonal market dynamics.

Latest News Developments

The Medium-Term Budget Policy Statement (MTBPS) under the Government of National Unity (GNU) demonstrated a careful equilibrium between maintaining fiscal discipline and addressing socio-economic challenges. The MTBPS has elicited a range of responses; nonetheless, its focus on providing debt relief for municipalities has generated optimism regarding enhanced service delivery. Key initiatives proposed by Minister Enoch Godongwana encompass the restructuring of the energy sector, the privatization of the freight rail network, and the fortification of local water regulations. Agri SA and the Agricultural Business Chamber of South Africa (Agbiz) concur that Finance Minister Enoch Godongwana's Medium Term Budget Policy Statement (MTBPS) reflects government's ongoing commitment to stabilizing debt and achieving primary budget surpluses. The organizations have expressed their approval of the Minister's focus on growth, infrastructure, and fiscal reforms, which Agbiz particularly regards as vital for the long-term economic prospects of South Africa. However, Agbiz seeks greater clarity regarding the country's economic policy trajectory when the Government of National Unity unveils its economic policy documents next year, alongside the updated Operational Vulindlela, the Presidential initiative aimed at driving structural reforms across various sectors. The agricultural sector necessitates improved infrastructure, including roads, railways, water supply, and electricity, as well as more effective and adequately funded municipalities. For Agri SA, the government's recognition of the pressing need to align expenditures with revenues signifies a pivotal moment. The organization appreciates Godongwana's emphasis on GDP growth as the key factor in rectifying fiscal imbalances. Agri SA notes that the anticipated increase in government spending from R2.4 trillion in 2024/25 to R2.8 trillion by 2027/28 is viewed as a favourable development. The budget allocation for economic development, which focuses on growth and job creation initiatives in sectors such as agriculture and tourism, is projected to be the fastest-growing budget category, with an average increase of 7.8% throughout the Medium-Term Expenditure Framework period.

South Africa's agricultural sector is enhancing biosecurity protocols to address foot-and-mouth disease (FMD) in the affected provinces, specifically North West, Free State, Gauteng, and Mpumalanga, where targeted testing and movement restrictions are being implemented. Dr. Mpho Maja, the animal health director at the Department of Agriculture, noted that various farming operations in these provinces have been impacted, necessitating customized strategies. In cases where feedlots or commercial beef herds are involved, controlled slaughter has been adopted as the most expedient solution, thereby bypassing the requirement for testing prior to slaughter. Conversely, for farms with valuable breeding stock, comprehensive testing is performed to ensure the absence of viral circulation. Dr. Maja stated that for farms retaining breeding stock, rigorous antibody testing is only initiated after a period exceeding 12 months without any visible signs of the virus. Furthermore, the Department of Agriculture's animal health technicians conduct repeat sampling at 14-day intervals to verify that the virus is not present. Dewald Oliver, CEO of Red Meat Industry Services, emphasized the significance of these measures for the livestock sector, particularly the critical role of biosecurity in curtailing the spread of FMD. Dr Maja indicated that the Department of Agriculture has refined its FMD control strategy to cater to regional requirements, noting that while containment is feasible in provinces such as Gauteng, persistent challenges remain in other regions, particularly the Eastern Cape.

South Africa's economic outlook is showing signs of improvement following years of sluggish growth, which is expected to enhance its fiscal metrics and potentially lead to an upgrade of its junk-rated debt, as reported by RMB Morgan Stanley. The sentiment surrounding SA has strengthened since the establishment of the Government of National Unity. Andrea Masia, an economist at RMB Morgan Stanley's Johannesburg office, noted that the reforms implemented by President Cyril Ramaphosa during his initial term have positively influenced the economic outlook, attracting significant investment from multinational corporations and contributing to increases in the value of the rand, bonds, and the main stock index. According to Andrea Masia, South Africa is recognized as the fastest-improving fiscal narrative within Morgan Stanley's analysis of emerging markets, particularly when assessing fiscal-risk premiums.

For more information contact: Directorate Statistics & Economic Analysis (SEA) at HeidiP@dalrrd.gov.za or 0123198194.