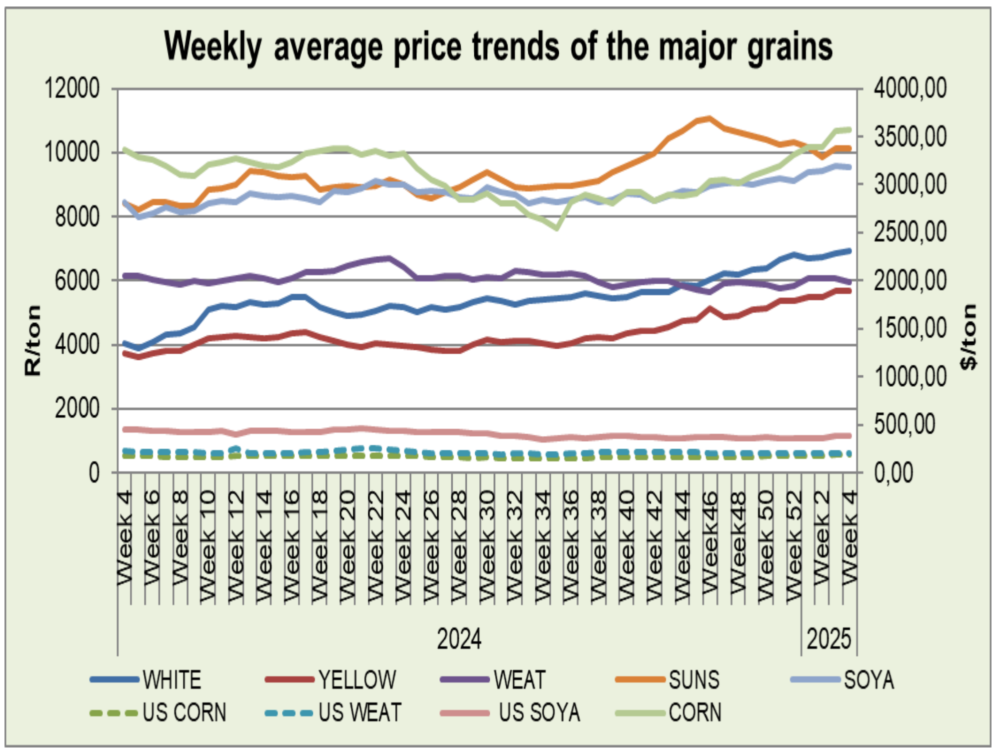
agriculture, land reform & rural development

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

Weekly Price Watch: 24 January 2025

Directorate: Statistics & Economic Analysis

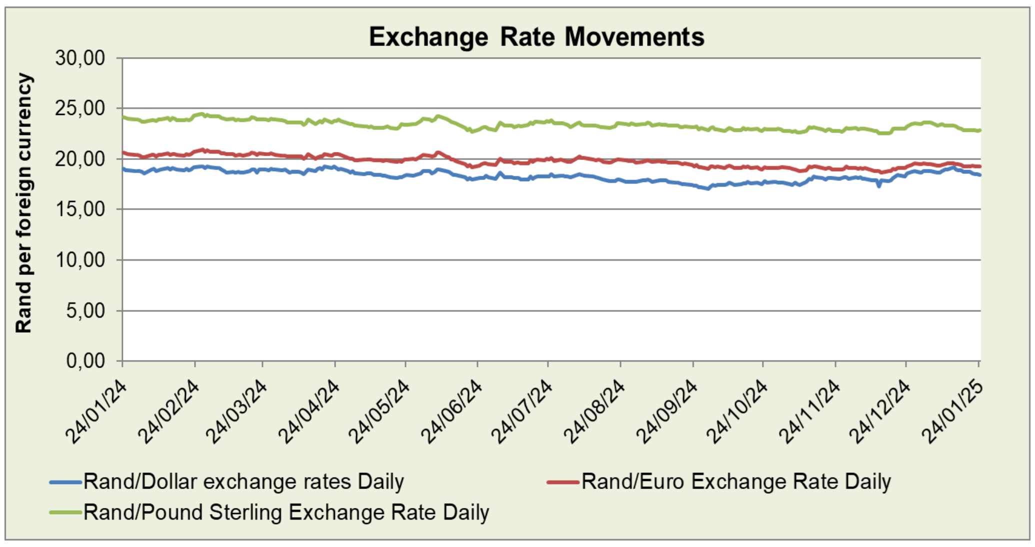
Sub-directorate: Economic Analysis



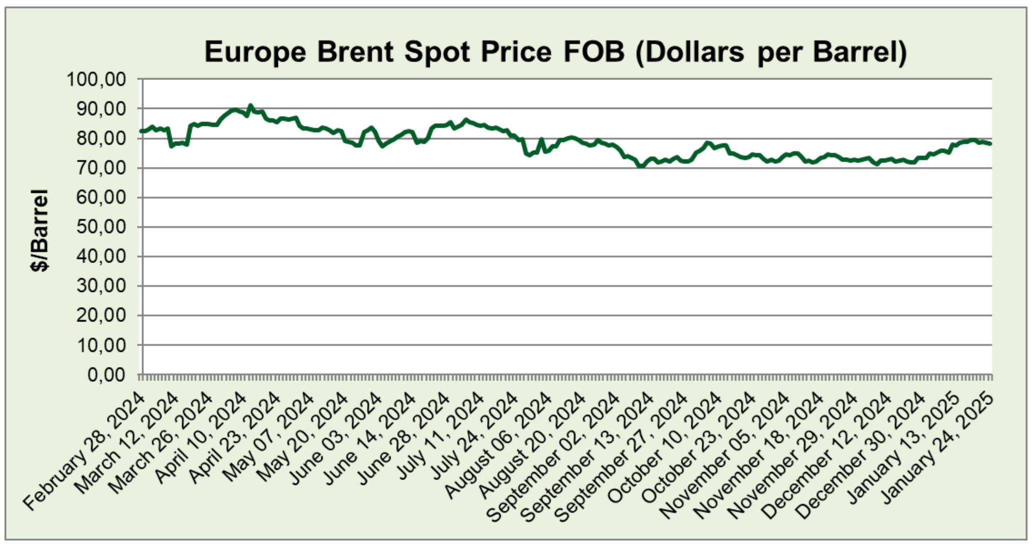
The International and local market traded marginally lower this week when compared to the previous week. The average prices of domestic white maize, yellow maize and sunflower seed increased by 1.56%, 0.19% and 0.04% respectively, whilst prices for wheat and soya bean decreased by 2.06% and 0.50% respectively week on week. According to Sihlobo, despite the current tight supplies, SA's ability to combine its white maize harvest with carry-over stocks has prevented a more severe shortage. The country's total maize supplies for the 2024/25 marketing year amounted to 15,1 million tons, inclusive of 2,4 million tons carried over from the previous season. South Africa remains one of the few white maize producers globally, alongside Mexico, which is also facing weather-related supply challenges. Internationally, the grain prices of US corn, US wheat and US soybean increased by 2.44%, 1.39% and 1.88% respectively when compared to the previous week. Prices are expected to trade slightly lower in the coming months due to improved weather prospects, both locally and for major soybean producer, such as Brazil. However, poor crop conditions in Argentina, a key exporter of soybean meal, could support prices. Additionally, potential tariff policies from U.S President-elect Trump on China pose an upward price risk.

Spot price trends of major grains commodities

	1 year ago Week 04 (22-01-24 to 26-01-24)	Last week Week 03 (13-01-25 to 17-01-25)	This week Week 04 (20-01-25 to 24-01-25)	w-o-w % change
RSA White Maize per ton	R4 027.20	R6 839.40	R6 946.20	1.56%
RSA Yellow Maize per ton	R3 707.80	R5 662.40	R5 673.20	0.19%
USA Yellow Maize per ton	$176.46	$186.94	$191.50	2.44%
RSA Wheat per ton	R6 155.20	R6 078.80	R5 953.60	-2.06%
USA Wheat per ton	$221.11	$198.87	$201.63	1.39%
RSA Soybeans per ton	R8 460.60	R9 592.20	R9 544.60	-0.50%
USA Soybeans per ton	$451.21	$379.15	$386.29	1.88%
RSA Sunflower seed per ton	R8 397.80	R10 128.60	R10 132.20	0.04%
Crude oil per barrel	$79.80	$77.66	$78.71	1.35%



The South African rand appreciated by 1.97% against the US dollar, by 0.85% against the Euro and by 1.07% against the Pound sterling respectively when compared to the previous week. The South African Rand hits its best level in a month as traders ponder Trump tariff plans. A lack of specific plans from US President Donald Trump on his first day in office saw the dollar start the week with a 1.2% slide against a basket of major peers.



Brent crude oil price averaged $78.71/barrel in the reporting week which is 1.35% higher than $77.66/barrel week on week. The Oil prices settled slightly higher last week but posted a weekly decline, ending four straight weeks of gains, after U.S. President Donald Trump announced sweeping plans to boost domestic production while demanding that OPEC move to lower crude prices.

National South African Price information (RMAA) : Beef

Week 02 (06/01/2025 to 12/01/2025)	Units	Avg Purchase Price	Avg Selling Price	Week 03 (13/01/2025 to 19/01/2025)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8106	58,10	58,13	Class A2	9194	55,72	57,99
Class A3	586	56,57	57,22	Class A3	512	55,54	55,33
Class C2	273	47,46	60,00	Class C2	436	48,34	52,73

The units sold for class A2 and C2 beef increased by 13.4% and 59.7% respectively, whilst class A3 beef decreased by 12.6% when compared to the previous week. The average purchase price for class A2 and A3 beef decreased by 4.1% and 1.8% respectively, whilst class C2 beef increased by 1.9% week on week. The average selling price for class A3, A3 and C2 beef decreased by 0.2%, 3.3% and 12.1% respectively when compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 02 (06/01/2025 to 12/01/2025)	Units	Avg Purchase Price	Avg Selling Price	Week 03 (13/01/2025 to 19/01/2025)	Units	Avg Purchase Price	Avg Selling Price
Class A2	13014	96,74	98,47	Class A2	12991	95,66	94,98
Class A3	1117	94,58	98,50	Class A3	1348	93,83	93,28
Class C2	928	66,19	74,09	Class C2	823	64,31	72,67

The units of lamb traded this week for class A2 and C2 decreased by 0.2% and 11.3% respectively, whilst class A3 lamb increased by 20.7% when compare to the previous week. The average purchase prices for class A2, A3 and C2 lamb decreased by 1.1%, 0.8% and 2.8% respectively week on week. The average selling prices for class A2, A3 and C2 lamb decreased by 3.5%, 5.3% and 1.9% respectively relative to the previous week.

National South African Price information (RMAA) : Pork

Week 02 (06/01/2025 to 12/01/2025)	Units	Avg Purchase Price	Week 03 (13/01/2025 to 19/01/2025)	Units	Avg Purchase Price
Class BP	15799	31,93	Class BP	13380	32,02
Class HO	3157	30,25	Class HO	2871	31,34
Class HP	4310	30,30	Class HP	3581	31,72

The quantities of pork traded this week for class BP, HO and HP decreased by 15.3%, 9.1% and 16.9% respectively, when compered to the previous week. The average purchase price for class BP, HO and HP pork increased by 0.3%, 3.6% and 4.7% respectively, week on week.

Latest News Developments

President Cyril Ramaphosa has signed into law the Expropriation Bill which repeals the pre-democratic Expropriation Act of 1975 and sets out how organs of State may expropriate land in the public interest for varied reasons. The Bill, which has undergone a five-year process of public consultation and parliamentary deliberation, aligns legislation on expropriation with the Constitution. The new law repeals the pre-democratic Expropriation Act of 1975 and sets out specific conditions and processes for expropriating land, including provisions for awarding nil compensation in certain circumstances. While government has lauded the bill as a step forward in land reform, the agriculture sector and other stakeholders remain cautious about its implications. Speaking to Farmer's Weekly, Annelize Crosby, head of legal intelligence at Agbiz, said that while the Expropriation Bill explicitly allowed for expropriation without compensation, it should still adhere to constitutional provisions, specifically the requirement for compensation to be just and equitable. Concerns over food security have also come to the fore. However, Crosby said it was premature to make any sort of conclusions on how the law would impact food security at this point in time.

South Africa's first white maize shipment since 2017 arrives at Port of Durban. The African Baza, a bulk carrier sailing under the Bahamas flag, last week offloaded 23 700t of white maize produced in the US at the Port of Durban. This was South Africa's first shipment of imported white maize since 2017 marking a notable development in the country's grain market. The import comes as a result of the severe drought experienced about a year ago, which significantly impacted summer grain yields and leaving local supplies under pressure. Speaking to Farmer's Weekly, Heleen Viljoen, agricultural economist at Grain SA, said South Africa's white maize production decreased by over 29% to six million tons, while yellow maize production dropped by more than 15% to 6,7 million tons. The total maize harvest fell by 23%, amounting to 12,7 million tons, which, despite being slightly above the annual consumption of 11,7 million tons, left tight supplies in the market.

Wandile Sihlobo, chief economist at Agbiz, told Farmer's Weekly that the tighter stocks of white maize were a key concern for the agriculture sector. SA's white maize stocks are projected to close at just 277 884t by 30 April, a sharp decline from the 1,3 million tons recorded in the previous marketing year. The white maize spot price traded at approximately R6 724/t on 9 January, reflecting a 55% increase from the previous year. He also mentioned that higher white maize prices may persist into the first quarter of 2025, with potential relief only in the second quarter, depending on the early deliveries for the 2025/26 marketing year starting in May. Sihlobo added that the impact of the drought extended beyond South Africa, with neighbouring countries such as Zambia, Zimbabwe, and Malawi experiencing significant maize losses. In Zambia, maize production dropped by half, while Zimbabwe lost nearly two-thirds of its crop.

The mass deportations threatened by US president-elect Donald Trump could deal a serious blow to that country's agriculture sector, which is already struggling with severe labour shortages. Matt Carstens, the CEO of the largest farming co-operative in Iowa, said Trump's plan should be approached carefully. He explained that the sector would be one of the largest sectors in the US that would suffer serious consequences should the incoming administration "move forward with kicking potentially millions of undocumented immigrants out of the country. According to the report, the proportion of labourers not lawfully authorised to work in the US rose from about 14% between 1989 and1991 to almost 40% in recent years. At the same time, despite a slight decline in the number of people leaving rural countries in the US since the beginning of COVID-19 pandemic, an overall decline in population numbers had been evident during the previous 10 years.

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Source: SAFEX, Standard bank, Stats SA, Reuters, Red Meat Abattoir Association, FNB and Absa Bank.