



agriculture, land reform & rural development

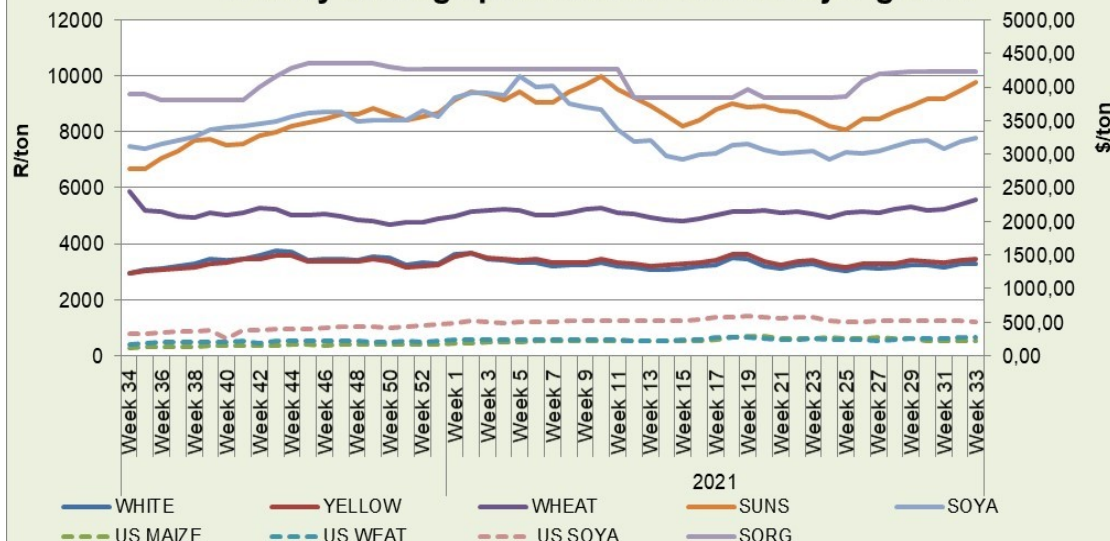
Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 21 August 2021

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

Weekly average price trends of the major grains



Domestic grain prices traded positive this week, with an exception of white maize which decreased by 0.2%, While Local prices of yellow maize, Wheat, Sunflower and Soybean rose by 0.5%, 3.4%, 2.8 and 1.8% respectively this week compared to the previous week. The local prices for sweet sorghum remained unchanged this week compared to the previous week.

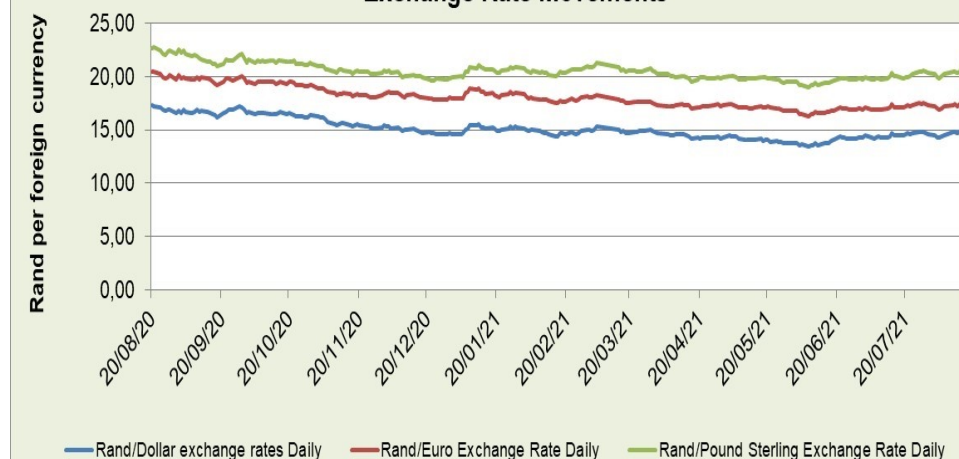
On the international front, also prices traded positive this week, with an exception of US Soybean which decreased by 3%. US maize and US Wheat increased by 1.0%, 2.1% respectively.

In the week of 20 August, SAGIS release the Weekly Grain Trade data which was the fifteenth week of South Africa's 2021/22 maize marketing year according to Agbiz, total maize exports amounted to 1,2 tonnes, which equates to 48% of the seasonal forecast of 2,7 million tonnes (down by 7% y/y). "The decline in South Africa's maize export forecast is because of an anticipated decline in Southern Africa's demand on the back of an improvement in the region's supplies" says Agbiz.

Spot price trends of major grains commodities

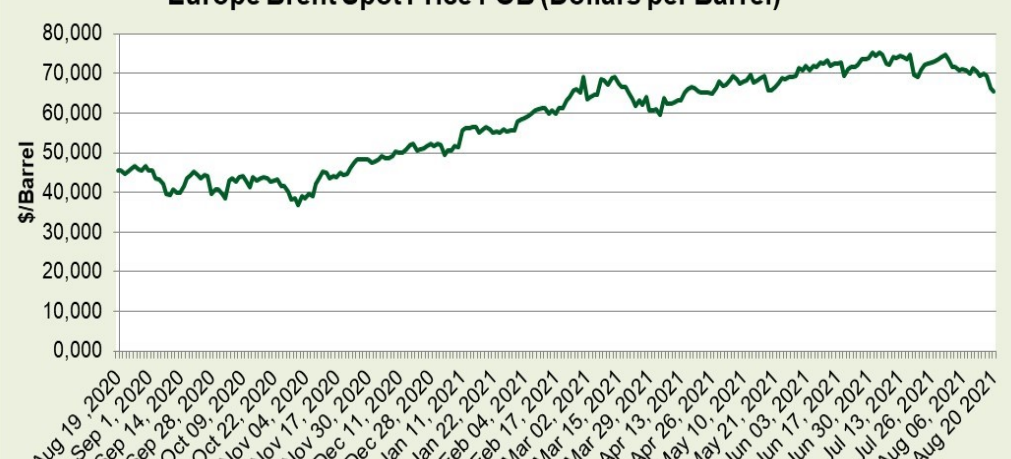
	1 year ago Week 33 (11-08-20 to 14-08-20)	Last week Week 32 (9-08-21 to 13-08-21)	This week Week 33 (16-08-21 to 20-08-21)	w-o-w % change
RSA White Maize per ton	R 2 857.00	R 3 280,75	R 3 274.2075	-0,2%
RSA Yellow Maize per ton	R 2 857,00	R 3 434,00	R 3 450,20	0,5%
USA Yellow Maize per ton	\$ 124.15	\$ 218,75	\$ 220,95	1.0%
RSA Wheat per ton	R 6 052.50	R 5 394,25	R 5 5760.20	3.4 %
USA Wheat per ton	\$ 181.312	\$ 268,10	\$ 273.62	2.1 %
RSA Soybeans per ton	R 7 317.25	R 7 641,25	R 7 779.60	1.8%
USA Soybeans per ton	\$ 326,28	\$ 522,48	\$ 507.40	-3.0%
RSA Sunflower seed per ton	R 6 652.25	R 9 491,00	R 9 757.40	2.8%
RSA Sweet Sorghum per ton	R 3 900,00	R 4 230,00	R 4 230,00	0,0%
Crude oil per barrel	\$ 45.36	\$ 70,64	\$ 68.10	-3,6%

Exchange Rate Movements



The rand depreciated by 1.2%, 0.8% and 2.5% respectively against the dollar, euro and pound compared to last week. The rand weakness come after the strengthening US dollar as US inflation pressures seem to have eased.

Europe Brent Spot Price FOB (Dollars per Barrel)



The Brent crude oil price decreased by 3.6% for the third week in a row, due to weaker demand. Forecasts are predicting demand to be weaker throughout the year as a result of surging infections from the Delta variant of the coronavirus.



National South African Price information (RMAA) : Beef

Week 31 (02/08/2021 to 08/08/2021)				Week 32 (10/08/2021 to 15/08/2021)			
	Units	Avg Purchase Price	Avg Selling Price		Units	Avg Purchase Price	Avg Selling Price
Class A2	7 630	51.49	52.46	Class A2	6 862	51.71	53.34
Class A3	721	50.87	53.18	Class A3	604	51.56	53.83
Class C2	707	45.10	47.44	Class C2	584	44.55	47.59

The quantity of beef supplied to market this week decreased by 10.1% for class A2 compared to last week, whilst decreasing by 16.2% and 17.4% for class A3 and C2 respectively. The producer prices for class A2 and A3 increased by 0.4% and 1.41% while decreasing by 1.2% for class C2. The market prices for class A2, A3 and C2 increased by 1.7%, 1.2% and 0.3% respectively week on week.

National South African Price information (RMAA) : Lamb

Week 31 (02/08/2021 to 08/08/2021)				Week 32 (10/08/2021 to 15/08/2021)			
	Units	Avg Purchase Price	Avg Selling Price		Units	Avg Purchase Price	Avg Selling Price
Class A2	4 976	96.04	96.89	Class A2	5 520	95.04	95.85
Class A3	734	95.35	92.51	Class A3	878	92.84	92.34
Class C2	605	73.44	77.71	Class C2	370	72.49	79.1

The quantities of class A2 and A3 lamb supplied to the market increased by 10.9% and 19.6% this week compared to last week, while the quantities of class C2 lamb decreased by 38.8%. The producer prices for class A2, A3 and C2 all decreased this week compared to the previous week, prices decreased by 1.0%, 2.6% and 1.3% respectively. The market prices for Class A2 and A3 decreased by 1.1% and 0.2% respectively, while Class C2 increased by 1.8% week on week.

National South African Price information (RMAA) : Pork

Week 31 (02/08/2021 to 08/08/2021)			Week 32 (10/08/2021 to 15/08/2021)		
	Units	Avg Purchase Price		Units	Avg Purchase Price
Class BP	8 627	25.51	Class BP	7 700	25.26
Class HO	9 687	25.13	Class HO	8 159	24.09
Class HP	8 627	24.65	Class HP	8 897	25.13

The quantities of pork supplied to the market this week decreased for Class BP and HO by 6.4% and 17.1% respectively. While Class HP increased by 28.7%. Pork producer prices decreased for Class BP and HO by 0.3% and 2.9% respectively, while Class HP increased by 0.5%.

Latest News Developments

In the near term, business activity will remain at risk due to the impact of the Covid-19 pandemic, the slow pace of the vaccine rollout and related policy responses. Containment measures will weigh on household and capital spending, though recovering foreign demand will support external trade, particularly commodities exports. The country's economic challenges will remain elevated amid rolling electricity blackouts, rising utilities costs and supply chain risks. The scope for meaningful structural reforms taking place in the near term will remain severely limited by political tensions in the quarters ahead. In the medium-to-long term, policy uncertainty surrounding the restructuring of state-run enterprises, stalled anti-corruption efforts and uncertainty surrounding land reform including the impact that this may have on property rights and the credibility of key institutions, will remain key concerns for investors.

That said, South Africa remains the most industrialised and broad-based economy in Sub-Saharan Africa (SSA), and it is an established gateway to the Southern Africa region. The country is a strong regional performer due to strong contract enforceability, solid information and communications technology and transport infrastructure, large banking and financial services sectors and a broad selection of experienced local partners. However, regionally high labour costs, rigid labour market regulations, the frequency of widespread industrial strikes and high crime levels significantly weigh on the country's attractiveness as an investment destination.

Whilst South Africa's livestock sector will broadly experience growth over our forecast period, we highlight mounting near-term risks in this quarterly report. First, the country continues to grapple with Covid-19 outbreaks, with level 3 restrictions (including a curfew) in place as of August 2021. Continued restrictions will further slow the consumption recovery for some products including beef and sugar, for which we have revised down our 2021 forecasts. Second, the livestock sector has experienced disease issues in 2021, and as a result we have revised down some of our production forecasts. Third, civil unrest earlier in 2021 caused disruption to the sugar sector, and further unrest remains a risk going forwards. Over the long term we forecast positive production growth across the sectors we cover due to economic growth and export opportunities encouraging investment, as well as the impacts of government initiatives to support the sector. Grains and poultry production will outperform, whilst sugar production growth will be lacklustre due to profitability challenges. Economic growth over the coming years will also support consumption across the commodities we cover.

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