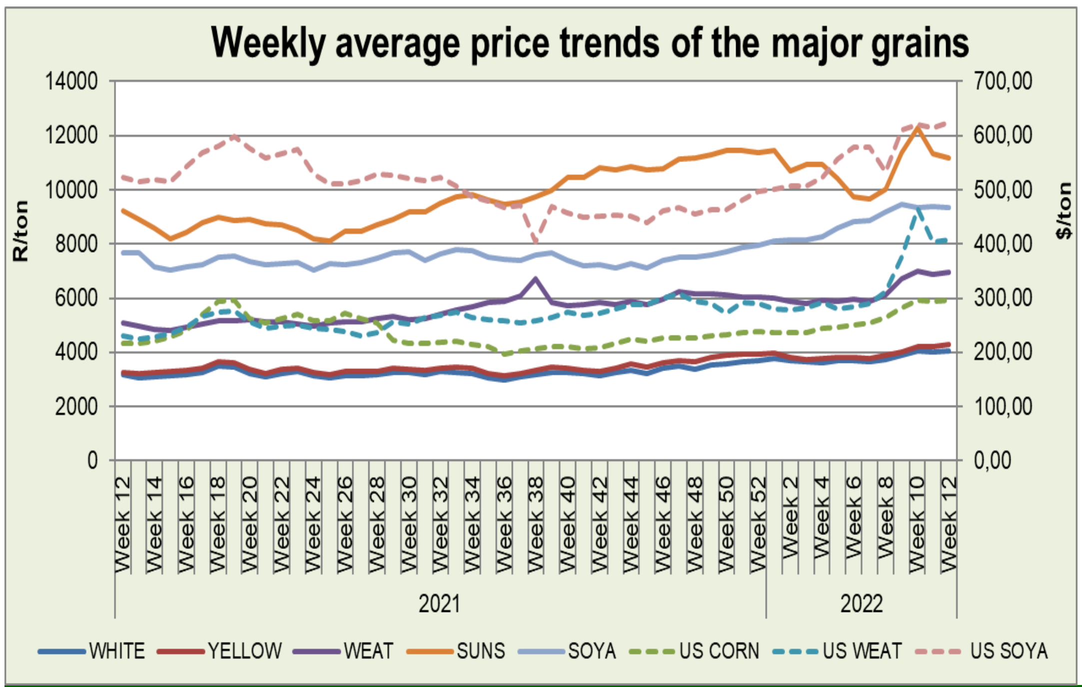
agriculture, land reform & rural development
Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 25 March 2022

Directorate: Statistics & Economic Analysis

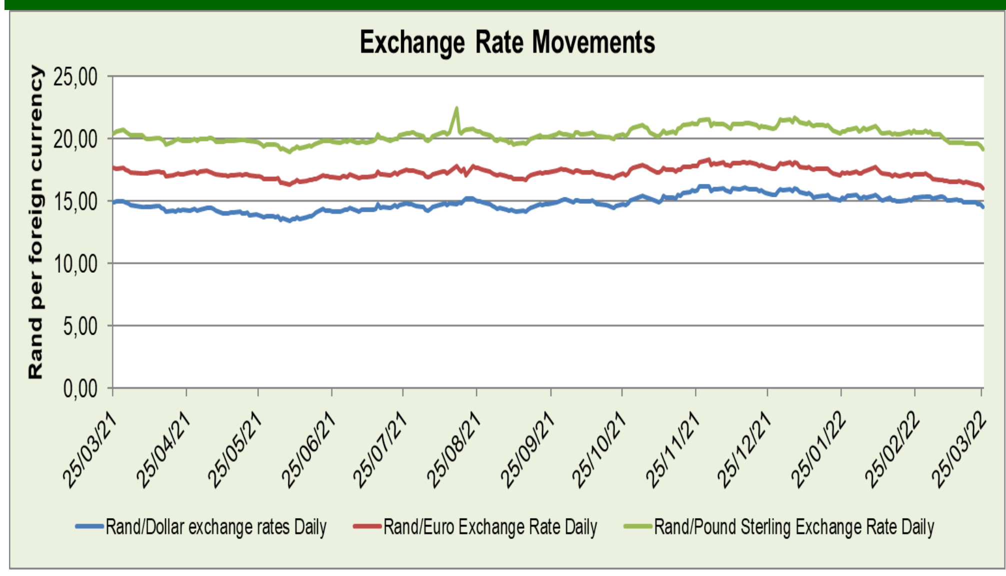
Sub-directorate: Economic Analysis

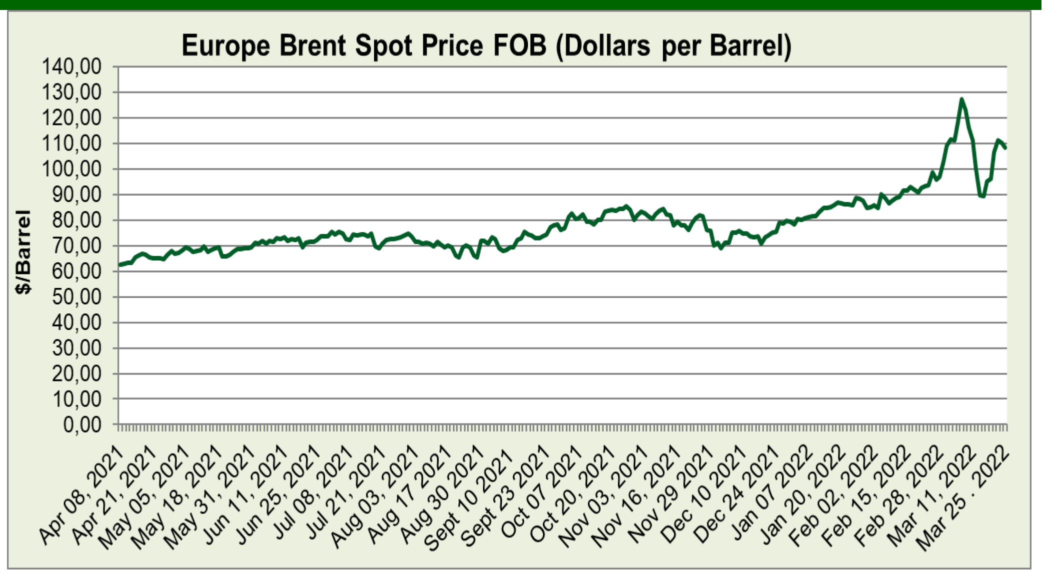


The price of white and yellow maize increased by 1.1%and 1.3% respectively compared to the previous week. The international maize price also increased by 0.9%.Fundamentals like the tight US ending stock, weather concerns in Brazil and uncertainty over how many percentage of the maize will be planted in war-ravaged Ukraine pushed prices up. Also, uncertainty over how maize hectares will be planted in US, kept prices high this week relative to the previous week. The price of wheat increased by 0.9% whilst the international wheat price increased by a percentage point. Wheat prices have been rising as the lingering conflict in Ukraine created uncertainty about how the country will be able to plant, harvest and export grain in the near future. The local soybean price decreased by 0.3%, while the international price increased by 1.8%. International prices increased as a result of increased purchase of US soybeans by China. Local sunflower prices decreased by 1.2 % this week due to expectation of higher soybeans crop this year.

Spot price trends of major grains commodities

	1 year ago Week 12 (23-03-21 to 26-03-21)	Last week Week 11 (14-03-22 to 18-03-22)	This week Week 12 (22-03-22 to 25-03-22)	w-o-w % change
RSA White Maize per ton	R3 156.75	R 4 023.40	R4 066,75	1,1%
RSA Yellow Maize per ton	R3 269.25	R 4 215.80	R4 270,00	1,3%
USA Yellow Maize per ton	$216.51	$ 294.08	$296.74	0,9%
RSA Wheat per ton	R5 087.00	R 6 878.40	R6 948,75	1,0%
USA Wheat per ton	$229.54	$ 404.29	$406.81	0,6%
RSA Soybeans per ton	R7 669.75	R 9 390.40	R9 359.75	-0,3%
USA Soybeans per ton	$522,.44	$ 613.91	$625.25	1,8%
RSA Sunflower seed per ton	R9 207.00	R 11 315.40	R11 176.00	-1,2%
RSA Sweet Sorghum per ton	R3 850.20	-	-	-
Crude oil per barrel	$62.8	$ 94.07	$108.99	15,9%





The rand appreciated against the US Dollar, Euro and Pound this week compared to the previous week. Rand strengthened on expectations that the SA reserve bank and the US Fed will raise interest rates. The rand strength against the Euro is due to the ongoing war in Ukraine which weakened the Euro. Commodity prices increased because of the ensuing War in Ukraine resulting in an increased investment in gold.

Oil prices surged following reports that crude exports from Kazakhstan's Caspian Pipeline Consortium terminal which carries about 1.2 million barrels per day-halted due to storm damage. The crude oil benchmarks endured wild daily swings since the war in Ukraine and Russia started.

National South African Price information (RMAA) : Beef

Week 10 (07/03/2022 to 13/03/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 11 (14/03/2022 to 20/03/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 302	59.67	60.25	Class A2	6 045	58.40	60.14
Class A3	378	59.42	61.33	Class A3	615	60.25	60.58
Class C2	287	49.62	49.72	Class C2	471	46.41	50.42

The amount of beef traded this week increased by 62.7% and 64.1% for Class A3 and C2 whilst declining by 4% for class A2 relative to the previous week. The average producer price for class A2 and C2 decreased by 2.1% and 6.5% while A3 prices increased by 1.4%. The market prices for class A2, A3 decreased by 0.2% and 1.2% and increased by 1.4% for Class C2 beef.

National South African Price information (RMAA) : Lamb

Week 10 (07/03/2022 to 13/03/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 11 (14/03/2022 to 20/03/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	4 699	87.40	87.04	Class A2	5 325	86.08	87.33
Class A3	555	86.20	84.87	Class A3	646	84.58	86.34
Class C2	422	69.33	71.26	Class C2	637	71.04	71.73

Amount of lamb traded this week increased by 13.3%, 16.4% and 51% for class A2, A3 and C2 relative to the previous week. The producer prices of Class A2 and A3 decreased by 1.5% and 1.9% this week while class C2 prices increased by 2.5%. The market prices for class A2, A3 and C2 increased by 0.3%,1.8% and 0.7% respectively.

National South African Price information (RMAA) : Pork

Week 10 (07/03/2022 to 13/03/2022)	Units	Avg Purchase Price	Week 11 (14/03/2022 to 20/03/2022)	Units	Avg Purchase Price
Class BP	12 172	24.52	Class BP	13 870	24.58
Class HO	7 003	23.67	Class HO	7 131	24.12
Class HP	5 751	23.69	Class HP	4855	24.03

Units of Pork traded this week increased by 14%,1.8% for class BO and HO, while decreasing by 15.6% for class HP. The producer prices for Class BP,HO and HP all increased by 0.2%,1.9% and 1.4% in order.

Latest News Developments

The South African Reserve Bank's Monetary Policy Committee increased the repo rate to 4.25% per annum. Reserve Bank governor stated that the rate hike comes against a backdrop of higher global and local inflation. According to the Governor; Electricity and other administered prices, continue to present short and medium term risks. Higher diesel and coal prices may result in upward revisions to our electricity price forecast for 2023. Given below-inflation assumptions for public sector wage growth and higher petrol and food price inflation, considerable risk attaches to a still moderate nominal wage forecast. The governor stated that GDP growth is forecast to be 1.9% in both 2023 and in 2024. Economic growth at these rates remains well above a low rate of potential growth still constrained by load shedding and policy uncertainty. Investment by the government sector has weakened significantly in recent years and that of public corporations is forecast to be very modest.

The French Embassy in South Africa stated that French companies have announced R50 billion of new investments in South Africa in different sectors, including energy, health, tourism, mobility, retail, manufacturing and agro-industry. The announcement was made at the 2022 South Africa Investment Conference on March 24 and follows the announcement of R20-billion in investment commitments in 2019, a pledge already been fulfilled.

Socioeconomic-focused non-profit organisation Afrika Tikkun Foundation (ATF) stated that food supply shortages and commodity price hikes as a result of the war in Eastern Europe already started emerging, the foundation reports, particularly in terms of wheat and maize, fertiliser, fuel, bread and potassium (an ingredient for fertiliser). The international entities that provide the South African farming industry with fertiliser have experienced shortages of materials such as potassium, which is sourced from Russian producers. This has, in turn, affected food production costs.

Brian Dames former Eskom CEO said that South Africa's current Integrated Resource Plan (IRP) is significantly underestimating what new capacity should be being built to cater for the decommissioning of the coal-fired power stations and any future demand growth, African Rainbow Energy and Power (AREP). Eskom CEO Andre de Ruyter reported that the utility estimated that some 68 000 MW of mostly new variable renewable-energy capacity would have to be added to cater for the 22 000 MW of coal that the utility would be retiring by about 2035.

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

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