



agriculture, land reform & rural development

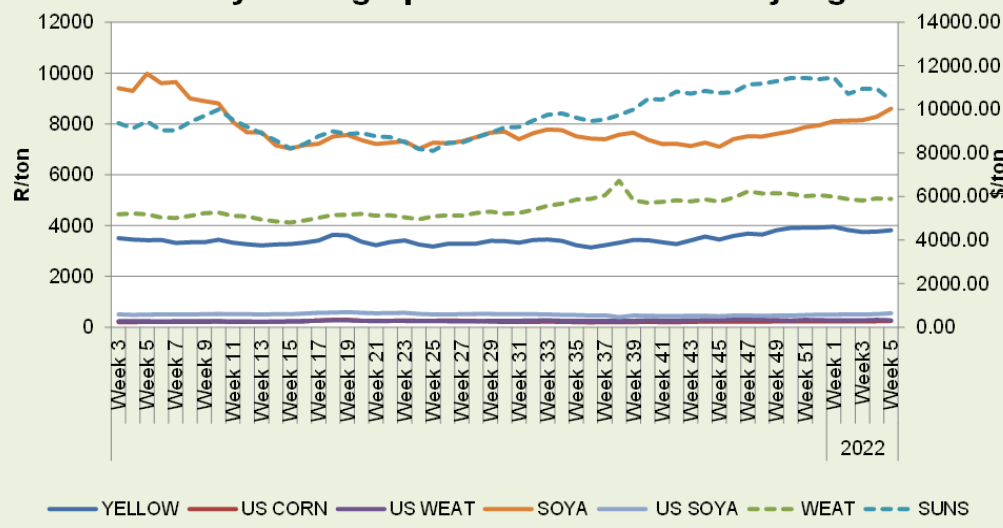
Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 04 February 2022

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

Weekly average price trends of the major grains

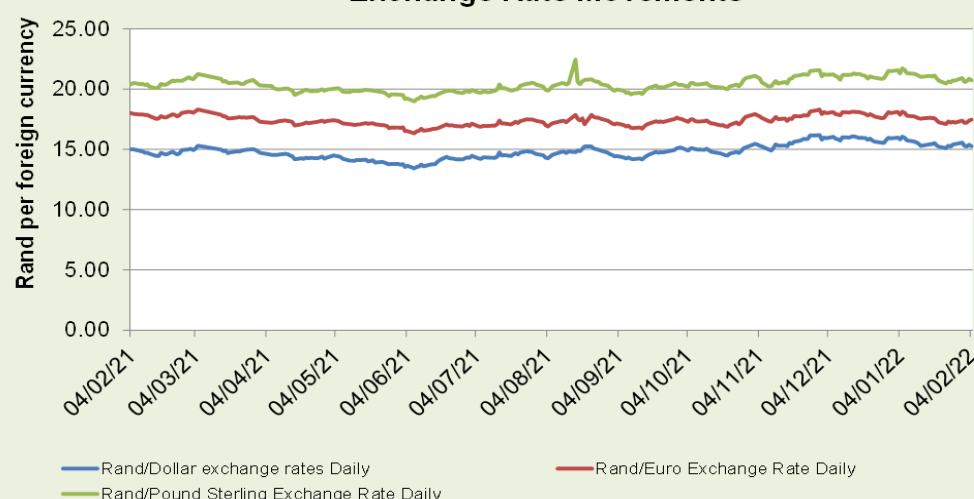


The domestic prices of white maize, yellow maize and soybean increased by 1.6%, 1.4% and 3.9% respectively this week compared to last week. South African maize prices got support from Chicago maize prices that gained some ground and rand weakness. The local prices of wheat and sunflower seeds decreased by 0.5% and 4.8% respectively, week on week. Internationally, the grain prices of corn and soybean increased by 0.8% and 6.5% respectively week on week. US soybean contracts traded higher in the past week from uncertainty regarding the South American crop. Several analysts have lowered their Argentinian and Brazilian soybean crop estimates. The higher soybean oil and soybean meal futures, together with the higher crude oil price also added some support. Escalating tensions between Russian and Ukraine also supported global grain and oilseed prices on concerns that the conflict could restrict grain flows.

Spot price trends of major grains commodities

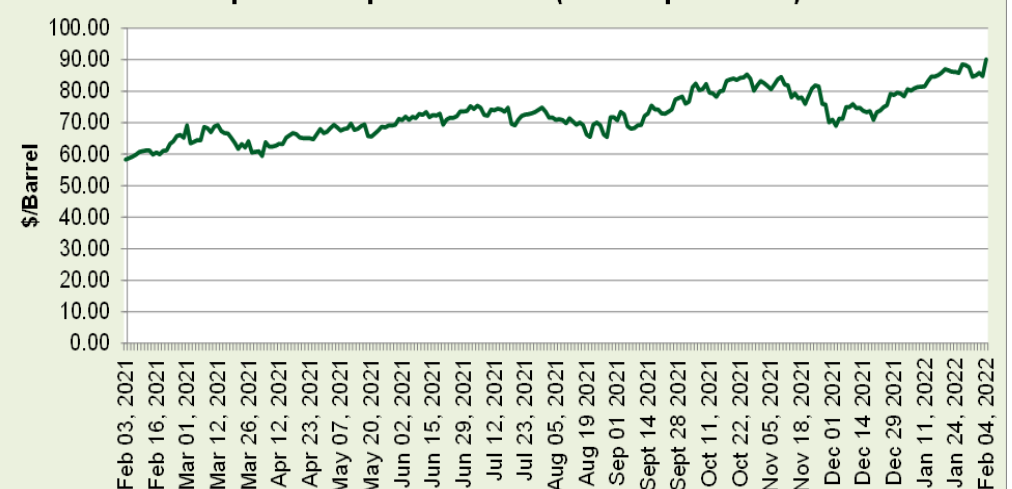
	1 year ago Week 5 (01-02-21 to 05-02-21)	Last week Week 4 (17-01-22 to 21-01-22)	This week Week 5 (31-01-22 to 04-02-22)	w-o-w % change
RSA White Maize per ton	R 3 310.00	R 3 624.60	R 3 683.60	1.6%
RSA Yellow Maize per ton	R 3 429.40	R 3 768.00	R 3 819.40	1.4%
USA Yellow Maize per ton	\$ 215.83	\$ 244.82	\$ 246.89	0.8%
RSA Wheat per ton	R 5 181.80	R 5 918.40	R 5 890.20	-0.5%
USA Wheat per ton	\$ 238.41	\$ 291.77	\$ 280.94	-3.7%
RSA Soybeans per ton	R 9 9768.00	R 8 279.80	R 8 598.80	3.9%
USA Soybeans per ton	\$ 502.17	\$ 522.69	\$ 556.90	6.5%
RSA Sunflower seed per ton	R 9 448.80	R 10 953.50	R 10 428.80	-4.8%
RSA Sweet Sorghum per ton	R 3 259.80	-	-	-
Crude oil per barrel	\$ 57.97	\$ 87.31	\$ 86.08	-1.4%

Exchange Rate Movements



Rand averaged R15.36 against the dollar, depreciating by 0.3% this week compared to the previous week. The rand also depreciated against the euro and the pound by 0.6% respectively. The rand weakened on Thursday, with the economic outlook being soured by continued load shedding and wavering global risk appetite. Investors are awaiting signals from the central banks of Britain and Europe on interest rates.

Europe Brent Spot Price FOB (Dollars per Barrel)



Brent crude oil averaged \$86.08/barrel, fell by 1.4% this week compared to the previous week. On Wednesday the OPEC+ group agreed to stick to their plan of moderate output increases, despite pressure from top consumers to raise output more quickly. As a result of this and lingering rand weakness, domestic fuel prices could increase once again on 02 March 2022.



National South African Price information (RMAA) : Beef

Week 03 (17/01/2022to 23/01/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 04 (24/01/2022 to 30/01/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5 564	54.50	56.56	Class A2	8 850	54.08	57.18
Class A3	258	53.86	55.54	Class A3	519	54.93	57.05
Class C2	212	45.51	50.23	Class C2	374	46.32	51.35

The quantity of units sold for class A2, A3 and C2 beef supplied to markets increased by 59.1%, 101.2% and 76.4% respectively, this week compared to the previous week. The average purchase price for class A3 and C2 beef increased by 2.0% and 1.8% respectively, while class A2 decreased by 0.8%. The average selling prices for class A2, A3 and C2 beef increased by 1.1%, 2.7% and 2.2% respectively, this week compared to the previous week. Red meat categories performed better than expected, supported by lower slaughtering volumes, as many farmers are rebuilding their herds following good summer rainfall in many parts of the country.

National South African Price information (RMAA) : Lamb

Week 03 (17/01/2022to 23/01/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 04 (24/01/2022 to 30/01/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 515	83.01	83.66	Class A2	9 143	84.67	84.96
Class A3	708	81.44	82.21	Class A3	1 167	82.78	83.65
Class C2	485	71.19	72.78	Class C2	670	69.07	73.21

The quantity of lamb units sold for class A2, A3 and C2 lamb increased by 40.3%, 64.8% and 38.1% respectively this week when compared to the previous week. The average purchase prices for class A2 and A3 lamb increased by 2.0% and 1.6% respectively, whilst class C2 lamb decreased by 3.0%. During the same period the average selling prices for class A2, A3 and C2 lamb increased by 1.6%, 1.8% and 0.6% respectively.

National South African Price information (RMAA) : Pork

Week 03 (17/01/2022to 23/01/2022)	Units	Avg Purchase Price	Week 04 (24/01/2022 to 30/01/2022)	Units	Avg Purchase Price
Class BP	11 577	26.96	Class BP	13 174	25.83
Class HO	6 681	26.31	Class HO	6 016	25.40
Class HP	4 075	26.38	Class HP	4 250	25.35

The quantity of pork units sold for class BP and HP increased by 13.8% and 4.3% respectively, meanwhile class HO decreased by 10.0% this week compared to the previous week. The average purchase prices for class BP, HO and HP pork decreased by 4.2%, 3.5% and 3.9% respectively week on week.

Latest News Developments

President Cyril Ramaphosa will deliver his State of the Nation Address (SONA) to the Joint Sitting of the National Assembly and the National Council of Provinces next week Thursday, 10 February 2022, at 7 pm. The State of the Nation Address (SONA) is called by the President in terms of Section 42(5) of the Constitution. It is a joint sitting of the two Houses of Parliament and one of the rare occasions that bring together the three arms of the State under one roof. SONA provides the President with an opportunity to speak to the nation on the general state of South Africa, to reflect on a wide range of political, economic and social matters within the domestic and global contexts, to account to the nation on the work of Government and to set out Government's program of action for the coming year. Traditionally, the President makes key Government announcements during this important joint sitting of Parliament.

South African private sector activity rose slightly in January as the Omicron wave of Covid-19 cases receded, lifting demand and stabilizing new business, a survey showed. IHS Markit's Purchasing Managers' Index (PMI) rose to 50.9 in January from 48.4 in December, slightly back above the 50 neutral mark into expansionary territory. The latest PMI data suggested an improvement in demand conditions in South Africa during January, as the Omicron wave of Covid-19 receded and clients began to spend again, said David Owen, Economist at IHS Markit. Still, supply chain challenges remained acute, with a number of businesses struggling to stock the inputs they need whilst facing sharp inflationary pressures for materials and transport. Looking ahead, Owen added that business optimism was strengthened by hopes that the economy will cope well with any future waves of the pandemic, particularly as hospitalizations and deaths were much lower with the Omicron variant in spite of minimal government measures. The rapid decline in the Omicron wave prompted a surge in business optimism to the highest in just over seven years, amid greater promise that economic conditions will be less affected by the pandemic in 2022.

South African growers have planted around 2,6 million hectares of maize this summer season, 5,29% less than the 2,7 million hectares planted in the previous season, the Crop Estimates Committee (CEC) announced. However, delayed plantings in some regions, as well as crop damage due to the recent excessive rainfall, could result in this figure being adjusted. Grain SA Economist Corné Louw told *Farmer's Weekly* that the main reason for the decline was the fact that many farmers were unable to enter their fields to plant due to the heavy rainfall. The CEC further reported that the preliminary area estimate for white maize was 1,58 million hectares, which represented a decrease of 6,87% or 116 200ha compared with the 1,69 million hectares planted last season. In the case of yellow maize, the area estimate was just over one million hectares, which was 2,77% or 29 500ha less than the just over one million hectares planted in the previous season. According to José de Kock, chairperson of Grain SA's Barley Industry Committee, South Africa's malting barley production fell 95 000 tons short of Anheuser-Busch InBev's (AB InBev) 360 000 tons-mandate during the past season, due to farmers rather planting crops with lower risk, such as canola and wheat. Barley production is at an all-time low, a turn-around strategy is needed to make it attractive to farmers again. Drought conditions negatively affected yields in the Swartland and Southern Cape regions between 2017 and 2019, while COVID-19-related bans on the sale of liquor that started in 2020, resulted in a surplus that was 49% higher than the previous year.

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

Source: SAFEX, Standard bank, Stats SA, Reuters, Various Industry bodies, Red Meat Abattoir Association, FNB and Absa Bank, Engineering News.

Disclaimer: DAFF will not be liable for results of actions based on this price watch.