



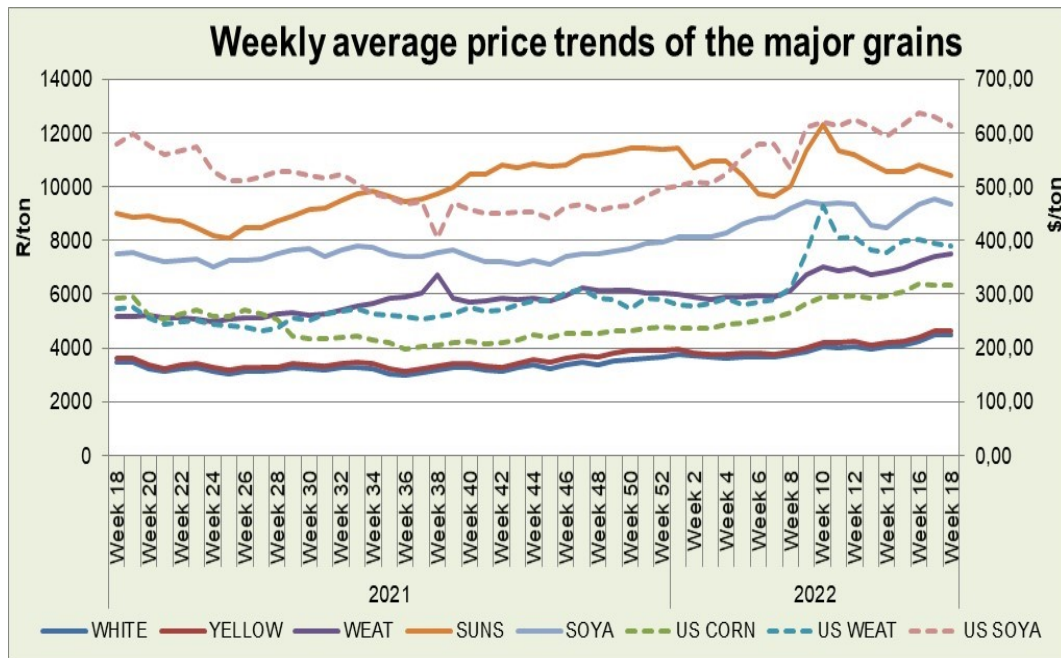
# agriculture, land reform & rural development

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

## Weekly Price Watch: 6 May 2022

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

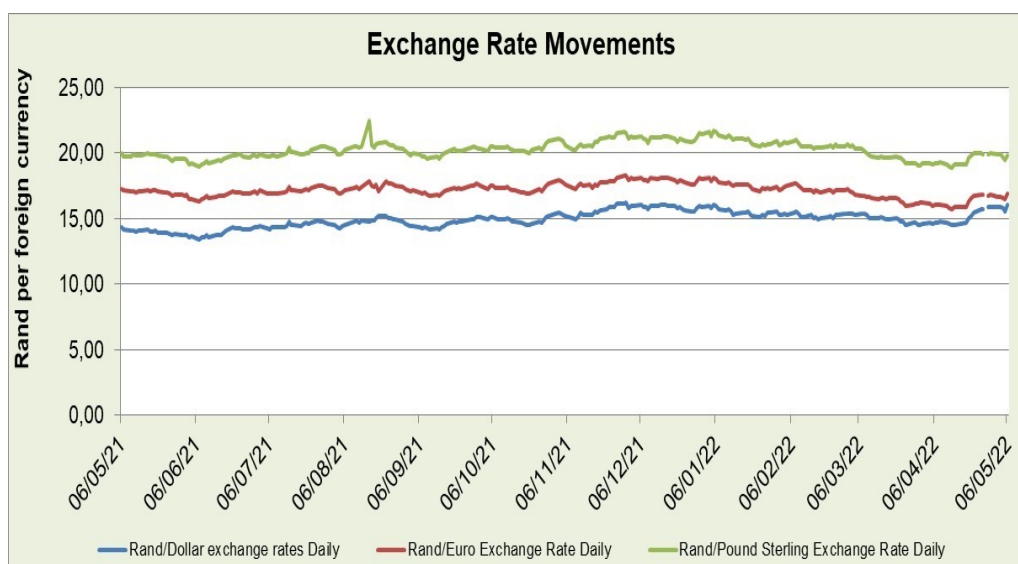


The local white and yellow maize price remained almost the same as the previous week except that white maize price rose by a marginal 0.1%. Local wheat rose by 0.7% week on week. Local Sunflower and Soya decreased by 1.8% and 2.1% respectively as compared to last week.

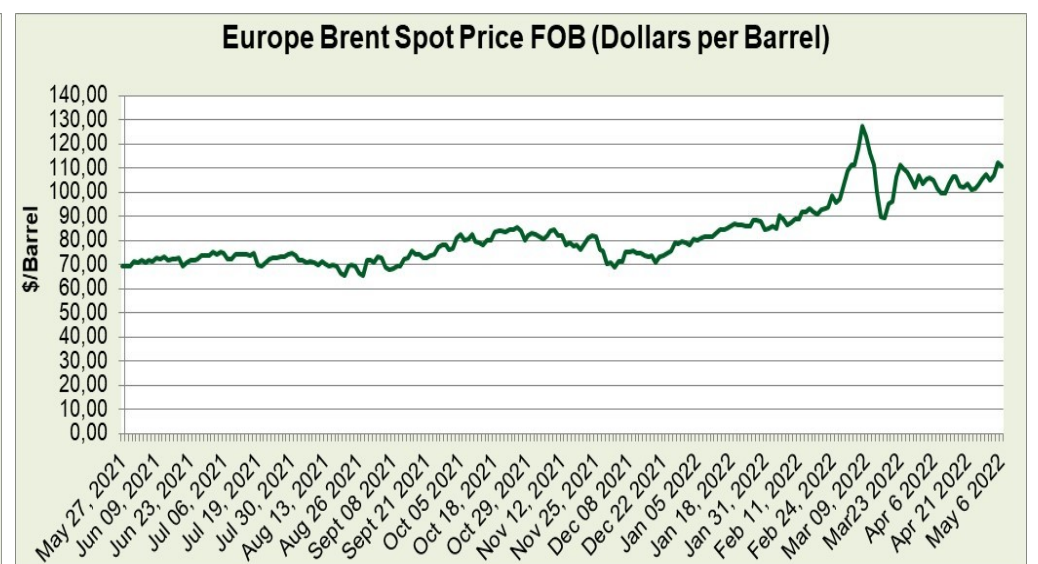
The estimated total production figure of wheat as released by the national Crop Estimates Committee (CEC) were revised, Comparing the final calculated crop figures with the numbers set by the CEC during February 2022, the size of the commercial wheat crop is now 2 285 000 tons, which is 27 795 tons or 1,23% more than the final crop estimate figure of 2 257 205 tons. 27 795 more tons of wheat is good news to south Africans who are concern about food security in the mist of ongoing global supply chain disruptions. The international maize price decreased by 0.3%. The international wheat price decreased by 1.0%. International price of soybeans decreased by 2.5% .

### Spot price trends of major grains commodities

|                            | 1 year ago<br>Week 18<br>(03-05-21 to 07-05-21) | Last week<br>Week 17<br>(25-04-22 to 29-04-22) | This week<br>Week 18<br>(02-05-22 to 06-05-22) | w-o-w % change |
|----------------------------|-------------------------------------------------|------------------------------------------------|------------------------------------------------|----------------|
| RSA White Maize per ton    | R3 483,40                                       | R 4 491,00                                     | R4 496,50                                      | 0,1%           |
| RSA Yellow Maize per ton   | R3 638,20                                       | R 4 624,00                                     | R4 622,25                                      | 0,0%           |
| USA Yellow Maize per ton   | \$293,64                                        | \$ 317,37                                      | \$316,48                                       | -0,3%          |
| RSA Wheat per ton          | R5 149,20                                       | R 7 426,50                                     | R7 481,75                                      | 0,7%           |
| USA Wheat per ton          | \$273,71                                        | \$ 393,29                                      | \$389,39                                       | -1,0%          |
| RSA Soybeans per ton       | R7 508,60                                       | R 9 527,50                                     | R9 328,25                                      | -2,1%          |
| USA Soybeans per ton       | \$580,23                                        | \$ 629,44                                      | \$613,71                                       | -2,5%          |
| RSA Sunflower seed per ton | R8 996,00                                       | R 10 609,50                                    | R10 419,25                                     | -1,8%          |
| RSA Sweet Sorghum per ton  | R3 842,88                                       | -                                              | -                                              | -              |
| Crude oil per barrel       | \$68,14                                         | \$ 104,36                                      | \$ 108,73                                      | 4,2%           |



The rand depreciated by 0.1% against the US dollar, but appreciated by 0.7% and 0.9% against Euro and Pound respectively compared to last week.



The price of Brent crude oil increased further by 4.2% this week compared to last week. Oil prices rose over fears of Russian oil supply constraints. According to Reuters, Russian oil production could fall by as much as 17%.



### National South African Price information (RMAA) : Beef

| Week 16 (18/04/2022 to 24/04/2022) | Units | Avg Purchase Price | Avg Selling Price | Week 17 (25/04/2022 to 01/05/2022) | Units | Avg Purchase Price | Avg Selling Price |
|------------------------------------|-------|--------------------|-------------------|------------------------------------|-------|--------------------|-------------------|
| Class A2                           | 6 397 | 60,62              | 64,01             | Class A2                           | 7 942 | 61.00              | 63.41             |
| Class A3                           | 492   | 58,25              | 63,49             | Class A3                           | 810   | 59.52              | 62.57             |
| Class C2                           | 223   | 44,79              | 49,33             | Class C2                           | 305   | 50.56              | 50.67             |

The quantity of beef sold this week was 24.2%, 64.6% and 36.8% higher for class A2, A3 and C2 respectively in relation to the previous week. The producer prices increased for all classes by 0.6%, 2.2% and 12.9% for class A2, A3 and C2 respectively. The market prices decreased for class A2 and A3 by 0.9% and 1.4% respectively while it increased by 2.7% for class C2.

### National South African Price information (RMAA) : Lamb

| Week 16 (18/04/2022 to 24/04/2022) | Units | Avg Purchase Price | Avg Selling Price | Week 17 (25/04/2022 to 01/05/2022) | Units | Avg Purchase Price | Avg Selling Price |
|------------------------------------|-------|--------------------|-------------------|------------------------------------|-------|--------------------|-------------------|
| Class A2                           | 6 442 | 94,97              | 95,83             | Class A2                           | 6 565 | 93.56              | 95.34             |
| Class A3                           | 798   | 92,77              | 91,97             | Class A3                           | 888   | 93.86              | 93.15             |
| Class C2                           | 576   | 67,77              | 69,62             | Class C2                           | 869   | 71.36              | 71.84             |

The units sold for class A2, A3 and C2 lamb increased by 1.9%, 11.3% and 50.9% respectively. The producer prices for class A2 decreased by 1.5% and for A3 and C2 increased by 1.2% and 5.3%. The market prices declined by 0.5% for class A2 but increased by 1.3% and 3.2% respectively.

### National South African Price information (RMAA) : Pork

| Week 16 (18/04/2022 to 24/04/2022) | Units | Avg Purchase Price | Week 17 (25/04/2022 to 01/05/2022) | Units  | Avg Purchase Price |
|------------------------------------|-------|--------------------|------------------------------------|--------|--------------------|
| Class BP                           | 8 088 | 26,20              | Class BP                           | 11 184 | 26.38              |
| Class HO                           | 6 780 | 26,26              | Class HO                           | 8 925  | 26.31              |
| Class HP                           | 6 784 | 25,97              | Class HP                           | 7 744  | 26.12              |

The quantities sold for all classes increased by 38.3%, 31.6% and 14.2% for classes BP, HO and HP respectively. The producer prices for all classes increased this week compared to last week. The producer prices for class BP, HO and HP increased by 0.7%, 0.2% and 0.6% respectively.

## Latest News Developments

South African Special Risk Insurance Association (SASRIA) reviewed the premiums of certain sectors, following the 2021 riots which resulted in a dramatic increase over the past year. According to Circular 510 of 14 September 2021 on the SASRIA website, agricultural vehicles (tractors, harvesters, sprayers, planters and heavy transport trucks) fell under the M8 Heavy Motor Vehicle category. Tariffs on these vehicles have been proposed to increase by 1736% from R326.78 to R6000.98 for an insured amount of R2 000 000. This original proposal by SASRIA would increase the rate by 0.016% to 0.35% a further burden on the agricultural sector which is still under pressure. Grain SA took the lead and, together with other agricultural role players, started negotiations with SASRIA so as not to classify agricultural equipment similar to trucks. After successful discussions, SASRIA agreed to classify agricultural implements as special agricultural equipment with a premium much lower than that under which trucks are insured. The new rate is set at 0.06% effective 1 August 2022.

South Africa is a region-leading economy with a diverse industrial and service base and the country boasts strong trade turnover and regionally high inward foreign direct investment stock. A strong trade profile and significant investor appetite are supported by the country's vast mineral resources and large primary sector, the investor-friendly legal environment and the presence of regionally-superior logistics infrastructure that positions it as a gateway to Africa. The country remains exposed to commodity price fluctuations and external demand risks, particularly from China and Europe, key trade partners. In addition to the near-term pandemic-related economic shock, South Africa's medium-term growth prospects are being weighed down by concerns over fiscal slippages, uncertainty on state-owned enterprises, stalled anti-corruption efforts as well as the glacial pace of structural reform adoption.

Ongoing global supply chain disruptions, weaker-than-expected external demand for key commodities exports and slower economic growth in the country will constrain the rebound in freight and shipping tonnage in 2022. South Africa boasts strong transport links by regional standards, underpinned by good road networks and robust port infrastructure that helps facilitate the movement of key commodities, machinery and consumer goods. While import costs are high compared to other major emerging markets, trade lead times have been increased due to the short-term impact of Covid-related supply chain disruptions and the rising cost of shipping containers globally.

Low educational attainment levels, rigid labour market regulations, high costs of employing foreign skilled workers and strong levels of unionisation among local workers are a drag on South Africa's attractiveness as an investment destination. South Africa's unions are highly active in politics and wield considerable bargaining power compared with firms in the private sector, such that employers in labour-intensive sectors often struggle to adjust their labour needs in reaction to economic shifts, and wage increases are difficult to negotiate. Industrial strike action occurs often, particularly in the mining, manufacturing and transport sectors. South Africa benefits from having a large and relatively diversified labour pool with a larger proportion of skilled labour compared with its regional peers; however, it remains uncompetitive against other major emerging markets, such as Brazil, Russia, China and Vietnam, for this metric.

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