

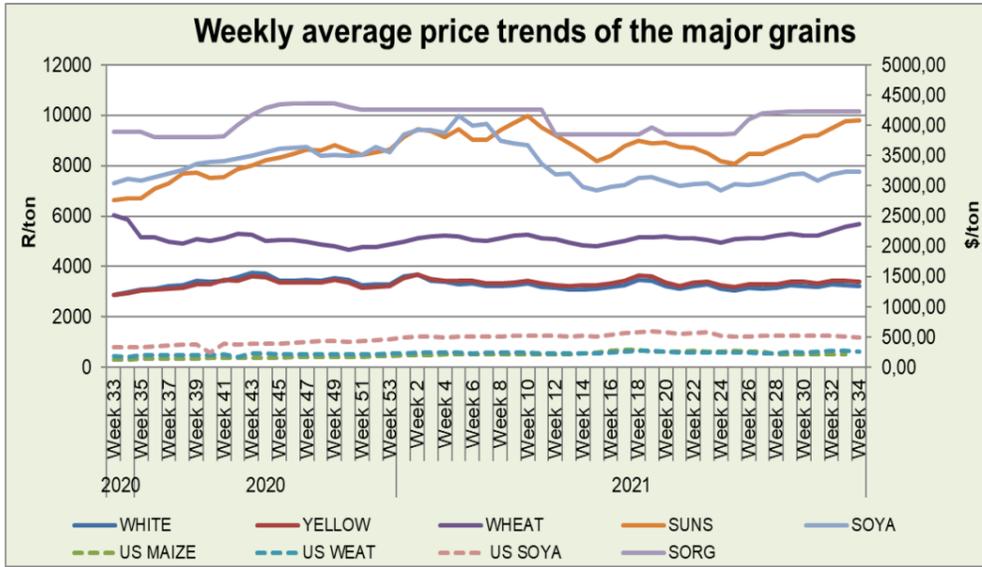


agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 27 August 2021

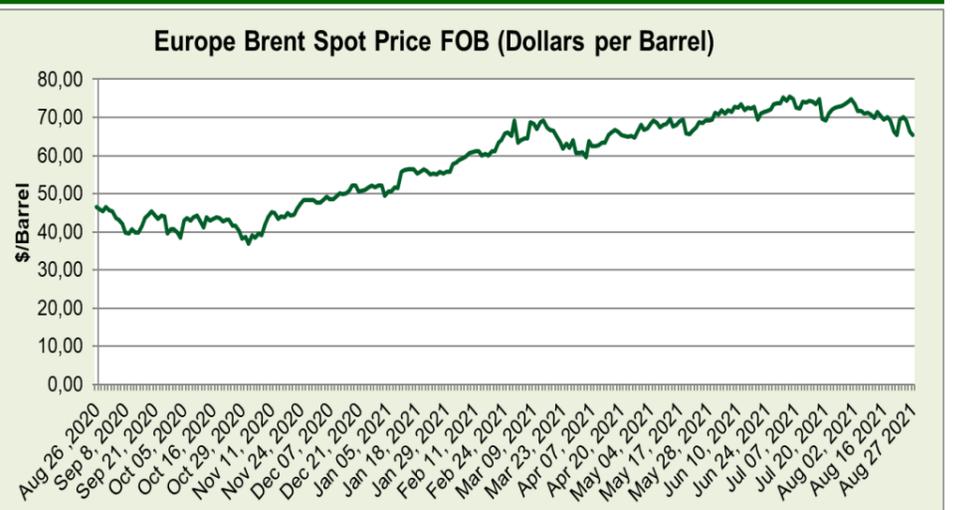
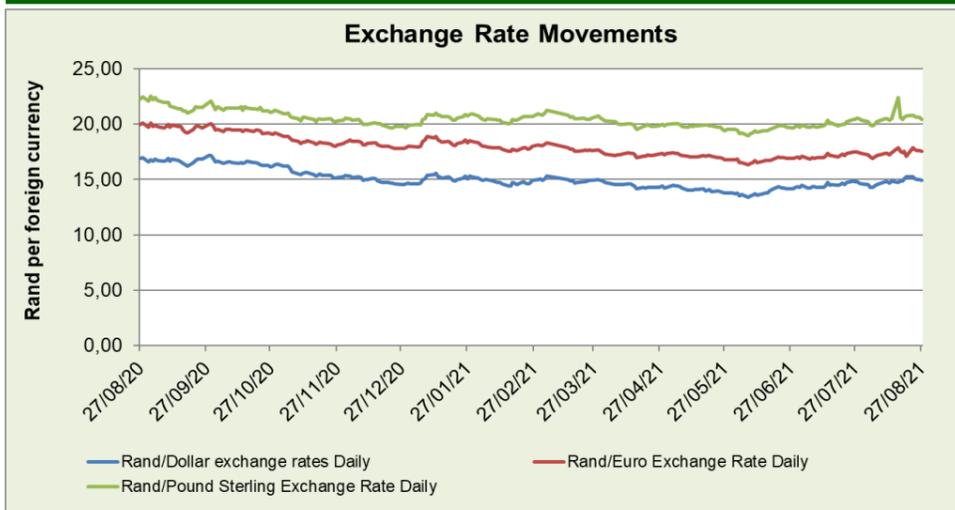
Directorate: Statistics & Economic Analysis



The South Africa's domestic market traded weaker this week when compared to the previous week. The prices of all the domestic grains reported a decrease with the exception of sweet sorghum which remain unchanged at R4 230/ton week on week. The prices of white maize, yellow maize, and soybeans decreased by 1.9%, 1.6%, and 0.3% respectively, whilst sunflower seeds and wheat increased by 0.6% and 1.8% this week when compared to the previous week. Internationally, the grain price of US corn, US wheat and US soybean decreased by 2.9%, 3.6% and 3.8% respectively week on week. The full impact and damage from Hurricane Ida are still unknown. However, shipping delays and damage to grain terminal infrastructure are already creating concerns over just how big of an impact the Hurricane will have on agricultural exports in the days and weeks ahead. The shipping issues caused by Hurricane Ida could have a major impact on the overall export picture. The Port of South Louisiana is a major shipping hub, as it's the largest grain port in the United States.

Spot price trends of major grains commodities

	1 year ago Week 34 (24-08-20 to 28-08-20)	Last week Week 33 (16-08-21 to 20-08-21)	This week Week 34 (23-08-21 to 27-08-21)	w-o-w % change
RSA White Maize per ton	R 2 965.20	R 3 274.20	R 3 210.40	-1.9%
RSA Yellow Maize per ton	R 2 958.40	R 3 450.20	R 3 396.40	-1.6%
USA Yellow Maize per ton	\$ 128.48	\$ 220.95	\$ 214.54	-2.9%
RSA Wheat per ton	R 5 879.60	R 5 576.20	R 5 675.00	1.8%
USA Wheat per ton	\$ 175.88	\$ 273.62	\$ 263.69	-3.6%
RSA Soybeans per ton	R 7 468.00	R 7 779.60	R 7 755.80	-0.3%
USA Soybeans per ton	\$ 333.86	\$ 507.40	\$ 487.81	-3.8%
RSA Sunflower seed per ton	R 6 691.40	R 9 757.40	R 9 818.40	0.6%
RSA Sweet Sorghum per ton	R 3 900.00	R 4 230.00	R 4 230.00	0.0%
Crude oil per barrel	\$ 45.86	\$ 68.10	\$ 69.92	2.7%



The rand depreciated by 0.5% against the US dollar and by 1.0% against the Euro, whilst appreciated by 1.6% against the Pound sterling. The local currency came under pressure as the dollar rallied to its best level since last year. The US currency started to climb after the minutes from the July Federal Reserve meeting were released on last week and indicated a willingness to start cutting asset purchases before the end of 2021.

Brent crude oil averaged \$69.92/barrel in the reporting week which is 2.7% higher than \$68.10/barrel reported in the previous week. The Brent crude oil prices rose last week, on track to post big gains for the week, on worries about near term supply disruptions as energy companies began shutting in production in the Gulf of Mexico ahead of a potential hurricane forecast to hit on the weekend.



National South African Price information (RMAA) : Beef

Week 32 (10/08/2021 to 15/08/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 33 (16/08/2021 to 22/08/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 862	51.71	53.34	Class A2	6 791	50.87	52.21
Class A3	604	51.56	53.83	Class A3	558	49.75	53.75
Class C2	584	44.55	47.59	Class C2	816	44.45	46.63

The quantity of units sold for class A2 and A3 beef supplied to markets decreased by 1.0% and 7.6% respectively, while units sold for class C2 beef increased by 39.7% this week when compared to the previous week. The average purchase prices for class A2, A3 and C2 beef decreased by 1.6%, 3.5% and 0.2% respectively, week on week. The average selling prices for class A2, A3 and C2 beef decreased by 2.1%, 0.1% and 2.0% respectively, this week when compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 32 (10/08/2021 to 15/08/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 33 (16/08/2021 to 22/08/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5 520	95.04	95.85	Class A2	5 409	93.90	94.27
Class A3	878	92.84	92.34	Class A3	913	90.66	91.09
Class C2	370	72.49	79.1	Class C2	351	71.91	76.70

The quantity of lamb units sold for class A3 increased by 4.0%, whilst units for class A2 and C2 lamb supplied to the markets decreased by 2.0% and 5.1% respectively this week relative to the previous week. The average purchase prices for class A2, A3 and C2 lamb decreased by 1.2%, 2.3% and 0.8% respectively, when compared to the previous week. The average selling price for class A2, A3 and C2 lamb decreased by 1.6%, 1.4% and 3.0% respectively week on week.

National South African Price information (RMAA) : Pork

Week 32 (10/08/2021 to 15/08/2021)	Units	Avg Purchase Price	Week 33 (16/08/2021 to 22/08/2021)	Units	Avg Purchase Price
Class BP	7 700	25.26	Class BP	7 910	25.46
Class HO	8 159	24.09	Class HO	8 863	24.59
Class HP	8 897	25.13	Class HP	8 515	24.52

The quantity of pork units sold for class HP this week decreased by 4.3%, whilst quantity of pork units sold for class BP and HO increased by 2.7% and 8.6% respectively week on week. The average purchase prices for class HP decreased by 2.4%, while prices for class BP and HO pork increased by 0.8% and 2.1% respectively when compared to the previous week.

Latest News Developments

The South African agriculture posts trade surplus in Q2 despite ongoing Covid challenges. The results of both the first and second quarter of 2021 agriculture export performance reflects the resilience of the sector despite the ongoing Covid-19 related challenges across the globe. The agriculture sector was able to operate during the various lockdown periods due to it being considered an essential service. Weather also came to the party and allowed for an excellent agriculture season which saw record crops across most commodities with the grain and oilseed crop topping 17.07m tonnes which is almost 2% higher year-on-year. Cilo Cybin Pharmaceutical is considering an initial public offering in the next 12 months after becoming the first South African company to win the right to grow, process and package cannabis products. The firm, named after the psychoactive substance in mushrooms, received the required certification from the South African Health Products Regulatory Authority. It will now be able to produce marijuana for sale to consumers around the world, founder and chief executive officer Gabriel Theron said in an interview.

South Africa's largest lender (Land Bank) to farmers is asking creditors to approve a split of its operations in two to help repay debt over the next five years and claw its way out of a default position. The state-owned Land & Agricultural Development Bank is proposing a reorganisation into a corporate and commercial business and a separate one focused on development projects, it said in a presentation to lawmakers Tuesday. Cash proceeds from the former will go toward commercial borrowings before the unit is eventually wound down. The plan represents a way "to restart the rebuilding process. The Pretoria-based company has been struggling to find a way forward since missing a loan repayment in April last year that triggered a cross-default in notes issued under a R50 billion bond programme. It reported a loss last year after a drought caused many of its customers to default on their loans.

Government's proposed land expropriation without compensation initiative threatens to jeopardise food security, dissuade investment and will have a profoundly negative impact on South Africa's economy. Earlier this year Agri SA published the results of a research study which considered the likely impact of a policy of land expropriation without compensation (EWC) via econometric modelling, based on capital formation and GDP ratios gleaned from relevant country case studies. The study found that South Africa will face an imminent socio-economic disaster if EWC is pursued. The reason for is that politicians and bureaucrats cannot repeal the fundamental laws of economics, try as they might. The report adds that economic capital, which is an indispensable prerequisite for economic development, job creation and growth, needs to be nurtured and incentivised otherwise it simply moves to greener pastures.

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.
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