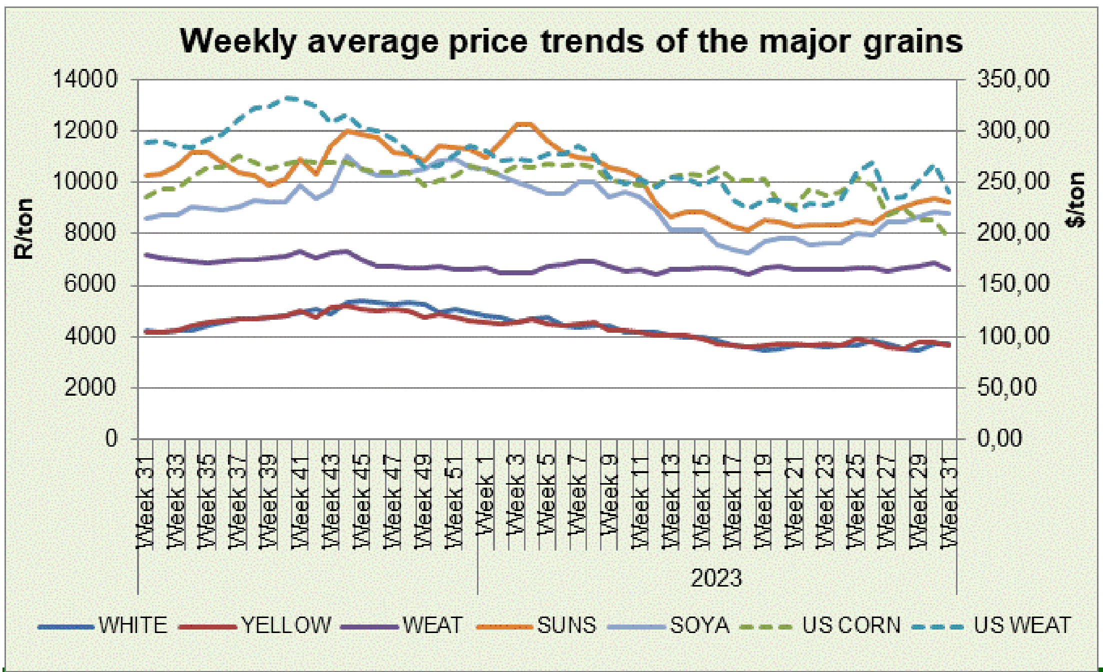
# Weekly Price Watch: 04 August 2023

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

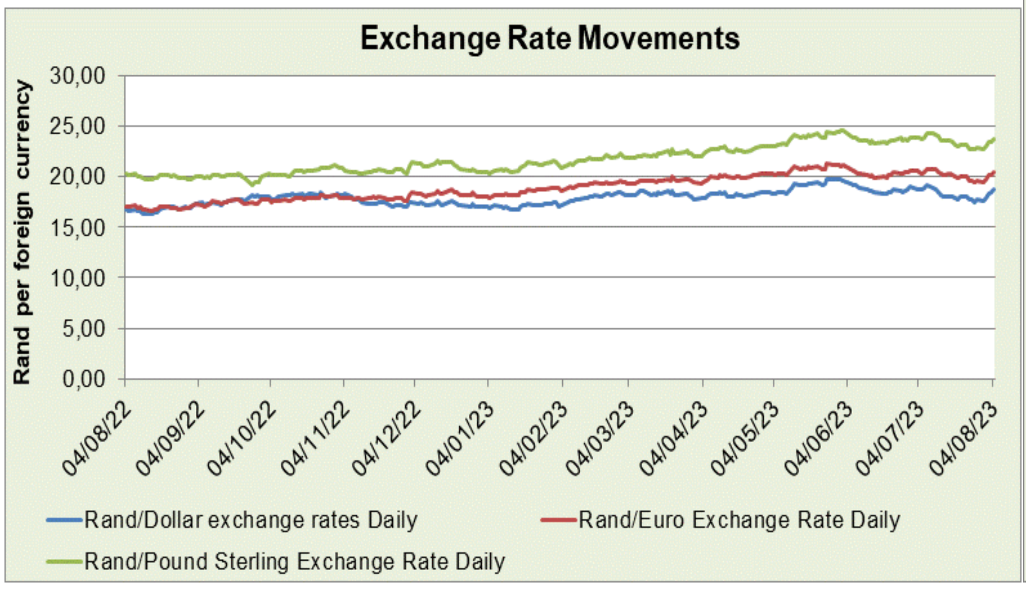
Directorate: Statistics & Economic Analysis
Sub-directorate: Economic Analysis



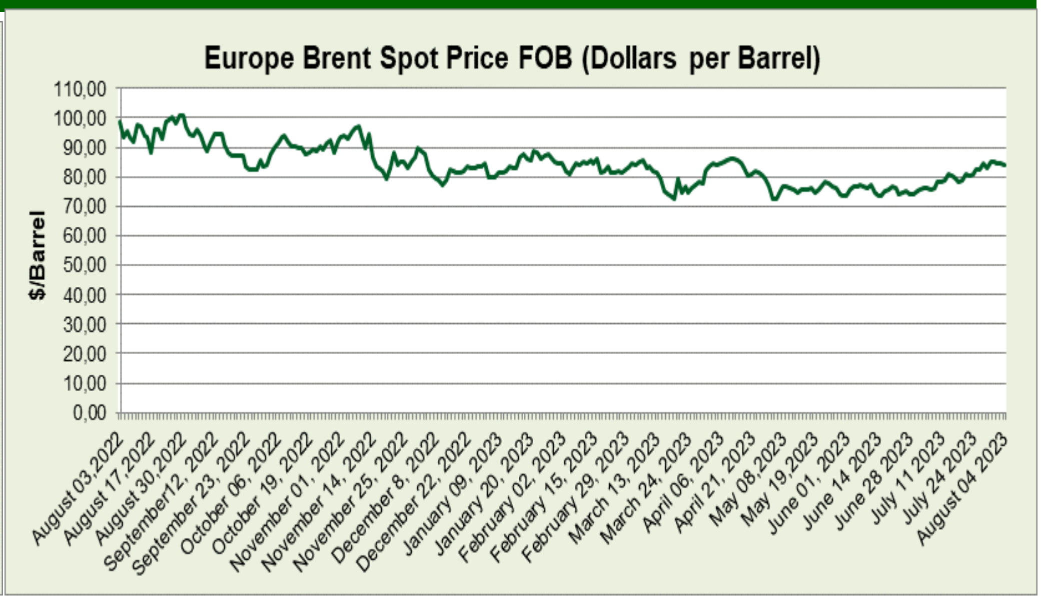

This week saw mostly lower prices across the grain sector both local and international grain prices when compared to the previous week. Internationally, Weakness of the US Dollar in recent weeks continues to weigh down on grain prices, coupled with drier weather conditions and late rain in the USA leading to fears of a potential downward revision in the crop forecasts for maize and soyabean weighed on global markets (USDA). USA maize decreased by 8,4% compared to the previous week. RSA maize market for both white and yellow maize followed the same trend and decreased by 3,2% and 3,4%. USA wheat decreased by 9,8%, whilst the price of RSA wheat decreased by 3,5%, Russia`s attack on Ukraine's grain infrastructure weighed on wheat prices and other grains. USA reduced soyabean plantings this year, as a result USA soyabean decreased by 5% this week compared to the previous week, whilst the price of RSA soya decreased by 0,2%. The price of local sunflower decreased by 1.1% compared to the previous week.

**Spot price trends of major grains commodities**

| | 1 year ago<br>Week 31<br>(01-08-22 to 05-08-22) | Last week<br>Week 30<br>(17-07-23 to 21-07-23) | This week<br>Week 31<br>(31-07-23 to 04-08-23) | w-o-w % change |
|---|---|---|---|---|
| RSA White Maize per ton | R 4 189,20 | R 3 738.00 | R 3 619,80 | -3,2% |
| RSA Yellow Maize per ton | R4 172,80 | R 3 754.60 | R 3 628,40 | -3,4% |
| USA Yellow Maize per ton | $236, 84 | $214.02 | $196,92 | -8,4% |
| RSA Wheat per ton | R7 170,20 | R 6 886.20 | R 6 645,40 | -3,5% |
| USA Wheat per ton | $288,69 | $268.05 | $241,70 | -9,8% |
| RSA Soybeans per ton | R8 580,60 | R 8 846,60 | R 8 826,00 | -0,2% |
| USA Soybeans per ton | $585,94 | $ 559.81 | $531,83 | -5,0% |
| RSA Sunflower seed per ton | R10 277,40 | R 9 375.00 | R 9 274,80 | -1,1% |
| Crude oil per barrel | $ 97,12 | $82,53 | $84,56 | 2,4% |




The rand depreciated against the dollar, Euro and pound by 3.6%, 1.7% and 1.7% respectively this week. The South African rand weakened, after slumping almost 5% this week amid concerns over global economic growth and a United States credit rating downgrade.




The price of Brent crude oil increased by 2.4% this week compared to the previous week. The increase is in part due to Russia's seaborne crude exports dropped to their lowest mark in seven months. Additionally, energy giant Saudi Arabia, remains intent on keeping world oil supplies tight, Saudi Arabia recently announced a cut to its output.

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

| Week 29 (17/07/2023 to 23/07/2023) | Units | Avg Purchase Price | Avg Selling Price | Week 30 (24/07/2023 to 30/07/2023) | Units | Avg Purchase Price | Avg Selling Price |
|---|---|---|---|---|---|---|---|
| Class A2 | 8121 | 51,59 | 54,1 | Class A2 | 8267 | 52,03 | 52,53 |
| Class A3 | 1259 | 51,52 | 52,48 | Class A3 | 1613 | 51,99 | 52,76 |
| Class C2 | 514 | 46,24 | 47,92 | Class C2 | 620 | 46,95 | 48,15 |

The quantities of beef sold this week for all classes of beef increased by 1,8%, 28,1% and 20.6% for Class A2, class A3 and C2 respectively. The average producer prices also increased for all classes of beef by 0,9%, 0,9% and 1.5% for class A2, A3 and C2 respectively. Likewise, the market prices for class of beef A3 and C2 increase by 0,5% each whilst market price for class A2 decreased by 2,9%.

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

| Week 29 (17/07/2023 to 23/07/2023) | Units | Avg Purchase Price | Avg Selling Price | Week 30 (24/07/2023 to 30/07/2023) | Units | Avg Purchase Price | Avg Selling Price |
|---|---|---|---|---|---|---|---|
| Class A2 | 11172 | 89,30 | 89,55 | Class A2 | 15063 | 89,98 | 89,56 |
| Class A3 | 1548 | 85,97 | 87,36 | Class A3 | 1604 | 96,41 | 87,4 |
| Class C2 | 722 | 65,17 | 69,27 | Class C2 | 1084 | 67,19 | 72,43 |

The quantities for lamb traded this week for all classes increased A2, A3 and C2 increased by 34,8%, 3,6% and 50,1% respectively. The producer prices for all classes also increased this week, the price of A2 by 0.8%, class A3 by 12.1% and C2 by 3.1%. The market price for classes A2 and A3 of lamb remained unchanged when compared to the previous week.

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

| Week 29 (17/07/2023 to 23/07/2023) | Units | Avg Purchase Price | Week 30 (24/07/2023 to 30/07/2023) | Units | Avg Purchase Price |
|---|---|---|---|---|---|
| Class BP | 11731 | 29,96 | Class BP | 8063 | 29,53 |
| Class HO | 6176 | 28,34 | Class HO | 7065 | 29,04 |
| Class HP | 8375 | 28,31 | Class HP | 8892 | 29,12 |

The quantities of pork traded this week decreased for class BP by 31,3% whilst class HO and HP increased by 14.4% and 6.2% respectively. The producer prices for class BP decrease by 1.4% % whilst producer prices for class HO and HP increased by 2.5% and 2.9% respectively .

## Latest News Developments

Earlier this week on Monday the 31 July 2023, the Department of Trade Industry and competition announced reintroduction of antidumping duties (tarrifs) on chicken imports on bone-in chicken portions to protect the local poultry industry from five major chicken importers in South Africa, which had been suspended for 12 months. The International Trade Administration Commission's (ITAC) investigation concluded that producers in Brazil, Denmark, Ireland, Poland, and Spain had been dumping poultry products onto the South African market. Duties on imported chicken were suspended in August last year after the provisional anti-dumping duties that were in place from December 2021 to June 2022 expired. Following high food inflation and concerns over food security, Trade and Industry Minister Ebrahim Patel decided to halt reintroducing the tariffs until now. According to Izaak Breitenbach, CEO of the South African Poultry Association (SAPA), said that poultry imports had risen since October last year. In March, imports had risen to 46 000t/month, compared to 17 000t/month in the previous year when tariffs were still in place. There was especially an increase in mechanically deboned meat (MDM). An absence of tariffs on imported chicken halted progress made by the Agriculture and Agro-Processing Master Plan (AAMP), exposing incongruency in government policies.

The result will be an anti-dumping duty of a maximum of 265% placed on chicken imports from Brazil in addition to the 62% tariff that is already in place, which is responsible for more than half of the country's imported frozen chicken. The new duties also include an additional tariff of a maximum of 158.4% on imports from Ireland; 96.9% on Poland; 85.8% on Spain; and 67.4% on Denmark. The tariffs had, however, caused concern among consumers who could face higher chicken prices as a result. The net result of new duties is likely to be perennial shortages of supply of South Africans' favourite chicken cuts, such as chicken wings and leg quarters. The new duties also risk significantly higher chicken prices on the shelves and at restaurants.

Industry organisation SA Canegrowers has welcomed the disbursement of R60-million in transformation intervention funding to black and small-scale growers through the South African Sugar Association. Chairperson Andrew Russell emphasises that this funding is critical as the industry continues to face the crisis in the milling sector and growers try to recover from the financial shocks of the last season. The industry has budgeted R125-million for black and small-scale growers delivering less than 1 800 t of cane in the 2023/24 season. Of this, R60-million was to be paid out at the end of July, together with the payments for cane delivered in June. A further R50-million will be paid out in November, with the balance to be paid out in January 2024.Small-scale growers were particularly hard hit by the decisions of the business rescue practitioners (BRPs) at the Tongaat Huletts and Gledhow sugar mills to default on financial obligations to the industry totalling R1.5-billion.

As South Africa braces itself for hotter and drier El Niño weather conditions, coupled with risks associated with loadshedding, farmers are cautioned to put the necessary measures in place to mitigate against the risk of veld fires during this winter and windy spring season. Dawie Maree, head of information and marketing at FNB Agribusiness, highlighted that the negative repercussions of the fire outbreaks are huge and have resulted in increased loss of agricultural production in the past. Consequently, this has also caused food insecurity for both humans and livestock. In some instances, we have seen equipment being damaged because of veld fires which resulted in serious financial challenges to the farmers. Long-term disaster management plans should be put in place to manage and control risks of veld fires such as fire belt .

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