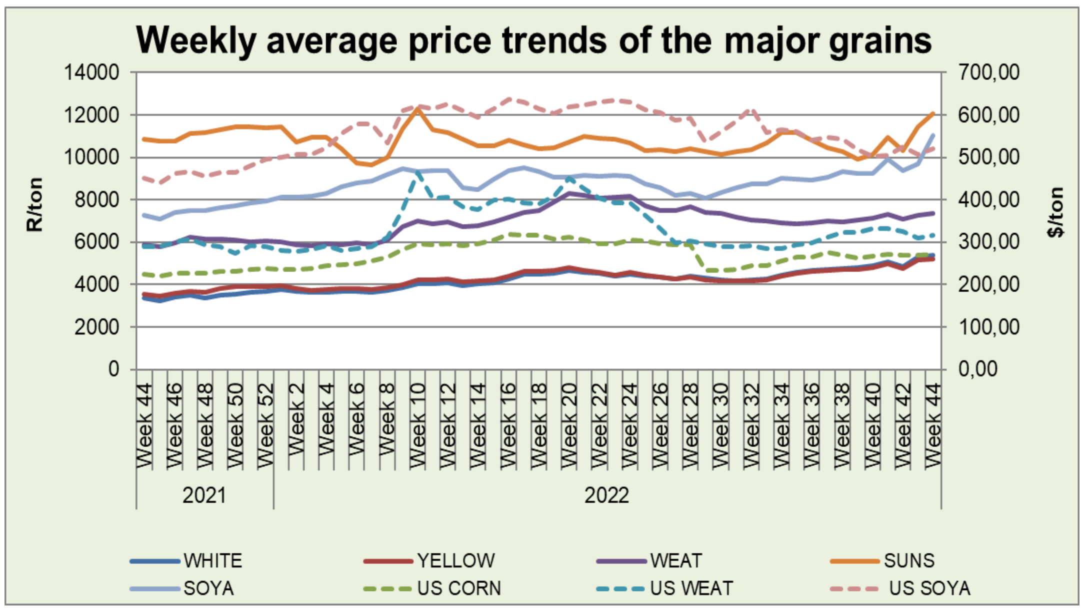
agriculture, land reform
& rural development
Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 04 November 2022

Directorate: Statistics & Economic Analysis

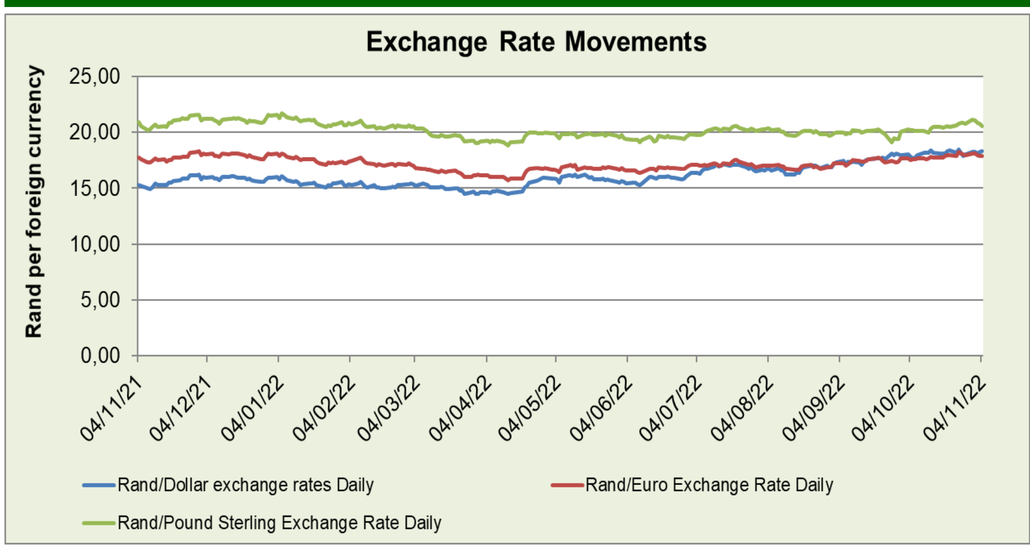
Sub-directorate: Economic Analysis

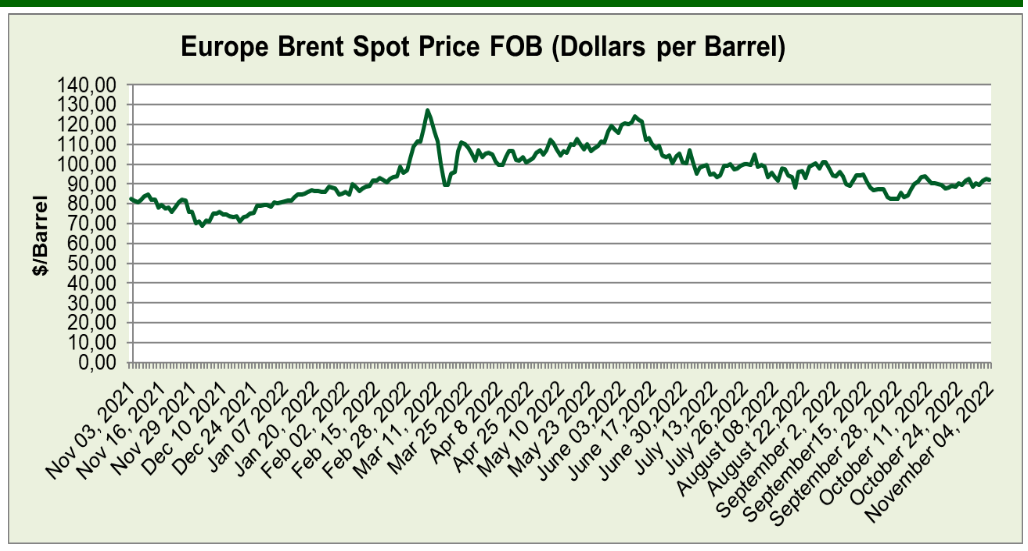


The International and local market traded marginally stronger this week when compared to the previous week. The prices of domestic grains reported an increase which seen the prices of white maize, yellow maize, wheat soybeans and sunflower increased by 1.66%, 0.80%, 0.85%, 13.86% and 5.46% respectively, when compared the previous week. The Crop Estimates Committee (CEC) released the intentions to plant summer crops for the 2022/23 production season. Indications point to South African farmers planting a total area of 4.35 million hectares of summer crops, marginally up by 0.2% year-on-year (y/y). Total maize is estimated at 2.59 million hectares, down by 1.2% y/y, but still above the 10-year average area of 2.53 million hectares. Soya bean is estimated at 1.08 million hectares, up by 16% y/y. Sunflower seed planting could decline by 13% y/y to 580 500 hectares. The current drought condition seen in key growing areas such as Argentina and the southern parts of Brazil are adding some support to global prices.

Spot price trends of major grains commodities

	1 year ago Week 44 (01-11-21 to 05-11-21)	Last week Week 43 (24-10-22 to 28-10-22)	This week Week 44 (31-10-22 to 04-11-22)	w-o-w % change
RSA White Maize per ton	R3 354.25	R5 315.60	R5 404.00	1.66%
RSA Yellow Maize per ton	R3 571.75	R5 164.20	R5 205.40	0.80%
USA Yellow Maize per ton	$223.93	$269.20	$270.60	0.50%
RSA Wheat per ton	R5 869.00	R7 286.60	R7 348.40	0.85%
USA Wheat per ton	$288.73	$308.80	$316.00	2.32%
RSA Soybeans per ton	R7 259.50	R9 694.40	R11 038.00	13.86%
USA Soybeans per ton	$452.06	$508.00	$521.50	2.66%
RSA Sunflower seed per ton	R10 844.50	R11 429.20	R12 053.80	5.46%
Crude oil per barrel	$82.01	$91.17	$93.51	2.6%





The South African rand appreciated by 0.3% against Euro, while depreciated by 0.5% against US dollar and by 0.4% against Pound sterling respectively, week on week. The rand weakening is pushed by risk-off sentiment of global investors due to geopolitical risks thus affecting emerging market currencies. The ongoing war between Russia and Ukraine, now in its sixth month, has had tremendous knock-on effects on many emerging market currencies and global financial markets at large.

Brent crude oil price averaged $93.51/barrel in the reporting week which is 2.6% higher than $91.17/barrel reported in the previous week. The oil price rise has been due to the current sanctions on Russia's crude oil, the falling dollar, and the OPEC Plus groups' expected oil production cuts.

National South African Price information (RMAA) : Beef

Week 42 (17/10/2022 to 23/10/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 43 (24/10/2022 to 30/10/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 337	60.88	63.33	Class A2	10 423	60.98	63.03
Class A3	1 171	60.73	64.36	Class A3	796	57.90	63.87
Class C2	438	49.17	53.3	Class C2	635	50.16	53.46

The quantities of class A3 beef decreased by 32.0%, while class A2 and C2 beef traded this week increased by 25.0% and 45.0% respectively, relative to the previous week. The average purchase prices for class A3 beef decreased by 4.7%, while class A2 and C2 beef increased by 0.2% and 0.3% respectively when compared to the previous week. The average selling prices of class A2 and A3 beef decreased by 0.5% and 0.8% respectively, whilst class C2 beef increased by 0.3% week on week.

National South African Price information (RMAA) : Lamb

Week 42 (17/10/2022 to 23/10/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 43 (24/10/2022 to 30/10/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	12 208	86.22	87.72	Class A2	11 815	88.60	91.80
Class A3	1 483	85.07	87.53	Class A3	1 219	87.19	91.21
Class C2	1 422	68.07	70.77	Class C2	989	70.34	74.14

The quantities of class A2, A3 and C2 lamb bought this week decreased by 3.2%, 17.8% and 30.5% respectively from the previous week. The average purchase prices for class A2, A3 and C2 lamb increased by 2.8%, 2.5% and 3.3% respectively week on week. The average selling prices for class A2, A3 and C2 lamb increased by 4.7%, 4.2% and 4.8% respectively, when compared to the previous week.

National South African Price information (RMAA) : Pork

Week 42 (17/10/2022 to 23/10/2022)	Units	Avg Purchase Price	Week 43 (24/10/2022 to 30/10/2022)	Units	Avg Purchase Price
Class BP	12 227	30.94	Class BP	10 742	31.86
Class HO	6 710	30,92	Class HO	4 994	32.74
Class HP	5 274	30.45	Class HP	5275	32.30

The quantities of class BP and HO pork decreased by 12.1% and 25.6% respectively, While class BP, HO and HP pork increased by 3.0%, 5.9% and 6.1% respectively week on week.

Latest News Developments

In a statement, the Department of Mineral Resources and Energy (DMRE) indicated that South Africans would be paying more at the pumps from Wednesday, 2 November, following the increase in all grades of fuel, illuminating paraffin and LP gas prices. The increases are as follows: all grades of petrol will increase by at least 51c, diesel 0.05% sulphur will rise by some R1.42 and on the other hand, diesel 0.005% will go up by R1.43. The wholesale illuminating paraffin increases by 77c, the single maximum national retail price for illuminating paraffin will go up by R1.03 and the maximum LP gas retail price will increase by 98c. The adjustment means that a litre of 95 ULP, which currently costs 22.36 in Gauteng, will now cost R22.87 as of Wednesday, 2 November. The Department of Mineral Resources and Energy (DMRE) further explained that the increase in prices are influenced by several local and international factors including importation costs and the cost of crude oil. The average Brent Crude oil price increased from $89.79per barrel to $92.41per barrel during the period under review. The average international product prices of petrol, illuminating paraffin and diesel increased while LPG prices decreased during the period under review. The rand depreciated on average against the dollar, from R17.55 to R18.11 rand per dollar, during the period under review when compared to the previous one. The weaker Rand led to higher contributions to the Basic Fuel Prices of petrol, diesel and illuminating paraffin by 37c per litre, 52c per litre and 48c per litre respectively.

South Africa, and the broader Southern Africa region continue to show signs that point to yet another favourable agricultural season in 2022/23, according to Agricultural Business Chamber chief economist, Wandile Sihlobo. He said that in their Seasonal Climate Watch report last week, the South African Weather Service (SAWS) highlighted that the El Niño-Southern Oscillation is currently in a La Niña state, and forecasts indicate that it will likely remain in this state during the remainder of 2022 and early 2023. A La Niña event usually has the strongest impact on rainfall during the mid-summer months. With the continued strengthening of the La Niña event, there is a high chance that it will have its usual effect on South Africa, generally for above-normal rainfall and below-normal temperatures over the summer rainfall areas. Sihlobo said this suggested a move from the weak La Niña state initially anticipated a few months ago to a more normal state in the country and the region. The likely improvement in soil moisture from now until February 2023 was a welcome development as this period covers the cultivation to the pollination stages of crops. Still, we continue to call for vigilance among farmers and agribusinesses over the next three months, which will likely be a high rainfall period. The 2021/22 summer season showed us that the environment has changed, and the La Niña rains could be more intense at times, negatively affecting agricultural activity. Therefore, attentiveness during the planting season is vital. Over the past few weeks, we have already seen encouraging momentum in planting activity in the eastern regions of South Africa, mainly in the yellow maize and soybean growing regions. From mid-November, we could see the planting activity increasing in central and western regions of South Africa, which predominantly plants white maize and sunflower seed.

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

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

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