



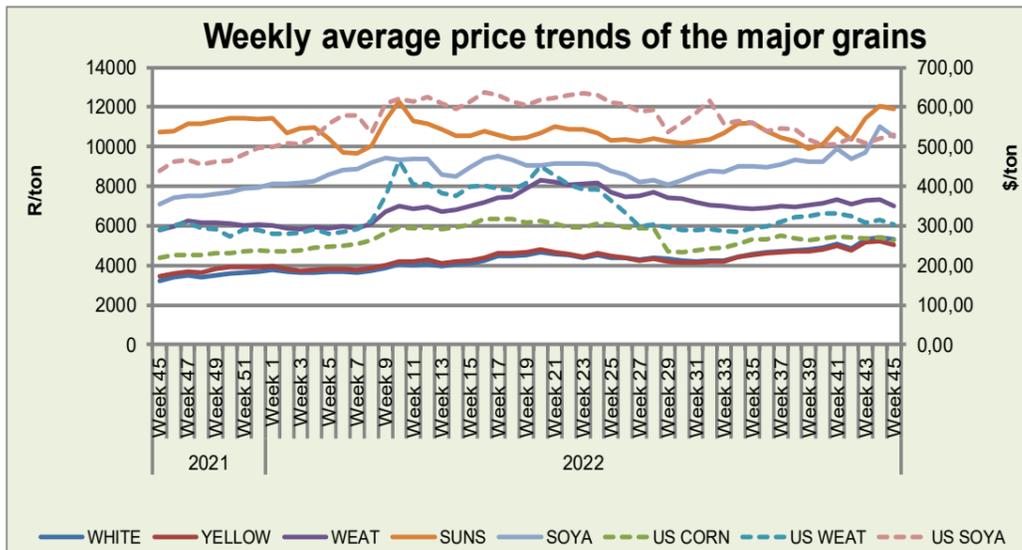
agriculture, land reform & rural development

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

Weekly Price Watch: 11 November 2022

Directorate: Statistics & Economic Analysis

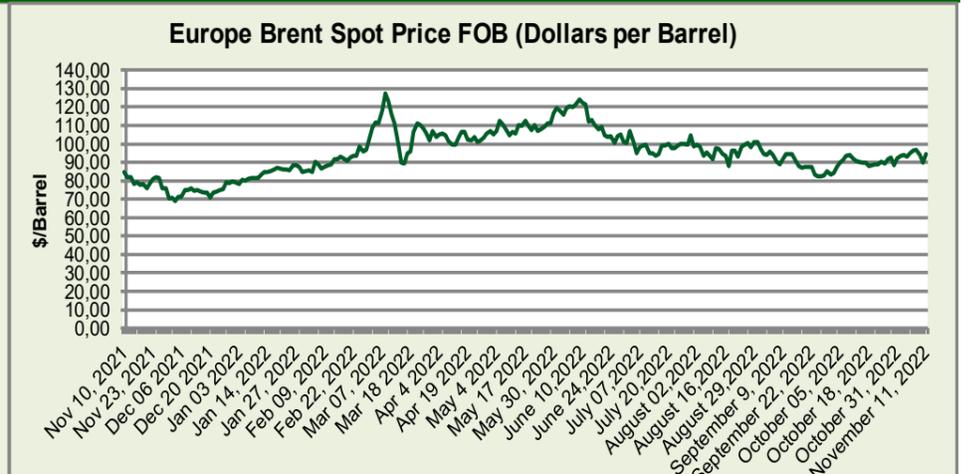
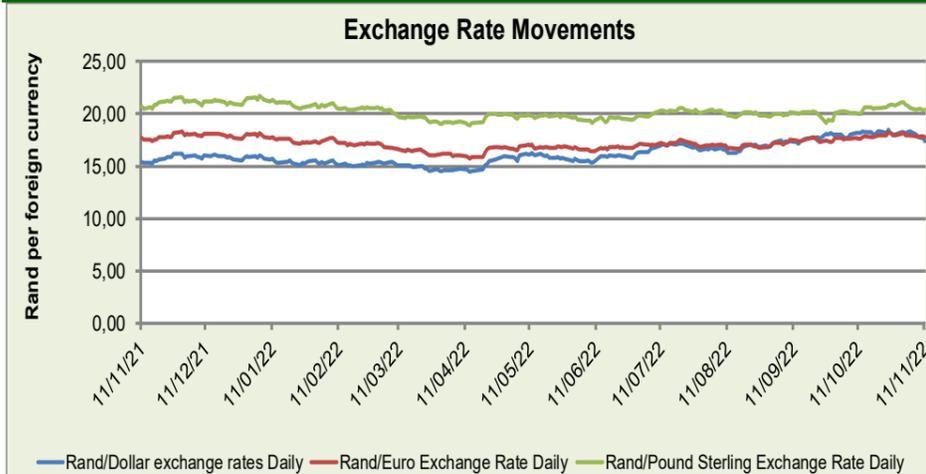
Sub-directorate: Economic Analysis



Domestic grain prices weakened this week compared to the previous week, while domestic weather conditions will likely continue to influence prices. Local white and yellow maize prices decreased by 1.5% and 2.9% respectively this week compared to the previous week whilst, wheat soybean and sunflower seed prices decreased by 4.6%, 4.7% and 1.2% respectively week-on-week. While South Africa is in a weather market, global events will likely continue to dominate the market. On the international front, US yellow maize price decreased by 2.8% week-on-week, after the government raised its outlook for production in the World Agricultural Supply and Demand Estimates (WASDE) report. US wheat price decreased by 3.9% week-on-week, as investors weigh geopolitical turmoil, the preliminary results of the US midterm elections and results of the WASDE report. US soybean price increased by 1.8% week-on-week, after China eased some of the Covid-19 restrictions amid ongoing signs of demand for US soybean supplies.

Spot price trends of major grains commodities

| | 1 year ago Week 45 (08-11-21 to 12-11-21) | Last week Week 44 (31-10-22 to 04-11-22) | This week Week 45 (07-11-22 to 11-11-22) | w-o-w % change |
|----------------------------|-------------------------------------------------|------------------------------------------------|------------------------------------------------|----------------|
| RSA White Maize per ton | R 3 216.80 | R 5 404.00 | R 5 324.80 | -1.5% |
| RSA Yellow Maize per ton | R 3 457.00 | R 5 205.40 | R 5 053.60 | -2.9% |
| USA Yellow Maize per ton | \$ 220.27 | \$ 270.55 | \$ 263.10 | -2.8% |
| RSA Wheat per ton | R 5 772.60 | R 7 348.40 | R 7 008.80 | -4.6% |
| USA Wheat per ton | \$ 288.67 | \$ 316.01 | \$ 303.55 | -3.9% |
| RSA Soybeans per ton | R 7 103.00 | R 11 038.00 | R 10 513,80 | -4.7% |
| USA Soybeans per ton | \$ 439.84 | \$ 521.53 | \$ 530.98 | 1.8% |
| RSA Sunflower seed per ton | R 10 753.20 | R 12 053.80 | R 11 913.40 | -1.2% |
| RSA Sweet Sorghum per ton | R 4 230.00 | - | - | - |
| Crude oil per barrel | \$ 82.89 | \$ 93.51 | \$ 94.32 | 0.9% |



The rand appreciated by 8.8% against the US dollar week-on-week, after the release of lower-than-expected US inflation, stirring hopes that the US Federal Bank will pivot on its aggressive policy tightening. The rand appreciated by 2.9% against the Pound Sterling week-on-week, after key British data releases and Thursday's Autumn Statement. The rand appreciated by 5.5% against the Euro week-on-week, after Euro Area economy had the weakest GDP growth since the rebound from Covid-19 restrictions.

Brent crude oil averaged \$94.32 week-on-week, which is about 0.9% more than \$93.51 reported the previous week, after health authorities in China eased some of the country's heavy COVID-19 curbs, raising hopes for improved economic activity and demand in the world's top crude importer. China's changing response to the stubbornly high COVID-19 cases has added to the oil market's price volatility while a weaker US dollar supported oil prices.



National South African Price information (RMAA) : Beef

| Week 43 (24/10/2022 to 30/10/2022) | Units | Avg Purchase Price | Avg Selling Price | Week 44 (01/11/2022 to 06/11/2022) | Units | Avg Purchase Price | Avg Selling Price |
|------------------------------------|--------|--------------------|-------------------|------------------------------------|--------|--------------------|-------------------|
| Beef | | | | | | | |
| Class A2 | 10 423 | 60,98 | 63,03 | Class A2 | 10 461 | 60,67 | 63,67 |
| Class A3 | 796 | 57,90 | 63,87 | Class A3 | 991 | 57,87 | 63,44 |
| Class C2 | 635 | 50,16 | 53,46 | Class C2 | 545 | 48,95 | 53,10 |

Units sold for class A2 and A3 beef increased by 0.4% and 24.5% respectively in the reporting week compared to the previous week whilst, units sold for class C2 beef decreased by 14.2% week-on-week. Persistently high grain costs are likely to constrain units sold over the coming month. The weekly average purchase prices for class A2, A3 and C2 beef decreased by 0.5%, 0.1% and 2.4% respectively in the reporting week compared to the previous week. Prices softened due to increased availability and limited demand. Meanwhile, the weekly average selling prices for class A3 and class C2 beef increased by 0.7% each in the reporting week compared to the previous whilst, the weekly average selling price for class A2 beef increased by 1.0% week-on-week. Analysts expect beef prices to follow an increasing trend towards the festive season.

National South African Price information (RMAA) : Lamb

| Week 43 (24/10/2022 to 30/10/2022) | Units | Avg Purchase Price | Avg Selling Price | Week 44 (01/11/2022 to 06/11/2022) | Units | Avg Purchase Price | Avg Selling Price |
|------------------------------------|--------|--------------------|-------------------|------------------------------------|--------|--------------------|-------------------|
| Lamb | | | | | | | |
| Class A2 | 11 815 | 88,60 | 91,80 | Class A2 | 10 545 | 90,64 | 92,09 |
| Class A3 | 1 219 | 87,19 | 91,21 | Class A3 | 1 166 | 89,96 | 91,63 |
| Class C2 | 989 | 70,34 | 74,14 | Class C2 | 812 | 68,49 | 70,47 |

Units sold for class A2, class A3 and class C2 lamb decreased by 10.7%, 4.3% and 17.9% respectively in the reporting week compared to the previous week. The weekly average purchase prices for class A2 and A3 lamb increased by 2.3% and 3.2% respectively in the reporting week compared to the previous week whilst, the weekly average purchase price for class C2 lamb increased by 2.6% week-on-week. During the same period, the weekly average selling prices for class A2 and A3 lamb increased by 0.3% and 0.5% respectively in the reporting week compared to the previous week whilst, the weekly average selling price for class C2 lamb decreased by 5.0% week-on-week. Lamb prices are expected to increase on improved seasonal upswing in demand as we head closer to the festive season.

National South African Price information (RMAA) : Pork

| Week 43 (24/10/2022 to 30/10/2022) | Units | Avg Purchase Price | Week 44 (01/11/2022 to 06/11/2022) | Units | Avg Purchase Price |
|------------------------------------|--------|--------------------|------------------------------------|-------|--------------------|
| Pork | | | | | |
| Class BP | 10 742 | 31,86 | Class BP | 4 144 | 33,80 |
| Class HO | 4 994 | 32,74 | Class HO | 4 245 | 33,89 |
| Class HP | 5 275 | 32,30 | Class HP | 4 188 | 33,36 |

Units sold for class BP, class HO and class HP pork decreased by 61.4%, 15.0% and 20.6% respectively in the reporting week compared to the previous week. Units sold for pork decreased on the back of lower supply and persistently high input costs. Meanwhile, the weekly average purchase prices for class BP, class HO and class HP pork increased by 6.1%, 3.5% and 3.3% respectively in the reporting week compared to the previous week. Adverse economic conditions are supporting demand for more affordable meat options however, there is still a concern over elevated feed grain prices which are expected to fall to reasonable levels to achieve improved profitability in the market.

Latest News Developments

While South Africa's unemployment rate improved by 0.6% to 33.9% in the second quarter of 2022, the country's economy may well have turned a corner. This is according to Standard Bank CEO, Sim Tshabalala who spoke at the Solutions Exchange conference. According to Tshabalala, the medium-term budget speech demonstrated that South Africa is back on the way to fiscal health and economists at Standard Bank think that inflation is key. Tshabalala concurred with National Treasury that the economy has the potential to grow faster as structural reforms take hold. Tshabalala noted that although there has been a great deal of structural and government reform over the past couple of years, South Africa's unemployment rate remains among the highest globally. According to Tshabalala, this is a serious political and economic risk, pushing SA's politics in the direction of populism, reducing investor and business confidence, increasing the cost of borrowing, and slowing growth and job creation. Despite the immense scale of the problem, Tshabalala noted that it is incumbent on every South African institution to take some direct action, emphasising the impact of multiplier effects to job creation, such as financial and social multiplier effects.

Agbiz Chief Economist, Wandile Sihlobo signalled to yet another favourable agricultural season for South Africa as well as the broader Southern Africa region in 2022/23. According to Sihlobo, the robust tractor sales seen since the start of the year, prospects of yet another La Niña weather system even though it will be weaker than the last season, and relatively high commodity prices supported an increase in hectareage earmarked for grains and oilseeds. Meanwhile, the South African Weather Service (SAWS) in their Seasonal Climate Watch report indicated 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. The Crop Estimates Committee share the same optimism from the Crop Estimates Committee's intentions-to-plant data, where farmers noted that they could plant 4,35 million hectares for summer grains and oilseeds in 2022/23, up by 0.2% from the previous season.

Derek Mathews, chairperson of Grain SA noted that the good rainfall forecast for the 2022/23 season played a major role in the area that farmers intended to plant to crops, despite the sharp increases in input prices. However, according to Mathews, despite the relatively high grain prices at the moment, the high input costs will result in smaller profit margins compared with the previous season. Meanwhile, the high soil moisture levels that will be carried over from 2022 to 2023, coupled with the expectations of rain, may result in above-average yields and, consequently, higher volumes of grains and oilseeds.

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