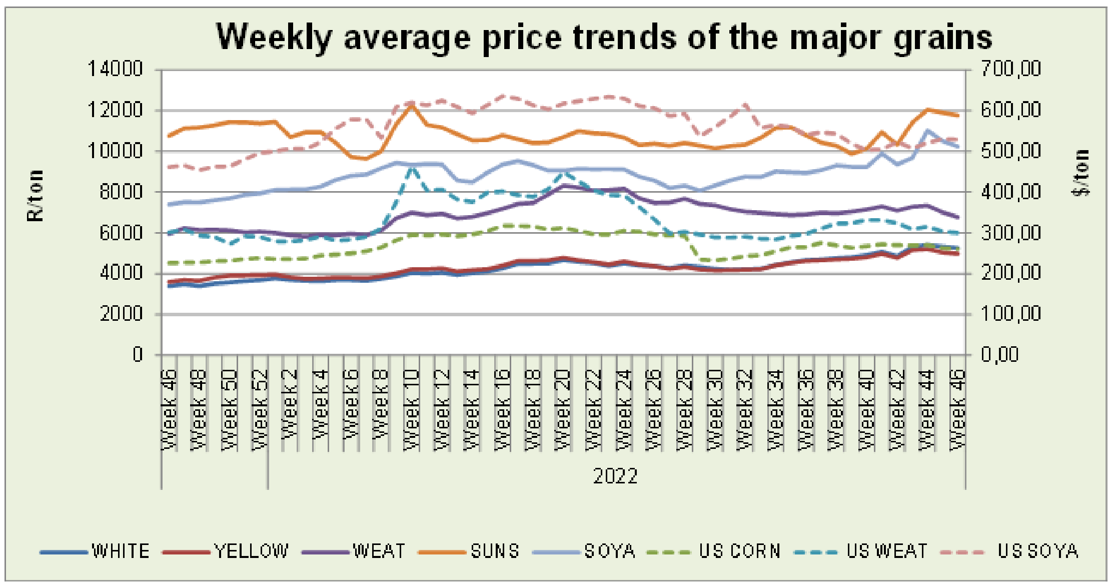
agriculture, land reform & rural development

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

Weekly Price Watch: 18 November 2022

Directorate: Statistics & Economic Analysis

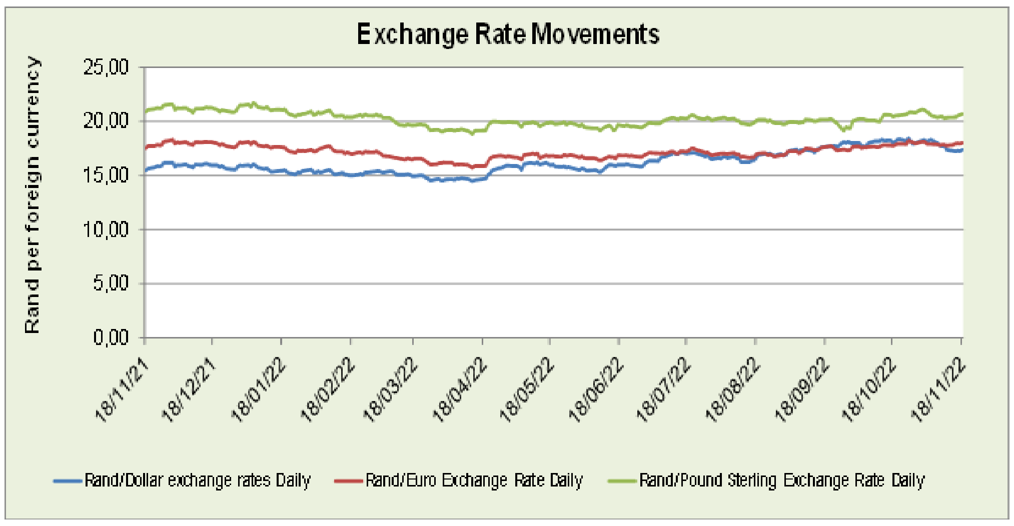
Sub-directorate: Economic Analysis



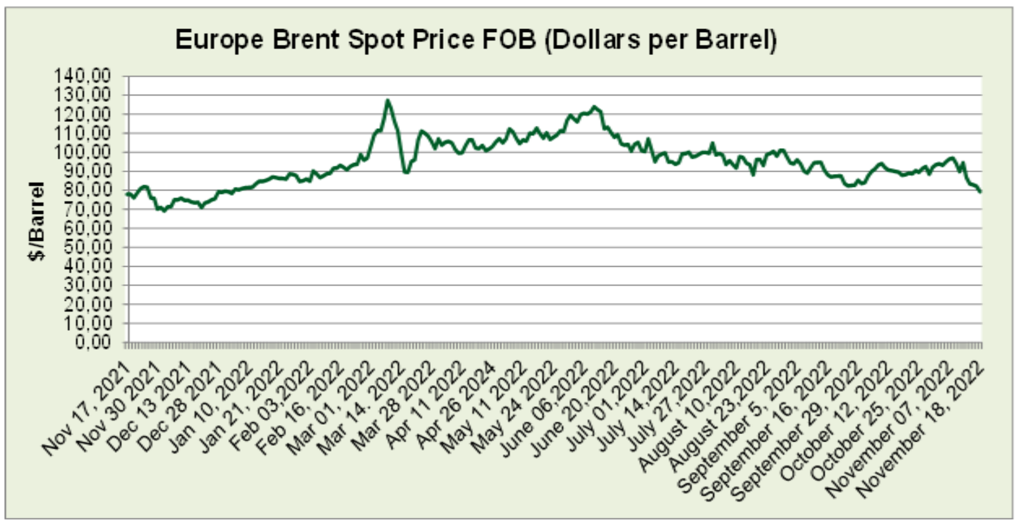
Both domestic and international grain prices weakened for two consecutive weeks, with local white and yellow maize prices decreased by 1.2% and 1.3% respectively this week compared to the previous week. Domestic maize prices came under pressure, trading lower due to lower US maize prices and the stronger rand. Wheat, soybean and sunflower seed prices also decreased by 3.4%, 2.5% and 1.2% respectively week-on-week. US yellow maize price decreased by 0.8% week-on-week. US maize prices got a weaker start in the week and traded lower on lower outside markets and maize harvesting pressure. The uncertainty of future shipments from the Black Sea region added some volatility. During the same period US wheat and soybean prices also decreased by 1.1% and 0.3% respectively. US soya bean contracts traded lower this week as the US is now harvesting its soya beans. The US soya bean crop faces tough competition on the global arena from soya bean exports from Brazil. However, the weaker dollar seen in the past sessions could result in US grains and oilseeds becoming slightly more competitive.

Spot price trends of major grains commodities

	1 year ago Week 46 (15-11-21 to 19-11-21)	Last week Week 45 (07-11-22 to 11-11-22)	This week Week 46 (14-11-22 to 18-11-22)	w-o-w % change
RSA White Maize per ton	R 3 394.40	R 5 324.80	R 5 262.60	-1.2%
RSA Yellow Maize per ton	R 3 597.20	R 5 053.60	R 4 988.20	-1.3%
USA Yellow Maize per ton	$ 226.19	$ 263.10	$ 260.96	-0.8%
RSA Wheat per ton	R 5 954.80	R 7 008.80	R 6 772.80	-3.4%
USA Wheat per ton	$ 300.98	$ 303.55	$ 300.14	-1.1%
RSA Soybeans per ton	R 7 406.20	R 10 513,80	R 10 253,60	-2.5%
USA Soybeans per ton	$ 461.84	$ 530.98	$ 529.14	-0.3%
RSA Sunflower seed per ton	R 10 781.40	R 11 913.40	R 11 772.40	-1.2%
RSA Sweet Sorghum per ton	R 4 230.00	-	-	-
Crude oil per barrel	$ 77.86	$ 94.32	$ 82.86	12.2%



This week rand averaged R17.29 against the dollar, appreciating by 2.5% week-on-week. The rand slipped on Friday as investors bet on a relatively hawkish Federal Reserve and as worries about increasing coronavirus cases in China persisted. The rand depreciated by 0.6 % and 0.7% against Euro and Pound Sterling respectively week-on-week.



Brent crude oil averaged $82.86, which is about 12.2% less than $94.32 this week compared to the previous week. Brent crude oil prices have retreated and are on track for a second weekly decline, pressured by concerns about weakening Chinese demand and further increases to US interest rates.

National South African Price information (RMAA) : Beef

Week 44 (01/11/2022 to 06/11/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 45 (07/11/2022 to 13/11/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	10 461	60,67	63,67	Class A2	10 518	60,47	63,37
Class A3	991	57,87	63,44	Class A3	796	58,68	62,31
Class C2	545	48,95	53,10	Class C2	661	48,76	54,56

Units sold for class A2 and C2 beef increased by 0.5% and 21.3% respectively, meanwhile units sold for class A3 beef decreased by 19.7% this week compared to the previous week. The weekly average purchase prices for class A2 and class C2 beef decreased for two consecutive weeks by 0.3% and 0.4% respectively in the reporting week compared to the previous week. Whilst the weekly average purchase prices for class A3 increased by 1.4% week on week. During the same period the weekly average selling prices for class A2 and class A3 beef decreased by 0.5% and 1.8% respectively, while the weekly average selling price for class C2 beef increased by 2.7% this week compared to the previous week. There has been lower demand for weaners on the market, as the festive season stocking window for feedlots has passed.

National South African Price information (RMAA) : Lamb

Week 44 (01/11/2022 to 06/11/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 45 (07/11/2022 to 13/11/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	10 545	90,64	92,09	Class A2	9 154	90,21	92,20
Class A3	1 166	89,96	91,63	Class A3	873	90,15	91,92
Class C2	812	68,49	70,47	Class C2	958	71,43	73,48

Units sold for class A2 and class A3 lamb decreased by 13.2% and 25.1% respectively this week compared to the previous week, while the units sold for class C2 lamb increased by 18.0% week on week. The weekly average purchase prices for class A3 and class C2 lamb increased by 0.2% and 4.3% respectively in the reporting week compared to the previous week. Whilst the weekly average purchase price for class A2 lamb decreased by 0.5% week-on-week. During the same period, the weekly average selling prices for class A2, class A3 and class C2 lamb all increased by 0.1%, 0.3% and 4.3% respectively. Lamb prices are expected to pick up as the festive season is approaching.

National South African Price information (RMAA) : Pork

Week 44 (01/11/2022 to 06/11/2022)	Units	Avg Purchase Price	Week 45 (07/11/2022 to 13/11/2022)	Units	Avg Purchase Price
Class BP	4 144	33,80	Class BP	8 518	35,65
Class HO	4 245	33,89	Class HO	3 822	35,64
Class HP	4 188	33,36	Class HP	3 982	33,83

Units sold for class HO and class HP pork decreased for two consecutive weeks by 10.0% and 4.9% respectively this week compared to the previous week, meanwhile units sold for class BP pork increased significantly by 105.6% after last week's decrease. During the same period the weekly average purchase prices for class BP, class HO and class HP pork increased for two consecutive weeks by 5.5%, 5.2% and 1.4% respectively.

Latest News Developments

According to the latest information from the Central Energy Fund, petrol prices may be hiked in the first week of December, ahead of South Africa's peak travel season. However, diesel could ease from record high levels. The data shows that 95 unleaded petrol could be increased by around R1.10 a litre in December, with 93 petrol due for a 97c hike. But diesel may be cut from record-high levels and currently looks set for a decrease of between 27c and 35c. Oil prices have been volatile in recent weeks. Demand has been bolstered by easing Covid-19 lockdown restrictions in China and a cut in production among oil producers. However, the oil price is trading at its lowest level in three weeks amid concerns about the US economic outlook. A recent rally in the rand – which surged from R17.85/$ a week ago to R17.26 on Tuesday – will help fuel prices. Following another hike this month, the Gauteng diesel price is now at R25.49 a litre - a new record high. A year ago, Gauteng's diesel price was around R17.20 per litre.

According to Sanisha Packirisamy, an economist at Momentum Investments, key data indicates that South African economy is likely to have averted a technical recession in the third quarter despite record power outages. Better-than-expected mining and manufacturing output is set to outweigh relatively soft retail sales data, suggesting SA returned to growth in the third quarter after contracting 0.7% in the previous quarter. Mining and manufacturing make up about a fifth of total gross domestic product, while trade, which includes the retail sector, accounts for 13%. Growth is reasonably soft and load shedding has been one of the main factors driving that together with increased headwinds that the consumer is facing. GDP data for the third quarter, due on 6 December, is expected to show how state-owned power company Eskom's inability to produce enough electricity to meet demand is weighing on output. The utility imposed power outages on more than half of the days of the third quarter, leading to a record 160 days of power cuts so far in 2022, according to Bloomberg calculations. The South African Reserve Bank and National Treasury both predict the economy will expand by 1.9% in 2022, though the former may revise its forecast on November 24, when it's due to announce its final interest-rate decision of the year.

Agricultural systems will have to change to adapt to climate change and improve food security. This was the message that emerged from delegates at the 2022 United Nations Climate Change Conference, commonly referred to as COP27, held at Sharm El-Sheikh in Egypt. Daneel Rossouw, functional head of agriculture at Nedbank, said that it was "not fair" for the responsibility of this change to be on farmers in Africa, including South Africa, as many developed countries were greater polluters than developing countries in Africa. Despite this, Rossouw added that farmers had no choice but to make the relevant changes to adapt to climate change.

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.