



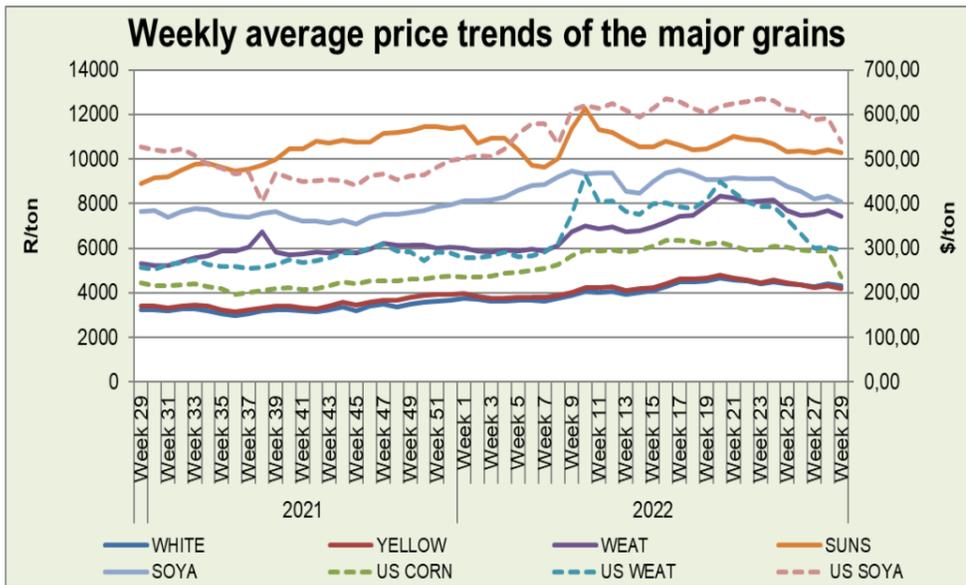
agriculture, land reform & rural development

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

Weekly Price Watch: 22 July 2022

Directorate: Statistics & Economic Analysis

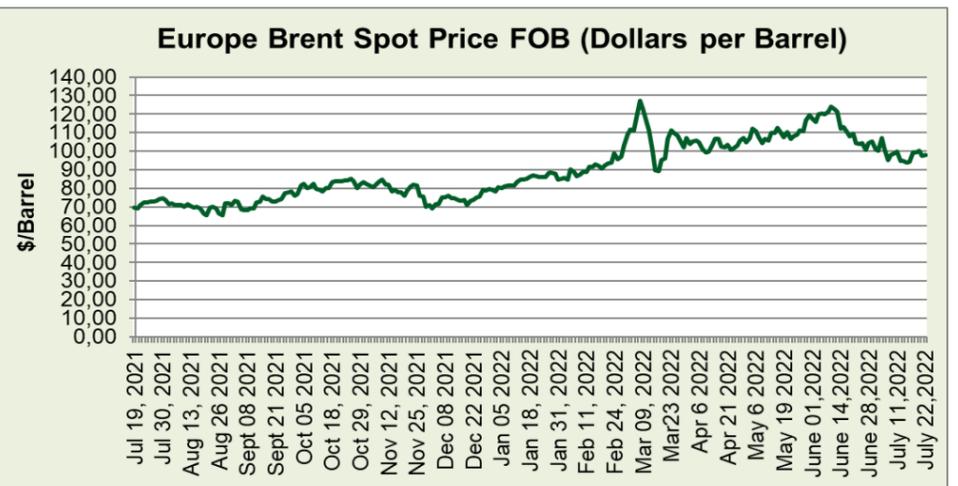
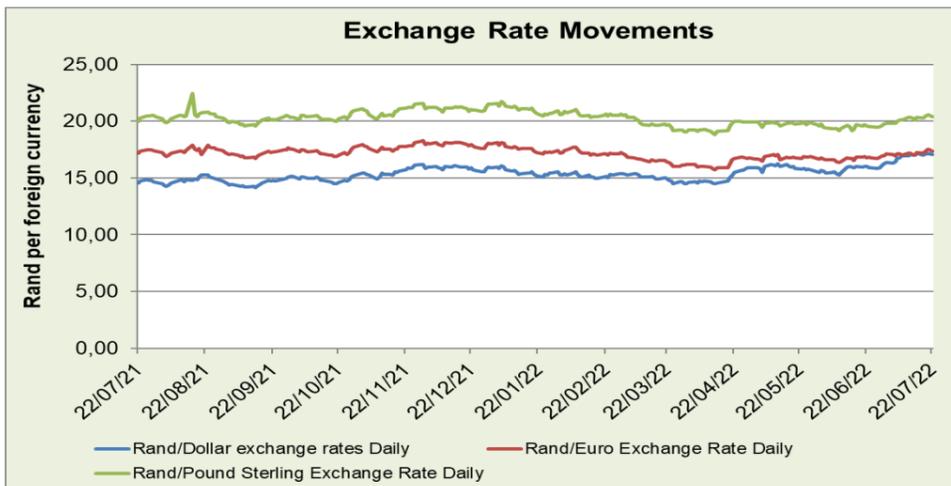
Sub-directorate: Economic Analysis



The International and local market traded much weaker this week when compared to the previous week. The prices of domestic grains reported decrease which seen the prices of white maize, yellow maize, wheat, soybeans and sunflower seed decreased by 1.5%, 2.8%, 3.3%, 3.0% and 1.3% respectively this week when compared the previous week. Internationally, the grain price of US corn, US wheat and US soybean decreased by 20.0%, 2.2% and 9.4% respectively week on week. Corn gained more ground on concerns over hot weather threatening the U.S. crop in its critical phase of pollination. According to the Ukrainian agriculture ministry, it indicates that the disruption to Black Sea shipping routes caused by Russia's invasion of Ukraine sparked a rally that pushed wheat futures near record highs by early-March. Ukrainian farmers have threshed 3.6 million tonnes of grain of the 2022 grain harvest from about 10% of the sowing area.

Spot price trends of major grains commodities

	1 year ago Week 29 (19-07-21 to 23-07-21)	This week Week 28 (11-07-22 to 15-07-22)	This week Week 29 (18-07-22 to 22-07-22)	w-o-w % change
RSA White Maize per ton	R3 258.60	R4 397.40	R4 332.20	-1.5%
RSA Yellow Maize per ton	R3 400.80	R4 337.00	R4 213.40	-2.8%
USA Yellow Maize per ton	\$222.01	\$ 293.45	\$ 234.62	-20.0%
RSA Wheat per ton	R5 311.00	R7 681.40	R7 427.20	-3.3%
USA Wheat per ton	\$256.70	\$ 302.52	\$ 295.93	-2.2%
RSA Soybeans per ton	R7 657.00	R8 323.60	R8 077.20	-3.0%
USA Soybeans per ton	\$527.20	\$ 592.45	\$ 537.03	-9.4%
RSA Sunflower seed per ton	R8 921.80	R10 421.00	R10 289.80	-1.3%
Crude oil per barrel	\$70.89	\$ 95.52	\$ 98.78	3.4%



The South African rand depreciated by 0.2% against the US dollar, by 1.5% against the Euro and by 0.8% against the Pound sterling respectively. The SA rand remain under pressure as the international economic environment and load shedding locally to be blame for the currency's depreciation.

Brent crude oil price averaged \$98.78/barrel in the reporting week which is 3.4% higher than \$95.52/barrel reported in the previous week. The Oil prices were slightly higher on last week, as OPEC's first oil-market outlook for 2023 suggests no relief for squeezed consumers, with more crude needed from the group even though most members are already pumping flat out.



National South African Price information (RMAA) : Beef

Week 27 (04/07/2022 to 10/07/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 28 (11/07/2022 to 17/07/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5 058	62.58	65.25	Class A2	5 937	60.60	64.48
Class A3	371	62.07	63.88	Class A3	569	58.03	63.48
Class C2	297	49.97	50.29	Class C2	619	47.98	52.67

The quantities of class A2, A3 and C2 beef bought this week increased by 17.4%, 53.4% and 108.4% respectively from the previous week. The average purchase prices for class A2, A3 and C2 beef decreased by 3.2%, 6.5% and 4.0% respectively week on week. The average selling prices for class A2 and A3 decreased by 1.2% and 0.6% respectively, while class C2 increased by 4.7% when compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 27 (04/07/2022 to 10/07/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 28 (11/07/2022 to 17/07/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 811	107.86	107.09	Class A2	6 750	107.09	107.81
Class A3	624	104.34	104.57	Class A3	1 099	101.39	98.90
Class C2	1 110	78.69	81.94	Class C2	609	76.03	80.04

The quantities of class A3 lamb increased by 76.1%, while class A2 and C2 lamb traded this week decreased by 13.6% and 45.1% respectively, relative to the previous week. The average purchase prices for class A2, A3 and C2 lamb decreased by 0.7%, 2.8% and 3.4% respectively, when compared to the previous week. The average selling prices of class A2 lamb increased by 0.7%, whilst class A3 and C2 lamb decreased by 5.4% and 2.3% respectively week on week.

National South African Price information (RMAA) : Pork

Week 27 (04/07/2022 to 10/07/2022)	Units	Avg Purchase Price	Week 28 (11/07/2022 to 17/07/2022)	Units	Avg Purchase Price
Class BP	5 612	27.17	Class BP	5 328	26.89
Class HO	7 791	26.83	Class HO	4 514	26.43
Class HP	6 508	26.70	Class HP	4 709	26.36

The quantities of class BP, HO and HP pork traded this week decreased by 5.1%, 42.1% and 27.6% respectively when compared to the previous week. The average purchase prices for class BP, HO and HP pork decreased by 1.0%, 1.5% and 1.3% respectively week on week.

Latest News Developments

According to South African Reserve Bank (SARB) Governor Lesetja Kganyago, he indicates that the rising interest rates in SA will not choke economic recovery in the country because the central bank acted early enough to keep inflation in check. Speaking at the SA Tomorrow 2022 conference, where government was trying to convince local and international investors that SA is on a path to creating a more conducive environment for businesses to grow, Kganyago said SA could continue to take steps to control inflation without hurting the economy. The Reserve Bank has already raised interest rates four times since November 2021, adding 125 basis points to the repo rate over a six-month period. As a result, SA's inflation has remained more benign compared to many developed and other emerging economies. Kganyago said while some critics say central banks are acting hastily, the SARB's view was that the country needed to switch the taps off its stimulus as early as July last year. This way, the SARB would be able to control the inflation rate gradually, without slamming harsh brakes on the economy as other central banks are doing now. In the US, the Fed announced a 75 basis points increase last week, the biggest interest rate hike since 1994. The European Central Bank has also signalled a 25 basis points hike at its July monetary policy meeting, the first increase for the European Union in three years. It is watching the extent to which harsh hikes in these major economies will drive prices locally. It will also be forced to act if the rand depreciates further because if accompanied by rising import prices, SA could also face runaway inflation. As the global economy reopens and we see inflation rising, it's important that central banks do not become complacent but become alive to the issue of inflation. He said the bank was doing this, particularly for the working class because those are the people who suffer the most when their incomes are eroded by the rising inflation.

Automobile Association (AA) spokesperson Layton Beard indicated that, after much pain at the fuel pumps, there's a chance that South Africans will finally get a break next month. According to the latest data from the Central Energy Fund, petrol prices currently look set for cuts of between 53c and 60c per litre, depending on the grade of fuel. Diesel price could be reduce by around 28c, if the oil price and rand exchange rate remain at current levels for the rest of the month. These figures will likely change, though, as there is still some time to go before the actual adjustment is made. While the rand crashed through R17/\$ for the first time since 2020 last week, Brent crude oil prices have fallen by more than 10% since the start of July. Demand for oil has started to weaken in response to red-hot prices. Growing fears about a global recession are also weighing on demand. Last week, oil prices dropped below \$95 a barrel for the first time since the invasion of Ukraine. In March, oil was close to \$130. The local fuel price are determined by international oil prices, as well as the dollar-rand value, as South Africa buys oil in dollars. Countering the positive impact of the weaker oil price, is the reinstatement of the full petrol levy for the first time in months. In April, government cut the fuel levy by R1.50 a litre in an effort to relieve the economic stress of surging fuel prices. At the start of July, that was lowered to only 75c and the full levy of R1.50 will take effect from next month. The fuel prices are usually adjusted on the first Wednesday of a month. This month, petrol prices were hiked by more than 10%. Gauteng unleaded petrol is currently 54% more expensive than a year ago.

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