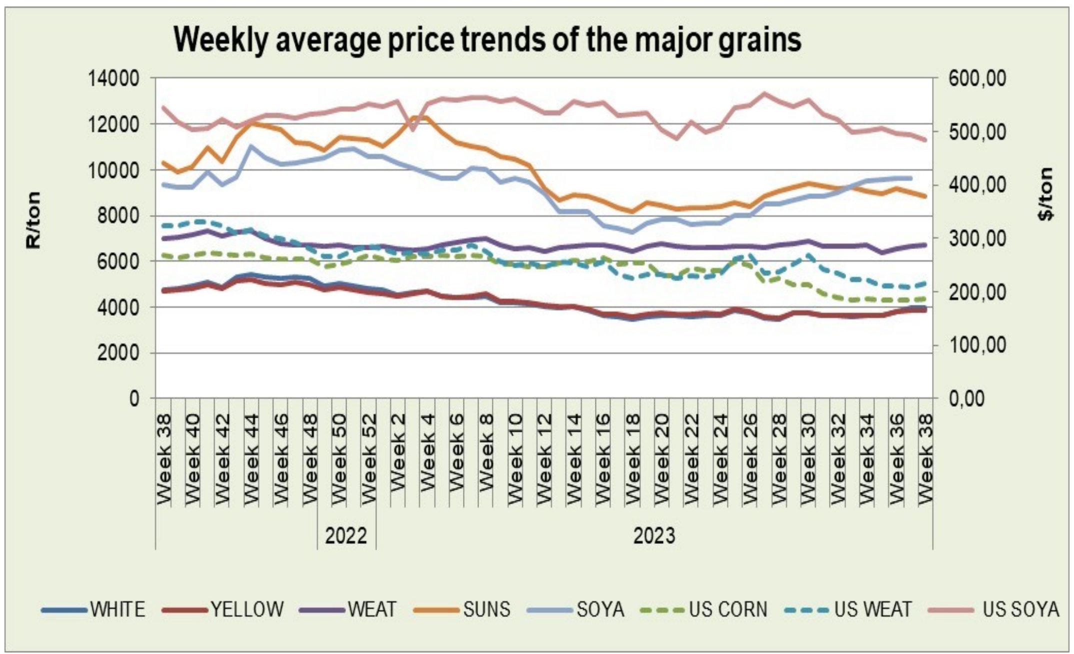
Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

agriculture, land reform & rural development

Weekly Price Watch: 22 September 2023

Directorate: Statistics & Economic Analysis

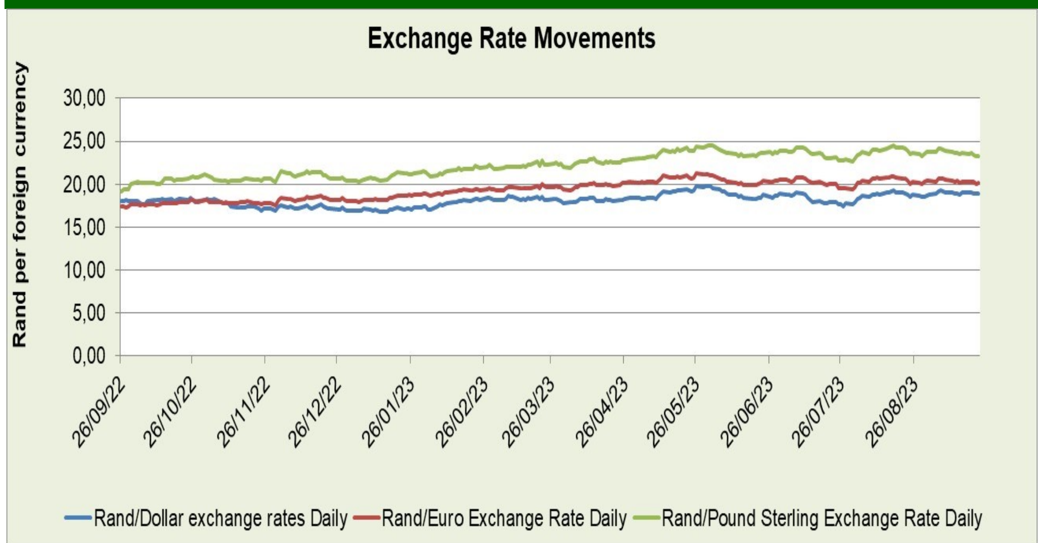
Sub-directorate: Economic Analysis



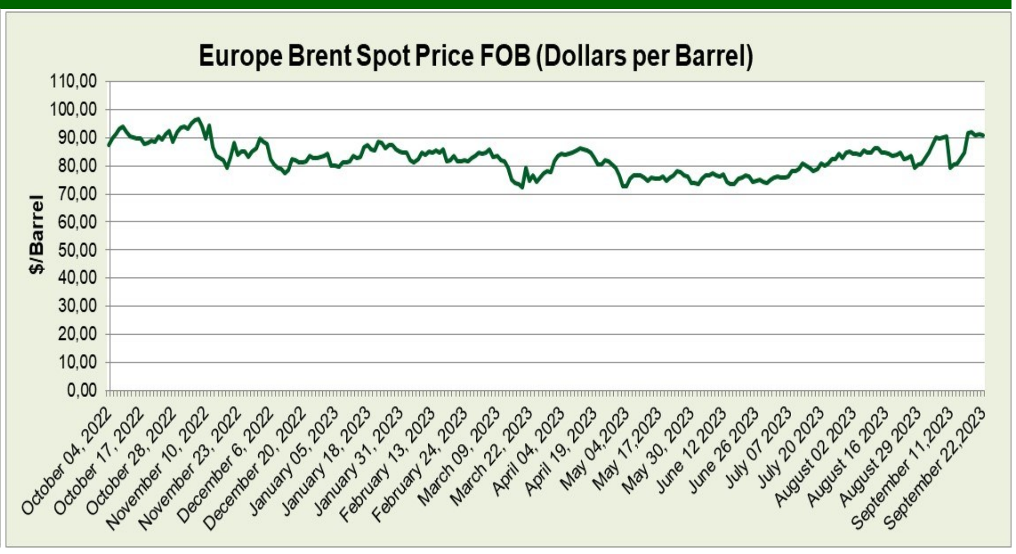
This week saw mix reaction in prices of local grain market in contrast to the international grain market, when compared to the previous week. RSA maize market for both white 0,5% and yellow maize decreased by 0.5%. USA corn faired considerably better on the international market when it rose by 2.2% in week 38. According to Agbiz, the 2022/23 maize harvest is estimated at 16,4 million, 6% higher than the 2021/22 season's harvest and the second-largest harvest on record. Soybean harvest could reach a record 2,8 million tonnes. Be that as it may, the prices of these products are influenced by global developments as we are an open economy interlinked to the world markets. Soya on both the local and international markets dropped considerably by 4.9% and 1.9% respectively. Wheat on the local and international markets both rose by 0.5% and 4.4 % respectively. However, local sunflower prices increased by 1.9%.

Spot price trends of major grains commodities

	1 year ago Week 38 (12-09-22 to 16-09-23)	Last week Week 37 (11-09-23 to 15-09-23)	This week Week 38 (18-09-23 to 22-09-23)	w-o-w % change
RSA White Maize per ton	R4 7069.20	R3 963.60	R3 982,20	0,5%
RSA Yellow Maize per ton	R4 700.20	R3 878.6	R3 857,80	-0.5%
USA Yellow Maize per ton	$269.36	$183.39	$187,49	2,2%
RSA Wheat per ton	R6 970.00	R6 661.40	R6 694,40	0,5%
USA Wheat per ton	$323.18	$207.22	$216,32	4,4%
RSA Soybeans per ton	$9 321.80	R9 618.60	R9 228,40	-4,1%
USA Soybeans per ton	$543.53	$493.32	$483,98	-1,9%
RSA Sunflower seed per ton	R10 282.20	R9 009.40	R8 839,80	1,9%
Crude oil per barrel	$ 91.00	$91.84	$91,42	-0,5%



The rand depreciated marginally against the US dollar by 0.1%, while it appreciated against the Euro and Pound by 0.4% and 1.0% respectively.



The price of oil decreased ($91.84 to $91.42) by 0,5% compared to the previous week as the price corrected itself from week 37 increase.

National South African Price information (RMAA) : Beef

Week 36 (06/09/2023 to 10/09/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 37 (13/09/2023 to 17/09/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8174	53,17	55,05	Class A2	6 928	52.88	55.96
Class A3	1095	53,32	54,75	Class A3	869	53.11	54.03
Class C2	666	46,43	48,26	Class C2	448	46.67	47.71

The quantities of beef sold this week for all classes of beef decreased by 15.2%, 20.6%, and 32.7% for classes A2, A3 and C2 respectively, The average producer prices for classes A2 and A3 of beef decreased marginally by 0,4% and 0,5% for class A2 and A3 respectively. While the demand by the consumer caused the purchase price of class C2 to increase by 0.5%. The average selling price for quality beef in class A increased by 1.7% in one week. While in week 37 class A3 and class C2 decreased by 1.3% and 1.1% respectively.

National South African Price information (RMAA) : Lamb

Week 36 (06/09/2023 to 10/09/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 37 (13/09/2023 to 17/09/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	10221	85,50	86,05	Class A2	11 404	82.81	83.94
Class A3	1235	84,15	84,57	Class A3	1 446	81.32	83.26
Class C2	1611	60,21	64,49	Class C2	1 028	59.08	65.57

Class A2 and A3 lamb unit sales increased by 11.6% and 17.1 % respectively, while class C2 unit sales decreased by 36.2%. The average purchase price of all lamb classes decreased. The price of class A2, A3, and C2 average purchase price lamb decreased by 3.1%, 3.4% and 3.9% respectively. The average selling price of lamb to butchers for classes A2, A3 and C2 is R83.94, R83.26 and R65.57 per Kg which decreases by 2.5% and 1.5% for class A2 and class A3, while for class C2 it increases by 1.7%.

National South African Price information (RMAA) : Pork

Week 36 (06/09/2023 to 10/09/2023)	Units	Avg Purchase Price	Week 37 (13/09/2023 to 17/09/2023)	Units	Avg Purchase Price
Class BP	9140	33,95	Class BP	10 485	35.18
Class HO	6745	34,01	Class HO	6 647	34.79
Class HP	8000	33,76	Class HP	8 198	34.73

Class BP and HP Pork units sold increased by 14.7% and 2.5% respectively and class HO decreased by 2.5%. In week 37 all the classes of pork selling price increased by 3.6%, 2.3% and 2.9% for classes BP, HO and HP respectively.

Latest News Developments

Following three consecutive quarters of depressed sentiment, the Agbiz/IDC Agribusiness Confidence Index rebounded by 6 points from the second quarter to the neutral 50-point mark in the third quarter. Wandile Sihlobo, chief economist at Agbiz, said the results indicated that agribusinesses were adapting to the challenging operating conditions in the country emanating from numerous long-standing challenges, such as deteriorating infrastructure, failing municipalities, intensified geopolitical tension, and persistent episodes of load-shedding. He nevertheless warned this “improvement” did not mean that nothing should be done about these challenges: “Government and the private sector should work together to resolve these challenges, as it could undermine the sector’s long-term growth.” According to the index, seven of the 10 subindices used to calculate agribusiness confidence improved. Turnover and net operating income subindices are up by 9 and 4 points to 74 and 59 respectively, thanks to optimism over the summer and winter grain harvests, financial services, and livestock businesses over the 2022/23 season.

The market share subindex increased by 2 points to 59, also primarily because of sentiment improvement towards summer and winter grains. The employment subindex lifted by 11 points to 59 due to the improvement in jobs in the sector. According to the report, about 894 000 people were employed in primary agriculture in the second quarter, up 1% quarter-on-quarter and 2% year-on-year. This is the highest farm employment level since the last quarter of 2016, and well above the long-term agriculture employment figure of 780 000. The capital investment subindex increased by 19 points to 73. Sihlobo suspects that this is primarily because of investment in renewables to cope with intensified load-shedding. The data for other agricultural equipment, such as tractors and harvester sales, has declined slightly in recent months.

The general economic conditions subindex increased by 16 points to 26, while the general agricultural conditions subindex rose by 8 points to 56. The improvement is supported by favourable production conditions in the winter grain regions. The subindex indicating export sentiment, however, declined by 17 points to 43, signalling an expected decline in export volumes from the robust levels of 2022 and ongoing worries about underperforming logistics. The financing cost subindex improved slightly, falling by 1 point to 6, signalling that companies likely thought the interest rate hike cycle had ended. The debtor provision for bad debt, however, was up by 8 points to 41, which is unfavourable and signalled pressure in financing as businesses were possibly increasing borrowing to finance alternative energy sources. Dawie Maree, head of agriculture information and marketing at FNB, was surprised that the index reached the neutral point: “I did not think we would reach a neutral point until after next year’s election.” He expects the impact of El Niño on weather patterns and service delivery to be the main factors influencing sentiment in the next quarter. It is evident from agricultural equipment sales that farmers have become more cautious because of uncertainty over the weather.”

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