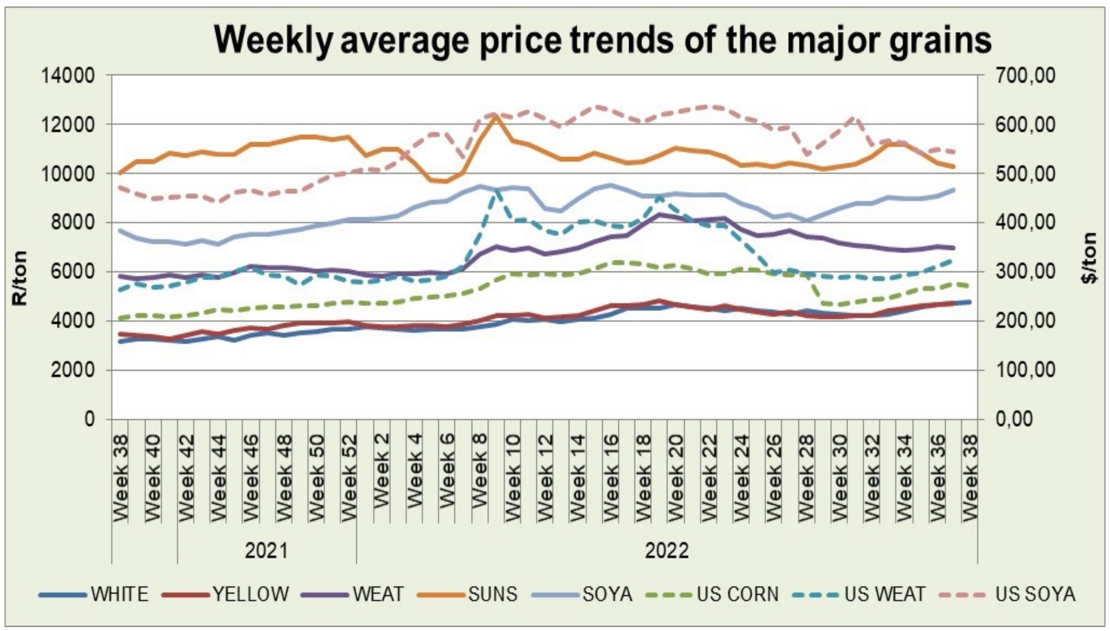
agriculture, land reform & rural development

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

Weekly Price Watch: 23 September 2022

Directorate: Statistics & Economic Analysis

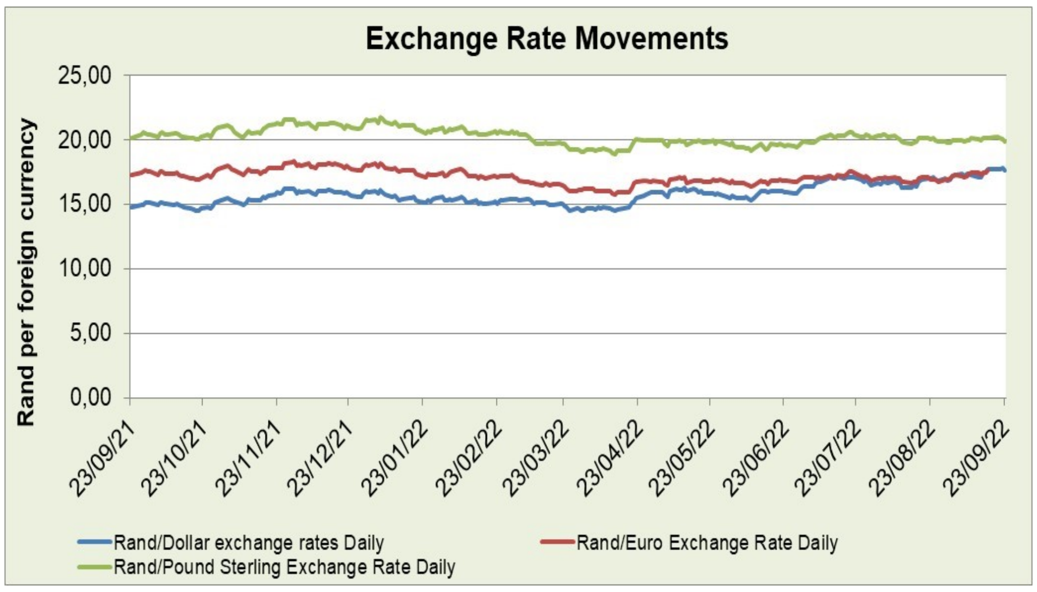
Sub-directorate: Economic Analysis

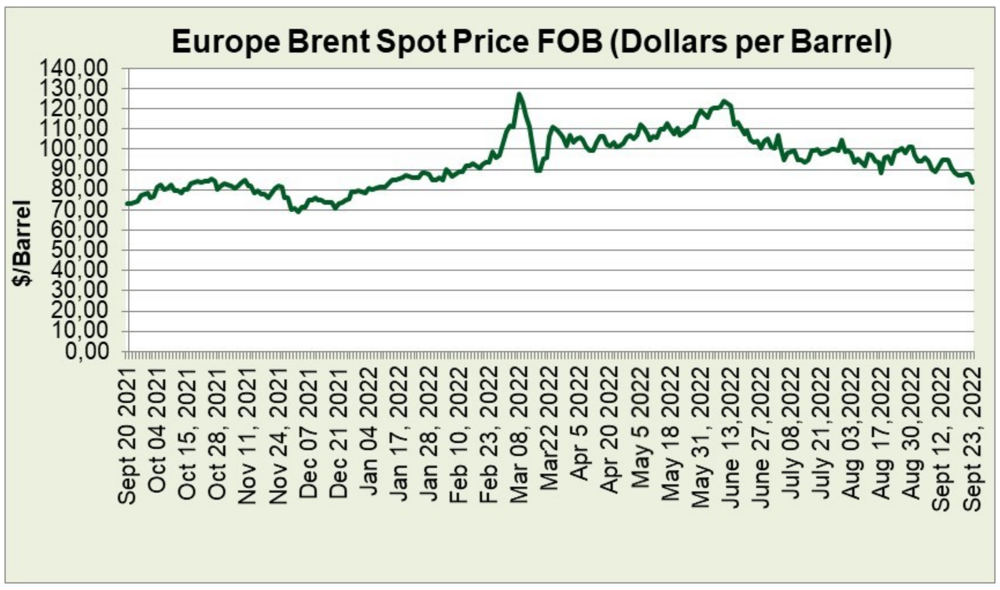


The price of white and yellow maize increased this week compared to last week. The price of white and yellow maize increased by 1.4% and 0.8% respectively as compared to last week. The US maize decreased by 2.4% as compared with last week. Local maize price benefited from a weaker rand. The price of local wheat decreased by 0.5% while the US price increased by 3.8%. Lower production estimates and the ongoing war in Ukraine created supply worries pushing prices up. The price of local soybeans increased by 2.6% while the US soybean price decreased by 0.7% amid rising input costs. The price of local sunflower declined by 1.5% although the price is still high amid high input costs.

Spot price trends of major grains commodities

	1 year ago Week 38 (20-09-21 to 22-09-21)	Last week Week 37 (12-08-22 to 16-09-22)	This week Week 38 (19-08-22 to 23-09-22)	w-o-w % change
RSA White Maize per ton	R3 178,3	R 4 705,00	R4 769,20	1,4%
RSA Yellow Maize per ton	R3 332,0	R 4 662,60	R4 700,20	0,9%
USA Yellow Maize per ton	$205,82	$ 276,05	$269,36	-2,4%
RSA Wheat per ton	R6 728,3	R 7 005,20	R6 970,00	-0,5%
USA Wheat per ton	$257,67	$ 311,26	$323,18	3,8%
RSA Soybeans per ton	R7 573,5	R 9 085,20	R9 321,80	2,6%
USA Soybeans per ton	$403,40	$ 547.21	$543,53	-0,7%
RSA Sunflower seed per ton	R9 743,8	R 10 435.40	10 282,20	-1,5%
Crude oil per barrel	$74,20	$ 88,16	$86,53	-6,5%





The rand depreciated by 2,1% against the dollar from 17,33 to R17.69. The rand depreciated by 0.8% against the Euro (R17.43 to R17.58). The rand depreciated by 0.1% against the Pound (R20.05 to R20.06).

The price of local oil decreased by 6.5% compared to the previous week. The crude oil prices dropped due to a slowdown of the world economy and the consequence of the Ukraine war. The weaker rand prevented an even bigger drop in local fuel prices.

National South African Price information (RMAA) : Beef

Week 36 (05/09/2022 to 11/09/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 37 (12/09/2022 to 18/09/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6401	61,27	65,98	Class A2	6 753	61.95	65.86
Class A3	653	59,64	64,77	Class A3	569	59.52	64.83
Class C2	266	53,00	53,46	Class C2	615	49.24	49.00

The quantity of beef sold increased by 5.5% for class A2, while decreasing by 12.9% for class A3 as compared to the previous week. Class C2 beef compared to the previous week increased dramatically by 131.2% as compared to the previous week's quantity sold. The purchase prices for class A2 increased by 1.1% whilst it decreased for A3 and C2 by 0.2% and 7.1% respectively as compared to the previous week. The Market prices for class A2 decreased marginally by 0.2% and increased marginally by 0.1% and 8.3% respectively for class A3 and C2 as compared with the previous week.

National South African Price information (RMAA) : Lamb

Week 36 (05/09/2022 to 11/09/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 37 (12/09/2022 to 18/09/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7240	95,89	96,79	Class A2	5 433	91.67	92.43
Class A3	784	92,75	96,79	Class A3	847	89.07	90.57
Class C2	416	75,17	79,19	Class C2	343	75.74	77.40

The quantities of lamb traded this week decreased by 25.0% and 17.5% for class A3 and C2 respectively as compared to the previous week. Class A3 quantity increased by 8.0% as compared by the previous week. Farm gate prices decreased for A2 and A3 by 4.4% and 4.0% respectively as compared with the previous week. For Class C2 the farm gate price increased by 0.8% as compared with the previous week. The Market prices decreased by 4.5%,6.4% and 2.3% for class A2, A3 and C2 respectively as compared with the previous week.

National South African Price information (RMAA) : Pork

Week 36 (05/09/2022 to 11/09/2022)	Units	Avg Purchase Price	Week 37 (12/09/2022 to 18/09/2022)	Units	Avg Purchase Price
Class BP	9285	27,04	Class BP	10 695	27.39
Class HO	8103	26,79	Class HO	6 749	27.31
Class HP	7454	26,83	Class HP	4 767	27.38

The quantities of Pork traded this week increased for class BP by 15.2% as compared with the previous week. The quantities of classes HO and HP decreased by 16.7% and 36.0% for classes HO and HP respectively as compared to the previous week The Purchase prices increased for all classes, BP,HO and HP increased by 1.3%,1.9% and 2.0% respectively as compared with the previous week.

Latest News Developments

Justin Chadwick, CEO of the Citrus Growers' Association of Southern Africa, Jacques du Preez, Hortgro's general manager for trade and markets, and Dr Thomas Funke, CEO of the SA Cane Growers' Association, confirmed that the rolling blackouts were seriously affecting the entire value chain in their respective industries. The trio expressed particular concern about the impact of the rolling blackouts were having on irrigation crops. "Most irrigation systems run on electricity, as opposed to gravitational pressure, with the decentralised nature of pump stations on a typical farm making it impossible for generators to do the job,". Funke added that disruptions to growers' irrigation programmes were irreversible, resulting in growth losses, crops starting to show stress, and greater susceptibility of trees to diseases. In addition, spikes in electricity supply could cause severe damage to motors and other irrigation equipment, at a significant cost to growers.

Hannes de Waal, CEO of the Sundays River Valley Citrus Company, said many pack houses had invested in alternative sources of energy, such as generators or solar power, at a very significant cost, but most of these solutions were not geared to fill the gap when rolling blackouts reached levels above Eskom's Stage 4. "The cost of running generators for so long is too high, especially in a season like we've had this year, characterised by high input costs and huge challenges at the ports and markets,".

Dr Gerhard Neethling, general manager of the Red Meat Abattoir Association, confirmed that the situation "was also as a nightmare for the abattoir industry". The majority of abattoirs, retailers and butcheries have invested in alternative energy systems to maintain the cold chain and preserve food and safety standards, but these investments have greatly increased production costs. The cost of maintaining the cold chain in a small butchery, for example, is now almost double what it was before the rolling blackouts started. In addition rolling blackouts was adding an additional threat to the safety of meat sold in the informal market and negatively affected sales of this meat because of the absence of secure cooling solutions.

Rolling blackouts were also affecting the efficiency of the country's ports and, in effect, agricultural exports, as well as imports of farming inputs. Chadwick confirmed that the latest bouts of stages 5 and 6 outages meant that operations at the Port of Durban, from where more than 60% of citrus fruit were exported, had been severely affected, including cold storage operations. De Waal added that similar operational challenges were being experienced at the Port of Gqeberha. "Most cold storage operators have made provision to mitigate the impact of rolling blackouts, but this comes at a huge cost," Chadwick said. Although operations at the Port of Cape Town had not yet been affected, industry stakeholders were extremely concerned about the future outlook if the current level of blackouts continue.
Eskom is urgently implementing measures to improve plant performance, which is a priority until new generation power projects are brought online. It is addressing the critical issue of coal supply, including working with Transnet on the transportation of coal and monitoring the consistency of the supply from collieries to stations. Eskom is also addressing the poor quality of coal, which often leads to plant breakdowns. People with experience in running power stations are being brought back to help with plant operation, management and mentorship.

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

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