



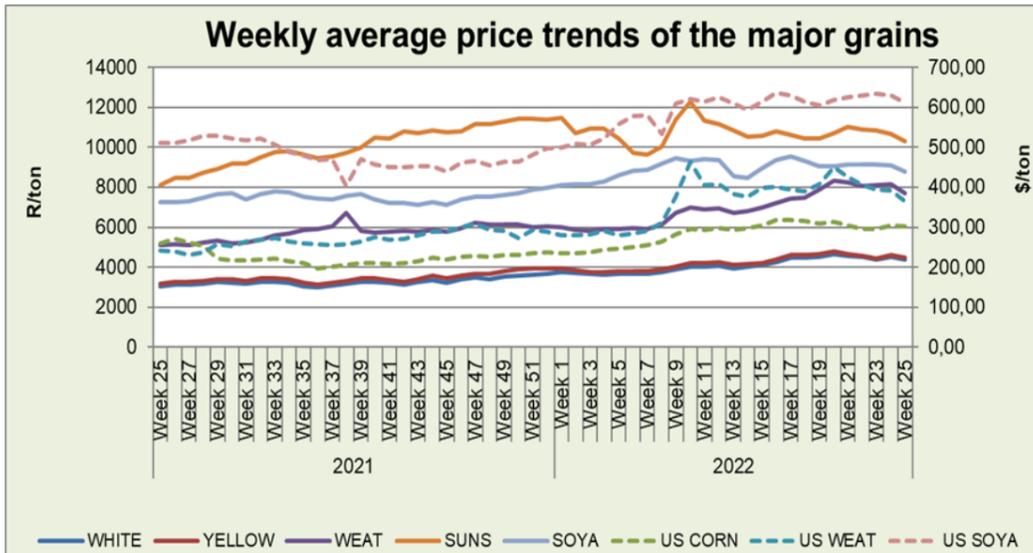
agriculture, land reform & rural development

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

Weekly Price Watch: 24 June 2022

Directorate: Statistics & Economic Analysis

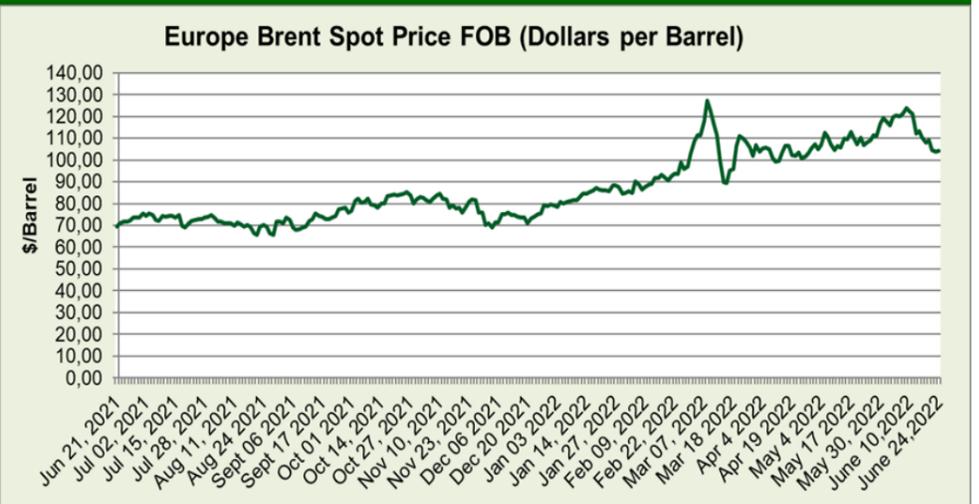
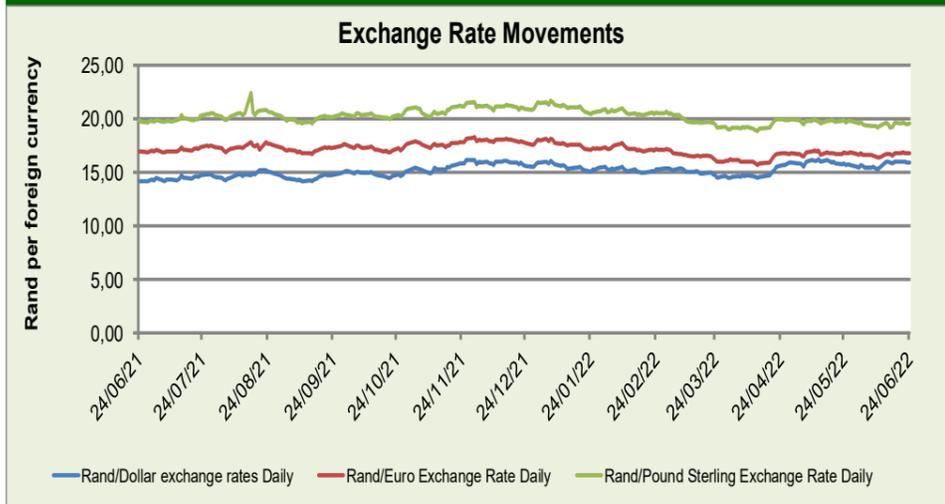
Sub-directorate: Economic Analysis



Both local and international grain prices weakened this week compared to the previous week, as traders continue to digest estimates ahead of the month-end production forecast and the quarterly grain stocks report. Local white and yellow maize prices decreased by 2.3% and 3.1% respectively this week compared to the previous week, whilst wheat, soybean and sunflower seed prices decreased by 5.7%, 3.8% and 3.4% respectively week-on-week. On the international front, US yellow maize price decreased by 0.8% week-on-week, as the US corn crop is in excellent condition. US wheat price decreased by 7.1% week-on-week, as the US winter wheat harvest continues. US soybean prices decreased by 3.8% week-on-week, as 83% of soybeans has emerged from the ground since the start of the week. Weather is now the primary focus for soybean markets.

Spot price trends of major grains commodities

	1 year ago Week 25 (21-06-21 to 25-06-21)	Last week Week 24 (13-06-22 to 17-06-22)	This week Week 25 (20-06-22 to 24-06-22)	w-o-w % change
RSA White Maize per ton	R 3 050.40	R 4 513.25	R 4 408,40	-2.3%
RSA Yellow Maize per ton	R 3 180.60	R 4 599.50	R 4 456.40	-3.1%
USA Yellow Maize per ton	\$ 259.15	\$ 304.99	\$ 302.66	-0.8%
RSA Wheat per ton	R 5 095.00	R 8 174.00	R 7 710.00	-5.7%
USA Wheat per ton	\$ 241.58	\$ 392.24	\$ 364,29	-7.1%
RSA Soybeans per ton	R 7 268.20	R 9 116.00	R 8 770,60	-3.8%
USA Soybeans per ton	\$ 511.59	\$ 630.21	\$ 612.21	-2.9%
RSA Sunflower seed per ton	R 8 095.40	R 10 685.00	R 10 321.40	-3.4%
RSA Sweet Sorghum per ton	R 3 859.00	-	-	-
Crude oil per barrel	\$ 71.13	\$ 114.26	\$ 105.90	-7.3%



The rand appreciated by 1.1% against the US dollar week-on-week, amid tighter global monetary policies and heightened fears of a global recession. The rand depreciated by 1.9% against the Pound Sterling week-on-week, amid challenging UK economic outlook. The rand depreciated by 0.1% against the Euro week-on-week, while the Bank of England is stacked with policy makers who remain concerned about economic growth and the odds of another 25 basis points interest rate hike in August 2022.

Brent crude oil averaged \$105.90 week-on-week, 7.3% less than \$114,26 reported the previous week, on concern that rising interest rates could push the world economy into recession. Daily oil production in Libya rebounded to around 800,000 barrels a day after the country's energy minister said it had fallen to between 100,000 and 200,000 a day. The threat of a recession is one of the few negative forces that will affect crude prices.



National South African Price information (RMAA) : Beef

Week 23 (06/06/2022 to 12/06/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 24 (13/06/2022 to 19/06/2022)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	7050	61.66	61.24	Class A2	5 237	60.93	60.80
Class A3	497	58.94	62.44	Class A3	541	55.84	61.29
Class C2	463	46.18	51.30	Class C2	474	47.52	52.25

Units sold for class A3 and C2 beef increased by 8.9% and 2.4% respectively in the reporting week compared to the previous week whilst, units sold for class C2 beef decreased by 25.7% week-on-week. There has been a rebound in the beef slaughter numbers for class A3 and C2 amid subdued winter demand. The weekly average purchase prices for class A2 and A3 beef decreased by 1.2% and 5.3% respectively in the reporting week compared to the previous week while the weekly average purchase price for class C2 beef increased by 2.9% week-on-week. During the same period, the weekly average selling prices for class A2 and class A3 beef decreased by 0.7% and 1.8% in the reporting week compared to the previous week while, the weekly average selling price for class C2 beef increased by 1.9% week-on-week. The subdued buyer market continued to place downward pressure on beef prices.

National South African Price information (RMAA) : Lamb

Week 23 (06/06/2022 to 12/06/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 24 (13/06/2022 to 19/06/2022)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	6 625	103.85	106.72	Class A2	4 527	105.96	108.94
Class A3	830	102.09	104.34	Class A3	784	105.36	107.04
Class C2	1 063	75.05	80.66	Class C2	702	77.73	82.03

Units sold for class A2, A3 and C2 lamb decreased by 31.7% , 5.5% and 34.0% respectively in the reporting week compared to the previous week. Meanwhile, the weekly average purchase prices for class A2, A3 and C2 lamb increased by 2.0%, 3.2% and 3.6% respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class A2, A3 and C2 lamb increased by 2.1%, 2.6% and 1.7% respectively in the reporting week compared to the previous week. The lamb market closed firmer on resilient demand amid tight volumes.

National South African Price information (RMAA) : Pork

Week 23 (06/06/2022 to 12/06/2022)	Units	Avg Purchase Price	Week 24 (13/06/2022 to 19/06/2022)	Units	Avg Purchase Price
Pork					
Class BP	9 427	26.91	Class BP	11 391	26.87
Class HO	7 556	26.30	Class HO	7 907	26.66
Class HP	6 092	26.25	Class HP	6 227	26.59

Units sold for class HO and class HP pork decreased by 5.6% and 14.0% respectively in the reporting week compared to the previous week while units sold for class BP increased by 23.5% week-on-week. There are growing concerns over elevated feed grain prices as they show no signs of falling to reasonable levels to achieve improved profitability in the market. Meanwhile, the weekly average purchase prices for class HO and class HP pork decreased by 0.7% and 0.6% respectively in the reporting week compared to the previous week while, the weekly average purchase price for class BP pork increased by 0.1% week-on-week. Pork prices are expected to maintain the current momentum in the short term on seasonal dip in demand.

Latest News Developments

Statistics South Africa in its Consumer Price Index (CPI) report revealed that headline consumer price inflation (CPI) hit its highest level in five years, at 6.5% year-on-year in May 2022 from 5.9% in April and is firmly above the South African Reserve Bank's inflation target. The largest contributors to the annual increase were transport, food and non-alcoholic beverages, housing and utilities as well as miscellaneous goods and services. Transport costs rose by 15.7% in May 2022 from 14.7% in April. Within the transport category, fuel data showed an uptick in prices, which rose to 32.5% in May from 29.2% in April and is expected to rise further in the coming months. Food inflation came in at 7.8% year-on-year (y/y) in May 2022 and had already experienced substantial pressure from the previous month. Food inflation was driven by the rise in bread and cereal products, meat prices, dairy products and eggs as well as fats and oils. Some of these food items, particularly bread and cereals, fats and oil products, can be explained by global price pressures, which were exacerbated by the Russia-Ukraine conflict. According to First National Bank, these pressures came in earlier than anticipated and are expected to continue to be an important driver of food price pressures in the near future.

The South African Reserve Bank Governor, Lesetja Kganyago, indicated that rising interest rates won't put brakes on South Africa's economic recovery. According to the Governor, the central bank acted early enough to keep inflation in check and South Africa should continue to take steps to control inflation without hurting the economy. The Reserve Bank raised interest rates four times since November 2021 and as a result, South Africa's inflation has remained more benign compared to many emerging and developed economies.

The South African Chamber of Commerce and Industry's (Sacci's) May Trade Conditions Survey found that trade activity for six months mirrored the uncertainty in the global market whereby the index subsided into negative territory, having lost 12 index points between April and May 2022. Declining sales volumes and fewer new orders were the main reasons for the negative outlook. According to the survey respondents, inflationary pressures were mainly cost-push driven, as more than 80% of the respondents expect input costs to rise. The respondents further expect sales prices to increase at a slower pace mainly owing to slow economic conditions and uncertain demand. Additionally, rising fuel prices and the inherent cost-push associated with higher financing costs have impacted the trade environment while load-shedding, crime and logistical constraints were some of the most pressing external factors.

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