



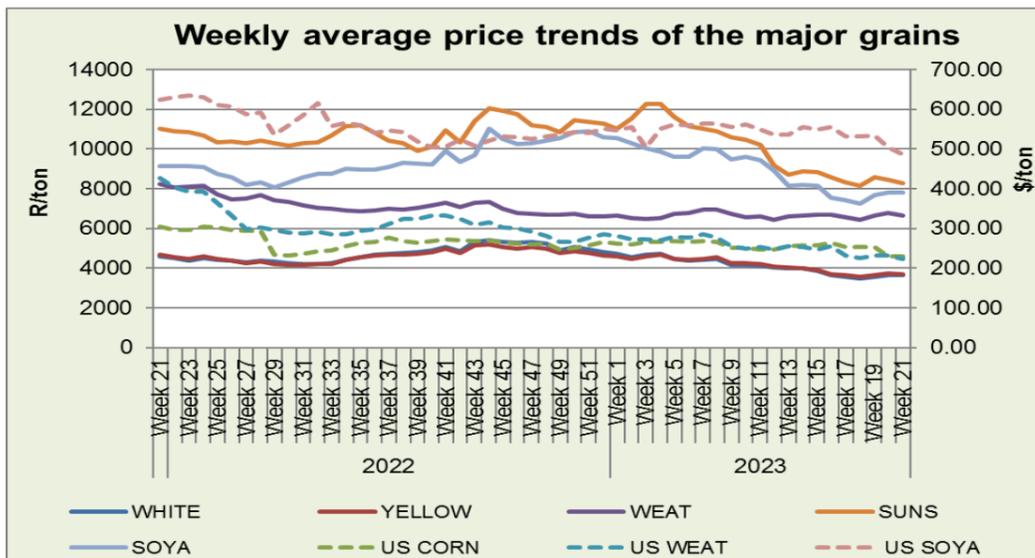
agriculture, land reform & rural development

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

Weekly Price Watch: 26 May 2023

Directorate: Statistics & Economic Analysis

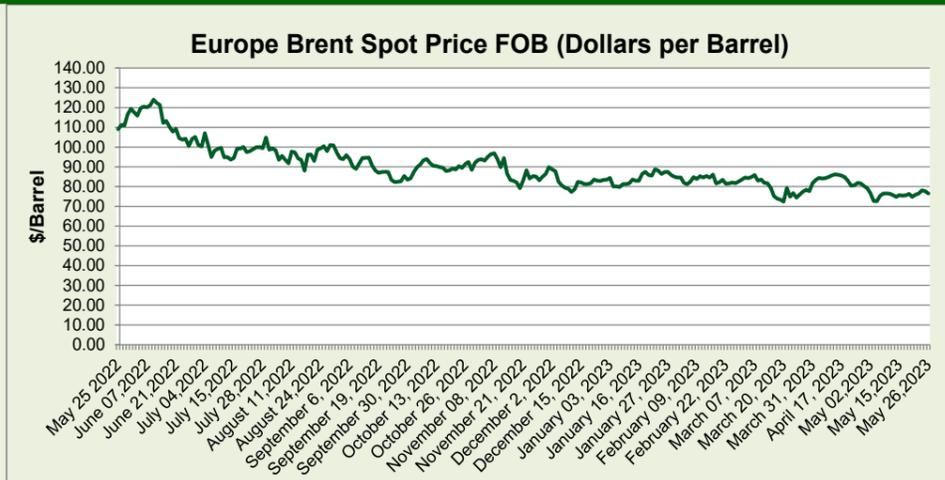
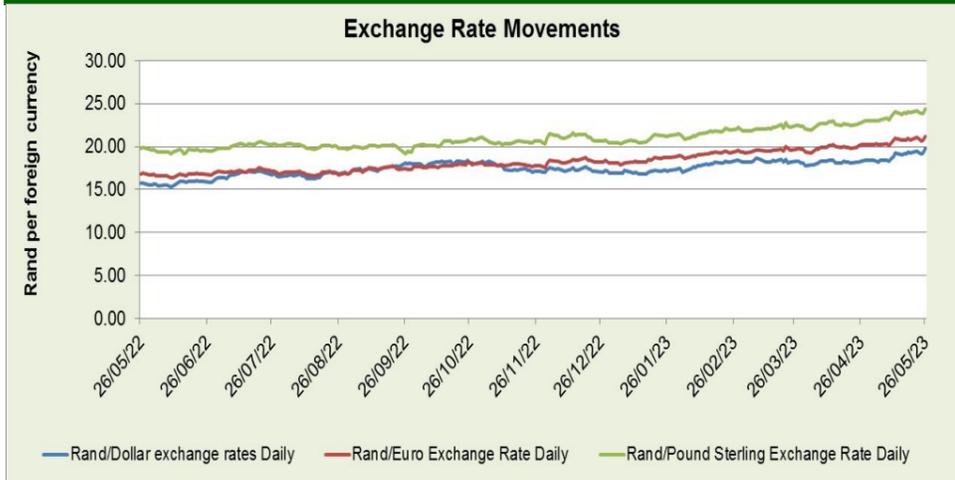
Sub-directorate: Economic Analysis



Both domestic and international grain prices came under pressure this week compared to the previous week, as US grain crops weighed on global markets. Local white and yellow maize prices decreased by 0.1% and 0.2% respectively this week compared to the previous week, whilst wheat, soybean and sunflower seed prices decreased by 1.9%, 0.01% and 2.4% respectively week-on-week. While global events continue to dominate markets, the weather market is now brewing in the grains market. Internationally, US yellow maize price decreased by 0.5% week-on-week, while the World Agricultural Supply and Demand Estimates (WASDE) report projects that farmers are in the midst of planting the country's largest corn crop on record. US wheat price increased by 3.8% week-on-week, as more rain showers were forecast for the Plains over the holiday weekend. US soybean price increased by 3.3% week-on-week, with current plantings progressing exceptionally well.

Spot price trends of major grains commodities

	1 year ago Week 21 (23-05-22 to 27-05-22)	Last week Week 20 (15-05-23 to 19-05-23)	This week Week 21 (22-05-23 to 26-05-23)	w-o-w % change
RSA White Maize per ton	R 4 582.00	R 3 652.40	R 3 649.50	-0.1%
RSA Yellow Maize per ton	R 4 662.40	R 3 720.20	R 3 712.75	-0.2%
USA Yellow Maize per ton	\$ 304.99	\$ 230.18	\$ 228.95	-0.5%
RSA Wheat per ton	R 8 233.20	R 6 761.80	R 6 633.00	-1.9%
USA Wheat per ton	\$ 426.56	\$ 232.91	\$ 224.03	-3.8%
RSA Soybeans per ton	R 9 150.60	R 7 814.00	R 7 813.00	-0.01%
USA Soybeans per ton	\$ 624.10	\$ 504.84	\$ 487.96	-3.3%
RSA Sunflower seed per ton	R 11 005.00	R 8 464.00	R 8 262.50	-2.4%
RSA Sweet Sorghum per ton	-	-	-	-
Crude oil per barrel	\$ 109.19	\$ 75.57	\$ 76.94	1.8%



The rand depreciated by 1.1% against the US dollar week-on-week, triggered by the economic fall-out of another aggressive interest rate hike. The rand depreciated by 0.6% against the Pound Sterling week-on-week, as renewed consumer confidence helped offset the sting of high inflation and high interest rates. The rand depreciated by 0.5% against the Euro week-on-week, after the European Central Bank Chief economist, Philip Lane, signalled that the recent fall in energy prices could help bring core inflation down.

Brent crude oil averaged \$76.94 week-on-week, up by 1.8% than \$75.57 reported the previous week, after US officials came close to striking a debt-ceiling deal and markets sending conflicting messages on supply from Russia and Saudi Arabia ahead of the next Organization of the Petroleum Exporting Countries Plus (OPEC+) policy meeting.



National South African Price information (RMAA) : Beef

Week 19 (08/05/2023 to 14/05/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 20 (15/05/2023 to 21/05/2023)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	8 873	53,46	57,90	Class A2	7 585	53,04	57,47
Class A3	901	54,11	55,21	Class A3	824	53,45	54,55
Class C2	621	46,06	47,62	Class C2	445	45,51	47,44

Units sold for class A2, A3 and class C2 beef decreased by 14.5%, 8.5% and 28.3% respectively in the reporting week compared to the previous week as demand wanes due to the onset of winter. The weekly average purchase prices for class A2, class A3 and class C2 beef decreased by 0.8%, 1.2% and 1.2% respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class A2, class A3 and class C2 beef decreased by 0.7%, 1.2% and 0.4% respectively in the reporting week compared to the previous week. South Africa's beef prices experienced downward pressure due to weak demand amid tough economic conditions and the onset of winter.

National South African Price information (RMAA) : Lamb

Week 19 (08/05/2023 to 14/05/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 20 (15/05/2023 to 21/05/2023)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	13 084	85,04	84,80	Class A2	12 709	85,10	85,42
Class A3	1 392	82,78	83,96	Class A3	1 455	83,67	84,47
Class C2	1 371	57,51	59,76	Class C2	1 441	56,67	61,63

Units sold for class A3 and class C2 lamb increased by 4.5% and 5.1% respectively in the reporting week compared to the previous week, whilst units sold for class A2 lamb decreased by 2.9% week-on-week. Meanwhile, the weekly average purchase prices for class A2 and class A3 lamb increased by 0.1% and 1.1% respectively in the reporting week compared to the previous week, whilst the weekly average purchase price for class C2 lamb decreased by 1.5% week-on-week. During the same period, the weekly average selling prices for class A3, class A2 and class C2 lamb increased by 0.7%, 0.6% and 3.1% respectively in the reporting week compared to the previous week. Meat price growth will be curtailed by the seasonal demand contraction amid higher interest rates and food inflation as well as deteriorating consumer welfare.

National South African Price information (RMAA) : Pork

Week 19 (08/05/2023 to 14/05/2023)	Units	Avg Purchase Price	Week 20 (15/05/2023 to 21/05/2023)	Units	Avg Purchase Price
Pork					
Class BP	9 906	29,46	Class BP	10 930	29,33
Class HO	8 375	29,19	Class HO	7 508	29,23
Class HP	7 780	28,97	Class HP	8 117	28,90

Units sold for class BP and class HP pork increased by 10.3% and 4.3% respectively in the reporting week compared to the previous week, whilst units sold for class HO pork decreased by 10.4% week-on-week. Meanwhile, the weekly average purchase prices for class BP and class HP pork decreased by 0.4% and 0.2% respectively in reporting week compared to the previous week, whilst the weekly average purchase price for class HO pork increased by 0.1% week-on-week. Although pork prices have pulled back from their earlier highs recently, pork price growth in 2023 remains way above the 2022 levels.

Latest News Developments

The latest CPI data from Stats SA indicates that consumer inflation eased to 6.8% in April from 7.1% in March 2023. According to Stats SA, food prices were the main culprit, as food prices remained elevated at 14.3% in April but eased slightly from 14.4% in March 2023. Agbiz Chief economist, Wandile Sihlobo, indicated that consumers should expect some moderation from around May and into the second half of the year and already, food inflation eased slightly to 14.3% in April, suggesting that inflation has peaked and could be following a more compelling downward trajectory in the coming months. The most notable reductions came from the meat, oils and fats, and the transport sector while all other sectors recorded increases. Meat inflation decreased for the second consecutive month to 9.5% in April from 10.6% in March. The index for oils and fats plummeted from 16% in March to 9.9% in April. However, the index for milk, eggs and cheese recorded a price increase of 14.5% y/y in April, the largest increase since January 2009 while vegetables were 23.1% y/y more expensive in April, the highest annual rate increase since November 2007.

The South African Reserve Bank monetary policy committee hiked interest rates by 50 basis points to 8.25%, in line with what many economists and the market expected. The decision was unanimous, based on rising inflation expectations and continued upside risks to the inflation outlook. Furthermore, the rand's dramatic slide to over R19 to the US dollar over the past two weeks, coupled with fears of further tightening by the US Fed and the devastating cost implications of load-shedding for inflation could have played a prominent role in the decision. In this uncertain environment, Reserve Bank Governor Lesetja Kganyago expects economic and financial conditions to remain more volatile for the foreseeable future. According to the Reserve Bank Governor, the bank has reached restrictive territory. However, upside risks flagged by the MPC remained unchanged and include sticky world inflation, expectations of tighter global oil markets, higher domestic electricity tariffs and other administrative prices, higher wage demands, and elevated domestic food inflation, threatened by rising production costs due to severe load-shedding and the risk of drier weather conditions in the upcoming planting season.

The South African Weather Service (SAWS) expects above-normal rainfall for most parts of the country in early winter while minimum and maximum temperatures are forecast to be mostly above normal countrywide over this period, which could affect plant growth. According to SAWS, the expected above-normal rainfall for the southern coastal areas could see an increase in the water levels of dams and other reservoirs, but could pose a risk of flash flooding in flood-prone areas. Meanwhile, below-normal rainfall conditions are forecast for the south-western part of the country, a predominantly winter rainfall region, coupled with above-normal minimum and maximum temperatures, which could lead to water scarcity due to exacerbated evapotranspiration and ongoing drought. Despite this, soil moisture levels in most parts of the winter rainfall region are currently high.

Despite the rand reaching record low levels end of week, the latest data from the Central Energy Fund shows that diesel prices could be lowered by R1.06 to R1.13/litre, depending on the grade while petrol (both 95 and 93 unleaded) could be cut by around R1/litre. Meanwhile, illuminating paraffin looks set to decrease by 62 cents/litre.

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