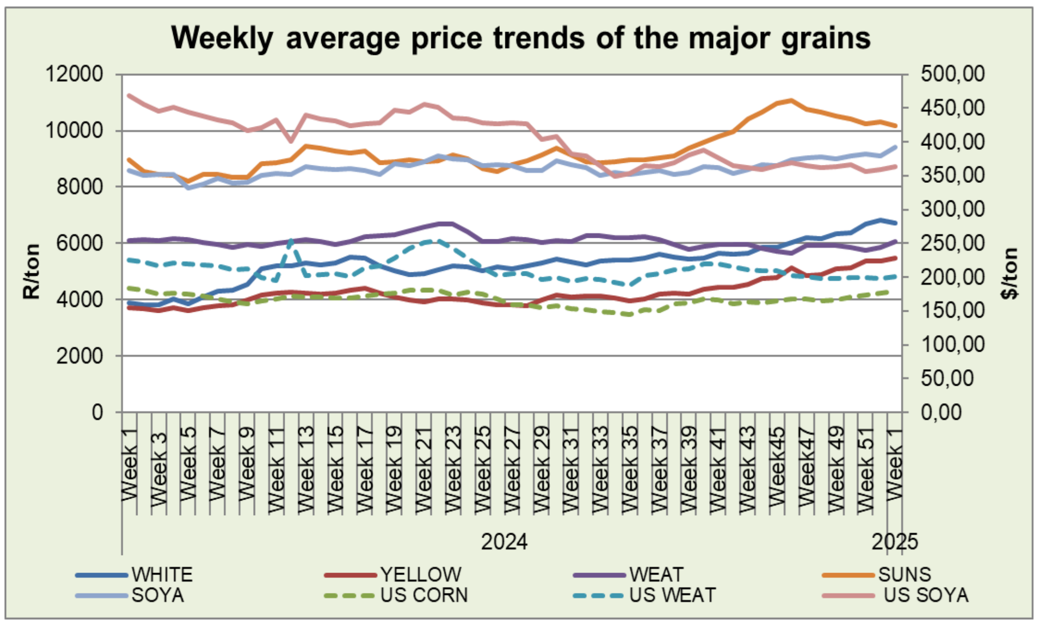
agriculture, land reform & rural development

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

Weekly Price Watch: 03 January 2025

Directorate: Statistics & Economic Analysis

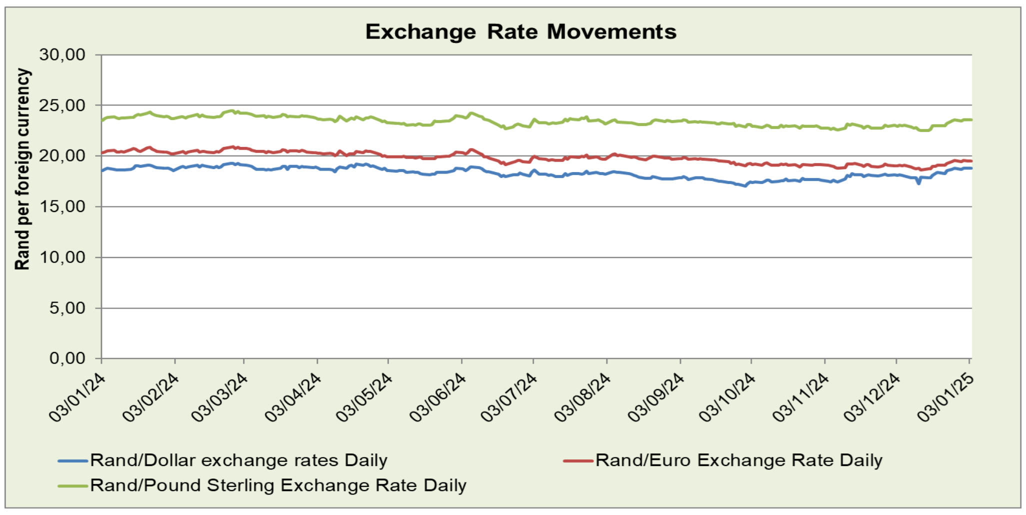
Sub-directorate: Economic Analysis



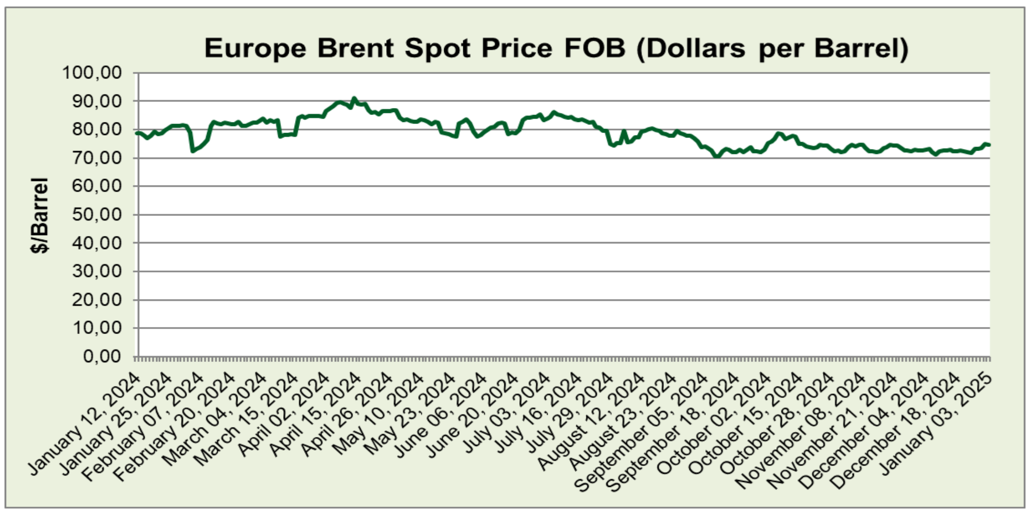
The International and local market traded lower this week when compared to the previous week. The average prices of domestic white maize and sunflower seed decreased by 1.7% and 1.2% respectively, whilst prices for yellow maize, wheat and soya bean increased by 1.9%, 3.7% and 3.3% respectively week on week. Internationally, the grain prices of US corn, US wheat and US soybean increased by 1.5%, 1.8% and 1.3% respectively when compared to the previous week. Soybean and grain futures rose in during the weeks trading as investors keep an eye on South American weather. Dry weather is expanding in parts of Argentina and stress is mounting in Brazil. Dryness will build in at least the northeastern half of Argentina and temperatures in the South American country will reach 95° to 105° Fahrenheit, Commodity Weather Group said in a note to clients. Stress is also expected to spread in the southern third of Brazil and growing areas in Paraguay and Uruguay.

Spot price trends of major grains commodities

	1 year ago Week 1 (02-01-24 to 05-01-24)	Last week Week 52 (23-12-24 to 27-12-24)	This week Week 1 (30-12-24 to 03-01-25)	w-o-w % change
RSA White Maize per ton	R3 876.25	R6 826.67	R6 708.25	-1.7%
RSA Yellow Maize per ton	R3 730.50	R5 381.67	R5 483.50	1.9%
USA Yellow Maize per ton	$183.69	$176.81	$179.52	1.5%
RSA Wheat per ton	R6 090.00	R5 851.33	R6 067.25	3.7%
USA Wheat per ton	$224.89	$197.73	$201.32	1.8%
RSA Soybeans per ton	R8 598.75	R9 100.00	R9 400.75	3.3%
USA Soybeans per ton	$468.37	$ 359.08	$ 363.73	1.3%
RSA Sunflower seed per ton	R8 971.75	R10 312.00	R10 186.00	-1.2%
Crude oil per barrel	$73.44	$72.36	$74.04	2.3%



The South African rand depreciated by 1.0% against the US dollar, by 0.8% against the Euro and by 1.1% against the Pound sterling respectively when compared to the previous week. The US dollar traded firmly against other major currencies toward the last days of the year, as investors prepared for fewer US rate cuts and the incoming Trump administration's policies.



Brent crude oil price averaged $74.04/barrel in the reporting week which is 2.3% higher than $72.36/barrel week on week. The brent crude oil prices edged higher last week and were on track for weekly gains as cold weather in Europe and the U.S. as well as additional economic stimulus flagged by China helped push prices in previous session to their highest in more than two months.

National South African Price information (RMAA) : Beef

Week 51 (15/12/2024 to 22/12/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 52 (23/12/2024 to 29/12/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	11298	59,26	62,55	Class A2	13080	58,4	62,76
Class A3	421	59,69	61,15	Class A3	884	57,42	58,44
Class C2	301	49,67	49,12	Class C2	392	49,62	50,46

The units sold for class A2, A3 and C2 beef increased by 15.8%, 110.0% and 30.2% respectively when compared to the previous week. The average purchase price for class A2, A3 and C2 beef decreased by 1.5%, 3.8% and 0.1% respectively week on week. The average selling price for class A3 beef decreased by 4.4%, whilst class A2 and C2 beef increase by 0.3% and 2.7% respectively when compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 51 (15/12/2024 to 22/12/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 52 (23/12/2024 to 29/12/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	22553	90,48	95,34	Class A2	13629	94,28	102,60
Class A3	2470	89,01	94,66	Class A3	1697	93,34	100,29
Class C2	1306	66,60	71,85	Class C2	605	66,30	72,98

The units of lamb traded this week for class A2, A3 and C2 decreased by 39.6%, 31.3% and 53.7% respectively, when compare to the previous week. The average purchase prices for class C2 lamb decreased by 0.5%, whilst class A2 and A3 lamb increased by 4.2% and 4.9% respectively week on week. The average selling prices for class A2, A3 and C2 lamb increased by 7.6%, 5.9% and 1.6% respectively relative to the previous week.

National South African Price information (RMAA) : Pork

Week 51 (15/12/2024 to 22/12/2024)	Units	Avg Purchase Price	Week 52 (23/12/2024 to 29/12/2024)	Units	Avg Purchase Price
Class BP	18427	32,19	Class BP	5811	32,60
Class HO	2313	31,63	Class HO	300	33,36
Class HP	3931	32,01	Class HP	476	33,16

The quantities of pork traded this week for class BP, HO and HP decreased by 68.5%, 87.0% and 87.9% respectively, when compered to the previous week. The average purchase price for class BP, HO and HP pork increased by 1.3%, 5.5% and 3.6% respectively, week on week.

Latest News Developments

South African tractor sales increased by 17% to 9 181 units in 2022, making it the highest annual sales figure in the past 40 years, said Wandile Sihlobo, chief economist at Agbiz, in his recent market analysis. According to the analysis, combine harvester sales also showed excellent performance in 2022, increasing by 38% year-on-year (y/y) to 373 units, making it the highest yearly sales figure since 1985. In 2023, tractor sales declined by 9% to 8 380 units y/y, while combine harvester sales held the prior year's momentum, increasing by 35% to 505 units. The South African Agricultural Machinery Association (SAAMA) recently reported that November tractor sales in 2024 declined by about 24% y/y, from 685 units in 2023 to 523 units this year. Year-to-date, the number of tractors sold declined by about 23% compared with the corresponding period, from 7 843 units to 6 021 units. Combine harvester sales were almost 62% lower y/y at 13 units in November 2024, compared to the 34 units sold last year. Year-to-date, combine harvester sales were almost 60% lower than the corresponding period last year, at 195 units compared with 474 units. Willie Human, chairperson of SAAMA, said that the drop in agricultural machinery sales was expected, with the market normalising after the high in 2022. Tractor sales are predicted to amount to roughly 6 400 units, while combine harvester sales are set to reach between 200 and 220 units in 2024. The high sales of the previous few years were driven by excellent harvests in combination with a backlog of sales caused by COVID-19-related logistical problems. According to Sihlobo, South Africa's field crop harvest was excellent in the 2022/23 season, with the maize harvest being the second largest on record at 16,4 million tons, and the soya bean harvest being the largest at 2,8 million tons. Human expects sales to remain at 2024 levels in 2025. He said that good rain now might still result in a favourable hay season, which could support tractor sales during the first few months of 2025. But, for the rest of the year, he expected agricultural machinery sales to remain flat.

The South African sugar industry is bracing for a transformative year in 2025 as stakeholders advance into the next phase of the Sugar Value Chain Master Plan to 2030. The plan aims to stabilise the sector and drive growth through policy coherence and strategic interventions. Speaking to Farmer's Weekly, Sifiso Mhlaba, CEO of the South African Sugar Association, expressed hope for the industry's future: We are optimistic that phase two of the master plan will see a thriving industry and usher in policy coherence among government departments. According to him, key priorities for phase two included establishing a sustainable pricing framework for the local market, strategic trade protection, and support for small-scale growers. Additionally, restructuring through diversification and clarity on food policy, including the Health Promotion Levy (HPL) and food warning labels, were considered critical to the plan's success. Sugar cane farmers are a critical component of the master plan. Master plan processes have cemented small-scale growers' position as being foundational to the industry. He added that phase two would intensify efforts to prevent growers from leaving the sector, especially amid persistent challenges like high input costs and market volatility. Mhlaba said the HPL, commonly known as sugar tax, continued to weigh heavily on the industry, eroding revenues and dampening growth prospects. The tax has already cost the sugar industry an estimated R1,2 billion annually, significantly reducing local market demand. The devastating sugar tax continues to put the sustainability of the sugar industry at risk. However, he credited the master plan's interventions for partially recovering local sugar sales, aligning with its goal to optimise the domestic market. According to Mhlaba, to ensure long-term viability, the industry was pursuing diversification through sugar cane by-products, such as bagasse. Its potential uses include bio-energy, sustainable aviation fuel, and sugar cane-based polymers, which could create new revenue streams for growers and millers alike. For years, the industry has been intentional about the need to diversify. These initiatives are still in the scoping and prefeasibility stages and require an enabling regulatory framework, similar to successful strategies in India and Brazil. Looking to 2025, industry stakeholders remain committed to addressing challenges while fostering a resilient and diversified sugar industry.

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