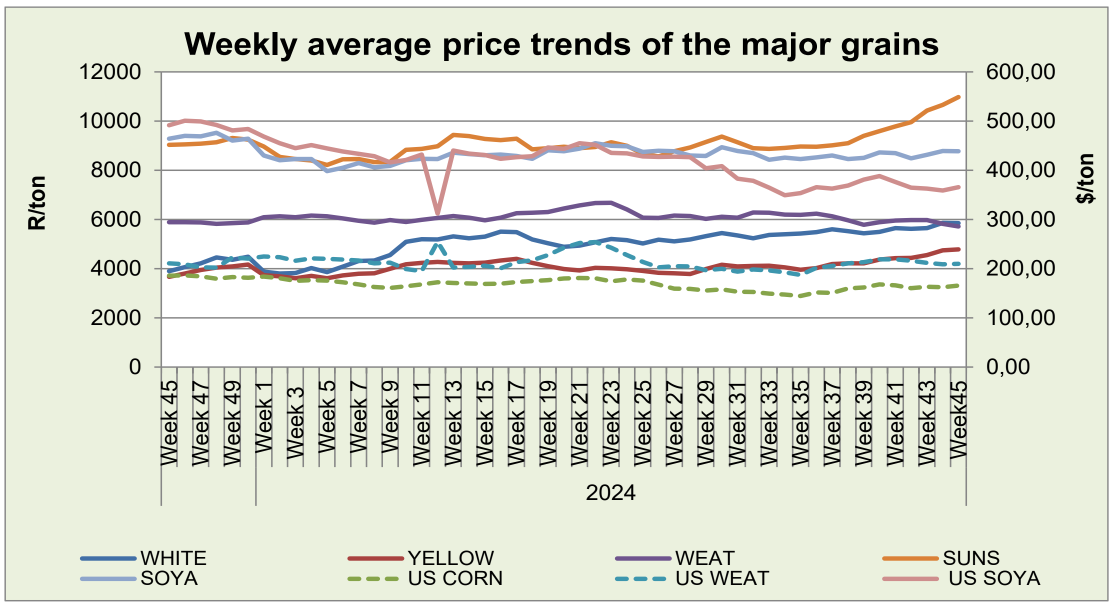
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 08 November 2024

Directorate: Statistics & Economic Analysis

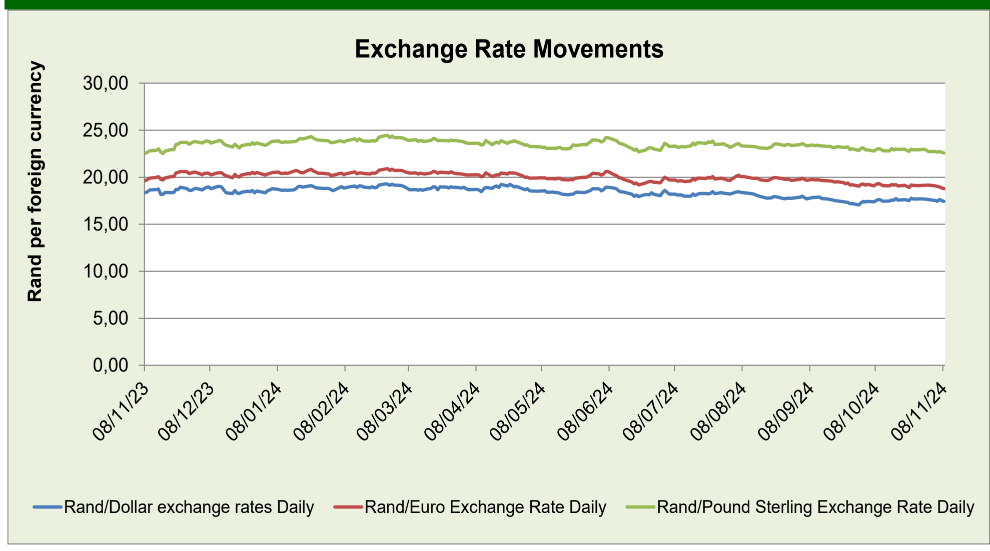
Sub-directorate: Economic Analysis

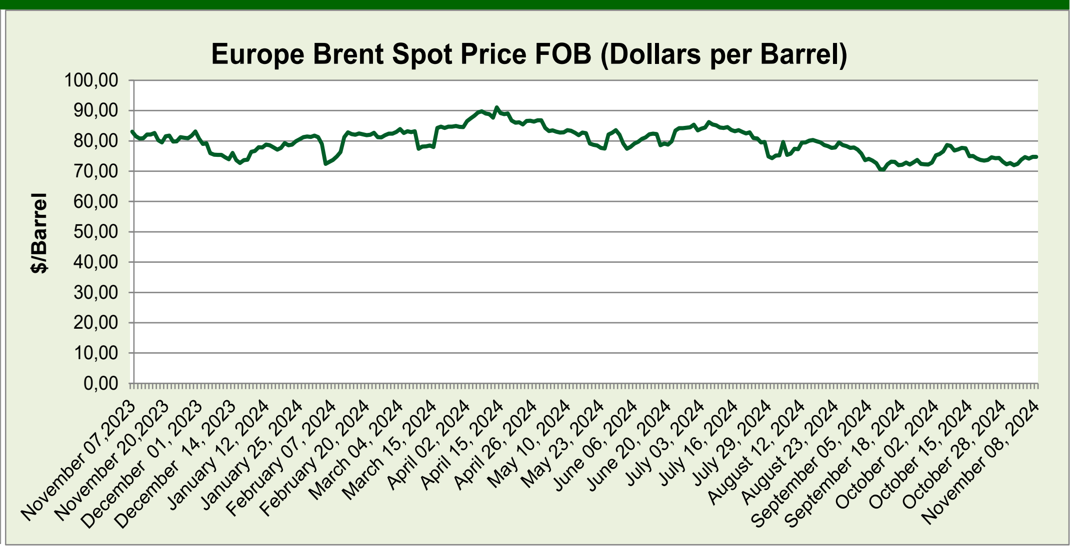


Domestic grain prices experienced a decline relative to the prior week, with white maize, wheat and soybean prices falling by 0.2%, 1.7% and 0.1% respectively week-on-week. Conversely, the price of local yellow maize and sunflower seed increased by 0.8% and 3.0% respectively during the same period. On the international front, the prices of US yellow maize, soybean and wheat all increased by 2.0%, 1.8% and 0.4% respectively during the same period. Wall street stocks urged higher early Friday as markets absorbed the benefits of a post-election rally, which was further bolstered by a Federal Reserve interest rate cut. The S&P 500 has risen by more than 4% for the week following President Donald Trump's election victory, which has encouraged investors optimistic about potential tax cuts and growth policies while alleviating concerns regarding tariffs. That was complemented by the Fed's interest rate cut on Thursday, with policy makers keeping the door open to further reductions in the future.

Spot price trends of major grains commodities

	1 year ago Week 45 (06-11-23 to 10-11-23)	Last week Week 44 (28-10-24 to 01-11-24)	This week Week 45 (04-11-24 to 08-11-24)	w-o-w % change
RSA White Maize per ton	R 3 897.40	R 5 864.00	R 5 849.80	-0.2%
RSA Yellow Maize per ton	R 3 664.80	R 4 742.20	R 4 778.60	0.8%
USA Yellow Maize per ton	$ 185.76	$ 162,81	$ 165,57	2.0%
RSA Wheat per ton	R 5 885.60	R 5 818.60	R 5 719.20	-1.7%
USA Wheat per ton	$ 210.89	$ 208.82	$ 209.70	0.4%
RSA Soybeans per ton	R 9 284.80	R 8 787.00	R 8 774.60	-0.1%
USA Soybeans per ton	$ 491.78	$ 359,03	$ 365,45	1.8%
RSA Sunflower seed per ton	R 9 031.80	R 10 657.40	R 10 977.40	3.0%
RSA Sweet Sorghum per ton	-	-	-	-
Crude oil per barrel	$ 82.46	$ 72.51	$ 74.42	2.6%





The rand strengthened against major currencies, appreciating by 0.9% against the US dollar and by 1.0% against both Pound Sterling and Euro respectively this week compared to the previous week. The Rand recovered to its pre-election levels as the excitement surrounding Trump has shifted towards a focus on interest rates.

After a decrease in the prior week, Brent crude oil prices rose, averaging $74.42 last week compared to the previous week. Weaker demand is emerging from the Chinese economy, where economic growth has stumbled. The Chinese government is seeking additional stimulus measures to revitalize the economy, with plans expected to be announced after the upcoming weekend.

National South African Price information (RMAA) : Beef

Week 43 (21/10/2024 to 27/10/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 44 (28/10/2024 to 03/11/2024)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	11 691	52,75	55,76	Class A2	12 123	53,03	56,29
Class A3	810	52,70	54,41	Class A3	570	53,16	57,05
Class C2	610	45,43	47,77	Class C2	618	45,72	47,20

Units sales of class A2 and class C2 beef increased by 3.7% and 1.3% respectively in the reporting week compared to the previous week, meanwhile units sales of class A3 beef decreased by 29.6% week-on-week. The weekly average purchase prices for class A2, class A3 and class C2 beef increased for the second consecutive week, with increased of 0.5%, 0.9% and 0.6% respectively, compared to the previous week. During the same period, the weekly average selling prices for class A2 and class A3 beef also increased for two weeks in succession, with increases of 1.0% and 4.9%, respectively, whilst the weekly average selling price for class C2 decreased by 1.2% week-on-week.

National South African Price information (RMAA) : Lamb

Week 43 (21/10/2024 to 27/10/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 44 (28/10/2024 to 03/11/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	16 507	88,37	88,56	Class A2	16 309	87,88	87,85
Class A3	1 680	85,63	86,26	Class A3	2 099	86,17	86,94
Class C2	905	63,04	66,84	Class C2	1 195	64,52	68,14

Units sold for class A3 and class C2 lamb increased by 24.9% and 32.0% respectively during the reporting week when compared to the previous week. In contrast, unit sales of class A2 lamb decreased by 1.2% week-on-week. During the same period, the weekly average purchase prices for class A2 lamb decreased by 0.6% while the weekly average purchase prices for class A3 and class C2 lamb increased for the second consecutive week, increasing by 0.6% and 2.3% respectively, compared to the previous week. Additionally, the weekly average selling prices for class A3 and class C2 lamb increased by 0.8% and 1.9% respectively during the same period, while the weekly average selling price for class A2 lamb decreased by 0.8% week-on-week.

National South African Price information (RMAA) : Pork

Week 43 (21/10/2024 to 27/10/2024)	Units	Avg Purchase Price	Week 44 (28/10/2024 to 03/11/2024)	Units	Avg Purchase Price
Class BP	13 933	32,58	Class BP	13 974	32,83
Class HO	3 084	30,53	Class HO	7 892	32,84
Class HP	5 927	31,00	Class HP	4 808	31,76

Units sales of class BP and class HO pork increased by 0.3% and 155.9%, respectively, this week compared to the previous week, while unit sales of class HP pork decreased by 18.9% week-on-week. Furthermore, the weekly average weekly purchase prices for class BP, class HO and class HP pork increased by 0.8%, 7.6%, and 2.3%, respectively, week on week.

Latest News Developments

Early indications are that petrol and diesel prices are once again under pressure for December, with November starting out with an under-recovery in pricing. However, this is an early indicator, with the weeks ahead still giving ample opportunity for the picture to change by month-end. According to early data from the Central Energy Fund (CEF), petrol prices are starting the month with an under-recovery of between 7 and 16 cents per litre, while diesel is much worse off with an under-recovery of around 58 cents per litre. This is likely a reflection of the strong start to October's trades, where the month started off with a strong over-recovery and ultimately ended with a 20 cents per litre hike by November.

Agriculture possesses significant potential for reducing poverty, with growth in agriculture generally proving to be two to three times more effective in reducing poverty than an equivalent amount of growth generated outside agriculture. This was according to Wandile Sihlobo, chief economist at Agbiz, during a recent roundtable event aimed at accelerating the implementation of the Agriculture and Agro-processing Master Plan, organised by the National Planning Commission and the National Agricultural Marketing Council. He emphasized the need for action, stating, "we should just fix what is broken and need all hands on deck." According to Wandile Sihlobo, the advantage of agriculture in reducing poverty is that it is particularly beneficial for the most disadvantaged individuals, contributing to food security and combating malnutrition. Furthermore, growth and innovation in agriculture also benefit the sector through higher returns on investment for producers, increased job opportunities and the reduction of consumer prices. He noted that increasing agricultural productivity not only reduces poverty by releasing agricultural labour to non-agricultural activities, but also integrates surplus labour from less productive home production into commercial agriculture. Sihlobo expressed concern that rural areas continue to face significant challenges, with agriculture not reaching its full potential. These challenges include high poverty levels, unemployment and limited economic activity, and ineffective municipal governance.

South Africa's agricultural regions are not expected to experience a significant locust outbreak this season, as stated by Dr Gerhard Verdoorn, operations and stewardship manager at CropLife South Africa. Cooler temperatures and high soil moisture levels across the Karoo and Kalahari have thus far prevented conditions favourable for large locust swarms. In an interview with Farmer's Weekly, Dr Verdoorn noted that there are currently no signs of locusts emerging in either the Karoo or the Kalahari. However, he expressed concern regarding the presence of solitary grasshoppers in the vicinity of Gqeberha, giving an indication that there is a substantial female grasshoppers, potentially indicating their presence in the Karoo as well. Nevertheless, Dr Verdoorn emphasized that the existing conditions are not conducive for a full locust outbreak. The absence of an outbreak, even as November begins, can be attributed to the fact that the Karoo has not yet reached sufficiently warm temperatures.

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