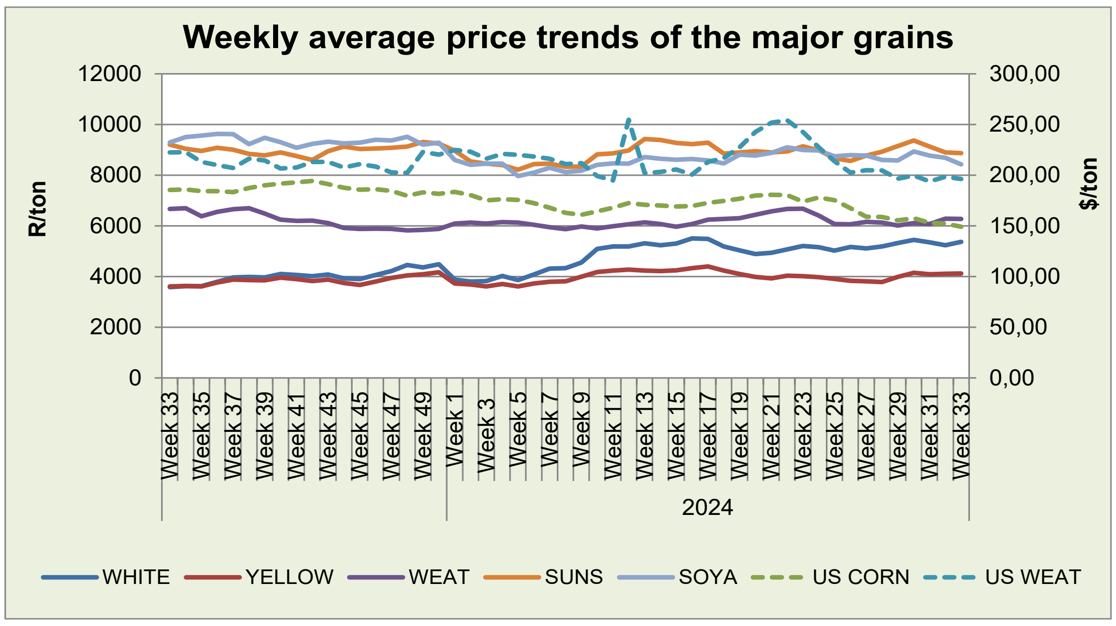
agriculture, land reform & rural development

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

Weekly Price Watch: 16 August 2024

Directorate: Statistics & Economic Analysis

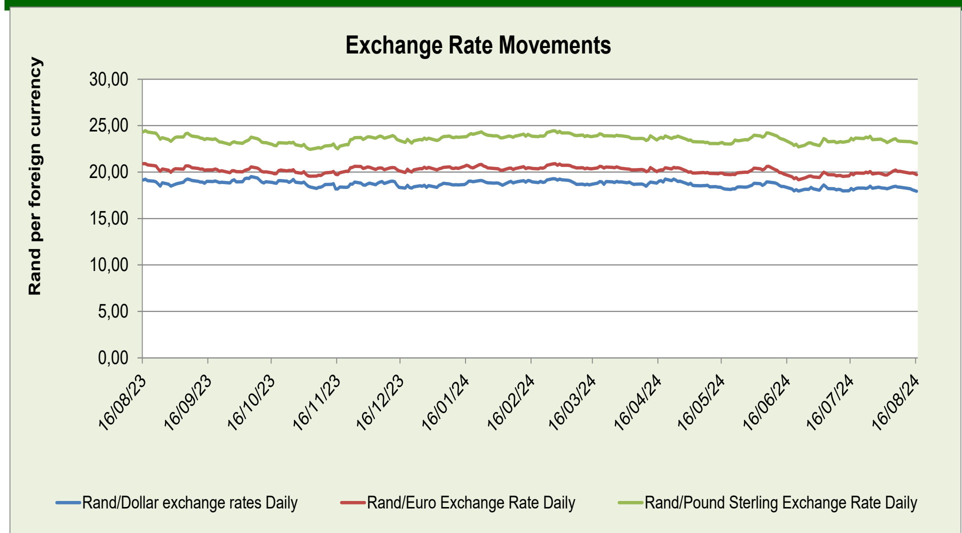
Sub-directorate: Economic Analysis

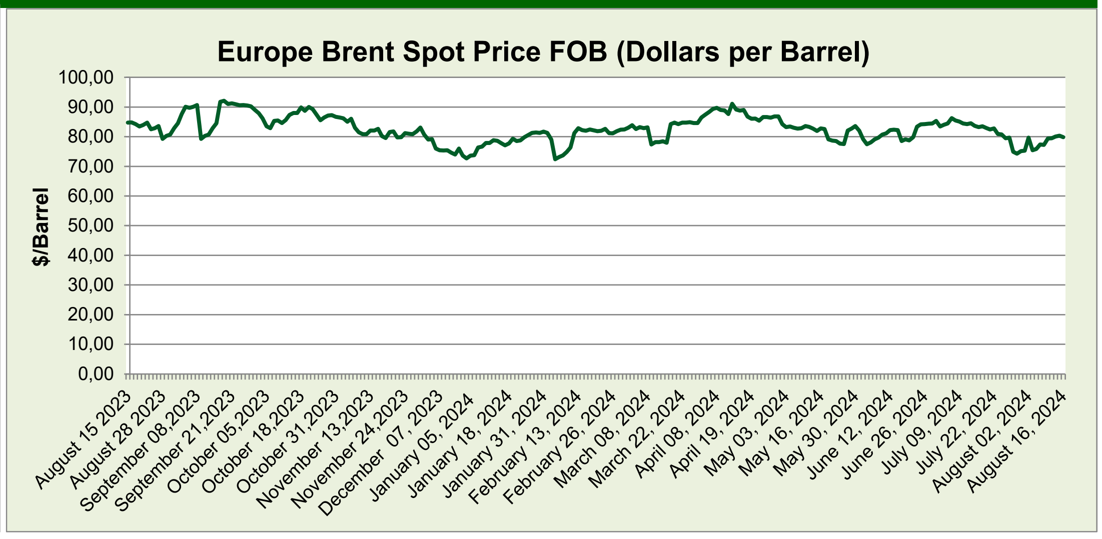


The prices of both local white and yellow maize increased by 2.5% and 0.2% respectively this week compared to the previous week. The white maize prices were supported by good domestic buying demand which more than offset the effects of recovering rand. Meanwhile local prices for soybean, sunflower seed and wheat decreased by 3.0%, 0.3% and 0.2%, respectively week on week. They were all largely pressured by the recovering rand and lower Chicago prices. During the same period US soybean, yellow maize and wheat prices decreased by 3.7%, 2.2% and 1.1% respectively. Chicago soybeans fell this week, with the market set for its third weekly drop on pressure from expectations of all-time high US output and slowing demand in top importer China. The US Department of Agriculture, earlier this week, raised its estimates for corn and soybean production from a month earlier, adding to expectations of hefty global supplies of both crops.

Spot price trends of major grains commodities

	1 year ago Week 33 (14-08-23 to 18-08-23)	Last week Week 32 (05-08-24 to 08-08-24)	This week Week 33 (12-08-24 to 16-08-24)	w-o-w % change
RSA White Maize per ton	R 3 580.00	R 5 239.75	R 5 371.20	2.5%
RSA Yellow Maize per ton	R 3 609.20	R 4 113.00	R 4 123.20	0.2%
USA Yellow Maize per ton	$ 185.53	$ 152,44	$ 149,08	-2.2%
RSA Wheat per ton	R 6 670.40	R 6 288.00	R 6 274.00	-0.2%
USA Wheat per ton	$ 222.52	$ 198.40	$ 196.24	-1.1%
RSA Soybeans per ton	R 9 300.50	R 8 693.75	R 8 429.40	-3.0%
USA Soybeans per ton	$ 498.73	$ 378,65	$ 364,50	-3.7%
RSA Sunflower seed per ton	R 9 213.00	R 8 900.50	R 8 872.20	-0.3%
RSA Sweet Sorghum per ton	-	-	-	-
Crude oil per barrel	$ 84.69	$ 76.47	$ 79.83	4.4%





The rand appreciated against the major currencies by 1.7% against the US dollar, by 1.4% against the Euro and by 1.0% against the Pound Sterling week-on-week. The dollar lost ground against its major peers on Wednesday, helping the euro to an eight-month peak, as the US consumer price index showed inflation is subsiding, reinforcing expectations that Federal Reserve interest rate cuts are near.

Brent crude oil averaged $79.83 this week compared to last week, an increase of 4.4% from $76.47 last week. The increase comes after ceasefire negotiations in Gaza commenced, raising optimism that a peaceful resolution would minimise supply chain disruptions and ease tensions in the region. So far this month the brent crude oil prices have decreased slightly compared to the previous month.

National South African Price information (RMAA) : Beef

Week 31 (29/07/2024 to 02/08/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 32 (05/08/2024 to 11/08/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	10 961	55,19	56,19	Class A2	9 030	55,26	56,41
Class A3	876	55,02	55,35	Class A3	624	54,87	54,71
Class C2	861	42,85	45,92	Class C2	698	43,47	44,01

After an increase last week units sold for class A2 and class C2 beef decreased by 17.6% and 18.9% respectively this week, while unit sold for class A3 beef decreased for two consecutive weeks by 28.8% this week compared to the previous week. Again after a decrease last week the weekly average purchase prices for class A2 and class C2 beef increased by 0.1% and 1.4% respectively in the reporting week compared to the previous week. Meanwhile the weekly purchase price for class A3 decreased for two weeks in a row by 0.3% during the same period. The weekly average selling prices for class A3 and class C2 beef decreased by 1.2% and 4.2% respectively this week compared to the previous week, while the weekly average selling price for class A2 beef increased by 0.4% week-on-week.

National South African Price information (RMAA) : Lamb

Week 31 (29/07/2024 to 02/08/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 32 (05/08/2024 to 11/08/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	12 721	89,57	89,63	Class A2	13 167	90,35	90,40
Class A3	1 448	87,14	88,58	Class A3	1 009	87,52	87,01
Class C2	820	65,55	69,84	Class C2	982	64,68	69,79

After a decrease in the previous week units sold of class A2 and class C2 lamb increased by 3.5% and 19.8% respectively this week compared to last week, whilst the units sold for class A3 decreased for two consecutive weeks. During the same period, the weekly average purchase prices for class A2 and class A3 lamb increased by 0.9% and 0.4% respectively. While the weekly average purchase price for class C2 lamb decreased by 1.3% week-on-week. After an increase last week the weekly average selling price for class A3 and class C2 lamb decreased by 1.8% and 0.1% respectively in the reporting week compared to the previous week, while the weekly average selling price for class A2 lamb increased by 0.9% week-on-week.

National South African Price information (RMAA) : Pork

Week 31 (29/07/2024 to 02/08/2024)	Units	Avg Purchase Price	Week 32 (05/08/2024 to 11/08/2024)	Units	Avg Purchase Price
Class BP	12 111	31,40	Class BP	11 284	31,45
Class HO	5 530	30,65	Class HO	6 606	31,26
Class HP	6 248	30,93	Class HP	5 843	30,94

Units sold for class BP and class HP pork decreased for two weeks in a row by 6.8% and 6.5% respectively this week compared to the previous week, while the units sold for class HO increased by 19.5% this week compared to the previous week. During the same period the weekly average purchase prices for class BP and HO pork increased for two consecutive weeks by 0.2% and 2.0% respectively. The weekly average purchase price for class HO remained flat this week compared to the previous week.

Latest News Developments

South Africa's job market continues to deteriorate, with the official unemployment rate surging to 33.5% in the second quarter of 2024 from 32.9% in the first quarter of 2024, this is the highest rate since 2022. Economists polled by Bloomberg expected unemployment to improve to below 32%. The latest Statistics South Africa Quarterly Labour Force Survey (QLFS) reveals an increase in unemployment and a decrease in employment figures, painting a grim picture of the nation's economic landscape. The QLFS data indicates a drop of 92 000 employed persons, bringing the total number to 16,7 million. Concurrently, the number of unemployed individuals rose by 158 000, reaching 8,4 million. According to Statistics SA 3.6 million (35.2%) out of 10.3 million young people aged 15 to 24 years were not in employment, education or training. The expanded unemployment rate which includes discouraged work-seekers rose to 42.6% in the second quarter of 2024. Of the provinces, North West (54.2%) had the highest expanded unemployment rate in the second quarter, followed by the Eastern Cape (49.7%). Limpopo recorded the highest difference between expanded and official unemployment rates of 15.7 percentage points. The number of jobs in trade and agriculture declined, but manufacturing and informal sector employment made gains.

Job losses in agriculture reflect harsh economic conditions. The employment in primary agriculture was down by 5% quarter-on-quarter to 896 000 in the second quarter of 2024. Although the sector saw a slight annual increase of 0,2% from the second quarter of 2023, agricultural employment remained well below the long-term average of 799 000 jobs. This generally reflects the harsh summer season. Some of the subsectors showing a decline in employment include field crops, livestock, and forestry. This might be attributed to the midsummer drought that severely impacted field crops, higher feed costs and lingering animal diseases affecting livestock. The provincial breakdown reveals significant losses in the Western Cape, Northern Cape, North West and Gauteng, while other provinces saw mild improvements. The Western and Northern Cape provinces do not have significant summer crop production. The quarterly job losses in these regions mirror the financially constrained environment in farming businesses.

Currently, petrol and diesel prices are on track for cuts at the start of September. With less than two weeks to go before prices are fixed, the latest estimate from the Central Energy Fund shows that the price of 95 unleaded petrol is due for a decrease of around 67c a litre, while the wholesale price of diesel could be lowered by 53c (0.05% sulphur content) and 77c (0.005%) a litre. Petrol prices were cut by 15c a litre at the start of August, while wholesale diesel prices fell by 17c or 28c, depending on the sulphur content. Fuel prices are now at their cheapest levels since January this year, with petrol (95) selling for R23.11 a litre in Gauteng, and R22.32 on the coast.

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

Source: SAFEX, Standard bank, Stats SA, Reuters, Red Meat Abattoir Association, FNB and Absa Bank.
Disclaimer: DALRRD will not be liable for results of actions based on this price watch.