



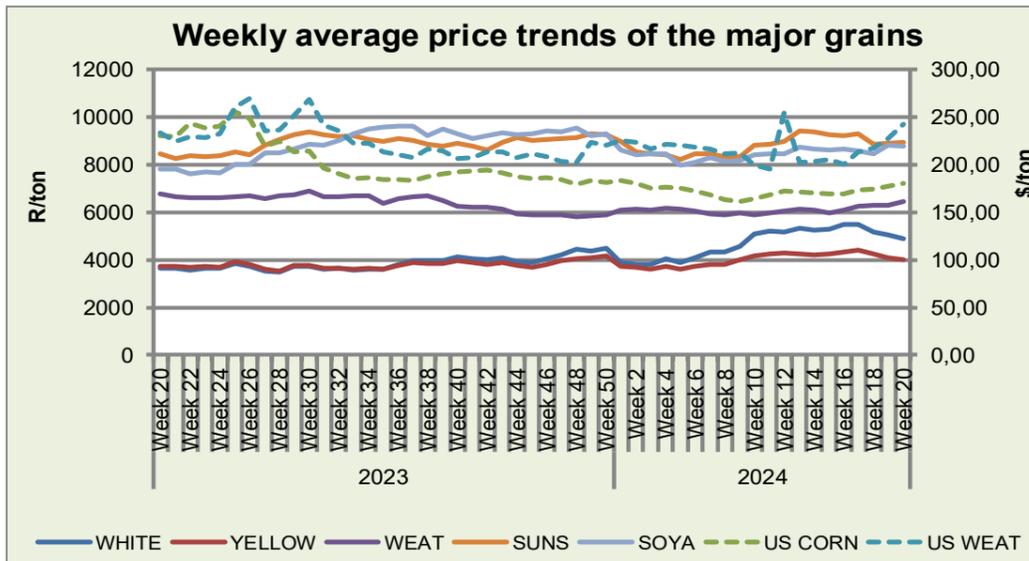
agriculture, land reform & rural development

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

Weekly Price Watch: 17 May 2024

Directorate: Statistics & Economic Analysis

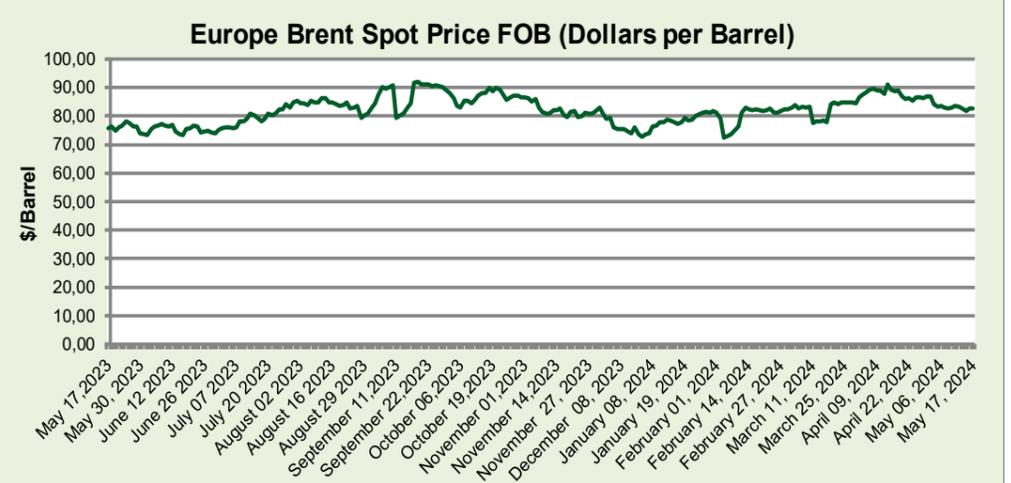
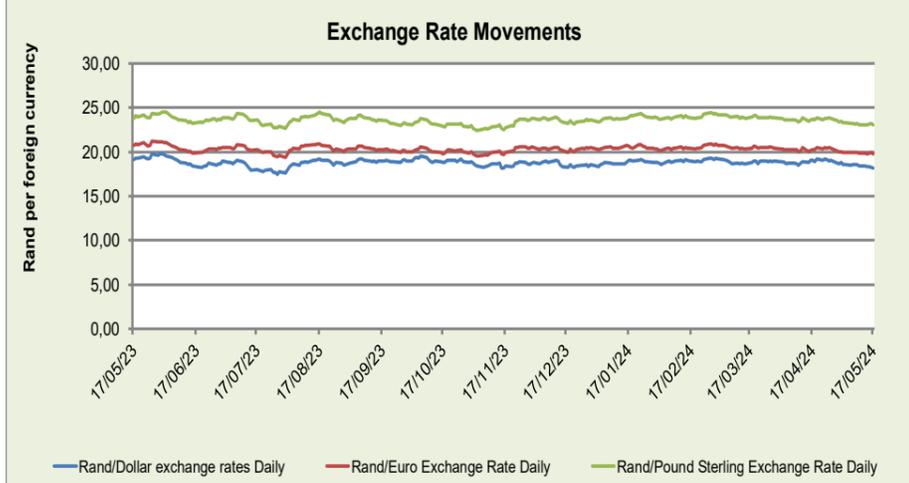
Sub-directorate: Economic Analysis



Domestic grain prices fluctuated in the reporting week compared to the previous week. Local white and yellow maize prices decreased by 2.9% and 2.8% respectively in the reporting week compared to the previous week, while soybean prices decreased by 0.4% week-on-week. The Crop Estimates Committee (CEC) data indicates that the 2022/23 production season yielded an exceptional harvest due to extensive plantings and favourable summer rainfall. Conversely, wheat and sunflower seed prices in the local market increased by 2.2% and 0.6% respectively during the reporting week compared to the previous week. On the International front, the price of US yellow maize increased by 1.8% week-on-week, reflecting the steady demand for US corn. US wheat price also increased by 2.2% week-on-week, driven by strong export and domestic demand in the global market. However, the US soybean price decreased by 0.6% week-on-week. Despite expectations of a near-record US soybean harvest, exporters had not made significant sales in the week, which is typically when new-crop sales begin to pick up.

Spot price trends of major grains commodities

	1 year ago Week 20 (15-05-23 to 19-05-23)	Last week Week 19 (06-05-24 to 10-05-24)	This week Week 20 (13-05-24 to 17-05-24)	w-o-w % change
RSA White Maize per ton	R 3 652.40	R 5 304.60	R 4 891.00	-2.9%
RSA Yellow Maize per ton	R 3 720.20	R 4 103.00	R 3 989.40	-2.8%
USA Yellow Maize per ton	\$ 230.18	\$ 176.81	\$ 180,07	1.8%
RSA Wheat per ton	R 6 761.80	R 6 306.00	R 6 442.80	2.2%
USA Wheat per ton	\$ 232.91	\$ 227.69	\$ 242.63	6.6%
RSA Soybeans per ton	R 7 814.00	R 8 811.60	R 8 775.60	-0.4%
USA Soybeans per ton	\$ 504.84	\$ 446.33	\$ 443,79	-0.6%
RSA Sunflower seed per ton	R 8 464.00	R 8 901.20	R 8 953.40	0.6%
Crude oil per barrel	\$ 75.54	\$ 83.14	\$ 82.66	-0.6



The rand appreciated by 1.0% against the US dollar week-on-week, on US dollar weakness due to increased speculation of an earlier interest rate cut in the US. The rand appreciated by 0.4% against the Pound Sterling week-on-week, as the Bank of England (BoE) interest rate cut bets pulled the currency in different directions. The rand appreciated by 0.4% against the Euro week-on-week, despite the eurozone experiencing better-than-anticipated growth in the first quarter of 2024.

Brent crude oil averaged \$82.66 in the reporting week, indicating a 0.6% decrease from \$83.14 recorded the previous week. The American Petroleum Institute noted a 2.5 million barrel increase in crude stockpiles for the week. Despite this, oil futures remain elevated due to OPEC+ supply cuts, although certain market indicators are beginning to suggest a downturn. The spread for Brent crude oil is approaching a bearish contango structure, indicating a surplus in supply.



National South African Price information (RMAA) : Beef

Week 18 (29/04/2024 to 05/05/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 19 (06/05/2024 to 12/05/2024)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	6 919	54,97	55,96	Class A2	7 100	55,34	55,56
Class A3	1055	54,74	55,61	Class A3	890	55,01	55,43
Class C2	759	43,46	45,89	Class C2	678	43,40	44,41

Units sold of class A3 and class C2 beef decreased by 15.6% and 10.7% respectively in the reporting week compared to the previous week, while units sold of class A2 beef increased by 2.6% week-on-week. Additionally, the average purchase prices for class A2 and class A3 beef increased by 0.7% and 0.5% respectively in the reporting week compared to the previous week, whereas the weekly average purchase price for class C2 beef decreased by 0.1% week-on-week. Meanwhile, during the same period, the average selling prices for class A2, class A3 and class C2 beef decreased by 0.7%, 0.3% and 3.2% respectively in the reporting week compared to the previous week. Despite facing some pressure in the domestic beef market over the past two weeks of May, the prices of class A carcasses have significantly improved compared to a year ago while class C carcass prices declined during the same period, being lower than they were a year ago.

National South African Price information (RMAA) : Lamb

Week 18 (29/04/2024 to 05/05/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 19 (06/05/2024 to 12/05/2024)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	14 492	84,73	85,67	Class A2	15 289	84,25	86,12
Class A3	1 749	81,27	84,34	Class A3	1 875	81,13	84,92
Class C2	1 618	52,25	59,35	Class C2	1 450	54,66	61,92

Units sold for class A2 and class A3 lamb increased by 5.5% and 7.2% respectively in the reporting week compared to the previous week whilst, units sold for class C2 lamb decreased by 10.4% week-on-week. On the other hand, the weekly average purchase prices for class A2 and class A3 decreased by 0.6% and 0.2% respectively in the reporting week compared to the previous week whilst, the weekly average purchase price for class C2 lamb increased by 4.6% week-on-week. Additionally, the weekly average selling price for class A2, class A3 and class C2 lamb increased by 0.5%, 0.7% and 4.3% respectively in the reporting week compared to the previous week. Similar to beef, the carcass prices for class C lamb in the lamb market showed a decrease in the first two weeks of May compared to the previous year.

National South African Price information (RMAA) : Pork

Week 18 (29/04/2024 to 05/05/2024)	Units	Avg Purchase Price	Week 19 (06/05/2024 to 12/05/2024)	Units	Avg Purchase Price
Pork					
Class BP	10 740	30,59	Class BP	10 123	30,29
Class HO	7 354	29,91	Class HO	7 792	29,68
Class HP	8 090	30,35	Class HP	8 652	30,13

Units sold for class HO and class HP pork increased by 6% and 6.9% respectively in the reporting week compared to the previous week whilst, units sold for class BP pork decreased by 5.7% week-on-week. Meanwhile, the weekly average purchase prices for class BP, class HO and class HP pork decreased by 1.0%, 0.8% and 0.7% respectively in reporting week compared to the previous week. According to data from FNB, the historical yearly growth pattern in pork prices displayed progress since the start of the year.

Latest News Developments

Statistics South Africa in its Quarterly Labour Force Survey (QLFS) revealed that employment saw a marginal increase of 22 000 or 0.1% quarter-on-quarter, bouncing back from a decline of 21,587 in the fourth quarter of 2023. Employment gains were observed in the formal sector (up by 56 000), Private households (up by 44 000) and the Agricultural sector (up by 21 000), while informal sector employment decreased by 100 000 in Q1: 2024. Despite the challenges faced by the Agricultural sector at the beginning of the year due to El Niño-induced drought, the employment situation remains positive. Employment in primary agriculture increased by 6% year-on-year to 941,000 in the first quarter of 2024, marking a 2% rise from the fourth quarter of 2023. The impact of the drought mainly affected the summer grains and oilseed regions, rather than all agricultural subsectors, which could explain the resilience in job numbers. According to Agbiz, it is possible that there is a delay in fully reflecting the financial strains on agriculture and its repercussions on employment.

However, the unemployment rate in South Africa rose to 32.9% in the first quarter of 2024, the highest in a year, compared to 32.1% in the previous period. The number of unemployed people increased significantly by 330 000, totalling 8.2 million, which is the highest number since records began in 2008. While structural constraints have eased since the start of the year, with reduced load-shedding and improved transport services, the primary concern for the majority of producers and exporters will likely to be the restoration of their profit margins which were severely impacted by significant disruptions and a substantial increase in operational expenses during the previous year. As a result, it is anticipated that job creation will continue to be feeble in 2024, with employment remaining stagnant.

South Africans are getting poorer as their take-home pay cannot keep up with inflation, negatively affecting their real spending power. This is according to Annabel Bishop, the Chief Economist at Investec, who cited the most recent data on take-home pay for March 2024. BankServ's recent report indicated that the average take-home pay increased by 5.0% year-on-year in March, compared to February's 4.6%. However, this growth is still lower than the CPI inflation rate of 5.3% recorded in March 2024. In real terms, take-home pay decreased by 0.4% year-on-year in March. Although this decline may seem small, it follows a negative 0.7% reading in February, with inflation playing a significant role in the actual growth of salaries and wages. Bishop highlighted that in 2023 and 2022, real remuneration mostly decreased, leading to a weakening of Household Consumption Expenditure (HCE) growth in real terms and subsequently affecting economic growth. Both 2022 and 2023 were characterized by high inflation rates. Furthermore, consumers have been negatively impacted by high interest rates, taxes, and unemployment rates, all contributing to a decrease in consumer confidence. The expected interest rate cuts have been postponed, raising concerns about the possibility of no cuts in 2024. Bishop emphasized that consumers are facing financial challenges, with heightened financial vulnerability.

Stanlib Chief Economist, Kevin Lings has provided feedback on the current state of the South African economy, highlighting the challenges faced by the Reserve Bank in terms of interest rate cuts. Lings indicated that despite the weak economy, which would typically warrant rate cuts, there are several factors contributing to the persistence of inflation and preventing such cuts. While the country managed to avoid a technical recession at the end of 2023, the economy is experiencing stagnation. Unemployment rates remain alarmingly high, exceeding 30%, and the government's debt to GDP ratio has surpassed 75%. Additionally, the government's debt servicing costs account for more than 20% of total tax revenue. On a positive note, Lings indicated that progress has been made, albeit slowly, in implementing the government's reform agenda, which is expected to stimulate economic activity. However, the ongoing high inflation is likely to impede this potential growth by keeping interest rates elevated and suppressing demand.

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