



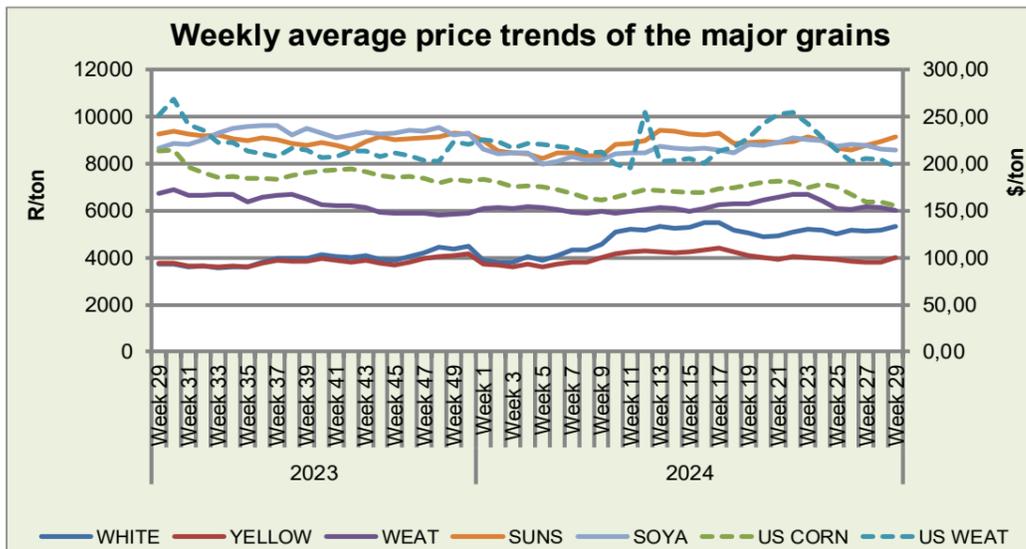
agriculture, land reform & rural development

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

Weekly Price Watch: 19 July 2024

Directorate: Statistics & Economic Analysis

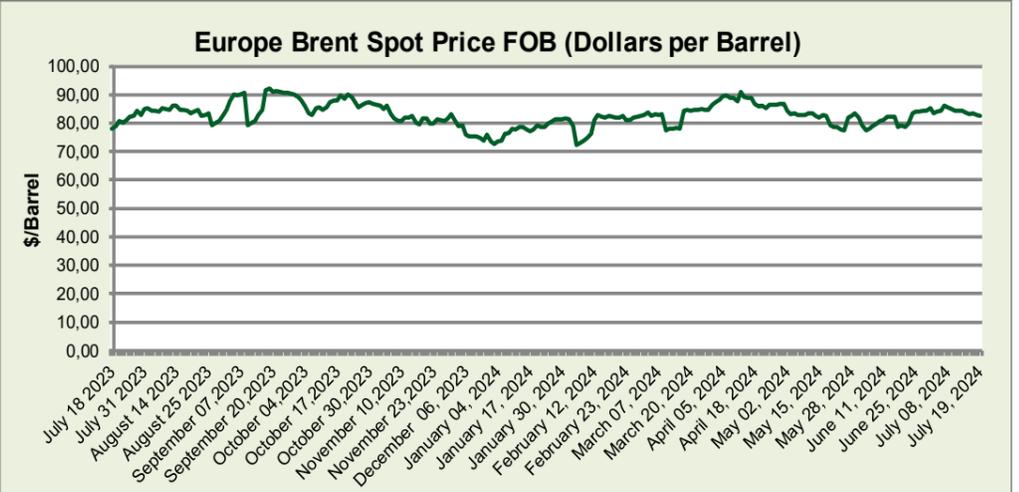
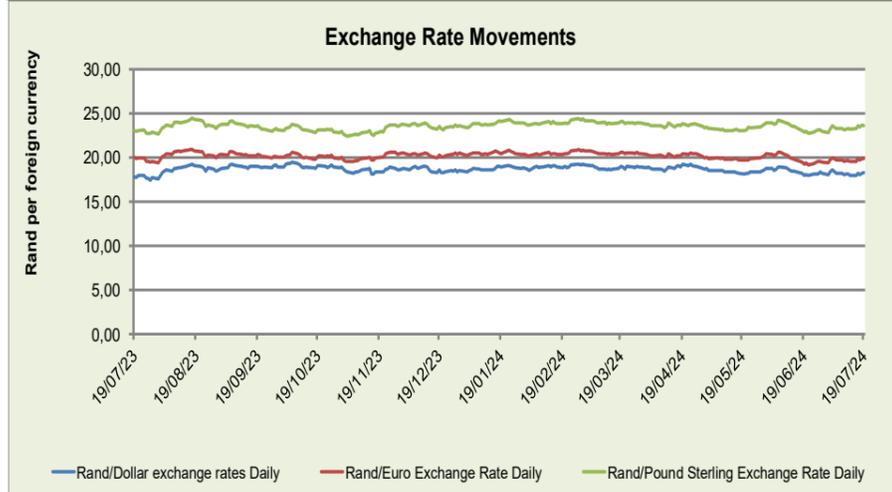
Sub-directorate: Economic Analysis



Domestic grain prices showed fluctuations in the reporting week compared with the previous week. Local prices for white maize, yellow maize, and sunflower seeds increased by 2.6%, 5.3%, and 2.4% respectively, while wheat and soybean prices decreased by 1.9% and 0.2% week-on-week. The high demand from neighbouring countries continues to support maize prices. Meanwhile, South Africa is anticipated to have a productive season with a bountiful harvest. On the global scale, the price of US yellow maize decreased by 2.1% week-on-week. The favourable US corn rating, along with anticipations of abundant harvests in the US exerted downward pressure on corn prices. US wheat prices decreased by 4.0% week-on-week, following reports of better yields and quality from producers. In regions with increased moisture, higher yields are expected with lower protein content. Additionally, US soybean prices decreased by 5.3% week-on-week, attributed to favourable supply conditions and low export demand in the global market.

Spot price trends of major grains commodities

	1 year ago Week 29 (17-07-23 to 21-07-23)	Last week Week 28 (08-07-24 to 12-07-24)	This week Week 29 (15-07-24 to 19-07-24)	w-o-w % change
RSA White Maize per ton	R 3 737.20	R 5 185.80	R 5 320.00	2.6%
RSA Yellow Maize per ton	R 3 758.20	R 3 786,80	R 3 987.20	5.3%
USA Yellow Maize per ton	\$ 213.38	\$ 158.79	\$ 155,52	-2.1%
RSA Wheat per ton	R 6 748.60	R 6 135.40	R 6 019.80	-1.9%
USA Wheat per ton	\$ 251.34	\$ 204.74	\$ 196.61	-4.0%
RSA Soybeans per ton	R 8 666.40	R 8 598.80	R 8 581.20	-0.2%
USA Soybeans per ton	\$ 548.07	\$ 426.25	\$ 404,06	-5.3%
RSA Sunflower seed per ton	R 9 249.80	R 8 930,40	R 9 148.60	2.4%
Crude oil per barrel	-\$ 79.53	-\$ 84.76	-\$ 83.17	-1.9%



The rand depreciated by 0.3% against the US dollar week-on-week, influenced by growing optimism surrounding the potential economic benefits of a Donald Trump presidency. The rand depreciated by 1.3% against the Pound Sterling week-on-week, as investors sought higher returns amidst falling global interest rates. The rand depreciated by 0.9% against the Euro week-on-week, after the European Central Bank (ECB) kept its key interest rate unchanged at 4.25%.

Brent crude oil averaged \$83.17 in the reporting week, showing a 1.9% decrease from \$84.76 recorded the previous week. The decrease was attributed to worries about China's economy, the largest oil importer, which overshadowed a more constrained supply forecast. Additionally, market participants monitored the potential for a truce in Gaza, with tensions posing risks to global oil supplies. Moreover, the strengthening of the US dollar relative to other currencies contributed to the drop in oil prices observed this week.



National South African Price information (RMAA) : Beef

Week 27 (01/07/2024 to 07/07/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 28 (08/07/2024 to 14/07/2024)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	8 766	55,83	57,44	Class A2	7 506	55,37	57,19
Class A3	709	55,71	55,34	Class A3	712	55,42	55,53
Class C2	606	43,22	46,41	Class C2	684	43,05	46,00

Units sales of class A3 and class C2 beef increased by 0.4% and 12.9% respectively in the reporting week compared to the previous week, while unit sales of class A2 beef decreased by 14.4% week-on-week. Conversely, the weekly average purchase prices for class A2, class A3 and class C2 beef decreased by 0.8%, 0.5% and 0.4% respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class A2 and class C2 beef decreased by 0.4% and 0.9% respectively in the reporting week compared to the previous week, whereas the weekly average selling price for class A3 beef increased by 0.3% week-on-week. Weekly livestock prices in the local market indicate some downward pressure across most meat categories due to weaker seasonal volume pressure and demand downturn that weighed heavily on the market.

National South African Price information (RMAA) : Lamb

Week 27 (01/07/2024 to 07/07/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 28 (08/07/2024 to 14/07/2024)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	14 192	88,54	89,30	Class A2	12 039	88,86	90,18
Class A3	1 466	86,32	86,65	Class A3	1 448	86,54	87,77
Class C2	1 467	63,27	66,87	Class C2	926	63,33	69,58

Units sales of class A2, A3 and class C2 lamb decreased by 15.2%, 1.2% and 36.9% respectively in the reporting week compared to the previous week. On the contrary, the weekly average purchase prices for class A2, class A3 and class C2 lamb increased by 0.4%, 0.3% and 0.1% respectively in the reporting week compared to the previous week. Similarly, the weekly average selling price for class A2, class A3 and class C2 lamb increased by 1.0%, 1.3% and 4.1% respectively in the reporting week compared to the previous week. Based on historical seasonal data, it is anticipated that lamb prices may experience a gradual rise in the upcoming months. While analysts expect that this increase will be relatively mild in the third quarter, the initiation of a decrease in interest rates could potentially lead to more significant price hikes in the final quarter of the year.

National South African Price information (RMAA) : Pork

Week 27 (01/07/2024 to 07/07/2024)	Units	Avg Purchase Price	Week 28 (08/07/2024 to 14/07/2024)	Units	Avg Purchase Price
Pork					
Class BP	11 522	31,09	Class BP	12 826	31,01
Class HO	5 337	30,53	Class HO	5 470	30,54
Class HP	5 493	30,62	Class HP	6 377	30,68

Units sales of class BP, HO and class HP pork increased by 11.3%, 2.5% and 16.1% respectively in the reporting week compared to the previous week. Meanwhile, the weekly average purchase prices for class HO and class HP pork increased by 0.03% and 0.2% respectively in reporting week compared to the previous week. However, the weekly average purchase price for class BP pork decreased by 0.3% week-on-week. It is anticipated that the increase in pork prices will be more muted than historically observed, due to the view that chicken prices may face challenges in the upcoming months.

Latest News Developments

In his opening address at the seventh parliament, President Cyril Ramaphosa emphasized the government of national unity's commitment to boosting economic growth and ensuring inclusivity in the economy. According to the President, the Government of National Unity (GNU) will prioritize stabilizing municipalities, expanding power generation, and developing the digital economy. Additionally, the President indicated that there will be increased investments in renewable energy projects to drive economic growth and job creation in the coming years. The president also mentioned that Cabinet will convene an extra strategy meeting to discuss the Medium-Term Development Plan, which will outline specific actions and initiatives for the next five years based on these priorities. This plan will have a clear vision, measurable objectives, and a roadmap for achieving them, all in line with the National Development Plan Vision 2030, the United Nations Sustainable Development Goals, and the African Union's Agenda 2063.

Meanwhile, in the recent budget speech, the new agriculture Minister, John Steenhuisen, emphasized the importance of accelerating the implementation of the Agricultural and Agro-Processing Master Plan (AAMP) without reinventing the wheel. He aims to build on the foundation laid by former Minister Thoko Didiza and collaborate with the private sector, industry, and agribusiness to achieve the objectives. Minister Steenhuisen highlighted the significance of the co-existence of small and large farmers and agribusiness, emphasizing the need for small-scale farmers to access foreign markets. He also pledged to work with the portfolio committee to update outdated legislation in the agricultural sector, ensuring that farmers can benefit from modern advancements and maintain global competitiveness. Additionally, the Minister stressed the importance of disease prevention and containment strategies, calling for greater efforts in this area to protect the agricultural sector. The Minister also mentioned that the department will prioritize the implementation of a new track and trace system for animal movement across the country to improve traceability, which is crucial for international markets and will also aid in combating stock theft and enhancing disease prevention. Steenhuisen stressed the significance of blended finance in unleashing the potential of emerging farmers and advocated for a comprehensive database of farmers to tailor support to their specific needs. Ultimately, the Minister aims to collaborate across sectors to maximize the agriculture industry's role as a key driver of job creation, economic growth, and rural development.

The Monetary Policy Committee (MPC) left the repo rate unchanged at 8.25%, currently at the highest level in 15 years. While some members still see a need for a restrictive approach due to potential inflation risks, others believe that the economic outlook has improved enough to justify a rate cut. The SARB is optimistic about the inflation outlook, with headline inflation expected to average 4.9% for the year, slightly lower than the 5.1% projected in the May meeting. Inflation forecasts for 2025 have been revised down to 4.4% from 4.5%, while the 2026 forecast remains at 4.5%. Quarterly projections show a positive trend, with inflation expected to reach the midpoint of the target range in Q4 2024, two quarters earlier than previously anticipated. The MPC anticipates downward pressure on inflation from lower fuel and food prices, as well as support from a stronger rand.

Meanwhile, the forecast for core inflation has been revised slightly downwards to 4.6% (from 4.7%) for 2024 and 4.4% (from 4.5%) for 2025, while remaining unchanged at 4.5% in 2026. The South African Reserve Bank (SARB) continues to express concern about the trajectory of inflation expectations, with the latest survey indicating average expectations hovering around 5% over the next 3 years, exceeding SARB's 4.5% target. Despite signs of a gradual easing in price pressures, the MPC now views the risks to the inflation outlook as tilted to the upside.

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