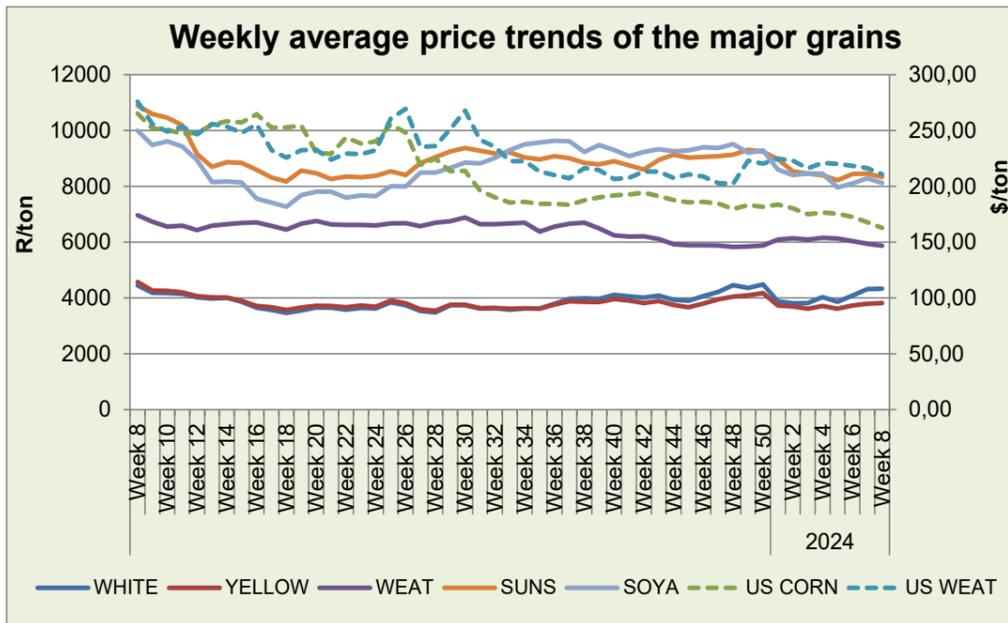




Weekly Price Watch: 23 February 2024

Directorate: Statistics & Economic Analysis

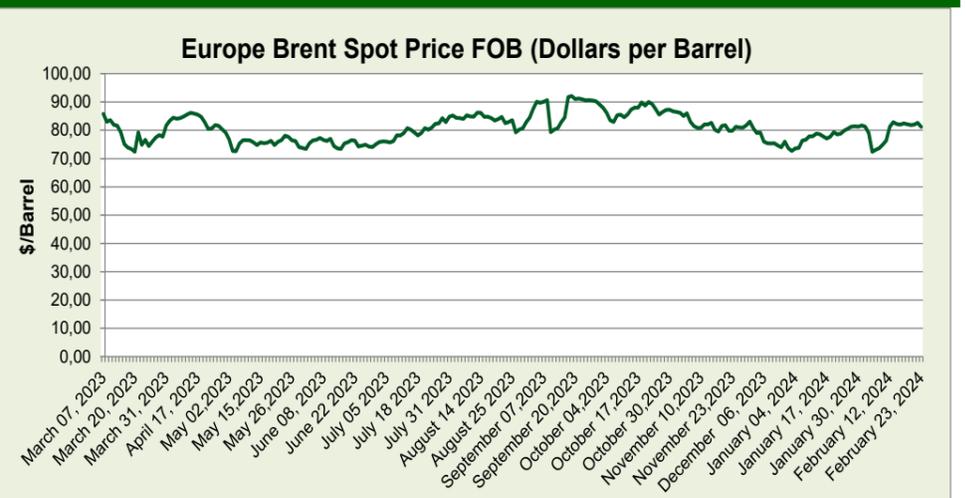
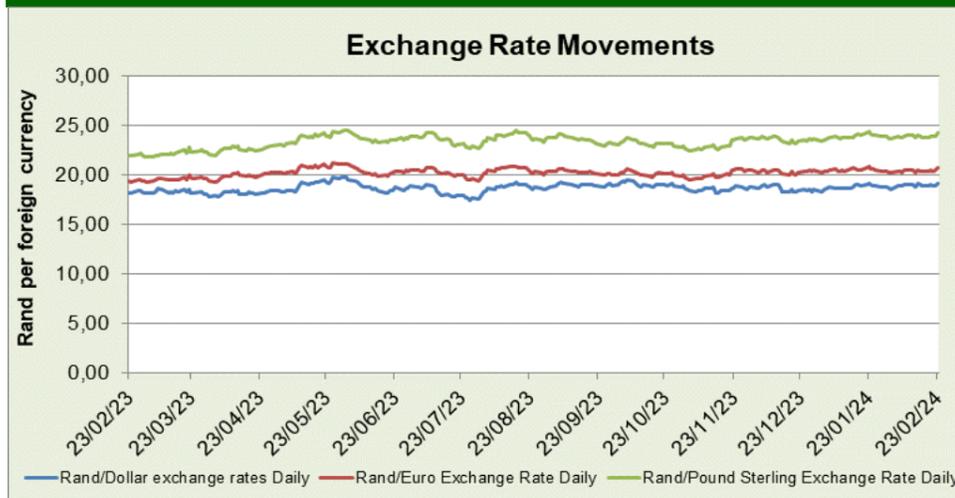
Sub-directorate: Economic Analysis



This week saw mostly lower prices for grain sector both at the international and local market grain with exception to local white and yellow maize that recorded marginal increase when compared to the previous week. Internationally, US corn and USA wheat decreased by 3% and 2,5% respectively. USA soya also decreased by 1,1% on because of expected decent global grains and oilseed harvest and signals of strong export competition on improvements in South American growing areas and shipments of Brazilian soybeans to China. Locally, white and yellow maize increased marginally by 0,5% and 0,6% respectively, domestic maize prices got support from the weaker rand. On the other hand RSA wheat, RSA sunflower and RSA soyabeans followed international trends and decreased by 1,3%, 1,5%, and 2% respectively when compared to the previous week. Local wheat and oilseeds were pressured by the lower international prices. According to Agbiz weather forecasts for the following week show the possibility of widespread rain, which would benefit agricultural activity as most summer grains are in pollination stage.

Spot price trends of major grains commodities

	1 year ago Week 8 (20-02-23 to 24-02-23)	Last week Week 7 (12-02-24 to 16-02-24)	This week Week 8 (19-02-24 to 23-02-24)	w-o-w % change
RSA White Maize per ton	R4 451,60	R4 316	R4 335,80	0,5%
RSA Yellow Maize per ton	R4 567,80	R3 790	R3 812,80	0,6%
USA Yellow Maize per ton	\$265,33	\$167,85	\$162,86	-3,0%
RSA Wheat per ton	R6 964,20	R5 946	R5 870,00	-1,3%
USA Wheat per ton	\$276,00	\$216,34	\$210,89	-2,5%
RSA Soybeans per ton	R9 999,40	R8 292,6	R8 123,80	-2,0%
USA Soybeans per ton	\$564,13	\$433,22	\$428,55	-1,1%
RSA Sunflower seed per ton	R10 899,60	R8 462	R8 335,00	-1,5%
Crude oil per barrel	\$82,16	\$82,15	\$81,99	-0,2%



The rand appreciated against the dollar by 0.1% whilst it depreciated against the euro and pound by 0.5% and 0.2% respectively. After finance minister Enoch Gdongwana delivered what analysts viewed as a “balanced” budget. The minister announced he would tap the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) to reduce government debt over the next three fiscal years.

The price of crude oil decreased marginally by 0,2% this week relative to the previous week. Oil prices decrease on anticipation that OPEC+ may increase their production cuts, after some of its members—including Iraq and Kazakhstan—continued to produce more in January.



National South African Price information (RMAA) : Beef

Week 06 (05/02/2024 to 11/02/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 07 (12/02/2024 to 18/02/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 731	55,08	55,81	Class A2	8 854	54,77	55,17
Class A3	581	54,19	55,88	Class A3	647	54,80	55,57
Class C2	624	47,21	49,45	Class C2	729	46,83	49,06

The units of class A2, A3 and C2 of beef increased by 1,4%, 11,4% and 16,8% respectively when compared to the previous week. On the other hand producer prices for class A2 and C2 decreased by 0,56% and 0,8% respectively while producer prices for class A3 increased by 1,1% relatively to the previous week. Likewise, average selling price for classes of beef A2, A3 and C2 decreased by 1,1%, 0,6% and 0,8% respectively.

National South African Price information (RMAA) : Lamb

Week 05 (29/01/2024 to 04/02/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 07 (12/02/2024 to 18/02/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	12 241	83,61	83,93	Class A2	13 621	83,98	83,50
Class A3	1 308	82,00	82,56	Class A3	1 991	82,49	82,47
Class C2	1543	59,11	63,46	Class C2	2 041	57,48	60,72

The units of lamb traded this week for class A2, A3 and C2 increased by 11,3%, 52,2% and 32,3% respectively. The producer prices for class A2 and A3 increased by 0,4% and 0,6% respectively whilst that of class C2 decreased by 2,8%. The market prices for all classes of beef A2, A3 and C2 declined this week by 0,5%, 0,1% and 4,3% respectively relative to the previous week.

National South African Price information (RMAA) : Pork

Week 05 (29/01/2024 to 04/02/2024)	Units	Avg Purchase Price	Week 07 (12/02/2024 to 18/02/2024)	Units	Avg Purchase Price
Class BP	10 613	31,77	Class BP	11 219	31,61
Class HO	7 369	31,14	Class HO	7 485	31,16
Class HP	9 090	31,17	Class HP	7 649	31,26

The quantities of pork traded this week for class BP and HP increased by 5,7% and 1,6% respectively when compared to the previous week, while units sold for class HO decreased marginally by 17,7%. The producer prices for all class of pork HO and HP increased by 0,3% and 0,1% respectively, whilst class BP decreased by 0,5%.

Latest News Developments

On Wednesday 21 February 2024, Minister of finance Mr Enoch Godongwana delivered the budget speech. According to the Minister South Africa's economic performance has been weak. Weak economic performance has led to a decrease of R56,1 billion in tax revenue, from last year's estimate. Godongwana said that the shortfall was largely due to the decline in corporate profits and revenue from taxes on mining as industries struggled to function amid rolling blackouts and dysfunctional ports. As a result, Finance Minister Enoch Godongwana announced that there would be increases in corporate and sin taxes to make up the tax shortfall. To ensure that multinational corporates don't dodge taxes going forward, Godongwana announced that a global minimum corporate tax would be introduced. Multinational corporations with annual revenue exceeding €750 million (about R15 billion) will be subject to an effective tax rate of at least 15%, regardless of where their profits are generated. The proposed reform is expected to yield an additional R8 billion in corporate tax revenue in 2026/27. The above inflation increases in sin taxes of 7,17% on wine, 7,17% on sparkling wine, and 6,67% on brandy have incensed the wine industry, as this sector battled to remain afloat. The minister announced that there will be no increase in the fuel levy this year. An increase in the carbon fuel levy was announced, a litre of petrol will now cost R0,11/ℓ more, with diesel rising by R0,14/ℓ as a result. Carbon tax rate increase was announced from R159/t to R190/t of carbon dioxide equivalent. Minister noted in his speech that the proposal outlining the second phase of the carbon tax will be published later this year. Good news, the agriculture sector has been exempted from paying carbon taxes so far, but with mounting global pressure to reduce carbon emissions. Another good news for the industry, no increase in the Health Promotion Levy ('sugar tax') this year.

This week Statistics South Africa released Quarterly Labour Force Survey and Consumer Price Index. The results of the QLFS indicate that the number of employed persons decreased by 22 000 to 16,7 million in the fourth quarter of 2023 compared to the third quarter of 2023. The number of unemployed persons increased by 46 000 to 7,9 million during the same quarter. The official unemployment rate increased by 0,2 of a percentage point from 31,9% in the third quarter of 2023 to 32,1% in the fourth quarter of 2023. Employment losses were observed in the formal sector (down by 128 000) and the Agricultural sector (down by 35 000), while informal sector and Private households' employment increased by 124 000 and 18 000 respectively in Q4: 2023. Results annual consumer price inflation was 5,3% in January 2024, up from 5,1% in December 2023. The CPI increased by 0,1% month-on-month in January 2024. The main contributors to the 5,3% annual inflation rate were food and non-alcoholic beverages and housing and utilities contributed 1,3 percentage points each.

In a strategic move to strengthen South Africa's citrus export capabilities, the Mediterranean Shipping Company (MSC) has revealed plans for an additional direct cargo service from the port of Ngqura (in the Eastern Cape) to northern Europe. The initiative aims to bolster the efficiency and accessibility of South African citrus shipments to key European markets. According to MSC, the introduction of this direct service, free of transshipment, is a strategic response to the challenges faced by fruit shippers in ensuring timely transportation from South Africa to Europe. The Citrus Growers' Association of Southern Africa (CGA) welcomed the additional direct shipping service from Ngqura and Port Elizabeth for the export of citrus. The service will run every Tuesday from the end of May to the beginning of September, during the height of the citrus season. With peak citrus export season set to commence in April and logistical challenges abound, the industry hopes that port congestion issues will be resolved promptly to ensure a smooth season.

According to Farmers Weekly there has been an outbreak of African swine fever in the Western Cape, in the southern Cape area surrounding Groeneweide Park in George. The outbreak led to the death of 45 pigs, according to the Western Cape Ministry of Agriculture. The World Organisation for Animal Health describes African swine fever as a highly contagious viral disease of domestic and wild pigs, with a mortality rate of up to 100%. The disease does not affect humans or any other species of animals. The Western Cape Ministry of Agriculture has therefore urged farmers in the George region not to remove any pigs or pig products from the affected area, follow good sanitisation practices, and dispose of carcasses safely to prevent the further spread of the disease.

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.