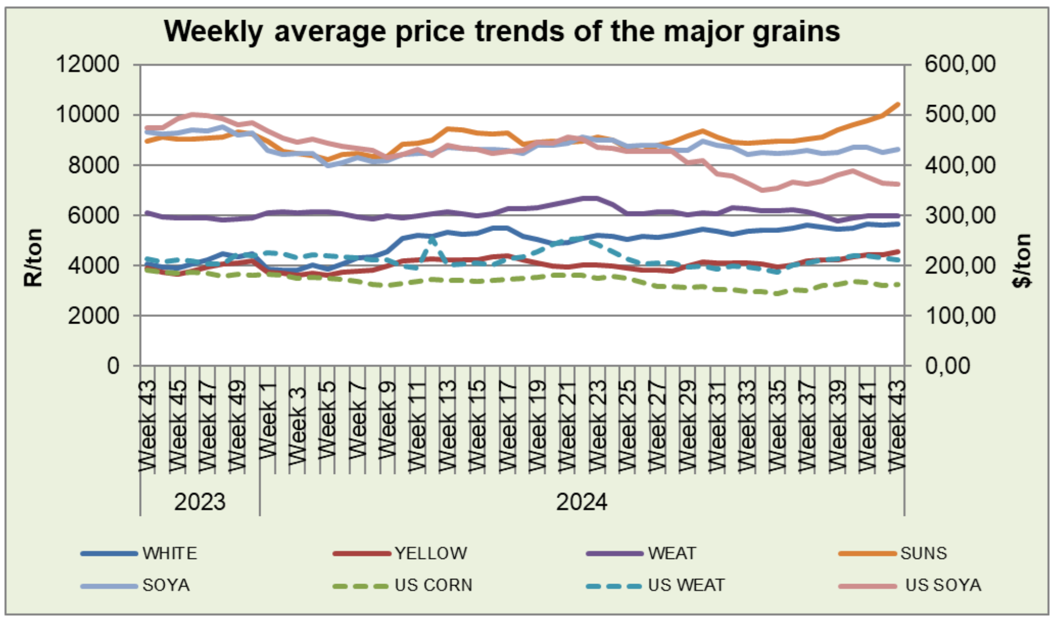
agriculture, land reform & rural development
Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 25 October 2024

Directorate: Statistics & Economic Analysis

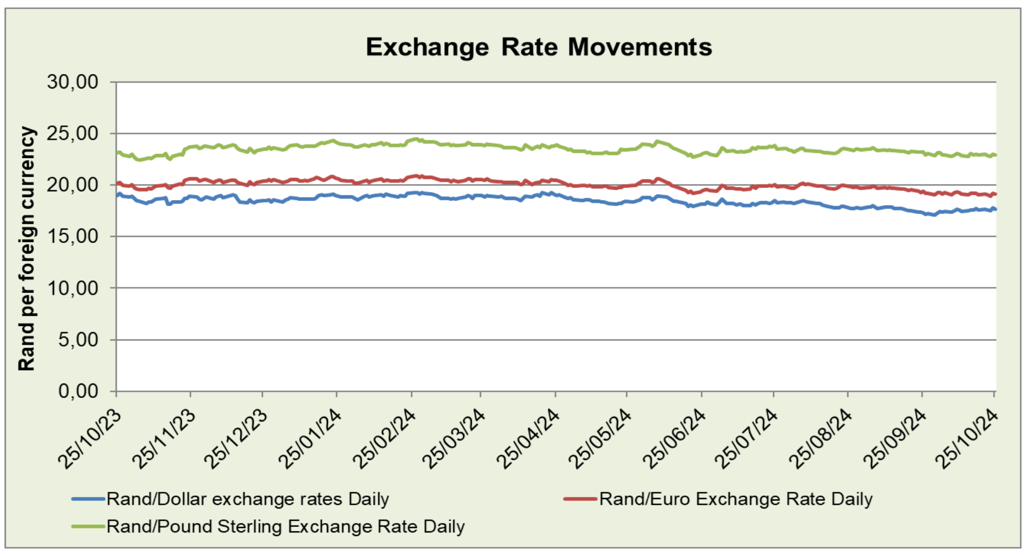
Sub-directorate: Economic Analysis



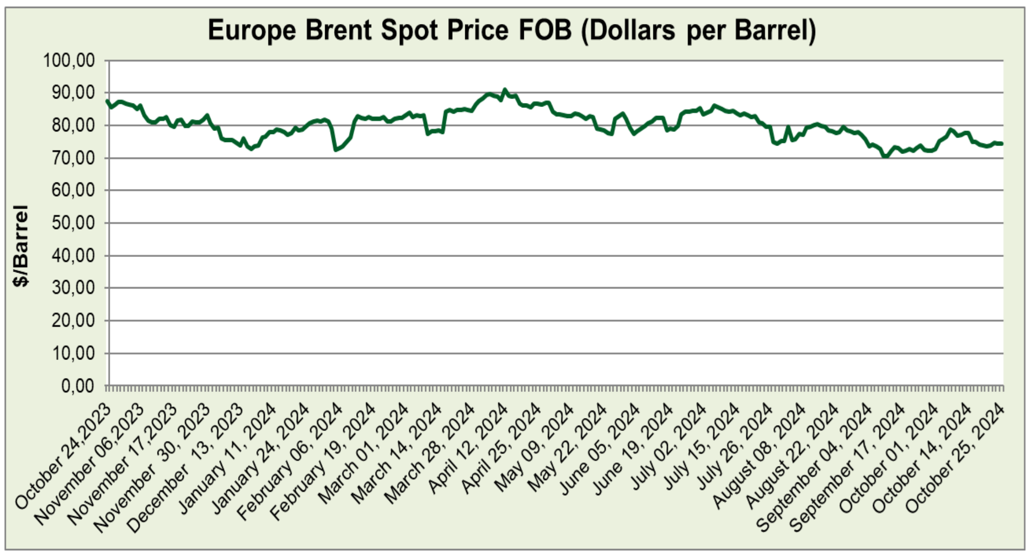
The International and local market traded lower this week when compared to the previous week. The average prices of domestic white maize, yellow maize, soya bean and sunflower seed increased by 0.43%, 2.44%, 1.66% and 4.75% respectively, whilst prices for wheat decreased by 0.04%, week on week. The 2023-24 maize harvest is forecast at 12.8 million tons, representing a staggering 22% decline from the previous year. White maize, crucial for a significant portion of the population, has seen prices spike by 28.5% year-on-year due to this shortfall. Extreme weather conditions have played a pivotal role, leading to a 15.2% decrease in yellow maize, an 11.7% fall in sunflower production, and a striking 34.6% drop in soybean production. Looking ahead, Grain SA forecasts a shift with more moderate weather patterns and larger global grain harvests expected in 2024-25, indicating that grain prices may decrease, thus providing some relief to consumers. Internationally, the grain prices of US corn increased by 1.70%, whilst prices of US wheat and US soybean decreased by 1.96% and 0.50% respectively when compared to the previous week.

Spot price trends of major grains commodities

	1 year ago Week 43 (23-10-23 to 27-10-23)	Last week Week 42 (14-10-24 to 18-10-24)	This week Week 43 (21-10-24 to 25-10-24)	w-o-w % change
RSA White Maize per ton	R4 082.00	R5 623.80	R5 648.20	0.43%
RSA Yellow Maize per ton	R3 855.00	R4 440.20	R4 548.40	2.44%
USA Yellow Maize per ton	$191.23	$160.32	$163.05	1.70%
RSA Wheat per ton	R6 110.20	R5 976.40	R5 973.80	-0.04%
USA Wheat per ton	$213.22	$215.90	$211.20	-1.96%
RSA Soybeans per ton	R9 327.20	R8 488.80	R8 630.00	1.66%
USA Soybeans per ton	$474.11	$364.57	$362.75	-0.50%
RSA Sunflower seed per ton	R8 944.80	R9 956.80	R10 430.20	4.75%
Crude oil per barrel	$87.21	R75.10	R74.10	-1.34%



The South African rand depreciated by 0.003% against the US dollar, while appreciated by 0.004% against the Euro and by 0.002% against the Pound sterling respectively when compared to the previous week. The rand has averaged R17.53/USD so far this quarter, on the backfoot as global risk aversion has lifted in the run-up to the US election, as well as on the escalation in geopolitical tensions, weak global production and a moderation in US dovishness.



Brent crude oil price averaged $74.10/barrel in the reporting week which is 1.34% lower than $75.10/barrel week on week. The brent crude oil prices held near a two-week low after dropping about 7% over the prior three days on forecasts for less oil demand growth prospects and reduced concerns that the Middle East conflicts will most likely disrupt oil supply.

National South African Price information (RMAA) : Beef

Week 41 (07/10/2024 to 13/10/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 42 (14/10/2024 to 20/10/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	10 989	52,46	54,68	Class A2	10 199	52,57	54,84
Class A3	600	52,97	54,27	Class A3	617	52,43	53,35
Class C2	589	43,89	46,36	Class C2	619	44,41	47,35

The units sold for class A2 beef decreased by 7.2%, while units sold for class A3 and C2 beef increased by 2.8% and 5.1% respectively when compared to the previous week. The average purchase price for class A3 beef decreased by 1.0%, while average purchase price for A2 and C2 beef increased by 0.2% and 1.2% respectively week on week. The average selling price for class A3 beef decreased by 1.7%, while average selling price for A2 and C2 beef increase by 0.3% and 2.1% respectively when compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 41 (07/10/2024 to 13/10/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 42 (14/10/2024 to 20/10/2024)	Units	Avg Purchase Price	Avg Selling Price
Class A2	14 249	89,16	89,35	Class A2	14 270	88,88	88,45
Class A3	1 544	87,08	86,96	Class A3	1 461	85,64	86,20
Class C2	896	62,93	67,45	Class C2	1 143	63,24	66,87

The units of lamb traded this week for class A3 decreased by 5.4%, while units of lamb traded for class A2 and C2 increased by 0.1% and 27.6% respectively, when compare to the previous week. The average purchase prices for class C2 lamb increased by 0.5%, while average purchase prices for class A2 and A3 lamb decreased by 0.3% and 1.65% respectively week on week. The average selling prices for class A2, A3 and C2 lamb decreased by 1.01%, 0.87% and 0.86% respectively relative to the previous week.

National South African Price information (RMAA) : Pork

Week 41 (07/10/2024 to 13/10/2024)	Units	Avg Purchase Price	Week 42 (14/10/2024 to 20/10/2024)	Units	Avg Purchase Price
Class BP	11 793	32,71	Class BP	14 153	32,60
Class HO	1 664	31,78	Class HO	3 153	31,02
Class HP	2256	32,26	Class HP	5 658	31,56

The quantities of pork traded this week for class BP, HO and HP increased by 20.0%, 89.5% and 150.8% respectively, when compered to the previous week. The average purchase price for class HP, HO and BP pork decreased by 0.3%, 2.4% and 2.2% respectively, week on week.

Latest News Developments

South Africa's annual consumer price inflation has eased for the fourth consecutive month, reaching 3.8% in September, down from 4.4% in the previous month. This reduction marks the lowest inflation rate recorded since March 2021, primarily driven by falling fuel prices, according to the statistical agency Stats SA. However, the reprieve in inflation appears to come with caution, as food inflation continues to display mixed trends. Economist from Grain SA, Marguerite Pienaar yesterday highlighted a complex food landscape, where vegetable, fruit, cold drink, and fish prices have increased. Conversely, staples like milk, eggs, and cheese have remained relatively stable. Pienaar said the softening of annual rates recorded for meat, bread, cereals, oils, and fats indicated an intriguing dichotomy in the food market. She elaborated on the challenges faced by grain-related products, attributing their continued high prices to poor crop yields stemming from a severe drought earlier this year. Nkhensani Mashimbyi, an agricultural economist at Absa Agribusiness, added another layer of complexity by noting that food inflation remained at 4.1% in September. According to Stats SA data, the primary contributors to this food inflation increase are bread and cereals, vegetables, and fruits. Mashimbyi said the growth in grain product prices largely persisted due to high maize prices exacerbated by the yield decline linked to the El Nino weather phenomenon. Daneel Rossouw, head of sales for agriculture at Nedbank Commercial Banking, underscored a broader trend as food price inflation has been on a declining trajectory over the past two years, with current levels significantly lower than those observed in 2022/23. Nevertheless, Rossouw acknowledged a moderate upward trend in fish, fruit, and vegetable prices, primarily due to weather-related supply constraints. Meanwhile, Thabile Nkunjana, a senior economist at the Trade Research Unit of the National Agricultural Marketing Council (NAMC), warned that, reminiscent of the challenges faced during the 2016/17 production season, the drought of the current summer crop may again lead to a spike in food prices through to early 2025. Nkunjana cited a staggering 52.4% year-on-year increase in the average price of a ton of white maize between September 2023 and September 2024, along with notable annual increases across essential food items such as vegetables and animal products. Despite these pressures, Nkunjana noted the recent decision by India to lift its rice export ban, which could provide much-needed relief for consumers, especially lower-income households heading into the holiday season. Yet, he cautioned about the looming possibility of rising food inflation, particularly should fuel prices climb once more.

The proposed doubling of the sugar tax on sugar-sweetened beverages is stirring unrest among South African agricultural stakeholders, as fears grow for the livelihoods of thousands of small-scale sugarcane growers across rural areas. This potential increase, while aimed at addressing public health concerns, has positioned the Healthy Living Alliance (HEALA) at the centre of a heated debate regarding its implications for the sugar industry and food security in the nation. SA Canegrowers, which represents 24 000 small-scale growers and 1 200 commercial farmers, has called on HEALA to cease what they describe as misleading the public regarding the repercussions of the sugar tax. According to a recent study commissioned by the Department of Agriculture and conducted by the Human Sciences Research Council, more than two-thirds of the South African population grapples with food insecurity. As a result, Funke argues that HEALA's campaign does not adequately reflect this pressing issue and serves to misinform rather than to promote genuine dialogue. Funke said HEALA's operations raised further questions as it was funded by the Global Health Advocacy Incubator, which forms part of a larger initiative spearheaded by wealthy American philanthropists, including Michael Bloomberg. Additionally, SA Canegrowers has decried HEALA's tendency to allegedly misconstrue the challenges facing the sugar industry, particularly in its analysis of the corruption case surrounding Tongaat Hulett. While acknowledging the financial mismanagement that resulted in the collapse of the sugar producer, Funke emphasised that attributing the broader struggles of the sugar sector to this isolated incident was fundamentally flawed. Central to the controversy is the assertion from HEALA and its allies that the introduction of the sugar tax has not led to job losses in the sector. The backdrop of this debate signals a crucial moment for South Africa as it navigates the complexities of health, agricultural sustainability, and socio-economic equity. Critics have pointed to a National Economic Development and Labour Council (Nedlac) study indicating that 16 000 jobs had vanished since the tax's implementation, an assertion contested by HEALA, which claims the study lacks peer review. In response to SA Canegrowers' concerns, HEALA yesterday articulated its commitment to transparency and collaboration with local partners in health promotion.

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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.