



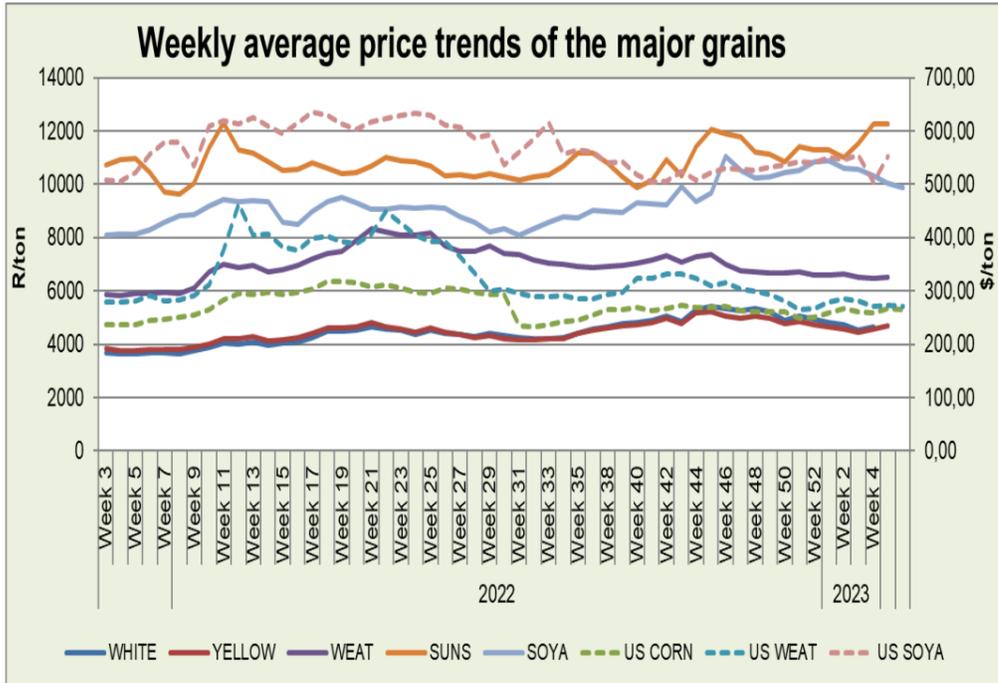
agriculture, land reform & rural development

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

Weekly Price Watch: 27 January 2023

Directorate: Statistics & Economic Analysis

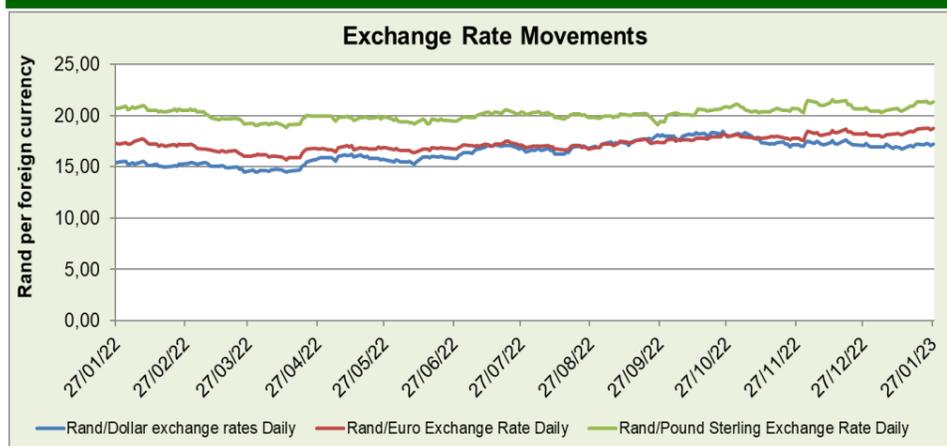
Sub-directorate: Economic Analysis



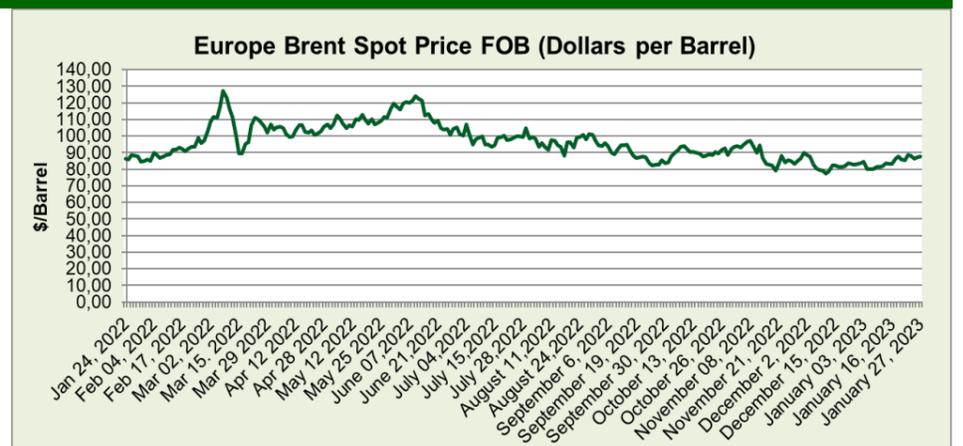
The price of white and yellow maize increased by 1.2% and 2.4% respectively this week compared to the previous week as estimates indicate that maize area planted would be 3% lower than last year. Internationally; the upcoming harvest in South America caused a reduction in the international maize price -which decreased by 0.5%. The price of local wheat increased by 0.6% while the international wheat price decreased by 0.7%. The latest estimates revised down wheat outlook by 3.2%, output is expected to fall from 2,249 million to 2,176 3.2%. International wheat prices fell as a result of bumper wheat harvest and record wheat shipments from Brazil. In addition, a 10 million ton rise in Russia wheat exports from the previous cycle besides its involvement in the war. Local soybeans price decreased by 1.9%, while the World soybeans price increased by 9.7%. Locally, soybeans area planted is estimated to be 18.8% higher than last year. Internationally; demand is expected to rise in China a large soybean consumer causing a rise in World prices.

Spot price trends of major grains commodities

	1 year ago Week 4 (24-01-22 to 28-01-22)	Last week Week 3 (16-01-23 to 20-01-23)	This week Week 4 (23-01-23 to 27-01-23)	w-o-w % change
RSA White Maize per ton	R3 624,6	R 4 661.40	R4 716,4	1,2%
RSA Yellow Maize per ton	R3 768,00	R 4 583.60	R4 695,6	2,4%
USA Yellow Maize per ton	\$244,82	\$ 267.18	\$265,85	-0,5%
RSA Wheat per ton	R5 918,40	R 6 477.00	R6 517,4	0,6%
USA Wheat per ton	\$291,77	\$ 273.05	\$271,12	-0,7%
RSA Soybeans per ton	R8 279,80	R 10 052.80	R9 864,6	-1,9%
USA Soybeans per ton	\$522,69	\$ 503.12	\$551,95	9,7%
RSA Sunflower seed per ton	R10 953,40	R 12254.54	R12 266,4	0,1%
Crude oil per barrel	\$ 86.19	\$ 85.67	\$87,61	2,3%



The rand depreciated against the Dollar(0.5%), Euro (1.2%) and Pound(1.4%) this week compared to the previous week. The rand depreciated after the Reserve bank increased the interest by a smaller hike than most analysts anticipated. The reserve bank increased interest rates by 0,25%.



The price of oil was 2.2% higher this week compared to last week due to optimism about China Consumption rebound as the country lifts its zero covid rules.



National South African Price information (RMAA) : Beef

Week 2 (09/01/2023 to 15/01/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 3 (16/01/2023 to 22/01/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	3 762	59.67	62.09	Class A2	7 298	56,80	58,89
Class A3	3 640	58.21	60.08	Class A3	614	57,29	58,64
Class C2	528	51.99	54.14	Class C2	571	51,39	52,79

Class A2 and C2 beef quantities sold this week increased by 94% and 8.1% respectively, whilst quantities sold for class A3 decreased by 83.1%. The producer and retail prices for all units decreased this week relative to the previous week. The producer price for class A2,A3 and C2 decreased by 4.8%, 1.6% and 1.2% respectively, while retail prices decreased by 5.2%, 2.4% and 2.5%.

National South African Price information (RMAA) : Lamb

Week 2 (09/01/2023 to 15/01/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 3 (16/01/2023 to 22/01/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	12 030	87.87	86.34	Class A2	8921	85,19	87,26
Class A3	1 257	87.08	87.92	Class A3	1035	85.47	87,38
Class C2	807	66.68	72.40	Class C2	842	64,51	69,25

Lamb quantities traded for class A2 and A3 decreased this week relative to the previous week, while class C2 quantities increased by 4.3%. The producer price for lamb decreased this week, the price of class A2, class A3 and C2 decreased by 3%, 1.8% and 3.3%, while the retail prices for class A3 and C2 decreased by 0.6% and 4.4% and only rising by 1.1% for class A2.

National South African Price information (RMAA) : Pork

Week 2 (09/01/2023 to 15/01/2023)	Units	Avg Purchase Price	Week 3 (16/01/2023 to 22/01/2023)	Units	Avg Purchase Price
Class BP	8 612	36.9	Class BP	9574	36,36
Class HO	3 569	36.15	Class HO	5861	35,89
Class HP	5 080	36.2	Class HP	6645	35,92

The quantities of pork traded this week increased by 11.2%, 64.2% and 30.8% for class BP, HO and HP respectively. The producer prices for class BP, HO and HP decreased by 1.5%, 0.7% and 0.8% respectively.

Latest News Developments

The South Africa Reserve Bank cut its forecast for economic growth this year to 0.3%, from 1.1% previously due to inter-alia; power outages. Governor Kganyago said the power outages will cut an estimated 2 percentage points off growth this year. He further said "A material reduction in load-shedding would significantly raise growth,". Forecasts are of the economy expanding by 0.7% in 2024, compared with a prior estimate of 1.4%.

The Reserve Bank left its forecast for headline inflation this year unchanged at 5.4%, it raised its estimate to 4.8% in 2024 from 4.5% previously. The Reserve bank foresees inflation returning to the target midpoint of 4.5% in the fourth quarter of next year.

South African deciduous farmer Heinie du Toit says the worst power cuts on record threaten to take the shine off his apple and pear crop destined for foreign markets. Little water during the irrigation peak from end of November to mid-March affects the size and quality of a wide variety of apple and pear cultivars. A 10% reduction in exports from the farm may result in some 7.5 million rand lost revenue. According to Mr Du Toit "Many farmers said this is their last chance and if something doesn't happen very quickly they are going to sell their farms". Daily power outages, which utility Eskom anticipates daily power cuts to continue for two more years at least, which have caused widespread discontent among businesses and households.

Industry body SA Cane growers has appealed to government to implement measures to mitigate the impact of load-shedding on sugarcane growers, warning that its data shows that the South African sugar industry is set to lose R723 million this year as a result of load-shedding. Growers are expected to incur more than R189-million in additional energy costs this year on account of the disruption to irrigation schedules. SA Cane growers' scenario modelling shows that continuous load-shedding at Stages 4 to 6 will cost growers more than R723-million this year. An escalation to Stages 6 to 8 could cost the industry more than R1.8-billion."Anything beyond Stage 8 could cost the industry more than R2.4-billion,"

The Agricultural Business Chamber of South Africa (Agbiz) has urged for less load-shedding in areas under irrigation and food-processing facilities. In crucial field crops, roughly 20% of maize, 15% of soybean, 34% of sugarcane and nearly half of the wheat production are produced under irrigation and these face severe challenges owing to persistently hot and dry conditions, coupled with constrained ability to irrigate. Fruits and vegetables also heavily rely on irrigation, and thus face similar challenges. Agribusinesses face similar challenges in various downstream processing activities, such as milling, bakeries, abattoirs, wine processing, and packaging and animal vaccine production.

Eskom and the National Treasury tussle over funding for diesel has ended with an agreement that government will support Eskom borrowing from commercial banks, should it be unable to reprioritize its own resources. Eskom declared that it had run out of money to buy more diesel, having spent R12-billion in December, overshooting its annual budget by more than 100%. Eskom currently wants to borrow R4bn.

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