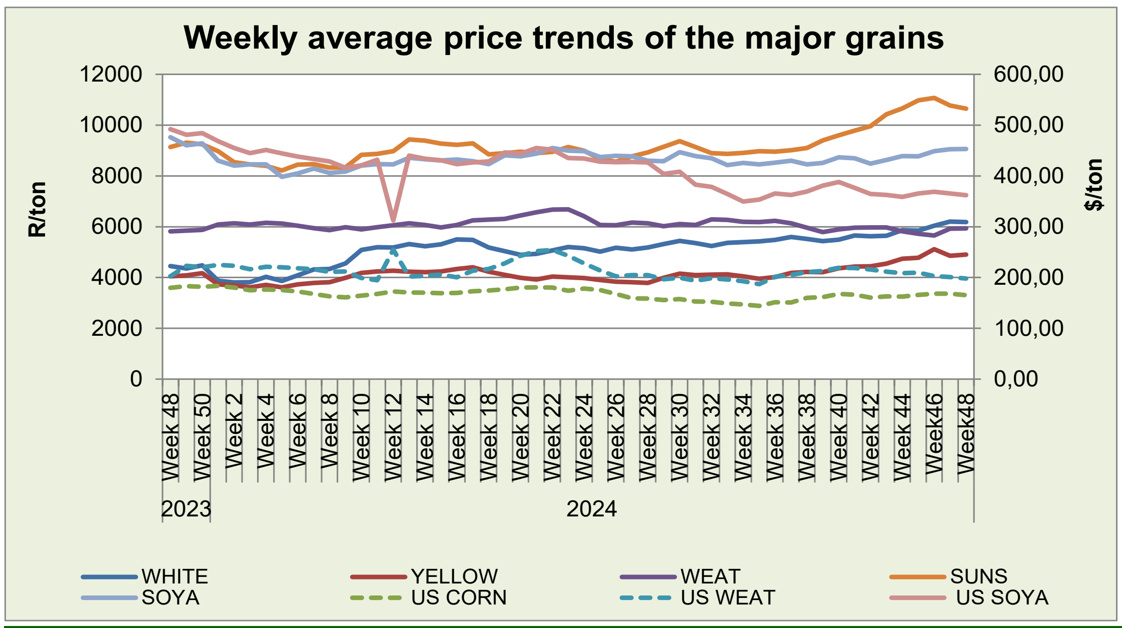
agriculture, land reform
& rural development
Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 29 November 2024

Directorate: Statistics & Economic Analysis

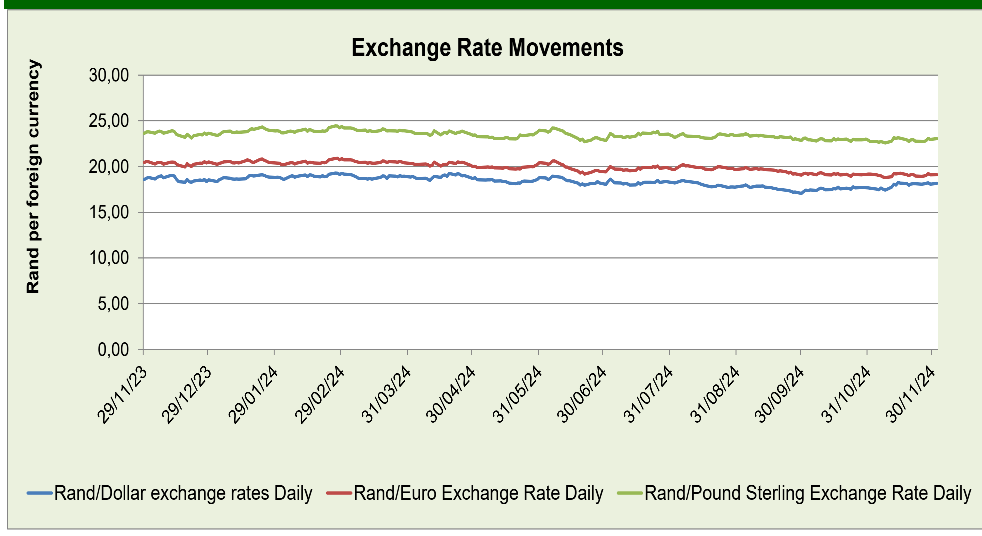
Sub-directorate: Economic Analysis

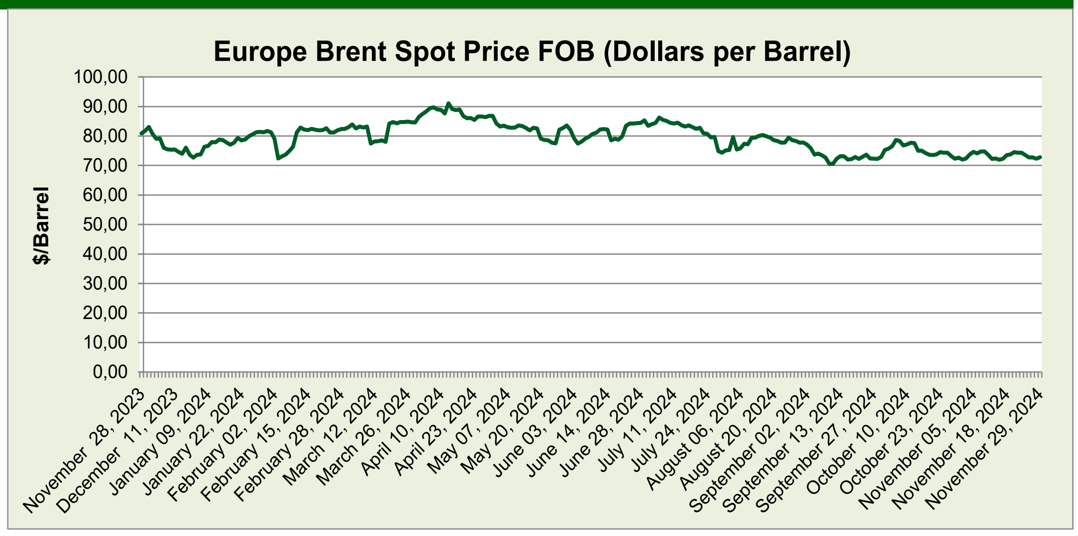


Domestic grain prices exhibited fluctuations during the reporting week in comparison to the previous week. The price of yellow maize experienced an increase of 0.9%, driven by ongoing supply challenges in Southern Africa that have intensified export demand. Concurrently, local prices for wheat and soybeans rose by 0.9% and 0.2% respectively, attributed to generally favourable harvesting conditions for wheat, while delayed rainfall provided some support for soybean prices. In contrast, the local prices for white maize and sunflower seed saw declines of 0.4% and 1.1% respectively during the same period. On the international front, the price of US yellow maize decreased by 1.7% week-on-week, owing to the availability of ample supplies in the market. US wheat prices also fell by 1.5% week-on-week, influenced by intense competition in the export market, with lower-priced offerings from Russia, Ukraine, and Argentina. Additionally, US soybean prices declined by 0.9% week-on-week, driven by robust crop prospects in South America and a strong US dollar.

Spot price trends of major grains commodities

	1 year ago Week 48 (27-11-23 to 01-12-23)	Last week Week 47 (18-11-24 to 22-11-24)	This week Week 48 (25-11-24 to 29-11-24)	w-o-w % change
RSA White Maize per ton	R 4 437.40	R 6 206.40	R 6 180.60	-0.4%
RSA Yellow Maize per ton	R 4 047.00	R 4 854.00	R 4 900.00	0.9%
USA Yellow Maize per ton	$ 179.61	$ 168.27	$ 165,44	-1.7%
RSA Wheat per ton	R 5 823.20	R 5 922.60	R 5 937.40	0.2%
USA Wheat per ton	$ 202.28	$ 200.93	$ 198.00	-1.5%
RSA Soybeans per ton	R 9 520.00	R 9 050.00	R 9 061.80	0.1%
USA Soybeans per ton	$ 492.09	$ 365.56	$ 362,27	-0.9%
RSA Sunflower seed per ton	R 9 136.00	R 10 772.80	R 10 652.20	-1.1%
Crude oil per barrel	$ 81.49	$ 74.10	$ 72.84	-1.7%





The rand depreciated by 0.2% against the US dollar week-on-week, after US President-elect Donald Trump threatened to implement punitive import tariffs on Chinese goods. The rand depreciated by 0.03% against the Pound Sterling week-on-week, attributed to steady economic growth alongside robust wage and services inflation. The rand appreciated by 0.1% against the Euro week-on-week, after the Eurozone inflation accelerated in November, bolstering the case for a cautious stance to potential interest rate cut by the ECB.

Brent crude oil averaged $72.84 in the reporting week, reflecting a 1.7% decline from the previous week's average of $74.10. This decline is attributed to diminishing concerns regarding supply risks stemming from the Israel-Hezbollah conflict, alongside the anticipated increase in supply in 2025, despite OPEC+ likely extending its output cuts. According to Lebanon's official news agency, four Israeli tanks crossed into a Lebanese border village on Friday and the ceasefire that commenced on Wednesday has contributed to a reduction in oil's risk premium.

National South African Price information (RMAA) : Beef

Week 46 (11/11/2024 to 17/11/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 47 (18/11/2024 to 24/11/2024)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	10 532	53,69	55,75	Class A2	11 676	53,89	56,43
Class A3	684	53,70	54.71	Class A3	770	53,35	57,00
Class C2	459	47,47	48,24	Class C2	441	47,71	48,48

Units sales of class A2 and class A3 beef experienced increases of 10.9% and 12.6%, respectively, during the reporting week, marking the beginning of a rise in demand. In contrast, unit sales of class C2 beef saw a decline of 3.9% compared to the previous week. In terms of pricing, the weekly average purchase prices for class A2 and class C2 beef rose by 0.4% and 0.5%, respectively, in the reporting week relative to the prior week, while the weekly average purchase price for class A3 beef fell by 0.7% week-on-week. Additionally, the weekly average selling prices for class A2, class A3, and class C2 beef increased by 1.2%, 4.2%, and 0.5%, respectively, compared to the previous week. Analysts anticipate that beef prices will continue to rise in conjunction with the festive season.

National South African Price information (RMAA) : Lamb

Week 46 (11/11/2024 to 17/11/2024)	Units	Avg Purchase Price	Avg Selling Price	Week 47 (18/11/2024 to 24/11/2024)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	15 088	87,03	87,01	Class A2	17 343	87,18	87,56
Class A3	2 174	84,86	85,50	Class A3	1 779	85,41	85,66
Class C2	1 474	63,10	68,29	Class C2	1 648	63,67	70,21

Units sales of class A2 and C2 lamb experienced increases of 14.9% and 11.8%, respectively, during the reporting week in comparison to the previous week. Conversely, unit sales of class A3 lamb saw a decline of 18.2% week-on-week. Regarding pricing, the weekly average purchase prices for class A2, A3, and class C2 lamb rose by 0.2%, 0.7%, and 0.9%, respectively, when compared to the prior week. During the same period, the weekly average selling prices for class A2, A3, and class C2 lamb also increased by 0.6%, 0.2%, and 2.8%, respectively, relative to the previous week. Analysts predict that prices will continue to rise throughout December, fuelled by the heightened demand associated with the holiday season.

National South African Price information (RMAA) : Pork

Week 46 (11/11/2024 to 17/11/2024)	Units	Avg Purchase Price	Week 47 (18/11/2024 to 24/11/2024)	Units	Avg Purchase Price
Pork					
Class BP	16 380	33,00	Class BP	12 986	32,73
Class HO	3 076	31,62	Class HO	3 256	31,51
Class HP	5 483	32,00	Class HP	5 153	32,07

Units sales of class BP and HP pork units declined by 20.7% and 6.0%, respectively, during the reporting week compared to the previous week. In contrast, unit sales of class HO pork experienced a week-on-week increase of 5.9%. During the same period, the weekly average purchase prices for class BP and HO pork decreased by 0.8% and 0.3%, respectively, during the reporting week relative to the prior week, while the weekly average purchase price for class HO pork rose by 0.2% week-on-week. Analysts expect pork prices to increase as the year comes to a close, driven by seasonal market trends.

Latest News Developments

At the beginning of the year, South Africa's agriculture sector faced significant challenges, including a drought induced by El Niño that adversely affected summer crops, elevated interest rates, outbreaks of animal diseases, and ongoing logistical issues. However, as the year progressed, sentiment within the sector has shown signs of improvement. This initial pessimism was evident in the Agricultural Business Chamber of South Africa (Agbiz) and the Industrial Development Corporation’s Agribusiness Confidence Index (ACI) during the second quarter of 2024, which recorded a decline to its lowest point in 15 years, reaching a figure of 38. Recently, however, there has been a notable recovery in sentiment. The ACI for the third quarter, published following the general election that led to the establishment of the Government of National Unity (GNU), increased by ten points to 48. Although this remains below the neutral threshold of 50, it reflects a growing optimism, despite the persistence of many earlier challenges. According to Agbiz chief economist Wandile Sihlobo, the GNU has infused new vitality into the sector, and there is a significant commitment to advancing the Agriculture and Agro-processing Master Plan. Furthermore, the weather forecast for 2025 appears favourable, with predictions of a La Niña system, and encouraging seed sales suggest a positive outlook for the future. Importantly, government continues to prioritise the diversification of export markets for South African agricultural produce.

South Africa's citrus sector has encountered an unforeseen decline in export volumes this year, posing considerable challenges for growers in relation to climate, market requirements, and logistics. Justin Chadwick, CEO of the Citrus Growers Association (CGA), indicated that the lower-than-expected export figures for this season can be attributed to increasingly erratic climate-related disruptions. Chadwick emphasized that the CGA advocates for sustainable agricultural practices as a long-term strategy to address climate issues. Currently, nearly half of South Africa's citrus farms have adopted solar energy, thereby decreasing dependence on the national grid. Additionally, practices such as mulching, which enhance soil health and minimize the need for pesticides, are gaining traction. Nevertheless, these solutions entail financial implications. “While advantageous, the economic impact cannot be overlooked," Chadwick remarked. He further noted that market demands have exacerbated the challenges faced this year. Inconsistent sustainability standards across international markets have also led to inefficiencies. The Citrus Growers Association is collaborating with financial institutions and agricultural stakeholders to harmonize sustainability metrics and eliminate redundancy, according to Chadwick. Furthermore, logistical challenges at South African ports have intensified the difficulties for exporters. Chadwick stressed the urgent necessity for enhanced efficiency through public-private partnerships. The increase in local citrus processing, particularly for juice production, has altered market dynamics. Although this development has offered growers an alternative market, Chadwick warned against excessive dependence on it. Despite the unforeseen obstacles of 2023, the CGA remains hopeful. "This season has underscored areas needing improvement. With strategic collaborations and innovation, CGA is poised to advance with greater strength," Chadwick stated.

The International Monetary Fund has indicated that South Africa could experience considerable economic advantages by implementing a lower inflation target, although this transition must be managed with care. The IMF noted in its latest assessment of the nation's economic situation that moving from the existing target range to a specific lower target at an opportune moment could effectively reduce both expectations and inflation. The IMF emphasized that meticulous planning and a gradual approach will be essential to mitigate any potential short-term impacts on output. This statement follows remarks made by South African Reserve Bank Governor Lesetja Kganyago, who recently indicated that the review of the 3% to 6% inflation target band—established in 2000 and unchanged since—was nearing completion. The SARB currently seeks to stabilize inflation expectations at the midpoint of this band, and Kganyago has previously supported the idea of lowering the target. The IMF also highlighted that strong collaboration between the Treasury and the SARB, along with transparent communication of policy intentions, will be vital to maintain credibility and stabilize expectations.

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Source: SAFEX, Standard bank, Stats SA, Reuters, Red Meat Abattoir Association, FNB and Absa Bank.