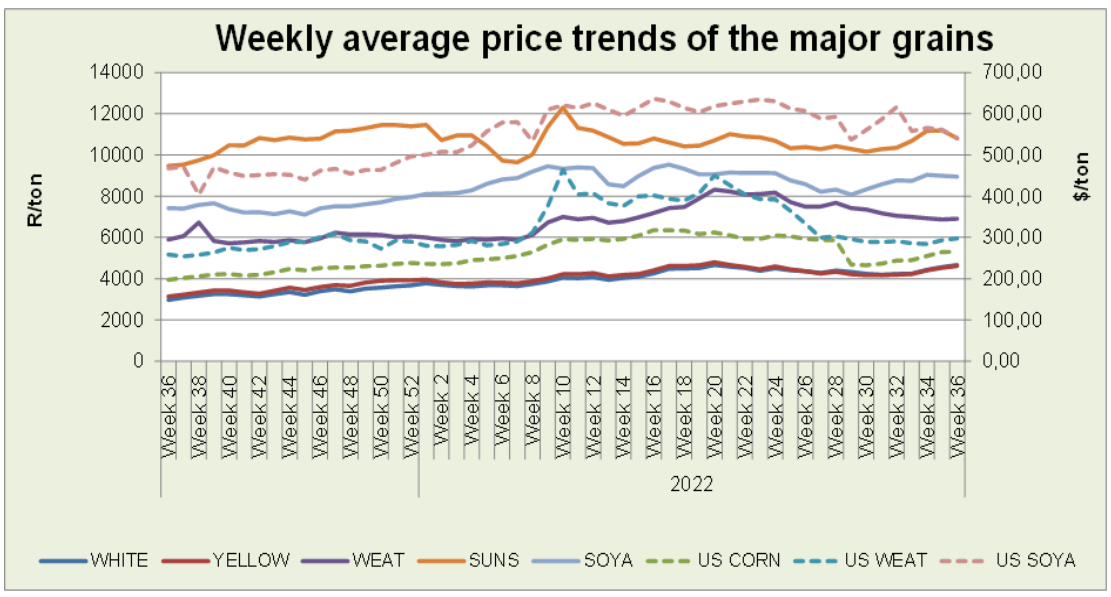
agriculture, land reform & rural development

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

# Weekly Price Watch: 09 September 2022

## Directorate: Statistics & Economic Analysis

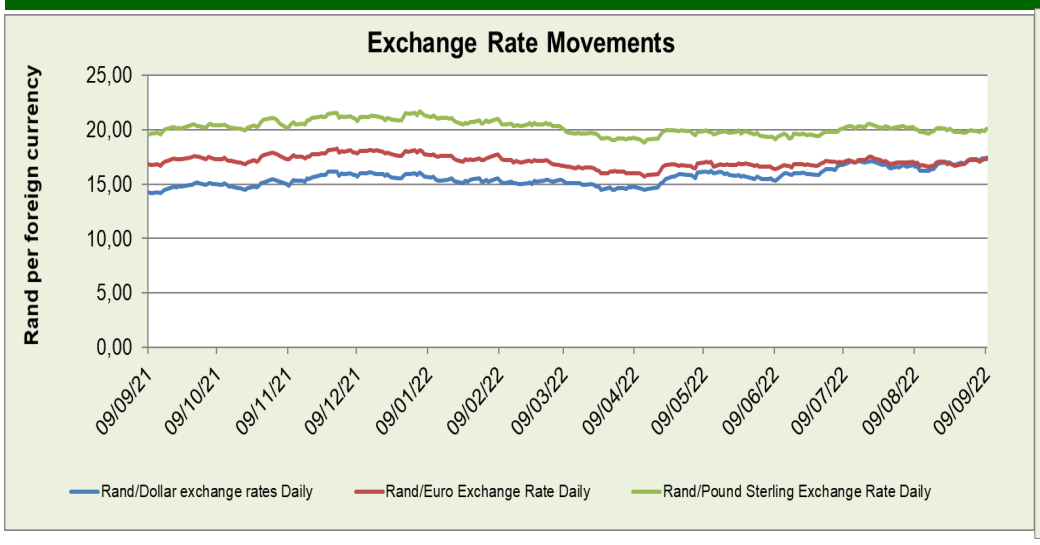
### Sub-directorate: Economic Analysis



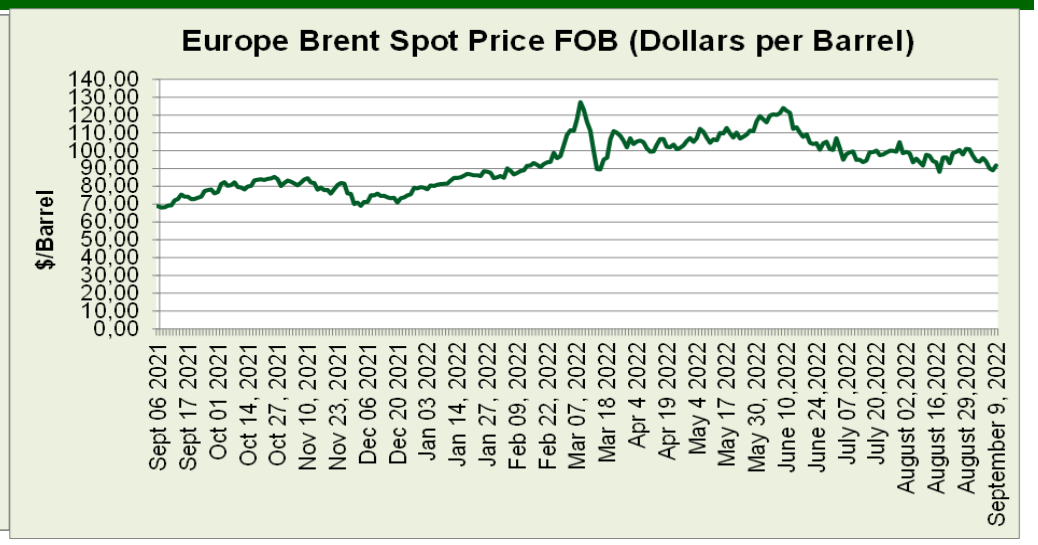

Local white maize, yellow maize and wheat prices traded higher this week compared to the previous week with an increases of 2.3%, 1.9% and 0,5% respectively. Maize prices were largely stable this week from a combination of rand recovery and bullish US prices. Meanwhile local sunflower and soybean prices decreased by 3.4% and 0.4% respectively. On the international front, US yellow maize and wheat prices increased by 0.2% and 1.6% week-on-week. US maize prices rose, supported by concerns about hot and dry weather stressing the crop in the US Midwest through its final stages of development. During the same period US soybean price decreased by 3.7%. US oilseed prices trended upwards partly due to expectations of a decline in US soya bean production. US soya bean contracts also made gains as the US dollar weakened and from signs of stronger export demand.

**Spot price trends of major grains commodities**

| | 1 year ago<br>Week 36<br>(06-09-21 to 10-09-21) | Last week<br>Week 35<br>(29-08-22 to 02-09-22) | This week<br>Week 36<br>(29-08-22 to 02-09-22) | w-o-w % change |
|---|---|---|---|---|
| RSA White Maize per ton | R 2 978.00 | R 4 559,40 | R 4 664,00 | 2.3% |
| RSA Yellow Maize per ton | R 3 144.80 | R 4 531.00 | R 4 618.80 | 1.9% |
| USA Yellow Maize per ton | $ 197.30 | $ 264.84 | $ 265.50 | 0.2% |
| RSA Wheat per ton | R 5 893.00 | R 6 874.00 | R 6 909.20 | 0.5% |
| USA Wheat per ton | $ 258.46 | $ 293,01 | $ 297,77 | 1.6% |
| RSA Soybeans per ton | R 7 425.60 | R 8 987,00 | R 8 950,20 | -0.4% |
| USA Soybeans per ton | $ 467.66 | $ 560.91 | $ 540.28 | -3.7% |
| RSA Sunflower seed per ton | R 9 467.60 | R 11 186.40 | R 10 802.20 | -3.4% |
| RSA Sweet Sorghum per ton | R 4 230.00 | | - | - |
| Crude oil per barrel | $ 68.76 | $ 97.47 | $ 92.14 | -5.5% |




Rand depreciated by 3.9% and 2.7% against the US dollar and euro respectively, while the rand appreciated by 0.7% against the Pound Sterling week-on-week. The dollar fell on Friday as investors consolidated gains after a sharp rise against major currencies, ahead of a US inflation report that could determine the size of the Federal Reserve's rate hike at this month's policy meeting.




Brent crude oil averaged $92.14 week-on-week, which is 5.5% less than $97.47 reported the previous week. Oil prices briefly climbed on Wednesday as Russia's President Vladimir Putin said his country would stop delivering oil and gas supplies to countries that introduce price caps. But oil prices then turned sharply lower, with Brent crude, passing under $90 per barrel for the first time since February. OPEC and its allies earlier this week cut production targets for the first time in more than a year in a bid to lift prices.

## National South African Price information (RMAA) : Beef

| Week 34 (22/08/2022 to 28/08/2022) | Units | Avg Purchase Price | Avg Selling Price | Week 35 (29/08/2022 to 04/09/2022) | Units | Avg Purchase Price | Avg Selling Price |
|---|---|---|---|---|---|---|---|
| Class A2 | 5 926 | 61.39 | 64.49 | Class A2 | 6 229 | 61.64 | 65.79 |
| Class A3 | 621 | 61.51 | 63.58 | Class A3 | 753 | 58.32 | 65.43 |
| Class C2 | 400 | 47.42 | 53.00 | Class C2 | 448 | 48.56 | 53.69 |

Units sold for class A2, A3 and C2 beef increased by 5.1%, 21,3% and 12.0% respectively this week compared to the previous week. The weekly average purchase prices for class A2 and C2 beef increased by 0.4% and 2.4% respectively in the reporting week compared to the previous week, while the weekly average purchase price for class A3 beef decreased by 5.2% week-on-week. During the same period, the weekly average selling prices for class A2, class A3 and class C2 beef increased by 2.0%, 2,9% and 1.3% respectively.

## National South African Price information (RMAA) : Lamb

| Week 34 (22/08/2022 to 28/08/2022) | Units | Avg Purchase Price | Avg Selling Price | Week 35 (29/08/2022 to 04/09/2022) | Units | Avg Purchase Price | Avg Selling Price |
|---|---|---|---|---|---|---|---|
| **Lamb** | | | | | | | |
| Class A2 | 7 282 | 100,02 | 102,27 | Class A2 | 6 649 | 98.31 | 98.34 |
| Class A3 | 937 | 99,26 | 99,93 | Class A3 | 924 | 95.58 | 96.62 |
| Class C2 | 626 | 75,83 | 80,32 | Class C2 | 639 | 76.72 | 79.59 A |

Units sold for class A2 and A3 lamb decreased by 8.7% and 1.4% respectively in the reporting week compared to the previous week whilst, units sold for class C2 lamb increased by 2.1% week-on-week. The weekly average purchase prices for class A2 and A3 lamb decreased by 1.7% and 3.7% respectively this week compared to the previous week whilst, the weekly average purchase price for class C2 lamb increased by 1.2% week-on-week. The weekly average selling prices for class A2, A3 and C2 lamb decreased by 3.8%, 3,3% and 0.9% respectively in the reporting week compared to the previous week.

## National South African Price information (RMAA) : Pork

| Week 34 (22/08/2022 to 28/08/2022) | Units | Avg Purchase Price | Week 35 (29/08/2022 to 04/09/2022) | Units | Avg Purchase Price |
|---|---|---|---|---|---|
| **Pork** | | | | | |
| Class BP | 8 942 | 26,68 | Class BP | 8 781 | 26,88 |
| Class HO | 7 912 | 26,33 | Class HO | 8 412 | 26,48 |
| Class HP | 8 287 | 26,34 | Class HP | 8 710 | 26,46 |

Units sold for class HO and class HP pork increased for two consecutive weeks by 6.3% and 5.1% respectively this week compared to the previous week meanwhile, units sold for class BP pork decreased for two weeks in row by 1.8% week-on-week. During the same period the weekly average purchase prices for class BP, class HO and class HP pork increased for two consecutive weeks by 0.7%, 0.6% and 0.5% respectively.

## Latest News Developments

South Africa's gross domestic product (GDP) decreased by 0.7% in the second quarter of 2022. It comes after a surprise growth in the first quarter of the year, though this has also been revised downward from 1.9% to 1.7%. The economy was hit by the highest levels of load shedding on record during the second quarter of the year which took a heavy toll on industries. Higher interest rates and increasing fuel prices also weigh on growth. Seven out of the 10 industries covered by Stats SA recorded a decline in the second quarter, led by the agriculture industry decreased by 7.7% , contributing -0.2 of a percentage point to GDP growth. The manufacturing industry decreased by 5.9%, contributing -0.7 of a percentage point to GDP growth. Mining and quarrying decreased by 3.5%, contributing -0.2 of a percentage point to GDP growth. The trade, catering and accommodation industry decreased by 1.5%, and Construction decreased by 2.4%. South Africa's agricultural exports saw a 12% or about R51 billion quarter-on-quarter increase during the second quarter of the year, according to the latest trade data released by Statistics South Africa. SA's current account balance swung to a shock deficit in the second quarter, defying market estimates of a R100bn surplus and adding to the prospect of a further interest rate hike at the Reserve Bank's next meeting. The current account shortfall led to the rand weakening to its worst level in more than two years.

Fuel prices dropped this week with both grades of petrol decrease by R2.04 per litre. Diesel also drops by 56 cents and 46 cents per litre for both grades. This is good news for consumers and farmers during these tough economic conditions. Agriculture, Land Reform and Rural Development Minister Thoko Didiza has decided not to extend the national ban on the movement of cattle. The ban was introduced three weeks ago to curb the spread of foot-and-mouth disease. Following a five-month ban, China finally lifted its ban on wool imports from South Africa. This milestone was born out of fruitful engagements between the governments of South Africa and China. China's wool ban was in response to the ongoing foot and mouth disease (FMD) outbreaks around the country. The country was not able to export wool to China, which absorbed more than 80% of South African wool exports in 2021. South Africa normally exports more than 90% of its total wool production.

South African citrus farmers will voluntarily stop the export of Valencia oranges from some areas in South Africa to the EU. This is heaping more difficulty on farmers following a different season. Among the challenges are rising input, shipping, energy and fuel costs due to, among other things, the impact of the war in Ukraine, as well as sudden changes in regulations announced by the European Union earlier this year. This decision was taken in response to the 10 CBS notifications of non-compliance (NONCs) on SA citrus detected so far this season and the traditional heightened risk that Valencia oranges pose for CBS non-compliance at the tail end of the EU export season. This poses a major threat to the sustainability and profitability of the sector and the 130 000 jobs it sustains as well as the R30 billion in export revenue it generates annually.

**For more information contact: Directorate Statistics & Economic Analysis (SEA) at HeidiP@daff.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.*