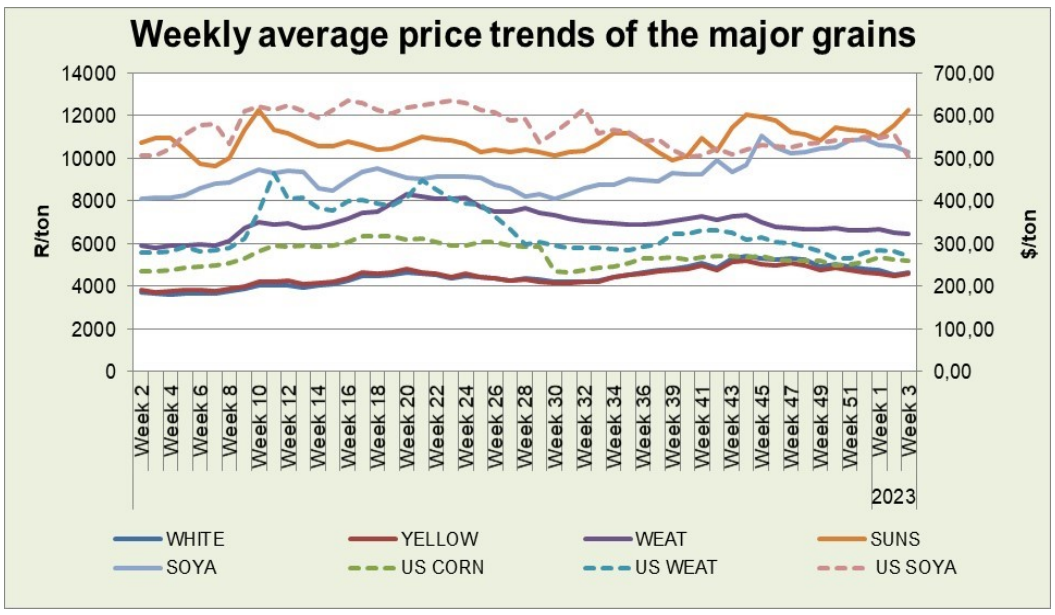
agriculture, land reform & rural development

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

Weekly Price Watch: 20 January 2023

Directorate: Statistics & Economic Analysis

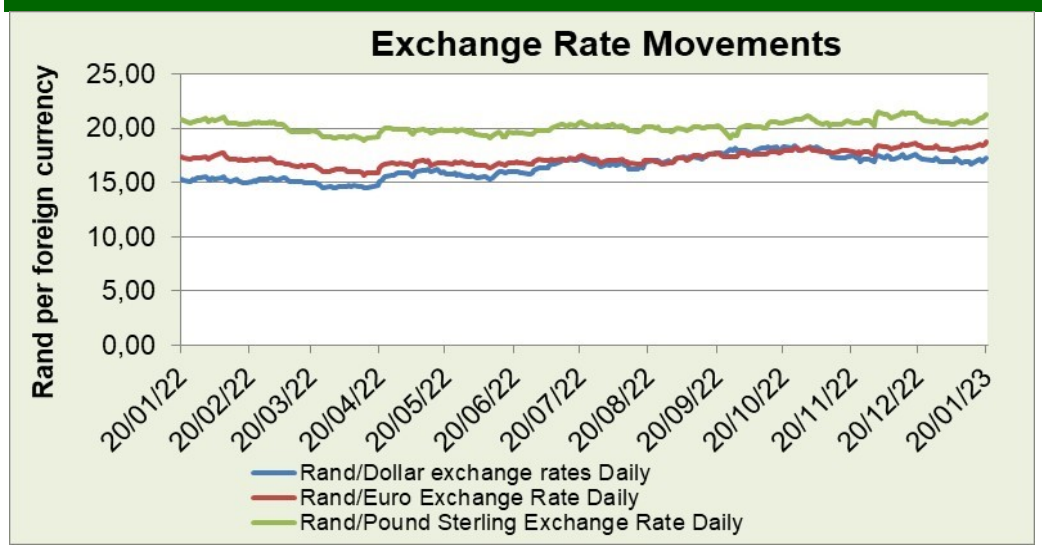
Sub-directorate: Economic Analysis



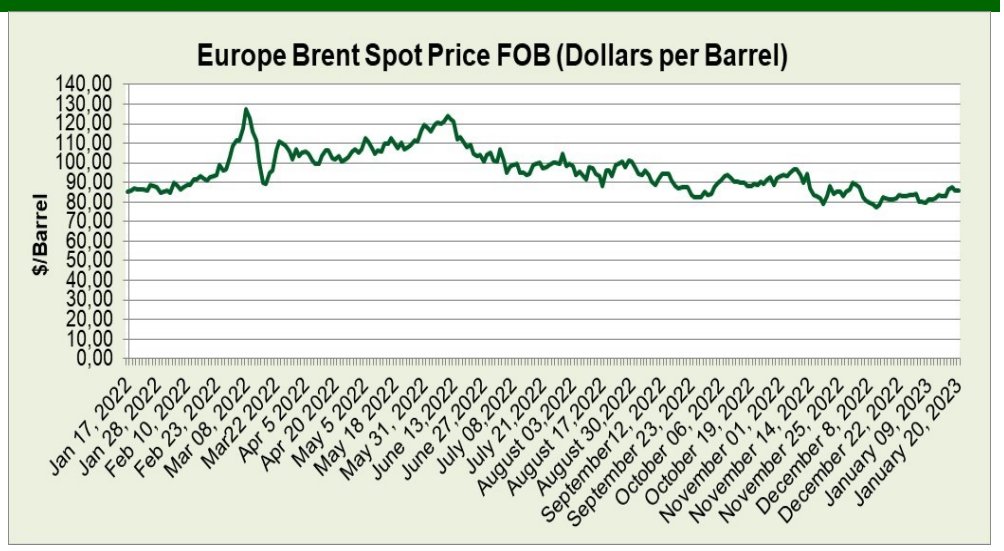
The International and local market traded fairly stronger this week when compared to the previous week. White maize and yellow maize prizes rose by 2.6% and 2.7% from last week, while the International price of corn rose by 3.2% from last week. . Domestic maize prices increased because the expected supply might decrease if irrigation farmers can't adapt to continual load shedding, as the deepening energy crisis continues to present problems for different parts of the agricultural sector. Domestic wheat prices dropped by 0.6% while the international price of wheat traded marginally stronger (+0.5%) this week when compared to the previous week. Domestic sunflower rose dramatically 6.1% on the domestic market this week. Soya traded significantly lower on the domestic and international market as from the previous week by 2.6% and 9.4% respectively.

Spot price trends of major grains commodities

	1 year ago Week 3 (17-01-22 to 21-01-22)	Last week Week 2 (09-01-23 to 13-01-23)	This week Week 3 (16-01-23 to 20-01-23)	w-o-w % change
RSA White Maize per ton	R 3 650.40	R 4 542.40	R 4 661.40	2.6%
RSA Yellow Maize per ton	R 3 745.00	R 4 462.80	R 4 583.60	2.7%
USA Yellow Maize per ton	$ 237.25	$ 258.93	$ 267.18	3.2%
RSA Wheat per ton	R 5 821.00	R 6 518.20	R 6 477.00	-0.6%
USA Wheat per ton	$ 282.08	$ 271.79	$ 273.05	0.5%
RSA Soybeans per ton	R 8 147.80	R 10 316.00	R 10 052.80	-2.6%
USA Soybeans per ton	$ 506.42	$ 555.51	$ 503.12	-9.4%
RSA Sunflower seed per ton	R 10 940.00	R 11 552.00	R 12254.54	6.1%
Crude oil per barrel	$ 86.19	$ 82.18	$ 85.67	4.3 %



The South African rand depreciated all the currencies. The US dollar by 1.5%, Euro by 1.7% and Pound by 2.0%. Last week also saw the release of the US PMI readings, and, with readings below 50, indicative of weakening economic activity.



Brent crude oil price averaged $85.67/barrel in the reporting week which is 4.3% higher than $82.18/barrel reported in the previous week. The turn for oil prices comes as supply concerns, which favour higher oil prices and thus higher local fuel prices, are also coming on the back of sanctions against Russia and OPEC+ nations stemming daily supply.

National South African Price information (RMAA) : Beef

Week 1 (02/01/2023 to 08/01/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 2 (09/01/2023 to 15/01/2023)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	3 936	63.89	63.49	Class A2	3 762	59.67	62.09
Class A3	2 646	61.94	63.52	Class A3	3 640	58.21	60.08
Class C2	315	51.92	54.90	Class C2	528	51.99	54.14

Units sold for class A2, decreased marginally by 4.4% while class A3 and class C2 beef increased by 37.6%, and 67.6% respectively, in the reporting week compared to the previous week. The weekly average purchase prices for class A2, A3 and C2 beef decreased marginally by 1.3%, 0.4% and 4.4 respectively in the reporting week compared to the previous week. The weekly average selling prices for class A2 and class A3 beef decreased by 1.7% and 5.5% respectively in the reporting week compared to the previous week whilst, the weekly average selling price for class C2 beef increased by 1.3% week-on-week.

National South African Price information (RMAA) : Lamb

Week 1 (02/01/2023 to 08/01/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 2 (09/01/2023 to 15/01/2023)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	10 871	90.72	90.92	Class A2	12 030	87.87	86.34
Class A3	1 283	90.57	90.07	Class A3	1 257	87.08	87.92
Class C2	655	66.51	72.67	Class C2	807	66.68	72.40

Units sold for class A2 and class C2 lamb increased by 10.7% and 23.2% respectively, while class A3 decreased by 2.0% in the reporting week compared to the previous week. The weekly average purchase prices for class A2 and class A3 lamb decreased by 3.1% and 3.9% respectively, while Class C2 increased marginally by 0.3% in the reporting week compared to the previous week. The weekly average selling prices for class A2, class A3 and class C2 lamb decreased by 5.0%, 2.4% and 0.4% respectively in the reporting week compared to the previous week.

National South African Price information (RMAA) : Pork

Week 1 (02/01/2023 to 08/01/2023)	Units	Avg Purchase Price	Week 2 (09/01/2023 to 15/01/2023)	Units	Avg Purchase Price
Pork					
Class BP	9 360	37.21	Class BP	8 612	36.9
Class HO	3 692	36.57	Class HO	3 569	36.15
Class HP	4 522	36.75	Class HP	5 080	36.2

Units sold for class BP and class HO pork decreased by 8.0% and 3.3% respectively in the reporting week compared to the previous week whilst, units sold for class HP pork increased by 12.3% week-on-week. Meanwhile, the weekly average purchase prices for class BP, HO pork and class HP decreased by 1.5% respectively in reporting week compared to the previous.

Latest News Developments

Wine export volumes have declined by 5%, from 388.1 million in 2021 to 368,8 million litres in 2022, while export value dropped by 2,4%, from R10,2 billion to R9,9 billion, according to the recently released Wines of South Africa Export Report 2022. Shipping delays have contributed to a drop in 2022 export volumes of South African wines but the industry is optimistic about this year as producers look forward to showcasing their offerings again to international markets after the COVID-19 pandemic curtailed travel and other initiatives. Siobhan Thompson, CEO of Wines of South Africa (WoSA), primarily blamed the decline on shipping constraints at Cape Town port, in particular an extended period of adverse weather conditions, which prevented ships from docking in April and a two-week long period of strikes in October.

The industry, nevertheless, is on track with its premium strategy, with the total price per litre increasing by 2,2%, mainly supported by a 5,3% increase in bulk Rand per litre. While this is only slightly better than last year, prices are substantially higher than in 2018 when the industry exported 420,2 million litres of wine, which amounted to R9,1 billion in value. Bulk wine accounted for 62% of 2022 exports, while packaged wine was by far the value leader, accounting for 77% of export value. However, bulk wine exports declined by 6,2% to 227,7 million litres and saw a 1,2% drop in value to R2,3 billion, whereas packaged wine exports declined by 3% to 141,1 million litres and 3,3% decline in value to R7,6 billion. The United Kingdom, South Africa's largest wine export market, saw growth of 5% to 96,9 million litres, but the total value of sales declined by 5% to R2,4 billion, on the back of a 12% decline in the value of packaged wine to R1,7 billion. The value of bulk wine in this market, however, increased by 20% to R689 million.

Thompson said that higher-priced bulk exports to this market drove the volume growth with an 8% growth in Rand per litre being realised. In Germany, South Africa's second-largest market, sales volumes were down by 9% to 59 million litres and value by 17% to R1 billion. Thompson ascribed this to rising inflation, increased living costs, which is true for many other countries, an emerging culture of drinking local wines to support local producers, coupled with a lack of tourism to South Africa. Extended extreme lockdown measures have also taken its toll on exports to China, which previously showed exponential growth for South African wine. Total exports to China declined by 38% to 8,5 million litres, while the export value declined by 26% to R337 million.

Africa continued to support export growth and will create significant future opportunities once the African Continental Free Trade Area (AfCFTA) was implemented. Volumes to Africa were slightly down, by 1% to 23,2 million litres, while export value increased by 8% to R809 million. Volumes exported to the United States declined by 40% to 25,5 million litres while export value declined by 10% to R798 million. In terms of South Africa's other major markets, only France (34% to 22,5 million litres), Denmark (11% to 15,5 million litres) and Belgium (17% to 13,7 million litres) saw volume growth, while only Denmark (11% to R363 million), France (36% increase to R289 million) and the United Emirates (36% to R231 million) saw major growth in export value. Thompson is positive about 2023, saying that the image of South African wine continues to grow globally as South African wines were being awarded top international accolades in competitions and were garnering highly coveted professional ratings. Moreover added that the industry is due to have a major presence at ProWein in Germany in March, with producers "not being able to wait to hop on planes and have face-to-face meetings with importers again."

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.

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