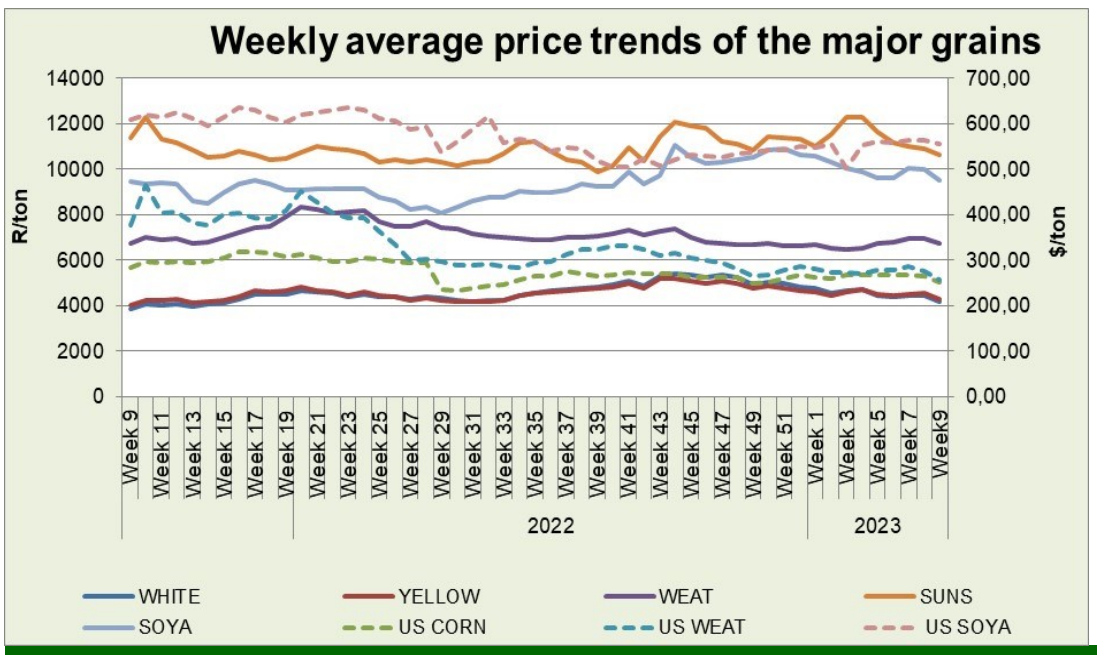
agriculture, land reform & rural development

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

Weekly Price Watch: 3 March 2023

Directorate: Statistics & Economic Analysis

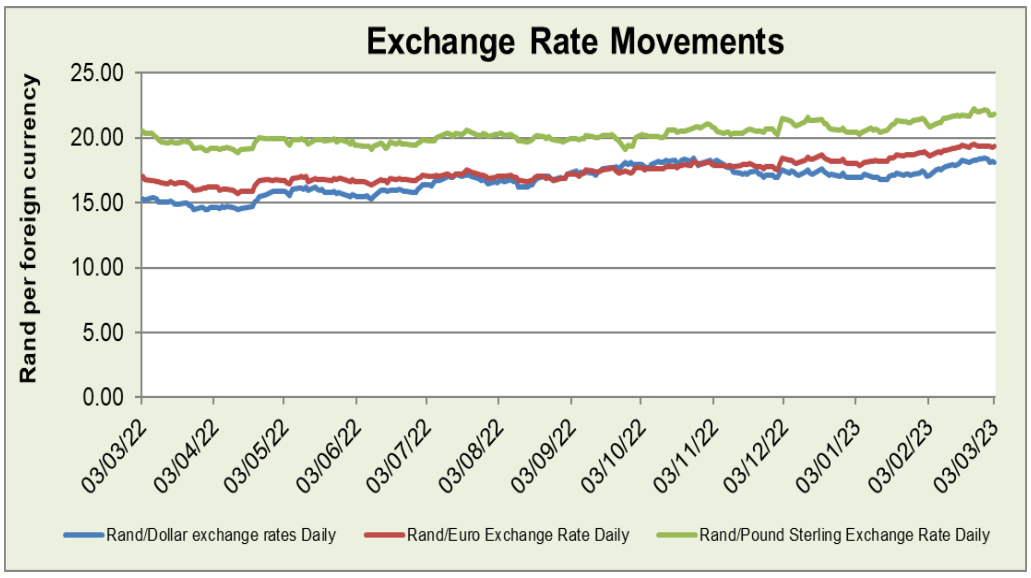
Sub-directorate: Economic Analysis

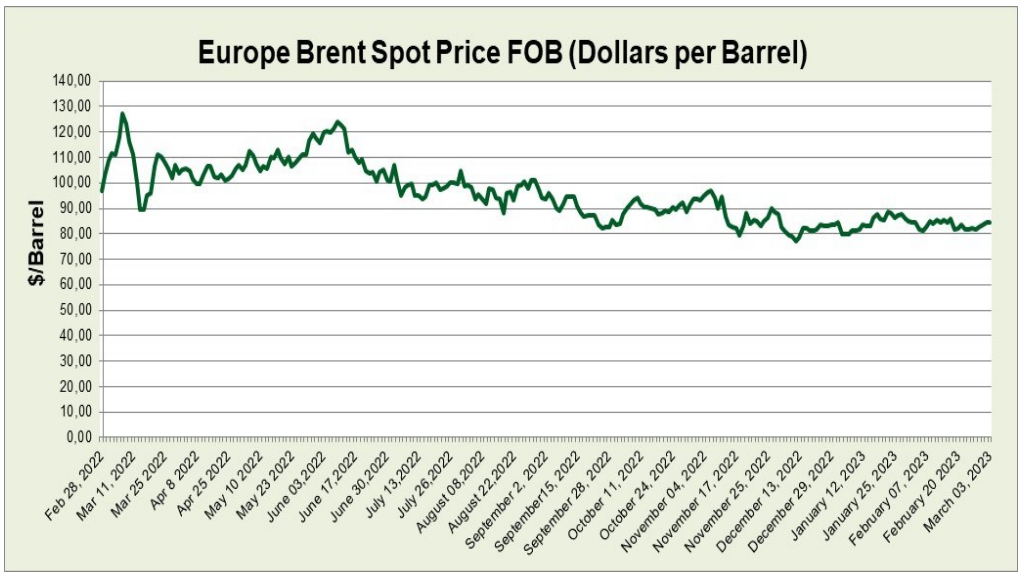


The price of local white and yellow maize decreased by 4.4% and 5.4% respectively in spite of the weekly average R/$ exchange rate (R18.25) remaining unchanged relative to the previous week at (R18.25). The USA maize price ($251.95)decreased by 3.1% which was lower ($282.39) than a year ago with the uncertainty of the Ukrainian invasion. The average weekly price (R6 732.4) of local wheat decreased by 3.0%, while the US wheat price ($255.92) decreased by 5.6% which should increase if Crude Oil price trend increase as it has done in Week 9. All local and international grain prices decreased in Week 9, Local soybean (R9 477.8) and sunflower price (R10 597.2) decreased by 3.1% and 1.4% respectively. The USA soybeans price ($555.67) decreased by 1.4% in week 9. This decrease is attributed to more plantings and expected weather.

Spot price trends of major grains commodities

	1 year ago Week 9 (28-02-22 to 04-03-22)	Last week Week 8 (20-02-23 to 24-02-23)	This week Week 9 (27-02-23 to 03-03-23)	w-o-w % change
RSA White Maize per ton	R3 874.00	R 4 451.60	R4 181,60	-4.4%
RSA Yellow Maize per ton	4014.00	R 4 567.80	R4 264.60	-5.4%
USA Yellow Maize per ton	$282.39	$ 265.33	$251.95	-3.1%
RSA Wheat per ton	R6 726.40	R 6 964.20	R6 732.40	-3.0%
USA Wheat per ton	$376.26	$ 276.00	$255.92	-5.6%
RSA Soybeans per ton	R9 447.40	R 9 999.40	R9 477,80	-3.1%
USA Soybeans per ton	$609.76	$ 564.13	$555.67	-1.4%
RSA Sunflower seed per ton	R10 021,8	R 10 899.60	R10 899,60	-1,0%
Crude oil per barrel	$106.29	$ 82,16	$ 83,36	1.5%





In week 9 the rand's weekly average exchange rate (R18.25) remained unchanged (0.0%) with the strong dollar. The strength of the rand between 27 February and 3 March is witnessed by the Rand appreciating against the Euro (R19.34) and the Pound (R21.55) by 0,4% and 0,2% respectively.

The price of Brent crude oil increased by 1.5% this week ($83.36) relative to the previous week ($82.16). This is far less than a year ago ($106.29) when the Ukrainian invasion by Russia plunged the markets into uncertainty.

National South African Price information (RMAA) : Beef

Week 7 (13/02/2023 to 19/02/2023	Units	Avg Purchase Price	Avg Selling Price	Week 8 (20/02/2023 to 26/02/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 891	55,16	57,34	Class A2	8 867	54.41	57.31
Class A3	779	55,24	57,28	Class A3	958	54.61	53.39
Class C2	714	48,27	49,95	Class C2	626	48.3	49.65

The quantities of class A2 (from 7 891 to 8 867 units) and A3 beef increased (from 779 to 958 Units) by 12.4% and 23.0% respectively while class C2 (714 to 626 units) quantities decreased by 12.3% compared to the previous week .The producer prices of class A2 (R55.16 to R54.41) and A3 (55.24 to 54.61) decreased by 1.4% and 1.1% respectively from week 8 to week 7. Class C2 units decreased by 12.3% (from 714 to 626 units) from week 7 to 8, while producer price increased marginally by 0.1%. Class C2 Beef retail price decreased by 0.6% from R49.95 to R49.65 per kg.

National South African Price information (RMAA) : Lamb

Week 7 (13/02/2023 to 19/02/2023	Units	Avg Purchase Price	Avg Selling Price	Week 8 (20/02/2023 to 26/02/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	10 635	82,65	85,04	Class A2	13 156	84.27	86.01
Class A3	1 232	83,52	86,00	Class A3	1 766	84.15	85.59
Class C2	1 574	63,20	68,73	Class C2	1 510	64.47	67.29

The units of lamb sold for class A2 (from 10 635 to 13 156 units) and A3 (from 1 232 to 1 766 units) increased by 23.7% and 71.3% compared to last week, while class C2 (from 1 574 to 1 510 units) decreased by a 4.1%. The producer prices for all classes increased; class A2, A3 and C2 prices decreased by 2.0%, 0.8% and 2.0% respectively. The retail prices increased for class A2 (1.1%), while A3 (-0.5%) and C2 (-2.1%)decreased.

National South African Price information (RMAA) : Pork

Week 7 (13/02/2023 to 19/02/2023	Units	Avg Purchase Price	Week 8 (20/02/2023 to 26/02/2023)	Units	Avg Purchase Price
Class BP	13 444	34,58	Class BP	11 218	34.42
Class HO	7 219	34,17	Class HO	7 093	33.73
Class HP	6 299	34,21	Class HP	5 415	33.78

The units of class BP (from 13 444 to 11 218 units), HO (from 7 219 to 7 093 units) and HP (from 6 299 to 5 415 units) pork decreased by 16.6%, 1.7% and 14.0% compared to last week. The producer prices for the classes BP, HO and HP decreased by 0.5%; 1.3% and 1.3% respectively this week.

Latest News Developments

While the recent drop in employment in agriculture is marginal, Agri SA is concerned that this may be a continuing trend as farmers continue to battle load-shedding and high input costs. Agri SA comments followed the release of South Africa's latest employment figures by Statistics South Africa (Stats SA). Wege said that, amongst other reasons, the "perilous position" of the agricultural value chain was largely responsible for the loss of jobs in the sector. According to the *Stats SA report*, there were 12 000 fewer jobs in agriculture in Q4 2022 quarter-on-quarter.

The annual budget delivered by Finance Minister Enoch Godongwana in Parliament on Wednesday, 22 February, delivered some relief for those farmers struggling under the burden of load-shedding and rising input costs. Increases in taxes affecting the agriculture sector were moderate, with several rebates put in place. Eskom was given substantial debt relief of R254 billion over the next three years. Kulani Siweya, Agri SA's chief economist, welcomed the relief, but warned that Eskom now needed to demonstrate how it would use this opportunity to position itself for future sustainability and profitability. Theo Boshoff, CEO of Agbiz, lauded government for implementing a refund on the road accident fund levy for diesel used in the manufacturing process, such as for generators, from 1 April 2023 for two years to assist food producers amid rising input costs. Homeowners and businesses intending to invest in rooftop solar panels and other renewable energy sources would also benefit from tax breaks. Godongwana stated that individuals who installed rooftop solar panels from 1 March 2023 would be able to claim a rebate of 25% of the cost of the panels, up to a maximum of R15 000. This, however, only applied to solar panel installations, not inverters and batteries. Treasury was also expanding existing incentives to encourage businesses to invest more in renewable energy sources. Businesses could claim up to R337 000 in tax rebates in the first year of investment. Boshoff added that it was unclear which category farming businesses that operated as sole proprietors without separate entities would fall.

South African gross domestic product (GDP) declined by 1,3% in the fourth quarter (October–December). Growth was dragged lower mainly by finance, trade, mining, agriculture, manufacturing and general government services. Seven of the ten industries contracted in the fourth quarter. The finance, real estate & business services industry shrank by 2,3%. This was on the back of lower economic activity in financial intermediation, insurance & pension funding and auxiliary activities. As the finance, real estate & business services industry is the largest in the South African economy, the 2,3% decrease was the biggest factor behind the decline in GDP, subtracting 0,6 of a percentage point from GDP growth. Agriculture recorded the largest contraction in the quarter (-3,3%), pulled lower mainly by weaker production figures for field crops and horticulture products.

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, Engineering News, FNB and Absa Bank.

Disclaimer: DALRRD will not be liable for results of actions based on this price watch.