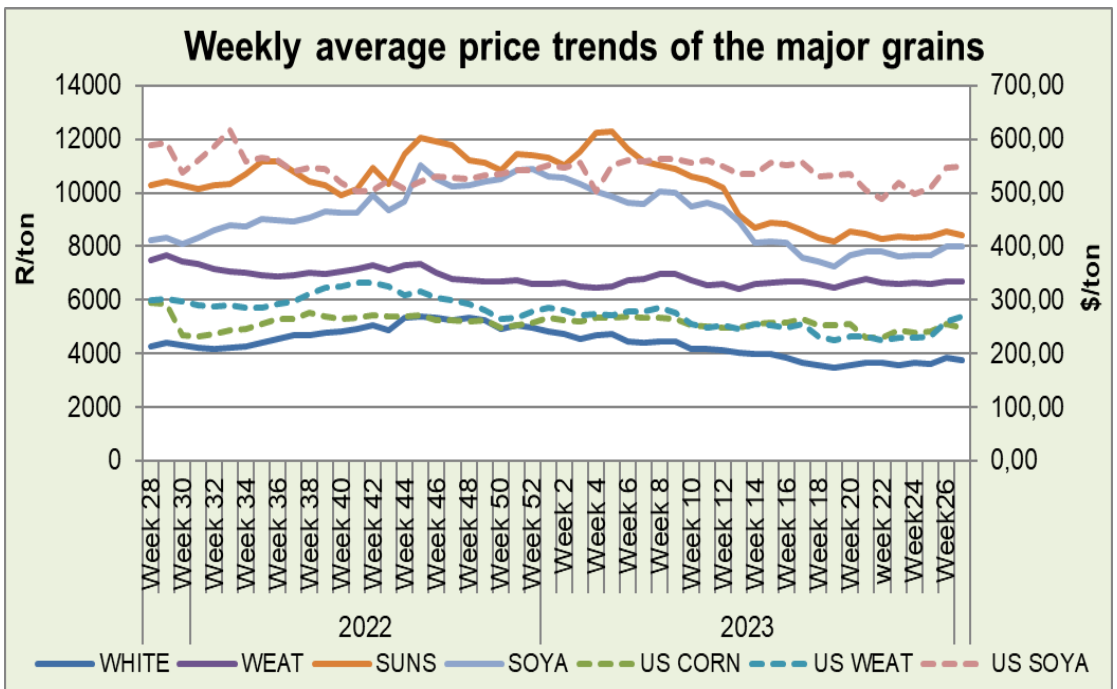
agriculture, land reform & rural development

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

Weekly Price Watch: 30 June 2023

Directorate: Statistics & Economic Analysis

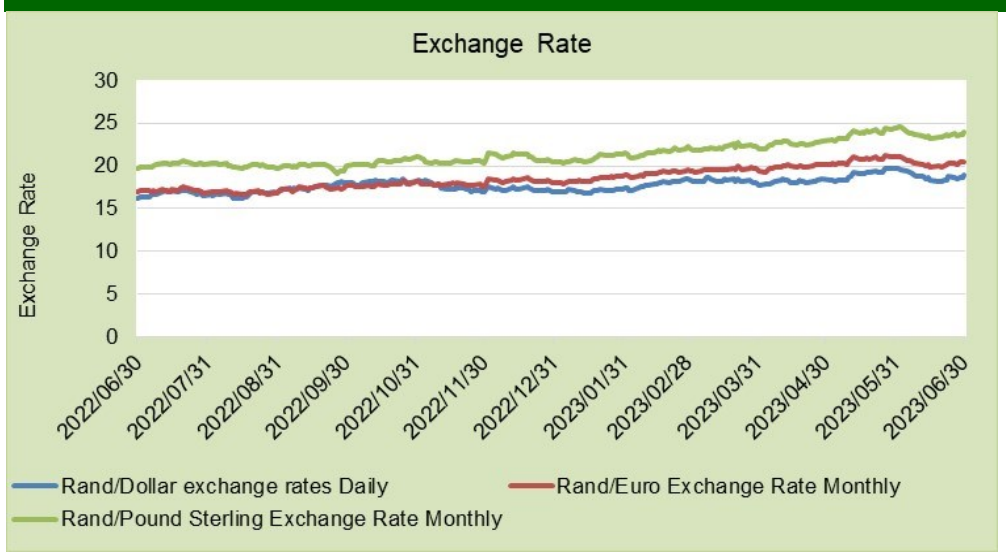
Sub-directorate: Economic Analysis



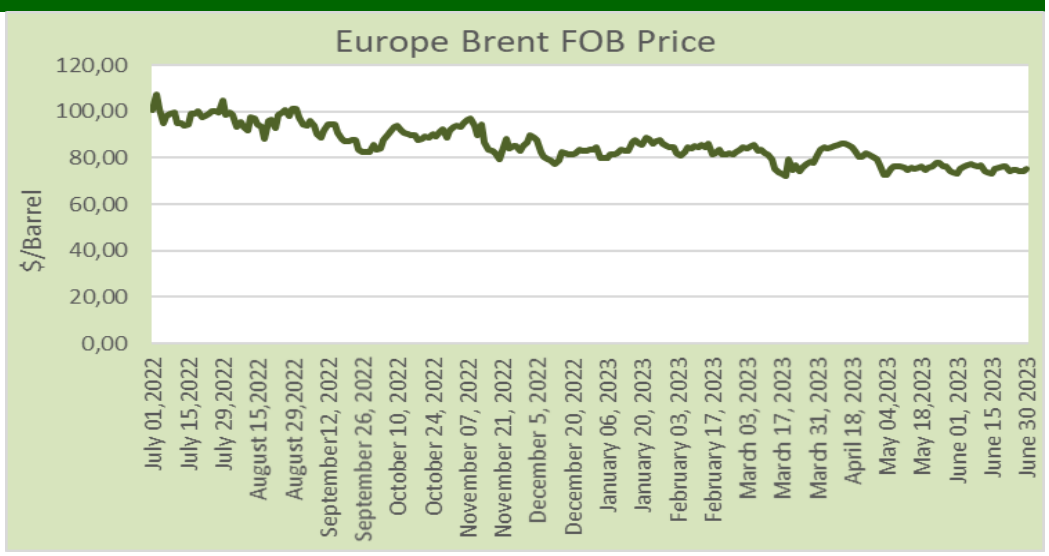
The price of local white and yellow maize decreased by 2.7% and 2.4%, while the international maize price decreased by 2.8%. Locally latest production estimates indicate that the maize crop is expected to be 5.7% higher than last year. While internationally; high opening stocks, plus reduced maize imports as well as projection of higher production in Brazil, Ukraine have contributed to the maize price decline. While the wheat price increased by 0.2% locally and 3.4% globally, as weather appears to be the main driver in the wheat market, including dry conditions in Argentina which is expected to impact winter crop . The price of locally soybeans decreased by 0.1% as the latest estimate indicates that soybean production outlook is projected to be 23.6% higher than last year. The international soybean price increased by 0.6% as tight supplies are expected following an estimated 5% declines in USA soybean hectares. The price of sunflower decreased by 1.5% this week.

Spot price trends of major grains commodities

	1 year ago Week 26 (27-06-22 to 01-07-22)	Last week Week 25 (19-06-23 to 23-06-23)	This week Week 26 (26-06-23 to 30-06-23)	w-o-w % change
RSA White Maize per ton	R4 367,60	R 3 844,40	R3 738,8	-2,7%
RSA Yellow Maize per ton	R4 366,20	R 3 905,40	R3 811,4	-2,4%
USA Yellow Maize per ton	$296,65	$255.52	$248,26	-2,8%
RSA Wheat per ton	R7 485,80	R 6 668,00	R6 679,2	0,2%
USA Wheat per ton	$333,10	$260.57	$269,4	3,4%
RSA Soybeans per ton	R8 571,80	R 8 004.00	R7 992,6	-0,1%
USA Soybeans per ton	$606,55	$545.64	$549,1	0,6%
RSA Sunflower seed per ton	R 10 384,40	R 8 534.80	R 8 403,2	-1,5%
Crude oil per barrel	$ 102,24	$75.65	$74,57	-1,4%



The rand depreciated against the US dollar, Euro and British pound by 1.4%, 1.4% and 1.1% respectively, as data showed that South Africa recorded a budget deficit in May.



The price of Brent crude oil decreased by 1.4% this week compared to last week, as global economic developments like the rising interest rates and weaker economic prospects in China weakened growth outlook.

National South African Price information (RMAA) : Beef

Week 24 (12/06/2023 to 18/06/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 25(19/06/2023 to 25/06/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 639	50.31	54.58	Class A2	8970	48,84	51,99
Class A3	948	51.95	53.03	Class A3	1196	51,63	54,17
Class C2	475	44.93	46.56	Class C2	656	44,79	46,42

The quantities of beef traded this week increased by 35.1% for class A2 , also increasing by 26.2% and 38.1% for Class A3 and C2 respectively. The average producer prices of all the classes decreased compared to the previous week; the price of class A2,A3 and C2 beef decreased by 2.9%, 0.6% and 0.3%. The market prices decreased by 4.7% and 0.3% for class A2 and C2 while increasing by 2.1% for class A3.

National South African Price information (RMAA) : Lamb

Week 24 (12/06/2023 to 18/06/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 25(19/06/2023 to 25/06/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	11 997	90.36	89.14	Class A2	15849	90,07	89,64
Class A3	1 732	85.81	86.67	Class A3	1905	87,53	87,64
Class C2	1 034	61.88	66.61	Class C2	1422	60,96	65,23

The quantities sold for class A2,A3 and C2 increased by 32.1%, 10% and 37.5% respectively. The average producer prices decreased by 0.3% and 1.5% for class A2 and C2 respectively while increasing by 2% for class A3. The market price increased by 0.6% and 1.1% for class A2 and C2 respectively while decreasing by 2.1% for class C2.

National South African Price information (RMAA) : Pork

Week 24 (12/06/2023 to 18/06/2023)	Units	Avg Purchase Price	Week 25(19/06/2023 to 25/06/2023)	Units	Avg Purchase Price
Class BP	8 322	28.96	Class BP	11347	28,83
Class HO	7 630	28.57	Class HO	7656	28,45
Class HP	6 764	26.38	Class HP	6829	28,16

The quantities of pork sold increased for class BP, HO and HP by 36.3%, 0.3% and 1% respectively. The average prodcuer prices increased for class HP by 6.7% while decreasing by 0.4 and 0.4% for class BP and HO respectively.

Latest News Developments

Citrus growers say EU pest rules affecting exports, According to the Citrus Growers Association (CGA); New European Union pest control rules will cut South Africa's orange exports to Europe by 20% this year, which will affect employment. The new measures imposed by the EU last June require enhanced cold treatment for citrus exports due to concerns over False Codling Moth, a pest commonly found in sub-Saharan Africa and Citrus Black Spot. According to Citrus Growers Association" Current estimates are that around 20% of oranges produced for Europe will not be shipped this year because of the new regulations,". CGA president Mr Chadwick stated that the new EU rules, which require all South African oranges destined for Europe to be pre-cooled to below 2 °C (35.6 °F) for 20 days before shipment were "unfair and discriminatory" and would require $75-million investment in new cold storage technology and capacity. CGA stated that there is clear evidence that its current False Codling Moth risk management system is highly effective and ensures that 99.9% of oranges entering the EU are pest free .

Food producers warn of higher prices as infrastructure crumbles. South African food producers are spending hundreds of millions of rand mitigating prolonged rolling power blackouts, water supply issues and crumbling infrastructure. This investment, which sometimes come at the cost of essential capital expenditure is expected to be passed onto consumers, making food prices higher for longer, food companies. Derek McKernan of Tiger Brands stated that Premier Group has invested in diesel generators and boreholes to isolate any impact of power cuts up to 16 hours a day. Poultry producer Astral, diversified food producers AVI and RCL Foods have indicated in their recent earnings statements the mitigating measures would eventually translate into higher food prices. The South African Cane Growers' Association estimates that continued power cuts between stages 4 and 6 would translate to a loss of 724 million rand in irrigated areas. All this happen at a time when South Africa is already struggling with acute unemployment, 14-year high interest rates and ballooning inflation which also complicates efforts of the South African Reserve Bank to ease interest rate rises.

According to Moody's Investors Service; the proposed R254-billion of relief announced in February's budget is aimed at strengthening Eskom's balance sheet and covering all interest payments over the next three years, provided it brings in private partners to help operate its plants and the electricity transmission network. This is expected to free up money for the utility to undertake plant maintenance and improve the transmission and distribution infrastructure as the country battles almost daily electricity rationing.

According to Moody's Investors Service; the proposed R254-billion of relief announced in February budget is aimed at strengthening Eskom's balance sheet and covering all interest payments over the next three years, provided it brings in private partners to help operate its plants and the electricity transmission network. Moody's stated that "If Eskom is able to deliver on the plan, which includes operational efficiency improvement, this would benefit the wider economy, including the sovereign, municipalities, banks and companies,". This is expected to free up money for the utility to undertake plant maintenance and improve the transmission and distribution infrastructure as the country battles almost daily electricity rationing.

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.