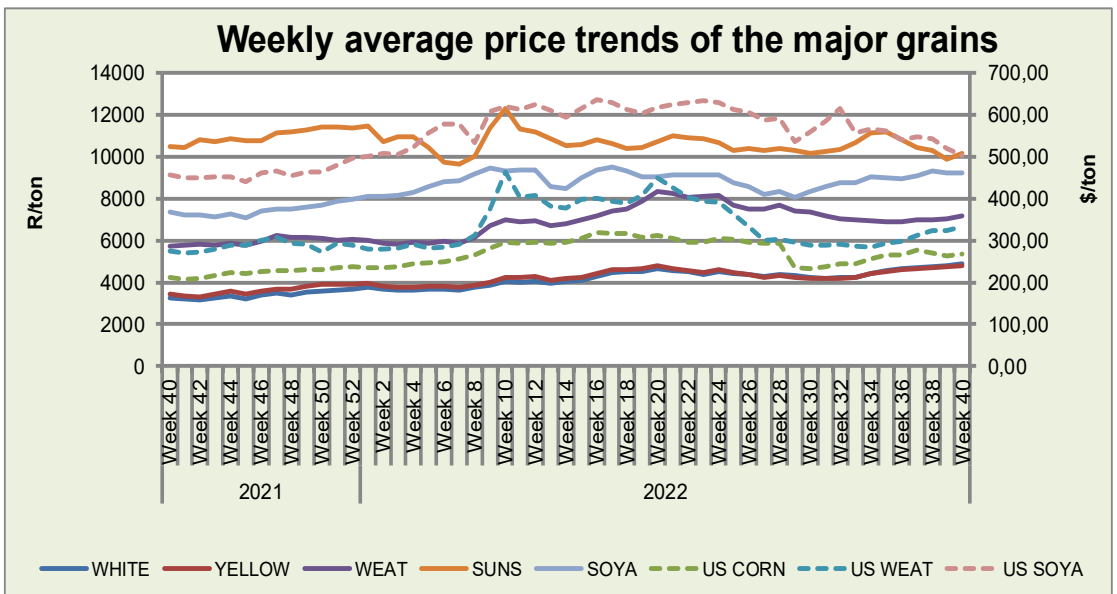
agriculture, land reform & rural development

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

# Weekly Price Watch: 07 October 2022

## Directorate: Statistics & Economic Analysis

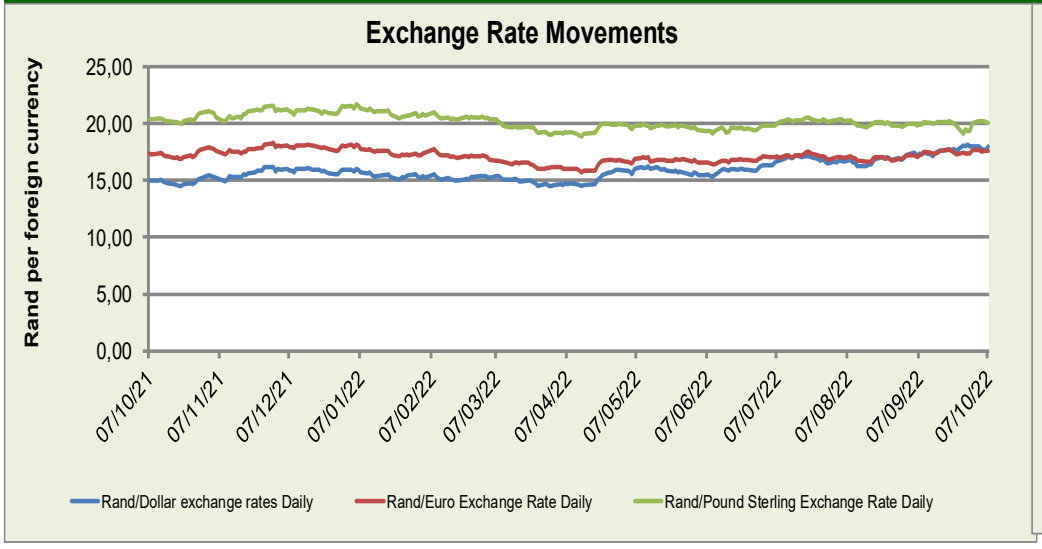
### Sub-directorate: Economic Analysis



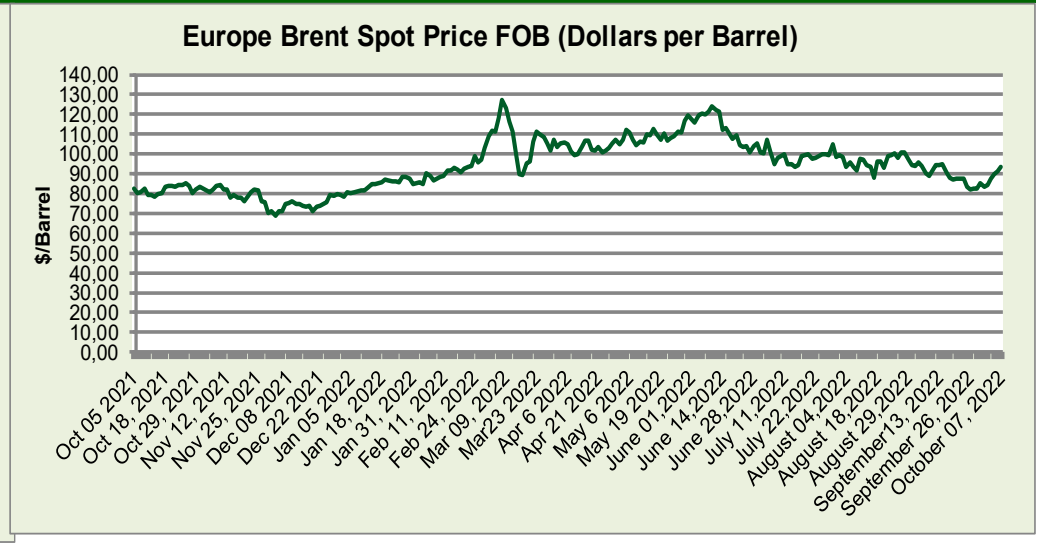

Domestic grain prices strengthened this week compared to the previous week, tracking global grain prices with the exception of soybean prices which decreased by 0.1% week-on-week. Local white and yellow maize prices increased by 2.1% and 1.6% respectively this week compared to the previous week whilst, wheat and sunflower seed prices increased by 1.5% and 2.6% respectively week-on-week. The domestic grain market is under pressure as interest rates continue to rise while global events, harvest prospects and the performance of the rand remain key in determining the ultimate grain prices. On the international front, US yellow maize price increased by 1.5% week-on-week, while the rally in crude oil helped corn prices. US wheat price increased by 2.5% week-on-week, as drought spreads in the southern Plains and in parts of the Midwest. US soybean price decreased by 3.0% week-on-week, as soybean export sales were lower and US ending soybean stocks came in higher than expected.

**Spot price trends of major grains commodities**

| | 1 year ago<br>Week 40<br>(04-10-21 to 08-10-21) | Last week<br>Week 39<br>(26-09-22 to 30-09-22) | This week<br>Week 40<br>(03-10-22 to 07-10-22) | w-o-w % change |
|---|---|---|---|---|
| RSA White Maize per ton | R 3 257.20 | R 4 810.06 | R 4 911.00 | 2.1% |
| RSA Yellow Maize per ton | R 3 427.60 | R 4 735.60 | R 4 811.60 | 1.6% |
| USA Yellow Maize per ton | $ 211.45 | $ 263.77 | $ 267.74 | 1.5% |
| RSA Wheat per ton | R 5 717.60 | R 7 048.80 | R 7 154.60 | 1.5% |
| USA Wheat per ton | $ 275.09 | $ 324.02 | $ 331.97 | 2.5% |
| RSA Soybeans per ton | R 7 380.40 | R 9 252.60 | R 9 240.00 | -0.1% |
| USA Soybeans per ton | $ 457.21 | $ 519.12 | $ 503.36 | -3.0% |
| RSA Sunflower seed per ton | R 10 471.40 | R 9 893.80 | R 10 147.40 | 2.6% |
| Crude oil per barrel | $ 81.41 | $ 83.26 | $ 89.22 | 7.2% |




The rand appreciated by 7.8% against the US dollar week-on-week, amid a labour strike at Transnet that impacts on the already vulnerable export-dependent sectors. The rand depreciated by 4.0 % against the Pound Sterling week-on-week, as the pound rose alongside a rebound in global stock markets. The rand appreciated by 2.5% against the Euro week-on-week, as the bloc faces double-digit inflation levels, rising interest rates, and an energy crisis.




Brent crude oil averaged $89.22 week-on-week, which is 7.2% more than $83.26 reported the previous week, while the Organization of the Petroleum Exporting Countries Plus (OPEC+) took a decision to cut its oil production for world oil demand for the fourth time since April and also trimmed next year's figure, citing slowing economies, the resurgence of China's COVID-19 containment measures and high inflation.

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

| Week 38 (19/09/2022 to 25/09/2022) | Units | Avg Purchase Price | Avg Selling Price | Week 39 (26/10/2022 to 02/10/2022) | Units | Avg Purchase Price | Avg Selling Price |
|---|---|---|---|---|---|---|---|
| **Beef** | | | | | | | |
| Class A2 | 6 264 | 60.37 | 65.65 | Class A2 | 7 579 | 61,07 | 66,44 |
| Class A3 | 553 | 59.52 | 64.28 | Class A3 | 727 | 58,24 | 65,16 |
| Class C2 | 473 | 49.86 | 53.25 | Class C2 | 501 | 48,86 | 53,84 |

Units sold for class A2, A3 and C2 beef increased by 21.0%, 31,5% and 5.9% respectively in the reporting week compared to the previous week ahead of the festive season. The weekly average purchase prices for class A3 and C2 beef decreased by 2.2% and 2.0% respectively in the reporting week compared to the previous week, whilst the weekly average purchase price for class A2 beef increased by 1.2% week-on-week. During the same period, the weekly average selling prices for class A2, A3 and class C2 beef increased by 1.2%, 1.4% and 1.1% respectively in the reporting week compared to the previous. The resumption of trading boosted beef selling prices. Analysts expect beef prices to follow an increasing trend towards the festive season.

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

| Week 38 (19/09/2022 to 25/09/2022) | Units | Avg Purchase Price | Avg Selling Price | Week 39 (26/10/2022 to 02/10/2022) | Units | Avg Purchase Price | Avg Selling Price |
|---|---|---|---|---|---|---|---|
| **Lamb** | | | | | | | |
| Class A2 | 6 734 | 92.82 | 93.19 | Class A2 | 6 095 | 89.61 | 89.36 |
| Class A3 | 973 | 88.79 | 88.12 | Class A3 | 738 | 86.85 | 87.49 |
| Class C2 | 348 | 72.97 | 75.33 | Class C2 | 205 | 74.55 | 75.19 |

Units sold for class A2, A3 and C2 lamb decreased by 9.5%, 24.2% and 41.1% respectively in the reporting week compared to the previous week. The weekly average purchase prices for class A2 and A3 lamb decreased by 3.5% and 2.2% respectively in the reporting week compared to the previous week whilst, the weekly average purchase price for class A3 lamb increased by 2.2% week-on-week. During the same period, the weekly average selling prices for class A2, A3 and C2 lamb decreased by 4.1%, 0.7% and 0.2% respectively in the reporting week compared to the previous week, due to subdued demand. As the festive season approaches, improved seasonal upswing in demand is expected which will likely support prices.

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

| Week 38 (19/09/2022 to 25/09/2022) | Units | Avg Purchase Price | Week 39 (26/10/2022 to 02/10/2022) | Units | Avg Purchase Price |
|---|---|---|---|---|---|
| **Pork** | | | | | |
| Class BP | 9 003 | 28.38 | Class BP | 9 498 | 28.61 |
| Class HO | 8 674 | 27.82 | Class HO | 8 160 | 28.63 |
| Class HP | 6 953 | 27.71 | Class HP | 7 931 | 28.81 |

Units sold for class BP and class HP pork increased by 5.5% and 14.1% respectively in the reporting week compared to the previous week whilst, units sold for class HO pork decreased by 5.9% week-on-week. Adverse economic conditions are supporting demand for more affordable meat options. Meanwhile, the weekly average purchase prices for class BP, class HO and class HP pork increased by 0.8%, 2.9% and 4.0% respectively in the reporting week compared to the previous week. There is still a concern over elevated feed grain prices which are expected to fall to reasonable levels to achieve improved profitability in the market.

## Latest News Developments

The industrial action strike by labour at Transnet got into full swing this week, setting off jitters that bottlenecks will occur at the ports, costing businesses and the economy billions. Business Leadership South Africa (BLSA) CEO, Busisiwe Mavuso, indicated that the mining sector has already lost an estimated R50-billion so far this year due to Transnet's deteriorating performance and could have generated R100-billion in revenue if it were not for capacity constraints on Transnet rail and ports. According to Mavuso, the Transnet strike is going to cost the economy billions and set back efforts to drive a recovery. Mavuso mentioned that the strike will damage government revenue and rob it of the resources needed to provide poverty relief. Meanwhile, the South African Association of Freight Forwarders (SAAFF) CEO Juanita Maree said a strike at Transnet could kick off logistics delays to the supply chain, costing the economy anything between R100-million and R1-billion per day.

South African berry producers association BerriesZA wrote to key national Ministers and Transnet's executives to request their "urgent and forceful" intervention in the strike action. The open-ended strike occurred during the peak of the berry export season and will have a significant knock-on effect on the entire berry value chain, putting 30 000 livelihoods who depend on the industry at risk, in addition to millions of rands in lost export revenue. According to BerriesZA chairperson, Justin Mudge, the latest strike action comes after the industry has been severely impacted by the ongoing operational issues at the country's ports as a result of aging and out-of-service infrastructure, inefficient systems and staff shortages. Delayed shipments affected the quality of berries that reach international markets, resulting in product rejection rates from receiving clients skyrocketing to an unprecedented quarter of a billion rand last year. Exacerbating this problem is a surge in input costs faced by farmers, including a hike in fertiliser and fuel prices, as well as soaring freight rates. As a result, over a third of local berry producers are currently not profitable.

A recent market report released by the US Department of Agriculture's Foreign Agricultural Service (FAS) predicts that chicken meat production would increase by 2% in 2023, as a result of economic recovery, normalisation of feed costs, and increased investment by the industry due to anticipated high revenue being earned in 2022. According to the report, chicken consumption is also expected to increase by 2% in 2023 as consumers look to chicken to meet protein demands. Dr Johnny van der Merwe, a managing director at an agricultural market trends analysis company (AMT) indicated that although poultry prices are trending higher this year than in 2021, demand continues to rise for chicken meat on the back of high beef and lamb prices. Hence, the South African Poultry Association (SAPA) is working towards bringing more commercial farmers on board and have already invested R1,14 billion in expansion of production facilities.

**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.*