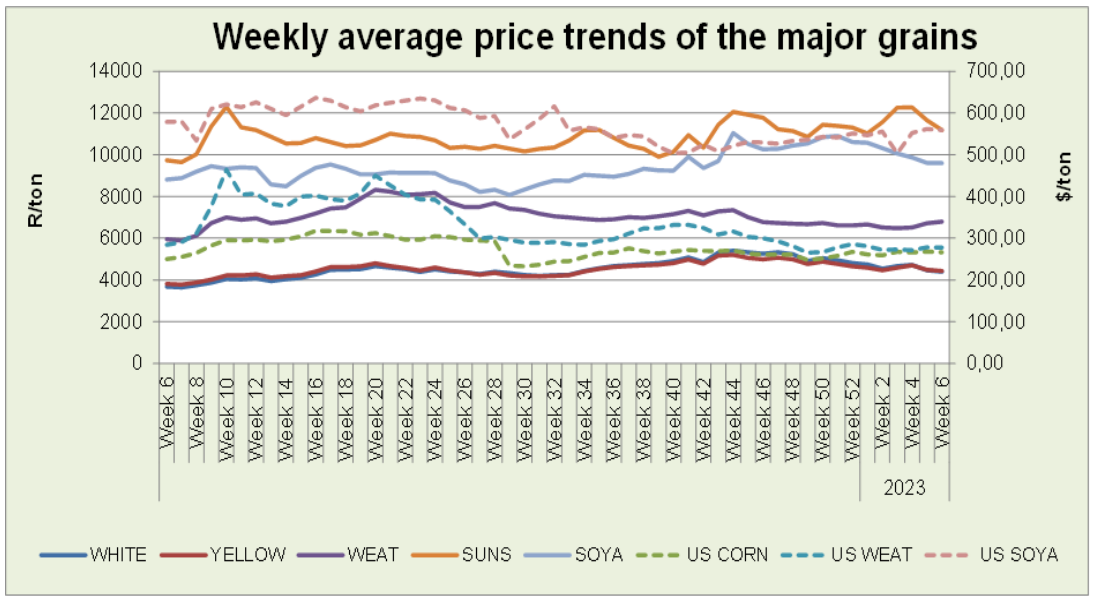
agriculture, land reform & rural development

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

Weekly Price Watch: 10 February 2023

Directorate: Statistics & Economic Analysis

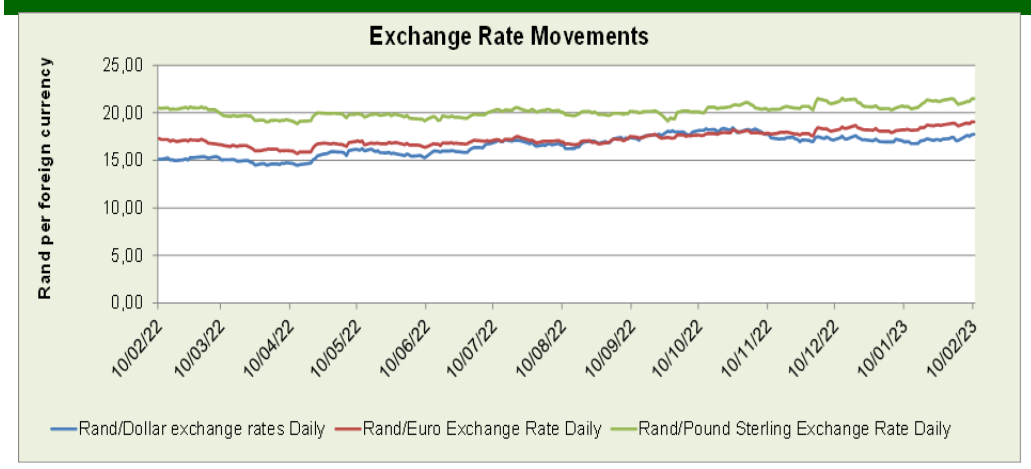
Sub-directorate: Economic Analysis



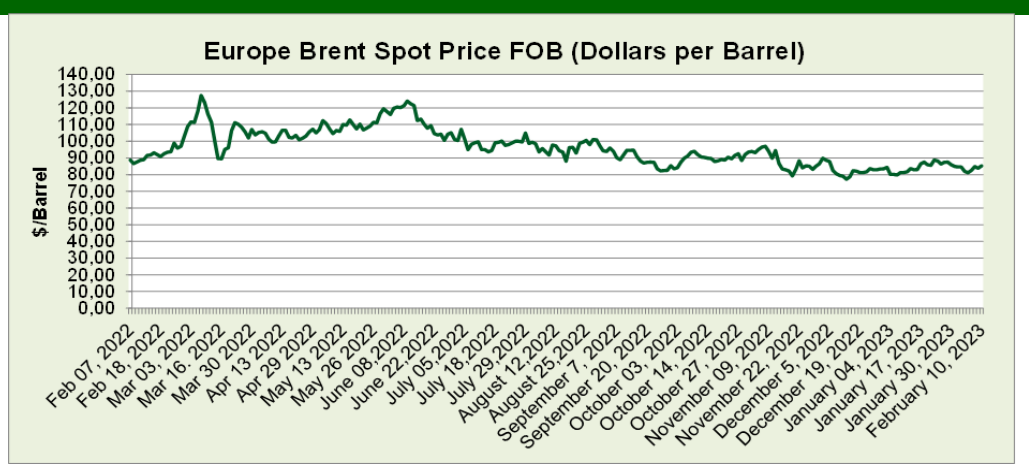
Domestic grain prices came under pressure for two consecutive weeks, with the exception of wheat prices, which increased by 1.2% for two weeks in a row. Local white and yellow maize prices decreased by 1.4% respectively this week compared to the previous week, whilst soybean and sunflower seed prices decreased by 0.1% and 4.0% respectively week-on-week. Domestic maize prices came under pressure due to stable to lower US maize prices. On the international front, US yellow maize, wheat and soybean prices decreased by 0.8%, 0.2% and 0.4% respectively this week compared to the previous week. Increased crushing of sunflower seed in Russia and the EU has recently contributed to rising supplies and weaker global prices of sunflower oil and meal.

Spot price trends of major grains commodities

	1 year ago Week 6 (07-02-22 to 11-02-22)	Last week Week 5 (30-01-23 to 03-02-23)	This week Week 6 (06-02-23 to 10-02-23)	w-o-w % change
RSA White Maize per ton	R 3 683.00	R 4 458.00	R 4 394.00	-1.4%
RSA Yellow Maize per ton	R 3 810.80	R 4 484.80	R 4 423.80	-1.4%
USA Yellow Maize per ton	$ 250.07	$ 268.24	$ 266.08	-0.8%
RSA Wheat per ton	R 5 956.00	R 6 720.00	R 6 799.40	1.2%
USA Wheat per ton	$ 283.96	$ 278.11	$ 277.65	-0.2%
RSA Soybeans per ton	R 8 815.60	R 9 608.00	R 9 598.00	-0.1%
USA Soybeans per ton	$ 578.55	$ 561.50	$ 559.03	-0.4%
RSA Sunflower seed per ton	R 9 731.40	R 11 646.00	R 11 176.40	-4.0%
RSA Sweet Sorghum per ton	-	-	-	-
Crude oil per barrel	$ 88.10	$ 84.37	$ 83.53	-1.0%



The rand depreciated by 6.0% against the US dollar week-on-week, the rand depreciated by 5.1 % against the Pound Sterling and depreciated by 11.5% against the Euro week-on-week. The rand sank to R17.63/$ as the dollar continued to gain after a forecast-busting US jobs report fanned expectations of more Federal Reserve interest rate hikes. The local currency has also been hit by news of a sharp contraction in local business activity.



Brent crude oil averaged $83.53 this week compare to $84.37 reported the previous week, about 1.0% less reported the previous week. Brent crude Oil soared on Friday after Russia slashed its crude output in response to a Western price cap that was imposed on exports after Moscow's invasion of Ukraine.

National South African Price information (RMAA) : Beef

Week 4 (23/01/2023 to 29/01/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 5 (30/01/2023 to 05/02/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 888	56,77	58,86	Class A2	7 955	56,70	58,77
Class A3	674	56,99	58,96	Class A3	802	57,12	57,77
Class C2	653	51,31	52,21	Class C2	399	50,57	51,34

Units sold for class A2 and class A3 beef increased by 0.8% and 19.0% respectively in the reporting week compared to the previous week, while, the units sold for class C2 beef decreased by 38.9% this week compared to the previous week. During the same period, the weekly average purchase prices for class A2 and class C2 beef decreased by 0.1% and 1.4% respectively, whilst, the weekly average purchase price for class A3 beef increased by 0.2%. The weekly average selling prices for class A2, class A3 and class C2 beef all decreased by 0.2%, 2,0% and 1.7% respectively during the same period.

National South African Price information (RMAA) : Lamb

Week 4 (23/01/2023 to 29/01/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 5 (30/01/2023 to 05/02/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	12 814	85,35	87,20	Class A2	13 329	84,30	86,02
Class A3	1 704	85,81	87,14	Class A3	1 445	84,29	86,52
Class C2	962	66,01	72,52	Class C2	1 282	65,57	69,85

Units sold for class A2 and class C2 lamb increased by 4.0%, and 33.3% respectively in the reporting week compared to the previous week, meanwhile the units sold for class A3 lamb decreased by 15.2% week on week. The weekly average purchase prices for class A2, class A3 and class C2 lamb decreased by 1.2%, 1.8% and 0.7% respectively this week compared to the previous week. During the same period, the weekly average selling prices for class A2, class A3 and class C2 lamb also decreased by 1.4%, 0.7% and 3.7% respectively.

National South African Price information (RMAA) : Pork

Week 4 (23/01/2023 to 29/01/2023)	Units	Avg Purchase Price	Week 5 (30/01/2023 to 05/02/2023)	Units	Avg Purchase Price
Class BP	12 099	36,69	Class BP	8 822	35,25
Class HO	5 349	35,38	Class HO	4 615	35,04
Class HP	5 559	35,52	Class HP	2 938	35,01

All units sold for class BP, class HO and class HP pork decreased for two consecutive weeks by 27.1%, 13,7% and 47.1% respectively in the reporting week compared to the previous week. During the same period the weekly average purchase prices for class BP, class HO and class HP pork decreased by 3,9%, 1.0% and 1.4% respectively.

Latest News Developments

In his State of the Nation Address, President Cyril Ramaphosa said a national state of disaster had been declared to respond to the electricity crisis. The president said that to deal with the crisis, he was appointing a minister of electricity. Treasury is expected to announce tax incentives for solar power, and will make adjustments to the "bounce back" loan scheme to allow businesses to apply for solar financing. The president said the state of disaster, which began with immediate effect, would help with measures to support businesses in the food production, storage and retail supply chain, including for the rollout of generators, solar panels and uninterrupted power supply. Critical infrastructure such as hospitals and water treatment plans would be exempt from load shedding. The president said that to deal with the crisis, he will be appointing a Minister of electricity in the presidency to assume full responsibility for overseeing all aspects of the electricity crisis response. The Minister will focus full-time and work with the Eskom board and management on ending load shedding and ensuring that the energy action plan is implemented without delay. He later clarified that Minister would day and night just be focusing on the electricity crisis. The Minister of public enterprises will, however, still remain the shareholder representative of Eskom. Ramaphosa said that, as per his energy plan announced last year, government was going to proceed with the rollout of rooftop solar panels. In his budget speech, the Minister of finance will outline how households will be assisted, and how businesses will be able to benefit from a tax incentive. South Africa's electricity crisis is costing the economy as much as R899 million per day, according to central bank estimates. Rolling blackouts of about 6 to 12 hours a day, or so-called stage 3 and stage 6 outages, detract between R204 million and R899 million from the economy daily.

Using diesel generators at grain storage facilities is seven times more expensive than electricity - which impacts food prices, says Wessel Lemmer, general manager of Agbiz Grain, a unit of the Agricultural Business Chamber. Electricity is needed to load grain into storage silos and to unload these again later to be transported to processors like mills. It is also impossible to keep the grain dry and ventilated without electricity. Electricity costs usually make up around 10% of the total storage costs. In September 2022, Astral announced that it was expecting market conditions to deteriorate, with record-high feed input costs, devastating levels of rolling blackouts, and the general decay of municipal infrastructure having a negative impact on operational costs and efficiencies. As rolling blackouts had continued unabated this year, the situation was worsening. Based on prevailing market and operational conditions, the cost to produce poultry exceeded the selling price by at least R2/kg. Feed input costs, which make up about 70% of the cost of producing a live broiler, have increased significantly. At the end of December 2022, the SAFEX yellow maize price peaked at around R5 300/t on the back of a weakening local currency and a tight global balance sheet.

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.

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