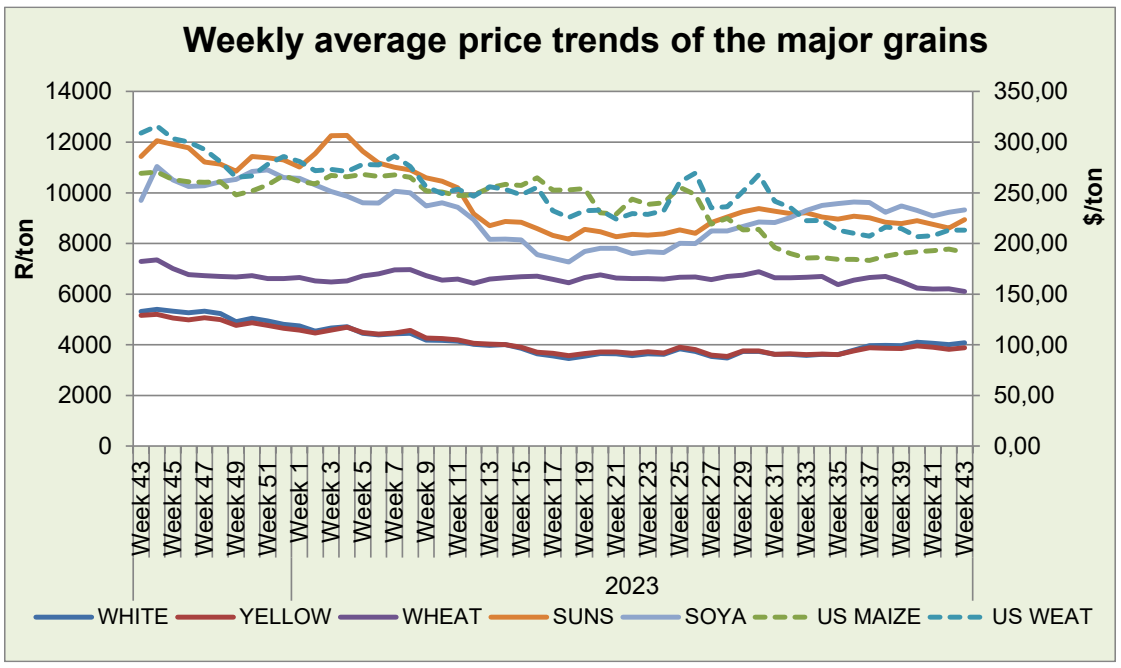
agriculture, land reform & rural development

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

Weekly Price Watch: 27 October 2023

Directorate: Statistics & Economic Analysis

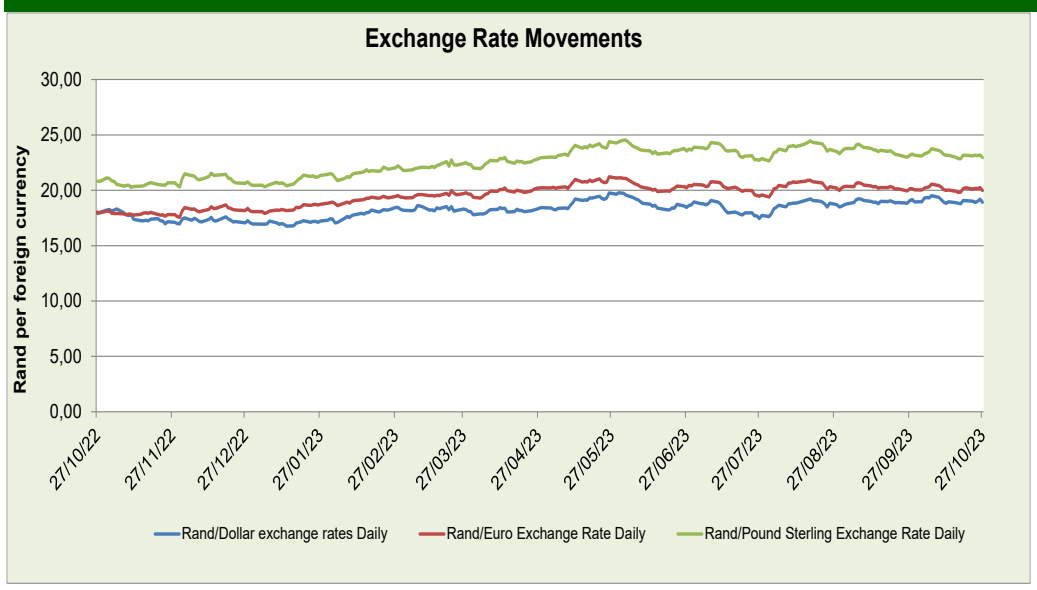
Sub-directorate: Economic Analysis



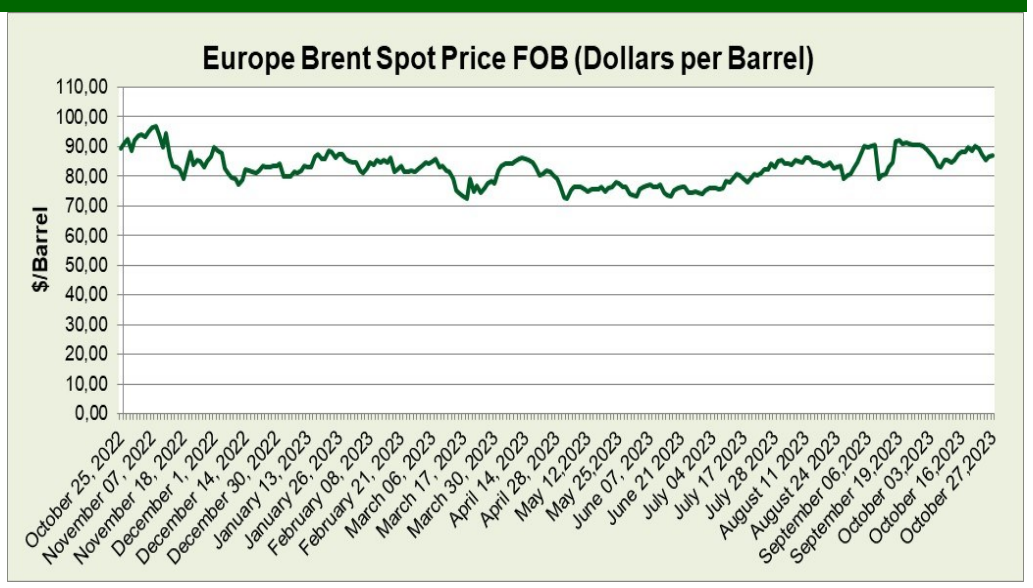
This week grain market was mixed. Internationally the price of maize and soyabean decreased by 1,6% and 0.6% while the price of USA wheat remained unchanged. According to USDA prices were lower as traders assessed the latest weather news from South America, which is receiving some much-needed precipitation. Seasonal harvest progress applied additional downward pressure to corn and soybean prices. On the other hand RSA grain market for all major commodities strengthened this week. RSA maize market for both white and yellow maize increased by 1,7% each. RSA soyabean and sunflower increased by 1,0% and 4.0% respectively. While RSA wheat market decreased by 1,6% when compared to the previous week. The CEC released its third production estimates for winter crops and lifted wheat harvest projection by 2% from September, estimated at 2,17 million tonnes. The current expected crop is up 3% from the previous season. This is a surprise considering severe floods in the Southern Western Cape region which is the main wheat producer, the crop size was expected to be lower.

Spot price trends of major grains commodities

	1 year ago Week 43 (24-10-22 to 28-10-22)	Last week Week 42 (16-10-23 to 20-10-23)	This week Week 43 (23-10-23 to 27-10-23)	w-o-w % change
RSA White Maize per ton	R5 315,60	R 4 011,80	R4 082,00	1,7%
RSA Yellow Maize per ton	R5 164,20	R 3 819.20	R3 885,00	1,7%
USA Yellow Maize per ton	$269,20	$ 194,41	$191.23	-1.6%
RSA Wheat per ton	R7 286,60	R 6 207.40	R6 110,20	-1,6%
USA Wheat per ton	$308,84	$ 213,22	$ 213,22	0.0%
RSA Soybeans per ton	R9 694,40	R 9 233,80	R 9 327,20	1,0%
USA Soybeans per ton	$508,03	$ 476.89	$ 474,11	-0.6%
RSA Sunflower seed per ton	R11 429,20	R 8 603.80	R 8 944,80	4,0%
Crude oil per barrel	$90,44	$ 88.93	$ 87,21	-1.9%



The rand depreciated by 0,4%,0,8% and 05% against the dollar, Euro and the Pound respectively this week relative to the previous week, Weakness in the Chinese economy has also negatively affected investor sentiment towards SA, which is a commodity exporter, and uncertainty overall is weighing on the domestic currency, despite some lessening in geopolitical risk concerns.



The Brent crude oil price decrease by 1,9% this week relative to the previous week, as oil prices. According to OPEC, crude oil prices in some of the world's main physical markets have weakened due to a jump in freight costs and a drop in refining margins . Additionally, Globally, demand is tracking sideways, increases in crude supply from non-OPEC is expected from now going forward.

National South African Price information (RMAA) : Beef

Week 41 (09/10/2023 to 15/10/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 42 (16/10/2023 to 22/10/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	9 155	53,55	55,02	Class A2	8 813	53,58	54,83
Class A3	974	53,09	53,80	Class A3	1 025	53,32	53,51
Class C2	675	46,04	48,13	Class C2	652	45,88	47,85

The quantities of beef sold this week for classes of beef decreased by 3,7%, and 3,4% for Class A2 and C2 respectively, class A3 increased by 5,2%. The average producer prices for class A2 and A3 increased marginally 0,1% and 0,4% whilst prices for class C2 decreased by 0,3%. The market prices for all classes of beef A2, A3 and C2 decreased by 0,3%, 0,5% and 0,6% each respectively.

National South African Price information (RMAA) : Lamb

Week 41 (09/10/2023 to 15/10/2023)	Units	Avg Purchase Price	Avg Selling Price	Week 42 16/10/2023 to 22/10/2023)	Units	Avg Purchase Price	Avg Selling Price
Class A2	12 075	83,98	85,10	Class A2	12 823	84,53	85,93
Class A3	1 103	82,94	84,24	Class A3	1 369	83,22	84,67
Class C2	1 168	56,65	62,71	Class C2	960	59,60	64,40

The quantities for lamb traded this week for classes decreased A2, and A3 increased by 6,2%, and 24,1% respectively, on the other hand units sold for class C2 decreased by 17,8%. The producer prices for all classes of lamb A2, A3 and C2 increased this week by 0,65%,0.3% and 5,2% respectively. The market price for all classes of lamb A2, A3 and C2 decreased this week, by 1.0%, 0.5% and 2,7% respectively when compared to the previous week. According to Agri Trends report Mounting pressure on consumers which includes higher petrol prices and high interest rates could however cause this upward seasonal trend to be more modest than in previous years.

National South African Price information (RMAA) : Pork

Week 41 (09/10/2023 to 15/10/2023)	Units	Avg Purchase Price	Week 42 16/10/2023 to 22/10/2023)	Units	Avg Purchase Price
Class BP	12 025	37,26	Class BP	10 489	37,28
Class HO	6 721	36,6	Class HO	6 250	36,17
Class HP	8 961	36,72	Class HP	7 363	36,81

The quantities of pork traded this week decreased for all classes of pork BP, HO and HP by 12,8%, 7,0% and 17,8% respectively. The producer prices for class BP and HP increased marginally by 0,1% and 0,2% whilst prices for class HO decreased by 1,2% this week compared to the previous week. According to Agri Trends report done by ABSA The load-shedding reprieve as well as increased poultry prices is likely driving strong demand for pork prices in South Africa.

Latest News Developments

The department and the South African Poultry Association (SAPA) appeared before the committee this week to brief them on the interventions that have been put in place to arrest the bird flu that has affected the South African poultry industry and led to supply shortages to the detriment of consumers. The committee heard about the devastating impact of the disease, which has led to well over 7,5 million chickens being culled so far, and how this would have a detrimental effect on food security, levels of employment and the sector's transformation agenda. Izaak Breitenbach, general manager of SAPA's Broiler Organisation, said the broiler industry was in distress, and that the bird flu crisis had been exacerbated by load-shedding, interrupted water supply, infrastructure failures and high feed costs. Dr Abongile Balarane, general manager for SAPA's Egg Organisation, said that as a result of the outbreak, South Africa has had to import eggs from neighbouring countries. "It will take 17 months before the local sector recovers from its lost production. As a result, Namibia is an alternative [to supply] South Africa's table eggs. "He recommended that affected farmers receive adequate compensation so that they can ramp up egg production once the outbreak has passed. However, the department said that it would not be compensating farmers at this time.

Rabbit haemorrhagic disease virus (RHDV) continues to sweep through South Africa, with the latest wave annihilating colonies in Gauteng. RHDV has no cure but can be vaccinated against. The cost, however, is prohibitive at between R500 and R1 200 a shot. According to the Gauteng Rabbit Breeders' Association (GRBA) 25% (about 4 500 rabbits) of the breeding stock has been wiped out within Gauteng region alone. The Chairperson and rabbit farmers indicated that, they lost two large breeding herds, consisting of 27 different breeds, the genetics of which have taken 46 years to build up. The Endangered Wildlife Trust (EWT) stated that RHDV was highly contagious and easily transmitted, normally through direct contact, but may also be carried by flies and scavengers feeding on carcasses, by clothes, shoes and car tyres, or carried on the wind.

The current cost of potatoes and onions have left South African consumers reeling with a 7kg bag of potatoes costing at least 102% increase in price in October 2023 more now than it did a year ago, while a 10kg bag of onions was 63% higher year on year(y/y)(Western Cape Department of Agriculture,) At most large retailers, a 7kg bag of potatoes was trading at between R110 and R150, while a 10kg bag of onions was trading at R180 to R250, depending on the class. A 10kg bag of white onions was trading at R130 to R140, while a 10kg bag of red onions was trading at R280. Data collected from the Bureau of Food and Agricultural Policy has shown that the instability in demand for fresh produce has exacerbated increases owing to lower outputs. Commenting on the radical increase in prices, Potatoes South Africa said it was important to note that farmers had no control over pricing as prices are determined by fresh produce markets, responding to market dynamics like supply and demand, and were influenced by seasonal variations, product availability and grading. Additionally, one of the primary factors contributing to the price increase was the significant impact of load-shedding on the industry, which had hindered farmers from maintaining consistent irrigation practices.

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Source: SAFEX, Standard bank, Stats SA, Reuters, Red Meat Abattoir Association, FNB and Absa Bank.

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