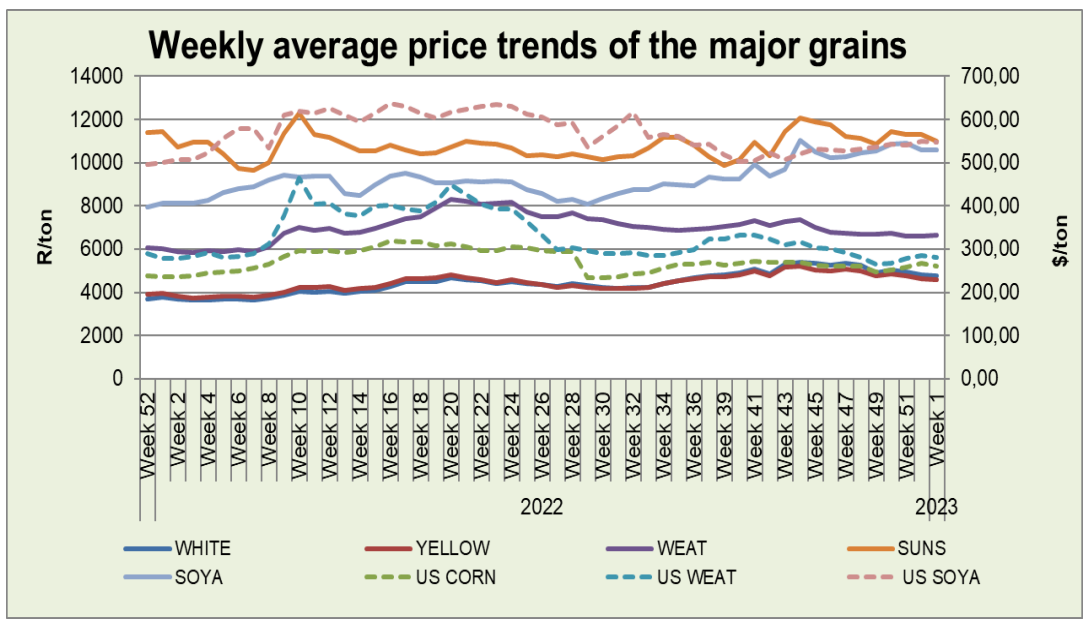
agriculture, land reform & rural development

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

Weekly Price Watch: 06 January 2023

Directorate: Statistics & Economic Analysis

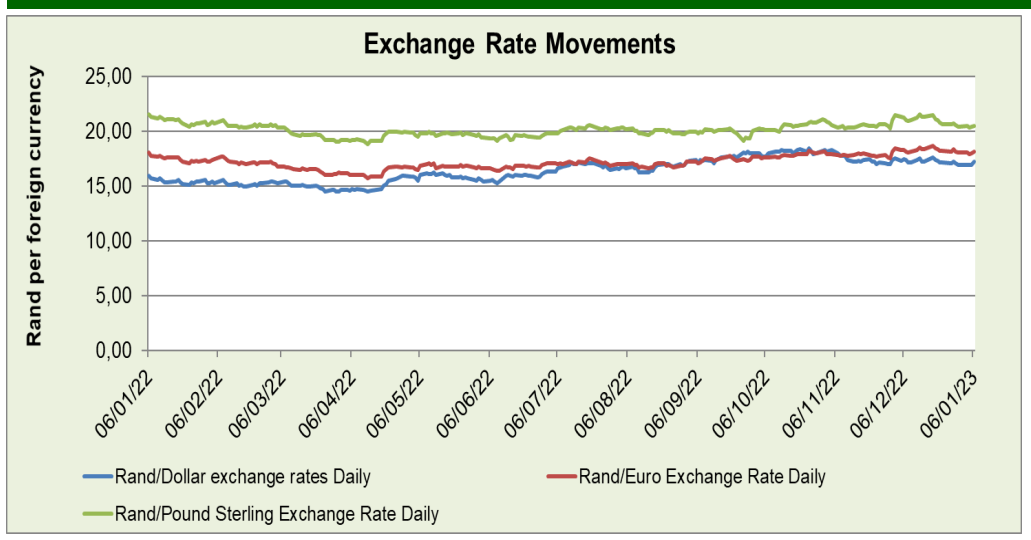
Sub-directorate: Economic Analysis



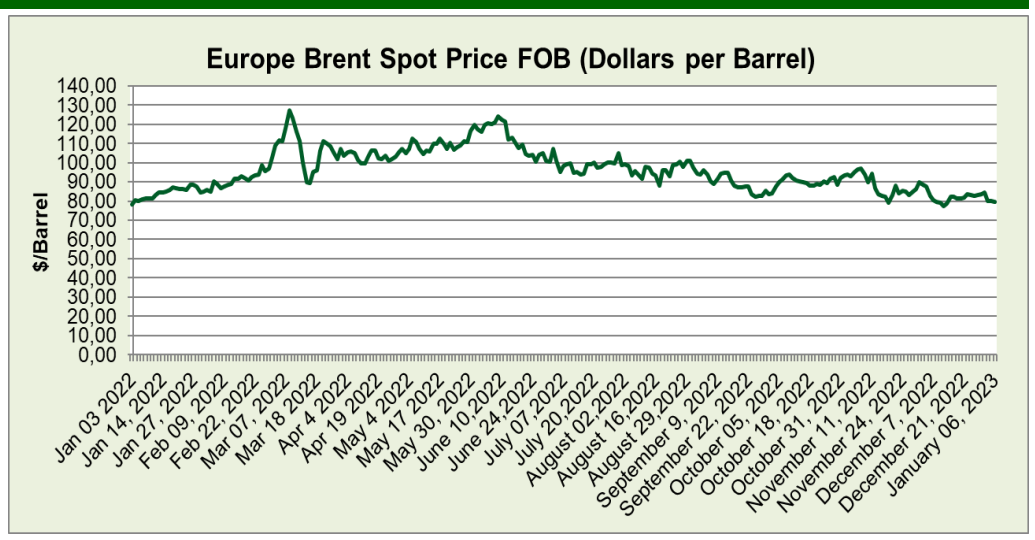
The International and local market traded marginally weaker this week when compared to the previous week. The prices of domestic grains reported a decrease with the prices of white maize, yellow maize, soybeans and sunflower decreased by 1.5%, 1.5%, 0.3% and 2.5% respectively, while price of wheat increased by 0.6% when compared the previous week. Internationally, the grain price of US corn, US wheat and US soybean decreased by 2.2%, 1.68% and 0.8% respectively, week on week. War in Ukraine continues to inject volatility into grain futures, which shot up grain prices early last year. The grain prices, which surged following Russia's invasion of Ukraine, have settled to where they were before the war. The decline tracks with an overall easing of prices for commodities from natural gas to cotton and lumber, which have slipped in recent months after surging.

Spot price trends of major grains commodities

	1 year ago Week 1 (02-01-22 to 07-01-22)	Last week Week 52 (28-12-22 to 30-12-22)	This week Week 1 (03-01-23 to 06-01-23)	w-o-w % change
RSA White Maize per ton	R 3 773.80	R 4 812.67	R 4 742.50	-1.5%
RSA Yellow Maize per ton	R 3 955.20	R 4 650.00	R 4 582.50	-1.5%
USA Yellow Maize per ton	$ 236.02	$ 267.26	$ 261.31	-2.2%
RSA Wheat per ton	R 6 001.40	R 6 613.00	R 6 654.50	0.6%
USA Wheat per ton	$ 279.64	$ 285.84	$ 281.04	-1.7%
RSA Soybeans per ton	R 8 110.20	R 10 604.00	R 10 574.00	-.0.3%
USA Soybeans per ton	$ 500.64	$ 550.82	$ 546.67	-0.3%
RSA Sunflower seed per ton	R 11 458.60	R 11 300.00	R 11 017.75	-2.5%
Crude oil per barrel	$ 80.27	$ 83.26	$ 81.09	-2.6%



The South African rand appreciated by 0.4% against the US dollar, by 0.9% against the Euro and by 0.8% against the Pound sterling respectively. The rand gained strength against the US dollar on last week in just over four months, as emerging market currencies fared well ahead of the release of minutes from the US Federal Reserve's last meeting.



Brent crude oil price averaged $81.09/barrel in the reporting week which is 2.6% lower than $83.26/barrel reported in the previous week. The price of Brent Crude dipped to below year-ago levels for the first time in two years, possibly suggesting that broader inflation has peaked and could fall rapidly in the coming months.

National South African Price information (RMAA) : Beef

Week 51 (19/12/2022 to 25/12/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 52 (26/12/2022 to 01/01/2023)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	8 008	59,99	64,14	Class A2	5 522	57,54	64,63
Class A3	774	56,12	64,10	Class A3	3004	57,93	62,87
Class C2	482	48,14	54,80	Class C2	325	50,50	56,20

Units sold for class A2 and class C2 beef decreased by 31.0% and 32.6% respectively, whilst the unit sold for class A3 beef increased by 288% in the reporting week compared to the previous week. The weekly average purchase prices for class A2 beef decreased by 4.1%, whilst average purchase price for class A3 and class C2 beef increased by 3.2% and 4.9% respectively in the reporting week compared to the previous week. The weekly he weekly average selling prices for class A3 and class C2 beef increased by 0.8% and 2.6% respectively in the reporting week compared to the previous week whilst, the weekly average selling price for class A2 beef decreased by 1.9% week-on-week.

National South African Price information (RMAA) : Lamb

Week 51 (19/12/2022 to 25/12/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 52 (26/12/2022 to 01/01/2023)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	17 512	88,59	90,50	Class A2	13 106	90,43	93,35
Class A3	2283	88,21	90,62	Class A3	1599	88,97	93,59
Class C2	1768	64,48	71,02	Class C2	1019	66,92	73,66

Units sold for class A2, class A3 and class C2 lamb decreased by 25.2%, 30.0% and 42.4% respectively in the reporting week compared to the previous week. The weekly average purchase prices for class A2, class A3 and class C2 lamb increased by 2.1%, 0.9% and 3.8% respectively in the reporting week compared to the previous week. The weekly average selling prices for class A2, class A3 and class C2 lamb increased by 3.1%, 3.3% and 3.7% respectively in the reporting week compared to the previous week.

National South African Price information (RMAA) : Pork

Week 51 (19/12/2022 to 25/12/2022)	Units	Avg Purchase Price	Week 52 (26/12/2022 to 01/01/2023)	Units	Avg Purchase Price
Pork					
Class BP	13 160	37,12	Class BP	8 569	37,41
Class HO	6 491	37,14	Class HO	4 178	37,11
Class HP	4 304	36,71	Class HP	4 333	36,31

Units sold for class BP and HO class pork decreased by 34.9% and 35.6% respectively in the reporting week compared to the previous week whilst, units sold for class HP pork increased by 0.7% week-on-week. Meanwhile, the weekly average purchase prices for class HO and class HP pork decreased by 0.1% and 1.1% respectively in reporting week compared to the previous week whilst, the weekly average purchase price for class BP pork increased by 0.8% week-on-week.

Latest News Developments

Motorists can breathe a sigh of relief following the announcement earlier this week by the Department of Mineral Resources and Energy (DMRE) of a substantial drop in the price of both petrol and diesel from Wednesday, 4 January. The department also confirmed a slate levy decrease of 21.9 cents per litre which will be implemented for petrol and diesel, from 4 January onwards. The official figures published by the DMRE show that both the retail prices of 93 and 95 unleaded petrol will decline by R2.06 per litre from Wednesday, 4 January 2023, and wholesale diesel prices will see an even more significant decline, with 50ppm reducing by around R2.81 and 500ppm by about R2.69. That means a litre of 95 unleaded petrol will cost R21.40 inland and R20.75 on the coast. The DMRE said the main reasons for the fuel price adjustment were an average Brent Crude oil price decrease from $88.77 per barrel to $85.08 per barrel during the period under review. Oil prices also continue to drop, in response to fears of a global economic recession. However, for millions of South Africans who are battling to put enough food on the table, the hope of a corresponding drop in the price of basic foodstuffs is set to be dashed. According to the latest food inflation brief from the Bureau for Food and Agricultural Policy (BFAP) food prices in South Africa remain at elevated levels and consumers should expect higher prices going into 2023. The BFAP says that food inflation would likely remain high over the next three months as the full effects of persistently increasing commodity prices and weaker exchange rates filter through to retail markets. CEO of Debt Rescue Neil Roets, says that although any financial relief is good news for South African consumers, it is small comfort to the millions of families who are heading into 2023 in a far worse position financially than in 2022.

Farm sales in South Africa looking bullish since recovering following the COVID-19 pandemic-induced slowdown in transactions, according to Johann Bornman, chairperson of Agri Development Solutions. In terms of size, sales of farms smaller than 50ha increased from 1 054 to 1 360, while sales of those larger than 600ha rose from 651 to 706. The exception was September 2021, when a high number of transactions were processed to get rid of the glut that built up during the COVID-19 pandemic at some of the provincial offices. The average price of farmland had stabilised at around R14 900/ha this year, showing a slight upward trend. The Western Cape was the exception, with prices and sales in almost all districts, especially where intensive agricultural production was practised, being under pressure. In the other provinces, sales and prices were down only in the western parts of North West such as in the Delareyville, Vryburg and Coligny areas; the southern parts of the Northern Cape such as in the Colesberg, Carnarvon and Barkly West regions; most parts of the Karoo; and in the Graaff-Reinet, Tarkastad, Cradock, East London, Aberdeen and Fort Beaufort areas of the Eastern Cape. Bornman pointed out that most of these regions had suffered drought over the past few years, which had negatively affected sales. In Gauteng, sales were only down in the Carletonville district, and in Mpumalanga in the Middelburg and Amsterdam areas. In Limpopo, the north-western parts surrounding Ellisras and Thabazimbi, and in KwaZulu-Natal, parts such as the Ballito and Newcastle areas, were the only districts that saw price pressure or lower sales figures.

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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.