



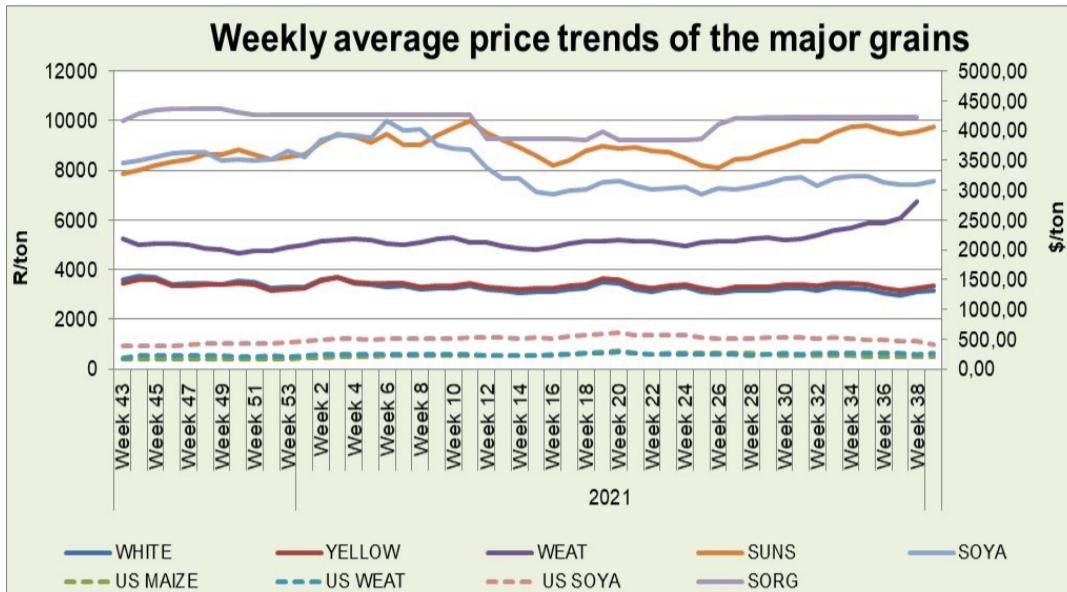
# agriculture, land reform & rural development

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

## Weekly Price Watch: 24 September 2021

Directorate: Statistics & Economic Analysis

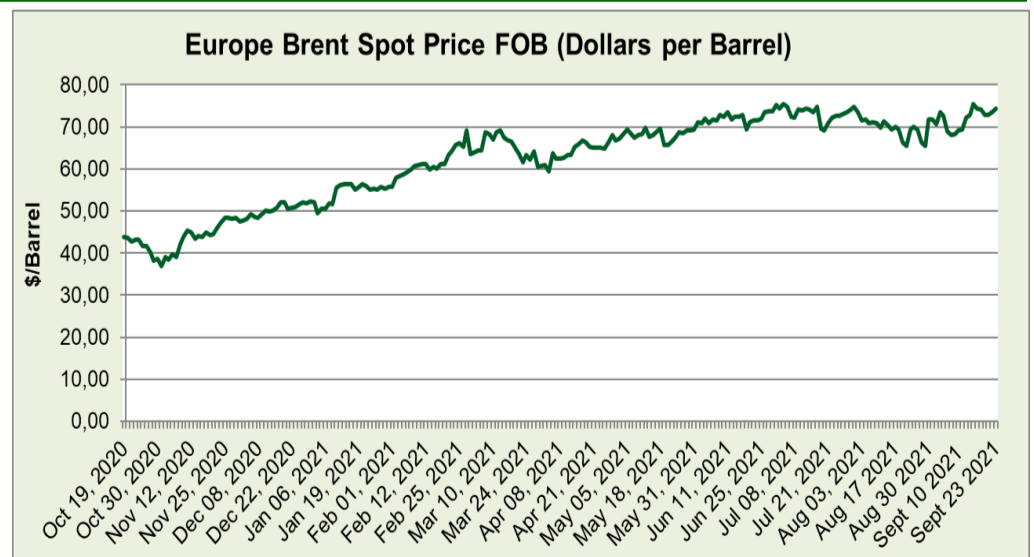
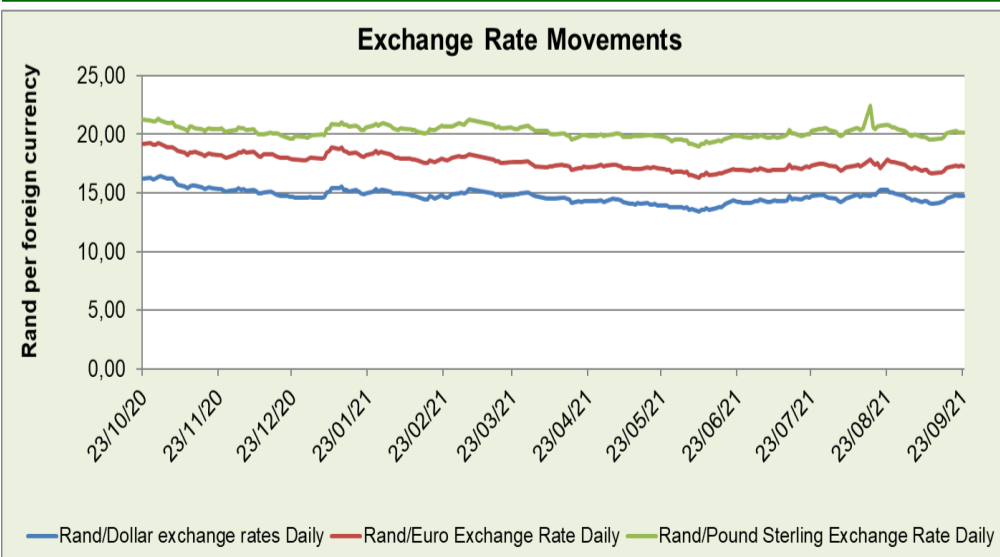
Sub-directorate: Economic Analysis



The price of local and international maize increased this week relation to the previous week. International prices increase as US department of agriculture reported that 30% of US Maize remains in some level of drought. Local prices received a boost from the high international prices as well as the weaker exchange rate. The price of local maize increased by 3.0% and 3.0% whilst the USA maize price increased by 1.9%. The price of local wheat increased by 11.0% this week, while the US wheat price increased 1.3%. The local wheat price increased due to inter-alia, the weaker exchange rate. The price of local soybeans increased by 2.3% , whilst the US soybeans price decreased by 14.4% as a result of an increased demand of soymeal. The price of local sunflower seed increased by 2.2% compared to last week. The price of sorghum remained the same again this week.

### Spot price trends of major grains commodities

	1 year ago Week 38 (21-09-20 to 25-09-20)	Last week Week 37 (13-09-21 to 17-09-21)	This week Week 38 (20-09-21 to 24-09-21)	w-o-w % change
RSA White Maize per ton	R3 268.00	R3 086.60	R3 178.25	3.0%
RSA Yellow Maize per ton	R3 168.00	R3 234.40	R3 332.00	3.0%
USA Yellow Maize per ton	\$144.50	\$201.96	R205.82	1.9%
RSA Wheat per ton	R4 922.00	R6 061.00	R6 728.75	11.0%
USA Wheat per ton	\$199.77	\$254.24	\$257.67	1.3%
RSA Soybeans per ton	R7 295.80	R7 401.00	R7 573.60	2.3%
USA Soybeans per ton	\$371.52	\$471.38	\$403.40	-14.4%
RSA Sunflower seed per ton	R7 687.60	R9 531.40	R9 743.75	2.2%
RSA Sweet Sorghum per ton	R3 800.00	R4 230.00	R4 230.00	0.0%
Crude oil per barrel	\$44.00	\$73.80	\$73.40	-0.5%



The rand depreciated against the US dollar, Euro and British pound by 2.8%, 2.2% and 1.7% respectively compared to the previous week. The rand slipped besides recording a current account surplus as news of contractions in retail sales created uncertainty in markets. Retail sales contracted by 0.8% on a year-on-year basis and declined by 11.2% on a month-on-month basis.

The crude oil price decreased by 0.5% this week compared to last week, due to oil supply disruptions in the US Gulf of Mexico where it is estimated that most of the production was offline as a result of Hurricane in the US. Predictions are that, it would take weeks for supply to return to normal.



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

Week 36 (06/09/2021 to 12/09/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 37 (13/09/2021 to 17/09/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 546	51.89	52.97	Class A2	8 645	51.95	53.00
Class A3	576	50.32	52.02	Class A3	617	50.77	52.28
Class C2	620	44.60	46.76	Class C2	588	44.9	46.90

The quantities of beef traded this week increased by 14.6% and 7.1% respectively for class A2 and A3 as compared to the previous week. Class C2 units decreased by 5.2%. The producer price for class A2, A3 and C2 increased by 0.1%, 0.89% and 0.7% respectively as compared to the previous week. The market prices for class A2, A3 and C2 increased by 0.1%, 0.5% and 0.3% respectively.

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

Week 36 (06/09/2021 to 12/09/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 37 (13/09/2021 to 17/09/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 315	88.78	89.13	Class A2	6 347	85.5	85.55
Class A3	1 148	85.22	85.14	Class A3	1 276	82.51	85.16
Class C2	419	68.04	71.84	Class C2	447	68.27	72.29

The quantities of lamb traded this week increased compare to last week, class A2, A3 and C2 quantities increased by 0.5%, 11.1% and 6.7% respectively. The producer prices for class A2, and A3 decreased by 3.7% and 3.2% respectively. Class C2 increased by 0.3% The market prices for Class A2 decreased by 4.02%. Class A3 was unchanged from the previous week. Market price for class also increased by 0.6%.

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

Week 36 (06/09/2021 to 12/09/2021)	Units	Avg Purchase Price	Week 37 (13/09/2021 to 17/09/2021)	Units	Avg Purchase Price
Class BP	9 346	25.55	Class BP	9 824	25.75
Class HO	7 362	24.79	Class HO	7 200	24.04
Class HP	7 199	25.19	Class HP	6 993	25.35

The quantities of pork supplied to the market increased by 5.1% for class BP, whilst decreasing by 2.2% and 2.9% for class HO and HP respectively. The producer prices increased by 0.8%, 0.2% and 0.6% for class BP, HO and HP respectively.

## Latest News Developments

Farmers are not being deterred from purchasing new machinery by rising input costs and the weaker rand/US dollar exchange rate, says Paul Makube, senior agricultural economist at FNB Agriculture. Following two exceptional seasons of good rainfall across South Africa, the current lower interest rates have now prompted the replacement and replenishment of agricultural machinery and equipment. This was according to Paul Makube, senior agricultural economist at FNB Agriculture, who said the availability of the relatively cheaper credit and the record-high grain and oilseed prices that boosted farmers' revenues, underpinned the 33% year-on-year (y/y) increase in total machinery sales to 3 539 units during the first half of 2021.

According to sales statistics released by the South African Agricultural Machinery Association (SAAMA), June tractor sales of 633 units was an almost 43% increase on the 444 units sold in June last year, while combine harvester sales increase by 13 units to 30, compared with the 17 units sold in June last year. On a year-to-date basis, combine harvester sales stood at 154 units, almost 32% up on last year, while tractors sales were at 3 385 units, up 27% during the first six months of the year compared with the corresponding period last year. Makube added that it was clear that rising input costs, due to increasing Brent Crude oil prices combined with the weaker rand/US dollar exchange rate, had not deterred farmers from purchasing new machinery. "The surge in crude oil prices to above US\$70/barrel [about R999/barrel] raised the cost of all its derivatives such as fuel, fertiliser, pesticides, and herbicides." Wandile Sihlobo, chief economist at Agbiz, said in a recent newsletter that with the 2020/2021 summer grains and oilseeds season drawing to a close, farmers' focus would increasingly shift to the 2021/2022 production season, which would commence in October. "The positive sentiment about the upcoming 2021/2022 production season is also an essential factor behind the higher levels of tractor sales." Sihlobo added that the Agbiz/IDC Agribusiness Confidence Index, which measured the business sentiment among agribusinesses and major farming entities, reached a record high of 75 points in the second quarter of this year, up from 64 in quarter one of 2021.

Karel Munnik, chairperson of SAAMA, said that with excellent summer crops being harvested overall, and good prospects for winter crops, optimism within the agricultural machinery industry continued to be at a high level. "The current exceptional sales levels indicate that farmers are taking the opportunity to replace equipment. This is likely to continue in the short term. Current forecasts are that tractor sales for the 2021 calendar year will be between 15% and 20% up on last year."

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