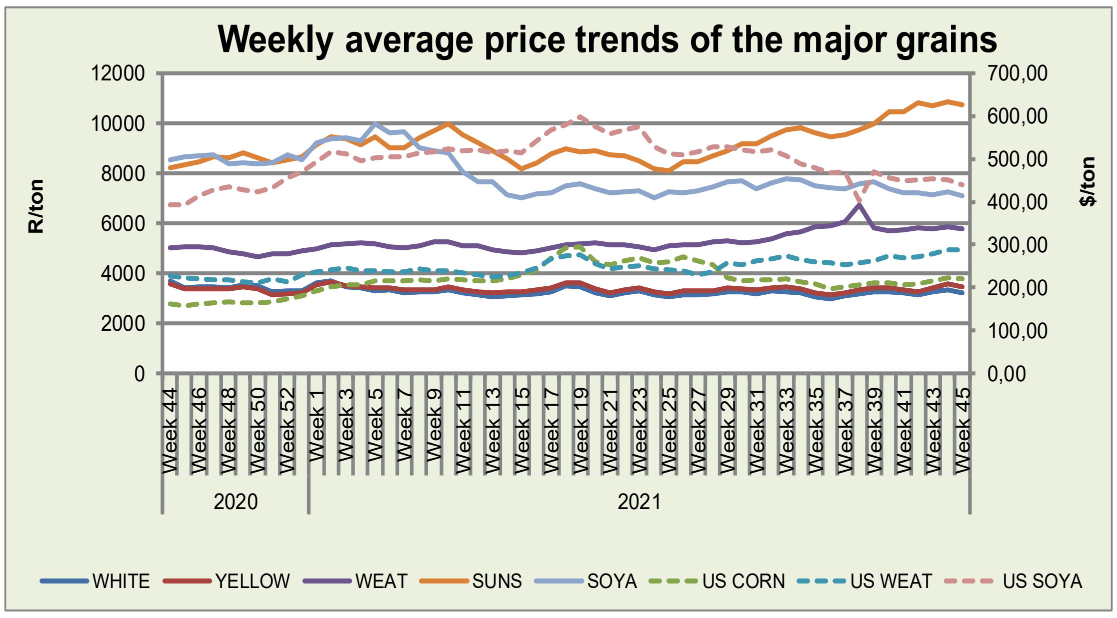
agriculture, forestry & fisheries

Department: Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 12 November 2021

Directorate: Statistics & Economic Analysis

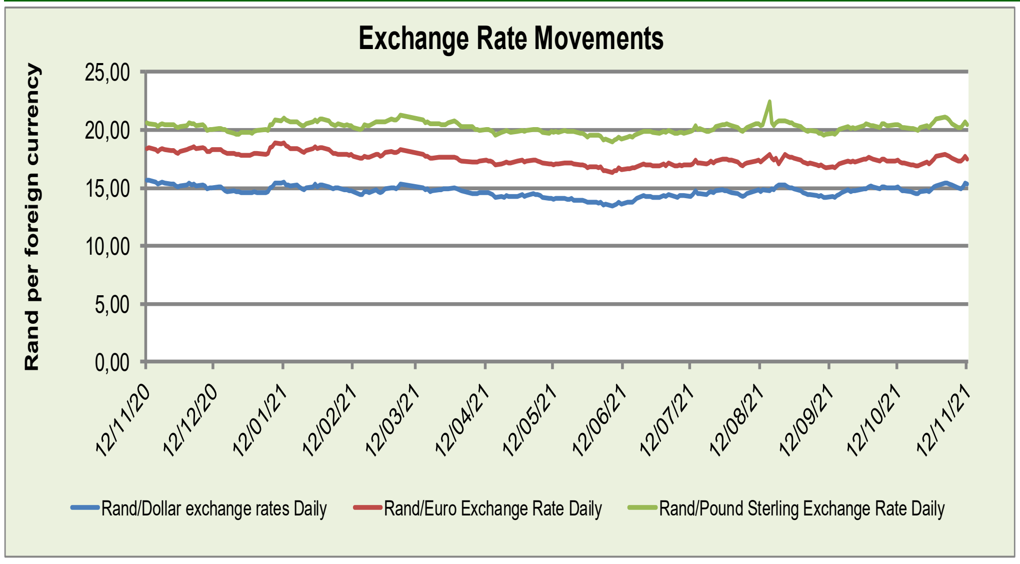
Sub-directorate: Economic Analysis



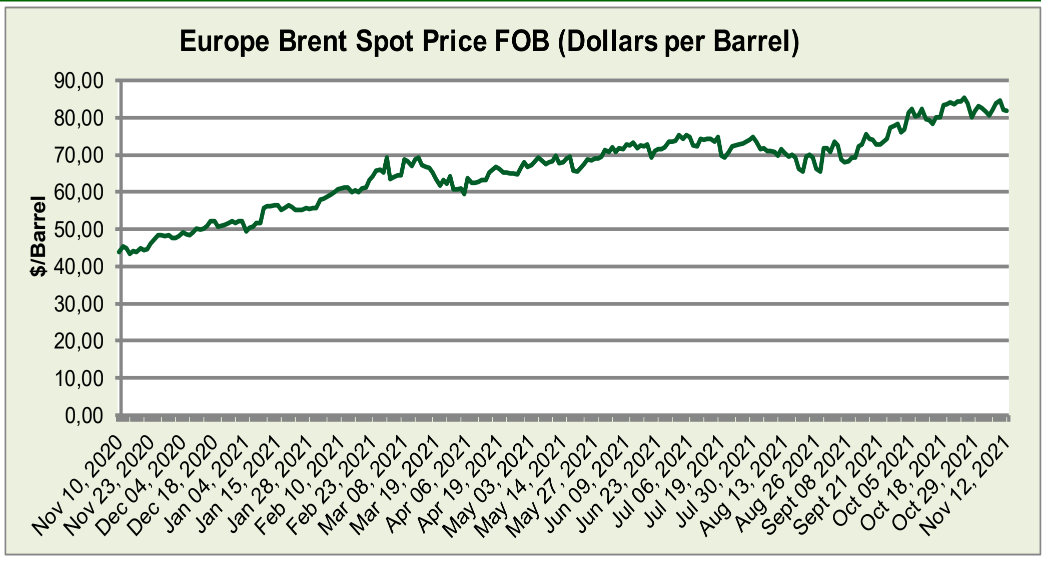
Domestic grain prices traded lower this week compared to the previous week, while farmers and agribusinesses waited to see some of the undertakings made in Finance Minister, Enoch Godongwana's medium-term budget address. Local white and yellow maize prices decreased by 4.1% and 3.2% respectively this week compared to the previous week while wheat prices, soybean and sunflower seed prices decreased by 1.6%, 2.2% and 0.8% respectively week-on-week. Meanwhile, local sweet sorghum prices remained unchanged this week compared to the previous week. On the international front, US yellow maize prices decreased by 1.6% week-on-week, while last week's crop progress report showed 84% of the anticipated 2021 US corn acres harvested and there's expectations of higher production forecasts for the 2021/22 season. US wheat prices decreased by 0.02% week-on-week, after the USDA data showed that US wheat sales dropped while exports surged. US soybean prices decreased by 2.7% week-on-week, as a result of low Chinese import demand and favourable planting conditions in Brazil.

Spot price trends of major grains commodities

	1 year ago Week 45 (09-11-20 to 13-11-20)	Last week Week 44 (01-11-21 to 05-11-21)	This week Week 45 (08-11-21 to 12-11-21)	w-o-w % change
RSA White Maize per ton	R 3 421.40	R 3 354.25	R 3 216.80	-4.1%
RSA Yellow Maize per ton	R 3 373.80	R 3 571.75	R 3 457.00	-3.2%
USA Yellow Maize per ton	$ 158.35	$ 223.93	$ 220.27	-1.6%
RSA Wheat per ton	R 5 043.00	R 5 869.00	R 5 772.60	-1.6%
USA Wheat per ton	$ 222.59	$ 288.73	$ 288.67	-0.02%
RSA Soybeans per ton	R 8 661.80	R 7 259.50	R 7 103.00	-2.2%
USA Soybeans per ton	$ 392.91	$ 452.06	$ 439.84	-2.7%
RSA Sunflower seed per ton	R 8 338.20	R 10 844.50	R 10 753.20	-0.8%
RSA Sweet Sorghum per ton	R 4 348.00	R 4 230.00	R 4 230.00	0.0%
Crude oil per barrel	$ 38.61	$ 82.01	$ 82.89	1.1%



The rand appreciated by 1.4% against the US dollar week-on-week, ahead of domestic inflation data and a monetary policy meeting by the South African Reserve Bank in the coming week. The rand appreciated by 2.3% against the Pound Sterling week-on-week, in the wake of the November decision to keep interest rates unchanged. The rand appreciated by 1.8% against the Euro week-on-week, after the Bank of England defied market expectations when it kept interest rates unchanged at its latest policy review meeting.



Brent crude oil averaged $82.89 week-on-week, 1.1% more than $82.01 reported the previous week, amid worries that the US Federal Reserve will accelerate plans to boost interest rates to tame inflation. Meanwhile, the Organisation of the Petroleum Exporting Countries in its monthly report indicated that it expects oil demand to average 99.49 million barrels per day in the fourth quarter of 2021, compared with 99.82 million barrels per day from last month's forecast, as higher energy prices could hurt demand.


National South African Price information (RMAA) : Beef

Week 43 (25/10/2021 to 31/10/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 44 (01/11/2021 to 07/11/2021)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	8 194	53.26	54.64	Class A2	7 858	54.00	54.60
Class A3	705	51.26	54.14	Class A3	649	52.21	54.28
Class C2	299	46.25	48.47	Class C2	486	46.73	48.69

Units sold for class A2 and A3 beef decreased by 4.1% and 7.9% respectively in the reporting week compared to the previous week while units sold for class C2 beef increased by 62.5% week-on-week. The weekly average purchase prices for class A2, A3 and C3 beef increased by 1.4%, 1.9% and 1.0% respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class A3 and C2 beef increased by 0.3% and 0.5% respectively in the reporting week compared to the previous week while, the weekly average selling price for class A2 beef decreased by 0.1%. Expectations are that good seasonal demand will boost beef prices. Meanwhile, good rains during the last half of October had a slightly negative effect on the number of animals that were marketed and therefore, the current beef prices are suggestive of restricted supply as consumer demand is constrained.

National South African Price information (RMAA) : Lamb

Week 43 (25/10/2021 to 31/10/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 44 (01/11/2021 to 07/11/2021)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	10 535	84.68	85.80	Class A2	5 131	84.78	85.89
Class A3	1 817	83.17	84.98	Class A3	764	83.12	83.37
Class C2	735	69.68	71.46	Class C2	666	70.16	71.88

Units sold for class A2, A3 and C2 lamb decreased by 51.3%, 58.0% and 9.4% respectively in the reporting week compared to the previous week. The decrease in units sold affected the direction of lamb prices. The weekly average purchase prices for class A2 and C2 lamb increased by 0.1% and 0.7% respectively in the reporting week compared to the previous week, while the weekly average purchase price for class A3 lamb prices decreased by 0.1% week-on-week. During the same period, the weekly average selling prices for class A2 and C2 lamb increased by 0.1% and 0.6% respectively in the reporting week compared to the previous week, while the weekly average selling price for class A3 lamb decreased by 1.9% week-on-week. Lamb prices are expected to increase as demand increases towards December. Historical seasonal trend suggest that lamb prices follow an upward trend during the fourth quarter of every year underpinned by increases in demand as we approach the festive season.

National South African Price information (RMAA) : Pork

Week 43 (25/10/2021 to 31/10/2021)	Units	Avg Purchase Price	Week 44 (01/11/2021 to 07/11/2021)	Units	Avg Purchase Price
Pork					
Class BP	13 146	27.57	Class BP	10 523	27.70
Class HO	7 281	26.98	Class HO	6 096	27.49
Class HP	7 065	27.16	Class HP	7 238	27.53

Units sold for class BP and class HO pork decreased by 20.0% and 16.3% respectively in the reporting week compared to the previous week while units sold for class HP pork increased by 2.4% week-on-week. Meanwhile, the weekly average purchase prices for class BP, class HP and class HO pork increased by 0.5%, 1.9% and 1.4% respectively in the reporting week compared to the previous week. According to historical price trends, pork prices follow an upward trajectory throughout the fourth quarter of every year to peak in December. Therefore, pork prices are expected to follow an upward trend as demand improves in the medium term due to improved competitiveness as pork is still selling at a discount relative to other red meat types.

Latest News Developments

Finance Minister, Enoch Godongwana tabled the 2021 Medium Term Budget Policy Statement which did not deviate from the fiscal consolidation path and showed debt ratios stabilising at lower levels than previously estimated. According to the Finance Minister, National Treasury forecast the 2021 GDP growth to be at 5.1%, from the modest 3.1% announced in February's National Budget. This is attributed to favourable terms of trade caused by the surge in global commodity prices and the robust rebound in global demand in the first half of 2021. However, due to the prolonged third wave of Covid-19 infections, tighter lockdown measures, the July unrest as well as the renewed power outages, National Treasury expects GDP growth to likely moderate in the second half of this year.

For the agricultural sector, although Finance Minister committed himself to accelerating economic reform for long-term economic growth in South Africa, farmers and agribusinesses indicated that in the short term, they will continue to lose out on opportunities due to the country's poor infrastructure, difficulties experienced at harbours, as well as rolling blackouts, reported industry stakeholders. Meanwhile, Agbiz and Agri SA indicated they hope Treasury will intervene with the Land Bank liquidity challenges, as well as with Transnet Freight Rail in achieving its objective to allow third-party access to the freight rail network by the end of 2022.

The South African Canegrowers Association has called on Finance Minister, Enoch Godongwana to scrap the Health Promotion Levy (HPL), also called the sugar tax, to enable the Sugar Industry Value Chain Masterplan to succeed. According to the South African Canegrowers Association, prior to the implementation of the sugar tax, the industry faced difficult years owing to drought, falling world sugar prices and cheap sugar imports. Thereafter, while the industry had just begun to recover from the challenges of the previous years, the upswing was halted by the implementation of the sugar tax, reported the Canegrowers Association. According to the South African Canegrowers Association, the impact of the sugar tax on the industry directly resulted in 16 621 job losses and a loss of more than R2-billion in contribution to GDP within the first year of its implementation. The Association further indicated that knowing that there was an intention to develop the Masterplan, the sugar tax was implemented before the development of the master plan. The Canegrowers Association indicated that the sugar tax at its current levels already undermines the Masterplan, as evidenced by the loss of jobs, investment and revenue. The real question is not whether the sugar tax has had a negative impact on jobs but whether the purported benefits of the tax justify its devastating consequences, reported the SA Canegrowers Association.

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.