



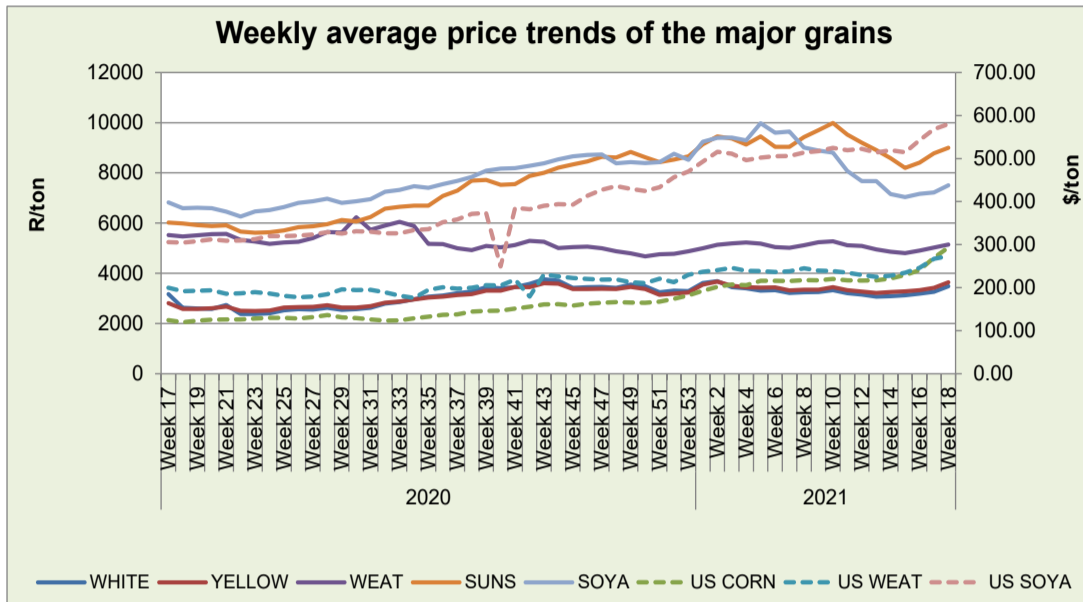
agriculture, land reform & rural development

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

Weekly Price Watch: 07 May 2021

Directorate: Statistics & Economic Analysis

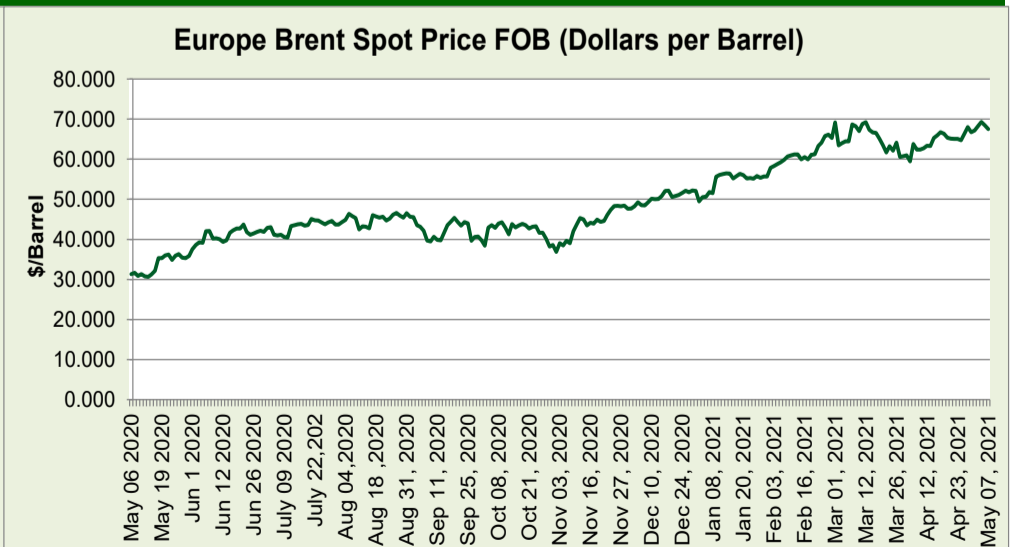
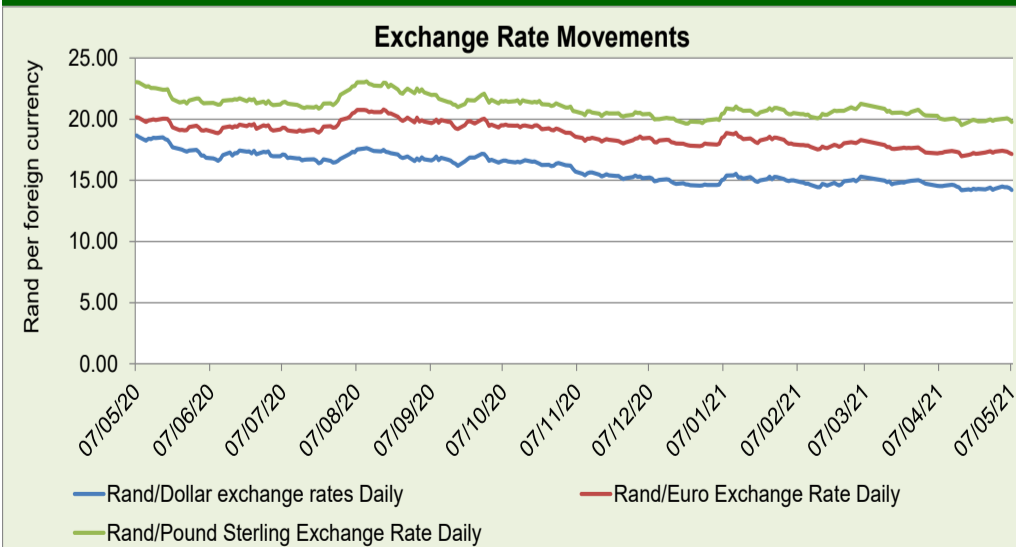
Sub-directorate: Economic Analysis



Domestic grain prices strengthened this week compared to the previous week, supported by higher international grain prices. Local white and yellow maize prices increased by 6.6% and 6.2% respectively this week compared to the previous week, as harvesting gains momentum. The weaker domestic currency, growing demand for SA's maize in the Southern Africa region and the Far East provided support to the domestic maize prices. Local wheat, soybean and sunflower seed prices increased by 2.4%, 4.0% and 2.5% respectively week-on-week, on the back of a large summer grain crop. Meanwhile, local sweet sorghum prices decreased by 0.2% this week compared to the previous week. On the international front, US yellow maize prices increased by 8.9% week-on-week, as the outlook for Brazil's crop dried up in the excessive heat. US wheat prices increased by 2.5% week-on-week, supported by strong global livestock demand. US soybean prices increased by 2.1% week-on-week, with the Chinese demand being the main driver of US soybean prices.

Spot price trends of major grains commodities

	1 year ago Week 18 (27-04-20 to 01-05-20)	Last week Week 17 (26-04-21 to 30-04-21)	This week Week 18 (03-05-21 to 07-05-21)	w-o-w % change
RSA White Maize per ton	R 2 628.67	R 3 266.25	R 3 483.40	6.6%
RSA Yellow Maize per ton	R 2 580.67	R 3 421.25	R 3 638.20	6.3%
USA Yellow Maize per ton	\$ 119.73	\$ 269.58	\$ 293.64	8.9%
RSA Wheat per ton	R 5 470.67	R 5 028.50	R 5 149.20	2.4%
USA Wheat per ton	\$ 191.92	\$ 266.98	\$ 273.71	2.5%
RSA Soybeans per ton	R 6 589.67	R 7 219.75	R 7 508.60	4.0%
USA Soybeans per ton	\$ 304.55	\$ 568.54	\$ 580.23	2.1%
RSA Sunflower seed per ton	R 5 980.00	R 8 775.75	R 8 996.00	2.5%
RSA Sweet Sorghum per ton	-	R 3 850.20	R 3 842.88	-0.2%
Crude oil per barrel	\$ 26.89	\$ 66.47	\$ 68.14	2.5%



The rand depreciated by 0,6% against the US dollar week-on-week, ahead of Moody's review of SA's credit rating. The rand depreciated by 0,3% against the Pound Sterling week-on-week, as inflation forecasts disappointed markets. The rand appreciated by 0,05% against the Euro week-on-week, as the Bank of England reduced the scale of its quantitative easing programme and issued a sizeable upgrade to their 2021 economic growth forecasts.

Brent crude oil averaged \$68.14 week-on-week, 2.5% more than \$66.47 reported the previous week, as strong economic data from China and the U.S. as well as rising vaccination rates provided optimism. The easing restrictions on movement in the United States and Europe, recovering factory operations and coronavirus vaccinations paved the way for a revival in fuel demand.



National South African Price information (RMAA) : Beef

Week 16 (19/04/2021 to 25/04/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 17 (26/04/2021 to 02/05/2021)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	7 491	52.35	54.85	Class A2	7 909	51.90	55.19
Class A3	456	52.26	54.87	Class A3	568	51.64	55.38
Class C2	609	45.03	46.41	Class C2	812	44.12	47.15

Units sold for class A2, A3 and C2 beef increased by 5.6%, 24.6% and 33.3% respectively in the reporting week compared to the previous week. The weekly average purchase prices for class C2 beef increased by 2.0% in the reporting week compared to the previous week while weekly average purchase prices for class A2 and A3 beef decreased by 0.9% and 1.2% respectively week-on-week. During the same period, the weekly average selling prices for class A2, A3 and C2 beef increased by 0.6%, 0.9% and 1.6% respectively in the reporting week compared to the previous week. Beef prices continue to enjoy strong demand and supply-induced tightness as most producers have opted to hold on to their stock to take advantage of good pasture conditions and increased availability of fodder from harvested maize lands.

National South African Price information (RMAA) : Lamb

Week 16 (19/04/2021 to 25/04/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 17 (26/04/2021 to 02/05/2021)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	7 427	85.19	85.12	Class A2	7 719	85.95	87.68
Class A3	835	81.89	81.07	Class A3	651	86.13	86.68
Class C2	488	55.09	58.72	Class C2	661	64.81	68.89

Units sold for class A2 and C2 lamb increased by 3.9%, and 35.5% respectively in the reporting week compared to the previous week while units sold for class A3 lamb decreased by 22.0% week-on-week. The weekly average purchase prices for class A2, A3 and C2 lamb increased by 0.9%, 5.2% and 17.6% respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class A2, A3 and C2 lamb increased by 3.0%, 6.9% and 17.3% respectively in the reporting week compared to the previous week. Lamb prices are expected to retain their current momentum in the coming three months due to tight supplies that continue to provide price support.

National South African Price information (RMAA) : Pork

Week 16 (19/04/2021 to 25/04/2021)	Units	Avg Purchase Price	Week 17 (26/04/2021 to 02/05/2021)	Units	Avg Purchase Price
Pork					
Class BP	6 850	29.07	Class BP	9911	28.81
Class HO	6 788	29.02	Class HO	7382	28.69
Class HP	4 486	29.00	Class HP	4493	28.23

Units sold for class BP, HO and HP pork increased by 44.7%, 8.8% and 0.2% respectively in the reporting week compared to the previous week on the back of improved uptake and spill over gains in the red meat complex. Meanwhile, the weekly average purchase prices for class BP, HO and class HP pork decreased by 0.9%, 1.1% and 2.7% respectively in the reporting week compared to the previous week. Pork is still finding demand support as a value meat option compared to other meats in a time where consumer income is under pressure.

Latest News Developments

National Treasury reported that South Africa recorded a shortfall of R551,9 billion (11,2%) of the Gross Domestic Product for the 2020/21 financial year compared with a previously revised estimate of 12,3% of the GDP that was initially presented by Finance Minister, Tito Mboweni. The better-than-expected outcome means the deficit on the consolidated budget which includes total spending by provinces, social security funds as well as various public entities could end up being less than Treasury's projection of 14% of the GDP. However, the deficit will remain wide and is expected to further raise the public debt stock over the next three years. According to Nedbank, subdued revenue growth will place an even more significant burden on expenditure cuts to narrow the budget shortfall. Meanwhile, government has bid to reduce its expenditure in line with its fiscal consolidation plans with the current budget expected to be under "severe pressure" for a protracted period. Deputy Finance Minister, David Masedo noted how government debt has the potential to destabilise the economy and to slow growth unless spending is kept under better control. According to David Masedo, government spending reviews are expected to be the basis for implementation of a zero-based budgeting that will be piloted by National Treasury and the Department of Public Enterprises. With the zero-based budgeting, funds will be allocated according to programme efficiency and necessity rather than budget history.

In light of the hard lockdown last year, total vehicle sales declined by 1% compared to the 2017-2019 average, with only 574 vehicles sold. By the same comparison, commercial vehicle sales went up by 4.7% while light vehicle and heavy commercial vehicle sales were offset by weak passenger sales which decreased by 3.9%. Meanwhile, the latest TransUnion South Africa Vehicle Pricing Index (VPI) revealed some bad news for prospective car buyers. New-vehicle prices rose by almost three times the current inflation rate in the first quarter of 2021 and vehicle prices are expected to continue increasing in coming months. Similarly, the prices of used vehicles increased in real terms for the first time since 2010, which suggests ongoing hardship for consumers. According to the TransUnion VPI report, new-vehicle finance deals were down 5% in the first quarter of 2021 compared with the same period last year while used-vehicle finance deals went up by 7.4%. According to the TransUnion, the combination of low interest rates and low inflation has not been enough to lure consumers to the new-vehicle market while demand for quality used vehicles remains high.

Despite having proven to be resilient in 2020 by producing 2.6-million tonnes, the South African Potato industry is appealing to more stakeholders to form partnerships to drive growth and transformation to help ensure food security and contribute to better nutrition in communities. Potatoes South Africa (PSA) CEO, Willie Jacobs, highlighted that if the agricultural sector is to stimulate South Africa's economy, all-round and continued involvement from all role-players will be required to optimise the potato industry's impact.

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