



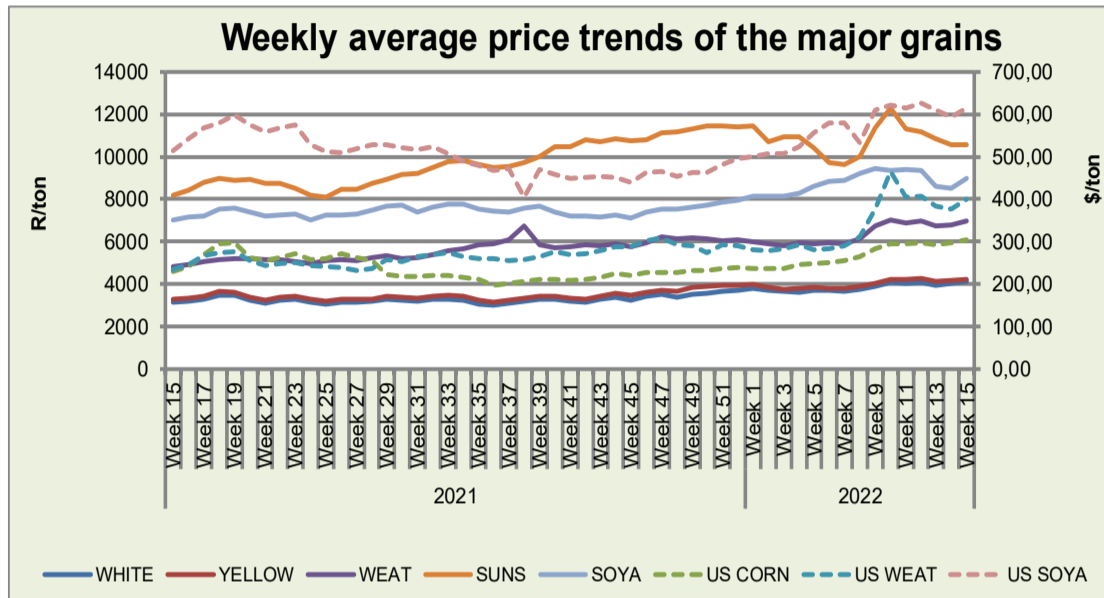
agriculture, land reform & rural development

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

Weekly Price Watch: 14 April 2022

Directorate: Statistics & Economic Analysis

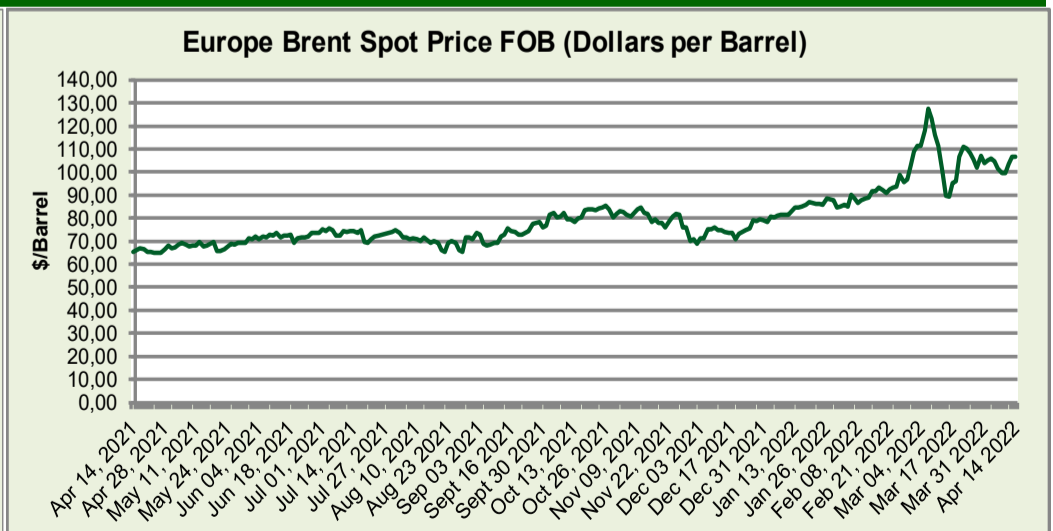
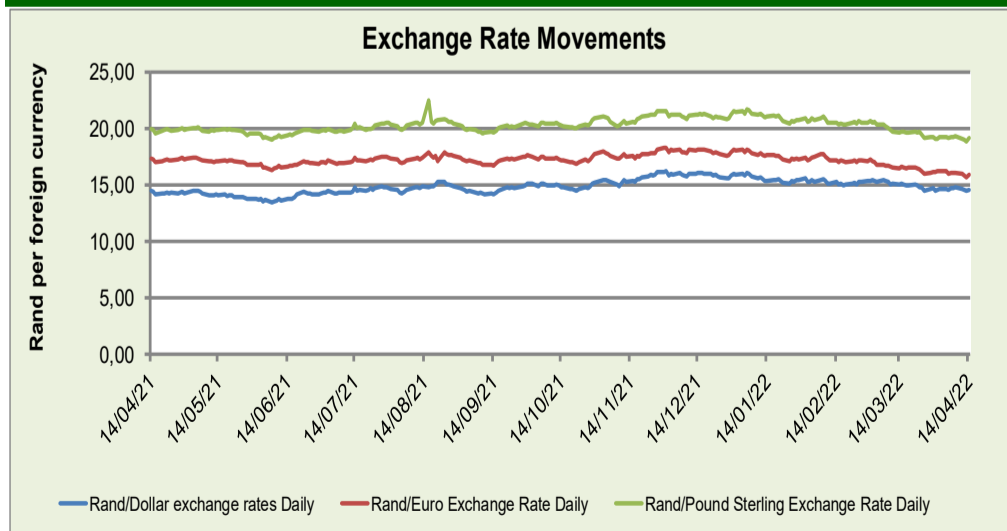
Sub-directorate: Economic Analysis



Domestic grain prices strengthened this week compared to the previous week, tracking global grain prices. Local white and yellow maize prices increased by 1.6% and 1.1% respectively this week compared to the previous week, whilst wheat, soybean and sunflower seed prices increased by 2.7%, 5.8% and 0.2% respectively week-on-week. The rand will play a critical role in offering some price resistance should the resilience hold throughout the geopolitical tensions. On the international front, US yellow maize price increased by 2.6% week-on-week, on worries about possible U.S. planting delays. US wheat price increased by 6.1% week-on-week, as continued concerns about Russia's unprovoked occupation of Ukraine kept global supply worries at the top of the mind of wheat traders. US soybean prices increased by 3.4% week-on-week, as supply remains tight in drought-hit South America.

Spot price trends of major grains commodities

| | 1 year ago Week 15 (12-04-21 to 16-04-21) | Last week Week 14 (04-04-22 to 08-04-22) | This week Week 15 (11-04-22 to 14-04-22) | w-o-w % change |
|----------------------------|---|--|--|----------------|
| RSA White Maize per ton | R 3 122.40 | R 4 038.60 | R 4 103.50 | 1.6% |
| RSA Yellow Maize per ton | R 3 277.00 | R 4 179.20 | R 4 227.25 | 1.1% |
| USA Yellow Maize per ton | \$ 229.14 | \$ 296.74 | \$ 304.38 | 2.6% |
| RSA Wheat per ton | R 4 806.80 | R 6 798.00 | R 6 979.00 | 2.7% |
| USA Wheat per ton | \$ 235.00 | \$ 376.59 | \$ 399.55 | 6.1% |
| RSA Soybeans per ton | R 7 035.00 | R 8 485.80 | R 8 975.00 | 5.8% |
| USA Soybeans per ton | \$ 514.33 | \$ 594.41 | \$ 614.57 | 3.4% |
| RSA Sunflower seed per ton | R 8 200.20 | R 10 542.20 | R 10 562.25 | 0.2% |
| RSA Sweet Sorghum per ton | R 3 850.00 | - | - | - |
| Crude oil per barrel | \$ 64.91 | \$ 106,29 | \$ 104.00 | -2.2% |



The rand appreciated by 0.7% against the US dollar week-on-week, on the back of higher commodity prices. The rand appreciated by 1.1% against the Pound Sterling week-on-week, amid an economic contraction and a renewed sense of caution at the Bank of England which weighed on the value of the Pound. The rand appreciated by 1.2% against the Euro week-on-week, while the Euro fell in the wake of the April European Central Bank (ECB) monetary policy decision.

Brent crude oil averaged \$104 week-on-week, 2.2% less than \$106,29 reported the previous week, after world consumers announced plans to release crude from strategic stocks and as the market continues to watch developments in China where authorities have kept Shanghai locked down to contain the coronavirus. Analysts expect oil demand to lose momentum over the course of the year as a result of sanctions, high prices and the lockdown of major cities in China.



National South African Price information (RMAA) : Beef

| Week 13 (28/03/2022 to 03/04/2022) | Units | Avg Purchase Price | Avg Selling Price | Week 14 (04/04/2022 to 10/04/2022) | Units | Avg Purchase Price | Avg Selling Price |
|------------------------------------|-------|--------------------|-------------------|------------------------------------|-------|--------------------|-------------------|
| Beef | | | | | | | |
| Class A2 | 7 424 | 62.05 | 61.58 | Class A2 | 8 344 | 61.69 | 62.76 |
| Class A3 | 433 | 61.50 | 62.91 | Class A3 | 740 | 60.11 | 62.59 |
| Class C2 | 402 | 50.05 | 51.27 | Class C2 | 369 | 48.28 | 51.01 |

Units sold for class A2 and A3 beef increased by 12.4% and 70.9% respectively in the reporting week compared to the previous week whilst, units sold for class C2 beef decreased by 8.2% week-on-week. Units sold for class A2 and A3 beef posted an upswing despite the Foot and Mouth Disease (FMD) challenge. Meanwhile, the weekly average purchase prices for class A2, A3 and C2 beef decreased by 0.6%, 2.3% and 3.5% respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class A2 beef increased by 1.9% in the reporting week compared to the previous week while, the weekly average selling price for class A3 and C2 beef decreased by 0.5% each respectively week-on-week. It is expected that prices will be on the upside on good holiday demand although continued input cost pressures due to the elevated grain and oilseed prices will continue to squeeze producer margins for feeders.

National South African Price information (RMAA) : Lamb

| Week 13 (28/03/2022 to 03/04/2022) | Units | Avg Purchase Price | Avg Selling Price | Week 14 (04/04/2022 to 10/04/2022) | Units | Avg Purchase Price | Avg Selling Price |
|------------------------------------|-------|--------------------|-------------------|------------------------------------|-------|--------------------|-------------------|
| Lamb | | | | | | | |
| Class A2 | 5 874 | 91.37 | 90.67 | Class A2 | 8 289 | 92.20 | 94.22 |
| Class A3 | 792 | 88.97 | 89.54 | Class A3 | 1 128 | 91.81 | 93.87 |
| Class C2 | 633 | 69.29 | 70.38 | Class C2 | 875 | 69.06 | 72.35 |

Units sold for class A2, A3 and C2 lamb increased by 41.1%, 42.4% and 38.2% respectively in the reporting week compared to the previous week, on strong Easter demand. The weekly average purchase prices for class A2 and A3 increased by 0.9% and 3.2% respectively in the reporting week compared to the previous week while, the weekly average purchase price for class C2 lamb decreased by 0.3% week-on-week. During the same period, the weekly average selling prices for class A2, A3 and C2 lamb increased by 3.9%, 4.8% and 2.8% respectively in the reporting week compared to the previous week while analysts expect near-term prices to maintain the current momentum with a potential rebound ahead of the Easter period.

National South African Price information (RMAA) : Pork

| Week 13 (28/03/2022 to 03/04/2022) | Units | Avg Purchase Price | Week 14 (04/04/2022 to 10/04/2022) | Units | Avg Purchase Price |
|------------------------------------|--------|--------------------|------------------------------------|--------|--------------------|
| Pork | | | | | |
| Class BP | 13 123 | 25.00 | Class BP | 14 672 | 25.49 |
| Class HO | 7 524 | 24.75 | Class HO | 7 655 | 25.41 |
| Class HP | 4 846 | 24.69 | Class HP | 5 125 | 25.36 |

Units sold for class BP, HO and class HP pork increased by 11.8%, 1.7% and 5.8% respectively in the reporting week compared to the previous week. Meanwhile, the weekly average purchase prices for class BP, HO and class HP pork increased by 2.0%, 2.7% and 2.7% respectively in the reporting week compared to the previous week. Pork prices posted a modest rebound in the reporting week on improved uptake and spill over strength in the meat complex. However, with feed grain prices still unrelenting at higher levels, pork producer profit margins are expected to remain under pressure in the industry.

Latest News Developments

The Bank serv Africa Economic Transactions Index, which measures EFT-originated transactions, increased by 2.4% in Q1: 2022, suggesting that growth may have exceeded 2% in the three months through March, reported Mike Schussler, Chief Economist at Economists.co.za. According to Schussler, better-than-expected economic growth would boost tax revenue, helping government to narrow the budget deficit at a faster rate and help bolster the attractiveness of local assets to offshore investors. Treasury estimates debt to peak at 75% of GDP in 2024-25 before dropping to approximately 70% by the end of the decade and the deficit forecast at 4.2% of GDP in 2024-25. On a monthly basis, the index rose to a record 135.9 from a revised 134 in February, fuelled by a surge in metal commodity prices due to Russia's invasion of Ukraine, giving the local economy a boost by the high commodity prices and large-scale government spending as some confidence returns for businesses and consumers.

The South African Reserve Bank (SARB) warned that mounting price pressures stemming from the war in Ukraine risk de-anchoring inflation expectations. According to the Reserve Bank Bi-annual Monetary Policy Review report, although the Reserve Bank officially targets price growth in a band of 3% to 6%, its monetary policy committee prefers to anchor expectations close to 4.5% of the range. Furthermore, in a survey that was conducted by the Reserve Bank, inflation assumptions over the next two years increased to 5% in Q1: 2022, from 4.7% in the final three months of 2021, raising the prospect of "more enduring" second-round effects on prices.

The South African Chamber of Commerce and Industry (SACCI) urged government to do "everything in its power" to assist KwaZulu-Natal businesses impacted by the recent flooding. The extensive floods that damaged roads and buildings in KZN resulted in the KwaZulu-Natal provincial government declaring city of eThekweni and surrounding areas as a disaster area, which would result in funding be made available for further rescue operations. SACCI also encouraged corporate South Africa and society at large to send any relevant resources and expertise to help the people of KwaZulu-Natal at this difficult time. According to SACCI, the loss and damage to infrastructure and commercial logistics platforms as a result of the severe weather event and floods will set KwaZulu-Natal and South Africa's economic recovery back in a significant way. Furthermore, the extensive flood damage to infrastructure is a severe blow for the province's agricultural industry. Extensive infrastructural damage in these areas has not only left farmers and agricultural businesses stranded without access to roads but is negatively affecting fuel supplies.

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