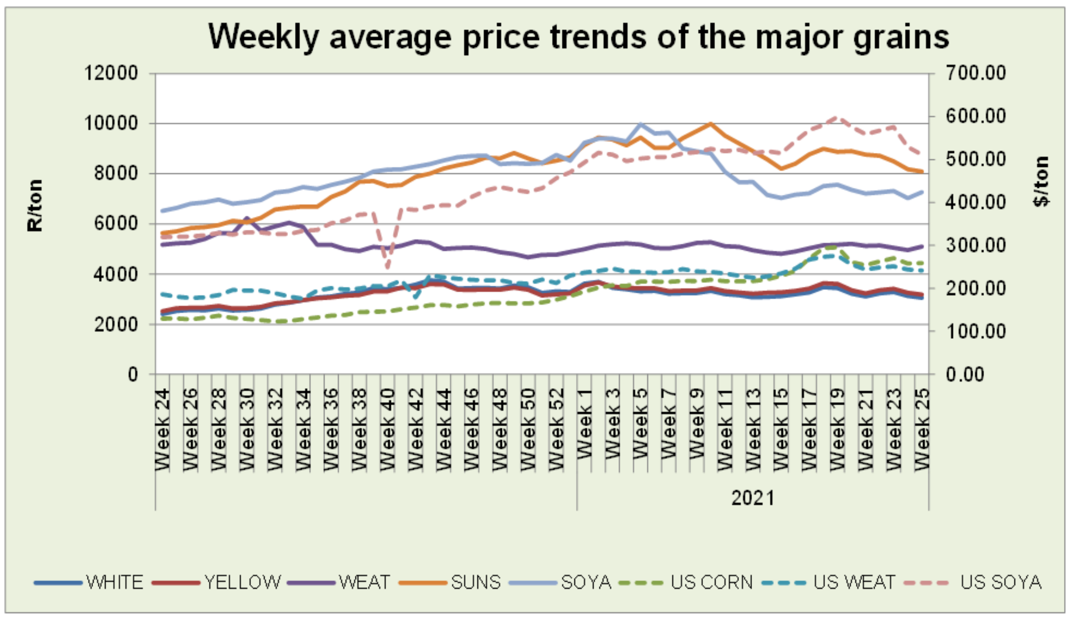
agriculture, land reform & rural development

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

Weekly Price Watch: 25 June 2021

Directorate: Statistics & Economic Analysis

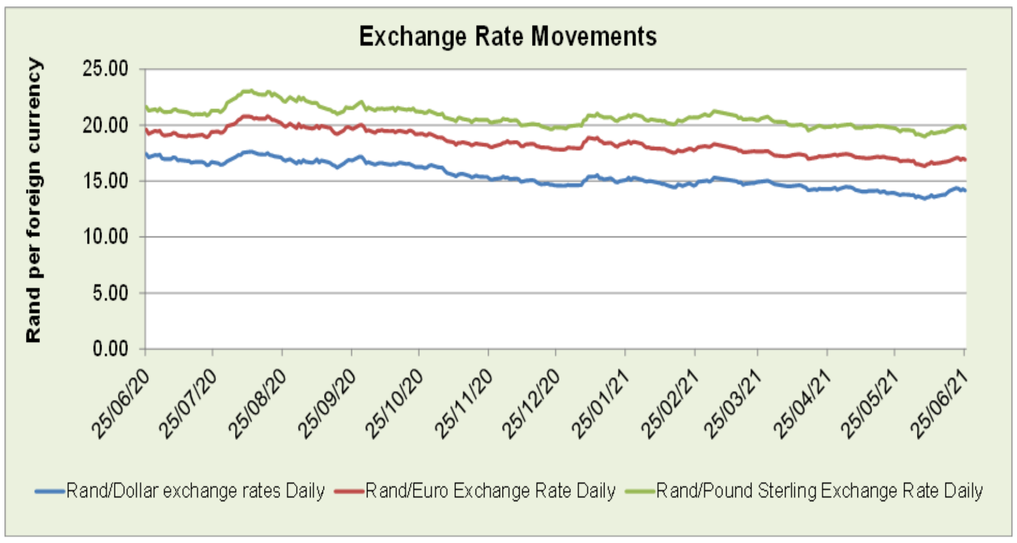
Sub-directorate: Economic Analysis



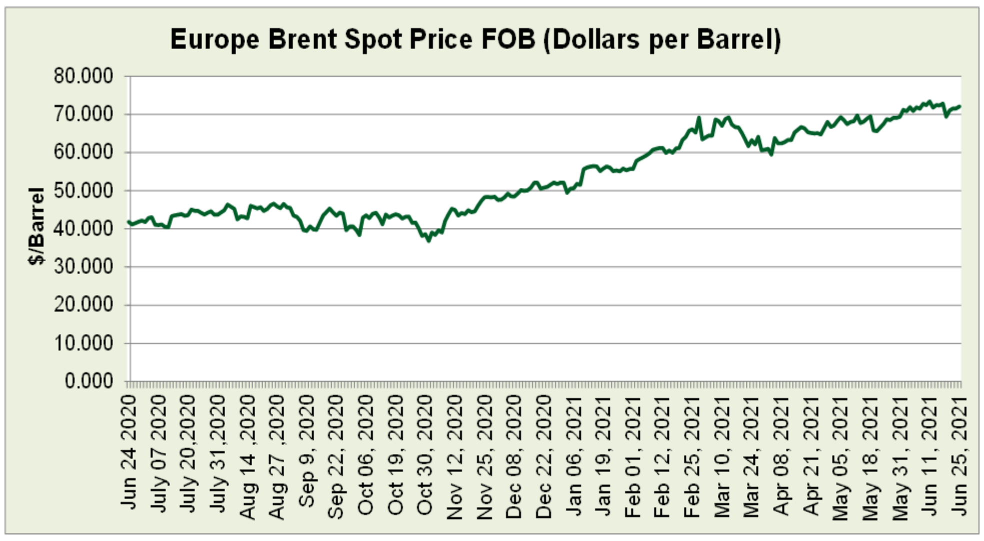
Local white maize, yellow maize and sunflower prices decreased by 2.6%, 2.4% and 1.1% respectively this week compared to the previous week. While local soybean, wheat and sorghum prices increased by 3.4%, 2.8% and 0.4% respectively this week compared to the previous week. On the international front, US yellow maize prices increased slightly by 0.5% week-on-week, Whilst US soybean and wheat prices decreased by 3.3% and 1.0% respectively week-on-week. US maize prices came under pressure, they were mainly suppressed by a wide range of commodity sales and the prospect of improved weather forecasts in the US Midwest and the Plains. Soya bean prices were also put under pressure by the forecast record Brazilian soya bean crop and favorable weather conditions for the US. Wheat prices traded weaker due to spill-over weakness from maize and soybean. Concerns about the competitiveness of US grain abroad have further put pressure on wheat prices.

Spot price trends of major grains commodities

	1 year ago Week 25 (22-06-20 to 26-06-20)	This week Week 24 (14-06-21 to 18-06-21)	This week Week 25 (21-06-21 to 25-06-21)	w-o-w % change
RSA White Maize per ton	R 2 528.50	R 3 130.75	R 3 050.40	-2.6%
RSA Yellow Maize per ton	R 2 634.00	R 3 257.75	R 3 180.60	-2.4%
USA Yellow Maize per ton	$ 129.94	$ 257.89	$ 259.15	0.5%
RSA Wheat per ton	R 5 230.00	R 4 955.50	R 5 095.00	2.8%
USA Wheat per ton	$ 180.96	$ 244.03	$ 241.58	-1.0%
RSA Soybeans per ton	R 6 637.00	R 7 026.50	R 7 268.20	3.4%
USA Soybeans per ton	$ 319.89	$ 528.98	$ 511.59	-3.3%
RSA Sunflower seed per ton	R 5 710.00	R 8 183.50	R 8 095.40	-1.1%
RSA Sweet Sorghum per ton	R 3 138.00	R 3 845.00	R 3 859.00	0.4%
Crude oil per barrel	$ 42,15	$ 72.37	$ 71.13	-1.7%



The rand continued to depreciate for three consecutive weeks, it depreciated by 2,8% against the US dollar, 1,8% against the Pound Sterling and by 1,7% against the Euro this week compared to the previous week. More recently, the rand has come under pressure due to increasing coronavirus cases and strict lockdown measures announced early this week.



Brent crude oil averaged $71.13 this week compared to the previous week, 1.7% less than $72.37 reported last week. Oil is on course for its best half since 2009, extending gains on Friday ahead of a key OPEC+ meeting next week Thursday that is expected to bring an increase in supply.

National South African Price information (RMAA) : Beef

Week 23 (07/06/2021 to 13/06/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 24 (14/06/2021 to 20/06/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 312	53.38	53.45	Class A2	5 384	52.75	52.76
Class A3	588	52.26	53.83	Class A3	555	51.65	53.34
Class C2	666	45.26	47.13	Class C2	491	44.14	46.52

Units sold for class A2, class A3 and class C2 beef continue to decreased for two weeks in a raw, decreased by 14.7%, 5,6% and 26.3% respectively this week compared to the previous week. The weekly average purchase prices for class A2 and A3 beef also decreased by 1.2% respectively and the weekly average purchase prices for class C2 decreased by 2,5% this week compared to the previous week. During the same period, the weekly average selling price for class A2, A3 and C2 beef decreased by 1.3%, 0.9% and 1.3% respectively. On average, cattle and sheep slaughter numbers are on a downward trend, this comes as farmers are rebuilding their herds and flocks on the back of favorable weather conditions which have improved gazing conditions.

National South African Price information (RMAA) : Lamb

Week 23 (07/06/2021 to 13/06/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 24 (14/06/2021 to 20/06/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5 395	92.67	93.22	Class A2	6 177	92.80	93.89
Class A3	703	92.26	90.73	Class A3	940	92.07	91.16
Class C2	528	71.25	76.20	Class C2	622	70.42	74.61

Units sold for class A2, A3 and C2 lamb increased by 14.5%, 33.7% and 17.8% respectively in the reporting week compared to the previous week. The weekly average purchase prices for lamb class A3 and C2 lamb decreased for two weeks in a row decreased by 0.2% and 1.2% respectively in the reporting week compared to the previous week, whilst the weekly average purchase price for class A2 lamb increased by 0.1% week-on-week. During the same period, the weekly average selling prices for class A2 and A3 increased by 0.7% and 0.5% respectively, while the weekly average selling price for class C2 lamb decreased by 1.8%.

National South African Price information (RMAA) : Pork

Week 23 (07/06/2021 to 13/06/2021)	Units	Avg Purchase Price	Week 24 (14/06/2021 to 20/06/2021)	Units	Avg Purchase Price
Class BP	7 820	28.45	Class BP	7 601	28.32
Class HO	9 399	28.10	Class HO	9 222	28.03
Class HP	5 761	28.02	Class HP	7 001	27.77

Units sold for class BP and HO pork decreased by 2.8% and 1.9% respectively in the reporting week compared to the previous week, while units sold for class HP pork increased significantly by 21.5% this week compared to the previous week. During the same period the weekly average purchase prices for class BP, HO and HP pork decreased by 0.5%, 0.2% and 0.9% respectively.

Latest News Developments

In May, South Africa's Consumer Price Index (CPI) headline inflation reached the highest level since November 2018 and food price inflation rose to its highest point since July 2017. This was according to Statistics South Africa's (Stats SA) latest consumer inflation figures released on Wednesday, 23 June. It showed that the CPI climbed to 5,2% in May, up from 4,4% in April. Inflation on food and non-alcoholic beverages for May was up 6,7% year-on-year (y/y), a 46-month high according to Stats SA, contributing 1,2 percentage points to the increase in CPI.

According to a food inflation brief by the Bureau for Food and Agricultural Policy (BFAP), the cost of its BFAP Thrifty Healthy Food Basket, which is a representative sample of a balanced food basket for a family of four, rose to R3 007/month. The cost of the food basket increased by R150 (5,35%) y/y and R66 (2,2%) month-on-month. Cooking (sunflower) oil prices continued to surge, increasing by 30,3% from May 2020 and 8,5% from April 2021. The average price of a 750ml bottle of sunflower oil, for example, was R20,99 a year ago, rising to R29,39 in May this year. Higher cooking oil prices was the main driver of inflation in the broader oils and fats category, which recorded an annual rate of 20,0% in May, up from 16,7% in April,.

South Africa's summer grain harvesting is progressing well in the 2021/22 marketing season, with maize harvesting in particular being completed at a much faster rate than at the same time last year. This was according to Luan van der Walt, Grain SA (GSA) economist, who ascribed this to the fact that producers were able to plant considerably earlier than the previous three years. This was due to the good and timeous rainfall received in the 2020/21 production season. During the previous three seasons, producers had been forced to plant as late as the end of January. According to a Grain SA statement, harvesting of white maize was 41% completed based on the year-to-date deliveries as reflected in the Crop Estimates Committee's fourth production estimate for the season. However during the corresponding period last year, only 14% of harvesting had been completed. The year-to-date yellow maize deliveries were 53% completed, compared to 23% during the same time in the previous season. The soya bean and sunflower seed deliveries for the season were 94% and 66% completed, respectively. Maize exports for the season were also progressing at a good pace and it was expected that maize exports up to the end of July would amount to 1,27 million tons. During the corresponding period in the previous five years, average exports amounted to approximately 950 000 tons.

For more information contact: Directorate Statistics & Economic Analysis (SEA) at HeidiP@daff.gov.za or 0123198194.

Source: SAFEX, Standard bank, Stats SA, Reuters, Red Meat Abattoir Association, Fnb and Absa.