



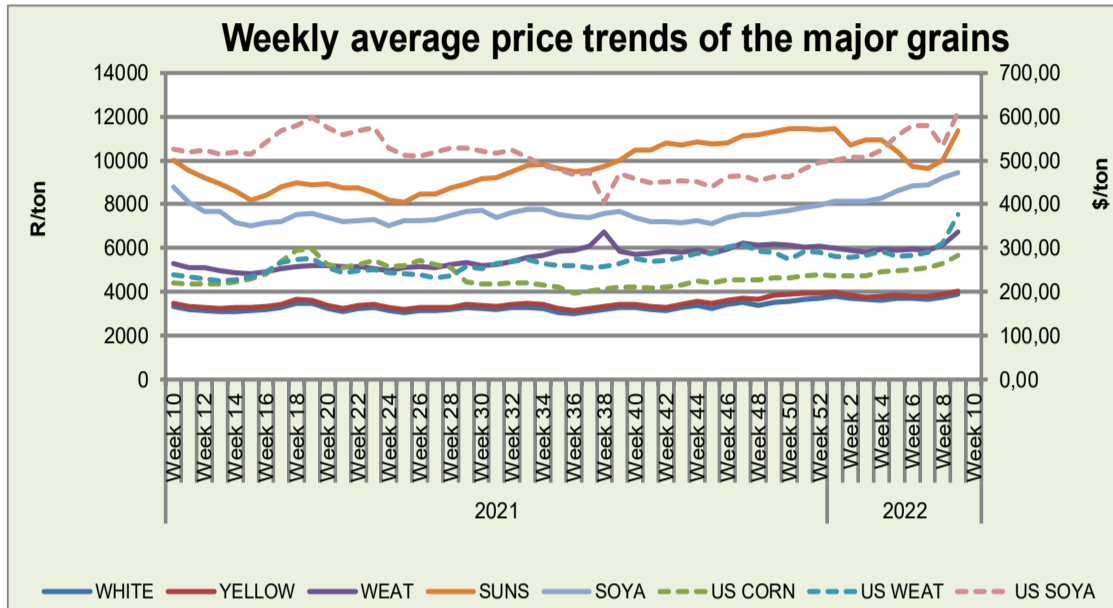
agriculture, land reform & rural development

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

Weekly Price Watch: 11 March 2022

Directorate: Statistics & Economic Analysis

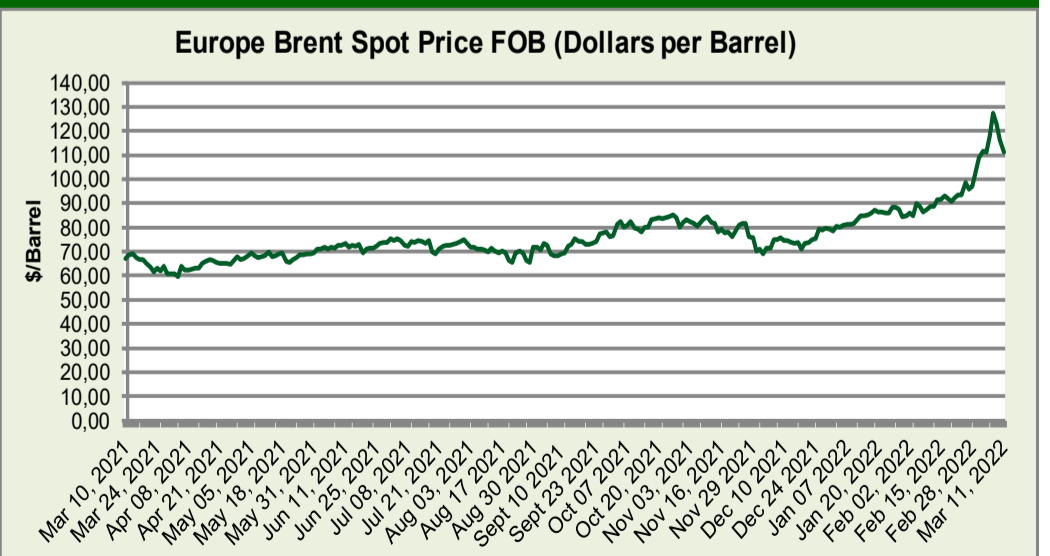
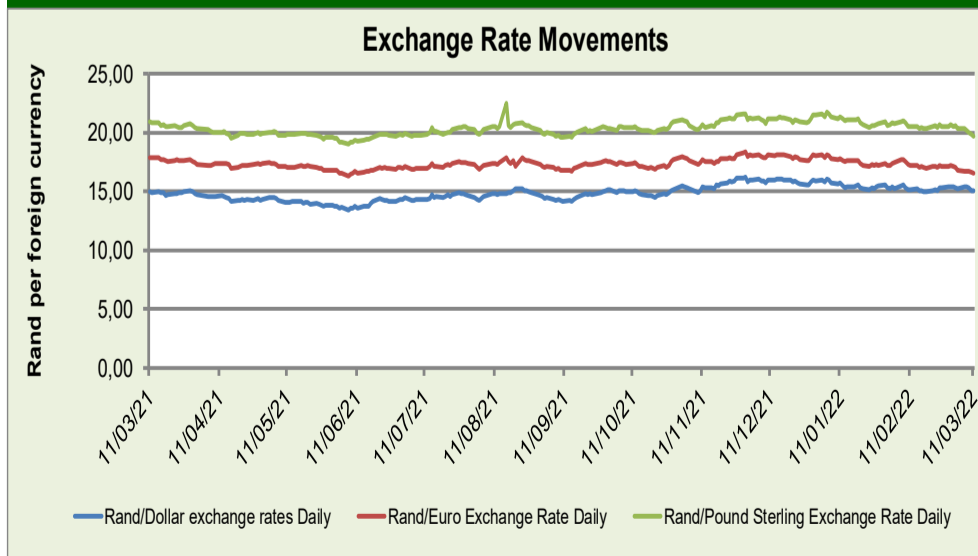
Sub-directorate: Economic Analysis



Domestic grain prices strengthened this week compared to the previous week, with the exception of soybean prices which decreased by 1.2% week-on-week. Global prices and the exchange rate continue to be determining factors for prices. Local white and yellow maize prices increased by 4.6% and 5.0% respectively this week compared to the previous week, while wheat and sunflower seed prices increased by 4.0% and 8.2% respectively week-on-week. On the international front, US yellow maize price increased by 4.6% week-on-week, as export sales nearly tripled from the previous week. US wheat price increased by 23.4% week-on-week, while Russia's escalating aggression in Ukraine promoted further sharp rallies in wheat prices. US soybean prices increased by 1.7% week-on-week, as soybean crop export sales more than doubled as shortfalls in the South American soybean crop and exportable supplies led buyers to panic order shipments of US soybean.

Spot price trends of major grains commodities

	1 year ago Week 10 (08-03-21 to 12-03-21)	Last week Week 9 (28-02-22 to 04-03-22)	This week Week 10 (07-03-22 to 11-03-22)	w-o-w % change
RSA White Maize per ton	R 3 329.40	R 3 874.00	R 4 050.60	4.6%
RSA Yellow Maize per ton	R 3 444.60	R 4 014.00	R 4 215.20	5.0%
USA Yellow Maize per ton	\$ 220.00	\$ 282.39	\$ 295.47	4.6%
RSA Wheat per ton	R 5 271.80	R 6 726.40	R 6 995.20	4.0%
USA Wheat per ton	\$ 238.37	\$ 376.26	\$ 464.38	23.4%
RSA Soybeans per ton	R 8 810.20	R 9 447.40	R 9 331.80	-1.2%
USA Soybeans per ton	\$ 524.69	\$ 609.76	\$ 620.32	1.7%
RSA Sunflower seed per ton	R 9 990.40	R 11 358.80	R 12 291.60	8.2%
RSA Sweet Sorghum per ton	R 4 260.00	-	-	-
Crude oil per barrel	\$ 68.39	\$ 106.29	\$ 119.18	12.1%



The rand appreciated by 0.7% against the US dollar week-on-week, on the back of a rally in commodity prices and robust economic data locally. The rand appreciated by 2.4% against the Pound Sterling week-on-week, while lack of economic data and souring market mood weighed on the Pound. The rand appreciated by 2.3% against the Euro week-on-week, after the Bank of England strike a more cautious tone given the Ukraine and Russia geopolitical deterioration which threaten to negatively impact Eurozone growth rates months ahead.

Brent crude oil rose by 12.1% to average \$119.18 this week compared to the previous week, in the absence of confirmed additional oil supply into the market. A lack of investment and storage constraints experienced by the Organization of Petroleum Exporting Countries and its allies except Russia, along with the return of pre-pandemic levels of demand have contributed to the soaring oil price.



National South African Price information (RMAA) : Beef

Week 8 (21/02/2022 to 27/02/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 9 (28/02/2022 to 06/03/2022)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	9 157	56.32	58.32	Class A2	7 280	56.07	59.34
Class A3	504	56.56	59.04	Class A3	316	56.22	59.69
Class C2	459	52.48	52.48	Class C2	342	45.93	51.01

Units sold for class A2, A3 and C2 beef decreased by 20.5%, 37.3% and 25.5% respectively in the reporting week compared to the previous week. Low slaughter numbers constrain supply. Meanwhile, the weekly average purchase prices for class A2, A3 and C2 beef decreased by 0.4%, 0.6% and 12.5% respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class C2 beef decreased by 2.8% in the reporting week compared to the previous week, while the weekly average selling price for class A2 and A3 beef increased by 1.7% and 1.1% respectively week-on-week. It is expected that the effects of herd rebuilding that took place over the past couple of years will likely start manifesting in increased supply towards mid-2022.

National South African Price information (RMAA) : Lamb

Week 8 (21/02/2022 to 27/02/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 9 (28/02/2022 to 06/03/2022)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	8 052	86.85	86.68	Class A2	5 804	86.23	86.96
Class A3	1 011	84.64	84.56	Class A3	753	84.02	85.13
Class C2	657	72.05	73.84	Class C2	123	71.12	72.92

Units sold for class A2, A3 and C2 lamb decreased by 27.9%, 25.5% and 81.3% respectively in the reporting week compared to the previous week, due to moderation in demand. The weekly average purchase prices for class A2, A3 and C2 lamb decreased by 0.7%, 0.7% and 1.3% each respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class C2 lamb decreased by 1.2% in the reporting week compared to the previous week, while the weekly average selling price for class A2 and A3 lamb increased by 0.3% and 0.7% respectively week-on-week. Since lamb is one of the most expensive meat, economic pressures attributed to increased interest rates, higher food and fuel prices, and looming increases in electricity will weigh on consumers' ability to afford luxury products. Near-term prices are expected to maintain the current momentum with a potential rebound ahead of the Easter period.

National South African Price information (RMAA) : Pork

Week 8 (21/02/2022 to 27/02/2022)	Units	Avg Purchase Price	Week 9 (28/02/2022 to 06/03/2022)	Units	Avg Purchase Price
Pork					
Class BP	12 180	24.75	Class BP	12 511	24.62
Class HO	6 602	23.97	Class HO	6 635	23.92
Class HP	7 335	24.38	Class HP	4 473	23.88

Units sold for class BP and class HO pork increased by 2.7% and 0.5% respectively in the reporting week compared to the previous week, while units sold for class HP pork decreased by 39.0% week-on-week. Meanwhile, the weekly average purchase prices for class BP, HO and class HP pork decreased by 0.5%, 0.2% and 2.1% respectively in the reporting week compared to the previous week. The expected contraction in import volumes due to higher international prices will help improve competitiveness of the local product.

Latest News Developments

According to Stats SA, South Africa's Gross Domestic Product (GDP) grew by 1.2% quarter-on-quarter (seasonally adjusted) in the fourth quarter of 2021 from a downwardly revised contraction of 1.7% (previously -1.5%) in the third quarter of 2021. The growth rebound was primarily led by transport and personal services, agriculture, manufacturing and trade sectors. The annual increase in real GDP growth rebounded to 4.9% in 2021 from a pandemic-induced contraction of 6.4% y/y in 2020, supported by broad-based recovery.

South Africa's quarterly business confidence index compiled by the Rand Merchant Bank and Stellenbosch University's Bureau for Economic Research increased to 46 from 43 in the three months through December 2021. The boost was driven by improvements in three of the five industries the index tracks namely vehicle, wholesale and manufacturing sectors, which were negatively impacted by the strike and intermittent electricity outages. The biggest boost to the business confidence came from new-vehicle dealers. According to RMB/BER, sales in the first two months of 2022 have been buoyant. However, since the large share of results of the survey were submitted before Russia invaded Ukraine and the oil price surged past \$120 per barrel, Rand Merchant Bank warns that the war will likely weigh on future sentiment.

South Africa has once again topped the global charts on a dismal economic measurement. This is according to a new report by the World Bank indicating that South Africa is still the world's most unequal country. Based on Gini coefficients of consumption (or income) per capita, South Africa which is the largest country in the Southern African Customs Union is the most unequal country in the world, ranking first among 164 countries in the World Bank's global poverty database. According to the World Bank, this is deeply distressing and goes a long way in explaining a host of social ills, including high levels of unrest, high unemployment rate, rampant crime and a population that is far hungrier, sicker and poorly educated than it has ever been. Nearly thirty years after the end of apartheid, race remains a key driver of high inequality in South Africa, due to its impact on education and the labour market. Race contribution to income inequality amounts to 41% while contribution of education is reduced to 30%. The legacy of colonialism and apartheid, rooted in racial and spatial segregation, continues to reinforce inequality, reported the World Bank.

SA's citrus industry is concerned on what the Russia-Ukraine war could mean for exporting citrus producers. The citrus body has been monitoring the situation and continue to engage with stakeholders across the value chain to mitigate the impact of the Ukraine conflict on the upcoming season.

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