



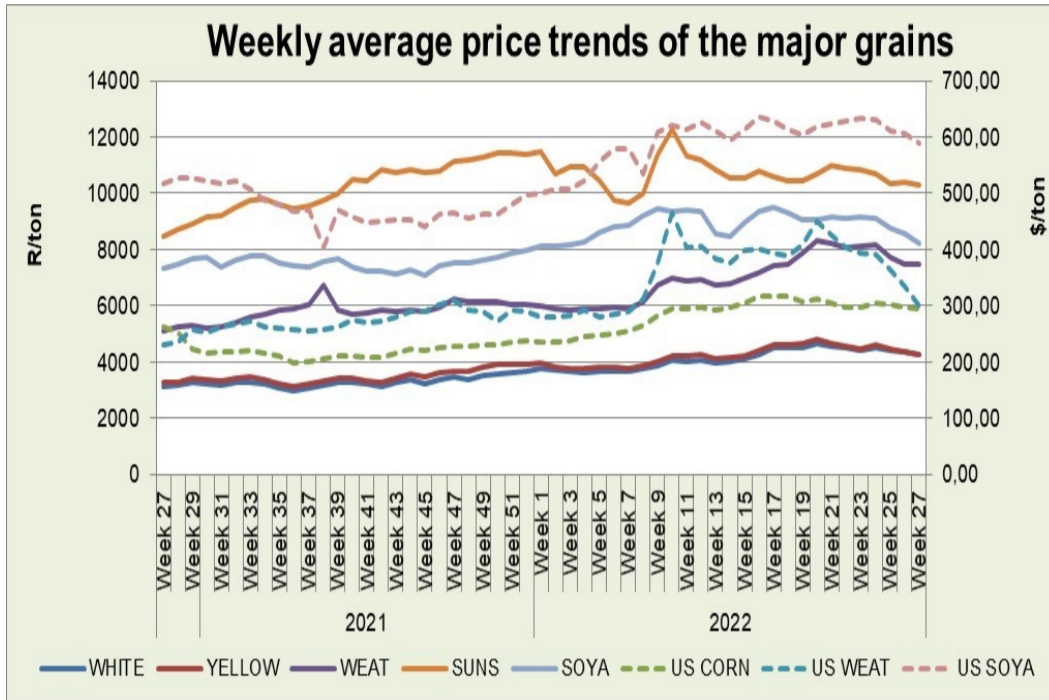
# agriculture, land reform & rural development

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

## Weekly Price Watch: 15 July 2022

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis



The local white and yellow maize price increased by 2.7% and 2.2% respectively. International maize price again decreased and this week it was by 0.2%. The maize price came down as Brazil maize crop outlook was increased by 2.5M tons. The price of local wheat again increased this week by 2.4%. Last week the international wheat price decreased by 10.2% while this week it increased by 1.1%. This week both the international and the local soybean price increased by 0.8% and 1.3% respectively, Concerns about a global recession and the prospect Ukraine will resume grain and oilseed exports more than offset uncertainty about the size of the upcoming US soybean harvest. All the local grains prices increased this week as did the price of sunflower which increased by 0.8% against an expected harvest of 961 350 tonnes, second largest on record.

### Spot price trends of major grains commodities

	1 year ago Week 28 (12-07-21 to 16-07-21)	Last week Week 27 (04-07-22 to 08-07-22)	This week Week 28 (04-07-22 to 08-07-22)	w-o-w % change
RSA White Maize per ton	R3 165,40	R4 279,8	R4 397.4	2.7%
RSA Yellow Maize per ton	R3 295,60	R4 245,2	R4 337.0	2.2%
USA Yellow Maize per ton	\$253,77	\$294,16	\$ 293.45	-0,2%
RSA Wheat per ton	R5 245,00	R7 499,6	R7 681.4	2.4%
USA Wheat per ton	\$236,35	\$299,29	\$ 302.52	1.1%
RSA Soybeans per ton	R7 477,80	R8 213,2	R8 323.6	1.3%
USA Soybeans per ton	\$528,33	\$587,80	\$ 592.45	0.8%
RSA Sunflower seed per ton	R8 718,80	R10 283,2	R10 421.0	1,3%
Crude oil per barrel	\$74,19	\$100,09	\$ 95.52	-4.6%

### Exchange Rate Movements



The rand depreciated by 2.5%, 0.4% and 1.5% against the Dollar, Euro and Pound The rand hit R17 to the US dollar this is its weakest level since September 2020, when Covid-19 lockdowns were still largely in place.

### Europe Brent Spot Price FOB (Dollars per Barrel)



The price of oil decreased by 4.6% amid growing recession concerns, driven by aggressive rate hikes worldwide, Covid-19 lockdowns in China and western proposals for a price cap on Russian oil.



## National South African Price information (RMAA) : Beef

Week 26 (27/06/2022 to 03/07/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 27 (04/07/2022 to 10/07/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5221	59,04	63,38	Class A2	5 052	62.58	65.25
Class A3	548	55,68	62,77	Class A3	371	62.07	63.88
Class C2	643	48,27	51,65	Class C2	297	49.97	50.29

The quantities of class A2, class A3 and class C2 beef bought this week decreased by 3.2%, 32.3% and 53.8% respectively from the previous week. The producer prices for class A2, A3 and C2 beef increased by 6.0%, 11.5% and 3.5% respectively week on week. The market prices for class A2 and A3 increased by 3.0% and 1.8% respectively, while class C2 decreased by 2.6% for class C2 beef.

## National South African Price information (RMAA) : Lamb

Week 26 (27/06/2022 to 03/07/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 27 (04/07/2022 to 10/07/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7190	107,80	110,17	Class A2	7 811	107.86	107.09
Class A3	794	104,66	106,69	Class A3	624	104.34	104.57
Class C2	715	76,23	82,06	Class C2	1 110	78.69	81.94

The quantities of class A2 and C2 lamb traded this week increased by 8.6% and 55.2% respectively relative to the previous week, while units of A3 traded by 21.4% less than the previous week. The producer prices increased by 0.1% and 3.2% for class A2 and C2 respectively, while decreasing by 0.3% for class A3 as compared with the previous week. The market prices of class A2, A3 and C2 decreased by 2.8%, 2.0% and 0.1% respectively week on week.

## National South African Price information (RMAA) : Pork

Week 26 (27/06/2022 to 03/07/2022)	Units	Avg Purchase Price	Week 27 (04/07/2022 to 10/07/2022)	Units	Avg Purchase Price
Class BP	8885	27,40	Class BP	5 612	27.17
Class HO	7701	26,73	Class HO	7 791	26.83
Class HP	6958	26,51	Class HP	6 508	26.70

The quantities of class BP and HP pork traded this week decreased by 36.8% and 6.5%, while increasing by 1.2% for class HO Pork from the previous week. The producer prices increased for class HO and HP by 0.4% and 0.4% respectively and decreased for class BP.

## Latest News Developments

Pat Westoff: Director of the Food and Agricultural Policy Research Institute commented on the fluctuations in Grain prices since the Russian invasion of the Ukraine. It was just a few weeks ago that the news was filled with stories about how the war in Ukraine was causing a dramatic global spike in prices for wheat and other crops. Recent developments are a reminder that what goes up usually comes back down. Movements in grain futures markets have been dramatic. Wheat for delivery in September 2022 closed at \$7.84 per bushel on 16 Feb, a week before the Russian invasion. By 17 May, that same contract was trading at \$12.79 per bushel.

“Traders were concerned that a sharp reduction in exports from Ukraine would limit global supplies at a time when global stocks of grain were already relatively small. A number of countries were scrambling to secure grain from other exporters. India announced restrictions on wheat exports in an attempt to hold down domestic prices. These concerns were reasonable, but the magnitude of some of the price changes were surprising. Ukraine is a major grain exporter, but it accounts for a relatively small share of global production. I thought that the price increase required to allocate global supplies should be much smaller than the one actually observed”.

More than just the war in Ukraine contributed to higher prices. For example, drought in the Plains states was expected to limit winter wheat production, and excess rain in North Dakota reduced spring plantings. Still, it didn't quite seem to add up even considering the crop concerns, the changes in wheat prices seemed out of line with the magnitude of the supply disruptions. Then, just as suddenly as prices rose, the story changed. By 1 July, the September wheat contract had dropped back to \$8.46 per bushel, down by roughly one-third from the peak value.

Some of the pessimism about the 2022 U.S. and world wheat crop abated. Yes, there was reason to hope that more Ukrainian wheat would make it into global markets than originally feared. Russia was having a good crop with strong export prospects, in spite of western sanctions. Still, those changes alone do not seem sufficient to explain such a large decline in prices. The same story was true for corn and other commodities as well most of the price increase that occurred after the Russian invasion was wiped out in just a few weeks. One troubling possible explanation for what we've observed is that the market may be anticipating that a recession will weaken demand for agricultural commodities. Declines in the stock market provide one of many indicators that investors are less optimistic about the economy than they were previously.

Weaker farm commodity prices will not necessarily result in an immediate sharp reduction in consumer food price inflation. Farm commodities make up only a small share of the retail value of a loaf of bread or a pound of meat, so even big changes in farm-level prices tend to translate into only small changes at the grocery store, and often with a lag. And, of course, commodity markets can change quickly.

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