



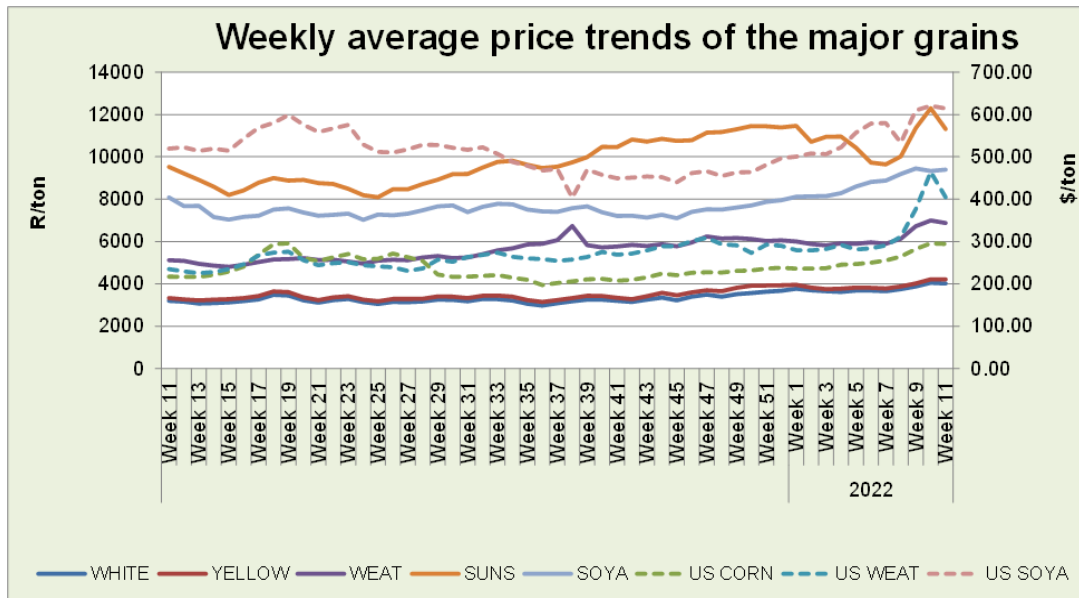
agriculture, land reform & rural development

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

Weekly Price Watch: 18 March 2022

Directorate: Statistics & Economic Analysis

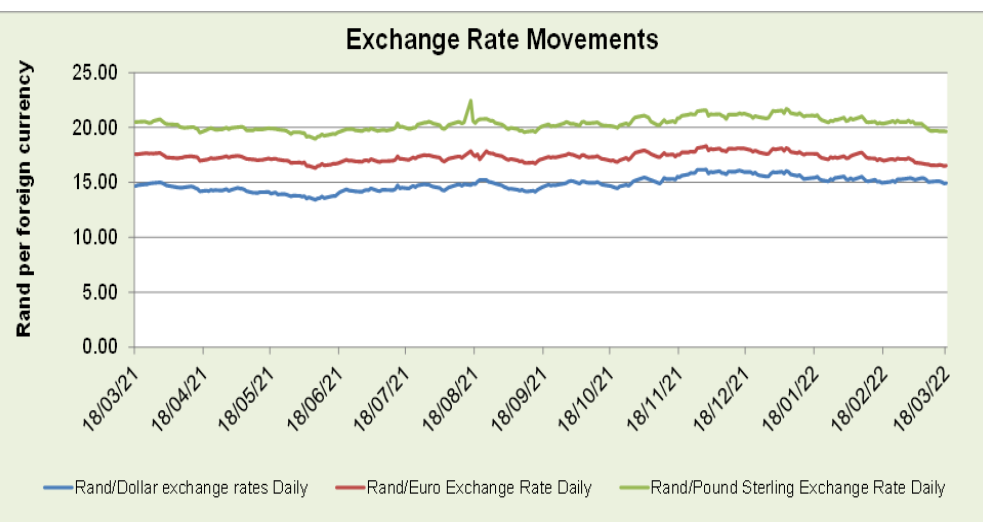
Sub-directorate: Economic Analysis



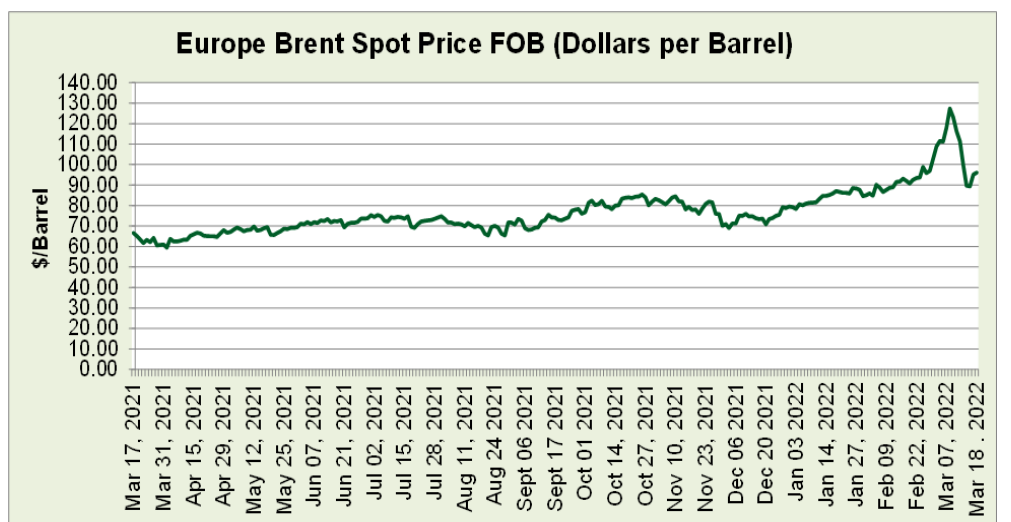
Domestic grain prices of white maize, wheat and sunflower seed decreased by 0.7%, 1.7% and 7.9% respectively this week compared to the previous week. Meanwhile the local grain prices of yellow maize remained flat week on week. During the same period the local prices of soybeans increased slightly by 0.6%. All US grain prices decreased, with yellow maize, soybeans and wheat decreased by 0.5%, 1.0% and 12.9% this week compared to the previous week. Wheat fell, giving back the week's gains as investors weighed whether talks between Ukraine and Russia could lead to a ceasefire in the three-weeks war, while rain forecast in the U.S. Corn dropped as the talks between Moscow and Kyiv tempered fears of prolonged disruption to Black Sea grain exports. Soybeans followed the complex lower, despite support from firm crude oil and edible oil prices.

Spot price trends of major grains commodities

	1 year ago Week 11 (15-03-21 to 19-03-21)	This week Week 10 (07-03-22 to 11-03-22)	This week Week 11 (14-03-22 to 18-03-22)	w-o-w % change
RSA White Maize per ton	R 3 204.60	R 4 050.60	R 4 023.40	-0.7%
RSA Yellow Maize per ton	R 3 325.40	R 4 215.20	R 4 215.80	0.0%
USA Yellow Maize per ton	\$ 217.09	\$ 295.47	\$ 294.08	-0.5%
RSA Wheat per ton	R 5 113.20	R 6 995.20	R 6 878.40	-1.7%
USA Wheat per ton	\$ 234.72	\$ 464.38	\$ 404.29	-12.9%
RSA Soybeans per ton	R 8 079.40	R 9 331.80	R 9 390.40	0.6%
USA Soybeans per ton	\$ 519.41	\$ 620.32	\$ 613.91	-1.0%
RSA Sunflower seed per ton	R 9 527.20	R 12 291.60	R 11 315.40	-7.9%
RSA Sweet Sorghum per ton	R 4 260.00	-	-	-
Crude oil per barrel	\$ 65.86	\$ 119.18	\$ 94.07	-21.1%



The rand appreciated by 1.4%, 0.7% and 1.7% against the US dollar, Pound Euro week-on-week. The rand was trading around its best level in months on Friday as the continuation of peace talks even as fighting still rages in Ukraine. The local currency reached R14.90/\$ on Thursday, its strongest level since November 2021, also supported by higher precious metal prices. On Friday morning, it was trading at R14.94/\$ as well as R19.64/pound and R16.53/euro.



Brent crude oil fell by 21.1% to average \$94.07 this week compared to the previous week. Last week, after the US announced that it would ban the import of Russian crude oil, Brent oil was pushed close to \$140 a barrel. However, it has since fallen back to below \$100 amid negotiations between Russia and Ukraine, as well as new lockdowns in China, which will fuel demand.



National South African Price information (RMAA) : Beef

Week 9 (28/02/2022 to 06/03/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 10 (07/03/2022 to 13/03/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 280	56.07	59.34	Class A2	6 302	59.67	60.25
Class A3	316	56.22	59.69	Class A3	378	59.42	61.33
Class C2	342	45.93	51.01	Class C2	287	49.62	49.72

Units sold for class A2 and C2 beef decreased by 13.4% and 16.1% respectively this week compared to the previous week, while units sold for class A3 increased by 19.6%. The weekly average purchase prices for class A2, A3 and C2 beef increased by 6.4%, 5.7% and 8.0% respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class A2 and A3 beef increased by 1.5% and 2.7% respectively, whilst the weekly average selling prices for class C2 decreased by 2.5%. Weaner prices continued to be bearish over the past week due to lower demand. Although feedlot margins remain positive, they have been whittled by higher feed costs in recent months.

National South African Price information (RMAA) : Lamb

Week 9 (28/02/2022 to 06/03/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 10 (07/03/2022 to 13/03/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5 804	86.23	86.96	Class A2	4 699	87.40	87.04
Class A3	753	84.02	85.13	Class A3	555	86.20	84.87
Class C2	784	71.12	72.92	Class C2	422	69.33	71.26

Units sold for class A2, class A3 and class C2 lamb decreased by 19.0%, 26.3% and 46.2% respectively this week compared to the previous week. The weekly average purchase prices for class A2 and class A3 lamb increased by 1.4% and 2.6% respectively, while 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 prices for class A3 and class C2 lamb decreased by 0.3% and 2.3% respectively, while the weekly average selling price for class A2 increased by 0.1%.

National South African Price information (RMAA) : Pork

Week 9 (28/02/2022 to 06/03/2022)	Units	Avg Purchase Price	Week 10 (07/03/2022 to 13/03/2022)	Units	Avg Purchase Price
Class BP	12 511	24.62	Class BP	12 172	24.52
Class HO	6 635	23.92	Class HO	7 003	23.67
Class HP	4 473	23.88	Class HP	5 751	23.69

Units sold for class HO and class HP pork increased by 5.5% and 28.6% respectively in the reporting week compared to the previous week, while units sold for class BP pork decreased by 2.7% week-on-week. During the same period the weekly average purchase prices for class BP, HO and class HP pork decreased by 0.4%, 1.0% and 0.8% respectively. The pork industry is under pressure due to a surplus of pork on the market and pork production has increased faster than consumption over the past years.

Latest News Developments

According to the latest data from the Central Energy Fund, petrol and diesel prices currently look set for record increases in the first week of April, says the Automobile Association (AA). Based on the current data, 95 octane petrol is set to increase by R2.15/l, 93 octane is expected to climb by R2.07/l, diesel by between R2.94/l and R3.08/l and illuminating paraffin by R2.51/l. The AA says the current data implies that fuel prices will touch R24/l for petrol and R23.60 for diesel. If realized at month-end, these will be the biggest increases to fuel prices in South Africa's history and will undoubtedly have major ramifications for all consumers and the economy in general. However, It is important to note that a strengthening rand and a drop in crude oil prices could buffer South Africans against the predicted sharp increase in fuel prices planned for next month and therefore analysts believe that the increase may not be as steep as initially expected.

National Treasury has revised its preliminary 2022 estimates for inflation owing to the war in Ukraine from 4.8%, which was the February projection, to between 5% and 5.5% depending on how much the oil price rises over the year. This is significantly lower than many economists, some of whom have estimated inflation for 2022 could average 5.9%. Treasury estimates that motorists will on average pay R20.28 for a litre of fuel during 2022. The inland cost of a litre of 93 octane is R21.35. Treasury estimates, which are based on oil futures, assume that the elevated oil price will not last throughout the year and that it will peak in March and April and ease thereafter. Minister of Agriculture, Land Reform and Rural Development has assured South Africans that the country has sufficient food supplies for the foreseeable future amid fears of global food shortages in countries that directly trade with countries at war.

The South African Reserve Bank is likely to hike interest rates by a further 25 basis points next week in an attempt to slow inflation. A Reuters poll of economists said prices could rise faster than they had expected before Russia's invasion of Ukraine. Fifteen of 19 economists polled last week predicted the repo rate would rise by 25 basis points to 4.25% on March 24, while the remaining four believe it would be left unchanged. The Bureau of Economic Research believe that a 50bps hike should not be ruled out completely. Outside of the rate call it will be interesting to see how the SARB sees the war in Ukraine influencing SA and the inflation trajectory going forward. The day before the SARB decision, Stats SA will release the February SA consumer inflation, which the BER anticipates coming in at 5.7% y-o-y unchanged from January.

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