



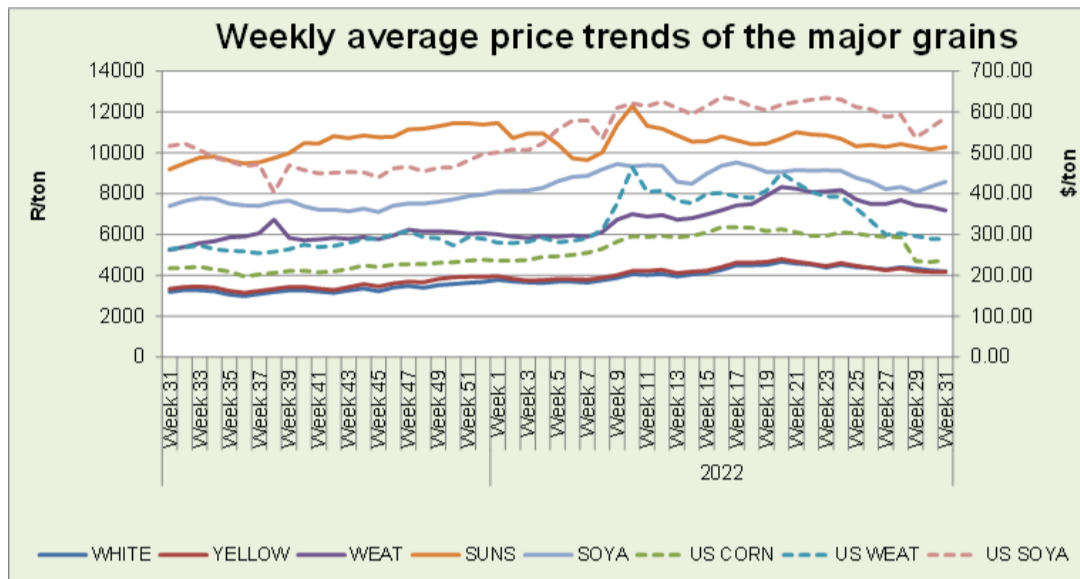
agriculture, land reform & rural development

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

Weekly Price Watch: 05 August 2022

Directorate: Statistics & Economic Analysis

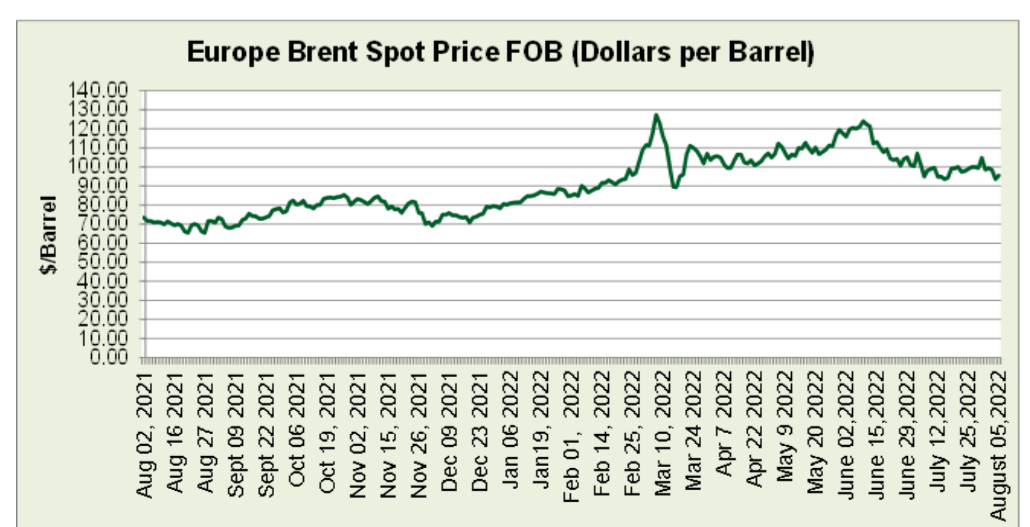
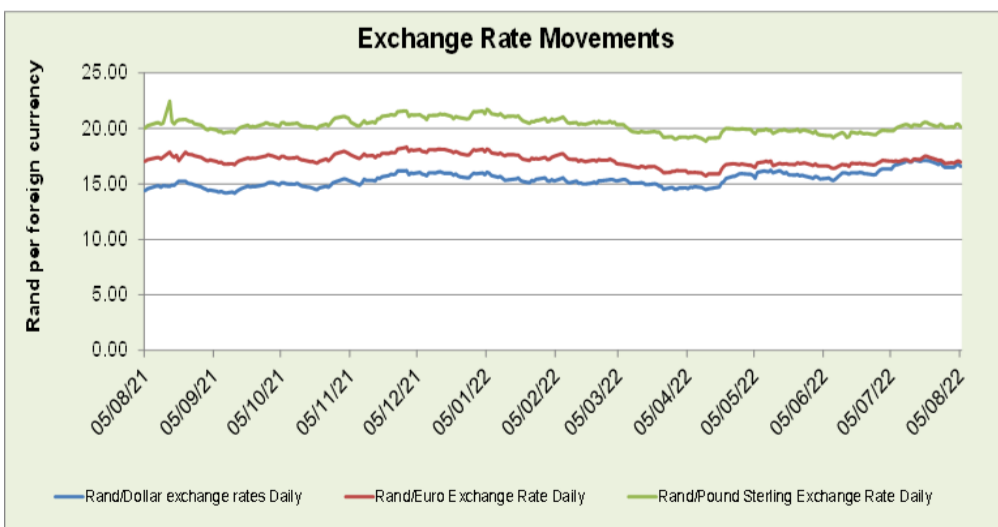
Sub-directorate: Economic Analysis



Domestic grain prices strengthened this week compared to the previous week, with yellow maize, soybean and sunflower prices increased by 0.2%, 3.0% and 1.2% this week compared to the previous week. Meanwhile, local white maize and wheat prices decreased by 1.2% and 2.5% respectively during the same period. White maize prices traded lower and underperforming relative to the US markets, with the stronger rand adding some pressure. On the international front, US yellow maize and soybean prices increased by 1.7% and 4.5% week-on-week. While US wheat price decreased for two consecutive weeks by 0.3% this week compared to the previous week. US maize prices posted some gains on uncertainty whether the Russia-Ukraine grain deal could be salvaged. The deal was jeopardized following a renewed attack on the port city of Odessa, which should slow down Ukrainian grain exports. Warmer and drier conditions in some parts of the US Midwest and the receding crop conditions also provided some support for US maize prices.

Spot price trends of major grains commodities

	1 year ago Week 31 (02-08-21 to 06-08-21)	Last week Week 30 (25-07-22 to 29-07-22)	This week Week 31 (01-08-22 to 05-08-22)	w-o-w % change
RSA White Maize per ton	R 3 180.60	R 4 238,00	R 4 238,00	-1.2%
RSA Yellow Maize per ton	R 3 332.60	R 4 166.20	R 4 166.20	0.2%
USA Yellow Maize per ton	\$ 217.09	\$ 232.78	\$ 232.78	1.7%
RSA Wheat per ton	R 5 243.40	R 7 353.20	R 7 353.20	-2.5%
USA Wheat per ton	\$ 263.62	\$ 289,53	\$ 289,53	-0.3%
RSA Soybeans per ton	R 7 394.20	R 8 330,20	R 8 330,20	3.0%
USA Soybeans per ton	\$ 516.71	\$ 560.55	\$ 560.55	4.5%
RSA Sunflower seed per ton	R 9 188.00	R 10 155.80	R 10 155.80	1.2%
RSA Sweet Sorghum per ton	R 4 230.00	-	-	-
Crude oil per barrel	\$ 71.78	\$ 100.63	\$ 97.13	3.5%



The rand appreciated for two consecutive weeks by 0.2% against the US dollar this week compared to previous week. The rand rebounded on news that the US has slipped into technical recession, after a second straight quarterly contraction. During the same period the rand also appreciated by 0.2% against the Pound Sterling and against the Euro respectively.

Brent crude oil averaged \$97.13, which is 3.5% less than \$100.63 reported the previous week. The drop in oil prices came despite a move by the OPEC oil cartel led by Saudi Arabia and Russia to undertake just a small increase in production. The OPEC decision to raise production by 100,000 barrels per day for September is likely to disappoint US President Joe Biden, who travelled to Saudi Arabia last month to lobby for help to tame soaring energy prices.



National South African Price information (RMAA) : Beef

Week 29 (18/07/2022 to 24/07/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 30 (25/07/2022 to 31/07/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 051	60.85	64.23	Class A2	6 728	60.28	64.27
Class A3	604	57.01	63.63	Class A3	707	57.90	62.96
Class C2	503	47.11	51.87	Class C2	713	48.24	52.66

All Units sold for class A2, class A3 and class C2 beef increased by 11.2%, 17.1% and 41.7% respectively in the reporting week compared to the previous week. The weekly average purchase prices for class A3 and class C2 beef increased by 1.6% and 2.4% respectively this week compared to the previous week, meanwhile the weekly average purchase price for class A2 beef decreased by 0.9%. During the same period, the weekly average selling prices for class A2 and class C2 beef increased by 0.1% and 1.5% respectively, while the weekly average selling price for class A3 beef decreased by 1.1% week-on-week.

National South African Price information (RMAA) : Lamb

Week 29 (18/07/2022 to 24/07/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 30 (25/07/2022 to 31/07/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5 838	103.66	104.52	Class A2	7 045	100.20	103.54
Class A3	952	101.25	99.28	Class A3	910	98.51	102.63
Class C2	549	78.62	80.71	Class C2	588	78.04	81.17

Units sold for class A2 and C2 lamb increased by 20.7% and 7.1% respectively, whilst the units sold for class A3 decreased by 4.4% this week compared to the previous week. The weekly average purchase prices for class A2, class A3 and class C2 lamb decreased by 3.3%, 2.7% and 0.7% respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class A3 and C2 lamb increased for two consecutive weeks by 3.4% and 0.6% respectively, meanwhile the weekly average selling price for class A2 lamb decreased for two consecutive weeks by 0.9% this week compared to the previous week.

National South African Price information (RMAA) : Pork

Week 29 (18/07/2022 to 24/07/2022)	Units	Avg Purchase Price	Week 30 (25/07/2022 to 31/07/2022)	Units	Avg Purchase Price
Class BP	7 956	25.96	Class BP	7 853	25.79
Class HO	7 392	25.57	Class HO	5 082	24.71
Class HP	6 297	25.95	Class HP	5 198	25.43

All units sold for class BP, class HO and class HP pork decreased by 1.3%, 31.3% and 17.5% respectively this week compared to the previous week. The weekly average purchase prices for class BP, class HO and class HP pork also decreased by 0.7%, 3.4% and 2.0% respectively during the same period. On average, pork prices were 1.9% lower y/y due to the persistent oversupply on the pork market.

Latest News Developments

The Crop Estimates Committee (CEC) released the sixth production forecast of summer crops for the 2022/23 marketing year, and the preliminary area planted estimate for 2022/23 winter crops. The commercial maize crop is now estimated at 14.7 million tons, which is up by 0.24% from the previous estimate, but nearly 1% lower year-on-year (y/y). The area planted for maize is estimated at 2.6 million hectares, which is 4.8% lower y/y. The preliminary area planted for wheat is 553 900 ha, up by 5.8% y/y. On 01 July 2022, the European Union authorized the importation of genetically modified (GM) maize for food and animal feed, following 25 years of opposition. However, the authorization does not include the cultivation of GM maize. On the back of this EU development, certain African countries might also be influenced to reconsider current GM restrictions. Parts of the US, Europe and China have all reported cases of heatwaves. These weather extremes have fanned concerns over the prospects of summer crops, which are at an early growing stage in these regions. The livestock industry is also concerned, as the extreme heat could lead to higher mortality. According to the Department of Mineral Resources and Energy, Petrol prices dropped by R1.32 a litre for both 93 and 95 unleaded. The Department says that diesel prices in the country also fall by 88 cents a litre (0.05% sulphur) and 91 cents (0.005%) a litre, while Paraffin prices decreased by R1.44 a litre.

According to a gazette published Monday this week, South Africa has halted tariffs on poultry for 12 months as part of measures to ease food inflation. The government suspended duties on imports of the protein from Brazil, Denmark, Ireland, Poland and Spain because of the impact they may have on the price. The annual inflation rate reached 7.4% in June, the highest level since the global financial crisis, with food prices rising 9%. The South African Association of Meat Importers and Exporters, which called on the government in April to consider a moratorium on tariffs on imported chicken to help curb inflation, believe that the decision would help consumers because chicken is the most affordable and therefore vital source of protein for South African consumers, especially those living below the poverty line.

Mexico and South Korea have also removed import tariffs on poultry to contain inflation in recent months. The US is also considering lifting tariffs on various goods and last month said it would not impose any on Russian and Trinidadian imports of urea ammonium nitrate, which is used in liquid fertilizers. Tariffs are an important component of South Africa's so-called "master plan" to protect local poultry producers from a flood of cheap imports and save jobs in an industry that employs about 100,000 people. The government drew ire from trading partners such as the US in March 2020, when it raised duties on frozen bone-in and boneless chicken pieces to 62% and 42% respectively. It also imposed provisional anti-dumping levies of as much as 265% on countries including Brazil in December.

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