



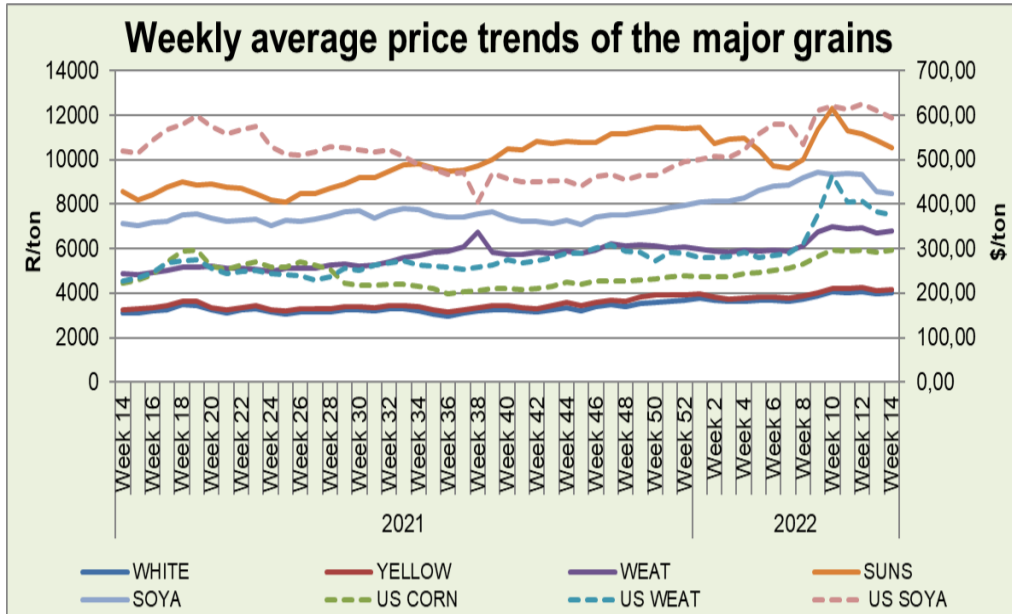
agriculture, land reform & rural development

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

Weekly Price Watch: 8 April 2022

Directorate: Statistics & Economic Analysis

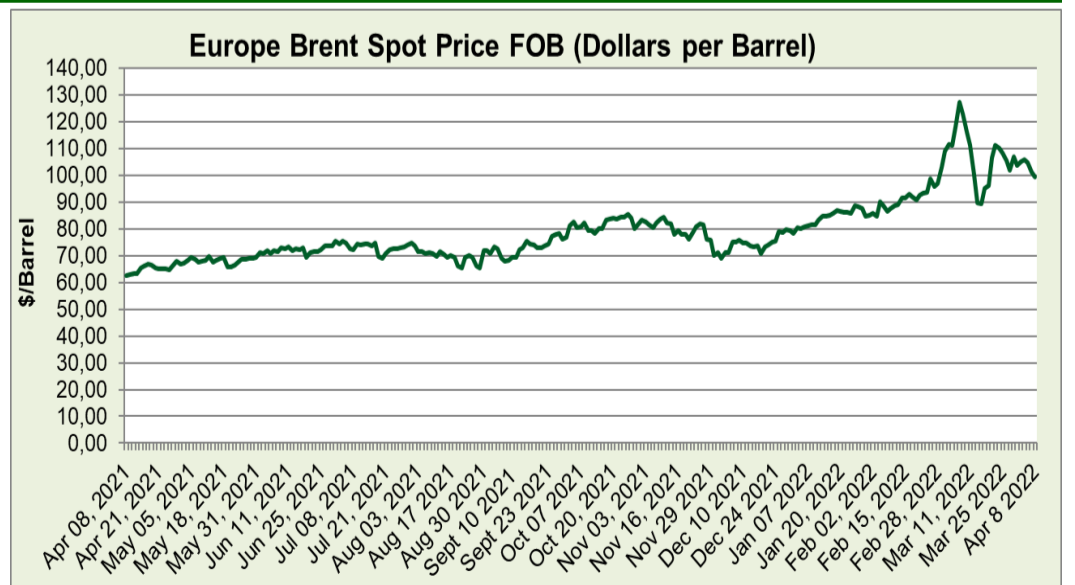
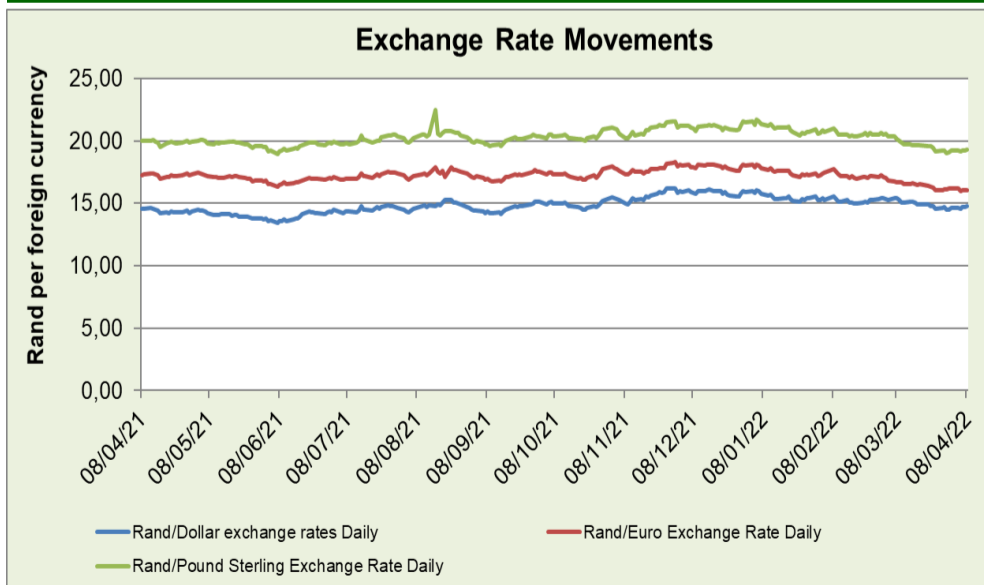
Sub-directorate: Economic Analysis



The International and local market traded much stronger this week when compared to the previous week. The prices domestic grains reported increase which seen the prices of white maize, yellow maize and wheat increased by 2.3%, 1.7% and 1.2% respectively, while the prices of soybeans and sunflower seeds reported a decrease by 1.1% and 3.0% respectively week on week. Internationally, the grain price of US corn increased slightly by 1.4%, whilst the prices for US wheat and US soybean decreased by 1.6% and 2.6% respectively week on week. Wheat was sharply higher as the war in Ukraine rages on, while corn was mostly lower, and soybeans fell under pressure. The United State weather is viewed as positive for corn prices while the COVID-19 economic slowdown is negative for soybean prices. Soybean prices have moved sharply lower on concern that the COVID-19 shutdown in China will result in slower economic growth, and lower soybean demand.

Spot price trends of major grains commodities

	1 year ago Week 14 (05-04-21 to 09-04-21)	Last week Week 13 (28-03-22 to 01-04-22)	This week Week 14 (04-04-22 to 08-04-22)	w-o-w % change
RSA White Maize per ton	R3 091.75	R3 946.80	R4 038.60	2.3%
RSA Yellow Maize per ton	R3 254.75	R4 110.40	R4 179.20	1.7%
USA Yellow Maize per ton	\$221.19	\$292.52	\$296.74	1.4%
RSA Wheat per ton	R4 858.50	R6 720.40	R6 798.00	1.2%
USA Wheat per ton	\$227.65	\$382.62	\$376.59	-1.6%
RSA Soybeans per ton	R7 154.00	R8 577.20	R8 485.80	-1.1%
USA Soybeans per ton	\$519.47	\$609.92	\$594.41	-2.6%
RSA Sunflower seed per ton	R8 582.50	R10 857.80	R10 543.20	-3.0%
RSA Sweet Sorghum per ton				-
Crude oil per barrel	\$62.85	\$103.96	\$103.30	-0.6%



The South African rand appreciated by 0.5% against the Euro dollar, on the other hand the rand depreciated by 0.5% against the US and by 0.3% against the Pound sterling respectively. The rand is set to end the quarter more than 10% stronger against the dollar, its strongest start to the year since Bloomberg began tracking the pair in 1993.

Brent crude oil price averaged \$103.30/barrel in the reporting week which is 0.6% lower than \$103.96/barrel reported in the previous week. Oil rebounded after a steep slump that was triggered by prospects for further crude releases from strategic reserves, the outlook for tighter US monetary policy and weaker demand in virus-hit China.



National South African Price information (RMAA) : Beef

Week 12 (21/03/2022 to 27/03/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 13 (28/03/2022 to 03/04/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 075	58.23	61.85	Class A2	7 424	62.05	61.58
Class A3	591	57.61	61.18	Class A3	433	61.50	62.91
Class C2	438	46.42	51.32	Class C2	402	50.05	51.27

The quantity of units sold for class A3 and C2 beef decreased by 26.7% and 8.2% respectively, whilst class A2 beef supplied to markets increased by 4.9% this week compared to the previous week. The average purchase price for class beef class A2, A3 and C2 increased by 6.6%, 6.8% and 7.8% respectively, week on week. The average selling prices for class A3 beef increased by 2.8%, whilst class A2 and C2 beef decreased by 0.4% and 0.1% respectively, this week compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 12 (21/03/2022 to 27/03/2022)	Units	Avg Purchase Price	Avg Selling Price	Week 13 (28/03/2022 to 03/04/2022)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 026	87.11	89.19	Class A2	5 874	91.37	90.67
Class A3	907	85.43	88.35	Class A3	792	88.97	89.54
Class C2	636	72.18	74.50	Class C2	633	69.29	70.38

The quantity of lamb units sold for class A2, A3 and C2 lamb decreased by 26.8%, 12.7% and 0.5% respectively this week when compared to the previous week. The average purchase prices for class C2 lamb decreased by 4.0%, whilst class A2 and A3 lamb increased by 4.9% and 4.1% respectively, when compared to the week. The average selling prices for class C2 lamb decreased by 5.5%, while class A2 and A3 lamb increased by 1.7% and 1.3% respectively week on week.

National South African Price information (RMAA) : Pork

Week 12 (21/03/2022 to 27/03/2022)	Units	Avg Purchase Price	Week 13 (28/03/2022 to 03/04/2022)	Units	Avg Purchase Price
Class BP	11 138	24.87	Class BP	13 123	25.00
Class HO	6 267	24.64	Class HO	7 524	24.75
Class HP	6 102	24.47	Class HP	4846	24.69

The quantity of pork units sold for class HP decreased by 20.6%, whilst class BP and HO pork this week increased by 17.8% and 20.1% respectively, this week when compared to the previous week. The average purchase prices for class BP, HO and HP pork increased by 0.5%, 0.4% and 0.9% respectively week on week.

Latest News Developments

The minister of finance has proposed that the general fuel levy be temporarily reduced by R1,50 per litre from Wednesday 6 April 2022 to Tuesday 31 May 2022. This will reduce the general fuel levy for petrol from R3,85 to R2,35 per litre, and the general fuel levy for diesel from R3,70 to R2,20 per litre for two months. These amounts exclude other levies such as the Road Accident Fund (RAF) and the Carbon Fuel Levy. According to a joint media statement by the Department of Mineral Resources and Energy (DMRE) and National Treasury, it is estimated that the partial reduction in the fuel levy will cost around R6 billion in foregone tax revenue for the two-month period. The minister of mineral resources and energy has proposed that the revenue foregone be recouped through a sale of strategic crude oil reserves held by the Strategic Fuel Fund (a subsidiary of the Central Energy Fund). The sale would be required to raise around R6 billion. The combined effect of the two proposals will not have an impact on the fiscal framework adopted by parliament following the 2022 budget. Agricultural companies withdrawing from Russia, this comes after more than a month of war in the Ukraine, the commercial effects of the war can be noted as quite a few companies around the globe have withdrawn from Russia. This phenomenon also applies to the agricultural industry, where some companies suspended or limited their activities. Existing sanctions put in place by Western governments may not always apply to agriculture, as this business is related to primary food production. In addition, for some companies, doing business with Russia was already made difficult due to earlier sanctions related to African swine fever (ASF) or the annexation of Crimea in 2014.

Minister of finance, Enoch Godongwana, announced a twelve-month delay in the implementation of the planned increase of the Health Promotion Levy (HPL, or sugar tax). The planned increase of the sugar tax will be from 2,21 to 2,31 cents per gram of sugar. The delay is a welcome reprieve for South Africa's (SA) growers, especially small-scale growers. In the first year of its implementation alone, the sugar tax cost SA more than 16 000 jobs and R2,05 billion. This is despite government failing to produce any evidence to date that the tax has had any impact on bringing down obesity levels in the country since it was introduced in 2018. Modelling conducted by the Bureau for Food and Agricultural Policy (BFAP) under the commission of SA Canegrowers shows that maintaining the sugar tax at the current level will still cost the industry a further 15 984 seasonal and permanent jobs and will be a major contributing factor towards a decline of 46 600ha of area under cane over the next ten years. However, there would have been even further job and revenue losses if the planned increase had gone ahead. The increase would have exacerbated the challenges the industry already faces because of rising input costs, including price hikes in diesel fuel, which is currently 40% above the price in March 2021 and expected to go a lot higher, and fertiliser, the cost of which has increased more than 160% compared to last year.

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

Source: SAFEX, Standard bank, Stats SA, Reuters, Red Meat Abattoir Association, FNB and Absa Bank.
Disclaimer: DAFF will not be liable for results of actions based on this price watch.