



# agriculture, forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA

## Weekly Price Watch: 07 June 2019

Directorate: Statistics & Economic Analysis

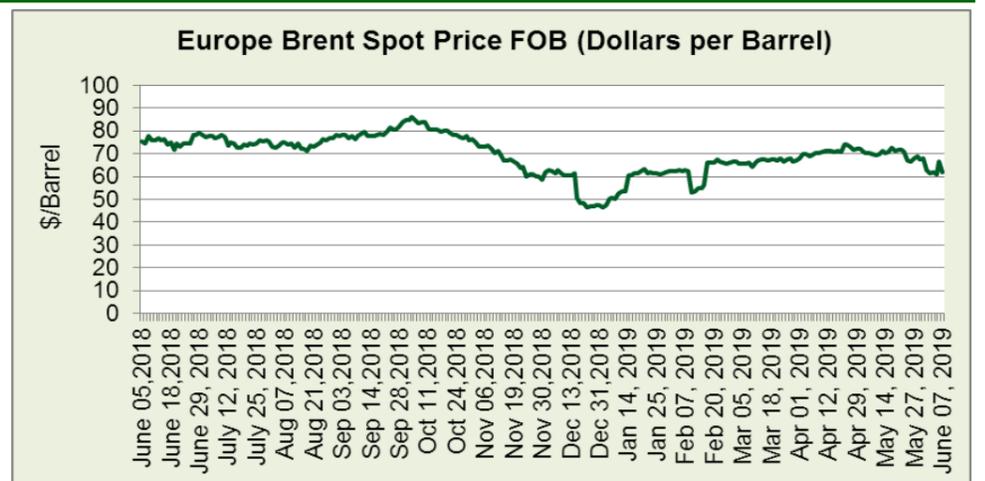
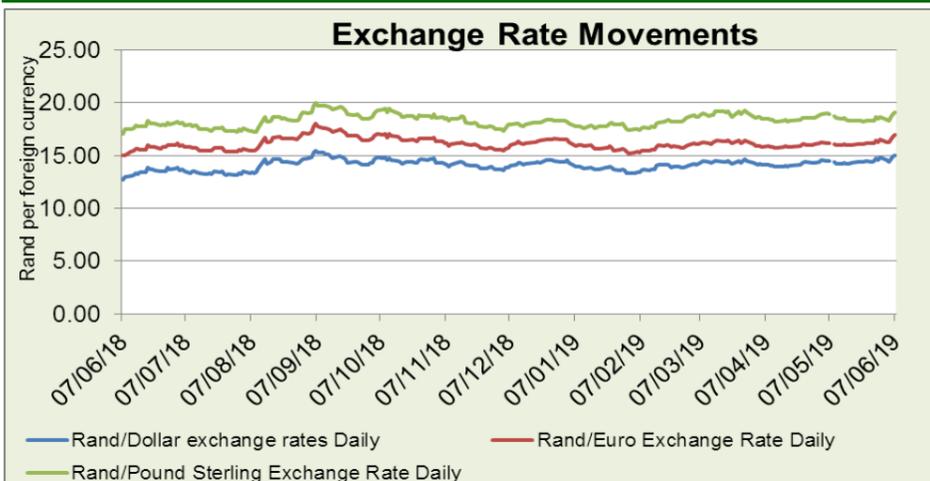
Sub-directorate: Economic Analysis



Rising fuel and electricity prices and a weaker rand could feed into higher food inflation, but economists expect the uptick to be relatively moderate. The production yields from the United States, Brazil, Argentina and Paraguay are below the expected levels and this pushed the prices of grains in the international market higher this week (USDA report); The domestic prices for white maize, yellow maize, wheat, soybean and sunflower seed all increased by 0.6%, 1.3%, 0.7%, 5.3% and 3.2% respectively. The international price for grains all increased this week compared to the previous week. The price of US yellow maize, wheat and soybeans increased by 1.3%, 7.0% and 2.3% respectively. The weak rand against other currencies affected grain market prices in the reporting week. On the other hand farmer sales have been slow recently due to an uptick in planting progress.

### Spot price trends of major grains commodities

	1 year ago Week 23 (04-06-18 to 08-06-18)	Last week Week 22 (27-05-19 to 31-05-19)	This week Week 23 (03-06-19 to 07-06-19)	w-o-w % change
RSA White Maize per ton	R 2 076.85	R 2 864.00	R 2 879.80	0.6%
RSA Yellow Maize per ton	R 2 177.88	R 2 812.20	R 2 848.00	1.3%
USA Yellow Maize per ton	\$ 150.21	\$ 164.04	\$ 166.24	1.3%
RSA Wheat per ton	R 3 827.36	R 4 469.00	R 4 501.00	0.7%
USA Wheat per ton	\$ 189.93	\$ 173.77	\$ 185.95	7.0%
RSA Soybeans per ton	R 4 442.39	R 4 950.00	R 5 214.60	5.3%
USA Soybeans per ton	\$ 366.87	\$ 314.24	\$ 321.61	2.3%
RSA Sunflower seed per ton	R 4 617.72	R 5 027.80	R 5 187.40	3.2%
RSA Sorghum per ton	R 3 070.00	-	-	-
Crude oil per barrel	\$ 75.97	\$ 67.06	\$ 62.56	-6.7%



The rand depreciated against all major currencies by 0.9%, 1.6% and 1.0% to against US Dollar, Euro and Pound Sterling respectively when compared the previous week. The local currency is at its weakest level in eight months, as a debate about the mandate of the SA Reserve Bank, predictions of a recessions and the global trade war take their toll.

Brent crude oil averaged \$62.56 in the reporting week, 6.7% less than \$67.06 from the previous week. Global crude oil prices have fallen to two-month lows in recent days amid concerns that the ongoing trade dispute between the US and China could slow global demand growth. At the same time, ongoing efforts by OPEC and Russia to curb production and supply disruptions stemming from geopolitical uncertainties in Venezuela and US-imposed sanctions on Iran have provided a floor for crude oil prices.



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

Week 21 (20/05/2019 to 26/05/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 22 (27/05/2019 to 02/06/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	9342	44.53	45.12	Class A2	10 416	44.72	45.45
Class A3	1452	44.57	45.16	Class A3	1 455	44.69	45.51
Class C2	1133	37.43	40.68	Class C2	1 485	37.42	39.90

The units sold for beef class A2, A3 and C2 increased by 11.5%, 0.2% and 31.1% respectively. Beef weekly average prices were mixed across the different classes; weekly average purchase price for class A2 and A3 increased by 0.4% and 0.3% respectively, on the other hand class C2 decreased by marginally 0.03%. The average selling price for beef class A2 and A3 increased by 0.7% and 0.8% respectively meanwhile class C2 declined by 1.9%. Prices are expected to be strong in the short to medium term due to improved seasonal demand.

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

Week 21 (20/05/2019 to 26/05/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 22 (27/05/2019 to 02/06/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7737	63.95	68.63	Class A2	8 351	66.03	69.74
Class A3	820	64.68	69.27	Class A3	1 222	65.59	69.67
Class C2	1073	44.04	49.65	Class C2	597	46.31	51.59

Units sold for lamb class A2 and A3 increased by 7.9% and 49.0% during this week, whilst the units sold of class C2 decrease by notable 44.4%. The average purchase price for all classes of lamb A2, A3 and C2 increased by 3.3%, 1.4% and 5.2% respectively; also the average selling price for all classes of lamb A2, A3 and C2 increased by 1.6%, 0.6% and 3.9% respectively.

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

Week 21 (20/05/2019 to 26/05/2019)	Units	Avg Purchase Price	Week 22 (27/05/2019 to 02/06/2019)	Units	Avg Purchase Price
Class BP	9087	21.61	Class BP	8 594	22.18
Class HO	6414	20.92	Class HO	6 962	21.54
Class HP	5049	21.37	Class HP	5 746	21.36

Local demand for pork was rather mixed in the reporting week with some consumer resistance to high lamb prices. The units sold class HO and HP increased by 8.5% and 13.8% respectively, meanwhile pork price for class BP decreased by 5.4% compared to the previous week. The average purchasing price for pork class BP, and HO increased by 2.6% and 3.0% respectively, while class HP decreased by marginally 0,05% compared to the previous week.

### Latest News Developments

Moody's (the ratings agency) released its latest Global Macro Outlook on the 06 June 2019. The quarterly Global Macro Outlook presents its latest growth forecasts and assesses the impact of the main trends driving the world economy. Moody's attributes what it describes as South Africa's "persistent economic weakness" to uninspiring domestic private sector demand. It relates to both household spending and investment, and the harmful impact of widespread power outages on the manufacturing and mining sectors. The report further states that; South Africa faces complex economic problems; and the task of reviving the economy will be challenging and reforms will take time to show effects. However, Moody's expects a gradual pickup in real gross domestic product (GDP) growth in 2019, but expects continued uninspiring momentum. It projects 1.0% growth for the SA economy in 2019 and 1.5% in 2020.

Moody's expects the SA Reserve Bank to cut the repo rate in future, to support the economy. It expects this move mainly because the latest inflation figures show it is well contained at 4.4% in April. At its May meeting, SARB's Monetary Policy Committee (MPC) voted three to two to keep the repo rate unchanged at 6.75%. The Minister of Minerals and Energy Resources announced the adjustment of fuel prices for June 2019 based on current local and international factors. Petrol will increase by 9 cents per litre, diesel by 13 cents per litre and paraffin by 8 cents per litre on the 4<sup>th</sup> June 2019 midnight. The inland petrol price will be R16.48, while coastal price will be R16.03. Diesel in inland areas will cost R14.88, while those in the coastal areas will be paying R14.40.

According to latest figures from Statistics South Africa, the economy shrank by -3.2% quarter-on-quarter in the first quarter of 2019, this is the biggest plunge since the 2008 global financial crisis, and the second highest drop seen in over two decades. Along with other labour-intensive sectors, including manufacturing, mining, and quarrying, agriculture was one of the largest contributors to the poor performance of South Africa's GDP during this period; Manufacturing which declined by 8.8%, Mining 10.8%, Trade 3.6%, Agriculture 13.2%, Construction 2.2%, Electricity and gas declined by 6.9% whilst Transport and communication were down 4.4%. Electricity shortages were sighted as being the most significant hindrance to growth in the quarter across most sectors; as figures show, sectors with the biggest declines all rely heavily on electricity, with Agriculture sector further affected by worsening weather conditions. The rand retained negative momentum after a shock GDP release, followed by misplaced commentary by the secretary general that South Africa may resort to quantitative easing (QE).

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Source: SAFEX, Stats SA, Reuters, Red Meat Abattoir Association, Fnb, Farmer's Weekly and Standard Bank.  
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