



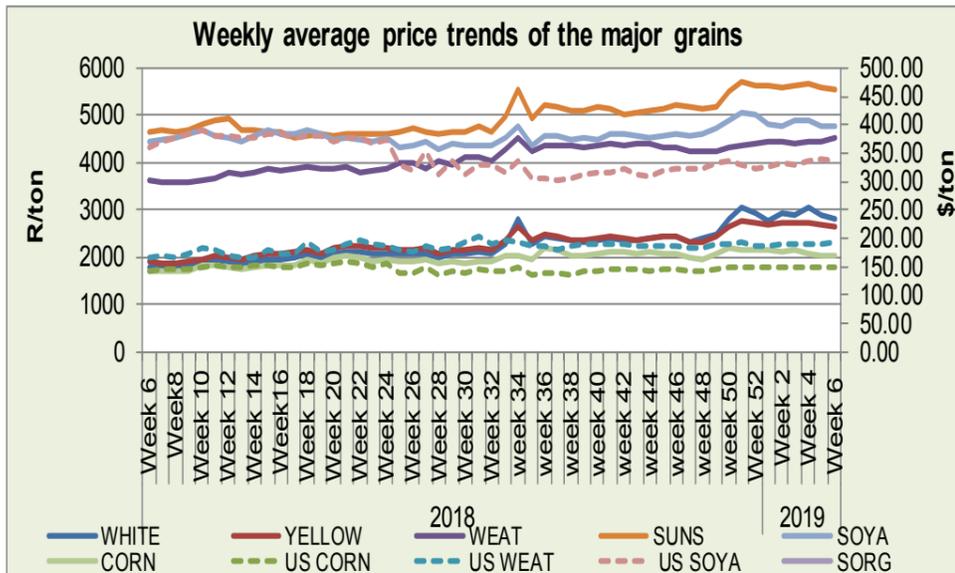
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 08 February 2019

Directorate: Statistics & Economic Analysis

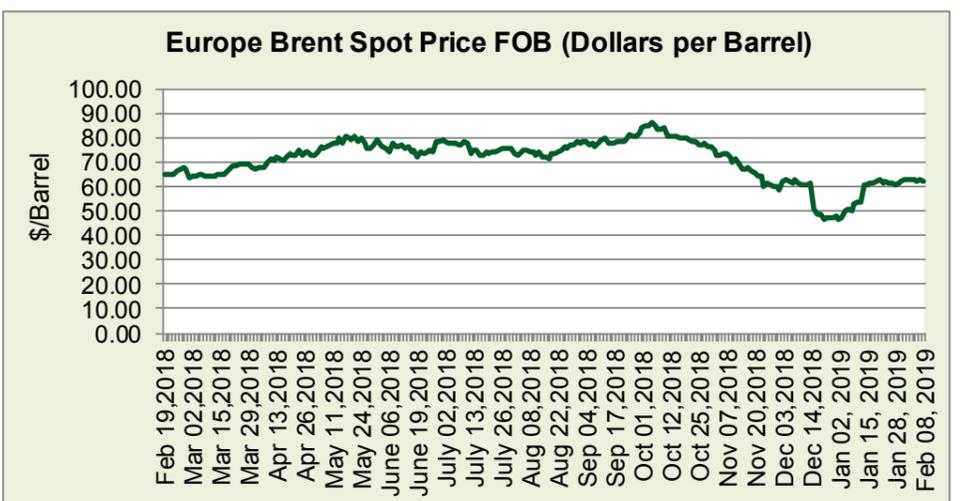
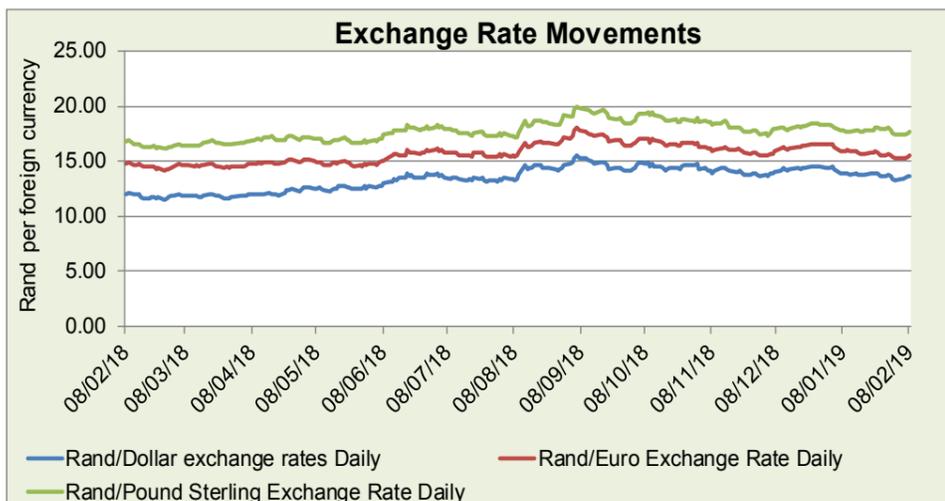
Sub-directorate: Economic Analysis



There are many uncertainties regarding the possible production for this season since most of the maize was planted late. Nevertheless, local white and yellow maize prices weakened by 2.5% and 0.4% respectively this week, as improved production outlook raised prospects of better than expected harvest for the 2018/19 season. Local wheat prices increased by 1.5% week-on-week, on strong trade. Local soybean and sunflower seed prices decreased by 0.7% each respectively, with the weather being the key focus in terms of price direction. Local sorghum prices remained unchanged this week as compared to the previous week. The crop has not been doing well in terms of production of late. Internationally, US yellow maize prices increased marginally this week compared to the previous week, ahead of USDA's quarterly production stocks report. US soybean prices decreased by 0.3% week-on-week, while weather forecasts indicate expectations of enough rain in the drier areas of South America which will ease worries of a decline in yields. US wheat prices increased by 1.2% this week compared to the previous week, after Russia raised prospects of lower grain exports in the short term.

Spot price trends of major grains commodities

	1 year ago Week 6 (05-02-18 to 09-02-18)	Last week Week 5 (28-01-19 to 01-02-19)	This week Week 6 (04-02-19 to 08-02-19)	w-o-w % change
RSA White Maize per ton	R 1 801.26	R 2 894.80	R 2 822.40	-2.5%
RSA Yellow Maize per ton	R 1 901.29	R 2 675.20	R 2 665.00	-0.4%
USA Yellow Maize per ton	\$ 142.84	\$ 149.13	\$ 149.16	0.0%
RSA Wheat per ton	R 3 611.25	R 4 451.80	R 4 516.60	1.5%
USA Wheat per ton	\$ 165.31	\$ 189.95	\$ 192.26	1.2%
RSA Soybeans per ton	R 4 436.32	R 4 786.00	R 4 754.40	-0.7%
USA Soybeans per ton	\$ 360.45	\$ 338.30	\$ 337.37	-0.3%
RSA Sunflower seed per ton	R 4 631.16	R 5 584.40	R 5 543.80	-0.7%
RSA Sorghum per ton	R 2 988.00	R 3 820.00	R 3 820	0.0%
Crude oil per barrel	\$ 65.63	\$ 61.88	\$ 62.44	0.9%



The Rand depreciated by 5.6% against the US dollar this week, sacrificing some of its January gains, due to the US dollar rebounding and fears of the Euro zone growth slowing. The rand depreciated by 3.4% against the Pound Sterling in the reporting week, on account of marginally positive Brexit news flow. The rand depreciated by 7.2% against the Euro week-on-week, despite the Eurozone being forecast to integrate at a deeper fiscal and political level in order to ensure the stability of the region.

Brent crude oil averaged \$62.44 in the reporting week, 0.9% more than \$61.88 reported the previous week. OPEC-led supply cuts and US sanctions against Venezuela provided some support to crude oil prices. Worries about a broadening global economic slowdown could threaten demand for crude and will likely have the biggest impact on oil markets in the week ahead.



National South African Price information (RMAA) : Beef

Week 4 (21/01/2019 to 27/01/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 5 (28/01/2019 to 03/02/2019)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	9 528	39.78	40.58	Class A2	11 189	39.76	40.94
Class A3	963	39.56	40.16	Class A3	1 384	39.51	40.90
Class C2	1 554	37.77	39.63	Class C2	1 005	37.08	39.31

Following a recent update from the Department of Agriculture, forestry and fisheries about the foot and mouth disease in the Vhembe District of Limpopo, there is hope that livestock prices will likely recover. Units sales for class A2, A3 and C2 beef increased by 17.4%, 43.7% and 12.4% respectively in the reporting week compared to the previous week. Weekly average purchase prices for class A2, A3 and C2 beef decreased by 0.1%, 0.1% and 1.8% respectively, week-on-week, due to a combination of seasonal weakness in demand and the impact of the Foot and Mouth disease. Weekly average selling prices for class A2 and A3 increased by 0.9% and 1.8% respectively in the reporting week while the average selling price for class C2 beef decreased by 0.8% week-on-week. The situation with the Foot and Mouth Disease is receiving the necessary attention from role players in the industry.

National South African Price information (RMAA) : Lamb

Week 4 (21/01/2019 to 27/01/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 5 (28/01/2019 to 03/02/2019)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	5 716	61.54	67.76	Class A2	8 138	62.81	69.74
Class A3	1 073	63.08	70.41	Class A3	1 613	63.45	69.70
Class C2	378	51.39	57.83	Class C2	559	50.18	55.50

Lamb unit sales for class A2, A3 and C2 increased by 42.4%, 50.3% and 47.9% respectively in the reporting week compared to the previous week. There has been a renewed demand in the lamb meat market since the beginning of the year. Weekly average purchase price for class A2 and A3 lamb increased by 2.1% and 0.6% respectively, in the reporting week while the average purchase price for class C2 lamb decreased by 2.4% week-on-week. During the same period, the weekly average selling price for class A2 increased by 2.9% in the reporting week while the average selling prices for class A3 and C2 lamb decreased by 1.0% and 4.0% week-on-week. Some spill over effect of the Foot and Mouth Disease might have also hit the lamb meat market.

National South African Price information (RMAA) : Pork

Week 4 (21/01/2019 to 27/01/2019)	Units	Avg Purchase Price	Week 5 (28/01/2019 to 03/02/2019)	Units	Avg Purchase Price
Pork					
Class BP	8 125	25.80	Class BP	7 979	24.43
Class HO	5 836	25.83	Class HO	6 599	23.47
Class HP	3 801	25.79	Class HP	4 666	23.27

In line with seasonal demand trends and pressure emanating from the Foot and Mouth Disease in Limpopo, unit sales for class BP pork decreased by 1.8% in the reporting week while class HO and class HP pork increased by 13.1% and 22.8% respectively week-on-week. Weekly average purchase prices for class BP, class HO and class HP pork decreased by 5.3%, 9.1% and 9.8% respectively in the reporting week compared to the previous week. The general weakness in the economy and seasonal decline in demand since the beginning of the year will limit price increases in the pork market.

Latest News Developments

Delivering the State of the Nation address, President Cyril Ramaphosa acknowledged Eskom as being in crisis, with grave risks to the South African economy. The President assured government's support for Eskom's balance sheet while details will be provided at the 2019 National Budget Speech. Ramaphosa's remarks on Eskom were framed within five most urgent tasks for 2019, which are accelerating inclusive economic growth and creating jobs, improving the education system and developing skills that are needed now and into the future, improving the conditions of life for all South Africans, especially the poor, stepping up the fight against corruption and State capture and strengthening the capacity of the State to address the needs of the people. The President also announced that South Africa's national election would be held on the 8th of May 2019. On land, the president emphasised ongoing efforts to more speedily redistribute land across the country, with the land advisory panel expected to provide a report on its recommendations to the president by the end of March 2019.

South Africa's business confidence index was stable for January, this is according to the South African Chamber of Commerce and Industry (SACCI). The SACCI business confidence index (BCI) for January was 95.1 points, from 95.2 points in December, an increase of 0.1 index points month-on-month. According to SACCI, in general, the economy and the business climate are better placed for improved performances than the sentimental euphoria of a year ago. The realism of challenges facing the economy have clearly emerged while the ability of the economy to adhere to expectations are more sobering.

The Free State Province has been declared a drought disaster area. This follows notice issued by the provincial department of Cooperative Governance and Traditional Affairs (CoGTA) in the Free State to all municipal managers to inform them of the declaration. All municipalities were tasked to submit their disaster declarations to CoGTA's Disaster Management Unit, along with the necessary "business plans" including disaster mitigation plans such as the drilling of boreholes; funding to mitigate the disaster by providing fodder or protein pellets to farmers; and water restriction measures.

The Department of Water Affairs and Sanitation issued a weekly statement indicating that South Africa's dam levels have stabilised at a national average of 62.5%, with most dams' water levels expected to rise with more rain and cooler weather expected in the coming week.

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