



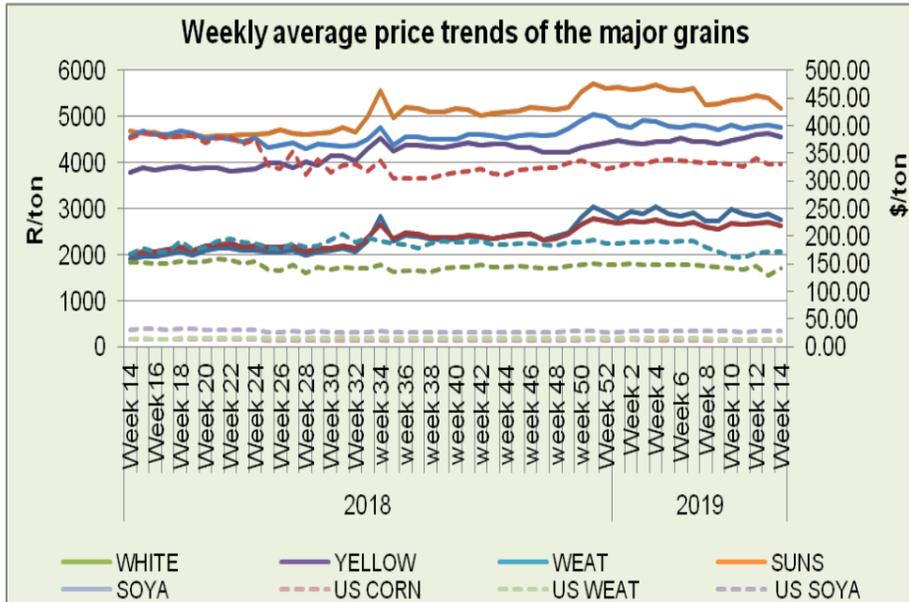
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 12 April 2019

Directorate: Statistics & Economic Analysis

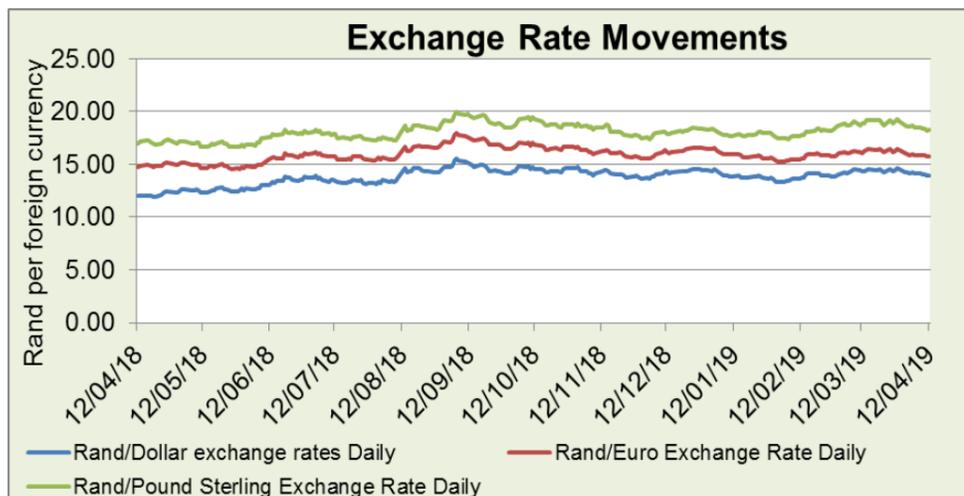
Sub-directorate: Economic Analysis



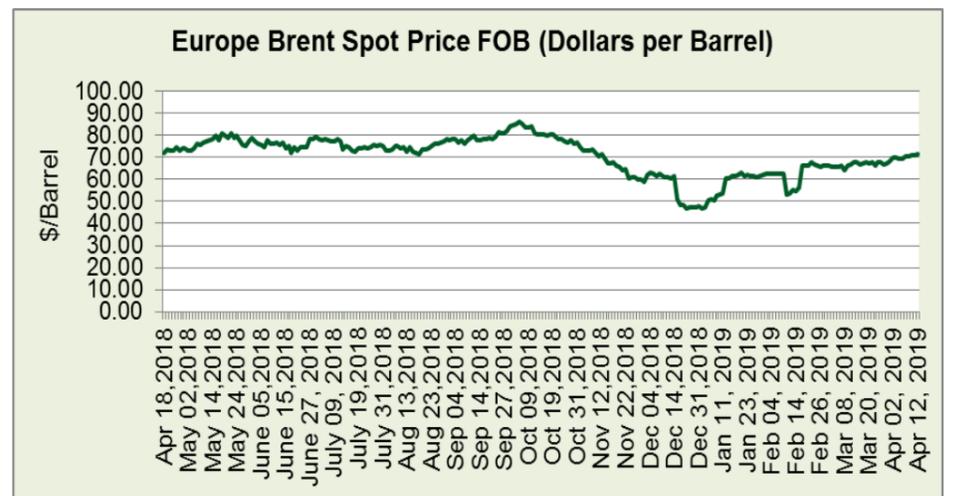
Both local and international markets prices for major grains have decreased this week compared to the previous week. The domestic prices for white maize, yellow maize, wheat, soybean, sunflower seed and sorghum decreased by 4.92%, 2.74%, 0.37%, 0.49%, 3.64 and 0.67%, respectively during the period. South Africa has a sufficient maize stock of nearly 18 million tons this season. According to the latest crop estimate, 2.3 million hectares of maize were planted, which could provide a potential crop of 10.5 million tons, given the 10.5 million ton crop plus carry-over stock of 3 million tons, South Africa should have sufficient maize for the season ahead. The international price for grains were mixed this week compared to the previous week. The price of US yellow maize and wheat decreased by 0.18% and 0.65% respectively; meanwhile price for US soybean increased by 0.20% compared to the previous week. The strong rand against other currencies affected grain market prices in the reporting week.

Spot price trends of major grains commodities

	1 year ago Week 15 (09-04-18 to 13-04-18)	Last week Week 14 (01-04-19 to 05-04-19)	This week Week 15 (08-04-19 to 12-04-19)	w-o-w % change
RSA White Maize per ton	R 1 968.80	R 2 766.00	R 2 766.00	-4.92%
RSA Yellow Maize per ton	R 2 068.00	R 2 630.40	R 2 630.40	-2.74%
USA Yellow Maize per ton	\$ 153.05	\$ 142.29	\$ 142.29	-0.18%
RSA Wheat per ton	R 3 875.20	R 4 549.60	R 4 549.60	-0.37%
USA Wheat per ton	\$ 178.06	\$ 170.91	\$ 170.91	-0.65%
RSA Soybeans per ton	R 4 686.00	R 4 759.60	R 4 759.60	-0.49%
USA Soybeans per ton	\$ 384.98	\$ 329.56	\$ 329.56	0.20%
RSA Sunflower seed per ton	R 4 633.00	R 5 167.60	R 5 167.60	-3.64%
RSA Sorghum per ton	R 3 3130.00	R3 568.00	R3 568.00	-0.67%
Crude oil per barrel	\$ 70.46	\$ 69.04	\$ 70.76	2.50%



The domestic currency appreciated against all the major currencies this week compared to the previous week, with rand appreciated by 1.15%, 0.79% and 1.47% against the US Dollar, Euro and Pound Sterling respectively. With the national elections coming up, rand volatility is expected.



The average price of Brent crude oil increased by 2.50% this week compared to the previous week, from \$69.04 to \$70.76 barrel. Oil markets have tightened this year because of US sanctions on oil exporters Iran and Venezuela, as well as supply cuts by Opec and some non-affiliated producers including Russia, a group known as Opec+.



National South African Price information (RMAA) : Beef

Week 13 (25/03/2019 to 31/03/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 14 (01/04/2019 to 07/04/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	10 860	42.63	44.34	Class A2	7868	43.45	43.90
Class A3	1 707	42.63	44.14	Class A3	958	43.49	40.78
Class C2	1 091	38.16	40.38	Class C2	817	37.88	40.55

Beef weekly average prices were mixed across the different classes however, prices are expected to be strong in the short to medium term due to improved seasonal demand, which is the Easter holidays. Weekly average purchase prices for class A2 and A3 beef increased by 1.9% and 2% respectively in the reporting week, meanwhile average selling prices for class C2 went down by 0.7%. Weekly average selling prices for class A2 and A3 beef decreased by 0.9% and 7.6% respectively end of week while average purchase price for class C2 increased by 0.4%. Unit sales for all classes decreased in the reporting week for A2, A3 and C2 by 27.5%, 43.9% and 25.1% respectively.

National South African Price information (RMAA) : Lamb

Week 13 (25/03/2019 to 31/03/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 14 (01/04/2019 to 07/04/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 809	66.51	69.13	Class A2	5815	66.08	69.74
Class A3	1 091	66.70	69.62	Class A3	899	65.75	70.46
Class C2	558	48.40	53.19	Class C2	1257	49.94	53.96

Local demand for lamb was rather mixed in the reporting week with some consumer resistance to high lamb prices. The arrival of rainfall may reduce stock available for slaughter, which can support prices; on the other hand good rains will positively impact - on the revival of pastures and rebuilding phase of the sheep flock. Weekly average selling prices for class A3, A3 and C2 lamb increased by 0.8%, 1.2% and 1.5% respectively. The weekly average purchase price for class A2 and A3 lamb decreased by 0.7% and 1.4% respectively, while class C2 increased by 3.2% week-on-week. Unit sales for class A2 and A3 lamb decreased by 25.5% and 17.6% respectively end of week, while class C2 increased by 125.3% week-on-week. Despite mixed reaction towards mutton demand, it is expected that demand for lamb and mutton could pick up as it is now towards Easter holidays; with tightening domestic supply due to the small flock available.

National South African Price information (RMAA) : Pork

Week 13 (25/03/2019 to 31/03/2019)	Units	Avg Purchase Price	Week 14 (01/04/2019 to 07/04/2019)	Units	Avg Purchase Price
Class BP	7 929	22.94	Class BP	7437	21.88
Class HO	5 764	21.44	Class HO	4885	20.79
Class HP	3 721	21.48	Class HP	3402	20.91

The units sold for all class BP, HO and HP decreased by 6.2%, 15.2% and 8.6% respectively compared to the previous week. The average purchasing price for all pork class BP, HO and HP also decreased by 4.6%, 3% and 2.7% respectively compared to the previous week. According to seasonal price trends the prices of pork may continue to trade lower to sideways and following the suppressed prices of poultry and beef.

Latest News Developments

The rand broke below the key R14/\$ mark on the 10 April 2019; this could be attributed to the settling of contagion risks from Turkey and the settling of local worry after Moody's granted the country a reprieve on its credit rating, as well as Eskom's management and government providing more clarity on the electricity crisis, the week before - have provided a foundation for the rand's strengthening trend. On the other hand the latest publication released by the IMF on its World Economic Outlook, the International Monetary Fund has lowered South Africa's projected GDP growth rate for 2019 from 1.4% to 1.2%, putting the country among the worst performers in sub-Saharan Africa; also the projected GDP expansion for 2020 has been lowered from 1.7% to 1.5%. This puts the IMF's growth projections slightly lower than what was recently published by the SA Reserve Bank. In late March, SARB Governor Lesetja Kganyago said the central bank expected SA's GDP growth for 2019 to average 1.3%, down from the bank's January projection of 1.7%. The bank's forecast for 2020 was 1.8%, down from 2.0%. According to the latest information from the Central Energy Fund, diesel prices may decrease with approximately 5 cents per litre, with fuel prices show an increase of around 55 cent per litre of petrol on the 1 May 2019. The key driver behind the expected hike is the rising cost of international petroleum which South Africa imports, contributing to 68 cents per litre increase in petrol prices, but only 8 cents per litre for diesel.

South Africa has detected an outbreak of African swine fever on a farm in North West province, this has been reported by World Organisation for Animal Health (OIE); the report said: In the Ditsobotla district under North West province the outbreak killed 32 out of a herd of 36 pigs on a farm, with the remaining animals slaughtered; the outbreak occurred outside SA's control zone for the disease and may be linked to contact with wild animals. The African swine fever is incurable in pigs but harmless to humans. It has spread across China since last year, causing major losses to the world's largest hog herd. Looking ahead, South Africa remains an efficient chicken producer in the global context and has consistently produced chicken more cheaply than European Union countries; this is according to the latest research from the Bureau for Food and Agricultural Policy, an independent research institute in South Africa. The cost of producing a chicken in South African is between 10% and 20% lower than most EU countries, including the Netherlands, Germany, France, the UK, Italy, Spain and Denmark. The most cost-effective EU countries, Poland and Hungary, are still behind South Africa. Oil prices rose back towards five-month high this week as oil cartel OPEC production cuts and US sanctions on Iran and Venezuela continued to tighten supply, although economic worries increased.

For more information contact: Directorate Statistics & Economic Analysis (SEA) at PresentG@daff.gov.za or 0123198288.

Source: SAFEX, Stats SA, Reuters, Red Meat Abattoir Association, Fnb, Farmer's Weekly and Standard Bank.
Disclaimer: DAFF will not be liable for results of actions based on this price watch.