



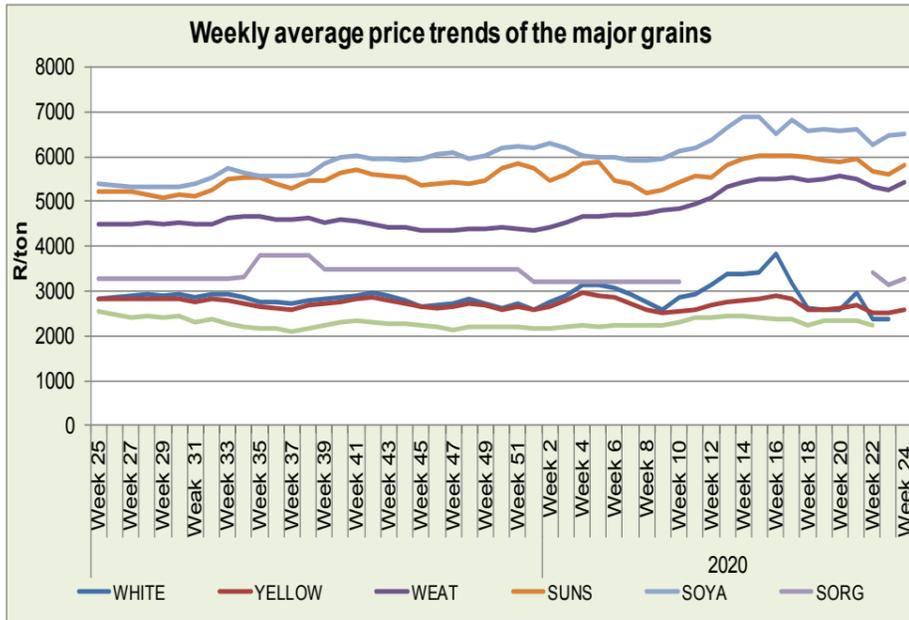
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 05 June 2020

Directorate: Statistics & Economic Analysis

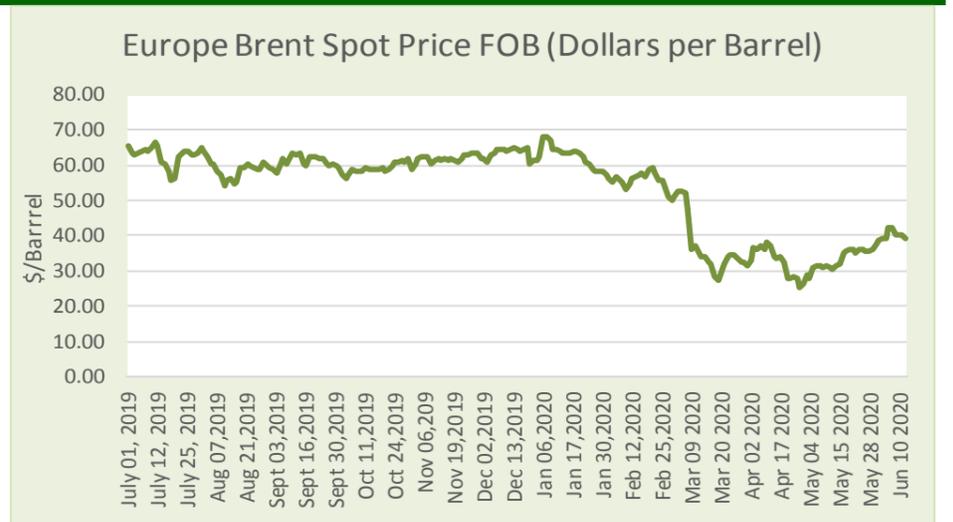
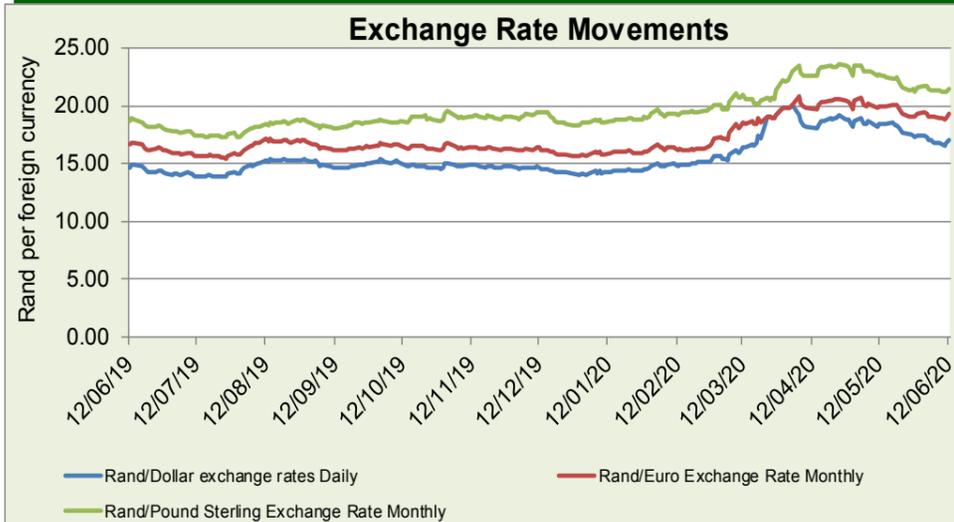
Sub-directorate: Economic Analysis



Most grain markets traded positively both at domestic and international level with exception of RSA wheat and US Wheat that declined this week when compared to the previous week. This week RSA White and Yellow Increased by 1.1% and 0.7% respectively when compared to the previous week following the trend of maize prices at international market. The rand was stronger for the most part this week, coming under pressure over budgetary concerns. Maize prices were underpinned by news of exports to Taiwan and larger intentions to export. Harvest is still progressing, there are mixed reports from the field indicating good yields, whilst in other areas quality problems and water damage RSA sunflower and soya bean increased marginally by 0.3% and 0.9% this week. Even with a recovering rand, JSE soya bean prices are correlating with Chicago prices to trend upward. These upward movements have even generated some buy signals in the market. The prices of sweet mini sorghum remained unchanged from the levels of the previous week. RSA wheat prices fell by 1.8% this week, the fall in price is from rand recovery together with USDA's expectation of record 2020/21 global stocks, which triggered some significant technical selling and lower international prices. Favorable weather in the US and Europe. Internationally, US corn and US soya increased by 1.3% and 2.1% when compared to the previous week. The increase in the price of US corn is backed up by significant recovery in US ethanol production from higher oil prices recently. Additionally hot and dry conditions in the forecast for the next few days. US wheat prices declined by 1.7% this week when compared to the previous week. The decrease in price can be attributed to favourable weather condition in USA allowing the winter harvest to progress together with higher production output in India, Australia and China.

Spot price trends of major grains commodities

	1 year ago Week 24 (10-06-19 to 14-06-19)	Last week Week 23 (01-06-20 to 05-06-20)	This week Week 24 (08-06-20 to 12-06-20)	w-o-w % change
RSA White Maize per ton	R 2 819.80	R 2 381.80	R 2 580.53	1.1%
RSA Yellow Maize per ton	R 2 806.80	R 2 501.00	R 2 577.93	0.7%
USA Yellow Maize per ton	\$ 167.77	\$ 128.02	\$ 125.47	1,3%
RSA Wheat per ton	R 4 467.40	R 5 265.20	R5 436.74	-1,8%
USA Wheat per ton	\$ 190.43	\$ 189.55	\$ 191.70	-1,7%
RSA Sunflower seed per ton	R 5 201.60	R5 612.60	R5 808.16	0,3%
RSA Soybeans per ton	R 5 368.60	R6 462.80	R6 509.70	0.9%
USA Soybeans per ton	\$ 318.91	\$310.18	\$310.18	2.1%
RSA Sweet Sorghum per ton	R 3 280,00	R 3 285.60	R 3 285.60	0.0%
Crude oil per barrel	\$ 61.95	\$ 39,32	\$ 40.36	2.6%



The rand appreciated against all major currencies by 2.09% against the US dollar, 1.12% against Euro and by 0.87% against the Pound. There was an improvement in risk appetite despite persistent concerns over the economic impact of the global pandemic as well as a second wave of coronavirus. On the domestic front, recent data showed how the country's strict lockdown hit severely mining output in April while manufacturing figures reflected the already-fragile state of the economy even before the lockdown measures.

The price of Brent crude oil increased by 2.6% this week compared to last week. According to OPEC price increased due to quick rebound on the demand of oil, paired with record supply cuts and after Libya once again closed its top oil field shortly after reopening. Domestic petrol and diesel prices are expected to increase by R1.40/l and 1.48/l, respectively, on 1 July 2020 as the strengthening of the rand against the US\$ will not be enough to offset higher oil prices.



National South African Price information (RMAA) : Beef

Week 22 (25/05/2020 to 31/05/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 23 (01/06/2020 to 07/06/2020)	Units	Avg Purchase Price	Avg Selling Price
Class A2	10 969	43,74	45,44	Class A2	6889	43.80	45.44
Class A3	1 153	44,15	45,76	Class A3	912	44.38	45.51
Class C2	1 122	38,47	40,72	Class C2	1307	38.46	40.95

Beef class units A2, and A3 decreased significantly by 37.2% and 20.9% respectively in the reporting week compared to previous week. Meanwhile, average purchases price for class all class of beef A2, and A3 beef marginally increased by 0.1% and 0.5%. A3 purchase price remained unchanged. Average selling price for class A2 remain unchanged, A3 decreased by 0.3 whilst C2 increase slightly by 0.6%. The partial reopening of some sectors like restaurants and take-away outlets has supported the demand for meat products. Although the average price of beef remained fairly stable from the levels prior to the lockdown.

National South African Price information (RMAA) : Lamb

Week 22 (25/05/2020 to 31/05/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 23 (01/06/2020 to 07/06/2020)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 267	81,88	81,5	Class A2	6042	82.68	78.63
Class A3	978	81,01	75,52	Class A3	1359	83.77	73.85
Class C2	2 100	56,87	58,29	Class C2	1434	55.02	57.33

The units sold for Lamb class A2 and C2 decreased by 3.6% and 31.9%, units of A3 increased by 39% when compared to the previous week. The average purchase price and average selling price for most classes of lamb showed a negative growth with exception of class A2 and A3 purchasing price that increased by 1.0% and 3.4%. This shows that there was a mixed demand reaction in the market following the relaxation of the national lockdown.

National South African Price information (RMAA) : Pork

Week 22 (25/05/2020 to 31/05/2020)	Units	Avg Purchase Price	Week 23 (01/06/2020 to 07/06/2020)	Units	Avg Purchase Price
Class BP	9 266	20,68	Class BP	9841	21.39
Class HO	7 136	19,34	Class HO	6713	19.78
Class HP	5 438	20,44	Class HP	4927	20.41

Unit sales for class HO and class HP pork decreased 5.9%, and 9.4% in the reporting week. The average purchases price for class BP and HO increased by 3.4% and 2.2% week-on-week. Following an improvement in demand.

Latest News Developments

The official petrol price is set to skyrocket in July, as the demand for oil takes off once more. The forecast spike will go a long way towards wiping out the huge decreases in oil prices seen this year. According to the Central Energy Fund (CEF) and Automobile Association (AA) petrol price for July 2020 is projected to rise by up to R1.59-per-litre. The price of diesel is predicted rise by as much as R1.48-per-litre. The pressure of price of petrol and diesel come from the demand for oil has been skyrocketing lately, and the per-barrel price has improved, considering that South Africa is largely dependent on fuel imports, so when the need for 'black gold' rises, so do our diesel and petrol prices. Although the rand has staged a significant recovery against the US dollar, it has not been enough to mitigate the oil surge. The world demand for oil is expected to continue to increase, South Africa likewise is expected that fuel prices to gradually edge back towards pre Covid-19 level.

According to South Africa Weather Services above normal rainfall levels expected for 2020 winter season. As a result of good rains received during the 2019/20 summer, rainfall areas reported reasonably good conditions for crops, veld and livestock, with dam levels increasing in most provinces. Above normal rainfall is anticipated in parts of the winter rainfall areas and other southern regions of the country, but elsewhere it will be below normal. Temperatures are anticipated to be above normal. Minimum temperatures are likely to be below normal for the north-eastern parts of the country. This current forecast implies that the likelihood for an El Niño event that was predicted previously has decreased further from previous assessments, and as the country is near the start of spring, the current forecasts tend to be more reliable.

Industry association Agri South Africa (Agri SA) earlier in the week has welcomed an announcement by Cooperative Governance and Traditional Affairs Minister that the drought relief available for farmers will be extended for a further month. This was after the industry made this request to the Minister earlier, as a result of the summer rainfall season having passed without sufficient rain in most of the regions afflicted by devastating drought conditions in the country. Initially the national state disaster was declared early March 2020 until 4th June 2020, now it has been extended by a month until the 4th of July 2020. When drought was also declared a national disaster in March 2018, government provided R430-million in relief, by way of grants, to farmers. Finance Minister announced immediate provision of unallocated disaster relief funds valued at R466-million.

Animal welfare organisations continue to express strong opposition to the exporting of livestock from South Africa, which has resulted in the granting of an urgent interim interdict temporarily banning this practice by the Grahams town High Court. The Grahams town High Court recently approved an urgent interim interdict to temporarily ban livestock exports by sea from South Africa until at least 16 July. The interdict was applied for by the National Council of Societies for the Prevention of Cruelty to Animals (NSPCA) and was granted against Kuwaiti company, Al Mawashi, which has been buying live sheep from the Eastern Cape for shipboard exports to the Middle East, and against other entities involved in these exports.

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

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