



agriculture, forestry & fisheries

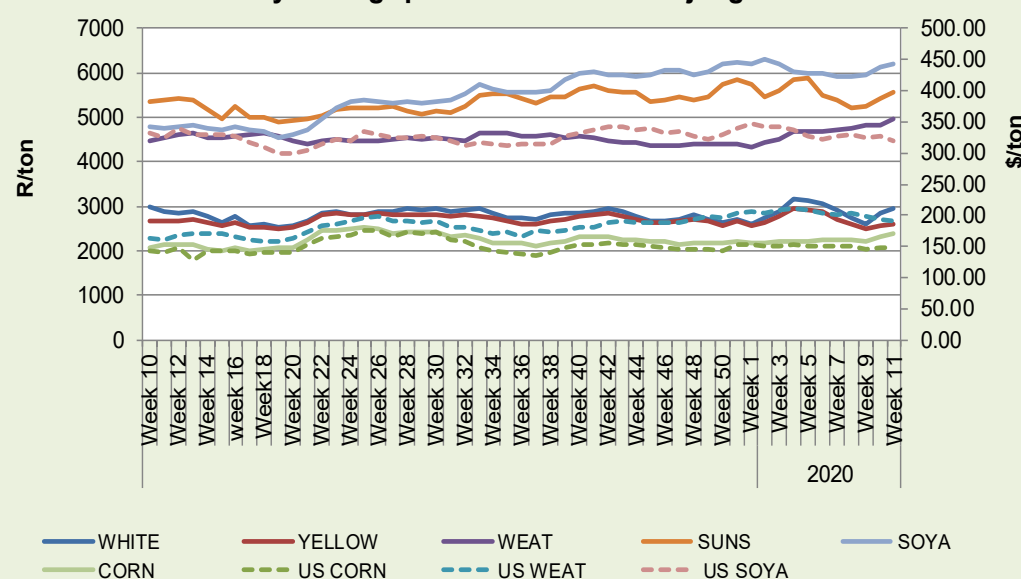
Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 13 March 2020

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

Weekly average price trends of the major grains

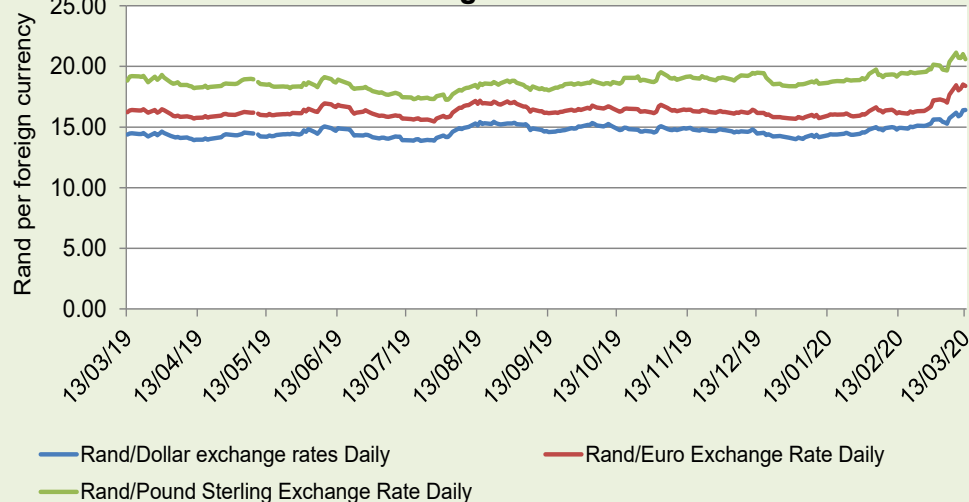


Domestic grain prices strengthened this week compared to the previous week, amid fears of potential disruptions the coronavirus could cause and has raised questions of whether South Africa could experience food shortages in the near-to-medium term. Local white and yellow maize prices increased by 2.5% and 1.6% respectively this week, while local wheat prices, soybean and sunflower seed prices increased by 2.3%, 1.2% and 2.6% respectively this compared to the previous week. Internationally, US yellow maize and wheat prices decreased by 0.7% and 1.3% respectively this week compared to the previous week, following broad declines in commodity and equity markets, on fears of economic fallout from the coronavirus pandemic. US soybean prices decreased by 2.5% week-on-week, on fears that the coronavirus pandemic may trigger a global recession. Furthermore, disappointing weekly export sales data weighed on soyabean futures in the week. Meanwhile, a coordinated stimulus package from world governments in response to the coronavirus pandemic is expected to draw support to the grain market.

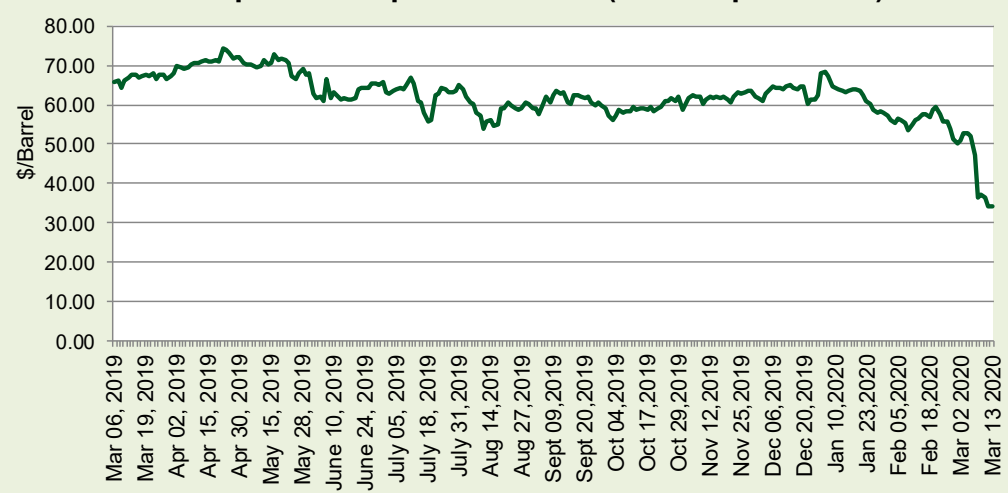
Spot price trends of major grains commodities

	1 year ago Week 11 (04-02-19 to 08-02-19)	Last week Week 10 (02-03-20 to 06-03-20)	This week Week 11 (09-03-20 to 13-03-20)	w-o-w % change
RSA White Maize per ton	R 2 888.60	R 2 864.20	R 2 937.20	2.5%
RSA Yellow Maize per ton	R 2 654.00	R 2 555.00	R 2 595.00	1.6%
USA Yellow Maize per ton	\$ 140.31	\$ 149.13	\$ 148.04	-0.7%
RSA Wheat per ton	R 4 527.00	R 4 840.60	R 4 953.60	2.3%
USA Wheat per ton	\$ 160.89	\$ 193.22	\$ 190.73	-1.3%
RSA Soybeans per ton	R 4 744.40	R 6 137.60	R 6 213.60	1.2%
USA Soybeans per ton	\$ 325.12	\$ 327.34	\$ 319.09	-2.5%
RSA Sunflower seed per ton	R 5 373.60	R 5 442.20	R 5 581.60	2.6%
RSA Sweet Sorghum per ton	R 3 568.00	R 3 215.00	-	-
Crude oil per barrel	\$ 67.03	\$ 51.07	\$ 35.58	-30.3%

Exchange Rate Movements



Europe Brent Spot Price FOB (Dollars per Barrel)



The rand depreciated by 5.7% against the US dollar week-on-week, as volatility remains high and panic persists about the spread of the coronavirus. The rand depreciated by 1.6% against the Pound Sterling week-on-week, amid meltdown in global stock markets and investor sentiment slows in the face of a coronavirus-linked economic slowdown. The rand depreciated by 5.6% against the Euro week-on-week, after the bank of England delivered a sizeable cut to interest rates in March 2020.

Brent crude oil recorded its biggest weekly loss since the 2008 global financial crisis, averaging \$35.58 in the reporting week compared to \$51.07 reported the previous week. Brent crude oil price is 30.3% less than the previous week, affected by the coronavirus outbreak and efforts by Saudi Arabia and its allies to flood the market with record levels of supply. The severe shocks to both supply and demand caused the crude market to collapse, as producers around the world prepare themselves for an unexpected oil glut in the coming weeks.



National South African Price information (RMAA) : Beef

Week 9 (24/02/2020 to 01/03/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 10 (02/03/2020 to 08/03/2020)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	10 027	46.98	48.36	Class A2	9 871	46.96	48.14
Class A3	953	46.93	48.62	Class A3	1 000	47.10	48.10
Class C2	1 092	40.15	42.61	Class C2	1 353	41.02	43.15

Units sold for class A3 and C2 beef increased by 4.9% and 23.9% respectively in the reporting week while units sold for class A2 beef decreased by 1.6% week-on-week. Farmers are currently catching up on lost sales from the ban of livestock auctions. Meanwhile, the weekly average purchase prices for class A2 decreased marginally in the reporting week while class A3 and C2 beef increased by 0.4% and 2.2% respectively in the reporting week on improved demand ahead of the Easter holidays. The weekly average selling prices for class A2 and A3 beef decreased by 0.5% and 1.1% respectively in the reporting week while C2 beef average selling price increased by 1.3 % in the reporting week compared to the previous week, displaying some gains on the back of improved seasonal demand.

National South African Price information (RMAA) : Lamb

Week 9 (24/02/2020 to 01/03/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 10 (02/03/2020 to 08/03/2020)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	7 271	75.51	74.27	Class A2	6 636	75.81	74.62
Class A3	981	75.89	73.29	Class A3	894	76.15	72.32
Class C2	1 619	52.99	55.15	Class C2	1 914	53.47	55.72

Units sold for class A2 and A3 lamb decreased by 8.7% and 8.9% respectively in the reporting week while units sold for class C2 lamb increased by 18.2% week-on-week. The weekly average purchase prices for class A2, A3 and C2 lamb increased by 0.4%, 0.3% and 0.9% respectively in the reporting week compared to the previous week on good uptake. During the same period, the weekly average selling prices for class A2 and C2 lamb increased by 0.5% and 1.0% respectively in the reporting week on a firm built-up towards the Easter holidays while the average selling price for class A3 lamb decreased by 1.3% in the reporting week compared to the previous week. Local lamb prices are expected to increase on improved seasonal demand during the Easter period.

National South African Price information (RMAA) : Pork

Week 9 (24/02/2020 to 01/03/2020)	Units	Avg Purchase Price	Week 10 (02/03/2020 to 08/03/2020)	Units	Avg Purchase Price
Pork					
Class BP	9 410	24.46	Class BP	8 872	23.65
Class HO	7 033	23.39	Class HO	7 150	22.76
Class HP	4 581	23.69	Class HP	4 729	22.51

Units sold for class HO and HP pork increased by 1.7% and 3.2% respectively in the reporting week while units sold for class BP pork decreased by 5.7% week-on-week. During the same period, the weekly average purchase prices for class BP, HO and class HP pork decreased by 3.3%, 2.7% and 5.0% respectively in the reporting week compared to the previous week. Weak demand and increased volumes continue to place downward pressure on the domestic pork market.

Latest News Developments

Moody's latest report cut South Africa's GDP growth forecast to 0.4% whereby, in its February report, had lowered South Africa's GDP growth forecast to 0.7%, from the previous 1.2%. The agency stated that its new baseline forecast assumes that global efforts are able to contain the spread of the virus but modelled an alternative, more negative scenario where it sees South Africa's GDP growth at zero for this year.

South African business sentiment plunged to the lowest level in more than two decades in the first quarter of 2020. The Bureau for Economic Research Business Confidence (BCI) Index fell to 18 index points in Q1 2020 from 26 index points in Q4 2019, recording below the neutral 50 index point mark since Q1 2015. The decline in the BCI was broad-based across the business sector, building sector, manufacturing and retail sector. Weaker confidence levels were reported by the building contractors, manufacturing and retail sectors while frequent episodes of load shedding and concerns about the potential impact of COVID-19 are among the major reasons why South Africa's business sentiment plunged to its lowest levels.

Eskom implemented rolling blackouts in the week, following the loss of generation capacity at Koeberg Unit 1. Despite Eskom stating that the faulty pump at Koeberg has been repaired, the power utility started the process of obtaining regulatory approval in order to synchronise the repaired unit back to service. Meanwhile, Eskom's power cuts struck the Western Cape in the midst of a critical time for the fruit industry. According to Jannie Strydom, CEO of Agri Western Cape, load-shedding caused major damages across the agricultural sector with warehouses, canning factories, animal feed preparation and processing plants, cellars and farm safety is under pressure. Jannie Strydom mentioned that the ongoing blackout is a serious concern for the fruit industry as the fruit industry is facing tough situations given the impact of the coronavirus outbreak on the global economy, which has resulted in reduced market access with import tariffs hampering farmer production and profitability.

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