



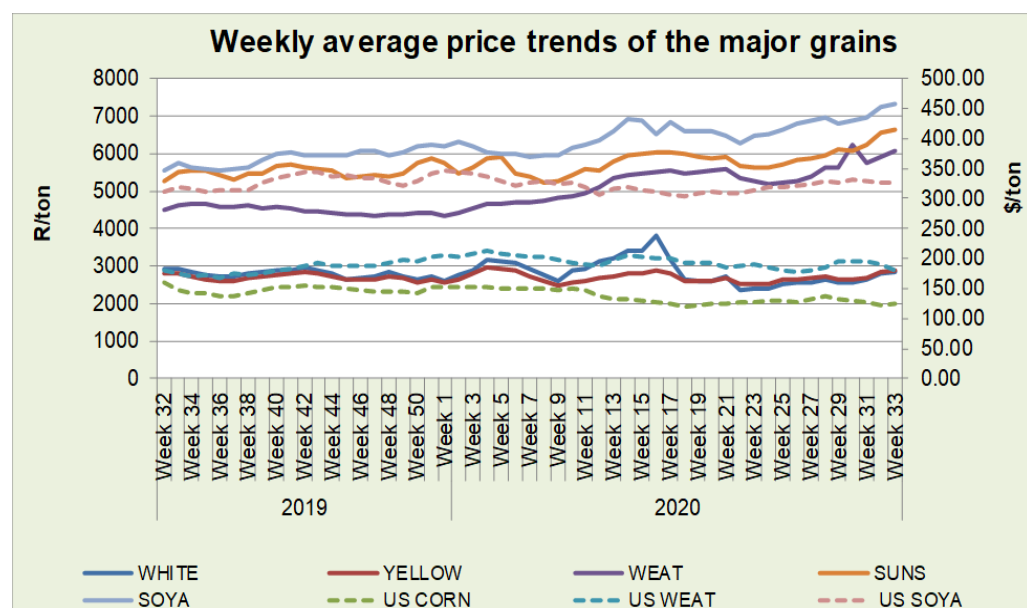
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 14 August 2020

Directorate: Statistics & Economic Analysis

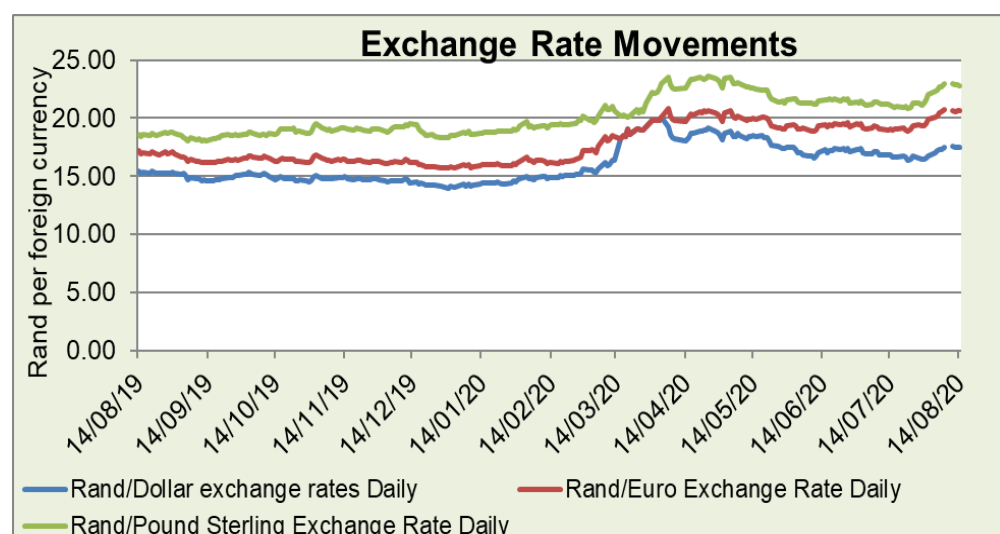
Sub-directorate: Economic Analysis



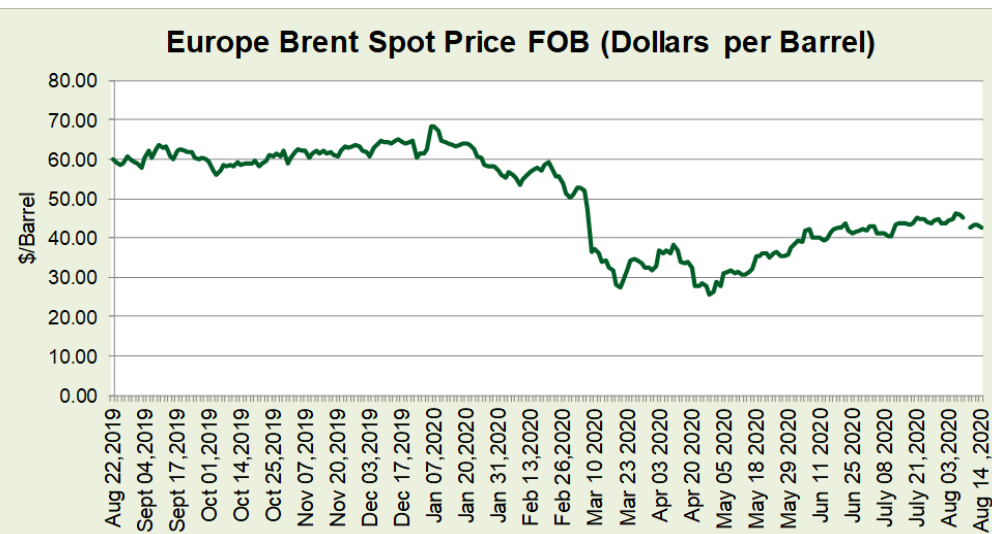
Domestic grain prices strengthened for two consecutive weeks with local white maize, yellow maize, wheat, soybean and sunflower prices increased by 2.4%, 1.7%, 2.6%, 0.9% and 1.2% respectively this week compared to the previous week. Meanwhile, local sweet sorghum prices remained flat this week compared to last week. On the international front, US yellow maize prices increased slightly by 0.8% this week compared to the previous week. The 2020/21 global maize production estimate was lifted by 1% to 1.17 billion tons in this month's estimate, which is also 5% higher than 2019/20 maize production. The upward revisions were mainly in the US and Ukraine's maize production estimates. However, there are doubts about the size of the US maize harvest as traders believe the unfavorable weather conditions over the past few weeks might have caused more damage to the crop. During the same period US wheat prices decreased by 4.1% this week compared to the previous week, whilst US soybean prices remained flat week-on-week.

Spot price trends of major grains commodities

	1 year ago Week 33 (12-08-19 to 16-08-19)	Last week Week 32 (03-08-20 to 07-08-20)	This week Week 33 (10-08-20 to 14-08-20)	w-o-w % change
RSA White Maize per ton	R 2 939.00	R 2 789.00	R 2 857.00	2.4%
RSA Yellow Maize per ton	R 2 793.40	R 2 828.00	R 2 875.75	1.7%
USA Yellow Maize per ton	\$ 148.10	\$ 123.13	\$ 124.15	0.8%
RSA Wheat per ton	R 4 636.00	R 5 901.80	R 6 052.50	2.6%
USA Wheat per ton	\$ 175.31	\$ 189.02	\$ 181.31	-4.1%
RSA Soybeans per ton	R 5 739.80	R 7 251.40	R 7 317.25	0.9%
USA Soybeans per ton	\$ 317.90	\$ 326.35	\$ 326.28	0.0%
RSA Sunflower seed per ton	R 5 501.00	R 6 574.80	R 6 652.25	1.2%
RSA Sweet Sorghum per ton	R 3 330.41	R 3 900.00	R 3 900.00	0.0%
Crude oil per barrel	\$ 55.06	\$ 45.33	\$ 42.92	-5.3%



The rand depreciated by 1,2% against the US dollar and depreciated by 1,0% against the Pound Sterling and Euro respectively week-on-week. This week the rand was also subject to poor domestic economic data, the weaker retail sales, lower mining output and Eskom's stage 2 load-shedding announcement. The rand's performance will depend on domestic policy reforms to support higher growth and government debt stabilization. As the lockdown restrictions start easing, the rand is expected to recover slightly.



Brent crude oil averaged \$42.92 this week compared to \$45.33 reported the previous week, a decrease 5.3% compared to the previous week. Oil trading has been on the decline these past couple of weeks as conflicting data pulls prices in different directions. But, according to some, a correction may be on the way.



National South African Price information (RMAA) : Beef

Week 31 (27/07/2020 to 02/08/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 32 (03/08/2020 to 09/08/2020)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 780	43.52	46.21	Class A2	8 297	43.39	45.58
Class A3	1 018	44.64	46.00	Class A3	868	44.54	45.99
Class C2	991	39.47	40.50	Class C2	1 083	39.47	40.65

Units sold for class A2 and A3 beef decreased by 5.5% and 14.7% respectively, while units sold for class C2 increased by 9.3% this week compared to the previous week. Beef prices are still subdued but they are gradually improving as demand picks up. Weekly average purchase prices for class A2 and A3 beef decreased by 0,3% and 0,2% respectively, whilst average purchase prices for class C2 remain flat in the reporting week. During the same period average selling prices for class A2 beef decreased by 1,4%, whilst class C2 decreased by 0.4%. Local meat prices are expected to improve with demand over the next few weeks as spring approaches and possible further easing of the lockdown is imminent. Further easing of the lockdown should increase activity in sit-down and takeaway restaurants and fuel demand as more income generating economic activities start to operate.

National South African Price information (RMAA) : Lamb

Week 31 (27/07/2020 to 02/08/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 32 (03/08/2020 to 09/08/2020)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 926	87.46	80.60	Class A2	5 537	86.18	79.83
Class A3	934	88.56	75.63	Class A3	663	85.67	77.25
Class C2	876	63.54	65.16	Class C2	798	65.28	66.59

Units sold for class A2, A3 and C2 lamb decreased by 30,1%, 29,0% and 8,9% respectively this week compared to the previous week. This shows that there is some consumer resistance to high priced lamb on the back of persistently tough economic conditions. The weekly average purchase prices for class A2 and A3 lamb decreased by 1,5% and 3,3% respectively, while weekly average purchase prices for class C2 decreased by 2,7% in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class A3 and C2 lamb increased by 2,1% and 2,2% respectively, while the weekly average selling price for class A2 lamb decreased by 1,0%.

National South African Price information (RMAA) : Pork

Week 31 (27/07/2020 to 02/08/2020)	Units	Avg Purchase Price	Week 32 (03/08/2020 to 09/08/2020)	Units	Avg Purchase Price
Class BP	8 914	23.86	Class BP	7 399	24.19
Class HO	6 748	22.87	Class HO	7 704	23.18
Class HP	5 279	23.00	Class HP	4 973	23.39

Units sold for class BP and HP pork decreased by 17,0% and 5,8% respectively while units sold for class HO pork increased by 14,2% this week compared to last week. During the same period, the weekly average purchase prices for class BP, HO and HP pork increased by 1,4%, 1,4% and 1,7% respectively. Pork prices are bullish, they are recovering much faster than prices of other red meats as constrained consumers continue to substitute cheaper pork for other red meats.

Latest News Developments

If the forecast for late-winter rain across the south-western and southern parts of South Africa holds true, winter grain producers in the Western Cape may achieve their best yields since 2016. According to the latest South African Weather Service (SAWS) monthly Seasonal Climate Watch report, the rainfall forecast for late-winter (July, August, September) indicated increased chances of above-normal rainfall for these regions, with drier than normal conditions throughout the rest of South Africa. The SAWS said that the El Niño-Southern Oscillation (ENSO) was currently in a borderline, weak El Niño state and the forecast indicated that it would most likely remain on the border of a weak El Niño and neutral state during mid- and late-winter.

Tractor and combine harvester sales increased in July compared with the same period last year. However, new vehicle sales remained subdued. The latest report released by the South African Agricultural Machinery Association (SAAMA) indicated that 444 tractors were sold in July, up by 21% on the 368 units sold during the same month last year. The total combine harvester sales for July was 11, an increase of three units compared with last year. Wandile Sihlobo, chief economist at Agbiz, said While South Africa's agricultural machinery sales this year could largely be more positive than initially expected, subdued performance going into 2021 can be expected. He added that the weaker rand would lead to higher prices for imported agricultural machinery, which would reduce farmers' ability to acquire tractors and combine harvesters.

Statistics South Africa (Stats SA) released its National Poverty Lines 2020 report on Thursday, 13 August, in which it revised its three cost of living measurements as at April 2020. The first of these was the food poverty line (FPL), also known as the extreme poverty line, which has now been set at R585. The lower-bound poverty line was set at R840 and was referred to as the FPL plus the amount derived from non-food items for households spending at FPL levels. The upper-bound poverty line was set at R1 268 per person. Agricultural economist Dr Kobus Laubscher said these figures were cause for great concern, particularly because the so-called bread-line was out of reach for many South Africans. The reality of the situation is that the food poverty line is more than the amount paid by government for a child grant.

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