



agriculture, forestry & fisheries

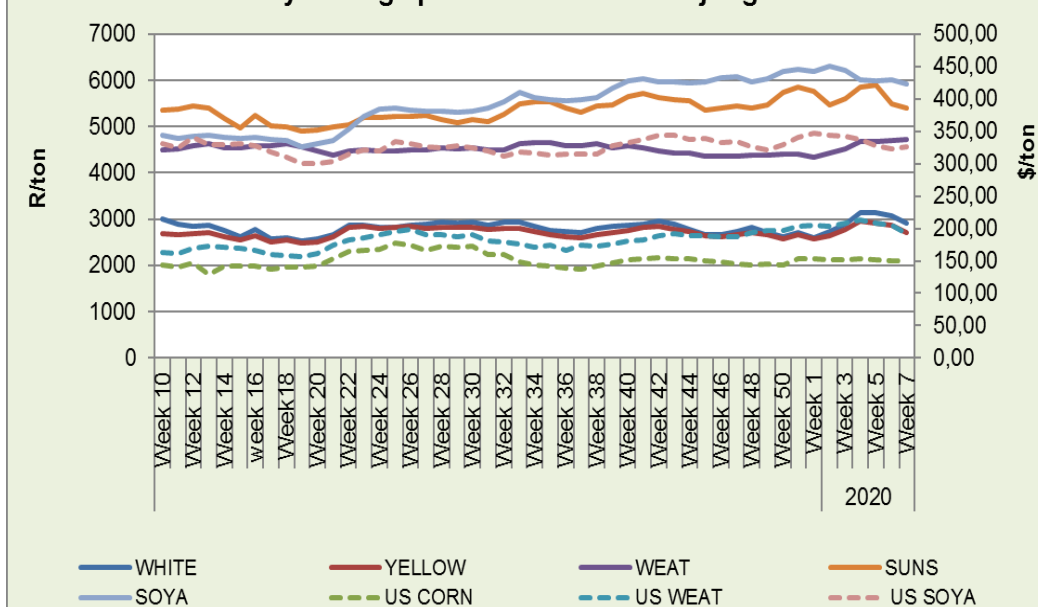
Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 14 February 2020

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

Weekly average price trends of the major grains

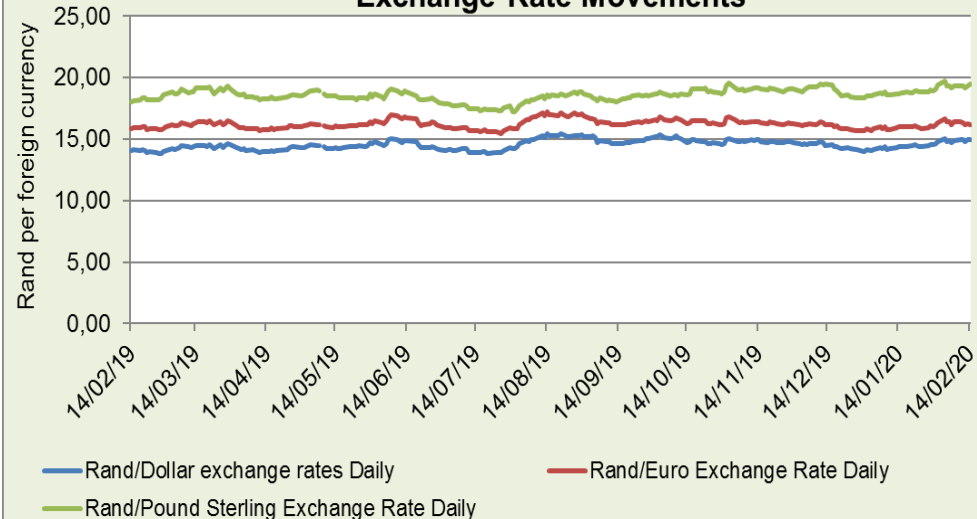


The price of local white and yellow maize decreased by 2.8% and 5.3% respectively compared to the previous week due to expectations of good maize yields in 2020. The price of international maize increased by 0.3% compared to the previous week as a result of inter-alia increased ethanol usage. The price of local wheat increased by 0.5% benefiting from the weaker rand compared to the previous week. The US wheat price decreased by 6.4% as a result of technical selling and the stronger dollar. Local soybeans price decreased by 1.2% as the output for soybeans remains unchanged and good yields are expected. The international soybeans price increased by 1.1% as the market awaits updates from China and on South American weather. The price of sunflower decreased by 1.6% as a result of long liquidation selling. The price of sorghum remains the same.

Spot price trends of major grains commodities

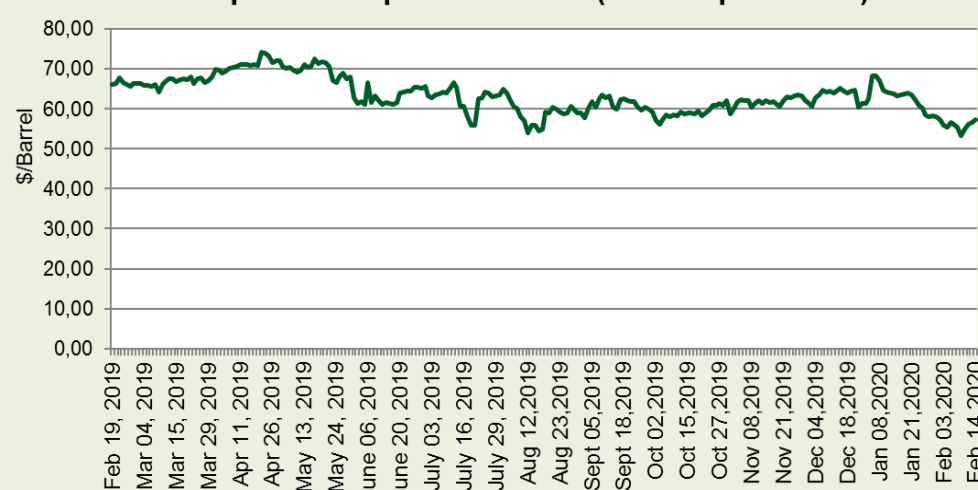
	1 year ago Week 7 (11-02-19 to 15-02-19)	Last week Week 6 (03-02-20 to 07-02-20)	This week Week 7 (10-02-20 to 14-02-20)	w-o-w % change
RSA White Maize per ton	R 2920,37	R 3 006.60	R 2 921,6	-2,8%
RSA Yellow Maize per ton	R 2709,24	R 2 871.20	R 2 720,4	-5,3%
USA Yellow Maize per ton	\$ 149,06	\$ 149.74	\$ 150,15	0,3%
RSA Wheat per ton	R 4 447,95	R 4 695.80	R 4 717,8	0,5%
USA Wheat per ton	\$ 190,66	\$ 204.62	\$ 191,54	-6,4%
RSA Soybeans per ton	R 4 820,31	R 6 001.80	R 5 927	-1,2%
USA Soybeans per ton	\$ 334,33	\$ 322.59	\$ 326,23	1,1%
RSA Sunflower seed per ton	R 5602,59	R 5 480.60	R 5 391,4	-1,6%
RSA Sweet Sorghum per ton	R 3820,00	R 3 215.00	R 3 215.00	0,0%
Crude oil per barrel	\$ 54,61	\$ 55.90	\$ 55,68	-0,4%

Exchange Rate Movements



The rand depreciated by 0,4% against the dollar ,whilst appreciating by 0,84% and 0,14% against the Euro and the pound respectively. The rand started depreciating against the dollar from Wednesday after the SA finance minister painted a dim picture of SA finances. The rand appreciation against the Euro started on the back of positive global sentiments earlier during the week although the rand started slowing from Wednesday which saw the rand loose gains especially against the dollar.

Europe Brent Spot Price FOB (Dollars per Barrel)



The price of oil depreciated by 0.4% compared to the previous week. According to the International Energy Agency ; global oil demand has been hit hard by the novel coronavirus and the widespread shutdown of China's economy. Demand is now expected to fall by 435 kb/d y-o-y in the first quarter of 2020, the first quarterly contraction in more than 10 years.



National South African Price information (RMAA) : Beef

Week 5 (27/01/2020 to 02/02/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 6 (03/02//2020 to 09/02/2020)	Units	Avg Purchase Price	Avg Selling Price
Class A2	11 527	45.40	48.47	Class A2	9387	46.18	47.16
Class A3	889	45.55	48.26	Class A3	857	46.19	47.29
Class C2	716	39.95	42.02	Class C2	672	40.10	41.54

The quantity sold for class A2, A3 and C2 decreased by 1.8%; 3.6% and 6.1% respectively compared to the previous week. The purchase prices increased by 1.7%, 1.4% and 0.4% respectively whilst the selling prices fell by 2.7%,2% and 1.1% respectively .

National South African Price information (RMAA) : Lamb

Week 5 (27/01/2020 to 02/02/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 6 (03/02//2020 to 09/02/2020)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 824	71.80	72.24	Class A2	6 203	73.45	72.55
Class A3	1 146	72.61	71.55	Class A3	1 051	74.02	72.02
Class C2	1 106	53.63	55.14	Class C2	1 007	50.91	55.29

The units sold for class A2, A3 and C2 decreased by 9.1%;8.3% and 9% respectively; while the purchase prices for class A2 and A3 increased by 2.3% and 1.9% and declining by 5.1% for class C2. The average selling prices increased by 0.45%;0.7% and 0.3% respectively.

National South African Price information (RMAA) : Pork

Week 5 (27/01/2020 to 02/02/2020)	Units	Avg Purchase Price	Week 6 (03/02//2020 to 09/02/2020)	Units	Avg Purchase Price
Class BP	8 608	25.19	Class BP	7 886	25.12
Class HO	6 739	24.07	Class HO	6 494	24.07
Class HP	4 627	24.02	Class HP	4 402	23.86

The units sold for class BP; HO and HP declined by 8.4%;3.6% and 4.9%. The average purchase prices for class BP; HP decreased by 0.3% and 4% respectively whilst remaining stable for class HO.

Latest News Developments

South Africa's unemployment rate remained unchanged at 29.1% in the 4th quarter of 2019. The expanded unemployment rate was 38.7%, or 10.4-million people, in the fourth quarter, which included discouraged work-seekers and those with other reasons for not searching for work. Statistics South Africa data showed that manufacturing output declined by 5.9% year-on-year for December 2019. Yearly manufacturing production decreased by 0.9% compared with 2018, with the largest negative contributors being wood and wood products, paper and printing ; basic iron and steel ; and petroleum products. President Cyril Ramaphosa gave a state of the nation address on Thursday ,13 February 2020; stating that the SA economy has not grown at any meaningful rate for over a decade and that even as jobs are being created the rate of unemployment is deepening. He reiterated the statement by the SA finance minister that the public finances are under severe pressure. The president stated that they would hold the third South Africa Investment Conference in November to review the implementation of previous commitments and to generate new investment into the economy. Stating that in the second South Africa Investment Conference last year, over 70 companies made investment commitments of R364 billion in industries as diverse as advanced manufacturing, agro-processing, infrastructure, mining, services, tourism and hospitality. In the first two years of the ambitious investment drive, a total of R664 billion was raised in investment commitments, which is more than the half of the five year target of R1.2 trillion. He highlighted the impact that; already projects with an investment value of R9 billion have been completed and 27 projects worth just over R250 billion are in implementation phases, with more coming on-stream this year. Regarding electricity generations; the president stated that in the next few months, as Eskom works to restore its operational capabilities, they will be implementing measures that will fundamentally change the trajectory of energy generation in the country.

The following measures were proposed to rapidly increase generation capacity outside of Eskom;

“- A Section 34 Ministerial Determination will be issued shortly, by the Minister of Mineral Resources and Energy, to give effect to the Integrated Resource Plan 2019, enabling the development of additional grid capacity from renewable energy, natural gas, hydro power, battery storage and coal.

- Initiate the procurement of emergency power from projects that can deliver electricity into the grid within three to 12 months from approval.

- The National Energy Regulator will continue to register small-scale distributed generation for own use of under one megawatt (MW), for which no license is required.

- The National Energy Regulator will ensure that all applications by commercial and industrial users to produce electricity for own use above 1MW are processed within the prescribed 120 days. It should be noted that there is now no limit to installed capacity above 1MW.

- We will open bid window 5 of the renewable energy Independent Power Producers (IPPs) and work with producers to accelerate the completion of window 4 projects.

- We will negotiate supplementary power purchase agreements to acquire additional capacity from existing wind and solar plants.

- We will also put in place measures to enable municipalities in good financial standing to procure their own power from IPPs.”

Processed within the prescribed 120 days. It should be noted that there is now no limit to installed capacity above 1MW. The Bureau for Economic Research (BER) in a short summary of its economic prospects, on Monday said the low GDP growth was compounded by the impact of the return of load shedding early in January. The BER pointed out that GDP had grown by 0.3% last year and it is forecasted to grow by 0.6% this year and by 1.2% next year.

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