



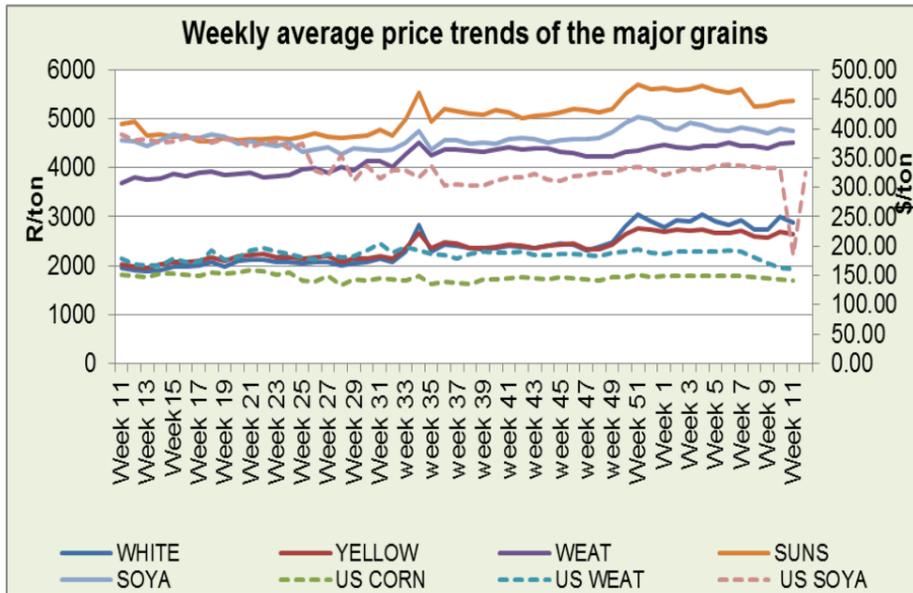
# agriculture, forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA

## Weekly Price Watch: 15 March 2019

Directorate: Statistics & Economic Analysis

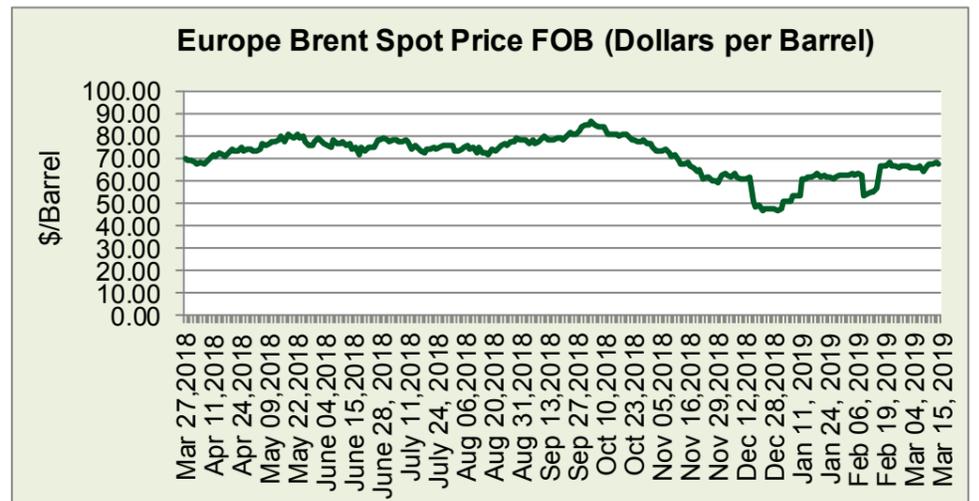
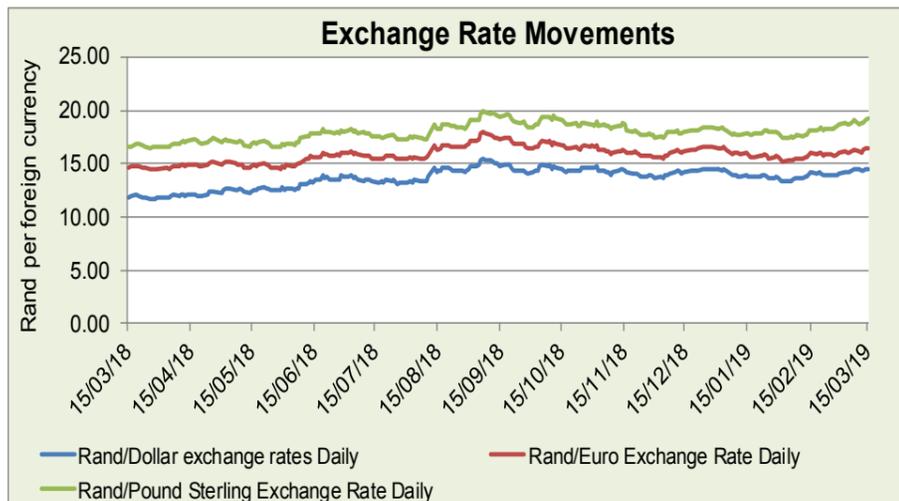
Sub-directorate: Economic Analysis



The price of local white and yellow maize decreased by 3.49% and 1.21% respectively following the U.S corn prices and the USDA sentiments that the world will have fairly large supply maize, and soybean. US maize price decreased also this week due estimated higher World supplies, the increases are mainly in South America and the Black Sea region. The price of local wheat increased by 0.82% this week due improvement in production levels seen in the drought year, with the 2018/19 harvest estimated at 1.84 million tonnes, up by 19% from the previous season. The strength in the price is also supported by the weaker domestic currency against the US dollar, as well as higher Chicago wheat prices, which are underpinned by tight global supplies. U.S wheat price also decreased slightly this week due to large world stocks. The price of both local and U.S soybeans decreased by 1.30% and 1.82% respectively this week due to increase in estimated production levels by the USDA. The uptick is mainly on the back of an expected large harvest in the United States, China, and Argentina as the major producers of soybean in the world. The price of local sunflower decreased by 0.42% this week compared to last week.

### Spot price trends of major grains commodities

	1 year ago Week 11 (12-03-18 to 16-03-18)	Last week Week 10 (04-03-19 to 08-03-19)	This week Week 11 (11-03-19 to 15-03-19)	w-o-w % change
RSA White Maize per ton	R 1 948.00	R 2 993,20	R 2 888.60	-3.49%
RSA Yellow Maize per ton	R 2 029.20	R 2 686,40	R 2 654.00	-1.21%
USA Yellow Maize per ton	\$ 151.38	\$ 142.78	\$ 140.31	-1,73%
RSA Wheat per ton	R 3 682.40	R 4 490,20	R 4 527.00	0.82%
USA Wheat per ton	\$ 179.17	\$ 163,62	\$ 160.89	-1.67%
RSA Soybeans per ton	R 4 564.00	R 4 807,00	R 5 373.60	-1.30%
USA Soybeans per ton	\$ 380.06	\$ 331,13	\$ 352.12	-1.82%
RSA Sunflower seed per ton	R 4 895.20	R 5 351,60	R 4 744.40	0.42%
RSA Sorghum per ton	R 3 180.00	N/A	N/A	N/A
Crude oil per barrel	\$ 64,67	\$ 66.19	\$ 67.03	1.26%



The rand depreciated by 0.84%, 0.7% and 0.77% against the US dollar, the Euro and the pound. The rand was volatile and mostly under pressure this week on a mix of local and international factors. The local unit was hurt by concerns about global growth following the release of soft Chinese industrial production figures for January as well as weak local mining and manufacturing data. Continued worries about local electricity supply problems also exacerbated pressure on the rand.

The price oil increased by 1.26% compared to last week, Oil extended its retreat as investor appetite for risk assets shrank and uncertainty persisted over how much OPEC output will need to be cut to counter booming US shale supplies. Worries that global growth may be slowing due to a US-China trade war and a partial American government shutdown that's entered its fourth week are weighing on investor sentiment.



## National South African Price information (RMAA) : Beef

Week 9 (25/02/2019 to 03/03/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 10 (04/03/2019 to 10/03/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	10645	39.39	41.30	Class A2	8699	40.59	41.70
Class A3	1193	39.73	41.59	Class A3	1819	40.77	41.32
Class C2	801	38.12	40.03	Class C2	1166	38.16	41.93

The units sold for beef class A3 and C2 increased by notable 52.5% and 45.6% respectively whilst units sold for class A2 decreased by 18.3% when compared to the previous week. The average purchase prices for all classes of beef A2, A3 and C2 increased by 3%, 2.6% and 0.1% respectively week on week. The average selling price for class of beef A2, and C2 also increased by 1% and 4.7% respectively, whilst that of class A3 decreased by 0.6%. There are ongoing discussions with the Middle East, and the African continent's markets to lift the ban placed on South African beef as a result of the foot-and-mouth disease outbreak. The outcome of the ongoing engagement will have implications on the meat price inflation in the coming months

## National South African Price information (RMAA) : Lamb

Week 9 (25/02/2019 to 03/03/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 10 (04/03/2019 to 10/03/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7799	65.49	68.77	Class A2	7188	67.79	69.91
Class A3	1369	65.49	68.77	Class A3	1072	68.37	70.05
Class C2	1032	52.94	56.49	Class C2	692	52.57	57.63

The units sold for all classes of lamb class A2, A3 and C2 decreased notable this week when compared to the previous week by 7.8%, 21.7% and 32.9%. The average purchase prices for classes of lamb A2 and A3 increased by 3.5% and 4.4% whilst that of class C2 decreased by 0.7% when compared to the previous week. Additionally weekly average selling price for all classes A2, A3 and C2 increased by 1.7%, 1.9% and 2% respectively.

## National South African Price information (RMAA) : Pork

Week 9 (25/02/2019 to 03/03/2019)	Units	Avg Purchase Price	Week 10 (04/03/2019 to 10/03/2019)	Units	Avg Purchase Price
Class BP	8733	23.59	Class BP	8299	23.35
Class HO	6724	22.81	Class HO	7056	22.33
Class HP	3687	22.91	Class HP	3726	22.40

The units sold for class HO and HP increased by 4.9% and 1.1% respectively when compared to the previous week, on the other hand units sold for class BP decreased by 5%. The average purchasing price for all classes of pork BP, HO and HP also decreased by 1%, 2.1% and 2.2% respectively when compared to the previous week. The weak economic growth weigh on consumer demand for more expensive protein foods such as pork and poultry.

## Latest News Developments

According to Automobile Association (AA), South African consumers should brace for a possible increase in the basic fuel price in April of 98 cents per litre for petrol, 70 cents per litre for diesel and 63 cents per litre for illuminating paraffin. The AA warned that the expected rises would be higher when hikes in fuel levies, announced by Finance Minister in February, are factored in. It said that its outlook for April sees petrol increasing by R1.18 a litre and diesel by 90 cents a litre when the levies are included. According to AA the international oil prices and movements in the rand exchange also contribute to the increase in a price of fuel locally. A series of expected fuel price hikes in coming months may lead to inflationary pressure on the local economy, according to the SA Chamber of Commerce and Industry. This could lead to potential interest rate increases and a further difficult environment for economic growth.

South Africa's electricity tariff increases could push the inflation rate up by 0.75 percentage point, said the Reserve Bank Deputy Governor. According to the nation's energy regulator, Eskom can raise electricity prices by 9.4% from April 1, taking the total increase to 13.8%. That's almost 50% more than the assumption the central bank used in its latest projections for 2019, which forecast inflation will stay below 5% this year. The Reserve Bank increased its key interest rate for the first time in more than two years in November, even as the economy had just come through a recession and hasn't expanded at more than 2% annually since 2013. It kept borrowing costs on hold in January and trimmed its projection for policy tightening as it lowered its inflation forecast.

The South African avocado market faces the threat of a possible ban in future, particularly in the UK, which is reportedly getting rid of avocados on ethical grounds. The UK is the second most important market for South Africa's avocado exports, which means that a reduction in demand for avocados in the UK would have a negative impact on South Africa's avocado industry. Data from the International Trade Centre (ITC) indicates that, in 2017, South Africa exported 43 492 t of avocados to the value of R853-million. Some of the major importers of South Africa's avocados in 2017 included the Netherlands (68.6%), the UK (21.8%), Spain (4.3%) and Namibia (1.2%)

Following the recall by a Brazilian producer of more than 450 tons of chicken because of potential salmonella contamination last month, non-profit trade advocacy movement FairPlay advised the South African government has to ban Brazilian chicken imports until all producers can meet international health standards. The European Union (EU) and Saudi Arabia has banned imports from 20 Brazilian producers because of salmonella contamination. FairPlay believes that banning imports from Brazil can benefit South Africa's local poultry industry and create thousands of jobs, in line with the government's stated objectives to combat rising unemployment.

South Africa's sugar tax could reduce industry revenues and prompt restructuring of the country's sugar sector indicated by the US Department of Agriculture (USDA). The tax, introduced last year April, has reduced the beverage sector's use of sugar by 30%, marking a major win for health advocates who have sought to curb sugar consumption in an effort to fight health epidemics of obesity and diabetes. The initial law imposed a tax of 2.1 cents on beverages for every gram of sugar in excess of 4 grams per 100 milliliters. Last month, the government raised the tax to 2.21 cents per gram, a 5% increase. The sugar tax could reduce the sugar industry's revenues by up to \$129-million in the 2018/19 marketing year and in turn reduce prices paid to sugarcane growers (USDA).

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