



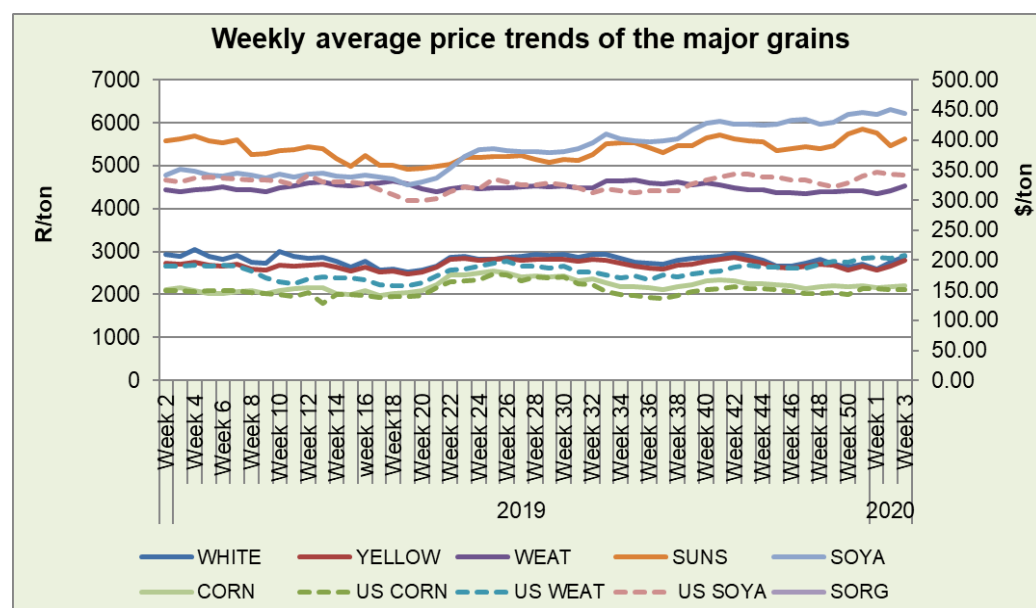
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 17 January 2020

Directorate: Statistics & Economic Analysis

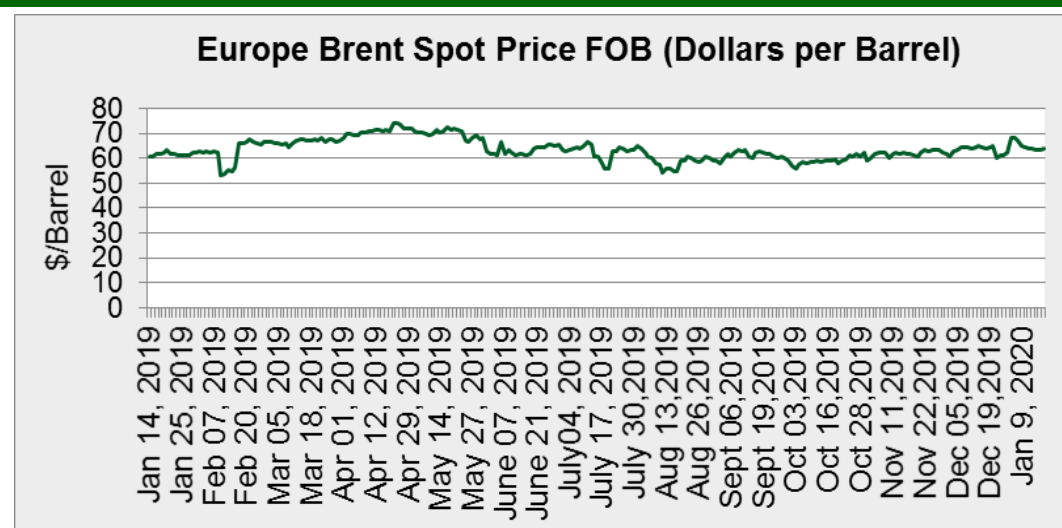
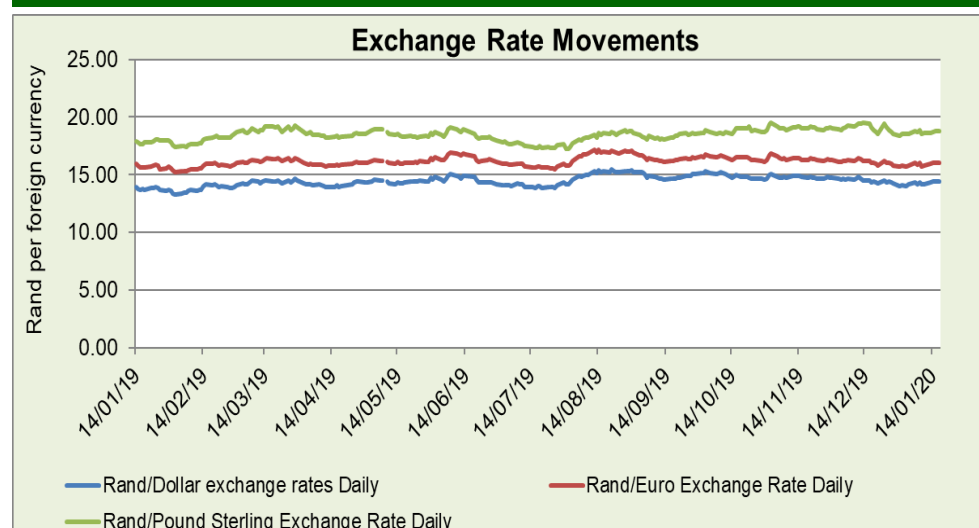
Sub-directorate: Economic Analysis



All domestic grain prices trended higher this week compared to the previous week, with white maize, yellow maize, wheat and sunflower prices increased by 5.2%, 5.1%, 2.3%, and 2.6% respectively this week compared to previous week. Internationally, US yellow maize and wheat increased by 0.2% and 2.3% respectively week on week, whilst, soybean prices decreased by 0.5% this week compared to the previous week. Global markets traded higher at the end of the week after the US China phase one deal was signed. The South African Reserve Bank announced its interest rate decision on 16 January. The committee decided to cut the repo rate by 25 points from 6.50% to 6.25% as the central bank highlighted that the risks to economic growth are increasing. This will be a reprieve for grain farmers paying off their debts.

Spot price trends of major grains commodities

	1 year ago Week 03 (14-01-19 to 18-01-19)	Last week Week 02 (06-01-20 to 10-01-20)	This week Week 03 (13-01-20 to 17-01-20)	w-o-w % change
RSA White Maize per ton	R 2 896.43	R 2 742.00	R 2 952.00	5.2%
RSA Yellow Maize per ton	R 2 717.01	R 2 653.00	R 2 788.20	5.1%
USA Yellow Maize per ton	\$ 148.73	\$ 151.39	\$ 151.71	0.2%
RSA Wheat per ton	R 4 399.57	R 4 420.00	R 4 522.80	2.3%
USA Wheat per ton	\$ 189.80	\$ 203.51	\$ 208.22	2.3%
RSA Soybeans per ton	R 4 911.36	R 6 310.40	R 6 208.20	-1.6%
USA Soybeans per ton	\$ 329.69	\$ 343.17	\$ 341.36	-0.5%
RSA Sunflower seed per ton	R 5 615.53	R 5 473.00	R 5 614.00	2.6%
RSA Sweet Sorghum per ton	R 2 746..00	R 3 215.00	R 3 215.00	0.0%
Crude oil per barrel	\$ 61.20	\$ 66.52	\$ 63.65	-4.3%



Rand depreciated against all major currencies Dollar, Euro and Pound by 0.9% 0.8% and 0.3% respectively week on week. The South African Reserve Bank announced in the week that it will cut the repo rate by 25 points as the bank highlighted that the risks to economic growth need a reprieve for investors.

Brent crude oil averaged \$63.65 this week compared to the previous week, a 4.3% less than \$66.52 reported the previous week. Oil declined as signs that supplies remain plentiful offset optimism over the signing of the U.S.-China trade agreement.



National South African Price information (RMAA) : Beef

Week 1 (30/12/2019 to 05/01/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 2 (06/01/2020 to 12/01/2020)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	4 871	45.01	48.48	Class A2	8 810	45.01	46.30
Class A3	399	46.00	49.41	Class A3	533	44.96	46.56
Class C2	264	39.18	40.89	Class C2	769	39.23	41.52

The units sold for all classes beef A2, A3 and C2 increased by 80.9%, 33.6% and 191.3% respectively, as compared to the previous week. The average purchase prices for all classes of meat changed marginally, class A2 remaining unchanged, class A3 decreased by 2.3%, while class C2 increased by 0.1% when compared to the previous week. The average selling price for beef class A2 and A3 decreased by 4.5% and 5.8% respectively, whilst class C2 average selling price increased by 1.5% when compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 1 (30/12/2019 to 05/01/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 2 (06/01/2020 to 12/01/2020)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	6 919	77.46	72.01	Class A2	6 423	72.50	72.50
Class A3	1 299	78.04	73.78	Class A3	1 018	73.64	73.00
Class C2	361	53.15	48.14	Class C2	1 096	52.73	54.46

The units sold for classes of lamb A2 and C2 decreased by 7.2% and 21.6% respectively when compared to the previous week, whilst class C2 units sold more than doubled when it increased by 203% week on week. The average purchase prices for all classes of lamb A2, A3 and C2 decreased by 6.4%, 5.6% and 0.8% respectively in this reporting week compared to the previous week. Weekly average selling price for class A2, C2 increase by 0.7% and 13.1% respectively, whilst that of class A3 decreased by 1.1% when compared to the previous week.

National South African Price information (RMAA) : Pork

Week 1 (30/12/2019 to 05/01/2020)	Units	Avg Purchase Price	Week 2 (06/01/2020 to 12/01/2020)	Units	Avg Purchase Price
Class BP	6 014	26.30	Class BP	7 961	25.90
Class HO	4 466	25.19	Class HO	6 253	25.14
Class HP	2 720	25.52	Class HP	6 192	25.33

The units sold for all classes of pork BP, HO and HP increased significantly by 32.4%, 39.9% and 127.6% when compared to the previous week. The average purchasing price for all classes of pork BP, HO and HP also declined by 1.5%, 0.2% and 0.7% respectively.

Latest News Developments

Minister of Public Enterprises Pravin Gordhan told Parliament through a written reply to questions from Members of Parliament that Eskom's Generation Entity would remain completely state-owned function. Eskom is on the cusp of significant adjustments, following President Cyril Ramaphosa's announcement during his 2019 State of The Nation Address, where he said Eskom would be unbundled into three entities to enhance governance and transparency. Eskom has had more than its fair share of troubles lately with Jabu Mabuza resigning as Eskom chair last week after the power utility failed to honour its commitment that loadshedding would be avoided until 13 January. Ramaphosa has also indicated an intention to make changes to the board. Eskom has signalled that it's going to remain constrained from an electricity supply point of view, and that we will, therefore, have further load shedding, both this year and next year. And of course, the reality is our power stations in South Africa are aged, very old, and they are going to become less productive, not more productive. They are running beyond the age limit of what they should have actually run in many cases. So the reality is we might not see that growth rate of above 1% this year – and that's the real risk for us. The SA Reserve Bank's monetary policy committee has unanimously voted to reduce the repo rate from 6.5% to 6.25%. As a result of the cut the prime rate will fall to 9.75%. The repo rate is the benchmark interest rate at which the Reserve Bank lends money to other banks. The last time the bank changed the rate was in July 2019, when it was cut by 25 basis points to 6.5%. The rate stayed unchanged at 6.5% at the MPC's two previous meetings in September and in November. The announcement that the rate would drop by 25 basis points was made by the central bank's governor Lesetja Kganyago in Pretoria. The governor painted a bleak picture about the state of SA's struggling economy. He said electricity supply constraints would keep economic activity muted, while business confidence remained weak. The bank now estimates that SA's GDP will only expand by 0.4% in 2019. GDP outlooks for 2020 and 2021 were also downgraded to 1.2% and 1.6%. Ahead of the announcement, some analysts had predicted that the rate would remain unchanged at 6.5%. The results of the Bureau for Economic Research's (BER's) survey is reportedly one of many factors the MPC considers in its interest rate decision. The forecast of GDP growth for 2019 has been revised lower to 0.4% (from 0.5%). The forecasts for 2020 & 2021 have decreased to 1.2% (from 1.4%) and 1.6% (from 1.7%), respectively, due to lower growth than previously expected in Q 3 & 4. The GDP forecast for 2022 is 1.9%. Since the November MPC meeting, the rand has appreciated 2.6% vs the US dollar and 1.8% versus the euro. While the rand has benefited from improvements in global sentiment, high long term bond yields reflect concerns about domestic growth prospects.

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