



agriculture, forestry & fisheries

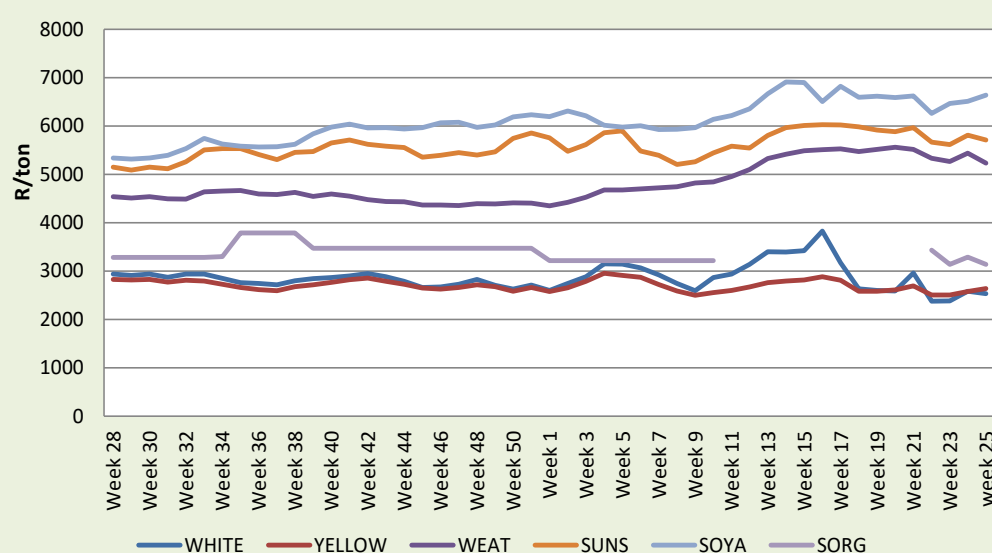
Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 19 June 2020

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

Weekly average price trends of the major grains

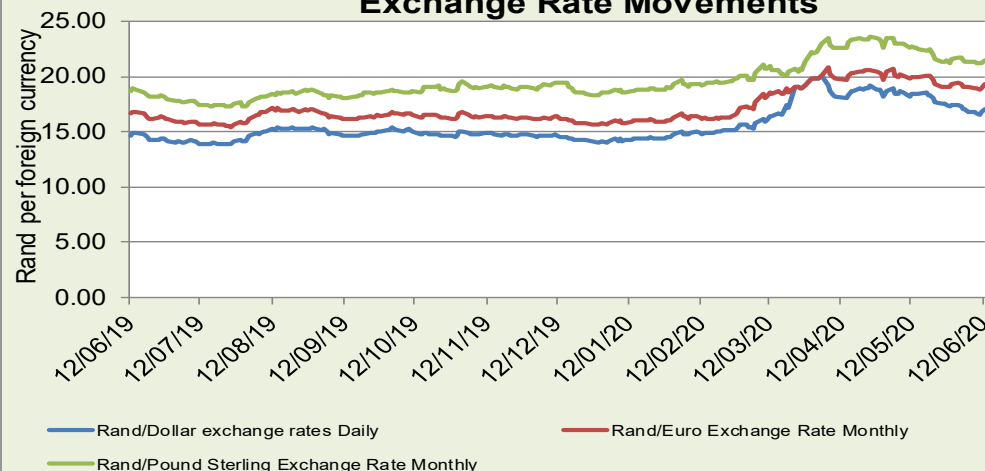


Both the domestic and international grain market trended higher this week compared to the previous week with the exceptions of US wheat. The domestic price of white maize, yellow maize, wheat, soybeans and sunflower prices increased by 5%, 4.5%, 1.2%, 1.8% and 1.4% respectively this week compared to previous week while the price of sweet sorghum remained unchanged at R 3 285/ton. The increase in the price domestically, is inter alia attributed to the weaker rand against major currency. Further easing of level 3 lockdown restrictions, allowing at least 500 000 more people to return to work in various sectors of the economy also contributed to an improvement in domestic grain prices. Internationally, US yellow maize and US soybeans reported an increase of 0.2% and 0.1% respectively to \$ 129.94 and \$ 310.18 respectively week on week, whilst, US wheat price decreased by 2.9% from \$ 191.70 to \$ 180.96 this week compared to the previous week.

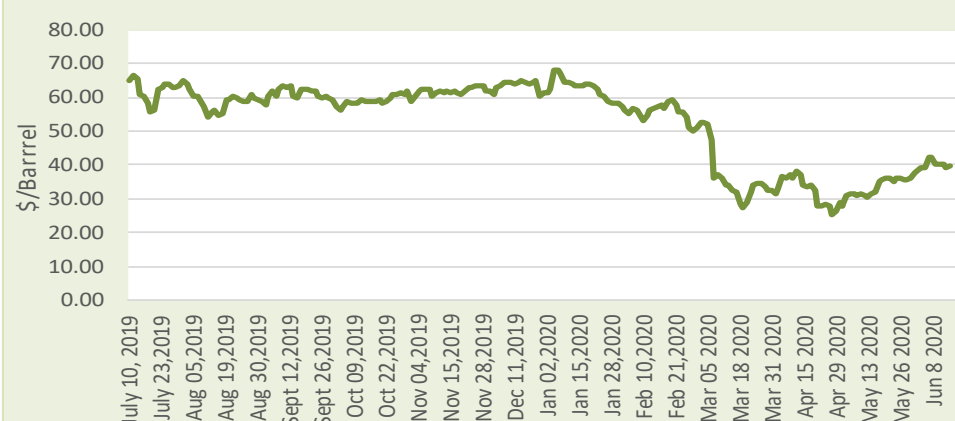
Spot price trends of major grains commodities

	1 year ago Week 25	Last week Week 24	This week Week 25	w-o-w % change
RSA White Maize per ton	R 2 824.25	R 2 580.53	R 2 528.50	5.0%
RSA Yellow Maize per ton	R 2 815.25	R 2 577.93	R 2 634.00	4.5%
USA Yellow Maize per ton	\$ 176.69	\$ 125.47	\$ 129.94	0.2%
RSA Wheat per ton	R 4 484.25	R 5 436.74	R 5 230.00	1.2%
USA Wheat per ton	\$ 194.68	\$ 191.70	\$ 180.96	-2.9%
RSA Sunflower seed per ton	R 5 710.00	R 5 808.16	R 5 710.00	1.4%
RSA Soybeans per ton	R 5 407.25	R 6 509.70	R 6 637.00	1.8%
USA Soybeans per ton	\$ 334.79	\$ 310.18	\$ 310.18	0.1%
RSA Sweet Sorghum per ton	R 3 280.00	R 3 285.60	R 3 285.60	0.0%
Crude oil per barrel	\$ 62.78	\$ 40.36	\$ 41.58	3.0%

Exchange Rate Movements



Europe Brent Spot Price FOB (Dollars per Barrel)



All eyes are on the Minister of finance budget speech on Wednesday 24 June 2020. The minister is set to deliver a special adjustment budget which will outline further plans on how the government will tackle covid 19 which has paralyzed some economic activities in the country. In the currency market, the rand depreciated against all major currencies by 2.69% against the US dollar, 2.18% against Euro and by 1.48% against the Pound.

Brent crude price increased by 3% from \$ 40.36 a barrel to \$ 41.58 a barrel in the reporting week. According to Thornhill, oil is resuming its upward trend. The price drop in April was the first as the demand recovery is matched by efforts to reduce supply. Brent crude prices are expected improve as consumption is picking up as many economies are easing up from lockdowns, despite many countries still struggling to bring the coronavirus under control (Analysts).



National South African Price information (RMAA) : Beef

Week 23 (01/06/2020 to 07/06/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 24 (08/06/2020 to 14/06/2020)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 889	43.80	45.44	Class A2	7 336	43.54	44.44
Class A3	912	44.38	45.51	Class A3	759	43.67	44.44
Class C2	1 307	38.46	40.95	Class C2	881	38.16	39.52

Beef class A2 was the most favoured meat among classes of beef which reported a 6.5% increase while beef class A3 and C2 reported massive decrease in sales. Beef class A3 and class C2 decreased by 16.8% and 32.6% respectively even though meat prices were lower when compared to previous week. Weekly average purchase prices for class A2, A3 and C2 beef decreased by 0.6%, 1.6% and 0.8% respectively week-on-week. Average selling prices for class A2, A3 and C2 were also down by 2.2%, 2.6% and 3.5% respectively end of week. As the lockdown eases across many sectors of the economy, meat prices are expected to improve slightly in the coming weeks.

National South African Price information (RMAA) : Lamb

Week 23 (01/06/2020 to 07/06/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 24 (08/06/2020 to 14/06/2020)	Units	Avg Purchase Price	Avg Sellin Price
Class A2	6 042	82.68	78.63	Class A2	5 038	80.77	75.87
Class A3	1 359	83.77	73.85	Class A3	1 014	82.32	73.91
Class C2	1 434	55.02	57.33	Class C2	1 436	54.89	57.95

Units sales for lamb class C2 increased by 0.1%, while other classes of lamb reported significant decrease in this week. Lamb units sold for class A2 and A3 decreased significantly by 16.6%, and 25.4% respectively when compared to previous week. The purchase prices for lamb class A2, A3 and C2 decreased by 2.3%, 1.7% and 0.2% respectively when compared to the previous week. Weekly average selling prices for lamb class A2, decreased by 3.5%, while lamb class A3 and C2 increased by 0.1% and 1.1% respectively end of week.

National South African Price information (RMAA) : Pork

Week 23 (01/06/2020 to 07/06/2020)	Units	Avg Purchase Price	Week 24 (08/06/2020 to 14/06/2020)	Units	Avg Purchase Price
Class BP	9 841	21.39	Class BP	9 188	21.70
Class HO	6 713	19.78	Class HO	7 888	19.71
Class HP	4 927	20.41	Class HP	5 678	19.89

Unit sales for class HO and class HP pork increased 17.5% and 15.2% respectively while class BP decreased by 6.6% in the reporting week compared to previous week. The average purchases price for class BP increased by 1.4% while class HO and HP decreased by 0.4% and 2.5% respectively in the reporting week compared to previous week.

Latest News Developments

The majority of South African companies are on the verge of closing down as a result of the national lockdown. According to a recent survey conducted by Leading Edge Research on the impact of coronavirus indicated that 38% of all architecture firms in the country have not received any work at all during lockdown, while 35% only had enough work to meet the costs for one month. Most of these businesses are micro, small or medium businesses whose future outlook is bleak. Of all the businesses polled, 19% indicated that they had not closed, but were likely to close for good in the near-term. An estimated 9% of businesses said they had already closed down, and were unlikely to re-open again. This is a worry-some picture for the country which had the highest unemployment figures in Sub-Saharan Africa.

The telecommunication industry is not immune to the effects of lockdown. Cell C has confirmed that it has begun the preliminary process of cutting jobs at in a bid to streamline its operations. Approximately 40% of jobs or 960 positions out of 2,500 may be on chopping block. The company has been struggling to turn a profit since its founding in 2001 (CEO). Cell C has been struggling under a mountain of debt for years. Fixed-line operator Telkom is expected to report a more than 60% drop in earnings for the year to end-March, driven by expected coronavirus-related losses and the costs of its restructuring programme. The group had planned to retrench 3,000 employees, about 20% of its workforce, but delayed the process because of the Covid-19 pandemic that resulted in a national lockdown.

The National Treasury has warned of a jobs bloodbath in South Africa, putting a number to the potential damage that the Covid-19 will do to the country's rate of employment in 2020. The UIF commissioner indicated that an increase in job cuts will have a negative impact on the Unemployment Insurance Fundability to provide much needed coronavirus support to employees. The biggest worry the fund faces is the number of jobs that are being shed and how this will put a strain to the liquidity of the fund. Approximately R6 billion was disbursed to 1 444 757 individuals to help them cope with the worst effect of lockdown in May 2020. Cumulatively since 16 April, the UIF said it has paid over R23 billion to 3,663,932 workers represented by 322,422 employers.

For more information contact: Directorate Statistics & Economic Analysis (SEA) at PresentG@daff.gov.za or 0123198288.

Source: SAFEX, Stats SA, Reuters, Red Meat Abattoir Association, Fnb and Absa. Engineering News.
Disclaimer: DAFF will not be liable for results of actions based on this price watch.