

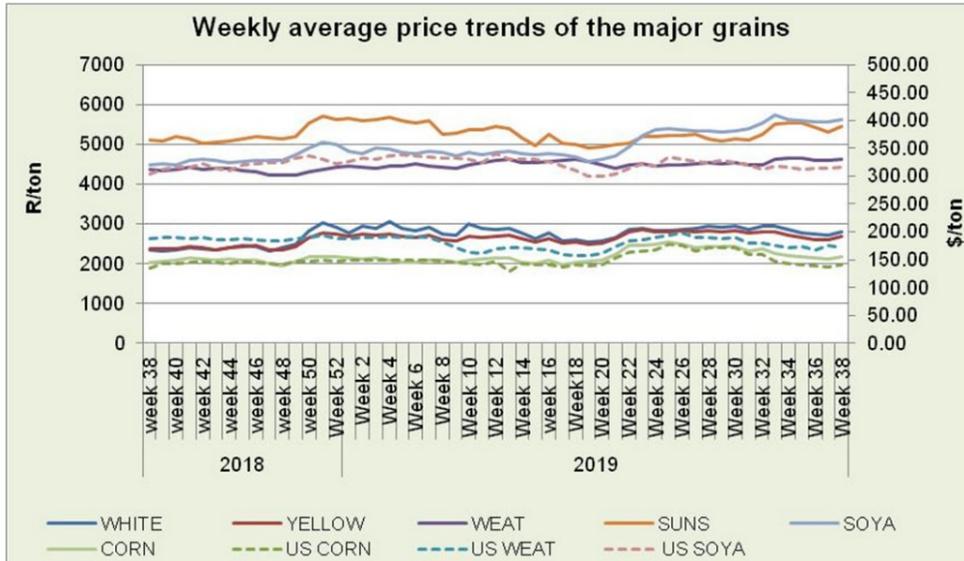


agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 20 September 2019

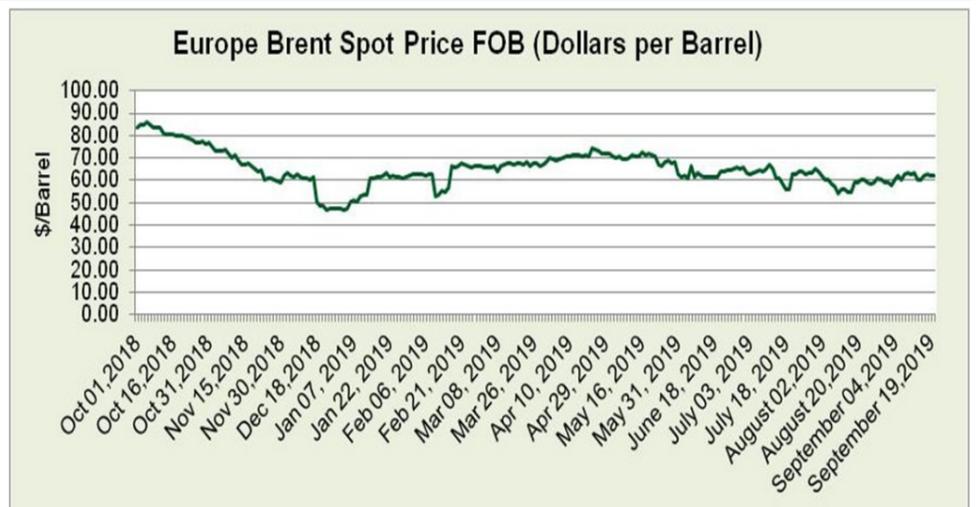
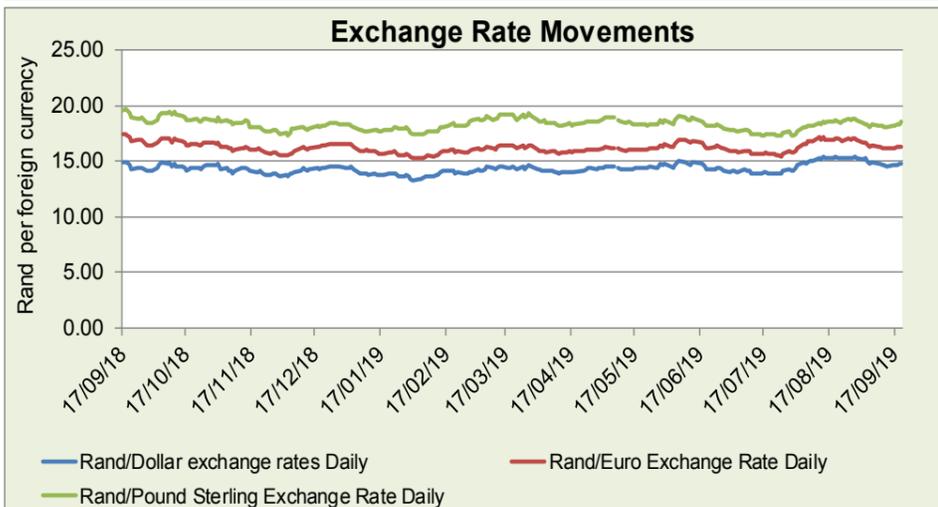
Directorate: Statistics & Economic Analysis



Grain prices in the domestic and international markets increased when compared to previous week. The largest increases were on the international grain markets, where US yellow maize increased by 6.2%. US soybeans was also a winner with an increase of 4.1% from the previous week. US wheat increased by 2.3% week-on-week. The USDA report, showed smaller US corn and soybean crops. Locally, soybeans prices reported the biggest gains, with a 3.7% increase week-on-week. Both white maize and wheat increased by 3.1% each when compared to the previous week, whilst yellow maize followed close behind with a 3% increase from the previous week. Sunflowers prices increased marginally by 0.1% week-on-week. The exchange rate, old season stock levels in the USA, weather conditions in South America as well as the demand from Asia and Africa are some of the main factors behind the price movements.

Spot price trends of major grains commodities

	1 year ago Week 38 (17-09-18 to 21-09-18)	Last week Week 37 (06-09-19 to 13-09-19)	This week Week 38 (16-09-19 to 20-09-19)	w-o-w % change
RSA White Maize per ton	R 2 348.60	R 2 715.60	R 2 800.80	3.1%
RSA Yellow Maize per ton	R 2 369.60	R 2 589.60	R 2 668.20	3.0%
USA Yellow Maize per ton	\$ 135.91	\$ 136.53	\$ 144.97	6.2%
RSA Wheat per ton	R 4 355.20	R 4 583.00	R 4 726.40	3.1%
USA Wheat per ton	\$ 186.88	\$ 175.03	\$ 179.00	2.3%
RSA Soybeans per ton	R 4 496.00	R 5 572.80	R 5 781.20	3.7%
USA Soybeans per ton	\$ 304.16	\$ 314.98	\$ 327.74	4.1%
RSA Sunflower seed per ton	R 5 104.80	R 5 304.20	R 5 310.40	0.1%
RSA Sorghum per ton	R 3 600.00	-	-	-
Crude oil per barrel	\$ 78.55	\$ 62.53	\$ 61.79	-1.2%



The rand depreciated for two consecutive weeks against all the major currencies this week compared to the previous week. The rand depreciated by 0.22%, 1.33% and 0.17% against Dollar, Pound and Euro respectively when compared to the previous week.

Brent crude oil averaged \$61.79 a barrel compared \$62.53 a barrel last week, a 1.2% decrease. The Oil prices decline in the previous session after President Donald Trump said he ordered the Treasury Department to "substantially increase" sanctions on Iran.



National South African Price information (RMAA) : Beef

Week 36 (02/09/2019 to 08/09/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 37 (09/09/2019 to 15/09/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	9 556	45.98	46.83	Class A2	7 628	45.96	45.65
Class A3	629	45.99	46.96	Class A3	457	46.05	46.05
Class C2	1 669	37.03	39.33	Class C2	1 737	37.11	39.60

Unit sold for class A2 and A3 beef decreased by 20.2% and 27.3% respectively, while unit sold for class C2 beef increased by 4.1% when compared to the previous week. Weekly average purchase prices for class A3 and C2 beef increased by 0.1% and 0.2% respectively, while class A2 beef decreased by 0.04% week on week. The average selling prices for beef class A2 and A3 decreased by 2.5% and 1.9% respectively, while class C2 beef increased by 0.7% when compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 36 (02/09/2019 to 08/09/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 37 (09/09/2019 to 15/09/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 236	67.73	70.24	Class A2	7 747	68.85	70.33
Class A3	1 024	69.05	70.22	Class A3	1 082	68.86	69.91
Class C2	1 028	49.72	53.15	Class C2	918	51.24	54.61

Lamb unit sold for class A2 and A3 increased by 7.1% and 5.7% respectively, while class C2 lamb decreased by 10.7% when compared to the previous week. The Weekly average purchase prices for Lamb class A2 and C2 increased by 1.7% and 3.1% respectively, while lamb class A3 decreased by 0.3% week on week. Weekly average selling prices for lamb class A2 and C2 increased by 0.1% and 2.7% respectively, while class A3 decreased by 0.4% when compared to the previous week.

National South African Price information (RMAA) : Pork

Week 36 (02/09/2019 to 08/09/2019)	Units	Avg Purchase Price	Week 37 (09/09/2019 to 15/09/2019)	Units	Avg Purchase Price
Class BP	8 728	25.92	Class BP	8 121	25.98
Class HO	7 258	24.90	Class HO	5 826	24.92
Class HP	5 300	24.89	Class HP	4 484	24.91

Unit sold for pork class BP, HO and HP decreased by 7%, 19.7% and 15.4% respectively when compared to the previous week. Weekly average purchase prices for pork class BP increased by 0.2% while Pork class HO and HP increased by 0.1% each week on week.

Latest News Developments

Finance Minister Tito Mboweni stated in his strategy document that the combination of low growth and rising unemployment meant that South Africa's economic trajectory was unsustainable. The country is reeling from a bloody nose dealt on Thursday as business confidence plummeted to a 20-year low in the third quarter, as revealed by the Rand Merchant Bank and Bureau of Economic Research Business Confidence Index. Neil Emerick, an associate of the Free Market Foundation, said South Africa's nosedive had predictable consequences. The unemployment rate was the highest and the country was witnessing dramatic human and capital flight, as individuals sought to invest and live in countries with greater levels of economic freedom. National state-owned power utility Eskom benefit from an allocation of R59 billion over the next three years. This is in addition to the R69 billion that was announced earlier in the year to be allocated to Eskom over the next three years in order to fund the restructuring of the entity into three separate entities, namely generation, distribution and transmission. According to the bill, R59 billion will be allocated to Eskom over three years, with R26 billion to be allocated for the 2019/2020 financial year and R33 billion to be allocated for the 2020/2021 financial year. The intention of the allocated money is to assist Eskom in meeting its financial obligations.

Annual consumer inflation quickened in August, reaching 4.3% year-on-year from the 4.0% recorded in July. This was associated with higher inflation in food and non-alcoholic beverages, housing, transport and recreation. Annual food inflation reached its highest level in 18 months, registering 3.8% in August. The pickup in food inflation was mainly driven by upward pressure from bread and cereal prices, which increased by 8.6%. This is the highest annual inflation reading for bread and cereals since February 2017 when the rate was 12.8%. Mielie meal prices in particular have risen sharply. Super maize was 17.7% more expensive in August compared with the same month last year. Special maize prices jumped by 27.5% over the same period. Oil-based food items, such as cooking oil and margarine – have seen price fluctuations similar to those of grain products; oil products are derived mainly from sunflowers. While annual inflation for oils and fats is currently at 4.4%, monthly inflation came in at 2.2% in August, the biggest monthly jump since January 2016. Fish inflation is also on an upward trend. Annual fish inflation was 7.5% in August, up from 6.4% in July and 6.0% in June. Tinned fish (excluding tuna) is 8.7% more expensive than it was a year ago. There is some good news if you enjoy non-alcoholic drinks. Prices are increasing, but not as quickly as they were a few months ago. Annual non-alcoholic beverages inflation was 5.4% in August, continuing to slow from the peak of 10.2% recorded in March.

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