



agriculture, forestry & fisheries

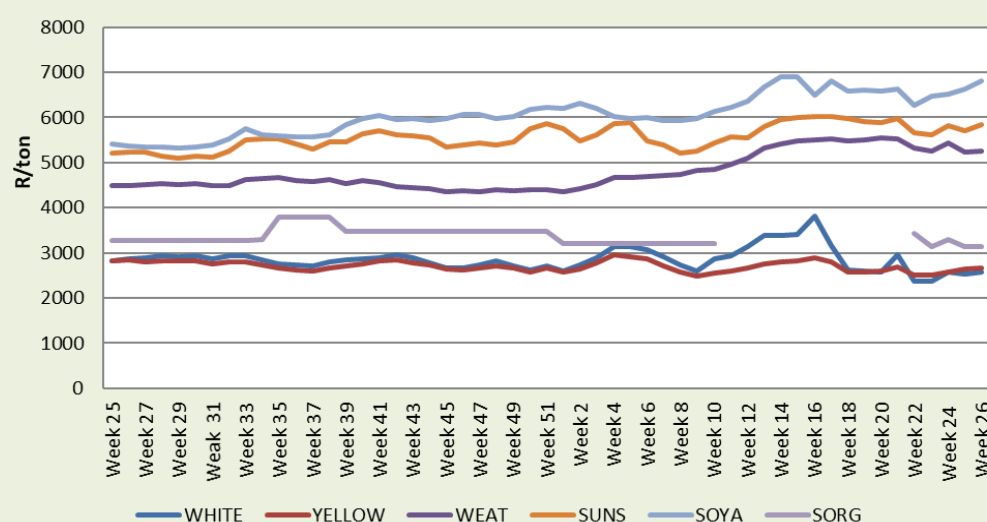
Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 26 June 2020

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

Weekly average price trends of the major grains

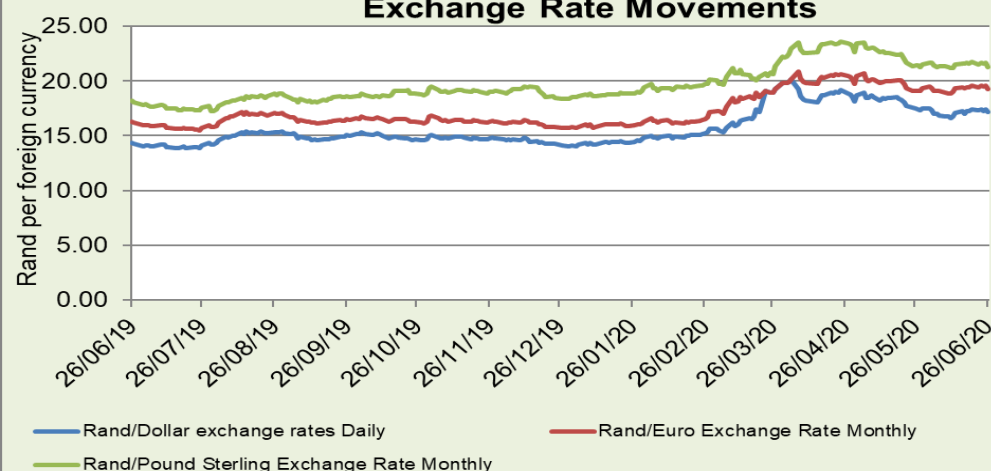


Domestic grain market trended higher this week compared to the previous week. International grain traded lower except for US soybeans that increased by 0.4%, while US yellow maize and US wheat decreased by 1.4% and 1.8% respectively week on week. The domestic price of white maize, yellow maize, wheat, soybeans and sunflower prices increased by 1.7%, 0.8%, 0.4%, 2.4% and 2.1% 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. Some maize farmers are struggling to get fuel to harvest their crops, amid fuel rationing. Diesel is also used to transport maize to silos, to mills, and to stores. That means the availability of maize meal might be hit.

Spot price trends of major grains commodities

	1 year ago Week 26 (24-06-19 to 28-06-19)	Last week Week 25 (15-06-20 to 19-06-20)	This week Week 26 (22-06-20 to 26-06-20)	w-o-w % change
RSA White Maize per ton	R 2 872.00	R 2 528.50	R 2 572.80	1.7%
RSA Yellow Maize per ton	R 2 836.40	R 2 634.00	R 2 656.00	0.8%
USA Yellow Maize per ton	\$ 174.75	\$ 129.94	\$ 128.11	-1.4%
RSA Wheat per ton	R 4 487.60	R 5 230.00	R 5 253.20	0.4%
USA Wheat per ton	\$ 197.72	\$ 180.96	\$ 177.84	-1.8%
RSA Sunflower seed per ton	R 5 222.60	R 5 710.00	R 5 835.20	2.1%
RSA Soybeans per ton	R 5 361.20	R 6 637.00	R 6 803.60	2.4%
USA Soybeans per ton	\$ 330.45	\$ 319.89	\$ 321.03	0.4%
RSA Sweet Sorghum per ton	R 3 280.00	R 3 285.60	R 3 138.00	0.0%
Crude oil per barrel	\$ 64.97	\$ 41.58	\$ 42.15	1.4%

Exchange Rate Movements



In the currency market, the rand depreciated against the US Dollar and Euro by 0.36% and 0.22% respectively. The rand appreciated against the Pound by 0.44%. The rand is currently at its weakest rate against the USD since the currency's inception. The prediction of the dollar to rand is that the dollar will continue to strengthen against the rand in the future.

Europe Brent Spot Price FOB (Dollars per Barrel)



Brent crude price increased by 1.4% from \$ 41.58 a barrel to \$ 42.15 a barrel in the reporting week. The rapid rise of coronavirus cases in the U.S., South America and South Asia weighed on prices throughout the week as it brought back memories of the demand destruction that drove nearby futures prices below zero in May.



National South African Price information (RMAA) : Beef

Week 24 (08/06/2020 to 14/06/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 25 (15/06/2020 to 21/06/2020)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 336	43.54	44.44	Class A2	6 646	43.33	44.69
Class A3	759	43.67	44.44	Class A3	743	43.76	44.45
Class C2	881	38.16	39.52	Class C2	669	38.65	39.99

The unit sales for beef class A2, A3 and C2 decreased 9.41%, 2.11% and 24.06% respectively when compared to the previous week. The average purchase price for beef class A2 decreased by 0.48%, while beef class A3 and class C2 increased by 0.21% and 1.28% respectively week on week. Average selling prices for class A2, A3 and C2 increased by 0.56%, 0.02% and 1.19% respectively at the end of week as compared to the previous 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 24 (08/06/2020 to 14/06/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 25 (15/06/2020 to 21/06/2020)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5 038	80.77	75.87	Class A2	3 087	81.21	78.99
Class A3	1 014	82.32	73.91	Class A3	644	81.77	75.32
Class C2	1 436	54.89	57.95	Class C2	952	61.41	60.08

Units sales for lamb class A2, A3 and C2 decreased substantially by 38.73%, 36.49% and 33.70% respectively when compared to the previous week. The average purchase price for lamb class A3 decreased by 0.67%, while lamb class A2 and class C2 increased by 0.54% and 11.88% respectively when compared to the previous week. The average selling price for lamb class A2, class A3 and class C2 increased by 4.11%, 1.91% and 3.68% respectively week on week.

National South African Price information (RMAA) : Pork

Week 24 (08/06/2020 to 14/06/2020)	Units	Avg Purchase Price	Week 25 (15/06/2020 to 21/06/2020)	Units	Avg Purchase Price
Class BP	9 188	21.70	Class BP	7 859	22.23
Class HO	7 888	19.71	Class HO	7 439	20.99
Class HP	5 678	19.89	Class HP	5 353	21.25

Unit sales for pork class BP, class HO and class HP decreased by 14.46%, 5.69% and 5.72% respectively week on week. The average purchase price for class BP, class HO and class HP increased by 2.44%, 6.49% and 6.84% respectively in the reporting week compared to previous week.

Latest News Developments

The adjustment budget tabled by South Africa's finance minister, Tito Mboweni, this week is less an adjustment than a new budget. That was necessitated by three things: a collapse in economic activity, a large decline in tax revenue collection, and the need to increase the money allocated to departments and programmes linked to the government's Covid-19 response. Reduced economic activity has meant reduced tax collection. The fall in revenue is worsened by tax relief measures to cushion businesses and employees from the effect of the lockdown restrictions and broader economic downturn. The bigger consequence of this is that the ratio of national debt to GDP, which was already unprecedentedly high and repeatedly above targets, will increase to 81.8% instead of 65.6%. The Treasury states its intention to get this under control through a series of measures that will be announced in the medium-term budget policy statement in October and the 2021 budget. The loss of tax revenue due to the tobacco and alcohol ban has been immense. Fortunately, this latest budget was not all doom and gloom. Treasury acknowledged economic reform focused on the underlying structure of the economy.

According to the Automobile Association (AA) of South Africa it indicates that International crude oil prices have continued to advance, setting the stage for extraordinary fuel price hikes despite rand strength during month of June 2020. Commenting on unaudited month-end fuel price data released by the Central Energy Fund (CEF), the AA further highlighted that the increase is primarily being driven by international factors. The rebound in international oil prices has been as remarkable as their fall earlier in the year. The basic fuel price for petrol and diesel in South Africa jumped from around R3 a litre on 1 May to nearly R6 a litre by 25 June 2020. The AA is forecasting that petrol will be increasing by around R1.73 a litre, diesel by R1.74, and illuminating paraffin by a massive R2.14 when fuel prices are adjusted next week Wednesday, 01 July 2020. This will be an especially huge blow to citizens who use paraffin for cooking, lighting, and especially heating during winter. It added that the rand had gained around 34 cents against the US dollar during June 2020, but that the local currency was still approximately R2.50 weaker to the dollar than before the Covid-19 crisis hit and the country's sovereign debt rating was downgraded. We cannot overstate the effect that the rand's collapse is currently having on fuel users: if the rand had remained at its pre-Covid-19 levels, fuel users would likely be seeing a reduction in fuel prices in the order of 75 cents a litre next month.

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.