

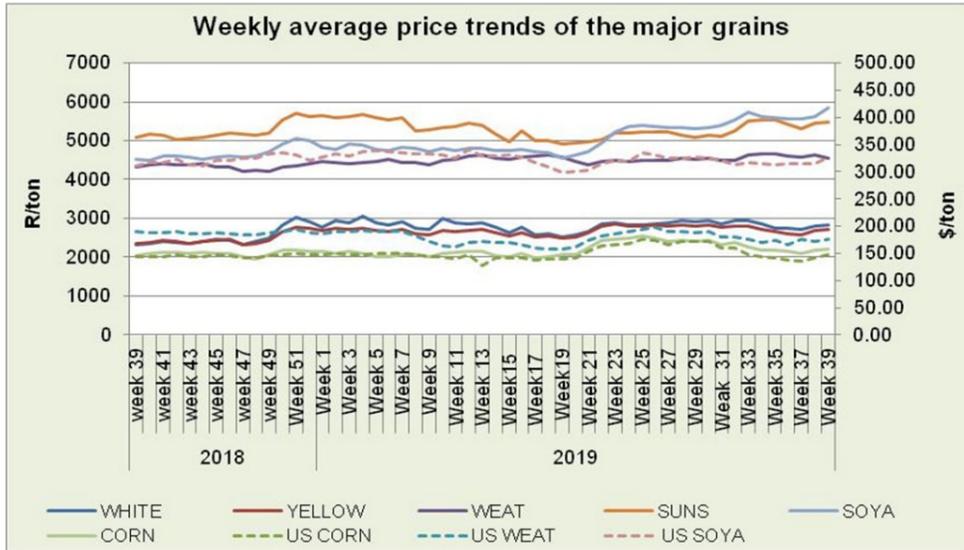


agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 27 September 2019

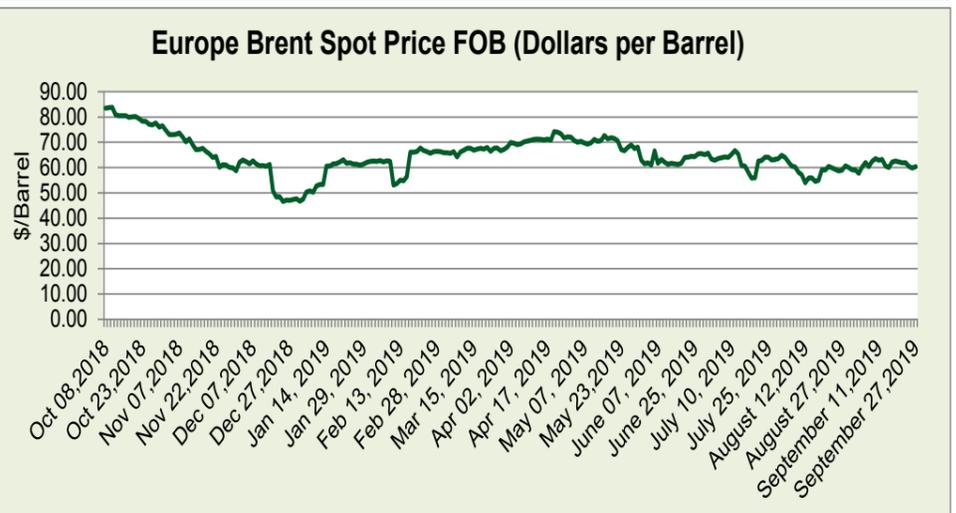
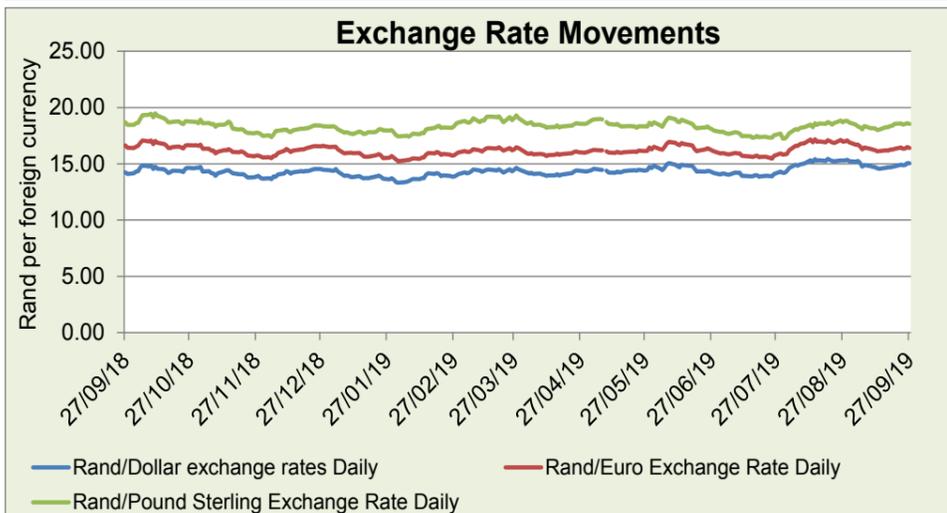
Directorate: Statistics & Economic Analysis



The grain domestic market traded firmer this week when compared to previous week with exceptions of wheat. The domestic price of white maize, yellow maize, sunflower and soybean benefited from a weaker rand and increased by 1.4%, 1.8%, 3% and 0.9% respectively when compared to previous week. However, the domestic price of wheat decreased by 3.8% week-on-week. The significant gain in domestic prices is inter alia attributed to weaker rand against the major currency largely as a result of international factors. Internationally grain prices took a knock with exception of US corn which increased by 1.5% when compared to the previous week. The international price of US wheat and US Soybean were down by 1.5% and 0.2% respectively week-on-week. According to Grain SA, the weaker international price of US Soya is attributed to ongoing uncertainty over the US-China trade war.

Spot price trends of major grains commodities

	1 year ago Week 39 (25-09-18 to 28-09-18)	Last week Week 38 (16-09-19 to 20-09-19)	This week Week 39 (23-09-19 to 27-09-19)	w-o-w % change
RSA White Maize per ton	R 2 325.75	R 2 800.80	R 2 840.25	1.4%
RSA Yellow Maize per ton	R 2 363.75	R 2 668.20	R 2 716.75	1.8%
USA Yellow Maize per ton	\$ 142.87	\$ 144.97	\$ 147.18	1.5%
RSA Wheat per ton	R 4 328.75	R 4 726.40	R 4 544.50	-3.8%
USA Wheat per ton	\$ 190.88	\$ 179.00	\$ 176.39	-1.5%
RSA Soybeans per ton	R 4 511.50	R 5 781.20	R 5 834.00	0.9%
USA Soybeans per ton	\$ 311.55	\$ 327.74	\$ 327.11	-0.2%
RSA Sunflower seed per ton	R 5 086.75	R 5 310.40	R 5 467.75	3.0%
RSA Sorghum per ton	R 3 600.00	-	-	-
Crude oil per barrel	\$ 81.18	\$ 61.79	\$ 60.63	-1.9%



The rand depreciated for third consecutive week against all the major currencies. The rand averaged R14.95 against the dollar, R16.41 against the pound and R18.56 against the Euro. The rand depreciated 0.22%, 1.33% and 0.17% against the dollar, pound and Euro respectively when compared to the previous week.

Brent crude oil has slipped further to the \$60 a barrel, amid concerns about global economic growth, oil demand and signs of excess supply despite Opec-led cuts. During the reporting week, Brent crude oil averaged \$60.63 a barrel compared to \$61.79 a barrel reported in the previous week which represents a 1.9% decrease in price.



National South African Price information (RMAA) : Beef

Week 37 (09/09/2019 to 15/09/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 38 (16/09/2019 to 22/09/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 628	45.96	45.65	Class A2	7 628	45.96	45.65
Class A3	457	46.05	46.05	Class A3	457	46.05	46.05
Class C2	1 737	37.11	39.60	Class C2	1 737	37.11	39.60

The unit sold for class A2 and A3 beef reported a massive increase of 34.3% and 33% respectively, while unit sold for class C2 beef took a knock by 25.7% when compared to the previous week. The increase in units sold for beef class A2 and A3 was inter alia supported by lower purchase price. Weekly average purchase prices for class A2, A3, C2 beef decreased by 0.4%, 0.7% and 0.3% respectively week on week. The average selling prices for beef class A2 and A3 increased by 1% and 1.6% respectively, while class C2 beef decreased by 1.4% when compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 37 (09/09/2019 to 15/09/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 38 (16/09/2019 to 22/09/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 747	68.85	70.33	Class A2	7 747	68.85	70.33
Class A3	1 082	68.86	69.91	Class A3	1 082	68.86	69.91
Class C2	918	51.24	54.61	Class C2	918	51.24	54.61

Lamb was less preferred meat this week when compared to other classes of meat. Even though lamb prices were down, units sold for class A2, A3 and C2 decreased by 14.1%, 38.4% and 15% respectively when compared to previous week. Average purchase prices for lamb class A2, A3 and C2 decreased by 1.3%, 1.9% and 2.9% respectively, week-on-week. Similarly, weekly average selling prices for lamb class A2, A3 and C2 decreased by 0.7%, 0.04% and 3.5% respectively week on week.

National South African Price information (RMAA) : Pork

Week 37 (09/09/2019 to 15/09/2019)	Units	Avg Purchase Price	Week 38 (16/09/2019 to 22/09/2019)	Units	Avg Purchase Price
Class BP	8 121	25.98	Class BP	8 121	25.98
Class HO	5 826	24.92	Class HO	5 826	24.92
Class HP	4 484	24.91	Class HP	4 484	24.91

Unit sold for pork class BP, HO and HP increased by 7.6%, 6.2% and 6.8% respectively when compared to the previous week whereas the weekly average purchase prices for pork class BP, HO and HP decreased by 1.9%, 1.7% and 0.8% week-on-week.

Latest News Developments

According to the Central Energy Fund, the rand rally during the month of September had initially put South Africa's petrol price cut on track until an attack on major oil facility in Saudi Arabia which triggered a record one-day oil price surge. The refinery strike had a negative impact on the oil price stability. Saudi oil output was restored this week to pre-attack levels. The attack and the unstable exchange rate have negative impact on the petrol price in the country. The latest CEF calculations taking into account the recent rand and oil price movements indicated that unleaded 95 octane petrol is on track for an increase of 19c a litre, while 93 octane petrol could be cut by around 4c. Diesel prices will increase by 24c, and paraffin by the same margin. The October price adjustments which will kick in on Wednesday October 2nd, are in line with the expectations of the Automobile Association and will put additional stress to financial constrained consumers.

Dr Vuyo Mahlati, President of the African Farmers' Association of South Africa (AFASA) and chairperson of the Advisory Panel on Land Reform and Agriculture indicated that majority of South African do not have ownership of land on which they work and live. It is estimated that over 60% of land occupiers do not have title deeds. This is the greatest challenge facing the country, especially when it comes to tribal trust land, and communities that occupy and farm on state-owned land. Dr Mahlati suggested that land crisis could be resolved particularly in rural areas, would be to ensure that people were given title deeds which can take the form of "a collective title". She further stated that that women, who head the bulk of households in rural communities, should be given special attention when it came to providing long-term leasehold agreements on land owned by the state. She indicated that there was a lot of goodwill among farmers, many of whom wanted to donate their land, or portions of it, to black farmers. However, the donations policy needed to be updated so that it was easy to subdivide these properties. National Treasury is also needed to consider introducing legislation that provided tax incentives for such donations of land and buildings.

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.
Disclaimer: DAFF will not be liable for results of actions based on this price watch.