



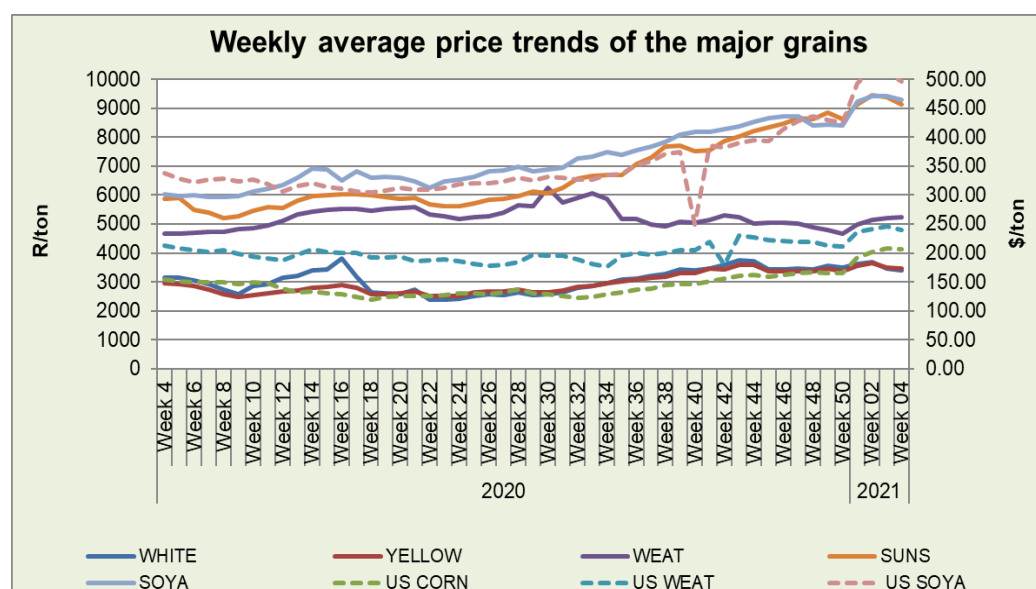
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 29 January 2020

Directorate: Statistics & Economic Analysis

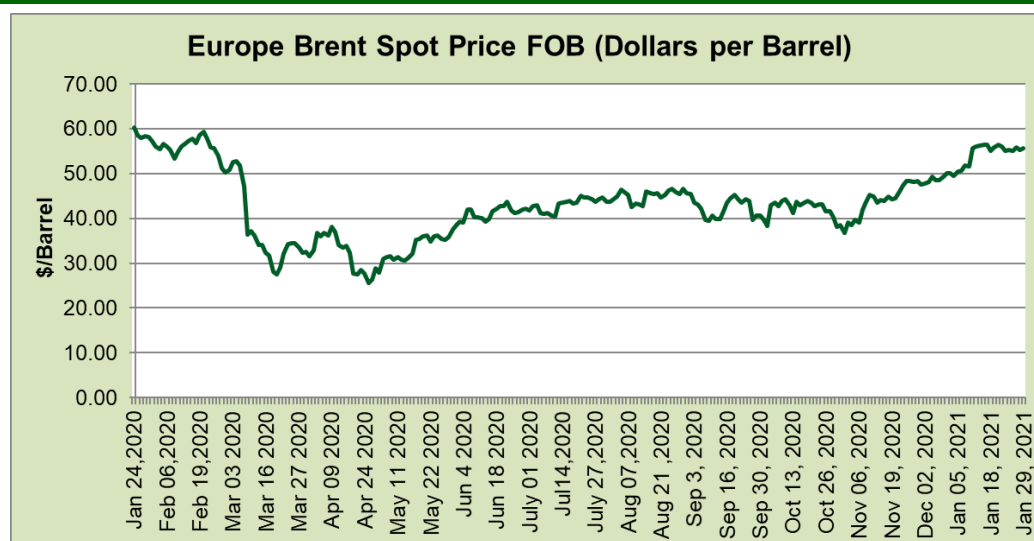
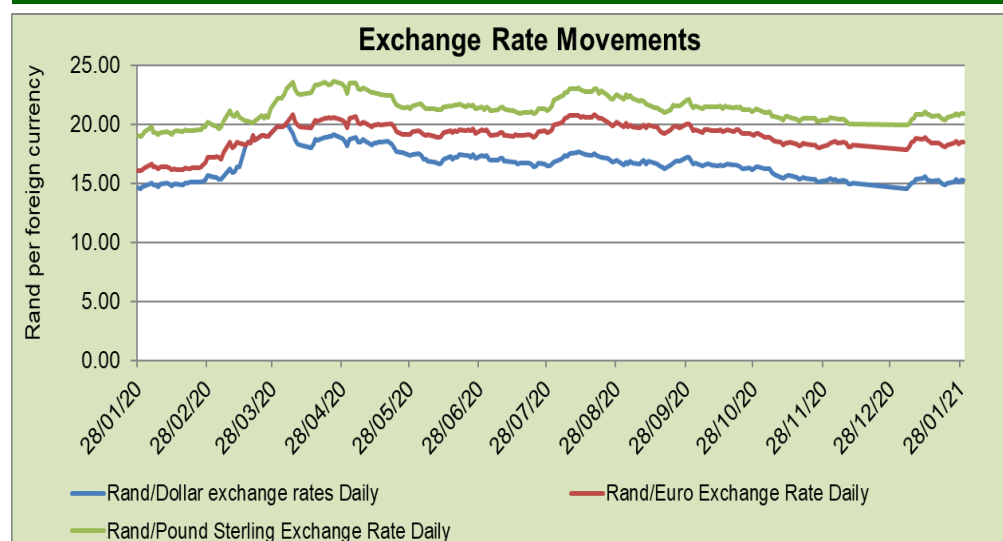
Sub-directorate: Economic Analysis



The South Africa's domestic market traded weaker this week when compared to the previous week. The domestic market reported a decrease in prices in almost all grains prices with exception of wheat price. The domestic prices of white maize, yellow maize, soybeans and sunflower seed decreased by 1.4%, 1.5%, 1.2% and 2.5% respectively this week when compared to the previous week. Meanwhile, the price of wheat reported an increase by 0.8% week-on-week, while the price of sweet sorghum remained unchanged at R4260/ton. Internationally, prices traded weaker for US corn, US wheat and US soybeans which saw prices increased by 0.9%, 2.9% and 3.0% respectively this week when compared to previous week. The price increase for wheat contracts is strongly related to the export levies that Russia will introduce in mid-February. They will be doubled again from the "starting rates" 2 weeks later. The International Grains Council has also adjusted the monthly forecast for world wheat production downwards slightly.

Spot price trends of major grains commodities

	Year ago Week 4 (27-01-20 to 31-01-20)	Last week Week 3 (18-01-21 to 22-01-21)	This week Week 4 (25-01-21 to 29-01-21)	w-o-w % change
RSA White Maize per ton	R 3 150.00	R 3 449.40	R 3 399.40	-1.4%
RSA Yellow Maize per ton	R 2 954.00	R 3 503.80	R 3 451.80	-1.5%
USA Yellow Maize per ton	\$ 153.42	\$ 207.47	\$ 205.69	-0.9%
RSA Wheat per ton	R 4 673.25	R 5 190.00	R 5 229.00	0.8%
USA Wheat per ton	\$ 212.17	\$ 246.27	\$ 239.07	-2.9%
RSA Soybeans per ton	R 6 014.25	R 9 408.00	R 9 295.80	-1.2%
USA Soybeans per ton	\$ 336.99	\$ 5 11.35	\$ 496.26	-3.0%
RSA Sunflower seed per ton	R 5 857.00	R 9 366.80	R 9 131.60	-2.5%
RSA Sweet Sorghum per ton	R 3 215.00	R 4 260.00	R 4 260.00	0.0%
Crude oil per barrel	\$ 58.07	\$ 55.71	\$ 55.46	-0.4%



The rand traded weaker this week against all the major currencies. On weekly average, the rand depreciated by 1.15% against the US dollar, 1.22% against the Euro and 1.53% against the pound sterling. The rand was weaker, as a rally in riskier assets driven by hopes of US economic stimulus faded. The fragile economy and the high level of government debt, which continues to rise, limit further rand appreciation potential.

Brent crude oil prices averaged \$55.46/barrel in the reporting week which is 0.4% lower than \$55.71/barrel reported in the previous week. The Brent crude oil prices edged lower as the worsening near-term coronavirus outlook raised concerns over the obstacles still facing crude's fledgling recovery.



National South African Price information (RMAA) : Beef

Week 2 (11/01/2021 to 17/01/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 3 (18/01/2021 to 24/01/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 155	50.00	51.77	Class A2	8 661	49.69	50.89
Class A3	644	49.91	52.79	Class A3	435	49.35	51.92
Class C2	502	44.55	47.35	Class C2	488	44.69	46.41

The units sold for beef class A3 and C2 decreased by 32.5% and 2.8% respectively while units sold for beef class A2 increased by 6.2% when compared to the previous week. Weekly average purchase price for class A2 and A3 decreased by 0.6% and 1.1% respectively, whilst beef class C2 increased by 0.3% week-on-week. The average selling price for beef class A2, A3 and C2 decreased by 1.7%, 1.6% and 2.0% respectively when compared to previous week.

National South African Price information (RMAA) : Lamb

Week 2 (11/01/2021 to 17/01/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 3 (18/01/2021 to 24/01/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 706	83.27	84.00	Class A2	5 733	81.32	81.94
Class A3	1 010	79.61	80.35	Class A3	961	79.44	79.90
Class C2	395	66.85	70.54	Class C2	350	67.76	68.20

The units sold for lamb class A2, A3 and C2 decreased by 14.5%, 4.9% and 11.4% respectively week when compared to the previous week. The average purchase price for lamb class A2 and A3 decreased by 2.3% and 0.2% respectively, while lamb class C2 increase by 1.4% week-on-week. Average selling price for lamb class A2, A3 and C2 increased by 2.5%, 0.6% and 3.3% respectively when compared to the previous week.

National South African Price information (RMAA) : Pork

Week 2 (11/01/2021 to 17/01/2021)	Units	Avg Purchase Price	Week 3 (18/01/2021 to 24/01/2021)	Units	Avg Purchase Price
Class BP	8 083	30.90	Class BP	10 815	30.60
Class HO	3 771	30.36	Class HO	5 379	30.23
Class HP	3 084	29.78	Class HP	3 821	29.86

The units sold for class BP, HO and HP decreased by 33.8%, 42.6% and 23.9% respectively when compared to the previous week. Average purchase price for pork class BP and HO decreased by 1.0% and 0.4% respectively, whilst the average purchase price for pork class HP increased by 0.3% week-on-week.

Latest News Developments

South Africa is currently losing between R700 million and R900 million a day due to the ongoing load shedding implemented by power utility Eskom. This is according to calculations estimated by economist Mike Schussler. The power utility has been implementing Stage 2 load shedding since last week. Eskom indicated that some generation units have yet to return to service before load shedding can be suspended. Schussler highlighted that load shedding is costing the country dearly, which is a cost the country cannot afford right now during a pandemic. He further indicated that it is going to be very likely that South Africa is again going to see a decline in its GDP in the first quarter of this year, which will be tremendous load to our ability to attract investment, create jobs and to get people fed and taxes in. The cash-strapped power utility wants to manage emergency generation reserves and identify risks to the power system. Eskom teams have successfully returned a generation unit each at Kriel, Grootvlei and the Duvha power stations.

The 2021 wine grape harvest in the Western Cape is looking very good with excellent quality expected in most areas, but the Catch 22 situation of not being able to sell wine is proving disastrous. Tens of thousands of jobs have already been lost, while further uncertainty is expected to result in even more casualties. The alcohol ban during the first lockdown hit the industry hard. The second and third ban is also causing havoc on the industry. Increased volumes of grapes of outstanding quality hang on the vines in farms throughout the Western Cape. The harvest is under way and weather permitting it will continue into April. However, there is no space in the cellars. An estimated surplus stock of R1,5 billion still lies in tanks. This follows the previous ban on alcohol sales, totaling 18 weeks. Producers that will not be able to find or make space in cellars could be forced to do a green harvest. This means the grapes will be left to hang on the vines, resulting in less seasonal work. This will spell employment losses for tens of thousands of seasonal workers during harvest season and beyond. A slight ray of hope comes in the form of winemaking. Producers are allowed to harvest and process their product as it falls under agriculture. South Africa's wine industry has lost nearly R8 billion in revenue since the alcohol ban last year.

A group of farmers who belong to the Transvaal Agricultural Union of South Africa (TAU SA) says it will not be able to afford a salary increase for its workers to be in line with the National Minimum Wage recommendation. The recommendation is that workers' wages are supposed to increase to R 21, 69c an hour this year, but the union say farmers can't afford that. Currently workers get R220 a day. TAU SA's Chairperson, Jannie Roux articulates the national minimum wage should be scrapped in the sector. Roux indicated that most of them are seasonal workers and the problem they have in agriculture, is that you have to accept the price of products you get in the markets. Moreover, you can't put your own price, and with this 16% increase, it's going to cause a lot of people to lose their jobs.

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