



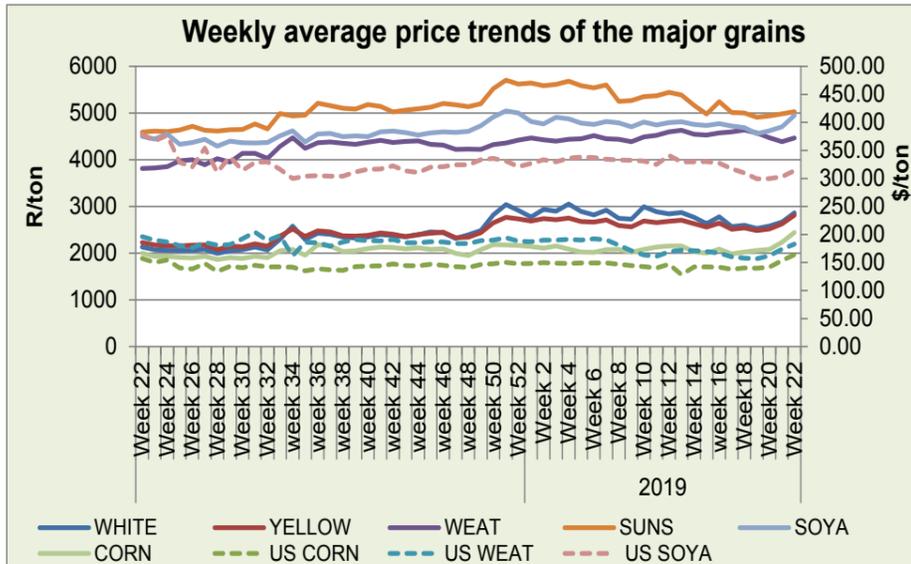
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 31 May 2019

Directorate: Statistics & Economic Analysis

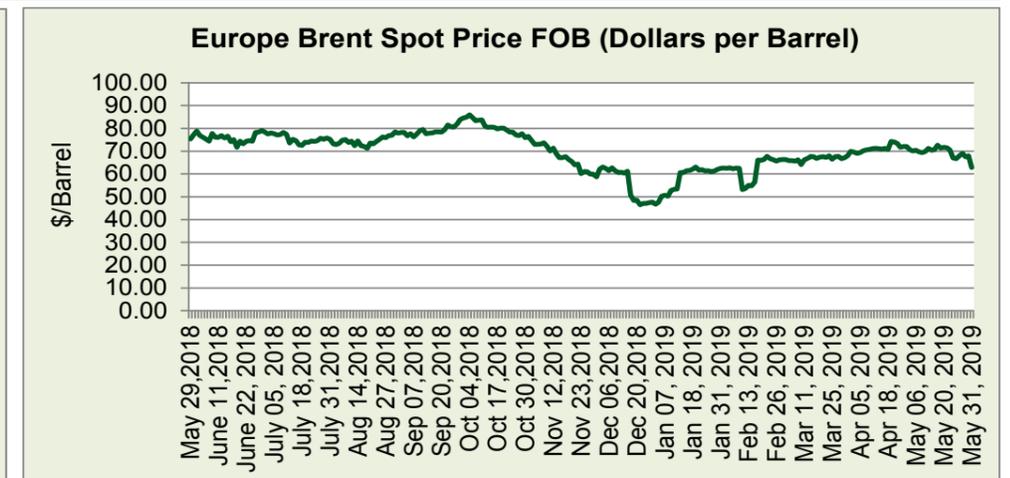
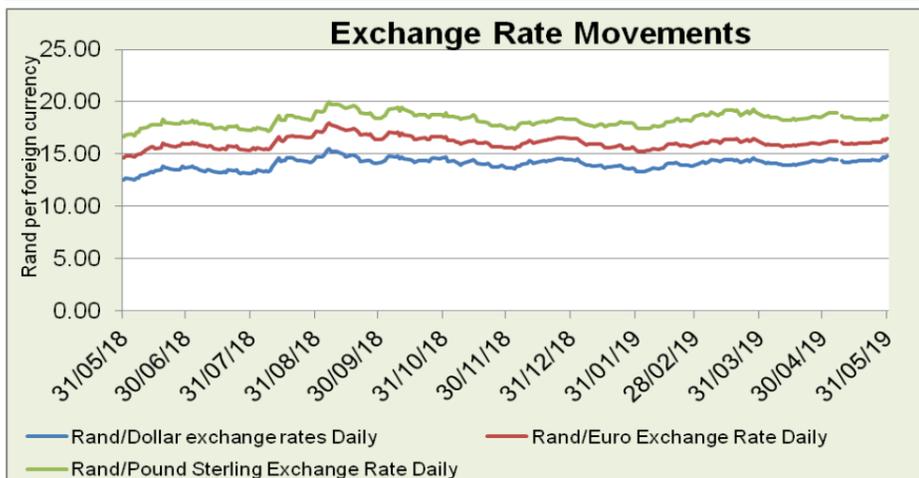
Sub-directorate: Economic Analysis



Both international and local grain market traded higher this week when compared to the previous week. Internationally USA corn, USA wheat and USA soya increased by 6.8%, 5.2% and 3.7% respectively. The production yields from the United States, Brazil, Argentina and Paraguay are below the expected levels and this pushed the prices of grains in the international market higher this week (USDA report). Locally white maize, yellow maize, wheat, sunflower and soya increased by 7.3%, 7%, 1.8%, 0.9% and 5.2% respectively. The weather remains a primary focus in the domestic winter crop (wheat) market as planting approaches its final stages in the Western Cape – the leading winter crop producer in South Africa. A number of areas received light showers over the past couple of weeks and managed to plant, but there is currently an urgent need for follow-up rainfall across the province. For most summer crops, harvesting has started in most parts particularly Mpumalanga, Limpopo, KwaZulu-Natal, and Free State and the yields are below average and this has resulted in the increase in price of most summer crop this week. Sunflower and Soybean are down by 29% and 40% in production yields from the levels harvested in the previous season. Therefore this means South Africa, could be a net importer of sunflower and soybeans in the 2019/20 marketing year.

Spot price trends of major grains commodities

	1 year ago Week 22 (28-05-18 to 01-06-18)	Last week Week 21 (20-05-19 to 24-05-19)	This week Week 22 (27-05-19 to 31-05-19)	w-o-w % change
RSA White Maize per ton	R 2 132.60	R 2 668.40	R 2 864.00	7.3%
RSA Yellow Maize per ton	R 2 230.60	R 2 629.00	R 2 812.20	7%
USA Yellow Maize per ton	\$ 157.57	\$ 153.57	\$ 164.04	6.8%
RSA Wheat per ton	R 3 811.20	R 4 390.40	R 4 469.00	1.8%
USA Wheat per ton	\$ 196.25	\$ 173.77	\$ 173.77	5.2%
RSA Soybeans per ton	R 4 500.00	R 4 706.80	R 4 950.00	5.2%
USA Soybeans per ton	\$ 378.79	\$ 303.13	\$ 314.24	3.7%
RSA Sunflower seed per ton	R 4 592.80	R 4 983.40	R 5 027.80	0.9%
RSA Sorghum per ton	R 3 010.00	-	-	-
Crude oil per barrel	\$ 76.80	\$ 69.51	\$ 67.06	-3.5%



The rand depreciated against all major currencies by 1.2%, 1.3% and 1% against dollar when compared the previous week. The rand weakened after the new cabinet announcement by the president. The weakness of the rand also came from the fact that investors tracked the latest developments in the trade conflict between the U.S. and China that were unresolved, combination receiving mixed reactions from markets.

Brent crude oil averaged \$67.06 in the reporting week, 3.5% less than \$69.51 from the previous week. Which made May the worst-performing month for crude futures since last November. The price fell as tensions between the US and China show no signs of abating. Investors are concerned from a macro perspective about worldwide demand, particularly in the face of the growing trade dispute between the US and China. The tension could trigger an economic downturn, hitting future demand.



National South African Price information (RMAA) : Beef

Week 20 (13/05/2019 to 19/05/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 21 (20/05/2019 to 26/05/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	9 312	44.49	45.06	Class A2	9342	44.53	45.12
Class A3	1 123	44.53	45.17	Class A3	1452	44.57	45.16
Class C2	1 526	37.58	40.10	Class C2	1133	37.43	40.68

The units sold for beef class A2 and A3 increased by 0.3% and 29.3% respectively, whilst units sold for class C2 decreased by 25.3%. Weekly average purchase price for class A2 and A3 increased by 0.1% on the other hand class A2 decreased by 0.4%. The average selling price for beef class A2 and C2 increased by 0.1% and 0.4% respectively, whilst class A3 decreased marginally by 0.02% week on week. The seasonal demand pressure coupled with the increased availability of weaner calves will continued to exert downward pressure on the local market in the next few weeks.

National South African Price information (RMAA) : Lamb

Week 20 (13/05/2019 to 19/05/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 21 (20/05/2019 to 26/05/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 437	63.77	68.97	Class A2	7737	63.95	68.63
Class A3	1 630	64.02	69.62	Class A3	820	64.68	69.27
Class C2	905	45.60	50.07	Class C2	1073	44.04	49.65

Units sold for lamb class A2 and C2 increased by 4% and 18.6% during this week, whilst the units of class A3 decrease by notable 49.7%. The average purchase price for lamb for class A2 and A3 increased by 0.3 and 1% respectively. Meanwhile the average selling price for all class of lamb A2, A3 and C2 decreased marginally by 0.5%, 0.5% and 0.8% respectively. The short term price outlook shows some moderation due to softer demand as we head deep in the winter period.

National South African Price information (RMAA) : Pork

Week 20 (13/05/2019 to 19/05/2019)	Units	Avg Purchase Price	Week 21 (20/05/2019 to 26/05/2019)	Units	Avg Purchase Price
Class BP	7 688	20.88	Class BP	9087	21.61
Class HO	6 718	20.17	Class HO	6414	20.92
Class HP	5 339	20.42	Class HP	5049	21.37

The units sold for class BP and HP increased by 18.2% and 5.4% respectively whilst class HO decreased by 4.5%. The average purchase price for all pork class BP, HO and HP increased by 3.5%, 3.7% and 4.7%, respectively when compared to the previous week. The general weakness in the economy with rising fuel cost and carbon tax implementation will impact negatively on the consumer finances will limit further upside for the pork market.

Latest News Developments

The recent global outbreak of African swine fever has created an opportunity for the South African beef industry to boost exports to China, provided that the country's foot and mouth (FMD) disease-free status is restored so that China resumes beef imports from South Africa, recent statistics suggest that the Chinese meat industry is booming, with more than one-million tonnes of meat imported by the Asian giant in 2018, making it the world's largest market for beef products. The outbreak of African swine fever has increased demand for alternative protein sources(AGBIZ, 2019). The disease has spread across Asia. To date, China has culled just over 1.1-million pigs in an effort to halt further spread. Vietnam culled a further 500,000 pigs over the past two weeks to tackle the outbreak, taking the total killed so far to 1.7-million, or 5% of the country's herd. The president assented to the long-awaited Carbon Tax Act, 2019, which was gazetted following his inauguration as President. In a nutshell, the Carbon Tax Act imposes a carbon tax of R120 per tCO₂-eq, which will increase annually at a rate of inflation plus 2% until 31 December 2022, and in line with inflation thereafter. The carbon tax liability is calculated as the tax base (sum of greenhouse gas (GHG) emissions from combustion, industrial processes and fugitive emissions in accordance with a reporting methodology approved by the Department of Environmental Affairs, proportionately reduced by certain tax-free allowances) multiplied by the rate of the carbon tax.

The new cabinet for the sixth administration of democratic South Africa was announced this week. Ministries were reduced from 36 to 28 in order to cut costs, but also to ensure greater government coordination and efficiency and all those ministers implicated in state capture were removed. One of the highlights of the announcement of the cabinet was the amalgamation of the ministry of agriculture with the ministry of rural development and land reform, and the appointment of Thoko Didiza as the new minister to lead the executive in this portfolio. The following ministers were renamed Tito Mboweni as minister of finance, Pravin Gordhan as minister of state-owned enterprises and Ebrahim as minister of economic development (with trade and industry now included) for continuity and stability and confidence to the markets. The president's focus and emphasis was on accelerated inclusive economic growth and improved service delivery. Motorists can expect petrol price to drop by about 10 cents a litre in June, the Automobile Association predicted, based on unaudited month-end data released by the Central Energy Fund. But the introduction of the carbon tax - which will add nine cents a litre to the petrol price - will likely cancel out the drop.

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, Farmer's Weekly and Standard Bank.
Disclaimer: DAFF will not be liable for results of actions based on this price watch.