



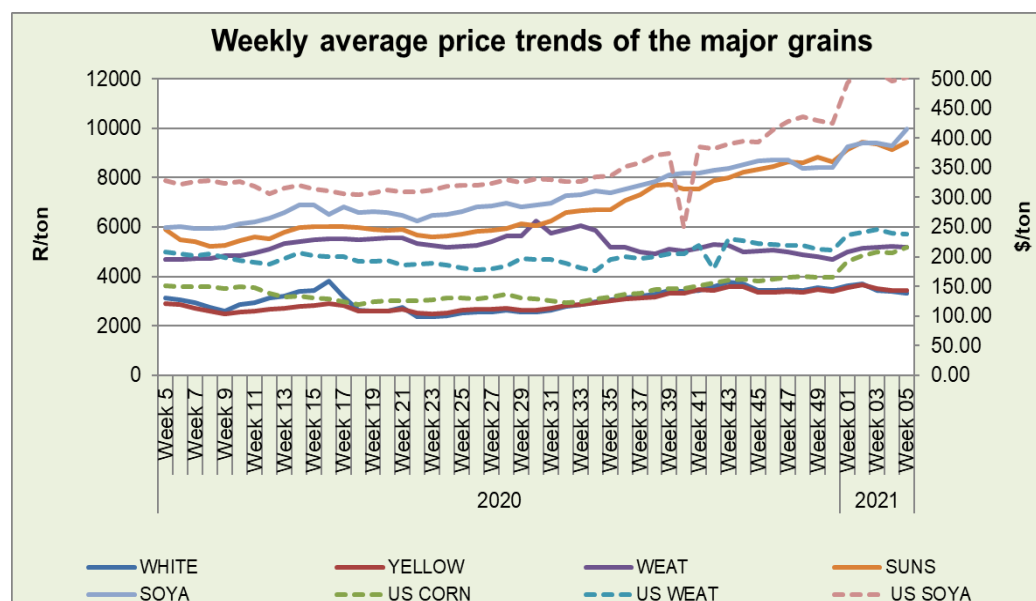
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 05 February 2021

Directorate: Statistics & Economic Analysis

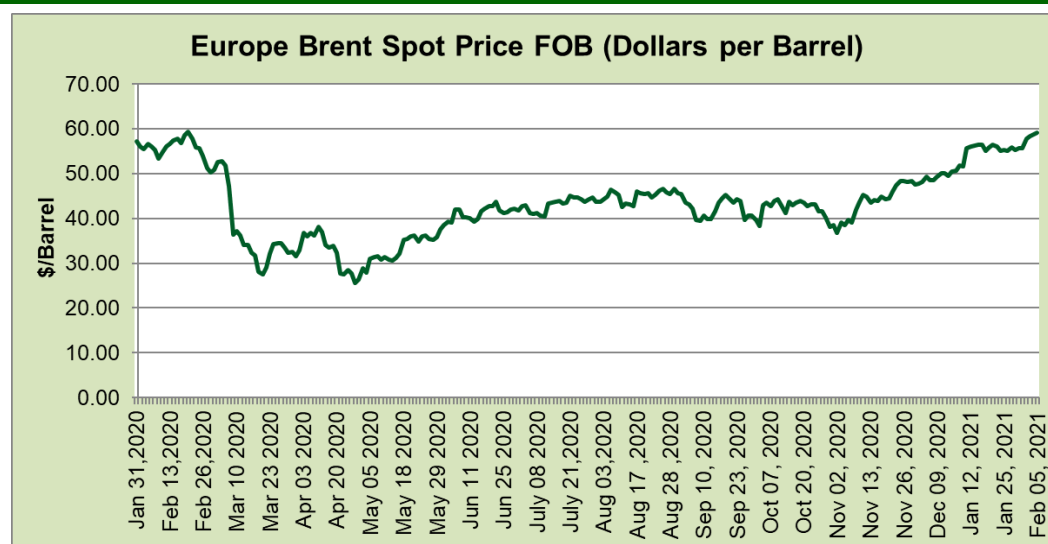
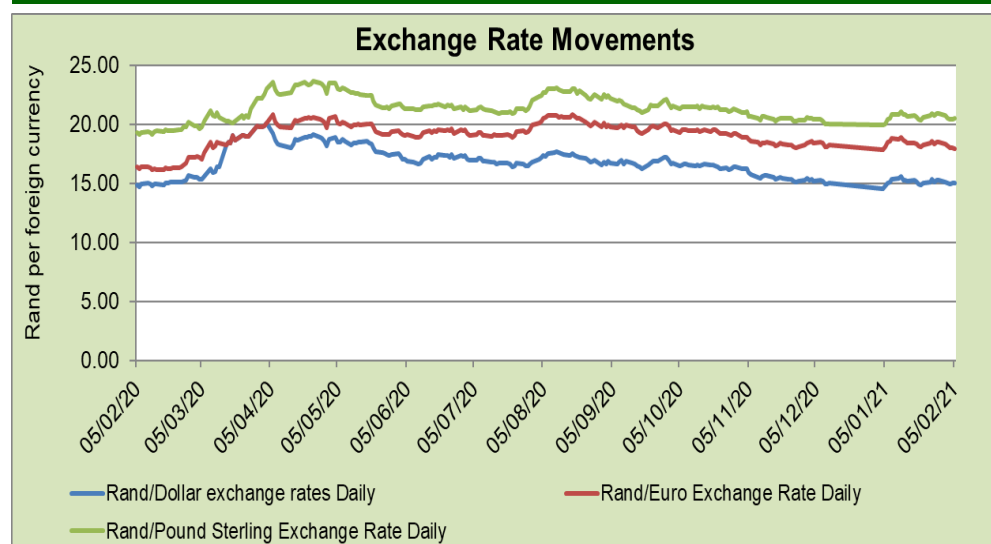
Sub-directorate: Economic Analysis



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 soybeans and sunflower seed price. The domestic prices of white maize, yellow maize and wheat decreased by 2.6%, 0.6% and 0.3% respectively, whilst soybeans and sunflower seed increased by 7.3% and 3.5% this week when compared to the previous week. Meanwhile, the price of sweet sorghum remained unchanged at R4260/ton. Internationally, prices traded stronger for US corn and US soybeans which saw prices increased by 4.9% and 1.2% respectively, while US wheat decreased by 0.3% this week when compared to previous week. Global corn prices are receiving support from strong global demand, limited stocks and selected supply constraints. It is much anticipated that these aspects will continue to offer global and local price support over the next coming months. Global wheat prices traded sideways as a result of record production levels combined with strong demand.

Spot price trends of major grains commodities

	Year ago Week 5 (27-01-20 to 31-01-20)	This week Week 4 (25-01-21 to 29-01-21)	This week Week 5 (01-02-21 to 05-02-21)	w-o-w % change
RSA White Maize per ton	R 3 141.40	R 3 399.40	R 3 310.00	-2.6%
RSA Yellow Maize per ton	R 2 910.20	R 3 451.80	R 3 429.40	-0.6%
USA Yellow Maize per ton	\$ 150.98	\$ 205.69	\$ 215.83	4.9%
RSA Wheat per ton	R 4 676.60	R 5 229.00	R 5 181.80	-0.9%
USA Wheat per ton	\$ 208.54	\$ 239.07	\$ 238.41	-0.3%
RSA Soybeans per ton	R 5 977.60	R 9 295.80	R 9 976.00	7.3%
USA Soybeans per ton	\$ 328.00	\$ 496.26	\$ 502.17	1.2%
RSA Sunflower seed per ton	R 5 895.20	R 9 131.60	R 9 448.80	3.5%
RSA Sweet Sorghum per ton	R 3 215.00	R 4 260.00	R 4 260.00	0.0%
Crude oil per barrel	\$ 56.36	\$ 55.46	\$ 57.97	4.5%



The rand traded stronger this week against all the major currencies. On weekly average, the rand appreciated by 1.34% against the US dollar, 2.06% against the Euro and 1.49% against the pound sterling. The South African rand (ZAR) posted strong gains against the U.S. dollar over the past month, largely reflecting improved market sentiment following Joe Biden's win in the U.S. presidential election and optimistic Covid-19 vaccine developments.

Brent crude oil prices averaged \$57.97/barrel in the reporting week which is 4.5% higher than \$55.46/barrel reported in the previous week. Brent oil prices rose to the highest since February after Saudi Arabia agreed to make bigger cuts in output than expected during a meeting with allied producers, while industry data showed US crude stockpiles fell last week.



National South African Price information (RMAA) : Beef

Week 3 (18/01/2021 to 24/01/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 4 (25/01/2021 to 31/01/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 661	49.69	50.89	Class A2	10 240	49.64	52.06
Class A3	435	49.35	51.92	Class A3	456	49.37	53.23
Class C2	488	44.69	46.41	Class C2	609	45.06	47.11

The units sold for beef class A2, A3 and C2 increased by 18.2%, 4.8% and 24.8% respectively when compared to the previous week. Weekly average purchase price for class A2 decreased by 0.1% whilst beef class A3 and C2 increased by 0.04% and 0.8% respectively week-on-week. The average selling price for beef class A2, A3 and C2 increased by 2.3%, 2.5% and 1.5% respectively when compared to previous week.

National South African Price information (RMAA) : Lamb

Week 3 (18/01/2021 to 24/01/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 4 (25/01/2021 to 31/01/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5 733	81.32	81.94	Class A2	7 588	81.08	82.42
Class A3	961	79.44	79.90	Class A3	1 107	80.47	81.85
Class C2	350	67.76	68.20	Class C2	666	66.87	67.89

The units sold for lamb class A2, A3 and C2 increased by 32.4%, 15.2% and 90.3% respectively this week when compared to the previous week. The average purchase price for lamb class A2 and C2 decreased by 0.3% and 1.3% respectively, while lamb class A3 increase by 1.3% week-on-week. Average selling price for lamb class C2 decreased by 0.5%, while class A2 and A3 increased by 0.6% and 2.4% respectively when compared to the previous week.

National South African Price information (RMAA) : Pork

Week 3 (18/01/2021 to 24/01/2021)	Units	Avg Purchase Price	Week 4 (25/01/2021 to 31/01/2021)	Units	Avg Purchase Price
Class BP	10 815	30.60	Class BP	10 029	30.30
Class HO	5 379	30.23	Class HO	5 766	30.09
Class HP	3 821	29.86	Class HP	4 880	29.87

The units sold for class BP decreased by 7.3%, whilst class HO and HP increased by 7.2% and 27.7% respectively when compared to the previous week. Average purchase price for pork class BP and HO decreased by 1.0% and 0.5% respectively, whilst the average purchase price for pork class HP increased by 0.03% week-on-week.

Latest News Developments

The Department of Energy has published the latest fuel price adjustments for February, showing sizeable increases for all grades of petrol and diesel. The movement in prices is affected by two main factors international petroleum costs, and the movement in the rand/dollar exchange rate. The average international product prices for petrol, diesel and illuminating paraffin increased during the period under review, contributing to price increase of 76 cents per litre for petrol, and 53 cents per litre for diesel. The rand, meanwhile, depreciated against the US dollar during the period under review, on average, when compared to the previous period. The average rand/US dollar exchange rate for the period 31 December 2020 to 28 January 2021 was 15.0872 compared to 14.9391 during the previous period. This led to a higher contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 5.83 c/l, 5.79 c/l and 5.66 c/l respectively. Commenting on end-of-month fuel price snapshots, the Automobile Association noted that South Africans are once again vulnerable to rand weakness, which likely play out in the fuel will price in coming months.

The US has revised its blanket travel ban on South Africa to allow H-2A visa holders entry. This non-immigrant certification, for temporary workers performing agricultural services, allows qualified South Africans to stay in the US for up to ten months. South African farm workers, particularly those skilled in operating equipment and machinery, are highly sought after in the US. The H-2A programme allows US farmers to hire migrant labour to assist with planting, cultivating, and harvesting. In 2019, prior to the impact of the coronavirus pandemic, around 275,000 workers entered the US on H-2A visas. While more than 90% of these labourers arrive from Mexico, South Africans accounted for the second most in-demand workers. Just over 7,000 South Africans successfully obtained H-2A visas in 2019, according to the US Department of Homeland Security (DHS). Of these, approximately, 5,000 temporary work visas were awarded to skilled machinery operators. South Africans with the ability to operate and repair tractors, balers, combine harvesters, plows, planters, and sprayers are especially valuable to US farmers. The travel ban on South Africans to the US, put in place by US President Joe Biden last month, initially included H-2A visa holders, sending US farmers into a panic. The American Farm Bureau Federation (AFBF) penned a letter to the DHS, requesting that South Africans with H-2A visas be excluded from the ban.

The use of unmanned aerial aircrafts – in this case, drones – as cost-effective crop dusters is expanding throughout South Africa, after a slow initial start. Fitted with GPS navigation systems and hovering around two metres above the ground, these specially equipped drones are now offering small-scale farmers a cheaper alternative to plane-based insecticide and fungicide applications. Using drones to spray crops is a new method of dusting in South Africa, with the first license being awarded by the Civil Aviation Authority (CAA) in 2019. And while consistent use of microlights and helicopters has protected crops from disease, the costs associated with deploying piloted aircrafts continue to work against small-scale farmers in remote parts of the country. Traditional crop-dusting methods also lack precision and risk overspray, in which neighbouring farms or unprepared crops are inadvertently doused with pesticides.

For more information contact: Directorate Statistics & Economic Analysis (SEA) at HeidiP@daff.gov.za or 0123198194.

Source: SAFEX, Standard bank, 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.