

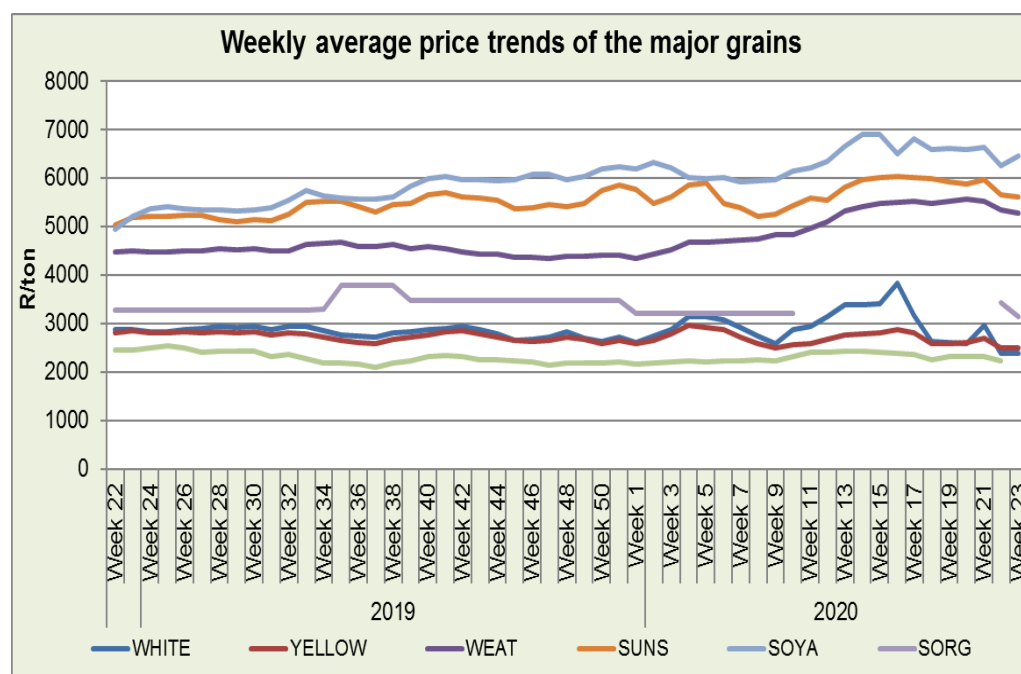


agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 05 June 2020

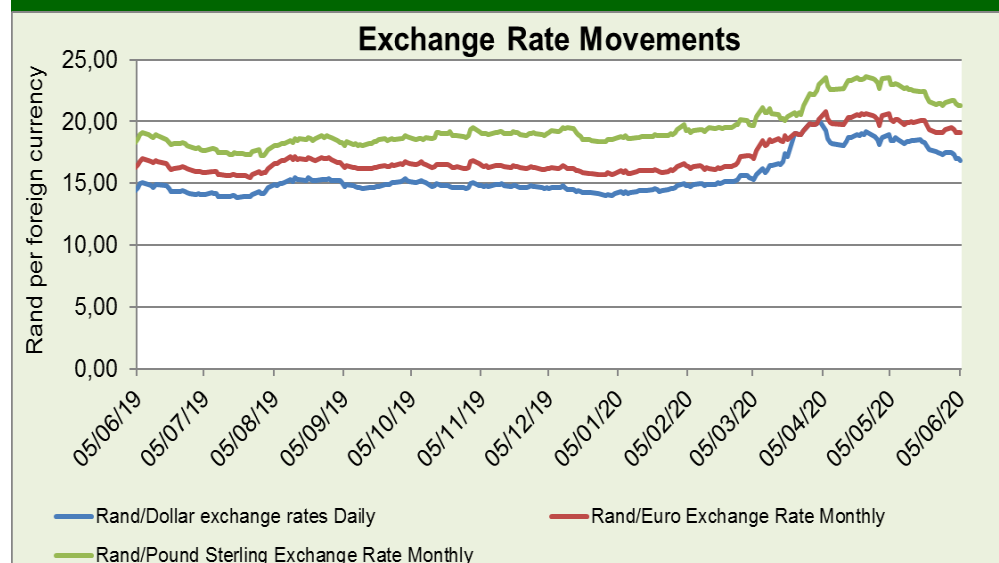
Directorate: Statistics & Economic Analysis



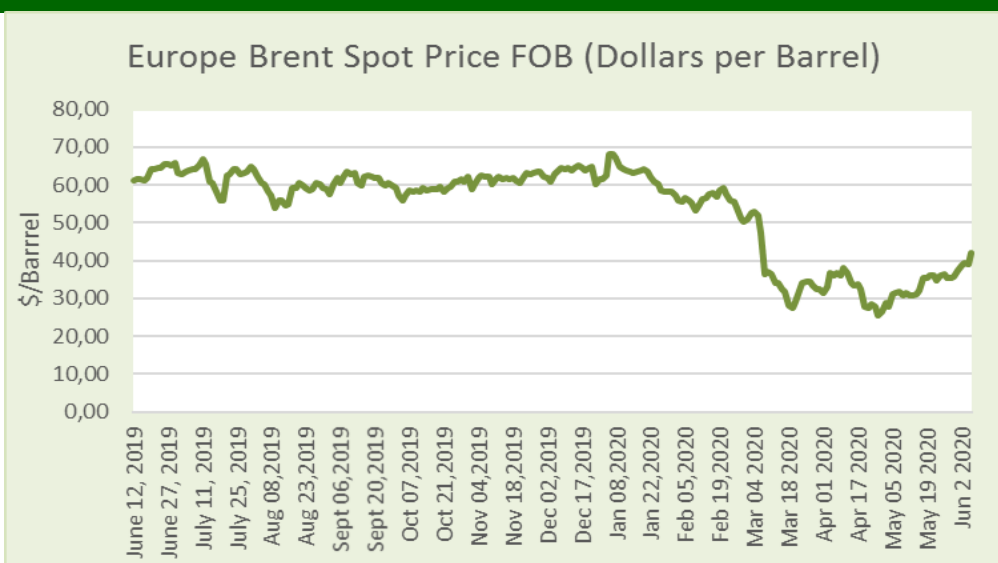
The price of white maize increased by 0.20% this week compared to last week, whilst the yellow maize price decreased by 0.18%. White maize increased due to inter-alia; the start of the new season export program and cold weather drying out the maize crop. Yellow maize prices declined as it is normal during harvesting periods and again due to the stronger rand. The US maize price increased by 1.4% this week due to the weaker dollar and improving demand. The local wheat price decreased by 1.2% this week mainly due to parity adjustment with the US HRW. The price of US wheat increased by 1.4% as a result of inter-alia; concerns over lower production in parts of Russia, Ukraine, and Europe and hot temperatures in certain parts in the US. The price of local soybeans increased by 3.2% on the back of high local demand and technical buying. The US soybeans prices also increased by 1.1% as a result of ongoing purchases from China and the strengthened Brazilian currency. The price of sunflower and sorghum price declined by 0.9% and 8.6%.

Spot price trends of major grains commodities

	1 year ago Week 23 (03-06-19 to 07-06-19)	Last week Week 22 (25-05-20 to 29-05-20)	This week Week 23 (01-06-20 to 05-06-20)	w-o-w % change
RSA White Maize per ton	R 2 879,80	R 2 377,00	R 2381,80	0,2%
RSA Yellow Maize per ton	R 2 848,00	R 2505,60	R 2501,00	-0,2%
USA Yellow Maize per ton	\$ 166,24	\$ 126,20	\$ 128,02	1,4%
RSA Wheat per ton	R 4 501,00	R 5 332,00	R5265,20	-1,2%
USA Wheat per ton	\$ 185,95	\$ 186,85	\$ 189,55	1,4%
RSA Sunflower seed per ton	R 5 187,40	R5664,60	R5612,60	-0,9%
RSA Soybeans per ton	R5 214,60	R6260,40	R6462,80	3,2%
USA Soybeans per ton	\$321,61	\$309,32	\$312,79	1,1%
RSA Sweet Sorghum per ton	R 3 280,00	R 3 433,20	R 3 138,00	-8,6%
Crude oil per barrel	\$ 62,56	\$ 35,76	\$ 39,32	10.0%



The rand appreciated by 1.8 against the US dollar, whilst depreciating by 0.2% and 0.3% against the euro and the pound respectively. The rand strength against come at the back of large scale protests in the US as well as increased risk appetite.



The price of Brent crude oil increased by 10% this week compared to last week. Oil prices increased as the market expects a meeting between OPEC and Russia and allies to roll over the current levels production cuts by another month after June.



National South African Price information (RMAA) : Beef

Week 21 (18/05/2020 to 24/05/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 22 (25/05/2020 to 31/05/2020)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 377	43,64	45,14	Class A2	10 969	43,74	45,44
Class A3	979	43,95	45,72	Class A3	1 153	44,15	45,76
Class C2	1 150	38	40,98	Class C2	1 122	38,47	40,72

Beef units sold for class A2 and A3 increased by 48% and 17% respectively whilst declining by 2.4% for class C2 . The average purchase prices for class A2, A3 and C2 increased by 0.2%;0.5% and 1.2% respectively; the selling price for class A2 and A3 increased by 0.7% and 0.1% whilst declining by 0.6% for class C2.

National South African Price information (RMAA) : Lamb

Week 21 (18/05/2020 to 24/05/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 22 (25/05/2020 to 31/05/2020)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5 003	80,13	78,03	Class A2	6 267	81,88	81,5
Class A3	904	80,84	73,63	Class A3	978	81,01	75,52
Class C2	1 320	54,42	56,52	Class C2	2 100	56,87	58,29

The units sold for class A2, A3 and C2 lamb increased by 25.3%; 8.2% and 59% respectively; whilst the purchase price also increased by 2.2%,0.2% and 4.5% respectively. The average selling prices increased by 4.4%, 2.6% and 3.1% respectively.

National South African Price information (RMAA) : Pork

Week 21 (18/05/2020 to 24/05/2020)	Units	Avg Purchase Price	Week 22 (25/05/2020 to 31/05/2020)	Units	Avg Purchase Price
Class BP	9 559	21,79	Class BP	9 266	20,68
Class HO	6 717	19,28	Class HO	7 136	19,34
Class HP	5 465	20,44	Class HP	5 438	20,44

The units sold for class BP and HP decreased by 3.1% and 0.5% respectively, whilst increasing by 6.2% for class HO. The average purchase prices for class HO increased by 0.3%, class BP prices decreased by 5.1% whilst remaining stable for class HP.

Latest News Developments

South African's corona infection continues to rise. Efforts to monitor the spread of Covid-19 have been hindered by the global shortage of testing kits and related supplies. In the competition for testing supplies, many countries have far more market power and resources than South Africa. As a result, South Africa has not been able to process almost 20% of tests conducted within the desired timeframe of two to three days. The Country entered level 3 restriction phase; industries that would remain closed under level 3 restrictions are as follows; dine-in restaurants, clubs, hotels and other short-term accommodation, creative industries and personal services, including gyms and hair stylists. Hotels will be permitted to open for business travelers, and game parks for visitors who come from the same province and drive themselves. Restaurants can provide takeaway and delivery meals, but that generally generates far less income and requires far fewer employees than in house dining. It is estimated using Quantec data that these activities account for around a tenth of formal employment, or about 1,5 million workers, contributing around 3% of the GDP. Some of the affected creatives and enterprises have developed on-line products, but the resulting income tends to be relatively low. The International Air Transport Association (IATA) says global air travel is down by over half due to the pandemic and expects it to remain 30% to 40% lower than in 2019 for an estimated period of over 18 months . IATA expects that as a group the South African airlines will see a 56% fall in revenues this year. Difficulties and fears around travel as well as lower incomes for most households seem likely to slow the recovery of tourism for a significant period of time. The Tourism Relief Fund has apparently not paid out any funds yet, but expects to provide successful applicants with a once-off R50 000 grant. The fund has an estimated budget of R200 million and has already received around 6 000 applications, with around two thirds for catering and accommodation. The fund supports only small, medium and micro enterprises (SMMEs), but will not provide resources for clubs or cultural activities. The Gauteng Auto Industry Development Centre (AIDC) anticipates a 30% fall in local sales and in total auto assembly in South Africa. The AIDC expects the global industry to recover fully only in two to five years. The depreciation of the rand, which may help other exporters, will not benefit the auto industry because local labour and parts contribute a relatively small share of the value of the final vehicle. The Department of Trade, Industry and Competition stated that it would consider allowing personal services to open if it could be done safely. It is noted that the virus spreads when services entail close personal contact, as with hairdressing, nail salons and Spa's. In the US, a single hairdresser with early Covid-19 was found to have exposed 91 customers in a week. Industries that cannot reopen on Level 3 will remain eligible for Unemployment Insurance Fund (UIF) support through June. In addition, the Departments of Tourism and of Arts and Culture have established funds to support enterprises that fall within their mandate. The resources involved are limited, however; very little has been paid out to date; and neither fund is designed to prioritize innovative business models that would be viable while Covid-19 remains a health threat. It is estimated that overall mining production will be 6% to 10% lower for 2020. The impact has been lessened by the continued operation of coal and opencast mines throughout the lockdown. The depreciation of the rand has also partly offset the decline in sales by increasing revenues in rand terms. Absa's Purchasing Manager's index shows that production capacity rose in May but it is expected to remain subdued until demand grows. The index plunged to an all-time low of 5.1 index points in April. At the start of the lockdown, the government announced several schemes to support workers and their employers, especially small businesses, as well as the longer-term unemployed. Many of these schemes required the establishment of new systems to identify and pay beneficiaries. The new targeted funds have generally only just started to make payments, often to very small numbers compared to the need. South African Reserve Bank Governor Lesetja Kganyago warned against unrealistic expectations about what central banks can do to soften the coronavirus's impact and said they should remain focused on maintaining price and financial stability .

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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.