



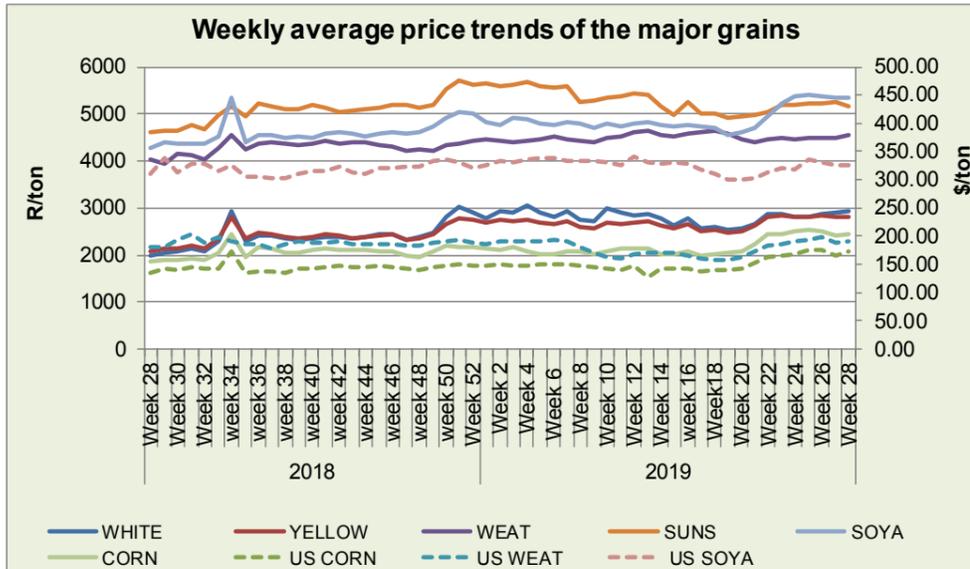
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 12 July 2019

Directorate: Statistics & Economic Analysis

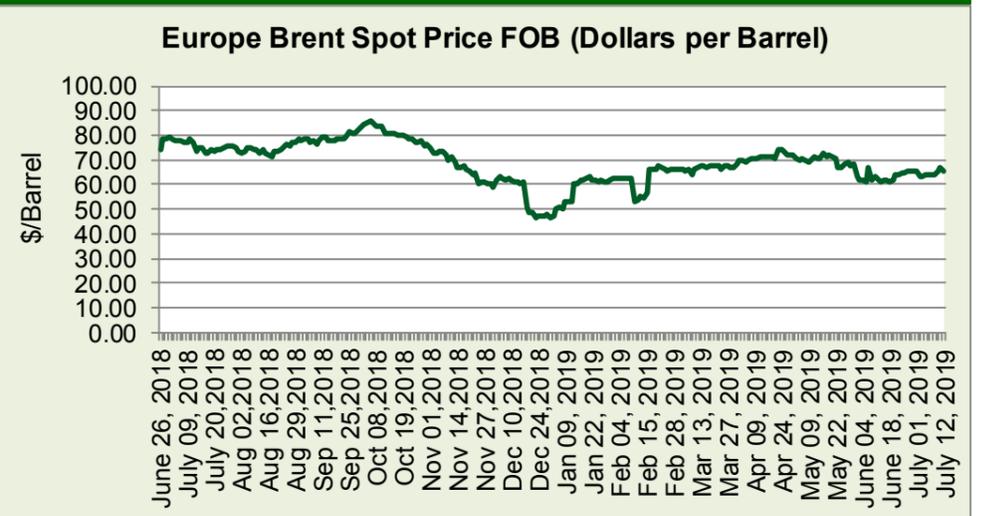
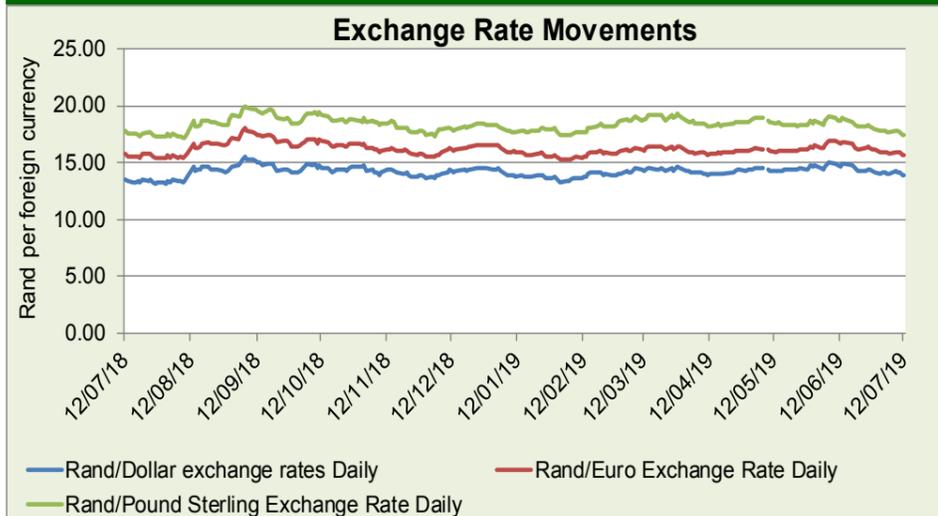
Sub-directorate: Economic Analysis



Domestic grain prices strengthened this week, supported by the weaker rand. Local white and yellow maize prices increased by 1.5% and 0.5% respectively this week compared to the previous week, while harvesting is continuing and yields are reportedly lower in some areas. Local wheat prices increased by 0.8% in the reporting week compared to the previous week. The production season is continuing flat out and weather conditions in the Western Cape have been favourable. Local soybean and sunflower seed prices increased by 0.1% and 0.6% respectively this week compared to the previous week, on strong buying interest. There has also been reports of below average yields which should boost prices in the medium term. Internationally, US yellow maize prices increased by 3.5% week-on-week, as hot weather forecast for the US Midwest failed to ease concern about the already fragile crops following a rain-plagued season. US wheat prices increased by 0.5% this week compared to the previous week, strengthened by USDA's sharp reduction to its world wheat supply outlook. US soybean prices decreased by 0.3% this week compared to the previous week while the ongoing harvest is putting pressure on prices.

Spot price trends of major grains commodities

	1 year ago Week 28 (09-07-18 to 13-07-18)	Last week Week 27 (01-07-19 to 05-07-19)	This week Week 28 (08-07-19 to 12-07-19)	w-o-w % change
RSA White Maize per ton	R 1 998.00	R 2 896.00	R 2 939.00	1.5%
RSA Yellow Maize per ton	R 2 073.60	R 2 809.00	R 2 824.00	0.5%
USA Yellow Maize per ton	\$ 134.20	\$ 166.26	\$ 172.10	3.5%
RSA Wheat per ton	R 4 021.40	R 4 504.20	R 4 538.60	0.8%
USA Wheat per ton	\$ 180.90	\$ 189.70	\$ 190.56	0.5%
RSA Soybeans per ton	R 4 289.20	R 5 334.60	R 5 338.20	0.1%
USA Soybeans per ton	\$ 311.39	\$ 325.66	\$ 324.75	-0.3%
RSA Sunflower seed per ton	R 4 617.60	R 5 239.20	R 5 148.00	-1.7%
RSA Sorghum per ton	R 3 220.00	-	-	-
Crude oil per barrel	\$ 76.34	\$ 63.87	\$ 65.38	2.4%



The rand depreciated by 1.4% against the US dollar this week, as risky appetite remained subdued and markets are focusing on the Monetary Policy Committee rate decision next week. The rand depreciated by 4.3% against the Pound Sterling week-on-week, ahead of the release of the British GDP figures and other economic data. The rand depreciated by 3.3% against the Euro week-on-week, amid expectations of an interest rate cut by the Bank of England.

Brent crude oil averaged \$65.38 in the reporting week, 2.4% more than \$63.87 reported in the previous week, after US oil producers in the Gulf of Mexico cut more than half their output in the face of a tropical storm and as tensions continued in the Middle East.



National South African Price information (RMAA) : Beef

Week 26 (24/06/2019 to 30/06/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 27 (01/07/2019 to 07/07/2019)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	9 625	44.75	45.37	Class A2	8 108	44.94	45.53
Class A3	1 272	44.81	45.57	Class A3	1 069	44.99	45.59
Class C2	1 319	37.24	39.77	Class C2	1 250	37.17	40.45

Due to seasonal demand pressures, units sales for class A2, A3 and C2 beef decreased by 15.8%, 16.0% and 5.2% respectively this week compared to the previous week. Weekly average purchase price for class A2 and A3 beef increased by 0.4% each in the reporting week while class C2 beef prices decreased by 0.2% week-on-week. During the same period, weekly average selling prices for class A2, A3 and C2 beef increased by 0.4%, 0.04% and 1.7% respectively week-on-week.

National South African Price information (RMAA) : Lamb

Week 26 (24/06/2019 to 30/06/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 27 (01/07/2019 to 07/07/2019)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	8 450	70.77	70.85	Class A2	8 501	70.25	70.96
Class A3	1 650	70.73	70.67	Class A3	1 192	70.51	70.81
Class C2	433	47.39	50.79	Class C2	851	47.58	52.26

Due to the softer demand associated with the winter period, lamb unit sales for class A3 lamb unit sales decreased by 27,8% respectively in the reporting week while class A2 and C2 lamb increased by 0.6% and 96.5% respectively week-on-week. Weekly average purchase prices for class A2 and A3 lamb decreased by 0.7% and 0.3% respectively in the reporting week while the average purchase price for class C2 lamb increased by 0.4% week-on-week. During the same period, weekly average selling prices for class A2, A3 and C2 lamb increased by 0.2%, 0.2% and 2.9% respectively week-on-week.

National South African Price information (RMAA) : Pork

Week 26 (24/06/2019 to 30/06/2019)	Units	Avg Purchase Price	Week 27 (01/07/2019 to 07/07/2019)	Units	Avg Purchase Price
Pork					
Class BP	8 810	26.75	Class BP	8 626	26.72
Class HO	7 072	25.99	Class HO	6 353	25.92
Class HP	4 534	25.48	Class HP	5 041	25.96

During a period of low season demand, unit sales for class BP and HO pork decreased by 2.1% and 10.2% respectively in the reporting week while unit sales for class HP pork increased by 11.2% week-on-week. During the same period, weekly average purchase prices for class BP and class HO pork decreased by 0.1% and 0.3% respectively in the reporting week while the weekly average purchase price for class HP pork increased by 1.9% week-on-week. Local pork prices are expected to experience a seasonal decline according to seasonal trends. Domestic fundamentals will continue to play a huge role in the price direction in the short term.

Latest News Developments

The South African Reserve Bank stressed that the rand exchange rate remains a key risk to the bank's inflation outlook, which is expected to average 4.5% in 2019 and 5.1% in 2020. The Reserve Bank's prognosis deteriorated at the last Monetary Policy Committee meeting whereby the bank now expects a GDP growth of 1.0% for 2019 and 0.6% this year. According to the South African Reserve Bank, the country GDP growth will largely depend on consumer spending in the near term.

Average dam levels across the Western Cape Province contracted from 48% in 2018 to 47.2% during the same period in 2019. Meanwhile, the city of Cape Town's dam levels have reached an average of 61.4% in 2019, up from the 54.7% reported in 2018. The Western Cape government has urged for permanent behavioural change regarding water usage as average dam levels stabilized.

The South African Chamber of Commerce and Industry's (Sacci's) Trade Conditions Survey revealed that the Trade Activity Index (TAI) dropped by three index points to 38 in June 2019 however, the Trade Expectations Index (TEI) remained flat at 48 points in June 2019. According to SACCI, all components of the present trade activity were more under pressure in June compared with May 2019 meanwhile, input and sales prices eased in June. Some respondents are considering to close down their businesses owing to the difficult economic conditions and reasons cited include poor municipal service delivery, a strain on discretionary household spending and increases in electricity, fuel, water and other costs.

Meanwhile, South Africa's trade surplus with Africa widened to R183 billion (3.8% of GDP) in 2018, from R45.6 billion (1.8% of GDP) in 2009, with the value of exports growth averaging 6.7% per annum, while that of imports averaging 2.7% per annum over the period 2009 to 2018. The recently signed African Continental Free Trade Agreement (AfCFTA) will support SA's trade with African countries as well as support growth and employment.

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