



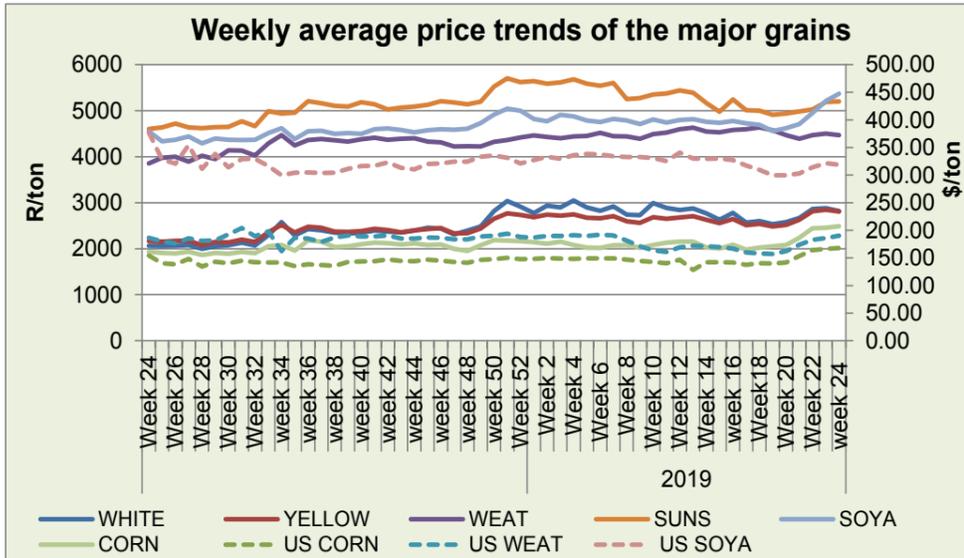
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 14 June 2019

Directorate: Statistics & Economic Analysis

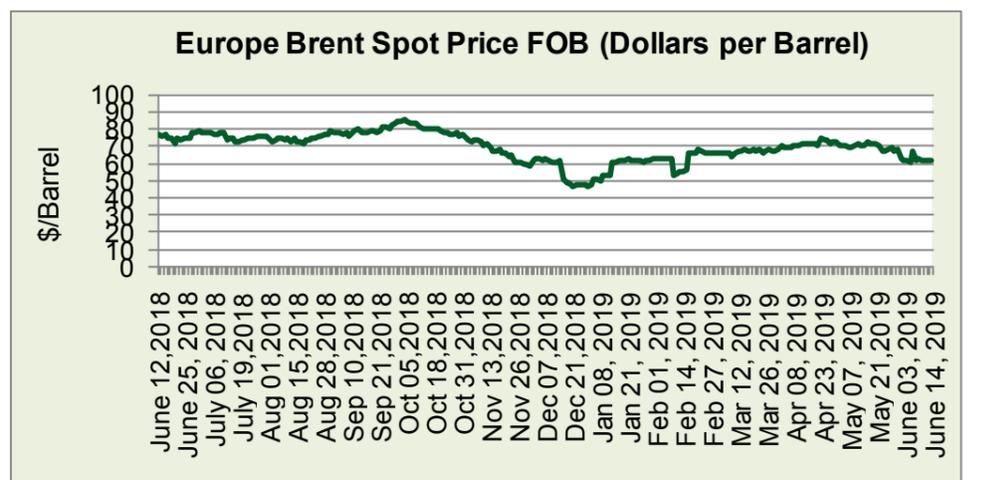
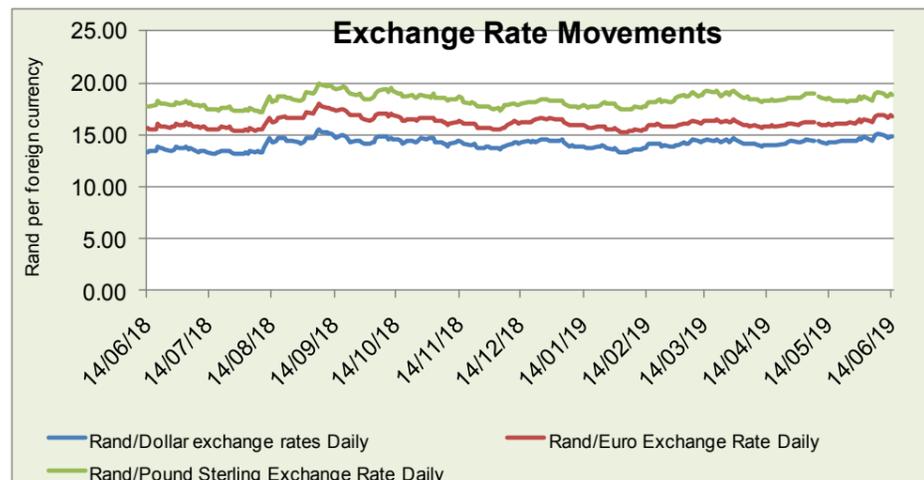
Sub-directorate: Economic Analysis



Local grain market traded lower this week when compared to the previous week. White and yellow maize, wheat decreased by 2.1%, 1.4% and 0.7% respectively when compared to the previous week. The news that the yield for maize will be higher than the estimated figures pulled down the market price. Western Cape province received good rainfall, planting of winter crops like wheat has been completed, it is anticipated that farmers will reach the estimated harvest for this season as crops could experience a generally good season as dams across the country are still at healthy levels, measured at over 60% full in the week of 03 June 2019. Internationally wheat and maize rose this week by 3.0% and 0.9% respectively compared to the previous week, influenced by adverse weather which affected both wheat and corn markets with concerns of overly wet conditions in growing regions as the harvest approaches as wet conditions slowed the pace of planting.

Spot price trends of major grains commodities

	1 year ago Week 24 (04-06-18 to 08-06-18)	Last week Week 23 (27-05-19 to 31-05-19)	This week Week 24 (03-06-19 to 07-06-19)	w-o-w % change
RSA White Maize per ton	R 2 065.12	R 2 879.80	R 2 819.00	-2.1%
RSA Yellow Maize per ton	R 2 162.95	R 2 848.00	R 2 806.00	-1.4%
USA Yellow Maize per ton	\$ 154.29	\$ 166.24	\$ 167.77	0.9%
RSA Wheat per ton	R 3 855.45	R 4 501.00	R 4 467.40	-0.7%
USA Wheat per ton	\$ 186.62	\$ 185.95	\$ 190.43	2.4%
RSA Soybeans per ton	R 4 551.96	R 5 214.60	R 5 368.60	3.0%
USA Soybeans per ton	\$ 377.11	\$ 321.61	\$ 318.91	-0.8%
RSA Sunflower seed per ton	R 4 603.92	R 5 187.40	R 5 201.60	0.3%
RSA Sorghum per ton	R 3 079.73	-	-	-
Crude oil per barrel	\$ 75.97	\$ 67.06	\$ 61.95	-5.11%



The rand depreciated against all major currencies by 0.68%, 1.29% and 0.79% to against US Dollar, Euro and Pound Sterling respectively. The rand depreciated on the US president's Twitter account fuelling currency jitters yet again and the uncertainty towards China and US to ease market fears. With no assurance that China will meet with the US on the side-lines of the G-20 later this month, trade tensions continue to fuel market uncertainty. Locally, political interference in monetary policy contributed to the weakness of the rand.

Brent crude oil averaged \$61.95 in the reporting week, 5.11% less than \$67.06 from the previous week. The decrease of oil prices showed that traders were more concerned about geopolitical challenges in the Middle East and trade frictions between the United States and China. Moreover, monthly oil production and energy outlook released by energy organizations also contributed to the fluctuation of the oil prices (USDA report). The increase in price resulting from oil tanks attack in the Gulf of Oman, one of the world's most important shipping lanes was offset by the losses.



National South African Price information (RMAA) : Beef

Week 22 (27/05/2019 to 02/06/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 23 (03/06/2019 to 09/06/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	10 416	44.72	45.45	Class A2	8985	44.88	45.94
Class A3	1 455	44.69	45.51	Class A3	1125	44.77	45.65
Class C2	1 485	37.42	39.90	Class C2	1425	37.29	39.24

The units sold for beef class A2, A3 and C2 decreased by notable 13.7%,22.7% and 4% respectively. Weekly average purchase price for class A2 and A3 increased marginally by 0.4% and 0.2% respectively. on the other hand class C2 decreased by 0.35%. The average selling price for beef class A2 and A3 increased by 1.1% and 0.3% respectively, whilst C2 declined by 1.7%. Seasonal volume pressure has continued to keep the weaner calf market on the back foot. While news that maize harvest will be higher than estimated present good news to feeder market, this will bring stability in beef market

National South African Price information (RMAA) : Lamb

Week 22 (27/05/2019 to 02/06/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 23 (03/06/2019 to 09/06/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 351	66.03	69.74	Class A2	8063	67.88	70.35
Class A3	1 222	65.59	69.67	Class A3	1495	68.25	70.11
Class C2	597	46.31	51.59	Class C2	792	46.41	51.09

Units sold for lamb class A3 and C2 increased by 22.3% and 32.7% during this week, whilst the units of class A2 decrease by 3.4%. The average purchase price for all lamb class A2, A3 and C2 increased by 2.8%,4.1% and 0.2% respectively. Meanwhile the average selling price for all class of lamb A2 and A3 increased marginally by 0.9% and 0.6%. Sales were high this week resulting to lower prices when compared to previous periods due to slower recovery from the FMD outbreak earlier in the year.

National South African Price information (RMAA) : Pork

Week 22 (27/05/2019 to 02/06/2019)	Units	Avg Purchase Price	Week 23 (03/06/2019 to 09/06/2019)	Units	Avg Purchase Price
Class BP	8 594	22.18	Class BP	8302	23.71
Class HO	6 962	21.54	Class HO	6614	23.49
Class HP	5 746	21.36	Class HP	4408	23.11

The units sold for all classes BP, HO and HP decreased by 3.4%, 5.0% and 23.3% respectively. The average purchase price for all pork class BP, HO and HP increased by 6.9%, 9.1% and 8.19%, respectively. There was some rebound in the pork market on the back of rising international prices and further rand weakness.

Latest News Developments

The South African Reserve Bank's forecasting model suggests there might be room for interest-rate cuts in the next year or two, given how weak the economy is, reported the governor. While the central bank can play a role to help economic growth, decisions should be supported by other policies and structural reforms. The central bank's inflation-targeting mandate drew renewed criticism from political parties and labour unions last week after news that the economy contracted the most in a decade in the first quarter. To make a marked impact on potential output and employment levels, what is required is the implementation of prudent macroeconomic policies underpinned by credible structural policy initiatives. The quarterly projection model currently prices in one 25 basis point cut by the first quarter of 2020, while forward-rate agreements foresee a more than 80% chance of a quarter-point cut next month.

This week, the historic shipment of 5 200 tons of citrus in a breakbulk vessel arrived at Shanghai Port in the People's Republic of China from South Africa. The first shipment was launched on 6 May 2019 at Maydon Wharf Port in Durban. According to the Department of Agriculture, Land Reform and Rural Development, the reefer vessel was cleared upon arrival in Shanghai without any sanitary and phytosanitary challenges. The vessel was received by the South African Consul General, Mpho Hlahla, and the department's attaché to the People's Republic of China, and the team in Plant Health and Inspection Services Directorates played a significant role in the negotiations for the use of breakbulk vessels instead of containers. The Minister of Agriculture, Land Reform and Rural Development, has congratulated the department for the successful negotiations that resulted in the approval of breakbulk vessel shipment. The minister also thanked all parties and the industries that were involved throughout the process since its inception in 2006. This signals growth to the South African citrus industry in South Africa and will result in the creation of more jobs. The use of breakbulk vessels at the port will clear the congestion at the port due to some challenges currently experienced.

Decreasing oil prices have painted a rosier picture for South African fuel users than has been the case for much of 2019. This is according to the Automobile Association (AA) which was commenting on unaudited mid-month fuel price data released by the Central Energy Fund. At this stage of the month, the AA is predicting a decrease of 91 cents/litre to the petrol price and 70 cents to the diesel price and 62 cents for illuminating paraffin. The Association says that there had been a remarkable drop in the price of oil since the end of May, with the commodity currently trading around \$61 dollars a barrel. If stability returns to the Rand and oil settles at its lower level, there might yet be more good news in the pipeline.

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