



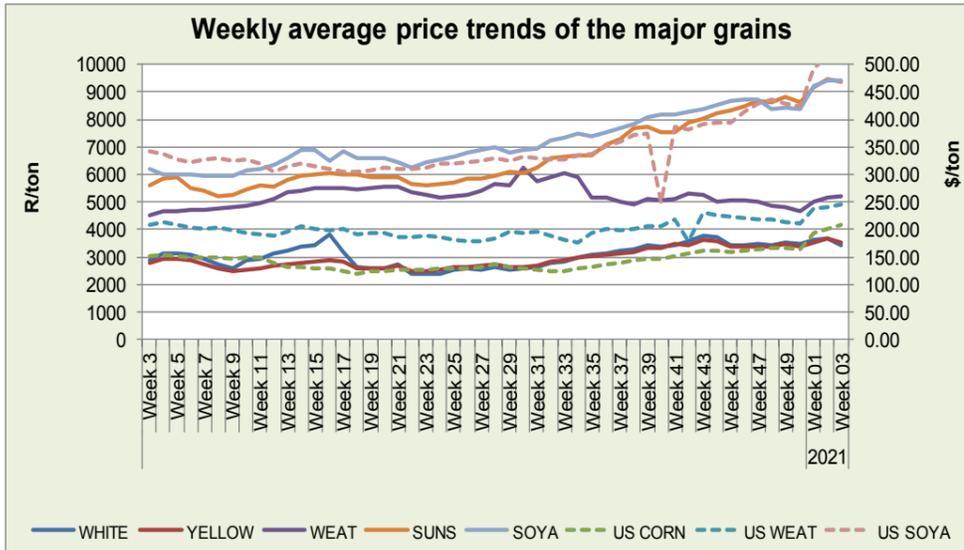
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 22 January 2020

Directorate: Statistics & Economic Analysis

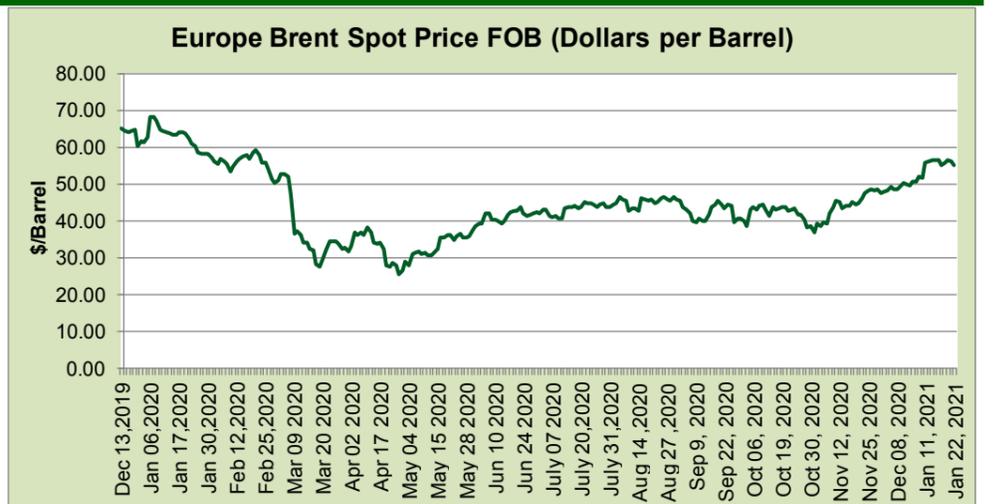
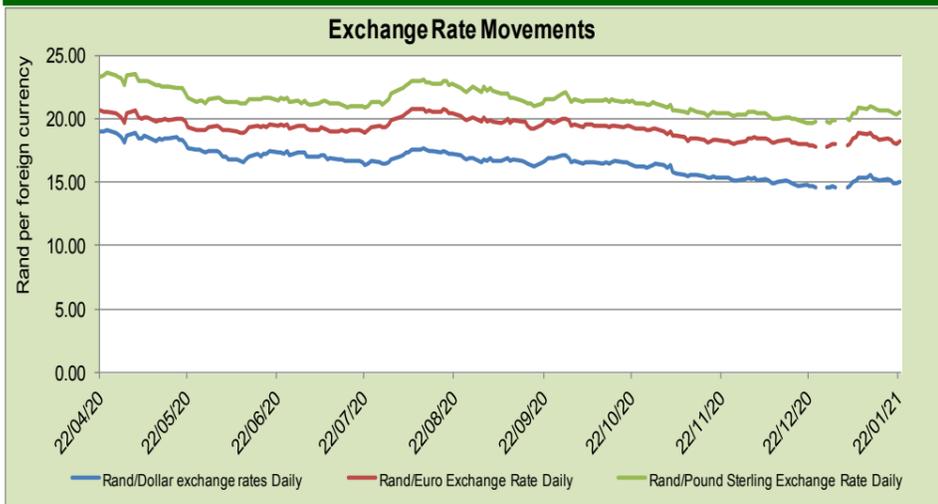
Sub-directorate: Economic Analysis



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 wheat prices and soybeans. The domestic prices of white maize, yellow maize and sunflower decreased by 6.4%, 4.5% and 0.9% respectively this week compared to the previous week. Meanwhile, the price of wheat and soybean reported an increase prices by 1% and 0.1% respectively week-on-week while the price of sweet sorghum remained unchanged at R4260/ton. Internationally, prices traded firmer for US corn and US wheat which saw prices increased by 2.8% and 2.2% respectively, while the price of US soy decreased by 0.9% this week compared to previous week. According to Grain SA, the European wheat prices also saw sharp declines on Friday, losing 4% and falling to a 10-day low on worries that a new swine fever outbreak in China could put a dent in demand.

Spot price trends of major grains commodities

	Year ago Week 3 (20-01-21 to 24-01-21)	Last week Week 2 (11-01-21 to 15-01-21)	This week Week 3 (18-01-21 to 22-01-21)	w-o-w % change
RSA White Maize per ton	R 2 883.40	R 3 687.60	R 3 449.40	-6.4%
RSA Yellow Maize per ton	R 2 788.20	R 3 668.40	R 3 503.80	-4.5%
USA Yellow Maize per ton	\$ 151.71	\$ 201.90	\$ 207.47	2.8%
RSA Wheat per ton	R 4 522.80	R 5 136.80	R 5 190.00	1.0%
USA Wheat per ton	\$ 208.22	\$ 240.86	\$ 246.27	2.2%
RSA Soybeans per ton	R 6 208.20	R 9 400.00	R 9 408.00	0.1%
USA Soybeans per ton	\$ 3341.36	\$ 515.84	\$ 5 11.35	-0.9%
RSA Sunflower seed per ton	R 5 614.00	R 9 450.00	R 9 366.80	-0.9%
RSA Sweet Sorghum per ton	R 3 215.00	R 4 260.00	R 4 260.00	0.0%
Crude oil per barrel	\$ 62.21	\$ 56.18	\$ 55.71	0.8%



The rand traded firmer this week against all the major currencies. On weekly average, the rand appreciated by 1.8% against the US dollar, 2.13% against the Euro and 1.49% against the pound sterling. Analysts are optimistic that the South African rand will show some improvement in the coming weeks following the news that South African government will receive its first batch of covid-19 consignment of vaccines from the Serum Institute in India, the world's largest vaccine producer.

Brent crude oil averaged \$55.71/barrel in the reporting week which is 0.84% lower than \$56.18/barrel reported in the previous week. Oil prices fell owing to fears over soaring Covid-19 cases around the world and the slow pace of vaccination against the virus. The U.S. dollar strengthened for a third consecutive day on Monday to a four-week high, weighing on crude prices. Oil is usually priced in dollars, so a stronger greenback makes crude more expensive for buyers with other currencies by Mark Potter.



National South African Price information (RMAA) : Beef

Week 1 (04/01/2021 to 10/04/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 2 (11/01/2021 to 17/04/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 664	50.87	52.31	Class A2	8 155	50	51.77
Class A3	534	50.78	53.68	Class A3	644	49.91	52.79
Class C2	452	44.58	46.41	Class C2	502	44.55	47.35

The units sold for beef class A3 and C2 increased by 20.6% and 11.1% respectively while units sold for beef class A2 decreased by 5.9% when compared to the previous week. Weekly average purchase price for class A2 and A3 decreased by 1.7% each and beef class C2 also decreased by 0.1% week-on-week. The average selling price for beef class A2 and A3 decreased by 1% and 1.7% respectively whilst the average selling price C2 increased by 2% when compared to previous week. According to industry experts, the demand for beef is will remain low in the first few months of the year due to the impact of covid-19 that resulted in a number of job losses across many sectors of the economy.

National South African Price information (RMAA) : Lamb

Week 1 (04/01/2021 to 10/04/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 2 (11/01/2021 to 17/04/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 028	84.76	83.87	Class A2	6 706	83.27	84.00
Class A3	929	83.30	81.15	Class A3	1 010	79.61	80.35
Class C2	440	66.72	69.72	Class C2	395	66.85	70.54

The units sold for lamb class A2 and A3 increased by 11.2% and 8.7% respectively while units sold for lamb class C2 decreased by 10.2% this week when compared to the previous week. The average purchase price for lamb class A2 and C2 decreased by 1.8% and 4.4% respectively when compared to the previous week. Average selling price for lamb class A2 and C2 increased by 0.2% and 1.2% respectively while class A3 decreased by 1% week-on-week.

National South African Price information (RMAA) : Pork

Week 1 (04/01/2021 to 10/04/2021)	Units	Avg Purchase Price	Week 2 (11/01/2021 to 17/04/2021)	Units	Avg Purchase Price
Class BP	9 189	30.74	Class BP	8 083	30.9
Class HO	3 910	30.8	Class HO	3 771	30.36
Class HP	2 681	30.74	Class HP	3 084	29.78

The units sold for class BP and HO decreased by 12% and 3.6% respectively while units sold for pork class HP increased by 15% week-on-week. Average purchase price for pork class HO and HP decreased by 1.4% and 3.1% respectively whilst the average purchase price for pork class BP increased by 0.5% week-on-week.

Latest News Developments

South African liquor industry is faced with yet another challenge following the alcohol ban to curb the spread of covid-19. However, in 2020 the wine industry managed to export 319.2 million liters of wine despite a five-week long ban on exports. According to Wines of South Africa (WoSA), exports were only 0.2% lower compared to 2019 export figures. WoSA attributed the increase in wine exports in 2020 to extensive online and social media campaigns that drew a lot of awareness to the plight of the South African wine industry. The overall value of the country's wine exports increased 7,7% to R9,1 billion, of which the value of packaged wine grew 8,3%. Bulk wine also saw positive trading, with the value increasing 5% to R1,9 billion, and volumes increasing 3,7% to 181,5 million litres. Among South Africa's distinctive cultivars, Chenin Blanc's export value grew 13% and Pinotage 12%. Chenin Blanc was also South Africa's largest single export variety, with a total export volume of 48,9 million litres. CEO of Vinpro Rico Basson, indicated that despite this solid performance, the wine industry did unfortunately not offset the extensive financial and job losses that was suffered as a result of the blanket ban in the domestic market where more than 55% of the country's wine volumes were sold.

Agri SA executive director is of the view that spill-over of the liquor ban on the agriculture sector will be serious and the impact is yet to be determined. Agriculture industry is in crisis, with wine grapes, for example, not being processed due to a lack of wine storage facilities as a result of carry-over wine stock from last year (Van der Rhee). Crops that are used in the production of alcohol beverages such as barley which is used to make beer, have also been affected. Statement released by Grain SA, brewing company ABInBev indicated that production of barley have been lowered from 458 000t in 2020 to 388 000t of barley in 2021. Grain SA revealed further that farmers could lose between R1 500/t and R2 000/t in income if barley was marketed as feed rather than malting barley.

Consumer Price Index (CPI) data released in December 2020 by South African Reserve Bank concludes the data points for the entire calendar year. According to the data, annual average inflation rate for 2020 was 3.3% which is regarded as the lowest average rate since 2004. Annual inflation ended 2020 at 3,1% in December, slightly lower than November's reading of 3,2%. The monthly increase in the CPI was 0,2%, up from 0% in November. The food and non-alcoholic beverages category was the main driver of inflation in December, with a monthly increase of 0,5% and an annual rise of 6,0%. This was up from November's annual reading of 5,8%.

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