



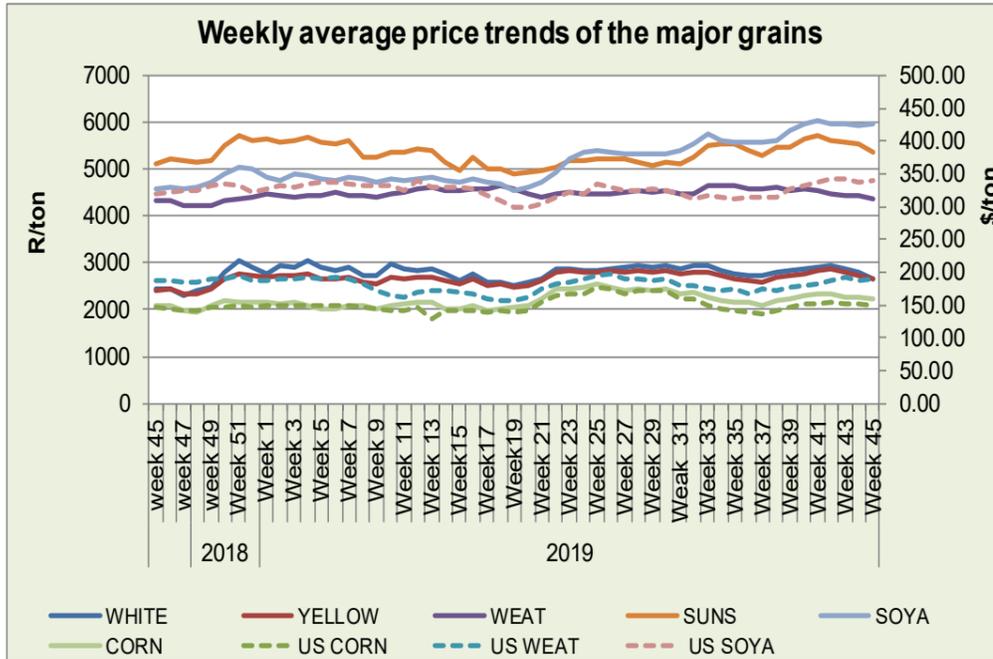
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 08 November 2019

Directorate: Statistics & Economic Analysis

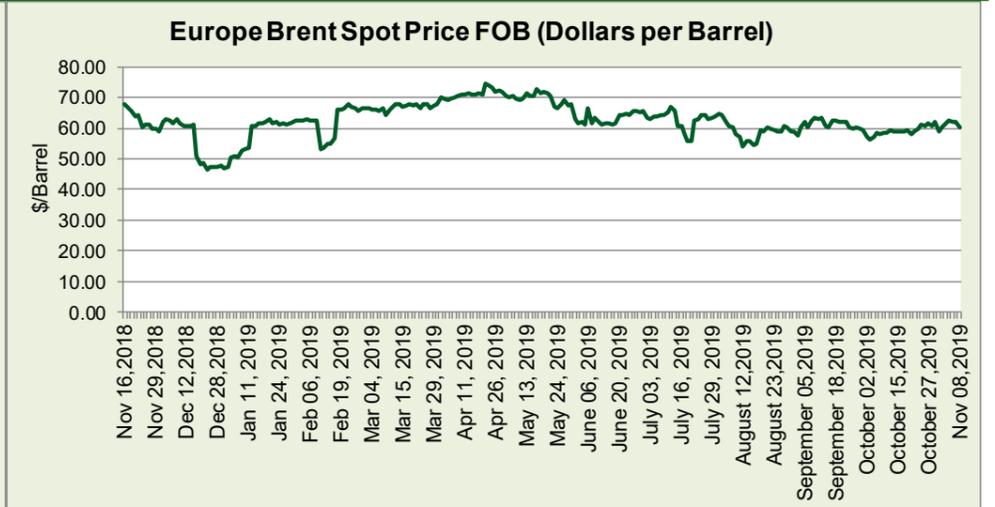
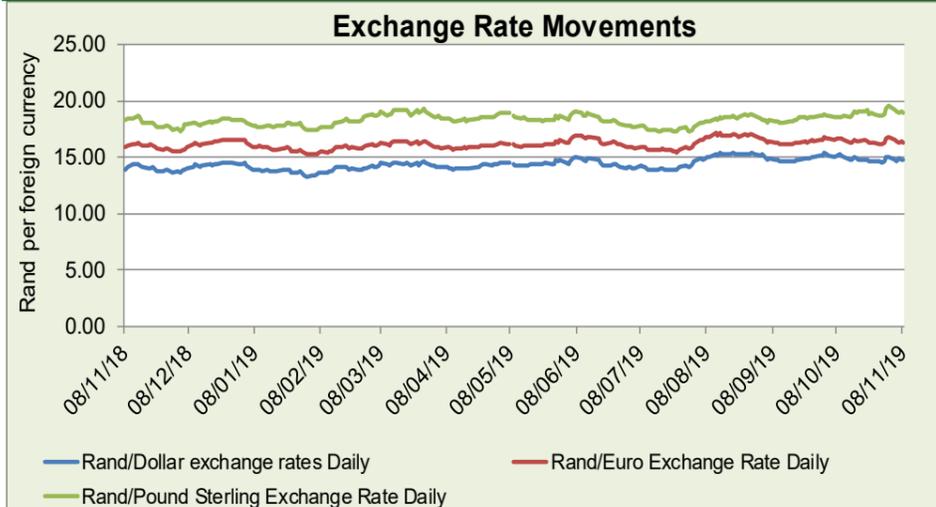
Sub-directorate: Economic Analysis



Local and international maize prices decreased this week compared to last week. Local white and yellow maize prices decreased by 4.6% and 2.9% respectively, whilst the international maize price decreased by 1.5%. Lower planting expectations in South Africa is offset by increases in several African countries, Russia and Turkey. Also, international forecasts reduced maize use. The price of local wheat decreased by 1.5% due to high outlook internationally, whilst the US price increased slightly by 0.4%, due to lower production estimates in the US, although this is offset by increased production in the EU and Russia. The price of local soybeans increased by 0.6% and internationally, increased by 0.4% as World soybeans production is forecasted to be lower in 2019/20. Local sunflower price decreased by 3.5% amid lower oilseeds outlook, as a result of inter-alia; slight upward adjustment in the intentions to plant sunflower although the hectares intended are still expected to be lower than in they were in 2019.

Spot price trends of major grains commodities

	1 year ago Week 45 (05-11-18 to 09-11-18)	Last week Week 44 (28-10-19 to 01-11-19)	This week Week 45 (04-11-19 to 08-11-19)	w-o-w % change
RSA White Maize per ton	R 2 455,60	R 2 787.80	R 2 658,40	-4,6%
RSA Yellow Maize per ton	R 2426,20	R 2 724.20	R 2 646,00	-2,9%
USA Yellow Maize per ton	\$ 146,76	\$ 152.54	\$ 150,21	-1,5%
RSA Wheat per ton	R 4 331,00	R 4 430.80	R 4 365,00	-1,5%
USA Wheat per ton	\$ 187,07	\$ 188.01	\$ 188,84	0,4%
RSA Soybeans per ton	R 4 577,00	R 5 934,00	R 5 967,00	0,6%
USA Soybeans per ton	\$ 320,05	\$ 337.42	\$ 338,87	0,4%
RSA Sunflower seed per ton	R 5 128,00	R 5551,40	R 5 355.80	-3,5%
RSA Sorghum per ton	R 3 650,00	R3 469,00	R3 469,00	0,0%
Crude oil per barrel	\$ 72.42	\$ 60.71	\$ 61.79	1,8%



The rand appreciated slightly against the US dollar in the reporting week compared to previous week, due to inter-alia; renewed hopes of a US-China trade deal. The currency however weakened again towards the end of the week, after nationwide electricity blackouts by state utility Eskom created uncertainty in markets.

The average oil price increased by 1.8% this week compared to last week. The oil price rose after officials from both China and the US agreed to reduce tariffs on each other's goods if phase one of the trade deal is complete. The speculations reversed on Friday after President Trump told reporters that he has not agreed to roll back tariffs on China causing oil prices to decline.



National South African Price information (RMAA) : Beef

Week 43 (21/10/2019 to 27/10/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 44 (2019/10/28 To 2019/11/03)	Units	Avg Purchase Price	Avg Selling Price
Class A2	11328	45.36	45.43	Class A2	10728	45.25	46.22
Class A3	831	45.25	45.85	Class A3	963	45.27	46.31
Class C2	1200	36.98	39.32	Class C2	1227	36.46	38.73

Class A2 beef units sold declined by 5.3% in the reporting week compared to the previous week; whilst units sold for class A3 and C2 increased by 15.9% and 2.3% respectively in the reporting week compared to the previous week. The average purchase prices for class A2 and C2 beef decreased by 0.2% and 1.4% respectively in the reporting week whilst class A3 beef price remained the same in the reporting week compared to the previous week. During the same period, the average selling price for class A2 and A3 increased by 1.7% and 1% respectively in the reporting week whilst class C2 beef declined by 1.5% week-on-week.

National South African Price information (RMAA) : Lamb

Week 43 (21/10/2019 to 27/10/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 44 (2019/10/28 To 2019/11/03)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7882	65.48	69.05	Class A2	8266	66.46	69.17
Class A3	1245	65.4	68.94	Class A3	1738	67.10	69.40
Class C2	1228	48.41	52.47	Class C2	785	47.95	51.88

Class A2 and A3 lamb units sold increased by 4.9% and 39.6% respectively in the reporting week, whilst class C2 lamb decreased by 36.1% in the reporting week compared to the previous week. The average purchase price of class A2 and A3 lamb increased by 1.5% and 2.6% respectively in the reporting week, whilst class C2 lamb decreased by 1% in the reporting week compared to the previous week. During the same period, average selling prices for class A2 and A3 lamb increased by 0.2 and 0.7% respectively in the reporting week whilst Class C2 lamb decreased by 1.1% week-on-week.

National South African Price information (RMAA) : Pork

Week 43 (21/10/2019 to 27/10/2019)	Units	Avg Purchase Price	Week 44 (2019/10/28 To 2019/11/03)	Units	Avg Purchase Price
Class BP	8539	26.62	Class BP	8373	27.18
Class HP	4172	25.87	Class HP	4802	25.90
Class HO	4416	26.23	Class HO	5618	26.20

The units sold for class BP pork decreased by 1.9% this week compared to the previous week while units sold for class HP and HO pork increased by 15.1% and 27.2% respectively in the reporting week compared to the previous week. During the same period, average purchase prices for class BP and HP pork increased by 2.1% and 0.1% respectively in the reporting week while class HO pork declined by 0.1% week-on-week.

Latest News Developments

The Minister of finance projects the National debt to breach 70% of GDP by 2022/23. The Financial Fiscal Commission warned that further tax hikes would not be helpful in raising revenue as intended. The commission told parliament that the scope of increasing government revenue by raising taxes is shrinking and more tax hikes are most likely to impact negatively on the economy's performance and hence on revenue collection, as consumers are forced to economize on their purchases. Moody's Investors Service, which rates South Africa one-step above speculative grade, cut its outlook to negative on 1st November 2019 after the Minister of Finances' budget speech. Most Analyst expect South Africa to lose its final investment grade rating despite some disagreements over when that might happen and of the potential impact thereof, as some believe the downgrade has already been priced in. Credit Rating agency Moody's pushed Eskom's credit rating deeper into sub investment territory stating that government's plan to reorganize the cash-strapped South African firm would be hard to implement without explicit support from the cabinet. The agency cut Eskom's long-term corporate family rating or unguaranteed debt to B2 from B3, six notches below the investment grade level with a negative outlook.

Minister of Human Settlements, Water and Sanitation addressed fears that South Africa is heading toward a major water shortage by stating that there was no need for a panic if South Africans used water sparingly ahead of normal summer rainfall. The Minister cited that Climate Change scientists projected above normal rains between December 2019 and February 2020, with floods predicted during this time as well. The Department highlighted that South Africa can receive half-global average rainfall per year. President Cyril Ramaphosa announced a new master plan for the poultry industry this week, which aims to put the industry back on a growth path. Through the master plan, more opportunities are expected to be created to enable small-scale farmers to establish a foothold and contribute to the sector. Paul Matthew, CEO of Association of Meat Importers and Exporters highlighted that issues of major concern affecting large players in the local broiler industry had been addressed through the plan, which takes into account several structural and other problems within the industry. Importantly, the sector will remain a significant customer of the local feed and food processing industries. Furthermore, President Cyril Ramaphosa has officially kick-start the construction of Tshwane Automotive Special Economic Zone. The R3.5-billion development funded by government will be housed next door to the Ford Motor Company of Southern Africa plant. It will act as an automotive component supplier to industrial park. A case of foot-and-mouth disease (FMD) has been confirmed in a herd of cattle on a farm in the Molemole district of Limpopo. Samples were collected, and the Onderstepoort Veterinary Research Transboundary Animal Disease Programme confirmed the foot-and-mouth disease.

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