

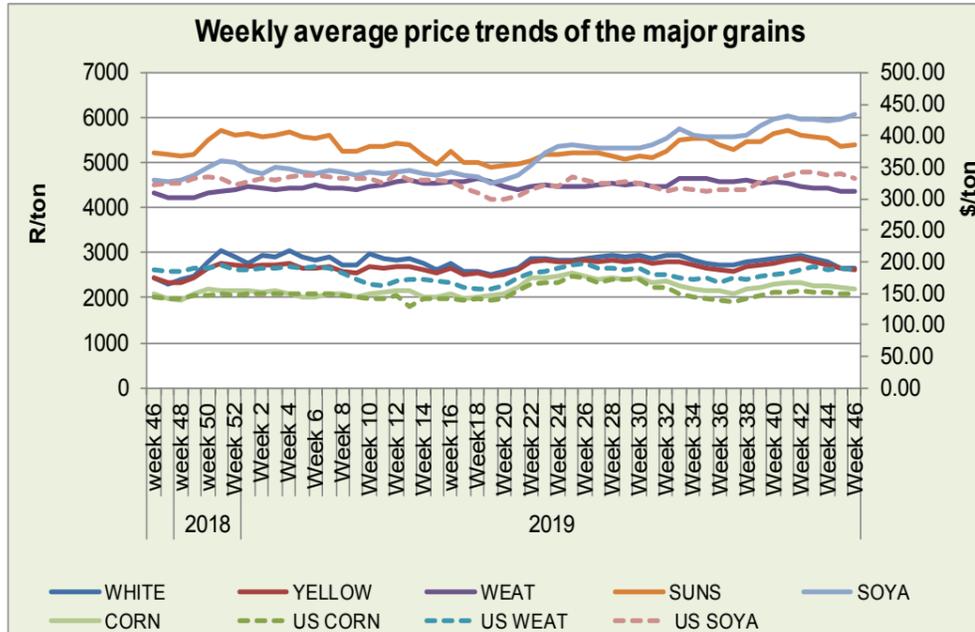


agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 15 November 2019

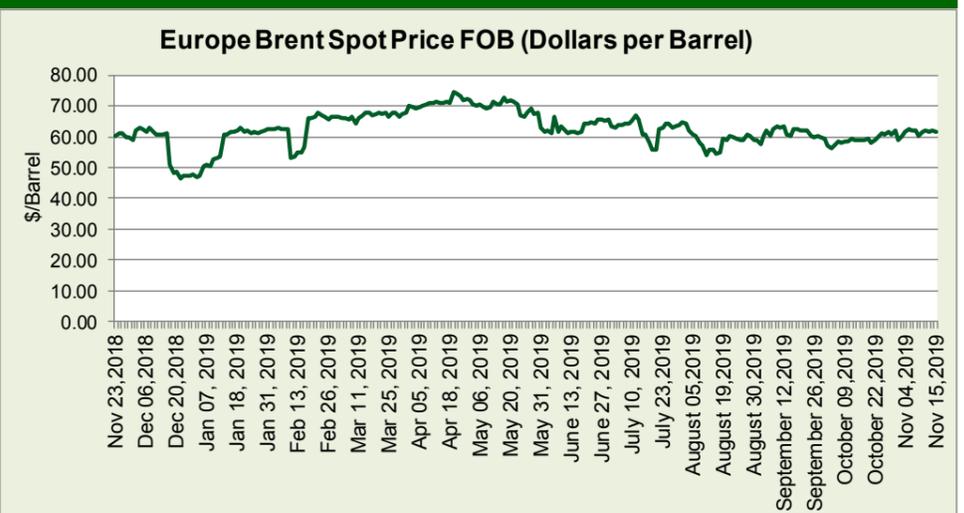
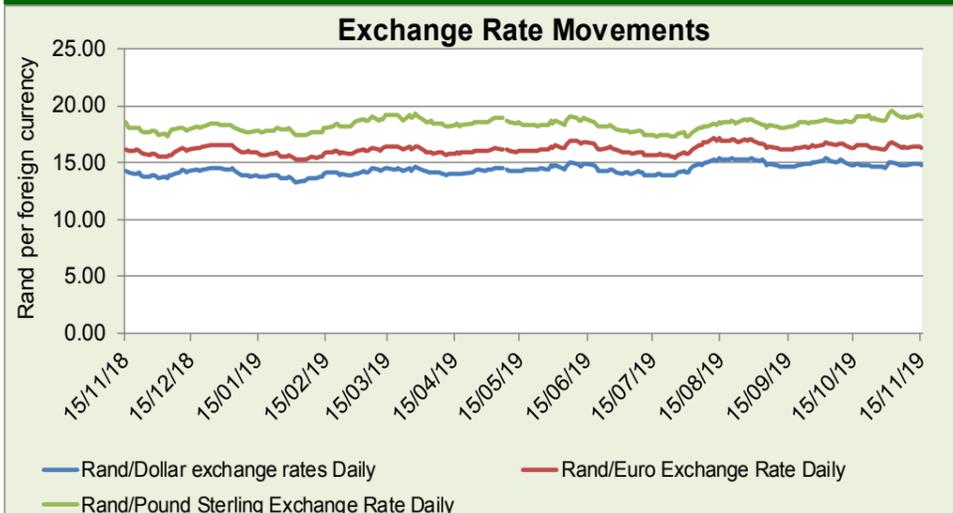
Directorate: Statistics & Economic Analysis



Domestic grain prices strengthened this week except for yellow maize prices which decreased by 0.7% this week compared to the previous week. The outlook for planting key grains for 2019/20 is bleak with the weather bureau forecasting below-normal rainfall. The only areas expected to experience above-normal rainfall between November 2019 and January 2020 are areas in the central part, towards the western side of South Africa. Local white maize prices increased by 0.5% this week compared to the previous week, while local wheat, soybean and sunflower seed prices increased by 0.03%, 1.7% and 0.7% respectively week-on-week. Local sweet sorghum price remained unchanged this week compared to the previous week. Internationally, US yellow maize prices decreased by 1.5% this week compared to the previous week, amid expectations that the delayed US harvest will advance next week. US wheat prices decreased by 0.8% this week compared to the previous week, on sluggish export demand. The United States face competition for export sales from Ukraine and Russia, which each struck deals to sell wheat to Egypt. US soybean prices decreased by 1.7% week-on-week, as the market looked for direction amid uncertainty about the chances for Beijing and Washington to reach a trade deal.

Spot price trends of major grains commodities

	1 year ago Week 46 (12-11-18 to 16-11-18)	Last week Week 45 (04-11-19 to 08-11-19)	This week Week 46 (11-11-19 to 15-11-19)	w-o-w % change
RSA White Maize per ton	R 2 438.00	R 2 658.00	R 2 671.00	0.5%
RSA Yellow Maize per ton	R 2 450.80	R 2 646.00	R 2 626.60	-0.7%
USA Yellow Maize per ton	\$ 145.00	\$ 150.21	\$ 147.93	-1.5%
RSA Wheat per ton	R 4 314.60	R 4 365.00	R 4 366.40	0.03%
USA Wheat per ton	\$ 186.48	\$ 188.84	\$ 187.34	-0.8%
RSA Soybeans per ton	R 4 598.80	R 5 967.00	R 6 065.60	1.7%
USA Soybeans per ton	\$ 321.36	\$ 338.87	\$ 333.09	-1.7%
RSA Sunflower seed per ton	R 5 204.20	R 5 355.80	R 5 391.80	0.7%
RSA Sweet Sorghum per ton	R 3 660.00	R 3 469.00	R 3 469.00	0.0%
Crude oil per barrel	\$ 68.47	\$ 61.79	\$ 61.73	-0.1%



The rand appreciated by 3.5% against the US dollar week-on-week, as talk of an impending trade deal between the China and the US was mooted. The rand appreciated by 3.6% against the Pound Sterling week-on-week, ahead of the release of polls over the Conservative Party and Labour Party. The assumption is that a conservative majority parliament would swiftly pass the EU-UK Brexit deal. The rand depreciated by 1.1% against the Euro week-on-week, ahead of the European Central Bank monetary policy meeting.

Brent crude oil averaged \$61.73 in the reporting week, 0.1% less than \$61.79 reported the previous week. The lingering trade battle between China and the United States has hit global growth prospects and has clouded outlook for future oil demand. According the Chinese government, there was gloom in Beijing about prospects for a trade deal, with the Chinese officials troubled by US President Donald Trump's comment that there was no agreement on phasing out tariffs.



National South African Price information (RMAA) : Beef

Week 44 (28/10/2019 to 03/11/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 45 (04/11/2019 to 10/11/2019)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	10 728	45.25	46.22	Class A2	9 713	44.71	45.73
Class A3	963	45.27	46.31	Class A3	701	44.64	45.91
Class C2	1227	36.46	38.73	Class C2	1 224	36.98	39.38

Units sold for class A2, A3 and C2 beef decreased by 9.5%, 27.2% and 0.2% respectively in the reporting week with the recent confirmation of the Foot and Mouth Disease in a herd of cattle on a farm in the Molemole Local Municipality, Limpopo Province. Meanwhile, cattle producers in South Africa are under pressure due to drought and decreasing profit margins. Weekly average purchase prices for class A2 and A3 beef decreased by 1.2% and 1.4% respectively in the reporting week while the weekly average purchase price for class C2 beef prices increased by 1.4% week-on-week. During the same period, the weekly average selling prices for class A2 and A3 beef decreased by 1.1% and 0.9% respectively in the reporting week while the weekly average selling price for class C2 beef increased by 0.7% in the reporting week compared to the previous week. Cattle farmers wait in anticipation for rain to help restore pasture conditions and improve fodder availability.

National South African Price information (RMAA) : Lamb

Week 44 (28/10/2019 to 03/11/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 45 (04/11/2019 to 10/11/2019)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	8 286	66.46	69.17	Class A2	6 851	65.91	69.35
Class A3	1 738	67.10	69.40	Class A3	1 315	65.73	69.27
Class C2	785	47.95	51.88	Class C2	849	48.20	51.68

Units sold for class A2 and A3 lamb decreased by 17.3% and 24.3% respectively in the reporting week while units sold for class C2 lamb increased by 8.2% week-on-week. Consumer spending and demand for sheep meat and beef meat is way lower in the reporting week compared to the previous week. The weekly average purchase prices for class A2 and A3 lamb decreased by 0.8% and 2.0% respectively in the reporting week while the weekly average purchase price for class C2 lamb increased by 0.5% week-on-week. During the same period, the weekly average selling prices for class A3 and C2 lamb decreased by 0.2% and 0.4% respectively in the reporting week while the weekly average selling price for class A2 lamb increased by 0.3% week-on-week. Local prices in the Lamb meat market are expected to increase on improved seasonal demand during the festive season.

National South African Price information (RMAA) : Pork

Week 44 (28/10/2019 to 03/11/2019)	Units	Avg Purchase Price	Week 45 (04/11/2019 to 10/11/2019)	Units	Avg Purchase Price
Pork					
Class BP	8 373	27.18	Class BP	8 574	27.32
Class HO	5 618	26.20	Class HO	6 250	26.79
Class HP	4 802	25.90	Class HP	4 945	26.27

Units sold for class BP, HO and HP pork increased by 2.4%, 11.2% and 3.0% respectively in the reporting week compared to the previous week, on improved demand. During the same period, the weekly average purchase prices for class BP, HO and class HP pork increased by 0.5%, 2.3% and 1.4% respectively week-on-week. Local pork prices are expected to increase in the medium term due to improved seasonal demand.

Latest News Developments

The federation of agricultural organisations, AgriSA, indicated that over the past four years, South Africa faced a drier climatic spell, leaving the industry reeling from massive financial constraints, decreasing yields and less planting by farmers. According to Agri SA, prolonged dry spells during the second half of the 2018/19 rainy season resulted in reduced seasonal production, food deficits, price increases and increased food insecurity in many parts of Southern Africa, including southern Angola, Namibia, southern Zambia and parts of Lesotho, Botswana and Zimbabwe. In the first half of 2019, South Africa's real agricultural output was 9.2% lower than the corresponding period last year, while the financial strain on farmers is increasing, with rising carry-over debt. Agri SA noted that the current climatic shift is causing longer and more frequent periods of drought that are putting into question the farming community's ability to recover. Meanwhile, the Department of Water and Sanitation (DWS) reported that recent rainfall across South Africa assisted in providing some relief, especially in KwaZulu-Natal and parts of the Eastern Cape, after a period of hot and extremely dry weather conditions. However, the rains are not widely spread across provinces which will take some time before drought is broken in the region.

The Automobile Association (AA) announced on Friday that it predicts the price of petrol to increase by 11 cents per liter for 95 octane petrol and 7 cents per litre increase for 93 octane petrol. Diesel is set to decrease by 18 cents per liter while illuminating paraffin is set to drop by 21 cents a liter. Despite the rise in petrol prices, the Automobile Association indicated that the drop in the diesel price means input costs for the agricultural and manufacturing sectors will remain relatively stable in relation to fuel costs.

The latest Stats SA Inequality Trends report, which examined inequality across race and gender between 2006 and 2015 revealed that economic inequality decreased for Indians, Asians and whites, but remained fairly constant for coloured while it increased for black Africans. The report found that black Africans earned the lowest in their workplaces and that black African households in the Eastern Cape and Limpopo also get paid the least when employed. According to the Inequality trends report, black Africans and residents of rural provinces like the Eastern Cape also struggle to have access to medical aid and basic services like sanitation, water and internet. On the contrary, whites earned substantial higher wages than all other population groups. Overall, more rural provinces and black Africans tend to lag behind in obtaining access to medical aid and basic services such as water, electricity, sanitation and the internet.

For more information contact: Directorate Statistics & Economic Analysis (SEA) at HeidiP@daff.gov.za or 0123198194.