



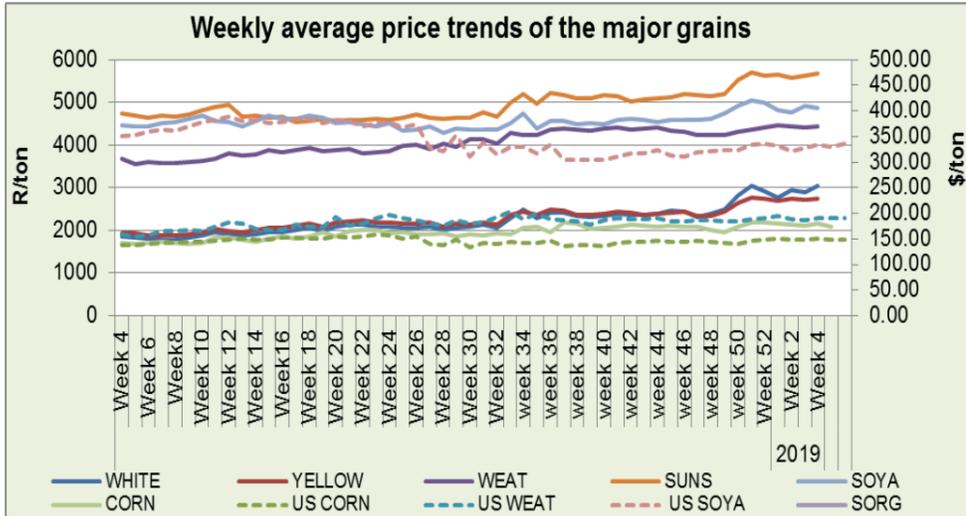
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 25 January 2019

Directorate: Statistics & Economic Analysis

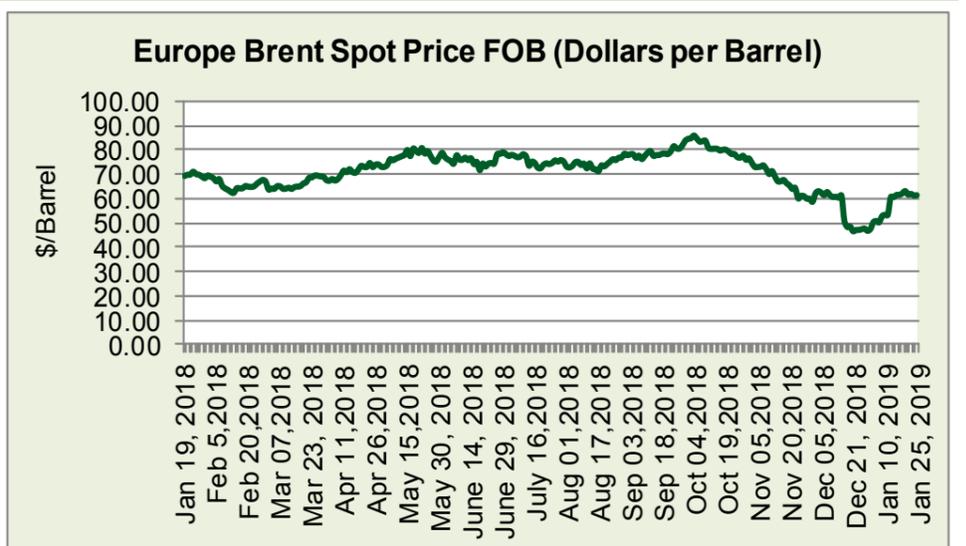
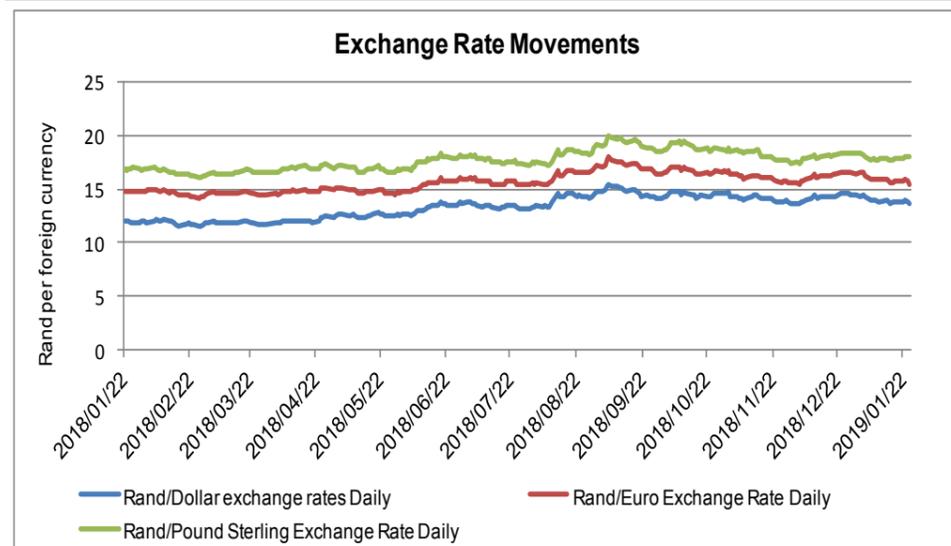
Sub-directorate: Economic Analysis



The domestic market for major grains were low this week. The prices of white maize, yellow maize and sunflower seeds decrease by 4%, 2% and 3% respectively this week compared to last week due to the aforementioned dryness which has caused fears of a poor harvest, as well as higher Chicago maize prices. The intended area of 2.44 million hectares for maize in the 2018/19 season could fall by 19% to 1.98 million hectares. This would be almost in line with the area planted during the drought period of the 2015/16 production season. Meanwhile, the prices of wheat, soybean and sorghum increased by 1%, 2% and 1% respectively week-on-week. Rain is needed urgently as moisture is disappearing and the weather forecast showed little prospects for rain for the week. The US prices for maize, soybean and wheat increased marginally by 1%, 2% and 1% respectively compared to the previous week.

Spot price trends of major grains commodities

	1 year ago Week 3 (22-01-18 to 26-01-18)	Previous week Week 3 (14-01-19 to 18-01-19)	This week Week 4 (21-01-19 to 25-01-19)	w-o-w % change
RSA White Maize per ton	R 3 163.20	R 3 173.00	R 3 050.20	-4%
RSA Yellow Maize per ton	R 3 014.00	R 2 800.00	R 2 749.20	-2%
USA Yellow Maize per ton	\$ 144.25	\$ 148.17	\$ 148.42	0.2%
RSA Wheat per ton	R 3 936.00	R 4 405.60	R 4 441.60	1%
USA Wheat per ton	\$ 157.22	\$ 190.24	\$ 191.34	1%
RSA Soybeans per ton	R 6 477.40	R 4 769.80	R 4 878.60	2%
USA Soybeans per ton	\$ 388.60	\$ 329.58	\$ 336.08	2%
RSA Sunflower seed per ton	R 5 262.20	R 5 830.80	R 5 683.80	-3%
RSA Sorghum per ton	R 3 143.00	R 3 750.00	R 3 778.00	1%
Crude oil per barrel	\$ 69.26	\$ 61.28	\$ 61.87	1%



The rand slightly depreciated against major currencies after the IMF trimmed its global growth forecasts earlier this week. The rand depreciated by 0.01% against the dollar and pound sterling whilst it remained unchanged against the Euro week-on-week.

The price of crude oil increased by 1% from \$61.28 per barrel to \$61.87 per barrel this week compared to the previous week this due to a decline in US crude inventories, one of the world's biggest consumers. Saudi Arabia's indicated that inventories will start to return to normal averages.



National South African Price information (RMAA) : Beef

Week 2 (2019/01/07 to 2019/01/13)	Units	Avg Purchase Price	Avg Selling Price	Week 3 (2019/01/14 to 2019/01/20)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6399	44.02	45.23	Class A2	6022	41.32	42.96
Class A3	874	44.50	45.73	Class A3	696	41.24	43.38
Class C2	759	40.06	41.49	Class C2	1032	39.03	39.78

Units sold for class A2 and A3 decreased by 6.7% and 21.5%, whilst class C2 units increased by 23% in the reporting week compared to last week. The average purchase prices for all beef classes decreased this week, class A2, A3 and C2 prices decreased by 6.1%, 7.3% and 2.4% respectively. The average selling prices for class A2, A3 and C2 decreased by 5%, 5.1% and 3.6% respectively.

National South African Price information (RMAA) : Lamb

Week 2 (2019/01/07 to 2019/01/13)	Units	Avg Purchase Price	Avg Selling Price	Week 3 (2019/01/14 to 2019/01/20)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5799	67.83	71.40	Class A2	6742	63.71	70.77
Class A3	889	68.25	71.36	Class A3	1470	66.88	71.10
Class C2	506	54.66	59.52	Class C2	361	55.40	59.20

The average units sold for class A2 and A3 increased by 16.3% and 65.4% respectively, whilst class C2 prices decreased by 28.7% compared to the previous week. The average purchase prices for lamb classes A2 and A3 decreased by 6.1% and 2% respectively, whilst class C2 increased marginally by 1.4% this week. The average selling price for all lamb classes A2, A3 and C2 decreased by 0.9%, 0.4% and 0.5% respectively in the reporting week compared to last week.

National South African Price information (RMAA) : Pork

Week 2 (2019/01/07 to 2019/01/13)	Units	Avg Purchase Price	Week 3 (2019/01/14 to 2019/01/20)	Units	Avg Purchase Price
Class BP	7971	27.84	Class BP	7351	26.51
Class HO	6239	26.92	Class HO	5335	26.24
Class HP	3400	26.92	Class HP	3410	26.28

The units sold for pork classes BP and HO decreased by 7.8% and 14.5% respectively, whilst pork class HP decreased marginally by 0.3% compared to the previous week. The average purchase prices for all pork classes BP, HO and HP decreased by 4.8%, 2.5% and 2.4% respectively this week compared to the previous week.

Latest News Developments

South Africa could be forced to import maize at exorbitant prices if drought continues to ravage two of the country's best-producing regions. There are also fears that this could lead to food (price) inflation and that the country's economic growth could be negatively affected as a result. Maize production was at a critical level in the maize-producing provinces of North West and Free State, with virtually no crop planted and the optimum planting date having passed. The two regions produce about 72 percent of the total white maize harvest in the country, there was no indication of the number of hectares already planted or that could still be planted. This means that maize will have to be imported at much higher import parity prices, which will mainly be determined by the changes in international maize prices and the exchange rate. As a result, these conditions may have a very negative impact on the economic growth rate for the second and third quarters in 2019 compared with the same quarters last year, as well as the inflation rate.

AgriSA deputy executive director Christo van der Rheede has indicated that the lobby group was quite concerned about the development, as many of the farmers had a terrible drought in 2015 and 2016. They are still recovering from that drought. On top of that the maize price declined due to an oversupply in the US, farmers struggled with a lot of debt, due to the low price of maize. This year they are again faced with drought. AgriSA further explained that they suspect many farmers will not be able to sustain themselves and we are very concerned about that. Absa Agribusiness senior agricultural economist Wessel Lemmer explained that if farmers could plant about 1.3million ha, like they did in the 2015/16 season, and achieve crop yield of 4 tons per ha, the country may have to import 2million tons of maize.

According to the Automobile Association, the price of petrol is likely to increase by around eight cents a litre, while diesel is set to go down by three cents and illuminating petrol by nine cents. This prediction is based on late-month, unaudited data released by the Central Energy Fund. This would push the price of a litre of 95 Unleaded petrol to R13.50 at the coast and R14.09 in Gauteng, with 93 Unleaded rising to R13.87 in the latter region. South African new and used vehicle price increases continue to trail general inflation, according to the Vehicle Pricing Index released by TransUnion. The index reveals that new vehicles prices showed an annual increase of 2.5 percent during the fourth quarter of 2018, versus 2.4 percent in Q4 2017, while used vehicle inflation slowed to 1.6 percent in the last quarter of 2018, from 3.5 percent a year earlier. Both were well below the general consumer price inflation of 4.5 percent recorded for the final quarter of last year.

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