



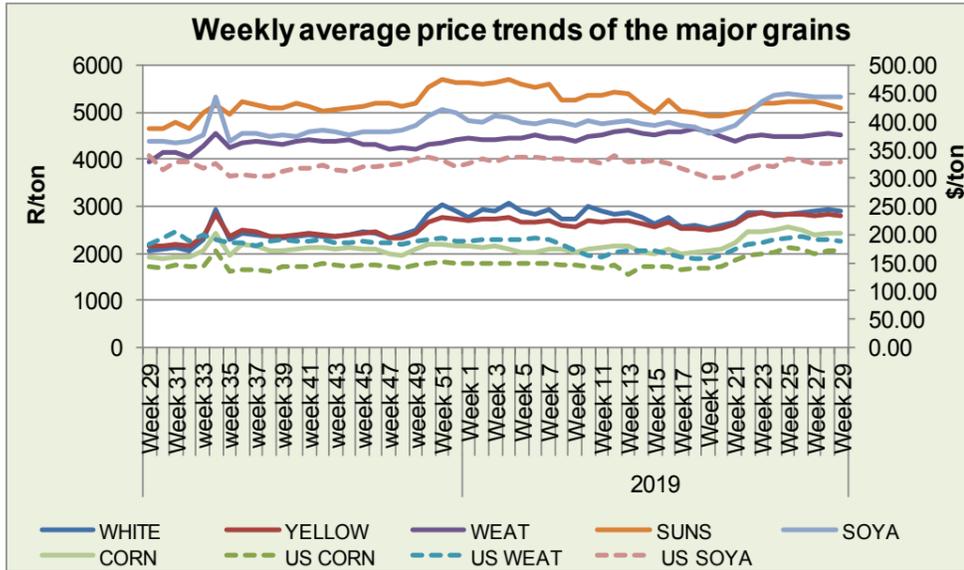
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 19 July 2019

Directorate: Statistics & Economic Analysis

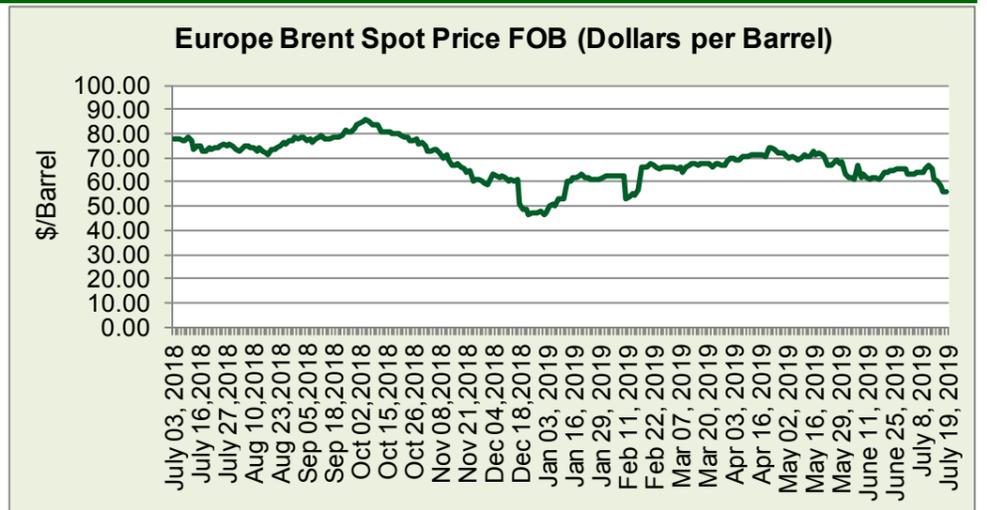
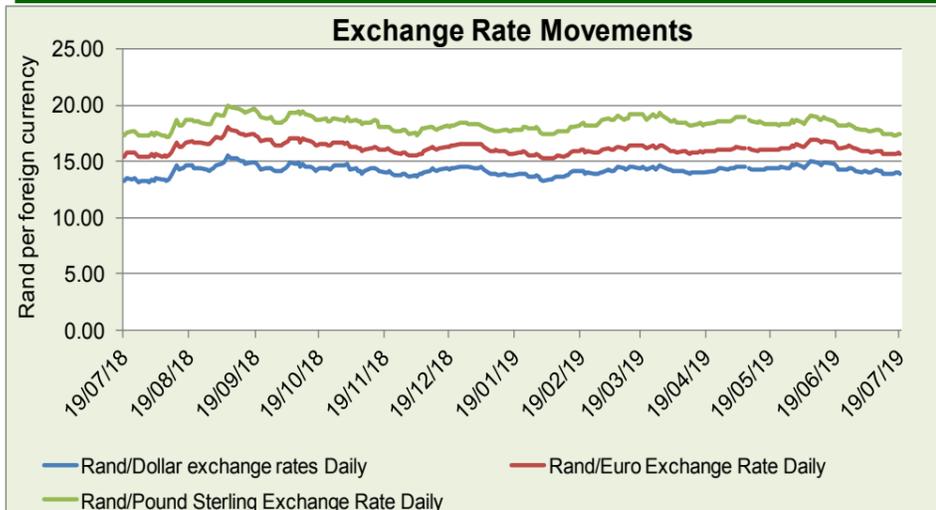
Sub-directorate: Economic Analysis



Domestic grain prices declined this week compared to the previous week, this might be attributed to a the stronger rand. Local white and yellow maize prices decreased by 1.0% and 0.4% respectively this week compared to the previous week. Local wheat, soybeans and sunflower prices also decreased by 0.6%, 0.5% and 1.2% respectively this week compared to the previous week. The National Crop Estimate Committee released its sixth production estimates for all summer grains and oilseeds and also the preliminary area estimates of winter crops for 2019. The expected maize crop is 549 180 tons, which is 7,54% less than the 593 975 tons of last season. Internationally, US yellow maize and wheat prices decreased by 0.5% and 1.7% week-on-week. US maize came under pressure due to slight better than expected production conditions reported by the USDA and also the expectations of more favourable weather conditions for the week. US wheat also came under pressure due to spill over from other commodities. During the same period US soybean prices increased slightly by 0.9%.

Spot price trends of major grains commodities

	1 year ago Week 29 (16-07-18 to 20-07-18)	Last week Week 28 (08-07-19 to 12-07-19)	This week Week 29 (15-07-19 to 19-07-19)	w-o-w % change
RSA White Maize per ton	R 2 052.99	R 2 939.00	R 2 909.00	-1.0%
RSA Yellow Maize per ton	R 2 147.97	R 2 824.00	R 2 812.40	-0.4%
USA Yellow Maize per ton	\$ 143.06	\$ 172.10	\$ 171.17	-0.5%
RSA Wheat per ton	R 3 949.90	R 4 538.60	R 4 509.80	-0.6%
USA Wheat per ton	\$ 181.89	\$ 190.56	\$ 187.39	-1.7%
RSA Soybeans per ton	R 4 396.63	R 5 338.20	R 5 312.80	-0.5%
USA Soybeans per ton	\$ 338.47	\$ 324.75	\$ 327.70	0.9%
RSA Sunflower seed per ton	R 4 642.88	R 5 148.00	R 5 087.80	-1.2%
RSA Sorghum per ton	R 3 220.00	-	-	-
Crude oil per barrel	\$ 76.34	\$ 65.38	\$ 58.27	-10.9%



The rand strengthen against major currencies this week compared to last week, despite the South African Reserve Bank cutting interest rates for the first time since March 2018. The rand appreciated by 2.5% against the US dollar, 5.2% against the Pound Sterling and 5.6% against the Euro this week compared to the previous week.

Oil snapped four days of losses after an American warship downed an Iranian drone near the Strait of Hormuz, stoking concerns crude flows from the Middle East may be disrupted. Brent crude oil declined by 10.9% and averaged \$58.27 this week compared to \$65.38 reported in the previous week.



National South African Price information (RMAA) : Beef

Week 27 (01/07/2019 to 07/07/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 28 (08/07/2019 to 14/07/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 108	44.94	45.53	Class A2	7 668	44.11	46.16
Class A3	1 069	44.99	45.59	Class A3	922	45.05	46.17
Class C2	1 250	37.17	40.45	Class C2	1 471	37.32	39.57

Units sold for class A2 and A3 beef decreased by 5.4% and 13.8% respectively this week compared to the previous week, while unit sold for class C2 beef increased by 17.7%. Weekly average purchase price for class A2 for beef decreased by 1.8%, whilst average purchasing price for class A3 and C2 increased by 0.1% and 0.4% respectively compared to the previous week. During the same period, weekly average selling prices for class A2 and A3 beef increased by 1.4% and 1.3%, while weekly average selling price for class C2 decreased.

National South African Price information (RMAA) : Lamb

Week 27 (01/07/2019 to 07/07/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 28 (08/07/2019 to 14/07/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 501	70.25	70.96	Class A2	6 099	69.87	70.14
Class A3	1 192	70.51	70.81	Class A3	708	70.81	69.33
Class C2	851	47.58	52.26	Class C2	776	50.16	54.37

Due to the softer demand associated with the winter period, lamb unit sold for class A2, A3 and C2 lamb decreased by 28.3%, 40.6% and 8.8% respectively this week compared to the previous week. During the same period weekly average purchase prices for class A2 lamb decreased by 0.5%, while weekly average purchase price for class A3 and C2 lamb increased by 0.4% and 5.4%. Weekly average selling prices for class A2 and A3 lamb decreased by 1.2% and 2.1% respectively whilst the average selling price for class C2 lamb increased by 4.0%. Based on seasonal trends, the domestic market is expecting prices of class A, class C and feeder lambs to follow an increasing trend for the month of July before declining from August into September.

National South African Price information (RMAA) : Pork

Week 27 (01/07/2019 to 07/07/2019)	Units	Avg Purchase Price	Week 28 (08/07/2019 to 14/07/2019)	Units	Avg Purchase Price
Class BP	8 626	26.72	Class BP	7 943	26.49
Class HO	6 353	25.92	Class HO	6 203	25.90
Class HP	5 041	25.96	Class HP	4 984	25.53

During a period of low season demand, unit sold for class BP, HO and HP pork decreased by 7.9%, 2.4% and 1.1% respectively this week compared to the previous week. During the same period, weekly average purchase prices for class BP, HO and HP pork also decreased by 0.9%, 0.1% and 1.7% respectively. The domestic pork market is expected to continue along an increasing trend for the next three months.

Latest News Developments

The South African Reserve Bank's Monetary Policy Committee has decided to cut the prime lending rate for the first time since March 2018 by 25 basis points, to 6.5%, the decision was an unanimous vote. A rate drop was widely expected by the market, with economists noting that there was enough room for a cut, adding that the move would help reignite some activity in the market and starting a series of cuts that economists forecast could total as much as 75 basis points over six months. That would support a fragile recovery in sales and consumer confidence by loosening the cost of debt. However the Bank slashed its GDP growth forecast for the year from 1% to 0.6% while inflation is expected to average 4.4% in 2019, below the midpoint of the target range, from a previous 4.5%. The Minister of Agriculture, Land Reform and Rural Development Reform, Thoko Didiza, together with the deputy ministers, Mcebisi Skwatsha and Sdumo Dlamini, tabled the department's programmes implementation plans for the 2019/20 financial year during the budget vote speech last week. The budget vote focused on key deliverables, outputs and covered a range of critical matters related to the mandate of the new merged department.

Disease management remains a key aspect of South African agriculture, especially when it comes to livestock, as this industry is the greatest contributor to the sector, accounting for 51% of total production. This was according to Wandile Sihlobo, head of economic and agribusiness intelligence at Agbiz, speaking at the National Animal Health Forum (NAHF) and Agricultural Writers South Africa liaison workshop. For export activity to take off, bio security is key, considering the recent incidents of foot-and-mouth disease (FMD) that resulted in a ban on beef as well as wool exports. Proper implementation of existing policies would assist in ensuring proper bio security controls that would increase South Africa's share of exports in the global market. This issue was also reiterated by the Minister of Agriculture, Land Reform and Rural Development, Thoko Didiza, during her recent budget vote in Parliament. She also mentioned plans to increase trade, and said the department would focus on facilitating access to new markets, including China for beef and fruit exports. Beef and chicken exports to Asia and Middle East were already increasing due to the widespread African swine fever outbreak in the region, which was putting pressure on pork production.

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