



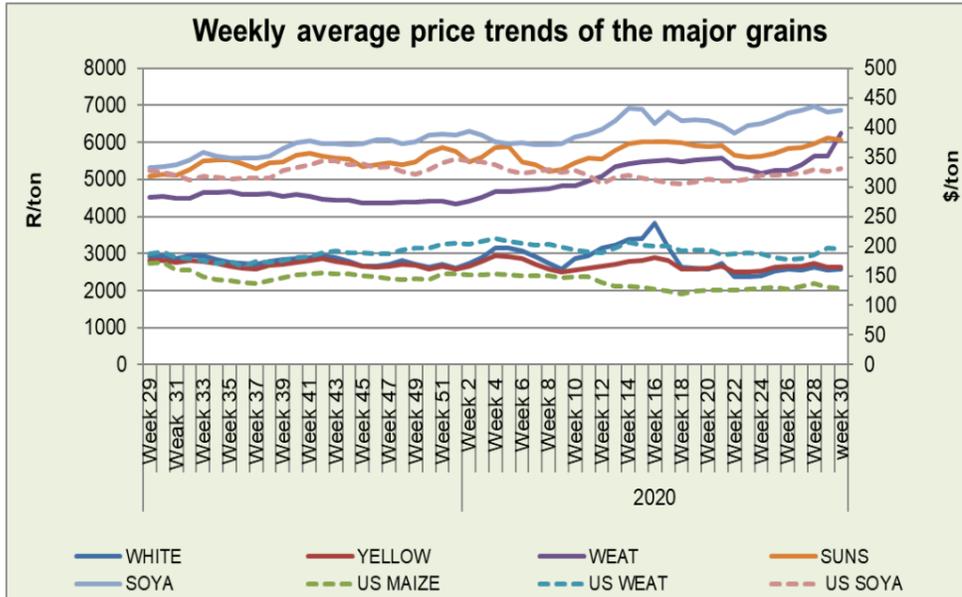
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 24 July 2020

Directorate: Statistics & Economic Analysis

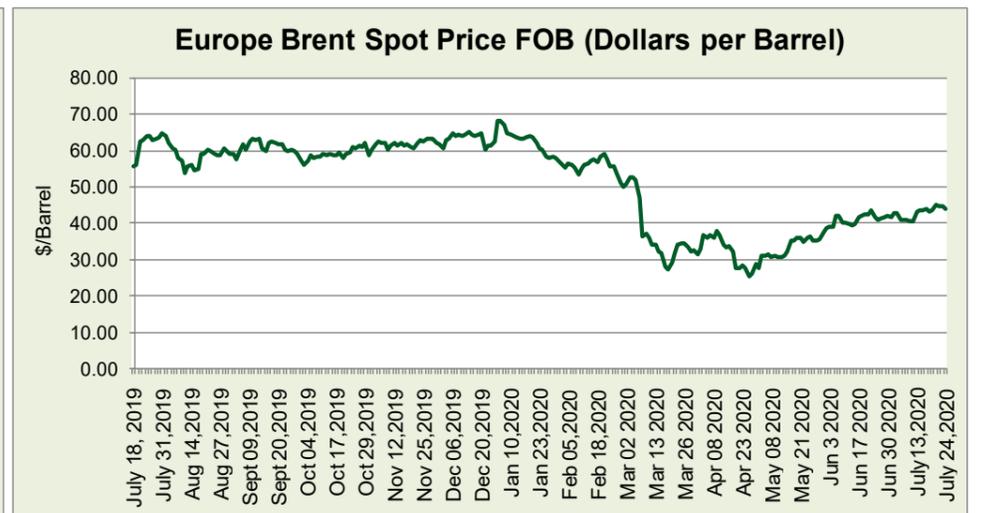
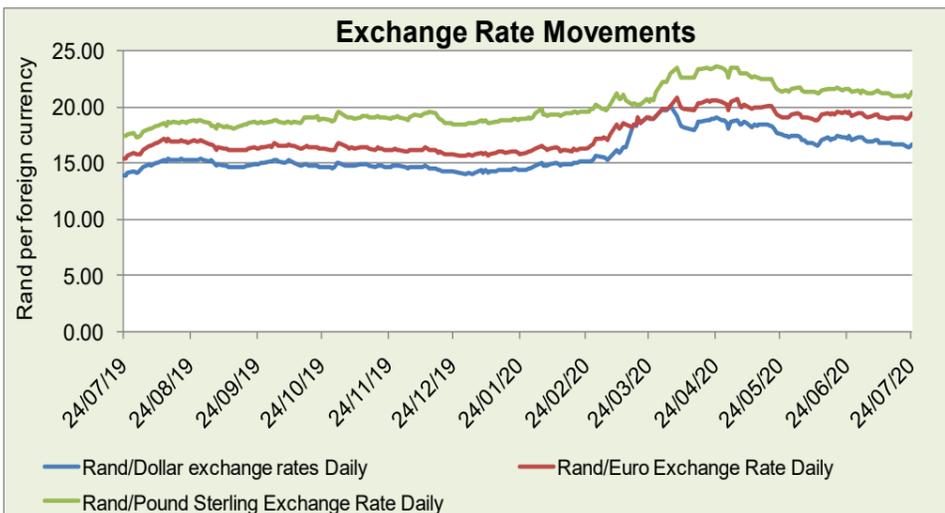
Sub-directorate: Economic Analysis



There were mixed reactions in the market this reporting week as the local and international price traded sideways. However, there were some improvement in prices of the local market compared to international market. The domestic prices of white maize, yellow maize, and soybean increased by 1.0%, 0.3% and 0.9%, respectively; week-on-week. The local price of wheat, which is the second most consumed grain commodity in the country increased sharply by 10.9% in the reporting week. The sharp increase in wheat prices is inter alia attributed to a decline in wheat production over time while local demand for wheat rise. Higher wheat prices have negative inflationary impact on bread and flour prices. The international price of US corn and US wheat decreased by 1.6% and 0.8% respectively while the price of US soya increased by 1.6% compared to the previous week. According to USDA, the decline in US corn and US wheat prices is attributed to the ongoing outbreak of Covid-19. The USDA study confirmed that the price of US corn and US wheat prices faces challenges relating to the spread of the disease.

Spot price trends of major grains commodities

	1 year ago Week 30 (22-07-19 to 26-07-19)	Last week Week 29 (13-07-20 to 17-07-20)	This week Week 30 (20-07-20 to 24-07-20)	w-o-w % change
RSA White Maize per ton	R 2 939,00	R 2 547,40	R 2 573,00	1.0%
RSA Yellow Maize per ton	R 2 824,00	R 2 632,60	R 2 640,20	0.3%
USA Yellow Maize per ton	\$ 171,10	\$ 131,13	\$ 129,07	-1.6%
RSA Wheat per ton	R 4 538,60	R 5 624,80	R 6 236,40	-10.9%
USA Wheat per ton	\$ 190,56	\$ 196,25	\$ 194,59	-0.8%
RSA Soybeans per ton	R 5 338,20	R 6 809,20	R 6 873,00	0.9%
USA Soybeans per ton	\$ 324,75	\$ 325,52	\$ 330,39	1,6%
RSA Sunflower seed per ton	R 5 148,00	R 6 118,20	R 6 070,60	-0.8%
RSA Sweet Sorghum per ton	R 3 280,00	R 3 900,00	R 3 900,00	0,0%
Crude oil per barrel	\$ 63,31	\$ 43,58	\$ 44,47	2.0%



The South African rand appreciated against dollar by 0.8% and depreciated against the euro by 0.3% while it remained unchanged against the pound in the reporting week. The rand closed the week at an average of R16.58 against the dollar, R18.10 against the pound and R21.02 against the Euro at the end of business day on 24 July 2020.

The price of Brent crude oil average \$ 44.47 a barrel this week, which represent 2% increase when compared to the previous week price. The positive news regarding the development of vaccine for Covid-19 were behind the increase in price as most traders remain hopeful that the worse is over. However, the increase in Covid-19 cases in the US and elsewhere sparked fears over the global demand and limited the positive price move



National South African Price information (RMAA) : Beef

Week 28(2020/07/06 To 2020/07/12)	Units	Avg Purchase Price	Avg Selling Price	Week 29 (2020/07/13 To 2020/07/19)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5 864	43,59	44,66	Class A2	6 431	43.48	44.49
Class A3	593	44,69	45,42	Class A3	451	43.80	45.19
Class C2	756	38,78	41,07	Class C2	563	38.80	40.05

The units sold for beef class A3 and class C2 decreased by 23.9% and 25.5% respectively while the units sold for beef call A2 increased by 9.7% this week compared to last week. The average purchase prices for class A2 and A3 decreased by 0.3% and 0.2% respectively whilst increased by 0.1% for class C2. The average selling prices for class A2, A3 and C3 decreased by 0.4%, 0.5% and 2.5% respectively compared to previous week.

National South African Price information (RMAA) : Lamb

Week 28(2020/07/06 To 2020/07/12)	Units	Avg Purchase Price	Avg Selling Price	Week 29 (2020/07/13 To 2020/07/19)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 523	86,72	78,63	Class A2	3 783	85.98	79.10
Class A3	835	87,62	75,42	Class A3	514	88.44	72.52
Class C2	1 027	59,06	61,95	Class C2	684	58.39	62.05

There was considerable decline in units sold for lamb this week compared to previous week. The units sold for lamb class A2, A3 and C2 decreased by 49.7%, 38.4% and 33.4% respectively this reporting week compared to previous week. The average purchase prices for lamb class A2 and C3 decreased by 0.9% and 1.1% respectively whilst lamb class A3 increased by 0.9% during the same period. The average selling prices for class A3 decreased by 3.8% while class A2 and C2 increased by 0.6% and 0.2% respectively week-on-week.

National South African Price information (RMAA) : Pork

Week 28(2020/07/06 To 2020/07/12)	Units	Avg Purchase Price	Week 29 (2020/07/13 To 2020/07/19)	Units	Avg Purchase Price
Class BP	9 156	22,90	Class BP	6 770	22.97
Class HO	7 029	21,73	Class HO	7 047	22.15
Class HP	4 485	22,12	Class HP	5 016	22.29

The quantity sold this week for class HO and HP pork increased 0.3% and 11.8% respectively, whilst class BP decreased by 26.1% when compared to previous week. The average purchase prices for class BP, HO and HP increased by 0.3%, 1.9% and 0.8% respectively week-on-week.

Latest News Developments

The South African Reserve Bank has further reduced the interest rate by 25 basis points to provide a relief to indebted consumers and firms in response to the Covid-19 pandemic. The governor indicated that the Monetary Policy Committee was divided on the decision. The repo rate is now at 3.5%, the lowest since 1998 while the prime lending rate is at 7%. This year alone, the Reserve Bank has lowered the interest rate by 275 basis points to support the economy. The Reserve Bank has revised its GDP growth outlook to -7.3% for 2020, worse than the 7% projection in May and worse than Treasury's forecast of 7.2%. The bank still expects inflation to average at 3.4% for remainder of the year. Lower interest rate is not good news to pensioners who rely solely on their investment. On the other hands, consumers who have debts, are encourage to clear their commitment as lower interest rates means lower interest on debt burdens.

Covid-19 cases in South Africa are now above 450 000 and the country has the fifth largest caseload in the world. This implies that South Africa's hospital beds are slowly being squeezed out. As cases increases, other sectors of the economy are severely impacted by pandemic. The wine industry is amongst the sectors that is directly impacted by the pandemic following the second ban on the sale of alcohol on businesses and economy. The ban of alcohol is due to an increase in alcohol-related trauma cases in hospitals. In light of the ban, the future of the wine industry has plunged into uncertainty as the ban continues to impact the businesses to recover from a decade-long decline. According to Rico, the Managing Director of Vinpro, who represents 2500 wine producers, the wine industry has moved from crisis to disaster. He further revealed that the sector lost a third of producers in the last 10 years as a result of drought and now they have to deal with the pandemic. The industry had lost about R5 billion in the year to date in local sales and exports as a results of ban. That number could climb to R7.5 billion if the ban continued for another six to eight weeks (Rico).

The minister of Trade, Industry and Competition, has indicated that his department had a R1.8 billion budget as cut as government reallocates some funds due to covid-19. This was reveal at Parliament when the minister was tabling the budget vote for his department. Following the budget cut, some programmes of his department maybe affected. The minister is of the view that if most vulnerable and most excluded businesses are provided assisted, the South African economy could emerge from the crisis stronger. He pledged that the department would nurture township firms and maintain investments in Special Economic Zones. He further indicated that since the pandemic, South Africa is producing ventilators for the first time.

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