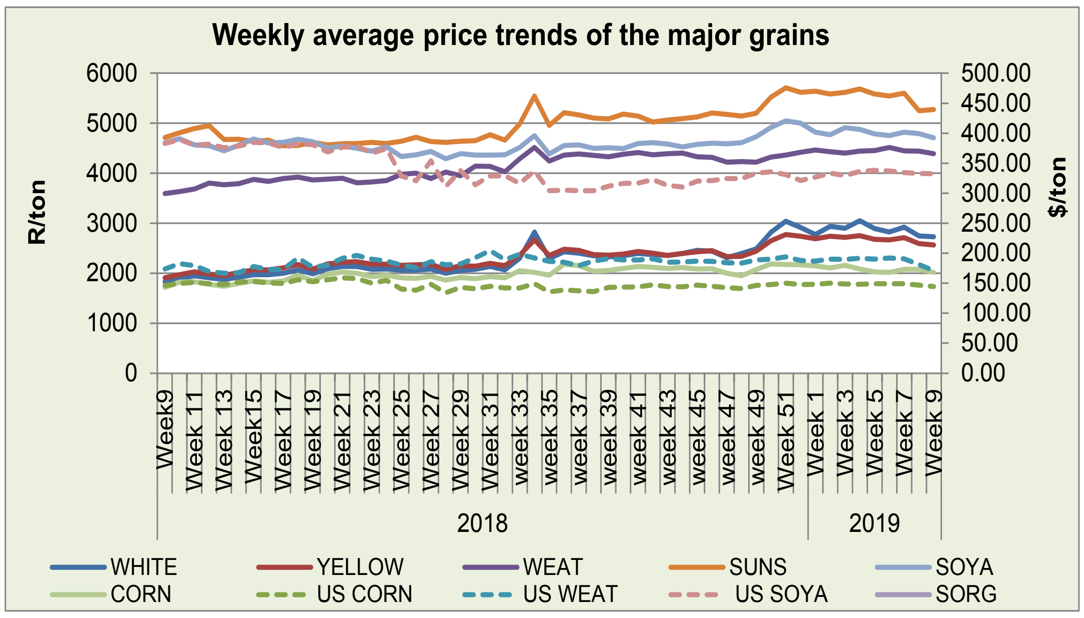
agriculture, forestry & fisheries

Department: Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 01 March 2019

Directorate: Statistics & Economic Analysis

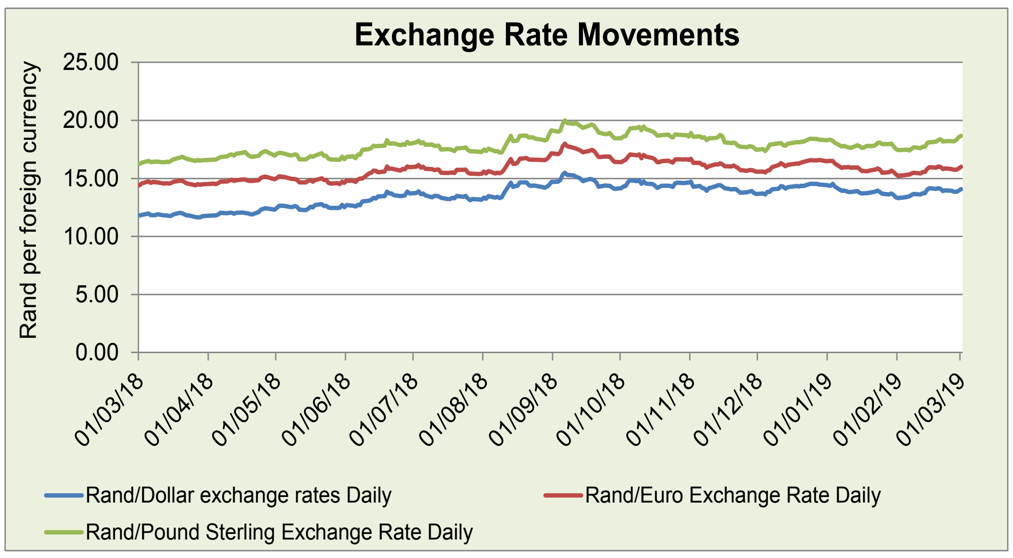
Sub-directorate: Economic Analysis

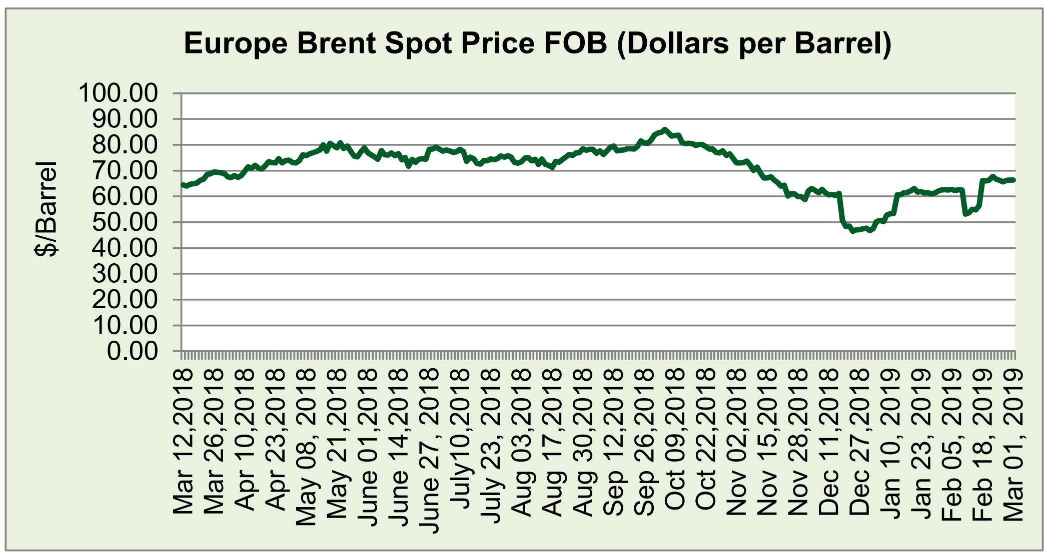


Both domestic and international grain prices traded lower this week compared to the previous week with exceptions of sunflower. On the domestic market white maize, yellow maize, wheat and soybean prices decreased by 0.5%, 1.2%, 1.1% and 1.7% respectively while sunflower price increased by 0.4% week-on-week. Internationally, USA wheat prices was the hardest hit which reported a massive 5.6% drop in price followed by USA yellow maize and USA soybean with 1.5% and 0.1% respectively when compared to previous week. The South African crop estimates committee published its first production forecast for 2019 which shows that white maize and yellow maize production forecast is 21.2% and 10.3% respectively less than the previous season. White maize yield is estimated at 3.97t/ha while yellow maize yield is estimated at 5.34t/ha.

Spot price trends of major grains commodities

	1 year ago Week 9 (26-02-18 to 02-03-18)	Last week Week 8 (18-02-19 to 22-02-19)	This week Week 9 (25-02-19 to 01-03-19)	w-o-w % change
RSA White Maize per ton	R 1 826.80	R 2743.00	R 2729.00	-0.5%
RSA Yellow Maize per ton	R 1 908.60	R 2 594.40	R 2 562.00	-1.2%
USA Yellow Maize per ton	$ 146.29	$ 146.83	$ 144.67	-1.5%
RSA Wheat per ton	R 3 591.00	R 4 439.20	R 4 390.00	-1.1%
USA Wheat per ton	$ 173.76	$ 181.14	$ 170.99	-5.6%
RSA Soybeans per ton	R 4 604.40	R 4 789.60	R 4 708.20	-1.7%
USA Soybeans per ton	$ 382.92	$ 333.01	$ 332.61	-0.1%
RSA Sunflower seed per ton	R 4 6710.80	R 5 249.20	R 5 271.40	0.4%
RSA Sorghum per ton	R 3 0056.00	R 3 820.00	R 3 769.60	-1.3%
Crude oil per barrel	$ 65.93	$ 66.7	$ 66.19	-0.8%





The domestic currency traded sideways in the reporting week. The domestic rand depreciated against the pound sterling by 0.75% in the reporting week and appreciated against the dollar and the euro by 0.85% and 0.55% respectively compared to the previous week. The strengthening of the rand is attributed to positive sentiment over the progress in the US China trade talks.

Brent crude oil averaged $66.19/barrel which is 0.8% lower compared to the previous week. OPEC is meeting next month to discuss progress on its latest round of cuts but it's anyone's guess if these will be extended, especially with Russian oil companies and notably Rosneft not particularly happy with the new cuts. Iran sanctions are also unlikely to go away anytime soon, adding to pressure on heavy crude supply.

National South African Price information (RMAA) : Beef

Week 7 (11/02/2019 to 17/02/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 8 (18/02/2019 to 24/02/2019)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	7 302	38.93	40.78	Class A2	9118	38.86	40.72
Class A3	807	39.45	40.49	Class A3	1270	39.28	40.96
Class C2	744	37.54	38.59	Class C2	853	37.72	39.60

Beef class A3 was the most favoured meat among classes of beef which reported a 57.4% increase in unit sold followed by class A2 and class C2 with 24.9% and 14.7% respectively compared to previous week. Weekly average selling prices for class A3 and C2 beef increased by 1.2% and 2.6% respectively while class A2 decreased by 0.1% in the reporting week. Average purchase prices for class A2 and A3 beef decreased by 0.2% and 0.4% respectively while average purchase price for class C2 increased by 0.5% end of week.

National South African Price information (RMAA) : Lamb

Week 7 (11/02/2019 to 17/02/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 8 (18/02/2019 to 24/02/2019)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	5 380	64.62	69.01	Class A2	7104	64.69	68.26
Class A3	922	65.63	68.72	Class A3	1369	66.82	69.65
Class C2	526	53.59	57.34	Class C2	853	52.96	56.52

Lamb performed way better compared to previous week which saw a massive increase in units sold. Units sold for class A2, A3 and C2 increased significantly by 32%, 48.5% and 62.2% when compared to previous week. The units sold was supported by lower weekly average selling prices for class A2 and C2 lamb which decreased by 1.1% and 1.4% respectively end of week while class A3 increased by 1.4% during the same period. Average purchase prices for class A2 and A3 lamb increased by 0.1% and 1.8% respectively while average purchase price for class C2 decreased by 1.2% end of week.

National South African Price information (RMAA) : Pork

Week 7 (11/02/2019 to 17/02/2019)	Units	Avg Purchase Price	Week 8 (18/02/2019 to 24/02/2019)	Units	Avg Purchase Price
Pork					
Class BP	8510	24.05	Class BP	7946	23.75
Class HO	5788	23.34	Class HO	6913	23.27
Class HP	3778	23.14	Class HP	4449	22.96

This week, pork prices were mostly lower. The weekly average purchase price for class BP, HO and HP pork decreased by 1.2%, 0.3% and 0.8% respectively in the reporting week. Unit sales for class HO and HP pork reported a significant growth of 19.4% and 17.8% respectively end of week, while unit sale for BP pork decreased by 6.6%.

Latest News Developments

The high cost of travelling in South African roads make it even harder for job seekers to find work. According to the Automobile Association (AA), the cost to travel by road in SA will make everything more expensive and will have a direct and indirect impact on consumers. Since job seekers often do not have resources to pay transport cost to look for work, travelling cost will be a major challenge to commute. This is worry some given the high unemployment rate in the country. Toll fees have recently been increased from the 1st March 2019 putting more financial strain to consumers at large. The fuel levy is also set to increase from the April 2019. The petrol price which is also set to increase from the Wednesday, 6th March by R0.74 which take the petrol price to R14.82/liter for Petrol (95 Octane, ULP and LRP) will add additional pressure to consumers. Consumers who are already struggling to make ends meet in our fragile economy will be even more hard-pressed now. Based on the escalating cost, AA is of the view that many consumers may be forced to make decisions on whether to continue paying for e-tolls or not. In light of the above, Sanral is urged to engage in a meaningful dialogue with the motoring public in Gauteng instead of simply increasing its tolls annually. By increasing these tolls, Sanral is essentially punishing the 30% who are already paying, instead of trying to find a new way forward for all road users and to bring the remaining 70% of non-payers into the fold (AA).

Many economists have warned that lack of adequate investment in infrastructure that supports agriculture could see the agricultural sector follow in Eskom's footsteps. FNB Senior Agricultural Economist acknowledged that roads, ports and rail which support the agricultural sector needs serious upgrading. Measures to improve private sector investment in agriculture are crucial. Even though, government has allocated funds for various projects, there are no clear measure on the current drought that has affected parts of North West, Free State and Northern Cape. Agri SA, head of economist was disappointed in the lack of measures to deal with drought and its impact on farming communities. Agri SA further warned that increases in the sugar tax would affect the sugar industry. Agri SA is of the view that a portion of the revenue generated from carbon tax, which comes into effect from June 1, should at least be used for drought relief. The organisation stressed further that the agricultural sector has potential to build the South Africa's economy and increase its fiscal stability. Agri SA is hopeful that government would give it the necessary support it needs, given its potential.

For more information contact: Directorate Statistics & Economic Analysis (SEA) at PresentG@daff.gov.za or 0123198288.

Source: SAFEX, Stats SA, Reuters, Red Meat Abattoir Association, Fnb, Farmer's Weekly and Standard Bank.