



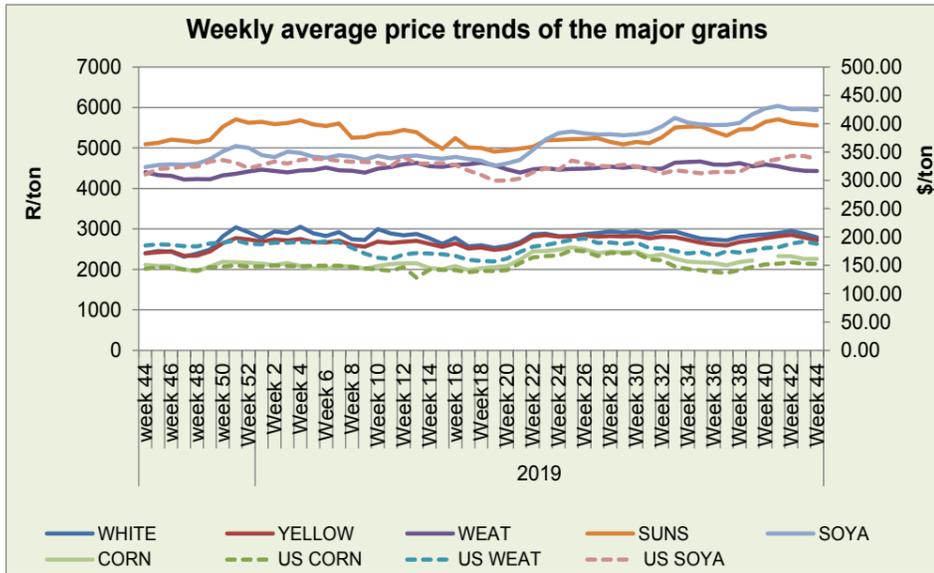
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 01 November 2019

Directorate: Statistics & Economic Analysis

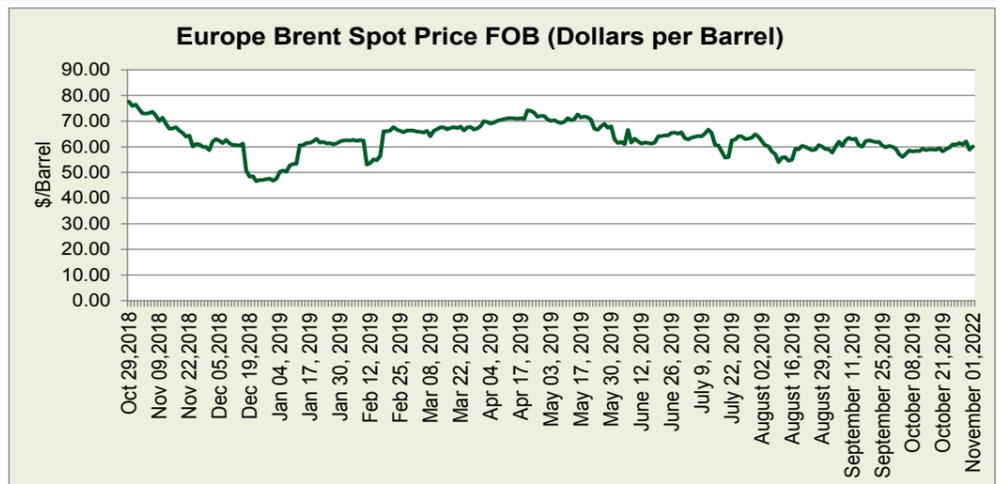
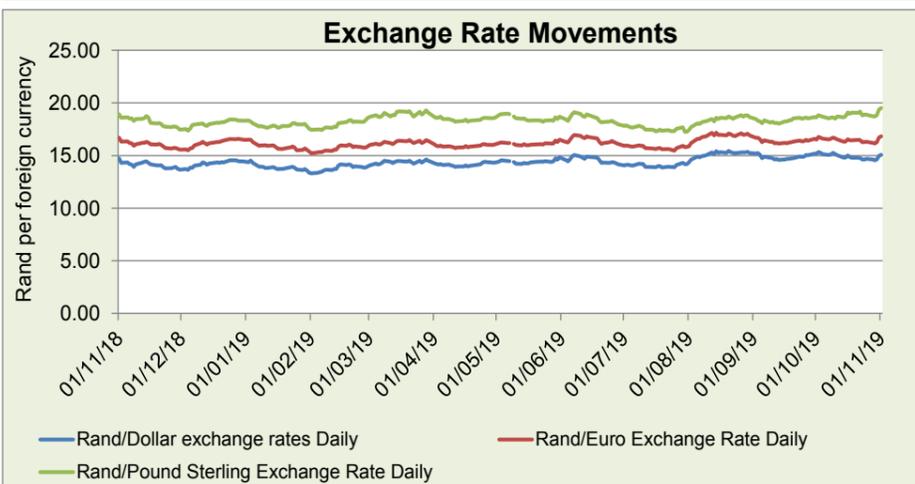
Sub-directorate: Economic Analysis



The domestic and international grain markets reported a consecutive decline in prices. Local white and yellow maize prices were largely affected with a price decrease of 3.2% and 2.3% respectively this week compared to the previous week. Local wheat, soybeans and sunflower seed price decreased by 0.2%, 0.5% and 0.6% respectively week-on-week. The local market did not benefit from a weaker rand which breached the R15/\$ trading mark for the time in weeks. Internationally, US yellow maize decreased by 0.1%, US wheat decreased by 2% and US soybeans decreased by 1.6% week-on-week. According to Grain SA, wheat exports rose to a high level in the previous week, from 261 000 tonnes to 495 000 tonnes. In Argentina, wheat production estimates for production year 2019/20 were reduced to 18.8 million tonnes due to weather-related production problems.

Spot price trends of major grains commodities

	1 year ago Week 44 (29-10-18 to 02-11-18)	Last week Week 43 (21-10-19 to 25-10-19)	This week Week 44 (28-10-19 to 01-11-19)	w-o-w % change
RSA White Maize per ton	R 2 394.00	R 2 881.20	R 2 787.80	-3.2%
RSA Yellow Maize per ton	R 2 397.00	R 2 787.20	R 2 724.20	-2.3%
USA Yellow Maize per ton	\$ 143.98	\$ 152.74	\$ 152.54	-0.1%
RSA Wheat per ton	R 4 403.20	R 4 48.80	R 4 430.80	-0.2%
USA Wheat per ton	\$ 185.21	\$ 191.81	\$ 188.01	-2.0%
RSA Soybeans per ton	R 4 529.00	R 5 965.60	R 5 551.40	-0.5%
USA Soybeans per ton	\$ 310.51	\$ 343.03	\$ 337.42	-1.6%
RSA Sunflower seed per ton	R 5 090.80	R 5 582.20	R 5 582.20	-0.6%
RSA Sorghum per ton	R 3 650.00	-	-	-
Crude oil per barrel	\$ 75.59	\$ 59.73	\$ 60.71	1.7%



The rand took a blow against major currencies when compared to the previous week. The rand lost 2.6% against the dollar in reaction to the medium-term budget speech on Wednesday, breaking through the 15 mark. During the reporting week, the rand depreciated against all major currencies by 0.5% to the dollar and 0.4% to the Euro and pound sterling. The rand's weakening is inter alia attributed to the response to the government's rescue plan for Eskom, which was presented by Minister of Public Enterprises Pravin Gordhan.

The weekly average price of Brent crude increased by 1.7% to \$60.71 per barrel from \$59.73 reported in the previous week. Worries over global economic growth, along with oil demand, continued to haunt the market as leaders from the United States and China continue to struggle to end a 16-month dispute that has roiled trade between the world's top two economies.



National South African Price information (RMAA) : Beef

Week 42 (14/10/2019 to 20/10/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 43 (21/10/2019 to 27/10/2019)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	8860	45.53	45.85	Class A2	11328	45.36	45.43
Class A3	991	45.33	45.85	Class A3	831	45.25	45.85
Class C2	1269	37.08	39.74	Class C2	1200	36.98	39.32

Unit sold for beef class A2 reported an increase of 27.9%, while unit sold for class A3 and C2 beef took a knock by 16.1% and 5.4% when compared to the previous week. The increase in units sold for beef class A2 was inter alia supported by lower purchase price. Weekly average purchase prices and average selling price for beef class A2 were down by 0.4% and 0.9% respectively week-on-week. Average purchase price for beef class A3 and C2 beef decreased by 0.2% and 0.3% respectively week on week. The average selling prices for beef class A3 remained unchanged while class C2 decreased by 1.1% week-on-week.

National South African Price information (RMAA) : Lamb

Week 42 (14/10/2019 to 20/10/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 43 (21/10/2019 to 27/10/2019)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	7035	65.24	69.57	Class A2	7882	65.48	69.05
Class A3	1459	65.46	69.61	Class A3	1245	65.4	68.94
Class C2	835	47.38	51.23	Class C2	1228	48.41	52.47

Lamb class C2 was the most preferred meat this week when compared to other classes of meat. Units sold for lamb class C2 and A2 increased by 47.1% and 12% respectively, while units sold for lamb class A3 decreased by 14.7% when compared to previous week. Average purchase prices for lamb class A2 and C2 increased by 0.4% and 2.2% respectively, whilst average purchase price for lamb class A3 decreased by 0.1% week-on-week. Weekly average selling prices for lamb class A2 and A3 decreased by 0.7% and 1.0% respectively, while the average selling price for lamb class C2 increased by 2.4% relative to the previous week.

National South African Price information (RMAA) : Pork

Week 42 (14/10/2019 to 20/10/2019)	Units	Avg Purchase Price	Week 43 (21/10/2019 to 27/10/2019)	Units	Avg Purchase Price
Pork					
Class BP	8335	26.22	Class BP	8539	26.62
Class HP	4574	25.17	Class HP	4172	25.87
Class HO	6165	25.31	Class HO	4416	26.23

Unit sold for pork class BP increased by 2.4% while units sold for pork class HP and HO decreased by 8.8% and 28.4% respectively when compared to the previous week. Average purchase price for pork class BP, HP and HO increased by 1.5%, 2.8% and 3.6% week-on-week.

Latest News Developments

The finance minister tabulated the twenty-third Medium Term Budget Policy Statement of the democratic era. Some of the highlights from the speech are that South African economy forecast to grow at 0.5% in 2019 compared to 1.5% expected in February. However, growth is further projected to slowly rise to 1.7% in 2022 mainly due to household consumption and private-sector investment. The minister indicated that the fiscal framework has weakened substantially since the last budget in February due to weaker economic growth and lower revenue. He further reported that there is a need to deal with the challenges of the wage bill, state-owned companies, executive remuneration and benefits and fiscal leakages. The wage bill which is almost R600bn, represents about 35% of projected annual spending of about R1.67-trillion. According to Analysts, the public servants' salary bill is regarded as one of the biggest threats to SA's finances and cutting it will be vital for the country to dodge a rating downgrade from Moody's Investors Service, the only agency still ranking government debt on investment grade. In line with the above, the President has agreed to guidelines which will apply to members of the Cabinet and members of provincial executives in an effort to address the wage bill crises. With regard to ESKOM, government has announced a comprehensive set of structural reform for the Eskom and the energy sector. Government will be supporting the due with an estimated R230 billion of the next 10 years.

In July 2019, the South African President instructed the Minister of Transport Mbalula and Gauteng Premier David Makhura to work closely to come up with a better solution to the e-toll predicament by August 2019. Following the minister speech, it is assumed the team has reportedly failed to find common ground on the matter, leaving Cabinet to be the final arbiter. The two has lost the battle following the announcement by the Finance Minister during his medium-term budget policy statement (MTBPS) that Gauteng e-toll must stay and that consumers must pay for the services they receive. According to the Finance Minister, nonpayment of tolls had already led to roads deteriorating, as they had been unable to maintain the network. The minister urged the nation to pay their e-toll bills to enable government to sustainable services to all. As it stands SANRAL is not able to generate sufficient cash from its toll portfolio to settle operational costs and debt redemptions falling due to over the next three year.

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