



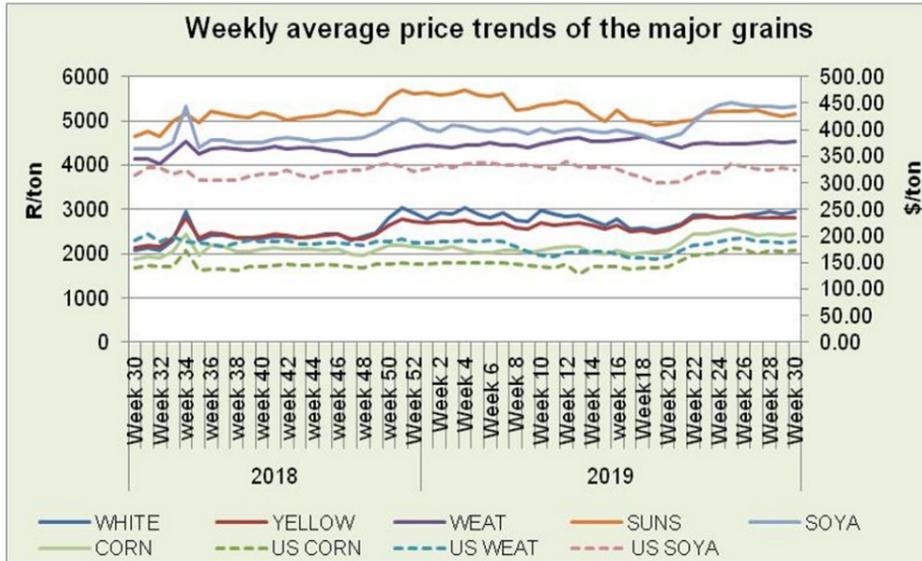
# agriculture, forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA

## Weekly Price Watch: 02 August 2019

Directorate: Statistics & Economic Analysis

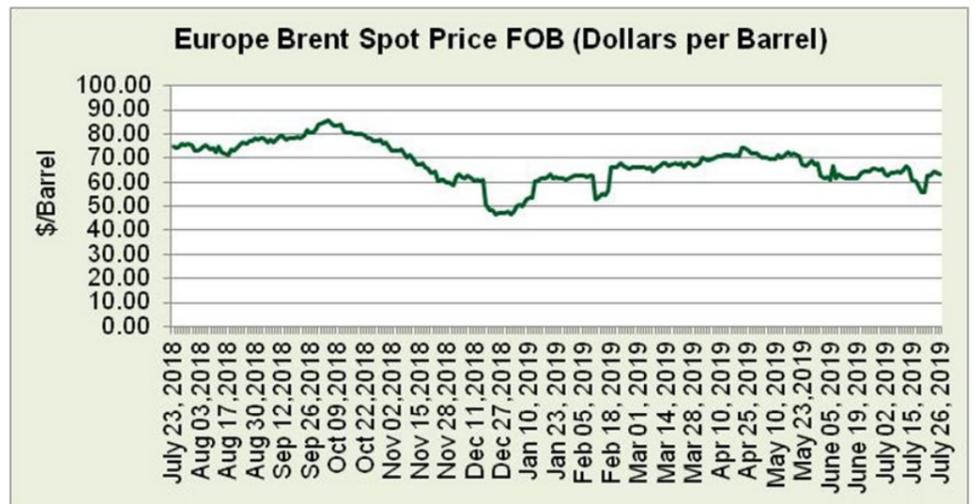
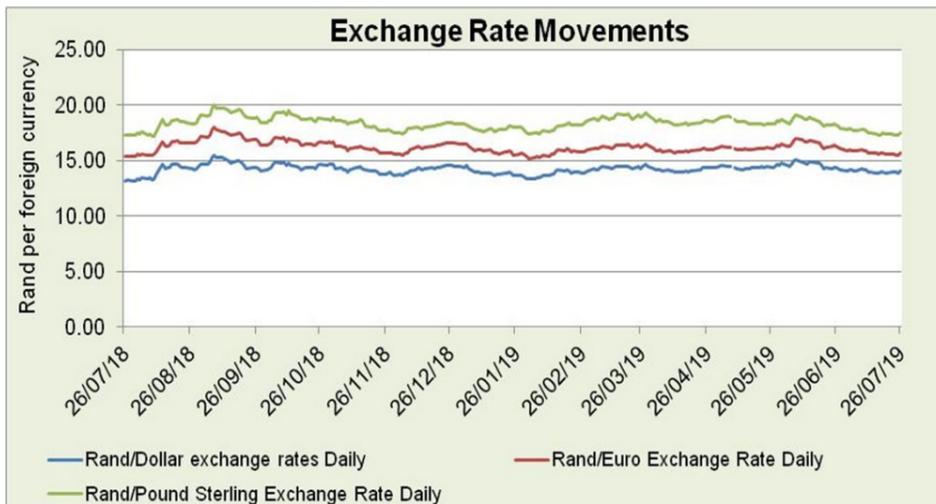
Sub-directorate: Economic Analysis



Both local and international markets, prices for most major grains have decreased this week compared to the previous week; the weak rand against other currencies affected grain market prices in the reporting week. The domestic prices for white maize, yellow maize, wheat and sunflower seed decreased by 2.3%, 2.0%, 1.1%, and 0.6% this week when compared to the previous week, meanwhile price for soybean went up by 1.0% this week. Internationally, all the major grains declined when compared to the previous week; U.S. corn shipments fell to a 19-month low in June, and they were unlikely to have done much better in July as elevated prices and foreign competition continued to suppress export business for the world's top corn supplier. The price of US yellow maize, wheat and soybean decreased by massive 6.9%, 5.2% and 1.4% respectively. US soybean futures closed at their lowest levels in over a month on during reporting week, after US President announced new tariffs on Chinese goods while a more favourable weather outlook also sent corn prices down.

### Spot price trends of major grains commodities

	1 year ago Week 31 (30-07-18 to 03-08-18)	Last week Week 30 (22-07-19 to 26-07-19)	This week Week 31 (29-07-19 to 02-08-19)	w-o-w % change
RSA White Maize per ton	R 2 133.20	R 2 939.00	R 2 871.00	-2.3%
RSA Yellow Maize per ton	R 2 199.00	R 2 824.00	R 2 767.00	-2.0%
USA Yellow Maize per ton	\$ 145.11	\$ 172.10	\$ 160.00	-6.9%
RSA Wheat per ton	R 4 135.60	R 4 538.60	R 4 491.00	-1.1%
USA Wheat per ton	\$ 204.26	\$ 190.56	\$ 181.00	-5.2%
RSA Soybeans per ton	R 4 361.00	R 5 338.20	R 5 390.00	1.0%
USA Soybeans per ton	\$ 328.89	\$ 324.75	\$ 320.00	-1.4%
RSA Sunflower seed per ton	R 4 770.00	R 5 148.00	R 5 115.00	-0.6%
RSA Sorghum per ton	R 3 600.00	-	-	-
Crude oil per barrel	\$ 74.12	\$ 63.31	\$ 63.56	0.4%



The domestic currency depreciated against all the major currencies this week compared to the previous week, with rand depreciated by 2.72%, 2.22% and 0.43% against the US Dollar, Euro and Pound Sterling respectively. The rand this week weakened to above R14/\$, mainly on the back of the announcement of an Eskom bailout and geopolitical events.

The average prices of Brent crude oil increased by 0.4% and averaged \$63.56 this week compared to \$63.31 reported in the previous week. This came despite a bigger than expected decline in inventories in the U.S. and a drop in crude production among OPEC members, along with Libya cutting exports, typically bullish drivers for the market.



### National South African Price information (RMAA) : Beef

Week 29 (15/07/2019 to 21/07/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 30 (22/07/2019 to 28/07/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 698	44.96	45.11	Class A2	8 408	45.05	46.32
Class A3	729	45.07	45.91	Class A3	1 152	45.27	46.33
Class C2	1 431	37.33	39.49	Class C2	1 250	37.21	39.45

Beef weekly average prices were mixed across the different classes however, due to drought occurred in Namibia weaner stock available to export to South Africa has been reduced. Weekly average selling prices for class A2 and C2 beef decreased by marginally 0.013% and 0.001% respectively in the reporting week, meanwhile average selling prices for class A3 went up by 0.009%. Weekly average purchase prices for class A2 and C2 beef decreased by 0.02% and marginally 0.003% respectively end of week, while average purchase price for class A3 increased by 0.004%. Unit sales for class A2 and A3 increased by 0.26% and 0.58% respectively, while C2 went down by 0.13%.

### National South African Price information (RMAA) : Lamb

Week 29 (15/07/2019 to 21/07/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 30 (22/07/2019 to 28/07/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 009	68.47	69.87	Class A2	6 393	69.65	71.46
Class A3	714	69.92	70.97	Class A3	931	70.08	72.24
Class C2	1 115	49.16	51.91	Class C2	726	48.91	54.18

Local demand for lamb was rather mixed in the reporting week with some consumer resistance to high lamb prices. Weekly average selling prices for class A2, A3 and C2 lamb increased by marginally 0.02%, 0.002% and 0.04% respectively. The weekly average purchase price for class A2 and A3 lamb increased by 0.02% and 0.002% respectively, while C2 decreased by 0.005% week-on-week. Unit sales for class A2 and C2 lamb decreased by 0.08% and 0.35% respectively end of week, while A3 went up by 0.3%. Global lamb prices are expected to remain high underpinned by high world meat prices and low global supply.

### National South African Price information (RMAA) : Pork

Week 29 (15/07/2019 to 21/07/2019)	Units	Avg Purchase Price	Week 30 (22/07/2019 to 28/07/2019)	Units	Avg Purchase Price
Class BP	8 453	26.53	Class BP	8 077	26.36
Class HO	6 586	25.61	Class HO	7 486	25.83
Class HP	4 499	25.51	Class HP	4 543	25.42

The units sold for class HO and HP increased by 0.13% and marginally 0.01% respectively, whilst class BP decreased by 0.04% compared to the previous week. The average purchasing price for pork class BP and HP also decreased by marginally 0.006% and 0.004% respectively, while class HO increased by 0.009% compared to the previous week. The domestic pork market is expected to continue along an increasing trend for the next three months.

## Latest News Developments

South African unemployment jumps to a 16-year high of 29% , The Quarterly Labour Force Survey for the second quarter of 2019 showed that the unemployment rate increased by 1.4% from 27.6% in the first quarter of 2019 to 29% in the second quarter of 2019. This is as a result of an increase of 455,000 in the number of people who are unemployed and an increase of 21,000 in employment, the Stats SA reported. On the other hand, Fitch Ratings revised the outlook on the country's sovereign debt downwards from stable to negative, a move that usually precedes a rating downgrade. The rating agency flagged the government's continuous bailouts of embattled state-owned entities (SOEs), low growth and revenue under collection as presenting significant risks to the fiscus. Fitch in a statement said, the R59 billion bailout for Eskom in the next two years would see government debt worsen. "Fiscal metrics have deteriorated significantly due to underperformance of revenue, which is expected to worsen in the current fiscal year as growth has turned out to be weaker than expected," Fitch added. "The outlook revision reflects a marked widening in the budget deficit as a result of lower GDP (gross domestic product) growth and increased spending, including state-owned enterprise support, increasing our projections for government debt/GDP and heightening the difficulty of stabilising debt/ GDP over the medium term".

Domestic chicken producers and importers are sparring over tariff increases, which could see hikes of up to 82% on duties. The Association of Meat Importers and Exporters (Amie) has released the findings of a comprehensive study it commissioned into the local industry, which shines new light on the impact of trade protection, domestic production and the critical role of these chicken imports. The research, commissioned from FTI Consulting, an international business advisory, indicates that implementing tariff increases on chicken imports from non-EU and Southern African Development Community countries could lead to shortages in the local market, which the domestic producers are unlikely to ever be able to meet. South Africa has resumed beef exports to China after an outbreak of the highly contagious foot and mouth disease (FMD) in January halted trade; the ban on exports of products from cloven hoofed animals to China was officially lifted on 23 July, Chinese ambassador Lin Songtian said during briefing on the 31 July 2019. According to the latest figures, the Automobile Association (AA) forecast that the petrol price would increase by about 12% a litre, and diesel costs would be down by 16 cents, with illuminating paraffin prices going down by eight cents a litre. The decrease in diesel is quite significant, farmers are price takers and decline in diesel prices decreases farmer's input costs. Looking abroad, July would have been a worse month for the rand if it weren't for the Federal Reserve. South Africa's currency has weakened about 1% against the dollar this month, buffeted by Eskom's financial crisis and the strain it's putting on government coffers. But the prospect of a Fed rate cut on the 31 July 2019 has capped the rand's losses as money continues to flow into high-yielding assets.

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

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