



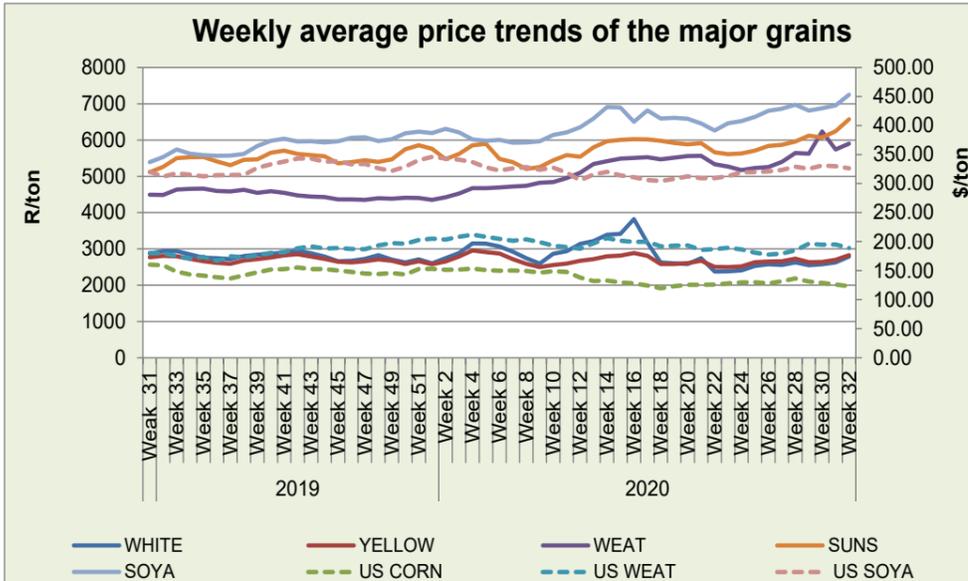
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 07 August 2020

Directorate: Statistics & Economic Analysis

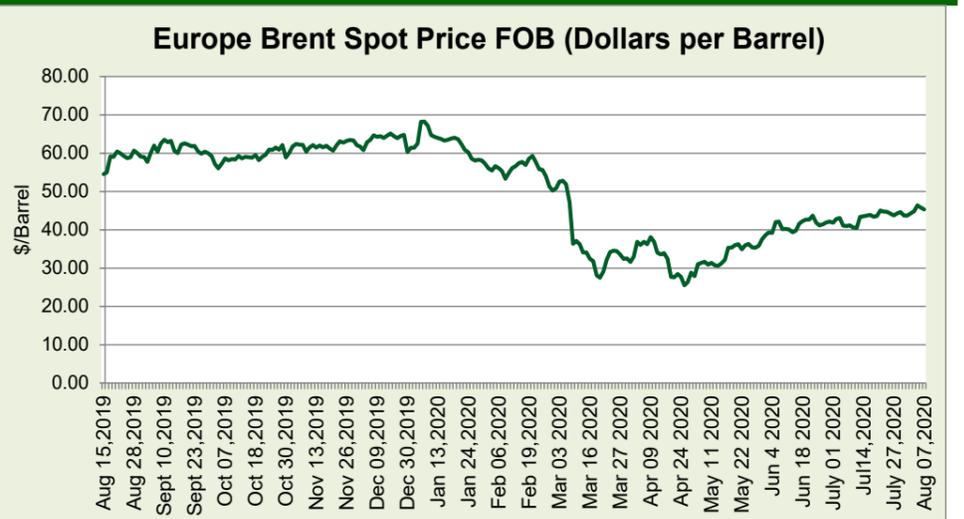
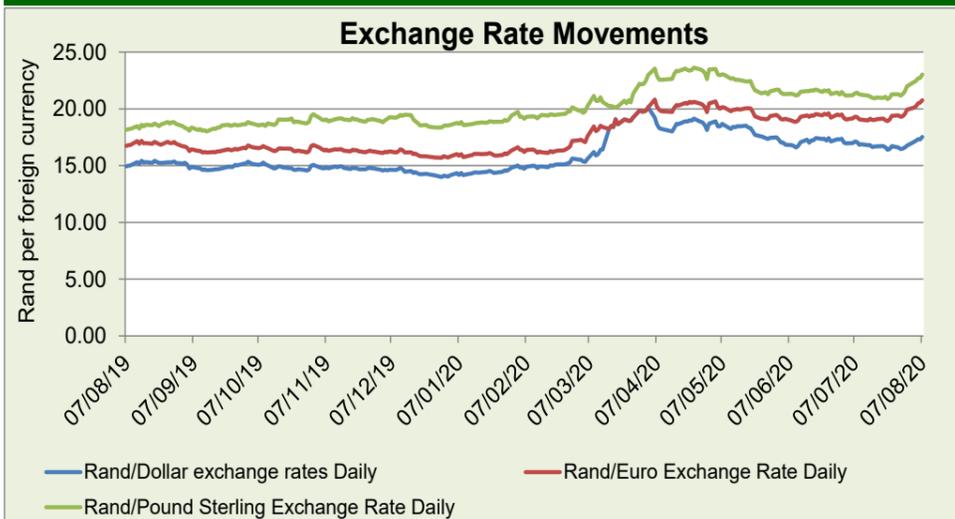
Sub-directorate: Economic Analysis



Domestic grain prices strengthened this week compared to the previous week. Overall, market conditions remained favourable this week while the South African agricultural sector successfully harvested summer crops with no major interruptions. Local white maize and yellow maize prices increased by 6.1% and 4.9% respectively this week compared to the previous week, whilst local wheat, soybean and sunflower seed prices increased by 2.8%, 4.3% and 5.3% respectively this week compared to the previous week. Meanwhile, local sweet sorghum prices remained unchanged this week compared to the previous week. On the international front, US yellow maize prices decreased by 2.4% this week compared to the previous week, on rising concerns of a large crop, as favourable rains moved through the Corn Belt. US wheat prices decreased by 3.0% this week compared to the previous week, on large global wheat stocks due to rising production forecasts from Russia. Meanwhile, US soybean prices decreased by 1.1% week-on-week, due to rains in the Midwest and increasing tension between the US and China.

Spot price trends of major grains commodities

| | 1 year ago Week 32 (05-08-19 to 09-08-19) | Last week Week 31 (27-07-20 to 31-07-20) | This week Week 32 (03-08-20 to 07-08-20) | w-o-w % change |
|----------------------------|---|--|--|----------------|
| RSA White Maize per ton | R 2 935.00 | R 2 629.80 | R 2 789.00 | 6.1% |
| RSA Yellow Maize per ton | R 2 809.25 | R 2 695.60 | R 2 828.00 | 4.9% |
| USA Yellow Maize per ton | \$ 158.95 | \$ 126.15 | \$ 123.13 | -2.4% |
| RSA Wheat per ton | R 4 488.50 | R 5 738.60 | R 5 901.80 | 2.8% |
| USA Wheat per ton | \$ 179.79 | \$ 194.91 | \$ 189.02 | -3.0% |
| RSA Soybeans per ton | R 5 533.50 | R 6 951.60 | R 7 251.40 | 4.3% |
| USA Soybeans per ton | \$ 312.00 | \$ 330.00 | \$ 326.35 | -1.1% |
| RSA Sunflower seed per ton | R 5 261.50 | R 6 244.00 | R 6 574.80 | 5.3% |
| RSA Sweet Sorghum per ton | R 3 820.00 | R 3 900.00 | R 3 900.00 | 0.0% |
| Crude oil per barrel | \$ 59.02 | \$ 44.00 | \$ 45.33 | 3.0% |



The rand depreciated by 4,2% against the US dollar week-on-week, as coronavirus risk grew. The rand depreciated by 5,5% against the Pound Sterling week-on-week, while the pound outlook continues to see pressure from both global and domestic factors. The rand depreciated by 4,7% against the Euro week-on-week, following the Bank of England's decision to keep interest rates and quantitative easing unchanged.

Brent crude oil averaged \$45.33 in the reporting week, 3.0% more than \$44.00 reported the previous week, supported by an improvement in Chinese factory data and rising energy demand as countries eased coronavirus-related lockdowns. However, traders remained cautious due to US-China tensions and uncertainty over a US stimulus package. Meanwhile, Iran mentioned that it is going to cut its oil output by a further 400 000 barrels per day in August and September to compensate for its overproduction in the past three months.



National South African Price information (RMAA) : Beef

| Week 30 (20/07/2020 to 26/07/2020) | Units | Avg Purchase Price | Avg Selling Price | Week 31 (27/07/2020 to 02/08/2020) | Units | Avg Purchase Price | Avg Selling Price |
|------------------------------------|-------|--------------------|-------------------|------------------------------------|-------|--------------------|-------------------|
| Beef | | | | | | | |
| Class A2 | 8 164 | 43.26 | 44.82 | Class A2 | 8 780 | 43.52 | 46.21 |
| Class A3 | 815 | 44.51 | 45.44 | Class A3 | 1 018 | 44.64 | 46.00 |
| Class C2 | 889 | 39.05 | 40.61 | Class C2 | 991 | 39.47 | 40.50 |

Units sold for class A2, A3 and C2 beef increased by 7.5%, 24.9% and 11.5% respectively in the reporting week compared to the previous week. Prospects remain positive whereby current demand conditions at fast food restaurants is expected to recover as well as disposable income, which took a knock due to job shedding and weaker income. Weekly average purchase prices for class A2, A3 and C2 beef increased by 0,6%, 0,3% and 1,1% respectively in the reporting week compared to the previous week, on tight volumes as producers hold on to the stock. Weekly average selling prices for class A2 and A3 beef increased by 3,1% and 1,2% respectively in the reporting week compared to the previous week while the weekly average selling price for class C2 beef decreased by 0,3% week-on-week. Beef prices are slowly improving and are expected to maintain their current momentum in the short-term.

National South African Price information (RMAA) : Lamb

| Week 30 (20/07/2020 to 26/07/2020) | Units | Avg Purchase Price | Avg Selling Price | Week 31 (27/07/2020 to 02/08/2020) | Units | Avg Purchase Price | Avg Selling Price |
|------------------------------------|-------|--------------------|-------------------|------------------------------------|-------|--------------------|-------------------|
| Lamb | | | | | | | |
| Class A2 | 5 830 | 84.75 | 83.04 | Class A2 | 7 926 | 87.46 | 80.60 |
| Class A3 | 850 | 88.76 | 73.77 | Class A3 | 934 | 88.56 | 75.63 |
| Class C2 | 699 | 61.76 | 61.76 | Class C2 | 876 | 63.54 | 65.16 |

Units sold for class A2, A3 and C2 lamb increased by 36,0%, 9,9% and 25,3% respectively in the reporting week compared to the previous week, as activity in the fast food industry regains some traction. The weekly average purchase prices for class A2 and C2 lamb increased by 3,2% and 2,9% respectively in the reporting compared to the previous week while the weekly average purchase price for class A3 lamb decreased by 0,2% week-on-week. During the same period, the weekly average selling prices for class A3 and C2 lamb increased by 2,5% and 5,5% respectively in the reporting week compared to the previous week while the weekly average selling price for class A2 lamb increased by 2,9% week-on-week. Demand outlook for lamb remains a concern given the tough economic conditions and a high number of jobs shed.

National South African Price information (RMAA) : Pork

| Week 30 (20/07/2020 to 26/07/2020) | Units | Avg Purchase Price | Week 31 (27/07/2020 to 02/08/2020) | Units | Avg Purchase Price |
|------------------------------------|-------|--------------------|------------------------------------|-------|--------------------|
| Pork | | | | | |
| Class BP | 8 867 | 23.60 | Class BP | 8 914 | 23.86 |
| Class HO | 6 650 | 22.64 | Class HO | 6 748 | 22.87 |
| Class HP | 4 508 | 22.87 | Class HP | 5 279 | 23.00 |

Units sold for class BP, HO and HP pork increased by 0,5%, 1,5% and 17,1% respectively in the reporting week compared to the previous week as income constrained consumers continue to consume pork as a substitute for other red meats. During the same period, the weekly average purchase prices for class BP, HO and class HP pork increased by 1,1%, 1,0% and 0,6% respectively in the reporting week compared to the previous week. Local pork prices continue to post some recovery in the wake of renewed demand after decreasing significantly at the onset of the COVID-19 lockdown.

Latest News Developments

The Organisation for Economic Cooperation and Development's (OECD's) latest survey of South Africa warns that South Africa's economy could contract by as much as 8.2% in 2020 and that both domestic risks, such as the ongoing electricity load-shedding and external risks, such as new COVID outbreaks that affect South Africa and its trading partners, could weigh on the country's economic prospects. The South African Revenue Services reported that South Africa in June recorded a trade surplus of R46,6 billion, from a trade surplus of R15,9 billion in May, exceeding market expectations. Exports rose from R 102 billion to R116,3 billion month-on-month, mainly supported by precious metals and stones, vehicle and transport equipment as well as vegetable products. Imports fell by 18,9% month-on-month to R69,7 billion in June 2020, with the weakness mainly concentrated in equipment and mineral product imports. Meanwhile, the National Association of Automobile Manufacturers of South Africa (NAAMSA) in its latest quarterly business review announced that after a strong 2019 where total vehicle production amounted to 631 983 units, it projects that total output will decline by 31% this year, due to the damaging effects of the ongoing COVID-19 shock. The severe impact of Covid-19 on domestic new vehicle sales as well as export sales is reflected in the 65,2% decline in vehicle production during the second quarter of 2020 compared to the second quarter of 2019. NAAMSA noted that although interest rates have been cut remarkably and dealers have been offering incentives, it is still not clear if these factors would suffice to support new vehicle sales for the remainder of the year. The latest South African Weather Service monthly seasonal climate revealed that rainfall forecast for late-winter (July-August-September) indicated increased chances of above-normal rainfall for the South-Western and Southern parts of South Africa, indicating that grain producers in the Western Cape may achieve their best yields since 2016. According to Ruan Schutte, an agricultural economist at Grain SA, the rainfall forecast bodes well for winter grains such as wheat and barley who are in need of good follow-up rain over the next two months, especially in September. A webinar presented by the Institute for Poverty, Land and Agrarian Studies (PLAAS) indicated that one of the consequences of the COVID-19 related lockdown regulation was that many women who were working as informal traders were "locked out" of their livelihoods. Although the easing of restrictions from Level 4 to Level 3 somewhat nullified this, there is a growing concern about household food security. PhD researcher, Malebo Moepi, indicated that women in trade are already facing numerous challenges and this worsened during the pandemic, due to issues such as low food standards, market access and other inherent challenges faced by street vendors. Women have been instrumental in ensuring families have a constant uninterrupted supply of food and the pandemic has highlighted the need to strengthen rural economy and support women involved in agricultural activities.

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