



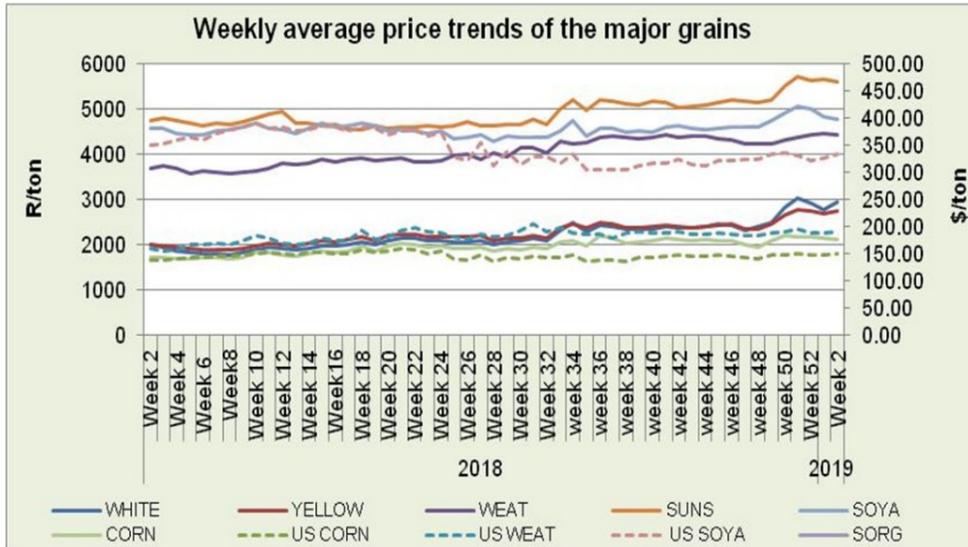
# agriculture, forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA

## Weekly Price Watch: 11 January 2019

Directorate: Statistics & Economic Analysis

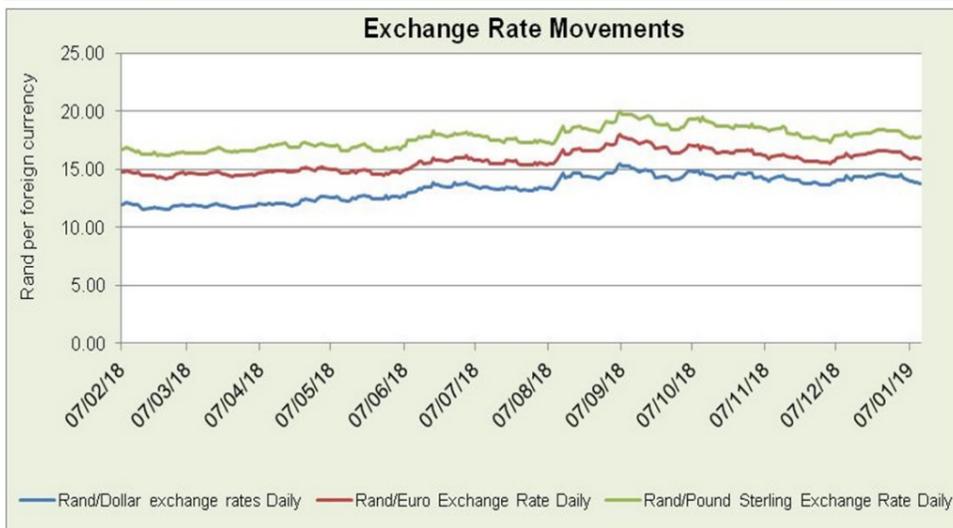
Sub-directorate: Economic Analysis



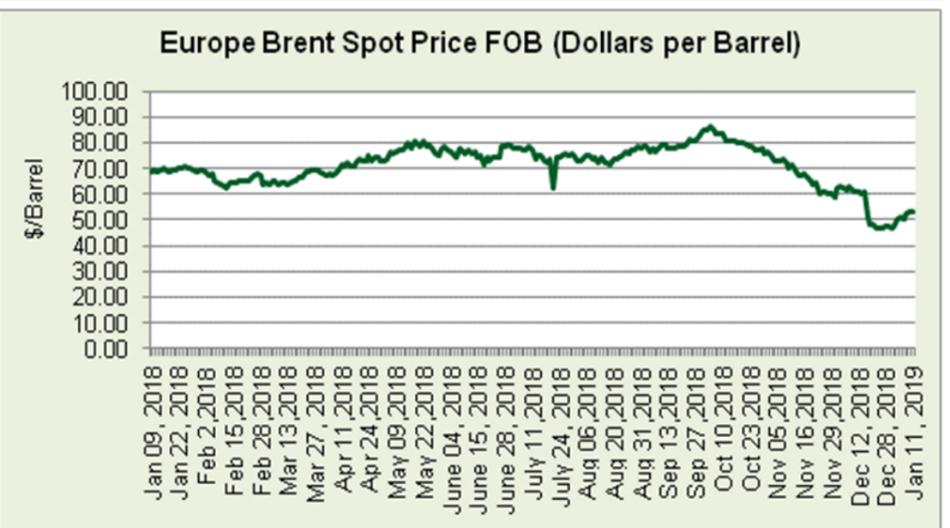
The domestic grain prices week on week percentage change were mixed with white and yellow maize increasing by 5.9% and 2% respectively. 2019 started on a negative footing owing to drier weather conditions in the western parts of South Africa, which did not only negatively affect grazing veld, but also led to an increase in maize prices. As a result, less than 20% of the intended maize in the western Free State and North West provinces had been planted by 25 December 2018, compared to the normal seasons where maize plantings would be nearing completion over the same period. The decreases in the domestic market were wheat, sunflower, soybean and corn by 0.8%, 1%, 1.1% and 1.7% respectively. All the international grain prices increased when compared the previous week. US maize, wheat and soybean increased by 1.1%, 1.6% and 1.9% respectively. The domestic sorghum prices remained unchanged.

### Spot price trends of major grains commodities

	1 year ago Week 2 (08-01-18 to 12-01-18)	Last week Week 52 (31-12-18 to 04-01-19)	This week Week 2 (07-01-19 to 11-01-19)	w-o-w % change
RSA White Maize per ton	R 1 994.60	R 2 775.50	R 2 938.00	5.9%
RSA Yellow Maize per ton	R 2 003.20	R 2 687.00	R 2 739.80	2.0%
USA Yellow Maize per ton	\$ 137.26	\$ 148.18	\$ 149.87	1.1%
RSA Wheat per ton	R 3 689.20	R 4 465.00	R 4 428.80	-0.8%
USA Wheat per ton	\$ 158.23	\$ 186.91	\$ 189.94	1.6%
RSA Soybeans per ton	R 4 716.00	R 4 822.50	R 4 771.20	-1.1%
USA Soybeans per ton	\$ 350.18	\$ 326.99	\$ 333.23	1.9%
RSA Sunflower seed per ton	R 4 728.00	R 5 643.00	R 5 585.40	-1.0%
RSA Sorghum per ton	R 2 850.00	R 3 750.00	R 3 750.00	0.0%
Crude oil per barrel	\$ 68.72	\$ 48.04	\$ 52.08	8.4%



The Rand appreciated against major currencies the US dollar, Pound Sterling and the Euro appreciating by 3.5%, 2.6% and 3% respectively this week as compared to the previous week. The appreciation of the rand can be attributed to the weakening of the dollar against major currencies.



Brent crude oil averaged \$52.08 an increase of 8.4% this week as compared to the previous week. The rise comes as the market is torn between the price boosting impact of supply cuts agreed by the OPEC in December and the dampening effect of concerns about the global economic slowdown fuelled by tensions between the US and China, which last month caused prices to drop to 15 month lows.



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

Week 52 (24/12/2018 to 30/12/2018)	Units	Avg Purchase Price	Avg Selling Price	Week 1 (31/12/2018 to 06/01/2019)	Units	Avg Purchase Price	Avg Selling Price
<b>Beef</b>							
Class A2	7 445	45.41	47.62	Class A2	6595	45.08	46.68
Class A3	868	45.32	47.28	Class A3	967	45.10	47.13
Class C2	404	40.30	39.97	Class C2	310	40.24	40.57

The units sold for beef class A2 and C2 decreased by 11.4% and 23.3% whilst units sold for class A3 increased by 11.4% when compared to the previous week. The average purchase prices for all classes of beef A2, A3 and C2 decreased by 0.7%, 0.5% and 0.1% respectively week on week. The average selling price for all class of beef A2, A3 and C2 also decreased by 2%, 0.3% and 1.5% respectively. The combination of the unusual increase in supply by primary producers of cattle to meet cash flow needs and the seasonal increase of supply by feedlots at abattoirs to meet demand during the festive season weigh on local beef prices. Prices are expected to be lower during the month of January as compared to December.

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

Week 52 (24/12/2018 to 30/12/2018)	Units	Avg Purchase Price	Avg Selling Price	Week 1 (31/12/2018 to 06/01/2019)	Units	Avg Purchase Price	Avg Selling Price
<b>Lamb</b>							
Class A2	7 508	72.50	72.94	Class A2	5289	71.71	72.35
Class A3	1 630	72.24	72.17	Class A3	905	71.55	71.74
Class C2	193	56.30	64.71	Class C2	349	55.19	58.57

The units sold for classes of lamb class A2 and A3 decreased tremendously when compared to the previous week by 29.6% and 44.5% whilst the units sold for class C2 increased by 80.8%. The average purchase prices for all classes of lamb A2, A3 and C2 decreased by 1.1%, 1% and 2% compared to the previous week. Additionally weekly average selling price for all classes A2, A3 and C2 decreased by 0.8%, 0.6% and 9.5% respectively. The increased demand for mutton during the festive season are seasonal and provide strong underlying support for local class A whilst class C trades lower during the festive season. However the prices start to recover in line with seasonal trends and improved demand for higher quality cuts during the festive season.

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

Week 52 (24/12/2018 to 30/12/2018)	Units	Avg Purchase Price	Week 1 (31/12/2018 to 06/01/2019)	Units	Avg Purchase Price
<b>Pork</b>					
Class BP	3 981	28.67	Class BP	3348	28.24
Class HO	1 530	28.22	Class HO	949	27.51
Class HP	984	26.80	Class HP	826	26.51

The units sold for all classes of pork decreased when compared to the previous week class BP, HO and HP decreased by 15.9% 38% and 16.2% respectively. The average purchasing price for all classes of pork BP, HO and HP also decreased by 1.5%, 2.5% and 1.1% respectively when compared to the previous week. Consumer confidence is still recovering. The weak economic growth weigh on consumer demand for more expensive protein foods such as pork and poultry.

### Latest News Developments

South Africa's agriculture department announced this week that the outbreak of foot and mouth disease, which causes sores and lameness in cattle and sheep, was found in Limpopo, Vhembe district. The department is working together with state veterinary to control the spread of this outbreak. The outbreak resulted in farmers losing trading opportunities for meat and other agricultural produce, including wool. Namibia, Botswana and Swaziland, have suspended meat imports from South Africa. Zimbabwe is also setting up a ban due to the outbreak of foot and mouth disease.

The USA President administration expressed optimism it can reach a reasonable trade deal with China. Over six months since USA first slapped tariffs on Chinese goods, signs are growing that the trade war is exacting an economic and financial cost, increasing the incentive for both sides to end the conflict. Chinese president dispatched one of top aides to negotiations in Beijing on a lasting truce to a conflict that has roiled financial markets. Such a deal could involve the Chinese buying more American soybeans and liquefied natural gas, while agreeing to deeper "structural reforms" on issues such as intellectual-property rights and market access.

Trump has given US Trade Representative Robert Lighthizer until March 1 to negotiate an accord with the Chinese on "structural changes" to Beijing's state-driven economic model (Agbiz, 2019). The rand and the oil price are a couple of the factors that the Reserve Bank's Monetary Policy Committee will consider during its first meeting of the year next week, with an interest-rate announcement scheduled for Thursday afternoon. Investec doesn't expect a hike this time around but has penciled one in for later this year, with a further increase in 2020. The wild card is a possible ratings downgrade by Moody's after next month's Budget.

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, Absa, Fnb, Farmer's Weekly, Standard Bank.  
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