

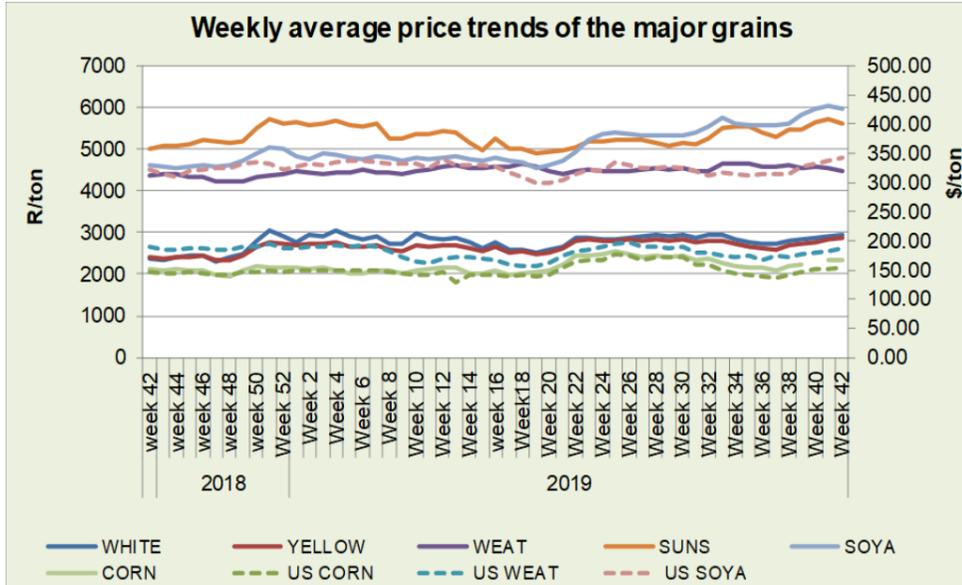


agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 18 October 2019

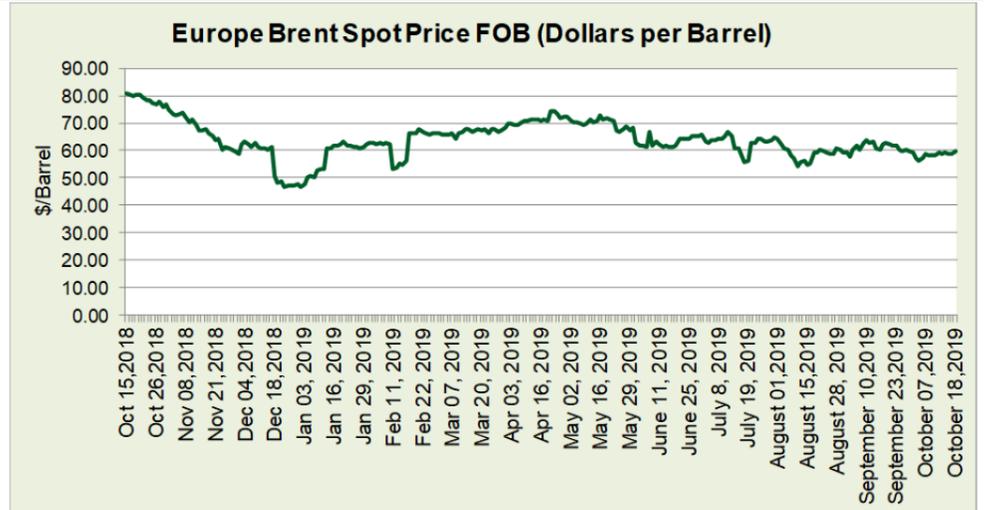
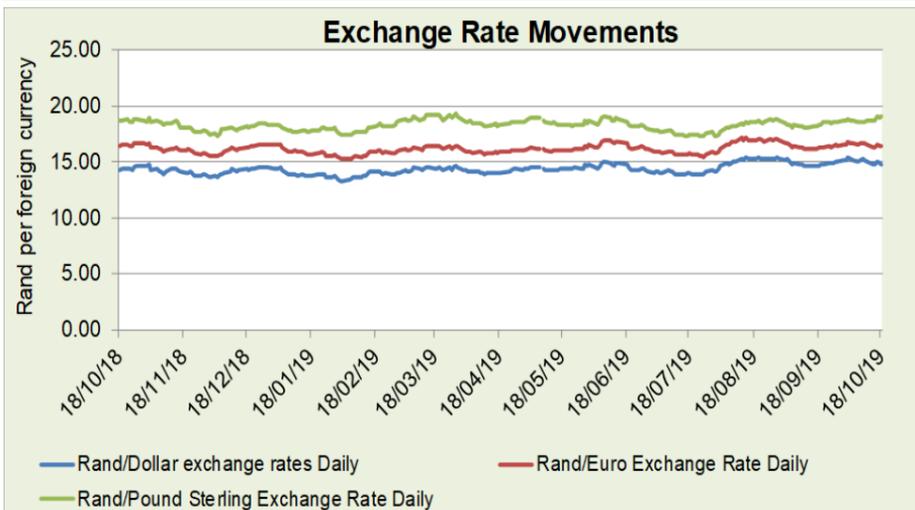
Directorate: Statistics & Economic Analysis



Local white and yellow maize prices increased by 1.8% and 1.3% respectively this week compared to the previous week, while local prices of wheat, soybean and sunflower seed decreased by 1.5%, 1.3% and 1.6% respectively week-on-week. Internationally, US yellow maize, wheat and soybean prices increased by 1.7%, 3.7% and 1.6% respectively this week compared to the previous week. US wheat futures hit their highest level in nearly three months on Thursday as signs of rising global cash prices prompted a round of short covering. Corn and soybean futures also climbed, supported by worries about the size of US crops, while traders continued to monitor prospects for a partial US-China trade deal. Wheat posted the biggest percentage gains as funds covered short positions amid signs of firming cash prices, as well as dryness reducing crop prospects in Argentina and Australia.

Spot price trends of major grains commodities

	1 year ago Week 42 (15-10-18 to 19-10-18)	Last week Week 41 (07-10-19 to 11-10-19)	This week Week 42 (14-10-19 to 18-10-19)	w-o-w % change
RSA White Maize per ton	R 2 373.80	R 2 897.20	R 2 949.20	1.8%
RSA Yellow Maize per ton	R 2 403.00	R 2 818.20	R 2 855.80	1.3%
USA Yellow Maize per ton	\$ 147.38	\$ 152.88	\$ 155.48	1.7%
RSA Wheat per ton	R 4 370.60	R 4 546.80	R 4 476.60	-1.5%
USA Wheat per ton	\$ 190.77	\$ 181.73	\$ 188.46	3.7%
RSA Soybeans per ton	R 4 613.20	R 6 037.60	R 5 957.20	-1.3%
USA Soybeans per ton	\$ 322.78	\$ 337.89	\$ 343.17	1.6%
RSA Sunflower seed per ton	R 5 026.00	R 5 708.60	R 5 619.60	-1.6%
RSA Sorghum per ton	R 3 620.00	-	-	-
Crude oil per barrel	\$ 80.23	\$ 58.57	\$ 58.99	0.7%



The rand depreciated by 4.0% and 3.1% against the US dollar and Pound Sterling, while the rand appreciated by 1.0% against the Euro week-on-week. When the latest round of load shedding was announced by Eskom on Wednesday, the rand immediately fell to over R15/\$. However, the local currency has been strengthening since then, and Friday's news of a slowdown in Chinese economic growth has not caused it to weaken again.

Brent crude oil averaged \$58.99 a 0.7% more than \$58.57 reported the previous week. Oil prices rose slightly as concern over an economic slowdown in China, the world's biggest oil consumer, was countered by bullish signals from both the Chinese and US refining sectors.



National South African Price information (RMAA) : Beef

Week 40 (30/09/2019 to 06/10/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 41 (07/10/2019 to 13/10/2019)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	9 515	45.77	46.46	Class A2	8 639	45.65	46.03
Class A3	746	45.83	46.70	Class A3	969	45.66	46.48
Class C2	1 121	36.91	39.77	Class C2	1 391	37.05	39.90

Class A3 and C2 beef unit sales increased by 29.2% and 24.1% respectively in the reporting week while class A2 beef unit sales decreased by 9.2% this week compared to the previous week. Weekly average purchase prices for class A2 and A3 beef decreased by 0.3% and 0.4% respectively in the reporting week while average purchase price for class C2 beef prices increased by 0.4% week-on-week. During the same period, weekly average selling prices for class A2 and A3 beef decreased by 0.9% and 0.5% respectively while average selling price for class C2 beef increased by 0.3% this week compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 40 (30/09/2019 to 06/10/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 41 (07/10/2019 to 13/10/2019)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	9 764	67.73	70.24	Class A2	8 389	66.58	69.89
Class A3	1 581	68.19	69.31	Class A3	1 439	66.72	69.98
Class C2	1 418	48.46	53.56	Class C2	1 168	48.30	52.66

The weekly unit sold for class A2, A3 and C2 lamb all decreased by 14.1%, 9.0% and 17.6% respectively this week compared to the previous week. Weekly average purchase prices for class A2, A3 and C2 lamb also decreased by 1.7%, 2.2% and 0.3% respectively in the reporting week compared to the previous week. During the same period, weekly average selling price for class A2 and C2 lamb decreased by 0.5% and 1.7% respectively while the weekly average selling price for class A3 lamb increased by 1.0%. The Lamb meat market is expected to gain same grounds as the festive season approaches.

National South African Price information (RMAA) : Pork

Week 40 (30/09/2019 to 06/10/2019)	Units	Avg Purchase Price	Week 41 (07/10/2019 to 13/10/2019)	Units	Avg Purchase Price
Pork					
Class BP	8 465	25.49	Class BP	7863	25.74
Class HO	5 933	24.18	Class HO	6039	24.78
Class HP	5 203	24.22	Class HP	6010	25.5

The weekly unit sold for class HO and HP pork increased by 1.3% and 16.1% respectively in the reporting week while class BP pork sales decreased for two consecutive weeks by 7.1% week-on-week. During the same period, weekly average purchase prices for class BP, class HO and class HP pork increased by 1.0%, 3.6% and 2.3% respectively in the reporting week.

Latest News Developments

Treasury has confirmed that the medium-term budget policy statement or mini-budget will be tabled on Wednesday October 30. This follows a warning from Finance Minister Tito Mboweni that the mini-budget may have to shift to October 29 having already been shifted to October 30 to accommodate President Cyril Ramaphosa's schedule. In the third quarter, China's economic growth slowed to 6% year on year, its weakest for 27 and 1/2 years and below expectations, dogged by soft factory production amid sluggish domestic demand and continuing trade tensions with the United States. Eskom, which provides about 95% of the nation's electricity, implemented power cuts on Wednesday amid maintenance problems. The rand weakened as investors fretted about the effect on economic growth. Power shortages have been a major constraint on output in Africa's most industrialized economy. Protracted outages could cost the country its last investment-grade credit rating from Moody's Investors Service, which is due to deliver its next assessment on November 1. The government has said it will announce plans to restructure Eskom into three operating units and reorganize its debt by the end of the month.

This year's World Food Day, was celebrated on 16 October and marks the 74th anniversary of the founding of the UN's Food and Agricultural Organization (FAO). The theme was 'Our actions are our future healthy diets for a #zerohunger world'. The emphasis is on governments increasing the availability and affordability of diverse and nutritious food. According to the FAO, governments need to address malnutrition at its root cause and that countries need to adopt nutrition food production practices that focus less on high-yield and economically profitable varieties and more on nutritional value. While over 800 million people in the world suffer from hunger, more than 670 million adults and 120 million boys and girls (aged five to 19) are considered obese and over 40 million children under five are overweight. Unhealthy diets, combined with sedentary lifestyles have overtaken smoking as the world's number one cause of death and disability.

The South African stone fruit industry is forecasting improved volumes for the 2019/20 season compared with last year. However, the industry emphasized that the continued effects of the drought in some production areas and adverse weather during pollination had affected the crop's full potential. Industry body Hortgro said it expected the total stone fruit crop for the 2019/20 season would come in at just over 17 million cartons, slightly higher than last season's yield of around 15 million cartons. It was expected that nectarine production would amount to 4,7 million, 2,5kg cartons, for a 17% increase on last season's crop. Hortgro attributed this to a more normal water regime, higher yielding cultivars and young orchards coming into production. Plum production was predicted to increase from 8,79 million, 5,25kg equivalent cartons to 10,15 million cartons.

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