



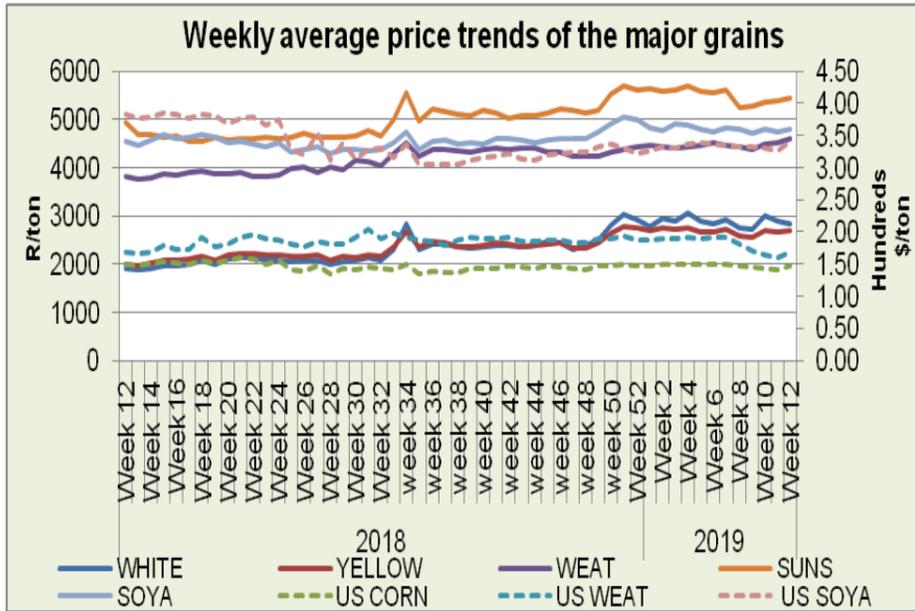
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 22 March 2019

Directorate: Statistics & Economic Analysis

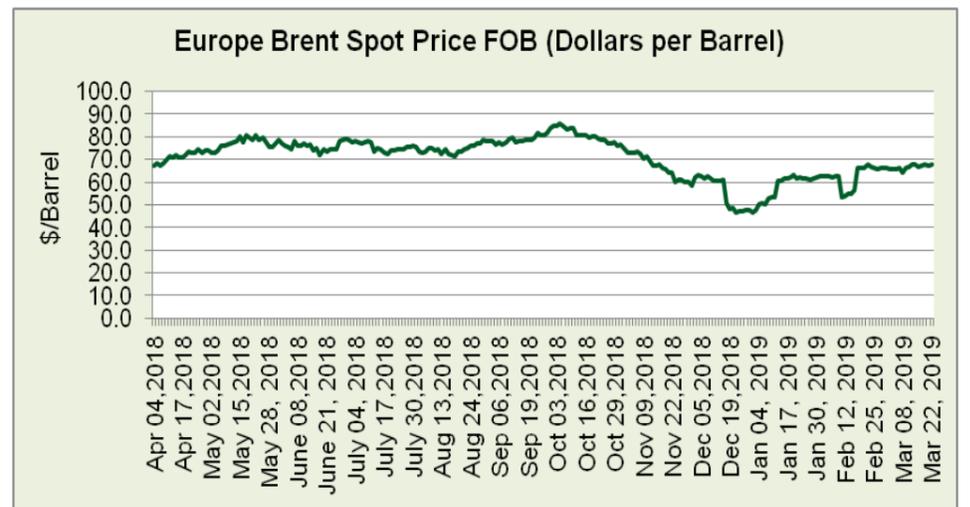
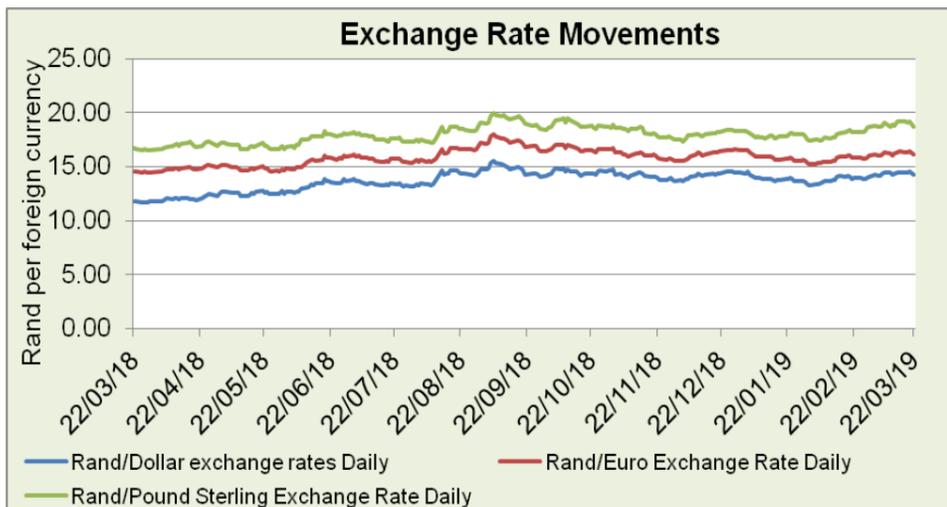
Sub-directorate: Economic Analysis



Both local and international market for major grains has increased this week compared to the previous week. The domestic price for yellow maize, wheat, sunflower and soybean increased by 1.01%, 1.54%, 0.42% and 1.1% respectively, whilst the price of white maize decreased marginally by 1.54%, when compared week-on-week. This resulted from a weaker domestic currency against the US dollar, as well as higher Chicago wheat prices, which are underpinned by tight global supplies. The international price for grains strengthened this week compared to the previous week. The prices of maize, wheat and soybean increased by 4.66%, 5.12% and 4.83% respectively. Back at home, in about a month's time from now, South African farmers will start preparing soils for winter crops plantings in the Western Cape, as the 219/20 production season approaches. Meanwhile, other winter crop growing areas such as the Northern Cape and Free State, amongst others, will commence with plantings around midyear. This means the weather will again be amongst the key drivers of domestic wheat, barley, and canola prices in the coming weeks, and will also influence farmers' planting decisions.

Spot price trends of major grains commodities

	1 year ago Week 12 (19-03-18 to 23-03-18)	Last week Week 11 (11-03-19 to 15-03-19)	This week Week 12 (18-03-19 to 22-03-19)	w-o-w % change
RSA White Maize per ton	R 1 909.75	R 2 888.60	R 2 844.00	-1.54%
RSA Yellow Maize per ton	R 1 984.00	R 2 654.00	R 2 680.75	1.04%
USA Yellow Maize per ton	\$ 149.22	\$ 140.31	\$ 146.84	4.66%
RSA Wheat per ton	R 3 804.00	R 4 527.00	R 4 596.75	1.54%
USA Wheat per ton	\$ 169.40	\$ 160.89	\$ 169.12	5.12%
RSA Soybeans per ton	R 4 548.25	R 5 373.60	R 4 796.50	1.1%
USA Soybeans per ton	\$ 381.95	\$ 352.12	\$ 340.81	4.83%
RSA Sunflower seed per ton	R 4 950.50	R 4 744.40	R 5 443.00	0.42%
RSA Sorghum per ton	R 3 307.50	N/A	R3 568.00	N/A
Crude oil per barrel	\$ 67.55	\$ 66.19	\$ 67.55	0.78%



The rand depreciated by 0.1% against the Euro and the pound Sterling, however the was no movement against the US dollar, when compared to last week. This is due to abating concerns over global economic growth and the two big events expected next week - the SA Reserve Bank's interest rate decision on Thursday and Moody's expected credit rating announcement next week.

The price of Brent crude oil increased by 0.78% compared to the previous week, from \$66.19 to \$67.55. The increase was influenced by an increase in international petroleum price and weaker local currency. OPEC is determined to support higher crude oil prices by reducing production. They are achieving their objective due to the support by other non-OPEC producers.



National South African Price information (RMAA) : Beef

Week 10 (04/03/2019 to 10/03/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 11 (11/03/2019 to 17/03/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8699	40.59	41.70	Class A2	7426	40.71	42.41
Class A3	1819	40.77	41.32	Class A3	1349	40.95	42.27
Class C2	1166	38.16	41.93	Class C2	990	38.24	39.92

The units sold for all beef class A2, A3 and C2 decreased by 14.6%, 25.8% and 15.5% respectively when compared to the previous week. The average purchase prices for all classes of beef A2, A3 and C2 increased marginally by 0.3%, 0.4% and 0.2% respectively week on week. The average selling price for class of beef A2 and A3 also increased by 1.7% and 2.3% respectively, whilst that of class C2 decreased by 4.8%.

National South African Price information (RMAA) : Lamb

Week 10 (04/03/2019 to 10/03/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 11 (11/03/2019 to 17/03/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7188	67.79	69.91	Class A2	5824	67.80	70.64
Class A3	1072	68.37	70.05	Class A3	894	68.30	69.95
Class C2	692	52.57	57.63	Class C2	550	52.13	56.14

The units sold for all classes of lamb class A2, A3 and C2 decreased notable this week when compared to the previous week by 19%, 16.6% and 20.5% respectively week on week. The average purchase prices for class of lamb A3 and C2 decreased by 0.1% and 0.8% respectively, whilst there was no movement in lamb class A2, when compared to the previous week. Weekly average selling price for all classes A2, increased by 1%, whilst classes A3 and C2 decreased by 0.1% and 2.6% respectively.

National South African Price information (RMAA) : Pork

Week 10 (04/03/2019 to 10/03/2019)	Units	Avg Purchase Price	Week 11 (11/03/2019 to 17/03/2019)	Units	Avg Purchase Price
Class BP	8299	23.35	Class BP	8760	23.38
Class HO	7056	22.33	Class HO	6822	22.27
Class HP	3726	22.40	Class HP	4008	22.60

The units sold for class BP and HP increased by 5.6% and 7.6% respectively when compared to the previous week, on the other hand units sold for class HO decreased by 3.3%. When comparing week-on-week the average purchasing price for pork class BP and HP also increased by 0.1% and 0.9% respectively when compared to the previous week, whilst purchase price for pork class HO decreased by 0.3% week on week.

Latest News Developments

The Reserve Bank has kept the repo rate unchanged at 6.75%, in line with the expectations of most economists and analysts. Governor of the SA Reserve bank Lesetja Kganyago announced the benchmark rate call at a media briefing in Pretoria. He said the decision was unanimous. The repo rate is the interest rate at which the central bank lends money to other banks. Changes in the repo rate affect the prime lending rate, which is the rate banks use as a starting point to calculate interest rates for their clients. With the repo rate unchanged at 6.75%, the prime lending rate will remain steady at 10.25%. Kganyago said the SARB now expects GDP growth of 0.7% in 2018, 1.7% in 2019 and 2% in 2020. It does, however, expect rising inflation will prompt the MPC to resume a mild hiking cycle with a 25-basis point increase in March 2020.

The South African sugar industry is facing a crisis, and the South African Cane Growers' Association warns that this R14 billion/ year industry is in danger of "imminent collapse, putting 350 000 jobs at risk". It warns that urgent interventions, including increasing the dollar-based reference price on imported sugar from US\$680/t (about R9 570/t) to US\$856/t (R12 050/t), is needed to remedy the situation. The most notable challenges have been substantial increases in farm worker wages and electricity costs, drought, the implementation of the sugar tax, slow adoption of mechanisation, ineffective implementation and management of price protection measures to provide a buffer against cheap sugar imports, and government's lukewarm to stone-cold sentiment towards supporting the establishment of a local biofuels industry.

According to STATS SA, the December 2018 Quarterly Employment Survey (QES), showed that an estimated 10 151 000 people were employed in the formal non-agricultural sector of the South African economy, which is up by 87 000 from 10 064 000 in the previous quarter. The number of people working part-time increased by 37 000 to 1 065 000 in the fourth quarter of 2018. Similarly, the number of people working full-time increased by 50 000 to 9 086 000 in the same quarter. These increases were mainly in: business services (77 000 or 3,4%), trade (55 000 or 2,5%), community services (32 000 or 1,2%), transport (7 000 or 1,5%) and manufacturing industry (5 000 or 0,4%). During the same period, annual decreases were recorded in construction (-9 000 or -1,4%), mining and quarrying (-8 000 or -1,8%) and electricity industry (-1 000 or -1,6%). Average monthly earnings paid to employees in the formal non-agricultural sector remained unchanged quarter to quarter, and this amounted to R21 190 in November 2018; however annually it increased by 4,9%.

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Source: SAFEX, Stats SA, Reuters, Red Meat Abattoir Association, Fnb, Farmer's Weekly and Standard Bank.
Disclaimer: DAFF will not be liable for results of actions based on this price watch.