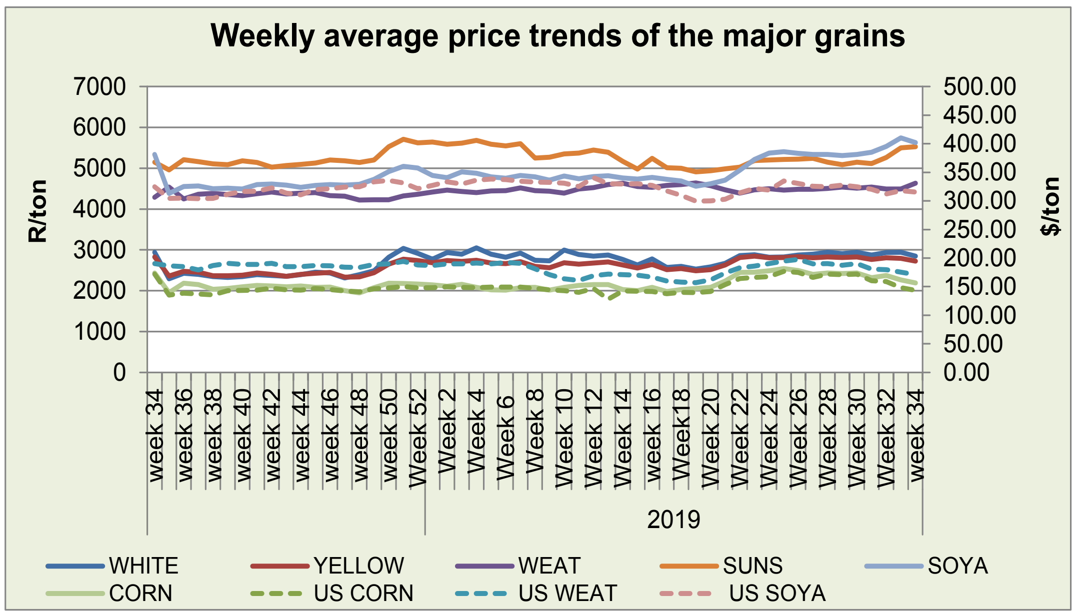
agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 23 August 2019

Directorate: Statistics & Economic Analysis

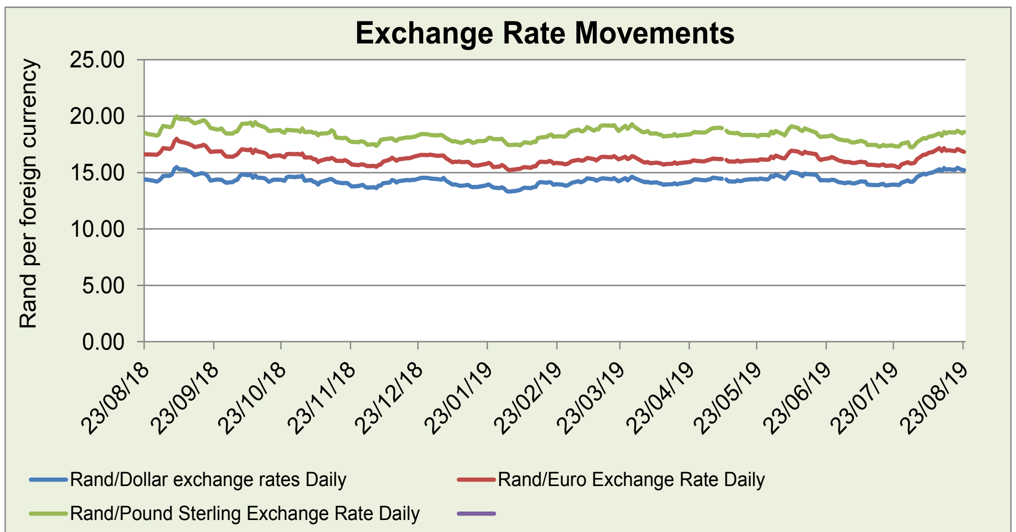
Sub-directorate: Economic Analysis

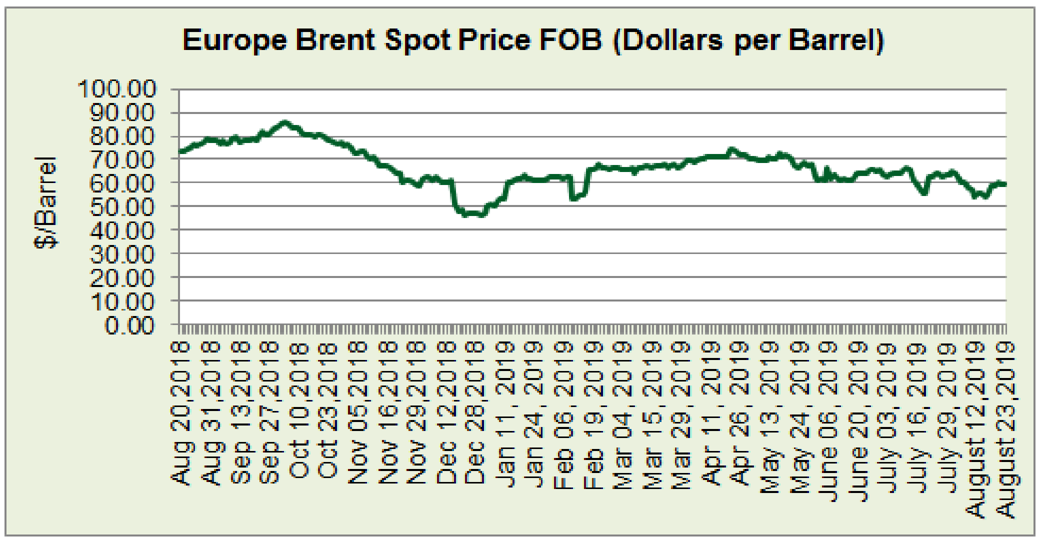


The domestic and the international market traded sideways this week compared to the previous week. The domestic white maize and yellow maize prices reported a decrease in price by 2.2% and 3.1% respectively week-on-week. Meanwhile, the domestic prices of wheat, soybeans and sunflower increased by 3.2%, 5.9% and 8.7% respectively week-on-week. The poor performance in the domestic prices of white maize and yellow maize prices in particular, is inter-alia, attributed to fairly stable value of rand against dollar between the previous week and reporting week. Internationally, markets traded lower compared to the previous week. The international price of US yellow maize decreased significantly by 16.2% week-on-week. Similarly, the international price of USA wheat and USA Soybeans decreased by 8.8% and 3.7% week-on-week. As the 2018/2019 marketing year weakens, China remains the number one destination for US soybean export commitment, accounting for 29% of the total.

Spot price trends of major grains commodities

	1 year ago Week 34 (20-08-18 to 24-08-18)	Last week Week 33 (12-08-19 to 16-08-19)	This week Week 34 (19-08-19 to 23-08-19)	w-o-w % change
RSA White Maize per ton	R 2 939	R 2 939.00	R 2 846.40	-2.2%
RSA Yellow Maize per ton	R 2 824	R 2 793.40	R 2 725.40	-3.1%
USA Yellow Maize per ton	$ 172.10	$ 148.10	$ 143.38	-16.2%
RSA Wheat per ton	R 4 538.60	R 4 636.00	R 4 654.60	3.2%
USA Wheat per ton	$ 190.56	$ 175.31	$ 170.90	-8.8%
RSA Soybeans per ton	R 5 338.20	R 5 739.80	R 5 626.00	5.9%
USA Soybeans per ton	$ 324.75	$ 317.90	$ 315.49	-3.7%
RSA Sunflower seed per ton	R 5 148	R 5 501.00	R 5 528.40	8.7%
RSA Sorghum per ton	-	-	-	-
Crude oil per barrel	$ 74.73	$ 55.04	$ 59.57	8.2%





On average, the rand depreciated against the dollar and the pound sterling by 0.05% and 0.62% respectively week-on-week. However, the rand appreciated against the euro by 0.51% when compared to the previous week. According to analysts, the rand weakened to above R15/$ level is attributed to the international developments, in particular the trade war talks between the US and China, as well the Eskom bailout announcements which have scared off investors.

The price of brent crude oil averaged $59.57 per barrel higher compared to $55.04 per barrel reported in previous week. This translates into 8.2% increase in brent crude price. Given the increase in prices, there are higher possibilities that consumers will dig deeper into their pockets for petrol during the month of September. Unaudited fuel price data released by the Central Energy Fund suggest that petrol will increase by up to ten cents a litre, illuminating paraffin 12 cents, and diesel as much as 16 cents.

National South African Price information (RMAA) : Beef

Week 32 (05/08/2019 to 11/08/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 33 (12/08/2019 to 18/08/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 714	45.37	46.39	Class A2	7 886	44.97	46.24
Class A3	745	45.39	46.24	Class A3	762	45.34	46.81
Class C2	1 422	37.21	40.16	Class C2	1 915	37.29	39.61

Beef class C2 was the most favoured meat amongst the classes of beef which reported a 34.7% increase in units sold. This was followed by class A2 and class A3, which reported an increase in units sold by 17.5% and 2.3% respectively when compared to previous week. Average purchase prices for class A2 and A3 decreased by 0.9% and 0.1% respectively while beef class C2 increased by 0.2% end of week. Weekly average selling prices for class A2 and C2 beef decreased by 0.3% and 1.4% respectively while class A3 increased by 1.2% in week-on-week.

National South African Price information (RMAA) : Lamb

Week 32 (05/08/2019 to 11/08/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 33 (12/08/2019 to 18/08/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 936	69.43	70.78	Class A2	7 219	68.56	70.63
Class A3	1 122	70.23	70.57	Class A3	1 546	68.49	70.24
Class C2	1 262	49.57	53.65	Class C2	1249	48.41	52.83

Lamb class A3 performed way better compared to other classes of lamb. Unit sold for Lamb class A3 reported a massive increase of 37.8% when compared to the previous week. Units sold for class A2 also increased by 4.1% whereas lamb class C2 decreased by 1% when compared to previous week. Weekly average purchase prices for lamb class A2, A3 and C2 decreased by 1.3%, 2.5% and 2.3% respectively end of week. Similarly average selling price for lamb class A2, A3 and C2 decreased by 0.2%, 0.5% and 1.5% during the same period.

National South African Price information (RMAA) : Pork

Week 32 (05/08/2019 to 11/08/2019)	Units	Avg Purchase Price	Week 33 (12/08/2019 to 18/08/2019)	Units	Avg Purchase Price
Class BP	6 998	26.11	Class BP	8 249	26.16
Class HO	6 398	25.74	Class HO	6 468	25.76
Class HP	3 638	25.43	Class HP	4 756	25.55

Pork producers had a profitable week in the reporting week as both units sold and pork prices reported a positive growth. The weekly average purchase price for pork class BP, HO and HP increased by 0.2%, 0.1% and 0.5% respectively in the reporting week. Similarly, unit sold for pork class BP, HO and HP also increased by 17.9%, 1.1% and 30.7% respectively when compared to the previous week. Sadly the outbreak of African Swine Flu in Gauteng region will have a negative impact on pork prices in the coming weeks.

Latest News Developments

Gauteng's Department of Economic Development, Agriculture and Environment is faced with another challenge following the outbreak of outbreak of African swine fever (ASF). According to the department's MEC, Dr Kgosientso Ramokgopa, an estimated 1000 pigs belonging to about five Swanieville pig owners would be killed as the only way to prevent the spread of the disease. The department's MEC add that so far a total of 540 pigs belonging to at least 40 communal and independent farmers have already being culled as a result of the disease. The World Organisation for Animal health's (OIE) classified ASF as a highly contagious haemorrhagic viral disease of domestic and wild pigs which may results in serious economic and production losses. However, the OIE's add that ASF is not a risk to human health, mortality rates among infected pigs can reach 100%.The department was also advising the province's pig farmers to contact local state veterinary services for tests and permits to verify the ASF status of their animals as well as ways farmers can improve biosecurity in piggeries.

The South African government has undertaken measures to contain the country's debts following a promise to rescue its power utility. Approximately R59bn was pledged to Eskom to bailout the utility's financial woes. In order to achieve this, government departments were tasked by National Treasury to prepare proposal on how best to reduce expenditure in a way that service delivery is not impacted. The government plan to cut R300 billion over 3 years, 5% between 2020 and 2021 and 6% and 7% over the next two years. According to rating agency Fitch Ratings, the country budget deficit is projected to overshoot the government's forecast by almost 2% points in 2019. On the other hand, the finance Minister indicated in February to reduce the wage bill by approximately R25bn over three years. This would be done by encouraging early retirement in the government.

It is interesting to note that one in every 10 oranges eaten around the world comes from South Africa. According to Bureau for Food and Agricultural Policy, South Africa is the world's third-largest citrus exporter, after Spain and Turkey. Oranges make up the bulk of the exports. The EU and UK are the most important export markets for locally grown fruit, but the dependence on these markets leaves South Africa vulnerable because the populations in both markets are growing at less than 1.5% a year. It is estimated that 76% of the citrus that South Africa produces is exported, with 32% going to the EU and 10% to the UK. Citrus is South Africa's biggest and most important fruit export, according to value and volume.

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, Fnb, Farmer's Weekly and Standard Bank.

Disclaimer: DAFF will not be liable for results of actions based on this price watch.