



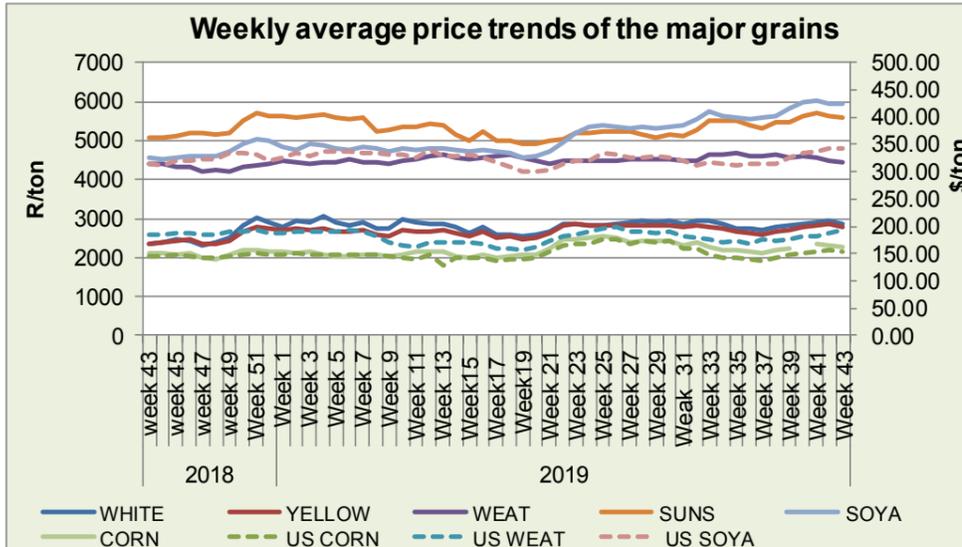
# agriculture, forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA

## Weekly Price Watch: 25 October 2019

Directorate: Statistics & Economic Analysis

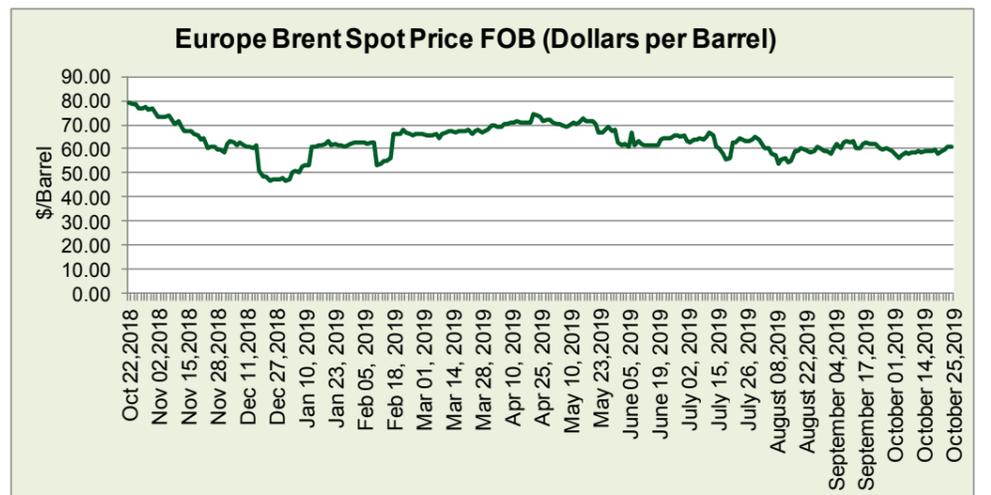
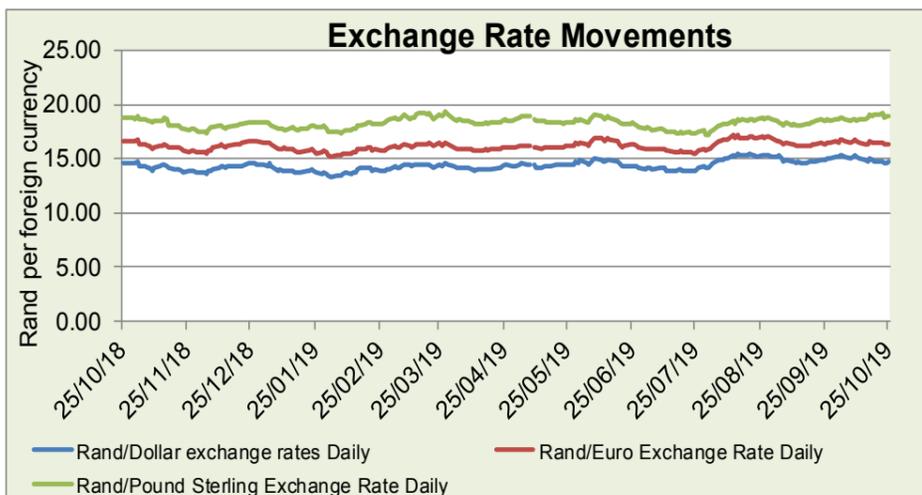
Sub-directorate: Economic Analysis



The domestic market for major grains were low this week. Local white and yellow maize prices decreased by 2.3% and 2.4% respectively this week compared to the previous week. Local wheat and sunflower seed decreased by 0.8% and 0.7% respectively week-on-week. While, local soybean prices increased marginally by 0.1% when compared to the previous week. Internationally, US yellow maize decreased by 1.8%, which was the only decrease for week on week. US wheat prices increased by 1.8% and US soybean prices decreased marginally by 0.04% when compared to the previous week. The International Grain Council has slightly reduced its estimates for the global maize production in 2019/20, with a lower yield potential in Argentina partially offset by an expected change in China.

### Spot price trends of major grains commodities

	1 year ago Week 43 (22-10-18 to 26-10-18)	Last week Week 42 (14-10-19 to 18-10-19)	This week Week 43 (21-10-19 to 25-10-19)	w-o-w % change
RSA White Maize per ton	R 2 355.00	R 2 949.20	R 2 881.20	-2.3%
RSA Yellow Maize per ton	R 2 356.00	R 2 855.80	R 2 787.20	-2.4%
USA Yellow Maize per ton	\$ 144.54	\$ 155.48	\$ 152.74	-1.8%
RSA Wheat per ton	R 4 391.20	R 4 476.60	R 4 48.80	-0.8%
USA Wheat per ton	\$ 185.05	\$ 188.46	\$ 191.81	1.8%
RSA Soybeans per ton	R 4 582.60	R 5 957.20	R 5 965.60	0.1%
USA Soybeans per ton	\$ 313.36	\$ 343.17	\$ 343.03	-0.04%
RSA Sunflower seed per ton	R 5 064.00	R 5 619.60	R 5 582.20	-0.7%
RSA Sorghum per ton	R 3 620.00	-	-	-
Crude oil per barrel	\$ 78.00	\$ 58.99	\$ 59.73	1.3%



The rand appreciated by 1.0% and 0.3% against the US dollar and the Euro while the rand depreciated by 0.3% against the Pound week-on-week. The Rand slumped Tuesday as investors expressed disappointment with the government's latest plan for turning around the ailing power utility Eskom, which has arguably been seen as too little, too late by a market that's uneasy ahead of Wednesday's budget.

Brent crude oil averaged \$59.73 which is 1.3% more than \$58.99 reported on the previous week. US oil production continues to slow. Amid low oil prices skeptical investors are becoming increasingly worried that the shale oil industry will never produce profits. The total number of active oil and gas rigs in the US is now 851, down 216 from the count of 1,067 a year ago.



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

Week 41 (07/10/2019 to 13/10/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 42 (14/10/2019 to 20/10/2019)	Units	Avg Purchase Price	Avg Selling Price
<b>Beef</b>							
Class A2	8 639	45.65	46.03	Class A2	8 860	45.53	45.85
Class A3	969	45.66	46.48	Class A3	991	45.33	45.85
Class C2	1 391	37.05	39.90	Class C2	1 269	37.08	39.74

The units sold for beef class A2 and class A3 increased by 2.6% and 2.3% respectively, whilst the unit sold for beef class C2 decreased by 8.8% week on week. The average selling price for beef class A2 and class A3 decreased by 0.3% and 0.7% respectively, while the units sold for beef class C2 increased by 0.1% when compared to the previous week. All the average selling prices for beef class A2, class A3 and class C2 decreased by 0.4%, 1.4% and 0.4% respectively week on week.

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

Week 41 (07/10/2019 to 13/10/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 42 (14/10/2019 to 20/10/2019)	Units	Avg Purchase Price	Avg Selling Price
<b>Lamb</b>							
Class A2	8 389	66.58	69.89	Class A2	7 035	65.24	69.57
Class A3	1 439	66.72	69.98	Class A3	1 459	65.46	69.57
Class C2	1 168	48.30	52.66	Class C2	835	47.38	51.23

Lamb units sold were more volatile than that of beef between week 42 and week 41. The units sold for lamb class A2 and class C2 decreased by 16.1% and 28.5% respectively, whilst units sold for beef class A3 increased by 1.4% week on week. The average lamb purchase prices for class A2, class A3 and class C2 de-creased by 2% and 1.9% respectively. Meanwhile, the average selling prices for class A2, class A3, and class C2 decreased by 0.5%, 0.5% and 2.7% respectively when compared to the previous week.

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

Week 41 (07/10/2019 to 13/10/2019)	Units	Avg Purchase Price	Week 42 (14/10/2019 to 20/10/2019)	Units	Avg Purchase Price
<b>Pork</b>					
Class BP	7 863	25.74	Class BP	8 335	26.22
Class HO	6 010	25.05	Class HO	6 165	25.31
Class HP	6 039	24.78	Class HP	4 574	25.17

The units sold for pork class BP and class HO increased by 6.0% and 2.6% respectively, whilst unit sold for pork class HP decreased by 24.3% week on week. The average purchase price for class BP, class HO and class HP increased by 1.9%, 1% and 1.6% respectively when compared to the previous week.

## Latest News Developments

Following a week of sudden and unexpected power cuts, national electricity supplier, Eskom, has predicted a 'low probability of load shedding' for today and the week ahead. Eskom was heavily criticised after South Africa was plunged into extended periods of darkness due to load shedding. Eskom blamed the outages on unexpected breakdowns and diesel shortages. With billions drained from the country's already-struggling economy, government and opposition parties were critical of the power suppliers' failures. For almost five months, citizens were spared the brunt of load shedding, which had previously become a 'way of life' following severe operational malfunctions. Rubbing salt in the wound, Eskom has officially filed a legal challenge of the National Energy Regulators' (NERSA) tariff recommendations, essentially aiming to raise the cost of electricity as municipal debt soars to beyond R20 billion. On Sunday evening, Eskom announced that many of its operational issues had been resolved and, as such, South Africans were likely to be spared another week of disruptions, saying: "The system's improvement is largely as a result of several units being returned to service from planned and unplanned maintenance, and achieving a healthy water level at our pumped water storage schemes to prepare for the week ahead."

In the eyes of local and international investors, there are two litmus tests on whether Ramaphosa can turn South Africa around. The first is to arrest and jail corrupt government officials and ANC members. At the very least, senior ANC officials such as Ace Magashule must be suspended, pending investigations. The other litmus test is Eskom. The tough decisions 'will' have to include a significant private-sector-like restructuring of the company. Its 'imminent' unbundling into three entities 'will' be a good start, but it 'must' be accompanied by the slashing of the workforce, reduction in salaries, the sale of assets such as power stations – most notably Medupi and Kusile – and the closure of inefficient ones. These announcements may represent a final opportunity for the president to announce that tough decisions 'have' been taken. It may well be the last chance he has to keep local and international investors' attention.

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