



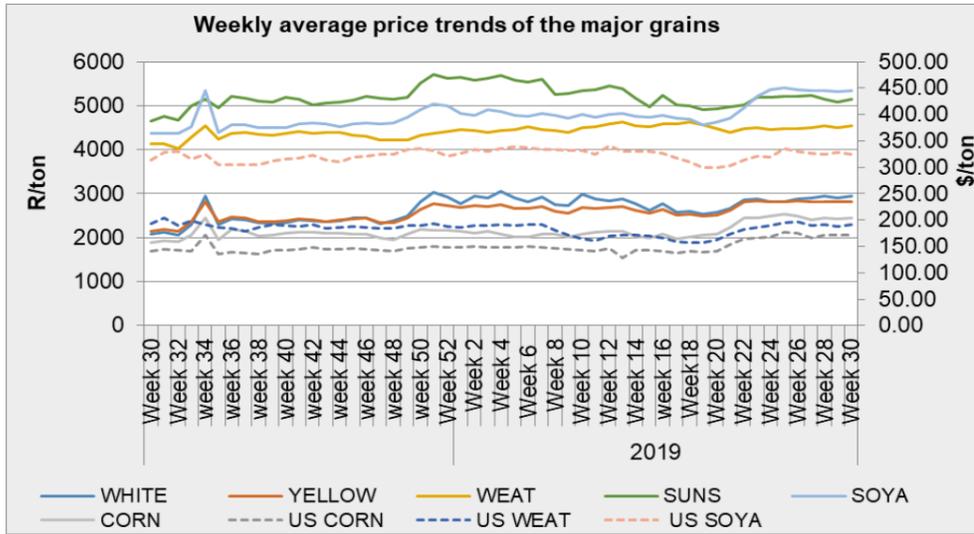
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 26 July 2019

Directorate: Statistics & Economic Analysis

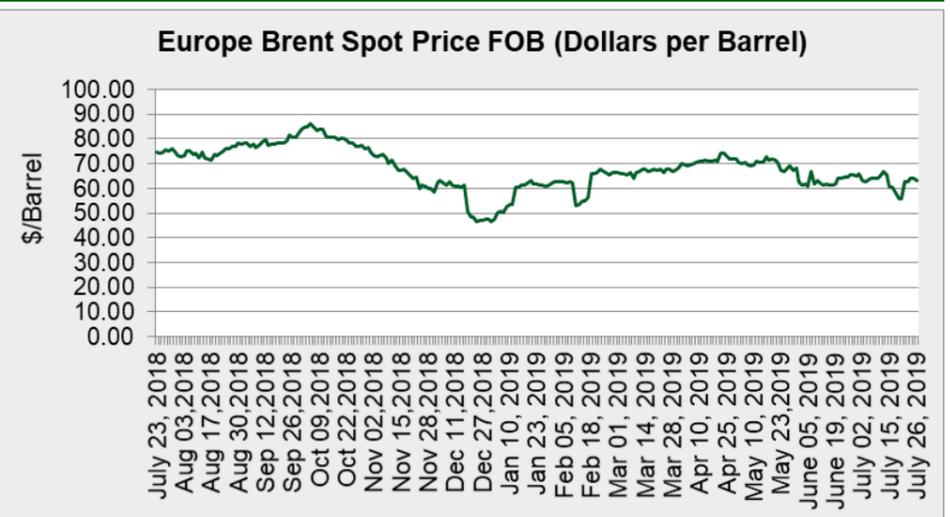
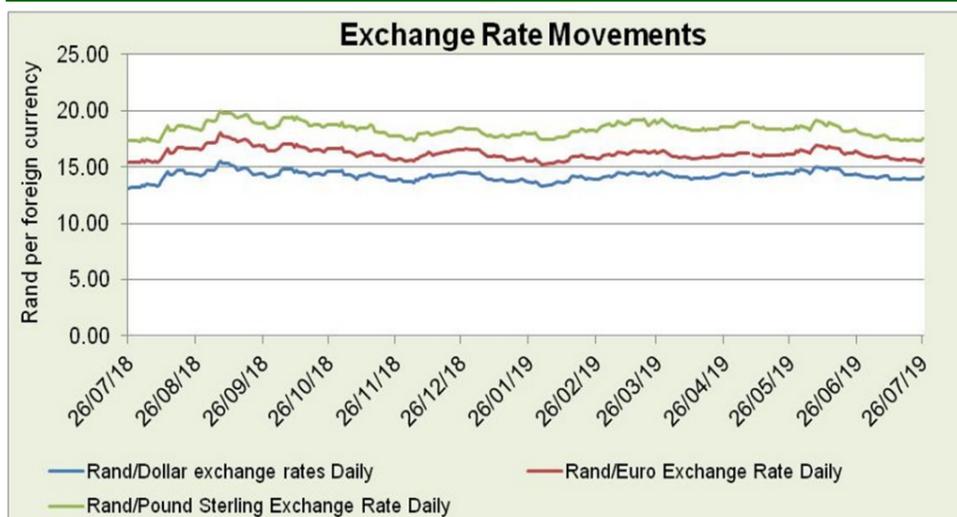
Sub-directorate: Economic Analysis



Both the local and international prices of most major grains decreased this week compared to the previous week. The domestic prices of white maize, yellow maize, wheat, sunflower and corn decreased by 1%, 1.4%, 0.1%, 1.4% and 3.2% respectively, when compared to the previous week. However, the local price of soybeans increased by 0.5% this week when compared to the previous week. Internationally, all the major grains declined when compared to the previous week. The prices of US yellow maize, US wheat and US soybeans prices decreased by 2.5%, 3% and 0.2% week-on-week. The US maize came under pressure due to slight better than expected production conditions reported by the USDA and also the expectations of more favourable weather conditions for the week. US wheat also came under pressure due to spill over from other commodities.

Spot price trends of major grains commodities

	1 year ago Week 30 (23-07-18 to 27-07-18)	Last week Week 29 (15-07-19 to 19-07-19)	This week Week 30 (22-07-19 to 26-07-19)	w-o-w % change
RSA White Maize per ton	R 2 076.80	R 2 909.00	R 2 939.00	-1.0%
RSA Yellow Maize per ton	R 2 137.80	R 2 812.40	R 2 824.00	-1.4%
USA Yellow Maize per ton	\$ 140.55	\$ 171.17	\$ 172.10	-2.5%
RSA Wheat per ton	R 4 139.40	R 4 509.80	R 4 538.60	-0.1%
USA Wheat per ton	\$ 192.44	\$ 187.39	\$ 190.56	-3%
RSA Soybeans per ton	R 4 365.00	R 5 312.80	R 5 338.20	0.5%
USA Soybeans per ton	\$ 314.30	\$ 327.70	\$ 324.75	-0.2%
RSA Sunflower seed per ton	R 4 650.00	R 5 087.80	R 5 148.00	-1.4%
RSA Sorghum per ton	R 3 600.00	-	-	-
Crude oil per barrel	\$ 74.87	\$ 58.27	\$ 63.3	8.7%



The rand weakened against major currencies this week compared to last week. The rand depreciated by 0.22% against the US dollar and 0.03% against the pound sterling this week compared to the previous week. The decline may be mainly on the back of an announcement of Eskom bailout and geopolitical events. However, it appreciated by 0.47% against the Euro.

The average prices of Brent crude oil increased by 8.7% and averaged \$63.31 this week compared to \$58.27 reported in the previous week. The increase may be attributed to geopolitical tensions over Iran which remain unresolved, although flagging prospects for global economic growth amid the US– China trade war.



National South African Price information (RMAA) : Beef

Week 28 (08/07/2019 to 14/07/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 29 (15/07/2019 to 21/07/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 668	44.11	46.16	Class A2	6 698	44.96	45.94
Class A3	922	45.05	46.17	Class A3	729	45.07	45.91
Class C2	1 471	37.32	39.57	Class C2	1 431	37.33	39.49

Units sold for class all beef classes A2, A3 and C2 beef decreased by 12.6%, 20.9% and 2.7% respectively this week compared to the previous week. Weekly average purchase price for class A2 beef increased by 4.2%, whilst average purchasing price for class A3 and C2 remain unchanged when compared to the previous week. During the same period, weekly average selling prices for beef class A3 and C2 decreased by 0.6% and 0.2% respectively, while weekly average selling price for class A2 increased by 1.7% in the reporting week.

National South African Price information (RMAA) : Lamb

Week 28 (08/07/2019 to 14/07/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 29 (15/07/2019 to 21/07/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 099	69.87	70.14	Class A2	7 009	68.47	69.87
Class A3	708	70.81	69.33	Class A3	714	69.92	70.97
Class C2	776	50.16	54.37	Class C2	1 115	49.16	51.91

Units sold for class lamb classes A2, A3 and C2 increased by 14.9%, 0.8% and 43.7% respectively this week compared to the previous week. During the same period, weekly average purchase prices for class A2, A3 and C2 lamb decreased by 2%, 1.3% and 2% respectively. Weekly average selling prices for class A2 and C2 lamb decreased by 0.4% and 4.5% respectively, whilst the average selling price for class A3 lamb increased by 2.4% week-on-week. Based on seasonal trends, the domestic market is expecting prices of class A, class C and feeder lambs to follow an increasing trend for the month of July before declining from August into September.

National South African Price information (RMAA) : Pork

Week 28 (08/07/2019 to 14/07/2019)	Units	Avg Purchase Price	Week 29 (15/07/2019 to 21/07/2019)	Units	Avg Purchase Price
Class BP	7 943	26.49	Class BP	8 453	26.53
Class HO	6 203	25.90	Class HO	6 586	25.61
Class HP	4 984	25.53	Class HP	4 499	25.51

During a period of low season demand, unit sold for class BP and HO pork increased by 6.4% and 6.2% respectively this week compared to the previous week, whilst class HP decreased by 9.7%. During the same period, weekly average purchase prices for class BP pork also increased by 0.2%, whilst pork class HO and HP decreased by 1.1% and 0.1% respectively.

Latest News Developments

The advisory panel on land Reform has been released and provides several answers to pressing questions on land reform. The report states that since land purchase grants and subsidies were abandoned in 2011, there has been no system for rationing state funds which opens opportunities for corruption. Beneficiary selection has not been transparent, the panel recommends that the largest chunk of the available budget for land reform be focused on two categories— farm dwellers, labour tenants, subsistence farmers and smallholder farmers who sell to local markets. The remainder be directed to medium-sale and large-scale. Each municipality needs to identify which land is to be distributed, with the input of local residents and the support of the department of agriculture, land reform and rural development. Area-based planning and beneficiary selection process will determine whose land needs to be prioritised and what categories of land are required. Individual owners of properties that meet requirements for that criteria of land required for redistribution, or tenure upgrades for farm dwellers, may offer their land as donations or enter into negotiations with the state, failing which, the state may proceed to expropriate. The panel suggests that the land should be expropriated without compensation if the land is abandoned, hopelessly indebted, land held purely for speculative purposes, unutilised held by the state entities, land occupied through criminal activity, land already occupied and used by labour tenants and former labour tenants, informal settlement areas, inner city buildings with absentee landlords, land donations and farm equity schemes.

According to the quarterly Labour force survey released by Statistics South Africa (StatsSA), for the second quarter of 2019, indicate that the official unemployment rate increased by 1.4 percentage points to 29% compared to the first quarter of 2019. the number of unemployed persons increased by 455 000 to 6.7 Million in quarter 2 of 2019, compared to the first quarter of 2019, resulting in an increase of 476 000. In South Africa, the level of unemployment is high and there are few jobs to compete for. StatsSA further explained that, employment increased in two of the four sectors in Q2: 2019, with the informal sector recording the largest employment gains of 114 000, followed by agriculture sector with 5000. the formal sector and private households declined by 49 000, resulting in the net increase of 21 000 in total employment.

On 26 July Moodys put South African notice that it might downgrade the country following the further bailout of Eskom, which is likely to widen the government's debt-to-gross domestic product and out further constraints on the already burdened fiscus. Moodys which is the only one of the major rating agencies that still has the country's sovereign debt above junk status, slammed the government's R59 billion support for the power utility over the next two years in the absence of a credible plan to stabilise it. Moody's vice-president said the additional financial support announced this week by Finance Tito Mboweni is credit negative for the country and will be a further drain on public finance.

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.