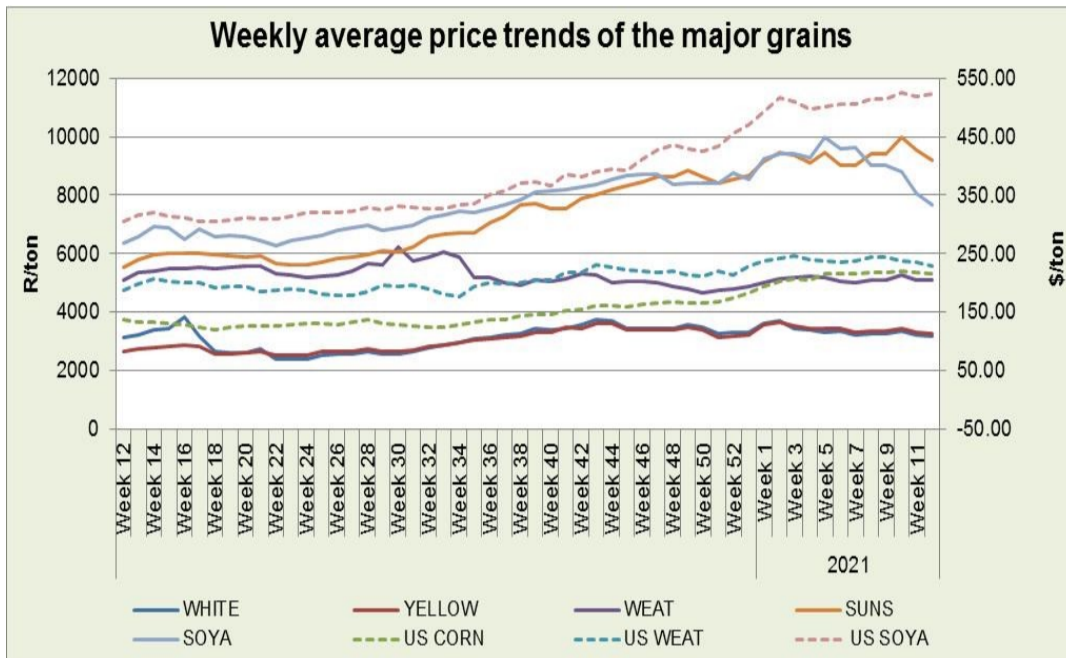




Weekly Price Watch: 26 March 2021

Directorate: Statistics & Economic Analysis

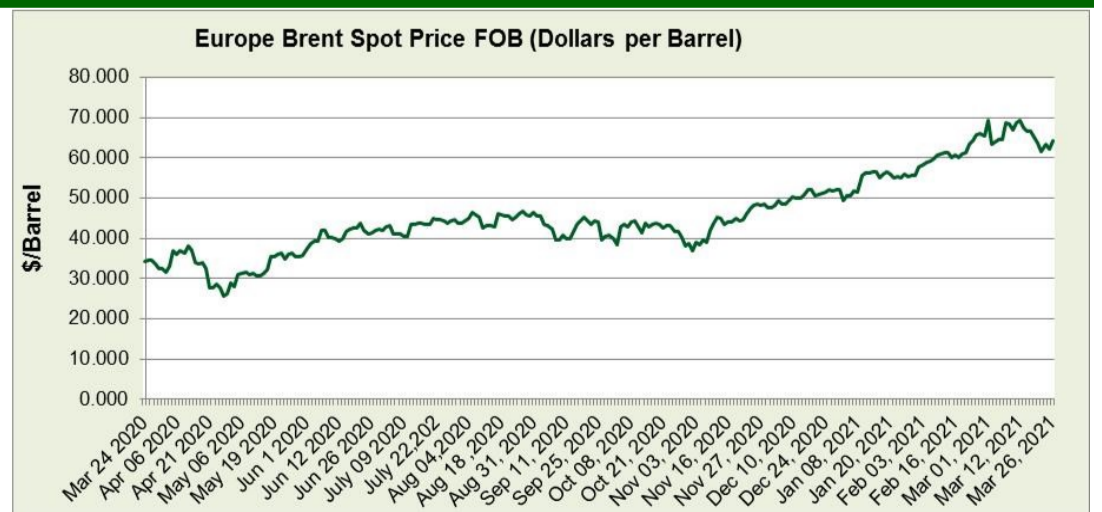
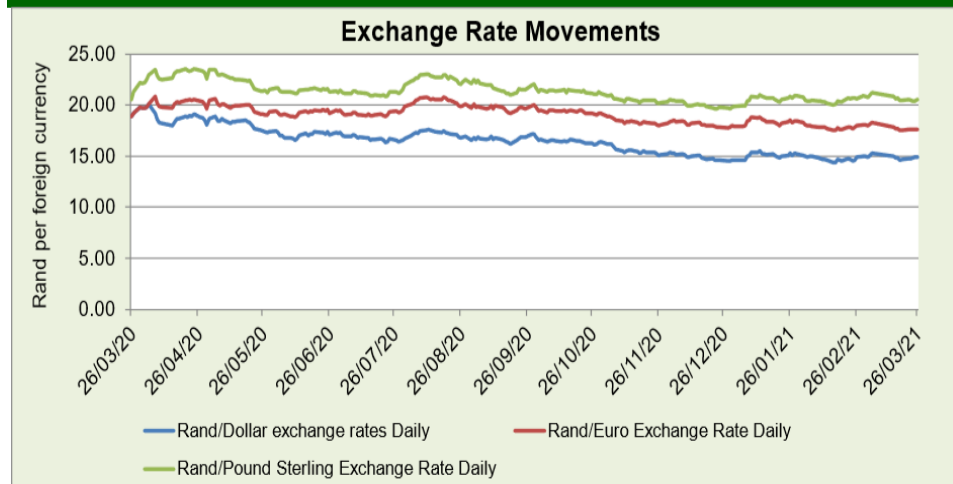
Sub-directorate: Economic Analysis



The South Africa's domestic market traded weaker this week when compared to the previous week. The domestic market reported a decrease in prices of all grains prices. The domestic prices of white maize, yellow maize, wheat, soybeans and sunflower seed decreased by 1.5%, 1.7%, 0.5%, 3.4% and 5.1% respectively, this week when compared to the previous week. Meanwhile, the price of sweet sorghum also dropped by 9.6% from R4260/ton to 3850.2. Internationally, prices for all grains also traded weaker for US corn, US wheat and US soybeans which reported prices decrease by 0.3%, 2.2% and 5.1% respectively, this week when compared to previous week.

Spot price trends of major grains commodities

	1 year ago Week 12 (16-03-20 to 20-03-20)	Last week Week 11 (15-03-21 to 19-03-21)	This week Week 12 (23-03-21 to 26-03-21)	w-o-w % change
RSA White Maize per ton	R 3 138.80	R 3 204.60	R 3 156.75	-1.5%
RSA Yellow Maize per ton	R 2 669.60	R 3 325.40	R 3 269.25	-1.7%
USA Yellow Maize per ton	\$ 137.97	\$ 217.09	\$ 216.51	-0.3%
RSA Wheat per ton	R 5 097.80	R 5 113.20	R 5 087.00	-0.5%
USA Wheat per ton	\$ 187.96	\$ 234.72	\$ 229.54	-2.2%
RSA Soybeans per ton	R 6 353.60	R 8 079.40	R 7 669.75	-5.1%
USA Soybeans per ton	\$ 303.78	\$ 519.41	\$ 522.44	-0.6%
RSA Sunflower seed per ton	R 5 540.20	R 9 527.20	R 9 207.00	-4.6%
RSA Sweet Sorghum per ton	R 3215.00	R 4 260.00	R 3 850.20	-9.6%
Crude oil per barrel	\$ 29,79	\$ 65.86	\$ 62.80	-4.6%



The rand traded stronger this week against European currencies as compared to the previous week. On weekly average, the rand appreciated by 0.31% against the Euro and 0.64% against the pound sterling. The South Africa's rand lost ground to the Dollar by 0.36% week on week.

Brent crude oil prices averaged \$62.80/barrel in the reporting week which is 4.6% lower than \$65.86/barrel reported in the previous week.



National South African Price information (RMAA) : Beef

Week 10 (08/03/2021 to 14/03/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 11 (15/03/2021 to 21/03/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 460	50.73	52.97	Class A2	8 349	50.50	53.00
Class A3	549	50.82	53.54	Class A3	447	50.45	53.38
Class C2	782	45.02	46.58	Class C2	800	43.62	46.14

The units sold for beef class A2 and A3 decreased by 1.3% and 18.6% respectively when compared to the previous week, whilst beef class C2 increased by 2.3% week on week. Weekly average purchase price for class A2, A3 and C2 decreased by 0.5%, 0.7% and 3.1% respectively when compared to the previous week. The average selling price for beef class A3 and C2 decreased by 0.3% and 0.9% respectively, whilst class A2 increased by 0.1% when compared to previous week.

National South African Price information (RMAA) : Lamb

Week 10 (08/03/2021 to 14/03/2021)	Units	Avg Purchase Price	Avg Selling Price	Week 11 (15/03/2021 to 21/03/2021)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 020	81.97	82.59	Class A2	8 317	80.70	82.34
Class A3	618	80.79	80.27	Class A3	866	79.56	80.07
Class C2	771	65.16	67.83	Class C2	1 079	64.50	66.46

The units sold for lamb class A2, A3 and C2 increased significantly by 18.5%, 40.1% and 39.9% respectively when compared to the previous week. The average purchase price for lamb class A2, A3 and C2 decreased by 1.5%, 1.5% and 1.0% respectively when compared to the previous week. Similarly, average selling price for lamb class A2, A3 and C2 decreased by 0.3%, 0.2% and 2.0% respectively week-on-week.

National South African Price information (RMAA) : Pork

Week 10 (08/03/2021 to 14/03/2021)	Units	Avg Purchase Price	Week 11 (15/03/2021 to 21/03/2021)	Units	Avg Purchase Price
Class BP	9 934	29.35	Class BP	9 837	28.48
Class HO	6 409	29.34	Class HO	7 011	28.90
Class HP	5 045	28.88	Class HP	5 072	28.02

The units sold for class BP decreased by 1.0%, while class HO and HP increased by 9.4% and 0.5% respectively when compared to previous week. Average purchase price for pork class BP, HO and HP decreased by 3.0%, 1.5% and 3.0% respectively week-on-week.

Latest News Developments

According to the World Economic Forum's 2020 global competitiveness report 2019, South Africa ranks 19th worldwide in terms of the development of its financial markets. The South African Rand (ZAR) is also the 20th most traded currency. And South Africa's market capitalization to GDP ratio is the second highest in the world after Hong Kong with an impressive 235% in 2018. These are truly impressive numbers, but they highlight South Africa's vulnerability to capital flows in the case of external shocks as the domestic savings rate is rather low. The country was hit hard during the Great Recession when foreigners took their money out. Foreigners came back into the market, but have since retreated due to political uncertainty and low probability of reform. This current crisis will see the same phenomenon take place, but more pronounced as South Africa is perceived to have become riskier. South Africa is a "risk on" play. Even when risk was "on" and interest rates very low in the West, foreign money was busy decreasing its exposure to South Africa in spite of theoretically higher returns. The world has shifted to a very risk off attitude with the Coronavirus, which could last for a while. In the current credit and liquidity squeeze, don't expect many to exchange their USD to buy ZAR denominated assets.

Countries everywhere are preparing bail-outs to save their national champions falling victim to the Coronavirus, but South Africa was at this stage even before the virus. Its state electricity company, Eskom, was incapable of properly producing enough electricity for the country, resulting in rolling black-outs throughout the country for the last few years. Eskom is completely mismanaged, bloated, and a hotbed of corruption. Its debts of 420 billion ZAR are the equivalent of 8% of GDP. It's a ticking time bomb. South African Airways is also in terrible shape. The majority of its international flights were cancelled earlier this year (pre-coronavirus) and its debt stands at around 20 billion ZAR. The coming recession will not help an already dire situation.

In the World Bank's Ease of Doing Business report, South Africa ranks a paltry 84th in the world, down from being 36th in 2010. In spite of unemployment hovering around 30%, employers complain of skills shortages. The government spends 6% of GDP, or 20% of its budget on education, yet the results are pitiful. According to the OECD the country ranks 75 out of 76 countries in education attainment. According to the WEF, the country also ranks extremely poorly when it comes to labour market flexibility. With crime being rife, security is a constant concern, adding to the cost of doing business. South Africa ranks 135th in the world in terms of security according to the WEF.

For more information contact: Directorate Statistics & Economic Analysis (SEA) at HeidiP@daff.gov.za or

Source: SAFEX, Standard bank, Stats SA, Reuters, Red Meat Abattoir Association, Fnb and Absa.

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