



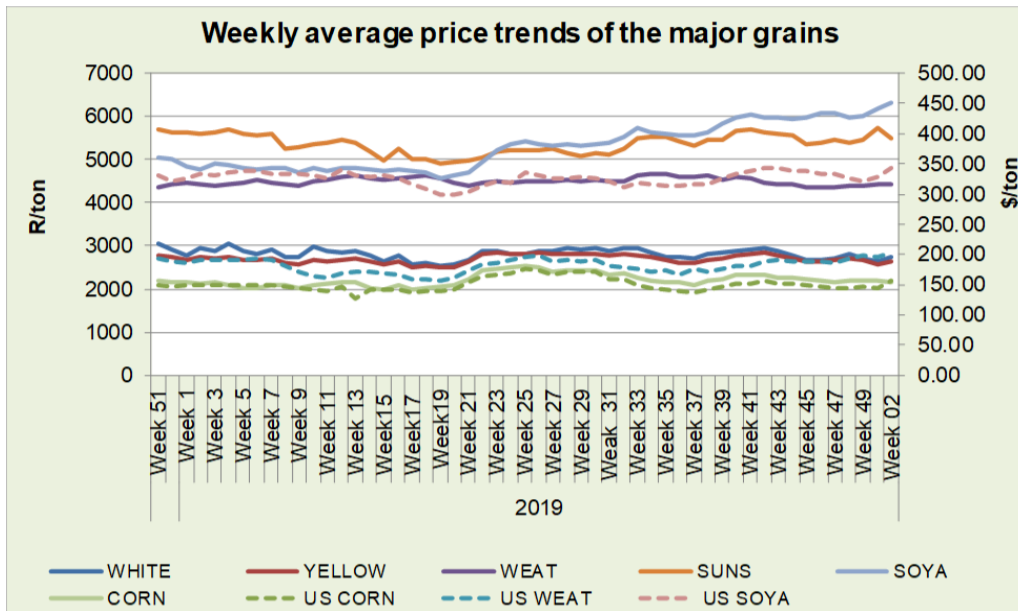
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 10 January 2020

Directorate: Statistics & Economic Analysis

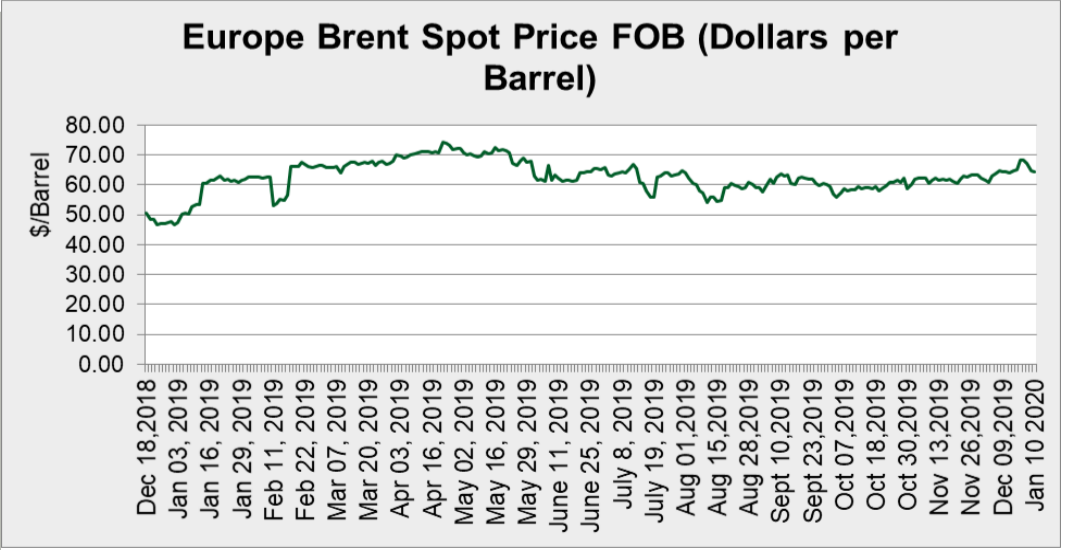
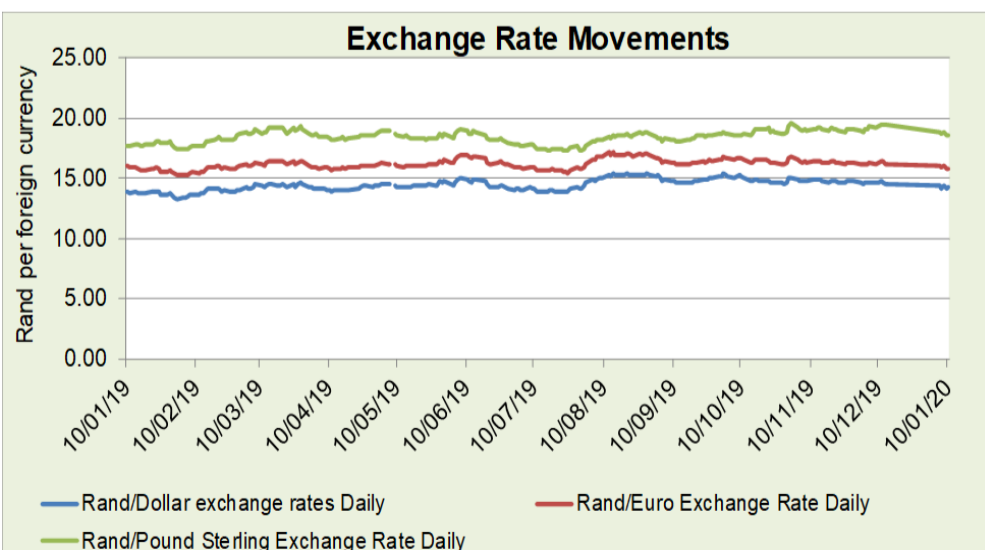
Sub-directorate: Economic Analysis



Domestic grain prices strengthened this week except for sunflower, and sorghum prices which decreased by 4.7% and 7.3% respectively this week compared to the previous week. While local white maize, yellow maize and soybean prices increased by 4.3%, 2.8% and 2.0% respectively week-on-week. Internationally, US yellow maize, wheat and soybean prices increased by 8.5%, 3.8% and 4.3% this week compared to the previous week. US wheat futures jumped on Thursday in a rebound from the market's recent slide and soybeans and corn eased as investors squared positions ahead of an eagerly awaited US Department of Agriculture (USDA) supply-and-demand report due on Friday. Rising global prices and forecasts for reduced US plantings this season gave wheat a further lift, while soybeans and corn faced headwinds from crop-boosting rains in rival exporting nations in South America.

Spot price trends of major grains commodities

	1 year ago Week 02 (07-01-19 to 11-01-19)	Last week Week 50 (09-12-19 to 13-12-19)	This week Week 02 (06-01-20 to 10-01-20)	w-o-w % change
RSA White Maize per ton	R 2 938.00	R 2 628.00	R 2 741.80	4.3%
RSA Yellow Maize per ton	R 2 739.80	R 2 580.00	R 2 653.00	2.8%
USA Yellow Maize per ton	\$ 149.87	\$ 143.29	\$ 155.33	8.5%
RSA Wheat per ton	R 4 429.80	R 4 408.60	R 4 420.00	0.3%
USA Wheat per ton	\$ 189.94	\$ 196.12	\$ 203.51	3.8%
RSA Soybeans per ton	R 4 771.20	R 6 187.20	R 6 310.40	2%
USA Soybeans per ton	\$ 333.23	\$ 329.17	\$ 343.17	4.3%
RSA Sunflower seed per ton	R 5 585.40	R 5 743.00	R 5 473.00	-4.7%
RSA Sweet Sorghum per ton	R 3 760.00	R 3 469.00	R 3 215.00	-7.3%
Crude oil per barrel	\$ 60.90	\$ 64.48	\$ 66.52	3.0%



Rand appreciated against all major currencies Dollar, Euro and Pound by 2.7%, 2.4% and 3.5% respectively week on week. High real interest rates in SA are supporting the value of the rand even as the country's economy is hit by slow growth, electricity rolling blackouts and a looming sovereign credit-rating downgrade.

Brent crude oil averaged \$66.52 this week compared to the previous week, a 3% more than \$64.48 reported the previous week. The price of oil spiked on Wednesday after Iran launched revenge attacks on US forces in Iraq, making good on its pledge to hit back over the killing of its top general.



National South African Price information (RMAA) : Beef

Week 49 (02/12/2019 to 08/12/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 1 (30/12/2019 to 05/01/2020)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	12 767	44.67	46.00	Class A2	4871	45.01	48.48
Class A3	986	44.07	46.29	Class A3	399	46.00	49.41
Class C2	1 125	37.47	39.73	Class C2	264	39.18	40.89

The units sold for all classes beef A2, A3 and C2 decreased by notable 61.8%, 59.5% and 76.5% respectively, as compared to the previous week, The average purchase prices for all classes of meat increased when compared to the previous week, class A2, A3 and C2 by 0.8%, 4.4% and 4.6% respectively. Likewise the average selling price for all classes of meet A2, A3 and C2 increased this week by 5.4%, 6.7% and 2.3% respectively. The decrease in the units sold can be attributed to the recent outbreak of the Foot and Mouth Disease as the number of auctions have banned in most parts of the country.

National South African Price information (RMAA) : Lamb

Week 49 (02/12/2019 to 08/12/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 1 (30/12/2019 to 05/01/2020)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	8 580	68.91	70.80	Class A2	6919	77.46	72.01
Class A3	1 071	69.49	70.45	Class A3	1299	78.04	73.78
Class C2	2015	49.23	53.97	Class C2	361	53.15	48.14

The units sold for classes of lamb A2, and C2 decreased by 19.4%, and 82.1% respectively when compared to the previous week. On the other hand the units sold for class A3 increased by 21.3%. The average purchase prices for all classes of lamb A2, A3 and C2 increased by 12.4%, 12.3% and 8.0% respectively in this reporting week compared to the previous week. Weekly average selling price for class A2, A3 increase by 1.7% and 4.7% whilst that of class C2 decreased by 10.8%. Local prices enjoy underlying seasonal price support during the festive season. However, compared to December, prices are expected to trade lower in January.

National South African Price information (RMAA) : Pork

Week 49 (02/12/2019 to 08/12/2019)	Units	Avg Purchase Price	Week 1 (30/12/2019 to 05/01/2020)	Units	Avg Purchase Price
Class BP	10 657	26.56	Class BP	6014	26.30
Class HO	5 982	25.80	Class HO	2720	25.52
Class HP	4 306	25.66	Class HP	4466	25.19

The units sold for all classes of pork BP, HO and HP decreased by 43.6%, 25.3% and 36.8% when compared to the previous week. The average purchasing price for all classes of pork BP, HO and HP also declined by 1.0%, 2.4% and 0.5% respectively. The decline in pork prices might be due to consumers being under pressure due to increased in consumer spending or consumption during the festive season and also as schools re-open.

Latest News Developments

World Bank is the first key institution to cut its economic growth forecast for South Africa to below 1% for 2020 due to electricity supply concerns. It now expects the economy to expand by 0.9% this year, the Washington-based lender said last week in its Global Economic Prospects report, which falls short of government forecasts. Its outlook for Africa's most-industrialized economy is "markedly weaker" because it sees electricity supply and infrastructure constraints inhibiting domestic growth with weaker global economic conditions weighing on export demand. The World Bank sees GDP growth averaging 1.4% in 2021-22 if President Cyril Ramaphosa's administration is able to ramp up structural reforms and address policy uncertainty and if there's a recovery in public and private sector investment. Index tracking SA consumer confidence has remained unchanged at a 2-year low for the fourth quarter of 2019. The FNB/BER Consumer Confidence Index came in at -7 index points, below its long-term average reading of +2. It was unchanged from the third quarter of 2018. This suggests a general pessimism among South African households and this would likely translate into lower consumption expenditure in the fourth quarter of 2019. Index tracking the economic outlook of SA consumers suggests there is a general expectation that there would be a deterioration in SA's economic prospects over the next 12 months. Although still optimistic, consumers are still increasingly becoming wary of their financial standing, and are therefore still unwilling to commit to substantial financial obligations at this stage. FNB said the fact that consumer confidence remained underwater during the fourth quarter suggests that the confidence gains since President Cyril Ramaphosa's election in early 2018 have now been completely reversed. The popularity and profitability of avocados and macadamias have resulted in a double-edged sword, with theft of the produce becoming increasingly rampant. During the past season the macadamia and avocado industries suffered losses of over R160 million and R24 million respectively. It would appear that syndicates are working together and crime that starts at the farm gate travels all the way up the market value chain, aiding a broader crime industry. There is also a further ripple effect as the loss of income impacts on job opportunities and government's tax income.

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