



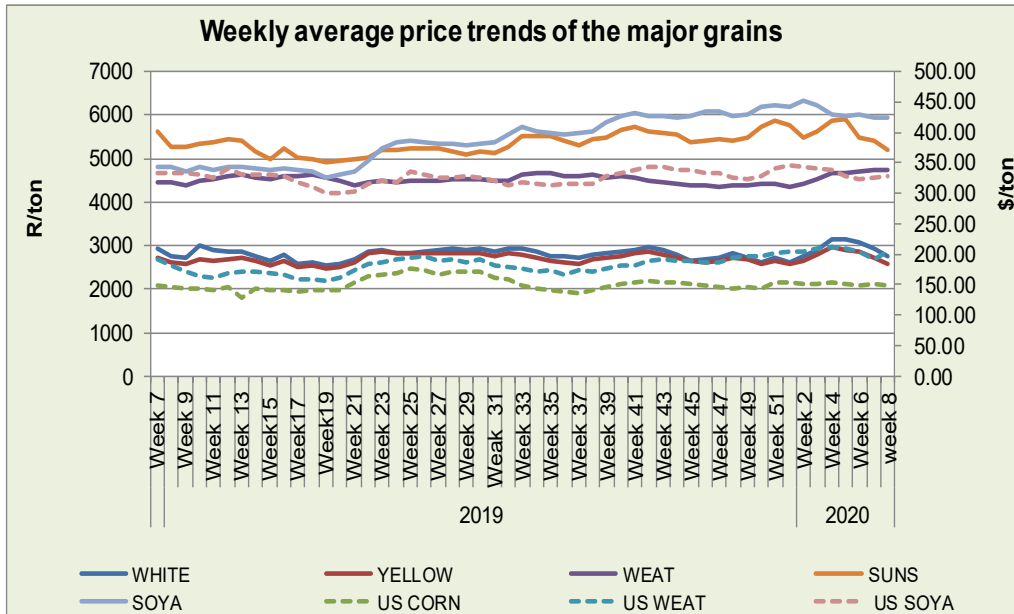
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 21 February 2020

Directorate: Statistics & Economic Analysis

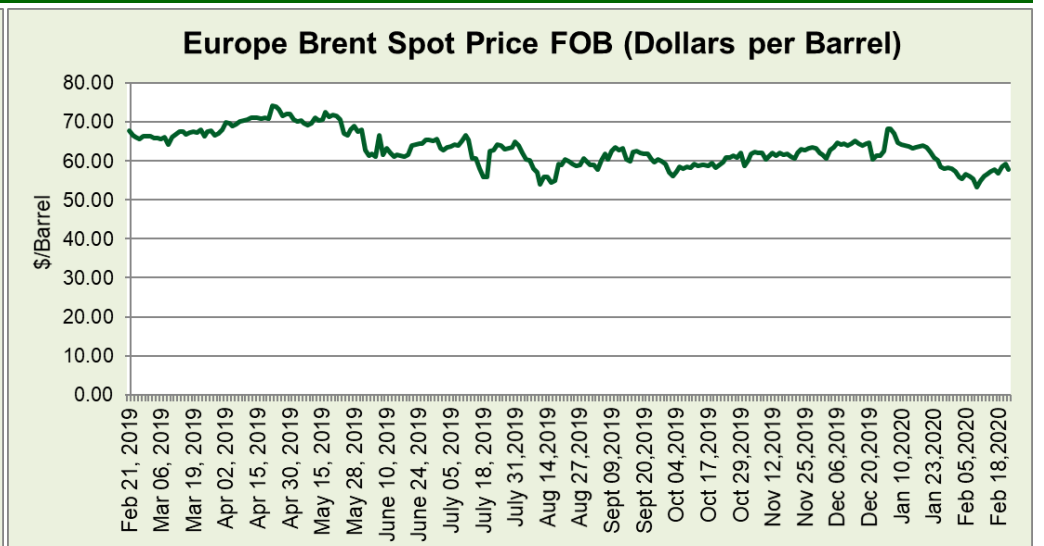
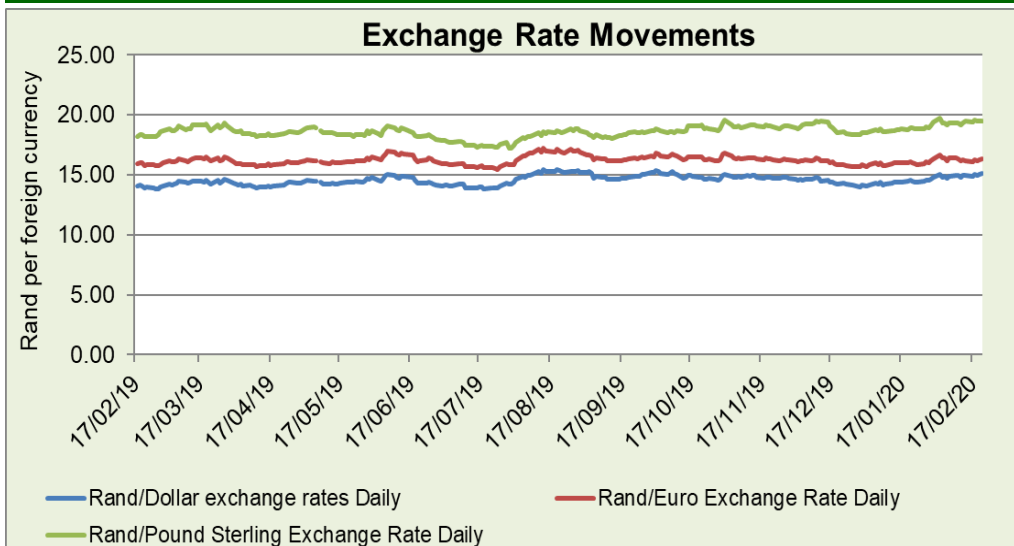
Sub-directorate: Economic Analysis



The price of local white and yellow maize decreased by 6.1% and 5.0% respectively compared to the previous week due to expectations of good maize yields in 2020. The price of international maize decreased by 0.5% compared to the previous week. The price of local wheat increased by 0.5% benefiting from the weaker rand compared to the previous week. The US wheat price increased by 1.2% this week when compared to the previous week. Local soybeans price increased marginally by 0.1% as the output for soybeans remains unchanged and good yields are expected. The international soybeans price increased by 0.7% as the market awaits updates from China and on South American weather. The Local price of sunflower decreased by 3.5% this week when compared to the previous week. The price of sorghum remains the same.

Spot price trends of major grains commodities

	1 year ago Week 8 (18-02-19 to 22-02-19)	Last week Week 7 (10-02-20 to 14-02-20)	This week Week 8 (17-02-20 to 21-02-20)	w-o-w % change
RSA White Maize per ton	R 2 743.00	R 2 921.60	R 2 742.00	-6.1%
RSA Yellow Maize per ton	R 2 594.40	R 2 720.40	R 2 585.40	-5.0%
USA Yellow Maize per ton	\$ 146.83	\$ 150.15	\$ 149.36	-0.5%
RSA Wheat per ton	R 4 439.20	R 4 717.80	R 4 740.00	0.5%
USA Wheat per ton	\$ 181.14	\$ 191.54	\$ 204.07	1.2%
RSA Soybeans per ton	R 4 789.60	R 5 927.00	R 5 931.80	0.1%
USA Soybeans per ton	\$ 333.01	\$ 326.23	\$ 328.43	0.7%
RSA Sunflower seed per ton	R 5 249.20	R 5 391.40	R 5 204.20	-3.5%
RSA Sweet Sorghum per ton	R 3 820.00	R 3 215.00	R 3 215.00	0.0%
Crude oil per barrel	\$ 66.58	\$ 55.68	\$ 58.05	4.3%



The rand depreciated by 0.6% and 0.7% against the dollar and pound respectively, whilst appreciating by 0.2% against the euro as compared to the previous week. The rand started depreciating against the dollar and the pond sterling after after Moody's Investors Service lowered its forecasts for economic growth, raising the risk the country may lose its last investment-level credit rating.

The price of oil appreciated by 4.3% compared to the previous week. According to the CNBC news, Oil prices rose amid broad optimism as new coronavirus cases fell for a second day in China and concerns rose over supply after a U.S. move to cut more Venezuelan crude from the market.



National South African Price information (RMAA) : Beef

Week 6 (03/02//2020 to 09/02/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 7 (10/02//2020 to 16/02/2020)	Units	Avg Purchase Price	Avg Selling Price
Class A2	9 387	46.18	47.16	Class A2	7 059	46.20	47.23
Class A3	857	46.19	47.29	Class A3	708	46.40	47.58
Class C2	672	40.10	41.54	Class C2	701	40.00	41.93

The quantity sold for beef class A2 and A3 decreased by 24.8% and 17.4% respectively, whilst class C2 increased by 4.3% when compared to the previous week. The purchase prices for beef class A2 and A3 increased by 0.04% and 0.5% respectively, whilst class C2 decreased by 0.2% week on week. The selling prices for beef class A2, A3 and C2 increased by 0.1%, 0.6% and 0.9% respectively when compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 6 (03/02//2020 to 09/02/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 7 (10/02//2020 to 16/02/2020)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6 203	73.45	72.55	Class A2	5 864	71.91	73.22
Class A3	1 051	74.02	72.02	Class A3	748	72.45	71.81
Class C2	1 007	50.91	55.29	Class C2	801	51.19	55.84

The units sold for lamb class A2, A3 and C2 decreased by 5.5%, 28.8% and 20.5% respectively, while the purchase prices for lamb class A2 and A3 decreased by 2.1% and 2.12% and increase by 0.5% for class C2. The average selling prices lamb class A3 decreased by 0.3%, whilst lamb class A2 and C2 increased by 0.9% and 1.0% respectively, when compared to the previous week.

National South African Price information (RMAA) : Pork

Week 6 (03/02//2020 to 09/02/2020)	Units	Avg Purchase Price	Week 7 (10/02//2020 to 16/02/2020)	Units	Avg Purchase Price
Class BP	7 886	25.12	Class BP	8 778	25.00
Class HO	6 494	24.07	Class HO	6 132	23.83
Class HP	4 402	23.86	Class HP	4 999	23.97

The units sold for class BP and HP increased by 11.3% and 13.6% respectively, whilst class HO declined by 5.6% when compared to the previous week. The average purchase prices for class BP and HO decreased by 0.5% and 1.0% respectively, whilst class HP increased by 3.9% when compared to previous week.

Latest News Developments

South Africa's inflation rate rose to a seven-month high in January driven by higher fuel prices. Consumer-price growth quickened to 4.5% from 4% in December, Statistics South Africa said Wednesday in a statement. The increase is unlikely to put pressure on the central bank to pursue tight monetary policy as it sees the rate averaging 4.7% this year, before stabilizing at 4.5% from the third quarter of 2021. The monetary policy committee reduced its benchmark interest rate to the lowest level in four years in January and its quarterly projection model implies another cut of 25 basis points in fourth quarter of the year. The rate has now been at or below the target's midpoint, where the central bank prefers it, for 14 months. The January number extends the longest streak in 14 years of inflation being at or below 4.5%. Inflation was driven by an increase in fuel price in January. The cost of gasoline was 15% higher than in the same month last year. Annual core inflation, which excludes the prices of food, non-alcoholic drinks, fuel and electricity, slowed to 3.7%, the lowest level since June 2011.

The South African government's plans to expropriate land without compensation would be disastrous for the economy, US Secretary of State Mike Pompeo said. The policy proposal is an example of centralised planning that has failed in other African states like Zimbabwe, Tanzania and Ethiopia. South Africa is debating an amendment to permit the expropriation of private property without compensation, which would be disastrous for that economy, and most importantly for the South African people. The US Secretary of State further indicated that African economies need "strong rule of law, respect for property rights, regulation that encourages investment" for inclusive and sustainable economic growth. The rand has proved sensitive to White House comments on the issue in the past. It slumped in August 2018 after President Donald Trump asked the secretary of state to "closely study the South African land and farm seizures and expropriations. As long as the US doesn't threaten sanctions against South Africa, the domestic news flow about South Africa's failing state-owned entities and political inability to deal with the problem is enough to keep the rand on the back foot," said Per Hammarlund, a strategist at SEB in Stockholm. "Pompeo's comments are not threatening enough to make a bad situation worse for the rand.

Minister in the Presidency Jackson Mthembu is set to meet with the South African Statistics Council over funding concerns for Stats SA, following a threat to resign by the advisory body. Mthembu and Statistician-General Risenga Maluleke have also been negotiating with Finance Minister Tito Mboweni, and National Treasury has provided "partial additional funding" to the national statistical agency which will become available in April, according to a statement issued by Mthembu's spokesperson, Nonceba Mhlauli. The Statistician-General is currently looking at reprioritisations as a result of the allocation that will come into effect on 1 April 2020. The South African Statistics Council which endorses data released by Statistics South Africa and advises the statistician-general had threatened to step down if Stats SA did not receive more funding and fill frozen posts. The council is appointed by the minister in the presidency. It is independent of Stats SA.

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