



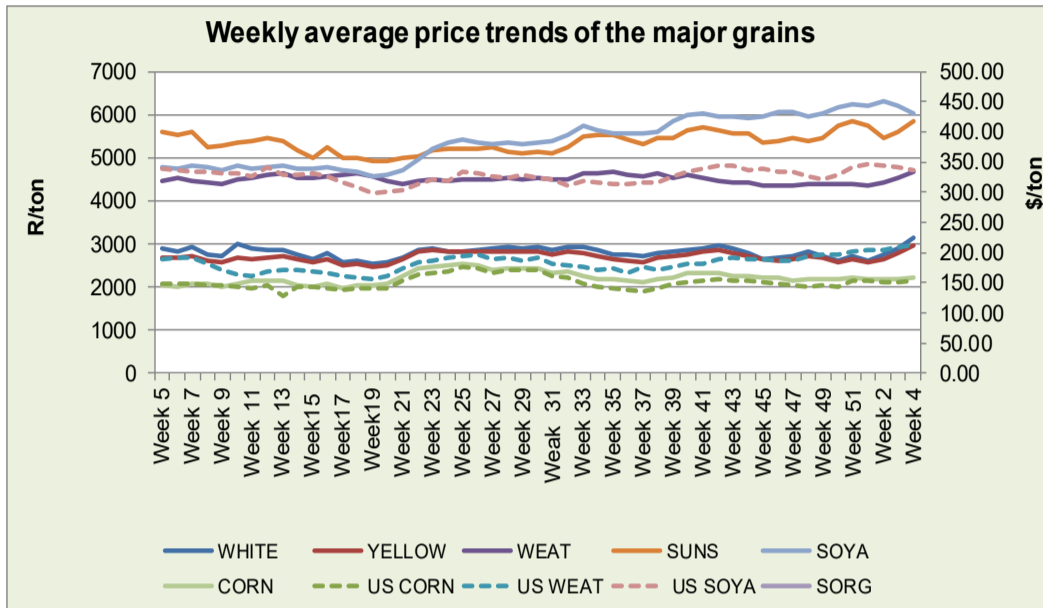
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 24 January 2020

Directorate: Statistics & Economic Analysis

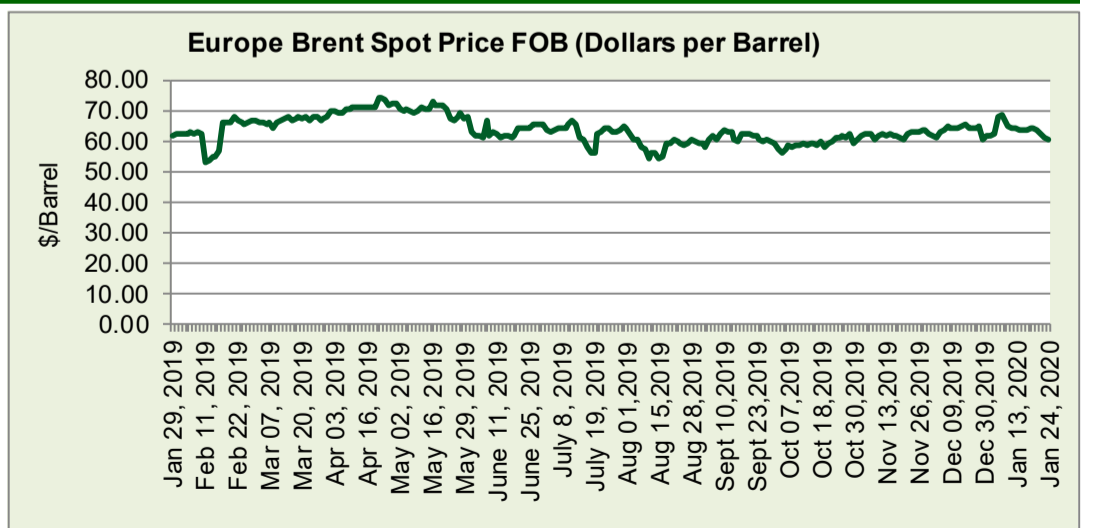
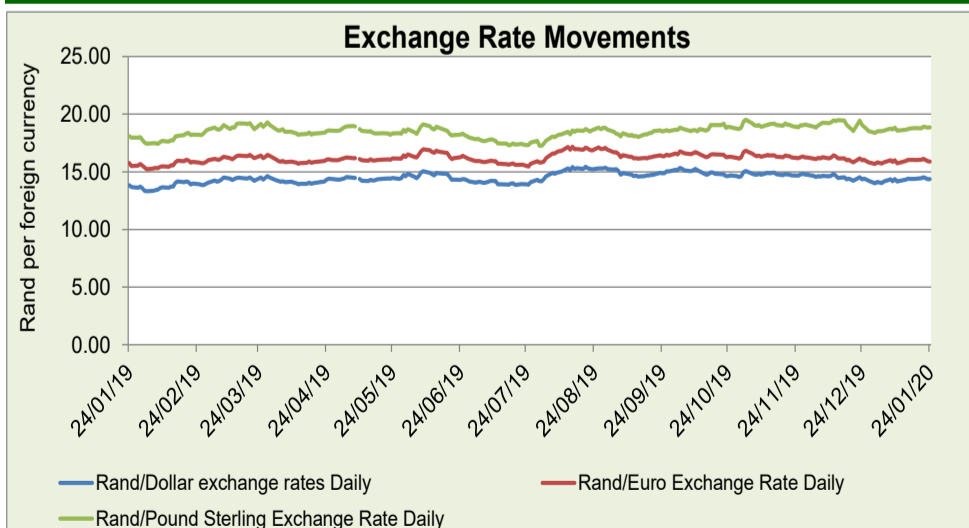
Sub-directorate: Economic Analysis



The domestic and international grain markets closed on higher note this week as compared to the previous week with the exception of soybean in both markets. The local price of white maize, yellow maize, wheat and sunflower seed increased by 9.2%, 5.9%, 3.3% and 4.3% respectively while the domestic price of soybean reported a price decrease of 3.1% this week compared to previous week. The price of sweet sorghum remain unchanged at R3215/ton. Internationally, US yellow maize and US wheat prices also increased by 1.1% and 1.9% respectively week-on-week while the price of US soybeans decreased by 1.3% this week compared to the previous week. The International Grain Council (IGC) has increased its global soybean production forecast from 2019/20 to 341 million tonnes, but the projection is still 5.3% lower than last year's record production.

Spot price trends of major grains commodities

	1 year ago Week 04 (21-01-19 to 25-01-19)	Last week Week 03 (13-01-20 to 17-01-20)	This week Week 04 (20-01-20 to 24-01-20)	w-o-w % change
RSA White Maize per ton	R 3 050.20	R 2 952.00	R 3 150.00	9.2%
RSA Yellow Maize per ton	R 2 749.20	R 2 788.20	R 2 954.00	5.9%
USA Yellow Maize per ton	\$ 148.42	\$ 151.71	\$ 153.42	1.1%
RSA Wheat per ton	R 4 441.60	R 4 522.80	R 4 673.25	3.3%
USA Wheat per ton	\$ 191.34	\$ 208.22	\$ 212.17	1.9%
RSA Soybeans per ton	R 4 878.60	R 6 208.20	R 6 014.25	-3.1%
USA Soybeans per ton	\$ 336.08	\$ 341.36	\$ 336.99	-1.3%
RSA Sunflower seed per ton	R 5 683.80	R 5 614.00	R 5 857.00	4.3%
RSA Sweet Sorghum per ton	R 3 778.00	R 3 215.00	R 3 215.00	0.0%
Crude oil per barrel	\$ 61.87	\$ 63.65	\$ 62.24	-2.3%



The currencies market continue to trade sideways as markets look for fresh drivers. The South African Rand traded weaker at R14.43 against the dollar and R18.86 against the pound sterling which represent 0.4% and 0.6% respectively week-on-week. However, the rand was traded slightly firmer against the euro, appreciated by 0.1% from R16.01 to R15.87 week-on-week.

The price of Brent crude oil closed the week at \$60.21/barrel. Weekly average price was estimated at \$62.21/barrel which is 2.3% lower compared to \$63.65/barrel reported in the previous week. The price of Brent crude oil is forecast to be under pressure following the outbreak of coronavirus outbreak in China late last year. More than 33 million people are now under travel restrictions in China, which could



National South African Price information (RMAA) : Beef

Week 2 (06/01/2020 to 12/01/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 3 (1301/2020 to 19/01/2020)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	8 810	45.01	46.30	Class A2	8563	44.83	46.04
Class A3	533	44.96	46.56	Class A3	691	45.09	45.93
Class C2	769	39.23	41.52	Class C2	525	39.82	40.17

Beef class A3 was the most preferred choice of meat amongst the classes of beef whereas beef class C2 was less preferred meat. Weekly units sold for class A3 beef increased by 29.6% while class C2 beef decreased by 31.7% in the reporting week compared to previous week. Average selling price for beef class A2, A3 and C2 increased of by 0.6%, 1.4% and 3.3% respectively week-on-week. During the same period, the weekly average purchases prices for beef class A3 and C2 increased by 0.3% and 1.5% respectively whilst beef class A2 decreased by 0.4% this week compared to the previous week.

National South African Price information (RMAA) : Lamb

Week 2 (06/01/2020 to 12/01/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 3 (1301/2020 to 19/01/2020)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	6 423	72.50	72.50	Class A2	6748	70.18	71.85
Class A3	1 018	73.64	73.00	Class A3	936	71.14	71.05
Class C2	1 096	52.73	54.46	Class C2	991	54.99	54.09

The units sold for classes of lamb A3 and C2 decreased by 8.1% and 9.6% respectively when compared to the previous week, whilst class A2 units sold increased by 5.1% week-on-week. The average selling prices for lamb class A2, A3 and C2 decreased by 0.6%, 1.4% and 3.3% respectively in this reporting week compared to the previous week. Weekly average purchases price for class A3 and C2 increase by 0.3% and 1.5% respectively, whilst that of class A2 decreased by 0.4% when compared to the previous week.

National South African Price information (RMAA) : Pork

Week 2 (06/01/2020 to 12/01/2020)	Units	Avg Purchase Price	Week 3 (1301/2020 to 19/01/2020)	Units	Avg Purchase Price
Class BP	7 961	25.90	Class BP	8226	25.52
Class HO	6 253	25.14	Class HO	5446	24.66
Class HP	6 192	25.33	Class HP	4269	24.72

The units sold for pork class HO and HP decreased by 12.9% and 31.1% respectively while units sold for pork class BP increased by 3.3% week on-week. Similarly, the average purchasing price for pork HO and HP decreased by 1.9% and 2.4% respectively while pork class BP increased by 0.6% week-on-week.

Latest News Developments

The South Africa's consumer price inflation (CPI) increased in December which is inline with the expectations. Analysts are of the view that inflation will most likely remain subdued in 2020. The figure for December 2019, which came in at 4%, wraps up 2019, during which inflation for the full year averaged 4.1%, this is lowest annual level reported since 2005. Consumer will have some relieve at the till for now even though the economy does not look good. Consumer price inflation is on par with the Bank's revised expectations that it would average 4.1% in 2019, and steadfastly below the 4.5% midpoint of its target range. An easing inflationary outlook and weaker expectations for economic growth were the main reasons Bank governor cut interest rates last week. The central bank indicated that a second cut of 25 basis points could come in the fourth quarter of 2020.

The South African's economic woes are taking a different turn. In less than a month into the New Year, two largest companies in the country announced massive job cuts. Approximately 8,000 jobs are on the lines at Telkom, the country's largest fixed-line operator, and Walmart's local unit Massmart Holdings plan which plans to reduce their headcount after slumps in earnings. If realised, these job losses will add to an unemployment rate that is the highest in at least 11 years, and place a further damper on demand and consumption spending in an economy stuck in the longest downward cycle since World War 2. According to Maluleke, South Africa's unemployment rate has remained above 20% for at least two decades, largely due to insufficient economic growth. Since 2015, population growth has outpaced that in GDP every year. Maluleka further indicated that South Africa's economy "doesn't even begin to scratch the surface of what is required in terms of jobs for new entrants in the labour market".

In a separate study conducted by the North West University (NWU) business school, South African economy will not break out of its low-growth trap unless decision makers move quickly to reduce policy uncertainty. The institution further noted that South Africa is caught in a low-growth trap amid increasing debt and rising state spending mainly to support failing parastatals, despite weaker tax revenues. The World Bank projection for 2020 is that the economy will grow 1% in 2020, a significant downward revision on its earlier projection of 1.7%. IMF, ratings agencies and investor advisory services; and the World Bank has joined the chorus to urge the country to make faster and more urgent progress on economic reforms as one of the few options available to policymakers to encourage growth. However, policy uncertainty continues to hamper growth.

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