



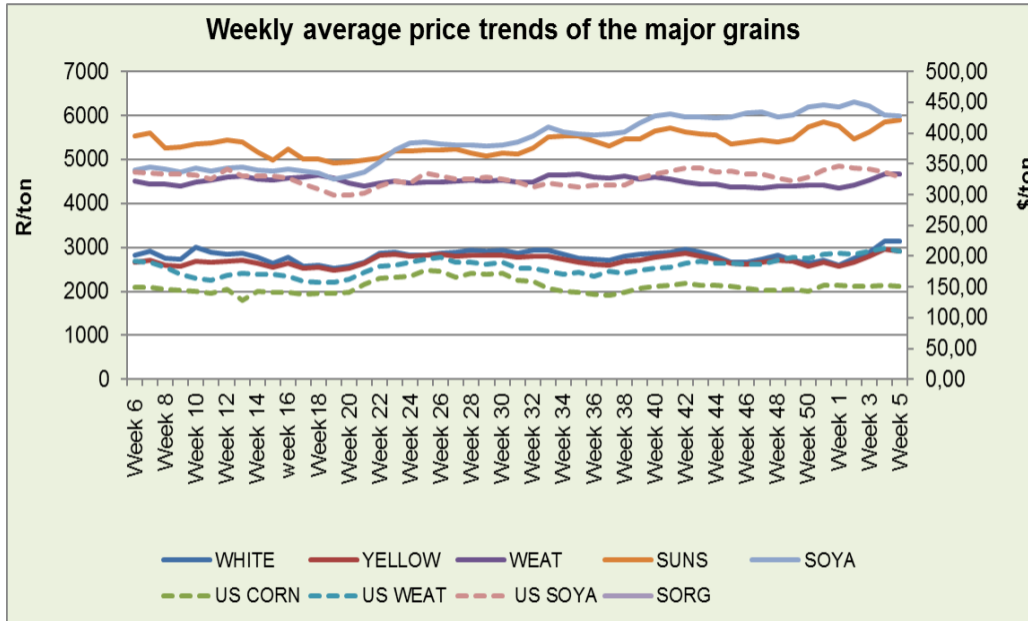
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 31 January 2020

Directorate: Statistics & Economic Analysis

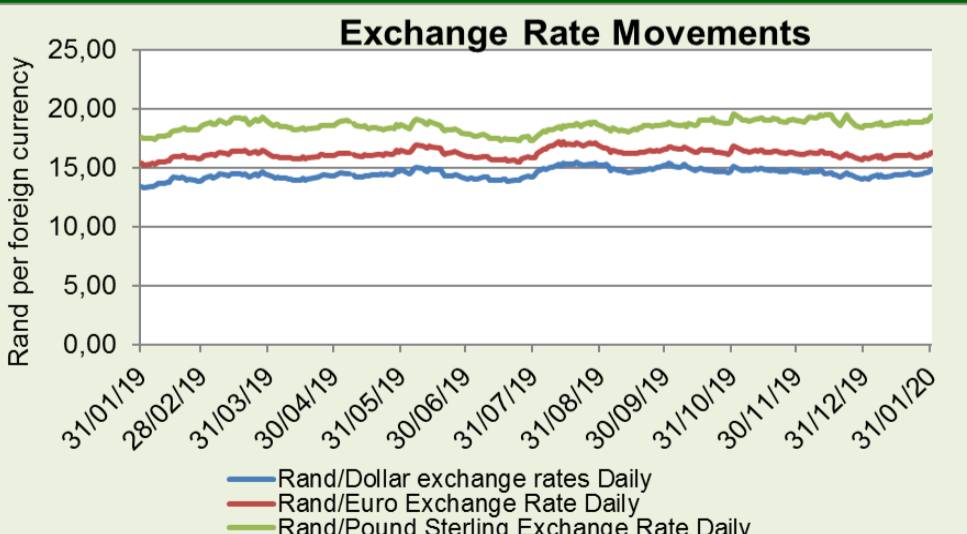
Sub-directorate: Economic Analysis



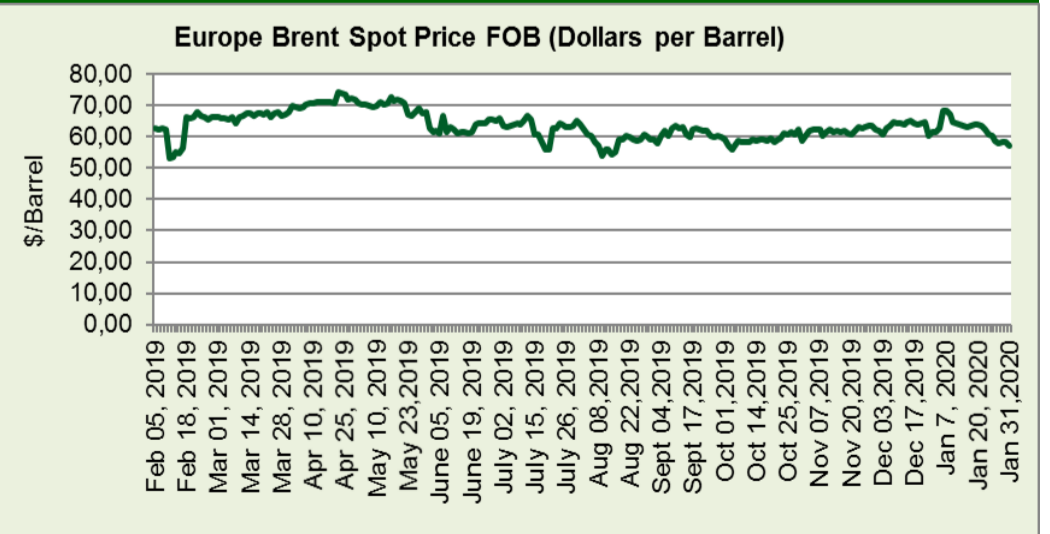
The price of white and yellow maize decreased by 0.3 and 1.5% respectively this week compared to last week, whilst the price of US maize also declined by 1.6%. Local maize prices increased as the Crop Estimates Committee (CEC) increased the area planted for 2020 by 10%. International maize prices decreased due to uncertainty over the spread of the Coronavirus. The price of local wheat increased by 0.1%, while the price of international wheat decreased by 1.7%. Local prices were boosted by the weaker rand. International prices were lower as a result of the spill over effects of weak prices in Russia and also due to concerns over slowing US export demand. The price of RSA soybeans and international soybeans decreased by 1.7% and 0.6% respectively. The local price decreased as the CEC increased the area planted for soybeans by 3.6%. The international soybeans prices decreased from their highs as result of expectations of improved weather outlook in South America and lack of additional Chinese purchases. The price of sunflower increased by 0.7% but they are expected to come down as a result of increased sunflower planted area. The price of sorghum remained stable.

Spot price trends of major grains commodities

	1 year ago Week 05 (28-01-19 to 01-02-19)	Last week Week 04 (20-01-20 to 24-01-20)	This week Week 05 (27-01-20 to 31-01-20)	w-o-w % change
RSA White Maize per ton	R 2894,80	R 3 150.00	R 3 141,40	-0,3%
RSA Yellow Maize per ton	R 2675,20	R 2 954.00	R 2 910,20	-1,5%
USA Yellow Maize per ton	\$ 149,13	\$ 153.42	\$ 150,98	-1,6%
RSA Wheat per ton	R 4 451,80	R 4 673.25	R 4 676,60	0,1%
USA Wheat per ton	\$ 189,95	\$ 212.17	\$ 208,54	-1,7%
RSA Soybeans per ton	R 4 786,00	R 6 014.25	R 5 977,60	-0,6%
USA Soybeans per ton	\$ 338,30	\$ 336.99	\$ 328,00	-2,7%
RSA Sunflower seed per ton	R 5 584,40	R 5 857.00	R 5 895,20	0,7%
RSA Sweet Sorghum per ton	R 3820,00	R 3 215.00	R 3 215.00	0,0%
Crude oil per barrel	\$ 61,88	\$ 62.24	\$ 58,08	-6,7%



The rand depreciated against the dollar, the Euro and the pound compared to the previous week, depreciating by 1.2%; 0.6% and 1.1% respectively. The rand depreciation against the dollar followed the US fed announcement that it no longer plans to raise interest rates. Additionally; market jitters over the impact of the coronavirus outbreak in China as well as fears of its spread, created uncertainty in World markets contributing to the rand weakness.



The price of crude oil decreased by 6.7% compared to last week as traders continue to worry about the coronavirus' impact on global demand. Demand in China has declined as the virus impacts is projected to be worse than the Severe Respiratory Syndrome (SARS) epidemic in 2002-2003, which took 800 lives and cost the global economy an estimated \$33 billion.



National South African Price information (RMAA) : Beef

Week 3 (13/01/2020 to 19/01/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 4 (2020/01/20 To 2020/01/26)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8563	44.83	46.04	Class A2	10 597	44.73	45.97
Class A3	691	45.09	45.93	Class A3	725	44.63	46.25
Class C2	525	39.82	40.17	Class C2	939	39.32	41.02

The unit sold for class A2, A3 and C2 increased this week compared to the previous week. Units sold increased by 23.8%; 4.9% and 78.9% respectively. The purchase prices for all classes decreased by 0.2%; 1% and 1.3% respectively. The average selling prices for class A3 and C2 increased by 0.2% and 2.1% respectively whilst the selling prices for class A2 decreased by 0.2%.

National South African Price information (RMAA) : Lamb

Week 3 (13/01/2020 to 19/01/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 4 (2020/01/20 To 2020/01/26)	Units	Avg Purchase Price	Avg Selling Price
Class A2	6748	70.18	71.85	Class A2	5074	68.68	71.74
Class A3	936	71.14	71.05	Class A3	722	68.61	71.14
Class C2	991	54.99	54.09	Class C2	1370	51.61	53.90

The units sold for class A2 and A3 lamb meat decreased by 24.8% and 22.9% respectively this week compared to last week, whilst units sold for class C2 increased by 38.2%. The average purchase prices for all classes decreased this week, the prices of class A2, A3 and C2 decreased by 2.1%;3.6% and 6.1% respectively. The selling prices for class A2 and C2 decreased by 0.2% and 0.4% respectively whilst units sold for class A3 increased by 0.1%.

National South African Price information (RMAA) : Pork

Week 3 (13/01/2020 to 19/01/2020)	Units	Avg Purchase Price	Week 4 (2020/01/20 To 2020/01/26)	Units	Avg Purchase Price
Class BP	8226	25.52	Class BP	8111	25.49
Class HO	5446	24.66	Class HO	5921	24.70
Class HP	4269	24.72	Class HP	4365	24.56

The units sold for class BP pork decreased by 1.4% this week compared to last week, whilst units sold for class HO and HP increased by 8.7% and 2.2% respectively. The purchase prices of class BP and HP decreased by 0.1% and 0.6% this week while class HO prices increased by 0.2% respectively.

Latest News Developments

The National Climate Change Adaptation Strategy indicates that climate change is likely to increase the frequency and magnitude of many extreme events, which will increase the risk of slow onset events, such as sea level rise and drought. Some of the likely scenarios proponents have forecast include flash floods and regional floods, heightened droughts, more intense and more frequent storms, higher temperatures, increases in aridity, rising sea levels and glacier and snow melt amongst others. A 2017 Water Research Commission and South African Weather Service Climate Change Reference Atlas shows. South Africa is believed to be at a higher risk owing to its geographical location in the dry subtropics and its socioeconomic landscape. The Long-Term Adaptation Flagship Research Programme (LTAS) shows South Africa's mean annual temperatures increased at least 1.5 times than the observed global average of 0.65 °C over the last five decades. The Integrated Resource Plan 2019 (IRP 2019) highlighted that South Africa would face an electricity capacity shortfall of between 2 000 and 3 000 MW for the coming three years, as well as relatively modest energy deficits (measured in gigawatt-hours, or GWh) over the period. The Department of Environment, Forestry and Fisheries led research programme stated that this raises the possibility that in a world of a 2 °C temperature change South Africa could experience changes of 3 °C. The Council for Scientific and Industrial Research (CSIR) points to a larger capacity deficit (up to 8 000 MW) and dramatically larger yearly energy shortages over the period, potentially rising from 2 000 GWh in 2020 to 4 500 GWh in 2022. The CSIR is cautioning of energy shortages that are materially bigger than those of 2019 which were South Africa its worst-ever year of load-shedding. Last year, Eskom declared rotational power cuts equivalent to 1 350 GWh of customer demand shed, which cost the country anywhere between R60-billion and R120-billion, with the higher figure derived using the official cost of unserved energy of R87.50/kWh. President Cyril Ramaphosa stated during the bilateral talks with German Chancellor Angela Merkel that they agreed that there is a need for German businesses to deepen their presence in South Africa and expand their operations and that they should cooperate to see greater levels of German investment in South Africa. President Ramaphosa added assurances that the country was trying to stem corruption and make itself more business friendly. A joint initiative on the promotion of vocational training in South Africa was signed. Turkey's Karpowership, one of the world's largest powership firms, has submitted a plan to South Africa to provide "several" ships capable of plugging a severe power shortage in the country. In December last year the department of energy issued a request for information (RFI) to source between 2 000 MW and 3 000 MW of power generation capacity that could be connected in the shortest time at the least cost. On Tuesday in Berlin, the Citrus Growers' Association of Southern Africa (CGASA) has been appointed a co-chair the World Citrus Organisation (WCO).

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