



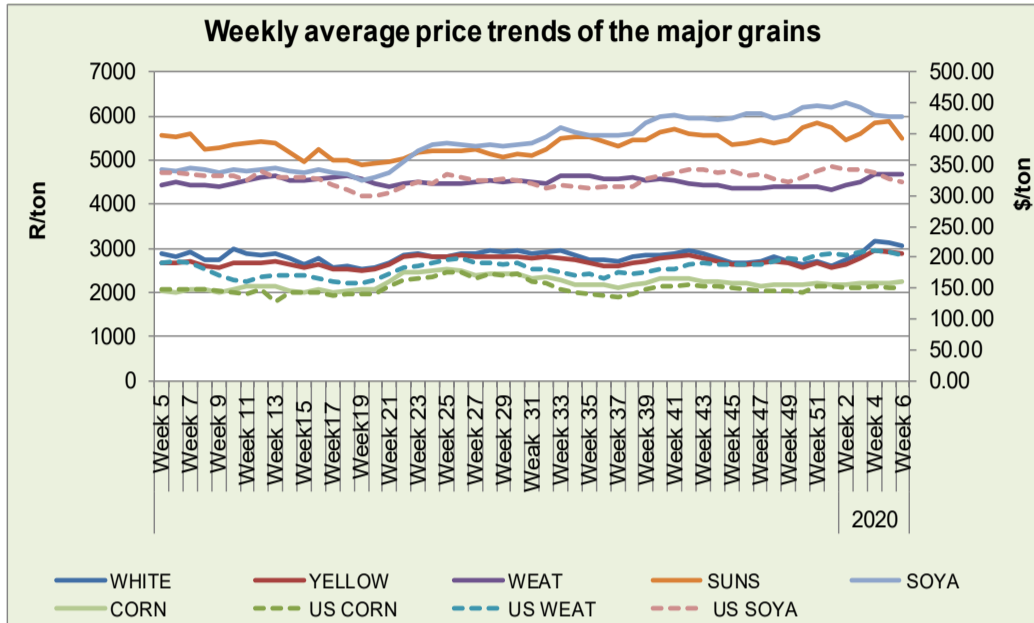
# agriculture, forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA

## Weekly Price Watch: 07 February 2020

Directorate: Statistics & Economic Analysis

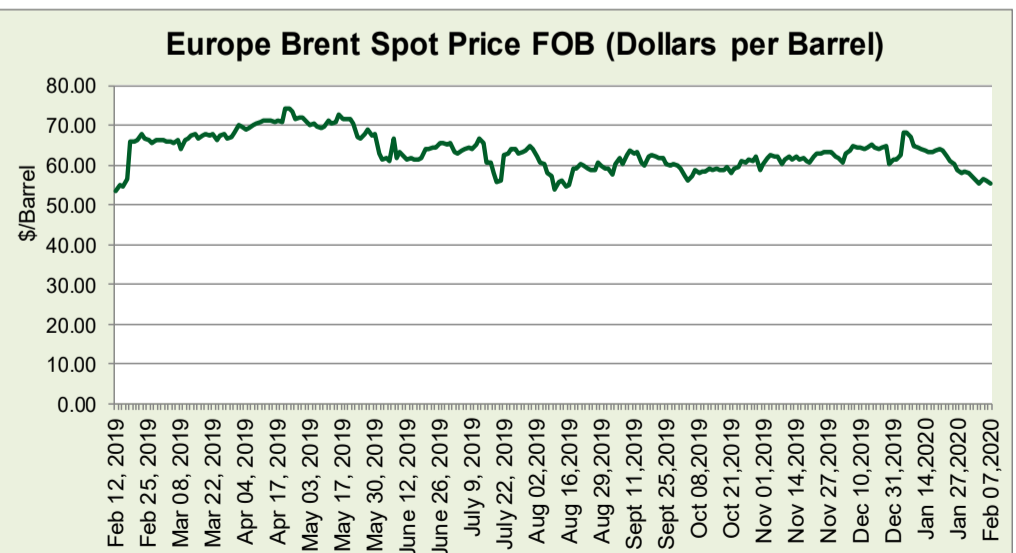
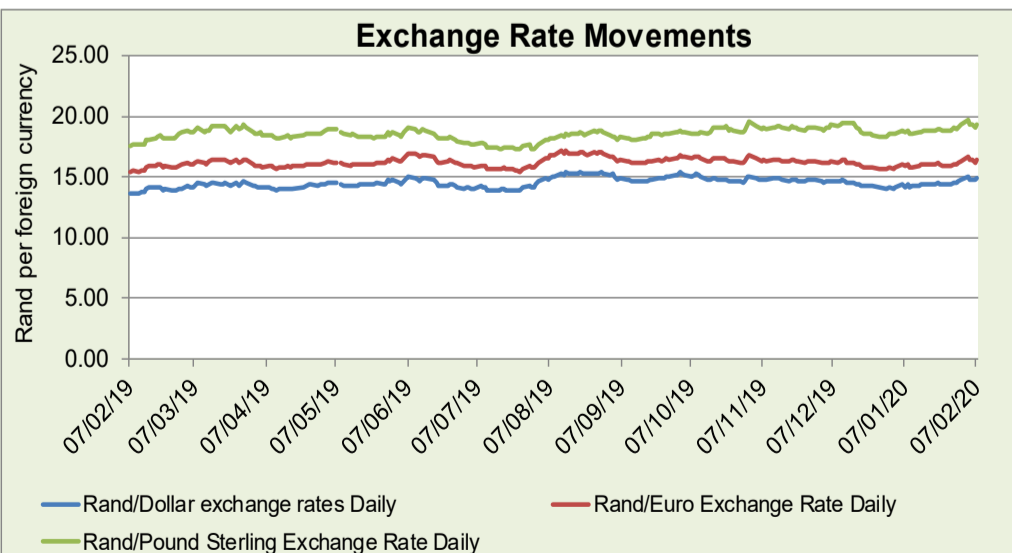
Sub-directorate: Economic Analysis



Domestic maize prices traded lower this week due to a volatile decline over various contracts traded. This is despite rainfall forecasts for the autumn season (Feb-May) that shows signs of a higher probability of below normal rainfall over most parts of the country except the eastern parts of the country, with a forecast of above normal rainfall. Local white and yellow maize prices decreased by 2.4% and 1.3% respectively this week compared to the previous week. Meanwhile, local wheat prices increased by 0.4% this week compared to the previous week, on account of very dry conditions in the main growing areas. Local soybean prices increased by 0.4% this week compared to the previous week, on account of seasonality while sunflower seed prices decreased by 7.0% week-on-week, due to improved general production prospects. Local sweet sorghum price remained unchanged this week compared to the previous week. Internationally, US yellow maize prices and wheat prices decreased by 0.8% and 1.9% respectively this week compared to the previous week, pressured by a stronger US dollar that could limit export prospects. US soybean prices decreased by 1.6% week-on-week, pressured by the fall in US export sales to China, amid concerns about the spread of the deadly coronavirus which is denting demand.

### Spot price trends of major grains commodities

	1 year ago Week 6 (04-02-19 to 08-02-19)	Last week Week 5 (27-01-20 to 31-01-20)	This week Week 6 (03-02-20 to 07-02-20)	w-o-w % change
RSA White Maize per ton	R 2 822.40	R 3 141.40	R 3 006.60	-2.4%
RSA Yellow Maize per ton	R 2 665.80	R 2 910.20	R 2 871.20	-1.3%
USA Yellow Maize per ton	\$ 149.16	\$ 150.98	\$ 149.74	-0.8%
RSA Wheat per ton	R 4 516.60	R 4 676.60	R 4 695.80	0.4%
USA Wheat per ton	\$ 192.26	\$ 208.54	\$ 204.62	-1.9%
RSA Soybeans per ton	R 4 754.40	R 5 977.60	R 6 001.80	0.4%
USA Soybeans per ton	\$ 337.37	\$ 328.00	\$ 322.59	-1.6%
RSA Sunflower seed per ton	R 5 543.80	R 5 895.20	R 5 480.60	-7.0%
RSA Sweet Sorghum per ton	R 3 820.00	R 3 215.00	R 3 215.00	0.0%
Crude oil per barrel	\$ 62.51	\$ 58.07	\$ 55.90	-3.7%



The rand depreciated by 1.7% against the US dollar week-on-week, amid concerns over the economic impact of coronavirus and heightened scrutiny of the President's upcoming State of the Nation address. The rand depreciated by 1.5% against the Pound Sterling week-on-week, with the currency taking its cue from broader trends in currency markets. The rand depreciated by 1.8% against the Euro this week compared to the previous week, driven by market sentiment more than Eurozone data.

Brent crude oil averaged \$55.90 in the reporting week, 3.7% less than \$58.07 reported the previous week, on weak Chinese demand in the wake of the coronavirus outbreak and as traders waited to see if Russia would join other producers in seeking further output cuts. Oil markets are continuing to experience downward pressure from the coronavirus health crisis which has brought China's transport and manufacturing sectors to a standstill.



### National South African Price information (RMAA) : Beef

Week 4 (20/01/2020 to 26/01/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 5 (27/01/2020 to 02/02/2020)	Units	Avg Purchase Price	Avg Selling Price
<b>Beef</b>							
Class A2	10 597	44.73	45.97	Class A2	11 527	45.40	48.47
Class A3	725	44.63	46.25	Class A3	889	45.55	48.26
Class C2	939	39.32	41.02	Class C2	716	39.95	42.02

Units sold for class A2 and A3 beef increased by 8,8% and 22.6% respectively in the reporting week, while units sold for class C2 beef decreased by 23.7% week-on-week. The closure of all auctions in South Africa amid the Foot and Mouth Disease creates uncertainty on the demand for beef. The weekly average purchase prices for class A2, A3 and C2 beef increased by 1.5%, 2.1% and 1,6% respectively in the reporting week compared to the previous week while producers' cash flow remain under severe strain amid the Foot and Mouth Disease. Weekly average selling prices for class A2, A3 and C2 beef prices increased by 5.4%, 4.3% and 2,4% in the reporting week compared to the previous week. The short-term price outlook for beef prices remain positive on tightening supplies ahead of the Easter holidays.

### National South African Price information (RMAA) : Lamb

Week 4 (20/01/2020 to 26/01/2020)	Units	Avg Purchase Price	Avg Selling Price	Week 5 (27/01/2020 to 02/02/2020)	Units	Avg Purchase Price	Avg Selling Price
<b>Lamb</b>							
Class A2	5 074	68.86	71.46	Class A2	6 824	71.80	72.24
Class A3	722	68.61	71.14	Class A3	1 146	72.61	71.55
Class C2	1 370	51.61	53.90	Class C2	1 106	53.63	55.14

Units sold for class A2 and A3 lamb increased by 34.5% and 58.7% respectively in the reporting week while units sold for class C2 lamb decreased by 19.3% week-on-week. Conditions in many areas are showing signs of improvement although drought still persists in some provinces. Furthermore, shrinking production areas continue to limit sheep production. The weekly average purchase prices for class A2, A3 and C2 lamb increased by 4.5%, 5.8% and 3.9% respectively in the reporting week compared to the previous week. During the same period, the weekly average selling prices for class A2, A3 and C2 lamb increased by 1.1%, 0.6% and 2.3% respectively in the reporting week compared to the previous week. Local lamb prices are expected to remain subdued in the short-term due to cheaper protein alternatives and weak consumer demand. However, prices are expected to rebound closer to the Easter holidays.

### National South African Price information (RMAA) : Pork

Week 4 (20/01/2020 to 26/01/2020)	Units	Avg Purchase Price	Week 5 (27/01/2020 to 02/02/2020)	Units	Avg Purchase Price
<b>Pork</b>					
Class BP	8 111	25.49	Class BP	8 608	25.19
Class HO	5 921	24.70	Class HO	6 739	24.07
Class HP	4 365	24.56	Class HP	4 627	24.02

Units sold for class BP, HO and HP pork increased by 6.1%, 13.8% and 6.0% respectively in the reporting week compared to the previous week. During the same period, the weekly average purchase prices for class BP, HO and class HP pork decreased by 1.2%, 2.6% and 2.2% respectively week-on-week. Local pork prices are expected to follow beef and sheep prices according to seasonality. Furthermore, since pork is one of the cheaper protein alternatives available on the shelves, it attracts consumer uptake.

## Latest News Developments

The International Monetary Fund in its consultation report mentioned that South Africa's GDP growth under current policies would likely rise to about 1.4% over the medium term, which according to the IMF is not enough to raise per capita GDP or reduce the rising unemployment rate. The IMF noted the deterioration in SA's fiscal position and urged for the implementation of 'growth-friendly' fiscal consolidation, which according to the IMF, should be accompanied by reforms to lift economic growth and a credible debt anchor as a way to stabilise debt over the medium term. Minister of Mineral Resources and Energy, Minister Gwede Mantashe, announced that the Department of Mineral Resources and Energy is in a process of gazetting changes to the Electricity Regulation Act, which will enable the industry and mines to self-generate electricity and allow municipalities to procure electricity separately from Eskom. The Minister also noted that government wants to expedite the establishment of another state-owned generating business outside Eskom, possibly with some private participation although the regulatory framework still needs to be developed. Meanwhile, Eskom's new CEO announced that Eskom will embark on a rigorous approach to maintenance that will last for about 18 months, raising the risk of more power rationing over the period. The South African Poultry Association (SAPA) applied for increased tariffs on poultry imports coming from the US and Brazil, to counter a flood of shipments sometimes underpriced, resulting in annual losses of R6.5 billion (\$436 million) for the local industry. According to the South African Poultry Association, they have applied for an increase in tariffs on frozen bone-in chicken pieces to 82% from 37% and on frozen boneless chicken cuts to 82% from 12%. Government is yet to decide on the extent of the charges based on recommendations from the International Trade Administration Commission of South Africa, which will likely consider the impact of the entire value chain for agricultural products and possible inflationary effects for consumers. The Minister of Trade and Industry, Ebrahim Patel has agreed to the new levies which will soon be made official. In its weekly dam level status report, the Department of Water and Sanitation (DWS) indicated that according to data, on a week-on-week basis, South Africa's dam levels were broadly stable, rising by a negligible 0.1 percentage points to 62.0% full. Furthermore, comparing this year and last year same time, South Africa's dams were 0.4 percent points lower and this may be attributed to some divergence across the different provinces, with four provinces reporting higher dam levels and the remaining five reporting marginally lower dam levels. The Eastern Cape remained the only province where dam levels were less than 50% full with the latest data showing 49.3%.

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