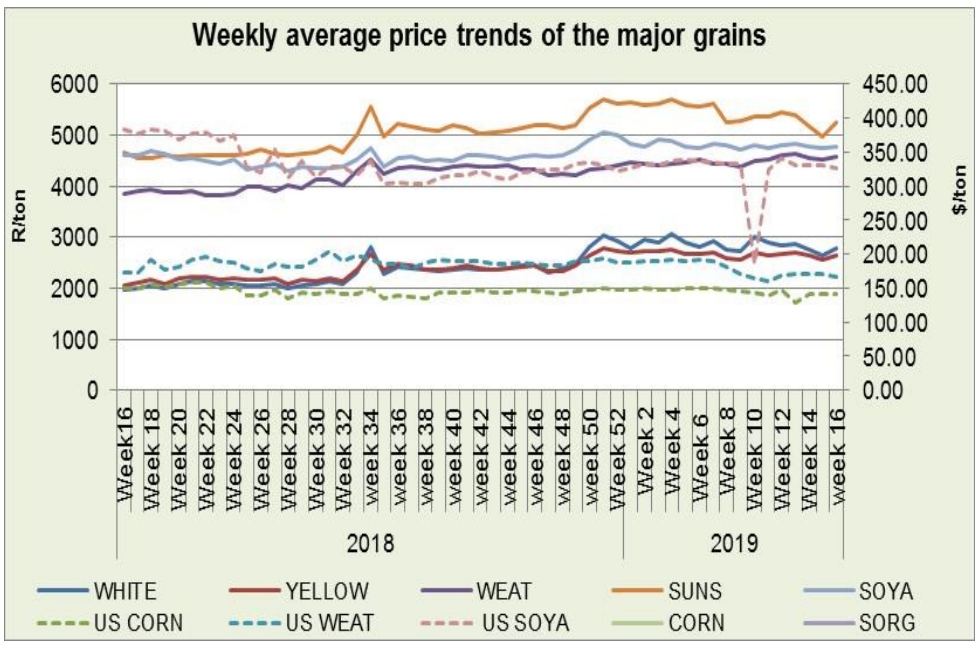
agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 18 April 2019

Directorate: Statistics & Economic Analysis

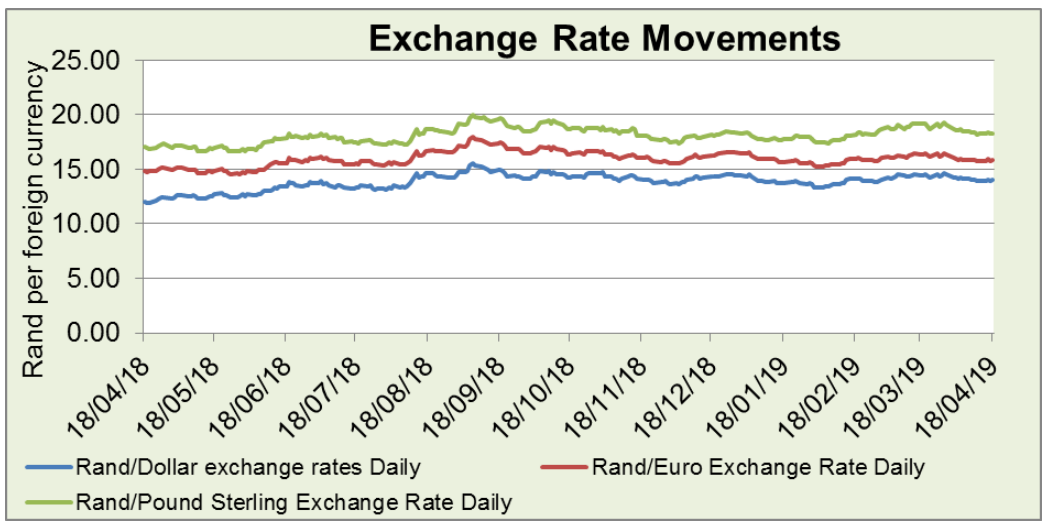
Sub-directorate: Economic Analysis



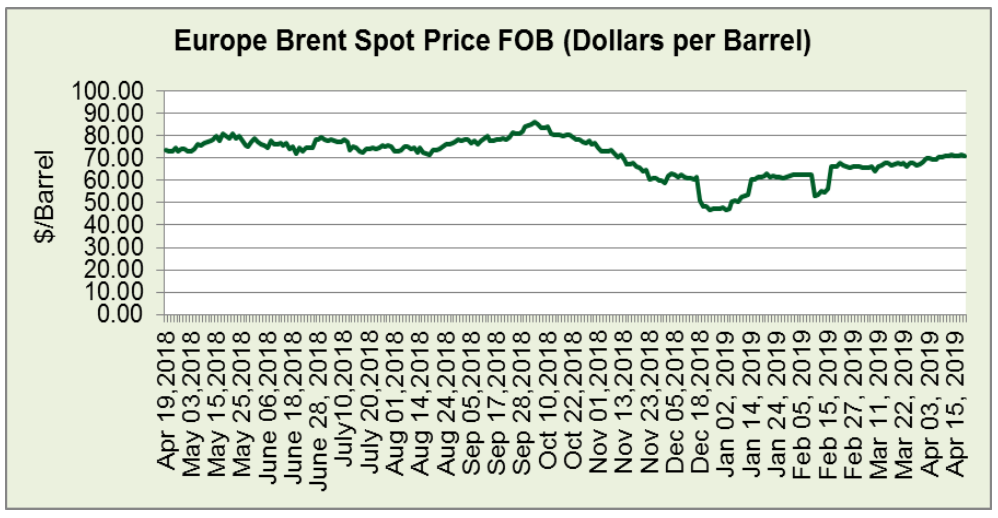
Both domestic and international markets prices for major grains have decreased this week compared to the previous week. The local prices for yellow maize, soybean, sunflower seed and sorghum decreased by 0.25%, 0.12%, 0.11% and 1.7%,respectively while white maize and Wheat increased marginally by 0.28% and 0.1% respectively during the reporting period. South Africa's 2018/19 soybean production as weather conditions have largely been favourable in most soybean-growing areas which placed the potential harvest at 1.3 million tonnes. The recent rains in some sunflower seed growing areas could help reduce the occurrence of frost, but might not have boosted the yields as the crop had already matured. The current expected harvest is down by 35% from the previous season. All international prices for major grains declined this week compared to last week. The prices of maize, wheat and soybean decreased by 0.24%, 1.77% and 0.94% respectively week-on-week.

Spot price trends of major grains commodities

	1 year ago Week 16 (16-04-18 to 20-04-18)	Last week Week 15 (08-04-19 to 12-04-19)	This week Week 16 (15-04-19 to 18-04-19)	w-o-w % change
RSA White Maize per ton	R 1 972.00	R 2 630.00	R 2 637.25	0.28%
RSA Yellow Maize per ton	R 2 066.00	R 2 558.20	R 2 551.75	-0.25%
USA Yellow Maize per ton	$ 150.69	$ 142.04	$ 141.71	-0.24%
RSA Wheat per ton	R 3 834.00	R 4 532.60	R 4 571.25	0.10%
USA Wheat per ton	$ 1782.88	$ 170.00	$ 166.80	-1.77%
RSA Soybeans per ton	R 4 608.00	R 4 736.20	R 4 741.75	-0.12%
USA Soybeans per ton	$ 383.67	$ 330.20	$ 327.10	-0.94%
RSA Sunflower seed per ton	R 4 664.00	R 4 979.40	R 4 985.00	-0.11%
RSA Sorghum per ton	R 3 130.00	R3 544.00	R3 506.00	-1.7%
Crude oil per barrel	$ 71.73	$ 70.76	$ 71.02	0.36%



The domestic currency appreciated against all the major currencies in the reporting week. The rand appreciated by 1% against both the dollar and the Euro and by 2% against the pound sterling when compared to the previous week. The rand is expected to remain volatile ahead of the Elections next month.



The average price of Brent crude oil marginally increased by 0.36% this week compared to the previous week, from $70.76 to $71.02 per barrel. The United States has decided to eliminate in May all waivers granted to eight economies allowing them to buy Iranian oil without facing U.S. sanctions.

National South African Price information (RMAA) : Beef

Week 14 (01/04/2019 to 07/04/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 15 (08/04/2019 to 14/04/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7868	43.45	43.9	Class A2	10115	43.58	44.25
Class A3	958	43.49	40.78	Class A3	1290	43.54	44.16
Class C2	817	37.88	40.55	Class C2	1188	37.7	39.94

Beef weekly average prices were mixed across the different classes however, prices are expected to be strong in the short to medium term due to improved seasonal demand, during Easter holidays. Weekly average purchase prices for class A2 and A3 beef increased marginally by 0.3% and 0.11% respectively in the reporting week, meanwhile average purchase prices for class C2 went down by 0.44%. Weekly average selling prices for class A2 and A3 beef decreased by 0.8% and 8.29% respectively end of week while average selling price for class C2 increased by 1.5%. Unit sales for all classes increased in the reporting week for A2, A3 and C2 by 28.5%, 34.66% and 45.41% respectively.

National South African Price information (RMAA) : Lamb

Week 14 (01/04/2019 to 07/04/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 15 (08/04/2019 to 14/04/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	5815	66.08	69.74	Class A2	6367	63.71	69.03
Class A3	899	65.75	70.46	Class A3	1178	64.18	70.08
Class C2	1257	49.94	53.96	Class C2	921	50.1	53.91

Weekly average selling prices for all classes A2, A3 and C2 lamb decreased by 1.02%, 0.54% and 0.09% respectively. The weekly average purchase price for class A2 and A3 lamb decreased by 3.59% and 2.39% respectively, while class C2 increased by 0.32% week-on-week. Unit sales for class A2 and A3 lamb increased by 9.49% and 31.03% respectively end of week, while class C2 decreased by 26.73% week-on-week. Despite mixed reaction towards mutton demand, it is expected that demand for lamb and mutton could pick up as it is now towards Easter holidays; with tightening domestic supply due to the small flock available.

National South African Price information (RMAA) : Pork

Week 14 (01/04/2019 to 07/04/2019)	Units	Avg Purchase Price	Week 15 (08/04/2019 to 14/04/2019)	Units	Avg Purchase Price
Class BP	7437	21.88	Class BP	9062	21.28
Class HO	4885	20.79	Class HO	7023	20.34
Class HP	3402	20.91	Class HP	6078	20.69

The units sold for all class BP, HO and HP increased by 21.85%, 43.77% and 78.66% respectively compared to the previous week. The average purchasing price for all pork class BP, HO and HP also decreased by 2.74%, 2.16% and 1.05% respectively compared to the previous week. According to seasonal price trends the prices of pork may continue to trade lower to sideways and following the suppressed prices of poultry and beef.

Latest News Developments

On 23 April, the rand posted its biggest decline in almost a month, which together with an oil price that surged to its highest level in 2019 may signal more bad news for SA consumers ahead of May's elections. SA's currency has lost almost 2% since the last trading day before the long weekend, dragged down by disclosure of a R5bn emergency bailout for Eskom after a Chinese loan did not arrive on time. The emergency rescue further highlighted risks posed to the economy by Eskom's financial crisis. The rand had dropped 1.15%, the biggest decline since March 27, to R14.3264/$ by 5.25pm. This made it the worst-performing emerging-market currency tracked by Bloomberg. Since reaching its 2019 best of R13.2349/$ on January 31, it has lost 6% against its US counterpart. It was 0.55% weaker at R18.5057/£, while it had fallen 0.57% to R16.0353/€. The rand's decline was accompanied by a jump of as much as 0.8% in Brent crude oil, which could see motorists hit by another fuel hike, in addition to the 15% increase in 2019 so far. Crude reached its highest level since November after the US decided to end a sanctions waiver on Iranian oil imports. The price rose to $74.57 a barrel as the JSE closed on Tuesday 23 April 2019, compared with $54.11 at the start of the year, as the US said it would demand that India, China, Japan and South Korea stop importing from Iran. A weaker rand worsens the outlook for inflation by pushing up the cost of imported goods priced in dollars, such as oil. The currency's volatility and the potential to push prices higher has been one of the factors leading to the Reserve Bank remaining hawkish on interest rates as it seeks to keep inflation near the middle of its 3%-6% target range. Movements in the currency and international oil prices indicate the petrol price may rise another 56c/l, while diesel is showing a reduction of 5c and illuminating paraffin is down by a cent, in May, according to the Central Energy Fund. That is more bad news for an economy that is struggling to grow and to make a dent in an unemployment rate of more than 27%. Volatility in the rand could rise due to quiet trade, with subdued activity around the public holidays this week and next, said Mercato Financial Services analyst Nico du Plessis.

Interest rates are likely to remain unchanged at next month's meeting of the Monetary Policy Committee of the SA Reserve Bank, according to Sanisha Packirisamy, an economist at Momentum Investments. The MPC will start its three-day meeting on May 21. Reserve Bank governor Lesetja Kganyago is expected to make the repo rate announcement on the afternoon of May 23.The positive downward trajectory in inflation expectations, alongside weaker-than-expected growth, has likely lowered the pressure on the central bank to maintain a tightening bias.

For more information contact: Directorate Statistics & Economic Analysis (SEA) at HeidiP@daff.gov.za or 0123198194

Source: SAFEX, Stats SA, Reuters, Red Meat Abattoir Association, Fnb, Farmer's Weekly and Standard Bank.

Disclaimer: DAFF will not be liable for results of actions based on this price watch.