agriculture,
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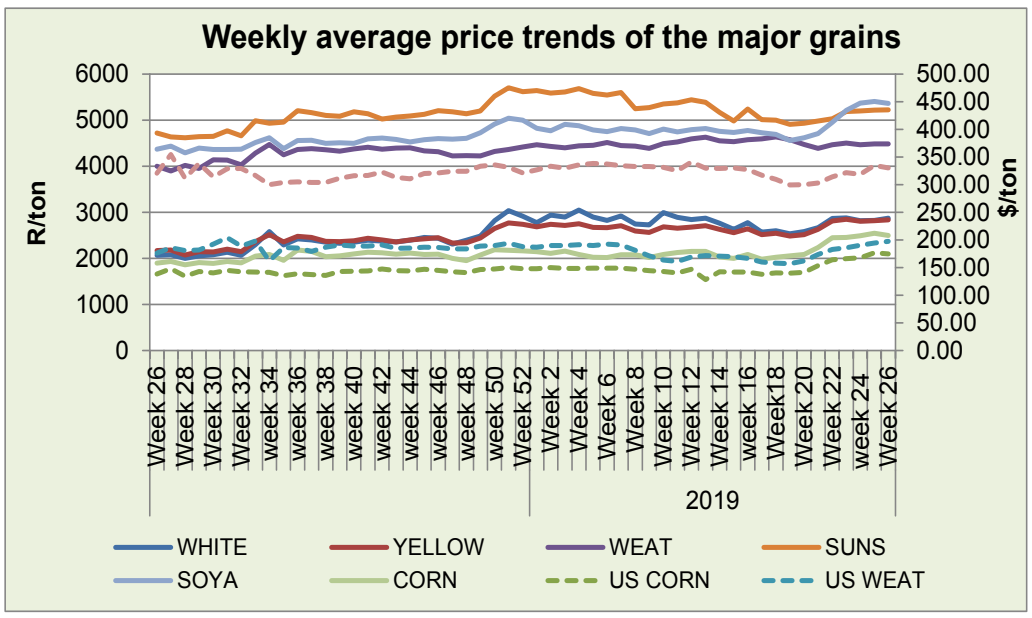
Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 28 June 2019

Directorate: Statistics & Economic Analysis

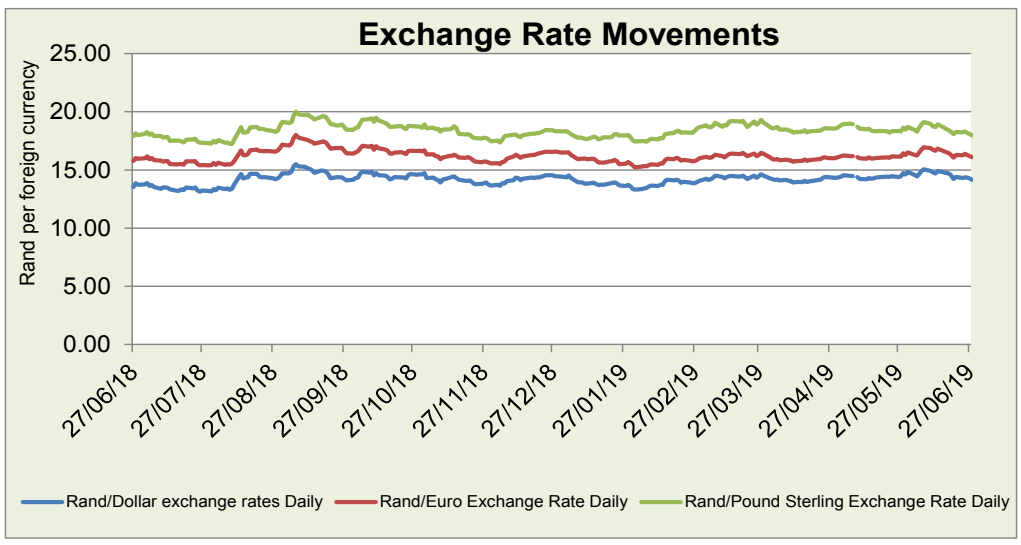
Sub-directorate: Economic Analysis



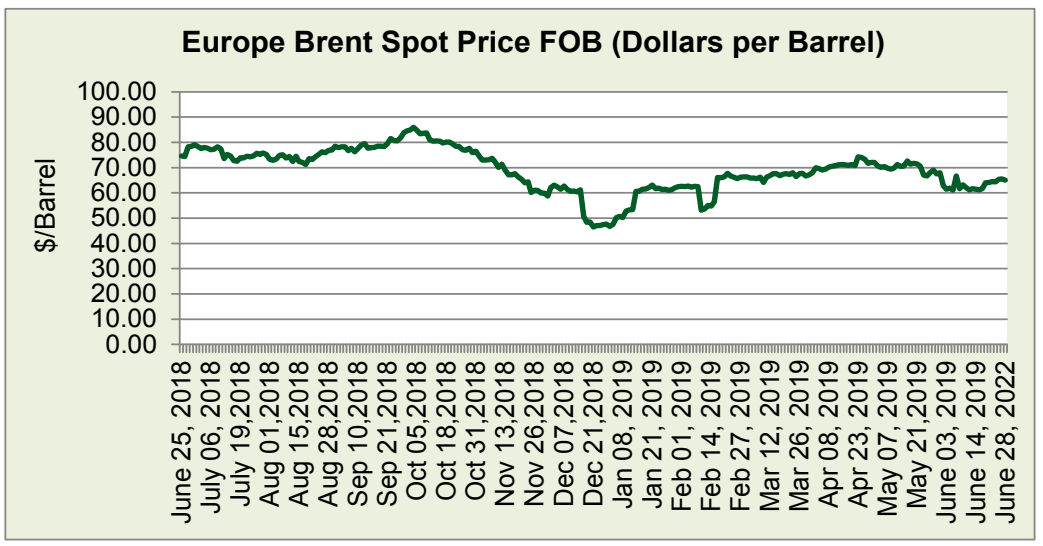
The South Africa's domestic market traded slightly firmer this week compared to the previous week owing to weaker international prices. The domestic market reported an increase in prices in almost all grains prices with exception of soybean price. The domestic prices of white maize and yellow maize increased by 1.7% and 0.8% respectively week-on week. Similarly wheat and sunflower prices also increased by 0.1% each whist the price of soybeans decreased by 0.9% week-on-week. Meanwhile, the South Africa's Crop Estimates Committee left its 2018/2019 maize harvest estimate unchanged from May at 10.9-million tonnes. Of these 10.9 million tons, approximately 5.5-million tonnes is white maize, with 5.4-million tonnes being yellow maize. Internationally, prices traded lower for US corn and US Soybean which decreased by 1.1% and 1.3% respectively, while the price of US wheat increased by 1.6% week-on-week.

Spot price trends of major grains commodities

	1 year ago Week 26 (25-06-18 to 29-06-18)	Last week Week 25 (18-06-19 to 21-06-19)	This week Week 26 (24-06-19 to 28-06-19)	w-o-w % change
RSA White Maize per ton	R 2 063.80	R 2 824.00	R 2 872.00	1.7%
RSA Yellow Maize per ton	R 2 69.20	R 2 815.25	R 2 836.40	0.8%
USA Yellow Maize per ton	$ 138.37	$ 176.69	$ 174.75	-1.1%
RSA Wheat per ton	R 4 000.20	R 4 484.25	R 4 487.60	0.1%
USA Wheat per ton	$ 176.07	$ 194.68	$ 197.72	1.6%
RSA Soybeans per ton	R 4 370.40	R 5 407.25	R 5 361.20	-0.9%
USA Soybeans per ton	$ 320.74	$ 334.79	$ 330.45	-1.3%
RSA Sunflower seed per ton	R 4 720.00	R 5 218.00	R 5 222.60	0.1%
RSA Sorghum per ton	R 3 180.00	-	-	-
Crude oil per barrel	$ 79.96	$ 62.78	$ 64.97	3.4%



The rand continued its gains against the major currencies. On weekly average, the South African rand appreciated by 1.5% against the US dollar, 0.35% against the Euro and 0.79% against the pound sterling. The dollar remains subdued, fuelling the current firmer levels of the rand. Meanwhile, investors are focused on the meeting between the US and Chinese leaders for any progress on defusing the trade war.



Brent crude oil averaged $64.95/barrel in the reporting week which is 3.4% higher than $62.78/barrel reported in the previous week. Meanwhile, Russia is cutting its oil output in June by slightly more than envisaged in a deal between OPEC and non-OPEC oil exporters (Russian Energy Minister). Russian daily output now stood at 228,000 barrels, in line with the deal, but production had been below the required level at the beginning of the month.

National South African Price information (RMAA) : Beef

Week 24 (10/06/2019 to 16/06/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 25 (17/06/2019 to 23/06/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 360	44.74	45.40	Class A2	7 196	44.63	44.63
Class A3	1 024	44.89	45.38	Class A3	1 172	44.76	45.66
Class C2	1 387	37.24	39.63	Class C2	1 077	36.61	39.78

The units sold for beef class A2 and C2 decreased by 2.2% and 22.4% respectively while units sold for beef class A3 increased by 14.5% when compared to the previous week. Weekly average purchase price for class A2, A3 and C2 decreased by 0.2%, 0.3% and 1.7% respectively week-on-week. The average selling price for beef class A3 and C2 increased by 0.6% and 0.4% respectively, whilst class A2 decreased by 1.7% when compared to previous week.

National South African Price information (RMAA) : Lamb

Week 24 (10/06/2019 to 16/06/2019)	Units	Avg Purchase Price	Avg Selling Price	Week 25 (17/06/2019 to 23/06/2019)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 238	61.46	70.71	Class A2	7 830	70.32	71.05
Class A3	1 058	67.59	70.58	Class A3	1 390	69.55	70.62
Class C2	666	46.46	50.16	Class C2	668	48.82	50.69

Lamb class A3 was the most preferred meat this week amongst classes of meat. The units sold for lamb class A3 increased significantly by 31.4% week-on-week. Even though, the units sold for lamb class C2 have also increased, the units sold increased by a negligible 0.3% while units sold for lamb class A2 decreased by 5% week-on-week. The average purchase price for lamb class A2, A3 and C2 increased by 14.4%, 2.9% and 5.1% respectively when compared to the previous week. The average selling price for lamb class A2, A3 and C2 increased by 0.5%, 0.1% and 1.1% respectively week-on- week.

National South African Price information (RMAA) : Pork

Week 24 (10/06/2019 to 16/06/2019)	Units	Avg Purchase Price	Week 25 (17/06/2019 to 23/06/2019)	Units	Avg Purchase Price
Class BP	6 724	24.45	Class BP	7 029	25.99
Class HO	6 299	24.27	Class HO	6 188	25.54
Class HP	4 360	23.43	Class HP	4 520	24.97

The units sold for class BP and HP increased by 4.5% and 3.7% respectively while pork class HO decreased by 1.8% week-on-week. Average purchase price for pork class BP, HO and HP increased by 6.3%, 5.2% and 6.6% respectively when compared to previous week.

Latest News Developments

The President of South African has set aside approximately R4bn from government to assist black commercial farmers over the medium term period. The fund which will be administered by Land Bank is aimed at expanding the agriculture and agro-processing sector by supporting key value chains and products; and also develop new markets and reduce reliance on agricultural imports. According to the President, South Africa must be a country that can feed itself and harnesses the latest advances in smart agriculture. AgriSA welcomed the President's gesture and welcome the funding as good news to the agricultural sector at large. However, he is of the view that Land Bank should have been restructured to support black commercial farmers. He indicated that the bank has played a huge role in developing white commercial farmers in the past.

South Africa's disappointing growth figures in the first quarter of 2019 failed to put a dent on the unemployment rate. Latest employment figures for the first quarter of 2019 reveals that the country's unemployment is estimated at 27.6% an increase of 0.5% from the fourth quarter of 2018. To put salt to the wound, South African business are cutting over time and part time jobs due to dismal growth in many industries. Part-time employment, dropped by 4.9% in the first quarter year-on-year, data from Stats SA's quarterly employment survey showed. Gross earnings fell 5.9% quarter-on-quarter, as employers continued to slash bonuses and overtime for their staff. The Bloomberg consensus had been for employment to rise 0.2% quarter-on-quarter, and 0.5% year-on-year. The construction sector led the losses, with employment falling by 23,000 year-on-year, or 3.6%. This was followed by the electricity sector, which shed 2,000 jobs, a 3.2% decline. According to Investec Economist Lara Hodes, the domestic labour market conditions continue to remain sluggish, with weak economic growth prospects weighing on consumer and business confidence.

South African motorist will have some financial relieve at the pump during the month of July. unaudited month-end fuel price data released by the Central Energy Fund indicates that fuel price will be less 86 cent per litre, which will reduce the inland price of unleaded 95 Octane from R16.76 per litre to R15.90 per litre. The price of Illumination paraffin and diesel is expected to be 58 cent and 68 cent less respectively when compared to the previous month. Amongst others. lower international oil price throughout the month of June contributed to the decrease in fuel prices.

For more information contact: Directorate Statistics & Economic Analysis (SEA) at PresentG@daff.gov.za or 0123198288.

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.