



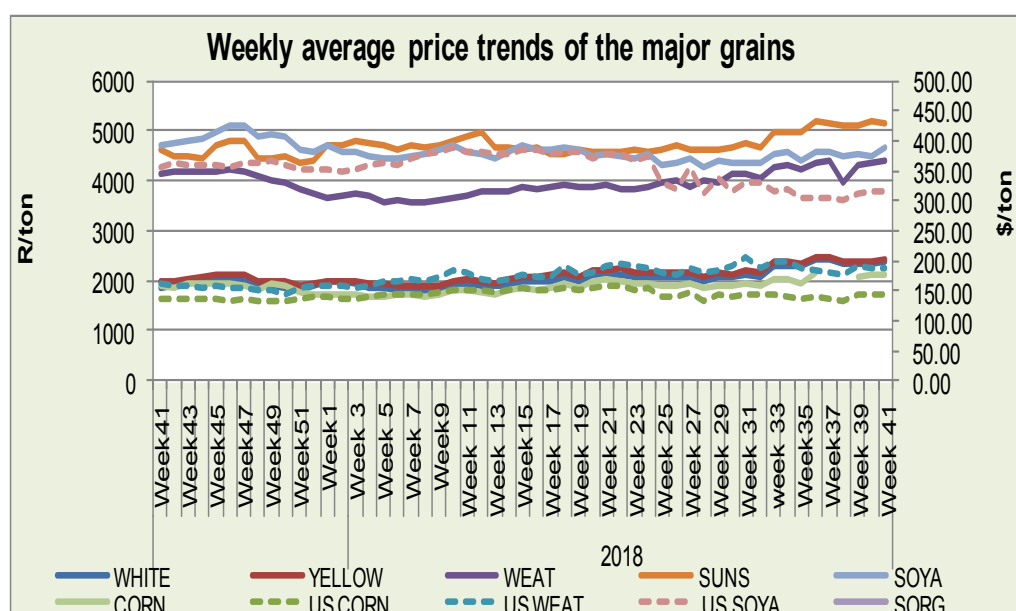
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 12 October 2018

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

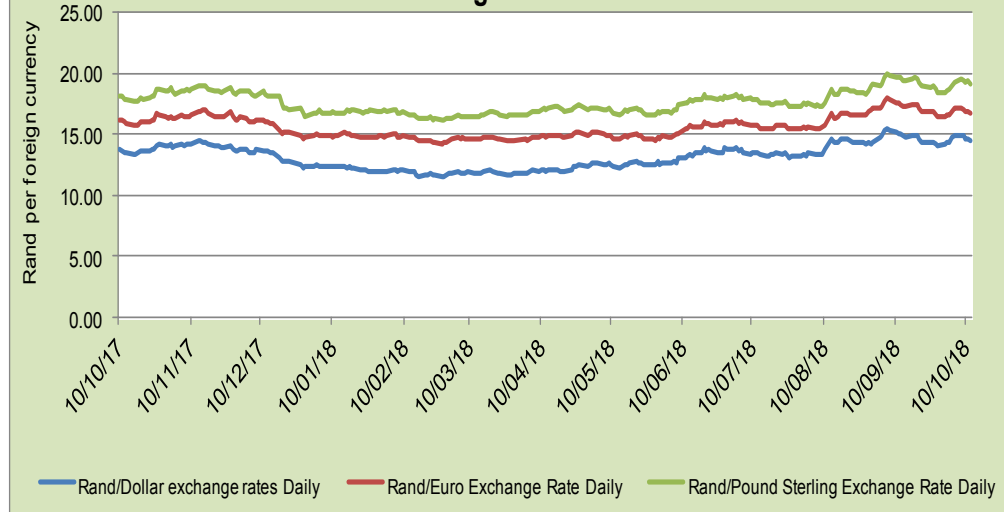


The domestic prices of most major grain commodities have strengthened for two consecutive weeks. The domestic prices for white maize, yellow maize, wheat, soybeans and sorghum increased by 2.0%, 2.2%, 0.8% 3.4% and 0.3% respectively compared to the previous week. On the other hand the domestic price for sunflower declined by 0.8%. Local prices were pressured by stronger rand, The market will focus on weather now as summer growing areas planting season is commencing. The international prices for maize and soybean increased by 0.5% and 0.2% respectively, whilst the international price of wheat decline by 0.6% this week compared to the previous week. US maize prices traded higher week on week, EU production is expected to decline especially in Germany and France. World wheat production is estimated lower in 2018/19 due to lower EU production. Continued dry weather conditions in several European countries resulted in crop losses.

Spot price trends of major grains commodities

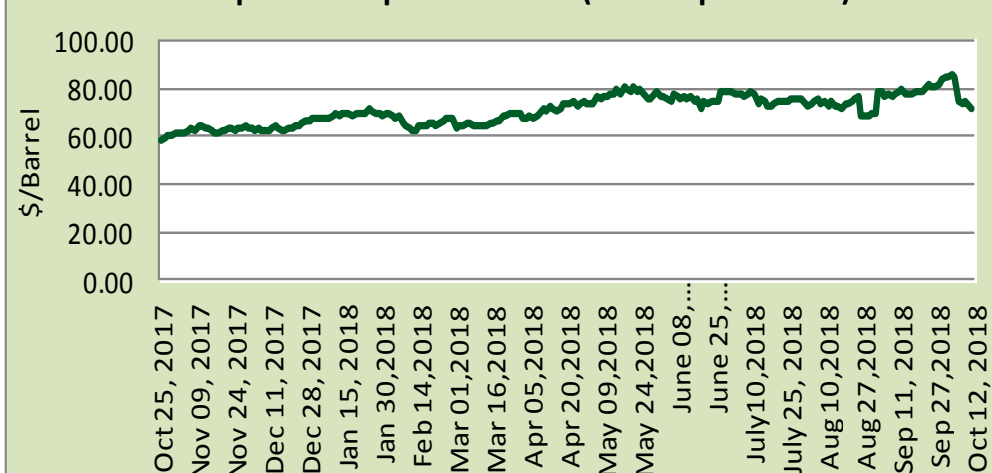
	1 year ago Week 41 (02-10-17 to 06-10-17)	Last week Week 40 (01-10-18 to 05-10-18)	This week Week 41 (08-10-18 to 12-10-18)	w-o-w % change
RSA White Maize per ton	R 1 865.20	R 2 349.80	R 2 396.60	2.0%
RSA Yellow Maize per ton	R 1 965.66	R 2 382.49	R 2 435.20	2.2%
USA Yellow Maize per ton	\$ 137.05	\$ 143.40	\$ 144.15	0.5%
RSA Wheat per ton	R 4 146.20	R 4 377.00	R 4 414.00	0.8%
USA Wheat per ton	\$ 160.27	\$ 188.92	\$ 187.74	-0.6%
RSA Soybeans per ton	R 4 702.70	R 4 494.40	R 4 646.40	3.4%
USA Soybeans per ton	\$ 355.32	\$ 316.28	\$ 316.88	0.2%
RSA Sunflower seed per ton	R 4 624.56	R 5 182.20	R 5 140.80	-0.8%
RSA Sorghum per ton	R 2 552.00	R 3 600.00	R 3 610.00	0.3%
Crude oil per barrel	\$ 56.47	\$ 84.81	\$ 73.17	13.7%

Exchange Rate Movements



The rand opened trade on Wednesday morning on the front foot after gaining 40 cents to the dollar after Tito Mboweni was named Finance Minister on Tuesday afternoon. However, the rand depreciated against major currencies, by 1.7% against the dollar, by 1.5% against the Euro and by 2.8% against the Sterling Pound compared to the previous week.

Europe Brent Spot Price FOB (Dollars per Barrel)



The Brent crude oil averaged at 73.17 this week compared to last week. Oil pared weekly losses as investor focus shifted from broader market turmoil spurred by a plunge in US equities and return to looming shortages from Iran's dwindling exports. Oil retreated after reaching a four year high earlier this month. Uncertainties still remain over production disruptions in Iran and supply shortage is looming in the market but once negative sentiments ease oil will recover.



National South African Price information (RMAA) : Beef

Week 39 (2018/09/24 To 2018/09/30)	Units	Avg Purchase Price	Avg Selling Price	Week 40(2018/10/01 To 2018/10/07)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 940	45.65	46.07	Class A2	9 091	45.66	46.25
Class A3	982	45.70	46.23	Class A3	1303	45.76	46.24
Class C2	1 430	39.70	39.95	Class C2	1 786	39.91	40.84

The units sold for all the classes of Beef increased by notable amounts this week as compared to the previous week. The units sold for Beef class A2, A3 and C2 increased by 1.7%, 32.7% and 24.9% respectively week on week. The average purchase price of Beef class A3 and C2 increased by 0.1%, and 0.5% respectively compared to the previous week. On the other hand the average selling price of Beef class A2 and C2 increased by 0.4% and 2.2% respectively week on week. Prices are expected to follow an upward trend due to improvement in demand during the warmer months.

National South African Price information (RMAA) : Lamb

Week 39 (2018/09/24 To 2018/09/30)	Units	Avg Purchase Price	Avg Selling Price	Week 40 (2018/10/01 To 2018/10/07)	Units	Avg Purchase Price	Avg Selling Price
Class A2	8 498	76.75	73.97	Class A2	6 366	76.44	73.85
Class A3	1 297	76.99	73.31	Class A3	1 424	76.31	73.07
Class C2	603	58.85	61.31	Class C2	679	62.38	62.29

Compared to the previous week the units sold for Lamb class A2 declined significantly by 25.1% , whilst the units sold for Lamb class A3 and C2 increased by 9.8% and 12.6% respectively week on week. The average purchase price of Lamb class A2 and A3 decreased by 0.4% and 0.9% respectively week on week, whilst the average purchase price for Lamb class C2 increased by 6.0% this week compared to the previous week. Meanwhile the average selling price of Lamb class A2 and A3 decreased by 0.2% and 0.3% respectively, whilst the average selling price for Lamb class C2 increased by 1.6% compared to the previous week. Prices remain under pressure due to subdued demand during mid-month.

National South African Price information (RMAA) : Pork

Week 39 (2018/09/24 To 2018/09/30)	Units	Avg Purchase Price	Week 40 (2018/10/01 To 2018/10/07)	Units	Avg Purchase Price
Class BP	6 279	24.71	Class BP	7 760	24.92
Class HO	5 395	23.99	Class HO	5 758	24.13
Class HP	3 438	24	Class HP	3 596	24.28

The unit sold for pork class BP, class HO and class HP increased by 23.6% 6.7% and 4.6% this week compared to the previous week . The average purchase price for all the classes of Pork increased this week as compared to the previous week. The average purchase price for Pork class BP, HO and HP increased by 0.8%, 0.6% and 1.2% respectively in this reporting week compared to the previous week. The pork industry may benefit from the underlying support from the higher red meat prices and increased demand as warmer temperatures encourages outdoor braai. The lower product prices are expected to continue to support sales and therefore add support to pork prices.

Latest News Developments

The rand held gains made ahead of President Cyril Ramaphosa's announcement on Tuesday afternoon that former Reserve Bank Governor Tito Mboweni would be the new Finance Minister. Mboweni replaced Nhlanhla Nene with immediate effect. Amongst agriculture role players, including Agbiz CEO, Dr John Purchase, and agricultural economist Prof Johan Willemse, described Mboweni as someone with a good grasp of the economy and global money markets. Agri SA's head of economics and trade, Dr Requier Wait, said the organisation believed that Mboweni had the necessary experience. The South African Agricultural Machinery Association (SAAMA) recently reported that September 2018 tractor sales of 612 units were 25,7% up on the figure for August (487 units) and 7,2% up on the 571 units sold during September last year. This brought 2018's year-to-date tractor sales to 5 036 units, which is 6,7% greater than the 4 718 tractors sold over the corresponding period of 2017. SAAMA chairperson Greg Cadman attributed September's strong sales to many farmers looking ahead to the 2018/19 summer cropping season. Summer crop planting had now begun in South Africa's eastern and central regions, while planting in the western region was likely to start in November. Cadman said that September's tractor sales had also been boosted by farmers taking advantage of lower-priced stock currently available in South Africa rather than waiting for higher-priced stock still to be imported. The Western Cape is set to receive R974 million from National Treasury and the National Disaster Management Centre for disaster recovery programmes and projects. According to Anton Bredell, Minister of Local Government, Environmental Affairs and Development Planning in the Western Cape, the bulk of the funding had been allocated to drought alleviation and combating programmes across the province. Included in the allocations is R170 million for the provincial department of agriculture to supply livestock feed to farmers. According to Carl Opperman, head of Agri Wes-Cape, despite receiving some good winter rain, parts of the province still remained in dire straits.

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, Agbiz, Absa, Fnb, Standard bank.

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