



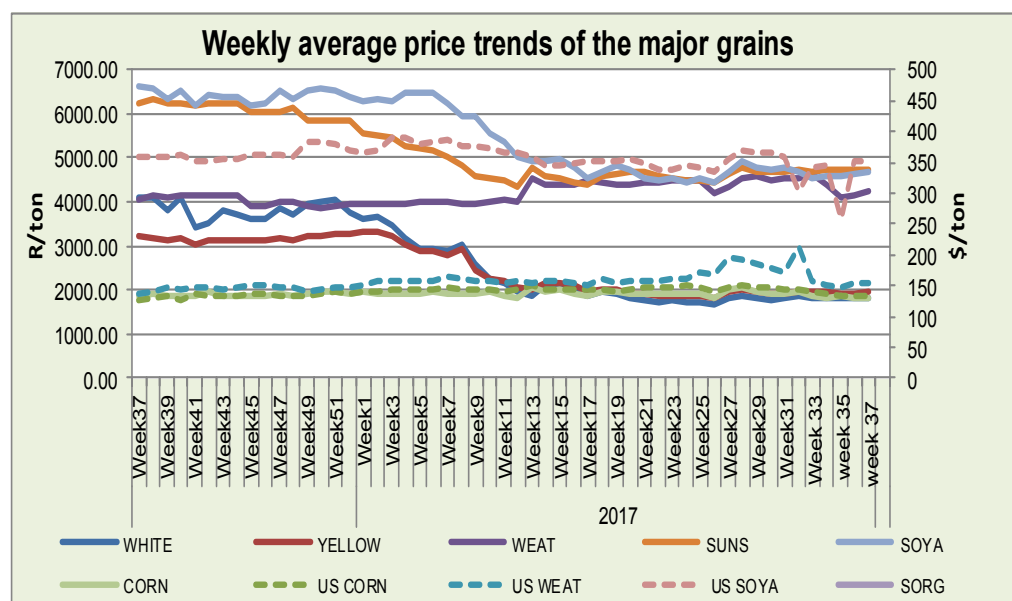
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 15 September 2017

Directorate: Statistics & Economic Analysis

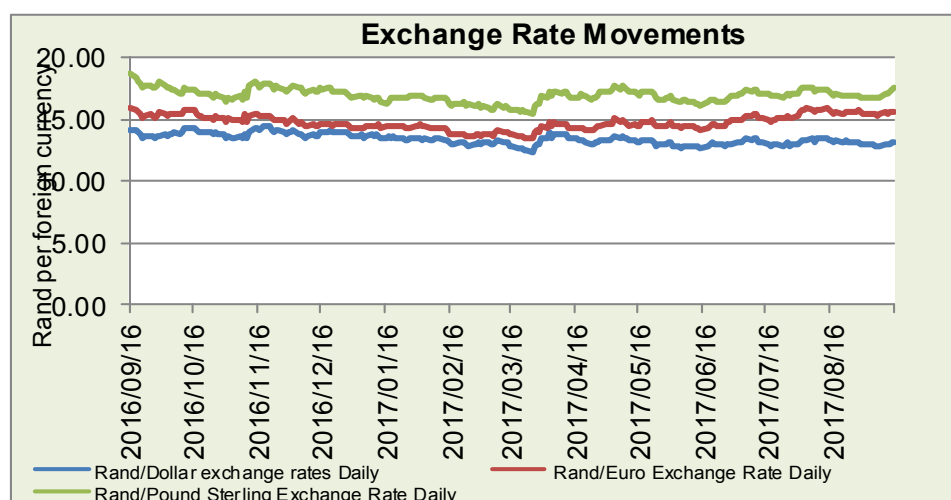
Sub-directorate: Economic Analysis



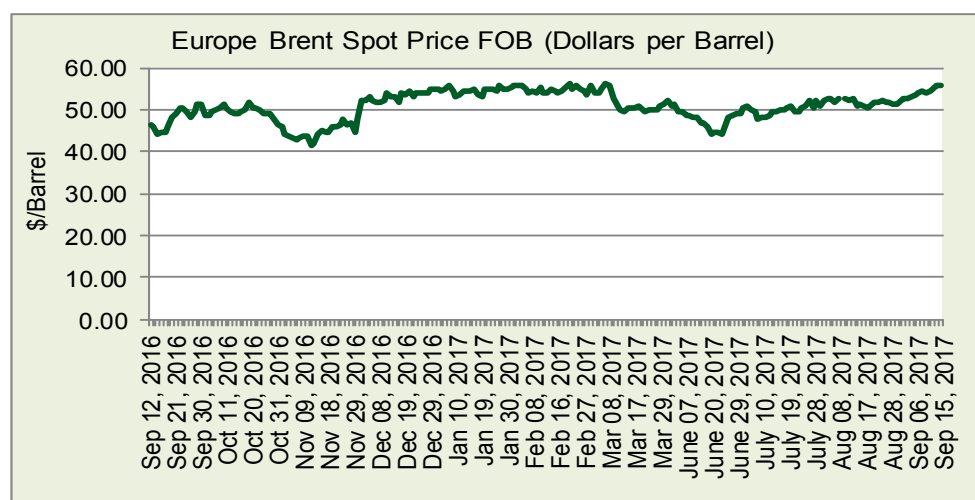
The price of local maize, both white and yellow increased this week compared to the previous week with an average spot price of 1.9% and 1.7% respectively. The overall domestic wheat average spot price increased by 2% as compared to the previous week. Amongst other reason, the 16% drop in the expected winter wheat crop is as the results of persistent dryness in weather condition in some parts of the Western Cape province which is the main producer of wheat. This week the local soy bean market was much more favourable with an increase of 0.3% on the average spot price as compared to the previous week. The domestic sunflower seed market has gained ground this week with an average weekly spot price increase of 0.7% as compared to the previous week. The increase in the prices of domestic grains market was largely supported by the relatively weaker domestic currency and commercial buying. Internationally, US maize, wheat average spot prices decreases by 0.2% and 0.6% respectively while US soya increased by 0.1% as compared to the previous week. The average price of SA sorghum decreased substantially by 3.2% compared to the previous week.

Spot price trends of major grains commodities

	1 year ago Week 36 (29-08-16 to 02-09-16)	This week Week 36 (04-09-17 to 08-09-17)	This week Week 37 (11-09-17 to 15-09-17)	w-o-w % change
RSA White Maize per ton	R 4082.60	R 1 805.80	R 1 840.80	1.9%
RSA Yellow Maize per ton	R 3207.00	R 1 926	R 1 957.80	1.7%
USA Yellow Maize per ton	\$ 125.77	\$ 134.86	\$ 134.61	-0.2%
RSA Wheat per ton	R 4029.80	R 4 163.60	R 4 247	2.0%
USA Wheat per ton	\$ 137.39	\$ 154.78	\$ 153.88	-0.6%
RSA Soybeans per ton	R 6627.80	R 4 647.60	R 4 662.60	0.3%
USA Soybeans per ton	\$ 359.68	\$ 350.68	\$ 350.93	0.1%
RSA Sunflower seed per ton	R 6256.40	R 4 714.80	R 4 749.60	0.7%
RSA Sorghum per ton	R 3400.00	R 2 862	R 2 770	-3.2%
Crude oil per barrel		\$ 53.59	\$ 54.94	2.5%



The Rand depreciated against the US Dollar, Euro and pound sterling, by 1.2%, 1.2% and 3% respectively, this week compared to last week. after the US consumer price index (CPI) came in better than expected. "US CPI came out at 0.4% month-on-month and 1.9% year-on-year, which beats expectations of 1.80%.



The price of oil increased by 2.5 % this week as compared to last week, the increase was as a result amongst other things, the International Energy Agency raised its 2017 global oil demand growth estimate by 7% from the previous figure to 1.6 million barrels per day due to stronger demand in the US and the EU region. Additionally Saudi Arabia and Venezuela recently discussed a possible extension of output cuts beyond the March 2018 expiry date.



National South African Price information (RMAA) : Beef

Week 35				Week 36			
(28/08/2017 to 03/09/2017)	Units	Avg Purchase Price	Avg Selling Price	(04/09/2017 to 10/09/2017)	Units	Avg Purchase Price	Avg Selling Price
Class A2	11603	46.95	45.20	Class A2	8824	46.75	47.11
Class A3	1201	47.01	56.22	Class A3	876	46.53	47.01
Class C2	1610	41.32	40.91	Class C2	1417	41.64	41.39

The unit sold for all classes of beef A2, A3 and C2 decreased this week by 24%, 27.1% and 12% respectively. The average beef purchase price for class A2 and A3 decreased by 0.4%, and 1% whilst class C2 average beef purchase prices increased by 0.8% compared to the previous week. The average selling prices for all classes of beef A2, A3 and C2 increased by 4.2%, 1.7% and 1.1% respectively.

National South African Price information (RMAA) : Lamb

Week 35				Week 36			
(28/08/2017 to 03/09/2017)	Units	Avg Purchase Price	Avg Selling Price	(04/09/2017 to 10/09/2017)	Units	Avg Purchase Price	Avg Selling Price
Class A2	11067	79.33	74.52	Class A2	10011	78.75	75.16
Class A3	1544	79.72	73.45	Class A3	1334	78.58	72.82
Class C2	1951	61.52	62.08	Class C2	1085	61.13	62.55

All units of lamb sold for all classes of meat A2, A3 and C2 decreased this week as compared to the previous week by 9.5%, 13.6% and 44.4% respectively. The average purchase price of class A2 and A3 decreased by 0.7% and 1.4% respectively, whilst the average purchase price for class C2 increased by 1% compared to last week. The average selling prices for class A2, and C2 increased this week as compared to the previous week by 0.9% and 0.8% respectively, on the other hand the average selling price for class A3 decreased by 0.9% this week as compared to the previous week.

National South African Price information (RMAA) : Pork

Week 35			Week 36		
(28/08/2017 to 03/09/2017)	Units	Avg Purchase Price	(04/09/2017 to 10/09/2017)	Units	Avg Purchase Price
Class BP	5 387	26.85	Class BP	6291	27.59
Class HO	5 635	26.68	Class HO	6103	26.87
Class HP	3 983	26.48	Class HP	4536	26.12

The units of pork sold for class BP, HO, and HP increased this week by 13.6%, 52.8% and 71.4%, respectively as compared to the previous week. The average purchase prices for class BP and HO increased by 2.1% and 1.2% respectively as compared to the previous week, on the other hand the purchasing price for class HP decreased this week by 0.3% as compared to the previous week.

Latest News Developments

South Africa and Nigeria, managed to climb out of recession. However, their recovery is seen as fragile. This was highlighted in South Africa this week as the SA Chamber of Commerce and Industry Business Confidence Index fell to its lowest level since 1985. Political uncertainty, high unemployment, poverty levels are inhibitors on the South African economy's growth potential. Views on the latest gross domestic product figures, Nomura emerging markets economist Peter Attard Montalto said that although growth targets have been revised, they remain low. A slow recovery to low potential growth remains the theme," Nomura revised its yearly growth forecast for South Africa from 0.2% to 0.6%. Growth for 2018 was revised from 0.7% to 0.9%, and its 2019 projection remains at 1.2%. There is still a long tail from the impact of political and regulatory uncertainty on the economy and a prolonged one, if more narrowly targeted impact of Cabinet reshuffles particularly on private sector investment,"

According to Global Agricultural Information Network (GAIN, 2017), A new South African wheat import tariff of R379.34 per ton was published in week 36. The new tariff is 60 percent lower than the previous tariff of R947.20 per ton and the lowest level since February 2015. The new wheat import tariff was announced in the midst of an expected 16% drop in the 2017/18 MY wheat crop to 1.6 million tons. As a result, the decrease in the wheat import tariff did not impact the domestic wheat price significantly. However, it is important to note that there is usually a long lag between the trigger of a new level of protection and its implementation.

The Western Cape Province, where more than 60% of South Africa's wheat is planted, is currently experiencing a major drought. The weather remains the primary focus in the domestic wheat market as the current wheat crop approaches the pollination stage of development which requires high moisture. Unfortunately, the outlook for rain in the Western Cape is bleak as the South African Weather Service indicated that the south-western parts of the country could remain fairly dry over the foreseeable future.

The department of energy announced on the 13th of September 2017, the price of petrol increase by 67 cents a litre whilst a price of diesel increased by 44 cents a litre. A month-end price hike of up to 35 cents a litre for petrol, 33 cents for diesel, and 29 cents for illuminating paraffin was predicted.

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