



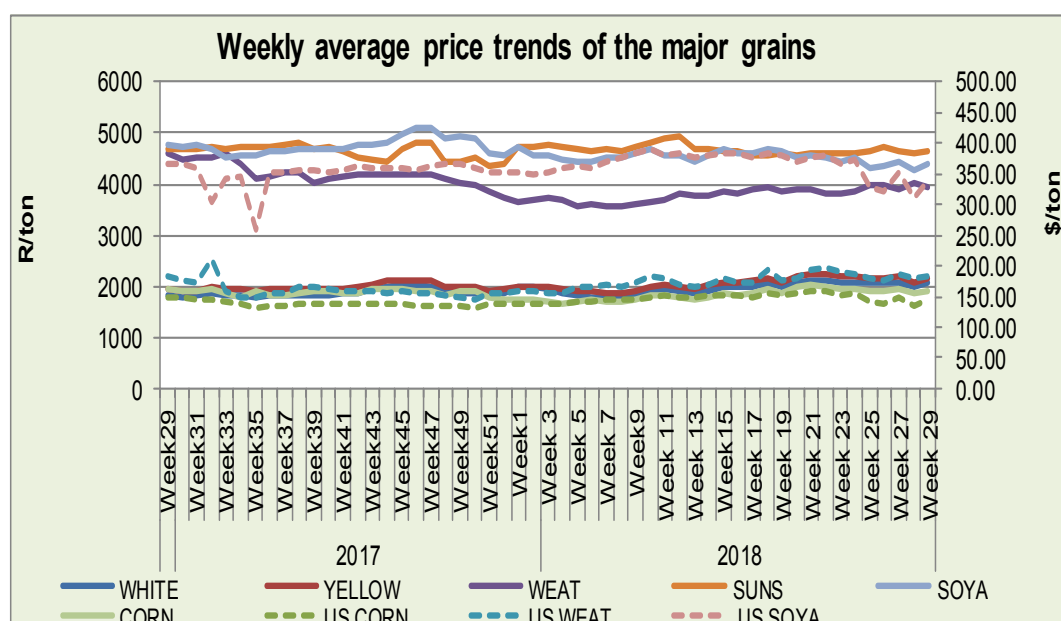
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 20 July 2018

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

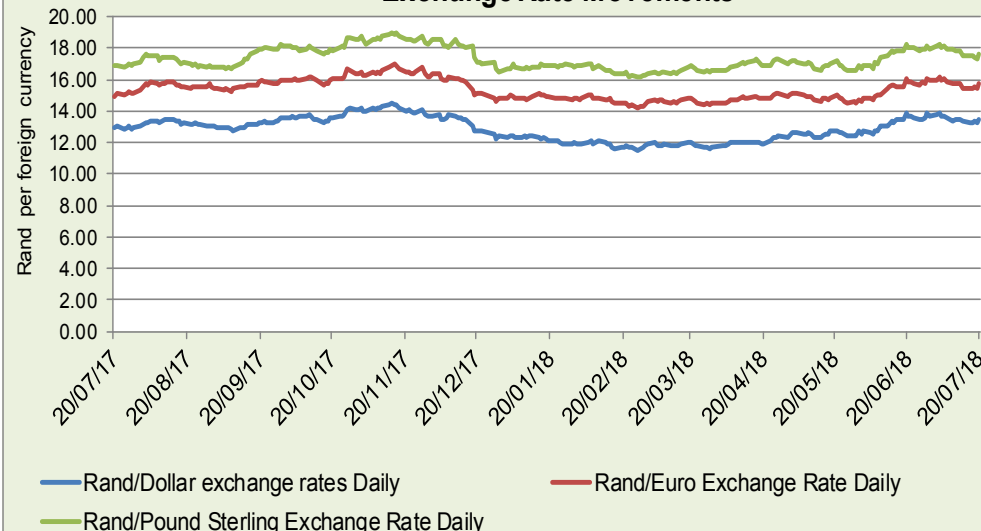


Local white maize and wheat prices strengthened by 0.6% and 1.1% respectively this week, supported by the higher Chicago maize and wheat prices. More maize is expected to be delivered in the coming weeks as cool and drier weather conditions are conducive to the harvesting process. Local yellow maize prices remained relatively stable this week compared to the previous week while sorghum prices increased by 1.9% this week with some positive energy rekindling in the South African Sorghum industry. Local soybean and sunflower seed prices decreased by 1.6% and 2.6% respectively, this week compared to the previous week, with the weather remaining the key focus as it could still influence harvest activity and international trade issues continue to influence direction. Internationally, US yellow maize and wheat prices increased by 0.7% and 0.2% respectively this week compared to the previous week, on strong export demand for US maize and concerns about poor weather conditions reducing harvests in Europe and the Black Sea region. US soybean prices decreased by 1.6% this week compared to the previous week amid the strengthening of US dollar.

Spot price trends of major grains commodities

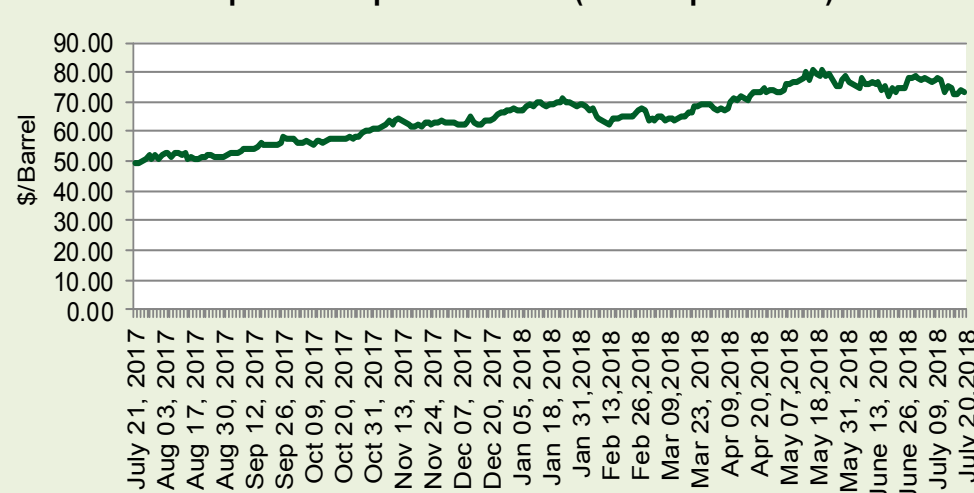
	1 year ago Week 29 (17-07-17 to 21-07-17)	Last week Week 28 (09-07-18 to 13-07-18)	This week Week 29 (16-07-18 to 20-07-18)	w-o-w % change
RSA White Maize per ton	R 1 827.36	R 1 998.00	R 2 010.60	0.6%
RSA Yellow Maize per ton	R 1 942.63	R 2 073.60	R 2 073.60	0.0%
USA Yellow Maize per ton	\$ 148.86	\$ 134.20	\$ 135.14	0.7%
RSA Wheat per ton	R 4 607.94	R 4 021.40	R 4 064.80	1.1%
USA Wheat per ton	\$ 184.66	\$ 180.90	\$ 181.22	0.2%
RSA Soybeans per ton	R 4 765.64	R 4 289.20	R 4 219.20	-1.6%
USA Soybeans per ton	\$ 365.40	\$ 311.39	\$ 306.51	-1.6%
RSA Sunflower seed per ton	R 4 680.00	R 4 617.60	R 4 496.20	-2.6%
RSA Sorghum per ton	R 2 612.00	R 3 222.00	R 3 280.00	1.9%
Crude oil per barrel	\$ 50.17	\$ 76.34	\$ 73.53	-3.7%

Exchange Rate Movements



The Rand appreciated by 0.9% against the US dollar, 1.1% against the Euro and by 1.6% against the pound sterling in the reporting week, supported by a recovery in emerging market currencies. The Euro weakened this week after core inflation stalled in June, casting fresh doubt over whether the European Central Bank will really be able to end its quantitative easing programme this year. The pound sterling also weakened this week after official data revealed a surprise contraction in UK retail sales during the June month.

Europe Brent Spot Price FOB (Dollars per Barrel)



Brent crude oil averaged \$73.53 in the reporting week, 3.7% less than \$76.34 the previous week, amid increasing concerns about fuel demand after finance ministers and central bank governors from the world's 20 biggest economies warned that global economic growth risks have increased amid rising trade and geopolitical tensions. United States and China have slapped tariffs on \$34 billion worth of each other's goods while downside risks to economic growth have increased.

National South African Price information (RMAA) : Beef

Week 27 (25/06/2018 to 01/07/2018)	Units	Avg Purchase Price	Avg Selling Price	Week 28 (09/07/2018 to 15/07/2018)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	8 490	46.01	46.75	Class A2	7 166	46.39	46.55
Class A3	1 164	46.38	47.00	Class A3	766	46.42	46.61
Class C2	1 799	40.24	40.63	Class C2	1 590	40.12	41.14

Units sales for class A2, A3 and C2 beef decreased by 16.2%, 34.2% and 11.6% respectively in the reporting week, due to seasonal pressures and new competition from the pork market. Weekly average purchase price for class A2 and A3 beef increased by 0.8% and 0.1% respectively in the reporting week while class C2 beef decreased by 0.3% week-on-week. During the same period, the weekly average selling price for class C2 beef increased by 1.3% in the reporting week while class A2 and A3 beef decreased by 0.4% and 0.8% respectively week-on-week.

National South African Price information (RMAA) : Lamb

Week 27 (25/06/2018 to 01/07/2018)	Units	Avg Purchase Price	Avg Selling Price	Week 28 (09/07/2018 to 15/07/2018)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	6 378	72.72	80.10	Class A2	7 505	80.79	76.88
Class A3	1 195	70.76	80.07	Class A3	1 313	80.92	76.78
Class C2	397	58.74	62.32	Class C2	848	58.00	60.04

Lamb unit sales increased notably in the reporting week, strengthening on the back of strong uptake across markets. Unit sales for class A2, A3 and C2 lamb increased by 17.7%, 9.9% and 113.6% respectively in the reporting week compared to the previous week. Weekly average purchase price for class A2 and A3 lamb increased by 11.1% and 14.4% respectively in the reporting week while class C2 lamb decreased by 1.3% week-on-week. During the same period, weekly average selling prices for class A2, A3 and C2 lamb decreased by 4.0%, 4.1% and 3.7% respectively in the reporting week compared to the previous week. The lamb market continues to trade at a premium compared to other meat types due to limited capacity locally as many areas have abandoned sheep farming.

National South African Price information (RMAA) : Pork

Week 27 (25/06/2018 to 01/07/2018)	Units	Avg Purchase Price	Week 28 (09/07/2018 to 15/07/2018)	Units	Avg Purchase Price
Pork					
Class BP	7 608	21.73	Class BP	6 863	21.81
Class HO	6 439	20.09	Class HO	6 525	20.19
Class HP	4 270	20.72	Class HP	4 043	20.98

Unit sales for class HO pork increased by 1.3% in the reporting week while class BP and HP pork decreased by 9.8% and 5.3% respectively week-on-week. Weekly average purchasing prices for class BP, HP and HO pork increased by 0.4%, 0.5% and 1.3% respectively in the reporting week compared to the previous week. Pork is competitively priced relative to other meat types and in the short to medium term, prices are expected to increase slightly on the back of good demand in the fresh pork market.

Latest News Developments

The South African Reserve Bank left the repo rate unchanged at 6.5%, citing risks to inflation had started materialising. Reserve Bank Governor, Lesetja Kgan-yago, cited that while headline inflation is comfortable within the inflation target band, the tariff war between the United States and China as well as higher global oil prices remain the main dangers to inflation. Furthermore, the Reserve Bank reduced its growth forecast for South Africa's GDP growth for 2018, from 1.7% to 1.2%, citing that the South African economy is still facing some significant headwinds over the next few months. The South African Reserve Bank projects growth outlook to remain constrained, with an increase of 1.9% in 2019. South Africa's annual headline inflation was 4.6% in June, up from 4.4% in May 2018. According to Standard bank, the underlying inflation pressure is still beginning. However, it's too soon to assess the eventual impact of the rand weakness and the second-round impact of higher oil prices. During the same period, food inflation increased from 3.0% in May to 3.1% in June 2018. The Department of Water and Sanitation is expected to hold a high-level meeting in the coming week to assess whether water restrictions in Cape Town and surrounding areas can be relaxed. There has been requests from users of the Western Cape Water Supply System, including the city of Cape Town, irrigation boards and organised agriculture to reassess water restrictions now that winter rains had filled supply dams to 55.8% of the storage capacity. However, the regional head of the department, Rashid Khan, warned that while the position looks good, there is no guarantee whether the rest of the rainy season would bring good rains. Following an uptick of 58 index points in the first quarter 2018, the Agbiz/IDC Agribusiness Confidence Index declined to 54 index points in the second quarter of 2018. With results having declined marginally, this means the agribusiness sector is still optimistic about business conditions in South Africa. The quarterly decline was broad-based except for general agricultural conditions sub-index. The optimism in the general agricultural sub-index was underpinned by prospects of above normal rainfall in the Western Cape during the next three months which, in turn, is expected to support winter crops and horticulture fields, as well as favourable drier conditions for harvest activity in summer crop regions.

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