



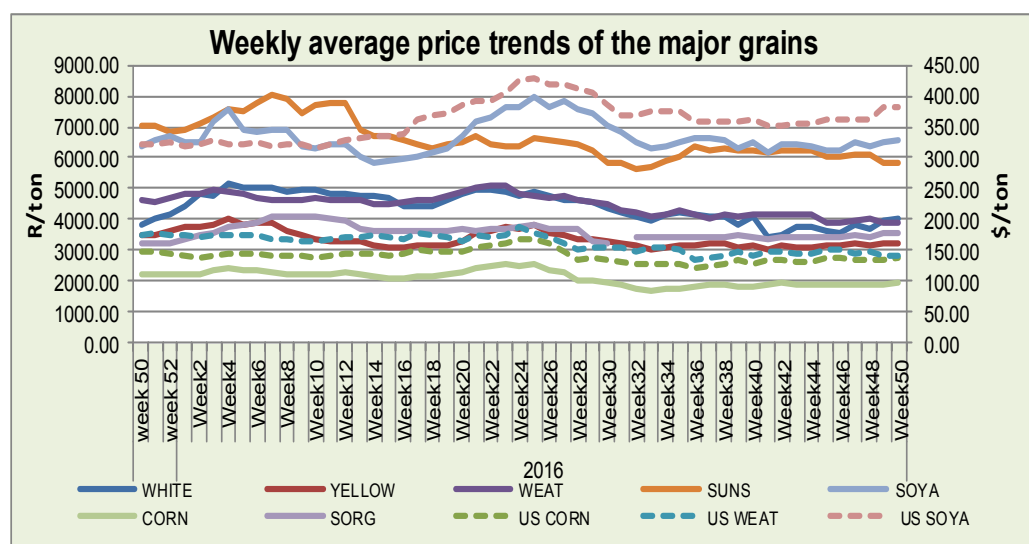
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 09 December 2016

Directorate: Statistics & Economic Analysis

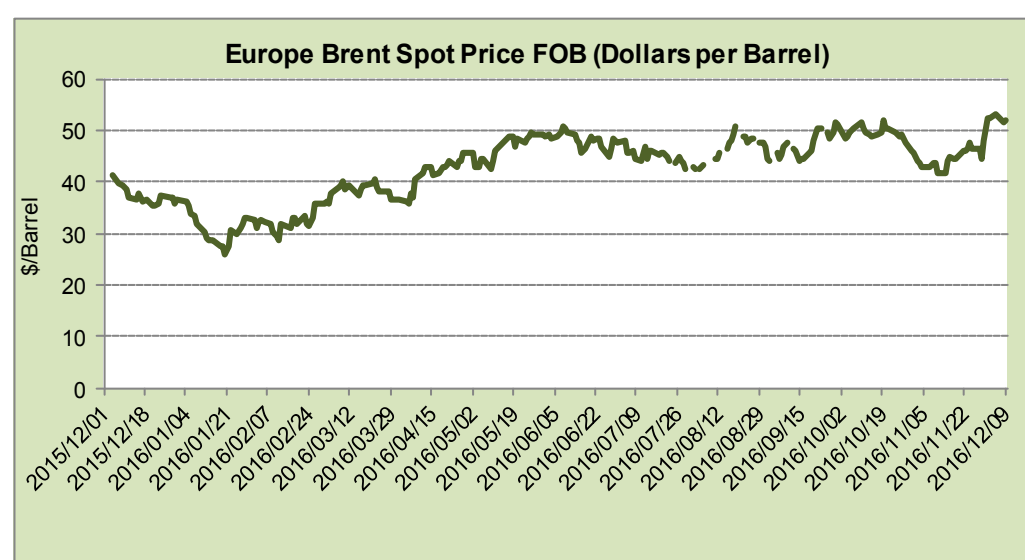
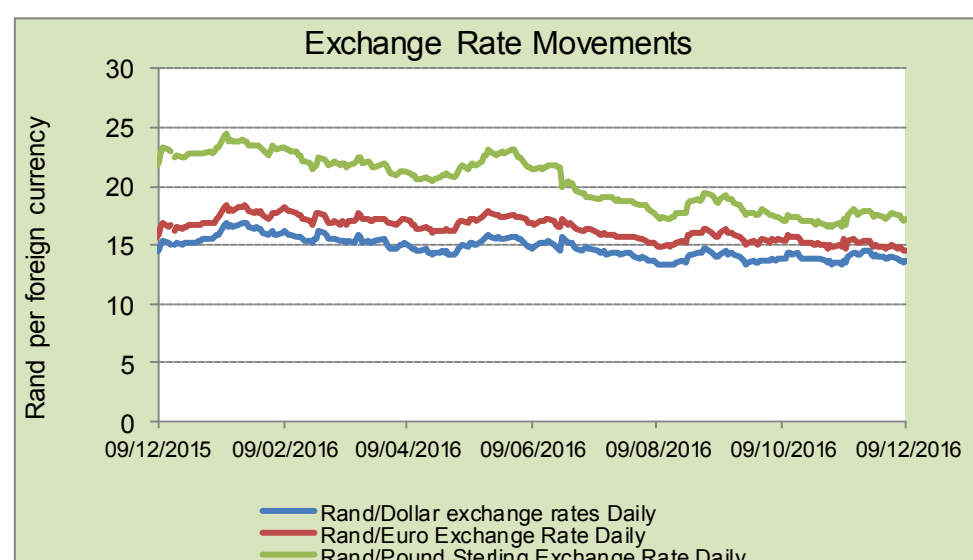
Sub-directorate: Economic Analysis



The domestic grain market weakened in the reporting week compared to previous reporting week except for white maize and soybeans. Local yellow maize, wheat, sunflower seed, and sorghum prices decreased by 0.4%, 1.2%, 0.2%, 1.1% respectively end of week, while local white maize and soybeans prices increased by 1.5% and 0.5% respectively. Rand gained power compared to last reporting week and also there is a positive crop outlook for the season ahead. The approved importation of maize from USA may ease domestic demand. Internationally, US yellow maize and wheat prices increased by 1.9% and 1.2% respectively while soybeans prices decreased by 0.2% compared to previous week. US maize prices experienced gains in the reporting week. Compared to the recent marketing years, the world maize stock levels are in short supply, except for the USA and China.

Spot price trends of major grains commodities

	1 year ago Week 50 (07-12-15 to 11-12-15)	Last week Week 49 (28-11-16 to 02-12-16)	This week Week 50 (05-12-16 to 09-12-16)	w-o-w % change
RSA White Maize per ton	R 3 814.20	R 3 947.00	R 4 005.60	1.5%
RSA Yellow Maize per ton	R 3 476.40	R 3 221.40	R 3 209.20	-0.4%
USA Yellow Maize per ton	\$ 146.72	\$ 134.04	\$ 136.58	1.9%
RSA Wheat per ton	R 4 600.00	R 3 913.20	R 3 865.00	-1.2%
USA Wheat per ton	\$ 175.32	\$ 141.15	\$ 142.79	1.2%
RSA Soybeans per ton	R 6 375.00	R 6 520.00	R 6 553.00	0.5%
USA Soybeans per ton	\$ 322.18	\$ 382.58	\$ 381.72	-0.2%
RSA Sunflower seed per ton	R 7 051.20	R 5 848.80	R 5 834.20	-0.2%
RSA Sorghum per ton	R 3 230.00	R 3 570.00	R 3 530.20	-1.1%
Crude oil per barrel	\$ 42.41	\$ 48.78	\$ 52.26	7.1%



The Rand firmed against major currencies this week compared to last week, appreciating by 2.0%, 1.5% and 0.7% against the dollar, the Euro and the pound respectively. As indicated, the first fortnight of December showed a strong appreciation in oil prices while rand remained volatile.

Brent crude oil averaged \$50.26, which is 7.1% more than \$48.78 reported last week. OPEC agreed to lower its monthly output by 1.2m barrels per day up to 32.5m barrels per day as from January of 2017. Mexico and Kazakhstan plan to ramp up their crude production next year.



National South African Price information (RMAA) : Beef

Week 48 (28/11/2016 to 04/12/2016)	Units	Avg Purchase Price	Avg Selling Price	Week 49 (05/12/2016 to 11/12/2016)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	17 718	37.93	37.84	Class A2	19 017	38.52	38.36
Class A3	2 303	38.00	37.79	Class A3	2 555	38.55	38.31
Class C2	1 181	33.18	33.89	Class C2	1 622	33.64	34.90

Beef selling prices continue to be supported by better demand that comes with increased demand during the festive season. Class A2 beef unit sales ,average purchase price and the average selling price increased by 7.3%, 1.6% and 1.4% respectively during the reporting week compared to the previous week. Class A3 beef also went up; unit sales, average purchase price and average selling price by 10.9%, 1.4% and 1.4% respectively compared to the previous week. Class C2 beef unit sales, average purchase price and average purchase price all increased by 37.3%, 1.4% and 3.0 respectively.

National South African Price information (RMAA) : Lamb

Week 48 (28/11/2016 to 04/12/2016)	Units	Avg Purchase Price	Avg Selling Price	Week 49 (05/12/2016 to 11/12/2016)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	20 001	63.79	61.89	Class A2	17 083	62.70	64.64
Class A3	3 741	63.75	61.78	Class A3	3 130	61.99	63.97
Class C2	1 381	46.81	47.77	Class C2	1 230	48.42	50.28

Unit sales for lamb decreased in the reporting week indicating reduced demand towards the festive season. Unit sales for class A2 decreased by 14.59% while the average purchasing price and the average selling price decreased by 1.7% and 1.4% respectively compared to the previous week. Unit sales for class A3 decreased by 16.3%, the average purchase price decreased by 2.8% while the average selling price increased by 3.5% end of week. Class C2 unit sales decreased by 11% in the reporting week while both the average purchase price and selling price increased by 7.4% and 5.3% respectively end of week

National South African Price information (RMAA) : Pork

Week 48 (28/11/2016 to 04/12/2016)	Units	Avg Purchase Price	Week 49 (05/12/2016 to 11/12/2016)	Units	Avg Purchase Price
Pork					
Class BP	7 508	25.98	Class BP	9 074	26.65
Class HO	4 175	25.39	Class HO	3 334	25.89
Class HP	4 716	25.52	Class HP	4 067	25.98

Domestic prices are still strong over the past week and are expected to continue, generally the increase in the pork purchase prices can be attributed to seasonality and improved demand. Class BP pork unit sales and the average price both increased in the reporting week by 19.2% and 2% respectively. Class HO pork unit sales decreased by 6.2% while the average selling price increased by 1.8% end of week. Compared to the previous reporting week Class HP pork unit sales increased by 35.1% and as well as the average purchase price increased by 2.4%.

Latest News Developments

According to the quarterly employment stats released by Stats SA on the 12/12/2016 a total of 93000 jobs were created in the third quarter, that means the employment went up by 80 000 or 1% between September 2016 and September 2015. Jobs increased in community services, construction, business services, mining and quarrying and agriculture, however manufacturing and transport sectors had job decrease. The job increase in the third quarter, is due to the extra budgetary increase in elections and higher education amongst other reasons.

Poultry industry raised their concerns about the cheap chicken imports from European union (EU), Brazil and United States (US) into the South African markets. Factories closure that might lead to job cuts and countries like EU have no import duties imposed, because of preferential trade agreement between South Africa and EU are the main issues mentioned. Department of Agriculture and Fisheries and Department of Trade and Industry are working together to solve the challenges.

OPEC agreed to lower monthly output to balance the market but the deal is that even other oil-producing countries which are not members of the group would lower their output as well by 600 000 barrels a day. However some analysts raised their concerns that, on paper OPEC's supply deal could drain almost half the global oil glut within six months. Calculations are based on the data from International Energy Agency (IEA). Following the OPEC and non-OPEC agreement rand has gained its power.

The Automobile Association (AA) warns that surging international petroleum prices are likely to hit South Africans hard at the pumps at the beginning of 2017, indicating an increase on fuel prices end of December at 27c a litre, 21c for diesel and 28c for illuminating paraffin.

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