



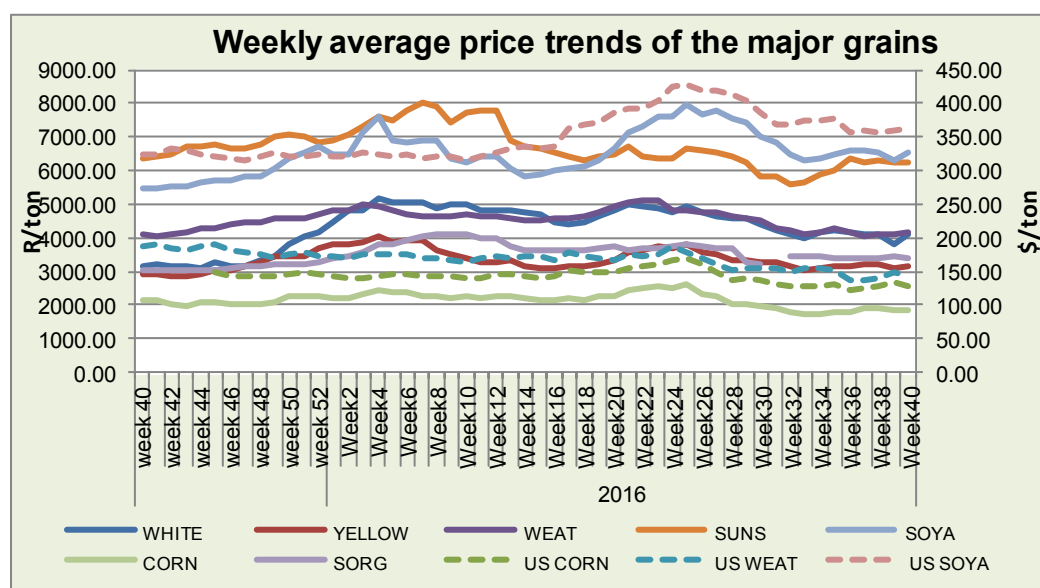
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 30 September 2016

Directorate: Statistics & Economic Analysis

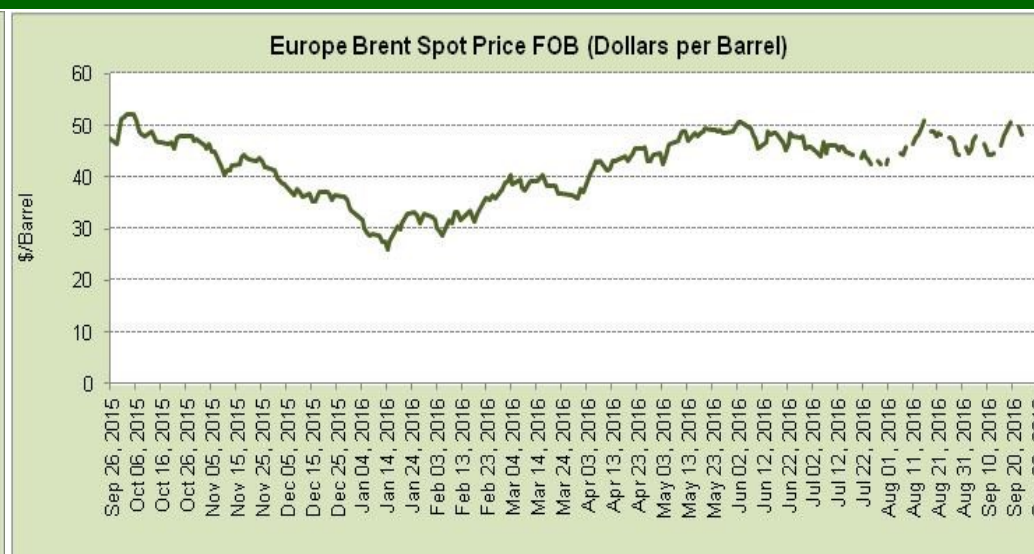
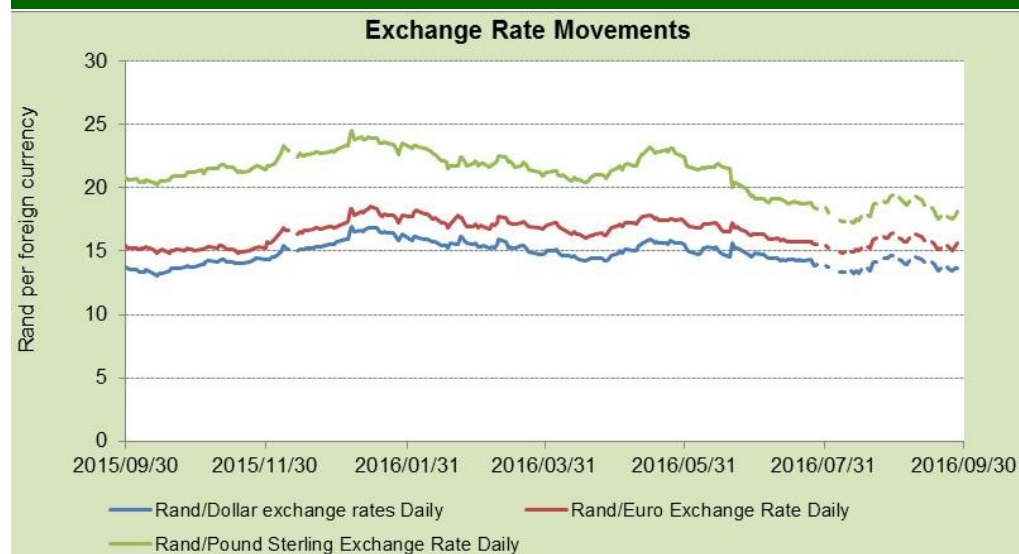
Sub-directorate: Economic Analysis



The domestic grain market weakened in the reporting week compared to the previous week. Local white maize, yellow maize, soybean, sunflower seed and sorghum prices decreased by 5.6%, 3.6%, 2.7%, 1.3% and 3.0% respectively, while local wheat prices increased by 1.6% end of week. The maize market experienced losses in the reporting week due to the combined influence of a reviving rand, seasonal harvest pressure and the upward revision of the current season's crop. The weather outlook for wheat areas has improved and will boost crop prospects. Oilseed prices weakened on spill over from the international market coupled with further gains in the rand. Internationally, US yellow maize, wheat and soybean prices decreased by 2.1%, 0.1% and 2.7% respectively end of week compared to previous week. US maize prices came under pressure due to favourable weather conditions for harvesting and good crop ratings. Meanwhile, the International Grains Council raised its global wheat crop by 4 million tons amounting to 747 million tons, reports of better yields and a generally large crop kept US soybean prices under pressure.

Spot price trends of major grains commodities

	1 year ago Week 40 (28-09-15 to 02-10-15)	Last week Week 39 (19-09-16 to 23-09-16)	This week Week 40 (26-09-16 to 30-09-16)	w-o-w % change
RSA White Maize per ton	R 3 164.40	R3 830.60	R 3 615.40	-5.6%
RSA Yellow Maize per ton	R 2 927.80	R3 115.00	R 3 001.60	-3.6%
USA Yellow Maize per ton	\$152.87	\$133.16	\$ 130.34	-2.1%
RSA Wheat per ton	R4 104.20	R4 116.80	R 4 181.00	1.6%
USA Wheat per ton	\$187.61	\$148.88	\$ 147.47	-0.1%
RSA Soybeans per ton	R5 486.80	R6 310.00	R 6 139.60	-2.7%
USA Soybeans per ton	\$323.65	\$358.60	\$ 348.93	-2.7%
RSA Sunflower seed per ton	R6 368.00	R6 253.40	R 6 169.60	-1.3%
RSA Sorghum per ton	R3 040.00	R3 473.00	R 3 370.00	-3.0%
Crude oil per barrel	\$46.99	\$48.81	\$ 50.04	2.5%



The Rand firmed against major currencies this week compared to last week, appreciating by 1.1%, 0.4% and 1.1% against the dollar, the Euro and the pound respectively. Treasury issued a pair of new dollar bonds worth \$3 billion. Furthermore, investors also bet on the European Central Bank delaying plans to taper its asset buying.

Brent crude oil averaged \$50.04 in the reporting week, which is 2.5% more than \$48.81 reported last week. Oil prices surged after an announcement of a deal that could see OPEC reduce production to a range of 32.5 million to 33 million barrels a day. OPEC now faces the challenges of implementing the cuts.



National South African Price information (RMAA) : Beef

Week 38 (19/09/2016 to 25/09/2016)	Units	Avg Purchase Price	Avg Selling Price	Week 39 (26/09/2016 to 02/10/2016)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	9 627	37.89	37.80	Class A2	12 219	37.86	38.12
Class A3	969	37.91	38.05	Class A3	1 164	37.74	38.13
Class C2	1 459	32.36	32.64	Class C2	935	32.37	32.64

Beef selling prices continue to be supported by better demand that comes with the upcoming warmer conditions. Class A2 beef unit sales increased by 26.9% during the reporting week while the average purchase price decreased by 0.1% and the average selling price increased by 0.8% respectively end of week compared to the previous week. Class A3 beef unit sales increased by 20.1% in the reporting week, the average purchase price decreased by 0.4% while the average selling price increased by 0.2% end of week compared to the previous week. Meanwhile, Class C2 beef unit sales decreased by 36% in the reporting week while the average purchase price and selling price remained unchanged by end of week. Local selling prices are expected to follow an upward trend due to an expected improvement in demand during the warmer months with the festive season soon approaching.

National South African Price information (RMAA) : Lamb

Week 38 (19/09/2016 to 25/09/2016)	Units	Avg Purchase Price	Avg Selling Price	Week 39 (26/09/2016 to 02/10/2016)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	12 890	61.31	60.01	Class A2	6 237	63.36	58.24
Class A3	2 537	61.5	59.62	Class A3	1 583	63.47	57.38
Class C2	1 176	48.14	47.56	Class C2	732	49.35	49.33

Unit sales for lamb decreased significantly in the reporting week indicating reduced demand towards the end of September. Unit sales for class A2 decreased by a massive 52% while the average purchasing price increased by 3.3% and the average selling price decreased by 2.9% end of reporting week compared to the previous week. Unit sales for class A3 lamb decreased by 37.6%, the average purchase price increased by 3.2% while the average selling price decreased by 3.8% end of week. Class C2 unit sales decreased by 37.8% in the reporting week while both the average purchase price and selling price increased by 2.5% and 3.7% respectively end of week compared to the previous week. Steady demand for Lamb is expected with the upcoming festive season in line with seasonal trends.

National South African Price information (RMAA) : Pork

Week 38 (19/09/2016 to 25/09/2016)	Units	Avg Purchase Price	Week 39 (26/09/2016 to 02/10/2016)	Units	Avg Purchase Price
Pork					
Class BP	6 628	23.63	Class BP	6 654	23.78
Class HO	4 463	23.04	Class HO	4 051	23.57
Class HP	4 241	23	Class HP	3 778	23.44

Class BP pork unit sales increased by 0.4% in the reporting week while the average purchase price also increased by 0.6% respectively end of week compared to the previous week. Class HO pork unit sales decreased by 9.2% while the average selling price increased by 2.3% end of week. Meanwhile, class HP pork unit sales decreased by 10.9% while the average purchase price increased by 1.9% end of week compared to the previous week. The increase in the pork purchase prices can be attributed to seasonality and improved demand.

Latest News Developments

South Africa's national food price inflation, excluding non-alcoholic beverages increased to 11.6% year-on-year in August 2016, a 0.1% increase from 11.5% year-on-year in July 2015. This is despite headline inflation decreasing to 5.9% year-on-year in August 2016 compared with 6.0% year-on-year in July 2016. According to Agbiz Head of Agricultural Research, Wandile Sihlobo, food price inflation including non-alcoholic beverages remained unchanged at 11.3 % year-on-year from July to August 2016. The increase in bread and cereal inflation is still reflective of the effects of the drought which has led to lower grain supplies and in turn, higher prices. World trade is expected to expand by only 1.7% in 2017, the slowest pace since the 2009 financial crisis, a new World Trade Organisation (WTO) report warned. The WTO also lowered its trade- forecast for 2017 to grow between 1.8% and 3.1%, down from previous forecast of 3.6% The annual percentage change in the Producer Price Index (PPI) for final manufactured goods was 7.2% in August 2016 compared with 7.4% in July 2016. The annual percentage change in the PPI for agriculture, forestry and fisheries was 16.1% in August 2016 compared with 18.8% in July 2016. According to Standard bank, this suggests a slowdown in actual manufacturing production growth while domestic demand remains under pressure.

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