



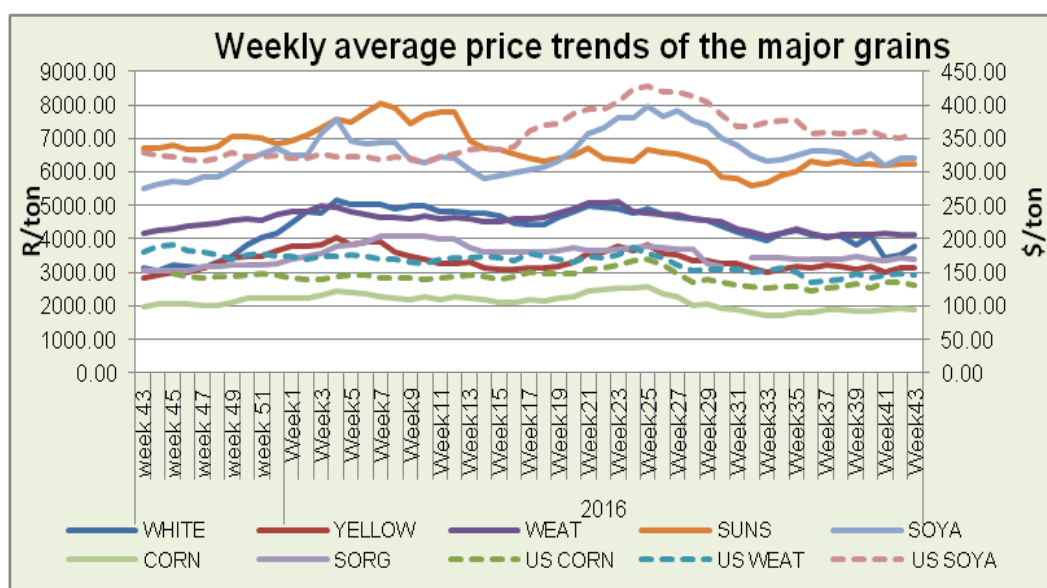
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 21 October 2016

Directorate: Statistics & Economic Analysis

Sub-directorate: Economic Analysis

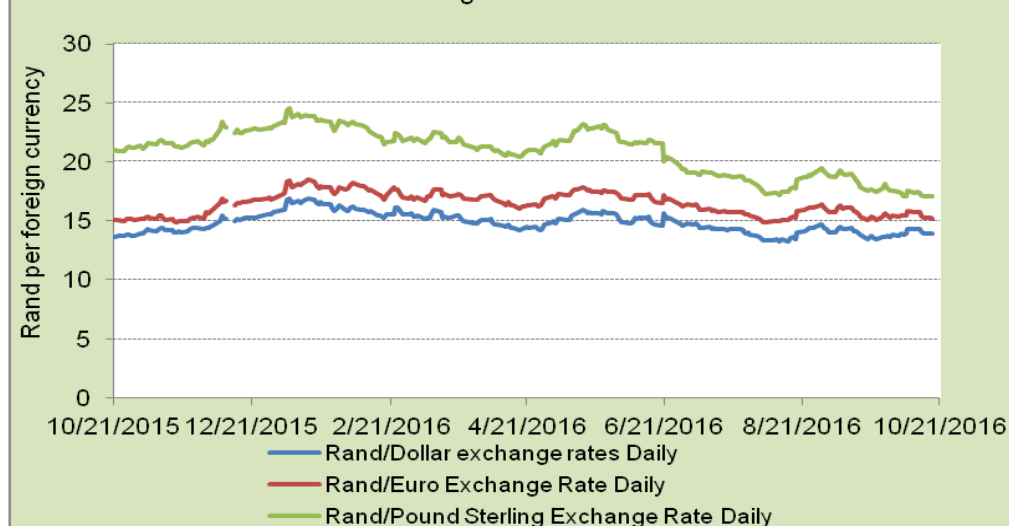


The domestic grain market strengthened end of week, except for white maize and wheat prices, which decreased this week compared to the previous week. Local yellow maize, soybean, sunflower seed and sorghum prices increased by 6.0%, 3.1%, 1.8%, and 2.6% respectively end of week compared to last week while local white maize and wheat prices decreased by 4.6% and 0.2% respectively this week. The local grain market was largely underpinned by developments on the weather front with good rains providing the much needed comfort for producers to plant more maize. Local yellow maize prices strengthened largely due to spill over from international market. The local oilseed market strengthened as the maize planting season commenced. Internationally, US yellow maize, wheat and soybean prices increased by 3.2%, 4.2% and 2.2% respectively end of reporting week. US maize prices strengthened on strong ethanol demand and strong export data. US wheat prices strengthened despite a stronger US dollar while US soybean prices gained this week supported by a generally small crop for the season that just ended.

Spot price trends of major grains commodities

	1 year ago Week 43 (19-10-15 to 23-10-15)	Last week Week 42 (10-10-16 to 14-10-16)	This week Week 43 (17-10-16 to 21-10-16)	w-o-w % change
RSA White Maize per ton	R 3 126.20	R3 517.00	R 3 354.60	- 4.6%
RSA Yellow Maize per ton	R 2 845.40	R3 032.00	R 3 215.00	6.0%
USA Yellow Maize per ton	\$ 148.42	\$135.00	\$ 139.38	3.2%
RSA Wheat per ton	R 4 173.60	R4 149.00	R 4 139.00	- 0.2%
USA Wheat per ton	\$ 180.22	\$148.30	\$ 154.45	4.2%
RSA Soybeans per ton	R5 501.00	R6 415.00	R 6 613.00	3.1%
USA Soybeans per ton	\$ 329.67	\$350.29	\$ 357.86	2.2%
RSA Sunflower seed per ton	R 6 695.60	R6 233.60	R 6 345.60	1.8%
RSA Sorghum per ton	R 3 040.00	R3 342.60	R 3 430.00	2.6%
Crude oil per barrel	\$ 46.81	\$54.07	\$ 50.33	-6.9%

Exchange Rate Movements



The Rand firmed against major currencies this week compared to last week, appreciating by 0.7%, 1.7% and 1.0% against the dollar, the Euro and the pound respectively. US inflation gauge rose less than expected while the European Central Bank is set to announce its policy decision. Meanwhile Germany's plan to avoid back channel contracts is likely to hand UK in advantage.

Europe Brent Spot Price FOB (Dollars per Barrel)



Brent crude oil averaged \$50.33 in the reporting week, which is 6.9% less than \$54.07 reported last week. Oil prices slipped as investors weighed the possibility of a deal to reduce supply after Russia's largest oil company indicated that the country was capable of increasing output significantly.



National South African Price information (RMAA) : Beef

Week 41 (10/10/2016 to 16/10/2016)	Units	Avg Purchase Price	Avg Selling Price	Week 42 (17/10/2016 to 23/10/2016)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	11 549	37.65	37.35	Class A2	12 934	37.76	37.34
Class A3	1 573	38.00	37.62	Class A3	1 819	37.94	37.20
Class C2	1 518	32.35	33.29	Class C2	1 889	32.47	32.95

Class A2 beef selling prices remained steady over the past week while class A3 and C2 beef selling prices decreased by 1.1% and 1.0% respectively week-on-week. Higher volumes were slaughtered in the market week-on-week while prices are expected to gain support from better demand conditions that comes with the warmer conditions. Class A2 and C2 beef purchase price increased by 0.3% and 0.4% respectively week-on-week while the purchase price for class A3 decreased by 0.2% during the same period. Beef unit sales for class A2, A3 and C2 increased by 12%, 15.6% and 24.4% respectively week-on-week. According to the Red meat Producers Organisation (RPO), should normal rainfall occur in the coming seasons, it is expected that it will take another four to five years before normal slaughtering and supply resumes.

National South African Price information (RMAA) : Lamb

Week 41 (10/10/2016 to 16/10/2016)	Units	Avg Purchase Price	Avg Selling Price	Week 42 (17/10/2016 to 23/10/2016)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	14 711	60.88	59.68	Class A2	14 535	57.81	59.06
Class A3	3 122	61.53	58.94	Class A3	2 768	58.63	58.62
Class C2	1 173	46.23	46.69	Class C2	1 057	42.98	44.32

Class A2, A3 and C2 Lamb unit sales decreased by 1.2%, 11.3% and 9.9% respectively week-on-week as slaughtered lamb numbers decreased. The selling price for class A2, A3 and C2 decreased by 1.0%, 0.5% and 5.1% respectively in the past week while local prices are supported in line with seasonal demand. Class A2, A3 and C2 lamb purchase prices decreased by 5.0%, 4.7% and 7.0% respectively as cheaper proteins are readily available adding to a decline in prices.

National South African Price information (RMAA) : Pork

Week 41 (10/10/2016 to 16/10/2016)	Units	Avg Purchase Price	Week 42 (17/10/2016 to 23/10/2016)	Units	Avg Purchase Price
Pork					
Class BP	7 438	24.62	Class BP	7 044	24.79
Class HO	3 855	23.95	Class HO	4 327	23.97
Class HP	3 819	23.89	Class HP	3 827	29.96

Class BP, HO and HP purchase prices decreased by 0.7%, 0.1% and 0.3% respectively week-on-week supported by an improvement in demand. Prices are expected to pick up in the coming months as warmer temperatures encourage demand in line with seasonal trends. Class BP pork unit decreased by 5.3% week-on-week while Class HO and HP pork increased by 12.2% and 0.2% respectively week-on-week. Higher volumes were slaughtered in the market week-on-week as per RMAA numbers.

Latest News Developments

National tractor sales continued to decline in September 2016 with no changes in fundamentals that could have underpinned the market. Total tractor sales totalled 623 units in September 2016, down 2% compared to 637 units sold last year same period. Since the beginning of 2016 until September 2016, total tractor sales were approximately 14% down compared to the same period last year. According to the South African Agricultural Machinery Association (SAAMA), the industry's expectations for 2016 hasn't changed. Despite some good rains received that may have improved prospects for the forthcoming summer cropping season, the Association expects that overall tractor sales for 2016 will be between 15% and 20% down from last year's figure. The Africa head of ratings agency Standard & Poor's (S&P's) highlighted that the current situation in South Africa was "not business as usual," citing "political turmoil and tension" as worrying signs ahead of a ratings decision on the 2nd of December 2016. Reserve Bank Governor Lesetja Kganyago warned that the threat of a downgrade to South Africa's investment-grade rating still remains. He further pointed out that political uncertainty, along with falling business confidence, are contributing to the depreciation of the rand, which was unlikely to be a boost to investment and exports. South Africa could add pure fruit juices to the list of drinks expected to face a levy under a proposed tax on sugary drinks, the Treasury highlighted. According to the budget speech in February 2016, Finance Minister, Pravin Gordhan, the proposed sugar tax on sugary drinks is expected to be implemented in April 2017, aimed at fighting South Africa's growing obesity.

For more information contact: Directorate Statistics & Economic Analysis (SEA) at HeidiP@daff.gov.za or 0123198194.