



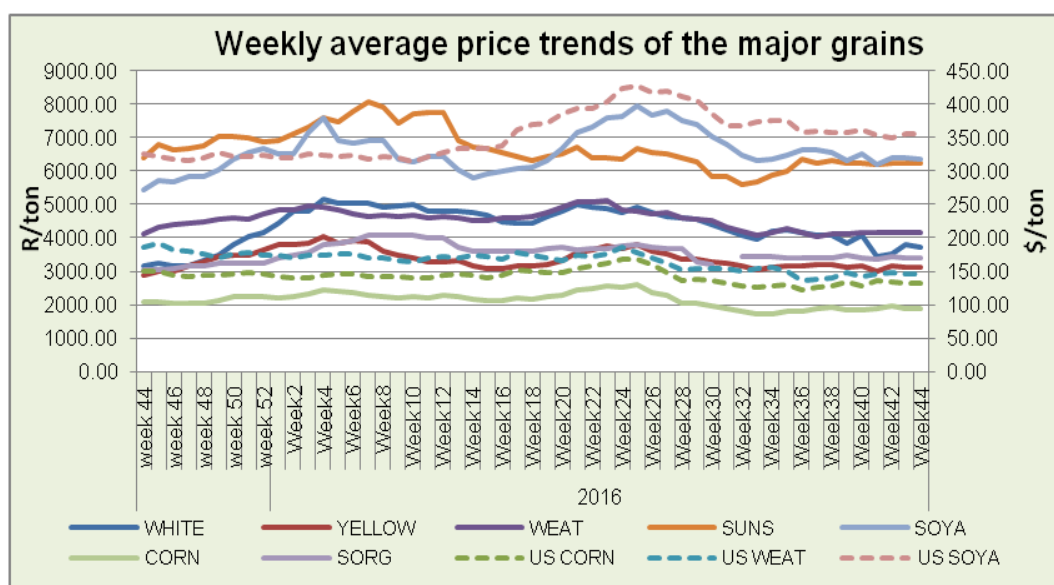
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 28 October 2016

Directorate: Statistics & Economic Analysis

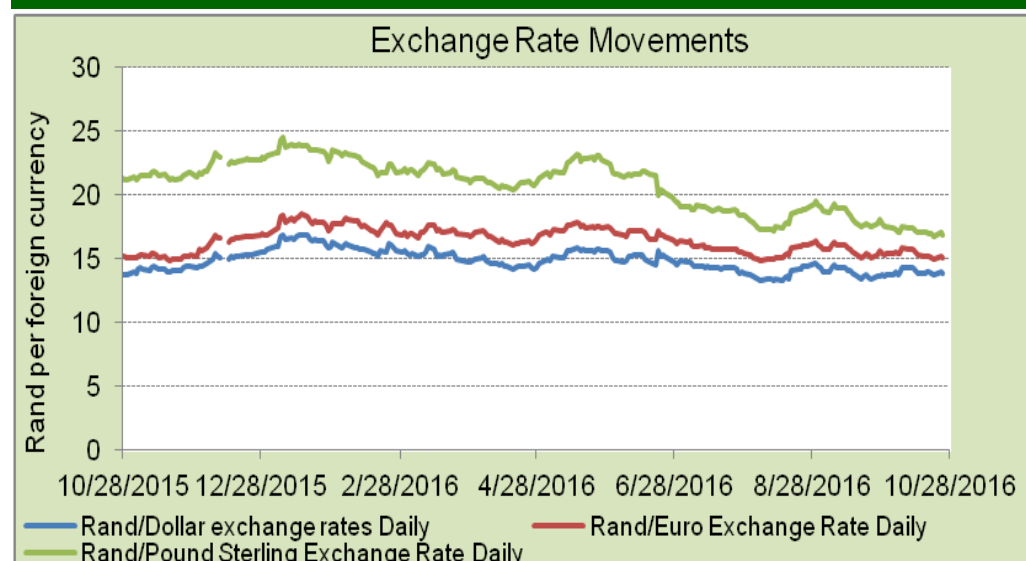
Sub-directorate: Economic Analysis



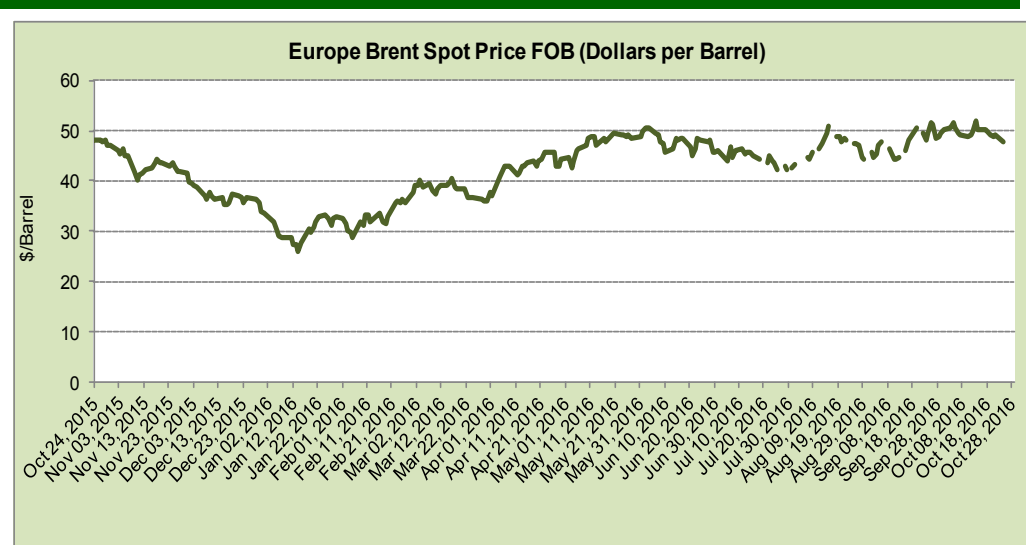
The domestic grain market weakened in the reporting week compared to the previous week as the recovery of the rand weighed heavily on the grain market. The Crop Estimate Committee reported the planting intentions for the maize 2017 crop up by 26.5%, to 2.463 million hectares. White maize is expected to increase by 43.4%, to 1.455 million hectares while yellow maize is expected to increase by 8.2% to 1.008 million hectares. Local white maize prices strengthened by 10.9% end of week compared to last week, underpinned by weather developments. Local yellow maize, wheat, soybean, and sorghum prices decreased by 0.2%, 1.2%, 2.1%, and 0.6% respectively end of week while global abundant supplies exerted downward pressure on prices. Internationally, US yellow maize decreased by 0.5% end of week due to good harvest weather that exerted downward pressure on prices and a bumper crop expected. US wheat prices decreased by 2.6% while US soybean prices increased by 2.5% end of week. The International Grains Council raised its 2017 global soybean forecast up by 6% from 322 million tons while global wheat forecast is now forecast at 748 million tons, up from USDA's 744.44 million tons.

Spot price trends of major grains commodities

	1 year ago Week 44 (26-10-15 to 30-10-15)	Last week Week 43 (17-10-16 to 21-10-16)	This week Week 44 (24-10-16 to 28-10-16)	w-o-w % change
RSA White Maize per ton	R 3 066.20	R3 354.60	R 3 719.20	10.9%
RSA Yellow Maize per ton	R 2 901.20	R3 215.00	R 3 209.00	-0.2%
USA Yellow Maize per ton	\$ 149.54	\$139.38	\$ 138.67	-0.5%
RSA Wheat per ton	R 4 277.60	R4 139.00	R 4 091.00	-1.2%
USA Wheat per ton	\$ 188.21	\$154.45	\$ 150.41	-2.6%
RSA Soybeans per ton	R 5 640.00	R6 613.00	R 6 471.20	-2.1%
USA Soybeans per ton	\$ 324.79	\$357.86	\$ 366.68	2.5%
RSA Sunflower seed per ton	R 6 729.80	R6 345.60	R 6 356.40	0.2%
RSA Sorghum per ton	R 3 040.00	R3 430.00	R 3 409.20	-0.6%
Crude oil per barrel	\$ 47.15	\$50.33	\$ 48.95	-2.7%



The Rand firmed against major currencies this week compared to last week, appreciating by 1.0%, 1.7% and 1.3% against the dollar, the Euro and the pound respectively. There are speculations that South Africa may avert a debt downgrade while the US presidential race spurs demand for other currencies. Meanwhile, the pound continued its disruptive rhetoric around Brexit.



Brent crude oil averaged \$48.95 in the reporting week, which is 2.7% less than \$50.33 reported last week. US crude stockpile expanded, exacerbating an inventory glut. Meanwhile, supplies from the Organisation of Petroleum Exporting Countries (OPEC) members increased, complicating the group's effort to finalise production cuts and stabilize prices.



National South African Price information (RMAA) : Beef

Week 42 (17/10/2016 to 23/10/2016)	Units	Avg Purchase Price	Avg Selling Price	Week 43 (24/10/2016 to 30/10/2016)	Units	Avg Purchase Price	Avg Selling Price
Beef							
Class A2	12 934	37.76	37.34	Class A2	14 768	36.90	37.43
Class A3	1 819	37.94	37.20	Class A3	2 337	37.06	36.65
Class C2	1 889	32.47	32.95	Class C2	1 472	32.33	33.34

Beef selling prices were higher week-on-week supported by month end buying. Class A2 and C2 beef selling prices increased by 0.2% and 1.2% respectively week-on-week while class A3 decreased by 1.5% end of week. The purchase price for class A2, A3 and C2 beef decreased by 2.3%, 2.3% and 0.4% respectively week-on-week while more cattle was slaughtered. Class A2 and A3 beef unit sales increased by 14.2% and 28.5% week-on-week while class C2 beef unit sales decreased by 22.1% end of week.

National South African Price information (RMAA) : Lamb

Week 42 (17/10/2016 to 23/10/2016)	Units	Avg Purchase Price	Avg Selling Price	Week 43 (24/10/2016 to 30/10/2016)	Units	Avg Purchase Price	Avg Selling Price
Lamb							
Class A2	14 535	57.81	59.06	Class A2	13 279	60.75	59.15
Class A3	2 768	58.63	58.62	Class A3	2 625	61.03	58.56
Class C2	1 057	42.98	44.32	Class C2	936	47.29	48.00

Class A2 and C2 lamb selling prices strengthened in line with improved demand from month end buying. Class A2 and C2 lamb selling prices increased by 0.2% and 8.3% respectively week-on-week while class A3 lamb selling prices decreased marginally, by 0.1% week-on-week. Lamb purchase prices strengthened week-on-week while the favourable rain may trigger less supplies available for slaughter. Class A2, A3 and C2 lamb purchase prices increased by 5.1%, 4.1% and 10% week-on-week. Meanwhile, class A2, A3 and C2 lamb unit sales decreased week-on-week while the rain is expected to improve pastures, resulting in lesser supplies lamb available for slaughter. Unit sales for class A2, A3 and C2 lamb decreased by 8.6%, 5.2% and 11.4% respectively week-on-week.

National South African Price information (RMAA) : Pork

Week 42 (17/10/2016 to 23/10/2016)	Units	Avg Purchase Price	Week 43 (24/10/2016 to 30/10/2016)	Units	Avg Purchase Price
Pork					
Class BP	7 044	24.79	Class BP	5 797	24.84
Class HO	4 327	23.97	Class HO	3 661	24.53
Class HP	3 827	29.96	Class HP	3 885	24.44

Class BP, HO and HP pork purchase prices improved week-on-week, increasing by 0.2%, 2.3% and 2% respectively end of week. Purchase prices increased due to an improvement in demand heading to the festive season. Meanwhile, class BP and HO pork unit sales decreased by 17.7% and 15.4% respectively week-on-week while class HP pork unit sales increased by 1.5% end of week. The pig industry is highly feed intensive and has been under pressure due to high feed costs while the drought had a lingering effect.

Latest News Developments

Absa Capital Senior Economist, Peter Worthington, anticipates that South Africa would be downgraded by at least one ratings agency at the end of the year. Several weather institutions expressed cautious optimism that the embattled agricultural sector could rebound in 2017 with the normal or above normal rainfall expected mid-summer. A number of agricultural agencies and agricultural economists forecast a recovery in farming production, particularly maize, which has been the worst affected by drought. The Bureau for Food and Agriculture Policy (BFAP) believes grain production could increase to 12.3 million ton while Agbiz predicts that production will reach 11.8-million ton. The Department of Energy announced that the retail price of petrol will go up by 45 cents/ litre on Wednesday, 02 November 2016 for both 93 octane and 95 octane. Diesel will increase by 63 cents/litre while the wholesale price of illuminating paraffin increases by 57 cents a litre.

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