



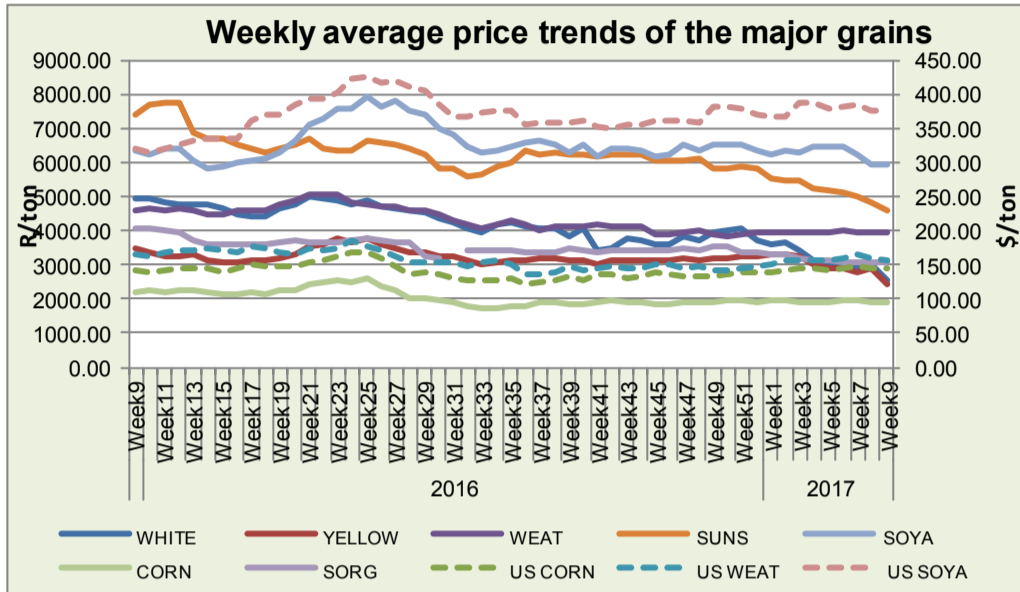
agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Weekly Price Watch: 03 March 2017

Directorate: Statistics & Economic Analysis

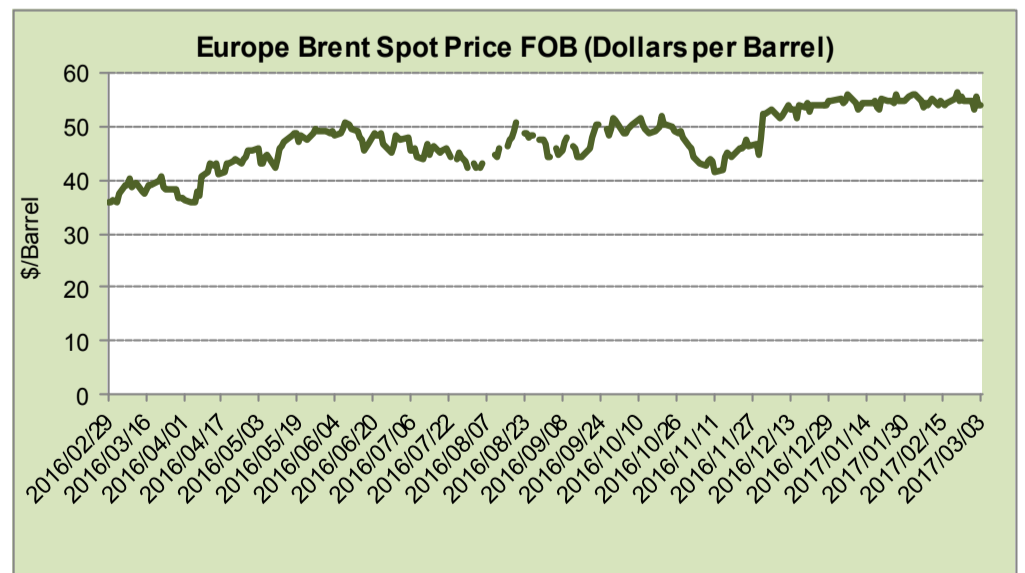
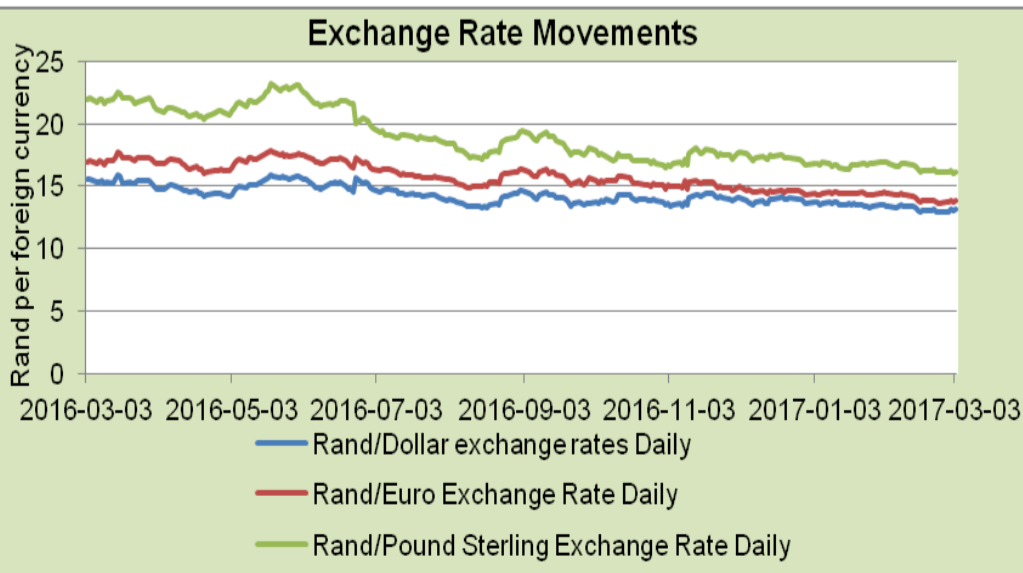
Sub-directorate: Economic Analysis



Domestic grain prices weakened this week compared to last week except for yellow maize prices which increased by 0.7% in the reporting compared to last week. White maize and sunflower seed decreased the most, by 15.2% and 5.1% respectively. Local wheat, soybean and sorghum prices decreased by 0.4%, 0.04% and 1.0% respectively this week on the back of better production conditions. There are however fears that wet weather conditions could delay early producer deliveries, particularly in irrigation areas that planted early in the season. Meanwhile, the rand coupled with good crop prospects will continue to place pressure on grains. Internationally, US yellow maize, wheat and soybean decreased by 0.2%, 2.4% and 0.2% respectively while the International Grain Council (IGC) expects global grain production for 2016/17 to exceed 2.1 billion tons, reaching a new record high.

Spot price trends of major grains commodities

	1 year ago Week 9 (29-02-16 to 04-03-16)	Last week Week 8 (20-02-17 to 25-02-17)	This week Week 9 (27-02-17 to 03-03-17)	w-o-w % change
RSA White Maize per ton	R 4 974.40	R 3 037.00	R 2 575.80	-15.2%
RSA Yellow Maize per ton	R 3 499.40	R 2 423.00	R 2 439.00	0.7%
USA Yellow Maize per ton	\$ 142.50	\$ 145.03	\$ 144.80	-0.2%
RSA Wheat per ton	R 4 622.40	R 3 962.20	R 3 948.00	-0.4%
USA Wheat per ton	\$ 165.77	\$ 161.20	\$ 157.39	-2.4%
RSA Soybeans per ton	R 6 373.00	R 5 960.00	R 5 957.60	-0.0%
USA Soybeans per ton	\$ 320.02	\$ 376.62	\$ 376.04	-0.2%
RSA Sunflower seed per ton	R 7 435.60	R 4 833.00	R 4 587.80	-5.1%
RSA Sorghum per ton	R 4 080.00	R 3 100.00	R 3 070.00	-1.0%
Crude oil per barrel	\$ 36.28	\$ 55.40	\$ 54.40	-1.8%



The rand firmed against major currencies, trading at R13.02/\$, 13.78/€ and 16.25/£. The local currency benefited from a weaker dollar, following the Federal Reserve's latest board meeting which indicated its members are not certain what the impact of Donald Trump's economic policies will be on monetary policy.

Brent crude oil averaged \$54.40 in the reporting week, 1.8% lower than \$55.40 reported in the previous week after US inventories rose the 9 straight weeks. US Department of Energy reported a much larger increase than expected in their crude inventories.



National South African Price information (RMAA) : Beef

Week 7 (13/02/2017 to 19/02/2017)	Units	Avg Purchase Price	Avg Selling Price	Week 8 (20/02/2017 to 24/02/2017)	Units	Avg Purchase Price	Avg Selling Price
Class A2	7 691	43.68	43.61	Class A2	10 540	41.92	43.59
Class A3	877	43.27	43.79	Class A3	1 157	44.00	46.80
Class C2	1 567	35.91	36.12	Class C2	1 681	33.50	36.18

Class A2, Class A3 and Class C2 beef units sold increased by 37.0%, 31.9% and 7.3% respectively this week compared to last week. The average purchase price for Class A2 and Class C2 beef decreased by 4.0% and 6.7% respectively while Class A3 beef increased 1.7% in the reporting week. Meanwhile, the average selling price for Class A2 beef decreased by 0.05% while Class A3 and Class C2 beef increased by 6.9% and 0.2% respectively end of week. Beef prices are expected to increase following favourable rainfall received across the country which will encourage many farmers to hold on to their stock resulting in limited number of cattle available for slaughtering.

National South African Price information (RMAA) : Lamb

Week 7 (13/02/2017 to 19/02/2017)	Units	Avg Purchase Price	Avg Selling Price	Week 8 (20/02/2017 to 24/02/2017)	Units	Avg Purchase Price	Avg Selling Price
Class A2	10 338	66.66	67.08	Class A2	10 506	66.50	66.55
Class A3	1 715	65.45	65.80	Class A3	1 563	66.67	65.99
Class C2	1 101	50.46	50.11	Class C2	962	43.44	48.50

Class A3 and C2 lamb unit sales decreased by 8.9% and 12.6% respectively in the reporting week, while Class A2 unit sales increased by 1.6% week-on-week. The average purchase prices for Class A2 and Class C2 lamb decreased by 0.2% and 13.9% respectively week-on-week, while Class A3 increased by 1.9% in the reporting week. Lamb selling prices for class A2 and C2 decreased by 0.8% and 3.2% respectively, while Class A3 increased by 0.3% week-on-week. Lamb prices are expected to remain steady in the short term in line with favourable weather conditions which will encourage herd rebuilding.

National South African Price information (RMAA) : Pork

Week 7 (13/02/2017 to 19/02/2017)	Units	Avg Purchase Price	Week 8 (20/02/2017 to 24/02/2017)	Units	Avg Purchase Price
Class BP	6 781	27.02	Class BP	7 384	26.99
Class HO	2 730	25.97	Class HO	3 165	26.57
Class HP	3 324	25.74	Class HP	3 636	26.43

Class BP, Class HO and Class HP Pork unit sales increased by 8.9%, 15.9% and 9.4% respectively week-on-week. The average purchase price for Class HO and Class HP pork increased by 2.3% and 2.7% respectively this week compared to last week. Meanwhile, Class BP pork decreased by 0.1% week-on-week while pork is the least favoured meat amongst other meats and supply will likely remain large with prices expected to remain steady in months to come.

Latest News Developments

SA's Gross Domestic Product contracted by 0.3% in the fourth quarter of 2016 following an increase of 0.4% in the third quarter of 2016. According to Stats SA, economic growth in 2016 was marked by two declining quarters which contributed to slow overall growth. Main contributors to negative growth were the mining and quarrying which decreased by 11.5% and contributed a decrease of 0.9 percentage points to the GDP. Manufacturing followed next with a decrease of 3.1% in the fourth quarter of 2016. The decline in manufacturing's contribution to the GDP was brought about by a decline in the manufacturing of food and beverages, petroleum, chemical products, rubber and plastic products as well as motor vehicles, parts and accessories of transport equipment. The GDP for agriculture, forestry and fisheries decreased by 0.1% in the fourth quarter of 2016, contracting for 8 consecutive quarters since 2015. The industry's decline of 0.1% in the fourth quarter of 2016 was mainly as a result of a decrease in horticulture production. Although the GDP for agriculture, forestry and fisheries remained in negative territory, it is a slight improvement compared to a 0.2% decrease in the third quarter of 2016. Grain SA chairman, Jaco Minnaar, rejects land reform without compensation. According to Minnaar, after the drought, the number of farms on the market increased remarkably. However, despite the availability of the land, government elected to continue on the path of no compensation which would inevitably result in food insecurity. Fall armyworm is still a threat to crops as the outbreak is still not over. According to Potato SA, the fall armyworm infestation was discovered in potato lands previously planted to a popcorn maize variety, near conventional (non-genetically modified) maize. Grain SA reported that it is still not known what strain of the fall armyworm is present in South Africa and whether will the Brazilian cultivar would be effective in SA.

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



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