

# Agri-Weekly

09 November 2012

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<https://www.fnbagricomms.co.za>

## Beef market trends (Graph 1)

### International:

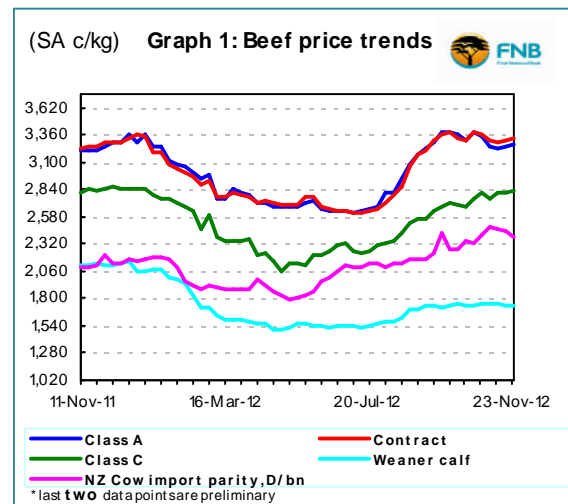
- US domestic manufacturing beef prices continued to post strong gains on moderate to good demand despite increased supplies. Market activity on imported beef was reportedly slow with prices trending mostly higher on the back of tight supplies and good demand.
- At wholesale markets, boxed beef cut-out values were softer for the week. Choice beef traded at US\$193.14/cwt, down by 1.1% w/w but still 1.7% higher y/y. Select beef fell by 0.9% w/w but still 2.4% higher y/y, settling at US\$175.48/cwt.
- In the cattle market, the demand for stocker cattle is reportedly down across the Central Plains as producers cut back on production due to the persistent drought conditions.
- According to the USDA's November World Agricultural Supply and Demand report, the US 2012 beef production was almost unchanged m/m but 2.3% lower y/y at 11.6m tons. The 2013 estimate came in at 11.1m tons, down by 0.4% m/m and 4.2% y/y. The report further indicates that lower cattle placements in second-half 2012 are expected to result in lower steer and heifer slaughter in first-half 2013 as fewer feedlot cattle are available for slaughter. Beef import and export estimates were reduced for 2012 based on the pace of trade, but are unchanged for 2013.
- In Australia, the cattle market reversed recent losses on the back of tight supplies due to recent rains across most areas. The benchmark Eastern Young Cattle Indicator (EYCI) on Thursday gained 2.1% w/w but still 13.9% lower y/y at AU\$3.48/kg cwt. Meanwhile, the Australian beef production was reported down by 2.0% y/y at 180,293 tons cwt during September with a total of 614,235 head slaughtered.
- Domestic beef prices in New Zealand finished mostly lower for the week on improved supplies as cattle slaughter gained pace.

### Domestic:

Beef prices ended mixed with Class A beef categories extending losses on softer demand. The exception was Class C beef, which ended slightly higher due to tight supplies across most markets. Weekly Class C beef prices advanced by 2.1% w/w but were still 0.1% lower y/y at R28.06 per kg. Class A beef fell by 0.6% w/w but still 0.5% higher y/y at R32.36 per kg. Contract Class A beef was down 0.4% w/w at R32.96 per kg, but still 2.1% higher y/y. In the case of weaner calves, prices trended sideways at R17.48 per kg live weight but still 17.2% lower y/y.

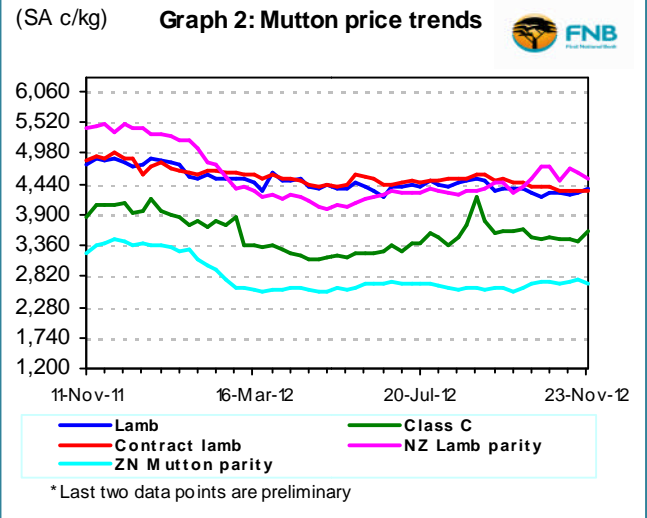
## OUTLOOK

The weaner market is expected to trend sideways with limited upward potential ahead of the December holidays.



**Mutton market trends (Graph 2)**
**International:**

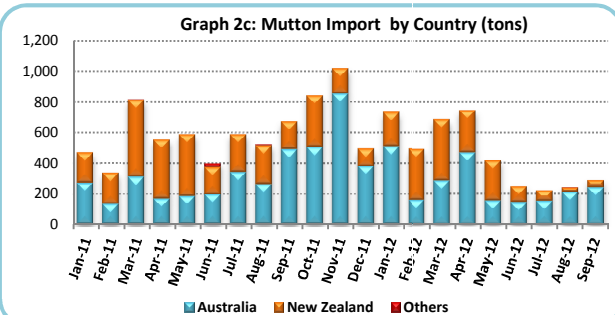
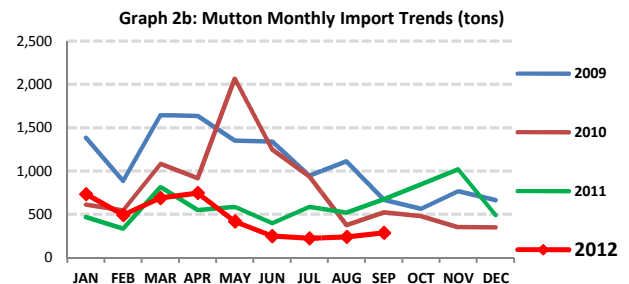
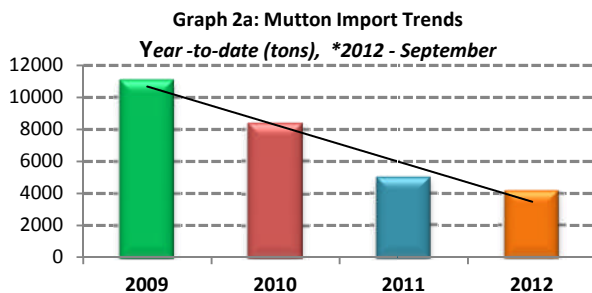
- Australian lamb market posted modest gains on supply tightness. This saw the Eastern States Trade Lamb Indicator (ESTLI) closing higher by 3.2% w/w but still 28.3% lower y/y at AU\$3.54/kg cwt.
- Australian exports rebounded in October with lamb shipments reported at 18,574 tons swt, up 36.0% y/y. However the turnaround was not demand driven but largely due to higher volumes of cheaper product.
- In New Zealand (NZ), producer prices continued to soften with lamb finishing at NZ\$96.60 per head. This is down by 2.3% w/w and 30.0% y/y.
- In the US, the Lamb carcass sales were mostly steady with the exception of the heavier categories which ended higher. Weekly Lamb Cut-out values ended a bit firmer at US\$271.80/cwt, up by 0.4% w/w but still 28.4% lower y/y. Weekly number of sheep slaughtered came in at 42,000 head, up by 10.5% w/w but 9.5% lower y/y. The cumulative number slaughtered for the year to date was 1.7m head, down by 0.3% y/y.


**Domestic:**

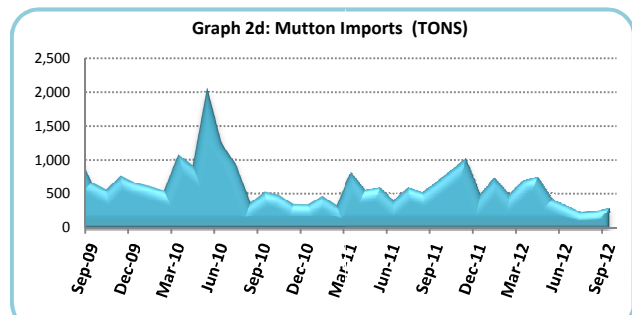
- The lamb and mutton market finished steady to lower on subdued demand across most markets. Weekly Class A lamb prices fell by 0.1% w/w and 11.1% y/y to close at R42.63 per kg.
- Mutton prices eased marginally lower by 0.3% w/w and 10.0% y/y, closing the week at R34.66 per kg. Contract Class A lamb steadied at R43.28 per kg, but still 11.0% lower y/y.

**OUTLOOK**

It is expected that the softer trend will continue in the short term, and rebounding as demand improves closer to the December holidays.

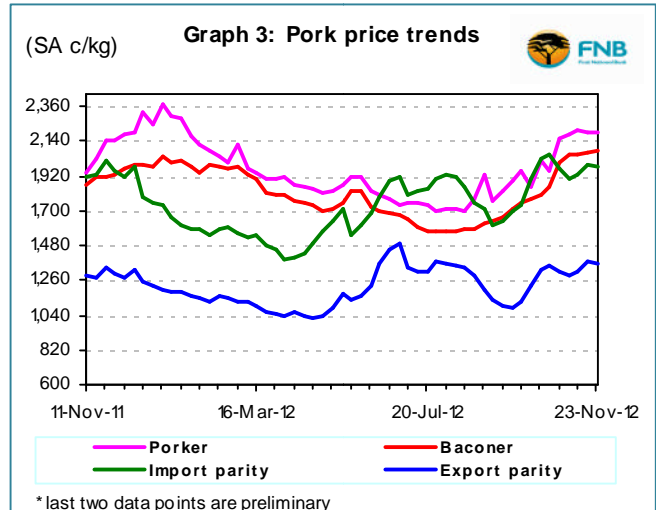


Source: SARS, Own Calculations



**Pork market trends (Graph 3)**
International:

- The US domestic pork market posted marginal gains across most categories. The exception was loins, falling by 0.2% w/w and 9.6% y/y at US\$88.57/cwt. Weekly carcass prices traded at US\$86.27/cwt, up 1.0% w/w but still 5.4% lower y/y. Rib prices traded at US\$128.12/cwt, up 0.6% w/w but still 10.9% lower y/y. Ham gained 0.7% w/w but still 9.6% lower y/y at US\$72.25/cwt.
- US pork production estimate for 2012 came in 0.2% lower m/m in November but still 2.2% higher y/y at 10.5m tons. The 2013 production estimate was down by 0.3% m/m and 1.4% y/y at 10.3m tons, mainly due to slightly lower expected weights. The expected imports for 2013 remained unchanged at 360m tons, while the export estimate was raised by 1.0% m/m at 2.5m tons.

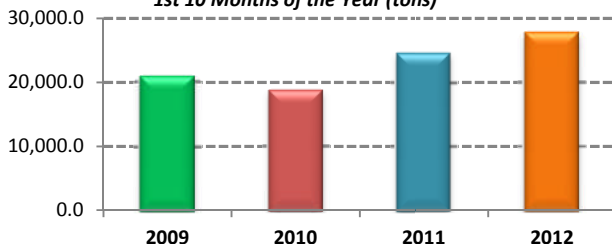

Domestic:

- The domestic market ended mixed with porker prices extending recent gains on the back of tight supplies. Weekly porker prices finished at R22.07 per kg, up by 1.2% w/w and 13.9% y/y. Baconers were a bit softer towards midmonth, closing at R20.54 per kg which is 0.3% lower w/w but still 10.3% higher y/y.
- Import parity prices rebounded on renewed strength on international markets. Weekly import parity prices were up by 1.0% w/w and 0.3% y/y.
- Monthly pork imports increased sharply by 77.7% m/m and 22.9% y/y in October, coming in at 3,076 tons. Cumulative imports for the year to date reached 27,626 tons, up by 2.7% y/y. Major import sources were Germany with 1,455 tons (47.3%), Canada with 460 tons (15.0%), Spain with 371 tons (12.1%), the UK with 194 tons (6.3%), France with 169 tons (5.5%), Denmark with 143 tons (4.6%), and Others with 284 tons (9.2%).

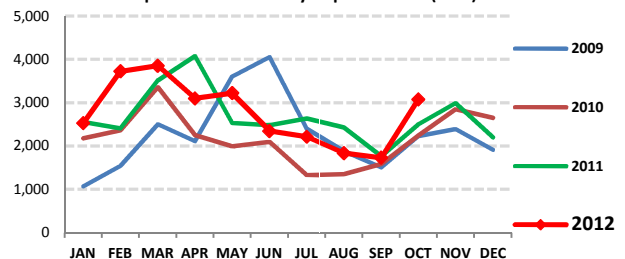
**OUTLOOK**

Prices are expected to retain the current momentum into the festive season on supply tightness and improved demand.

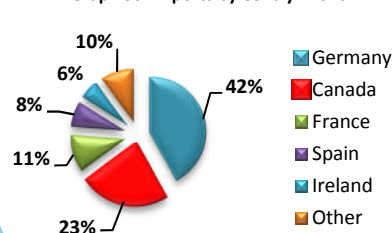
**Graph 3a: Pork Import Trends**  
 1st 10 Months of the Year (tons)



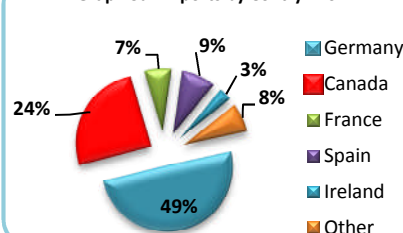
**Graph 3b: Pork Monthly Import Trends (tons)**



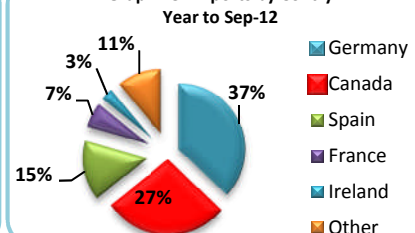
**Graph 3c: Imports by Contry - 2010**



**Graph 3d: Imports by Contry - 2011**

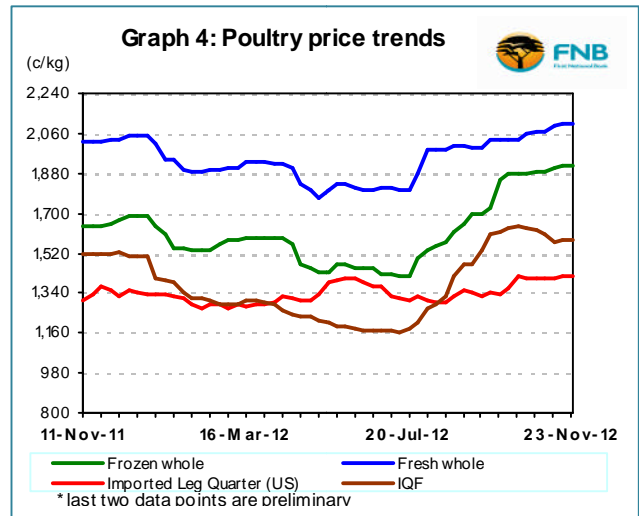


**Graph 4e: Imports by Contry**  
 Year to Sep-12



**Poultry market trends (Graph 4)**
International:

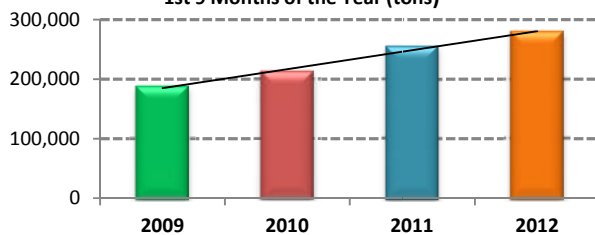
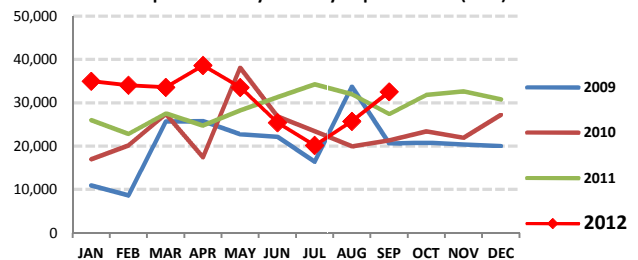
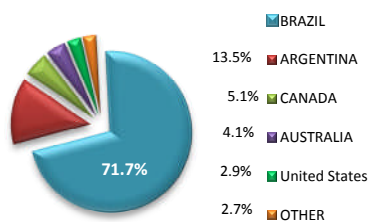
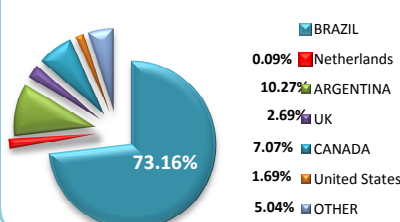
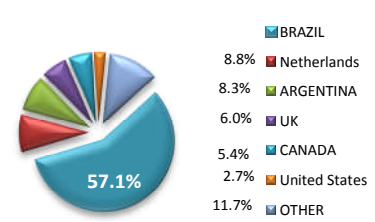
- US domestic prices ended mixed with marginal losses in the leg quarter and wing categories. Demand at retail and food service was reportedly moderate to good ahead of the weekend.
- Weekly whole bird prices finished at US96.25c/lb, up by 0.1% w/w and 8.1% y/y. Breast cuts steadied at US100.67c/lb but still 27.8% higher y/y. Leg quarter prices fell by 0.3% w/w but still 0.6% higher y/y at US53.33c/lb. Wings traded at US181.67c/lb, down by 0.5% w/w but still 50.8% higher y/y.
- USDA's November outlook report raised the first quarter 2013 US broiler production estimate as the hatchery data points to a smaller-than-expected reduction in birds for slaughter. Broiler meat production for 2013 is expected to reach 16.2m tons, up 0.1% from last month but still 1.20% lower y/y. Projected export sales for 2013 are expected up 1.4% from last month's estimate at 3.2m tons.


Domestic:

- The broiler market ended mixed with modest losses in the IQF category due to increased volumes and subdued demand. Weekly IQF prices fell by 2.5% w/w but still 3.8% higher at R15.69 per kg. Prices were firmer in the whole bird category as supplies tightened.
- Weekly frozen whole birds closed at R19.04 per kg, up 0.7% w/w and 16.1% y/y. Fresh whole birds advanced to R20.92 per kg, up 1.1% w/w and 3.5% y/y. Import parity prices increased by 0.1% w/w and 7.6% y/y.

**OUTLOOK**

Prices are expected to trend sideways in the short term but with downward potential for the IQF category due to volume pressure. However, the market will bottom out in the medium to longer term as supplies tighten due to production cutbacks.

**Graph 4a: Poultry Import Trends**  
 1st 9 Months of the Year (tons)

**Graph 4b: Poultry Monthly Import Trends (tons)**

**Graph 4c: Imports by Country - 2009**

**Graph 4d: Imports by Country - 2010**

**Graph 4e: Imports by Country - 2011**


Source: SARS, Own Calculations

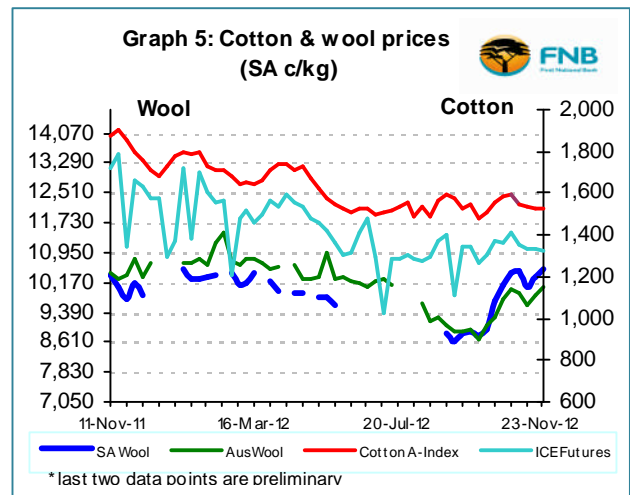
<b>Producer prices for selected livestock commodities 09 November 2012</b>	<b>Beef</b>	<b>Mutton</b>	<b>Pork</b>	<b>Poultry</b>
Open market: Class A / Porker / Fresh whole birds(R/kg)	32.36	42.63	22.07	20.92
Open market: Class C / Baconer / Frozen whole birds(R/kg)	28.06	34.66	20.70	19.04
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	32.96	43.28	20.54	15.69
Import parity price (R/kg)	24.61	27.37	19.27	14.10
Weaner Calves / Feeder Lambs (R/kg)	17.48	20.45		

**Wool and cotton market trends (Graph 5)**
International:

- Cotton prices extended losses under harvest pressure, with bearish production estimates adding to the weaker tone. Prices however started the week on a firmer note on strong export sales before easing lower ahead of the USDA report.
- US 2012/13 cotton forecast showed slightly higher production of 3.8m tons (+11.8% y/y), resulting in an 8.3% increase in ending stocks to 1.3m tons with a stocks to use ratio of 39.0%.
- World production was pegged at 25.4m tons, up 0.4% from the October estimate but still 6.3% lower y/y. World ending stocks were raised by 1.7% m/m and 15.3% y/y to 17.5m tons, with the stock to use ratio increasing to 75.5%. Consumption is seen slightly lower at 23.1m tons as the world economy slows down. The above figures point to a depressed market condition going forward.
- Cotton futures on the InterContinental Exchange (ICE): Cotton for Mar-13 fell by 1.4% w/w at US70.44/lb, May-13 was down by 1.3% w/w at US71.72c/lb and Oct-13 was down by 1.1% w/w at US74.52c/lb.
- Wool: In Australia, the wool market reversed last week's gains and eased modestly lower on subdued demand and a firmer AU dollar. This saw the Eastern Market Indicator falling by 4.1% w/w and 18.1% y/y to close at AU\$10.03 per kg clean wool. Volumes offered were pegged at 48,031 bales with sales of 77.6%.

Domestic:

- The wool market reversed recent gains under pressure due to a stronger Rand and spill over weakness from the Australian market. The softer demand added to the weaker tone. The weekly Cape Wools Merino indicator fell by 4.0% w/w and 3.0% y/y to close at R100.29 per kg clean wool. This is however 7.1% and 14.8% higher than the current season's average and the opening sales respectively.
- Major buyers were: G Modiano SA with 3,264 bales (33.0%), Standard Wool SA with 2,277 bales (23.0%), Lempriere SA with 1,784 bales (18.0%) and Stucken & Co with 1,275 bales (12.9%).



<b>Fibre market prices 09 November 2012</b>	<b>SA prices (R/kg)</b>	<b>Australian prices (R/kg)</b>	<b>Australian futures Jan-13 (AU\$/kg)</b>	<b>Australian futures Mar-13 (AU\$/kg)</b>
Wool market indicator (R/kg)	100.29	95.66		
19 $\mu$ long length wool (R/kg)	109.14	107.04	11.40	11.35
21 $\mu$ long length wool (R/kg)	98.59	97.25	9.80	9.75
23 $\mu$ long length wool (R/kg)	94.08	93.26	8.40	8.35
	<b>SA derived Cotton (R/kg)</b>	<b>New York A-Index (US\$/kg)</b>	<b>Cotton Futures Mar-12 (US\$/kg)</b>	<b>Cotton Futures May-13 (US\$/kg)</b>
Cotton Prices (R/kg)	15.33	1.76	1.55	1.58

Cotton Futures on ICE;

**Yellow maize market (Graph 6)**

International:

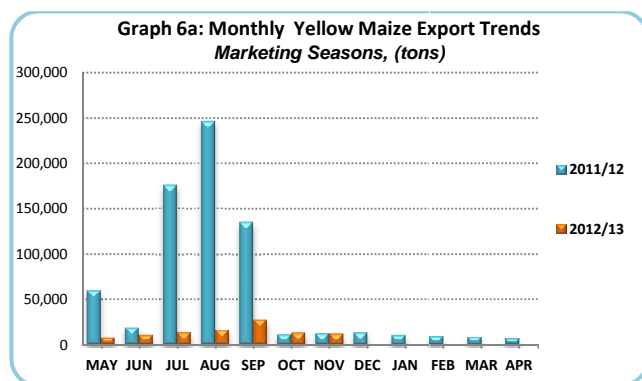
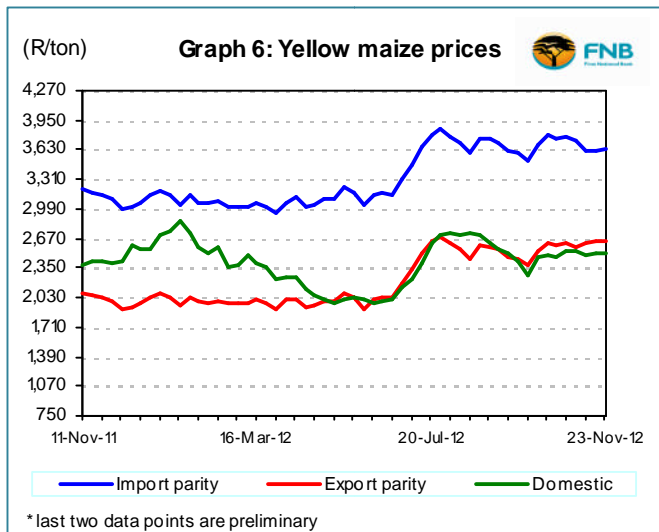
- US yellow maize prices continued to weaken under pressure due to weak export demand. US weekly export sales were only 157,600 tons for current marketing year.
- Meanwhile, wet weather is reported to have delayed planting in southern Brazil and Argentina. USDA's monthly outlook report was bearish, raising world production by 0.7m to 839.7m but still down by a whopping 40.8m tons y/y.
- Despite the sharp drop year on year, the 2012/13 production is projected to be the second highest on record. World ending stocks were still abundant at 118.0m tons, up 0.7m tons from the October estimate but still down 14.1m y/y. Argentina's production estimate was left unchanged m/m at 28.0m tons, which is however 25.0m tons higher y/y.
- Futures on CME: Maize for Mar-13 delivery fell by 0.1% w/w at US\$292/t, May-13 was down by 0.1% w/w at US\$291/t and Jul-13 was down by 0.2% w/w at US\$287/t.

Domestic:

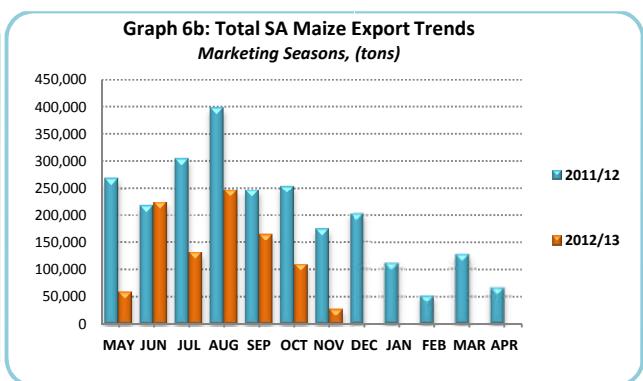
- Yellow maize prices trended lower due to weakness in CBOT, with a stronger Rand further adding to the downward pressure on market. Weekly yellow maize prices closed at R2,498 per ton, down 1.1% w/w but still 4.5% higher y/y. Yellow maize import parity prices weakened, closing down by 3.2% w/w and 12.8% y/y.
- Export sales for the week came in at 3,044 tons, bringing the progressive total for the 2012/13 marketing season to 103,077 tons.
- Yellow maize futures on the JSE: SAFEX: Yellow maize for Mar-13 was 1.3% lower w/w (-R33/t) and Jul-13 was also 1.3% lower w/w (-R30/t).

**OUTLOOK**

Weather will determine price direction during planting and the early growth phase. However, the market may still turn lower in reaction to the expanding planted area and favourable production conditions.



Source: SAGIS



Yellow Maize Futures 09 November 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
CBOT (\$/t)	291.01	292.35	291.01	287.23	256.73
JSE (R/t)	2,513	2,505	2,320	2,265	-
CHICAGO CORN (R/t)	2,551	2,590	-	2,588	2,345

Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Dec-12			Mar-13			May-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,540	71	36	2,360	150	110	2,300	183	
2,500	48	53	2,320	128	128	2,260	161	
2,460	31	76	2,280	108	148	2,220	141	

### White maize market trends (Graph 7)

#### International:

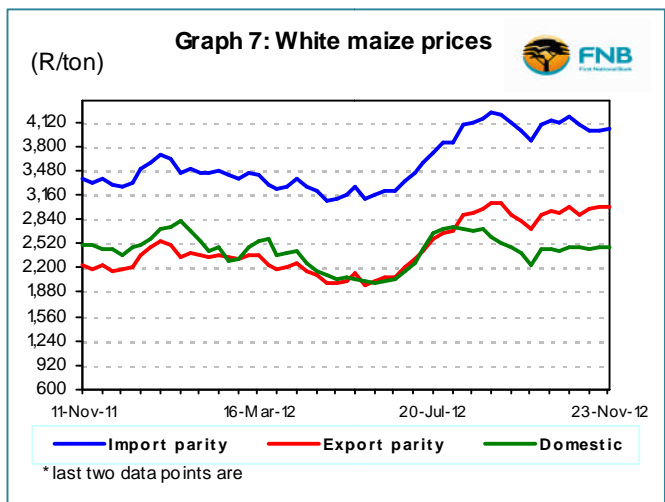
- Unlike yellow maize, white maize rebounded and closed firmer for the week.
- Weekly average white maize prices closed at US\$337 per ton, which is up 0.8% w/w and 19.6% y/y.

#### Domestic:

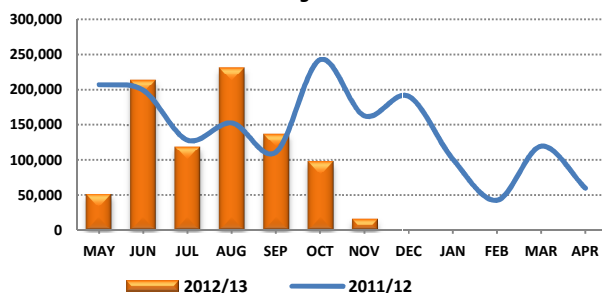
- White maize prices posted marginal losses mainly on Rand strength. Weekly white maize prices fell by 0.6% w/w but were 1.5% higher y/y at R2,459 per ton.
- White maize import parity prices were also softer, closing 1.9% lower w/w but still 18.7% higher y/y.
- Weekly white maize export sales were pegged at 8,847 tons, with total sales for the season to date reaching 866,148 tons. Cumulative maize export sales for the 2012/13 season advanced to 969,225 tons (White and Yellow maize). WMAZ maize futures on the JSE: White maize for Mar-13 was 2.3% lower w/w (-R58/t) and Jul-13 gained 0.7% w/w (+R17/t).

### OUTLOOK

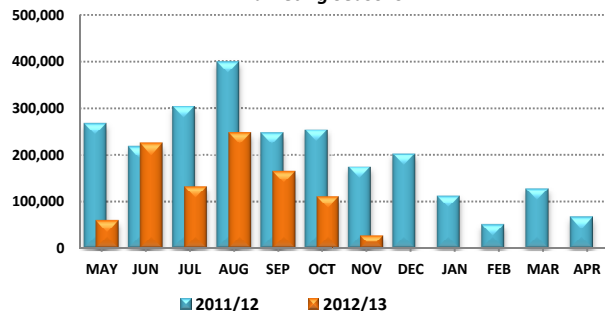
Weather will determine price direction during planting and the early growth phase. However, the market may still turn lower in reaction to the expanding planted area and favourable production conditions.



**Graph 7a: Monthly White Maize Export Trends (tons)**  
Marketing Seasons



**Graph 7b: Total Monthly SA Maize Exports (tons)**  
Marketing Seasons



White Maize Futures 09 November 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13			
JSE (R/t) WM <sub>1</sub>	2,465	2,473	2,489	2,315	2,277			
<b>Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)</b>								
Dec-12			Mar-13			May-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,520	73	42	2,360	156	111	2,320	189	146
2,480	51	60	2,320	133	128	2,280	166	163
2,440	34	83	2,280	113	148	2,240	146	183

**Wheat market trends (Graph 8)**
**International:**

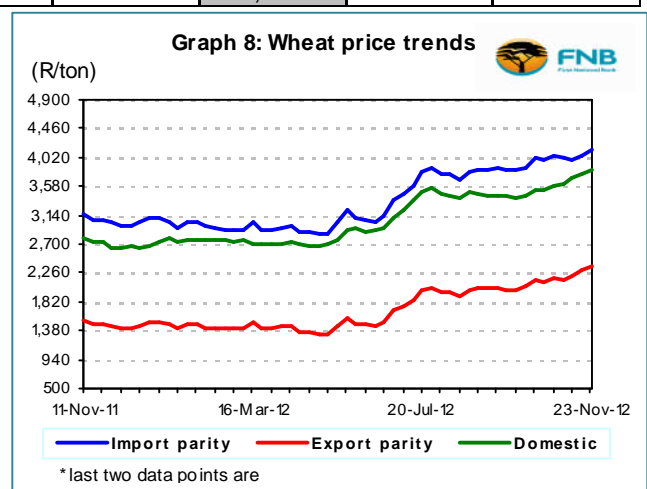
- US Wheat prices regained some ground on concerns over crop prospects as weather remained dry in the Great Plains.
- However, prices were a bit softer late in the week as the USDA lowered the US export projections by 1.4m tons, thus raising the ending stocks figure to 19.2m tons. The 2012/13 US production was projected at 61.8m tons, unchanged from last month but still 13.5% higher y/y.
- On the world front, wheat production for 2012/13 dropped 1.6m tons to 651.4m tons. Production problems during the critical grain filling stage saw Australia's production cut by 2.0m tons to 21m tons. Argentina's production was left unchanged from last month at 11.5m tons. In the case of the EU-27, production increased marginally by 0.2m to 131.8m tons.
- KCBT futures: Wheat for Mar-13 delivery increased by 1.6% w/w at US\$345/t, May-13 gained 1.6% w/w at US\$347/t and Jul-13 was 0.5% higher w/w at US\$341/t.
- CME futures: Wheat for Mar-13 delivery gained 2.6% w/w at US\$331/t, May-13 was down by 2.6% w/w at US\$334/t and Jul-13 was up 1.5% w/w at US\$326/t.

**Domestic:**

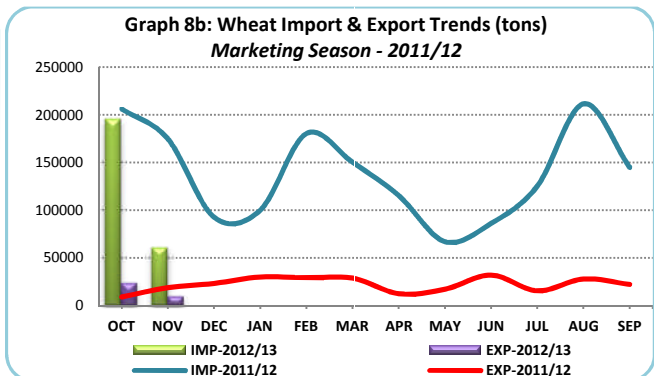
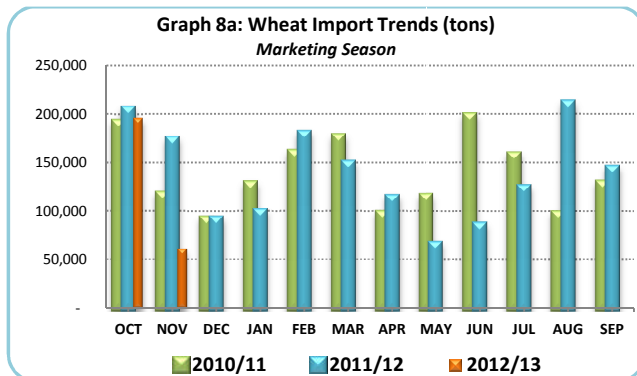
- Wheat prices extended recent gains on the back of better international prices, despite a stronger Rand. Weekly wheat prices increased by 2.2% w/w and 27.0% y/y and closed at R3,694 per ton.
- Import parity prices increased by 2.3% w/w and 36.4% y/y.
- Weekly import sales came in at 20,175 tons bringing the cumulative total for the new marketing season to 253,499 tons (2012/13).
- Wheat futures on the JSE: Wheat for Mar-13 delivery gained 2.0% w/w (+R75/t) and Jul-13 gained 1.8% w/w (+R70/t).

**OUTLOOK**

The market is expected to retain the firmer trend in the short term to medium term due to the renewed strength on the international market.







Source: SAGIS;

Wheat Futures 09 November 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13				
KCBT (\$/t)	333.91	339.42	341.81	339.05	339.51				
JSE (R/t)	3,751	3,845	-	3,910	-				
<b>Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)</b>									
	Dec-12		Mar-13			May-13			
	Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
	3,880	74	39	3,920	208	158	3,960	258	208
	3,840	52	57	3,880	186	176	3,920	236	226
	3,800	34	79	3,840	166	196	3,880	215	245

### Oilseed market trends (Graph 9)

#### International:

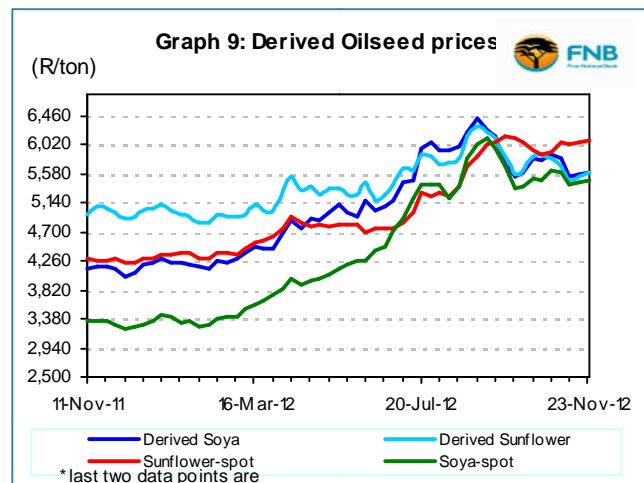
- Prices finished lower in the soybean complex on improving weather forecasts for South America and weak US export sales. Improved production conditions were reported in Brazil and Argentina, adding to the weaker tone.
- Meanwhile, the USDA's supply and demand report was rather bullish, raising the world oilseed trade for 2013 by 2.4m to 114.7m tons with increased soybean exports projected for the United States and Ukraine. Import projections were raised China, Taiwan, EU-27, and Turkey. Oilseed crush was pegged at 392.4m, up 3.3m tons from the previous estimate.

#### Domestic:

- Oilseeds traded on the JSE posted modest losses under pressure due to the spill over weakness on the international market and a stronger Rand/US dollar exchange rate.
- Weekly soybean prices were down 3.5% w/w but were still 62.0% higher y/y at R6,021 per ton. Sunflower also lost ground closing at R6,021 per ton, down by 3.5% w/w but still 62.0% higher y/y.
- In the futures market (JSE): Soybeans for May-13 decreased by 2.8% w/w (-R142/t) and Jul-13 was 2.5% lower w/w (-R126/t). Sunflower for Mar-13 delivery decreased by 1.4% w/w (-R80/t), and May-13 was down 2.7% w/w (-R135/t).

### OUTLOOK

It is however expected that prices will strengthen in the medium term on the back of growth in demand for the world vegetable oils.



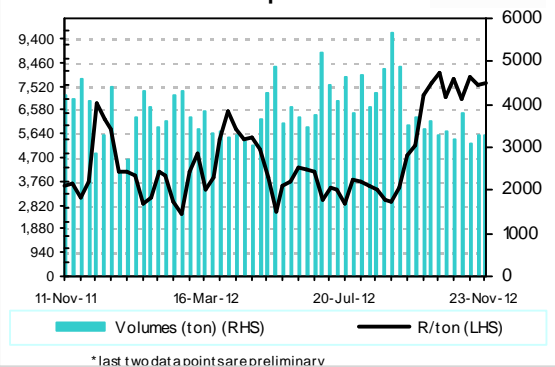
Oilseeds Futures 09 November 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
CBOT Soybeans (US \$/t)	-	527.79	521.47	517.35	493.98
CBOT Soya oil (US c/lb)	52.66	53.59	54.13	54.62	54.88
CBOT Soya cake meal (US\$/t)	495.71	481.16	468.26	460.44	434.42
JSE Sunflower seed (R/t)	6,000	5,485	4,890	4,970	-
JSE Soybean seed (R/t)	5,445	5,230	4,853	4,890	-

**Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)**

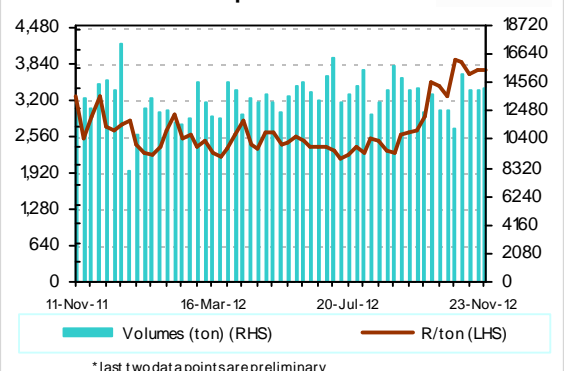
Dec-12			Mar-13			May-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
5,520	134	99	4,940	350	300	5,020	427	377
5,480	113	118	4,900	328	318	4,980	405	395
5,440	94	139	4,860	307	337	4,940	383	413

**Vegetable Market Trends (Graphs 10 to 14)**
**Tomatoes**

Tomato prices rebounded and closed higher on a reduction in volumes traded. Weekly tomato prices rose by 12.7% w/w and were 117.7% higher y/y at R7,884 per ton. Volumes of tomatoes traded were pegged at 3,080 tons, down 18.7% w/w and 27.4% y/y. It is expected that prices will move sideways on softer uptake during midmonth.

**Graph 10: Fresh Produce Markets - Tomatoes prices**

**Potatoes**

Potato prices continued to post modest losses due to limited uptake on markets. Weekly potato prices fell by 5.1% w/w but were 12.1% higher y/y at R3,652 per ton. Volumes traded came in at 13,930 tons, down 8.3% w/w but still 7.5% higher y/y. It is however expected that prices will improve somewhat in the short term but with limited upward potential for the medium term.

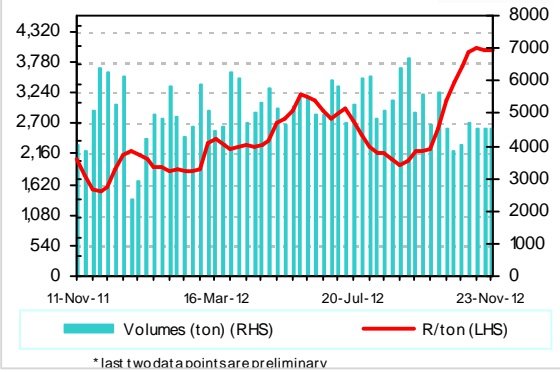
**Graph 11: Fresh Produce Markets - Potatoes prices**


### Onions

Onion prices extended recent gains on good uptake and reduced volumes on markets. Weekly onion prices reached R4,033 per ton, up 2.0% w/w and 96.0% y/y. Volumes traded fell by 4.8% w/w but were 11.2% higher y/y at 4,505 tons

Prices are expected to trend sideways to firmer in the medium term on moderation in supplies.

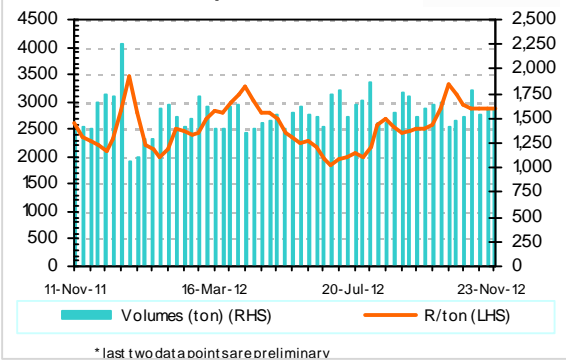
**Graph 12: Fresh Produce Markets - Onion prices**



### Carrots

Carrot prices continued to drift lower on softer demand during midmonth. Weekly carrot prices fell by 0.4% w/w but were 10.5% higher y/y at R2,877 per ton. Volumes traded were pegged at 1,529 tons, down 14.1% w/w but still 9.7% higher y/y. Prices are expected to firm slightly in the short term due to limited supplies on markets.

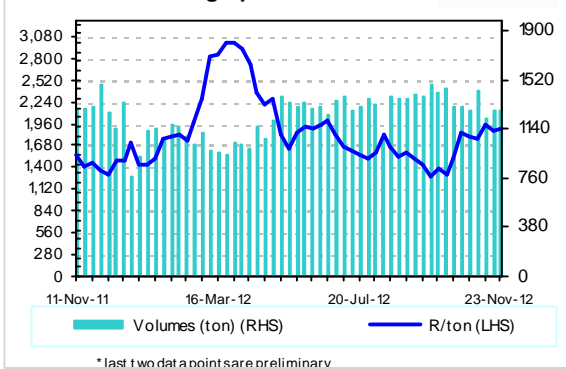
**Graph 13: Fresh Produce Markets - Carrot prices**



### Cabbages

In the case of cabbages, prices bottomed out and finished sharply higher due to reduced volumes on markets. Weekly cabbage prices increased by 10.0% w/w and 24.6% y/y to close at R1,948 per ton. Volumes of cabbages traded came in at 1,215 tons, down 15.7% w/w and 4.8% y/y. Prices are expected to trend sideways to higher in the short term on improved uptake.

**Graph 14: Fresh Produce Markets - Cabbage prices**



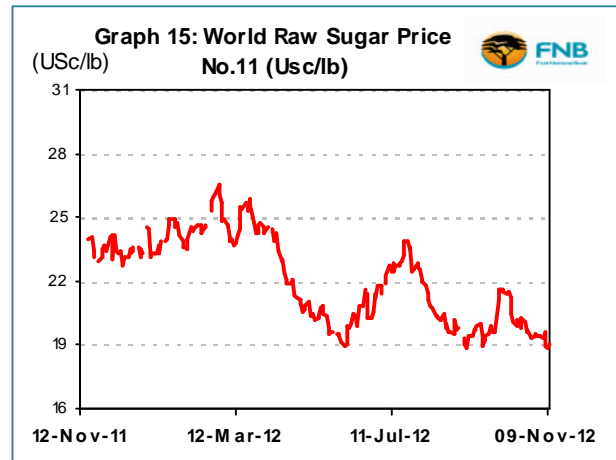
**Vegetable prices: South Africa's Major Fresh Produce Markets.  
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 09 November 2012	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	7,884	12.7%	117.7%	3080	-18.7%	-27.4%
Potato	3,652	-5.1%	12.1%	13930	-8.3%	7.5%
Onion	4,033	2.0%	96.0%	4505	-4.8%	11.2%
Carrot	2,877	-0.4%	10.5%	1529	-14.1%	9.7%
Cabbage	1,948	10.0%	24.6%	1215	-15.7%	-4.8%

\* Daily prices also available at <https://www.fnbagricomms.co.za>

**Sugar market trends (Graph 15)**
International:

- Sugar prices extended recent losses as reports of higher supplies continue to weigh heavily on the market. Raw sugar prices averaged US19.15c/lb for the week, falling by 1.5% w/w and 24.6% y/y.
- Production conditions are reportedly good in Brazil, India and some areas of Pakistan.
- According to the latest USDA WASDE report, projected US sugar supply for the 2012/13 fiscal year is increased by 613,000 short tons, raw value, compared with last month, due to higher beginning stocks, production, and imports from Mexico. The increase in beginning stocks reflects final data reported in Sweetener Market Data (SMD). Production in Louisiana is increased based on forecast higher sugarcane yields. Larger projected shortfall in filling the U.S. tariff rate quota is more than offset by higher imports from Mexico. Domestic consumption is lowered slightly, in line with the revised lower data in SMD. For Mexico, higher 2012/13 carrying stocks and projected production are based on government estimates. Mexico's domestic use and ending stocks are raised in line with increases in 2011/12 final data.
- The benchmark Sugar futures on New York's InterContinental Exchange (ICE) (US c/lb): Raw Sugar for May-13 delivery fell by 1.4% w/w at US19.13c/lb, Jul-13 was down by 1.0% w/w at US19.16c/lb and Mar-14 was down by 0.6% w/w at US19.99c/lb.


Domestic:

- The October 2012 RV price in respect of cane delivered in September was declared at R3,171.85 per ton, R15.28 per ton higher m/m. According to the Cane Growers' Association, the increase was due to the higher weighted average No.11 world market price (23.56 USc/lb vs. 22.70 USc/lb), the weaker average R/\$ exchange rate (8.39 vs. 8.30) and the 40 827 ton drop in gross sugar production (2,110m tons vs. 2,152 m tons). Negative factors were the 36,327 ton reduction in the LMDE and the lower Sugar: RV ratio (94.77% vs. 94.80%).
- About 29.2% of the estimated export availability is reportedly un-priced due to the requirement for the industry to provide for a crop buffer in the event that there is a marked drop in the sugar production estimate before the end of the season.
- With respect to the 2012/13 season, 315 589 ton has been made available for marketing and pricing. To date 291 140 tons has been priced at an average of US24.08c/lb. At this point 24 449 tons are un-priced and 81 137 tons are in the crop buffer. This means that 105 86 tons of the estimated production in 2012/13 are currently subjected to world market price and R/\$ exchange rate volatility.

ICE Sugar Futures 09 November 2012	May-13	Jul-13	Oct-13	Mar-14	May-14
Sugar No.11 (US c/lb)	19.13	19.16	19.48	19.99	19.93
% Change w/w	-1.4%	-1.0%	-0.9%	-0.6%	-0.6%

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Although everything has been done to ensure the accuracy of the information, the Bank takes no responsibility for actions or losses that might occur due to the usage of this information.