

# Agri-Weekly

16 November 2012

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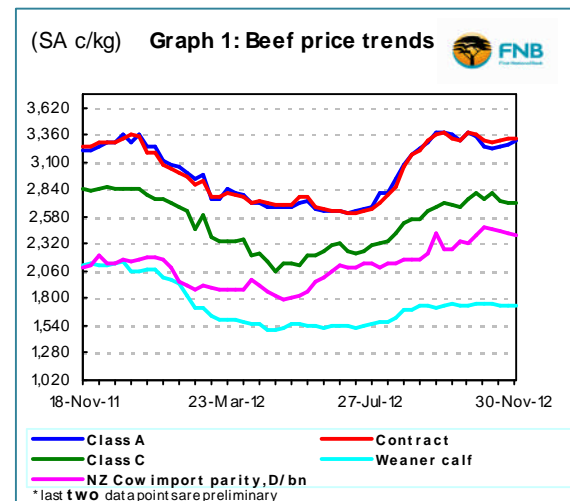
## Beef market trends (Graph 1)

### International:

- US domestic manufacturing beef prices extended recent gains on moderate to good demand despite heavy supplies. Market activity on imported beef was reportedly slow with prices continuing to trend higher on the back of tight supplies and good demand.
- At wholesale markets, boxed beef cut-out values were steady to lower with Choice beef unchanged w/w at US\$193.17/cwt but still 0.7% lower y/y. Select beef were again softer, finishing lower by 1.0% w/w and 1.7% y/y at US\$173.76/cwt.
- In the cattle market, the Feeder Cattle Index fell by 0.5% w/w but was still 0.2% higher y/y at US\$143.48/cwt.
- 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 of 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 benchmark Eastern Young Cattle Indicator (EYCI) fell by 0.5% w/w and 14.2% y/y at AU\$3.46/kg cwt.

### Domestic:

- Beef prices ended mixed with Class C beef easing lower on softer demand during midmonth. Weekly Class C beef prices fell by 2.5% w/w and 4.0% y/y to close at R27.35 per kg.
- Class A beef prices increased by 0.3% w/w and were 1.1% higher y/y at R32.47 per kg. Contract Class A beef prices were up by 0.3% w/w and 2.0% y/y at R33.07 per kg.
- In the case of weaner calves, prices remained under pressure and declined due to lack of demand with feedlots remaining on the sidelines. Weekly weaner calf prices were down 0.5% w/w and 17.5% y/y at R17.40 per kg.



## OUTLOOK

The weaner market is expected to trend sideways due to weak demand and uncertainty over price prospects for beef ahead of the December holidays.

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

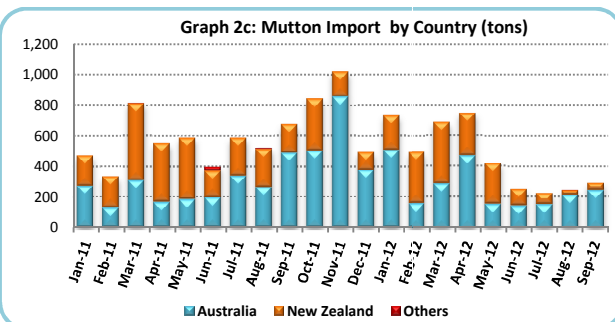
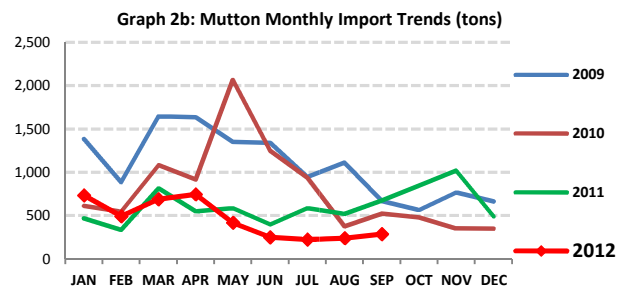
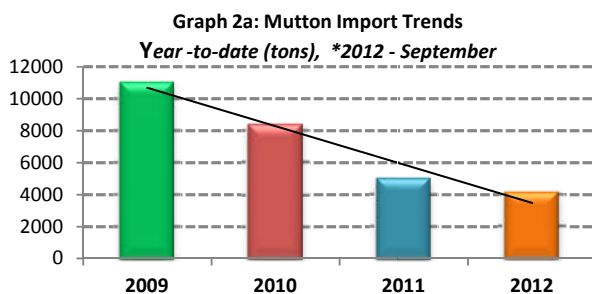
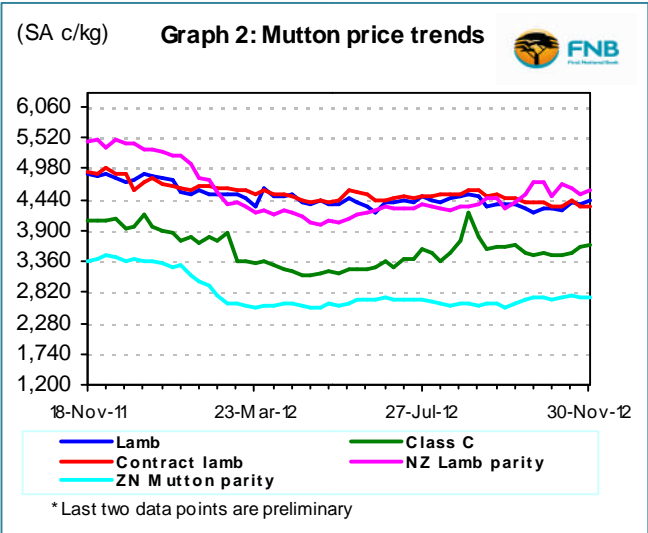
- Australian lamb market ended softer on improved volumes across most markets. As a result, the Eastern States Trade Lamb Indicator (ESTLI) fell by 12.1% w/w and 36.5% y/y at AU\$3.11/kg cwt. Volumes traded were reported up 41.0% w/w.
- Australian exports rebounded in October with lamb shipments reported 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 extended recent losses with lamb finishing at NZ\$94.30 per head. This is down by 2.4% w/w and 30.9% y/y.
- In the US, the Lamb carcass sales ended mixed with the weakness in the heavier categories. Weekly Lamb Cut-out values closed at US\$269.37/cwt, down 0.9% w/w and 28.9% y/y.
- Weekly number of sheep slaughtered came in at 40,000 head, down by 4.8% w/w and 28.9% y/y. The cumulative number slaughtered for the year to date was 1.77m head, which is 0.3% lower y/y.

Domestic:

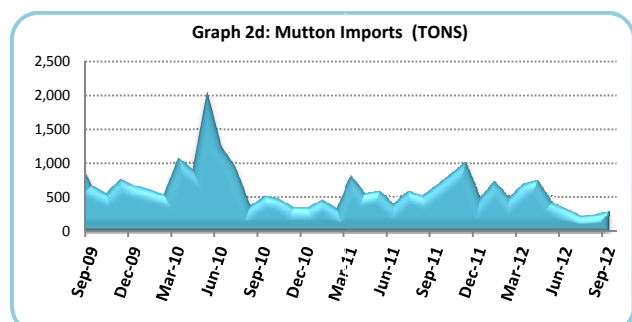
- The lamb and mutton market finished steady to lower on subdued demand across most markets. Weekly Class A lamb prices fell by 0.1% w/w and 11.1% y/y to close at R42.63 per kg.
- Mutton prices eased marginally lower by 0.3% w/w and 10.0% y/y, closing the week at R34.66 per kg. Contract Class A lamb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

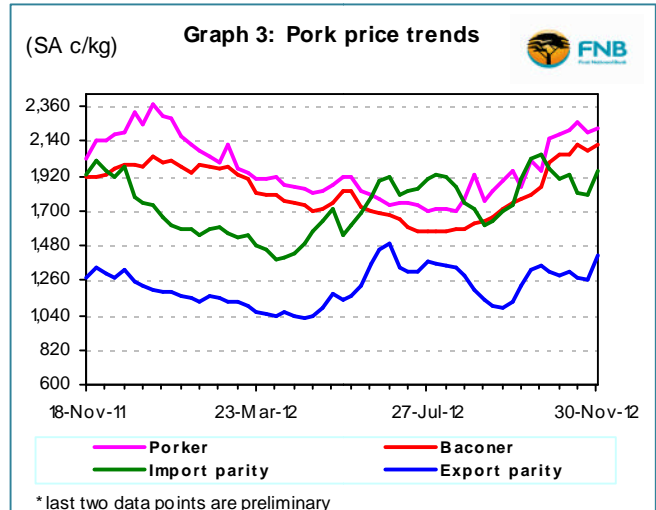


Source: SARS, Own Calculations



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

- The US domestic pork market ended moderate to sharply lower on improved supplies across all categories.
- Weekly Carcass prices closed at US\$82.99/cwt, down 3.8% w/w and 7.0% y/y. Loin prices fell by 4.0% w/w and 12.0% y/y to close at US\$85.01/cwt. Rib prices closed at US\$126.74/cwt, down 1.1% w/w and 12.1% y/y. Ham prices fell by a whopping 8.8% w/w and 16.6% y/y at US\$65.89/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.

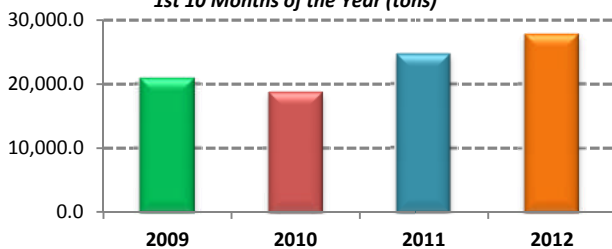

Domestic:

- The domestic market posted modest gains due to tight supplies. Weekly porker prices closed at R22.62 per kg, up 2.5% w/w and 11.7% y/y.
- Weekly baconer prices closed at R21.19 per kg, up 3.2% w/w and 10.9% y/y. Import parity prices weakened due to lower international prices. Weekly import parity prices decreased by 5.9% w/w and were 6.3% lower 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%).

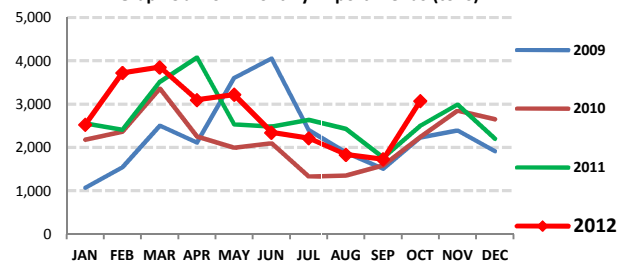
**OUTLOOK**

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

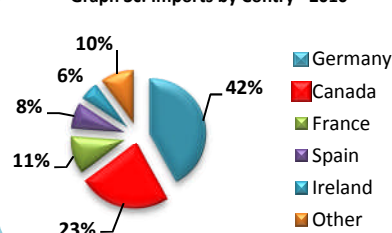
**Graph 3a: Pork Import Trends**  
1st 10 Months of the Year (tons)



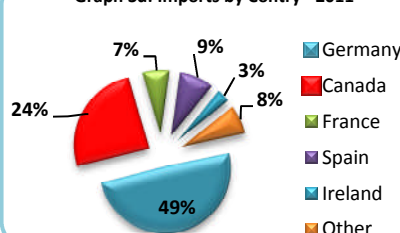
**Graph 3b: Pork Monthly Import Trends (tons)**



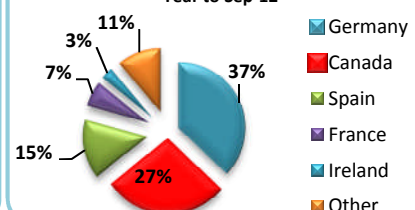
**Graph 3c: Imports by Contry - 2010**



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

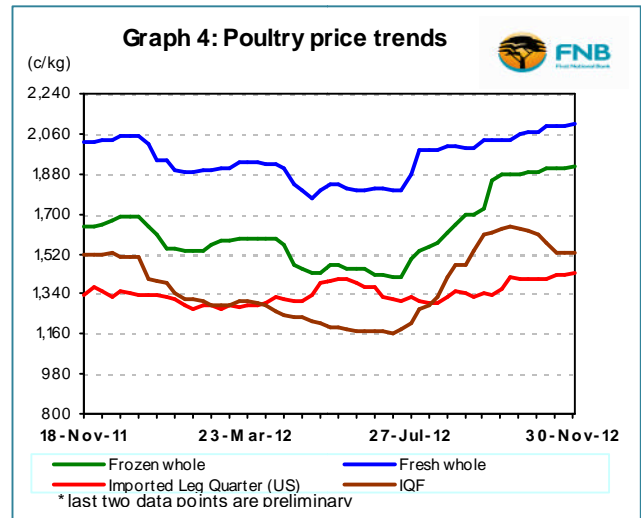


**Graph 4e: Imports by Contry**  
Year to Sep-12



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

- US domestic prices were steady to lower across most categories. The exception was drumsticks, ending modestly higher for the week. Demand at retail and food service was reportedly light to good ahead of the weekend. Weekly whole bird prices ended at US96.42c/lb, up 0.2% w/w and 8.1% y/y. Breast cust close at US100.83c/lb, up 0.2% w/w and 25.5% y/y.
- Drumsticks gained 5.5% w/w and 0.2% y/y at US67.67c/lb. Leg quarters traded at US53.50c/lb, up 0.3% w/w but almost unchanged y/y. Wings traded at US182.17c/lb, up 0.3% w/w and 44.8% y/y.
- US broiler egg sets and chick placements for the week ended 10 November were reported down 2.0% and 3.0% respectively y/y. The expected number of broilers available for marketing during the week ending 22 Dec-12 is estimated at 137.6m head, down by 2.9% w/w and 3.0% 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.

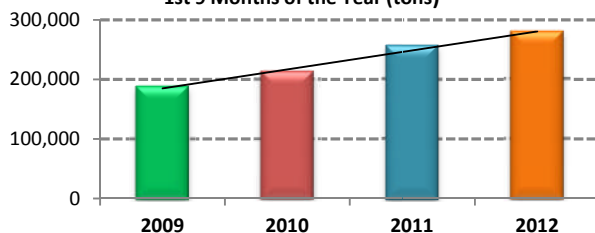

Domestic:

- On the domestic market, broiler prices trended mostly sideways in the whole bird category while IQF remained under pressure and declined due to the subdued market and increased supplies. Weekly IQF prices closed at R15.21 per kg, which is 3.1% lower w/w but still 0.5% higher y/y. In the whole bird category, frozen whole bird prices steadied at R19.04 per kg, but were 16.1% higher y/y.
- Fresh whole bird prices closed at R20.92 per kg, unchanged w/w but still 3.5% higher y/y. Weekly import parity prices increased due to combined effect of better international prices and a weaker Rand. Weekly import parity prices increased by 1.4% w/w and were 6.9% higher y/y.
- Meanwhile, the higher feed costs continue to exert downward pressure on producer margins. Imports have rebounded since midyear and increased for the third consecutive month to 32,548 tons in September, up by 26.4% m/m and 18.8% y/y. Year to date broiler imports reached 278,708 tons, up 9.6% y/y.

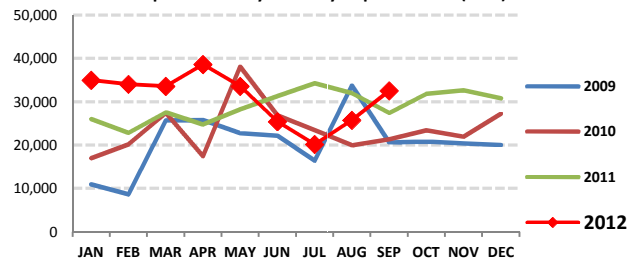
**OUTLOOK**

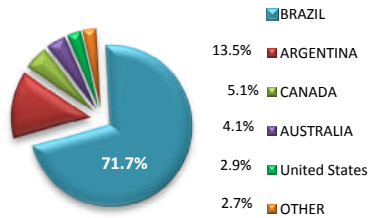
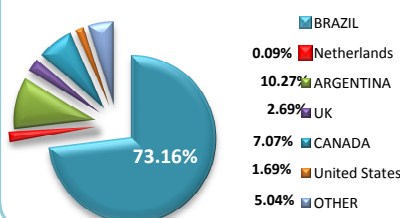
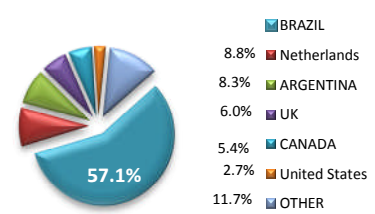
Prices are expected to trend sideways in the short term but with downward potential for the IQF category due to volume pressure. However, the market will bottom out in the medium to longer term as supplies tighten due to production cutbacks.

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



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



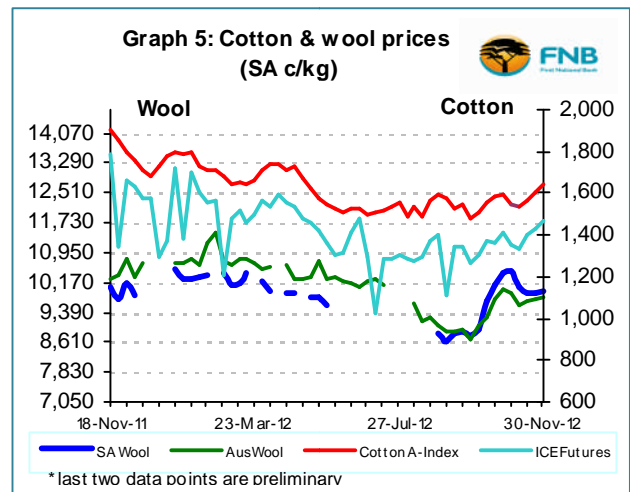
**Graph 4c: Imports by Country - 2009**

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

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


Source: SARS, Own Calculations

Producer prices for selected livestock commodities 16 November 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	32.47	44.04	22.62	20.92
Open market: Class C / Baconer / Frozen whole birds(R/kg)	27.35	34.88	21.00	19.04
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	33.07	44.19	21.19	15.21
Import parity price (R/kg)	24.41	27.49	18.13	14.29
Weaner Calves / Feeder Lambs (R/kg)	17.40	21.00		

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

- Cotton prices rebounded and finished marginally higher on renewed demand prospects. However, the advancing harvest and abundant world supplies limited further gains.
- 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, due to the slowing world economy. The figures above point to a depressed market condition going forward.
- Cotton futures on the InterContinental Exchange (ICE): Cotton for Mar-13 gained 3.1% w/w at US72.64c/lb, May-13 was up 2.5% w/w at US73.54c/lb, and Oct-13 was 2.3% higher w/w at US76.25c/lb.
- Wool: In Australia, the wool market rebounded from the early week low and finished firmer. This saw the Eastern Market Indicator gaining 1.0% w/w but still 16.0% lower y/y at AU\$10.13 per kg clean wool. Volumes offered were pegged at 52,441 bales with sales of 89.7%.


**Domestic:**

- The wool market extended losses for the second consecutive week on softer demand and spill over weakness from the Australian market during mid-week. The weekly Cape Wools Merino indicator fell by 1.6% w/w and 2.0% y/y to close at R98.73 per kg clean wool. This is however still 5.0% and 13.0% higher than the current season's average and the opening sale respectively.
- Major buyers were: Standard Wool SA with 2,973 bales (27.6%), G Modiano SA with 2,243 bales (20.8%), Lempriere SA with 2,090 bales (19.4%), and Stucken & Co with 1,717 bales (16.0%).

Fibre market prices 16 November 2012	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Jan-13 (AU\$/kg)	Australian futures Mar-13 (AU\$/kg)
Wool market indicator (R/kg)	98.73	96.89		
19µ long length wool (R/kg)	110.54	104.95	11.40	11.35
21µ long length wool (R/kg)	99.85	98.64	9.80	9.75
23µ long length wool (R/kg)	95.29	93.99	8.40	8.35

	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures Mar-12 (US\$/kg)	Cotton Futures May-13 (US\$/kg)
Cotton Prices (R/kg)	15.62	1.77	1.60	1.62

Cotton Futures on ICE;

### Yellow maize market (Graph 6)

#### International:

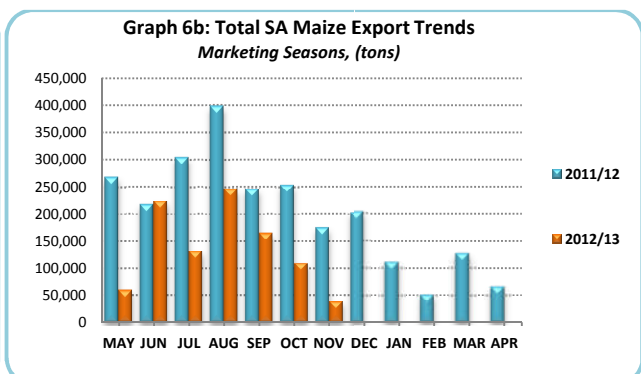
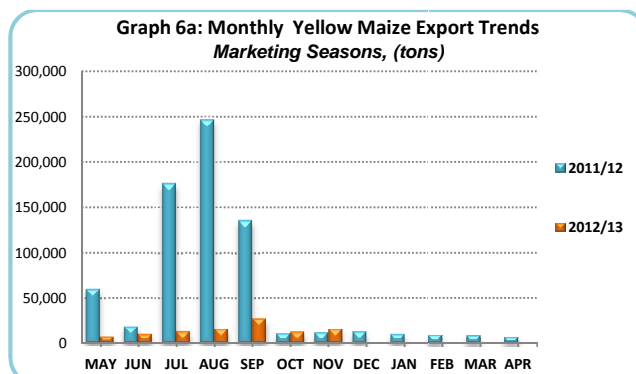
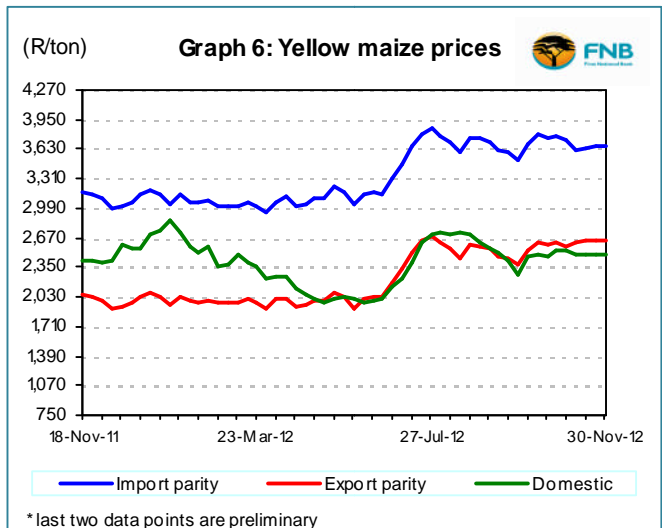
- Prices weakened due to favourable weather conditions in South America and weakness in stock markets due to worries over the slowing world economy. USDA's monthly outlook report was bearish, raising world production by 0.7m to 839.7m but still down by a whopping 40.8m tons y/y.
- Despite the sharp drop 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 fell by 2.3% w/w at US\$286/t, May-13 was down 2.5% w/w at S\$284/t, and Jul-13 was down 2.8% w/w at US\$279/t.

#### Domestic:

- Yellow maize prices extended losses under pressure due to weakness on CBOT, despite a sharp weakening in the Rand/US dollar exchange rate. Weekly yellow maize prices closed at R2,482 per ton, down by 0.6% w/w but still 2.9% higher y/y. Import parity prices gained 0.9% w/w and were 15.1% higher y/y, mainly on supportive Rand.
- Export sales for the week came in at 3,986 tons, bringing the progressive total for the 2012/13 marketing season to 107,063 tons.
- Yellow maize futures on the JSE: SAFEX: Yellow maize for Mar-13 fell by 0.1% w/w (-R2/t), and Jul-13 was 0.4% w/w (-R10/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.



Yellow Maize Futures 16 November 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
CBOT (\$/t)	284.15	285.65	283.76	279.19	247.12
JSE (R/t)	2,493	2,515	2,503	2,315	-
CHICAGO CORN (R/t)	2,515	2,565	-	2,553	2,284

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	58	21	2,360	149	104	2,300	185	140
2,500	34	37	2,320	126	121	2,260	162	157
2,460	18	61	2,280	106	141	2,220	141	176

### White maize market trends (Graph 7)

#### International:

- White maize prices eased lower on improved weather for South America and spill over weakness from the energy markets with sharp falls in crude oil prices.
- Weekly average white maize prices closed at US\$332 per tons, down 1.6% w/w but still 21.8% higher y/y.

#### Domestic:

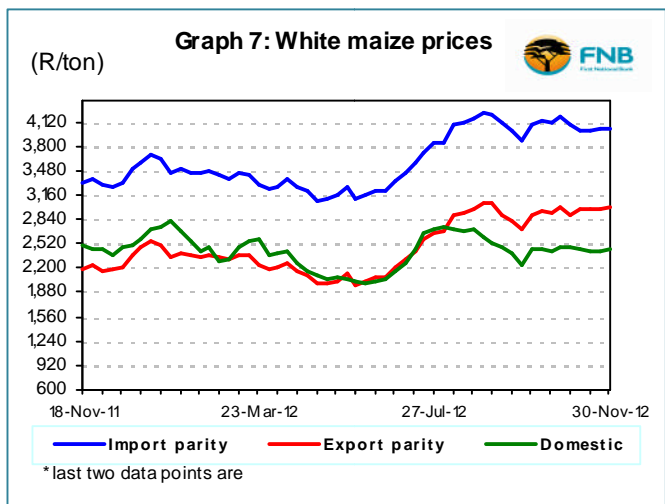
White maize prices extended recent losses on spill over weakness in CBOT. Weekly white maize prices fell by 1.2% w/w and 2.7% y/y to close at R2,429 per ton. White maize import parity prices were a bit firmer mainly on Rand weakness, closing up 0.4% w/w and 21.4% y/y. Weekly white maize export sales were pegged

at 7,313 tons, with total sales for the season to date reaching 873,461 tons. Cumulative maize export sales for the 2012/13 season advanced to 980,524 tons (White and Yellow maize).

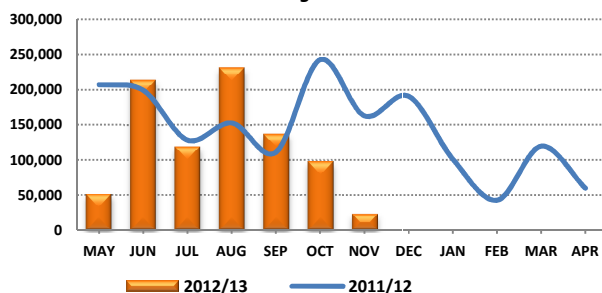
WMAZ maize futures on the JSE: White maize for Mar-13 fell by 0.8% w/w (-R20/t), and Jul-13 was unchanged w/w.

### OUTLOOK

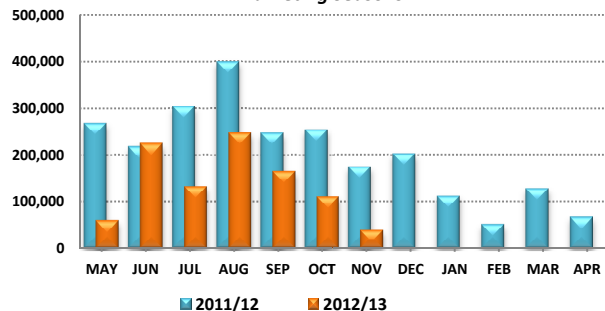
Weather will determine price direction during planting and the early growth phase. However, the market may still turn lower in reaction to the expanding planted area and favourable production conditions.



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



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



White Maize Futures 16 November 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13			
JSE (R/t) WM <sub>1</sub>	2,437	2,458	2,469	2,328	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
2,500	57	26	2,360	144	112	2,320	185	142
2,460	35	44	2,320	123	131	2,280	163	160
2,420	19	68	2,280	103	151	2,240	142	179

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

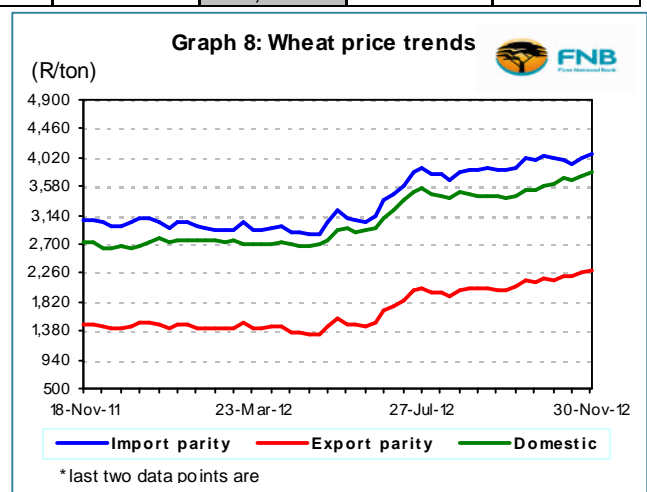
- US Wheat prices posted modest losses on weak export demand and spill over weakness from the maize market. However, concerns over crop conditions in the Winter Wheat areas of the US coupled with lower crop ratings which came in at 36.0% in good to excellent conditions helped limit losses.
- Last week, 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 fell by 4.9% w/w at US\$328/t, May-13 was down 4.8% w/w at US\$331/t, and Jul-13 was down 3.9% w/w at US\$327/t.
- CME futures: Wheat for Mar-13 was down 4.5% w/w at US\$316/t, May-13 was down 4.4% w/w at US\$319/t, and Jul-13 was down 3.8% w/w at US\$314/t.

**Domestic:**

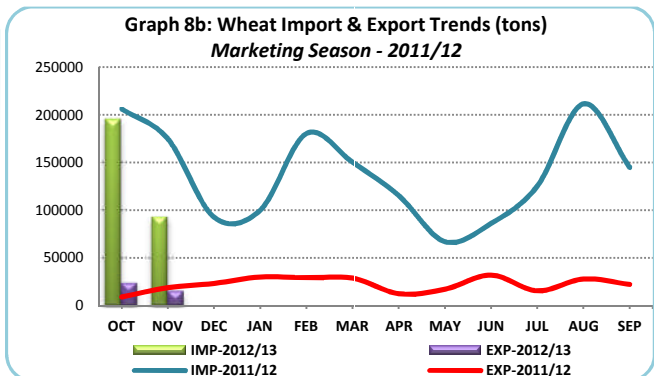
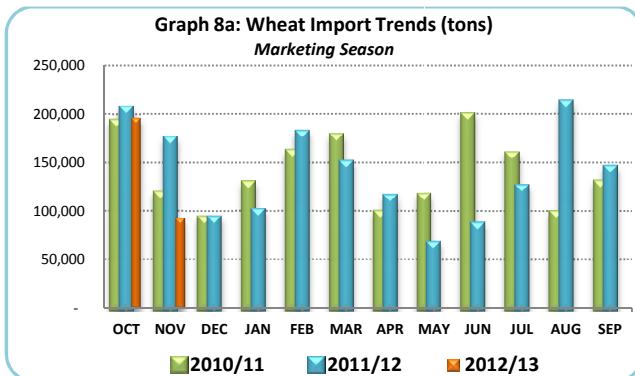
- Wheat prices tracked CBOT market and eased lower. However, the sharply weaker Rand helped limit losses. Weekly wheat prices were down 0.4% w/w but still 27.9% higher y/y at R3,679 per ton. Wheat import parity prices eased lower with weaker Rand, closing down 1.2% w/w and but still 27.0% higher y/y.
- Weekly import sales came in at 31,509 tons bringing the cumulative total for the new marketing season to 285,008 tons (2012/13).
- Wheat futures on the JSE: Wheat for Mar-13 delivery closed down 1.7% w/w (-R66/t), and Jul-13 was down 1.5% w/w (-R60/t).

**OUTLOOK**

It is expected that prices will bottom out and trend firmer in the short term to medium term due to the renewed Rand weakness.







Source: SAGIS;

Wheat Futures 16 November 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13				
KCBT (\$/t)	321.87	328.03	330.79	327.39	328.21				
JSE (R/t)	3,685	3,779	-	3,850	-				
<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
	3,820	62	21	3,880	195	156	3,900	249	199
	3,780	38	37	3,840	173	174	3,860	227	217
	3,740	21	60	3,800	153	194	3,820	207	237

### Oilseed market trends (Graph 9)

#### International:

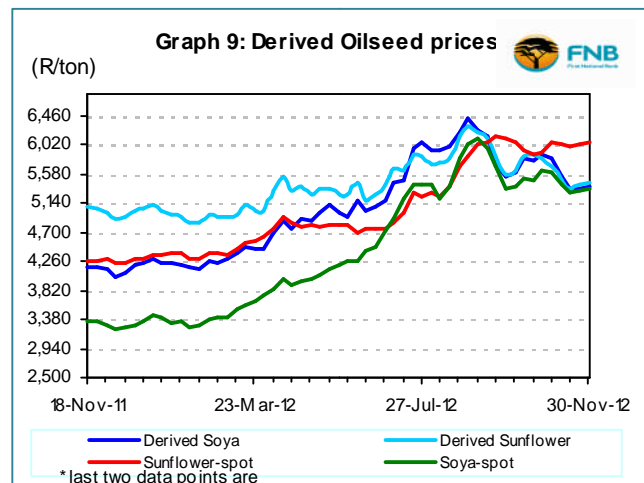
- Prices were down across the soybean complex on improving weather forecasts for South America and weak US export sales. However the bullish NOPA processing data helped limit losses with estimates above market expectations at 4.2m tons, up 0.9m ton from September. The USDA's supply and demand report 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 continued to weaken under pressure due to weakness on the international market.
- Weekly soybean prices closed at R5,304 per ton, down by 2.1% w/w but still 58.3% higher y/y. Sunflower prices extended losses, falling by 0.6% w/w but still 40.0% higher y/y at R5,984 per ton.
- In the futures market (JSE): Soybeans for May-13 was down 4.3% w/w (-R209/t), and Jul-13 was down 3.7% w/w (-R183/t).
- Sunflower for Mar-13 gained 1.0% w/w (+R55/t), and May-13 was down 0.8% w/w (-R40/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 16 November 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
CBOT Soybeans (US \$/t)	-	500.52	497.66	489.06	466.87
CBOT Soya oil (US c/lb)	52.32	53.20	53.72	54.20	54.51
CBOT Soya cake meal (US\$/t)	474.54	457.46	443.90	437.84	414.58
JSE Sunflower seed (R/t)	6,020	5,540	4,850	4,955	-
JSE Soybean seed (R/t)	5,285	5,245	5,030	4,644	-

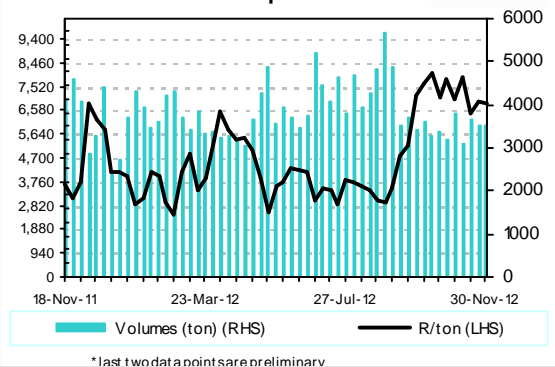
**Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)**

Dec-12			Mar-13			May-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
5,580	104	64	4,900	336	286	5,000	414	369
5,540	83	83	4,860	314	304	4,960	392	387
5,500	64	104	4,820	293	323	4,920	371	406

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

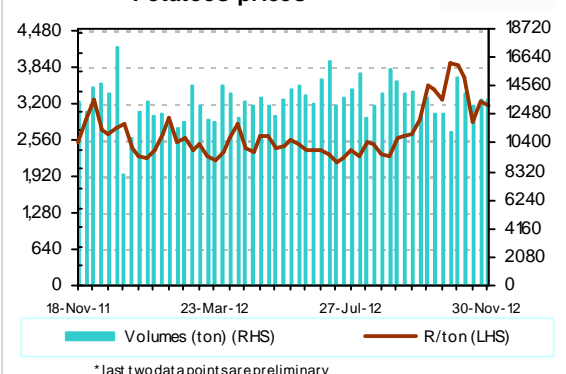
Tomato prices reversed last week's gains and fell sharply as volumes improved. Weekly tomato prices fell by 18.1% w/w but still 76.3% higher y/y at R6,458 per ton. Volumes of tomatoes traded came in at 3,657 tons, up 18.7% w/w but still 11.4% lower y/y.

Prices are expected to trend sideways to higher in the short term on improved uptake.

**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 21.1% w/w but still 14.0% higher y/y at R2,880 per ton. Volumes traded were pegged at 13,177 tons, which is down by 5.4% w/w and 1.8% y/y.

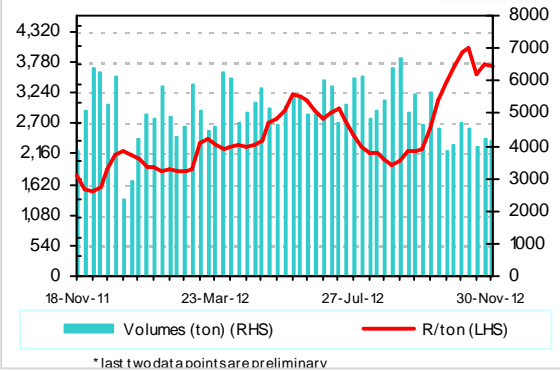
Prices are expected to ease somewhat in the short term as volumes improve.

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


### Onions

Onion prices posted sharp losses as a result of weak uptake on markets. Weekly onion prices fell by 11.8% w/w but were 98.0% higher y/y at R3,557 per ton. Volumes traded came in at 3,960 tons, down by 12.1% w/w but still 3.0% higher y/y. Prices are expected to trend sideways with limited upward potential in the short term..

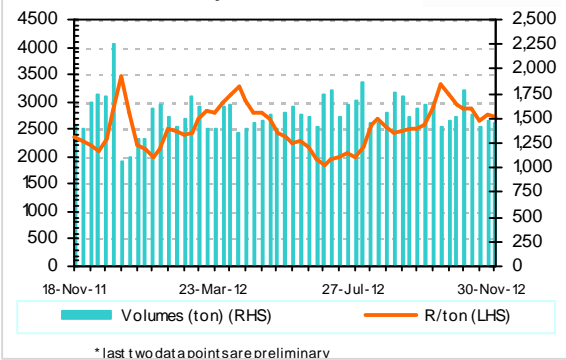
**Graph 12: Fresh Produce Markets - Onion prices**



### Carrots

Carrot prices continued to post modest losses due to limited demand on markets. Weekly carrots prices fell by 7.5% w/w but were still 12.4% higher y/y at R2,661 per ton. Volumes of carrots traded fell by 7.9% w/w and 0.6% y/y at 1,408 tons. Prices are expected to ease somewhat in the short term as volumes improve.

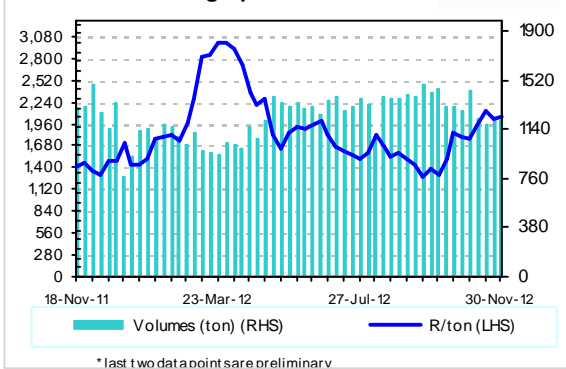
**Graph 13: Fresh Produce Markets - Carrot prices**



### Cabbages

In the case of cabbages, prices retained the uptrend on the back of lower volumes on markets. Weekly cabbage prices increased by 9.1% w/w and 50.7% y/y to close at R2,125 per ton. Volumes of cabbages traded came in at 1,175 tons, down 3.3% w/w and 9.8% y/y. Prices are expected to trend sideways to higher in the short term on improved uptake.

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



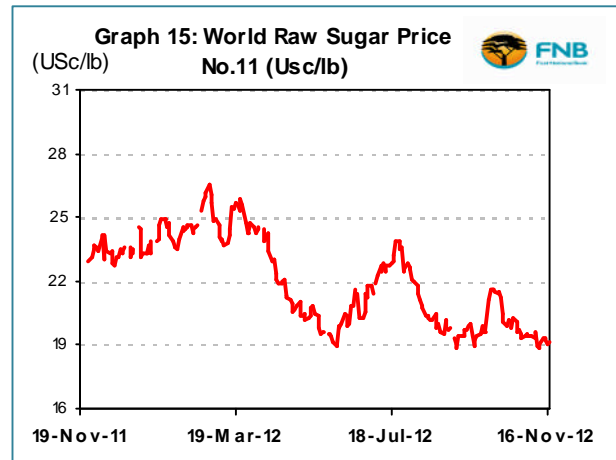
**Vegetable prices: South Africa's Major Fresh Produce Markets.  
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 16 November 2012	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	6,458	-18.1%	76.3%	3657	18.7%	-11.4%
Potato	2,880	-21.1%	14.0%	13177	-5.4%	-1.8%
Onion	3,557	-11.8%	98.0%	3960	-12.1%	3.0%
Carrot	2,661	-7.5%	12.4%	1408	-7.9%	-0.6%
Cabbage	2,125	9.1%	50.7%	1175	-3.3%	-9.8%

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

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

- Sugar prices ended a bit firmer for the week. However, the large world supplies from recent estimates by many agencies limited further gains. Raw sugar prices averaged US19.23c/lb for the week, gaining by 0.4% w/w but still 21.3% lower 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.


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 16 November 2012	May-13	Jul-13	Oct-13	Mar-14	May-14
Sugar No.11 (US c/lb)	19.18	19.23	19.54	20.02	19.96
% Change w/w	0.3%	0.4%	0.3%	0.2%	0.2%

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