

# Agri-Weekly

12 October 2012

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## Beef market trends (Graph 1)

### International:

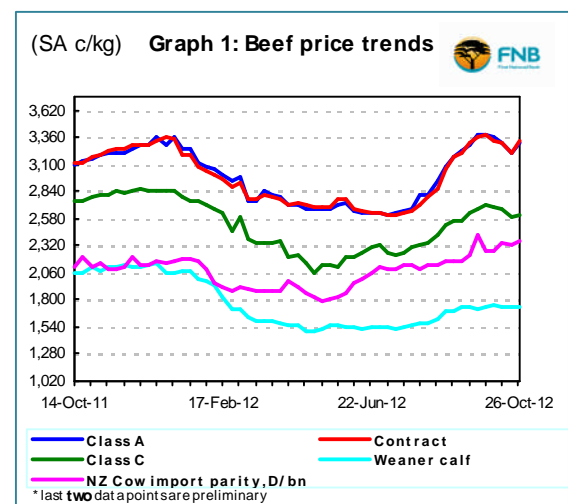
- US domestic manufacturing beef prices moved sideways on moderate demand and supplies. Market activity on imported beef was reportedly moderate with prices trending firmer on tight supplies.
- Weekly boxed beef cut-out values ended firmer. Choice was up 0.4% w/w and 3.1% y/y at US\$191.15/cwt. Select beef advanced by 0.2% w/w and 4.9% y/y at US\$177/cwt. In the cattle market, the CME Feeder Cattle Index fell by 0.1% w/w at US\$143.52/cwt, but still 4.7% higher y/y.
- USDA's latest forecast has the US production at 11.6m tons for 2012 and 11.1m tons for 2013, down 2.3% y/y and 3.8% y/y respectively. Beef imports are reduced for 2012 at 1.1m tons based on a slower pace of imports from Canada, but are unchanged m/m for 2013 at 1.2m tons. Beef export estimates for 2012 and 2013 were unchanged at 1.1m tons.
- In Australia, prices finished modestly lower as lack of rains and the subdued export conditions pressured the market. A stronger currency added to the sluggish export sales. As a result, export sales for September were reported down 2.0% y/y at 79,935 tons. Nonetheless, the year-to-date exports were steady on a y/y basis at 693,360 tons. Exports to Russia were reported down 70% y/y at 2,111 tons. The benchmark Eastern Young Cattle Indicator (EYCI) ended at AU\$3.50/kg cwt, down 3.3% w/w and 12.2% y/y.
- Domestic beef prices in New Zealand moved sideways for the week. Meanwhile, NZ beef exports are projected to rise by 4.9% y/y to 360,000 tons due to the improved season, expanded dairy herd and carryover of cull cows from last season.

### Domestic:

- The beef market continued to soften on sluggish demand during mid-month. Weekly Class A beef fell by 1.2% w/w and 7.0% y/y at R33.15/kg. Contract Class A beef was down 0.6% w/w but still 5.9% higher y/y at R33.01/kg. Class C beef was down 0.7% w/w and 2.9% y/y at R26.77/kg.
- Weaner calf prices eased lower on softer demand. Weekly weaner calf prices fell by 1.1% w/w and 15.4% y/y at R17.40/kg live weight. The pasture season started on a positive note with good rains across most production areas. However, some areas remain dry especially in the Northern Cape.

## OUTLOOK

Weather will be critical for fodder availability going forward. Adverse conditions may force producers to offload stock, thereby placing downward pressure on prices.



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

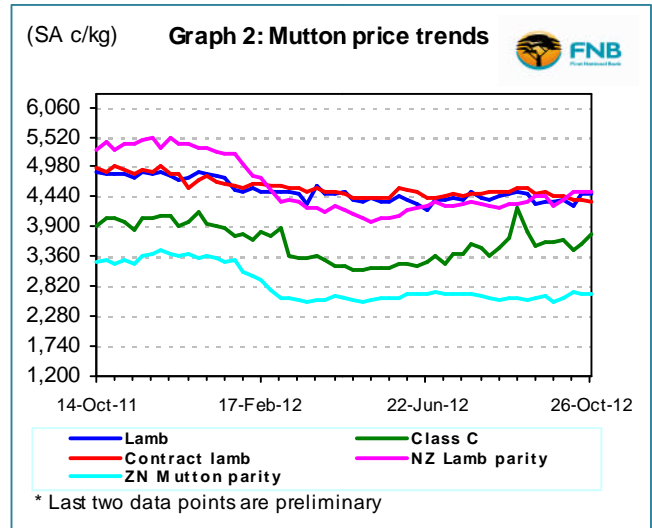
- Australian lamb market remained under pressure due to increased seasonal supplies and lack of rains in the growing areas. The ESTLI indicator lifted slightly to AU\$3.80/kg cwt, up 1.1% w/w but still 29.1% lower y/y.
- Tough economic conditions in major global markets slowed down exports. Australian lamb exports to the EU were reported down 9.0% y/y in September at 1,076 tons and 7,620 tons for the year to date. The decline is attributable to weak demand conditions within the EU, the firmer exchange rate regime and strong competition from frozen New Zealand product.
- In New Zealand, producer prices were steady to firmer across most categories. Weekly lamb prices steadied at NZ\$100.2/head, but still 23.0% lower y/y. The new lamb processing season reportedly got off to a strong start with good carcass weights. The weekly harvest figure was almost on par with last year and is expected to increase ahead of December.
- US Lamb Cut-out values eased marginally lower for the week. Weekly Lamb Carcass Cut-out ended at US\$278/cwt, down 1.1% w/w and 25.9% y/y. The number of sheep slaughtered was pegged at 39,000 head, down 4.9% w/w but still 5.4% higher y/y. The cumulative number slaughtered for the year to date was 1.56m head, down 0.6% y/y.

**Domestic:**

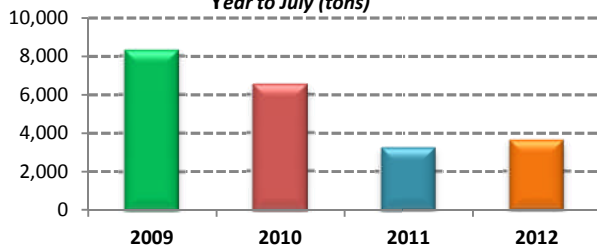
- On the local market, prices were slight to modestly lower on limited uptake across markets. Weekly Class A lamb fell by 1.9% w/w and 12.6% y/y at R42.83/kg. Mutton prices were down 4.6% w/w and 10.6% y/y at R34.91/kg. Contract Class A lamb prices were down 2.0% w/w and 11.7% y/y at R43.70/kg.
- The weaner lamb market remained under pressure and declined due to limited demand on markets. Weekly weaner lamb prices fell by 1.2% w/w and 23.6% y/y at R21.13/kg live weight.

**OUTLOOK**

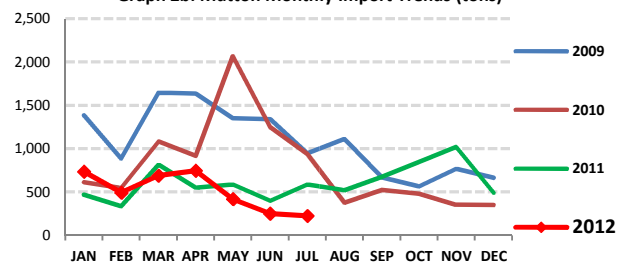
It is however expected that the market will bottom out and trend firmer in the medium term on seasonal increase in demand.



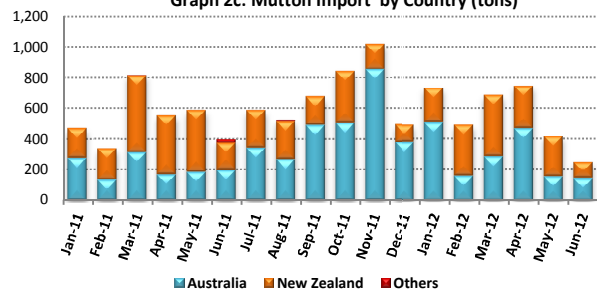
**Graph 2a: Mutton Import Trends**  
Year to July (tons)



**Graph 2b: Mutton Monthly Import Trends (tons)**

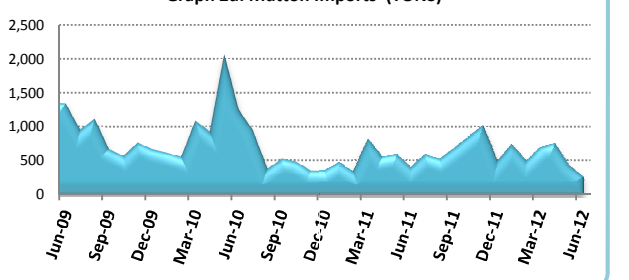


**Graph 2c: Mutton Import by Country (tons)**



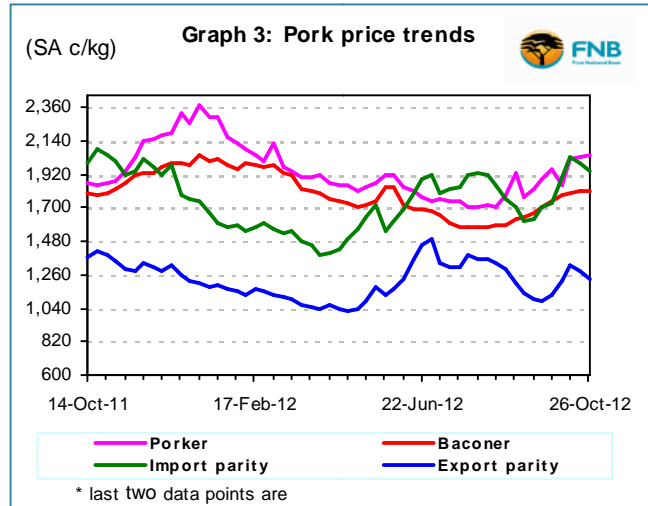
Source: SARS, Own Calculations

**Graph 2d: Mutton Imports (TONS)**



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

- The US domestic pork market extended gains despite increased slaughtering due to limited supplies and improved demand. Prices were up across most categories with carcass prices closing higher by 3.4% w/w but still down 11.4% y/y at US\$86.27/cwt.
- Weekly loin prices increased by 3.7% w/w but still 15.8% lower y/y at US\$94.35/cwt. Rib prices advanced by 2.9% w/w to close at US\$124.33/cwt, but still 10.0% lower y/y.
- Hams gained 3.4% w/w to close at US\$76.48/cwt, but still 10.1% lower y/y.
- USDA's October forecast had the 2012 pork production at a slightly elevated level of 10.5m tons, up 2.4% y/y. The 2013 forecast was raised by 0.4% m/m but down 1.3% y/y at 10.4m tons.

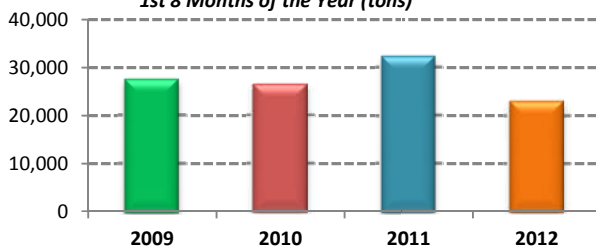

Domestic:

- On the domestic market, prices posted strong gains on the back of tight supplies. Weekly baconer prices closed at R18.02/kg, up 1.2% w/w and 0.5% y/y. Porker prices rebounded to close at R20.18/kg, up 9.1% w/w 8.2% y/y.
- Import parity prices extended gains due to the combined effect of higher international prices and a weaker Rand US dollar exchange rate. The sustained Rand weakness will support the market as it reduces import competition. However, the downside is its upward influence on grain prices which will increase the cost of feeding. Weekly import parity prices increased by 6.7% w/w and 1.8% y/y.

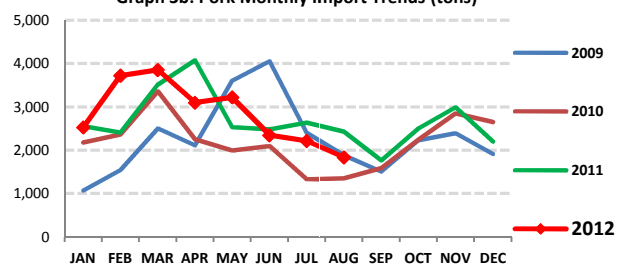
**OUTLOOK**

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

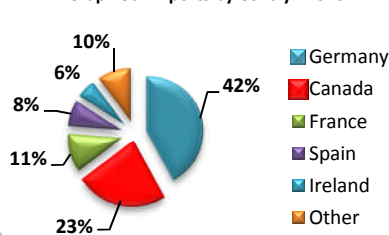
**Graph 3a: Pork Import Trends**  
1st 8 Months of the Year (tons)



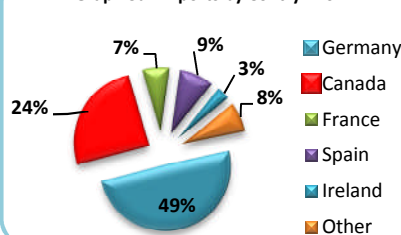
**Graph 3b: Pork Monthly Import Trends (tons)**



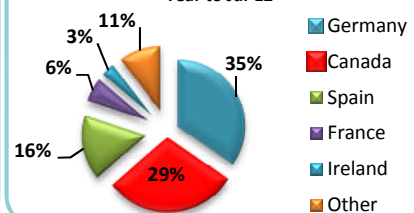
**Graph 3c: Imports by Contry - 2010**



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



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



Source: SAPPO, SARS, Own Calculations

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

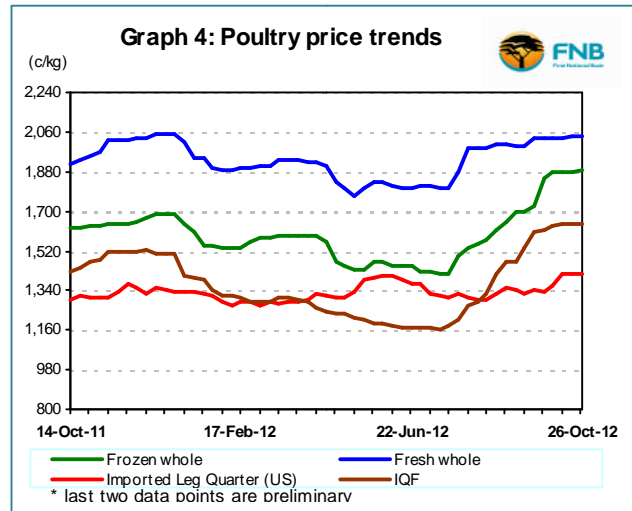
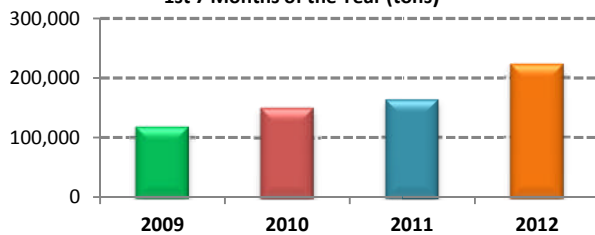
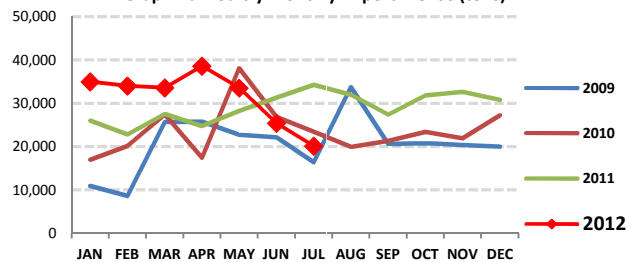
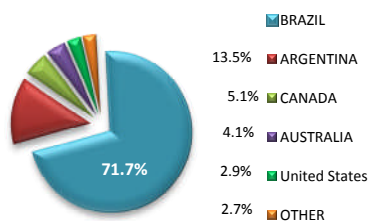
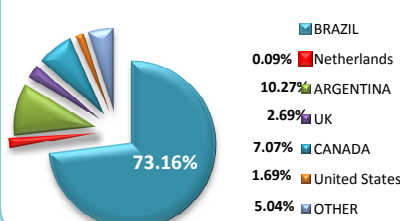
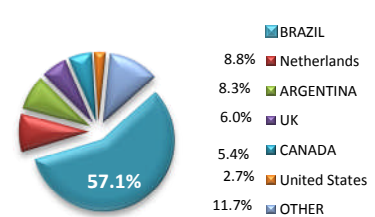
- US domestic prices were firmer across most categories with the exception of breast cuts. Demand at retail and food service was reportedly light to moderate ahead of the weekend. Weekly whole bird prices steadied at US\$95.75c/lb, but still 7.6% higher y/y.
- Leg quarters extended recent gains, finishing up 0.6% w/w and 0.3% y/y at US\$53.17c/lb. Wings traded at US\$182.83c/lb, up 0.3% w/w and 62.8% y/y.
- Breast cuts fell by 1.6% w/w at US\$100.83c/lb, but still 25.0% higher y/y. US broiler egg sets and chick placements for the week ended 6 Oct-2012 were reported up by 1.0% y/y and 3.0% y/y respectively.
- The number of broilers available for marketing for the week ending 17 Nov-2012 was estimated at 142.0m head, down by 1.6% w/w and 3.6% y/y. Broiler production for 2012 was reduced by 1.3% y/y to 16.4m tons in the latest USDA outlook report. The 2013 figure was however raised by 0.2% m/m in October to 16.2m tons but will be 0.8% lower y/y.

Domestic:

- The market retained the recent uptrend on moderation in supplies. Prices were steady to higher with weekly IQF prices closing up 0.4% w/w and 15.3% y/y at R16.39/kg. Medium frozen whole birds were steady at R18.80/kg but still 15.7% higher y/y.
- Medium fresh whole birds maintained the sideways trend at R20.35/kg, which is 6.2% higher y/y. Import parity prices continued to strengthen on the back of higher international prices and a weaker Rand versus the US dollar. Weekly import parity prices were up 3.5% w/w and 9.0% y/y.

**OUTLOOK**

The short to medium term price outlook remains bullish, on improved seasonal demand and tightening supplies as cost pressures force production cutbacks. A sustained Rand weakness will provide added support as imports slow down.

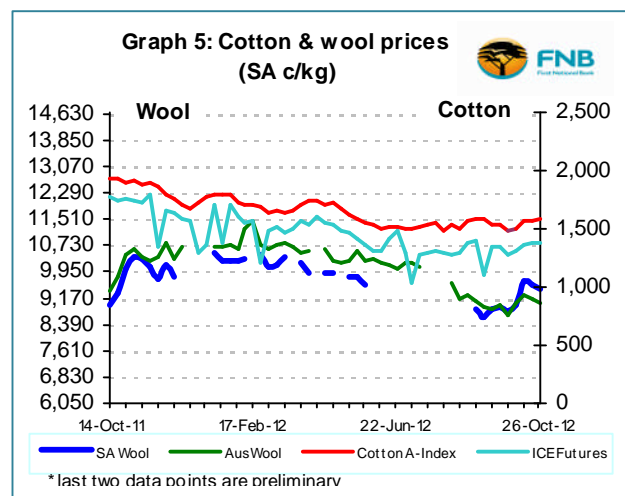

**Graph 4a: Poultry Import Trends**  
 1st 7 Months of the Year (tons)

**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 12 October 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	33.15	42.83	20.18	20.35
Open market: Class C / Baconer / Frozen whole birds(R/kg)	26.77	34.91	19.15	18.80
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	33.01	43.70	18.02	16.39
Import parity price (R/kg)	23.49	27.02	20.32	14.13
Weaner Calves / Feeder Lambs (R/kg)	17.40	21.13		

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

- Cotton prices moved sideways under pressure due to abundant world supplies and subdued demand.
- The latest USDA cotton estimate came out bearish for prices. The 2012/13 ending stocks estimate increased by 0.5m y/y to 1.2m tons. US production was raised by 2.7% from the September estimate to 3.8m tons, up 11.6% y/y.
- Globally, the ending stocks figure increased by 3.0% m/m and 13.9% y/y to 17.2m tons, with a record stocks-to-use ratio of 74.0%. This is attributable to a combination of sharply higher production and reduced consumption.
- Global production was pegged at 25.3m tons, up 2.0% from last month but still 6.3% lower y/y. Production increases were expected mainly in India, China, Brazil, Pakistan and the United States.
- Cotton futures on the InterContinental Exchange (ICE): Cotton for Dec-12 fell by 0.2% w/w at US71.36c/lb, and Mar-13 was down by 0.5% w/w at US71.91c/lb.
- Wool: Australian wool market extended recent gains, with the Eastern Market Indicator gaining by 2.0% w/w to close at AU\$9.75/kg clean wool. Volumes offered were pegged at 37,118 bales with sales of 96.4%.


Domestic:

- The wool market posted sharp gains on the back of a weaker Rand. This saw the weekly market indicator Cape Wools Merino increasing by 8.3% w/w and 8.1% y/y at R96.86/kg clean wool. This is 8.6% and 10.9% higher than the current season's average and the opening sales respectively.
- It is expected that Rand will continue to support the market in the short term due to the recent jitters in the financial markets. Major buyers were: Standard Wool SA with 2,546 bales (39.2%), G Modiano SA with 1,248 bales (19.2%), Lempriere SA with 1,087 bales (16.8%), and Stucken & Co with 931 bales (14.3%).
- The 2011/12 cotton crop is slightly higher than expected from the previous estimate at 64,763 bales. This is however 28% lower y/y.

Fibre market prices 12 October 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)	96.86	92.76		
19 $\mu$ long length wool (R/kg)	101.84	100.15	10.10	9.30
21 $\mu$ long length wool (R/kg)	95.59	94.06	9.80	9.00
23 $\mu$ long length wool (R/kg)	91.65	89.69	9.55	8.75
	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures Dec-12 (US\$/kg)	Cotton Futures Mar-13 (US\$/kg)
Cotton Prices (R/kg)	15.62	1.78	1.57	1.58

Cotton Futures on ICE;

**Yellow maize market (Graph 6)**
**International:**

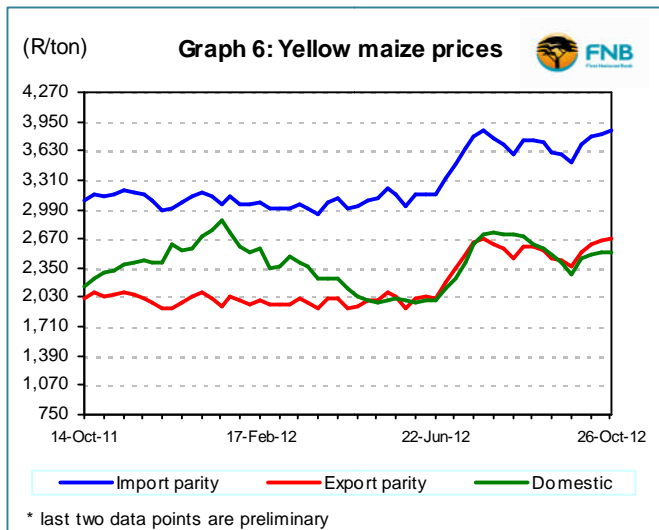
- US maize prices posted marginal losses due to harvest pressure and spill over weakness in the crude oil and the stock markets.
- USDA outlook report added to the weaker tone, with the world production estimate for 2011/12 were pegged at 877.8m tons, up by 5.7% y/y while ending stocks were up by 3.5% y/y at 131.5m tons.
- However, the 2012/13 world production and ending stocks estimates were revised downwards by 0.2% and 5.4% at 839m tons and 117m tons respectively.
- Weekly export sales were bearish coming in at 400 tons for the current marketing year and none for the next.
- Futures on CME: Maize for Mar-13 gained 0.6% w/w at US\$297/t, May-13 was up 0.5% w/w at US\$294/t, and Jul-13 was up 0.4% w/w at US\$292/t.

**Domestic:**

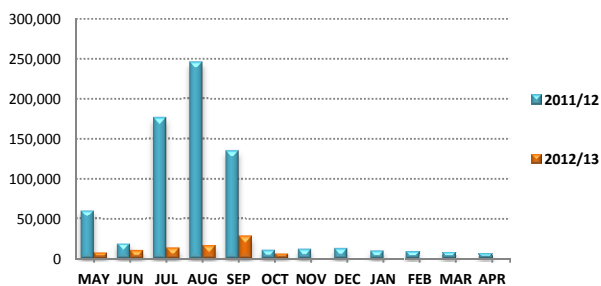
- Yellow maize prices extended gains mainly due to the weaker Rand/US dollar exchange rate. Weekly yellow maize prices closed up 1.2% w/w and 16.5% y/y at R2,492 per ton. Yellow maize import parity prices were up by 2.7% w/w and 22.9% y/y.
- Export sales for the week came in at 3,839 tons, bringing the progressive total to 84,795 tons for the 2012/13 marketing season.
- Yellow maize futures on the JSE: SAFEX: Yellow maize for Dec-12 fell by 0.2% w/w (-R5/t), Mar-13 fell by 0.7% w/w (-R17/t), and Jul-13 was down 1.2% w/w (-R27/t).

**OUTLOOK**

It is expected that price will remain strong until planting time. However, the market may still turn lower in reaction to the expanding planted area and favourable production conditions.

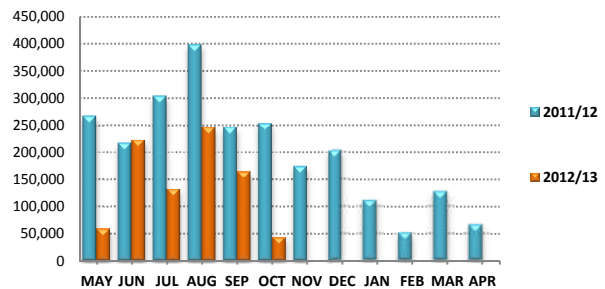


**Graph 6a: Monthly Yellow Maize Export Trends**  
Marketing Season, (tons)



Source: SAGIS

**Graph 6b: Total SA Maize Export Trends**  
Marketing Season, (tons)



Yellow Maize Futures 12 October 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
CBOT (\$/t)	296.52	294.40	294.40	291.72	260.99
JSE (R/t)	2,542	2,533	2,260	2,228	-
CHICAGO CORN (R/t)	2,630	2,652	-	2,645	2,364

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
2,580	114	76	2,600	196	129	2,320	204	144
2,540	92	94	2,560	173	146	2,280	181	161
2,500	73	115	2,520	151	164	2,240	160	180

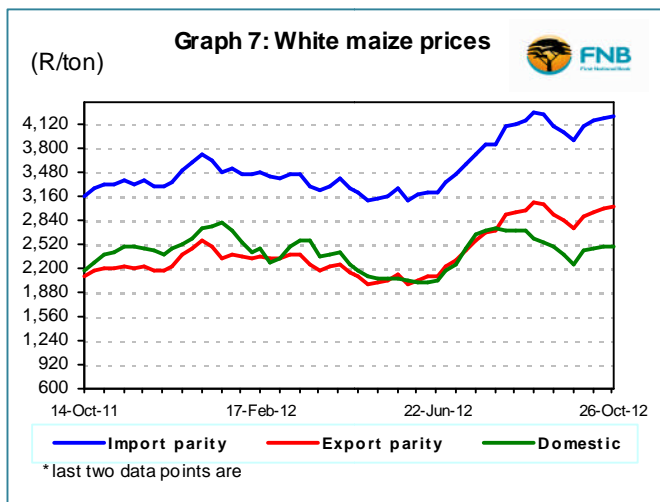
### White maize market trends (Graph 7)

#### International:

- US white maize prices moved slightly lower on harvest pressure and spill over weakness in global markets. Weekly average white maize prices closed at US\$336 per ton, down 1.9% w/w but still 25.8% higher y/y.

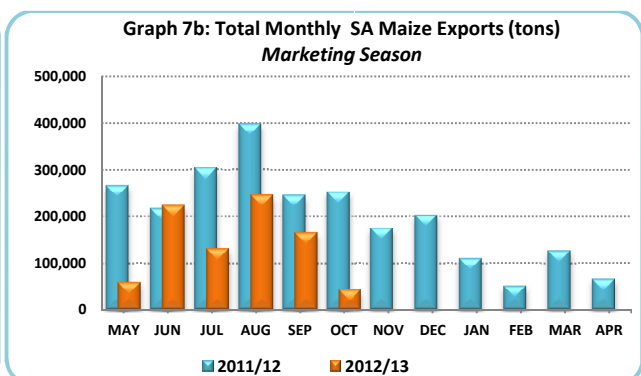
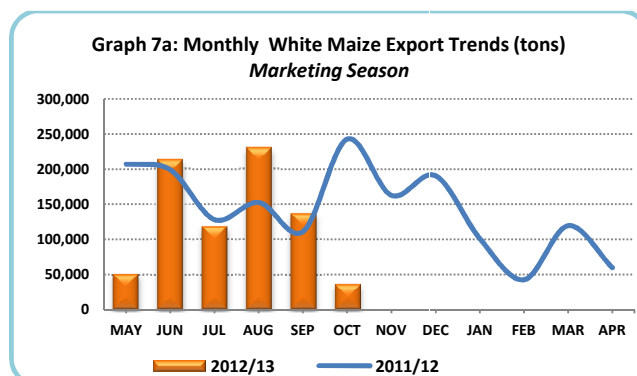
#### Domestic:

- White maize prices posted marginal gains on the back of a supportive Rand. Weekly white maize prices finished the week higher by 0.9% w/w and 13.1% y/y at R2,456 per ton. White maize import parity prices finished higher by 1.8% w/w and 31.3% y/y.
- Final total maize harvest estimate was declared at 11.5m tons, up by 2.7% from the previous estimate. The total area under maize was 2.7m hectares. The production estimate of white maize was set 6.51m tons, up by 2.6% from the previous estimate.
- Weekly white maize export sales for were pegged at 31,550 tons, with total sales for the season to date reaching 790,456 tons. Cumulative maize export sales for the 2012/13 season advanced to 875,251 tons (White and Yellow maize).
- WMAZ maize futures on the JSE: White maize for Dec-12 fell by 0.9% w/w (-R24/t), Mar-13 was down by 1.1% w/w (-R28/t) and Jul-13 was 1.2% lower w/w (-R27/t).



### OUTLOOK

It is expected that price will remain strong until planting time. However, the market may still turn lower in reaction to the expanding planted area and favourable production conditions.



White Maize Futures 12 October 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
JSE (R/t) WM <sub>1</sub>	2,521	2,531	2,260	2,228	2,232

Calculated White 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
2,580	126	67	2,600	209	140	2,340	219	139
2,540	102	83	2,560	186	157	2,300	196	156
2,500	82	103	2,520	164	175	2,260	173	173

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

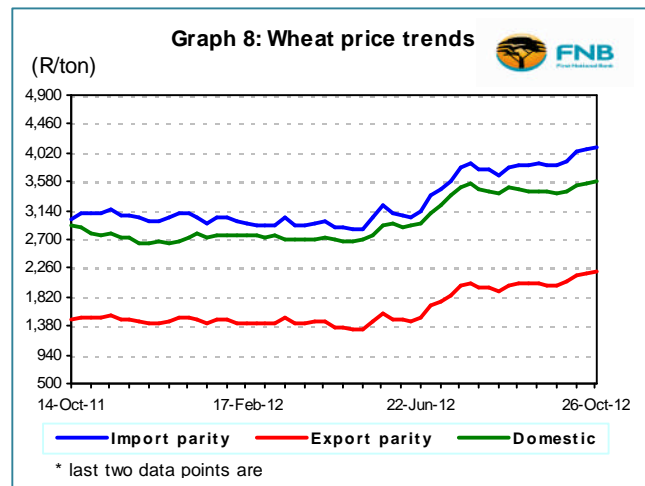
- US Wheat prices reversed course and finished marginally higher on tighter stocks and continued worries about Australian production. Weak export demand and the spill over pressure from other grains helped limit gains. USDA's October outlook report pegged world ending stocks for 2012/13 at 176.71m tons, down 10.8% m/m and 10.7% y/y. World production estimate was reduced by 5.3% m/m at 658.7m tons, but still 1.0% higher y/y. The decline is due to lower production for Australia (-3m tons), Russia (-1m tons), and EU-27 (-0.8m tons) as a result of bad weather conditions during the growing period.
- KCBT futures: Mar-13 gained 1.2% w/w at US\$332/t, May-13 was up 1.2% w/w at US\$334/t, and Jul-13 was up 1.0% w/w at US\$323/t.
- CME futures: Mar-13 was up 3.3% w/w at US\$330/t, May-13 was up 3.2% w/w at US\$330/t, and Jul-13 was up 2.5% w/w at US\$317/t.

Domestic:

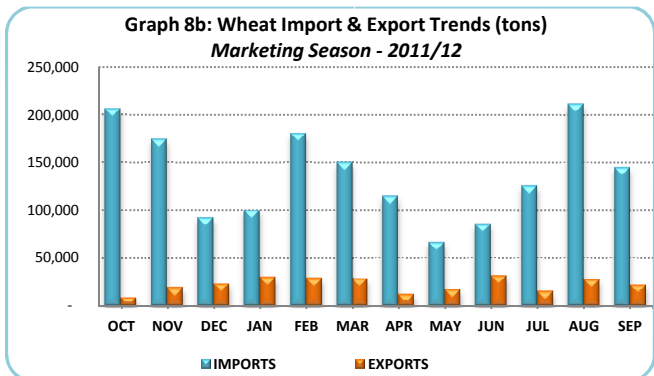
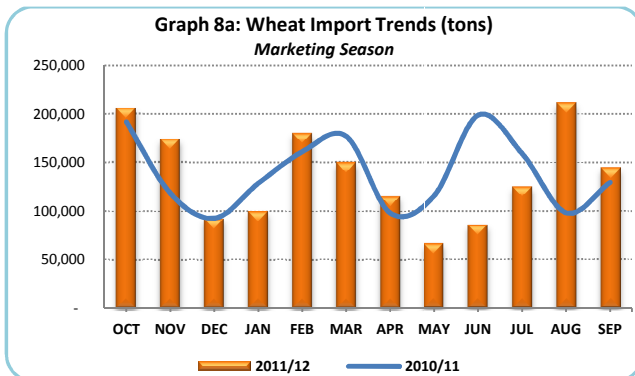
- Wheat prices continued to post modest gains on the back of a weaker Rand/US dollar exchange rate. Weekly wheat prices gained 2.4% w/w and 8.4% y/y higher y/y at R3,530 per ton. Weekly import parity prices finished the week stronger, up 3.9% w/w and 32.7% y/y.
- Weekly wheat import sales came in at 69,019 tons, with the progressive total of 132,687 tons for the new marketing season (2012/13).
- Recent production estimates showed a decline in the expected wheat harvest. The expected harvest is now estimated at 1.762m tons, down 0.1% from the previous estimate. The area under wheat was reduced by 40,000 ha from the previous estimate to 511,200 ha, mainly due to the drop in the area planted for the Free State (130,000 ha).
- Wheat futures on the JSE: Dec-12 gained 0.2%w/w (+R8/t), Mar-13 was up 0.3% w/w (+R10/t), and Jul-13 was up 0.6% w/w (+R22/t).

**OUTLOOK**

The market is expected to retain the firmer trend in the short to medium term on the back of the renewed Rand weakness.







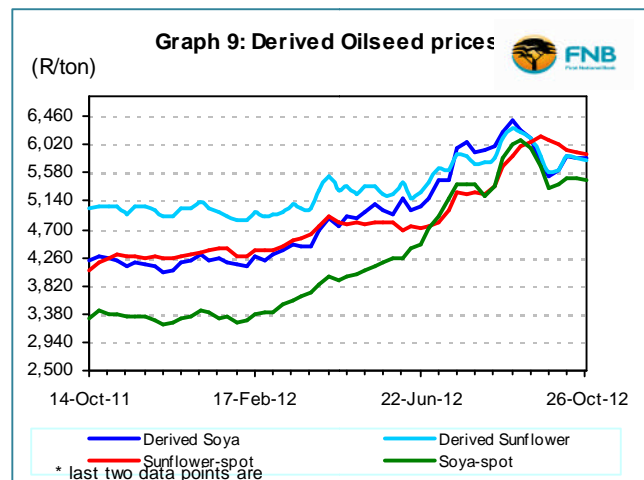
Source: SAGIS; Aug-12 -preliminary

Wheat Futures 12 October 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13				
KCBT (\$/t)	327.11	331.98	333.54	322.52	323.44				
JSE (R/t)	3,566	3,660	-	3,698	-				
<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
	3,600	103	69	3,700	224	184	3,660	207	266
	3,560	81	87	3,660	202	202	3,620	188	287
	3,520	63	109	3,620	181	221	3,580	170	309

### Oilseed market trends (Graph 9)

#### International:

- Prices were generally lower in the soybean complex due to harvest pressure and higher yields. The exception was soymeal, which ended higher on improved demand prospects.
- USDA raised its 2012 estimate of the US soybean yield and together with the increased harvest area raised production to 77.8m tons.
- On the world front, a larger US crop helped raise the 2012/13 production by 6.2m tons to 264.3m tons. World ending stock increased by 5.9% m/m and 0.5% y/y to 64.0m tons. China, the biggest consumer, is expected to import 61m tons during the 2012/13 season which is 1.5m higher than the previous estimate.
- Futures in the soybean complex on CME: Soybeans for Jan-13 fell by 1.9% w/w at US\$559/t, Mar-13 was down 1.4% w/w at US\$548/t, and May-13 was down 0.7% w/w at US\$533/t.
- Soybean futures: Soybean for Jan-13 was down 1.6% w/w at US\$507/t, Mar-13 was down 1.5% w/w at US\$490/t, and May-13 was down 0.7% w/w at US\$466/t.
- Soybean futures: Soybean for Jan-13 was down 0.9% w/w at US\$1.05c/lb, Mar-13 was down 0.8% w/w at US\$1.05c/lb, May-13 was down 0.7% w/w at US\$1.05c/lb.



**Domestic:**

- Oilseeds traded on the JSE ended mixed with soybeans extending gains on Rand weakness. Weekly soybean prices gained 2.0% w/w and were 65.7% higher y/y at R5,506 per ton. Sunflower extended losses, closing down 1.9% w/w but still 45.4% higher y/y at R5,926 per ton.
- The latest production estimates came in unchanged for both sunflower and soybeans. The sunflower crop was seen at 527,110 tons from 453,350 ha. Soybean harvest was unchanged at 646,950 tons from 472,000 ha.
- In the futures market (JSE): Sunflower for Dec-12 fell by 5.6% w/w (-R340/t), Mar-13 was down 5.0% w/w (-R275/t), and May-13 was down 5.4% w/w (-R265/t). Soybeans for Dec-12 fell by 0.6% w/w (-R31/t), May-13 was down 2.5% w/w (-R120/t).

**OUTLOOK**

It is expected that prices will trend a bit firmer in the short term on renewed Rand weakness.

Oilseeds Futures 12 October 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
CBOT Soybeans (US \$/t)	-	548.22	532.64	529.18	505.59
CBOT Soya oil (US c/lb)	50.67	51.54	51.91	52.19	52.02
CBOT Soya cake meal (US\$/t)	512.80	489.87	466.17	460.66	440.37
JSE Sunflower seed (R/t)	5,770	5,225	4,655	-	-
JSE Soybean seed (R/t)	5,474	5,145	4,615	-	-

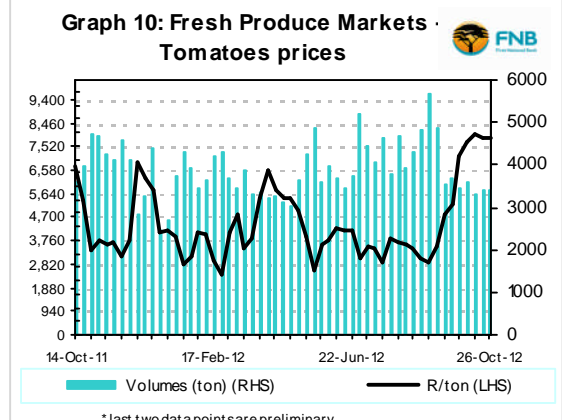
  

Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Dec-12			Mar-13			May-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
6,160	457	67	5,540	528	213	4,960	601	296
6,120	426	76	5,500	502	227	4,920	575	310
6,080	396	86	5,460	476	241	4,880	550	325

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

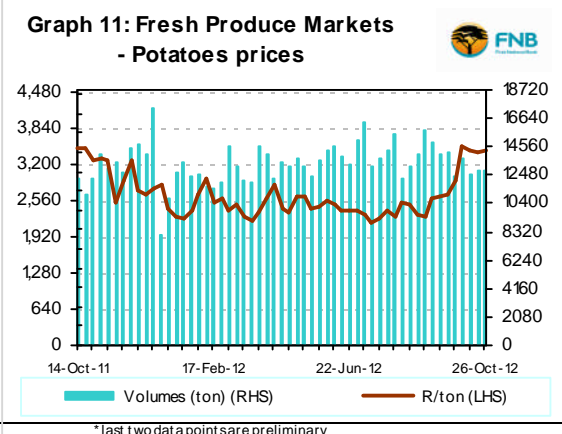
Tomato prices posted modest gains on reduced volumes across most markets. Weekly tomato prices increased by 5.0% w/w and 19.2% y/y and closed at R8,065 per ton. Volumes traded were down by 8.0% w/w and 8.6% y/y, coming in at 3,299 tons.

It is however expected that prices will ease somewhat in the medium term on improved supplies and softer demand.


**Potatoes**

Potato prices decreased slightly due to poor uptake on markets. Weekly potato prices fell by 2.7% w/w and 0.9% y/y, closing at R3,428 per ton. Volumes traded were pegged at 12,460 tons down by 9.3% w/w but still 1.6% higher y/y.

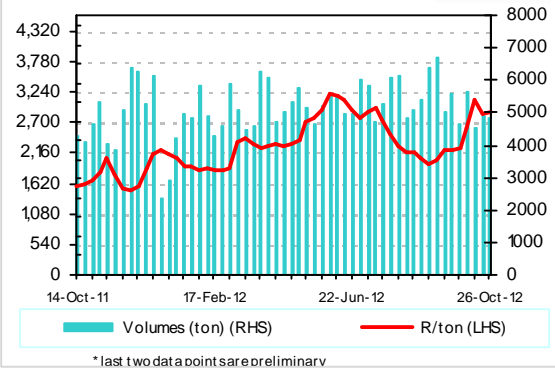
Prices are expected to soften somewhat in the short term on volume pressure and limited uptake.



### Onions

Onion prices moved sharply higher on tight supplies across most markets. Prices reached R3,091 per ton, up 19.4% w/w and 97.4% y/y. Volumes traded fell by 19.1% w/w but 5.9% higher y/y, coming in at 4,553 tons. Prices are expected to ease slightly in the short term on softer demand and volume pressure.

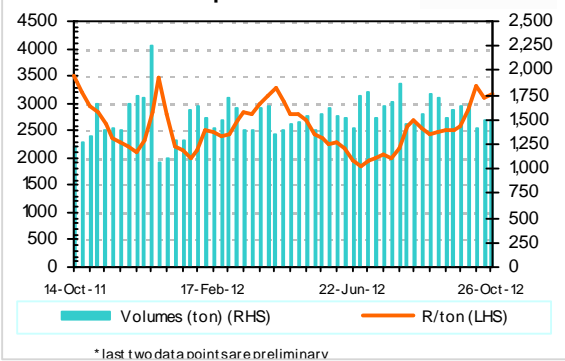
**Graph 12: Fresh Produce Markets - Onion prices**



### Carrots

Carrot prices posted sharp gains as a result of limited supplies on markets. Weekly carrot prices rose by 16.4% w/w but were 5.2% lower y/y at R3,334 per ton. Volumes traded reached 1,404 tons, down by 15.4% w/w but 13.4% higher y/y. It is however expected that prices will ease slightly on improved supplies.

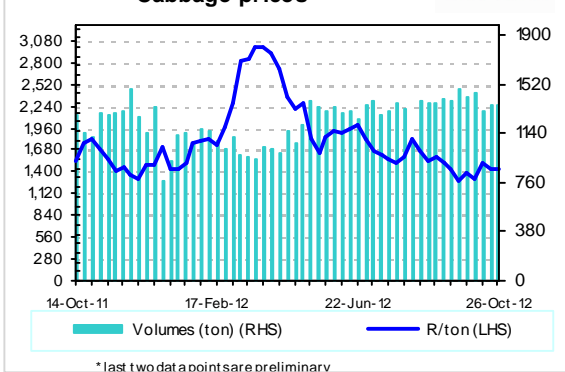
**Graph 13: Fresh Produce Markets - Carrot prices**



### Cabbages

In the case of cabbages, prices increased sharply on reduced supplies on markets. Weekly cabbage prices rose by 14.5% w/w but were 1.7% lower y/y at R1,500 per ton. Volumes traded were pegged at 1,318 tons, down by 8.9% w/w but were 3.2% higher y/y. Prices are expected to trend sideways under pressure due to higher volumes.

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



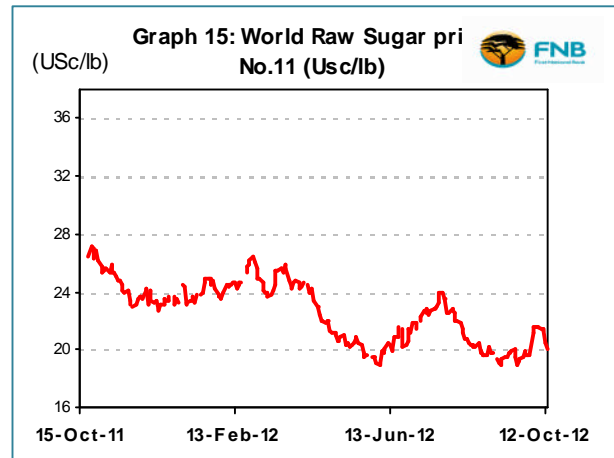
**Vegetable prices: South Africa's Major Fresh Produce Markets.  
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 12 October 2012	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	8,065	5.0%	19.2%	3299	-8.0%	-8.6%
Potato	3,428	-2.7%	-0.9%	12460	-9.3%	1.6%
Onion	3,091	19.4%	97.4%	4553	-19.1%	5.9%
Carrot	3,334	16.4%	-5.2%	1404	-15.4%	13.4%
Cabbage	1,500	14.5%	-1.7%	1318	-8.9%	3.2%

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

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

- Raw sugar prices averaged US20.93c/lb for the week, falling by 2.6% w/w and 21.4% y/y. Bearish factors included good progress in harvesting and processing in Brazil.
- According to the USDA, projected US sugar supply for fiscal year 2012/13 is increased 122,000 short tons, raw value, compared with last month, due to higher carry-in stocks and a small increase in imports from Mexico. The increase in 2011/12 ending inventories is a result of higher-than expected production and lower total use more than offsetting lower imports. These 2011/12 changes are mainly the result of end-of-year final estimates. For 2012/13, U.S. exports are increased 25,000 tons, in line with an increase in Mexico's imports. For Mexico, higher 2012/13 carrying stocks and imports are nearly offset by higher expected deliveries of sugar for the products re-export program.
- The benchmark Sugar futures on New York's InterContinental Exchange (ICE) (US c/lb): Raw Sugar for May-13 fell by 7.9% w/w at US19.79c/lb, and Jul-13 was down 7.8% w/w at US19.74c/lb.


Domestic:

- The September 2012 RV price in respect of cane delivered in August 2012 was declared at R3,156.57 per ton, R0.42 per ton lower compared to the August price. According to the Cane Growers' Association, the decrease was due mainly to the lower weighted average No.11 world market price (22.70 USc/lb vs. 22.95 USc/lb) and the lower slight drop in the sugar: RV ratio (94.80% vs. 94.83%). However, the 35,224 tonnes drop in gross sugar production (2,152 m tons vs. 2,187 m tons) limited further losses on the RV price. The weaker R/US\$ exchange rate (8.30 vs. 8.21) provided further support.
- About 32.9% of the estimated export availability is currently unpriced 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, 285,589 ton has been made available for marketing and pricing. To date 280,2674 tons has been priced at an average of US24.19c/lb. At this point 4 915 tons are unpriced and 152,563 tons are in the crop buffer. This means that 157,887 tons of the estimated production in 2012/13 are currently subjected to world market price and R/US\$ exchange rate volatility.

ICE Sugar Futures 12 October 2012	May-13	Jul-13	Oct-13	Mar-14	May-14
Sugar No.11 (US c/lb)	19.79	19.74	20.03	20.45	20.33
% Change w/w	-7.9%	-7.8%	-7.7%	-7.3%	-7.0%

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