


17 August 2012
pmakube@fnb.co.za
<https://www.fnbagricomms.co.za>

Beef market trends (Graph 1)

International:

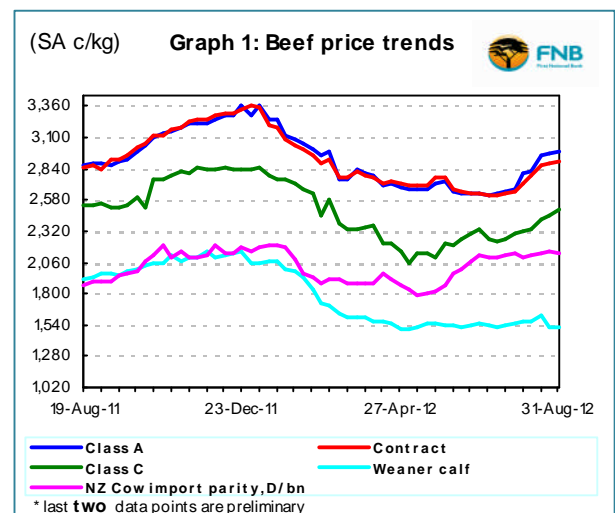
- US domestic manufacturing beef prices were firm to higher supported by improved end user demand, with tight cow supplies from the drought stricken areas adding to the firmer tone. Market activity on imported beef was reportedly moderate with prices mostly steady to firm supported by tight domestic and import supplies.
- At wholesale level, US beef prices extended recent gains on moderate demand and limited supplies. Choice beef was 4.8% higher w/w at US\$190.23/cwt, up 2.8% y/y. Select beef traded up 4.3% w/w and 0.5% y/y at US\$182.73/cwt.
- In the cattle market, the CME Feeder Cattle Index gained 1.4% w/w and 3.3% y/y at US\$138.83/cwt. Slaughter numbers were marginally higher on last week at 643,000 head but remain well below last year by 3.9%.
- Meanwhile, USDA raised its estimate of the US beef production for both 2012 and 2013 citing higher expected placements in feedlots and increased dairy cow slaughter in late 2012 and during 2013.
- Beef production was pegged at 11.51m and 11.06m tons for 2012 and 2013 respectively. Carcass weights are forecast higher based on recent weight trends, but higher feed prices are expected to temper the increase and carcass weights are expected to be lower in 2013 compared to 2012.
- In Australia, cattle prices continued to trend lower with a stronger Australian dollar continuing to reduce competitiveness on export markets. The benchmark Eastern Young Cattle Indicator (EYCI) fell by 1.6% w/w and 1.2% y/y at A\$3.80/kg cwt.

Domestic:

- Beef prices posted modest gains on supply tightness and improved uptake. Weekly Class A beef gained 4.9% w/w and 2.8% y/y and closed at R29.49/kg. Contract Class A beef rose by 3.2% w/w and 0.8% y/y to close at R28.74/kg. Class C beef was up 3.6% w/w but still down 4.5% y/y at R24.22/kg. Weaner calf increased on the back of higher carcass prices. Weekly weaner calf prices were up 3.4% w/w but still down 15.1% y/y at R16.24/kg.

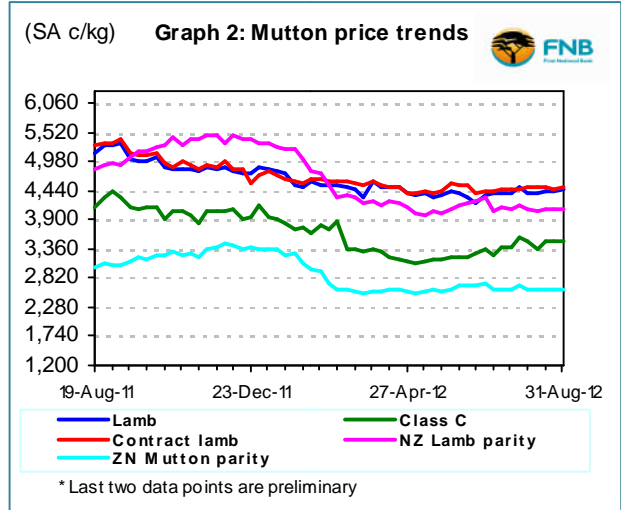
OUTLOOK

Prices are expected improve somewhat in the medium term on improved seasonal demand during the warmer months.



Mutton market trends (Graph 2)
International:

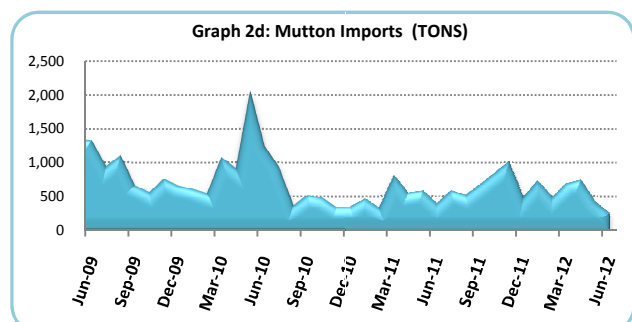
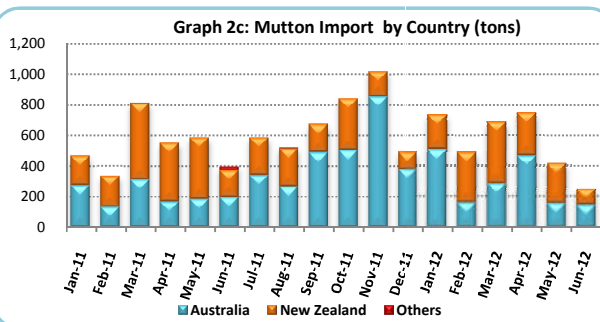
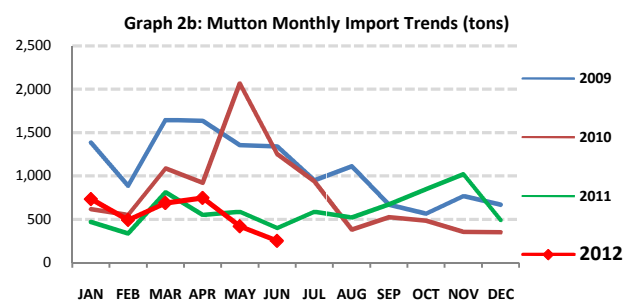
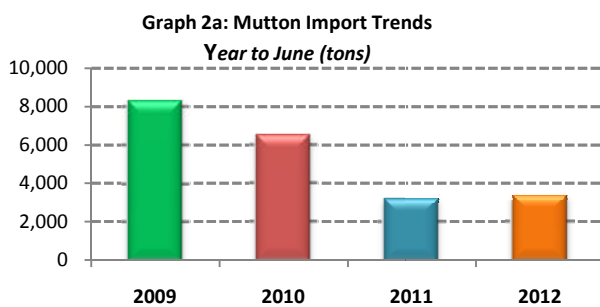
- Australian lamb market regained some ground with the Eastern States Trade Lamb (ESTL) indicator closing up 1.9% w/w and 18.3% y/y at A\$4.21/kg cwt. According to Agrifax, New Zealand producer lamb prices remain under pressure as they are still not fully reflecting the decline in overseas returns to processors. Since the beginning of May 2012, the average NZ producer price of a 17.5kg carcass weight lamb has declined by around \$1.0 per head.
- The five-year average trend is for this price to increase by \$11 per head from the beginning of May through to early August due to tight supply during the off-season. Prices are now around 24.0% lower than a year ago, but are still 4.0% higher than the five-year average.
- US domestic lamb carcass cut-out values fell by 1.0% w/w and 24.1% y/y to close at \$288.91/cwt. Weekly slaughter numbers were unchanged on last week at 40,000 head, but up 2.6% y/y with the year to date number slaughtered reaching 1.24m.


Domestic:

- The lamb and mutton markets were slight to moderately higher for the week. Weekly Class A lamb prices advanced by 1.1% w/w but were down 13.8% y/y at R44.45/kg. Contract Class A lamb gained 0.2% w/w to close at R45.23/kg, but still 14.6% lower y/y. In the case of mutton, prices ended modestly higher by 4.4% w/w but still 15.3% lower at R35.09/kg.
- Weaner lamb prices posted modest gains on the back of reduced supplies. Weekly weaner lamb prices increased by 4.5% w/w and closed at R23.25/kg live weight, but still 20.3% lower y/y.

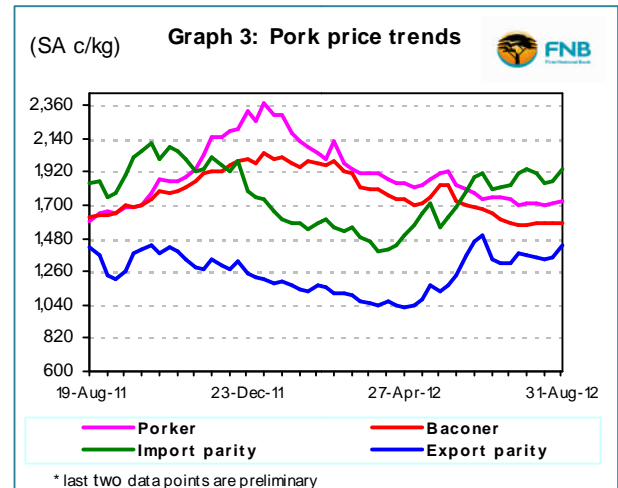
OUTLOOK

Prices are expected to trade at current levels in the short term with a rebound expected in the medium term as demand improves.



Pork market trends (Graph 3)
International:

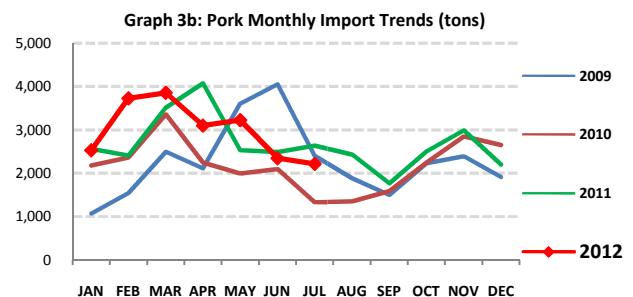
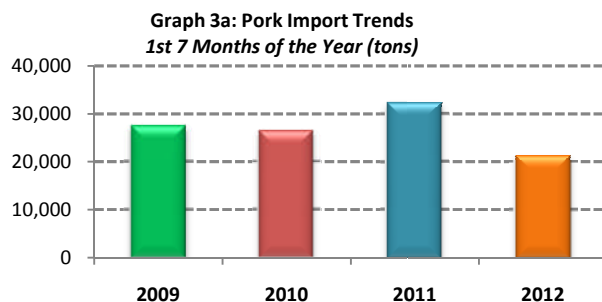
- On the US pork market, domestic prices continued to weaken due to abundant supplies and limited demand with increased slaughtering. Hams were the biggest losers, closing down 4.1% w/w at US\$73.85/cwt. Weak export demand for hams added to the lower tone.
- The worst drought to hit the US in just over fifty years will see feed costs increasing dramatically on the back of the surge in grain prices. Margins will come under pressure, forcing producers to cut back on their expansion plans.
- Meanwhile, US pork production estimates for 2012 and 2013 were both revised lower in the latest outlook report.
- The 2012 pork production was reduced by 0.3% m/m to 10.45m tons. The 2013 figure was pegged 10.33m tons, down 3.1% from last month. The reduction for 2012 reflects lower slaughter in the third quarter and lighter expected carcass weights through the year. As a result of high feed prices and recent hot weather, forecast pig numbers were lowered in the second half of 2012 with declines continuing into 2013.

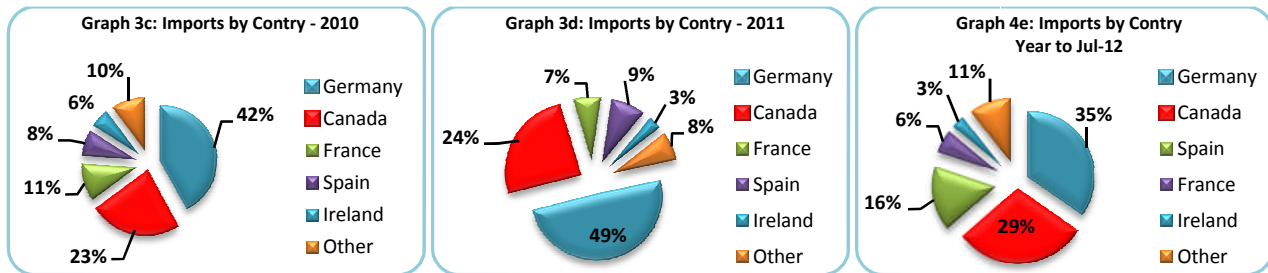

Domestic:

- On the domestic market, prices ended mixed with porkers trending marginally lower. Weekly porker prices closed at R17.02/kg, down 0.9% w/w but still 6.5% lower y/y. Baconers were the exception, gaining 0.5% w/w but still 2.2% lower y/y at R15.83/kg.
- Import parity prices continued to slide mainly due to lower international prices. As with other livestock under intensive production systems, the increase in the price of maize and the resultant increase in feed costs will place producer margins under pressure. Other input costs have also started trending up, adding further pressure on profitability.
- Pork imports dropped for the second consecutive month, down 5.6% m/m and 16.0% y/y at 2,215 tons. Cumulative imports for the year to date increased to 20,984 tons, up 3.8% compared to the corresponding period last year.
- Major import sources were Germany with 970 tons (43.8%), Canada with 424 tons (19.2%), France with 263 tons (11.9%), Spain with 222 tons (10.0%), and the rest accounting for 335 tons (15.1%).

OUTLOOK

Prices are expected to trade at current levels in the short term with some upward potential in the medium term.





Poultry market trends (Graph 4)

International:

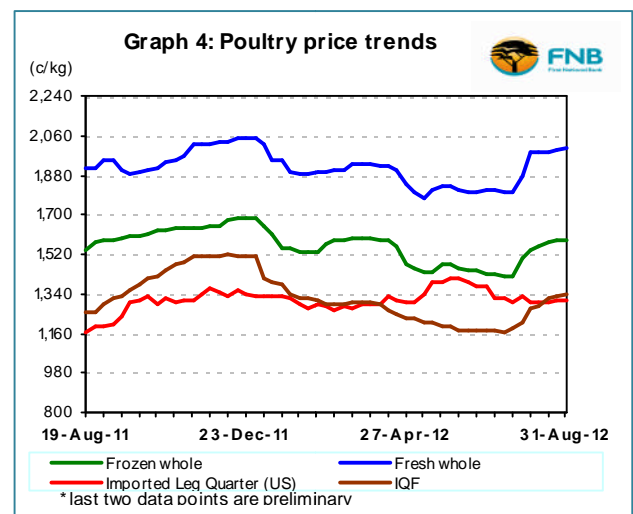
- US domestic prices posted slight gains on limited offerings. Demand at retail and food service was reportedly moderate ahead of the weekend.
- Weekly whole bird prices were marginally higher at US\$94.92c/lb, which is 7.7% higher y/y. Leg Quarter prices traded steadily at US\$51.00c/lb, up 1.0% y/y.
- Breasts traded at US\$103.33c/lb, up 1.0% w/w and 22.0% y/y. Wings were firmer at US\$189c/lb, up 124.1% higher y/y.
- US broiler egg sets and chick placements for the week ending 11 Aug-2012 were slightly lower compared the last year. The number of broilers available for marketing for the week ending 22 Sep-2012 was estimated at 150.2m head, down 0.4% w/w and 2.7% y/y.
- USDA raised its estimate of the US broiler production for 2012 as production in the second quarter was higher than forecast last month and hatchery data points to higher than previously forecast levels of production in the third quarter.
- The expected 2012 US broiler production was seen at 22.09m tons, up 0.2% from last month. However, high feed costs are expected to result in broiler production falling by 1.3% y/y to 21.5m tons in 2013.

Domestic:

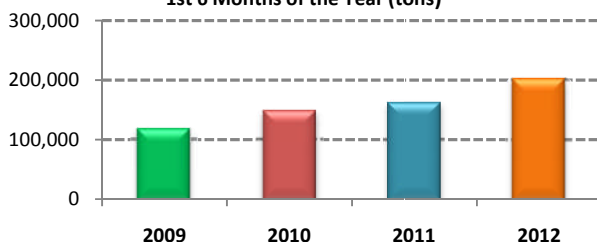
- On the local market, prices retained the firmer trend across most categories. The fresh whole bird prices were steady at R19.87/kg, but still up 3.7% y/y.
- Frozen whole birds advanced by 1.3% w/w and 2.5% y/y to close at R15.72/kg. Individually Quick Frozen (IQF) portions were slightly higher at R13.24/kg, up 3.1% w/w and 5.5% y/y.
- Import parity prices ended 0.1% higher w/w and 15.3% higher y/y, mainly on renewed Rand weakness (R/US\$).

OUTLOOK

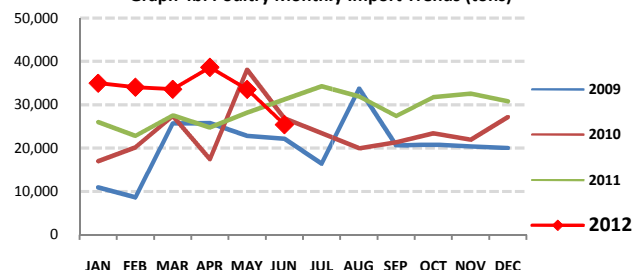
It is expected that the market will sideways to firmer in the short to medium term as the *braai* season returns.

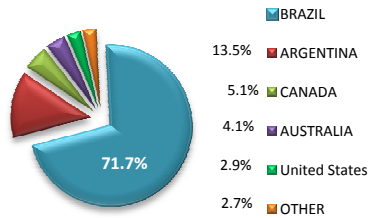
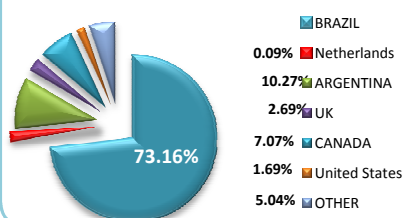
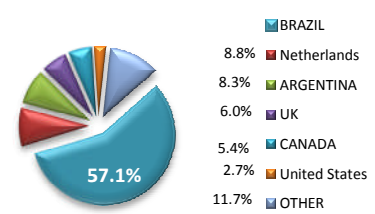


Graph 4a: Poultry Import Trends
1st 6 Months of the Year (tons)



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


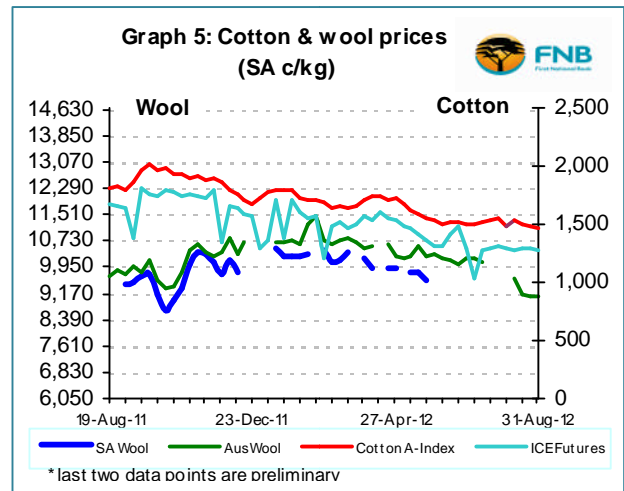
Source: SARS, Own Calculations

Producer prices for selected livestock commodities 17 August 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	29.49	44.45	17.02	19.87
Open market: Class C / Baconer / Frozen whole birds(R/kg)	24.22	35.09	15.70	15.72
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	28.74	45.23	15.83	13.24
Import parity price (R/kg)	21.28	26.09	18.47	13.02
Weaner Calves / Feeder Lambs (R/kg)	16.24	23.25		

Wool and cotton market trends (Graph 5)

International:

- Cotton prices ended lower on spill over weakness from the grain markets and poor export interest. The Cotlook A Index was 3.0% lower w/w and 28.0% y/y, closing at US82.79 cents per pound. The latest WASDE report showed higher US production and ending stocks estimates for the 2012/13 cotton season. Production was pegged 17.7m bales and ending stocks at 5.5m bales.
- World production was raised by 300,000 bales, as increases for the United States, China, Burkina Faso, and Mali are partially offset by lower production for India, Brazil, Argentina, and others. World consumption was reduced by 820,000 bales, due mainly to reductions for China and Pakistan.
- World ending stocks were raised to 74.7m bales, including an increase of nearly 2.4m bales in stocks held by China. Projected China stocks of 34.2 million bales account for 46% of the world stocks forecast, and assume a net increase in China's national cotton reserve of about 20% during 2012/13.
- Cotton futures on the InterContinental Exchange (ICE): Cotton for Dec-12 was up 2.2% w/w at US73.30c/lb, and Mar-13 was up 1.9% w/w at US73.99c/lb.
- Wool: In Australia, the wool market continued to soften on demand concerns as a result of the weakening global economy. This saw the Eastern Market Indicator falling further by 4.6% w/w and 24.9% y/y at AU\$9.49/kg clean wool. Volumes traded were slightly lower than last week at 40,404 bales with sales reaching 76.9% of the offering.



Domestic:

- The wool market started the new sale season on a lower note on demand concerns and spill over weakness from the Australian market. This saw the Cape Wools Merino indicator falling by 7.2% compared to the closing sale of the previous season at R87.37/kg (clean) wool.
- Major buyers were Standard Wool SA with 3,842 bales (30.1%), Lempriere SA with 2,133 bales (16.7%), and G Modiano SA with 2,109 bales (16.5%), and Stucken & Co with 1,520 bales (11.9%). Sales reached 88.4% of the 12,778 bales offered.

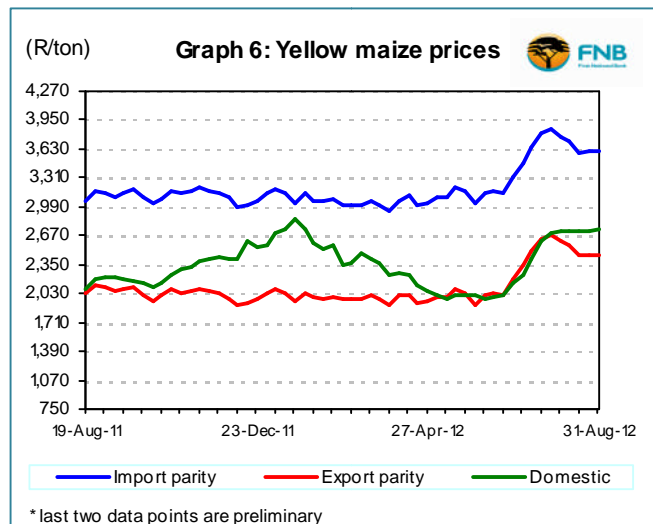
Fibre market prices 17 August 2012	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Oct-12 (AU\$/kg)	Australian futures Jan-12 (AU\$/kg)
Wool market indicator (R/kg)	87.37	91.60		
19 μ long length wool (R/kg)	95.48	97.42	11.10	10.75
21 μ long length wool (R/kg)	91.16	91.84	10.40	10.05
23 μ long length wool (R/kg)	90.26	91.37	10.15	9.80
	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)	14.92	1.82	1.61	1.63

Cotton Futures on ICE

Yellow maize market (Graph 6)

International:

- US yellow maize prices continued to soften on pressure from improved weather conditions and spill over weaken from the wheat market. Export sales were also bearish, coming in at of 253,400 tons with 122,800 slated for 2011/12.
- Earlier in the week, crop conditions came in at 23.0% in good to excellent after nine straight weeks of decline. Weekly ethanol production figures were however supportive, up 2 thousand barrels/day to 819 thousand with stocks down by 0.3m barrels.
- The US production estimate was listed at 273.4m tons, the lowest levels since 2006 with yield estimates coming in even lower. US ending stocks for 2012/13 were pegged at 16.5m tons. World ending stocks were 123.33m tons compared to 134.09m last.
- Maize futures on CME: Dec-12 fell by 0.2% w/w at US\$318/t, Mar-13 was down 0.5% w/w at US\$318/t, and May-13 was down 0.8% w/w at US\$315/t.



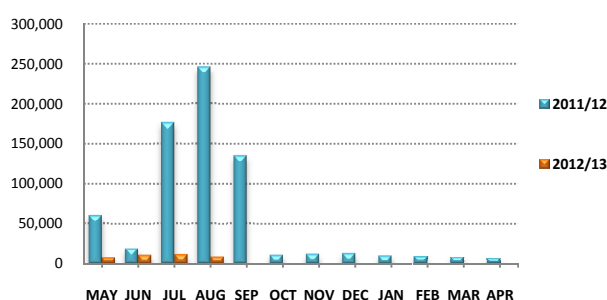
Domestic:

- Yellow maize prices moved sideways for the week, with the slightly weaker Rand lending further support. Weekly yellow maize prices finished the week at R2,723 per ton, up 0.3% w/w and 30.4% y/y. Yellow maize import parity prices weakened further mainly on lower CBOT prices, closing down 3.2% w/w but still 17.4% higher y/y.
- Export sales were pegged at 2,580t and 38,584 tons for the 2012/13 marketing season. Total maize (YMZ and WMZ) sales for the season reached 585,336 tons.
- Yellow maize futures on the JSE: Dec-12 fell by 1.5% w/w (-R42/t), Mar-13 was down 0.2% w/w (-R5/t), Jul-13 dropped by 1.0% w/w (-R25/t).

OUTLOOK

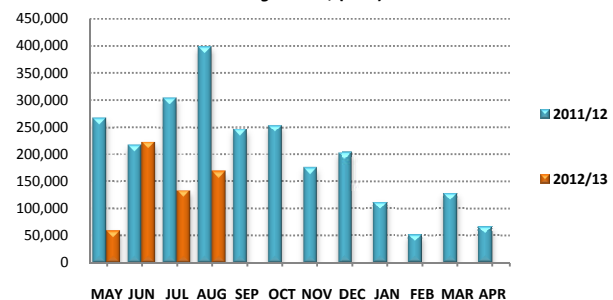
Crop progress in the US will provide direction in the short to medium term. Further reduction in the production estimates will support the market.

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 17 August 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
CBOT (\$/t)	318.04	318.19	315.36	310.31	266.19
JSE (R/t)	2,768	2,739	2,475	2,390	-
CHICAGO CORN (R/t)	2,658	2,700	-	2,663	2,286

Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Dec-12			Mar-13			Jul-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,800	166	134	2,780	226	185	2,520	237	192
2,760	144	152	2,740	204	203	2,480	214	209
2,720	125	173	2,700	183	222	2,440	193	228

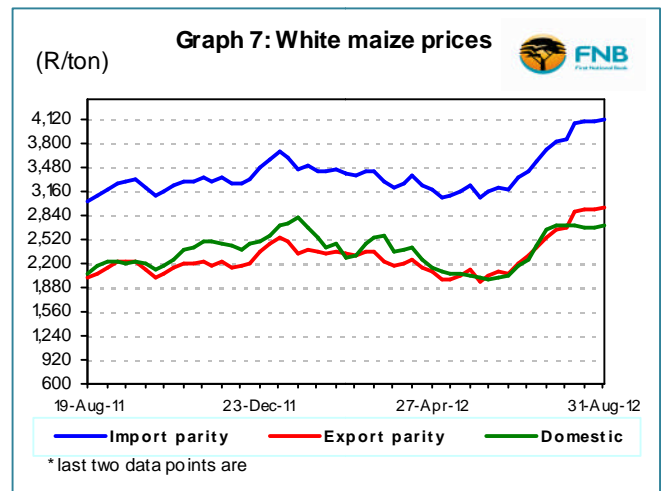
White maize market trends (Graph 7)

International:

- US white maize prices extended gains despite improved conditions as bad weather has already caused damage in most areas under maize.
- Weekly average white maize prices were marginally higher by 0.8% w/w and 25.7% y/y, closing at US\$355/t.

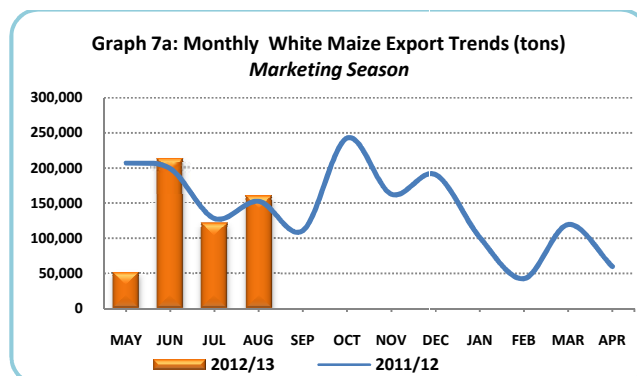
Domestic:

- White maize prices continued to soften on spill over weakness from CBOT. Weekly white maize prices closed at R2,698 per ton, down 0.3% w/w but still 30.8% higher y/y.
- White maize import parity prices continued to increase on the back of a slightly weaker Rand, closing up by 0.8% w/w and 34.9% y/y.
- Weekly white maize export sales came in at 60,155 tons, bringing the total sales for the 2012/13 marketing season to 546,752 tons.
- WMAZ maize futures on the JSE: Dec-12 was down 2.1% w/w (-R59/t), Mar-13 fell by 1.8% w/w (-R51/t), Jul-13 dropped by 1.4% w/w (-R35/t).

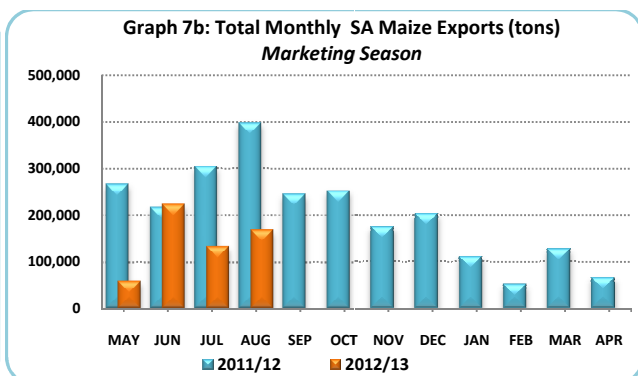


OUTLOOK

Crop progress in the US will provide direction in the short to medium term. Further reduction in the production estimates will support the market.



Source: SAGIS; Aug-12 -preliminary



White Maize Futures 17 August 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13			
JSE (R/t) WM ₁	2,781	2,769	2,475	2,380	-			
Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Dec-12			Mar-13			Jul-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,820	179	140	2,800	255	224			
2,780	157	158	2,760	233	242			
2,740	137	178	2,720	212	261			

Wheat market trends (Graph 8)

International:

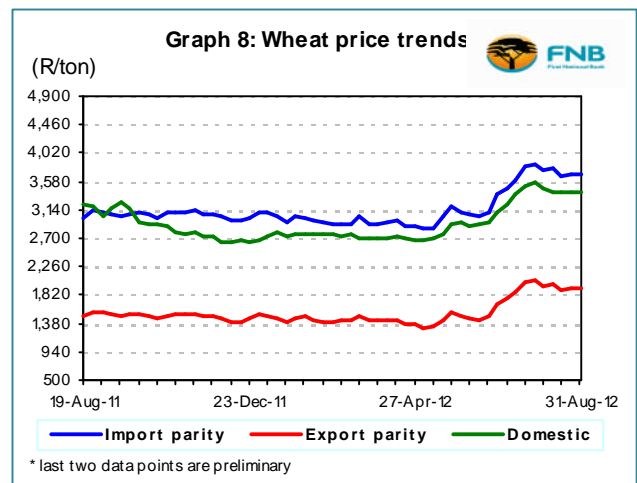
- Wheat prices posted modest losses as concerns over the supply situation in the Black Sea region dissipated following confirmation from Russia that there was no need for an export ban. The drought in Russia this summer has reduced the exportable surplus, pushing wheat prices higher.
- The USDA outlook report was also bullish for the wheat market. World ending stocks for the 2012/13 season were pegged at 177.2m tons, down 2.9% from last month and below market expectations. The 2012/13 Russian wheat production was reduced by 6m tons to 43m.
- Argentina is reported to have received good rainfall which will benefit recently planted winter wheat, however Southwest Australia continues to trend drier. The USDA is projecting Australian wheat production at 26m tons but a drier trend into September and October could cut production estimates.
- Wheat Futures on major exchanges: Kansas futures (KCBT): Wheat for Dec-12 was up 2.4% w/w at US\$345/t, Mar-13 rose by 2.0% w/w at US\$348/t, and May-13 gained 1.6% w/w at US\$345/t.
- CME futures: Wheat for Dec-12 was down 0.8% w/w at US\$329/t, Mar-13 fell by 0.9% w/w at US\$332/t, and May-13 dropped by 1.4% w/w US\$326/t.

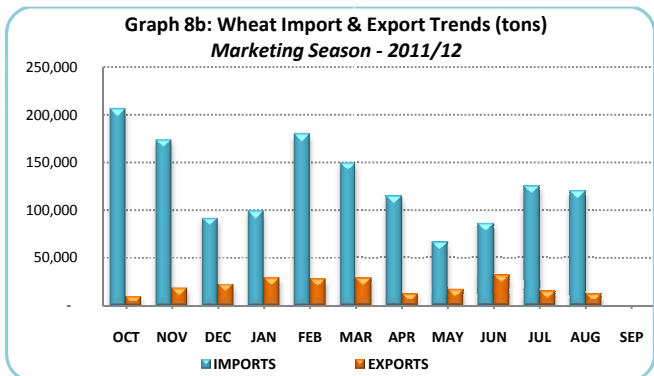
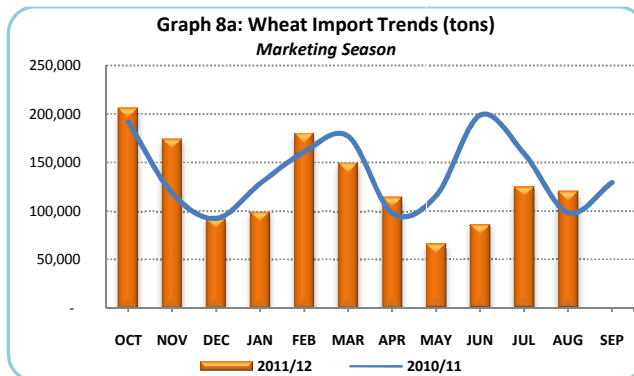
Domestic:

- Wheat prices remained under pressure and declined on renewed weakness on the international market. Weekly wheat prices closed at R3,399 per ton, down 0.8% w/w but still 10.6% higher y/y. Wheat import parity moved slightly lower due to weaker international prices. Weekly import parity prices fell by 2.7% w/w and were 27.6% higher y/y.
- Weekly import sales were pegged at 63,196 tons, which brings the total sales for the 2011/12 marketing season 1.41m tons.
- Wheat futures on the JSE eased lower across the board: Wheat for Dec-12 was down by 0.4% w/w (-R15/t), and Mar-13 fell by 0.1% w/w (-R4/t).

OUTLOOK

Prices are expected to move sideways but some upward potential on renewed Rand weakness.





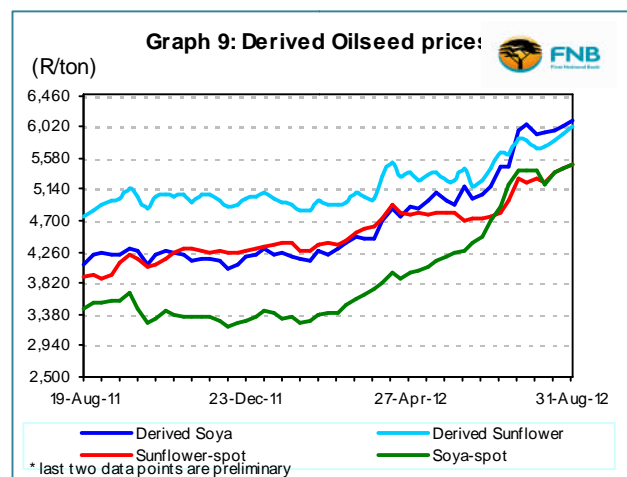
Source: SAGIS; Aug-12 -preliminary

Wheat Futures 17 August 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13				
KCBT (\$/t)	345.02	348.24	345.48	324.08	322.98				
JSE (R/t)	3,477	3,526	-	-	-				
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)									
	Dec-12			Mar-13			Jul-13		
	Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
	3,520	189	146	3,560	250	216			
	3,480	167	164	3,520	229	235			
	3,440	146	183	3,480	208	254			

Oilseed market trends (Graph 9)

International:

- Prices were mostly firmer in the soybean complex supported by renewed buying interest and ideas of tight supplies. However, gains were limited as the supply side saw a one percentage point improvement in the good to excellent category with good rains falling in many areas.
- USDA revised the 2012/13 US production lower to 73.3m compared with market expectations of 76.7m tons.
- Meanwhile, Oil World is reported to have reduced its sunflower production estimate for the European Union, Russia and Ukraine after hot and dry weather in June and July damaged the crop. The harvest for these producers is now seen at 24.8m tons, down 660,000 tons from the July estimate.
- Futures in the soybean complex: Soybeans Nov-12 gained 0.1% w/w at US\$605/t, Jan-13 rose by 0.1% w/w at US\$601/t, Mar-13 rose by 0.6% w/w at US\$571/t, May-13 was down 0.4% w/w at US\$540/t, and Jul-13 fell by 0.6% w/w at US\$531/t.
- Soymeal: Dec-12 gained 1.0% w/w at US\$454/t, Jan-13 rose by 1.1% w/w at US\$444/t, Mar-13 was up 1.5% w/w at US\$415/t, May-13 remained unchanged 0.0% w/w at US\$382/t.
- Soyoil for Dec-12 was down 1.2% w/w at US\$53.74c/lb, Jan-13 fell by 1.3% w/w at US\$53.96c/lb, Mar-13 dropped 1.4% w/w at US\$54.04c/lb, May-13 was down 1.7% w/w at US\$54.05c/lb, and Jul-13 dropped 1.7% w/w at US\$54.18c/lb.



Domestic:

- Oilseeds traded on the JSE bottomed out and strengthened on spill over support from the international market coupled with a slightly firmer Rand/US dollar exchange rate.
- Weekly soybean prices closed at R5,383 per ton, up 3.4% w/w and 56.2% y/y. Sunflower traded up 2.6% w/w and 37.4% y/y at R5,378 per ton.
- In the futures market (JSE): Soybeans for Dec-12 rose by 5.1% w/w (+R270/t), and May-13 gained 2.5% w/w (+R114/t).
- Sunflower: SUN for Dec-12 rose by 2.3% w/w (+R126/t), Mar-13 gained 2.3% w/w (+R125/t), and May-13 was up 1.9% w/w (+R90/t).

OUTLOOK

It is expected that prices will trade at current levels in the short term, but with further upward potential for the medium term on bullish trends on international markets.

Oilseeds Futures 17 August 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
CBOT Soybeans (US \$/t)	-	571.07	540.35	531.17	494.42
CBOT Soya oil (US c/lb)	53.74	54.04	54.05	54.18	53.61
CBOT Soya cake meal (US\$/t)	453.50	415.40	381.74	370.31	339.74
JSE Sunflower seed (R/t)	5,656	5,550	4,890	-	-
JSE Soybean seed (R/t)	5,580	5,220	4,614	-	-

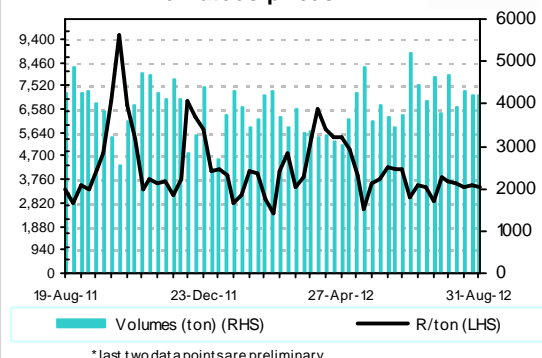
Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)

Dec-12			Mar-13			Jul-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
5,700	327	283	5,600	440	390	4,940	526	476
5,660	306	302	5,560	418	408	4,900	504	494
5,620	285	321	5,520	397	427	4,860	482	512

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

Tomato prices decreased slightly due to increased supplies on markets. Prices were down 4.1% w/w but still 2.3% higher y/y, closing the week at R3,435 per ton. Volumes traded were up by 8.9% w/w and 0.9% y/y, coming in at 4,288 tons.

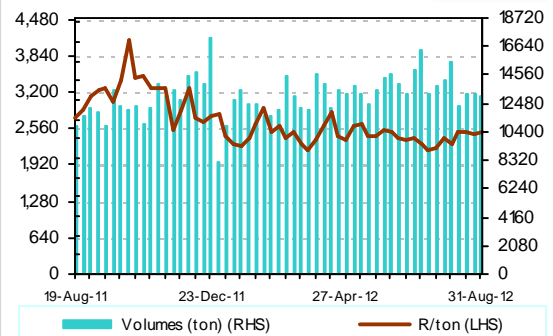
Prices are however expected to remain under pressure in the short to medium term on limited uptake.

Graph 10: Fresh Produce Markets - Tomatoes prices


Potatoes

Potato prices decreased marginally due to increased supplies on markets. Prices fell by 0.6% w/w and 9.1% y/y to close the week at R2,491 per ton. Volumes traded were pegged at 13,141 tons, up 7.4% w/w and 21.0% y/y. It is expected that prices will trend sideways to firmer in the medium term on improved demand.

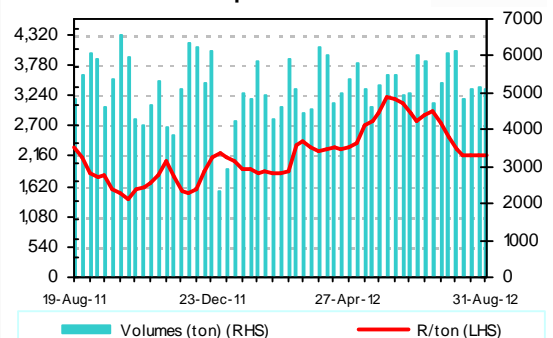
Graph 11: Fresh Produce Markets - Potatoes prices



Onions

Onion prices posted marginal gains supported by uptake on markets. Prices reached 2,162 per ton, up 0.1% w/w but still 6.8% lower y/y. Volumes traded were up 5.1% w/w and 5.0% y/y, coming in at 5,101 tons. Prices are however expected to move sideways in the medium term on improved supplies.

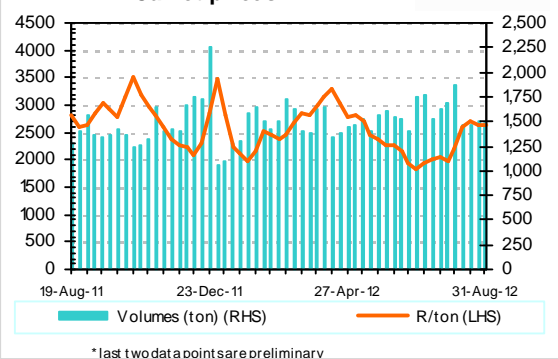
Graph 12: Fresh Produce Markets - Onion prices



Carrots

Carrot prices increased slightly due to good uptake on markets. Prices were up 3.8% w/w but still 4.2% lower y/y at R2,695 per ton. Volumes traded reached 1,456 tons, almost unchanged w/w and were 14.4% higher y/y. Prices are however expected to ease somewhat in the short term on improved volumes.

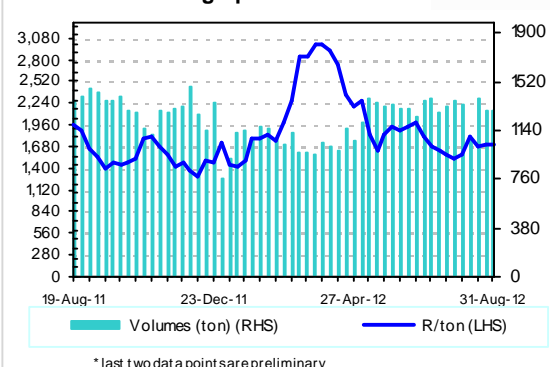
Graph 13: Fresh Produce Markets - Carrot prices



Cabbages

Cabbage prices posted modest losses on the back of increased supplies across most markets. Weekly cabbage prices fell by 8.0% w/w and 14.7% y/y to close the week at R1,669 per ton. Volumes traded reached 1,390 tons, a whopping 28.8% w/w increase and were 1.8% higher y/y. It is however expected that prices will soften somewhat in the medium term as supplies improve.

Graph 14: Fresh Produce Markets - Cabbage prices



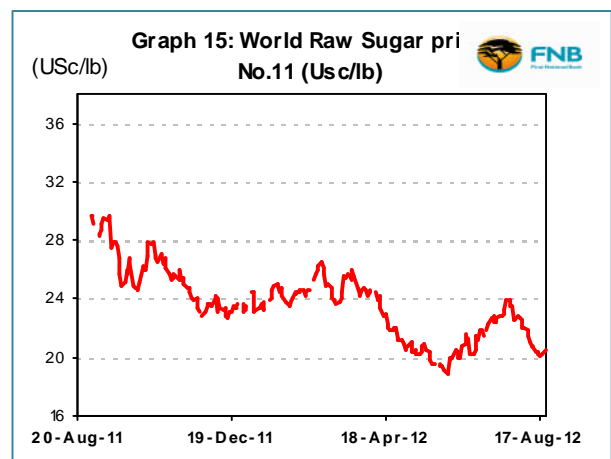
**Vegetable prices: South Africa's Major Fresh Produce Markets.
 (Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 17 August 2012	Average Price (R/t)	w/w	Y/y	Total Volume (t)	w/w	Y/y
Tomato	3,435	-4.1%	2.3%	4288	8.9%	0.9%
Potato	2,491	-0.6%	-9.1%	13141	7.4%	21.0%
Onion	2,162	0.1%	-6.8%	5101	5.1%	5.0%
Carrot	2,695	3.8%	-4.2%	1456	0.0%	14.4%
Cabbage	1,669	-8.0%	-14.7%	1390	28.8%	1.8%

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

Sugar market trends (Graph 15)
International:

- World raw sugar prices extended recent losses due to improved weather conditions in Brazil and lack of positive news out of the Europe Union. Brazil exports continued to increase and UNICA in Brazil released new crush data for Sugar that showed production was 2.97m tons, up 5.1% from the previous estimate.
- Another agency, CONAB now estimates 2012/13 production at almost 39.0m tons. Brazil had a slow harvest and export pace in recent weeks due to unfavourable weather conditions. Focus on India will continue as it had a slow start to the season due to weak monsoon.
- Weekly raw sugar prices traded down 4.3% w/w and 30.2% y/y, closing at US20.27c/lb.
- The benchmark Sugar futures on New York's InterContinental Exchange (ICE) (US c/lb): Sugar for Mar-13 eased marginally lower by 0.3% w/w at US21.17c/lb, May-13 was up 0.5% w/w at US21.01c/lb, and Oct-13 gained 0.6% w/w to close at US21.14c/lb.


Domestic:

- The July 2012 RV price in respect of cane delivered in June 2012 was declared at R3,168.83 per ton. The price was R29.16 per ton higher than the previous price (cane delivered in May 2012).
- According to the Cane Growers' Association, the increase was due mainly to the higher weighted average No.11 world market price (23.53 USc/lb. vs. 22.05 USc/lb) and the 28,444 ton drop in gross sugar production (2,190m tons vs. 2,218 m tons). The firmer R/\$ exchange rate (8.21 vs. 8.34) and the lower Sugar: RV ratio (94.75% vs. 94.83%) did negatively influence the price but the higher world market price was the dominant variable, which contributed to the overall increase.
- The Association further indicated that 55% of the anticipated export availability is currently not priced due to crop uncertainty.

ICE Sugar Futures 17 August 2012	Mar-13	May-13	Jul-13	Oct-13	Mar-14
Sugar No.11 (US c/lb)	21.17	21.01	20.91	21.14	21.41
% Change w/w	-0.3%	0.5%	0.4%	0.6%	0.5%

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.