



24 August 2012

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Beef market trends (Graph 1)

International:

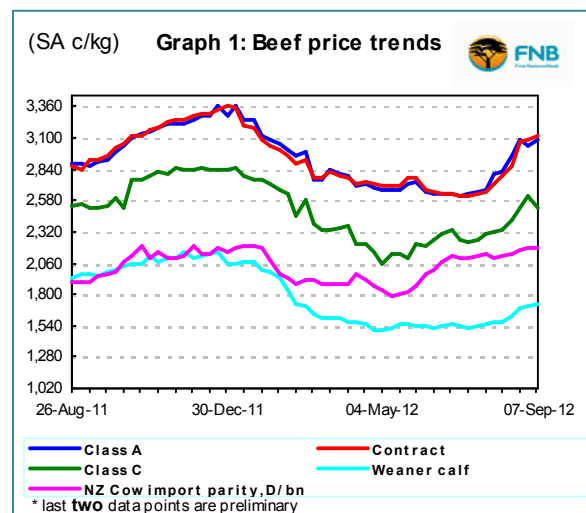
- US domestic manufacturing beef market posted another strong week due to good demand and tight supplies.
- Market activity on imported beef was reportedly moderate with prices retaining the uptrend on the back of tight domestic and import supplies.
- At wholesale level, US boxed beef cut-out prices continued to strengthen on moderate demand and limited supplies.
- Choice beef rose by 1.7% w/w to close at US\$193.47/cwt, up 3.3% y/y. Select beef traded up 1.1% w/w and 2.0% y/y at US\$184.77/cwt.
- In the cattle market, the CME Feeder Cattle Index increased by 1.0% w/w and 4.9% y/y at US\$140.18/cwt. The number slaughtered increased by 1.6% w/w but still 3.7% lower y/y at 653,000 head.
- In Australia, cattle prices extended recent losses despite reduced supplies. The volume of cattle sales were reported down 5.0% on the previous week.
- The benchmark Eastern Young Cattle Indicator (EYCI) fell by 0.7% w/w and 3.3% y/y at AU\$3.78/kg cwt. Export markets remained subdued with the stronger Australian dollar continuing to reduce competitiveness.

Domestic:

- Beef prices extended recent gains on supply tightness and improved uptake. Weekly Class A beef gained 4.6% w/w and 6.7% y/y to close at R30.85/kg. Contract Class A beef increased by 6.5% w/w and 6.9% y/y, closing the week at R30.62/kg.
- Class C beef was up 4.0% w/w but still down 0.9% y/y at R25.19/kg.
- Weaner calf prices continued to increase on the back of higher carcass prices. Weekly weaner calf prices were up 4.1% w/w but still down 12.8% y/y at R16.90/kg live weight.

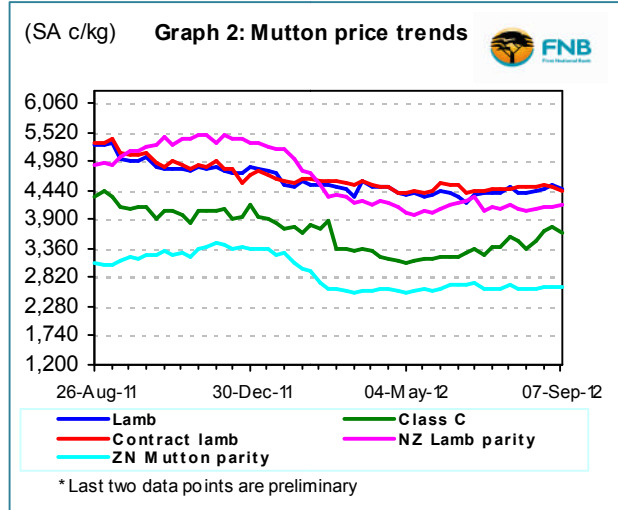
OUTLOOK

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



Mutton market trends (Graph 2)
International:

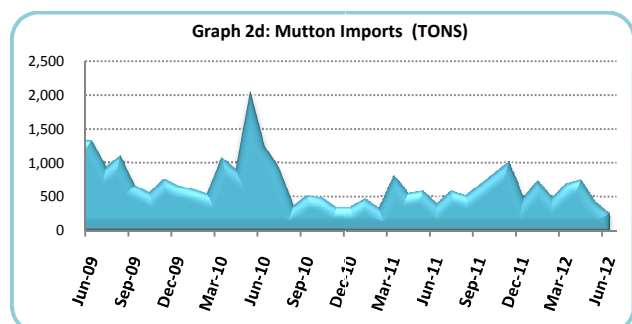
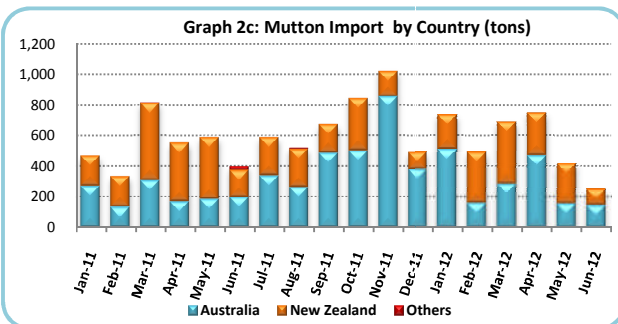
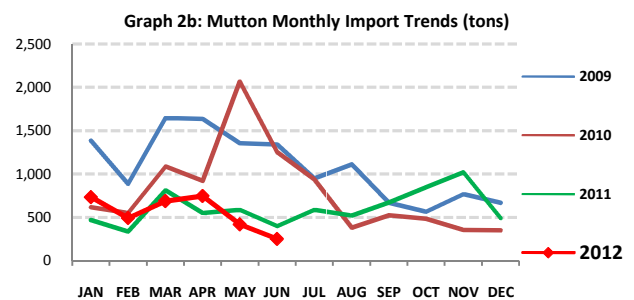
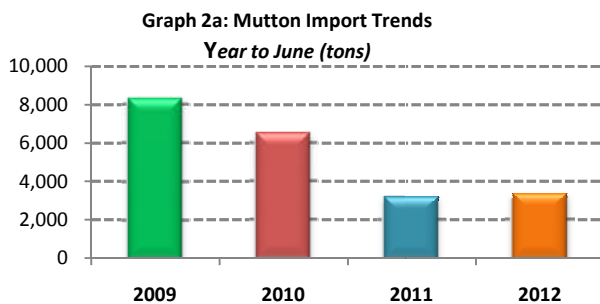
- Australian lamb market posted modest losses despite lower numbers traded. The Eastern States Trade Lamb (ESTL) indicator fell by 4.5% w/w and 22.2% y/y at AU\$4.02/kg cwt.
- The mutton market also trended lower on softer demand and lack of quality supplies.
- In New Zealand, producer prices moved sideways across all categories. Overseas lamb prices were reportedly stable but demand and market sentiment in the European and US markets remain sluggish.
- Meanwhile, EU imports for 2012 were reported down 32.0% y/y during the first six months at 87,748 tons. The main suppliers, NZ (88.0%) and Australia (6.0%), saw exports to the region falling by 20.0% and 13.0% respectively y/y.
- US domestic lamb carcass sales ended mixed with strength in the moderate to heavier categories and the lighter categories easing lower. Weekly sheep and lamb slaughter number came in at 40,000 head, which is unchanged w/w but down 2.6% y/y.


Domestic:

- The lamb and mutton markets were slight to moderately higher on limited supplies across most markets. Weekly Class A lamb prices advanced by 0.9% w/w but were down 15.5% y/y at R44.86/kg.
- Contract Class A lamb was marginally higher at R45.33/kg, but still 14.9% lower y/y. In the case of mutton, prices rose by 5.5% w/w but still 14.1% lower at R37.02/kg.
- Weaner lamb prices retained the firmer trend on supply tightness. Weekly weaner lamb prices steadied at R23.25/kg live weight, but still 18.9% 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.

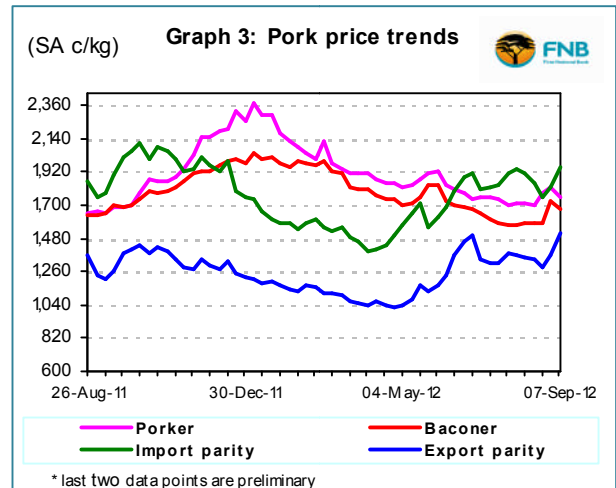


Pork market trends (Graph 3)
International:

- US domestic prices extended recent losses under pressure due to increased slaughtering. Hams fell sharply on heavy offerings, closing down 7.7% w/w and 21.3% y/y at US\$68.18/cwt. Weak export demand for hams added to the lower tone. Carcass prices traded down 3.9% w/w and 15.2% y/y at US\$88.23/cwt. Loin values deteriorated on softer demand, falling by 2.4% w/w and 22.7% y/y at US\$96.68/cwt. Rib cuts were the exception, finishing higher on improved demand. Weekly rib prices closed at US\$123.76/cwt, up 4.0% w/w and 15.3% y/y.

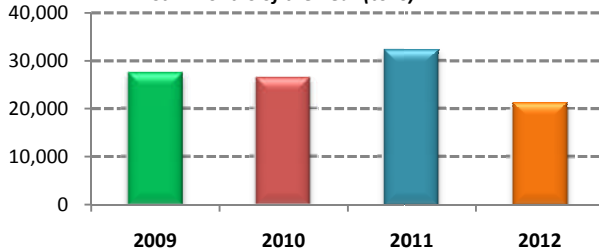
Domestic:

- On the domestic market, prices posted slight to modest gains on the back of improved uptake towards month end. Weekly porker prices gained 4.4% w/w and 7.7% y/y to close at R17.77/kg. Baconers advanced marginally by 0.1% w/w but still 2.9% lower y/y at R15.85/kg.
- Import parity prices remained on an intended downtrend mainly due to lower international prices. Import parity prices fell by 5.2% w/w and 5.7%.
- Meanwhile, feed and other input costs remain elevated and will continue to erode producer margins. The price of maize, a major input in livestock feed, is now hovering above R2,700 per tons which is almost 24.0% higher y/y.
- 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 July 2012 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%).

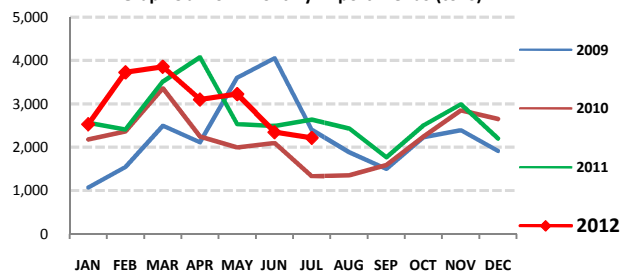

OUTLOOK

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

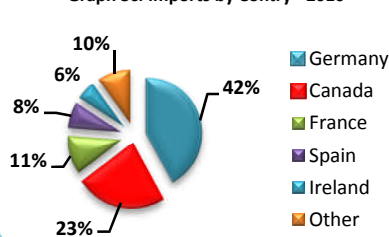
Graph 3a: Pork Import Trends
1st 7 Months of the Year (tons)



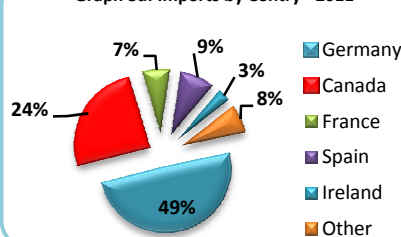
Graph 3b: Pork Monthly Import Trends (tons)



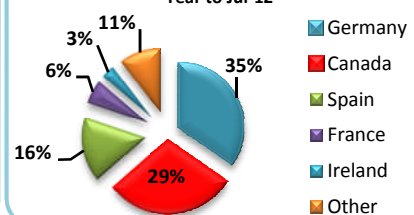
Graph 3c: Imports by Contry - 2010



Graph 3d: Imports by Contry - 2011

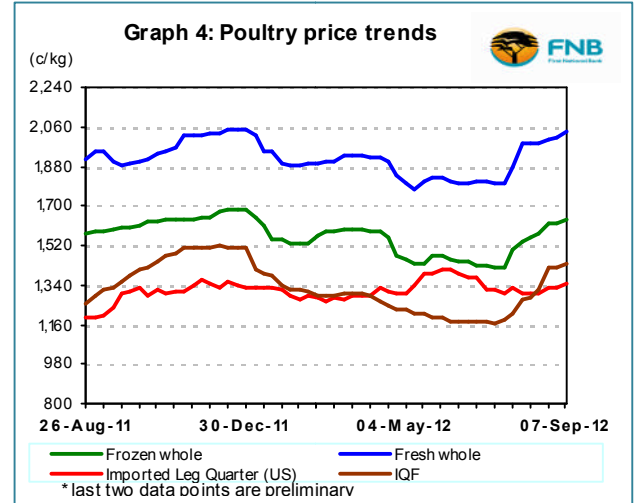


Graph 4e: Imports by Contry
Year to Jul-12



Poultry market trends (Graph 4)
International:

- US domestic prices trended mostly firmer on limited offerings. Demand at retail and food service was reportedly light to moderate ahead of the weekend. Weekly whole bird prices edged higher at US95.17c/lb, up 0.3% w/w and 7.6% y/y.
- Leg Quarter prices gained 1.3% on the week but still 0.6% lower y/y at US51.67c/lb. The breast cuts were the exception, finishing marginally lower. Weekly breast cuts were down 0.2% w/w at US103.17c/lb, but up 21.1% y/y. Wings steadied at US189c/lb, which is 116.9% higher y/y.
- US broiler egg sets and chick placements for the week ending 18 Aug-2012 were both reported up 1.0% compared the last year. The number of broilers available for marketing for the week ending 29 Sep-2012 was estimated at 149.5m head, down 0.5% w/w and 3.0% y/y.

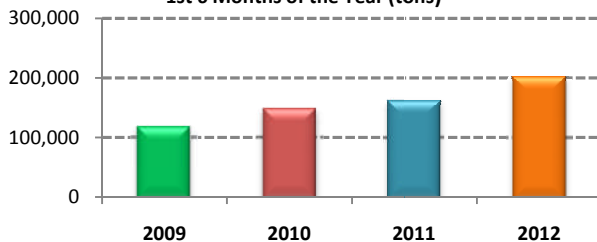

Domestic:

- On the local market, prices continued to post good gains across most categories. The fresh whole bird category gained 1.0% w/w and 4.7% to close at R20.07/kg. Frozen whole birds advanced by 2.9% w/w and 3.0% y/y to close at R16.18/kg. Individually Quick Frozen (IQF) portions rose by 7.3% w/w to close at R14.20/kg, which is 12.8% higher y/y.
- Import parity prices finished slightly higher due to the combined effect of better international prices and a weaker Rand/US dollar exchange rate. Weekly import parity prices were up 2.0% w/w and 10.9% y/y.

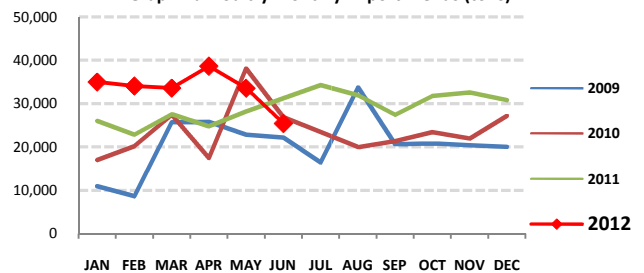
OUTLOOK

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

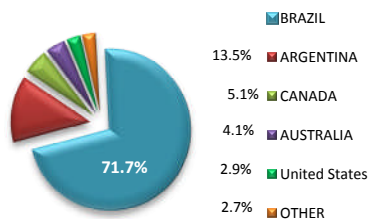
Graph 4a: Poultry Import Trends
1st 6 Months of the Year (tons)



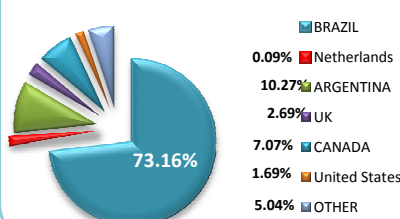
Graph 4b: Poultry Monthly Import Trends (tons)



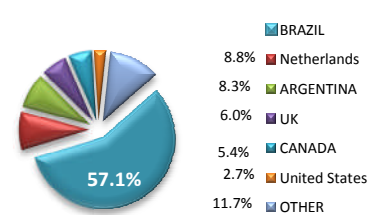
Graph 4c: Imports by Country - 2009



Graph 4d: Imports by Country - 2010



Graph 4e: Imports by Country - 2011

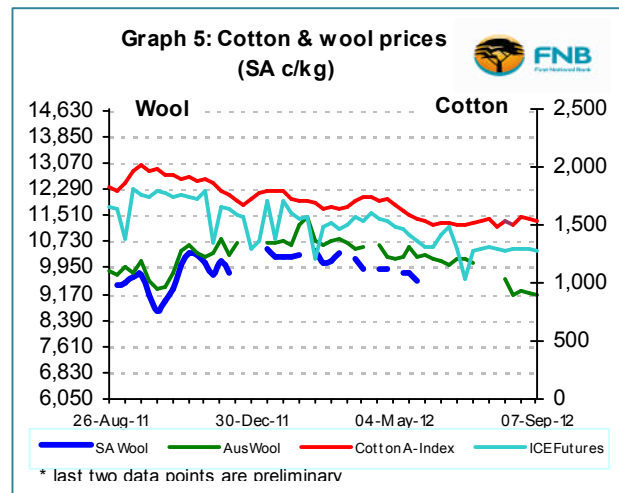


Source: SARS, Own Calculations

Producer prices for selected livestock commodities 24 August 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	30.85	44.86	17.77	20.07
Open market: Class C / Baconer / Frozen whole birds(R/kg)	25.19	37.02	15.80	16.18
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	30.62	45.33	15.85	14.20
Import parity price (R/kg)	21.73	26.41	17.51	13.27
Weaner Calves / Feeder Lambs (R/kg)	16.90	23.25		

Wool and cotton market trends (Graph 5)
International:

- Cotton prices rebounded on supply concerns related to the dry weather conditions and the spill over from the grains market. Movement in the A index was modest, closing 3.5% higher w/w at US85.66c/lb but still 25.8% lower y/y.
- US weather has improved for cotton with rains in the forecasts to provide some reprieve to the areas hard hit by the recent drought. In other areas of the world, China is reported to be experiencing wet conditions while the subdued monsoon in India and Pakistan could reduce production.
- Cotton futures on the InterContinental Exchange (ICE): Cotton for Dec-12 increased by 0.5% w/w at US75.21c/lb, Mar-13 gained 0.7% w/w at US75.94c/lb, and Jul-14 was almost unchanged w/w at US79.74c/lb.
- Wool: In Australia, the wool market continued to soften on demand concerns as a result of the weakening global economy. The Eastern Market Indicator declined further by 0.8% w/w and 25.6% y/y at AU\$9.41/kg clean wool. Supplies continued to decline with almost 16.0% fewer bales reported over the first four weeks of the sales season. Volumes offered were pegged at 34,693 bales with sales of 86.9%.


Domestic:

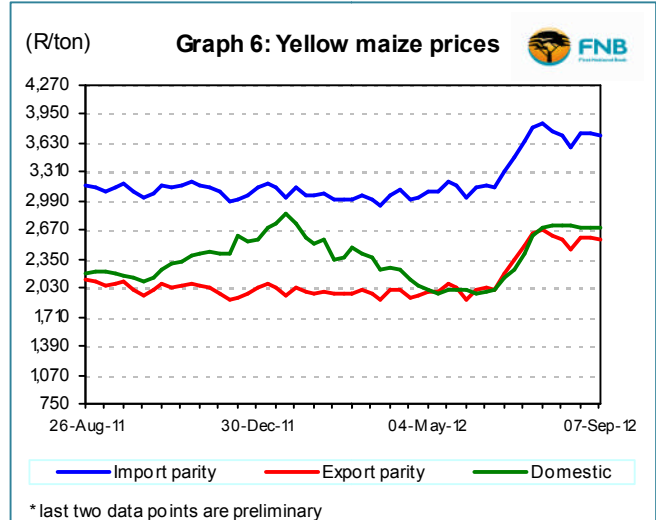
- There were no sales for the week. The first sale for the new wool season started on a lower note on demand concerns and spill over weakness from the Australian market. This saw the Cape Wools Merino indicator falling by 7.2% compared to the closing sale of the previous season at R87.37/kg (clean) wool.
- 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 24 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	92.55		
19 μ long length wool (R/kg)	95.48	96.82	11.10	10.75
21 μ long length wool (R/kg)	91.16	93.40	10.40	10.05
23 μ long length wool (R/kg)	90.26	90.41	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)	15.64	1.88	1.65	1.67

Cotton Futures on ICE; South Africa – last week's sale

Yellow maize market (Graph 6)
International:

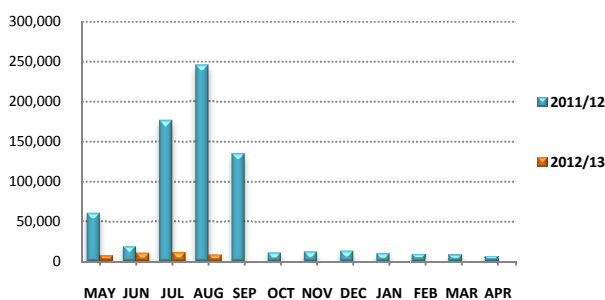
- US yellow maize prices saw gains early in the week on bullish long term fundamentals.
- However bearish export sales and late week profit taking pressured the market. Weekly export sales came in at 325,400 tons with 108,400 tons slated for 2011/12.
- Meanwhile, the International Grains Council (IGC) lowered its estimate of world production by 3.0% m/m and 4.2% y/y at 838m tons as drought conditions stressed crops across the northern hemisphere.
- World ending stocks were pegged at a nine-year low of 120m tons, which is 14.0% lower y/y. This is slightly lower than the USDA's estimate of 123.33m tons.
- Maize futures on CME: Dec-12 was up 0.1% w/w at US\$319/t, Mar-13 gained 0.1% w/w at US\$319/t, May-13 rose by 0.1% w/w at US\$316/t. The Jul-13 contract however trended lower, finishing down 0.3% w/w at US\$310/t.


Domestic:

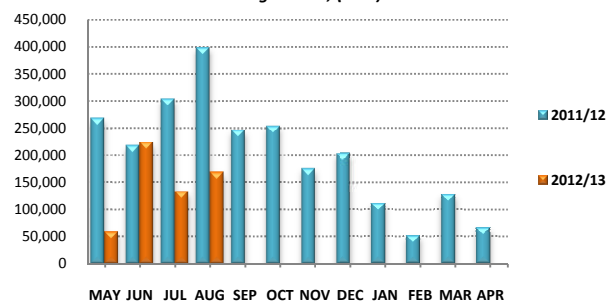
- Yellow maize prices slipped marginally despite a weaker Rand. Weekly yellow maize prices fell by 0.6% w/w but still 23.1% higher y/y at R2,706 per ton.
- Yellow maize import parity prices rebounded on Rand weakness and better CBOT prices, gaining 4.3% w/w and 18.5% y/y.
- Export sales were pegged at 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 2.3% w/w (-R64/t), Mar-13 fell by 1.8%w/w (-R50/t), and Jul-13 was down 1.5% w/w (-R35/t).

OUTLOOK

Medium to long term price outlook remains bullish given the tightening world supplies following the recent adverse weather conditions across the major producing nations.

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 24 August 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
CBOT (\$/t)	318.51	318.51	315.67	309.53	268.16
JSE (R/t)	2,704	2,689	2,420	2,355	-
CHICAGO CORN (R/t)	2,753	2,775	-	2,726	2,353

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
2,740	154	118	2,720	213	182	2,460	226	186
2,700	132	136	2,680	191	200	2,420	204	204
2,660	113	157	2,640	171	220	2,380	183	223

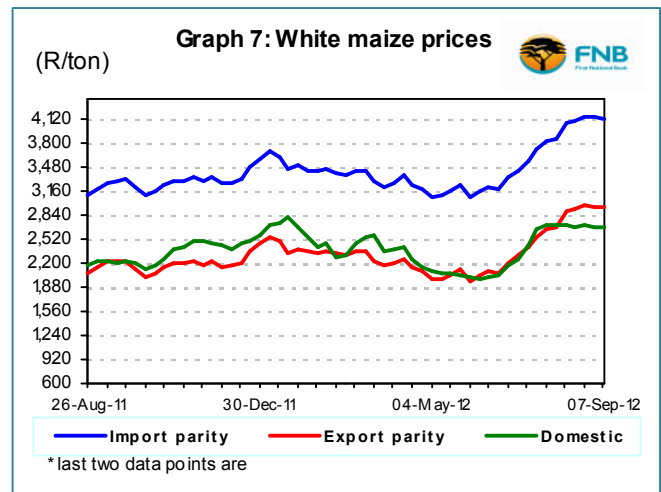
White maize market trends (Graph 7)

International:

- US white maize prices extended gains despite improved conditions as bad weather has already caused damage in most areas.
- Weekly average white maize prices advanced by 0.8% on the week and were 23.45 higher year-on-year, closing at US\$358 per ton.

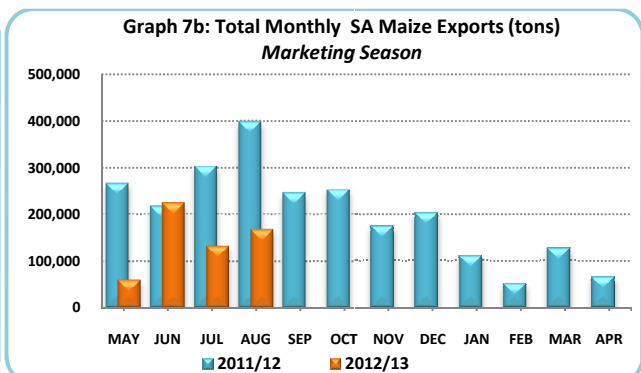
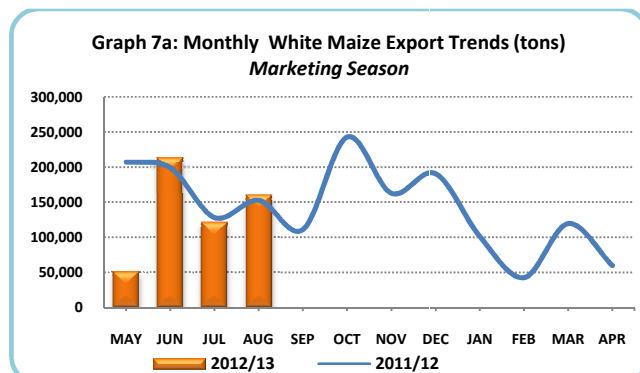
Domestic:

- White maize prices bottomed out and firmed slightly on supportive Rand and higher international prices.
- Weekly white maize prices gained 0.2% compared to last week and closed at R2,704 per ton, which is 23.6% higher y/y.
- White maize import parity prices continued to increase, closing up by 1.2% w/w and 33.7% y/y.
- Weekly white maize export sales for the week ended 17 August 2012 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 edged lower by 1.4% w/w (-R39/t), Mar-13 fell by 1.0% w/w (-R29/t), and Jul-13 was down 1.3% w/w (-R32/t).



OUTLOOK

Medium to long term price outlook remains bullish given the tightening world supplies following the recent adverse weather conditions across the major producing nations.



White Maize Futures 24 August 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13			
JSE (R/t) WM ₁	2,742	2,740	2,440	2,348	-			
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
2,780	165	127	2,780	226	186	2,480	232	192
2,740	144	146	2,740	204	204	2,440	210	210
2,700	124	166	2,700	183	223	2,400	189	229

Wheat market trends (Graph 8)

International:

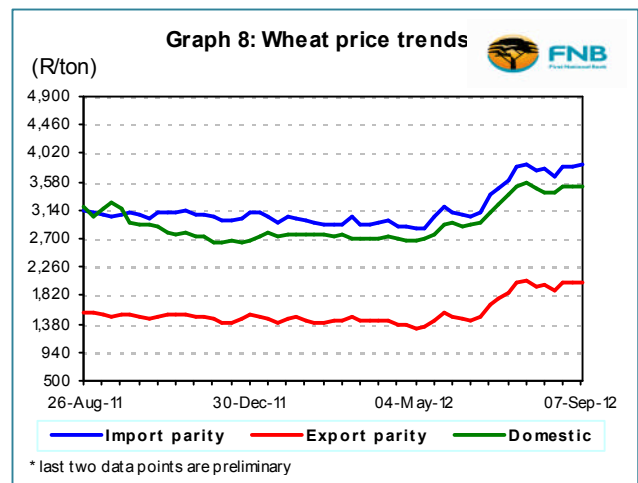
- Wheat prices were back in positive territory on concerns over shrinking world supplies and still dry weather conditions in the Southern plains of the US.
- Nonetheless, the stronger US dollar and improved weather in the forecast for the week ahead limited further gains.
- The IGC's latest estimates showed a lower world wheat crop with a decline in exports largely from the Black Sea Region. World production for 2012/13 fell by 0.5% from last month to 662m tons, which is almost 5.0% (-34mt) below last season's record.
- Food and industrial consumption are expected to grow, but feed use will likely be lower. The agency expects world ending stocks to drop by 17m to 180m tons with trade reaching 132.7m tons, down 13.3m y/y.
- Wheat Futures on major exchanges: Kansas futures (KCBT): Wheat for Dec-12 dropped by 4.0% w/w at US\$331/t, Mar-13 was down 3.6% w/w at US\$336/t, and May-13 fell by 3.2% w/w at US\$334/t
- CME futures: Dec-12 wheat fell by 0.7% w/w at US\$326/t, Mar-13 was down by 0.5% w/w at US\$330/t, and May-13 was up 0.2% w/w at US\$326/t.

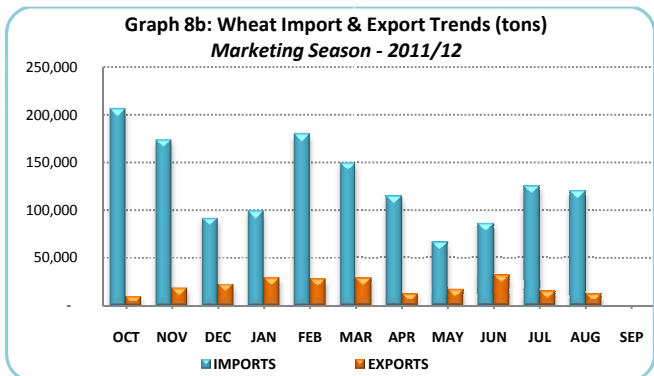
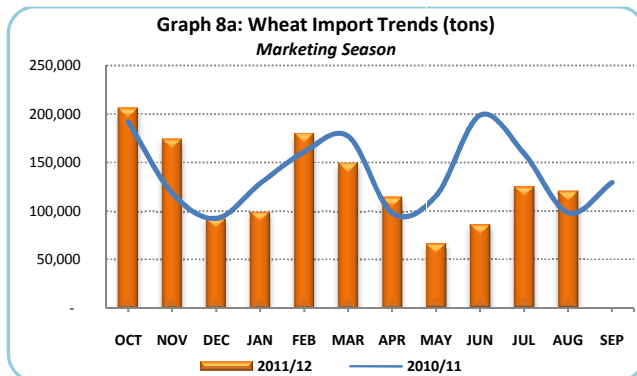
Domestic:

- Wheat prices posted modest recovery on renewed strength on the international market coupled with a weaker Rand. Weekly wheat prices gained 2.9% w/w and were 18.0% higher y/y at R3,498 per ton.
- Weekly import parity prices bottomed out and finished up 3.9% w/w and 37.5% y/y.
- Import sales for the week ended 17 August 2012 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 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 with some upward potential on renewed Rand weakness.





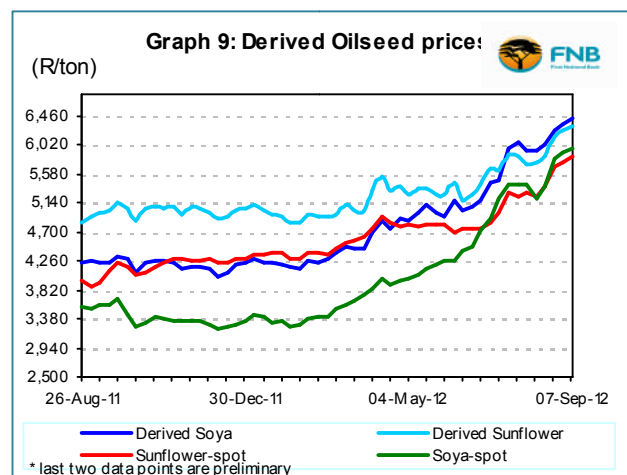
Source: SAGIS; Aug-12 -preliminary

Wheat Futures 24 August 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13			
KCBT (\$/t)	331.15	335.56	334.46	318.66	319.39			
JSE (R/t)	3,549	3,608	-	-	-			
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
3,580	214	164	3,580	216	185	3,640	298	266
3,540	192	182	3,540	195	204	3,600	277	285
3,500	171	201	3,500	174	223	3,560	256	304

Oilseed market trends (Graph 9)

International:

- Soybean prices posted modest gains on improved demand as the reports from the Pro-Farmer crop tour in the US indicate low pod counts which would further see reduced harvest estimates. US soybean export sales were bullish, coming in at 718,700 tons with 132,900t for the 2011/12 season.
- The IGC raised its 2012/13 world soybean production by 7.0% m/m to 255m tons, citing a rebound in the South American crop which would compensate for a disappointing US crop.
- According to the IGC, expanding feed demand in China will continue to shape world soybean trade with a record 94.0m tons (+2% y/y). Soy meal trade was projected at 57.2m ton.
- 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 for Nov-12 gained 5.2% w/w US\$636/t, Jan-13 rose by 5.3% w/w at US\$634/t, Mar-13 was up 5.3% w/w US\$601/t, and May-13 was 5.0% higher w/w at US\$568/t.
- Soyoil for Dec-12 was up 5.9% w/w at US\$56.90c/lb, Jan-13 gained 5.9% w/w at US\$ 57.12/t, Mar-13 rose by 5.8% w/w at US\$57.15/t, May-13 gained 5.4% w/w at US\$ 56.96/t.



Domestic:

- Oilseeds traded on the JSE rose sharply on spill over support from the international market coupled with a weaker Rand/US dollar exchange rate.
- Weekly soybean prices closed at R5,806 per ton, up 7.9% w/w and 63.2% y/y. Sunflower traded up 5.7% w/w and 44.0% y/y at R5,683 per ton.
- In the futures market (JSE): Soybeans for Dec-12 gained 7.5% w/w (+R418/t), and May-13 was up 7.0% w/w (+R321/t).
- Sunflower for Dec-12 rose by 5.6% w/w (+R319/t), Mar-13 gained 6.3% w/w (+R350/t), and May-13 was up 3.3% w/w (+R160/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.

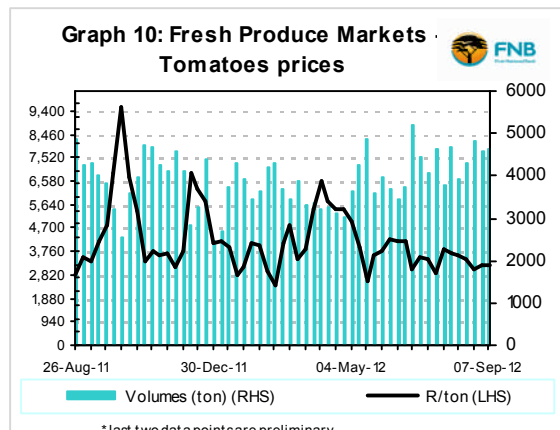
Oilseeds Futures 24 August 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
CBOT Soybeans (US \$/t)	-	601.20	567.47	557.18	515.22
CBOT Soya oil (US c/lb)	56.90	57.15	56.96	56.90	56.15
CBOT Soya cake meal (US\$/t)	576.29	529.88	486.89	472.67	426.48
JSE Sunflower seed (R/t)	5,975	5,900	5,050	-	-
JSE Soybean seed (R/t)	5,998	5,540	4,935	-	-

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
6,020	333	288	5,940	469	429	5,100	535	485
5,980	312	307	5,900	447	447	5,060	513	503
5,940	291	326	5,860	426	466	5,020	491	521

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

Tomato prices remained on an extend downtrend as a result of increased supplies on markets. Weekly tomato prices fell by 10.8 % w/w but still 8.5% higher y/y at R3,063 per ton. Volumes traded were up by 12.3% w/w but still 1.1% lower y/y at 4,818 tons. Prices are still expected to remain under pressure in the short to medium term on increased supplies.

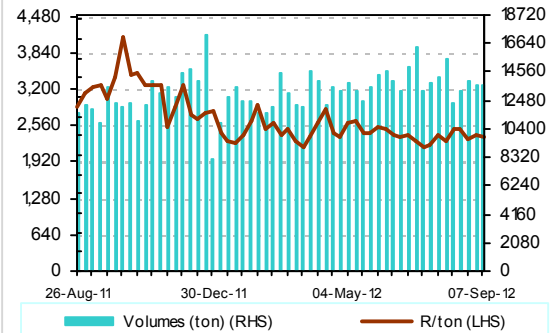


Potatoes

Potato prices posted sharp losses under pressure due to increased supplies on markets. Weekly potato prices fell by 7.4% w/w and 19.5% y/y to close at R2,306 per ton. Volumes traded were pegged at 13,963 tons, which is an increase of 6.3% w/w and 21.6% y/y.

It is expected that prices will trend sideways to firmer in the medium term as demand improves.

Graph 11: Fresh Produce Markets - Potatoes prices

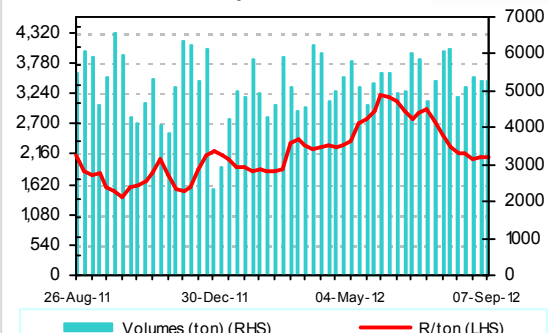


Onions

Onion prices drifted lower under pressure due to higher volumes and limited uptake on markets. Weekly prices reached R2,053 per ton, down by 5.0% w/w and 3.5% y/y. Volumes traded rose by 5.2% w/w but still 2.2% lower y/y, coming in at 5,368 tons.

Prices are expected to maintain the sideways trend in the short term but with some upward potential during month end.

Graph 12: Fresh Produce Markets - Onion prices

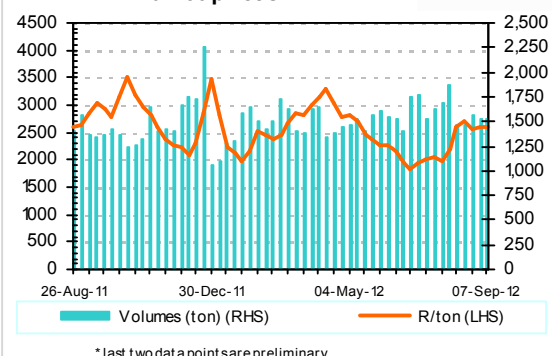


Carrots

Carrot prices posted modest losses on the back of improved volumes across most markets. Prices decreased by 5.5% w/w and 1.6% y/y to close the week at R2,547 per ton. Volumes traded reached 1,556 tons, up 6.9% w/w and 10.3% y/y.

Prices are however expected to improve somewhat in the short term on increased demand.

Graph 13: Fresh Produce Markets - Carrot prices

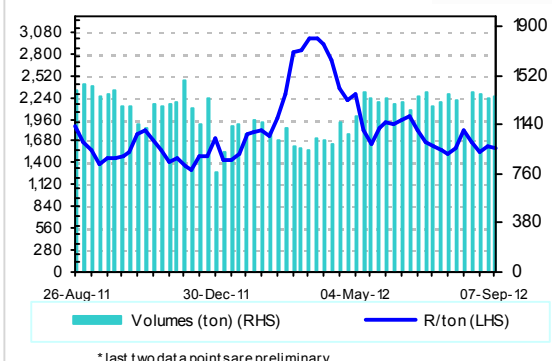


Cabbages

Cabbage prices trended modestly lower due to decrease in demand across most markets. Weekly cabbage prices fell by 7.4% w/w and 17.6% y/y to close the week at R1,545 per ton. Volumes traded reached 1,374 tons, which is down 1.1% w/w and 2.1% y/y.

It is expected that prices will bottom out in the week ahead on improved uptake.

Graph 14: Fresh Produce Markets - Cabbage prices



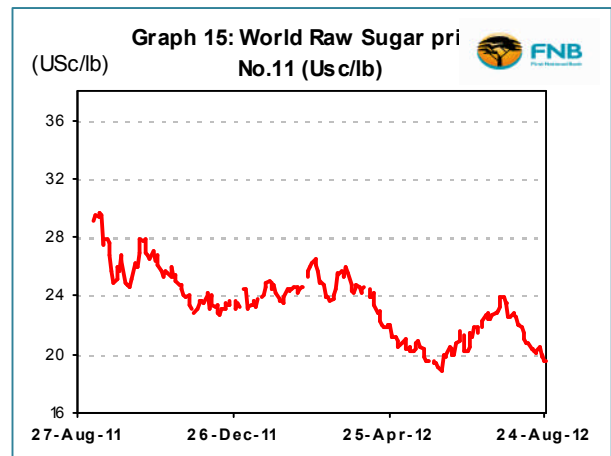
**Vegetable prices: South Africa's Major Fresh Produce Markets.
 (Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 24 August 2012	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	3,063	-10.8%	8.5%	4818	12.3%	-1.1%
Potato	2,306	-7.4%	-19.5%	13963	6.3%	21.6%
Onion	2,053	-5.0%	-3.5%	5368	5.2%	-2.2%
Carrot	2,547	-5.5%	-1.6%	1556	6.9%	10.3%
Cabbage	1,545	-7.4%	-17.6%	1374	-1.1%	-2.1%

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

Sugar market trends (Graph 15)
International:

- World raw sugar prices extended losses due to improved harvest weather in Brazil. 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.
- Brazil had a slow harvest and export pace in past several weeks due to unfavourable weather conditions. There is still focus on India as it had a slow start to the season due to weak monsoon, but exports are reportedly continuing.
- Weekly raw sugar prices finished 1.9% lower w/w and 34.5% y/y at US19.88c/lb.
- The benchmark Sugar futures on New York's InterContinental Exchange (ICE) (US c/lb): Sugar for Mar-13 fell by 2.9% w/w at US20.29c/lb, May-13 was down 2.7% w/w at US20.25c/lb, and Oct-13 was down 2.0% w/w at US20.56c/lb.


Domestic:

- The Aug 2012 RV price in respect of cane delivered in July 2012 was declared at R3,156.99 per ton, down by R11.84 per ton compared to the June price. According to the Cane Growers' Association, the decrease was due mainly to the lower weighted average No.11 world market price (22.95 USc/lb vs. 23.53 USc/lb). The 3,280 ton drop in gross sugar production (2,187m tons vs. 2,190 m tons) and the improved Sugar: RV ratio (94.83% vs. 94.75%) both had positive impacts but these were marginal.
- About 39.3% 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 280,287 tons has been priced at an average of US24.18c/lb. At this point 5 302 tons are unpriced and 153,595 tons are in the crop buffer. This means that 158,897 tons of the estimated production in 2012/13 are currently subjected to world market price and R/\$ exchange rate volatility.

ICE Sugar Futures 24 August 2012	Mar-13	May-13	Jul-13	Oct-13	Mar-14
Sugar No.11 (US c/lb)	20.29	20.25	20.26	20.56	20.93
% Change w/w	-2.9%	-2.7%	-2.4%	-2.0%	-1.7%

Inflation Update: CPI July 2012

The headline CPI inflation for July came in slightly lower than expected at 4.9% y/y (the market consensus was 5.2% y/y) down from 5.5% y/y in June; a decrease of 0.6% m/m. The moderation in inflation was influenced by lower food and transport cost inflation. The 85c/litre petrol price decreased by in June 2012 also contributed to the lower inflation rate in July. Nonetheless, the only pressure recorded on inflation came from housing and utilities due to higher electricity and water tariffs.

The food and non alcoholic beverages (FNAB) index which directly deals with food prices remained unchanged m/m between June 2012 and July 2012. The annual rate decreased to 5.3% in July from 5.9% in June.

The decrease in the FNAB index was influenced by the m/m decrease in the following subcomponents; meat (-0.6%), fruit (-0.4%) and bread and cereals (-0.1%). However, the following subcomponents increased m/m; sugar sweets and desserts (1.3%), cold beverages (0.1%), fish (1.5%), milk, eggs and cheese (0.1%), oils and fats (0.8%), and other food (0.4%).

Disclaimer:

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.
