

# Agri-Weekly

26 October 2012

[pmakube@fnb.co.za](mailto:pmakube@fnb.co.za)  
<https://www.fnbagricomms.co.za>

## Beef market trends (Graph 1)

### International:

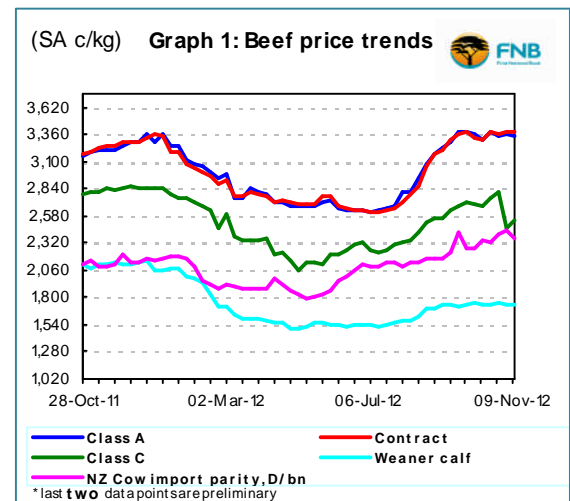
- US domestic manufacturing beef prices retained upward momentum on moderate to good demand despite heavy supplies. Market activity on imported beef was reportedly moderate with prices firmer supported by good demand, tight supplies and a strong domestic market.
- Weekly boxed beef cut-out values extended gains on moderate demand and limited supplies. Choice beef traded at US\$198.49/cwt, up 1.5% w/w and 6.2% y/y. Select beef gained 1.1% w/w and 7.9% y/y to close at US\$182.21/cwt.
- In the cattle market, the CME Feeder Cattle Index closed higher by 0.1% w/w and 3.4% y/y at US\$144.92/cwt. Weekly cattle slaughter number came in at 641,000 head, 1.1% higher w/w but still 4.6% lower y/y. Year to date cattle slaughtered were estimated at 26.8m head, down 4.2% y/y.
- The USDA's latest cattle on feed report indicated that placements in September dropped by 18.8% and sales were down 11.5% y/y. The number of cattle in large feedlots at the start of October was lower by 2.6%. Although down from last year, the on-feed number is the second highest for October since 2006.
- In Australia, cattle prices posted losses under pressure due to increased supplies. The subdued export market and a stronger exchange rate added to the weaker tone. The benchmark Eastern Young Cattle Indicator (EYCI) fell by 2.0% w/w and 13.7% y/y to close at AU\$3.47/kg cwt.
- Domestic beef prices in New Zealand moved mostly sideways. 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.
- Beef plants are reportedly gearing themselves for the seasonal increase in supplies of slaughter ready cattle. According to the NZ AgrifaX, the early season bull slaughter has been particularly low this year but it expects a rebound during November, before peaking in January.

### Domestic:

- The beef market ended mixed with Class C prices extending gains on the back of tight supplies on markets. Weekly Class C beef prices advanced by 2.0% w/w and were 0.6% higher y/y at R28.09/kg.
- Weekly Class A beef prices fell by 1.0% w/w but were 6.2% higher y/y at R33.49/kg. Contract Class A beef prices eased marginally lower by 0.7% w/w and closed at R33.70/kg, but still 6.2% lower y/y.
- Weaner calf prices posted marginal gains on reduced volumes. Weekly weaner calf prices closed up 0.3% w/w but still 17.4% lower y/y at R17.46/kg live weight.

## OUTLOOK

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



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

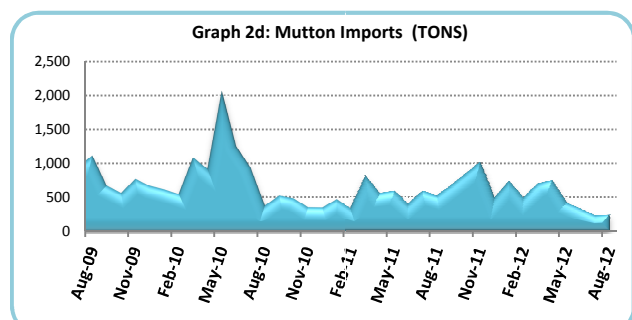
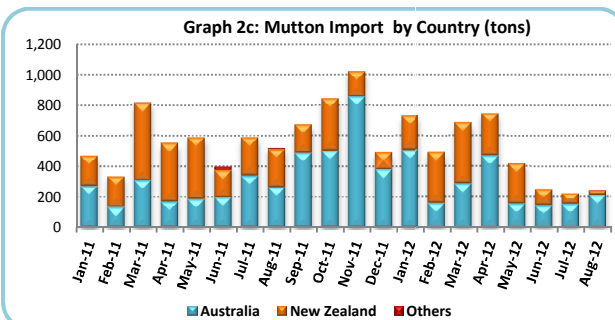
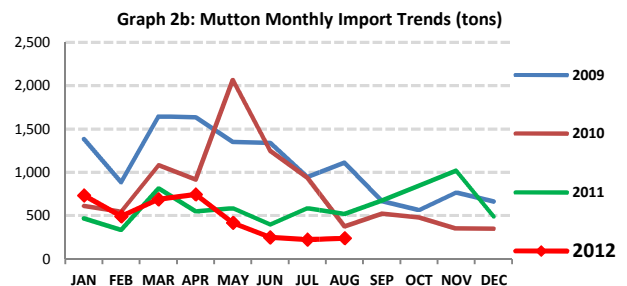
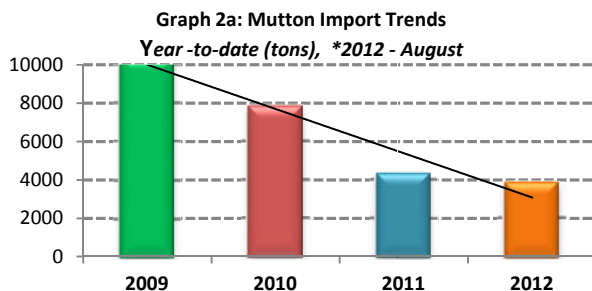
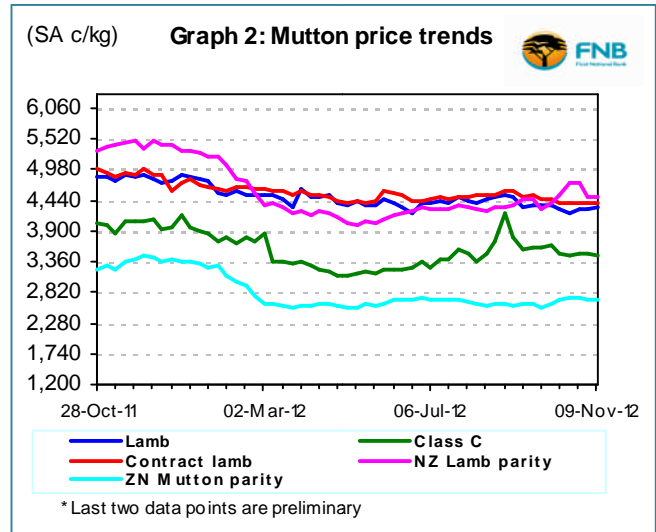
- Australian lamb market extended losses under pressure due to increased seasonal supplies and softer demand. As a result, the Eastern States Trade Lamb Indicator (ESTLI) fell by 7.6% w/w and 32.9% y/y to close at AU\$3.39/kg cwt.
- Meanwhile, Australian export earnings on lamb were reported down by 4.0% y/y despite increased volumes. The decline is attributable to a stronger Australian dollar and weak consumer demand in major export markets. Volumes shipped during August 2012 were reportedly up 18.0% y/y at 15,978 tons.
- In New Zealand (NZ), producer prices regained some ground and finished firmer for the week. Weekly lamb prices advanced marginally to close at NZ\$100.30/head, but still 24.0% lower y/y. Meanwhile, the NZ lamb production during August is reported to have dropped by 20.0% y/y to 13,825 tons cwt. The decline was due to a sharp fall in the harvest rate, which fell by 21.0% y/y at 692,025 head. Nonetheless, the cumulative year to August lamb production reached 264,923 tons cwt which is 4.0% higher y/y.
- In the US, the Lamb Cut-out values remained under pressure and weakened. Lamb Carcass Cut-out traded at US\$268.83/cwt, down 2.9% w/w and 28.7% y/y. Weekly number of sheep slaughtered came in at 44,000 head, up 12.8% w/w and 12.8% w/w. The cumulative number slaughtered for the year to date was 1.65m head, down 0.3% y/y.

Domestic:

- The lamb and mutton market posted slight gains on improved uptake towards month end. Weekly Class A lamb prices gained 2.0% w/w but were still 11.8% lower y/y at R42.82/kg. Contract Class A lamb advanced marginally by 0.4% w/w but still 12.0% lower y/y at R43.89/kg.
- Mutton prices gained 1.0% w/w and closed at R35.14/kg, but still 13.2% lower y/y. Feeder lamb prices fell by 1.2% w/w and were down 21.8% y/y at R21.25/kg live weight.

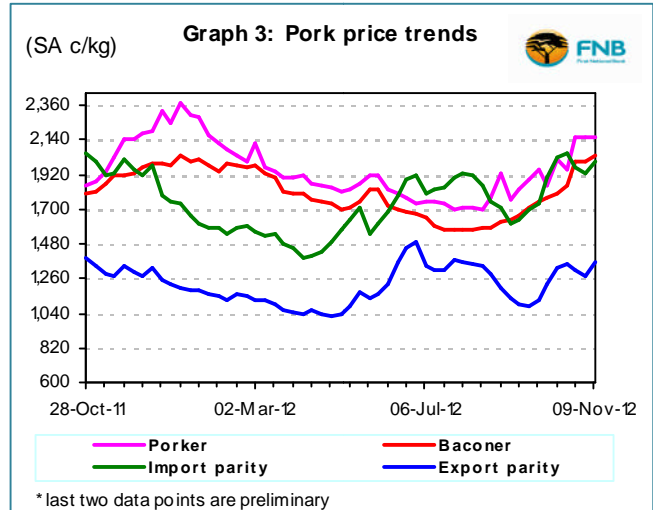
**OUTLOOK**

It is expected that the market will post modest gains in the short to medium term on increased seasonal demand.



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

- The US domestic pork market posted modest losses on increased supplies due to higher slaughtering. Weekly carcass prices traded at US\$86.46/cwt, down 2.0% w/w and 11.3% y/y.
- Loins traded at US\$93.69/cwt, down 3.6% w/w and 11.1% y/y. Ribs fell by 2.0% w/w and 11.2% y/y to close at US\$128.23/cwt.
- Hams were the biggest losers, falling by 5.1% w/w and 15.2% y/y to close at US\$74.13/cwt.
- US breeding herd inventory trends showed a declining trend, coming in at 5.8m in September which is slightly lower y/y. According to the USDA, farrowing intentions for September to November and December to February are also below last-year's levels, indicating that there will be slightly less US pork output in 2013 than in 2012.
- Meanwhile, US pork exports in August declined by 3.0% y/y largely due to a slowdown in shipments to Asia. Monthly exports for August 2012 were pegged at 189m tons. US pork exports to Japan fell by 3.9%, down by 23.5% for China, down by 50.5% for South Korea and down by 41.2% for Hong Kong.

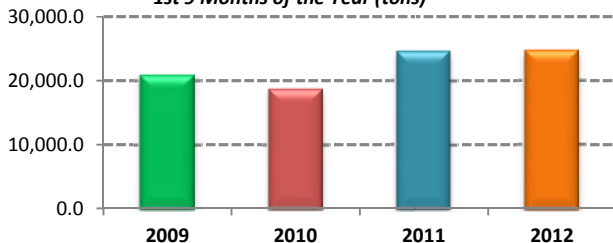

Domestic:

- The domestic market continued to post strong gains on the back of tight supplies. Weekly porker prices rose by 10.4% w/w and 15.9% y/y to close at R21.53/kg. Baconer prices increased by 8.1% w/w and 11.7% y/y, closing the week at R20.05/kg.
- Import parity prices reversed course and closed modestly lower due to the combined effect of a stronger Rand and lower international prices. Weekly import parity prices fell by 4.1% w/w and 3.9% y/y.
- Monthly pork imports fell by 5.7% m/m and 1.7% y/y in September, coming in at 1,731 tons. However the cumulative year to date imports were 0.6% higher y/y at 24,550 tons. Major suppliers were Germany with 895 tons (71.3%), Canada with 206 tons (16.4%), Spain with 73 tons (5.8%) and Others with 81 tons (6.4%).

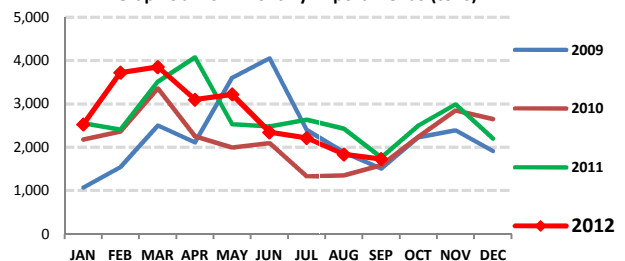
**OUTLOOK**

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

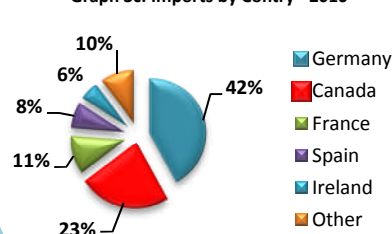
**Graph 3a: Pork Import Trends**  
1st 9 Months of the Year (tons)



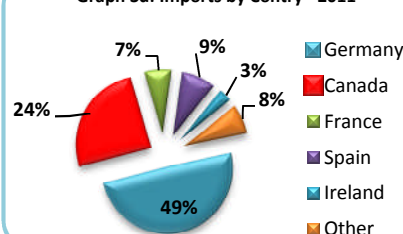
**Graph 3b: Pork Monthly Import Trends (tons)**



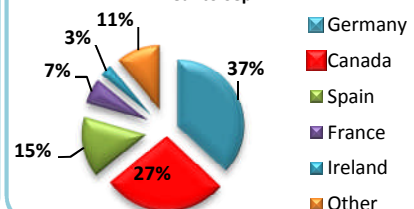
**Graph 3c: Imports by Contry - 2010**



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

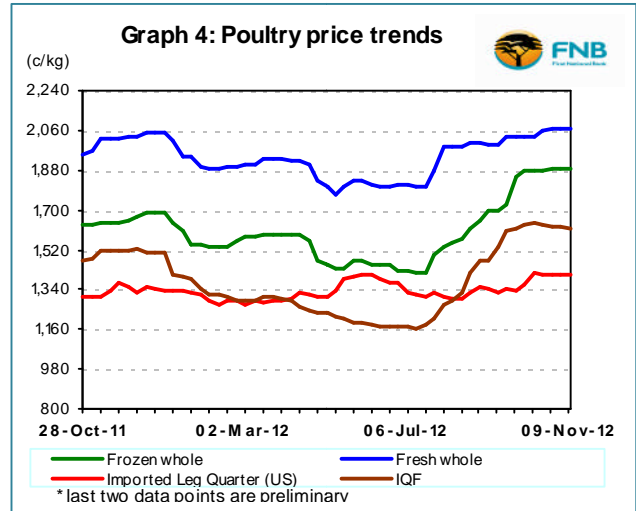


**Graph 4e: Imports by Contry**  
Year to Sep-12



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

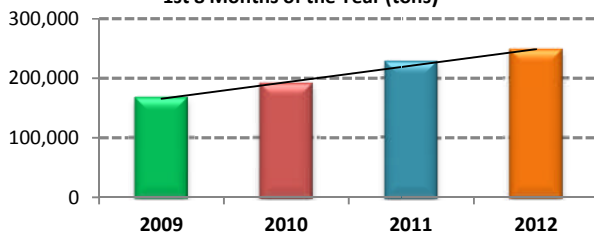
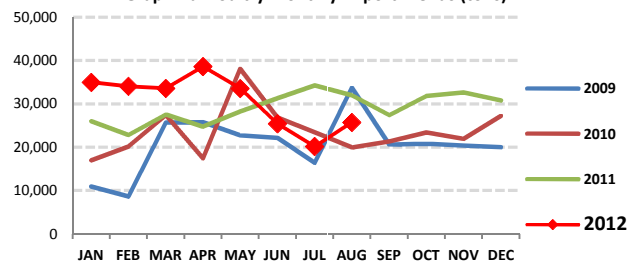
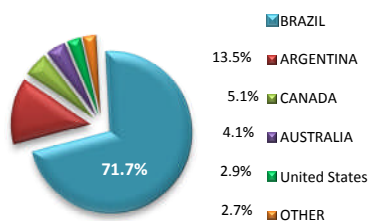
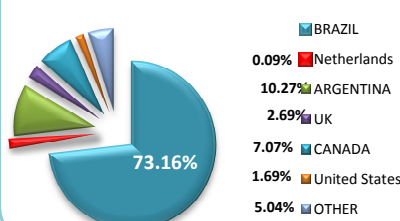
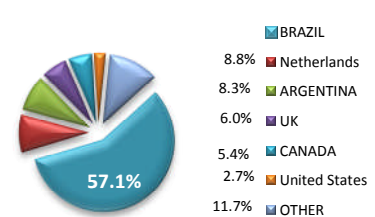
- US domestic prices were steady to lower for the week. Demand at retail and food service was reportedly light to moderate ahead of the weekend. Weekly whole bird prices gained 0.2% w/w and were 7.8% higher y/y at US95.92c/lb. In the cuts category, breast cuts fell by 0.2% w/w but still 26.7% higher y/y at US99.67c/lb. Weekly leg quarter prices traded at US53.33c/lb, almost unchanged w/w but 0.3% higher y/y. Wings were steady at US183c/lb, but were 57.5% higher y/y.
- US broiler production forecast 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.
- According to the USDA, global production was projected up 1.0% to a record 83.5m tons driven by strong demand for animal protein particularly in China, Brazil and India. Rising incomes, an expanding middle class and stronger demand for animal protein have propelled production in these countries. Combined, these countries account for 85.0% of the projected growth in global production for 2013. However, higher feed costs over the past few years have eroded profit margins, as larger producers have consolidated for cost-savings synergies and to help maintain margins.


**Domestic:**

- The broiler market was firmer across most categories on moderation in supplies.
- IQF was again the exception, falling by 0.7% w/w but still 10.0% higher y/y at R16.21/kg. Prices were firmer in the whole bird category, with the frozen whole birds increasing by 0.5% w/w and 15.6% y/y to close at R18.90/kg. Fresh whole birds traded at R20.69/kg, up 0.7% w/w and 6.2% y/y.
- Import parity prices ended firmer, up 0.1% w/w and 8.3% 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.

**Graph 4a: Poultry Import Trends**  
 1st 8 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**


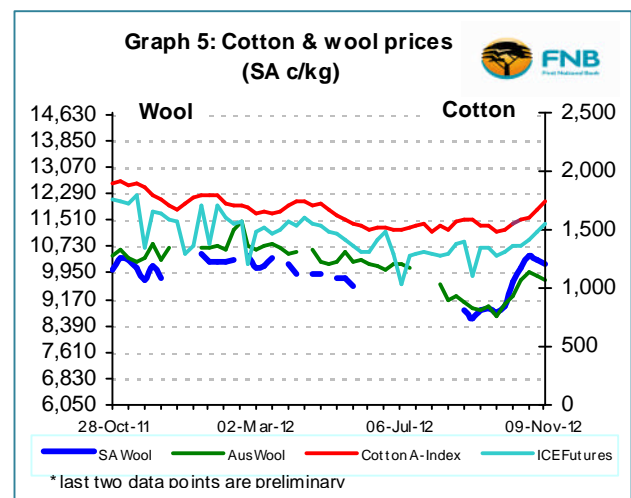
Producer prices for selected livestock commodities 26 October 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	33.49	42.82	21.53	20.69
Open market: Class C / Baconer / Frozen whole birds(R/kg)	28.09	35.14	20.37	18.90
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	33.70	43.89	20.05	16.21
Import parity price (R/kg)	24.02	27.09	19.70	14.11
Weaner Calves / Feeder Lambs (R/kg)	17.46	21.25		

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

- Cotton prices posted slight gains despite weak export sales. However, harvest pressure and the increased ending stocks outlook limited further gains. Weather conditions were favourable for increased harvest pace in the US. Harvest conditions were also favourable in China with drier weather aiding the process. 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 of America.
- Cotton futures on the InterContinental Exchange (ICE): Cotton for Dec-12 fell by 5.8% w/w at US72.42c/lb, and Mar-13 was down 3.4% w/w at US72.89c/lb.
- Wool: Australian wool market posted modest gains, with the Eastern Market Indicator advancing by 3.4% w/w to close at AU\$10.48/kg clean wool but still down 13.7% y/y. Volumes offered were pegged at 40,634 bales with sales of 96.3%.

Domestic:

- The wool market continues to post strong gains on improved demand and spill over support from the Australian market. As a result, the weekly market indicator Cape Wools Merino rose by 3.2% w/w and 4.3% y/y at R104.43/kg clean wool. This is 13.6% and 19.5% higher than the current season's average and the opening sales respectively.
- Major buyers were: G Modiano SA with 1,802 bales (24.9%), Standard Wool SA with 1,733 bales (24.0%), Lempriere SA with 1,603 bales (22.2%) and Stucken & Co with 1,088 bales (15.0%).



Fibre market prices 26 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)	104.43	99.78		
19 $\mu$ long length wool (R/kg)	112.56	112.71	10.75	10.35
21 $\mu$ long length wool (R/kg)	103.40	101.80	10.00	9.60
23 $\mu$ long length wool (R/kg)	93.05	96.23	8.50	8.10
	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)	15.95	1.83	1.60	1.63

Cotton Futures on ICE;

**Yellow maize market (Graph 6)**

International:

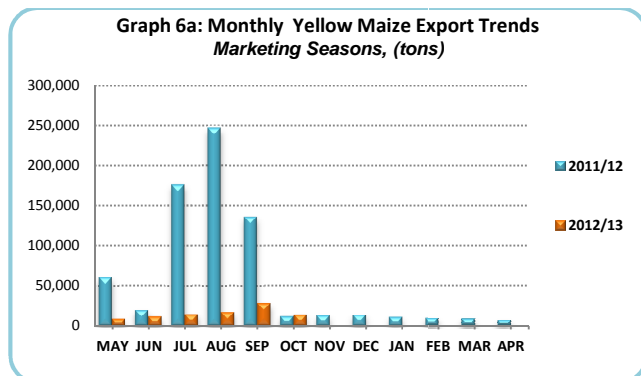
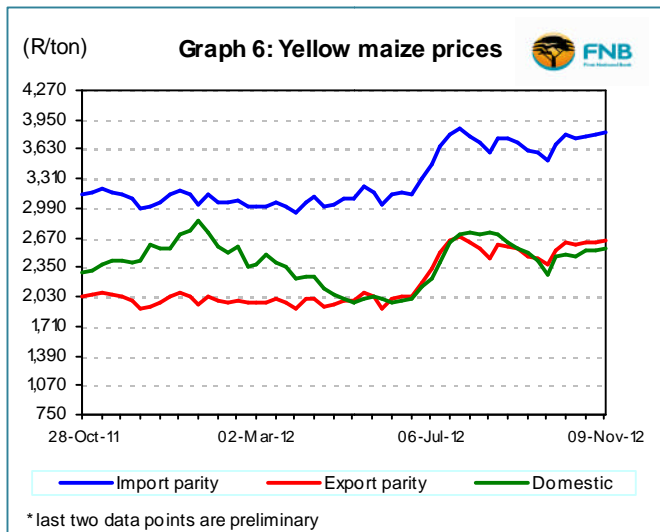
- US maize prices moved sideways due to harvest pressure and weak export demand. Weak ethanol demand also added further pressure. US Weekly export sales remained bearish, coming in at 142,300 tons. The International Grains Council's October outlook report pegged world production for 2011/12 at 875.9m tons, down by 5.6% y/y. The year ahead will however see a significantly lower crop with world production projected at 830.2m tons, down 5.2% y/y. The agency put 2011/12 world ending stocks estimate at 131.1m tons, down by 9.8% y/y. However the 2012/13 ending stocks projection showed a drop of 3.0% y/y to 135m tons.
- Futures on CME were however firmer across the board: Maize for Mar-13 fell by 2.6% w/w at US\$291/t, May-13 was down 2.2% w/w at US\$290/t and Jul-13 was down 2.1% w/w at US\$288/t.

Domestic:

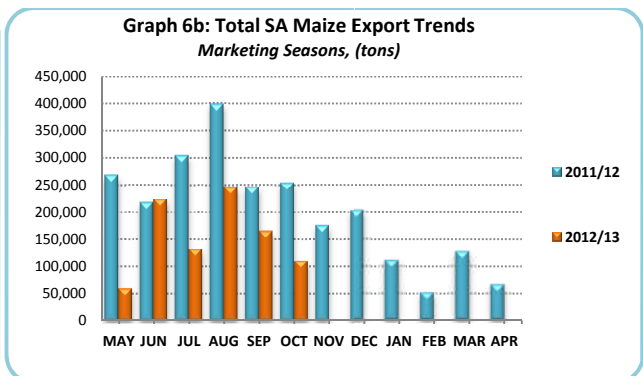
- Yellow maize prices ended slightly higher on renewed gains on CBOT. Weekly yellow maize prices closed at R2,527 per ton, an increase of 2.7% w/w and 9.9% y/y. Yellow maize import parity prices increased by 0.5% w/w and 20.4% y/y.
- Export sales for the week came in at 3,436 tons, bringing the progressive total to 90,989 tons for the 2012/13 marketing season.
- Yellow maize futures on the JSE: SAFEX: Yellow maize for Mar-13 fell by 0.4% w/w (-R11/t), and Jul-13 gained 0.9% w/w (+R21/t).

**OUTLOOK**

Prices are expected to trend sideways until planting time. However, the market may still turn lower in reaction to the expanding planted area and favourable production conditions.



Source: SAGIS



Yellow Maize Futures 26 October 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
CBOT (\$/t)	290.61	291.40	290.38	287.46	259.41
JSE (R/t)	2,562	2,526	2,273	2,253	-
CHICAGO CORN (R/t)	2,564	2,595	-	2,599	2,374

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
2,560	91	57	2,320	160	113	2,300	196	149
2,520	70	76	2,280	138	131	2,260	173	166
2,480	51	97	2,240	117	150	2,220	152	185

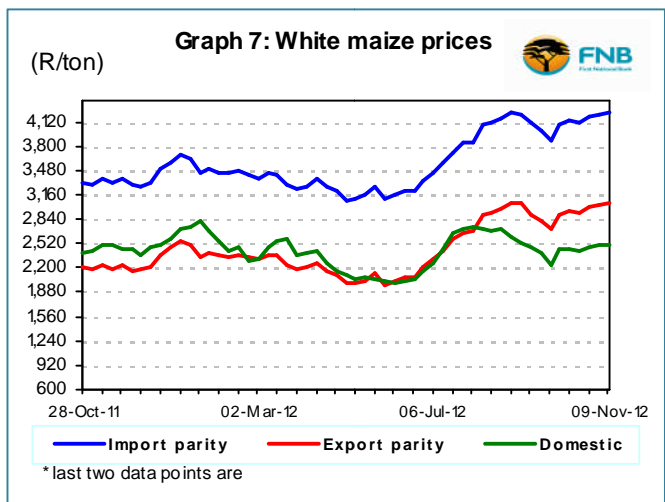
### White maize market trends (Graph 7)

#### International:

- White maize prices remained under pressure due to the advancing harvest and spill over weakness in global stock markets.
- Weekly average white maize prices closed at US\$344 per ton, an increase of 2.5% w/w and 22.3% y/y.

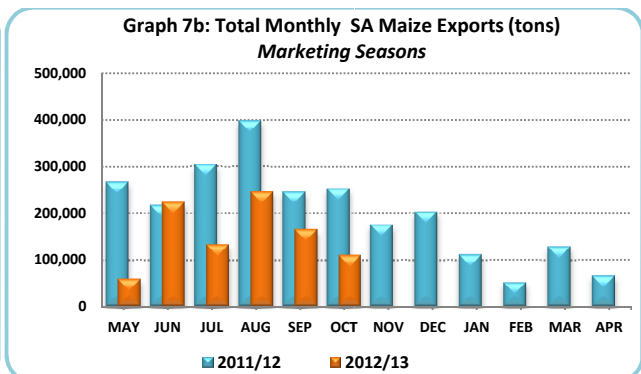
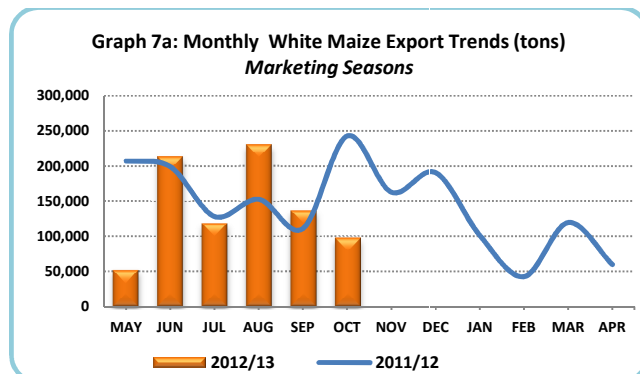
#### Domestic:

- White maize prices rebounded and closed slightly higher due to renewed strength on the international market. Weekly white maize prices finished higher by 2.4% w/w and 4.2% y/y at R2,486 per ton. White maize import parity prices increased by 2.2% w/w and 26.9% y/y.
- Weekly white maize export sales were pegged at 18,586 tons, with total sales for the season to date reaching 850,087 tons. Cumulative maize export sales for the 2012/13 season advanced to 941,076 tons (White and Yellow maize).
- WMAZ maize futures on the JSE: White maize for Mar-13 fell by 1.4% w/w (-R37/t), and Jul-13 1.2% w/w (+R26/t).



### OUTLOOK

Prices are expected to trend sideways until planting time. However, the market may still turn lower in reaction to the expanding planted area and favourable production conditions.



Source: SAGIS; Aug-12 -preliminary

White Maize Futures 26 October 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
JSE (R/t) WM <sub>1</sub>	2,498	2,521	2,276	2,253	2,258

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
2,560	89	50	2,320	161	117	2,300	196	149
2,520	66	67	2,280	139	135	2,260	173	166
2,480	48	89	2,240	118	154	2,220	152	185

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

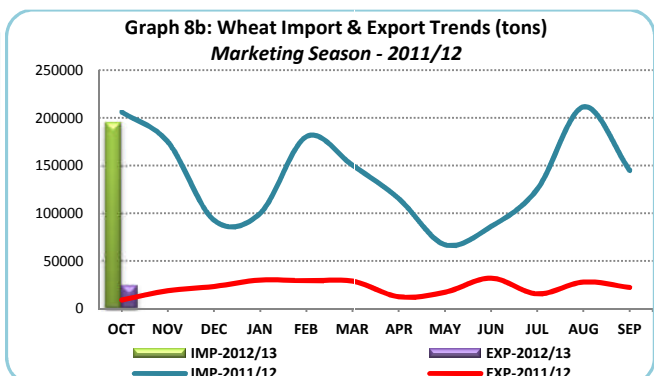
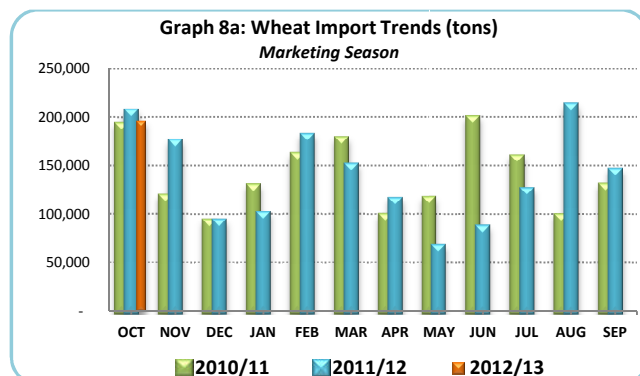
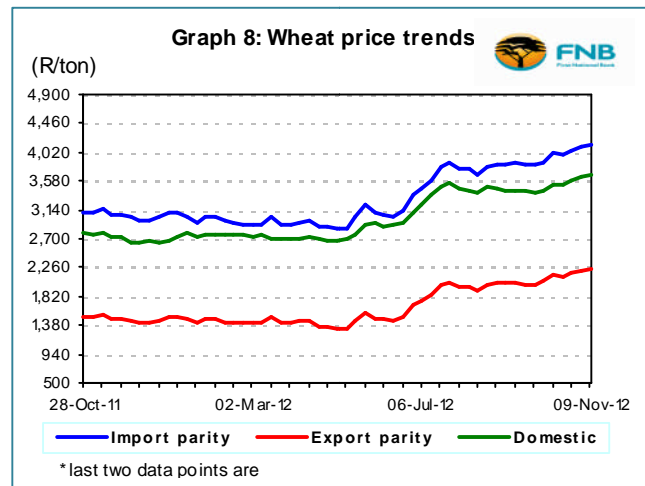
- US Wheat prices bottomed out and strengthened on concerns over future world supplies after Ukraine's earlier indication that it will ban wheat exports starting November 15. Dry weather in the Southern Plains added to the firmer tone.
- Meanwhile, the International Grains Council reduced its wheat harvest estimate by 2m tons to 655m tons due to revised numbers for Argentina, Australia, the European Union, and Kazakhstan. Weather conditions were reportedly dry for the late-filling winter wheat crop in Australia. In Argentina, more rain is expected which could impact on the wheat quality ahead of harvesting.
- KCBT futures: Wheat for Mar-13 gained 0.4% w/w at US\$339/t, May-13 was up by 0.6% w/w at US\$341/t and Jul-13 was up by 1.8% w/w at US\$332/t.
- CME futures: Wheat for Mar-13 fell by 0.6% w/w at US\$323/t, May-13 was down by 0.2% w/w at US\$325/t and Jul-13 was up by 1.9% w/w at US\$318/t.

Domestic:

- Wheat prices posted slight gains on spill over support from the international market. Weekly wheat prices increased by 2.1% w/w and were 22.5% higher y/y at R3,597 per ton. Weekly import parity prices bottomed out and increased by 1.8% w/w and 31.0% y/y.
- Weekly import sales came in at 30,732 tons, and bringing the cumulative total for the new marketing season to 195,388 tons (2012/13).
- Wheat futures on the JSE: wheat for Mar-13 gained 1.1% w/w (+R39/t) and Jul-13 was up by 1.3% w/w (+R49/t).

**OUTLOOK**

It is however expected that prices will trend sideways with limited upward potential in the short term.





Wheat Futures 26 October 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13			
KCBT (\$/t)	334.09	339.24	341.26	331.80	331.98			
JSE (R/t)	3,641	3,725	-	3,797	-			
<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
3,760	93	58	3,780	204	173	3,840	246	203
3,720	72	77	3,740	182	191	3,800	224	221
3,680	53	98	3,700	162	211	3,760	203	240

**Oilseed market trends (Graph 9)**
**International:**

- Prices were generally higher in the soybean complex with the exception of soybean oil which weakened as the stock market suffered sharp losses along with crude oil. Weekly soybean oil prices fell by 2.3% w/w and 5.8% y/y at US\$49.58c/lb. Soybean prices gained 2.0% w/w and were 27.3% higher y/y at US\$601/t. Soybean meal traded at US\$501/t, higher by 3.7% w/w and 61.0% y/y. Good conditions were reported in many parts of Brazil as planting continues. Weather is reportedly better in South America, but Argentina is apparently getting too much rain in the growing areas.

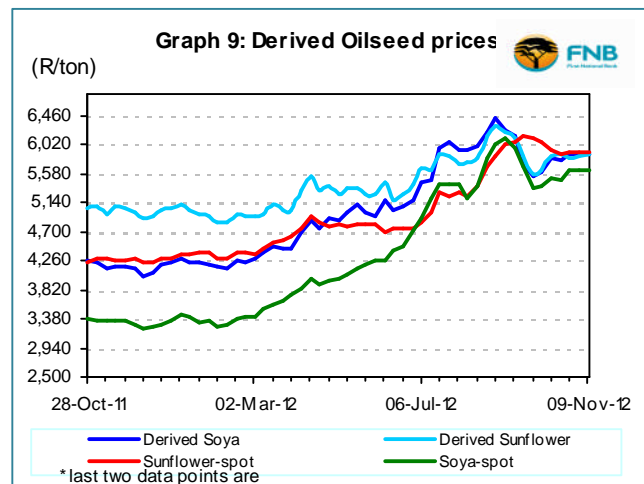
**Domestic:**

- Oilseeds traded on the JSE were slight to moderately higher in line with gains on the international market. Weekly sunflower prices advanced by 0.5% w/w and 38.9% y/y to close at R5,892 per ton. Soybean traded at R5,631 per ton, an increase of 3.1% w/w and 67.1% y/y.
- In the futures market (JSE): Soybeans for May-13 increased by 3.8% w/w (+R180/t), and Jul-13 was 4.6% higher w/w (+R215/t). Sunflower for Mar-13 gained 1.6% w/w (+R85/t), and May-13 fell by 0.4% w/w (-R20/t).

**OUTLOOK**

Prices are expected to trend sideways with limited upward potential in the short term.

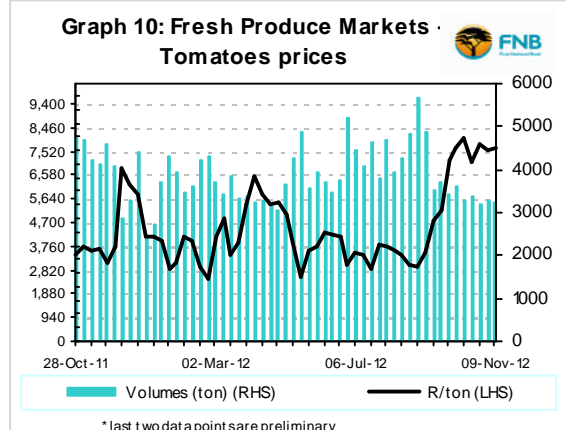
Oilseeds Futures 26 October 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13			
CBOT Soybeans (US \$/t)	-	564.75	546.75	539.03	507.65			
CBOT Soya oil (US c/lb)	56.17	57.02	57.42	57.72	57.64			
CBOT Soya cake meal (US\$/t)	532.86	513.13	485.24	474.10	440.04			
JSE Sunflower seed (R/t)	5,970	5,370	4,800	4,855	-			
JSE Soybean seed (R/t)	5,725	5,480	4,880	4,905	-			
<b>Calculated Sunflower 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
5,420	187	137	4,840	359	319	4,900	431	386
5,380	165	155	4,800	337	337	4,860	409	404
5,340	145	175	4,760	316	356	4,820	387	422



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

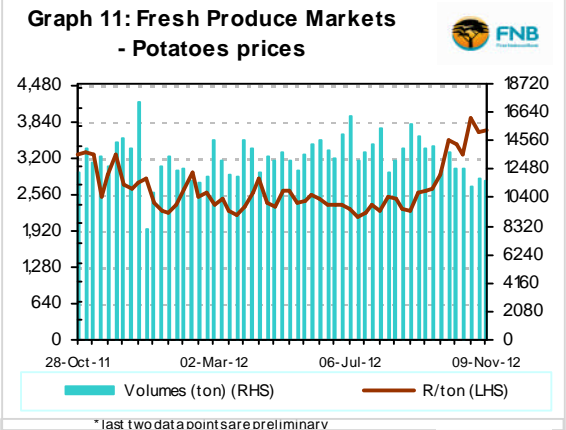
Tomato prices posted sharp gains due limited volumes across most markets. Weekly tomato prices were up by 10.5% w/w and 128.7% y/y, closing at R7,805 per ton. Volumes traded fell by 6.3% w/w and 32.6% y/y, coming in at 3,184 tons.

Prices are expected to ease somewhat towards midmonth.


**Potatoes**

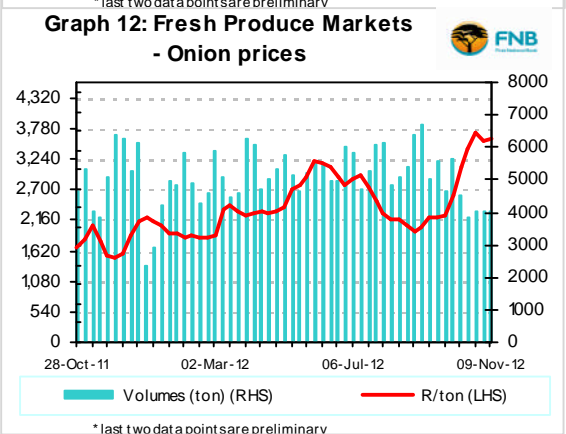
Potato prices increased sharply due to reduced volumes and improved uptake on markets. Weekly potato prices increased by a whopping 19.3% w/w and 19.5% y/y, closing at R3,894 per ton. Volumes traded were pegged at 11,246 tons, falling by 9.7% w/w and 7.7% y/y.

Prices are expected to weaken slightly in the short term on improved supplies.


**Onions**

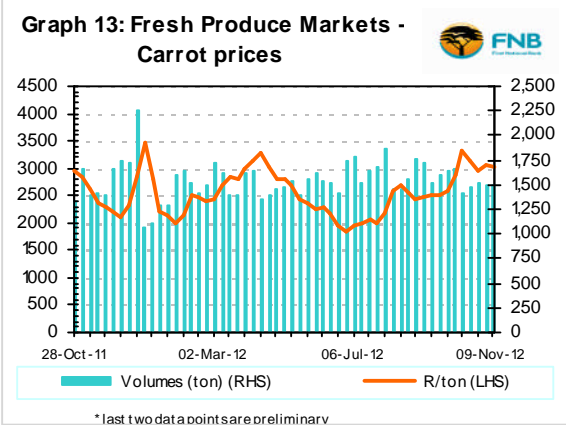
Onion prices increased sharply despite higher volumes due to good uptake on markets. Weekly onion prices reached R3,719 per ton, up 8.5% w/w and 123.1% y/y. Volumes traded were up by 6.0% w/w but were still 13.0% lower y/y at 4,060 tons.

It is however expected that prices will ease slightly in the short term on volume pressure.


**Carrots**

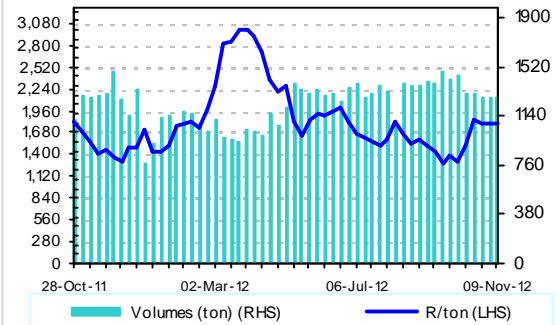
The carrot market saw declines this week on the back of improved supplies across most markets. Weekly carrot prices fell by 6.1% w/w but slightly up on last year by 0.3% at R2,960 per ton. Volumes traded reached 1,522 tons, which is 3.7% higher w/w and up 14.6% y/y.

It is however expected that prices will improve somewhat on moderation in supplies.



**Cabbages**

Cabbage prices eased marginally lower as a result of lack of demand on markets. Weekly cabbage prices decreased by 2.7% w/w and 0.9% y/y and closed at R1,800 per ton. Volumes traded reached 1,279 tons, falling by 2.3% w/w but still 15.5% higher y/y. It is expected that prices will remain flat in the short term on volume pressure.

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


\* Last two data points are preliminary.

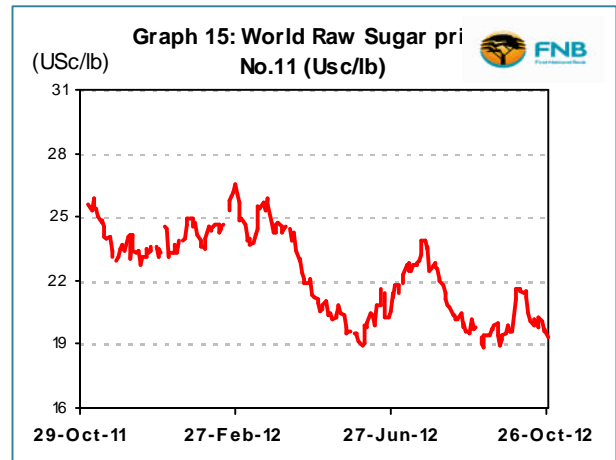
**Vegetable prices: South Africa's Major Fresh Produce Markets.  
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 26 October 2012	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	7,805	10.5%	128.7%	3184	-6.3%	-32.6%
Potato	3,894	19.3%	19.5%	11246	-9.7%	-7.7%
Onion	3,719	8.5%	123.1%	4060	6.0%	-13.0%
Carrot	2,960	-6.1%	0.3%	1522	3.7%	14.6%
Cabbage	1,800	-2.7%	-0.9%	1279	-2.3%	15.5%

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

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

- Sugar prices posted modest losses due to stronger US dollar and increased global supply outlook. Raw sugar prices averaged US\$19.65c/lb for the week, falling by 1.9% and 26.3% y/y. Bearish factors included good harvest progress and processing in Brazil and reports of strong production in Thailand and India.
- Meanwhile, sugar imports for China are reportedly set to decline by 76.0% y/y during the 2012/13 season, mainly due to higher production and increased stock levels. According to the USDA, China's 2012/13 sugar production is expected to increase by 18.0% y/y to 14.6m tons on the back of improved yields. In Mexico, a record crop is expected ahead of the harvest period with the USDA projecting a 4.1% increase in output to 5.3m tons for the 2012/13 season.
- The benchmark Sugar futures on New York's InterContinental Exchange (ICE) (US c/lb): Raw Sugar for May-13 fell by 4.2% w/w at US\$19.29c/lb, Jul-13 was down 4.2% w/w at US\$19.18c/lb and Mar-14 was down by 3.4% w/w at US\$19.87c/lb.


Domestic:

- The October 2012 RV price in respect of cane delivered in September was declared at R3,171.85 per ton, R15.28 per ton higher m/m. According to the Cane Growers' Association, the increase was due to the higher weighted average No.11 world market price (23.56 USc/lb vs. 22.70 USc/lb), the weaker average R/\$ exchange rate (8.39 vs. 8.30) and the 40 827 ton drop in gross sugar production (2,110m tons vs. 2,152 m tons). Negative factors were the 36,327 ton reduction in the LMDE and the lower Sugar: RV ratio (94.77% vs. 94.80%).
- About 29.2% of the estimated export availability is reportedly un-priced due to the requirement for the industry to provide for a crop buffer in the event that there is a marked drop in the sugar production estimate before the end of the season.
- With respect to the 2012/13 season, 315 589 ton has been made available for marketing and pricing. To date 291 140 tons has been priced at an average of US\$24.08c/lb. At this point 24 449 tons are un-priced and 81 137 tons are in the crop buffer. This means that 105 86 tons of the estimated production in 2012/13 are currently subjected to world market price and R/\$ exchange rate volatility.

<b>ICE Sugar Futures 26 October 2012</b>	<b>May-13</b>	<b>Jul-13</b>	<b>Oct-13</b>	<b>Mar-14</b>	<b>May-14</b>
Sugar No.11 (US c/lb)	19.29	19.18	19.45	19.87	19.82
% Change w/w	-4.2%	-4.2%	-3.9%	-3.4%	-3.1%

**Inflation: September 2012**

The headline CPI inflation for September came in at 5.5% y/y up from 5.0% y/y in August. On average, prices increased by 0,9% between August 2012 and September 2012. The pressure on inflation came from food and non alcoholic beverage (FNAB) index and the transport index which increased by 5.8% y/y and 6.6% y/y in September. The increase in the FNAB index was influenced by higher grain prices which fed through

The food and non alcoholic beverages (FNAB) index which directly deals with food prices remained increased by 1.8% between September 2012 and August 2012. The annual rate increased to 5.8% in September from 4.9% in August.

The increase in the FNAB index was influenced by the m/m increase in the following subcomponents; vegetables (2.1%), oil and fats (0.1%), bread and cereals (1.7%), meat (4.2%), sugar, sweets and desserts (1.5%), fish (1.0%) and other food (1.5%). However, the following subcomponents decreased m/m; milk, eggs and cheese (-0.2%), hot beverages (-0.3%) and fruit (-2.3%).

---

**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.

---