

# Agri-Weekly

01 March 2013

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## Beef market trends (Graph 1)

### International:

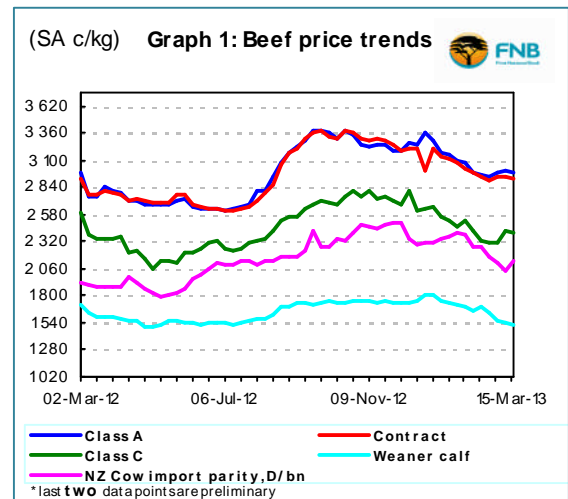
- US lean manufacturing beef prices ended mostly firmer on light demand despite increased supplies. Improved supplies on the domestic and import markets helped limit gains.
- Market activity on US imported beef was reportedly slow to moderate with mostly weak. Import supplies from New Zealand were again more readily available while the Australian product was reportedly scarce
- At wholesale level, US boxed beef cut-out values regained some ground on supply tightness due to the winter storm disruptions.
- USDA's February cattle on feed report indicated a higher placement of US feedlot cattle in January, up by 1.6% y/y. The February placement was however down by 6.2% y/y, which has implications for meat availability in the next few months.
- In Australia, the cattle prices trended modestly higher for the week. The Eastern Young Cattle Indicator gained 3.6% w/w but still 15.0% lower y/y at AU\$3.36/kg cwt.

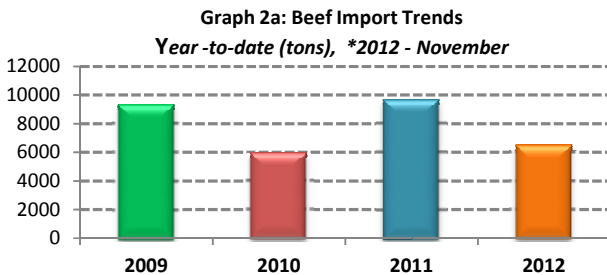
### Domestic:

- There was a breather on the market as prices rebounded on improved uptake during month end.
- The gains were however marginal which implies that consumers are still struggling. The situation is unlikely to improve in the short to medium term as they have been further hit by another fuel hike.
- Weekly Class A beef prices gained 0.7% w/w but still 0.2% lower y/y at R29.72 per kg. Contract Class A beef prices were up by 0.8% w/w and 0.6% y/y, closing the week at R29.34 per kg.
- Class C beef gained 0.2% w/w but still 10.5% lower y/y at R23.15 per kg.
- Weaner calf prices continued to weaken under pressure due to limited uptake and improve supplies on markets. Some areas remain dry, forcing producers to reduce their stock levels in anticipation for tough winter conditions.
- Weekly weaner calf prices closed down by 4.5% w/w and 8.8% y/y at R15.60 per kg live weight.

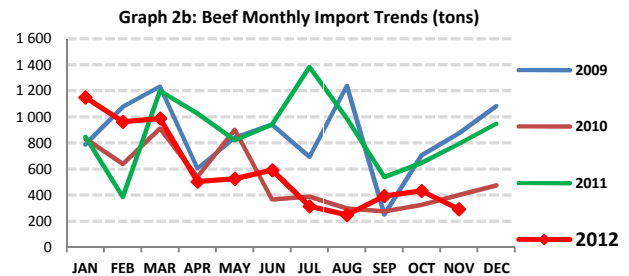
### OUTLOOK

The beef market is expected to remain under downward pressure in the short term due to subdued demand. However, losses may be limited due to the seasonal improvement in demand during the Easter period.





Source: SARS, Own Calculations



### Mutton market trends (Graph 2)

#### International:

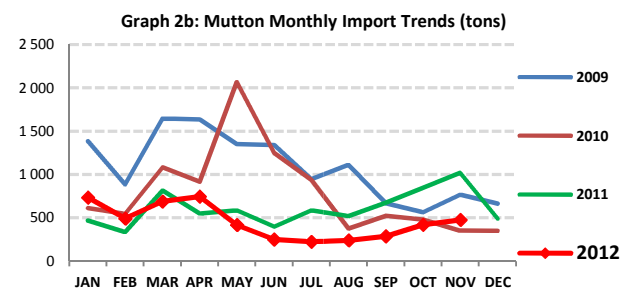
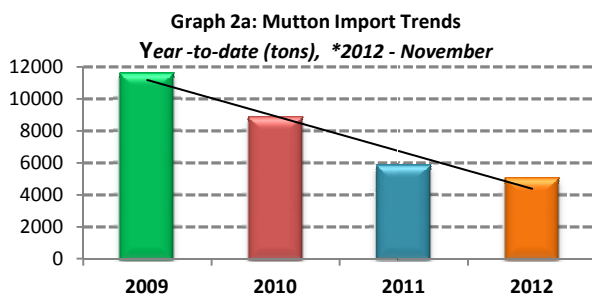
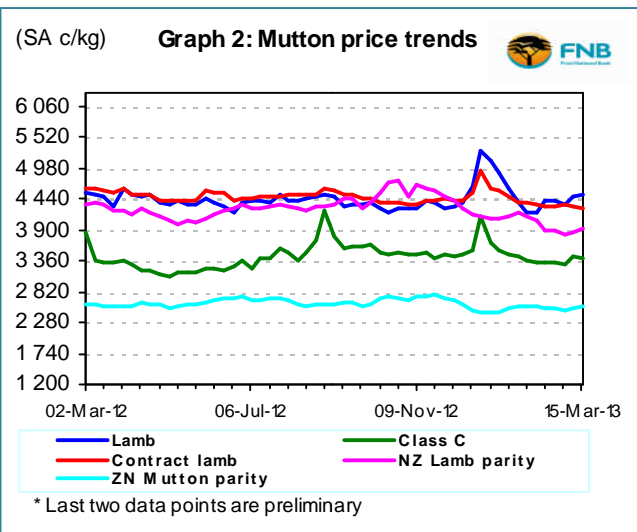
- In New Zealand (NZ), producer prices remained under pressure and moved sideways. Weekly lamb prices steadied at NZ\$76.60 per head, down by 29.0% y/y.
- Slow demand in Europe and the US had a negative impact on NZ exports. The lamb slaughter in the UK was reported up by 13.0% y/y in January and is expected to remain elevated for a few months. This will have a downward impact on export prices.
- In Australia, the lamb market continued to post strong gains. The Eastern Trades Lamb Indicator (ESTLI) rose by 8.8% w/w but still 13.3% lower y/y at AU\$4.31 per kg cwt.
- In the US, lamb carcass prices were lower on lighter weight category while the heavier ones remained steady.
- US lamb carcass cut-out prices ended the week at US\$254.97/ cwt, up by 0.6% w/w but still 26.0% lower y/y.

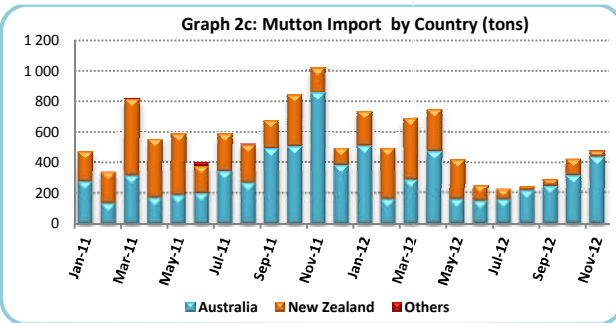
#### Domestic:

- The lamb and mutton markets remained under pressure and trended mostly lower for most categories. Contract Class was the only exception, closing slightly firmer by 0.7% w/w but still 6.4% lower y/y at R43.39 per kg.
- Weekly Class A lamb prices were down by 1.3% w/w and 4.5% y/y at R43.38 per kg
- Mutton prices were softer at R33.08 per kg, down by 0.7% w/w and 14.4% y/y.
- Weaner lamb prices posted slight gains on reduced supplies. Weekly weaner lamb prices were up by 1.3% w/w but still 14.4% lower y/y at R19.63 per kg.

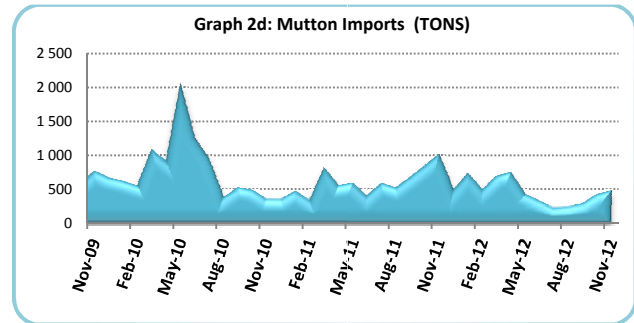
### OUTLOOK

Prices expected to sideways with some upward potential towards the Easter period.





Source: SARS, Own Calculations



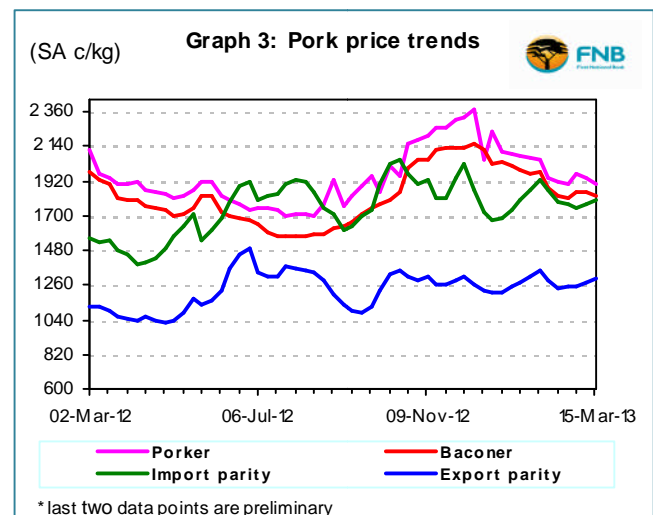
### Pork market trends (Graph 3)

#### International:

- US domestic pork prices ended mixed with weakness in the loin and ham categories while carcasses and ribs were steady to firmer.
- Weekly carcass prices steadied at US\$81.47/cwt, but were 4.4% lower y/y.
- Rib prices gained 1.2% w/w and closed at US\$129.39/cwt, but still 14.0% lower y/y.
- Ham prices posted slight losses, falling by 1.5% w/w and 5.9% y/y at US\$62.56 per ton.
- Loin prices were down by 0.7% w/w and 8.8% y/y at US\$90.56/cwt.

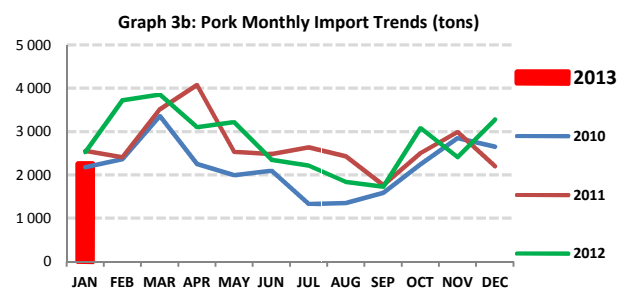
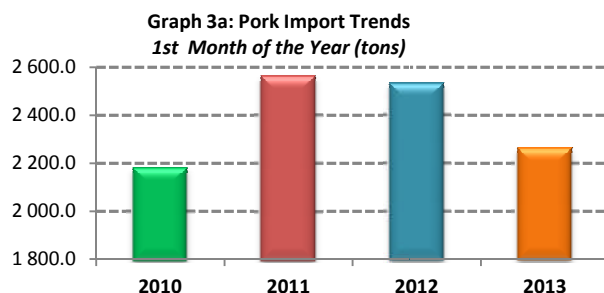
#### Domestic:

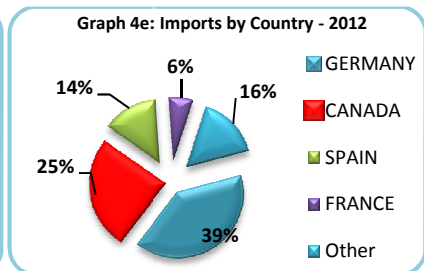
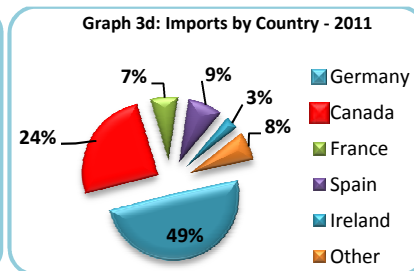
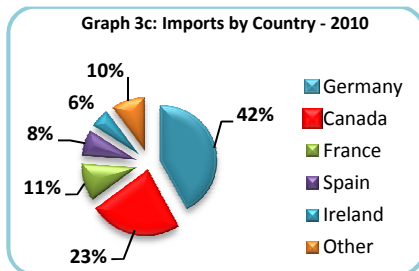
- This week saw a rebound in prices due to improved demand during the month end period.
- Weekly porker prices closed at R19.68 per kg, up by 3.5% w/w but still 7.4% lower y/y.
- Baconer prices rose by 2.2% w/w to close at R18.52 per kg, but still 6.7% lower y/y.
- Import parity prices eased lower mainly due weaker international prices. Weekly import parity prices were down by 1.3% w/w but still 12.3% higher when considered y/y.
- Monthly imports were down for January. Total imports were pegged at 2,260 tons, down by 3.01% m/m and 10.6% y/y. Major sources were Germany with 761 tons (33.66%), Canada with 744 tons (32.94%), Spain with 201 tons (8.9%), the UK with 161 tons (7.14%), and other countries contributed 392 tons (17%).



### OUTLOOK

Prices are expected to trend sideways to firmer in the short term on improved demand. Imports are expected to continue to trend lower should the exchange rate (R/US\$) continue to trade at weaker levels.





Source: SAPPO, SARS, Own Calculations

### Poultry market trends (Graph 4)

#### International:

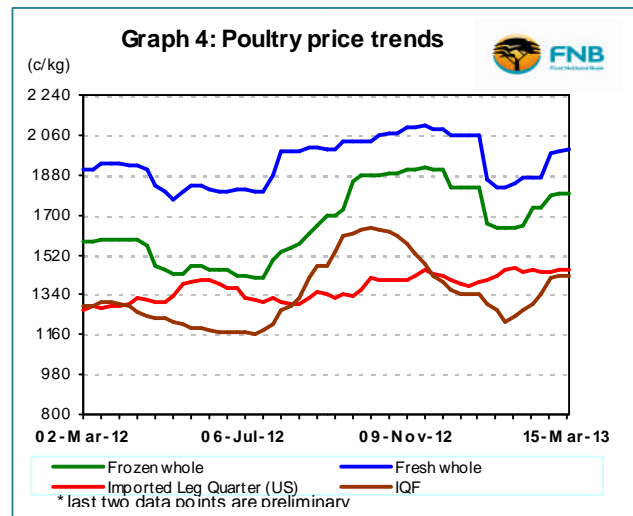
- US domestic prices continued to trend higher across most categories on light to moderate supplies.
- Demand at retail and food service was reportedly mixed but with expectations of slight improvement due to increased marketing.
- Whole bird prices trended firmer at US100.50c/lb, up by 0.1% w/w and 9.6% y/y.
- Drumsticks prices steadied at US70c/lb, but 1.9% higher y/y.
- Leg quarter prices were unchanged w/w and y/y at US54c/lb.
- Breast cut prices gained 0.6% w/w and 17.8% y/y at US109c/lb.
- Wings were the exception with prices falling by 2.2% w/w and 0.9% y/y at US179.67c/lb.
- According to the Weekly USDA Broiler Hatchery report, broiler eggs set for the week ended 23 February 2012 increased by 2.0% y/y to 199m. Average hatchability for chicks hatched remained at 84.0%. Broiler chick placements came in at 164m head, up by 1.2% compared to the week earlier and 2.0% y/y.
- Cumulative broiler placements from December 30, 2012 through February 23, 2013 were up by 1.0% y/y at 1.30b head.

#### Domestic:

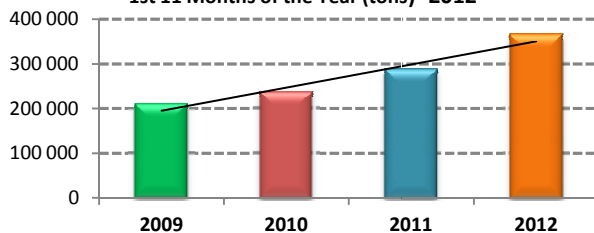
- The broiler market continued to post modest gains.
- Weekly frozen whole bird prices closed the week at R17.84 per kg, up by 3.0% w/w and 12.8% y/y.
- Fresh whole birds gained 6.0% w/w and 3.8% y/y to close the week at R19.77 per kg.
- Individually Quick Frozen (IQF) portions finished modestly higher by 5.5% w/w and 9.8% y/y, closing the week at R14.16 per kg.
- Import parity prices continued to weaken on the back of lower international prices despite a weaker Rand.

#### OUTLOOK

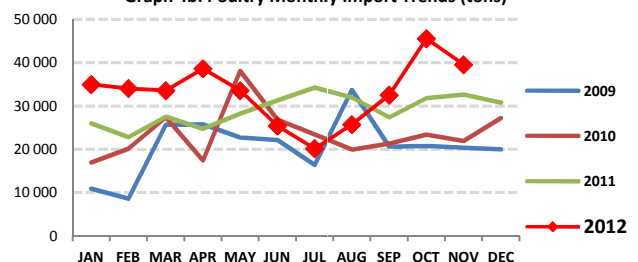
Prices are expected to maintain the current momentum in the short to medium term. Moderation in grain and oilseed prices in the medium term will help improve producer margins.

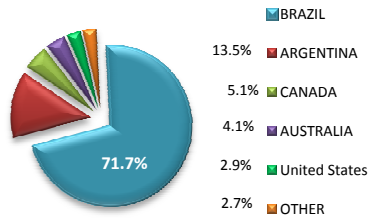
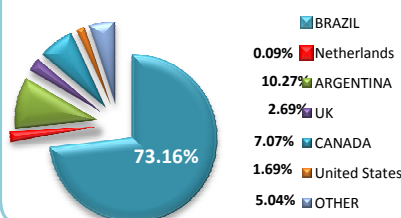
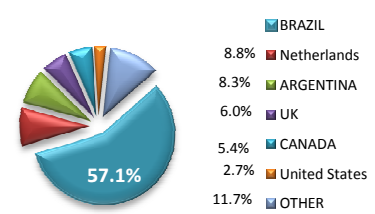


**Graph 4a: Poultry Import Trends**  
1st 11 Months of the Year (tons) -2012



**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

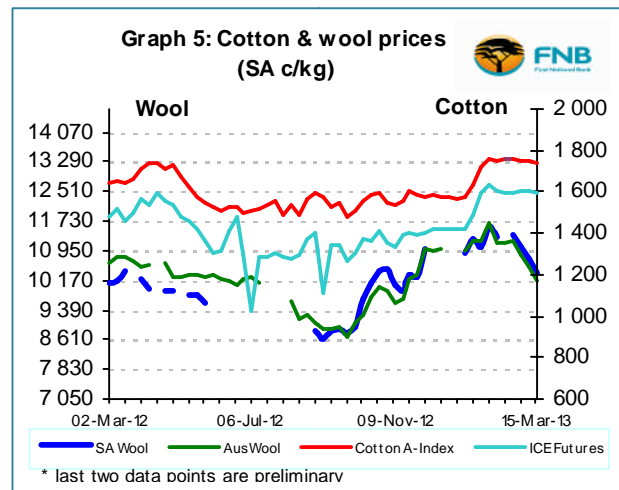
Producer prices for selected livestock commodities 01 March 2013	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	29.72	43.38	19.68	19.77
Open market: Class C / Baconer / Frozen whole birds(R/kg)	23.15	33.08	17.80	17.84
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	29.34	43.39	18.52	14.16
Import parity price (R/kg)	21.16	24.87	17.46	14.44
Weaner Calves / Feeder Lambs (R/kg)	15.60	19.63		

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

- Cotton prices softened slightly on bearish stock levels. However, positive economic news out of the US helped limit losses. The US Federal Reserve Bank Chairman indicated that the US economy was getting better and that the crisis was passing.
- Futures on the InterContinental Exchange (ICE): Cotton for May-13 gained 2.7% w/w at US\$85.40c/lb, Oct-13 was up by 1.2% w/w at US\$85.55c/lb, and Dec-13 gained 1.8% w/w at US\$85.14c/lb.
- Wool: In Australia, the wool market posted eased marginally lower with Eastern Market Indicator down by 0.9% w/w and 8.6% y/y at AU\$11.09 per kg clean wool. Volumes offered were pegged at 47,686 bales with sales of 90.7%.

**Domestic:**

- The wool market posted slight losses on softer demand and spill over weakness from the Australian market. This saw the Cape Wools Merino Indicator falling by 2.7% w/w but still 9.4% higher y/y at R110.70 per kg clean wool. This is however 9.6% and 26.7% higher than the current season's average and the opening sale respectively.
- Sales reached 99.0% of the 7,510 bales offered.
- Major buyers were Lempriere SA with 2,214 bales (29.5%), Standard Wool SA with 1,726 (23.0%), G Modiano SA with 1,502 bales (20.0%), and Stucken & Co with 1,092 bales (14.5%).



Fibre market prices 01 March 2013	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Mar-13 (AU\$/kg)	Australian futures May-13 (AU\$/kg)
Wool market indicator (R/kg)	110.70	108.55		
19μ long length wool (R/kg)	-	116.89	12.05	11.30
21μ long length wool (R/kg)	110.99	109.34	10.90	10.15
23μ long length wool (R/kg)	-	107.50	9.50	8.75
	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures May-12 (US\$/kg)	Cotton Futures Oct-13 (US\$/kg)
Cotton Prices (R/kg)	17.47	1.97	1.88	1.88

Cotton Futures on ICE;

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

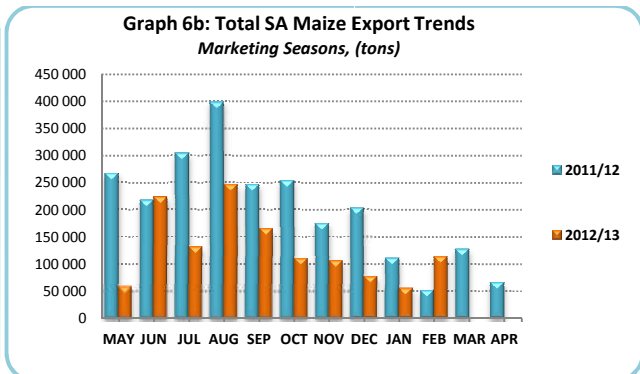
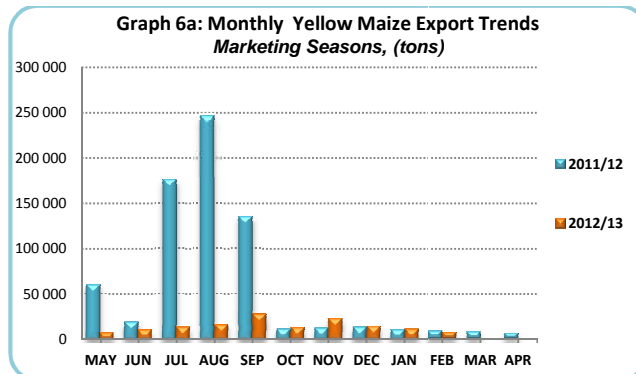
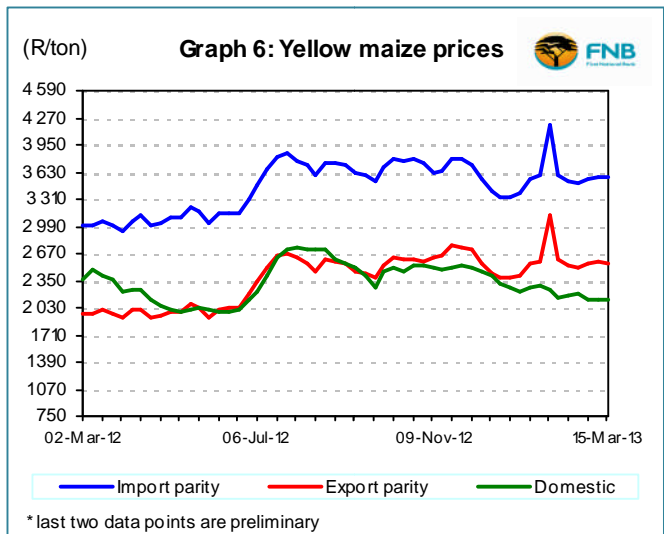
- US maize prices regained some ground and rallied on tight domestic supplies and improved export demand.
- Export sales came in better than expected at 302,600 tons for the current marketing season and 210,000 tons for next year, totalling 512,600 tons.
- Beneficial rains have been reported in southern Brazil and Argentina and this expected to continue.
- Maize futures on CME: Jul-13 gained 2.3% w/w at US\$271/t, Sep-13 was up by 2.0% w/w at US\$230/t, and Dec-13 was up by 0.7% w/w at US\$219/t.

**Domestic:**

- Yellow maize (YMAZ) prices eased slightly lower despite a weaker Rand and gains on CBOT.
- Weekly yellow maize prices fell by 4.0% w/w and 10.8% y/y to close at R2,114 per ton.
- In the futures market (JSE): YMAZ for May-13 delivery gained 3.3% w/w (+R70/t), Jul-13 was up 4.4% w/w (+R91/t).

**OUTLOOK**

Prices are expected to trade sideways in the short term with weather playing a critical role in determine further direction.



Yellow Maize Futures 01 March 2013	May-13	Jul-13	Sep-13	Dec-13	Mar-14			
CBOT (\$/t)	279.11	270.68	230.17	219.30	223.40			
JSE (R/t)	2 170	2 150	2 173	2 226	-			
CHICAGO CORN (R/t)	2 526	2 473	2 111	2 051	-			
<b>Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)</b>								
<b>May-13</b>			<b>Jul-13</b>			<b>Sep-13</b>		
<b>Ask</b>	<b>Put</b>	<b>Call</b>	<b>Ask</b>	<b>Put</b>	<b>Call</b>	<b>Ask</b>	<b>Put</b>	<b>Call</b>
2 220	128	78	2 200	175	125	2 220	188	141
2 180	105	95	2 160	152	142	2 180	166	159
2 140	85	115	2 120	131	161	2 140	145	178

**White maize market trends (Graph 7)**
International:

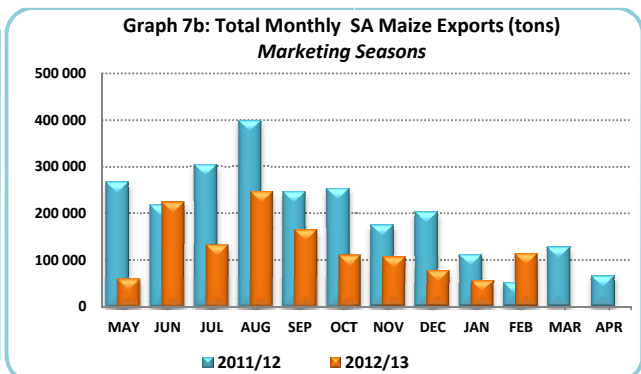
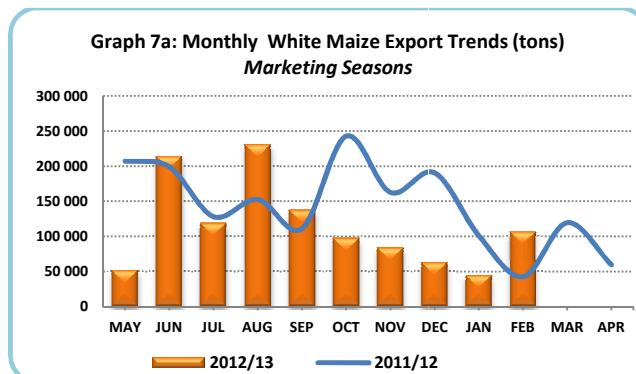
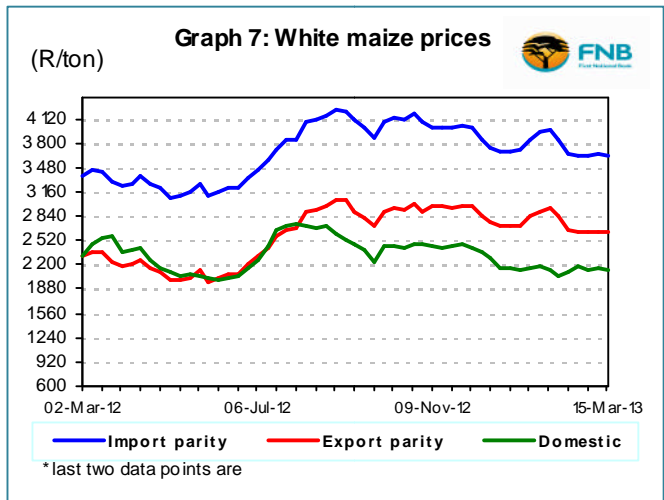
- US white maize spot prices reversed recent losses and firmed slightly on improved export demand and tight supplies.
- The weekly average white maize prices closed at US\$293 per ton, up by 0.1% w/w but still down by 5.3% y/y.

Domestic:

- White maize prices moved slightly lower despite gains on CBOT.
- Weekly white maize prices decreased by 1.8% w/w and 8.2% y/y and closed at R2,114 per ton.
- Weekly white maize export sales for the week ended 22 February came in at 13,348 tons, with total sales for the season reaching tons 1.15m tons. Cumulative maize export sales for the 2012/13 season reached 1.30m tons (White and Yellow maize).
- WMAZ futures on the JSE: WMAZ for May-13 delivery rose by 5.1% w/w (+R107/t), and Jul-13 was up 5.6% w/w (+R115/t).

**OUTLOOK**

Prices are expected to trade sideways in the short term with weather playing a critical role in determine further direction.



Source: SAGIS;

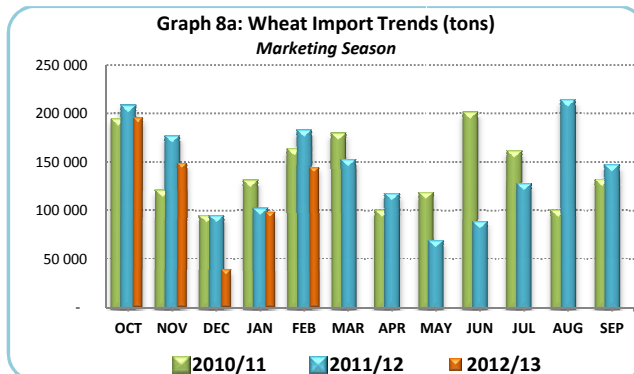
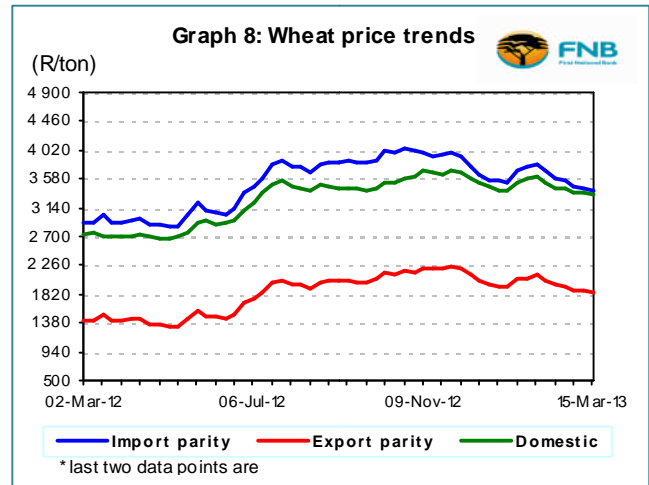
White Maize Futures 01 March 2013	May-13	Jul-13	Sep-13	Dec-13	Mar-14			
JSE (R/t) WM <sub>1</sub>	2 217	2 184	2 219	2 265	-			
<b>Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)</b>								
May-13			Jul-13			Sep-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2 260	122	79	2 220	169	133	2 260	191	150
2 220	100	97	2 180	147	151	2 220	169	168
2 180	80	117	2 140	127	171	2 180	148	187

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

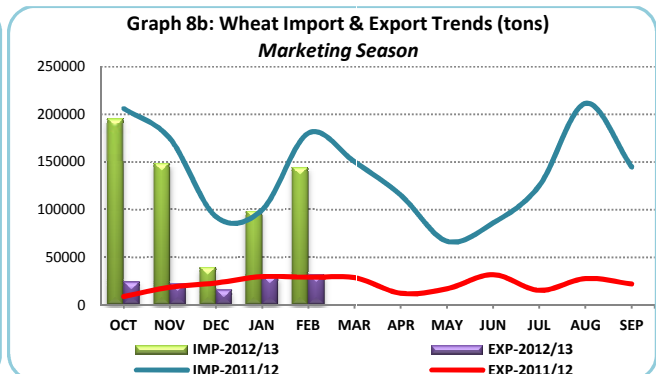
- US wheat prices again trended lower due to prospects of improved production conditions in the HRW growing areas of the US Great Plains.
- Another snow storm deposited a heavy snow in the growing areas, bringing the much needed moisture.
- US weekly export sales came in at 524,900 tons, with 372,600 tons for the 2012/13 season and 152,300 for 2013/14.
- The lower prices will stimulate demand especially for feed as maize prices remain elevated.

**Domestic:**

- Wheat prices trended lower on spill over weakness on international markets.
- Weekly wheat prices fell by 2.3% w/w and 21.5% y/y at R3,366 per ton.
- Import parity prices continued to decline due to lower international prices. Weekly import parity prices declined by 2.4% w/w but were still 14.4% higher y/y.
- Weekly import sales for the week ended 22 February 2013 came in at 71,832 tons, which brings the cumulative imports for the current marketing season to date to 615,722 tons.
- Major import sources for the season to date are Ukraine (26.4%), Brazil (18.8%), Argentina (14.2%), Russia (11.0%), and Australia (10.3%).
- Wheat futures on the JSE: Wheat for Jul-13 was up by 0.5% w/w (+R19/t), and Dec-13 was up by 0.4% w/w (+R12/t).
- **OUTLOOK**  
It is expected that domestic prices will trend sideways to lower in the short term due to weakness on international markets.



Source: SAGIS;



Wheat Futures 01 March 2013	May-13	Jul-13	Sep-13	Dec-13	Mar-14			
KCBT (\$/t)	277.78	279.62	284.12	289.54	293.03			
JSE (R/t)	3 482	3 487	3 399	3 257	-			
<b>Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)</b>								
<b>May-13</b>			<b>Jul-13</b>			<b>Sep-13</b>		
<b>Ask</b>	<b>Put</b>	<b>Call</b>	<b>Ask</b>	<b>Put</b>	<b>Call</b>	<b>Ask</b>	<b>Put</b>	<b>Call</b>
3 520	142	104	3 520	188	155	3 440	223	182
3 480	120	122	3 480	167	174	3 400	201	200
3 440	100	142	3 440	147	194	3 360	181	220



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

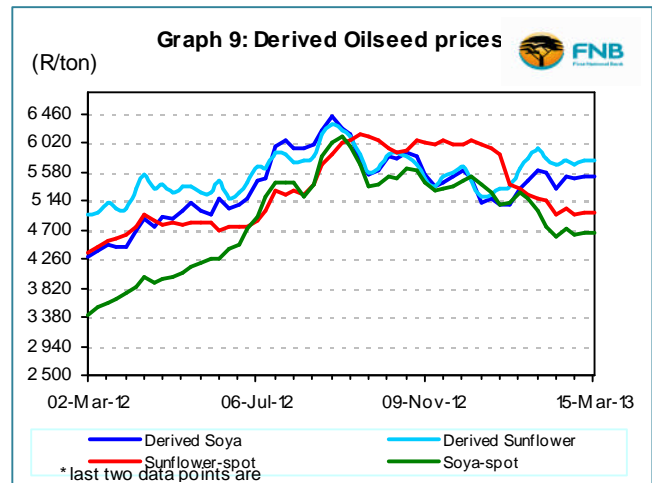
- The soybean complex trended marginally lower on expectations of a large South American harvest.
- However, improved export demand and port delays in Brazil helped limit losses.
- Weekly US export sales were strong at 689,000 tons for 2012/13 marketing year and 482,000 tons for 2013/14, bringing total export sales to 1.17m tons.
- In South America, production is reported to have stabilised with focus now turning to logistics as there has been congestion and delays at the ports.
- In the futures market, prices are trending lower which reflects expectations of a large crop out of South America. Soybeans for Jul-13 delivery fell by 0.1% w/w at US\$524/t, Aug-13 was down by 0.1% w/w at US\$510/t, and Sep-13 was down by 0.1% w/w at US\$484/t.
- Soymeal for May-13 gained 0.7% w/w at US\$429/t, and Jul-13 was up by 0.9% w/w at US\$424/t.
- Soyoil for May-13 fell by 2.1% w/w at US50c/lb, and Jul-13 was down by 2.1% w/w at US50c/lb.

**Domestic:**

- Oilseeds traded on the JSE declined on spill over weakness from the international market.
- Weekly soybean prices fell by 1.4% w/w but still 36.3% higher y/y at R4,637 per ton.
- Sunflower prices fell by 1.8% w/w but still 13.0% higher y/y at R4,934 per ton.
- Soybean futures for May-13 gained 0.1% w/w (+R5/t), and Jul-13 gained R2/t w/w.
- Sunflower futures for May-13 were down by 0.3% w/w (-R15/t), Jul-13 fell by 1.3% w/w (-R70/t), and Dec-13 was up 0.7% w/w (+R38/t).

**OUTLOOK**

Weather will be critical for price direction in the short to medium term. Good conditions will enhance crop development, further raising yields.



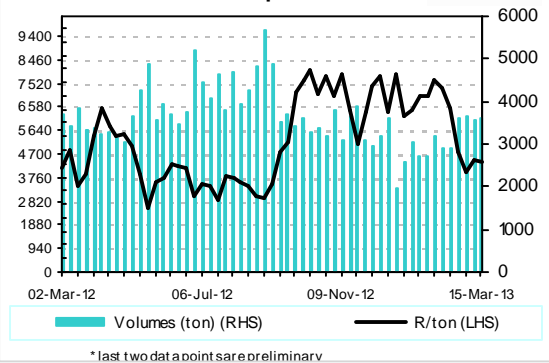
Oilseeds Futures 01 March 2013	May-13	Jul-13	Sep-13	Dec-13	Mar-14
CBOT Soybeans (US \$/t)	530.36	524.41	483.91	-	465.40
CBOT Soya oil (US c/lb)	50.26	50.52	50.35	49.72	50.24
CBOT Soya cake meal (US\$/t)	473.22	467.27	418.55	390.00	394.85
JSE Sunflower seed (R/t)	5 080	5 155	5 180	5 220	-
JSE Soybean seed (R/t)	4 700	4 760	4 790	4 820	-

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

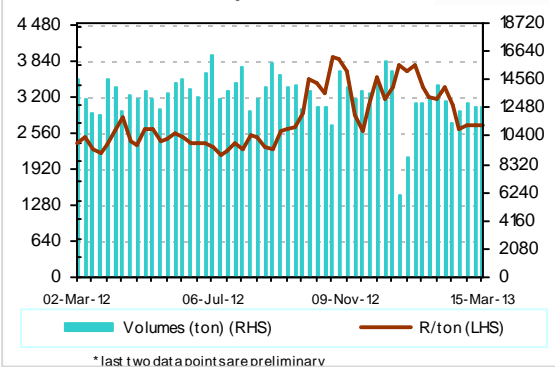
May-13			Jul-13			Sep-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
5 120	231	191	5 200	376	331	5 220	557	517
5 080	209	209	5 160	355	350	5 180	535	535
5 040	189	229	5 120	333	368	5 140	513	553

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

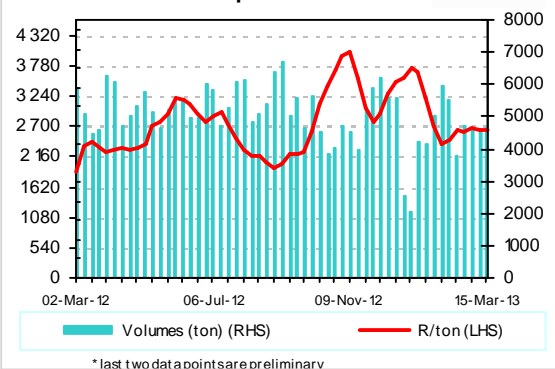
Tomato prices continued to drift lower under pressure due to higher volumes on markets. Weekly tomato prices decreased by 17.0% w/w and 3.7% y/y, closing the week at R3,975 per ton. Volumes traded were up by 1.4% w/w but were 1.0% lower y/y at 3,663 tons. It is however expected that prices will bottom out in the short term on moderation in supplies.

**Graph 10: Fresh Produce Markets - Tomatoes prices**

**Potatoes**

Potato prices bottomed out and increased due to good uptake on markets. Weekly potato prices increased by 2.0% w/w and 12.5% y/y to close at R2,681 per ton. Volumes traded increased by 3.9% w/w but were 12.1% lower y/y, at 12,764 tons. Prices are however expected to improve slightly on higher uptake.

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

**Onions**

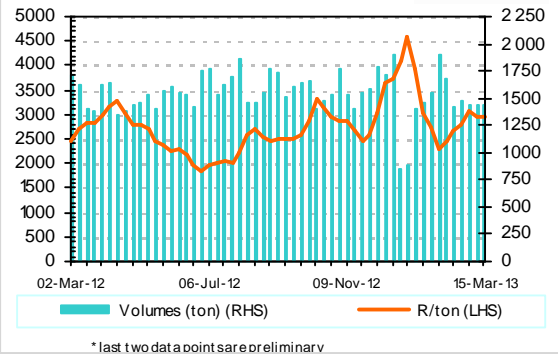
Onion prices recovered from the recent slide and moved slightly higher on moderation in supplies across markets. Weekly onion prices reached R2,664 per ton, up by 2.9% w/w and 40.5% y/y. Volumes traded decreased by 1.4% w/w and 21.0% y/y, coming in at 4,658 tons. Prices are expected to move sideways with limited upward potential on improved supplies.

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


### Carrots

Carrot prices rebounded and closed sharply higher due to reduced volumes on markets. Weekly carrot prices increased by 11.5% w/w and 26.4% y/y, closing at R3,086 per ton. Volumes traded reached 1,429 tons, falling by 3.5% w/w and 16.9% y/y. It is however expected that prices will come under pressure in the short to term on improved supplies.

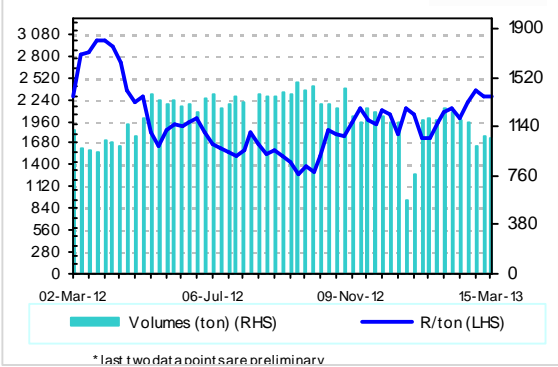
**Graph 13: Fresh Produce Markets - Carrot prices**



### Cabbages

Cabbage prices posted modest gains on the back of lower volumes across most markets. Weekly cabbage prices gained 6.8% w/w and 3.1% y/y and closed R2,349 per ton. Volumes traded came in at 990 tons, down by 16.2% w/w and 11.5% y/y. Prices are however expected to soften slightly in the short 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 01 March 2013	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	3 975	-17.0%	-3.7%	3663	1.4%	-1.0%
Potato	2 681	2.0%	12.5%	12764	3.9%	-12.1%
Onion	2 664	2.9%	40.5%	4658	-1.4%	-21.0%
Carrot	3 086	11.5%	26.4%	1429	-3.5%	-16.9%
Cabbage	2 349	6.8%	3.1%	990	-16.2%	-11.5%

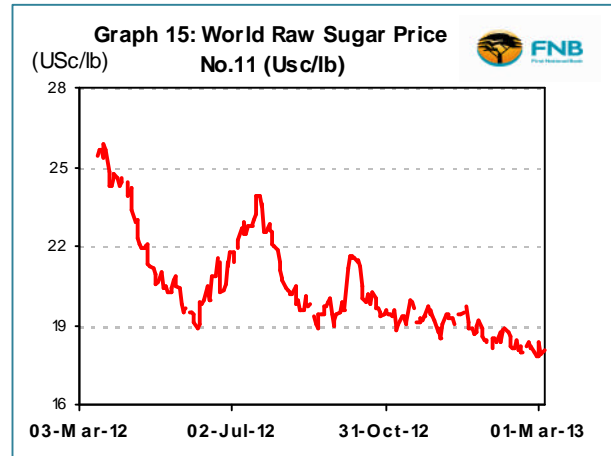
\* Daily prices also available at <https://www.fnbagricomms.co.za>

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

- Raw Sugar prices reversed recent gains and fell to a record low in two years on bearish supplies and weakness in commodity and financial markets.
- In Brazil, it is reported that the country will increase ethanol in its gasoline blends in May which could help utilize the surplus production and further tighten world balance sheet.
- Weekly raw sugar prices fell by 1.4% w/w and 29.8% y/y to close at US17.99c/lb.
- Futures on the InterContinental Exchange:
- Raw sugar futures for Jul-13 fell by 1.6% w/w at US18.02c/lb, Oct-13 fell by 1.5% w/w at US18.49c/lb, and May-14 was down by 1.6% w/w at US19.42c/lb.
- All indications are that Brazil will produce a record crop for this season. However, lower prices and limited processing capacity for sugar will see the greater share of the crop shifting to ethanol production.

Domestic:

- According to the Cane Growers Association, the February 2013 RV price in respect of cane delivered in January 2013 was declared at R3 155.20 per ton. The price was R3.38 per ton lower than the previous price (cane delivered in December 2012). The drop was due to the lower sugar:RV ratio (93.49% vs. 93.60%) and the lower weighted average R/\$ exchange rate (8.32 vs. 8.33). The final RV price for 2012/13 will be declared in the second week of March and is expected to be in the order of R3 200 per ton due to the impact of the February 2013 notional price increase.



<b>ICE Sugar Futures 01 March 2013</b>	<b>Jul-13</b>	<b>Oct-13</b>	<b>Mar-14</b>	<b>May-14</b>	<b>Jul-14</b>
Sugar No.11 (US c/lb)	18.02	18.49	19.34	19.42	19.53
% Change w/w	-1.6%	-1.5%	-1.6%	-1.6%	-1.8%

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