

Agri-Weekly

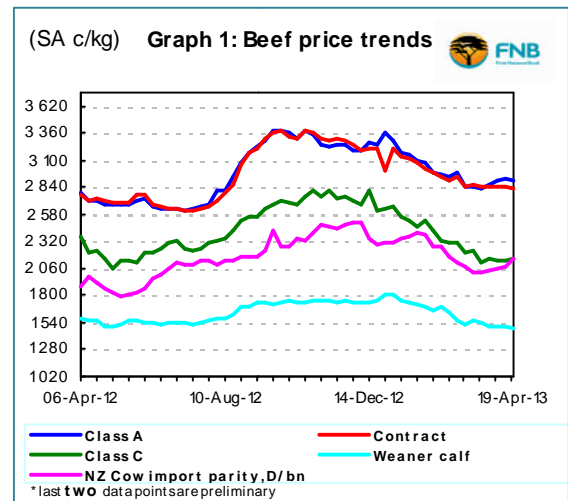
05 April 2013

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

Beef market trends (Graph 1)

International:

- US lean manufacturing beef prices continued to trend sideways on limited demand and heavy supplies.
- Market activity on imported beef was reportedly slow and prices were steady.
- At wholesale level, US boxed beef cut-out values ended mixed, with gains in the Choice category. Choice beef gained 0.8% w/w and 5.8% y/y to close at US\$191.29/cwt. Select beef was down by 0.4% w/w but up by 5.3% y/y at US\$188.28cwt.
- In the cattle market, the CME Feeder Cattle Index gained 3.9% w/w at \$140.27/cwt, but still 7.9% lower y/y.
- Weekly US cattle slaughter was down by 1.0% w/w and 4.5% y/y at 593,000 head.
- In Australia, cattle prices continued to weaken due to holiday disruptions. This saw the Eastern Young Cattle Indicator finishing the week down by 0.2% w/w and 16.2% y/y to close at AU\$3.26/kg cwt.



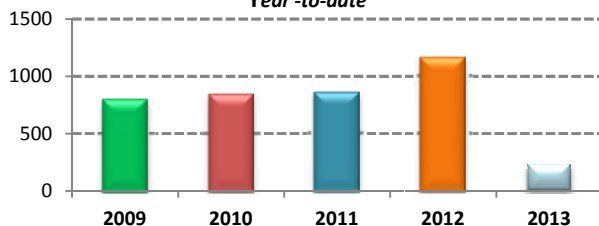
Domestic:

- The beef market ended mixed with marginal gains in Class A beef. Weekly Class A beef prices gained 1.0% w/w and 4.0% y/y to close at R29.03 per kg.
- Contract Class A beef prices were almost unchanged w/w but were 2.7% higher y/y at R28.41 per kg.
- Class C beef eased slightly lower by 1.1% w/w and 9.9% y/y, closing the week at R21.25 per kg.
- Weaner calf prices steadied at R14.94 per kg live weight, but were 5.0% lower y/y.

OUTLOOK

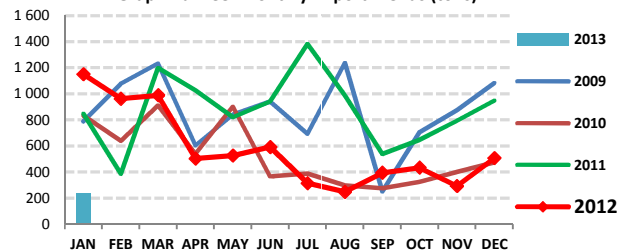
Prices are expected to come under pressure in the short to medium term due to the seasonal increase in supplies.

Graph 2a: Beef Import Trends (tons)
Year-to-date



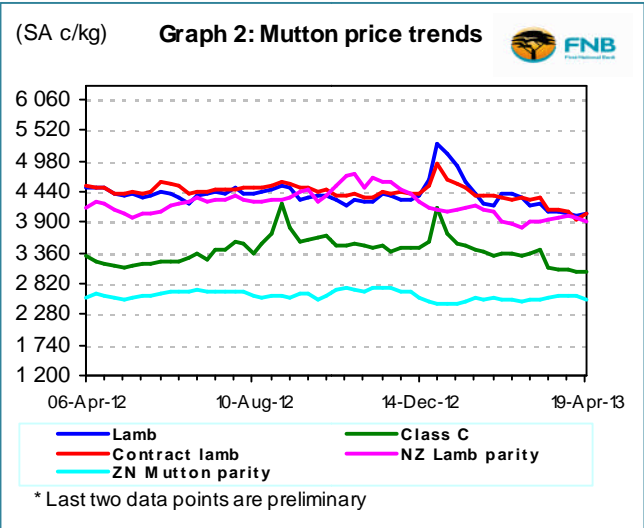
Source: SARS, Own Calculations

Graph 2b: Beef Monthly Import Trends (tons)



Mutton market trends (Graph 2)
International:

- In New Zealand (NZ), producer prices were steady to firmer across most categories.
- Weekly lamb prices traded at NZ\$74.90 per head for the 17.5kg live weight, up by 0.3% w/w but still down by 24.0% y/y. Mutton prices steadied at NZ\$49.30 per head for the 21kg live weight, but down by 20.0% y/y.
- NZ has recently experienced very dry conditions which saw more lamb for slaughter and processing. The NZ North Island supply is reportedly tightening, with some processors reducing shifts. Slaughtering in the NZ South Island is reported to be still running at full speed and expected to remain higher in the near term.
- In Australia, the lamb market continued to soften with the Eastern Trades Lamb Indicator (ESTLI) falling by 3.0% w/w and 7.8% y/y at AU\$4.27 per kg cwt.
- In the US, lamb carcass prices were down across most categories. US lamb carcass cut-out prices closed at US\$259.5/cwt, down by 0.6% w/w and 25.0% y/y.
- Weekly US sheep slaughter came in at 36,000 tons, down by 20.0% w/w and 14.3% y/y. The estimated year-to-date sheep slaughter was however slightly ahead of last year by 0.9% at 536,000 head.

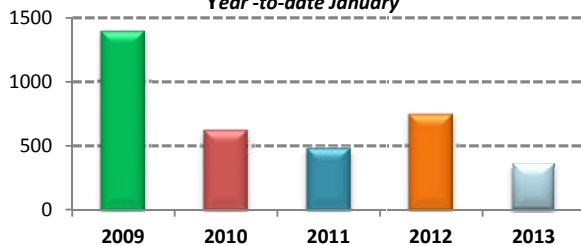

Domestic:

- The lamb and mutton markets extended losses on softer post holiday demand.
- Weekly Class A lamb prices fell by 1.0% w/w and 10.4% y/y to close at R40.40 per kg.
- Contract Class A lamb prices were down by 0.8% w/w and 10.1% y/y at R40.74 per kg.
- Mutton prices fell by 0.4% w/w and 7.4% y/y to close at R30.60 per kg.
- Weaner lamb prices closed the week at R18.88 per kg live weight, down by 3.2% w/w and 14.8% y/y.

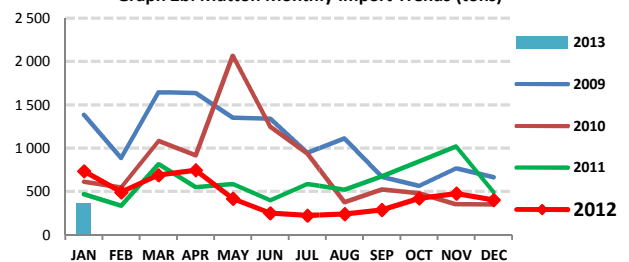
OUTLOOK

Prices are expected to sideways with limited upside potential due to softer demand.

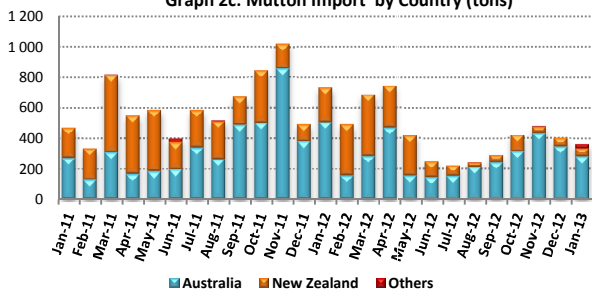
Graph 2a: Mutton Import Trends (tons)
Year-to-date January



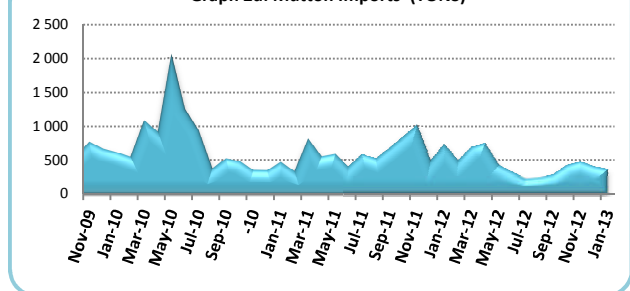
Graph 2b: Mutton Monthly Import Trends (tons)



Graph 2c: Mutton Import by Country (tons)



Graph 2d: Mutton Imports (TONS)

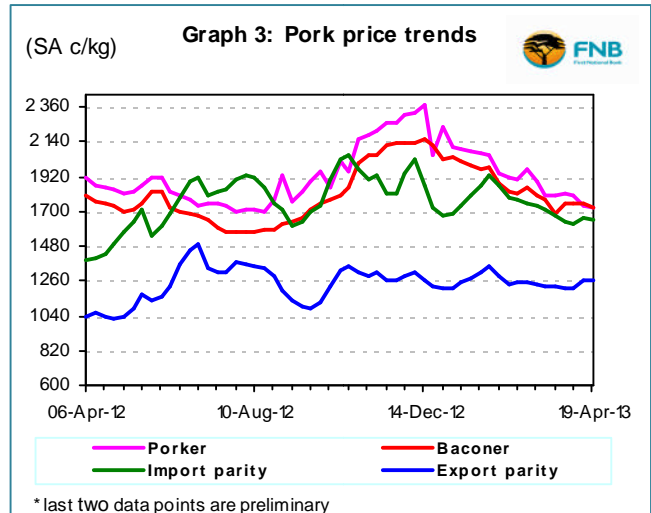


Pork market trends (Graph 3)
International:

- US domestic pork prices remained on an extended downtrend due to increased supplies and weak export demand.
- Weekly carcass prices were softer at US\$77.30/cwt, down by 0.1% w/w and 1.4% y/y.
- Loin prices closed at US\$86.31/cwt, down by 0.1% w/w and 9.4% y/y.
- Rib prices fell by 1.6% w/w and 9.4% y/y at US\$126.45/cwt.
- Ham prices closed at US\$54.13/cwt, down by 0.3% w/w and 3.4% y/y.

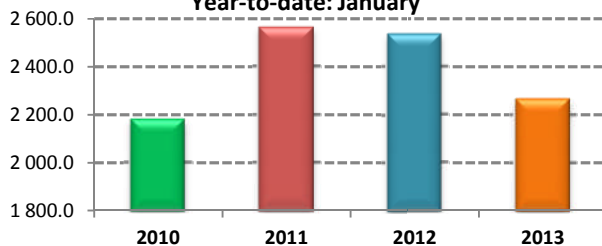
Domestic:

- Prices extended losses as a result of subdued demand.
- Weekly porker prices closed at R17.96 per kg, down by 0.9% w/w and 6.1% y/y.
- Baconers eased lower by 0.1% w/w and 3.1% y/y, closing the week at R17.45 per kg.
- Import parity prices eased marginally lower on lower international prices and Rand gains. Weekly import parity prices were down by 0.5% w/w but still 16.3% higher y/y.

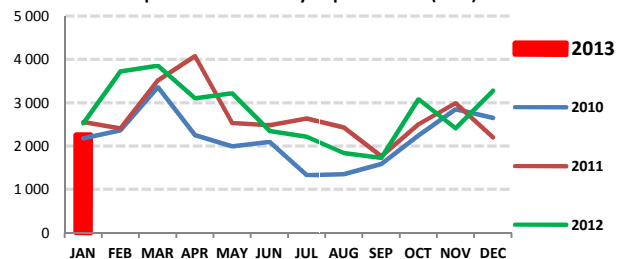

OUTLOOK

The short term outlook for prices remains bearish due to weakening demand.

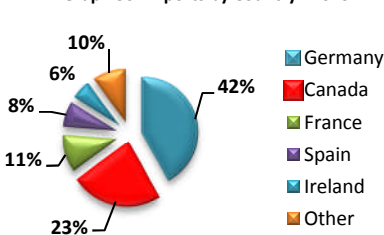
Graph 3a: Pork Import Trends (tons)
Year-to-date: January



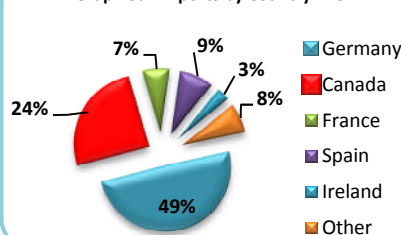
Graph 3b: Pork Monthly Import Trends (tons)



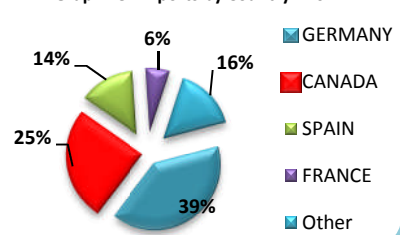
Graph 3c: Imports by Country - 2010



Graph 3d: Imports by Country - 2011



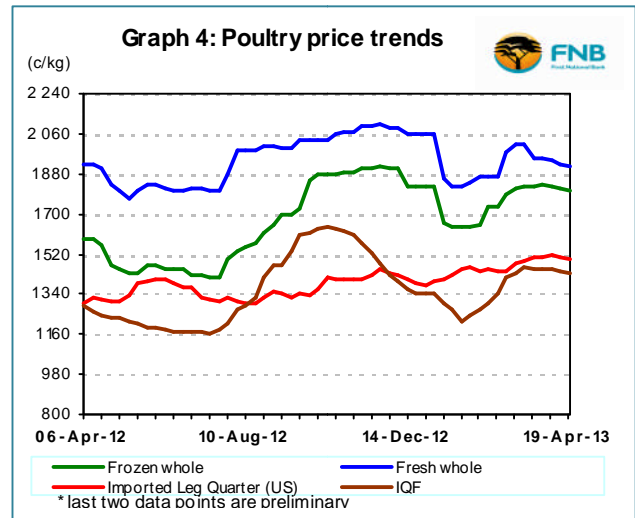
Graph 4e: Imports by Country - 2012



Source: SAPPO, SARS, Own Calculations

Poultry market trends (Graph 4)
International:

- US domestic prices were up across most categories on light to moderate. Demand at retail and food service was reportedly moderate to good.
- Whole bird prices advanced by 0.2% w/w and 9.6% y/y to close at US102.17c/lb.
- Leg quarters gained 0.5% w/w and 1.9% y/y to close at US55c/lb.
- Breast cuts closed at US111.33c/lb, up by 0.1% w/w and 10.8% y/y.
- Wing prices were the exception, falling by 2.8% w/w and 9.7% y/y at US170.50c/lb.
- According to the Weekly USDA Broiler Hatchery report (19 States), broiler eggs set for the week ended 30 March 2013 increased by 1.0% y/y to 200m. Average hatchability for chicks hatched remained at 84.0%. Broiler chick placements came in at 164.0m head, up by 1.0% y/y.
- Cumulative broiler placements from December 30, 2012 through March 30, 2013 were up by 1.0% y/y at 2.2b head.

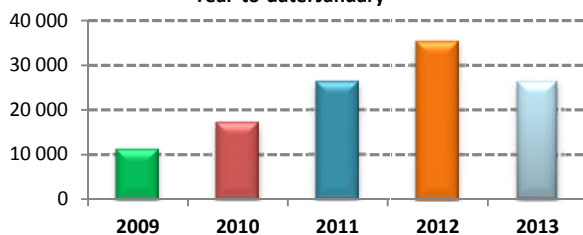

Domestic:

- The broiler market saw marginal losses across most categories.
- Weekly frozen whole bird prices were down by 0.3% w/w but still 15.2% higher y/y at R18.26 per kg.
- Fresh whole birds eased slightly lower to finish at R19.38 per kg, down by 0.8% w/w but still 0.8% higher y/y.
- Prices for the Individually Quick Frozen (IQF) portions continued to trend sideways after posting modest gains over the past few weeks. Weekly IQF prices steadied at R14.54 per kg, but up by 12.8% y/y.
- Import parity prices continued to strengthen mainly on the back of better international prices. Weekly import parity prices were up by 0.2% w/w and 16.7% y/y.

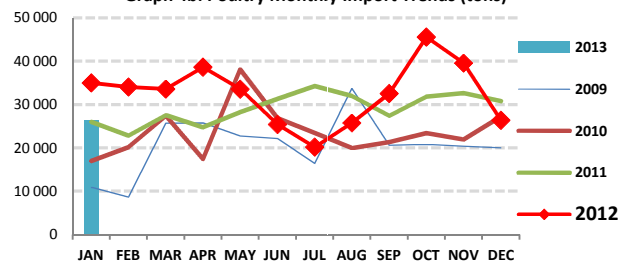
OUTLOOK

It is expected that prices will move sideways with limited upward potential in the short to medium term.

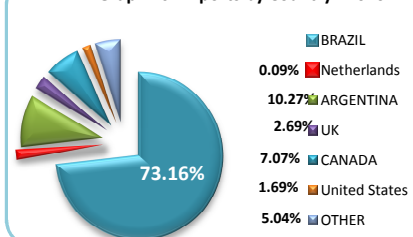
Graph 4a: Poultry Import Trends
Year-to-date: January



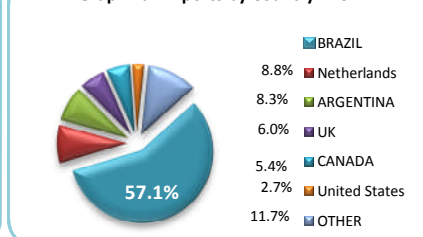
Graph 4b: Poultry Monthly Import Trends (tons)



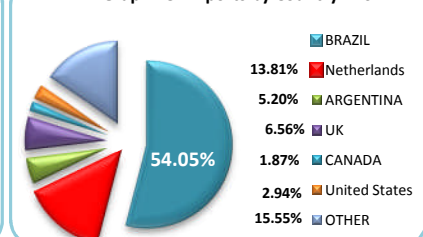
Graph 4c: Imports by Country - 2010



Graph 4d: Imports by Country - 2011



Graph 4e: Imports by Country - 2012



Source: SARS, Own Calculations

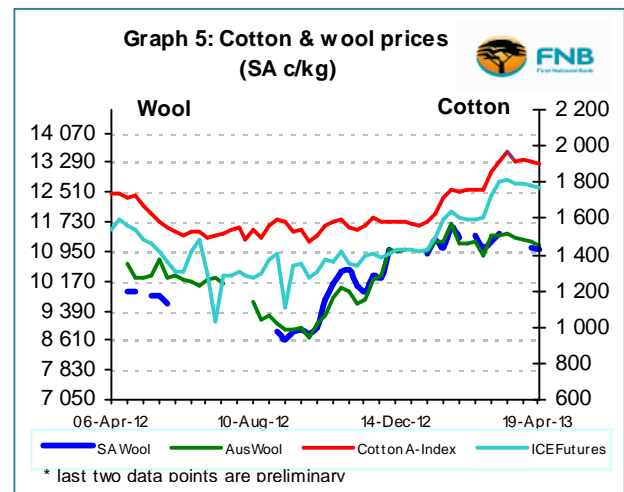
Producer prices for selected livestock commodities 05 April 2013	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	29.03	40.40	17.96	19.38
Open market: Class C / Baconer / Frozen whole birds(R/kg)	21.25	30.60	16.60	18.26
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	28.41	40.74	17.45	14.54
Import parity price (R/kg)	20.54	26.07	16.22	15.13
Weaner Calves / Feeder Lambs (R/kg)	14.94	18.88		

Wool and cotton market trends (Graph 5)
International:

- Cotton prices were again higher on reduced planted area estimates for the US and expectations of tight supplies for the next marketing season.
- The cotton A index gained 0.6% w/w to close at US94.71c/lb, but still down by 7.2% y/y.
- Futures ended mixed: ICE Cotton futures for Jul-13 were down by 1.4% w/w at US88.57c/lb, Oct-13 gained 0.2% w/w at US87.93c/lb, and Dec-13 was down by 0.8% w/w at US86.71c/lb.
- Wool: In Australia, the wool market extended recent losses which saw the Eastern Market Indicator falling by 1.5% w/w 11.7% y/y to close the week at AU\$10.81 per kg clean wool. Volumes offered were pegged at 45,631 bales with sales reaching 89.0%.

Domestic:

- There were no sales for the week. The wool market was softer in the last sale which saw the Cape Wools Merino Indicator finishing down by 2.2% w/w but still 9.5% higher y/y to close at R111.72 per kg clean wool. This was 9.2% and 27.9% higher than the current season's average and the opening sale respectively.
- The offering was slightly higher at 13,475 bales and sales reached 99.0%.
- Major buyers were Standard Wool SA with 3,429 bales (25.5%), Lempriere SA with 3,125 bales (23.2%), G Modiano SA with 2,957 bales (21.9%), and Stucken & Co with 2,868 bales (21.3%).



Fibre market prices 05 April 2013	SA prices (R/kg)	Australian prices (R/kg)	Australian futures May-13 (AU\$/kg)	Australian futures Oct-13 (AU\$/kg)
Wool market indicator (R/kg)	111.72	113.00		
19 μ long length wool (R/kg)	117.99	118.63	11.65	11.10
21 μ long length wool (R/kg)	112.56	113.60	10.90	10.35
23 μ long length wool (R/kg)	-	110.46	9.30	8.75
	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures Jul-12 (US\$/kg)	Cotton Futures Oct-13 (US\$/kg)
Cotton Prices (R/kg)	19.25	2.08	1.95	1.93

Cotton Futures on the InterContinental Exchange (ICE); Wool - previous week's prices

Yellow maize market (Graph 6)
International:

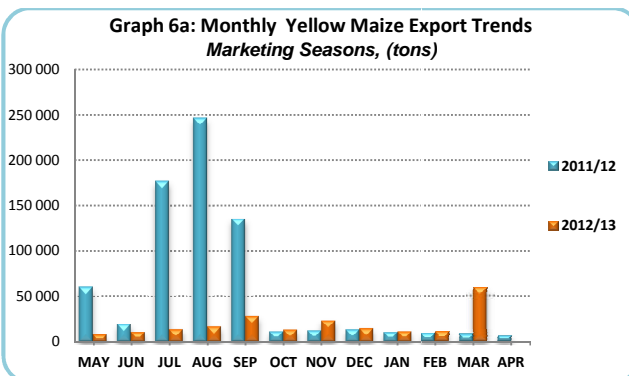
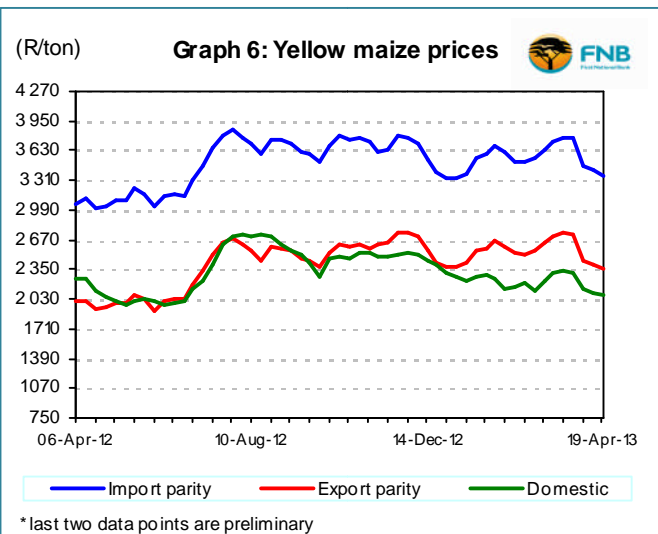
- US maize prices reversed recent gains under pressure due to bearish USDA report, lower energy prices and weak economic news.
- The market reacted negatively to the USDA planting intentions report with futures falling sharply.
- US maize stocks were above market expectations at 137.1m tons. The expected planted area for the US came in at a record 39.4m ha, which is the highest since 1936. Market focus has now turned to concerns over potential surpluses than shortages. This will see prices coming under pressure in the short to medium term.
- Futures on CME: Maize for Jul-13 fell by 8.6% w/w at US\$243.3/t, Sep-13 was down by 2.0% w/w at US\$217.5/t, and Dec-13 was down 0.6% w/w US\$210.8/t.

Domestic:

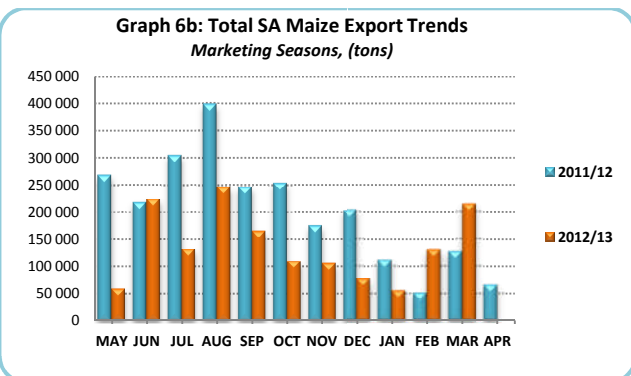
- Domestic prices posted sharp losses due to weakness on CBOT.
- Weekly yellow maize prices fell by 7.8% w/w and 5.1% y/y to close at R2,133 per ton.
- Export sales for the week ended 29 March came in at 1,538 tons and 209,188 tons for the season to date.
- In the futures market (JSE): YMAZ for Jul-13 delivery fell by 10.3% w/w (-R237/t), and Sep-13 fell by 9.7% w/w (-R225/t)

OUTLOOK

Prices are expected to remain under pressure in the short to medium term on renewed weakness on international markets. However, lingering domestic supply tightness will help limit further losses.



Source: SAGIS



Yellow Maize Futures 05 April 2013	Jul-13	Sep-13	Dec-13	Mar-14	May-14
CBOT (\$/t)	247.83	243.33	217.49	210.79	215.12
JSE (R/t)	2 068	2 104	2 151	2 156	-
CHICAGO CORN (R/t)	2 259	2 037	2 006	-	-

Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)

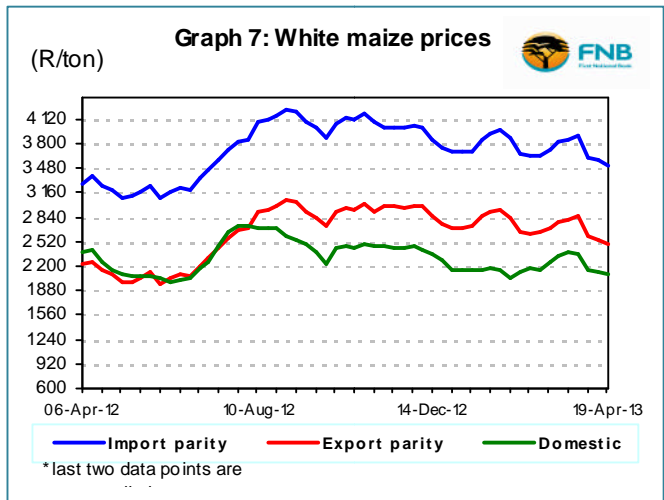
Jul-13			Sep-13			Dec-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2 100	127	95	2 140	158	122	2 200	205	156
2 060	106	114	2 100	135	139	2 160	182	173
2 020	86	134	2 060	115	159	2 120	161	192

White maize market trends (Graph 7)
International:

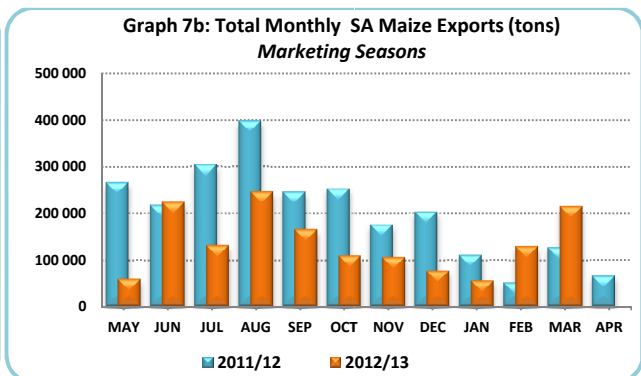
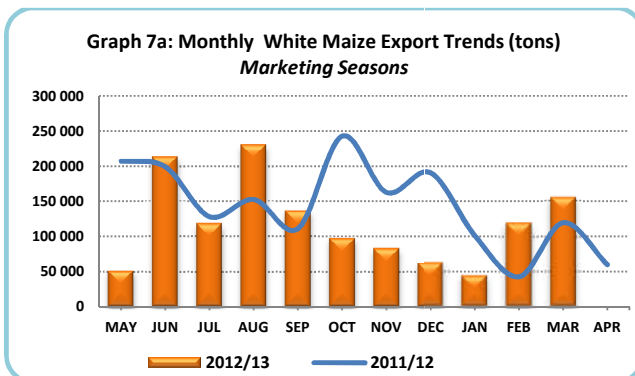
- US white maize spot prices posted sharp losses on higher planting area estimate and spill over weakness in energy markets.
- The weekly average white maize prices closed at US\$277 per ton, down by 8.7% w/w but still up by 3.8% y/y.

Domestic:

- White maize prices declined due to the spill over pressure from CBOT.
- Weekly white maize prices fell by 8.1% w/w and 9.9% y/y to close at R2,155 per ton.
- White maize export sales for the week ended 29 March came in at 23,554 tons, with total sales for the season reaching tons 1.32m tons. Cumulative maize export sales for the 2012/13 season reached 1.53m tons (White and Yellow maize).
- WMAZ futures on the JSE: WMAZ Jul-13 fell sharply by 11.5% w/w (-R270/t), and Sep-13 was down by 11.3% w/w (-R270/t).


OUTLOOK

Prices are expected to remain under pressure in the short to medium term on renewed weakness on international markets. However, lingering domestic supply tightness will help limit further losses.



Source: SAGIS;

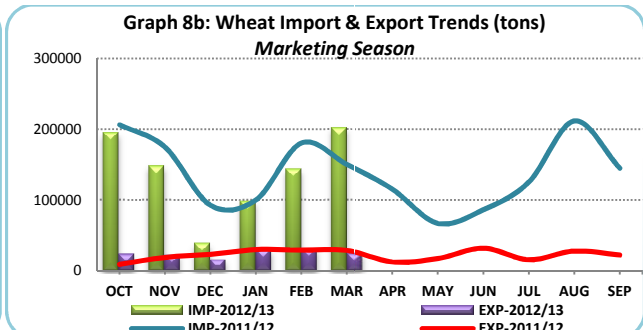
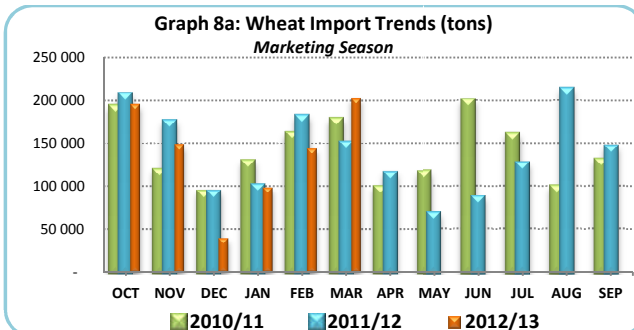
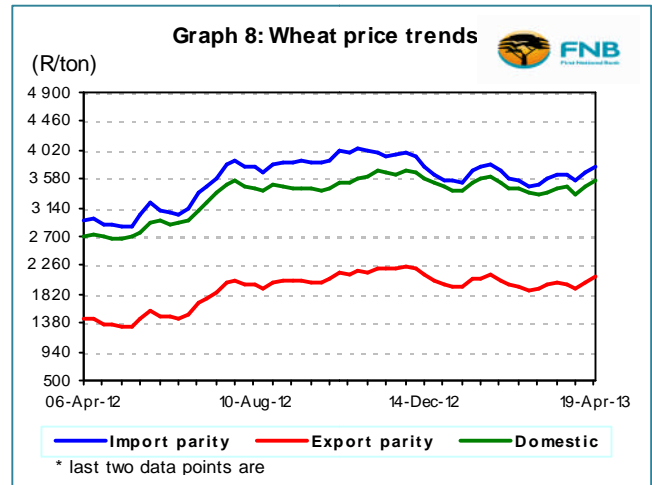
White Maize Futures 05 April 2013	Jul-13	Sep-13	Dec-13	Mar-14	May-14			
JSE (R/t) WM ₁	2 085	2 109	2 165	2 185	-			
Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
May-13			Jul-13			Sep-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2 120	128	93	2 140	158	127	2 200	201	166
2 080	106	111	2 100	136	145	2 160	179	184
2 040	87	132	2 060	116	165	2 120	158	203

Wheat market trends (Graph 8)
International:

- Prices eased lower on weak export demand and expectation of favourable weather conditions for the US southern plains.
- Wheat progress in the US was reported at 34.0% in good to excellent condition, up 1 percentage point y/y.
- US weekly export sales were reported at 316,000 tons with 141,200 tons for the 2012/13.

Domestic:

- Wheat prices eased lower on Rand gains and renewed weakness on international markets.
- Weekly wheat prices closed at R3,343 per ton, down by 3.5% w/w but up by 21.3% y/y.
- Wheat import parity prices finished down by 2.5% w/w but up by 21.3% y/y.
- Import sales for the week ended 29 March came in at 56,680 tons, which brings the cumulative imports for the current marketing season to date to 812,167 tons.
- Wheat futures on the JSE: Wheat for Jul-13 fell by 3.8% w/w (-R135/t), and Sep-13 was down by 3.2% w/w (-R113/t).
- **OUTLOOK**
Prices are however expected to trend firmer in the short term as the international wheat market recovers from the recent slump.



Source: SAGIS;

Wheat Futures 05 April 2013	Jul-13	Sep-13	Dec-13	Mar-14	May-14			
KCBT (\$/t)	269.24	273.74	280.17	284.76	286.88			
JSE (R/t)	3 420	3 438	3 275	-	-			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-13			Sep-13			Dec-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3 460	131	91	3 478	170	130	3 320	310	265
3 420	110	110	3 438	149	149	3 280	288	283
3 380	90	130	3 398	129	169	3 240	267	302

Oilseed market trends (Graph 9)
International:

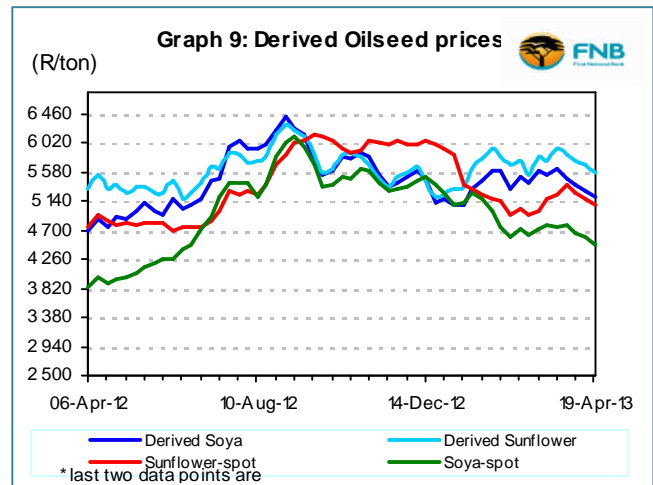
- Soybean prices saw modest losses on bearish supply outlook and concerns over the impact of the outbreak of a new bird flu strain in China on soymeal demand.
- Falling crude oil prices and increased harvest outlook from South America added further pressure.
- US weekly export sales were however bullish, coming in at 747,800 tons with 392,700 tons for 2012/13 and 355,100 tons for next marketing year.
- Soybean futures on CME: Soybean for Jul-13 was down by 3.0% w/w US\$494/t, and Sep-13 was down 1.6% w/w at US\$465/t.

Domestic:

- Oilseeds traded on the JSE were down across the board on spill over weakness from the international market. Rand gains added further pressure.
- Weekly sunflower prices closed at R5,259 per ton, down by 2.4% w/w but still 11.0% higher y/y.
- Soybean prices fell by 2.5% w/w but still 21.3% higher y/y at R4,658 per ton.
- Futures on the JSE: Soybeans for Jul-13 delivery dropped by 6.0% w/w (-R297/t), Sep-13 was down 5.4% w/w (-R265/t), and Dec-13 was down by 2.9% w/w (-R143/t).
- Sunflower for Jul-13 was down by 2.4% w/w (-R135/t), and Dec-13 was down by 1.4% w/w (-R80/t).

OUTLOOK

Attention now shifts to weather and crop developments in the US where the planting season has just commenced. Favourable crop conditions will exert more downward pressure on prices.



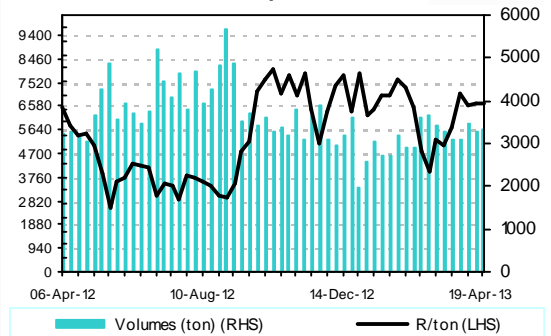
Oilseeds Futures 05 April 2013	Jul-13	Sep-13	Dec-13	Mar-14	May-14
CBOT Soybeans (US \$/t)	493.69	464.81	-	455.33	456.72
CBOT Soya oil (US c/lb)	49.11	49.08	48.68	48.82	48.76
CBOT Soya cake meal (US\$/t)	430.45	398.04	378.31	382.83	384.71
JSE Sunflower seed (R/t)	5 574	5 629	5 680	-	-
JSE Soybean seed (R/t)	4 933	4 951	4 993	-	-

Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-13			Sep-13			Dec-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
5 480	324	276	5 540	439	393	5 640	563	523
5 440	303	295	5 500	417	411	5 600	541	541
5 400	282	314	5 460	395	429	5 560	519	559

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

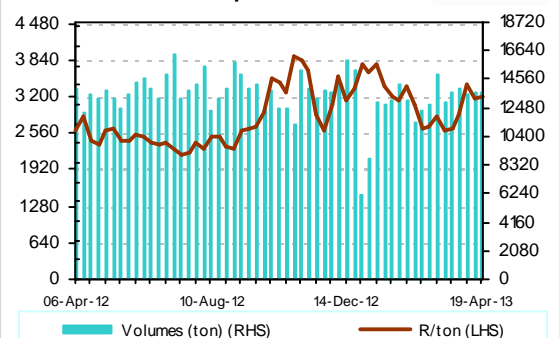
Tomato prices reversed the past few weeks' gains and declined under pressure due to higher volumes across markets. Weekly tomato prices fell by 7.2% w/w but still 0.6% higher y/y, closing at R6,602 per ton. Volumes of tomatoes traded rose by 12.0% w/w and 6.9% y/y to close at 3,447 per ton.

It is expected that prices will trend sideways in the short term on volume pressure.

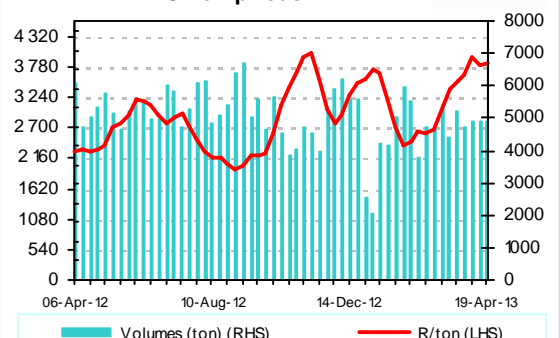
Graph 10: Fresh Produce Markets - Tomatoes prices

Potatoes

Potato prices posted sharp gains on reduced volumes and good uptake across markets. Weekly potato prices increased by a whopping 18.4% w/w and 31.2% y/y to close at R3,405 per ton. Volumes traded fell by 3.4% w/w and 3.8% y/y, coming in at 13,423 tons.

Prices are expected to weaken slightly on softer demand and improved supplies.

Graph 11: Fresh Produce Markets - Potatoes prices

Onions

Onion prices continued to post strong gains backed by good uptake despite increased volumes across markets. Onion prices closed the week at R3,954 per ton, up by 8.7% w/w and 72.9% y/y. Volumes of onions traded came in at 4,916 tons, up by 4.3% w/w but still 18.7% lower y/y. It is expected that prices will soften slightly in the short term on volume pressure.

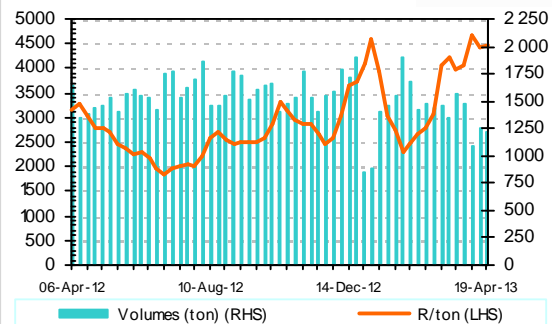
Graph 12: Fresh Produce Markets - Onion prices


Carrots

Carrot prices posted sharp gains on the back of lower volumes across markets. Weekly carrot prices closed at R4,691 per ton, up by 15.1% w/w and 49.1% y/y. Volumes of carrot traded were pegged at 1,086 tons, falling by 26.6% w/w and 34.0% y/y.

Prices are however expected to ease somewhat in the short term on limited uptake and improved supplies.

Graph 13: Fresh Produce Markets - Carrot prices



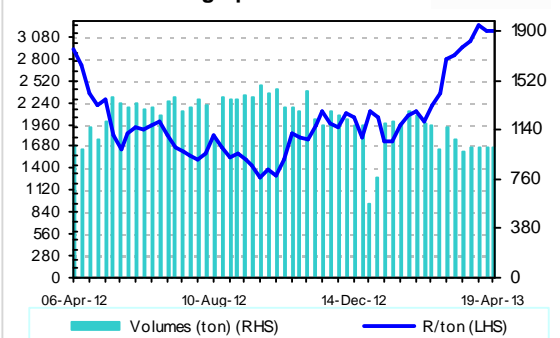
* Last two data points are preliminary.

Cabbages

Cabbage prices extended recent gains supported by good uptake across markets. Weekly cabbage prices rose by 7.4% w/w and 11.2% y/y to close at R3,240 per ton. Volumes traded came in marginally higher by 0.3% w/w at 1,006 tons, but still 1.1% lower y/y.

It is however expected that prices will soften somewhat during midmonth on moderation in demand.

Graph 14: Fresh Produce Markets - Cabbage prices



* Last two data points are preliminary.

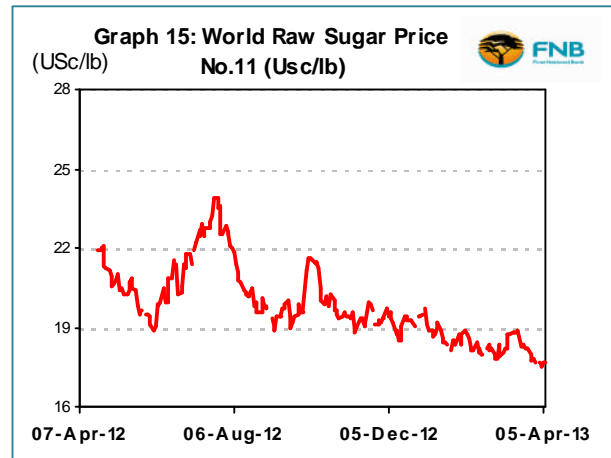
**Vegetable prices: South Africa's Major Fresh Produce Markets.
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 05 April 2013	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	6 602	-7.2%	0.6%	3447	12.0%	6.9%
Potato	3 405	18.4%	31.2%	13423	-3.4%	-3.8%
Onion	3 954	8.7%	72.9%	4916	4.3%	-18.7%
Carrot	4 691	15.1%	49.1%	1086	-26.6%	-34.0%
Cabbage	3 240	7.4%	11.2%	1006	0.3%	-1.1%

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

Sugar market trends (Graph 15)
International:

- Raw Sugar prices remained on an extended downtrend due to weak demand and increased world supply outlook, particularly from Brazil.
- Exports out of Brazil are reportedly strong despite logistical problems. This added to the weaker tone.
- It is however expected that prices will bottom out in the short to medium term as the increased blending requirements in Brazil and subsequent diversion of cane to ethanol reduces the availability for the sweetener production.
- Weekly raw sugar prices fell by 1.1% w/w and 28.0% y/y, closing at US17.62c/lb.
- Futures on the InterContinental Exchange: Raw sugar futures for Jul-13 delivery fell by 0.2% w/w at US17.67c/lb, Oct-13 was down by 0.5% w/w at US18.06c/lb, and Mar-14 was down by 0.6% w/w at US18.94c/lb.


Domestic:

According to the Cane Growers Association, the final RV price in respect of cane delivered in 2012/13 season was declared at R3 197.32 per ton. The price was R42.12 per ton higher than the previous estimated price (cane delivered in January 2013). The increase in the final price was due to the impact of the sugar notional price adjustment that came into effect on 12 February 2013. Earlier estimates had anticipated that the final price would reach R3 200 per ton. This expectation was not achieved because of late adjustments, which saw final sugar production for the season falling by 6 653 tons. The resultant drop in the sugar: RV ratio (93.27% vs. 93.49%) was the main reason that the final price just failed to reach R3 200 per ton.

ICE Sugar Futures 05 April 2013	Jul-13	Oct-13	Mar-14	May-14	Jul-14
Sugar No.11 (US c/lb)	17.67	18.06	18.94	19.11	19.26
% Change w/w	-0.2%	-0.5%	-0.6%	-0.7%	-0.8%

Disclaimer:

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