

Agri-Weekly

07 June 2013

pmakube@fnb.co.za

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Beef market trends (Graph 1)

International:

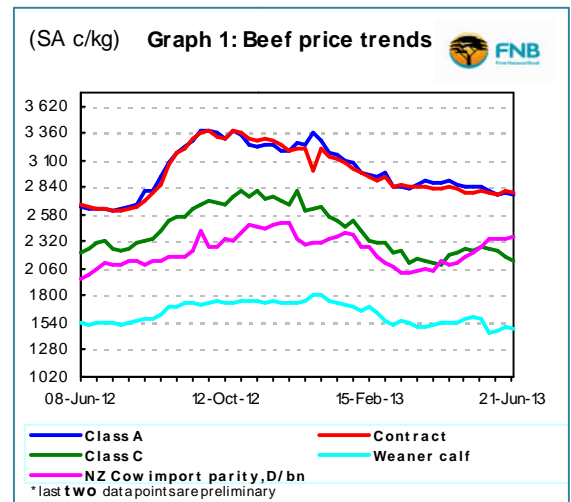
- US lean manufacturing beef prices retained the softer trend under pressure due to weak demand, unfavourable weather conditions and heavy domestic and import supplies.
- Market activity on imported beef was again slow with prices trending mostly lower.
- At wholesale, US prices extended recent losses with the Choice category falling by 2.0% w/w but still 3.6% higher y/y at US\$204.21/cwt. Select beef fell by 2.5% w/w but unchanged y/y at US\$184.46/cwt.
- Estimated weekly US cattle slaughter was 644,000 head, up by 8.4% w/w but down by 2.4% y/y. Year to date cattle slaughter reached 13.9m head.
- In Australia, the cattle market saw gains with the Eastern Young Cattle Indicator (EYCI) up by 2.3% w/w but still 17.8% lower y/y at AU\$3.05/cwt.

Domestic:

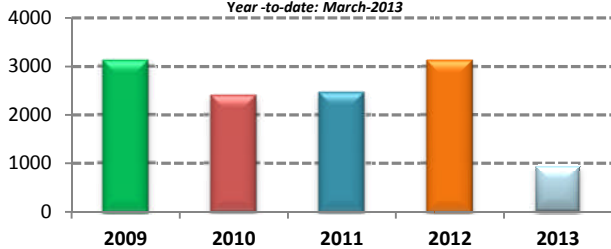
- Beef prices maintained a softer trend on subdued demand.
- Weekly Class A beef prices were down by 1.1% w/w but still 4.6% higher y/y at R27.73 per kg.
- Class A beef prices fell by 1.0% w/w but still 3.5% higher y/y at R27.64 per kg.
- Class C beef prices were down by 0.4% w/w but still 1.5% higher y/y at R22.35 per kg.
- Weaner calf prices gained 1.2% w/w but still 4.9% higher y/y at R14.58 per kg.

OUTLOOK

The softer trend is expected in the medium term on subdued demand and the potential for increase in supplies due to limited grazing.

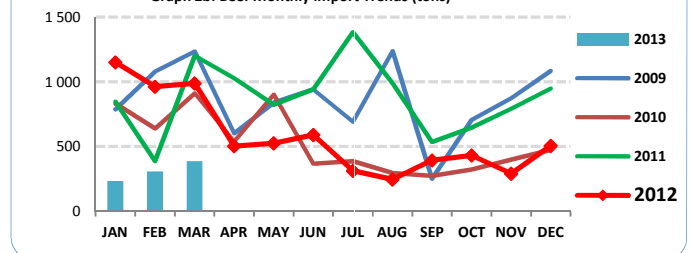


Graph 2a: Beef Import Trends (tons)
Year-to-date: March-2013



Source: SARS, Own Calculations

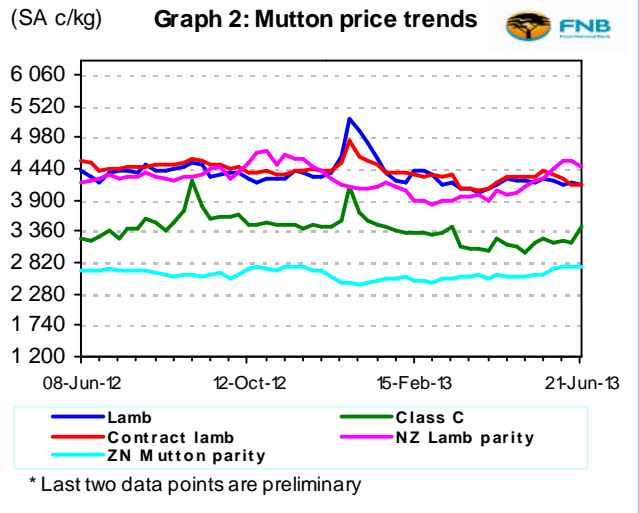
Graph 2b: Beef Monthly Import Trends (tons)



Mutton market trends (Graph 2)

International:

- In New Zealand (NZ), producer prices continued to strengthen across most categories.
- On export sales, NZ lamb exports for April were reported down 7.6% m/m at 36,504 tons, but up 11.0% on the five-year average for April and 37.0% y/y.
- In Australia, lamb and mutton markets extended recent gains with the Eastern States Trade Lamb Indicator (ESTLI) closing the week up 3.2% w/w and 8.2% y/y at AU\$4.49/kg cwt.
- In the US, the Lamb Carcass Cutout prices weakened further, closing the week down 1.2% w/w and 23.6% y/y at US\$245.72/cwt.
- The estimated weekly US sheep slaughter stood at 41,000 head, up by 20.6% w/w and 13.9% y/y. Year-to-date sheep slaughter was up by 4.7% y/y at 900,000 head.



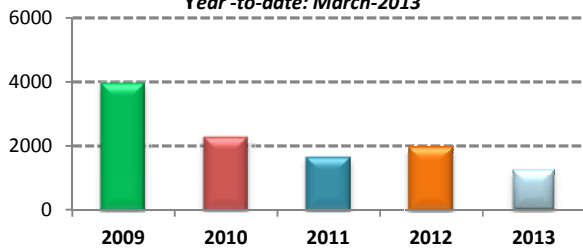
Domestic:

- The lamb and mutton markets ended mixed. Lamb prices continued to weaken under pressure due to softer demand.
- Weekly Class A lamb prices fell by 1.7% w/w and 5.4% y/y at R41.58 per kg.
- Contract Class A lamb prices were down by 1.6% w/w and 6.4% y/y at R42.71 per kg.
- Mutton prices were the exception, gaining 0.3% w/w and 1.0% y/y at R31.88 per kg.
- Weaner lamb prices were down by 1.5% w/w and 12.3% y/y at R19.58 per kg.

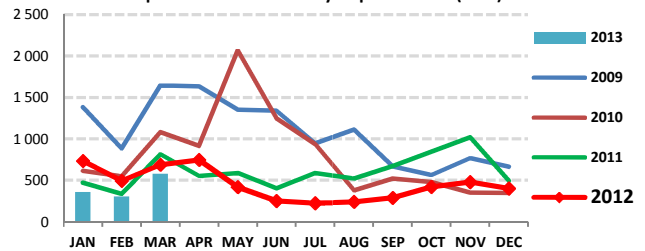
OUTLOOK

It is expected that prices will retain the softer trend under pressure due to weak seasonal demand.

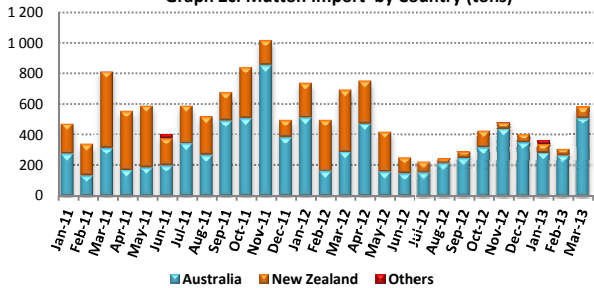
Graph 2a: Mutton Import Trends (tons)
Year-to-date: March-2013



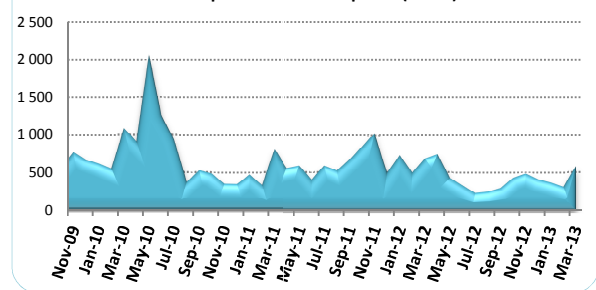
Graph 2b: Mutton Monthly Import Trends (tons)



Graph 2c: Mutton Import by Country (tons)



Graph 2d: Mutton Imports (TONS)



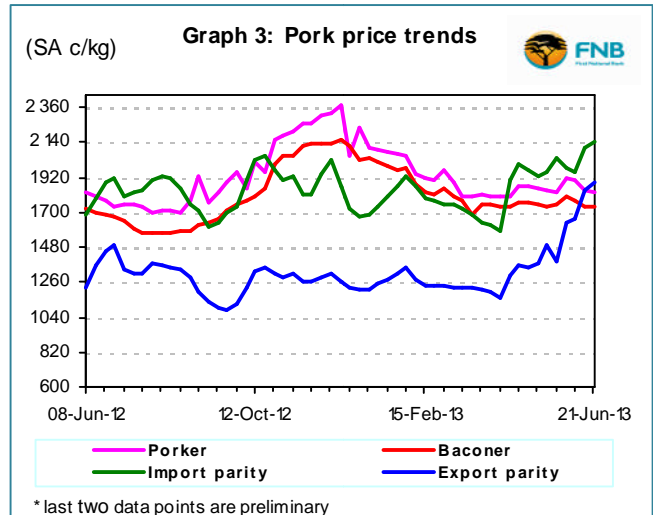
Source: SARS, Own Calculations

Pork market trends (Graph 3)
International:

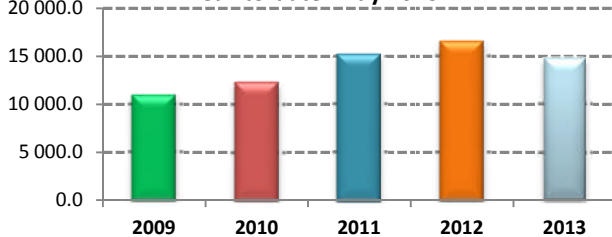
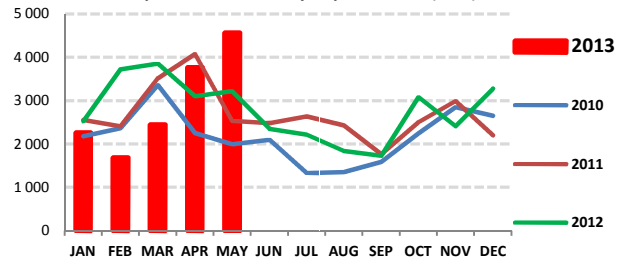
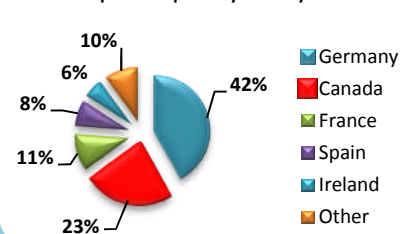
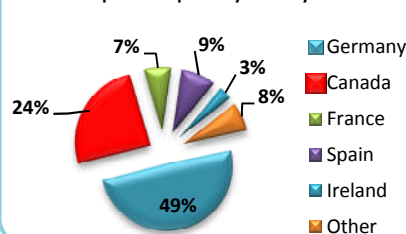
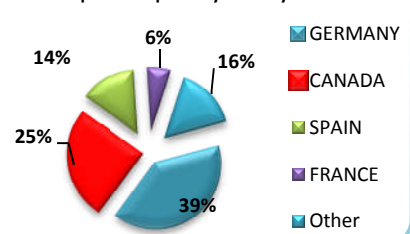
- The US Pork Carcass (FOB Plant) Cutout prices continued to trend firmer, closing up 1.1% w/w at US\$95.61/cwt.
- Estimated weekly slaughter was 2.2m head, up by 8.1% w/w and 0.6% y/y. The estimated year to date slaughter reached 48.3m head, down by 0.3% y/y.

Domestic:

- Pork and baconer prices were slight to modestly lower as demand slipped towards midmonth.
- Weekly porker prices closed at R19.05 per kg, down by 0.4% w/w but still 4.1% higher y/y.
- Baconer prices were down by 1.4% w/w at R17.75 per kg, but still 3.2% higher y/y.
- Import parity prices again eased lower mainly due to lower international prices despite a weaker Rand.
- On import sales, the May 2013 pork imports came in sharply higher by 21.1% m/m and 41.6% y/y at 4,562 tons. The cumulative imports for the year to May are however still below last year by 10.4% at 14,719 tons.
- Major import sources were Germany with 2,255 tons (49.4%), Canada with 984 tons (21.6%), Spain with 419 tons (9.2%), the UK with 334 tons (7.3%), and the rest contributing 571 tons (12.5%).


OUTLOOK

Prices are expected to trend sideways in the medium term with limited upward potential due to the seasonal weakness in demand.

Graph 3a: Pork Import Trends (tons)
Year-to-date: May 2013

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:

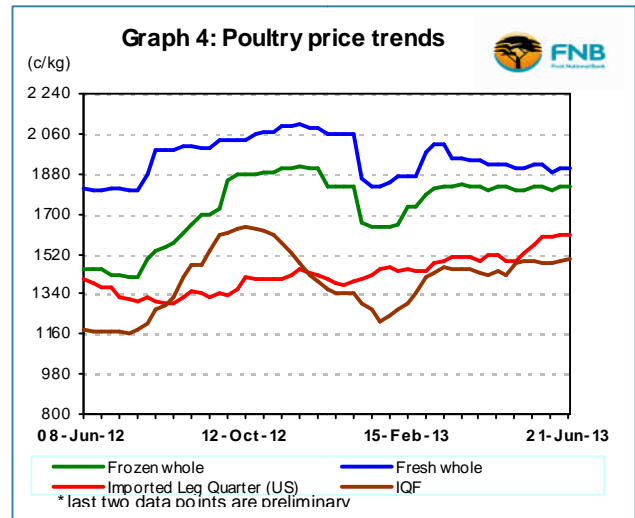
- US retail and food service demand was reportedly light to moderate.
- Market activity was slow to moderate and movement light to moderate for portions.
- Whole bird prices were up by 0.2% w/w and 11.3% y/y at US105.17c/lb.
- Leg quarters were softer at US55.00c/lb, down 0.3% w.w and 0.3% y/y.
- Breast cuts were down 0.6% w/w at US134.50c/lb, but still 27.1% higher y/y.
- Wing prices were the exception, gaining 06.% w/w at US137.00c/lb but still 25.0% lower y/y.
- Weekly USDA Broiler Hatchery report (19 States) showed 202m broiler eggs set as of 25 May 2013, up by 1.0% y/y. Average hatchability for chicks hatched remained at 84.0%. Broiler chick placements came in slightly lower at 166m head.
- Cumulative broiler placements from December 30, 2012 through May 25 2013 were slightly higher at 3.44b head.

Domestic:

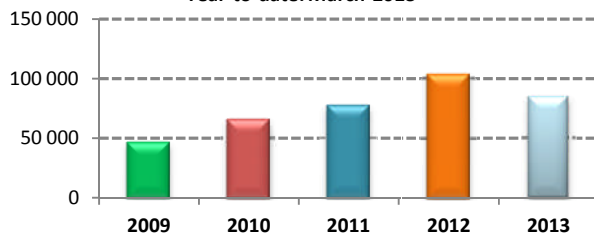
- There was renewed weakness in the broiler market on softer demand. Weekly frozen whole bird prices eased marginally lower by 0.1% w/w to close at R18.06 per kg, but still up by 24.0% y/y. Fresh whole bird prices fell by 1.9% w/w at R18.88 per kg, but still 4.1% higher y/y.
- Individually Quick Frozen portions were the exception, steady at R15.93 per kg and still 25.7% higher y/y.
- Import parity prices increased by 2.1% w/w and 13.0% y/y, mainly due to softer international prices.

OUTLOOK

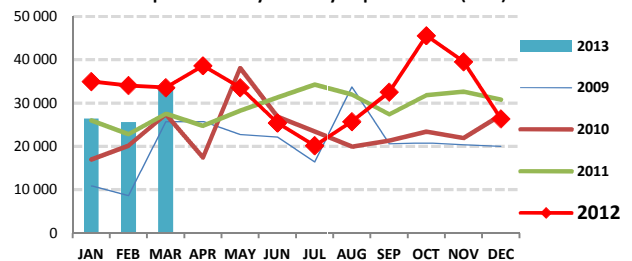
Prices are expected to trend steady to lower in the short to medium term on softer demand.



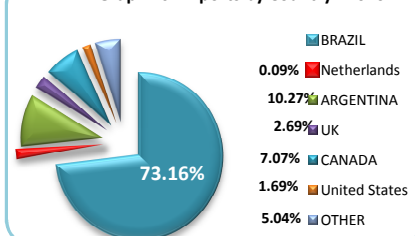
Graph 4a: Poultry Import Trends
 Year-to-date: March-2013



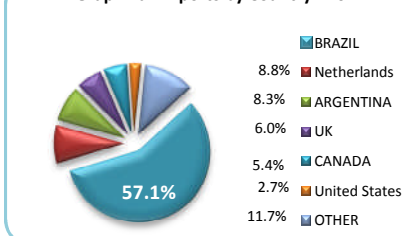
Graph 4b: Poultry Monthly Import Trends (tons)



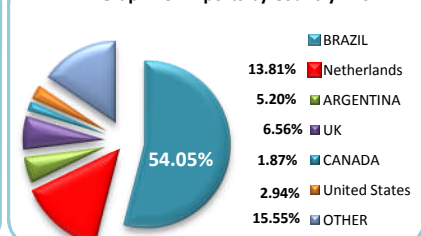
Graph 4c: Imports by Country - 2010



Graph 4d: Imports by Country - 2011



Graph 4e: Imports by Country - 2012



Source: SARS, Own Calculations

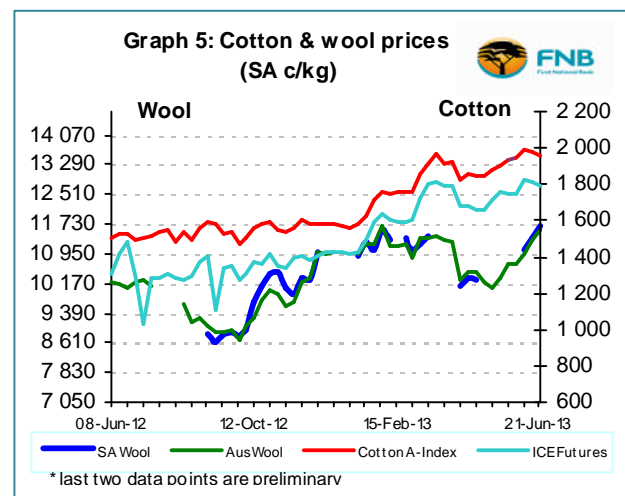
Producer prices for selected livestock commodities 07 June 2013	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	27.73	41.58	19.05	18.88
Open market: Class C / Baconer / Frozen whole birds(R/kg)	22.35	31.88	17.47	18.06
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	27.64	42.71	17.75	14.80
Import parity price (R/kg)	23.43	27.67	19.56	15.93
Weaner Calves / Feeder Lambs (R/kg)	14.58	19.58		

Wool and cotton market trends (Graph 5)
International:

- Cotton prices regained some ground on expectations of reduced production estimates ahead of the USDA outlook report.
- The cotton A index gained 2.3% w/w and 13.4% y/y at US91.86c/lb.
- Cotton Futures on ICE: Cotton for Jul-13 gained 5.9% w/w at US84.86c/lb, Oct-13 was up by 3.8% w/w at US85.74c/lb, and Dec-13 was up by 2.8% w/w at US85.18c/lb.
- Wool: In Australia, the wool market posted a slight recovery on strong demand and reduced offerings. This saw the weekly Eastern Market Indicator (EMI) gaining 1.8% w/w but still down by 2.5% y/y at AU\$10.52 per kg clean wool.
- Volumes offered came in at a record low of 23,579 bales with sales reaching 97.1%.

Domestic:

- The wool market retained the stronger trend during the last final sale of the season supported of a weaker Rand. The wool market indicator Cape Wools Merino gained 3.0% compared to the previous sale, closing at R110.31/ kg clean wool. This is 7.5% and 26.3% higher than the current season's average and the opening sale respectively.
- The total offering was 13,973 bales with sales reaching 99.0%.
- Major buyers were Standard Wool SA with 5,146 bales (36.8%), G Modiano SA with 3,546 bales (25.4%), and Lempriere SA with 2,479 bales (17.7%).
- The market is now on recess until the 21st of August when sales of the new wool season resumes.

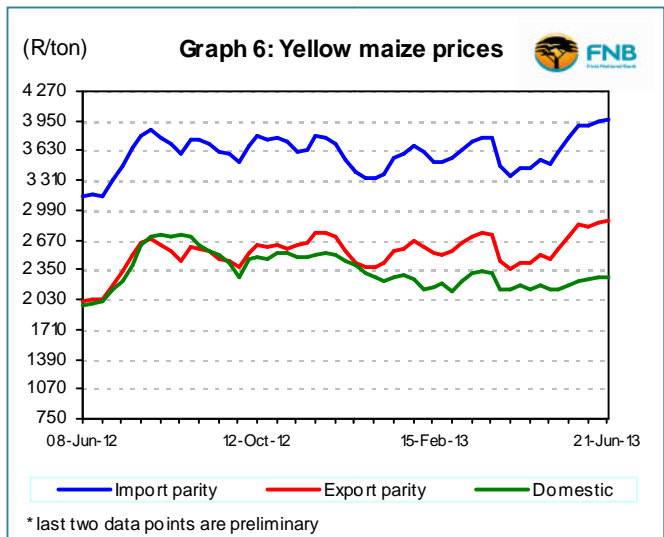


Fibre market prices 07 June 2013	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Jul-13 (AU\$/kg)	Australian futures Oct-13 (AU\$/kg)
Wool market indicator (R/kg)	110.31	110.31		
19 μ long length wool (R/kg)	115.20	110.39	11.60	11.10
21 μ long length wool (R/kg)	110.31	103.25	11.10	10.60
23 μ long length wool (R/kg)	-	99.77	9.90	9.40
	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures Oct-13 (US\$/kg)	Cotton Futures Dec-13 (US\$/kg)
Cotton Prices (R/kg)	19.90	2.02	1.89	1.87

Cotton Futures on the InterContinental Exchange (ICE);

Yellow maize market (Graph 6)
International:

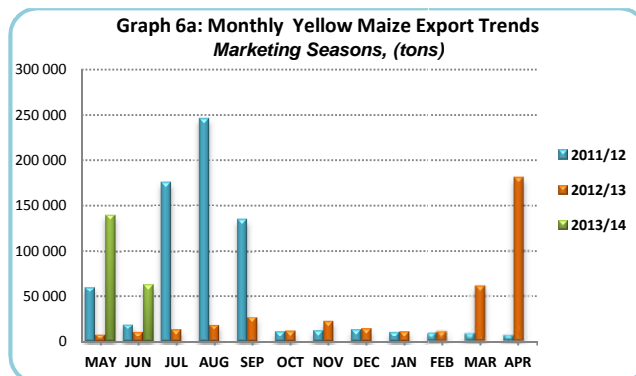
- US maize prices trended lower for the better part of the week before rebounding Friday on concerns over rains in the areas that are behind with planting.
- Increased ethanol output provided added support and helped limit losses.
- Weekly US ethanol production data report was also a bit supportive showing output at an average of 885,000 barrels per day, which is the highest weekly production estimate since June 1st 2012.
- Total ethanol production for the week was 6.2m barrels.
- Earlier in the week, planting progress was report at 91.0% complete with the first good to excellent condition rating for the season coming in at 63.0%.
- US weekly export sales were pegged at 158,800 tons with 107,200 tons for 2012/13.


Domestic:

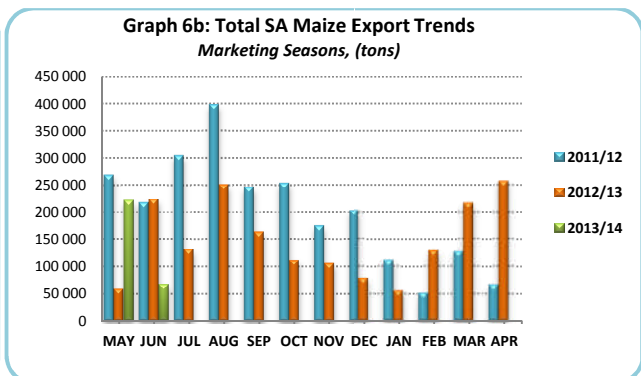
- Yellow maize prices extended gains on supportive Rand despite slight weakness on the international markets.
- Weekly yellow maize prices closed at R2,245 per ton, up by 0.8% w/w and 13.8% y/y.
- Focus now shifts to the extent of the damage and the size of the local crop.

OUTLOOK

Prices are expected to trend sideways with some upward potential in the short term on Rand weakness.



Source: SAGIS



Yellow Maize Futures 07 June 2013	Jul-13	Sep-13	Dec-13	Mar-14	May-14			
CBOT (\$/t)	262.48	233.01	220.01	224.03	226.94			
JSE (R/t)	2 284	2 321	2 364	2 354	2 129			
CHICAGO CORN (R/t)	2 610	2 300	2 206	-	-			
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
2 320	76	40	2 360	149	110	2 400	192	156
2 280	54	58	2 320	127	128	2 360	170	174
2 240	36	80	2 280	107	148	2 320	150	194

White maize market trends (Graph 7)
International:

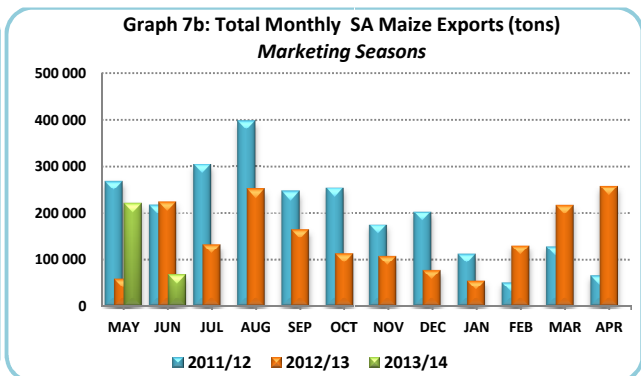
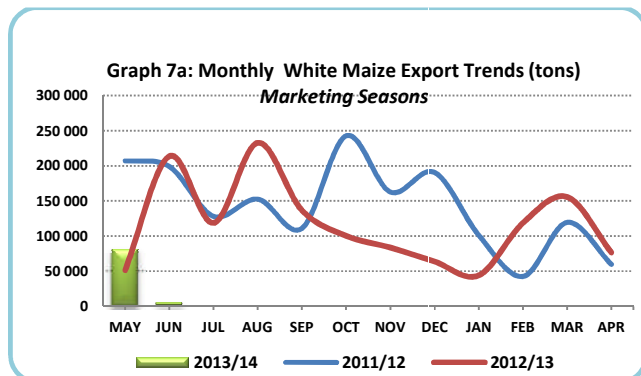
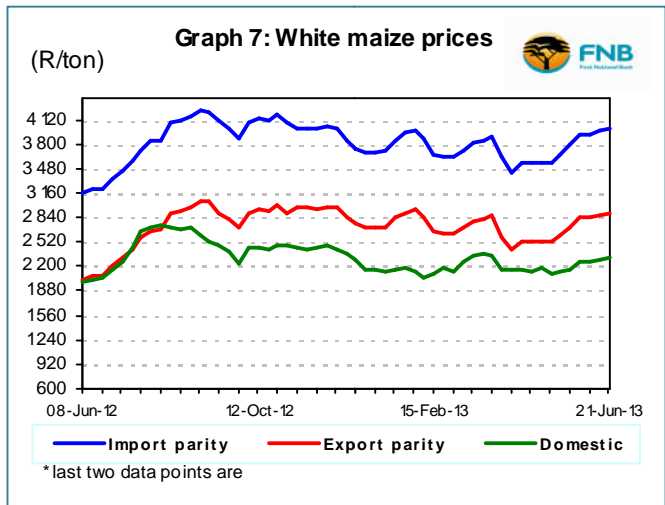
- US white maize spot prices eased marginally lower for the week. Good demand and concerns over rainy weather in areas with outstanding planting helped limit losses.
- The weekly average white maize prices closed at US\$283 per ton, down 0.7% w/w but up 15.3% on last year this time.

Domestic:

- White maize prices trended firmer mainly due to Rand weakness.
- Weekly white maize prices advanced by 0.8% w/w and 13.5% y/y to close at R2,269 per ton.

OUTLOOK

Prices are expected to trend sideways with some upward potential in the short term on Rand weakness.



Source: SAGIS;

White Maize Futures 07 June 2013		Jul-13	Sep-13	Dec-13	Mar-14	May-14		
JSE (R/t) WM ₁		2 308	2 348	2 397	2 401	-		
Calculated White 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
2 340	85	53	2 380	134	102	2 440	209	166
2 300	64	72	2 340	112	120	2 400	186	183
2 260	46	94	2 300	92	140	2 360	165	202

Wheat market trends (Graph 8)
International:

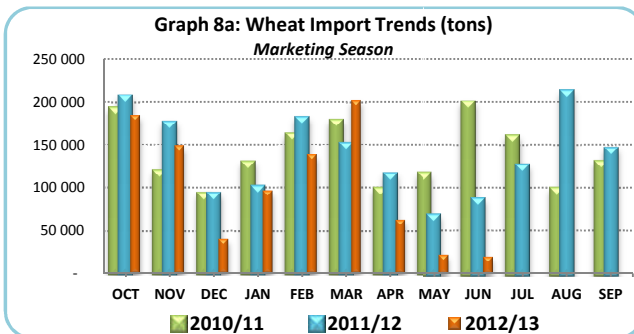
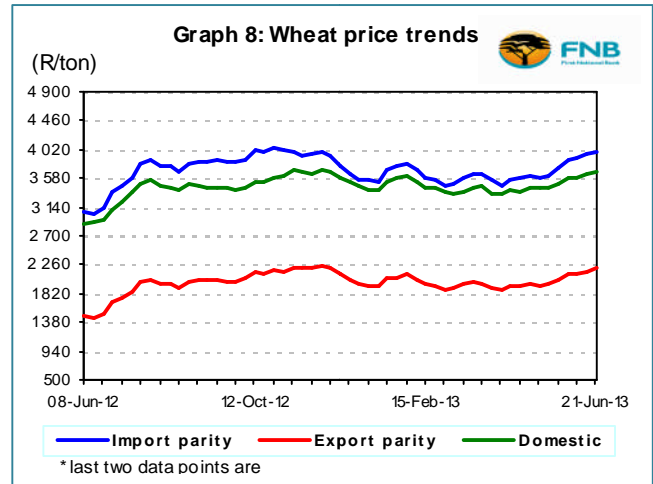
- Wheat prices were steady to lower on bearish export demand and improved winter wheat conditions in the US.
- US weekly export sale came in bearish at 631,700 tons with reported cancellations of 33,200 tons for 2012/13.
- Reports of flooding in Eastern Europe provided added support and helped limit losses.
- The market will come under pressure due to an expected increase in production out of the Black Sea region and Russia.

Domestic:

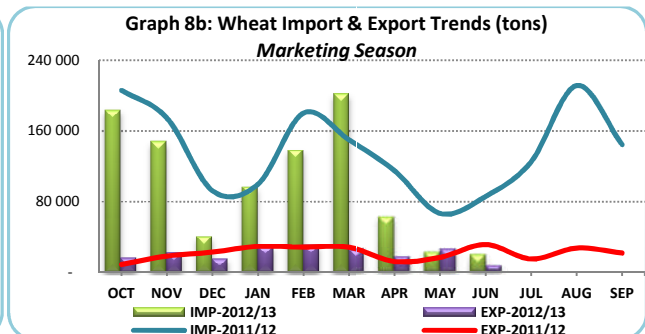
- Wheat prices continued to post strong gains on supportive Rand. The currency remains volatile, trading above R10/US dollar for most of the week.
- Weekly wheat prices closed at R3,585 per ton, up by 0.1% w/w and 32.1% y/y.
- Import sales for the week came in at 19,753 tons and 914,995 for the season to date.

OUTLOOK

Improving weather conditions for the US wheat areas is negative for prices for the short term.



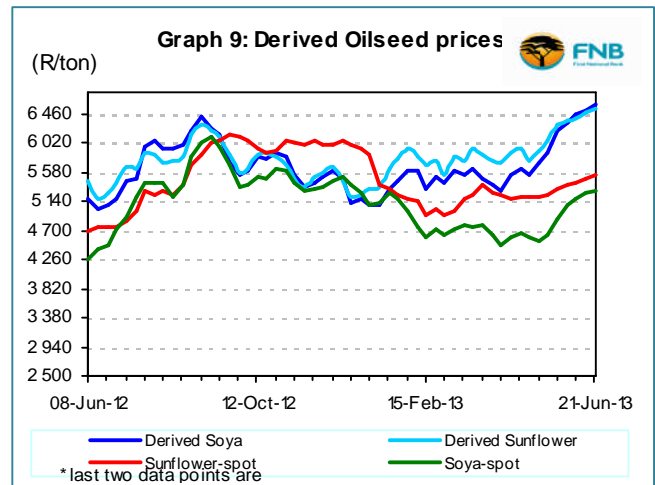
Source: SAGIS;



Wheat Futures 07 June 2013	Jul-13	Sep-13	Dec-13	Mar-14	May-14			
KCBT (\$/t)	270.07	272.86	279.47	284.54	287.56			
JSE (R/t)	3 615	3 565	3 420	3 460	-			
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
3 660	75	30	3 600	172	137	3 460	202	162
3 620	52	47	3 560	151	156	3 420	180	180
3 580	34	69	3 520	131	176	3 380	160	200

Oilseed market trends (Graph 9)
International:

- The soybean complex continued on a positive note with the exception of soyoil.
- Soymeal saw the most gains on strong crush demand, possible planting delays and good export demand.
- However, ideas that soybeans might gain area due to delays in maize plantings provided some pressure on the market.
- Planting window for maize in the US is narrowing and further delays are expected due to rains in outstanding areas.
- Planting progress as of June 2 showed 57.0% complete, which is the slowest since 1996. Both the maize and the soybean plantings are behind trend at this stage.


Domestic:

- Oilseeds traded on the JSE again posted modest gains mainly due to the weaker Rand.
- Weekly sunflower prices steadied at R5,399 per ton, and were 14.9% higher y/y.
- Soybeans were up by 2.2% w/w and 21.6% y/y at R5,184 per ton.

OUTLOOK

Weather and crop developments in the US will continue to influence direction in the short to medium term.

Oilseeds Futures 07 June 2013	Jul-13	Sep-13	Dec-13	Mar-14	May-14
CBOT Soybeans (US \$/t)	561.52	504.86	-	488.84	487.22
CBOT Soya oil (US c/lb)	48.53	48.40	47.94	47.84	47.78
CBOT Soya cake meal (US\$/t)	498.80	456.03	437.18	435.85	434.31
JSE Sunflower seed (R/t)	5 465	5 572	5 675	-	-
JSE Soybean seed (R/t)	5 259	5 315	5 350	-	-

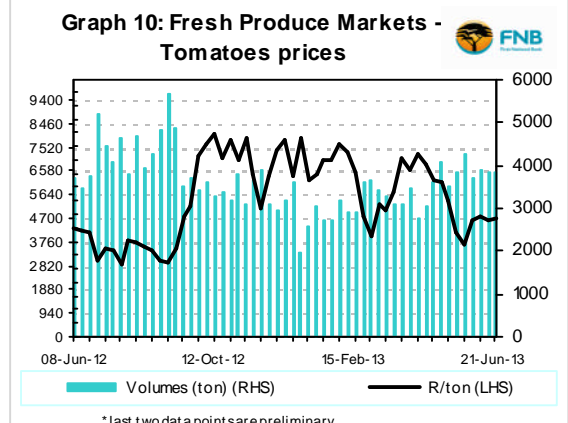
Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)

Jul-13			Sep-13			Dec-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
5 500	147	112	5 620	281	233	5 720	370	325
5 460	126	131	5 580	259	251	5 680	348	343
5 420	106	151	5 540	239	271	5 640	327	362

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

Tomato prices posted modest gains despite increased supplies due to good uptake across most markets. Weekly tomato prices closed up 4.0% w/w and 12.1% y/y at R4,811 per kg. Volumes traded were pegged at 3,892 tons, up 5.5% w/w and 5.0% y/y.

Prices are however expected to trend sideways in the short term on volume pressure and softer uptake.

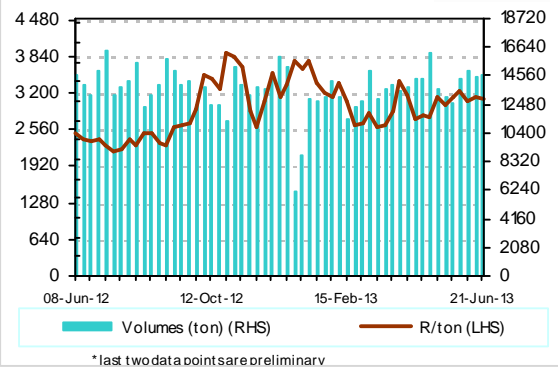


Potatoes

Potato prices reversed recent gains under pressure from increased supplies. Weekly potato prices closed at R3,048 per ton, down 6.1% w/w but still 22.2% higher y/y. Volumes traded came in at 14,921 tons, up 3.8% w/w and 1.8% y/y.

It is expected that prices will trend sideways with limited upward potential on volume pressure.

Graph 11: Fresh Produce Markets - Potatoes prices

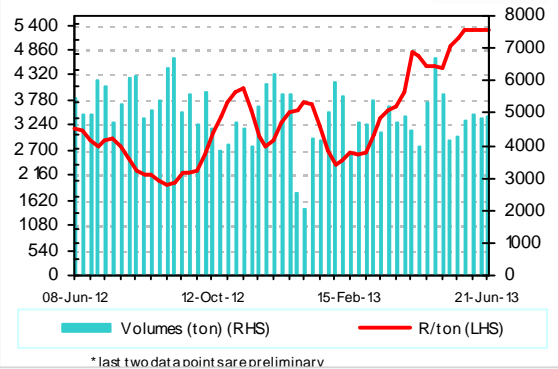


Onions

Onion prices ended marginally higher on improved demand across markets. Weekly onion prices closed at R5,305 per kg, up by 0.1% w/w and 67.1% y/y. Volumes traded were pegged at 4,972 tons, up 4.5% w/w but still down by 8.9% y/y.

It is however expected that prices will ease somewhat in the short term on improved supplies.

Graph 12: Fresh Produce Markets - Onion prices

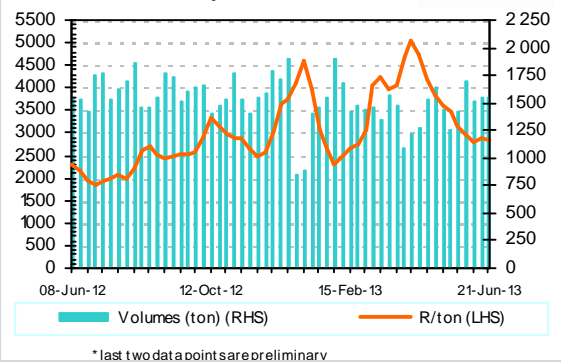


Carrots

Carrot prices extended losses as a result of weak demand across markets. Weekly carrot prices fell by 6.0% w/w but still 22.0% higher y/y at R2,786 per ton. Volumes traded were down by 10.6% w/w and 1.8% y/y, coming in at 1,513 tons.

It is however expected that prices will firm slightly in the short term on moderation in supplies.

Graph 13: Fresh Produce Markets - Carrot prices

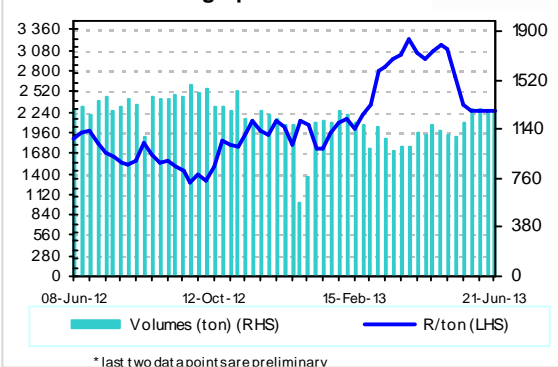


Cabbages

Cabbage prices eased marginally lower as a result of lack of demand across markets. Weekly cabbage prices were down by 0.8% w/w but still 19.1% higher y/y at R2,248 per ton. Volumes traded were almost unchanged w/w, coming in at 1,294 tons, but down by 0.8% y/y.

The short term outlook remains bearish due to softer demand and supply pressure.

Graph 14: Fresh Produce Markets - Cabbage prices



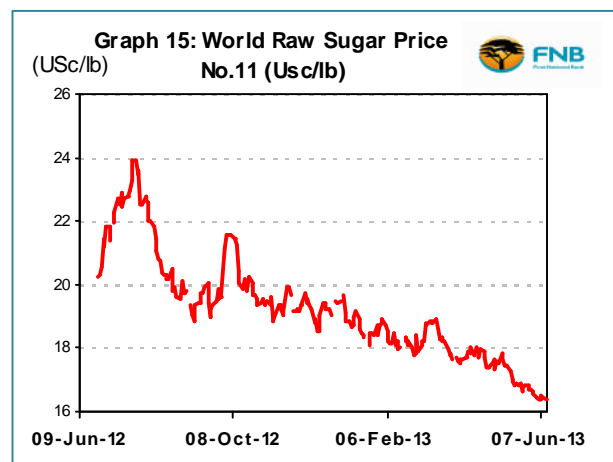
**Vegetable prices: South Africa's Major Fresh Produce Markets.
 (Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 07 June 2013	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	4 811	4.0%	12.1%	3892	5.5%	5.0%
Potato	3 048	-6.1%	22.2%	14921	3.8%	1.8%
Onion	5 305	0.1%	67.1%	4972	4.5%	-8.9%
Carrot	2 786	-6.0%	22.0%	1513	-10.6%	-1.8%
Cabbage	2 248	-0.8%	19.1%	1294	0.0%	-0.8%

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

Sugar market trends (Graph 15)
International:

- International Raw Sugar prices extended recent losses on larger Brazilian harvest and reports that China could cut back on purchases following an increase in stocks.
- On the demand side, the situation is reportedly improving with strong uptake from North Africa and the Middle East as buyers built stocks ahead of Ramadan period.
- Weekly raw sugar prices fell by 1.6% w/w and 15.9% y/y, closing at another record low of US16.42c/lb.
- Futures on the InterContinental Exchange: Raw sugar for Oct-13 fell by 0.2% w/w at US16.77c/lb, Mar-14 was down by 0.4% w/w at US17.70c/lb, and May-14 was down by 0.7% w/w at US17.75c/lb.


Domestic:

According to the Cane Growers Association, the RV price in respect of cane delivered in April was declared at R3,048.0 per ton. The price was R29.87 per ton lower than the previous estimate of the cane delivered in March 2013.

The decline was attributed to a number of factors:

- Increased sugar production (2.364m tons vs. 2.324m tons),
- The lower No.11 world market price (US17.47c/lb. vs. US17.88c/lb.) and a reduced sugar: RV ratio (94.15% vs. 94.49%)

Expectations are for industry to achieve an average export price below US18.00c/lb compared with the average of US25.62c/lb in 2012/13. A sustained Rand/ US dollar weakness will however help cushion the negative impact of the lower world market price.

ICE Sugar Futures 07 June 2013	Oct-13	Mar-14	May-14	Jul-14	Oct-14
Sugar No.11 (US c/lb)	16.77	17.70	17.75	17.81	18.05
% Change w/w	-0.2%	-0.4%	-0.7%	-0.7%	-0.6%

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