

Agri-Weekly

09 August 2013

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Beef market trends (Graph 1)

International:

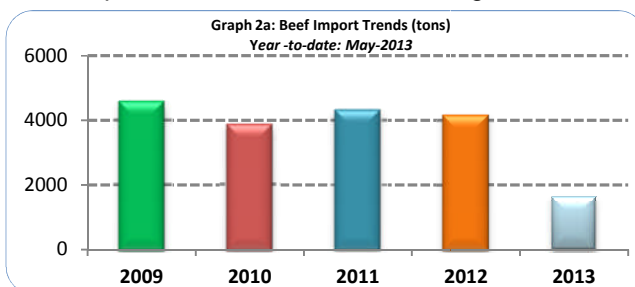
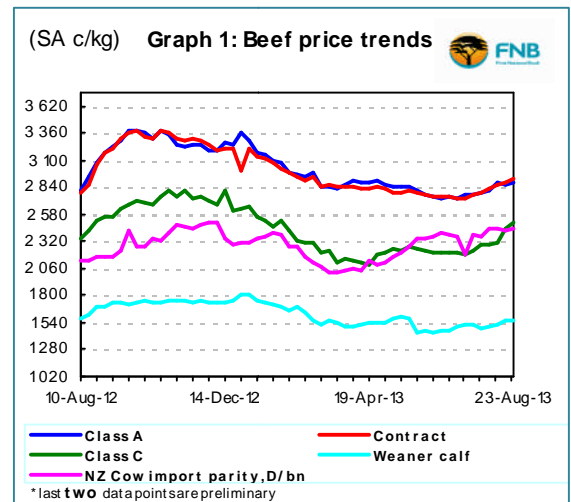
- US lean manufacturing beef prices were steady to weak on moderate demand and increased supplies.
- Market activity on imported beef was reportedly slow with prices mostly lower on weak demand.
- At wholesale, US Boxed beef cutout values ended higher on moderate demand and supplies. Choice beef gained 0.7% w/w and 3.6% y/y at US\$187.92/cwt.
- The CME Feeder Cattle Index increased by 0.5% w/w and 9.8% y/y at US\$150.24/cwt.
- US cattle slaughtered totalled 633,000 head, up 1.3% from last week, but down 1.1% from a year ago. Year to date cattle slaughter reached 19.6m head, down 1.4% y/y.
- In Australia, the cattle market trended higher due to tight supplies. The Eastern Young Cattle Indicator (EYCI) gained 0.6% w/w but still down 15.1% y/y at AU\$3.28/cwt.

Domestic:

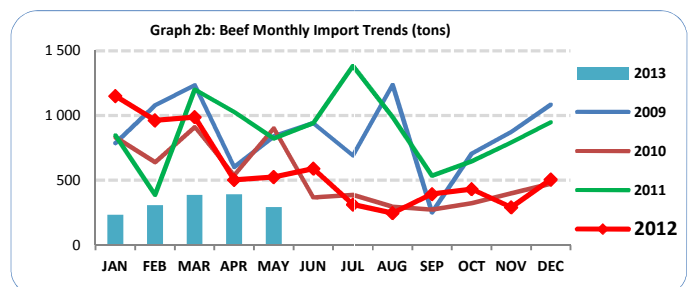
- The beef market saw slight gains ahead of the holiday.
- Weekly Class A beef gained 1.0% w/w and 0.6% y/y to close at R28.16 per kg.
- Contract Class A prices were up by 1.2% w/w and 3.9% y/y at R28.22 per kg.
- Class C beef prices gained 0.3% w/w but still down by 1.3% y/y at R22.93 per kg.
- Weaner calf prices advanced by 0.7% w/w but down by 4.8% y/y at R14.95 per kg live weight.

OUTLOOK

The beef market is expected to trend sideways in the short term, but will bottom out in the medium term on improved seasonal demand during the summer months.



Source: SARS, Own Calculations



Mutton market trends (Graph 2)

International:

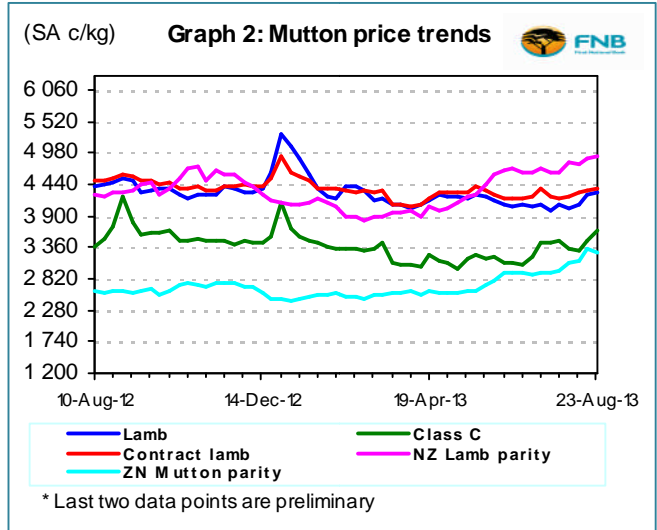
- In New Zealand (NZ), domestic producer prices posted good gains across most categories.
- On the export front, strong seasonal demand due to warmer weather in European markets continues to support the market.
- NZ June exports were reported up 14.0% y/y at a record 28,045 tons swt. Exports for the 2012/13 fiscal year jumped 23.0% y/y at 312,266 tons swt.
- This firmly places NZ as the world largest lamb exporter, well ahead of Australia, at 200,590 tons swt in 2012/13, according to MLA.
- In Australia, the lamb market reversed recent gains and weakened due to improved supplies.
- The Eastern States Trade Lamb Indicator (ESTLI) fell by 1.8% w/w but still up by 16.2% y/y at AU\$4.80/kg cwt.
- In the US, the Lamb Carcass Cutout prices weakened by 0.6% w/w and 17.2% y/y at US\$241.61/cwt.
- US sheep for slaughter were unchanged w/w at 44,000 head, but 7.3% higher y/y. Year-to-date sheep slaughter reached 1.3m head, up by 6.5% y/y.

Domestic:

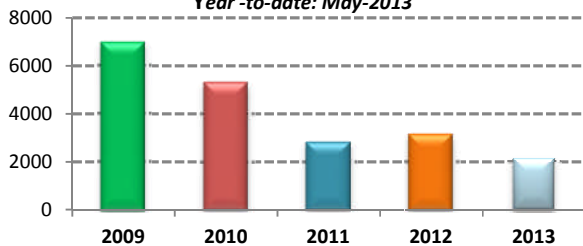
- The lamb and mutton markets ended mixed with gains in contract lamb due to limited supplies across markets.
- Weekly Class A lamb prices fell by 1.7% w/w and 9.1% y/y at R40.12 per kg.
- Contract Class A lamb prices gained 0.7% w/w but still down by 6.0% y/y at R42.35 per kg.
- Mutton prices fell by 4.4% w/w and 4.8% y/y to close at R33.36 per kg.
- Weaner lamb prices fell by 2.5% w/w and 12.3% y/y at R19.63 per kg live weight.

OUTLOOK

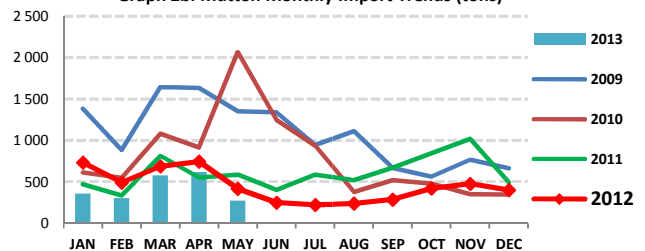
Lamb and mutton markets are expected to trend sideways in the short term with further upward potential as demand improves during the warmer months.



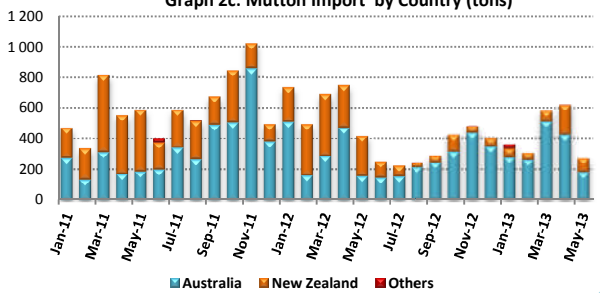
Graph 2a: Mutton Import Trends (tons)
Year-to-date: May-2013



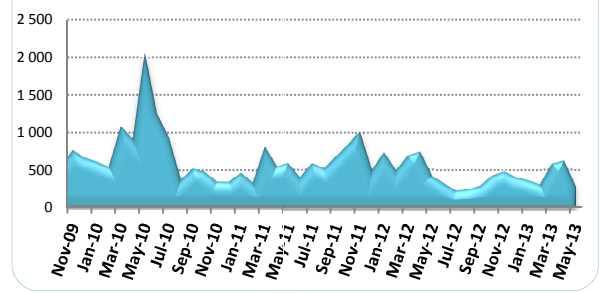
Graph 2b: Mutton Monthly Import Trends (tons)



Graph 2c: Mutton Import by Country (tons)



Graph 2d: Mutton Imports (TONS)



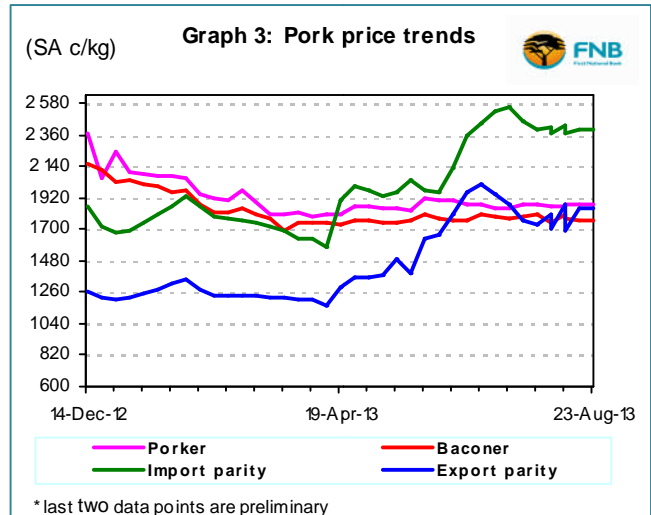
Source: SARS, Own Calculations

Pork market trends (Graph 3)
International:

- The US Pork Carcass (FOB Plant) Cutout prices recovered slightly and closed up 3.1% w/w at US\$104.96/cwt.
- US pigs slaughtered were down by 0.1% w/w and 1.3% y/y at 2.02m head.
- The number of pigs slaughtered for the year-to-date in the US reached 66.1m head, unchanged y/y.

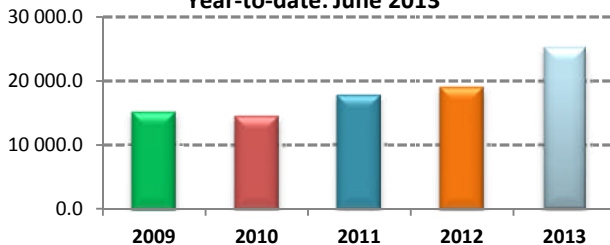
Domestic:

- Pork and baconer prices weakened on limited uptake.
- Weekly porker prices closed at R18.54 per kg, down by 1.4% w/w but still 8.4% higher y/y.
- Baconer prices were down by 3.0% w/w but up 11.5% y/y at R17.53 per kg.
- Pork import parity prices steadied w/w but up 24.3% y/y.
- June saw a sharp increase in pork imports. The monthly pork imports rose sharply by 28.7% m/m and 150.4% y/y at 5,872 tons. This brings the year-to-date figure to 20,591 tons, up 9.7% y/y.
- Major import sources were Germany with 2711 tons(46.2%), Canada with 1902 tons (32.4%), Spain with 521 tons(8.9%), Belgium with 172 tons (2.9%), Denmark with 151 tons (2.6%), and the rest contributing 415 tons (7.1%).

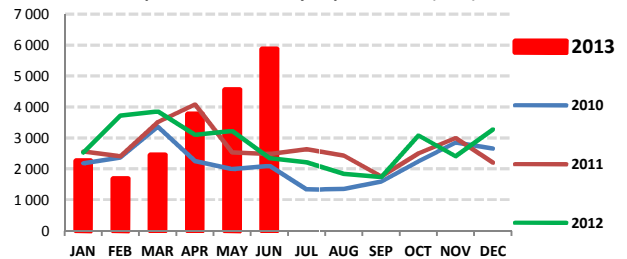

OUTLOOK

Prices are expected to trend sideways to firmer in the medium term on moderation in supplies.

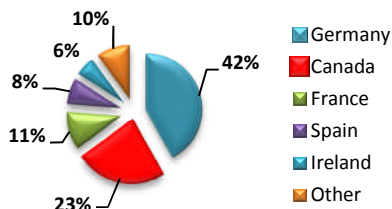
Graph 3a: Pork Import Trends (tons)
Year-to-date: June 2013



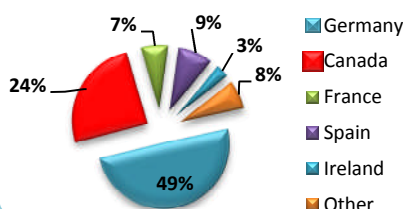
Graph 3b: Pork Monthly Import Trends (tons)



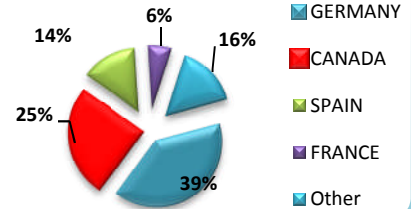
Graph 3c: Imports by Country - 2010



Graph 3d: Imports by Country - 2011



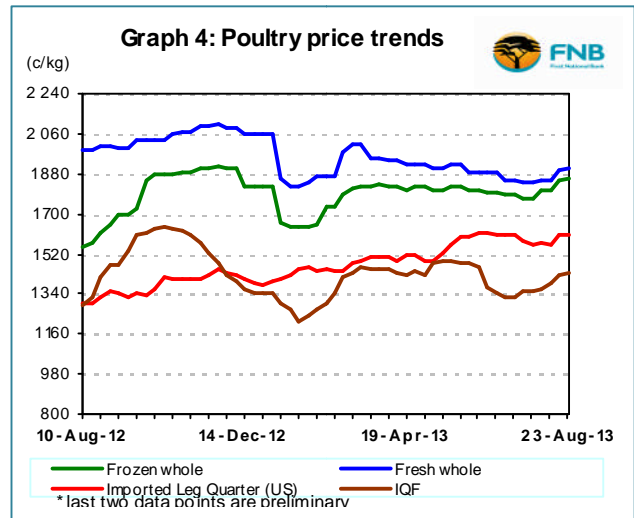
Graph 4e: Imports by Country - 2012



Source: SAPPO, SARS, Own Calculations

Poultry market trends (Graph 4)
International:

- US prices eased lower across the most categories.
- Demand at retail and food service was reportedly light to moderate approaching the weekend.
- Weekly whole bird prices steadied at US106.50c/lb, up 12.4% y/y.
- Leg quarter prices were down 0.6% w/w at US53.50c/lb, but still up by 4.9% y/y.
- Breast cuts closed at US125.00c/lb, down by 0.9% w/w but still 22.1% higher.
- Wing prices were down by 0.3% w/w and 22.9% y/y at US145.00c/lb.
- Weekly US broiler egg sets for the week ended 10 August 2013 came in at 202m, up by 5.0% y/y. Average hatchability for chicks hatched remained at 84.0%. Broiler chick placements came in slightly higher by 2.0% y/y at 166m head.
- Cumulative broiler placements from December 30, 2012 through August 10 2013 were up by 1.0% y/y at 5.28b head.


Domestic:

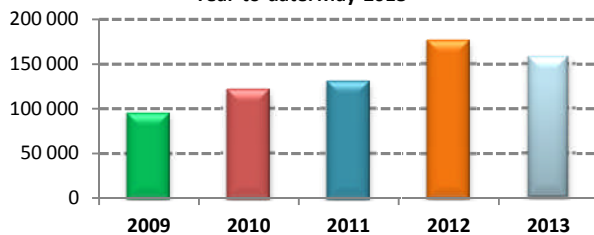
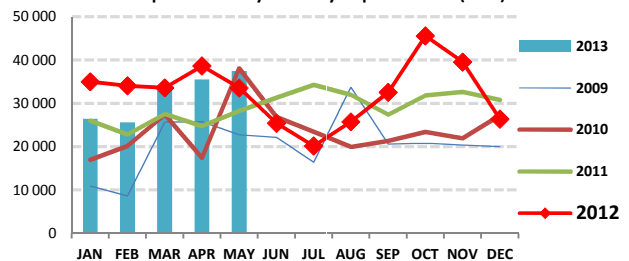
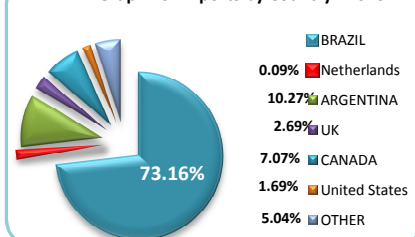
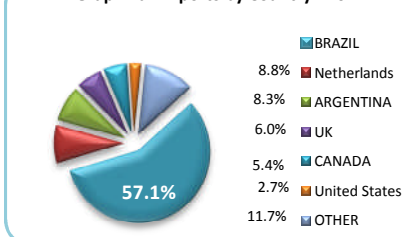
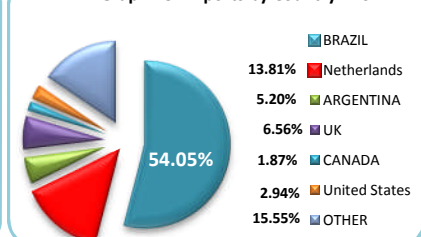
- The broiler market maintained a steady to firmer trend. Market activity was reportedly slow due to the short trading week.
- Weekly frozen whole bird prices closed at R18.04 per kg, unchanged w/w but still up by 16.2% y/y.
- Fresh whole birds steadied at R18.48 per kg, but still down by 7.1% y/y.
- Individually Quick Frozen (IQF) portions gained some momentum and closed at R13.90 per kg, up 1.9% w/w and 8.2% y/y.

OUTLOOK

The market is expected to improve somewhat in the short to medium term due to improved seasonal demand.

Graph 4a: Poultry Import Trends

Year-to-date: May-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

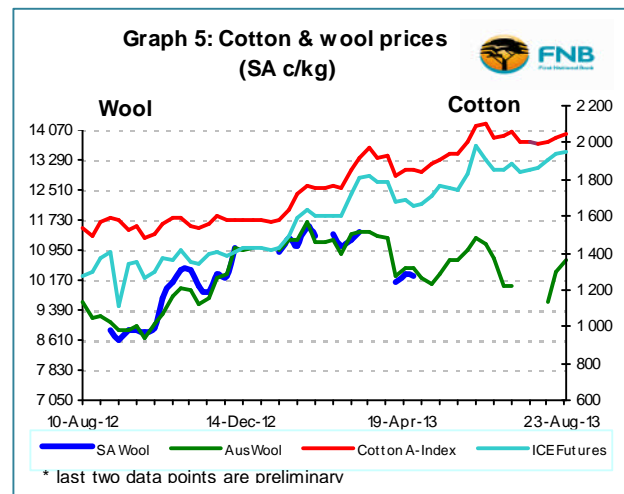
Producer prices for selected livestock commodities 09 August 2013	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh w4hole birds(R/kg)	28.83	41.01	18.62	18.48
Open market: Class C / Baconer / Frozen whole birds(R/kg)	23.06	32.92	17.73	18.04
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	28.58	43.10	18.10	13.90
Import parity price (R/kg)	24.47	31.39	24.25	15.64
Weaner Calves / Feeder Lambs (R/kg)	15.12	20.38		

Wool and cotton market trends (Graph 5)
International:

- Cotton saw slight gains on early week concerns over the cotton crop conditions in the growing areas of the US.
- However, weak demand prospects helped limit further gains.
- The Cotlook A index however advanced by 0.2% w/w and 7.9% y/y at US92.09c/lb.
- Cotton Futures on ICE trended lower across the board: Cotton for Dec-13 gained 6.0% w/w at US90.08c/lb, Mar-14 was up by 5.5% w/w at US87.75c/lb, and Jul-14 gained 2.2% w/w at US85.04c/lb.

Domestic:

- The wool market is closed for the 2012/13 season and the first sale of the 2013/14 season is penned for the 21st August 2013.
- Overall, it was a strong wool season with the market indicator hovering around the R100/kg level. The Rand provided added support at the tail end of the season as it slumped to weakest level since January 2009.
- The final sale saw the wool market indicator Cape Wools Merino closing at R110.31/ kg clean wool, up by 7.5% and 26.3% compared to the season's average and the opening sale respectively.
- Major buyers for the season were Standard Wool SA with a total of 89,479 bales (29.0%), G Modiano SA with 73,347 bales (23.8%), Lempriere SA with 65,845 bales (21.4%), and Stucken & Co with 47,820 bales (15.5%).



Fibre market prices 09 August 2013	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Dec-13 (AU\$/kg)	Australian futures Mar-14 (AU\$/kg)
Wool market indicator (R/kg)	-	89.89		
19 μ long length wool (R/kg)	-	100.50	10.70	10.10
21 μ long length wool (R/kg)	-	96.56	10.30	9.70
23 μ long length wool (R/kg)	-	94.93	9.10	8.50
	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures Dec-13 (US\$/kg)	Cotton Futures Mar-14 (US\$/kg)
Cotton Prices (R/kg)	19.78	2.03	1.98	1.93

Cotton Futures on the InterContinental Exchange (ICE); South Africa –wool season closed.

Yellow maize market (Graph 6)
International:

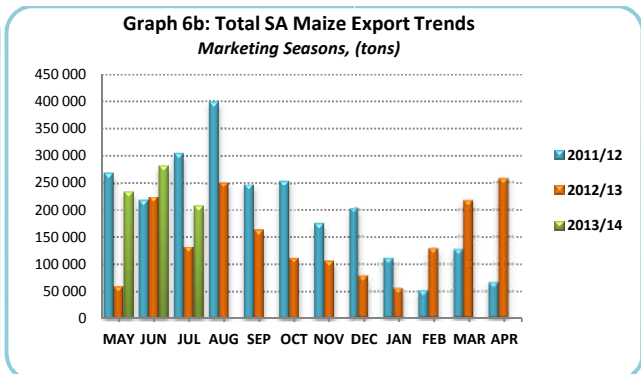
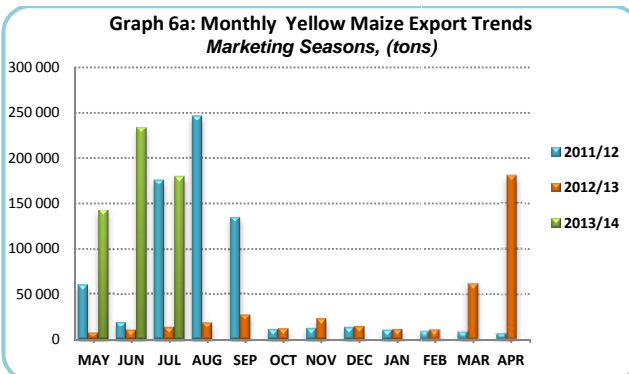
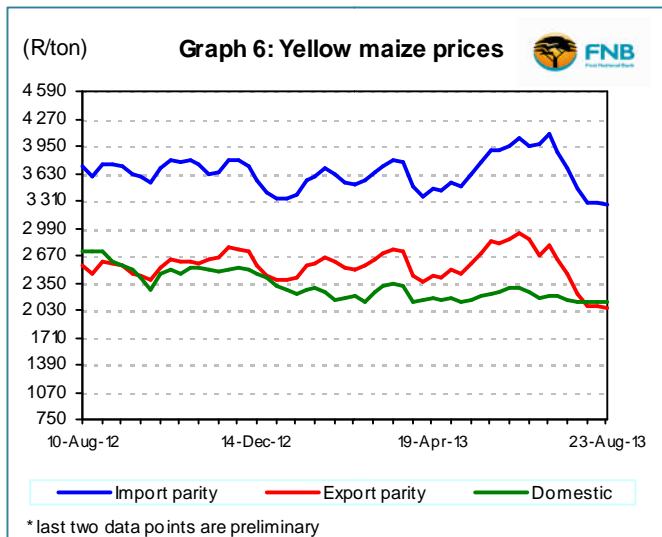
- US yellow maize prices posted sharp declines on the back of improved production conditions as rain and cool temperatures prevailed in the growing areas.
- Weekly ethanol output provided added support, rising by 21,000 barrels per day to 853,000 barrels.
- The US crop progress rating came in at 64.0% good to excellent condition, up 1 point from last week.
- US weekly net export sales were pegged at 290,100 tons for the current marketing year and 220,900 for the next year for a total of 511,000 tons.

Domestic:

- Yellow maize prices extended losses under pressure due to the renewed weakness on international markets.
- Weekly yellow maize prices closed at R2,122 per ton, down by 0.2% w/w and 21.8% y/y.
- Yellow maize export sales were pegged at 68,003 tons and 748,575 tons for the season to date, according to the latest SAGIS report. Total maize exports (WMZ and YMZ) reached 1.01m tons. Major export destinations were Japan (66%), Taiwan (22%), and Korea (7%).

OUTLOOK

Weather developments in the US will continue to dictate price direction in the short to medium term.



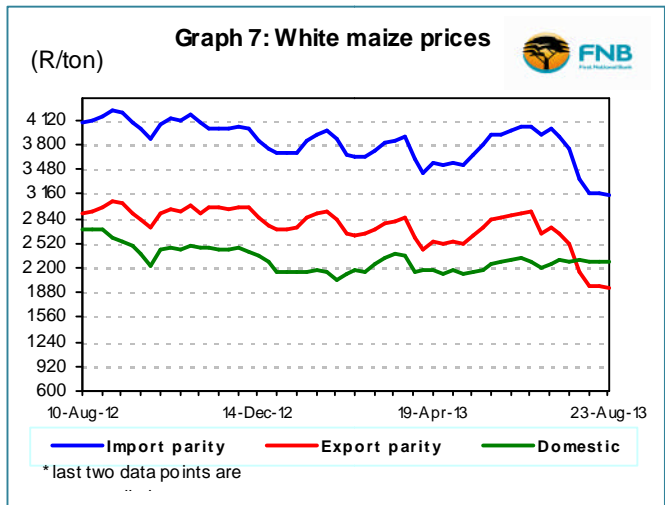
Yellow Maize Futures 09 August 2013	Dec-13	Mar-14	May-14	Jul-14	Sep-14			
CBOT (\$/t)	178.56	183.84	187.15	189.59	191.09			
JSE (R/t)	2 159	2 136	-	2 005	-			
CHICAGO CORN (R/t)	1 844	1 827	-	1 900	1 988			
Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Sep-13			Dec-13			Mar-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2 200	130	89	2 180	218	174	2 040	225	190
2 160	108	107	2 140	195	191	2 000	202	207
2 120	88	127	2 100	174	210	1 960	181	226

White maize market trends (Graph 7)
International:

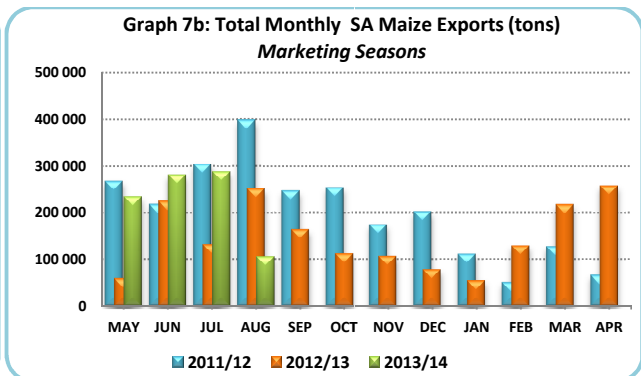
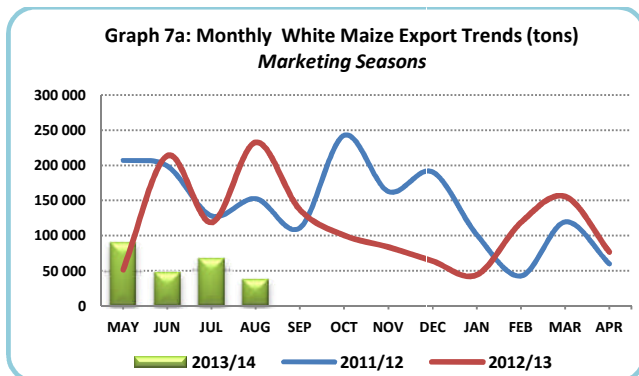
- US white maize spot prices extended losses under pressure due to favourable crop conditions in the maize areas.
- The weekly average white maize prices closed at US\$203 per ton, down by 8.0% w/w and 42.7% y/y.

Domestic:

- White maize prices declined further on spill over pressure from the international market.
- Weekly white maize prices closed at R2,281 per ton, down by 0.8% w/w and 15.7% y/y.
- White maize exports for the week came in at 37,813 tons with season to date figure reaching 263,222 tons. Major export destinations were Mexico (54%), Botswana (16%) and Zimbabwe (8%).


OUTLOOK

Weather developments in the US will continue to dictate price direction in the short to medium term.



Source: SAGIS;

White Maize Futures 09 August 2013	Dec-13	Mar-14	May-14	Jul-14	Sep-14			
JSE (R/t) WM ₁	2 322	2 308	-	2 066	-			
Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Dec-13			Mar-14			Jul-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2 360	131	93	2 340	193	161	2 100	245	211
2 320	109	111	2 300	171	179	2 060	223	229
2 280	90	132	2 260	150	198	2 020	201	247

Wheat market trends (Graph 8)
International:

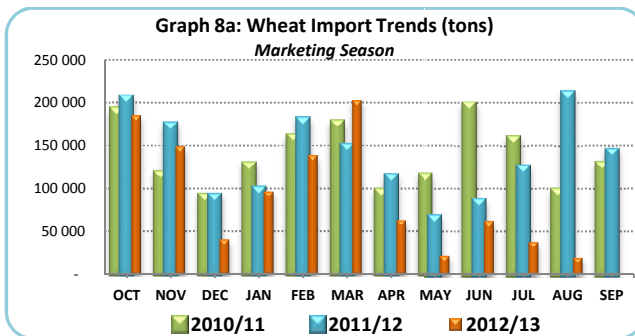
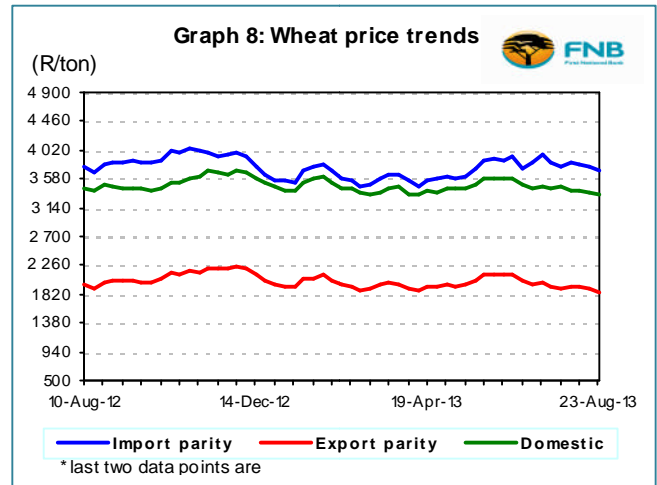
- The wheat market drifted lower on harvest pressure in Europe and spill over weakness from maize markets.
- However good export sales helped limit losses.
- Elsewhere, too much rain was reported in China and may cause damage to the crops.
- In Russia, the wheat production estimates were reportedly reduced due to drought in some areas, but overall production should still be much higher than last year and strong.

Domestic:

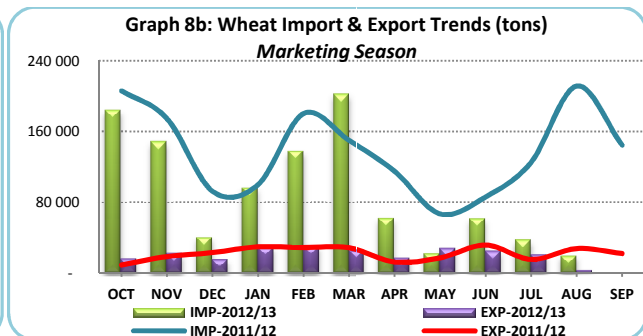
- The wheat market maintained a firmer trend despite weakness on international markets.
- Weekly wheat prices steadied at R3,415 per ton, up by 1.3% y/y.
- Volumes of wheat imports came in sharply higher at 19,737 tons, mainly from Germany (49%) and Russia (51%). This brings the season to date imports to 1.03m tons, with major suppliers being Brazil (22.7%), Ukraine (19.2%), and Australia (18.5%). They are followed by Uruguay (9.8%), Argentina (9.6%), and Russia (8%) and the others (13%).

OUTLOOK

Prices are still expected to come under pressure in the medium term due to the improved world supply outlook.



Source: SAGIS;



Wheat Futures 09 August 2013	Dec-13	Mar-14	May-14	Jul-14	Sep-14			
KCBT (\$/t)	258.46	261.69	262.35	256.62	259.48			
JSE (R/t)	3 325	3 387	-	-	-			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Dec-13			Mar-14			Jul-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3 360	145	110	3 420	245	212			
3 320	123	128	3 380	224	231			
3 280	104	149	3 340	203	250			

Oilseed market trends (Graph 9)
International:

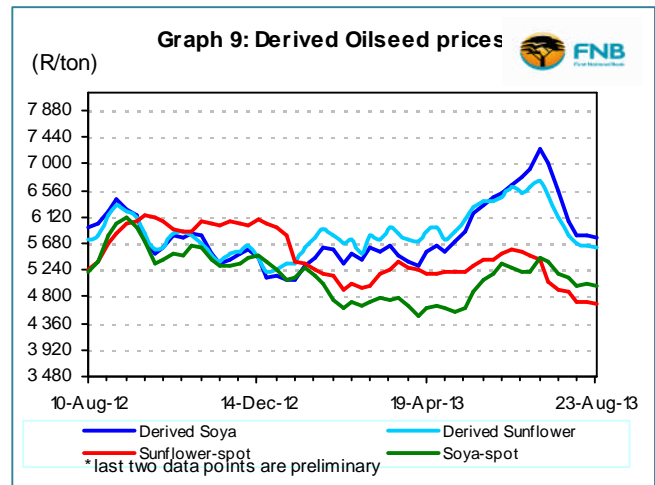
- The soybean complex again saw modest losses on selling pressure and favourable production conditions in the US crop areas.
- Crop condition ratings came in 1 point higher w/w at 64.0% in good to excellent condition.
- US export sales for the soybean complex: Export sales for soybeans were pegged at a total of 1.2m tons, soybean meal at 135,600 tons and soil at 2,500 tons.

Domestic:

- Oilseeds traded on the JSE were down across the board on spill over weakness from the international market.
- Weekly soybean prices fell by 2.2% w/w and 4.1% y/y to close at R4,994 per ton.
- Sunflower prices were again softer, closing down 3.5% w/w and 10.2% y/y at R4,712 per ton.

OUTLOOK

Prices are expected to remain under pressure due to improved weather conditions in the US.



Oilseeds Futures 09 August 2013	Dec-13	Mar-14	May-14	Jul-14	Sep-14
CBOT Soybeans (US \$/t)	-	438.13	438.35	439.90	430.71
CBOT Soya oil (US c/lb)	41.88	42.43	42.74	42.98	43.08
CBOT Soya cake meal (US\$/t)	392.53	396.83	396.06	396.83	392.53
JSE Sunflower seed (R/t)	4 860	4 970	4 830	-	-
JSE Soybean seed (R/t)	4 956	-	-	-	-

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

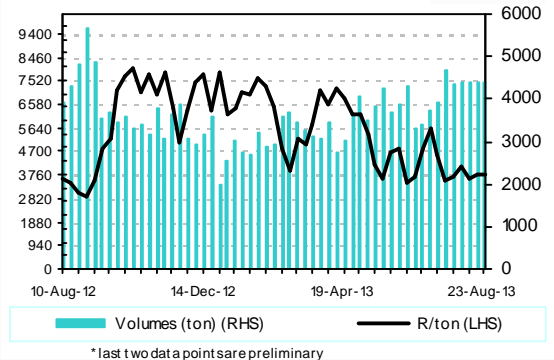
Dec-13			Mar-14			May-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4 900	258	218	5 020	376	326	4 880	415	365
4 860	236	236	4 980	354	344	4 840	393	383
4 820	216	256	4 940	332	362	4 800	371	401

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

Tomato prices posted sharp losses on weak uptake on markets.

Weekly tomato prices closed at R3,591 per ton, down by 12.5% w/w but still up by 0.3% y/y. Volumes traded were pegged at 4,410 tons, up 0.2% w/w and 12.0% y/y.

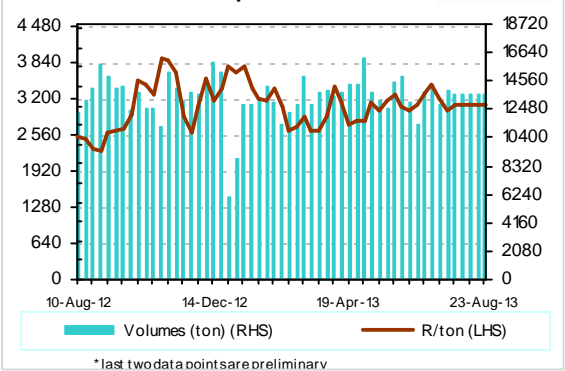
It is expected that prices will trend sideways with limited upward potential on volume pressure.

Graph 10: Fresh Produce Markets - Tomatoes prices

Potatoes

Potato prices eased marginally lower on weak uptake across most markets.

Weekly potato prices were down by 0.1% w/w but still 22.3% higher y/y at R3,065 per ton. Volumes of potatoes traded were pegged at 13,572 tons, up 0.2% w/w and 10.9% y/y.

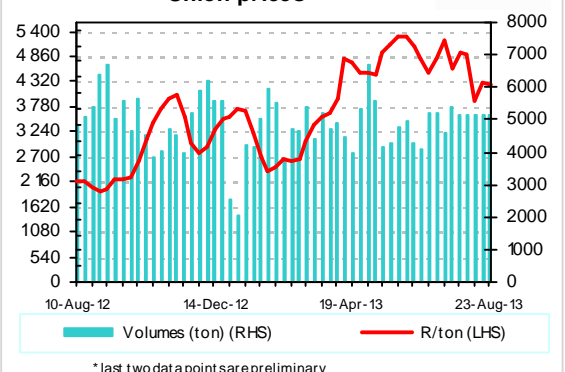
It is expected that prices will trend sideways to lower in the short term on softer uptake.

Graph 11: Fresh Produce Markets - Potatoes prices

Onions

Onion prices posted the biggest losses on the back of softer uptake across markets.

Weekly onion prices dropped by a whopping 20.8% w/w but still 80.0% higher y/y at R3,888 per ton. Volumes traded came in at 5,164 tons, up by 0.3% w/w and 6.4% y/y.

Prices are however expected to improve on moderation in supplies.

Graph 12: Fresh Produce Markets - Onion prices


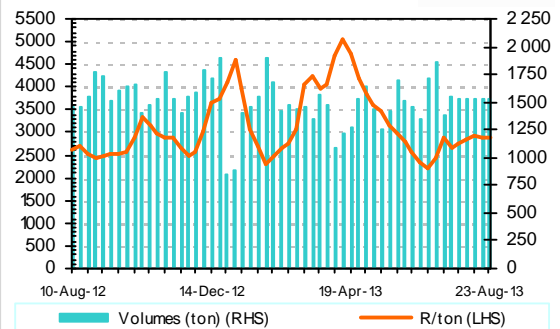
Carrots

Carrot prices extended recent gains on improved uptake across markets.

Weekly carrot prices gained 3.6% w/w and 13.1% y/y to close at R2,938 per ton. Volumes traded were pegged at 1,528 tons, up by 0.4% w/w and 5.0% y/y.

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

Graph 13: Fresh Produce Markets - Carrot prices



* last two data points are preliminary

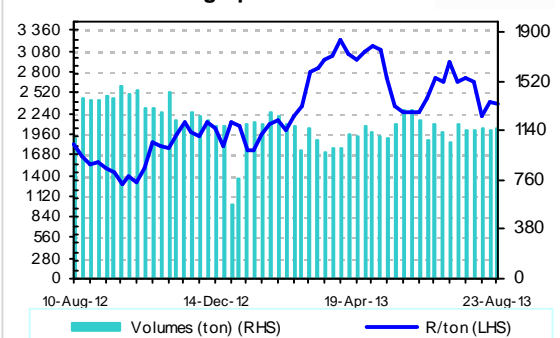
Cabbages

Cabbage prices declined under pressure due to limited uptake across markets.

Weekly carrot prices fell by 17.1% w/w but still 21.8% higher y/y at R2,209 per ton. Volumes traded reached 1,154 tons, up by 0.2% w/w and 6.9% y/y.

Prices are expected to bottom out and increase slightly in the short to medium term on improved uptake.

Graph 14: Fresh Produce Markets - Cabbage prices



* last two data points are preliminary

Vegetable prices: South Africa's Major Fresh Produce Markets.

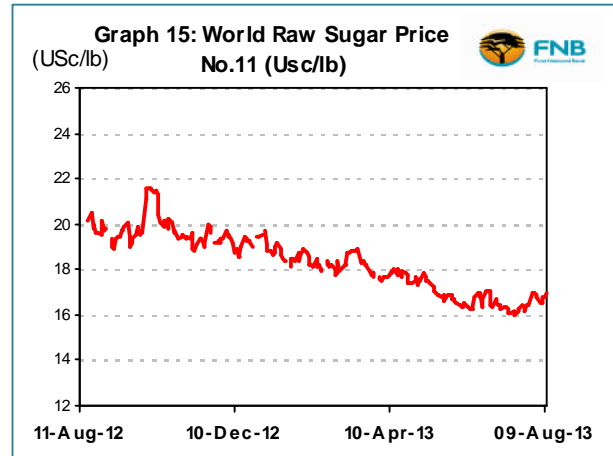
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)

Week ending 09 August 2013	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	3 591	-12.5%	0.3%	4410	0.2%	12.0%
Potato	3 065	-0.1%	22.3%	13572	0.2%	10.9%
Onion	3 888	-20.8%	80.0%	5164	0.3%	6.4%
Carrot	2 938	3.6%	13.1%	1528	0.4%	5.0%
Cabbage	2 209	-17.1%	21.8%	1154	0.2%	6.9%

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

Sugar market trends (Graph 15)
International:

- International Raw Sugar prices eased marginally lower with weather concerns in Brazil helping to limit further losses.
- Meanwhile, Brazil's crop is reported to have been reduced by 2.6m to 40.97m tons.
- The downgrade reflected in part a reduction of 1.8m to 652m tons in the forecast for cane production.
- Elsewhere, production conditions are reportedly good in India which should boost production in the country.
- However, the Brazilian crop is still considered large and will have a downward influence on the market.
- Weekly raw sugar prices fell by 0.9% w/w and but still 21.0% y/y at US16.74c/lb.
- Sugar futures: Raw sugar for Mar-14 gained 0.9% w/w at US17.54c/lb, and May-14 was up 1.0% w/w at US17.45c/lb.


Domestic:

- According to the Cane Growers Association, the RV price in respect of cane delivered in June 2013 was declared at R3,080.93 per ton. The price was R16.45 per ton higher than the previous estimate of the cane delivered in May.
- The increase was attributed to a number of factors:
 - The benefit derived from the favourable R/\$ exchange rates related to export sugar that was contracted during the past month, which helped to boost the expected revenue from export sugar.
 - There was a decline in the cane production estimate but the improved sugar:RV ratio (94.48% vs. 94.35%) resulted in an increase in gross sugar production (2.390m tons vs. 2.383m tons).

ICE Sugar Futures 09 August 2013	Mar-14	May-14	Jul-14	Oct-14	Mar-15
Sugar No.11 (US c/lb)	17.54	17.45	17.35	17.57	18.02
% Change w/w	0.9%	1.0%	0.8%	0.7%	0.8%

Disclaimer:

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