

Agri-Weekly

18 January 2013

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Beef market trends (Graph 1)

International:

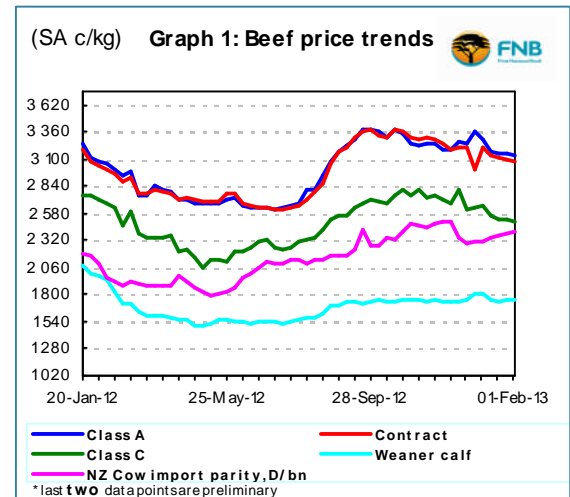
- US lean manufacturing beef prices ended firm to higher on moderate demand despite heavy supplies. Market activity on imported beef was reportedly slow with prices trending mostly sideways.
- At wholesale level, US boxed beef cutout values were steady to weak on light to moderate demand and moderate supplies. A weakening futures market and declining live cattle prices added downward pressure on the market.
- US beef production was again forecast higher largely due to heavier carcass weights. According to the latest USDA World Agricultural Supply and Demand Estimates (WASDE) Report, the US 2012 beef production was forecast slightly higher with exports raised based on recent trade data but are unchanged for 2013. The import forecast was lowered for both 2012 and 2013 as global supplies of beef are expected to remain relatively tight.
- Elsewhere, the Mercosur countries' exports are reported to have risen substantially during 2012 on the back of growing demand across the world and weaker currencies which enhanced their competitiveness on international markets.
- Brazilian exports were reported up 15.0% y/y at 945,482 tons, mostly to Russia which accounted for 27.0% of sales. Paraguayan export sales reached 185,102 ton, with a 142.0% y/y increase of 130,031 tons to Russia. Uruguayan exports were up 12.0% y/y at 253,798 tons. However, Argentina was the exception and posted a sharp decline in exports during 2012 due to policy bias favouring the domestic market. Exports for the 11 months of 2012 fell 22.0% y/y to 110,845 tons.

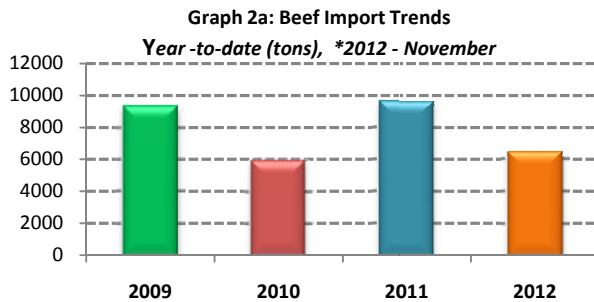
Domestic:

- On the domestic front, a combination of sluggish demand conditions and a slight improvement in supplies weight heavily on the market. This saw prices extending losses across the board.
- In the product category, weekly Class A beef prices fell by 0.6% w/w and 2.9% y/y to close at R31.50 per kg. Contract Class A beef was down by 1.0% w/w and 2.6% y/y, closing at R31.07 per kg.
- In the case of Class C beef, prices fell by 1.2% w/w and 8.4% y/y and closed at R25.27 per kg.
- Weaner calf prices posted a marginal decline of 0.3% and were down by 16.0% y/y at R17.38 per kg live weight.

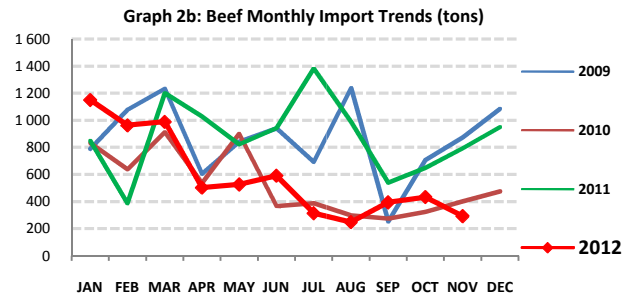
OUTLOOK

The beef market is expected to remain under downward pressure in the short to medium term due to the seasonal decline in demand.





Source: SARS, Own Calculations



Mutton market trends (Graph 2)

International:

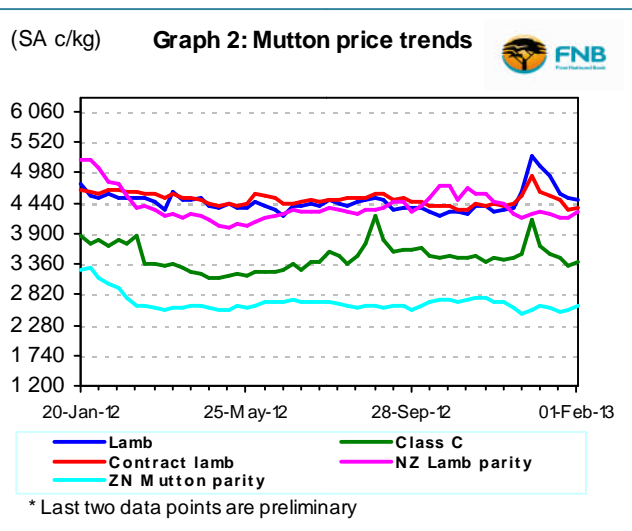
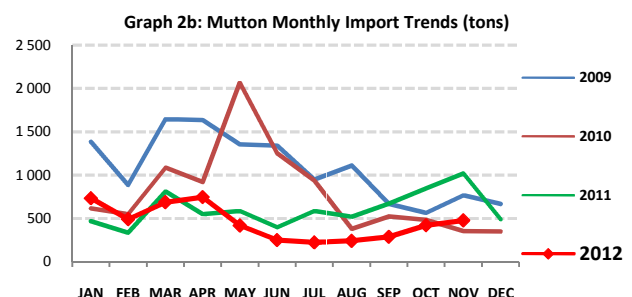
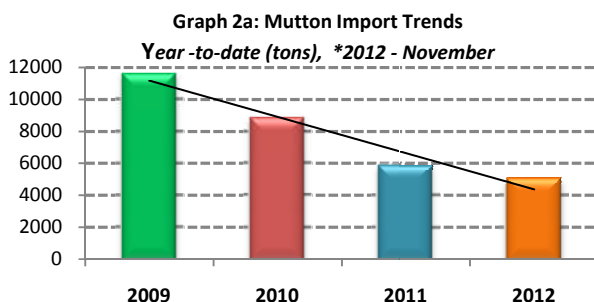
- In New Zealand (NZ), producer prices extended losses with weekly lamb prices closing down 0.7% w/w and 33.0% y/y at NZ\$82.70 per head. On the export market, prices are reportedly steady on improved Chinese demand but downward pressure remains in the EU and US markets.
- According to AgriFax, the latest data out of Europe indicates that New Zealand filled just 70% of its allocated 228,000 tons sheep meat quota in 2012. In 2011 80% of the quota was filled, while in 2010 that figure stood at 86%. In 2011, trade was limited by reduced availability of the product out of New Zealand, but in 2012 the drop was virtually entirely due to a drop in demand.
- In Australia, the market resumed to full production with weekly sheep slaughter reaching a record 148,300 head. However, the physical markets were a bit on the downside with an 11.0% w/w drop in supplies and the Eastern Trades Lamb Indicator (ESTLI) ending slightly firmer by 0.9% w/w but still 3.1% lower y/y at AU\$3.34 per kg cwt.

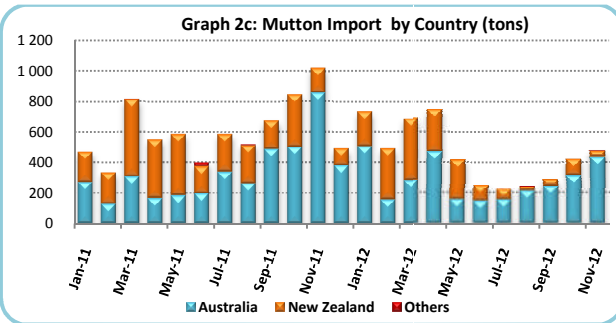
Domestic:

- We saw a further decline in prices across all categories as a result of weaker demand on markets.
- The weekly Class A lamb prices fell by 5.9% w/w and 3.3% y/y to close at R46.15 per kg. Contract Class A lamb fell by 1.6% w/w and 3.5% y/y, closing the week at R45 per kg.
- Weekly mutton prices also trended lower, closing down by 1.3% w/w and 9.7% y/y at R34.83 per kg.
- After posting sharp losses last week, feeder lamb prices steadied at R20.50 per kg live weight but still 7.5% lower y/y.

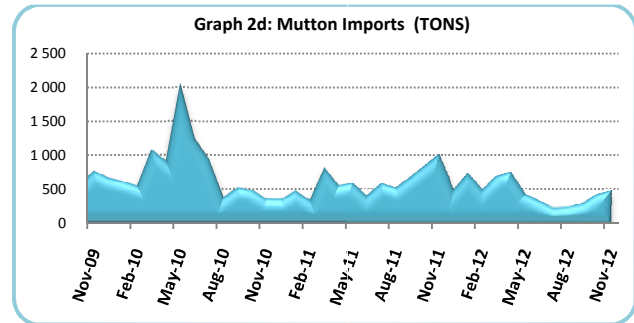
OUTLOOK

It is expected that the market will retain the softer trend under pressure due weaker demand.





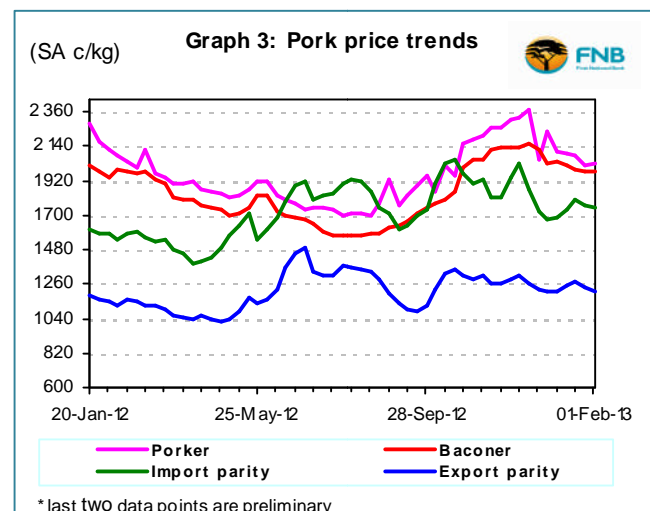
Source: SARS, Own Calculations



Pork market trends (Graph 3)

International:

- US domestic pork prices regained some ground and ended firmer across most categories. However, higher volumes helped limit further gains.
- Ribs were the exception, finishing marginally lower. Weekly rib prices were down by 0.2% w/w and 15.6% y/y, closing at US\$123.15/cwt.
- Carcass prices closed at US\$83.79/cwt, up by 0.4% w/w but still 1.6% lower y/y.
- Loins gained 0.7% w/w and closed at US\$88.62/cwt, but were still 9.9% lower y/y.
- Hams were the biggest gainer, up by 1.4% w/w and 2.9% y/y at US\$65.70/cwt.
- Meanwhile, the USDA's December 28 Quarterly Hog and Pigs report estimated that the pig crop for the last half of 2012 was about the same as 2011, while indicating producers plan to farrow 1.0% fewer sows during the first half of 2013 relative to 2012.
- However, continued growth in pigs per litter in 2013 is expected to more than offset the decline in intended farrowings.
- The US 2013 pork production came in slightly higher m/m in the January WASDE report, which is attributable to slightly higher expected carcass weights. The 2012 and 2013 pork export were raised from December estimates due to the expected greater availability of pork and continued firm demand.

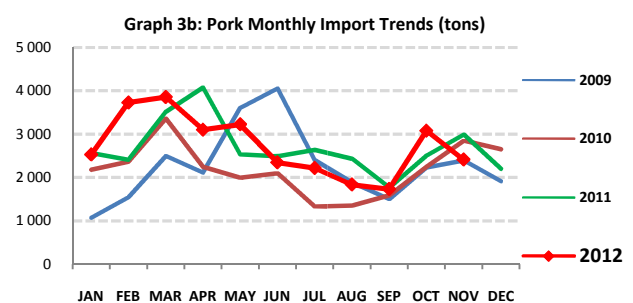
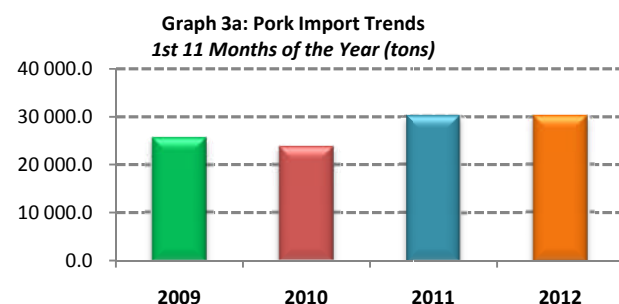


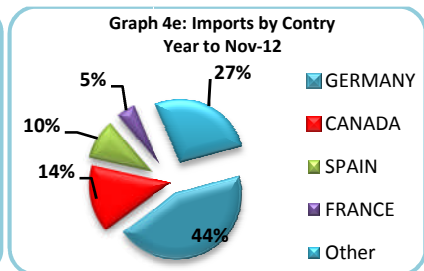
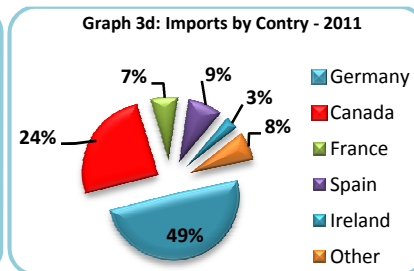
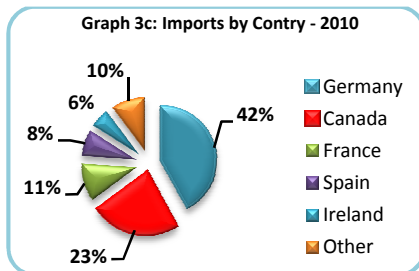
Domestic:

- The market saw further losses as a result of weaker demand associated with post December holidays.
- Weekly porker prices eased lower by 0.7% w/w and 9.3% y/y, closing at R20.78 per kg.
- Baconer prices fell by 1.3% w/w and 1.3% y/y, coming in at R19.96 per kg.
- Import parity prices however ended higher by 3.2% w/w and 12.2% y/y, due to the combined effect of a weaker Rand/ US dollar exchange rate and better international prices.

OUTLOOK

It is expected that prices will remain under pressure and move sideways to lower on moderation in demand.





Source: SAPPO, SARS, Own Calculations

Poultry market trends (Graph 4)

International:

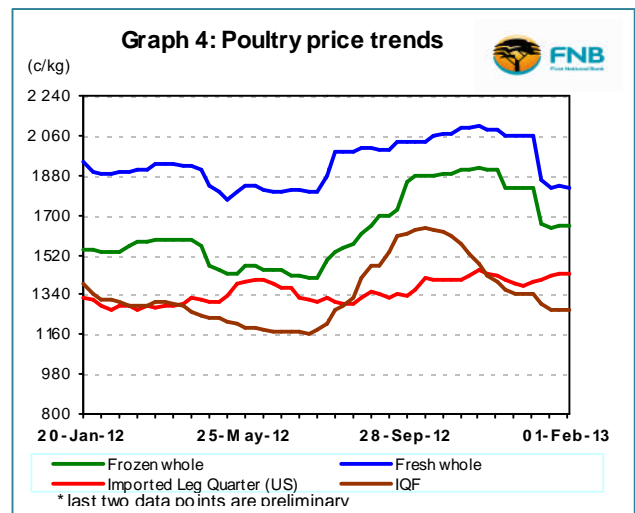
- US domestic prices extended recent gains on moderate to good demand at retail and food service. Supplies were reportedly light to heavy, mostly moderate for current trade needs.
- Weekly whole bird prices gained 0.4% w/w and 9.7% y/y to close at US99.17c/lb. Drumsticks closed the week at US70c/lb, up 1.8% w/w and 0.7% y/y.
- Weekly leg quarter prices were the exception, closing down 0.2% w/w and almost unchanged y/y at US53.67c/lb. Breast cuts closed at US103.83c/lb, up by 1.8% w/w and 19.1% y/y.
- Wing prices gained 2.2% w/w and were 8.2% higher y/y at US197c/lb.
- In the latest USDA WASDE report, US Broiler production was increased as higher forecast broiler and lower soybean meal prices are expected to enhance sector profitability. Hatchery data are pointing towards a higher-than-previously forecast production and bird weights have increased.
- According to the Weekly USDA Broiler Hatchery report, broiler eggs set for the week ended 12 January 2012 increased by 2.0% y/y to 197m. Average hatchability for chicks hatched was 85.0%. Broiler chick placements were up 1.0% y/y at 165m head. The expected number of broilers available for marketing during the week ending 23 February 2013 was estimated at 151m head, up 1.7% w/w but slightly down on last year by almost 1.0%.

Domestic:

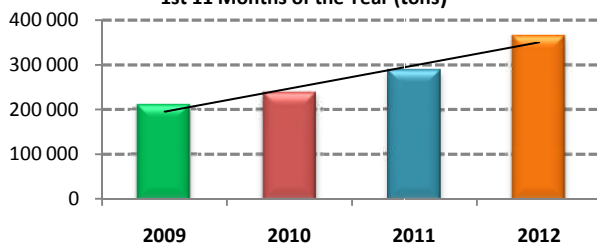
- It was another week of a decline in poultry prices, as demand slipped further. Prices have been trending lower since Oct-Nov 2012 on the back of higher volumes and increased import competition.
- Weekly frozen whole bird prices closed at R16.44 per kg, falling by 0.9% w/w but still 6.4% higher y/y.
- Fresh whole bird prices fell by 1.8% w/w and 6.3% y/y, closing the week at R18.23 per kg.
- Individually Quick Frozen whole bird prices closed at R12.68 per kg, down 2.2% w/w and 8.6% y/y.
- Import parity prices strengthened on the back of a weaker Rand despite lower international prices. Weekly import parity prices closed up by 1.5% w/w and 7.5% y/y.

OUTLOOK

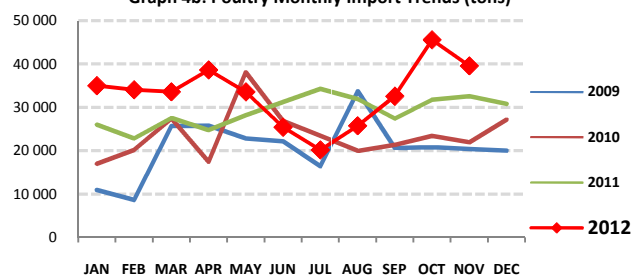
Prices are expected to trend sideways with limited upward potential in the short to medium term due to weak demand.

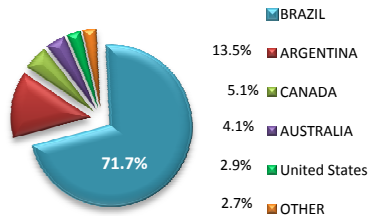
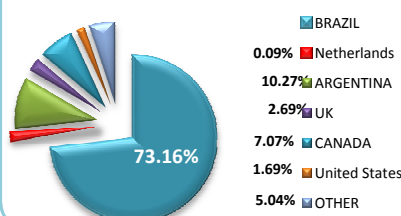
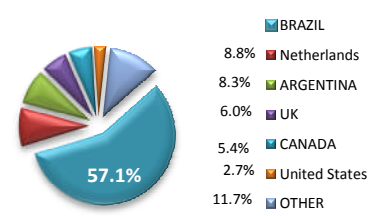


Graph 4a: Poultry Import Trends
1st 11 Months of the Year (tons)



Graph 4b: Poultry Monthly Import Trends (tons)



Graph 4c: Imports by Country - 2009

Graph 4d: Imports by Country - 2010

Graph 4e: Imports by Country - 2011


Source: SARS, Own Calculations

Producer prices for selected livestock commodities 18 January 2013	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	31.50	46.15	20.78	18.23
Open market: Class C / Baconer / Frozen whole birds(R/kg)	25.27	34.83	19.53	16.44
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	31.07	45.00	19.96	12.68
Import parity price (R/kg)	23.75	25.18	17.99	14.27
Weaner Calves / Feeder Lambs (R/kg)	17.38	20.50		

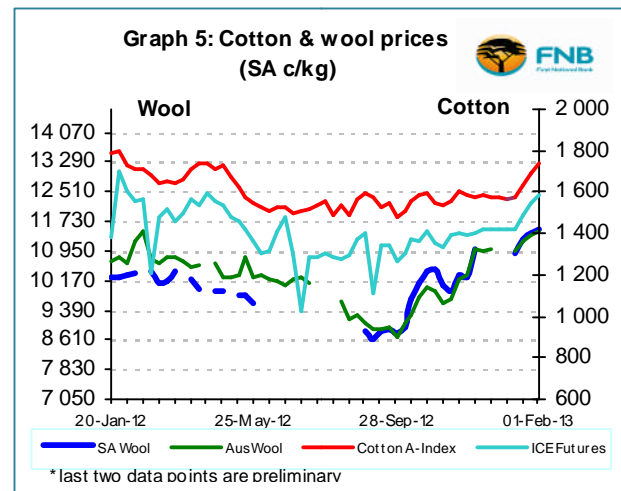
Wool and cotton market trends (Graph 5)

International:

- Cotton prices posted marginal gains on positive economic news out of the US and improved export prospects following the dismal auction of Chinese stocks. The cotton Index values reached US84.34c/lb, up 1.2% w/w but still 16.9% lower y/y.
- USDA raised its 2013 world cotton production and ending stocks estimates to 25.9m tons and 17.8m tons respectively in the January report. Production increase is expected in China (+2m to 33.5m tons), with the rest of the world producers unchanged from the December estimate.
- Cotton futures on the InterContinental Exchange (ICE) rebounded and closed higher: Cotton for Mar-13 gained 4.0% w/w at US78.55c/lb, May-13 was up by 3.0% w/w at US78.67c/lb, and Oct-13 was 1.2% higher w/w at US78.99c/lb.
- Wool: In Australia, the wool market reversed last week's gains and softened slightly with the Eastern Market Indicator reaching AU\$11.105 per kg clean wool. This is down 0.5% w/w and 7.1% y/y. Volumes offered were pegged at 58,189 bales with sales of 91.7%.

Domestic:

- The wool market posted modest gains on improved demand and supportive Rand. The weekly Cape Wools Merino indicator increased by 3.2% w/w and 9.6% y/y to close at R112.49 per kg clean wool. This is 15.1% and 28.8% higher than the current season's average and the opening sale respectively.
- Sales reached 98.0% of the 15,380 bales on offer.
- Major buyers were Standard Wool SA with 4,093 bales (26.6%), G Modiano SA with 3,722 bales (24.2%), Lempriere SA with 3,632 bales (23.6%), Stucken & Co with 1,976 bales (12.9%) and Segard Masurel SA with 1,012 bales (6.6%).



Fibre market prices 18 January 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)	112.49	112.00		
19μ long length wool (R/kg)	124.28	121.98	12.00	11.80
21μ long length wool (R/kg)	111.59	112.91	10.90	10.70
23μ long length wool (R/kg)	106.21	110.44	9.50	9.30

	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)	16.30	1.86	1.73	1.74

Cotton Futures on ICE;

Yellow maize market (Graph 6)

International:

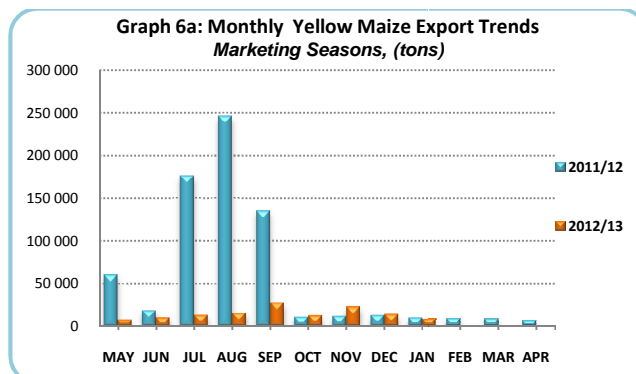
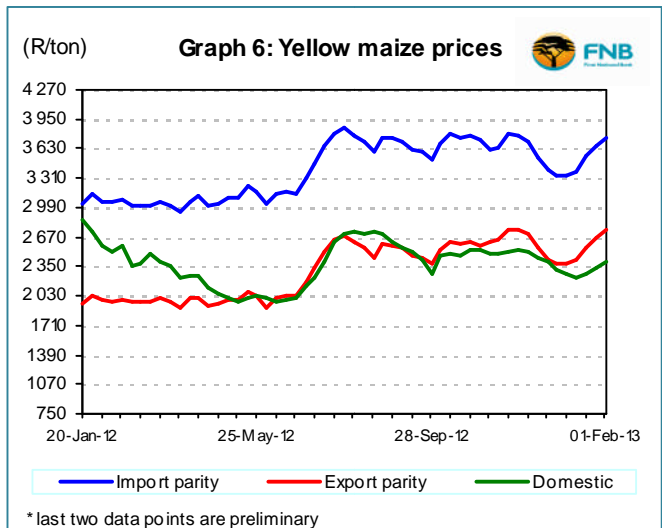
- US yellow maize prices extended recent gains on the back of the tight supply outlook from last week's USDA report. Gains were however limited due to weak export demand and record low ethanol output.
- Weekly utilization for ethanol was reported at 2.1m tons, down 5.1% w/w with ethanol output of 784,000 barrels per day and stocks sitting at 20.4m barrels.
- The improved weather outlook for South America added to the weaker tone.
- Meanwhile, a private analyst firm *Informa* is reported have raised its 2013 planting estimates for US crop by 0.3% from December to 40.2m hectares. This is 2.2% higher than the earlier USDA estimate.
- In Argentina, reports indicate that they will release another 3.0m tons of export quotas for this crop year and the government has already freed 15.0m tons for the 2012/13 export for season.

Domestic:

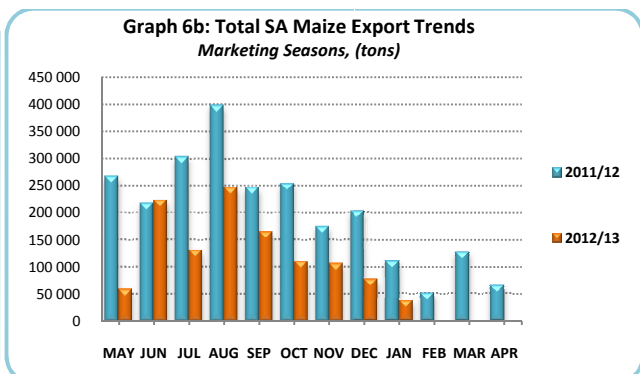
- Yellow maize prices maintained the recent uptrend on the spill over support from the international market and renewed Rand weakness.
- Weekly yellow maize prices closed at R2,269 per ton, up by 2.3% w/w and 20.8% y/y. Import parity prices finished higher, up 4.9% w/w and 16.9% y/y.
- Weekly export sales came in at 2,504 tons, which brings the cumulative sales for the 2012/13 marketing season to 127,501 tons.
- YM maize futures on the JSE were up across the board: YM Maize for Mar-13 delivery gained 11.4% w/w (+R237/t), May-13 was 6.1% higher w/w (+R124/t), Jul-13 was 1.6% w/w (R34/t), and Sep-13 was 0.4% higher w/w (+R8/t).

OUTLOOK

Maize prices should trend firmer in the short term on supportive Rand. Weather conditions will be critical for price direction going forward as crops enter the critical growth phase and the extent of planted area is known.



Source: SAGIS



Yellow Maize Futures 18 January 2013	Mar-13	May-13	Jul-13	Sep-13	Dec-13
CBOT (\$/t)	286.60	287.30	284.23	241.68	232.62
JSE (R/t)	2 317	2 159	2 099	2 124	2 155
CHICAGO CORN (R/t)	2 557	2 575	2 567	2 211	2 146

Calculated Yellow 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
2 200	148	107	2 140	167	126	2 160	193	157
2 160	126	125	2 100	144	143	2 120	171	175
2 120	105	144	2 060	124	163	2 080	150	194

White maize market trends (Graph 7)

International:

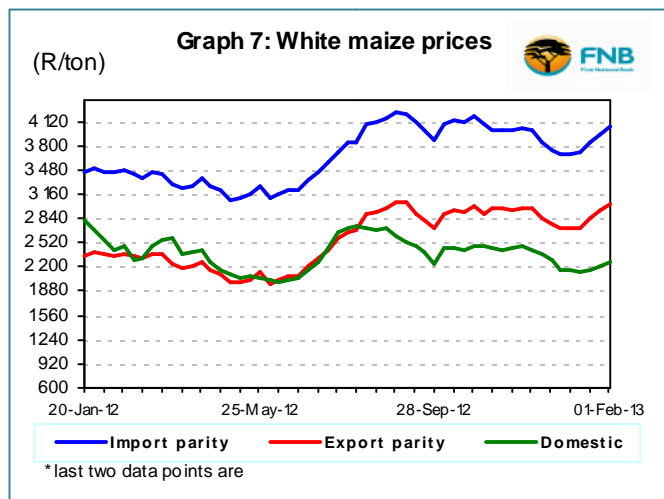
- US White maize spot prices regained ground and closed higher on spill over gains in the grain complex.
- The weekly average white maize prices closed at US\$318 per ton, up by 2.4% w/w and 8.8% y/y.

Domestic:

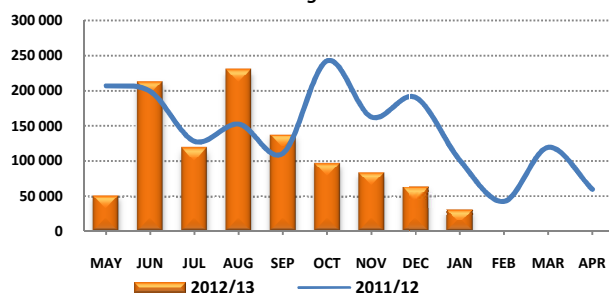
- White maize prices reversed last week's losses and moved marginally higher on supportive Rand and spill over gains from CBOT.
- Production conditions have improved somewhat in the growing areas due to recent rains.
- Weekly white maize prices advanced by 0.7% w/w but still 23.7% lower y/y, closing at R2,150 per ton.
- Weekly white maize export sales came in at 11,696 tons, with total sales for the season reaching 1.03m tons. Cumulative maize export sales for the 2012/13 season reached 1.17m tons (White and Yellow maize).

OUTLOOK

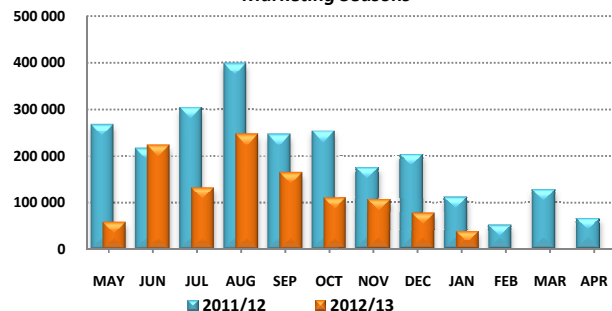
Maize prices should trend firmer in the short term on supportive Rand. Weather conditions will be critical for price direction going forward as crops enter the critical growth phase and the extent of planted area is known.



Graph 7a: Monthly White Maize Export Trends (tons)
Marketing Seasons



Graph 7b: Total Monthly SA Maize Exports (tons)
Marketing Seasons



White Maize Futures 18 January 2013	Mar-13	May-13	Jul-13	Sep-13	Dec-13			
JSE (R/t) WM ₁	2 181	2 071	2 046	2 074	2 115			
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	139	90	2 080	164	130	2 120	195	149
2 080	116	107	2 040	142	148	2 080	172	166
2 040	96	127	2 000	122	168	2 040	151	185

Wheat market trends (Graph 8)
International:

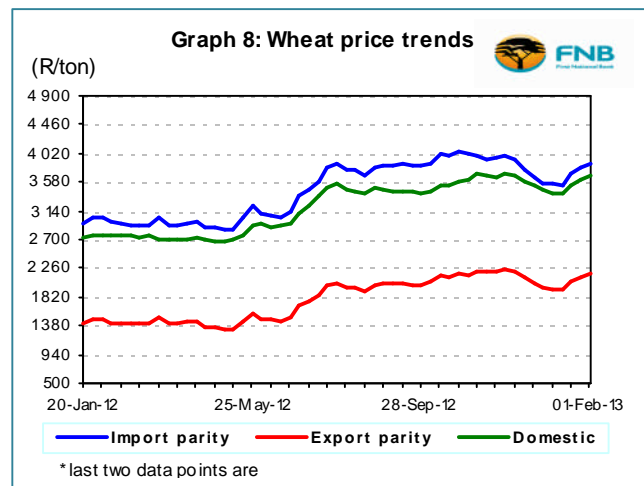
- Wheat saw further gains on weather concerns and increased world demand. Conditions for the winter wheat crops in the US remain an issue as weather in the Great Plains remained very dry.
- Meanwhile, private analyst firm *Informa* reportedly raised its estimate of US wheat area by 0.21m ha y/y to 22.76m hectares. Winter wheat plantings were up 0.2m to 16.92m hectares.
- USDA lowered its US wheat ending stocks for 2012/13 by 1m from last month to 19.49m tons.
- Feed and residual use is projected at 9.5m tons, up 1.0m tons as December 1 stocks, reported in the January Grain Stocks, indicate higher-than-expected disappearance during September-November.
- On the world front, wheat supply estimates for 2012/13 are seen lower based on reduced production prospects in Argentina and lower reported production in Russia. World production is expected to reach 654.31m tons, down by 0.8m tons compared to the December 2012 estimate. Production for Argentina and Russia was pegged at 11.0m (-0.5m) and 37.7m (-0.3m) tons respectively.

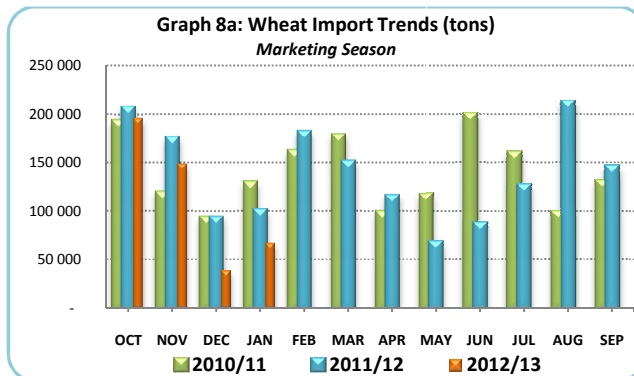
Domestic:

- Wheat posted a modest recovery on Rand support and spill over gains from Chicago. The Rand was weaker against the US dollar, averaging R8.79/US\$.
- Weekly wheat prices gained 4.0% w/w and 33.5% y/y at R3,539 per ton.
- Import parity prices strengthened, closing up by 4.6% w/w and 22.4% y/y.
- Import sales for the week came in at 30,972 tons, which brings the cumulative year to date imports to 441,243 tons. Major import sources are Ukraine (30.7%), Argentina (16.4%), Russia (15.3%), Australia (11.7%), and Germany (9.3%).
- Wheat futures on the JSE were up across the board: Wheat for Mar-13 increased by 4.3% w/w (+R151/t), May-13 gained 4.6% w/w (+R164/t), Jul-13 was up 4.5% w/w (+R160/t), and Dec-13 was up 1.5% w/w (+R51).

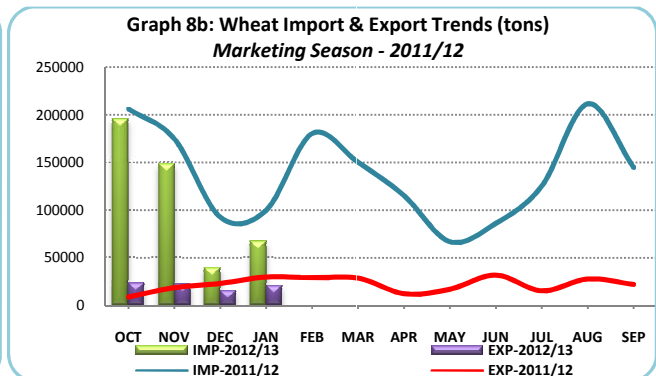
OUTLOOK

Local prices are expected to trend higher on the back of gains on the international market with the renewed Rand weakness providing further support.





Source: SAGIS;



Wheat Futures 18 January 2013	Mar-13	May-13	Jul-13	Sep-13	Dec-13			
KCBT (\$/t)	310.02	313.52	316.36	320.31	324.63			
JSE (R/t)	3 625	3 694	3 720	-	3 491			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
May-13			Jul-13			Dec-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3 740	190	144	3 760	234	194	3 540	378	329
3 700	168	162	3 720	212	212	3 500	356	347
3 660	148	182	3 680	191	231	3 460	334	365

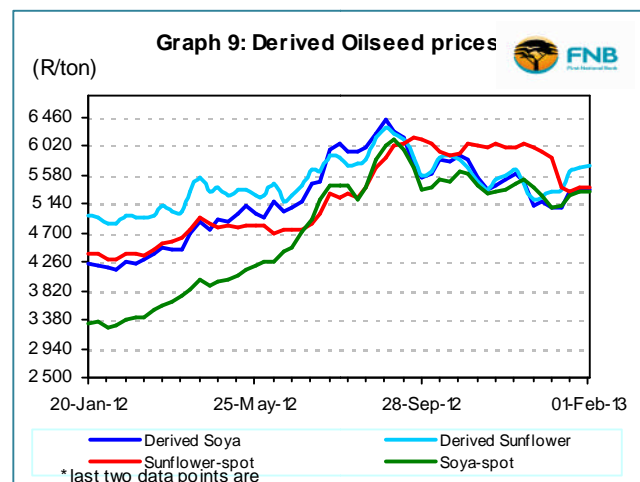
Oilseed market trends (Graph 9)

International:

- Prices ended higher across the soybean complex with the biggest gainer being soyoil.
- In South America, growing conditions were reportedly good in southern Brazil with dryness in Argentina. Rain is however needed for some parts of Argentina that are too dry.
- On the export market, weekly US sales were bullish with a total of 1.61m tons.
- Planting intentions: private analyst firm Informa pegged US soybean area at 31.9m hectares, down 74 thousand ha below their previous estimate.
- In the latest USDA WASDE report, US Soybean production is estimated at 82.1m tons, up 1.2m tons due to increased yields and harvested area.
- Soybean for crushing was pegged at 43.68m tons (up by 1.0m tons), reflecting higher projected domestic soybean meal consumption and increased soybean meal exports. Soybean meal domestic consumption is raised in line with projected gains in meat production, especially for pork and poultry.
- Soybean ending stocks for 2012/13 were pegged at 3.7m tons (+0.1m tons).
- World soybean production came in at 269.4m tons, up 1.7m tons with gains in the United States and Brazil only partly offset by a lower projection for Argentina.
- In South America, the Brazil soybean crop was raised by 1.5m tons to a record 82.5m while that for Argentina was reduced by 1.0m to 54.0m tons due to lower projected area resulting from excessive moisture throughout much of the central growing area.

Domestic:

- Oilseeds traded on the JSE were again mixed with sunflower extending losses on improved production conditions. Soybeans saw modest gains supported by Rand weakness and strength on international markets.



- Weekly sunflower prices were down by 0.9% w/w but still 21.3% higher y/y at R5,332 per ton. Soybean prices advanced by 3.3% w/w and 59.3% y/y at R5,274 per ton.
- Futures on the JSE: Sunflower for Mar-13 gained 4.7% w/w (+R220/t), May-13 was up 6.2% w/w (+R275/t), and Jul-13 was up 6.4% w/w (+R290/t).
- Soybeans for Mar-13 gained 5.9% w/w (+R270/t), May-13 was up 6.7% w/w (+R285/t), and Jul-13 was up 7.1% w/w (+ R305/t).

OUTLOOK

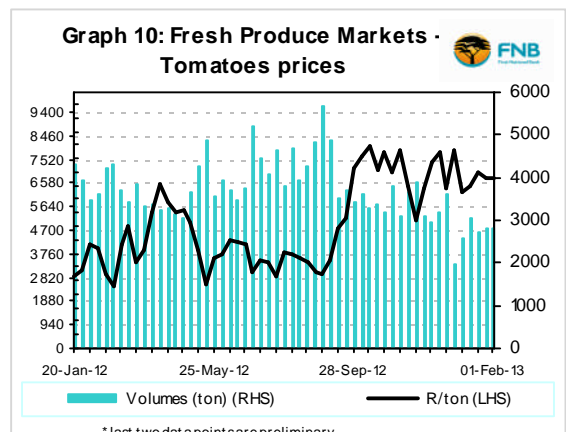
Prices are expected to trend sideways with some upward potential on spill over gains on international markets due to increased demand for soymeal.

Oilseeds Futures 18 January 2013	Mar-13	May-13	Jul-13	Sep-13	Dec-13
CBOT Soybeans (US \$/t)	525.14	520.51	518.09	490.90	-
CBOT Soya oil (US c/lb)	57.40	57.68	57.57	56.52	56.39
CBOT Soya cake meal (US\$/t)	450.18	445.44	434.86	398.15	397.05
JSE Sunflower seed (R/t)	4 910	4 705	4 790	-	4 805
JSE Soybean seed (R/t)	4 820	4 529	4 590	-	-

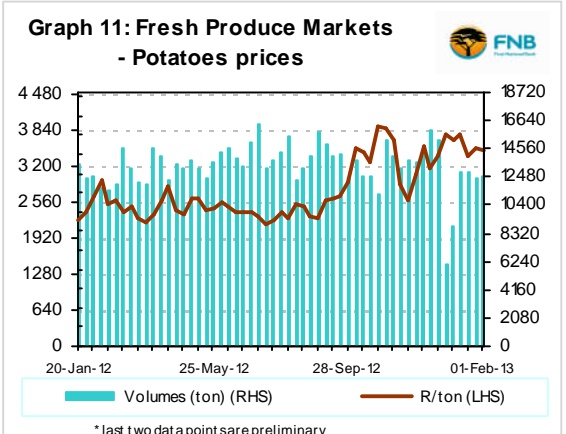
Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
May-13			Jul-13			Dec-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4 740	315	280	4 840	399	349	4 840	546	511
4 700	294	299	4 800	377	367	4 800	524	529
4 660	273	318	4 760	356	386	4 760	502	547

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

Tomato prices increased sharply supported by reduced volumes across most markets. Weekly tomato prices increased by 9.7% w/w and 147.1% y/y, closing at R7,037 per ton. Volumes traded fell by 10.5% w/w and 36.8% y/y, coming in at 2,726 tons. It is expected to trend sideways with limited upward potential during midmonth.


Potatoes

The potato market posted modest losses as demand slipped during midmonth. Weekly potato prices decreased by 10.1% w/w but were still 50.5% higher y/y at R3,367 per ton. Volumes were down across most markets with the exception of Durban and Cape Town. Weekly volumes of potatoes traded decreased by 0.7% w/w and 5.4% y/y at 12,751 tons.



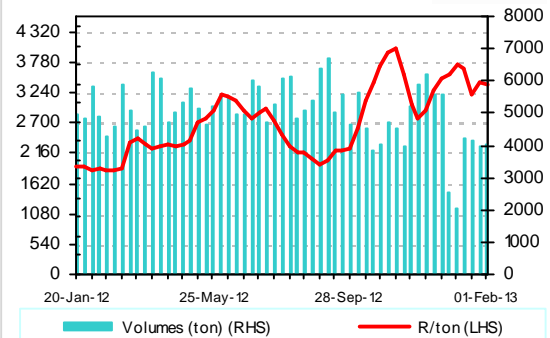
Prices are however expected to move sideways with some upside potential due to moderation in supplies.

Onions

Onion prices extended recent losses due to limited uptake on markets. Weekly onion prices decreased by 12.4% w/w but still 66.3% higher y/y at R3,217 per ton. Volumes of onions traded decreased by 1.3% w/w and 16.8% y/y, coming in at 4,142 tons.

Prices are expected to recover marginally in the short term on moderation in volumes.

Graph 12: Fresh Produce Markets - Onion prices

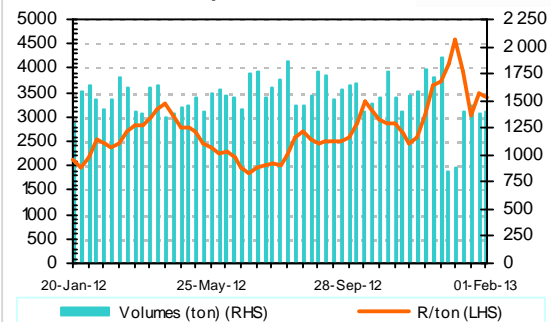


Carrots

Carrot prices retained the recent downtrend under pressure due to increased supplies and softer demand. Weekly carrot prices closed at R3,049 per ton, down by a whopping 22.8% w/w but still 43.7% higher y/y. Volumes traded were pegged at 1,459 tons, up 4.2% w/w and 12.5% y/y.

It is expected that prices will improve slightly in the short term on moderation in supplies. However, softer demand will limit further gains.

Graph 13: Fresh Produce Markets - Carrot prices

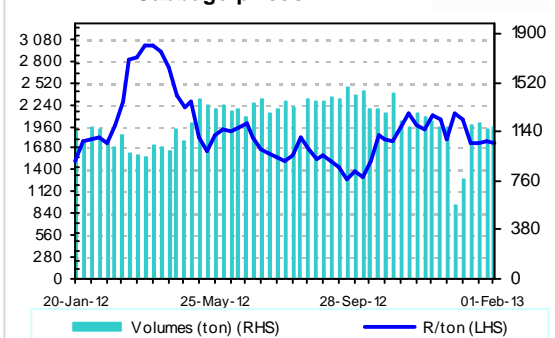


Cabbages

Cabbage prices closed the week marginally lower due to abundant supplies on markets. Weekly cabbage prices closed at R1,731 per ton, down by 0.3% w/w but still up by 14.6% y/y. Volumes traded came in at 1,205 tons, up by 1.2% w/w and 5.5% y/y.

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

Graph 14: Fresh Produce Markets - Cabbage prices



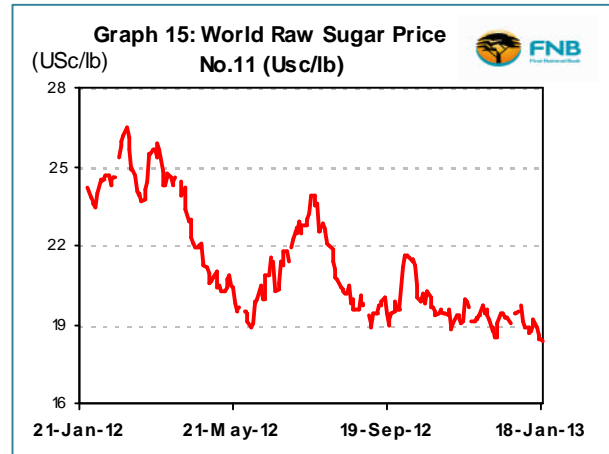
**Vegetable prices: South Africa's Major Fresh Produce Markets.
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 18 January 2013	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	7 037	9.7%	147.1%	2726	-10.5%	-36.8%
Potato	3 367	-10.1%	50.5%	12751	-0.7%	-5.4%
Onion	3 217	-12.4%	66.3%	4142	-1.3%	-16.8%
Carrot	3 049	-22.8%	43.7%	1459	4.2%	12.5%
Cabbage	1 731	-0.3%	14.6%	1205	1.2%	5.5%

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

Sugar market trends (Graph 15)
International:

- Raw Sugar prices extended losses on indications of ample world supplies and increased production out of Brazil. Higher production in Brazil, improving supplies out of India and Thailand remain bearish factors the market.
- Weekly average raw sugar prices fell by 1.7% w/w and 23.8% y/y to close at US18.55c/lb.
- According to the USDA World Supply and Demand Estimates (WASDE), projected US sugar supply for fiscal year 2012/13 is increased by 152,000 short tons, raw value, from last month, due to higher beginning stocks and production. Sugar production in Louisiana is increased 150,000 tons based on processors' estimates. Contributing factors to Louisiana's large sugar crop include ideal planting and growing weather conditions for sugarcane, improved varieties, and lack of significant freezes during harvest. Sugar use was unchanged.
- Raw Sugar futures on InterContinental Exchange (ICE): Raw Sugar for May-13 fell by 4.3% w/w at US18.52c/lb, Jul-13 was down by 4.0% w/w at US18.84c/lb, and Mar-14 was down by 3.3% w/w at US19.93c/lb.


Domestic:

- According to the Cane Growers Association, the December 2012 RV price in respect of cane delivered in November 2012 was declared at R3 163.78 per ton. The price was R3.19 per ton higher than the previous price (cane delivered in October 2012). The key contributor to the increased price was the sharp drop of 43,757 tons in sugar production. The lower sugar:RV ratio (93.83% vs. 94.06%) impacted negatively on the price.
- Despite the fact that the weighted average No. 11 price increased (24.39 USc/lb vs. 23.70 USc/lb) the net effect was negative because of the requirement to roll over the overpriced tonnage to the 2013/14 season. This situation occurred after the steep decline in the crop estimate had overshot the crop buffer and thus resulted in the industry being in an overpriced situation.

ICE Sugar Futures 18 January 2013	May-13	Jul-13	Oct-13	Mar-14	May-14
Sugar No.11 (US c/lb)	18.52	18.84	19.26	19.93	19.90
% Change w/w	-4.3%	-4.0%	-3.6%	-3.3%	-2.9%

Disclaimer:

Although everything has been done to ensure the accuracy of the information, the Bank takes no responsibility for actions or losses that might occur due to the usage of this information.