

Agri-Weekly

22 February 2013
pmakube@fnb.co.za
<https://www.fnbagricomms.co.za>

Beef market trends (Graph 1)

International:

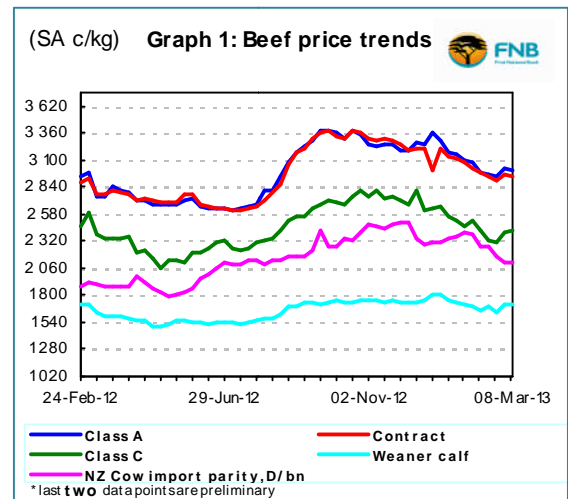
- US lean manufacturing beef prices extended gains on moderate demand despite increased supplies. Tight cow supplies and strong import demand added to the firmer tone.
- Market activity on US imported beef was reportedly slow to moderate with prices trending sideways. Import supplies from New Zealand were more readily available while the Australian product was reportedly scarce
- At wholesale level, US boxed beef cut-out values were steady to weak on light demand and moderate supplies. Choice beef prices closed at US\$182.51/ cwt, down by 0.3% and 6.6% y/y. Select beef prices were however firmer at US\$180.45/ cwt, up by 0.5% w/w but down by 5.9% y.
- In the cattle market, the CME Feeder Cattle Index fell by 1.0% w/w and 10.1% y/y to close at US\$140.62/ cwt. The estimated weekly US cattle slaughter was 573,000 head, down by 3.9% w/w and 2.4% y/y.
- In Australia, the cattle prices moved sideways for the week. The Eastern Young Cattle Indicator finished the week down by 0.3% w/w and 15.0% y/y to close at AU\$3.25/kg cwt.

Domestic:

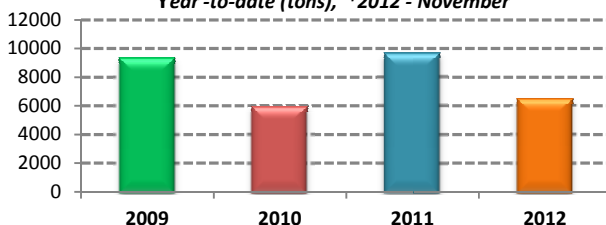
- The beef market continued to soften under pressure due to weak demand and improved supplies.
- Weekly Class A beef prices eased marginally lower by 0.3% w/w but up by 0.2% y/y at R29.50 per kg. Contract Class A beef was down by 0.8% w/w but up 0.8% y/y at R29.11 per kg.
- Class C beef was down by 0.7% w/w and 6.0% y/y at R23.10 per kg.
- Weaner calf reversed last week's gains and closed at R16.34 per kg live weight, which is down by 3.1% w/w and 4.9% y/y.

OUTLOOK

The beef market is expected to remain under downward pressure in the short term due to the limited demand. However, a rebound is expected in the medium term due to improved demand towards the Easter holidays.

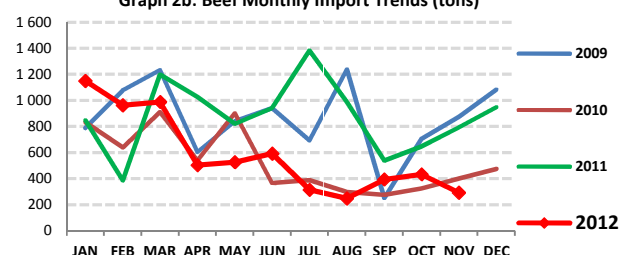


Graph 2a: Beef Import Trends
 Year-to-date (tons), *2012 - November



Source: SARS, Own Calculations

Graph 2b: Beef Monthly Import Trends (tons)



Mutton market trends (Graph 2)
International:

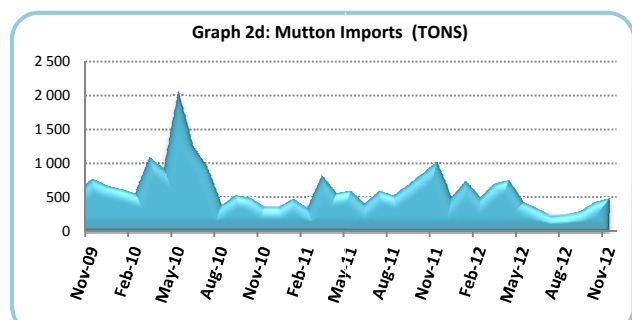
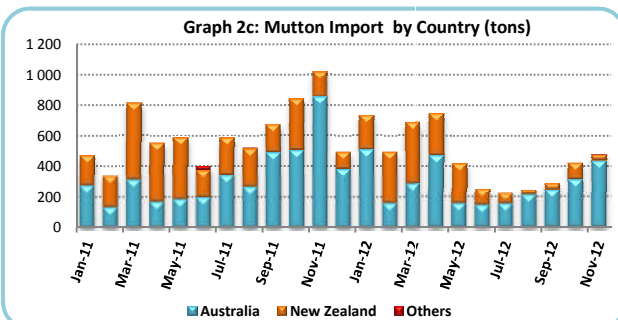
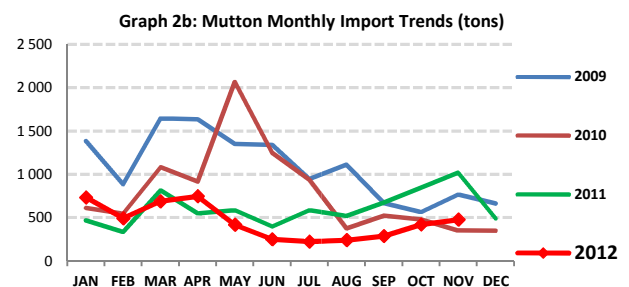
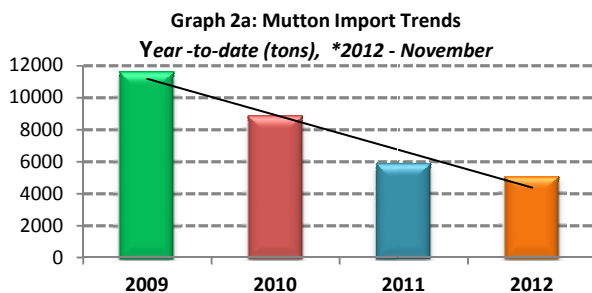
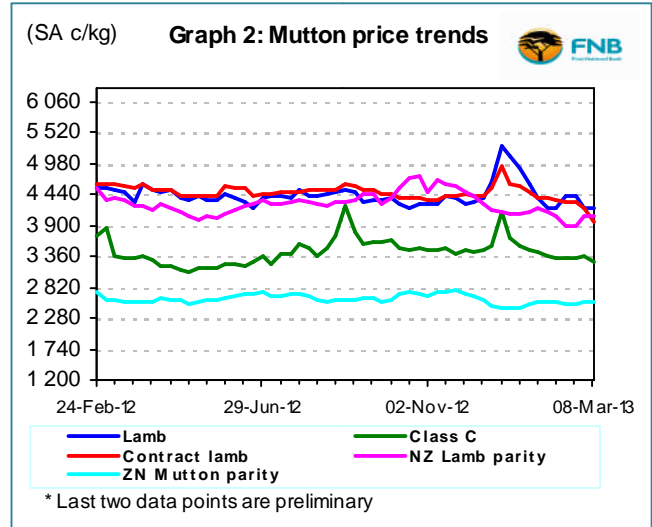
- In New Zealand (NZ), producer prices remained under pressure and trended lower. Weekly lamb prices closed at NZ\$76.60 per head, down by 2.8% w/w and 28.0% y/y.
- Meanwhile, slaughter numbers have increased in some areas of NZ due to poor production conditions. Mutton prices are reportedly at a record low with exports mainly destined for China.
- In Australia, the lamb market continued to post strong gains especially in the heavier categories. The Eastern Trades Lamb Indicator (ESTLI) rose by 7.3% w/w but still 16.5% lower y/y at AU\$3.96 per kg cwt.
- In the US, lamb carcass prices trended higher on lighter weight category and were steady for the heavier ones.
- US lamb carcass cutout prices ended the week at US\$254.97/ cwt, up by 0.3% w/w but still 26.5% lower y/y. The estimated weekly sheep slaughter came in at 38,000 head, down by 2.6% w/w and unchanged y/y.

Domestic:

- The lamb and mutton markets posted marginal losses on softer demand.
- Weekly Class A lamb prices decreased by 0.2% w/w and 3.1% y/y to close at R43.97 per kg. Contract Class A lamb prices decreased by 0.3% w/w and 7.0% y/y, closing the week at R43.07 per kg.
- Mutton reversed last week's gains and finished down by 0.4% w/w and 10.5% y/y at R33.31 per kg.
- Weaner lamb prices declined under pressure due to limited demand across most markets. Weekly weaner lamb prices decreased by 3.1% w/w and 17.0% y/y to close at R19.38 per kg live weight.

OUTLOOK

Prices expected to improve somewhat in the short term on the back of improved demand during month.



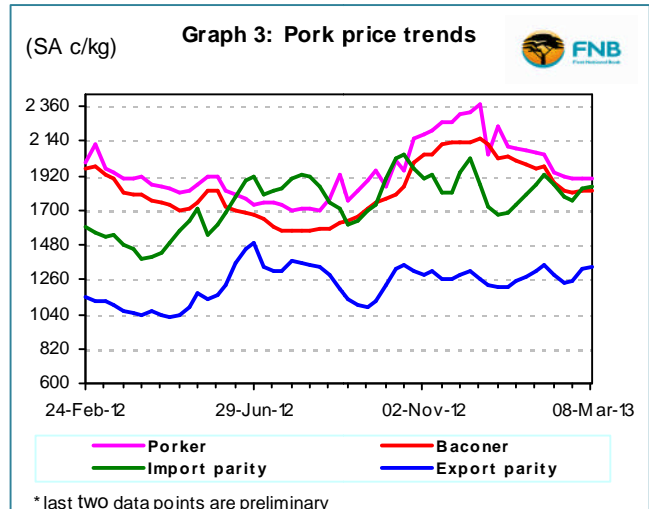
Source: SARS, Own Calculations

Pork market trends (Graph 3)
International:

- US domestic pork prices firmer across most categories due to reduced supplies. The only exception were ham prices, which eased lower on subdued demand.
- Weekly ham prices closed at US\$63.50/cwt, down by 1.1% w/w and 5.4% y/y.
- Carcass prices were marginally higher at US\$81.44/cwt, up by 0.7% w/w but were still 5.0% lower y/y.
- Loin prices gained 2.8% w/w to close at US\$91.21/cwt, but still 7.5% lower y/y.
- Rib prices closed at US\$127.86/cwt, up by 2.0% w/w but 13.5% lower y/y.

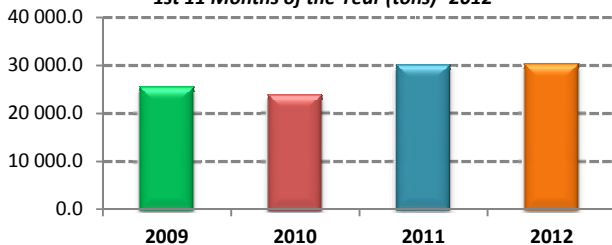
Domestic:

- As with other red meat types, the pork market continued to weaken due to subdued demand.
- Weekly porker prices closed at R19 per kg, down by 0.5% w/w and 5.2% y/y.
- Baconer prices decreased by 0.7% w/w and 7.7% y/y to close the week at R18.12 per kg.
- Import parity prices continued to decline mainly on Rand strength. Weekly import parity prices decreased by 1.2% w/w but were still 10.4% higher y/y.

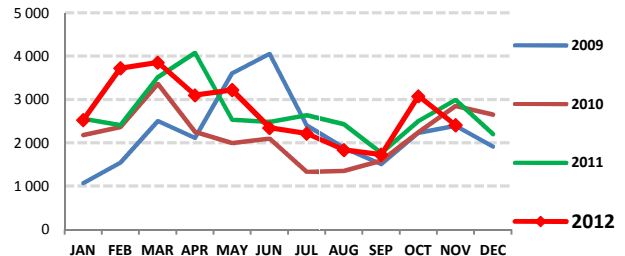

OUTLOOK

Prices are expected to trend slightly firmer in the short term on improved month end uptake.

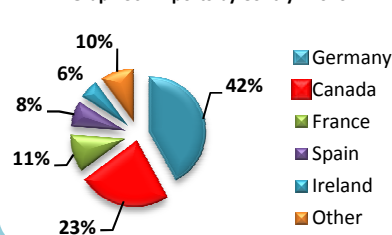
Graph 3a: Pork Import Trends
1st 11 Months of the Year (tons) -2012



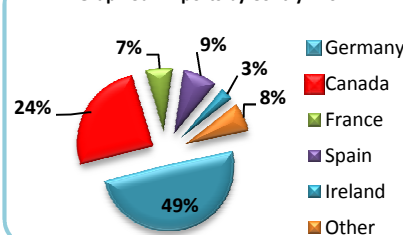
Graph 3b: Pork Monthly Import Trends (tons)



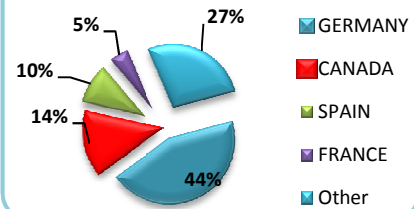
Graph 3c: Imports by Contry - 2010



Graph 3d: Imports by Contry - 2011



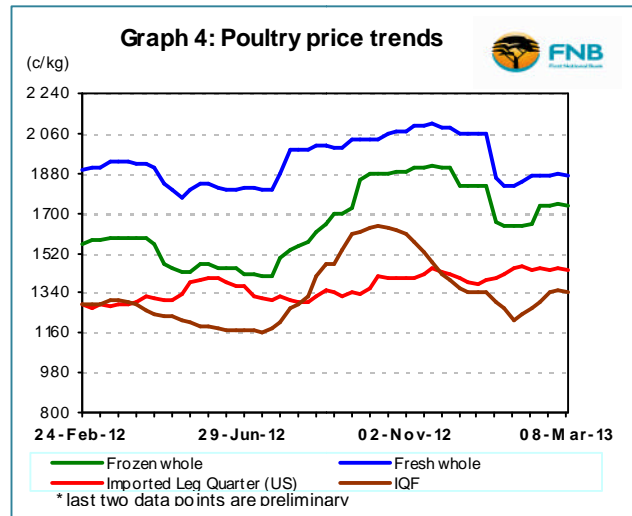
Graph 4e: Imports by Contry Year to Nov-12



Source: SAPPO, SARS, Own Calculations

Poultry market trends (Graph 4)
International:

- US domestic prices continued to trend higher across most categories on light to moderate supplies.
- Demand at retail and food service was reportedly light to moderate ahead of the weekened.
- Whole bird prices retained the firmer trend to close at US100.42c/lb, up by 0.2% w/w and 9.8% y/y.
- Leg quarter prices eased marginally lower and closed at US54/cwt, down by 0.3% w/w but still 0.3% y/y.
- Breast cuts closed at US108.33c/lb, up by 1.2% w/w and 18.8% y/y.
- Wing prices fell by 5.8% w/w but were 0.1% higher y/y at US183.67c/lb.
- According to the Weekly USDA Broiler Hatchery report, broiler eggs set for the week ended 16 February 2012 increased by 2.0% y/y to 197m. Average hatchability for chicks hatched again stood at 84.0%. Broiler chick placements came in at 162m head, up by 1.2% compared to the week earlier.
- Cumulative broiler placements from December 30, 2012 through February 16, 2013 were up by 1.0% y/y at 1.14b head.

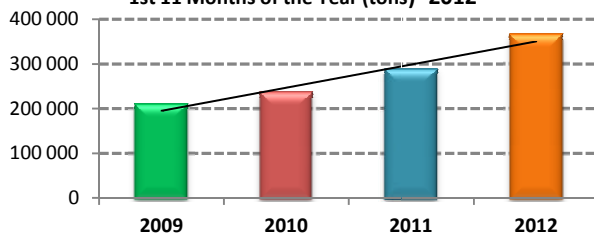

Domestic:

- The broiler market retained the recent firmer trend with the Individually Quick Frozen (IQF) category gaining momentum week-on-week.
- Weekly IQF prices closed at R13.42 per kg, up by 3.1% w/w and 4.0% y/y.
- Frozen whole bird prices steadied at R17.32 per kg, which is 10.9% higher y/y.
- Fresh whole bird prices were unchanged w/w at R18.66 per kg, but were 1.5% lower y/y.
- Import parity prices weakened mainly due to the stronger Rand/US dollar exchange rate. Weekly import parity prices decreased by 0.5% w/w but still were 12.3% higher y/y.

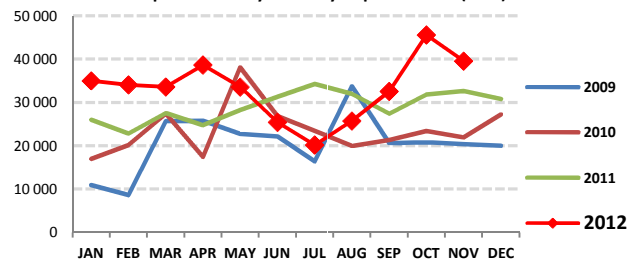
OUTLOOK

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

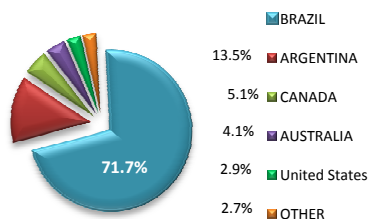
Graph 4a: Poultry Import Trends
1st 11 Months of the Year (tons) -2012



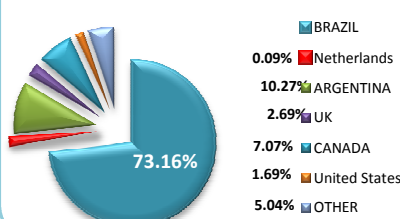
Graph 4b: Poultry Monthly Import Trends (tons)



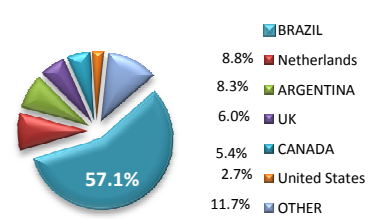
Graph 4c: Imports by Country - 2009



Graph 4d: Imports by Contry - 2010



Graph 4e: Imports by Country - 2011

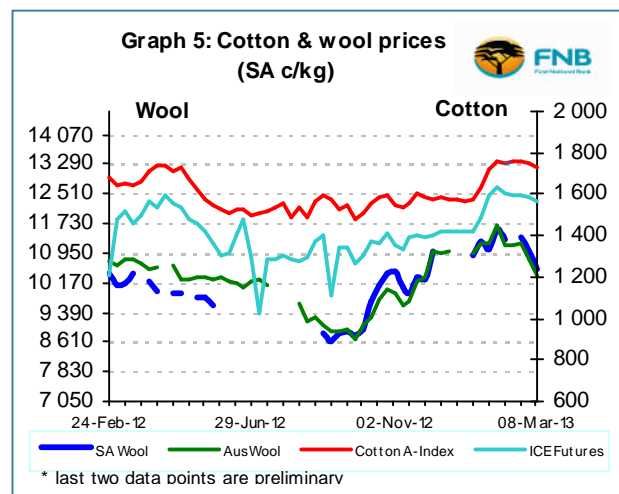


Source: SARS, Own Calculations

Producer prices for selected livestock commodities 22 February 2013	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	29.50	43.97	19.00	18.66
Open market: Class C / Baconer / Frozen whole birds(R/kg)	23.10	33.31	17.67	17.32
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	29.11	43.07	18.12	13.42
Import parity price (R/kg)	21.67	25.18	17.67	14.44
Weaner Calves / Feeder Lambs (R/kg)	16.34	19.38		

Wool and cotton market trends (Graph 5)
International:

- Cotton prices retained the recent upward trend on improved demand prospects. Prices have been increasing since the second half of January and retained the firmer trend into February.
- Weekly average cotton prices closed at US90.30c/lb, up by 0.8% w/w but still 9.3% lower y/y.
- Futures on the InterContinental Exchange: Cotton for May-13 was down 0.1% w/w at US83.14c/lb, and Oct-13 was up by 0.9% w/w at US84.56c/lb.
- Wool: In Australia, the wool market posted slight gains with Eastern Market Indicator up by 0.2% w/w but were still 7.9% lower y/y at AU\$11.19 per kg clean wool. Volumes offered were pegged at 52,827 bales with sales of 90.0%.


Domestic:

- The market rebounded after the brief break. The Cape Wools Merino Indicator advanced by 0.5% compared to previous sale and closed at R113.83 per kg clean wool. This is however 13.2% and 30.3% higher than the current season's average and the opening sale respectively.
- Sales reached 99.0% of the 12,891 bales offered.
- Major buyers were G Modiano SA with 3,701 bales (28.7%), Stucken & Co with 2,797 bales (21.7%) and Lempriere SA with 2,778 bales (21.6%).

Fibre market prices 22 February 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)	113.83	112.06		
19 μ long length wool (R/kg)	123.27	121.25	12.05	11.30
21 μ long length wool (R/kg)	112.80	112.76	10.90	10.15
23 μ long length wool (R/kg)	105.60	109.61	9.50	8.75
	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures May-12 (US\$/kg)	Cotton Futures Oct-13 (US\$/kg)
Cotton Prices (R/kg)	17.62	1.99	1.83	1.86

Cotton Futures on ICE;

Yellow maize market (Graph 6)
International:

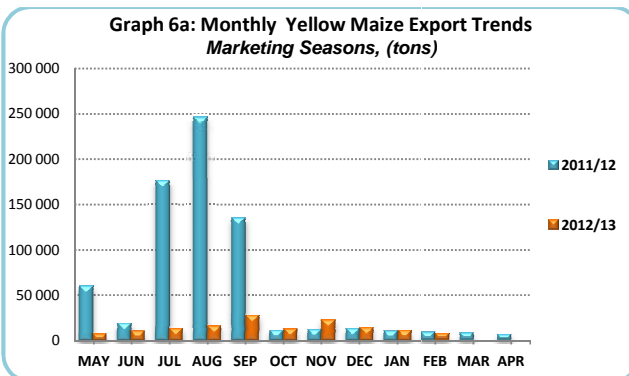
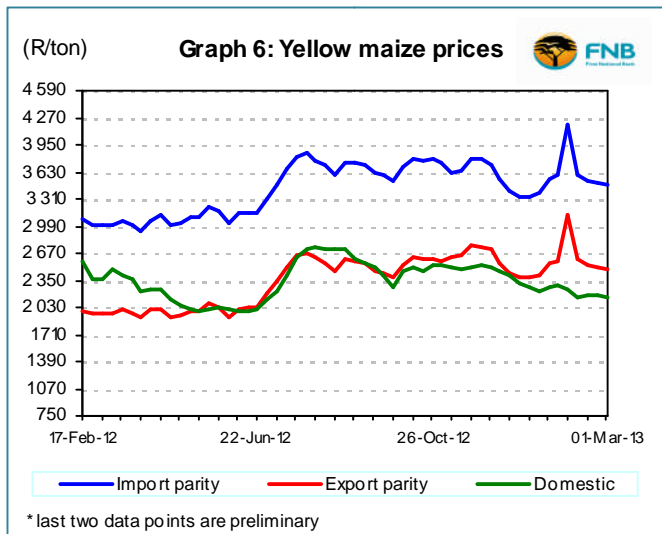
- Maize prices post marginal declines on spill over weakness in the wheat market and bearish ethanol production numbers.
- Meanwhile, the International Grains Council (IGC) projected a tighter world crop in this month's outlook report. Production is projected down 27m from last year to 850m tons. This is however slightly higher than the January estimate by 5.0m tons.
- World carryover stocks are projected to drop by 17.0m tons from last year to 114m tons.
- Consumption is expected to contract by 1.0% y/y to 867m tons, due to reduced demand from the US ethanol sector.

Domestic:

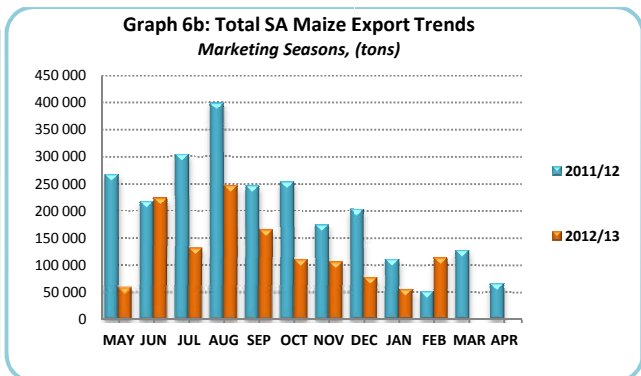
- Yellow maize (YMAZ) prices retained the recent uptrend despite weakness on CBOT.
- Weekly yellow maize prices ended firmer at R2,203 per ton, up by 1.6% w/w but still 6.3% lower y/y.
- Weekly export sales came in at 3,121 tons, which brings the cumulative sales for the 2012/13 marketing season to 149,550 tons.
- YMAZ Futures on the JSE: YMAZ for May-13 delivery gained 2.2% w/w (+R55/t) and Jul-13 advanced by 3.4% w/w (+R679/t).

OUTLOOK

The South American weather will continue to determine the direction for international prices in the short to medium term.



Source: SAGIS



Yellow Maize Futures 22 February 2013	May-13	Jul-13	Sep-13	Dec-13	Mar-14			
CBOT (\$/t)	274.62	269.97	229.39	221.82	225.92			
JSE (R/t)	2 059	2 087	2 135	2 106	-			
CHICAGO CORN (R/t)	2 433	2 405	2 074	2 029	-			
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
2 140	119	79	2 100	152	111	2 120	174	141
2 100	97	97	2 060	129	128	2 080	152	159
2 060	77	117	2 020	109	148	2 040	131	178

White maize market trends (Graph 7)
International:

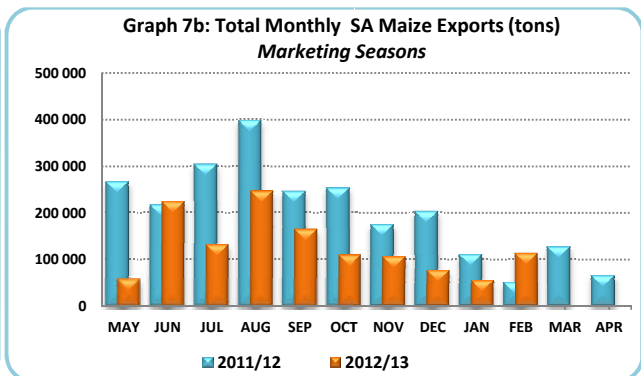
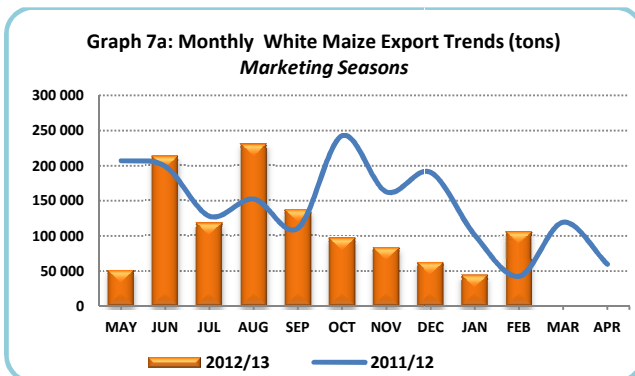
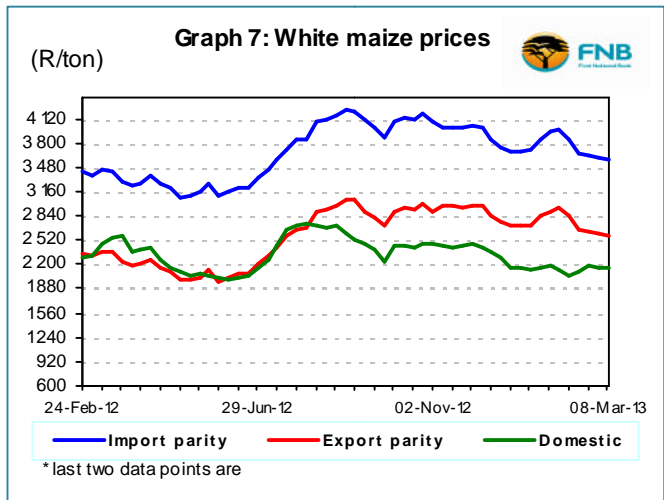
- US white maize spot prices continued to post modest losses under pressure due to weakness in the grains complex and slow exports.
- The weekly average white maize prices closed at US\$292 per ton, down by 0.5% w/w and 4.4% y/y.

Domestic:

- White maize prices were again despite losses on CBOT.
- Weekly white maize prices advanced by 3.0% w/w but still 4.7% lower y/y at R2,175 per ton.
- Weekly white maize export sales came in at 13,348 tons, with total sales for the season reaching tons 1.15m tons. Cumulative maize export sales for the 2012/13 season reached 1.30m tons (White and Yellow maize).
- WMAZ for May-13 delivery rose by 3.0% w/w (+R 98/t) and Jul-13 gained 5.2% w/w (+R103/t).

OUTLOOK

The South American weather will determine the direction of international prices in the short to medium term.

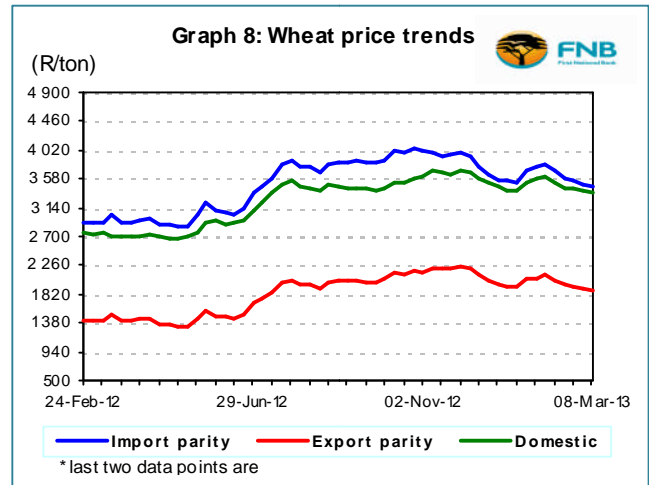


Source: SAGIS;

White Maize Futures 22 February 2013	May-13	Jul-13	Sep-13	Dec-13	Mar-14			
JSE (R/t) WM ₁	2 069	2 100	2 153	2 093	-			
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
2 160	110	60	2 100	149	118	2 140	182	142
2 120	87	77	2 060	127	136	2 100	159	159
2 080	67	97	2 020	107	156	2 060	139	179

Wheat market trends (Graph 8)
International:

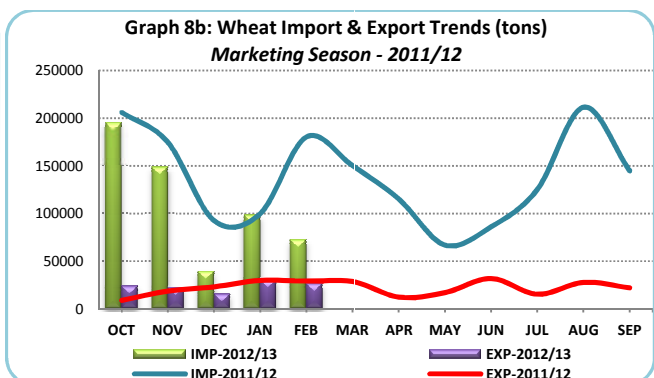
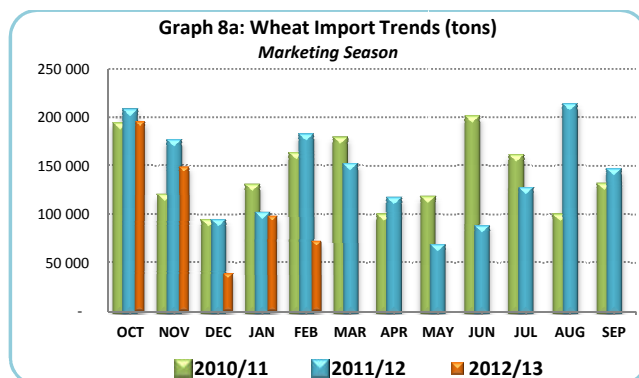
- US wheat prices extended recent losses due to prospects of improved production conditions in the HRW growing areas of the US Great Plains.
- A major snow storm deposited a heavy snow in the growing areas, bringing the much needed moisture.
- US weekly export sales came in above expectations at 699,300 tons of old crop and 56,600 tons of new crop wheat for a total of 755,900 tons.
- Recent IGC report pegged the world crop at 656m tons, down by 5.7% y/y.
- World ending stocks for the 2013/13 season came in at 176.0m tons, up by 2.0m tons from the January estimate but this is still down by 21.0m tons y/y.


Domestic:

- Wheat prices posted marginal gains despite weakness on international markets.
- Weekly wheat prices increased by 0.1% w/w and 25.2% y/y at R 3,445 per ton.
- Import parity prices continued to decline due to the combined effect of a stronger Rand and lower international prices. Weekly import parity prices declined by 1.3% w/w but were still 16.6% higher y/y.
- Weekly import sales for the week ended 15 February 2013 came in at 57,525 tons, which brings the cumulative imports for the current marketing season to date to 545,701 tons.
- Major import sources for the season to date are Ukraine (27.3%), Argentina (16.0%), Russia(12.4%), Brazil (12.4%) and Australia (12.0%).
- Wheat futures on the JSE: Wheat for Jul-13 was down by 1.3% w/w (-R47/t), and Dec-13 was down by 1.5% w/w (-R48/t).

OUTLOOK

It is expected that domestic prices will trend sideways to lower in the short term due to weakness on international markets.



Source: SAGIS;

Wheat Futures 22 February 2013	May-13	Jul-13	Sep-13	Dec-13	Mar-14			
KCBT (\$/t)	279.07	282.01	287.15	293.21	296.34			
JSE (R/t)	3 456	3 468	3 424	3 245	-			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
May-13			Jul-13			Sep-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3 500	144	100	3 500	183	151	3 460	222	186
3 460	122	118	3 460	162	170	3 420	200	204
3 420	102	138	3 420	142	190	3 380	180	224

Oilseed market trends (Graph 9)
International:

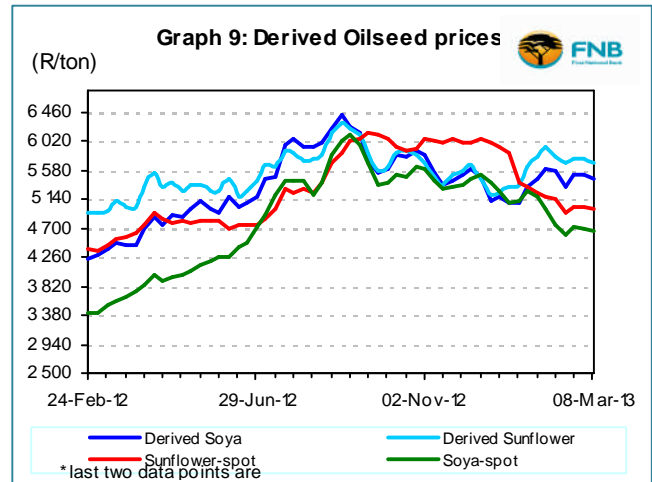
- The soybean complex ended mixed with marginal losses for soyoil but moderate to sharp gains for soybeans and soymeal prices.
- Soybeans found support from a combination of improved export demand, dry weather in key growing areas of South America, along with fears of Brazilian port strike.
- According to the IGC, world soybean production for 2012/13 is forecast slightly lower than before at 269.0m tons, but is still up 13.0% y/y on prospects for bumper South American crops.
- The world carryover is projected to rise by more than 20.0% y/y to 28.0m tons, but end-season stocks in major exporters are set to remain tight.

Domestic:

- Oilseeds traded on the JSE regained some ground supported by gains on the international market.
- Weekly soybean prices closed at R4,705 per ton, up by 2.2% w/w and 38.5% y/y.
- Sunflower prices advanced by 2.0% w/w and 14.6% y/y, closing the week at R5,025 per ton.
- Soybean futures for May-13 delivery rose by 5.7% w/w (+R253/t), and Jul-13 was up 5.7% w/w (+R258/t).
- Sunflower futures for May-13 gained 4.3% w/w (+R215/t), Jul-13 was up 4.4% w/w (+R219/t), and Dec-13 was up 1.1% w/w (+R57/t).

OUTLOOK

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



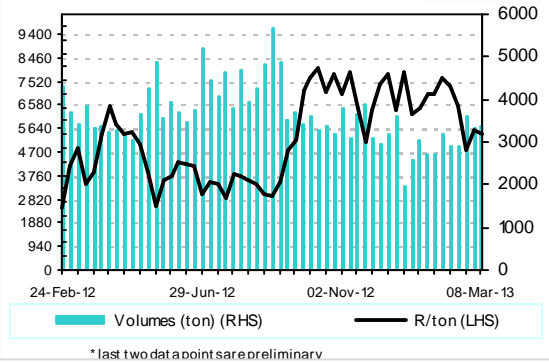
Oilseeds Futures 22 February 2013	May-13	Jul-13	Sep-13	Dec-13	Mar-14
CBOT Soybeans (US \$/t)	530.43	525.07	484.28	-	466.87
CBOT Soya oil (US c/lb)	50.73	51.02	50.88	50.44	50.93
CBOT Soya cake meal (US\$/t)	470.03	463.30	415.13	387.13	391.32
JSE Sunflower seed (R/t)	5 170	5 250	-	5 182	-
JSE Soybean seed (R/t)	4 695	4 758	-	4 794	-

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

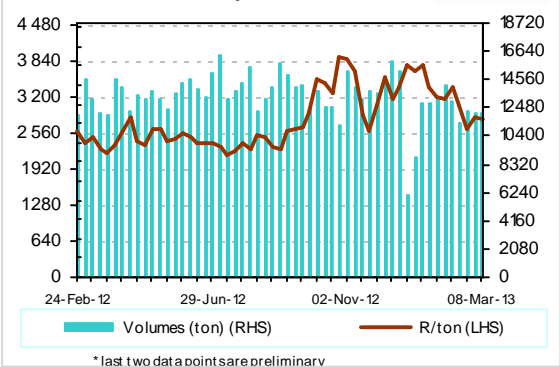
May-13			Jul-13			Dec-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
5 220	240	190	5 300	386	336	5 220	556	518
5 180	218	208	5 260	364	354	5 180	534	536
5 140	198	228	5 220	343	373	5 140	512	554

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

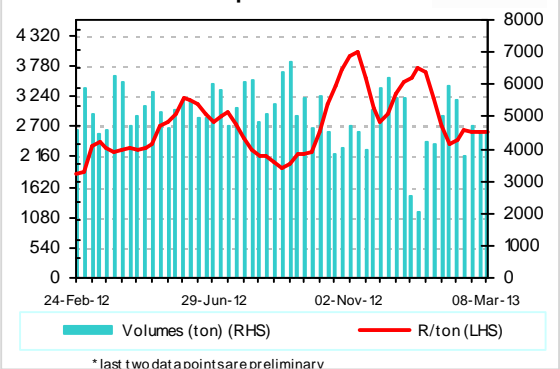
Tomato prices decreased sharply due to increased supplies across all markets. Prices decreased by 26.8% w/w but were 96.4% higher y/y, closing the week at R4,787 per ton. Volumes traded came in sharply higher by 24.2% w/w but were 16.1% lower y/y at 3,613 tons. It is expected that prices will improve somewhat on good uptake during the month end period.

Graph 10: Fresh Produce Markets - Tomatoes prices

Potatoes

Potato prices decreased sharply on the back of higher volumes across markets. Weekly potato prices decreased by 13.6% w/w but were 1.3% higher y/y at R2,630 per ton. Volumes traded increased by 8.2% w/w and 2.8% y/y, coming in at 12,286 tons. Prices are however expected to improve slightly on improved demand towards month end.

Graph 11: Fresh Produce Markets - Potatoes prices

Onions

Onion prices posted marginal losses under pressure due to increased supplies on markets. Prices reached R2,588 per ton, down by 1.7% w/w but still 40.7% higher y/y. Volumes traded increased by 24.3% w/w and 2.5% y/y, coming in at 4,723 tons. Prices are expected to move sideways with limited upward potential on improved supplies.

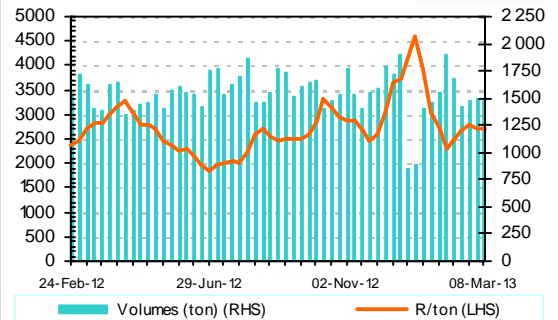
Graph 12: Fresh Produce Markets - Onion prices


Carrots

Carrot prices closed the week modestly higher due to limited supplies on markets. Weekly carrot prices increased by 4.4% w/w and 15.6% y/y, closing at R2,768 per ton. Volumes traded reached 1,481 tons, up by 3.7% w/w but 1.6% lower y/y.

Prices are expected to come under pressure in the short to medium term on improved supplies.

Graph 13: Fresh Produce Markets - Carrot prices



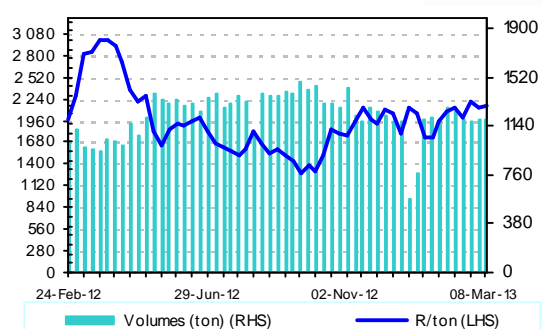
* last two data points are preliminary

Cabbages

Cabbage prices rebounded and increased sharply due to a combination of good demand and reduced volumes on markets. Weekly cabbage prices increased by 9.5% w/w and 11.2% y/y, closing at R2,200 per ton. Volumes of cabbages traded reached 1,182 tons, down by 0.8% w/w but 15.0% higher y/y.

It is expected that prices will trend sideways with limited upward potential in the medium term on improved supplies.

Graph 14: Fresh Produce Markets - Cabbage prices



* last two data points are preliminary

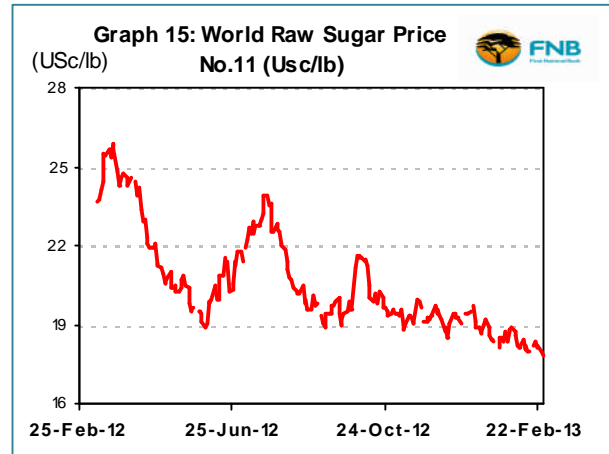
**Vegetable prices: South Africa's Major Fresh Produce Markets.
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 22 February 2013	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	4 787	-26.8%	96.4%	3613	24.2%	-16.1%
Potato	2 630	-13.6%	1.3%	12286	8.2%	2.8%
Onion	2 588	-1.7%	40.7%	4723	24.3%	2.5%
Carrot	2 768	4.4%	15.6%	1481	3.7%	-1.6%
Cabbage	2 200	9.5%	11.2%	1182	-0.8%	15.0%

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

Sugar market trends (Graph 15)
International:

- Raw Sugar prices posted marginal gains on spill over gains from other commodities and a weaker US dollar. Weekly raw sugar prices gained 0.5% w/w to close at US18.23c/lb, which is 29.4% lower y/y.
- Futures on the InterContinental Exchange: Raw sugar futures for Jul-13 gained 2.3% w/w at US18.31c/lb, Mar-14 was up by 2.7% w/w at US19.65c/lb, and Jul-14 was 2.6% higher w/w at US19.88c/lb.
- All indications are that Brazil will produce a record crop for this season. However, lower prices and limited processing capacity for sugar will see the greater share of the crop shifting to ethanol production.


Domestic:

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

ICE Sugar Futures 22 February 2013	May-13	Jul-13	Oct-13	Mar-14	May-14
Sugar No.11 (US c/lb)	18.15	18.31	18.77	19.65	19.74
% Change w/w	2.3%	2.3%	2.5%	2.7%	2.7%

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.