

Agri-Weekly

02 May 2014

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Beef market trends (Graph 1)

International:

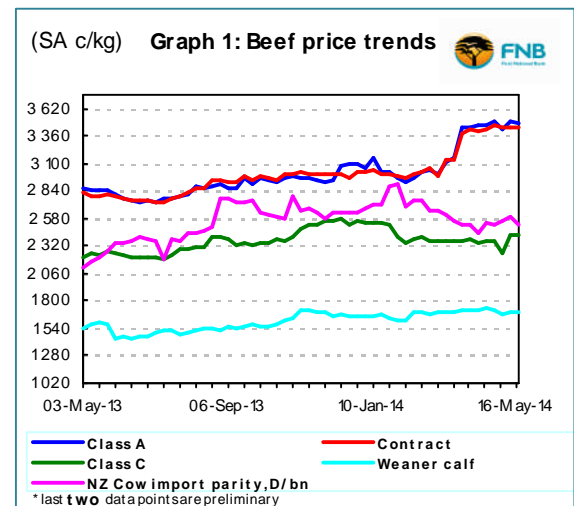
- The US manufacturing beef market posted a slight recovery on improved demand and limited supplies.
- Market activity on imports was reportedly slow with moderate supplies.
- At wholesale level, US Boxed beef cutout prices trended mostly sideways for the week.
- The weekly Choice beef prices moved sideways at US\$231.87/cwt, but up by 17% y/y. Select beef prices were firmer at US\$220.55/cwt, up by 17% y/y.
- In the cattle market, the CME Feeder Cattle Index was firmer at US\$179.56/cwt which is up by 32% y/y.
- Weekly US Cattle Slaughter number was up 4% w/w at 608,000 head, but down by 2% y/y. The estimated year to date slaughter was reported at 10.05m head, down by 6% y/y.
- In the latest US Cattle On Feed report, the number of cattle in US feedlots (with capacity of 1,000 head or more) as of April 1st came in lower than expected at 10.9m head (-1%y/y) and has been down for the 19th consecutive month. This indicates a tightening supply situation for later in the year. Placements in feedlots during March were pegged at 1.8m head, down by 5% y/y. The total feedlot cattle marketed during March were down 4% y/y and the lowest since 1996 at 1.7m head.

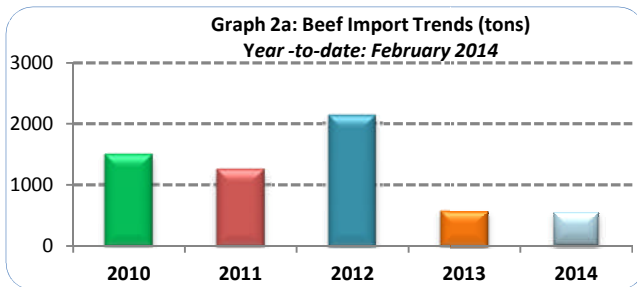
Domestic:

- The beef market saw slight losses in a short trading week.
- Weekly Class A beef prices settled at R34.28 per kg, down by 2% w/w but up by 19% y/y.
- Contract Class A beef prices were marginally lower at R34.40 per kg, up 22% y/y.
- Class C beef prices fell by 5% w/w at R22.55 per kg, up 2% y/y.
- In the weaner market, prices continued to soften on weak demand. Weekly weaner calf prices were slightly down 2% w/w at R16.80 per kg live weight, but still 9% higher y/y.

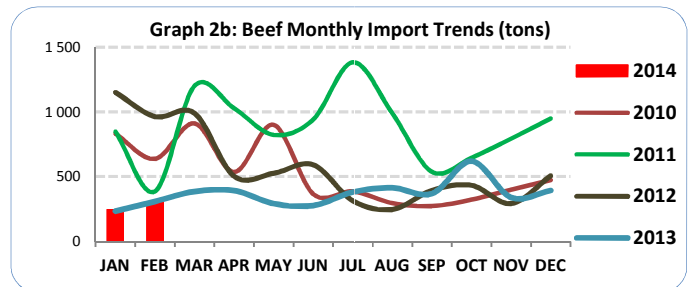
OUTLOOK

Beef prices are expected to trend sideways to firmer in the short term but will soften in the medium term due to increased seasonal supplies.





Source: SARS, Own Calculations



Mutton market trends (Graph 2)

International:

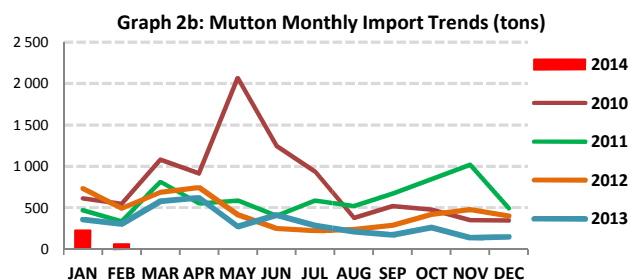
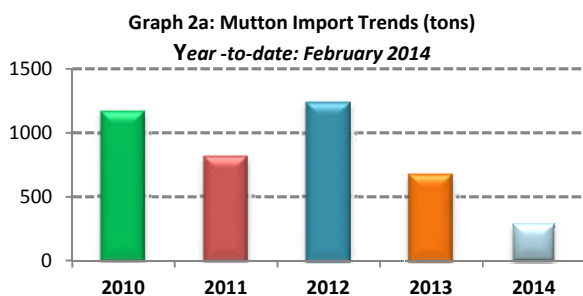
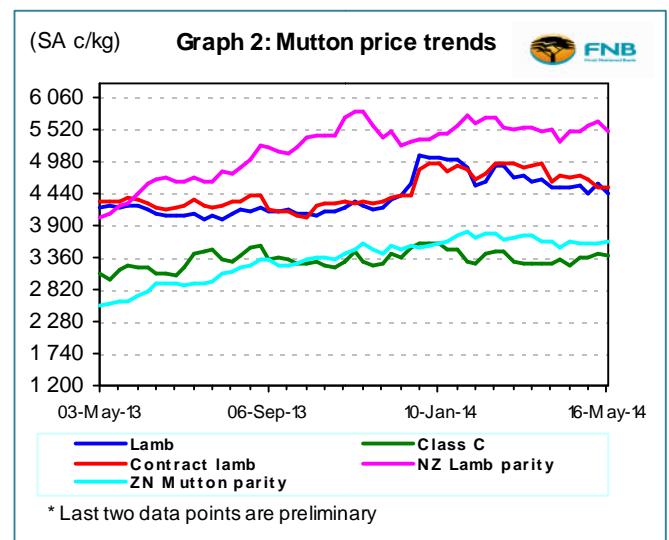
- In New Zealand (NZ), weekly producer prices continued to post good gains with the 17.5kg lamb closing at NZ\$94.70/ head which is up by 21% y/y.
- The NZ key frozen cuts for export are reportedly fetching good prices as the season tails off for winter. Major destinations include China where demand is reportedly strong with good prices.
- NZ exports are reported to have reached 41,475 tons, up 6% y/y and were the highest March export volume since 2007.
- Although export volumes to the UK declined 10%, exports to the EU rose by 3% y/y at 16,400 tons. Lamb exports to China were pegged at a record high of 13,445 tons in March, up 14% y/y.
- The Middle East procured a record high of 4,488 tons since June 2012, up 49% y/y. However, other markets such as the US, Hong Kong and Southeast Asia saw a decline in exports due to increased competition from the NZ's neighbour Australia.

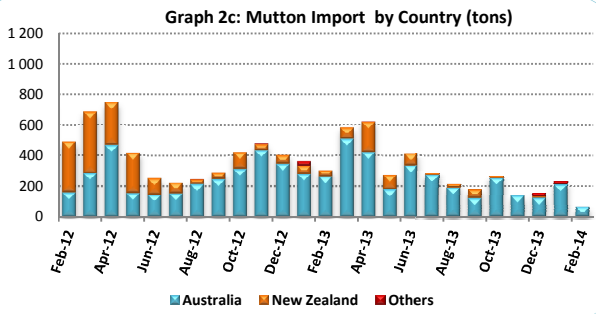
Domestic:

- It was a quite week on the market which saw prices trending softer across the board.
- Weekly Class A lamb prices were down 3% w/w at R44.48 per kg, up 9% y/y.
- Contract Class A lamb prices were down 2% w/w at R46.69 per kg, but up 9% y/y.
- Mutton ended softer at R33.50 per kg, but still 9% y/y.
- Weaner lamb prices remained steady at R22 per live weight, but almost 13% higher y/y.

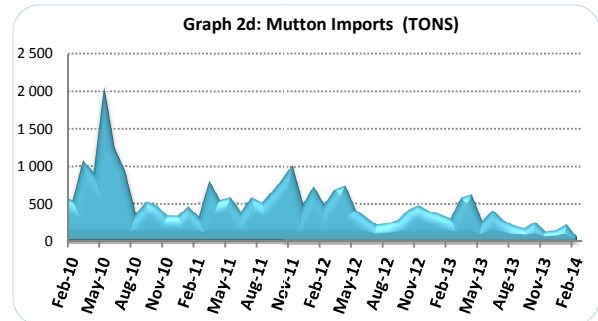
OUTLOOK

Trade interruptions due to holidays will see prices trending sideways in the medium term.





Source: SARS, Own Calculations



Pork market trends (Graph 3)

International:

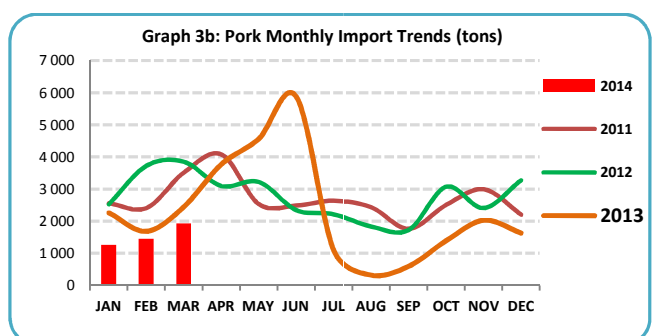
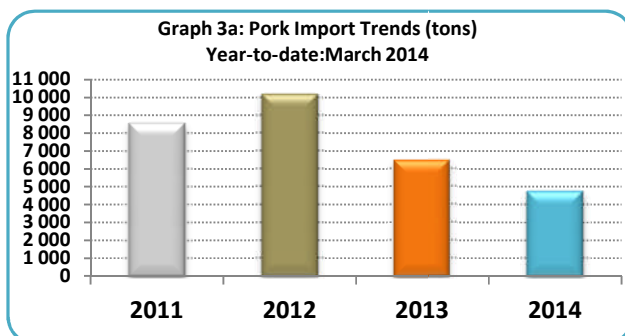
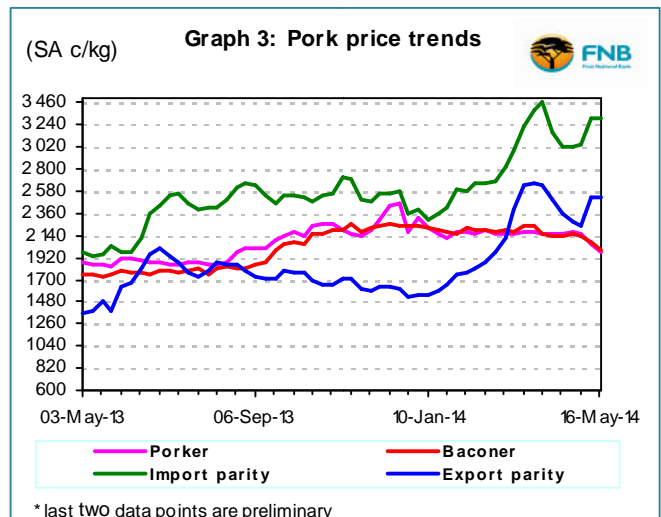
- The US Pork Carcass (FOB Plant) Cutout prices weakened further by 2% w/w but still 32% higher y/y at US\$115.41/cwt.
- The number of pigs for slaughter in the US increased by 1% w/w but still down by almost 4% y/y at 2.02m head.
- The cumulative year to date number of pigs slaughtered reached 36.6m head, which is down 4% y/y.
- In the latest update of the Porcine Epidemic Diarrhoea virus (PEDv) outbreak in the US, the National Animal Health Laboratory Network (NAHLN) reported 221 positive accessions out of 822 tested at eight veterinary diagnostic laboratories for the week ending 19 April 2014.
- Other countries with reported cases include the Canada, Mexico, Colombia, Peru, China, South Korea, Japan and Taiwan.

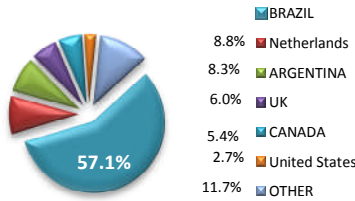
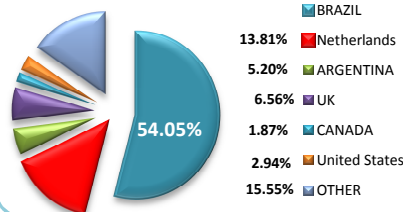
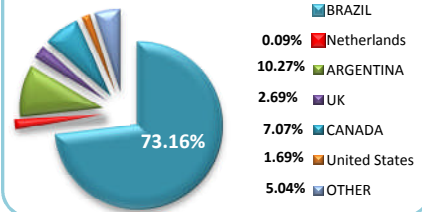
Domestic:

- The market was softer with trading interrupted by holidays.
- Weekly porker prices were marginally lower at R21.50 per kg, but up by 15% y/y.
- Baconer prices eased to settle at R21.30 per kg, but still up by 21% y/y.
- Import parity prices trended firmer on the week and up by 54% y/y.
- Import sales continued to trend higher with the March figure coming in at 1,934 tons, up by 33.6% m/m but still far behind last year's by 20.9%. On a year to date basis, total pork imports for 2014 were down by 31.3% y/y and reached 4,644 tons.
- Major import sources were Germany which accounted for 43.2% in March and 49.8% year to date, Canada(30.2% and 21.3% yr-date), Spain (9.7% and 7.3% yr-date), and France (6.3% and 6.3% yr-date).

OUTLOOK

It is expected that prices will trend sideways to firmer in the short term but with limited upward potential in the medium term due to moderation in demand.



Graph 4d: Imports by Country - 2011

Graph 4e: Imports by Country - 2012

Graph 4c: Imports by Country - 2013


Source: SARS, Own Calculations

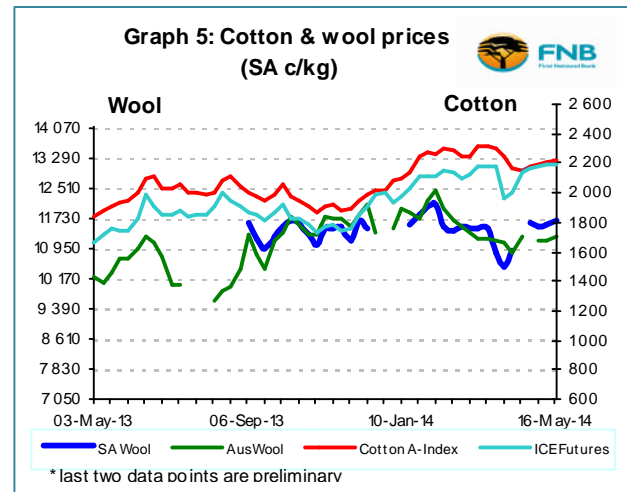
Producer prices for selected livestock commodities 02 May 2014	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	34.28	44.48	21.50	21.10
Open market: Class C / Baconer / Frozen whole birds(R/kg)	22.55	33.50	21.00	21.35
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	34.40	46.69	21.30	16.88
Import parity price (R/kg)	25.61	35.96	30.43	16.80
Weaner Calves / Feeder Lambs (R/kg)	16.80	22.00		

Wool and cotton market trends (Graph 5)
International:

- The world cotton indicator price, Cotlook "A" Index, advanced by 1% w/w and 2% y/y at US94.64c/lb.
- Prices found support from planting delays due to unfavourable crop weather in US.
- However, the decision by the government in China to reportedly release some of its supplies to millers at competitive prices continues to weigh heavily on international cotton prices.
- The weakening Chinese economy is likely to impact on demand as it is the world largest importer and consumer with an estimated 2.6m and 7.7m tons respectively for the 2013/14 season.
- China's economic growth slowed to 7.4% in the 1stQ2014, down from 7.7% in the 4thQ2013 and 7.8% in the 3rdQ2013.
- In the futures market: Cotton for Oct-14 increased by 1% at US82.85c/lb.

Domestic:

- There were no sales for the week. The last sale saw the weekly Cape Wools Merino indicator settling up 6.8% compared to the previous sale and 13% y/y at R116.09/ kg clean wool.
- At this level, the indicator was up by 2% and 14% compared to the current season's average and the opening sale of the 2013/14 season respectively.
- Major buyers were Standard Wool SA with 3,808 bales (34.8%), Lempriere SA with 2,889 bales (26.4%), and G Modiano SA with 1,787 bales (16.3%).



Fibre market prices 02 May 2014	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Jul-14 (AU\$/kg)	Australian futures Oct-14 (AU\$/kg)
Wool market indicator (R/kg)	115.36	100.45		
19µ long length wool (R/kg)	-	115.05	11.62	11.22
21µ long length wool (R/kg)	-	113.00	11.40	11.00
23µ long length wool (R/kg)	-	107.01	10.20	9.80
Fibre market prices 02 May 2014	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures Oct-14 (US\$/kg)	Cotton Futures Dec-14 (US\$/kg)
Cotton Prices (R/kg)	21.97	2.08	1.86	1.85

Cotton Futures on the InterContinental Exchange (ICE);

Yellow maize market (Graph 6)
International:

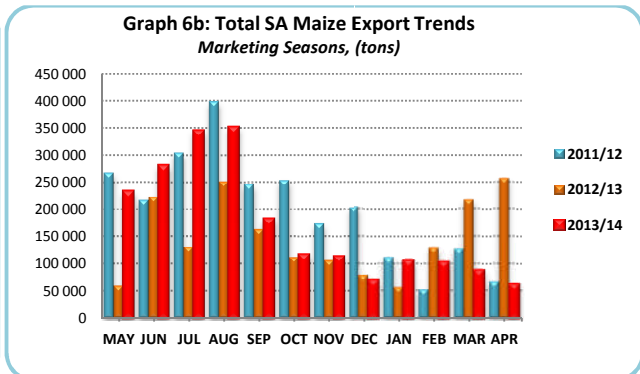
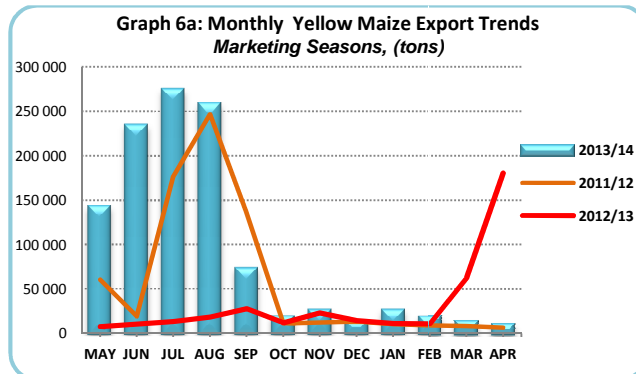
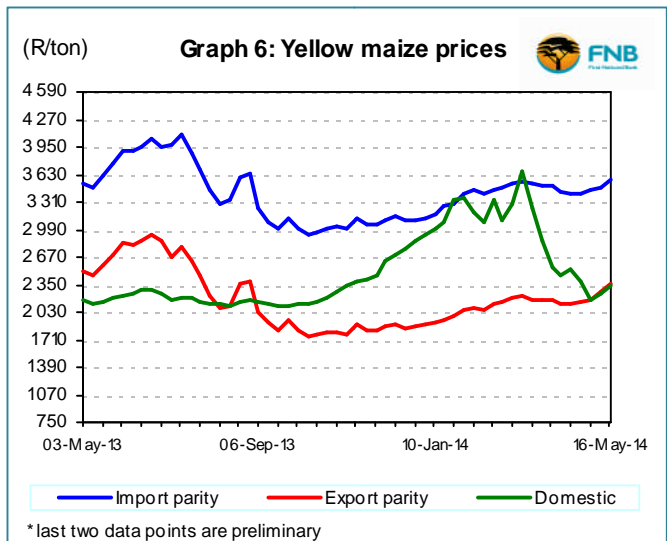
- US maize prices extended recent gains on slow planting progress due to rains in the growing areas. Planting progress advanced by 13% percentage points nationally to 19% complete compared to the five year average of 28%.
- The International Grains Council lowered its estimate of the 2014/15 world maize production by 2% y/y to about 950m ton citing reduced yields.
- However, ending stocks are expected to increase and trade remain high given the record crops from some of the largest producers in the Northern Hemisphere during the 2013/14 season

Domestic:

- Prices continued to post modest losses due to the bullish domestic supply outlook. The expected crop for the 2014/15 season was revised upwards by 0.6% from the March estimate to 13.03m tons.
- Weekly yellow maize prices fell by 9% w/w and 5% y/y at R2,178 per ton.
- Yellow maize export sales for the 2014/15 marketing season were pegged at 3,678 tons for the season to date.

OUTLOOK

Given the bumper crop in sight, it is expected that prices will come under increased downward pressure as harvesting gains momentum in the medium term.



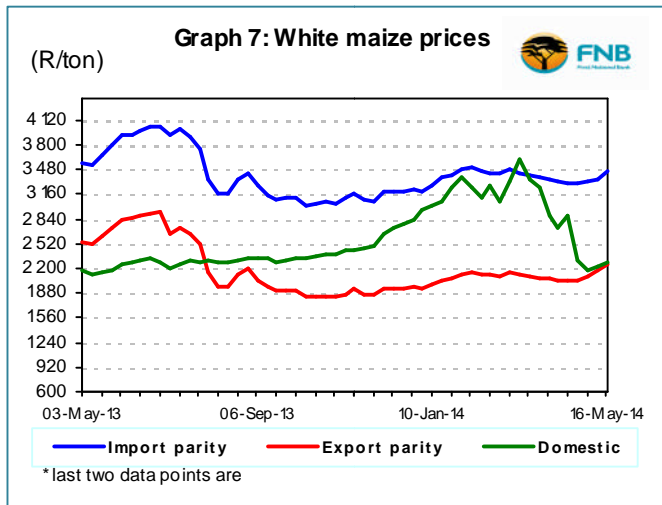
Yellow Maize Futures 02 May 2014	Jul-14	Sep-14	Dec-14	Mar-15	May-15			
CBOT (\$/t)	196.76	195.50	194.64	197.79	200.23			
JSE (R/t)	2 141	2 180	2 225	2 225	-			
CHICAGO CORN (R/t)	2 126	2 130	2 156	-	-			
Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-14			Sep-14			Dec-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2 180	120	81	2 220	179	139	2 260	205	170
2 140	97	98	2 180	157	157	2 220	183	188
2 100	78	119	2 140	136	176	2 180	163	208

White maize market trends (Graph 7)
International:

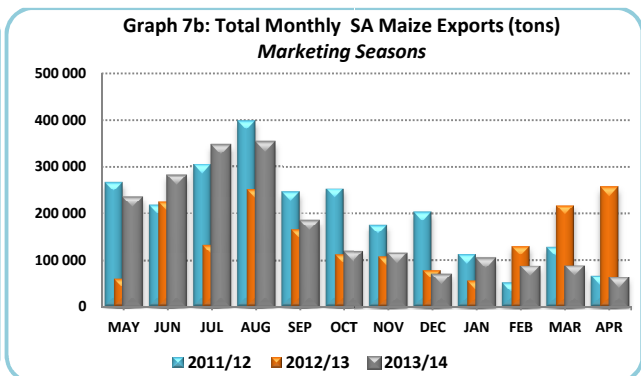
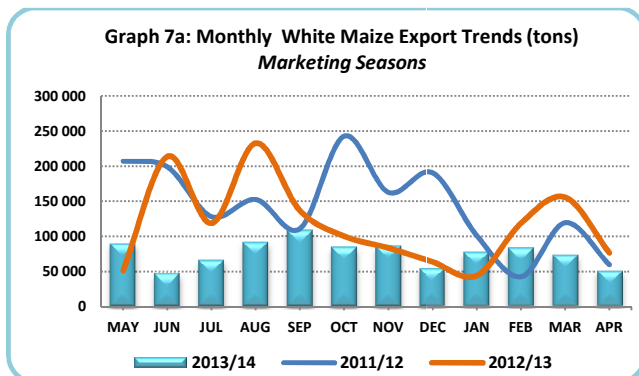
- US white maize saw slight gains on planting delays due to rain and cool temperatures across the Midwest.
- Weekly white maize prices gained 2% on the week to settle at US\$196/ton, but still 34% lower y/y.

Domestic:

- The South African white maize prices again posted sharp losses under pressure due to the increased harvest outlook. The expected white maize crop is now seen at 7.1m tons, almost 1% higher from the previous estimate during March. This is largely due to the improved production conditions as the reduced planted area (-4% y/y) was offset by better yields.
- Weekly white maize prices fell by a whopping 6% w/w and 7% y/y at R2,168 per ton.
- The first white maize export sales for the season came in at 5,391 tons and mostly destined for the neighbouring countries.


OUTLOOK

Given the bumper crop in sight, it is expected that prices will come under increased downward pressure as harvesting gains momentum in the medium term.



Source: SAGIS;

White Maize Futures 02 May 2014	Jul-14	Sep-14	Dec-14	Mar-15	May-15			
JSE (R/t) WM ₁	2 036	2 082	2 140	2 176	-			
Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-14			Sep-14			Dec-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2 080	112	68	2 120	166	128	2 180	187	147
2 040	89	85	2 080	144	146	2 140	165	165
2 000	70	106	2 040	123	165	2 100	144	184

Wheat market trends (Graph 8)
International:

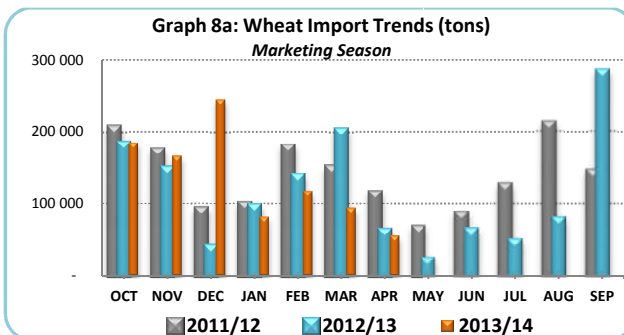
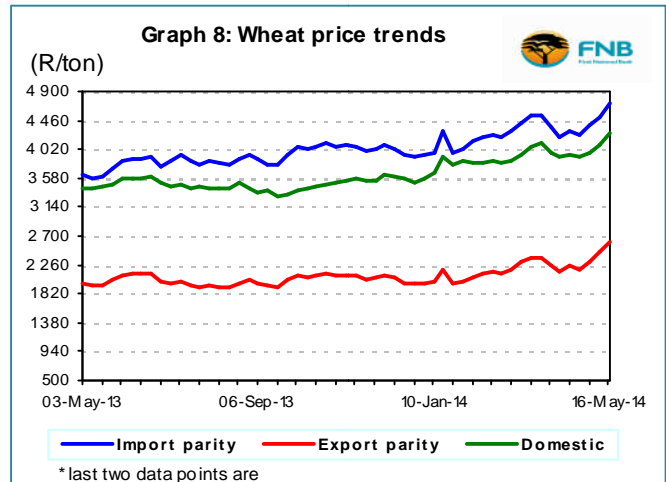
- US wheat prices moved modestly higher driven by dry weather in key growing areas. The ongoing tensions in Ukraine provided added support for the market, but exports are reportedly flowing without any hindrance.
- IGC projected a decline in world wheat production for 2014/15. The latest report pegged the crop at 697m tons, down by 2% y/y as yields return to normal.
- World ending stocks are expected to decline slightly from 190m to 187m tons in 2014/15.

Domestic:

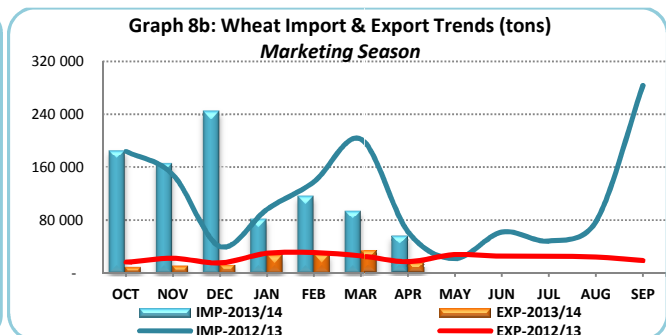
- Wheat prices bottomed out and ended firmer on renewed gains on the international markets.
- Weekly wheat prices were firmer at R3,963 per ton, which is 15% higher y/y.

OUTLOOK

Prices are expected to trend firmer in the short to medium term on concerns over world supplies.



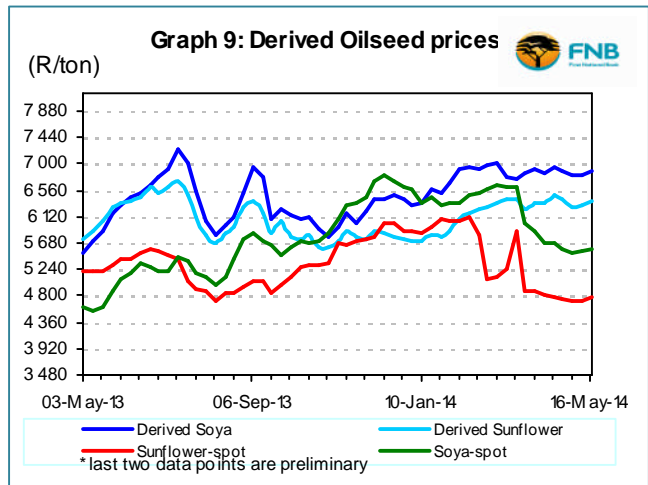
Source: SAGIS;



Wheat Futures 02 May 2014	Jul-14	Sep-14	Dec-14	Mar-15	May-15			
KCBT (\$/t)	301.89	302.55	304.09	303.94	300.42			
JSE (R/t)	4 015	3 938	3 869	3 863	-			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-14			Sep-14			Dec-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4 060	165	120	3 980	182	140	3 900	216	185
4 020	143	138	3 940	160	158	3 860	195	204
3 980	123	158	3 900	140	178	3 820	174	223

Oilseed market trends (Graph 9)
International:

- US prices were mostly lower in the soybean complex on weak export sales coupled with concerns over the Chinese cancellations of purchases amid big supplies and increasing financing problems.
- Prospect of increased planted area under soybeans added to the weaker tone.
- World soybean production is projected at a record 282m tons in 2013/14, according the latest IGC report.
- IGC world ending stocks projection came in at 27m tons, up 4% y/y.
- World soybean trade is expected to rise by 11% y/y in 2013/14 to 108m tons, mainly due to increased Chinese demand.


Domestic:

- Oilseeds traded on the JSE weakened further due to the improved harvest outlook.
- Weekly soybean prices moved marginally lower w/w but still 15% higher y/y at R5,522 per ton.
- Sunflower prices were marginally down by 1% w/w and 9% y/y at R4,715 per ton.

OUTLOOK

The medium term outlook for prices remains bearish given the good harvest expected for the oilseed crops.

Oilseeds Futures 02 May 2014	Jul-14	Sep-14	Dec-14	Mar-15	May-15
CBOT Soybeans (US \$/t)	540.35	470.83	-	452.68	453.78
CBOT Soya oil (US c/lb)	41.51	41.26	40.90	41.15	41.25
CBOT Soya cake meal (US\$/t)	529.55	465.29	427.48	427.26	427.15
JSE Sunflower seed (R/t)	4 802	4 912	4 985	5 109	-
JSE Soybean seed (R/t)	5 530	5 592	5 679	-	-

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

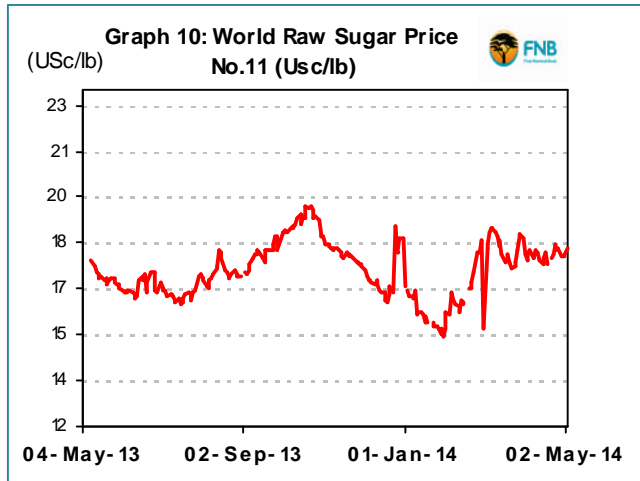
Jul-14			Sep-14			Dec-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4 840	217	179	4 960	250	202	5 020	292	257
4 800	195	197	4 920	228	220	4 980	270	275
4 760	175	217	4 880	207	239	4 940	250	295

Sugar market trends (Graph 15)
International:

- International Raw Sugar prices moved sideways in a short trading week due to Worker's Day holiday.
- Weekly world raw sugar prices on ICE (InterContinental nearby futures, No.11 contract) averaged US17.64c/lb.
- WASDE projected a m/m decrease of 73,000 short tons, raw value (STRV), of US sugar supply for fiscal year 2013/14 as a result of lower production and slightly lower beginning stocks.
- Sugar production was projected down 71,000 STRV, based on processor reports, with 41,000 of the decline from beet sugar and 30,000 from cane sugar. The 2,000 STRV reduction in 2013/14 beginning stocks reflects minor adjustments to estimated 2012/13 cane sugar production and deliveries for food.
- Projected 2013/14 use is unchanged from March indications. The net reduction in projected 2013/14 ending stocks of 73,000 STRV brings the stocks-to-use ratio down to 13%, from 14% projected in March.
- The 2012/13 supply and use estimates for Mexico for and the projections for 2013/14 remained unchanged. (WASDE).

Domestic:

- The RV price in respect of cane delivered in April 2014 for 2014/15 was declared at R3,299.07 per ton, up R161.20 compared to the final prices of the 2013/14 season. According to the Cane Growers Association, the increase was due to the inflation-related domestic sugar price increase that came into effect in early March 2014, the 7,343 ton increase in the LMDE, the 39,244 tons reduction in sugar production and the improved sugar:RV ratio (94.11% vs 93.39%).
- However, the decline in the world market weighted average sugar price (US18.01c/lb vs. US18.28c/lb) and the stronger spot Rand/US\$ exchange rate (10.48 vs.10.72) helped limit the price increase.
- Export availability in the 2014/15 season is reportedly estimated at 687,063 tons. Thus far 233,220 tons has been allocated for marketing and pricing, and to date a total of 177,399 tons have been priced at an average of US17.47c/lb.

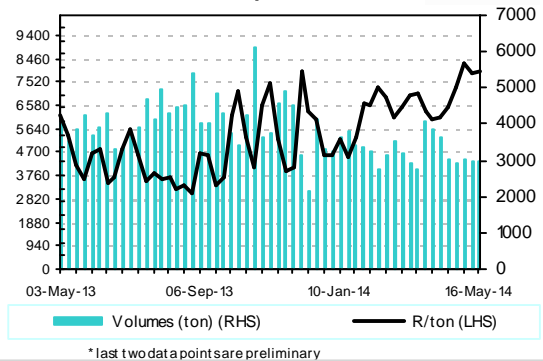


ICE Sugar Futures 02 May 2014	Oct-14	Mar-15	May-15	Jul-15	Oct-15
Sugar No.11 (US c/lb)	18.43	19.21	19.15	19.05	19.17
% Change w/w	-0.5%	-0.8%	-0.8%	-0.7%	-0.7%

Vegetable Market Trends (Graphs 11 to 15)
Tomatoes

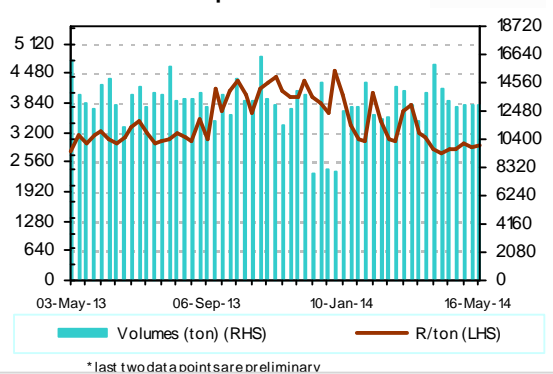
In the tomato market, prices continued to trend higher supported by improved uptake across most markets. Weekly tomato prices finished up 13% w/w and 35% y/y to settle at R8,304 per ton. Volumes of tomatoes traded were pegged at 3,009 tons, slightly up on last week by 2% but still down by 26% y/y.

It is however expected that prices will soften somewhat in short term on limited uptake.

Graph 11: Fresh Produce Markets - Tomato prices

Potatoes

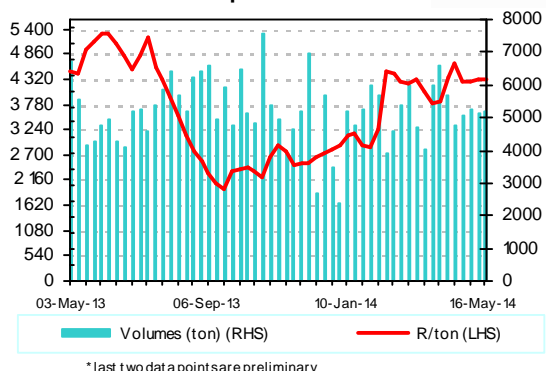
Potato prices rebounded and increased on improved uptake across markets. Weekly potato prices gained 4% w/w and 6% y/y, settling R2,949 per ton. Volumes traded were pegged at 12,976 ton, up 1% w/w but still down by 20% y/y.

Prices are however expected to trend sideways with limited upward potential on limited uptake.

Graph 12: Fresh Produce Markets - Potato prices

Onions

Onion prices reversed last week's gains on the back of improved volumes on markets. Weekly onion prices were almost unchanged w/w at R4,284 per ton, down 5% y/y. Volumes traded were pegged at 5,268 tons, up by 5% w/w but down by 22% y/y.

Prices are expected to ease somewhat in the short to medium term on moderation in demand.

Graph 13: Fresh Produce Markets - Onion prices


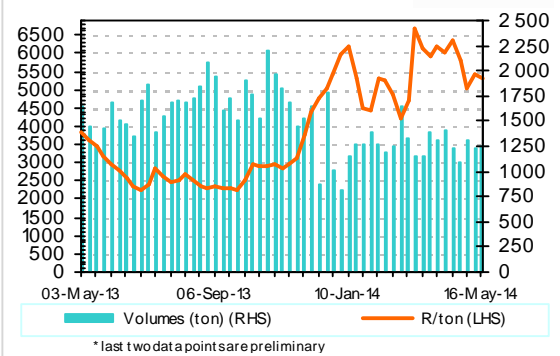
Carrots

Carrot prices continued to weaken under pressure due to increased supplies across markets.

Weekly carrot prices fell by 13% w/w at R5,042 tons, but were almost 32% higher y/y. Volumes traded rose by 20% w/w, coming in at 1,310 tons which is however still down by 20% y/y.

It is expected that prices will trend sideways with some upward potential in the short term.

Graph 14: Fresh Produce Markets - Carrot prices



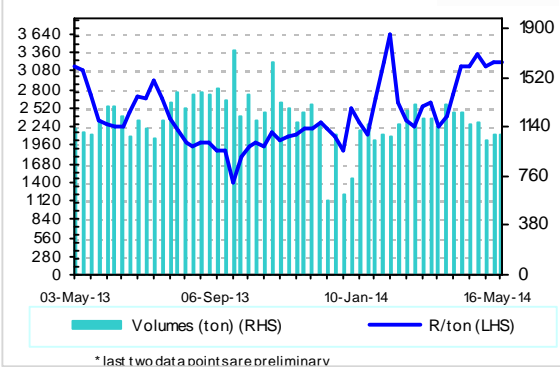
Cabbages

Cabbage prices reversed last week's gains and decreased despite a substantial reduction in supplies due to limited uptake across markets.

Weekly cabbage prices settled at R3,153 per ton, down by 6% w/w and almost unchanged y/y. Volumes of cabbages traded reached 1,033 tons, which is down by 12% w/w 9% y/y.

Prices are however expected to trend sideways in the short to medium term on moderation in demand.

Graph 15: Fresh Produce Markets - Cabbage prices

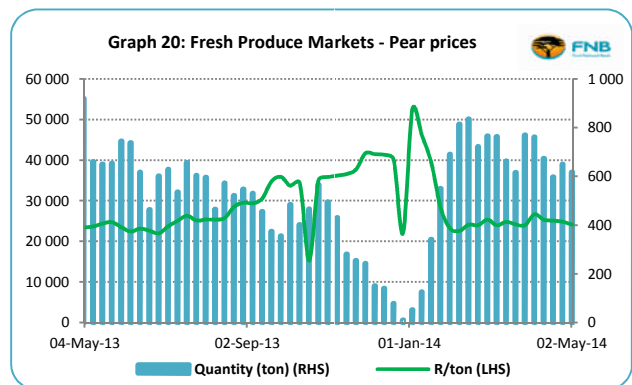
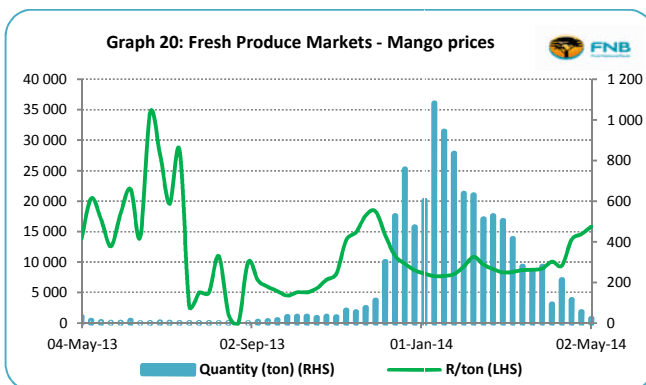
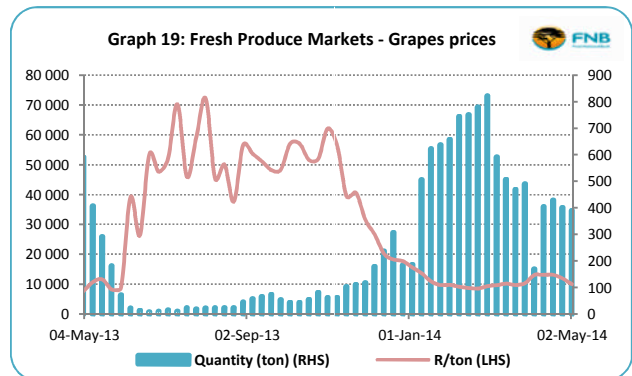
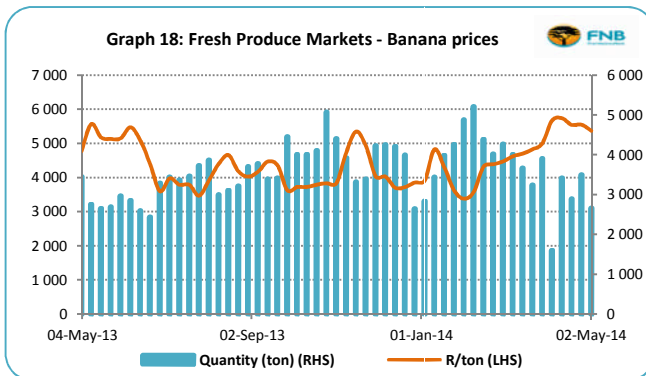
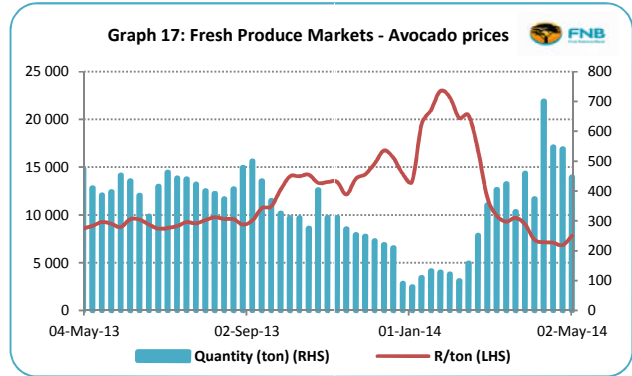
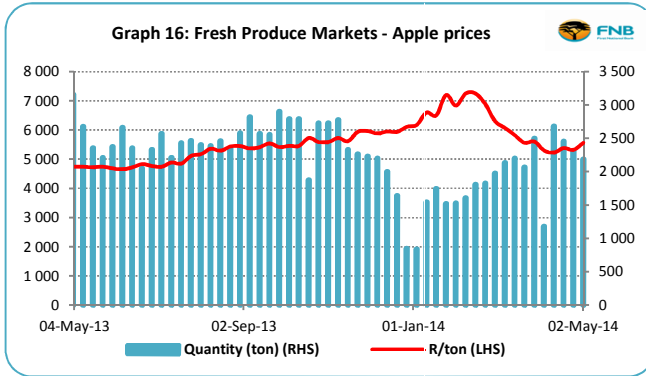


Vegetable prices: South Africa's Major Fresh Produce Markets.

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

Week ending 02 May 2014	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	8 304	13.2%	35.0%	3009	2.1%	-26.1%
Potato	2 949	4.4%	6.0%	12976	1.2%	-20.0%
Onion	4 284	-0.1%	-4.7%	5268	4.6%	-21.5%
Carrot	5 042	-13.4%	31.8%	1310	19.8%	-20.4%
Cabbage	3 153	-5.5%	-0.3%	1033	-11.7%	-8.7%

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

The Fruit Market Trends – Major Fresh Produce Markets in SA (Graphs 16 to 20)

FRUIT PRICES: Major FPM. (Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)

Week ending 02 May 2014	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Apples	5 559	4.6%	17.0%	2184	-5.3%	-30.7%
Avocados	7 840	14.7%	-8.8%	446	-17.5%	-5.9%
Bananas	5 367	-3.3%	12.4%	2655	-23.9%	-22.9%
Grapes	9 961	-16.2%	30.8%	389	-3.0%	-34.1%
Mangoes	15 847	8.5%	14.6%	21	-60.8%	-32.2%
Pears	24 102	-2.7%	2.9%	617	-5.0%	-32.8%

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

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.