

Agri-Weekly

07 February 2014

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Beef market trends (Graph 1)

International:

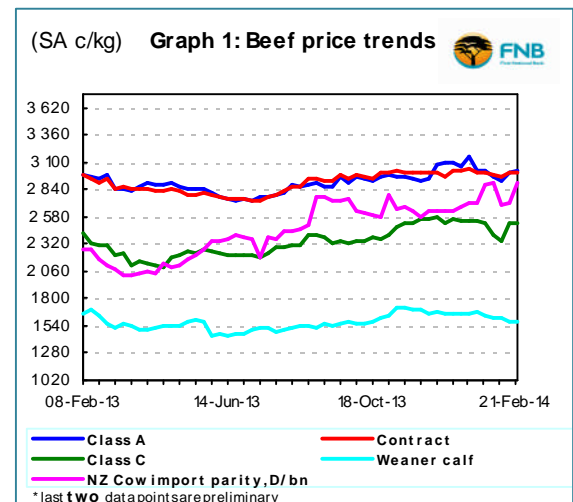
- US manufacturing beef prices were firmer on moderate demand and supplies. Inclement weather continued to slow down trading. Reduced cow slaughter and strong retail demand provided added support.
- On the import front, the US import market remained relatively slow, with prices trending sideways as adverse weather conditions continued to affect trading.
- At wholesale level, US Boxed Beef Cutout prices continued to weaken with Choice prices falling by 6.8% w/w but still 18.0% higher y/y at US\$216.30/cwt. Select beef prices were down by 6.8% w/w but still 19.6% higher y/y at \$215.35/cwt.
- In the cattle market, the CME Feeder Cattle Index moved marginally lower by 0.9% w/w at \$169.63/cwt, but still 16.6% higher y/y.
- Weekly US Cattle Slaughtered was estimated at 561,000 head, down by 0.9% w/w and 5.2% y/y. The estimated year to date slaughter was reported at 3.19m head, which is 9.1% lower than last year this time.
- The US cattle herd is reportedly on a decline with the total cattle number as of the 1st of January 2014 coming in the lowest since 1951 (-2.0% y/y at 87.7 m head), while the annual calf crop was the lowest since 1949 (-1.0% y/y at 33.9m head). USDA reported total cattle number in the US at 98.24% of last year and the annual calf crop at 98.98% of last year. This implies a tight domestic supply situation as more heifers are retained for breeding in the year ahead, weather permitting.
- In Australia, the cattle market saw another strong week with the Eastern Young Cattle Indicator (EYCI) ending the week up 2.5% w/w but still down by 11.8% y/y.

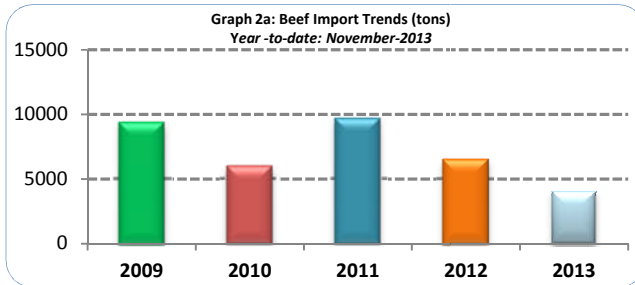
Domestic:

- The beef market continued to soften as a result of subdued demand. However, losses were limited as supplies tightened due to improved production conditions as a result of good rains over the past two weeks. Supplies of weaner calves and slaughter cattle have since tightened.
- Weekly Class A beef prices were marginally down 0.8% w/w and 1.8% y/y at R29.30 per kg.
- Contract Class A beef prices remained under pressure and weakened further by 2.4% w/w and 3.1% y/y at R23.53 per kg.
- In the weaner market, prices steadied as supplies tightened due to improved production conditions across most areas. Weekly weaner calf prices closed at R16.09 per kg live weight, but still 3.3% lower compared to the corresponding week last year.

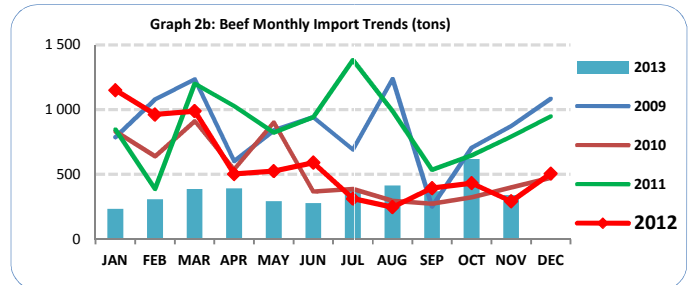
OUTLOOK

It is expected that the prices will firm slightly as supplies tighten further due to improved production conditions across the producing areas.





Source: SARS, Own Calculations



Mutton market trends (Graph 2)

International:

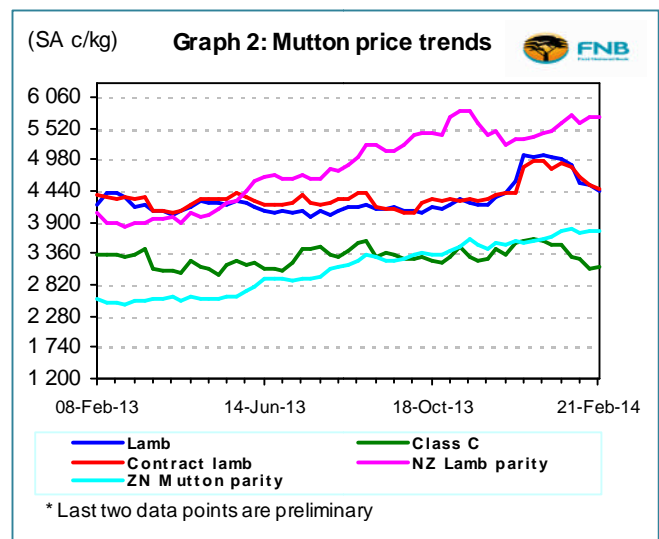
- In New Zealand (NZ), domestic producer prices retained the recent uptrend with the weekly 17.5kg lamb closing at NZ\$95.40/ head, which is up 21.0% y/y.
- Demand for NZ lamb was reportedly firm through the December to January period and that the outlook for Easter demand remains bullish.
- In Australia, the Meat and Livestock Australia projected the sheep flock to fall by 3.0% y/y in the year to June 30, 2014 to an estimated 72m head due to a record slaughter in 2013. As a result, lamb and mutton slaughter will drop by 4.3% and 36.0% y/y respectively in 2014.
- Strong export demand coupled with expectations of a weaker Australian dollar will see an increase in lamb exports to traditional markets of the US, China and the Middle East and accounting for 69.0% of total exports in 2014.
- In the case of mutton, the 2014 export projections were lowered to 110,000 tons swt due to reduced production with the destination dominated by China and the Middle East.
- For the week, the lamb market maintained a strong trend which saw the Eastern States Trade Lamb Indicator (ESTLI) gaining 5.2% w/w and 34.5% y/y to close at AU\$4.87/cwt.
- In the US, the Lamb Carcass Cutout prices posted a slight recovery to close at \$335.68/cwt, which is up by 2.7% w/w and 30.3% y/y.
- The estimated weekly US sheep for slaughter were reported at 37,000 head, down by 2.6% w/w and 2.8% y/y. The estimated year-to-date sheep slaughter reached 205,000 head, which is down by 1.0% y/y.

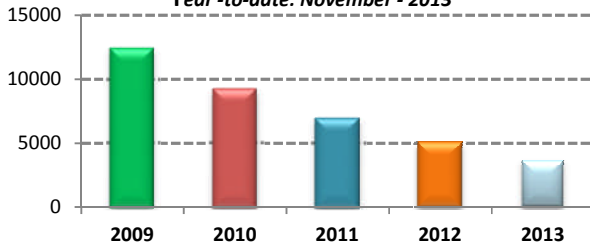
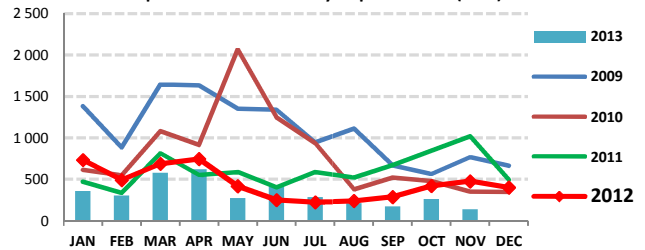
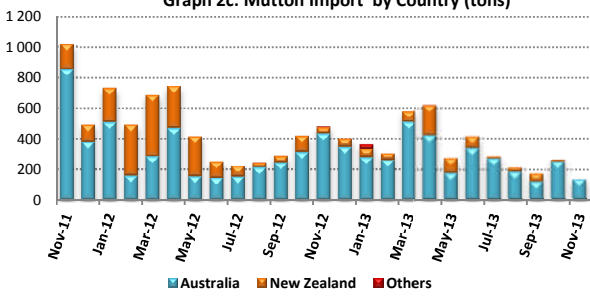
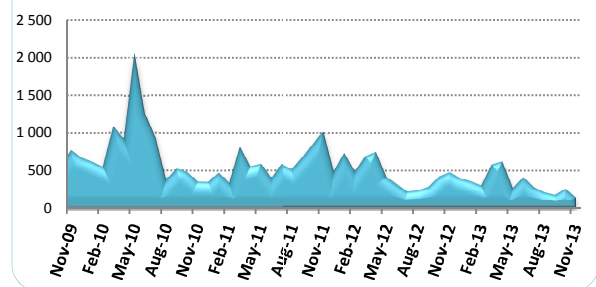
Domestic:

- The domestic lamb and mutton market maintained a softer trend as a result of weak demand. Weekly Class A lamb prices closed at R45.65 per kg, which is down by 6.6% w/w but still 8.7% higher y/y.
- Contract Class A lamb prices fell by 3.4% w/w to close the week at R46.76 per kg, but were still 7.4% higher y/y.
- Mutton prices closed at R32.55 per kg, which is down by 1.4% w/w and 2.0% y/y.
- In the weaner market, prices weakened under pressure due to limited uptake across markets. Weekly weaner lamb prices fell by 1.5% w/w to close at R21.67 per kg live weight, but still 9.0% higher y/y.

OUTLOOK

Prices are expected to trend sideways with limited upward potential as consumer disposable incomes come under pressure.



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

Graph 2b: Mutton Monthly Import Trends (tons)

Graph 2c: Mutton Import by Country (tons)

Graph 2d: Mutton Imports (TONS)


Source: SARS, Own Calculations

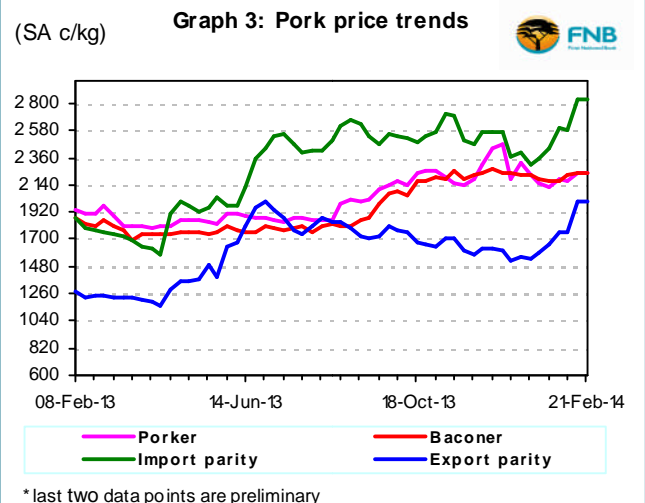
Pork market trends (Graph 3)

International:

- The US Pork Carcass (FOB Plant) Cutout prices fell sharply to finish the week at US\$81.31/cwt, which is down by 9.8% w/w.
- The US pig for slaughter were back in numbers, up 1.8% w/w and 1.4% y/y at an estimated 2.17m head.
- The cumulative year to date pig slaughter was 12.05m head, which is still 3.8% lower y/y.
- During December 2013, the total US pork production was reported at 2.07b pounds, up 6 percent from the previous year. Pig slaughter totalled 9.74m head, up 3 percent from December 2012. The average live weight was up 7 pounds from the previous year, at 283 pounds.
- The January 2014 USDA Cold Storage Report showed that the frozen pork supplies in the US were up 2.0% m/m and 1.0% y/y. Stocks of pork bellies were sharply higher by 67.0% m/m and 124.0% y/y.

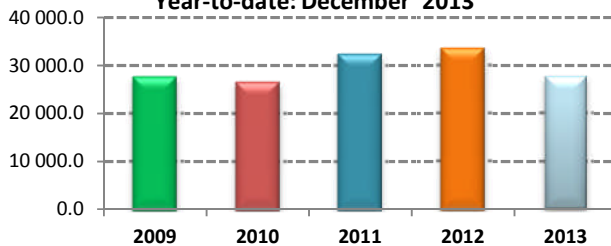
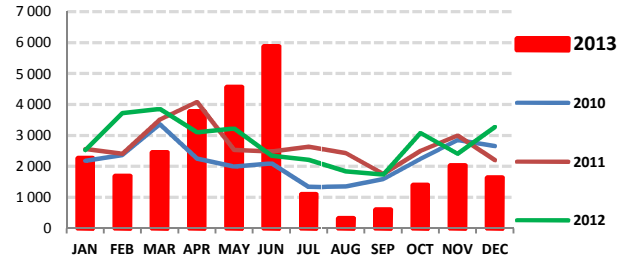
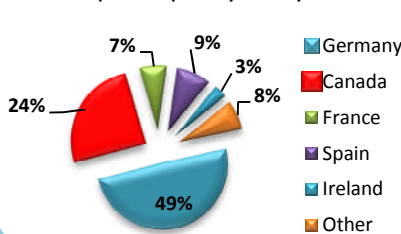
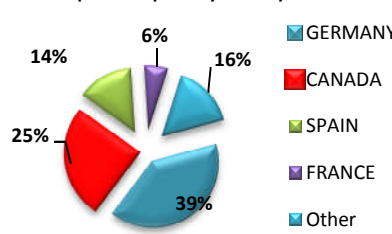
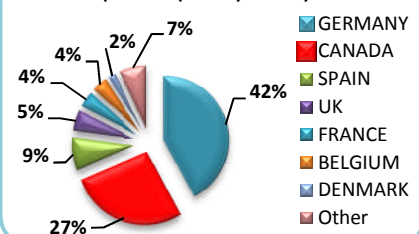
Domestic:

- Prices were again mixed with baconers regaining some ground on the back of tight supplies.
- Weekly porker prices ended softer at R21.67 per kg, but still 11.6% higher y/y.
- Baconer prices posted strong gains, closing up by 2.4% w/w and 18.4% y/y at R22.18 per kg.
- Pork import parity prices weakened slightly as the Rand/ US dollar exchange rate strengthened. Import parity prices are now 38.5% higher compared to the corresponding week last year.
- A weaker Rand helped slow down pork imports. Monthly pork imports for December 2013 fell by 19.6% m/m and 50.3% y/y at 1,631 tons.
- Major import sources for December were Germany with 949 tons (58.2%) and Canada with 280 tons (17.2%). The rest contributed 402 tons (24.7%).
- The total pork imports for 2013 were 27,654 tons, which is 17.0% lower y/y. Major import sources for 2013 were Germany with 11,638 tons (42%) and Canada with 7,307 tons (27%). Other suppliers were Spain with 2,382 tons (9%), the UK with 1,480 tons (5%), France with 1,191 tons (4%), and Belgium with 1,125 tons (4%). The remaining suppliers contributed smaller quantities totalling 2,530 tons (9.1%).



OUTLOOK

A sustained Rand weakness will help slowdown imports as they become more expensive. This will place upward pressure on domestic prices in the short to medium term.

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

Graph 3b: Pork Monthly Import Trends (tons)

Graph 3c: Imports by Country - 2011

Graph 4d: Imports by Country - 2012

Graph 3e: Imports by Country - 2013


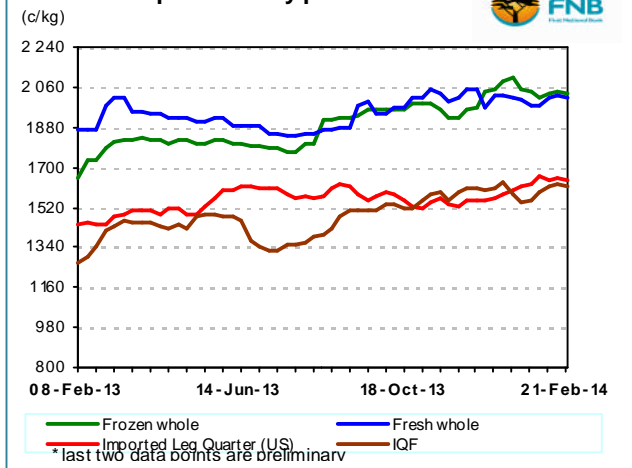
Source: SAPPO, SARS, Own Calculations

Poultry market trends (Graph 4)
International:

- US prices were steady to lower across most categories on moderate supplies. Adverse weather conditions earlier in the week affected trading in many areas.
- Demand at retail and food service was reportedly moderate ahead of the weekend as some dealers reportedly had to deal with power outages due to the inclement weather earlier in the week.
- Whole birds again steadied at US\$104.25c/lb, but still 4.3% higher y/y.
- Leg Quarter prices eased marginally lower at US\$50.33c/lb, which is down by 6.5% y/y.
- Breast cuts remained unchanged at US\$106.17c/lb, but marginally up on last year by 0.6%.
- Wings reversed gains, falling by 0.4% w/w and 35.6% y/y at US\$129.83c/lb.
- Drumsticks were also softer, closing down by 0.7% w/w but almost unchanged y/y at US\$69.67c/lb.
- Weekly US broiler egg sets for the week ended 01 February 2014 came in 1.0% higher y/y at 200m. Average hatchability for chicks came in at 83.0%. Broiler chick placements were slightly up on last year at 163m head.
- Cumulative broiler placements from December 29, 2013 through February 1, 2014 came in 1.0% higher y/y at 820m head.
- Meanwhile, total frozen poultry supplies on December 31, 2013 were reported down 3 percent from the previous month and down 6 percent from a year ago in the latest USDA Cold Storage Report. Total stocks of chicken were down 7 percent from the previous month and slightly down from last year.

Domestic:

- The domestic broiler market saw further gains on supply tightness.
- Weekly fresh whole bird prices strengthened to close at R20.17 per kg, which is up by 1.8% w/w and 8.1% y/y.
- Individually Quick Frozen portions (IQF), which constitutes over 60% of the broiler meat traded gained 1.5% w/w and 27.1% y/y to close at R16.14 per kg.

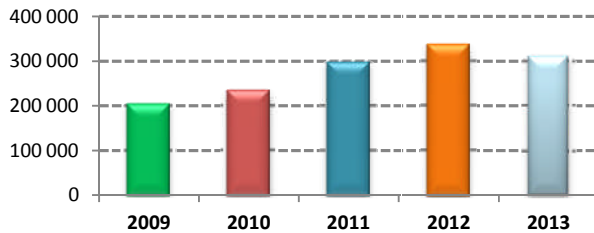
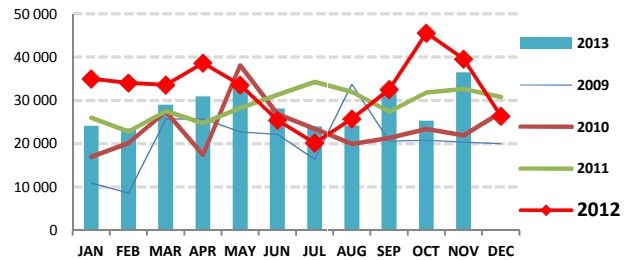
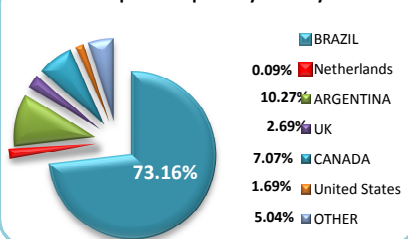
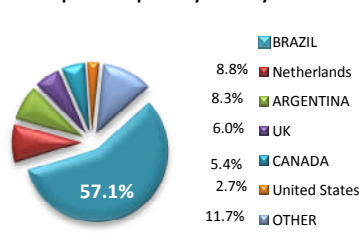
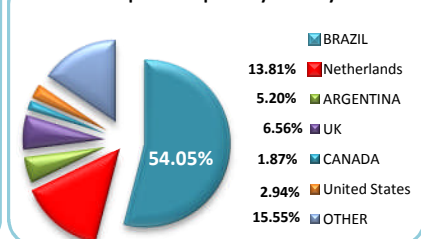
Graph 4: Poultry price trends


* last two data points are preliminary

- Frozen whole bird prices reversed last week's losses and closed at R20.34 per kg, up by 1.2% w/w and 23.2% y/y.

OUTLOOK

Prices are expected to retain the firmer trend in short to medium term on improved competitiveness as imports become more expensive.

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

Graph 4b: Poultry Monthly Import Trends (tons)

Graph 4c: Imports by Country - 2010

Graph 4d: Imports by Country - 2011

Graph 4e: Imports by Country - 2012


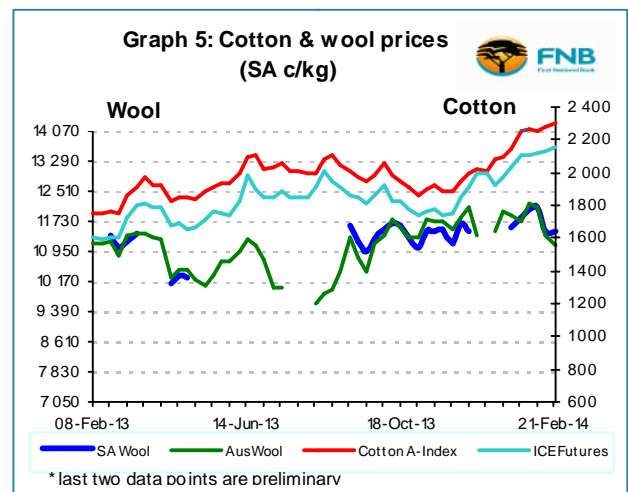
Source: SARS, Own Calculations

Producer prices for selected livestock commodities
 07 February 2014

	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh w4hole birds(R/kg)	29.30	45.65	21.67	20.17
Open market: Class C / Baconer / Frozen whole birds(R/kg)	23.53	32.55	22.36	20.34
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	29.64	46.76	22.18	16.14
Import parity price (R/kg)	26.83	36.99	25.84	16.44
Weaner Calves / Feeder Lambs (R/kg)	16.09	21.67		

Wool and cotton market trends (Graph 5)
International:

- The world cotton indicator price, Cotlook "A" index, reversed recent losses and strengthened. The average for the week closed at US92.45c/lb, which is 3.5% higher y/y.
- The improved export demand for cotton provided added support.
- In the futures market: the ICE Cotton for Jul-14 delivery increased by 1.4% w/w at US87.11c/lb, Oct-14 was up by 1.7% w/w at US79.88c/lb, and Dec-14 was up by 2.0% w/w at US77.94c/lb.
- Production conditions in Brazil are reported to be very good in Bahia with light precipitation and warm temperatures.
- Wool market: In Australia, the wool market posted slight losses despite the supportive currency. This saw the weekly AWEX EM Indicator closing down by 1.5% w/w and 1.2% y/y at AU\$11.15/kg clean wool. Volumes of sales reached 83.7% of the 44,935 bales offered, which were up by 39% higher than the previous week.



Domestic:

- The wool market finished firmer with the weekly Cape Wools Merino indicator up by 0.5% w/w and 6.7% y/y to close at a new record high of R120.77/ kg clean wool.
- At this level, the indicator was 5.5% and 18.4% higher compared to the year-to-date average and the opening sale of the 2013/14 season respectively.
- Major buyers were Lempriere SA with 2,336 bales (30.2%), Standard Wool SA with 1,629 bales (21.1%), Stucken & Co with 1,259 bales (16.3%), and G Modiano SA with 1,133 bales (14.7%).

Fibre market prices 07 February 2014	SA prices (R/kg)	Australian prices (R/kg)	Australian futures May-14 (AU\$/kg)	Australian futures Jul-14 (AU\$/kg)
Wool market indicator (R/kg)	120.77	109.89		
19 μ long length wool (R/kg)	-	125.56	12.20	11.90
21 μ long length wool (R/kg)	118.27	121.72	11.90	11.60
23 μ long length wool (R/kg)	-	121.72	10.70	10.40
Fibre market prices 07 February 2014	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures Jul-14 (US\$/kg)	Cotton Futures Oct-14 (US\$/kg)
Cotton Prices (R/kg)	22.57	2.03	1.92	1.76

Cotton Futures on the InterContinental Exchange (ICE);

Yellow maize market (Graph 6)
International:

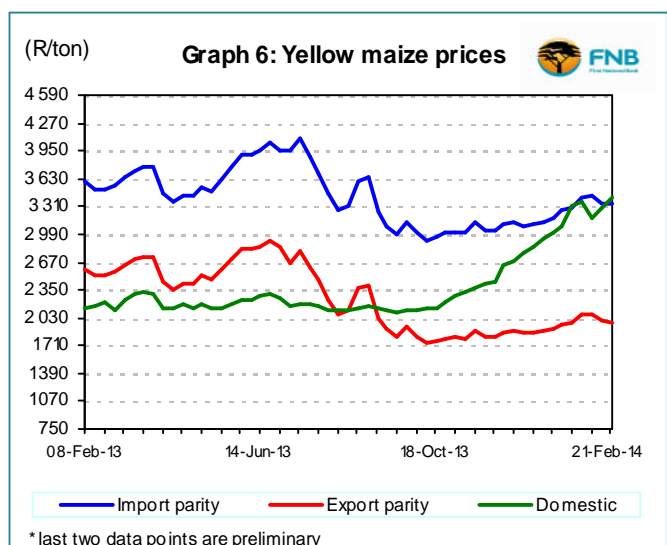
- US maize prices continued to post strong gains supported by good export sales and increased demand for livestock feeding as cold weather continued.
- Weekly export demand was the main driver with the sales number reported at 1.7m tons.
- Demand for ethanol use remains relatively good despite the production trending lower for the last couple of weeks.
- The weekly ethanol production rate was earlier reported down 6,000 to 895,000 barrels per day, which at this pace will result in the annual usage of 126m tons and falling slightly short of the USDA's projection of 127m tons.
- In South America, production conditions were reportedly good with forecasts for rain in the production regions of Argentina.

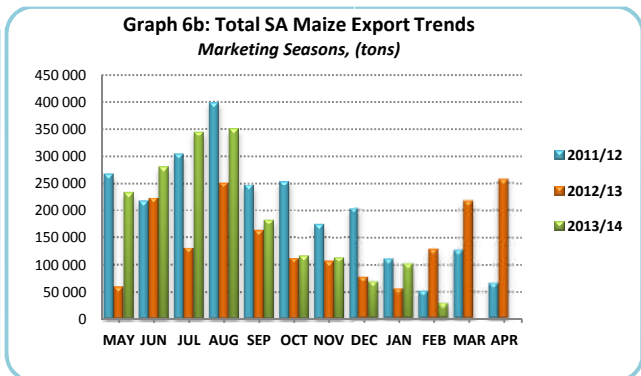
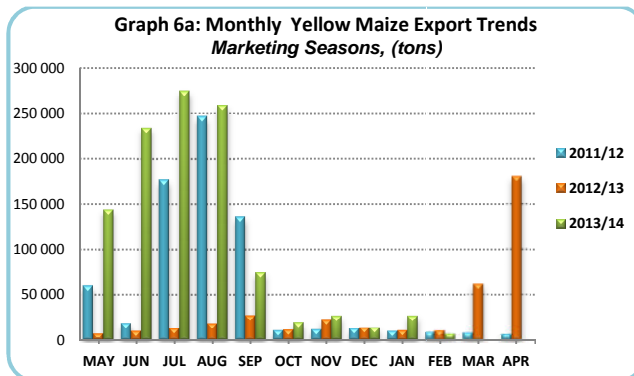
Domestic:

- On the South African market, yellow maize prices saw modest losses as the Rand recovered and production conditions improved. Recent rains over most of the production areas came in almost at the right time, which eased fears of crop failure in some areas.
- The average weekly yellow maize prices fell by 5.2% w/w but still 32.3% higher y/y, closing at R3,187/t.
- Weekly export sales were pegged at 6,704 tons and 1.09m tons for the season to date, according to the latest SAGIS report.
- Exports to the neighbouring countries included 1,910 tons of yellow maize to Zimbabwe, followed by Botswana and Swaziland with 1,586 and 1,364 tons respectively.
- Total maize exports (WMZ and YMZ) reached 1.82m tons. So far, major export destinations for YMZ are Japan (32.8%), Zimbabwe (10.6%), Mexico (10.5%), Botswana (9.5%), Taiwan (9.3%), and Korea (8.1%).

OUTLOOK

Positive developments on the weather front helped ease harvest concerns following the dry spell in the recent past. The Rand and weather will remain the main drivers in determining price direction in the short to medium term.





Source: SAGIS

Yellow Maize Futures 07 February 2014	May-14	Jul-14	Sep-14	Dec-14	Mar-15
CBOT (\$/t)	177.30	179.43	180.06	181.24	184.79
JSE (R/t)	2 351	2 224	2 268	2 302	-
CHICAGO CORN (R/t)	1 973	2 011	-	2 302	-

Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
May-14			July-14			Sep-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2 520	211	42	2 300	179	103	2 340	230	158
2 480	182	53	2 260	155	119	2 300	206	174
2 440	154	65	2 220	133	137	2 260	184	192

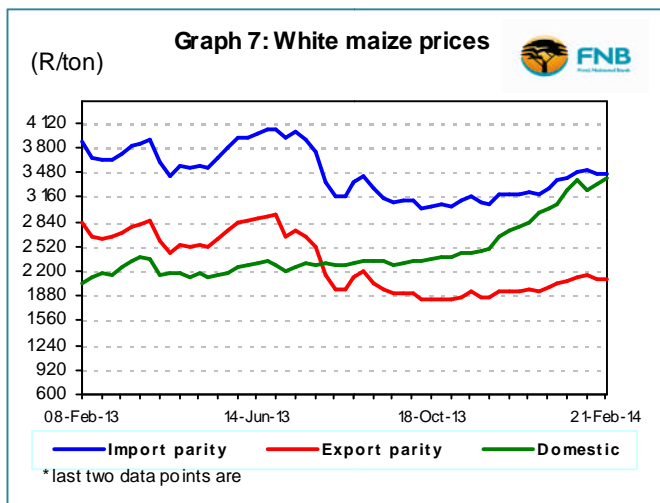
White maize market trends (Graph 7)

International:

- US white maize moved slightly higher on the back of good export sales.
- Weekly white maize price closed at US\$191/ton, which is 1.4% higher w/w but still down by 40.1% y/y.

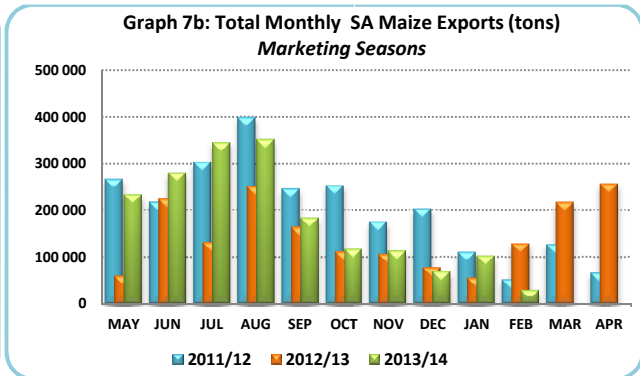
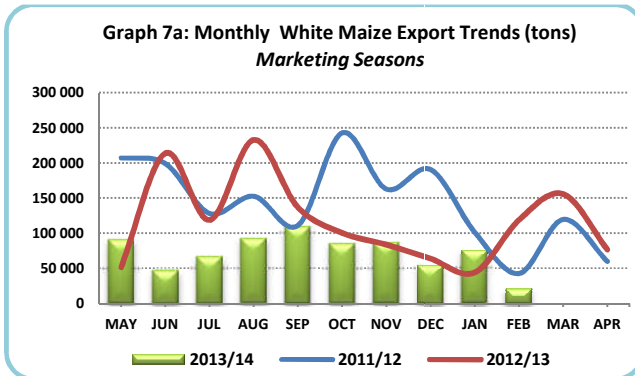
Domestic:

- The South African white maize prices edged lower despite gains on the international market due to improved production conditions and Rand gains.
- Weekly white maize prices closed at R3,235 per ton, down by 4.1% w/w but still 41.8% higher y/y.
- Weekly white maize export sales were pegged at 21,031 tons and 730,490 tons for the season to date, according to the latest SAGIS report.
- Meanwhile, white maize exports have increased with Zimbabwe being the major destination on the continent (32%) and the second for the world (24%).
- Major export destinations so far for WMZ are Mexico (26.0%), Zimbabwe (23.9%), Botswana (18.2%), and Namibia (15.3%).
- Planted area under maize has dropped by 2.5% y/y at 2.71m ha, with white maize pegged at 1.57m (-2.8% y/y) (CEC, Jan-2014).



OUTLOOK

Positive developments on the weather front helped ease harvest concerns following the dry spell in the recent past. The Rand and weather will remain the main drivers in determining price direction in the short to medium term.



Source: SAGIS;

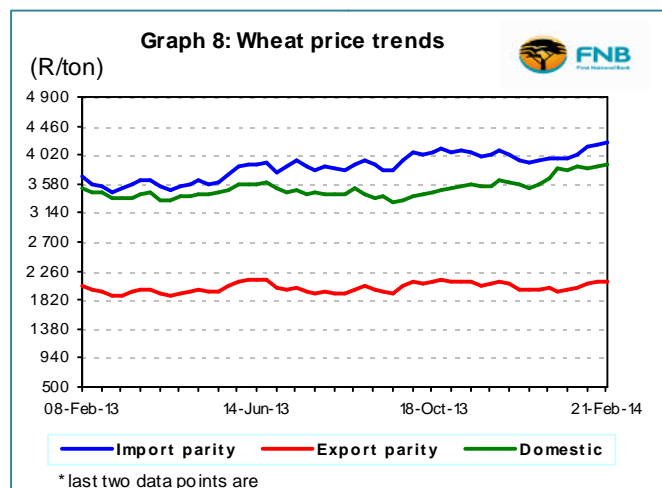
White Maize Futures 07 February 2014	May-14	Jul-14	Sep-14	Dec-14	Mar-15			
JSE (R/t) WM ₁	2 488	2 222	2 261	2 299	-			
Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
May-14			Jul-14			Sep-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2 700	254	42	2 320	209	111	2 360	239	140
2 660	224	52	2 280	184	126	2 320	215	156
2 620	195	63	2 240	161	143	2 280	192	173

Wheat market trends (Graph 8)
International:

- US wheat prices posted slight gains on weather concerns as heavy snow was followed by freezing temperatures in the Midwest. The snow however provided a blanket to the winter wheat crop, which may help reduce damage.
- There were further concerns about the hard red winter wheat crops from Kansas to Texas reportedly due to very little to no moisture over the past month.
- Meanwhile, declines in crop condition ratings were reported cross the producing areas of the US despite the recent snow falling in parts of the Plains.
- Wheat Futures on CME: Wheat for Jul-14 gained 4.0% w/w at US\$214/t, Sep-14 was up 3.9% w/w at US\$218/t, and Dec-14 was up by 3.8% w/w at US\$222/t.
- KCBT wheat futures: Wheat for Jul-14 was up by 4.0% w/w at US\$ 230/t, Sep-14 was up by 3.6% w/w at US\$233/t, and Dec-14 was up 3.2% w/w at US\$237/t.

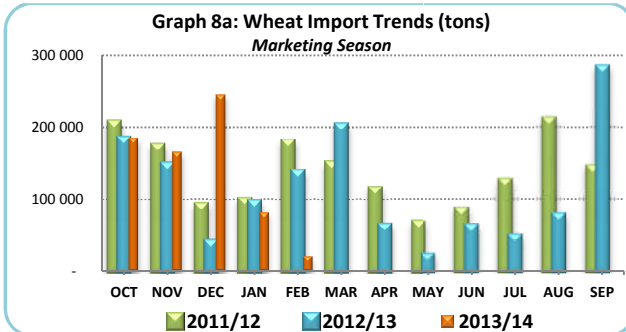
Domestic:

- The South African wheat prices trended sideways as the Rand gained some traction.
- Weekly wheat prices closed at R3,820 per ton, which is up by 4.5% y/y. Wheat import parity prices continued to strengthen mainly on the back of higher international prices.
- Weekly import sales for the 2013/14 marketing season came in at 20,568 tons and 694,252 tons for the season to date. Main suppliers so far are Russia (48.3%) and Ukraine (40.5%). The others were Lithuania (5.8%), Canada (2.9%), and the US (2.5%).

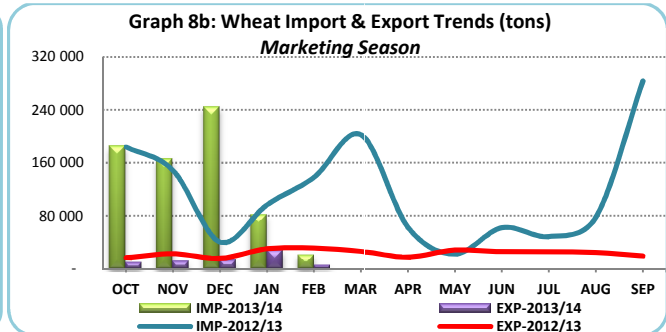


OUTLOOK

International prices are expected to continue trending firmer with weather being the major driver.



Source: SAGIS;



Wheat Futures 07 February 2014	May-14	Jul-14	Sep-14	Dec-14	Mar-15
KCBT (\$/t)	234.57	230.24	233.03	237.22	238.98
JSE (R/t)	3 885	3 909	-	3 610	-

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

May-14			Jul-14			Sep-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3 920	74	39	3 940	144	113	3 660	175	125
3 880	52	57	3 900	123	132	3 620	153	143
3 840	35	80	3 860	103	152	3 580	133	163

Oilseed market trends (Graph 9)
International:

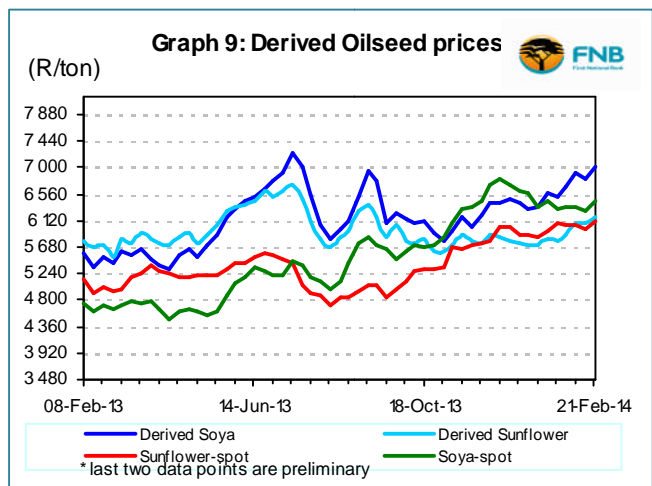
- US soybean prices saw modest gains on good export demand and spill over support from higher soybean meal prices as supplies tightened.
- Weekly US soybean sales were reported at 577,000 tons, which puts total marketing year commitments at 106% of the USDA's marketing year estimate.
- In Brazil, yields are reportedly very strong although hot and dry conditions moved in to the eastern parts.
- Weekly soybean prices closed at US\$516/t, up by 1.3% w/w but still down by 10.0% y/y.
- Soybean meal gained 4.3% w/w and 13.6% y/y at US\$504 /t.
- Soybean oil was the biggest gainer, closing up 5.0% w/w but still down by 21.8% y/y at US\$36c/lb.

Domestic:

- Oilseeds on the domestic market extended gains on spill over support from the international market.
- Weekly soybean prices increased marginally w/w at R6,346 per ton, which is 18.1% higher y/y.
- The January CEC report showed that the planted area under sunflower has increased by 22.5% y/y to 618,400ha. There was a slight decrease in the planted area for soybeans, coming in at 516,000 ha (-0.1% y/y).

OUTLOOK

The local oilseed prices are expected to trend firm to higher in the short to medium term on spill over strength from the international market.



Oilseeds Futures 07 February 2014	May-14	Jul-14	Sep-14	Dec-14	Mar-15
CBOT Soybeans (US \$/t)	484.06	476.93	431.52	-	415.35
CBOT Soya oil (US c/lb)	38.88	39.18	39.15	38.89	39.13
CBOT Soya cake meal (US\$/t)	473.88	460.44	417.33	385.26	385.26
JSE Sunflower seed (R/t)	5 200	5 270	5 375	-	-
JSE Soybean seed (R/t)	6 000	6 057	6 102	6 183	-

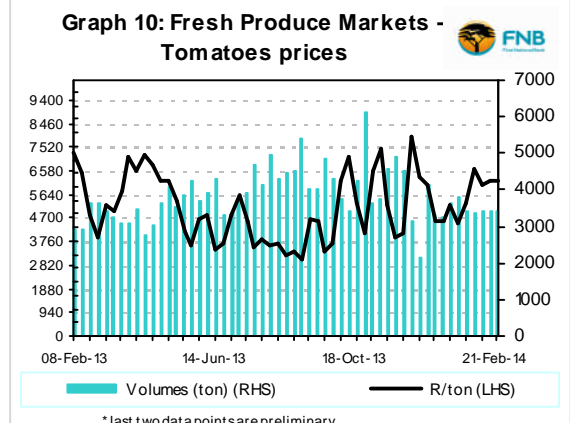
Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)

May-14			Jul-14			Sep-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
5 360	309	149	5 400	343	213	5 460	251	166
5 320	284	164	5 360	319	229	5 420	228	183
5 280	260	180	5 320	296	246	5 380	207	202

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

For the week, prices of tomatoes moved sharply lower on softer uptake and slight improvement in supplies. Weekly tomato prices fell to R6,035 per ton, down by 9.5% w/w and 17.4% y/y. Volumes of tomatoes traded reached 3,413 tons, up by 2.0% w/w and 18.0% y/y.

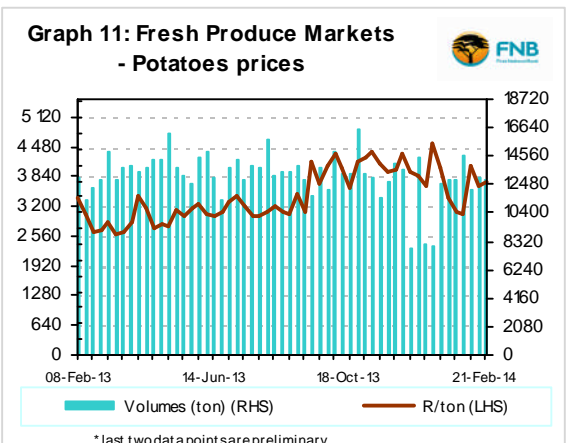
Prices are expected to trend sideways with limited upward potential due to increased supplies.


Potatoes

In the potato market, prices reversed last week's losses and increased due to a significant reduction in volumes traded.

Weekly potato prices increased to close at R4,068 per ton, which is up by 34.2% w/w and 20.8% y/y. Volumes of potatoes traded were pegged at 12,148 tons, falling by 16.7% w/w and 6.7% y/y.

Prices are expected to weaken as volumes improve in the medium term.



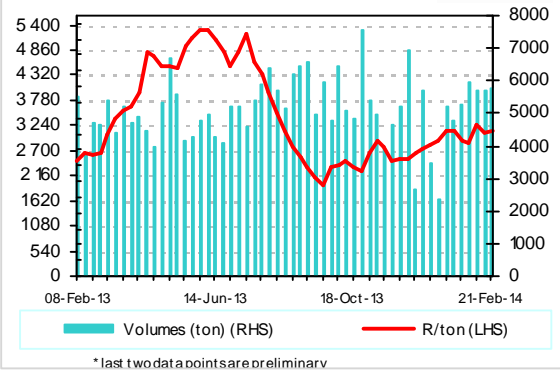
Onions

Onion prices bottomed out and increased on good uptake and reduced supplies across markets.

Weekly onion prices jumped 14.1% w/w and 32.0% y/y to close at R3,252 per ton. Volumes of onions traded were pegged at 5,683 tons, down by 4.9% w/w but still 2.5% higher y/y.

Prices are however expected to ease slightly in the short to medium term on limited uptake.

Graph 12: Fresh Produce Markets - Onion prices



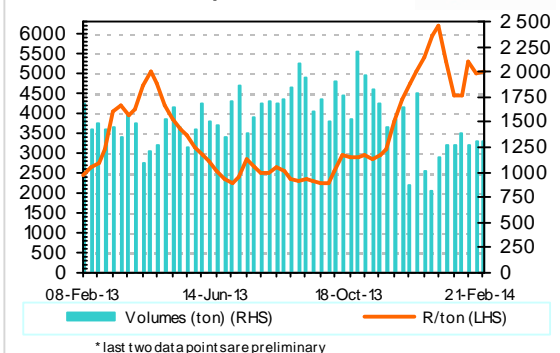
Carrots

The carrot market regained ground and rose sharply supported by lower volumes across markets.

Weekly carrot prices reached R5,323 per ton, up by a whopping 19.3% w/w and 115.5% y/y. Volumes of carrots traded were pegged at 1,271 tons, which is down by 8.3% w/w and 24.4% y/y.

Prices are expected to trend softer in the short term on limited uptake.

Graph 13: Fresh Produce Markets - Carrot prices



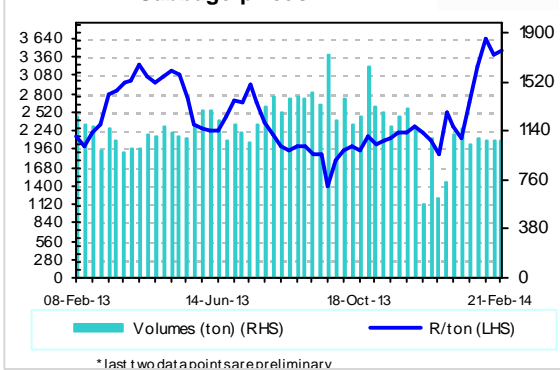
Cabbages

Cabbage prices extended recent gains supported by good uptake and slightly lower volumes across markets.

Weekly cabbage prices closed at R3,633 per ton, up by 13.5% w/w and 70.0% y/y. Volumes of cabbages traded reached 1,061 tons, down by 1.8% w/w and 15.2% y/y.

It is expected that prices will ease lower in the short term on moderation in demand and volume pressure.

Graph 14: Fresh Produce Markets - Cabbage prices



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

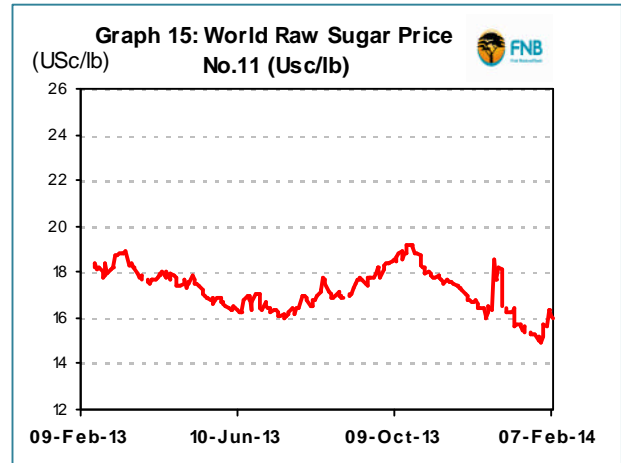
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)

Week ending 07 February 2014	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	6 035	-9.5%	-17.4%	3413	2.0%	18.0%
Potato	4 068	34.2%	20.8%	12148	-16.7%	-6.7%
Onion	3 252	14.1%	32.0%	5683	-4.9%	2.5%
Carrot	5 323	19.3%	115.5%	1271	-8.3%	-24.4%
Cabbage	3 633	13.5%	70.0%	1061	-1.8%	-15.2%

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

Sugar market trends (Graph 15)
International:

- International Raw Sugar prices posted strong gains as drought threatened yields in Brazil while India reportedly deferred a plan to boost exports.
- Weekly world raw sugar prices (InterContinental (ICE) nearby futures, No.11 contract) increased by 5.7% w/w but still down by 12.3% y/y at US16.10 cents per pound. Prices reached a high of US16.38/lb during the week.
- Weather conditions in key production areas around the world were reportedly good with the exception of Brazil where dry conditions persisted.
- In the futures market: Raw sugar for Jul-14 gained 1.8% w/w at US16.32c/lb, Oct-14 was up by 1.8% w/w at US16.76c/lb, and Mar-15 was up by 1.6% w/w at US17.56c/lb.


Domestic:

- Locally, the January 2014 RV price in respect of cane delivered in December 2013 fell by R11.48 per ton m/m at R3,080.03 per ton.
- According to the Cane Growers Association, the lower sugar:RV ratio (93.58% vs. 93.83%), the 1,902 ton increase in sugar production (2.355m tons vs. 2.353m tons) and the sharp drop in the spot No.11 price (15.74 USc/lb. vs. 16.68 USc/lb) contributed towards the lower price despite the weakening of the Rand/US dollar exchange rate (R10.69 vs. R10.39).
- About 14.6% of the estimated export availability is reportedly unpriced and exposed to world market price volatility while 10.9% of expected USD revenue s exposed to exchange rate volatility.

ICE Sugar Futures 07 February 2014	Jul-14	Oct-14	Mar-15	May-15	Jul-15
Sugar No.11 (US c/lb)	16.32	16.76	17.56	17.66	17.74
% Change w/w	1.8%	1.8%	1.6%	1.8%	2.1%

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