

# Agri-Weekly

14 February 2014

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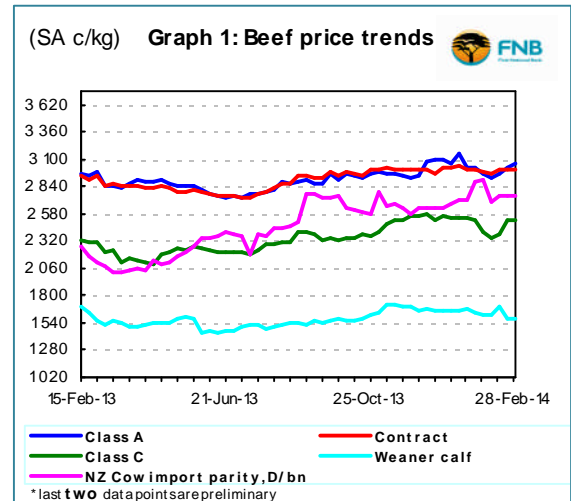
## Beef market trends (Graph 1)

### International:

- US manufacturing beef prices posted strong gains on the back of good demand and light supplies. Inclement weather continued to affect trading across the US. Reduced cow slaughter and strong retail demand continued to provide added support.
- On the import front, the US import market was reportedly slow to moderate but prices were mostly higher due to tight supplies as adverse weather conditions continued to affect trading.
- At wholesale level, US Boxed Beef Cutout prices weakened further with Choice prices falling by 3.5% w/w but still 14.1% higher y/y at US\$208.83/cwt. Select beef prices were down by 3.5% w/w but still 15.8% higher y/y at \$207.90/cwt.
- In the cattle market, the CME Feeder Cattle Index increased by 1.1% w/w and 20.8% y/y to close at US\$171.58/cwt.
- Weekly US Cattle Slaughter number was estimated at 539,000 head, down by 3.9% w/w and 9.6% y/y. The estimated year to date slaughter was reported at 3.73m head, which is 9.6% lower than last year this time.
- According to the USDA's latest World Agriculture Supply and Demand Estimate (WASDE) report, the relatively large cattle placements in the fourth quarter of 2013 are expected to carry through into the first half of 2014, which will result in higher slaughter in 2014. Cow slaughter is also expected to remain relatively strong during the first half of 2014 with favourable cull cow prices. Beef import and export forecasts for 2014 were unchanged from last month at 1.0m and 1.1m tons respectively. Cattle prices for 2014 were raised from last month, reflecting tight supplies and recent price strength for feedlot cattle.
- In Australia, the cattle market saw slight losses with the Eastern Young Cattle Indicator (EYCI) falling by 1.5% w/w and 26.4% y/y at AU\$2.88/kg.

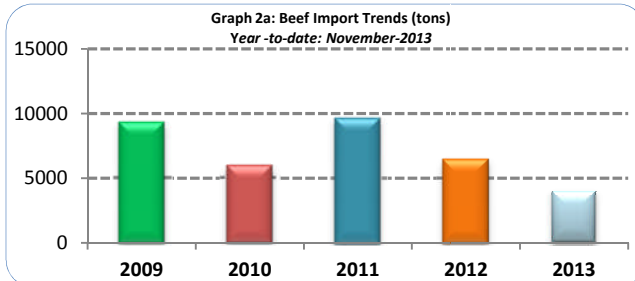
### Domestic:

- The beef market saw a slight recovery as supplies tightened due to improved production conditions as a result of good rains over the past few weeks.
- Weekly Class A beef prices were firmer at R29.71 per kg, up by 1.4% w/w and 0.4% y/y.
- Contract Class A beef prices gained 1.0% w/w and 2.0% y/y to close at R29.93 per kg.
- Class C beef prices were up by 1.6% w/w and 2.7% y/y at R23.90 per kg.
- In the weaner market, prices continued to strengthen as supplies tightened due to improved production conditions across most areas. Weekly weaner calf prices closed firmer at R16.84 per kg live weight, but still 0.1% lower compared to the corresponding week last year.

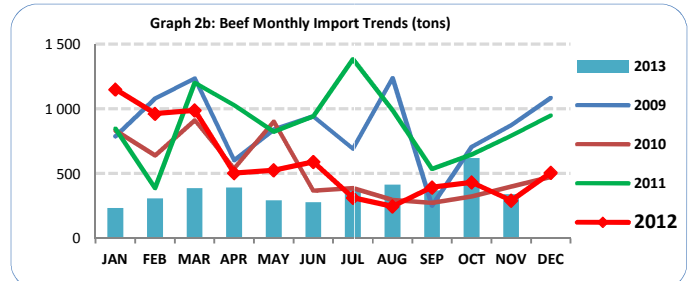


**OUTLOOK**

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:

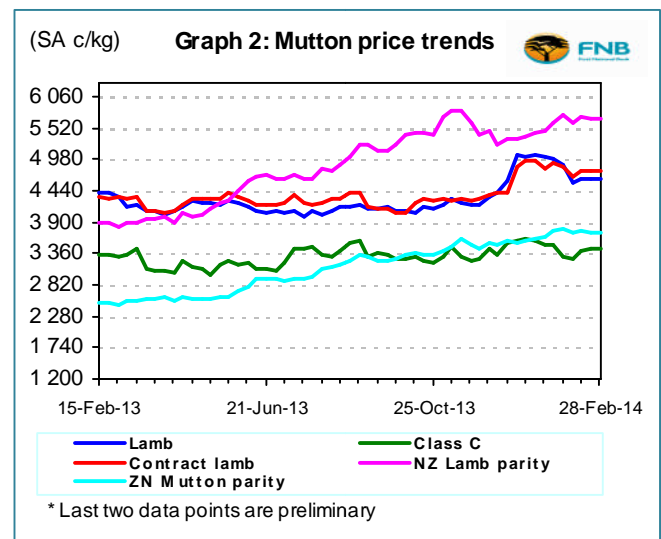
- In New Zealand (NZ), domestic producer prices moved sideways to firmer with the weekly 17.5kg lamb closing at NZ\$95.60/ head, which is 25.0% higher y/y.
- Easter production in NZ is reportedly in full swing with favourable export prices. Nonetheless, tight domestic supplies due to the improved production conditions will affect processing for export.
- In Australia, the lamb market continued to trend firmer which saw the Eastern States Trade Lamb Indicator (ESTLI) advancing further by 3.1% w/w and 8.4% y/y to close at AU\$5.02/cwt.
- In the US, the Lamb Carcass Cutout prices advanced marginally by 0.1% w/w to close at \$335.93/cwt, which is 32.1% higher y/y.
- The estimated weekly US sheep for slaughter were reported at 38,000 head, up by 2.7% w/w and unchanged y/y. The estimated year-to-date sheep slaughter reached 242,000 head, which is down by 1.2% y/y.
- According to the latest USDA's Livestock, Dairy, and Poultry Outlook report, the US sheep industry registered a 2.0% inventory decline in all major segments of the industry from 2013 as of Jan 1, 2014. The declines in all segment of the sheep industry suggest that lamb meat supply will also be down in 2014. Continued tight supplies are expected to outweigh the fairly stable demand, helping to maintain strong prices in 2014.

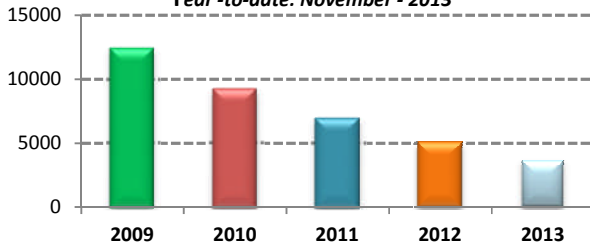
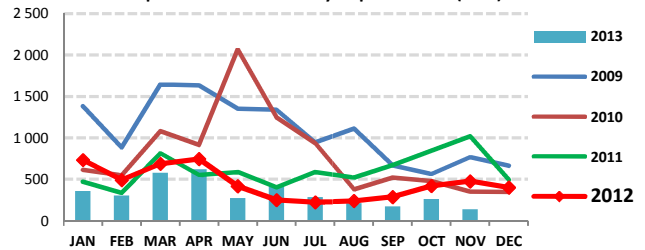
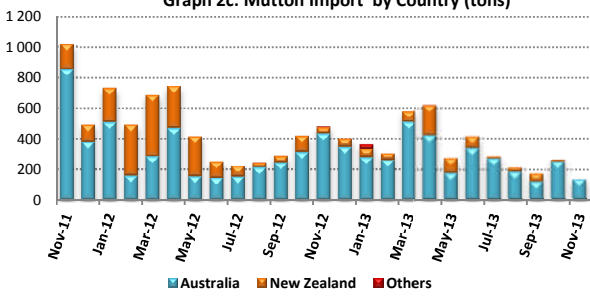
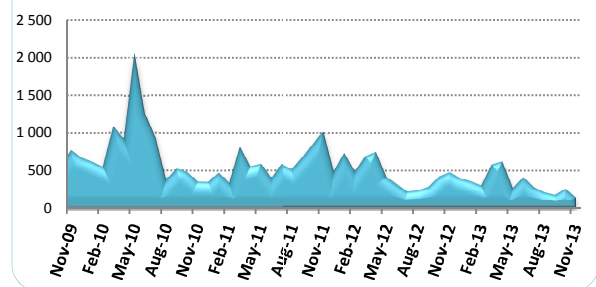
Domestic:

- The domestic lamb and mutton market moved higher as supplies tightened due to improved production conditions in most producing areas.
- Weekly Class A lamb prices closed at R46.46 per kg, up by 1.8% w/w and 5.5% y/y.
- Contract Class A lamb prices gained 2.2% w/w and 10.6% y/y to close at R47.80 per kg.
- Mutton prices posted modest gains, finishing up by 5.1% w/w and 2.3% y/y at R34.21 per kg.
- The weaner market regained some ground on the back of tight supplies across markets. Weekly weaner lamb prices gained 3.1% w/w and 11.7% y/y to close at R22.33 per kg live weight.

**OUTLOOK**

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



**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

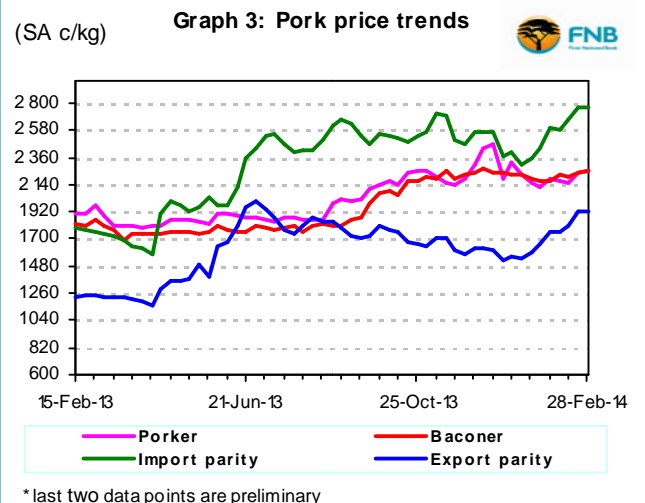
### Pork market trends (Graph 3)

#### International:

- The US Pork Carcass (FOB Plant) Cutout prices rebounded to finish the week 15.4% higher at US\$93.80/cwt.
- The US pigs for slaughter declined by 2.7% w/w and 1.2% y/y at an estimated 2.11m head.
- The cumulative year to date pig slaughter was 14.16m head, which is still 358% lower y/y.
- Pork production was lowered reportedly due to indications that Porcine Epidemic Diarrhea virus (PEDv) continues to spread. US pork production for 2014 was projected at 10.5m tons, down by 0.7% from the previous month. This is however 1.0% higher y/y.
- Pork exports were projected lower by 0.8% m/m to 2.3m tons, as tight supplies and high prices reduce competitiveness.

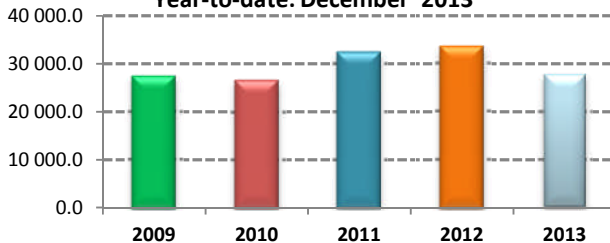
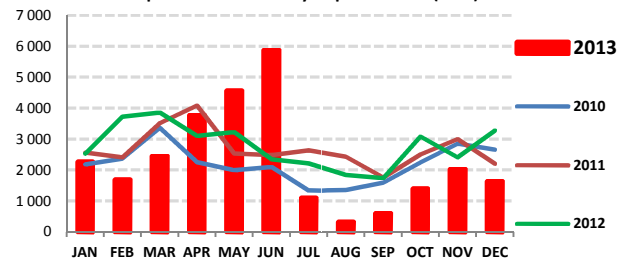
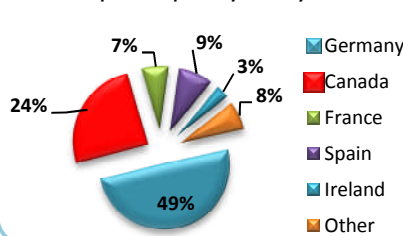
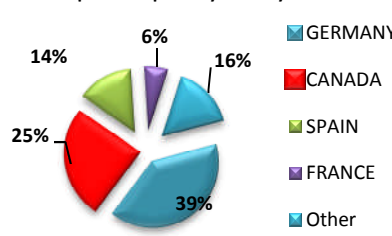
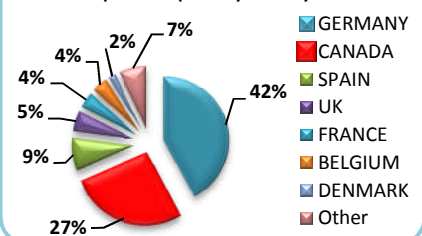
#### Domestic:

- Prices softened due to a slowdown in demand and slightly improved supplies during midmonth.
- Weekly porker prices ended softer at R21.59 per kg, but still 13.0% higher y/y.
- Baconer prices eased marginally lower to close at R22.03 per kg, which is 20.7% higher y/y.
- Pork import parity prices bottomed out and strengthened on higher international prices despite a strong Rand. Import parity prices are now 48.6% higher compared to the corresponding week last year.
- A weaker Rand helped slow down pork imports over the December period. 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**

It is expected that prices will trend firmer in the short term on improved demand.

**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**


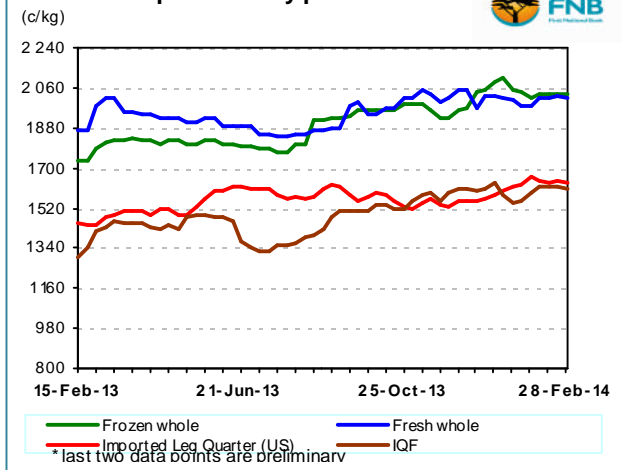
Source: SAPPO, SARS, Own Calculations

**Poultry market trends (Graph 4)**
**International:**

- US prices continued to trend sideways to lower across most categories on moderate supplies.
- Demand at retail was reportedly light to moderate as plants tried to recover following adverse weather conditions recently. At food service, demand was reportedly light to good ahead of the holiday weekend.
- Whole birds prices were unchanged at US104.25c/lb, but still 4.1% higher y/y.
- Leg quarter prices steadied at US50.33c/lb, which is down by 7.1% y/y. Breast cuts weakened by 1.1% w/w and 1.9% y/y, closing at US105.00c/lb.
- Wings weakened further, falling by 0.4% w/w and 333.7% y/y at US129.33c/lb. Drumsticks remained firm at US69.67c/lb, but slightly down on last year by 0.5%.
- Weekly US broiler egg sets for the week ended 08 February 2014 came in 1.0% higher y/y at 207m. Average hatchability for chicks came in at 83.0%. Broiler chick placements were unchanged from the week earlier but slightly up on last year at 163m head.
- Cumulative broiler placements from December 29, 2013 through February 8, 2014 came in 1.0% higher y/y at 1.02b head.
- USDA's WASDE report showed a reduction in the US broiler production due to slower growth in slaughtering. US broiler production for 2014 was projected at 17.3m tons, slightly down on the January figure but 2.8% higher y/y. The broiler export forecast was lowered by 0.7% to 3.4m tons on weak demand prospects.

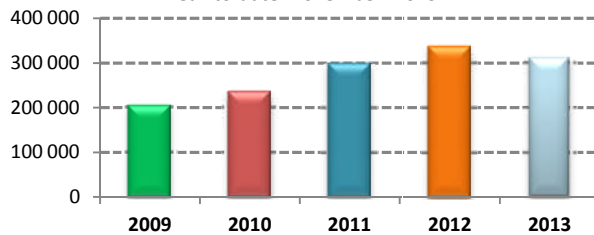
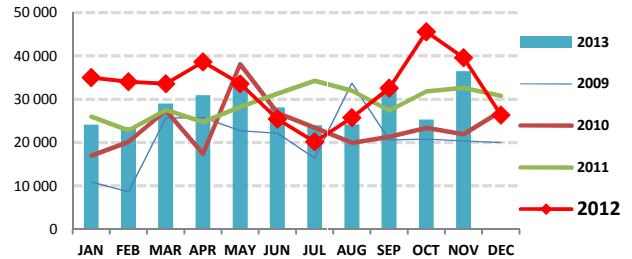
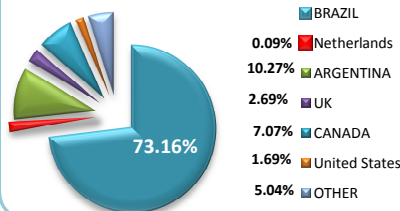
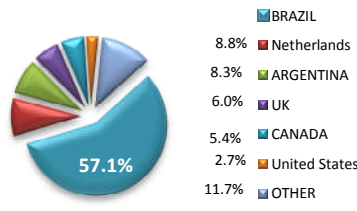
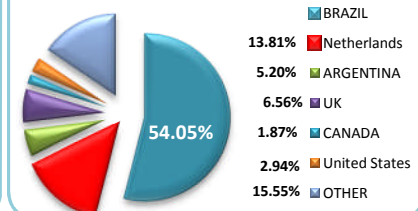
**Domestic:**

- There were no changes for the week as market activity slowed during midmonth.
- Weekly fresh whole bird prices steadied at R20.17 per kg, which is up 8.1% y/y.
- Individually Quick Frozen portions (IQF), which constitutes over 60% of the broiler meat traded was again firm at R16.14 per kg, up by 24.0% y/y.
- Frozen whole bird prices remained unchanged at R20.34 per kg, up by 24.0% y/y.

**Graph 4: Poultry price trends**


**OUTLOOK**

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

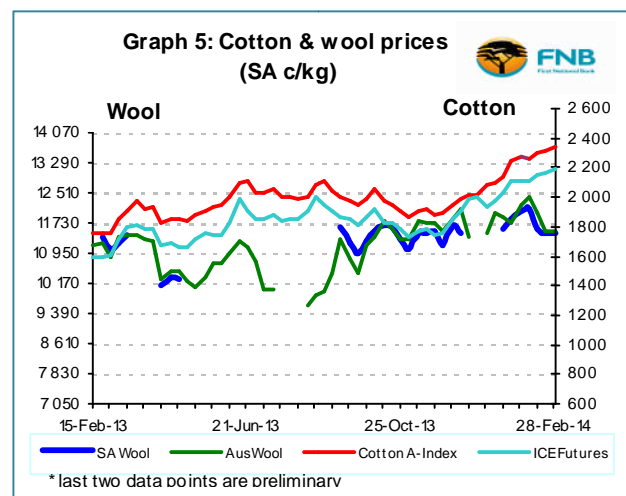
**Graph 4a: Poultry Import Trends**  
 Year-to-date: November -2013

**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<br>14 February 2014 | Beef  | Mutton | Pork  | Poultry |
|--|-------|--------|-------|---------|
| Open market: Class A / Porker / Fresh whole birds(R/kg)                | 29.71 | 46.46  | 21.59 | 20.17   |
| Open market: Class C / Baconer / Frozen whole birds(R/kg)              | 23.90 | 34.21  | 22.10 | 20.34   |
| Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)       | 29.93 | 47.80  | 22.03 | 16.14   |
| Import parity price (R/kg)   | 27.57 | 37.50  | 26.64 | 16.37   |
| Weaner Calves / Feeder Lambs (R/kg)                                    | 16.84 | 22.33  |       |         |

**Wool and cotton market trends (Graph 5)**
**International:**

- The world cotton indicator price, Cotlook "A" index, retained the firmer trend to close at US94.72c/lb, which is up by 2.5% w/w and 5.7% y/y.
- Futures moved higher across the board with the Jul-14 cotton futures prices gaining 1.3% w/w at US88.22c/lb. The Oct-14 cotton contract was 1.0% higher w/w at US80.69c/lb, and Dec-14 was up by 0.3% w/w at US78.15c/lb.
- USDA left the US cotton estimates for 2013/14 unchanged at 13.2m bales, with ending stocks projected at 10.5m bales in the February WASDE report.
- For the world, the USDA lowered the production forecast by 1.1m to 116.7m bales. This was largely due to diminished expectations for China (-1.0m bales), Australia (-400,000 bales), and Pakistan (-200,000 bales). Nonetheless, production increases are expected for Argentina (+175,000 bales) and Greece (+150,000 bales).
- World stocks are lowered to 96.5 million bales, with China accounting for 59.0% of the total. The stocks-to-usage ratio was pegged at 88.1% compared to 89.1% in the January report and 83.18% last year. This is still at a record high.



- Wool market: In Australia, the wool market saw further losses on currency gains and weak demand. The weekly AWEX EM Indicator fell by 2.4% w/w and 2.6% y/y at AU\$10.88/kg clean wool. Volumes of sales reached 76.3% of the 50,790 bales offered, which is 13.0% higher than last week's offering.

**Domestic:**

- The wool market posted a modest decline on softer demand and spill over weakness from the Australian market. The stronger Rand added to the weaker tone. The weekly Cape Wools Merino indicator fell by 4.5% w/w to close at R115.39/ kg clean wool.
- At this level, the indicator was slightly above the current season's average by 0.8% and 13.2% higher than the opening sale of the 2013/14 season.
- Major buyers were Lempriere SA with 2,219 bales (29.0%), Standard Wool SA with 1,713 bales (22.4%), G Modiano SA with 1,245 bales (16.3%), and Stucken & Co with 1,138 bales (14.9%).

| Fibre market prices<br>14 February 2014 | SA prices<br>(R/kg)            | Australian<br>prices<br>(R/kg)   | Australian futures<br>May-14<br>(AU\$/kg) | Australian futures<br>Jul-14<br>(AU\$/kg) |
|---|--------------------------------|----------------------------------|---|---|
| Wool market indicator (R/kg)            | 107.71                         | 115.39                           |   |   |
| 19 $\mu$ long length wool (R/kg)        | 122.81                         | -                                | 12.00                                     | 11.70                                     |
| 21 $\mu$ long length wool (R/kg)        | 119.79                         | 107.15                           | 11.70                                     | 11.40                                     |
| 23 $\mu$ long length wool (R/kg)        | 122.07                         | -                                | 10.50                                     | 10.20                                     |
| Fibre market prices<br>14 February 2014 | SA derived<br>Cotton<br>(R/kg) | New York<br>A-Index<br>(US\$/kg) | Cotton Futures<br>Jul-14<br>(US\$/kg)     | Cotton Futures<br>Oct-14<br>(US\$/kg)     |
| Cotton Prices (R/kg)                    | 2.09                           | 22.99                            | 1.94                                      | 1.78                                      |

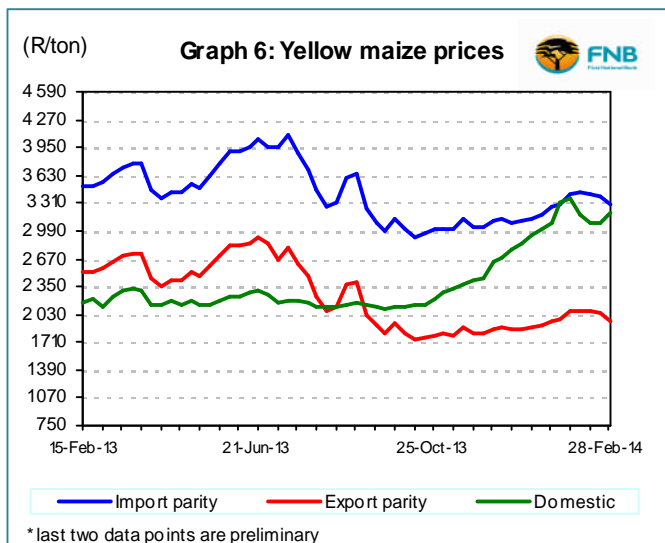
*Cotton Futures on the InterContinental Exchange (ICE);*

**Yellow maize market (Graph 6)**
**International:**

- US maize prices reversed recent gains on increased producer selling.
- The February USDA report had a bullish surprise with a bigger increase in US exports. US export estimate was raised by 3.81m to 37.59m tons, which is reflective of the recent strong trend in sales. Ending stocks for 2013/14 dropped by the same margin at 40.6m tons.
- In Argentina, production was lowered by 1.0m tons due to poor production conditions. Russia also saw reduced estimates with production lowered by 0.3m tons. Partly offsetting these reductions was a 0.9m ton increase for Ukraine whose area harvested and production were at records for 2013/14.
- In the futures market: Maize for Jul-14 delivery was marginally down by 0.1% w/w at US\$179/t, Sep-14 was down by 0.2% w/w at US\$180/t, Dec-14 was down by 0.1% w/w at US\$181/t.

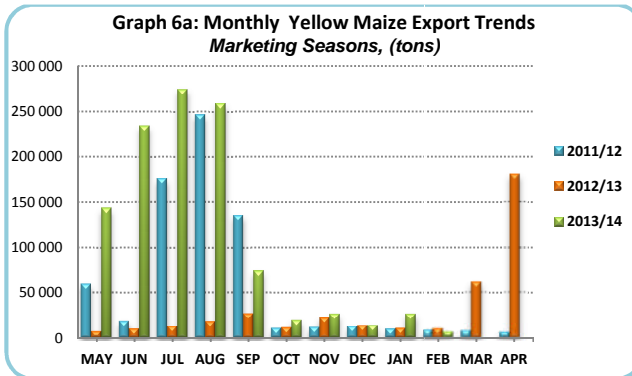
**Domestic:**

- On the South African market, we saw losses across the board as the Rand/US dollar exchange rate appreciated. Improved crop conditions and lower international prices added to the weaker tone.
- Weekly yellow maize prices fell by 3.3% w/w but still 33.0% higher y/y at R3,083 per ton.
- Weekly export sales were pegged at 5,567 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%).

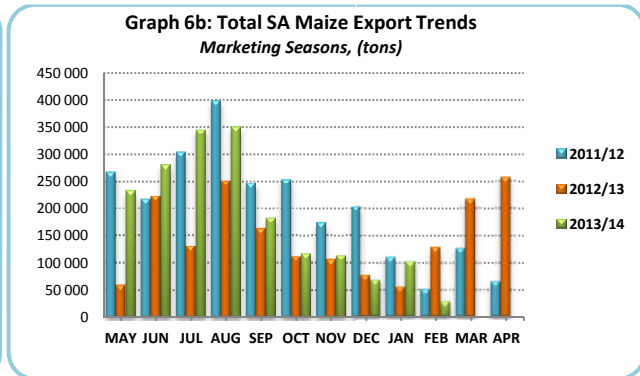


**OUTLOOK**

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<br>14 February 2014 | May-14 | Jul-14 | Sep-14 | Dec-14 | Mar-15 |
|--|--------|--------|--------|--------|--------|
| CBOT (\$/t)                              | 177.54 | 179.27 | 179.74 | 181.08 | 184.94 |
| JSE (R/t)                                | 2 414  | 2 242  | 2 284  | 2 322  | -      |
| CHICAGO CORN (R/t)                       | 1 944  | 1 989  | -      | 2 322  | -      |

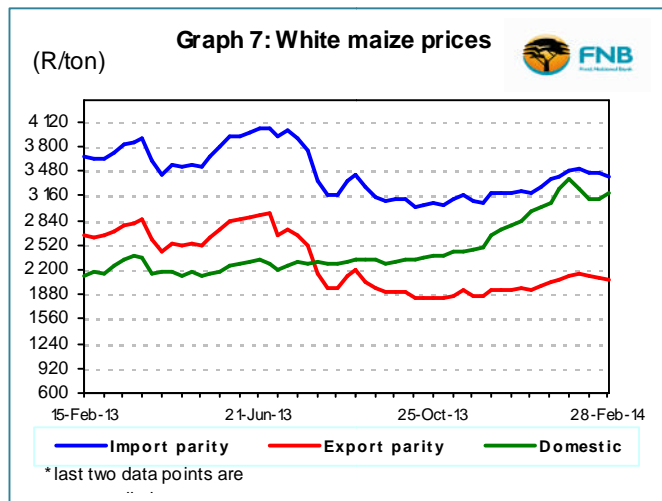
| Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005) |     |      |         |     |      |        |     |      |  |
|---|-----|------|---------|-----|------|--------|-----|------|--|
| May-14  |     |      | July-14 |     |      | Sep-14 |     |      |  |
| Ask   | Put | Call | Ask     | Put | Call | Ask    | Put | Call |  |
| 2 460   | 119 | 84   | 2 300   | 161 | 112  | 2 320  | 204 | 173  |  |
| 2 420   | 98  | 103  | 2 260   | 138 | 129  | 2 280  | 182 | 191  |  |
| 2 380   | 78  | 123  | 2 220   | 118 | 149  | 2 240  | 161 | 210  |  |

**White maize market trends (Graph 7)**
International:

- US white maize eased lower on increased producer sales.
- Weekly white maize price closed at US\$190/ton, which is down by 0.5% w/w and 39.1% y/y.

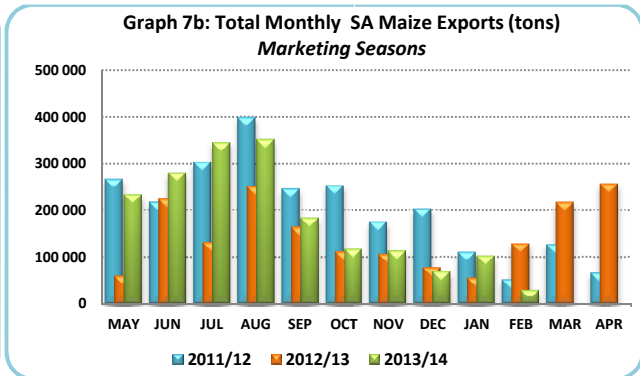
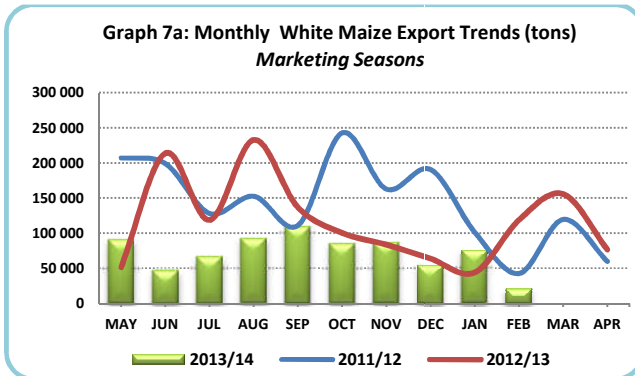
Domestic:

- The South African white maize prices posted modest losses due to improved production conditions and Rand gains.
- Weekly white maize prices closed at R3,118 per ton, down by 3.6% w/w but still 44.4% 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.

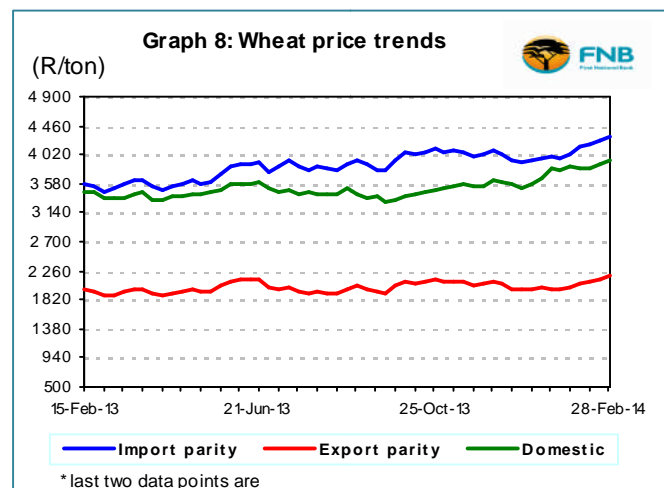


Source: SAGIS;

| White Maize Futures<br>14 February 2014   | May-14 | Jul-14 | Sep-14 | Dec-14 | Mar-15 |        |     |      |
|---|--------|--------|--------|--------|--------|--------|-----|------|
| JSE (R/t) WM <sub>1</sub>   | 2 525  | 2 232  | 2 272  | 2 309  | -      |        |     |      |
| <b>Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)</b> |        |        |        |        |        |        |     |      |
| May-14  |        |        | Jul-14 |        |        | Sep-14 |     |      |
| Ask   | Put    | Call   | Ask    | Put    | Call   | Ask    | Put | Call |
| 2 580   | 133    | 85     | 2 260  | 155    | 122    | 2 300  | 197 | 164  |
| 2 540   | 111    | 103    | 2 220  | 134    | 141    | 2 260  | 175 | 182  |
| 2 500   | 91     | 123    | 2 180  | 114    | 161    | 2 220  | 154 | 201  |

**Wheat market trends (Graph 8)**
**International:**

- US wheat prices extended gains on renewed demand and strong export sales.
- Weekly US export sales were pegged at 629,000 tons with 597,000 tons for 2013/14 marketing year.
- The USDA monthly wheat balance sheet report showed a reduction of 1.4m tons in US ending stocks due to increased exports.
- On world situation, the 2013/14 wheat supplies were reduced by 1.1m tons with lower beginning stocks for Argentina and Russia and a slightly lower world production.
- Small reductions in 2012/13 production for Argentina and imports for Russia reduce world carrying supplies for 2013/14. Further reduction in estimates were reported for Kazakhstan (-1.6m tons) and Algeria (-0.3m tons) which were offset by slight increases for Brazil (+0.6m tons) and Ukraine (+0.3m tons).
- Wheat Futures on CME: Wheat for Jul-14 gained 2.9% w/w at US\$221/t, Sep-14 was up by 2.8% w/w at US\$224/t, and Dec-14 was up by 2.7% w/w at US\$228/t.
- KCBT wheat futures: Wheat for Jul-14 gained 4.9% w/w at US\$241/t, Sep-14 gained 4.7% w/w at US\$244/t, and Dec-14 was up by 4.4% w/w at US\$248/t.



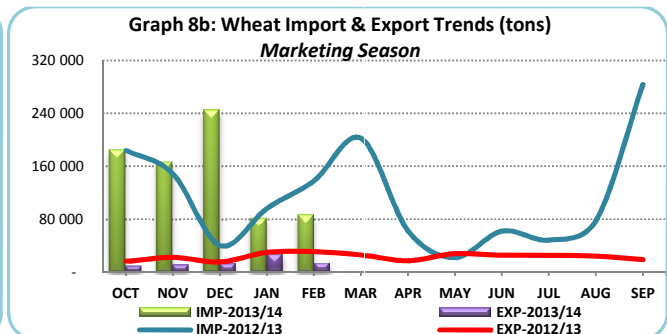
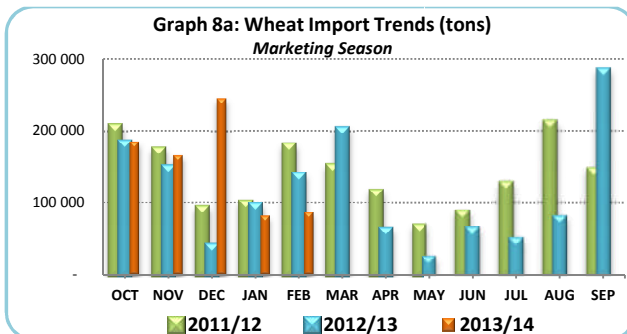


**Domestic:**

- The South African wheat prices saw further pressure as the Rand continued to strengthen against the US dollar.
- Weekly wheat prices were softer at R3,814 per ton, but still up by 2.8% 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 were pegged at 66,058 tons and 760,310 for the season to date. Main suppliers so far are Russia (47.6%) and Ukraine (37.0%). The others were Lithuania (5.3%), Finland (3.3%), Canada (2.6%), USA (2.2%), and Germany (1.8%).

**OUTLOOK**

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

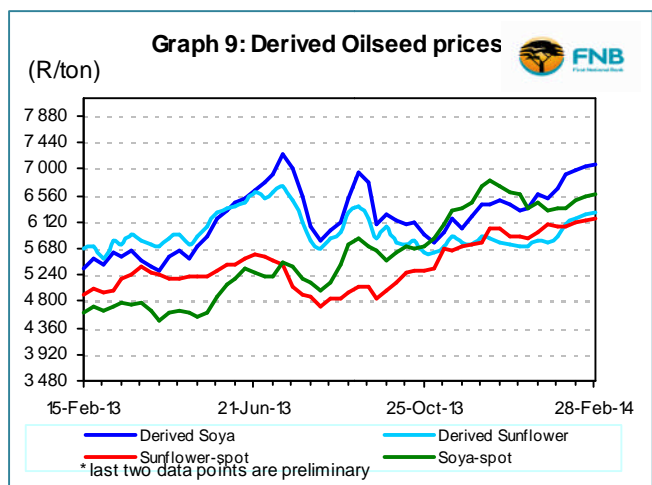


Source: SAGIS;

| Wheat Futures<br>14 February 2014  | May-14     | Jul-14      | Sep-14        | Dec-14     | Mar-15      |               |            |             |
|--|------------|-------------|---------------|------------|-------------|---------------|------------|-------------|
| KCBT (\$/t)  | 244.71     | 241.41      | 243.98        | 247.73     | 249.20      |               |            |             |
| JSE (R/t)  | 3 859      | 3 876       | -             | 3 579      | -           |               |            |             |
| <b>Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)</b> |            |             |               |            |             |               |            |             |
| <b>May-14</b>  |            |             | <b>Jul-14</b> |            |             | <b>Dec-14</b> |            |             |
| <b>Ask</b>   | <b>Put</b> | <b>Call</b> | <b>Ask</b>    | <b>Put</b> | <b>Call</b> | <b>Ask</b>    | <b>Put</b> | <b>Call</b> |
| 3 900  | 49         | 16          | 3 940         | 144        | 101         | 3 640         | 196        | 159         |
| 3 860  | 27         | 34          | 3 900         | 122        | 119         | 3 600         | 175        | 178         |
| 3 820  | 12         | 59          | 3 860         | 103        | 140         | 3 560         | 154        | 197         |

**Oilseed market trends (Graph 9)**
**International:**

- US soybean prices extended recent gains on good export demand. Prices were up across the soybean complex with soymeal gaining 1.2% w/w and 14.0% y/y. Soyoil was the biggest gainer, ending 3.2% higher w/w but still down by 19.9% y/y.
- Weather conditions in Brazil are expected to improve after some hot and dryness in the past two weeks, with rains in the outlooks.
- USDA's US soybean ending stocks were unchanged at 4.1m tons. Exports were raised by 0.4m from the January estimate to 41.1m tons, reflecting the record pace of shipments and sales through January.
- World soybean production for 2013/14 was raised by 0.9m from last month to a record 287.7m tons. The South American estimates were mixed with the soybean production for Brazil projected at a record 90.0m tons, up 1.0m m/m largely due to higher yields reflecting early harvest results in the centre-west.
- However, prospects for the Argentina soybean crop were reportedly diminished due to an extended period of hot, dry weather through mid-January. This saw the expected crop lowered by 0.5m from last month to 54.0m tons.



**Domestic:**

- Oilseeds traded on the JSE saw further gains on spill over support from the international market.
- Weekly soybean prices closed at R6,480 per ton, up by 2.1% w/w and 23.5% y/y.
- Sunflower prices were slightly up by 1.2% w/w and 2.9% y/y at R6,104 per ton.

**OUTLOOK**

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

| Oilseeds Futures<br>14 February 2014 | May-14 | Jul-14 | Sep-14 | Dec-14 | Mar-15 |
|--------------------------------------|--------|--------|--------|--------|--------|
| CBOT Soybeans (US \$/t)              | 486.85 | 480.39 | 433.43 | -      | 417.85 |
| CBOT Soya oil (US c/lb)              | 39.47  | 39.76  | 39.54  | 39.30  | 39.38  |
| CBOT Soya cake meal (US\$/t)         | 476.53 | 463.52 | 418.99 | 388.79 | 388.12 |
| JSE Sunflower seed (R/t)             | 5 235  | 5 320  | 5 375  | -      | -      |
| JSE Soybean seed (R/t)               | 6 090  | 6 136  | 6 171  | 6 258  | -      |

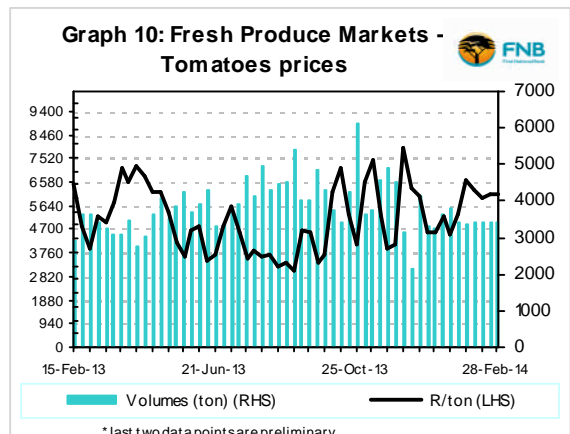
| Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005) |     |      |        |     |      |        |     |      |
|---|-----|------|--------|-----|------|--------|-----|------|
| May-14  |     |      | Jul-14 |     |      | Sep-14 |     |      |
| Ask   | Put | Call | Ask    | Put | Call | Ask    | Put | Call |
| 5 240   | 227 | 187  | 5 340  | 288 | 243  | 5 420  | 218 | 173  |
| 5 200   | 206 | 206  | 5 300  | 266 | 261  | 5 380  | 197 | 192  |
| 5 160   | 186 | 226  | 5 260  | 246 | 281  | 5 340  | 177 | 212  |

**Vegetable Market Trends (Graphs 10 to 14)**
**Tomatoes**

Tomato prices continued to weaken on softer uptake across markets.

Weekly tomato prices closed at R5,967 per ton, down by 5.1% w/w and 8.8% y/y. Volumes of tomatoes traded were pegged at 3,394 tons, down by 0.6% w/w but still 16.6% higher y/y.

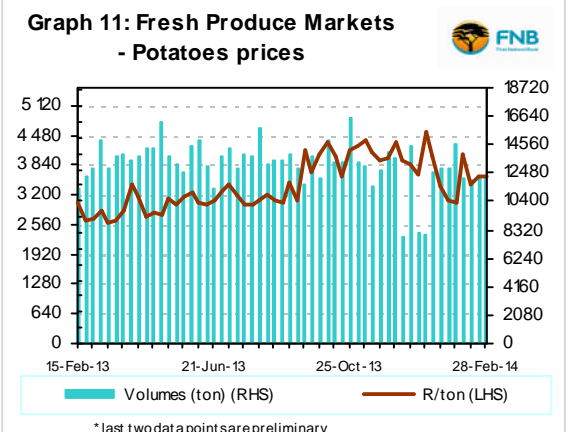
It is expected that prices will bottom out and firm slightly as uptake improves.


**Potatoes**

In the potato market, prices dropped sharply despite reduced volumes due to weak uptake across markets.

Weekly potato prices dropped by 15.7% w/w but still 12.7% higher y/y at R3,429 per ton. Volumes of potatoes traded came in at 11,901 tons, down by 2.0% w/w but still 4.8% higher y/y.

Prices are expected to move sideways with some upward potential in the medium term.



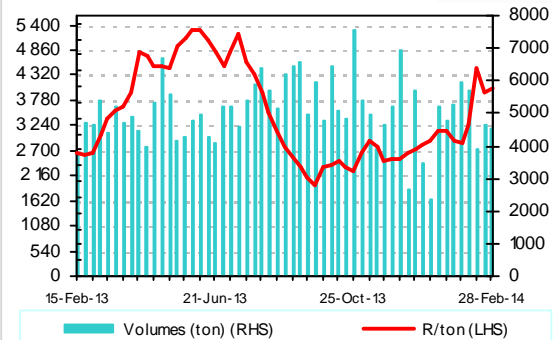
### Onions

Onion prices rose sharply due to a significant decline in supplies across markets.

Weekly onion prices closed at R4,473 per ton, up by a whopping 37.6% w/w and 70.0% y/y. Volumes of onions traded reached 3,896 tons, down by 31.4% w/w but still 2.5% higher y/y.

Prices are however expected to ease slightly in the short to medium term as volumes improve.

**Graph 12: Fresh Produce Markets - Onion prices**



\*last two data points are preliminary

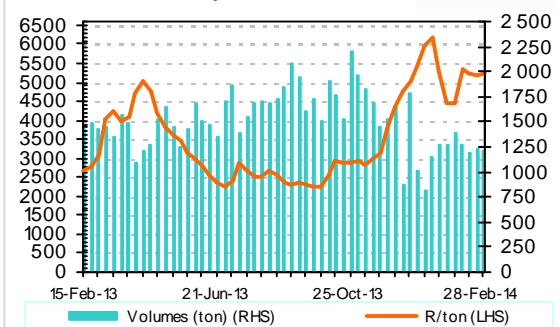
### Carrots

Carrot prices saw marginal losses on the back of weak uptake during midmonth.

Weekly carrot prices finished at R5,237 per ton, which is down by 1.6% w/w but still up 97.5% y/y. Volumes of carrots traded reached 1,181 tons, down by 7.1% w/w and 17.3% y/y.

It is expected that prices will retain the softer in the short term on volume pressure.

**Graph 13: Fresh Produce Markets - Carrot prices**



\*last two data points are preliminary

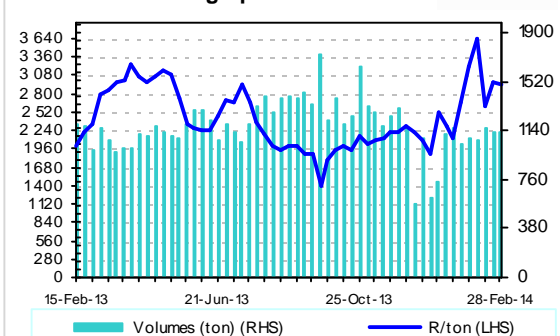
### Cabbages

Cabbage prices posted sharp losses as volumes recovered across markets.

Weekly cabbage prices closed at R2,609 per ton, down by 28.2% w/w but still 29.9% higher y/y. Volumes of cabbages traded reached 1,163 tons, which is 9.6% higher w/w but still down by 2.4% y/y.

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

**Graph 14: Fresh Produce Markets - Cabbage prices**



\*last two data points are preliminary

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

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

| Week ending<br>14 February 2014 | Average<br>Price (R/t) | w/w    | y/y   | Total<br>Volume (t) | w/w    | y/y    |
|---------------------------------|------------------------|--------|-------|---------------------|--------|--------|
| Tomato                          | 5 967                  | -5.1%  | -8.8% | 3394                | -0.6%  | 16.6%  |
| Potato                          | 3 429                  | -15.7% | 12.7% | 11901               | -2.0%  | 4.8%   |
| Onion                           | 4 473                  | 37.6%  | 70.0% | 3896                | -31.4% | 2.5%   |
| Carrot                          | 5 237                  | -1.6%  | 97.5% | 1181                | -7.1%  | -17.3% |
| Cabbage                         | 2 609                  | -28.2% | 29.9% | 1163                | 9.6%   | -2.4%  |

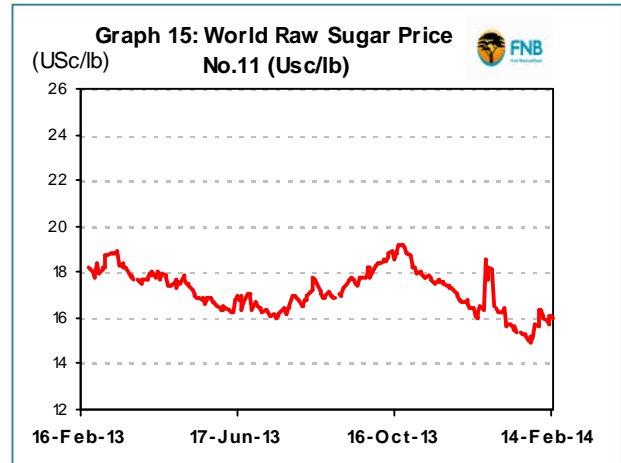
\* Daily prices also available at <https://www.fnbagricomms.co.za>

**Sugar market trends (Graph 15)**
International:

- International Raw Sugar prices reversed last week's gains as improved weather conditions returned to Brazil.
- Focus has been over the dryness in Brazil's centre south region where production is likely to decline by a considerable margin.
- Nonetheless, the huge world supplies remain the bearish feature on the market.
- Meanwhile, India reportedly announced a subsidy for exporters and traders after dictating that they pay farmers high prices for Sugarcane. This is likely to raise the availability of sugar and place downward pressure on world markets.
- The USDA's February projections for US carryover stocks as of October 1, 2014 were pegged at 1.83m short tons raw value, down 3.0% m/m and 15.0% y/y. The ending stocks to use ratio was projected at 14.9% compared to last month's 15.4% and the previous season's 17.9%.
- US cane sugar production projection for 2013/14 was lowered by 53,000 short ton raw value based on revised production forecasts made by processors in Florida, Texas, and Hawaii.
- Weekly world raw sugar prices (InterContinental (ICE) nearby futures, No.11 contract) reversed last week's gains and fell by 0.9% w/w and 12.0% y/y to close at US15.96c/lb.
- In the futures market: Raw sugar for Jul-14 eased lower by 0.1% w/w at US16.31c/lb, Oct-14 was down by 0.2% w/w at US16.72c/lb, and Mar-15 was down by 0.6% w/w at US17.45c/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<br>14 February 2014 | Jul-14 | Oct-14 | Mar-15 | May-15 | Jul-15 |
|---------------------------------------|--------|--------|--------|--------|--------|
| Sugar No.11 (US c/lb)                 | 16.31  | 16.72  | 17.45  | 17.49  | 17.50  |
| % Change w/w                          | -0.1%  | -0.2%  | -0.6%  | -1.0%  | -1.4%  |

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