

Agri-Weekly

24 January 2014

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

Beef market trends (Graph 1)

International:

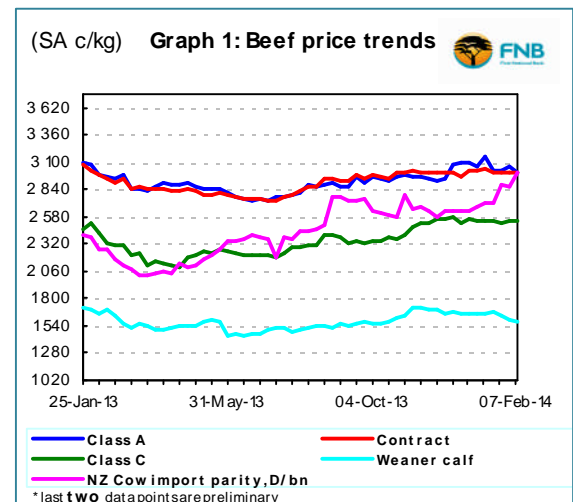
- US manufacturing beef prices posted moderate gains on the back of limited supplies and strong demand.
- On the import front, market activity was reportedly slow to moderate due to adverse weather conditions in the US East Coast.
- At wholesale level, US Boxed Beef Cutout prices were stronger supported by good demand and tight supplies.
- Choice beef prices closed up 6.1% w/w and 26.2% y/y at US\$238.43/cwt. Select beef prices gained 6.4% w/w and 29.4% y/y at \$236.44/cwt.
- The CME Feeder Cattle Index finished marginally lower at \$170.34/cwt, but still 17.3% higher y/y.
- Weekly US Cattle Slaughtered was estimated at 597,000 head, up by 0.5% w/w but down by 4.3% y/y.
- In Australia, cattle prices weakened despite reduced supplies which saw the Eastern Young Cattle Indicator (EYCI) falling by 2.6% w/w and 10.0% y/y at AU\$2.82/kg cwt.
- Meanwhile, the Australian beef exports are projected higher in 2014 on the back of good demand, a supportive AU dollar and strong world prices. According to the Meat and Livestock Australia, Australian beef and veal exports for 2014 are forecast to reach 1.02m tonnes swt, with China and Indonesia increasing their share of Australian exports. Exports to Japan are forecast to decline by 7% to 270,000 tonnes swt, followed by the US (-1%), at 210,000 tonnes swt, China (steady) at 155,000 tonnes swt and Korea (down 17%), to 120,000 tonnes swt.

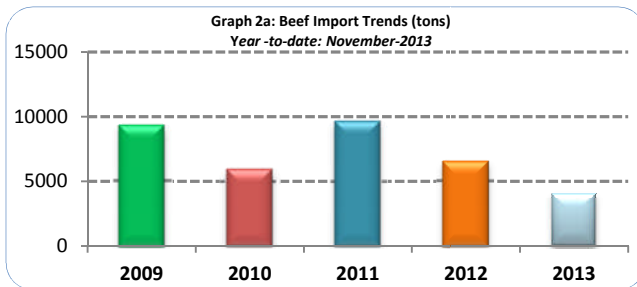
Domestic:

- The beef market saw marginal losses across most categories due to seasonal decline in demand.
- Weekly Class A beef however steadied at R30.29 per kg. Contract Class A beef was softer at R30.03 per kg, which is 2.2% lower y/y.
- Class C beef prices eased marginally lower at R25.18 per kg, but still 2.0% higher y/y.
- In the weaner market, prices trended lower on the back of weaker carcass prices and reduced demand as a result of higher maize prices. Weekly weaner calf prices fell by 2.1% w/w and 4.6% y/y and closed at R16.35 per kg live weight.

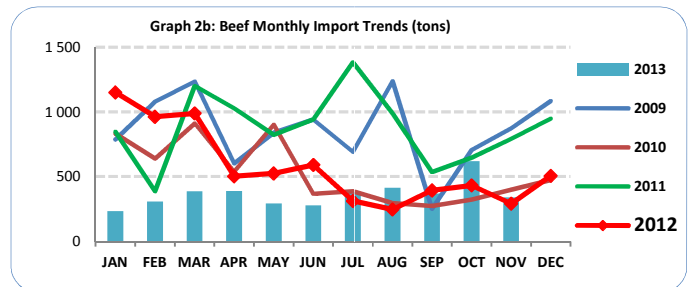
OUTLOOK

Beef prices are expected to remain under pressure in the medium term mainly due to softer demand. The higher maize prices will have a negative impact on profitability of intensive livestock feeding as maize is major ingredient in feed. Meanwhile, some of the producing areas remain dry despite rains in the past few weeks.





Source: SARS, Own Calculations



Mutton market trends (Graph 2)

International:

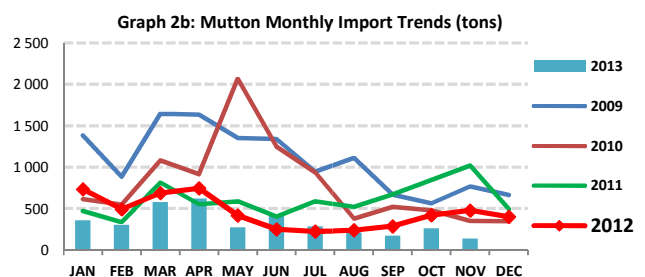
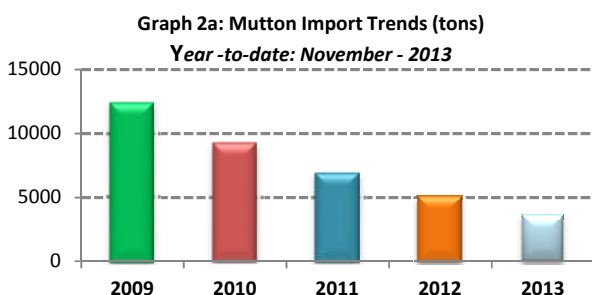
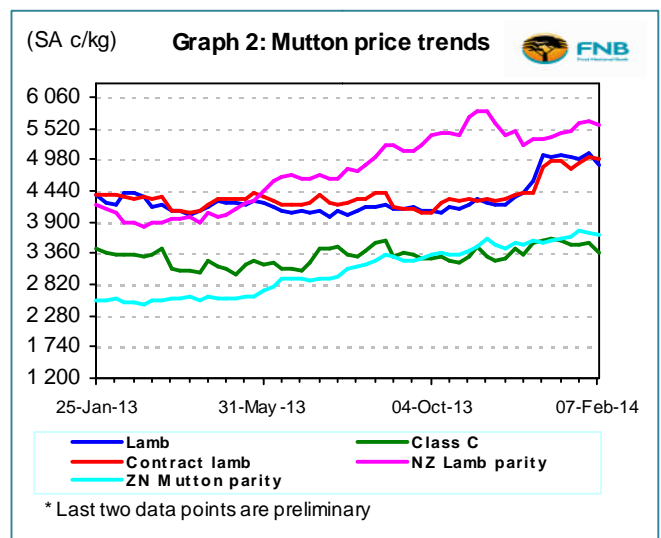
- In New Zealand (NZ), domestic producer prices finished higher with the weekly 17.5kg lamb closing at NZ\$94.60/ head, this is up 15.0% y/y.
- In Australia, lamb prices posted strong gains on reduced supplies and forecasts of rains ahead of the weekend. As a result, the Eastern States Trade Lamb Indicator (ESTLI) finished the week up 5.0% w/w and 18.8% y/y to close at AU\$4.23/kg cwt.
- Lamb and mutton supplies in the eastern states of Australia were reported down 8.0% and 25.0% respectively w/w.
- In the US, the Lamb Carcass Cutout prices moved sideways to settle at \$329.79/cwt, which is up by 27.1% y/y.
- The estimated weekly US sheep for slaughter was pegged at 42,000 head, up by 2.4% w/w and 6.7% y/y. The year-to-date sheep slaughter reached 2.05m head, down by 10.6% y/y.

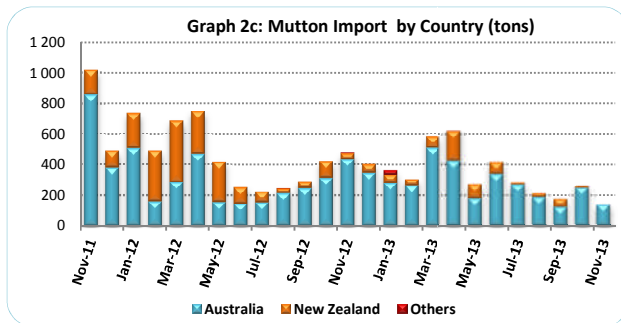
Domestic:

- The domestic lamb and mutton market showed mixed trends for the week. The Contract Class A lamb prices saw slight gains on the back of tight supplies, closing at R49.07 per kg which is 1.6% w/w and 12.5% y/y.
- Weekly Class A lamb prices eased marginally lower on weak demand, closing the week at R50.04 per kg but still 14.1% higher y/y.
- Mutton prices saw a marginal decline as demand slipped post the December holidays. Weekly mutton prices closed at R35.01 per kg, which is however still 2.0% higher y/y.
- In the weaner market, prices moved modestly lower under pressure due to limited uptake across markets. Weekly weaner lamb prices fell by 4.3% w/w but still 10.% higher y/y at R22.00 per kg live weight.

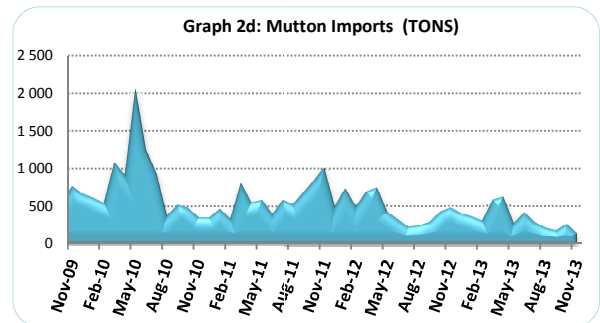
OUTLOOK

A slight uptick in prices is expected during month end but the medium term outlook remains bearish due to weak consumer demand.





Source: SARS, Own Calculations



Pork market trends (Graph 3)

International:

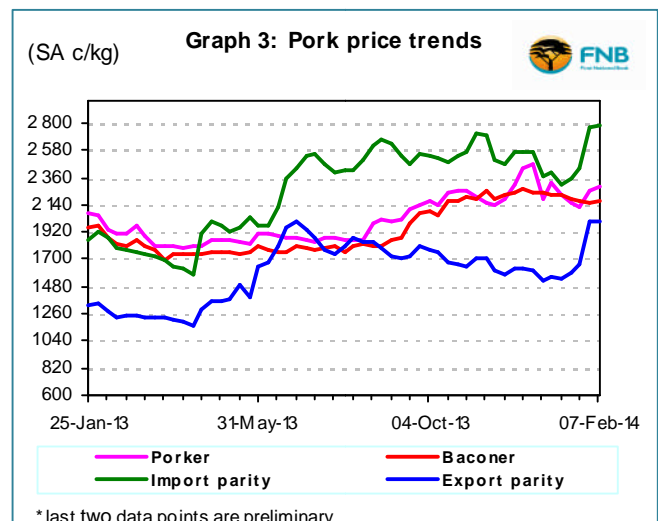
- The US Pork Carcass (FOB Plant) Cutout prices trended higher by 2.5% w/w at US\$87.27/cwt.
- The estimated US pig slaughter were down 1.8% w/w but still 4.2% higher y/y at 2.22m.
- The cumulative year to date slaughter was 7.76m head, which is 5.6% lower y/y.
- During December 2013, the total US pork 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.

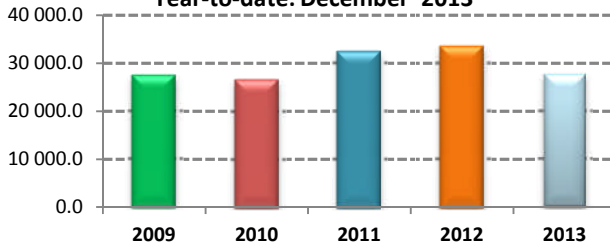
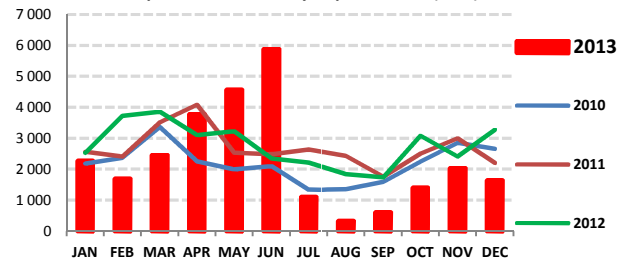
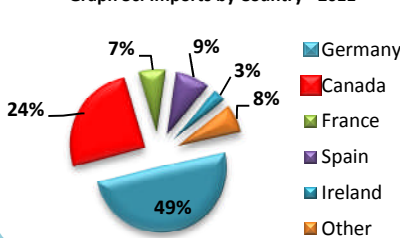
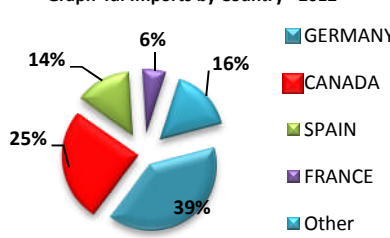
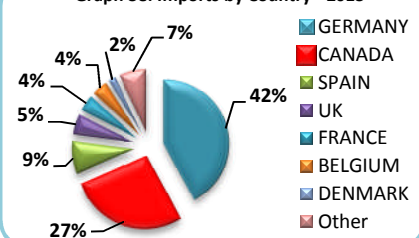
Domestic:

- The domestic market saw prices falling across the board on weak seasonal demand.
- Weekly porker prices closed at R21.23 per kg, down by 1.3% w/w but still 2.3% higher y/y.
- Baconer prices eased marginally lower by 0.5% w/w but still 10.9% higher y/y at R21.76 per kg.
- Pork import parity prices rose sharply mainly on the back of a weakening Rand/ US dollar exchange rate. Import parity prices are now 30.5% 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 it 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

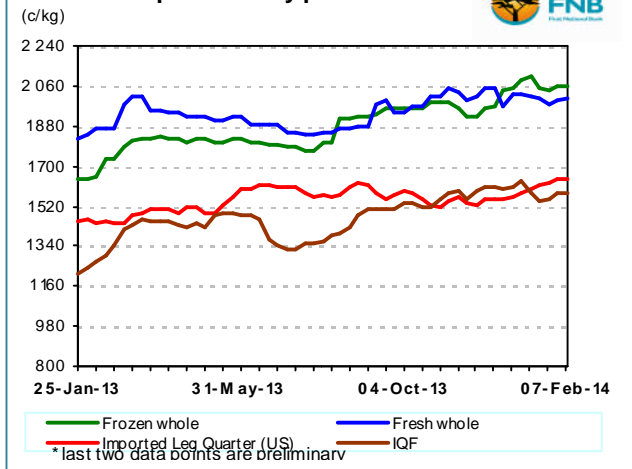
Poultry market trends (Graph 4)

International:

- US prices were steady to weak across most categories on light to heavy supplies.
- Overall, demand at retail and food service was reportedly moderate to good ahead of the weekend.
- Whole birds steadied at US104.25c/lb, but still 4.9% higher y/y.
- Leg Quarter prices also steadied at US50.50c/lb, but were down by 6.2% y/y.
- Breast cuts eased marginally lower but still 1.3% higher y/y at US106.33c/lb.
- Wings were the exception, gaining 1.4% on the week but still 35.1% down on last year at US129.83c/lb.
- Drumsticks also gained, closing marginally higher by 0.5% w/w and 0.7% y/y at US70.00c/lb.
- Weekly US broiler egg sets for the week ended 18 January 2014 came in 2.0% higher y/y at 200m. Average hatchability for chicks came in at 83.0%. Broiler chick placements were up by 2.0% y/y at 165m head.
- Cumulative broiler placements from December 29, 2013 through January 18, 2014 were up by 1.0% y/y at 494m 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 down slightly from last year.

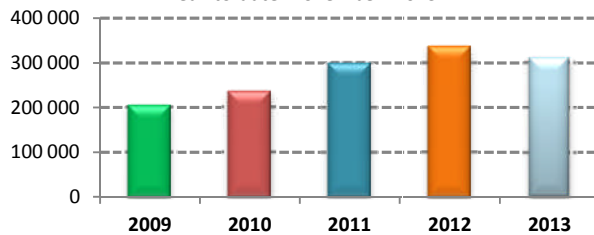
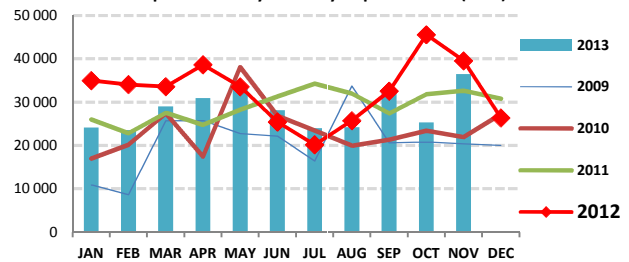
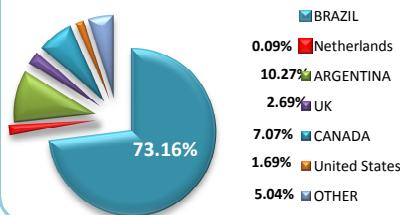
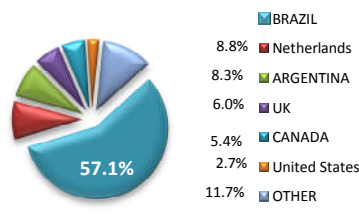
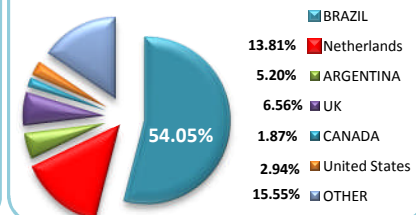
Domestic:

- The broiler market came under pressure and weakened as demand slipped post the December holidays.
- Prices started 2014 on softer note in an environment of rising input costs due to increases in fuel and maize prices. Maize is a major ingredient in chicken feed and further increases will reduce producer margins, which have already been under pressure for a considerable period.
- Weekly fresh whole bird prices fell by 1.3% w/w but still 8.7% higher y/y at R19.81 per kg.
- Frozen whole bird prices closed at R20.38 per kg, down by 0.8% w/w but still 24.3% higher y/y.
- Individually Quick Frozen portions recovered marginally towards month end following a weak start to 2014. Weekly IQF prices closed at R15.50 per kg, up by 0.6% w/w and 27.0% y/y.

Graph 4: Poultry price trends


OUTLOOK

Demand on the domestic market remains subdued with consumers facing rising costs on many fronts. This limits the potential for upward pricing in the short term. However, a sustained Rand weakness will curtail the volume of imports and improve the competitiveness of the domestic product. This will exert upward pressure on domestic prices in the medium term as the gap between import parity and domestic prices widen.

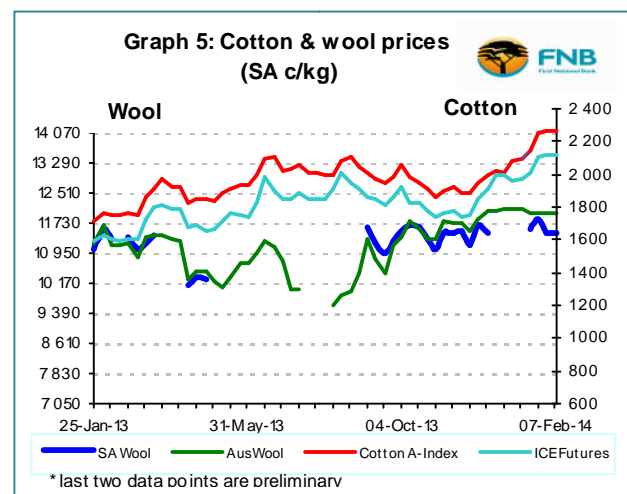
Graph 4a: Poultry Import Trends
 Year-to-date: November - 2013

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 24 January 2014	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh w4hole birds(R/kg)	30.29	50.04	21.23	19.81
Open market: Class C / Baconer / Frozen whole birds(R/kg)	25.18	35.01	22.25	20.38
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	30.03	49.07	21.76	15.50
Import parity price (R/kg)	28.89	37.48	24.28	16.27
Weaner Calves / Feeder Lambs (R/kg)	16.35	22.00		

Wool and cotton market trends (Graph 5)
International:

- Cotton prices moved marginally higher on improved demand prospects as the US and other major economies recover.
- On the supply side, the 2013/14 world cotton production was projected to increase by 1.1% m/m in January to 25.7m tons with slight increases for China (+2m tons) and the United States (+1m tons).
- The current 2013/14 world production estimate is however down by 1.2% compared to the 2012/13 season.
- Meanwhile, USDA's world import estimate for 2013/14 came in unchanged m/m at 8.4m tons with the largest importer, China, remaining unchanged from the December at 2.4m tons. This is however 45.5% down on the quantity imported by China during the 2012/13 season.
- The decline in the Chinese import demand is partly attributable to the uncertainty over its import quota policy. This will continue to influence price direction in the medium term.
- The Cotlook A index increased by 4.2% w/w and 7.2% y/y, closing at US93.71c/lb.



- Wool market: In Australia, the wool market reversed losses and strengthened with the weekly AWEX EM Indicator closing up by 1.5% w/w and 2.6% y/y at AU\$11.28/kg clean wool. Volumes of sales reached 93.3% of the 42,906 bales offered.

Domestic:

- The wool market posted modest gains with the weekly Cape Wools Merino indicator increasing by 2.3% w/w and 7.1% y/y at R118.30/ kg clean wool. At this level, the indicator was 4.0% and 16.0% higher compared to the year-to-date average and the opening sale of the 2013/14 season respectively.
- Major buyers were Standard Wool SA with 3,906 bales (24.3%), Lempriere SA with 3,673 bales (22.8%), Stucken & Co with 2,951 bales (18.3%), and G Modiano SA with 2,824 bales (17.5%).

Fibre market prices 24 January 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)	118.30	107.29		
19 μ long length wool (R/kg)	-	127.06	12.70	12.40
21 μ long length wool (R/kg)	120.04	121.94	12.40	12.10
23 μ long length wool (R/kg)	-	116.49	11.20	10.90
Fibre market prices 24 January 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)	22.51	2.06	1.93	1.79

Cotton Futures on the InterContinental Exchange (ICE);

Yellow maize market (Graph 6)
International:

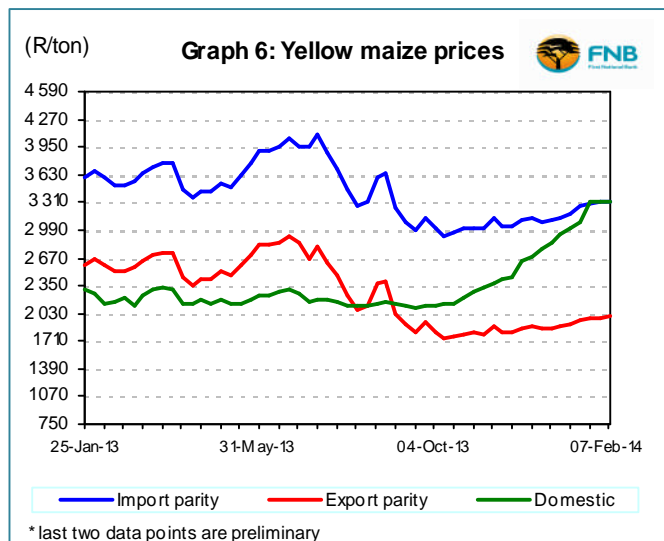
- US maize prices posted slight gains in sympathy with wheat and the cold weather that could help short term demand.
- However, good weather in South America will place prices under downward pressure in the short term. In Argentina, recent good rains are reported to have helped the crop.
- Weekly ethanol production rebounded strongly 905,000 barrels per day, up 37,000 per day.
- The weekly US export sales were reported at 693,000 tons which was slightly higher than market expectations.
- Further, sales of 150,000 tons were reported to Spain, 120,000 tons to Egypt and another 100,000 tons to Japan all in the 2013/14 marketing year.

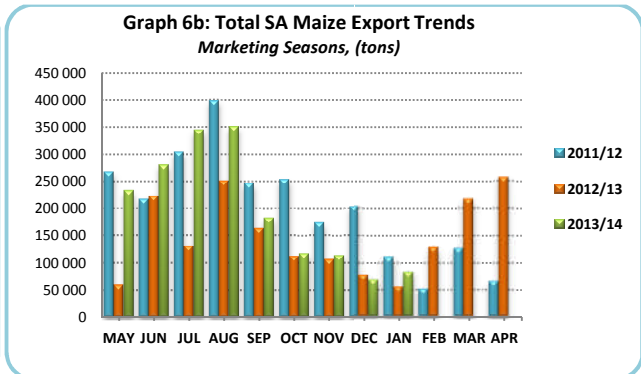
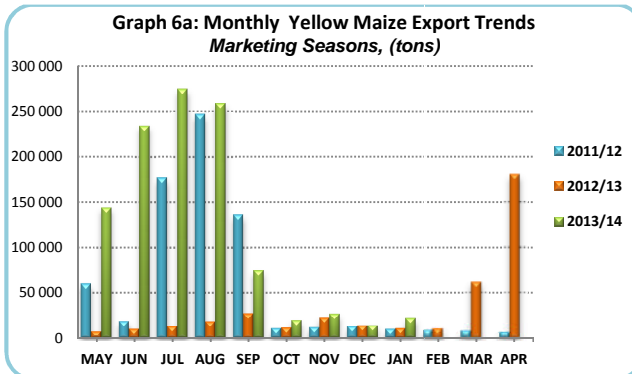
Domestic:

- On the South African market, yellow maize prices continued to increase on supportive Rand and gains on the international market. Weather was also supportive with below normal rainfall reported recently.
- The average weekly yellow maize prices closed up 7.9% w/w and 32.9% y/y at R3,329/t.
- Weekly export sales for the week came in at 5,620 tons and 1.08m tons for the season to date, according to the latest SAGIS report. Exports to the neighbouring countries included 1,675 tons to Zimbabwe, 1,632 tons to Botswana, 894 tons to Namibia, 698 to Swaziland, 509 tons to Mozambique, and 212 tons to Lesotho.
- Total maize exports (WMZ and YMZ) reached 1.77m tons. So far, major export destinations for YMZ are Japan (55.4%), Taiwan (15.7%), and Korea (13.8%).

OUTLOOK

The Rand will continue to have a dominant influence on price direction in the short term. Weather will also play a pivotal role in the medium term as the crop approaches the critical phase of development.





Source: SAGIS

Yellow Maize Futures 24 January 2014	Mar-14	May-14	Jul-14	Sep-14	Dec-14
CBOT (\$/t)	171.78	173.91	175.01	177.06	180.92
JSE (R/t)	2 946	2 515	2 369	2 406	2 436
CHICAGO CORN (R/t)	1 882	1 927	1 972	-	-

Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Mar-14			May-14			July-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2 980	113	79	2 560	144	99	2 400	171	140
2 940	91	97	2 520	121	116	2 360	150	159
2 900	72	118	2 480	101	136	2 320	129	178

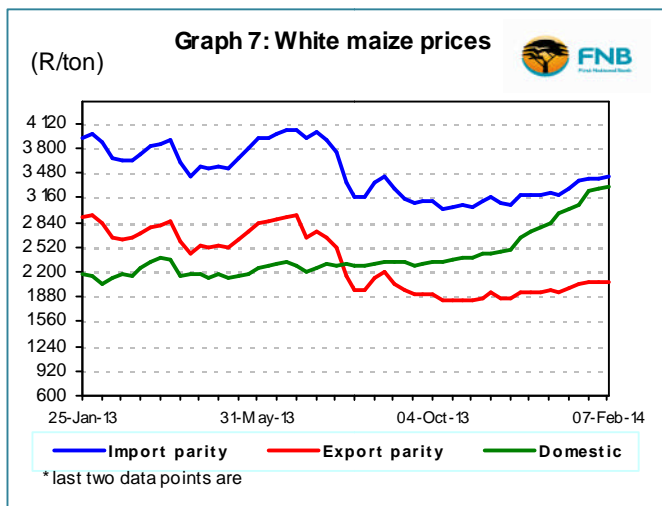
White maize market trends (Graph 7)

International:

- US white maize moved sideways with gains on grain markets providing added support.
- Weekly white maize price closed at US\$188/ton, which is however still down by 43.7% y/y.

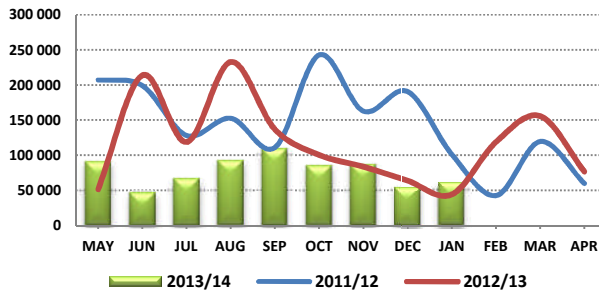
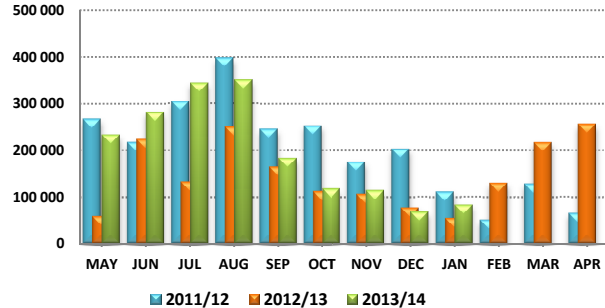
Domestic:

- The South African white maize prices posted strong gains supported by a sustained depreciation in the value of the Rand and concerns over weather conditions in the growing areas.
- Weekly white maize prices closed firmer at R3,251 per ton, which is up by 5.8% w/w and 34.3% y/y. Weekly white maize export sales were pegged at 19,099 tons and 695,245 tons for the season to date, according to the latest SAGIS report.
- Major export destinations for WMZ so far are Mexico (27.3%), Zimbabwe (23.3%), Botswana (18.1%) and Namibia (15.0%). For all maize: Japan (33.7%), Mexico (10.7%), Taiwan (10.1%), and Korea (8.4%).



OUTLOOK

The Rand will continue to have a dominant influence on price direction in the short term. Weather will also play a pivotal role in the medium term as the crop approaches the critical phase of development.

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

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


Source: SAGIS;

White Maize Futures 24 January 2014	Mar-14	May-14	Jul-14	Sep-14	Dec-14
JSE (R/t) WM ₁	3 069	2 723	2 468	2 496	2 517

Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Mar-14			May-14			Jul-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3 100	127	96	2 760	157	120	2 500	181	149
3 060	106	115	2 720	135	138	2 460	160	168
3 020	87	136	2 680	115	158	2 420	139	187

Wheat market trends (Graph 8)
International:

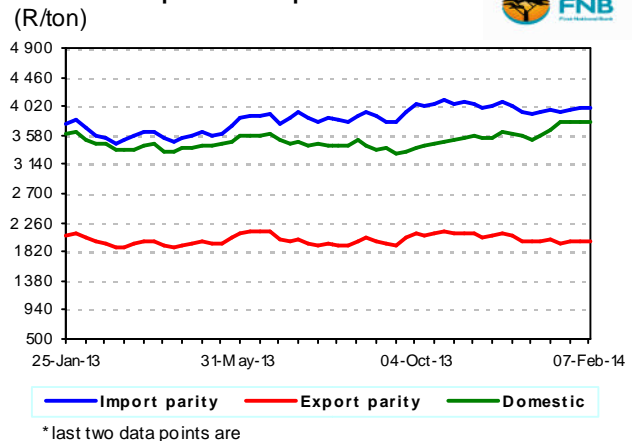
- US wheat prices were strong on concerns over extremely cold weather conditions in the Mid-West wheat areas which might damage the crop.
- Weekly US export sales were pegged at 421,400 tons, which was in line with the market expectations of 300,000 to 600,000 tons.
- In other producing areas of the world, forecast for cold conditions were reported for Russia but that enough snow cover could prevent crop damage.
- Weekly average hard red wheat prices were firmer at US\$304 per ton, but still 25.5% lower y/y. The soft red winter wheat prices steadied at US\$276 per ton, but still 31.4% lower y/y.

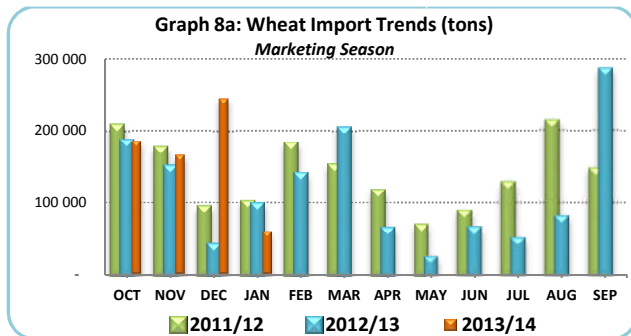
Domestic:

- The South African wheat market trended firmer with the Rand providing much of the support. The Rand has been on the back foot lately and broke the psychological level of R11 to the US dollar. The strong trend on the international market added to the firmer tone.
- Weekly wheat prices were marginally higher at R3,624 per ton, which is up by 2.7% y/y.
- Weekly import sales for the 2013/14 marketing season came in at 28,973 tons and 650,988 tons for the season to date. Main suppliers so far are Russia (44.9%) and Ukraine (43.2%). The others were Lithuania (6.2%), Canada (3.1%), and the US (2.6%).

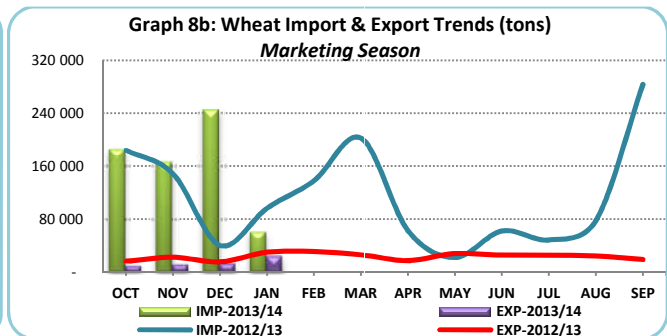
OUTLOOK

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

Graph 8: Wheat price trends




Source: SAGIS;



Wheat Futures 24 January 2014	Mar-14	May-14	Jul-14	Sep-14	Dec-14			
KCBT (\$/t)	230.46	229.72	227.52	230.97	235.31			
JSE (R/t)	3 842	3 894	3 892	-	-			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Mar-14			May-14			Jul-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3 880	101	63	3 940	171	125	3 940	205	157
3 840	80	82	3 900	149	143	3 900	183	175
3 800	61	103	3 860	129	163	3 860	163	195

Oilseed market trends (Graph 9)

International:

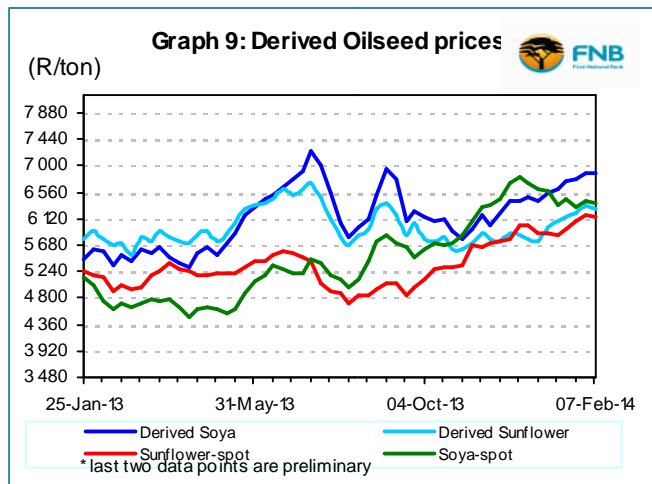
- The US soybean complex ended mixed with soybeans posting modest losses on selling, with fears of export cancellations from China and South America's crop also looking large.
- The product category however saw a steady trend with soybean meal and soybean oil closing unchanged w/w at US\$489/t and US\$39c/lb respectively.
- Export demand for the US crop is reportedly strong despite a large output in South America. Meanwhile, the weather remains mostly good for crop development in South America with wet weather in Brazil and Argentina in the outlooks.

Domestic:

- Oilseeds for the domestic market were mixed with soybeans posting losses on spill over weakness from the international market. The weaker Rand provided added support for the sunflower market.
- Weekly soybean prices closed at R6,324 per ton, which is down by 4.4% w/w and 23.4% y/y.
- Sunflower prices advanced marginally by 0.6% w/w to close at R5,783 per ton, but still down by 4.1% y/y.

OUTLOOK

Domestic oilseed prices are expected to trend upwards in the short to medium term on renewed Rand weakness.



Oilseeds Futures 24 January 2014	Mar-14	May-14	Jul-14	Sep-14	Dec-14
CBOT Soybeans (US \$/t)	472.01	466.64	462.09	423.36	-
CBOT Soya oil (US c/lb)	37.54	37.90	38.27	38.43	38.50
CBOT Soya cake meal (US\$/t)	469.25	452.39	442.80	409.40	381.84
JSE Sunflower seed (R/t)	5 650	5 305	5 394	5 375	-
JSE Soybean seed (R/t)	6 265	5 900	5 906	5 921	-

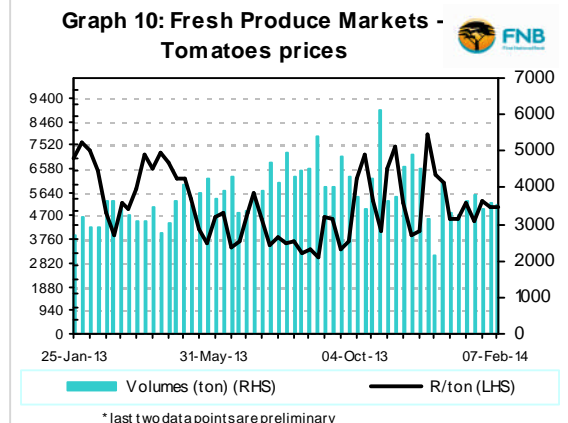
Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Mar-14			May-14			Jul-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
5 700	177	127	5 340	259	224	5 440	248	202
5 660	155	145	5 300	238	243	5 400	226	220
5 620	135	165	5 260	217	262	5 360	206	240

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

Tomato prices bottomed out and increased due to lower volumes across markets.

Weekly tomato prices closed at R5,269 per ton, up by 16.6% w/w but still down by 24.6% y/y. Volumes of tomatoes traded were pegged at 3,416 tons, down by 10.2% w/w but still 26.3% higher y/y.

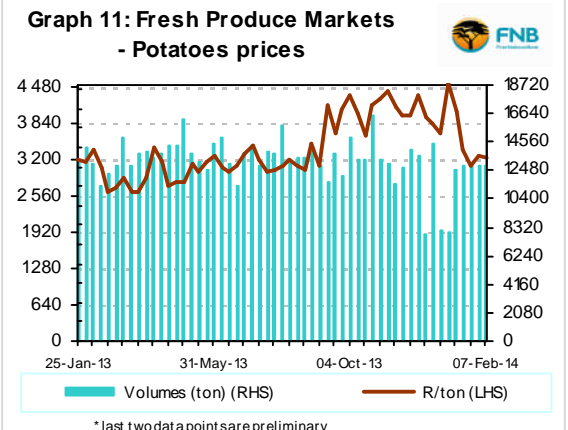
Prices expected to trend sideways in the short term under pressure due to increased.


Potatoes

Potato prices posted sharp losses as a result of softer demand across markets.

Weekly potato prices closed at R3,073 per ton, which is down by 8.5% w/w and 4.2% y/y. Volumes of potatoes traded were almost unchanged w/w at 12,825 tons, but still 1.8% lower y/y.

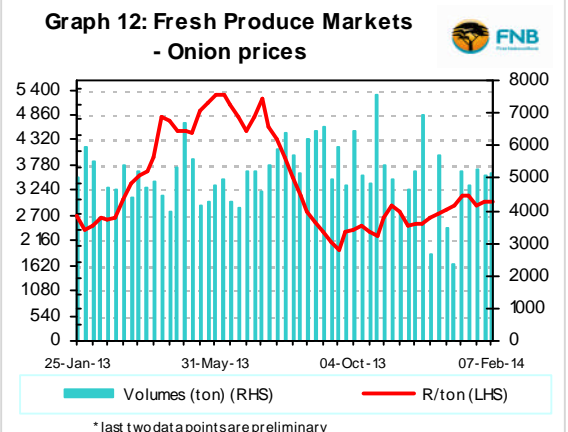
It is however expected that prices will bottom out in the short term as demand improves during month end.


Onions

Onion prices moved lower under pressure due to higher volumes across markets.

Weekly onion prices fell by 8.1% w/w but still 6.7% higher y/y at R2,890 per ton. Volumes of onions traded came in at 5,267 tons, up by 10.1% w/w and 5.4% y/y.

Prices are however expected to trend firmer due to good uptake.



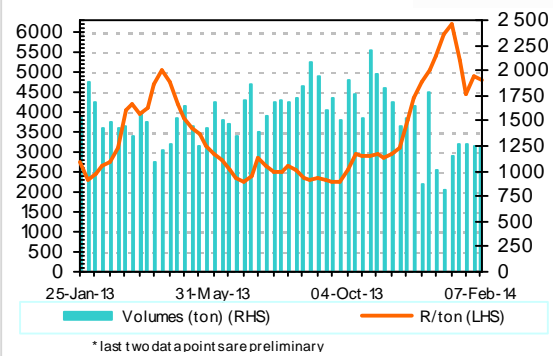
Carrots

The carrot market posted sharp losses under pressure due to limited uptake across markets.

Weekly carrot prices closed at R4,471 per ton, down by 15.6% w/w but still 64.0% higher y/y. Weekly volumes of carrots traded were pegged at 1,265 tons, up by 0.2% w/w but still 17.9% lower y/y.

It is expected that prices will bottom out and strengthen slightly in the short term on improved uptake.

Graph 13: Fresh Produce Markets - Carrot prices



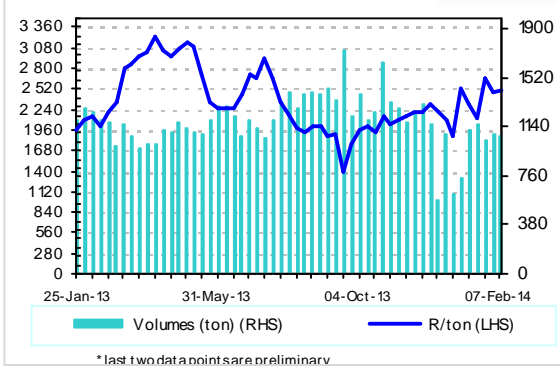
Cabbages

Cabbage prices posted sharp gains as volumes declined across most markets.

Weekly cabbage prices closed at R2,669 per ton, up by 25.9% w/w and 36.6% y/y. Volumes of cabbages traded reached 1,030 tons, which is down by 11.5% w/w and 13.3% y/y.

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

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 24 January 2014	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	5 269	16.6%	-24.6%	3416	-10.2%	26.3%
Potato	3 073	-8.5%	-4.2%	12825	0.0%	-1.8%
Onion	2 890	-8.1%	6.7%	5267	10.1%	5.4%
Carrot	4 471	-15.6%	64.0%	1265	0.2%	-17.9%
Cabbage	2 669	25.9%	36.6%	1030	-11.5%	-13.3%

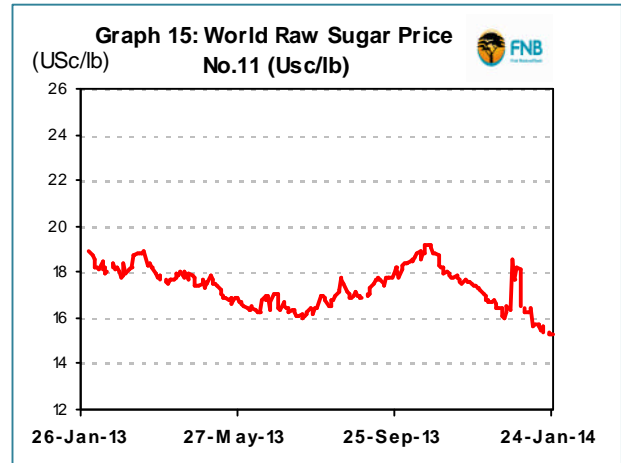
* Daily prices also available at <https://www.fnbagricomms.co.za>

Sugar market trends (Graph 15)
International:

- International Raw Sugar prices trended lower as abundant world supplies continue to weigh heavily on the market.
- USDA's 2013/14 ending stocks were raised by 5.2m tons to 43.4m tons with increases for China (=2.9m), Thailand (+1.5m), and the EU (+785K) in the USDA report.
- However, the world production estimate for 2013/14 was lowered by 27,000 tons to 174.8m. At this level, production still far outpace consumption by almost 7m tons.
- For Brazil, production was pegged at 38.8m tons which is down by 1.7m as more sugar cane is used for ethanol.
- In Argentina, production was reduced by 550,000 tons to 1.8m as a result of drought and frost. For Russia, production was reduced by 500,000 tons to 4.4m on reduced area.
- The decline was however offset by increases for China (+750K) at tons 14.8m on increased area and yields. Increases were projected for Mexico (+650K) at 6.9m tons on higher yields.
- Weather conditions in key production areas around the world were reportedly good.
- Weekly world raw sugar prices (InterContinental (ICE) nearby futures, No.11 contract) fell by 1.4% w/w and 16.7% y/y at US15.30 cents per pound.
- In the futures market: Raw sugar for Jul-14 was down by 0.6% w/w at US15.58c/lb, Oct-14 was down by 0.3% w/w at US16c/lb, and Mar-15 was down by 0.2% w/w at US16.83c/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 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 24 January 2014	Jul-14	Oct-14	Mar-15	May-15	Jul-15
Sugar No.11 (US c/lb)	15.58	16.00	16.83	16.95	17.06
% Change w/w	-0.6%	-0.3%	-0.2%	-0.2%	-0.3%

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.