

Agri-Weekly

30 May 2014

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Beef market trends (Graph 1)

International:

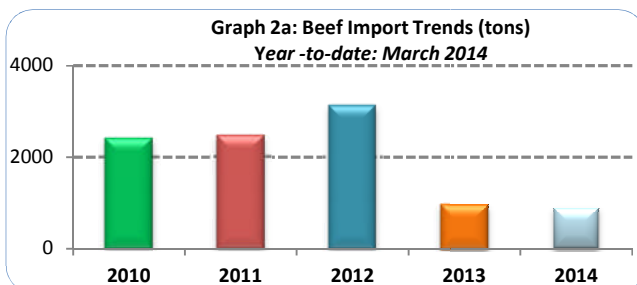
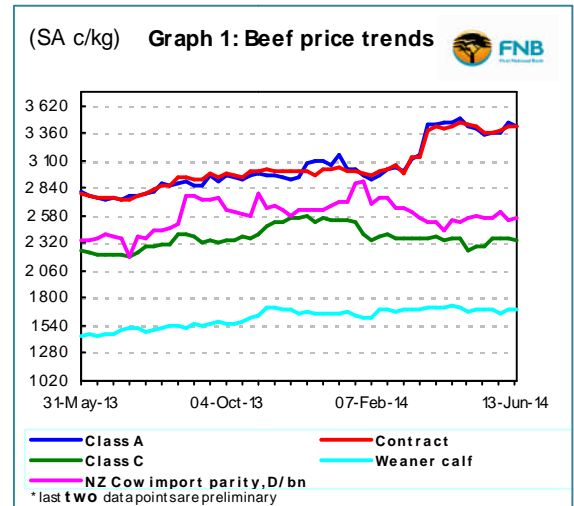
- The US manufacturing beef prices moved sideways to firmer on moderate demand and offerings.
- Market activity on imports was reportedly slow with prices trending lower under pressure due to increased supplies.
- At wholesale level, US beef cutout values were firm to higher on moderate to fairly good demand. Choice beef gained 1% w/w and 12% y/y at US\$233/cwt. Select beef was up 2% w/w and 18% y/y at US\$223/cwt.
- The CME Feeder Cattle Index closed at US\$19/cwt, up 1% w/w and 46% y/y.
- Weekly US cattle slaughtered reached 537,000 head, down 10% w/w and 9.7% y/y. The cumulative year to date slaughter reached 12.39m head, down 6.4% y/y.
- In Australia, beef exports are reportedly doing well with the possibility of reaching record levels during May. Exports for the first 26 days of May reached 90,000 swt with 26,000 destined for the US. Major export destinations are the US, China and Korea.
- The Eastern Young Cattle Indicator posted marginal gains, finishing the week up 1% w/w and 11% y/y at AU\$3.32/kg cwt.

Domestic:

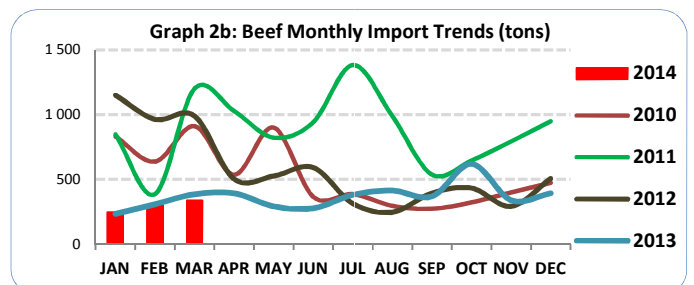
- Beef prices ended firmer on slight improvement in demand.
- Weekly Class A beef prices were firmer at R33.64 per kg, up 20% y/y.
- Contract Class A beef prices closed at R33.80 per kg, up 21% y/y.
- Class C prices were marginally higher at R23.67 per kg, up 6% y/y.
- In the weaner market, prices weakened on improved supplies. Weekly weaner calf prices closed at R16.56/ kg live weight, down 2.5% w/w but still 15% higher y/y.

OUTLOOK

Beef prices are expected to ease somewhat in the medium term on moderation in demand.



Source: SARS, Own Calculations



Mutton market trends (Graph 2)
International:

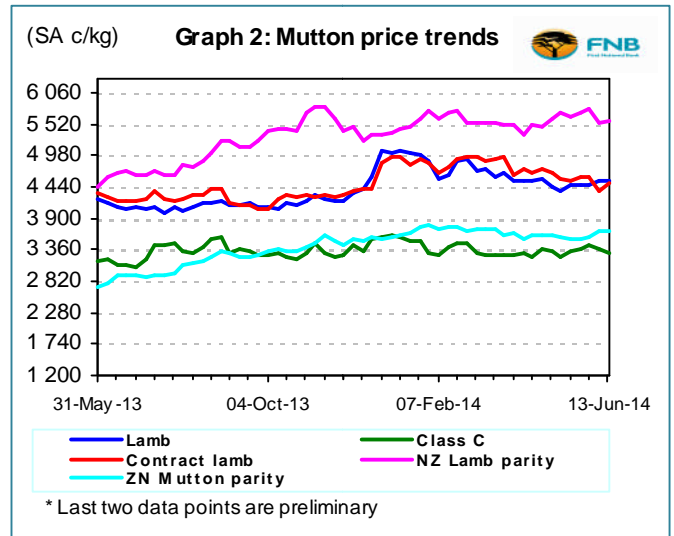
- In New Zealand (NZ), producer prices were steady to firmer with the 17.5kg lamb closing at NZ\$99.40/ head, up by 19% y/y. Mutton prices were steady at NZ\$65.80/ head,
- NZ lamb exports for April were reportedly off the highs seen earlier during March 2014. China remains the largest export destination, and although total volumes exported to China were down in April, China's share of NZ exports remains the same at 34-35% for the past two months with 12,242 ton shipped in April. The share shipped to the UK slipped to 20.8% from 22.2% in March.
- In Australia, the Eastern Trades Lamb Indicator finished the week softer at AU\$5.62/kg cwt but still up by 30% y/y.
- In the US, the domestic Lamb Carcass Cutout prices were softer at US\$326.91/cwt, but still 32% higher y/y. The estimated weekly sheep slaughter came in at 34,000 head, down 13% w/w and 6% y/y. The cumulative year to date sheep slaughter reached 871,000 head

Domestic:

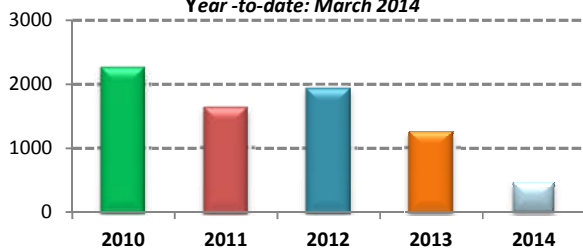
- Prices continued to trend steady to firmer on supply tightness across markets.
- Weekly Class A lamb prices were firmer at R44.78 per kg, but up 6% y/y.
- Contract Class A lamb prices steadied at R46.21 per kg, but up 6% y/y.
- Mutton prices gained 2% w/w and 8% y/y and closed at R34.23 per kg.
- Weaner lamb prices posted slight gains on supply tightness. Weekly weaner lamb prices increased by 2% w/w and 11% y/y to close at R22.04 per kg live weight.

OUTLOOK

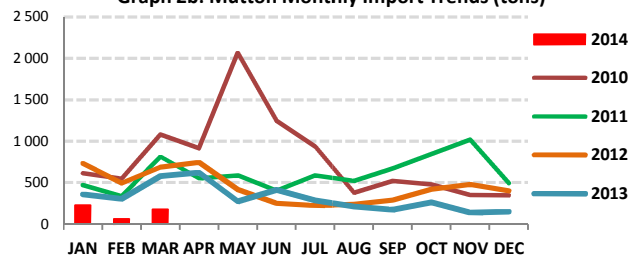
Prices are expected to trend sideways with limited upward potential in the medium term on softer demand.



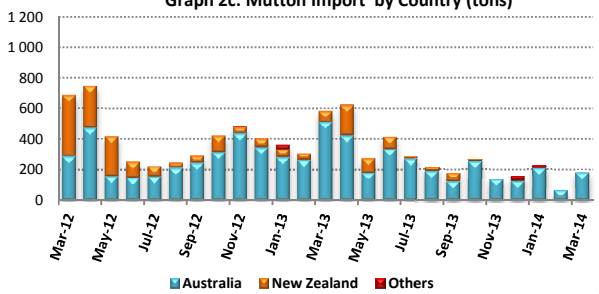
Graph 2a: Mutton Import Trends (tons)
 Year-to-date: March 2014



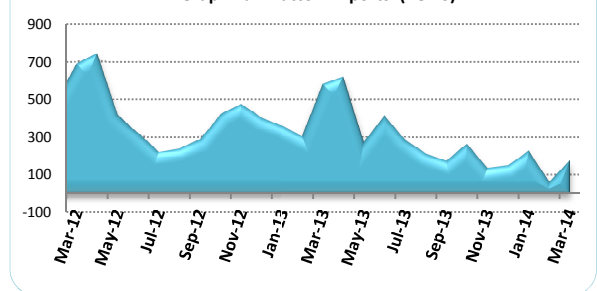
Graph 2b: Mutton Monthly Import Trends (tons)



Graph 2c: Mutton Import by Country (tons)

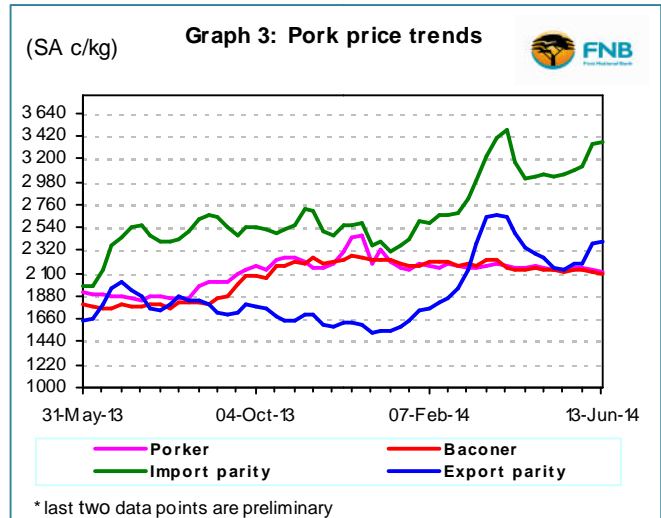


Graph 2d: Mutton Imports (TONS)

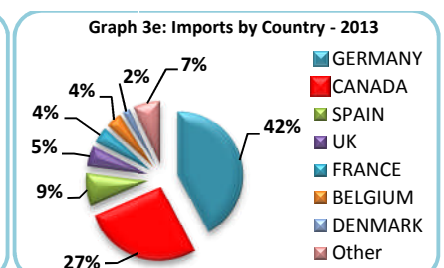
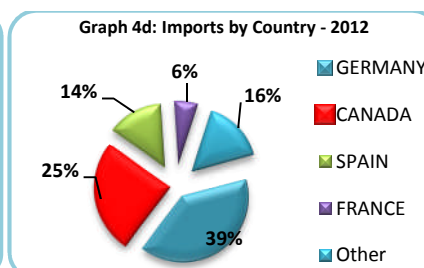
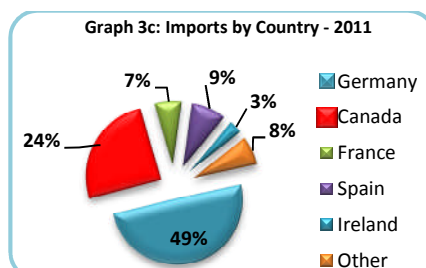
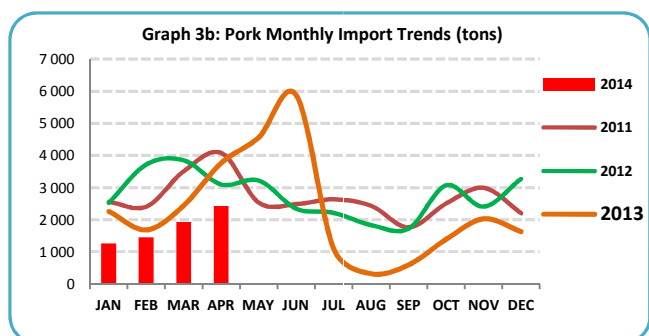
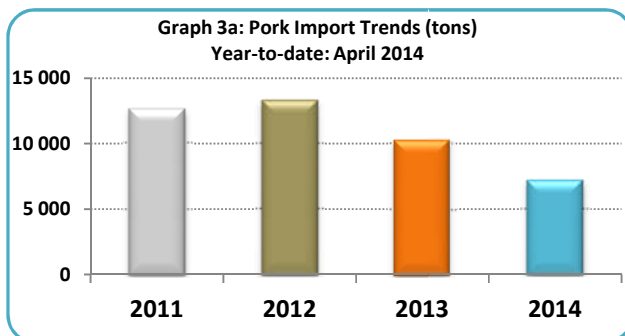


Pork market trends (Graph 3)
International:

- The US Pork Carcass (FOB Plant) Cutout prices ended softer for the week, closing at US\$115/cwt, but still up 21% y/y.
- The number of pigs for slaughter in the US dropped by 11% w/w and 7% y/y at 1.8m head. The year to date slaughter reached 44.3m head, down 4% y/y.
- Reports of the outbreak of the Porcine Epidemic Diarrhea virus (PEDv) continues with the latest country outbreak reported in Mexico. Mexico reported 83 outbreaks of the virus to the International Organization for Epidemic Deases (OIE). The outbreaks are thought to be due to the legal movement of animals.
- In the US, the latest update indicates that the total number of positive accessions for the week ended May 10 reached 189 out of the 840 tested.
- USDA's latest Cold Storage report showed frozen pork supplies were up 1% from the previous month but down 17% compared to last year. Stocks of pork bellies were reported up 4% from last month and up 47% on last year.


Domestic:

- Prices were mostly firmer supported by improved demand.
- Weekly porker prices closed at R21.48 per kg, up by 12% y/y.
- Baconer prices moved marginally higher at R21.29 per kg, up by 21% y/y.
- Import parity prices extended recent gains on renewed weakness in the Rand/ US dollar exchange rate. Weekly import parity prices increased by 1% w/w and 58% y/y.
- Import sales maintained a strong trend, coming in up 25% m/m in April at 2,425 tons but still trailing last year's by 36%. On a year to date basis, total pork imports for 2014 were down by 30% y/y at 7,069 tons.
- Major import sources were Germany which accounted for 54% in April and 51% year to date, Canada (14% and 19% yr-date), Spain (5% and 7% yr-date), and France (5% and 6% yr-date).
- **OUTLOOK**
Prices will trend sideways in the short to medium term due to moderation in demand.



Source: SAPPO, SARS, Own Calculations

Poultry market trends (Graph 4)
International:

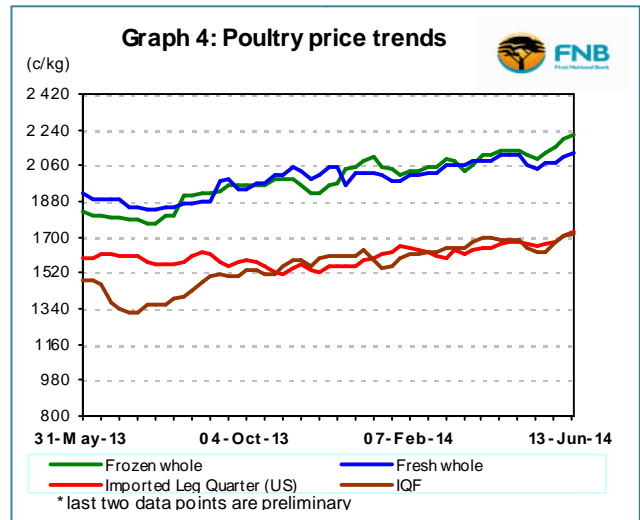
- US prices trended steady to firmer on improved uptake.
- Retail and food service demand was reportedly moderate to good ahead of the weekend.
- Market activity for the portions category was reportedly moderate to active. Transport was reportedly an issue due to limited availability and increased cost and competition.
- Whole bird prices were firmer at US109c/lb, which is up 4% y/y.
- Leg Quarter prices moved relatively sideways for the week and almost unchanged y/y at US55c/lb.
- Breast cut prices closed at US130c/lb, up 3% w/w but still down by 4% y/y.
- Wing prices gained 1% w/w at US133c/lb, but still down by 2% y/y.
- Drumsticks prices were firmer at US68c/lb, but down by 6% y/y.
- In the weekly US Broiler Hatchery report, egg sets for the week ended 24 May 2014 came in up 1% y/y at 214m. Average hatchability for chicks remains at 83.0%. The broiler chick placement was slightly down on last year at 173m head. Cumulative broiler placements from December 29, 2013 through May 24, 2014 were slightly down y/y at 3.59 billion head.
- As of April 30, 2014 US Frozen poultry supplies were reported up 3% from the previous month but down 16% compared to a year ago. Total stocks of chicken in cold storage were down 2% m/m and 15% y/y.

Domestic:

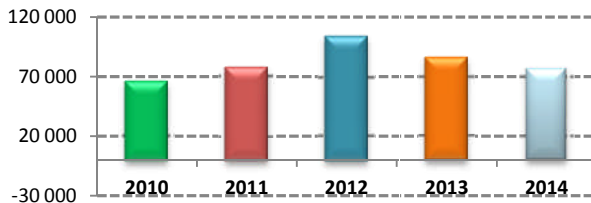
- Prices trended steady to firmer across most categories on slight uptake. The low value products maintained the stronger trend on the back of strong demand.
- Import parity prices continued to post good gains due the further Rand weakening.
- Weekly fresh whole bird prices steadied at R20.72 per kg, but up by 8% y/y.
- Frozen whole bird prices extended gains, closing up 1% w/w and 18% y/y at R21.53/ kg.
- Individually Quick Frozen portions (IQF) posted modest gains, finishing the week up 3% w/w and 13% y/y at R16.74/ kg.

OUTLOOK

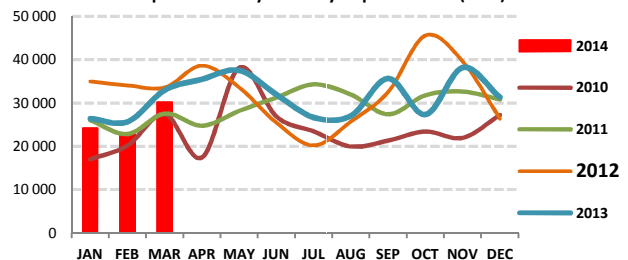
It is expected that prices will soften in the medium term on weak seasonal demand.



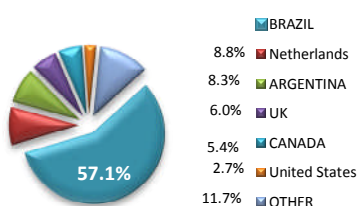
Graph 4a: Poultry Import Trends
 Year-to-date: March -2014



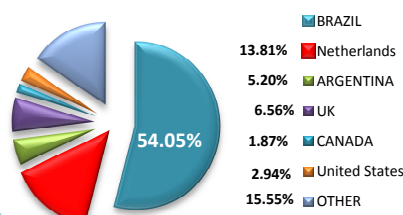
Graph 4b: Poultry Monthly Import Trends (tons)



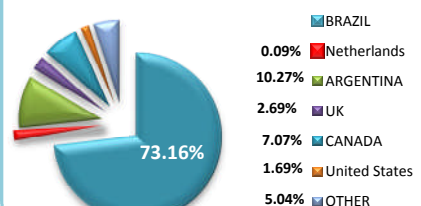
Graph 4d: Imports by Country - 2011



Graph 4e: Imports by Country - 2012



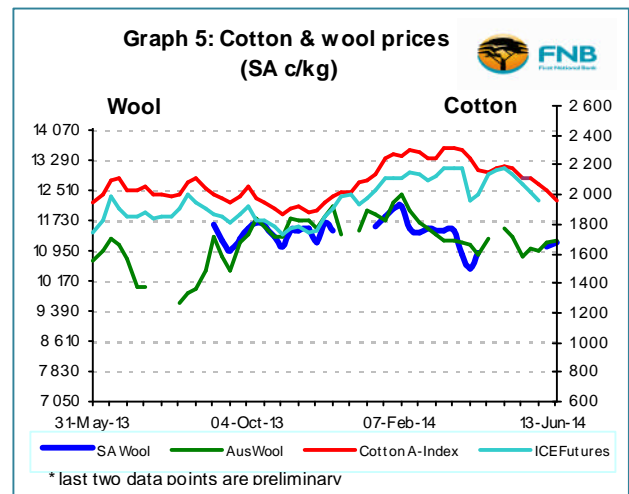
Graph 4c: Imports by Country - 2013



Producer prices for selected livestock commodities 30 May 2014	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	33.64	44.78	21.48	20.72
Open market: Class C / Baconer / Frozen whole birds(R/kg)	23.67	34.23	20.80	21.53
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	33.80	46.21	21.29	16.74
Import parity price (R/kg)	26.06	35.65	31.25	16.78
Weaner Calves / Feeder Lambs (R/kg)	16.56	22.04		

Wool and cotton market trends (Graph 5)
International:

- The world cotton indicator price, Cotlook "A" Index, extended losses with the weekly average closing down 2% w/w but almost unchanged y/y at US89.94c/lb.
- The ICE July settlement prices were down across the board with Oct-14 down 3% w/w at US\$78.32c/lb. The Dec-14 settlement was down 2.9% w/w at US\$78.38c/lb.
- The improved weather conditions in the US provided pressure on the market. Conditions were reportedly favourable to allow farmers to complete planting.
- Wool: In Australia, the wool market saw marginal gains which saw the weekly Eastern Market Indicator (EMI) closing at AU\$10.40/kg clean wool and following a similar trend as last year.


Domestic:

- There were no sales for the week. Demand has been relatively weak recently which saw prices turning lower. The Cape Wools Merino indicator fell modestly during the last sale, closing at R109.45/ kg clean wool.
- At this level, the indicator was down by almost 4% and 7% compared to the current season's average and the opening sale of the 2013/14 season respectively.
- Major buyers were Lempriere SA with 2,778 bales (33.6%), Standard Wool SA with 1,786 bales (21.6%), and G Modiano SA with 1,420 bales (17.2%).

Fibre market prices 30 May 2014	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Jul-14 (AU\$/kg)	Australian futures Oct-14 (AU\$/kg)
Wool market indicator (R/kg)	109.45	99.60		
19 μ long length wool (R/kg)	-	113.01	11.74	11.39
21 μ long length wool (R/kg)	-	110.23	11.45	11.10
23 μ long length wool (R/kg)	-	108.03	10.25	9.90
Fibre market prices 30 May 2014	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures Oct-14 (US\$/kg)	Cotton Futures Dec-14 (US\$/kg)
Cotton Prices (R/kg)	89.94	1.98	1.72	1.72

Cotton Futures on the InterContinental Exchange (ICE);

Yellow maize market (Graph 6)
International:

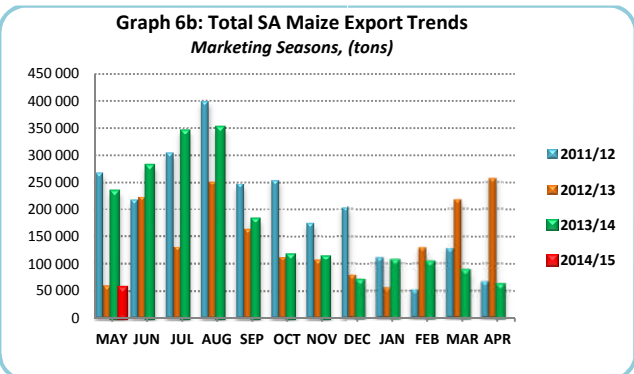
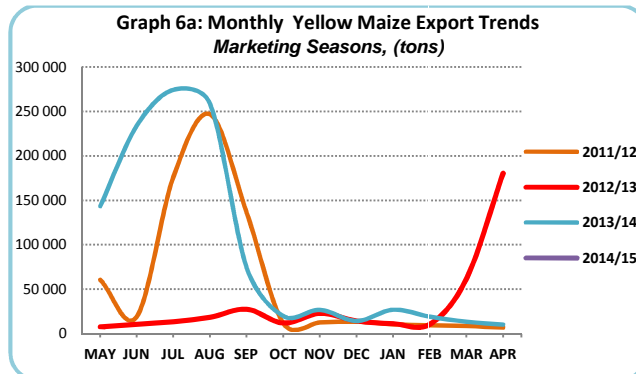
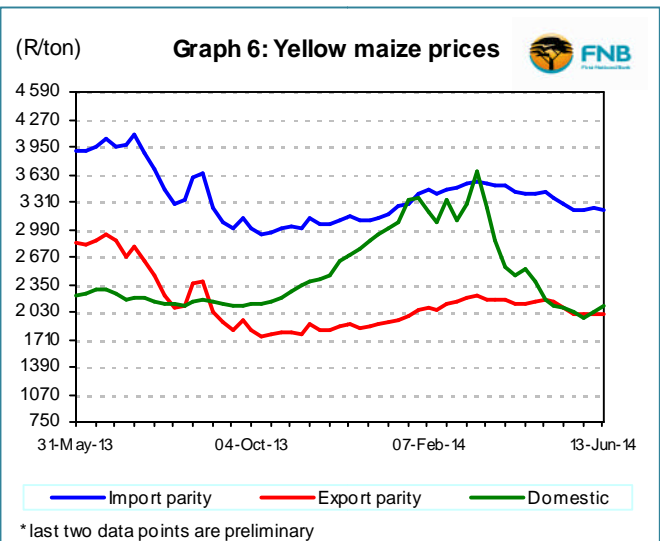
- US maize prices continued to post losses under pressure due to favourable production conditions with planting showing a big progress.
- Crop conditions continued to improve particularly in the US Mid-West.
- Planting progress advanced to 88% complete which is on par with the five year average.
- Meanwhile, the International Grains Council reduced its estimate of world production in the latest outlook report. World maize production is now forecast to reach 955m tons, down 1% due to lower yields.
- World stocks are expected to reach a 7 year record of 398m tons, up 17% y/y.
- World demand is expected to grow further in 2014/15, reaching 947m tons. However, growth in feed and industrial uses will be much slower compared to last year.
- This remains a bearish feature for prices in the medium to longer term.

Domestic:

- Yellow maize prices extended losses despite a weaker Rand on expectations of a very large harvest and the spill over weakness from the international market.
- Weekly yellow maize prices fell by 3% w/w and 8% y/y at R1,965 per ton.
- Yellow maize export sales for the 2014/15 marketing season were pegged at 5,400 tons and 20,570 tons for the season to date.

OUTLOOK

Futures are already trending lower in response to the large harvest this winter and this trend is expected to continue in the medium term.



Yellow Maize Futures 30 May 2014	Jul-14	Sep-14	Dec-14	Mar-15	May-15
CBOT (\$/t)	183.45	180.45	180.22	183.76	186.36
JSE (R/t)	1 945	1 986	2 035	2 041	-
CHICAGO CORN (R/t)	1 940	1 931	1 955	-	-

Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)

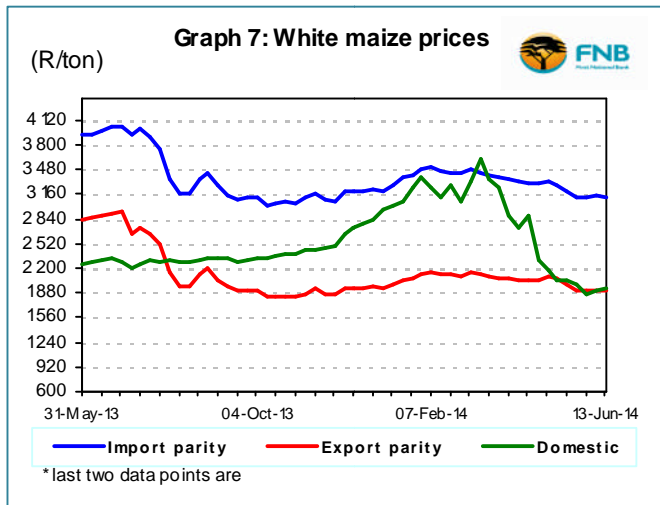
Jul-14			Sep-14			Dec-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
1 980	53	18	2 020	127	93	2 080	171	126
1 940	29	34	1 980	105	111	2 040	149	144
1 900	14	59	1 940	86	132	2 000	128	163

White maize market trends (Graph 7)
International:

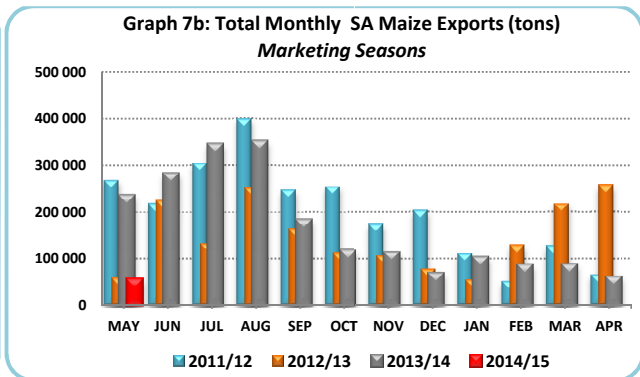
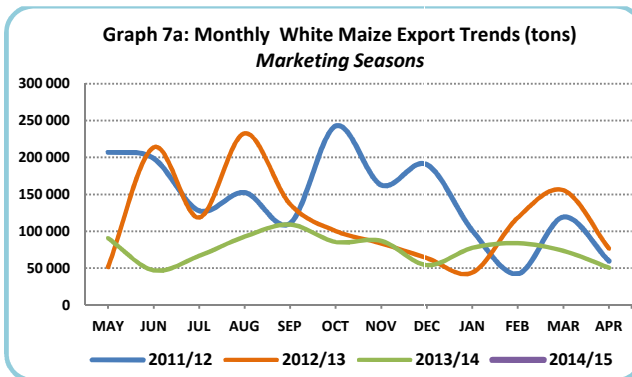
- US white maize continued to trend lower on favourable crop conditions and improved planting progress.
- Weekly white maize prices eased marginally to close at US\$183/ton, down 1% w/w and 32% y/y.

Domestic:

- The South African white maize prices continued to post modest losses on harvest pressure and the spill over weakness from international markets.
- The latest crop estimate added further pressure with a massive increase of 4% m/m in the expected harvest. Total maize is now seen at a record 13.6m tons. The increase was largely due to a significant jump in the white maize estimate, up by almost 7% m/m at 7.53m tons
- Weekly white maize prices closed at R1,855 per ton, down 6% w/w and 14% y/y.
- Prices have for the first time since June 2012 dipped below the R2,000/t and closer to breakeven levels.
- White maize export sales came in at 12,386 tons and 35,034 tons for the 2014/15 season to date, and mostly destined for the neighbouring countries.


OUTLOOK

Maize futures are already trending lower in response to the large harvest this winter and this trend is expected to continue in the medium term.



Source: SAGIS;

White Maize Futures 30 May 2014	Jul-14	Sep-14	Dec-14	Mar-15	May-15			
JSE (R/t) WM ₁	1 825	1 870	1 930	1 960	-			
Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-14			Sep-14			Dec-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
1 860	55	20	1 920	105	55	1 980	156	106
1 820	32	37	1 880	82	72	1 940	133	123
1 780	16	61	1 840	62	92	1 900	112	142

Wheat market trends (Graph 8)
International:

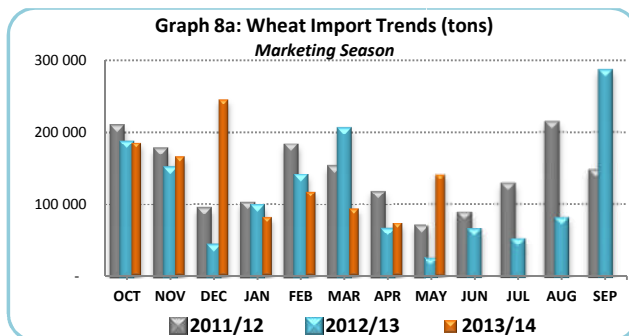
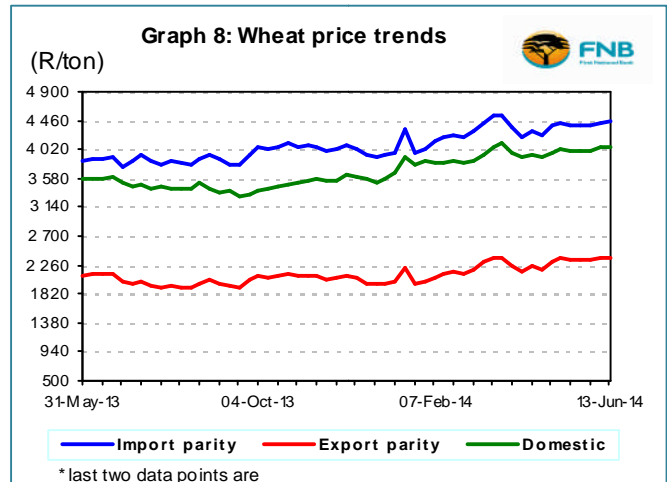
- US wheat prices extended losses on bearish world supply outlook and improved production conditions.
- Winter wheat ratings improved, gaining 1 percentage point to 30% in good to excellent condition. Spring wheat planting reached 74% complete but still behind the average pace of 82% as of May 25.
- Wheat futures came under downward pressure on increasing competition on the world export market with cheaper prices reportedly being offered from Europe and Russia.
- The IGC projected a decline of 2% to 694m tons in 2014/15 world wheat production as yields normalise following last season's unusually high levels.
- Consumption was raised by 1% y/y to 698m tons due to increased food and feed use. World ending stocks to decline slightly, led by the major exporters.

Domestic:

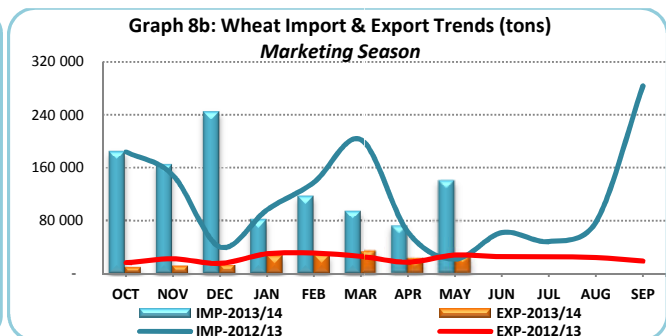
- Wheat prices moved marginally lower despite a weaker Rand due to weakness on international markets.
- Weekly wheat prices ended at R4,001 per ton, but still up 19% y/y.
- On the import front, weekly import sales were pegged at 66,526 tons and 1.14m tons for the season to date.

OUTLOOK

Prices are expected to trend sideways with limited upside potential on spill over weakness from the international market.



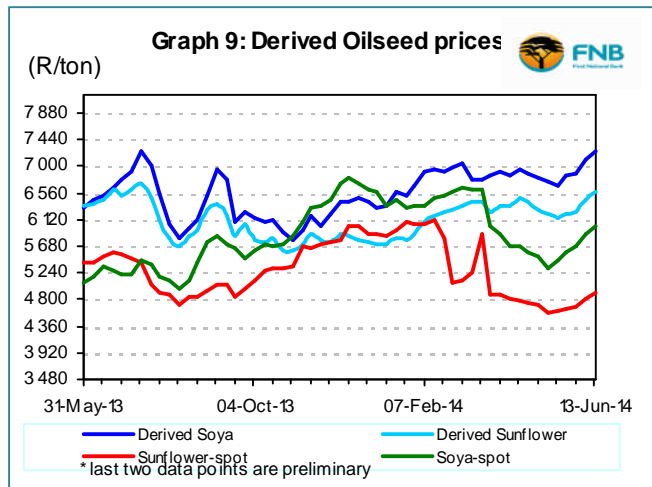
Source: SAGIS;



Wheat Futures 30 May 2014	Jul-14	Sep-14	Dec-14	Mar-15	May-15			
KCBT (\$/t)	268.45	272.64	274.84	273.96	271.39			
JSE (R/t)	3 864	3 788	3 625	3 726	-			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-14			Sep-14			Dec-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3 900	91	55	3 820	122	90	3 660	179	144
3 860	69	73	3 780	101	109	3 620	158	163
3 820	51	95	3 740	82	130	3 580	138	183

Oilseed market trends (Graph 9)
International:

- Prices ended mixed in the US soybean complex. Soybeans were a bit softer but tight stocks helped limit losses.
- US weather was favourable for planting which saw progress advancing 26 percentage points to 59% complete, slightly ahead of average.
- IGC projected world soybean production to reach a record 284m tons in the 2013/14 season, up 4% y/y.
- World ending stocks are expected to increase for the second consecutive year to reach 28m tons.
- The agency further indicated that China's import needs are expected to drive a projected 13% annual increase in world trade in the 2013/14 season (Oct/Sep).


Domestic:

- Oilseeds traded on the JSE extended gains on the back of renewed weakness in the Rand/ US dollar exchange rate.
- Weekly soybean prices gained 2% w/w and 27% y/y, closing at R5,692 per ton.
- Sunflower prices moved marginally higher at R4,672 per ton, but still down 11% y/y.

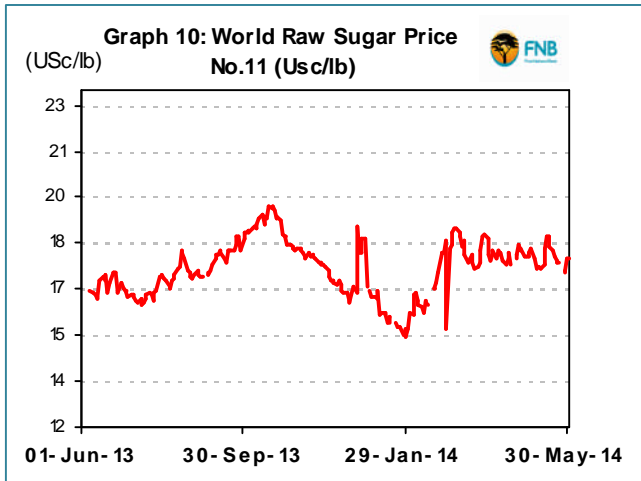
OUTLOOK

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

Oilseeds Futures 30 May 2014	Jul-14	Sep-14	Dec-14	Mar-15	May-15			
CBOT Soybeans (US \$/t)	523.38	453.27	-	457.09	458.27			
CBOT Soya oil (US c/lb)	38.50	38.68	38.90	39.27	39.45			
CBOT Soya cake meal (US\$/t)	551.38	480.72	444.89	443.13	441.48			
JSE Sunflower seed (R/t)	4 725	4 835	4 970	4 959	-			
JSE Soybean seed (R/t)	5 725	5 795	5 849	-	-			
Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-14			Sep-14			Dec-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4 760	120	85	4 880	191	146	5 020	260	210
4 720	99	104	4 840	169	164	4 980	239	229
4 680	80	125	4 800	149	184	4 940	218	248

Sugar market trends (Graph 15)
International:

- International Raw Sugar prices continued to weaken on plenty world supplies but reports of reduced estimates in Brazil helped limit losses. The weekly world raw sugar prices on ICE (InterContinental nearby futures, No.11 contract) closed at US17.44c/lb, slightly down w/w but still up by 5% y/y.
- Reports out of Brazil indicate a slow start to the crush period. Sugarcane processing in the South Central region is reported to have fallen by almost 26% y/y during the second half of April to about 24m tons.
- The delays were due to several factors including the unfavourable weather conditions and maintenance issues.
- Further reports indicate that Datagro, a private firm in Brazil, now estimates cane crushing at 560.5m tons and sugar production at 32.5m tons. Both estimates are reportedly down on the previous estimate by about 2.5%.


Domestic:

- The May 2014 RV price in respect of cane delivered in April 2014 for 2014/15 was declared at R3,338.58 per ton, up R39.51 compared to the previous month. According to the Cane Growers Association, the increase was due to the sharp rally in the spot world market price (18.25c/lb. vs. 17.04c/lb.), the 7,961 ton reduction in sugar production and the improved sugar:RV ratio (94.15% vs. 94.11%).
- Export availability in the 2014/15 season is reportedly estimated at 746,066 tons. Thus far 399,220 tons has been allocated for marketing and pricing, and to date a total of 257,152 tons have been priced at an average of US17.90c/lb.

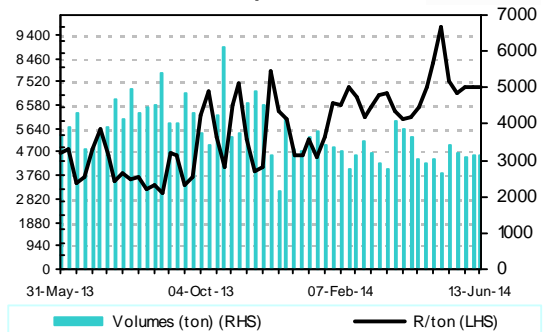
ICE Sugar Futures 30 May 2014	Mar-15	May-15	Jul-15	Oct-15	Mar-16
Sugar No.11 (US c/lb)	19.19	19.13	19.07	19.21	19.56
% Change w/w	0.6%	0.5%	0.4%	0.2%	-0.1%

Vegetable Market Trends (Graphs 11 to 15)
Tomatoes

Tomato prices posted a modest recovery on the back of lower volumes across markets.

Weekly tomato prices closed at R7,348 per ton, up 4% w/w and 59% y/y. Volumes of tomatoes traded were pegged at 3,075 tons, down 4% w/w and 17% y/y.

Prices are expected to trend sideways with limited upward potential on moderation in demand.

Graph 11: Fresh Produce Markets - Tomato prices


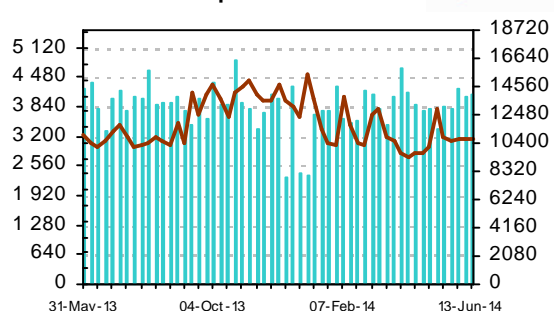
* last two data points are preliminary

Potatoes

Potato prices saw a slight improvement supported by strong uptake across markets.

Weekly potato prices gained 2% w/w and closed at R3,144 per ton, but still down by 3% y/y. Volumes traded were pegged at 14,415 tons, up 11% w/w and almost unchanged y/y.

Prices are expected to trend sideways with limited upward potential on moderation in demand.

Graph 12: Fresh Produce Markets - Potato prices


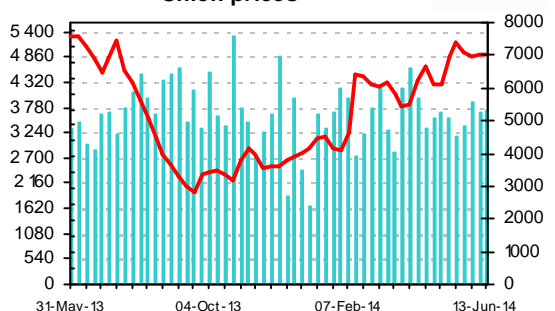
* last two data points are preliminary

Onions

Onion prices again edged lower under pressure due to increased volumes across most markets.

Weekly onion prices closed at R4,867 per ton, down 2% w/w and 8% y/y. Volumes traded reached 5,540 tons, up 14% w/w and 16% y/y.

Prices are expected to trend steady to firmer in the short term on moderation in supplies.

Graph 13: Fresh Produce Markets - Onion prices


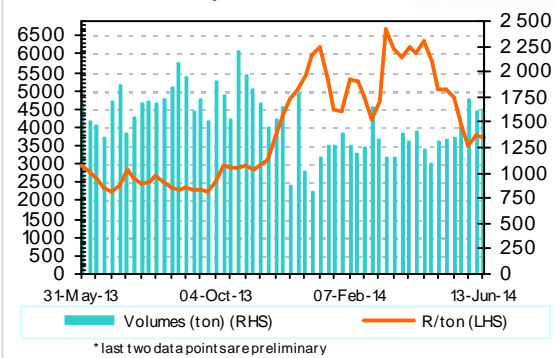
* last two data points are preliminary

Carrots

Carrot prices continued to drift lower under pressure due to increased supplies across most markets. Weekly carrot prices fell by 13% w/w to close at R3,484 per ton, but still up 17% y/y. Volumes of carrots traded were pegged at 1,731 tons, up 19% w/w and 2% y/y.

It is expected that prices will bottom out and firm slightly in the short term on reduced supplies.

Graph 14: Fresh Produce Markets - Carrot prices

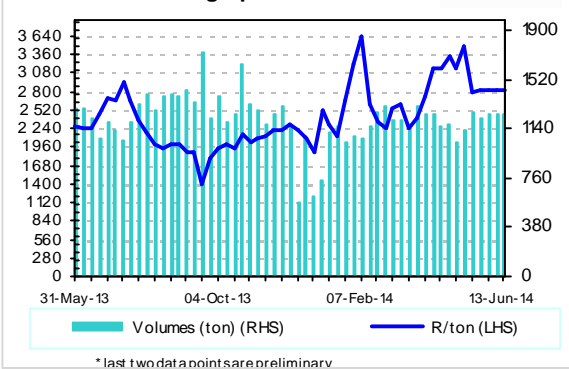


Cabbages

Cabbage prices moved sideways under pressure due to increased supplies across markets. Weekly cabbage prices steadied at R2,824 per ton, but still up 25% y/y. Volumes of cabbages traded reached 1,258 tons, up 3% w/w but still down 3% y/y.

Prices are expect to maintain the current momentum in the short term on subdued demand.

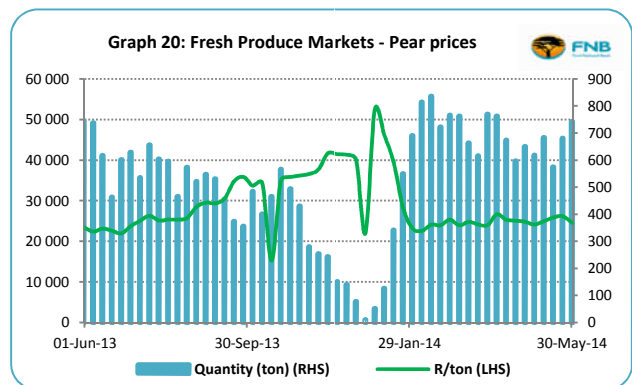
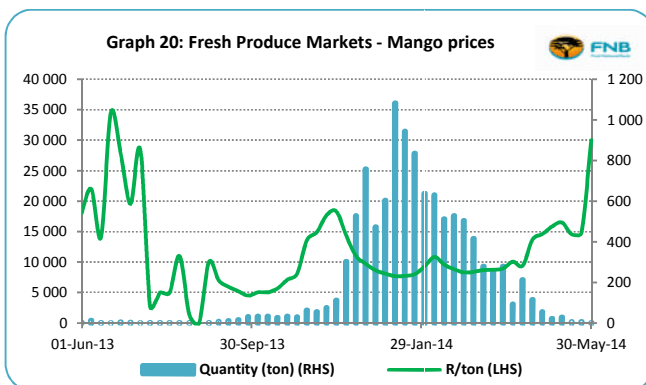
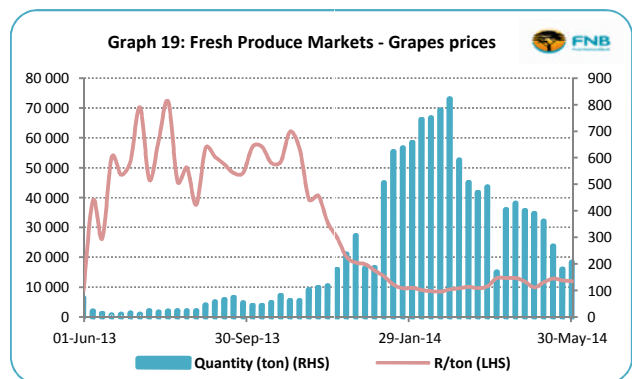
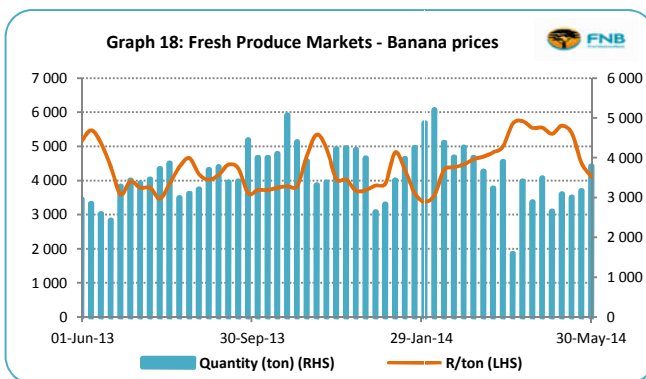
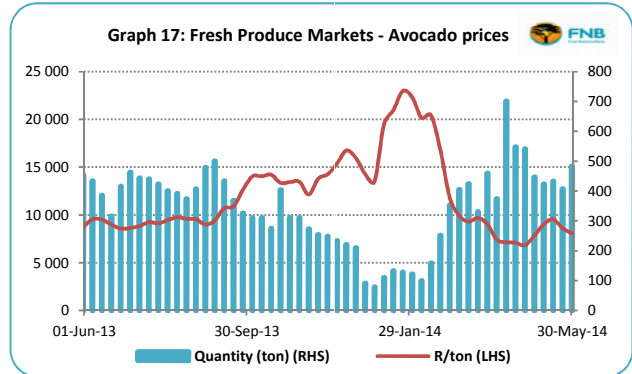
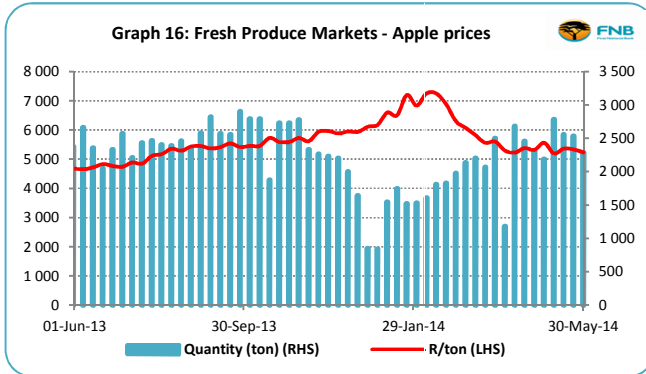
Graph 15: Fresh Produce Markets - Cabbage prices



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

Week ending 30 May 2014	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	7 348	4%	59%	3075	-4%	-17%
Potato	3 144	2%	-3%	14415	11%	0.3%
Onion	4 867	-2%	-8%	5540	14%	16%
Carrot	3 484	-13%	17%	1731	19%	2%
Cabbage	2 824	0%	25%	1258	3%	-3%

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

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

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

Week ending 30 May 2014	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Apples	5 231	-2%	12%	2279	-10%	-4%
Avocados	8 076	-6%	-8%	483	19%	7%
Bananas	4 112	-9%	-20%	3791	20%	28%
Grapes	12 011	-2%	36%	207	15%	189%
Mangoes	30 001	102%	67%	2	-73%	-16%
Pears	24 532	-6%	5%	741	9%	0%

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

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