

how can we help you?



Agri-Weekly

FNB
First National Bank

15 May 2015

pmakube@fnb.co.za

<https://www.fnbagricomms.co.za>

Beef market trends (Graph 1)

International:

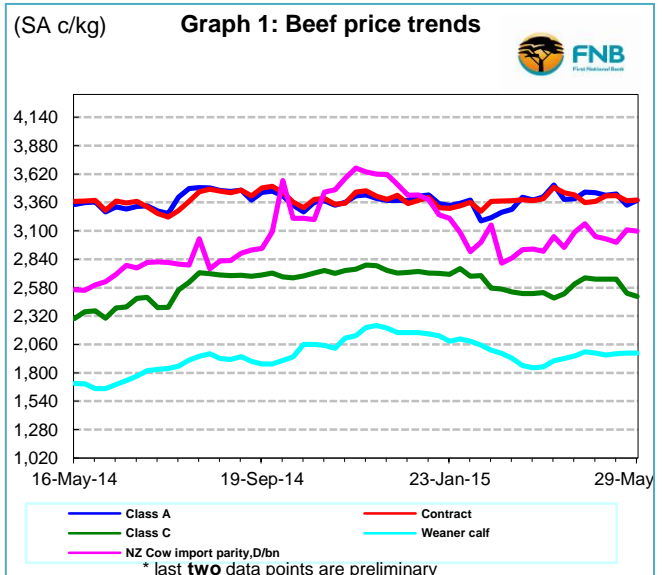
- US manufacturing beef prices ended softer under pressure due to increased import supplies.
- At wholesale level, US prices recovered slightly with Choice beef cutout values closing at US\$262.07/cwt, up 2.1% w/w and 16.3% y/y. The Select beef cutout values gained 1.9% w/w and 15.9% y/y to close at US\$249.47/cwt. The Choice/Select spread continued to widen to US\$12.60/cwt.
- The CME Feeder Cattle Index closed at US\$220.40/cwt, up 2.6% w/w and 19.6% y/y.
- Weekly US cattle for slaughter came in slightly up on the week at 569,000 head, but still down by 4.5% y/y. The cumulative year to date slaughter figure still trails last year's by 7.2% at 10.45m head.
- According to the United States Department of Agriculture's World Agricultural Supply and Demand Estimate (WASDE) report, US beef production is forecast higher as gains in the 2014 and 2015 calf crops support y/y increases in cattle placements in late 2015 and early 2016. Beef production is expected to reach 10.95m and 11.06m tons respectively. Marketing of feedlot cattle is forecast to increase during 2016, while carcass weights are expected to reflect incentives to keep cattle weights high.

Domestic:

- Beef prices ended mostly firmer on limited supplies across markets.
- Weekly Class A beef prices were marginally up by 0.4% w/w at R34.39 per kg, which is 3.0% higher y/y.
- Contract Class A beef prices ended a bit firmer at R34.24 per kg, which is 1.6% higher y/y.
- Class C beef prices steadied at R26.58 per kg, but still up 15.7% y/y.
- In the weaner market, calf prices recovered somewhat on the back of reduced volumes across markets. Weekly weaner calf prices gained 0.5% w/w and 16.0% y/y at R19.64 per kg live weight.

OUTLOOK

Beef prices are expected to come under pressure in the medium term due to the seasonal increase in supplies.



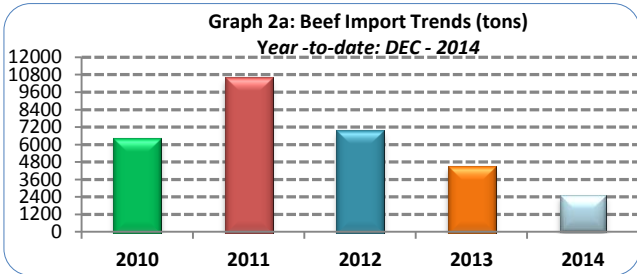
how can we help you?

pay for everything from a sock to livestock.

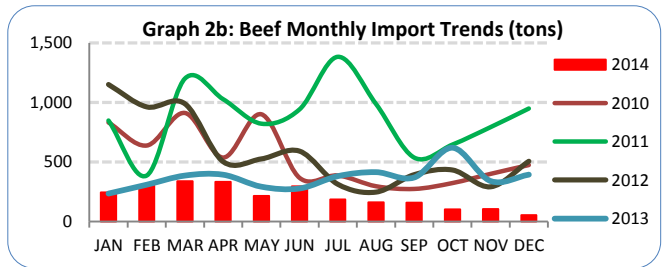
An FNB Agriculture Cheque Account is for everything you can think of.

Visit your nearest branch, email agric@fnb.co.za, contact your Banker or visit www.fnb.co.za

First National Bank – a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP2D). Terms and Conditions apply.



Source: SARS, Own Calculations; *Excluding BNLS



Mutton market trends (Graph 2)

International:

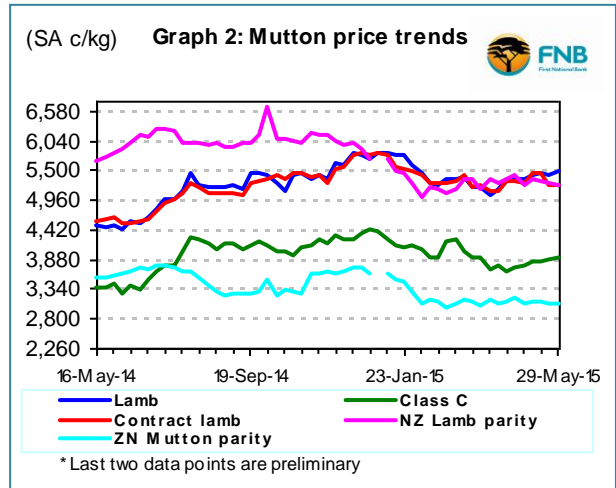
- In Australia, lamb and mutton prices trended mostly sideways with the National Trades Lamb indicator a bit firmer at AU\$5.67/kg cwt. The mutton indicator prices finished the week almost unchanged at AU\$3.50/kg cwt.
- Australian lamb slaughter is reported to have maintained strong growth during March while mutton continued to slow down. According to the Australian Bureau of Statistics, lamb slaughter reached 2.04m head in March, up 18% y/y. This yielded 46,383 tons cwt, reflecting increased carcass weights. In the case of mutton, slaughtering fell by 14% y/y to 829,563 head. As a result, mutton production decreased by 9% y/y to 18,901 tons cwt.
- In New Zealand (NZ), domestic producer prices continued to trend sideways with the 17.5kg lamb steady at NZ\$85.50/ head but still down by 15% y/y. Mutton prices were also unchanged on the week at NZ\$51.10/ head, but still down by 24% y/y. Lamb markets remained subdued due to increased production and moderation in demand in key markets such as China and the UK.
- US Lamb Carcass Cutout prices reversed last week's gains to close at US\$325.94/cwt, which is down by 2.9% y/y. Weekly sheep slaughter number dropped sharply by 10.8% w/w and 19.5% y/y at an estimated 33,000 head. The cumulative year to date sheep slaughter reached 745,000 head, but still down by 6.6% y/y.

Domestic:

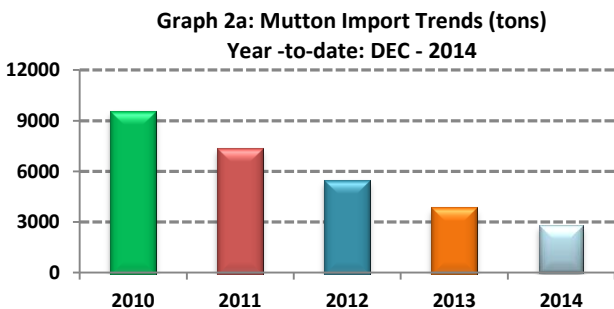
- Lamb and mutton prices maintained a firmer trend on moderation in supplies across markets.
- Weekly Class A lamb prices ended a bit firmer at R54.35 per kg, which is up 21.3% y/y.
- Contract Class A lamb prices were almost unchanged on the week at R54.45 per kg, which is 19.6% higher y/y.
- In the case of mutton, prices steadied at R38.30 per kg, but still up 14.5% y/y.
- Weaner lamb prices continued to post strong gains on the back of reduced supplies across markets. Weekly weaner calf prices closed up 4.1% w/w and 15.8% y/y at R25.17 per kg live weight.

OUTLOOK

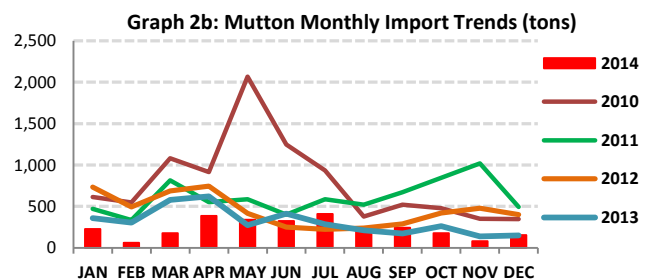
It is however expected that prices will trend sideways with limited upward potential in the medium term due to seasonal decrease in demand.



* Last two data points are preliminary



Source: SARS, Own Calculations; *Excluding BNLS



how can we help you?

pay for everything from a sock to livestock.

An FNB Agriculture Cheque Account is for everything you can think of.

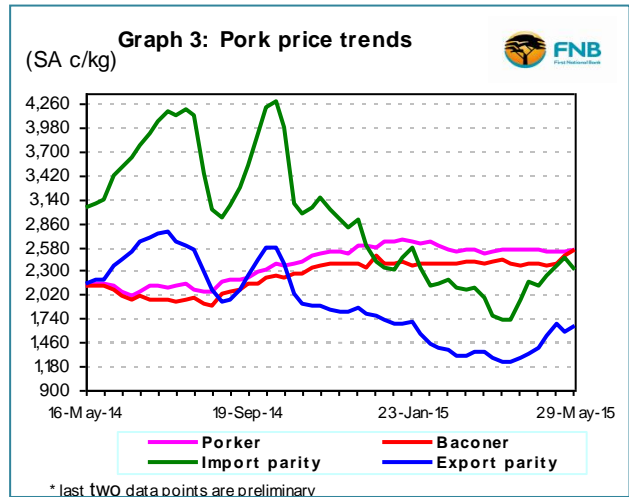
Visit your nearest branch, email agric@fnb.co.za, contact your Banker or visit www.fnb.co.za

First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Terms and Conditions apply.

Pork market trends (Graph 3)

International:

- US Pork Carcass (FOB Plant) Cutout prices continued to post strong gains at US\$83.18/cwt, up 7.7% w/w but still down by 26.5% y/y.
- Weekly US pig slaughter came in marginally higher by 0.8% w/w but still 6.5% higher y/y at 2.13m head. The cumulative year to date pig slaughter number reached 42.83m head, up 5.5% y/y.
- In the latest USDA WASDE report, pork production for 2015 is projected upwards by 7% y/y and further by 1% y/y in 2016 as pig crops expand. This is on the back of the expected increases in farrowings during late 2015 and early 2016 and a continued recovery in growth in pigs per litter. Prices will therefore come under pressure due to larger pork supplies. Nonetheless, exports are expected up 5.3% in 2016 to 2.31m tons.
- In last week's BPEX export update, the EU Commission has reportedly closed the private storage aid for pig meat which is a scheme that was opened on 9 March 2015. The Commission believes that it is no longer justified as EU prices have stabilised and the weekly uptake by operators has now dropped to modest volumes. Although the official closing date is 8 May (due to delays for adoption of the closing Regulation), in practice the scheme ended on 29 April as applications have been rejected since that date.

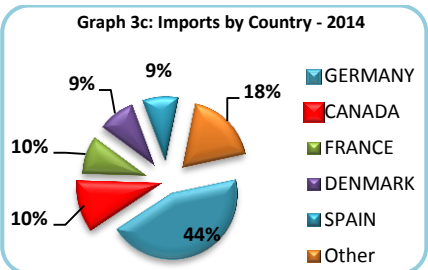
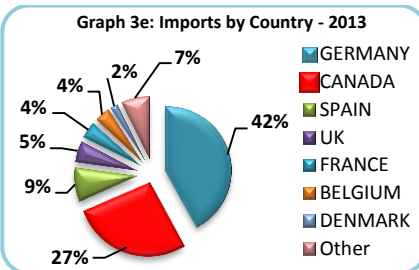
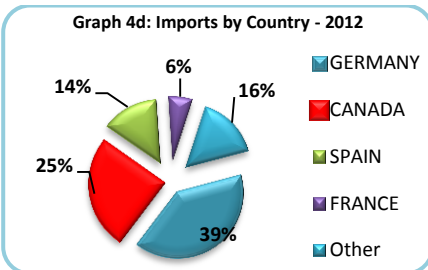
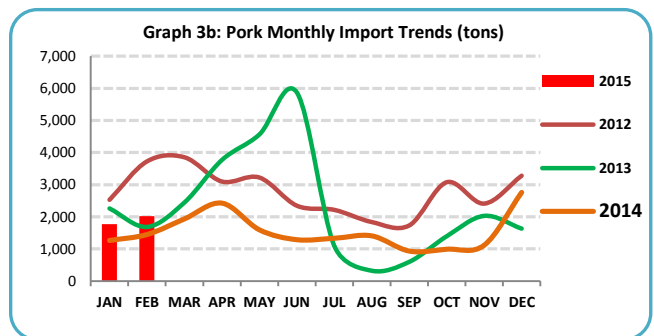
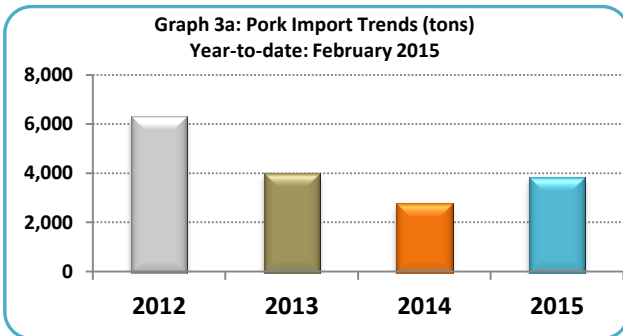


Domestic:

- Prices trended mostly sideways under pressure due to improved volumes.
- Weekly porker prices closed at R25.27 per kg, which is up 18.4% y/y.
- Baconer prices came in unchanged on the week at R23.71 per kg, but still 12.1% higher y/y.
- Import parity prices continued to strengthen mainly due to higher international prices despite recent Rand gains. Weekly import parity prices finished the week up 5.0% w/w but were still down 22.7% y/y.

OUTLOOK

Prices are expected to trend sideways with upside potential in the medium term due to moderation in supplies.



Source: SAPPO, SARS, Own Calculations

how can we help you?

pay for everything from a sock to livestock.

An FNB Agriculture Cheque Account is for everything you can think of.

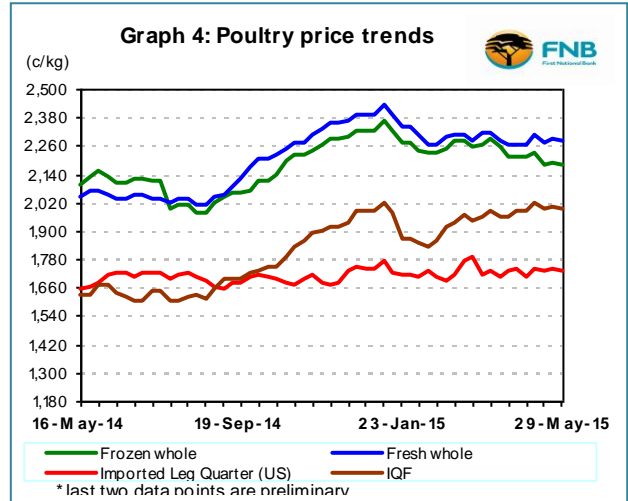
Visit your nearest branch, email agric@fnb.co.za, contact your Banker or visit www.fnb.co.za

First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Terms and Conditions apply.

Poultry market trends (Graph 4)

International:

- US retail and food service demand was reportedly light to moderate ahead of the weekend.
- Whole bird prices moved marginally lower by 1.3% w/w but still up by 5.3% y/y at US114.40 cents/l.
- Leg Quarter prices closed at US49.50 cents/lb, unchanged from last week but still down by 9.5%.
- Breast cuts remained 0.8% w/w but still down by 15.1% y/y at US130.50 cents/lb.
- Wing prices were marginally down by 0.6% w/w but up by 27.7% y/y at US169.00 cents/lb
- Prices for drumsticks dropped sharply to close at US56.50 cents/lb, which is down by 20.4% w/w and 15.5% y/y.
- In the weekly US Broiler Hatchery report, egg sets for the week ended May 16, 2015 were up 3% y/y at 219m. Average hatchability for chicks remains at 84.0%. The broiler chick placements were also up by 3% y/y at 178m head. Cumulative broiler placements from January 10, 2015 through May 16, 2015 were up 3% y/y at 3.34b head.
- On the back of increased slaughter and higher live weights, US broiler meat production for the first quarter of 2015 reached 4.4m tons, which is slightly higher y/y. According to the USDA, broiler cold storage holdings at the end of March were up 27.6% y/y mainly due to rising leg quarter holdings. Exports are projected down for 2015 due to the avian flu outbreak but will rebound in 2016 as normalcy returns.



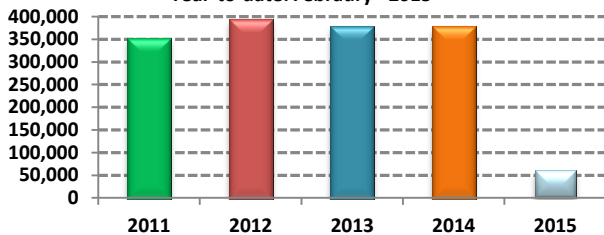
Domestic:

- Prices posted slightly losses across the board due to subdued mid-month demand.
- Weekly frozen whole bird prices fell by 2.2% w/w but still up 4.1% y/y at R21.77 per kg.
- Fresh whole bird prices eased by 1.3% w/w but still up by 11.3% y/y at R22.76 per kg.
- Individually Quick Frozen cuts (IQF) fell by 1.1% w/w but still up by 22.4% y/y at R19.91 per kg.
- Import parity prices pulled back from last week's high mainly due to Rand strength. Weekly import parity prices were down by 1.1% w/w but still up by 22.4% y/y.

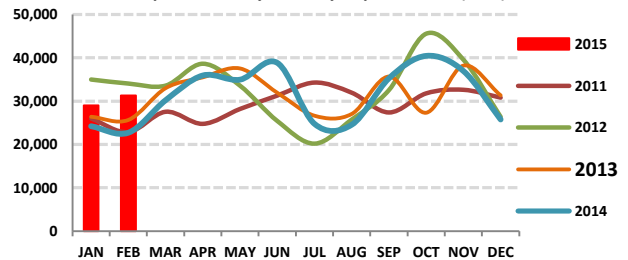
OUTLOOK

It is expected that prices will maintain the current momentum in the short to medium term on seasonal moderation in demand.

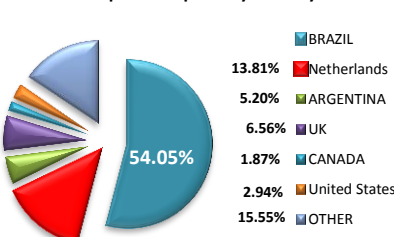
Graph 4a: Poultry Import Trends
Year-to-date: February - 2015



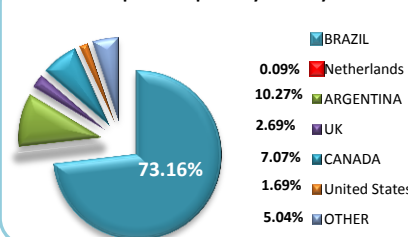
Graph 4b: Poultry Monthly Import Trends (tons)



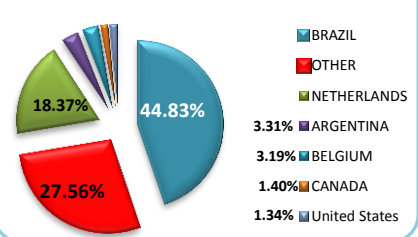
Graph 4c: Imports by Country - 2012



Graph 4c: Imports by Country - 2013



Graph 4e: Imports by Country - 2014



Source: SARS, Own Calculations; *Excluding BNLS

how can we help you?

pay for everything from a sock to livestock.

An FNB Agriculture Cheque Account is for everything you can think of.

Visit your nearest branch, email agric@fnb.co.za, contact your Banker or visit www.fnb.co.za

First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Terms and Conditions apply.

Producer prices for selected livestock commodities 15 May 2015	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	34.39	54.35	25.27	22.76
Open market: Class C / Baconer / Frozen whole birds(R/kg)	26.58	38.30	23.10	21.77
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	34.24	54.45	23.71	19.91
Import parity price (R/kg)	29.94	30.97	23.53	17.27
Weaner Calves / Feeder Lambs (R/kg)	19.74	25.17		

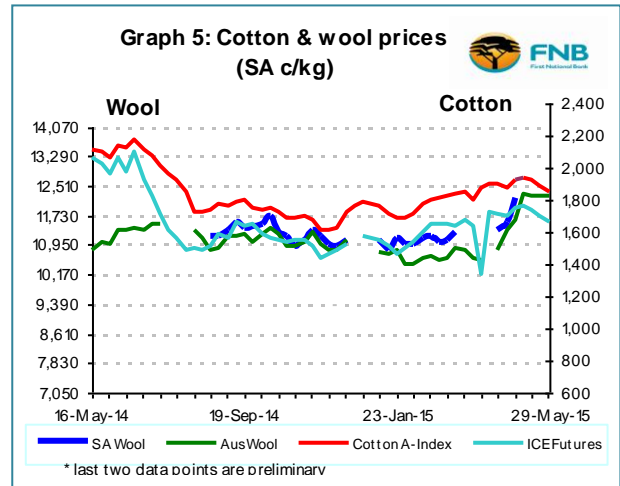
Wool and cotton market trends (Graph 5)

International:

- US cotton trended a bit firmer with a strong late week rally partly offsetting a bearish start.
- A better than expected export report as well as the continued easing of the US\$ index provided further support.
- Planting progressed swiftly as drier conditions returned. At week's end, US cotton producers had planted 35% of the 3.87m hectares of expected land under cotton. This is 9 percentage points behind last year and 11 percentage points behind the 5 year average.
- Another key support was the USDA's WASDE report which included the first glimpse for the 2015 crop. USDA estimated US production in the coming season will total 14.50m bales, slightly down (-1.82m) from the 2014 crop. Domestic consumption was raised to 3.80m versus 3.65m bales. Projected exports were unchanged at 10.70m bales.
- In China, production is expected to drop significantly on reduced area under cotton. Farmers are reportedly switching to rice and maize where government support is currently directed. Cotton planting in is estimated at 3.7m hectares, the lowest since 1949.
- World production is therefore expected to decline moderately to 111m bales. The supply effect will however be offset by large carryover stocks of the old crop leaving overall ending stocks at 106.3m bales. This is slightly down on last year mainly due to good demand but still the second largest stocks on record.
- Weekly cotton prices closed at 73.31 US cents/lb, virtually unchanged w/w but down 21% y/y.
- In the futures market, cotton prices were mostly firmer with the Oct-15 up 3% w/w at 68.1 US cents/lb and Dec-15 up 1% w/w at 66.82 US cents/lb.
- Wool market: Prices moved sideways to firmer on moderation in supply. This saw the AWEX Eastern Market Indicator (EMI) virtually unchanged w/w at AU\$12.42 per kg clean wool. Volumes of sales reached 95% of the 43,988 bales offered.

Domestic:

- Trading resumed with solid gains. This saw the Cape Wools Merino indicator closing at R132.02 per kg clean wool, up 9% w/w. At that level the indicator was up 18% compared to the opening sale and 17% compared to the season to date average.
- Major wool buyers were Standard Wool SA with 2,968 bales (33.6%), G. Modiano SA with 2,386 bales (27%), Lempriere SA with 2,270 bales (25.7%), and Stucken & Co with 387 bales (4.4%).



Fibre market prices 15 May 2015	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Jul-15 (AU\$/kg)	Australian futures Sep-15 (AU\$/kg)
Wool market indicator (R/kg)	132.02	117.94		
19µ long length wool (R/kg)	-	130.93	12.40	12.35
21µ long length wool (R/kg)	-	123.24	12.00	11.95
23µ long length wool (R/kg)	-	115.74	10.80	10.75

how can we help you?

pay for everything from a sock to livestock.

An FNB Agriculture Cheque Account is for everything you can think of.

Visit your nearest branch, email agric@fnb.co.za, contact your Banker or visit www.fnb.co.za

First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Terms and Conditions apply.

Fibre market prices 15 May 2015	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures Jul-15 (US\$/kg)	Cotton Futures Oct-15 (US\$/kg)
Cotton Prices (R/kg)	19.28	1.61	1.47	1.50

Cotton Futures on the InterContinental Exchange (ICE);

Yellow maize market (Graph 6)

International:

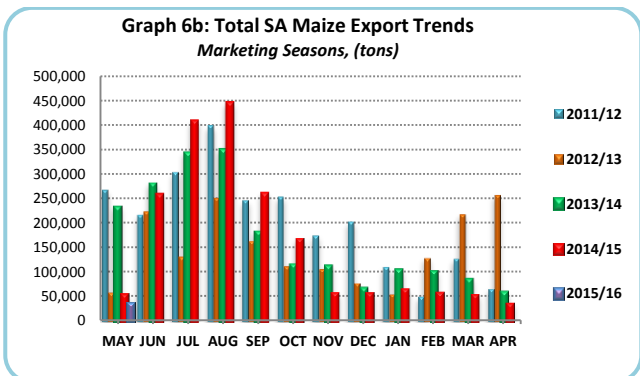
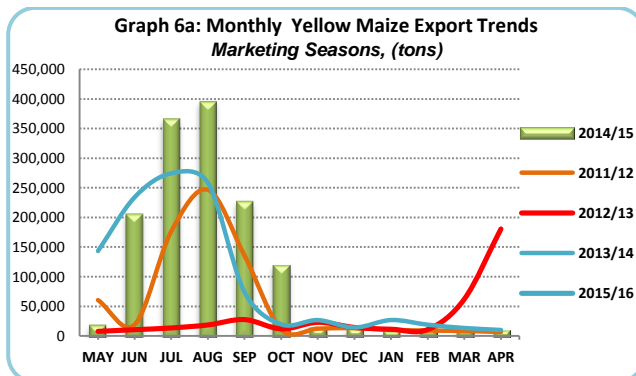
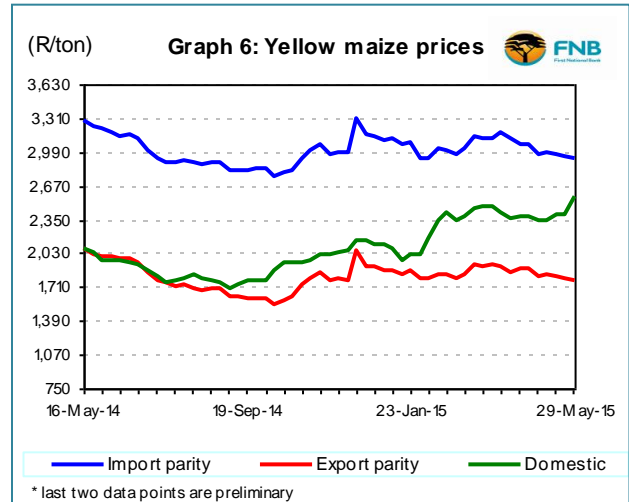
- US maize prices moved sideways on conflicting fundamentals.
- Planting progress advanced swiftly on favourable weather conditions reported at 85% of the 36.1m hectares in expected plantings. This is 14 percentage points ahead of last year and 10 percentage points ahead of the five year average. This pushed prices down.
- The USDA WASDE report indicated an expectation of slight decrease in the 2015/16 US crop. Production is estimated at 346m tons, down 4% y/y on decreased planted area. Domestic consumption as well as export demand is expected to remain strong, with ending stocks easing to 47m tons.
- World production is expected to ease slightly on reductions in the USA estimated at 989.8m tons. Consumption is estimated at a record 990.4m tons, up by 13m tons from 2014/15 season. Ending stocks are therefore expected to ease slightly on last year.
- The IGC however expects the 2015/16 crop to ease to 951m tons owing to reduction in planted area and yields returning to normal trends. Consumption is expected to remain strong at 969m tons slightly down y/y.

Domestic:

- Prices posted moderate gains on strong export demand.
- Yellow maize prices were up 2% w/w and 15% y/y at R2,396 per ton.
- Exports for the week were pegged at 3,559 tons, with the cumulative season to date reaching 9,843 tons, all destined to neighbouring countries.
- According to GrainSA, maize imports for the week were pegged at 33,138t, bringing cumulative year to date to 98,388 all sourced from Argentina and all yellow maize variety.
- According to the CEC's report, the total maize crop is estimated at 9.8m tons slightly higher than the previous estimate but significantly lower than last year. Yellow maize crop was estimated at 5.1m tons, up 1.5% from the previous estimate however still down by 22% on last year while white maize crop is expected to reach 4.7m tons down 39% y/y. The upward revision was on the back of better than expected yields in Mpumalanga.

OUTLOOK

The short term outlook for prices remains bullish on strong export demand as regional production in Southern Africa is low. Focus will turn to the size and quality of the harvested crop in the medium term.



Source: SAGIS

how can we help you?

pay for everything from a sock to livestock.

An FNB Agriculture Cheque Account is for everything you can think of.

Visit your nearest branch, email agric@fnb.co.za, contact your Banker or visit www.fnb.co.za

First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Terms and Conditions apply.

Yellow Maize Futures 15 May 2015	Jul-15	Sep-15	Dec-15	Mar-16	Jul-16
CBOT (\$/t)	147	151	155	158	159
JSE (R/t)	2 424	2 453	2 497	2 485	2 230
CHICAGO CORN (R/t)	1 740	1 781	1 864	-	-

Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-15			Sep-15			Dec-15		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,460	83	47	2,500	139	92	2,540	175	132
2,420	61	65	2,460	117	110	2,500	153	150
2,380	43	87	2,420	97	130	2,460	133	170

White maize market trends (Graph 7)

International:

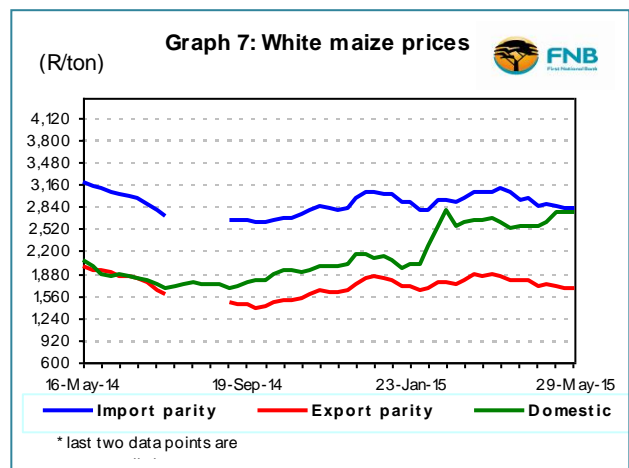
- Prices moved sideways to firmer with advances in planting progress limiting upside potential.
- Weekly white maize prices were virtually unchanged w/w however down 25% y/y at US\$144/ton.

Domestic:

- It was another week of good gains in the white maize market due to strong export demand.
- Weekly white maize prices closed at R2,765 per ton, up 6% w/w and 35% y/y.
- Exports for the week were pegged at 9,306 and cumulative season to date at 25,660 tons.

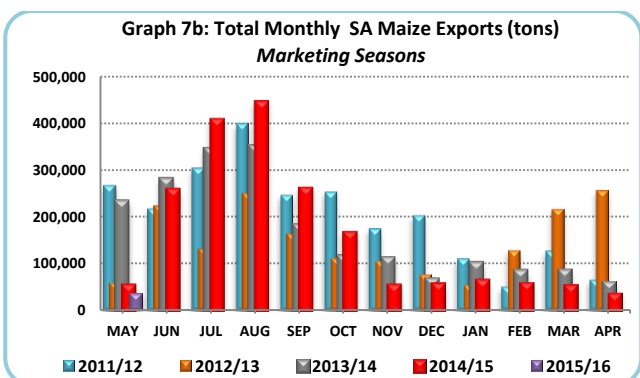
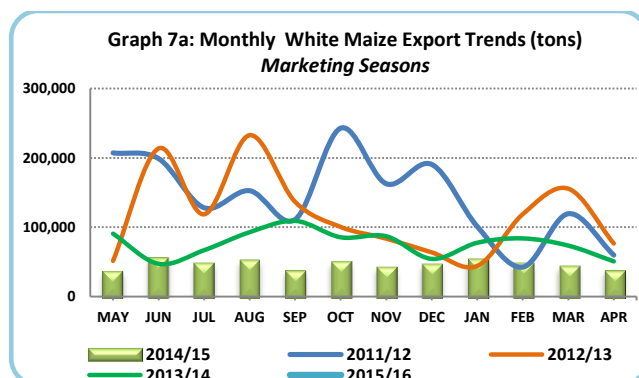
OUTLOOK

The short term outlook for prices remains bullish on strong export demand as regional production in Southern Africa is low. Focus will turn to the size and quality of the harvested crop in the medium term.



White Maize Futures 15 May 2015	Jul-15	Sep-15	Dec-15	Mar-16	Jul-16
JSE (R/t) WM ₁	2 817	2 851	2 904	2 889	2 453

Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-15			Sep-15			Dec-15		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,860	114	71	2,900	177	128	2,940	213	177
2,820	92	89	2,860	154	145	2,900	191	195
2,780	72	109	2,820	134	165	2,860	170	214



Source: SAGIS;

how can we help you?

pay for everything from a sock to livestock.

An FNB Agriculture Cheque Account is for everything you can think of.

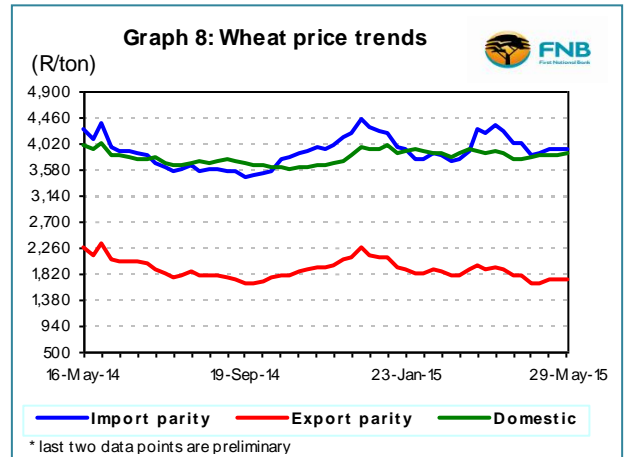
Visit your nearest branch, email agric@fnb.co.za, contact your Banker or visit www.fnb.co.za

First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Terms and Conditions apply.

Wheat market trends (Graph 8)

International:

- US wheat prices posted moderate gains on bearish crop prospects in China. The firmer US dollar added further support.
- Prices however came under pressure late in the week as Russia announced the lifting of its wheat export ban.
- According to the USDA's WASDE report, US 2015/16 wheat supplies are expected to surge by 6% y/y reaching 79.93m tons. This is on the back of larger beginning stocks and some slight increase in production.
- Crop ratings are reportedly at 45% in the good to excellent category up 1% w/w and 16% better than last year.
- Meanwhile the IGC expects the 2014/15 world wheat crop to reach 721m tons slightly higher y/y however setting a new record. World consumption is expected to increase by 2% y/y to 709m tons while world stocks are expected to reach a 13 year record of 199m tons.
- Further forecast by IGC suggest that the 2015/16 crop will contract slightly to 705m tons on reductions in Argentina, China and India.

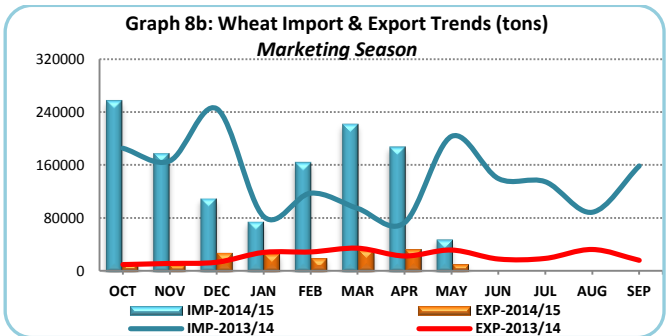
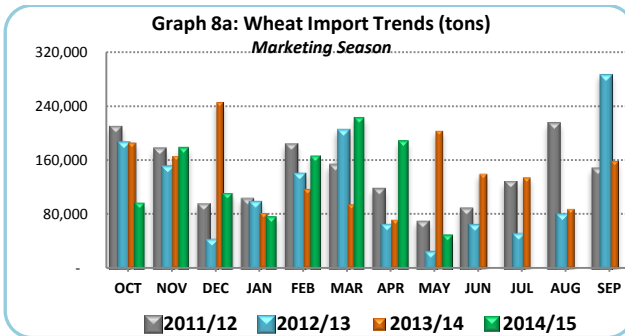


Domestic:

- Prices were slightly firmer for the week on spill over gains from the international market.
- Weekly wheat prices closed at R3,806 per ton, up 1% w/w but still down by 6% y/y.
- Meanwhile, the upward adjustment in wheat tariff is reportedly on the cards with the latest SAGIS report indicating an increase from R461/t to R800/t. This will provide further protection to the industry and stimulate domestic production.

OUTLOOK

Global stocks remain adequate and will continue to place downward pressure on the market. Thus, prices are expected to remain subdued in the short to medium term.



Source: SAGIS;

Wheat Futures 15 May 2015	Jul-15	Sep-15	Dec-15	Mar-16	May-16			
KCBT (\$/t)	199.00	202.53	208.56	213.11	215.91			
JSE (R/t)	3 846	3 845	3 810	-	-			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-15			Sep-15			Dec-15		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3,900	68	28	3,900	114	69	3,840	148	98
3,860	45	45	3,860	92	87	3,800	126	116
3,820	28	68	3,820	72	107	3,760	106	136

how can we help you?

pay for everything from a sock to livestock.

An FNB Agriculture Cheque Account is for everything you can think of.

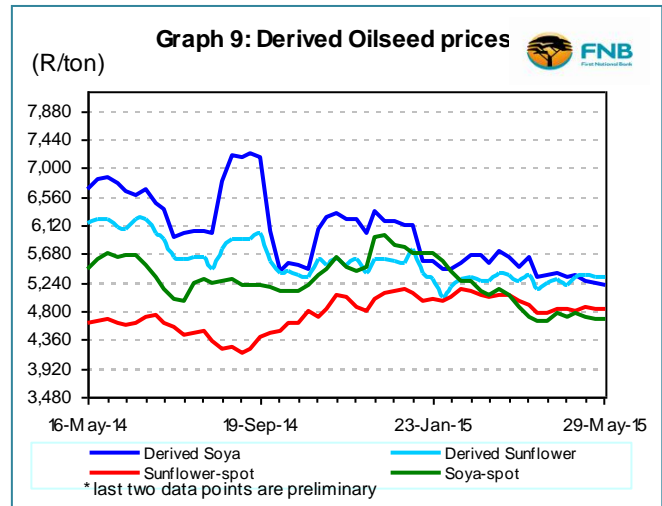
Visit your nearest branch, email agric@fnb.co.za, contact your Banker or visit www.fnb.co.za

First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Terms and Conditions apply.

Oilseed market trends (Graph 9)

International:

- Prices posted slight losses on selling pressure and good progress in planting.
- The USDA's WASDE report was slightly conservative with expectations of a smaller crop for 2015/16 season as reductions in the USA, Argentine and China offsetting record output in Brazil, significant growth in India, Uruguay and Ukraine.
- The US oilseed crop is expected to reach 114m tons, down 3% y/y. Soybean production is estimated at 317m on poorer yields offsetting record plantings.
- Plantings for the week progressed swiftly on favourable weather conditions, reported at 45% complete, 14 percentage points ahead of last year and 9 percentage points ahead of the 5 year average.
- World oilseeds supply is estimated at 531.2m tons slightly lower y/y. Soybean output is expected to remain virtually unchanged on last year at 317.3m tons. World consumption of Protein meal is expected to remain strong gaining support from the livestock industry. Notable increases are expected in China, up 3% y/y and accounting for 24% of the total consumption growth.



Domestic:

- Prices were mixed in the oilseed market with slight gains for sunflower while soybean posted moderate losses.
- Weekly soybean prices averaged R4,699 per ton, down 1.4% w/w and 14% y/y.
- Sunflower prices were slightly higher w/w at R4,857 per ton, which is up 6% y/y.
- According to the CEC, sunflower output is estimated at 612,400 significantly lower than last year's crop of 832,000 tons. Groundnut crop is estimated at 66,725 tons, down 10% y/y. Soybean crop was left unchanged from the previous estimate at 942,850 tons slightly down y/y.

OUTLOOK

Internationally, soybean prices are expected to trend sideways with downside potential on adequate global stocks. However, the short to medium term outlook for the domestic market remains bullish due the poor harvest prospects.

Oilseeds Futures 15 May 2015	Jul-15	Sep-15	Dec-15	Mar-16	Jul-16			
CBOT Soybeans (US \$/t)	347.74	344.29	-	349.43	351.49			
CBOT Soya oil (US c/lb)	33.12	33.17	33.42	33.66	33.83			
CBOT Soya cake meal (US\$/t)	332.02	327.50	328.05	330.03	332.02			
JSE Sunflower seed (R/t)	5 019	5 100	5 185	-	-			
JSE Soybean seed (R/t)	4 725	4 795	4 881	-	-			
Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-15			Sep-15			Dec-15		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
5,060	140	99	5,140	209	169	5,220	289	254
5,020	118	117	5,100	187	187	5,180	267	272
4,980	99	138	5,060	167	207	5,140	247	292

how can we help you?

pay for everything from a sock to livestock.

An FNB Agriculture Cheque Account is for everything you can think of.

Visit your nearest branch, email agric@fnb.co.za, contact your Banker or visit www.fnb.co.za

First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Terms and Conditions apply.

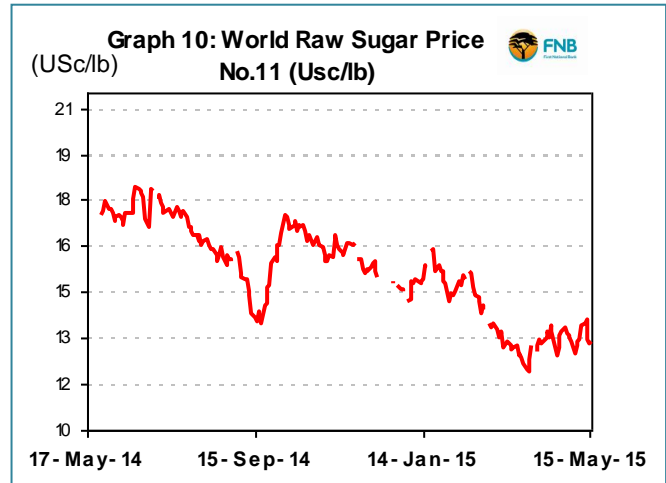
Sugar market trends (Graph 15)

International:

- World raw sugar prices on ICE (InterContinental nearby futures, No.11 contract) closed with marginal gains as late season rains continued to slow sugarcane harvesting.
- The showers were untimely for harvest progress but helped increase moisture levels for the developing sugarcane crop.
- World stocks remain at record highs. Growers in India are reportedly taking advantage of government support by expanding area under sugar cane. A bumper crop is therefore expected in India, which is bearish for prices.
- Raw sugar prices were up 2% w/w closing at 13.15 cents/lb, which is still down 27% y/y.
- The Oct-15 and Mar-16 contracts were both down 4% w/w at 13.2 US cents/lb and 14.36 US cents/lb respectively.

Domestic:

- The new season has kicked in with substantial gains. According to the Cane growers association this is due to sharp declines in gross sugar production due to severe dry weather conditions. Domestic demand has reportedly improved from 1.649 to 1.683 tons. Additional supportive features were the improvement in sugar: RV ratio as well as the weaker R/US\$ exchange rate. Gains were limited by the overall lower average world prices. The April 2015 RV price in respect for cane delivered in March 2015 was declared at R3,841 per ton, up by R403.73.
- Given that it is still early in the season, export availability cannot be confirmed.



ICE Sugar Futures 15 May 2015	Oct-15	Mar-16	May-16	Jul-16	Oct-16
Sugar No.11 (US c/lb)	13.2	14.36	14.43	14.45	14.64
% Change w/w	-4.2%	-3.8%	-3.5%	-3.0%	-2.7%

how can we help you?

pay for everything from a sock to livestock.

An FNB Agriculture Cheque Account is for everything you can think of.

Visit your nearest branch, email agric@fnb.co.za, contact your Banker or visit www.fnb.co.za

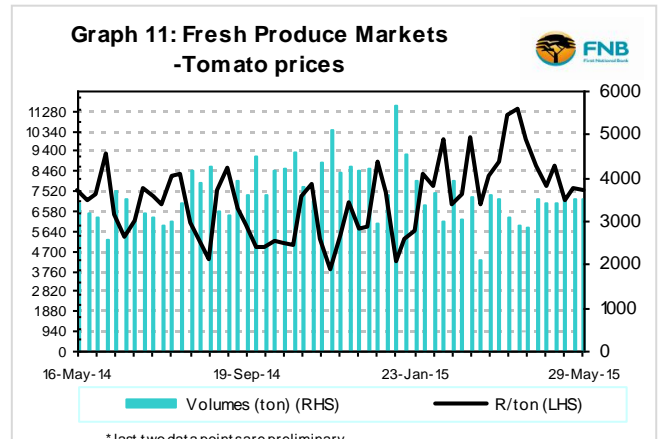
First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Terms and Conditions apply.

Vegetable Market Trends (Graphs 11 to 15)

Tomatoes

Tomato prices weakened as a result of increased volumes across markets. Weekly tomato prices closed at R7,044 per ton, down 19% w/w and 7% y/y. Volumes of tomatoes traded reached 3,543 tons, up 4% w/w and 3% y/y.

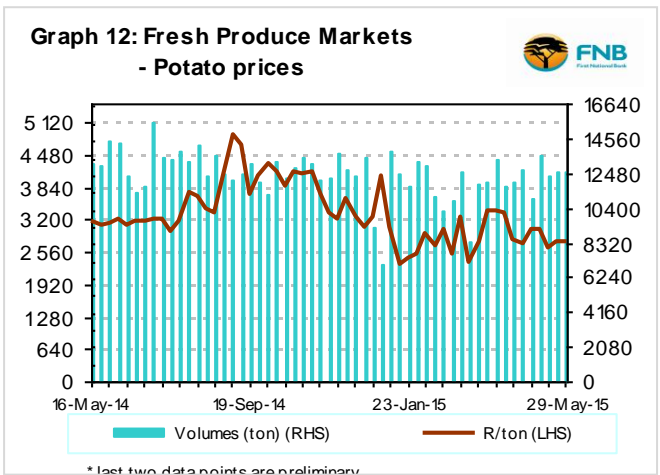
Prices are expected to trend sideways to firmer on improved uptake on markets.



Potatoes

Potato prices posted moderate losses on weak uptake across markets. Weekly potato prices were down 13% w/w and 18% y/y, ending the week at R2,629 per ton. Volumes of potatoes traded were down 9% w/w and 6% at 12,296 tons.

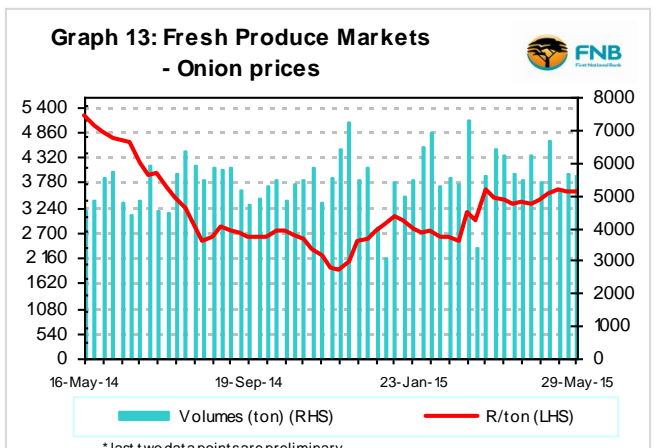
Prices are expected rebound slightly in the short to medium term on supply tightness.



Onions

Onion prices continue to post moderate gains on supply tightness. Weekly onion prices closed at R3,608 per ton, up 2% w/w but down 31% y/y. Volumes of onions sold were pegged at 5,181 tons, down 22% w/w but up 15% y/y.

Prices are expected to trend sideways to firmer on moderation in supplies and improved demand.



how can we help you?

pay for everything from a sock to livestock.

An FNB Agriculture Cheque Account is for everything you can think of.

Visit your nearest branch, email agric@fnb.co.za, contact your Banker or visit www.fnb.co.za

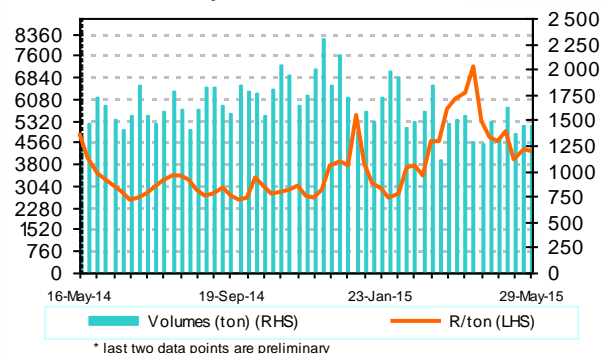
First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Terms and Conditions apply.

Carrots

Carrot prices posted sharp losses on volume pressure. Weekly carrot prices were down 20% w/w and 18% y/y at R3,957 per ton. Volumes of carrots traded reached 1,372 tons, down 16% w/w however slightly higher y/y.

The weaker tone is expected to persist in the short to medium term as volumes remain relatively high.

Graph 14: Fresh Produce Markets - Carrot prices

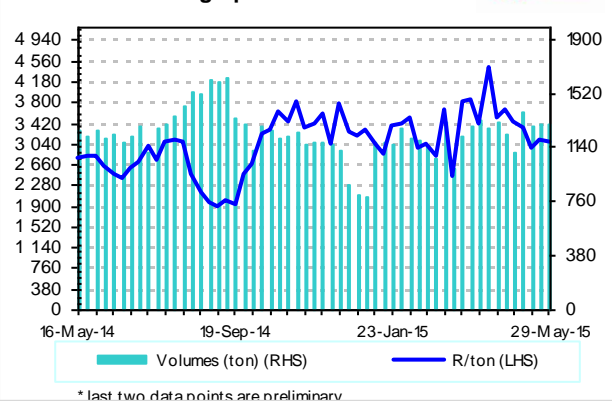


Cabbages

Cabbage prices drifted lower under pressure due to increased supplies across markets. Weekly cabbage prices closed at R2,950 per ton, down 12% w/w but 6% higher y/y. Volumes of cabbages traded were down 7% w/w but slightly higher y/y at 1,285 tons.

Prices are expected to rebound slightly in the short to medium term in improved 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 15 May 2015	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	7 044	-19%	-7%	3543	4%	3%
Potato	2 629	-13.1%	-17.5%	12296	-9%	-6.1%
Onion	3 608	2%	-31%	5181	-22%	15%
Carrot	3 957	-20%	-18%	1372	-16%	1%
Cabbage	2 950	-12%	6%	1285	-7%	2%

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

how can we help you?

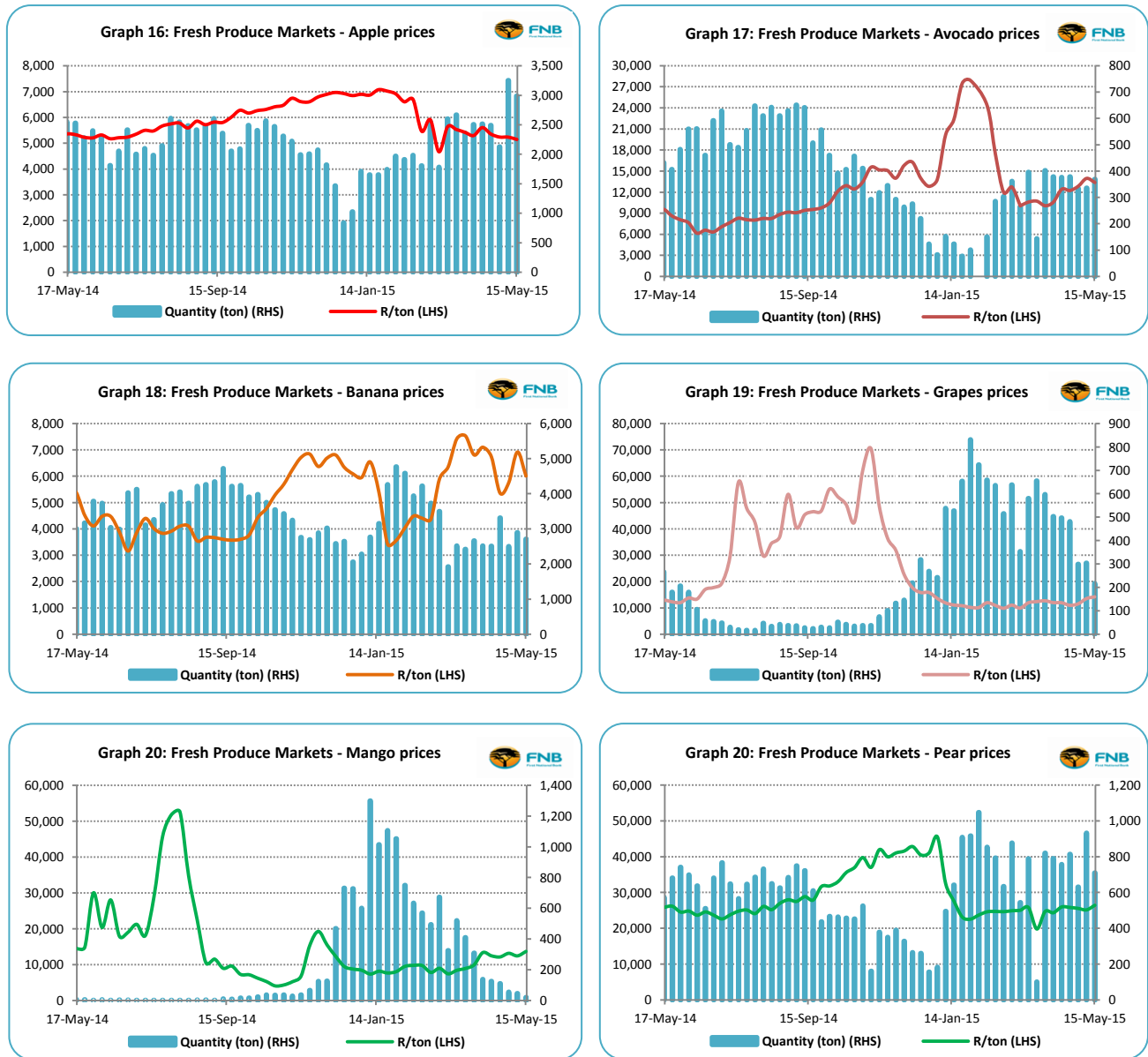
pay for everything from a sock to livestock.

An FNB Agriculture Cheque Account is for everything you can think of.

Visit your nearest branch, email agric@fnb.co.za, contact your Banker or visit www.fnb.co.za

First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Terms and Conditions apply.

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 15 May 2015	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Apples	5 145	-2%	-4%	2988	-8%	17%
Avocados	13 376	-4%	40%	368	10%	-15%
Bananas	6 005	-13%	11%	2712	-6%	-10%
Grapes	14 213	5%	10%	217	-29%	-18%
Pears	26 430	5%	2%	709	-24%	24%

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

Disclaimer:

Although everything has been done to ensure the accuracy of the information, the Bank takes no responsibility for actions or losses that might occur due to the usage of this information.

how can we help you?

pay for everything from a sock to livestock.

An FNB Agriculture Cheque Account is for everything you can think of.

Visit your nearest branch, email agric@fnb.co.za, contact your Banker or visit www.fnb.co.za

First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Terms and Conditions apply.