



Agri-Weekly

21 September 2012
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Beef market trends (Graph 1)

International:

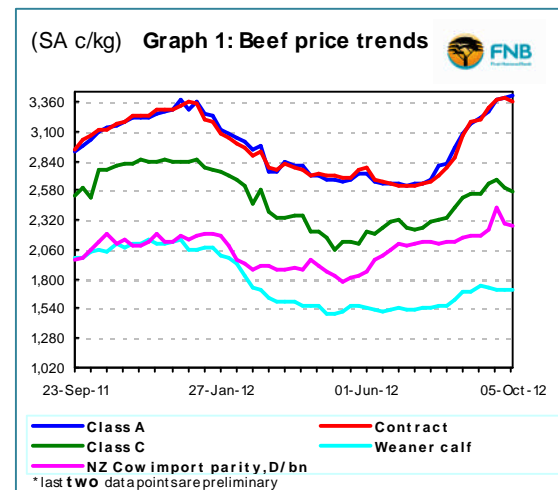
- US domestic manufacturing beef prices remained under pressure and eased lower on softer demand. Market activity on imported beef was reportedly slow with prices trending lower under pressure due to the softer domestic market and a weaker US dollar.
- Weekly wholesale cut-out values edged higher on spill over support from last week's gains in the cattle market. Choice beef prices gained 1.4% w/w and 5.2% y/y to close at US\$194.11/cwt. Select beef prices were up 2.0% w/w and 7.3% y/y at US\$183.71/cwt.
- In the cattle market, the CME Feeder Cattle Index reversed course and finished marginally lower. The index fell by 0.5% w/w but was still 8.2% higher at US\$142.37/cwt. Weekly cattle slaughtered fell by 3.7% w/w and 5.9% y/y at 623,000 head, but the year-to-date estimate is down 4.2% y/y to 23.6m head.
- According to the USDA, US beef imports to July increased by 16.0% y/y while exports fell by 12.0%. Momentum in the import market is expected to continue, while exports are expected to remain under pressure.
- US 2012 beef production was raised by 0.8% m/m to 11.6m tons in the September WASDE report, largely due to higher fed beef and cow slaughter. The 2013 estimate also increased by 0.4% m/m to 11.1m tons, reflective of an expected increase in placements in second-half 2012 resulting in larger fed cattle supplies in the first part of 2013.
- In Australia, cattle prices extended losses on limited demand as the dry spell continued. The benchmark Eastern Young Cattle Indicator (EYCI) however rebounded to finish 0.5% higher w/w but still down 10.0% y/y at AU\$3.62/kg cwt.

Domestic:

- The beef market continued on a positive note on the back of tight supplies and improved uptake. Prices were up across most categories with class C beef gaining 1.2% w/w and 5.4% y/y at R26.71/kg. Class A beef prices were 3.1% higher w/w at R33.83/kg, up 15.9% y/y.
- Contract Class A beef advanced by 1.7% w/w and 14.4% y/y at R33.73/kg.
- In the weaner market, prices extended recent losses on limited demand on markets. Weekly weaner calf prices fell by 1.2% w/w and 13.8% y/y at R17.10/kg live weight.

OUTLOOK

The momentum in the beef market will continue in the short to medium term on supply tightness and good demand.



Mutton market trends (Graph 2)
International:

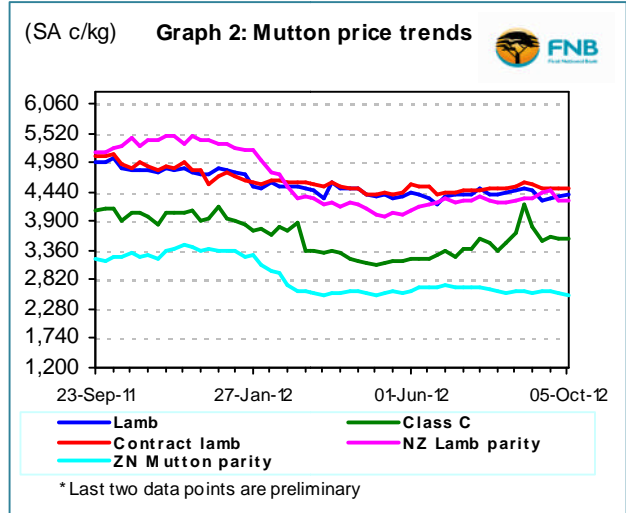
- Australian lamb market remained under pressure due to increased seasonal supplies and subdued export markets. Tough economic conditions in major global markets resulted in a slowdown in exports.
- In New Zealand, producer prices posted marginal gains across most categories.
- Meanwhile, the NZ lamb crop is projected to increase 3.4% y/y to 26.3m head which would raise exports to 20.4m in the season ahead.
- US Lamb Carcass Cut-out continued to weaken on moderate demand and supplies. Weekly cut-out values were down 1.7% w/w and 25.1% y/y at US\$280.83/cwt.
- Slaughter numbers fell sharply at 41,000 head, down 6.8% w/w but still 2.5% higher y/y. Year to date slaughter number was 1.44m, down 1.4% y/y.

Domestic:

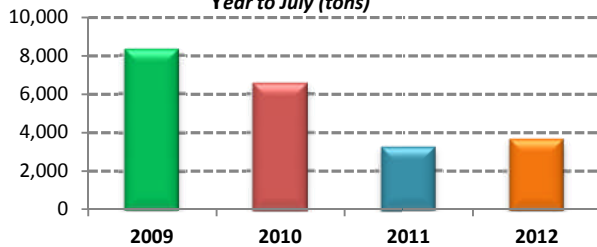
- On the local market, the lamb and mutton markets rebounded on improved demand ahead of the holiday. Prices were firm to higher with mutton gaining 1.3% w/w to close at R36.08/kg, but still down 12.3% y/y.
- Weekly class A lamb prices were firmer at R43.43/kg, up 0.9% w/w but still 12.8% y/y. Contract class A lamb prices advanced by 0.4% w/w but still 11.2% lower y/y at R45.22/kg.
- Weaner lamb market however remained under pressure due to limited demand. Weekly weaner lamb prices fell by 0.8% w/w and 16.4% y/y at R23/kg live weight.

OUTLOOK

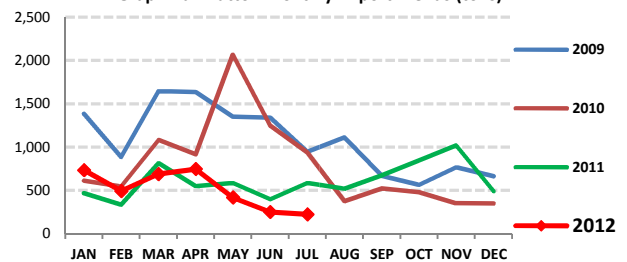
It is expected that prices will trade sideways in the short term but with further upward potential in the medium term on seasonal increase in demand.



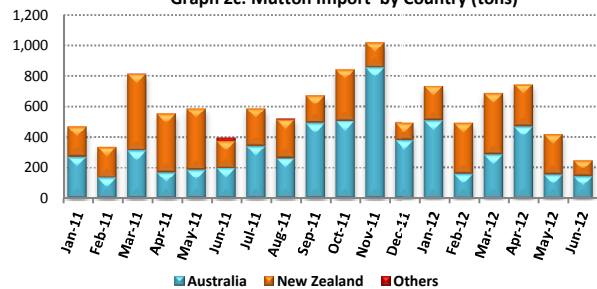
Graph 2a: Mutton Import Trends
Year to July (tons)



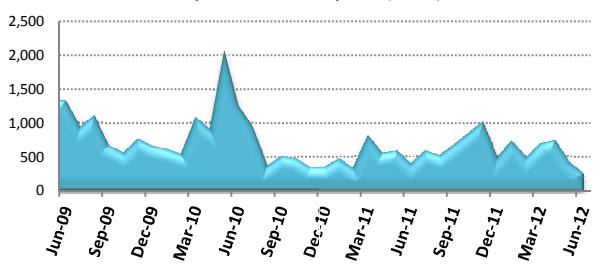
Graph 2b: Mutton Monthly Import Trends (tons)



Graph 2c: Mutton Import by Country (tons)

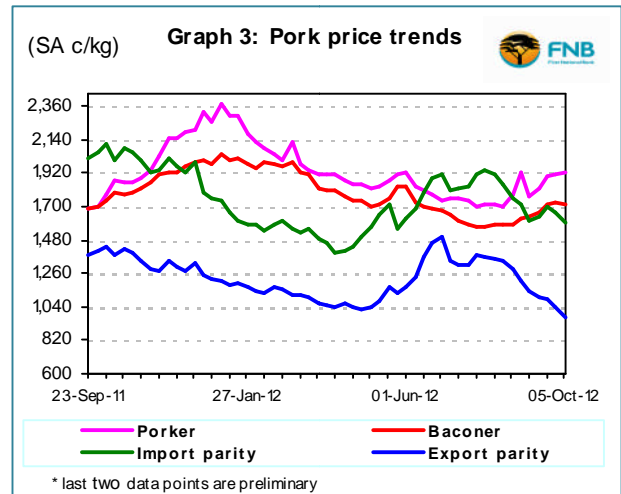


Graph 2d: Mutton Imports (TONS)


Pork market trends (Graph 3)

International:

- The US domestic pork market was again mixed with higher volumes continuing to exert downward pressure on the market. Nonetheless, the weaker US dollar and export demand helped limit losses.
- Weekly carcass fell by 1.2% w/w and 20.5% y/y to close at US\$77.11/cwt. Ribs traded at US\$114.70/cwt, falling 1.3% w/w and 11.2% y/y.
- Hams and loin prices were the exception, closing modestly higher for the week. Weekly ham prices traded up 5.0% w/w but still 22.9% lower at US\$66.07/cwt. Loins closed at US\$86.34/cwt, up 0.3% w/w but still 24.9% lower y/y.
- US pork production estimate for 2012 was reduced by 0.1% m/m and 2.0% y/y at 10.4m tons, due to a slightly slower expected pace of slaughter in the third quarter and slightly lower carcass weights in the second half of the year.
- Pork production for 2013 was lowered on reduced carcass weights, down 0.2% from the August estimate at 10.3m.

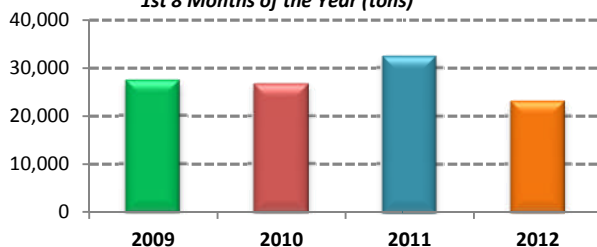

Domestic:

- On the domestic market, prices remained on an extended uptrend on the back of tight supplies. Weekly porker prices traded at R18.93/kg, up 4.0% w/w and 12.4% y/y. Baconers gained 2.9% w/w and 1.1% y/y at R17.10/kg.
- Import parity prices strengthened further mainly on better international prices. Weekly import parity prices increased by 4.3% w/w but still 15.6% lower y/y.
- Pork imports for August fell sharply by 17.1% m/m and 24.4% y/y, coming in at 1,836 tons. Cumulative year-to-date imports were however slightly ahead of last year by 0.8% at 22,820 tons. Major suppliers were Germany with 901t (49.1%), Canada with 404t (22.0%), Spain with 221t (12.0%), France with 170t(9.2%), and others contributing 140 tons (7.6%).

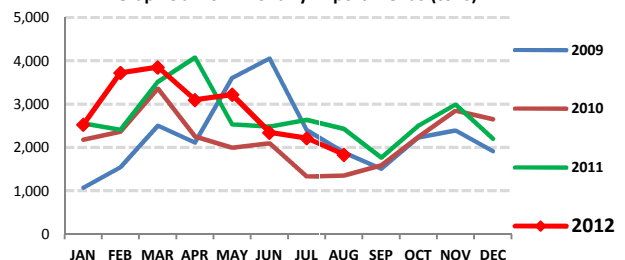
OUTLOOK

Prices are expected to trade firmer in the short term with some upward potential in the medium term on moderation in supplies.

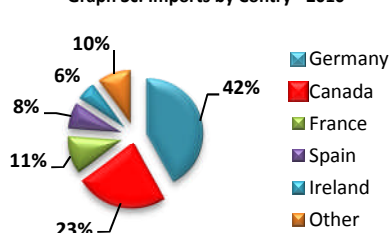
Graph 3a: Pork Import Trends
1st 8 Months of the Year (tons)



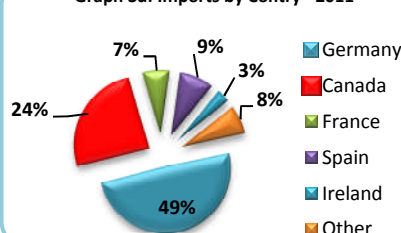
Graph 3b: Pork Monthly Import Trends (tons)



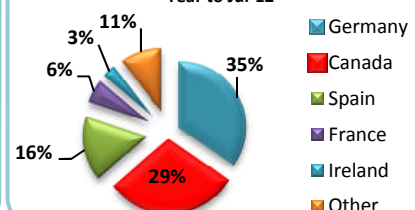
Graph 3c: Imports by Contry - 2010



Graph 3d: Imports by Contry - 2011

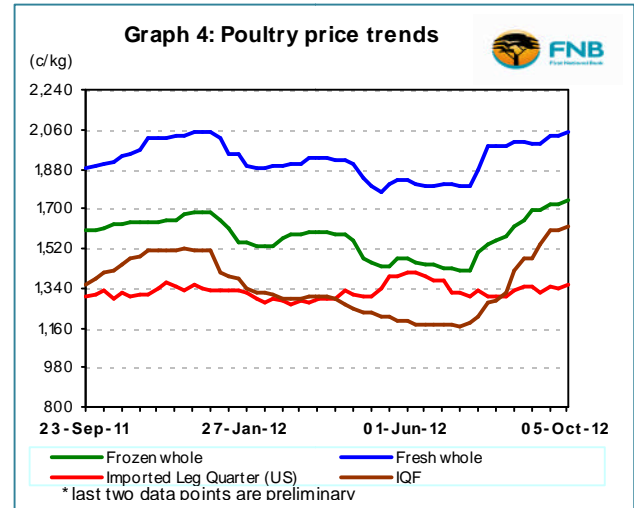


Graph 4e: Imports by Contry
Year to Jul-12



Poultry market trends (Graph 4)
International:

- US domestic prices were down across most categories with the exception of leg quarters and whole birds. Weekly leg quarter prices advanced by 1.9% w/w but 0.3% lower y/y at US52.83c/lb.
- Whole bird prices were up 0.2% w/w and 7.6% y/y, closing the week at US95.75c/lb. Breast cuts closed at US102.50c/lb, down 0.6% w/w but 20.1% higher y/y. Wings fell by 0.4% w/w but still 78.6% higher y/y at US182.50c/lb.
- Weekly US broiler egg sets for the 15 Sep-2012 were reported up 2.0% y/y while chick placements came in slightly lower compared to a year ago.
- The number of broilers available for marketing for the week ending 27 Oct-2012 was estimated at 147.3m head, down 0.1% w/w and 3.0% y/y.
- Broiler production is reduced in both 2012 and 2013 as producer returns are expected to be pressured by higher soybean meal and maize prices. The 2012 broiler production came in at 16.6m tons, down 0.5% from the August estimate and 0.7% lower y/y. The 2013 estimate was lowered to 16.4m tons, down 0.4% m/m.

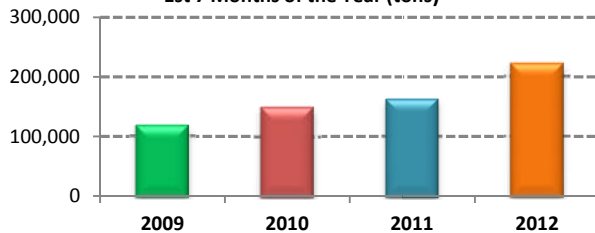

Domestic:

- The market lifted somewhat on the back of improved holiday demand and relatively tight supplies. Prices were up across the board with IQF leading the pack, closing up 4.6% w/w and 18.4% y/y at R16.05/kg.
- Fresh whole birds gained 1.9% w/w and 8.0% y/y to close at R20.35/kg. Weekly frozen whole bird prices closed at R17.21/kg, up 1.6% w/w and 7.6% y/y.
- Import parity prices rebounded higher on better international prices. Weekly import parity prices were up 1.6% w/w and 3.5% y/y.

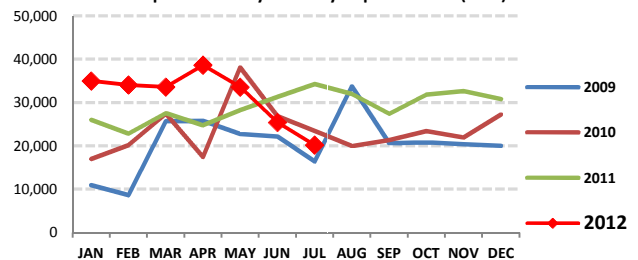
OUTLOOK

The short to medium term price outlook remains bullish, on improved seasonal demand and tightening supplies as cost pressures force a scale down in production.

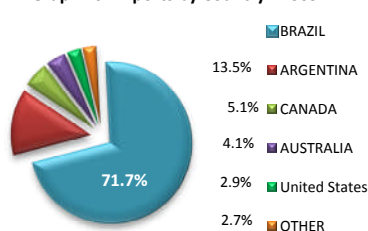
Graph 4a: Poultry Import Trends
1st 7 Months of the Year (tons)



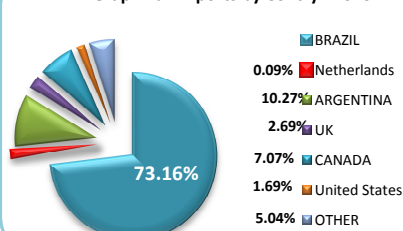
Graph 4b: Poultry Monthly Import Trends (tons)



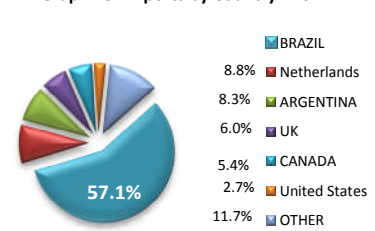
Graph 4c: Imports by Country - 2009



Graph 4d: Imports by Contry - 2010



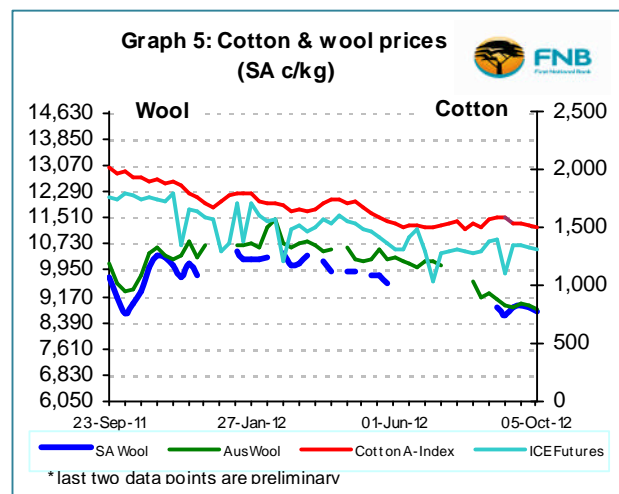
Graph 4e: Imports by Country - 2011



Producer prices for selected livestock commodities 21 September 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	33.83	43.43	18.93	20.35
Open market: Class C / Baconer / Frozen whole birds(R/kg)	26.71	36.08	17.80	17.21
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	33.73	45.22	17.10	16.05
Import parity price (R/kg)	24.33	26.31	17.01	13.44
Weaner Calves / Feeder Lambs (R/kg)	17.10	23.00		

Wool and cotton market trends (Graph 5)
International:

- Cotton prices regained some ground on the back of a weaker despite a weaker US dollar. Nonetheless, abundant world supplies remained a bearish factor.
- The weekly cotton A index increased marginally by 0.25 w/w but still 27.2% lower y/y at US84.41c/lb.
- The September USDA report showed loosening supply conditions with world ending stocks rising by 0.4mt m/m to 16.7m tons and the highest stocks to use ratio of 71.1%.
- The world 2012/13 production estimate was unchanged from the previous estimate at 24.8m tons, with increases from India (+0.2m tons) offset by reductions in Brazil (-0.2m tons) and the US (0.1m tons).
- In the case of China, the production estimate came in unchanged at 6.7m tons but consumption revised downwards by 0.2m tons.
- Cotton futures on the InterContinental Exchange (ICE): Cotton for Dec-12 fell by 3.5% w/w at US73.25c/lb, Mar-13 was down 3.3% w/w at US74.23c/lb, and Jul-14 was unchanged at US78.42c/lb.
- Wool: Australian wool market eased lower for the week. The Eastern Market Indicator fell by 1.3% w/w and 23.4% y/y to close at AU\$84.41/kg clean wool. Volumes offered were pegged at 41,971 bales with sales of 89.8%.


Domestic:

- The wool market extended recent gains on improved demand. This saw the weekly market indicator Cape Wools Merino indicator advancing by 0.3% w/w to close at R88.82/kg clean wool. Sales reached 96.0% of the smaller offering of 4,681 bales. Major buyers were: G Modiano SA with 2,575 bales (32.2%), Standard Wool SA with 1,719 bales (21.5%), Lempriere SA with 1,403 bales (17.6%), Stucken & Co with 1,240 bales (15.5%), and Segard Masurel SA with 778 bales (9.7%).

Fibre market prices 21 September 2012	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Oct-12 (AU\$/kg)	Australian futures Jan-12 (AU\$/kg)
Wool market indicator (R/kg)	88.82	89.53		
19 μ long length wool (R/kg)	96.50	95.37	10.10	9.30
21 μ long length wool (R/kg)	90.85	90.21	9.80	9.00
23 μ long length wool (R/kg)	89.57	85.95	9.55	8.75
	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures Dec-12 (US\$/kg)	Cotton Futures Mar-13 (US\$/kg)
Cotton Prices (R/kg)	15.35	1.86	1.63	1.66

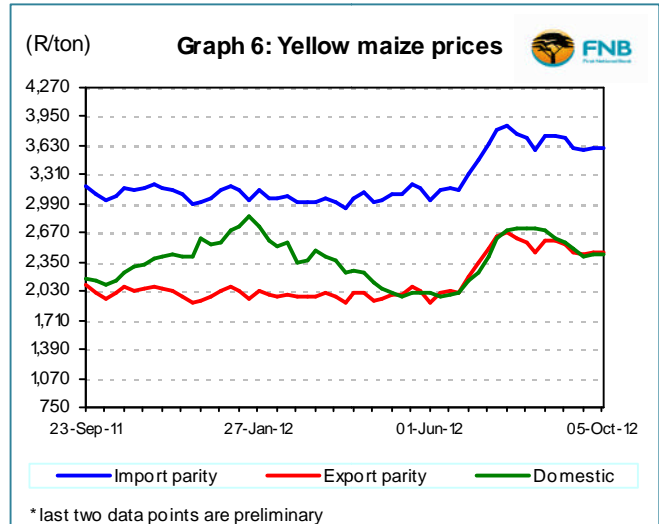
Cotton Futures on ICE;

Yellow maize market (Graph 6)
International:

- US prices eased lower on harvest pressure and expectations of bearish stocks estimates. The bearish weekly export sales added to the weaker tone. Weekly US export sales came in at 69,000 tons for the 2012/13 season. Harvest progress was listed at 26% complete compared to 9% on average.
- Maize futures on CME: Dec-12 fell by 4.3% w/w at US\$295/t, Mar-13 was down 4.5% w/w at US\$296/t, May-13 fell by 4.4% w/w at US\$295/t; Jul-13 was down 4.2% w/w at US\$292/t.

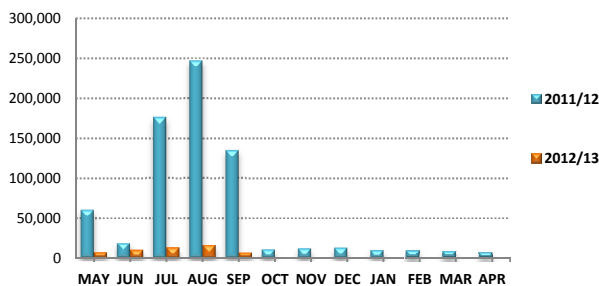
Domestic:

- Yellow maize prices extended losses on spill over pressure from CBOT. Weekly yellow maize prices fell by 3.7% w/w but still 11.1% higher y/y at R2,416 per ton.
- Yellow maize import parity prices continued to weaken, falling by 0.6% w/w but still 13.0% higher y/y.
- Export sales for the week ended 14 Sep-2012 were pegged at 4,735t and 55,756 tons for the 2012/13 marketing season. Total maize (YMZ and WMZ) sales for the season reached 725,252 tons.
- Yellow maize futures on the JSE: SAFEX: Dec-12 fell by 5.2% w/w (-R131/t), Mar-13 was down 5.2% w/w (-R131/t), Jul-13 was down 4.9% w/w (-R110/t).


OUTLOOK

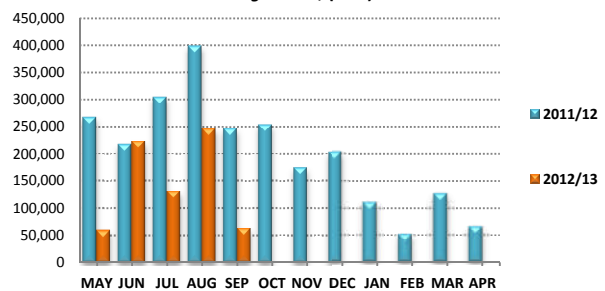
Medium to long term price outlook remains bullish given the tightening world supplies following the recent adverse weather conditions across major producing regions. The domestic supply situation has however turned bearish given the improved harvest outlook.

Graph 6a: Monthly Yellow Maize Export Trends
Marketing Season, (tons)



Source: SAGIS

Graph 6b: Total SA Maize Export Trends
Marketing Season, (tons)



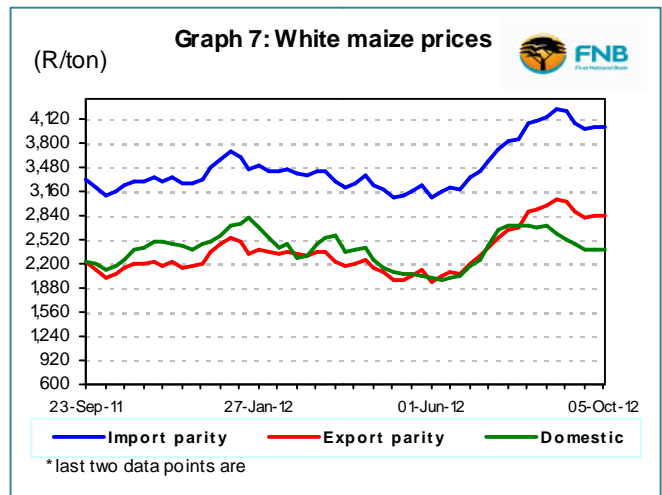
Yellow Maize Futures 21 September 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13			
CBOT (\$/t)	295.89	295.34	295.34	292.43	262.01			
JSE (R/t)	2,380	2,384	2,181	2,150	-			
CHICAGO CORN (R/t)	2,457	2,499	-	2,507	2,273			
Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Dec-12			Mar-13			May-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,420	121	81	2,420	174	138	2,220	195	156
2,380	99	99	2,380	152	156	2,180	172	173
2,340	79	119	2,340	131	175	2,140	152	193

White maize market trends (Graph 7)
International:

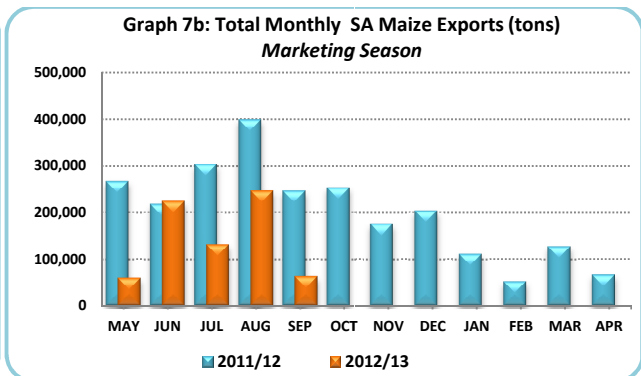
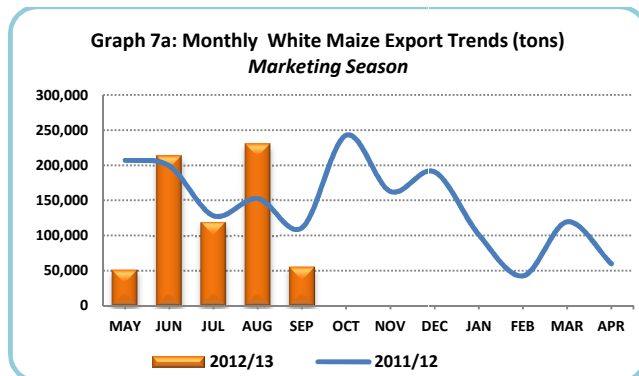
- US white maize prices continued to weaken on harvest pressure despite reduced production estimates.
- Weekly average white maize prices fell by 3.0% w/w but still 19.1% higher y/y at US\$341.40 per ton.

Domestic:

- White maize prices were again lower in line with weakness on CBOT. The improved harvest outlook added to the softer tone. Weekly white maize prices fell by 3.9% w/w and closed at R2,384 per ton, which is still 7.4% higher y/y.
- Weekly white maize export sales for the week ended 14 Sep-12 came in at 41,028 tons, bringing the total sales for the 2012/13 marketing season to 669,496 tons.
- WMAZ maize futures on the JSE: Dec-12 fell by 5.0% w/w (-R126/t), Mar-13 was down 4.5% w/w (R113/t), Jul-13 was down 4.2% w/w (-R95/t).


OUTLOOK

Medium to long term price outlook remains bullish given the tightening world supplies following the recent adverse weather conditions in major producing regions. The domestic supply situation has however turned bearish given the improved harvest outlook.



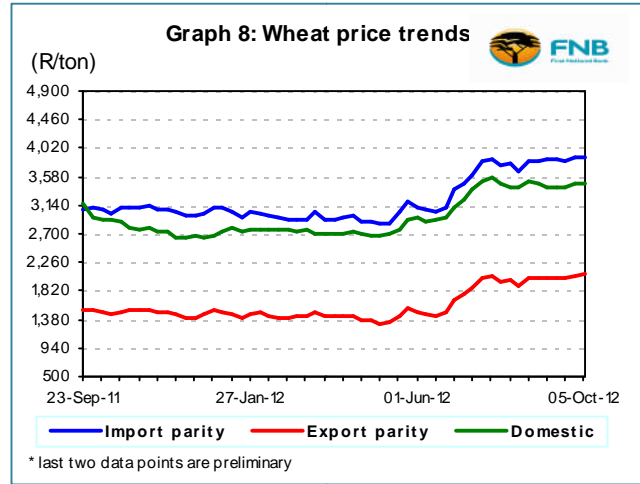
Source: SAGIS; Aug-12 -preliminary

White Maize Futures 21 September 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13			
JSE (R/t) WM ₁	2,392	2,401	2,178	2,170	2,230			
Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Dec-12			Mar-13			May-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,440	122	74	2,440	176	137	2,220	203	161
2,400	99	91	2,400	154	155	2,180	180	178
2,360	79	111	2,360	134	175	2,140	159	197

Wheat market trends (Graph 8)

International:

- Wheat posted slight to moderate losses on spill over weakness from the maize market. However, concerns over global supplies helped limit losses.
- USDA this month lowered world wheat supplies for 2012/13 by 3.1m to 771.9m tons, mostly due to lower expected production in Russia. Expected output in Russia was reduced by 4.0m to 39m tons, due to reduced planted area and yields.
- Further, the neighbouring Kazakhstan also experienced drought conditions and the estimate was reduced by 0.5m tons to 10.5m tons.
- World production is seen at 658.7m tons, down 4.1m tons. Ending stocks fell by 0.5m to 176.7m tons.
- Wheat futures on KCBT: wheat for Mar-13 fell by 2.2% w/w at US\$344/t, May-13 was down 2.0% w/w at US\$344/t, and Jul-13 was down 1.3% w/w at US\$331/t.
- CME futures: Wheat for Mar-13 fell by 3.0% w/w at US\$334/t, May-13 was down 2.9% w/w at US\$333/t, and Jul-13 was down 2.4% w/w at US\$320/t.

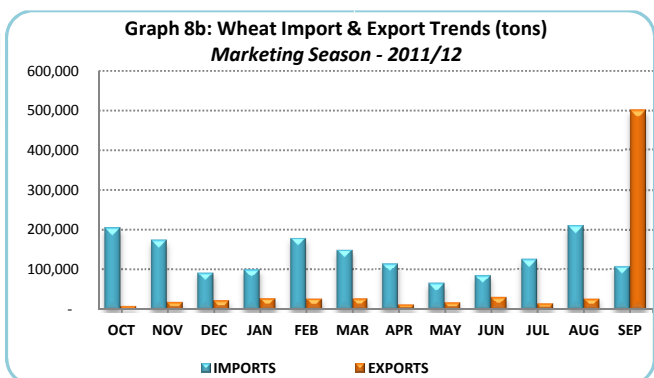
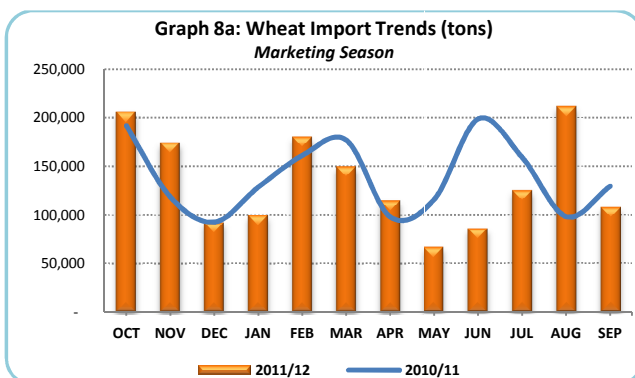


Domestic:

- Wheat prices advanced on Rand weakness. Weekly wheat prices gained 0.1% w/w and 5.9% y/y to close at R3,423 per ton.
- Weekly import parity prices were a bit softer, falling by 0.1% w/w but still 27.7% higher y/y.
- Weekly import sales were pegged at 46,063 tons, which brings the total sales for the 2011/12 marketing season to 1.61m tons.
- Wheat futures on the JSE: Wheat for Dec-12 delivery increased by 1.2% w/w (+R43/t), and Mar-13 was up 2.0% w/w (+R71/t).

OUTLOOK

Prices are expected to move sideways but with some upward potential on renewed Rand weakness.



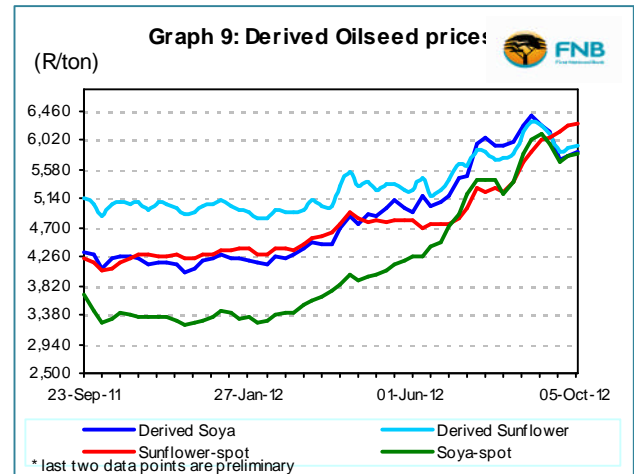
Source: SAGIS; Aug-12 -preliminary

Wheat Futures 21 September 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13			
KCBT (\$/t)	340.34	344.47	343.83	330.97	330.97			
JSE (R/t)	3,518	3,600	-	3,639	-			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Dec-12			Mar-13			May-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3,560	139	97	3,640	245	205			
3,520	118	116	3,600	223	223			
3,480	98	136	3,560	202	242			

Oilseed market trends (Graph 9)

International:

- Prices posted modest losses in the soybean complex, due to harvest pressure and better than expected yields for the US. Nonetheless, the weaker US dollar and bullish export sales helped limit losses.
- USDA's September estimate report lowered world soybean production by 2.3m to 258.13m tons, with endings stocks falling by 0.2m to 53.1m tons.
- Production estimates for Argentina and Brazil were unchanged at 55m and 81m tons respectively.
- In the case of sunflower, world sunflower production for 2012/13 was lowered by 1.7m to 35m tons, due to unfavourable weather conditions in Ukraine, Russia, Kazakhstan, and Eastern Europe.
- Soybean for Jan-13 delivery fell by 6.8% w/w at US\$596/t, Mar-13 was down 7.2% w/w at US\$580/t, and May-13 was down 6.0% w/w at US\$561/t.
- Soymeal for Dec-12 fell by 7.1% w/w at US\$538/t, Mar-13 was down 7.5% w/w at US\$518/t, and May-13 was down 5.7% w/w at US\$492/t.
- Soyoil for Dec-12 fell by 4.4% w/w at US\$54.83c/lb, Mar-13 was down 4.1% w/w at US\$55.49c/lb, and May-13 was down 3.9% w/w at US\$55.48c/lb.



Domestic:

- Oilseeds traded on the JSE ended mixed with soybeans extending losses under pressure due to weakness on the international market.
- Weekly soybean prices fell from the recent highs to close at R5,699 per ton, down 4.3% w/w but still 55.0% higher y/y.
- Sunflower advanced by 1.7% w/w and 45.4% y/y at R6,152 per ton.
- In the futures market (JSE): Sunflower for Dec-12 gained 0.9% w/w (+R54/t), Mar-13 was down 2.7% w/w (-R165/t), May-13 was down 1.3% w/w (-R65/t).
- Soybeans for Dec-12 fell by 6.9% w/w (-R418/t), May-13 was down 4.8% w/w (-R230/t).

OUTLOOK

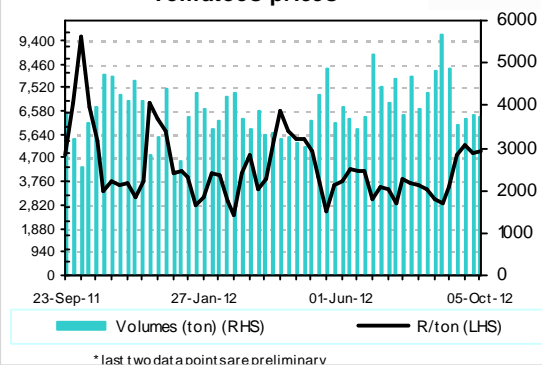
It is expected that prices will trade at current levels in the short term, but with further upward potential for the medium term on bullish trends on international markets.

Oilseeds Futures 21 September 2012	Dec-12	Mar-13	May-13	Jul-13	Sep-13
CBOT Soybeans (US \$/t)	-	580.33	560.71	553.80	520.81
CBOT Soya oil (US c/lb)	54.83	55.49	55.48	55.33	54.03
CBOT Soya cake meal (US\$/t)	535.72	512.57	485.46	477.96	445.44
JSE Sunflower seed (R/t)	6,225	5,885	5,065	-	-
JSE Soybean seed (R/t)	5,625	5,190	4,570	-	-

Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Dec-12			Mar-13			May-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
6,260	287	252	5,920	429	394	5,100	498	463
6,220	266	271	5,880	407	412	5,060	476	481
6,180	245	290	5,840	386	431	5,020	454	499

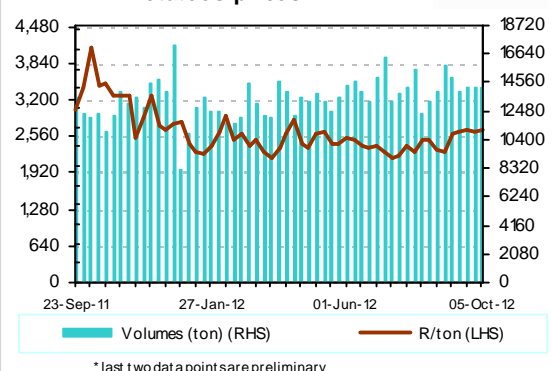
Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

Tomato prices increased sharply due to good uptake on markets. Prices were up 8.1% w/w and 7.3% y/y, closing the week at R5,195 per ton. Volumes traded were up by 4.8% w/w but still 3.2% lower y/y, coming at 3,703 tons. It is however expected that prices will ease somewhat in the medium term on volume pressure.

**Graph 10: Fresh Produce Markets
Tomatoes prices**

Potatoes

Potato prices posted marginal gains on good uptake on markets. Prices were up by 1.7% w/w but still 11.2% lower y/y, closing the week at R2,674 per ton. Volumes traded were up 1.8% w/w and 6.0% y/y, coming in at 14,184 tons.

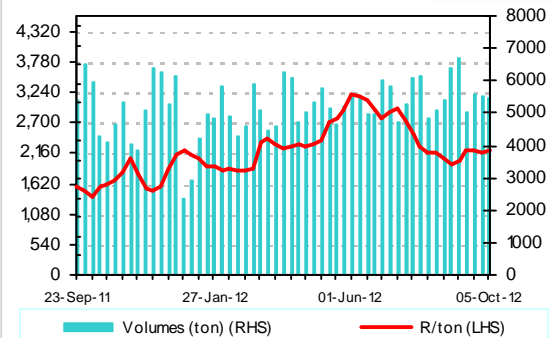
Prices are expected to maintain the current momentum in the short to medium term on improved demand.

**Graph 11: Fresh Produce Markets
- Potatoes prices**


Onions

Onion prices decreased marginally due to an increase in supplies on markets. Prices reached R2,209 per ton, down 0.4% w/w but still 39.3% higher y/y. Volumes traded were pegged at 5,573 tons, up 11.0% w/w and 3.8% y/y. Prices are expected to maintain the sideways trend in the short term but with limited upside potential.

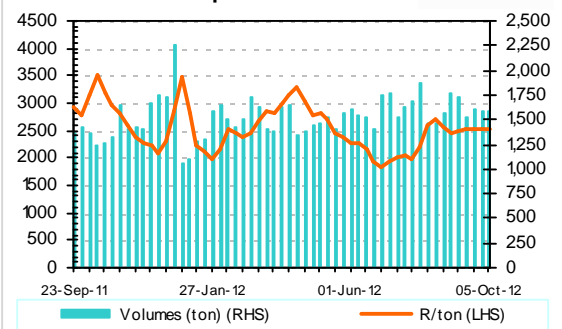
Graph 12: Fresh Produce Markets - Onion prices



Carrots

Carrot prices decreased marginally due to increased supplies on market. Prices were down 0.2% w/w and 13.9% y/y, closing the week at R2,510 per ton. Volumes traded reached 1,606 tons, up 5.8% w/w and 18.1% y/y. It is however expected that prices will trend sideways in the short to medium term on moderation in demand.

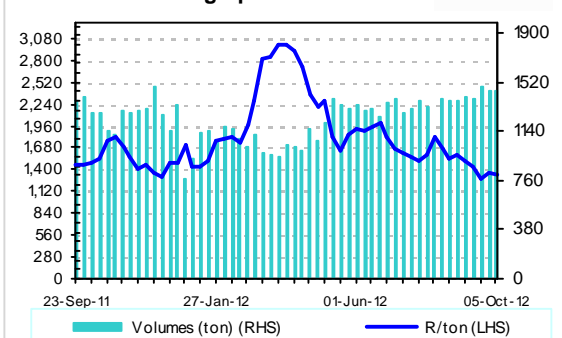
Graph 13: Fresh Produce Markets - Carrot prices



Cabbages

In the case of cabbages, prices fell sharply due to increased supplies on markets. Weekly prices were down 10.4% w/w and 11.8% y/y, closing at R1,290 per ton. Volumes traded reached 1,492 tons, up 7.0% w/w and 8.2% y/y. Prices are expected to tick up slightly in the short term on improved uptake, but will thereafter soften slightly on volume pressure.

Graph 14: Fresh Produce Markets - Cabbage prices



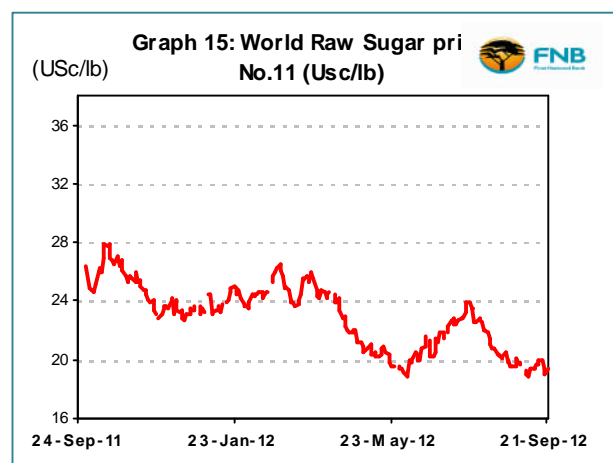
**Vegetable prices: South Africa's Major Fresh Produce Markets.
 (Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 21 September 2012	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	5,195	8.1%	7.3%	3703	4.8%	-3.2%
Potato	2,674	1.7%	-11.2%	14184	1.8%	6.0%
Onion	2,209	-0.4%	39.3%	5573	11.0%	3.8%
Carrot	2,510	-0.2%	-13.9%	1606	5.8%	18.1%
Cabbage	1,290	-10.4%	-11.8%	1492	7.0%	8.2%

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

Sugar market trends (Graph 15)
International:

- Raw sugar prices eased lower for the week, with good harvest weather in Brazil adding to the weaker tone. Weekly prices traded at US19.40c/lb, down 1.2% w/w and 26.9% y/y.
- Meanwhile, higher production for Brazil's key centre-south region will see exports increasing by almost 2.7m to 25.5m tons in 2013/14 according to recent private estimates.
- The International Sugar Organization projected global sugar surplus in 2012/13 at 5.9m tons with increases from Brazil, China and Australia, but significantly lower output in India, the European Union and Thailand. This is expected to place downward pressure on the market.
- The benchmark Sugar futures on New York's InterContinental Exchange (ICE) (US c/lb): Raw sugar for Mar-13 gained 4.3% w/w at US20.77c/lb, May-13 was up 4.5% w/w at US20.85c/lb, and Oct-13 up 4.1% w/w at US21.18c/lb.


Domestic:

- The September 2012 RV price in respect of cane delivered in August 2012 was declared at R3,156.57 per ton, R0.42 per ton lower compared to the August price. According to the Cane Growers' Association, the decrease was due mainly to the lower weighted average No.11 world market price (22.70 USc/lb vs. 22.95 USc/lb) and the lower slight drop in the sugar: RV ratio (94.80% vs. 94.83%). However, the 35,224 tonnes drop in gross sugar production (2,152 m tons vs. 2,187 m tons) limited further losses on the RV price. The weaker R/US\$ exchange rate (8.30 vs. 8.21) provided further support.
- About 32.9% of the estimated export availability is currently unpriced due to the requirement for the industry to provide for a crop buffer in the event that there is a marked drop in the sugar production estimate before the end of the season.
- With respect to the 2012/13 season, 285,589 ton has been made available for marketing and pricing. To date 280,2674 tons has been priced at an average of US24.19c/lb. At this point 4 915 tons are unpriced and 152,563 tons are in the crop buffer. This means that 157,887 tons of the estimated production in 2012/13 are currently subjected to world market price and R/US\$ exchange rate volatility.

ICE Sugar Futures 21 September 2012	Mar-13	May-13	Jul-13	Oct-13	Mar-14
Sugar No.11 (US c/lb)	20.07	20.19	20.26	20.52	20.94
% Change w/w	-3.4%	-3.2%	-3.0%	-3.1%	-3.0%

Inflation trends: August 2012

The headline CPI inflation for August came in at 5.0% y/y up from 4.9% y/y in July. On average, prices increased by 0,2% between July 2012 and August 2012. The pressure on inflation came from a 22c/litre rise in fuel prices and higher utility tariffs due to higher demand in winter. As discussed below, food inflation pressure was modest in August. Nonetheless, high international grain prices due to the drought in the US Midlands remains a concern to domestic food inflation outlook.

The food and non alcoholic beverages (FNAB) index which directly deals with food prices remained unchanged m/m between June 2012 and July 2012. The annual rate decreased to 4.9% in August from 5.3% in July.

The decrease in the FNAB index was influenced by the m/m decrease in the following subcomponents; cold beverages (-0.2%), fish (-1.2%), fruit (-0.4%), bread and cereals (-0.1%), vegetables (-1.1%) and sugar, sweets and desserts (-1.5%). However, the following subcomponents increased m/m; fruit (0.2%), milk, eggs and cheese (0.2%), oils and fats (0.8%), other food (0.8%), meat (0.6%) and hot beverages (0.4%).

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.
