

Agri-Weekly

31 January 2014

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

Beef market trends (Graph 1)

International:

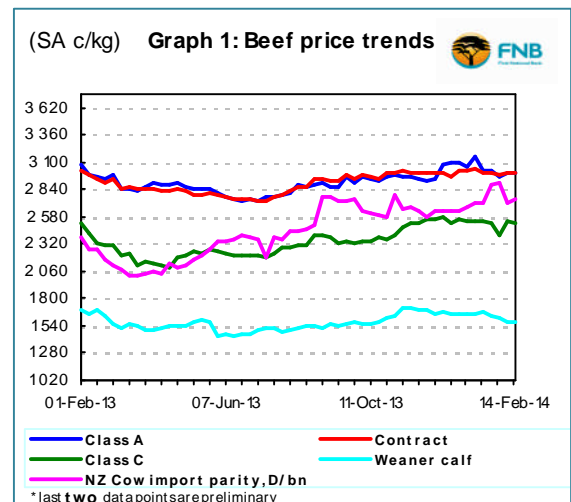
- US manufacturing beef prices moved sideways on moderate demand and supplies. Inclement weather slowed down trading which led to reduced number slaughtered provided added support.
- The import market in the US remained relatively slow, with prices trending firm to higher on tight domestic cow supplies and strong demand.
- At wholesale level, US Boxed Beef Cutout prices were cheaper this week with Choice closing down by 2.7% w/w but still 24.8% higher y/y at US\$231.98/cwt. Select beef prices were down by 2.2% w/w but still 27.9% higher y/y at \$231.16/cwt. The price spread between these two categories also remains very close, with a higher than normal proportion of cattle reportedly graded as choice.
- In the cattle market, the CME Feeder Cattle Index finished firmer at \$171.124/cwt, up 0.5% w/w and 17.0% y/y.
- Weekly US Cattle Slaughtered was estimated at 566,000 head, down by 5.2% w/w and 8.6% y/y.
- Meanwhile, the US cattle herd is reportedly on a decline with the total cattle number as of the 1st of January 2014 coming in the lowest since 1951 (-2.0% y/y at 87.7 m head), while the annual calf crop was the lowest since 1949 (-1.0% y/y at 33.9m head). USDA reported total cattle number in the US at 98.24% of last year and the annual calf crop at 98.98% of last year.
- In Australia, cattle supplies fell sharply mainly as a result of the shortened trading week. This saw the Eastern Young Cattle Indicator (EYCI) ending the week up 1.2% w/w but still down by 14.5% y/y.

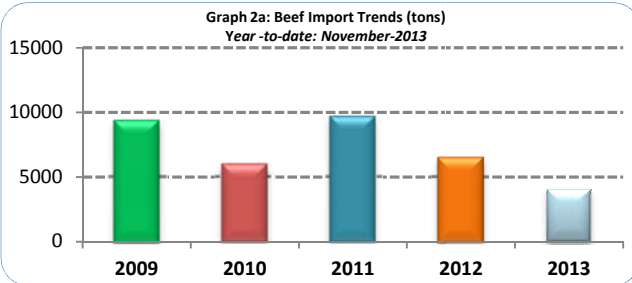
Domestic:

- The beef market continued to trend sideways to lower as a result of subdued demand.
- Weekly Class A beef prices closed down 2.5% w/w and 3.7% y/y at R29.54 per kg.
- Contract Class C beef were softer on the week at R29.79 per kg, which is 1.6% lower y/y.
- Class C beef prices extended recent losses, finishing down 4.3% w/w and 4.6% y/y at R24.10 per kg.
- In the weaner market, prices again trended lower on the back of weaker carcass prices and reduced demand as a result of higher maize prices. Weekly weaner calf prices fell by 1.6% w/w and 4.5% y/y to close at R16.09 per kg live weight.

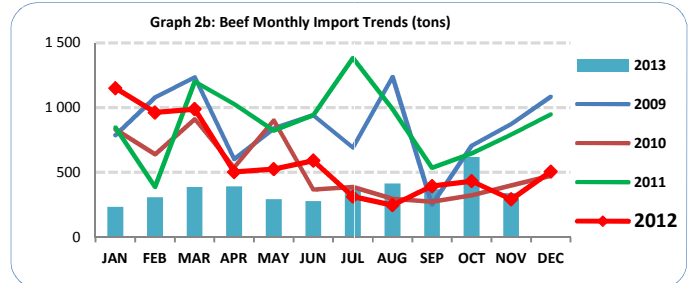
OUTLOOK

It is still expected that the beef market will remain under pressure in the short to medium term mainly due to softer demand. Higher maize prices will have a negative impact on profitability of intensive livestock feeding as maize is major ingredient in feed. Rains received over the week will help improve grazing conditions in the medium term as we head into autumn.





Source: SARS, Own Calculations



Mutton market trends (Graph 2)

International:

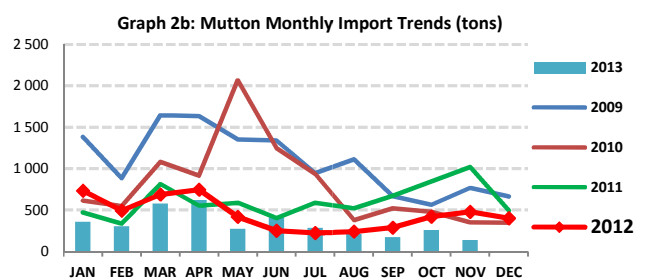
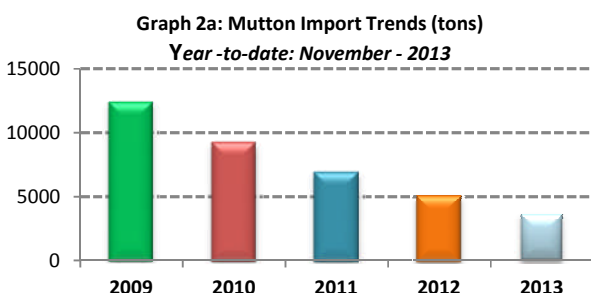
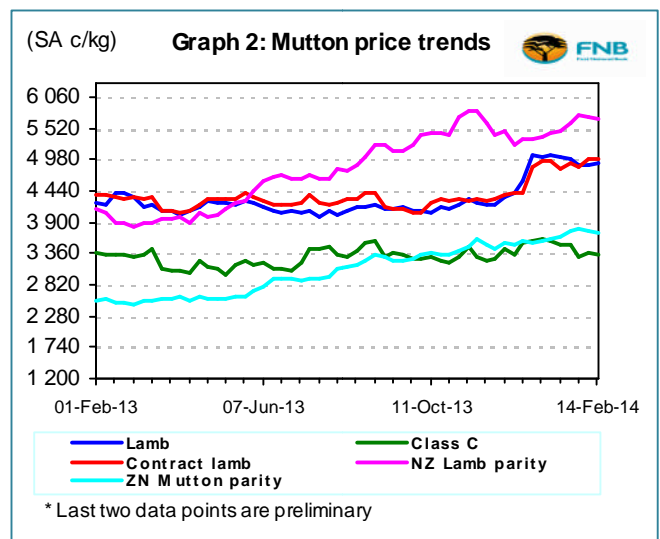
- In New Zealand (NZ), domestic producer prices continued to trend higher with the weekly 17.5kg lamb closing at NZ\$95.30/ head, which is up 18.0% y/y.
- Demand for NZ lamb was reportedly firm through the December to January period and that the outlook for Easter demand remains bullish.
- In Australia, lamb prices again posted strong gains on a sharp fall in supplies as a result of rains in most areas. This saw the Eastern States Trade Lamb Indicator (ESTLI) increasing by 9.5% w/w and 26.8% y/y to close at AU\$4.63/kg cwt.
- Sheep supplies were down across the eastern states of Australia, recording a drop of 19.0% w/w.
- In the US, the Lamb Carcass Cutout prices softened slightly at \$326.93/cwt, which is down by 0.9% w/w but up by 25.7% y/y.
- The estimated weekly US sheep for slaughter was pegged at 38,000 head, down by 9.5% w/w but up 2.7% y/y. The year-to-date sheep slaughter reached 172,000 head, which is up by 0.6% y/y.

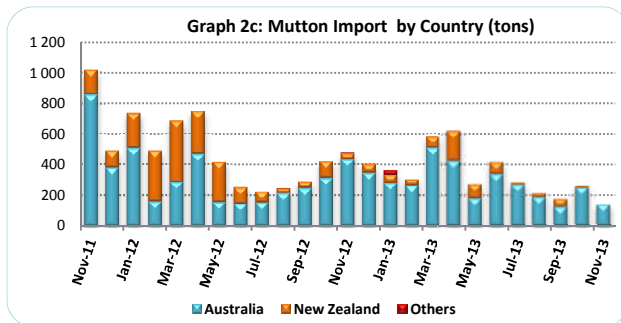
Domestic:

- The domestic lamb and mutton market posted losses across the board. Weekly Class A lamb prices closed at R48.87 per kg, which is down by 2.3% w/w but still 15.8% higher y/y.
- Contract Class A lamb prices fell by 1.4% w/w to close the week at R48.41 per kg but still 11.0% higher y/y.
- Mutton prices posted modest losses as demand remains subdued. Weekly mutton prices closed at R32.99 per kg, which is down by 5.7% w/w and 2.4% y/y.
- In the weaner market, prices moved sideways under pressure due to limited uptake across markets. Weekly weaner lamb prices were steady at R22.00 per kg live weight.

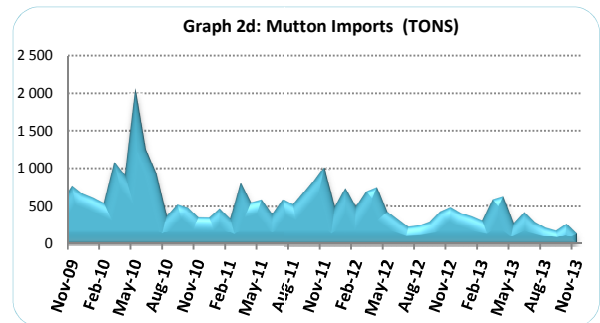
OUTLOOK

Prices are expected to trend sideways with limited upward potential as consumer disposable incomes come under pressure.





Source: SARS, Own Calculations



Pork market trends (Graph 3)

International:

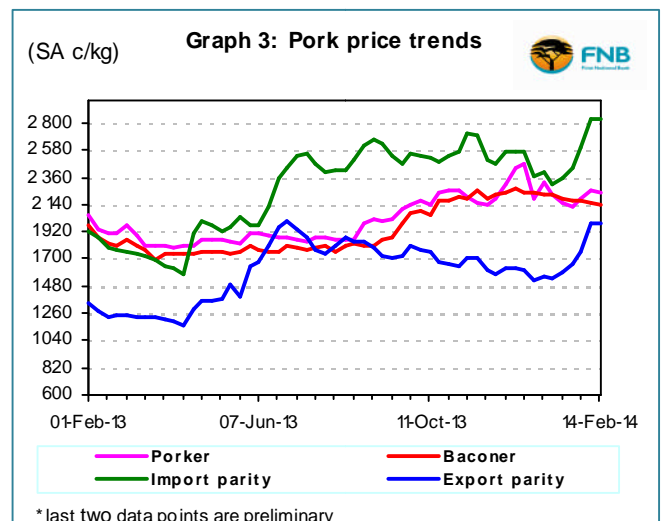
- The US Pork Carcass (FOB Plant) Cutout prices extended gains and finished the week 2.8% higher w/w at US\$90.10/cwt.
- The estimated US pig slaughter were again lower, coming in at 2.13m head, which is up by 4.1% w/w and 1.7% y/y.
- The cumulative year to date slaughter was 9.89m head, which is 4.8% lower y/y.
- During December 2013, the total US pork production was reported at 2.07b pounds, up 6 percent from the previous year. Pig slaughter totalled 9.74m head, up 3 percent from December 2012. The average live weight was up 7 pounds from the previous year, at 283 pounds.
- The January 2014 USDA Cold Storage Report showed that the frozen pork supplies in the US were up 2.0% m/m and 1.0% y/y. Stocks of pork bellies were sharply higher by 67.0% m/m and 124.0% y/y.

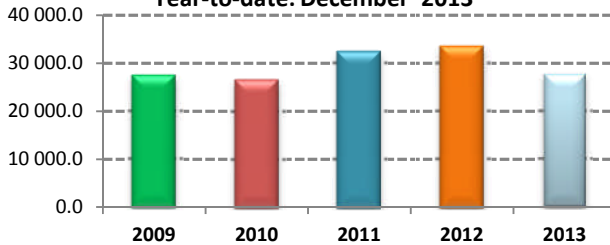
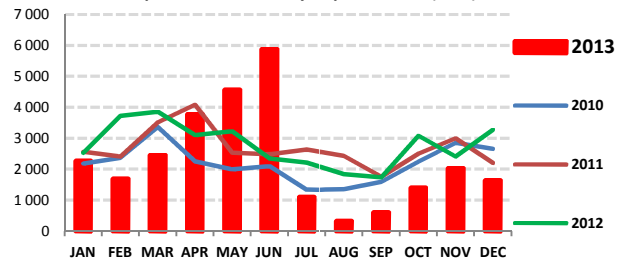
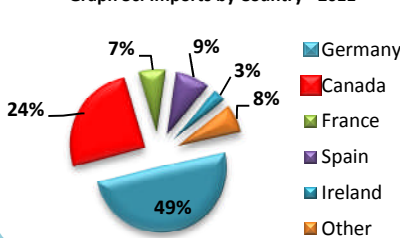
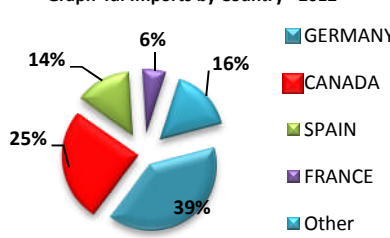
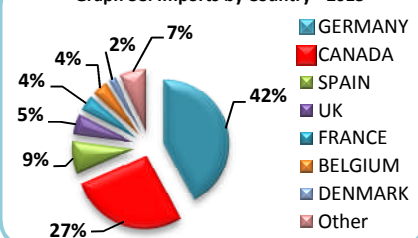
Domestic:

- The domestic market saw prices ending mixed with porkers gaining from improved month-end demand.
- Weekly porker prices closed at R21.83 per kg, up by 2.8% w/w and 6.1% y/y.
- Baconer prices eased marginally lower by 0.5% w/w but still 9.5% higher y/y at R21.66 per kg.
- Pork import parity prices continued to increase mainly on the back of a weakening Rand/ US dollar exchange rate. Import parity prices are now 34.7% higher compared to the corresponding week last year.
- A weaker Rand helped slow down pork imports. Monthly pork imports for December 2013 fell by 19.6% m/m and 50.3% y/y at 1,631 tons.
- Major import sources for December were Germany with 949 tons (58.2%) and Canada with 280 tons (17.2%). The rest contributed 402 tons (24.7%).
- The total pork imports for 2013 were 27,654 tons, which is 17.0% lower y/y. Major import sources for 2013 were Germany with 11,638 tons (42%) and Canada with 7,307 tons (27%). Other suppliers were Spain with 2,382 tons (9%), the UK with 1,480 tons (5%), France with 1,191 tons (4%), and Belgium with 1,125 tons (4%). The remaining suppliers contributed smaller quantities totalling 2,530 tons (9.1%).

OUTLOOK

A sustained Rand weakness will help slowdown imports as they become more expensive. This will place upward pressure on domestic prices in the short to medium term.



Graph 3a: Pork Import Trends (tons)
 Year-to-date: December 2013

Graph 3b: Pork Monthly Import Trends (tons)

Graph 3c: Imports by Country - 2011

Graph 4d: Imports by Country - 2012

Graph 3e: Imports by Country - 2013


Source: SAPPO, SARS, Own Calculations

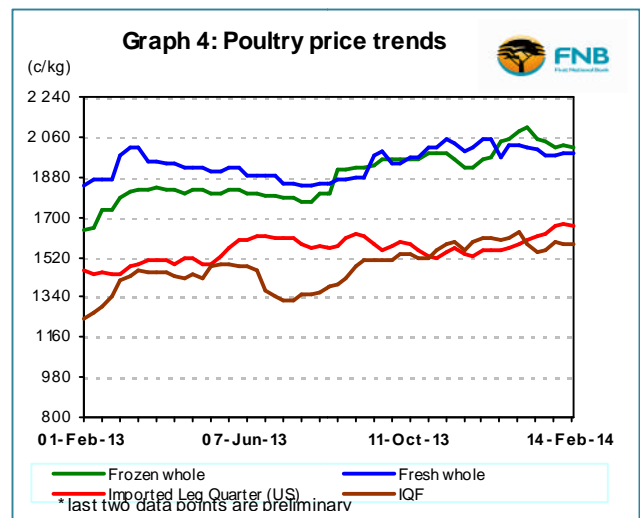
Poultry market trends (Graph 4)

International:

- US prices were steady to firmer across most categories on light to moderate supplies. Inclement weather has reportedly negatively affected production and distribution in many areas.
- Overall, demand at retail and food service was reportedly light to moderate ahead of the weekend.
- Whole birds again steadied at US\$104.25c/lb, but still 4.6% higher y/y.
- Leg Quarter prices also steadied at US\$50.50c/lb, but were down by 6.5% y/y.
- Breast cuts moved sideways and closed at US\$106.17c/lb.
- Wings continued to strengthen, gaining 0.4% w/w and 35.6% y/y at US\$130.33c/lb.
- Drumsticks also gained, closing marginally higher by 0.4% w/w and 2.8% y/y at US\$70.17c/lb.
- Weekly US broiler egg sets for the week ended 25 January 2014 came in 1.0% higher y/y at 200m. Average hatchability for chicks came in at 83.0%. Broiler chick placements were slightly up on last year at 163m head.
- Cumulative broiler placements from December 29, 2013 through January 25, 2014 were up by 1.0% y/y at 657m head.
- Meanwhile, total frozen poultry supplies on December 31, 2013 were reported down 3 percent from the previous month and down 6 percent from a year ago in the latest USDA Cold Storage Report. Total stocks of chicken were down 7 percent from the previous month and slightly down from last year.

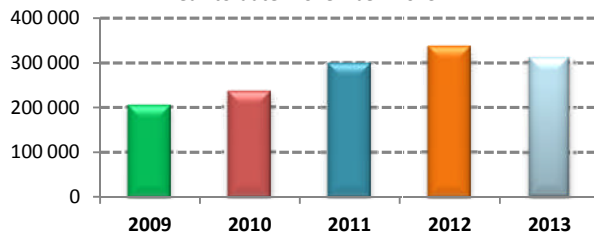
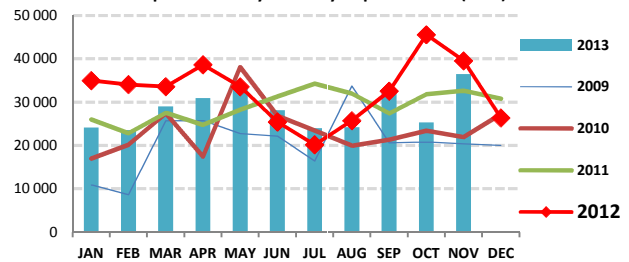
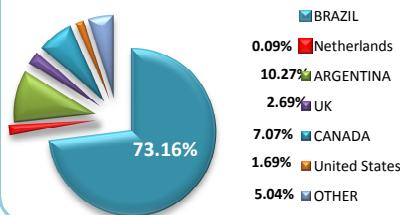
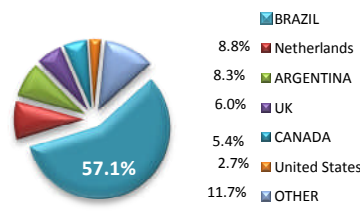
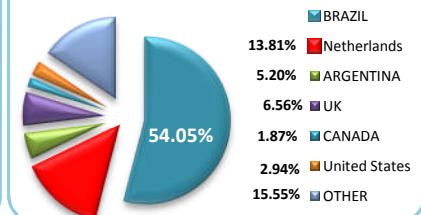
Domestic:

- There was a slight rebound on the broiler market as the weaker Rand improved the competitiveness of the local product. The weaker currency raises the cost of imports and creates an opportunity for upward pricing particularly in an environment of rising input costs due to increases in fuel and maize prices. Maize is a major ingredient in chicken feed and further increases will reduce producer margins, which have already been under pressure for a considerable period.
- Weekly fresh whole bird prices steadied at R19.81 per kg, which is 7.7% higher y/y.
- Individually Quick Frozen portions, which constitutes over 60% of the broiler meat traded increased by 2.6% w/w and 28.2% y/y to close at R15.90 per kg.
- Frozen whole bird prices were the only exception, closing at R20.11 per kg, down by 1.4% w/w but still 22.6% higher y/y.



OUTLOOK

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

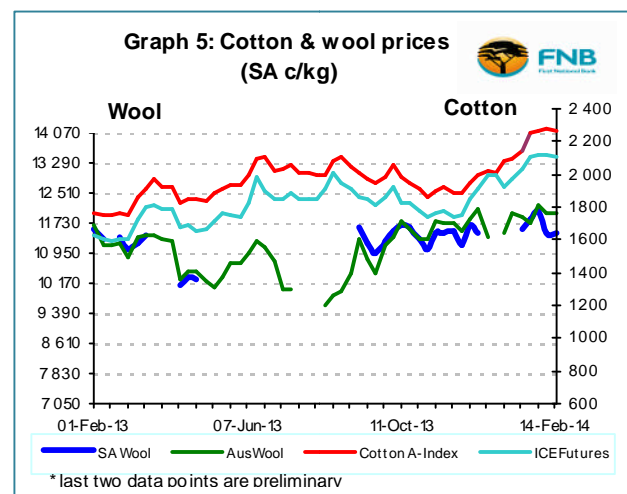
Graph 4a: Poultry Import Trends
 Year-to-date: November -2013

Graph 4b: Poultry Monthly Import Trends (tons)

Graph 4c: Imports by Country - 2010

Graph 4d: Imports by Country - 2011

Graph 4e: Imports by Country - 2012


Source: SARS, Own Calculations

Producer prices for selected livestock commodities 31 January 2014	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh w4hole birds(R/kg)	29.54	48.87	21.83	19.81
Open market: Class C / Baconer / Frozen whole birds(R/kg)	24.10	32.99	22.00	20.11
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	29.79	48.41	21.66	15.90
Import parity price (R/kg)	29.12	37.99	25.96	16.59
Weaner Calves / Feeder Lambs (R/kg)	16.09	22.00		

Wool and cotton market trends (Graph 5)
International:

- The world cotton indicator price, Cotlook "A" index, continued to decline with the weekly average falling by 1.6% w/w but still 3.6% higher y/y at US92.17c/lb.
- The large world supplies continued to weigh heavily on the market.
- However, the recovery in the world's major economies such as the US and the EU will help improve demand in the medium term.
- In Brazil, conditions were reportedly very good in Bahia with light rain and warm temperatures.
- On the supply side, the 2013/14 world cotton production was projected to increase by 1.1% m/m in January to 25.7m tons with slight increases for China (+2m tons) and the United States (+1m tons).
- The current 2013/14 world production estimate is however down by 1.2% compared to the 2012/13 season.



- USDA's world import estimate for 2013/14 came in unchanged m/m at 8.4m tons with the largest importer, China, remaining unchanged from December at 2.4m tons. This is a 45.5% drop on the quantity imported by China during the 2012/13 season.
- The decline in the Chinese import demand is partly attributable to the uncertainty over its import quota policy. This will continue to influence price direction in the medium term.
- Wool market: In Australia, the wool market extended gains with the weekly AWEX EM Indicator closing up by 0.4% w/w but down by 0.5% y/y at AU\$11.32/kg clean wool. Volumes of sales reached 92.0% of the 32,322 bales offered.

Domestic:

- The wool market again posted good gains with the weekly Cape Wools Merino indicator increasing by 1.6% w/w and 3.9% y/y to close at a record high of R120.18/ kg clean wool. At this level, the indicator was 5.3% and 17.9% higher compared to the year-to-date average and the opening sale of the 2013/14 season respectively.
- Major buyers were G Modiano SA with 2,689 bales (24.2%), Standard Wool SA with 2,501 bales (22.5%), Lempriere SA with 2,393 bales (21.5%), and Stucken & Co with 1,552 bales (14.0%).

Fibre market prices 31 January 2014	SA prices (R/kg)	Australian prices (R/kg)	Australian futures May-14 (AU\$/kg)	Australian futures Jul-14 (AU\$/kg)
Wool market indicator (R/kg)	120.18	109.46		
19 μ long length wool (R/kg)	119.54	129.29	12.70	12.40
21 μ long length wool (R/kg)	113.90	124.08	12.40	12.10
23 μ long length wool (R/kg)	-	118.52	11.20	10.90
Fibre market prices 31 January 2014	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures Jul-14 (US\$/kg)	Cotton Futures Oct-14 (US\$/kg)
Cotton Prices (R/kg)	22.71	2.03	1.89	1.73

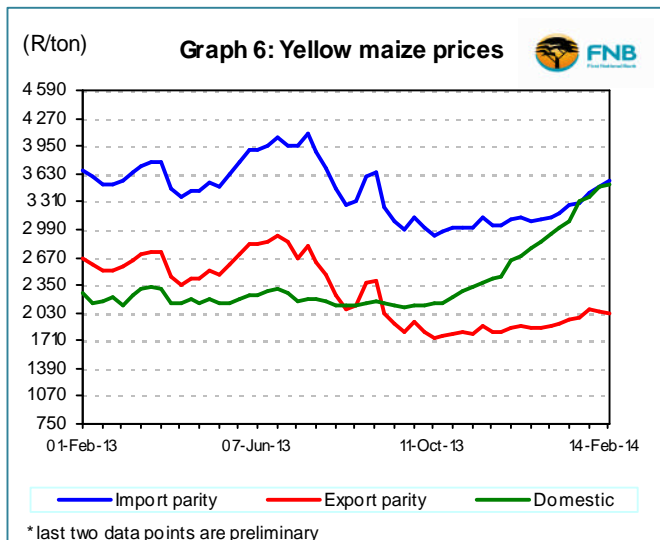
Cotton Futures on the InterContinental Exchange (ICE);

Yellow maize market (Graph 6)
International:

- US maize prices extended recent gains supported by good export sales and increased demand for livestock feeding as a result of cold weather conditions.
- Meanwhile, production conditions were reportedly good for South America with forecasts for rain in the production regions of Argentina.
- Weekly US maize export sales reached 1.94m tons with 1.84m for 2013/14 marketing year.
- The International Grains Council raised the 2013/14 world output by 11.4% y/y to a record 959m tons in its January 2014 report . This represents an increase of 9m tons from the November 2013 estimates. The increase is again largely due to the increased production in the US despite an expected decline in South America. World maize consumption is expected to grow by 7.3% y/y due to the increasing demand for feed and industrial utilization. World ending stocks are set to reach a record of 158m tons, up by 24.4% y/y.
- This will continue to have a downward influence on maize prices in the medium term.

Domestic:

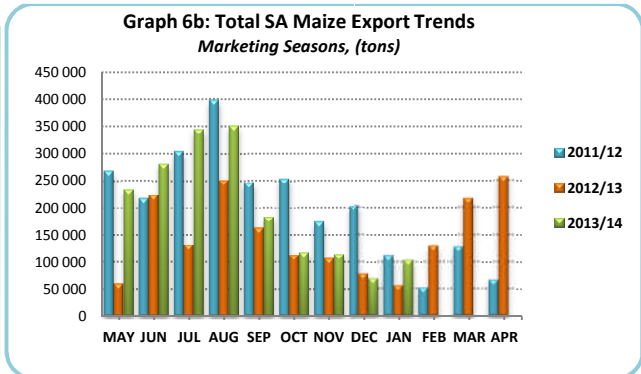
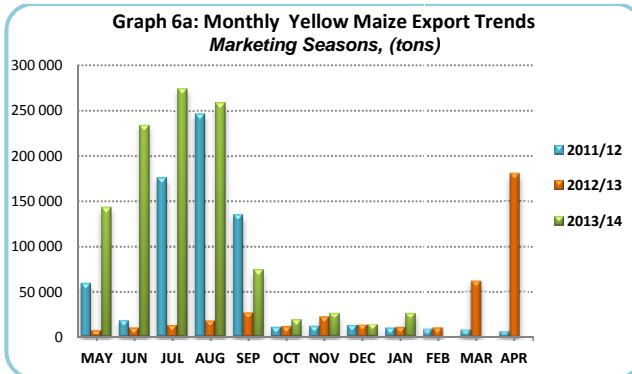
- On the South African market, yellow maize prices retained the recent uptrend again on Rand weakness and gains on the international market. The improved production conditions due to recent rains helped limit gains.
- The average weekly yellow maize prices closed up 1.0% w/w and 37.2% y/y at R3,363/t.
- Weekly export sales for the week came in at 4,750 tons and 1.08m tons for the season to date, according to the latest SAGIS report.



- Exports to the neighbouring countries included 37,753 tons of yellow maize to Botswana, 34,110 tons to Namibia, 31,626 tons to Swaziland, 18,621 tons Mozambique and 17,173 tons Zimbabwe.
- Total maize exports (WMZ and YMZ) reached 1.77m tons. So far, major export destinations for YMZ are Japan (55.4%), Taiwan (15.7%), and Korea (13.8%).

OUTLOOK

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



Source: SAGIS

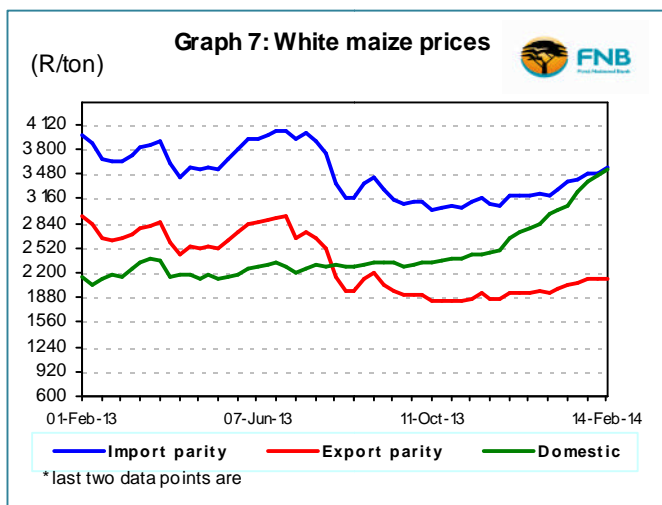
Yellow Maize Futures 31 January 2014	Mar-14	May-14	Jul-14	Sep-14	Dec-14			
CBOT (\$/t)	173.12	174.94	175.80	177.30	180.92			
JSE (R/t)	3 195	2 472	2 264	2 301	2 340			
CHICAGO CORN (R/t)	1 917	1 962	2 004	-	2 100			
Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
May-14			July-14			Sep-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2 520	139	91	2 300	161	125	2 340	231	192
2 480	116	108	2 260	139	143	2 300	208	209
2 440	96	128	2 220	119	163	2 260	187	228

White maize market trends (Graph 7)
International:

- US white maize moved sideways with strength on grain markets providing added support.
- Weekly white maize price closed at US\$188/ton, which is however still down by 41.8% y/y.

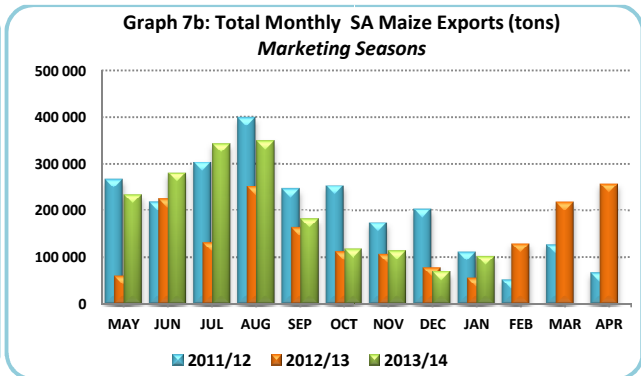
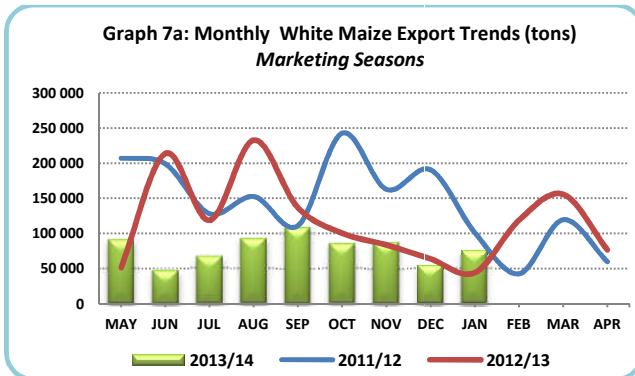
Domestic:

- The South African white maize prices continued to post good gains supported by a weaker Rand.
- Weekly white maize prices closed firmer at R3,373 per ton, which is up by 3.8% w/w and 42.7% y/y.
- Weekly white maize export sales were pegged at 14,214 tons and 709,459 tons for the season to date, according to the latest SAGIS report.
- Major export destinations for WMZ so far are Mexico (26.8%), Zimbabwe (23.5%), Botswana (18.2%) and Namibia (15.2%). For all maize: Japan (33.3%), Mexico (10.6%), Taiwan (10.3%), and Korea (9.3%).
- Planted area under maize has dropped by 2.5% y/y at 2.71m ha, with white maize pegged at 1.57m (-2.8% y/y) (CEC, Jan-2014).



OUTLOOK

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



Source: SAGIS;

White Maize Futures 31 January 2014	Mar-14	May-14	Jul-14	Sep-14	Dec-14			
JSE (R/t) WM ₁	3 296	2 666	2 275	2 315	2 356			
Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
May-14			Jul-14			Sep-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2 700	147	113	2 320	184	139	2 360	228	183
2 660	125	131	2 280	162	157	2 320	206	201
2 620	106	152	2 240	141	176	2 280	184	219

Wheat market trends (Graph 8)
International:

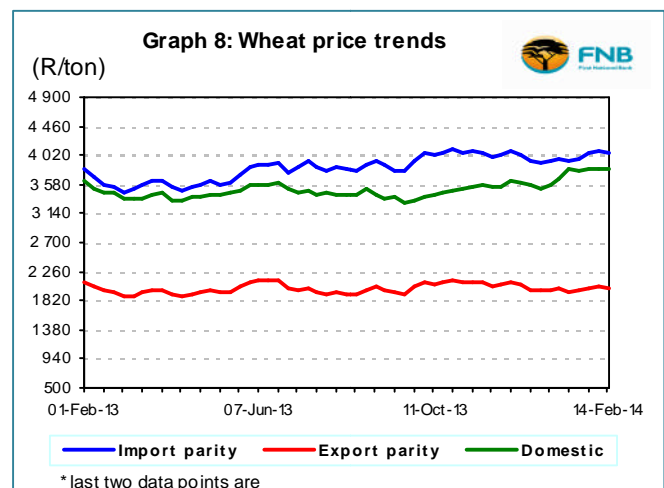
- US wheat prices saw marginal losses due to selling pressure and abundant supplies.
- Nonetheless the better than expected export sales helped limit losses. Weekly export sales advanced to 794,900 tons for 2013/14 marketing year.
- Elsewhere, colder weather conditions were forecast for Europe. Earlier the EU approved 609,000 tons of new wheat export licenses, bringing the total to 17.3m tons which is still lower than last year's 10.8m tons. EU livestock producers are reported to have used more maize for feeding, freeing up wheat for export.
- Weekly average hard red wheat prices eased to US\$297 per ton, down by 23.0% y/y. The soft red winter wheat prices fell to US\$271 per ton, which is 29.5% lower y/y.

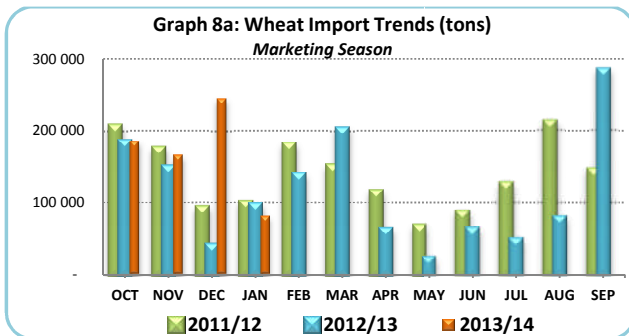
Domestic:

- The South African wheat market trended firmer with the Rand providing much of the support. The Rand has been on the back foot lately since breaking above the psychological level of R11 to the US dollar.
- Weekly wheat prices were marginally higher at R3,624 per ton, which is up by 3.9% y/y.
- Weekly import sales for the 2013/14 marketing season came in at 21,689 tons and 673,684 tons for the season to date. Main suppliers so far are Russia (46.7%) and Ukraine (41.8%). The others were Lithuania (6.0%), Canada (3.0%), and the US (2.5%).

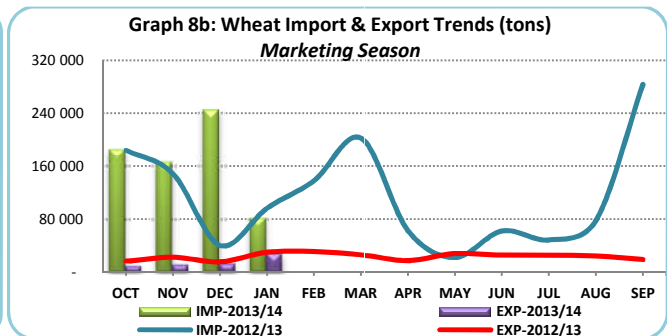
OUTLOOK

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





Source: SAGIS;



Wheat Futures 31 January 2014	Mar-14	May-14	Jul-14	Sep-14	Dec-14			
KCBT (\$/t)	226.12	224.50	221.42	225.02	229.87			
JSE (R/t)	3 832	3 874	3 900	-	3 620			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Mar-14			May-14			Jul-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3 920	93	47	3 940	154	114	3 660	183	143
3 880	70	64	3 900	133	133	3 620	162	162
3 840	51	85	3 860	113	153	3 580	142	182

Oilseed market trends (Graph 9)

International:

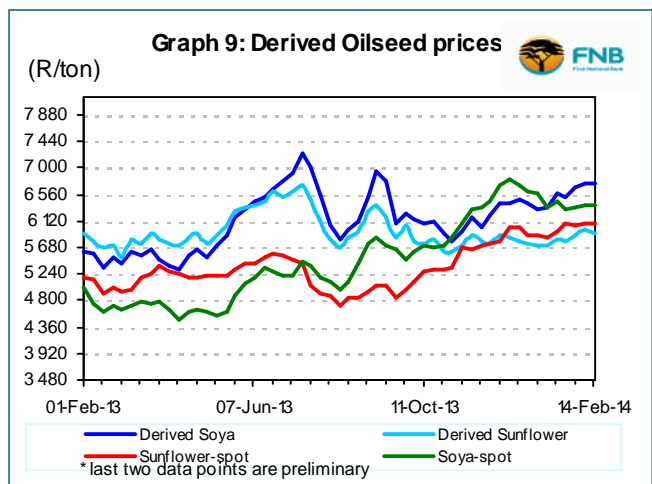
- The US soybean complex was again mixed with soybeans and soyoil prices continuing to post losses on reports of increased production in Brazil.
- The product category however saw soymeal lifting slightly on the back of renewed export demand. Weekly soymeal prices lifted by 1.4% w/w and 1.8% y/y to close at US\$483 per ton.
- The weather conditions were reportedly good for crop development in South America with rains weather in Brazil and Argentina in the outlooks.
- World supply outlook remains bullish, with recent IGC estimates showing a 6.3% and an 11.5% y/y increase in both production and carryover stocks. This will see production reaching a record high of 288m tons. Consumption was raised by 6.3% y/y at 285m tons, on the back of increased Chinese demand.

Domestic:

- Oilseeds for the domestic market were mixed with soybeans reversing losses despite weakness on the international market as the weaker Rand provided added support.
- Weekly soybean prices closed marginally higher w/w at R6,343 per ton, which is 15.5% higher y/y.
- Sunflower prices closed at R6,343 per ton, down by 0.5% y/y.
- The January CEC report showed that the planted area under sunflower has increased by 22.5% y/y to 618,400ha. There was a slight decrease in the planted area for soybeans, coming in at 516,000 ha (-0.1% y/y).

OUTLOOK

It is still expected that the local oilseed prices will trend firm to higher in the short to medium term as external pressures on the currency continues.



Oilseeds Futures 31 January 2014	Mar-14	May-14	Jul-14	Sep-14	Dec-14
CBOT Soybeans (US \$/t)	471.27	466.06	460.03	420.49	-
CBOT Soya oil (US c/lb)	37.93	38.25	38.25	38.42	38.48
CBOT Soya cake meal (US\$/t)	469.69	453.16	441.48	405.87	378.75
JSE Sunflower seed (R/t)	5 710	5 329	5 360	5 414	-
JSE Soybean seed (R/t)	6 310	6 025	6 050	6 060	6 190

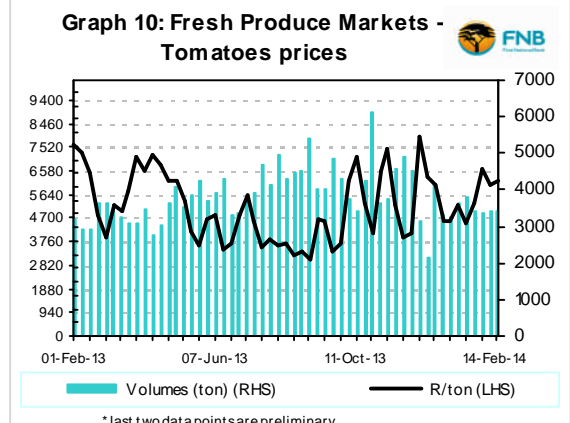
Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)

May-14			Jul-14			Sep-14		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
5 360	248	217	5 400	302	262	5 460	240	194
5 320	227	236	5 360	281	281	5 420	218	212
5 280	207	256	5 320	260	300	5 380	198	232

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

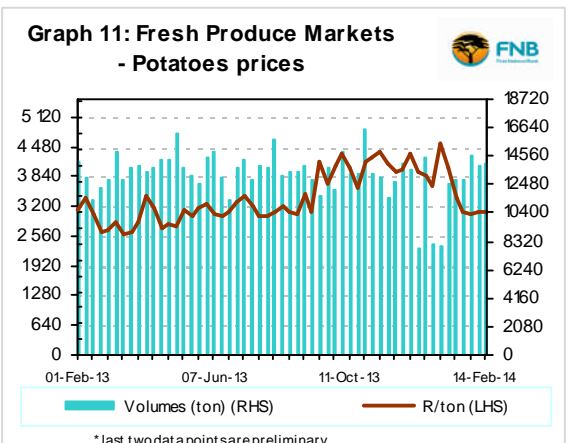
For the week, prices of tomatoes rose sharply supported by good uptake and lower volumes across markets. Weekly tomato prices tomato closed at R6,670 per ton, up by 26.6% w/w but still 13.0% lower y/y. Volumes of tomatoes traded were pegged at 3,347 tons, down 2.0% w/w but up by 4.8% y/y.

It is however expected that prices will ease somewhat in the short term as volumes improve.


Potatoes

Potato prices saw further losses as volumes increased across markets. Weekly potato prices fell by 1.3% w/w and 3.3% y/y, closing at R3,032 per ton. Volumes of potatoes traded came in at 14,579 tons, up 13.7% w/w and 2.7% y/y.

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



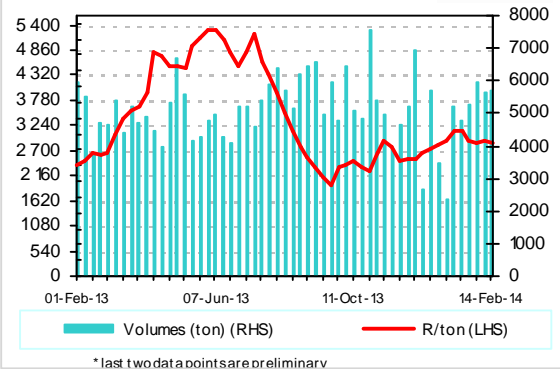
Onions

Onion prices continued to weaken under pressure due to higher volumes across markets.

Weekly onion prices decreased by 1.3% w/w and closed at R2,851 per ton, but still 19.2% higher y/y. Volumes of onions traded were pegged at 5,975 tons, up by 13.5% w/w and 0.4% y/y.

Prices are however expected to trend firmer in the short to medium term on limited supplies.

Graph 12: Fresh Produce Markets - Onion prices



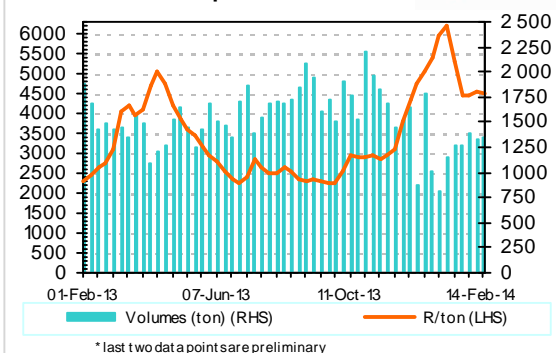
Carrots

The carrot market saw further losses under pressure due to improved supplies across markets.

Weekly carrot prices eased marginally lower w/w to close at R4,460 per ton, but still 93.4% higher y/y. Volumes of carrots traded rose by 9.6% w/w and reached 1,386 tons, which is still 26.7% lower y/y.

Prices are expected to trend sideways with further downward potential in the short term on limited uptake.

Graph 13: Fresh Produce Markets - Carrot prices



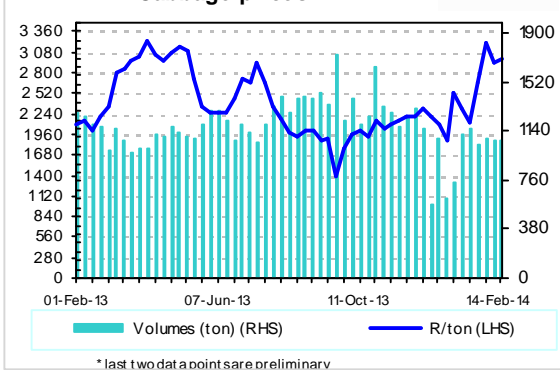
Cabbages

Cabbage prices again posted sharp gains supported by good uptake across most markets.

Weekly cabbage prices closed at R3,201 per ton, up by 19.9% w/w and 53.3% y/y. Volumes of cabbages traded increased by 5.0% w/w but still 15.6% lower y/y at 1,081 tons.

It is expected that prices will ease lower in the short term on moderation in demand.

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 31 January 2014	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	6 670	26.6%	-13.0%	3347	-2.0%	4.8%
Potato	3 032	-1.3%	-3.3%	14579	13.7%	2.7%
Onion	2 851	-1.3%	19.2%	5975	13.5%	0.4%
Carrot	4 460	-0.2%	93.4%	1386	9.6%	-26.7%
Cabbage	3 201	19.9%	53.3%	1081	5.0%	-15.6%

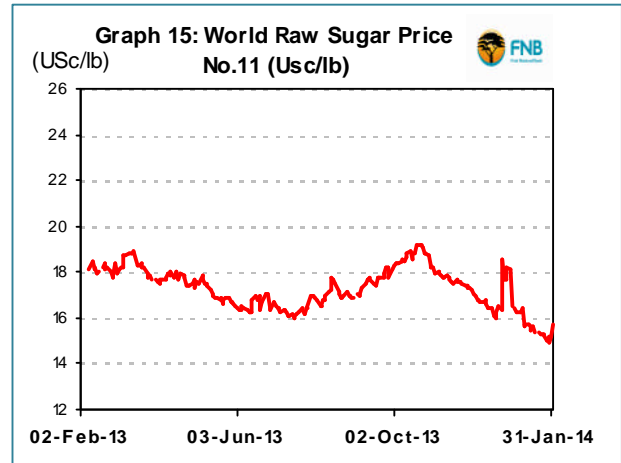
* Daily prices also available at <https://www.fnbagricomms.co.za>

Sugar market trends (Graph 15)
International:

- International Raw Sugar prices weakened further as abundant world supplies continue to weigh heavily on the market.
- Weather conditions in key production areas around the world were reportedly good except for the possible dry weather in Brazil
- USDA's 2013/14 ending stocks were raised by 5.2m tons to 43.4m tons with increases for China (+2.9m), Thailand (+1.5m), and the EU (+785K) in the USDA report.
- However, the world production estimate for 2013/14 was lowered by 27,000 tons to 174.8m. At this level, production still far outpace consumption by almost 7m tons.
- For Brazil, production was pegged at 38.8m tons, which is down by 1.7m as more sugar cane is used for ethanol.
- In Argentina, production was reduced by 550,000 tons to 1.8m as a result of drought and frost. For Russia, production was reduced by 500,000 tons to 4.4m on reduced area.
- The decline was however offset by increases for China (+750K) at 14.8m tons on increased area and yields. Increases were projected for Mexico (+650K) at 6.9m tons on higher yields.
- Weekly world raw sugar prices (InterContinental (ICE) nearby futures, No.11 contract) fell by 0.4% w/w and 18.5% y/y at US15.23 cents per pound.
- In the futures market: Raw sugar for Jul-14 gained 2.9% w/w at US16.03c/lb, Oct-14 was up by 2.9% w/w at US16.47c/lb, and Mar-15 was up by 2.7% w/w at US17.29c/lb.

Domestic:

- Locally, the January 2014 RV price in respect of cane delivered in December 2013 fell by R11.48 per ton m/m at R3,080.03 per ton.
- According to the Cane Growers Association, the lower sugar:RV ratio (93.58% vs. 93.83%), the 1,902 ton increase in sugar production (2.355m tons vs. 2.353m tons) and the sharp drop in the spot No.11 price (15.74 USc/lb. vs. 16.68 USc/lb) contributed towards the lower price despite the weakening of the Rand/US dollar exchange rate (R10.69 vs. R10.39).
- About 14.6% of the estimated export availability is reportedly unpriced and exposed to world market price volatility while 10.9% of expected USD revenue s exposed to exchange rate volatility.



ICE Sugar Futures 31 January 2014	Jul-14	Oct-14	Mar-15	May-15	Jul-15
Sugar No.11 (US c/lb)	16.03	16.47	17.29	17.35	17.38
% Change w/w	2.9%	2.9%	2.7%	2.4%	1.9%

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.