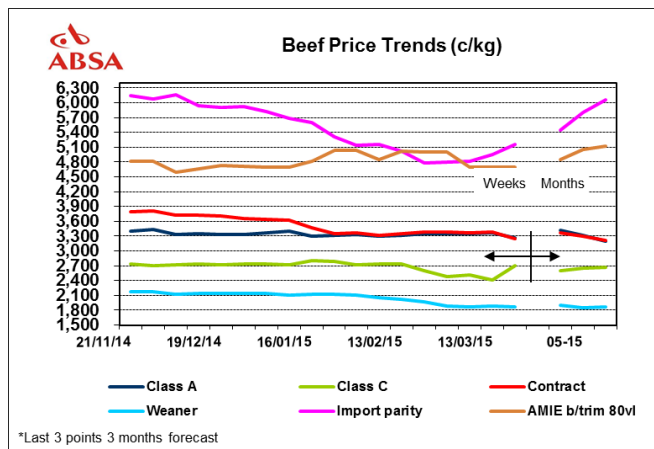


The dilemma of power vs money!

Eskom, the state-owned power provider is faced with integrated predicaments of funding and providing service. A question posed by so many South African's is would this crisis have gotten this far had it been a private company or had there been a strong competitor. Due to Eskom's delayed responses and actions over the years our already financially fragile country is set for challenging times ahead as this crisis hits us even harder with the price increase which is higher than inflation starting in April. The National Energy Regulator (NERSA) has permitted an annual average price increase of 12.69% where 8% is the annual price increase and the remainder 4.69% is from the NERSA regulatory methodology. To add to these effects the peak periods for winter (June-August) have moved an hour earlier, thereby effecting farmers on Ruraflex. There is a request for a total 25.3% price increase in this financial year. Many South African farmers are carrying the weight of the recent drought, high input costs and labour uncertainties however this is the time farmers need to think innovatively and make a business opportunity happen where everyone sees darkness.

Beef Market Trends

- International:** In New Zealand, there are reports that the beef plants in the North Island are cutting back shifts, and that has given the US buyers a sign that the New Zealand cattle supply is slowing down. Last week's prices were higher on the reduced supply following rain. New Zealand steers and cows traded slightly higher at 2,91% and 3,50% higher at NZ\$ 459 and NZ\$ 325 per head. In the US, beef traded mostly higher as follows: Top side traded higher at \$283,84/cwt, Rump traded higher at \$437,75/cwt and Strip loin traded higher at \$599,70/cwt. Chuck traded lower at \$301,36/cwt, Brisket traded lower at \$303,48/cwt which gave us an average carcass price of \$363,85/cwt. Beef prices are expected to remain high in 2015, after reaching record highs in 2014. This is on the back of tight global supplies, which remain tight. Demand for beef is expected to remain strong, particularly in China and in the US. In the US, beef prices are not expected to undergo the large decline anticipated in the pork and poultry markets this year. The USDA reported that the first half of 2015 might see more beef production on the back of heavier placement weights this past autumn and winter. The USDA further expects a decline in the second half cow slaughter and a moderation in carcass weights which should result in lower production.
- Domestic:** When compared to last week, there was a varied trend in prices. The prices of the different meat classes were as follows: Class A prices decreased by 2.83% to 32.66/kg, Class C prices increased by 12,08% to R27.00/kg and Contract prices decreased by 4,23% closing at R32.40kg with the fifth quarter included. The weaner prices traded slightly lower compared to last week at R18.74/kg. The average hide price traded slightly higher at R18,33/kg due to the weaker exchange rate despite the downward pressure on the international prices.



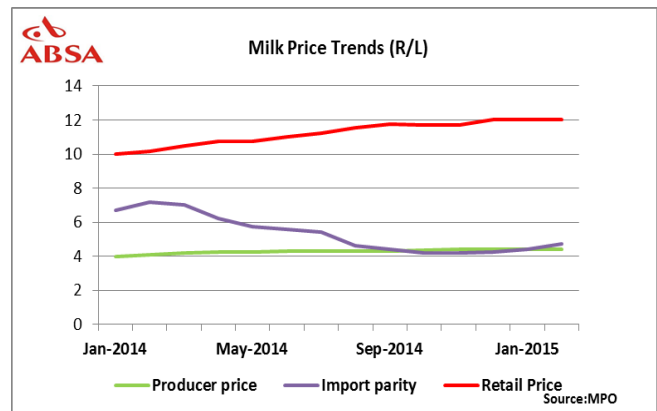
Outlook

Internationally, beef prices are expected to move sideways to slightly upwards in the short term as the market recovers from the US port slowdowns. Tight supplies and high prices have been reported for the US. Tight global supplies and good demand especially in the US and China are expected to give some support to prices in 2015. In Australia, producers are rebuilding their herds, which should support prices moving forward.

Locally, prices are expected to remain at soft levels in line with seasonal trends. The recent rains will benefit the veldt and farmers are coping with the current veldt conditions. The recent dry conditions have resulted in crop damages, with maize being cut off for silage. This should help provide feed for the livestock. Good rains over the next weeks will be beneficial. Beef prices are however expected to get some support from the expected higher demand during the Easter period.

Dairy Market Trends

- International:** International milk prices decreased, with a drop in volumes at the second auction held by New Zealand's Fonterra Co-operative Group this month. This comes after the Global Dairy Trade (GDT) prices having increased faster than expected in February. The auction on March 17th had drops in prices across almost all commodities offered. The GDT was supported by concerns over a drought in New Zealand. Rabobank expects plenty of products in the next six months, with limited accumulated inventories, but expects a challenge as the European Union (EU) production is expected to increase and the amount the US will produce at a time of low grain prices. Several EU countries are expected to increase production in April, and many farmers in Ireland, Denmark, Germany and the Netherlands have already been producing more in anticipation of the abolition, but could face heavy fines in the final year of the limits.



- Domestic:** The local milk producer prices have increased only slightly from last year this time, from R4.10/l last February, to R4.40 this year. The increase in these prices encouraged farmers to produce more, with total production having increased from mid-2014. This was also supported by favourable growing conditions. Last year, grain prices decreased while producer prices improved slightly. The 2015 January milk production is higher than that of last year. **(The Domestic dairy market analysis was last updated 20 Feb 2015 due to availability of data)**

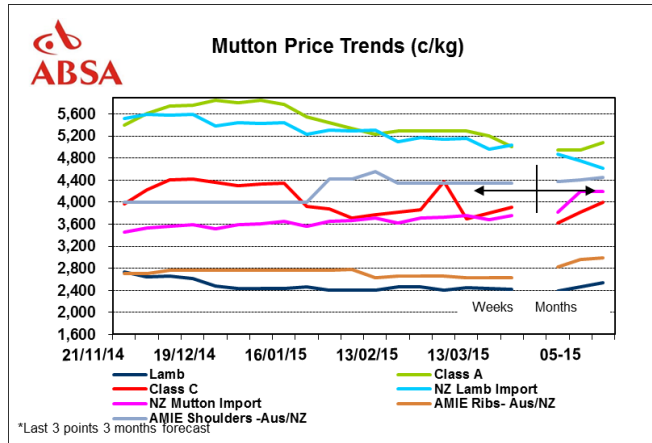
Outlook

Internationally, in the short term, strong supply from US and the EU are expected to give some pressure to prices, with slight decreases in prices expected. During the second half of the year, growing demand outside China and Russia might support prices. Locally, demand for dairy products is expected to grow, however at a slow pace. Since grain plays a great part in the milk industry, the market will watch closely how the current drought situation in the grain market plays out.

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Mutton Market Trends

- International:** Beef and Lamb New Zealand in its mid-season outlook report released this week has re-affirmed that that it expects this season's lamb slaughtering to fall short of last season at 19.8 million head. This is due to an increase in the number of ewe lambs retained. The New Zealand lamb and mutton traded sideways this week compared to last week; lamb closed the week at NZ\$73.6/head for 15kg. Ewes closed the same at NZ\$50.8/head for a 21kg ewe. Import parity prices for lamb was slightly lower at R50.28/kg and for mutton was slightly higher at R37.63kg respectively.



The European food research agency forecast positive news for the global sheep meat outlook for most countries. This is as Australia and New Zealand; the world's largest exporters are expected to have tighter supplies this year.

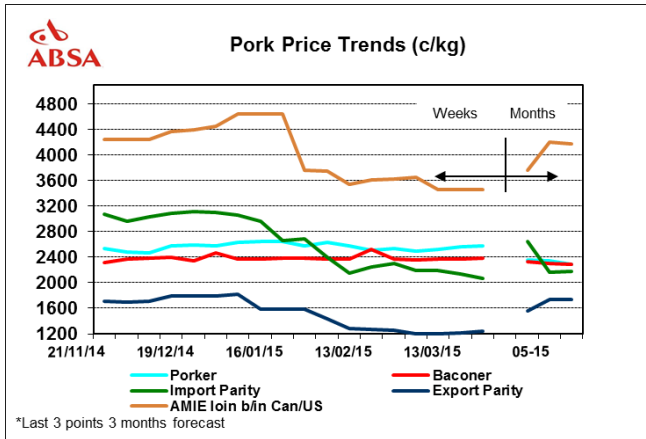
- Domestic:** The mutton prices traded slightly lower during the past week. Class A traded slightly lower at R50.00/kg and Class C slightly higher at R39.04/kg compared to the previous week. The price for feeder lambs traded slightly lower at R24.18/kg. The average price for dorper hides traded higher at R96.00/hide and merino also traded higher at 63,00/hide respectively. The landed imported price of mutton rib from Australia and New Zealand traded the same at R 26,65/kg compared to the previous week and mutton shoulders traded the same at 43,45/kg according to (Association of Meat Importers and Exporters) AMIE.

Outlook

Internationally, prices should remain at soft levels in the short term due to softer international demand and the fact that the market is currently well supplied. This comes at a time where there is economic slowdown in China, and uncertainties in EU (political risks). In the medium to long term, prices are expected to be supported as Australia and New Zealand are expected to have tighter supplies. Australian producers are starting to rebuild their flocks and that's expected to put upward pressure on prices moving forward. Locally, prices are expected to trade sideways in line with seasonal trends and good supplies. This is as more lambs are reaching slaughter weights. Easter demand is however expected to be supportive to prices.

Pork Market Trends

- International:** US pork prices traded mostly higher over the past week, due to an increase of 7,17% in loads. Carcass prices traded 0.89% higher at US\$67.53/cwt, Loin traded slightly higher at US\$83.29/cwt, Rib prices traded 1.71% higher at US\$146,75/cwt and Ham traded lower at US\$47.59/cwt. The import parity decreased slightly despite the higher international prices and the weaker exchange rates. Supplies in the US pork market are being boosted by the drop in exports, and a boost to imports, from a strong dollar. US pork exports have decreased by 2% to 348m pounds in January, while imports jumped 32% to 92m pounds. This has depressed wholesale pork values. As a result of the port slowdown in the US, pork that was destined for foreign markets had to be absorbed into the domestic supply, which depressed prices. This coupled with the high slaughter numbers and heavier market weights; more pork has found its way into the domestic market.



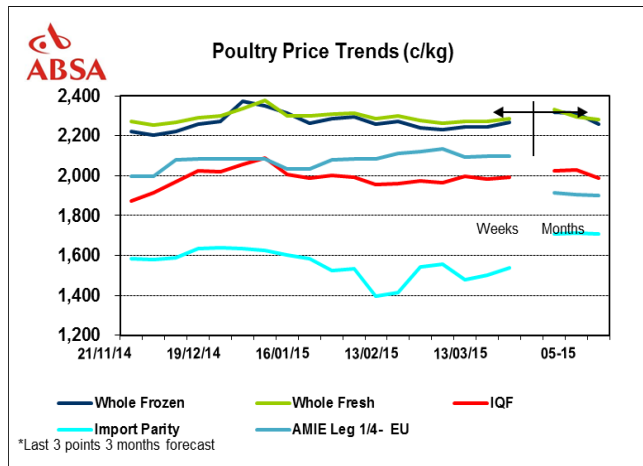
- Domestic:** Domestic prices were slightly higher over the past week with Porker prices at R25.82/kg while Baconer prices are at R23.91/kg. The industry as a whole will continue to closely monitor the situation in the maize industry, as it affects their profitability. Higher maize prices could influence negatively margins for the livestock industry. Last year, prices were on an upward trend while grain prices were low which in turn improved the profitability in the industry.

Outlook

Internationally, prices are expected to remain soft as a result of higher pork production and lower exports. This was as more pork was destined for the domestic market during the US port slowdowns. The higher production is due to higher slaughtering and heavier carcass weight. Domestic prices are also expected to decrease on the back of good production volumes in the market. Should the current dry conditions persist, that could pressure prices in the weeks to come.

Poultry Market Trends

- International:** The poultry prices in the US traded mostly higher over the week compared to the past week. Whole bird prices traded 1.79% higher and at 100.0 USc/lbs. Breasts and leg Quarters traded at 147,0 USc/lbs and 42.0 USc/lb respectively. Higher broiler meat production and higher stock levels are expected throughout 2015 compared with 2014, and wholesale prices for most broiler products are expected to follow a downward trend in price. Meanwhile, China has reported new infections of the H7N9 bird flu in humans and across the globe, while other strains have been detected in US commercial turkey farms.



- Domestic:** Poultry prices traded slightly higher during this week compared to the previous week supported by the weaker exchange rate. Frozen birds traded slightly higher at R22.67/kg compared to the previous week. Whole fresh medium bird prices traded slightly higher at R22.88/kg while IQF traded slightly higher at R19.94kg.

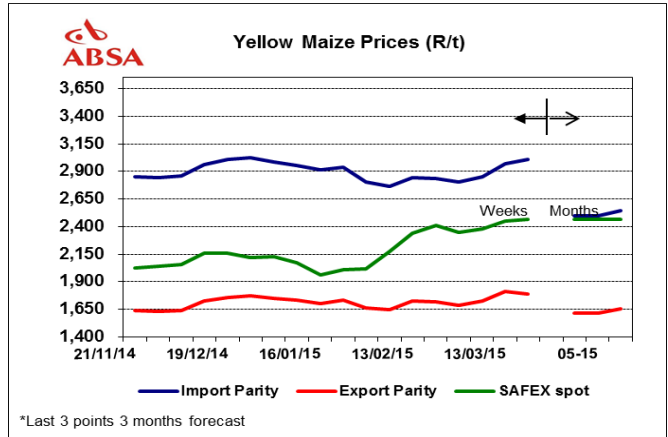
Outlook

Internationally, prices are expected to soften due to higher broiler production and higher stocks. Domestic prices are also expected to continue to move sideways to upwards on improved demand. The weakening of the exchange rate can support prices slightly.

Livestock Prices (R/kg) 20 March 2015	Beef		Mutton		Pork		Poultry	
	Current Week	Previous Week	Current Week	Previous Week	Current Week	Previous Week	Current Week	Previous Week
Class A / Porker / Fresh birds	32.66	33.61	50.00	52.06	25.82	25.66	22.88	22.72
Class C/ Baconer / Frozen birds	27.00	24.09	39.04	38.07	23.91	23.70	22.67	22.43
Contract / Baconer/ IQF	32.40	33.83	50.32	55.59	24.87	24.68	19.94	19.84
Import parity price	51.59	49.52	37.63	36.76	20.74	21.44	15.37	14.99
Weaner Calves / Feeder Lambs/	18,74	18,92	24,18	24,40	-	-		
Specific Imports: Beef trimmings 80vl/b/Mutton Shoulders/Loin b/in /chicken leg1/4	46,95	46,95	43,45	43,45	34.60	34.60	20.95	20.95

Yellow Maize Trends

- International:** When compared to the previous week, the average US yellow maize spot price closed the week 1.88% lower at US\$171,03. The grain market is under pressure due to the 11 year high of the US dollar, therefore the grain market will be keeping an eye on the dollar. Due to the large harvest and lower prices maize producers are keeping back their crops. China remains lively in the world grains market. The Federal Reserve's move, which has allowed for a further increase in interest rates has directed the dollar abruptly lower, which is a bullish factor for US commodities. The official US meteorologists foresee the spring sowing season to be relatively good from a growers' perspective.



- Domestic:** The local maize market for yellow maize traded 0.65% higher at R2466.80/ton over the past week. The average exchange rate for the week was weaker at R12,33/US\$ compared to R12,23US\$ the previous week. The Rand came under pressure after the ratings agency Standard & Poor's (S&P) lower the credit rating for Eskom and also revealed that the outlook is also brim. Slightly higher parity prices are still occurring due to the weaker rand. The futures prices traded mostly lower as follows: Mar-15 contracts increased by R50/t to R2500, May-15 contracts decreased by R7/t to R2458/t, Jul-15 decreased by R11/t to R2454/t, Sep-15 contracts decreased by R5/t to R2486/t, Dec-15 also decreased by R15/t to R2523/t while Mar-16 decreased by R25/t and traded at R2510/t. Over the next year 934,000 metric tons of yellow maize will need to be imported from countries such as Argentina and Ukraine according to Grain SA Chief Executive Officer Jannie de Villiers. South Africa is the largest producer in Africa so there is bound to be a ripple effect into our neighbouring countries. The weather forecasts are more promising for the next month; however it is too late for the crops that were not planted late. The SA weather service predicts above-normal average maximum temperatures for the rest of summer and early autumn. Below normal average minimum temperatures are also expected for the same period.

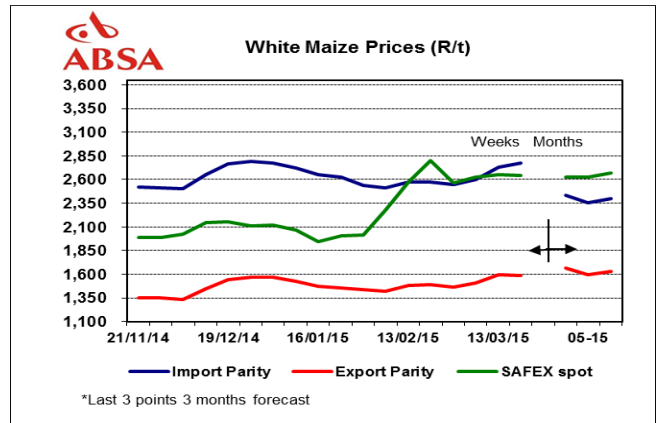
Outlook

Internationally, the recent weakening in the Dollar will add sustenance to international maize prices in the short term. Maize prices are still high in South Africa with escalating potential, especially white maize due to the severe knock-on effect of the drought. Local prices will continue to be supported by the low crop approximations for the 14/15 maize production year. On the 25th of March, the CEC (Crop Estimate Committee) is expected to release its production forecasts, and there are mixed feelings whether the estimate will be reduced, increased or unchanged. The drought has continuous effects as farmer's wont plant until their soils are sufficiently moist.

Yellow Maize Futures: 20 March 2015		May-15	Jul-15	Sep-15	Dec-15	Mar-16		
CBOT (\$/t)		154.56	157.55	161.09	164.79	167.47		
SAFEX (R/t)		2458.00	2454.00	2486.00	2523.00	2510.00		
Sep-15			Dec-15			Mar-16		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,520	185	151	2,560	216	179	2,540	243	213
2,480	163	169	2,520	194	197	2,500	221	231
2,440	143	189	2,480	173	216	2,460	200	250

White Maize Trends

- International:** The US white maize spot market traded 1.63% lower at an average of US\$ 162.99/t over the past week compared to an average of US\$165.64/t the previous week. Import parity prices traded slightly higher, compared to the previous week supported the weaker exchange rate. Saudi Arabia the world's largest crude-exporting nation is pumping roughly 10 million barrels of oil a day, which is near the record amount produced in 2013. Prices are unlikely to return to \$100 a barrel due higher prices drawing more shale and production from higher-cost producers to the marketplace.



- Domestic:** The rand has weakened slightly against the dollar during the week. The local average white maize spot price traded 0.2% lower or R5.4/t higher at R2646.80t compared to the prior week. The futures prices traded were all higher as follows: Mar-15 contracts increased by R96/t to R2697, May-15 contracts increased by R95/t to R2720/t, Jul-15 increased by R87/t to R2759/t, Sep-15 contracts increased by R99/t to R2802/t, Dec-15 also increased by R88/t to R2843/t while Mar-16 increased by R71/t and traded at R2827/t. South Africa, namely in the Free State and North West provinces is currently experiencing the worst drought since 1992 which has meant that maize has had to be imported for the first time in just under a year. The extraordinary levels of evaporation due to the high summer temperatures have impacted severely on the effects of the drought.

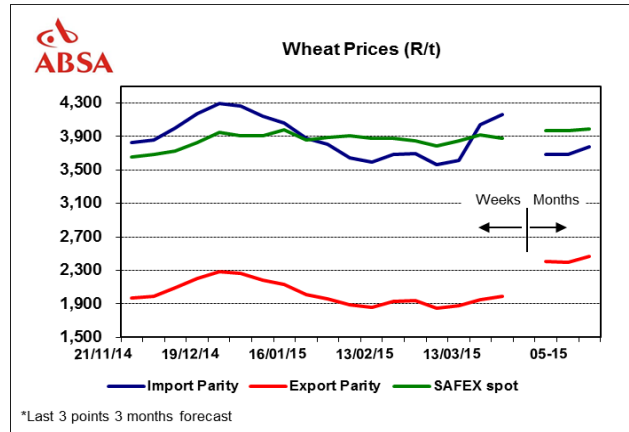
Outlook

Internationally, the white maize price is expected follow the trend of the yellow maize prices. Locally prices are expected to follow the trend of the local yellow maize. There are rain forecasts for the coming week which should put some downward pressure on prices.

White Maize Futures 20 March 2015			May-15	Jul-15	Sep-15	Dec-15	Mar-16		
SAFEX (R/t)			2720	2759	2802	2843	2827		
Sep-15			Dec-15			Mar-16			
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call	
2,840	212	174	2,880	241	204	2,860	274	241	
2,800	190	192	2,840	219	222	2,820	251	258	
2,760	169	211	2,800	198	241	2,780	230	277	

Wheat Market Trends

- International:** The average weekly wheat spot price traded 1.38% higher compared to the previous week at US\$225.1/t. Soft red wheat traded 2.52% higher at US\$219.63, while hard red wheat traded 0.29% higher at US\$230.56. Import parity traded 3.05% higher due to the weaker exchange rates. Due to overseas supplies being priced in local currencies, the wheat futures are most affected by changes in the dollar. Wheat prices hit a four-week high on Friday, as a broadly weaker US dollar lifted demand for dollar-denominated commodities. Internationally wheat prices enjoy price support due to the following obstinate dry weather conditions in the main producing parts of the US. An improved buying appetite also affected the price. The weather is also not favourable as there is limited rainfall in Russia.
- Domestic:** The average SAFEX wheat spot price decreased from last week's levels of R3915.5 and traded at R3874/t. The higher prices were also due to the slightly weaker exchange rate in the past week, which has weakened to R12,33US\$ from R12,23US\$. Mar-15 futures decreased by R70/t to R3860/t, May-15 futures decreased by R87/t to R3880, Jul-15 futures traded lower by R70/t to R3920/t while Sep-15 traded R55/t lower at R3825/t.



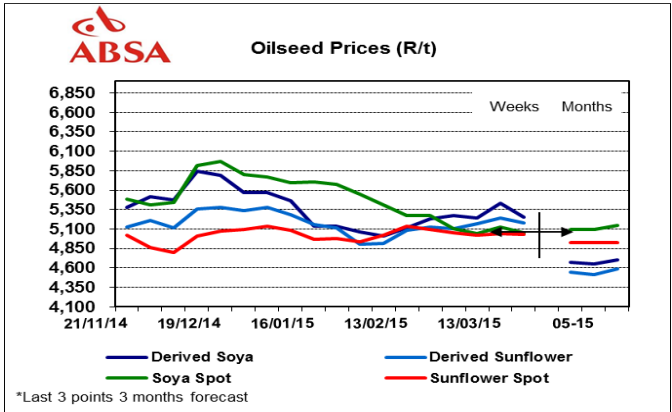
Outlook

Internationally the prospect of selling in wheat was restricted after the US Department of Agriculture released data confirming damage to the winter wheat seedlings in the southern Plains. There is some bullish sentiment in the wheat market subsequent concerns regarding the Russian and Ukrainian wheat coming out of dormancy. Conditions in Russia are dry which is drawing traders' attention as spring seeding has commenced. Locally, the exchange rate is expected to continue influencing prices. Import parity prices have improved on the back of the higher wheat tariff.

Wheat Futures 20 March 2015	Mar 2015	May 2015	Jul 2015	Sep 2015	Dec 2015			
SAFEX (R/t)	3,910	3,935	3,960	3,880	n/a			
CME (\$/t)	178.43	177.25	178.72	182.03	187.47			
May-15			Jul-15			Sep-15		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3,920	85	45	3,960	126	86	3,860	183	148
3,880	62	62	3,920	104	104	3,820	162	167
3,840	44	84	3,880	85	125	3,780	142	187

Oilseed Market Trends

- International:** Soybean prices week on week traded 0.28% higher at US\$ 356.75/t. Soya meal traded at US\$321,06/t, which is lower compared to the previous week while soy oil traded 0,85% lower at US\$30.47/t compared to last week US\$30.73. China has remained busy in the US sorghum market. Assurance over the prospect for supplies in Argentina and Brazil pooled with indications over a slowdown in demand for US soybeans have weighed on prices in current weeks. Argentina and Brazil are key soybean exporters and contend with the US for business on the global marketplace.



Domestic: The Rand declined against the dollar and the crude oil price has increased slightly above the \$50 mark again. The average soybean spot prices traded 1,53% lower at R5048.80/t compared to the previous week. The average sunflower spot prices for the week traded 0.08% lower at R5,035/t compared to the previous week. Harvests of sunflower and sorghum have also been negatively impacted by the drought that has prevailed. There are talks in the market that there are two crushing plants which are currently not working due to maintenance issues.

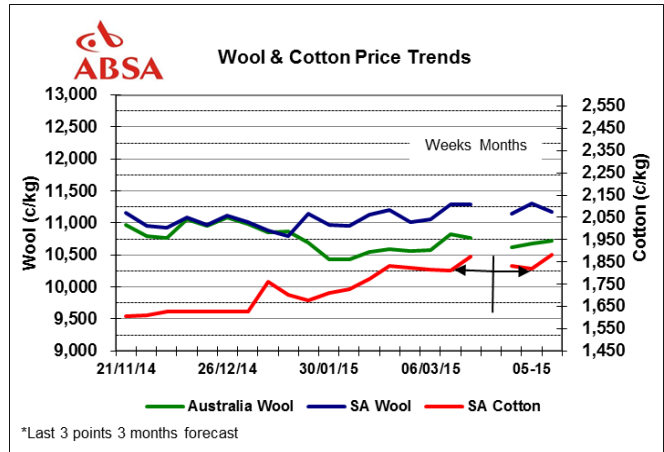
Outlook

Internationally the large South American crop projections could weigh on the demand for US supplies. Rain in Brazil soy regions should decrease next week assisting the soy yield, while Argentina's harvest ought not to be affected by light precipitation. The predicted rise in US soybean acreage will also be a bearish aspect which implicates further price reductions. A decrease in export sales of soybeans in the US are expected as demand shifts to South America. The bird flu outbreak in the poultry industry may affect the demand for soybeans as they are prominent consumers thereby potentially negatively influencing prices. Locally the influx of the South American crops on the international market will continue to impact the market, however within the next week the SAGIS and CEC numbers are expected to add some support.

Oilseeds Futures 20 March 2015		Mar-15	May-15	Jul-15	Sep-15	Dec-15		
CBOT Soybeans (US \$/t)		357.74	359.35	359.06	351.34	353.62		
CBOT Soy oil (US c/b)		30.68	30.89	30.95	30.97	31.34		
CBOT Soy cake meal (US \$/t)		321.9	321.9	320.6	316	316.4		
SAFEX Soybean seed (R/t)		4,995	4,953	5,015	5,083	5,140		
SAFEX Sunflower seed (R/t)		5075	5000	5070	5130	5140		
SAFEX Sorghum (R/t)		2495	2475	2425	2480	n/a		
Sunflower Calculated Option Prices (R/t) Absa Capital Trading Desk: 011 – 895 5524								
Jul-15			Sep-15			Dec-15		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
5,100	249	219	5,160	332	302	5,180	420	380
5,060	228	238	5,120	311	321	5,140	398	398
5,020	208	258	5,080	290	340	5,100	377	417

Fibres Market Trends

- International: The Australian wool was stronger for the week in the market and closed slightly higher on Au 1093c/kg. The New Zealand lamb wool prices have decreased from 4year highs the past week as a rising local currency made the fibre more expensive for overseas buyers. Rabobank has highlighted that despite the drops, lamb's wool however remains very strong, having gained 6% since the start of the year and holding 32% above price levels from this time last year. Wool is New Zealand's 14th largest commodity export. Cotton has decreased and showed no signs of recovery over the past week and closed at US59,53c/lb. The latest USDA report has forecast that marginal reductions in 2014/15 world cotton production and consumption are boosting projected global stocks to just over 110 million bales. The report further indicated that cotton consumption was reduced mainly for China, where imports of yarn continue to increase, displacing growth in domestic cotton spinning.



- Domestic:** The last wool auction took place on the 11th March 2015. The local market traded higher and closed 2.13% higher than the previous sale. The increases were resulting from the weaker exchange rate over the week, but sizable and decent offerings were reported in the market.

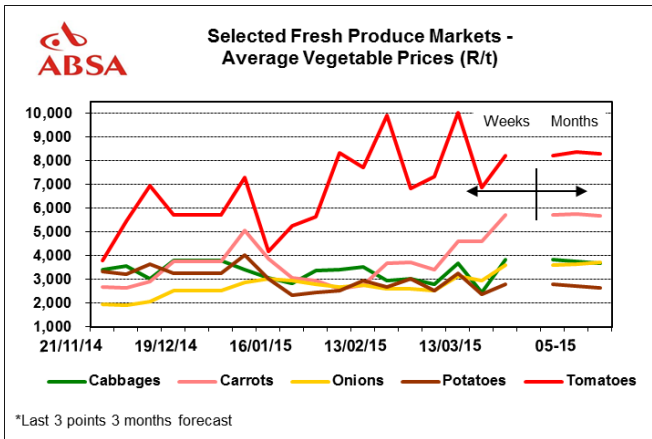
Outlook

Internationally, the lower Australian dollar and expected increase in demand from major consuming countries are expected to give some support to wool prices. However, the lower oil prices are expected to limit the increases, as they increase competitiveness of alternative fibres against wool. Fibre has been under pressure from the lower oil prices as well as higher production coupled with lower world consumption. For cotton, in the medium to long term, prices might be supported by the fact that lower prices may lead alternative crops being planted.

Fibres Market Trends				
Week ending 20 March 2015				
Wool prices	SA prices (c/kg)	Australian prices (SA c/kg)	Australian Future Jul - 2015 (AU\$/kg)	Australian Future Sep - 2015 (AU\$/kg)
Wool market indicator	11290	10285	-	-
19µ micron	11788	11298	11,70	11,60
21µ micron	10933	10891	11,40	11,30
Cotton prices	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	New York future Mar-2015 (US\$/kg)	New York future Jul-2015 (US\$/kg)
Cotton Prices	18.76	1.52	1.39	1.41

Vegetables Market Trends

- Cabbage:** Cabbage prices increased this week by 55,5% week on week to R3814/t. The price increase was despite a 22,5% increase in volumes. Prices are expected to move sideways to upwards in line with seasonal trends and supported by month end buying.
- Carrots:** Carrot prices increased by 2,4% week on week to R5707/t. The price increase was despite an increase of 33,6% in the volumes of carrots. Prices are expected to move sideways to upwards in line with seasonal trends.



- Onions:** Onion prices increased by 21,6% week on week to R3597/t. The price increase was despite an increase of 65,6% in volumes compared to the previous week. Prices are expected to trade sideways to upwards in line with seasonal trends and higher demand during month end.
- Potatoes:** Potato prices increased by 18,1% week on week to R2788/t. The increase in prices was despite increases in volumes of 40,5% compared to the previous week. Prices are expected to trade sideways in the short term and continue with the downward trend weighed down by wet bags of potatoes and the poor quality potatoes in the market. This decay was as a result of rainfall and higher temperatures in some producing regions.
- Tomatoes:** Tomato prices increased by 31,4% week on week to R8206/t. The price increase was despite increases in volumes of 72,3% during the past week. Prices are expected to increase in line with seasonal trends and supported by month end buying.

**Vegetable Prices: Fresh Produce Market
(Averages on the Pretoria Bloemfontein Johannesburg Cape Town and Durban markets)**

Week ending 20 March 2015	This week's Average Price (R/t)	Previous week's Average Price (R/t)	This week's Total Volumes (t)	Previous week's Total Volumes (t)
Cabbages	3814	2453	1219	995
Carrots	5707	4600	1472	1102
Onions	3597	2957	5623	3396
Potatoes	2788	2362	11847	8434
Tomatoes	8208	6888	3617	2099

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

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