

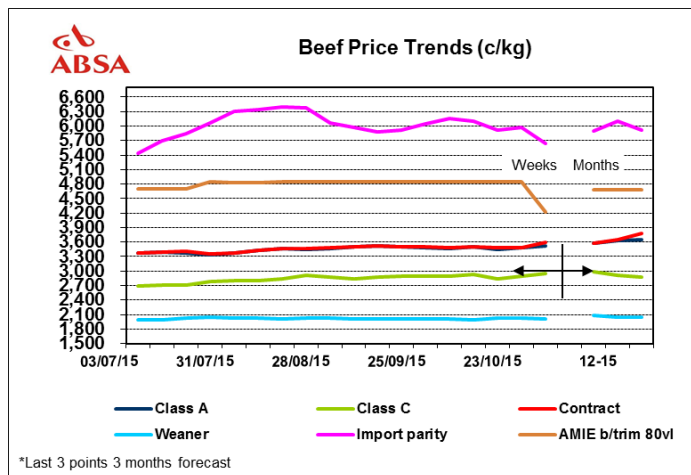
**China’s child policy change, to positively impact the global dairy industry.**

China’s previous one child policy resulted in a population growth of 0.4% per year. This is significantly lower than the population growth in Asia (Including China and 34 other Asian countries) that aims at an average 1.15%. The Government of China allows parents to have two children in future. Due to the relatively high costs of raising a family in China and the culture of Chinese to have small families some expect that the birth rate will not increase soon. However, by changing the child policy the population growth in China has the potential to increase to 0,8% in the long term.

China has a strong economy to support population growth. The real Gross Domestic Product Growth is expected to be 6,3% in 2016. The average GDP per person of other Asian countries aims at \$7783 per person compared to that of China of US\$ 7690. The Chinese may be the best positioned economically to increase their birth against expectations. Australia increased efforts to motivate the Australian dairy industry to increase market share in China as the policy change promise to lead to a surge in infant food demand. The policy promises to support global dairy product prices in the long term.

**Beef Market Trends**

- International:** New Zealand steers traded lower at NZ\$543 and cows traded lower at NZ\$346 per head respectively. In New Zealand, prices declined due to the situation overseas coupled with the rising New Zealand dollar, as well as an increased intake of cattle over the last week. In the US, beef traded mostly mixed as follows: Top side traded lower at \$232,45cwt, Rump traded lower at \$303,05/cwt and Strip loin traded higher at \$478,69/cwt, Chuck traded lower at \$265,50/cwt, Brisket traded slightly higher at \$216,64/cwt.



The US beef prices continue to decline as the Cattle on Feed report showed the continued placement of heavy cattle. Prices were also weighed down by the World Health Report which has raised the threat of possible carcinogen status of red meat. In the coming weeks, there is some concern that an increase in volumes into the US could see prices decline harder.

- Domestic:** The previous week saw actual beef prices as reported by The Red Meat Abattoir Association (RMMA) increase due to good demand during month end, while this week, the average forecast prices are expected to continue to increase. The forecast prices of the different meat classes are as follows: Class A prices increased by 1.09% to 35.20/kg, Class C prices increased to R29.42/kg. The slaughtering numbers increased from the previous week, as reported by RMAA. The weaner prices decreased compared to last week at R20.03/kg. The average hide price traded slightly lower over the past week at R12,08/kg green.
- NB\* Hide prices are determined by the average of RMMA and independent companies.

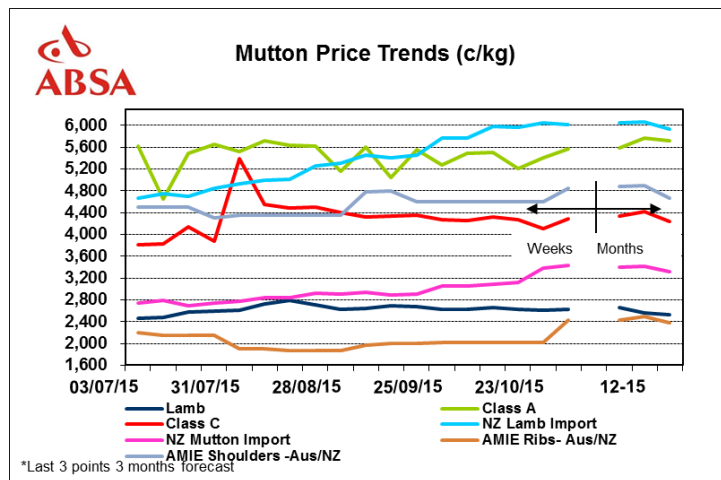
## Outlook

Internationally, prices are expected to remain at low levels due to expected increases in volumes and as New Zealand has filled its US quota which meant that prices are to come under pressure as the products have to be diverted to other markets, which some might be paying lower.

Locally, prices are expected to trade upwards in line with seasonal trends.

## Mutton Market Trends

**International:** The New Zealand lambs traded mostly lower this week compared to last week and mutton traded sideways. Lamb closed slightly lower this week at NZ\$86.4/head for 15kg. Ewes closed the same compared to last week at NZ\$59.80/head for a 21kg ewe. The import parity price for lamb was slightly lower at R60.11/kg while for mutton was higher at R34.34/kg respectively. The declines come after lamb supply being currently seasonally tight, with lamb slaughtering having improved slightly over the past couple of weeks.



- **Domestic:** The actual mutton prices for the different meat prices as reported by the Red Meat Abattoir Association traded mixed over the past week, while the Absa forecast prices for this week traded mainly higher. The forecast prices of the different meat classes are as follows: Class A traded slightly higher at R55.67/kg and Class C traded 4.58% higher at R42.88/kg this week. The average price for feeder lambs traded slightly higher at R26.31/kg. The average price for dorper skin traded lower at R72.00/skin and merino also traded slightly higher at R80.00/skin respectively. The landed imported price of mutton rib from Australia and New Zealand traded higher at R 24,35/kg compared to the previous week and mutton shoulders traded higher at 48,45/kg according to (Association of Meat Importers and Exporters) AMIE

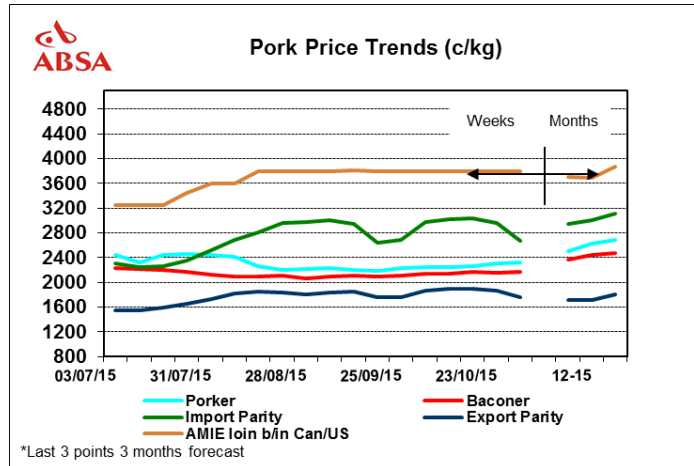
## Outlook

Internationally, prices might be supported due to improved demand during the festive season and as New Zealand producers have been offloading any remaining old season lambs before they cut their teeth.

Locally, prices are expected to improve and trade higher in line with seasonal trends and continue with the upward trend through to December.

## Pork Market Trends

- International:** The weekly US average pork prices traded mostly lower over the past week. Carcass prices traded 6.35% lower at US\$81.94/cwt, Loin traded 3.76% lower at US\$83.89/cwt, Rib prices traded 1.04% higher at US\$144,30/cwt and ham traded 16.65% lower at US\$56.55/cwt. Pork prices decreased this week driven by a decline in demand after the release of the World Health Organization report which warned about processed meats. The early stages of the decline were attributed to a weaker US cash market and data showing record September inventories of pork in US cold stores. Still, ample hog supplies are exerting pressure on the hog market overall.



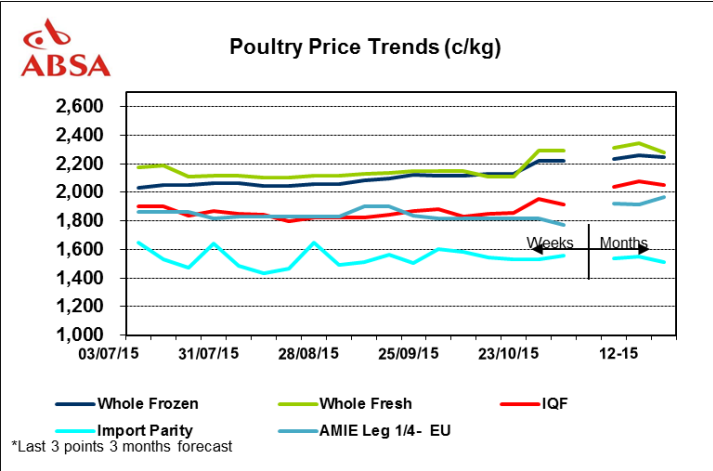
- Domestic:** Domestic prices as reported by RMMA traded mixed in the past week, and the Absa forecast prices also increased for this week. The slaughtering numbers reported were 9.54% higher than in the past week. Porker prices traded higher at R23.20/kg while Baconer prices were higher at R21.74/kg. Prices are expected to continue following an upward trend as a result of expected improvement in demand.

## Outlook

Internationally, prices are expected to follow seasonal trends lower, short of a production headline from PEDv or similar issue. The plentiful hog supplies are exerting pressure on the hog market overall. Locally, prices are expected to continue to trade upwards in line with seasonal trends.

### Poultry Market Trends

- International:** Poultry prices in the US traded mixed over the week compared to the past week. Whole bird prices traded 1.08% lower at 73.09USc/lb. Breasts traded 2.94% higher at 105,00USc/lb and Leg Quarters traded sideways at 24,0USc/lb respectively. Poultry consumption is expected to grow in future and Asia is expected to play a big part in that growth. The increases in consumption will however be limited by weaker economic growth. Chicken production is meanwhile expected to expand in most countries as a result of increased profitability.



- Domestic:** The average poultry prices traded mostly higher during the past week compared to the previous week. Frozen birds traded higher at R22.21/kg compared to the previous week. Whole fresh medium bird prices traded higher at R22.92/kg while IQF traded higher at R19.15/kg.

### Outlook

Internationally, prices are expected to remain pressured due to large supplies. Locally, prices are expected to follow an upward trend in line with seasonal trends as demand continues to strengthen during the festive season.

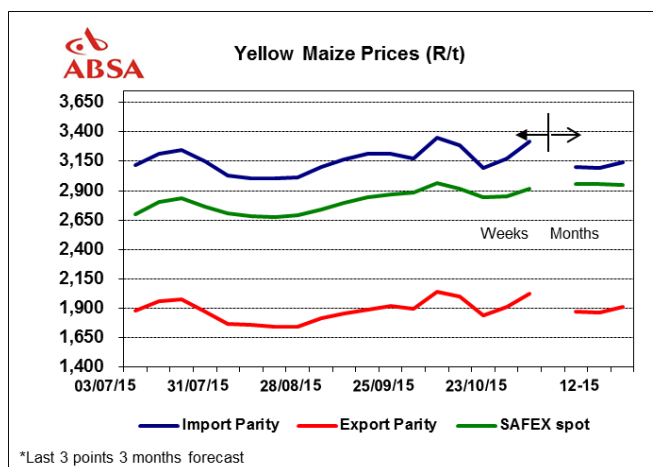
Livestock Prices (R/kg) 30 October 2015	Beef		Mutton		Pork		Poultry	
	Current Week	Previous Week	Current Week	Previous Week	Current Week	Previous Week	Current Week	Previous Week
Class A / Porker / Fresh birds	35.20	34.82	55.67	54.04	23.20	23.12	22.92	22.90
Class C/ Baconer / Frozen birds	29.42	29.02	42.62	42.88	21.74	21.50	22.21	22.18
Contract / Baconer/ IQF	35.87	34.87	55.03	54.16	22.47	22.31	19.15	19.56
Import parity price	56.39	57.87	34.34	33.80	26.64	29.57	15.55	15.32
Weaner Calves / Feeder Lambs/	20,03	20,21	26,31	26,06	-	-		
Specific Imports: Beef trimmings 80v/b/Mutton Shoulders/Loin b/in /chicken leg1/4	42,15	48,50	48,45	46,00	37.95	37.95	17.74	18.15

## Yellow Maize Trends

- International:** When compared to the previous week, the average US Fob Gulf maize price closed the week 2.81% higher at US\$173.78/t. If a new Argentinian government devalues the peso and removes the export restrictions producers will be active sellers of grains and soybeans in Jan/June 2016.

- Domestic:** The local maize market for yellow maize traded 2.40% higher at an average of R2918.20/t over the past week. The average exchange rate for the week

was weaker at R13.69US\$ compared to R13.35/US\$ the previous week. Yellow maize exports for the week ending 23 October was 6 026 tons which brings the total yellow maize exports into Africa at 105 491 tons. There were no imports of yellow maize recorded in the last week. Since July the South African Rand strengthened by 8% against the Brazilian Real. Although the Rand weakened by 6,5% towards the US\$ the Rand strengthened by 8% against the Brazilian Real making imports of maize, soybeans and soy oil and meal 8% cheaper from Brazil compared to imports during July.



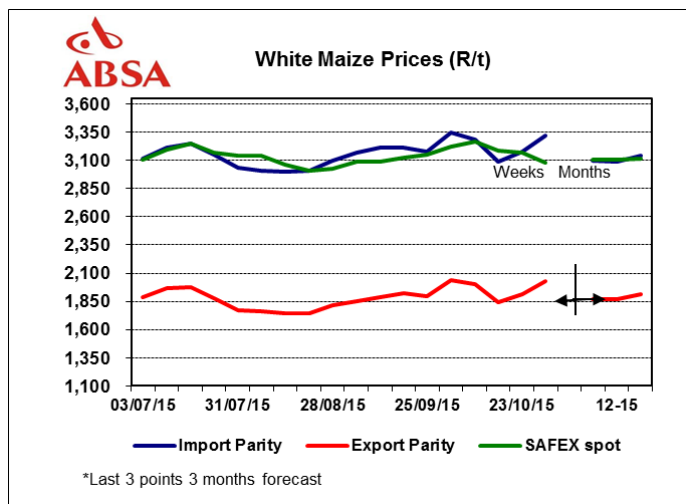
## Outlook

Internationally the USA maize harvest will continue to put pressure on maize prices. Locally should the rand weaken again the local maize prices will feel support.

Yellow Maize Futures: 30 October 2015	Dec-15	Mar-16	May-16	July-16	Sept-16				
CBOT (\$/t)	162	166	168	170	170				
SAFEX (R/t)	2960	2951	2800	2760	2773				
SAFEX (R/t) Change week on week (w/w)	110	101	75	80	117				
	Dec-15			Mar-16			May-16		
	Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
	3,000	101	61	2,990	177	138	2,840	205	165
	2,960	79	79	2,950	155	156	2,800	183	183
	2,920	60	100	2,910	135	176	2,760	162	202

## White Maize Trends

- International:** Kansas City US No 2 rail White Corn was higher over the last week, averaging US\$148.03/t for the week compared to US\$148.82/t the previous week. Last week the US Federal Reserve stated it will hold rates close to zero however there are signals for a possible hike at the next meeting. Brazilian maize continues to be competitive on the global market supported by the countries weak currency.



- Domestic:** The rand has weakened against the dollar during the week by 2.53%. The local average white maize spot price traded 2.70% or R62.20/t lower at R3083.20/t compared to the prior week. White maize exports for the week ending 23 October was 7 980 tons which brings the total white maize exports into Africa at 193 070 tons. There were no tons imports of white maize recorded in the last week.

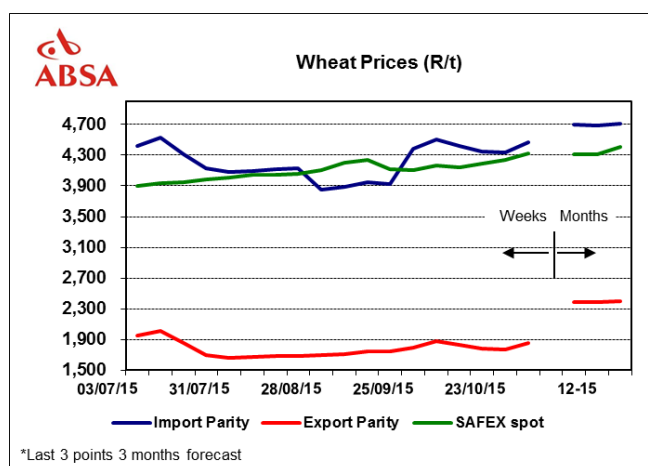
## Outlook

Internationally the market continues to watch the speed of the 2015/16 USA export sale. Locally the lack of rainfall in certain areas of South Africa will support the market.

White-Maize Futures 30 October 2015	Dec-15	Mar-16	May-16	July-16	Sept-16				
SAFEX (R/t)	3104	3113	2950	2930	2870				
SAFEX (R/t) Change w/w	-26	-17	68	74	0				
	Dec-15			Mar-16			May-16		
	Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
	3,140	104	68	3,160	190	143	3,000	221	171
	3,100	82	86	3,120	168	161	2,960	198	188
	3,060	63	107	3,080	148	181	2,920	177	207

## Wheat Market Trends

- International:** The average weekly wheat spot price traded 1.99% higher compared to the previous week at US\$191.2t. Soft red wheat traded 3.71% higher at US\$208.46, while hard red wheat traded at US\$173.98. Rainfall in the HRW winter wheat area and slow export demand led to pressure in the market. Wheat was supported by buying interest, a lower dollar index and concerns of dryness in Ukraine. It is expected that wheat prices will be almost 20% lower in 2015/16 than in 2014/15. It is also



expected that US wheat prices will increase by 15% year on year for delivery in December 2016. Over the next week cooler conditions are expected to push most of Ukraine's wheat into dormancy leaving half of the crop area underdeveloped and vulnerable to winterkill damage if early snow cover is not established. As a result of well-timed rains in France and the UK wheat growth across Europe is expected to be good.

- Domestic:** The average SAFEX wheat spot price increased from last week's levels of R4236.20/t and traded at R4320.60/t which is 2.0% higher week on week. The import tariff is currently R911.20. Without tariff protection domestic wheat prices could have decreased over the past two years by more than 5%. Prices increased by 21% or R725/ton while the import tariff aims at R911/ton. The tariff is effective to lessen price risk for producers and supports the production of wheat. Without protection prices would be significantly lower. Domestic wheat prices increased year on year over the same time period during October for delivery in December by 14% and over 24 months by 21%. South Africa is net importer of wheat. In the USA wheat prices declined year on year by 10% and over the past 24 months by 31%. Over the past 24 months the Rand weakened by 26%.

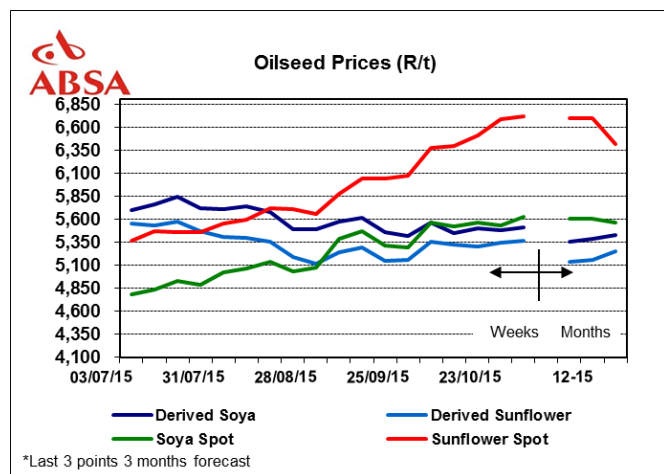
## Outlook

Internationally the market will continue to monitor the weather conditions in Australia and the Black sea region as the dry conditions could result in lower production. Locally the weak rand will continue to support the domestic market.

Wheat Futures 30 October 2015	Dec-15	Mar-16	May-16	July-16	Sept-16			
CME (\$/t)	207	208	209	210	216			
SAFEX (R/t)	4311.0	4404	4438	4468	n/a			
SAFEX (R/t) Change w/w	3.0	7.0	31.0	21.0	n/a			
	Dec-15		Mar-16			May-16		
	Ask	Put	Call	Ask	Put	Call		
	4,360	87	38	4,440	148	112	4,480	183
	4,320	63	54	4,400	127	131	4,440	162
	4,280	44	75	4,360	107	151	4,400	142

## Oilseed Market Trends

- Soybean:** Soybean prices week on week traded 1.3% lower at US\$324.67/t. Soya meal traded at US\$302.56/t, which is 2.0% lower compared to the previous week while soy oil traded 2.0% lower at US\$28.28/lb. Import parity increased. The average domestic soybean spot prices traded 1.59% higher at R5625.60/t in comparison to the previous week.



- International:** Rain in Brazil triggered a weakness in the soy complex.

Soybeans experienced harvest pressure in the USA. Soybean exports for South America and the USA increased by 2,4 million tons or 46% from last year. In Oct/Dec 2015 oilworld estimate world soya meal shipments at 15.9 Mn T, up 1.2 Mn T which implies a 5% or 3.2 Mn T increase in the main season. Soybean prices are likely to remain low as long as the soybean crops in South America are not damaged by unfavourable weather or diseases. Of the major vegetable oils, soya oil prices have the least likelihood of increasing as a result of the prospective large production growth satisfying the strong demand developing in India and numerous other countries. The world demand for soya oil and meal surpassed expectations over the last few weeks which have led to increased soybean crushings.



- **Domestic:** South Africa's increased processing capacity failed to substitute these imports of soya-oil with the domestically processing of soybeans. South Africa is also still a net importer of oilcake. Theoretically, it should be possible to further increase the planting of soybeans for the coming season without impacting negatively on the domestic soybean market and prices. A favorable pre plant soybean to maize price ratio including a risk premium for South African production conditions will support a shift of hectares from maize to soybeans.

## Sunflower seed

The average sunflower spot prices for the week traded 0.60% higher at R6721.60/t compared to the previous week.

- **International** For the second consecutive year India is currently experiencing an oilseed production failure. In October and in Oct/Dec 2015, world sunseed crushings have been recovering after a slow take-off in the first few weeks of the new season. Global vegetable oil prices have appreciated sizably on the back of increased palm oil prices. The South East Asia region experience lingering drought conditions at a time of deficits in oil production. Sunflower seed oil prices increased significantly in recent weeks as insufficient supplies met strong demand from the EU, India and China. It is expected that sunflower seed prices will remain globally at high price levels until June 2016.
- **Domestic** If sunflower seed producers are prepared to exploit this price opportunity and domestic pre plant prices reflect the globally higher prices an increase in the new season planting and production of sunflower seed can be expected.

Oilseeds Futures 30 October 2015	Dec-15	Mar-16	May-16	July-16	Sept-16			
CBOT Soybeans (US \$/t)	325.40	326.50	328.64	330.77	327.46			
CBOT Soy oil (US c/b)	28.20	28.75	29.13	29.19	29.14			
CBOT Soy cake meal (US \$/t)	304.40	301.50	300.50	300.80	303.10			
SAFEX Soybean seed (R/t)	5601	5565	5340	5399	n/a			
SAFEX Soybean seed (R/t) change w/w	-37	22	21	11	n/a			
SAFEX Sunflower seed (R/t)	6699	6420	5865	5900	n/a			
SAFEX Sunflower seed (R/t) change w/w	-26	329	165	277	n/a			
SAFEX Sorghum (R/t)	3040	2974	n/a	n/a	n/a			
SAFEX Sorghum (R/t) change w/w	0	0	n/a	n/a	n/a			
<b>Sunflower Calculated Option Prices (R/t) Absa Capital Trading Desk: 011 – 895 5524</b>								
<b>Dec-15</b>			<b>Mar-15</b>			<b>May-16</b>		
6,740	179	138	6,460	360	320	5,900	402	367
6,700	158	157	6,420	339	339	5,860	381	386
6,660	138	177	6,380	318	358	5,820	360	405

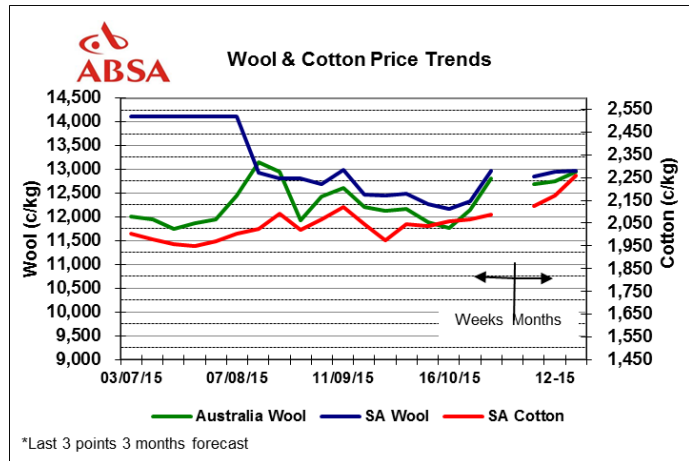
## Fibre Market Trends

- International:** The Australian wool market traded 3.73% higher at the last auction to close on Au 1250c/kg due to strong demand in the market. There was good competition throughout the week which mainly came from the exporters which helped to support the gains. The stronger Chinese indent buying and a more favourable foreign exchange rate also helped.

Cotton prices have traded 1.68% lower over the past week and closed at US60,80c/lb. Cotton prices have

declined, despite ideas that the wetter US outlook may slow harvesting. Rains in the south-western US threatened the crop quality with some damage being reported in parts of Texas, and more damage reported in the South East. Forecasts are predicting additional rounds of rain through the southern Plains over the next two weeks.

- Domestic:** The market during this week's sale traded higher to close the day at R129.76 (Clean) which is 5.30% higher than the previous week's price. Prices followed the international prices higher and also gained as a result of good demand from the European and the Asian buyers. The rand also weakened against the US dollar, which also helped to support prices. The latest sale was on the 28th of October and the next sale is expected to be on the 04th of November with about 10440bales expected to be on offer. SA cotton prices traded higher or a 1.06% increase to close at R20.87/kg due to the weaker exchange rate.



## Outlook

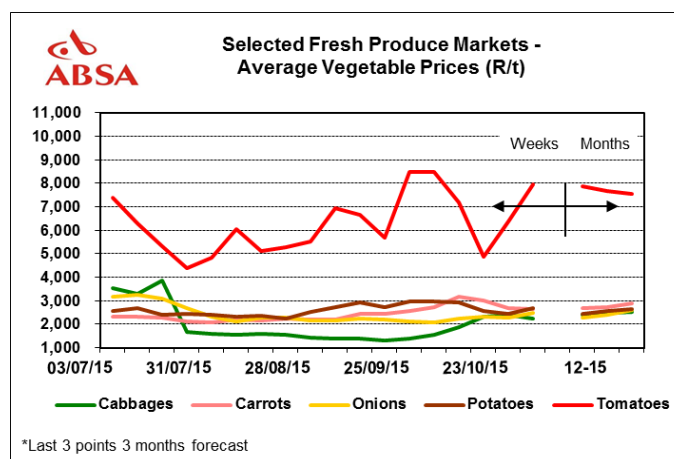
Internationally, prices are expected to be supported in the short term due to the expected continuation of the strong market conditions in Australia. The lack of global stocks and hand to mouth buying operations continue to be in play, and are supportive to prices. For cotton, prices might be supported due to the wetter US outlook which may slow harvesting.

Domestically, the volatility in the exchange rate is expected to continue to influence local cotton and wool market.

Fibres Market Trends Week ending 30 October 2015				
Wool prices	SA prices (c/kg)	Australian prices (SA c/kg)	Australian Future Dec - 2015 (AU\$/kg)	Australian Future Mar - 2016 (AU\$/kg)
Wool market indicator	12976	12148	-	-
19µ micron	13882	13567	13.59	13.34
21µ micron	12903	12909	12.90	12.65
Cotton prices	SA derived Cotton (R/kg)	New York A- Index (US\$/kg)	New future Dec-2015 (US\$/kg)	New York futureMar-2016 (US\$/kg)
Cotton Prices	20.87	1.53	1.37	1.37

## Vegetables Market Trends

- Cabbage:** Cabbage prices decreased week on week to R2259/t. The price decrease was despite an decrease in volumes. Prices are expected to move sideways in line with seasonal trends.
- Carrots:** Carrot prices traded lower compared to the previous week at R2631/t. The price decrease was due to an increase in volumes. Prices are expected to move sideways in line with seasonal trends, with improved demand supporting prices.



- Onions:** Onion prices increased week on week to R2463/t. The price increase was despite an increase in volumes. Prices are expected to trade sideways in the short to medium term in line with seasonal trends.
- Potatoes:** Potato prices increased week on week to R2698/t. The increase in prices was despite an increase in volumes. According to Potatoes SA prices normally reach a high in October, where after it will experience downward pressure till round about the beginning of December and the latest PSA's crop estimate that October's volumes are less than September's volumes, however still above the norm. Prices have already started an upward movement in line with the long-term trend.
- Tomatoes:** Tomato prices increased week on week to R7943/t. The price increase was due to a decrease in volumes during the past week. Prices are expected to move sideways to upwards in line with seasonal trends.

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

Week ending 30 October 2015	This week's Average Price (R/t)	Previous week's Average Price (R/t)	Difference in weekly average price	This week's Total Volumes (t)	Previous week's Total Volumes (t)	Difference in weekly average Volumes
<b>Cabbages</b>	2259	2383	-5.21%	1347	1421	-5.24%
<b>Carrots</b>	2631	2688	-2.12%	2363	2150	9.87%
<b>Onions</b>	2463	2293	7.40%	6625	5665	16.94%
<b>Potatoes</b>	2698	2447	10.24%	18585	18240	1.89%
<b>Tomatoes</b>	7943	6354	25.02%	3960	4364	-9.25%

**Fruit Prices: Fresh Produce Market**  
**(Averages for the Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban markets)**

Week ending 30 October 2015	This week's Average Price (R/t)	Previous week's Average Price (R/t)	Difference in weekly average price	This week's Total Volumes (t)	Previous week's Total Volumes (t)	Difference in weekly total Volumes
<b>Avocados</b>	14630	14973	-2.29%	335	309	8.66%
<b>Grapes</b>	48383	54874	-11.83%	46	49	-5.99%
<b>Mangos</b>	3941	3670	7.38%	44	50	-12.11%
<b>Oranges</b>	2918	3773	-22.66%	965	1482	-34.85%
<b>Peppers</b>	11994	12399	-3.27%	993	981	1.15%

**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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