



# Agri Trends

29 November 2016

## Credit rating downgrades averted but global risks increases

Both Fitch and Moody's kept their credit ratings unchanged on Friday but changed their outlooks to negative indicating that the risk for South Africa not being able to pay back its debt did not worsen since the previous rating. However, the outlook deteriorates to negative as concerns are raised about South Africa's political risk, standards of governance and policy-making. Structural reforms are needed to restore confidence and encourage investment. Economic growth rates are lower than population growth signifying that South Africans are getting poorer and raised concerns about our future ability to repay foreign debt. Yes, we managed to successfully prevent a downgrade for now, meaning that the cost of borrowing money will not increase and that foreign investment should improve. The South African Reserve Bank kept its policy rate unchanged at 7% last week. If we can solve our political tensions favourably the Reserve Bank may even be able to cut the repo rate by 25 basis points in 2017. But global risks increase. If the Trump administration has their way the USA Federal Reserve may up interest rates compelling the Reserve Bank to increase our rates in January also.

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**Contact us at Absa Agri-business:**  
Wessel.Lemmer@absa.co.za

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# Beef market trends

## International

New Zealand steers traded sideways week on week the past week at 5.38NZ\$/kg and cows traded sideways at 3.91NZ\$/kg compared to a week ago. In the US, beef prices for the week were mostly higher as follows: Top side trade 4.74% higher at \$190,33/cwt. Rump was 1.96% higher at \$225.05/cwt and Strip loin was 0.2% lower at \$424.71/cwt. Chuck traded -0.14% lower at \$195,61/cwt. Brisket traded 6.61% higher at \$219,55/cwt. The carcass equivalent price was 1.98% higher at \$246.63/cwt.

### Bullish factors

- The New Zealand Dollar weakened by 2,3% week on week providing underlying price support for both livestock producers and processors but increases the production cost of livestock.
- Low slaughter rates in New Zealand increase competition and demand for feeder cattle as producers keep cattle to continue piling weight on stock.

### Bearish factors

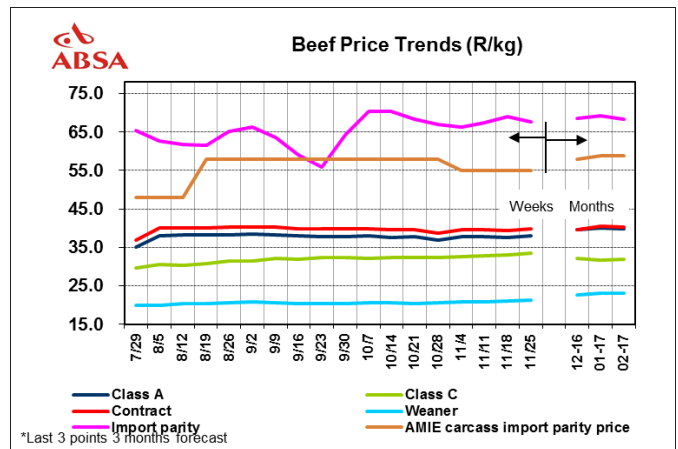
- Weekly US beef production is increasing at a rate not seen since 2010, and with export performance not keeping pace with the growth the US market is in danger of being swamped.

## Domestic

Beef prices strengthened week on week. Prices are expected to gain support moving forward from better demand that comes with increased demand during the festive season. The forecasted Absa beef prices are as follows: Class A prices are 1.12% higher at R37.97/kg. Class C prices are 0.83% higher at R33.41/kg. The average weaner prices were 1,1% higher at R21.18/kg. The average hide price over the past week was 2.83% higher at R15.62/kg green. These prices were higher irrespective a strengthening Rand. The Rand strengthens by 2.28% over the past week. The direction of the currency may continue to impact on hide prices and may favour the import of hides above local processing. NB\* Hide prices are determined by the average of RMAA1 and independent companies.

### Bullish factors

- Prices will be supported by month end buying and the favorable weather outlook. Slaughter numbers continue to decline the past 4 weeks due to the improved rainfall.
- Seasonally, producer prices increases from now up until the festive season due to improved demand during this time.



### *Bearish factors*

- Lacking of sufficient buying power from consumers may negatively impact on demand for livestock as prices are high. Low economic growth and high interest rates limit the consumer's buying power.
- In the long run in 2017 a strengthening Rand and improvement in feed price levels may add pressure on prices.

### **Outlook**

Internationally, USA cattle prices are forecasted lower in the longer term as production pick up supported by low feed cost in the USA.. Domestically, a weakening Rand, declining slaughter numbers and improved weather outlooks provide underlying support but consumers buying power limit demand.

## Mutton market trends

### International

The New Zealand lamb prices were mixed this week compared to last week. Lamb prices closed this week 0.06% higher at NZ\$82.15/head for 15kg lamb. Lamb prices were 0.17% lower at NZ\$115.50/head for 21kg lamb. Ewe prices closed again sideways at NZ\$59.30/head for a 21kg ewe. The import parity price for lamb was 2.21% lower at R60.93/kg while the import parity price for mutton was 2.17% lower at R36191/kg.

#### Bullish factors

- The demand for lamb in most overseas markets is relatively positive at present. Production out of New Zealand is low and demand for 2017 is increasing.
- In New Zealand the year on year slaughter rates and store lamb trading values are well down on typical levels for this time of the year. Due to an abundance of feed producers are less inclined to send livestock to the market.
- The current lack of sunshine impact on the quality of grazing and lambs take longer to reach finishing weights. Consequently, the lower supply lead to struggling slaughter rates which may only improve in December.
- Demand from Chinese buyers is increasing for lamb and mutton and it is expected to continue in the New Year. Prices for lamb flaps increased by 10% the past month.

#### Bearish factors

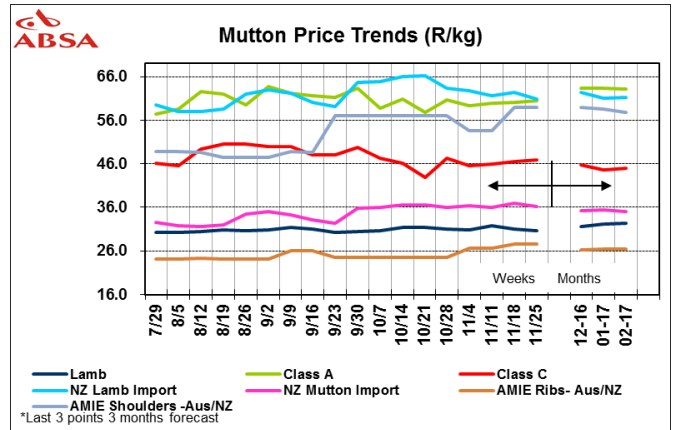
- In the short term the NZ-Dollar strengthened week on week by 2,3% against the US-\$ limiting export profits but is still 5% weaker year on year supporting exports.

### Domestic

Mutton prices were marginally higher over the past week, with an upward trend expected towards month end in line with month end buying. Mutton prices are expected as follows: Class A 0.67% higher at R60.45/kg and Class C 0.86% higher at R46.97/kg. The average price for feeder lambs traded 1.1% lower at R30.70/kg. The average price for dorper skin was 1.30% higher at R35.91/skin and merinos were 1.51% higher at R81.21/skin.

#### Bullish factors

- Prices will be supported by month end buying and improved buying into the festive season.



- Favorable weather outlook may support the livestock market as it may revive pastures and support herd rebuilding.

### *Bearish factors*

- Consumer pressure may negatively impact on demand for livestock prices especially as prices are high.
- The slaughtering rate for sheep decreased week on week by 15% to 18463.
- Lower prices for feeder lamb is indicative of feedlot producer's expectations of a weak market after the festive season in January. To fatten lamb take a period of 40 days. It is therefore expected that the price for feeder lamb may continue to decline.

### **Outlook**

Internationally, Improvement in demand into the festive season may see solid pricing for lamb and mutton products. Additional demand from China is expected to continue after the new year. Local prices may be supported by month end buying and improved demand in line with seasonality but the production season for the fattening of feeder lamb for the festive season runs out and prices start to decline.

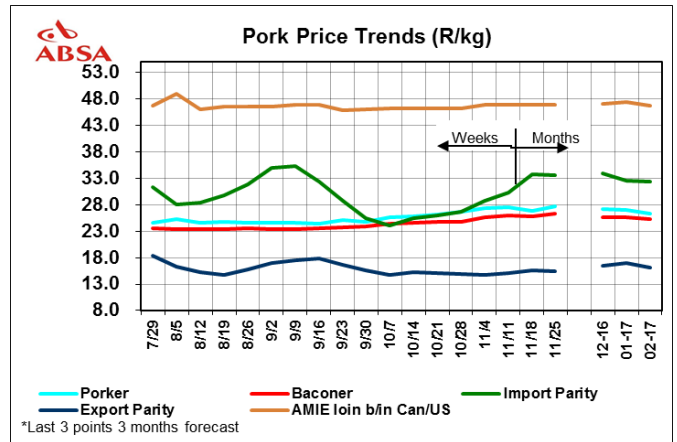
# Pork market trends

## International

The average weekly US pork prices were higher over the past week. Carcass prices were 0.4% higher at US\$73.17/cwt, Loin prices were 0.8% lower at US\$65.44/cwt, Rib prices were 1.2% higher at US\$105,00/cwt and ham was 2.4% higher at US\$73.71/cwt.

### Bullish factors

- China imported for the first nine months of 2016 1,28 million tons of pork which is more than double the amount of imports the previous year. Prices of pork in China are 19% higher year on year.



### Bearish factors

- In the USA pork production increased week on week by 3,4% and year on year by 4,6% to reach 534.3 million pounds. This week's hog slaughter is 3,2 % higher in the US compared to the previous week and 5,7% higher than the same week last year. Pork retail prices in October were the lowest since February and for live hogs the lowest since August 2009. Pork demand is overall down.

## Domestic

Domestic prices remained strong over the past week. Prices are expected to continue with the price support in the short term due to improvement in demand heading into the festive season. The Absa forecast prices were as follows: Porker prices are 2,8% higher at R27.65/kg while Baconer prices are 2.0% higher at R26.30/kg. It is expected that prices will recover from the week on week decline the previous week.

### Bullish factors

- Pork remains the cheaper protein when compared with beef and mutton, and this may support the demand side of the product.
- Seasonality points out to improved demand of pork products at month end and going into the festive season. 8,1% less pigs (22 213) were slaughtered week on week

### Bearish factors

- A strengthening Rand and competing imports of other meat products from the EU may add price pressure. Pork products are year on year up by more than 19%. Lower poultry price increases may lead to a shift in demand from pork.

## Outlook

Internationally prices are under pressure but increased demand from China provides underlying support. However, we enter into Christmas with plentiful of supplies. Demand may improve into the festive season and may add support to prices. Locally, prices can be supported in line with seasonality and improved demand during this period.

## Poultry market trends

### International

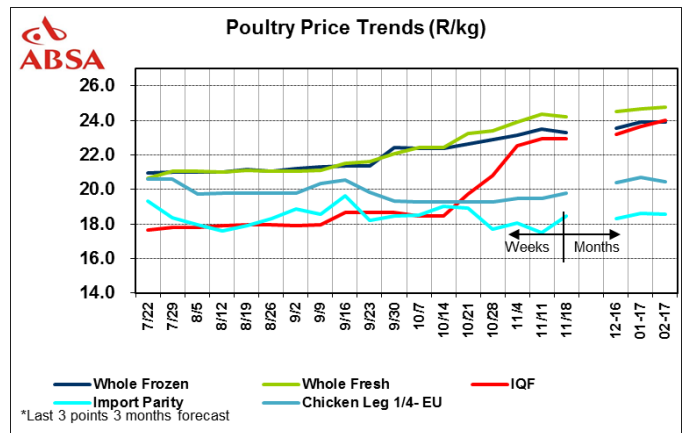
Poultry prices in the US were mixed over the past week. Whole bird prices were 2.36% higher at 81.62USc/lb. Breasts traded 0.52% higher at 97,00Sc/lb, whilst Leg Quarters traded 3.17% lower at 30,50USc/lb.

#### Bullish factors

- More outbreaks of the H5N8 highly pathogenic avian influenza virus have been found all over Europe mainly affecting geese and ducks.

#### Bearish factors

- An interest rate hike by the Federal Reserve may lead to a stronger Dollar impacting negatively on US export prices.



### Domestic

The average poultry prices over the past week were mostly higher. The average prices for frozen birds were 0.39% lower at R23.22/kg during the week. Whole fresh medium bird prices were 1.16% higher at R24.51/kg while IQF prices were 2.7% higher at R23.57/kg.

#### Bullish factors

- South Africa imported 230 643 tons of bone-in poultry since January 2016. However, only 18 09 tons of the 65 000 tons under the rebate provision were imported from the USA. The depreciating Rand curb imports and increases food inflation.
- Compared year on year the price of poultry products are 3,6% higher for frozen whole birds, 6,3% higher for fresh whole birds but 24% higher for IQF products. The brine regulations limiting brine content to 15% leads to a substantial increases in IQF prices.
- Feed cost inflation necessitates prices increases of consumer products. The higher pork prices compared year on year may lead to poultry prices following pork higher.

#### Bearish factors

- The EU held a market share of 72% and Brazil 17% compared to the 8% of the USA in the domestic bone in market. Any strengthening of the Rand may impact negatively on domestic prices through increased cheap imports.  
IQF prices increase year on year by 24%. Consequently, the demand for IQF (Individually Quick Frozen portions) products is shifting towards whole frozen and fresh birds.



## Outlook

Internationally, plentiful poultry supplies continue to add a bearish tone to the international market, but better demand into the festive season may provide some support. Locally, prices are expected to be supported by improvement in demand in line with seasonal trends. Producers try to recover potential losses due to the new bringing regulations by increasing prices of IQF products. Consumer resistance is however starting to impact on demand negatively. Poultry prices start to follow pork prices higher.

Livestock Prices (R/kg) week ending 18 November 2016	Beef			Mutton			Pork			Poultry		
	%	Current Week	Prior Week	%	Current Week	Prior Week	%	Current Week	Prior Week	%	Current Week	Prior Week
Class A / Porker / Fresh birds	1.12	37.97	37.55	0.67	60.45	60.05	2.8	27.65	26.91	1.16	24.51	24.23
ClassC/ Baconer / Frozen birds	0.83	33.41	33.13	0.86	46.97	46.57	2.0	26.30	25.78	-0.39	23.22	23.31
Contract / Baconer/ IQF	1.20	39.91	39.43	0.17	61.03	60.93	2.4	26.98	26.35	2.70	23.57	22.95
Import parity price	-2.24	67.57	69.12	-2.17	36.11	36.91	-1.9	33.90	34.60	-3.16	17.90	18.50
Weaner Calves/ Feeder Lambs/	1.10	21.18	20.95	-1.10	30.70	31.04		-	-			
Specific Imports: Beef trimmings 80vl/b/Mutton Shoulders/Loin b/in /chicken leg1/4	0	55.00	55.00	0.0	59.00	59.00	0.0	46.90	46.90	0.00	19.80	19.80

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## Maize market trends

### International

The weekly average prices for yellow corn in the Gulf increased week on week by 0,12% from \$160/ton to \$161/ton. The Rand strengthen week on week by 0,13% from R14.33 to R14.31. The IGC maize price index increased by 1,2% year on year.

#### *Bullish factors*

- The EPA surprised the US biofuel industry by raising the consumption targets for ethanol for 2017. This will require larger than expected quantities of corn.
- The cumulative USA export sales of corn for 2016/17 amounts to 29,3 million tons compared to 16.6 million tons over the same time period in 2015/16.
- US feedlots prefer lighter weight cattle which is less expensive. This will curb cattle slaughtering numbers and increases feed demand.

#### *Bearish factors*

- The export sales of USA corn amounts to 1,69 million tons for the week ending 17 November, compared to 2,04 million tons a year ago.
- The year on year decline in the number of cattle placed in USA feedlots in Sept/Oct as well as the ongoing strong marketing of feedlot cattle curbed cattle feed supply to 10,7 million head, down 1% from a year earlier. The plummeting of the prices for market ready cattle has kept US feedlot operators struggling for months. The cattle on feed report released on 18 Nov showed that October placements were down 5% on the year while the number of cattle sold to meat packers increased by 5%.
- Compared to August 2016, South African maize imports declined by 52% % to 115 509 tons in September 2016. According to SARS data the average import price in August was R2524/ton compared to R2134/ton in September 2016.

### Domestic

The weekly average spot price for old season white maize increased by 6.5% from R3789/ton to R4047/ton. The weekly average price for yellow maize increased from R3205/ton to R3294/ton by 2,8%. The average weekly new season white maize prices for delivery in July 2017 increased from R2571/ton to R2590/ton by 1.0% and increased for yellow maize from R2532/ton R2558/ton by 1%.

#### *Bullish factors*

- Since the start of May until 18 Nov South Africa imported 965 236 tons of yellow maize at a weekly import pace of 33 284 tons per week. The weekly pace to meet the NAMC projected imports of 1850 000 tons by the end of April 2017 is 35 580 tons per week. The import pace is 7% behind the weekly target.
- By the end of October producers indicate their intentions to plant 2,463 million hectares. At an average of 4,37 tons per ha 10,8 million tons of maize will produced. Imports of 1,2 million tons will still be necessary to

ensure 117 days of stock or an ending stock of 1,5 million tons at marketing year end. A recent Reuters poll on 22 November indicate that traders expect producers to increase plantings to 2,62 million hectares. At a yield of 4,37 tons per hectare it means that 687 000 tons of additional maize will be harvested. Imports of 500 000 tons of yellow maize will still be needed to meet demand.

- Rate hikes by the USA Federal Reserve will necessitate rate hikes of 25 basis points by the Reserve Bank in January in order to protect the Rand against further weakness. This will add underlying support to maize prices to increase.

### Bearish factors

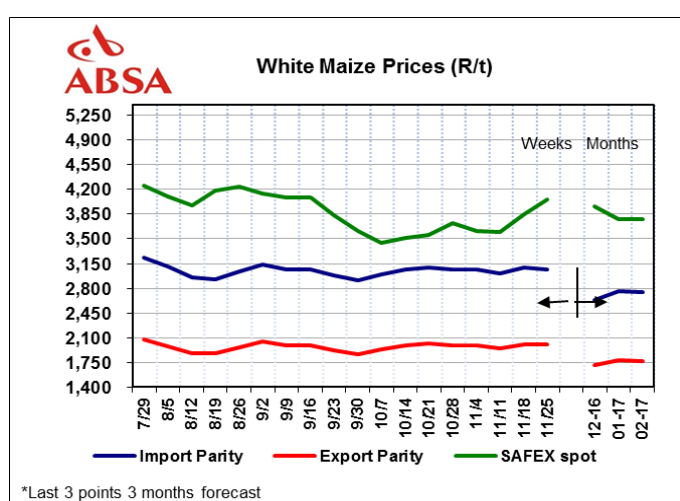
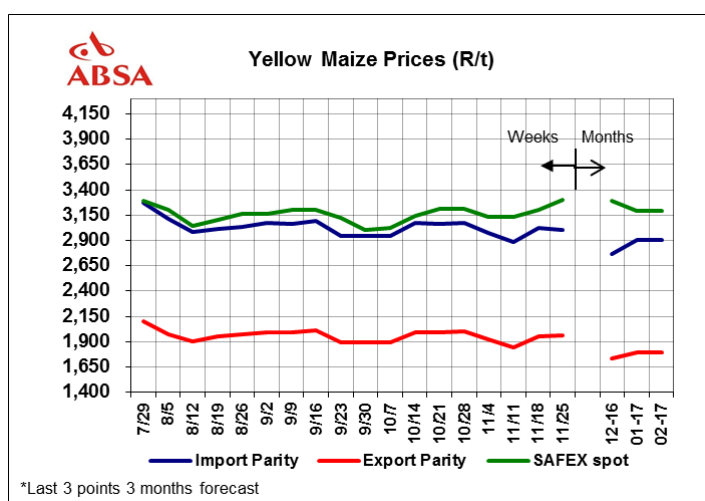
- Since the start of May until 18 Nov South Africa imported 516 935 tons of white maize at a weekly import pace of 17 825 tons per week. The weekly pace to meet the NAMC projected imports of 850 000 tons by the end of April 2017 is 16 350 tons per week. The import pace is ahead of the weekly target. Recently, imported white maize also meets the domestic quality requirements.
- A favorable weather outlook for new season maize and an expected increase in planting and production may impacts negatively on new season maize prices. The weather outlook points to rains across the summer producing regions in the weeks to come, which bodes well with the planting of the summer grains.
- If the USA Federal Reserve fail to hike interest rates soon and the South African government manage to reach a solution in favor of political certainty sooner than expected the Rand may gain ground leading to further declines in the import parity prices of maize. The consumer will benefit by significant declines in food and animal feed price inflation and lower food prices.
- Fitch kept its credit rating for South Africa intact with a negative outlook – the rand remain strong.

### Outlook

Internationally, prices may be supported on the back of additional demand in the biofuels market as well as strong export demand. Locally, the favourable weather outlook may add a bearish tone to maize prices. On the other hand, increased global uncertainty and further rate hikes by the Federal Reserve may lead to a weaker Rand that will add underlying support to domestic maize prices.

Yellow Maize Futures: 25 November 2016	Dec-16			Mar-17			May-17			July-17			Sep-17		
CBOT (\$/t)	149			153			156			159			161		
SAFEX (R/t)	3294			3186			2567			2558			2584		
SAFEX (R/t) Change week on week (w/w)	88			73			23			25			21		
Mar-17				May-17						Jul-17					
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call	Ask	Put	Call	Ask	Put	Call	
3,280	177	138	2,620	166	123	2,620	243	200	2,620	243	200	2,620	243	200	
3,240	155	156	2,580	144	141	2,580	221	218	2,580	221	218	2,580	221	218	
3,200	135	176	2,540	123	160	2,540	199	236	2,540	199	236	2,540	199	236	

White-Maize Futures 25 November 2016	Dec-16	Mar-17	May-17	July-17	Sep-17				
SAFEX (R/t)	4047	3846	2740	2590	-				
SAFEX (R/t) Change w/w	248	227	45	19	-				
	Mar-17		May-17			Jul-17			
	Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
	4,000	344	310	2,840	248	216	2,660	327	281
	3,960	322	328	2,800	226	234	2,620	304	298
	3,920	301	347	2,760	205	253	2,580	282	316



## Wheat market trends

### International

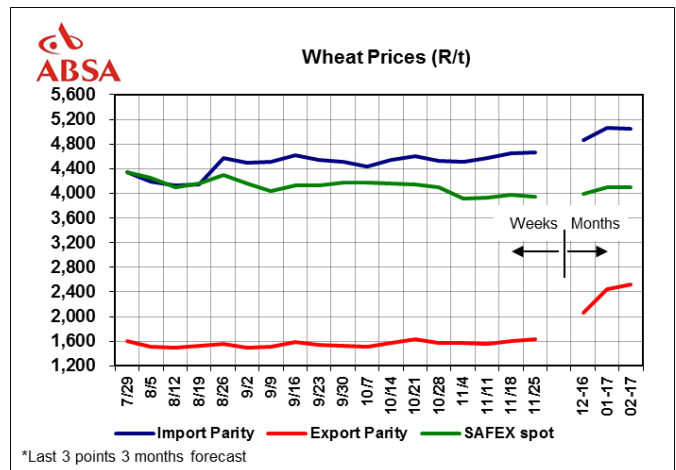
The weekly average old season HRW wheat Gulf price increased week on week by 2,2% from US\$149.31/ton to reach a weekly average of US\$152.54/t. The IGC wheat price index declined by 8,8% year on year and the barley price index by 10,6%.

#### Bullish factors

- The global consumption of wheat increased by 16 million tons to 736 million tons in 2016/17.

#### Bearish factors

- The world production of wheat increased by 12 million tons to 749 million tons. The global carryover stocks increased by 13 million tons to 235 million tons and for the major exporters by 3 million tons to 71 million tons.



### Domestic

Domestic new season weekly average wheat prices traded higher from R3927/ton to R3979/ton by 1,3%.

#### Bullish factors

- According to the NAMC South Africa needs to import 1,5 million tons of wheat during the 2016/17 (Oct – Sep) marketing year. The required weekly import pace is 28 846 tons. Until 18 November South Africa imported 87 816 tons during the 2016/17 marketing year (Oct/Sep) or only 12 545 tons per week. The rate of imports is insufficient to meet domestic demand as only 43% of the weekly import requirement or target is currently imported. Imports fall behind the required estimated rate of imports.
- The total demand for wheat increased year on year by 1,9 % to 3 307 300 ton.
- The current import tariff of R1591.40/ton still provides underlying support to domestic prices.
- The Federal Reserve may hike interest rates under the new Trump administration. This will be followed by interest rate increase of 25 basis points for South Africa in January 2016 thereby providing underlying support to an increase in parity price levels as well as domestic wheat prices.
- Rice import volumes for South Africa increased from 119 362 ton in Sep 2015 to 135 690 ton in Sep 2016 year on year while the average export price increased by 6,5% from R6059/ton to R6450/ton .

## Bearish factors

- According to the CEC the national production of wheat for 2016 increased by 1,9%. The area planted increased by 5,4% or 26 215 ha compared to 2015. The total production of wheat increased by 352 495 tons. The required imports of 2 066 906 tons in 2015/16 declined by 27,4 % to 1 500 000 tons.
- Fitch and Moody's did not downgrade South Africa last Friday. Consequently, the Rand remain stronger at just above R14 to the US Dollar.
- Consumer resistance prevents further wheat price increases. According to SARS data the average wheat import (landed) price for August 2016 was R2328/ton for 247 740 tons of imported wheat compared to R3390/ton for 10 133 tons of imported wheat for September.
- From February onwards a monthly amount of 33 333 tons can be imported tariff free from the EU. Imports are not allowed during the three months of harvesting (Nov, Dec & Jan).

## Outlook

Globally, wheat production increased and carry-out stocks reached record high levels keeping international prices low. Locally, the domestic demand for wheat outstrips local supply. Prices enjoy underlying support as the import requirement does not meet the weekly demand.

Wheat Futures								
25 November 2016			Dec-16	Mar-17	May-17	July-17	Sep-17	
CME (\$/t)			145	154	159	165	171	
SAFEX (R/t)			3957	4062	4123	4179	N/A	
SAFEX (R/t) Change w/w			-36	-41	-37	-45	N/A	
Mar-17			May-17			Ju-17		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,100	232	185	4,160	288	254	4,200	349	299
4,060	211	204	4,120	266	272	4,160	327	317
4,020	190	223	4,080	246	292	4,120	305	335

## Oilseed market trends International

### Oilseed prices

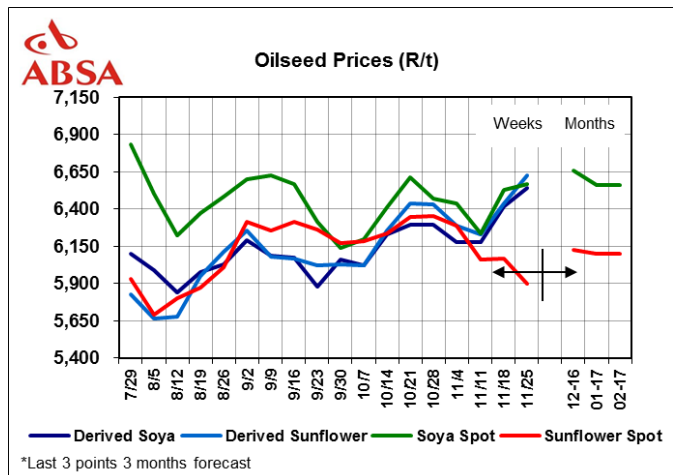
The weekly average USA soybean price increased week on week from US\$374.12/ton to US\$385.62/ton by 3,1%. USA soya oil prices increased from USA\$34.00/ton to USA\$35.90/ton by 5,6% and soymeal prices increased from USA\$310.10/ton to USA\$319.64/ton by 3,09%. The IGC soybean price index increased by 14,8% year on year.

#### Bullish factors

- US export price quotations for soybeans are supported by robust export demand. US soybean exports are forecasted at an all-time high of 55,8 million tons for (Sep/Aug), 2016/17. Exports by the three main exporters (USA, Brazil and Argentina) is expected to increase by 8 million tons to 122,3 million tons.
- Total world consumption is expected to increase from 319 million tons to 332,3 million tons in 2016/17. An increase of 23,3 million tons or 7,3%..
- The current shortage of vegetable oils support prices in the short term but can be short lived unless crop conditions in South America deteriorate. Parts of the Buenos Aires Province experience dry conditions. Palm oil prices reached a four year high price level in Malaysia.
- The EPA surprised the US biofuel industry by raising the consumption targets for biodiesel in 2017. This will require larger than expected quantities of soybean oil.

#### Bearish factors

- The production of soybeans in the major exporting countries worldwide is forecasted 4 million tons higher for 2016/17 reaching 336 million tons. Production increased by 21 million tons above the previous season's production of 315 million tons produced. The global carryover stock for soybean increased by 4 million tons to 37.8 million tons. Soybean stocks expand by 11% year on year due to accumulation in the USA.
- New crop soybean prices for shipment from February onwards are lower in Brazil and are supported by favorable growing conditions.
- Fitch kept its credit rating for South Africa intact with a negative outlook – the rand remain strong.





## Domestic

Old season weekly average soybean prices for delivery in December 2016 increased by 0,1% week on week from R6535/ton to R6541/ton. The weekly average old season sunflowerseed prices declined sharply from R6116/ton to R5907/ton by 3,4%.

### *Bullish factors*

- Lack of supplies and high prices for soybeans led to some of the processing plants closing down and to import vegetable oil and oilcake to meet client's demands. Imports of vegetable oils and oilcake increased.
- The price ratio between sunflowerseed and white maize is currently insufficient to ensure an increase in the planting of new season sunflowerseed above that of white maize. The price ratio for delivery in May 2017 is between 1,9 and 2,0 and needs to increase to 2,3 for producers to increase the sunflowerseed hectares planted.
- The required rate of imports to meet the NAMC import target for sunflowerseed for processing is 2917 ton per month. The actual imports are 2309 ton/month which is too little to meet the expected import target of the NAMC.
- The imports of soybean-oil increased during August to September. Soybean-oil imports totaled for the seven months from March to September 92 097 tons. Compared at an oil extraction rate of 18% it equals 511 650 tons of soybeans. Clearly, soybeans are in short supply.
- The imports of sunflowerseed oil from August to September totaled 71 458 tons. At an oil extraction rate of 38% this equals 188 047 tons of sunflowerseed. However, it seems as if stocks at processors and traders will meet old season demand until middle of April 2017.

### *Bearish factors*

- Notwithstanding the past season's drought, sunflowerseed in storage at traders and processors (342 343 ton) are sufficient to meet the monthly consumption of 63 000 tons and to have sufficient carry out stock at the end of February available to cover 6 weeks of consumption.
- Crushing margins for the processing of unhedged old season soybeans and sunflowerseed are negative. Consumer resistance also weighs on new season prices for delivery in May at a sunflowerseed to white maize price ratio of 2.16 instead of 2.35 or more.
- Processors of soybeans compete with higher bids on yellow maize in order to win additional hectares planted to soybeans. The price ratio of 2,35 between soybean and yellow maize for delivery in May should be sufficient to incentivize producers to review their intentions and increase the plantings of soybeans..
- Until the end of October the monthly import pace of 33 587 tons/month for soybeans exceeds the monthly target of 25 000 tons/month. Some processors stopped the importation of soybean for processing and switched over to the importation of oil and oilcake to meet obligations to clients. Note that the regular monthly imports of soybeans (+135 000 tons/month) nearly stopped during September and October. The total deficit to meet demand are more or less 185 000 tons. The deficit to cover demand from November to February totals 58 000 tons. This excludes 126 000 tons of carry out stock needed to cover at least six weeks at the end of the 2016/17 marketing year.

## Outlook

Globally, South Africa remains a net importer of oilseeds, vegetable oil and oilcake which will in conjunction with a weakening exchange rate continue to provide underlying support to oilseeds in general. Price increases will be limited as margins are under pressure. Processors incentivize soybean producers with an attractive new season price ratio to increase the plantings of soybeans. The industry needs producers that focus on best practices for the production of quality sunflowerseed.

Oilseeds Futures 25 November 2016	Dec-16	Mar-17	May-17	July-17	Sep-17			
CBOT Soybeans (US\$/t)**	384	387	390	391	377			
CBOT Soy oil (US c/lb)	37.66	37.20	37.32	37.44	37.09			
CBOT Soy cake meal (US\$/t)*	321	326	327	329	327			
SAFEX Soybean seed (R/t)	6550	6500	6211	N/A	N/A			
<i>SAFEX Soybean seed (R/t) change w/w</i>	6	69	98	N/A	N/A			
SAFEX Sunflower seed (R/t)	5907	6041	5904	5985	N/A			
<i>SAFEX Sunflower seed (R/t) change w/w</i>	-209	-55	6	1	N/A			
<b>Sunflower Calculated Option Prices (R/t)</b>								
<b>Mar-16</b>			<b>May-17</b>			<b>Jul-17</b>		
6,100	354	304	6,000	355	305	6,020	444	394
6,060	332	322	5,960	333	323	5,980	422	412
6,020	311	341	5,920	312	342	5,940	401	431

\*short ton

\*\* Dec 2016 = Jan 2017

## Wool market trends

### International

The Australian wool market prices were higher and closed 3.73% higher at Au1363c/kg at the recent auction.

#### Bullish factors

- Prices surged in the Australian wool market the past week with merino wool prices leading the way.
- Declines in the Australian dollar and strong demand from eastern markets support prices. The eastern market indicator jumped by 49 AUDc/kg to 1363c/kg.

#### Bearish factors

- The auction volumes have been relatively large over the past few weeks. Significant portion of that growing wool supply has been in the crossbred sector, and Merino types remain in a relatively short supply
- Continuing dry weather has allowed growers to catch up with shearing and trucks are able to move wool into store. Larger volumes are expected to be on offer in the Australian auctions.

### Domestic

Domestic wool market prices were 1% lower at the most recent sale to close at R153.18 (Clean).

#### Bullish factors

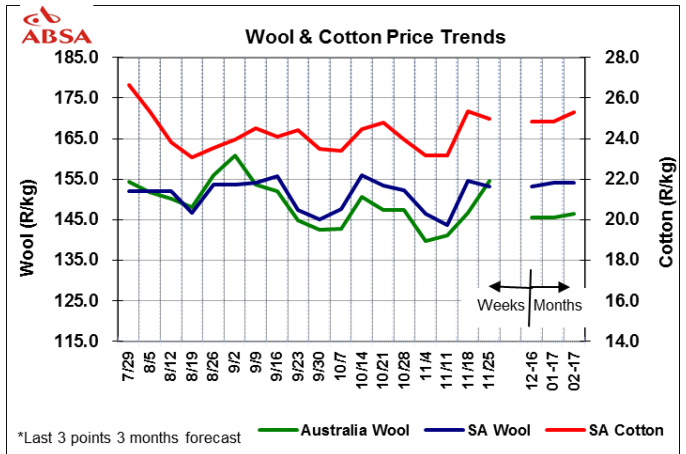
- The wool market was positive over the past week directly influenced by the strength of the US Dollar.
- Demand for South African wool remains healthy.

#### Bearish factors

- Although international prices improved significantly the impact of the strengthening Rand impacted negatively on South African wool prices.

### Outlook

Internationally, a continuation of the strong demand is expected to give support to market prices at the time where larger supplies will be on offer. Locally, positive demand and the movement of currency will continue to drive the domestic market.



## Cotton market trends

### International

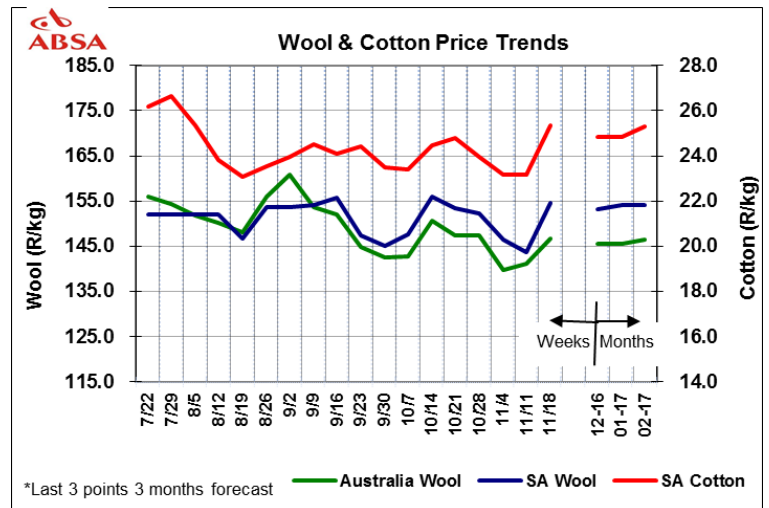
Cotton prices traded 0.10% higher over the past week and closed at US69.71c/lb.

#### Bullish factors

- Buying in China triggered by concerns about China's production worry. Crop damage due to bad weather in China supported prices.
- In India cotton prices gained amid improved demand from mills and ginners for new season crop supplies.

#### Bearish factors

- A stronger dollar put pressure on cotton prices and the expectation of an interest rate hike by the Federal Reserve limit price gains.
- US cotton harvesting is underway, which may bring pressure on the market. Expectations of a good harvest in India limit the upside for prices.



### Domestic

SA cotton prices traded 1.30% lower to close at R25.00/kg. The decreases in prices were in line with the strength in the South African currency over the past week. The Rand strengthened by an average of 2.3% weeks on week, and this add to the price declines .

### Outlook

Internationally, the market will continue to be weighed down by harvest pressure in the US. The declines will be limited by production worries in China. Locally, the exchange rate will continue to affect market prices, while the lower cotton crop during the 2015/16 season may also add support.

**Fibres Market Trends**
**Week ending 25 November 2016**

<b>Wool prices</b>	<b>%</b>	<b>SA prices (c/kg)</b>	<b>%</b>	<b>Australian prices (SA c/kg)</b>	<b>%</b>	<b>Australian Future – Dec 2016 (AU\$/kg)</b>	<b>%</b>	<b>Australian Future Mar – 2017 (AU\$/kg)</b>
<b>Wool market indicator</b>	<b>-0.98%</b>	15318	<b>1.80</b>	14298		-		-
<b>19µ micron</b>	<b>-4.53%</b>	16358	<b>1.80</b>	17011	<b>1.94</b>	15.80	<b>5.4</b>	15.60
<b>21µ micron</b>	<b>-2.94%</b>	14417	<b>2.39</b>	15088	<b>0.00</b>	14.00	<b>3.0</b>	13.90
<b>Cotton prices</b>		<b>SA derived Cotton (R/kg)</b>		<b>New York A- Index (US\$/kg)</b>		<b>New York future Dec- 2016 (US\$/kg)</b>		<b>New York future Mar-2016 (US\$/kg)</b>
<b>Cotton Prices</b>	<b>-1.37%</b>	25.00	<b>0.10</b>	1.77	<b>-0.40</b>	1.61	<b>-1.2</b>	1.58

## Vegetable market trends

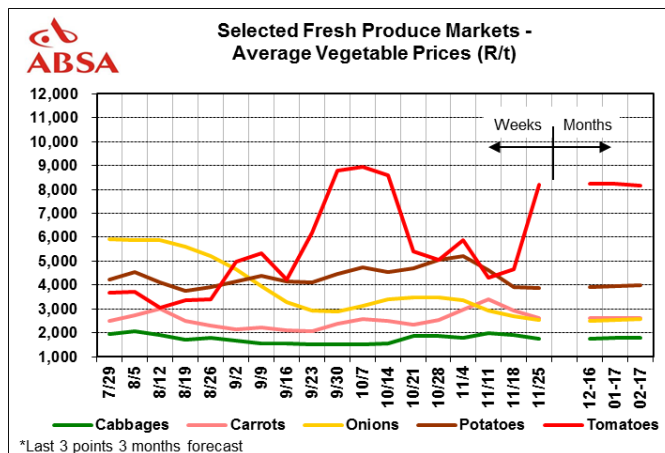
**Cabbage** prices decreased by 8.2% to reach R1766/ton on the back of volume increases of 6.4% week on week.

**Potato** prices decreased by 1.3% week on week as a result of 6.7% increases in volumes at the 5 respective fresh produce market over the past week.

**Carrot** prices followed an downward trend, decreasing by 10.6% to an average of R2610/t in line with the increases in volumes over the past week by 22.6%.

**Onion** prices declined week on week by 5% while volumes increased by 47.5%. Due to the warm weather and sufficient water for irrigation in the onion producing regions production exceeded expectations. However, it is expected that the demand for onions for export to African destinations will increase earlier this year around middle December. Currently, some of these markets are closed until such time that the countries run out of supplies from their own production. Prices of onions may increase significantly for December and January. A weak exchange rate will increase export demand as well.

**Tomato** prices increased week on week by 75.4%. Volumes decline by 32.9%. Flowering was impacted negatively by the heat wave six weeks earlier. Producers in the Limpopo province did not have access to sufficient water for irrigation from boreholes and the Limpoporiver due to the drought. Lastly, producers in the Hartbeespoortdam region experienced crop damage due to hail. Prices recovered. If compared year on year tomato prices are still 14% lower than this time a year ago. It is expected that prices will remain at these levels until February.



### Vegetable Prices: Fresh Produce Market

(Averages for the Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban markets)

Week ending	Difference in weekly prices	This week's Average Price (R/t)	Previous week's Average Price (R/t)	Difference in weekly volumes	This week's Total Volumes (t)	Previous week's Total Volumes (t)
25 November 2016						
Cabbages	-8.2%	1766	1924	6.4%	1517	1426
Carrots	-10.6%	2610	2918	22.6%	2324	1896
Onions	-5.0%	2564	2700	47.5%	6608	4478
Potatoes	-1.3%	3866	3918	6.7%	17031	15959
Tomatoes	75.4%	8200	4674	-32.9%	3252	4848

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**Absa Agri-Business**  
[Wessel.Lemmer@absa.co.za](mailto:Wessel.Lemmer@absa.co.za)

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