Agri Trends

07 December 2017

Improved seasonal demand is supporting the livestock industry.

Livestock prices are recording strong gains, and this may be due to strong demand associated with the festive season. During the first week of December, the Average Class A beef price reached R46.53/kg, 22% higher compared to the same period a year ago, whilst the average Class A lamb price increased and traded at a record price of R81.24/kg, which is 29% higher year on year. The poultry and pork markets are also showing favourable gains. The extend at which prices have increased are also due to reduced stock as a result to the 2016 drought. Weather forecasters indicate that La Nina development is taking place that will hopefully improve summer rainfall conditions as we are in the new pasture growing season. Rainfall outlooks for the rest of the season are still favourable for the summer rainfall area. The expected rainfall may replenish soil moisture and revive grazing conditions.

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Contact us at Absa AgriBusiness:

Karabo.Takadi@absa.co.za
Wessel.Lemmer@absa.co.za
Conce.Moraba@absa.co.za
https://www.absa.co.za/business/sector-solutions/agribusiness/trends-and-reports/

Maize market trends

International

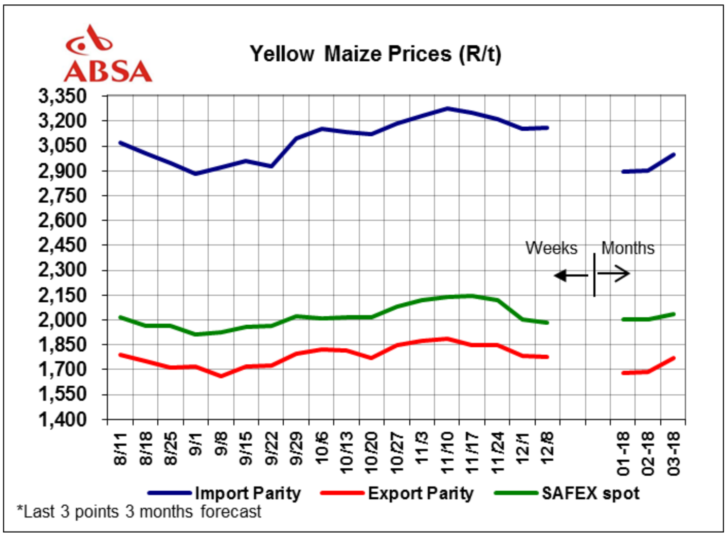
Week-on-week yellow maize No 2 gulf price increased from US$147.95/ton to $151.52/ton. US maize prices are trading sideways ahead of the holiday season. USDA will release WASDE report on Monday 11 December 2017.

Bullish factors

- Ongoing weather concerns and concerns about shortages of Argentinian maize boosted Chicago future prices.
- Informa Economics cut its Brazilian maize estimate for the 2017/18 season due to weather concerns.
- Brazil maize plantings made good progress in the 1st weeks of November. The initial delays have been made up.

Bearish factors

- Trade is starting to slow down ahead of the holiday season in the US.
- Global maize trade is seen increasing in July/June 2017/18.



Domestic

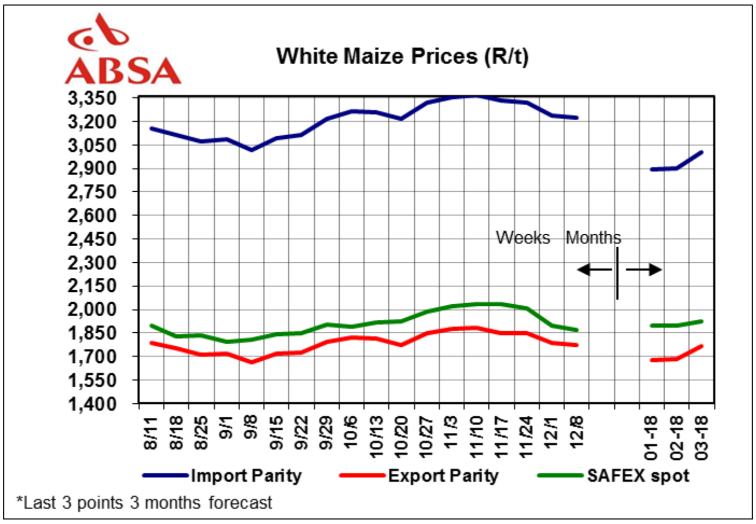
The local maize market traded lower, following a stronger Rand. By December 6th 2017 , week on week new season white maize prices for delivery in Mar2018 decreased by 1.1% (R22/ton) from R1945/ton to R1923/ton, Jul 2018 contracts decreased week-on-week by 0.6% (R13/ton) from R2040/ton to R2027/ton . Week-on-week new season yellow maize prices for delivery in Mar2018 declined by 0.1% (R2/ton) from R2036/ton to R2034/ton. Prices for delivery in Jul2018 for yellow maize were recorded at R2108/ton a 0.1% decline from R2105/ton. Large supplies and favourable weather have been priced in, hence the minimal movement in the grain prices.
Import parity R2713.21 delivered Durban (Argentinian Yellow) (SAGIS)
Export parity R1602.87 delivered Randfontein (US No 3Y)

Bullish factors

- Summer crop planting conditions weren't ideal in November due to lower than expected rainfall, hot and windy conditions as well as very low temperatures.

Bearish factors

- The stronger Rand week-on-week from R13.83 to R13.58.
- La Nina is usually responsible for a late start rainy season, with good rainfall over the mid to late summer rainfall. Domestic current weather outlook is similar to the previous season.
- Mpumalanga and North West received some good rainfall. Forecast for the next few weeks shows probable continuous rainfall.



Outlook

Local

With the holiday season upon us, trade is anticipated to be lower. Any shocks in movements or pick up in export activity will be supported by the Rand volatility due to the political uncertainty in South Africa.

International

Ongoing weather concerns in South America likely to provide some price support. The development of La Nina is in full swing, and conditions could create unfavourable dry conditions in southern Brazil, Central Argentina and Paraguay in Dec/Feb 2017/18. We could see significant price volatility into 2018.

Yellow Maize Futures: 06 December 2017	Mar-18	May-18	Jul-18	Sep-18
CBOT ($/t)	143.79	147.14	149.99	152.55
SAFEX (R/t)	1923	1971	2027	2060
SAFEX (R/t) *Change week on week (w/w)*	-22	-21	-13	-33

Mar-18			May-18			Jul-18		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,080	143	97	2,100	176	143	2,140	201	169
2,040	121	115	2,060	154	161	2,100	179	187
2,000	100	134	2,020	133	180	2,060	158	206

Table 2: Weekly average white maize futures and estimated option prices

White Maize Futures 06 December 2017	Mar-18	May-18	Jul-18	Sep-18
SAFEX (R/t)	2034	2067	2108	2150
SAFEX (R/t) *Change w/w*	-2	0	3	-14

Mar-18			May-18			Jul-18		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
1,960	144	107	2,020	184	135	2,060	210	177
1,920	122	125	1,980	161	152	2,020	187	194
1,880	102	145	1,940	140	171	1,980	166	213

Wheat market trends

International

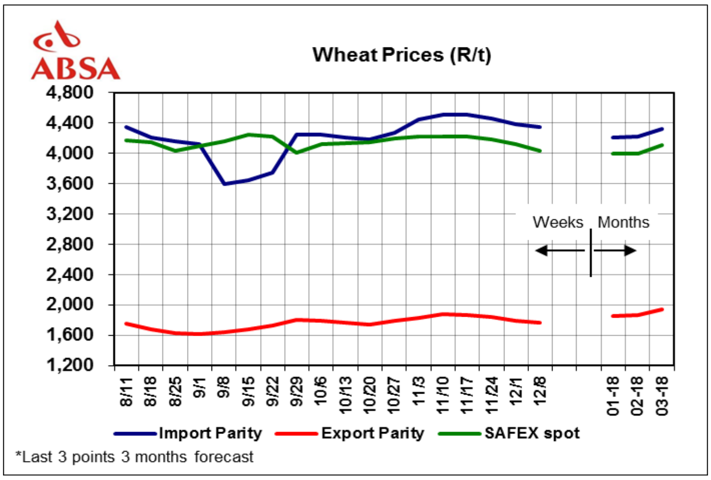
The weekly average old season HRW wheat Gulf price decreased from US$185.46/ton to US$182.03/ton week on week.
Wheat prices slid this week, abundant global supplies and latest data, showing higher than expected Canadian wheat and canola production weighed on the wheat market.

<u>Bullish factors</u>

- Adverse weather conditions lead to wheat crop losses in Australia and US.

<u>Bearish factors</u>

- Wheat prices slid this week, abundant global supplies and latest data, showing higher than expected Canadian wheat and canola production weighed on the wheat market.



Domestic

On December 6th 2017, wheat prices for delivery in Mar2018 decreased by 2% (R83) from R4189/ton to R4106/ton. Jul2018 prices decreased by 1.3% (R55) from R4256/ton to R4201/ton, week on week. Domestic prices followed international trends.

<u>Bullish factors</u>

- Lower dam levels in the Western Cape at 33.6% and persistent dry conditions supported harvesting conditions. The previous WC production estimate for wheat was 750 000 ton, with 90% of the harvesting process completed, the WC is likely to produce lower crop sizes as was estimated. The industry now estimated an area of 684 600 ha wheat in Western Cape. The drought situation in the Western Cape remains critical.
- Stronger Rand supports cheaper imports of Black Sea wheat.

<u>Bearish factors</u>

- Global abundant supplies and great Black Sea crop prospects especially, increased production expected from Russia, keeps weighing prices down.

Outlook

The drought situation in the Western Cape remains critical. Winter wheat heat harvest in the Western Cape is almost complete (90% complete). Nationally more wheat will be imported than previous years to supplement domestic demand, due to lower yields in the WC region. Northern Cape wheat producers under irrigation, enjoyed better water availability (78.5% total province dam level) compared to 33.6% in the Western Cape. NC wheat harvesting about to commence soon.

Internationally record wheat stocks keep weighing prices down. Wheat prices are expected to remain under pressure well into the next year, due to Black Sea great crop prospects, irregardless of crop losses in Australia and US. Canadian unexpected great crop prospects add to the global abundant supplies.

Wheat Futures 06 December 2017	Mar-18	May-18	Jul-18	Sep-18
CME ($/t)	160.94	165.90	171.32	178.39
SAFEX (R/t)	4106	4160	4201	0
SAFEX (R/t) *Change w/w*	-83	-55	-55	0

Mar-18			May-18			Jul-18		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,140	141	107	4,200	242	202	4,240	288	249
4,100	120	126	4,160	220	220	4,200	266	267
4,060	100	146	4,120	200	240	4,160	245	286

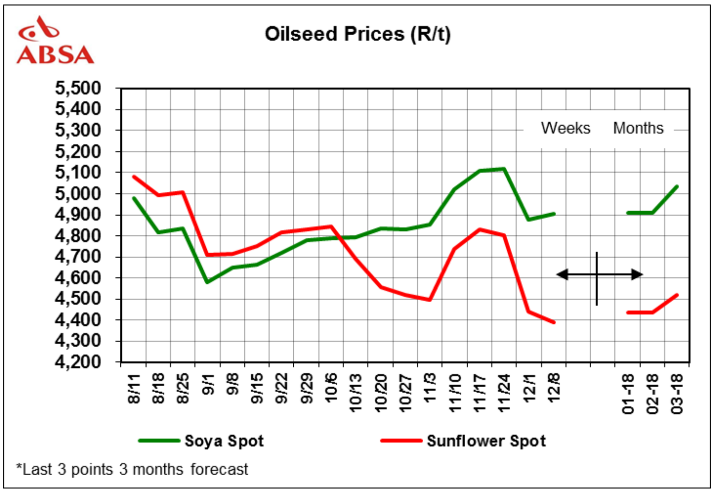
Oilseeds market trends

International

The weekly average USA soybean price increased week on week from US$372.94/ton to US$378.09/ton. US soya oil prices decreased from US$33.78/ton to US$33.29/ton and soymeal prices traded higher from US$325.66/ton to US$339.03/ton.
US soybean and soymeal futures increased this week amid ongoing dryness concerns in Argentina.

Bullish factors

- Weather forecasts still expecting dry and hot conditions into mid-December in Argentina. Argentina soybean production remains at risk.
- Argentina is the global leader/supplier of soymeal and soy oil. Weather concerns and concerns about shortages of Argentinian maize and soybean, boosted Chicago future prices.



Bearish factors

- Palm oil prices declined by 3-4% on world market and by 5-7% on the Malaysian Futures Exchange, driven by increase of Indian vegetable oil import duties. India imports 20% of world palm oil, an increase in import duties might reduce demand.
- The current season's large groundnut crop and low disposals might increase Argentina's groundnut exports during Oct/Mar 2017/18.

Domestic

On December 6th 2017, sunflower seed prices (Mar2018) increased week on week by 2% (R87/ton) from R4433/ton to R4520/ton while soybean (Mar2018) prices also increased by 2.1% (R102/ton) from R 4933/ton to R5035/ton. Domestic prices followed international bullish trends.

Bullish factors

- Continued dryness concerns in Argentina supporting international soybean prices.
- The summer crop production conditions deteriorated in November due to weaker than expected rainfall conditions, very low temperatures as well as hot and windy conditions. We anticipate a shift to more sunflower plantings into the next season and lower plantings for groundnuts and soybeans.
- Eastern Free State soybean crop incurred some frost and cold damage. Crop losses may have incurred.

Bearish factors

- Soybean growing areas received some rains during this week. According to weather forecasts, rain is probable for the next two weeks in the western and central parts of the country. This should support soybean and sunflower plantings.
- Plantings of sunflower can still take place till at the latest early January2018 in the Central and Western parts of the country. Producers may shift to sunflower seed production to leverage off a longer planting time period.
- Establishment of La Nina conditions might improve summer rainfall prospects for the summer rainfall area.

Outlook

Local

Local prices traded higher on the back of higher global soybean prices. Weather concerns in Argentina providing underlying supporting to the domestic soybean and sunflower prices.
Lower than expected rainfall conditions in November, affected the summer crop production conditions. Soybean and groundnut planting dates have expired in the far eastern production areas. A lower soybean and ground nut crop production is probable in those production areas.

International

The concern over the La Nina conditions in Argentina and Brazil, gives a hint that some significant weather risks are ahead which raises some concern about the possible crop losses on the South American soybean crop. Persisting dryness in Argentina boosted soybean, soymeal and soy oil prices. Australian meteorologists' report suggests La Nina conditions to develop in December and possibly lasting until February 2018.

Oilseeds Futures 06 December 2017	Mar-18	May-18	Jul-18	Sep-18
CBOT Soybeans (US$/t)**	372.86	376.71	379.65	376.07
CBOT Soy oil (US c/lb)	33.39	33.57	33.76	34.82
CBOT Soy cake meal (US$/t)*	379.67	381.65	383.30	379.01
SAFEX Soybean seed (R/t)	5035	5120	5194	0
SAFEX Soybean seed (R/t) change w/w	102	113	84	0
SAFEX Sunflower seed (R/t)	4520	4560	4646	0
SAFEX Sunflower seed (R/t) change w/w	87	85	49	0

Sunflower Calculated Option Prices (R/t)

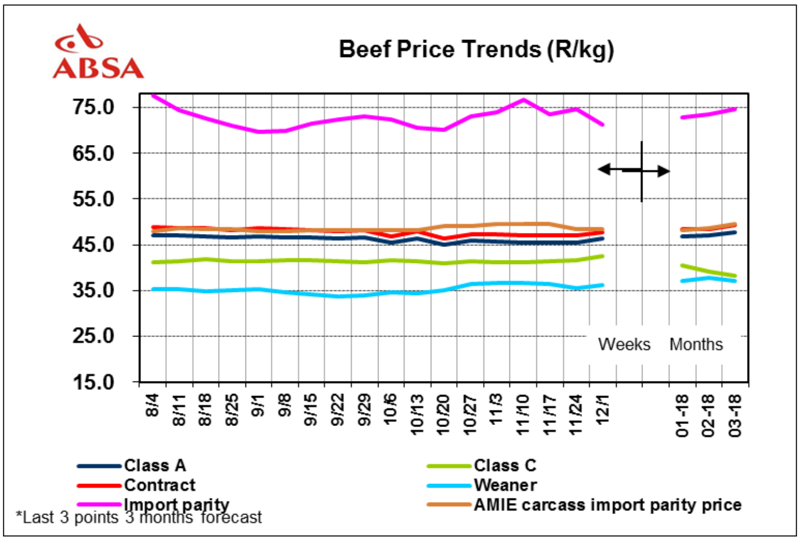
Mar-18			May-18			Jul-18		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,560	224	184	4,600	296	256	4,680	313	279
4,520	203	203	4,560	275	275	4,640	291	297
4,480	182	222	4,520	254	294	4,600	271	317

***short ton**
**** Dec 2017 = Jan 2018**

Beef market trends

International

New Zealand steers traded mostly lower over the past week at 1.41% lower 5.58NZ$/kg and cows traded 1.59% lower at 4.33NZ$/kg compared to a week ago. In the US, beef prices for the week were mostly lower as follows: Topside traded 4.78% lower at $205.99/cwt. Rump was 1.53% lower at $302.51/cwt and strip loin was 10.08% lower at $467.08/cwt. Chuck traded 3.33% lower at $211.08/cwt. Brisket traded 0.09% lower at $221.09/cwt. The carcass equivalent price was 4.95% lower at $267.01cwt.



Bullish factors

- The US economy is in good shape, unemployment is low and the consumer appears willing and able to pay for beef.

Bearish factors

- In the US, placements of cattle into feedlots remain high, which may lead to increased production.
- Plentiful supplies of competing meats point to very strong competition in the retail meat case.
- The report by Rabobank indicates that an estimated additional 1.3 million tons of beef will be produced globally in 2018 across major production areas, with the US and Brazil expected to provide the largest production increases

Domestic

Beef prices recorded some week on week gains. Over the past week, beef were mostly higher across the different classes. The average Class A prices are 1.7% higher at R46.35/kg. Class C prices were 1.90% higher at R42.53/kg. The average weaner calf prices over the past week strengthened and were 2.0% higher at R36.21/kg. The average hide price over the past week lost some ground. Prices decreased by 0.47% to reach R11.76/kg green. The indication in the market remains that there are concerns of possible oversupply in the immediate short term as some tanneries will be shutting down for the December break and as cattle slaughter tend to strengthen ahead of the festive season. This may weigh on the market. Demand can however still be reported for good quality hides. The strengthening of the South African Rand and weak market has weighed on the market. NB* Hide prices are determined by the average of the RMAA (Red Meat Abattoir Association) and independent companies.

Bullish factors

- Indications are that rainfall conditions for the Summer Rainfall Area are currently weaker than expected and impacts on the planting of summer crops as well as condition of natural grazing. Quantity and quality of natural grazing is deteriorating rapidly, especially over the central to western and far western parts of the country. As a result, reproductive animals with calves/lambs start to suffer.
- Strong demand for beef support prices. The beef market will be supported by increased consumption of beef during the festive period.
- 9.3% fewer cattle was slaughtered during October 2017 compared to October 2016. This is due to herd liquidation process during the 2016 drought, which resulted in lower stocks.

Bearish factors

- 3.3% more cattle was slaughtered during October 2017 compared to September 2017. Total cattle slaughtered in October 2017 was 219 393 head of cattle. It is a norm for slaughter numbers to pick up towards the festive season.
- Weather forecasters indicate that La Nina development is taking place that will hopefully improve summer rainfall conditions. Rainfall outlooks for the rest of the season are still favourable for the Summer Rainfall Area. The expected rainfall may replenish soil moisture and revive grazing conditions.

- Consumers are under pressure and some may not be willing to pay more for beef. This may result in a switch to other cheaper products. Just to give an indication, the average class A beef price increased by over 22% compared to the same period a year ago

Outlook

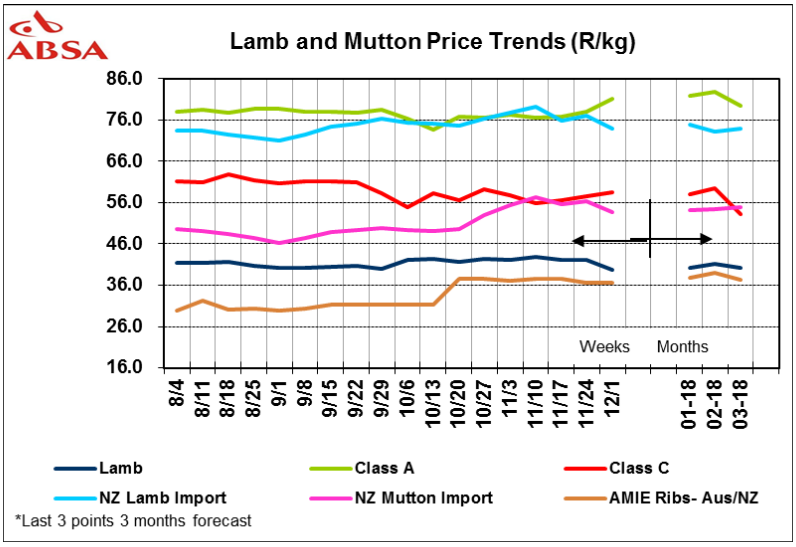
Internationally, global animal protein is expected to expand in 2018, which may add pressure to meat prices. In the short term, strong market demand may continue to add support to prices.

Domestically, the outlook for livestock prices remains bullish in line with increased spending going into the festive season.

Sheep meat market trends

International

New Zealand lamb prices traded lower this week compared to last week. Lamb prices closed 1.38% lower at NZ$106.9/head for 15kg lamb. Lamb prices were 1.38% lower at NZ$149.6/head for 21kg lamb. Ewe prices traded 2.03% lower at NZ$101.3/head for a 21kg ewe. The import parity price for lamb was 4.25% lower at R73.89/kg, while the import parity price for mutton was 4.63% lower at R53.66/kg.



Bullish factors

- Low levels of global lamb inventory are expected to support strong prices in 2018.
- Mutton prices are also likely to remain high due to an expected reduction in New Zealand export volumes and continued high demand out of China.
- Continuing low New Zealand lamb production will be beneficial for export returns next year

Bearish factors

- The dry conditions in New Zealand have brought more animals into the processing queue, which may weigh on prices.
- There is a growing concern that consumer resistance to the continuing high prices in New Zealand may weigh on prices.
- Alternative proteins are cheaper and pose a constant threat to this market. Lamb and mutton prices are currently trading at high levels, which may bring about consumer resistance.

Domestic

Lamb and mutton prices recorded some strong gains over the past week. Lamb and mutton prices were as follows: The national average Class A lamb prices increased by 4.2% to R81.24/kg and the average Class C prices increased by 1.7% to R58.63/kg. The average price for feeder lambs traded 5.4% lower at R39.85/kg. The average price for dorper skin is 9.03% higher at R35.50/skin and merinos were 1.86% lower at R92.50/skin.

Bullish factors

- Strong seasonal demand during the warmer months and especially during the festive period may continue to add support to prices. Prices showed very strong gains during the first week of December, with lamb prices trading above the R81/kg mark, which is a record.
- 0.8% fewer sheep were slaughtered during October 2017 compared to September 2017, whilst 13.7% fewer sheep were slaughtered during October 2017 compared to October 2016. A total 358 248 sheep was slaughtered during October 2017.

Bearish factors

- Consumer resistance to high lamb and mutton prices may increase price risk. Lamb and mutton remain the most expensive meat on the market. The South African consumer is currently under pressure. Just to give an indication, the average class A lamb price has increased by roughly 29% compared to the same period a year ago.

Outlook

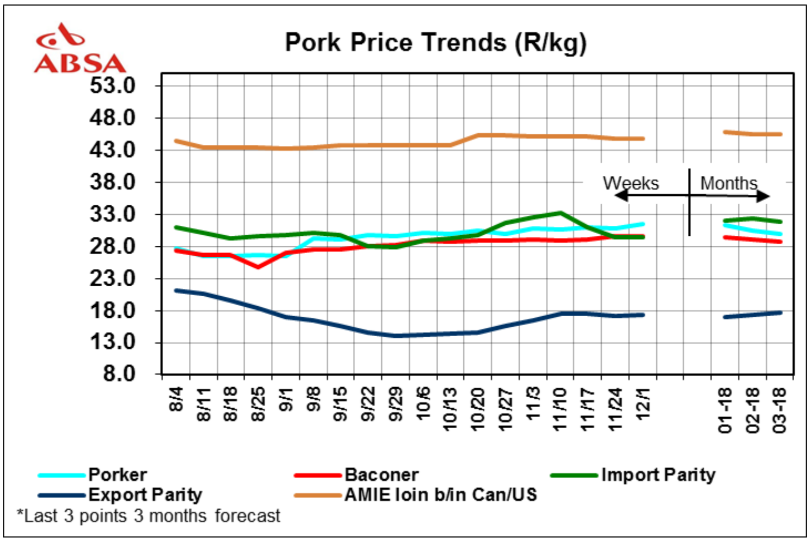
Internationally, low levels of global lamb inventory are expected to support strong prices in 2018.

Locally, the overall outlook for lamb and mutton points to strong prices as improved seasonal demand and the warmer temperatures are supportive to outdoor grilling. Prices are to be supported by increased buying during the festive season.

Pork market trends

International

The average weekly US pork prices were mostly higher over the past week. Carcass prices were 1.7% higher at US$82.22/cwt, loin prices were sideways at US$71.75/cwt, rib prices were 0.1% higher at US$124.53/cwt and ham was 2.1% higher at US$62.82/cwt.



Bullish factors

- US pork exports remained ahead of last year's record volume pace. Through the first 10 months of the year, pork exports increased 8% in volume (2.005 million mt) and 10% in value ($5.28 billion) from the same period last year.
- Strong demand for pork in the market may support prices moving forward. The US economic growth in the third quarter reached 3.3% with the unemployment rate at 4.1%, the lowest since 2000. Strong income growth and more people working improve the consumption of meats including pork. The 2018 outlook is for continued income growth and even lower unemployment.

Bearish factors

- WASDE estimates that both corn and soybean acreage planted will increase year-over-year in 2018. This may bode well with reduced feed costs, thereby encouraging feeding.
- Slower demand from China for imported pork this year, as their domestic production begins to recover may weigh on imports.
- Pig meat production is also picking up globally. US pig meat production was 3% higher on 2016 levels for the year to end of October, and Canadian production was 2% higher over the same period.

Domestic

Pork prices were higher over the past week, recording some good gains. The latest average pork prices are as follows: The average porker prices are 1,8% higher at R31.46/kg, while the average baconer prices are 0.3% higher at R29.66/kg. The average cutters prices were 0.8% higher at R30.4/kg with the exception of heavy baconer, as the average heavy baconer price was 0.5% lower at R27.61. The SAU price was R21.16/kg.

Bullish factors

- Warmer weather encourages braaing, and prices may gain support due to increased buying during the festive season.
- Pork remains a cheaper protein compared to beef and sheep meat, which may continue to support demand in this market.
- Pork prices may be supported by seasonality and underlying support from higher lamb, mutton and beef prices.

Bearish factors

- 4.12% more pigs were slaughtered during October 2017 compared to September 2017. Total pig slaughter for the month of October 2017 was at 235 066 heads. It is a norm for slaughter numbers to pick up towards the festive season.
- Lower feed costs continue to support the intensive pork industry, improving profitability. The lower feed costs are encouraging to the fattening of pigs. The pork industry is very sensitive to maize prices, with the lower prices positive for this industry as it lowers input costs. Currently, the feed margins in this industry are positive.

Outlook

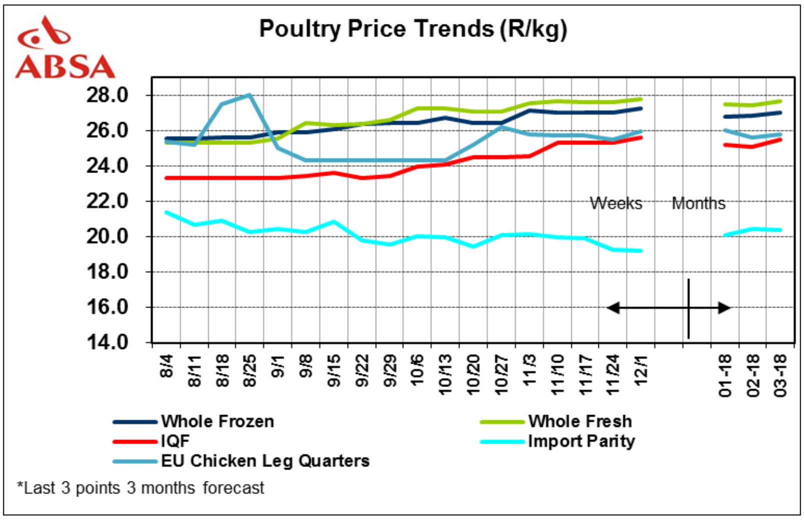
Internationally, further increases in global pork production are anticipated for 2018. Chinese production is expected to recover further, depressing import requirements, while production from the key exporting nations is also expected to increase.

Locally, pork prices may remain strong due to strong market demand during the festive season, and underlying support from the higher lamb, mutton and beef prices.

Poultry market trends

International

Poultry prices in the US were mixed over the past week. Whole bird prices were 0.27% lower at 85.90USc/lb. Breast traded sideways at 93.00USc/lb, while leg quarters traded 1.43% higher at 35.50USc/lb.



Bullish factors

- Reports indicate that the southern parts of Mozambique will experience a shortage of eggs during the festive season as a result of the bird flu epidemic in South Africa.
- The upcoming bird flu season in the northern hemisphere may be a threat to production.

Bearish factors

- WASDE estimates that both corn and soybean acreage planted will increase year-over-year in 2018. This may result in favourable feeding costs.
- Global poultry trade volumes have been negatively affected by the Avian Influenza (AI) outbreak, with many importers restricting trade from countries with AI outbreaks.

Domestic

The average poultry prices over the past week were mostly higher. The average prices for frozen birds were 0.90% higher at R27.26/kg during the week. Whole fresh medium bird prices were 0.66% higher at R27.81/kg, while IQF prices were 1.02% higher at R25.58kg.

Bullish factors

- According to monthly food prices reported by Statistics South Africa, egg prices (1.5 Dozen) increased by 7% during the period June 2017 to October 2017, from R37.43 to R40.11, whilst prices for (2.5 Dozen) increased by 8% during the same period from R52.08 to R56.48. Egg prices for 2.5 dozen eggs meanwhile increased by 6% from September 2017 (R53.38) to October 2017 (R56.48). Egg prices are following an upward trend, following recent bird flu outbreaks in some regions, leading to shortages of eggs.
- Poultry remains the least expensive protein meat, which may encourage consumer demand.
- Underlying support from the beef industry is supporting the poultry market.

Bearish factors

- As winter passes and temperatures and rainfall increase, the virus (bird flu) should be finally contained and not spread further.
- Feeding margins remain positive on the back of lower maize prices this season.

Outlook

Internationally, larger poultry supplies are expected to continue to weigh on prices.

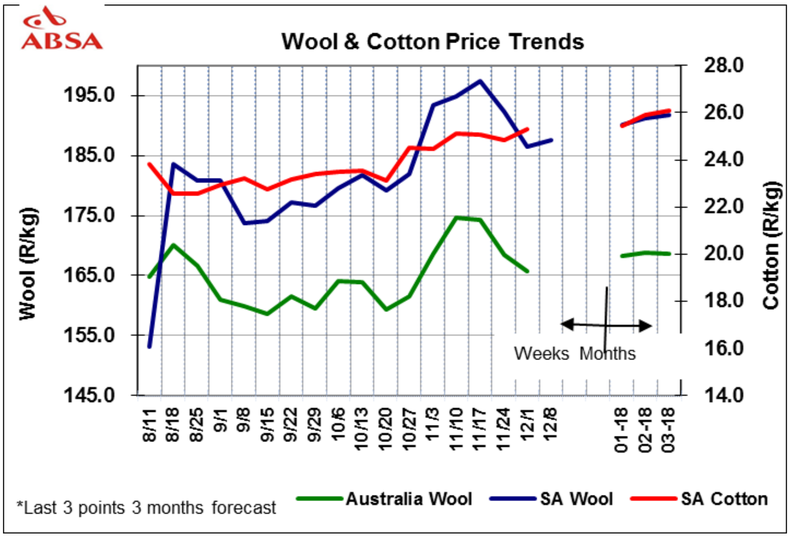
Locally, prices may follow an upward trend due to increased spending associated with the festive season. Poultry remains a cheaper protein compared to sheep meat and beef, which makes it favourable and supportive to demand.

Livestock prices (R/kg) week 07 Dec 2017	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	1.7	46.35	45.58	4.2	81.24	77.94	1.8	31.46	30.90	0.66	27.81	27.63
Class C/ Baconer/ Frozen birds	1.90	42.53	41.74	1.7	58.63	57.65	0.3	29.66	29.57	0.90	27.26	27.02
Contract/Baconer/ IQF	1.62	47.81	47.05	4.4	81.70	78.25	1.1	30.56	30.24	1.02	25.58	25.33
Import parity price	-4.57	71.17	74.58	-4.63	53.66	56.26	-0.3	36.6	36.8	-0.3	19.21	19.26
Weaner calves/ Feeder lambs	2.0	36.21	35.48	-5.4	39.85	42.13		-	-			
Specific imports: Beef trimmings 80vl/b/ Mutton shoulders/Loin b/in/ chicken leg 1/4	0	48.50	48.50	-1.6	60.50	61.50	0	44.75	44.75	1.76	25.95	25.50

Wool market trends

International

The last sale was on the 1st of December 2017. The Australian wool market prices averaged higher this week and closed 0.42% higher at Au1676c/kg at the recent auction.



Bullish factors

- Strong pre-Christmas buying at auctions has increased Australian wool prices this week.
- There are only two weeks of auctions left before a three week break for Christmas. This may encourage demand before the break.
- Besides growing Chinese demand, high wool prices are also due to other factors like limited number of Australian suppliers and decreasing wool supply.

Bearish factors

- Large offering of 49 058 bales, 649 more than in the previous week was offered at the previous auction.
- High Australian wool prices may be weighing on demand, and putting pressure on buyers.
- A large offering of 50,000 bales is expected to be on offer at the next auction.

Domestic

The last sale was on the 6th of December 2017. Domestic wool market prices strengthened and the merino indicator was 0.58% higher to close at R187.65 (clean) at the sale. The next sale is scheduled for 10 January 2018.

Bullish factors

- This season the market has experienced consistently good demand for good quality long and fine wool.
- At the last sale before the December recess the market was firm across all types and delivered good returns to producers.

Bearish factors

- The Rand was 0,9% stronger against the US Dollar and 0,1% weaker against the Euro, compared with the average rate at the previous sale.
- There may be resistance to these high wool prices from the buyers.

Outlook

Internationally, there is still demand for wool. In Australia, an expected three-week break in sales over Christmas may continue to drive sales.

Locally, the wool market is on a break, and will resume on the 10th of January 2018.

Cotton market trends

International

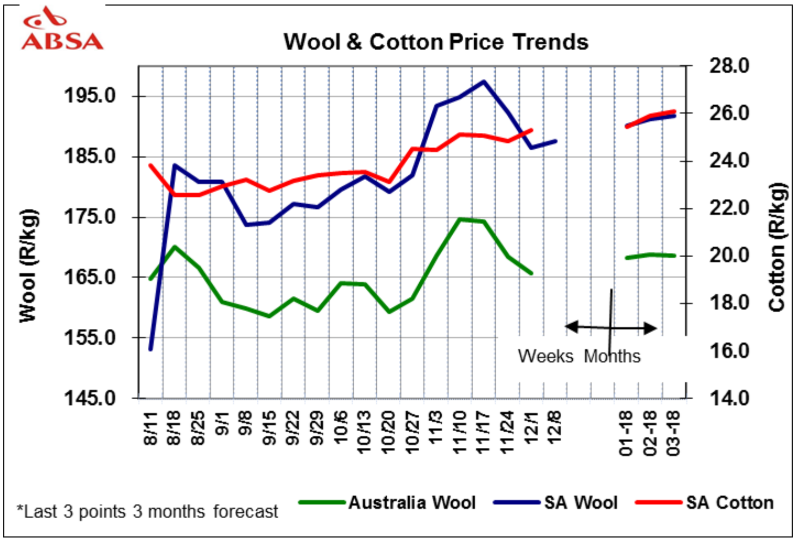
Cotton prices traded 2.60% higher over the past week and closed at US70.15c/lb.

Bullish factors

- Cotton prices may gain support amid worries over a bollworm attack on India's crop
- Worries over the quality of US cotton too may weigh on prices

Bearish factors

- Australia declared the arrival of a La Nina, which may bode well with output for cotton which stands to benefit from the moisture.



Domestic

The derived SA cotton prices traded 1.98% higher to close at R25.32/kg. The increases in prices were supported by the increases in international prices, in spite of the strength in the South African rand.

Outlook

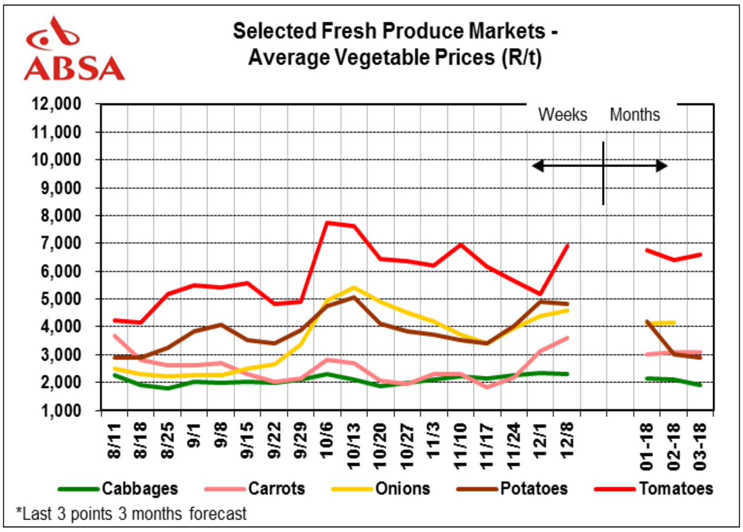
Internationally, cotton prices may be pressured by larger expected world crop and harvesting pressure in the US.

Locally, the exchange rate movement may continue to affect the domestic market prices.

Fibres market trends Week ended 06 December 2017								
Wool prices	**%**	**SA prices (c/kg)**	**%**	**Australian prices (SA c/kg)**	**%**	**Australian future Dec 2017 (AU$/kg)**	**%**	**Australian future Mar 2018 (AU$/kg)**
Wool market indicator	0.58	18,765	-1.61	17355		-		-
19µ micron	2.49	21,599	-1.23	20655	3.16	19.60	3.99	19.55
21µ micron	1.39	17,240	-1.66	17010	3.55	16.05	6.67	16.00
Cotton prices 01 December 2017		**SA derived cotton (R/kg)**		**New York A Index (US$/kg)**		**New York future Dec 2017 (US$/kg)**		**New York future Mar 2018 (US$/kg)**
Cotton prices	1.98	25.32	3.65	1.85	6.08	1.654	2.35	1.605

Vegetables market trends

Potatoes



Should the drought in the Western Cape continue well into the next year (winter), borehole supplies could get depleted in the Sandveld region, Sandveld producers may have to reduce their crop significantly by approximately 30% (reduced supplies from the Sandveld, could support higher prices in the other regions, if normal weather support normal plantings/yield in those regions).

In the short term, we anticipate normal seasonal prices to take place.
Prices are anticipated to increase as we are heading into the festive season. Take a dip in early 2018, then move sideways from April 2018 onwards and increase again towards the end on the year.

Onions

Growers in the Western Cape have planted fewer onions than normal; some have not even sown any onions this winter. Producers prefer to use the water for permanent crops. Western Cape production is expected to be lower mostly due to the drought.

The full impact of the reduced onion plantings and drought repercussions is expected to reach market by February 2018, where prices are expected to soar to record levels. Currently prices are trading at average R40-R50/10kg bag and might increase to R50-R60/10kg bag over the festive holidays at the Johannesburg market.

Tomatoes

Prices may marginally increase over the next two months as production will cease during the very hot months of October, November and December.
Total volumes delivered this week were lower by 29%. Prices also increased by 31%. We anticipate prices to remain high during the festive holidays.

Peppers

Week-on-week pepper prices decreased by 5% from R9.91/kg to R9.34/kg. Volumes sold declined week –on-week by 1% also in the Top 5 FPM. The Johannesburg market sold 57.6 % of the peppers in the past 3 months at an average of R11.21/kg.

Vegetable Prices: Fresh Produce Market (Averages for the Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban markets)						
Week ending 06 December 2017	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)
Cabbages	-8.5%	2150	2350	-9.8%	1036	1149
Carrots	24.1%	3574	2880	-12.1%	1772	2016
Onions	2.2%	4362	4270	-4.8%	4757	4995
Potatoes	0.9%	4892	4848	4.3%	13099	12557
Tomatoes	31.7%	7832	5948	-29.2%	2963	4185
Peppers	-5%	9370	9910	-1%	730	734