Agri Trends

15 June 2018

Local cotton prices remains firm despite over 100% increase in production

South Africa's summer crop production regions were faced with extreme dry conditions during 2015/16. The adverse weather conditions lead to reduced area planted under maize and even more so cotton. Dryland cotton production reduced by 70% compared to the previous season. Due to reduced maize supply, domestic maize prices were soaring; cotton producers opted to plant maize in hopes for better profit margins. The 2017/18 summer crop production period was highly favoured with good rains that yielded surplus maize, soybean and sunflower crops. Ample maize stocks is still burdening the market, causing a significant drop in maize prices from the 2015/16 high prices. Consequently, lower maize prices have encouraged increased cotton production. The fifth cotton crop estimate for the 2017/18 producing season shows a 68% increase in dryland cotton production and a 170% increase in irrigated cotton production. SA cotton industry estimates a total production of 188247 bales. The industry estimates 19731 hectares cotton to be planted under irrigation and 17675 hectares in the dryland production regions. Despite the increased production, local cotton prices remains firm and is expected to remain firm in the medium term. The positive sentiment in the industry is driven by higher international prices and growing demand.

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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/

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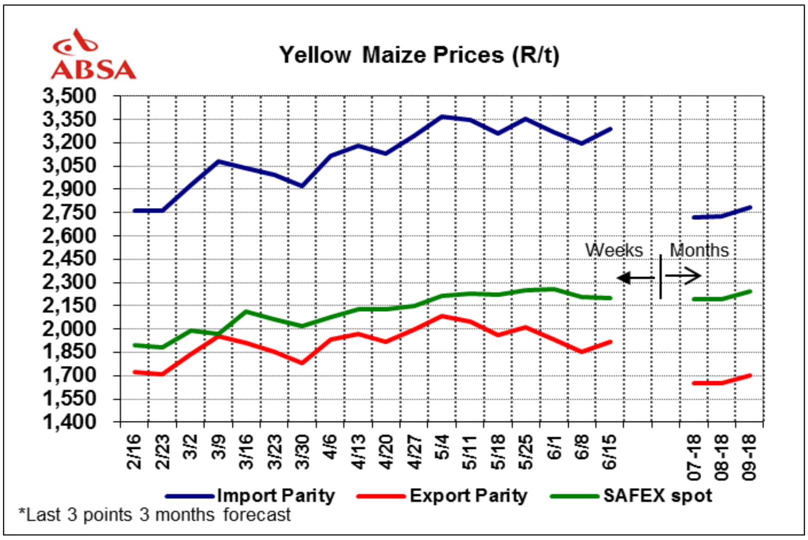
Maize market trends

International

Week-on-week yellow maize No 2 gulf price decreased from US$173.59/ton to US$169.32/ton. Favourable weather and growing conditions in the US weighed on maize prices.

<u>Bullish factors</u>

- Harvesting in Brazil Mato Grosso is behind the previous year's progress due to ongoing trucker's strike, disrupting fuel deliveries and causing loading delays and bottlenecks at ports.



*Last 3 points 3 months forecast

<u>Bearish factors</u>

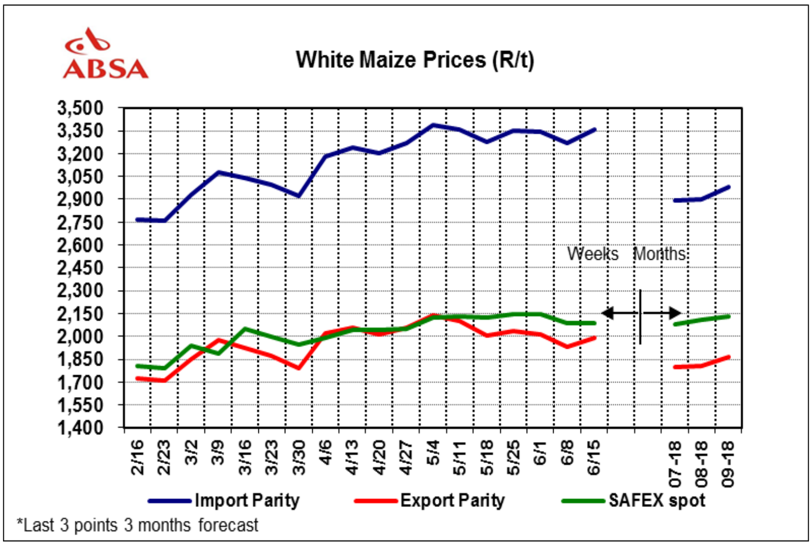
- Uncertainty around the US-China trade tensions, added pressure on the US maize price.
- Good growing conditions, supported by favourable weather in the Midwest weighed on prices. US planting is advancing at good levels.

Domestic

On 15 June, local maize market traded marginally lower week on week. New season white maize prices for delivery in Jul 2018 decreased marginally from R2078/ton to R2076/ton. Week-on-week new season yellow maize prices for delivery in Jul 2018 increased marginally by R2/ton from R2189/ton to R2191/ton.

<u>Bullish factors</u>

- Weekly South African maize exports were 27103 tons. Yellow maize was 20400tons and white maize 6703tons. The bulk of the yellow maize was exported to Korea.
- The weekly South African maize exports for the past week was reported at 27 103 tons including 6 703 tons of white maize and 20 400 tons of yellow maize. Most of the yellow maize was exported to Korea
- Relatively weaker Rand week on week, increasing the competitiveness of the domestic maize price in the global market.



*Last 3 points 3 months forecast

<u>Bearish factors</u>

- During the past week, SA maize producers delivered 168524 tons of white maize and 343351 tons of yellow maize. A total of 511875 tons weekly. South African producers are picking up their deliveries and selling momentum.
- Uncertainty about the future trade relationship between the US and China weighed on the US maize market.

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Outlook

Local

Prices ended slightly lower week on week, lower Rand compensating for the lower US maize prices. Expect prices to trade sideways to lower due to harvest and delivery pressures.

International

Weather will remain a key factor to look at in the short- medium term. The weather in the US in the coming weeks, especially during pollination in July, will be a key factor for maize yields.

Table 1: Week on week yellow maize futures and estimated option prices

Yellow Maize Futures: 15 June 2018	Jul-18	Sep-18	Dec-18	Mar-19
CBOT ($/t)	142.91	146.74	151.37	155.11
SAFEX (R/t)	2191	2242	2320	2344
SAFEX (R/t) *Change week on week (w/w)*	2	3	1	2

Jul-18			Sep-18			Dec-18		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,230	59	20	2,280	100	62	2,360	157	117
2,190	36	37	2,240	78	80	2,320	134	134
2,150	19	60	2,200	59	101	2,280	114	154

Table 2: Week on week white maize futures and estimated option prices

White Maize Futures 15 June 2018	Jul-18	Sep-18	Dec-18	Mar-19
SAFEX (R/t)	2076	2133	2223	2260
SAFEX (R/t) *Change w/w*	-2	-5	4	-2

Jul-18			Sep-18			Dec-18		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,120	62	18	2,180	115	68	2,260	160	123
2,080	37	33	2,140	92	85	2,220	138	141
2,040	20	56	2,100	72	105	2,180	117	160

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Wheat market trends

International

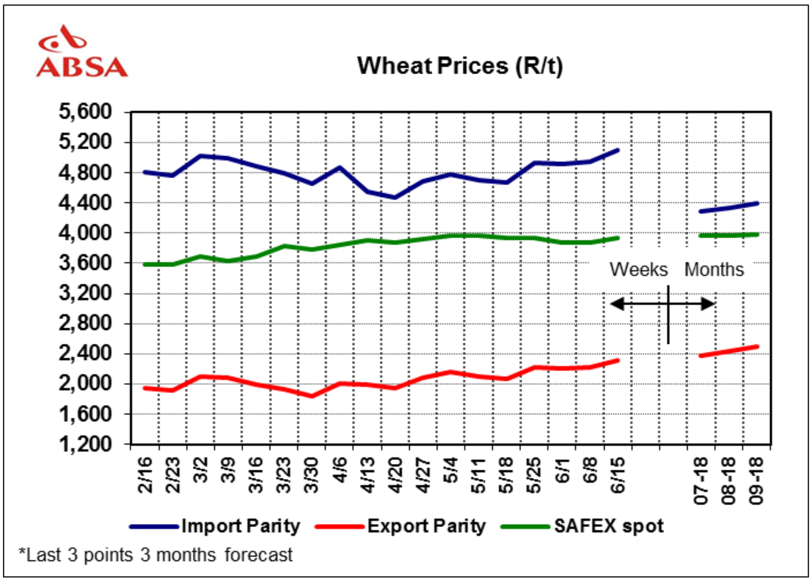
The weekly average old season HRW wheat Gulf price remained unchanged at US$253/ton week on week. Weekly average SRW wheat price increased marginally from US$223/ton to US$224/ton week on week. Uncertainty about 2018/19 crop conditions supported price firmness.

Bullish factors

- Deteriorating wheat crop prospects and outlook in Russia and the Ukraine supported prices. World production is expected to decline due to downward revisions in crop estimates of the major growers.
- Cold and wet weather conditions have resulted in lower crop expectations. The SovEcon has lowered their 2018/19 forecast.
- Dryness in the northern parts of the EU (Germany) reduced their crop prospects. Wet weather in France however, could potentially place crops under quality threat.
- Dryness remained an on-going concern Australia.

Bearish factors

- Spring wheat growing conditions in Canada and the US improved. This put pressures on wheat futures.



Domestic

On 15 June 2018, wheat prices for delivery in Jul2018 increased by (R89/ton) from R3871/ton to R3960/ton, week on week

Bullish factors

- Weekly SA wheat imports for the week ending 8 June 2018 were 28932 tons, the bulk coming from Russia (94.8%) and the rest Germany (5.2%). Cumulative wheat imports for the season now at 1.3 million tons.
- Lower Rand provided some support to the local wheat.

Bearish factors

- The week's weather forecasts a cold front that could bring about much need moisture in the wheat producing areas of the Western Cape over the weekend.
- A lower wheat import tariff could be prompted, as the deviation from the basis price was more than $10 for the past three consecutive weeks.

Outlook

Local

Local prices will likely follow international prices for the coming weeks. Weather anomalies both locally and internationally will be key factors affecting price movements. Widespread showers were enjoyed in the Southern and Western Cape, some areas receiving moisture in excess of 50mm. A lower wheat import tariff could be prompted, as the deviation from the basis price was more than $10 for the past three consecutive weeks.

International

Global wheat export prices were higher this week. Extreme drought conditions in the Ukraine, Australia underpinned prices. Weather anomalies remain a key factor to monitor across major growing areas.

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Table 1: Week on week wheat futures and estimated option prices

Wheat Futures 15 June 2018	Jul-18	Sep-18	Dec-18	Mar-19
CME ($/t)	184.27	190.06	198.42	205.76
SAFEX (R/t)	3960	3988	3963	
SAFEX (R/t) Change w/w	89	93	75	0

Jul-18			Sep-18			Dec-18		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,000	60.27	60.27	3,940	76.99	120.99	4,000	121.31	124.82
3,960	20.27	20.27	3,900	36.99	80.99	3,960	81.32	82.82
3,920	15.00	10.00	3,860	10.00	40.99	3,920	41.32	42.82

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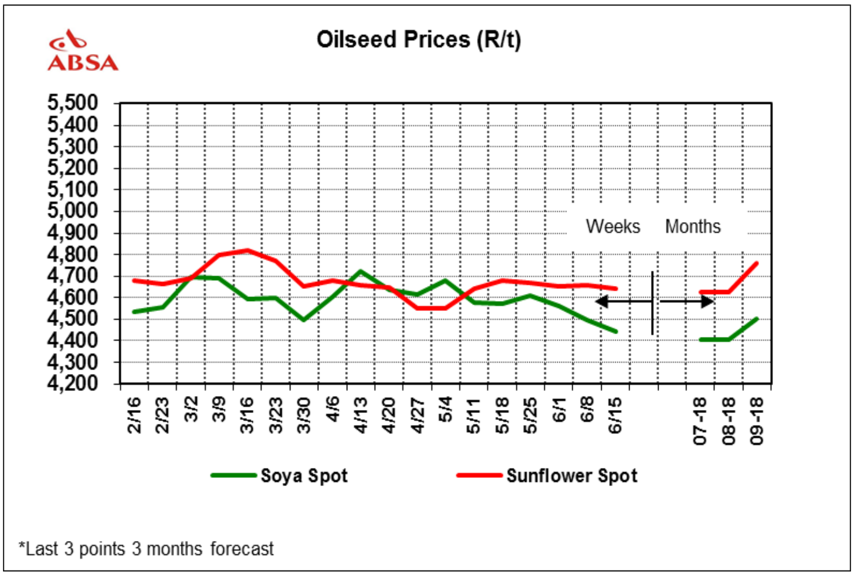
Oilseeds market trends

International

The weekly average USA soybean price decreased week-on-week from US$385.73/ton to US$364.12/ton. US soya oil prices marginally declined from US$30.76c/lb to US$30.21c/lb and soymeal prices traded marginally lower from US$363.48/ton to US$348.90/ton. Persisting uncertainty about trade relations between China and the US and favourable weather has placed pressure on soybean prices. Currently no premium against weather problems. Continuous political uncertainty in South America.



Bullish factors

Soybean:

- Despite the trucker's strike, Brazil agency still increased their export projections for 2018.
- End season (2018/10) stocks were reduced by 0.8 million ton to 10.5 million ton.

Soymeal:

- World soymeal prices are likely to be supported by the weather developments in South America. A further reduction in Argentine soybean crop by 19- 20 million ton will cause lower crushings and export supplies.

Bearish factors

Soybeans:

- US soybean planting kick-started very well, many regions rated good or excellent. Rainfall is however needed in the coming weeks to ensure adequate moisture levels to ensure good development in the Western and Central parts of the Midwest.
- In Argentina, farmers remain reluctant soybean sellers due to lower financial and economic standing.
- Logistical disruptions in Brazil due to trucker strikes, still causing supply bottlenecks.
- The USDA indicated in the 12 June WASDE report that 83% of the US soybean crop has emerged which is above the 5-year average. The US soybean planting progress is ahead of the 5-year average
- The US is forecasted to have drier weather in the coming week. This will help with the planting of soybean in some areas. Overall weather remains favourable in the Midwest.

Domestic

New season soybean prices (Jul2018) decreased week on week by R63/ton from R4470/ton to R4407/ton.

New season sunflower seed prices (Jul2018) decreased marginally week on week by R4/ton from R4630/ton to R4626/ton.

Bullish factors

Soybeans

- Favourable crushing margin for soybeans compared to a more tight crushing margins for sunflower seed allowing for more soybeans to be crushed

Bearish factors

Soybeans

- South African soybean prices came down significantly this week (down by R63/ton) for the July contracts. The downward trend was driven by lower US soybean prices. Domestic soybean prices dropped much more than the domestic sunflower prices (down by R4/ton).
- Harvesting pressure from the very large crop and increased selling interest in the local soybean industry and low US soybean prices pressured prices.

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Sunflower seed

- Harvest pressure on a big sunflower seed crop may add to price pressure.

Outlook
Local

Soybean prices traded lower. The lower US prices placed downward pressure on the local sunflower and soybean price. The depreciating Rand limited the downward pressure somewhat. Harvesting is underway and deliveries will likely pick up, sparking some selling interest.

International

US trade policies is generating uncertainties, affecting the agricultural markets. Weather anomalies will remain a key factor to monitor in the coming weeks. Favourable weather in the Midwest and lower demand for US soybeans weighed on prices.

Table 1: Week on week soybean and sunflower seed futures and estimated option prices

Oilseeds Futures 15 June 2018	Jul-18	Sep-18	Dec-18	Mar-19
CBOT Soybeans (US$/t)**	340.71	345.30	349.07	353.02
CBOT Soy oil (US c/lb)	30.14	34.82	30.94	31.55
CBOT Soymeal (US c/lb)	377.14	381.21	383.30	375.60
SAFEX Soybean seed (R/t)	4407	4502	4628	4700
SAFEX Soybean seed (R/t) change w/w	-63	-66	-62	-65
SAFEX Sunflower seed (R/t)	4626	4758	4897	4900
SAFEX Sunflower seed (R/t) change w/w	-4	-12	-5	-17

Jul-18			Sep-18			Dec-18		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,660	68.25	69.75	4,800	109.53	111.53	4,940	137.46	138.96
4,620	28.25	29.75	4,760	69.53	70.53	4,900	97.46	98.96
4,580	10.00	10.00	4,720	29.53	30.53	4,860	57.46	58.96

***Short ton**
**** Dec 2018 = Jan 2019**

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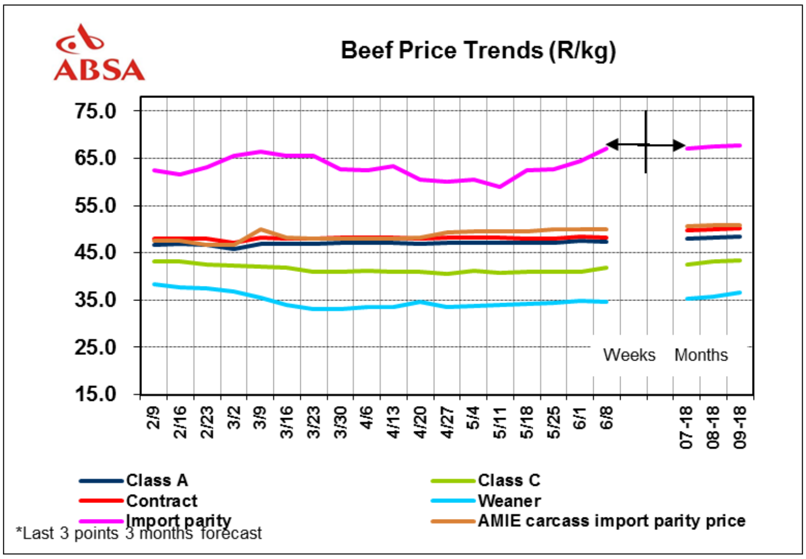
Beef market trends

International



New Zealand steers traded sideways over the past week at 5.36NZ$/kg and cows traded 0.48% higher at 4.19NZ$/kg compared to a week ago. In the US, beef prices for the week were mostly higher as follows: Topside traded 5.15% lower at $209.76/cwt. Rump was 0.49% higher at $370.82/cwt and strip loin was 2.43% higher at $876.25/cwt. Chuck traded 0.56% lower at $222.11/cwt. Brisket traded 3.27% higher at $275.18/cwt. The carcass equivalent price was 1.58% higher at $373.58cwt.

Bullish factors

- The US Department of Agriculture (USDA) released their monthly world agricultural supply and demand estimates this week. In this report, beef production for 2018 was reported lower primarily as lighter carcass weights more than offset higher second-quarter steer and heifer and cow slaughter.
- The beef export forecast has been increased largely on strong Asian demand reflected in recent trade data. USDA wasde.

Bearish factors

- The 2018 beef import forecast is increased on increased shipments from Oceania. USDA wasde.
- Brazil and Australian supplies are putting supply pressure on global markets.

Domestic

Week on week, beef prices were mixed across the different classes. The average Class A price was 0.44% lower this week at R47.28/kg. Class C prices were 2.15% higher at R41.90/kg. The average weaner calf prices over the past week decreased by 0.5% to R34.60/kg. The average hide price this week recovered when compared to the previous week. The average hide prices traded 3.2% higher w/w at R7.67/kg green. The hide market gained temporary support from the weaker South African rand, which helped to keep prices steady. Overall, the hide market sentiment remains bearish, in line with the weak international hide market and therefore this price steadiness is expected to be short lived. NB* Hide prices are determined by the average of the RMAA (Red Meat Abattoir Association) and independent companies.

Bullish factors

- Decline in available supplies after the weaner calf season may add a bullish tone to prices.

Bearish factors

- The deterioration in grazing conditions going into winter.
- Lower pork prices may weigh on the beef market.
- There are reports of increased supplies of C grade cattle coming through the market.

Outlook

Internationally, the US market has entered into its peak demand period, which may add support to prices.

Locally, the lower feed price together with the lack of weaner calves to rebuild the national herd in the medium term may result in carcass prices to remain elevated for a long time period to come.

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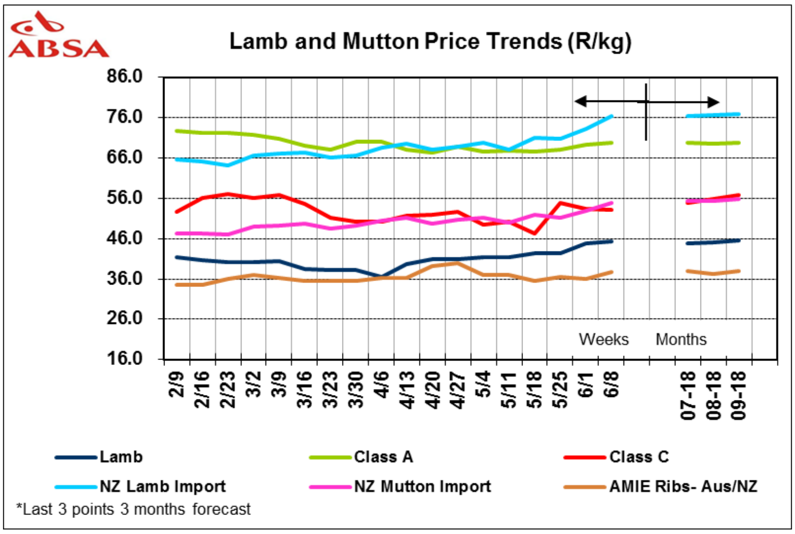
Sheep meat market trends

International

New Zealand lamb prices traded higher this week compared to last week. Lamb prices closed 0.6% higher at NZ$114.0/head for 15kg lamb. Lamb prices were 0.6% higher at NZ$159.6/head for 21kg lamb. Ewe prices traded sideways at NZ$106.6/head for a 21kg ewe. The import parity price for lamb was 4.4% higher at R76.49/kg, while the import parity price for mutton was 3.7% higher at R54.77/kg.



Bullish factors

- As a result of dry conditions in Australia, herd rebuilding will be delayed.
- Australian sheep and lamb exports are expected to increase due to the increased slaughter, with lamb exports forecast to surpass last year's record-breaking year and mutton a three-year high.
- International markets remain solid. Strong international demand for lamb and mutton especially from China add support to prices.

Bearish factors

- The enduring dry spell that has continued across most of Australia in 2018 has encouraged sheep producers to either supplementary feed or de-stock. According to Meat and Livestock Australia's (MLA) May industry projections, national lamb slaughter for the year has been revised 2% higher, now forecast to reach 22.85 million, while sheep slaughter is expected to reach 7.8 million, which is 4% higher.
- Due to slaughter numbers being revised higher, Australian production volumes for the year have also been adjusted up. Lamb production is forecast to reach 524,000 tons carcass weight, up 3% year-on-year, while mutton production is expected to increase by 2%, to 192,000 tons.

Domestic

This week, lamb and mutton prices were mixed this week when compared to the previous week. Lamb and mutton prices were as follows: The national average Class A carcass lamb prices increased by 0.6% to R69.71/kg and the average Class C carcass prices decreased by 0.5% to R53.15/kg. The average price for feeder lambs traded 1.2% higher at R45.40/kg. The average price for dorper skin is 1.4% higher at R32.11/skin and merinos were 0.1% lower at R87.40/skin.

Bullish factors

- Strong demand for feeder lambs.
- High meat prices and low feed costs are supporting the profitability of the sheep industry.

Bearish factors

- The deterioration in grazing conditions going into winter.
- Consumer resistance to high lamb and mutton prices may increase price risk. Lamb and mutton remain the most expensive meat on the market.

Outlook

Internationally, strong international demand for lamb and mutton continue to support prices.

Locally, consumer resistance to high lamb and mutton prices may increase price risk.

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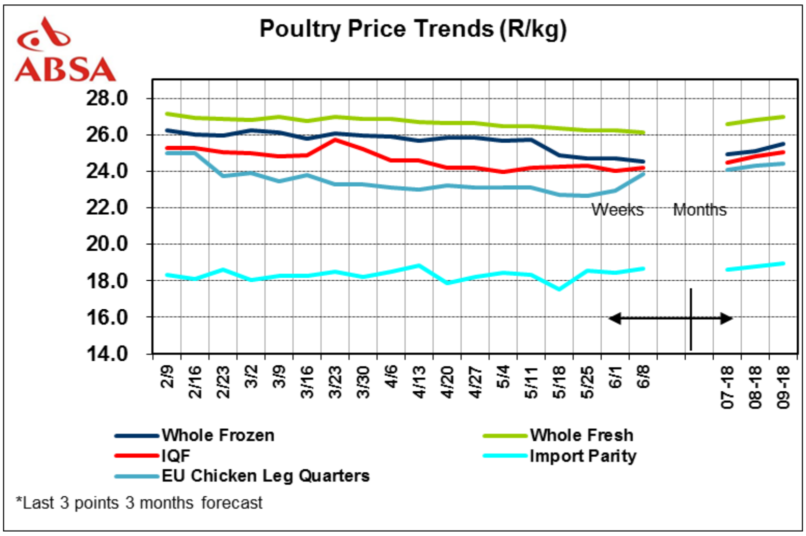
Pork market trends

International

The average weekly US pork prices were mostly higher over the past week. Carcass prices were 2.9% higher at US$77.55cwt, loin prices were 1.0% higher at US$75.55/cwt, rib prices were 2.2% lower at US$125.87cwt and ham was 7.4% higher at US$59.51/cwt.



Bullish factors

- There seems to be fewer concerns about US pork trade with Mexico. This comes after the Mexican government said it would allow some US pork into the country duty free under an import quota despite retaliatory measures taken this week after Washington hit Mexico with higher steel and aluminum tariffs.
- Pork production for 2018 is lowered on the current pace of second quarter slaughter and lower-expected commercial slaughter in the third quarter. Slightly heavier expected hog carcass weights in the second and third quarters partially offset declines in slaughter. USDA Wasde.
- The 2018 pork export forecast has been increased on continued strong shipments to a number of key markets and expectations of continued pork exports to Mexico. USDA Wasde.
- Pork exports for 2019 are raised on expected strong demand to a number of key trading partners. USDA Wasde.

Bearish factors

- The US pork industry has been in the expansion mode in recent years.
- For 2019, hog prices are lowered on weaker expected demand. USDA Wasde.

Domestic

Average pork prices have shown a declining trend over the past months. Average pork prices have declined by between 30% and 40% during the second week of April 2018, compared to the second week of January 2018. In recent weeks, pork prices started to show signs of recovery.

This week, pork prices were mostly higher. The latest average pork prices are as follows: The average porker prices are 1,7% higher at R22.26kg, while the average baconer prices are 2.5% higher at R20.37/kg. The average cutters prices were 0.3% higher at R20.40/kg and the average heavy baconer price was 0.8% higher at R19.27. The SAU price was 1.5% higher at R15.12/kg.

Bullish factors

- The pork industry has indicated that most retail groups have reported increases in demand for fresh pork.
- Marketing and promotion campaigns by the pork industry drive increased pork sales.
- The current low prices of pork may increase consumer uptake of fresh pork cuts.

Bearish factors

- Plentiful pork volumes in the market.
- Lower feed costs will support the intensive pork industry, improving profitability.

Outlook

Internationally, the barbeque season is expected to continue to add support to US prices. Pork industry prepares for the busy grilling season during the summer months.
Locally, lower product prices are expected to continue to support sales, and therefore add support to pork prices.

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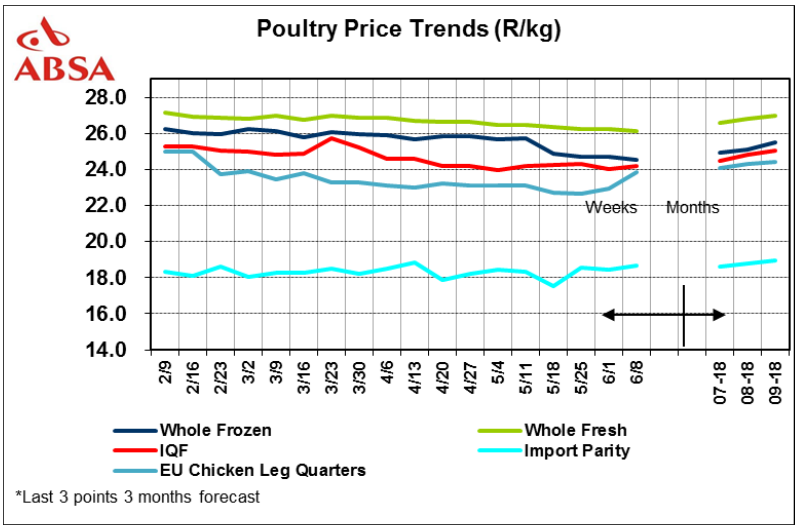
Poultry market trends

International

Poultry prices in the US were mostly higher over the past week. Whole bird prices were 0.7% higher at 121.00USc/lb. Breast traded 8.7% higher at 100.00USc/lb, while leg quarters traded sideways at 36.50USc/lb.



Bullish factors

- China reported on Friday that it will impose temporary anti-dumping measures on imports of Brazilian chicken meat. Chinese importers of Brazilian chicken will be required to pay deposits ranging from 18.8% to 38.4% of the value of their shipments from June 9.

Bearish factors

- Broiler production for 2018 has been increased on the pace of second-quarter production data and stronger growth in production during the second half of the year. USDA Wasde.
- Plentiful global supplies and competition from expanding red meat supplies may weigh on poultry prices.

Domestic

The average poultry prices over the past week were mostly lower. The average prices for frozen birds were 0.7% lower at R24.52/kg during the week. Whole fresh medium bird prices were 0.5% lower at R26.10/kg, while IQF prices were 0.8% higher at R24.19kg.

Bullish factors

- The possibilities of new occurrences of bird flu during winter continue to be a risk factor in the broiler industry.
- Brazil stopped the export of thousands of tons of chicken and pork meat since truckers began striking on 21 May. Brazil is one of South Africa's main poultry import destination. This may limit or delay import volumes into South Africa.

Bearish factors

- Lower pork prices may weigh on the poultry market.
- Favourable feed price environment contribute positively to feeding margins.

Outlook

Internationally, Plentiful global supplies and competition from expanding red meat supplies may weigh on poultry prices.

Locally, there seems to be a slowdown in the market. There is normally subdued demand during mid-month. Prices may gain support as poultry is the cheaper meat protein in the market.

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Livestock prices (R/kg) week 14 June 2018	Beef			Mutton			Pork			Poultry		
	%	**Cur-rent week**	**Prior week**	**%**	**Cur-rent week**	**Prior week**	**%**	**Cur-rent week**	**Prior week**	**%**	**Cur-rent week**	**Prior week**
Class A/ Porker/ Fresh birds	-0.44	47.28	47.49	0.6	69.71	69.30	1.7	22.26	21.89	-0.5	26.10	26.23
Class C/ Baconer/ Frozen birds	2.15	41.90	41.02	-0.5	53.15	53.43	2.5	20.37	19.88	-0.7	24.52	24.69
Contract/Baconer/ IQF	-0.51	48.21	48.45	0.5	70.44	70.11	2.1	21.32	20.88	0.8	24.19	23.99
Import parity price	4.34	67.13	64.34	3.7	54.77	52.80	4.0	32.7	31.4	1.1	18.6	18.4
Weaner calves/ Feeder lambs	-0.5	34.60	34.78	1.2	45.40	44.88		-	-			
Specific imports: Beef trimmings 80vl/b/ Mutton shoulders/Loin b/in/ chicken leg 1/4	0	50.00	50.00	2.4	62.50	61.05	1.5	34.30	33.80	3.9	23.85	22.95

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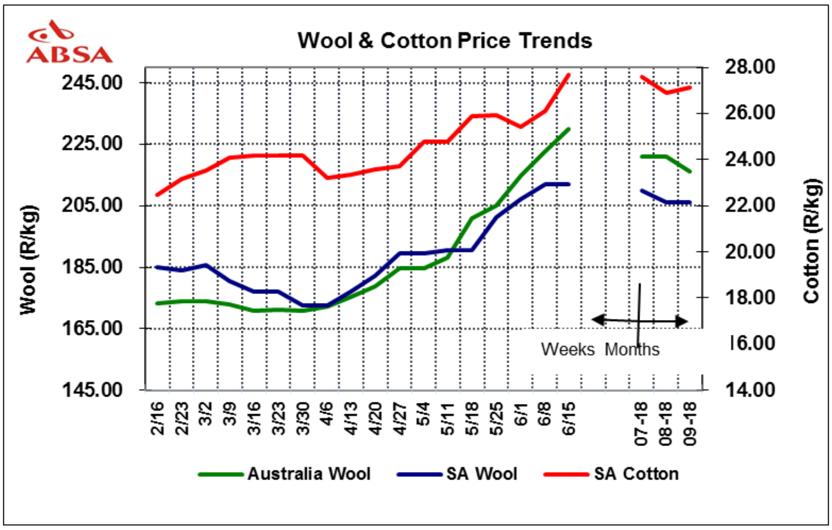
Wool market trends

International

The Australian wool market traded higher week on week. Prices traded at Au2021c/kg up by 0.50%. Australian prices bounced back from last week's decline, prices supported by a lower Australian dollar that support buyer's interest and low auction volumes offered.



Bullish factors

- Limited availability of supplies/ locks encouraged competitive bidding in Australia, which pushed prices higher.
- The demand from top makers was becoming more noticeable this week.
- Lower global production, consumer taste and preferences, improved economic growth in the major buying countries i.e. China and EU is underpinning the high prices.
- High price of meat kept wool production low.
- Very dry conditions in Australia resulted in lower wool production.

Bearish factors

- Buyers held back after recent record prices.
- Potential trade wars, exchange rate volatility could weigh on the market.
- Debt and credit risks in China could also weigh on the market.

Domestic

The last auction was on 06 June 2018. Domestic wool market prices closed at R211.99 c/kg (clean) at the sale. Wool prices traded at record prices this season, driven by very strong demand, limited supply and very fierce competition between buyers.

Bullish factors

- Excellent demand for quality long and fine wool at the recent auction.
- Final wool delivered to broker stores was lower than the previous season deliveries.
- Wool demand is growing in the making of next to skin apparel such as baby clothes with eczema and sportswear.

Bearish factors

- Analysts do caution that some degree of a downward correction is to be expected.

Outlook

Internationally, Australian prices bounced back from last week's decline, prices supported by a lower Australian dollar that support buyer's interest and low auction volumes offered. In the coming week Australia will only use two Eastern selling centres, very small offering 21,000 bales will be rostered for purchase nationwide. Current market high expected.

Locally, lower supply, fierce competition amongst buyers for South African wool, coupled with lower seasonal delivering are all added to the bullish tone to the wool market.
The wool market ended the season on an all-time record high on 6 June 2018. South Africa has its last sale the previous week. Auctions will resume on 15 August 2018.

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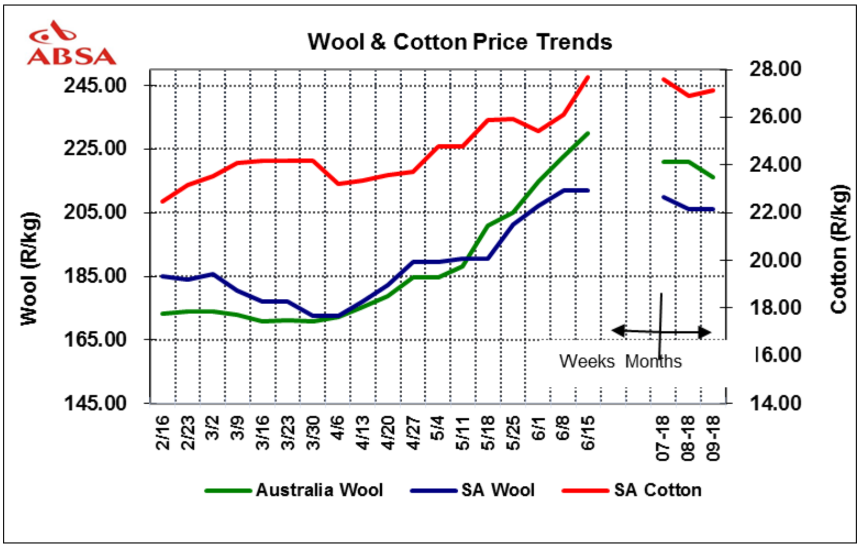
Cotton market trends

International

Cotton prices traded 0.25% higher over the past week and closed at US87.39c/lb up from US87.17c/lb.



Bullish factors

- According to the latest June WASDE report, 2018/19 world ending stocks are projected lower at 83 million bales. Lower than the previous year. Chinese stocks however are expected to rise for the third consecutive year.
- The latest USDA WASDE report indicates a lower 2018/19 production estimate for China, Australia and Pakistan.

Bearish factors

- Higher prices expected to impact planting decisions to expand area under cotton for the 2018/19 season.

Domestic

The derived SA cotton prices traded 0.01% lower to close at R27.661/kg.

Outlook

Internationally, Cotton prices remain firm as demand picks up and season nears the end.

Locally, the world market and exchange rate movement may continue to affect the domestic market prices. Lower grains profit margins has supported cotton planting in South Africa. The fifth estimate for the 2017/18 local production shows an increased cotton crop of 143%, more than the previous season. SA expected to produce 188 247 bales.On the back of favourable international cotton prices as China increases its import demand on a large scale, domestic cotton prices are firm and expected to remain high.

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Fibres market trends
Week ended 15 June 2018

Wool prices	%	SA prices (c/kg)	%	Australian prices (SA c/kg)	%	Australian future July 2018 (AU$/kg)	%	Australian future Sep 2018 (AU$/kg)
Wool market indicator	0.00	21199	1.92	20311		-		-
19µ micron	0.00	22506	2.40	23112	0.46	22.00	2.44	21.00
21µ micron	0.00	21607	2.43	22891	0.00	21.50	2.50	20.50
Cotton prices 08 June 2018		**SA derived cotton (R/kg)**		**New York A Index (US$/kg)**		**New York future Jul 2018 (US$/kg)**		**New York future Sep 2018 (US$/kg)**
Cotton prices	-0.01	27.66	-0.95	2.18	0.5	2.07	0.6	2.07

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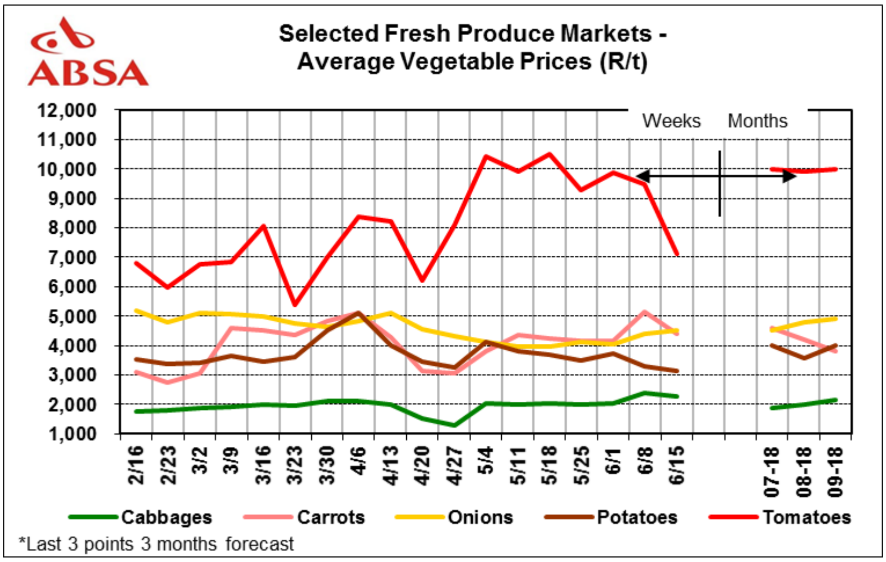
Vegetables market trends

Most of the vegetable volumes sold declined significantly this week. Lower demand reflected in lower prices.

Tomatoes

Volumes were slightly lower (2%) this week at the FPMs, however prices dropped by 25%. South Africa not yet experiencing a cold winter therefore plenty tomato crop ripe and available to be marketed. Prices declined from R10/kg average the previous week reaching on average R7/kg this week. Month-end demand also supporting prices.



Onions

North West and Limpopo onion producers are currently marketing their produce at the markets. Supply is sufficient. Good quality crop receiving premiums. Prices traded 3% higher month-on-month, supported by sustained growing end demand. Prices have been trading sideways for the month and anticipated to remain at this level for the next 2 weeks.

Potatoes

Ample supply contributed to lower prices. Weekly prices declined by 4% week on week. The volumes sold declined by 26%. Increased producer deliveries and insufficient demand weighed on prices.

Peppers

Pepper prices increased week-on-week by 10% at an average of R8/kg. Volumes were significantly lower and quality good. Demand for peppers was better compared to the previous week.

Cabbage & Carrots

Cabbage volumes sold dropped significantly by 28% at the Top 5 FPMs. Prices declined by 4%. Prices averaging around R2/kg. Carrots prices dropped by 14% week on week as volumes sold declined by almost 25% due to increased deliveries and low demand.

Vegetable Prices: Fresh Produce Market (Averages for the Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban markets)						
Week ending 15 June 2018	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	-4%	2272	2372	-28%	1155	1613
Carrots	-14%	4412	5156	-25%	1672	2235
Onions	3%	4530	4398	-30%	4838	6891
Potatoes	-4%	3152	3280	-26%	12913	17472
Tomatoes	-25%	7106	9482	-2%	3465	3519
Peppers	10%	8624	7830	-10%	992	1107

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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 use of this information.

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