



## Agri Trends

25 August 2017

### Counter weak economic growth!

What can producers do to counter weak economic growth? First of all, it is important to note on the changing trends in your export markets. Producers need to gear their enterprises according to global market developments. China is increasingly following an import led strategy compared to the USA's focus on export growth. Follow these and adapt your production and marketing strategies accordingly. Secondly, do not miss out on the latest technological advances. By adopting the latest proven technologies producers can better outperform their global competitors that enjoy government support. Thirdly, lower your exposure to credit if it is unnecessarily high. Lastly, support the strengthening of independent democratic institutions, make clever and wise decisions and do not stop having great business ideas. The latter is the most important engine to create wealth.

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# Maize market trends

## International

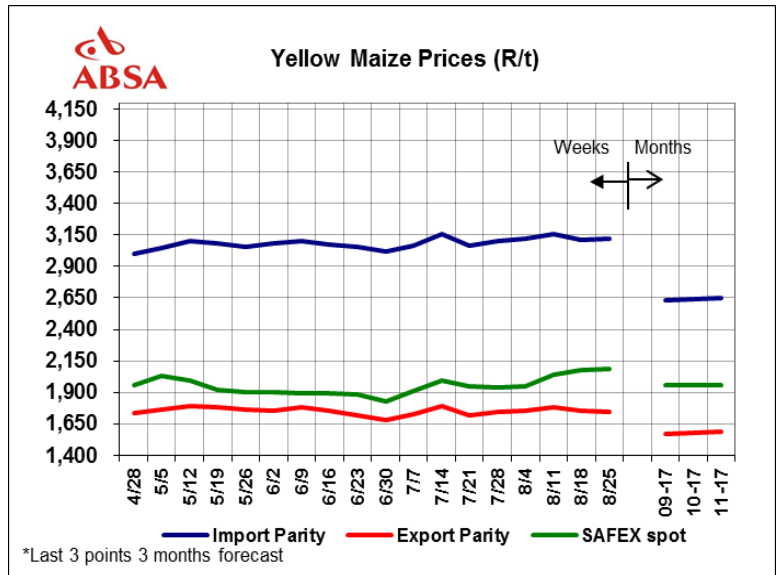
Week-on-week yellow maize No 2 gulf price decreased from US\$147.55/ton to \$146.37ton.

### Bullish factors

- The largest maize producing state in the US (Iowa), could expect a lower harvest, based on feedback from the US tour.
- Iowa Harvest Estimate feedback from tour 179.79 bu/ac; the 3 year average is 182.39 bu/ac; the USDA estimate was 188 bu/ac.

### Bearish factors

- The EU increased its maize yield estimate from 6.83t/ha to 6.93t/ha.



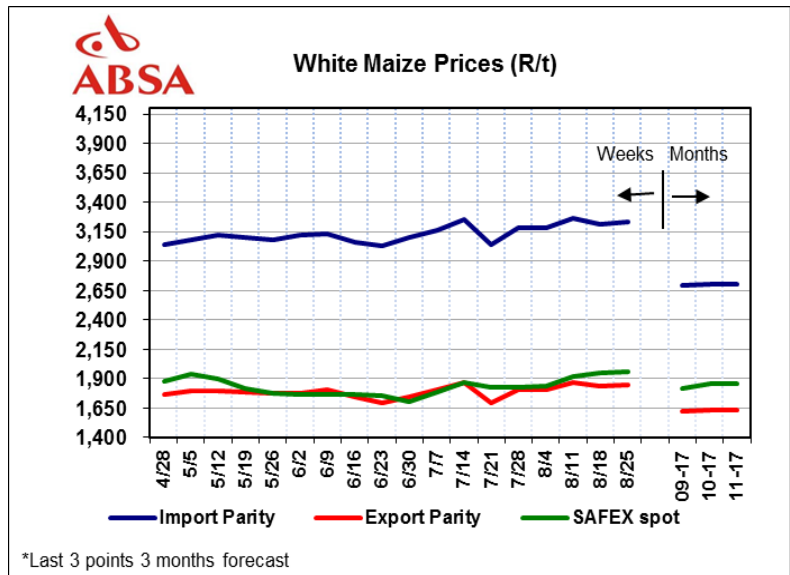
## Domestic

By August 17, week on week new season white maize prices for delivery in Sep 2017 decreased marginally by 0.6% (R11) from R1833/ton to R1822/ton. Week-on-week new season yellow maize prices for delivery in Sep 2017 decreased marginally by 0.3% from R1963/ton to R1958/ton. Prices for delivery in Dec2017 for white maize were recorded at R1907/ton and yellow maize at R2030/ton both declining from the previous week's future contract prices for Dec2017.

September white & yellow maize prices have traded marginally lower on a weekly basis as a stronger Rand has pressured prices.

### Bullish factors

- Kenyan elections are done, with the same electoral regime remaining in power. The government continues to subsidise white maize, chances are they'll subsidise white maize till end of September. Currently all supply is imported, mainly from South Africa and Mexico.
- South Africa exported total 68,921 tons of yellow (59,592t) and white (9,329t) for the week ending 18<sup>th</sup> August. 95% of the yellow maize was exported to Japan.



### Bearish factors

- The slow rate of exports may subsequently lead to higher carry-over stocks of maize in the domestic market, thus causing prices to remain sideways in the long term (coming months).
- There's currently no selling pressure on the producer, producers still holding on to their crop.
- Stronger Rand

### Outlook

By managing to plant only for the domestic market, successful exports and using a long term average of 4,6 ton/ha (compared to record 6 ton/ha) prices may start to recover in the 2017/18 marketing year.

Monthly SAGIS stock level for July 2017

Total Maize:

Beginning balance (7,328,607t) + deliveries (4,449,625t) + Imports (0t) – Consumption (853,070t) - Exports(406,155t) – Diverse(10,508,042t hence the ending balance is 10,508,042t as reported on the 25th August 2017.

Globally, maize prices are expected to remain trading sideways. Some reports argue that the crop conditions in Minnesota, and certain parts of the Eastern Corn Belt (ECB), will help recover the drop in yields after the adverse weather received. We will look forward to the USDA's September and especially the October report, to see what the yields hold.

**Results from the week's US Tour in the Mid-West shows:**

**Day 1:**

South Dakota: 147.97 bu/ac, the 3 year average is 156.14 bu/ac; the USDA estimate was 140 bu/ac

Ohio: 164.62 bu/ac, the 3 year average is 159.81 bu/ac; the USDA estimate was 171 bu/ac

**Day2:**

Nebraska: 165.42 bu/ac, the 3 year average is 162.51 bu/ac; the USDA estimate was 183 bu/ac.

Indiana: 171.23 bu/ac, the 3 year average is 167.13 bu/ac; the USDA estimate was 173 bu/ac

**Day3:**

Illinois: 180.72 bu/ac; the 3 year average is 187.37 bu/ac, the USDA estimate was 188 bu/ac

**Day4:**

Iowa: 179.79 bu/ac; the 3 year average was is 182.39 bu/ac, the USDA estimate was 188 bu/ac

Minnesota: 191.54 bu/ac; the 3 year average is 181.32 bu/ac, the USDA estimate was 183 bu/ac

Yellow Maize Futures: 24 August 2017		Sep-17			Dec-17			Mar-18			Jul-18		
CBOT (\$/t)		134.64			140.25			145.17			150.19		
SAFEX (R/t)		1958.00			2030.00			2077.00			2137.00		
SAFEX (R/t) Change week on week (w/w)		-5.00			-11.00			-7.00			-3.00		
Sep-17			Dec-17			Mar-18							
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call					
2,000	42	0	2,080	133	83	2,120	176	133					
1,960	10	8	2,040	111	101	2,080	153	150					
1,920	0	38	2,000	90	120	2,040	133	170					

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

White Maize Futures 24 August 2017		Sep-17			Dec-17			Mar-18			Jul18		
SAFEX (R/t)		1822.00			1907.00			1948.00			2050.00		
SAFEX (R/t) Change w/w		-11.00			-9.00			-9.00			-10.00		
Sep-17			Dec-17			Mar-18							
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call					
1,860	40	2	1,940	122	89	1,980	175	143					
1,820	11	13	1,900	100	107	1,940	153	161					
1,780	1	43	1,860	81	128	1,900	133	181					

## Wheat market trends

### International

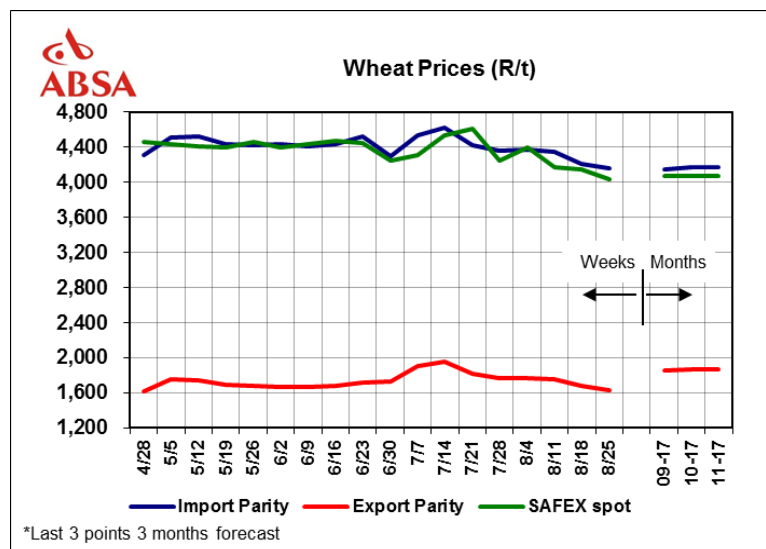
The weekly average old season HRW wheat Gulf price decreased week on week from US\$165.99/ton to reach a weekly average of US\$159.92/ton.

#### Bullish factors

- Heavy rainfall in Argentina stalled sowing due to excessive moisture on 1.3-1.4 million hectares. Some growing land may be abandoned as result of flooding.

#### Bearish factor

- Larger Russian production than expected keeps prices under pressure. IKAR, the Russian Institute for Agricultural Market Studies, raised its wheat crop from 77-80 million tons to 79-82 million tons on 22 August 2017.
- Winter wheat will be planted in Southern Plains soon, and it seems that the crop will be planted on well-watered soils following good rains and moisture.



### Domestic

On August 24, wheat prices for delivery in Sep 2017 decreased by 3.6% (R153) from R 4222/ton to R4069/ton week on week. Larger than expected Black Sea production forecast, is capping any price rallies.

#### Bullish factors

- Currently the Swartland area has an irrigation issue, they've been getting between 5-10mm irrigation weekly, which helps with the wheat at the moment but the dams still remain relatively empty as seen on the latest

dam level statistics for the Western Cape at 31% (compared to 59% in 2016). If however sufficient rains are not received, the viticulture and horticultural industry may incur material damage later.

- Stronger Rand (Rand strengthened from R13.24 to R13.21).
- Wheat ending stocks are 634,462t, compared to the beginning stocks 819,857 ton after 8,322 ton deliveries and 97,075 ton.

### Bearish factors

- According to the South African Weather Bureau, the next 2 months holds probability for good to above average rainfall for the Western Cape.

### Outlook

Internationally wheat prices are expected to remain under pressure well into the next year, because of large global stocks & crop, thanks to the Black Sea great crop prospect.

The industry is definitely not anticipating a top harvest since the industry was laden with a lot of strain due to below average rainfall and late plantings, we expect a lower wheat harvest. The Western Cape is expected to yield around 2.3-2.4 t/ha on average, which may result in approximately 780 000 ton. According to the South African Weather Bureau, the next 2 months holds probability for good to above average rainfall for the Western Cape.

The current wheat prices are on break-even point for an average crop harvest. The wheat harvest is at its lowest since the past 15 years in terms of stock levels. We anticipate a nice premium to be enjoyed during August before the imports pick up.

Wheat Futures 24 August 2017	Sep-17			Dec-17			Mar-17			Jul-18		
CME (\$/t)	159.65			168.01			173.34			183.81		
SAFEX (R/t)	4069.00			3903.00			4000.00			4045.00		
SAFEX (R/t) Change w/w	-153.00			-121.00			-93.00			0		
Sep-17			Dec-17			Mar-18						
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call				
4,100	41	10	3,940	220	183	4,040	311	271				
4,060	17	26	3,900	199	202	4,000	289	289				
4,020	5	54	3,860	178	221	3,960	268	308				

## Oilseed market trends

### International

The international prices traded higher. Unfavourable weather in the Ukraine may cause reduced production in sunflower seed.

The weekly average USA soybean price increased week on week from US\$358.34/ton to US\$363.57/ton. US soya oil prices increased from US\$33.16/ton to US\$34.34/ton and soymeal prices traded lower from US\$296.48/ton to US\$295.50/ton.

### Bullish factors

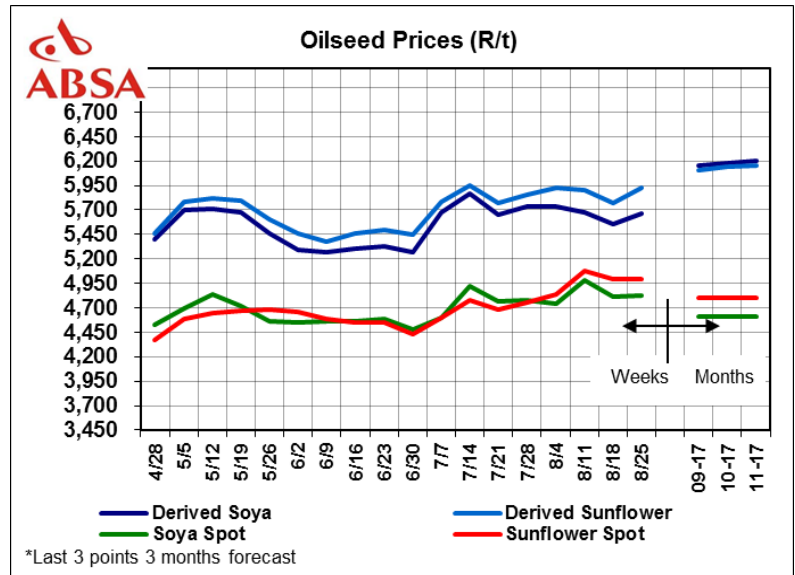
- Indian vegetable oil imports increased to a 21 month high of 1.53 million ton, as the market anticipates a spike in import duties.
- Argentinian soybean plantings are seen declining to 6-year low of 18.9 million ton in 2017/18, while maize, wheat and sunflower seed area increased. Soybeans have lost competitiveness, due to high export taxes.
- Soybean prices found support from increased export demand from China. New season export figures of 2 million tons, exceeded expectations of between 400,000ton and 600,000 ton. More than half of the exports went to China.
- Indonesian palm oil exports rises by 20% to reach record levels Jan/June. Palm oil stocks are comparatively low.
- World production of linseed & flaxseed seen plunging to a 4-year low (2.4 million ton) in 2017/18.

### Bearish factors

- In Canada, canola crop prospects improved after increased rains.

### Domestic

On August 24, sunflower seed prices (Sep17) increased week on week by 2.2% (R103) from R4703/ton to R4806/ton while soybean (Sep17) prices increases by 1.2% (R53) from R 4554/ton to R4607/ton. Sunflower seed prices fared higher than soybean prices for the September 2017 deliveries, soybean and sunflower prices found support in the higher international prices which were boosted by larger than expected export demand from China.



## Bullish factors

- Rand volatility may provide support to the local market operating in a stronger international market.

## Bearish factors

- Large soybean deliveries have been coming in strong for the 2017/18 season.

## Outlook

The local sunflower seed and soybean prices followed bullish international prices, after unfavourable weather in the Ukraine, underpinned production.

World soybean supplies are ample. In some countries the pace of crushings is suppressed by lack of farmer selling. In lieu of the tightening outlook for rapeseed oil and sunflower oil in 2017/18, it can be expected for soya oil share to appreciate next season.

Oilseeds Futures 24 August 2017	Sep-17	Dec-17	Mar-18	Jul-18				
CBOT Soybeans (US\$/t)**	345.85	350.99	354.21	359.45				
CBOT Soy oil (US c/lb)	33.21	33.55	33.89	34.14				
CBOT Soy cake meal (US\$/t)*	327.03	330.66	334.84	339.01				
SAFEX Soybean seed (R/t)	4607.00	4738.00	4857.00	4957.00				
SAFEX Soybean seed (R/t) change w/w	53.00	45.00	45.00	42.00				
SAFEX Sunflower seed (R/t)	4806.00	4985.00	5089.00	4910.00				
SAFEX Sunflower seed (R/t) change w/w	103.00	113.00	124.00	20.00				
<b>Sunflower Calculated Option Prices (R/t)</b>								
Sep-17			Dec-17			Mar-18		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,840	44	10	5,020	224	189	5,120	313	282
4,800	20	26	4,980	203	208	5,080	291	300
4,760	7	53	4,940	183	228	5,040	271	320

\*short ton

\*\* Dec 2017 = Jan 2018



# Beef market trends

## International

New Zealand steers traded sideways over the past week at 5.46NZ\$/kg and cows traded sideways at 4.33NZ\$/kg compared to a week ago. In the US, beef prices for the week were mostly lower as follows: Topside traded 5.78% lower at \$209.47/cwt. Rump was 4.07% lower at \$352.25/cwt and strip loin was 6.36% lower at \$482.58/cwt. Chuck traded 1.39% lower at \$232.05/cwt. Brisket traded 0.77% lower at \$198.09/cwt. The carcass equivalent price was 3.49% lower at \$273.70/cwt.

### Bullish factors

- The US has been discussing provisions of the North American Free Trade Agreement with Canada and Mexico. Maintaining the robust beef trade with these top beef customers is important for the US and may support US exports.
- Limited offerings this week drove the rebound in New Zealand beef prices.

### Bearish factors

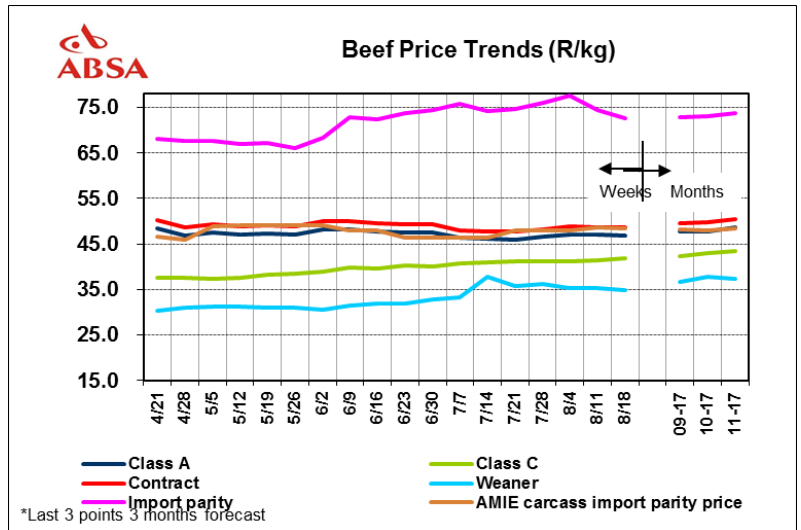
- Japan is a less lucrative beef market for New Zealand after it lifted its tariff rates on frozen product from 38.5 to 50%. The rates were raised because of an increase in the amount of beef being imported by Japan for the first half of this year. Beef which had been destined for Japan would probably be diverted to other markets.
- Plentiful cattle and beef supplies in the US may weigh on prices.
- In Australia, a very dry winter has dented prices in the past month, but some rain has reportedly been falling across the east.

## Domestic

Beef prices were mixed over the past week, but still remain generally strong. Class A prices are 0.1% lower at R46.96/kg. Class C prices were 0.92% higher at R41.86/kg, continuing with strong momentum. The average weaner calf prices over the past week were 1.5% lower at R34.81/kg. The average hide price over the past week was 1.68% higher at R13.93/kg green. NB\* Hide prices are determined by the average of the RMAA (Red Meat Abattoir Association) and independent companies.

### Bullish factors

- Quality weaner cattle for feedlots are limited which support prices of better stock. Recently, there was very little weaner stock available for feedlots on some auctions.
- Lower maize prices will support higher weaner cattle prices



- The low cost maize and improved grazing conditions this season prompted producers to hold weaners back in order to do back grounding on cheaper maize making money from the feed margin component.
- High weaner prices encouraged producers to sell their cattle for cashflow purposes.

### *Bearish factors*

- Consumers are under pressure and some may not be willing to pay more for beef. This may result in a switch to other products.
- Beef prices are currently high on the domestic market. The higher domestic beef prices may encourage producers to sell on the domestic market.

### **Outlook**

Internationally, the boosts to US trade from a weaker dollar and growing consumption in East Asia, particularly China, continue to support beef prices. Domestically, beef prices may gain support from increased demand during month end.

## Sheep meat market trends

### International

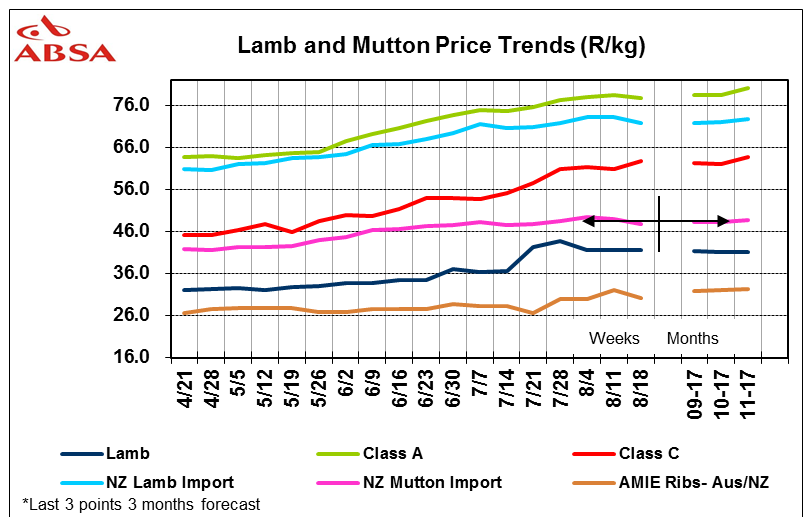
New Zealand lamb prices traded higher this week compared to last week. Lamb prices closed 0.69% higher at NZ\$102.0/head for 15kg lamb. Lamb prices were 0.71% higher at NZ\$142.8/head for 21kg lamb. Ewe prices traded sideways at NZ\$86.6/head for a 21kg ewe. The import parity price for lamb was 1.89% lower at R71.99/kg, while the import parity price for mutton was 2.43% lower at R47.73/kg.

### Bullish factors

- July was a solid month for New Zealand lamb export volumes. Shipments were up 14% on the same month last season, and edged slightly above five year average volumes. The increased lamb shipments were largely absorbed by the Chinese and US markets. However, overall export volumes are down 5% or 15,000 tonnes season to date.
- According to the latest survey by Beef + Lamb New Zealand, the steady decline in New Zealand's sheep numbers continued at a slower pace over the past year as farmers in some areas rebuilt their flocks following drought, natural disasters and the impact of facial eczema. Sheep numbers have reduced to an estimated 27.34 million as at June 30 from 27.58 million a year earlier.

### Bearish factors

- Prices for some New Zealand products have reached a ceiling, with customers showing no willingness to pay anymore. There are growing signs that there will be resistance to further increases in prices for some items.
- Rabobank's August outlook for the Australia's agriculture industry predicts easing prices in grain, wool, sheepmeat and beef due to below average rainfall and the forecast rising value of the Australian dollar.



## Domestic

Lamb and mutton prices were mixed over the past week. Lamb and mutton prices were as follows: The national average Class A lamb prices decreased by 1.14% to R77.71/kg and the average Class C prices increased by 2.92% to R62.77/kg. The average price for feeder lambs traded 0.21% higher at R41.63/kg. The average price for dorper skin is 1.32% higher at R43.75/skin and merinos were 2.02% higher at R100.96/skin.

### *Bullish factors*

- Lamb and mutton prices may gain support from less availability of animals in the market. The herd rebuilding process is underway, limiting the amount of sheep to be slaughtered.

### *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.

## Outlook

Internationally, lamb prices are high in the global market, which may start to weigh on consumer demand.

Locally, lamb and mutton prices may gain support from increased buying associated with the end of the month.

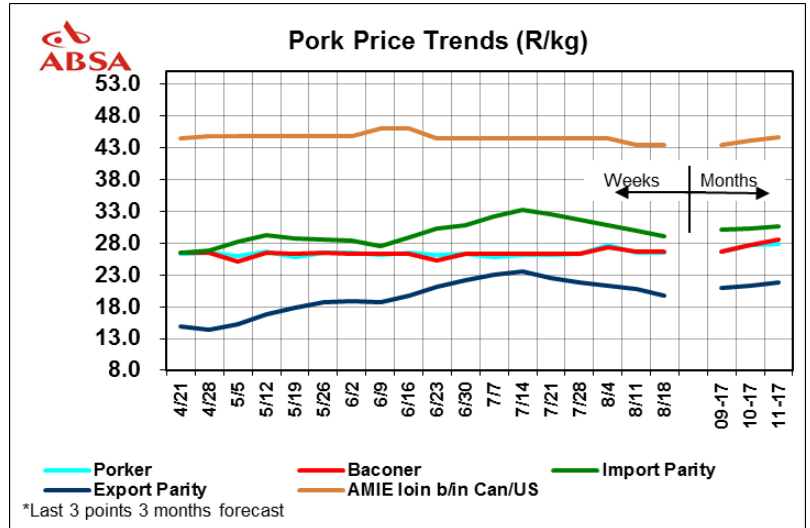
# Pork market trends

## International

The average weekly US pork prices were mostly lower over the past week. Carcass prices were 3.2% lower at US\$91.82/cwt, loin prices were 2.3% lower at US\$81.96/cwt, rib prices were 9.4% higher at US\$133.34/cwt and ham was 3.1% lower at US\$65.87/cwt.

### Bullish factors

- The declining value of the US dollars makes the US pork more competitive globally
- US June pork exports were up 6% year-on-year, and the largest June volume on record.
- The National Pork Producers Council (NPPC) applauds the Trump administration for negotiating US pork access to the Argentine market. US pork now has unrestricted access to this large, pork-consuming nation. NPPC is urging the administration to continue to work for market access in other countries that have non-science-based trade barriers, including India and Thailand.



### Bearish factors

- Last week, the USDA came out with a projection that US maize crop this year will be the third largest ever at 14.153 billion bushels. The soybean crop estimate is also expected to be 4.381 bushels, a new record. This is positive for feed.
- Global markets for pig and poultry meat have remained well supplied. Increasing US exports are becoming even more important as production continues to expand.

## Domestic

Pork prices were mixed over the past week. The latest pork prices are as follows: The average porker prices are 0,4% lower at R26.46/kg, while the average baconer prices are 0.4% higher at R26.75/kg. The average cutters prices were 0.7% lower of R27.8/kg whilst the average heavy baconer price was 0.1% higher at R25.93. The BP price this week increased to R26.79/kg whilst the BO price this week increased to R26.79/kg. The SAU price was R20.68/kg and the SAB price is R23.09/kg.

### *Bullish factors*

- The pork industry is exploring export markets in countries such as Singapore, Thailand, the Philippines and India, some South African farmers are already exporting successfully to countries in Africa. Between January and May this year, 3 000 ton of pork was exported to African countries. Negotiations and administrative procedures regarding exports to the East are still in progress.
- Higher beef, lamb and mutton prices may see buyers switch to more consumption of cheaper meats like pork and poultry.

### *Bearish factors*

- Imports have substantially increased in May 2017. The cumulative import figure for January to May 2017 is 9% higher than imports for the same period in 2016. Spain and Germany were the main exporters. Rib imports represent just more than 50% of total imports.
- Lower feed costs will support the intensive pork industry, improving profitability. The lower feed costs are encouraging to the fattening of pigs.

## Outlook

Internationally, while the global pig meat market remained relatively well supplied, strong demand is helping to support the market.

Locally, pork prices may gain underlying support from the higher lamb, mutton and beef prices and as herd rebuilding continues.

## Poultry market trends

### International

Poultry prices in the US were mostly lower over the past week. Whole bird prices were 0.97% lower at 93.14USc/lb. Breast traded 1.37% lower at 143.50USc/lb, while leg quarters traded 2.38% higher at 43.00USc/lb.

#### Bullish factors

- The government of South Korea has lifted its ban on imports of US poultry and poultry products. The ban had been imposed due to the detection of highly pathogenic avian influenza HPAI earlier this year. The US notified the World Organization for Animal Health (OIE)

that is now free of HPAI, removing any justification for trading partners to restrict imports of US poultry. This is positive for exports. Overall US poultry meat exports for the half of 2017 increased by 4.7% from the same period in 2016.

#### Bearish factors

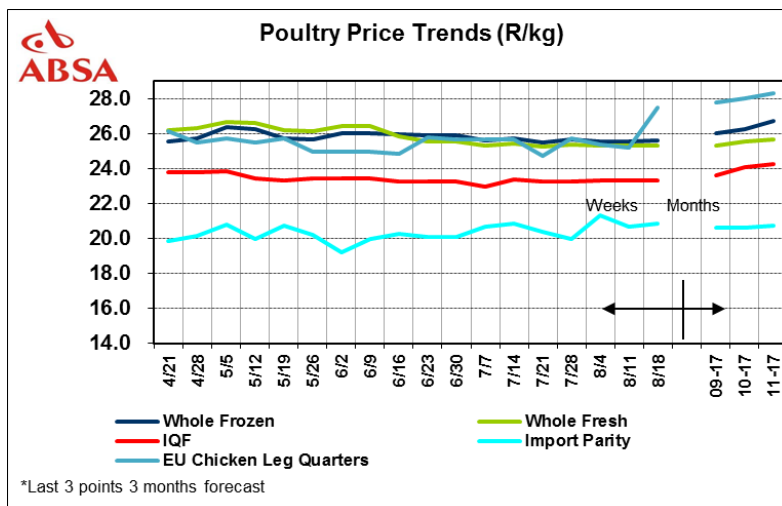
- Disease outbreaks in both the beef and poultry industries have reportedly boosted demand for pig meat this year. This as a result may have taken demand away from the poultry sector.

### Domestic

The average poultry prices over the past week were mostly higher. The average prices for frozen birds were 0.08% higher at R25.59/kg during the week. Whole fresh medium bird prices were 0.06% higher at R25.32/kg, while IQF prices were 0.12% higher at R23.33kg.

#### Bullish factors

- Poultry remains the least expensive protein meat, which may encourage consumer demand.
- The poultry industry continues to enjoy temporary support from the closure of the EU market following bird flu outbreaks in the EU.
- Production losses associated with bird flu outbreaks may support prices. The poultry industry is still busy with calculations to determine the impact of the bird flu on total production. As a result of the bird flu, production



costs may increase due to the added biosecurity measures and production losses. As a result, poultry producers may also start to demand higher prices.

### *Bearish factors*

- Reports indicate that following bird flu outbreaks, minister Zokwana said government would consider importing fertile eggs to help close a supply gap due to the culling of thousands of birds following the outbreak.
- In terms of the bird flu, as winter passes and temperatures and rainfall increase, the virus should be finally contained and not spread further.
- Following the recent bird flu outbreak, poultry destined for exports have to be absorbed in the South African market. This may weigh on prices. However it is also important to note that the closing of borders to exports is mandatory following the outbreak, but some neighbours evaluate the extent of the disease and the risks, and may end up relaxing and amending their import ban.
- Feeding margins have improved on the back of lower maize prices this season.

### **Outlook**

Internationally, most global markets are performing well, with a combination of strong demand, restricted supply, and ongoing low feed costs supporting this market.

Locally, poultry remains the cheapest meat and therefore remains popular in terms of consumption. Prices may remain supported as beef and mutton prices continue to trade higher.



Livestock prices (R/kg) week 25 Aug 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	-0.1	46.96	47.00	-1.14	77.71	78.61	-0.4	26.46	26.56	0.06	25.32	25.30
Class C/Baconer /Frozen birds	0.92	41.86	41.48	2.92	62.77	60.99	0.4	26.75	26.65	0.08	25.59	25.57
Contract/Baconer/IQF	-0.03	48.69	48.70	-0.25	78.51	78.71	0	26.61	26.60	0.12	23.33	23.30
Import parity price	-2.50	72.58	74.44	-2.43	47.73	48.92	-3.2	38.3	39.6	1.00	20.86	20.66
Weaner calves/ Feeder lambs	-1.5	34.81	35.34	0.21	41.63	41.54	-	-	-	-	-	-
Specific imports: Beef trimmings 80vl/b/Mutton shoulders/Loin b/in/chicken leg 1/4	-0.8	48.35	48.75	-9.7	60.14	66.60	0	43.50	43.50	9.13	27.50	25.20

## Wool market trends

### International

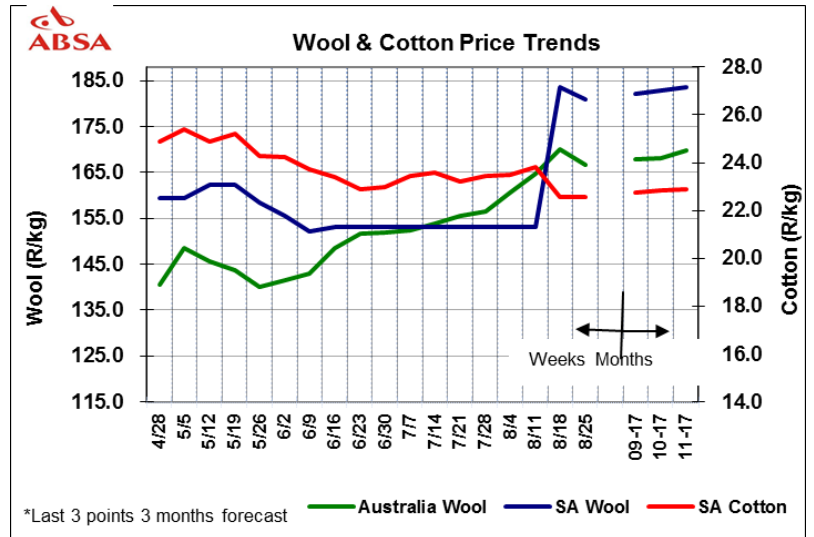
The Australian wool market gave up much of last week's. The Australian wool market prices were higher and closed 2.60% lower at Au1572c/kg at the recent auction.

#### Bullish factors

- Wool producers are enjoying some of the best prices for decades as demand continues to grow.

#### Bearish factors

- Rabobank has indicated that the outlook for wool will prove interesting as the strong Australian dollar will create a challenge between the strong demand for Merino wool in China and Italy and prices at auction.
- The market finally hit a price point where the price hurt the demand, and the market reacted accordingly.
- The large orders at the Australian auction emanating out of China last week seemingly dried up almost immediately at the start of the week.



### Domestic

Domestic wool market prices were 1.41% lower to close at R180.92 (clean) at the close of the season.

#### Bullish factors

- The wool market maintained its recent impressive gains at this week's sale as there was continued strong demand for good quality long wool.
- The reduced volumes on offer at this second auction of the season encouraged competition between buyers.

#### Bearish factors

- The effect of the stronger Rand was marginal.

## Outlook

Internationally, Auction sales next week in Australia is expected to offer more. The additional quantity may lead to buyers to be more cautious in their purchasing strategy.

Locally, wool prices may remain strong on the back of strong demand for South African wool.

## Cotton market trends

### International

Cotton prices traded 3.58% lower over the past week and closed at US65.91c/lb.

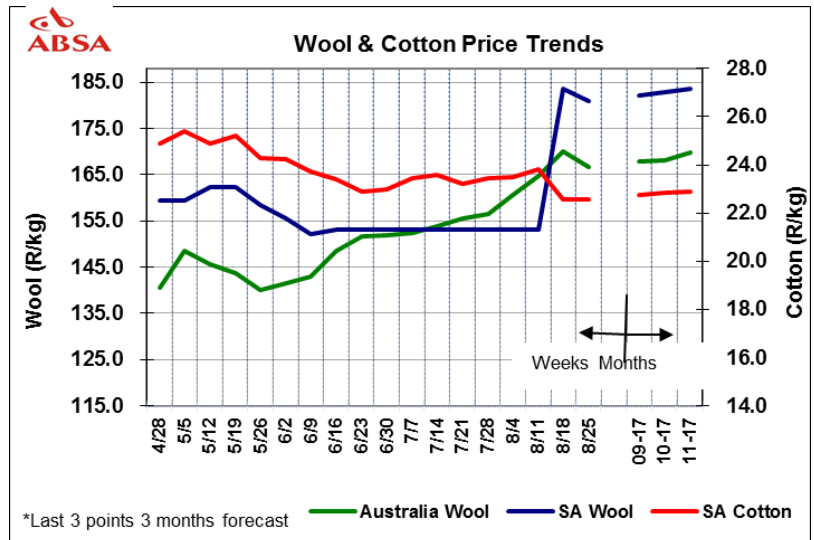
#### Bullish factors

- Tropical Depression Harvey poses a big threat to the US cotton belt. Forecasters have indicated that the rains could cause life-threatening flooding.
- Indian cotton prices were steady on reports of crop damage by recent rains.

#### Bearish factors

- The anticipated big US crop took cotton prices lower on the week.
- Reports from both India and China suggested those crops were progressing well.
- Commerzbank downgraded its forecast

for average futures prices in the October-to-December period, by 3 cents to 68 cents a pound, noting expectations that world cotton output and demand will be in balance in 2017/18, after two years of production deficits.



## Domestic

The derived SA cotton prices traded 5.43% lower to close at R22.55/kg. The decreases in prices were in line with the decreases in international prices and also by the strength in the South African rand. As far as the local outlook is concerned, the 7th estimate for the 2016/17 production year indicates a total crop of 82 785 lint bales, which is an increase of 64% from the previous season. About 80 785 lint bales are estimated to be produced from South African grown seed cotton, up 60% from the previous season.

## Outlook

Internationally, tropical Depression Harvey may add a bullish tone to prices, as it causes a threat to the US cotton belt.

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

**Fibres market trends**

**Week ended 25 Aug 2017**

<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 Sep 2017 (AU\$/kg)</b>	<b>%</b>	<b>Australian future Dec 2017 (AU\$/kg)</b>
<b>Wool market indicator</b>	<b>-1.41</b>	18092	<b>-2.22</b>	16428		-		-
<b>19μ micron</b>	<b>-4.06</b>	19983	<b>-2.89</b>	19458	<b>-5.26</b>	18.00	<b>-3.33</b>	17.40
<b>21μ micron</b>	<b>1.42</b>	17896	<b>-2.02</b>	16987	<b>-1.27</b>	15.50	<b>-1.99</b>	14.80
<b>Cotton prices</b>		<b>SA derived cotton (R/kg)</b>		<b>New York A Index (US\$/kg)</b>		<b>New York future Oct 2017 (US\$/kg)</b>		<b>New York future Dec 2017 (US\$/kg)</b>
<b>Cotton prices</b>	<b>-5.43</b>	22.55	<b>-4.86</b>	1.71	<b>-2.6</b>	1.49	<b>-1.8</b>	1.475

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## Vegetable market trends

### Carrots

Carrot prices declined to R2.6/kg for week ending 25 August 2017, after peaking at R3.69/kg during week 12 August 2017. Marginal weekly increases in volumes of 1.5% lead to price declines of 8.1% week-on-week. Highest prices were last seen during quarter 2 in 2016, when average prices were R5.99/kg.

Market prices are expected to remain constant for the period Jul- Aug 2017 at R3.50/kg- R4/kg.

### Onions

Prices remain under pressure, prices dropped by 5.6% week-on-week, due to volume increases of 16%. The onion price continues to experience one of its worst years, due to lack of demand from importing African countries (mainly driven by lower economic growth, affecting household incomes) as well as lack of demand from the local consumer.

The market anticipates prices to increase in the next two months, due to lower volumes delivered. This should increase prices.

### Potatoes

South Africa had a very warm winter, no cold damage was incurred because of that, potato harvest was optimal. Increased volumes are seen in August. Prices increased week on week by 13.2% from an average of R2.89/kg last week to R3.24/kg this week. Prices are expected to move sideways for the next 3 months. It is worth noting that from Jan2017- Aug2017, the markets sold 13.5 million 10 kilograms bags more than the same period last year.

### Peppers

Prices increased week-on week from R8.65/kg to R9.23/kg. The 8<sup>th</sup> July peaked with high prices at R14.13/kg. Since then prices have declined and kept moving sideways in the R9/kg range the entire August. Higher volumes attributed to the lower prices received.

### Tomatoes

Prices increased week on week by 21%, due to lower volumes, average weekly price was R5.17/kg. Q2/2017 average was R6.61/kg; currently prices are on the downtrend compared to the previous quarter.

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

Week ending 24 August 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	-10.5%	1768	1976	10.8%	2310	2085
Carrots	-8.1%	3068	3338	1.5%	2733	2691
Onions	-5.6%	2546	2698	16.0%	7832	6753
Potatoes	13.2%	3240	2862	2.6%	18418	17942
Tomatoes	21.0%	5208	4304	-4.0%	5532	5763

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