

FROM THE DESK OF THE CEO (20/12)

Justin Chadwick (25 May 2012)

QUOTE OF THE WEEK "We are not retreating - we are advancing in another direction." Douglas MacArthur

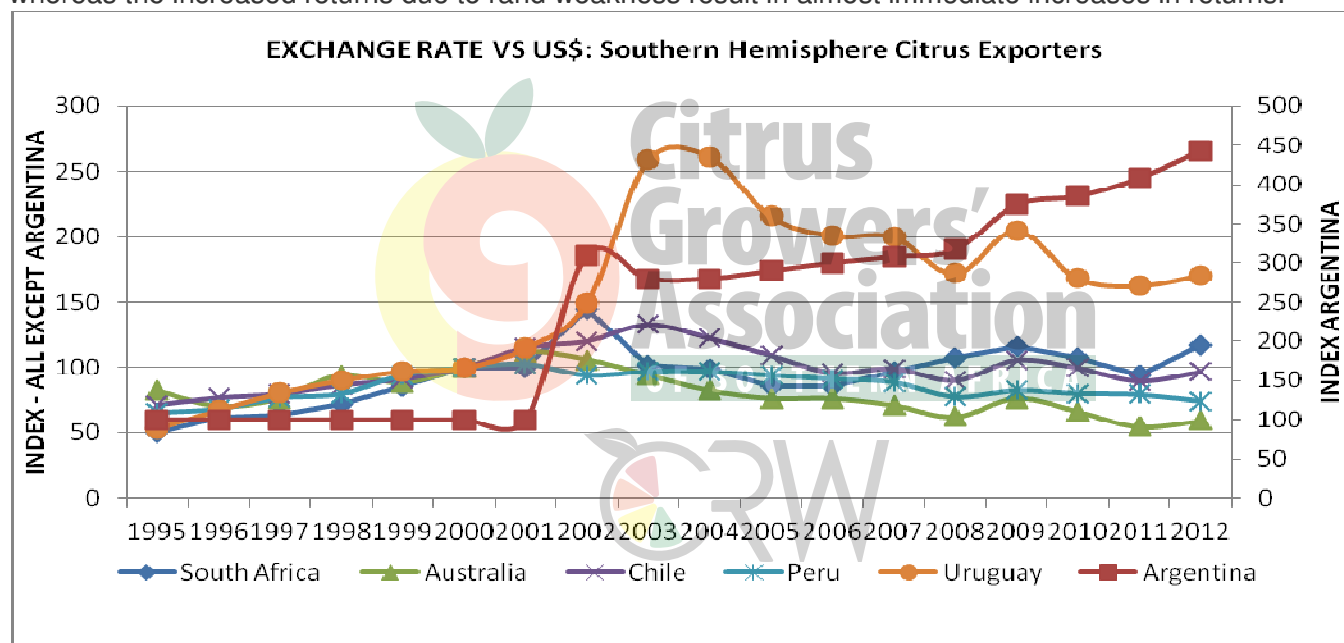
RANDWATCH

Exporters from South Africa have watched the latest movement of the rand carefully, as a weakening rand has an immediate impact on the returns earned in the market. The rand has weakened by 20% from May 2011 levels, although it has some way to go before getting to the levels experienced in mid 2002.

Looking at the major competing countries in Australia and South America we see that in most currencies volatility was experienced since 2000. Argentina and Uruguay have been the most impacted in terms of exchange rate changes – with Argentina experiencing a major devaluation between 2001 and 2002, and Uruguay experiencing the same a year later.

What is making the Rand/US\$ the one to watch is the reduced reliance on the EURO and Pound markets – since the year 2000 exports to Euro/GBP denominated markets have been consistently less than 50% of total southern African citrus exports – with 2011 recording just 41% sent to these markets.

With most export costs (in particular shipping) being priced in US\$'s the movement of the Rand does influence costs – with a weakening rand having an influence on cost levels. This impact is felt over a longer period of time, whereas the increased returns due to rand weakness result in almost immediate increases in returns.



PACKED AND SHIPPED

With the Soft Citrus Focus Group reducing their prediction for 2012, coupled with the same move by the Navel Focus Group last week, the predicted shipped volume for 2012 now moves below the 100 million carton level.

To Week 20 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed	Final Shipped
SOURCE: PPECB	2010	2011	2012	2011	2012	2012	2012	2011	2011
Grapefruit	4.8 m	5.8 m	6.1 m	4.8 m	3.8 m	15.2 m	13.9 m	16.2 m	15.3 m
Soft Citrus	3.4 m	3.1 m	2.8 m	2.6 m	2.2 m	7.6 m	7.3 m	6.9 m	6.7 m
Lemons	4 m	3 m	2.8 m	2.6 m	2.1 m	11.1 m	10.6 m	10.8 m	10.2 m
Navels	3.7 m	2.7 m	2.2 m	0.8 m	0.8 m	22.9 m	21.9 m	21.2 m	
Valencia	-	-	-			46.1 m	46.1 m	44.2 m	61.7 m*
	15.9 m	14.6 m	13.9 m	10.8 m	8.9 m	102.9 m	99.8 m	99.3 m	93.9 m

* All oranges

**GROWER FUNDED ACTIVITIES OF THE CGA, CRI AND CITRUS ACADEMY
ENSURE A GLOBALLY COMPETITIVE SOUTHERN AFRICAN CITRUS INDUSTRY**