FROM THE DESK OF THE CEO (22/12)

Justin Chadwick (8 June 2012)

QUOTE OF THE WEEK "There are only two ways to live your life. One is as though nothing is a miracle. The other is as though everything is a miracle." Albert Einstein

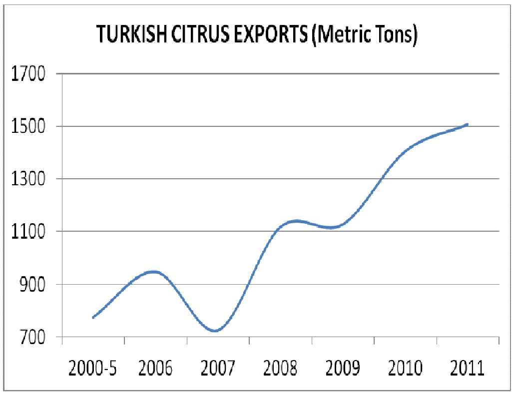
CONGRATULATIONS To CGA's Director for Southern KZN, Mike Woodburn, and PPECB's Vijan Chetty for completing "the ultimate human race – the Comrades Marathon". If there are others from the citrus family that ran please let me know how it went. Truly a great achievement!!

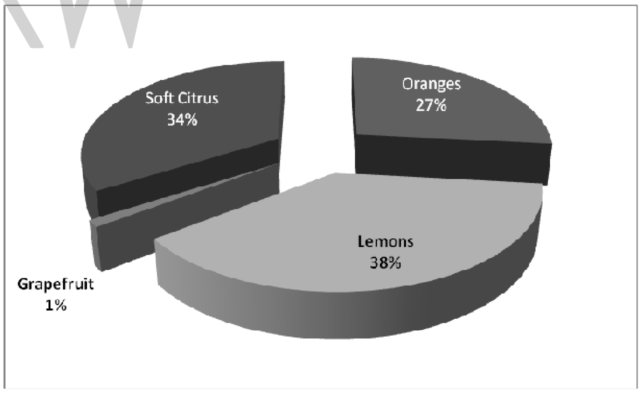
OILWATCH: BRENT CRUDE OIL AND ROTTERDAM BUNKER PRICE DEFLATION [Mitchell Brooke]

In February this year the price of Brent Crude rose to USD126 per barrel and in March the Rotterdam bunker price rose to USD721Mt (IFO380). The Rotterdam bunker price in March this year was the highest recorded in the last 5 years, in 2008 the Rotterdam bunker price peaked in July at USD679Mt (IFO380). In July 2008 the price of Brent Crude rose to USD135. On both these occasions the knock on effect of fossil fuel prices added pressure on the local Diesel price as well as the price of Bunker fuel to move goods by sea between South Africa and Europe. This year the wholesale price of Diesel at the Reef (Gauteng) increased in May to R11.03 per litre (R11.43 per litre in July 2008) and the Bunker Adjustment Factor (BAF) for a Reefer container from South Africa to Europe also increased to USD1650 (USD1395 per container in July 2008). The cost of Diesel to run an interlink truck in South Africa is 45% (Max Braun) of the total operating cost and the bunker cost to operate an average size container ship to Europe is 75% (Drewry) of the total operating cost. It is quite possible the transport and shipping cost to export citrus out of South Africa was at an all time high last month. At present the price of Brent Crude has deflated to USD99 per barrel (-27.3% from February) and the Rotterdam Bunker price has fallen sharply to USD566Mt (IFO380) (-27.4% from March). We are at present seeing the wholesale Diesel price as well as the Reefer BAF rate (July) to Europe decrease substantially. In all accounts this should roll over where further decreases can be expected in the coming months; based on fossil fuel prices remaining static or at best deflating further. How beneficial would it be to have a scenario as in June 2009 where the Brent crude price traded at USD60 and the Rotterdam bunker price traded at USD400Mt (IFO380) with the Rand trading at R8.50/USD; this would be good for an entire season. Let's see.

TURKEY SHARES SECOND SPOT

This week the CGA posted off the latest Statistics Booklet to all citrus growers in Southern Africa – sporting a new, bright image!! Those who pay attention to the figures will notice that Turkey is now level pegging (give or take a few thousand tons) with South Africa as the world's second biggest citrus exporter. The rise in Turkish citrus exports has been nothing short of spectacular. They have a good mix of oranges, lemons and soft citrus.





PACKED AND SHIPPED

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	7.2 m	8.5 m	8.1 m	7.3 m	7.3 m	15.2 m	11.8 m	16.2 m	15.3 m
Soft Citrus	4.7 m	4.1 m	3.9 m	3.6 m	3.3 m	7.6 m	7.1 m	6.9 m	6.7 m
Lemons	5.2 m	4.2 m	3.8 m	3.6 m	3.2 m	11.1 m	10 m	10.8 m	10.2 m
Navels	7.6 m	6.6 m	5.9 m	2.9 m	3.2 m	22.9 m	21.9 m	21.2 m	
Valencia	0.3 m	0.5 m	0.3 m	0.1 m	0.1 m	46.1 m	46.1 m	44.2 m	61.7 m*
	25 m	23.9 m	22 m	17.5 m	17.1 m	102.9 m	96.9 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