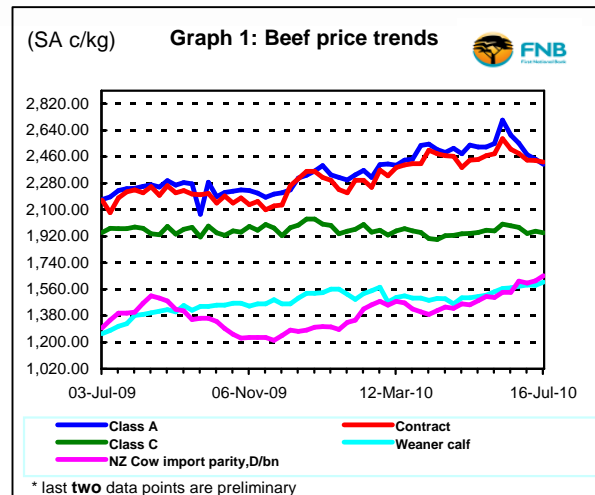


## Beef market trends (Graph 1)

- International:** US domestic beef prices continued to trade at firmer levels due to moderate demand and supplies. Trading was reported moderate to good with strong demand ahead of the July 4th holiday. In the cattle market, CME feeder cattle eased lower on profit taking and outside pressure from the maize market. Market activity on imported beef was slow with prices mostly lower. Weak demand and a stronger US dollar continued to exert downward pressure on the import market.
- Domestic:** Beef prices eased lower due to limited uptake on markets. Weekly Class A, Class C and Contract Class A prices closed at R24.74/kg (still up 14% y/y), R19.38/kg (down 0.4% y/y) and R24.36/kg (still up 13% y/y) respectively. Weaner calf prices continued to increase due to reduced volumes on markets. Weekly weaner calf prices closed at 15.90/kg live weight, which is 26% higher compared to last year.

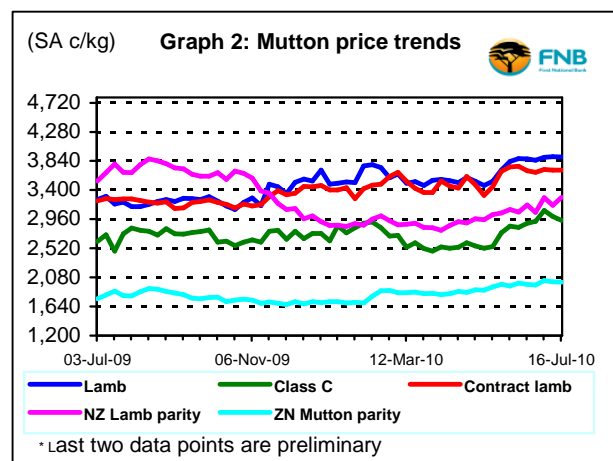


## OUTLOOK

It is expected that domestic beef prices will start returning to normal levels from mid-July due to moderation in demand after the World Cup..

## Mutton market trends (Graph 2)

- International:** Australian lamb prices continued to trade way above the previous year. A combination of factors including strong export demand, and tighter supplies led to the price rally. The uptrend is expected to continue through 2010/11 due to herd rebuilding and improved production conditions. US domestic slaughter lamb prices were steady to higher, while slaughter ewes eased lower for the week. Feeder lambs remained steady.
- Domestic:** Unlike beef, domestic lamb and mutton prices continued trending higher on the back of good uptake and limited supplies on market. Weekly Class A lamb, Class C and Class A contract lamb prices closed at R38.92/kg, R30.91/kg and R37.08/kg respectively. Feeder lamb prices however continued to weaken on limited demand. Weekly feeder lamb prices were down 1% compared to last week, closing at R18.25/kg live weight, which is still 26% higher compared to the corresponding week last year.

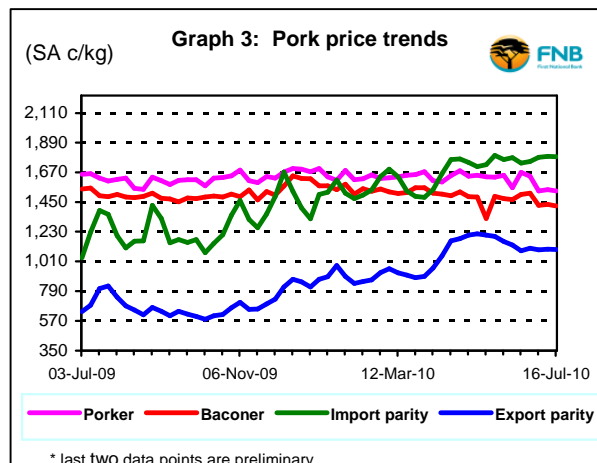


## OUTLOOK

It is expected that prices will maintain a firmer trend in the short term but will soften slightly in the medium term due to moderation in demand.

**Pork market trends (Graph 3)**

- **International:** US pork prices eased modestly lower across most categories due to increased volumes on markets. Weekly carcass, loin and rib prices were down by 2%, 3% and 6% respectively compared to the previous week. However hams posted slight gains on the back of reduced offerings.
- **Domestic:** Weekly porkers and baconer prices were down across the board. Weekly prices closed at R15.31/kg and R14.25/kg for baconers and porkers respectively. Weekly slaughter numbers for the week ended 26-June-10 were pegged at 12,380 pigs, down 17% compared to the week earlier but still 40% higher year on year. Total number slaughtered for the year to date stood at 317,327 pigs, down 2% compared to the corresponding period last year. Pork import parity prices were up 2% compared to last week, attributable to a weaker Rand.

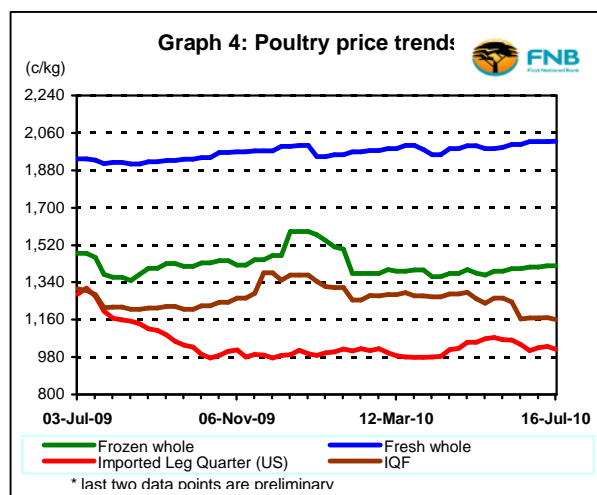


**OUTLOOK**

Prices are expected to move sideways with limited upward potential.

**Poultry market trends (Graph 4)**

- **International:** US domestic prices ended slightly firmer across most categories. Retail and food service demand was reported light to good, mostly moderate approaching the holiday weekend. Product distribution was a problem in some areas resulting in reduced supplies and low sales. Offerings of breast items and wings were light but moving well. Market activity was moderate to active ahead of the holiday weekend.
- **Domestic:** Domestic prices moved sideways for the week. Weekly frozen, fresh whole birds and IQF prices closed at R14.15/kg, R20.18/kg and R11.68/kg respectively. Considered year on year, the current prices are down 4% and 11% respectively for frozen whole birds and IQF. However the fresh whole birds remain consistently strong, up 4% year on year. On the feeding side, maize prices remained extremely low and will improve producer margins due to reduced feeding costs. Weekly import parity prices (LQ) rose 1.4% week on week, on the back of a weaker Rand/US dollar exchange rate.



**OUTLOOK**

Domestic prices (frozen, fresh) are expected to remain firm in the short to medium term. IQF will however remain under downward pressure and move sideways.

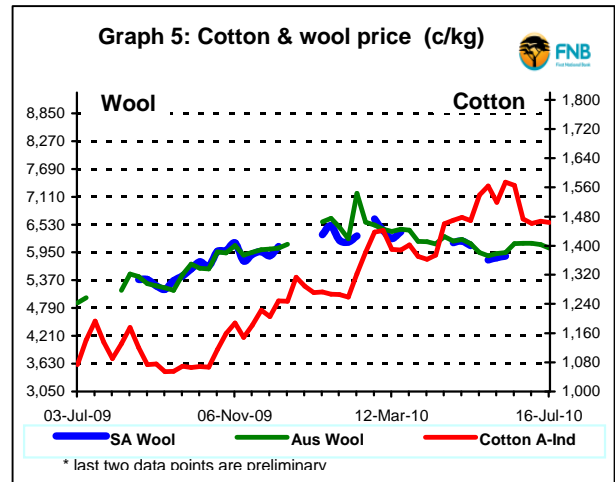
Producer prices for selected livestock commodities 02 July 2010	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	24.74	38.92	15.31	20.18
Open market: Class C / Baconer / Frozen whole birds(R/kg)	19.38	30.91	14.40	14.15
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	24.36	37.08	14.25	11.68
Import parity price (R/kg)	16.03	20.32	17.80	10.25
Weaner Calves / Feeder Lambs (R/kg)	15.90	18.25		



**Wool and cotton market trends (Graph 5)**

- International:** Cotton prices ended higher supported by tight supplies. World stocks remain tight and supplies are projected to fall short of demand by 13% and 5% for the current and the next seasons respectively. US cotton crop is reported to be progressing well with 62% of the crop rated in good to excellent condition, unchanged from last week. US ICE futures were down across the board: Oct-10 was down 3.0% w/w at 77.83USc/lb; Dec-10 was down 4.3% w/w 75.53USc/lb; Mar-11 was down 4.1% w/w 76.73USc/lb.

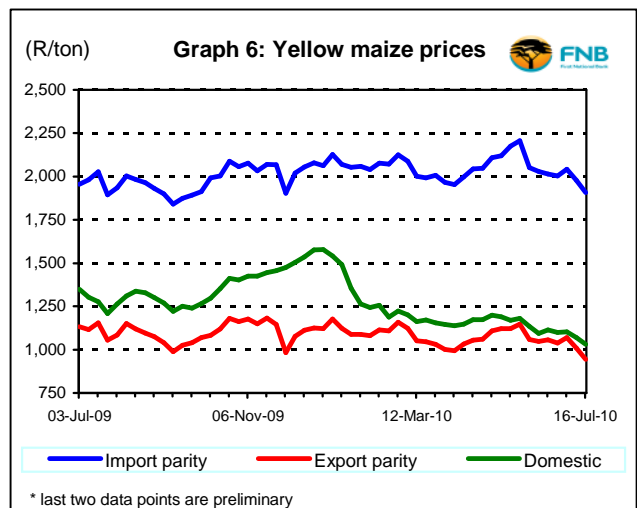
Wool: Out of Australia, the wool market posted marginal gains which saw the weekly market indicator (EMI) closing up 0.3% compared to last week to close at AU\$8.98/kg clean wool, and 16% higher than last year. Volumes offered were pegged at 27,605 bales with sales reaching 90.2%.
- Domestic:** The wool market is currently on recess and the first sale for the new marketing season is scheduled for 18-Aug-10. It is expected that the market will continue trending higher supported by tight supplies and improving demand.



Fibre market prices 02 July 2010	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Sep-10 (AU\$/kg)	Australian futures Jan-11 (AU\$/kg)
Wool market indicator (R/kg)	58.71	61.45		
19µ long length wool (R/kg)	66.78	70.06	9.7	9.5
21µ long length wool (R/kg)	60.86	61.58	8.7	8.5
23µ long length wool (R/kg)	56.50	59.41	8.0	7.7
	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	New York future Oct-10 (US\$/kg)	New York future Dec-10 (US\$/kg)
Cotton Prices (R/kg)	14.62	1.91	1.71	1.66

**Yellow maize market (Graph 6)**

- International:** US yellow maize prices ended slightly higher due the bullish USDA report which reduced planted area to 45.3m hectares. Quarterly stocks were pegged at 109.4m tons, which is slightly below expectations. However the weather was still a bearish factor late in the week, limiting further gains.
- Domestic:** Yellow maize prices ended slightly firmer on the back of a supportive Rand. The currency weakened slightly by 1% against the US dollar at R7.66/\$. Weekly yellow maize prices closed at R1,103/ton, up 0.4% compared to last week. Yellow maize import parity was up 1.9%, mainly due to the weaker Rand. Weekly producer deliveries for the week ended 25-June-10 increased by 15% compared to the week earlier at 419,000 tons, which brings the total for the season to 2m tons. Weekly yellow maize Safex futures: Sep-10 was up 4.8% w/w (+R54/t); Dec-10 was up 4.8% w/w (+R56/t); Jul-11 was up 5.1% w/w (+R63/t).



**OUTLOOK**

Prices are still expected to come under downward pressure in the short to medium term due to bearish supply outlook.

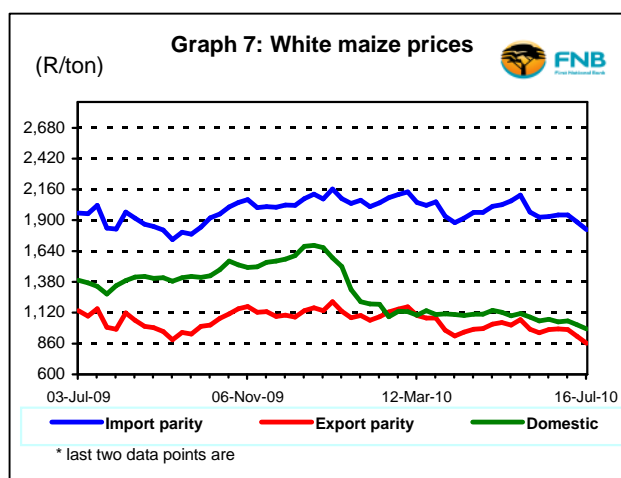
Yellow Maize Futures 02 July 2010	Sep-10	Dec-10	Mar-11	May-11	Jul-11
CBOT (\$/t)	143.42	146.73	151.45	156.18	159.25
SAFEX (R/t)	1,179	1,227	1,253	1,275	1,300
CHICAGO CORN (R/t)	-	1,193	1,246	-	1,318

**Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)**

Sep-10			Dec-10			Mar-10		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
1,220	64	23	1,260	102	69	1,300	161	114
1,180	40	39	1,220	79	86	1,260	138	131
1,140	22	61	1,180	60	107	1,220	116	149

**White maize market trends (Graph 7)**

- International:** US white maize prices eased slightly lower on negative economic news, spill over losses in the stock markets and lower crude oil prices. Weekly prices closed down 1.5% compared to last week and were down 10% year on year. US maize had a favourable start with yield forecast at record levels and with weather conditions permitting this could still place downward pressure on the market going forward.
- Domestic:** White maize prices ended slightly firmer on the back of a weaker Rand. Weekly white maize prices were up 0.6% compared to last week and closed at R1,050/ton, but still 25% down on last year. White maize import parity eased marginally lower despite a weaker Rand. Weekly producer deliveries for the week ended 25-jun-10 came in at 668,000 tons, up 19% compared to the week earlier. Total white maize deliveries for the season were pegged at 2.7m tons. Total maize delivered stood at 4.7m tons, which is only 35% of the harvest. White maize (WM) futures on Safex: Jul-10 was up 4.9% w/w (+R51/t); Sep-10 was up 4.5% w/w (+R48/t); Dec-10 was up 4.9% w/w (+R55/t).



**OUTLOOK**

Short to medium term outlook remains on the downside due to bearish maize fundamentals with estimates still pointing to a record crop of over 13.3m tons.

White Maize Futures 02 July 2010	Sep-10	Dec-10	Mar-11	May-11	Jul-11
SAFEX (R/t) WM <sub>1</sub>	1,125	1,178	1,208	1,235	1,268

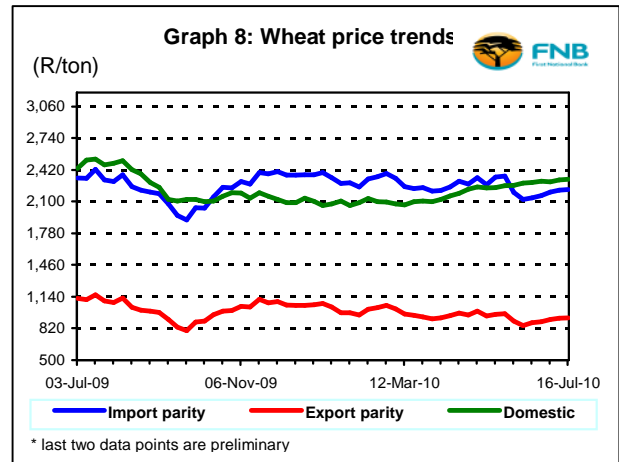
**Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)**

Sep-10			Dec-10			Mar-10		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
1,160	67	32	1,220	108	66	1,240	145	113
1,120	44	49	1,180	85	83	1,200	123	131
1,080	27	72	1,140	65	103	1,160	102	150



**Wheat market trends (Graph 8)**

- International: US wheat prices increased on the back of the rally in the maize market despite increased area estimates and quarterly stocks. US spring wheat came in slightly higher than the previous estimate at 5.6m hectares. Harvesting continued at a slower pace due to unfavourable weather conditions in some areas. Weekly export sales were pegged at 418,400 tons for the current marketing year and 6,000 for next year.
- Domestic: Wheat prices ended eased marginally lower for the week, despite the Rand's weakness. Prices started on a softer note but recovered modestly late in the week due to the spill over support from the international market. Weekly wheat prices were down 0.3% compared to last week and closed at R2,297/t. Wheat import parity prices (Randfontein) ended firmer mainly due to higher international prices and a weaker Rand/US dollar exchange rate. Weekly wheat futures on Safex: Sep-10 ended up 0.5% w/w (+R11/t); Dec-10 increased by 1.2% w/w (+R28/t); Mar-11 was up 2.3% w/w (+R56/t).



**OUTLOOK**

Domestic prices are expected to maintain a firmer trend in the short to medium term given the tighter supply situation going forward.

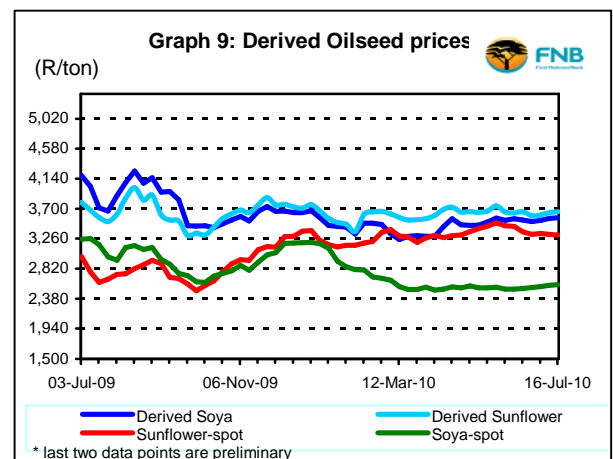
Wheat Futures 02 July 2010	Sep-10	Dec-10	Mar-11	May-11	Jul-11
KCBT (\$/t)	189.60	195.84	202.00	205.95	-
SAFEX (R/t)	2,370	2,382	2,451	2,450	-

**Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)**

Sep-10			Dec-10			Mar-10		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,420	104	54	2,420	134	96	2,500	184	135
2,380	81	71	2,380	112	114	2,460	161	152
2,340	61	91	2,340	93	135	2,420	140	171

**Oilseed market trends (Graph 9)**

- International: Soybean prices eased marginally lower for the week. However, prices recovered modestly towards the end of the week due to the spill over strength from the maize market, tight supplies and weather concerns. Weakness in the US dollar provided added support. Meanwhile, area under soybeans in slightly higher than market expectations at 31.9m hectares which may lead to a large crop for the season. Developments on the weather front will be critical in price direction going forward.
- Domestic: On the domestic market, prices ended firmer mainly due to the weaker Rand. Weekly prices for sunflower and soybean ended up 0.4% and 0.5% higher week on week at R3,336/t and R2,555/t. However considered year on year, sunflower is 11% higher while soybeans are down 21%.



How can we help you?

Derived soybean and sunflower prices ended slightly higher mainly due to the weakness in the Rand/US dollar exchange rate. Latest crop estimates are still bearish for sunflower, pegging the expected crop at 528,765 tons, up 3.94% from the previous estimate. In the case of soybeans, production decreased by 3.53% to 567,200 tons. Weekly soybean futures on Safex: Sep-10 ended slightly firmer by 0.4% w/w (+R11/t); Dec-10 was up 0.7% w/w (+R19/t); Mar-11 was almost unchanged compared to last week. Sunflower futures on Safex: Sep-10 eased marginally lower by 0.2% w/w (-R8/t); Dec-10 was down 0.8% w/w (-R28/t); May-11 was down 0.7% w/w (-R20/t).

**OUTLOOK**

Domestic sunflower and soybean prices are expected to remain in a downtrend in the short to medium term but the weaker currency will limit further declines.

Oilseeds Futures 02 July 2010	Sep-10	Dec-10	Mar-11	May-11	Jul-11
CBOT Soybeans (US \$/t)	336.65	-	338.48	339.59	342.97
CBOT Soya oil (US c/lb)	36.31	36.87	37.51	37.80	38.14
CBOT Soya cake meal (US \$/t)	274.70	264.30	266.00	265.70	267.60
SAFEX Sunflower seed (R/t)	3,411	3,490	3,120	2,900	-
SAFEX Soybean seed (R/t)	2,610	2,690	2,740	2,425	-

**Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)**

Sep-10			Dec-10			Mar-10		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3,460	175	126	3,540	294	244	3,160	316	276
3,420	152	143	3,500	272	262	3,120	293	293
3,380	132	163	3,460	250	280	3,080	272	312

• **Tomatoes**

Tomato prices increased sharply due to reduced volumes on markets. Prices increased by 16.6% week on week and 112.3% year on year, closing at R9,996/ton. Tomato volumes traded were pegged at 2,470 tons, down 2.7% week on week but up 109.3% year on year. Prices are however expected to weaken slightly during mid-month

• **Potatoes**

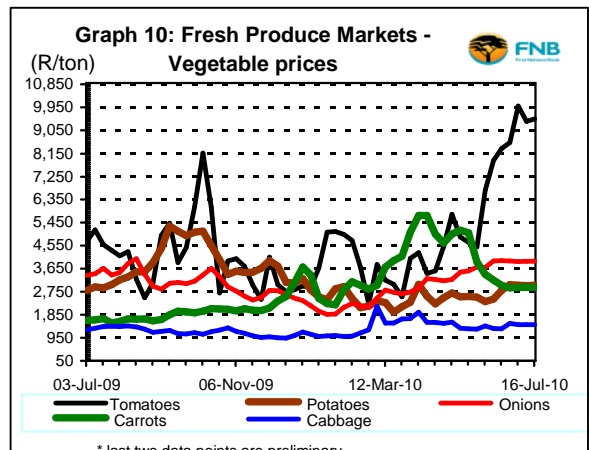
Potato prices decreased slightly due to increased supplies and weak uptake on markets. Prices were down 0.8% week on week but up 7.8% year on year, closing at R3,010/ton. Volumes traded increased by 14.6% week on week, coming in at 12,658 tons, a year on year increase of 144.7%. Prices are however expected to move sideways with some upside potential in the medium term..

• **Onions**

Onion prices decreased slightly due to increased supplies on markets. Prices decreased to R3,929/ton, down 0.6% week on week but up 15.7% year on year. Volumes traded increased by 6.7% week on week coming in at 4,277 tons, up 140.0% year on year. Prices are however expected to move sideways in the short term with limited upside potential as supplies recover.

• **Carrots**

Carrot prices increased slightly due to improved uptake on markets. Prices increased by 0.4% week on week closing at R2,921/ton up 79.7% year on year. Volumes traded came in at 1,387 tons, up 5.9% week on week and 88.6% year on year. Prices are expected to remain firm due to limited supplies on markets.



- **Cabbages**

Cabbage prices decreased due to weak uptake on markets. Prices declined by 3.6% week on week but were up by 15.6% year on year closing at R1,459/ton. Volumes traded were pegged at 1,542 tons; up 7.8% week on week and 94.2% year on year. Prices are expected to move sideways with some upward potential in the short term.

<b>Vegetable prices: Fresh Produce Markets. (Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)</b>						
<b>Week ending 02 July 2010</b>	<b>Average Price (R/t)</b>	<b>w/w</b>	<b>y/y</b>	<b>Total Volume (t)</b>	<b>w/w</b>	<b>y/y</b>
Tomato	9,996	16.6%	112.3%	2470	-2.7%	109.3%
Potato	3,010	-0.8%	7.8%	12658	14.6%	144.7%
Onion	3,929	-0.6%	15.7%	4277	6.7%	140.0%
Carrot	2,921	0.4%	79.7%	1387	5.9%	88.6%
Cabbage	1,459	-3.6%	15.6%	1542	7.8%	94.2%

\* Daily prices also available at <https://www.fnbagricomms.co.za>

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