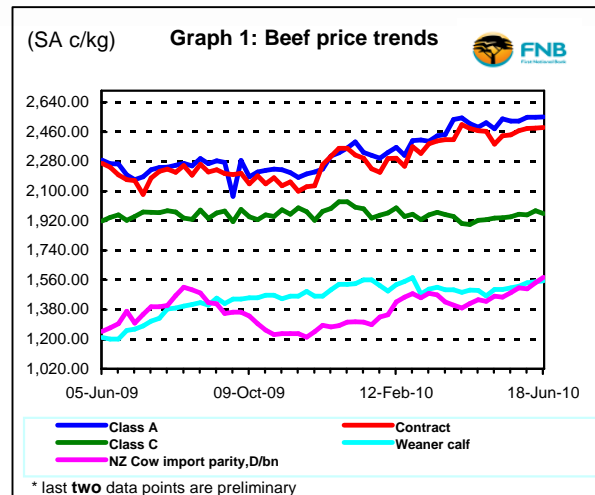


## Beef market trends (Graph 1)

- International:** US domestic beef prices eased lower on light to moderate demand and supplies. The weakness on the import market added further pressure. CME cattle feeder index continued to weaken, easing 0.1% compared to last week. Market activity on imported beef was reported slow with prices mostly lower. Post holiday trading was slow and together with weak demand placed downward pressure on the market.
- Domestic:** Beef prices ended mostly firmer on improved month end demand. Weekly Class A, Class C and Contract Class A prices closed at R25.49/kg, R19.56/kg and R24.80/kg respectively, which is 11.4%, 1.9% and 9.3% higher compared to last year this time. Weaner calf prices ended slightly firmer due to improved uptake on markets. Weekly weaner calf prices closed up 1.4% week on week at R15.43/kg live weight.

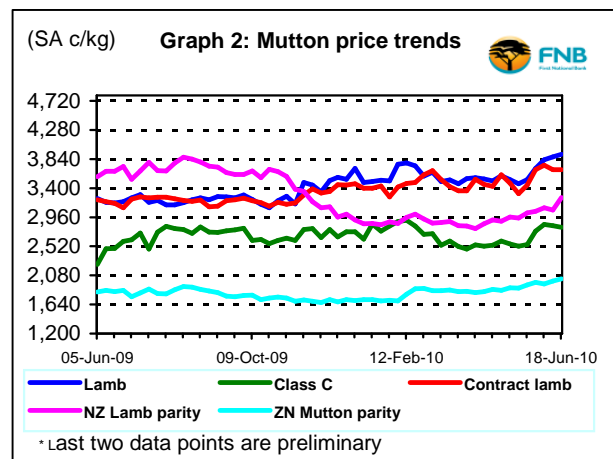


## OUTLOOK

Beef prices are expected to strengthen in the short term with further upward potential in the medium term due to moderation in supplies.

## Mutton market trends (Graph 2)

- International:** New Zealand lamb prices ended softer for the week. Australian lamb and mutton prices were modestly higher due to reduced volumes. Lamb and sheep supplies were reported down 10% and 20% respectively compared to the previous week. US domestic carcass prices trended higher on good demand and tight supplies. Feeder lambs ended weaker.
- Domestic:** Domestic lamb and mutton prices continued to increase supported by strong uptake and light supplies across most markets. Weekly prices for Class A, Class C and Contract Class A beef closed at R38.27/kg, R28.51/kg and R37.45/kg respectively. Feeder lamb prices posted sharp gains on lower volumes and good demand on markets. Weekly feeder lamb prices closed at R17.80/kg live weight, up 5.1% week on week.

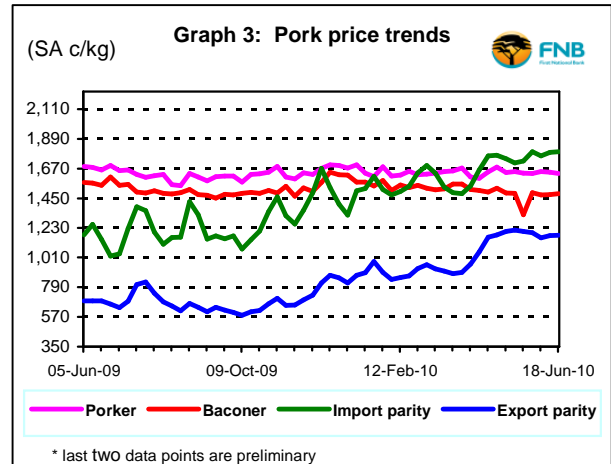


## OUTLOOK

It is expected that lamb and mutton prices will continue to strengthen in the medium term on good demand and tight supplies.

**Pork market trends (Graph 3)**

- **International:** US pork prices continued to weaken across most categories due to limited demand and higher volumes on markets. Higher slaughter numbers placed the market under downward pressure. Weekly carcass, loin, rib and ham prices closed down 2%, 2%, 3% and 1% respectively week on week.
- **Domestic:** Weekly porkers and baconer prices ended the week slightly firmer at R16.48/kg and R14.75/kg respectively. Pork import parity prices eased lower by 2% compared to last week, due to lower international prices and a stronger Rand/US dollar exchange rate.

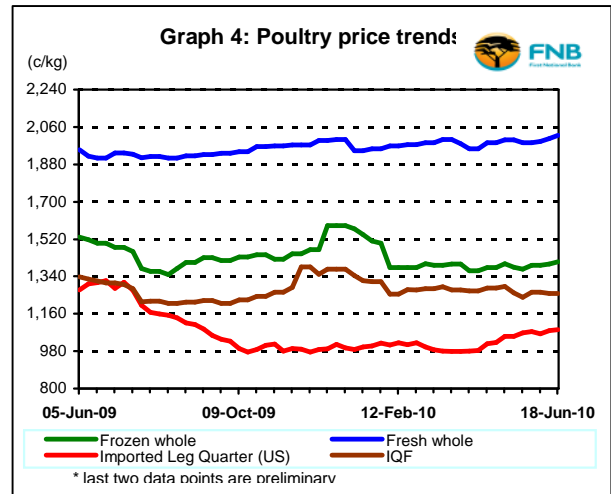


**OUTLOOK**

Prices are expected to remain strong in the short to medium term on the back of good demand.

**Poultry market trends (Graph 4)**

- **International:** US domestic prices continued trading firmer across most categories with the exception of breast cuts. Leg quarters moved sideways but were down 20% compared to last year. Retail and food service demand was reported light to good. Meanwhile product distribution was affected in some areas due to higher transportation costs and constrained truck availability. Supplies of all sizes were adequate to satisfy market requirements. Weekly broiler egg sets and chick placements for the week ended 29-May-10 were reported up 2% compared to the same week last year. The expected number available for marketing during the week ending 10-July-10 is estimated at 158.1m head, compared to 157.7m head a week earlier.
- **Domestic:** Prices traded steady to firmer supported by moderate uptake on markets. Weekly frozen and IQF prices closed at R13.94/kg, and R12.64/kg, which is however still down 9% and 6% respectively compared to the corresponding week last year. In the case of fresh whole birds, prices bottomed out and firmed due to a good balance between supply and demand. Fresh whole prices closed at R19.90/kg, which is 2% higher compared to last year. Import parity prices (LQ) eased marginally lower mainly due to the appreciation of the Rand/US dollar exchange rate.



**OUTLOOK**

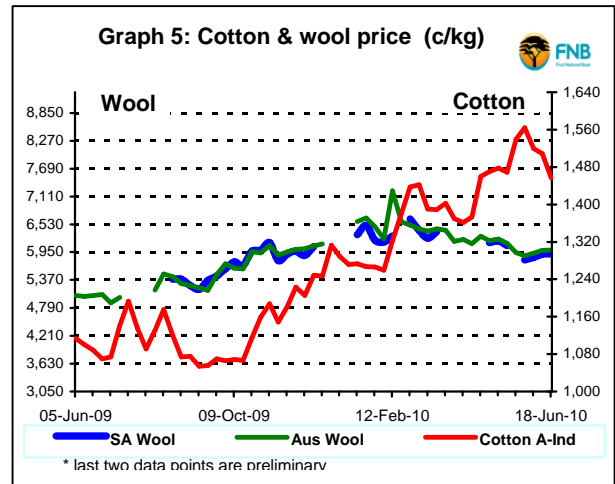
Domestic prices are expected to remain firm in the short to medium term supported by moderate to good demand. The downward trend in maize prices will contribute to positive margins due to reduced feeding costs.

Producer prices for selected livestock commodities 04 July 2010	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	25.49	38.27	16.48	19.90
Open market: Class C / Baconer / Frozen whole birds(R/kg)	19.56	28.51	15.10	13.94
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	24.80	37.45	14.75	12.64
Import parity price (R/kg)	15.05	19.50	17.63	10.64
Weaner Calves / Feeder Lambs (R/kg)	15.43	17.80		



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

- International:** Cotton: US cotton prices finished the week modestly lower on bearishness on global commodity markets. The favourable growing weather added to the weaker tone. Deteriorating global economic conditions will have a negative impact on demand in the medium to longer term. Weekly US spot transaction dropped sharply week on week at 569 bales and significantly down on last year's 22,954 bales. Total spot transactions for the season were pegged at 873,765 bales, down 30% year on year. US ICE futures settlement prices ended lower across the board: Jul-10 was down 3.7% w/w at 77.06USc/lb; Oct-10 was down 4.3% w/w at 74.69USc/lb; Dec-10 was down 4.2% w/w at 75.28USc/lb; Mar-11 was down 3.8% w/w at 76.78USc/lb.



Wool: Out of Australia, the wool market ended firmer with the weekly market (EMI) closing at AU\$8.89/Kg clean wool, up 0.8% compared to last week and almost 15% higher than last year. The weaker exchange rate (AU/US\$) was supportive. Volume of trade came in at 34,299 bales with a sales percentage of 92%.

- Domestic:** There was no sale for the week. The last sale saw the wool market ending softer on the back of weak demand. The weekly market indicator (Cape Wools Merino) ended at R57.87/kg clean wool, down 2.8% compared to the current seasonal average but 7% higher compared to the opening sale. Major buyers were G Modiano SA with 2,403 bales (27.5%); Lempriere SA with 1,769 bales (20.2%); Standard Wool SA with 1,686 bales (19.3%); Stucken & Co with 1,288 bales (14.7%); Segard Masurel SA with 939 bales (10.7%); New England Wool SA with 29 bales (0.3%). Sales reached 92.8% of the 8,743 bales offered. The final sale of the season takes place on 9-Jun-10.

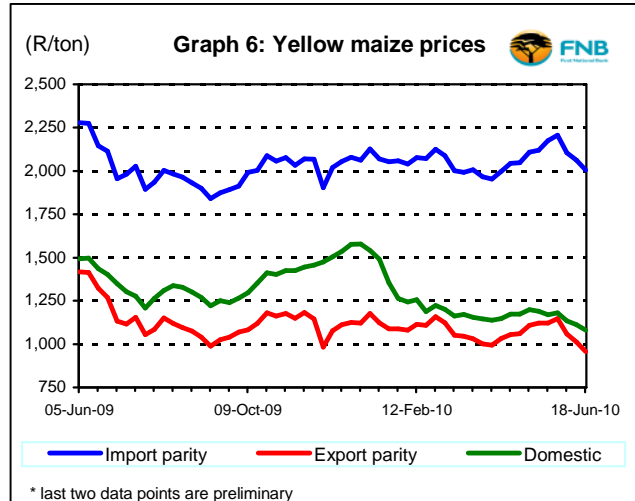
Fibre market prices 04 July 2010	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Oct-10 (AU\$/kg)	Australian futures Dec-10 (AU\$/kg)
Wool market indicator (R/kg)	57.87	59.23		
19µ long length wool (R/kg)	-	69.32	9.5	9.4
21µ long length wool (R/kg)	-	60.07	8.5	8.4
23µ long length wool (R/kg)	-	56.90	7.7	7.7
	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	New York future Jul-10 (US\$/kg)	New York future Sep-10 (US\$/kg)
Cotton Prices (R/kg)	15.19	1.98	1.70	1.64

SA Prices: previous sale



**Yellow maize market (Graph 6)**

- International: US yellow maize prices posted sharp losses due to a stronger dollar, weaker crude oil prices coupled with concerns over the global economic situation. Favourable weather together with a higher rating for the crop considered in good to excellent condition, added to the weaker tone. Weekly yellow maize prices were down 6% week on week and 19% year on year.
- Domestic: Yellow maize prices moved modestly lower on the back of a stronger Rand and the bearish domestic supply outlook. Weekly yellow maize prices were down 3.9% compared to last week and 24% year on year, closing at R1,134/ton. Yellow maize import parity declined by 4.3% compared to last week and 7.6% year on year, attributable to lower international prices and a stronger Rand/US dollar exchange rate. Weekly yellow maize Safex futures: Jul-10 was down 4.6% w/w (-R54/t); Sep-10 was down 4.2% w/w (-R51/t); Dec-10 was down 3.8% w/w (-R48/t); Jul-11 was down 2.4% w/w (-R32/t).



**OUTLOOK**

Prices are expected to remain under downward pressure in the short to medium term due to the bumper maize harvest.

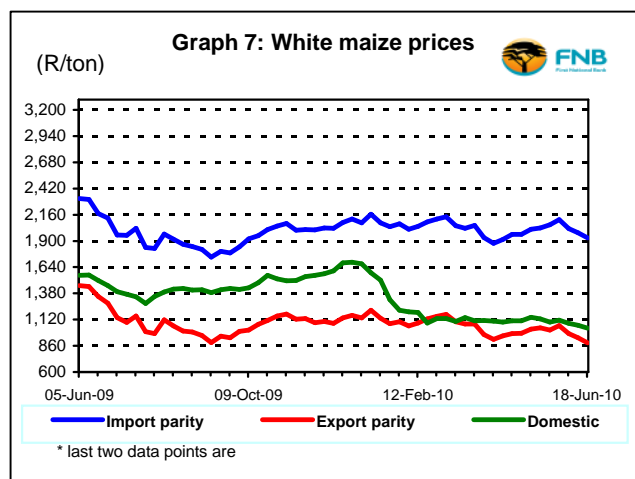
Yellow Maize Futures 04 July 2010	July-10	Sep-10	Dec-10	Mar-11	May-11
CBOT (\$/t)	133.96	137.58	141.60	146.73	150.27
SAFEX (R/t)	1,132	1,165	1,215	1,235	1,273
CHICAGO CORN (R/t)	1,052	-	1,145	1,202	-

Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-10			Sep-10			Dec-10		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
1,180	53	5	1,200	68	33	1,260	117	72
1,140	25	17	1,160	46	51	1,220	94	89
1,100	8	40	1,120	28	73	1,180	73	108

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

- International: US white maize prices posted modest losses on dollar strength and weakness in commodity markets. Weekly prices closed down 5.7% compared to last week and 26% year on year.
- Domestic: White maize prices ended slightly lower on strong Rand and lower international prices. Weekly white maize prices closed down 2.8% compared to last week and closed at R1,082/ton. This is almost 30% lower compared to same week last year. White maize import parity declined by 4.3%, due to the combined effect of lower international prices and a stronger Rand/US dollar exchange rate. White maize (WM) futures on Safex were down across the board: Jul-10 was



down 3% w/w (-R33/t); Sep-10 was down 2.9% w/w (-R33/t); Dec-10 was down 2.4% w/w (-R29/t).

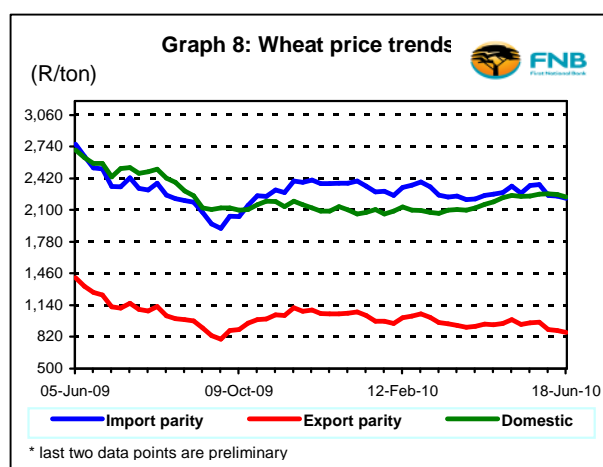
**OUTLOOK**

It is expected that prices come under downward pressure in the short to medium term due to a large global and domestic supply outlook.

White Maize Futures 04 July 2010	July-10	Sep-10	Dec-10	Mar-11	May-11			
SAFEX (R/t) WM <sub>1</sub>	1,087	1,122	1,170	1,201	-			
<b>Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)</b>								
Jul-10			Sep-10			Dec-10		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
1,120	44	11	1,160	71	33	1,220	112	62
1,080	20	27	1,120	47	49	1,180	88	78
1,040	7	54	1,080	29	71	1,140	68	98

**Wheat market trends (Graph 8)**

- International: US wheat prices posted modest losses on the back of a stronger dollar, weak export sales and harvest pressure. The advancing winter wheat harvest along with favourable weather weighed heavily on the market. Weekly wheat prices dropped by 5.9% compared to last week and were almost 24% down on last year this time. Meanwhile, a private US analytical firm Informa Economics projected the 2010/11 US winter wheat crop at 40.3m tons, which is 1% higher than the previous month and the USDA's estimate. This will exert downward pressure on the market.
- Domestic: Wheat prices ended slightly firmer despite a stronger Rand. Weekly wheat prices closed at R2,261/ton, up 0.1% compared to last week but still 15% down on last year. Wheat import parity prices (Randfontein) declined by 4.7% compared to last week, due to the combined effect of a stronger Rand and lower international prices. So far indications are that wheat producers will plant less wheat during the new planting season due to loss of competitiveness. This means supplies will become tighter in the year ahead. Weekly wheat futures on Safex: Jul-10 was up 0.6% w/w (+R13/t); Sep-10 was up 0.4% w/w (+R9/t); Dec-10 was down 0.3% w/w (-R6/t).



**OUTLOOK**

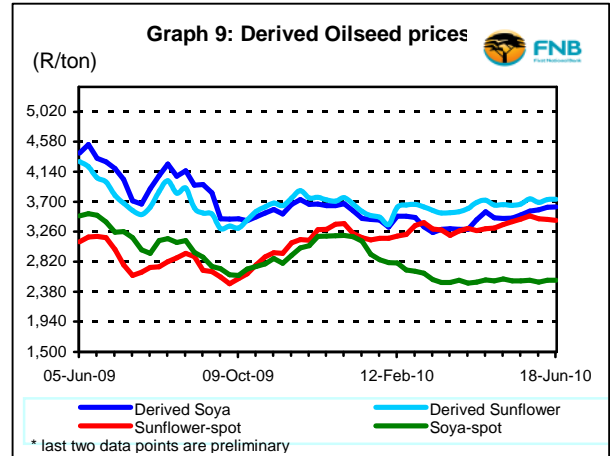
It is expected that prices will maintain a firmer trend in the short to medium term given the tighter supply situation going forward.

Wheat Futures 04 July 2010	July-10	Sep-10	Dec-10	Mar-11	May-11			
KCBT (\$/t)	170.86	175.18	181.70	188.22	192.81			
SAFEX (R/t)	2,284	2,306	2,308	2,369	-			
<b>Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)</b>								
Jul-10			Sep-10			Dec-10		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,320	58	22	2,340	110	76	2,340	147	115
2,280	35	39	2,300	88	94	2,300	125	133
2,240	19	63	2,260	69	115	2,260	105	153



**Oilseed market trends (Graph 9)**

- **International:** US soybean prices eased marginally lower on stronger dollar and the spill over weakness from other markets. Weekly soybean and soyoil prices were down 0.2% and 1.5% compared to last week. Soymeal prices however posted modest gains supported by tight supplies and strong uptake. Soybean planting advanced modestly with progress rated at almost 75% complete compared to 53% the previous week and 63% last year.
- **Domestic:** Domestic oilseed market ended slightly lower under pressure due to weakness on international markets coupled with a stronger Rand. Weekly sunflower prices were down 1.2% compared to last week, closing at R3,451/ton. Soybeans closed down 1.2% and closed at R2,519/ton. Derived sunflower prices were down 1.4% compared to last week. Weekly soybean futures on Safex: Jul-10 closed up 0.5% w/w (+R12t); Sep-10 closed up 0.6% w/w (+R15/t); Dec-10 closed down 0.2% (-R5/t). Sunflower futures on Safex: Jul-10 was down 0.1% w/w (-R3/t); Sep-10 was up 0.9% w/w (+R30/t); Dec-10 was up 0.4% w/w (R15/t).



**OUTLOOK**

Domestic sunflower prices are expected to move sideways with some upward potential. In the case of soybeans, prices are expected to soften slightly in the short term on spill over weakness on the international market.

Oilseeds Futures 04 July 2010	July-10	Sep-10	Dec-10	Mar-11	May-11
CBOT Soybeans (US \$/t)	344.51	336.06	-	340.03	342.08
CBOT Soya oil (US c/lb)	37.61	38.07	38.68	39.30	39.60
CBOT Soya cake meal (US \$/t)	273.50	261.50	252.40	254.60	255.50
SAFEX Sunflower seed (R/t)	3,482	3,550	3,615	-	-
SAFEX Soybean seed (R/t)	2,559	2,610	2,675	-	2,600

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

Jul-10			Sep-10			Dec-10		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3,520	125	87	3,600	217	167	3,660	325	280
3,480	104	106	3,560	195	185	3,620	303	298
3,440	84	126	3,520	175	205	3,580	282	317



**Vegetable market trends (Graph 10)**

• **Tomatoes**

Tomato prices increased sharply due to reduced volumes on markets. Prices increased by 49.1% week on week and 82.2% year on year, closing at R6,709/ton. Tomato volumes traded were pegged at 2,766 tons, down 14.6% week on week and 26.3% year on year. Prices are however expected to weaken slightly in the short term.

• **Potatoes**

Potato prices eased modestly lower due increased supplies on markets. Prices were down 6.5% week on week and 12.9% year on year, closing at R2,362/ton. Volumes traded increased by 13.4% week on week, coming in at 13,815 tons, a year on year increase of 0.2%. Prices are however expected to move sideways with some upside potential due to moderation in supplies.

• **Onions**

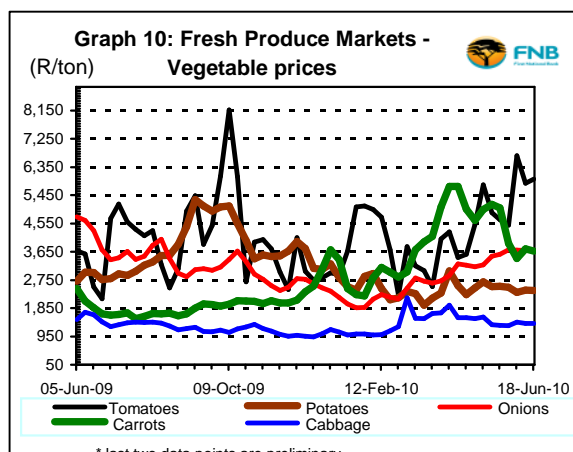
Onion prices declined slightly due to increased supplies on markets. Prices decreased to R3,703/ton, down 0.3% week on week and 22.2% year on year. Volumes traded increased sharply by 14.5% week on week coming in at 4,310 tons, up 10.4% year on year. Prices are however expected to remain steady in the short term with limited upside potential as supplies improve.

• **Carrots**

Carrot prices declined sharply due to increased supplies on markets. Prices declined by 12.3% week on week closing at R3,436/ton but up 38.7% year on year. Volumes traded came in at 1,275 tons, up 10.8% week on week but down 4.5% year on year. Prices are expected to improve slightly in the week ahead due to limited supplies on markets.

• **Cabbages**

Cabbage prices posted modest gains on the back of improved uptake on markets. Weekly cabbage prices rose 9.1% week on week but still down 5.2% year on year to close at R1,405/ ton. Volumes traded were pegged at 1,483 tons up 1.2%% week on week but down 7.2% year on year. Prices are expected to move sideways to firmer in the short to medium term.



**Vegetable prices: Fresh Produce Markets. (Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 04 July 2010	Average Price (R/t)	w/w	y/y	Total Volume (t)	w/w	y/y
Tomato	6,709	49.1%	82.2%	2766	-14.6%	-26.3%
Potato	2,362	-6.5%	-12.9%	13815	13.4%	0.2%
Onion	3,703	-0.3%	-22.2%	4310	14.5%	10.4%
Carrot	3,436	-12.3%	38.7%	1275	10.8%	-4.5%
Cabbage	1,405	9.1%	-5.2%	1483	1.2%	-7.2%

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

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