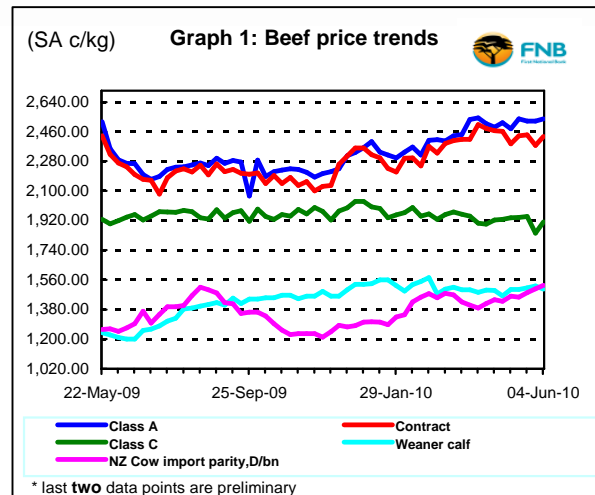


## Beef market trends (Graph 1)

- **International:** US domestic beef prices eased lower on light to moderate demand and increased supplies. The weaker import market added further pressure. Market activity on imported beef was reported slow with prices mostly lower due to higher volumes and a volatile currency.
- **Domestic:** Beef prices ended steady to lower across the board. Weekly Class A, Class C and Contract Class A prices closed at R25.26/kg, R19.45/kg and R24.41/kg respectively. Weaner calf prices ended slightly firmer due to improved uptake on markets. Weekly weaner calf prices closed up 2.7% week on week at R15.11/kg live weight.

### OUTLOOK

Beef prices are expected to move sideways in the short term with upward potential in the medium term.

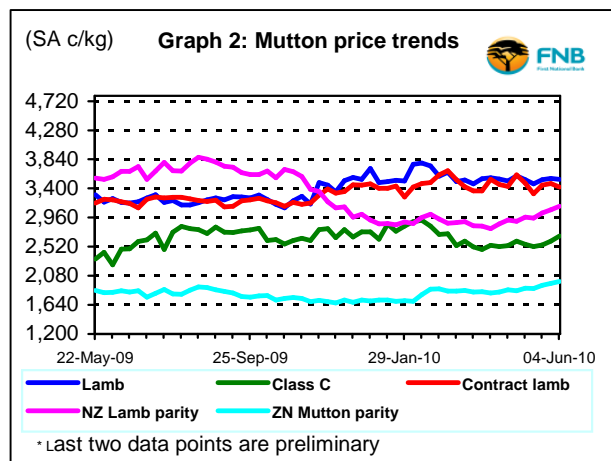


## Mutton market trends (Graph 2)

- **International:** New Zealand lamb prices moved modestly higher with currency weakness providing added support. Australian lamb prices continued to strengthen due to improved seasonal production conditions and reduced volumes ahead of the winter months. Meanwhile, exports are expected to slow down due to the volatility in global financial markets.
- **Domestic:** Domestic lamb and mutton prices ended slightly firmer. Weekly prices for Class A, Class C and Contract Class A beef closed at R35.30/kg, R25.45/kg and R34.48/kg respectively. Feeder lamb prices moved slightly higher on improved uptake. Feeder lamb prices closed at R16.56/kg live weight, up 2% compared to last week. Import parity prices for lamb and mutton strengthened on the back of a sharply weaker Rand/US dollar exchange rate.

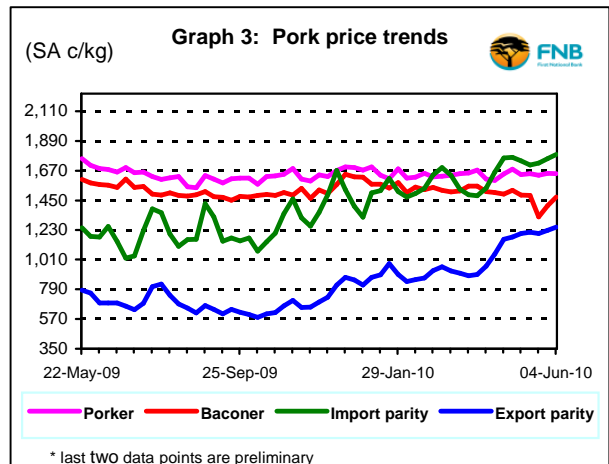
### OUTLOOK

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 traded lower under pressure due to increased volumes across most markets. Prices were down most of the week but rebounded towards the weekend due to reduced supplies. Weekly carcass, loin, rib and hams were down 3%, 3%, 1% and 2% respectively compared to last week.
- **Domestic:** Weekly prices eased slightly lower due to weak demand during mid-month. Weekly prices for porkers and baconers closed at R16.35/kg R13.27/kg respectively. Pork import parity prices bottomed out and strengthened due to the sharp weakening of the Rand/US dollar exchange rate. Meanwhile imports dropped sharply during April, coming in at 2,248 tons which is 33% lower than the previous month but still up on last year by 6%. Year-to-date imports stood at 10,146 tons, which is 40% higher compared to the corresponding period last year. Major suppliers were Germany with 907 tons (40% of total imports), France with 426.4t (19%), Canada with 285t (13%), Spain with 234.4t (10%), Belgium with 173.3t (8%), Denmark 74t (3%) and others 148.4t (7%).

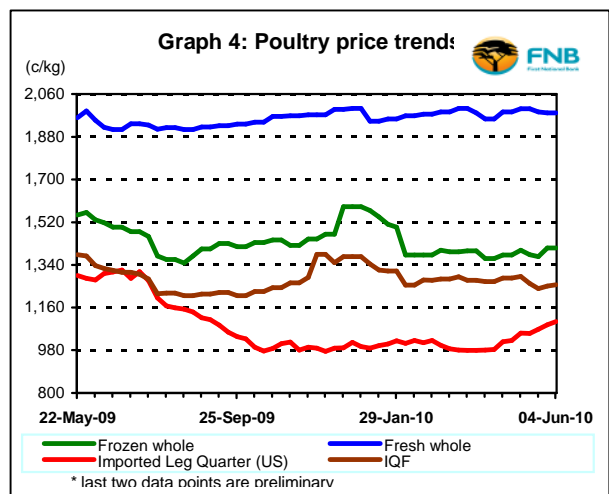


**OUTLOOK**

Prices are expected to bottom out and strengthen in the short to medium term on the back of strong demand.

**Poultry market trends (Graph 4)**

- **International:** US domestic prices continued trending higher across most categories. Demand at retail and food service was reportedly light to moderate throughout the week. Supplies of all sizes were mostly light to satisfy current trade needs. Weekly US broiler egg sets and chick placements for the week ending 15-May-10 were up 2% respectively compared to the same period last year. The expected number available for marketing during the week ending 26-June-10 is estimated at 157.7m head, compared to 157.3m a week earlier.
- **Domestic:** Prices ended softer across all categories under review. The decline is attributable to weak demand during mid-month coupled with abundant stocks. Weekly frozen whole birds, fresh birds and IQF closed at R13.75/kg, R19.84/kg and R12.39/kg respectively. On a year on year basis, the current prices for frozen whole birds and IQF are down 11% and 10% respectively. Meanwhile, the downward trend in maize prices will help maintain some profitability in the industry due to reduced feeding costs. Import parity prices (LQ) continued to increase on the back a weaker Rand/US dollar exchange rate.



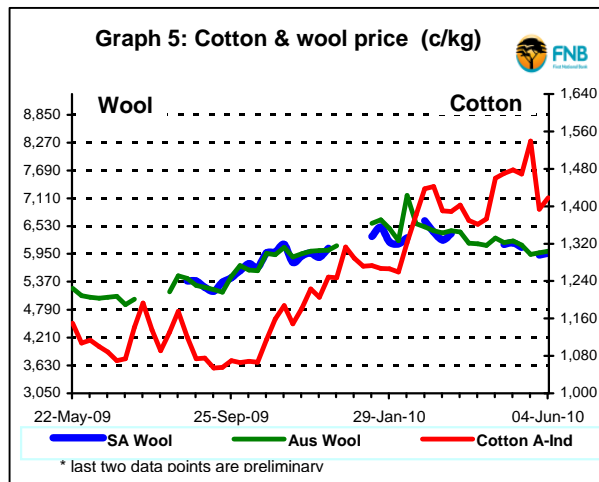
**OUTLOOK**

Domestic prices are expected to bottom out in the medium term due to bullish demand prospects in the medium term. However competition from cheaper imports will limit further gains.

Producer prices for selected livestock commodities 21 May 2010	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	25.26	35.30	16.35	19.84
Open market: Class C / Baconer / Frozen whole birds(R/kg)	19.45	25.45	14.85	13.75
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	24.41	34.47	13.27	12.39
Import parity price (R/kg)	14.83	19.34	17.26	10.68
Weaner Calves / Feeder Lambs (R/kg)	15.11	16.56		

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

- International: Cotton:** Despite turbulence on world commodity markets, cotton traded higher on the back of the underlying strong demand and tight global supply situation. The tight stock situation and competitive prices have drawn producers back to cotton. US cotton planting progress was reported at 47%, 8 percentage points ahead of last year and slightly ahead of the 5-year average. Weekly US cotton spot transactions were pegged at 4,834 bales, down 60% compared to last year. Total cotton spot transactions for the season were pegged at 870,747 bales, down 28% year on year. Weekly cotton futures on ICE (US) - near term futures were mostly higher: Jul-10 was up 2.8% w/w at 82.97USc/lb; Oct-10 was up 1% w/w 77.54USc/lb; Dec-10 was almost unchanged at 77.45USc/lb; Mar-11 was down 0.1% at 78.55USc/lb.



**Wool:** In Australia the wool market ended softer for the week. The weekly market (EMI) closed marginally lower by 0.2% compared to last week at AU\$8.71/Kg clean wool, which is however still 7% higher than last year. Volume of trade came in at 45,159 bales with a sales percentage of 87.4%. The Australian exchange rate versus the US dollar placed downward pressure on the market.

- Domestic:** There was no sale for the week. The wool market was firmer during the previous sale with the market indicator (Cape Wools Merino) closing at R61.54/kg clean wool, up 2.6% compared to two weeks ago. The current market is 3.3% and 17% higher than current season's average and the opening sale respectively. Major buyers were G Modiano SA 3263 36.9%; Standard Wool SA 2240 25.3%; Stucken & Co 1661 18.8%; Lempriere SA 1039 11.8%; Segard Masurel SA 496 5.6%; New England Wool SA 5 0.1%. Standard Wool SA with 3,393 bales (30.4%); G Modiano SA with 2,924 bales (26.2%); Stucken & Co with 2,214 bales (19.9%); Lempriere SA with 1,324 bales (11.9%); Segard Masurel SA with 470 bales (4.2%); New England Wool SA with 17 bales (0.2%). Sales reached 98.4% of the volumes offered. Approximately 8,000 bales expected to be on offer during the next sale.

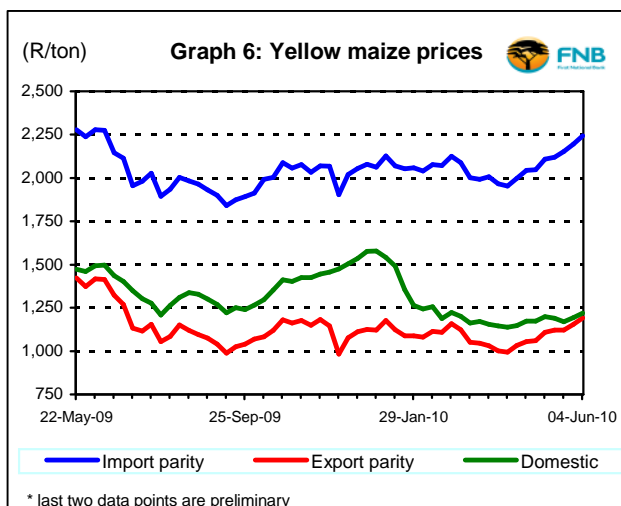
Fibre market prices 21 May 2010	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Jul-10 (AU\$/kg)	Australian futures Nov-10 (AU\$/kg)
Wool market indicator (R/kg)	60.92	59.39		
19µ long length wool (R/kg)	71.58	68.95	9.51	9.35
21µ long length wool (R/kg)	63.44	59.70	8.51	8.35
23µ long length wool (R/kg)	-	58.41	7.76	7.60
	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	New York future Jul-10 (US\$/kg)	New York future Oct-10 (US\$/kg)
Cotton Prices (R/kg)	15.39	1.99	1.83	1.71

SA Wool prices: Previous sale two weeks ago



**Yellow maize market (Graph 6)**

- International: US yellow maize prices dropped modestly on bearish outside market influences. Weakness in financial markets was the catalyst with lower crude oil prices exerted further downward pressure on the maize market. Weekly US export sales came in slightly higher than expected at 1.6m tons. Prices however rallied late in the week due to renewed export sales from China. The USDA announced private export sales of 118,000 tons of maize for delivery to China for the 09/10 marketing year.
- Domestic: Yellow maize prices ended slightly lower due to the bearish domestic supply outlook and spill over weakness from the international market. This is in line with a general slump in global commodities attributable to the lingering concerns over Europe's ability to avoid the spread of Greece's debt issues to other countries within the EU. Weekly yellow maize prices closed down 1.7% compared to last week at R1,169/ton. Yellow maize import parity ended higher mainly due to a sharp weakening in the Rand/US dollar exchange rate. Meanwhile, South Africa's maize harvest has been revised upwards by 1.64% to 13.32m tons with yellow maize pegged at 5.32m tons, up 1.4% from the April estimate. Weekly yellow maize Safex futures were however up across the board: Jul-10 was up 1.4% w/w (+R16/t); Sep-10 was up 1.3% w/w (+R16/t); Dec-10 was up 1.6% w/w (+R20/t); Jul-11 1.3% w/w (+R17/t).



**OUTLOOK**

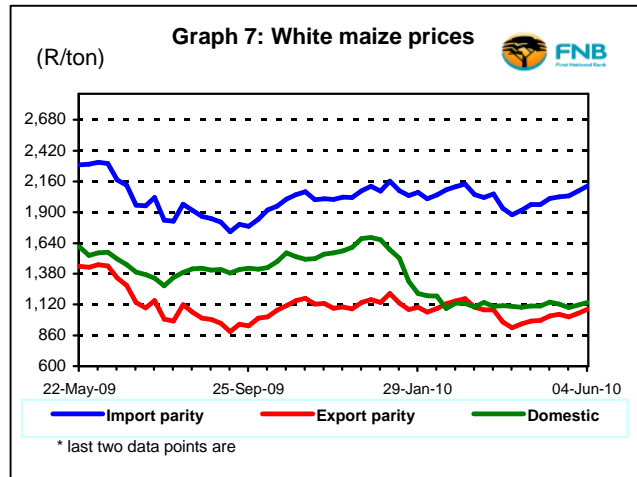
Prices are expected to improve somewhat in the short term due to renewed Rand weakness. However harvest pressure and the huge supply outlook will limit further upside potential.

Yellow Maize Futures 21 May 2010	July-10	Sep-10	Dec-10	Mar-11	May-11			
CBOT (\$/t)	146.17	149.72	153.27	157.99	161.22			
SAFEX (R/t)	1,187	1,220	1,268	1,277	1,292			
CHICAGO CORN (R/t)	1,136	-	1,218	1,270	-			
<b>Calculated Yellow 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
1,220	56	23	1,260	106	66	1,300	137	105
1,180	34	41	1,220	83	83	1,260	114	122
1,140	18	65	1,180	63	103	1,220	94	142



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

- **International:** As with yellow maize, US white maize prices eased lower due to the spill over weakness in the stock markets, lower crude oil and the economic crisis in Europe. Prices closed down 4.5% compared to last week at \$138/t.
- **Domestic:** White maize prices eased lower despite a weaker Rand due to the spill over weakness from the international market and higher crop estimates. Weekly prices were down 2.8% week on week at R1,093/ton. White maize import parity however strengthened on the back of a weaker Rand, coupled with increases in freight and discharge costs. The expected white maize harvest is almost 8m tons, which is 1.8% higher than the previous forecast. This is 1m ton short to meet the country's total consumption. However wet conditions have slowed down the harvest progress and reduced the quality of the crop in some areas. White maize (WM) futures on Safex: Jul-10 was up 1.3% w/w (+R14/t); Sep-10 was up 1.2% w/w (+R14/t); Dec-10 was up 0.8% w/w (+R10/t).



**OUTLOOK**

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

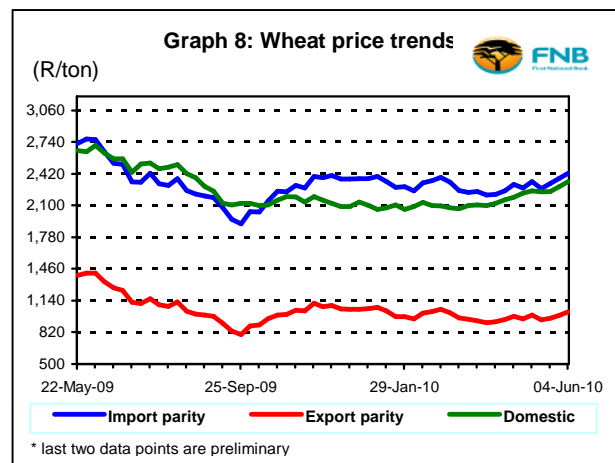
White Maize Futures 21 May 2010	July-10	Sep-10	Dec-10	Mar-11	May-11
SAFEX (R/t) WM <sub>1</sub>	1,122	1,154	1,199	1,229	-

Calculated White 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
1,160	60	22	1,200	96	50	1,240	120	79
1,120	36	38	1,160	72	66	1,200	97	96
1,080	19	61	1,120	53	87	1,160	77	116

**Wheat market trends (Graph 8)**

- **International:** US wheat prices eased lower due to pressure from other markets triggered by the financial crisis in Europe. Prices however rebounded late in the week due to speculative buying coupled with concerns over unfavourable crop conditions in producing areas of Canada and Russia. Meanwhile, the International Grains Council raised its global wheat production and stock estimate for 2010/11 season to 660m tons.
- **Domestic:** Wheat prices moved sideways despite a sharply weaker Rand. Weekly wheat prices were almost unchanged at R2,238/ ton, but still 9% down on last year. Wheat import parity prices (Randfontein) closed modestly higher due to a weaker Rand/US dollar exchange rate. So far indications are that wheat producers will plant less wheat in the coming planting season due to loss of competitiveness.



This means supplies will become tighter in the year ahead. Weekly wheat futures on Safex were up across the board: Jul-10 was up 1.5% w/w (+R33/t); Sep-10 was up 1.6% w/w (+R36/t); Dec-10 was up 1.7% w/w (+R39/t).

**OUTLOOK**

The recent bout of Rand weakness will support the market in the short term.

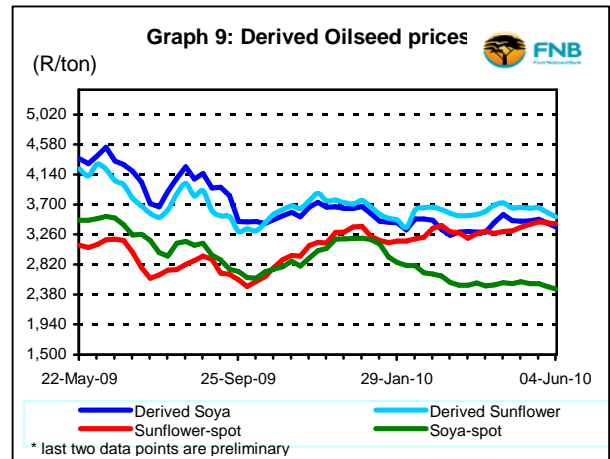
Wheat Futures 21 May 2010	July-10	Sep-10	Dec-10	Mar-11	May-11
KCBT (\$/t)	180.23	184.64	191.07	197.50	201.91
SAFEX (R/t)	2,298	2,323	2,334	2,372	-

**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
2,340	84	42	2,360	120	83	2,380	168	122
2,300	62	60	2,320	98	101	2,340	146	140
2,260	43	81	2,280	78	121	2,300	125	159

**Oilseed market trends (Graph 9)**

- International:** US prices ended lower across the soybean complex. Weekly soybean, soymeal and soyoil prices were down 1%, 2% and 3.2% respectively compared to last week. Lower crude oil prices lead to the modest decline in soyoil. Favourable weather in some areas raised the pace of planting and was good for the developing crop. US export sales came in line with expectations at 564,500 tons.
- Domestic:** Domestic oilseed market continued to trend higher mainly due to the sharply weaker Rand. Weekly sunflower prices increased by 1.1% compared to last week and closed at R3,443/ton, which is 11% higher year on year. Soybeans also ended firmer at R2,539/tons, up 0.1% compared to last week but still down 27% year on year. Derived soybean and sunflower prices increased, due to a weaker Rand/US dollar exchange rate. Production estimate of sunflower seed has been increased by 1.4% to 508,715 tons while soybeans were left unchanged at 587,950 tons. Soybean futures on Safex were up across the board: Jul-10 was up 0.8% w/w (+R21/t); Sep-10 was up 1.3% w/w (+R33/t); Dec-10 was up 1.3% w/w (+R35/t). Sunflower futures on Safex: Jul-10 was up 2.7% w/w (+R95/t); Sep-10 was up 2.1% w/w (+R73/t); Dec-10 was up 0.6% w/w (+R20/t).



**OUTLOOK**

Domestic oilseed prices are expected to move sideways with some upward potential for sunflower due to renewed Rand weakness.



How can we help you?

Oilseeds Futures 21 May 2010	July-10	Sep-10	Dec-10	Mar-11	May-11
CBOT Soybeans (US \$/t)	347.37	347.30	-	347.82	345.39
CBOT Soya oil (US c/lb)	40.12	40.12	40.12	40.12	40.12
CBOT Soya cake meal (US \$/t)	240.50	240.50	240.20	240.20	240.20
SAFEX Sunflower seed (R/t)	3,555	3,586	3,640	-	-
SAFEX Soybean seed (R/t)	2,593	2,641	2,728	-	2,625

**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
3,600	165	120	3,620	226	192	3,680	337	297
3,560	143	138	3,580	205	211	3,640	315	315
3,520	123	158	3,540	184	230	3,600	293	333

**Vegetable market trends (Graph 10)**

• **Tomatoes**

Tomato prices declined due to increased supplies on markets. Prices decreased by 4.4% week on week but were 47.7% higher year on year, closing at R4,672/ton. Volumes traded were pegged at 3,831 tons, up 32.6% week on week and 1.9% year on year. Prices are however expected to improve slightly in the short term.

• **Potatoes**

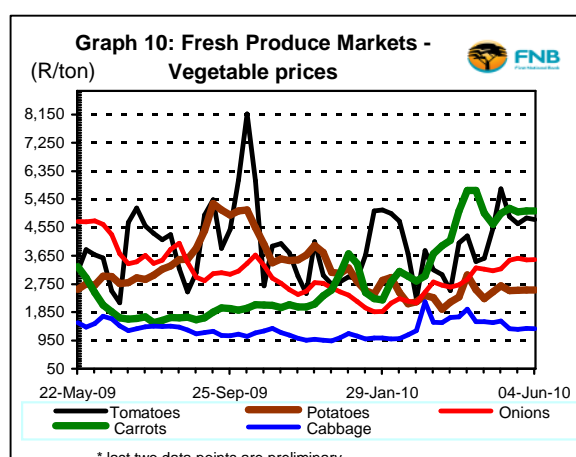
Potato prices increased slightly due to relatively firm demand on markets. Prices were up 0.4% week on week but were 1.1% down year on year, closing at R2,555/ton. Volumes traded increased by 20.2% week on week, coming in at 11,746 tons, a year on year increase of 3.8%. Prices are however expected to ease slightly in the short term.

• **Onions**

Onion prices increased marginally due to increased uptake on markets. Prices increased to R3,569/ton, up 1.6% week on week but down 24.7% year on year. Volumes traded increased by 21.4% week on week coming in at 3,736 tons, up 18.0% year on year. Prices are however expected to ease somewhat in the short term with limited upside potential as supplies recover.

• **Carrots**

Carrot prices decreased slightly due to increased supplies on markets. Prices declined by 2.1% week on week closing at R5,046/ton and were up 52.8% year on year. Volumes traded came in at 969 tons, up 25.7% week on week but down 16.8% year on year. Prices are expected to remain firm due to limited supplies on markets.



- **Cabbages**

Cabbage prices declined slightly due increased volumes on markets. Prices declined by 1.7% week on week and by 14.6% year on year closing at R1,298/ton. Volumes traded were pegged at 1,478 tons up 28.9.2% week on week and 10.2% year on year. Prices are expected to trade sideways in the short term.

<b>Vegetable prices: Fresh Produce Markets. (Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)</b>						
<b>Week ending 21 May 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	4,672	-4.4%	47.7%	3831	32.6%	1.9%
Potato	2,555	0.4%	-1.1%	11746	20.2%	3.8%
Onion	3,569	1.6%	-24.7%	3736	21.4%	18.0%
Carrot	5,046	-2.1%	52.8%	969	25.7%	-16.8%
Cabbage	1,298	-1.7%	-14.6%	1478	28.9%	10.2%

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

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