



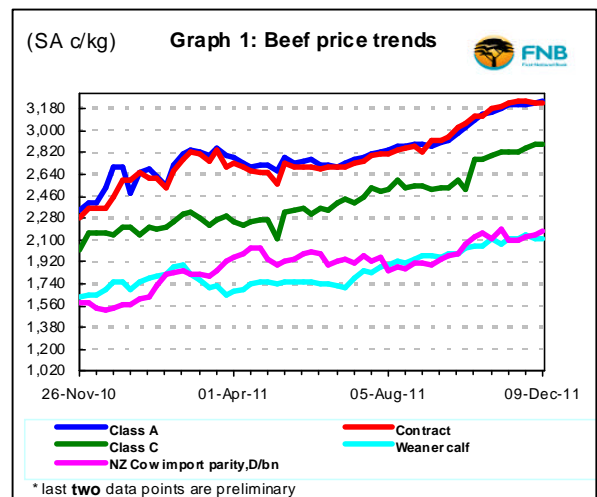
# Agri-Weekly

02 December 2011

[pmakube@fnb.co.za](mailto:pmakube@fnb.co.za)  
<https://www.fnbagricomms.co.za>

## Beef market trends (Graph 1)

- International:** US lean boneless processing beef prices posted good gains on the back of improved demand and moderate supplies. US boxed beef cutout values, were softer on both the Choice and Select category. Choice was down 1.4% w/w at \$193.92/cwt but still up 19.0% y/y. Select was down 1.3% w/w at \$175.41/cwt but still up 15.0% y/y. Market activity on imported beef was reportedly slow with prices mostly weak due to subdued trading post Thanksgiving holiday. CME Feeder Cattle Index closed at US\$144.60/cwt, up 1.6% w/w and 26.4% y/y. In Australia, the benchmark young cattle indicator EYCI finished up 1.3% w/w and 6.2% y/y at Au\$4.05/kg cwt.
- Domestic:** Beef prices retained a firmer across most categories. Weekly Class A beef advanced by 1.1% w/w and 35.3% y/y to close at R32.53/kg. Contract Class A beef closed at R32.88/kg up 1.3% w/w and 39.6% y/y. Weaner calf prices traded slightly lower on limited uptake on markets. Weekly weaner calf prices closed at R21.10/kg live weight, down 1.6% w/w but still 28.3% y/y. Meanwhile widespread rainfall in the last few weeks will improve production conditions but some areas remain very dry.

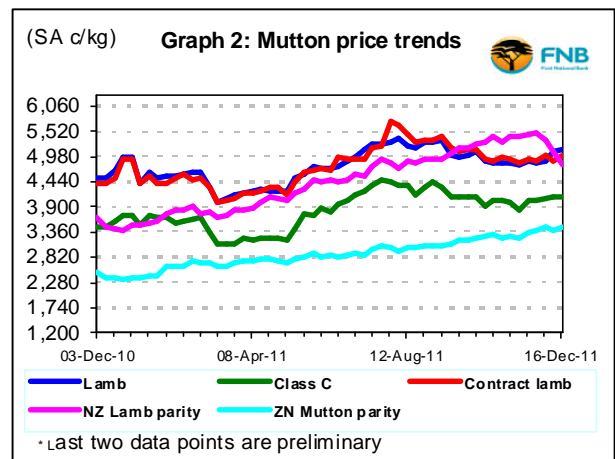


## OUTLOOK

It is expected that prices will retain current momentum ahead of the festive period.

## Mutton market trends (Graph 2)

- International:** US lamb carcass values ended mixed with light to moderate demand and supplies. Lamb Carcass Cutout finished the week at \$377.78/cwt, down 0.2% w/w, but still up 17.0% y/y. The estimated number of sheep slaughtered came in at 38,000 head, up 18.8% w/w but down 19.1% y/y. In New Zealand, lamb prices (NZ17.5kg) finished at NZ\$137.70/ head, up 36% y/y. Australian lamb market prices finished slightly firmer despite on increased supplies. The weekly trade indicator ESTL increased by 5.8% w/w and 1.2% y/y at AU\$5.09/kg cwt.
- Domestic:** Prices ended firmer supported by improved month end demand. Weekly Class A lamb closed at R48.85/kg, up 0.6% w/w and 8.4% y/y. Contract Class A lamb advanced by 2.4% w/w at R49.99/kg, up 13.5% y/y. Mutton prices were firmer at



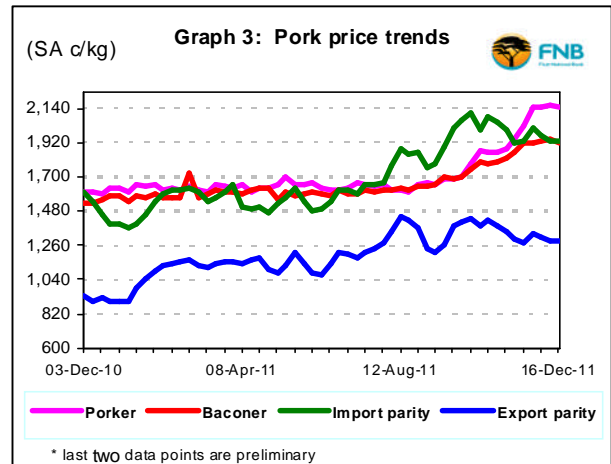
R40.82/kg, up 0.7% w/w and 18.0% y/y. Weaner lambs posted modest losses on improved volumes. Prices fell by 5.6% w/w to close at R25.33/kg live weight, but still up 26.7% y/y.

### OUTLOOK

It is expected that prices will improve somewhat in the short to medium term backed by good festive season demand.

### Pork market trends (Graph 3)

- **International:** US pork prices reversed last week's gains on weak uptake and abundant supplies. Weekly loin was closed at \$95.66/cwt, down 1.2% w/w but still 14.8% y/y. Carcass prices finished at \$89.38/cwt, down 0.3% w/w but up 15.3% y/y. Ham prices fell by 1.2% w/w but still up 6.0% y/y to close at \$78.56/cwt. Ribs finished at \$143.60/cwt which is down 1.0% w/w but still up 15.6% y/y.
- **Domestic:** Prices extended recent gains supported by good demand on markets. Weekly baconer prices closed at R19.27/kg, up 0.3% w/w and 26.0% y/y. Porker prices advanced marginally to close the week at R21.47/kg, up 34.0% y/y. Import parity prices ended slightly lower mainly on Rand weakness (R/US\$). Weekly import parity prices fell by 2.9% w/w but still up 23.0% y/y.

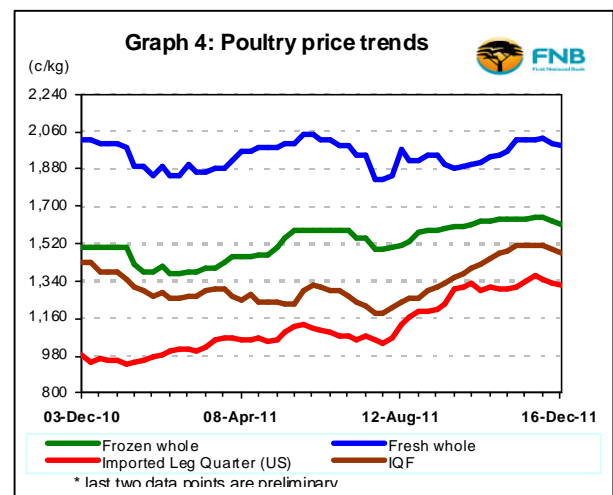


### OUTLOOK

Domestic prices are expected to strengthen in the short to medium term backed by strong festive season demand.

### Poultry market trends (Graph 4)

- **International:** US domestic prices were again mixed, with slight gains in the whole bird and breast categories. Demand at retail and food service was reportedly light to moderate. Weekly whole birds were up 0.2% w/w and 4.9% y/y at 89.70c/lb. Breast cuts traded at 82.70c/lb, up 0.2% w/w and 7.1% y/y. Leg quarter prices were marginally higher by 0.3% w/w and 34.0% y/y at 53.20c/lb. US broiler egg sets and chick placements for the week ended 26 Nov-2011 were reported down by 6.0% w/w and 5.0% y/y respectively. The estimated number available for marketing during the week ending 07 Jan-2012 was reported at 142.3m head, up 1.7% w/w but still down 8.0% y/y.
- **Domestic:** Poultry prices retained recent firmness on stable to strong demand heading into the festive season. IQF prices were the exception as they slowed to R15.11/kg but still up 5.7% y/y. Medium frozen whole birds ended marginally higher at R16.50/kg, up 9.5% y/y. Medium fresh whole birds advanced by 0.5% w/w and 0.8% y/y to close the week at R20.32/kg. Import parity prices for poultry (LQ) finished slightly lower mainly on Rand strength. Weekly import parity prices were down 1.3% w/w but still up 36.9% y/y.



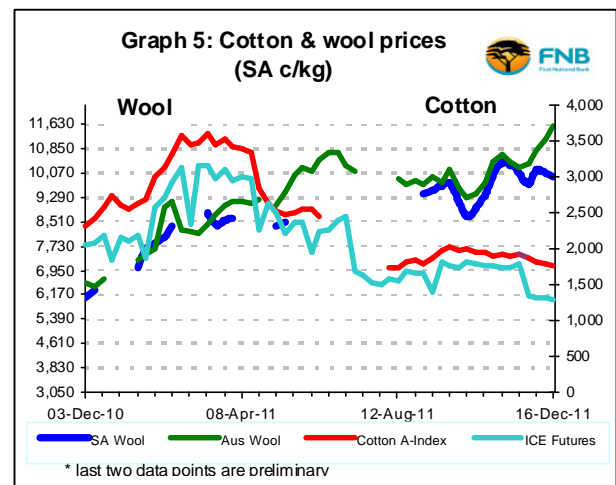
### OUTLOOK

The market is expected to retain upward momentum in the short to medium term on strong festive demand. However, higher feed costs due to rising maize prices will erode margins as broilers prices soften post December holidays.

| Producer prices for selected livestock commodities<br>02 December 2011 | Beef  | Mutton | Pork  | Poultry |
|--|-------|--------|-------|---------|
| Open market: Class A / Porker / Fresh whole birds(R/kg)                | 32.53 | 48.85  | 21.47 | 20.32   |
| Open market: Class C / Baconer / Frozen whole birds(R/kg)              | 28.42 | 40.82  | 19.60 | 16.50   |
| Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)       | 32.88 | 49.99  | 19.27 | 15.11   |
| Import parity price (R/kg)   | 21.06 | 34.71  | 19.60 | 13.50   |
| Weaner Calves / Feeder Lambs (R/kg)                                    | 21.10 | 25.33  |       |         |

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

- International:** Cotton prices continued to weaken due to demand concerns as the global economic crisis continues, especially in the Euro-zone. Weekly cotton prices fell by 1.2% w/w and 33.5% y/y at 99.02c/lb. Cotton futures on ICE: Cotton for Mar-12 delivery was up 1.1% w/w at 91.84c/lb, May-12 was up 1.5% w/w at 91.46c/lb, Jul-12 was up 1.1% w/w at 90.93c/lb. Wool: In Australia, the wool market rebounded to close slightly higher. The weekly market indicator EMI finished up 3.0% w/w and 19.2% y/y at Au\$12.09/kg.
- Domestic:** The Wool market posted modest gains despite a stronger Rand. The market indicator Cape Wools Merino advanced by 4.5% w/w to close at R101.65/kg clean wool. This is 5.6% higher than the current season's average and up 67.0% on last year this time. Sales reached 97.0% of the 10,969 bales offered. Major buyers were Standard Wool SA with 4,879 bales, Modiano SA with 2,222 bales, Stucken & Co with 1,562 bales and Lempriere SA with 1,479 bales.

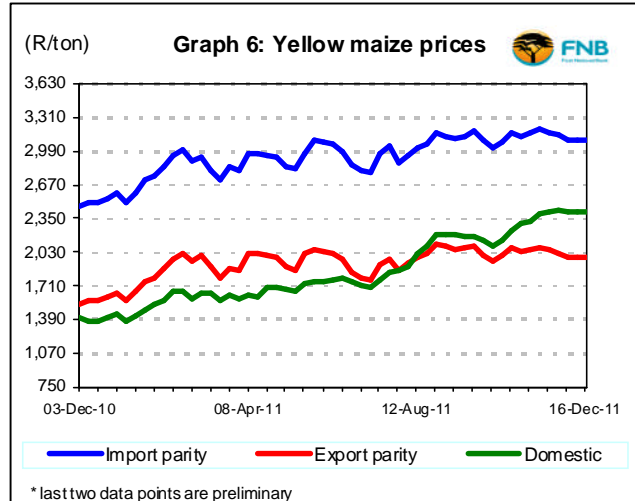


| Fibre market prices<br>02 December 2011 | SA prices<br>(R/kg)            | Australian<br>prices<br>(R/kg)   | Australian futures<br>Mar-12<br>(AU\$/kg) | Australian futures<br>May-12<br>(AU\$/kg) |
|---|--------------------------------|----------------------------------|---|---|
| Wool market indicator (R/kg)            | 101.65                         | 107.87                           |   |   |
| 19 $\mu$ long length wool (R/kg)        | 118.82                         | 118.71                           | 13.73                                     | 13.48                                     |
| 21 $\mu$ long length wool (R/kg)        | 108.25                         | 112.26                           | 12.18                                     | 11.93                                     |
| 23 $\mu$ long length wool (R/kg)        | 92.16                          | 96.41                            | 9.92                                      | 9.67                                      |
|   | SA derived<br>Cotton<br>(R/kg) | New York<br>A-Index<br>(US\$/kg) | Cotton Futures<br>Mar-12<br>(US\$/kg)     | Cotton Futures<br>May-12<br>(US\$/kg)     |
| Cotton Prices (R/kg)                    | 17.99                          | 2.18                             | 2.02                                      | 2.01                                      |

Cotton Futures on ICE.

**Yellow maize market (Graph 6)**

- International:** Weakness in the stock and oil markets continued to place downward pressure on the grain markets. A firmer US dollar late in the week added to the weaker tone. US yellow maize prices eased marginally lower by 0.3% w/w to close at \$260/t, but still up 9.9% y/y. Maize futures on CBOT trended lower: maize for Mar-12 delivery fell by 4.6% w/w at \$232/t; May-12 was down 4.4% w/w at \$235/t; Jul-12 was down 4.6% w/w at \$236/t.
- Domestic:** On the local front, yellow maize prices trended lower due to the combined influence of a stronger Rand and falling CBOT prices. Weekly yellow maize prices were down 1.0% w/w but still up 71.3% y/y at R2,406/t. Yellow maize import parity prices fell by 1.8% w/w but still up 25.0% y/y. Weekly yellow maize export sales were pegged at 3,223 tons and 666,055 tons for the season-to-date. Meanwhile, the final crop estimate came in 2.3% lower than September estimate at 10.36m tons with yellow maize overestimated by 2.7% m/m. Yellow maize futures on JSE: Mar-12 fell by 0.8% w/w (-R18/t); Jul-12 was down 2.7% w/w (-R51/t).

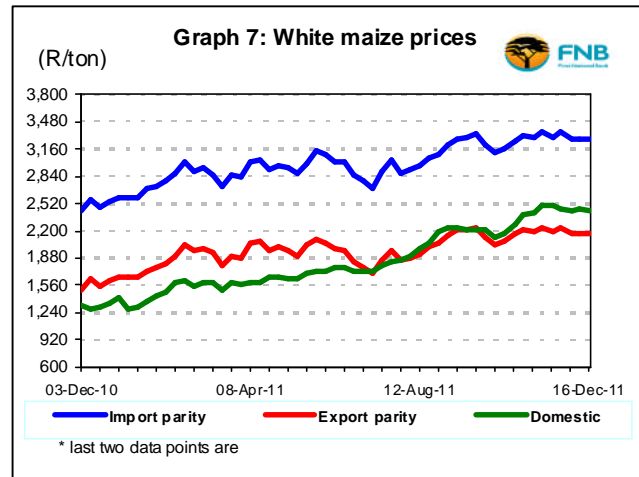

**OUTLOOK**

The medium to longer term outlook remains bullish due to tightening carryover stocks.

| Yellow Maize Futures<br>02 December 2011   | Mar-12     | May-12      | Jul-12        | Sep-12     | Dec-12      |               |            |             |
|--|------------|-------------|---------------|------------|-------------|---------------|------------|-------------|
| CBOT (\$/t)  | 234.51     | 237.58      | 239.79        | 225.21     | 217.96      |               |            |             |
| JSE (R/t)  | 2,322      | 2,040       | 1,865         | -          | -           |               |            |             |
| CHICAGO CORN (R/t)   | 1,927      | 1,927       | 1,974         | 2,006      | 1,899       |               |            |             |
| <b>Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)</b> |            |             |               |            |             |               |            |             |
| <b>Mar-12</b>  |            |             | <b>May-12</b> |            |             | <b>Jul-12</b> |            |             |
| <b>Ask</b>   | <b>Put</b> | <b>Call</b> | <b>Ask</b>    | <b>Put</b> | <b>Call</b> | <b>Ask</b>    | <b>Put</b> | <b>Call</b> |
| 2,360  | 159        | 121         | 2,080         | 196        | 156         | 1,900         | 194        | 159         |
| 2,320  | 137        | 139         | 2,040         | 173        | 173         | 1,860         | 172        | 177         |
| 2,280  | 117        | 159         | 2,000         | 153        | 193         | 1,820         | 151        | 196         |

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

- International: US white maize prices extended losses on continued weakness in the energy and stock markets, coupled with the firming US dollar late in the week. The firmer US dollar makes US exports uncompetitive. US weekly maize export sales were reported at 352,200 tons. Weekly average white maize prices fell by 1.1% w/w and closed at \$264/ton, but still up 21.6% y/y.
- Domestic: White maize prices drifted lower on spillover weakness from CBOT and a stronger Rand. White maize prices closed at R2,443/ton, down 0.7% w/w but still 84.4% y/y. White maize import parity prices fell by 2.4% w/w, but still 34.6% higher y/y. Imports of white maize were pegged at 11,997 tons for the week and 34,276 tons for the season to date. Exports remained strong, coming in at 34,858 tons and 1.245m for the season. Total maize exports for the 2011/12 marketing season reached 1.912m tons. White maize producer deliveries to the week ending 25 Nov-2011 were pegged at 17,000 tons and 5.768m for the season. Total maize delivered so far is 9.515m tons, which is 91.5% of the CEC's final crop estimate. White maize futures on JSE: Mar-12 fell by 2.6% w/w (-R62/t); Jul-12 fell by 3.2% w/w (-R63/t); Sep-12 was down 2.7% w/w (-R53/t).


**OUTLOOK**

The medium to longer term outlook remains bullish given the tightening carryover stocks.

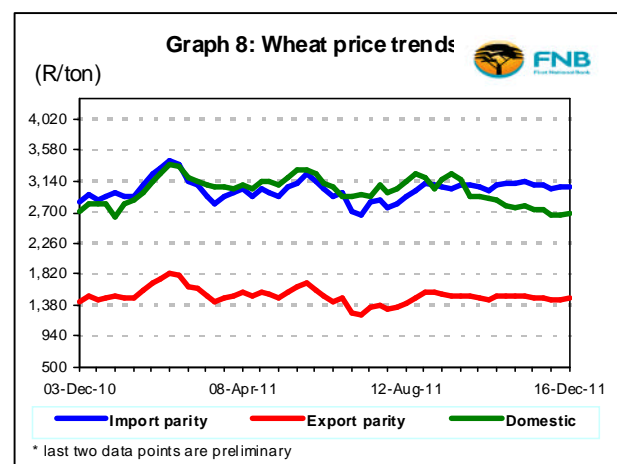
| White Maize Futures<br>02 December 2011 | Mar-12 | May-12 | Jul-12 | Sep-12 | Dec-12 |
|---|--------|--------|--------|--------|--------|
| JSE (R/t) WM <sub>1</sub>               | 2,363  | 2,155  | 1,882  | 1,920  | -      |

| Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005) |     |      |        |     |      |        |     |      |
|--|-----|------|--------|-----|------|--------|-----|------|
| Mar-12   |     |      | May-12 |     |      | Jul-12 |     |      |
| Ask  | Put | Call | Ask    | Put | Call | Ask    | Put | Call |
| 2,400  | 148 | 111  | 2,200  | 211 | 166  | 1,920  | 203 | 165  |
| 2,360  | 126 | 129  | 2,160  | 189 | 184  | 1,880  | 180 | 182  |
| 2,320  | 106 | 149  | 2,120  | 167 | 202  | 1,840  | 159 | 201  |

**Wheat market trends (Graph 8)**

- International: US Wheat prices continued to weaken under pressure from a stronger US dollar and spillover weakness in energy and stock markets. Ongoing concerns about the U.S. and European debt crisis continued to keep markets under downward pressure. Hard Red Wheat fell by 1.2% w/w and 5.4% y/y to close at \$226/ton. Trends in Kansas: Wheat for Mar-12 advanced by 4.2% w/w at \$250/t, May-12 was up 34.2% w/w at \$253/t, Jul-12 was up 4.4% w/w at \$256/t. Wheat futures on Chicago: Wheat for Mar-12 increased by 0.9% w/w at \$218/t; May-12 was down 1.1% w/w at \$225/t; Jul-12 was down 1.2% w/w at \$230/t.
- Domestic: Wheat prices reversed last week's gains on the back lower international prices and stronger Rand. Weekly wheat prices fell by 3.1% w/w and 0.4% y/y to close at R2,659/t. Wheat import parity prices were down 1.6% w/w but still up 10.1% y/y. Meanwhile, the expected wheat crop was lowered by



1.8% from previous estimate to 1.81m tons largely due to decreased production in the Free State (517,500 tons). Weekly wheat import sales for the week ended 25 Nov-2011 were pegged at 26,440 tons and 380,687 tons for the 2011/12 marketing season. Export sales were pegged at 4,209 tons for the week and 27,449 tons for the new marketing season. Wheat futures on the JSE: Wheat for Mar-12 advanced by 0.4% w/w (+R12/t); May-12 was down 0.1% w/w (-R2); Jul-12 was down 0.4% w/w (-R12/t). Mar-12 fell by 4.9% w/w (-R138/t), May-12 was down 4.7% w/w (-R135/t), Jul-12 was down 5.5% w/w (-R158/t).

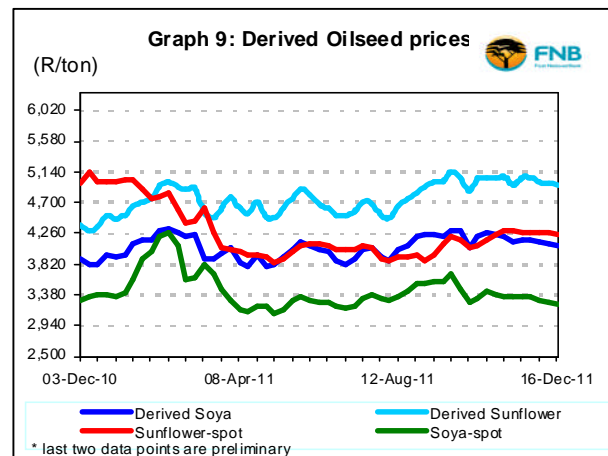
**OUTLOOK**

Prices are expected to trend sideways in the short term with further upward potential in the medium term.

| Wheat Futures<br>02 December 2011  | Mar-12     | May-12      | Jul-12        | Sep-12     | Dec-12      |               |            |             |
|--|------------|-------------|---------------|------------|-------------|---------------|------------|-------------|
| KCBT (\$/t)  | 250.41     | 253.16      | 256.47        | 261.43     | 268.41      |               |            |             |
| JSE (R/t)  | 2,674      | 2,710       | 2,737         | -          | -           |               |            |             |
| <b>Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)</b> |            |             |               |            |             |               |            |             |
| <b>Mar-12</b>  |            |             | <b>May-12</b> |            |             | <b>Jul-12</b> |            |             |
| <b>Ask</b>   | <b>Put</b> | <b>Call</b> | <b>Ask</b>    | <b>Put</b> | <b>Call</b> | <b>Ask</b>    | <b>Put</b> | <b>Call</b> |
| 2,720  | 132        | 86          | 2,760         | 180        | 130         | 2,780         | 203        | 160         |
| 2,680  | 109        | 103         | 2,720         | 158        | 148         | 2,740         | 181        | 178         |
| 2,640  | 89         | 123         | 2,680         | 137        | 167         | 2,700         | 160        | 197         |

**Oilseed market trends (Graph 9)**

- International:** The US soybean complex ended mixed, with gains in the product category. Soybean prices eased marginally lower on improved crop outlook for Brazil and spill over weakness in the stock and energy markets. A higher global production and global carry-over estimates remain bearish factors for the maize market. Soybean prices fell by 0.5% w/w and 10.9% y/y to close at \$440/t. Soymeal gained 1.9% w/w but still down and 19.6% y/y at \$279/t. Soyoil gained 0.3% w/w and 1.6% y/y to settle at 50.00c/lb. Futures in the Soybean complex (CBOT): Soybean for Mar-12 advanced by 2.7% w/w at \$421/t, May-12 was up 2.8% w/w at \$425/t, Jul-12 was up 2.9% w/w at \$429/t. Soymeal (\$/short ton): Soymeal for Mar-12 increased by 2.3% w/w at \$292/t, May-12 was up 2.5% w/w at \$296/t, Jul-12 was up 2.5% w/w at \$300/t. Soyoil for Mar-12 closed up 3.6% w/w at 50.65c/lb, May-12 was up 3.7% w/w at 50.99c/lb, Jul-12 was up 3.7% w/w at 51.29c/lb.
- Domestic:** Soybean prices extended losses on advancing Rand and spillover weakness from CBOT. Weekly soybeans prices were down 1.6% w/w and 0.3% y/y, closing R3,290/t. Sunflower prices rebounded to close at R4,281/t, up 0.4% w/w but still down 14.2% y/y. The final sunflower seed crop estimate was 0.2% higher m/m at 860,000 tons. Soybean was also 0.2% higher compared to the September estimate at 710,000 tons. Sunflower futures on the JSE: Sunflower for Mar-12 rebounded, closing marginally higher by 0.1% w/w (+R3/t); May-12 fell by 0.1% w/w (-R5/t); Jul-12 was down 0.6% w/w (-R26/t). Soybean futures: Soybean for Mar-12 delivery fell by 3.8% w/w (-R130/t); May-12 was down 3.0% w/w (-R105/t); Jul-12 was down 2.7% w/w (-R96/t).
- OUTLOOK**  
 Prices are expected to remain under pressure and weaken in the short term.



| Oilseeds Futures<br>02 December 2011 | Mar-12 | May-12 | Jul-12 | Sep-12 | Dec-12 |
|--------------------------------------|--------|--------|--------|--------|--------|
| CBOT Soybeans (US \$/t)              | -      | 436.52 | 439.82 | 439.23 | 434.09 |
| CBOT Soya oil (US c/lb)              | 50.88  | 51.48  | 51.82  | 52.11  | 52.20  |
| CBOT Soya cake meal (US\$/t)         | 298.40 | 303.60 | 306.90 | 310.80 | 311.60 |
| JSE Sunflower seed (R/t)             | 4,240  | 4,365  | 4,270  | 4,376  | 4,481  |
| JSE Soybean seed (R/t)               | 3,340  | 3,430  | 3,450  | 3,505  | -      |

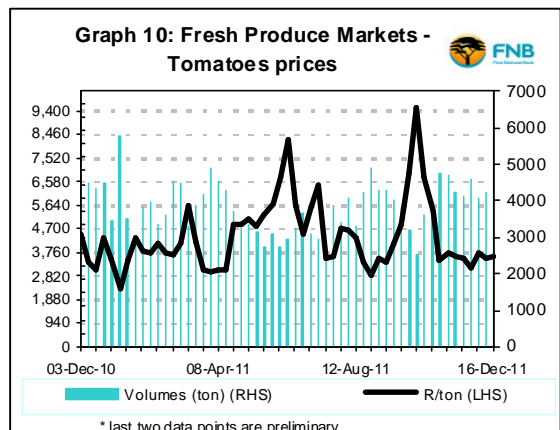
**Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)**

| Mar-12 |     |      | May-12 |     |      | Jul-12 |     |      |
|--------|-----|------|--------|-----|------|--------|-----|------|
| Ask    | Put | Call | Ask    | Put | Call | Ask    | Put | Call |
| 4,400  | 277 | 245  | 4,300  | 355 | 320  | 4,400  | 435 | 385  |
| 4,360  | 256 | 264  | 4,260  | 333 | 338  | 4,360  | 412 | 402  |
| 4,320  | 235 | 283  | 4,220  | 312 | 357  | 4,320  | 391 | 421  |

**Vegetable Market Trends (Graphs 10 to 14)**

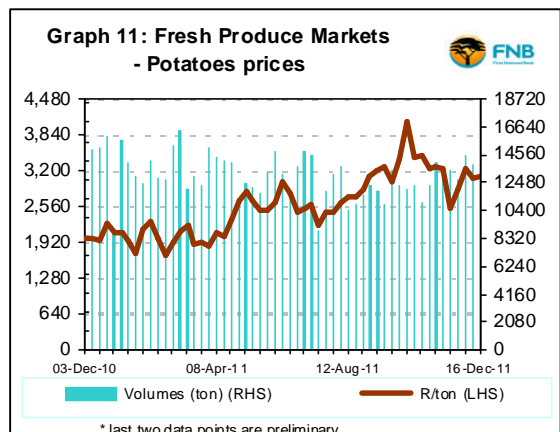
- Tomatoes**

Tomato prices increased sharply due to reduced supplies on markets. Prices were up 20.6% w/w but down 16.5% y/y, closing the week at R3,779/ton. Volumes traded were down 10.8% but still up 3.1% y/y closing the week at 4,094tons. It is expected that prices will retain a weaker tone in the short term on improved supplies.



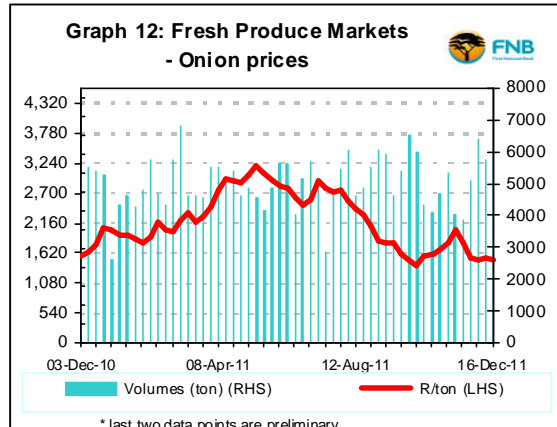
- Potatoes**

Potato prices increased sharply due to good uptake on markets. Prices were up 12.5% w/w and 63.1% y/y, closing at R3,253/ton. Volumes traded were up 14.0% w/w but down 6.8% y/y closing the week at 14,492 tons. Prices are however expected to move sideways to lower in the short term.



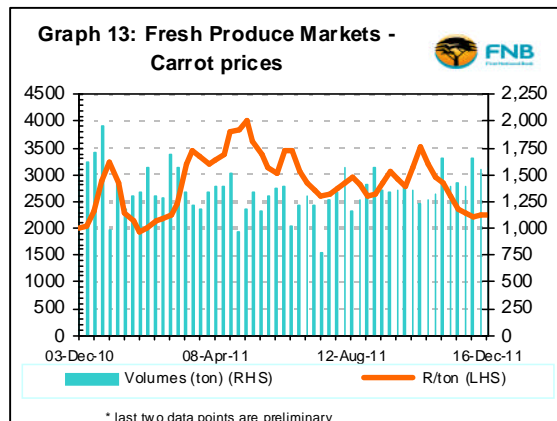
- Onions**

Onion prices decreased marginally due to increased supplies on markets. Prices decreased to R1,482/ton, down 2.7% w/w and 5.0% y/y. Volumes traded were up 25.3% w/w and 19.2% y/y closing the week at 6,373tons. It is however expected to that prices will bottom out and strengthen on improved demand in the short term.



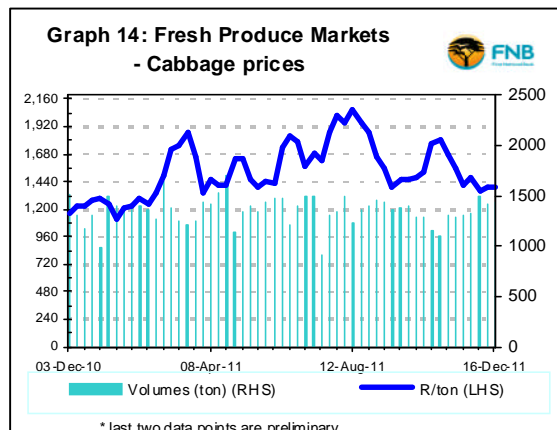
- Carrots**

Carrot prices moved slightly lower under pressure due to improved supplies on markets. Prices were down 2.3% w/w but still up 11.5% y/y, closing the week at R2,219/ton. Volumes traded reached 1,657tons, up 19.0% w/w and 5.7% y/y. Prices are however expected firm slightly on improved demand in the short to medium term.



- Cabbages**

Cabbage prices posted sharp losses due to increased supplies on markets. Prices were down 7.5% w/w but still up 16.1% y/y at R1,360/ton. Volumes traded reached 1,488 tons, up 12.9% w/w but still down 1.3% y/y. Prices are however expected to bottom out and strengthen in the short term on improved demand.


**Vegetable prices: South Africa's Major Fresh Produce Markets.**
**(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

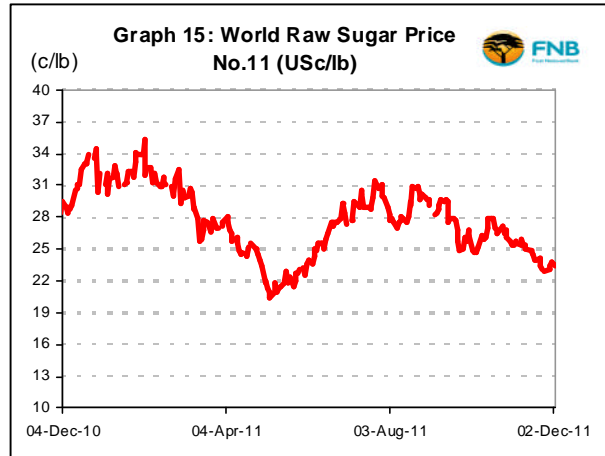
| Week ending<br>02 December 2011 | Average<br>Price (R/t) | w/w   | Y/y    | Total<br>Volume (t) | w/w    | Y/y   |
|---------------------------------|------------------------|-------|--------|---------------------|--------|-------|
| Tomato                          | 3,779                  | 20.6% | -16.5% | 4094                | -10.8% | 3.1%  |
| Potato                          | 3,253                  | 12.5% | 63.1%  | 14492               | 14.0%  | -6.8% |
| Onion                           | 1,482                  | -2.7% | -5.0%  | 6373                | 25.3%  | 19.2% |
| Carrot                          | 2,219                  | -2.3% | 11.5%  | 1657                | 19.0%  | 5.7%  |
| Cabbage                         | 1,360                  | -7.5% | 16.1%  | 1488                | 12.9%  | -1.3% |

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



**Sugar market trends (Graph 15)**

- International:** World raw sugar prices posted advanced marginally despite a stronger US dollar and bearish global supply outlooks. Weekly raw sugar prices were up 0.4% w/w, closing at 23.47c/lb but still down 17.5% y/y. Raw Sugar futures on ICE (US c/lb): the May-12 sugar advanced by 2.5% w/w at 23.09c/lb, Jul-12 was up 2.2% w/w at 22.78c/lb; Mar-13 was up 2.8% w/w at 23.36c/lb, Jul-13 was up 3.5% w/w at 23.08c/lb.
- Domestic:** The monthly 2011/12 RV (Recoverable Value) price a measure of the value of sugar and molasses that will be recovered from the sugarcane delivered by the individual grower during October 2011, was declared at R3,012.45/t (-R2.56/t m/m). According to the Cane Growers Association report, the decrease in price is due to a lower RV ratio (94.33% vs 94.39%) and the lower weighted average world market price (27.56 US c/lb vs 27.58 US c/lb). The RV price for the season is expected to reach R3,018.00/ton.



| <b>ICE Sugar Futures<br/>02 December 2011</b> | <b>May-12</b> | <b>July-12</b> | <b>Oct-12</b> | <b>Mar-13</b> | <b>May-13</b> |
|---|---------------|----------------|---------------|---------------|---------------|
| Sugar No.11 (US c/lb)                         | 23.09         | 22.78          | 22.95         | 23.36         | 23.12         |
| % Change w/w                                  | 2.5%          | 2.2%           | 2.7%          | 2.8%          | 3.0%          |

**Disclaimer:**

Although everything has been done to ensure the accuracy of the information, the Bank takes no responsibility for actions or losses that might occur due to the usage of this information.