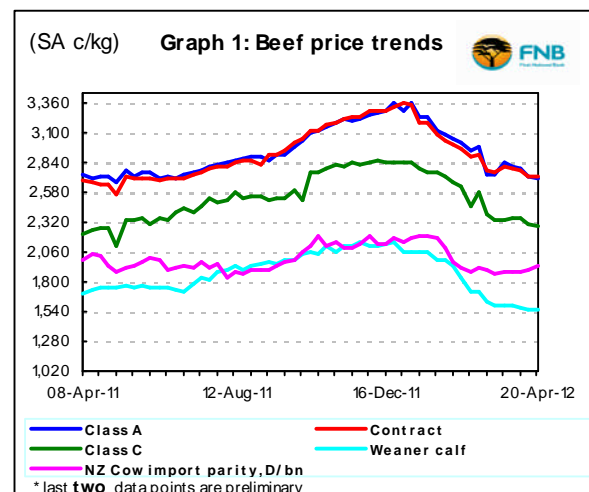



06 April 2012
pmakube@fnb.co.za
<https://www.fnbagricomms.co.za>

Beef market trends (Graph 1)

- International:** US lean boneless processing beef prices ended steady to firmer on light to moderate demand and supplies. Uncertainty amongst US beef market participants over the impact of the recent decision by most supermarket chains to stop selling beef products containing Lean Finely Textured Beef continued to place the market under pressure. Market activity on imported beef was reportedly slow with prices mostly lower. Boxed beef cutout values, the indicator of beef prices at wholesale level, ended lower on light to moderate demand and moderate to heavy supplies. Boxed Beef Cutout for the Choice category fell by 2.1% w/w and 5.5% y/y at \$180.79/cwt. The Select category was down 3.1% w/w and 4.5% y/y at \$178.72/cwt. In the cattle market, the CME Feeder Cattle Index dropped 1.1% w/w but still 11.9% higher y/y at \$152.22/cwt.
- Domestic:** The beef market continued on a softer note in a short slaughter week. Weekly Class A beef eased marginally lower by 0.6% w/w to close at R27.91/kg, but still 2.1% higher y/y. Contract Class A beef was down 0.7% w/w at R27.65/kg, but still up 2.7% y/y. Class C beef was the exception, posting marginal gains on improved demand in the week preceding Easter. Weekly Class C beef prices gained 0.3% w/w and were up 6.1% y/y, closing at R23.60/kg. In the case of weaner calves, prices extended losses under pressure due to limited demand and abundant supplies. Weekly weaner calf prices fell by 1.5% w/w and 7.5% y/y, closing at R15.72/kg.

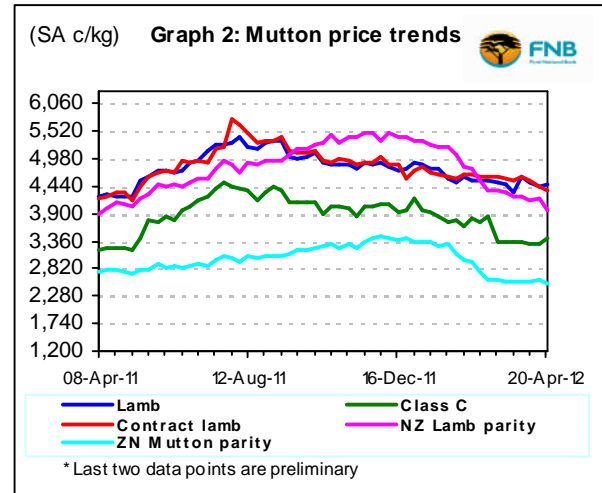


OUTLOOK

Domestic beef prices are expected to remain under pressure and weaken as we approach winter months. Internationally, reduced stocks as a result of retentions due to herd rebuilding will support the market in the medium term. However, this may be offset by softer demand should the global economy remain weak.

Mutton market trends (Graph 2)

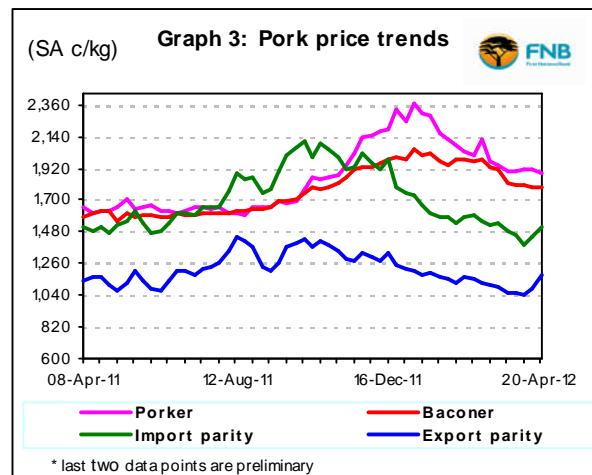
- International:** US Lamb Carcass Cutout values ended mixed with moderate to good demand and light supplies. Demand for heavier was reportedly moderate with light supplies and prices trended a bit higher. In Australia, slaughter figures for February were reportedly lower. The number of Australian sheep slaughtered fell by 5.0% y/y, coming in at 479,867 head and yielding 10,775 tons cwt which is down 3.0% y/y.
- Domestic:** The lamb and mutton market weakened in the short trading week. Weekly mutton prices fell by 2.6% w/w but still 6.5% higher y/y at R45.06/kg. Class A lamb prices were down 1.5% w/w but still up 3.2% y/y at R33.06/kg. Contract Class A lamb were down 1.7% w/w at R45.33/kg, but still up 7.6% y/y. Weaner lambs prices posted modest gains on limited supplies on markets. Weekly weaner lamb prices increased by 3.4% w/w and 6.1% y/y, closing at R22.17/kg.


OUTLOOK

Lamb and mutton prices are expected to trend sideways with limited upward potential in the medium term due to moderation in demand post Easter holidays.

Pork market trends (Graph 3)

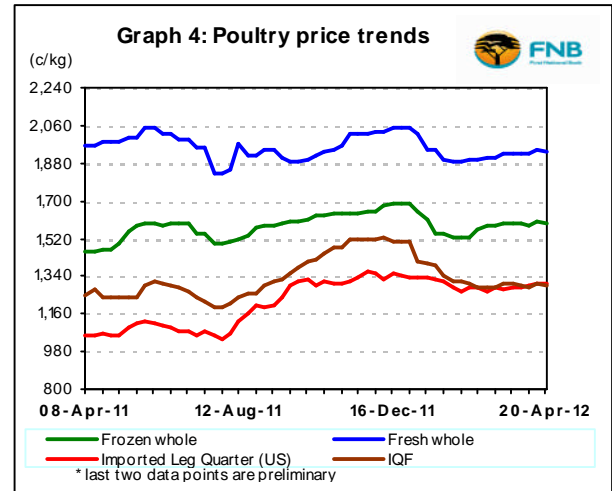
- International:** Prices on the US domestic pork market reversed losses and edged higher. The exception was the rib category which fell by 0.9% w/w and 3.6% at \$138.31/cwt. Weekly Carcass prices closed at \$80.25/cwt, up 2.3% w/w but still down 16.3% y/y. Loins advanced by 1.5% w/w but still down 7.6% y/y, closing at \$96.64/cwt. Hams increased by 2.3% w/w but still down 20.1% y/y at \$57.35/cwt.
- Domestic:** The market remained under pressure with prices continuing to trend lower across the board. Weekly baconers finished at R17.03/kg, down 5.4% w/w but still 5.0% higher y/y. Porkers moved slightly lower to close at R18.62/kg, down 2.7% w/w but still 16.0% higher y/y. As with other livestock under intensive production systems, the pork market is affected by the increased volatility of maize prices as it is a major ingredient in pork feed. Higher maize prices increase the cost of feeding, further squeezing producer margins.


OUTLOOK

It is expected that prices will trend sideways with limited upward potential in the short term.

Poultry market trends (Graph 4)

- International:** US prices ended firmer across most categories. Whole bird prices advanced by 0.1% w/w and 8.1% y/y to close at 93.30c/lb. Breasts reached 100.50c/lb, up 0.2% w/w and 11.0% y/y. Leg quarters were the exception and extended losses to close at 54c/lb, down 0.3% w/w but still 15.3% higher y/y. Demand at retail and food service was reportedly moderate to good. The US broiler egg sets and the chick placement data still reflect a downward trend. The US broiler egg sets and the chick placements for the week ending 31 Mar-2012 were both reported down 5.0% y/y. The estimated number available for marketing for the week ending 12 May-2012 was estimated at 150.8m head, down 6.5% y/y.



- Domestic:** The broiler market ended softer across most categories with the exception of IQF. Weekly IQF prices rebounded and finished a bit firmer on good uptake. IQF prices closed at R13/kg, up 0.6% w/w and 22.6% y/y. The medium fresh whole bird prices were down 0.4% w/w and 2.2% y/y, closing the week at R19.20/kg. Medium frozen whole bird prices were down 0.4% w/w and closed at R 15.90/kg, but still 9.0% higher y/y. Meanwhile, producer margins are expected to come under pressure due to a combination of rising fuel costs and relatively high maize prices.

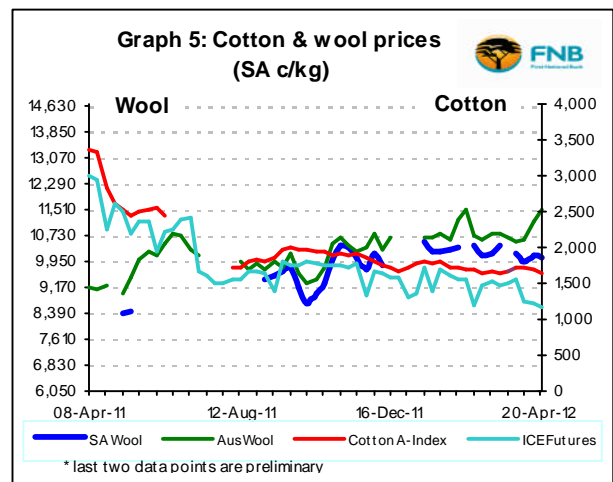
OUTLOOK

Cost pressures are starting to build up and will place downward pressure on the market in the medium term.

Producer prices for selected livestock commodities 06 April 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	27.91	45.06	19.13	19.22
Open market: Class C / Baconer / Frozen whole birds(R/kg)	23.60	33.06	17.80	15.85
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	27.65	45.33	18.02	12.90
Import parity price (R/kg)	18.69	25.50	13.87	12.91
Weaner Calves / Feeder Lambs (R/kg)	15.72	22.17		

Wool and cotton market trends (Graph 5)

- International:** Cotton prices posted marginal gains on the back of improved export demand. Chinese imports for Feb-2-12 were reportedly up 89.0% m/m with yarn output for the first two months of the year reaching 4.4m tons, which is 12.8% higher y/y. Nonetheless, the market remains concerned about the bearish supply outlook with the International Cotton Association projecting world cotton ending stocks to increase to 14.54m tons that would result in the highest stocks-to-use ratio on record. USDA projected a slight increase in the world production estimate from 123.3m to 123.6m, mainly due to increased harvest in Brazil (+300,000 bales) and Pakistan (+200,000) but being partially offset by a lower forecast for Australia (-200,000). Its 2011/12 world ending stocks estimate rose to a 3 year high of 62.3m bales, which is bearish for the market.



Cotton futures on ICE: Cotton for Jul-12 fell by 5.9% w/w at 88.39c/lb, Oct-12 was down 4.5% w/w at 88.66c/lb and Dec-12 was down 3.8% w/w at 87.54c/lb.

Wool: The Australian wool market extended losses which saw the weekly market indicator EMI closing at AU\$11.91/kg clean, down 1.7% w/w and 13.4%/y.

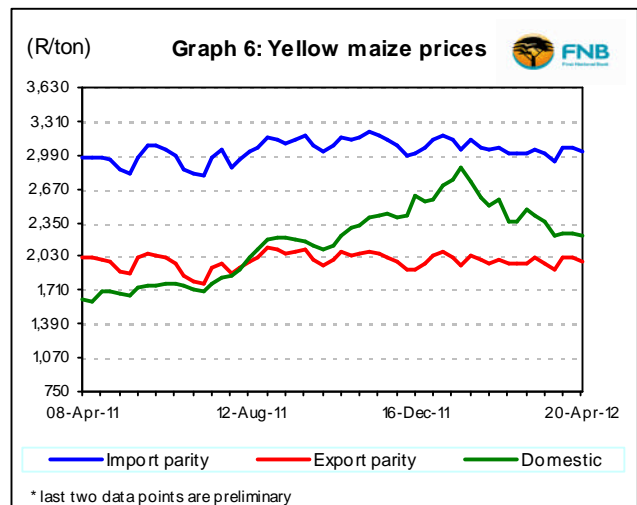
- **Domestic:** The domestic wool market retained the softer trend despite currency weakness due to spillover weakness from the Australian market. The weekly market indicator Cape Wools Merino finished at R99.43/kg clean, down 4.6% w/w but 0.5% and 8.0% higher than the current season's average and the opening sale respectively. Major wool buyers were Lempriere SA with 1,422 bales (25.8%), Standard Wool SA with 1,230 bales (22.3%), G Modiano SA with 1,034 bales (18.8%), Stucken & Co with 778 bales (14.1%) and Segard Masurel SA with 715 bales (13.0%).

Fibre market prices 06 April 2012	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Jul-12 (AU\$/kg)	Australian futures Sep-12 (AU\$/kg)
Wool market indicator (R/kg)	105.95	99.43		
19 μ long length wool (R/kg)	113.45	111.72	13.60	13.00
21 μ long length wool (R/kg)	106.92	104.32	12.90	12.30
23 μ long length wool (R/kg)	102.64	-	11.70	11.10
	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures Jul-12 (US\$/kg)	Cotton Futures Oct-12 (US\$/kg)
Cotton Prices (R/kg)	17.36	2.24	1.94	1.95

Cotton Futures on ICE;

Yellow maize market (Graph 6)

- **International:** US yellow maize prices posted marginal gains, still finding support from the bullish USDA outlook report from the previous week with the good export sales adding to the firmer tone. However, gains were limited by the strengthening US dollar coupled with weakness in crude oil prices. The USDA prospective planting report projected the area under maize at 38.84m ha, up 4.0% from last year and 9.0% higher than in 2010. This is a record planted area in the US since 1937. However its quarterly stocks estimates painted a different picture, coming in below expectations at 152.3m ton which is 8.0% lower y/y. Retention on farms were projected at 71.6m tons, down 10.0% y/y. Maize futures on CME: Maize for Jul-12 gained 1.4% w/w at \$257/t, Sep-12 was up 1.1% w/w at \$224/t, Dec-12 was up 1.9% w/w at \$217/t, Mar-13 was up 1.7% w/w at \$221/t.



- **Domestic:** Yellow maize prices reversed losses and strengthened largely on Rand weakness with firmer CBOT prices adding further support. Weekly yellow maize prices advanced by 0.9% w/w and 38.0% y/y, closing at R2,247 / ton. Import parity prices advanced by 4.2% w/w and 3.1% y/y. The production estimate was set at 11.31m tons, down 3.42% from the previous month. The decline is attributable to dry weather conditions late in the season. However, total planted area under maize was pegged at 2.7m ha, up 0.63% y/y. Yellow maize production was projected at 4.77m tons, down 2.8% from the previous estimate.

Yellow futures on the JSE: Yellow maize for Jul-12 advanced 4.7% w/w (+R 98/t), Sep-12 was up 4.1% w/w (+R88/t) and Dec-12 was up 4.5% w/w (+R96/t).

OUTLOOK

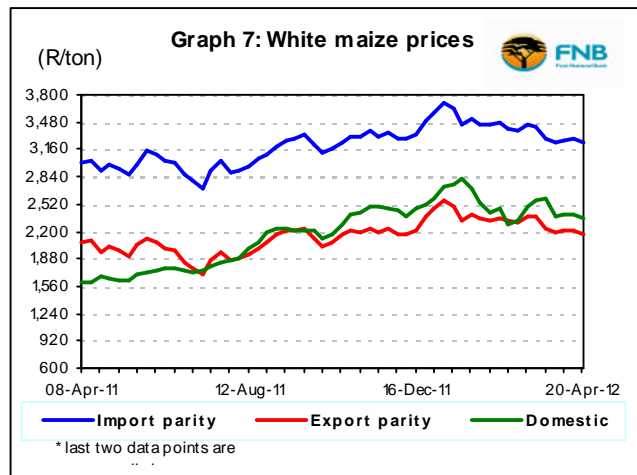
Weather developments will play an important role in providing price direction in the medium term as planting begins in earnest in the Northern Hemisphere. The tight stocks situation, with the 2011/12 world stock to use ratio of 14.4% will support prices.

Yellow Maize Futures 06 April 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13
CBOT (\$/t)	252.63	223.95	216.78	220.32	223.48
JSE (R/t)	2,193	2,210	2,234	2,190	2,001
CHICAGO CORN (R/t)	2,032	1,776	1,733	-	-

Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-12			Sep-12			Dec-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,240	129	82	2,260	206	156	2,280	210	164
2,200	107	100	2,220	183	173	2,240	188	182
2,160	87	120	2,180	162	192	2,200	167	201

White maize market trends (Graph 7)

- **International:** As with yellow maize, US white maize prices reversed last week's losses and closed modestly higher on the bullish USDA report and improved export demand. Weekly average white maize prices increased by 4.2% w/w but still down 12.6% y/y to close at \$282/ton.
- **Domestic:** White maize prices rebounded and ended higher on supportive Rand and better CBOT prices. The Rand came under pressure due to concerns over the global economy. Weekly white maize prices closed at R2,391/ ton, which is up 1.1% w/w and 49.0% y/y. White import parity increased by 1.4% w/w and 8.8% y/y, mainly on Rand weakness against the US dollar. South Africa's expected commercial white maize crop was estimated at 6.539m tons, down 3.9% from last month. Area under white maize came in at 1.6362m ha. Yields were hammered by dry weather conditions late in the growing phase. Lower output and reduced stocks as a result of robust export sales during the current marketing season will support prices in the medium to longer term. Meanwhile, export sales continued at a modest pace with season to date figures standing at 1.68m tons for white maize and total maize (WM and YM) at 2.39m tons. White maize futures on the JSE: White maize for Jul-12 increased by 5.2% w/w (+R112/t) and Sep-12 was up 4.5% w/w (+R99/t).



OUTLOOK

Weather developments will play an important role in providing price direction in the medium term as planting begins in earnest in the Northern Hemisphere. The tight stocks situation, with the 2011/12 world stock to use ratio of 14.4% is bullish for prices.

White Maize Futures 06 April 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13
JSE (R/t) WM ₁	2,280	2,297	2,331	2,311	-

Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-12			Sep-12			Dec-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,200	74	154	2,240	136	193	2,280	159	210
2,160	59	179	2,200	118	215	2,240	140	231
2,120	46	206	2,160	101	238	2,200	122	253

Wheat market trends (Graph 8)

- International:** Wheat prices rebounded and ended slightly higher on the back of improved export demand. Nonetheless, a firmer US dollar and improved production conditions in the hard red winter wheat areas limited further gains. As of April 1st, the US wheat crop rated in the good to excellent condition was rated at 58.0%, up from 37.0% the same time last year. Weekly wheat prices advanced by 0.6% w/w but still down 13.0% y/y at \$270.19/t.

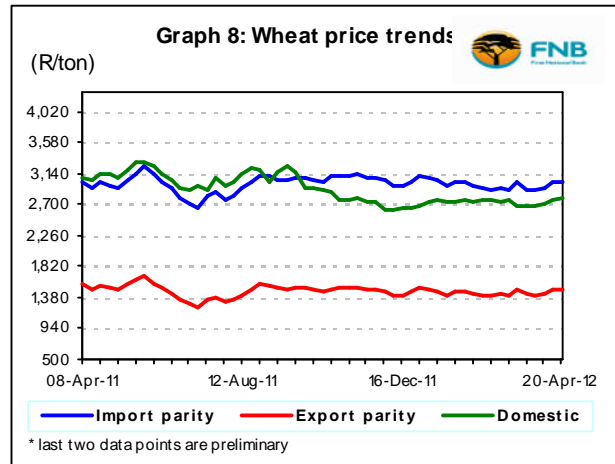
Futures on major exchanges: Kansas futures (KCBT): Wheat for Jul-12 decreased by 5.0% w/w at \$247/t, Sep-12 was down 5.0% w/w at \$252/t and Dec-12 down 4.8% w/w at \$260/t.

Wheat for futures on CME: Wheat for Jul-12 decreased by 4.1% w/w at \$237/t, Sep-12 was down 4.5% w/w at \$242/t and Dec-12 down 4.4% w/w at \$250/t.

- Domestic:** Wheat prices moved marginally higher on the back of renewed strength on international markets. The weaker Rand/US dollar exchange rate added to the firmer tone. Weekly wheat prices gained 0.7% w/w but still down 11.7% y/y at R2,715/ ton. Wheat import parity prices bottomed out and strengthened on the back of a weaker Rand and better international prices. Weekly import sales for the current marketing season to date reached 905,567 tons, which is 37.5% higher compared to the same period last year. Weekly import parity prices increased by 1.3% w/w and 1.1% y/y. Wheat futures on JSE trended lower across the board: Wheat for Jul-12 advanced by 1.9% w/w (+R52/t), Sep-12 was up 1.9% w/w (+R52/t) and Dec-12 was up 1.9% w/w (+R52/t).

OUTLOOK

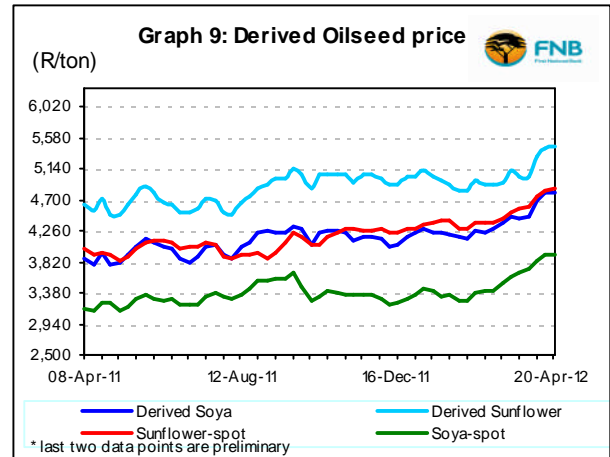
A firmer trend is expected in the short term owing to renewed Rand weakness.



Wheat Futures 06 April 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13			
KCBT (\$/t)	246.92	252.06	259.59	264.92	267.31			
JSE (R/t)	2,800	2,817	2,765	-	-			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-12			Sep-12			Dec-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,840	128	88	2,860	209	166	2,800	186	151
2,800	106	106	2,820	186	183	2,760	164	169
2,760	86	126	2,780	166	203	2,720	144	189

Oilseed market trends (Graph 9)

- International:** US soybean prices extended gains as the market continues to digest last week's bullish USDA report and lingering supply tightness out of South America due to a reduced harvest. Strong export sales which came in at 1,112,900 tons, with 406,900 tons for the current marketing year and 706,000 tons for the next season, added to the firmer tone. The US soybean planted area has contracted with the 2012 estimate coming in at 29.93m hectares, down 1.0% y/y and down 5.0% from 2010. Prices were up across the soybean complex with weekly soybean advancing by 3.6% w/w and 3.6% /y at \$545/t. Soymeal closed at \$386/t, up 4.6% w/w and 15.6% y/y. Soyoil was the biggest gainer, closing up 5.5% w/w but still down 2.2% y/y at 55.64c/lb.



Futures in the soybean complex: Soybean for Jul-12 increased by 2.1% w/w at \$528/t, Aug-12 was up 2.1% w/w at \$525/t and Sep-12 was up 1.9% w/w at \$515/t.

Soymeal for Jul-12 increased by 1.0% w/w at \$393.70/t, Aug-12 was up 1.2% w/w at \$390/t, Sep-12 was up 1.1% w/w at \$382.60/t and Oct-12 was up 0.6% w/w at \$372.40/t.

Soybean oil for Jul-12 increased by 1.7% w/w at 56.43 c/lb, Aug-12 was up 1.7% w/w at 56.62c/lb and Oct-12 was up 1.6% w/w at 56.83c/lb.

- Domestic:** Oilseeds traded on JSE retained upward momentum supported by better CBOT prices and a weaker Rand. Sunflower prices advanced by 2.8% w/w and 18.7% y/y to close at R4,740/t. Soybeans gained 2.9% w/w and 21.4% y/y to close at R3,839/t. Sunflower futures on the JSE: Sunflower for Jul-12 increased by 5.3% w/w (+R247/t), Sep-12 was up 0.2% w/w (+R10/t). Soybean futures: Soybean for Jul-12 increased by 6.8% w/w (+R255/t), Sep-12 was unchanged w/w.

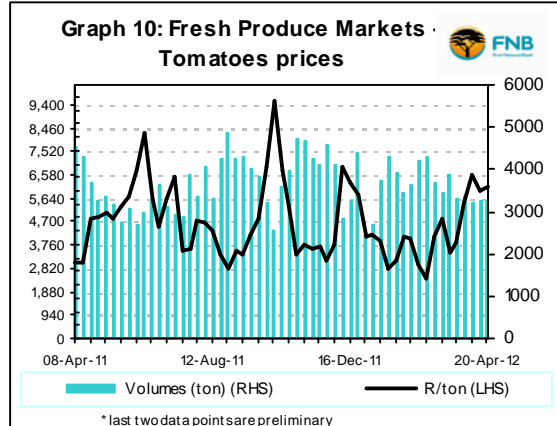
OUTLOOK

The domestic market is expected to retain the current momentum on spillover support from the international market. The tightening domestic and world balance sheets will support the domestic market in the medium term.

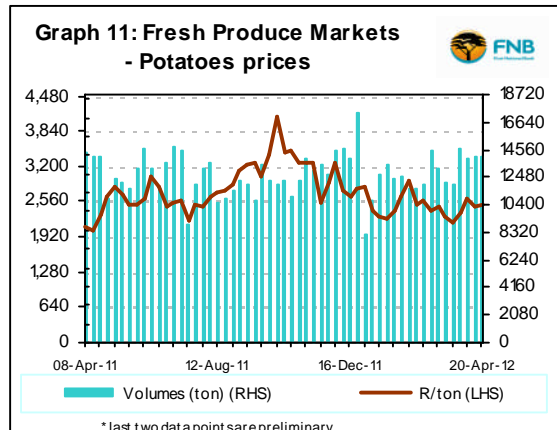
Oilseeds Futures 06 April 2012			Jul-12	Sep-12	Dec-12	Mar-13	Jul-13	
CBOT Soybeans (US \$/t)			527.13	514.78	-	494.72	493.84	
CBOT Soya oil (US c/lb)			57.03	57.36	57.66	58.00	58.10	
CBOT Soya cake meal (US\$/t)			391.10	380.00	369.80	359.80	350.90	
JSE Sunflower seed (R/t)			4,890	4,700	-	-	-	
JSE Soybean seed (R/t)			4,005	3,815	-	-	-	
Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-12			Sep-12			Dec-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,940	311	261	4,740	394	354			
4,900	289	279	4,700	372	372			
4,860	268	298	4,660	351	391			

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

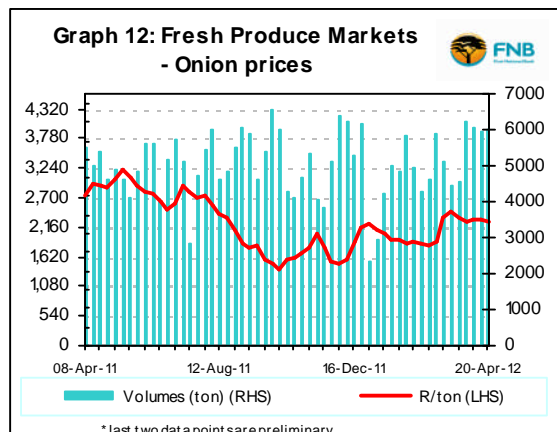
Tomato prices posted sharp gains due to a combination of good uptake and limited supplies on markets. Prices were up 20.4% w/w and 112.5% y/y, closing the week at R6,565/ton. Volumes traded were down 3.9% w/w and 28.9% y/y, closing at 3,225 tons. Prices are however expected to ease slightly in the short term but will bottom out in the medium term on moderation in supplies.


Potatoes

Potato prices increased due good uptake on markets. Prices were up 7.8% w/w and 26.3% y/y, closing the week at R2,353/ton. Volumes traded were up 22.1% w/w but down 2.6% y/y, closing the week at 14,646 tons. Prices are however expected to ease somewhat in the short term on improved supplies.


Onions

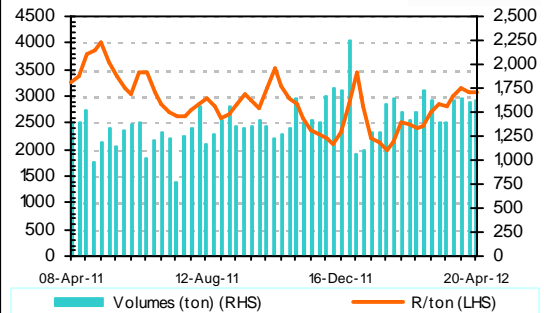
In the case of onions, prices advanced marginally supported by reduced supplies on markets. Prices reached R2,286/ton, up 1.3% w/w but still 16.7% lower y/y. Volumes of onions traded were down 3.0% w/w but 10.3% higher y/y, coming in at 6,048 tons. Prices are however expected to moderate somewhat in the short term with limited upside potential as supplies recover.



Carrots

Carrot prices increased modestly on the back of good uptake on markets. Prices were up 5.1% w/w but still 4.0% lower y/y, closing the week at R3,146/ton. Volumes traded reached 1,645 tons, up 1.3% w/w and 18.0% y/y. Prices are expected to move sideways with limited upward potential in the medium term.

Graph 13: Fresh Produce Markets - Carrot prices

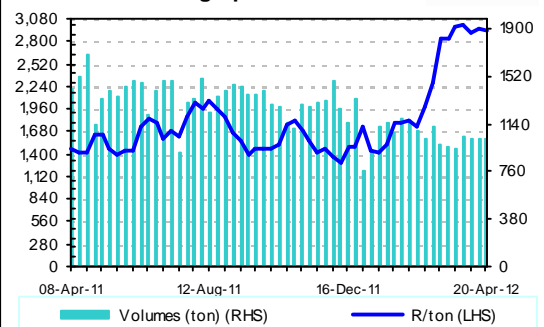


*last two data points are preliminary

Cabbages

Cabbage prices eased slightly as a result of weak uptake on markets. Prices fell by 3.0% w/w and 28.5% y/y to close the week at R2,913/ton. Volumes traded reached 1,017 tons, down 2.5% w/w and 28.5% y/y. Prices are expected to improve somewhat in the short term on moderation in supplies.

Graph 14: Fresh Produce Markets - Cabbage prices



*last two data points are preliminary

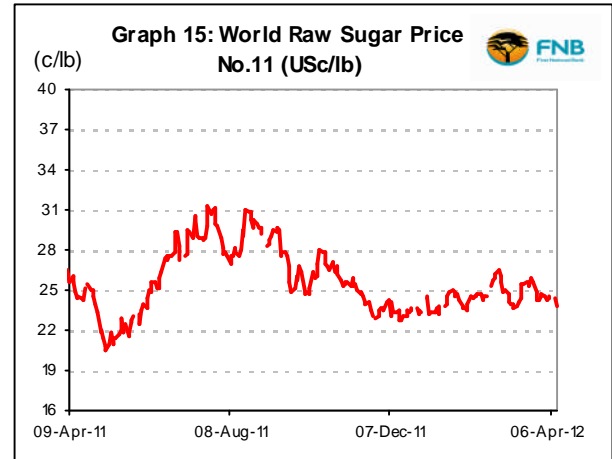
**Vegetable prices: South Africa's Major Fresh Produce Markets.
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 06 April 2012	Average Price (R/t)	w/w	Y/y	Total Volume (t)	w/w	Y/y
Tomato	6,565	20.4%	112.5%	3225	-3.9%	-28.9%
Potato	2,595	10.3%	24.2%	13956	-4.7%	-2.8%
Onion	2,286	1.3%	-16.7%	6048	-3.0%	10.3%
Carrot	3,146	5.1%	-4.0%	1645	1.3%	18.0%
Cabbage	2,913	-3.0%	98.9%	1017	-2.5%	-28.5%

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

Sugar market trends (Graph 15)

- International:** World raw sugar prices extended losses on improved supply outlook. India's sugar production is reportedly up 13.0% to 23.2m tons in the 6-months ended 31 Mar-2012. The F.O. Licht increased its 2011/12 world sugar surplus estimate by 32.8% from the previous estimate to 7.7m tons. The International Sugar Organization earlier projected production to reach a record 173m tons despite a significant decrease in sugar output for Brazil, the world's dominant producer and exporter. Global consumption is projected at 167.83m tons, up 2.3% y/y. Nonetheless, countries that will have enough export capacity include a number of key players including Australia, the European Union, India, and Thailand.



Weekly Raw sugar prices remained below the 25c/lb level and closed at 24.46c/lb, which is down 0.3% w/w and 9.0% y/y. Raw Sugar futures on ICE (US c/lb): Sugar for Jul-12 fell by 0.5% w/w at 23.70c/lb, Oct-12 was up 0.4% w/w at 23.96c/lb and May-13 was up 0.7% w/w at 24.43c/lb.

- Domestic:** The monthly 2011/12 RV (Recoverable Value) price for cane delivered in January 2012 came in at R2,975.03/ton, down 0.6% m/m (-R18.55) but still up 16.7% y/y (+R424.83). The decline is attributable to the lower sugar: RV ratio (93.39% vs. 93.59%) and the firmer weighted average R/US\$ exchange rate (7.47 vs. 7.77). According to the Cane Growers Association, sugar production dropped by 2,919 tons to 1.83m tons while weighted average world market price came in at 27.99c/lb compared to 27.93c/lb previously. The Association now projects a slightly lower RV price of R3,006/ton for the season compared to R3,019.00/ton in the previous estimate.

ICE Sugar Futures 06 April 2012	July-12	Oct-12	Mar-13	May-13	Jul-13
Sugar No.11 (US c/lb)	23.70	23.96	24.78	24.43	24.09
% Change w/w	-0.5%	0.4%	1.0%	0.7%	0.5%

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.