

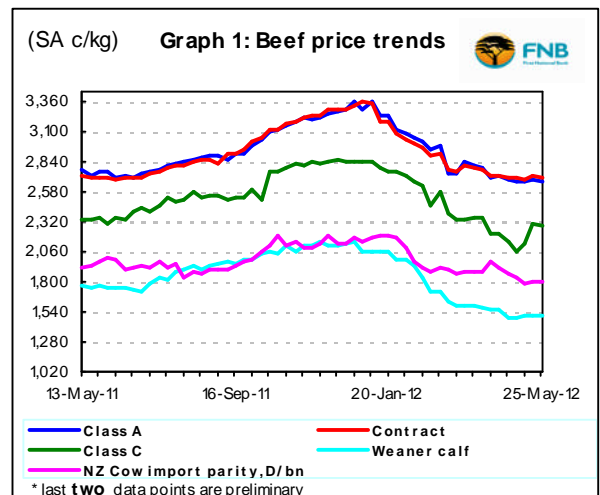


11 May 2012

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<https://www.fnbagricomms.co.za>

Beef market trends (Graph 1)

- International:** US lean boneless processing beef prices remained on the uptrend supported by good demand and moderate supplies. Market activity on imported beef was reportedly slow with prices mostly lower. Boxed beef cut-out values, the indicator of beef prices at wholesale level, were steady to weak on moderate demand and supplies. In Australia, the cattle market extended gains on good demand with the weaker currency favourable for exports.
- Domestic:** Weaker demand conditions continue to weigh heavily on the beef market. Supplies have also been modest, adding further pressure. Weekly Class A beef fell by 0.4% w/w and 3.9% y/y at R26.65/kg. Contract Class A beef continued to soften, closing the week down 0.3% w/w and 1.2% y/y at R26.95/kg. Class C beef was however the exception, trading up 3.4% w/w but still down 8.8% y/y at R21.29/kg. In the case of weaner calves, prices advanced marginally on improved uptake. Weekly weaner calf prices increased by 1.0% w/w but still down 14.1% y/y at R15.11/kg live weight.

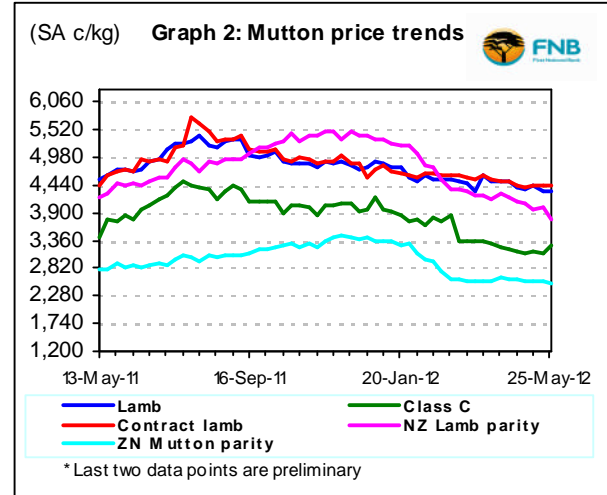


OUTLOOK

Over the near term, the combination of weaker demand and seasonal increase in supplies will exert downward pressure on the beef market.

Mutton market trends (Graph 2)

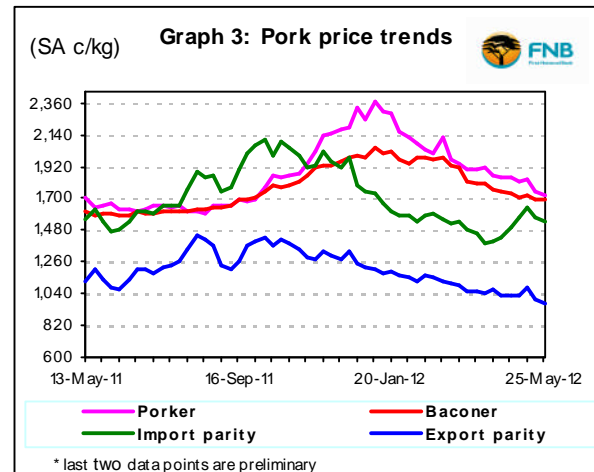
- International:** US Lamb Carcass cut-out values were again mixed with light demand and moderate supplies. Lighter carcasses posted modest gains while the heavier categories continued their downtrend. In Australia, lamb prices ended softer with the Eastern Trade Lamb Indicator falling by 1.6% w/w and 20.4%y/y at AU\$4.30/cwt. Meanwhile, the Australian 1st quarter lamb production was reported up 14.0% y/y at 105,667 tons cwt. The increase is attributable to higher carcass yields and slaughter numbers which were pegged at 4.67m head, up 12.0% y/y. In New Zealand, lamb exports fell sharply by 24.0% y/y during April and came in at 26,556 tons swt. Exports by major regions saw the biggest decline to the EU (-27.0%, followed by US (-13.0%), China (-9.0%), and the Middle East (-8.0%).
- Domestic:** There was a slight improvement on the lamb market with increases across the board. Weekly Class A lamb advanced by 1.3% w/w but still down 2.5% y/y at R44.15/kg. Contract Class A lamb was marginally higher at R44.30/kg, up 0.6% w/w and almost unchanged y/y. Mutton prices gained 1.4% w/w to close at R31.44/kg, but still down 8.3% y/y. The weaner lamb market on the other hand remained subdued on limited uptake. Weekly weaner lamb prices reversed last week's gains and finished down 0.2% w/w and 7.8% y/y at R25.62/kg live weight.


OUTLOOK

It is however expected that the lamb and mutton market will come under pressure in the short to medium term on moderation in demand.

Pork market trends (Graph 3)

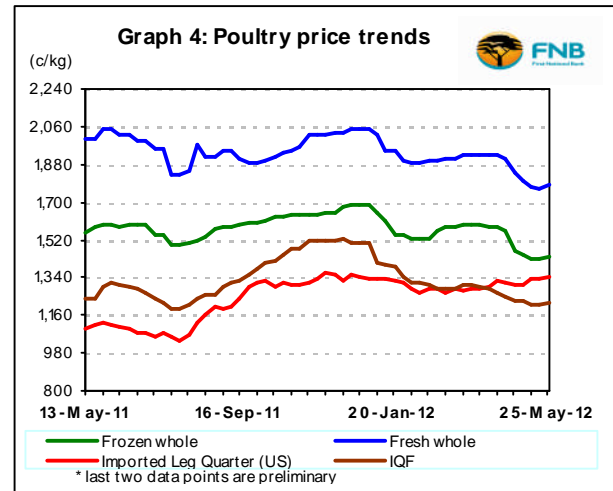
- International:** Prices on the US domestic pork market extended gains across most categories. Ribs were however the exception and continued to weaken on increased supplies and limited demand. Weekly rib prices traded at \$131.59/cwt, down 1.3% w/w and 11.1% y/y. Carcass prices traded at \$79.23/cwt, up 1.3% w/w but still down 14.9% y/y. Loins were up 1.6% w/w but down 8.1% y/y at \$98.82/cwt. Hams advanced by 2.2% w/w at \$66.13/cwt, but down 12.2% y/y. Meanwhile, the USDA projected the 2012 US domestic pork production to rise by 2.3% y/y due to increased animal weights.
- Domestic:** The pork market rebounded somewhat on improved uptake. Weekly baconer prices traded at R17.16/kg, up 0.7% w/w and 7.0% y/y. Porkers gained 1.0% w/w and 8.0% y/y to close at R18.30/kg. Import parity prices increased modestly due to the combined effect of a weaker Rand and better international prices. Weekly import parity prices were up 4.7% w/w and 5.0% y/y.


OUTLOOK

It is however expected that prices will moderate somewhat in the short to medium term on subdued demand.

Poultry market trends (Graph 4)

- International:** US prices extended recent gains on improved uptake. Weekly whole bird prices traded at 93.75c/lb, up 0.4% w/w and 8.4% y/y. Leg quarters were marginally higher (+0.3%w/w) at 54.50c/lb, up 12.4% y/y. Breast cuts traded at 104.25c/lb, up 1.9% w/w and 13.9% y/y. Wings were the exception, easing marginally lower by 0.4% w/w at 181.25c/lb, but still 134.4% higher y/y. Demand at retail and food service sectors was reportedly light to good ahead of the Mother's Day weekend. US broiler egg sets and chick placements for the week ended 05 May-2012 were both reported down 4.0% y/y. The number of broilers available for marketing for the week ending 16 Jun-2012 was estimated at 153.3m head, slightly down on the prior week and 5.8% lower y/y.



- Domestic:** The broiler market remained on an extended downtrend on increased volumes and subdued demand. Prices were down across all categories under review. The medium fresh whole bird prices fell by 1.7% w/w and 11.3% y/y at R17.71/ton. The medium frozen whole birds traded at R14.34/kg, down 1.3% w/w and 7.6% y/y. IQF prices extended recent losses to close at R12.13/kg, down 1.6% w/w and 1.7% y/y.

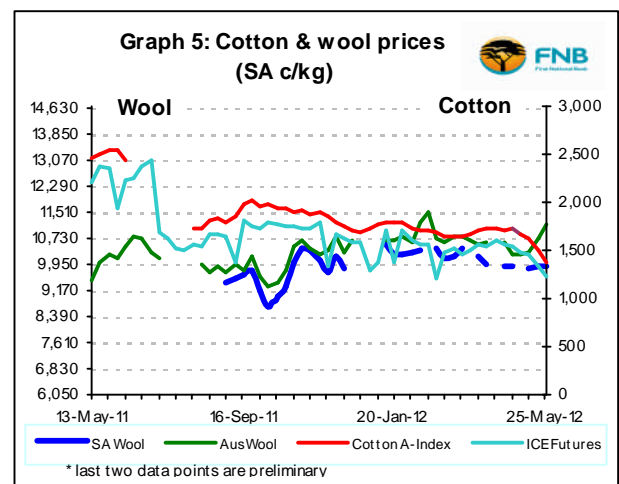
OUTLOOK

Prices are expected to remain under pressure and trade sideways with limited upward potential in the short term.

Producer prices for selected livestock commodities 11 May 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	26.65	44.15	18.30	17.71
Open market: Class C / Baconer / Frozen whole birds(R/kg)	21.29	31.44	16.65	14.34
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	26.95	44.30	17.16	12.13
Import parity price (R/kg)	17.82	25.62	16.39	13.35
Weaner Calves / Feeder Lambs (R/kg)	15.11	21.50		

Wool and cotton market trends (Graph 5)

- International:** Cotton prices posted sharp losses on the back of a bearish global supply outlook. Prices fell by 5.7% w/w and 43.5% y/y at 92.70c/lb. The USDA projected a record world ending stocks of 14.6m tons and a stocks to use ratio of 62.8% for the 2011/12 season. The 2012/13 world ending stocks of 16.1m tons with the stocks-to-use ratio rising to 67.1%. World production was pegged at 26.8m tons for 2011/12, unchanged from the April estimate but 5.9% higher y/y. The 2012/13 world production estimate was reduced by 1.4m (-5.2%) to 25.4m tons, as lower prices discouraged producers from planting more cotton. Nonetheless, the lower prices will have a positive spin on demand with consumption projected to increase by 3.0% y/y to 23.9m tons during the 2012/13 season.



Cotton futures on ICE: Futures fell sharply across the board. Cotton for Jul-12 fell by 10.3% w/w at 78.97c/lb, Oct-12 was down 10.6% w/w at 78.48c/lb, Dec-12 was down 11.0% w/w at 76.34c/lb, and Mar-13 was down 10.6% w/w at 77.58c/lb.

Wool: The Australian wool market extended losses, with the weekly market indicator EMI closing at U\$11.55/kg clean wool, 1.3% w/w and 12.7% y/y.

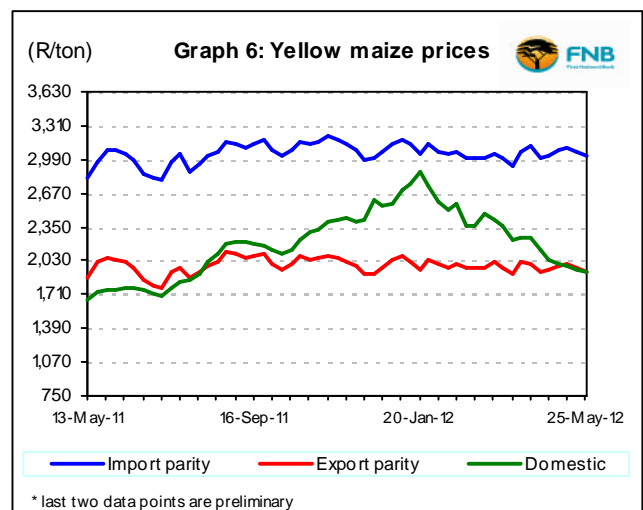
- **Domestic:** Wool sales resumed on softer note after a brief break on the back of subdued demand and the spillover weakness from the Australian market. This saw the weekly Cape Wools' Merino indicator falling by 1.0% w/w to close at R98.11/kg clean wool, which 0.8% lower compared to the current season average but still 6.6% higher compared the season's opening sale. Sales reached 96.0% of the 7,715 bales offered. Major wool buyers were Standard Wool SA with 2,343 bales (30.4%), Lempriere SA with 2,104 bales (27.3%), G Modiano SA with 1,028 bales (13.3%), and Stucken and Co with 1,026 bales (13.3%).

Fibre market prices 11 May 2012	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Jul-12 (AU\$/kg)	Australian futures Oct-12 (AU\$/kg)
Wool market indicator (R/kg)	98.11	102.91		
19 μ long length wool (R/kg)	110.66	108.63	12.90	12.60
21 μ long length wool (R/kg)	103.14	104.22	12.30	12.00
23 μ long length wool (R/kg)	-	98.66	11.10	10.80
	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)	16.24	2.04	1.73	1.68

Cotton Futures on ICE;

Yellow maize market (Graph 6)

- **International:** US yellow maize prices reversed last week's gains on bearish crop estimates and spill-over weakness from commodity markets triggered by Euro-Zone jitters. Favourable US planting weather added to the weaker tone. Crop progress advanced to 71.0% complete, far ahead of the 5-year average of 47.0% with emergence rated at 32.0% complete compared to the 5-year average of 13.0%. The USDA WASDE report was bearish with the 2012/13 production rising by 9.3% y/y, stocks ballooning to 45.7m tons and stocks to use ratio at 13.7% compared to 6.3% during the 2011/12 season. World maize production for 2012/13 is projected at a record 945.8m tons, up 75.3m ton from 2011/12. At country level, production increases are expected for the US, Argentina, Mexico, Canada, China, and Ukraine.



Maize futures on CME: Maize for Jul-12 fell by 6.3% w/w at \$229/t, Sep-12 was down 4.5% w/w at \$201/t, Dec-12 was down 3.6% w/w at \$199/t, and Mar-13 was down 3.5% w/w at \$204/t.

- **Domestic:** Yellow maize prices extended losses under pressure mainly due to lower international prices. Weekly yellow maize prices fell by 1.4% w/w but still 18.5% higher at R1,975 per ton. Yellow maize import parity prices extended gains mainly on Rand weakness. Weekly yellow maize import parity prices were up 0.5% w/w and 10.0% y/y. Yellow futures on the JSE: Yellow maize for Jul-12 fell by 0.3% w/w (-R 5/t), Sep-12 was down 0.1% w/w (-R 1/t), and Dec-12 was down 0.5% w/w (-R 10/t).

OUTLOOK

It is expected that prices will remain on the downside in the near term due to harvest pressure and spillover weakness from the international market.

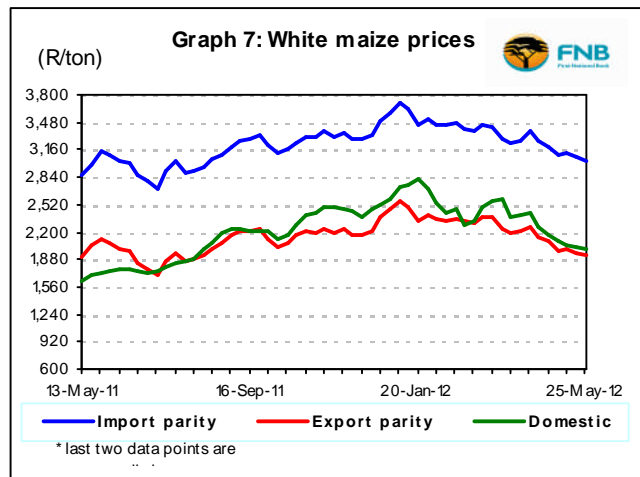
Yellow Maize Futures 11 May 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13
CBOT (\$/t)	228.91	201.41	199.05	203.70	207.01
JSE (R/t)	1,966	1,995	2,016	2,000	1,900
CHICAGO CORN (R/t)	1,871	1,647	1,645	-	-

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
2,000	100	66	2,040	153	108	2,060	169	125
1,960	78	84	2,000	131	126	2,020	146	142
1,920	59	105	1,960	110	145	1,980	126	162

White maize market trends (Graph 7)

- International:** US white maize prices extended losses under pressure due to the bearish world supply outlook and favourable crop weather. The increased planting progress in the US added to the weaker tone. Weekly average white maize prices fell by 2.3% w/w and 9.0% y/y, closing at \$256 per ton.
- Domestic:** White maize prices continued to weaken under pressure due to the lower international prices despite a weaker Rand. Weekly white maize prices traded at R2,060 per ton, down 1.8% w/w and 25.7% y/y. White maize import parity prices continued to increase due to the weaker Rand/US dollar exchange rate. Weekly import parity prices finished up 0.7% w/w and 8.3% y/y. Looking ahead in to the harvest period, the crop seems to be getting smaller with the latest production estimate cut by 1.9% from the previous month to 6.42m tons. The smaller expected harvest and tight ending stocks outlook will help support the domestic market in the medium to longer term. White maize futures on the JSE: White maize for Jul-12 fell by 0.5% w/w (-R 11/t), Sep-12 was down 0.7% w/w (-R15 /t), and Dec-12 was down 0.7% w/w (-R15/t).



OUTLOOK

It is expected that prices will remain on the downside in the near term due to harvest pressure and spillover weakness from the international market.

White Maize Futures 11 May 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13
JSE (R/t) WM ₁	2,002	2,027	2,065	2,068	-

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
2,040	104	66	2,060	144	111	2,100	155	120
2,000	82	84	2,020	122	129	2,060	133	138
1,960	62	104	1,980	102	149	2,020	113	158

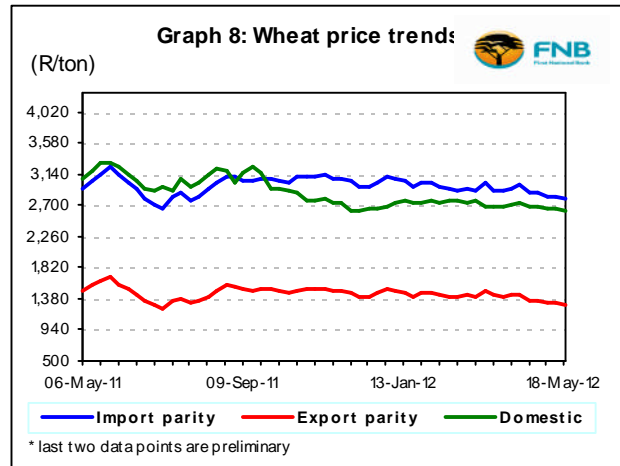
Wheat market trends (Graph 8)

- International:** Wheat prices continued to weaken on spillover weakness in commodities and favourable crop weather in the US wheat areas. Nonetheless, the slightly bullish USDA estimates report helped limit losses. The USDA cut its estimate of the 2011/12 US ending stocks by 0.7m to 20.9m tons, with the 2012/13 figure lower than market expectations at 20m tons. World wheat stocks were pegged at 197m tons, down 9.3m tons from the April estimate.

Futures on major exchanges: Kansas futures (KCBT): Wheat for Jul-12 was down 2.7% w/w at \$224/t, Sep-12 was down 2.6% w/w at \$230/t, and Dec-12 was down 2.2% w/w at \$239/t.

Wheat for futures on CME: Wheat for Jul-12 was down 2.0% w/w at \$219/t, Sep-12 was down 2.0% w/w at \$225/t, and Dec-12 was down 1.9% w/w at \$233/t.

- Domestic:** Wheat prices regained some ground mainly on renewed Rand weakness (R/US\$). Weekly wheat prices closed at R2,715 per ton, up 1.9% w/w but still 10.7% y/y. Wheat import parity prices rebounded and closed up 0.5% w/w but still down 2.4% y/y. The CEC revised its final wheat crop estimate for 2011 to 2,005m tons which is 4.97% higher than last February. Meanwhile, local production continues to decline due to lack of profitability as a result of sustained low prices. The expected planted area under wheat during 2012 is now projected at a record low of 547,200 hectares, down 9.5% y/y. The region with the biggest share is the Western Cape with 265,000 ha (48%), followed by the Free State with 168,000 ha (31%) and the Northern Cape with 44,000 ha (8%).
 Wheat futures on JSE: Wheat for Jul-12 was up 0.5% w/w (+R15/t), Sep-12 was up 0.5% w/w (+R15/t), and Dec-12 was up 0.5% w/w (+R15/t).

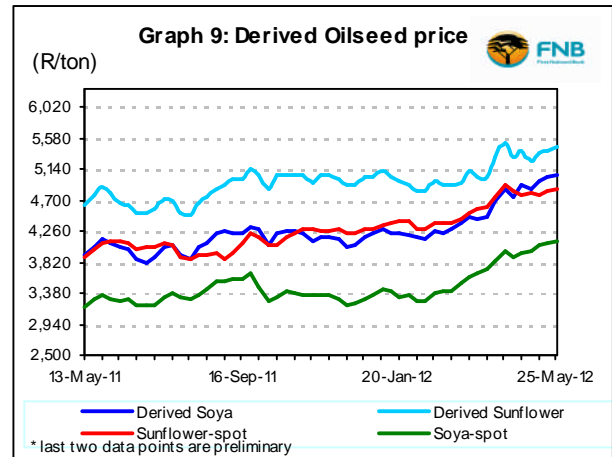

OUTLOOK

Prices are expected to trend sideways in the short term with further downside potential in the medium term due to ample supplies globally.

Wheat Futures 11 May 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13			
KCBT (\$/t)	224.14	230.02	239.02	244.53	250.96			
JSE (R/t)	2,745	2,805	2,775	-	-			
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
2,780	95	60	2,840	178	143	2,820	227	182
2,740	74	79	2,800	156	161	2,780	205	200
2,700	55	100	2,760	136	181	2,740	184	219

Oilseed market trends (Graph 9)

- International:** US soybean prices extended gains on concerns over production losses in South America. The USDA's outlook report was also bullish for soybeans. US 2011/12 ending stocks estimate came in at 5.7m ton, down 1.1m previously. For the 2012/13 season, the ending stocks estimate came in below expectations at 4.0m ton. However, gains were limited as early week weakness in commodities and favourable planting conditions pressured the market. Soybeans planting was rated at 24.0% completed also well ahead of pace, and an emergence of 7% which is above the 5-year average of 3%. Prices were generally mixed in the soybean complex, with the by-products easing lower. Weekly soybean prices were 0.3% higher at \$572 per ton, up 11.2% y/y. Soymeal was marginally lower by 0.1% w/w at \$422 per ton, but still up 23.5% y/y. Soyoil fell by 1.0% w/w and 5.1% y/y to close at 52.63c/lb. Futures in the soybean complex: Soybean for Jul-12 fell by 4.9% w/w at \$517/t, Sep-12 was down 3.4% w/w at \$496/t, and Jan-13 was down 3.1% w/w at \$485/t. Soymeal for Jul-12 fell by 5.6% w/w at \$409/t, Sep-12 was down 3.0% w/w at \$389/t, and Jan-13 fell by 1.9% w/w at \$369/t. Soybean oil for Jul-12 fell by 2.6% w/w at 52.24c/lb, Aug-12 was down 2.6% w/w at 52.45c/lb, and Jan-13 was down 2.6% w/w at 53.36c/lb.
- Domestic:** Oilseeds traded on the JSE ended mixed with soybeans gaining some ground spillover strength from CBOT and a sharply weaker Rand. Weekly soybean prices advanced by 1.8% w/w and 27.6% y/y to close at R4,055 per ton. Sunflower prices eased marginally lower to closed at R4,787 per ton, down 0.6% w/w but still up 23.3% y/y. Futures on the JSE: Sunflower Jul-12 was up 0.5% w/w (+R22/t), Sep-12 was down 1.8% w/w (-R90/t), and Dec-12 was up 0.7% w/w (+R35/t). Soybeans for Jul-12 was up 2.8% w/w (+R113/t), Sep-12 was up 2.7% w/w (+R111/t), and Dec-12 was up 3.5% w/w (+R147/t).

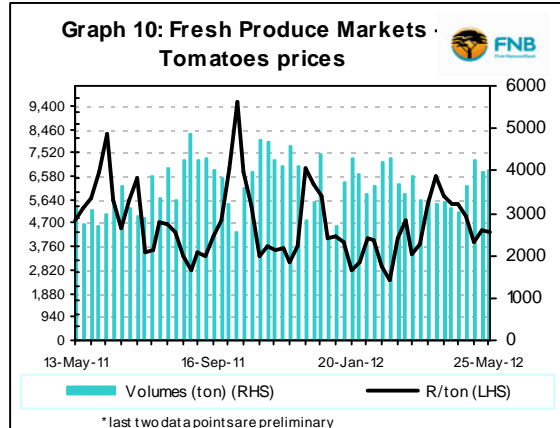

OUTLOOK

Tight domestic and world balance sheets will support the domestic market in the medium term. With more area shifting from soybeans to maize, prices may trend upwards in the medium term.

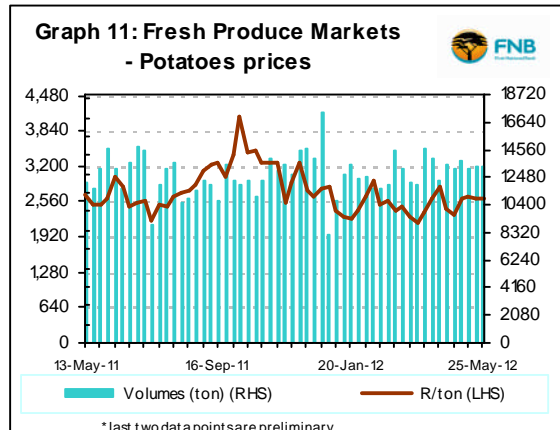
Oilseeds Futures 11 May 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13			
CBOT Soybeans (US \$/t)	516.62	496.26	-	467.60	467.23			
CBOT Soya oil (US c/lb)	52.24	52.65	53.15	53.51	53.68			
CBOT Soya cake meal (US\$/t)	408.50	389.00	374.30	355.20	346.20			
JSE Sunflower seed (R/t)	4,899	4,900	-	-	-			
JSE Soybean seed (R/t)	4,161	4,219	-	-	-			
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	231	190	4,940	357	317	5,080	483	433
4,900	209	208	4,900	335	335	5,040	460	450
4,860	189	228	4,860	314	354	5,000	439	469

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

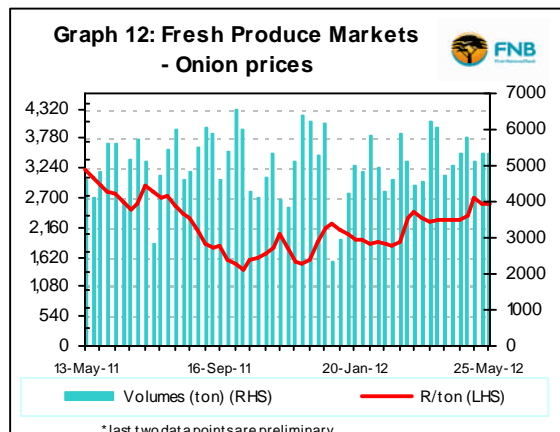
Tomato prices remained on an extended downtrend under pressure due to higher volumes across most markets. Weekly tomato prices dropped by 22.2% w/w and 35.7% y/y, closing at R3,898 per ton. Volumes traded increased by 16.6% w/w and 35.7% y/y at 4,265 tons. Prices are expected to remain under pressure in the short term, but will improve somewhat in the medium term on moderation in supplies.


Potatoes

Potato prices posted marginal gains on the back of reduced volumes on markets. Prices were up 0.9% w/w but 1.6% lower y/y, closing the week at R2,635 per ton. Volumes traded were pegged at 13,189 tons, down 4.2% w/w but still 8.6% higher y/y. Prices are however expected to move sideways with limited upside potential due to subdued demand.


Onions

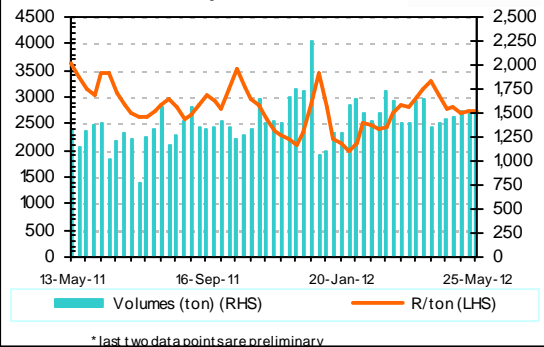
Onion prices increased sharply as a result of limited supplies on markets. Prices reached R2,710 per ton, up 13.4% w/w but still 15.2% lower y/y. Volumes traded were down 11.5% w/w but still 11.7% higher y/y at 5,120 tons. Prices are however expected to ease somewhat in the short term with limited upside potential.



Carrots

Carrot prices lost ground and edged lower due increased supplies on markets. Weekly carrot prices fell by 3.4% w/w and 25.6% y/y to close at R2,707 per ton. Volumes traded reached 1,532 tons, up 4.4% w/w and 14.4% y/y. Prices are expected to move sideways with downside potential on moderation in demand.

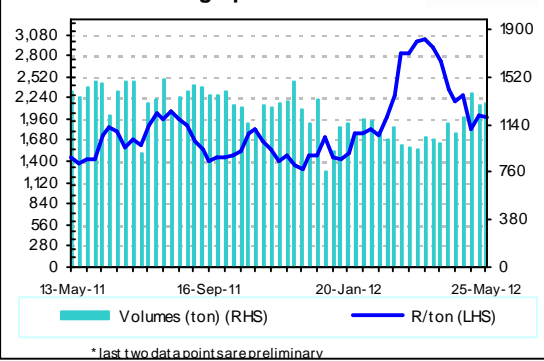
Graph 13: Fresh Produce Markets - Carrot prices



Cabbages

Cabbage prices fell sharply due to higher volumes across most markets. Prices were down by a whopping 19.6% w/w but still 25.3% higher y/y at R1,831 per ton. Volumes traded reached 1,387 tons, up 15.1% w/w but 0.9% lower y/y. Prices are however expected to improve somewhat in the short term.

Graph 14: Fresh Produce Markets - Cabbage prices



Vegetable prices: South Africa's Major Fresh Produce Markets.

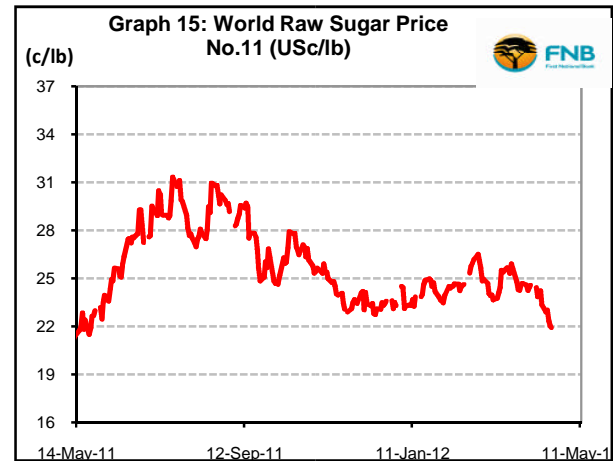
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)

Week ending 11 May 2012	Average Price (R/t)	w/w	Y/y	Total Volume (t)	w/w	Y/y
Tomato	3,898	-22.2%	-18.7%	4265	16.6%	35.7%
Potato	2,635	0.9%	-1.6%	13189	-4.2%	8.6%
Onion	2,710	13.4%	-15.2%	5120	-11.5%	11.7%
Carrot	2,707	-3.4%	-25.6%	1531	4.4%	14.4%
Cabbage	1,831	-19.6%	25.3%	1387	15.1%	-0.9%

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

Sugar market trends (Graph 15)

- International:** World raw sugar prices remained under pressure from the bearish supply outlook, with harvest pressure from Brazil and India's export drive by removing all sugar export quotas and permit requirements. The International Sugar Organization raised its 2011/12 global sugar surplus estimate to 6.0m tons and further projected a global sugar surplus of 3.0m in 2012/13. Weekly raw sugar prices traded at 20.49c/lb, down 1.6% w/w and 3.8y/y.
 Raw Sugar futures on ICE (US c/lb): Sugar for Oct-12 fell by 2.6% w/w at 20.62c/lb, Mar-13 was down 2.0% w/w at 21.54c/lb, and Jul-13 was down 1.4% w/w at 21.70c/lb.



- Domestic:** The monthly 2011/12 RV (Recoverable Value) price for cane delivered in March 2012 was declared at R3,174.12/ton, R156.61/ton higher than the final price for can deliveries during the 2011/12 season. The increase is due to the improved sugar: RV ratio (95.06% vs. 93.40%), higher LMDE (1.74m tons vs 1.69m tons) and the weaker weighted average R/US\$ exchange rate (7.95 vs. 7.35). Increased sugar production and the lower average No. 11 price influenced the RV price but were outweighed by the positive factors mentioned above.

ICE Sugar Futures 11 May 2012	Oct-12	Mar-13	May-13	Jul-13	Oct-13
Sugar No.11 (US c/lb)	20.22	20.62	21.54	21.63	21.70
% Change w/w	-2.8%	-2.6%	-2.0%	-1.6%	-1.4%

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