



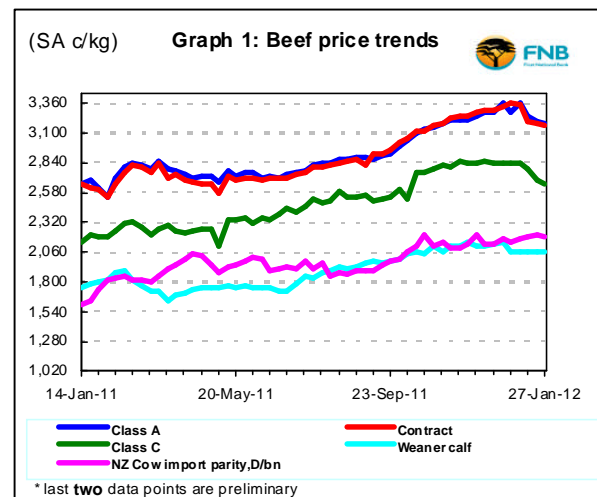
Agri-Weekly

13 January 2012

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

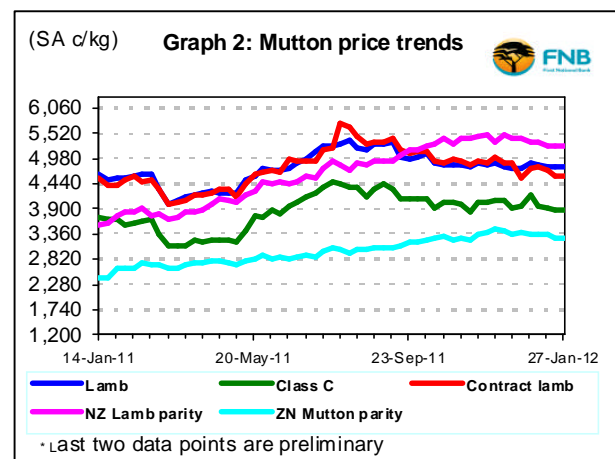
Beef market trends (Graph 1)

- International:** US lean boneless processing beef prices were mostly higher on good demand and tighter supplies. Market activity on imported beef was reportedly moderate with prices mostly higher supported by tight supplies and strong domestic market. Meanwhile, US exports for January to November 2011 were sharply higher. USDA projected a 21.0% y/y growth in exports attributable to improved demand for US beef, reduced global production and a weaker US currency making US beef more price competitive.
- Domestic:** Beef prices posted modest losses on the back of weak demand. Weekly Class A beef fell by 3.3% w/w to close at R32.50/kg, but still up 22.3% y/y. Contract Class A beef closed at R31.97/kg, down 4.4% w/w but still up 20.2% y/y. Class C beef was softer at R27.88/kg, down 2.0% w/w but still up 30.4% y/y. Weaner calves were the exception ending slightly firmer on limited supplies. Weekly weaner calf prices traded at R20.70/kg live weight, up 0.6% w/w and 18.3% y/y. This is however sharply lower than the pre-December levels.
- OUTLOOK**
A weaker trend is expected for the short to medium term due to the seasonal decline in demand.



Mutton market trends (Graph 2)

- International:** US lamb carcass values again ended mixed with light to moderate demand. Lamb Carcass Cutout finished the week 0.2% lower w/w at \$364.20/cwt. The estimated slaughter number came in at 39,000 head, up 14.7% w/w and 8.3% y/y. In New Zealand (NZ), NZ exports for 2011 were reported at 257,836 tons, down 11.0% y/y. Exports to major trading partners such as the EU and the UK dropped 18.0% and 13.0% respectively. However, exports to China rose sharply by 40.0% to 37,585 tons.
- Domestic:** Prices were down across the board, reflecting the seasonal dip in demand. Weekly Class A lamb closed at R48.01/kg, down 1.2% w/w but still up 3.3% y/y.



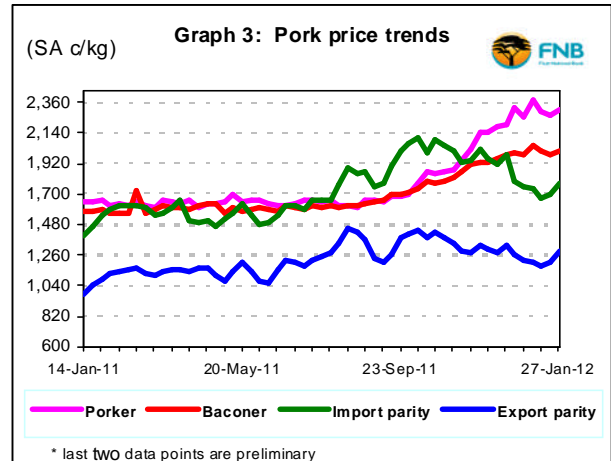
Contract Class A lamb fell by 2.0% w/w at R47.18/kg, but still up 3.4% y/y. Mutton prices closed at R39.08/kg, down 1.2% w/w but still up 5.4% y/y. Weaner lambs posted sharp losses on weak demand. Prices fell by 12.7% w/w to close at R21.83/kg live weight, but still up 4.8% y/y.

- **OUTLOOK**

Prices are expected to remain under pressure in the short term due to limited uptake.

Pork market trends (Graph 3)

- International: US pork prices ended mixed. Weekly loin prices closed at \$92.67/cwt, down 0.3% w/w and 3.0% y/y. Carcasses traded at \$83.92/cwt, down 1.0% w/w but up 1.9% y/y. Ham prices was down 4.7% w/w and but still up 0.9% y/y at \$65.97/cwt. Ribs finished at \$141.10/cwt, down 1.7% w/w but still up 15.0% y/y. Meanwhile, USDA estimated a y/y increase of over 2.0% in US pig crop for the second half of 2011 and expects a slight decline in sows farrowing in the first half of 2012. However, with continued gains in pigs per litter, more hogs are expected to be available for slaughter and the 2012 pork production forecast is raised from last month (WASDE).



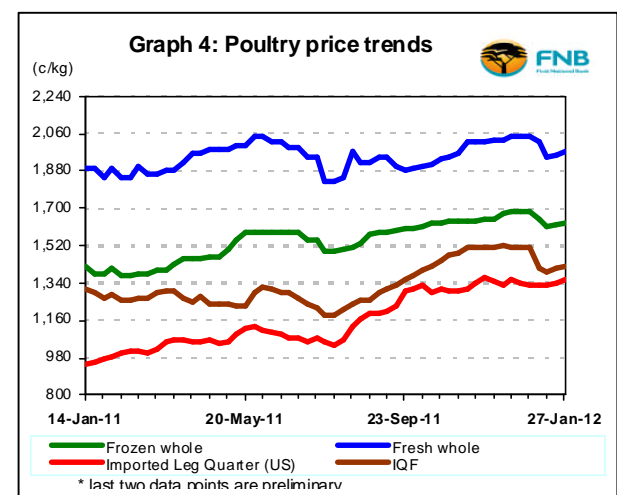
- Domestic: Prices eased lower as demand slipped during midmonth. Weekly baconer prices closed at R20.09/kg, down 1.9% w/w but still up 28.0% y/y. Porker prices fell by 3.3% w/w but still up 39.0% y/y to close at R22.95/kg. Weekly import parity prices fell by 4.3% w/w but still up 19.0% y/y. Meanwhile, monthly imports for December 2011 slowed to 2,202 tons, down 26.4% m/m but still 17.0% y/y. Total pork imports for 2011 reached 32,094 tons, up 22.2% y/y. Major import sources for the year were Germany with 15,846t (49.4%), Canada with 7,822t (24.4%), Spain with 2,801t (8.7%), France with 2,193t (6.8%), Belgium with 1,012t (3.2%).

OUTLOOK

Domestic prices are expected to retain the current momentum in the short term with limited upward potential in the medium due to subdued demand.

Poultry market trends (Graph 4)

- International: US domestic prices ended firmer across the most categories. Weekly whole birds were up 0.2% w/w and 6.1% y/y at 90.17c/lb. Breast cuts traded at 84.50c/lb, up 1.4% w/w and 9.7% y/y. Leg quarter prices were up 0.6% w/w and 37.9% y/y at 53.33c/lb. Meanwhile, the US fourth-quarter 2011 broiler meat production estimate was pegged at 9b lbs, down 25m lbs due a drop broiler chick placements and slower growth in bird weights. USDA expects stocks to be reduced drastically in 2012.



- Domestic: Prices were softer across the board on the back of subdued demand and abundant stocks. Weekly IQF prices fell by 0.9% w/w but still up 6.1% y/y at R13.97/kg. Medium frozen whole birds fell by 2.4% w/w but still up 13.0% y/y at R16.07/kg. Medium fresh whole birds fell by 3.6% w/w but still up 2.8% y/y at R19.45/kg. Import parity prices for poultry (LQ) were a bit firmer mainly on better international prices. Weekly import parity prices advanced by 0.1% w/w and 40.2% y/y. Meanwhile, producers are facing tight margins as broiler prices soften while sharply higher maize prices increase the cost of feeding. Maize prices have risen by 93.7% y/y.

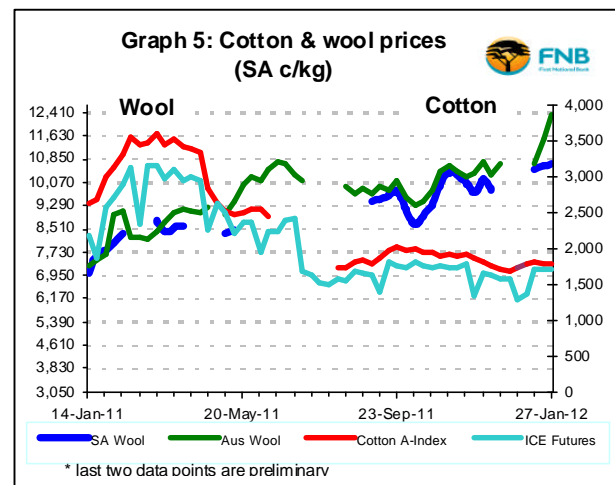
- **OUTLOOK**

The market is expected to retain current momentum in the short term. 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 13 January 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	32.50	48.01	22.95	19.45
Open market: Class C / Baconer / Frozen whole birds(R/kg)	27.88	39.08	20.10	16.07
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	31.97	47.18	20.09	13.97
Import parity price (R/kg)	21.94	33.42	16.64	13.32
Weaner Calves / Feeder Lambs (R/kg)	20.70	21.83		

Wool and cotton market trends (Graph 5)

- International:** Cotton prices increased by 1.5% w/w to close at 100.75c/lb, but still down 41.9% y/y. Prices have dropped significantly over the past months, reducing margins and discouraging farmers to plant more cotton. The ICAC estimates point to an 8.0% y/y drop in planted area to 33.3m ha with production reduced by 6.0% to 25.1m tons in 2012/13. Production cuts are expected in most large cotton producing countries such as China, India, Pakistan and Brazil, with the exception of the USA and Australia. Cotton futures on ICE: Cotton for Mar-12 fell by 0.4% w/w 95.47c/lb, May-12 was down 0.5% w/w at 95.08c/lb, Jul-12 was down 0.4% w/w at 95.10c/lb.
- Wool:** In Australia, wool market sales resumed on a positive note in 2012 which saw the weekly market indicator EMI closing at Au\$12.16/kg, up 5.6% y/y.
- Domestic:** The Wool market posted sharp gains on the first sale of 2012. The weekly market indicator Cape Wools Merino rose to a record R105.15/kg clean wool, which is 8.5% and 14.0% above the current season's average and the opening sale respectively. This is 49.1% higher y/y. Sales reached 96.0% of the 12,330 bales offered. Major buyers were Standard Wool SA with 3,194 bales (25.9%), Lempriere SA with 2,908 bales (23.6%), G Modiano SA with 2,807 bales (22.8%), Stucken & Co with 1,562 bales (12.7%) and Segard Masurel SA with 1,016 bales (8.2%).

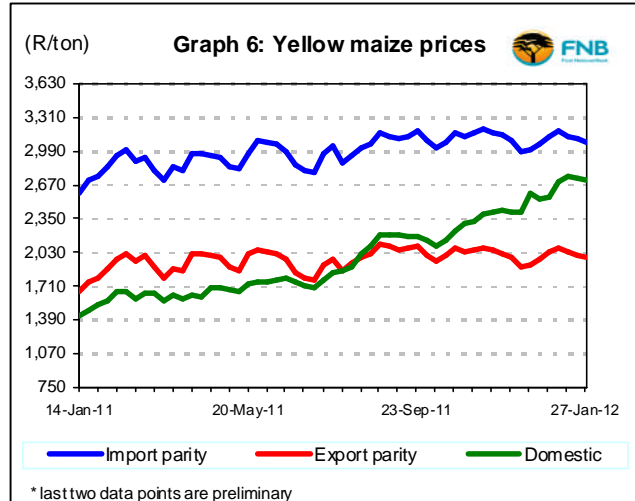


Fibre market prices 13 January 2012	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Apr-12 (AU\$/kg)	Australian futures Jun-12 (AU\$/kg)
Wool market indicator (R/kg)	105.15	106.82		
19 μ long length wool (R/kg)	121.35	118.91	14.01	13.76
21 μ long length wool (R/kg)	110.01	108.30	12.85	12.60
23 μ long length wool (R/kg)	-	99.92	11.25	11.00
	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures May-12 (US\$/kg)	Cotton Futures Oct-12 (US\$/kg)
Cotton Prices (R/kg)	17.95	2.22	2.09	2.08

Cotton Futures on ICE.

Yellow maize market (Graph 6)

- International:** US yellow maize prices started the week on a firmer note but retreated as the week progressed following the release of the USDA production and stocks estimates. USDA pegged the 2011/12 US production estimate at 313.7m tons, up 1.3m from the December estimate. The 2011/12 global production estimate came in at a record 868.1m tons, while global ending stocks were hiked by 1.0m to 128.14m tons. This remains a bearish feature for maize prices in the short to medium term.
- Domestic:** Yellow maize prices ended a bit firmer despite a stronger Rand. Weekly yellow maize prices finished 1.9% higher at R2,753/ton. Prices are currently 93.7% higher y/y and this is mainly attributable to increased export sales resulting in a sharp fall in local stocks. Yellow maize exports for the season to the first week of January reached 677,360 tons.


OUTLOOK

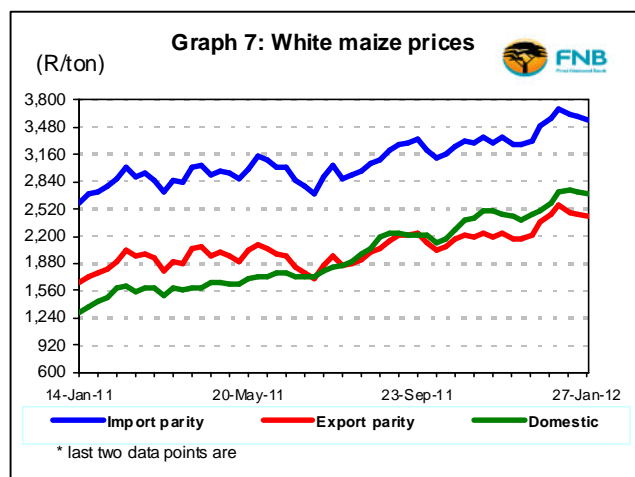
It is expected that prices will retain upward momentum on the back of tightening carryover stocks.

Yellow Maize Futures 13 January 2012	Mar-12	May-12	Jul-12	Sep-12	Dec-12
CBOT (\$/t)	236.16	238.92	241.13	227.73	218.75
JSE (R/t)	2,568	2,200	1,960	1,995	-
CHICAGO CORN (R/t)	1,966	2,005	2,040	1,926	1,889

Calculated Yellow 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
2,600	124	92	2,240	180	140	2,000	178	138
2,560	103	111	2,200	158	158	1,960	156	156
2,520	84	132	2,160	137	177	1,920	135	175

White maize market trends (Graph 7)

- International:** As with yellow maize, US white maize prices drifted lower under pressure due to improved domestic and global supply outlook. US weekly maize export sales were bearish, coming in at 321,500 tons. Both US and global production and stocks estimates were increased in the latest USDA monthly supply and demand report. Weekly average white maize prices fell by 2.2% w/w and closed at \$308/ton, but still up 26.0% y/y.
- Domestic:** White maize prices posted slight gains on the back of lingering local supply tightness. Weekly white maize prices advanced by 1.2% w/w and closed at R2,747/ton. This is a whopping 110.9% above last year. Maize exports have been on the rise with the figure for the current marketing season to the first week of January reaching 2.1m for total maize (WM & YM). Total white maize exports were pegged at 1.41m tons.



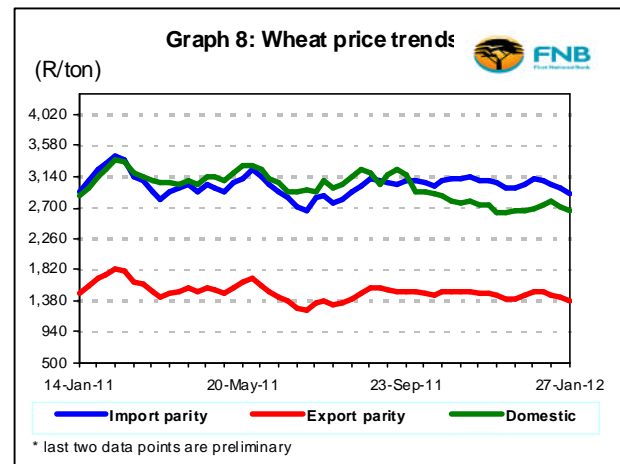
OUTLOOK

It is expected that prices will retain upward momentum on the back of tightening carryover stocks.

White Maize Futures 13 January 2012	Mar-12	May-12	Jul-12	Sep-12	Dec-12			
JSE (R/t) WM ₁	2,624	2,305	1,992	2,025	-			
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
2,660	118	82	2,340	187	152	2,040	190	142
2,620	97	101	2,300	165	170	2,000	168	160
2,580	77	121	2,260	144	189	1,960	147	179

Wheat market trends (Graph 8)

- International:** US Wheat prices declined on bearish world supply outlook. US winter wheat area came at 17.0m ha, an increase of about 1.0m. USDA raised its 2012 global wheat production and ending stocks estimate to a record 691.5m and 210.0m tons respectively. Elsewhere, production out of Australia is expected to reach 28.3m tons with exports increasing to 21.6m tons. Futures on major exchanges: Kansas futures(KCBT): Wheat for May-12 fell by 1.3% w/w at \$250/t, Jul-12 was down 1.2% w/w at \$253/t, Sep-12 was down 0.8% w/w at \$259/t. Wheat futures on Chicago: Wheat for May-12 fell by 3.0% w/w at \$229/t, Jul-12 was down 2.2% w/w at \$237/t, Sep-12 down 1.4% w/w at \$245/t.
- Domestic:** Wheat prices edged higher despite a stronger Rand. Weekly wheat increased by 1.2% w/w to close at R2,778/t, but still down 1.0% y/y. Wheat import parity prices trended lower on Rand strength and lower international prices. Wheat imports for the 2011/12 marketing season reached 473,023 tons and exports advanced to 52,966 tons. Wheat futures finished steady to firmer: Wheat for Mar-12 was up 0.1% w/w (+R4/t), May-12 was unchanged w/w, Jul-12 was up 0.2% w/w (+R5/t).

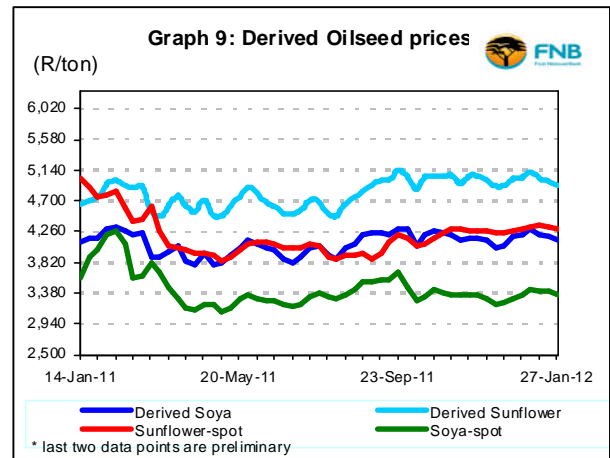

OUTLOOK

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

Wheat Futures 13 January 2012	Mar-12	May-12	Jul-12	Sep-12	Dec-12			
KCBT (\$/t)	249.58	253.07	258.58	258.58	266.94			
JSE (R/t)	2,795	2,841	2,870	-	-			
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
2,840	103	58	2,880	156	117	2,920	183	133
2,800	80	75	2,840	134	135	2,880	161	151
2,760	61	96	2,800	114	155	2,840	140	170

Oilseed market trends (Graph 9)

- International:** US soybean prices weakened on the back of bearish US production and stocks data coupled with improved production conditions in Argentina. USDA's January report pegged US soybean production at 83.2m tons, up 0.3m tons compared to the December 3.056 estimate. US ending stocks for 2012 estimate came in at a 5yr high of 7.5m tons. However, global production and stocks were reduced to 257m and 63.43m tons respectively. Prices in the soybean complex: Soybean prices fell by 0.5% w/w and 12.8% y/y at \$464/t. Soymeal fell by 2.3% w/w and 20.6% y/y at \$299/t. Soyoil fell by 1.4% w/w and 6.2% y/y, closing at 51.00c/lb. Futures in the Soybean complex (CBOT): Soybean for Mar-12 fell by 2.6% w/w at \$410/t; May-12 fell by 2.5% w/w at \$414/t; Jul-12 fell by 2.5% w/w at \$418/t.
- Domestic:** Soybean prices finished lower for the week. Weekly soybeans prices were down 0.8% w/w and 4.8% y/y, closing R3,416/t. Sunflower prices were a bit firmer at R4,364/t, but still down 13.2% y/y. Sunflower futures on the JSE: Sunflower for May-12 fell by 1.2% w/w (-R54/t), Jul-12 was down 0.8% w/w (-R35/t). Soybean futures: Soybean for May-12 fell by 2.9% w/w (-R102/t), Jul-12 was down 3.1% w/w (-R110/t), Sep-12 was down 3.0% w/w (-R110/t).


OUTLOOK

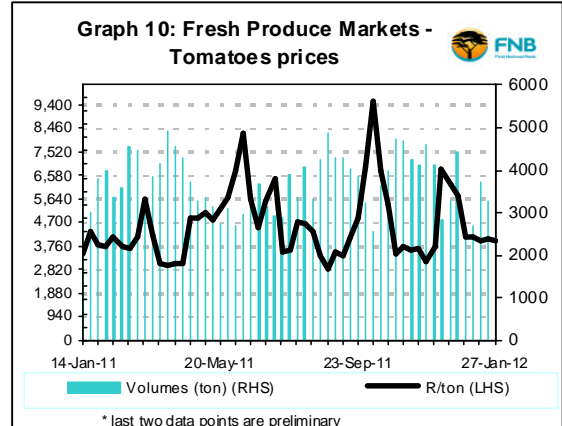
It is expected that prices will remain under pressure and soften in the short term.

Oilseeds Futures 13 January 2012	Mar-12	May-12	Jul-12	Sep-12	Dec-12			
CBOT Soybeans (US \$/t)	425.57	429.02	432.69	430.64	-			
CBOT Soya oil (US c/lb)	50.29	50.70	51.06	51.25	51.42			
CBOT Soya cake meal (US\$/t)	301.50	304.50	307.80	308.40	306.10			
JSE Sunflower seed (R/t)	4,415	4,350	4,405	4,330	-			
JSE Soybean seed (R/t)	3,380	3,433	3,491	3,551	-			
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
4,460	158	113	4,400	243	193	4,440	386	351
4,420	137	132	4,360	221	211	4,400	364	369
4,380	117	152	4,320	200	230	4,360	343	388

Vegetable Market Trends (Graphs 10 to 14)

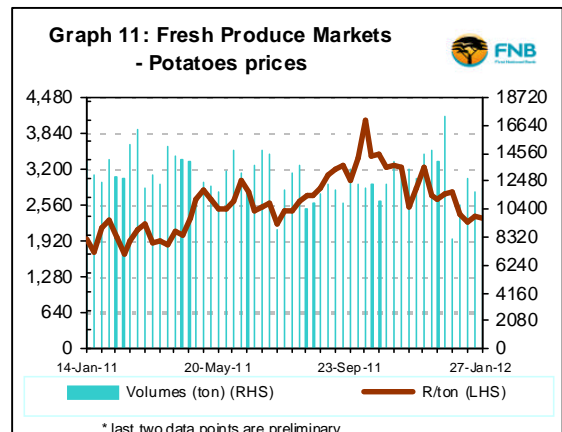
- Tomatoes**

Tomato prices ended modestly lower on the back of improved supplies on markets. The average weekly tomato prices were down 4.2% w/w but still up 15.9% y/y, closing the week at R3,962/ton. Volumes of tomatoes traded increased by 37.8% and 5.9% y/y, coming in at 3,719 tons. Prices are expected to trend sideways with limited upward potential in the short term.



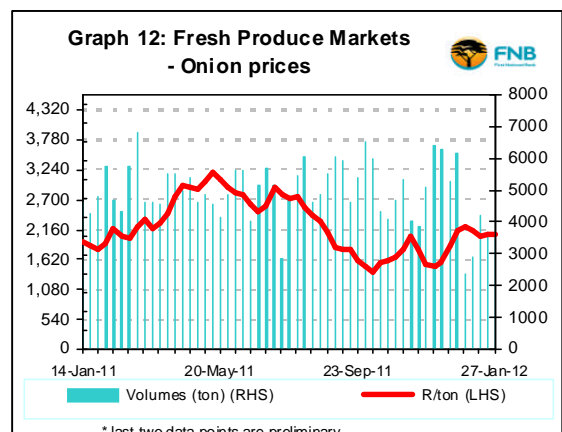
- Potatoes**

Potato prices were modestly lower due to increased supplies on markets. The average weekly potato prices dropped by 5.6% w/w but still up 15.9% y/y, closing at R2,277/ton. Volumes traded rose by 18.3% w/w but down 9.0% y/y, coming in at 12,725 tons. Prices are however expected to improve in the short to medium term.



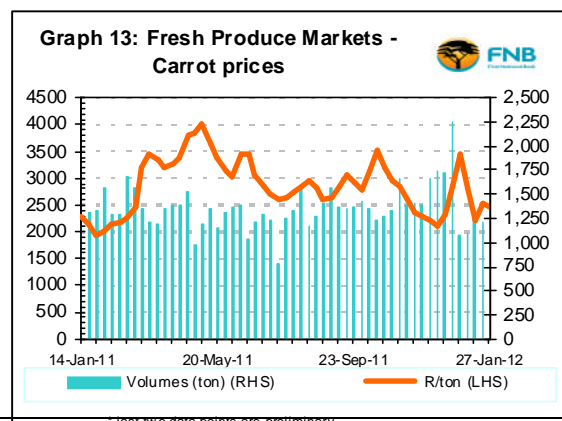
- Onions**

Onion prices drifted lower under pressure to increased supplies across most markets. Prices decreased to R2,052/ton, down 3.8% w/w but still up 6.4% y/y. Volumes traded rose by 44.3% w/w but down 8.8% y/y, coming in at 4,226 tons. Prices are however expected to firm slightly in the short term but with limited upside potential in the medium term.



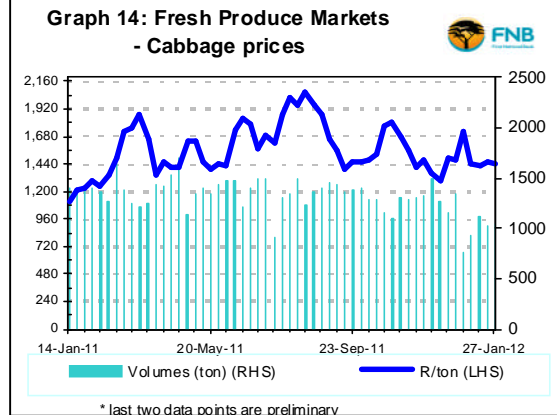
- Carrots**

Carrot prices dropped sharply on the back of higher volumes on markets. Prices dropped by 21.1% w/w and 3.0% y/y, closing the week at R2,220/ton. Volumes traded were pegged at 1,283 tons, up 16.5% w/w and 8.9% y/y. Prices are expected to bottom out and strengthen in the short term on improved uptake.



- Cabbages**

Cabbage prices weakened slightly on higher volumes and limited uptake across most markets. Weekly prices were down 1.2% w/w but still up 27.4% y/y, closing at R1,426/ton. Volumes traded came in at 1,123 tons, a whopping 21.4% increase w/w but still down 19.3% y/y. Prices are expected to firm slightly in the short term but with limited upward potential in the medium term.



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

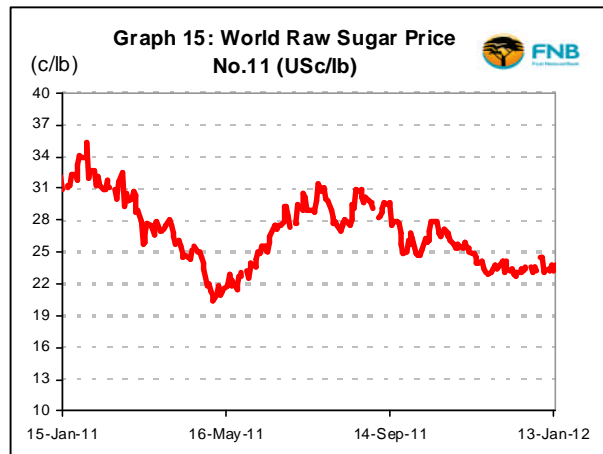
Week ending 13 January 2012	Average Price (R/t)	w/w	Y/y	Total Volume (t)	w/w	Y/y
Tomato	3,962	-4.2%	15.9%	3719	37.8%	5.9%
Potato	2,277	-5.6%	15.9%	12725	18.3%	-9.0%
Onion	2,052	-3.8%	6.4%	4226	44.3%	-8.8%
Carrot	2,220	-21.1%	-3.0%	1283	16.5%	8.9%
Cabbage	1,426	-1.2%	27.4%	1123	21.4%	-19.3%

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

Sugar market trends (Graph 15)

International:

- World raw sugar prices trended lower on bearish global supply outlooks. Weekly raw sugar prices fell by 1.4% w/w and 26.3% y/y to close at 23.49c/lb. Raw Sugar futures on ICE (US c/lb): the May-12 sugar fell by 0.6% w/w at 22.96c/lb, Jul-12 was down 1.1% w/w at 22.54c/lb, Mar-13 was down 1.3% w/w at 23.06c/lb, Jul-13 fell by 1.2% w/w at 22.81c/lb.
- Domestic: On the local market, 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 November 2011, dropped by R17.05/t m/m and came in at R2,995.41/t. According to the Cane Growers Association report, the decrease in price is due to a the reduction in the sugar: RV ratio (94.05% vs. 94.33%) and the drop in the weighted average world market price (26.70c/lb vs.27.56c/lb) The Association still projects the RV price for the season to reach R3,018.00/ton.



ICE Sugar Futures 13 January 2012	May-12	July-12	Oct-12	Mar-13	May-13
Sugar No.11 (US c/lb)	23.33	23.03	23.43	23.93	23.65
% Change w/w	1.7%	1.6%	2.0%	2.2%	2.3%

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