

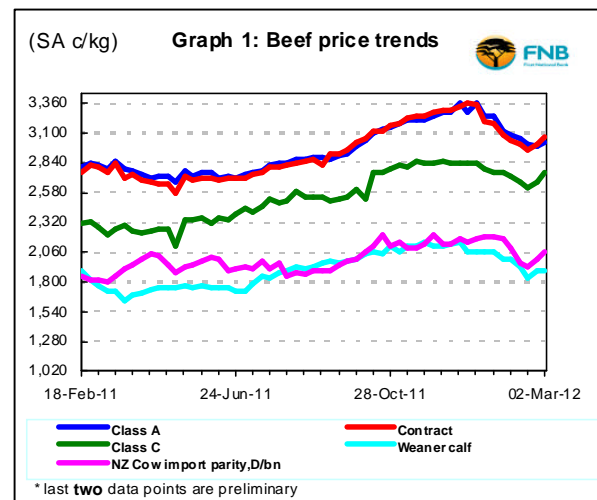


17 February 2012

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

Beef market trends (Graph 1)

- **International:** US lean boneless processing beef market strengthened on the back of good demand and light to moderate supplies. Market activity on imported beef was reportedly slow but retained upward momentum supported by tight supplies and strong domestic prices. CME cattle feeder index rose by 1.4% w/w and 21.1% y/y to close at \$155.93/t. In Australia, cattle prices moved sideways for the week. The benchmark young cattle indicator EYCI closed at AU\$3.89/kg cwt, down 1.0% y/y.
- **Domestic:** Beef prices trended lower due to weak demand on markets. Weekly Class A beef fell by 1.3% w/w and closed at R30.08/kg, but still up 7.1% y/y. Contract Class A beef finished at R29.56/kg, down 1.5% w/w but still up 7.3% y/y. Class C beef fell by 1.7% w/w and closed at R26.28/kg, but still up 13.5% y/y. Weaner calf prices continued to weaken due to limited demand across most markets. Weekly weaner calf prices traded at R18.34/kg live weight, down 5.5% w/w but still up 3.5% y/y.

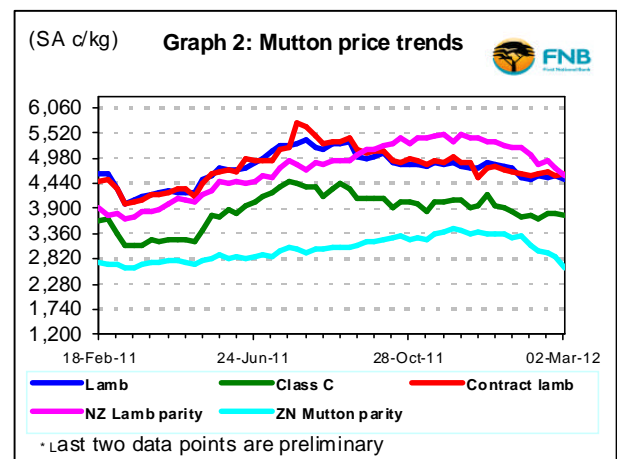


OUTLOOK

It is expected that prices will improve somewhat in the short term on improved demand.

Mutton market trends (Graph 2)

- **International:** In the US, Lamb Carcass Cutout values were reportedly mixed with moderate demand and supplies. Australian lamb prices extended losses under pressure due to improved supplies. The market indicator ESTL finished down 1.1% w/w and 27.2% y/y at AU\$4.63/kg cwt. In New Zealand (NZ), prices were down across the board. Lamb and mutton prices fell by 3.1% and 6.5% respectively w/w.
- **Domestic:** Prices ended mixed, this time lamb falling due to weak demand. Weekly Class A lamb finished at R45.45/kg, down 1.5% w/w and 2.1% y/y. Contract Class A lamb were firmer at R46.65/kg, up 0.2% w/w and 4.4% y/y. Mutton prices advanced by 3.7% w/w and 4.1% y/y at R38.00/kg. Weaner lambs extended gains on limited supplies. Prices advanced by 0.3% w/w and 10.2% y/y to close at R23.50/kg live weight.

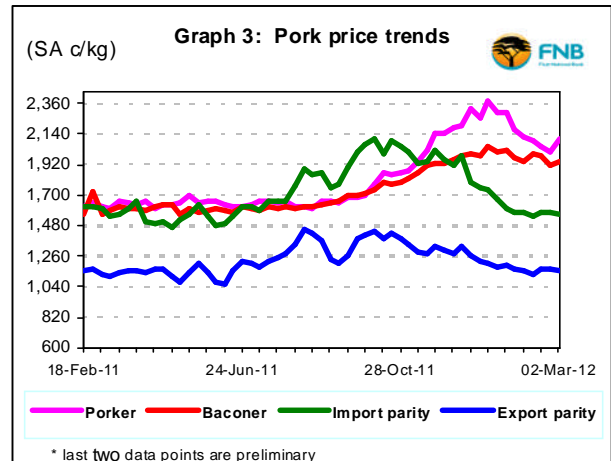


OUTLOOK

Lamb and mutton prices are expected to trend sideways to firmer in the short to medium term on tight supplies.

Pork market trends (Graph 3)

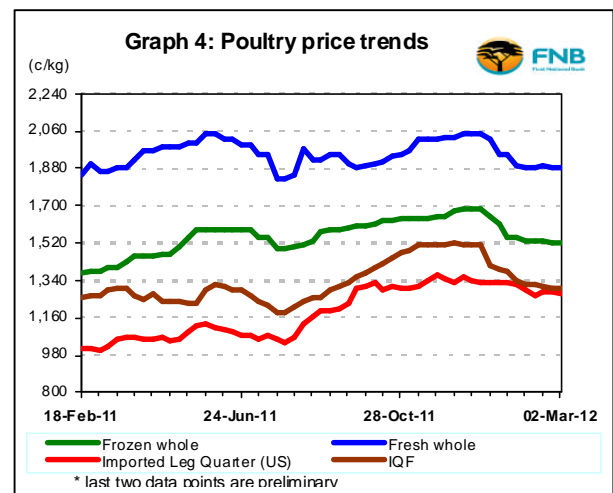
- International:** US pork prices ended mostly higher on the back of improved demand. Weekly loin prices advanced by 3.1% w/w and 0.1% y/y, closing at \$96.48/cwt. Carcasses traded at \$86.171/cwt, up 1.4% w/w but still down 3.7% y/y. Ham prices advanced by 0.8% w/w but down 9.5% y/y at \$65.40/cwt. Ribs closed at \$145.50/cwt, up 0.5% w/w and 6.0% y/y.
- Domestic:** Prices finished slightly lower on limited demand. Weekly baconer prices closed at R19.80/kg, down 0.5% w/w but still up 27% y/y. Porker prices trended lower at R20.42/kg, down 2.0% w/w but still up 26.0% y/y. Import parity prices edged higher due to the combined effect of better international prices and a weaker Rand (R/US\$). Weekly import parity prices were up 2.5% but still down 2.0% y/y. Imports volumes came in sharply higher at 2,528 tons, up 14.8% m/m but still down 1.2% y/y. The majority were ribs and accounted for 72.9% of total imports.


OUTLOOK

It is expected that prices will bottom out and strengthen in the short term on improved demand.

Poultry market trends (Graph 4)

- International:** US domestic prices ended mixed on light to moderate demand. Demand at retail and food service was reportedly light to moderate ahead of the weekend. Weekly whole birds were slightly firmer, up 0.3% w/w and 7.0% y/y at 91.17c/lb. Breast cuts traded at 91.33c/lb, up 1.5% w/w and 15.4% y/y. Leg quarter prices were steady at 53.50c/lb, but still up 33.2% y/y. US hatchery data continues to reflect a downward trend. As a result, US broiler meat production for 2012 is projected 1.1% lower at 36,100 million pounds according to the USDA. Weekly US broiler egg sets and chick placements for the week ending 11 Feb-2012 were reported down 4.0% y/y and 3.0% y/y respectively. The estimated number available for marketing for the week ending 24 Mar-2012 was estimated at 148.70m head, down 9.9% y/y.
- Domestic:** Prices ended mixed with losses in the IQF category due to higher volumes and subdued demand. Market activity remains weak with slow movement of stock. Weekly IQF prices fell to R13.10/kg, down 0.5% w/w but still up 4.2% y/y. Medium frozen whole birds remained steady at R15.29/kg, up 11.2% y/y. Medium fresh whole birds traded at R18.85/kg, up 0.5% w/w and 2.5% y/y. Meanwhile, The International Trade Commission of South Africa (ITAC)'s investigation into the alleged dumping of chicken meat originating from Brazil was concluded and an imposition of the provisional payment was gazetted. The investigation found that some Brazilian companies dumped their products at a value of 60.0% below their local markets while the other groups were low at a margin of more than 40.0%. Provisional payments on imports from Brazil: Whole birds – all producers and exporters (tariff subheading 0207.12.90) is 6.93%; Boneless cuts – produced and exported by Cooperativa Central Oeste Catarinense at 6.26% and other producers and exporters at 46.59%. This will have a significant impact on the volume of poultry imports into South Africa.



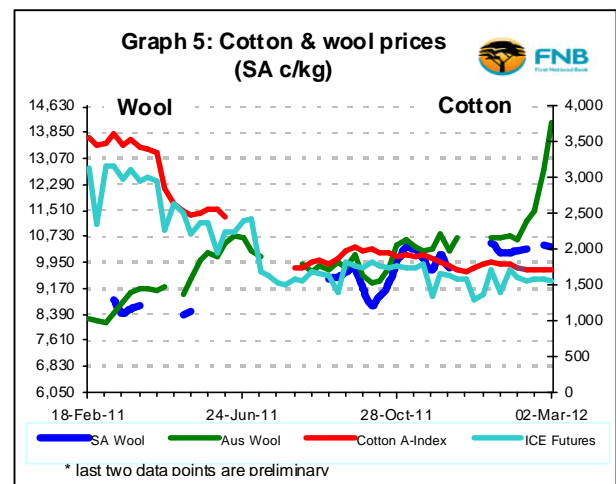
OUTLOOK

The market is expected to retain the current momentum in the short to medium term.

Producer prices for selected livestock commodities 17 February 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	30.08	45.45	20.42	18.95
Open market: Class C / Baconer / Frozen whole birds(R/kg)	26.28	38.00	19.30	15.29
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	29.56	46.65	19.80	13.10
Import parity price (R/kg)	19.31	29.53		12.88
Weaner Calves / Feeder Lambs (R/kg)	18.34	23.50		

Wool and cotton market trends (Graph 5)

- International:** Cotton prices moved slightly lower for the week. Weekly cotton prices fell by 2.1% w/w and 54.9% y/y, closing at 100.22c/lb. USDA raised its 2011/12 world production by 505,000 to 123.3m bales due largely to higher estimated production for Pakistan. World consumption for 2011/12 was reduced by 285,000 to 109.7m bales, with the largest country-level revisions being for Thailand (-100,000 bales) and the United States (-100,000 bales). World ending stocks were pegged at 60.8m bales, up by almost 14m bales from the beginning level. World stocks to use ratio came in at a record 55.4%. Cotton futures on ICE reversed gains: Cotton for May-12 advanced by 0.6% w/w at 92.65c/lb, Jul-12 was up 0.1% w/w 93.65c/lb, Oct-12 was up 0.7% w/w at 94.46c/lb.



Wool: In Australia, the wool market ended firmer with the weekly market indicator EMI closing at Au\$12.44/kg clean, up 0.1% w/w and 9.7% y/y.

- Domestic:** There was no sale for the week. The market indicator Cape Wools Merino is still at best levels with the last sale closing at R103.54/kg clean wool, up 5.6% and 13.0% compared to the current season's average and the opening sale respectively. Major buyers were G Modiano SA 2,473 bales (26.2%), Standard Wool SA 1,940 bales (20.5%), Lempriere SA with 1,762 bales (18.7%), Stucken & Co 1,523 bales (16.1%), Segard Masurel SA 1,236 bales (13.1%).

Fibre market prices 17 February 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)	103.54	114.87		
19µ long length wool (R/kg)	118.86	127.71	13.40	12.60
21µ long length wool (R/kg)	107.93	115.58	12.30	11.50
23µ long length wool (R/kg)	-	111.74	9.43	9.18
	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)	17.07	2.20	2.04	2.08

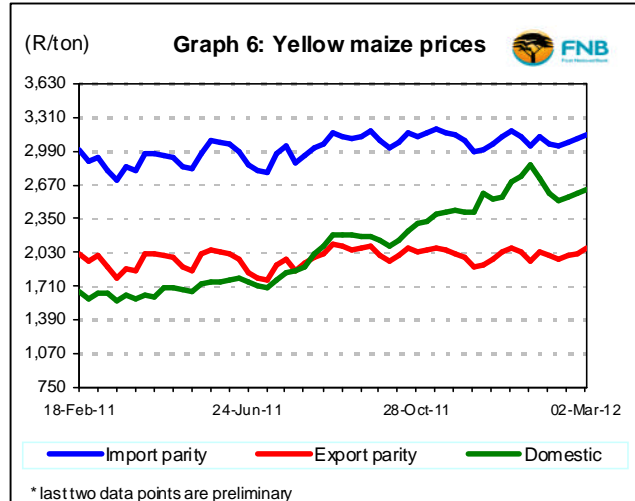
Cotton Futures on ICE; South Africa, previous sale two weeks ago

Yellow maize market (Graph 6)

- **International:** US yellow maize prices moved marginally lower on limited demand and lack of supportive news. Record US planting projections and increased Chinese harvest added to the weaker tone. US weekly export sales came in at 1.1m tons. Weekly yellow maize prices fell by 0.2% w/w and 6.1% y/y. Maize futures on CME: Maize for May-12 was up 1.5% w/w at \$254/t, Jul-12 was up 1.4% w/w at \$255/t, Sep-12 was up 2.1% w/w at \$235/t.
- **Domestic:** Maize prices reversed last week's losses and finished slightly higher. Weekly yellow maize prices advanced by 1.9% w/w, closing at R2,565/t but still up 54.1% y/y. Yellow futures on the JSE: Yellow maize for May-12 advanced by 4.2% w/w (+R86/t), Jul-12 was up 4.5% w/w (+R86/t), Sep-12 was up 4.9% w/w (+R95/t).

OUTLOOK

Prices are expected to improve somewhat on supportive domestic fundamentals.



Yellow Maize Futures 17 February 2012	May-12	Jul-12	Sep-12	Dec-12	Mar-13
CBOT (\$/t)	254.21	255.39	235.06	223.87	228.20
JSE (R/t)	2,145	2,000	2,035	2,087	-
CHICAGO CORN (R/t)	1,983	2,000	1,866	1,802	-

Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)

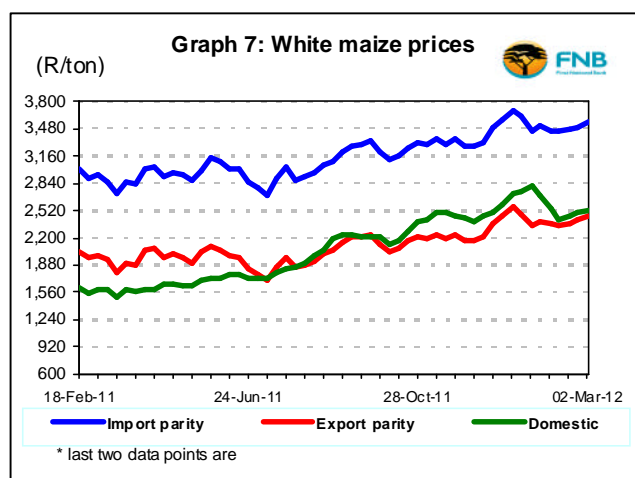
May-12			Jul-12			Sep-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,120	112	137	1,960	113	153	1,980	161	216
2,080	93	158	1,920	95	175	1,940	141	236
2,040	76	181	1,880	78	198	1,900	123	258

White maize market trends (Graph 7)

- **International:** As with yellow maize, US white maize prices lost ground and eased lower. Weekly average white maize prices fell by 0.7% w/w but still 9.9% y/y to close at \$307/ton.
- **Domestic:** White maize prices rebounded and closed higher on the back of renewed Rand weakness. Weekly white maize prices closed up 1.9% w/w and 52.5% y/y, at R2,565/ton. White maize futures on the JSE: White maize for May-12 was up 1.4% w/w (+R31/t), Jul-12 was up 6.1% w/w (+R 117/t), and Sep-12 was up 5.6% w/w (+ R111/t).

OUTLOOK

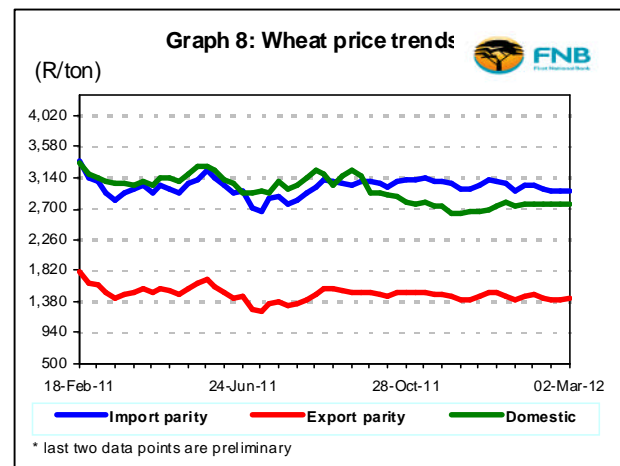
Prices are expected to improve somewhat on supportive domestic fundamentals.



White Maize Futures 17 February 2012	May-12	Jul-12	Sep-12	Dec-12	Mar-13			
JSE (R/t) WM ₁	2,180	2,055	2,084	2,137	-			
Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
May-12			Jul-12			Sep-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,200	123	103	1,980	103	178	2,020	140	204
2,160	101	121	1,940	86	201	1,980	122	226
2,120	83	143	1,900	71	226	1,940	105	249

Wheat market trends (Graph 8)

- International:** US wheat prices drifted lower on bearish world supply outlook. USDA projected a 2.1m ton increase in supplies for the 2011/12 season to 893.6m tons. Production increases are projected for India (+0.9m), Kazakhstan (+0.2m) and Morocco (+0.2m). Weekly hard red winter wheat prices fell by 1.6% w/w and 11.3% y/y. Soft red winter wheat fell by 0.5% w/w and 12.8% y/y. Futures on major exchanges: Kansas futures(KCBT): Wheat for May-12 fell by 5.6% w/w at \$250/t, Jul-12 was down 5.6% w/w at \$253/t, Sep-12 was down 5.3% w/w at \$258/t. Wheat futures on Chicago: Wheat for May-12 fell by 5.3% w/w at \$234/t, Jul-12 was down 5.9% w/w at \$238/t, Sep-12 was down 5.8% w/w at \$244/t.
- Domestic:** Wheat prices ended marginally higher despite lower international prices. Weekly wheat prices advanced by 0.1% w/w at R2,757/t, but still down 7.3% y/y. Wheat import parity prices weakened on the back of lower international prices despite a weaker Rand. Wheat futures on JSE were softer across the board: Wheat for May-12 was down 0.3% w/w (-R9/t), Jul-12 was down 0.2% w/w (-R6/t), Sep-12 was down 0.2% w/w (-R6/t).


OUTLOOK

It is expected that prices will trend sideways with limited upward potential.

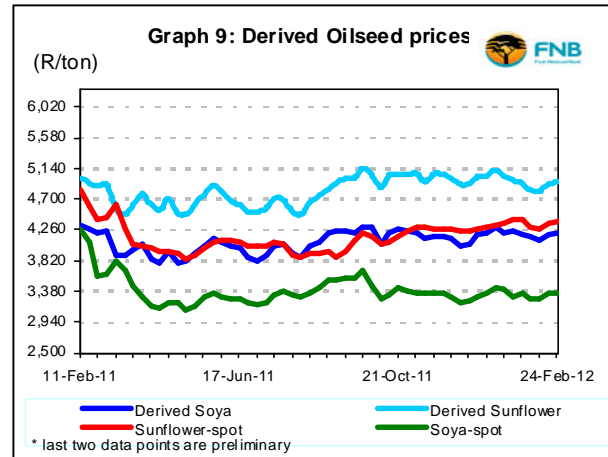
Wheat Futures 17 February 2012	May-12	Jul-12	Sep-12	Dec-12	Mar-13			
KCBT (\$/t)	256.01	258.68	263.73	270.34	274.93			
JSE (R/t)	2,853	2,882	2,892	-	-			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
May-12			Jul-12			Sep-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,880	112	85	2,920	159	121	2,960	212	144
2,840	91	104	2,880	137	139	2,920	189	161
2,800	72	125	2,840	117	159	2,880	168	180

Oilseed market trends (Graph 9)

- International:** US soybean prices retained upward momentum on worries about the reduced production estimates for South America and the lower world crop. Indications of a strong Chinese import demand added to the firmer tone. USDA lowered its estimate of the 2011/12 world oilseed production by 4.9m tons from last month to 452.5m tons. Soybean production is projected to decrease in Brazil and Argentina due to adverse weather conditions during the growing period. For Brazil, soybean production was lowered by 2m to 72m tons. Production for Argentina was pegged at 48.0m tons, down 2.5m m/m. Soybean prices advanced by 2.2% w/w but still down 8.2% y/y at \$489 /t. Soymeal was up 2.9% w/w at \$330/t, down 8.2% y/y. Soyoil was up 1.1% w/w at 52.00c/lb, but still down 4.9% y/y. Soybean: May-12 was up 2.9% w/w at \$468/t, Jul-12 was up 2.8% w/w at \$471/t. Soymeal: Jul-12 was up 3.5% w/w at \$337/t, Aug-12 was up 3.3% w/w at \$337/t. Soyboil: Jul-12 was up 1.6% w/w at 54.15c/lb, Sep-12 was up 1.6% w/w at 54.36c/lb.
- Domestic:** Oilseeds traded on JSE posted slight to modest gains on supportive Rand. Sunflower prices increased by 2.1% w/w to close at R4,372/t, but still down 5.1% y/y. Soybeans closed the week 3.4% higher w/w at R3,388/t, but still down 17.2% y/y. Sunflower futures on the JSE: Sunflower for May-12 was up 1.4% w/w (+R61/t), Jul-12 was up 1.9% w/w (+R80/t), Sep-12 was up 3.3% w/w (+R145/t). Soybean futures: Soybean for May-12 was up 4.2% w/w (+R138/t), Jul-12 was up 4.3% w/w (+R146/t) and Sep-12 was up 3.7% w/w (+R128/t).

OUTLOOK

The market is expected to improve slightly on improved demand.



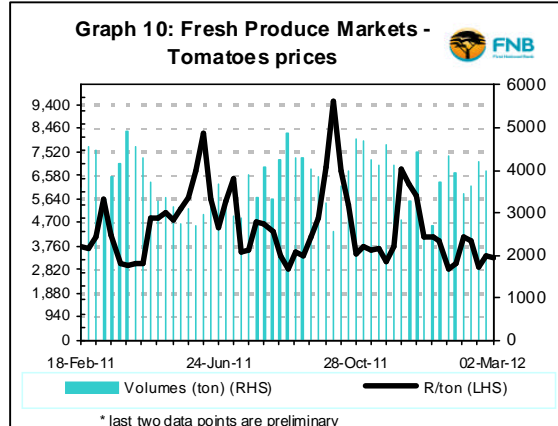
Oilseeds Futures 17 February 2012	May-12	Jul-12	Sep-12	Dec-12	Mar-13
CBOT Soybeans (US \$/t)	467.97	471.05	466.06	-	463.41
CBOT Soya oil (US c/lb)	53.80	54.15	54.36	54.59	54.77
CBOT Soya cake meal (US\$/t)	335.10	337.40	334.90	330.20	331.80
JSE Sunflower seed (R/t)	4,360	4,400	4,529	-	-
JSE Soybean seed (R/t)	3,422	3,481	3,541	-	-

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

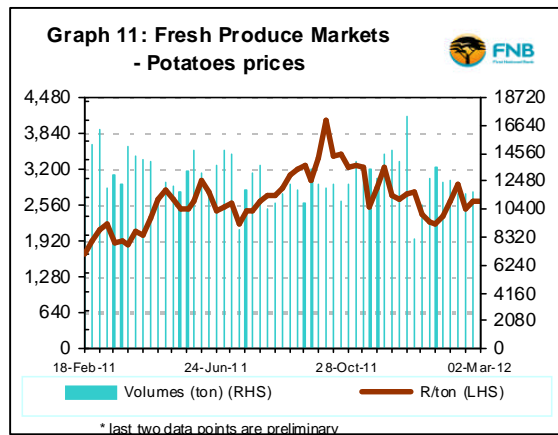
May-12			Jul-12			Sep-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,340	165	185	4,360	303	343	4,420	352	461
4,300	145	205	4,320	283	363	4,380	332	481
4,260	128	228	4,280	264	384	4,340	313	502

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

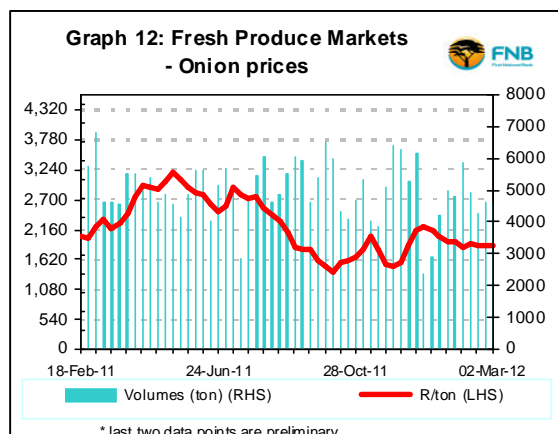
Tomato prices maintained their downward trend due to increased supplies on markets. Prices were down 26.6% w/w and 21.9% y/y, closing the week at R2,946/ton. Volumes traded were up 16.3% and 17.2% y/y closing the week at 4,218 tons. Prices are expected firm slightly on improved uptake.


Potatoes

Potato prices lost their momentum due to limited uptake on markets. Prices were down 14.4% w/w but still up 49.5% y/y week at R2,509/ton. Volumes traded were down 0.4% w/w and 8.7% y/y closing the week at 11,560 tons. Prices are however expected to bottom out and strengthen in short term.


Onions

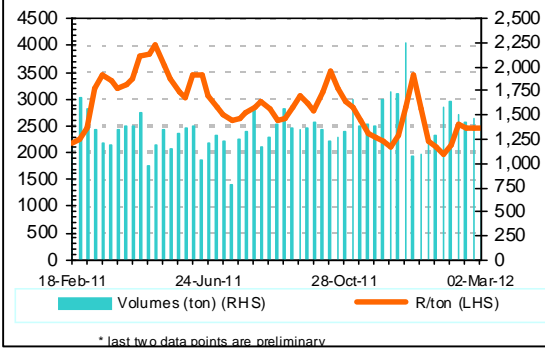
Onion prices posted slight losses due to limited uptake on markets. Prices reached R1,866/ton, down 1.5% w/w and 8.4% y/y. Volumes traded were down 13.6% w/w and 1.1% y/y closing the week at 4,260 tons. It is expected that prices will trend sideways with limited upward momentum in the medium term.



Carrots

Carrot prices lost momentum and weakened due to limited uptake on markets. Prices were down 2.5% w/w but still up 13.8% y/y closing the week at R2,462/ton. Volumes traded reached 1,422 tons, down 5.8% w/w but still up 10.5% y/y. Prices are expected move sideways with limited upward potential in the short term.

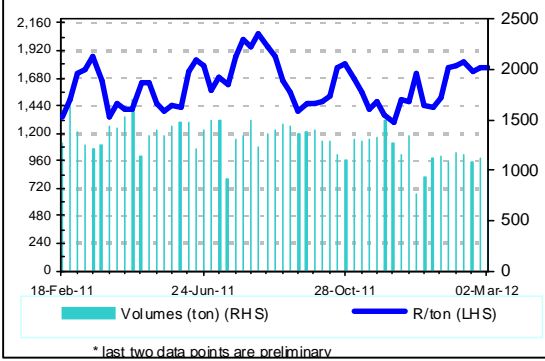
Graph 13: Fresh Produce Markets - Carrot prices



Cabbages

Carrot prices posted sharp gains due to limited supplies on markets. Prices were up 17.3% w/w and 17.4% y/y closing the week at R2,526/ ton. Volumes traded reached 1,510 tons, down 7.8% w/w but still up 16.3% y/y. Prices are expected to firm slightly due to limited supplies on markets.

Graph 14: Fresh Produce Markets - Cabbage prices



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

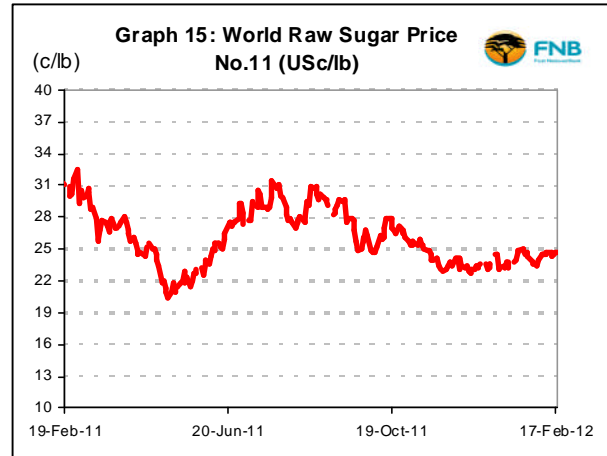
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)

Week ending 17 February 2012	Average Price (R/t)	w/w	Y/y	Total Volume (t)	w/w	Y/y
Tomato	2,946	-26.6%	-21.9%	4218	16.3%	17.2%
Potato	2,509	-14.4%	49.5%	11560	-0.4%	-8.7%
Onion	1,866	-1.5%	-8.4%	4260	-13.6%	-1.1%
Carrot	2,462	-2.5%	13.8%	1422	-5.8%	10.5%
Cabbage	1,748	-4.1%	30.1%	1079	-6.8%	-15.3%

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

Sugar market trends (Graph 15)

- International:** World raw sugar prices rebounded and finished the week moderately higher. The supply outlook remains bearish with good crops for Russia and Europe while India is reportedly back in the export market after lifting export controls. The exception is Brazil with unfavourable weather conditions expected to reduce output. Raw sugar prices increased by 3.4% w/w to 24.52c/lb, but still down 22.8% y/y. Raw Sugar futures on ICE (US c/lb) were up across the board: Raw sugar for May-12 was up 2.3% w/w 23.79c/lb, Jul-12 was up 2.2% w/w at 23.27c/lb, Mar-13 was up 1.0% w/w at 24.29c/lb, Jul-13 was up 0.6% w/w at 23.71c/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 17 February 2012	May-12	July-12	Oct-12	Mar-13	May-13
Sugar No.11 (US c/lb)	23.77	23.16	23.50	24.20	23.97
% Change w/w	-0.1%	-0.4%	-0.6%	-0.7%	-0.1%

Disclaimer:

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