


**20 April 2012**
[pmakube@fnb.co.za](mailto:pmakube@fnb.co.za)  
<https://www.fnbagricomms.co.za>

### Beef market trends (Graph 1)

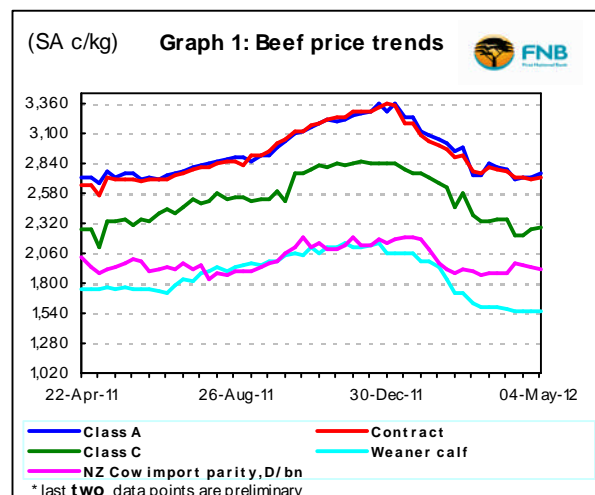
- International:** US lean boneless processing beef prices ended firm to higher on improved uptake and moderate supplies. Market activity on imported beef was reportedly slow but prices were mostly higher. Boxed beef cutout values, the indicator of beef prices at wholesale level, posted sharp gains on good demand and limited supplies. Choice beef gained 4.1% w/w but still down 1.2% y/y at \$185.12/ cwt. Select beef gained 3.3% w/w and 0.5% y/y, settling \$183.12/cwt. In the cattle market, the CME Feeder Cattle Index increased by 0.7% w/w and 13.4% y/y at \$150.18/cwt. According to the USDA, US cattle and calves on feed for slaughter market totalled 11.5m head as of 1<sup>st</sup> of April 2012, up 2.0% y/y. Placements in feedlots during March were reported down by 6.0% y/y at 1.79m. The cattle market in Australia extended losses on increased supplies across most markets.

This saw the benchmark young cattle indicator easing 4.4% w/w and 4.4% y/y to settle at AU\$3.72/kg cwt.

- Domestic:** The beef market moved sideways to firmer for the week. Weekly Class A beef was firmer at R27.16/kg, almost unchanged y/y. Class C beef was firmer at R22.23/kg, but still down 2.0% y/y. Class A beef increased marginally by 0.3% w/w and 3.0% y/y at R27.27/kg. Weaner calves continued to weaken under pressure due to limited demand and abundant supplies on markets. Weekly weaner calf prices closed down 0.4% w/w and 11.0% y/y at R15.60/kg live weight.

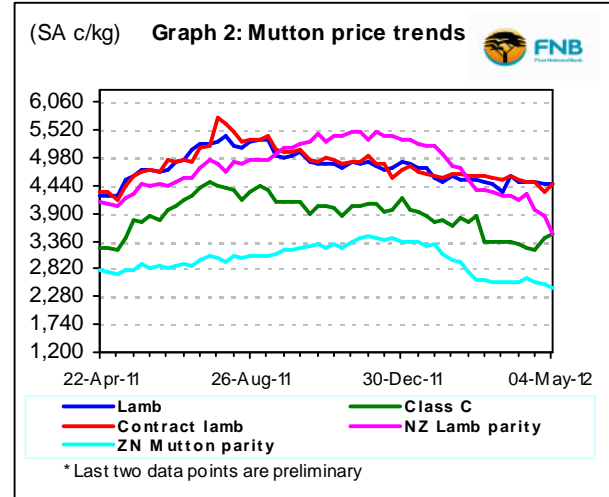
### OUTLOOK

Prices are expected to remain under pressure and weaken in the medium term due to the seasonal increase in supplies.



**Mutton market trends (Graph 2)**

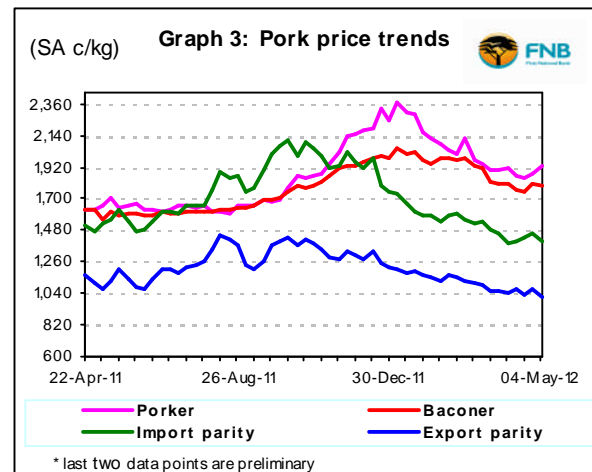
- International:** US Lamb Carcass Cutout values eased lower on light to moderate demand. Weekly lamb carcass cutout values fell by 0.7% w/w and 9.2%y/y, ending the week at \$335.07/cwt. In Australia, lamb prices continued to weaken under pressure due higher volumes on markets. The Eastern Trade Lamb Indicator fell sharply by 10.5% w/w and 34.6% y/y, settling the week at AU\$4.09/cwt.
- Domestic** The lamb market rebounded somewhat on improved uptake ahead of the holidays while mutton remained on an extended downward trend. Weekly Class A lamb advanced by 0.5% w/w and 6.5% y/y to settle at R45.22/kg. Weekly mutton prices eased marginally lower by 0.7% w/w and 1.1% y/y at R31.86/kg. Contract Class A lamb was down 0.3% w/w, but still 4.2% higher y/y at R45.04/kg. Weaner lamb prices ended a bit firmer on limited supplies across most markets. Weekly weaner lamb prices advanced by 0.8% w/w and 8.1% y/y to settle at R22.33/kg live weight.


**OUTLOOK**

Lamb and mutton prices are expected to trend sideways with limited upward potential in the medium term.

**Pork market trends (Graph 3)**

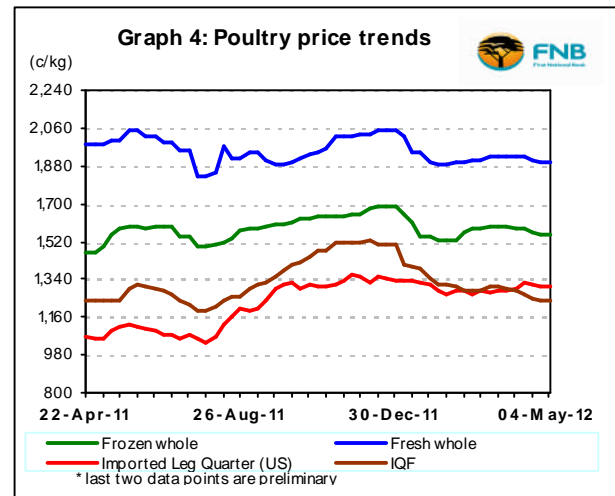
- International:** Prices on the US domestic pork market were again mixed with carcasses extending losses as a result of sluggish demand. Hams were an exception, advancing by 3.8% w/w but down 21.8% y/y at \$56.69/cwt. Loins were up 0.6% w/w at \$96.13/cwt, but still 9.9% lower y/y. Carcass prices decreased by 1.3% w/w and 19.3% y/y at \$77.34/cwt. Rib prices settled at \$138.16/cwt, down 1.9% w/w and 3.8% y/y. Meanwhile, US 2012 pork production estimate was raised by 0.1% m/m in April 2012 to 10,241m tons (WASDE). The increase is attributable to the slightly higher than expected first-quarter pig crop.
- Domestic:** The market remained under pressure with prices continuing to trend lower across the board. Weekly baconer prices closed at R17.45/kg, down 0.9% w/w but up 7.0% y/y. Porker prices closed at R18.47/kg, down 0.9% w/w but still up 13.0% y/y. Meanwhile, the quantity of pork imported increased by 3.4% m/m during March, coming in at 3,852 tons. This brings the total year-date imports to 10,104 tons, up 19.2% compared to the corresponding period last year. Major import sources were Germany with 1,079 tons (-16.6% m/m), Canada with 1,328 tons (+7.7% m/m), and Spain with 714 tons (+5.5% m/m).


**OUTLOOK**

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

**Poultry market trends (Graph 4)**

- International:** US prices were steady to firmer across most categories. Weekly whole bird prices were steady at 93.25c/lb, but up 7.8% y/y. Leg quarters maintained a steady trend, settling at 54c/lb, up 15.5% y/y. Breasts rebounded and finished marginally higher at 100.83c/lb, up 0.5% w/w and 9.3% y/y. Wings extended losses and settled at 187.83c/lb, down 0.4% w/w but still up 129.8% y/y. Demand at retail and food service was reportedly light to moderate ahead of the weekend. US broiler production estimate for 2012 was raised marginally by 0.7% m/m in April to 16,448m tons, but still down 1.7% y/y. The increase is attributable to better prices for the first half of 2012. However, the export estimate was reduced as higher prices curtail demand.



- Domestic:** The broiler market remained on an extended downtrend on higher volumes. Trading activity was moderate to slow with the market fairly saturated with product. IQF prices closed at R12.44/kg, down 1.8% w/w but almost unchanged y/y. The medium fresh whole bird prices were down 1.0% w/w and 4.1%y/y, settling the week at R19.03/kg. The medium frozen decreased by 1.6% w/w and 6.4% y/y and settled at R15.60/kg.

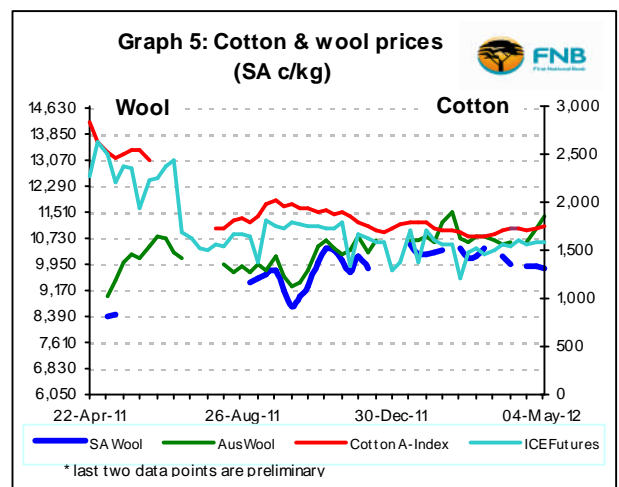
**OUTLOOK**

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

Producer prices for selected livestock commodities 20 April 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	27.16	45.22	18.47	19.03
Open market: Class C / Baconer / Frozen whole birds(R/kg)	22.23	31.86	17.30	15.60
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	27.27	45.04	17.45	12.44
Import parity price (R/kg)	19.57	25.47	14.29	13.12
Weaner Calves / Feeder Lambs (R/kg)	15.60	22.33		

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

- International:** Cotton prices extended losses on bearish stocks outlook, however the reduced production estimates and reports of an export drive out of India helped limit further declines. Weekly prices eased by 0.2% w/w and 47.6% y/y to close at 98.99c/lb. The USDA's forecast for 2011/12 world cotton ending stocks came in sharply higher 66.1m bales in the latest outlook report. The increase is attributable to historical adjustments for India that increased beginning stocks by 3.25m bales and ending stocks by 1.6m bales. With higher stocks and reduced consumption estimates, the 2011/12 stocks-to-use ratio was set at a record 61.3%. This is expected to limit upside price movement going forward. World production estimate for 2011/12 fell by 500,000 bales to 123.1m, as reductions for India, the United States, and others were partially offset by increases for Pakistan and Sudan.



Cotton futures on ICE: Cotton for Jul-12 gained 1.4% w/w to close at 91.01c/lb, Oct-12 was up 0.6% w/w at 91c/lb, and Dec-12 was down 0.5% w/w at 88.28c/lb.

Wool: The Australian wool market retained the weaker trend, which saw the weekly market indicator EMI settling down 12.1% y/y at AU\$11.65/kg clean.

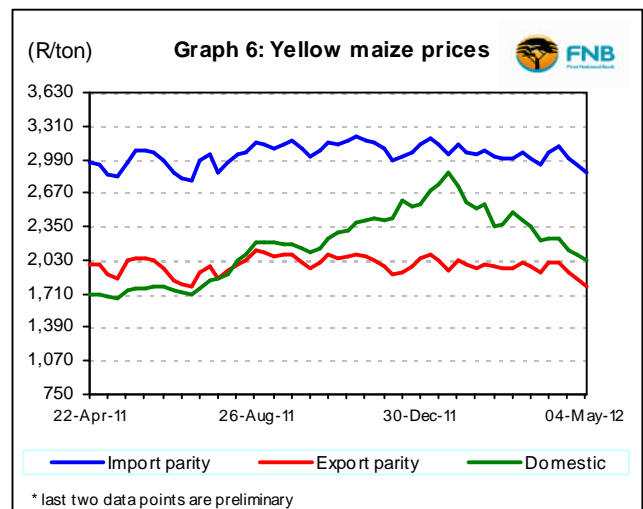
- **Domestic:** Sales resumed on a softer note with the weekly market indicator Cape Wools Merino settling at R99.11/kg clean, but still up 0.2% and 8.0% compared to the current season's average and the opening sales respectively. Major wool buyers Standard Wool SA with 2,961 bales (28.0%), G Modiano SA with 2,660 bales (25.1%), Lempriere SA with 2,399 bales (22.7%), and Stucken and Co with 1,329 bales (12.6%).

Fibre market prices 20 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)	99.11	106.34		
19 $\mu$ long length wool (R/kg)	111.30	112.40	13.00	12.70
21 $\mu$ long length wool (R/kg)	103.02	107.47	12.30	12.00
23 $\mu$ long length wool (R/kg)	97.71	102.35	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)	17.10	2.18	2.00	2.00

*Cotton Futures on ICE;*

#### Yellow maize market (Graph 6)

- **International:** US yellow maize prices posted modest losses on bearish supply outlook and weak export demand. Unconfirmed reports of strong Chinese buying supported the market by mid-week but prices declined sharply late in the week as these rumours fell through. The bearish WASDE report added to the weaker tone. The USDA made no changes to the US supply-demand estimates versus market expectations of a reduction in the 2011/12 ending stocks to 18.2m from 20.3m tons. World ending stocks came in at 122.7m tons compared to 124.5m last month and 125.02m tons last year. Meanwhile, poor weather conditions and lower than expected yields may force a further cut in production estimates for Brazil. Maize futures on CME: Maize for Jul-12 decreased by 2.8% w/w at \$238/t, Sep-12 was down 1.9% w/w at \$215/t, Dec-12 was down 0.1% w/w at \$211/t, and Mar-13 was down 0.1% w/w at \$216/t.
- **Domestic:** Yellow maize prices fell sharply under pressure due to the appreciating currency (Rand vs US Dollar) and the spillover weakness from CBOT. Weekly yellow maize prices decreased by 5.1% w/w but still 24.9% higher at R2,129/ ton. Yellow maize import parity prices ended the week down 3.3% w/w, but still 1.6% higher y/y.  
 Yellow futures on the JSE: Yellow maize for Jul-12 decreased by 4.9% w/w (-R110/t), Sep-12 was down 4.3% w/w (-R98/t), and Dec-12 was down 4.5% w/w (-R103/t).



#### OUTLOOK

Internationally, producers are expected to expand their operations in response to better prices. As a result, the market will come under pressure in the medium term with upside potential only possible if weather patterns turn negative during critical phase of pollination.

Yellow Maize Futures 20 April 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13
CBOT (\$/t)	237.58	214.73	211.42	215.75	218.91
JSE (R/t)	2,072	2,103	2,125	2,140	2,000
CHICAGO CORN (R/t)	1,905	1,738	1,721	-	-

**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
2,180	121	77	2,200	173	142	2,240	186	146
2,140	99	95	2,160	151	160	2,200	164	164
2,100	79	115	2,120	131	180	2,160	143	183

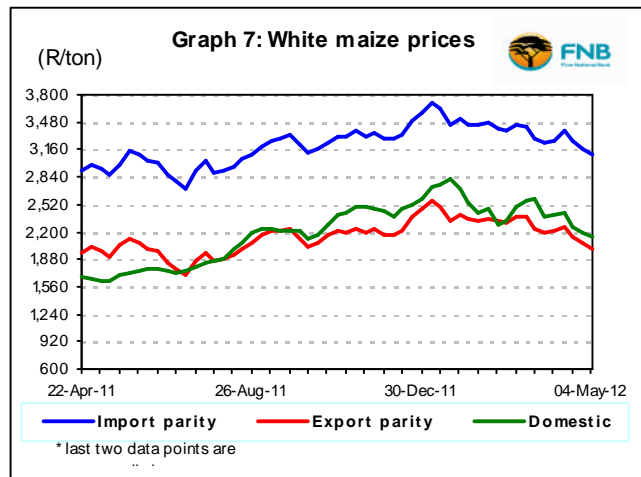
### White maize market trends (Graph 7)

- International:** As with yellow maize, US white maize prices posted modest losses on the back of a bearish WASDE report and reduced export demand. Weekly average white maize prices fell by 3.5% w/w and 3.9% y/y to settle at \$278/ ton.
- Domestic:** White maize prices registered the biggest loss under pressure due to the lower CBOT and a stronger Rand. Weekly white maize prices settled at R2,252/ ton, down 6.8% w/w but still 35.3% higher y/y. White maize import parity prices finished the week down 3.7% w/w but still 11.5% higher y/y. Meanwhile, the smaller expected harvest and tight ending stocks outlook will help support the market in the medium to longer term.

White maize futures on the JSE: White maize for Jul-12 fell by 1.5% w/w (-R34/t), Sep-12 was down 1.3% w/w (-R30/t), Dec-12 was down 1.2% w/w (R28/t).

### OUTLOOK

Internationally, producers are expected to expand their operations in response to better prices. As a result, the market will come under pressure in the medium term with upside potential only possible if weather patterns turn negative during critical phase of pollination.



White Maize Futures 20 April 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13
JSE (R/t) WM <sub>1</sub>	2,136	2,169	2,200	2,208	-

**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
2,180	121	77	2,200	173	142	2,240	186	146
2,140	99	95	2,160	151	160	2,200	164	164
2,100	79	115	2,120	131	180	2,160	143	183

**Wheat market trends (Graph 8)**

- International:** Wheat prices extended losses on improved crop conditions and the bearish supply outlook. The US 2011/12 ending stocks estimate was cut by 0.9m to 21.6m tons, with the US stocks-to-use ratio coming in at 36.2% (versus the previous 38.2%). World 2011/12 ending stocks was pegged at 206.3m tons from 209.6m in the previous estimate, with the stocks-to-use ratio declining marginally from 30.0% from 30.3%. The US weekly Crop Progress report was bearish and listed winter wheat conditions at 64.0% in good to excellent condition as compared to 61.0% in the prior week and 36.0% last year.

Futures on major exchanges: Kansas futures (KCBT): Wheat for Jul-12 decreased by 2.5% w/w at \$234/t, Sep-12 was down 2.3% w/w at \$239/t, and Dec-12 was down 1.9% w/w at \$248/t. Wheat for futures on CME: Wheat for Jul-12 decreased by 1.1% w/w at \$229/t, Sep-12 was down 0.9% w/w at \$235/t, and Dec-12 was down 0.5% w/w at \$243/t.

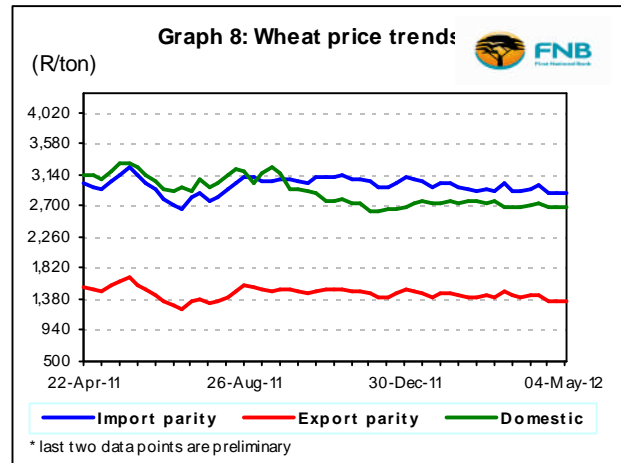
- Domestic:** Wheat prices reversed last week's gains and declined as the Rand regained some ground and international prices weakened. Weekly wheat prices declined by 1.4% w/w and 11.9% y/y to settle at R2,691/t. Wheat import parity drifted lower due to the combined effect of lower international prices and a stronger Rand/ US dollar exchange rate. Weekly import parity prices ended down 3.1% w/w and 1.0% y/y.

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.

Wheat futures on JSE trended lower across the board: Wheat for Jul-12 decreased by 1.7% w/w (R47/t), Sep-12 was down 1.7% w/w (-R47/t), and Dec-12 down 1.7% w/w (-R 47/t).

**OUTLOOK**

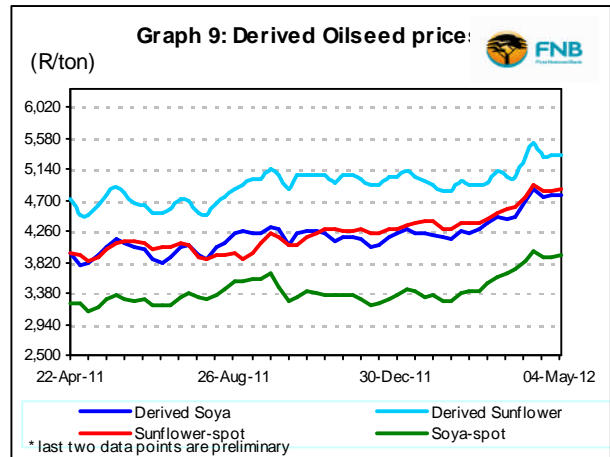
External fundamental factors will continue to play a major role in influencing market direction in the short to medium term.



Wheat Futures 20 April 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13			
KCBT (\$/t)	233.51	239.20	247.56	253.26	259.41			
JSE (R/t)	2,747	2,784	2,720	-	-			
<b>Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)</b>								
Jul-12			Sep-12			Dec-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,780	122	89	2,820	202	166	2,760	186	146
2,740	100	107	2,780	181	185	2,720	164	164
2,700	81	128	2,740	160	204	2,680	144	184

**Oilseed market trends (Graph 9)**

- International:** US soybean prices posted marginal losses on indications that planted area might increase. However, late week rally due to renewed export demand and talk of reduced South American sales helped limit further losses. USDA's 2011/12 US ending stocks estimate was pegged at 6.8m tons, down 700,000 tons from the previous estimate. This pushed the US stocks-to-ratio to 8.2% from 9.1%. On the world front, the production estimate for South America came in lower. Argentina's production was reduced by 1.5m tons to 45m tons. In the case of Brazil, the estimate was cut by 2.5m to 66m tons. As a result the world ending stocks dropped to 55.52m tons, down 1.8m from the previous estimate.



Futures in the soybean complex: Soybean for Jul-12 advanced by 0.6% w/w at \$533/t, Aug-12 was up 0.9% w/w at \$528/t, and Sep-12 was up 0.3%w/w at \$513/t.

Soymeal for Jul-12 was up 3.0% w/w at \$409.90/t, Aug-12 was up 3.7% w/w at \$404.70/t, Sep-12 was up 2.9% w/w at \$389.50/t, and Oct-12 was up 1.2% w/w at \$369.50/t.

Soybean oil for Jul-12 decreased by 1.0% w/w at 56.28c/lb, Aug-12 was down 1.0% w/w at 56.46c/lb, and Oct-12 was down 1.1% w/w at 56.69c/lb.

- Domestic:** Oilseeds traded on JSE ended lower across the board pressured by the appreciating currency (R/US\$) and the spillover weakness on the CBOT market. Sunflower prices settled at R4,826/ton, down 1.8% w/w but still 22.1% higher y/y. Soybean prices decreased by 2.2% w/w but still 20.4% y/y higher at R3,892/ ton.

**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.

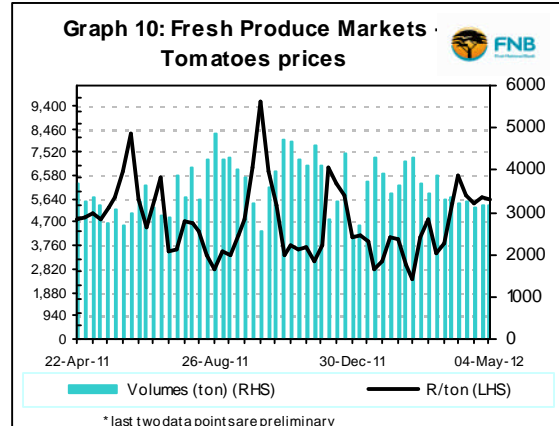
Oilseeds Futures 20 April 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13
CBOT Soybeans (US \$/t)	512.80	-	485.75	485.02	512.80
CBOT Soya oil (US c/lb)	56.61	56.96	57.30	57.40	56.61
CBOT Soya cake meal (US\$/t)	389.50	368.00	356.50	348.20	389.50
JSE Sunflower seed (R/t)	4,815	-	-	-	4,815
JSE Soybean seed (R/t)	4,016	-	-	-	4,016

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

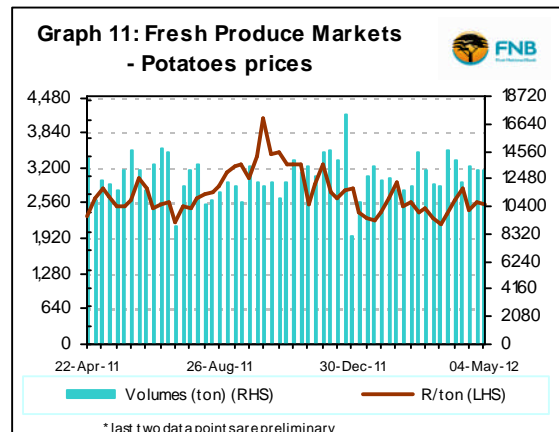
Jul-12			Sep-12			Dec-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,920	305	265	4,860	406	361			
4,880	283	283	4,820	384	379			
4,840	263	303	4,780	363	398			

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

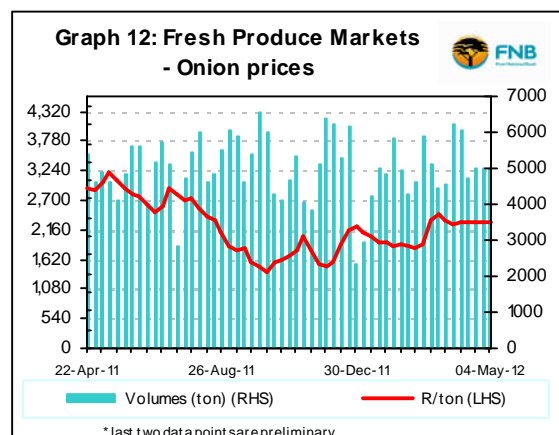
Tomato prices posted modest losses as a result of weak uptake on markets. Prices fell by 6.0% w/w but up 12.4% y/y and settled the week at R5,449/ton. Volumes traded were down 4.6% w/w and 15.7% y/y, coming in at 3,122 tons. Prices are however expected to bottom out and firm slightly in the short term on moderation in supplies, but the medium term outlook remains bearish.


**Potatoes**

Potato prices weakened under pressure due to higher volumes across most markets. Prices were down 14.9% w/w but still 3.8% higher y/y, closing the week at R2,424/ton. Volumes traded were up 9.8% w/w but 4.2% lower y/y, closing the week at 13,407 tons. Prices are however expected to bottom out and firm slightly in the short term but with limited upward potential in the medium term.


**Onions**

Onion prices were relatively flat, almost unresponsive to the higher volumes. Prices reached R2,298/ton, down 0.1% w/w and 21.6% y/y. Volumes traded were up 6.8% w/w but 7.2% lower y/y, closing the week at 5,016 tons. Prices are however expected to retain the current momentum in the short to medium term.

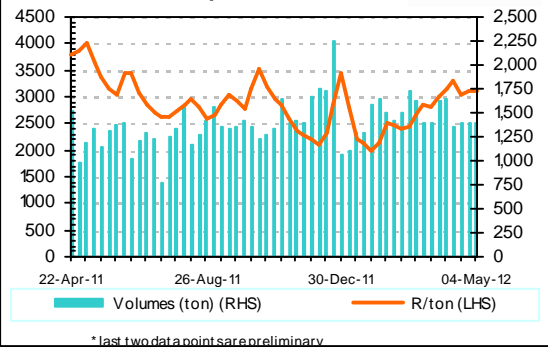




### Carrots

Carrot prices finished sharply lower due to increased supplies on markets. Prices fell by 7.9% w/w and 20.3% y/y, closing the week at R3,025/ton. Volumes traded reached 1,386 tons, up 2.8% w/w but still 9.0% lower y/y. Prices are expected to firm slightly but with limited upward potential in the medium term.

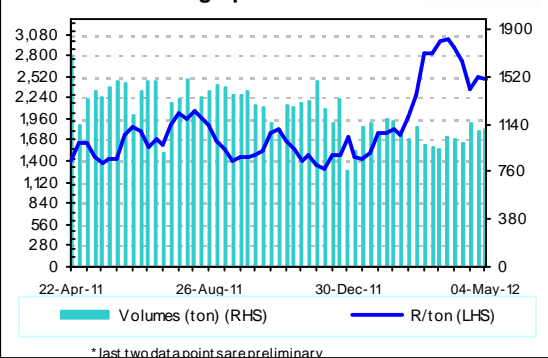
**Graph 13: Fresh Produce Markets - Carrot prices**



### Cabbages

Cabbage prices posted sharp losses on the back of increased supplies on markets. Prices fell by 14.0% w/w but were still up 66.0% y/y, closing the week at R2,346/ton. Volumes traded reached 1,155 tons, which is 17.1% higher w/w but 31.6% lower y/y. It is however expected that prices will improve somewhat in the short term on moderation in supplies.

**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 20 April 2012	Average Price (R/t)	w/w	Y/y	Total Volume (t)	w/w	Y/y
Tomato	5,449	-6.0%	12.4%	3122	-4.6%	-15.7%
Potato	2,424	-14.9%	3.8%	13407	9.8%	-4.2%
Onion	2,298	-0.1%	-21.6%	5016	6.8%	-7.2%
Carrot	3,025	-7.9%	-20.3%	1386	2.8%	-9.0%
Cabbage	2,346	-14.0%	66.0%	1155	17.1%	-31.6%

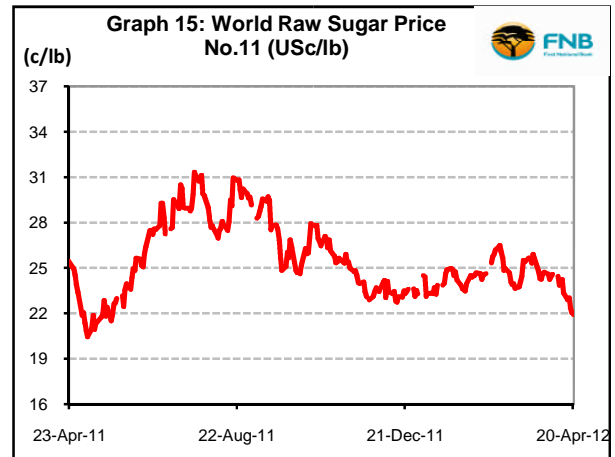
\* Daily prices also available at <https://www.fnbagricomms.co.za>

**Sugar market trends (Graph 15)**

- International:** World raw sugar prices posted sharp losses on demand concerns and improved supply outlook. Raw sugar prices decreased by 6.3%w/w and 9.6% y/y to settle at 22.45c/lb. Meanwhile, the Brazilian government is reported to have projected an increase in sugar production by 2.0m to 38.9m tons during the current season. This follows a season that was negatively affected by poor weather and frost. Elsewhere, Thailand the world's second largest sugar exporter is reportedly expecting exports to reach a record this season with India as well in line for a bumper crop.

Raw Sugar futures on ICE (US c/lb): Sugar for Jul-12 decreased by 5.5% w/w at 21.55c/lb, Oct-12 was down 5.3% w/w at 21.97c/lb, and May-13 was down 4.0% w/w at 22.85c/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.



<b>ICE Sugar Futures 20 April 2012</b>	<b>July-12</b>	<b>Oct-12</b>	<b>Mar-13</b>	<b>May-13</b>	<b>Jul-13</b>
Sugar No.11 (US c/lb)	21.55	21.97	22.89	22.85	22.74
% Change w/w	-5.5%	-5.3%	-4.6%	-4.0%	-3.5%

**Disclaimer:**

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