

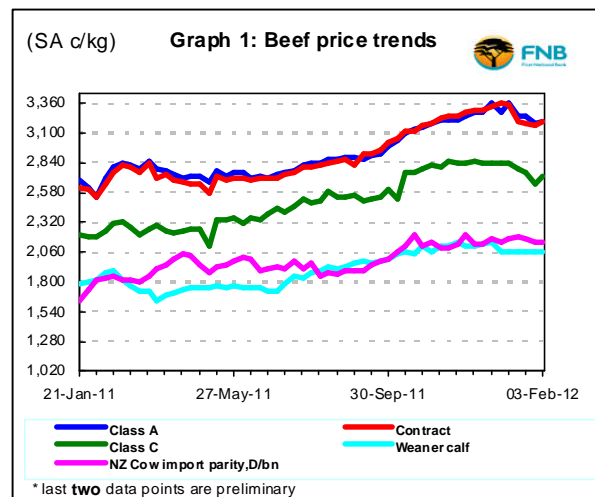


20 January 2012

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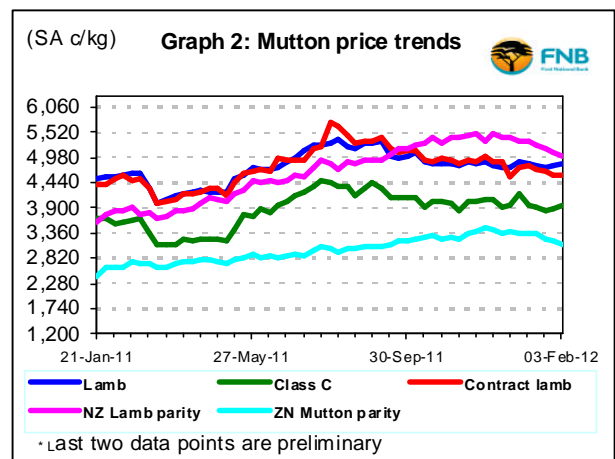
**Beef market trends (Graph 1)**

- International:** US lean boneless processing beef market strengthened further on good demand and tight supplies. Market activity on imported beef was reportedly moderate with tight supplies and strong domestic market continuing to support prices. Boxed beef cutout values trended lower for Select (-2.9% w/w) and Choice (-2.9% w/w) categories due to moderate demand and moderate to heavy supplies. 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. In Australia, cattle prices eased lower in light trade. the benchmark young cattle indicator EYCI fell 2.2% w/w and 0.4% y/y to close at AU\$4.04/kg cwt.
- Domestic:** Beef prices extended losses on the back of weak demand. Market activity was slow as buyers remained on the sidelines. Weekly Class A beef fell by 0.2% w/w to close at R32.45/kg, but still up 20.9% y/y. Contract Class A beef closed at R31.91/kg, down 0.2% w/w but still up 22.1% y/y. Class C beef eased lower by 1.1% w/w to close at R27.57/kg, but still up 24.9% y/y. Weaner calf prices were steady on limited supplies. Weekly weaner calf prices traded at R20.70/kg live weight, up 16.3% 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 weak seasonal demand.



**Mutton market trends (Graph 2)**

- International:** US Lamb Carcass Cutout continued to trend lower. The estimated carcass cutout value fell by 1.2% w/w but still up 14.8% y/y at \$359.82/cwt. The estimated slaughter number came in at 37,000 head, down 5.1% w/w but still up 5.7% y/y. Australian lamb prices moved sideways despite a significant drop in supplies. The market indicator ESTL closed at AU\$4.87/kg cwt, but still down 17.7% 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% y/y and 13.0% y/y



respectively. However, exports to China rose sharply by 40.0% to 37,585 tons.

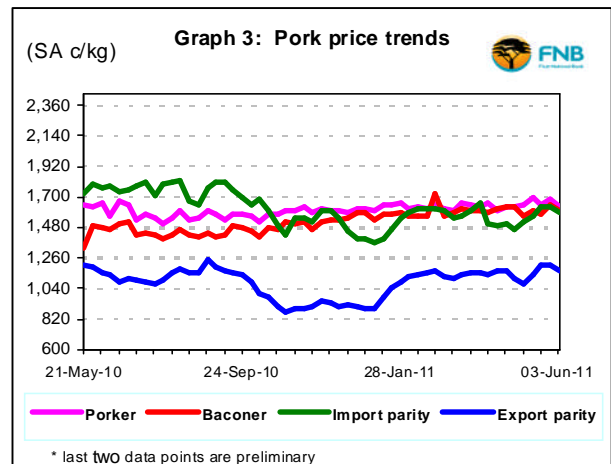
- **Domestic:** Lamb and mutton prices continued to trend lower due to seasonal weakness in demand. Weekly Class A lamb closed at R47.71/kg, down 0.6% w/w but still up 5.1% y/y. Contract Class A lamb fell by 1.1% w/w at R46.64/kg, but still up 5.7% y/y. Mutton prices were softer at R38.59/kg, down 1.3% w/w but still up 5.4% y/y. Weaner lambs rebounded after a sharp fall last week due to limited supplies across most markets. Prices advanced by 1.5% w/w and 6.4% to close at R22.17/kg live weight.

#### • **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 were up across most categories with the exception of hams. Weekly loin prices advanced by 6.1% w/w at \$98.36/cwt, but still down 1.4% y/y. Carcasses traded at \$85.19/cwt, up 1.5% w/w but down 0.4% y/y. Ribs closed at \$145.98/cwt, up 0.8% w/w and 2.2% y/y. Ham prices fell by 3.3% w/w and 5.6% y/y at \$63.82/cwt. 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).



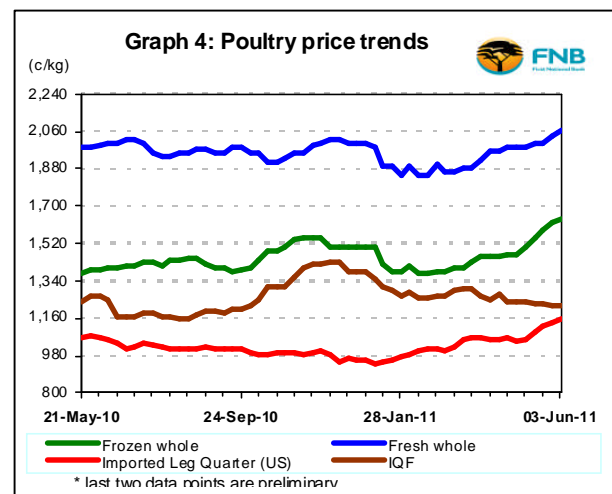
- **Domestic:** Prices were steady to lower on subdued demand. Weekly baconer prices were a bit firmer at R20.22/kg, up 0.6% w/w and 29.0% y/y. Porker prices were still softer at R22.95/kg, down 0.2% w/w but still up 40% y/y. Weekly import parity prices fell by 4.3% w/w but still up 19.0% y/y. Meanwhile, monthly imports for December 2011 slowed to 2,202 tons, down 26.4% m/m but still up 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 0.3% w/w and 6.4% y/y at 90.42c/lb. Breast cuts traded at 87.17c/lb, up 1.2% w/w and 7.9% y/y. Leg quarter prices were up 0.6% w/w and 38.8% y/y at 53.67c/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. Weekly US broiler egg sets and chick placements were reported down 6.0% y/y and 4.0% y/y respectively. The number available for marketing for the week ending 25 Feb-2012 was estimated at 149.2m head, down 5.9% y/y.



- **Domestic:** Prices continued to weaken due to subdued demand and abundant stocks. Weekly IQF prices fell by 0.7% w/w but still up 7.5% y/y at R13.87/kg. Medium frozen whole birds fell by 3.8% w/w but still up 11.9% y/y at R15.46/kg. Medium fresh whole birds were the exception and traded sideways but still up 2.8% y/y at R19.45/kg. Import parity prices for poultry (LQ) ended lower mainly on Rand strength.

Weekly import parity prices fell by 0.3% w/w but still up 38.0% y/y. Meanwhile, producers are facing tight margins as broiler prices soften while sharply higher maize prices increase the cost of feed. Maize prices have so far risen by 93.7% y/y.

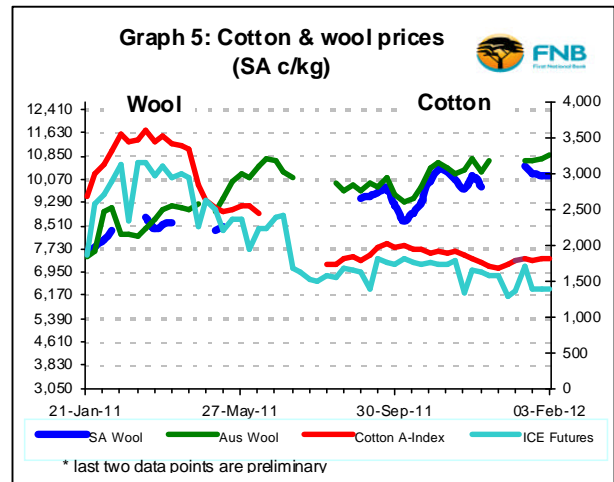
- **OUTLOOK**

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 20 January 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	32.45	47.71	22.92	19.45
Open market: Class C / Baconer / Frozen whole birds(R/kg)	27.57	38.59	20.10	15.46
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	31.91	46.64	20.22	13.87
Import parity price (R/kg)	21.75	32.27	16.04	13.22
Weaner Calves / Feeder Lambs (R/kg)	20.70	22.17		

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

- International: Cotton prices extended recent gains supported by positive economic news out of the US and China. Weekly prices advanced by 0.7% w/w but still down 41.9% y/y at 101.49 c/lb. Cotton futures on ICE rebounded and finished modestly higher across the board: Cotton for Mar-12 advanced by 3.3% w/w at 98.60c/lb, May-12 was up 3.7% w/w at 98.63c/lb, Jul-12 was up 3.3% w/w at 98.27c/lb, Oct-12 was up 2.4% w/w at 96.88c/lb.  
Wool: In Australia, wool market finished the week softer. The weekly market indicator EMI closed at Au\$11.90/kg, down 2.1% w/w and 0.1% y/y.
- Domestic: The Wool market reversed last week's gains which saw the weekly market indicator Cape Wools Merino closing down 2.4% w/w at R102.65/kg clean wool. This is however 5.6% and 12.0% above the current season's average and the opening sale respectively and 34.2% higher y/y. Major buyers were G Modiano SA with 4,548 bales (32.6%), Standard Wool SA with 3,574 bales (25.6%), Lempriere SA with 2,034 bales (14.6%) and Stucken & Co with 1,530 bales (11.0%).

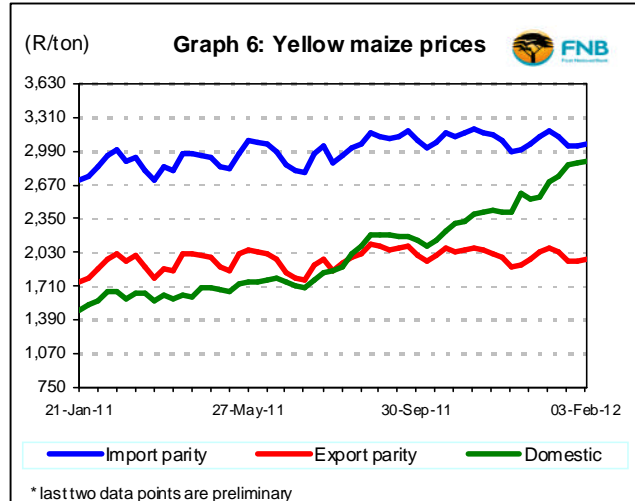


Fibre market prices 20 January 2012	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Apr-12 (AU\$/kg)	Australian futures Jun-12 (AU\$/kg)
Wool market indicator (R/kg)	102.65	106.69		
19 $\mu$ long length wool (R/kg)	118.56	118.39	13.24	12.99
21 $\mu$ long length wool (R/kg)	106.34	107.70	12.33	12.08
23 $\mu$ long length wool (R/kg)	-	101.69	10.73	10.48
	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)	17.92	2.23	2.17	2.13

Cotton Futures on ICE.

**Yellow maize market (Graph 6)**

- International:** US yellow maize prices posted modest losses on improved weather prospects out of South America (Argentina, Brazil). Rains in the affected areas may prevent further crop losses. A weaker US dollar boosted demand, which saw weekly exports sales above expectations at 759,900 tons. Maize futures on CME: Maize for Jul-12 closed up 1.3% w/w at \$244/t; Sep-12 fell by 0.4% w/w at \$227/t; Dec-12 fell by 0.6% w/w at \$217/t.
- Domestic:** The shortfall in local stocks due to strong export sales remained the dominant influence on prices. Maize exports increased sharply and reached 2.14m tons for the season to date. Weekly yellow maize exports came in at 3,045 tons and 680,950 tons for the season to date. The shortfall stimulated import demand, with yellow maize imports reaching 81,885 tons. Weekly yellow maize prices closed up 4.0% w/w at R2,863/ton, which is 93.7% higher y/y. Yellow futures on the JSE: Yellow maize for Mar-12 finished up 2.8% w/w (+R73/t), Jul-12 fell by 1.7% w/w (-R34/t), Jul-12 fell by 1.7% w/w (-R34/t).

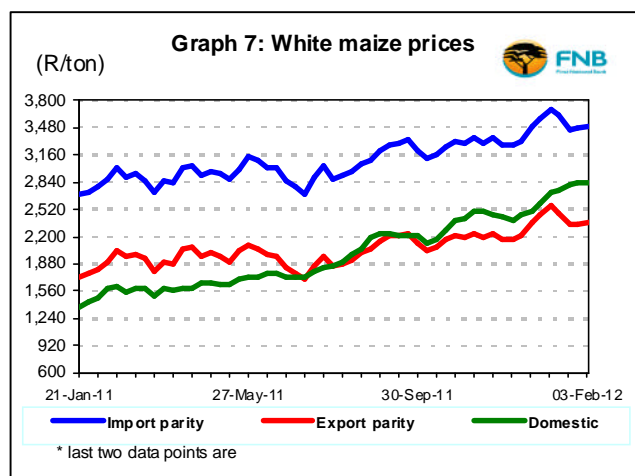

**OUTLOOK**

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

Yellow Maize Futures 20 January 2012	Mar-12	May-12	Jul-12	Sep-12	Dec-12			
CBOT (\$/t)	240.89	242.94	244.36	226.71	217.33			
JSE (R/t)	2,641	2,244	1,926	1,961	1,995			
CHICAGO CORN (R/t)	1,906	1,935	1,976	1,863	1,815			
<b>Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)</b>								
<b>Mar-12</b>			<b>May-12</b>			<b>Jul-12</b>		
<b>Ask</b>	<b>Put</b>	<b>Call</b>	<b>Ask</b>	<b>Put</b>	<b>Call</b>	<b>Ask</b>	<b>Put</b>	<b>Call</b>
2,680	121	82	2,280	175	139	1,960	173	139
2,640	99	100	2,240	153	157	1,920	151	157
2,600	80	121	2,200	133	177	1,880	131	177

**White maize market trends (Graph 7)**

- International:** US white maize prices declined under pressure due to improved crop prospects in South America and the bearish domestic and global supply outlook. Weekly average white maize prices fell by 5.0% w/w and closed at \$293/ton, but still up 17.0% y/y.
- Domestic:** White maize prices continued to trend higher on the back of lingering local supply tightness. Weekly white maize prices advanced by 2.6% w/w and closed at R2,818/ton, which is 106.4% higher y/y. Weekly white maize exports were pegged at 38,486 tons and 1.45m tons for the season. Weekly white maize import sales came in at 11,663 tons and 58,321 for the season.



White maize futures on the JSE: White maize for Mar-12 was up 0.7% w/w (+R18/t), Jul-12 was down 1.4% w/w (-R27/t), Sep-12 was down 1.5% w/w (-R30/t).

### OUTLOOK

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

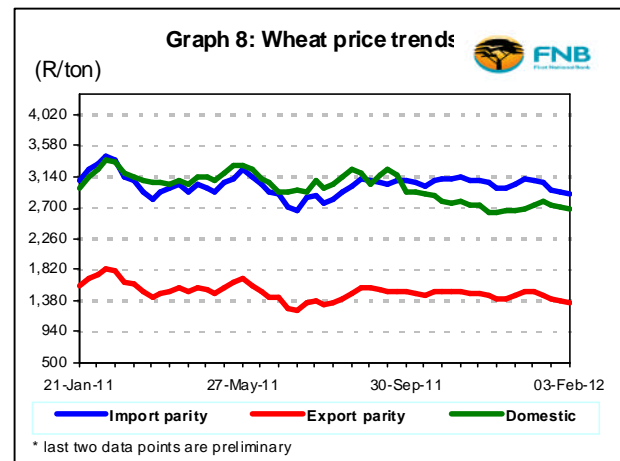
White Maize Futures 20 January 2012	Mar-12	May-12	Jul-12	Sep-12	Dec-12			
JSE (R/t) WM <sub>1</sub>	2,642	2,264	1,965	1,995	2,034			
Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Mar-12			May-12			Jul-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,680	105	67	2,300	179	143	2,000	177	142
2,640	83	85	2,260	157	161	1,960	155	160
2,600	64	106	2,220	136	180	1,920	134	179

### Wheat market trends (Graph 8)

- International:** US Wheat prices extended losses on bearish world supply outlook and improved winter wheat conditions. However, improved export demand limited further losses. Elsewhere, production problems due to poor weather conditions were reported in Ukraine. Weather forecasts for Argentina calling for a good coverage of rain and allayed fears of further crop damage due to dry conditions. Futures on major exchanges: Kansas futures(KCBT): Wheat for May-12 fell by 0.5% w/w at \$248/t, Jul-12 was down 0.5% w/w at \$252/t, Sep-12 was down 0.7% w/w at \$257/t. Wheat futures on Chicago: Wheat for May-12 fell by 2.4% w/w at \$231/t, Jul-12 was down 2.5% w/w at \$236/t, Sep-12 was down 2.4% w/w at \$243/t.
- Domestic:** Wheat prices soften slightly on the back of lower international prices and a stronger Rand. Weekly wheat prices fell by 1.2% w/w and 2.5% to close at R2,745/t. Wheat import parity prices weakened on Rand strength and lower international prices. Wheat imports for the 2011/12 marketing advanced to 503,070 tons and exports advanced to 60,494 tons. Major suppliers for the season to date are Russia (24.9%), Australia (22.5%), Germany (21.1%), USA (14.7%), Canada (8.4%) and Argentina (4.5%). Argentina accounted for 37.5% of the total imports for the 2010/11 season. Wheat futures finished steady to firmer: Wheat for Mar-12 fell by 1.4% w/w (-R40/t), May-12 was down 1.8% w/w (-R50/t), Jul-12 was down 0.9% 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 20 January 2012	Mar-12	May-12	Jul-12	Sep-12	Dec-12
KCBT (\$/t)	248.30	251.79	256.84	256.84	263.82
JSE (R/t)	2,755	2,791	2,844	-	-

**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
2,800	90	45	2,840	155	106	2,880	171	135
2,760	67	62	2,800	132	123	2,840	149	153
2,720	48	83	2,760	112	143	2,800	129	173

### Oilseed market trends (Graph 9)

- International:** US soybean prices were a bit softer on improved South American weather conditions. However soybean products ended mixed with soymeal strengthening on reports of renewed Chinese demand and a weaker US dollar. Weather developments in South America will be closely monitored as further adverse conditions will reduce harvests. Prices in the soybean complex: Soybean prices fell by 0.4% w/w and 13.9% y/y to close at \$462/t. Soyoil fell by 1.0% w/w and 6.3% y/y, closing at 50.00c/lb. Soymeal was the exception, advancing by 3.7% w/w but still down 17.2% y/y at \$310/t.

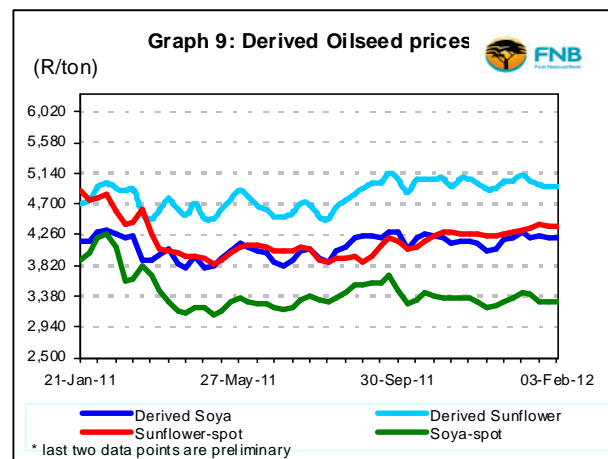
Futures in the Soybean complex (CBOT): Soybean for May-12 advanced by 2.4% w/w at \$439/t, Jul-12

was up 2.3% w/w at \$443/t. Soymeal for Jul-12 was up 2.8% w/w at \$316/t; Sep-12 was up 1.8% w/w at \$314/t, Dec-12 was up 0.8% w/w at \$309/t. Soyoil for Jul-12 was up 0.4% w/w at 51.25c/lb, Sep-12 was up 0.3% w/w at 51.42c/lb, Dec-12 was up 0.2% w/w at 51.54c/lb.

- Domestic:** Oilseeds traded on JSE ended mixed. Soybean prices extended losses on the back of lower CBOT prices and a stronger Rand. Weekly soybeans prices fell by 3.1% w/w and 14.9% y/y, closing at R3,311/t. Sunflower prices retained a firmer trend at R4,396/t, up 0.7% w/w but still down 9.9% 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). May-12 closed up 1.1% w/w (+R50/t), Jul-12 was up 0.8% w/w (+R35/t). Soybean futures: Soybean for May-12 fell by 0.1% w/w (-R3/t), Jul-12 was down 0.7% w/w (-R23/t), Sep-12 was down 1.2% w/w (-R43/t).

### OUTLOOK

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



Oilseeds Futures 20 January 2012	Mar-12	May-12	Jul-12	Sep-12	Dec-12
CBOT Soybeans (US \$/t)	436.15	439.23	442.54	441.37	-
CBOT Soya oil (US c/lb)	50.43	50.86	51.25	51.42	51.54
CBOT Soya cake meal (US\$/t)	311.90	313.90	316.30	314.10	310.20
JSE Sunflower seed (R/t)	4,420	4,400	4,440	4,330	-
JSE Soybean seed (R/t)	3,380	3,430	3,468	3,508	-

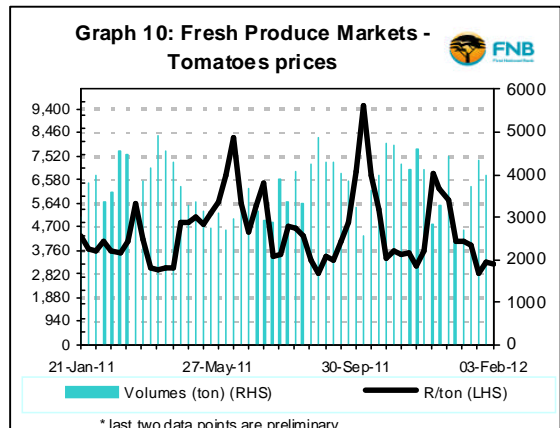
**Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)**

Mar-12			May-12			Jul-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,460	144	104	4,440	232	192	4,480	384	344
4,420	122	122	4,400	210	210	4,440	362	362
4,380	102	142	4,360	190	230	4,400	341	381

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

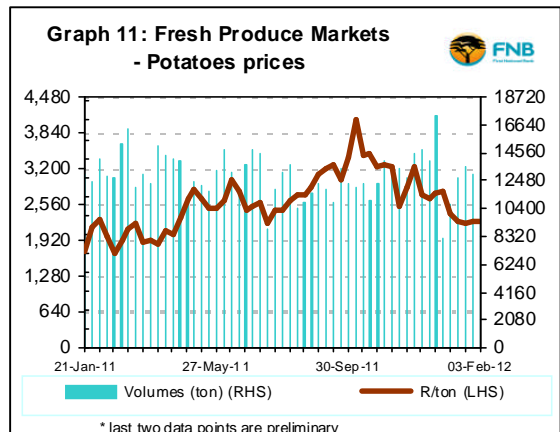
- Tomatoes**

Tomato prices posted sharp losses due to increased supplies across most markets. Weekly tomato prices dropped by 28.1% w/w and 35.0% y/y to close at R2,848/ton. Volumes traded increased by 16.1% w/w and 43.5% y/y, coming in at 4,317 tons. It is however expected that prices will bottom out in the short term on improved uptake.



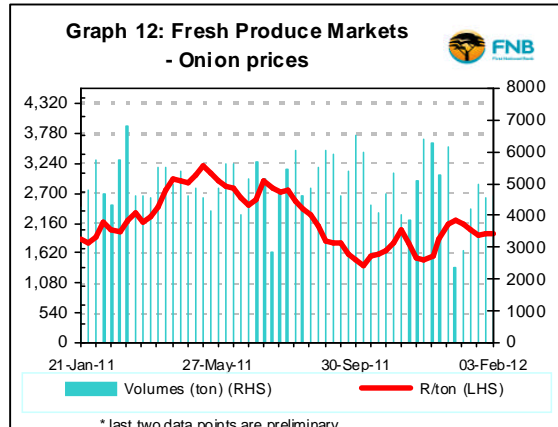
- Potatoes**

Potato prices moved slightly lower on improved volumes on markets. Weekly potato prices fell by 1.7% w/w but still up 29.4% y/y at R2,237/ton. Volumes traded were modestly higher at 13,472 tons, up 5.9% w/w and 4.0% y/y. Prices are expected to trend sideways with limited upside potential in the short term.



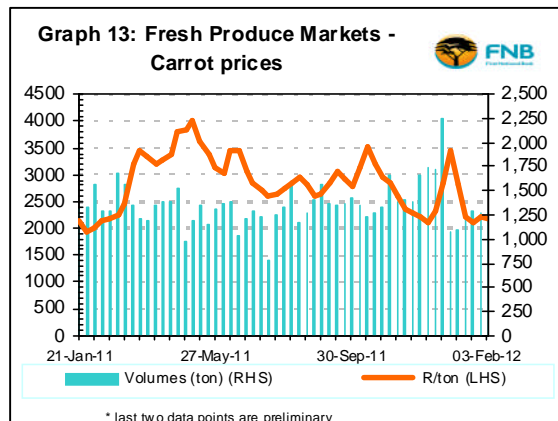
- Onions**

Onion prices drifted lower as a result of limited uptake and higher volumes across most markets. Weekly onion prices decreased to R1,934/ton, down 5.8% w/w but still up 2.8% y/y. Volumes traded were up 17.7% w/w and 16.9% y/y, coming in at 4,976 tons. It is however expected that prices trend a bit firmer in the short term on improved uptake.



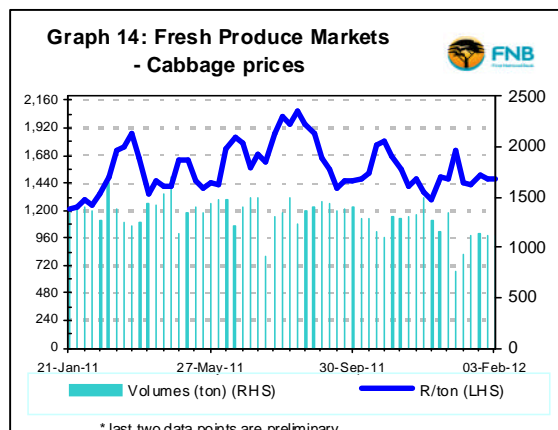
- Carrots**

Carrot prices declined under pressure due to higher volumes on markets. Prices fell by 4.4% w/w and 0.6% y/y to close at R2,122/ton. Volumes traded reached 1,297 tons, up 1.1% w/w but still down 0.4% y/y. Prices are expected to firm slightly in the short term on limited supplies.



- Cabbages**

Cabbage prices posted modest gains supported by good uptake across most markets. Weekly cabbage prices rose by 5.9% w/w and 24.0% y/y and closed at R1,510/ton. Volumes traded were pegged at 1,142 tons, which is 1.7% higher w/w but still down 14.6% y/y. It is however expected that prices will move sideways with some upward potential in the short term.


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

Week ending 20 January 2012	Average Price (R/t)	w/w	Y/y	Total Volume (t)	w/w	Y/y
Tomato	2,848	-28.1%	-35.0%	4317	16.1%	43.5%
Potato	2,237	-1.7%	29.4%	13472	5.9%	4.0%
Onion	1,934	-5.8%	2.8%	4976	17.7%	16.9%
Carrot	2,122	-4.4%	-0.6%	1297	1.1%	-0.4%
Cabbage	1,510	5.9%	24.0%	1142	1.7%	-14.6%

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

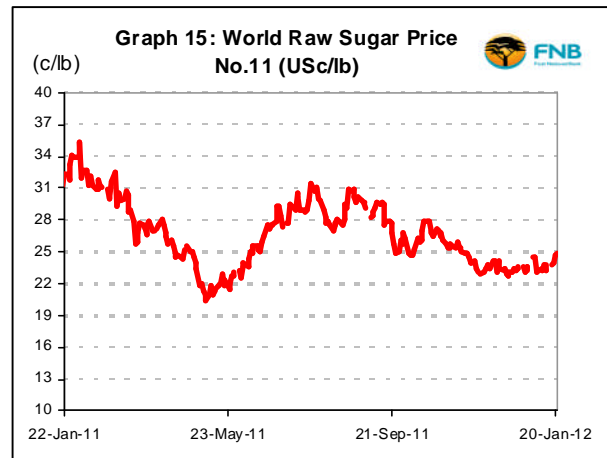


**Sugar market trends (Graph 15)**

- **International:** World raw sugar prices rebounded and ended modestly higher for the week. Weekly raw sugar prices increased by 3.6% w/w but still down 22.7% y/y to close at 24.34c/lb.

Raw Sugar futures on ICE (US c/lb): the May-12 sugar advanced by 3.7% 24.20c/lb, Jul-12 was up 2.3% w/w 23.57c/lb, Mar-13 was up 1.2% w/w at 24.22c/lb, Jul-13 was up 0.3% w/w at 23.55c/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 December 2011, dropped by R1.83/t m/m and came in at R2,993.58/t. According to the Cane Growers Association report, the decrease in price is due to an increase of 5655 ton in sugar production ((1 835 346 tons vs. 1 829 691 tons) and a the reduction in the sugar: RV ratio (93.59% vs. 94.05%). The Association still projects the RV price for the season to reach R3,019.00/ton.



ICE Sugar Futures 20 January 2012	May-12	July-12	Oct-12	Mar-13	May-13
Sugar No.11 (US c/lb)	24.20	23.57	23.78	24.22	23.86
% Change w/w	3.7%	2.3%	1.5%	1.2%	0.9%

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