

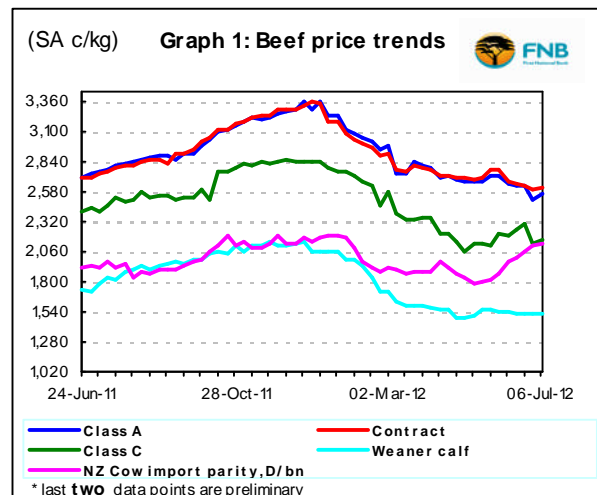


22 June 2012

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

Beef market trends (Graph 1)

- International:** US lean boneless processing beef prices extended losses on weak seasonal demand and increased supplies. US cow slaughter numbers have reportedly been on the rise in recent weeks due to poor pasture conditions. Market activity on imported beef remained slow with prices trending lower on sluggish demand. US Boxed beef cut-out values, the indicator of beef prices at wholesale level, eased lower on softer demand and moderate supplies. Choice beef was down 0.2% w/w but up 11.5% y/y at \$197.45/cwt. Select beef fell by 1.0% w/w but up 4.6% y/y at \$180.38/cwt. In the cattle market, CME Feeder Cattle Index fell by 0.6% w/w but up 17.5% y/y at \$152.89/cwt. In Australia, the benchmark EYCI was steady on the week at \$3.74/kg cwt, up 0.3% y/y. In New Zealand, farmers have reportedly been holding on to stock for longer this season due to favourable pasture conditions. The New Zealand steer prices were steady at NZ\$3.85/kg, but still down 6.0% y/y.
- Domestic:** Beef prices ended mixed with slight gains in Class C beef. Class C beef gained 2.8% w/w but still down 3.9% y/y at R23.07/kg. Weekly Class A beef fell by 0.3% w/w and 2.4% y/y to close at R26.34/kg. Contract Class A beef was down 0.8% w/w and 2.3% y/y at R26.35/kg. Weaner calf prices posted marginal gains on supply tightness. Weaner calves traded at R15.30/kg live weight, up 0.7% w/w but up 11.3% y/y.

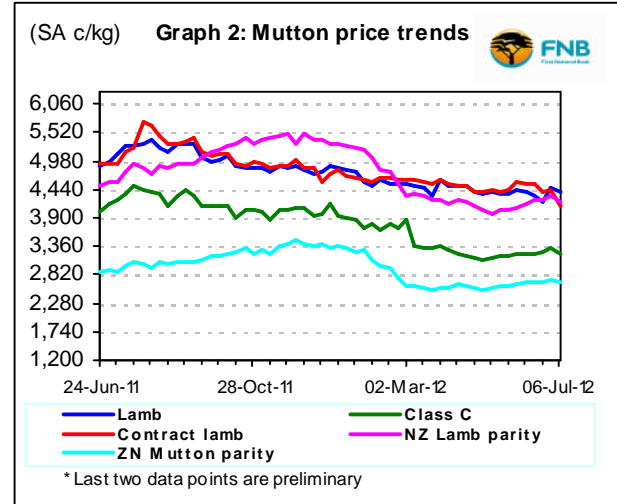


OUTLOOK

The market will maintain the current momentum in the short to medium term on seasonal weakness in demand.

Mutton market trends (Graph 2)

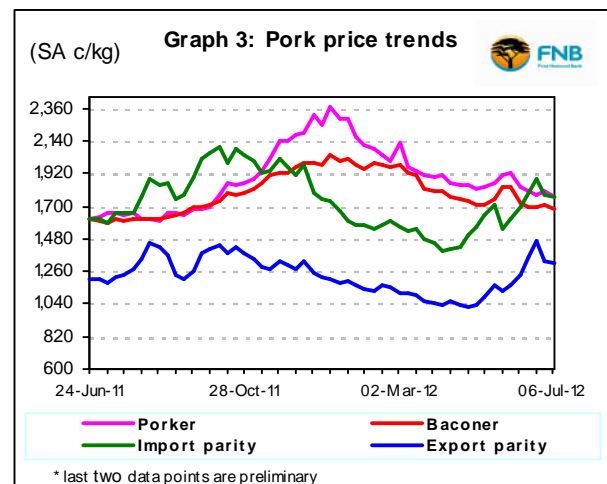
- International:** Australian lamb prices trended lower and reached a record low under pressure due to higher volumes on markets. This saw the Eastern States Trade Lamb (ESTL) indicator dropping 4.6% w/w and 23.8% y/y to close at AU\$3.97/kg cwt. Meanwhile, the Australian Department of Agriculture, Fisheries and Forestry, projected Australian lamb slaughter numbers to increase by 4.5% during the 2012/13 season on the back of a 9.0% rise in breeding ewe numbers during the 2011/12 season as a result of favourable seasonal conditions in the eastern states. In New Zealand, lamb slaughter rates were reportedly on the decline on seasonal conditions. Domestic producer prices have firmed in recent weeks despite steady export prices. US domestic Lam Carcass Cut-out values were again mixed on light to moderate demand for light weight carcasses and softer demand in the heavier category. The overall US lamb carcass cut-out gained 0.7% w/w but still down 16.2% y/y at US\$ 311.21/cwt. Estimated US year-to-date sheep slaughter was pegged at 934,000 head, down 3.9% y/y.
- Domestic** On the local market, prices ended mixed with lamb extending losses on sluggish demand conditions. Weekly Class A lamb fell by 2.4% w/w and 14.0% y/y, closing at R42.11/kg. Contract Class A lamb dropped by 3.0% w/w and 10.3% y/y, closing at R44.05/kg. Mutton prices were the exception, gaining 2.0% w/w but still down 19.0% y/y at R32.67/kg. In the weaner lamb market, there was a slight reprieve which saw prices up 1.5% w/w but still down 18.2% y/y at R22.50/kg live weight.


OUTLOOK

Prices are expected to trade at current levels in the short to medium term on softer demand.

Pork market trends (Graph 3)

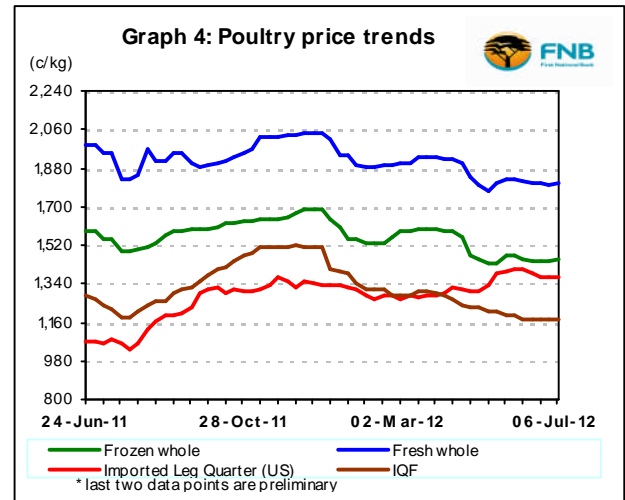
- International:** Prices on the US domestic pork market continued to post strong gains across most categories on reduced slaughtering and limited supplies. Weekly carcass prices closed at \$97.61/cwt, up 6.7% w/w but 0.9% down on last year. Loin prices traded at \$121.85/cwt, up 5.0% w/w and 3.0% y/y. Hams gained 7.8% w/w to close at \$74.81/cwt, but still down 4.1% y/y. Ribs were the biggest gainers, closing up 8.8% w/w at \$161.26/cwt but still down 4.3% y/y. Meanwhile, USDA raised its estimate of the US pork production by 0.4% to 10,516m tons due to an expected increase in carcass weights.
- Domestic:** On the domestic market, prices retained the downward trend as a result of sluggish demand. Weekly baconer prices traded at R16.89/kg, down 0.4% w/w but still 4.8% higher y/y. Porkers dropped by 1.7% w/w but still 10.1% higher y/y at R17.73/kg. Import parity prices continued to strengthen mainly due to the stronger international prices. Weekly import parity prices were up 5.2% w/w and 17.3% y/y. Meanwhile, imports for the year to May reached 16,424 tons, up 4.0% m/m and 27.3% y/y. Total imports for the year to May reached 16,424 tons, which is 8.9% higher y/y. Major suppliers for this period were Canada with 4,672t (28.4%), Germany with 5,675t (34.6%), Spain with 2,987t (18.2%) and Others with 3,090 tons (18.8%).


OUTLOOK

It is expected that prices will improve somewhat during month end but with limited further upward potential in the medium term due to sluggish demand.

Poultry market trends (Graph 4)

- International:** US domestic prices were again mixed with whole birds continuing to trend sideways. Weekly whole bird prices were steady on the week at 94.50c/lb and 8.6% higher y/y. Wings gained 0.3% w/w and were 124.3% higher y/y at US182.83c/lb. Leg quarters fell by 0.6% w/w but still up 14.8% y/y at US54.17c/lb. Breasts traded at US 101c/lb, down 1.6% w/w but up 15.6% y/y. US broiler egg sets and chick placements continued to trend lower. Broiler egg sets and chick placements for the week ended 16 Jun-2012 were reported down 2.0% w/w and 1.0% y/y respectively. The number of broilers available for marketing for the week ending 28 Jul-2012 was estimated at 154.6m head, up 0.8% w/w but down 4.2% y/y. US broiler meat production estimate for 2012 was raised by 0.8% from May to 16,601m tons, according to the USDA. The 2013 estimate came in at 16,875m tons, up 2.5% y/y.



- Domestic:** Locally, there were no changes with market remaining subdued as a result of weak demand and abundant supplies. Weekly IQF prices were down 9.0% y/y at R11.74/kg. Frozen whole birds were steady at R14.49/kg, which is 8.7% lower y/y. Fresh whole birds were steady at R18.05/kg, down 9.2% y/y. Import parity prices continued to weaken due to the combined effect of lower international prices and a stronger Rand US dollar exchange rate.

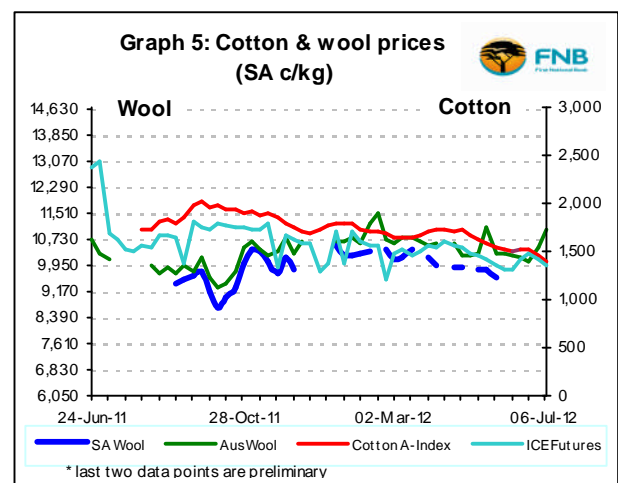
OUTLOOK

It is expected that the market will remain under pressure with prices trading sideways with limited upward potential in the short to medium term.

Producer prices for selected livestock commodities 22 June 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	26.34	42.11	17.73	18.05
Open market: Class C / Baconer / Frozen whole birds(R/kg)	23.07	32.67	15.40	14.49
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	26.35	44.05	16.89	11.74
Import parity price (R/kg)	20.59	26.63	19.04	13.71
Weaner Calves / Feeder Lambs (R/kg)	15.30	22.50		

Wool and cotton market trends (Graph 5)

- International:** Cotton prices retained recent gains on lower planted area in the US and weather concerns in the important growing areas. Nonetheless, bearish news of poor monthly manufacturing data from China and abundant world supplies helped limit gains. Cotton prices gained 1.2% on the previous week and closed at 83.67c/lb. The world production forecast for 2012/13 declined 1.2% m/m and 6.3% y/y to 25.1m tons in the USDA's June report. Reductions were mainly in the southern hemisphere as cotton lost area to competitive crops such as soybeans in Brazil and Argentina. World consumption estimates also showed a downward trend for both the 2011/12 and 2012/13 seasons with China being the main driver, dropping by 2.2% y/y. Nonetheless, higher consumption estimates for India and Pakistan somewhat offset the effect of these reduction with increases of 4.5% and 9.1% y/y respectively.



World ending stocks were pegged at a record 16.2m tons with the stock-to-use ratio rising to 68.3%, a situation that will keep prices on the back-foot in the season ahead. Cotton futures on the InterContinental Exchange (ICE) bottomed out and strengthened. Cotton for Oct-12 fell by 5.1% w/w at US67.25c/lb, Dec-12 was down 4.7% w/w at US67.71c/lb, and Mar-13 was down 5.0% w/w at US69.08c/lb. Wool: In Australia, the Eastern Market Indicator recovered to close up 1.4% w/w at AU\$10.69/kg clean wool with a total offering of 21,569 bales and sales reaching 93.9%.

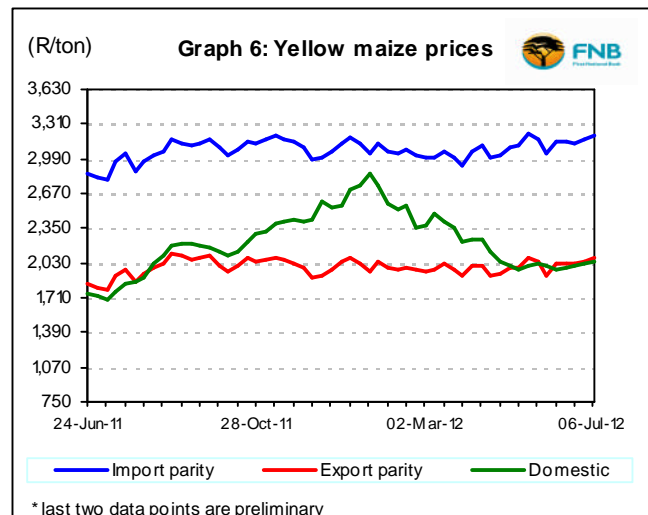
- **Domestic:** The wool market finished the season on a softer note on spill over weakness from the Australian market and concerns over slowing world economy. The Cape Wools Merino indicator fell by 1.7% w/w and closed at R94.11/kg clean wool. This is 4.6% and 8.0% lower compared to the current and the previous season's averages respectively. Nonetheless, this was a phenomenal season with the indicator reaching record levels above R100/kg. The current season's close was 2.3% higher compared to the opening sale. Major buyers were Standard Wool SA with 5,711 bales (46.0%), Lempriere SA with 2,429 bales (19.6%), and Stucken & Co with 1,440 bales (11.6%).

Fibre market prices 22 June 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)	94.11	100.46		
19µ long length wool (R/kg)	103.07	103.72	11.75	11.40
21µ long length wool (R/kg)	99.83	101.71	10.55	10.20
23µ long length wool (R/kg)	100.51	95.60	-	-
	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	Cotton Futures Oct-12 (US\$/kg)	Cotton Futures Dec-12 (US\$/kg)
Cotton Prices (R/kg)	15.25	1.84	1.48	1.49

Cotton Futures on ICE; South Africa – closing sale for the 2011/12 season

Yellow maize market (Graph 6)

- **International:** US yellow maize prices extended gains, but were limited as late week weakness in crude prices and the stock market added pressure. Rainy conditions in the western maize area of the US added to the weaker tone. USDA's monthly outlook report showed world production for 2012/13 rising by 4.0m tons from the May estimate to 949.93m tons, with ending stocks 2.2% higher at 155.74m tons. US production and ending stocks estimates were unchanged at 375.68m and 47.78m tons respectively. Production increases were expected for China with 195m tons (+1.0% m/m), with an ending stocks figure of 59.8m tons (3.5% m/m). Maize futures on CME: The Sep-12 yellow maize contract rose by 8.2% w/w at \$217/t, Dec-12 was up 9.5% w/w at \$218/t, and Mar-13 was up 9.0% w/w at \$223/t.
- **Domestic:** Yellow maize prices gained some ground on supportive CBOT prices. However, the advancing Rand limited gains. Weekly yellow maize prices closed at R2,007 per ton, up 0.9% w/w and 14.8% y/y. Yellow maize import parity prices eased marginally lower mainly due to the firmer Rand. Weekly yellow maize import parity prices were up 0.5% w/w and 9.8% y/y. Yellow maize futures on the JSE trended lower: Yellow maize for Sep-12 gained 2.9% w/w (+R59/t), and Dec-12 was up 3.1% w/w (+R63/t).
- **OUTLOOK**
Weather will determine price direction in the short to medium term as the US crop enters the critical phase of pollination. Meanwhile, a bumper world maize crop for the season ahead will limit price increases in the medium term.



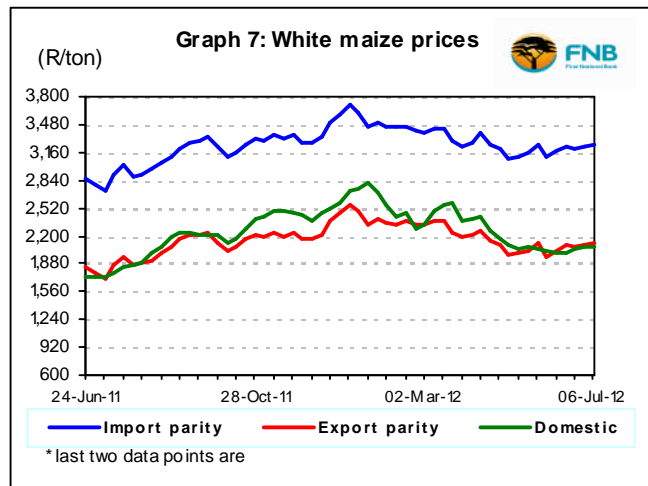
Yellow Maize Futures 22 June 2012	Sep-12	Dec-12	Mar-13	May-13	Jul-13
CBOT (\$/t)	232.85	217.17	218.28	222.61	227.50
JSE (R/t)	2,082	2,128	2,126	2,000	2,029
CHICAGO CORN (R/t)	1,841	1,864	1,914	-	1,990

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

Sep-12			Dec-12			Mar-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,040	69	111	2,100	126	154	2,120	166	172
2,000	53	135	2,060	107	175	2,080	146	192
1,960	39	161	2,020	90	198	2,040	127	213

White maize market trends (Graph 7)

- International:** US white maize prices finished the week higher, but weakness in crude oil prices and the stock market limited further gains. Meanwhile, the USDA June outlook report indicated a slightly tighter ending stocks for 2011/12 at 21.62m ton compared to 2010/11 season. Weekly average white maize prices closed at \$255 per ton, up 0.6% w/w but still 7.1% lower y/y.
- Domestic:** White maize prices continued to strengthen on the back of higher international prices despite a stronger Rand/US dollar exchange rate. Weekly white maize prices closed 1.6% higher w/w at R2,045 per ton, which is up 17.8% y/y. White maize import parity prices eased lower on Rand gains. Weekly import parity prices were down 0.5% w/w but still up 12.0% y/y. White maize futures on the JSE: White maize for Sep-12 gained 3.9% w/w (+R80/t), and Dec-12 was up 4.0% w/w (+R83/t).
- OUTLOOK**
 Weather will determine price direction in the short to medium term as the US crop enters the critical phase of pollination. Meanwhile, a bumper world maize crop for the season ahead will limit price increases in the medium term.



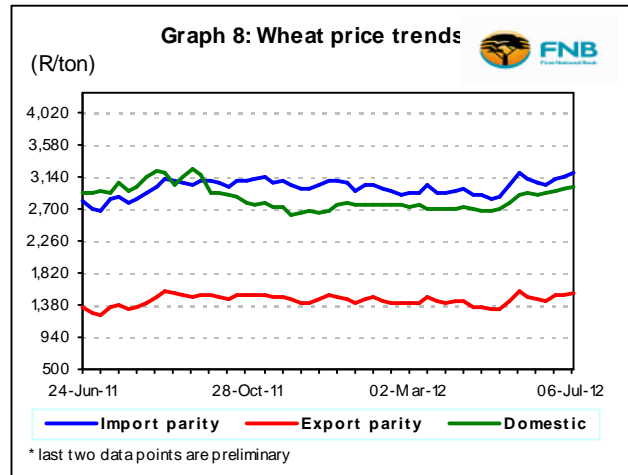
White Maize Futures 22 June 2012	Sep-12	Dec-12	Mar-13	May-13	Jul-13
JSE (R/t) WM ₁	2,135	2,183	2,205	-	2,040

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

Sep-12			Dec-12			Mar-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,060	68	143	2,100	114	197	2,160	167	212
2,020	53	168	2,060	97	220	2,120	147	232
1,980	40	195	2,020	82	245	2,080	129	254

Wheat market trends (Graph 8)

- International:** Wheat prices recovered to finish the week modestly higher supported by improved export sales in the US and global supply concerns due to poor crop conditions in the Black Sea Region and China. USDA cut production and ending stocks estimates for the US wheat crop in its June report. Global wheat supplies for 2012/13 were reduced by 7.0m tons to 867.62 tons and production falling by 5.5m to 672.06m tons due to reduced crop prospects in several exporting countries including Russia, EU-27, Turkey and the United States. Global ending stocks estimates for 2012/13 fell by 2.3m tons to 185.76m tons. Crop conditions in European, western Russia and Australia areas were reportedly in good condition. Futures on major exchanges: Kansas futures (KCBT): Wheat for Sep-12 gained 8.5% w/w at \$257/t, Dec-12 was 8.2% higher w/w at \$265/t, and Mar-13 was 7.6% higher w/w at \$270/t. Wheat for futures on CME: Wheat for Sep-12 gained 9.7% w/w at \$253/t, Dec-12 was 8.5% higher w/w at \$260/t, and Mar-13 was 7.8% higher at \$266/t.
- Domestic:** Wheat prices posted marginal gains on spill over strength from the international market. Domestic wheat prices gained 0.4% w/w but still down 10.9% y/y at R2,940 per ton. Wheat import parity prices rose by 2.8% w/w but still 4.2% lower y/y. Wheat futures on the JSE: Wheat Sep-12 gained 1.6% w/w (+R48/t), and Dec-12 was up 1.6% w/w (+R48/t).

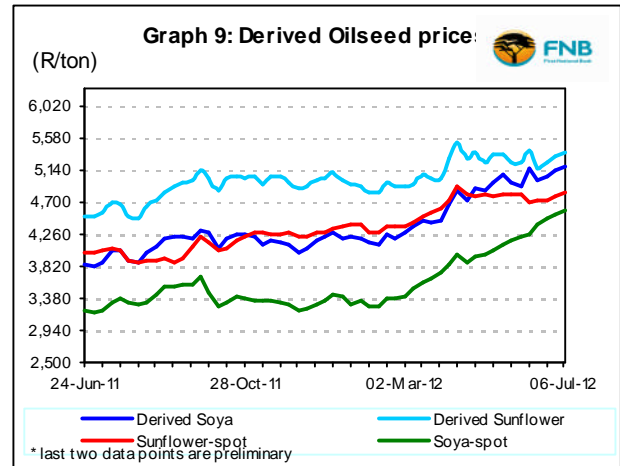

OUTLOOK

Prices are expected to retain upward momentum in the short term on supportive international prices and renewed Rand weakness.

Wheat Futures 22 June 2012	Sep-12	Dec-12	Mar-13	May-13	Jul-13			
KCBT (\$/t)	257.39	265.29	269.70	271.54	272.64			
JSE (R/t)	3,047	3,002	3,013	-	-			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Sep-12			Dec-12			Mar-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,980	101	168	3,060	230	172	3,020	249	242
2,940	85	192	3,020	208	190	2,980	228	261
2,900	70	217	2,980	187	209	2,940	208	281

Oilseed market trends (Graph 9)

- International:** Prices in the soybean complex ended slight to moderately higher on bullish export sales, the tight supply situation and unfavourable crop conditions in the US. However, gains were limited due to rains in some growing areas coupled with weak economic data released in the US and China. Meanwhile, according to the USDA, China's soybean production was reduced by 0.5m tons due to lower planted area. Brazil's 2011/12 soybean production was raised by 0.5m to 65.5m tons, while Argentina's production was cut by 1m to 41.5m tons. Prices were up across the soybean complex. Soybeans closed at \$548/t, up 1.5% w/w and 6.1% y/y. Soymeal prices were up 2.7% w/w and 28.7% y/y \$430/t. Soyoil closed at US48.44c/lb, up 3.1% w/w but still down 10.6% y/y.
- Domestic:** Oilseeds traded on the JSE ended mixed with soybeans extending gains on supportive CBOT prices. Weekly soybean prices advanced by 1.8% w/w and 39.3% y/y at R4,483 per ton. Sunflower prices posted marginal losses on Rand gains. Weekly sunflower prices closed at R4,733 per ton, down 0.1% w/w but still 17.8% higher y/y. In the futures market (JSE): Sunflower for Sep-12 fell by 0.5% w/w (-R23/t), and Dec-12 down 0.1% w/w (-R6/t). Soybeans for Sep-12 gained 3.9% w/w (+R175/t), and Dec-12 was up 3.2% w/w (+R145/t).
- OUTLOOK**
 It is expected that prices will trend firmer on spill over support from the international market.



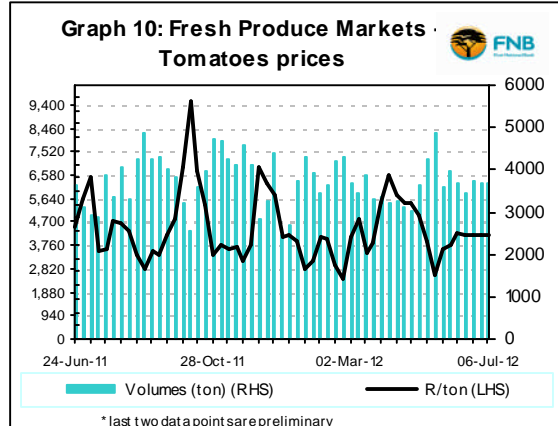
Oilseeds Futures 22 June 2012	Sep-12	Dec-12	Mar-13	May-13	Jul-13
CBOT Soybeans (US \$/t)	512.28	-	490.90	482.44	481.71
CBOT Soya oil (US c/lb)	50.04	50.50	51.09	51.33	51.54
CBOT Soya cake meal (US\$/t)	412.90	404.20	378.40	367.20	365.20
JSE Sunflower seed (R/t)	4,830	4,980	-	-	-
JSE Soybean seed (R/t)	4,610	4,610	4,565	4,265	-

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

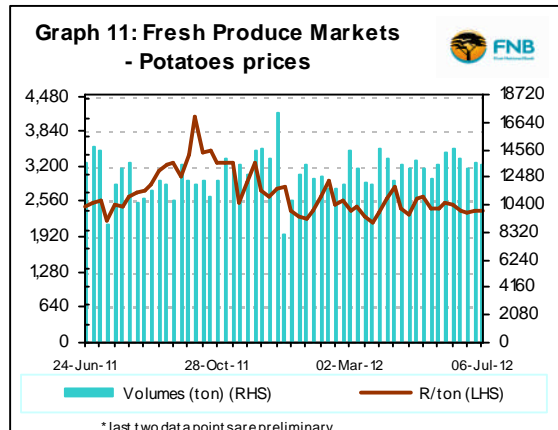
Sep-12			Dec-12			Mar-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,780	226	276	4,880	347	447			
4,740	207	297	4,840	328	468			
4,700	189	319	4,800	309	489			

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

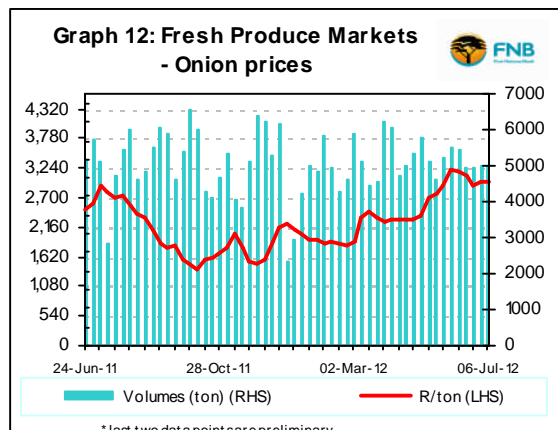
Tomato prices posted marginal declines on the back of improved supplies across most markets. Weekly tomato prices gained 0.7% w/w and were 8.2% higher y/y at R4,165 per ton. Volumes traded increased by 8.1% w/w and 2.7% y/y, coming in at 3,752 tons. It is however expected that prices will trend sideways in the short term with limited upside potential.


Potatoes

For the week, the price of potatoes decreased as a result of lack of demand. Prices fell by 0.6% w/w and 4.4% y/y to close at R2,370 per ton. Volumes traded fell by 5.0% w/w and 2.9% y/y, coming in at 13,205 tons. Prices are however expected to move sideways with some upside potential.


Onions

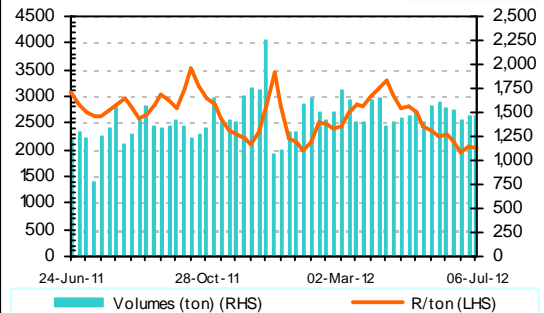
Onion prices posted sharp losses due to weak uptake across most markets. Weekly onion prices reached R2,907 per ton, down 6.7% w/w but still 16.4% higher y/y. Volumes traded came in marginally higher at 4,967 tons, up 0.5% w/w but still 3.7% lower y/y. Prices are expected to trend sideways in the short term but with limited upside potential.



Carrots

Carrot prices extended their downward trend as a result of sluggish demand on markets. Prices were down 10.1% w/w and 36.5% y/y, closing at R1,950 per ton. Volumes traded reached 1,411 tons, down 7.4% w/w but 16.4% higher y/y. It is however expected that prices will bottom out and firm slightly on improved demand and moderation in supplies.

Graph 13: Fresh Produce Markets - Carrot prices

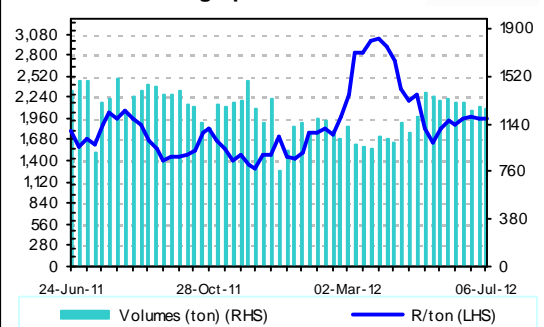


*last two data points are preliminary

Cabbages

Cabbage prices increased due to limited supplies on markets. Prices increased by 2.2% w/w and 10.7% y/y to close at R1,987 per ton. Volumes traded reached 1,245 tons, down 5.2% w/w and 11.4% y/y. Prices are expected to trend sideways with further upward potential in the short term.

Graph 14: Fresh Produce Markets - Cabbage prices



*last two data points are preliminary

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

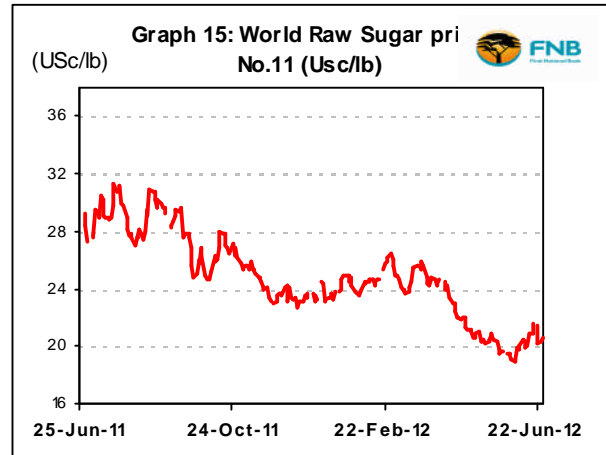
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)

Week ending 22 June 2012	Average Price (R/t)	w/w	Y/y	Total Volume (t)	w/w	Y/y
Tomato	4,165	-0.7%	-8.2%	3752	8.1%	2.7%
Potato	2,370	-0.6%	-4.4%	13205	-5.0%	-2.9%
Onion	2,907	-6.7%	16.4%	4967	0.5%	-3.7%
Carrot	1,950	-10.1%	-36.5%	1411	-7.4%	16.4%
Cabbage	1,987	2.2%	10.7%	1245	-5.2%	-11.4%

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

Sugar market trends (Graph 15)

- International:** World raw sugar prices extended recent gains on renewed demand prospects ahead of the Ramadan and harvest delays in Brazil due to rains. However, weak economic data from the US and China limited further gains. The USDA raised its estimate of the US sugar supply for 2012/13 by 341,000 short tons, raw value, compared with last month. The increase is due to higher beginning stocks and imports from Mexico. Mexico's exports of sugar for 2011/12 and for 2012/13 were increased due to higher production for both years. The average weekly raw sugar prices were back above the 20c/lb level at 20.31c/lb, up 4.1% w/w but still down 20.7% y/y. The benchmark Sugar futures on New York's InterContinental Exchange (ICE) (US c/lb) were down across the board: Sugar for Oct-12 fell by 1.3% w/w at US19.75c/lb, Mar-13 was down 0.7% w/w at US20.55c/lb, Jul-13 was down 1.2% w/w at US20.59c/lb, and Mar-14 was down 1.3% w/w at US20.94c/lb.
- Domestic:** The May 2011/12 RV (Recoverable Value) price for cane delivered in April 2012 was declared at R3,126.74 per ton, R47.37/t lower than the previous month. The decrease is attributable to the higher production, the reduced sugar: RV ratio and the sharp drop in the average international sugar price. Meanwhile, the quantity available for marketing and pricing for the 2012/13 season was pegged at 222,720 tons according to the South African Cane Growers' Association. A total of 193,648 tons were priced at an average of 24.72c/lb while 25,000t was not priced and 227,000t in the crop buffer.



ICE Sugar Futures 22 June 2012	Oct-12	Mar-13	May-13	Jul-13	Oct-13
Sugar No.11 (US c/lb)	19.75	20.55	20.57	20.59	20.72
% Change w/w	-1.3%	-0.7%	-1.1%	-1.2%	-1.2%

Disclaimer:

Although everything has been done to ensure the accuracy of the information, the Bank takes no responsibility for actions or losses that might occur due to the usage of this information.