



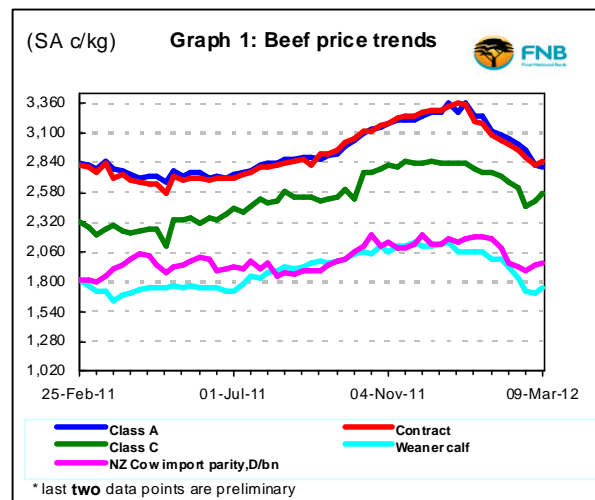
Agri-Weekly

24 February 2012

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

Beef market trends (Graph 1)

- **International:** US lean boneless processing beef market posted sharp gains supported by good demand and limited supplies. Market activity on imported beef was reportedly moderate supported by tight supplies and strong domestic prices. In Australia, cattle prices trended lower on spillover weakness on export markets and a stronger AU\$. The benchmark young cattle indicator EYCI fell by 1.7% w/w and 3.5% y/y to close at AU\$3.82/kg cwt.
- **Domestic:** Beef prices extended losses under pressure due to limited demand across most markets. Weekly Class A beef fell by 2.1% w/w and closed at R29.45/kg, but still up 3.9% y/y. Contract Class A beef finished at R28.88/kg, down 2.3% w/w but still up 2.1% y/y. Class C beef fell by 6.4% w/w and closed at R24.59/kg, but still up 5.6% y/y. Weaner calf prices continued to weaken due to limited demand across most markets. Weekly weaner calf prices fell by 6.3% w/w to finish the week at R17.18/kg live weight, which is down 5.2% y/y.

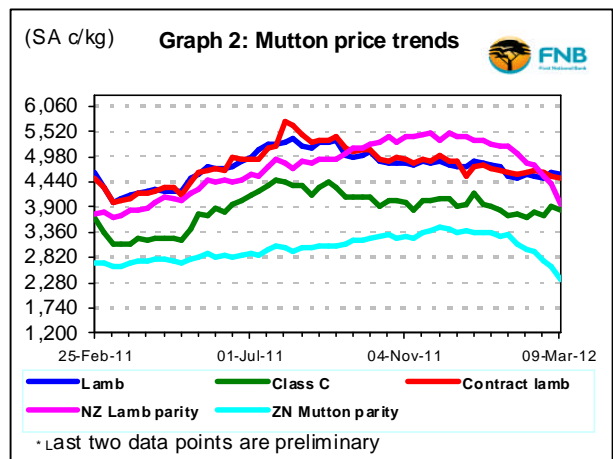


OUTLOOK

It is expected that prices will improve somewhat in the build up towards the Easter holidays.

Mutton market trends (Graph 2)

- **International:** In the US, Lamb Carcass Cutout values were reportedly mixed with moderate demand and supplies. The estimated carcass cutout value was reported at \$351.95, up 4.8% w/w. Australian lamb prices rebounded and finished higher across all categories. The market indicator ESTL advanced by 2.4% w/w but still down 28.4% w/w at AU\$4.74/kg cwt. In New Zealand (NZ), prices continued to trend lower down across the board. Domestic lamb prices fell by 3.1% w/w and 4.0% y/y at NZ\$106.60/ head. Mutton prices fell by 4.5% w/w and 19.0% y/y at NZ\$68.10/ head.
- **Domestic:** Prices were down across the board due to weak demand. Weekly Class A lamb finished at R45.38/kg, down 0.2% w/w and 2.3% y/y. Contract Class A lamb fell by 0.7% w/w to close at R46.65/kg, but still up 2.2% y/y. Mutton prices fell by 2.1% w/w at R37.2/kg, but still up 1.6% y/y.



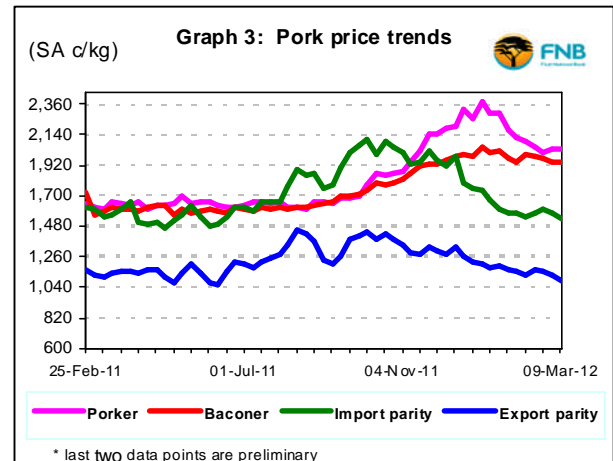
Weaner lambs eased marginally lower due to limited demand. Weekly weaner prices fell by 0.7% w/w to close at R23.33/kg live weight, but still up 10.2% y/y.

OUTLOOK

Lamb and mutton prices are expected to trend sideways to firmer in the medium term as demand improves.

Pork market trends (Graph 3)

- International:** US pork prices rebounded and finished slightly higher. However, prices came under pressure late in the week as demand slipped and supplies improved. Weekly loin prices advanced by 2.2% w/w and 0.4% y/y, closing at \$98.65/cwt. Ham prices advanced by 2.7% w/w but down 10.2% y/y at \$67.15/cwt. Ribs closed at \$147.87/cwt, up 1.6% w/w and 11.6% y/y. Carcasses were the exception, finishing marginally lower at \$86.76/cwt, but still up 6.5% y/y.
- Domestic:** Prices continued to weaken on limited demand. Weekly baconer prices closed at R19.64/kg, down 0.8% w/w but still up 14.0% y/y. Porker prices trended lower at R20.05/kg, down 1.8% w/w but still up 22.0% y/y. Import parity prices edged higher mainly due to better international prices. Weekly import parity prices were up 1.4% but still down 1.0% 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.

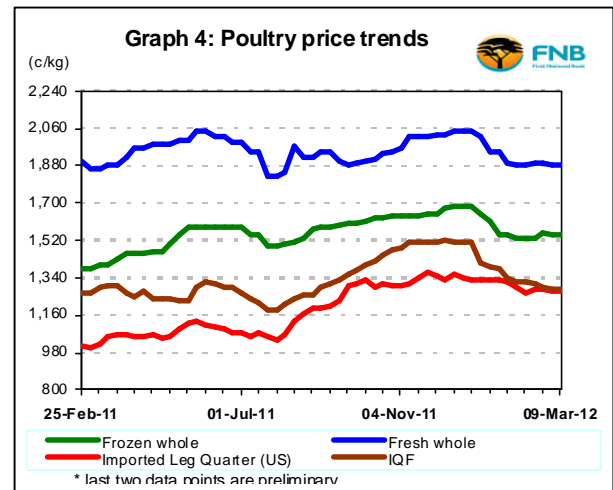


OUTLOOK

It is expected that prices will bottom out and strengthen in the short to medium term.

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. According to the USDA, US broiler meat production for 2011 increased by 0.7% y/y to 16.7m tons. However, the outlook for 2012 will see production decreasing by 3.0% y/y to 16.2m tons due to lower chick placements and reduced slaughter weights. Weekly US broiler egg sets and chick placements for the week ending 18 Feb-2012 were reported down 6.0% y/y and 4.0% y/y respectively. The estimated number available for marketing for the week ending 31 Mar-2012 was estimated at 148.8m head, down 5.9% y/y.
- Domestic:** Prices ended mixed with losses in IQF due to higher volumes and subdued demand for this category. Market activity remains weak with slow movement of stock. Weekly IQF prices fell to R12.90/kg, down 1.5% w/w but still up 2.2% y/y. Whole birds were the exception, trading on the upside. Medium frozen whole birds remained steady at R15.61/kg, up 2.1% w/w and 13.0% y/y. Medium fresh whole birds traded at R18.95/kg, almost unchanged w/w and just 0.2% up on last year.



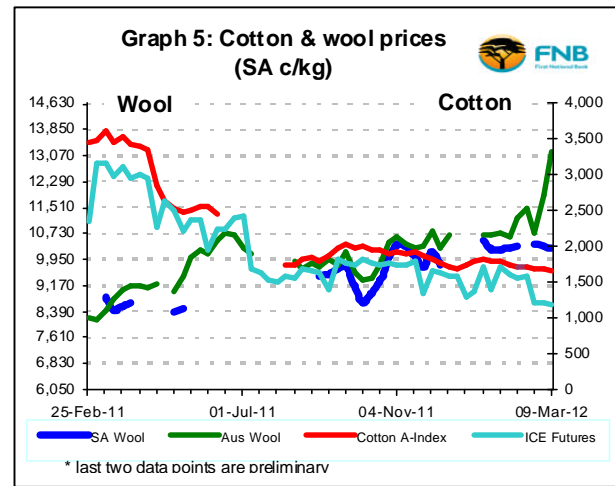
OUTLOOK

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

Producer prices for selected livestock commodities 24 February 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	29.45	45.38	20.05	18.95
Open market: Class C / Baconer / Frozen whole birds(R/kg)	24.59	37.21	18.97	15.61
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	28.88	46.32	19.64	12.90
Import parity price (R/kg)	18.92	27.44	16.01	12.86
Weaner Calves / Feeder Lambs (R/kg)	17.18	23.33		

Wool and cotton market trends (Graph 5)

- International:** Cotton prices eased modestly lower on subdued demand and bearish supply outlook. Nonetheless, expectations of good Chinese demand due to reduced planted area helped limit further declines. The cotton A index values remain well above 100c/lb but still down by a whopping 55.0% on a year on year basis. Cotton futures on ICE reversed gains: Cotton for Mar-12 fell by 1.7% w/w at 89.85c/lb, May-12 was down 2.7% w/w at 90.15c/lb, Jul-12 was down 2.5% w/w at 91.35c/lb, Oct-12 was down 2.9% w/w at 91.76c/lb. Wool: In Australia, the wool market reversed gains and eased lower. The weekly market indicator EMI closed at Au\$12.11/kg clean, down 0.7% w/w and 5.8% y/y.



Domestic: The market resumed on a positive note on improved demand. The weekly market indicator Cape Wools Merino advanced by 0.8% from the last sale two weeks ago, closing at R104.37/kg clean wool. Major buyers were Standard Wool SA with 2,956 bales (27.3%), Lempriere SA with 2,199 bales (20.3%), G Modiano SA with 2,145 bales (19.8%), and Stucken & Co 1,841 bales (17.0%).

Fibre market prices 24 February 2012	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Jun-12 (AU\$/kg)	Australian futures Aug-12 (AU\$/kg)
Wool market indicator (R/kg)	104.37	107.37		
19 μ long length wool (R/kg)	115.15	116.84	13.20	12.90
21 μ long length wool (R/kg)	108.30	108.66	12.30	12.00
23 μ long length wool (R/kg)	-	104.61	11.10	10.80
	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)	16.85	2.89	1.98	2.02

Cotton Futures on ICE;

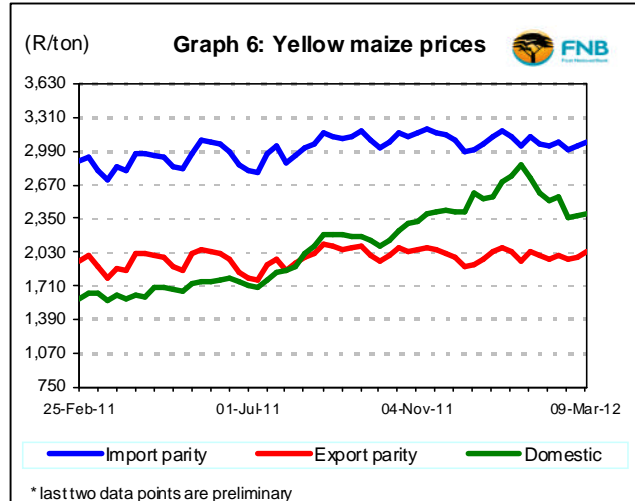
Yellow maize market (Graph 6)

- International:** US yellow maize prices continued to trend lower on bearish supply outlook and weak exports demand. Meanwhile, the International Grains Council (IGC) projected a 4.0% increase in 2011/12 world production to a record 864m tons with good output for China, Ukraine and the EU. The agency projected consumption to outstrip supplies which could see a further tightening in world stocks.
 Maize futures on CME: Maize for May-12 was down 0.2% w/w at \$254/t, Jul-12 was down 0.3% w/w at \$255/t, Sep-12 was down 1.4% w/w at \$232/t, Dec-12 was down 1.8% w/w at \$220/t.

- Domestic:** Maize prices posted sharp losses due to a strengthening Rand and softer CBOT prices. Weekly yellow maize prices fell by 8.3% w/w, closing at R2,352/t but still up 47.2% y/y. Yellow futures on the JSE: Yellow maize for May-12 was down 0.1% w/w (-R1/t), Jul-12 was down 1.3% w/w (-R26/t), Sep-12 was down 1.6% w/w (-R32/t).

OUTLOOK

Prices are expected to improve somewhat in the medium term on supportive domestic fundamentals.



Yellow Maize Futures 24 February 2012	May-12	Jul-12	Sep-12	Dec-12	Mar-13
CBOT (\$/t)	253.74	254.68	231.75	219.85	223.79
JSE (R/t)	2,155	1,977	2,005	2,045	-
CHICAGO CORN (R/t)	1,940	1,966	1,814	1,744	-

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

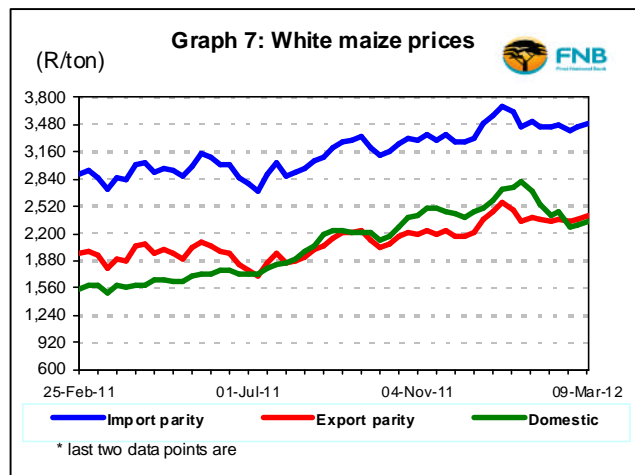
May-12			Jul-12			Sep-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,200	143	98	2,020	150	107	2,040	203	168
2,160	121	116	1,980	128	125	2,000	180	185
2,120	101	136	1,940	107	144	1,960	159	204

White maize market trends (Graph 7)

- International:** As with yellow maize, US white maize prices lost ground and trended lower due to increased world supply outlook. Weekly average white maize prices fell by 0.3% w/w but were still 10.5% higher y/y to close at \$306/ton.
- Domestic:** White maize prices decreased sharply under pressure due to the advancing Rand and weaker international prices. Weekly white maize prices fell by 7.5% w/w and 47.2% y/y, at R2,283/ton. White maize futures on the JSE: White maize for advanced by 1.0% w/w (+R 21/t), Jul-12 fell by 1.9% w/w (-R38/t), Sep-12 fell by 2.1% w/w (-R43/t).

OUTLOOK

Prices are expected to improve somewhat in the medium term on supportive domestic fundamentals.



White Maize Futures 24 February 2012	May-12	Jul-12	Sep-12	Dec-12	Mar-13			
JSE (R/t) WM ₁	2,210	2,014	2,040	2,089	-			
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
2,260	125	75	2,060	156	110	2,080	189	149
2,220	102	92	2,020	134	128	2,040	166	166
2,180	82	112	1,980	113	147	2,000	146	186

Wheat market trends (Graph 8)

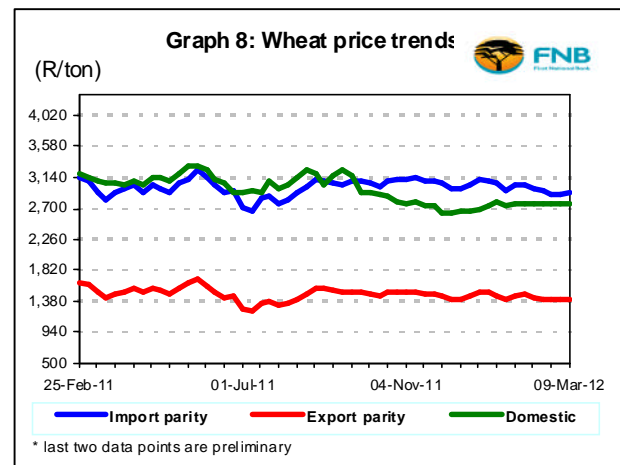
- International:** US wheat prices moved sideways under pressure due to bearish world supply outlook. Rains in the wheat areas of the US added to the weaker tone. USDA projected planting area for the 2012/13 season at 23.45m ha, up 1.45m from last year. The International Grains Council also sees a larger world wheat crop, pegging the 2011/12 production at 695m, which raises supplies to a record 892m tons. However, strong feed demand due to competitive prices is expected to increase wheat trade to 136.8m tons.

Futures on major exchanges: Kansas futures(KCBT): May-12 fell by 1.2% w/w at \$253/t, Jul-12 was down 1.1% w/w at \$256/t, Sep-12 was down 1.0% w/w at \$261/t. Wheat for futures on CME: Wheat for May-12 fell by 1.0% w/w at \$236/t, Jul-12 fell by 1.0% w/w at \$240/t, Sep-12 was down 1.1% w/w at \$246/t.

- Domestic:** Wheat prices reversed last week's gains and softened due to a stronger Rand. Weekly wheat prices were down by 0.1% w/w and 12.3% y/y closing at R2,755/t. Wheat import parity prices weakened on the back of a stronger Rand. Weekly import parity prices fell by 1.1% w/w and 10.2% y/y. Wheat futures on JSE trended lower across the board: Wheat for May-12 fell by 1.3% w/w (-R 37/t), Jul-12 was down 0.8% w/w (-R24/t), Sep-12 was down 0.8% w/w (-R24/t).

OUTLOOK

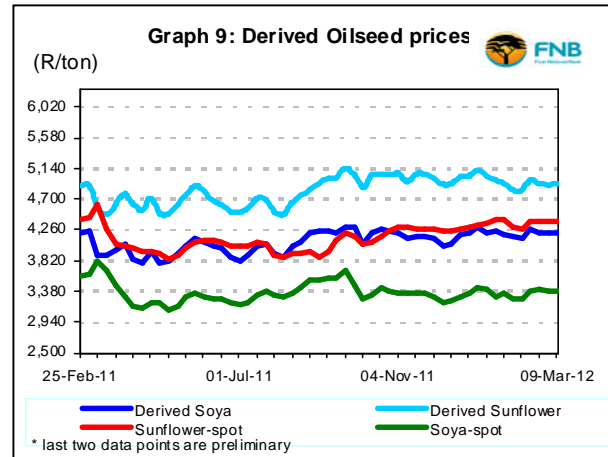
It is expected that prices will remain under pressure and trend sideways with limited upward potential.



Wheat Futures 24 February 2012	May-12	Jul-12	Sep-12	Dec-12	Mar-13			
KCBT (\$/t)	252.89	255.92	260.97	267.86	272.09			
JSE (R/t)	2,850	2,859	2,760	-	-			
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
2,840	115	70	2,900	161	111	2,900	236	195
2,800	93	88	2,860	138	128	2,860	214	213
2,760	73	108	2,820	118	148	2,820	193	232

Oilseed market trends (Graph 9)

- International:** US soybean prices maintained recent gains on a combination of supportive factors such as the reduced production estimates for South America, a weaker US dollar and improved export interest. The IGC projected a lower world soyabean crop of 246.5m tons for the 2011/12 season, down 8.0% y/y. However strong soymeal demand will see trade reaching a record 58.4m tons, up 3% y/y. Prices in the soybean complex: Soybean for May-12 was up 1.0% w/w at \$473/t, Jul-12 was up 1.0% w/w at \$476/t, Aug-12 was up 0.9% w/w at \$474/t. Soymeal: soymeal for Jul-12 was up 0.2% w/w at \$338/t, Aug-12 was up 0.1% w/w at \$337/t, Sep-12 was up 0.2% w/w at \$336/t. Soybean oil for Jul-12 was up 1.7% w/w at 55.05c/lb, Sep-12 was up 1.6% w/w at 55.23c/lb, Dec-12 was up 1.6% w/w at 55.44c/lb.
- Domestic:** Oilseeds traded on JSE posted marginal gains on spillover support from the CBOT. Sunflower prices increased by 0.3% w/w to close at R4,383/t, but still down 0.6% y/y. Soybeans closed a bit firmer at R3,397/t, but still down 5.9% y/y. Sunflower futures on the JSE: Sunflower for May-12 fell by 0.2%w/w (-R10/t), Jul-12 was up 0.2% w/w (+R10/t), Sep-12 was up 0.3% w/w (-R14/t). Soybean futures: Soybean for May-12 was down 0.6% w/w (-R20/t), Jul-12 was down 0.7% w/w (-R26/t).

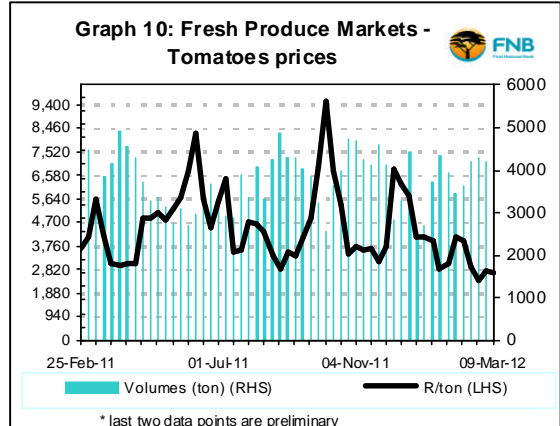

OUTLOOK

The market is expected to improve slightly on improved demand.

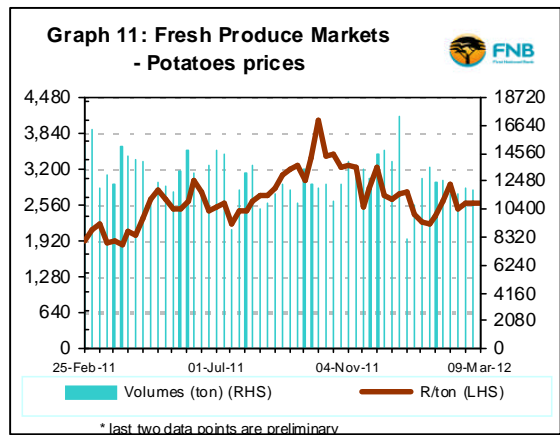
Oilseeds Futures 24 February 2012	May-12	Jul-12	Sep-12	Dec-12	Mar-13			
CBOT Soybeans (US \$/t)	472.74	475.90	469.73	-	466.50			
CBOT Soya oil (US c/lb)	54.65	55.05	55.23	55.44	55.50			
CBOT Soya cake meal (US\$/t)	336.20	338.10	335.50	330.70	331.70			
JSE Sunflower seed (R/t)	4,440	4,515	0	-	-			
JSE Soybean seed (R/t)	3,496	3,545	0	-	-			
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
4,440	194	144	4,480	340	300	4,560	425	380
4,400	172	162	4,440	318	318	4,520	403	398
4,360	152	182	4,400	297	337	4,480	381	416

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

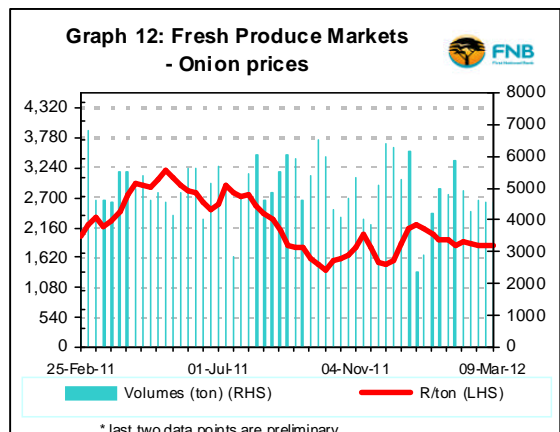
Tomato prices maintained their downward trend due to limited uptake and higher volumes on markets. Prices were down 17.3% w/w and 33.1% y/y, closing the week at R2,437/ton. Volumes traded increased by 2.1% but still 5.6% lower y/y, coming in at 4,307 tons. Prices are expected firm slightly in the medium term on improved uptake.


Potatoes

Potato prices regained some ground and finished modestly higher due to good uptake on markets. Prices advanced by 3.4% w/w but still 34.4% lower y/y, closing the week at R2,595/ton. Volumes traded were up 3.4% w/w but still 21.5% lower y/y at 11,953 tons. Prices are however expected to retain the current momentum in short term.


Onions

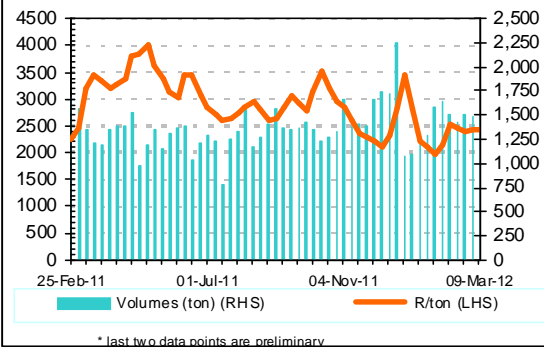
Onion prices decreased slightly due to a modest increase in supplies on markets. Prices reached R1,840/ton, down 1.4% w/w and 8.4% y/y. Volumes traded rose by 8.1% w/w and 19.4% y/y, coming in at 4,606 tons. Prices are however expected to move sideways in the short term with limited upside potential.



Carrots

Carrot prices extended recent losses on the back of increased supplies on markets. Prices fell by 2.8% w/w but still up 6.7% y/y to close the week at R2,395/ton. Volumes traded were pegged at 1,505 tons, up 5.8% w/w but still down 10.9% y/y. Prices are expected to trend sideways to firmer on limited supplies.

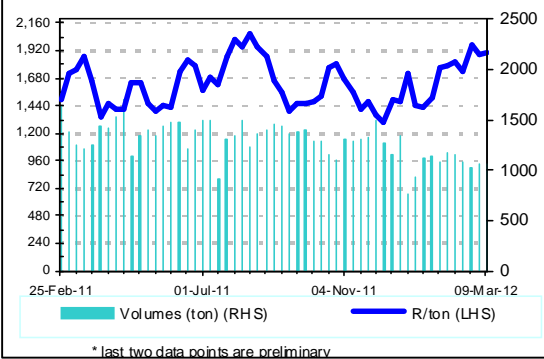
Graph 13: Fresh Produce Markets - Carrot prices



Cabbages

Cabbage prices continued to post sharp gains due to limited supplies on markets. Prices rose by 13.2% w/w and 32.2% y/y, closing at R1,978/ton. Volumes traded reached 1,028 tons, down 4.8% w/w and 37.4% y/y. Prices are expected to improve somewhat in the short term.

Graph 14: Fresh Produce Markets - Cabbage prices



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

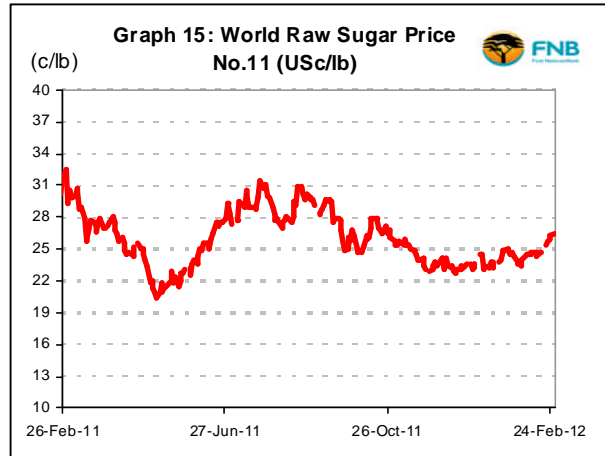
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)

Week ending 24 February 2012	Average Price (R/t)	w/w	Y/y	Total Volume (t)	w/w	Y/y
Tomato	2,437	-17.3%	-33.1%	4307	2.1%	-5.6%
Potato	2,595	3.4%	34.4%	11953	3.4%	-21.5%
Onion	1,840	-1.4%	-8.4%	4606	8.1%	-19.4%
Carrot	2,395	-2.8%	6.7%	1505	5.8%	-10.9%
Cabbage	1,978	13.2%	32.2%	1028	-4.8%	-37.4%

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

Sugar market trends (Graph 15)

- International:** World raw sugar prices extended recent gains on concerns over short term supply shortages due to export restrictions in Europe. Nonetheless, the longer term supply outlook remains bearish with good crops for Russia and India is reportedly back in the export market after lifting export controls. The exception is Brazil with unfavourable weather conditions during the best part of the growing season negatively affecting yields. However, recent reports indicate the weather has improved. Raw sugar prices advanced 5.3% w/w at 25.81c/lb, but still down 15.8% y/y. Raw Sugar futures on ICE (US c/lb) were up across the board: Raw sugar for May-12 increased by 6.1% w/w at 25.22c/lb, Jul-12 was up 4.9% w/w at 24.30c/lb, Mar-13 was up 2.7% w/w at 24.85c/lb, Jul-13 was up 1.2% w/w at 24.12c/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 24 February 2012	May-12	July-12	Oct-12	Mar-13	May-13
Sugar No.11 (US c/lb)	25.22	24.30	24.37	24.85	24.36
% Change w/w	6.1%	4.9%	3.7%	2.7%	1.6%

Food inflation monitor

The headline inflation for all urban areas stood at 6.3% (0.3% above the upper level of the inflation target by SARB) in January 2012, up 0.2% m/m from December 2011 and up 0.6% per annum, according to figures released by Statistics SA. The food and non alcoholic beverages (FNAB) index which directly deals with increases in food prices increased by 1.5% m/m between December 2011 and January 2012. Nonetheless, the annual rate decelerated to 10.3% in January 2012 from 11.1% in January 2011.

The increase in the FNAB index was influenced by the m/m increase in the following subcomponents; vegetables (0.3%), hot beverages (1.2%), other food (2.6%), fish (2.6%), bread and cereals (0.8%), milk, eggs and cheese (0.8%), oils and fats (1.5%), meat (1.8%), sugar sweets and desserts (2.2%) and cold beverages (1.7%).

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.