

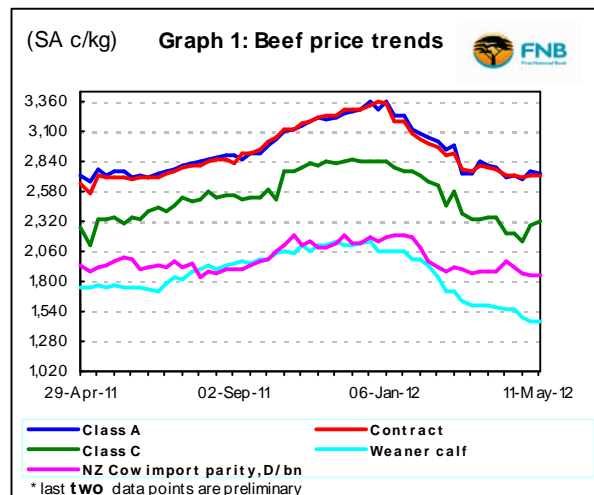


27 April 2012

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

Beef market trends (Graph 1)

- International:** US lean boneless processing beef prices extended gains on moderate to good demand and supplies. Market activity on imported beef was reportedly slow with prices mostly lower, partly due to the observance of Anzac Day in Australia and New Zealand. Boxed beef cut-out values, the indicator of beef prices at wholesale level, retained the uptrend on good demand and limited supplies. Choice beef gained 2.6% w/w and 2.9% y/y, closing at \$190/ cwt. Select beef gained 1.9% w/w and 4.4% y/y, closing at \$186.58/ cwt. In the cattle market, the CME Feeder Cattle Index reversed gains and ended down 0.9% w/w at \$148.85/cwt, but still up 11.6% y/y. Cattle futures in the US fell sharply early in the week following a confirmation of the first case of mad cow disease (BSE) in over six years. The impact was however limited as futures rebounded late in the week. The USDA confirmed a fourth case of bovine spongiform encephalopathy (BSE) discovered from a dairy cow in Central California. The cattle market in Australia extended losses on increased supplies and weak export demand. The benchmark young cattle indicator fell by 1.6% w/w to close at AU\$3.66/kg cwt.
- Domestic:** The beef market trended lower under pressure due to higher volumes coupled with light demand. Weekly Class A beef fell by 1.4% w/w and 1.4% y/y to close at R26.79/kg. Class C beef moved modestly lower and closed at R21.56/kg, down 3.0% w/w and 5.0% y/y. Class A beef fell by 0.6% w/w but still 2.4% higher y/y at R27.11/kg. Weaner calf prices extended losses due to the seasonal increase in supplies across most markets. Prices have now approached the 2009 and 2010 levels and traded at R14.96/kg live weight, down 4.1% w/w and 14.6% y/y.

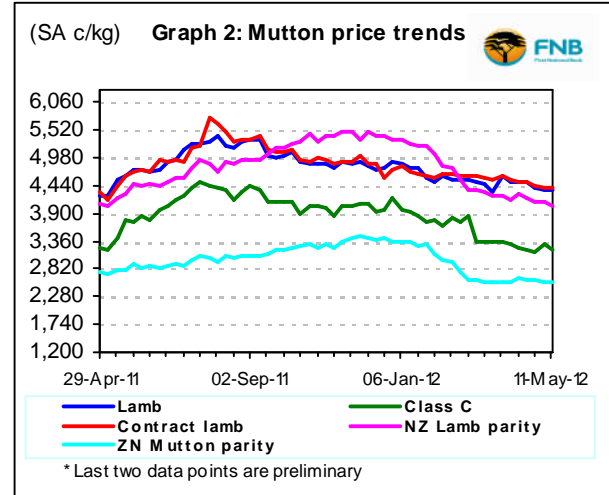


OUTLOOK

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)

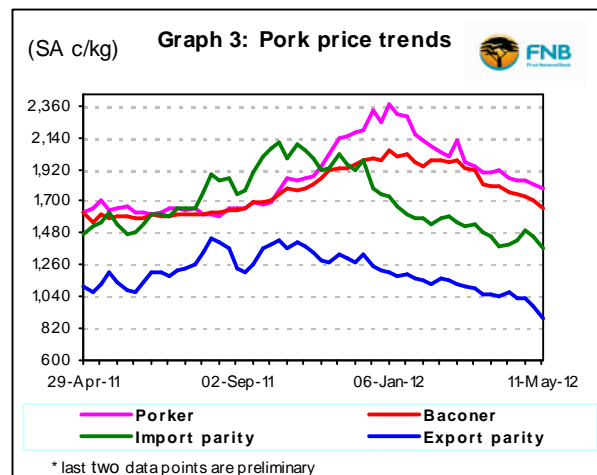
- International:** US Lamb Carcass cut-out values ended mixed with moderate demand and limited supplies in the lighter carcass category. Demand for the heavier carcasses was limited with moderate supplies. Weekly lamb carcass cut-out values fell by 3.0% w/w and 13.4% y/y, ending the week at \$325.05/cwt. The estimated number of sheep slaughtered came in at 35,000 head, up 2.9% w/w but down 5.3% y/y. In Australia, lamb prices reversed last week's losses and strengthened on the back of reduced supplies. The Eastern Trade Lamb Indicator increased by 7.6% w/w but still down 25.4% y/y at AU\$4.40/cwt.
- Domestic:** The lamb market reversed recent gains as demand slipped in a short trading week. Prices were down across the board with Class A lamb falling 3.0% w/w and 3.3% y/y at R43.86/kg. Weekly mutton prices fell by 1.8% w/w and 2.9% y/y to close at R31.28/kg. Contract Class A lamb fell by 2.0% w/w but still 2.0% higher y/y at R44.12/kg. Weaner lamb prices posted modest losses due to improved supplies across most markets. Weekly weaner lamb prices fell by 6.0% w/w but still 1.6% y/y higher at R21/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 trended lower across most categories with the exception of the hams. Increased volumes, better weights and moderate demand underpinned the decline in prices. Weekly carcass prices closed at \$77.11/ cwt, down 0.3% w/w 17.4% y/y. Loins closed at \$94.40/ cwt, down 1.8% w/w and 9.1% y/y. Ribs closed at \$135.40/ cwt, down 2.0% w/w and 5.7% y/y. Hams advanced by a whopping 7.2% w/w but still down 15.9% y/y to close at \$60.75/cwt. USDA raised its 2012 US pork production estimate by 0.1% m/m in April 2012 to 10,241m tons. The increase is attributable to the slightly higher than expected first-quarter pig crop.
- Domestic:** There was no respite on the market with prices continuing to trend lower across the board. Weekly baconer prices fell by 0.5% w/w but still 7% higher y/y at R17.35/kg. Porker prices closed at R18.44/kg, down 0.2% w/w but still 13.0% higher y/y. Pork imports for March increased by 3.4% m/m, 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

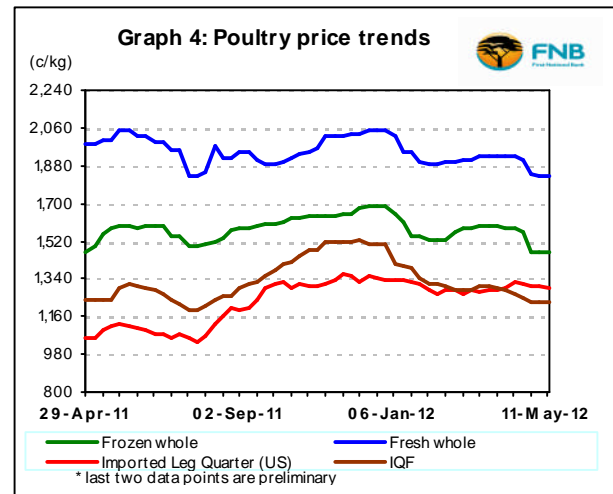
It is expected that prices will trend sideways with limited upward potential in the short to medium term.

Poultry market trends (Graph 4)

- International:** US prices retained the firmer trend across most categories. Weekly whole bird prices were steady at 93.25c/lb, but up 7.8% y/y. Leg quarter prices were unchanged at 54c/lb, but still 14.9% higher y/y. Breast cuts advanced by 1.0% w/w and 11.0% y/y to close at 101.83c/lb. Wings extended losses and ended at 185.17c/lb, down 1.4% w/w but still up 132.9% y/y. Demand at retail and food service was reportedly light to moderate ahead of the weekend. US broiler egg sets and chick placements for the week ended 21 Apr-2012 were reported down 4.0% and 3.0% y/y respectively. The number of broilers available for marketing for the week ending 02 Jun-2012 was estimated at 152.5m head, down 6.5% y/y. Recent US broiler production estimates for 2012 showed a marginal increase of 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 stocks. Market activity was slow in a short trading week, with the market fairly saturated with product. Prices fell across all categories under review. IQF prices closed at R12.33/kg, down 0.9% w/w and 0.8% y/y. The medium fresh whole bird prices fell by 3.5% w/w and 7.4% y/y to close at R18.37/ ton. The medium frozen whole birds posted modest losses, falling by 5.6% w/w but still 0.4% higher y/y at R14.72/kg.

OUTLOOK

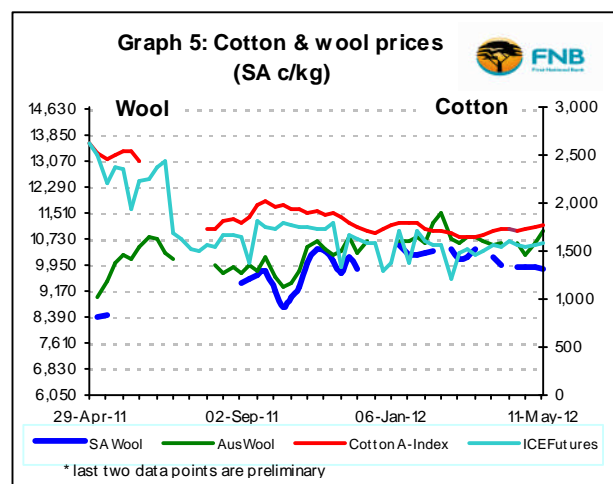
Cost pressures have started to build up and will place downward pressure on the market in the medium term.



Producer prices for selected livestock commodities 27 April 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	26.79	43.86	18.44	18.37
Open market: Class C / Baconer / Frozen whole birds(R/kg)	21.56	31.28	17.00	14.72
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	27.11	44.12	17.35	12.33
Import parity price (R/kg)	18.73	25.88	15.00	13.05
Weaner Calves / Feeder Lambs (R/kg)	14.96	21.00		

Wool and cotton market trends (Graph 5)

- International:** Cotton prices rebounded from the recent lows and finished slightly higher. Weekly cotton prices advanced by 1.6% w/w but still down 43.9% y/y at 100.55c/lb. US weekly Crop Progress report rated crop US cotton at 17.0% planted, above the 5-year average of 13.0%. 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 May-12 fell by 0.9% w/w at 89.23c/lb, Jul-12 was up 0.2% w/w at 91.23c/lb, Oct-12 was down 0.4% w/w at 90.65c/lb, and Dec-12 was down 0.4% w/w at 87.90c/lb.

Wool: The Australian wool market was a bit firmer for the week, with the weekly market indicator EMI at AU\$11.65/kg clean.

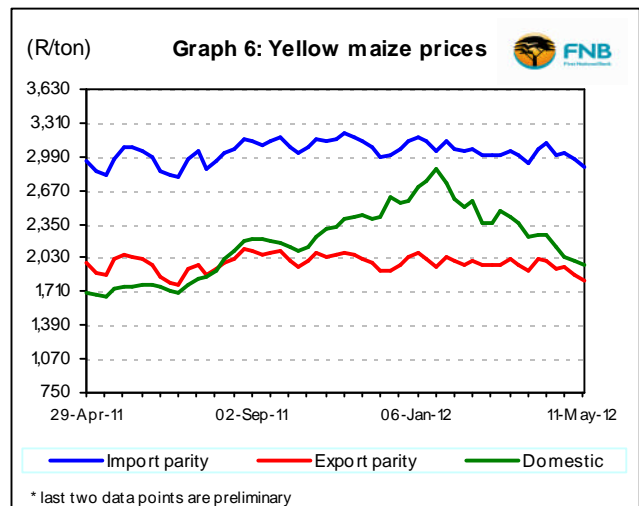
- **Domestic:** The wool market continued on a softer trend with a firmer Rand adding to weaker tone. This saw the weekly market indicator Cape Wools Merino closing at R99.06/kg clean, but still up 0.1% and 7.7% compared to the current season's average and the opening sales respectively. Sales reached 97.0% of the 6,796 bales offered. Major wool buyers were Standard Wool SA with 1,936 bales (28.5%), G Modiano SA with 1,573 bales (23.2%), Lempriere SA with 1,351 bales (19.9%), Stucken and Co with 831 bales (12.2%).

Fibre market prices 27 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)	99.06	102.73		
19 μ long length wool (R/kg)	113.99	109.71	13.00	12.70
21 μ long length wool (R/kg)	104.25	104.25	12.30	12.00
23 μ long length wool (R/kg)	-	98.43	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)	17.26	2.21	2.01	1.99

Cotton Futures on ICE;

Yellow maize market (Graph 6)

- **International:** US yellow maize regained some ground on improved export demand, with a record sale reported late in the week. Nonetheless, bearish factors weighed heavily on the market and limited further gains. Ethanol demand remained sluggish. The US planting progress rating was also bearish for the market, coming in at 28.0% complete which is well ahead of the 5-year average of 15.0%. Meanwhile, the International Grains Council indicated that it expects world area under maize for the 2012/13 season to increase, raising production by 4.0% y/y to 900m tons. The rebound in world ending stocks, rising for the first time in the last four years to 135m tons, will exert downward pressure on the market. The USDA earlier pegged world ending stocks at 122.7m tons compared to 124.5m last month and 125.02m tons last year.



Maize futures on CME: Maize for Jul-12 increased by 3.7% w/w at \$246/t, Sep-12 was up 1.1% w/w at \$217/t, Dec-12 was up 0.4% w/w at \$212/t and Mar-13 was up 0.5% w/w at \$217/t.

- **Domestic:** Yellow maize prices extended losses under pressure mainly from the appreciating currency (Rand vs US Dollar). Weekly yellow maize prices fell by 3.8% w/w but still 20.4% higher at R2,048 per ton. Yellow maize import parity prices made marginal gains of 0.6% w/w and 3.0% y/y, due to better international prices. Yellow futures on the JSE: Yellow maize for Jul-12 fell by 2.3% w/w (-R48/t), Sep-12 fell by 1.9% w/w (-R41/t), and Dec-12 was down 2.1% w/w (-R44/t).

OUTLOOK

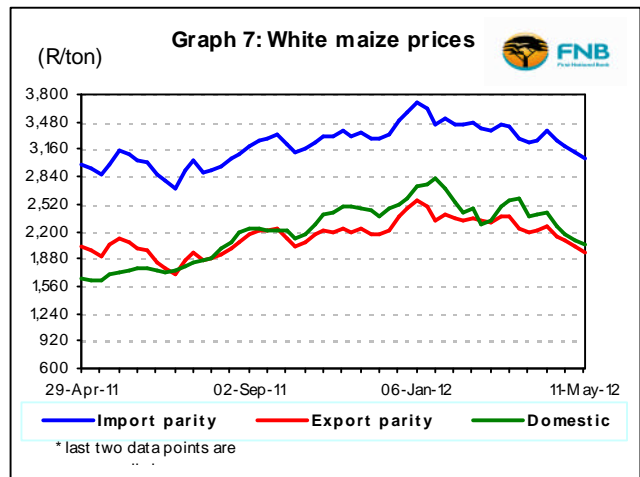
Internationally, producers are expected to expand their operations in response to better prices. As a result, the market will come under pressure in the medium term with upside potential only possible if weather patterns turn negative during critical phase of pollination.

Yellow Maize Futures 27 April 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13
CBOT (\$/t)	246.41	217.09	212.21	216.78	220.09
JSE (R/t)	2,024	2,062	2,081	2,090	2,000
CHICAGO CORN (R/t)	1,856	1,710	1,698	-	-

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
2,060	101	65	2,100	162	124	2,120	176	137
2,020	79	83	2,060	140	142	2,080	154	155
1,980	60	104	2,020	119	161	2,040	133	174

White maize market trends (Graph 7)

- **International:** Unlike yellow maize, US white maize prices weakened under pressure due to the bearish world supply outlook and the accelerated US planting progress. The reported outbreak of BSE in the US also put a damper on demand prospects, adding to the weaker tone. Weekly average white maize prices fell by 1.4% w/w and 9.9% y/y, closing at \$274/t.
- **Domestic:** On the local market, white maize prices continued to weaken under pressure due to the lower CBOT and a stronger Rand. Weekly white maize prices closed at R2,155 per ton, down 4.3% w/w but still 30.2% higher y/y. White maize import parity prices finished the week down 1.6% w/w but still 7.7% higher y/y. Meanwhile, South Africa's maize crop continues to shrink with latest production estimate cut by 1.9% from the previous month to 6.42m tons. The smaller expected harvest and tight ending stocks outlook will help support the domestic market in the medium to longer term.



White maize futures on the JSE: White maize for Jul-12 fell by 2.3% w/w (-R50/t), Sep-12 fell by 2.7% w/w (-R58/t), and Dec-12 was down 2.5% w/w (-R55/t).

OUTLOOK

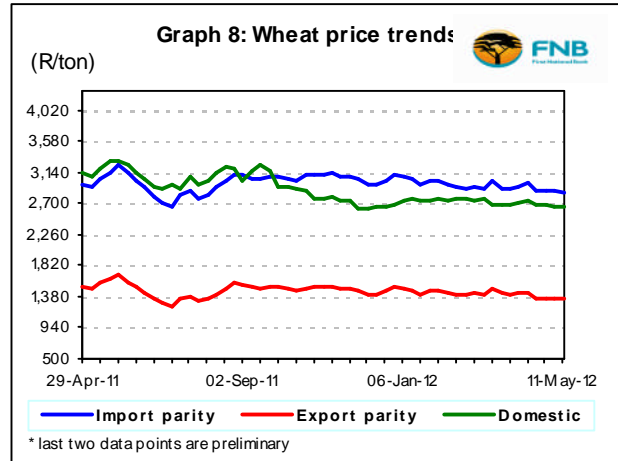
Internationally, producers are expected to expand their operations in response to better prices. As a result, the market will come under pressure in the medium term with upside potential only possible if weather patterns turn negative during critical phase of pollination.

White Maize Futures 27 April 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13
JSE (R/t) WM ₁	2,086	2,111	2,145	2,137	-

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
2,120	100	66	2,160	167	118	2,180	165	130
2,080	78	84	2,120	144	135	2,140	143	148
2,040	60	106	2,080	123	154	2,100	123	168

Wheat market trends (Graph 8)

- International:** Wheat prices regained some ground from concerns of freezing conditions throughout Soft Red and Hard Red Winter wheat areas over the last weekend. Reports of rising demand in the livestock industry lend further support. However, improved weather outlook late in the week limited further gains. The US weekly Crop Progress report was still bearish and listed spring wheat at 57.0% planted, ahead of the 5 year average of 19.0%. Winter wheat condition was rated at 63.0% in good to excellent condition compared to 35.0% last year. Meanwhile, the International Grains Council (IGC) reduced its 2012/13 global wheat production forecast by 5m to 676m tons. The agency cited diminished crop prospects in the European Union.



Futures on major exchanges: Kansas futures (KCBT): Wheat for Jul-12 rose by 3.7% w/w at \$242/t, Sep-12 was up 3.6% w/w at \$248/t, and Dec-12 was up 3.7% w/w at \$257/t. Wheat for futures on CME: Wheat for Jul-12 rose by 4.3% w/w at \$239/t, Sep-12 was up 3.8% w/w at \$243/t, and Dec-12 was up 3.4% w/w at \$251/t.

- Domestic:** Wheat prices continued to weaken largely due to a strengthening Rand/US dollar exchange rate. Weekly wheat prices fell by 0.8% w/w and 11.9% y/y and closed at R2,671/t. Wheat import parity prices continued to decline due to a stronger Rand/US dollar exchange rate. Weekly import parity prices ended down 0.3% w/w and 3.1% y/y. Wheat futures on JSE trended lower across the board: Wheat for Jul-12 fell by 2.4% w/w (-R67/t), Sep 12 was down 2.4% w/w (-R67/t), and Dec-12 was down 2.4% w/w (-R67/t).

OUTLOOK

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

Wheat Futures 27 April 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13			
KCBT (\$/t)	242.14	247.93	256.65	261.98	266.76			
JSE (R/t)	2,680	2,750	2,700	-	-			
Calculated Wheat 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
2,720	108	68	2,800	194	144	2,740	226	186
2,680	86	86	2,760	171	161	2,700	204	204
2,640	67	107	2,720	150	180	2,660	183	223

Oilseed market trends (Graph 9)

- International:** US soybean prices regained ground on concerns over production losses in South America and strong Chinese demand. The IGC report also lend support as it reduced its world soybean production forecast for 2011/12 by 11.0% y/y to 238.4m tons. Harvest pressures in Brazil, the world's second-largest soybean grower, helped limit gains. Weekly soybean prices increased by 3.3% w/w and 5.9% y/y, closing at \$563/t. Soymeal closed at \$415/t, up 7.1% w/w and 24.6% y/y. Soyoil was up 1.1% w/w but still down 1.0% y/y at 54.75c/lb.

Futures in the soybean complex: Soybean for Jul-12 increased by 3.0% w/w at \$549/t, Aug-12 was up 2.0% w/w at \$539/t, and Sep-12 was up 1.0% w/w at \$518/t.

Soymeal for Jul-12 increased by 4.5% w/w at \$428/t, Aug-12 was up 3.3% w/w at \$418/t, Sep-12 was up 2.1% w/w at \$398/t, Oct-12 was up 1.2% w/w at \$374/t and Jan-13 was up 0.4% w/w at \$365/t.

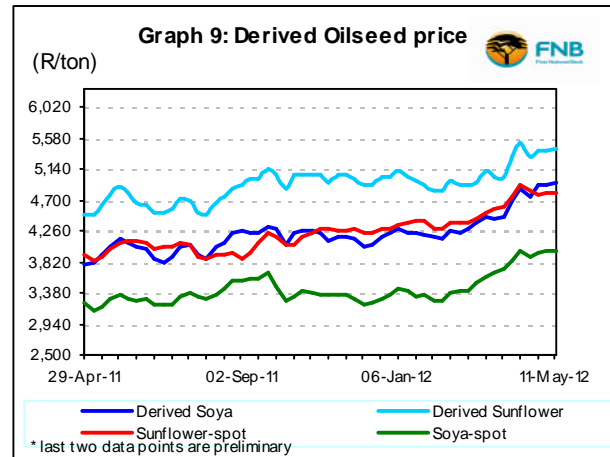
Soybean oil for Jul-12 fell by 1.3% w/w at 55.53c/lb, Aug-12 was down 1.3% w/w at 55.71c/lb and Oct-12 was down 1.3% w/w at 55.96c/lb.

- Domestic:** Oilseeds traded on JSE ended mixed with losses in sunflower as the currency (R/US\$) appreciated further. Soybeans found support from the higher CBOT prices. Weekly sunflower prices closed down 1.0% w/w but still 22.3% higher at R4,779/ton. Soybean prices gained 1.8% w/w and 22.8% y/y to close at R3,964/ton. Meanwhile, latest production estimates point to a slightly higher sunflower crop at 515,005 tons. The soybean estimate on the other hand came in abit lower at 711,750 tons, down 1.2% from last month.

Futures on the JSE: Sunflower for Jul-12 fell by 0.2% w/w (-R8/t) and Sep-12 was up 2.5% w/w (+R 118/t). Soybeans for Jul-12 advanced by 2.1% w/w (+R82/t) and Sep-12 was up 2.6% w/w (+R105/t).

OUTLOOK

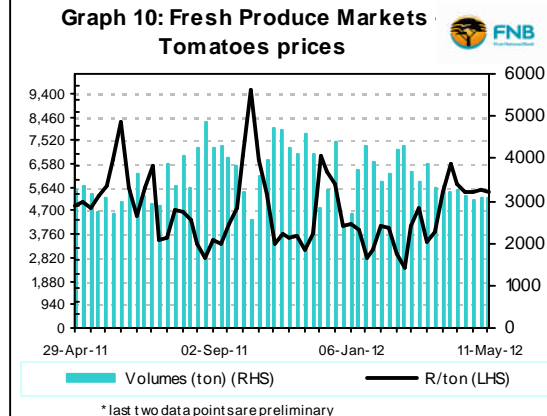
Tight domestic and world balance sheets will support the domestic market in the medium term. With more area shifting from soybeans to maize, prices may trend upwards in the medium term.



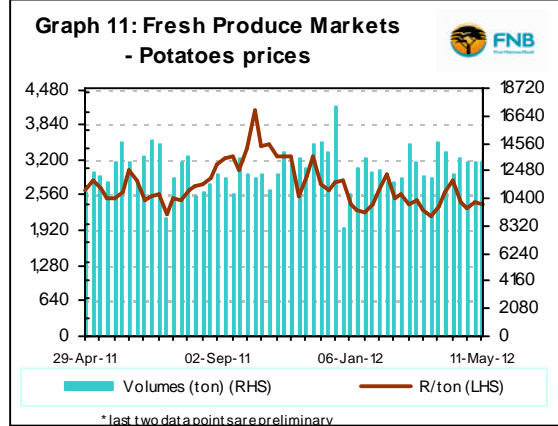
Oilseeds Futures 27 April 2012	Jul-12	Sep-12	Dec-12	Mar-13	Jul-13			
CBOT Soybeans (US \$/t)	548.73	518.09	-	485.90	485.16			
CBOT Soya oil (US c/lb)	55.53	55.88	56.26	56.67	56.79			
CBOT Soya cake meal (US\$/t)	428.40	397.60	371.40	355.30	345.90			
JSE Sunflower seed (R/t)	4,885	4,918	-	-	-			
JSE Soybean seed (R/t)	4,057	4,121	-	-	-			
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	259	224	4,960	381	339	5,000	487	446
4,880	238	243	4,920	359	357	4,960	465	464
4,840	217	262	4,880	338	376	4,920	443	482

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

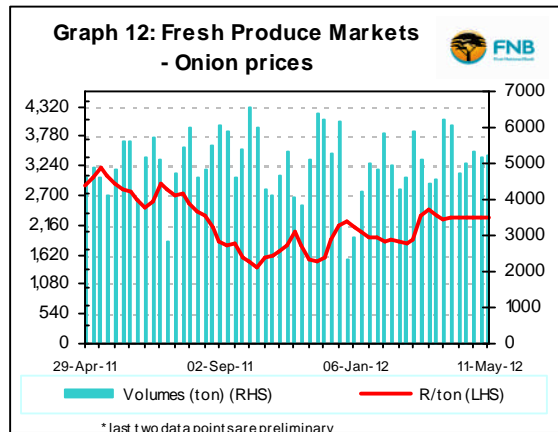
Tomato prices moved sideways in a short trading week. Weekly prices were 12.2% higher y/y, closing the week at R5,492/ ton. Volumes of tomatoes traded fell by 3.0% w/w and 7.4% y/y, coming in at 3,024 tons. It is expected that prices will trade sideways in the short term with limited upward potential.


Potatoes

Potato prices trended lower as a result of weak uptake on markets. Weekly potato prices fell by 3.5% w/w and 12.1% y/y, closing the week at R2,339/ ton. Volumes traded were pegged at 13,157 tons, down 1.9% w/w but 21.4% higher y/y. Prices are however expected to improve slightly in the short term due to moderation in supplies.


Onions

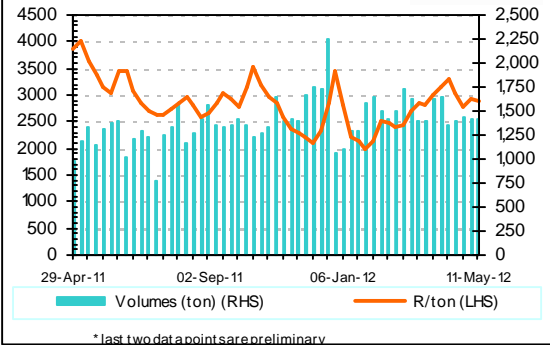
Onion prices posted marginal gains despite increased volumes. Prices reached R2,307/ton, up 0.4% w/w but still 20.5% lower y/y. Volumes traded rose by 6.6% w/w and 15.4% y/y, coming in at 5,349 tons. Prices are however expected to trend sideways with limited upward potential in the short to medium term.



Carrots

Carrot prices fell sharply due to increased supplies on markets. Prices fell by 7.8% w/w and 27.6% y/y, closing the week at R2,791/ton. Volumes traded were pegged at 1,447 tons, up 4.4% w/w and 49.3% y/y. A rebound is expected in the short term on moderation in supplies. However, the medium term outlook remains bearish with price likely to weaken due to the seasonal decline in demand.

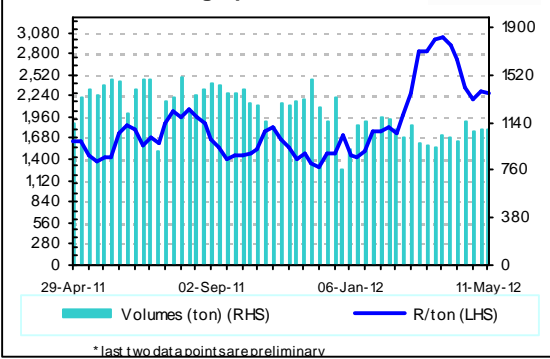
Graph 13: Fresh Produce Markets - Carrot prices



Cabbages

Cabbage prices extended the downtrend on weak demand. Weekly cabbage prices fell by 6.1% w/w but were still 34.6% y/y higher at R2,204/ton. Volumes traded came in at 1,067 tons, down 7.6% w/w and 6.5% y/y. Prices are expected to bounce back 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 27 April 2012	Average Price (R/t)	w/w	Y/y	Total Volume (t)	w/w	Y/y
Tomato	5,492	0.8%	12.2%	3027	-3.0%	-7.4%
Potato	2,339	-3.5%	-12.1%	13157	-1.9%	21.4%
Onion	2,307	0.4%	-20.5%	5349	6.6%	15.4%
Carrot	2,791	-7.8%	-27.6%	1447	4.4%	49.3%
Cabbage	2,204	-6.1%	34.6%	1067	-7.6%	-6.5%

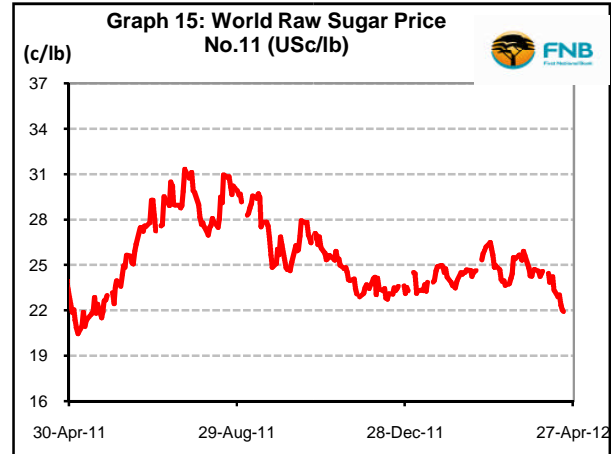
* Daily prices also available at <https://www.fnbagricomms.co.za>

Sugar market trends (Graph 15)

- International:** World raw sugar prices extended losses as demand concerns and the increased supply outlook continue to weigh heavily on the market. Raw sugar prices decreased by 3.3% w/w and 11.0% y/y, closing the week at 21.70c/lb. Meanwhile, International Sugar Organization raised its 2011/12 global sugar surplus estimate to 6.0m tons, and further projected a global sugar surplus of 3.0m in 2012/13. Earlier, the Brazilian government projected an 2.0m tons increase in sugar production 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 fell by 1.6% w/w at 21.21c/lb, Oct-12 was down 1.5% w/w at 21.63c/lb, May-13 down 1.5% w/w at 22.51c/lb and Oct-13 was down 1.0% w/w at 22.53c/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.



ICE Sugar Futures 27 April 2012	July-12	Oct-12	Mar-13	May-13	Jul-13
Sugar No.11 (US c/lb)	21.21	21.63	22.52	22.51	22.45
% Change w/w	-1.6%	-1.5%	-1.6%	-1.5%	-1.3%

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.