



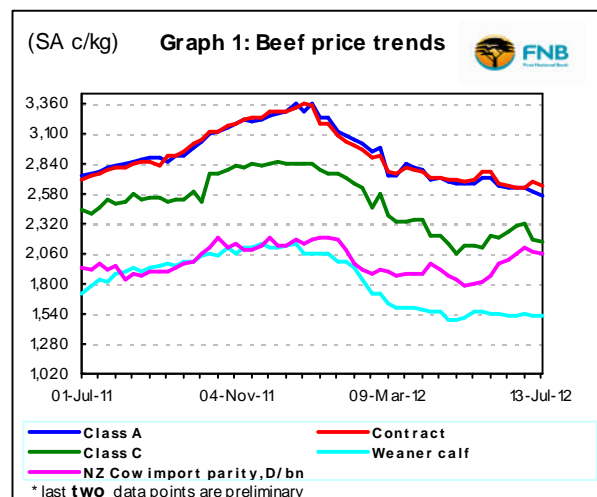
Agri-Weekly

29 June 2012

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

Beef market trends (Graph 1)

- International:** US cow slaughter numbers have increased in recent weeks due to poor pasture conditions as drought fears deepens. US lean boneless processing beef prices trended lower on limited demand and increased supplies. Market activity on imported beef was reportedly slow to moderate. Import prices were mostly lower under pressure due to weaker than expected demand ahead of the Independence Day holiday period and lower domestic prices. US Boxed beef cut-out values, the indicator of beef prices at wholesale level, trended lower on softer demand and moderate supplies. Choice beef was down 0.4% w/w but up 10.1% y/y at \$196.58/cwt. Select beef fell by 0.3% w/w but up 3.9% y/y at \$179.80/cwt. In the cattle market, the CME Feeder Cattle Index closed at \$147.66/cwt, down 3.4% w/w and 10.2% y/y. In Australia, cattle supplies were reported down 21.0% on the week which helped lift prices. The benchmark Eastern Young Cattle Indicator (EYCI) gained 0.5% w/w and ended at AU\$3.76/cwt, but still down 0.7% y/y. In New Zealand, the New Zealand steer prices remained steady at NZ\$3.85/kg, but still down 4.0% y/y.



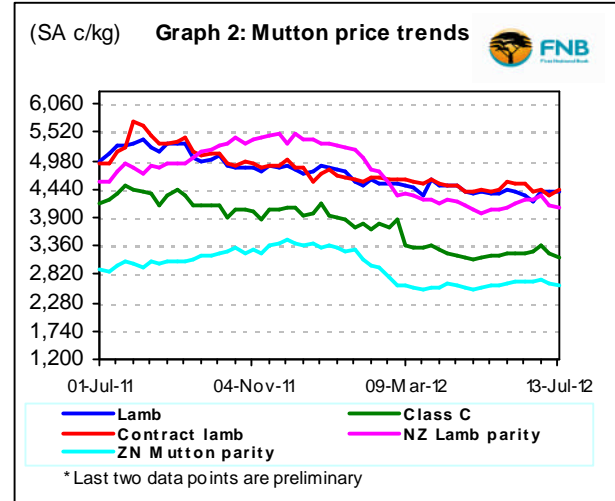
- Domestic:** Beef prices were again mixed with Class C beef extending gains on improved month-end demand. Class C beef gained 0.9% w/w but still down 4.4% y/y at R23.27/kg. Weekly Class A beef was up 0.1% w/w at R26.37/kg, but still down 3.7% y/y. Contract Class A beef was the exception, ending softer at R26.27/kg which is down 0.3% w/w and 2.8% y/y. Weaner calf prices strengthened further on supply tightness. Weaner calves traded at R15.48/kg live weight, up 1.2% w/w but up 9.7% y/y.

OUTLOOK

The market will maintain the current momentum in the short term with limited upside potential for the medium term due to the seasonal weakness in demand.

Mutton market trends (Graph 2)

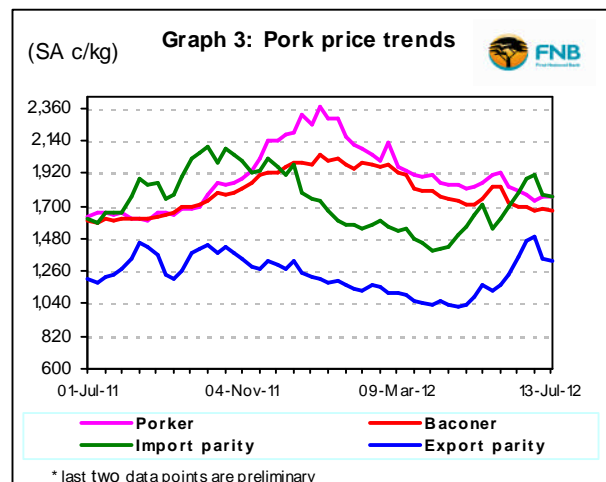
- International:** Australian lamb prices rebounded and strengthened due to the combination of rain and reduced supplies. Lamb supplies were reported down 14.0% w/w, which saw the Eastern States Trade Lamb (ESTL) indicator gaining 1.8% w/w to close at AU\$4.04/kg cwt. This is however still 20.0% lower y/y. 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 influenced by favourable seasonal conditions in the eastern states. In New Zealand, prices trended firmer lamb with slaughter rates were reportedly on the decline on seasonal conditions. US domestic Lamb Carcass Cut-out values were again mixed on light to moderate demand for light weight carcasses and limited demand in the heavier category. The overall US lamb carcass cut-out fell by 1.9% w/w and 17.3% y/y to finish the week at US\$305.30/cwt. Estimated US year-to-date sheep slaughter was pegged at 973,000 head, down 3.6% y/y.
- Domestic:** Prices recovered from mid-month lows on light supplies and moderate uptake. Weekly Class A lamb advanced by 4.1% w/w to close at R43.83/kg, but still 11.5% lower y/y. Contract Class A lamb on the other hand posted marginal gains of 0.7% w/w at R44.35/kg, but still down 10.3% y/y. Mutton prices gained 2.7% w/w but still down 19.2% y/y at R33.55/kg. In the weaner lamb market, prices eased lower on limited uptake. Weekly weaner lamb prices fell by 2.2% w/w and 21.4% y/y to close at R22/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)

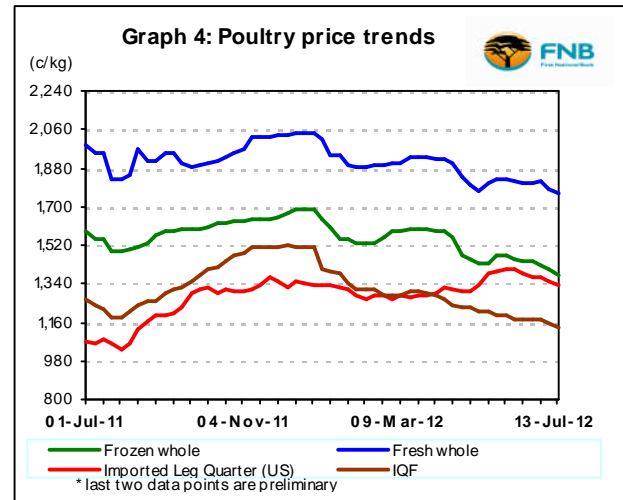
- International:** Prices on the US domestic pork market ended mixed with losses across most categories. The market was strong early in the week but declined as demand faded towards the weekend with abundant supplies adding further pressure. Weekly Loin prices traded at \$120.64/cwt, down 1.0% w/w but up 5.6% y/y. Ribs traded at \$153.56/cwt, down 4.8% w/w and 3.6% y/y. Hams posted marginal losses, down 0.1% w/w and 4.2% y/y at \$74.77/cwt. Carcasses were the exception, closing up 0.8% w/w and 0.8% y/y at \$98.38/cwt.
- Domestic:** On the domestic market, prices remained on an extended downtrend on sluggish demand. Weekly baconer prices traded at R16.74/kg, down 0.9% w/w but still up 4.9% y/y. Porkers were softer at R17.39/kg, down 1.9% w/w but still 6.9% higher y/y. Meanwhile, imports for May 2012 were pegged at 3,222 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

Prices are expected to trade at current levels in the short term with limited further upward potential in the medium term.

Poultry market trends (Graph 4)

- International:** US domestic prices trended softer across most categories with the exception of whole birds and wings. Weekly whole bird prices remained unchanged at 94.50c/lb, which is 8.6% higher y/y. Wings gained 0.7% w/w and were 119.7% higher y/y at US184.17c/lb. Leg quarters fell by 1.2% w/w but were still up 13.8% y/y at US53.50c/lb. Breasts traded at US 100.33c/lb, down 0.7% w/w but up 17.6% y/y. US broiler egg sets and chick placements remained on an extended downtrend. Broiler egg sets and chick placements for the week ended 23 Jun-2012 were reported down 2.0% y/y. The number of broilers available for marketing for the week ending 04 Aug-2012 was estimated at 154.3m head, up 0.2% w/w but down 3.7% 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:** On the local market, prices ended mixed with the fresh whole bird category ending slightly firmer. Weekly fresh whole bird prices advanced by 0.5% w/w to close at R18.15/kg, but still 8.8% lower y/y. Frozen whole birds weakened to close at R14.27/kg, down 1.5% w/w and 10.1% y/y. In the case of Individually Quick Frozen (IQF) portions, prices fell by 0.3% w/w and 7.8% to close at R11.71/kg.

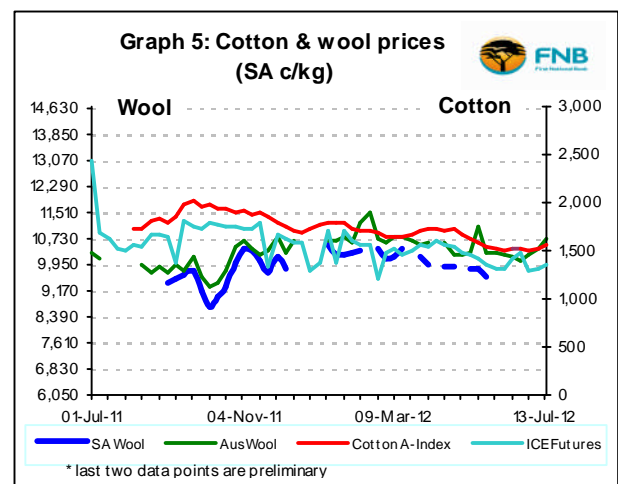
OUTLOOK

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

Producer prices for selected livestock commodities 29 June 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	26.37	43.83	17.39	18.15
Open market: Class C / Baconer / Frozen whole birds(R/kg)	23.27	33.55	15.35	14.27
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	26.27	44.35	16.74	11.71
Import parity price (R/kg)	21.15	27.25	19.13	13.74
Weaner Calves / Feeder Lambs (R/kg)	15.48	22.00		

Wool and cotton market trends (Graph 5)

- International:** Cotton prices posted modest losses on demand concerns despite weather concerns and reduced planted area. US Cotton planted area came in at 5.12 hectares, down 4.0% from the May estimate and 12.4% lower y/y. Cotton prices fell by 3.0% w/w and closed at US81.12/lb. In the last USDA report, world production for 2012/13 was revised down 1.2% m/m and 6.3% y/y to 25.1m tons. 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) were up across the board.

The Oct-12 cotton futures gained 1.5% w/w to close at US\$71.57c/lb, Dec-12 was up 1.8% w/w at US\$71.33c/lb, and Mar-13 up 1.5% w/w US\$72.51c/lb. Wool: In Australia, the Eastern Market Indicator recovered to close up 0.7% w/w but still down 23.6% at AU\$10.76/kg clean wool with a total offering of 34,068 bales and sales reaching 93.6%.

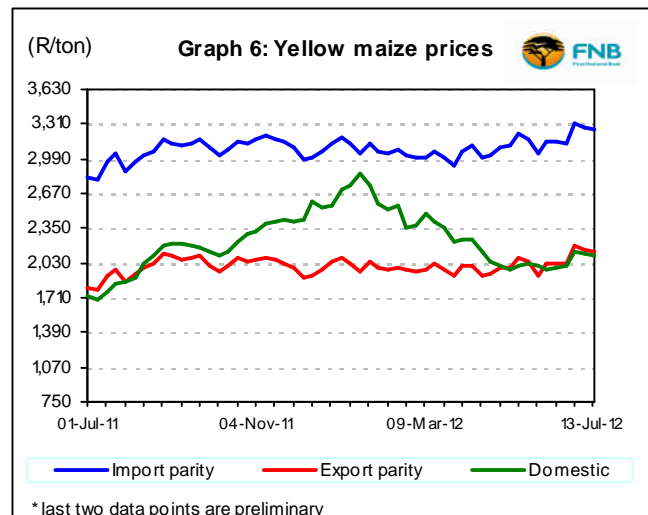
- **Domestic:** The wool market is currently on recess. The market finished the season on a softer note on spill over weakness from the Australian market and concerns over slowing world economy. The Cape Wools Merino indicator fell by 1.7% w/w and closed at R94.11/kg clean wool. This is 4.6% and 8.0% 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 29 June 2012	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Sep-12 (AU\$/kg)	Australian futures Dec-12 (AU\$/kg)
Wool market indicator (R/kg)	94.11	102.22		
19µ long length wool (R/kg)	103.07	105.18	11.80	11.45
21µ long length wool (R/kg)	99.83	103.19	11.25	10.90
23µ long length wool (R/kg)	100.51	97.34	9.55	9.18
	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)	14.99	1.78	1.57	1.57

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

Yellow maize market (Graph 6)

- **International:** US yellow maize prices ended sharply higher on weather concerns as hot and dry conditions persisted. The extremely high temperatures are particularly undesirable as the crop enters the critical stage of pollination. The USDA pegged planted area at 39.0m ha, which is slightly above market expectations and the March estimate. This was slightly bearish. However the Quarterly Stocks estimates came in below expectations at 79.9m tons. The Argentina government reportedly approved the export of nearly 3.0m more tons of old crop which was slightly negative late in the week. Meanwhile, the International Grains Council projected the world maize production to rise by 5.7% y/y to 917.0m tons in 2012/13. The Agency further expects world carryover to rise to 137.0m tons, with an increase in the US offsetting generally tighter stocks elsewhere, notably in Brazil. Maize futures on CME: Sep-12 futures rose by 14.0% w/w at \$248/t, Dec-12 was up 14.5% w/w at \$250/t, and Mar-13 was up 13.9% w/w at \$254/t.
- **Domestic:** Yellow maize prices posted modest gains on supportive CBOT prices despite a stronger Rand. Weekly yellow maize prices closed at R2,136 per ton, up 6.5% w/w and 23.9% y/y. Yellow maize import parity prices strengthened mainly on higher international prices. Weekly yellow maize import parity prices increased by 5.7% w/w and 18.2% y/y. Yellow maize futures on the JSE: Yellow maize for Sep-12 rose by 4.4% w/w (+R92/t), and Dec-12 was up 4.4% w/w (+R94/t).
- **OUTLOOK**
Weather conditions 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.



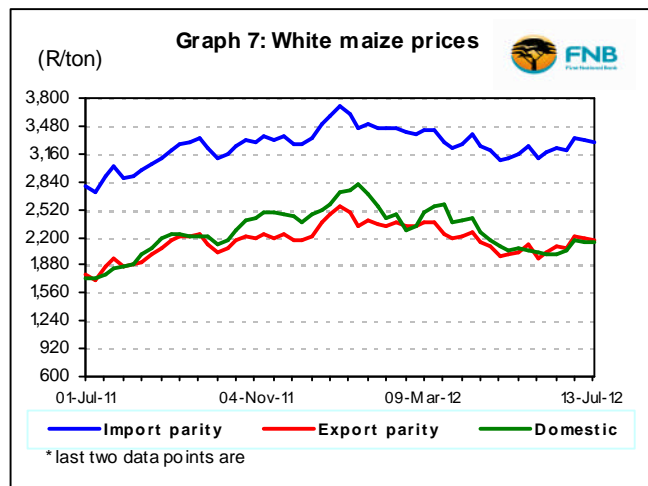
Yellow Maize Futures 29 June 2012	Sep-12	Dec-12	Mar-13	May-13	Jul-13
CBOT (\$/t)	264.93	247.59	250.03	253.58	256.73
JSE (R/t)	2,174	2,222	2,220	2,150	2,107
CHICAGO CORN (R/t)	2,080	2,121	2,161	-	2,237

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
2,220	116	70	2,260	167	129	2,260	197	157
2,180	93	87	2,220	145	147	2,220	175	175
2,140	73	107	2,180	125	167	2,180	154	194

White maize market trends (Graph 7)

- **International:** US white maize prices finished the week higher as dry and hot weather conditions lend support. Late week gains in crude oil prices added to the firmer tone. Weekly average white maize prices closed at \$267 per ton, up 4.5% w/w and 0.6% y/y.
- **Domestic:** White maize prices extended recent gains on the back of higher international prices despite a stronger Rand/US dollar exchange rate. Weekly white maize prices increased by 6.1% w/w and 25.7% y/y at R2,168 per ton. Weekly import parity prices rebounded and closed up by 4.6% w/w and 20.1% y/y. White maize futures on the JSE: White maize for Sep-12 rose by 3.0% w/w (+R63/t), and Dec-12 was up 3.2% w/w (+R70/t).


OUTLOOK

Weather conditions 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.

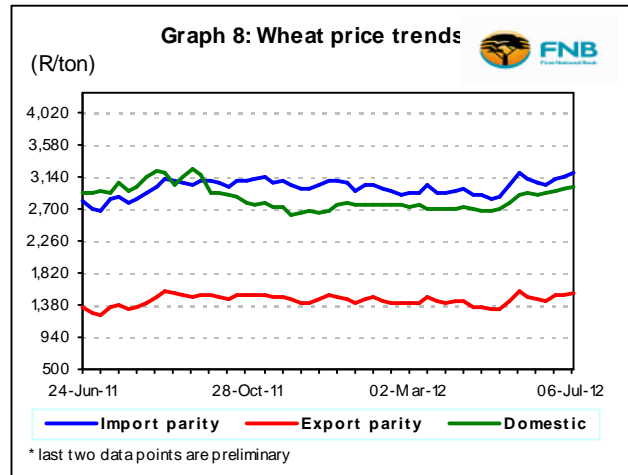
White Maize Futures 29 June 2012	Sep-12	Dec-12	Mar-13	May-13	Jul-13
JSE (R/t) WM ₁	2,198	2,253	2,266	2,180	2,139

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
2,240	123	81	2,300	194	147	2,300	230	196
2,200	101	99	2,260	172	165	2,260	208	214
2,160	81	119	2,220	151	184	2,220	186	232

Wheat market trends (Graph 8)

- International:** Wheat prices posted sharp gains on poor growing conditions in parts of Russia and the US with hot and dry conditions in the Great Plains and Midwest. US total wheat planted area came in at 22.7m ha, which was slightly higher than March's estimates. Wheat stocks came in at 20.2m tons in the USDA Quarterly report. On the world front, the IGC cut its estimate of world wheat production by 6.0m tons from the last month to 665.0m tons. Crop conditions in European, Russia and Australia areas were reportedly in good condition with beneficial rains. Futures on major exchanges: Kansas futures (KCBT): Wheat for Sep-12 increased by 7.9% w/w at \$278/t, and Dec-12 was up 7.8% w/w at \$286/t. Wheat for futures on CME: Wheat for Sep-12 gained 10.2% w/w at \$278/t, and Dec-12 was up 9.9% w/w at \$285/t.
- Domestic:** Wheat prices extended recent gains on spill over support from the international market. Domestic wheat prices closed at R3,112 per ton, up 5.9% w/w but still down 4.2% y/y. Wheat import parity prices rose by 8.2% w/w and 7.7% y/y. Wheat futures on the JSE: Wheat Sep-12 gained 5.8% w/w (+R175/t), and Dec-12 was up 5.8% w/w (+R175/t).

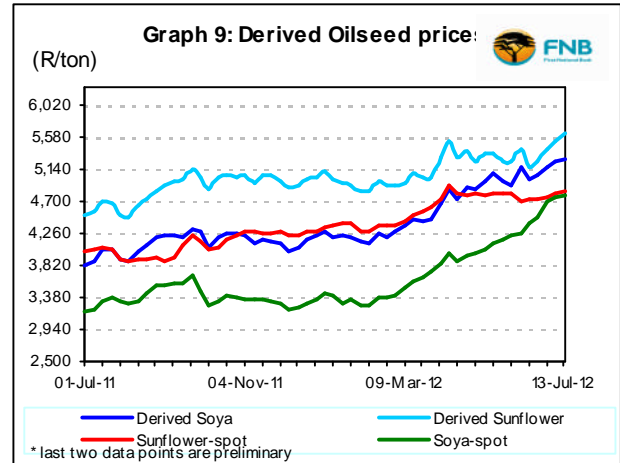

OUTLOOK

Prices are expected to retain upward momentum in the short term on spill over gains from the international market.

Wheat Futures 29 June 2012	Sep-12	Dec-12	Mar-13	May-13	Jul-13			
KCBT (\$/t)	277.78	286.05	291.38	294.13	292.85			
JSE (R/t)	3,233	3,140	3,178	-	-			
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
3,280	160	113	3,180	224	184	3,220	278	236
3,240	137	130	3,140	202	202	3,180	256	254
3,200	117	150	3,100	182	222	3,140	235	273

Oilseed market trends (Graph 9)

- International:** Soybean prices advanced modestly on the back of dry and hot weather conditions in the US. US Soybeans planted area increased by 1.0m from USDA's March Prospective Plantings report to 30.8m hectares, which is slightly above market expectations. The Quarterly stocks estimate was also above market expectations at 18.2m tons. Meanwhile, the IGC expects world soybean production to rebound by 12.0% to 266.0m tons. It further expects world trade to reach 96.4m tons, on increased deliveries to Asia, especially China. World soymeal import demand is expected to increase on firm demand from the Far East Asia and the EU. Futures in the soybean complex: Soybeans for Sep-12 closed up 4.0% w/w at \$533/t, and Nov-12 was 3.8% higher at \$525/t. Soymeal for Sep-12 gained 2.7% w/w at \$424/t, and Oct-12 was up 2.3% w/w at \$416/t. Soyoil for Sep-12 gained 5.1% w/w at US\$2.59c/lb, and Oct-12 was up 5.1% w/w at US\$2.73c/lb.
- Domestic:** Oilseeds traded on the JSE posted slight to moderate gains on spill over support from the international market. Weekly soybean prices advanced by 4.9% w/w and 47.1% y/y at R4,704 per ton. Sunflower prices rebounded and closed at R4,754 per ton, up 0.4% w/w and 18.1% y/y. There was no change to the sunflower production estimate (527,110t), while the soybeans figure was cut by 17,500t to 673,550 tons which set a bullish tone. In the futures market (JSE): Sunflower for Sep-12 gained 0.4% w/w (+R20/t), and Dec-12 up 0.5% w/w (+R25/t). Soybeans for Sep-12 gained 2.9% w/w (+R135/t), and Dec-12 up 3.0% w/w (+R138/t).
- OUTLOOK**
 It is expected that prices will trend firmer on spill over support from the international market.



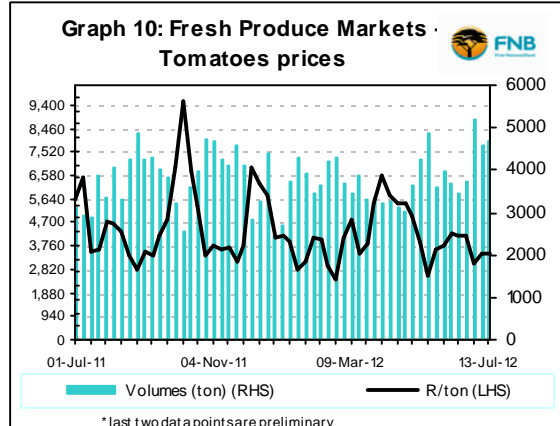
Oilseeds Futures 29 June 2012	Sep-12	Dec-12	Mar-13	May-13	Jul-13
CBOT Soybeans (US \$/t)	532.86	-	509.71	497.73	495.45
CBOT Soya oil (US c/lb)	52.59	53.08	53.64	53.88	54.04
CBOT Soya cake meal (US\$/t)	424.00	413.10	387.70	373.90	371.80
JSE Sunflower seed (R/t)	4,850	5,005	5,011	-	-
JSE Soybean seed (R/t)	4,745	4,775	4,703	4,200	-

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

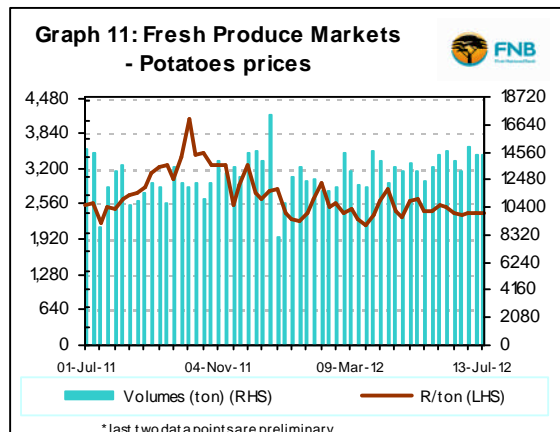
Sep-12			Dec-12			Mar-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,900	269	219	5,040	424	389	5,060	541	492
4,860	248	238	5,000	402	407	5,020	519	510
4,820	227	257	4,960	381	426	4,980	497	528

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

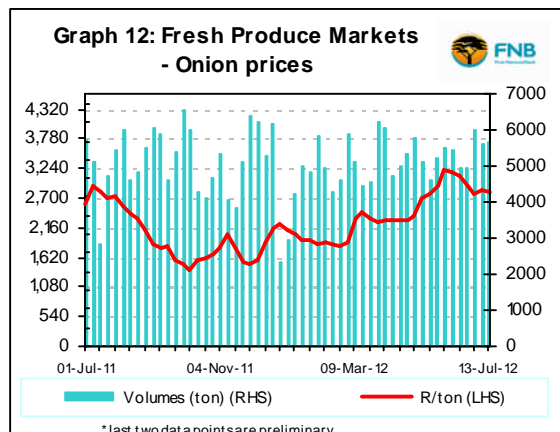
Tomato prices declined sharply due to higher volumes on markets. Weekly tomato prices fell by 27.2% w/w and 45.7% y/y to close at R3,033 per ton. Volumes traded rose by a whopping 38.8% w/w and 67.0% y/y, coming in at 5,210 tons. Prices are however expected bottom out and firm slightly on moderation in supplies.


Potatoes

Potato prices increased marginally on the back of improved uptake on markets. Prices increased by 0.6% w/w but were still 5.7% lower y/y at R2,384 per ton. Volumes traded were pegged at 14,962 tons, up 13.3% w/w and 1.2% y/y. Prices are however expected to move sideways with limited upside potential.


Onions

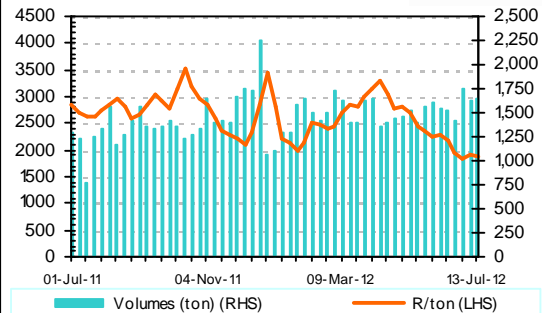
Onion prices drifted lower on higher volumes across most markets. Weekly onion prices traded at R2,769 per ton, down 4.7% w/w but still 6.6% higher y/y. Volumes traded were up 20.9% w/w and 5.3% y/y, coming in at 6,006 tons. It is however expected that prices firm slightly on moderation in supplies in the week ahead.



Carrots

Carrot prices remained on an extended downtrend on the back of higher volumes on markets. Prices fell by 5.4% w/w and 35.6% y/y to close at R1,845 per ton. Volumes traded reached 1,749 tons, up 23.9% w/w and 34.5% y/y. Prices are expected to trade at current levels in the short term.

Graph 13: Fresh Produce Markets - Carrot prices

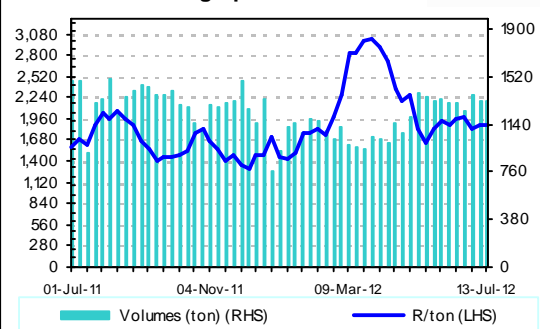


*last two data points are preliminary

Cabbages

Cabbage prices posted sharp losses under pressure due to higher volumes across most markets. Weekly cabbage prices fell by 8.5% w/w but still 15.2% higher y/y at R1,818 per ton. Volumes traded were pegged at 1,369 tons, up 9.9% w/w but still 7.8% lower y/y. Prices are expected to trend sideways in the short term on moderation in demand.

Graph 14: Fresh Produce Markets - Cabbage prices



*last two data points are preliminary

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

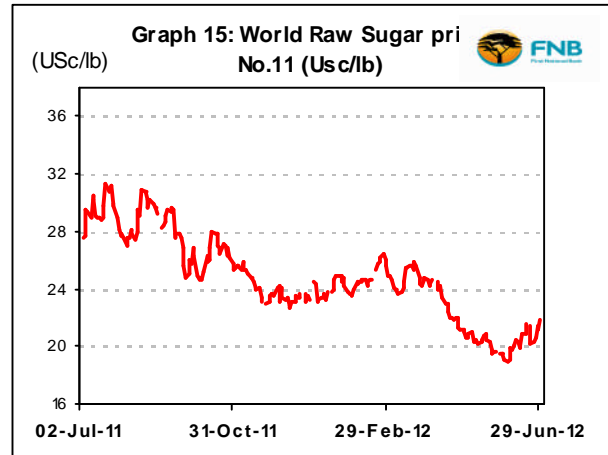
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)

Week ending 29 June 2012	Average Price (R/t)	w/w	Y/y	Total Volume (t)	w/w	Y/y
Tomato	3,033	-27.2%	-45.7%	5210	38.8%	67.0%
Potato	2,384	0.6%	-5.6%	14962	13.3%	1.2%
Onion	2,769	-4.7%	6.6%	6006	20.9%	5.3%
Carrot	1,845	-5.4%	-35.6%	1749	23.9%	34.5%
Cabbage	1,818	-8.5%	15.2%	1369	9.9%	-7.8%

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

Sugar market trends (Graph 15)

- International:** World raw sugar prices continued on a firmer trend on slow harvest and deliveries at ports in Brazil. However, gains were limited as weather outlooks turned positive for the week ahead. Meanwhile, Brazil's Sugarcane Industry Association (UNICA) is reportedly preparing to revise its forecast for the country's key centre south sugar production area due to harvest delays as a result of heavy rains. The area under sugar production for the first half of June was pegged at 1.37m tons, down 32.0% compared the corresponding period last year. UNICA had earlier projected a cane harvest at 509.0m tons and sugar output at 33.1m tons for the Centre South. The market focus will also be on India where the monsoon season was off to a slow start. Weekly raw sugar prices were marginally higher at US21.05c/lb, up 0.2% w/w but still down on last year by a whopping 25.9%. The benchmark Sugar futures on New York's InterContinental Exchange (ICE) (USc/lb) rebounded with modest and slight gains in the nearby and deferred futures respectively. The Oct-12 Sugar futures gained 6.4% w/w at US21.01c/lb, Mar-13 was up 4.6% w/w at US21.50 c/lb, and Jul-13 up 3.0% w/w at US21.21c/lb.
- Domestic:** The June 2011/12 RV (Recoverable Value) price for cane delivered in May 2012 was declared at R3,139.67 per ton, R12.93/t higher than the previous month. The increase in the RV was due to a weaker weighted average ZAR/US dollar exchange rate (8.34 versus 8.03), the reduced sugar: RV ratio (94.83% vs. 94.88%) and the sharp drop in the average No.11 world market price (22.05 US c/lb versus 22.41 US c/lb).



ICE Sugar Futures 29 June 2012	Oct-12	Mar-13	May-13	Jul-13	Oct-13
Sugar No.11 (US c/lb)	21.01	21.50	21.33	21.21	21.28
% Change w/w	6.4%	4.6%	3.7%	3.0%	2.7%

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.