

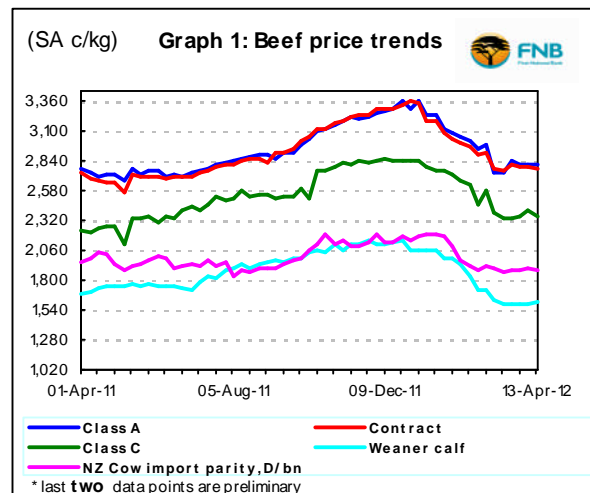


Agri-Weekly

30 March 2012
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<https://www.fnbagricomms.co.za>

Beef market trends (Graph 1)

- International:** US lean boneless processing beef prices continued to weaken on light to moderate demand and supplies. Uncertainty amongst US beef market participants over the impact of the recent decision by most supermarket chains to stop selling beef products containing Lean Finely Textured Beef placed downward pressure on prices. Market activity on imported beef was reportedly slow with prices mostly lower. In Australia, prices were under pressure due to higher volumes ahead of the Easter holidays. The benchmark young cattle indicator EYCI eased marginally lower by 0.4% w/w and 5.9% y/y, at AU\$3.94/kg cwt.
- Domestic:** The beef market ended mixed with higher volumes limiting gains. Weekly Class A beef eased marginally lower by 0.1% w/w to close at R28.07/kg, but still 1.0% higher y/y. Contract Class A beef was down 0.9% w/w at R27.86/kg, but still up 1.8% y/y. Class C beef was the exception, posting marginal gains on a slight improvement in demand ahead of Easter. Weekly Class C beef prices advanced by 0.5% w/w and 4.9% y/y, closing at R23.53/kg. In the case of weaner calves, prices remained under pressure and closed at R15.96/kg live weight, down 0.2% w/w and 4.7% y/y.

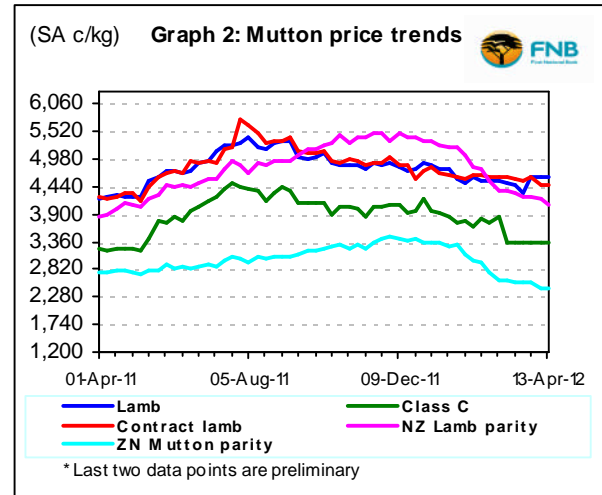


OUTLOOK

Domestic beef prices are expected to remain under pressure and weaken as we approach winter months. Internationally, reduced stocks as a result of retentions due to herd rebuilding will support the market in the medium term. However, this may be offset by softer demand should the global economy remain weak.

Mutton market trends (Graph 2)

- International:** US Lamb Carcass Cutout values were again mixed with light to moderate demand and supplies. Prices for the moderate to lighter carcasses finished higher on reduced volumes. The heavier categories trended lower on moderate supplies. In Australia, lamb prices trended higher despite increased volumes due to strong demand. Volumes traded were reported 17.0% higher w/w. The weekly Eastern State Trade Lamb Indicator (ESTLI) extended gains, closing 0.2% higher w/w but still down 26.4% y/y at AU\$4.73/kg. In New Zealand (NZ), the lamb markets remained under pressure and moved sideways. Domestic NZ lamb prices continued to weaken, falling by 0.9% w/w but still up 1.0% y/y at NZ\$99.80/head. Mutton prices eased marginally lower by 0.2% w/w and 24.0% y/y at NZ\$ 62.60/ head.



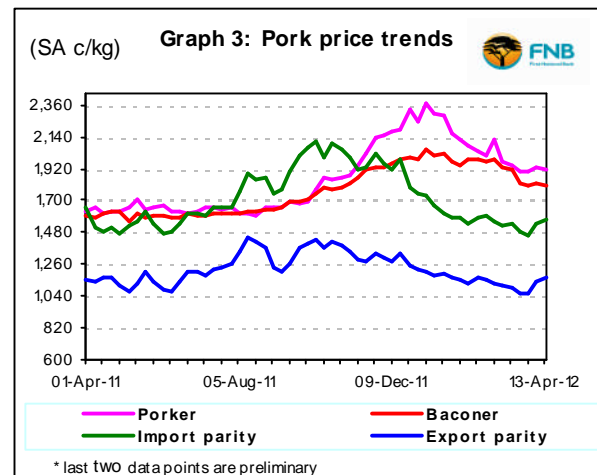
- Domestic** The lamb and mutton market rebounded on the back of improved uptake in the buildup towards the Easter break. Weekly mutton prices advanced by 1.1% w/w but still down 6.2% y/y at R25.74/kg. Class A lamb ended higher at R46.28/kg, up 7.1% w/w and 10.5% y/y. Contract Class A lamb declined by 1.5% w/w and 9.3% y/y to close at R46.12/kg. Weaner lambs drifted lower on improved supplies. Weekly lamb prices fell by 2.6% w/w to close at R21.43/kg, but still up 7.2% on a y/y basis.

OUTLOOK

Lamb and mutton prices are expected to trend sideways with limited upward potential in the medium term due to moderation in demand post Easter holidays.

Pork market trends (Graph 3)

- International:** Prices on the US domestic pork market were steady to mostly lower under pressure due to abundant supplies and limited uptake. Weekly Carcass prices closed at \$80/cwt, down 0.6% w/w and 15.2% y/y. Loins fell by 1.4% w/w and 1.7% y/y and closed at \$96.28/cwt. Hams fell by 2.3% w/w and 25.2% y/y to close at \$59.94/cwt. Ribs were the exception, advancing by 0.9% w/w to close at \$139.73/cwt but still down 1.2% y/y. Meanwhile, USDA reported a solid US domestic pork demand and further forecasted a 2.0% increase in total pork supply for the first quarter of 2012. On foreign trade, US exports for January rose by 36.1% y/y at 203.3m tons mainly to Japan (25.4%), Mexico (23.0%), China (16.5%), South Korea (9.2%) and Canada (9.1%) in that order. Exports to South Korea increased by 31.4% y/y. South Korea is still recovering from foot and mouth disease problems, with the Government of South Korea extending zero-duty tariff rate quotas for certain cuts during the first quarter of 2012.



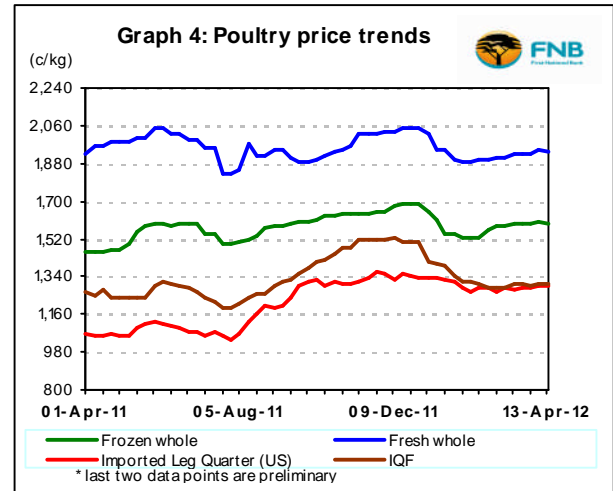
- Domestic:** The market remained under pressure with prices trending lower across the board. Weekly baconers finished at R18.05/kg, falling 0.8% w/w but still 13.0% higher y/y. Porkers moved marginally lower to close at R19.05/kg, but still 17.0% higher y/y. As with other livestock under intensive production systems, the pork market is affected by the increased volatility of maize prices as it is a major ingredient in pork feed. Higher maize prices increase the cost of feeding, further squeezing producer margins.

OUTLOOK

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

Poultry market trends (Graph 4)

- International:** US prices ended firmer across most categories. Whole bird prices advanced by 0.1% w/w and 8.1% y/y to close at 93.30c/lb. Breasts topped 100.3c/lb, up 1.0% w/w and 11.1% y/y. Leg quarters were the exception, finishing marginally lower by 0.3% w/w but still 16.9% higher at 54.20c/lb. Demand at retail and food service was reportedly slow ahead of the weekend. US broiler egg sets and chick placements continued to trend lower. US broiler egg sets and chick placements for the week ending 24 Mar-2012 were reported down 6.0% and 5.0% respectively y/y. The estimated number available for marketing for the week ending 05 May-2012 was estimated at 150.8m head, down 6.0% y/y.



- Domestic:** The market maintained a sideways trend for the third consecutive week. The exception was the IQF category which ended marginally lower under pressure due to higher volumes. Weekly IQF prices fell by 0.4% w/w to close at R13.00/kg, but 2.3% higher y/y. Medium fresh whole birds were steady at R19.30/kg, which is 0.3% higher y/y. Medium frozen whole birds were steady at R15.90/kg, but up 9.1% y/y. Meanwhile, producer margins are expected to come under pressure due to a combination of rising fuel costs and relatively high maize prices.

OUTLOOK

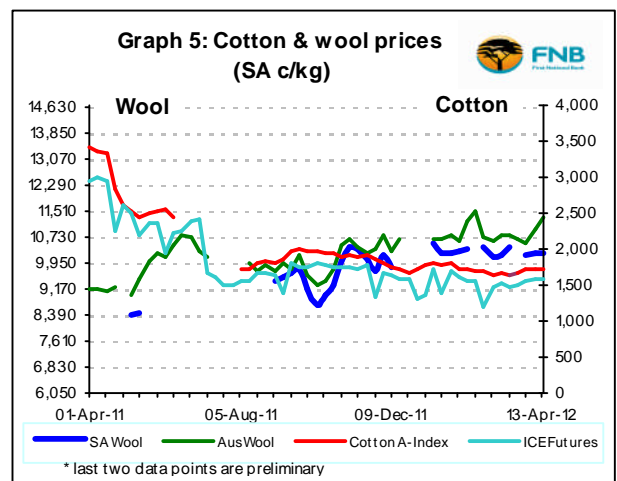
Cost pressures are starting to build up and will place downward pressure on the market in the medium term.

Producer prices for selected livestock commodities 30 March 2012	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	28.07	46.28	19.05	19.29
Open market: Class C / Baconer / Frozen whole birds(R/kg)	23.53	33.56	17.90	15.91
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	27.86	46.12	18.05	13.00
Import parity price (R/kg)	18.94	25.74	14.57	12.90
Weaner Calves / Feeder Lambs (R/kg)	15.96	21.43		

Wool and cotton market trends (Graph 5)

- International:** Cotton prices posted modest gains on the back of improved export demand. Meanwhile, the market remains concerned about the bearish supply outlook. The International Cotton Association projected world cotton ending stocks to increase to 14.54m tons resulting in the highest stocks-to-use ratio on record. USDA projected a slight increase in the world production estimate from 123.3m to 123.6m, mainly due to increased harvest in Brazil (+300,000 bales) and Pakistan (+200,000) but being partially offset by a lower forecast for Australia (-200,000). Its 2011/12 world ending stocks estimate rose to a 3 year high of 62.3m bales, which is bearish for the market.

Cotton futures on ICE: Cotton for May-12 advanced by 2.5% w/w at 89.63c/lb, Jul-12 was up 2.5% w/w at 90.27c/lb, Oct-12 was up 1.3% w/w at 90.41c/lb, Dec-12 was up 0.5% w/w at 88.71c/lb.



Wool: The Australian wool market trended lower with the weekly market indicator EMI closing at AU\$12.12/kg clean, down 1.0% w/w and 112.4% y/y.

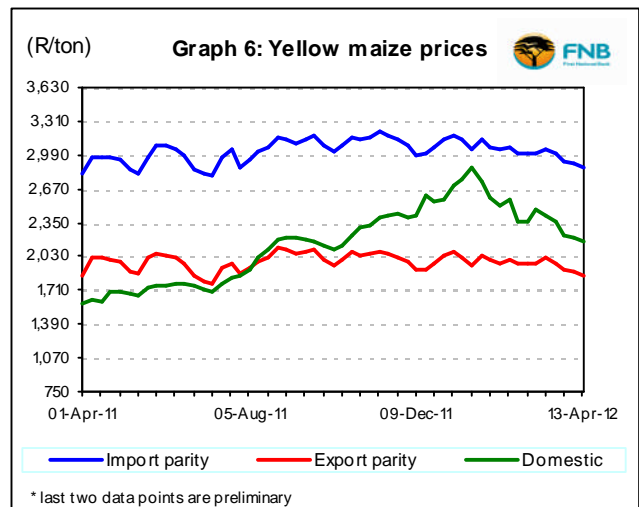
- Domestic:** The domestic wool market resumed on a softer note due to spillover weakness from the Australian market. The weekly market indicator Cape Wools Merino finished at R102.06/kg clean, down 2.0% from the previous sale but still 18.3% higher y/y. This is 3.2% and 11.0% higher than the current season's average and the opening sale respectively. Major wool buyers were Standard Wool SA with 3,026 bales (23.6%), Stucken & Co with 3,015 bales (23.5%), Lempriere SA with 2,609 bales (20.4%), G Modiano SA with 2,247 bales (17.5%), Segard Masurel SA with 1,443 bales (11.3%) and Segard Masurel SA with 1,443 bales (11.3%).

Fibre market prices 30 March 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)	102.06	105.38		
19 μ long length wool (R/kg)	114.66	112.72	13.25	12.65
21 μ long length wool (R/kg)	105.88	106.72	12.40	11.80
23 μ long length wool (R/kg)	101.80	99.86	9.43	9.18
	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)	17.14	2.24	2.07	2.04

Cotton Futures on ICE;

Yellow maize market (Graph 6)

- International:** US yellow maize prices extended losses on bearish outlook report and favourable planting weather conditions. The USDA prospective planting report projected the area under maize at 38.84m ha, up 4.0% from last year and 9.0% higher than in 2010. This is a record planted area in the US since 1937. However its quarterly stocks estimates painted a different picture, coming in below expectations at 152.3m ton which is 8.0% lower y/y. Retention on farms were projected at 71.6m tons, down 10.0% y/y. Maize futures on CME: Maize for Jul-12 declined by 0.2% w/w at \$253/t, Sep-12 was down 3.3% w/w at \$222 /t, Dec-12 was down 3.1% w/w at \$213/t.
- Domestic:** Yellow maize prices extended losses on the back of weakness on CBOT despite a negative domestic crop estimate. Weekly yellow maize prices closed at R2,226/ton, down 5.7% w/w but still 40.1% higher y/y. Yellow maize import parity continue to weaken mainly due to lower international prices. The production estimate was set at 11.31m tons, down 3.42% from the previous month. The decline is attributable to dry weather conditions late in the season. However, total planted area under maize was pegged at 2.7m ha, up 0.63% y/y. Yellow maize production was projected at 4.77m tons, down 2.8% from the previous estimate. Yellow futures on the JSE: Yellow maize for Jul-12 was up 3.4% w/w (+R 73 /t), Sep-12 was up 3.5% w/w (+R 75/t).



OUTLOOK

Weather developments will play an important role in providing price direction in the medium term as planting begins in earnest in the Northern Hemisphere. The tight stocks situation, with the 2011/12 world stock to use ratio of 14.4% is bullish for prices.

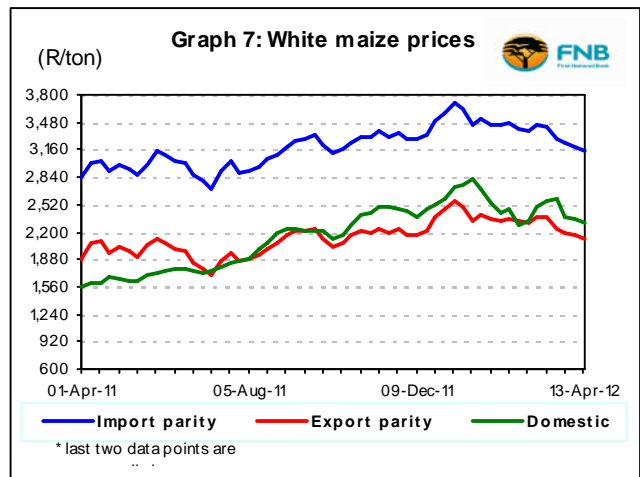
Yellow Maize Futures 30 March 2012	May-12	Jul-12	Sep-12	Dec-12	Mar-13
CBOT (\$/t)	253.74	253.42	221.90	212.84	217.33
JSE (R/t)	2,105	2,095	2,122	2,138	2,145
CHICAGO CORN (R/t)	1,843	1,857	1,686	1,650	-

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
2,140	127	82	2,160	196	158	2,180	202	160
2,100	105	100	2,120	173	175	2,140	180	178
2,060	85	120	2,080	152	194	2,100	159	197

White maize market trends (Graph 7)

- International:** As with yellow maize, US white maize prices posted modest losses under pressure due to lower crude and favourable planting conditions. Weekly average white maize prices decreased by 6.0% w/w but still up 7.5% y/y to close at \$295/ton.
- Domestic:** White maize prices posted modest losses despite a negative domestic outlook report. Weakness on CBOT was the main catalyst. Weekly white maize prices declined by 8.1% w/w to finish the week at R2,365/ton. This is however still 51.4% higher y/y. South Africa's expected commercial white maize crop was estimated at 6.539m tons, down 3.9% last month. Area under white maize came in at 1.6362m ha. Yields were hammered by dry weather conditions late in the growing phase. Lower output and reduced stocks as a result of robust export sales during the current marketing season will support prices in the medium to longer term. So far, exports have reached 2.34m tons for the current marketing season of which 70.0% is white maize. Export destinations includes Mexico, which has been drought stricken. White maize futures on the JSE: White maize for Jul-12 declined by 6.7% w/w (-R 155/t), Sep-12 was down 6.3% w/w (-R 148/t).



OUTLOOK

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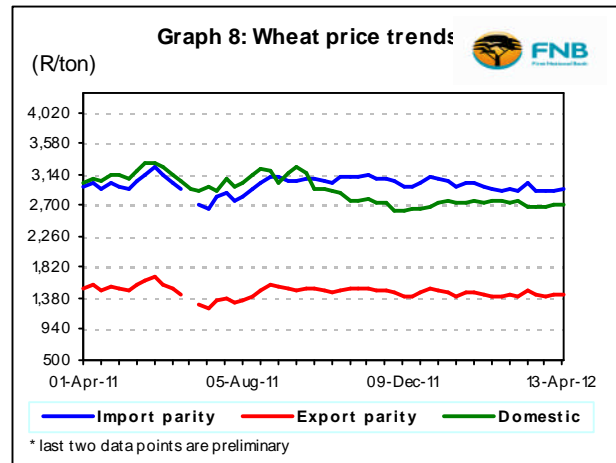
White Maize Futures 30 March 2012	May-12	Jul-12	Sep-12	Dec-12	Mar-13
JSE (R/t) WM ₁	2,245	2,168	2,198	2,234	2,230

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
2,200	132	100	2,240	185	143	2,280	205	159
2,160	110	118	2,200	162	160	2,240	183	177
2,120	90	138	2,160	141	179	2,200	162	196

Wheat market trends (Graph 8)

- International:** Wheat continues to weaken due to the general weakness in the grain markets and improved crop conditions. Weakness in crude and firmer US dollar added further pressure. A firmer US dollar reduces competitiveness of US wheat on the export markets. Nonetheless, the US quarterly stocks estimates came out supportive for the wheat market. The USDA pegged total wheat planted acreage for 2012 at 22.64m ha, lower than market expectations. US spring wheat planted area was just 4.9m ha compared with trade expectations at 5.4m. US quarterly wheat stocks as of 1st of March came in at 32.66m tons, compared with trade expectations near 33.29m. Meanwhile, the International Grains Council's monthly world estimate also came out bullish, pegging the 2011/12 world production at 681m tons and down 15m y/y. The agency projects an increase in feed usage due to increased availability. Futures on major exchanges: Kansas futures (KCBT): Wheat for Jul-12 was down 0.5% w/w at \$248/t, Sep-12 was down 0.1% w/w at \$254/t, Dec-12 was up 0.7% w/w at \$262/t. Wheat for futures on CME: Wheat for Jul-12 advanced by 0.7% w/w at \$260/t, Sep-12 was up 0.8% w/w at \$265/t, Dec-12 up 0.8% w/w at \$273/t.
- Domestic:** Wheat prices edged lower on spillover weakness from the international market. Weekly wheat prices decreased by 0.1% w/w and 14.1% y/y to close at R2,695/ ton. Wheat import parity prices eased marginally lower mainly on lower international prices. Weekly import parity prices decreased by 0.6% w/w and 6.0% y/y. Wheat futures on JSE trended lower across the board: Wheat for Jul-12 was down 1.4% w/w (-R38/t), Sep-12 was down 1.4% w/w (-R38/t).


OUTLOOK

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

Wheat Futures 30 March 2012	May-12	Jul-12	Sep-12	Dec-12	Mar-13			
KCBT (\$/t)	256.29	259.78	265.29	272.64	277.05			
JSE (R/t)	2,696	2,748	2,775	2,705	-			
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
2,780	125	93	2,820	211	166	2,740	185	150
2,740	104	112	2,780	189	184	2,700	163	168
2,700	85	133	2,740	168	203	2,660	143	188

Oilseed market trends (Graph 9)

- International:** US soybean prices rebounded on weakness in the US dollar, and higher equity and precious metal markets and lingering supply tightness out of South America due to a reduced harvest. Lower planting area projections were also supportive, as soybeans lost to maize and wheat in terms of planted area. US soybean planted area for 2012 was estimated at 29.93m hectares, down 1.0% y/y and down 5.0% from 2010. Soybean prices gained 1.4%w/w to close at \$527/t, but still down 0.2% y/y. Soymeal increased by 0.8% w/w and 4.0% y/y to close at \$369/t. Soyoil was the exception and softened slightly due to weakness in the crude oil.

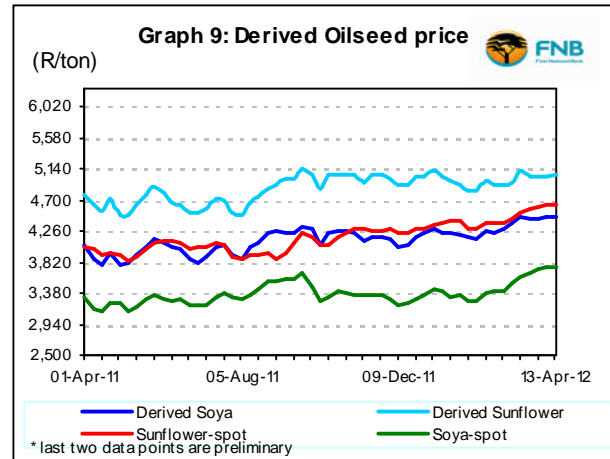
Futures in the soybean complex: Soybean for Jul-12

was up 2.7% w/w at \$517/t, Aug-12 was up 2.8% w/w at \$515 /t, Sep-12 was up 2.6% w/w at \$506/t. Soymeal for Jul-12 increased by 4.2% w/w at \$389.70/t, Aug-12 was up 4.1% w/w at \$385.50/t, Sep-12 was up 3.9% w/w at \$378.50/t, Oct-12 was up 4.2% w/w at \$370.30/t. Soybean oil for Jul-12 increased by 0.4% w/w at 55.51 c/lb, Aug-12 was up 0.5% w/w at 55.70c/lb, Oct-12 was up 0.4% w/w at 55.93c/lb.

- Domestic:** Oilseeds traded on JSE retained upward momentum supported by better CBOT prices. Sunflower prices advanced by 0.8% w/w and 14.1% y/y to close at R4,611/t. Soybeans gained 1.9% w/w to close at R3,729/t, up 12.4% y/y. Sunflower futures on the JSE: Sunflower for Jul-12 advanced by 0.1% w/w (+R 3/t), Sep-12 was up 0.6% w/w (+R28/t). Soybean futures: Soybean for Jul-12 fell by 1.2% w/w (-R 45/t), Sep-12 was down 0.5% w/w (-R20/t).

OUTLOOK

The domestic market is expected to retain the current momentum on spillover support from the international market. The tightening domestic and world balance sheets will support the domestic market in the medium term.



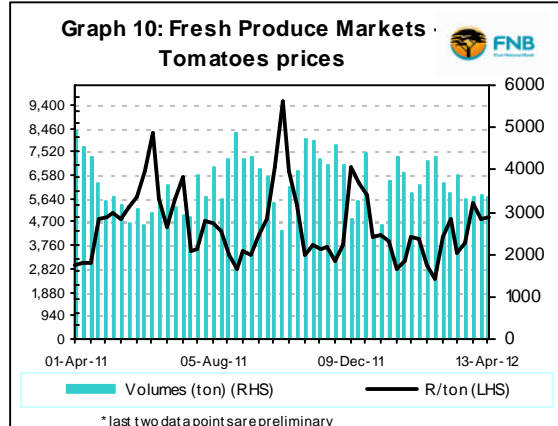
Oilseeds Futures 30 March 2012	May-12	Jul-12	Sep-12	Dec-12	Mar-13
CBOT Soybeans (US \$/t)	515.51	517.42	505.59	-	491.63
CBOT Soya oil (US c/lb)	55.10	55.51	55.86	56.18	56.43
CBOT Soya cake meal (US\$/t)	388.70	389.70	378.50	369.30	358.30
JSE Sunflower seed (R/t)	4,622	4,643	4,690	-	-
JSE Soybean seed (R/t)	3,710	3,750	3,815	-	-

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

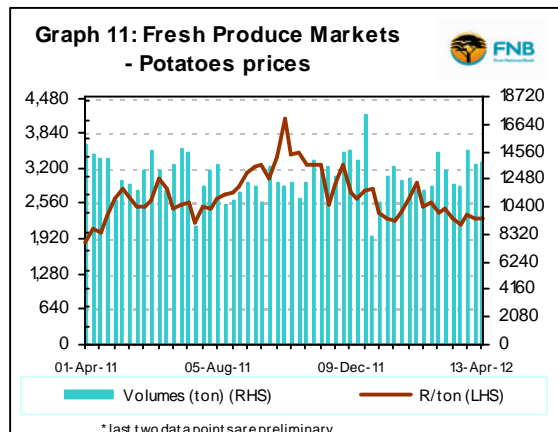
Jul-12			Sep-12			Dec-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,680	300	263	4,740	407	357	-	-	-
4,640	278	281	4,700	385	375	-	-	-
4,600	257	300	4,660	363	393	-	-	-

Vegetable Market Trends (Graphs 10 to 14)
Tomatoes

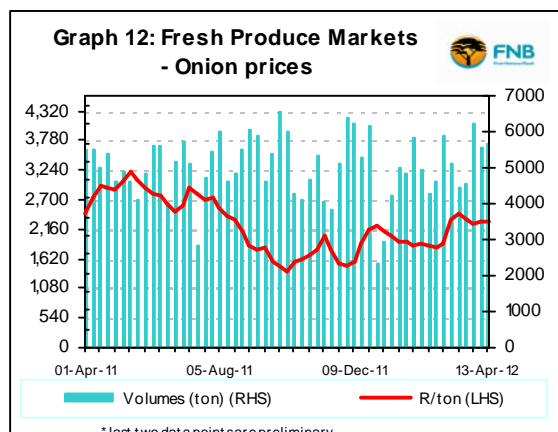
Tomato prices posted sharp gains due to good uptake on markets. Prices were up 40.1% w/w and 82.5% y/y, closing the week at R5,455/ton. Volumes traded were up 1.2% w/w but 31.4% lower y/y, closing the week at 3,357 tons. Prices are however expected to weaken slightly due to limited uptake in the week ahead.


Potatoes

Potato prices increased due good uptake on markets. Prices were up 7.8% w/w and 26.3% y/y, closing the week at R2,353/ton. Volumes traded were up 22.1% w/w but down 2.6% y/y, closing the week at 14,646 tons. Prices are however expected to move sideways with some upside potential due to limited supplies.


Onions

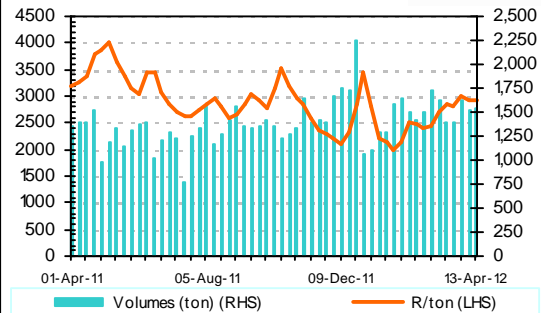
Onion prices decreased due to increased supplies on markets. Prices reached R2,257/ton, down 3.3% w/w and 7.8% y/y. Volumes traded were up 36.1% w/w and 13.4% y/y, closing the week at 6,237 tons. Prices are however expected to ease somewhat in the short term with limited upside potential as supplies recover.



Carrots

Carrot prices increased sharply due to good uptake on markets. Prices were up 6.5% w/w but still 6.3% lower y/y, closing the week at R2,992/ton. Volumes traded reached 1,624 tons, up 17.0% w/w and 20.7% y/y. Prices are expected to remain firm due to limited supplies on markets.

Graph 13: Fresh Produce Markets - Carrot prices

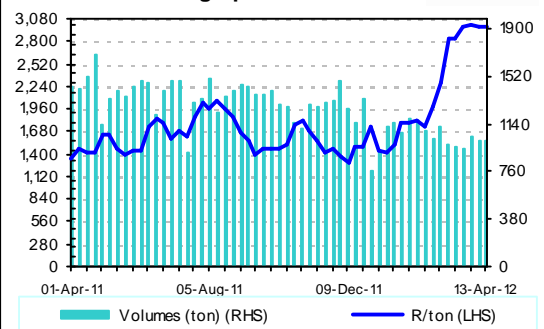


*last two data points are preliminary

Cabbages

Cabbage prices increased marginally due to weak uptake on markets. Prices were up 0.5% w/w and 122.0% y/y, closing the week at R3,003/ton. Volumes traded reached 1,042 tons, up 10.1% w/w but down 27.6% y/y. Prices are expected to improve somewhat in the short term.

Graph 14: Fresh Produce Markets - Cabbage prices



*last two data points are preliminary

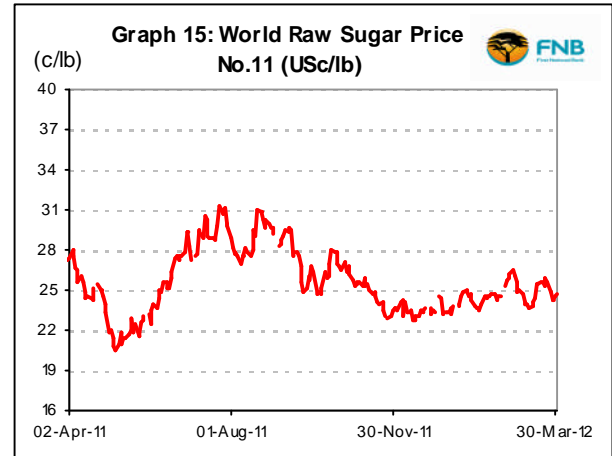
**Vegetable prices: South Africa's Major Fresh Produce Markets.
(Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)**

Week ending 30 March 2012	Average Price (R/t)	w/w	Y/y	Total Volume (t)	w/w	Y/y
Tomato	5,455	40.1%	82.8%	3357	1.2%	-31.4%
Potato	2,353	7.8%	26.3%	14646	22.1%	-2.6%
Onion	2,257	-3.3%	-7.8%	6237	36.1%	13.4%
Carrot	2,992	6.5%	-6.3%	1624	17.0%	20.7%
Cabbage	3,003	0.5%	122.0%	1042	10.1%	-27.6%

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

Sugar market trends (Graph 15)

- International:** World raw sugar prices posted modest losses on improved supply outlook. India's decision to allow an additional 1m tons of sugar exports on top of the 2m already approved for this year pressured the market. Other private agencies also raised their estimates of world supplies. The F.O. Licht increased its 2011/12 world sugar surplus estimate by 32.8% from the previous estimate to 7.7m tons. The International Sugar Organization earlier projected production to reach a record 173m tons despite a significant decrease in sugar output for Brazil, the world's dominant producer and exporter. Global consumption is projected at 167.83m tons, up 2.3% y/y. Countries that will have enough export capacity include a number of key players including Australia, the European Union, India, and Thailand.



Weekly Raw sugar prices fell by 4.3% w/w and 9.7% y/y, closing at 24.53c/lb. Raw Sugar futures on ICE (US c/lb): Sugar for Jul-12 fell by 2.8% w/w at 23.82c/lb, Oct-12 was down 1.6% w/w at 23.87c/lb, May-13 was up 0.1% w/w at 24.25c/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 30 March 2012	May-12	July-12	Oct-12	Mar-13	May-13
Sugar No.11 (US c/lb)	23.82	23.87	24.53	24.25	23.98
% Change w/w	-2.8%	-1.6%	-0.8%	0.1%	0.3%

Disclaimer:

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