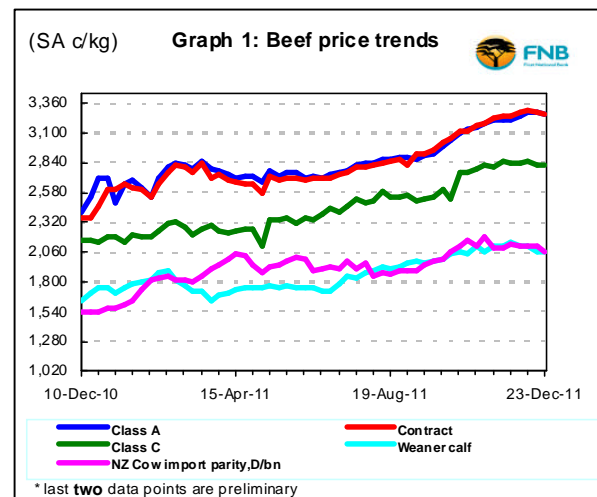



09 December 2011
pmakube@fnb.co.za
<https://www.fnbagricomms.co.za>

Beef market trends (Graph 1)

- International:** US lean boneless processing beef prices ended moderately higher on good demand despite heavy supplies. Market activity on imported beef was reportedly slow with prices retaining a weaker trend. US beef production for 2011 was projected at 11.8m, down 0.4% m/m and 0.5% y/y. Beef production for 2012 was unchanged compared to the November estimate at 11.3m tons (WASDE). In Australia, cattle prices increased due to reduced supplies. The benchmark young cattle indicator EYCI finished up 1.4% and 6.2% y/y at Au\$4.11/kg cwt.
- Domestic:** Beef prices retained a firmer trend across most categories. Weekly Class A beef advanced by 0.9% w/w and 36.5% y/y to close at R32.80/kg. Contract Class A beef closed at R32.93/kg, up 0.2% w/w and 39.9% y/y. Weekly weaner calf prices were a bit firmer at R21.16/kg live weight, up 0.3% w/w and 28.7% y/y.

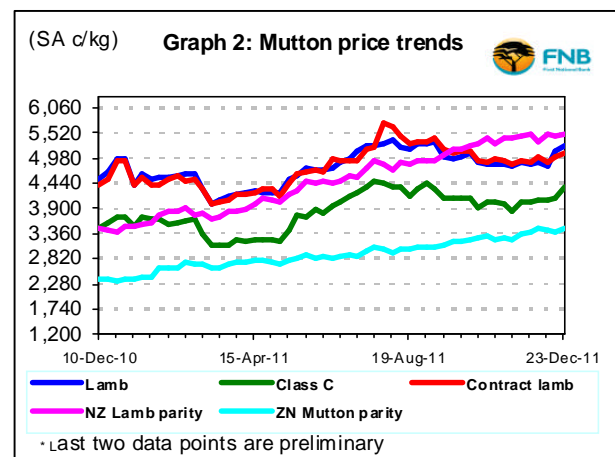


OUTLOOK

It is expected that prices will retain current momentum in the short term with limited further upward potential.

Mutton market trends (Graph 2)

- International:** US lamb carcass values again ended mixed with light to moderate demand and supplies. Lamb Carcass Cutout finished the week lower at \$370.12/cwt. In New Zealand (NZ), lamb prices (NZ17.5kg) finished down 2.8% w/w at NZ\$133.3/head, but still up 36% y/y. NZ exports for November 2011 were reported at 14.962 tons, down 20.0% y/y. Exports to the EU were by far the largest, coming in at 5, 813 tons but still down 33.% y/y. However, exports to China rose 35.0% y/y to 3,754 tons. Australian lamb market prices eased marginally lower on improved supplies. The weekly trade indicator ESTL was down 1.0% w/w but still up 0.2% y/y at AU\$5.04/kg cwt.
- Domestic:** Prices ended mixed with marginal gains in mutton. Weekly Class A lamb closed at R48.09/kg, down 1.6% w/w and 6.7% y/y. Contract Class A lamb fell by 2.7% w/w at R48.66/kg, but still up 10.5% y/y.



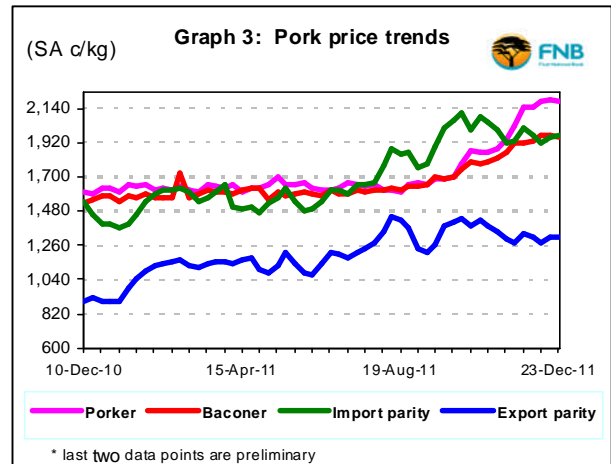
Mutton prices were firmer at R40.87/kg, up 0.1% w/w and 18.2% y/y. Weaner lambs continued to weaken on improved volumes. Prices fell by 2.0% w/w to close at R24.83/kg live weight, but still up 24.2% y/y.

OUTLOOK

It is expected that prices will strengthen somewhat in the short backed by good festive season demand.

Pork market trends (Graph 3)

- International:** US pork prices ended mixed with slight losses in the ribs category. Weekly loin prices closed at \$96.25/cwt, down 0.6% w/w and 14.6% y/y. Carcasses traded at \$89.38/cwt, up 0.1% w/w and 14.6% y/y. Ham prices moved sideways at \$78.53/cwt. Ribs finished at \$141.10/cwt, down 1.7% w/w but still up 15.0% y/y. Meanwhile, US pork production is forecast higher in the latest outlook report. The increase is attributable to improved carcass weights. US pork production was pegged at 10.23m tons, up 0.3% compared to the November estimate and 1.3% higher y/y.
- Domestic:** Prices maintained a firmer trend supported by good demand on markets. Weekly baconer prices closed at R19.61/kg, up 1.8% w/w and 28.0% y/y. Porker prices advanced by 1.7% w/w and 37% y/y to close at R21.83/kg. Import parity prices continued to weaken on the back of a stronger Rand (R/US\$). Weekly import parity prices fell by 2.1% w/w but still up 23.0% y/y. Monthly imports for October 2011 came in sharply higher at 2,503 tons, up 42.1% and 11.6% y/y. Cumulative imports for the year to October 2011 were pegged at 26,900 tons, up 29.6% compared to the corresponding period last year. Major import sources were Germany with 1,185t (47%), Canada with 532t (21%), Spain with 262t (10%), France with 253t (10%), Belgium with 143t (6%) and Others 129 tons (5%).

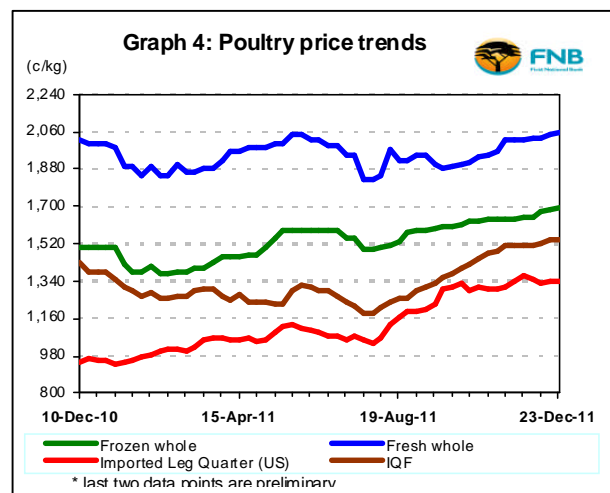


OUTLOOK

Domestic prices are expected to strengthen in the short to medium term backed by strong festive season demand.

Poultry market trends (Graph 4)

- International:** US domestic prices were again mixed, with slight gains in the whole bird and breast categories. Demand at retail and food service was reportedly light to moderate ahead of the weekend. Weekly whole birds were up 0.1% w/w and 5.0% y/y at 89.80c/lb. Breast cuts traded at 83.0c/lb, up 0.4% w/w and 8.0% y/y. Leg quarter prices were steady at 53.20c/lb, but up 35.7% y/y. US broiler egg sets and chick placements for the week ended 3 Dec-2011 were reported down 4.0% w/w and 5.0% y/y respectively. The estimated number available for marketing during the week ending 14 Jan-2012 was reported at 145.9m head, up 2.5% w/w but still down 5.9% y/y. Meanwhile, US broiler production was forecast lower at 16.6m tons, largely due to slower expected growth in average bird weights in the first part of the year.
- Domestic:** Broiler prices trended firmer on good demand. However, further advances were limited due to resistance on markets. Weekly IQF prices were marginally higher to R15.22/kg, which is up 6.5% y/y. Medium frozen whole birds posted slight gains at R16.73/kg, up 1.4% w/w and 11.0% y/y. Medium fresh whole birds were steady at R20.32/kg, up 0.8% y/y. Import parity prices for poultry (LQ) continued to weaken mainly on Rand strength. Weekly import parity prices were down 1.6% w/w but still up 39.8% y/y.



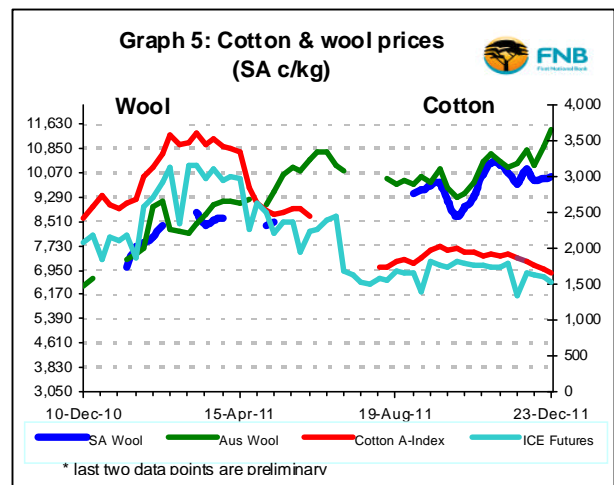
OUTLOOK

The market is expected to retain current momentum in the short term. However, higher feed costs due to rising maize prices will erode margins as broilers prices soften post December holidays.

Producer prices for selected livestock commodities 09 December 2011	Beef	Mutton	Pork	Poultry
Open market: Class A / Porker / Fresh whole birds(R/kg)	32.80	48.09	21.83	20.32
Open market: Class C / Baconer / Frozen whole birds(R/kg)	28.56	40.87	19.80	16.73
Contract: A2/A3* / Baconer/ IQF (*includes fifth quarter) (R/kg)	32.93	48.66	19.61	15.22
Import parity price (R/kg)	21.11	34.21	19.19	13.28
Weaner Calves / Feeder Lambs (R/kg)	21.16	24.83		

Wool and cotton market trends (Graph 5)

- International:** Cotton prices posted marginal gains of 0.1% w/w to close at 98.93c/lb, but still down 38.6% y/y. Expectations of reduced production due to lower planted area in the 2012/13 season lend further support. The ICAC estimates point to an 8% y/y drop in planted area to 33.3m ha with production reduced by 6.% to 25.1m tons. USDA projected world ending stocks at 12.6m tons, up 27% y/y. This reflects weak demand owing to the global economic downturn.
- Cotton futures on ICE:** Cotton for Mar-12 fell by 1.5% w/w 90.43c/lb, May-12 was down 1.5% w/w at 90.05c/lb, Jul-12 was down 1.2% w/w at 89.83c/lb.
- Wool:** In Australia, the wool market lost some ground and weakened. The weekly market indicator EMI finished down 2.8% w/w but up 16.7% y/y at Au\$12.09/kg.
- Domestic:** The Wool market reversed gains under pressure due to a stronger Rand. The weekly market indicator Cape Wools Merino fell by 3.4% w/w to close at R98.15/kg clean wool. This is however 1.8% and 7% higher than the current season's average and the opening sale respectively, and up 55.6% on last year this time. Only 90.0% of the 14,137 bales offered were sold. Major buyers were Standard Wool SA with 3,808 bales, Modiano SA with 3,727 bales, Stucken & Co with 2,275 bales and Lempriere SA with 2,088 bales.

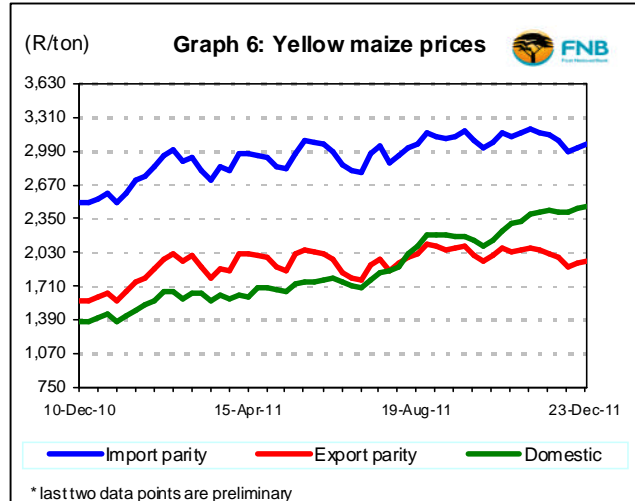


Fibre market prices 09 December 2011	SA prices (R/kg)	Australian prices (R/kg)	Australian futures Mar-12 (AU\$/kg)	Australian futures May-12 (AU\$/kg)
Wool market indicator (R/kg)	98.15	103.22		
19 μ long length wool (R/kg)	114.30	114.35	13.03	12.78
21 μ long length wool (R/kg)	104.26	106.49	12.08	11.83
23 μ long length wool (R/kg)	91.40	92.91	9.82	9.57
	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)	17.61	2.18	1.98	1.99

Cotton Futures on ICE.

Yellow maize market (Graph 6)

- International:** US yellow maize prices posted slight losses on dollar strength and weakness in the stock and oil markets. US yellow maize prices were down 1.6% w/w to close at \$256/t, but still up 1.3% y/y. According to the USDA, world maize production for 2011/12 is estimated to reach at a new record high of 867.5m tons despite a 3.5m drop in US production. In other areas, China 2011/12 production was raised 7.3m tons. Maize futures on CBOT: maize for May-12 was unchanged w/w at \$238/t, Jul-12 was up 0.1% w/w at \$240/t, Sep-12 was up 0.6% w/w at \$227/t.
- Domestic:** Yellow maize prices ended a bit firmer despite a stronger Rand. Weekly yellow maize prices advanced by 0.6% w/w and 76.1% y/y, closing at R2,421/ton. Yellow maize import parity declined on the back of a stronger Rand and lower CBOT prices. Weekly yellow maize export sales for the week ended 2 Dec-2011 were pegged at 3,223 tons and 666,055 tons for the season-to-date. Final crop estimate came in 2.3% lower than September estimate at 10.36m tons with yellow maize overestimated by 2.7% m/m. Yellow maize futures on JSE: Mar-12 gained 2.7% w/w (+R63/t), Jul-12 was up 2.7% w/w (+R50/t), Jul-12 was up 2.7% w/w (+R50/t).

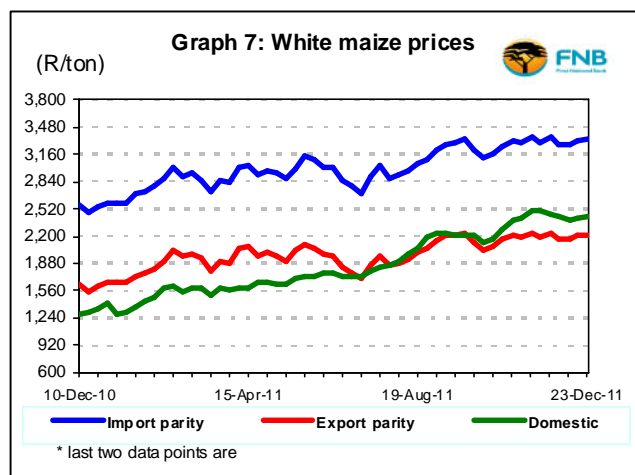

OUTLOOK

The medium to longer term outlook remains bullish due to tightening carryover stocks.

Yellow Maize Futures 09 December 2011	Mar-12	May-12	Jul-12	Sep-12	Dec-12			
CBOT (\$/t)	234.11	237.58	239.95	226.55	217.33			
JSE (R/t)	2,385	2,100	1,915	1,936	-			
CHICAGO CORN (R/t)	1,970	2,010	2,010	2,047	1,941			
Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Mar-12			May-12			Jul-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,420	155	120	2,140	197	157	1,960	204	159
2,380	133	138	2,100	174	174	1,920	181	176
2,340	113	158	2,060	153	193	1,880	160	195

White maize market trends (Graph 7)

- International:** US white maize prices rebounded to end higher despite weakness in the energy and stock markets. US weekly maize export sales were pegged at 708,000 tons, which is above market expectations. Weekly average white maize prices fell by 1.1% w/w and closed at \$264/ton, but still up 21.6% y/y.
- Domestic:** White maize prices extended losses mainly on Rand strength. White maize prices closed at R2,381/ton, down 2.5% w/w but still up 86.1% y/y. Imports of white maize for the week ended 2 December 2011 were pegged at 11,997 tons and 34,276 tons for the season to date. Exports came in at 34,858 tons and 1.245m for the season.



Total maize exports for the 2011/12 marketing season reached 1.912m tons. White maize producer deliveries for the week ending 25 Nov-2011 were pegged at 17,000 tons and 5.768m for the season. Total maize delivered so far is 9.515m tons, which is 91.5% of the CEC's final crop estimate. White maize futures on JSE: Mar-12 advanced by 1.5% w/w (+R36/t), Jul-12 was up 4.0% w/w (+R76/t), Sep-12 was up 2.9% w/w (+R56/t).

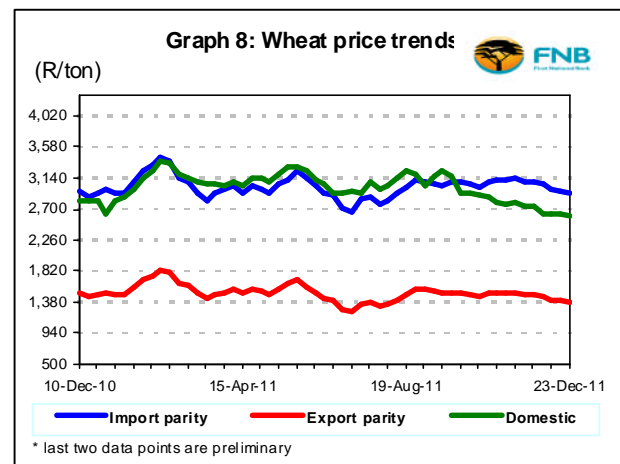
OUTLOOK

The medium to longer term outlook remains bullish given the tightening carryover stocks.

White Maize Futures 09 December 2011	Mar-12	May-12	Jul-12	Sep-12	Dec-12			
JSE (R/t) WM ₁	2,399	2,242	1,958	1,976	-			
Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Mar-12			May-12			Jul-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,440	151	110	2,280	210	172	2,000	206	164
2,400	128	127	2,240	188	190	1,960	184	182
2,360	108	147	2,200	167	209	1,920	163	201

Wheat market trends (Graph 8)

- International:** US Wheat prices extended losses under pressure from a stronger US dollar and a bearish world supply outlook. Ongoing concerns about the European debt crisis added to the weaker tone. Total U.S. wheat ending stocks were revised upwards by 1.4m tons due to reduced export prospects. World wheat production for 2011/12 season was pegged at 689m tons, with higher estimates for Australia, Argentina, Canada and China. Kansas futures(KCBT): Wheat for May-12 was down 2.7% w/w at \$246/t, Jul-12 was down 2.9% w/w at \$249/t. Wheat futures on Chicago: Wheat for May-12 was up 0.9% w/w at \$227/t, Jul-12 was up 1.3% w/w at \$233/t.
- Domestic:** Wheat prices edged higher despite a stronger Rand. Weekly wheat was marginally higher at R2,639/t, up 0.3% w/w but still down 2.9% y/y. Wheat import parity prices continued to weaken on the back of a stronger Rand and lower international prices. Weekly imports came in at 6,797 tons and 387,484 tons for the season. Exports were pegged at 2,780 tons and 30,229 tons for the new marketing season. Wheat futures on the JSE: Wheat for Mar-12 gained 1.7% w/w (+R45/t), May-12 was up 1.8% w/w (+R48/t), Jul-12 was up 0.8% w/w (+R21/t).

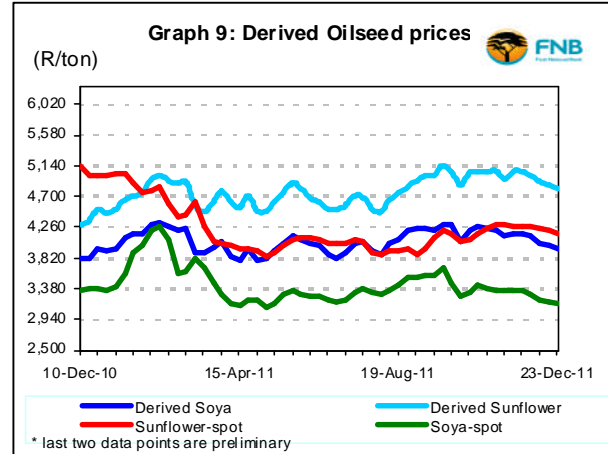

OUTLOOK

Prices are expected to trend sideways in the short term with further upward potential in the medium term.

Wheat Futures 09 December 2011	Mar-12	May-12	Jul-12	Sep-12	Dec-12			
KCBT (\$/t)	243.06	246.27	249.12	254.08	261.43			
JSE (R/t)	2,719	2,758	2,758	-	-			
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Mar-12			May-12			Jul-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,760	126	85	2,800	175	133	2,800	188	146
2,720	104	103	2,760	153	151	2,760	166	164
2,680	84	123	2,720	132	170	2,720	146	184

Oilseed market trends (Graph 9)

- International:** US soybean prices increased marginally but pressure from lower crude and stronger US dollar limited further gains. Meanwhile, US soybean exports were revised downwards to 35.4m tons, reflecting strong competition from South America. Soybean ending stocks for 2011/12 are projected at 6.3m tons, up 1m from last month. Global soybean production was pegged 259.2m tons, with increases in Canada and India partly offset by reduced estimate for China (WASDE). Soybean prices advanced by 0.7% w/w but down 11.0% at \$443/t. Soymeal fell by 1.9% w/w and 21.2% y/y at \$273/t. Soyoil advanced by 0.9% w/w and 2.5% y/y, closing at 50.45c/lb. Futures in the Soybean complex (CBOT): Soybean for Mar-12 fell by 2.6% w/w at \$410/t; May-12 fell by 2.5% w/w at \$414/t; Jul-12 fell by 2.5% w/w at \$418/t. Soymeal (\$/short ton): Soymeal for Mar-12 fell by 3.7% w/w at \$281/t, May-12 was down 3.5% w/w at \$285/t, Jul-12 was down 3.4% w/w at \$289/t. Soyoil for Mar-12 fell by 1.3% w/w at 49.98c/lb, May-12 was down 1.3% w/w at 50.35c/lb; Jul-12 was down 1.3% w/w at 50.64 c/lb.
- Domestic:** Soybean prices extended losses under pressure due to the stronger Rand. Weekly soybeans prices were down 2.3% w/w and 4.2 y/y, closing R3,215/t. Sunflower prices weakened to close at R4,239/t, down 1.0% w/w 17.3% y/y. Sunflower futures on the JSE: Sunflower for Mar-12 advanced by 0.3% w/w (+R12/t), May-12 was down 0.4% w/w (-R15/t), Jul-12 was down 0.5% w/w (-R20/t). Soybean futures: Soybean for Mar-12 gained 2.1% w/w (+R70/t), May-12 was up 2.7% w/w (+R90/t), Jul-12 was up 1.4% w/w (+R47/t).
- OUTLOOK**
 Prices are expected to remain under pressure and weaken in the short term.



Oilseeds Futures 09 December 2011	Mar-12	May-12	Jul-12	Sep-12	Dec-12
CBOT Soybeans (US \$/t)	410.21	414.10	417.78	417.04	-
CBOT Soya oil (US c/lb)	49.98	50.35	50.64	50.72	50.38
CBOT Soya cake meal (US\$/t)	281.20	285.30	289.40	291.90	293.60
JSE Sunflower seed (R/t)	4,380	4,250	4,330	4,380	-
JSE Soybean seed (R/t)	3,370	3,435	3,456	-	-

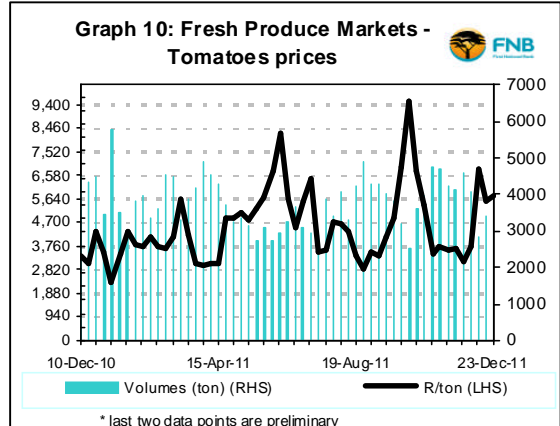
Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)

Mar-12			May-12			Jul-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,420	227	187	4,300	302	252	4,380	426	376
4,380	206	206	4,260	280	270	4,340	403	393
4,340	186	226	4,220	259	289	4,300	382	412

Vegetable Market Trends (Graphs 10 to 14)

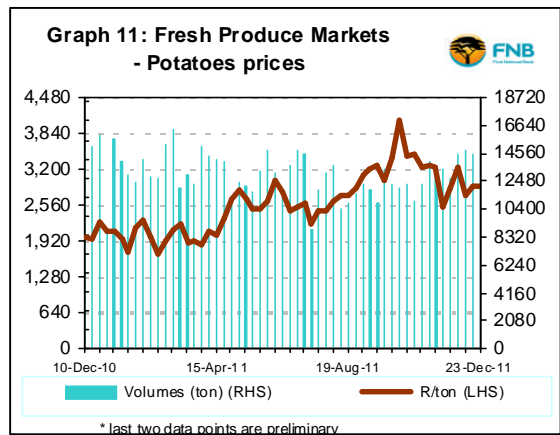
- Tomatoes**

Tomato prices continued to increase due to limited supplies on markets. Weekly tomato prices rose by 82.0% w/w and 104.2% to close the week at R6,877/ton. Volumes traded fell by 30.6% and 36.3% y/y, coming in at 2,843 tons. Prices are however expected to weaken slightly in the short term on improved supplies.



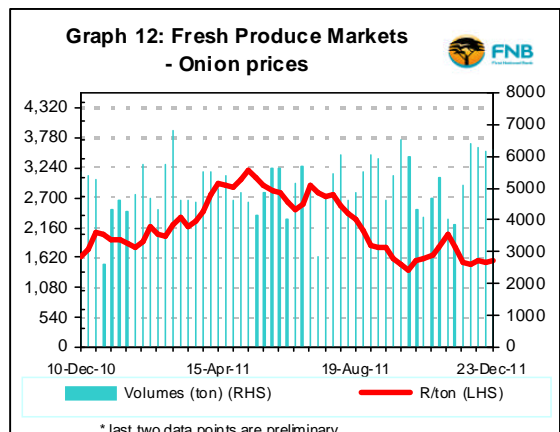
- Potatoes**

Potato prices posted sharp losses due to weak uptake on markets. Weekly potato prices closed down 15.7% w/w but still up 36.7% y/y at R2,742/ton. Volumes traded were up 1.5% w/w but down 1.5% y/y, coming in at 14,716 tons. Prices are however expected to move bottom out and firm slightly on improved demand.



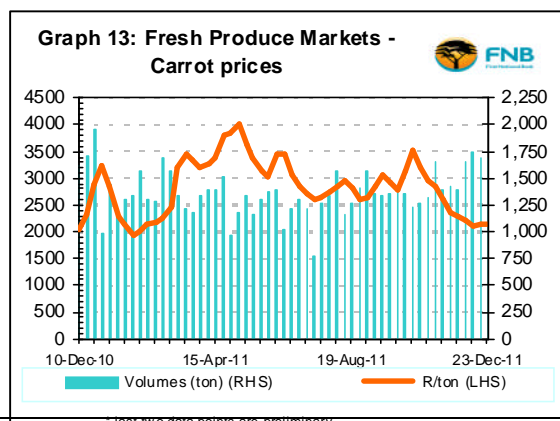
- Onions**

Onion prices increased marginally due to good uptake and limited volumes on markets. Prices increased to R1,576/ton, up 6.3% w/w but down 4.1% y/y. Volumes traded were down 1.9% w/w but up 13.2% y/y, coming in at 6,249 tons. It is however expected that prices will trend sideways in the short term.



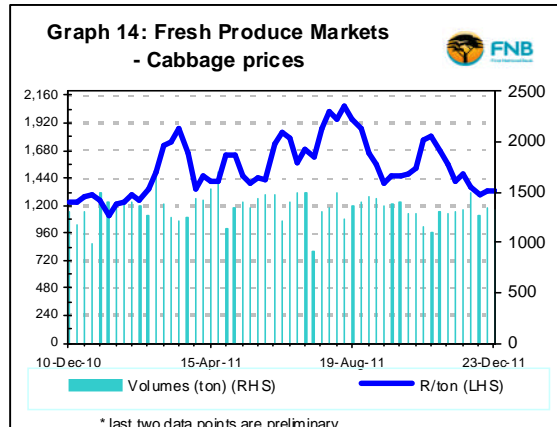
- Carrots**

Carrot prices extended losses on volumes across most markets. Prices fell by 5.8% w/w but still up 2.3% y/y, closing the week at R2,089/ton. Volumes traded were pegged at 1,744 tons, up 5.3% w/w and 7.7% y/y. Prices are however expected firm slightly on improved demand in the short to medium term.



- Cabbages**

Cabbage prices drifted lower despite reduced supplies due to weak uptake on markets. Prices were down 4.4% w/w but still up 5.2% y/y to close at R1,300/ton. Volumes traded reached 1,264 tons, down 15.0% w/w and 2.4% y/y. Prices are however expected to bottom out and strengthen in the short term on improved demand.



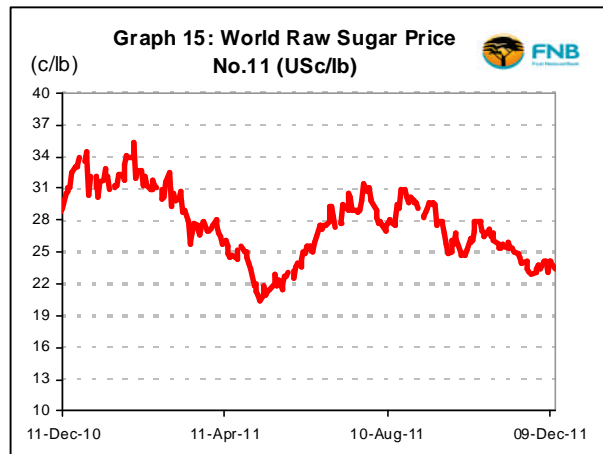
Vegetable prices: South Africa's Major Fresh Produce Markets. (Average Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban)

Week ending 09 December 2011	Average Price (R/t)	w/w	Y/y	Total Volume (t)	w/w	Y/y
Tomato	6,877	82.0%	104.2%	2843	-30.6%	-36.3%
Potato	2,742	-15.7%	36.7%	14716	1.5%	-1.5%
Onion	1,576	6.3%	-4.1%	6249	-1.9%	13.2%
Carrot	2,089	-5.8%	2.3%	1744	5.3%	7.7%
Cabbage	1,300	-4.4%	5.2%	1264	-15.0%	-2.4%

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

Sugar market trends (Graph 15)

- International:** World raw sugar prices posted slight gains despite a stronger US dollar and bearish global supply outlooks. Weekly raw sugar prices were up 1.9%w/w, closing at 23.91c/lb but still down 17.1% y/y. Raw Sugar futures on ICE (US c/lb): the May-12 sugar fell by 0.6% w/w at 22.96c/lb, Jul-12 was down 1.1% w/w at 22.54c/lb, Mar-13 was down 1.3% w/w at 23.06c/lb, Jul-13 fell by 1.2% w/w at 22.81c/lb.
- Domestic:** The monthly 2011/12 RV (Recoverable Value) price a measure of the value of sugar and molasses that will be recovered from the sugarcane delivered by the individual grower during October 2011, was declared at R3,012.45/t (-R2.56/t m/m). According to the Cane Growers Association report, the decrease in price is due to a lower RV ratio (94.33% vs 94.39%) and the lower weighted average world market price (27.56 US c/lb vs 27.58 US c/lb). The RV price for the season is expected to reach R3,018.00/ton.



ICE Sugar Futures 09 December 2011	May-12	July-12	Oct-12	Mar-13	May-13
Sugar No.11 (US c/lb)	22.96	22.54	22.65	23.06	22.85
% Change w/w	-0.6%	-1.1%	-1.3%	-1.3%	-1.2%

Disclaimer:

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