

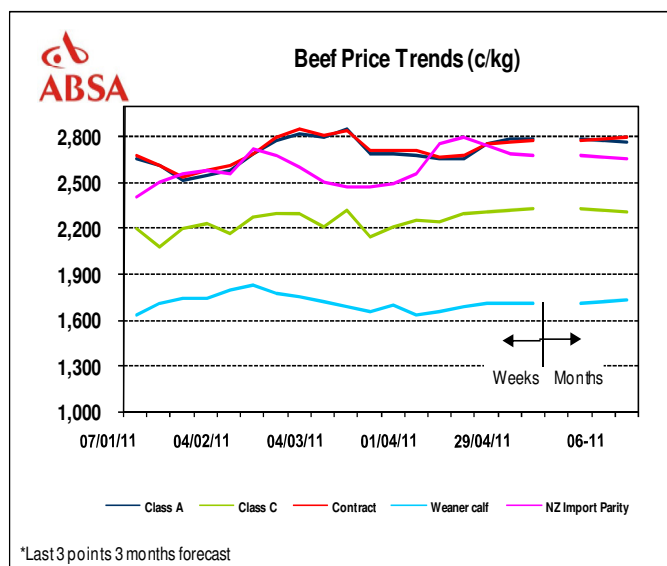
### Can inflation be kept under control?

The Reserve bank monitoring committee that decide if the interest rates must increase or decrease will meet during this week. The feel between economists is that food inflation can rise to between 10%-12% towards the end of 2012 and therefore it can happen that the interest rate can be increased towards the end of 2011. The factors that will influence the rise are more institutional of nature such as high fuel prices due to high crude oil prices, higher energy or electricity prices and higher food prices due to the rise in grain prices. Another factor is the demand for a higher percentage increase in remuneration. However the strength of the rand against the US dollar can soften the increase in food inflation due to the fact that there is an influx of investor's money to South Africa which will strengthen the rand and keep inflation on imported goods lower. The influx of money is due to the fact that South Africa is still seen as the country which gives the best return on capital with the debt crisis in the euro zone surfacing again as well as the high debt to GDP ratio of the US. We expect some improvement in fixed investment spending through 2011 but the real boost to GDP from investment only will come in 2012, while the path for credit and investment is the key to interest rate decisions in 2011. House hold consumption is driven by the following factors: real income, debt servicing cost, the extent of indebtedness and job creation. Real income and debt servicing cost was the main drivers that have driven consumer spending. Deleveraging and employment must now help the growth to be sustainable to lower inflation.

### Beef Market Trends

- International:** The US and AU beef market prices traded lower during the week compared to the previous week. In the US top inside was 0,3% lower at 201,83 \$/cwt, Rump was 5,5% lower at 262,30 \$/cwt, Strip loin was 1,3% lower at 525,65 \$/cwt, Chuck was 4,4% higher at 226,56 \$/cwt, and Brisket 2,6% lower at 165,43 \$/cwt. Australian prices were the same compared to last week. Some areas traded higher, while other traded lower compared to the previous week. Prince Charles has reprimanded America over its love of beef in a speech at Georgetown University in which he also appeared to take a blow at the European Union's common agricultural policy.

He told the audience at the Future of Food conference in Washington that each pound of beef produced in the West used up to 2,000 gallons of water. He also attacked farm subsidies, common in the EU, which he believes promote intensive farming and undermine sustainable agriculture. Livestock and dairy farmers in areas of Fukushima, Japan region where evacuations are planned have given up hope of continuing to breed cattle, due to the difficulty of finding relocation sites for their animals. All residents in certain areas of the region have been instructed to evacuate by the end of this month because of the accident at the Fukushima No. 1 nuclear power plant. The central and regional governments have provided no information about sites that could accommodate evacuated animals. Making the farmers' situation even



more difficult is that they would have to cover the cost of evacuating their cattle. After a period of disrupted trading over the Easter break the majority of cattle markets reported by MLA's NLRS returned to normality this week, with buyers and sellers both eager to monitor market conditions. The eventual price signals were met with a mixed reception, as cattle prices slipped from their pre-easter levels. The appreciating AU\$ has been one factor that has created flow on effects to livestock prices. This was combined with grown steer and cow supplies lifting following the Easter break. Consequently, mature steer and cow categories sold to softer demand, with markets all trending lower. After Thursday's markets, the Eastern states Japan ox indicator had dropped 7% since the market closed prior to Easter. Russia, as other countries, had experienced a downturn in trade during late 2008 and throughout most of 2009 as a result of the financial and economic crises. Exports from Australia to Russia recovered in 2010, reaching 56,646 tons of beef, as local consumers return to increase their meat consumption given their traditional processed meat culture and growing preference for western-style cooking.

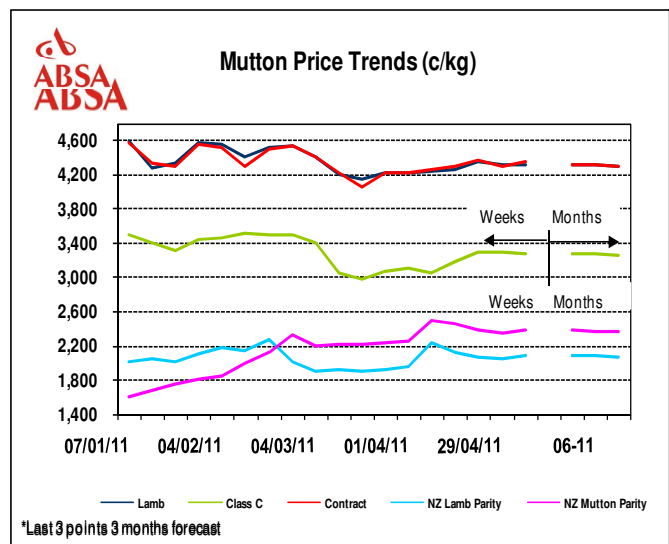
- **Domestic:** Beef prices traded higher during the past week compared to the previous week following parts of the international price trend. The prices of the different meat classes were as follows: Class A prices increased by 0,2% to R27,85/kg, Class C prices increased by 0,3% to R23,31/kg and Contract prices increased by 0,2% closing at R27,65/kg. Weaner prices closed higher at R17,11/kg compared to the previous week. Hide prices traded 0,2% higher compared to the previous week closing at R8,75/kg. The landed imported price of beef trimmings from Namibia and Botswana trade at R34,00/kg week on week which was the same as the previous week.

## Outlook

Internationally, beef prices are expected to move sideways with a possible decrease due to normal trade after Easter. The Australian market might come under further pressure due to a stronger AU dollar and increases in supplies after good rains earlier in the year. In the local market, prices of red meat will move sideways in the short to medium term due to constant demand. Weaner prices will move sideways in the short to medium term with a possible upward movement because producers will keep them back to feed on the maize rests.

## Mutton Market Trends

- **International:** Australian prices were mostly higher compared to the previous week. These higher markets were as a result of increased demand after Easter. Local import parity for lamb increased by 1,9% and mutton by 1,0% respectively mainly as a result of the stronger rand against the New Zealand dollar. Australia exports the majority of the red meat it produces. In 2009 62% of the red meat produced was sent overseas. Historically Australia's red meat exports have been heavily weighted towards North Asian and North American markets but in recent years though, exporters have been



diversifying the mix of markets, with a stronger focus on markets in South Asia and Greater China, and the Middle East. Not only are the destinations of Australia's exports changing, but the composition has also changed. Some of the key trends that were apparent in the March quarter of 2010 were: Tighter grassfed cattle supplies, following widespread rain, which impacted production, cautious buying in the US, positive performance of the Japan fast food

sector, along with lower stocks in the Japan and the continued decline in sheepmeat production. In 2010, Australia exported 148,916 tons of red meat to Korea, valued at \$653 million. Beef accounted for 83% of Australia's red meat exports to Korea, while offal took up 14% and lamb and mutton and goat all made up 1% each of total volume. The US is Australia's largest lamb export market (volume and value), with shipments in 2009 reaching 38,328 tons. Chilled lamb makes up a large proportion of Australian lamb sent to the US, with a focus of the trade being at the US retail sector. Compared to other sheep producing countries, the US national flock is relatively small and has been declining since the mid 1940's. The consistent decline, in the US sheep flock has been due to shifts to more profitable and alternative land uses, predator death loss and more recently the impact of drought conditions in key sheep regions. Due to its relatively small sheep flock, lamb production in the US is low. Of all sheepmeat produced in the US, approximately 95% is classified as lamb. The US's lamb consumption totalled 102,236 tons (boneless equivalent). Lamb consumption in the US has continued to remain at relatively the same levels for the past 15 years. In comparison US beef, pork and poultry consumption in 2009 was at 27,76kg, 22,68kg and 36,11kg per capita respectively. Imports make a sizeable contribution to the lamb supply in the US. In 2009, imports accounted for 45% of total lamb supplies in the US market.

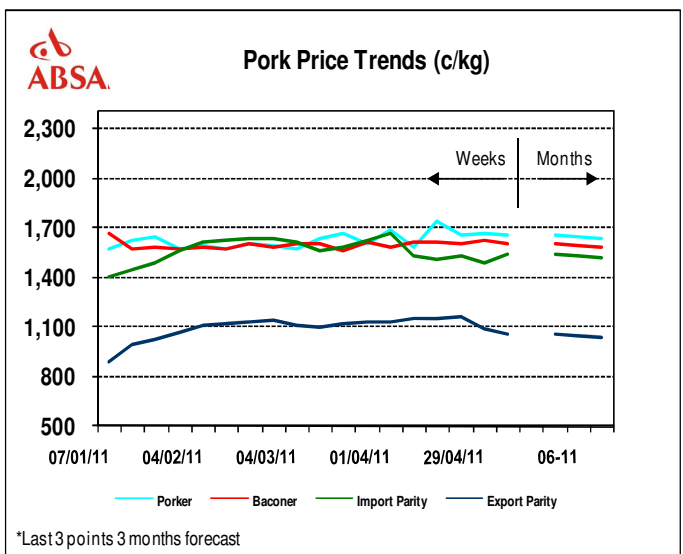
- **Domestic:** This week's mutton prices traded mixed compared to the previous week. Class A2 prices closing at R43,25/kg, 0,1% lower, Class C2 prices closing at R32,93/kg, 0,2% lower while Contract prices closed at R43,451/kg, 1,0% higher. Feeder lamb is still a scarce commodity although the prices had moved downwards to R21,83/kg compared to the previous week. The average price for a Dorper skin was the same at R47,58 and a Merino skin the same at R51,92 compared to the previous week. The landed imported price of Mutton, Rib from Australia and New Zealand traded the lower compared to the previous week at R22,95/kg but Mutton Shoulder traded the same at R 36,95/kg.

## Outlook

Internationally, prices will probably increase in the short to medium term due to lower sheep numbers in AU and the US while consumption will stay high. Locally, the price of mutton will move sideways in the short to medium term with increases due to constant demand and the ongoing affects of the Rift Valley fever. The price of lamb will most probably move sideways in the short to medium term with a possible upward movement towards the winter.

## Pork Market Trends

- **International:** US pork prices were mixed during the past week. The price of a Carcass was 5,73% lower at US\$ 91,10/cwt, Loin was 2,19% higher at US\$ 102,30/cwt, Rib was 3,09% lower at US\$ 137,20/cwt, while Ham was 1,41% higher at US\$ 74,64/cwt. Import parity was 0,7% higher due to a weaker exchange rate compared to the previous week. Fresh loins were steady to weak with butts also steady. Bone-in hams were not established while sds bellies 14-16 lbs and lean trimmings were steady. Trading was slow to moderate, with light to moderate demand and offerings. The pork division of a large Foods company saw operating profits more than double, to \$146m, helped by America's strong exports as South Korean buyers replaced supplies lost to a domestic outbreak of foot-and-mouth disease. However, the uplift was offset by lower profits in beef, attributed to



higher operating costs. Belarus has introduced new rules for the import of pork and poultry from Germany. Although occurring with low swine morbidity rates, two new outbreaks of foot-and-mouth disease have been confirmed in South Korea in the end of April. The outbreaks have been found on two farms in North Gyeongsang province, in the east of South Korea. Of a total of 2,800 susceptible animals, only 21 animals died. One farm has 2,000 pigs (17 infected), the other 800 (four infected). The finding of two more cases confirms a setback in South Korea's approach to control the foot-and-mouth outbreak, which started in November 2010 and reached its peak in February 2011, at the expense of the culling of over 2,5 million animals with losses estimated to exceed US\$2 million.

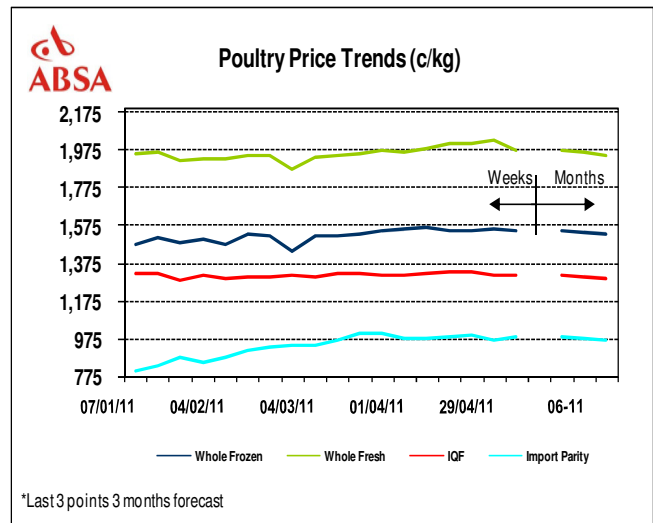
- **Domestic:** The pork prices were lower in the past week, not following the international pork market. The price of Porkers decreased by 0,66% to R16,51/kg, while the price of Baconers decreased by 0,93% to R16,02/kg and the price of Contract meat decreased by 0,79% to R16,27/kg compared to the previous week. Market activity was slow with enough stock levels during the holidays. The imported landed price of loin from Canada and the US traded the same at R27,50/kg week on week according to AMIE.

## Outlook

Internationally, prices are expected to move sideways in the short to medium term with a possible downward movement after the Easter period. Locally, the prices are expected to move sideways in the short to medium term with a possible downward movement as supplies will be back to normal in the weeks to come.

## Poultry Market Trends

- **International:** The poultry prices in the US were mixed during the past week compared to the previous week. The load count was higher than the previous week, 339 loads compared to 331 loads. Whole bird prices were 0,57% lower at 83,30c/lbs due to decreased demand. Breasts also traded 2,71% lower at 125,5c/lbs but legs quarters traded higher compared to last week at 46,5c/lbs. Whole broiler/fryer prices were trending steady overall. Offerings were light to heavy but mostly moderate for current trade needs. Retail and food service demand was light to moderate as dealers continue to assess market conditions entering the new week. Floor stocks were light to moderate. In the parts structure, movement was light to moderate for late week business but prices were trending firm to higher for most dark meat items with leg quarters in the strongest position moving satisfactorily. Breast items and wings were steady to weak. Offerings of dark meat items were mostly light with good movement. All other parts were moderate to heavy. The market activity was slow to moderate. In production areas, live supplies were moderate while weights were mixed, but mostly desirable. A Large US Foods company highlighted the pressure facing US poultry producers by unveiling a 68% slump in profits from its chicken operations, as they swallowed an extra \$82m in grain costs. The ratio of US retail chicken prices to feed costs hit a record low of 3,0 in February. According to the ministries corporate communications unit of Trinidad and Tobago, poultry parts are imported at relatively low cost which puts local producers at a disadvantage. The local producers operate with certain costs because, not only do they have to raise, feed and produce poultry but it is necessary to employ persons to do so. Local producers therefore, have to sell at certain prices to cover these



costs. The local poultry industry employs about 10,000 persons through suppliers, manufactures of feed stock, processing, pluck shops, etc. A balancing act is needed between the need for lower priced products against the need to keep people employed. The ministry needs to manage how much poultry comes into the country to try to protect the local industry. Ignoring the risk of an avian flu outbreak the commerce ministry of Sri Lanka has granted permissions to import hatching eggs and chicks from India. The ministry did so keeping the livestock department in the dark, complained leaders. After the Indian government confirmed an outbreak of bird flu on February 17, health workers have culled around 4,000 ducks and chickens at a state-run farm in Tripura. A country can be declared free of bird flu only if it remains free of the disease for three consecutive months, according to regulations of Food and Agriculture Organization and WOA. Since India suffered a bird flu outbreak in February, it is still not safe to import poultry products from there.

- **Domestic:** Poultry prices closed lower this week compared to the previous week with stocks level satisfactory after the holidays. Frozen birds traded 0,19% lower at R 15,47/kg. Whole fresh medium bird prices traded 2,77% lower at R 19,69/kg and IQF prices traded 0,08% lower at R 13,09/kg. The landed price of imported chicken leg quarters and grillers from Brazil traded mixed with leg quarters the same at R 13,15/kg and grillers the same at R17,02/kg week on week according to AMIE.

### Outlook

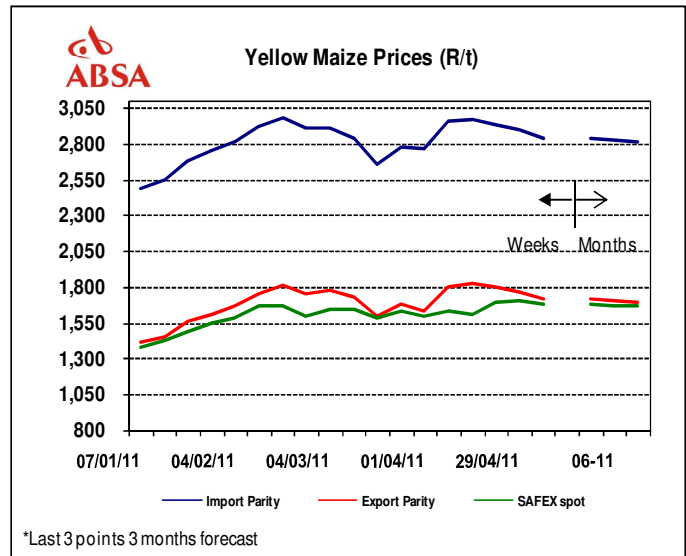
Internationally, the prices will move sideways with a possible downward movement in the short to medium term with stock levels returning to normal. Locally, the market is expected to trade sideways with a possible downward movement due to lower demand after the Easter holidays.

Livestock Prices (R/kg) 6 May 2011	Beef		Mutton		Pork		Poultry	
	Current Week	Previous Week	Current Week	Previous Week	Current Week	Previous Week	Current Week	Previous Week
<b>Class A / Porker / Fresh birds</b>	27,85	27,80	43,25	43,30	16,51	16,62	19,69	20,25
<b>Class C/ Baconer / Frozen birds</b>	23,31	23,25	32,93	33,00	16,02	16,17	15,47	15,50
<b>Contract / Baconer/ IQF</b>	27,65	27,60	42,93	43,00	16,27	16,40	13,09	13,10
<b>Import parity price</b>	27,72	26,82	23,71	23,47	15,39	14,83	9,84	9,69
<b>Weaner Calves / Feeder Lambs/</b>	17,11	17,10	21,83	22,70		-		-
<b>Specific Imports: Beef trimmings 80vl/b/Mutton Shoulders/Loin b/in /chicken leg1/4</b>	34,00	34,00	36,95	36,95	27,50	27,50	13,15	13,15



## Yellow Maize Trends

- International:** The average US yellow maize spot prices closed the week 3,1% or US\$ 9,87/t lower compared the previous week. The futures market also traded lower during the past week. In the Western maize-belt planting continued, while the Eastern maize-belt was at a standstill due to rain last week. However moisture moved in across most of the Midwest delaying planting again. Earlier in the week maize planting was estimated at 16% planted compared to the 5 year average of 35% and 68% last year. Kansas, Nebraska, and Iowa should make the best progress, with the upper Midwest and points east still lagging the furthest behind. We can recall that 60% of last year's acres were planted in a three-week period beginning in mid-April therefore we should see dramatic gains given this week's dryer, warmer weather. The market was driven lower mainly because of spillover pressure from the outside markets especially crude oil. The liquidation of positions has also put pressure on the market. Another contributing factor to the downward swing was improved weather perspectives for the weeks to come. If the slow planting progress continues, it is possible that farmers will opt to plant soybeans instead of maize as the optimum maize planting window ends in the 2<sup>nd</sup> half of May. The late US spring planting season has not removed the favourable outlook for fertilizer applications, but may alter the mix of nutrients that growers will use. The hefty weight of speculative long positions in the maize market continues to leave the market susceptible to further selling pressure but the tight old-crop maize supply situation may limit the downside potential. China will on Wednesday unveil inflation data, viewed as offering an insight into the likelihood of further measures to curb economic growth, and demand for raw materials with it. After driving prices higher for much of 2011, investors now fear that high prices will lower the demand for commodities. China, India, Vietnam, Philippines and Malaysia, among others, have raised interest rates to fight inflation, on which commodity prices are a big factor. The concerns are that the monetary tightening from various Asian countries could curb the demand on commodities in the short term. One knock-on effect on commodity markets of selling is to create more selling in, for example, taking prices below key technical pointers, such as moving averages, which investors use as gauges of future movements. Among grains, maize for July delivery having already broken through all its major moving averages bar, the 100-day one.
- Domestic:** The local market traded mostly lower during the past week. The average yellow maize spot price traded 1,2% or R20/t lower than the previous week, following the international grain markets. The Rand: US dollar exchange rate was on average slightly weaker during the past week, compared to the previous week. The average exchange rate for the week were R6,68/US dollar compared to R6,65/US dollar the previous week. Safex futures also traded lower in the week: May-11 traded 1,02% (R17/t) lower, Jul-11 traded 1,29% (R22/t) lower, Sept-11 traded 1,39% (R24/t) lower, Dec-11 traded 1,52% (R27/t) lower, Mar-12 traded 1,68% (R30/t) lower but Jul-12 traded 0,92% (R16/t) higher compared to the previous week.



## Outlook

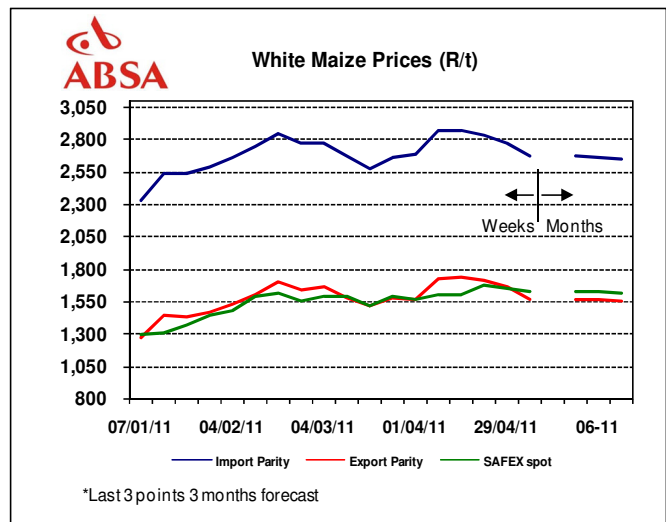
Internationally, markets will remain to be driven by the weather and the planting progress. It is expected that the market will remain volatile, especially as we come closer towards the end of the optimum planting window. Markets will most probably trade higher in the week to come due to some sort of correction after last week's drop. Locally, the market is expected to move higher in the week to come,

with an expected increase in the international price as well as a slightly weaker Rand: US dollar exchange rate.

Yellow Maize Futures 6 May 2011		May-11		Jul-11		Sept-11		Dec-11		Mar-12	
CBOT (\$/t)		268,59		270,16		263,08		252,05		256,09	
SAFEX (R/t)		1652		1678		1707		1754		1760	
Jul-11			Sept-11			Dec-11					
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call			
1720	99	57	1740	150	117	1800	208	162			
1680	76	74	1700	127	134	1760	185	179			
1640	56	94	1660	107	154	1720	163	197			

### White Maize Trends

- International:** The US white maize spot market traded 5,6% or US\$ 16,93/t lower in the past week compared to the previous week, following the downward trend of the yellow maize market and the other grain markets. The local import parity of white maize was 3,8% (R105/ton) lower compared to the previous week. The Rand:US dollar exchange rate, stayed more or less the same compared to last week and therefore the major driver of this move lower came from outside markets where there was a significant decrease in the price of crude oil. The Rand US dollar exchange rate average R6,68/US\$ to this week's compared to R6,61/US\$ the previous week.



- Domestic:** The local average white maize spot price traded 1,5% (R24,50/ton) lower compared to the previous week, with white maize still trading 43% higher than the same time a year ago. The white maize futures contracts all traded lower this week: May-11, 0,19% (R3/t) lower, Jul-11, 0,43% (R7/t) lower, Sept-11, 0,6% (R10/t) lower, Dec-11, traded equal, Mar-12, 0,29% (R5/t) lower and Jul-12, 0,56% (R10/t) lower. The market followed the lower yellow maize market as well as the lower trend in the US market. The local market however did not react as strong as the international market.

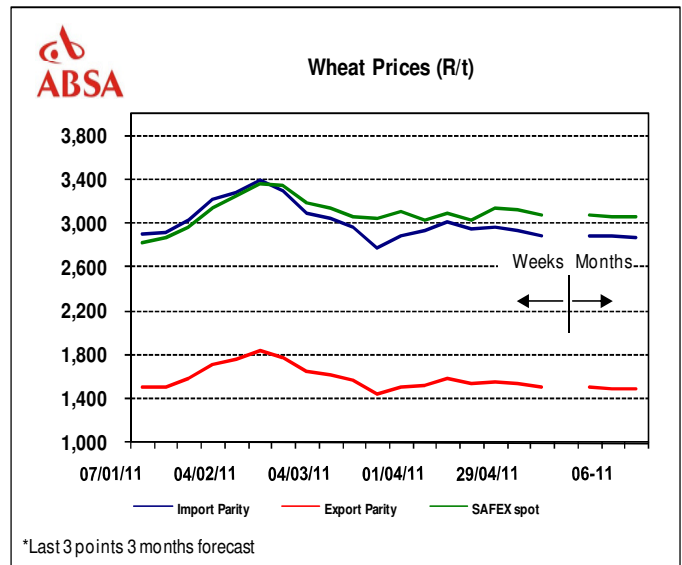
### Outlook

Internationally, the white maize price trend will follow the yellow maize market in the short term with a possible higher movement in the weeks to come. Local prices will most probably be influenced the international grain markets but, a weaker rand: dollar exchange rate could also push the local market higher.

White Maize Futures 6 May 2011			May-11		Jul-11		Sept-11		Dec-11		Mar-12	
SAFEX (R/t)			1610		1631		1665		1717		1747	
Jul-11			Sept-11						Dec-11			
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call				
1680	100	51	1700	148	113	1760	192	149				
1640	76	67	1660	125	130	1720	169	166				
1600	56	37	1620	105	150	1680	148	185				

## Wheat Market Trends

- International:** The average weekly wheat spot price traded lower compared to the previous week. Both the prices of hard red winter as well as the price of the soft red wheat were slightly lower in the past week. Soft red wheat traded 3,7% (\$11,51/t) lower, while hard red wheat traded 0,8% (\$2,62/t) lower compared to the previous week. Local import parity were also lower by 1,2% or R36/t due to the lower US market. The US futures market also traded mostly lower in the past week. The wheat market also felt the pressure from the outside markets in the past week. A slightly better weather outlook also added to the pressure on the market. The spring



wheat planting progress in the US came out at 10% complete, which is well below the average of 42% at this time. Paris's May wheat contract, at last, came within an ace of setting a three-year high as fears over northern Europe's dry spell played against investors trying to cover short positions. It was a price beaten only once in the last three years by a contract in the spot position. The jump reflected the global weather, concerns over the dry weather which continues to dog parts of the European Union's top four wheat-producing countries like France, Germany, the UK and Poland, in output order. There was no rain over northern France, Germany and Poland over the weekend and nothing significant in the forecast. Heat across the southern Plains is a threat for hard red winter wheat, while flooding in the southern Midwest threatens soft red winter wheat. Cool and wet conditions continue to hamper spring wheat planting across the northern US and Canada. Globally, the EU remains dry, rains across north east China over the weekend were disappointing and the eastern former Soviet Union has been dry. Greece was one word which the markets had shelved of late, with the eurozone sovereign debt worry train moving on to Portugal, before appearing to have lost steam. It zoomed back to Greece swamping a tentative recovery in commodity markets. The worry was a report that said Greece was working on its exit from the eurozone. While the report was denied in Bonn and Athens, it was enough to reawaken the fears which, after causing markets so much grief among commodity futures already this week, appeared to have taken a rest. The 2011 world wheat production is estimated to be 664 million tons, 16 million tons higher than 2010 production. Global ending stocks for the 2010/11 season are estimated to be 172 million tons which is 10 million tons lower than the 2009/10 season.



- **Domestic:** The average SAFEX wheat spot price traded 1,8% or R56/t lower this week compared to the previous week, following the lower international wheat markets. Safex future prices also traded mixed during the past week, with current season contracts trading lower while new season crop traded higher: May-11 traded 0,72% (R22/t) lower, Jul-11 traded 0,81% (R25/t) lower; Sept-11 traded 0,91% (R28/t) lower and Dec-11, traded 0,69% (R20/t) higher than the previous week.

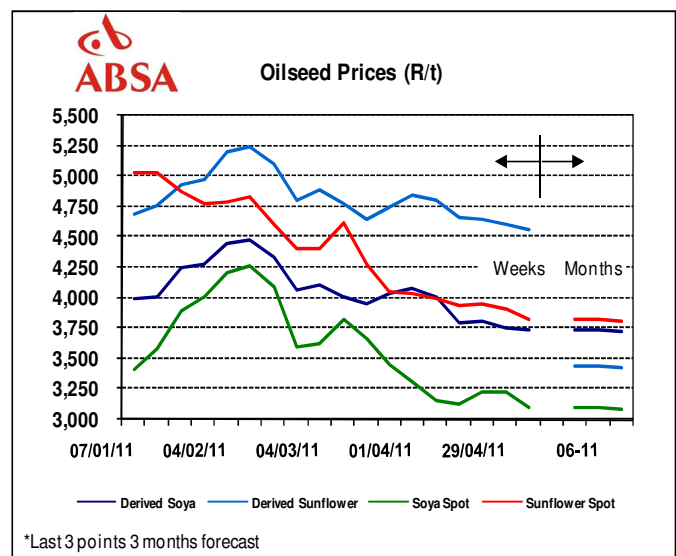
### Outlook

Internationally, prices will trade higher in the weeks to come and will find support from the slow planting progress. Locally, the market will follow the international market closely and therefore we can expect that local prices to trade higher in the weeks to come. A weaker Rand: US dollar will put upward pressure in the local market.

Wheat Futures 6 May 2011		May-11	Jul-11	Sept-11		Dec-11	Mar-12	
KCBT (\$/t)		318,94	321,14	328,03		336,39	342,08	
SAFEX (R/t)		3090	3045	3040		2900	-	
Jul-11			Sept-11			Dec-11		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3080	126	91	3080	152	112	2940	202	162
3040	104	109	3040	130	130	2900	181	181
3000	85	130	3000	110	150	2960	160	200

### Oilseed Market Trends

- **International:** US soybean prices traded week to week on average 0,6% lower compared to the previous week. The current price is still 42% higher compared to the same time a year ago. Although the average price of soybeans only closed 0,6% lower, the futures market came under substantial pressure, mainly from spillover effects from other markets and the liquidation of long positions. Futures contracts closed the week between 4,5% and 5% lower than the previous week. Last week, soybeans came under pressure as a result of higher than expected yields in South America as well as lower demand in China. If maize



platings exceeds the optimum planting period, some of those area's originally indented for maize might then be switched to soybeans. If this happens, it is possible that soybean prices in the US can experience more pressure as a result of these possible increased plantings. Soybeans were caught in between maize and wheat. It was a help not being maize, which as a magnet for fund money, is more prone to falls when speculators sell. Furthermore, the oilseed has been gaining strength from the unwinding of short soybeans, long maize spreads. The Rosario grains exchange raised its estimate for Argentina's crop by 500,000 tons, to 50.2m tons, and lifted the estimate of US plantings of the oilseed too.

- **Domestic:** The average soybean spot prices traded lower by 3,6% or 115/ton compared to the previous week. This decrease came on the back of a lower international price, but was slightly

offset by a weaker Rand: US dollar exchange rate. The current price is still 21,2% higher for the corresponding time a year ago. The soybean futures prices all traded substantially lower, following the international futures prices, in the past week: May-11 traded 3,32% (R105/t) lower, Jul-11 traded 3,72% (R120/t) lower, Sept-11 traded 3,24% (R106/t) lower and Dec-11 traded 2,42% (R80/t) lower compared to the previous week.

The average sunflower spot price for the week also traded lower and closed 2,0% (R78/t) lower than the previous week. This was still 14% higher than the same time a year ago. The sunflower futures prices also closed substantially lower compared to the previous week. May-11 traded 1,58% (R61/t) lower, Jul-11 traded 1,52% (R60/t) lower, Sept-11 traded 0,75% (R30/t) lower and Dec-11 traded 1,08% (R44/t) lower compared to the previous week.

## Outlook

Internationally, markets will move lower in the short term due to the slowing demand and higher stock levels and possible increase in production. Locally, the oil seed market will follow the international market with lower movement in the short term but, a weakening in the Rand: US dollar exchange rate could limit the downward movement in the local market.

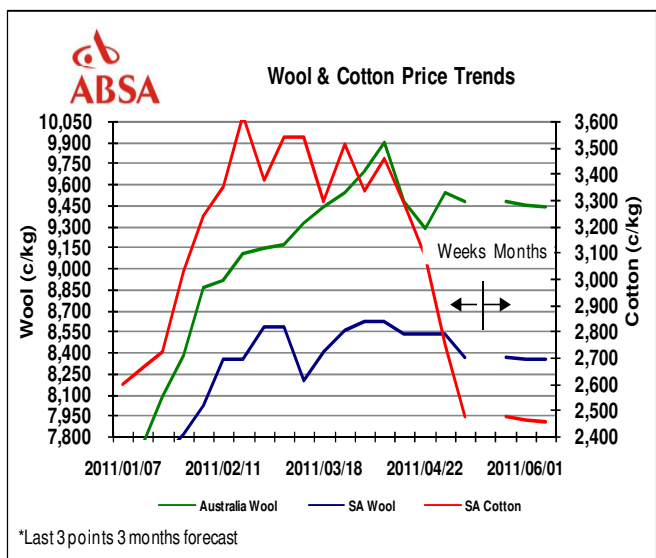
<b>Oilseeds Futures 6 May 2011</b>	<b>May-11</b>	<b>Jul-11</b>	<b>Sept-11</b>	<b>Dec-11</b>	<b>Mar-12</b>
CBOT Soybeans (US \$/t)	489,28	493,54	493,17	-	495,16
CBOT Soy oil (US c/b)	55,37	55,69	56,18	56,56	56,85
CBOT Soy cake meal (US \$/t)	344,90	349,50	348,70	343,10	346,50
SAFEX Soybean seed (R/t)	3060	3110	3164	3220	3300
SAFEX Sunflower seed (R/t)	3791	3880	3979	4040	-

<b>Sunflower Calculated Option Prices (R/t) Absa Capital Trading Desk: 011 – 895 5524</b>								
<b>Jul-11</b>			<b>Sep-11</b>			<b>Dec-11</b>		
<b>Ask</b>	<b>Put</b>	<b>Call</b>	<b>Ask</b>	<b>Put</b>	<b>Call</b>	<b>Ask</b>	<b>Put</b>	<b>Call</b>
3920	223	183	4020	307	266	4080	381	341
3880	201	201	3980	285	284	4040	359	359
3840	181	221	3940	264	303	4000	338	378

## Fibres Market Trends

- International:** The Australian market was 0,08 % down from the previous sale and closed at 94,74. The next sale is on the 10 and 11 May 2011. US cotton price decreased from 160,94 US c/lbs last week to 155,31 US c/lbs this week. Cotton total spot transactions for the week were higher at 10,514 bales compared to 1,866 bales last week and 2,000 bales a year ago. Cotton was the standard bearer for crop bears, falling 0.4% to 145.00 cents a pound for July, now the spot contract, and at the lowest for a near-term lot since mid-January. The cotton market remains very nervous after the savage April clean-out. For the month, prices slumped around 20%.



- **Domestic:** The last sale was on the 3<sup>rd</sup> May 2011 with the next sale that is scheduled for 10<sup>th</sup>/11<sup>th</sup> May 2011. All data indicated was that of the last auction. The local derived cotton prices closed 6,22% lower than the previous week at R24,79/kg. The market followed the US market, but got help from the Rand US dollar exchange rate, which weakened to R6,68/US\$ from the previous week's R6,61/US\$.

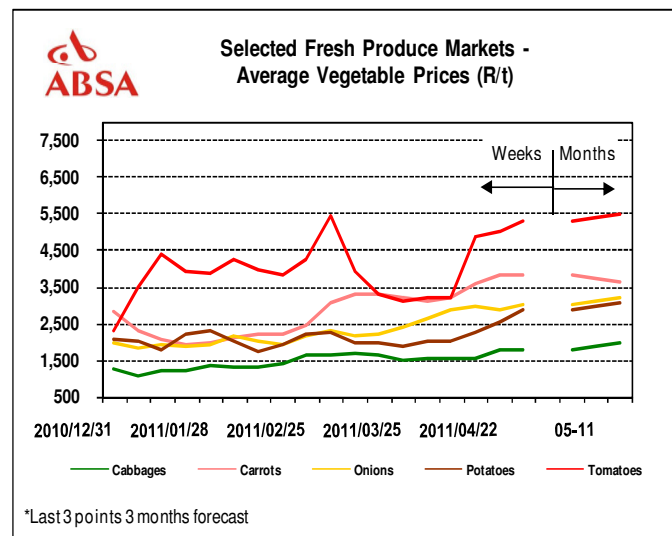
## Outlook

International prices will most probably trade sideways with a possible downward movement due to a lower demand, while the local market might find pressure on prices due to the relative strength of the Rand: US dollar exchange rate. US cotton prices will move sideways with market activity expected to pick up slightly and start to support prices. Local market cotton prices will find support from the US market. Changes in the Rand: US dollar exchange rate will however have a direct impact on the local prices.

<b>Fibres Market Trends</b> Week ending 6 May 2011				
<b>Wool prices</b>	<b>*SA prices (R/kg)</b>	<b>Australian prices (R/kg)</b>	<b>Australian future May - 11 (AU\$/kg)</b>	<b>Australian Future Jul - 11 (AU\$/kg)</b>
Wool market indicator	8,373	94,74	-	-
19µ micron	113,31	114,57	15,00	14,63
21µ micron	85,22	91,64	12,10	11,73
23µ micron	75,43	85,32	11,73	11,30
<b>Cotton prices</b>	<b>SA derived Cotton (R/kg)</b>	<b>New York A-Index (US\$/kg)</b>	<b>New York future May-2011 (US\$/kg)</b>	<b>New York future Jul-2011 (US\$/kg)</b>
Cotton Prices	24,79	3,72	3,65	3,24

## Vegetables Market Trends

- **Cabbages:** Cabbage prices decreased by 0,5% w/w but was 36,5% higher y/y for the week under review and 4,0% higher than two years ago. The price decreased was due to a massive 18,2% increase in volumes w/w. Prices are expected to increase in the short to medium term due to decreases in supplies.
- **Carrots:** Carrot prices increased by 0,5% w/w but was 21,3% lower y/y but 0,5% higher than two years ago. The price increased was despite of a 21,9% increased in supplies. Prices are expected to decrease due to more supplies.
- **Onions:** Onion prices increased by 23,8% w/w but were 11,7% lower y/y and 39,2% lower than two years ago for the corresponding week. The prices increased despite a 4,9% decrease in volumes. Prices are expected to move upwards in the short to medium term due to possible decreases in supplies.
- **Potatoes:** Potato prices increased by 12,1% w/w and were 13,5% higher y/y but 2,0% lower than two years ago. Prices increased despite of a 14,2% increase in volumes compared to the previous week. Prices are expected to increase due to lower volumes.



- **Tomatoes:** Tomato prices increased by 5,8% w/w and was 8,9% higher y/y and 28,6% higher than two years ago. The increase in prices were despite of a 2,3% increase in volumes compared to the previous week. Prices are expected to move upwards in the short to medium term due to decreases in supplies.

<b>Vegetable Prices: Fresh Produce Market</b> <b>(Averages on the Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban markets)</b>				
<b>Week ending 6 May 2011</b>	<b>This week's Average Price (R/t)</b>	<b>Previous week's Average Price (R/t)</b>	<b>This week's Total Volumes (t)</b>	<b>Previous week's Total Volumes (t)</b>
Cabbages	1,766	1,774	1,349	1,141
Carrots	3,826	3,808	1,182	969
Onions	2,986	2,876	4,863	4,643
Potatoes	2,884	2,572	12,377	10,839
Tomatoes	5,286	4,998	3,344	3,269

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

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