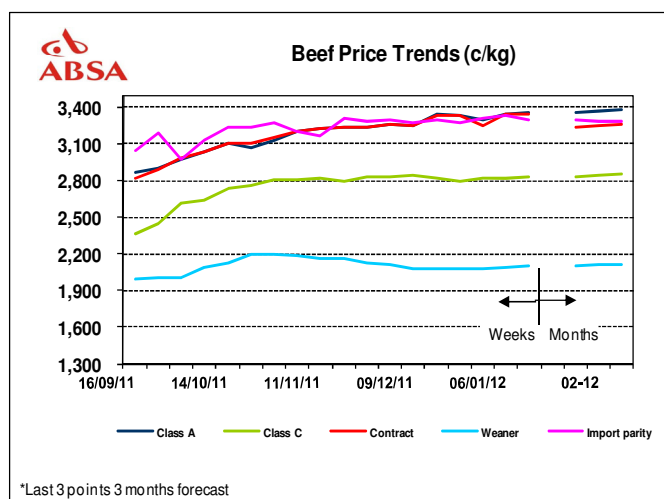


What will happen with the oil price?

2012 is not starting too good. Firstly, there is the tension with Iran, the world's fourth largest oil producer who pumped nearly 5% of the world's oil in 2010. The whole world has their eyes on the crude oil price after the death of the leader of Iran. The threat of a major supply disruption from Iran has helped support oil prices in recent days. Oil prices came under pressure after reports surfaced that a pending European Union embargo on Iranian oil imports could be delayed by six months to allow some countries to find alternative supplies. Secondly, Nigeria, Africa's largest oil producer, producing nearly 2,0 million barrels per day, with exports going largely to the US and Europe. Protests by union workers in Nigeria over the government's plan to end fuel subsidies were reportedly suspended as discussions between the two sides continued. Euro zone developments have dominated trading in the oil market for the last several months, amid worries that the sovereign debt crisis could trigger a broader economic slowdown that would curb demand for oil. The euro dropped to a 16-month low against the dollar, recently, with the South African rand also weakened. Oil prices will rise if there is an embargo on oil from Iran. What will the influence be on growth in countries already under pressure? How will these factors influence oil production in the near future? We all know that the rand value can decrease easily which will lead to more expensive oil. What will the influence be on the South African consumer and prices of products, not only fuel? How much can the South African public afford to pay more for goods?

Beef Market Trends

- International:** The US market prices traded lower during the week compared to the previous week. Market activity in the US market continues to be weak. In the US, beef traded as follows: Top inside traded 1,1% lower at 243,00 \$/cwt, Rump traded 1,2% lower at 284,55 \$/cwt and Strip loin traded 1,9% lower at 475,66 \$/cwt. Chuck traded 0,1% lower at 212,00 \$/cwt and Brisket traded 2,4% lower at 216,67 \$/cwt. The JBS SA Company will ease its Argentine beef exports to focus on domestic sales after government controls prompted the company to close a plant. Plans are to reduce exports to about a third of total sales in Argentina. Two-thirds of sales will be headed for the local market while the last third will be exports. The company cited the need to maintain its competitiveness as the rationale behind the plant closure as well as job creation. JBS operates plants in the Argentine cities of Rosario, Pilar and Pontevedra. The company will expand its Rosario facility. Australian farmers have been warned that one mistake on export papers could destroy the nation's \$350 million meat trade with Russia. Australian meat standards regulator Safemeat has warned the detection of animal drugs banned in Russia but used in Australia, in exported beef, lamb or mutton, could see Australian meat banned from the lucrative market. Australian farmers must now certify their animals have had no contact with oxytetracycline or chlortetracycline, substances found in antibiotics used by producers in the 90 days before slaughtering. The new rules came into effect at the beginning of the year, came with a blunt warning to producers. Russia is Australia's fourth most important market. Russia had recently



detected a trace of the substances just over their limit, triggering a demand from Russian import officials for a change in policy from the Australian export market. Both Russia's export and domestic markets have standards, and these may be stricter or more lenient than Australia's but with 70% of beef and 60% of sheep being exported, it's not something to risk. Farmers are dependant on export trade, so losing major markets would have severe repercussions. US Cattle futures rose early in 2012 as animal supplies declined in the US and global beef demand increased, boosting meat costs for restaurants. The US, consumers will pay as much as 5% more for beef this year, more than other food group except seafood, after the meat rose as much as 10% last year, the government has estimated. The US cattle herd was the smallest since 1973 as of July 1 after a drought in Texas cut supplies. Beef exports surged 25% in the first 10 months of 2011 from a year earlier. Rising global demand and the shrinking herd in the US, the world's largest beef producer, spurred a 12% increase in cattle futures last year. Retail beef reached an all-time high in November.

Australian beef exporters are facing new rules for labeling beef destined for Indonesia. Indonesia wants the permit quota number on the health certificate of all boxed beef as of this year. New Zealand (NZ) beef exports in 2011 were down 9% year-on-year, at 330,999 tons the lowest calendar year total since 2002. This drop was largely driven by an estimated 6% dip in production and the strength and volatility of the NZ\$ throughout the year. Despite falling 5% year-on-year, the US remains the largest export destination for NZ beef, reaching 148,963 tons to capture 45% of the market share. Most of this beef is bull and cow manufacturing beef for grinding. Exports to South East Asia and Japan also fell by 29% or 37,268 tons and 10% or 29,194 tons respectively. Indonesian permit issues and the natural disasters in Japan were important factors in these areas. NZ beef exports for December were down 46% year-on-year, sitting at 18,500 tons. Demand is expected to increase as a result of strong promotional activity in the US in the lead up to the Super Bowl in early February.

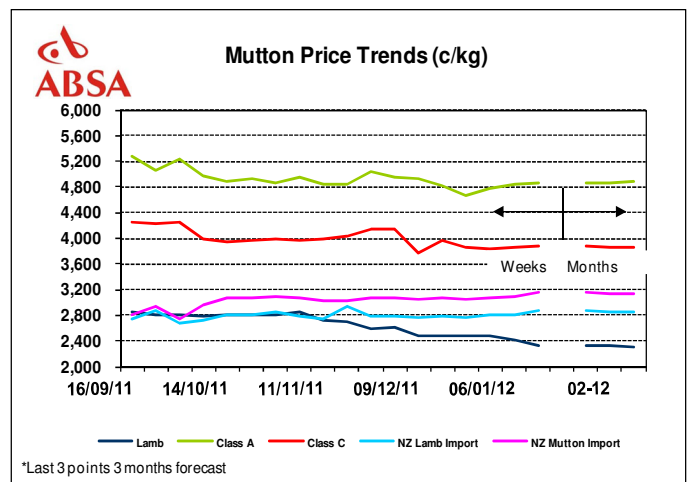
- **Domestic:** Beef prices traded higher during the past week compared to the previous week not following the international market. The prices of the different meat classes were as follows: Class A prices increased by 0,21% to R33,55/kg, Class C prices increased by 0,32% to R28,30/kg and contract prices also increased by 0,30% closing at R33,50/kg. Weaners closed 0,3% higher at R20,98/kg compared to the previous week. Hide prices traded 3,5% higher at R9,64/kg for the week compared to last week. The landed imported price of beef trimmings from Namibia and Botswana decreased and traded at R40,34/kg week-on-week.

Outlook

Internationally, beef prices are expected to move sideways in the short term with an upward movement in the medium term due to lower supplies as a result of the recent drought in Texas. In the local market, the price of beef will continue to move upwards with a sideways in the short to medium term with a possible downward movement thereafter because of lower demand and higher supplies.

Mutton Market Trends

- **International:** New Zealand and Australian prices moved slightly upwards compared to the previous week. Local import parity for lamb and mutton traded higher due to higher prices and a weaker NZ dollar. Beef Central's wholesaler contact suggested lamb could emerge as this year's major battleground between independents and supermarkets. Supermarket supply chains rely on vacuum packaging to deliver shelf-life to get product into stores. By the time it passes through their distribution centers and into the stores, it's already



three or four weeks in the bag vacuum packed. Lamb does not mature nearly as well as beef, particularly bone-in lamb and can often be left sticky to the touch. Butchers, cutting lamb fresh lamb in the shop have a distinct advantage, which they are likely to exploit. Following on from a suppressed 2010, New Zealand lamb exports decreased again in 2011, falling 11% year-on-year to reach a total of 257,836 tons. This trend mimics the 50-year low lamb production for the country, with the strong NZ\$ further hampering export potential. Shipments to most major markets fell significantly in 2011, with exports to the United Kingdom dropping 52,345 tons and remaining EU countries 70,333 tons or by 18% and 13%, respectively. Conversely, exports to China increased by 40% or 37,585 tons to replace the Middle East as the third largest export destination for NZ lamb. December lamb exports dropped by 24% on the previous year, to 18,278 tons, however this was a 22% increase on November 2011. Australian live sheep exports declined 13% year-on-year in November, to 165,626 head, which was also down considerably on the previous month number at 337,519 head. Contributing to the decline in November was the availability of ships, and while WA remained the largest exporting state, sheep supplies were reportedly still tight across key sourcing regions.

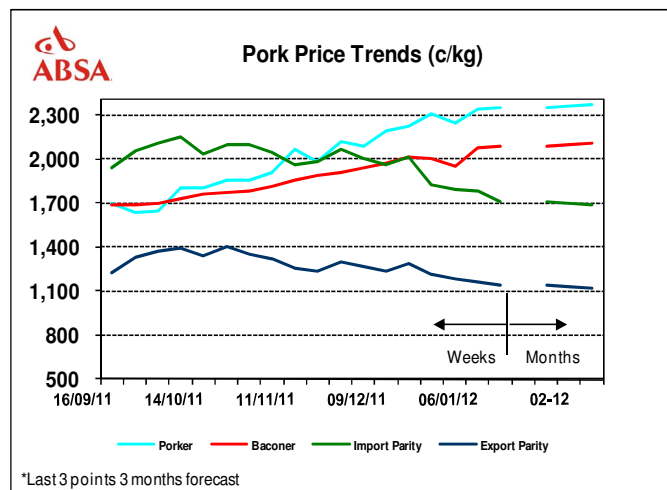
- Domestic:** The mutton and lamb prices traded higher during the week compared to the previous week. The Class A2 prices closed the week at R48,55/kg which is 0,25% higher than the previous week. Class C2 prices closed at R38,75/kg or 0,18% higher, while contract prices closed at R48,75/kg or 0,14% higher. The price lamb closed 3,0% lower and traded at R23,35/kg. The average price for a dorper skin traded higher than the previous week at R60,50 per skin or 3,8% higher and a merino skin traded 14,3% lower at R91,33 per skin compared to the previous week. The landed imported price of mutton rib from Australia and New Zealand traded lower at R 25,01/kg compared to the previous week and mutton shoulder traded higher at R44,21/kg, compared to last week according to AMIE.

Outlook

Internationally, prices will continue to move upwards in the short term with a sideways movement in the medium term due to constant demand and low world numbers. Locally, the prices of mutton will increase in the short term due to low marketing numbers with a possible decrease in the medium term before the winter.

Pork Market Trends

- International:** US pork prices traded mixed during the week compared to last week. Carcass prices traded 1,0% lower at US\$ 83,92/cwt, Loin traded 0,33% lower at US\$ 92,67/cwt, Rib traded 0,4% higher at US\$ 144,87/cwt, while Ham traded 4,71% lower at US\$ 65,97/cwt. Import parity for ham traded 4,24% lower due to a stronger exchange rate and lower prices compared to the previous week. Fresh bone-in loins were not tested but butts were steady skinned hams and lean trimmings were lower with all other cuts not tested. Trading was slow, with light to moderate demand and offerings. The RSPCA has defended claims that its new pork accreditation and labeling standards are not providing an accurate picture to consumers. The RSPCA contends that pigs can be raised in a range of environments to meet animal welfare standards, be it an indoor environment, and outdoor environment or a combination of the two. It could soon be possible in Australia to trace pork offal products back to individual farms, reducing potential market damage associated with health scares. A researcher in Perth is working on a



method which analyses constituent trace elements to improve Australia's standing on the world export market.

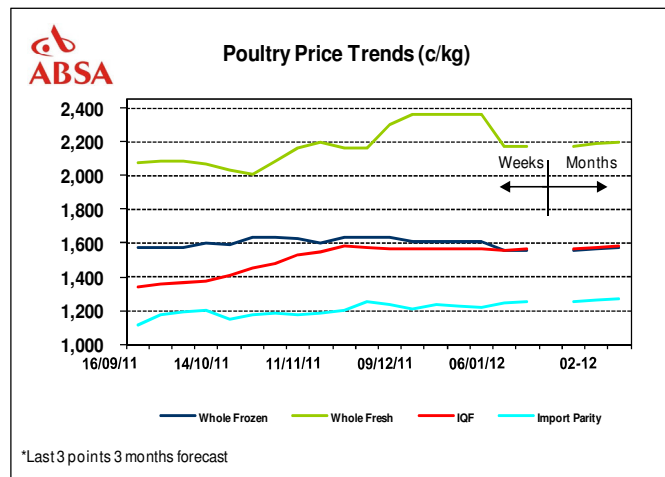
- **Domestic:** The pork prices traded higher during the past week, not following the trend of the international pork market. The price of Porkers traded 0,51% higher at R23,50/kg, while the price of Baconers increased by 0,72% to R20,85/kg and the price of Contract meat increased by 0,61% to R22,18/kg compared to the previous week. Demand for pork meat increase towards month end. The imported landed price of loin from Canada and the US traded lower at R28,60/kg week-on-week according to AMIE.

Outlook

Internationally, prices are expected to decrease in the short term with sideways to upward movement towards month end. In the medium term price will increase due to lower production as a result of a market shortage in production. Production decreases because of high feeding costs, especially maize prices. Locally, the prices are expected to move higher in the short term with a sideways movement in the medium term due to lower demand, because of higher prices.

Poultry Market Trends

- **International:** The poultry prices in the US were higher during the past week compared to the previous week. Whole bird prices traded higher at 81,5c/lbs a 0,21% increase. Breasts traded higher by 0,39% and closed at 127,5c/lbs, while leg quarters traded 0,96% higher and closed at 52,5c/lbs compared to last week. Import parity was 0,32% higher due to higher prices despite of a stronger Rand:US dollar exchange rate. Whole broiler prices were steady to firm during the week. Offerings were light to heavy but mostly light to moderate for current trade needs. Retail demand was light to good but mostly light to moderate with food service demand light to moderate. Floor stocks were balanced to more than needed for current demand. In the parts structure, movement was moderate entering the holiday weekend. Prices for wings and bone-in breast were firm to higher and continue to command premiums. Dark meat items were steady to firm with legs and drums sticks in the strongest position. All other parts were steady. Offerings of wings and boneless breasts were light to good. Remaining parts were moderate. Market activity was moderate. In production areas, live supplies were moderate but mixed at desirable weights. The estimated number of broilers available for slaughtering for the week ending 14-Jan-12 was 150,3 million chickens compared to 151,4 million chickens slaughtered the same week last year. The estimated US slaughterings this week is 155,3 million chickens which is 5,0 million chickens more than estimated available. For the week of 21-Jan-12 the estimated chickens ready for slaughterings is 152,9 million chickens.



Brazil exported \$8,85 billion of poultry products in 2011, with chicken exports higher than in 2010. But eggs and meat from turkeys, ducks, geese, and other birds were lower than the previous year. Brazilian poultry exports revenues increased by 19,7% in 2011 compared with 2010. During 2011, the country exported \$8,85 billion or 4,118 million tons in poultry products, which is the most ever. The was 2,3% higher than in 2010 and almost 3 times the South African usage. The growth in exports was driven by chicken, whose sales increased by an even higher rate than the general industry's. Chicken exports increased by 21,2% in revenue and 3,2% in volume compared to 2010. The average chicken export price last year was \$2,093 per ton, 17,4% higher than in 2010. Saudi Arabia has lifted a 6-year-old ban on Turkish poultry imports, which was passed after the outbreak of the bird flu epidemic in 2005. This opens the way for Turkish exporters to access the \$1,3 billion

poultry market in the Arabian state. Saudi Arabia imported a share of 5% or \$1,3 billion of the world poultry import market, which totaled \$27 billion in 2010. The country imported about 675 tons of poultry. If Turkey producer gets a 5% share of the Saudi poultry market, this will increase Turkish poultry sectors' total exports by 20%. Total exports of Turkish poultry sector reached \$352 million up to November last year. It takes approximately 1½ months for the products shipped from Brazil to Saudi Arabia, but only a few days from Turkey. Brazilian exports were dominant in Iraq before. Poultry farmers in Kenya are expected to be relieved as prices of the major feed ingredient maize have dropped further early in 2012. The drop in prices comes at a time when maize farmers in Kenya are enjoying a bumper harvest. The poultry industry in the Indian state of Andhra Pradesh is heading for a major slump with thousands of marginal and big farmers incurring huge losses. The rise in feed costs, particularly soyabean and maize, along with production costs in the last three months, have led experts to suggest there may be negative growth for the poultry industry in the coming months.

- **Domestic:** Poultry prices closed higher this week compared to the previous week. Frozen birds traded at R 15,58/kg, or 0,32% higher compared to the previous week. Whole fresh medium bird prices at R21,76/kg or 0,14% higher and IQF traded at R15,58/kg or 0,32% higher compared to the previous week. The landed price of Brazilian imported chicken leg quarters traded lower at R15,88/kg and grillers at R17,27/kg week-on-week according to AMIE.

Outlook

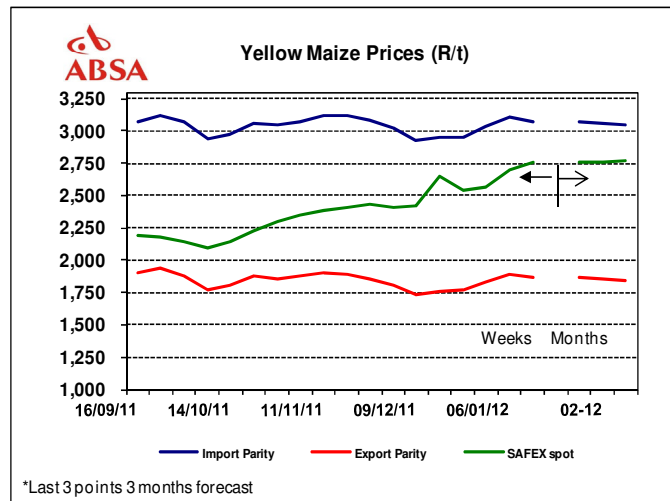
Internationally, the prices will move upwards in the short to medium term with a sideways movement later due to lower supplies. Locally, the market is expected to trade upward with a possible sideways movement in the short to medium term due to high feeding costs and the higher prices of substitute meats.

Livestock Prices (R/kg) 13 January 2012	Beef		Mutton		Pork		Poultry	
	Current Week	Previous Week	Current Week	Previous Week	Current Week	Previous Week	Current Week	Previous Week
Class A / Porker / Fresh birds	33,55	33,48	48,55	48,43	23,50	23,38	21,76	21,73
Class C/ Baconer / Frozen birds	28,30	28,21	38,75	38,68	20,85	20,70	15,58	15,53
Contract / Baconer/ IQF	33,50	33,40	48,75	48,68	22,18	22,04	15,66	15,57
Import parity price	32,99	33,31	31,49	30,98	17,05	17,81	12,50	12,46
Weaner Calves / Feeder Lambs/	20,98	20,91	23,35	24,06	-	-	-	-
Specific Imports: Beef trimmings 80vl/b/Mutton Shoulders/Loin b/in /chicken leg1/4	40,64	40,95	44,21	43,95	28,60	28,95	15,88	16,02

Yellow Maize Trends

- International:** The average yellow maize prices decreased week-on-week. The average US yellow maize spot price closed the week 0,8% or US\$ 2,18/t lower compared the previous week. Compared to last week, grain and soybean bids were lower, with wheat trading mixed. Grains started out the week with solid gains with soybeans leading the way sharply higher. Weather in South America saw no relief last weekend and continued to be hot and dry in key growing areas. However, momentum shifted ahead of the USDA reports, with soybeans closing with sharp losses on reports of rain in Argentina. The USDA's recent Stocks Report send maize down the limit on the March and May contracts as quarterly stocks for maize both domestic and world ending stocks were above pre-report estimates. Quarterly stocks for maize came in at 9,642 bb, 251 mb above estimates, while US ending stocks came in at 846 mb, 97 mb above estimates. Maize suffered double-digit losses on continued selling from USDA's report and sharp gains from the dollar. Maize weekly export sales were bearish with 321,500 tons exported. Analysts remained optimistic on prospects for maize and soybean futures despite cuttings in prices forecasted for the main crops following the higher-than-expected US inventory data which sent markets stumbling.

The USDA in its key Wasde crop report trimmed its forecast for US maize stocks at the close of 2011/12, but by 2m bushels, a fraction of the downgrade investors had expected. A recovery in South American rainfall in January and February would be required to push crop prices materially lower from current levels. But there is upside risks to the recent forecasts should the La Niña weather conditions persist in South America as large cuts to local production would support US exports and crop prices, with soybeans likely to be the most impacted on. Analysts retained the opinion that soybeans would, over the medium term, prove a better performer than maize. Soybeans are supported by renewed growth in Chinese imports and the possibility of losing out to maize in the forthcoming US acreage battle. Analysts have also cautioned that significantly higher maize prices look off the agenda for now following the USDA reports, which sent futures in the grain down the exchange limit in Chicago on Thursday. But other analysts wouldn't go as far as saying the USDA reports were outright bearish for maize values. After all US maize inventories decreased slightly month-on-month and are forecast at their second tightest level in history. We still have the tightest US maize supply situation since 1995/96, world supply levels are at record lows, maize usage went up on a brighter export outlook, and maize in storage is less than last year and below the five-year average. Agricultural commodities led a boost in speculative investments on rises in raw material prices, because of concerns over dry South American weather. Many market players currently expect the South American maize and soybean harvests to suffer seriously from the drought. The USDA lifted its estimate for world maize supplies at the end of the season by nearly 1m tons to 128,1m tons, with a 3,0m ton cut, to 26,0m tons, in the estimate for Argentina's output more than offset by improved ideas for last year's European Union, Ukraine and US harvests.
- Domestic:** The local maize market traded on average 2,0% or R52,75/t higher not following the international market trend during the past week. The Rand: US dollar exchange rate was on average stronger during the past week, compared to the previous week. The average exchange rate for the week was R8,10/US\$ compared to R8,14/US\$ the previous week. Safex futures traded lower in the week: Mar-12 traded 2,06% (R52/t) lower, May-12 traded 5,29% (R123/ton) lower, Jul-12 traded 4,06% (R83/ton) lower and Sept-12 traded 3,90% (R81/t) lower compared to the previous week.



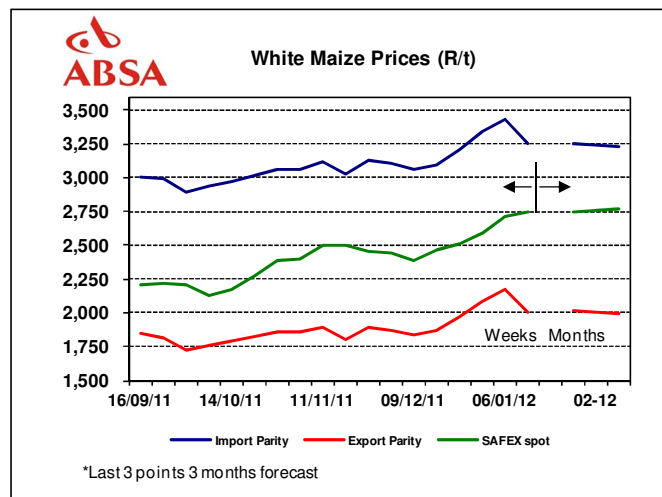
Outlook

Internationally, markets will trade sideways with a possible downward movement in the short to medium term depending on the recovery of grains due to better weather conditions in Argentina and the improvement of underground moisture that are available for maize during the new season because of a thin snow cover during winter. The underlying Euro crisis that keeps popping and lower crude oil prices also plays a role. Locally, the market prices are expected to follow the lower international prices but new data on how many hectares that have been planted under maize en sunflower will influence the South African market prices.

Yellow Maize Futures 13 January 2012		Mar-12		May-12		Jul-12		Sept-12		Dec-12	
CBOT (\$/t)		235,97		238,73		240,93		227,55		218,57	
SAFEX (R/t)		2,568		2,200		1,960		1,995		-	
Mar-12			May-12			Jul-12					
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call			
2,600	140	108	2,240	178	138	2,000	195	155			
2,560	119	127	2,200	156	156	1,960	172	172			
2,520	99	147	2,160	135	175	1,920	151	191			

White Maize Trends

- International:** The US white maize spot market traded higher by 6,4% or US\$ 20,27t in the past week compared to the previous week. The local import parity of white maize traded 5,5% lower compared to the previous week. This decrease in import parity was due to lower maize prices the past week compared to the previous week. The rand strengthened from R8,14/US\$ last week to R8,10/US\$ this week.
- Domestic:** The local average white maize spot price traded 1,2% (R31,55/ton) higher compared to the previous week, with white maize trading a 110,9% higher than the same time a year ago. The white maize futures contracts traded lower this week: Mar-12 traded 2,2% (R59/t) lower, May-12 traded 8,53% (R215/ton) lower, Jul-12 traded 5,1% (R109/t) lower and Sept-12 traded 4,97% (R106/t) lower compared to last week.



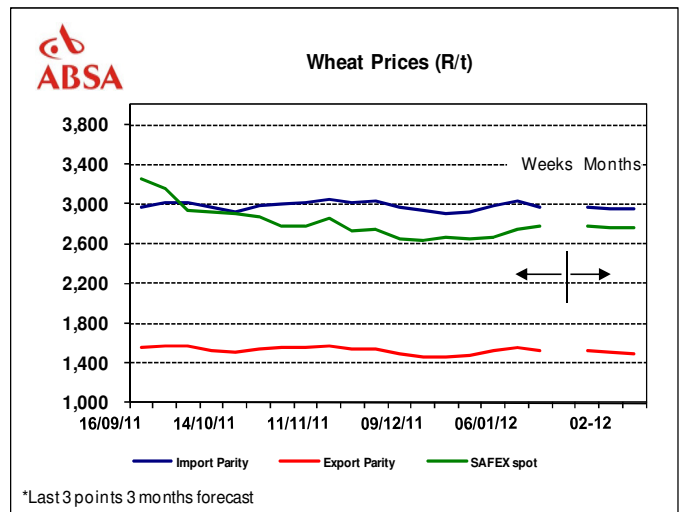
Outlook

Internationally, the white maize price trend will follow the yellow maize in a downward trend in the short to medium term due to slightly higher than expected stocks and the possibility of improved growing conditions in Argentina. In the local market, prices will follow the yellow maize market in the short to medium term with new data to be released soon and on the back of a slightly stronger Rand exchange rate that can influence the current maize price.

White Maize Futures 13 January 2012	Mar-12		May-12		Jul-12	Sept-12		Dec-12
SAFEX (R/t)	2,624		2,305		1,992	2,025		-
Mar-12			May-12			Jul-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,660	140	104	2,340	183	148	2,040	213	165
2,620	118	122	2,300	161	166	2,000	190	182
2,580	99	143	2,260	140	185	1,960	168	200

Wheat Market Trends

- International:** The average weekly wheat spot price traded 2,2% lower compared to the previous week. Soft red wheat traded 2,1% (\$5,44/t) lower, while hard red wheat traded 2,2% (\$6,11/t) lower. Import parity traded 2,1% lower due to a stronger rand :US\$ exchange rate and lower average wheat prices. Wheat followed the other grains and increase early in the week and but closed down at the end of the week. Wheat had world ending stocks slightly below all-time records, as world stocks are at very adequate levels. Wheat had export sales slightly below expectations of 365,200 tons. Wheat looked set to be the worst performer, with analyst's forecasts for the grain's prices below



what the market is factoring in – especially on the 12-month horizon. The return of wheat to its historic premium over maize is likely to be postponed until at least next summer, with disappointing supplies required to bring wheat prices back to trade above maize prices. Concerns for new-crop winter wheat production in Ukraine are rising but weather conditions in Russia and India have been reported to be very favourable to wheat. Recent US winter wheat plantings were well above expectations and better than last year's levels, which are indications of a potential better US wheat crop in 2012/13. Inventories of maize and soybeans as of the start of last month were higher than analysts had expected, perhaps a reflection of the stronger harvests. While the estimate for wheat stocks, as of December 1, was in line with forecasts, a stronger-than-expected wheat plantings number spoke of supplies ahead proving more generous than the market has factored in. US farmers planted nearly 42m acres with winter wheat, 1m acres above expectations, led by a rise in hard red winter wheat plantings. More acres were planted this year due to the prospects of higher prices and an acreage rebound in Kansas, Oklahoma, and Texas where dry conditions had limited the 2011 planted acreage.

The estimate for world wheat supplies was lifted by 1,5m tons to 210,0m tons, on better ideas for Brazilian and Kazakh harvests, putting it less than 700,000 tons behind the record set 12 years ago. Concerns over hot and dry weather, in Argentina grew with fears that it, have spread to North America, where a lack of rainfall and snow-eater winds has prompted fears for winterkill, and spring planting conditions. There is not much snow cover over crops, which would leave winter wheat exposed during lower temperatures. Snow cover is a fraction of the normal levels. More than 95% of the area normally covered by snow at this time of year has less-than-usual amounts. And the upcoming season for maize and soybean plantings could be compromised by a lack of under ground moisture. The comments followed a long-lasting period of unusually hot and dry weather in western and northern US and parts of Canada, highlighted by a series of temperature records set in states from North and South Dakota to Iowa into California.

- **Domestic:** The average SAFEX wheat spot price traded 1,2% or R32,50/t higher this week compared to the previous week, not following the higher international market prices. The local market did not find support from the stronger rand against the US dollar. Safex future prices traded slightly higher during the past week compared to last week: Mar-12 traded 0,14% (R4/t) higher, May-12, traded 0,04% (R1/t) higher, and Jul-12 traded 0,17% (R5/t) higher compared to the previous week.

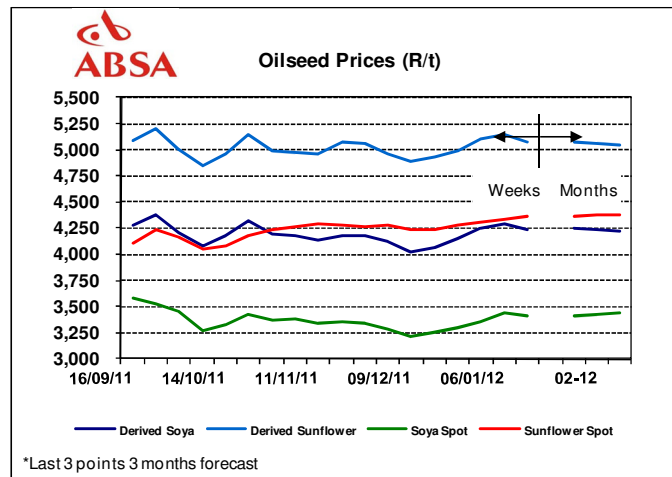
Outlook

Internationally, prices are expected to trade lower in the short to medium term due to the higher acreage of wheat that has been planted in the US, and the release of better than anticipated world stocks. Locally, the market will continue to follow the international market in a possible downward trend in the short term with a sideways movement in the medium term depending on the growing conditions.

Wheat Futures 13 January 2012	Mar-12	May-12	Jul-12	Sept-12	Dec-12			
KCBT (\$/t)	247,29	250,67	254,05	259,48	267,57			
SAFEX (R/t)	2,795	2,841	2,870	-	-			
Mar-12		May-12			Jul-12			
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,840	103	58	2,880	157	118	2,900	188	158
2,800	80	75	2,840	135	136	2,860	167	177
2,760	61	96	2,800	115	156	2,820	147	197

Oilseed Market Trends

- **International:** US soybean prices traded week-on-week on average lower, 0,2% or \$0,97/ton compared to the previous week. The current price is 12,0% lower compared to the same time a year ago. Soybeans had sharp losses as quarterly stocks came in at 2,366 bb, 40 mb above estimates. The USDA raised their estimate for domestic soybean inventories at the end of 2011/12, a key measure of the availability of supplies, by 45m bushels to 275m bushels, a far bigger upgrade than analysts had expected. The South American crop still remains a big question mark. Soybeans had weekly export sales above expectations of 433,900 tons. Grains closed lower on Friday, as maize and soybeans struggled after Thursday's sharp declines. Soybeans closed with double-digit losses as well as bearish outside market influences from a lower stock market, crude oil and precious metals pressured the grain market. A 1,1m-ton downgrade, to 63,4m tons, in the estimate for world soybean inventories at the close of 2011/12, was marginally more than analysts had expected, and the only marginally bullish figure among the headline data.



- **Domestic:** The average soybean spot prices traded 0,7% or R25,60/t lower compared to the previous week. This decrease was due to lower international prices. The current price is 4,7% lower compared to the corresponding time a year ago. The soybean futures prices all traded lower during the past week: Mar-12 traded 3,57% (R125/t) lower, May-12 traded 2,89% (R102/t) lower,

Jul-12 traded 3,05% (R110/t) lower and Sept-12 traded 3,0% (R110/t) lower compared to the previous week. The average sunflower spot price for the week traded higher and closed 0,5% (R22,75/t) higher than the previous week. This is also 13,2% lower than the same time a year ago. The sunflower futures prices closed lower again compared to the previous week: Mar-12 traded 0,34% (R15/ton) lower, May-12 traded 1,23% (R54/t) lower, Jul-12 traded 0,79% (R35/t) lower and Sept-12 traded the same compared to the previous week.

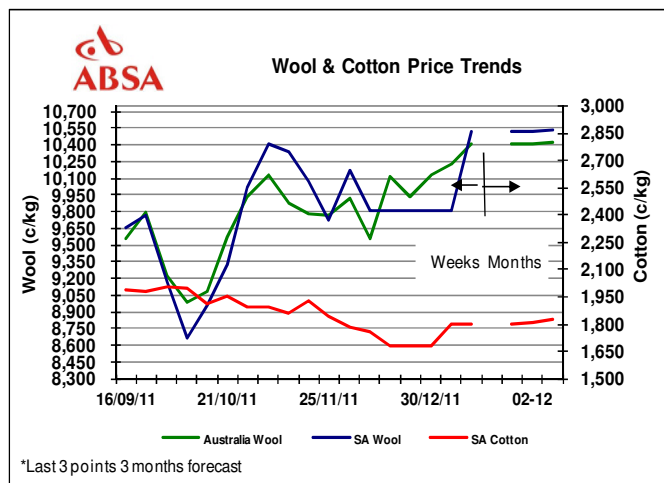
Outlook

Internationally, markets will trade lower in the short term with a possible sideways in the medium due to possible rain in Argentina. Locally, the soybean prices will follow international prices in an downward trend but the final acreage planted figures can influence the market.

Oilseeds Futures 13 January 2012			Mar-12	May-12	Jul-12	Sept-12	Dec-12	
CBOT Soybeans (US \$/t)			425,57	429,02	432,69	430,64	433,06	
CBOT Soy oil (US c/b)			50,29	50,70	51,06	51,25	51,42	
CBOT Soy cake meal (US \$/t)			301,50	304,50	307,80	308,40	306,1	
SAFEX Soybean seed (R/t)			3,380	3,433	3,491	3,551	-	
SAFEX Sunflower seed (R/t)			4,415	4,350	4,405	4,330	-	
Safex Sorghum (R/t)			2,505	2,365	-	-	-	
Sunflower Calculated Option Prices (R/t) Absa Capital Trading Desk: 011 – 895 5524								
Mar-12			May-12			Jul-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,460	186	141	4,380	302	272	4,440	383	348
4,420	164	159	4,340	280	290	4,400	361	366
4,380	144	179	4,300	260	310	4,360	339	384

Fibres Market Trends

- International:** The first wool auction for 2012 was held on the 10/11th of January 2012. The Australian market closed 0,44% higher than the previous sale at AU 1,252c/kg. The EMI has started 2012 well, increased to above 1200c in both Australian and US dollar terms. The EMI struggled to maintain prices above this level back in November 2011, and may find some resistance. Wool's poor price competitiveness against other fibres will be an important factor in wool demand in the next six months. The Australian dollar has been stronger during this week's sale than during the last sales of 2011, when the Australian currency was trading just under parity. The Australian dollar was trading around 1,03 US dollars for much of the week. The price for cotton, polyester and acrylic at the end of 2011 were all below the price at the start of the year and were also below the average for the year. In contrast, for wool only the price for superfine wool at the end of 2011 was below the level at the start of the year. Overall, wool prices have held up better than competing fibre prices. This has meant that wool's price competitiveness with these fibres has slipped. Very interesting stats is that at the start of 2011, 21 micron wool was 2,77 times the



price of cotton and by the end of 2011, 21 micron wool was 6,35 times the price of cotton, the highest level in over 4½ years and well above the long-term average of 4,64. This shows cotton was a dismal performer over 2011 as a whole, over which it shed 37%. China regained a higher profile on financial markets, after data showed its trade surplus falling last year to \$155bn, the lowest since 2005, and viewed as an indication of the country's increasing domestic demand, and slowing growth in foreign orders. On the face of it, the data was poor for crops, showing a 3,9% decrease in soybean imports to 52,64m tons which was the first decline since 2004. However, this was seen to have been largely factored in to soybean prices, and markets seemed more fixated on the idea that the lower trade surplus signalled a more balanced Chinese economy, and potentially paved the way for easier monetary policy. That could mean higher appetite for raw materials from a major importer of cotton.

- Domestic:** The first wool auctions of 2012 was held on the 11th January 2012 with 12,330 bales of wool on auction of which 95,5% was sold. The next Prices were higher despite of a stronger rand. The first sale of the New Year opened on a positive note when wool prices rose sharply with the Cape Wools Merino indicator gaining 7,1% to close the day at a record R105,15/kg (clean wool). The prices were 49% higher than the corresponding sale last season with is also 1% higher than the previous seasonal high. This is the highest level ever for the South African indicator. There was keen competition for quality fleeces and the prices of most of these types rose to well above the R100/kg mark. The 22-micron category showed gains of up to 10%. The price increases were in line with Australia, where the market posted gains just before the Christmas recess and continued to improve at this week's sales. The rand was 1,3% weaker against the US dollar compared with the previous sales average rate, trading at R8,06, but at R10,28 it was 3,8% stronger against the euro. The next sales will be on 18 January 2012 when approximately 14 000 bales will be on auction. Cotton prices by 0,35% on last week.

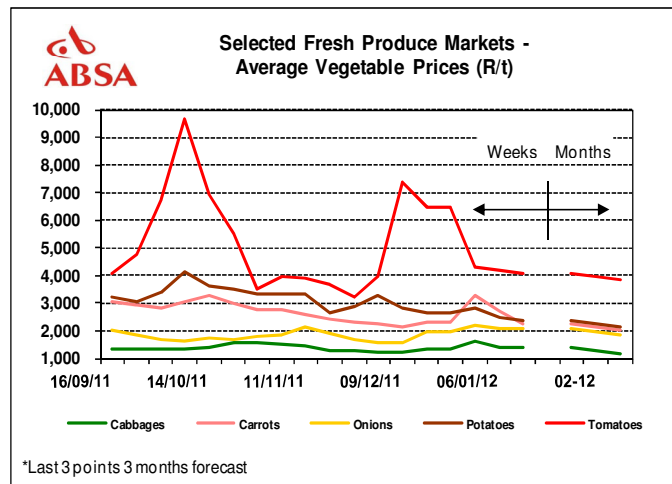
Outlook

International wool prices will increase in the short term with a possible sideways movement in the medium term due to higher demand from China. Cotton prices will continue to move upwards with a sideways movement in the short term due to higher demand and the relative high wool prices. Locally, the wool and cotton prices will follow the international markets into an increasing trend in the short to medium term due to better demand.

Fibres Market Trends				
Week ending 13 January 2012				
Wool prices	SA prices (R/kg)	Australian prices (R/kg)	Australian Future Febr - 2012 (AU\$/kg)	Australian Future Apr - 2012 (AU\$/kg)
Wool market indicator	105,15	101,55	-	-
19µ micron	122,84	121,22	14,01	14,01
21µ micron	111,29	110,69	12,85	12,85
23µ micron	-	102,55	11,25	11,25
Cotton prices	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	New York future May-2012 (US\$/kg)	New York future Jul-2012 (US\$/kg)
Cotton Prices	18,03	2,23	2,11	2,10

Vegetables Market Trends

- Cabbages:** Cabbage prices decreased with 3,0% w/w, but traded 14,6% higher y/y for the week under review and 42,6% higher than two years ago. Volumes increased 12,3% on a w/w basis. Prices decreased due to an increase in volumes after the recent rain. Prices are expected to move downwards with a possible sideways in the short to medium term due to more supplies after the good seasonal rain.
- Carrots:** Carrot prices decreased by 16,6% w/w but traded 8,8% higher y/y and traded 4,6% lower than two years ago. The price decrease was due to a good 12,1% increase in supplies. Prices are expected to move downwards and then sideways in the short to medium term due to good supplies after the December seasonal rain.
- Onions:** Onion prices decreased by 1,8% w/w, but traded 9,1% higher y/y and 13,1% higher than two years ago compared to the same week. The price decrease was due to a massive 35,8% increase in volumes. Prices are expected to decrease and then move sideways in the short to medium term.
- Potatoes:** Potato prices decreased by 5,5% w/w but traded 32,1% higher y/y and 4,3% lower than the same week two years ago. Prices decreased due to a good 12,8% increase in volumes compared to the previous week. Prices are expected to move downwards and then sideways in the short term but possible wet conditions can increase supplies as harvesting proceed to prevent the product from rotting in the wet soil because of the wet conditions.
- Tomatoes:** Tomato prices decreased by 3,2% w/w and was 7,4% lower y/y and 21,6% lower than two years ago. Prices decreased due to a massive 32,6% increase in volumes. Prices are expected to move downwards in the short to medium term due to much rain. Higher supplies will influence customer buying patterns and prices.



Vegetable Prices: Fresh Produce Market

(Averages on the Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban markets)

Week ending 13 January 2012	This week's Average Price (R/t)	Previous week's Average Price (R/t)	This week's Total Volumes (t)	Previous week's Total Volumes (t)
Cabbages	1,380	1,422	1,038	925
Carrots	2,244	2,690	1,234	1,106
Onions	2,068	2,106	3,979	2,929
Potatoes	2,356	2,492	12,125	10,754
Tomatoes	4,074	4,208	3,578	2,698

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.

Enquiries: Dawid Snyman
Sector Intelligence Specialist
Absa AgriBusiness
E-mail: dawidsn@absa.co.za