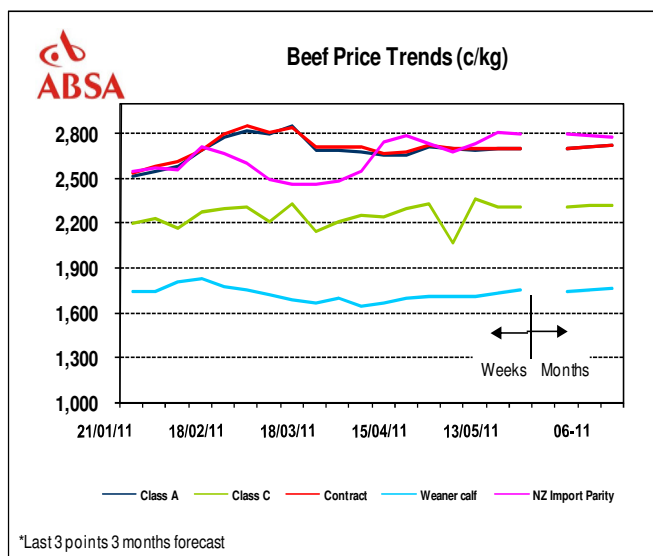


Farmland is expensive – also in the US

The land value of farms in Midwest or Maize-belt of the US has hit a 32-year high, despite a rise in land for sale and it does not seem to be over. Farmland prices in Illinois and Iowa soared 16%, year on year, in the first quarter of 2011. The increase in the value or growth rate which matched only once since 1979, in 2007, came despite a rise in the number of plots offered for sale. The latest gains were spurred by higher commodity prices, which prompted farmers to buy additional land to expand. The bigger farms are even getting bigger and small farms will disappear. More than half of the bankers that the US government spoke to, forecast further gains in land prices, with only 2% of the bankers expecting a decline. The rapid increase in agricultural land values may not be over which is shown in the increases of farm rental prices, which had also risen with 14%. The rise in land prices was supported by an increase in funds for lending to farmers with the loan-to-deposit ratio just under 70%. In South Africa the same is happening. Farmers need extra land to use economies of scale or to assist his family to buy a farm. This said, is the rule of willing buyer, willing seller wrong to use in South Africa if it applies elsewhere in the world?

Beef Market Trends

- International:** The US and AU beef market prices traded mixed during the week compared to the previous week. In the US top inside was 4,2% higher at 208,94 \$/cwt, Rump was 4,6% lower at 233,49 \$/cwt, Strip loin was 18,1% lower at 414,12 \$/cwt, Chuck was 9,3% lower at 201,08 \$/cwt, and Brisket 2,8% higher at 169,68 \$/cwt. Following a continued decline for the last few weeks, cattle and lamb prices increased lately for almost all categories. Cattle numbers on auction have tightened significantly, with cattle and lamb offerings both 27% lower compared to the same period last year. Although rain would be welcome for some regions in the eastern states, feed and water conditions heading into winter continue to be much better than preceding years, which will sustain demand for young cattle. Resisting the upward trend this week was heavy steers, which fell for the seventh consecutive week, due to a weak export demand and steady supplies continue to apply downward pressure. Grown cattle slaughterings during the first quarter was steady, at 1,73 million head, with a huge boost in Queensland numbers (760,000 head) offset declines in other states. With almost a record rainfall over the previous 12 months, cattle producers across Queensland took advantage of the relatively drier weeks from February offloading additional cattle following the major flood disruptions in December '10 and early January '11.



- Beef and veal production for the first quarter of 2011 totalled 505,351 tons which was up 3% year-on-year. March production reached 190,204 tons nationally, slightly below year ago levels, but well clear of the five-year average. Cattle numbers were pushed at the beginning of March

at very high levels, following the drier weather, but slowed in the second half of the month due to rain disrupted the sale and transport of cattle. With excellent pasture conditions across most of the eastern states, national average carcass weights were at a record high for the first quarter. Queensland continued to average the heaviest carcasses, but significant increases were recorded for NSW. Slaughter and beef production numbers were expected to be back in April, following the disrupted second half of the month due to rain and the combination of Easter and public holidays. However, the steady flow of cattle experienced during the first half of May is expected to continue through to June. Traditionally, May is a highpoint for Australian beef production, with five out of the 10 highest months on record registered in May '11. The seasonal increase in supplies are both a combination of southern producers increasing turnoff heading into winter, while northern cattle supplies start to run following the conclusion of the wet season.

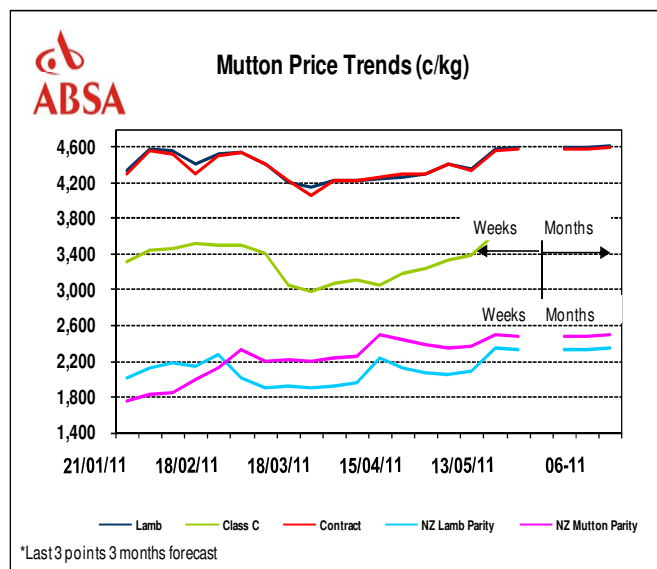
- **Domestic:** Beef prices traded mixed during the past week compared to the previous week following some of the international price trend. The prices of the different meat classes were as follows: Class A prices increased by 0,2% to R26,97/kg, Class C prices decreased by 0,4% to R23,00/kg and Contract prices increased by 0,1% closing at R26,98/kg. Weaner prices closed higher at R17,48/kg compared to the previous week. Hide prices traded 22,60% higher compared to the previous week closing at R10,60/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 increase with a possible sideways movement. The Australian market might come under further pressure due to possible shortages. In the local market, prices of red meat will move upwards in the short term with a possible sideways movement in the medium term due to the lack of A-grade cattle. Weaner prices will move upwards in the short to medium term with a possible sideways movement because of the lack of weaners.

Mutton Market Trends

- **International:** Australian prices were higher compared to the previous week. These markets were higher as a result of decreased supplies partly because of heavy rains. Local import parity for lamb decreased by 0,5% and mutton by 0,5% respectively due to the stronger rand against the New Zealand dollar. All national lamb indicators increased compared to last week, with tighter supply across the country and stronger competition, as most buyers returned to markets after the holidays. Trade lambs were higher across every state, breaking a four week run of declining prices. The colder weather continued to have an impact on quality, with mixed and pure lines coming through, as well as a higher proportion of light lambs relative to trade weights. Apart from localised rain in parts of Victoria and Tasmania, rainfall this week was restricted to a very welcoming Western Australia. Parts of the South-West recorded rainfall in excess of 25mm. Rain is forecast for most of Australia this coming week, with falls expected in Southern-Western Australia and the eastern states over the weekend. Winter hit the South East hard this week, as a high pressure system brought clear skies, frost and some of the coldest early May temperatures in the past 40 years. There was a dramatic reduction in lamb numbers at auctions in all the states. Supply was down 19% compared to last week, and decreased 27% year-on-year. The fall in prices due to inconsistent demand in late April and early May has been one of



the greatest contributing factors to the reduction in numbers, as producers are reported to be holding onto stock. The strong season across the Eastern States may also have provided producers with the option to hold stock back. The quality has been mixed, with a good selection of heavy and extra heavy weights available. The onset of the cold weather is also affecting quality, as average - and lighter weight lambs have been auctioned. Compared with last week, the market composition for trade lambs has shifted considerably, with a 6% lower offering. This week, trade lambs comprised 31% of the auctions, with heavyweights still well ahead, contributing just over 36% of the national auctions. Nonetheless, the heavy weight lamb market share has decreased compared to last year when they accounted for 44% of the market. Driving the high market share in 2010 was the majority of the Eastern States enjoying strong seasonal conditions early in the year, resulting in heavier weights in April and May. The portion of light lambs increased this week, representing 33% of market. The increase could indicate concerns of a cold winter, and the stocks ability to gain weight.

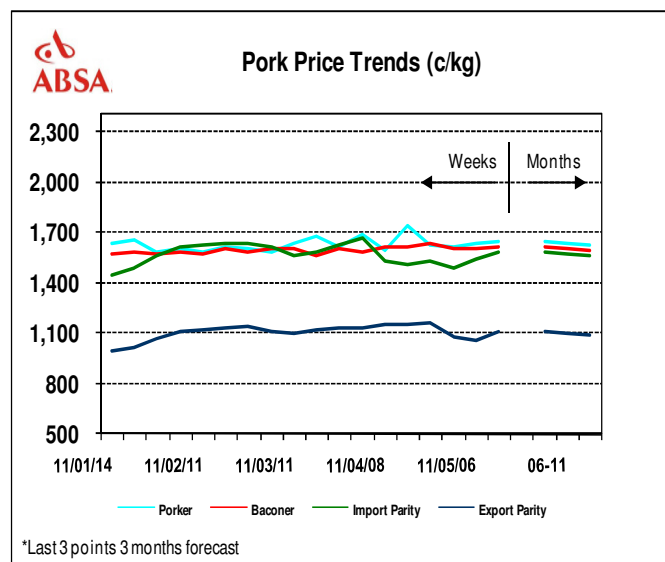
- Domestic:** This week's mutton prices traded higher compared to the previous week. Class A2 prices closing at R45,98/kg, 0,3% higher, Class C2 prices closing at R36,55/kg, 0,3% higher while Contract prices closed at R45,80/kg, 0,3% higher. Feeder lamb is a very-very scarce commodity with the prices higher at R23,47/kg compared to the previous week. The average price for a Dorper skin was a massive 25% lower at R60,00 and a Merino skin was 19% lower at R50,00 compared to the previous week. The landed imported price of Mutton, Rib from Australia and New Zealand traded the same compared to the previous week at R22,95/kg but Mutton Shoulder traded the same at R 36,95/kg.

Outlook

Internationally, prices will increase in the short term and move sideways in the medium term due to lower sheep numbers in AU and the increase in consumption in the world. Locally, the price of mutton will move upwards in the short to medium term with increases due to the scarcity of lamb and high demand despite the fact that the consumers are cash strapped. The price of lamb will move upwards in the short to medium term with a possible sideways movement due to shortages during winter and the on going affect of the Rift Valley fever.

Pork Market Trends

- International:** US pork prices were higher during the past week. The price of a Carcass was 4,22% higher at US\$ 97,01/cwt, Loin was 7,42% higher at US\$ 115,55/cwt, Rib was 7,33% higher at US\$ 158,95/cwt, while Ham was 3,04% higher at US\$ 77,58/cwt. Import parity was 4,30% higher due to a weaker exchange rate and higher prices compared to the previous week. Fresh loins and butts were steady to weak. Skinned ham was lower to steady, side bellies and lean trimmings were not established. Trading was slow to moderate, with light to moderate demand and moderate offerings.



- Domestic:** The pork prices were lower in the past week, following the international pork market. The price of Porkers decreased by 0,55% to R16,31/kg, while the price of Baconers decreased by 1,18% to R15,96/kg and the price of Contract meat decreased by 0,86% to R16,14/kg

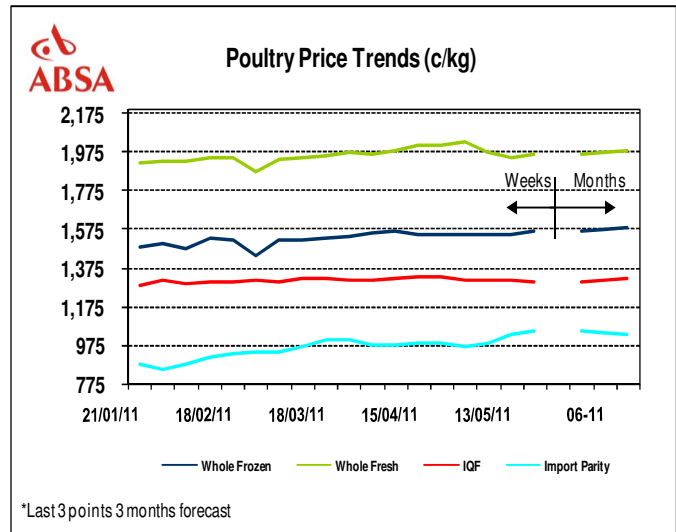
compared to the previous week. The imported landed price of loin from Canada and the US traded the same at R27,50/kg week on week according to AMIE.

Outlook

Internationally, prices are expected to move sideways in the short to medium term with a possible upward movement due to lower stock levels. Locally, the prices are expected to move sideways in the short to medium term with a possible downward movement due to cheaper substitute products.

Poultry Market Trends

- International:** The poultry prices in the US were lower during the past week compared to the previous week. The load count was about the same compared to the previous week. Whole bird prices were 0,41% lower at 82,00c/lbs due to a decreased demand. Breasts traded 2,93% lower at 119c/lbs and legs quarters traded the same compared to last week at 49c/lbs. Whole broiler/fryer prices were trending steady overall. Offerings were light to moderate for late week trading. Retail and food service demand was light to moderate with the fast food sector steady to good, but the best where were promotions was done.



Floor stocks were light to moderate. In the parts structure, movement was light to moderate for late week business but prices were trending steady for wings and most dark meat items and weak to lower for breasts and tenders. Supplies were moderate to heavy for breast items and tenders, moderate for wings and dark meat items. The market activity is slow to moderate. In production areas, live supplies are moderate. Weights are mixed, but noted are mostly desirable. Broiler production is expected to increase about 2% in 2012, after an increase of 1,4% in 2011. With expected economic conditions gradually improving, a forecast of continued high feed costs, and strong beef and pork prices, broiler integrators are expecting to have an incentive to expand production. Turkey production in 2012 is also expected to be higher, up 1,5%. This is the second consecutive year of production increases after declines in 2009 and 2010. Eggproduction is expected to be mixed in 2012, with table egg production declining slightly and hatching egg production higher. Whole broiler/fryer prices are steady overall.

- Domestic:** Poultry prices closed mixed again this week compared to the previous week with satisfactory stocks level. Frozen birds traded 0,71% higher at R 15,63/kg. Whole fresh medium bird prices traded 0,87% higher at R 19,61/kg and IQF prices traded 0,32% lower at R 13,03/kg. The landed price of imported chicken leg quarters and grillers from Brazil traded higher at R 13,05/kg and grillers at R17,11/kg week on week according to AMIE.

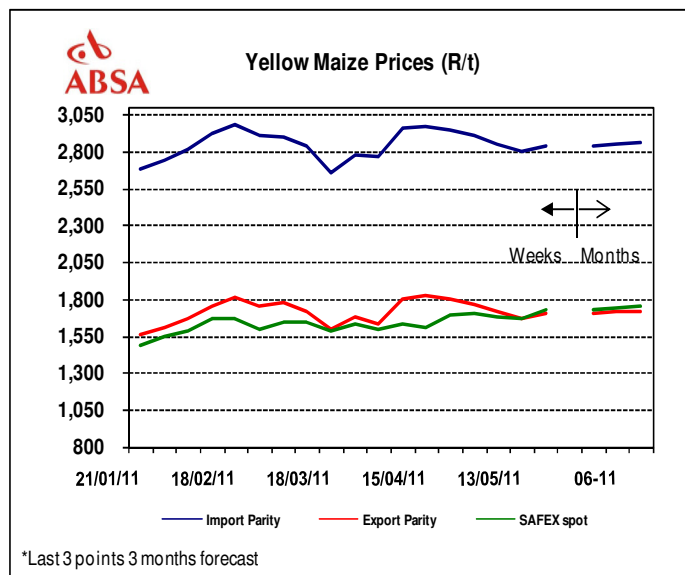
Outlook

Internationally, the prices will move downwards in the short term with a possible sideways movement in the medium term with good stock levels. Locally, the market is expected to trade sideways with a possible downward movement due to lower demand but month end buying can influence prices and support demand.

Livestock Prices (R/kg) 20 May 2011	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	26,97	26,91	45,98	45,86	16,31	16,40	19,61	19,44
Class C/ Baconer / Frozen birds	23,00	23,09	36,55	36,44	15,96	16,15	15,63	15,52
Contract / Baconer/ IQF	26,98	26,95	45,80	45,67	16,14	16,28	13,03	13,08
Import parity price	27,95	28,09	24,74	24,86	16,48	15,80	10,49	10,35
Weaner Calves / Feeder Lambs/	17,48	17,23	23,47	22,17				
Specific Imports: Beef trimmings 80vl/b/Mutton Shoulders/Loin b/in /chicken leg1/4	34,00	34,00	36,95	36,95	27,50	27,50	13,05	13,02

Yellow Maize Trends

- International:** The average US yellow maize spot prices closed the week 0,1% or US\$ 0,33/t lower compared the previous week. All grains closed with good gains as bullish fundamentals returned to the market. The slow pace of planting in the Eastern Maize-belt and flooding in the Delta has buying interest returning to maize. The weather forecasts aren't getting any better. Temperatures across the Midwest have been cool and wet with concerns lingering over plantings and germination. A broad range of commodities attracted some buying on Friday. Maize had total export sales of old and new crop sales of 1,151,700 tons with old crop sales of 843,200 tons versus 457,500 tons the week prior. In the US, there are concerns about the level of crops likely to be lost because of the wet spring, with the approach of insurance cut-off dates suggesting that it is not just maize plantings which will be affected. There is more talk that the severely wet areas may opt for insurance claims, so a big switch to more soybean acres may not happen. Soybeans, which are planted later, are sometimes considered a beneficiary, in acreage terms, of poor maize planting conditions. Closing dates for claims are 25th May and 5th June and are on everyone's radar for the past few weeks, and should provide some underlying support as we go through the next two week's of planting data. Current precipitation expectations of one-to-three inches in Western North Dakota are realised, planting in this region could come to a halt. It signals that a significant built-up demand was uncovered as maize prices slumped in early May. Sales of 672,200 tons of 2011/12 wheat were heartening too. Softness in other commodity markets showed with



weakness blamed on poor US housing data, besides the return of Japan to recession. Many agricultural commodity investors give in to the temptation to take profits. Chicago maize last month, gained temporarily a premium on wheat for the first time since 1996. A rule of thumb in the US is a drop in the price of soybeans below 2,0 times that of maize is viewed as the trigger for farmers to switch planting areas from oilseed to the grain. The end-2011 soybean-to-maize price ratio currently stands at a historically very low level which makes it much more profitable for US farmers to plant maize instead of soybeans. This means that new season US maize production is likely to increase by 3%-4%, resulting in a global maize surplus while we expect a global deficit for soybean. Remember, one of the sticking point is whether US farmers, can get their existing maize planting plans completed due to poor weather during planting, let alone any extra areas that the ratio with soybean prices might dictate. It is too soon to determine what kind of acreage shifts there may be away from maize to soybeans as economic factors and fall in fertilizer applications will still play a vital role in any acreage shifts. However, farmers who put extra fertilizer into soils in the autumn may be reluctant to switch to soybeans, which are less nutrient intensive. It is also unclear whether the market has much appetite for a weakening in soybean prices relative to maize.

- Russia's grain export ban has set back a potential rebound in its agricultural sector from a decline which has seen its farming area shrink by one-third which is an area bigger than Germany, since the collapse of the Soviet Union. It was likely that some of the 40m hectares of Russian farmland abandoned over the last 20 years would be brought back into production as the world struggles to feed its growing population. The ban was perceived negative by fund managers who were considering making investments into Russian agriculture. That investment did not happen after the ban. To get investors interested we need more predictable state policy and transport.
- **Domestic:** The local market traded higher during the past week. The average yellow maize spot price traded 4,0% or R66,20/t higher than the previous week, following the soybean markets. The Rand: US dollar exchange rate was on average weaker during the past week, compared to the previous week. The average exchange rate for the week were R6,93/US dollar compared to R6,81/US dollar the previous week. Safex futures also traded higher in the week: May-11 traded 4,17% (R70/t) higher, Jul-11 traded 3,75% (R64/t) higher, Sept-11 traded 3,68% (R64/t) higher, Dec-11 traded 3,58% (R64/t) higher, Mar-12 traded 4,76% (R85/t) higher and Jul-12 traded 0,9% (R16/t) higher compared to the previous week.

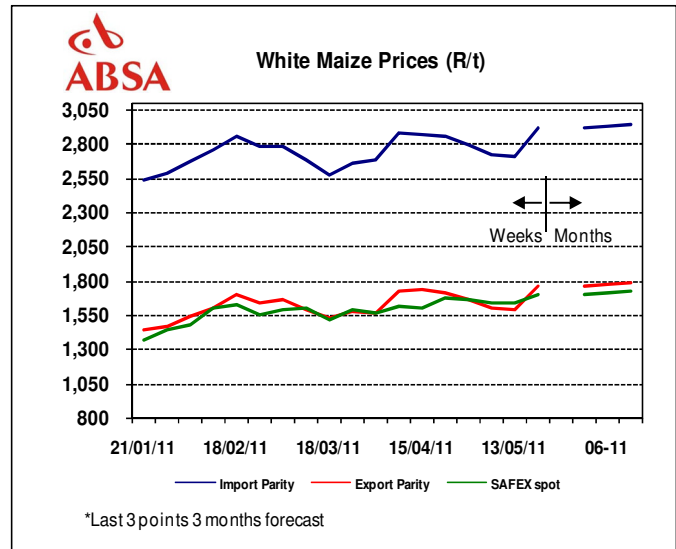
Outlook

Internationally, markets will remain to be driven by the weather in the US and other parts of the world and will move sideways in the short term. It is expected that the market will remain volatile, especially as we come closer towards the end of the optimum planting dates. Locally, the market is expected to move sideways in the short to medium term to see what the world prices are doing and the impact of the excessive rain is on the harvest due to the fact that the maize is too wet to harvest and that farmers can not get into the lands to harvest.

Yellow Maize Futures 20 May 2011		Jul-11		Sept-11		Dec-11		Mar-12		May-12	
CBOT (\$/t)		298,96		282,43		262,35		266,36		269,12	
SAFEX (R/t)		1,769		1,803		1,851		1,869		1,801	
Jul-11				Sept-11				Dec-11			
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call			
1,800	94	63	1,840	145	108	1,900	202	153			
1,760	72	81	1,800	122	125	1,860	179	170			
1,720	53	102	1,760	102	145	1,820	158	189			

White Maize Trends

- International:** The US white maize spot market traded 8,2% or US\$ 23,02/t higher in the past week compared to the previous week, not following the downward trend of the yellow maize market. The local import parity of white maize was 7,6% (R205,94/ton) higher compared to the previous week due to higher prices and a weaker rand: dollar exchange rate. Growers see how their yields decrease each day due to dry conditions, while livestock farmers suffer from lack of fodder and high feed prices due to US maize acreage which is forecasted at 89,5m acres, down more than 2,6m acres from America's official forecast, with losses particularly high in Missouri, North Dakota and Ohio, which had had a poor start. At the start of the week, traders were talking losses of more than 1m acres. If the reduction in acres does occur the US balance sheet would indicate that sizeable rationing would need to take place in both old and new crops.



- Domestic:** The local average white maize spot price traded 3,8% (R62,25/ton) higher compared to the previous week, with white maize still trading 55,7% higher than the same time a year ago. The white maize futures contracts all traded higher this week except for Jul-12 again: May-11, 3,637% (R60/t) higher, Jul-11, 3,23% (R54/t) higher, Sept-11, 3,52% (R60/t) higher, Dec-11, traded 3,35% (R57/t) higher, Mar-12, 3,91% (R69/t) higher but Jul-12, traded 0,28% (R5/t) lower..

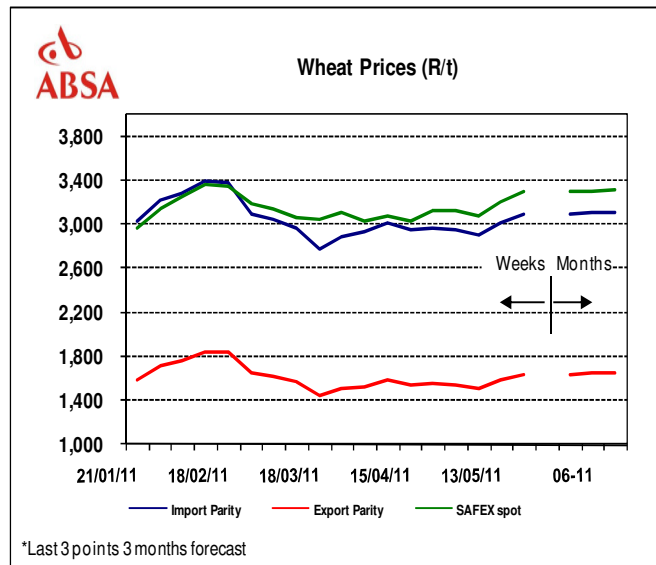
Outlook

Internationally, the white maize price trend will move upwards in the short term with a possible higher movement in the weeks to come due to a possible lower number of acreage to be planted and a weaker exchange rate. Local prices will be influenced by the international grain markets but, a weaker rand: dollar exchange rate could also push the local market higher as well as poor quality due to the wet conditions.

White Maize Futures 20 May 2011			Jul-11	Sept-11	Dec-11	Mar-12	May-12		
SAFEX (R/t)			1,726	1,765	1,810	1,834	1,775		
Jul-11			Sept-11			Dec-11			
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call	
1,760	90	56	1,800	141	106	1,840	198	168	
1,720	68	74	1,760	119	124	1,800	175	185	
1,680	50	96	1,720	99	144	1,760	155	205	

Wheat Market Trends

- International:** The average weekly wheat spot price traded higher compared to the previous week. Both the prices of hard red winter wheat and soft red wheat were higher in the past week. Soft red wheat traded 0,4% (\$1,1/t) higher, while hard red wheat traded 1,2% (\$4,26/t) higher compared to the previous week. Local import parity were also higher with 2,2% or R67,32/t due to the higher US market and a weaker Rand:US dollar exchange rate. Wheat rallied sharply due to the run in other grains, as well as dry conditions in the HRW wheat region and wet conditions in the spring wheat growing areas. In Europe there are concerns over the wheat



crop as they also experience dry weather conditions. The US winter wheat crop is now estimated at 44% poor to very poor and 32% good to excellent. Kansas was down 5% points this week and now rated 55% poor to very poor. The US spring wheat plantings were behind and estimated at 11% complete as compared to 78% a year ago. Wheat had total export sales of old and new crop sales at 798,900 tons. In Europe, those hopes of end-of-month rain for France and Germany, the top two wheat-producing states, dried up. There is rain forecasted for Spain until the end of May but no rain forecasted for France and Germany while all of the Eastern Europe, south west Russia and Ukraine stayed dry with below normal rainfall despite heavy high pressure systems over them. Wheat should probably take a breather until we get better or bad news. Production uncertainties aside, there remains significant policy risk clouding export forecasts for the Black Sea region. The United Arab Emirates bought 40,000 tons of wheat from Pakistan, which is seen as becoming a competitor exporter in particular against Australia for Asian and Middle Eastern trade. There is warning signs of a sharp drop in France's exports, which is leaving the country on course to lose its ranks as a top export country among world wheat exporters.

- Domestic:** The average SAFEX wheat spot price traded 3,0% or R97,50/t higher this week compared to the previous week, following the higher international wheat markets. Safex future prices also traded higher during the past week: May-11 traded 1,05% (R34/t) higher, Jul-11 traded 3,72% (R118/t) higher; Sept-11 traded 4,41% (R139/t) higher and Dec-11, traded 2,80% (R84/t) higher than the previous week.

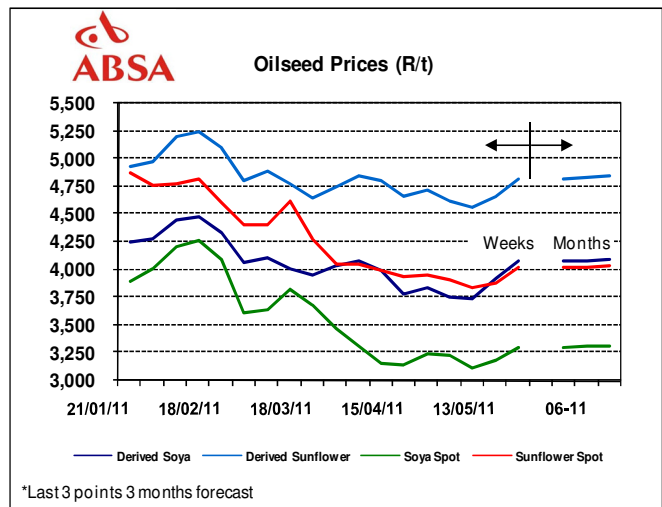
Outlook

Internationally, prices will trade higher and will find support from the weather conditoinns that are not good at this point in Europe and the US. Locally, the market will follow the international market closely and local prices will trade higher in the short to medium term. A weaker Rand: US dollar will support the local price with the import parity that should increase because of world prices.

Wheat Futures 20 May 2011		Jul-11	Sept-11	Dec-11	Mar-12	May-12		
KCBT (\$/t)		353,33	360,31	363,98	362,73	352,23		
SAFEX (R/t)		3,289	3,291	3,086	-	-		
Jul-11		Sept-11			Dec-11			
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3,320	100	69	3,340	179	130	3,120	217	183
3,280	79	88	3,300	157	148	3,080	195	201
3,240	60	109	3,260	136	167	3,040	175	221

Oilseed Market Trends

- International:** US soybean prices traded week to week on average 1,6% higher compared to the previous week. The current price is still 42,2% higher compared to the same time a year ago. Soybeans followed maize and wheat higher with double-digit gains, along with higher energy markets. Weekly export sales for old crop soybeans came in at 166,100 tons. Soybean sales picked up, despite a lack of Chinese interest but there were no cancellations. The lack of Chinese business in the soybean complex is very evident in recent US export sales reports. Estimate for soybean plantings was 75,1m acres, implying a loss of 1,5m acres from USDA hopes.



- Domestic:** The average soybean spot prices traded 3,7% higher or R118,55/ton compared to the previous week. This increase is due to a weaker Rand: US dollar exchange rate and higher international price. The current price is still 29,8% higher for the corresponding time a year ago. The soybean futures prices all traded higher, following the international futures prices, in the past week except for May-12: May-11 traded 2,57% (R83/t) higher, Jul-11 traded 2,45% (R80/t) higher, Sept-11 traded 2,11% (R70/t) higher, Dec-11 traded 2,36% (R80/t) higher, Mar-12 traded 4,18%(R140/t) higher and May-12 traded 0,15% (R5/t) lower compared to the previous week. The average sunflower spot price for the week also traded higher and closed 3,4% (R132,40/t) higher than the previous week. This was still 16,6% higher than the same time a year ago. The sunflower futures prices also closed higher compared to the previous week. May-11 traded 2,49% (R98/t) higher, Jul-11 traded 1,49% (R60/t) higher Sept-11 traded 1,41% (R58/t) higher and Dec-11 traded 1,53% (R64/t) higher compared to the previous week.

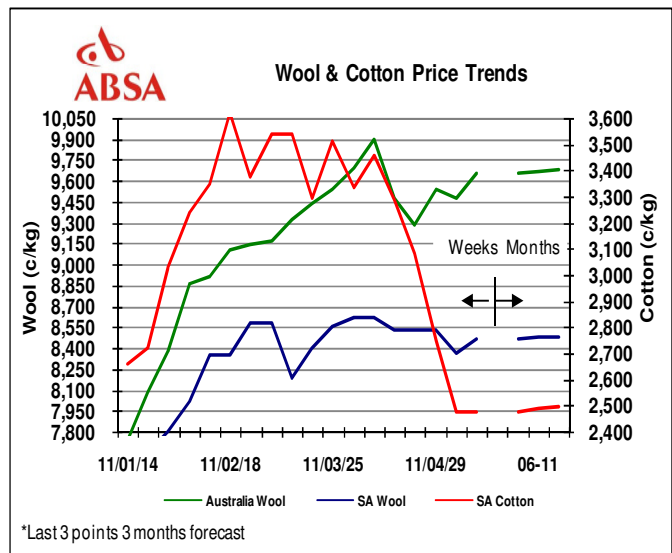
Outlook

Internationally, markets will move higher in the short to medium term due to uncertainty about the acreage that will be planted in the US under soybean. Locally, the oil seed market will follow the international market with higher price movement in the short term until plantings has been finished in the US and a weakening in the Rand: US dollar exchange rate could help the upward movement in the local market.

Oilseeds Futures 20 May 2011			Jul-11	Sept-11	Dec-11	Mar-12	May-12	
CBOT Soybeans (US \$/t)			507,14	499,79	499,20	500,08	497,88	
CBOT Soy oil (US c/b)			57,46	57,94	58,46	58,74	58,79	
CBOT Soy cake meal (US \$/t)			360,60	357,10	350,30	354,00	352,00	
SAFEX Soybean seed (R/t)			3,350	3,390	3,465	3,490	3,250	
SAFEX Sunflower seed (R/t)			4,090	4,173	4,255	-	-	
Sunflower Calculated Option Prices (R/t) Absa Capital Trading Desk: 011 – 895 5524								
Jul-11			Sep-11			Dec-11		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,120	188	158	4,220	309	262	4,300	456	411
4,080	167	177	4,180	287	280	4,260	434	429
4,040	147	197	4,140	266	299	4,220	412	447

Fibres Market Trends

- International:** The Australian market was 3,1% higher from the previous sale and closed at AU 1,394c/kg. The next sale is on the 24th and 25th May 2011. US cotton price increased again from 146,71 US c/lbs last week to 152,5 US c/lbs this week. Cotton total spot transactions for the week were higher at 7,191 bales compared to 692 bales last week and 4,843 bales a year ago. Cotton suffered another week of negative US exports, following cancellations. The cotton market is currently weighing up the influence of declining global demand versus worries over 2011 production prospects. Weather conditions in the US, and China, the exporter grower, consumer and importer, is far from perfect, and when this happens, cotton prices could easily increase. It is said that new crop production concerns remain the main supportive influence for cotton prices. The South West US states continue to remain in drought, while the Mississippi delta continues to deal with severe flooding. The market can poorly afford any significant production losses considering old-crop supplies in the US are at record tight levels. Investors were particularly subdued on prospects for an easing in supplies of cotton, for which it saw the important stocks-to-use ratio remaining at historically-low levels at 36%, and rating the USDA's world harvest forecast at nearly 12m tons. While cotton is on for a record harvest in 2011/12, analysts estimate of 203,6m tons was 3,5m tons short of the USDA estimate, and also more positive on consumption too. Even with a record crop, global stocks are not expected to be replenished to average levels due to growing demand and three deficit seasons.



- Domestic:** The last sale was on the 10th/11th May 2011 with the next sale that is scheduled for 25th/26th May 2011. The local derived cotton prices closed 2,93% higher than the previous week at R25,55/kg and 63,39% higher than a year ago. The market followed the US market, due to

higher prices and a weaker Rand US dollar exchange rate, which weakened to R6,93/US\$ from the previous week's R6,81/US\$.

Outlook

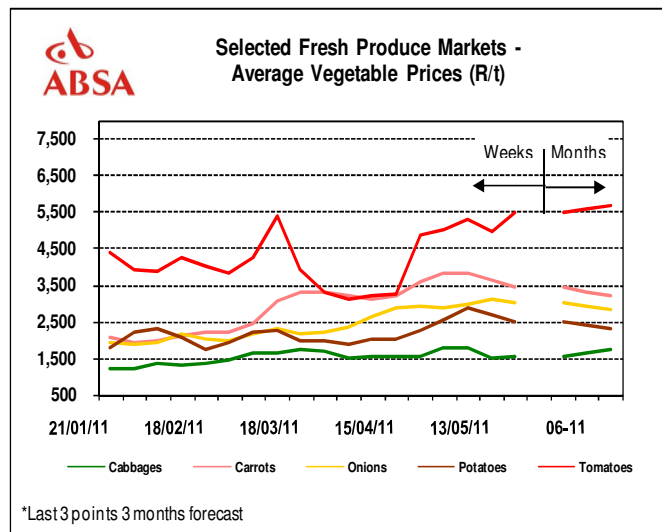
International wool prices will most probably trade upwards with a sideways movement due to a higher demand as factories going into full production after the holidays Wool and Cotton can find support from a weaker of the Rand: US dollar exchange rate. US cotton prices will move sideways with market activity expected to pick up slightly to follow the wool prices. Local market cotton prices will find support from the US market while a weaker Rand: US dollar exchange rate will also support the prices.

Fibres Market Trends Week ending 20 May 2011

Wool prices	*SA prices (R/kg)	Australian prices (R/kg)	Australian future Jun - 11 (AU\$/kg)	Australian Future Aug - 11 (AU\$/kg)
Wool market indicator	8,471	98,34	-	-
19µ micron	109,88	123,14	15,75	15,25
21µ micron	89,34	99,47	13,00	12,50
23µ micron	70,77	88,92	11,70	11,70
Cotton prices	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	New York future May-2011 (US\$/kg)	New York future Jul-2011 (US\$/kg)
Cotton Prices	25,55	3,69	3,43	2,91

Vegetables Market Trends

- Cabbages:** Cabbage prices increased by 1,1% w/w and was 23,8% higher y/y for the week under review and 11,8% higher than two years ago. The price increased was due to a 4,0% increase in volumes w/w. Prices are expected to increase in the short to medium term due to decreases in supplies during the winter.
- Carrots:** Carrot prices decreased by 6,5% w/w and was 8,0% lower y/y but 14,7% higher than two years ago. The price decreased was despite a 10,4% decreased in supplies. Prices are expected to decrease due to more supplies.
- Onions:** Onion prices decreased by 3,1% w/w but were 18,0% lower y/y and 37,9% lower than two years ago for the corresponding week. The prices decreased despite of a 5,1% decrease in volumes. Prices are expected to move downwards in the short to medium term due to possible decreases in supplies during the next few weeks.
- Potatoes:** Potato prices decreased by 6,9% w/w and were 2,3% lower y/y and 8,0% lower than two years ago. Prices decreased due to a 1,4% increase in volumes compared to the previous week. Prices are expected to decrease due to more supplies.
- Tomatoes:** Tomato prices increased by 10,7% w/w and was 20,6% higher y/y and 42,5% higher than two years ago. The decreased in prices were due to a 9,6% decrease in volumes



compared to the previous week. Prices are expected to move sideways in the short to medium term due to decreases in supplies with a possible upwards movement.

Vegetable Prices: Fresh Produce Market (Averages on the Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban markets)				
Week ending 20 May 2011	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	1,520	1,504	1,350	1,298
Carrots	3,420	3,656	1,153	1,286
Onions	3,028	3,126	4,135	4,355
Potatoes	2,522	2,708	11,691	11,533
Tomatoes	5,492	4,962	2,749	3,036

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