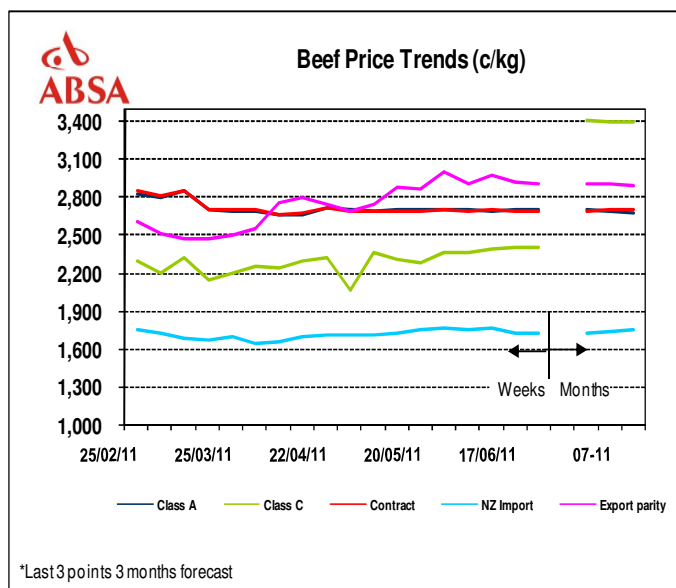


A cap on livestock feed prices?

Countries are concerned about the volatility of grain prices which influence most livestock feed prices. Very important is the fact that grain and meat producers in France signed an agreement on the establishment of contracts to limit the volatility of prices for livestock feed. Fifteen professional organizations, including cattle, pigs, poultry, dairy and cereals have signed the agreement which shall come into effect on the 1 July. Two types of contracts will be offered in early July: the first between collectors and animal feed producers, the second between feed manufacturers and farmers. The goal is to smoothen the prices, while international cereal prices have rocketed in recent months causing a surge in prices of animal feed. France wants the G20 countries of the world that are rich industrial nations and major emerging markets to set up a shared central database of food prices to help control market volatility and keep commodity speculators in check. Key measures proposed to curb commodity price volatility include, minimum cash deposits for derivative trades as well as the creation of trade repository that would be able to keep track of these trades.

Beef Market Trends

- International:** The US and AU beef market prices traded higher again during the week compared to the previous week. In the US, top inside was 4,9% higher at 204,82 \$/cwt, Rump was 7,2% higher at 252,92 \$/cwt, Strip loin was a 7,3% higher at 453,66 \$/cwt, Chuck was 1,4% higher at 207,48 \$/cwt and Brisket 3,9% higher at 174,02 \$/cwt. Market activity on imported beef was moderate and prices were mostly firm with the exception of bull prices which was steady to weak. Improved demand, firmer domestic prices and tight import supplies supported prices. The end of the cow run in New Zealand and increased Australian imports to Indonesia limited available supplies for the US marketplace. Beef production, at 2,13 billion pounds, was 2% above the previous year. Cattle slaughter totaled 2,82 million head, up 1% from May 2010. Calf slaughter totaled 61,100 head, up 1% from May 2010. The average live weight was up 2lbs from last year, at 288lbs. Australia's AU\$500m-a-year exports of live cattle will tumble by 19% because of a controversial ban on shipments to Indonesia, AU's top live export market, which could see producers, suffer financially. Australian live cattle exports falling to a six-year low of 585,000 animals in 2011/12. The decline reflected an assumption of shipments to Indonesia near-halving to about 220,000 head, following the implementation of a trade ban announced two weeks ago after a television programme showed mistreatment of cattle in the Asian country's abattoirs. The embargo has provoked a polarised response, with some politicians urging permanent bans on all live animal exports, while cattle farmers, warning of job losses, have urged a lifting of the ban. There is a financial risk to some producers, with those in parts of Northern Territory and Western Australia



selling more than half their cattle for live export and national prices can potentially suffer downward pressure as animals originally destined for shipment are sold domestically.

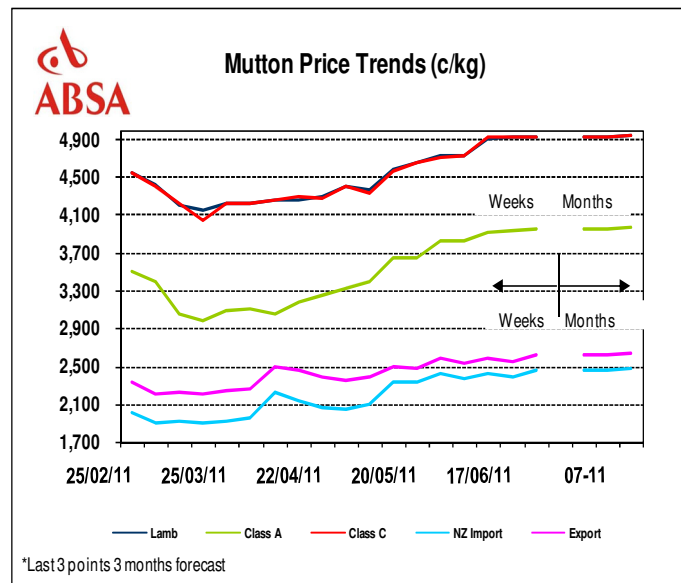
- **Domestic:** Beef prices traded mixed again during the past week compared to the previous week not following the international price trend. The prices of the different meat classes were as follows: Class A prices increased by 0,1% to R26,91/kg, Class C prices increased by 0,2% to R24,09/kg but Contract prices decreased by 0,2% closing at R26,86/kg. Weaner prices closed higher at R17,29/kg compared to the previous week. Hide prices traded 0,3% higher compared to the previous week closing at R9,93/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 upwards with a possible sideways movement in the short to medium term due to tight imports, together with the number of cattle ready for feedlots that has tumbled more. In the local market, prices of red meat will move sideways in the short term with a possible downward movement in the medium term due to more cattle that will be available before the next planting season because of more cattle that will be taken of the veldt and maize rests. Weaner prices will move upwards in the short term and sideways in the medium term due to the fact that producers will soon have maize rests to feed on.

Mutton Market Trends

- **International:** Australian prices were slightly higher compared to the previous week. Local import parity for lamb increased by 3,0% and mutton by 2,9% due to higher prices and a weaker rand against the New Zealand dollar. Lamb and mutton production, at 12,9 mlbs, was up 2% from May 2010. Sheep slaughter totaled 179,400 head, 2% below last year. The average live weight was 143lbs, up 4lbs from May a year ago. The winter chill was certainly felt across the eastern states this week, with some southern areas recording the lowest temperatures so far this year. A decrease in temperatures brought about an increase in the number of plain



quality lambs offered, with prices falling accordingly. The heavy rain across the eastern states during last week has strengthened restocker and feedlot confidence. This has been highlighted by reports of increased restocker activity targeting lighter lambs, however, the increase in demand has done little to hold price, as quality is declining with a large number of tail end drafts entering the market. The change in season and colder temperatures has impacted on quality, with greater numbers of lighter, plainer lots offered. Restockers have purchased 14% more lambs during June compared with the same time last year. Millions of Egyptians approach this year's the holy fasting of Ramadan, which starts on August 1, with a mixture of joy and dissatisfaction about the unexplained rise in meat prices. Many consumers, along with non-governmental organizations (NGOs), have launched a campaign urging Egyptians to boycott buying meat, before Ramadan. During Ramadan, Islam's holiest month, which involves vast banquets of food, Muslim families traditionally buy a few kilos of red meat for the Iftar, the main meal that is eaten after sunset. The consumers complain that one kilo of veal has jumped from LE54 to LE65 for no apparent reason. A Cairo butcher, who asked not to be identified, said that he sold one kilo of mutton for LE70 and one kilo of beef for LE68.

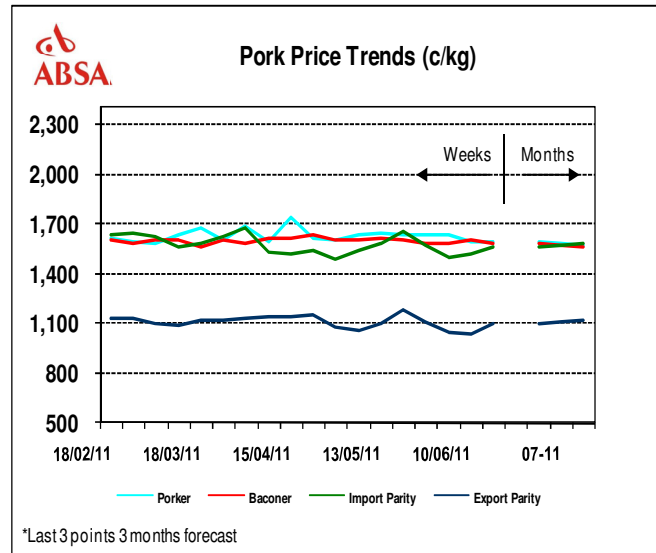
- Domestic:** This week's mutton prices traded higher again compared to the previous week. Class A2 prices closing at R49,21/kg, 0,1% higher, Class C2 prices closing at R39,55/kg, 0,2% higher while Contract prices closed at R49,21/kg, 0,1% higher. Feeder lamb is a very scarce product with the prices trading sideways at R24,41/kg compared to the previous week. The average price for a Dorper skin was a 7,7% higher at R60,50 and a Merino skin was 9,9% higher at R65,00 compared to the previous week. The landed imported price of mutton rib from Australia and New Zealand traded lower compared to the previous week at R19,19/kg and mutton shoulder traded the same at R 38,45/kg.

Outlook

Internationally, prices will move upwards in the short term with a possible sideways movement in the medium term due to supply constraints due to the tightness of imports and as a result of restocking in AU. Locally, the price of mutton will move upwards in the short to medium term with increases due to shortages in supply. The price of lamb will move upwards in the short term and sideways in the medium term due to the availability of stocks.

Pork Market Trends

- International:** US pork prices were higher during the past week due to decreases in supplies. The price of a Carcass was 5,02% higher at US\$ 97,07/cwt, Loin was 4,99% higher at US\$ 116,90/cwt, Rib was 3,54% higher at US\$ 167,18/cwt, while Ham was 5,19% higher at US\$ 77,66/cwt. Import parity was 4,53% higher due to higher prices despite of a faintly weaker exchange rate compared to the previous week. Fresh loins were not tested. Sdls bellies, skinned ham, lean trimmings and butts were also not tested. Trading was very slow with light demand and offerings. US pork production totaled 1,76 billion pounds, up 9% from the previous year. Hog slaughter totaled 8,54 million head, up 7% from May 2010. The average live weight was up 3lbs from the previous year, at 275lbs. A pig farmer from England is featured in a new recipe booklet promoting high-quality British pork. The farmer, who farmed in Yorkshire, is one of eight farmers whose stories appear in 'Choose It and Use It' aiming to highlight the versatility of pork products and encourage shoppers to buy British meat raised according to high welfare standards. The booklet is being supported by a number of celebrity chefs who have each contributed their favorite pork recipes. Korea aims to introduce a tracking system for all pork sold on the local market starting in 2014 to make it easier to recall substandard products. The Ministry for Agriculture said it is in the process of working out the details of setting up the comprehensive tracking system with related agencies and livestock groups, because pigs are usually slaughtered in a relatively short period of time compared to cattle, the tracking system may be harder to maintain, but there is consensus that it must be created to improve consumer rights and strengthen the competitiveness of local pork producers vis-a-vis imports.
- Domestic:** The pork prices were higher during the past week, following the international pork market. The price of Porkers increased by 0,69% to R16,02/kg, while the price of Baconers increased by 1,26% to R16,02/kg and the price of Contract meat increased by 0,98% to R16,02/kg compared to the previous week. The imported landed price of loin from Canada and the US traded higher at R29,45/kg week on week according to AMIE.

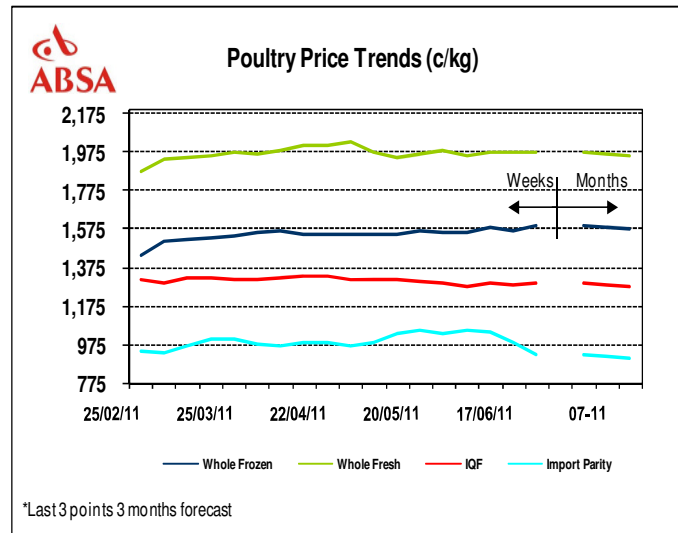


Outlook

Internationally, prices are expected to increase in the short term with a possible sideways movement thereafter into the medium term due to the possibility of more exports to the EU and China. Locally, the prices are expected to move downwards in the short term due to specials on month end buying with a possible sideways movement in the medium term due to enough supplies and pressure of white meat prices.

Poultry Market Trends

- International:** The poultry prices in the US were lower during the past week compared to the previous week. The supply was the same 364 loads to 363 loads compared to the previous week. Whole bird prices were 1,27% lower at 80,74c/lbs due to a increased supply. Breasts traded 2,16% lower at 113c/lbs and legs quarters were 8,79% lower at 41,5c/lbs compared to last week at 45,5c/lbs. Import parity was 5,88% lower due to lower prices despite of a weaker rand:US dollar exchange rate. Whole broiler prices were trending weaker to lower in the US. Offerings were light to heavy, mostly moderate to heavy for current trade



Retail and food service demand was light with instances good with the best movement on features and into fast food sectors. Floor stocks were mixed. Market activity was slow to moderate. In the parts structure, movement was mostly light for late week business as dealers limited orders to regular commitments. Prices were trending steady for wings, weak to lower for tenders and breast items. Dark meat items were steady to weak. Offerings were moderate to heavy for tenders and breast items. Wings were light with good movement, and dark meat cuts were moderate. The market activity was slow. In production areas, live supplies were moderate. Weights were mixed, but were mostly desirable. On Maryland's Eastern Shore, everything leads back to chickens. The poultry industry is the largest key sector of the local agriculture economy and its reach is broad: from the truckers who move products and the many farmers who grow maize for chicken feed to the corner stores and other businesses that rely on customers' income. Any hint of disruption to that economic ecosystem makes people nervous. The bankruptcy filing this month of Allen Family Foods, that provides direct employment to hundreds on the Maryland Shore, has left many more worried about their future and this is not going to be good, a grain and poultry farmer in Wicomico County said. The question is just how bad will it be? We don't know. The farmer, which hopes to sell nearly all of its assets, blamed the rapid price increases in maize. That's also a pressing problem for larger competitors such as Salisbury-based Perdue Farms and Mountaire Farms of Delaware. Maize costs more than doubled in the space of a year, and reduced demand for chicken has depressed the price that companies can charge. What this scenario does is highlight the fragile state of the poultry industry here in Maryland. Broiler farmers are in a market where every cent counts. When you're operating on cents, it's very precarious. Hundreds of poultry shop owners protested outside the TV Building near the Nile Corniche in Cairo Friday, demanding the Government with draw a 2010 law barring trade and transport of live birds to help prevent the spread of the bird flu virus. The protesters, who accused the former regime of damaging the local poultry industry and encouraging the import of frozen chicken to heap wealth, denounced the legislation, which imposes a six-month jail term on violators, in addition to a fine of up to 10,000 Egyptian pounds (\$1,782) or up to the value of the birds, whichever is greater.

- **Domestic:** Poultry prices closed higher this week compared to the previous week with sufficient stock level. Frozen birds traded 1,73% higher at R 15,92/kg compare to the previous week. Whole fresh medium bird prices traded 0,05% higher at R 19,75/kg and IQF prices traded 1,02% higher at R 12,91/kg. The landed price of imported chicken leg quarters and grillers from Brazil traded lower at R 13,11/kg and grillers at R19,06/kg week on week according to AMIE.

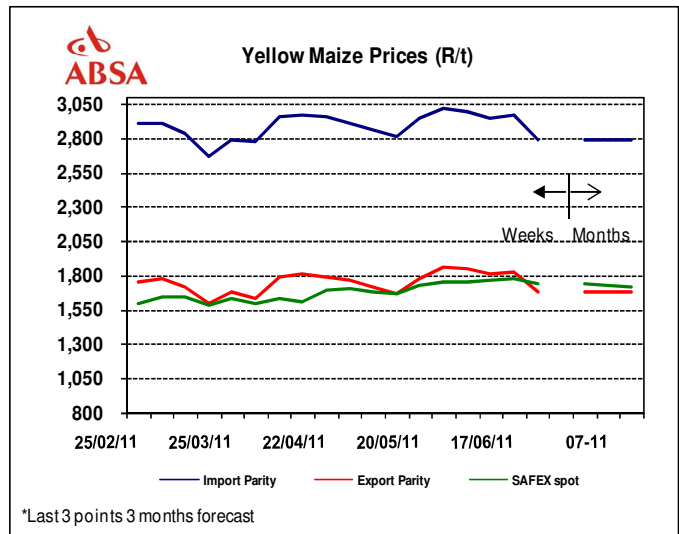
Outlook

Internationally, the prices will move downwards in the short term with a possible sideways movement in the medium term due to a lack of demand. There can be possible increases in prices after month end buying. Locally, the market is expected to trade downwards in short term due to pressure from retailers for specials at month end with a possible sideways movement in the medium term.

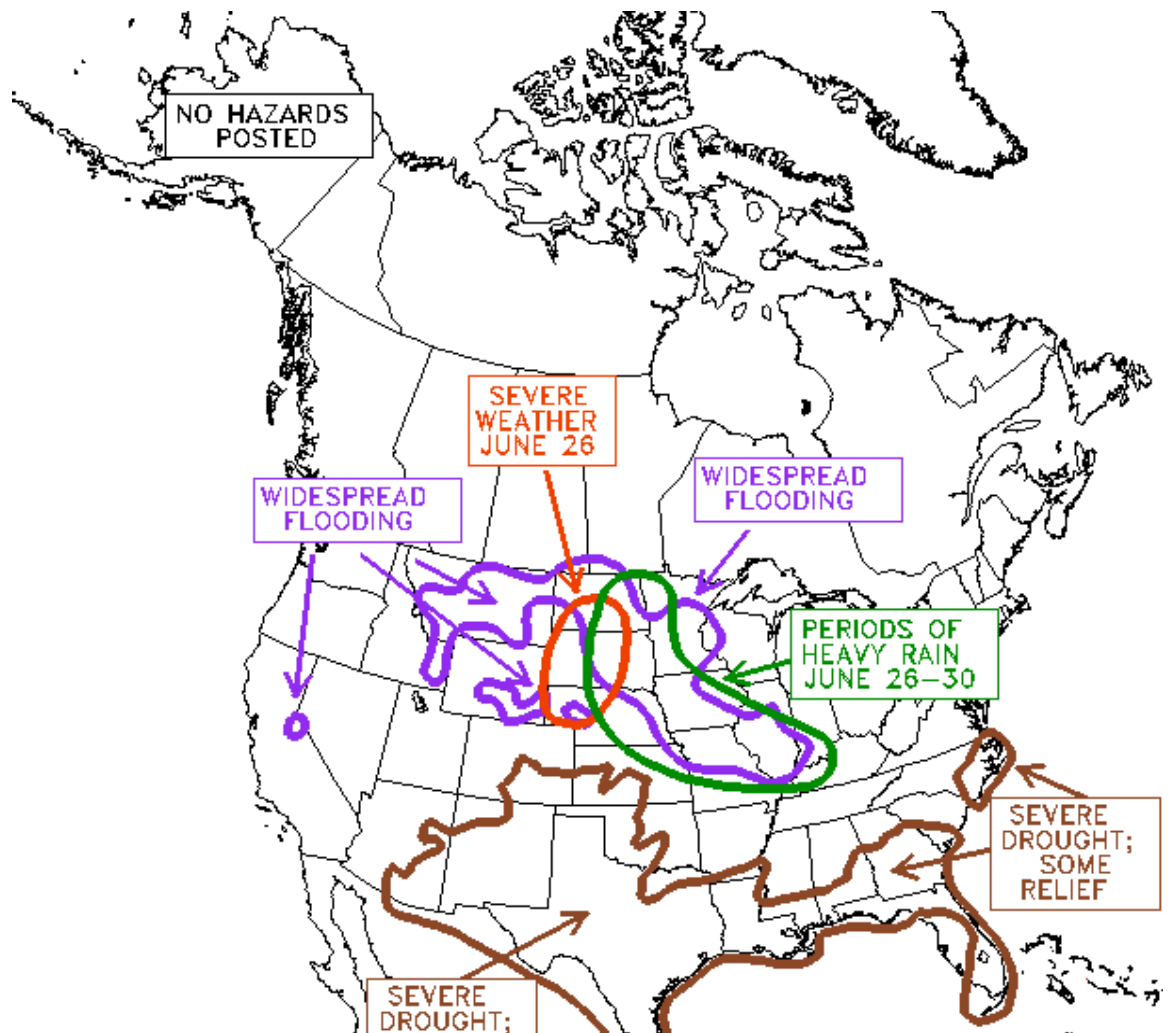
Livestock Prices (R/kg) 24 June 2011	Beef		Mutton		Pork		Poultry	
	Current Week	Previous Week	Current Week	Previous Week	Current Week	Previous Week	Current Week	Previous Week
Class A / Porker / Fresh birds	26,91	26,89	49,21	49,15	16,02	15,91	19,75	19,74
Class C/ Baconer / Frozen birds	24,09	24,04	39,55	39,48	16,02	15,82	15,92	15,65
Contract / Baconer/ IQF	26,86	26,92	49,21	49,17	16,02	15,87	12,91	12,78
Import parity price	29,01	29,15	26,13	25,41	16,32	15,61	9,26	9,83
Weaner Calves / Feeder Lambs/	17,29	17,22	24,41	24,41				
Specific Imports: Beef trimmings 80vl/b/Mutton Shoulders/Loin b/in /chicken leg1/4	34,00	34,00	38,45	38,45	29,45	28,50	13,11	13,44

Yellow Maize Trends

- International:** The average US yellow maize spot prices closed the week 7,8% or US\$ 25,27/t lower compared the previous week. Compared to last week, maize and soybean bids were lower. Early in the week the grains had support from outside markets as the stock market, crude oil was higher and the dollar lower. Flooding concerns and rumors of China buying maize helped to support the market. However, maize was limits down with wheat and soybeans also having sharp losses, as a heavy wave of selling momentum erupted Wednesday in the grain markets. The Dow closed lower on Thursday, with crude oil sharply lower and the dollar index higher which added additional pressured to the grains. Weather forecast for next week shows a warm weather pattern over the Midwest. The weather looked pretty benign with rain hitting many drier areas, and a ridge of hot weather forecast for the US now looking less threatening. The weather continues to bring a lot of debate to this marketplace, noting that one weather model is aggressively showing a high pressure ridge in Central US and the Midwest in the next week. It also indicating that the ridge will hold on through the 8-to-14 day period, but already the maize condition in the south continues to get worse.



Maize had export sales totaling (old and new crop) of 531,100 tons, with old crop sales of 410,800 tons. Grains showed even stronger gains, building on their recovery late in the last session on the idea that the selling of recent sessions had gone further than could be justified, for now at least. Investors will have a better idea of where grain fundamentals are next Thursday, when the USDA releases data on American inventories and plantings. The market has to be looking ahead to June 30 stocks and acreage reports that should provide some underlying support and consolidation as we move forward over the next four sessions. Forecast of more rain in northern US Plains for the next few days could prevent some farmers from planting all their intended wheat acreage. Chicago maize fell more than 5% to drop below the 200-day moving average, a key technical signal, for the first time since August. Grains fell in Europe too, with Paris wheat for November, the best-traded lot, down 4,4% at one stage. The early declines reflected a move out of risk assets across the board, with shares closing down 1,7% in London and down 0,9% in New York in afternoon deals, thanks to a spate of negative news. This included a weak US jobless claims report and in China, data from HSBC showing the country's manufacturing activity running at its slowest pace in nearly a year. After US ethanol data on Wednesday showed an unexpected recovery in ethanol production, signalling strong use of maize by biofuels plants. US weekly export sales were below forecasts for maize and soybeans. Take a look what has gone on in other grains, such as barley, maize and oats. These crops, grouped as coarse grains, supplies look far tighter now than investors were looking at last summer. Factoring out China because maize is not a big deal for India, coarse grains' stocks-to-use has tightened to 9,7%, on USDA data. That implies prices should be far higher than they were last summer. And for maize, which is in particularly short supply Chicago futures were roughly two-thirds up. In theory, that should support wheat futures too, given that the two grains are interchangeable for many uses because both can be used as animal feed, or to make ethanol. One reason maybe that maize's price itself is too low. After all, maize is significantly cheaper now than it was two weeks ago, when the USDA slashed its forecast for stocks at the close of 2011/12 below even those forecasts for the end of this season. And lower prices won't go far in slowing demand, and helping inventories recover. Another explanation could be that wheat and maize are not quite so readily substituted for each other after all.



- U.S. Weather Threat Outlook
(graphic provided by the Climate Prediction Center)
- **Domestic:** The local market traded lower during the past week. The average yellow maize spot price traded 2,3% or R40,95/t lower than the previous week. 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 R6,82/US dollar compared to R6,80/US dollar the previous week. Safex futures traded higher in the week except Jul-12: Jul-11 traded 0,23% (R4/t) higher, Sept-11 traded 0,23% (R4/t) higher, Dec-11 traded 0,33% (R6/t) higher, Mar-12 traded 0,27% (R5/t) higher and Jul-12 traded 0,28% (R5/t) lower compared to the previous week.

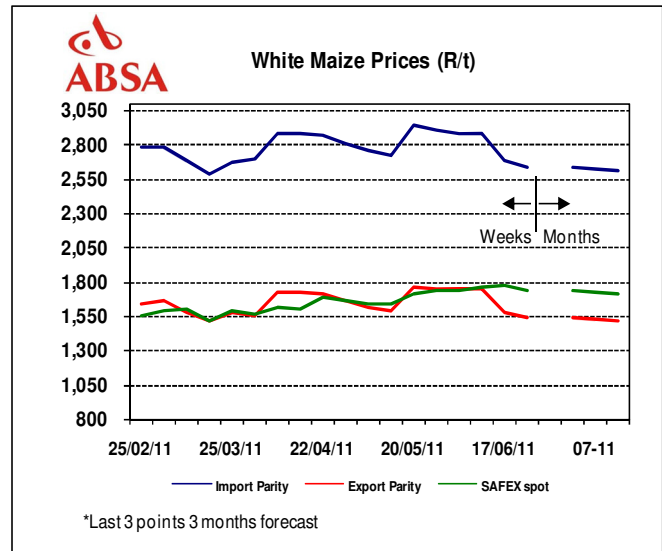
Outlook

Internationally, markets will remain cautious and therefore will move downwards in the short term with a possible sideways and then upward movement in the medium term after the initial germination period because of the low world stocks but the release of market data in the next week can through the market to any side. Locally, the market is expected to move sideways in the short to medium term to due to the harvesting period that kicked in and lower international prices.

Yellow Maize Futures 24 June 2011			Jul-11	Sept-11	Dec-11	Mar-12	Jul-12		
CBOT (\$/t)			263,77	258,65	248,81	253,61	259,28		
SAFEX (R/t)			1,745	1,778	1,828	1,850	1,770		
Dec-11			Mar-12			Jul-12			
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call	
1,860	183	151	1,880	219	189	1,800	250	220	
1,820	161	169	1,840	197	207	1,760	227	237	
1,780	140	188	1,800	176	226	1,720	205	255	

White Maize Trends

- International:** The US white maize spot market traded 2,8% or US\$ 7,87/t lower in the past week compared to the previous week, following the downward trend of the yellow maize market. The local import parity of white maize was decreased by 1,8% (R49,09/ton) compared to the previous week due to a slightly weaker rand: dollar exchange rate and lower prices.
- Domestic:** The local average white maize spot price traded 2,34% (R39,95/ton) lower compared to the previous week, with white maize still trading 65,6% higher than the same time a year ago. The white maize futures contracts all traded higher this week: Jul-11, 0,58% (R10/t) higher, Sept-11, 0,4% (R7/t) higher, Dec-11, traded 0,61% (R11/t) higher, Mar-12, 0,82% (R15/t) higher and Jul-12, traded 1,12% (R20/t) higher.



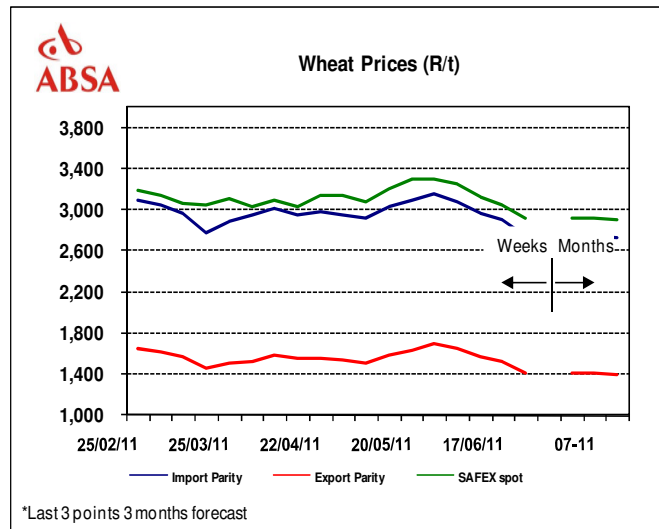
Outlook

Internationally, the white maize price trend will follow the yellow maize prices in the short term with a sideways movement in the medium term due to low world stocks. Local prices will be influenced by the international grain markets with a downward movement in the short term until we know what our harvesting results will be.

White Maize Futures 24 June 2011			Jul-11	Sept-11	Dec-11	Mar-12	Jul-12		
SAFEX (R/t)			1,734	1,770	1,827	1,855	1,812		
Dec-11			Mar-12			Jul-12			
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call	
1,860	176	143	1,900	229	184	1,840	274	234	
1,820	154	161	1,860	206	201	1,800	250	250	
1,780	133	180	1,820	184	219	1,760	228	268	

Wheat Market Trends

- International:** The average weekly wheat spot price traded 7,2% lower compared to the previous week. Soft red wheat traded 7,7% (\$22,46/t) lower, while hard red wheat traded 6,7% (\$22,72/t) lower compared to the previous week. Local import parity were also lower by 5,3% or R152,81/t due to the lower US market despite of a slightly weaker Rand:US dollar exchange rate. The ongoing harvest in the winter wheat areas contributed to more losses to wheat. Rainy conditions in the southern US Plains may also delay harvest of hard red winter wheat. Forecast of more rain in northern US Plains for the next few days could prevent some farmers from planting all their intended wheat acreage. Wheat had export sales of 661,300 tons. Grain prices recovered some of their losses, as an early tumble blamed on Chinese, European and US economic concerns, which sent wheat and maize down 5% in Chicago, encouraged bargain-hunting. Thursday's American wheat exports which, at 660,000 tons beat forecasts. Egypt unveiled its largest wheat purchase in six months, of 240,000 tons, defying expectations that it would come in with a token order. However if they have wait a few weeks until Russia is back in the market in earnest, they would have been able to get as much as they like at a decent price.



Statistics Canada acreage report came in with far higher figures for planting than had been expected, given the dismal spring planting season, pegging wheat acres at 23,6m acres, 1,1m acres lower than in March, and lifting the canola figure, by 200,000 acres to 7,8m acres. The trade was braced for acres to be down 2m-3m acres on wheat and 1m on canola. Rainfall has stabilised prospects for Europe's wheat crop, but come too late to reverse damage, but there is a warning that the region's supplies will stay "tight" in 2011/12, leaving little to export. Rains came in time to lift yields in some wheat areas, notably in the northern French region, where cool temperatures protected crops, and which is now forecast to reap a slightly above-average harvest. In Germany, rainfall has enabled good development of grains on some eastern farms. In other areas, damage appears irreversible, prompting the German-based trading house to continue to expect below-average production volumes of wheat in major producing countries. Rainfall between 30-40% of normal levels in France, Germany, Poland and eastern England between mid-February and mid-May reduced the potential wheat yield considerably, with central France as one of the worst-affected areas. Crop development was faster than usual for a long time, with the result that the dry conditions coincided with the development phases of shooting and ear formation which are important for a good yield. In England, rains look unlikely to reverse yield losses, while in Germany, more western areas are suffering with low crop density and in some cases of poor ear formation, meaning an average yield is no longer possible. Crop losses seem unavoidable, meaning that even improved average kernel weight is no longer expected to be able to compensate for the low number of ears per square metre. Durum is, due to North American plantings, avoiding the worst of the sell-off in grains which continued on futures markets, sending Paris's November wheat lot to a fresh three month low. Early resilience on grain markets on Thursday gave way to fresh selling, sending November wheat down a further 4,4% to E188,00 a ton at one point, the weakest for the contract since March.

Prices are being depressed by talk of a significant backlog of shipments to sell from Russia after the lifting of its export ban. According to analysts Russia has got to export this before the new crop arrives anyway, so they are not going to hold out for high prices. Durum's resilience follows a dismal planting season in both western Canada and in the northern US states, major producing regions. Only 6% of the North Dakota durum crop was planted by the third week of

May, which is exceptionally late. Late planting in North America also increases quality risk for the crop, which is supportive of higher-quality values. Furthermore, while yield results from North African and Spanish crops are expected to turn out strong, late rains have depressed the quality of the crop. The grain's own fundamentals don't warrant huge prices. Wheat's important stocks-to-use ratio, which measures the availability of a crop, and therefore its price potential, comes in at 22,4% for the forward crop year, once China and India are stripped out. It is above the 20,1% that investors were looking at last August. Chicago wheat should be cheaper now than it was then. Especially given the improvements that rain has given to prospects for European and Russian crops, and the growing fears for macroeconomic hiccups, which would temper demand. And there is always the risk of further bargain sales of Russian wheat, a factor which played a big part in the last session's debacle, after Black Sea grain heavily undercut European alternatives. Some trading houses were specifically targeting Russia as a source for lower milling as well as feed quality wheat, as producers could be looking to unload old crop inventories ahead of this year's harvest. It is assume that if the Russian news in fact is true it could be an indication that they are feeling somewhat comfortable with their projected new-crop tonnage expectations. With lower quality, feed wheat seen as on offer from Russia, it may be maize that feels the pinch rather than the higher grade wheat which, given due to a disastrous spring planting campaign in northern US and Canada, which maybe in short supply.

- **Domestic:** The average SAFEX wheat spot price traded 4,1% or R125,50/t lower this week compared to the previous week, following the lower international wheat markets. Safex future prices also traded lower during the past week: Jul-11 traded 3,22% (R96/t) lower; Sept-11 traded 4,24% (R126/t) lower and Dec-11, traded 4,79% (R141/t) lower than the previous week.

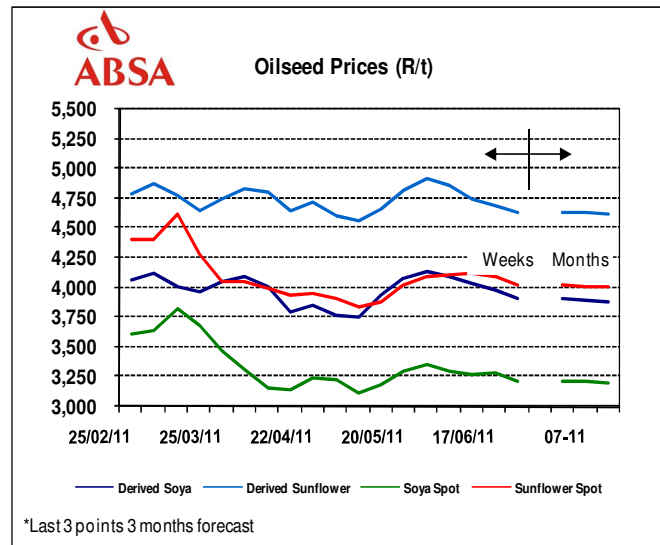
Outlook

Internationally, prices will trade lower due to good weather in Australia and the fact that there soon will be Russian wheat available in the market. Locally, the market will continue to follow the international market with lower prices in the short term with a sideways movement going into the medium term.

Wheat Futures 24 June 2011		Jul-11	Sept-11	Dec-11	Mar-12	Jul-12		
KCBT (\$/t)		279,25	285,94	295,05	299,61	301,81		
SAFEX (R/t)		2,888	2,848	2,803	2,860	-		
Jul-11			Sept-11			Dec-11		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,880	168	136	2,840	227	190	2,900	279	239
2,840	147	155	2,800	205	208	2,860	257	257
2,800	127	175	2,760	184	227	2,820	235	275

Oilseed Market Trends

- International:** US soybean prices traded week on week on average 2,8% lower compared to the previous week. The current price is still 37,9% higher compared to the same time a year ago. Weekly export sales for soybeans totaled (old and new crop) of 204,000 tons. Soybeans for July added some gains, creeping back from the edges of the oilseed's recent trading range, which was helped on Thursday by Canadian data showing that farmers had intended higher-than-expected canola plantings. Soybeans too fell below the 200-day line, for the first time in nearly a year, as they dropped to a three-month low below \$13 a bushel. On the demand front, the official US soybean crush figure for May came in at 128m bushels, down 4,9m bushels year on year but some 1,5m-2,5m bushels ahead of market forecasts. The May soybean crush report indicates that soybean oil and meal consumption are progressing a little more rapidly than projected, resulting in a slightly higher rate of soybean crush than expected.
- Domestic:** The average soybean spot prices traded 1,6% or R65,80/ton lower compared to the previous week. This decrease was due to lower international prices despite of a weaker Rand: US dollar exchange rate. The current price is still 20,9% higher for the corresponding time a year ago. The soybean futures prices all traded lower, following the international futures prices, in the past week: Jul-11 traded 1,08% (R35t) lower, Sept-11 traded 0,67% (R22/t) lower, Dec-11 traded 0,09% (R3/t) lower, Mar-12 traded 1,98% (R69/t) lower and May-12 traded 0,90% (R30/t) lower compared to the previous week. The average sunflower spot price for the week traded lower and closed 2,0% (R66,25/t) lower than the previous week. This was still 26,6% higher than the same time a year ago. The sunflower futures prices closed lower compared to the previous week: Jul-11 traded 0,52% (R21/t) lower Sept-11 traded 0,60% (R25/t) lower and Dec-11 traded 0,35% (R15/t) lower compared to the previous week.



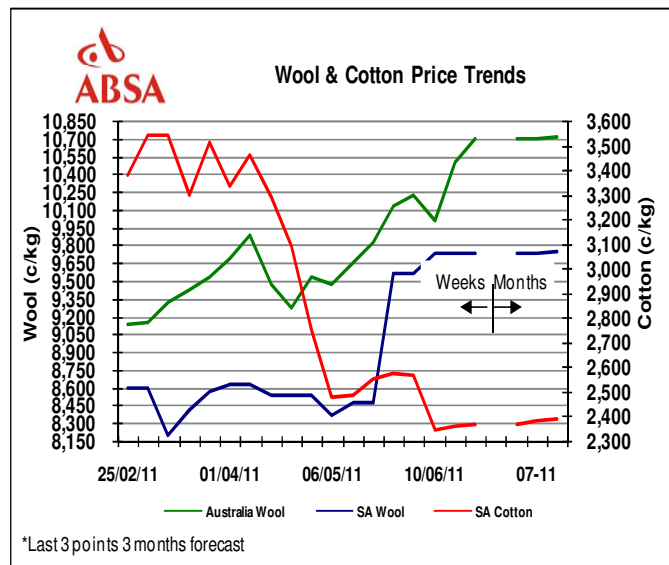
Outlook

Internationally, markets will move downwards in the short to medium term due to good planting conditions and lower crude oil prices. Locally, the oil seed market will follow the international market with a downward movement in the short to medium term with the harvesting period finished. A weaker Rand: US dollar exchange rate could help the prices upwards.

Oilseeds Futures 24 June 2011			Jul-11	Sept-11	Dec-11	Mar-12	Jul-12	
CBOT Soybeans (US \$/t)			485,09	481,56	484,40	487,22	488,69	
CBOT Soy oil (US c/b)			55,22	55,61	56,36	56,99	57,24	
CBOT Soy cake meal (US \$/t)			339,90	339,40	336,90	341,30	342,90	
SAFEX Soybean seed (R/t)			3,220	3,278	3,350	3,416	3,286	
SAFEX Sunflower seed (R/t)			4,035	4,125	4,240	-	-	
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
4,160	381	346	4,280	479	439	4,140	601	561
4,120	359	364	4,240	457	457	4,100	578	578
4,080	337	382	4,200	435	475	4,060	556	596

Fibres Market Trends

- International:** The Australian market was 0,35% higher from the previous sale and closed at AU 1,436c/kg. The next sale is on the 28th and 29th June 2011. Domestic wool trading on a clean basis was moderate this week with 162,300 lbs of confirmed sales this week. The demand was good. Cotton prices was 0,29% higher compared to the previous week and 48,65% a year ago. Cotton set course for the somewhat remarkable feat of closing higher, for July delivery, every day this week, even while prices of other crops have collapsed. New York's July cotton contract maintained its rebound, fuelled by short-covering by mills ahead of the expiry of the lot, after getting caught out big time in the expiry process of the May lot. The contract added 3,4% to 159,99 c/lbs, while the new crop December contract continued a more gentle revival, adding 1,0% to 125,25 c/lbs, supported by poor prospects for the Texas crop.
- Domestic:** The last sale was on the 8th June 2011 with the next and first sale of the new season scheduled for 17th Aug 2011. The past season was one of the best seasons for the South African wool industry in decades. The Cape Wools Merino indicator closed at R97,29c/kg, its highest level since the late 1980s. The season open at a slightly lower level than the previous season's closing level, but slowly gained in strength. Prices thereafter increased at a rapid speed and were 68% up on the opening level at the end of the season. This is encouraging when the relative strength of the rand in this period is taken into account. Some wool-growing areas experienced drought conditions. The total offering at auction was about 4% down on the previous season and production for 2010/11 is estimated at 46,4 mkg. No stock is being carried over to next season as 99% of the wool offered at auction has been sold. The current micron profile of the South African clip remains relatively stable, with 98% of the total production (all qualities) testing below 24,5µ. The value of total wool exports for the 2010 calendar year was R1,511-billion, comprising largely unprocessed wool. On a weight basis greasy wool shipments decreased by 10,4% compared to 2009. Analysis of major export destinations for 2010 compared to 2009 showed an interesting shift, with European destinations increasing their



relative share significantly, particularly in comparison with China and India. The 2010 figures show the Czech Republic, Italy and Germany taking 39,6% of total value, compared with only 24% in 2009. Accordingly, China and India's combined market share dropped to 53,1% from 67,9% in 2009. However, India and China remain key markets and considerable work is being done by exporters to maintain their service levels and to exploit market opportunities in these markets. In dollar terms, the market's performance was even more impressive, with the indicator up 82% by season end.

Outlook

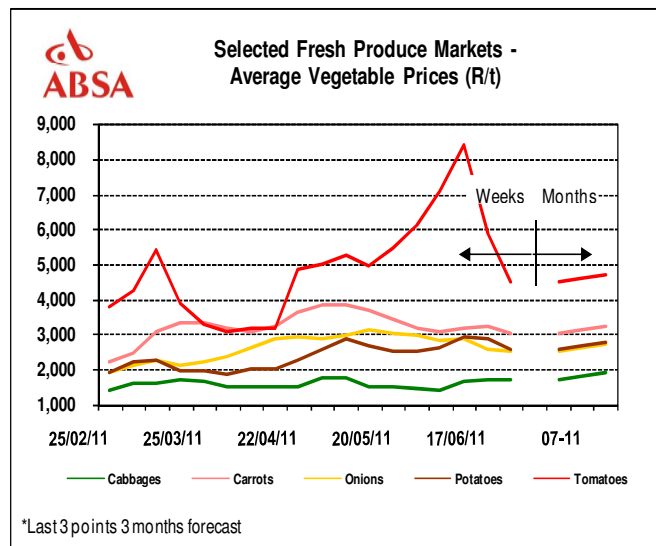
International wool prices will trade upwards again in the short term with a sideways movement in the medium term due to a higher demand and low supplies. Cotton prices can move downwards in the short term due to higher supplies. However lower production forecasts can help the cotton price later in the season to move upwards. Local market cotton prices will follow the US cotton prices with a weaker Rand: US dollar exchange rate in the short term that can support the cotton prices. We expect that the wool will open with a good start when the new season opens on the 17th Aug.

Fibres Market Trends Week ending 24 June 2011

Wool prices	*SA prices (R/kg)	Australian prices (R/kg)	Australian future Aug- 11 (AU\$/kg)	Australian Future Oct - 11 (AU\$/kg)
Wool market indicator	97,29	107,00	-	-
19µ micron	127,72	130,23	16,25	15,75
21µ micron	100,78	113,41	13,35	13,20
23µ micron	93,49	99,08	11,35	11,20
Cotton prices	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	New York future Jul-2011 (US\$/kg)	New York future Oct-2011 (US\$/kg)
Cotton Prices	23,69	3,48	3,63	2,76

Vegetables Market Trends

- Cabbages:** Cabbage prices increased by 0,2% w/w and was 26,6% higher y/y for the week under review and 34,2% higher than two years ago. The price increased was due to a massive 46,5% decrease in volumes w/w. Prices are expected to increase in the short term with a possible sideways movement in the medium term due to month end buying.
- Carrots:** Carrot prices decreased by 5,6% w/w but was 0,5% higher y/y and a massive 86,6% higher than two years ago. The price decreased was despite of a massive 40,2% decrease in supplies. Prices are expected to increase due to supply constraints during the colder weeks and month end buying.
- Onions:** Onion prices decreased by 1,7% w/w and were 35,3% lower y/y and 30,0% lower than two years ago compared to the same week. The prices decreased despite of a 33,1% decrease in volumes. Prices are expected to move upwards in the short term with a sideways movement in the medium term due to month end buying.



- **Potatoes:** Potato prices decreased by 9,2% w/w and were 13,1% lower y/y and 6,9% lower than two years ago. Prices decreased despite of a 33,4% decrease in volumes compared to the previous week. Prices are expected to increase due to lower supplies and month end buying.
- **Tomatoes:** Tomato prices decreased a huge 23,4% again w/w and was 56,5% lower y/y and 9% higher than two years ago. The decreased in prices were despite of a 30,4% decrease in volumes compared to the previous week. Prices are expected to increase in the short to medium term due to a lack of stock.

Vegetable Prices: Fresh Produce Market (Averages on the Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban markets)				
Week ending 24 June 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	1,704	1,700	652	1,218
Carrots	3,046	3,226	614	1,025
Onions	2,542	2,586	2,688	4,021
Potatoes	2,612	2,876	7,759	11,652
Tomatoes	4,496	5,872	2,254	3,237

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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