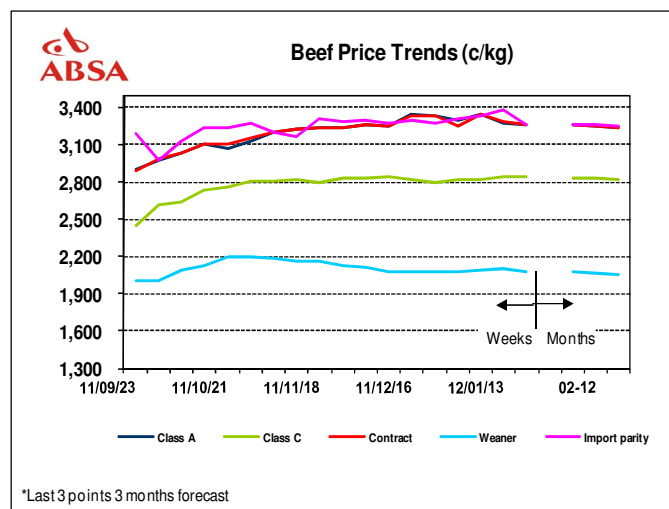


What will the impact be on Market Prices be after the recent discovery of Swine Fever in Mpumalanga?

Pig farmers especially in Mpumalanga are encouraged to be on an alert and lookout for signs of the disease in their livestock. If discovered, farmers should report any suspicious clinical signs to the nearest veterinary office. The importation of live pigs, their feed and fresh products from South Africa has been suspended with immediate effect after the discovery of African Swine Fever (ASF) in South Africa's Mpumalanga Province. In a press statement, the Director of Veterinary Services, warns that all issued import permits for these goods are void and had been cancelled. All issued import permits for cloven-hoofed animals; cloven-hoofed derived fresh products and livestock feeds are therefore void. The Department of Veterinary Services (DVS) is expecting more epidemiological and laboratory information from South African veterinary authorities and will inform the public and producers of further developments. This is a double blow for South Africa (the producers and customers) after the outbreak of Foot and Mouth Disease not to long ago in the same province. It could also be bad news for Botswana, if they do not pay attention to the warning not to import infected animals or their meat and feed. What will the influence be on the pork prices and pork market?

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 stay weak. In the US, beef traded as follows: Top inside traded 4,2% lower at 218,60 \$/cwt, Rump traded 0,2% lower at 287,00 \$/cwt and Strip loin traded 0,5% lower at 477,02 \$/cwt. Chuck traded 1,9% lower at 209,95 \$/cwt and Brisket traded 1,3% lower at 212,80 \$/cwt. Australian cattle breeders could benefit from supplying Indonesia with genetics, technology and training. These extra initiatives, on top of live exports, could boost the Australian industry as Indonesia moves towards self-sufficiency in beef production.



Change has come to barbecue. The once-sleepy Southern comfort food is now an American favourite. A number of new restaurants have opened, the competition circuit continues to grow, and sales of backyard grills show no sign of slowing down. Gas ovens are everywhere with chain restaurants all over the landscape. Expensive grills that can do almost everything is in. Smoke Signals believes there are more changes to come. One is the continued internationalization of barbecue, whether on menus or the opening of barbecue restaurants overseas, which opened in Japan. MLA's Australian cattle industry projections 2012 provides a comprehensive outlook forecasts is positive for the national herd, cattle and beef supply, and exports. AU forecasts continued strong demand from an increasingly diverse range of global markets will combine with favourable seasons to drive an increase in production and exports in 2012. Australian beef and veal production for 2012 is forecast to reach 2,197 million tons cwt, up 2,2%, as good seasons result in heavier than average carcass weights. While cattle numbers will increase, supply will remain relatively tight compared to the herd liquidating drought years of the past decade. Global demand for beef is expected to be sustained. Total beef exports are predicted to increase, driven by expansions into Russia, the Middle East and most southern Asian markets. Traditional export markets will continue to be challenging, with the exception of the US market

which is forecast to improve in 2012, as high prices attract additional product, reversing almost a decade of falling Australian shipments. The outlook for the live cattle trade in 2012 continues to be dominated by prospects to Indonesia, with total exports currently forecast to decrease 16% in 2012.

- Domestic:** Beef prices traded lower during the past week compared to the previous week following the international market. The prices of the different meat classes were as follows: Class A prices decreased by 0,58% to R32,55/kg, Class C prices decreased by 0,35% to R28,38/kg and contract prices also decreased by 0,58% closing at R32,60/kg. Weaners closed 1,0% lower at R20,76/kg compared to the previous week. Hide prices traded 1,8% higher at R9,81/kg for the week compared to last week. The landed imported price of beef trimmings from Namibia and Botswana decreased and traded at R40,09/kg week-on-week.

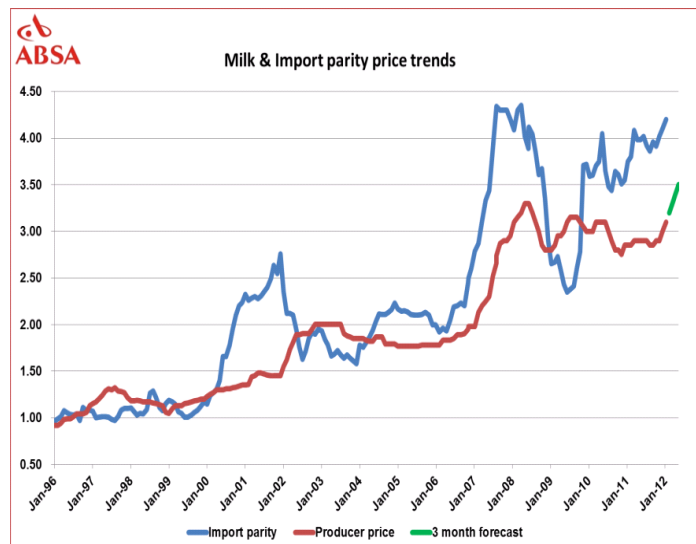
Outlook

Internationally, beef prices are expected to move sideways in the short term with an upward movement in the medium term due to lower and possible shortages in supplies. In the local market, the price of beef will continue to move downwards with sideways movement in the short to medium term with a possible downward movement thereafter because of higher supplies as a result of better grazing conditions.

Dairy market trends

- International**

Prices on the Fonterra global *DairyTrade* internet sale (17 January) were on average 1,5% higher than at the previous sale. Prices for February contracts were 0,3% up, March contracts were 2,1% more expensive and April –June contracts were 1,7% more expensive. The GDT trade-weighted index of dairy product prices is currently at 8% below the January 2011 price. On the New Zealand NZX futures market prices for deliveries later in 2012 are significantly higher than prices for delivery in February and March. Milk production in New Zealand and Australia continues to decline seasonally. Production in New Zealand is generally above budget and total production of 3% to 4% above last year is expected. In spite of very warm weather, Australian production is still expected to end the season up 2% to 3% on last year. The European Union reported an increase of 5,7% in exports during 2011. Argentinian milk powder exports for the first 10 months of 2011 is 64% higher than during the same period in 2010. Australia, New Zealand and non EU countries in Europe also experienced higher export volumes in 2011. Major export destinations were Algeria and China. Latest (January) world prices for dairy products as quoted by the USDA are stable to slightly up on December prices. Internationally, producer prices increased sharply in 2011. Farmers in the United Kingdom currently receive the highest price ever for their milk, Fonterra also recently announced an upwards adjustment to their price forecasts.



- Domestic**

Preliminary indications are that total milk production for 2011 will be marginally higher than in 2010. While production in the first half of 2011 were on average higher than during the first half of 2010,

production in the second half of the year declined on a monthly basis compared to 2010. Total production for 2012 is estimated at 2 625 million litres, down 0,1% on 2010. While milk production stagnated during the last three years, milk demand continued to grow. Industry sources estimate the total growth of demand for 2011 at between 3% and 5%.

During 2011, 42 010 tons of dairy products were imported, up 8% on 2010 and 43 582 tons exported (+ 28% on 2010). Higher world prices and the recovery of African markets have resulted in increased exports to neighbouring states and other African countries. This trend will probably continue during 2012. Since November 2011 several milk buyers have announced increases in producer prices, ranging from 10 cent per litre to 30 cent per litre. The average producer price for January 2012 is estimated at R3,00 per litre with a further expected increase to R3,30 per litre by April 2012.

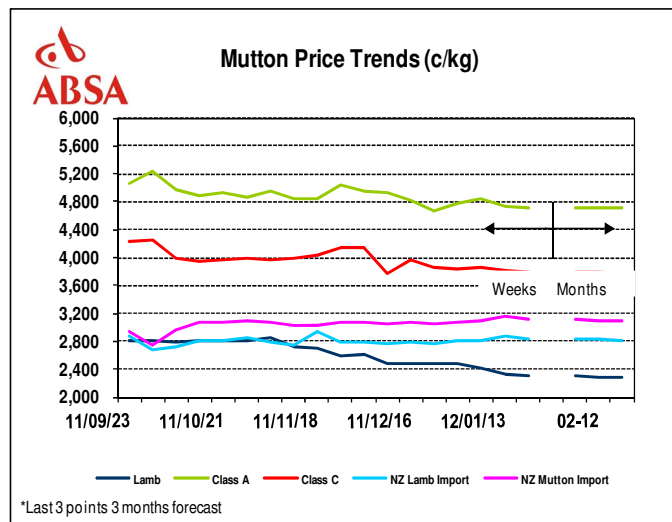
Outlook

The recovery of emerging markets and relatively slow production response to the increased demand will keep upwards pressure on world dairy product prices. Product prices will probably stabilise at levels below the 2008 peak but still be substantially higher than the levels experienced before 2008.

Locally, production will remain under pressure from high feed and other input cost prices. However, producer prices have already started to increase. This trend will continue as processors find it difficult to fulfil the increased demand with stagnant production. The following three months will be crucial for dairy farmers.

Mutton Market Trends

- International:** New Zealand and Australian prices moved downwards compared to the previous week. Local import parity for lamb and mutton traded lower due to lower prices and a stronger exchange rate. A good start to new season lamb supply has put some downward pressure on the lighter end of the market, while the last of the old season lambs appear to be coming forward. WA remains heavily dependent on decent rain in early spring to determine the outcome of the coming season. August lamb exports were 22% higher than the previous year, at 14,087 tons swt, with demand in the Middle East and Greater China, matching greater supply through July and August.



A New Zealand farm lobby group says sheep shearing has the potential to become an Olympic demonstration sport. The time has come to elevate shearing's sporting status to the ultimate world stage, the New Zealand Federated Farmers said in a statement, adding that the world's top shearers are athletes who take it to another level.

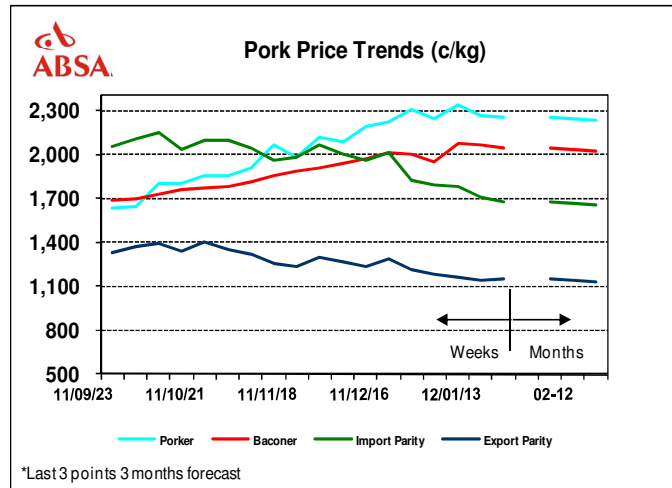
- Domestic:** The mutton and lamb prices traded lower during the week compared to the previous week. The Class A2 prices closed the week at R47,20/kg which is 0,34% lower than the previous week. Class C2 prices closed at R38,00/kg or 0,42% lower, while contract prices closed at R47,25/kg or 0,23% lower. The price lamb closed 1,7% lower and traded at R22,96/kg. The average price for a dorper skin traded higher than the previous week at R66,00 per skin or 9,1% higher and a merino skin traded 0,7% higher at R92,00 per skin compared to the previous week. The landed imported price of mutton rib from Australia and New Zealand traded lower at R24,80/kg compared to the previous week and mutton shoulder traded higher at R45,37/kg, compared to last week according to AMIE.

Outlook

Internationally, prices will continue to move sideways in the short term with a possible upwards movement in the medium term due to higher demand. Locally, the prices of mutton will decrease in the short term due to lower demand and higher numbers available for marketing.

Pork Market Trends

- International:** US pork prices traded higher during the week compared to last week except for ham. Carcass prices traded 1,31% higher at US\$ 85,02/cwt, Loin traded 5,41% higher at US\$ 97,68/cwt, Rib traded 1,08% higher at US\$ 146,43/cwt, while Ham traded 0,73% lower at US\$ 65,49/cwt. Import parity for ham traded 1,56% lower due to a stronger exchange rate and lower prices compared to the previous week. Fresh bone-in loins were steady but butts lower. Skinned hams were also steady but lean trimmings were lower with all other cuts not tested. Trading was slow to moderate, with light to moderate demand and offerings. Polish pork sold at its highest price in seven years in December, following a 13,5% year-on-year rise, according to data from the Central Statistical Office. This is a result of lower supply fueled by a shrinking number of pigs. The three countries that imported the most pork during 2011 were Germany, Canada and Spain.
- Domestic:** The pork prices traded lower during the past week, following the trend of ham of the international pork market. The price of Porkers traded 0,53% lower at R22,50/kg, while the price of Baconers decreased by 0,68% to R20,45/kg and the price of Contract meat decreased by 0,60% to R22,48/kg compared to the previous week. Demand for pork meat decreased this week but normally pick up towards monthend. The imported landed price of loin from Canada and the US traded lower at R28,45/kg week-on-week according to AMIE.

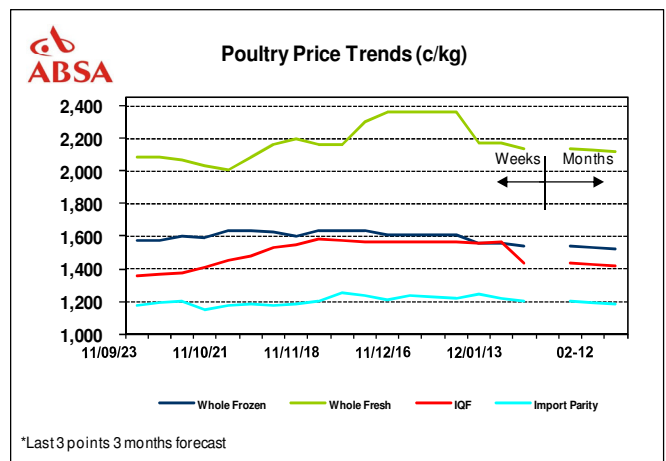


Outlook

Internationally, prices are expected to increase in the short term with sideways to upward movement in the medium term due to higher demand. Locally, the prices are expected to move downwards in the short term with a sideways movement in the medium term due to lower demand, and slaughtering restrictions in certain areas.

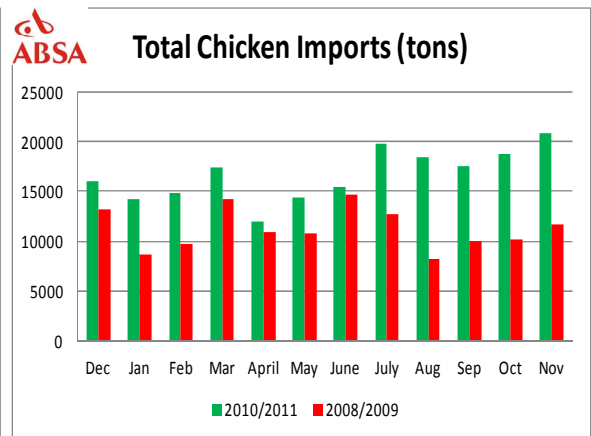
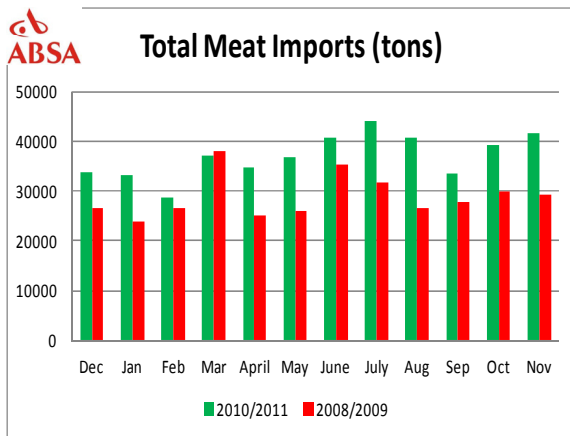
Poultry Market Trends

- International:** The poultry prices in the US were slightly higher during the past week compared to the previous week. Whole bird prices traded higher at 81,0c/lbs a 0,2% increase. Breasts traded the same and closed at 129,0c/lbs, while leg quarters also traded the same and closed at 50,5c/lbs compared to last week. Import parity was 0,78% lower due to lower prices and a stronger Rand:US dollar exchange rate. Whole broiler prices were trending steady to firm. Offerings



were light to moderate for current trade needs. Parts of upper Midwest was expecting major snow storms entering the weekend. Retail and food service demand was light to moderate. Floor stocks were balanced to long. In the parts structure, movement was light to moderate for late week business. Prices for wings and whole breast were trending firm to higher and moving satisfactorily. Dark meat items were trending steady to firm, and all other parts were mostly steady. Offerings of wings were in close balance to short of current needs. Bone-in breast and dark meat items were light to moderate. Remaining parts were moderate. Market activity was mostly moderate. In production areas, live supplies were moderate at mixed, but mostly desirable weights. The estimated number of broiler-fryers available for slaughtering in the week ending 21-Jan-12 is 152,9 million chickens compared to 165,6 million chickens slaughtered the same week last year. The estimated US slaughter this week is 148,2 million chickens or 4,7 million less than estimated available. For the week of 28-Jan-12 the estimated available is 153,3 million chickens. A select group of over 70 UK companies is expected to dominate the market in the poultry industry over the coming year, industry analysts have predicted, although the outlook remains positive for small companies. Plimsoll Publishing's latest study analysed a total of 758 companies in the UK poultry industry and identified 76 companies that have achieved an average 17% growth in during 2011, despite growth in the UK only averaging 5% over the previous two years. It also found that 62 had lost 9% of their market share as a consequence of those high-growth companies. The remaining 620 had only realised a 4% growth in sales over the last year.

- Domestic:** Poultry prices closed lower this week compared to the previous week. Frozen birds traded at R 15,40/kg, or 1,16% lower compared to the previous week. Whole fresh medium bird prices at R21,38/kg or 0,1,75% lower and IQF traded at R14,34/kg or 8,43% lower compared to the previous week. The landed price of Brazilian imported chicken leg quarters traded lower at R15,72/kg and grillers at R17,17/kg week-on-week according to AMIE. The graphs below show the total meat and chicken imports for 2010/11 compared to 2009/10 ton a monthly basis and a total.



(Graphs: info AMIE). The total meat imported during 2010/11 was 444,384 tons compared to 2009/10 was 347,206 tons. Chicken for the same period was 199,742 tons compared to 135,291 tons for the same period.

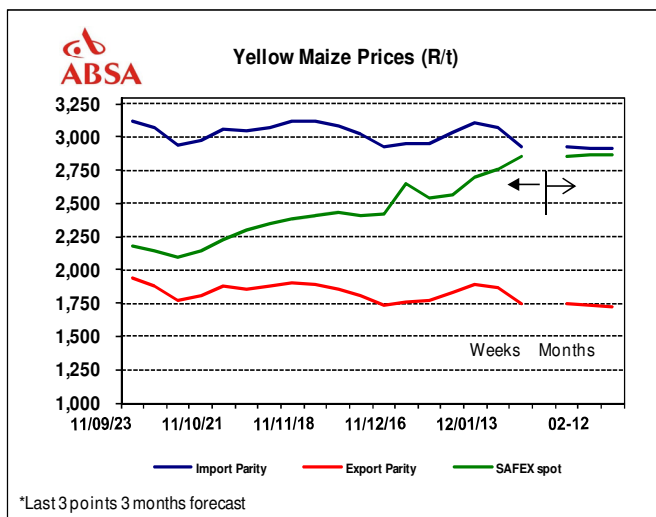
Outlook

Internationally, the prices will move sideways in the short term and then upwards in medium term due to higher demand. Locally, the market is expected to trade sideways in the short term with a possible upward movement into the medium term due to higher demand as a result of better quality compare to substitute products.

Livestock Prices (R/kg) 20 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	32,55	33,55	47,20	47,36	22,50	22,62	21,38	21,76
Class C/ Baconer / Frozen birds	28,38	28,48	38,00	38,16	20,45	20,59	15,40	15,58
Contract / Baconer/ IQF	33,60	32,79	47,25	47,36	21,48	21,61	14,34	15,66
Import parity price	32,66	32,99	31,12	31,49	16,79	17,05	12,05	12,15
Weaner Calves / Feeder Lambs/	20,76	20,98	22,96	23,35	-	-	-	-
Specific Imports: Beef trimmings 80vl/b/Mutton Shoulders/Loin b/in /chicken leg1/4	40,09	40,64	45,37	44,21	28,45	28,60	15,72	15,88

Yellow Maize Trends

- International:** The average yellow maize prices decreased week-on-week. The average US yellow maize spot price closed the week 5,0% or US\$ 13,87/t lower compared the previous week. Compared to last week, grains were mostly lower to mixed with soybean bids higher. Grains started out the week with solid gains with soybeans leading the way higher. Weather and crops in South America continues to be watched closely as it appears that production will be lower than anticipated in key growing areas. Near the end of the week, buying interest returned to the grains after sharply lower closes on Wednesday, as renewed buying interest returned on good export demand for maize and soybeans helped to spark the market. A weaker dollar index helped to put a positive tilt into the grain markets. Maize had weekly exports above expectations at 759,900 t (29,9 mb). Solid export sales and good demand help to push maize prices higher at the end of the week. US maize plantings are to set a post-World War II high by more than had been thought, at the expense of soybeans in 2012, increasing the prospect of a huge return in production this year. Plantings at this level would represent an increase of about 2,8m acres on last year, and the largest plantings since 1944. Better weather conditions this year, compared with 2011 when heat during the pollination period sapped yields, the increase could encourage a huge rise in maize production. If maize estimate is correctly forecasted, and 2012 US yields return to a trend-line 160 bushels per acre, then the US would produce 71m tons or 2,8bn bushels more maize this year a rise of almost 22,6%. The US will then becoming coming up with more than three times the size of the Argentine crop in extra maize. The fear in the US is that maize acres balloon to 97m-98m acres. The extra area looks set to come part of a switch from soybeans, for which analysts trimmed a forecast for US plantings by 40,000 acres to about 74,5m acres. This would represent a drop of about 400,000 acres year on year. The degree to which farmers plant maize compared to soybeans is often seen reflecting the



ratio of prices of new-crop maize to new-crop soybeans, with ratios higher than 2,5 supporting oilseeds, and lower 2,0 times benefitting maize.

The global grains price outlook eased somewhat as crop estimates for wheat and maize were revised upwards, especially in China. The new figures took the stocks-to-use ratio, a key pricing metric, for world grains above 20%, with the data implying world inventories equivalent to last about 74 days of use, tight on a historical levels, but signalling easier stocks than earlier in the season, when the world was looking at reserves equivalent to last 68 days. There are widespread concerns that hot and dry weather has cut the yield potential for maize in Argentina and Brazil, but both countries are still expected to produce record crops. While China and Ukraine enjoying especially large crops, the IGC added 8m tons to its estimate for the world harvest, and cut its forecast for the production deficit in maize to 6m tons. Consumption growth in world feed demand for maize was less than 3%, and set to come in below the recent average.

- **Domestic:** The local maize market traded on average 3,6% or R98,20/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 R8,02/US\$ compared to R8,10/US\$ the previous week. Safex futures traded lower in the week: Mar-12 traded 0,38% (R10/t) lower, May-12 traded 0,22% (R5/ton) lower, Jul-12 traded 6,52% (R133/ton) lower and Sept-12 traded 5,95% (R123/t) lower compared to the previous week.

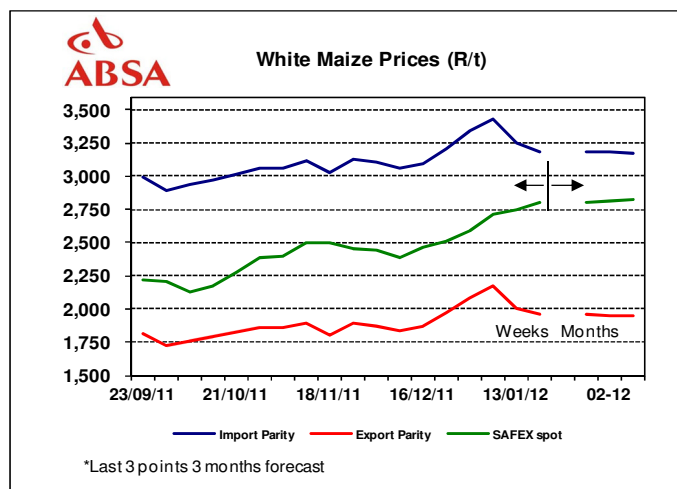
Outlook

Internationally, markets will trade downwards with a possible sideways movement in the short to medium term depending on the weather conditions in Argentina and Peru. Locally, the market prices are expected to follow the international prices but new data released during the week will give important direction to the market.

Yellow Maize Futures 20 January 2012		Mar-12	May-12	Jul-12	Sept-12	Dec-12		
CBOT (\$/t)		240,70	242,74	244,16	226,52	217,15		
SAFEX (R/t)		2,641	2,244	1,926	1,961	-		
Mar-12			May-12			Jul-12		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,680	137	98	2,280	174	138	1,960	184	150
2,640	115	116	2,240	151	155	1,920	162	168
2,600	96	137	2,200	131	175	1,880	141	187

White Maize Trends

- **International:** The US white maize spot market traded lower by 1,3% or US\$ 3,74/t in the past week compared to the previous week. The local import parity of white maize traded 1,8% lower compared to the previous week. This decrease in import parity was due a stronger exchange rate and lower maize prices the past week compared to the previous week. The rand strengthened from R8,10/US\$ last week to R8,02/US\$ this week.
- **Domestic:** The local average white maize spot price traded 2,2% (R61,40/ton) higher compared to the previous week, with white maize trading a 105,7% higher than the same time a year ago. The white



maize futures contracts traded lower this week except for Mar-12: Mar-12 traded 0,69% (R18/t) higher, May-12 traded 1,78% (R41/ton) lower, Jul-12 traded 1,36% (R27/t) lower and Sept-12 traded 1,48% (R30/t) lower compared to last week.

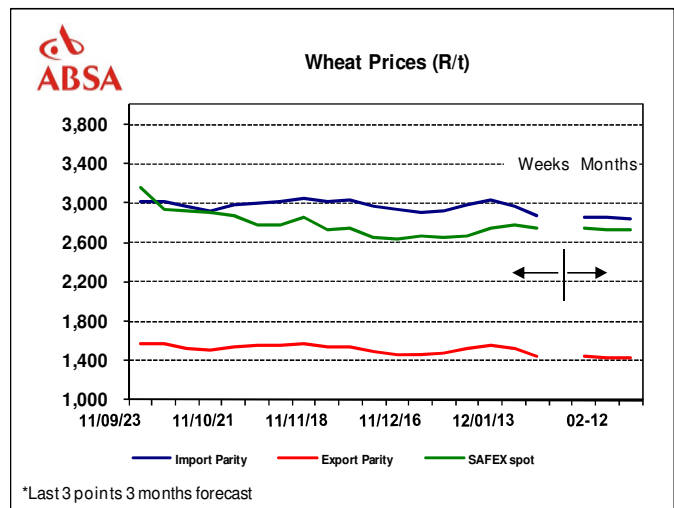
Outlook

Internationally, the white maize price trend will follow the yellow maize in a sideways movement with a downward trend in the short to medium term due to higher than expected stocks. In the local market, prices will follow the yellow maize market in the short to medium term with new data coming out during this week and on the back of a stronger Rand.

White Maize Futures 20 January 2012			Mar-12	May-12	Jul-12	Sept-12	Dec-12		
SAFEX (R/t)			2,642	2,264	1,965	1,195	2,034		
			May-12			Jul-12			
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call	
2,680	132	94	2,300	175	139	2,000	199	164	
2,640	110	112	2,260	153	157	1,960	176	181	
2,600	90	132	2,220	132	176	1,920	155	200	

Wheat Market Trends

- International:** The average weekly wheat spot price traded 3,6% lower compared to the previous week. Soft red wheat traded 3,9% (\$9,75/t) lower, while hard red wheat traded 3,4% (\$9,53/t) lower. Import parity traded 3,4% lower due to a stronger rand :US\$ exchange rate and lower average wheat prices. Wheat continues to have ample world supplies, with the US winter wheat crop improving. Wheat continues to follow the dollar index very closely. Wheat had weekly export sales above expectations of 587,200 t (21,6 mb). Wheat, forecasts were lifted by 7m tons to a record 690m tons for the world



harvest of 2011/12, citing better-than-anticipated results in especially Argentina and Australia. The extra supplies will help a stock upgrade of 4m tons, leaving carryout inventories for 2011/12 at 204m tons, only 2m tons lower than the 1999/2000 record. Production is set to see a small decrease in 2012/13 to 685m tons, underpinned by a rise in plantings, but factoring in less generous ideas for countries such as Australia, which enjoyed unusually kind conditions the previous season. The estimate for plantings was kept at 225m hectares, the highest since 1998, and a 1,7% increase from 2011/12. The rises will more than offset far smaller harvests forecast for Australia and Kazakhstan, where crops enjoyed unusually benign growing conditions in 2011/12, and in Ukraine, where a shortage of rain has set back significantly autumn-plantings of grains. World wheat stocks are to edge higher still to a record next season despite a marginally lower harvest. Canadian officials said their domestic harvest would resist the downward production trend. Forecast that carry-out stocks of wheat in 2012/13 will rise slightly to a possible 211m tons. While an increase of 1m tons year on year, looks likely enough to break the record of 210,7m tons set in the 1999/2000 season. The forecast factors in a small decrease, to 690m tons, in the world harvest and an unquantified rise in consumption.

- **Domestic:** The average SAFEX wheat spot price traded 1,2% or R33,40/t lower this week compared to the previous week, following the higher international market prices this week. The local market did not find support from the stronger rand against the US dollar. Safex future prices traded lower during the past week compared to last week: Mar-12 traded 0,21% (R6/t) lower, May-12, traded 0,35% (R10/t) lower, and Jul-12 traded 0,66% (R19/t) lower compared to the previous week.

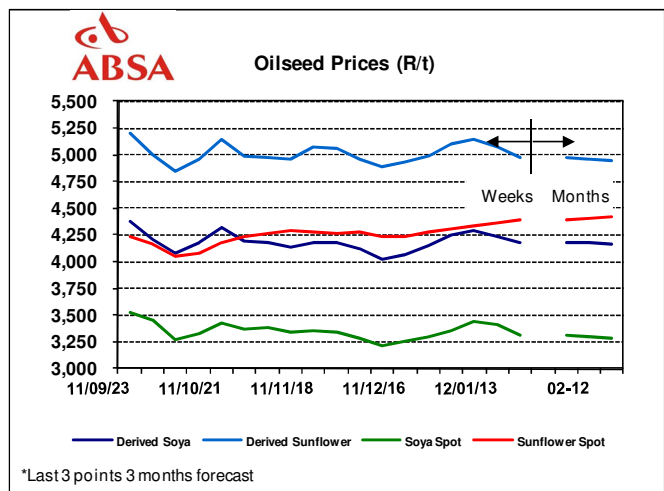
Outlook

Internationally, prices are expected to trade lower in the short to medium term due to good growing conditions in the US, and the release of higher world stocks numbers. 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 growing conditions and because of high world stocks.

Wheat Futures 20 January 2012	Mar-12	May-12	Jul-12	Sept-12	Dec-12				
KCBT (\$/t)	241,77	244,93	248,24	253,68	261,47				
SAFEX (R/t)	2,755	2,791	2,844	-	-				
	Mar-12			May-12			Jul-12		
	Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
	2,800	95	50	2,840	156	107	2,880	186	150
	2,760	72	67	2,800	133	124	2,840	165	169
	2,720	53	88	2,760	113	144	2,800	144	188

Oilseed Market Trends

- **International:** US soybean prices traded week-on-week on average lower, 0,2% or \$9,48/ton compared to the previous week. The current price is 14,2% lower compared to the same time a year ago. Soybeans had bullish export sales of 991,100 t (36,4 mb). Soybeans closed lower on reports of rain in the forecast for Argentina. Despite a few opportunities for rain in south west Argentina, the two-week forecast offers limited opportunity for rainfall. There still remains a sizable moisture deficit in Argentina, despite last week's precipitation. Areas in Cordoba, received 2,25 inches of rainfall, but that makes only 41% of normal rainfall in the last 30 days. Analysts said that the still-much-too-dry weather in Argentina and parts of Brazil could diminish crop yields above the level anticipated by the USDA.



- **Domestic:** The average soybean spot prices traded 3,1% or R106/t lower compared to the previous week. This decrease was due to lower international prices and a stronger exchange rate. The current price is 14,9% lower compared to the corresponding time a year ago. The soybean futures prices all traded lower during the past week: Mar-12 traded 0% (R0/t) lower, May-12 traded 0,09% (R3/t) lower, Jul-12 traded 0,66% (R23/t) lower and Sept-12 traded 1,21% (R43/t) lower compared to the previous week. The average sunflower spot price for the week traded higher and closed 0,7% (R32,40/t) higher than the previous week. This is 9,9% lower than the same time a year ago. The sunflower futures prices closed higher again compared to the previous week: Mar-12

traded 0,11% (R5/ton) higher, May-12 traded 1,15% (R50/t) higher, Jul-12 traded 0,79% (R35/t) higher and Sept-12 traded the same compared to the previous week.

Outlook

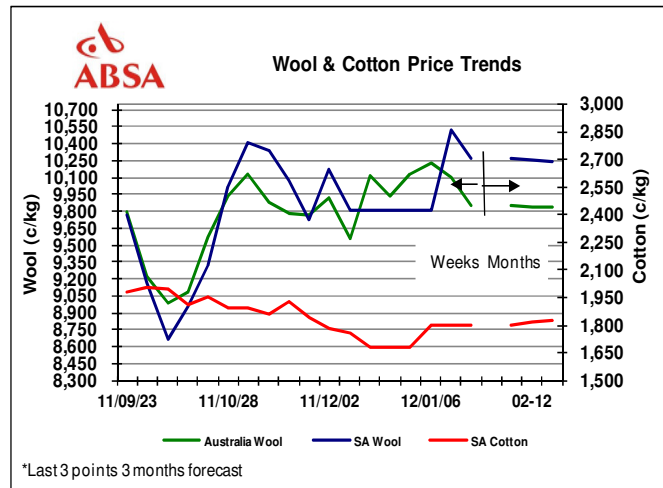
Internationally, markets will trade lower in the short term with a possible sideways in the medium but if the weather does not improve in Argentina the prices can increase. Locally, the soybean prices will follow international prices in adownward trend but the production figures later today can influence the market.

Oilseeds Futures 20 January 2012	Mar-12	May-12	Jul-12	Sept-12	Dec-12
CBOT Soybeans (US \$/t)	436,15	439,23	442,54	441,37	434,90
CBOT Soy oil (US c/b)	50,86	51,25	51,35	51,44	51,69
CBOT Soy cake meal (US \$/t)	313,90	316,30	315,80	309,40	310,20
SAFEX Soybean seed (R/t)	3,380	3,430	3,468	3,508	-
SAFEX Sunflower seed (R/t)	4,420	4,400	4,440	4,330	-
Safex Sorghum (R/t)	2,515	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	169	129	4,440	300	260	4,480	380	340
4,420	147	147	4,400	279	279	4,440	358	358
4,380	128	168	4,360	258	298	4,400	337	377

Fibres Market Trends

- International:** The last wool auction for 2012 was held on the 17/18th of January 2012. The Australian market closed 0,84% higher than the previous sale at AU 1,190c/kg below the AU 12,00c/kg. The prospects for wool demand in 2012 will be largely dominated by two factors. First, economic conditions in Europe and the US. The latest forecasts are for economic growth in all European countries to fall sharply in 2012. Economic growth in the US and Japan will improve but will be relatively weak, even growth in China is weakening. Economic growth in 2012 in the major wool consuming countries is expected to be below the levels seen in much of the past decade. Second, wool will face competition from other fibres which are currently substantially cheaper and could replace wool in clothing products. Although these factors are potentially negative, mill demand for raw wool could be sustained at a reasonable level mainly because raw and semi-processed wool stocks. Cotton also saw strong exports sales, rising to 212,000 running bales, old crop and new, from 95,500 bales the previous week, and a figure itself noted was up noticeably from the previous week and from the prior four-week average. China, the top cotton importer, led the charge, but while China is on holiday, cotton investors were more cautious than their grain counterparts.



- Domestic:** The last wool auctions of 2012 was held on the 17/18th January 2012 with 12,920 bales of wool on auction of which 92,5% was sold. The prices were lower due to a stronger rand and lower prices. Wool prices softened slightly at this week's sale after reaching a fresh high last week and the Cape Wools Merino indicator closed the day down 2,4% at R102,65/kg (clean). The lower prices could indicate resistance from certain customers to the high price levels. In addition, the rand at R7,97, was 1,1% stronger against the US dollar compared to last week. It was 0,8% weaker against the euro at R10,20. Prices were lower across the board but the 20-micron category fleece wools were the most affected, dropping by more than 5% on average. In Australia, the market was also lower than the previous week. A total of 13 968 bales was on offer, of which 92% was sold. Wool receipts at broker's stores to date is down 9,3% compared with the corresponding period last season, which may signify a drop in this season's production. Cotton prices increased by 0,04% to R18,04/kg compared to last week but is still 33,79% lower than the corresponding time a year ago.

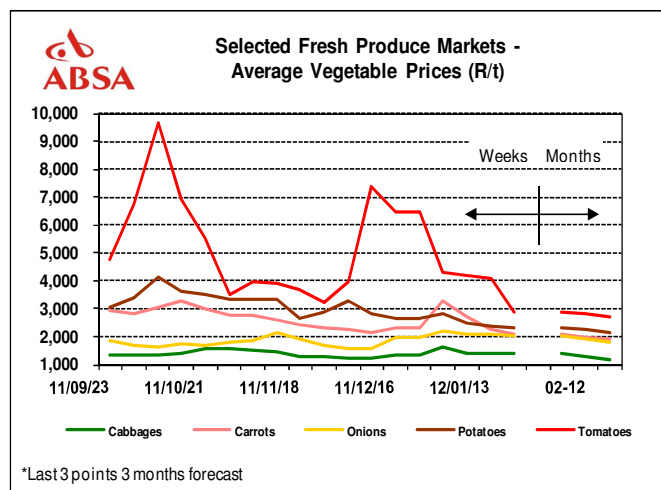
Outlook

International wool prices will move sideways in the short term with a possible downward movement in the medium term due to lower world demand because of a slower than expected growth rate in most economies. Cotton prices will continue to move upwards with a sideways movement in the short term due to higher demand relative to wool and because of the higher wool prices compared to cotton. Locally, the wool prices will follow the AU wool prices in a sideways movement in the short term until the Euro regions financial situation is more stable. Cotton prices will follow the international markets into an upward trend in the short to medium term due to better demand and lower prices than substitute products.

Fibres Market Trends				
Week ending 20 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	102,65	98,53	-	-
19µ micron	118,33	117,85	13,49	13,24
21µ micron	105,79	107,67	12,58	12,33
23µ micron	100,96	101,76	10,98	10,73
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	18,04	2,25	2,16	2,16

Vegetables Market Trends

- Cabbages:** Cabbage prices increased slightly with 0,1% w/w, and traded 13,7% higher y/y for the week under review and 39,6% higher than two years ago. Volumes increased 10,0% on a w/w basis. Prices increased despite of an increase in volumes during the week. Prices are expected to move downwards with a possible sideways in the short to medium term but monthend buying can influence the downward trend.
- Carrots:** Carrot prices decreased by 7,0% w/w but traded 9,2% higher y/y but



traded 2,9% lower than two years ago. The price decrease was due to a 5,1% increase in supplies. Prices are expected to move downwards and then sideways in the short to medium term due to good growing conditions.

- **Onions:** Onion prices decreased by 2,6% w/w, but traded 8,6% higher y/y and 11,1% higher than two years ago compared to the same week. The price decrease was due to a massive increase 25,1% increase in volumes. Prices are expected to decrease and move sideways in the short to medium term.
- **Potatoes:** Potato prices decreased by 11,0% w/w but traded 5,5% higher y/y and 17,1% lower than the same week two years ago. Prices decreased due to a good increase of 11,1% in volumes compared to the previous week. Prices are expected to move downwards and then sideways in the short term but will definitely be influenced by month end buying patterns.
- **Tomatoes:** Tomato prices decreased by a huge 28,7% w/w and was 26,0% lower y/y and 41,9% lower than two years ago. Prices decreased due to a massive 20,7% increase in volumes. Prices are expected to move downwards in the short to medium term due to too much rain, but it could also create a possible shortage in the market due to damage to the fruits.

Vegetable Prices: Fresh Produce Market (Averages on the Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban markets)				
Week ending 20 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	1,382	1,380	1,142	1,038
Carrots	2,088	2,244	1,297	1,234
Onions	2,014	2,068	4,976	3,979
Potatoes	2,330	2,356	13,473	12,125
Tomatoes	2,904	4,074	4,317	3,578

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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