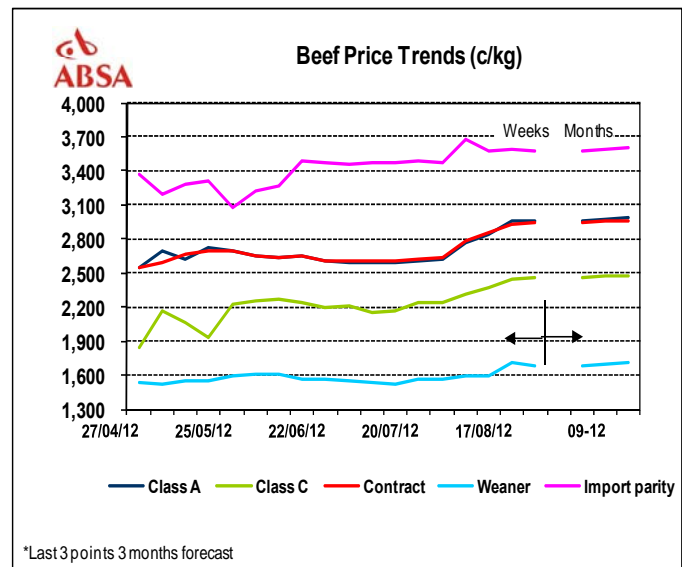


Disease control important!

Apparently, a new case of Rift Valley Fever was confirmed in the North West province. During the last year or two, Foot and Mouth disease and Avian Influenza diseases was also confirmed in specific areas in South Africa. If a disease like this is confirmed it has a huge impact not only financially but also on the farm where it was confirmed and also for that area. This can prevent producers from moving or marking animals out of that area. There are huge consequences for exporting. In some instances animals have to be killed, others have an effect on reproduction during the next year or two. Not only does this have a huge financial impact on producers and the farming business but also on consumers. Prices will increase to unrealistic or unaffordable levels and more meat has to be imported. Therefore it is important to implement prevention rather than control mechanisms. The cost of prevention seems high but if you look at the after effects of doing nothing, it is better to bear the cost of prevention.

Beef Market Trends

- International:** The US market prices traded mixed during the week compared to the previous week. In the US, beef traded as follows: Top inside traded 0,49% higher at \$ 220,33/cwt, Rump traded 5,20% lower at \$ 314,24/cwt and Strip loin traded 0,96% lower at \$ 557,22/cwt. Chuck traded 0,26% higher at \$ 230,68/cwt, Brisket traded 0,24% higher at \$ 206,89/cwt which gave us on average a decrease of 0,72% in carcass prices to \$ 288,90/cwt. US meat prices were supported by a higher demand as well as higher feed prices. New Zealand steer prices traded the same compared to last week at NZ 391,00 c/kg, while the cow prices traded slightly higher at NZ 313,00 c/kg. Import parity decreased by 0,24% due to a stronger rand against the NZ\$. In New Zealand, market activity continued to be slow. Cattle prices have increased from an early in the year when fears of the impact of the drought conditions were exacerbated as well as concerns over high feed costs for producers. The US continues to be the most active of New Zealand's major markets, but pricing was mostly mixed the past week. The USDA has started to factor the US drought into its latest World Agricultural Supply and Demand Estimates. Soaring feed prices are expected to put the squeeze on feedlots and dairy farms (intensive enterprises),



ultimately resulting in more cows being culled than earlier predicted. Estimates for 2012 and 2013 have been revised upwards, but the downwards trend remains in place. It is estimated that beef production in 2012 will still be 2% lower than last year and another 4% lower in 2013. As if drought damage in the US to pastures and high hay and feed prices isn't enough, livestock producers may see reduced fertility in their breeding herds this autumn. The unusually high temperatures could spoil the ability of bulls, bucks, rams and boars to produce viable sperm. Females (Cows, ewes and sows) may produce less viable eggs or experience higher levels of early spontaneous abortions. For chefs and food-lovers, the perfect steak has long been a secret. Scientists in China have now joined the search, by creating genetically modified cattle which they say are designed to produce tastier beef.

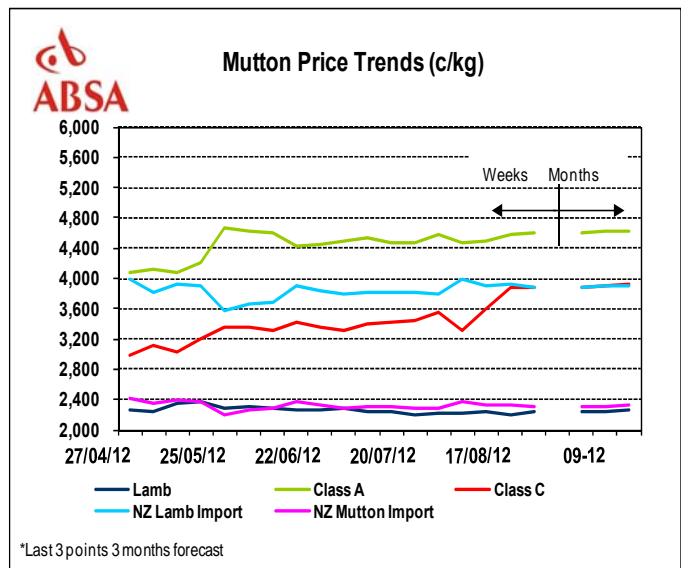
- The Zambian government has dismissed media reports that there was an outbreak of foot and mouth disease in some regions. The government assured media the areas affected has been having cases of tick-borne diseases (East Coast fever and Anaplasmosis) and not foot and mouth disease. A province in India ordered installation of CCTV cameras in all the abattoirs and call for closure of the illegal abattoirs operating in urban areas. The government has also issued directions for setting up a committee in all the local urban bodies to identify illegal slaughtering of cattle and take measures to close it. The meat processor Fletcher International in Australia is re-introducing a second daily shift after cutbacks were made in 2010 due to tumbling livestock numbers. It is a sign of prosperity returning to the industry and with the expanding of production they can potentially return to 100% capacity after the recent drought period. Australia is also very serious about combating foot and mouth disease. The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) estimates that direct economic losses over a 10 year period could range from \$7,1 billion for a small three month outbreak to \$16 billion for a large 12 month outbreak. In the United Kingdom an outbreak could cost their economy over a 10 year period the equivalent of A\$19 billion, and South Korea experienced multi-billion dollar losses from an outbreak last year.
- **Domestic:** Local beef prices traded higher during the past week compared to the previous week, not following the international market. The prices of the different meat classes were as follows: Class A prices increased by 0,41% to R29,65/kg, Class C prices increased by 0,45% to R24,60/kg and contract prices increased by 0,34% closing at R29,45/kg. The weaner prices traded the slightly lower during the last week at R16,88/kg. Hide prices traded 8,37% higher at R9,71/kg for the week compared to last week's R8,96/kg. The higher meat prices this week was due to lower supplies in the market after the recent veld fires, but a slight improvement in demand also played a role. The landed imported price of beef trimmings from Namibia and Botswana traded lower at R39,95/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 slaughtering numbers as a result of herd building in the US. In the local market, the price of beef will continue the move upwards due to higher demand in the market and lower supplies after the recent veld fires that destroyed thousands of hectares of grazing.

Mutton Market Trends

- International:** The New Zealand lamb and mutton prices traded sideways this week compared to last week. New Zealand lamb closed the week the same at NZ\$ 5,42/kg while New Zealand ewe closed at NZ\$ 2,86/kg, the same for the week. Import parity for lamb decreased by 1,20% and mutton by 1,12% due to a stronger exchange rate against the New Zealand dollar. Slaughtering and processing throughput is running as expected for this time of year. Weekly numbers in the North Island have been behind a year-ago levels of late, but that is due to an unusual flurry of processing during the middle of winter last year. With almost two months remaining, the season to date lamb slaughterings in the North Island is 1% ahead compared to a year ago, while in the South Island it's behind by 3%. In total, around 200,000 fewer lambs have been processed in New Zealand this season. Lambing season is now in progress in many parts of the country and conditions have been mostly good at this early stage. New Zealand is now entering the crucial period that will determine whether or not the high scanning percentages from earlier in the year will eventually transpire into more lambs being slaughtered next season.



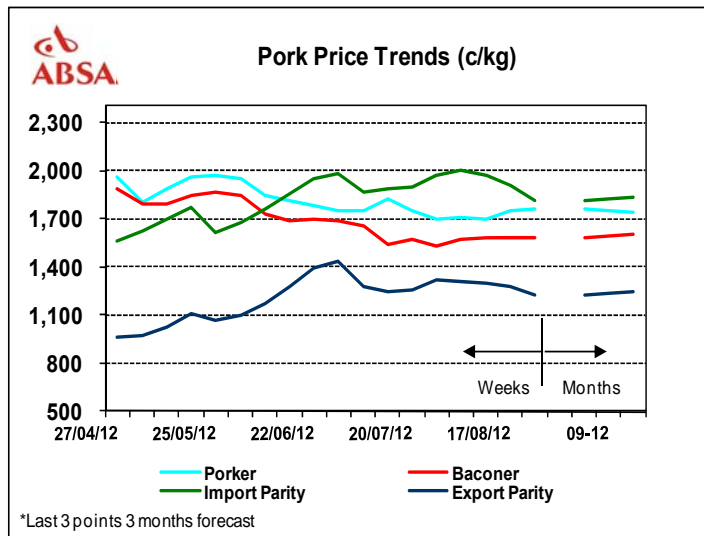
- Domestic:** The mutton price traded mostly higher during the week compared to the previous week. The Class A2 prices closed the week at R46,00/kg which was 0,24% higher than the previous week. Class C2 prices closed at R38,85/kg or 0,34% higher, while contract prices also closed higher at R45,95/kg or 0,22% higher during the past week. The price of lamb traded higher at R 22,36/kg or 1,64% higher for the week. The average price for a dorper skin traded higher at R49,50 per skin compared to the previous week and the price of a merino skin also traded higher at R58,50 per skin. The landed imported price of mutton rib from Australia and New Zealand traded higher at R23,70/kg compared to the previous week and mutton shoulder's also traded higher at R36,00/kg according to AMIE.

Outlook

Internationally, prices will move sideways in the short term, with a slight upwards movement in the medium term due to improved demand. Locally, the prices of mutton will move upwards in the short to medium term with an increase in the longer term due to improved demand and lower supplies available because of the detection and affect of Rift Valley fever in the North West. The spreading of Rift Valley fever will affect the increases in lamb numbers during the next lamb season.

Pork Market Trends

- International:** US pork prices traded mixed during the week compared to last week's prices. Carcass prices traded 3,91% lower at US\$ 88,23/cwt, Loin traded 2,35% lower at US\$ 96,68/cwt, Rib traded 3,96% higher at US\$ 123,76/cwt and Ham traded 7,70% lower at US\$ 68,16/cwt. There were 28,75 loads of pork meat sold on Friday compared to 39,5 loads the previous week, which was a decrease of 27,22% in supplies. Ham import parity traded 4,92% lower due to lower international prices compared to the previous week. Fresh loin prices were lower while butts were weak to lower and skinned hams were steady. Lean trimmings were also lower. Trading was slow but with light to moderate demand and moderate to heavy offerings. Hog prices recovered from a almost two year low, with wholesale pork values increasing, which is good news for the producers. Investors have already factored in a great deal of negative news on the market, reflecting primarily the jump in grain or feed prices. The rally in grains has not only hurt producers by increasing their feed costs but it was encouraging for herd liquidation, which has lifted short term pork supplies. Producers only worsen their dilemma by holding off sales in the early days of the rally when hog prices were still moving upwards. As marketing of animals declined and hogs spent a few more days feeding, hog weights responded, only to boost the supplies of pork from higher slaughtering numbers.



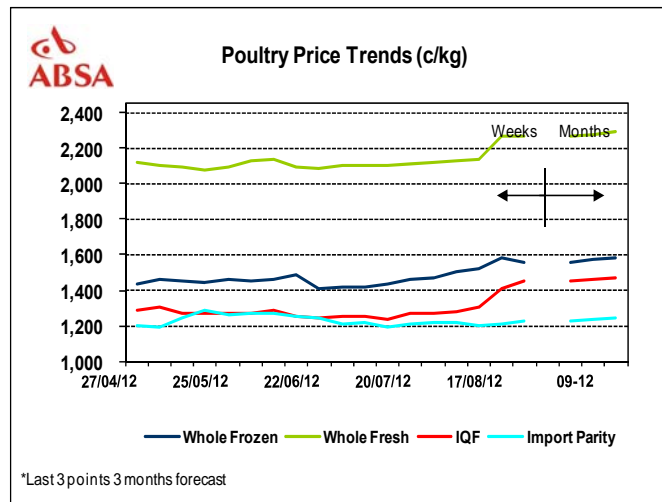
- Domestic:** Local pork prices traded higher again the past week. The price of Porkers traded higher at R17,60/kg (0,63%), while the price of Baconers traded higher at R15,85/kg (0,44%) and Contract traded higher at R16,73/kg (0,74%). Demand for pork is picking up, however slaughterings were 15,33% lower last week compared to the previous week. According to AMIE the landed price of imported loin from Canada and the US traded higher at R29,80/kg week-on-week.

Outlook

Internationally, prices are expected to move sideways with possible increases due to higher demand expected in the weeks to come. Locally, the prices are expected to move higher in the short term with possible further increases in the medium term due to higher demand and higher prices of substitute meat products.

Poultry Market Trends

- International:** The poultry prices in the US traded mostly lower during the past week compared to the previous week. Whole bird prices traded 1,43% lower and closed at 84,33c/lbs. Breasts traded considerably lower with 5,96% and closed at 150,0c/lbs, while leg quarters traded the same compared to last week. Import parity traded 1,07% higher due to a weaker exchange rate. The estimated number of broiler available for slaughtering the week ending 25-Aug-12 was 153,8 million chickens compared to 159,1 million chickens slaughtered the same week last year. The estimated US slaughtering this week is 160,1 million chickens or 6,3 million more than estimated available. For the week of 01-Sep-12 the estimated available is 153,9 million chickens. Whole broiler prices are steady to weak. Offerings cover the full range but were mostly moderate for current trade needs. Retail demand was light to good, mostly moderate with few anticipating improvement until first of the month. Food service demand was light to moderate for late week business. Floor stocks were mixed. Market activity was slow to moderate. In the parts structure, movement was light to moderate. Prices were firm to higher for tenders, steady to weak for wings and breast items. Dark meat items were steady. Offerings of tenders were light with good movement. Breast items, wings and dark meat items were moderate to heavy. Market activity for parts was slow to moderate. In production areas, live supplies were moderate but mixed, at mostly desirable weights. In Bangladesh the under the weather poultry industry which was hit hard by the avian influenza virus and high feeding costs are likely to get interest waiver on bank loans and reschedule facility as part of government's plan to help stimulate the sector. The ministry of fisheries and livestock recently asked the central bank to issue a directive to the private banks for extending the facility to the poultry farmers. Sector leaders have welcomed the move, which will help revamp the industry. Waiver of interest on bank loan and their reschedule is essential to help save the poultry sector. In Brazil the three largest poultry producers will reduce production due to high feed costs. The poultry producers have to deal with increased costs, which cannot be recovered from their buyers. Retailers refuse to take the higher prices and pass them on to consumers due to consumer pressure therefore in the short term the only thing to do is to reduce production to reduce costs. Again the producer is a price taker in the market. However, it is forecast that Russia will produce 3,5 million tons of poultry meat in slaughtering weight this year, which is 10,3% more compared last year.



- Domestic:** Poultry prices traded mixed during this week compared to the previous week. Frozen birds traded 1,27% lower at R15,60/kg compared to the previous week. Whole fresh medium bird prices traded 0,22% higher at R22,69/kg and IQF traded 2,83% higher at R14,52/kg for the week compared to the previous week. Market activity is returning to normal stock levels with demand determining the prices without backup stock levels in the warehouses. The landed price of Brazilian imported chicken leg quarters traded higher at R16,90/kg, with grillers also trading lower at 19,05/kg week-on-week according to AMIE.

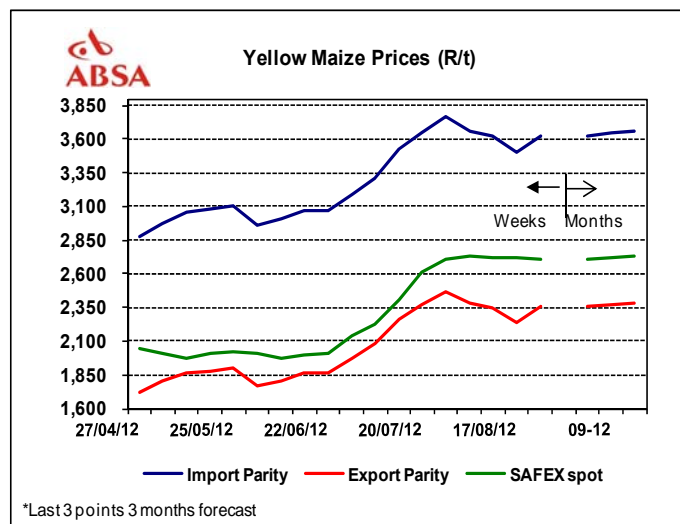
Outlook

Internationally, prices will move sideways in the short term with an upward movement in the medium term due to decreases in production in Brazil and after the gains of the last two weeks. Locally, the market is expected to trade upwards in the short to medium due to the normalizing of stock levels and the higher demand in the market.

Livestock Prices (R/kg) 24 August 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	29,65	29,53	46,00	45,89	17,60	17,49	22,69	22,64
Class C/ Baconer / Frozen birds	24,60	24,49	38,85	38,72	15,85	15,78	15,60	15,80
Contract / Baconer/ IQF	29,45	29,35	45,95	45,85	16,73	16,64	14,52	14,12
Import parity price	35,80	35,89	23,01	23,27	18,15	19,08	12,23	12,10
Weaner Calves / Feeder Lambs/	16,88	17,04	22,36	22,00	-	-	-	-
Specific Imports: Beef trimmings 80vl/b/Mutton Shoulders/Loin b/in /chicken leg1/4	39,95	41,45	36,00	35,00	29,80	27,60	16,90	16,25

Yellow Maize Trends

- International:** The average yellow maize prices increased again, week-on-week. The average US yellow maize spot price closed the week 3,5% or US\$ 11,21/t higher compared to the previous week. Compared to last week, grain and soybean bids traded higher despite losses late in the week. Maize futures do not usually face the issue of harvest pressure at this time of year. Maize and soybeans had gains led by long term bullish fundamentals early on. Wheat post modest gains due to support from maize and soybeans, along with global supplies shrinking and dry conditions in the Southern Plains. A



good chance of rain is in the forecast for the next week or two in parts of the Plains and Midwest. Pressure build due to the early planting season, coupled with the heat stress, which has in many areas speed up development. Harvest normally consolidates supplies which ease a little the need for buyers to compete for maize, putting downward pressure on prices. During the first full week in September, we will see yield numbers coming in from areas harvested which really matter in determining the final numbers. Maize had bearish export sales of 325,400 tons with 108,400 tons for 2011-2012 seasons. The International Grains Council raised concerns on deepening problems over US Maize harvest estimates, by downgraded the US harvest by 25m tons to 275m tons. The International Grains Council cut its forecast for the world Maize harvest in 2012-13 by 26m tons to 838m tons. There were warnings that the drought has stressed crops across the northern hemisphere, including Ukraine. Analysts are expecting a further downgrade, to about 121,6 bushels per acre, by the USDA in its maize yield estimate, which currently stands at 123,4 bushels per acre. Results from the Pro Farmer tour, confirming extensive drought damage to the US maize harvest.

- Domestic:** The local maize market did follow the international market and traded on average 0,6% or R17,60/t higher during the past week. The average exchange rate for the week was weaker at R8,30/US\$ compared to R8,19/US\$ the previous week, which was a 1,3% decrease. Safex futures traded lower during the week: Sept-12 traded 2,23% (R61/t) lower, Dec-12 traded 2,31% (R64/t) lower, Mar-13 traded 1,83% (R50/t) lower, May-13 traded 2,22% (R55/t) lower and Jul-13 traded 1,46% (R35/t) lower from the previous week.

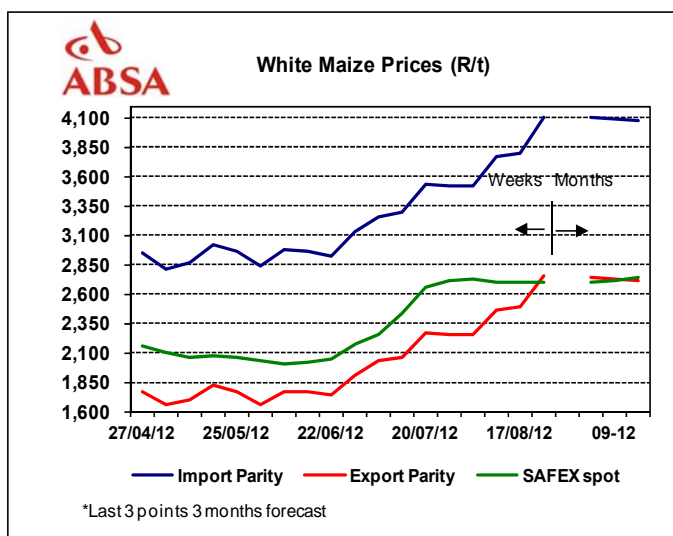
Outlook

Internationally, prices will continue to find support from poorer harvesting yields than expected in the US and Ukraine. Locally, the market is expected to follow the international prices with an upward movement in the near term until it is certain what the US production will be and the need of other Southern African countries.

Yellow Maize Futures 24 August 2012		Sep-12	Dec-12	Mar-13	May-13	Jul-13		
CBOT (\$/t)		315,81	318,25	318,25	315,42	309,28		
SAFEX (R/t)		2,673	2,704	2,689	2,420	2,355		
Dec-12			Mar-13			May-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,740	161	125	2,720	215	184	2,460	227	187
2,700	139	143	2,680	193	202	2,420	204	204
2,660	119	163	2,640	172	221	2,380	183	223

White Maize Trends

- International:** The US white maize spot market traded higher by 8,4% or US\$ 30,09/t in the past week compared to the previous week. The local import parity of white maize traded 7,9% higher compared to the previous week. This increase was driven by the higher movement in the US prices as the rand:dollar exchange rate weakened from R8,19/US \$ last week to R8,30/US \$ this week.



- Domestic:** The local average white maize spot price traded 0,2% (R6,20/ton) higher compared to the previous week, with white maize still trading 23,6% higher than the same time a year ago. In the local market, the key is to how many tons of white maize will be exported and what the effect will be on the local prices. Week-on-week white maize future contracts also traded lower this week. Sept-12 traded 1,47% (R40/t) lower, Dec-12 traded 1,40% (R39/t) lower, Mar-13 traded 1,05% (R29/t) lower, May-13 traded 1,41% (R35/t) lower and Jul-13 traded 1,34% (R32/t) lower compared to last week.

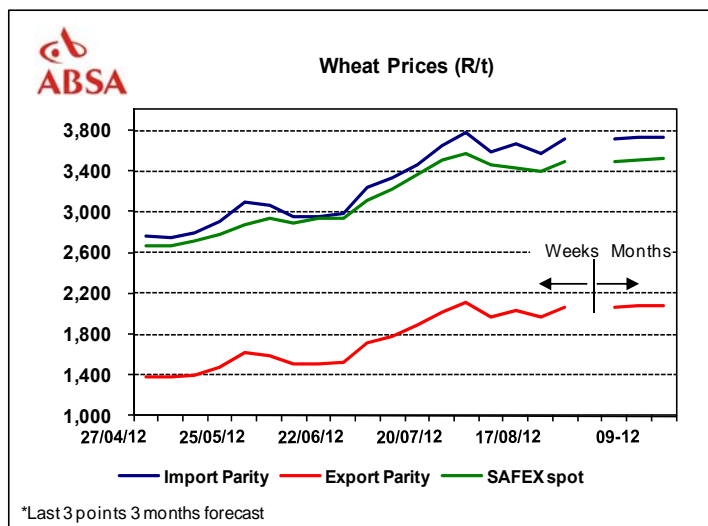
Outlook

Internationally, the white maize price will trade sideways maybe lower because it traded much higher than yellow maize in the past week, but in the short to medium term in will follow yellow maize while the US and Ukraine is busy with the harvesting process during the next couple of weeks. Locally, prices will following higher international and find support depending on the export market potential to Southern Africa region.

White Maize Futures 24 August 2012	Sep-12	Dec-12	Mar-13	May-13	Jul-13			
SAFEX (R/t)	2,676	2,742	2,740	2,440	2,348			
Dec-12			Mar-13			May-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,780	173	135	2,780	255	215	2,480	260	220
2,740	151	153	2,740	232	232	2,440	238	238
2,700	130	172	2,700	211	251	2,400	216	256

Wheat Market Trends

- International:** The average weekly wheat spot price traded 3,5% (\$11,78/t) higher compared the previous week. Soft red wheat traded 4,3% (\$13,98/t) higher, while hard red wheat traded 2,8% (\$9,57/t) higher. Import parity traded 3,8% higher due to higher international prices and a weaker exchange rate. The US maize harvesting process will put upward pressure on wheat, but is not the only pressure point, with forecasts of lower rains in southern US areas. These areas are preparing to plant winter wheat, where the drought has looked likely to spread its tentacles into 2013 crop prospects.



Models for hurricane Isaac are forecasting it to come on shore in South Eastern Mississippi, with projections to bring needed rain to the Delta and Ohio River basin by mid-to-late next week which will support wheat plantings. It is an embarrassing moment for the UK who still exporting wheat even as it imports wheat heavily, due to the hole left by a late harvest and the global out cry for cheaper feed grain. The UK is seeing increases in imports, as buyers fill the gap in supplies caused by a late harvest. Only 25% of the UK crop was harvested by week end, compared to about 50% at this time last year. German milling wheat, Swedish soft wheat and feed wheat from Poland, Denmark, Latvia and Estonia has been imported into the UK. The shortages of wheat have been particularly severe in the North, where harvesting is normally later, and is also worsened by a squeeze on truck availability. which has hampered transport. The feed wheat imports to the UK may be relatively expensive and hard to calculate against UK supplies but, they can offer higher grade benefits compared to UK wheat. Many of the export sales have been on the books for a while with the lack of transport making it difficult to pull grain from the surplus areas in the south to the shortfall areas in the north. Wheat had slightly bullish export sales of 468,400 tons. The UK exported 242,698 tons of wheat to the US in 2011-12, far more than in the total for the previous ten years.

Important news is that the Canadian Wheat Board, have lost its battle against Canada's crop marketing shake-up, which was required to turn its reforms to its advantage by moving into

canola. The Canadian trader, have lost this month its monopoly over selling grains from Canada's main Prairies growing region, and will exploit the market liberalisation by turning to canola, adding for the first time in 63 years a new crop to its marketing portfolio. Canada is ranked as the top exporter of canola, or rapeseed, with shipments of 8,4m tons in 2011-12. The Canadian Wheat Board will market canola through pools, the system through which it sells barley, durum and wheat. In Russia, Black Earth Farming is cautiously optimistic over prospects for a reasonable harvest despite its poor yields from early harvest coming in well below forecasted, and the risk of rising Russian export curbs that will put pressure on ties with foreign customers. Three consecutive weeks of dry weather in May resulted that the wheat rocketed through initial growth stages under stressed conditions with the winter wheat crop yields forecasted at 2,3 tons per hectare. Eastern Australia, rather than West Australia, maybe the centre of concern over Australian wheat prospects, after official meteorologists raised chances of dry weather in states such as New South Wales.

- **Domestic:** The average SAFEX wheat spot price traded 2,9% or R99,40/t higher this week compared to the previous week. These lower prices were largely driven by the weaker international prices and a weaker exchange rate. Safex future prices traded higher during the past week compared to last week: Sep-12 traded 1,76% (R61/t) higher, Dec-12 traded also 2,10% (R73/t) higher and Mar-13 traded 2,33% (R82/t) higher compared to the previous week.

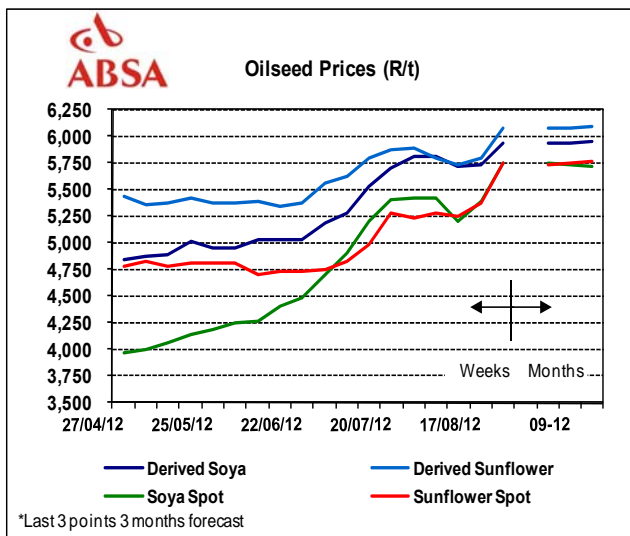
Outlook

Internationally, the market prices will increase in the short term with a sideways movement in the medium term finding support from the higher maize prices. Locally, the market will continue to follow the international market prices in an upward movement while a weaker rand against the US dollar will support prices.

Wheat Futures 24 August 2012			Sep-12	Dec-12	Mar-13	May-13	Jun-13	
KCBT (\$/t)			324,45	333,41	337,45	336,35	320,18	
SAFEX (R/t)			3,531	3,550	3,608	-	-	
Dec-12			Mar-13			May-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
3,580	181	150	3,640	252	220	-	-	-
3,540	160	169	3,600	231	239	-	-	-
3,500	140	189	3,560	210	258	-	-	-

Oilseed Market Trends

- International:** US soybean prices traded week-on-week on average 4,8% or \$30,44/ton higher compared to the previous week. The current price is 24,8% higher compared to the same time a year ago. Soy meal traded 18,2% lower, while Soy oil traded 4,9% higher compared to a week ago. Soybeans also had strong buying interest as the Pro-Farmer Tour continues showing low pod counts as yield estimates will most likely be downgraded. However, momentum slowed down late in the week on profit taking. It was left to soybeans to support the markets, and not only because harvest pressure, which is less of an issue for the oilseeds. Traders continued to find support in good US export data, both in weekly sales and deals announced. The price declines of the last session may only have encouraged more purchases. Rumours will have it that China was the big buyer of soybeans of late. Soybeans had bullish export sales of 718,700 tons with 132,900 tons for 2011-12 season.



- Domestic:** The average soybean spot prices traded 6,8% or R363,80/ton higher compared to the previous week. These higher prices were driven by the higher international prices as well as a weaker rand: US dollar exchange rate. The rand traded on average 1,3% weaker against the US dollar at R8,30/ US\$ compared to last week's R8,19/US dollar. The soybean futures prices traded higher during the past week: Sept-12 traded 7,08% (R393/t) higher, Dec-12 traded 7,49% (R418/t) higher, Mar-13 traded 6,13% (R320/t) higher and May-13 traded 6,96% (R321/t) higher compared to the previous week. The average sunflower spot prices for the week traded 6,8% or R364,40/t higher than the previous week. This is still 45,5% higher than the same time a year ago. The sunflower futures prices closed higher compared to the previous week: Sept-12 traded 5,68% (312/t) higher, Dec-12 traded 5,64% (R319/t) higher, Mar-13 traded 6,31% (R350/t) higher and May-13 3,27% (R160/t) higher compared to the previous week. Sorghum futures for Sept-12 traded higher compared to last week at R3,050/ton.

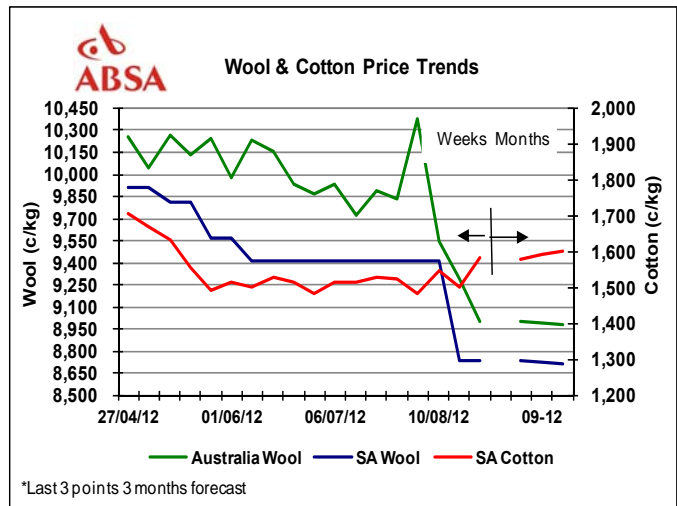
Outlook

Internationally, soybean markets will continue to find support from the lower than expected yields and support from higher maize prices. Locally, the soybean prices will follow international prices in an upward movement in the short term and sideways movement into the medium term. A weaker rand :US dollar exchange rate will support prices.

Oilseeds Futures 24 August 2012	Sep-12	Dec-12	Mar-13	May-13	Jul-13			
CBOT Soybeans (US \$/t)	638,39	633,54	601,20	567,47	567,47			
CBOT Soy oil (US c/b)	56,24	56,90	57,12	57,15	56,90			
CBOT Soy cake meal (US \$/t)	533,40	522,80	480,70	480,70	441,70			
SAFEX Soybean seed (R/t)	5,945	5,998	5,540	4,935	-			
SAFEX Sunflower seed (R/t)	5,803	5,975	5,900	5,050	-			
Safex Sorghum (R/t)	3,050	-	-	-	-			
Sunflower Calculated Option Prices (R/t) Absa Capital Trading Desk: 011 – 895 5524								
Dec-12			Mar-13			May-13		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
6,020	337	292	5,940	489	449	5,090	530	490
5,980	315	310	5,900	467	467	5,050	508	508
5,940	295	330	5,860	446	486	5,010	486	526

Fibres Market Trends

- International:** The Australian market traded lower again compared to the previous week. The Australian wool market closed the week on Au 941c/kg. This is 0,84% lower than last week's closing price of Au 949c/kg. The market is still experiencing ongoing demand pressure as a result of tough economic conditions. Cotton price closed 4,3% higher on US 70,90c/lbs compared to last week's price of 67,98c/lbs. The total cotton sales for the week were 12,191 bales compared to 5,926 bales last week and 3,989 bales reported a year ago. Total spot transactions for the season were 30,080 bales, compared to 7,963 bales the corresponding week a year ago.



- Domestic:** There was no wool auction this week but the next one is scheduled for 29th August 2012. The first auction of the new season took place on the 15th Aug 2012. As expected, the local opened substantially lower than the closing levels before the recess. The local market indicator closed the week on R87,37/kg. That was 7,16% lower than the closing price before the recess. The market followed the lower movement in the international market, with pressure on demand that drove the price lower. No sale has been scheduled for the coming week.

Outlook

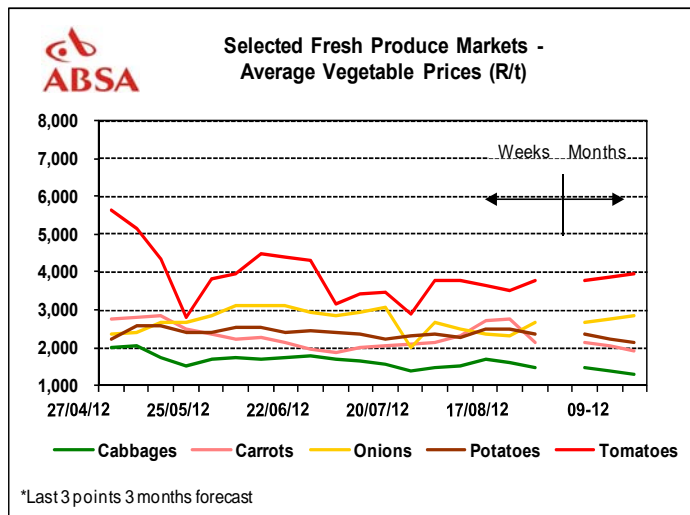
International wool prices will move sideways to lower in the near term due to poor demand and ongoing economic pressure in the Euro-zone. Cotton prices will also move sideways maybe higher due to slightly higher demand. Local cotton prices will move sideways and follow the international prices but a weaker rand: dollar exchange rate will support prices. The local wool market will trade sideways to lower during the next auction that will take place due to lower demand because of the detection of Rift Valley fever in the North West and lower Australian prices.

Fibres Market Trends
Week ending 24 August 2012

Wool prices	SA prices (R/kg)	Australian prices (R/kg)	Australian Future Oct - 2012 (AU\$/kg)	Australian Future Dec - 2012 (AU\$/kg)
Wool market indicator	87,37	79,01	-	-
19µ micron	96,58	94,37	11,10	10,80
21µ micron	92,03	90,74	10,40	10,10
23µ micron	90,23	87,94	10,15	9,85
Cotton prices	SA derived Cotton (R/kg)	New York A-Index (US\$/kg)	New York future Oct-2012 (US\$/kg)	New York future Dec-2012 (US\$/kg)
Cotton Prices	15,81	1,84	1,67	1,69

Vegetables Market Trends

- Cabbages:** Cabbage prices decreased, the week with 8,3% w/w and traded 4,0% lower y/y for the comparable week last year but 9,2% higher than two years ago. Volumes decreased by 1,2% on a w/w basis. Prices are expected to decrease in the short to medium term, due to increases in volumes in the summer season but month end buying can see prices spike for the week.
- Carrots:** Carrot prices decreased by a massive 22,5% w/w but traded 21,0% higher y/y and traded 39,5% lower than two years ago. However, the carrot volumes increased by 16,0% compared to the previous week. Prices are expected to move downwards in the short to medium term due to higher supplies in the summer season.
- Onions:** Onion prices increased by 14,4% w/w and traded 26,00% higher y/y and 15,3% higher compared to the same week two years ago. The prices increased despite of a 19,6% increase in volumes. Prices are expected to increase in the short to medium term due to higher demand in the market.
- Potatoes:** Potato prices decreased by 5,9% w/w, and traded 23,5% lower y/y as well as 31,2% lower than the same week two years ago. The decreased in prices was due to an increase of a 8,4% in volumes compared to the previous week. Prices are expected to trade lower in the short term and sideways in the medium term due to increases in volumes. However month end can support higher prices.
- Tomatoes:** Tomato prices increased by 7,5% w/w and traded 10,9% higher y/y but 27,53% lower than two years ago. This price increased was due to a decrease of 11,5% in volumes during the past week. Prices are expected to move upwards in the short to medium term due to higher demand, especially over month end.



Vegetable Prices: Fresh Produce Market (Averages on the Pretoria, Bloemfontein, Johannesburg, Cape Town and Durban markets)				
Week ending 24 August 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	1,478	1,612	1,372	1,390
Carrots	2,134	2,754	1,689	1,456
Onions	2,656	2,322	6,099	5,101
Potatoes	2,340	2,486	14,348	13,141
Tomatoes	3,772	3,510	3,796	4,288

<p>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.</p>	<p>Enquiries: Dawid Snyman Specialist: Sector Intelligence Absa Agri-Business E-mail: dawidsn@absa.co.za</p>
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