



Marketing and Agri-Business Section

www.elsenburg.com

December 2011¹

Carine van Zyl
Tel. (021) 808 5189

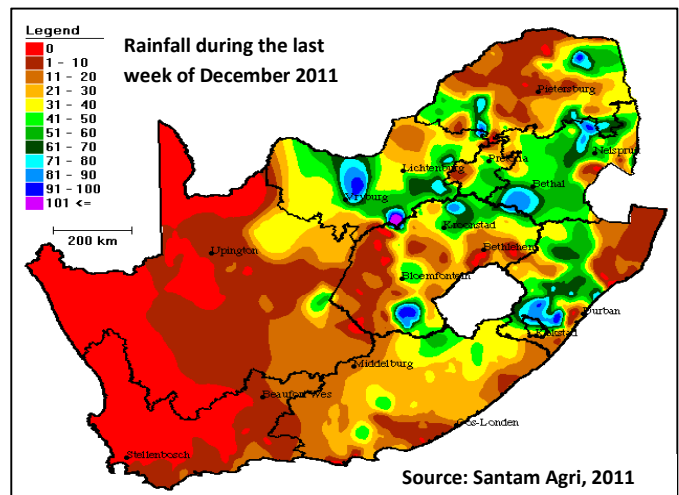
1. SOUTH AFRICAN GRAIN MARKET

The MTM price on 30 December 2011 for wheat delivery in January R2694 per ton delivered at Randfontein.

Commodity	MTM-prices (30/12/2011) R/mt					Month end R/mt (31/12/2010)	Month end R/mt (30/11/2011)	Month end R/mt (31/10/2011)	% Change
	Jan-12	Feb-12	Mar-12	May-12	Jul-12	Jan-11	Dec-11	Nov-11	Jan-11 vs. Jan-12
Wheat	2694	-	2753	2795	2806	2800	2677	2766	-4%
Yellow maize	2580	-	2520	2070	1963	1398	2400	2285	85%
White maize	2607	2568	2564	2270	1999	1305	2452	2358	99%
Sunflower	4305	-	4400	4250	4280	5000	4275	4220	-14%
Soya beans	3360	-	3430	3490	3527	3350	3320	3265	0.3%

Source: SAFEX, 2011

The inconsistent rainfall made it difficult for maize (& soya bean) producers to continue with their intended production plan; some areas are good while other areas are struggling. The figure indicates the national rainfall during the last week of December 2011 as per Santam Agri. Even though, most maize producers completed their plantings, some farmers in the Lichtenburg area still try to increase their plantings. It is projected that the actual maize plantings will be more than the 2.602 million hectares estimated by the Crop Estimates Committee (CEC) in October.



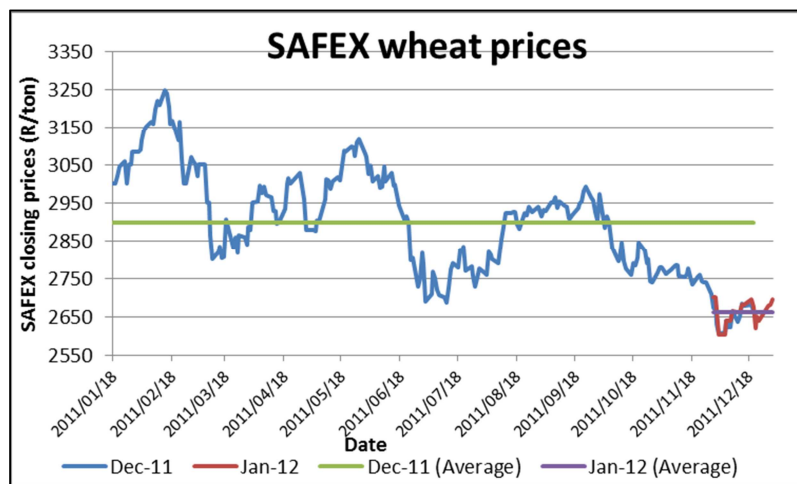
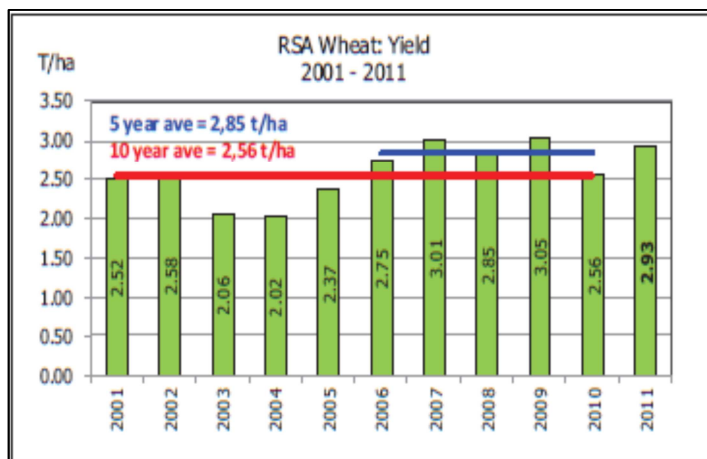
¹ Disclaimer: Although everything has been done to ensure the accuracy of this information, Western Cape Department of Agriculture therefore accepts no liability that can be incurred resulting from the use of this information.

SAGIS information as on 9 December 2011 (the next report will only be available on 11 January 2012)		
IMPORTED to RSA (ton)		
Wheat*	White Maize **	Yellow Maize**
431 421	35 698	-
EXPORTED from RSA (ton)		
Wheat*	White Maize **	Yellow Maize**
50 498	1 287 036	669 078
* Season started Oktober 2011		
** Season started May 2011		

The traditional maize surplus is being exported while local buyers need to compete in the international market to satisfy local consumption. Even with maize being imported, it is constantly used for animal feed, therefore it is expected that the strong consumption trend will continue despite the high maize price. The table indicates the progressive imports and exports for wheat and maize giving the respective season's starting dates, until 9 December 2011.

CEC announced their 5th estimates for the winter cereals;

wheat production at 1 773 180 tons (-2%), malting barley production at 284 150 tons (+3.3%) and canola production is 59 490 tons (unchanged). The total winter cereal production is estimated at 2 116 820 tons, a 1.2% decrease on the previous month's estimate, but 33% greater than the final production figures of 2010. The main reason for the decline in this month's wheat production estimate was the Free State's weather in September. The production in this province decreased with 6.5% to 483 750 tons. Production in the Western Cape remained stable at 636 000 tons. The graph indicates wheat yield for this season at 2.93 tons per hectare, which is higher than the 5- and 10-year average yield in South Africa (CEC, 2011).



The wheat price, on 30 December is 4% lower than on the last trading day of 2010, while the average maize price is 92% higher than in 2010. The wheat price is R17 per ton higher than last month, whereas yellow and white maize respectively show a R180 per ton and a R155 per ton increase for the month. The graph indicates the wheat closing prices for the Dec-11 and Jan-12 trading months. The average price for Dec-11 is calculated at R2898, while the average Jan-12 price (until the end of 2011) is calculated at R2661.

2. ECONOMY

It was announced that Brazil overtook the UK's economy, and are globally now in 6th place. The BRIC(S)-countries are winning ground in comparison to the developed countries in the tight economic times. It is further expected that the European Union will continue their debt-crisis struggle in 2012.

The local petrol price will decrease with 6 cent per litre and the diesel price will decrease with 20 cents per litre in January according to the Department of Energy (News 24, 2011). The local price decrease mainly due to the international price and the exchange rate. The average Brent crude oil price was \$108.50 per barrel for the last week of 2011 (NRG Trading, 2011). The weighted average rate by 10h30 on 30 December 2011 at which the Rand traded against the US-Dollar was R8.13 (Reserve Bank, 2011).

¹ **Disclaimer:** Although everything has been done to ensure the accuracy of this information, Western Cape Department of Agriculture therefore accepts no liability that can be incurred resulting from the use of this information.

3. INTERNATIONAL GRAIN MARKETS

International maize stock is in a tight position, now mainly driven by the harsh weather conditions in South America. Argentina and Brazil are responsible for 30% of the world's maize exports. Since the heavy draughts occurred in Argentina, the maize production was downwards adapted to 24.5 million tons compared to 27-29 million tons previously announced.

It is expected that the international wheat price will move along the maize and soya bean price in the short term. Drier than normal conditions in the FSU-area are also contributing to the international wheat price but in the meanwhile, the Russian Minister of Agriculture announced winter grain production at 40 million tons, 2 million tons higher production than the current production year. Ukraine will most likely re-plant between 1.5 and 2 million tons winter grain due to the weather while they also plan increase spring plantings in order to compensate for the winter grain losses.

While weather conditions in the USA are putting pressure on some 'Hard Red' winter production areas, it contributes to the current price in the market.