

Basic Agric. Commodities

What can we expect ?

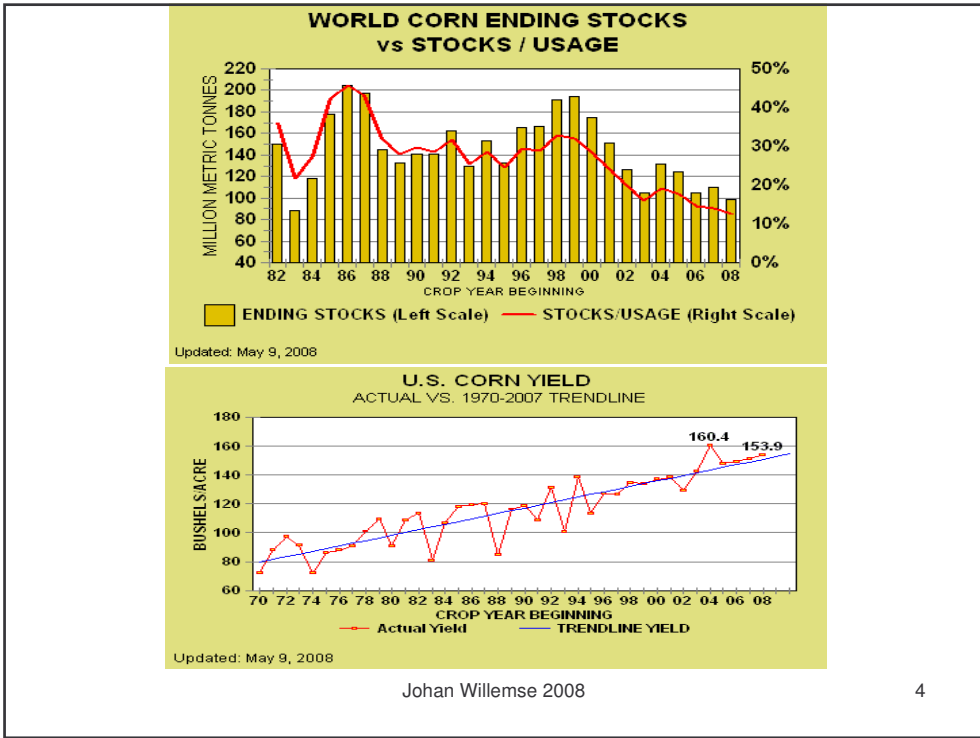
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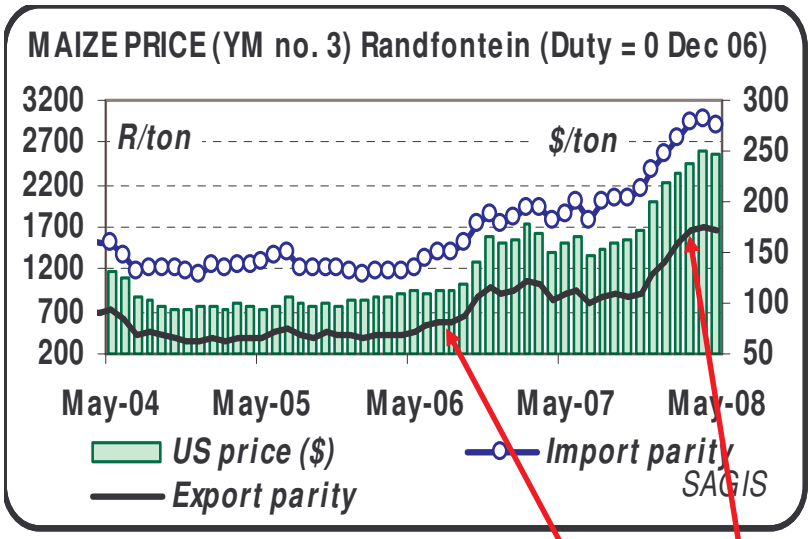
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<i>USDA Grains</i>		USA				WORLD			
Mn.T.	05/06	06/07	07/08	"08/09	05/06	06/07	07/08	08/09	
			May	May			May	May	
Production	282.31	267.60	332.09	308.00	696.16	705.35	772.17	770	
Consumption	232.07	230.78	267.40	272.00	704.03	722.26	777.39	788.2	
Ending stocks	49.98	33.12	35.20	19.40	123.70	108.20	102.97	99	
Prices	SAGIS	Unit	2004	2005	2006	2007	Ave Apr08	Ave May08	
US Ym no. 2 price		US \$	112	98	121	167	249	248	
Landed price Ym : Rft		SA Rand	1328	1255	1405	1983	2978	2908	
Export realisation Ym : Rft		SA Rand	537	414	609	951	1658	1658	

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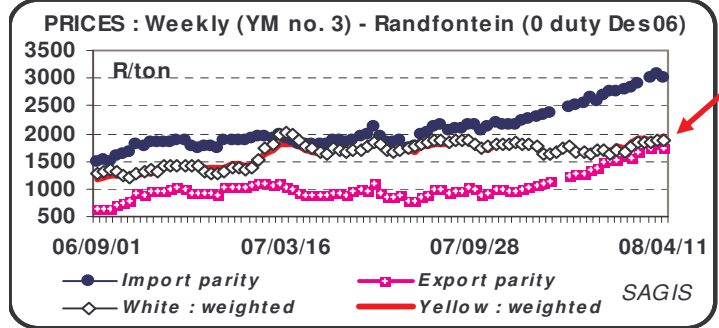
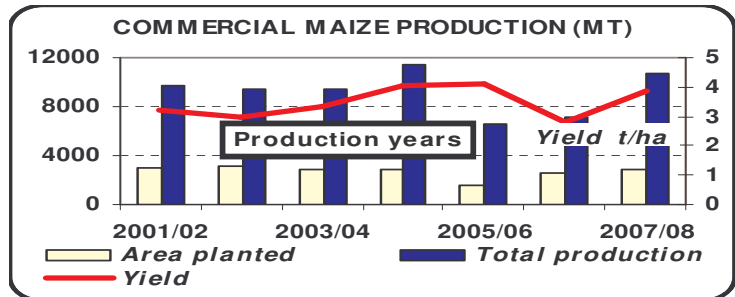




New export base level

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Maize balance sheet for marketing seasons (000 ton)	2003/04	2004/05	2005/06	2006/07	2007/08	08/09
	Total	Total	Total	Total	FC	FC
Carry-over stock (1 May)	2710	2624	3148	3169	2070	635
Commercial producers' crop	8409	9093	10055	6707	7125	10900
Imports	441	219	360	930	1250	100
Total supply	11560	11936	13563	10806	10445	11635
Minus:						
Farm retention/unknown	100	385	40	3	750	700
Commercial available	11591	11551	13523	10803	9695	10935
Minus:						
Commercial use :	7455	7455	8008	8055	8480	8380
Human market	3905	4028	3997	4008	4030	4080
Animal market/Industrial	3550	3427	4011	4047	4450	4300
Other use (withdrawals/grist/ethanol)	500	116	100	81	85	80
Available for export or farmer/trader stock	3636	3980	5415	2667	1130	2475
Exports	1230	832	2246	597	495	1045
Ending stocks	2406	3148	3169	2070	635	1430
Working stock required (6 weeks)	900	900	900	900	900	900
Stocks % of domestic use	32.27	42.23	39.57	25.70	7.49	17.06

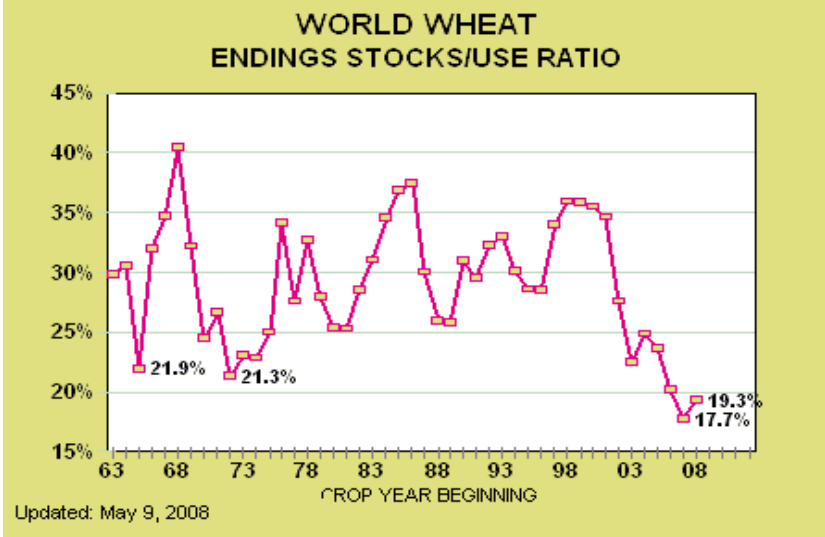
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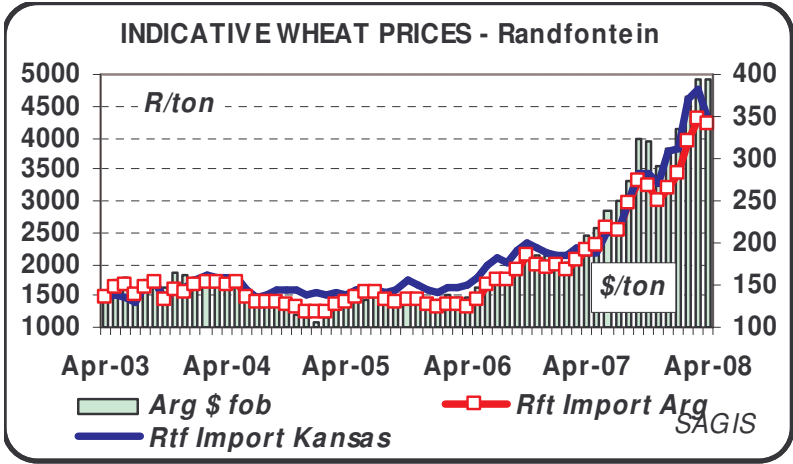
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WHEAT

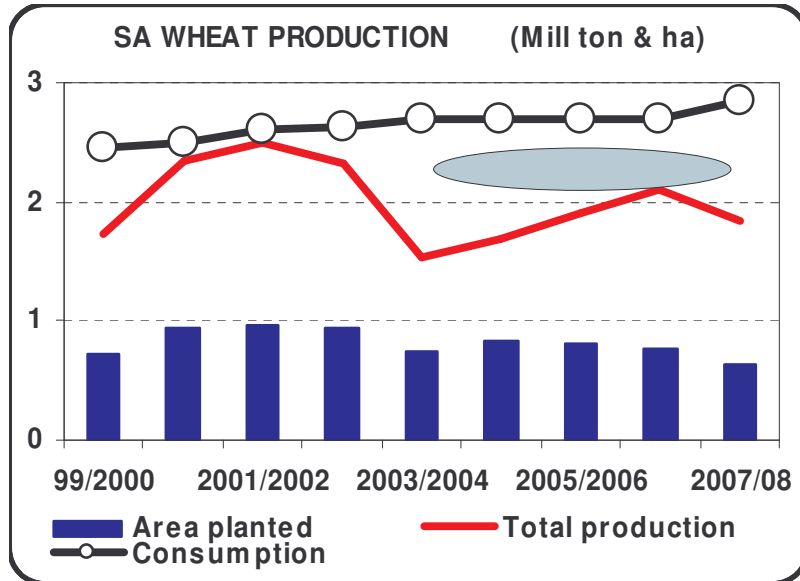


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GRAINS - WHEAT 2.3A

WHEAT



GRAINS - WHEAT 2.3C

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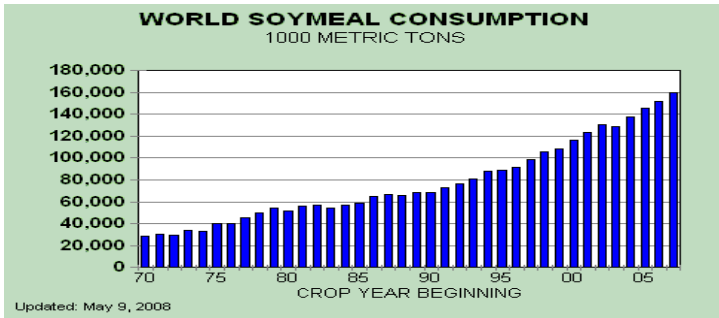
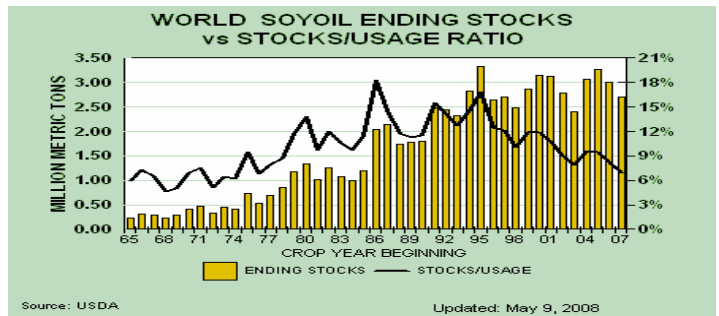
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Wheat : Supply and demand

20-May-08 000 ton	SAGIS				GSA	Own
	2003/04	2004/05	2005/06	2006/07	2007/08	2007/08
Carry-over (1 Oct)	897	598	574	582	380	380
Plus						
: Commercial production	1512	1659	1893	2048	1844	1812
: Imports *	1042	1227	1055	778	1500	1450
TOTAL SUPPLY	3451	3484	3522	3408	3724	3642
Minus						
: Commercial use	2652	2734	2781	2818	2865	2850
: Other / retentions / feed	43	19	48	0	45	85
: Exports	158	158	111	211	192	150
: Ending stocks	598	573	582	379	622	557
WORKING STOCKS NEEDED	581	599	610	618	628	625

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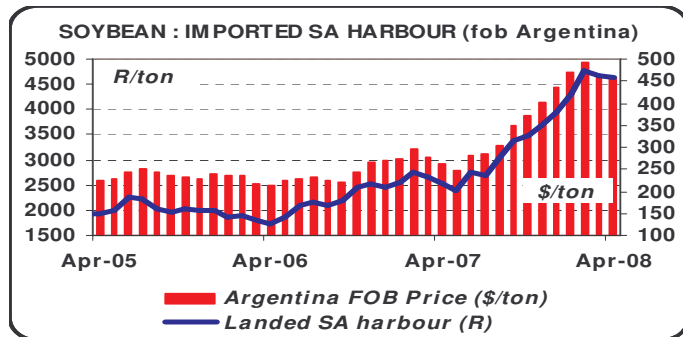
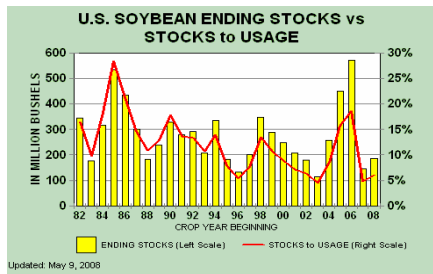
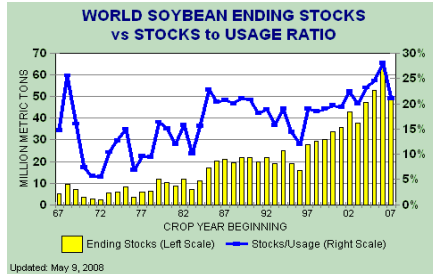
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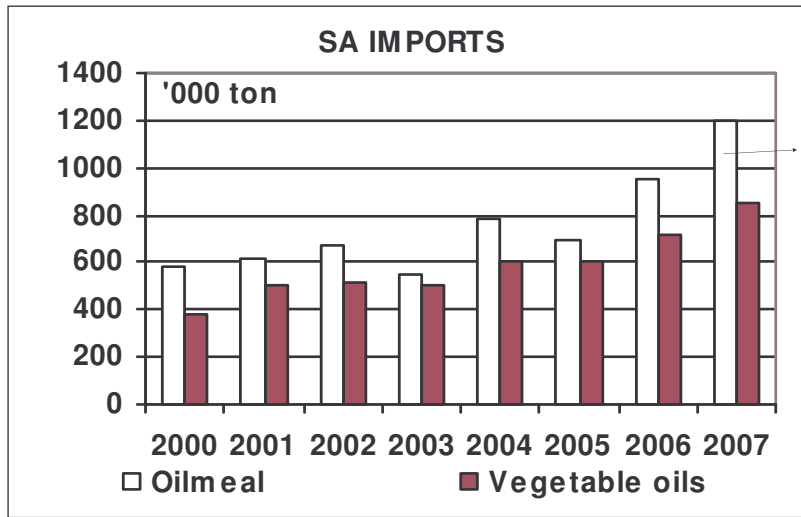
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SOYBEANS



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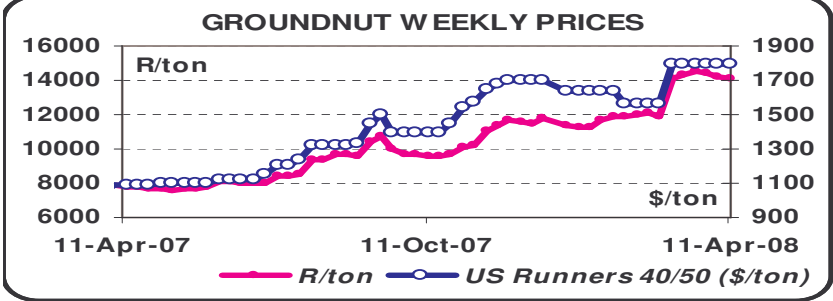
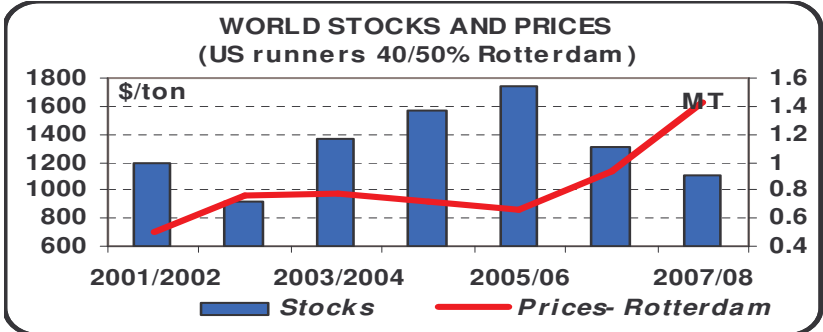
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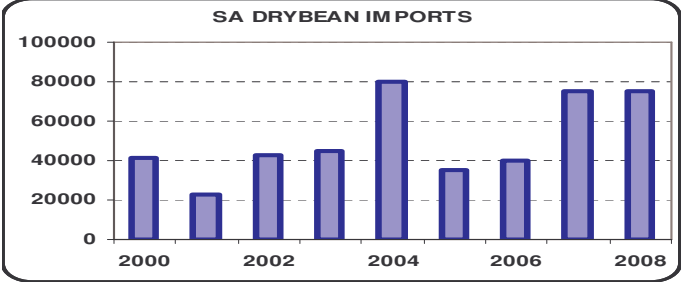
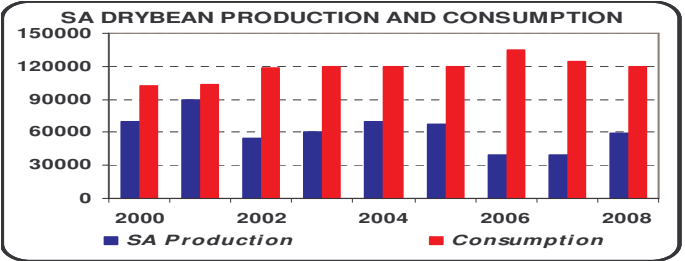
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SA importer of dry beans



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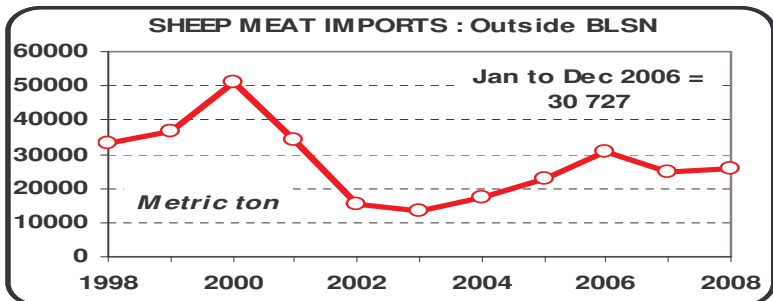
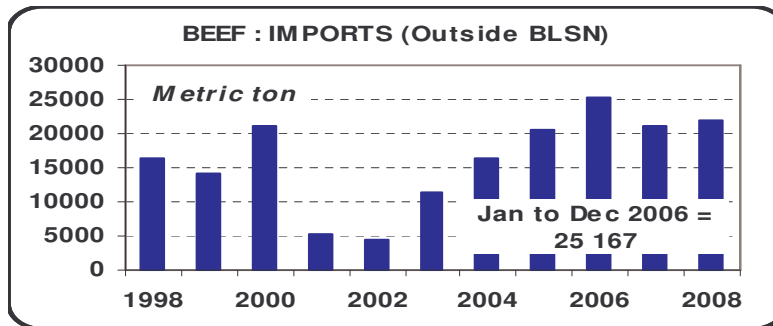
Grain & oilseeds Feed costs?

- International stocks/usage remain low/lower (lowest since 1970's)
- Price remain on record levels –further increases possible-government intervention?
- Import replacement and local production & economic multipliers in SA and region (opportunities ?)
- However –financing requirements escalating (opportunities?)
- How to compete and support farmers successfully?
- Government-enabling policy environment?
- New thinking needed-how to utilize opportunities...
Do not wait for government policy etc.....

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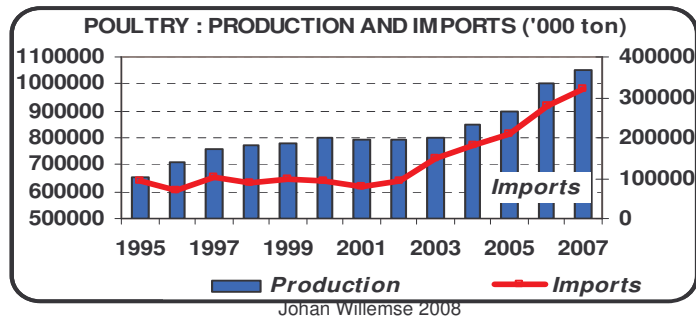
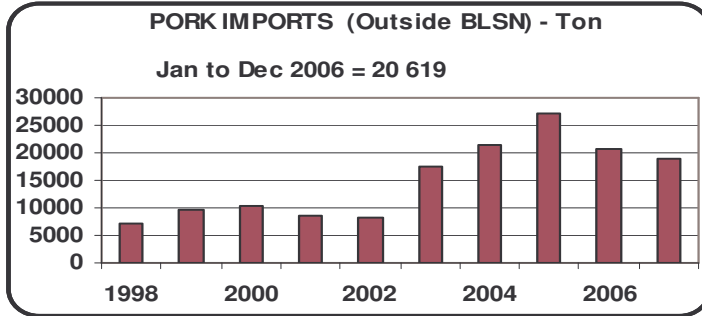
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SA importer of red meat



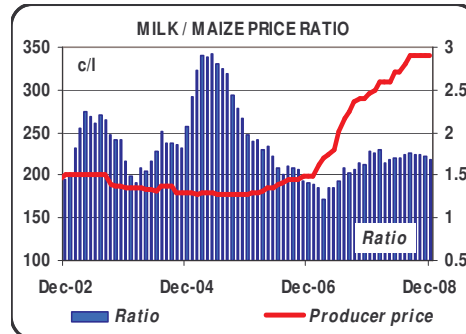
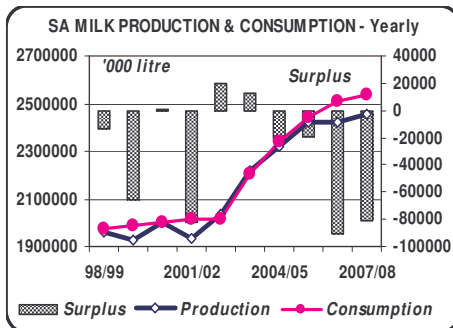
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SA importer of pork and chicken



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SA milk production remain in shortages-
with prices increasing, but farmer retail
spread growing

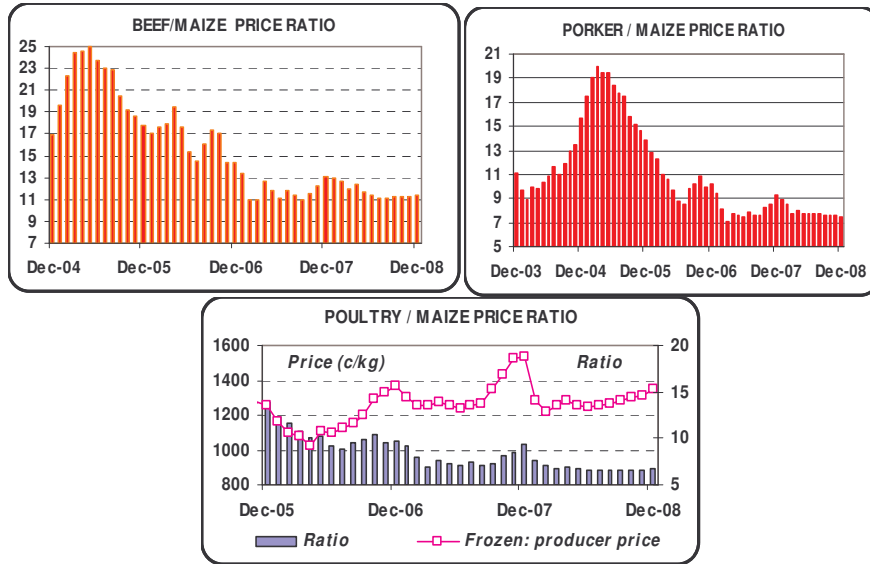


Source:MPO,2008 and own statistics

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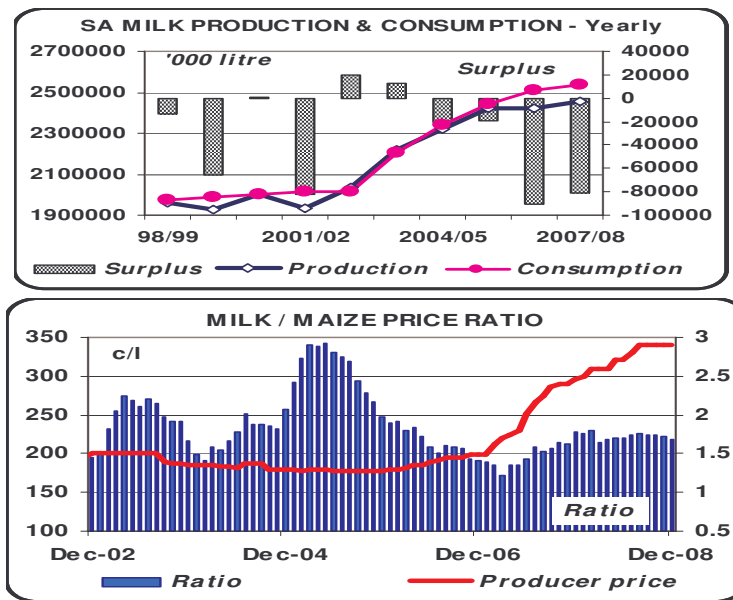
**Feed margins under severe pressure-new thinking?
New technologies?
Opportunities?**



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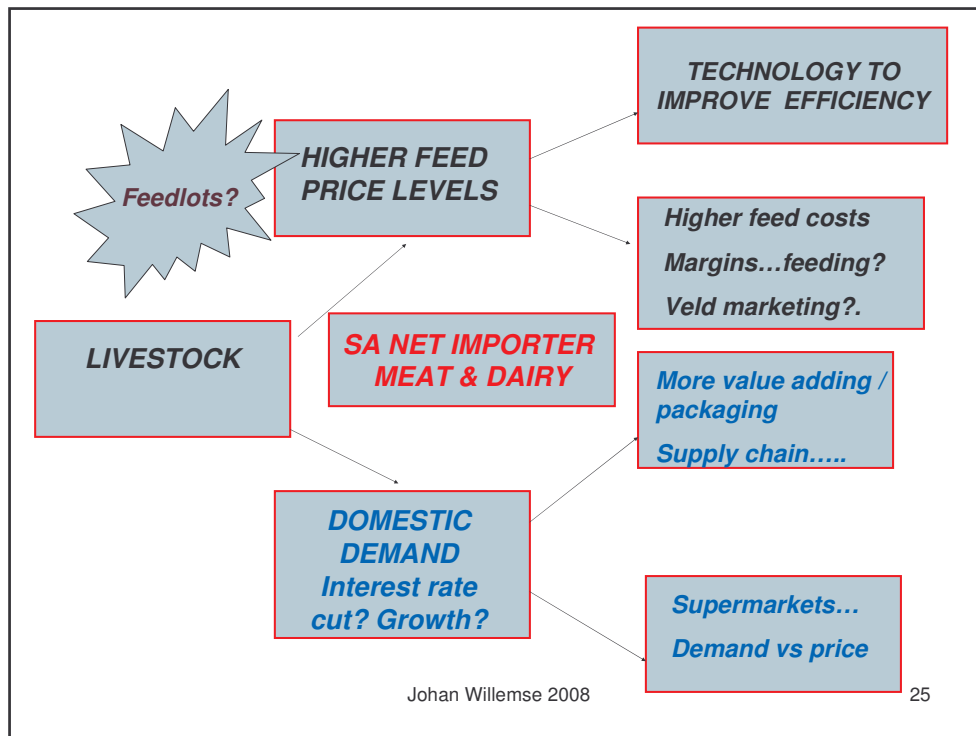
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**Domestic milk shortages continue-with feed costs reducing margins
Opportunities for new thinking/technologies**



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Conclusion - the way forward

Policy incentives / actions to focus on:

The current reality is that a **major repositioning** of agriculture is necessary to keep agriculture/rural **economy viable**, to support land reform/establish new farmers, to create employment and to support ASGISA

- Focus on actions to **reduce current cost structures** in the rural economy – new thinking & technologies
- Focus on the **supply chain** - to reduce costs and increase efficiencies and **accessibility**.
- **Financing** requirements for the expected changes and repositioning
- Increased effort to improve **appropriate research & development** infrastructure and output
- Do not wait for government policies-create your own opportunities