

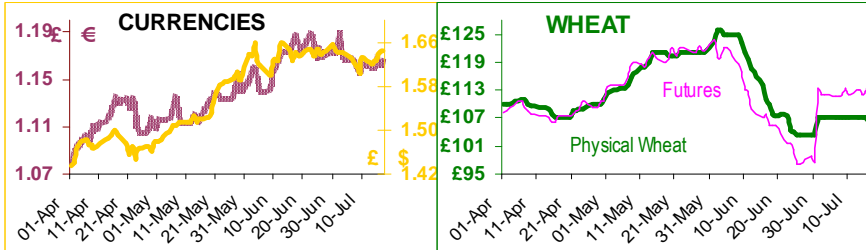


HUMPHREY FEEDS



BY APPOINTMENT TO
HER MAJESTY THE QUEEN
MANUFACTURERS AND SUPPLIERS OF POULTRY FEEDS
HUMPHREY FEEDS LTD
WINCHESTER

WEEKLY COMMODITY REPORT W/E 17-7-9



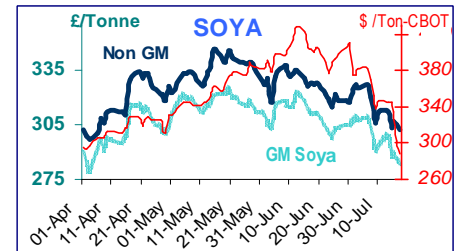
I am a grain of wheat. I might get out of bed today, but then again I might not. I have felt like this for about three weeks. I've been dumped. No-body loves me anymore. Boo-Hoo! Translation: In the first week of June, Nov wheat was £134, it fell to £112 and has more-or-less stayed there since for the past three



weeks. There has been very little physical trade, as the feedmillers have already covered July and first half of August, and there are virtually no spot sellers anyway. Barley looks like it is also being dumped with prices £11 cheaper than wheat. It therefore seems fairly unlikely that wheat prices will change between now and harvest, but who knows? It is too soon to make any competent judgement concerning the EU crop, but outside the EU, Russia has harvested 11mt of its expected 85mt of grain, with an average 3.27t/ha. Ukraine has harvested 10mt of its expected 33mt of grain, with an average of 2.6t/ha. The Indian monsoons are not as wet as normal, which is giving rise to fears of a poor harvest.

The USDA forecast the largest soybean crop in history (3.26bn bushels) and the second largest maize crop (12.29bn bushels). Do we believe them?

(no, not really!) That is the question! But there is still a long way to go until harvest in September and October, especially with El Nino on the horizon. If the crops are so large that they pressurise \$3.50/bushel and \$9/bushel for maize and soya respectively, then farmers will not be happy; Brazilian farmers even less so. The massive liquidation of the funds from the CBOT



old crop soya July contracts resulted in a sharp fall in prices over the past 10 days. Then rumours circulated that China will sell 0.5mt of soyabeans, 2mt of maize, 0.75mt of wheat and 0.7mt of rice from its reserves next week, which resulted in a further fall. But why would they want to sell? Their recent strategy has been to build up a reserve, so could it be that they are trying to force the market lower, before buying again? The market is still ignoring the tight supply situation for now, as it concentrates on the perfect US harvest weather which has added to the bearish sentiment. The CFTC is still making threatening noises to curb fund speculation, but so far it is all *mouth and no action*. There are rumours that the Argentinean House of Representatives will meet next month to lower the 35% tax on soyabean exports that caused the strikes in 2008 and in 2009 and forced farmers to sit on their hands. Non GM hipro soya is about £300 ex port.

The Redneck Games took place last weekend in Georgia: a gathering of beer, barbeque and 4x4s with rather silly over-sized wheels. The Games are a non-PC spoof of the 1966 Olympic Games that were held in Atlanta. The events include bug zapping by spitball, seed spitting, dumpster diving, hubcap hurling, an armpit serenade and pigs trotter bobbing. The Armpit Serenade contestants are judged on their ability to replicate the sound of breaking wind. The finale is the mud pit belly flop, where contestants have to be fully clothed and perform a full frontal belly flop into a huge mud bath. Points are awarded according to the beauty of the flop and splash. www.wqzy.com



Earthquakes: A small tremor 3.2 (Richter scale) hit Los Angeles Airport late last week. On Tuesday a 7.8 quake hit New Zealand. Four aftershocks of up to 5.6 occurred on Thursday. On the same Tuesday a 6.3 quake and three aftershocks hit Taiwan. Earthquakes going West to East? I think I will just stay at home.

Regards

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