

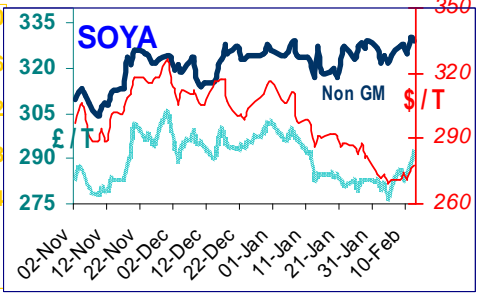
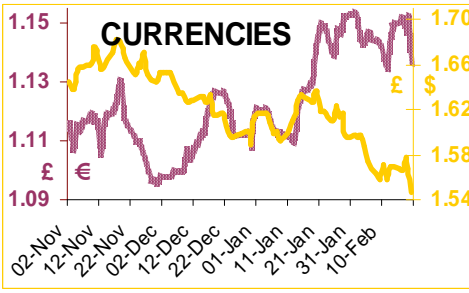


HUMPHREY FEEDS

WEEKLY COMMODITY REPORT W/E 19-2-10



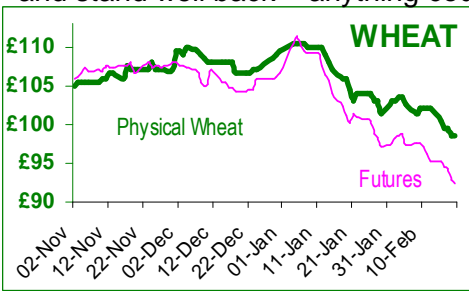
BY APPOINTMENT TO
HER MAJESTY THE QUEEN
MANUFACTURERS AND SUPPLIERS OF POULTRY FEEDS
HUMPHREY FEEDS LTD
WINCHESTER



The start of the week was slow: the Presidents holiday in the US; the Carnival in Brazil; Chinese New Year, and UK half-term. Many traders are on holiday this week. In Argentina, [President] Christina publicly blamed the farmers for the 140% increase in beef prices, saying that farmers were

profiteering by withholding beef from the markets. The public are angry because beef is part of their staple diet. Farmers immediately responded, saying that government policies and the recent drought were the main causes of the beef price hike. Action followed with a convoy of 600 tractors and the announcement of a blockade of Buenos Aires port (Quequen) on the 26th February. Just at a time when a huge fleet of empty vessels is heading towards Brazilian ports to load-up with newly-harvested soya beans. The ports of Paranagua and Santos are expected to handle about 2.5mt in the next four weeks, and March is expected to be a bottleneck, and if the blockades continue or if it rains, the congestion will get worse. It's difficult to assign cause and effect, but soya futures hit a 4-week high. Non-GM is offered by just one supplier for March at £325 ex port, the other suppliers remain withdrawn.

Christina is in a difficult place, and floundering. Her husband, the ex-president, is accused of insider trading; power cuts are the norm; Argentina is in huge financial difficulty; she tried to super-tax agricultural exports to the point where farmers lost interest in farming. Now oil has been found in the Falkland Islands (a field as big as the North Sea – 60mb), and a Scottish oil rig is due to arrive on site this week. Light the blue touch paper and stand well back – anything could happen. Remember the Malvinas and the 1982 Falklands war?



The trend in wheat prices continued to weaken mainly as the £ strengthened against the €, making exports less competitive. US wheat futures rallied to a 4-week high, only because commodities seemed to be the 'in thing' for a moment. The UK and EU have a large surplus of wheat, so prices are not expected to rally. Spot prices are about £98 delivered to the mill. The EU wheat crop has been revised upwards by 5mt to 135mt, and this year's harvest is estimated to be very similar. A Distillers' Dried Grain (DDG) futures contract will be launched at the end of April, aimed for the benefit of biofuel plants, and feedmills.

Sterling fell on Friday to a 9 month low against the \$, following the poor retail figures, which has prompted traders to sell sterling, causing a bit of a run, but for how much longer? Against the Euro Sterling is also slipping.

The annual Carnival of Brazil, occurs just before Lent (fourty days before Easter). A plausible origin of the word 'carnival' is a derivation from the Latin carne vale, literally 'goodbye to meat' as Lent is traditionally a period of fasting (from meat and poultry). The origin of the carnival was probably a pagan celebration of Spring, but is now a vibrant 'let it all hang out' party to gladden the heart prior to forty days of Lenten austerity. What with the Winter Olympics, the recent cold, and the general gloom & doom, we thought we would remind everyone what uninhibited joy looks and feels like!



Regards
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