

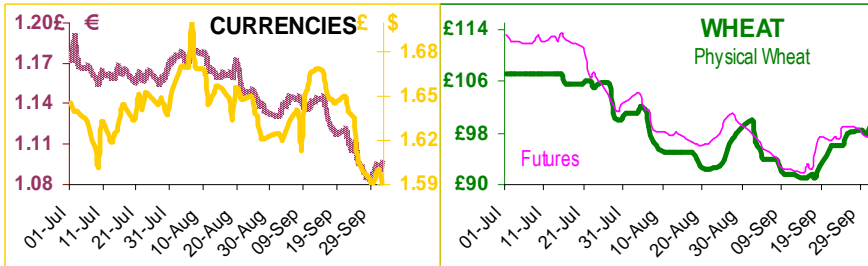


HUMPHREY FEEDS

WEEKLY COMMODITY REPORT W/E 2-10-9



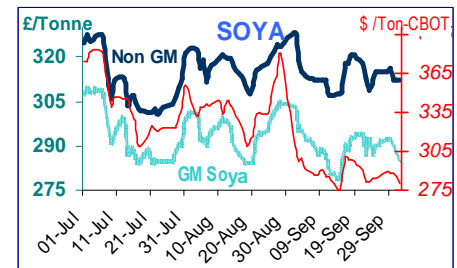
BY APPOINTMENT TO
HER MAJESTY THE QUEEN
MANUFACTURERS AND SUPPLIERS OF POULTRY FEEDS
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In the wheat market there are few buyers, and fewer sellers. The indications are that the feed and flour trade are manufacturing from already-bought positions, probably at much higher values than spot. One commentator estimates at £35/ton above current prices. November futures wheat price is now about £98-99/tonne. Most of the Liffe market activity has apparently been the

trade, disposing of their November positions. Last year much of the trade waited until November, causing wheat prices to shoot upwards by £30/tonne. So this year, the trade are pre-empting a forced-buy position. Black sea wheat prices and currency are still the main physical drivers. Openfield estimate a 14.3mt wheat crop, which would make the exportable surplus about 1.5 to 2mt – depending on when the biofuel plants actually start. On Wednesday the trade were expecting the USDA to announce its soyabean ending stocks of Sep 1st to be 111mb, with estimates ranging from 90-135mb. In the event the USDA announced 138mb. The USDA is well known for its 'creative accounting' methods, and cynics might suggest that they could teach BAE Systems a thing or two (as the USDA seems to get away with it!). A month ago, many expected the soya situation to be the tightest since 1965 with less than 2.2 weeks supply, and had estimated that the current price of soyabean meal would be in excess of \$400/ton instead of \$278 spot. With a record soya crop currently being harvested (probably 3.3bn bushels - the largest in history), the only fear is that its delayed maturity may make it vulnerable to future frost damage.

In terms of soya trade, in the last 4 weeks of the crop marketing year, the US has already committed to export 740mb. China has already booked about 11.7mt of US beans for 2009-10 delivery, up 220% on the year. Due the impending huge crop, US trend-following funds are for the first time since earlier this year, net short of soyabeans (about 850 contracts). In South America, has 'Peace' been declared in Argentina? Allegedly the government has agreed to lift export taxes on soya and replace them with land taxes, much to the relief of farmers, farmer unions and the ports. However there are few sellers, premiums are high and supplies are tight, so China is sourcing most of its beans from the US. In Brazil, its soya planting time in Matto Grosso, Goias and Parana, and about 1.5mt of early maturing beans will be harvested in the second week of January. To date, 26.7mt of beans (21mt last year), and 8.7mt of meal (8.4mt last year) have been exported. The EU's zero GM tolerance issue on imported soya has still to be resolved, and hopes are now being pinned on a resolution in October. Given that shippers will need at least 6 weeks to bring new supplies from the US; a fresh impetus of supplies of soya will not be seen until December at the earliest.



The 2009 Ig Nobel Prizes, hosted by Annals of Improbable Research, were announced this week at Harvard - an annual spoof for research that 'cannot or should not be reproduced'. One of this year's winners; Dr. Elena Bodnar, winner of the Ig Nobel Public Health Prize, displays a bra (left) she designed that converts into a pair of gas masks – because you never know when you will need a gas mask! One of last year's winner's was gynaecology professor Deborah Anderson (right), for her infamous study into the use of Coca-Cola as a form of birth control, proving that Coke is a spermicide, and that Diet works better than Classic.



She told an assembly of the world's top scientists that she would not recommend using Diet Coke for birth control - even if there is a small bit of truth to it.

Regards

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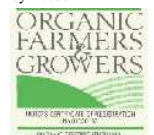
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