

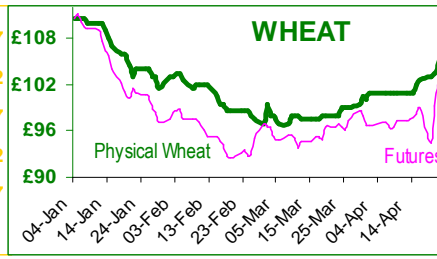
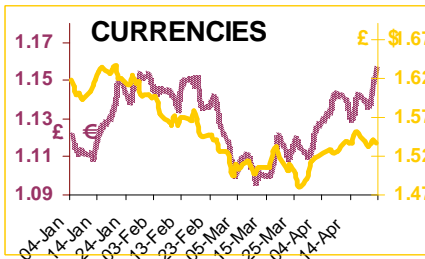


HUMPHREY FEEDS

WEEKLY COMMODITY REPORT W/E 23-4-10



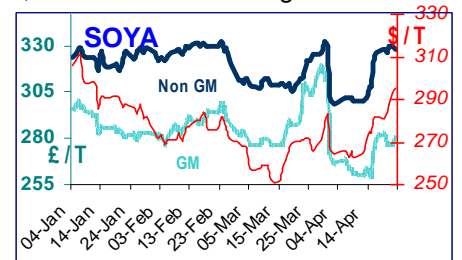
BY APPOINTMENT TO
HER MAJESTY THE QUEEN
MANUFACTURERS AND SUPPLIERS OF POULTRY FEEDS
HUMPHREY FEEDS LTD
WINCHESTER



Stratégie Grains forecasts 2010 grain production in the EU-27 to be 291mt (292 last year). EU wheat production (excluding durum) is expected to be 134mt (130 last year), and UK wheat is expected to be 16.1mt (16mt last year). The IGC expects global wheat production at 658mt to exceed demand at 654mt, leaving a 4mt surplus to add to 200mt of global stocks. So

fundamentally there is no shortage of wheat. But wheat prices have risen steadily since 1st April – allegedly because UK and EU farmers are unwilling to sell. It seems more likely that the trade and farmers have got fed up with low prices, and have collectively withdrawn from the market at a time when the export trade are trying to fill boats, to force prices up. (Note that of the last two sentences, the latter has spin). But to be fair, many arable farmers have been doing fieldwork. The tight spot market means that UK wheat prices have jumped £6/t this week [£108 delivered to the mill] and we are now £11 cheaper than the French compared with £14/t on Monday. The trade that were shorting the futures markets have been forced to buy back this week. UK exporters have been trying to buy wheat for about two weeks, but have now been forced to offer higher prices this week. The Near East and Africa are in buying mode, and are trying to source from the EU, Kazakhstan, Russia and the Ukraine – supporting prices in these locations. The duration of the current rally depends on how long farmers (and the trade) restrict supplies; but the medium-term outlook is still bearish. US wheat prices have been rising at a similar rate, to a similar timetable, but with attitude; the long-term Index funds are record long, and short-term hedge funds are record short – a dangerous market. Both US maize and wheat plantings are about 20% complete which are ahead of normal schedules.

There is strong demand for soya worldwide, mostly because everyone was running a short book with such a huge global crop, but now everyone *has* to buy. The US estimate a 91mt crop this year, Brazil 67.5mt and Argentina 54mt. So why are prices still so high? Four reasons: South American logistics are causing supply issues, high global demand, the bl**dy funds and currency. The European tight supply situation is now expected to drag on until July, aka prices will stay high until then. But every delay in South American shipping means more pressure on dwindling EU stocks, and longer delays until lower prices can be achieved. The Chinese are still buying, despite 500,000t of old US crop yet to be shipped, which means that US old crop soya stocks are tight, so CBOT July soya futures hit a three month high this week.



Peruvian fishing quotas have been announced at 2.5mt (3.5mt last year), much reduced because El Nino has forced the plankton and the feeding fish into deeper waters. The start of the quota has also been delayed for 6 weeks, so that fishmeal prices are likely to stay firm for the foreseeable future. Fishmeal prices are £1400/t which are at near record high levels.



In 1939, the Air Transport Auxiliary (ATA) was formed as a civilian organisation to ferry 130 different types of new, repaired and damaged military aircraft around the UK. Of the 1330 pilots, 166 were women – the atagirls - most of whom were of aristocratic stock and wealthy in their own right, having already learned to fly. Typically, training was given on four aircraft and pilots had to read the Ferry Pilots Notes before setting out in an unfamiliar plane. The atagirls tended to attract attention when delivering planes to combat stations, and male pilots would line up to criticise the execution of the landing, betting on whether it was a male or female pilot. On one occasion a petite atagirl from the Biagi jewellery family

delivered a Lancaster bomber in style – having flown solo – dismantled the ladder famously wearing only a bikini!
Photo: Atagirl Diana Barnato climbing into the cockpit of a Spitfire.

Regards

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