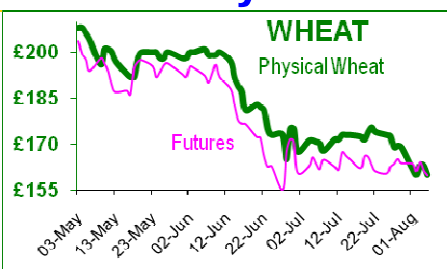
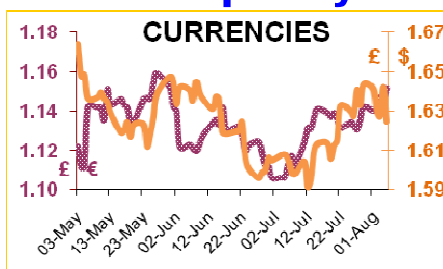


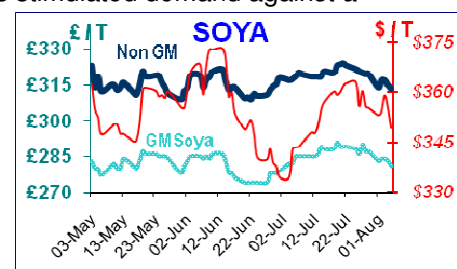
Humphrey Feeds Weekly Commodity Report w/e 5-8-11



The UK wheat harvest has already started for the early birds – thanks to a sunny weekend. Spot wheat prices on 1st August were £168, the highest price paid for wheat at this date (Aug 1st) in recent years: Wheat prices post-Aug 7th fall to £161, almost the same price as UK November futures. US

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|------|----------|
| 2006 | £ 81.50 |
| 2007 | £129.50, |
| 2008 | £130.00, |
| 2009 | £103.50, |
| 2010 | £151.00. |

maize prices went limit up on Tuesday following a report that yields were down because of the high temperatures, but over the week these gains were lost. Chinese maize prices have hit new highs (20% up year-on-year); the reason is probably that the government incentive to raise pig production has stimulated demand against a background of low stocks. China had bought 0.55mt of old crop US soya, but has rolled it forward so they will take delivery of new crop; they still have almost 2mt of old crop on the books. UK soya bean meal is about £280 delivered to the mill, and about another £35 for non-GM. Brazil is the main source of non-GM soya, but for 2011-12, some 83% of the planted crop will be GM (up 13% since last year). GM maize is also growing its foothold, from 50% for the summer crop to 80% this winter. The US wheat harvest is about 85% complete, with US exporters crying into their (watery) beer as the Russians mop up all the MENA tenders; soon the US will have a lot of wheat with all their export customers sated. UK and French wheat exporters will be in a similar position shortly. Ukrainian exports of grain in June were about 1.8mt, but then fell abruptly to 0.33mt in July as the Russian campaign started. Russia exported about 1.6mt of wheat in July and 2.8mt in August, and they expect to export up to 16mt this year. Even at this rate of exports, Russian prices are weakening as old crop stocks get in the way of harvest, and rumours are circulating that the government may have to increase its intervention stocks to support the market. The Russians are selling milling wheat at £8/t lower than UK feed wheat. The Ukraine are allegedly a couple of £s cheaper still!



After the weekend announcement that Obama had won his budget battle, share prices lifted across the world, and gold prices fell – a classic indicator that the world was feeling ‘happier’ or less stressed. Or as the City would view it – a ‘dead cat bounce’. However, there is still some doubt as to whether the US will retain its AAA credit status, as the political machinations forcing a last-minute agreement could be described as less-than-adult. The Chinese who hold \$billions of US debt, called the US ‘financially irresponsible’. If the new deficit reduction programme satisfies the credit agencies, it may yet be too severe and tip the US into recession. The AAA club is a select membership which includes: Switzerland, Sweden, UK, US, Canada, Australia, France, Germany, Denmark, Norway and the Netherlands. So in terms of realistic currencies to use as safe havens – the Swiss Franc, Commonwealth \$ and Sterling are arguably the only non-US choices, as the Euro is not currently a ‘safe pair of hands’; which is why the \$ fell to an all-time low against the Swiss Franc and gold hit a record high (\$1,630/oz) last Friday. Since then, we have had a serial stock exchange crash, as sentiment changed from happy to dismal; consequently all markets, including commodities, are sensitive and fragile. TGIF!

A Spanish company has formally requested permission to market a novel food ingredient – derived from the combs of cockerels. Bioiberica states that cockerel combs have been used as an ingredient in EU cooking! Apparently Piemonte in Italy has a traditional stew called Ricetta Finanziaria (Bankers frock) dating from 1450, which is based on rooster combs, wattles and testicles. The combs are a rich source of sodium hyaluronate (Glucuronic acid), which Bioiberica want to add to milk drinks and fromage frais, which will allegedly help lubricate and cushion joints in consumers...



Regards
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