

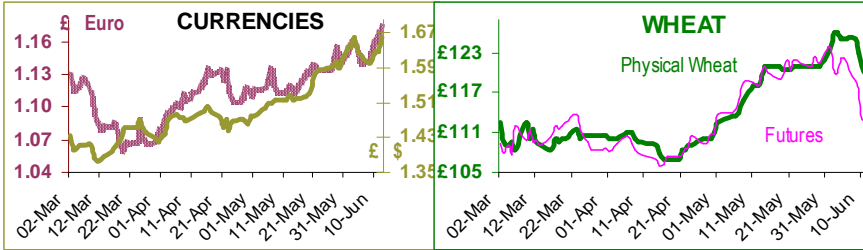


HUMPHREY FEEDS



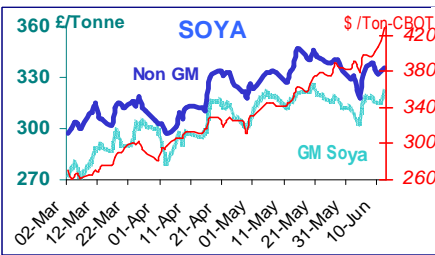
BY APPOINTMENT TO
HER MAJESTY THE QUEEN
MANUFACTURERS AND SUPPLIERS OF POULTRY FEEDS
HUMPHREY FEEDS LTD
WINCHESTER

WEEKLY COMMODITY REPORT W/E 12-6-9



Wheat has trended down in the past two weeks in all markets, the Liffe for Nov has fallen from £134.50 to £118.00 in 10 days! On Tuesday and Thursday, UK wheat went down, whilst the US and French wheat went up! It seems that a very large player in the UK market has sold over 2000 contracts (200,000 tonne this week), which

is having a disproportionate effect in such a small market. There is also dissension in the ranks. No, not politics –wheat! The USDA, HGCA the IGC and various other Initials are predicting a big globl wheat crop – about 652mt (687mt last year). The IGC says the bumper harvest in 2008/09 has helped to replenish global grain stocks, but next year (2009/10) world demand will again exceed supply by 15mt. Openfield take a much bleaker view, quoting credit crunched Eastern Europe where they did not have enough money to plant as big a crop as normal, Russian frosts, South American and Antipodean droughts. They also suggest the European harvest will be lower than last year, citing that the Spanish harvest is awful (harvesting this month). Russia has put 9.6mt of grain into its own intervention store, and expects to produce 90-100mt of grain this year (2009) and to have exported 22mt (2008). We do not think that anyone has a handle on the situation next year – only that it is dangerous to have no cover and dangerous to have too much!



Soya is still bullish and hit an 11-month high this week. The underlying move is mainly due to the funds. Morgan Stanley said last week: 'In the fog of market uncertainty, commodities seem to offer the only safe harbour'. They explained that the weakening \$ and growing concerns about inflation would continue to encourage investors to buy commodities. So oil hit \$73/b an 8-month high this week. Pension funds are starting to get interested in agriculturals, so yet more new money may be coming in. Déjà vu? In \$ terms, soya keeps going up, meal broke through the psychological

\$400/short ton barrier this week (roughly £275/tonne - GM), and hit \$428 on Thursday night (\$176 up since early March and the all-time high was \$448 on 11 July 08). Beans are about \$12.8/b and have been trending up in a straight line since the start of May at a rate of about \$50 per month, but mitigated here by currency. On top of this is a short layer of choppiness driven by currency and 'events': Gordon Brown's night of the long (rubber) knives, S&P's downgrading of Ireland's financial status to AA, the Euroelections, all had a part to play. Chinese soya crushers were making good profits until their government bought half their annual domestic soya production for emergency storage; to stay in business they imported US soya at much higher prices, but then domestic demand for soya also weakened and soya bean meal stocks are building up. The recent increase in CBOT soya prices means that the crushers are now reluctant importers and have allegedly cancelled (sold back at a profit) just over 100,000 tons of US imports. Is this evidence of price rationing? Yes. Are the funds interested? No. So the price went up. We do not do politics ... but are we the only ones to notice the striking resemblances between Hazel Blears and Dolores Umbridge? Hazel was Secretary of State for Communities and Local Government, before resigning from the Cabinet. Dolores was Under-Secretary to the Minister for Magic, before 'resigning' from Hogwarts. Which reminds me, which party did you vote for? Gryffindor, Hufflepuff, Ravenclaw or Slytherin?



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