

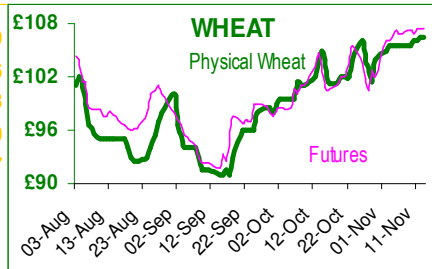
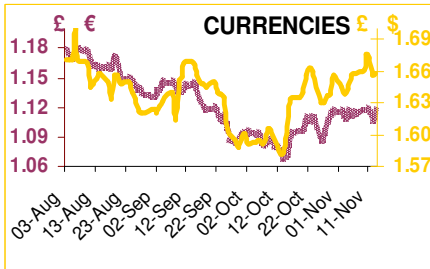


HUMPHREY FEEDS

WEEKLY COMMODITY REPORT W/E 13-11-9

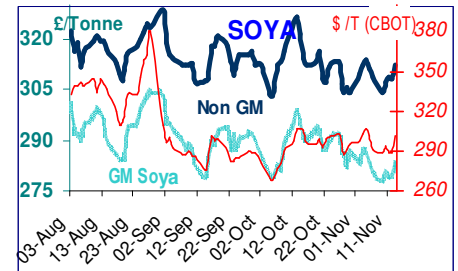


BY APPOINTMENT TO
HER MAJESTY THE QUEEN
MANUFACTURERS AND SUPPLIERS OF POULTRY FEEDS
HUMPHREY FEEDS LTD
WINCHESTER



This week the USDA estimated 2009/10 world wheat production at 671.9mt (682.8mt last year) based on Russia 60mt, Kazakhstan 17mt, Ukraine 20.5mt, EU-27 138mt, Canada 24mt, USA 60mt, Australia 23mt, Argentina 8mt and Brazil 4.5mt. Ending stocks are guessed at 188mt. In terms of wheat in the UK and

EU, farmers are not selling in any quantity, and feed compounders are chewing through their forward cover, so are reluctant buyers. March 2010 wheat traded at £109.50 midday today, which would put spot wheat at about £104 delivered to the mill. Global 2009/10 soya bean production is estimated at 250mt, with the USA producing 90mt, Brazil 63mt, Argentina 53mt. These are record crops for all three countries; but the trade are a little dubious – particularly with the Argentine data. The major soya growing areas of Argentina are currently suffering from a drought, and plantings are delayed because of a lack of moisture; however rain is forecast for next week. In the reverse scenario, soya plantings in Brazil are being delayed by rain. The US soya harvest is still ongoing, very slowly due to rain, but is estimated to be complete by the end of next week. The Deutsche Bank expects yield problems to be ‘discovered’ in US maize and soya, when the harvest is ready to be counted, and is generally bullish. The funds have been speculating in commodities as the \$ has weakened, supporting both soya and maize prices, and just before the USDA announcement, some funds bought back their sold positions to reduce their risk. The funds are believed to be net long of 30,000 contracts. There are concerns that there are hot spots of vomitoxin (DON) contamination in US maize this year, and if used to make bioethanol, the process concentrates this mycotoxin into the Dried Distillers Grains (DDGs) which are then fed to livestock. If there is a DON problem then DDGs sales could plummet and therefore increase the demand for soya. Ex-port GM-free hipro soya is about £300/ton.



This week has seen a number of trade events including: the Agricultural Industries Confederation (AIC) conference, the Society of Feed Technologists, and the Bristol Corn and Feed Trade Association dinner. In the main, all the delegates to the various events were looking to the future. Trade is very much more difficult than it was; we have two major bioethanol plants coming on-stream in the next 12 months, the stock exchanges of London Paris and Chicago are intertwined; the funds are a major pain and inflate the costs of our raw materials, and currency is an absolute wild card. But if the populist theory of global warming turns out to be true, then there is a new dimension, and Professor Crute (Chief Scientist of the Agriculture and Horticulture Development Board) believes that there only five places on Earth where we will have the right combinations of water availability, temperature and latitude to grow food crops: Eastern USA, the Amazon, the Congo, the Far East and Europe. On yet another front, there are a whole host of new regulations in the pipeline and it looks as if feed compounders will need much bigger labels to declare another 30 ingredients (all the trace minerals and vitamins). Overall, bearing in mind the average age of the supply trade – many silver-backed delegates were so overwhelmed by all the changes that they were looking forward to their retirement!

Cornish twins? Two ducklings hatch from the same egg.

<http://news.bbc.co.uk/1/hi/england/cornwall/8323061.stm>



Regards

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