

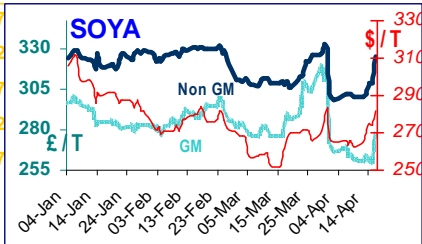
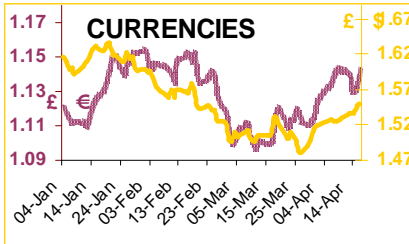


HUMPHREY FEEDS

WEEKLY COMMODITY REPORT W/E 16-4-10



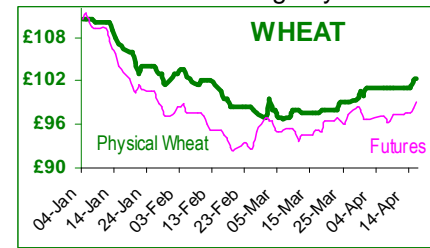
BY APPOINTMENT TO
HER MAJESTY THE QUEEN
MANUFACTURERS AND SUPPLIERS OF POULTRY FEEDS
HUMPHREY FEEDS LTD
WINCHESTER



Soya has been the main focus of buyers in the past few weeks. There have been huge delays in loading ships in South America. Typically ships are being held in queues for 24-28 days before being loaded. This is partly due to the reluctance of Brazilian farmers to sell, crushers unwilling to raise prices, and demand (numbers of ships) from the rest of the world. The striking stevedores in Argentina

negotiated a pay rise, and are now back at work; but ships are queued for 8-12 days at river terminals. The logistical problems have been huge, and made much worse by the NonGM situation. When one UK soya supplier failed to meet their obligations [sorry run out of stock mate!] buyers had to buy emergency supplies from elsewhere; consequently most feed compounders have more soya bought than they can use. Not only that, but spot NonGM hipro is probably £345/tonne, late April is £330, early May is £318, late May is £300, June is 280, and July £270. No-one wants to be long with a £75/tonne price inverse. Logistically, the supply situation is the worst that anyone can remember, and not only may things get worse, but the consequences will take months to unravel. Economically, the massive South American soya crop should force prices lower, possibly more than the current £75 inverse; but can their infrastructure cope with such a big harvest [no!]. The Argentinean soya crop is estimated to be 51-55mt this year (32mt last year); the Brazilian crop is expected to hit 67mt (57mt last year). The minor producers, Bolivia and Paraguay are expected to have better yields this year, reducing local demand. The zero tolerance situation is about to get a lot worse. There are allegedly 12 new GM soya's in the pipeline and 60 new varieties of GM maize.

EU wheat prices were driven slightly higher this week due to short covering, reduced freely-available stocks as farmers are still reluctant sellers. Wheat is now £102/tonne. CBOT wheat hit a three-week high on similar short covering. In the UK the response was similar as shippers try to fill boats. It is thought that this minor rally will be short-lived as the world is still knee-deep in wheat. Strategie Grains believes EU ending stocks will be 14.6mt on 30th June, and that farmers may be in a forced-sale position to clear the barn for new crop.

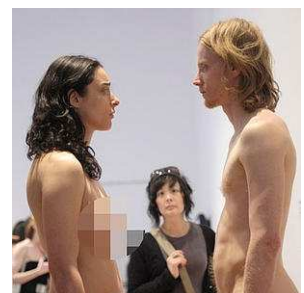


Apparently there have been accusations in the French press that the demand for palm oil is leading to deforestation, and to defuse the media attention, Carrefour has replaced palm oil with soya and sunflower oil in 200 products. This story still has legs, so rape and sunflower oil could rise. Crude oil prices have lifted from the \$70/b in February to the current \$86/b, which is an 18 month high and lifts the value of oilseeds. Looking to the future, Energy looks as if it might qualify as the predominant driver in commodity markets.

Apparently one of the reasons why freight has been going up – apart from the de-stocking activity by shipping companies – is that ships are avoiding the Suez because of the difficulties posed by Somalian pirates; consequently there are more ships going round Cape of Good Hope.

The global economy continues to recover at a snail's pace. The US continues to navel gaze on its debt mountain, real estate and health care reform. The UK public have lost confidence in its politicians and look forward to a hung parliament – in the hope of making life difficult for all the parties, and in the hope of better governance. The EU is worried about its PIGS. Only the Chinese economy has any positivity, with their oil refineries running at full tilt, and maintaining its demand for imported commodities. The Chinese-flavoured commodities: crude oil, pork, copper and rice have all shot up in the past couple of months.

Visitors to New York's Museum of Modern Art new live art exhibit have been getting a little too touchy-feely with the show's naked performers. The exhibit features 38 performers in rotating shifts of eight, facing each other at a doorway or lying under a skeletonne or posing in other pieces, mostly in the nude. Without giving specifics, the MoMA confirmed that some visitors had been stroking the live art.



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