

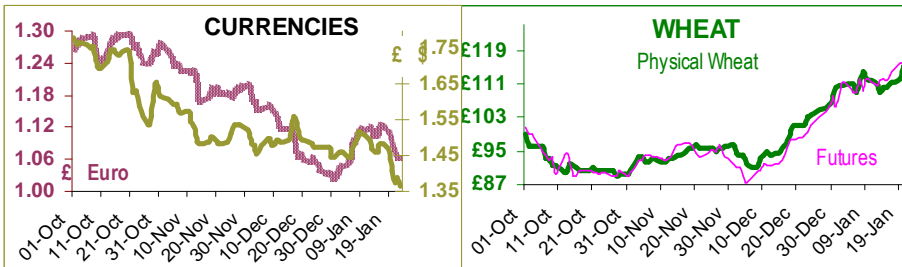


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## WEEKLY COMMODITY REPORT W/E 23-1-9

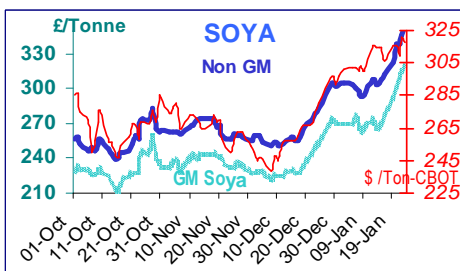


Fears of a drought in Argentina and continued buying by the Chinese have supported soya prices this week. So far, the Chinese have bought 13.4mt tonnes of US soya this season (11.5mt in all of 2007-8). China appears to be building up a strategic reserve, and is buying more

from the US than Argentina. So Argentina's soya stocks are still high, from not having sold last years stocks, and their harvest is due in May. Estimates of the Brazilian soya harvest have been downgraded by various trade gurus to 48-55mt (60mt last year). Argentina's soya harvest has been lowered by 2.5mt to 47mt (46.5mt last year); and their maize harvest by 1mt to 15mt (21mt last year).

On Monday, the shock announcement that the Royal-BS lost £20bn (£49bn if you include the ABN Amro write-downs) pressurised sterling, so the £ dipped below the 2001 level at \$1.386. Together with the sheer size of the national debt makes the UK an unfriendly place to invest. There is talk of nationalising Lloyds & Royal-BS banks. Crude oil is trading at \$36/b. Investors are shunning Christies (art) and Stanley Gibbons (stamps) and investing in agricultural commodities. Want to see my collection?

Jim Rogers hit the headlines this week—a US investment guru who advised his army of followers to dump the pound [he is also pessimistic about the \$]. He said that Britain's two assets—North Sea oil was running out and London's financial centre was essentially bankrupt. Sterling fell to \$1.36—a 23 year low. Rogers – a former partner of George Soros, sold his \$16m mansion in New York in 2006 and moved to Singapore with his family – because he was convinced that the US was in decline and that Asia was in the ascendant [his daughters are being taught mandarin]. It is difficult to express how strange and prescient this would be for his fellow Americans to understand. But there is no doubting his ability to forecast the future / invest. Three weeks ago, we heard him tell the public (on Bloomberg) that it was time to invest in agricultural commodities. The markets have been strange (and too strong) ever since.



It is difficult to appreciate how much currency and South American weather (drought) affects us; on Monday morning we could buy non GM Hipro for £307 ex-port, on Thursday it was £339! The index funds are incredibly active and driving this market. Wheat is not immune, and is now £117 delivered to the mill, up £8 from Jan 5th. We have rejected more wheat this month than I can ever remember – mostly because it was brown and smelly; some wheat farmers have obviously not taken sufficient care of their wet grain, which is turning to silage!

Anyone else notice the juxtaposition of Obama promising a new era of openness and transparency to the American people, and our government who have chosen to obscure the £87.6m of expenses paid to our MPs in 2008? *Hmmm!*

Jobs worth! John Payne, a keen angler aged 73, went to a shop in Melksham to buy a fishing catapult, and was asked for ID to prove he was over 18 – *doh!*



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