

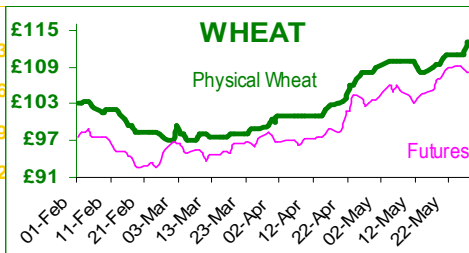
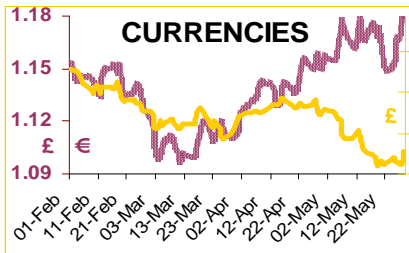


HUMPHREY FEEDS

WEEKLY COMMODITY REPORT W/E 28-5-10

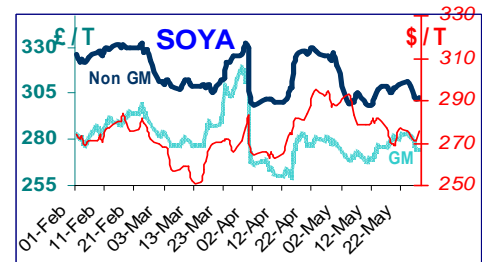


BY APPOINTMENT TO
HER MAJESTY THE QUEEN
MANUFACTURERS AND SUPPLIERS OF POULTRY FEEDS
HUMPHREY FEEDS LTD
WINCHESTER



UK wheat exports July-March inclusive were reported to be 1.7mt (2.8mt last year), which is about 80% of DEFRA's forecast of 2.2mt for the whole year. In terms of old crop, exports have supported UK wheat futures prices for old crop, as has the weak £. New crop has been supported by cold dry weather,

and now warm dry weather. It's a Bank Holiday weekend - that should sort it! UK Nov wheat futures hit a high of £111 and have fallen to about £108.50 due to recent rain and a stronger £ (vs \$ and €). The £ hit an 11-month high against the €, decreasing the competitiveness of UK wheat exports to the EU. UK farmers are reluctant sellers. In the EU even though the € has strengthened against the \$ (it couldn't get much worse than a 4-year low), the € is still sufficiently weak for EU wheat to be competitive. On a global basis, the IGC estimate the wheat crop to be 660mt, with a record demand of 654mt; the end of season stocks will then rise to 200mt. The global maize crop is estimated at 822mt, with demand at 826mt, so those end of season stocks will reduce. Therefore maize is likely to remain as the price driver. The first cargo of US maize to be shipped to China in nearly four years is being loaded now and will be leaving this weekend; they have about 1mt on order. The trade are hoping that the cargo is Non-GM, as the Chinese do not like GM maize. UK soya supplies are still tight, as buyers buy hand-to-mouth; and ships arrive in Tilbury, Southampton and up north after the Bank Holiday. NonGM is about £300/t and Any Origin £270. CBOT Soyabean prices have generally weakened following a stronger \$ and falling oil prices, but spiked up about \$0.10/b on Thursday on the back of old crop sales. Fundamentally the scenario is bearish, but beware, the funds are reversing into our back yard. When there is little news, people in temperate zones talk about the weather. It is too dry, too wet, El Nino, La Nina, the Atlantic hurricanes are expected to be bad, volcanic dust is upsetting the ozone layer b-o-r-i-n-g [yawn]. Back in the February, we reported that the PIGS had been surpassed by STUPID (Spain, Turkey, UK, Portugal, Ireland, Italy and Dubai) but that omitted Greece, so perhaps the best mnemonic is DIGITS UP – appropriate, as Dubai has just asked for a 3-month extension to its June repayment of £0.85bn (total debts £1.7bn). Perhaps they could borrow from the bank of Tesco? Asda bought 193 Netto stores for £778m this week, overtaking Sainsbuds, even allowing for the fact that OFT may force them to divest 20 to 40 stores. Strategically and philosophically the two firms complement each other ... pile it high & sell it cheap. Tesco's turnover is about £9bn for non-food, Asda's will be about £6.5bn. In 2008, the total value of UK farm output at market prices was about £20bn.



A trailer carrying 7,000 bee hives crashed this week in Minneapolis, releasing 17m bees. Bees are essential to pollinate crops, and due to intensive land cultivation there is insufficient bee habitat to do this naturally, so about 60% of all the farmed bees in the US (1m beehives, 40bn bees) are trucked to California in February and March, and rented out to pollinate the almond crop (where 80% of the world's almonds are grown). Beekeepers charge about \$100/hive.

Regards
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