HUMPHREY FEEDS

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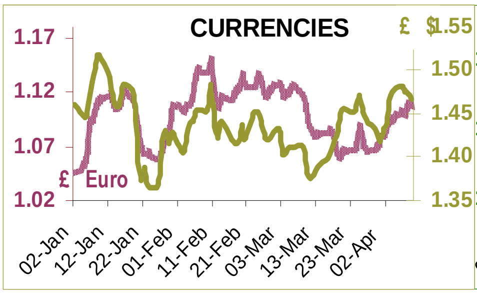
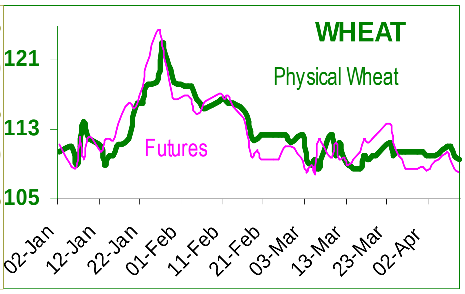
MANUFACTURERS AND SUPPLIERS OF POULTRY FEEDS
HUMPHREY FEEDS LTD
WINCHESTER

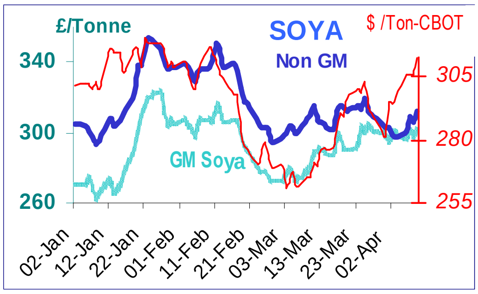
WEEKLY COMMODITY REPORT W/E 9-4-9





Arguably China fuelled the bull market, and the collapse of commodity prices six months ago, left egg on the faces of China's bulls. China's GDP will probably fall to 7-8%, and but China's former growth was driven by rampant consumerism and demand from around the world. So for the next couple to three years, whilst the world recovers, commodity prices in general are likely to be in the doldrums. We believe that food commodities will be a separate issue – you can survive without a new ship, skyscraper, or motorway … but you cannot survive without food. In 1980, about 20% of the citizens of China lived in cities; by 2030 it is estimated that 70% (1bn people) will live in cities, and they will need feeding (and housing). We keep asking the question, if farmers keep leaving the countryside – who will produce all the food in the future?

According to Informa Economics world wheat production for 2009/10 is now guess-timated at 672mt (685mt last year). China is expected to produce 111.5mt, India 79mt, Australia 24.5mt, USA 59.3mt and the EU 140.5mt (150.3mt last year), Russia at 53.6mt and Ukraine 20.8mt. World soyabean production for 2009/10 is expected to be 244.7mt (250.3mt last year) so supply and demand if evenly balanced, barring any crop failures – but as the US beans have yet to be planted, and as the USDA cannot count – its early days. The Argentinean farmers are busy harvesting, so they cannot be on strike at the same time. [Miaow]. The Argentine soya harvest is reported to be 26% complete; the Brazilian harvest 60%. About 45% of the Brazilian soybean crop has been sold (62% last year).



In March US beans hit $8.40/bushel and are now $9.83, equivalent to $308.6 and $361.2 per tonne. Over the same period the £/$ has moved from 1.37 to 1.48. So that is the equivalent of £225 in March and £244 in April on an ex-US basis. If currency had not improved over the same period, then soya prices could easily have been £264 ex-US. Add an estimated £40 for shipping and £20 premium for NonGM – we could have been looking at £324 for GM-free Hipro; whereas today it is £303 ex-UK port. UK May wheat futures prices have mainly traded in a £2 range around £110 for almost 2 months, and for the spread-trading boys, November is generally £10 more than May–that does not happen often!

For Cadbury's Creme Egg chocoholics at Easter – please enjoy the amazing work of Joseph Herscher, a bored 23 year old New Zealander, Warning! It is addictive. http://www.youtube.com/watch?v=vrCb_fNmSTA

Regards
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