

Weekly Market Report

Week Ending 22/02/08

ROUND-UP

Exchange	Last Traded Value (22/02/08)	Weekly Change
Mar Liffe (Wheat)	£184	+£4.00
Mar CBOT (Corn)	\$5.22	+\$0.07
Mar CBOT (Wheat)	\$10.49	+\$0.22
Mar MATIF (Wheat)	€273	+€8.00

SUMMARY

- European feed grains strengthen – volatility continues
- US CBOT rallies – Minneapolis finishes the week strongly
- USDA forecasts Global wheat production in 2008 at between 642 and 655 million
- USDA forecasts US wheat stocks to use ratio to rise from 11% to 25% in 2008
- UK exports to end of Dec forecasts at 837K
- UK wheat imports to end of Dec at 814K (last year 967 for 12 months)
- UK maize imports to end of Dec at 774K (last year 1172K for 12 months)
- Spain forecasts sharp rise in old crop feed grain ending stocks, particularly barley

- ABARE raises 2007 Australian crop from 12.6 to 13 million
- OSR prices rally strongly , - Chinese veg oil demand

WEATHER/CROP DEVELOPMENT

- North Africa and Spain receive further beneficial rainfall
- Outlook for HRW weather – dry , will need addition rainfall

BOTTOM LINE

Old crop continues to perform well , even with competitive offers of alternative feed grains and a slow down in International tender activity . The market continues to attract additional spec money , and with still uncertainty over old crop balance sheets and a long way to go until assurances of sizeable increases in new crop supplies , commercial selling is minimal.

The USDA s new crop forecast of approx 648 million of wheat should result in ending rising about 25 million tons. There is clearly a certain amount of risk premium already in new crop values , with analysts forecasting a significant fall in price if these production estimates are achieved. However, until there are better assurances of production increases, or old crop starts to weaken , new crop prices should remain underpinned.