

Weekly Market Report

Week Ending 07/03/08

ROUND-UP

Exchange	Last Traded Value (07/03/08)	Weekly Change
Mar Liffe (Wheat)	£188.5	£0.00
Mar CBOT (Corn)	\$5.33	-\$0.13
Mar CBOT (Wheat)	\$10.92	+\$0.05
Mar MATIF (Wheat)	€290	+€0.60

SUMMARY

- European grain prices consolidate
- US CBOT wheat remains largely unchanged while other US grains fall
- Minneapolis wheat falls heavily as cash markets weaken
- US corn and Soya fall in widespread commodity sell off
- ABARE forecasts Australian wheat exports to return to 15.3 million from 6.4 in 2007
- US Bakers Association lobby Government to release CRP land (largely in wheat growing areas)
- Global Veg oil markets fall heavily as China withdraws from the market

WEATHER/CROP DEVELOPMENT

- Chinese OSR damage forecast at less than previously feared
- US Southern Plains receive light rainfall

BOTTOM LINE

Credit ,financial, recession concerns, and fears of hedge funds imploding due to excessive leverage contributed to widespread commodity liquidation. However , CBOT wheat performed relatively well largely getting support from intermarket spreads (long soy/short wheat, long corn/short wheat, long hard wheat /short soft etc!)

The markets will be nervous this coming week on further commodity liquidation , and thereafter demand and weather will likely be key influencers.(In addition the size of the OSR correction will doubtless make grain longs nervous !)