

Weekly Market Report

Week Ending 20/03/08

ROUND-UP

Exchange	Last Traded Value (20/03/08)	Weekly Change
May Liffe	£186.5	-£4.00
Nov Liffe	£152.25	-£8.00
May CBOT (Wheat)	\$9.87	-\$2.04(approx £40/t)
May MATIF (Wheat)	€267	-€17.00

SUMMARY

- European markets fall as commodity complex slides
- CBOT falls almost 20% on fund/spec liquidation
- Egypt tenders for old crop – over 1.3 million tons offered including 115K from the UK
- Ukraine Agmin forecasts wheat production in 08/09 at 19.1 million , up from 13.9 million
- Ukraine Agmin forecasts 08/09 grain exports to rise from 3.5 million to 13.9
- Europe struggles with unsold old crop French maize and Spanish barley
- Sterling continues to slide against the euro

WEATHER/CROP DEVELOPMENT

- Eastern HRW receives beneficial rain , western areas remain too dry
- Morocco needs rainfall in the next few weeks to achieve average yields

BOTTOM LINE

Yet another BIG week in the grain markets with the grains taking a battering from the widespread commodity sell off – unwinding short dollar/long grain /oilseed positions. The liquidity issues clearly resulted in unwinding long commodity positions to generate cash , coupled with a general reassessment of risk with the potential Global economic slowdown.

The UK suffered least from the sell off, as fund participation in the UK markets is virtually non-existent because of liquidity. However, the correction in other markets has resulted in the UK no longer looking extremely cheap in comparison with other futures markets.

Technically both the US grains and oilseeds have taken quite a battering and thus it is unlikely funds will be keen to immediately reenter the market, unless adverse weather forces commercial buying.

Bottom line – look for volatility to continue, with short term focus on financial turbulence and thereafter weather !