

Weekly Market Report

Week Ending 25/04/08

ROUND-UP

Exchange	Last Traded Value (25/04/08) 10am	Weekly Change
May Liffe	£158	-£7.00
Nov Liffe	£139.5	-£5.50
May CBOT (Wheat)	\$8.08	-\$0.62
May MATIF (Wheat)	€197	-€15

SUMMARY

- European markets fall as new crop outlook improves
- US CBOT falls , crop outlooks , weak technicals, Ukraine
- Ukraine eases export restrictions
- IGC cuts Global wheat forecast by 1 million , raises maize by 14 million
- IGC forecasts balanced rice market in 2008
- Canadian wheat plantings up 16.2% - exceeds trade estimates
- India raises crop estimate to 76.78 million , up 2 million
- Hungary forecasts 16 million grain harvest , up from 9 million

- Pakistan wheat crop forecast at 21.4 million down from 23.3 million
- UK exportable surplus in 2008 forecast up 87% at approx 3 million
- Sterling rallies strongly against the euro at the end of the week following dollar strength

WEATHER/CROP DEVELOPMENT

- US HRW receives further rainfall – US crop conditions expected to improve
- Rain in the Balkans & Spain raises crop expectations
- Western Australia wheat planting starts in excellent conditions, rain forecast in the east
- US Corn belt remains a market focus as rainfall continues

BOTTOM LINE

New crop sentiment is turning negative(at least amongst the trade – not the National Press !!!) as crop outlooks improve in the FSU , EU China and the US coupled with Ukraine returning to the old crop export arena (not sure where the demand will be ?).However we are mindful that key growing months still remain in front of the market and the US corn crop is not yet planted ! In the shortterm we would expect to see more consolidation as the market digests its recent losses and should at least keep some risk premium in new crop values until better assurances on new crop production are achieved.

Note – Sterling had lost 15% of its value against the euro in the past six months (approx £20/t)

Note – USDA crop report on May 9th will give the first US carryover figures for 06/09 which will likely give a cold shower to the remaining wheat bulls !

