

## Weekly Market Report

Week Ending 02/05/08

### ROUND-UP

Exchange	Last Traded Value (02/05/08) 9.45am	Weekly Change
May Liffe	£161	+£3.00
Nov Liffe	£140	+£0.50
May CBOT (Wheat)	\$7.76	-\$0.32
Nov MATIF (Wheat)	€195	+€1.00

### SUMMARY

- European markets consolidate after recent falls
- US CBOT weakens on dollar strength, corn gives support
- Corn plantings at 10% versus 5year average of 35%
- Dollar rallies – commodities sold – Oil down8% , rice falls heavily
- Argentina reaches wheat export agreement – should resume shortly
- Morocco forecasts cereal production to more than double in 2008 to 5 million
- Sterling continues to climb against the euro – (dollars influence)

## WEATHER/CROP DEVELOPMENT

- The US mid west remains wet – corn planting delays continue
- Widespread rain forecast in the HRW next week
- Further rainfall needed in Australia

## BOTTOM LINE

The two areas of focus this week have been the corn belt weather and the dollar!

The corn belt remains wet with plantings only likely to reach approx 30% by the end of this week requiring a further 5 days of planting,( though there is no immediate sign of an improvement in the weather ). After mid May the view would be that yields would likely suffer.

The Dollar strength has been a key feature with increasing views that the rate cutting cycle in the US is coming to an end ( some more encouraging economic signs in the US , coupled with some worsening economic data coming out of Europe – German Ifo index/French consumer numbers) – In the past eighteen months we have seen massive liquidation of dollar positions , with money moving into commodities. If the dollar strength continues, this is a big deal as selling pressure on commodities would increase ( including Ag), which with weakening oil, additional pressure will be on corn & Soya. Plus , with dollar strength sterling would be likely to continue its correction against the euro!

Bottom line – with wheat crops getting bigger in all the major growing areas , corn concerns are really the only factor holding wheat prices up and therefore corn weather will be monitored extremely closely !

Note – US non farm payroll numbers are out today which will be key in further short term dollar movement

Note – US corn Index fund long is approx 56million tons & spec funds 34million (indication of fund significance in Ag commodities )

