

Weekly Market Report

Week Ending 30/05/08

ROUND-UP

Exchange	Last Traded Value (30/05/08) 2pm	Weekly Change
Jul Liffe	£145.5	-£4.00
Nov Liffe	£135.0	-£3.00
Jul CBOT (Wheat)	\$7.43	-\$0.04
Nov MATIF (Wheat)	€183.00	-€1.75

SUMMARY

- European markets ease as focus on big harvest increases
- CBOT wheat weakens – harvest begins
- CBOT Corn weakens – funds liquidate
- Oil falls \$10 from last weeks highs – fund selling –political focus
- IGC raises Global wheat forecast by 5million to 650
- Russia raises grain forecast by 2 million - SovEcon
- Australian forecast cut by approx 2 million – Rabobank
- India considers lifting wheat export ban

WEATHER/CROP DEVELOPMENT

- Light showers in Queensland & NE NSW . S. East misses
- Canadian Prairies and Northern US Spring wheat areas receive good rainfall
- Spain, Southern France receives additional rain – quality fears

BOTTOM LINE

Little Fresh News , though confidence of large Northern Hemisphere crops is growing which is currently overriding Australian concerns. Consumers have continued there buying , having now taken some significant cover in the past few week, while farm selling remains minimal.

If Northern hemisphere wheat weather remains benign , the extent of the downside in wheat prices will be strongly influenced by the US corn prices and thus corn weather will be monitored extremely closely.

Note - political pressure from high oil prices continues to grow , with increased focus on investor activity in the market. These developments are increasingly likely to make index funds uncomfortable which may lead to reductions in capital flows in to Ag commodities and Oil.

