

Weekly Market Report

Week Ending 06/06/08

ROUND-UP

Exchange	Last Traded Value (06/06/08)	Weekly Change
Jul Liffe	£151	+£5.50
Nov Liffe	£140	+£5.00
Jul CBOT (Wheat)	\$8.11	+\$0.68
Nov MATIF (Wheat)	€190.00	+€7.00

SUMMARY

- European markets rally following strong CBOT
- CBOT wheat firms – fund short covering – strong Corn Market
- CBOT Corn surges on continued heavy rainfall
- Oil surges giving corn additional support
- Ethanol plant margins turn negative following strong corn prices
- Chinese Analysts raise wheat production forecast from 107 to 112 million
- Informa raises US wheat forecast by 70million bushels

WEATHER/CROP DEVELOPMENT

- US Corn belt receives further heavy rainfall
- Australia gets additional showers – more rainfall needed

BOTTOM LINE

US Corn weather takes center stage with additional unneeded rain and more in the forecast. The issue here is that approx 5% of corn is still to be planted and some replanting is necessary, neither of which can take place because of excessive rainfall. The CBOT wheat market has had a sizeable trend following fund short which has made it vulnerable to short covering rallies, which is what saw at the end of last week.

Elsewhere in the Northern hemisphere crops are generally getting revised upwards and therefore at present it remains the corn market which is giving wheat support.

Note – USDA report tomorrow –shouldn't be a big deal with weather being the main focus

