

Weekly Market Report

Week Ending 20/06/08

ROUND-UP

Exchange	Last Traded Value (20/06/08)	Weekly Change
Jul Liffe	£151.25	-£2.25
Nov Liffe	£147.75	-£1.25
Jul CBOT (Wheat)	\$8.66	+\$0.25
Nov MATIF (Wheat)	€205.25	-€2.75

SUMMARY

- European markets ease after recent gains
- CBOT wheat finishes the week up but off the highs
- CBOT Corn retreats as weather improves
- ABARE cuts Australian crop by 9% to 23.7 million
- Hungary raises wheat forecast to 5.25 million (4.01 last year)
- Informa forecasts US corn acreage at 87.4 million (high end of trade range)
- US ethanol plants delay opening , some smaller plants stop production
- Egypt buys Russian wheat again – EU not competitive

WEATHER/CROP DEVELOPMENT

- US Corn belt turns drier – look for crop condition ratings to improve
- Australia and Argentina receive needed rainfall
- Northern US Plains and Can Prairies continue to get plentiful rainfall – crop conditions high

BOTTOM LINE

Improvement in US corn weather was the main feature of the week , however, both the final acreage and yield wont be known for many months. In addition the question of “ is corn at sufficiently higher price to ration consumption “ will also not be known for several months !

It is likely that the market will refocus on record wheat crops , though will remain highly sensitive to any further threatening corn belt weather.

Other potential market drivers are institutional capital flows into commodity markets, wild energy market volatility, CRP release and potential easing of ethanol mandates !

Edward