

## Weekly Market Report

Week Ending 04/06/08

### ROUND-UP

Exchange	Last Traded Value (03/06/08)	Weekly Change
Jul Liffe	£151	-£3.00
Nov Liffe	£149	-£4.00
Jul CBOT (Wheat)	\$8.70	-\$0.26
Nov MATIF (Wheat)	€203	-€6.25

### SUMMARY

- European markets weaken as CBOT corrects down
- CBOT wheat falls on harvest and easier corn market
- USDA corn forecasts exceed trade estimates both for both higher acreage and old crop stocks of corn
- Corn Crop Condition ratings improve
- USDA ups US wheat harvested area by 300K
- Nation Australia Bank holds wheat estimate at 24.3 million
- Ukrainian analyst increases Grain forecast from 40.97 to 43.45 million

- US wheat harvest wheat yield reports continue to exceed expectation
- Romania and Slovakia raise wheat crop forecasts

## WEATHER/CROP DEVELOPMENT

- US Corn belt forecasts keep market on edge
- Australia receives further showers

## BOTTOM LINE

More of the same – Global wheat crops getting bigger coupled with a very nervous corn market ! ( Index fund buying of corn was once again reported as a key market feature! )

The US corn weather in the second half of July and first half August remains the major market focus ( during the key pollination period).

On the demand front there is evidence that high price corn is rationing demand – as highlighted by the trade underestimating old crop corn stocks –( demand down even before the more recent price spike ! ) There continue to be reports of ethanol plant shutdowns, significant declines in hog numbers and weakening export demand.

Internationally Russian/Black Sea wheat is more competitive than EU and US wheat and is currently securing the majority of spot international tenders.

Bottom line – wheat pressure is building and unless weather adversity reappears in the Corn Belt or Australia turns hot and dry , look for European wheat markets to come under pressure.

Note – next week Senator Lieberman is supposed to introduce legislation to Congress on market speculation

Note – Look for potential CRP announcement - trade estimate 4- 6 million acres in mainly wheat growing areas

Edward

