

Currency:	Today	Last Week
£ / €	1.198	1.195
£ / \$	1.530	1.510
€ / \$	1.267	1.267

Futures		Today	Last Week
LIFFE Wheat	Nov-10	£129.00	£118.50
MATIF Wheat	Nov-10	£146.00	£129.58
CBOT Wheat	Dec-10	£143.60	£135.35
MATIF OSR	Nov-10	£308.00	£285.73

Ex Farm Values:	Feed Wheat	Milling Wheat 13% Gp 1	Feed Barley	OSR
Jul-10	£112.00	£125.00	-	-
Aug-10	£115.00	£131.00	£100.00	£267.00
Nov-10	£129.00	£135.00	£105.00	£274.00

The UK stature of an island producing 14-16 million tonnes of wheat in a global production of 600-676 million may give some perspective to what may be exciting but also confusing environment.

Winter barley deliveries to this store have been of vintage quality with low screenings, good nitrogen and specific weights ranging, to date, from 70-74 kgs.

Customs data for May gives a UK export figure of 200,000 tonnes with a cumulative of 2.11 for the season. This would suggest that with June and July probably of a similar figure and the UK surplus for the season estimated at 2.2, an adjustment will be made retrospect fully. Either a bigger carryout from the 2008 crop or a reduction in the animal feed sector (currently stated at -2.5%) are both possible factors.

A statement from FranceAgriMer announced finance to clean French wheat down to 0.5% to enhance quality and saleability on to World markets.

World News:

The markets are driven close to home, primarily by funds buying into the MATIF wheat futures. LIFFE whilst a follower with arguably too high a discount to Paris, has pushed ex farm prices up in value by £10-£15 over the last two or three days.

The futures markets volatility suggests that price reporting here is futile for which an apology is given.

In a market such as the one last seen three years ago the comparisons of fact and speculation are noted:

3 years ago sharp reductions in world cereal production, pushed stocks to their lowest ever level when compared to usage, and priced went into orbit. Two records in successive harvest production of wheat in 2008 and 2009 had pushed stocks up to the highest they had been in 10 years.

Today the speculative driver in the market is grasping onto suggestions that production of wheat across the UK, France and Germany could drop by about 10%. The reporter, Strategie Grains this week suggested that total EU production will be 3.6 million tonnes less than their June estimate, and yet only 300,000 tonnes less than last year. Canada also remains an unknown quantity as reported last week.

The USDA monthly report was neutral and weather reports there remain good for wheat, corn and soyabeans, however, rumours that Russia clamps on an export embargo would be fanciful, wouldn't it?

Fengrain is awaiting ships to complete the old crop feed wheat movements and can accommodate any 'bug' free balances requiring farm clearance. Varying grades of milling wheat can still be homed, although the surge in new crop prices could be more attractive to keep into August.

IN THIS SITUATION IT'S IMPERATIVE THAT THE CROP YEAR IS COMMUNICATED.

Oilseed rape has caught some of the rub off from cereals with prices escalating but as with all crops it is being too heavily discounted to matif exchange as operators become mindful of cash funding implications of futures trading through margin calls. Target £300 for June 2011.

We strongly advocate a little and often approach in a marketing strategy for all crops and draw attention to harvest 2011 such as £120 for November feed wheat; please contact this office.

Sea freight rate have fallen sharply which is seen as encouraging, that is if the UK has an exportable tonnage this crop year

