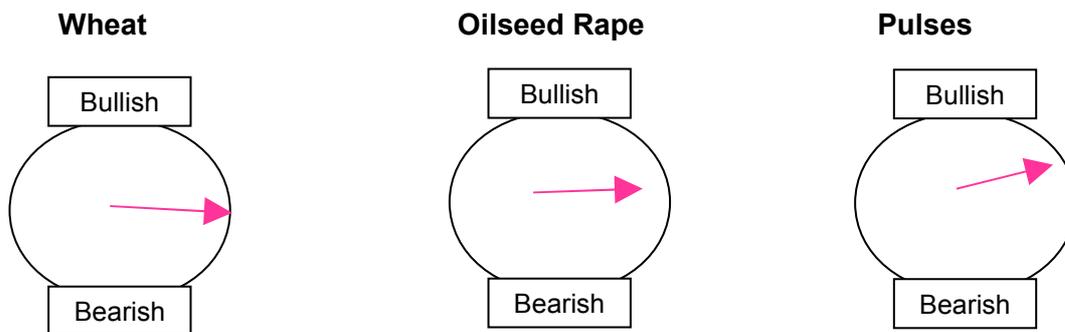


Date: 27<sup>th</sup> January 2010

## Market Barometers



## Market Opinion

It has been some time since my last report but in reality most of the action has been in the last 2/3 weeks. A combination of factors has combined to drive the market down out of its recent trading range into uncomfortable territory (from a seller's point of view).

The £ has firmed by 4/5% against the euro and is now at e1.153 – I would suggest that none of the pundits calling for parity or firming have too many clues at present, our recent poor GDP figures and the forthcoming election give me grounds to look for weakness at some point.

A combination of China suggesting that they need to rein in growth and the US calling for tougher controls of banks/investment funds has taken the wind out of all the US markets as far as any speculative element is concerned.

Good crop development in South America and the continued forecast build up in wheat stocks have also weighted on the market.

On the positive pulses continue to be needed and given that we are approaching the time of year when the weather can play an important part in market sentiment then there is still time to recover some lost ground. US winter wheat plantings are 14% down due to late/non harvest of maize any further wheat specific growing issues could prompt people to think again. In the UK exports continue to chip away at our surplus leaving an estimated 700,000mt to move from 1<sup>st</sup> February onwards which is well within our capability. The Ensus plant at Teesside is now up and running with a capacity to take 100,000mt of wheat per month

## Market Reports

Wednesday, 27 January 2010

### eCBOT Close, Early Call

The overnight market closed mostly lower with beans down 6-7 cents, corn down 1-2 cents and wheat a cent or so either side of unchanged.

Crude is a little higher after yesterday's API report said that US stocks unexpectedly fell 2.2 million barrels last week, against an anticipated rise of 1.4 million barrels. The US Energy Dept will give their estimate on stocks later today.

The market will be nervous, with Obama set to deliver his State of the Union address tonight, and what he might have in mind for US banks. If they can't put their own house in order, then they need somebody to do it for them. That might mean negative implications for the grains complex in the short-term.

Meanwhile China is also trying to reform it's own banking sector by tightening credit constraints. That too might lead to a drop in buying interest in US soybeans, although one report circulating this week suggested that China would increase it's soybean crushing capacity by 6 MMT during 2010.

The Fed are expected to leave US interest rates where they are today, but the wording of their accompanying statement for clues on a tightening fiscal policy will be heavily scrutinised.

Both the Rosario and Buenos Aires Grain Exchanges see the 2010 Argentine corn crop around 18 MMT, 3 MMT higher than the USDA's last estimate, and 5.4 MMT above last year.

Taiwan purchased 60,000 MT of Argentine/Brazil corn for March shipment overnight.

Egypt and Algeria are tendering for wheat this week, with few expecting US origin to get a look in.

Georgia has said it will allow Kazakhstan to use it's rail network to transport wheat to Egypt, which it says will make it much cheaper for landlocked Kazakh grain to get to the world's largest wheat buyer.

Early calls for this afternoon's CBOT session: corn called 1 to 2 lower; beans called 4 to 6 lower; wheat called steady to 2 lower.

## Wheat Futures

Position	Current Price	Change from Last Report
May 2010	102.75	-£10.50
Nov 2010	105.60	-£10.75
May 2011	112.75	-£10.00

Kit Henson – Marketing Agent. t (01522) 811000