

| Currency: | Today | Last Week |
|-----------|-------|-----------|
| £ / €     | 1.106 | 1.11      |
| £ / \$    | 1.503 | 1.520     |
| € / \$    | 1.36  | 1.36      |

| Futures            | Today   | Last Week |
|--------------------|---------|-----------|
| LIFFE Wheat May-10 | £95.00  | £96.00    |
| MATIF Wheat May-10 | £111    | £111      |
| CBOT Wheat May-10  | £123.00 | £121.35   |
| MATIF OSR May-10   | £267.63 | £260.00   |

| Ex Farm Values: | Feed Wheat | Milling Wheat 13% Gp 1 | Feed Barley | OSR  |
|-----------------|------------|------------------------|-------------|------|
| May-10          | £90        | £101                   | £75         | £251 |
| Aug-10          | £90        | £111                   | £75         | £242 |
| Nov-10          | £96        | £117                   | £81         | £250 |

### Market Outlook

Our reliance on currency to counteract the key market fundamentals of supply and demand was once again demonstrated this week. The pound took a solid knock on the international currency markets on Monday losing in the region of 4 cents in value against the Euro. This stimulated the market as we were seen to be more competitive against the remaining basket of global commodities. The pound has continued to be pinned back for the remainder of this week and commodities have largely held their resurgent values.

Price bounces such as this are often by their nature short lived as the supply and demand fundamentals have the tendency to take over again, just as a falling anvil is controlled by the inexorable pull of gravity.

Selling opportunities are thin at the moment, when they arrive we need to have the foresight and presence of mind to sell into them.

Next week brings another USDA crop report published on Wednesday 10<sup>th</sup> March. Old crop should not bring any surprises, but market will be keenly anticipating confirmation of 2010/11 planted acreages and production estimates.

### World Market Activity:

- Weather conditions in mainland Europe are expected to improve, thawing many inland waterways and freeing barge cargoes which have been held back due to ice. The arrival of these cargoes to market destinations could have price effects as supply worries ease.
- Snow cover is thought to have protected much of western European plantings from the worst effects of cold weather seen in January and February. But sharp frosts still have the potential to cause damage.
- Russia with 10% of the worlds arable land have plans to increase harvests by 50% over the next 15 years. At current production levels of 60 million tonnes per year (for last 3 years) 90 million tonnes will increase their selling pressure and thus competition.
- EU Barley offers for Intervention are expected to reach 5 million tonnes by the deadline of May 31<sup>st</sup> 2010. These stocks are likely to overhang the market into next seasons with a particularly slow global demand in evidence at this moment in time.
- US exports across grains were lower than expected this week, reminding traders that the pace of demand will remain slow into the foreseeable future.
- Black sea wheat Kazakh / Russian origins has continued to be offered at aggressive prices into middle eastern export markets. Garnering advantage of cheaper shipping costs from the North African / European destinations. Recent tenders to Egypt have illustrated the difference between the French and Russian wheat with French market selling \$1 cheaper at port, but with shipping included at \$1 more expensive than black sea origins.

**Reminder that Grain Pool Returns should be back with this office by 1<sup>st</sup> April  
Please speak to your Fengrain buyer if you require help and assistance in  
completing this.**

**Fengrain pools represent an excellent way of risk managing your crop marketing  
during these volatile trading conditions.**

