



MARKET PERSPECTIVES

8 February 2008

CHICAGO BOARD OF TRADE & GLOBAL MARKET NEWS

The CBOT March Corn futures (CH08) closed up 8 ½ cents per bushel (\$3.35/mt) for the day Friday and ended the week up 7 ½ cents per bushel (2.95/mt). Corn futures were mostly a follower this week as the entire market watched the action in the Wheat markets, especially the Minneapolis March wheat contract which went up the limit each day and is now trading in the synthetic market at the equivalent of \$21.00-22.00 per bushel (\$826.72-\$808.35/mt). All grain commoditisers felt the need to at least try to keep up in order to protect acres for plantings. This is truly an interesting, if not a hair pulling, market to follow. The key for this market is to find a trading range for Spring Wheat and allow the Corn and Soybean markets to shift their focus back to fundamentals issues and to the spring weather outlook for the planting season.

Basis price levels for export U.S. sorghum are about 5 cents per bushel (\$1.97/mt) lower this week.

This morning USDA came out with there updated Stocks and carry out report. There were no changes to the estimates for China. The balance of the USDA projections are listed below:

USDA Grain/Cotton Carryout

	February 06/07 End Stx	March 06/07 End Stx	February 07/08 End Stx	March 07/08 End Stx
Corn	1,304	1,304	1,438	1,438
Wheat	456	456	292	272
Soybeans	574	574	175	160
Soyoil	2,904	2,904	2,252	2,502
Cotton	9,500	9,500	7,900	8,200

USDA World Production

	February 06/07	March 06/07 Est	February 07/08 Est	March 07/08 Est
World Coarse Grain Prod	980.6	981.8	1051.6	1051.9
World Coarse Grain Stocks	136.5	136.5	125.6	126.0
World Wheat Prod	593.7	593.2	603.0	603.6
World Wheat Stocks	124.4	125.1	110.9	109.7
Australia Wheat	9.9	10.6	13.0	13.0
EU Wheat	124.8	124.8	119.8	119.5
Canada Wheat	25.3	25.3	20.1	20.1
Argentina Wheat	15.2	15.2	15.0	15.5
FSU12 Wheat	86.0	86.0	92.6	93.5
World Soybean Prod	235.6	235.5	220.3	220.1
World Soybean Stocks	61.6	61.7	46.2	45.8
Brazil Soybeans	59.0	59.0	60.5	60.5
Argentina Soybeans	47.2	47.2	47.0	47.0
Argentina Corn	22.5	22.5	22.5	21.5
South Africa Corn	7.3	7.3	10.0	11.0
Brazil Corn	51.0	51.0	50.0	50.0

U.S. Weather:

It was a stormy week for most of the Mid-West. Cold temperatures and heavy snows blanketed the mid-section of the country. The snow cover and added moisture, however, was beneficial for the crops. This weekend looks to be fairly quite and cold. On Monday morning Minneapolis temperatures are predicted to reach -31 F (-35 C). Thank goodness we don't all live in Minneapolis. Early next week a new storm front is expected to move out of the Rocky Mountains and into the Plains States. This system should bring additional rain, sleet and snow, along with colder temperatures.



U.S. EXPORT STATISTICS: Report Activity as of 31 January 2008

WEEKLY U.S. EXPORT SALES (Thursday's report)

	New Sales (000 MT)	YTD Export Commitments **(000 MT)	Total Projected Export Program for Year (000 MT)	Percent of Export Projection	Total Sales for Next Marketing Year '07-08 (000 MT)
Corn	1,258.4	47,357.3	62,230	76 %	850
Sorghum	109.4	5,545.9	7,240	757 %	7.4
Barley	2.4	888.9	1,090	82 %	19.7

USDA, * Marketing year for barley is 1 June - 31 May. Marketing year for corn /sorghum is 1 Sept. - 31 Aug. ** Combination of outstanding sales and total exports. Above and below figures will vary between new sales and net sales due to USDA rounding and adjustments made for sale cancellations and adjustments. This report is issued every Thursday on the following site: <http://www.fas.usda.gov/export-sales/esrd1.html>

Corn: Net sales of 1,029,600 metric tons were 46 percent under the previous week and 36 percent below the prior 4-week average. Increases for South Korea (151,100 MT), Japan (133,700 MT), Panama (127,000 MT, including 126,000 MT switched from Guatemala), Cuba (125,000 MT), Egypt (108,300 MT, including 60,000 MT switched from South Korea), Mexico (68,000 MT, including 16,400 MT switched from unknown destinations and decreases of 23,900 MT), and Taiwan (65,600 MT), were partially offset by decreases for unknown destinations (242,800 MT). Net sales of 75,000 MT for delivery in 2008/09 were for Japan (50,000 MT) and Costa Rica (25,000 MT). Exports of 1,249,900 MT were 16 percent below the previous week and 5 percent under the prior 4-week average. The primary destinations were Japan (294,100 MT), Mexico (194,900 MT), Taiwan (163,000 MT), South Korea (90,700 MT), Egypt (90,000 MT), Israel (68,500 MT), and Morocco (57,300 MT).

Barley: Net sales of 2,400 MT were for Taiwan. Exports of 700 MT were to Mexico (400 MT) and Taiwan (300 MT).

Sorghum: Net sales of 109,000 MT were 63 percent above the previous week and four-times the prior 4-week average. Increases reported for Spain (71,200 MT, including 65,000 MT switched from unknown destinations), Japan (33,500 MT), Ireland (21,600 MT, including 22,000 MT switched from unknown destinations and decreases of 400 MT), and Mexico (9,700 MT), were partially offset by decreases for unknown destinations (27,000 MT). Net sales of 1,300 MT for delivery in 2008/09 were for Canada. Exports of 179,400 MT were 22 percent above the previous week and 7 percent over the prior 4-week average. The primary destinations were Spain (131,200 MT), Ireland (21,600 MT), and Israel (17,500 MT).

WEEKLY U.S. EXPORT INSPECTIONS: (Monday's report)

Commodity (1,000 bushels)	Export Inspections		Current Market Year YTD	Previous Year to Date	2007 YTD as Percent of 2006
	This Week	Previous Week			
Corn	47,742	61,154	1,074,129	911,874	118 %
Sorghum	8,187	8,805	155,443	66,048	235 %
Soybeans	25,222	28,711	585,864	649,705	90 %
Wheat	16,552	24,452	886,024	580,225	153 %
Barley	46	53	27,189	12,514	217 %

Source: USDA/AMS. *Marketing Year is June 1-May 31 for Wheat and Barley and Sept. 1 – Aug.31 for Corn, Sorghum and Soybeans. Week to week reports will vary due to exporter reported corrections and cancellations to previous weeks reports. This report is issued each Monday on web site: <http://www.ams.usda.gov/lsmnpubs/grain.htm>.

Export Inspections Highlights:

USDA Grain Inspections for Export Report					
Last Week (000 Bushels)	YC		WC		Sorghum
		%		%	%
Gulf	32,589	70.5%	1361		100.0%
PNW	7,939	17.2%			0%
Lakes	0	0.0%			
Atlantic	1,154	2.5%			
Interior Export Rail	4,531	9.8%	168	100.0%	0.0%
Total (mil. Bushels)	46,213	100.0%	1,529		100%
Metric Tons	1,173,877		38,839		207,962 MT

White Corn Shipments:

38,839 mt to Mexico

Sorghum Shipments:

131,173 mt to Spain
 30,075 mt to Sudan
 21,591 mt to Ireland
 17,527 mt to Israel
 4,598 mt to Mexico
 2,998 mt to Japan
 207,962 Total

Data sheet below: *USDA weekly export inspections report with corrections to the last three weeks' grain export Inspections reports. Each week USDA adds a long list of additions and subtractions to their previous week's report. This usually includes a 2-3 week prior period).*

CONTAINER SHIPMENTS of GRAIN								
USDA Grain Inspections Report:		4-Feb-2008						
Last Week	metric tons							MT
	<u>YC</u>	<u>YSB</u>	<u>Milo</u>	<u>SRW</u>	<u>HRW</u>	<u>HRS</u>	<u>Barley</u>	<u>TOTAL</u>
Taiwan	3,963	4,055						8,018
China		898						898
Hong Kong								0
Indonesia		735						735
Malaysia	1,041							1,041
Philippines	25	463						488
Vietnam		980						980
Singapore								0
Japan	610	844						1,454
So. Korea	127				737			864
Thailand								0
Jordan								0
Algeria								
Australia	406							406
Sub total	5,766	7,975	0		737			14,478
USDA Corrections/Additions to last weeks report:								
Taiwan	21,642	17,554				354	610	40,160
China Main		4,000						4,000
Hong Kong								0
Indonesia	254	11,158				406		11,818
Malaysia	115	762			245	1,470		2,592
Philippines		1,143						1,143
Vietnam	635	1,279						1,914
Japan	432	82						514
South Korea	940							940
Singapore								0
Thailand		218						218
Columbia								0
Costa Rica								0
Dominican Republic								0
Ecuador								0
Guatemala								0
Jordan								0
Morocco								
Portugal	25							25
Sub total	24,018	36,196	0	0	245	2230		63,324
Mt. Grand Total	29,784	44,171	0	0	982	2,230		77,167
Number of containers	1,295	1,920	0	0	43	97		3,355

- According to FGIS figures, we are now doing over 5 million tonnes of containerized grain shipments per year from 120 different container loading facilities (and this is only counts the shipments at require FGIS inspection).

CURRENT MARKET VALUES:

CBOT CORN FUTURES CLOSE: Friday, 8 February 2008

SYMBOL	Futures MONTH	USD/BU 8-FEB.-08	USD/BU Last Friday	Bushel Difference	USD/MT 8-FEB.-08	USD/MT Change From Last Friday
CH 08	MAR.	\$ 5.08	\$5.005	+ 0.075	\$199.99	+ \$2.95
CK 08	MAY	\$5.21	\$5.1325	+ 0.0775	\$205.11	+ \$3.05
CN 08	JULY	\$ 5.315	\$5.2225	+ 0.0925	\$209.24	+ \$3.64
CU 08	SEPT.	\$ 5.30	\$5.20	+ 0.10	\$208.65	+ \$3.94
CZ 08	DEC.	\$5.30	\$5.19	+ 0.11	\$208.65	+ \$4.33

Source: Chicago Board of Trade

YELLOW CORN (USD/MT FOB VESSEL)						
#2 YC Fob Vessel Max. 15.0% moisture	GULF		PNW		ST. LAWRENCE	
	BASIS	FLAT PRICE	BASIS	FLAT PRICE	BASIS	FLAT PRICE
February	+ .60 H	\$223.60		N/O	+ .45 H	\$217.70
March	+ .55 H	\$221.65	+1.95 H	\$276.75	+ .45 H	\$217.70
April	+ .45 K	\$222.80	+1.50 K	\$264.15		
May	+ .48 K	\$224.00	+1.50 K	\$264.15		
June	+ .40 N	\$225.00	+1.45 N	\$266.30		
Fob Lakes = Chicago or Toledo.						

**PNW corn export capacity for February and March is basically sold out and price quotes are therefore only very rough indications of general values. Getting firm price offers is difficult.*

WHITE CORN (USD/MT FOB VESSEL)		
#2 WC Fob Vessel Max. 15.0% moisture	GULF	
	BASIS	FLAT PRICE
February	+1.25	\$ 249.20
March	+1.25	\$ 249.20
April	+1.15	\$ 250.40
May	+1.19	\$ 251.95
June	+1.15	\$ 254.50
July	+1.20	\$ 256.50

SORGHUM (USD/MT FOB VESSEL)				
#2 YGS Fob Vessel Max. 15.0% moisture	NOLA		TEXAS	
	BASIS	FLAT PRICE	BASIS	FLAT PRICE
February	+.70 H	\$ 227.55	+.65	\$ 225.60
March	+.70 H	\$ 227.55	+.65	\$ 225.60
April	+.65 K	\$ 230.70	+.60	\$ 228.75
May	+.68 K	\$ 231.90	+.63	\$ 229.90
June	+.61 N	\$ 233.25	+.57	\$ 231.70

BARLEY: Feed Barley (FOB US \$/MT)						
	February	March	April	May	J-J	A-S
Fob PNW	\$285.00	\$285.00	\$285.00	\$285.00	\$265.00	\$265.00
Fob LAKES	No Offer	N/O	N/O	N/O	\$260.00	\$250.00

Old crop feed barley in the U.S. is in very short supply and prices are general quotes. Quantities available are probably less than 20,000 mt. in the old crop period.

Corn Gluten Feed (CGF) Pellets (Fob Vessel US \$/MT)					
	February	March	April	May	June
NEW ORLEANS	\$185.00	\$185.00	\$185.00	\$185.00	\$185.00
Quantity 5,000 tons					

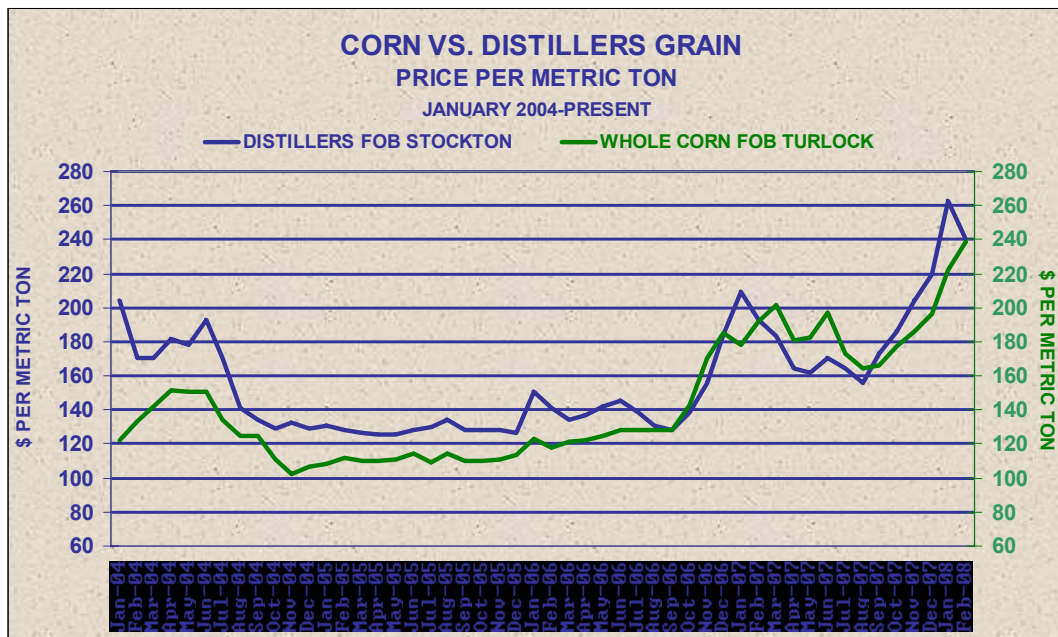
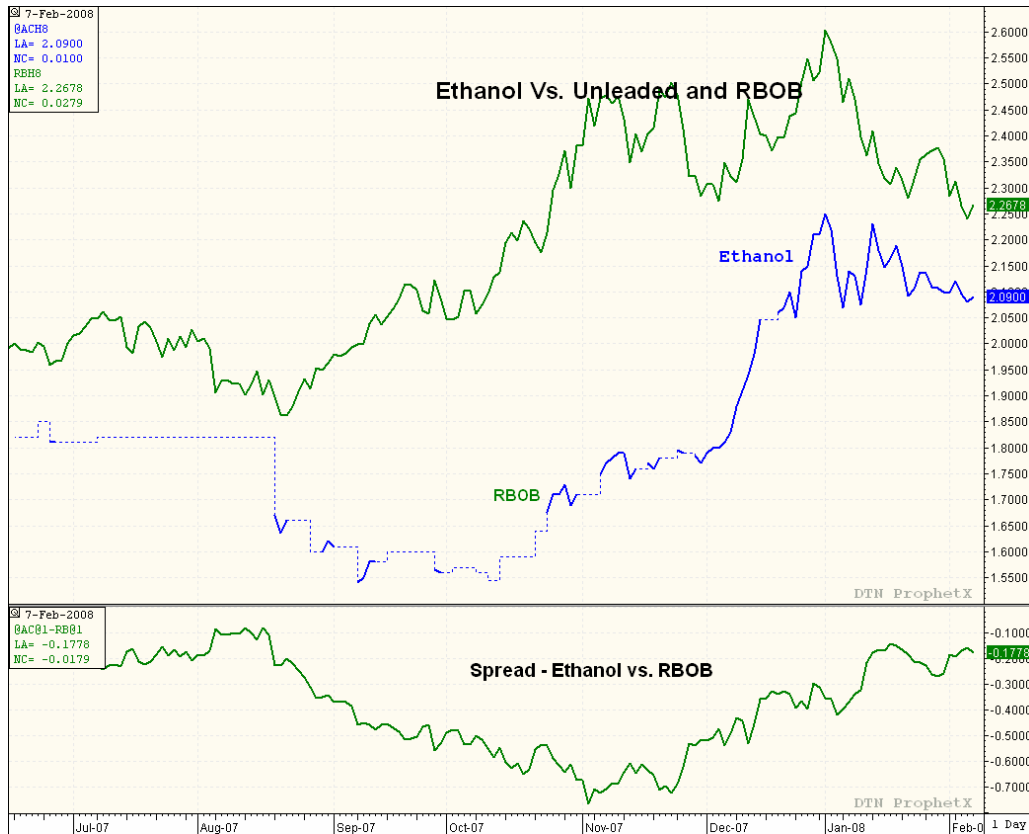
*** The CGFP market is very thin and export prices are volatile and often hard to obtain. The above values are therefore only rough indications.

Corn Gluten Meal Fob Vessel (US \$/MT)					
BULK 60% Pro.	February	March	April	May	June
NEW ORLEANS	\$630.00	\$630.00	\$625.00	\$615.00	\$605.00
<i>*5-10,000 MT MINIMUM</i>					
<i>ALL QUOTES ARE NOMINAL</i>					

Distillers Dried Grains with Solubles (DDGS):

Prices are offered mostly lower this week except for CIF NOLA barges and FOB vessel. Ethanol producers have been in the market selling this week putting some pressure on prices nearby. The total volume of trade for export internationally has been very slow, meanwhile futures and cash prices seem to be divergent. DDGS price is losing the premium relative to corn and soybean meal prices making it gradually more attractive in more feed rations. Livestock producers from poultry to beef have been suffering poor feed to livestock price margins forcing them to buy only their needs on a week to week basis. Ethanol production is on the rise this year with several new plants expected to be on line this summer and fall. Many of the new plants are evaluating their options for DDGS sales and many of those are concluding that exports will be one of the preferred markets for them in terms of price and volume. Gasoline and ethanol prices continue to weaken which may limit the upward price potential of corn, soybeans and other commodities. Overall comments from the trade are that the market feels soft this week, and is seeking direction from the futures market in lieu of other indicators.

Delivery Point	February	March	*April- May- June	July- Sep
Barge CIF New Orleans (min. 36 % Profat)	\$198	\$198	\$197	\$197
FOB Vessel GULF (min. 36 % Profat)	204	204	203	203
Rail delivered PNW (min. 36 % Profat)	221	224	224	221
Rail delivered California (min. 36 % Profat)	219	222	222	219
Mid-Bridge Laredo, TX (min. 36 % Profat)	235	235	227	225
40 ft. Containers to South Korea (Busan)	294	294	294	294
40 ft. Containers to Taiwan (Kaohsiung)	290	290	290	290
40 ft. Containers to Philippines (Manila)	301	301	301	301
40 ft. Containers to Indonesia (Jakarta)	306	306	306	306
40 ft. Containers to Malaysia (Port Kelang)	314	314	314	314
40 ft. Containers to Vietnam (Ho Chi Min)	306	306	306	306
40 ft. Containers to Yokohama (Japan)	310	310	310	310
40 ft Containers to Thailand Lat Krabang & Bangkok	306	306	306	306
40 ft Containers to “South” China Ports (36% Protein + fat)	300	300	300	300
KC Rail Yard	200	202	202	200



OCEAN FREIGHT MARKETS and SPREADS

Dry Bulk Freight Indices for HSS - Heavy Grain, Sorghum and Soybeans.

Route and Vessel Size	Current Week U.S.D/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$97.00	Up \$5.00	46,000 ton Handymax At \$96.00 per tonne
55,000 PNW- Japan	\$54.00	Down \$1.00	Handymax at \$54.00
55,000 U.S. Gulf - China	\$96.00		North or South China
25,000 U.S. Gulf- Veracruz, México	\$25.00		3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$21.00		Deep draft and 8,000 MT per day discharge rate.
25/30,000 U.S. Gulf- East Coast Colombia	\$36.00		West Coast Colombia \$62.00
30,000 U.S. Gulf - Algeria	\$70.00		6,000 MT daily discharge
55,000 U.S. Gulf -Egypt	\$69.00		55,000 -60,000 mt
60-70,000 U.S. Gulf - Europe	\$63.00		
55-60,000 Brazil -China	\$105.00		
55-60,000 Argentina- China	\$104.00		
55,000 U.S. Gulf to Iraq	\$165.00 -\$170.00		Umm Qasr (Incl. War risk)
25,000 U.S. Gulf to Morocco	\$66.00		One port discharge. 3,000 MT discharge rate

[Recent vessel fixtures:](#)

Ocean Freight Comments:

Despite the lull in business due to the Chinese New Year holiday, ocean freight rates are trying to bounce back a bit from their recent lows.

The Baltic index for Panamax rates in the Gulf/Atlantic bounced up 5,686 points or 9 % in the last week to 66,214. The Baltic index for Panamax rates in the Pacific moved up 1,430 points or 4 % since last Friday.

Rates are still well below their 2007 highs, but remain quite volatile.

In dollar terms, the U.S. Gulf to Japan Panamax market for Feb.-March is close to **\$97.00/mt**. Handymax vessels are trading at a \$4.00/tonne premium to Panamax size vessels. Panamax rates from the PNW to Japan are quoted at **\$54-55.00/mt**. for the same period. With U.S. Gulf to Japan-Asia Panamax rates now in the range of **\$97.00/tonne** for February shipment and rates from the PNW to Japan at near **\$54.00** per tonne, the Gulf-PNW freight spread is sitting very close to **\$43.00** per tonne (\$1.09 cents per bushel for corn and milk and about 1.17 cents per bushel for soybeans and wheat). This is a very wide spread and will cause the shifting of vessels from the Pacific to the Gulf-Atlantic. Of course, we also have an historically high cash spread/premium between the US Gulf and PNW in Fob Corn values.

****All Prices are Market Estimates******
******See Suppliers for Actual Quotations******

Interest Rates		
	Percent Rate	Last Week
U.S. PRIME	6.0	6.0
LIBOR (6 Mo.)	3.11	3.18
LIBOR (1 Year)	2.82	2.96

RESOURCES: www.cbot.com; www.ams.usda.gov; [O'Neil Commodity Consulting](http://www.o'neilcommodityconsulting.com); <http://www.bankrate.com>

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