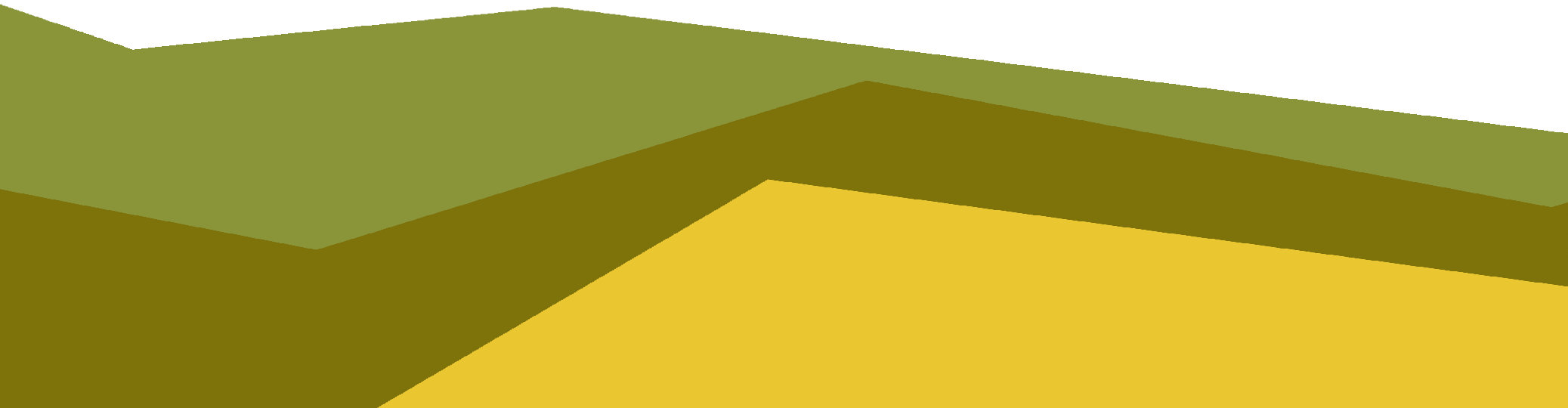


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# Cereal & Oilseeds Market Outlook 2007

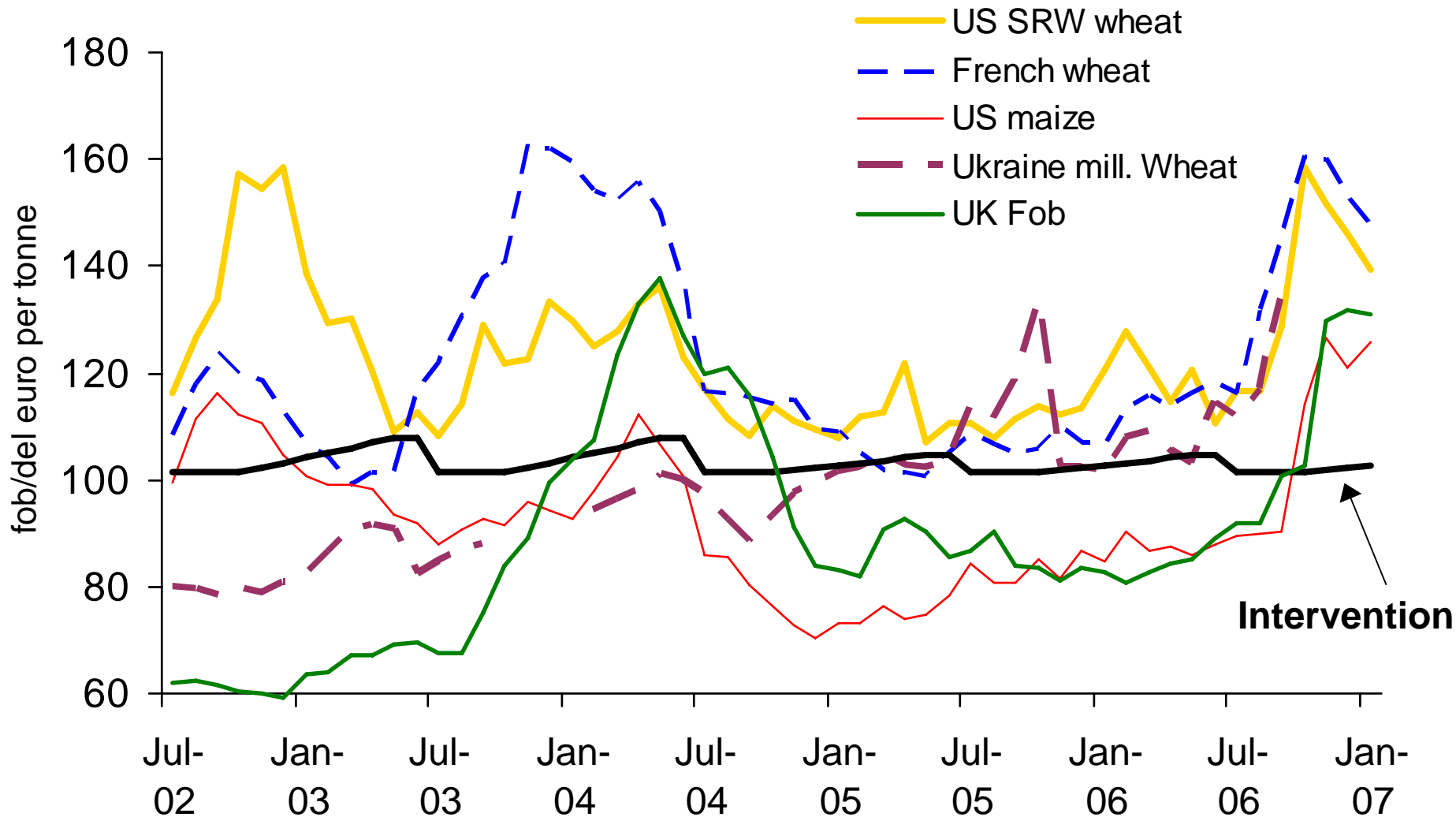
**Alastair Dickie**

**Director, Crop Marketing, HGCA**

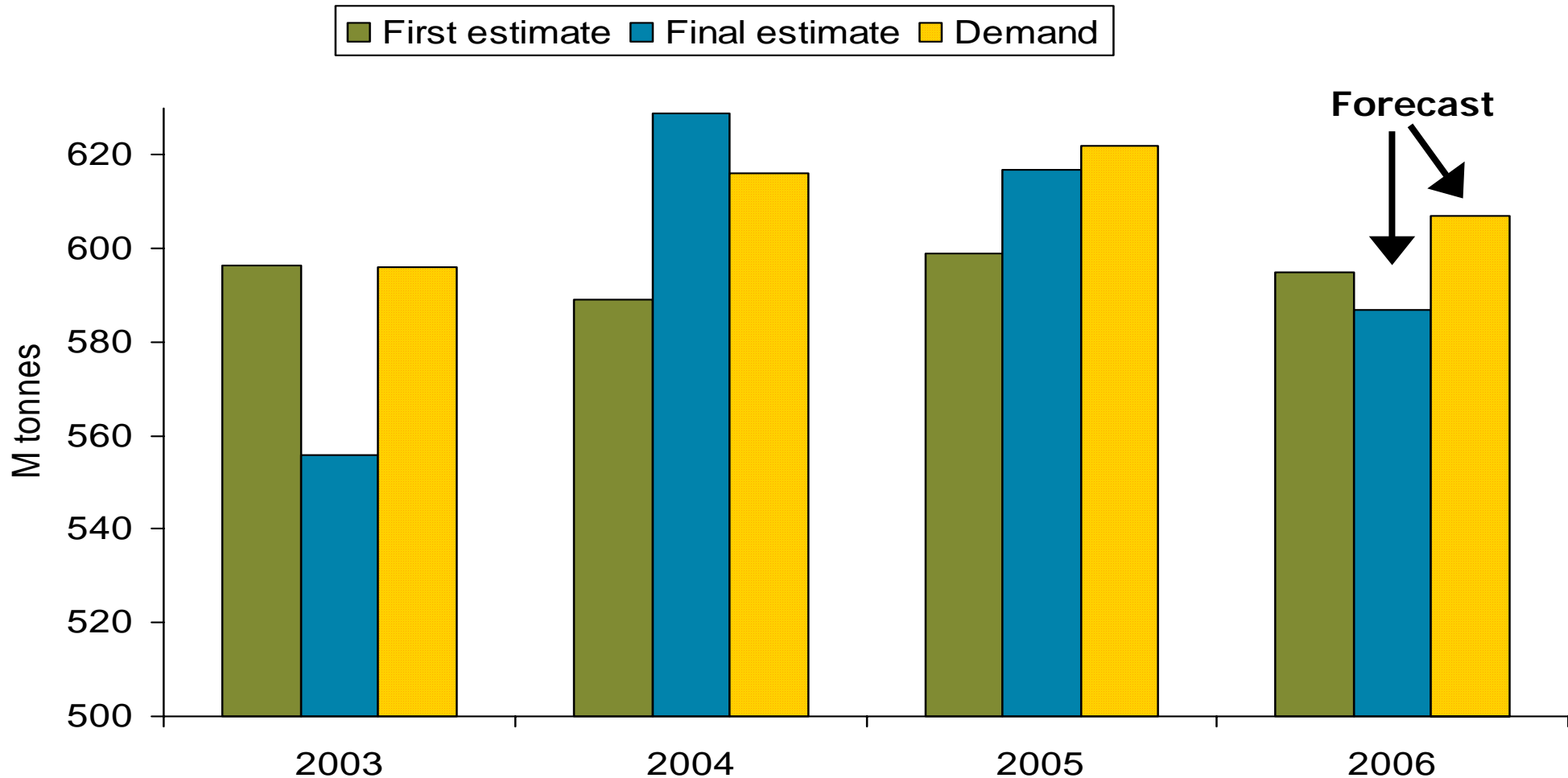


# World market volatility

– prices above intervention, exposure to volatility



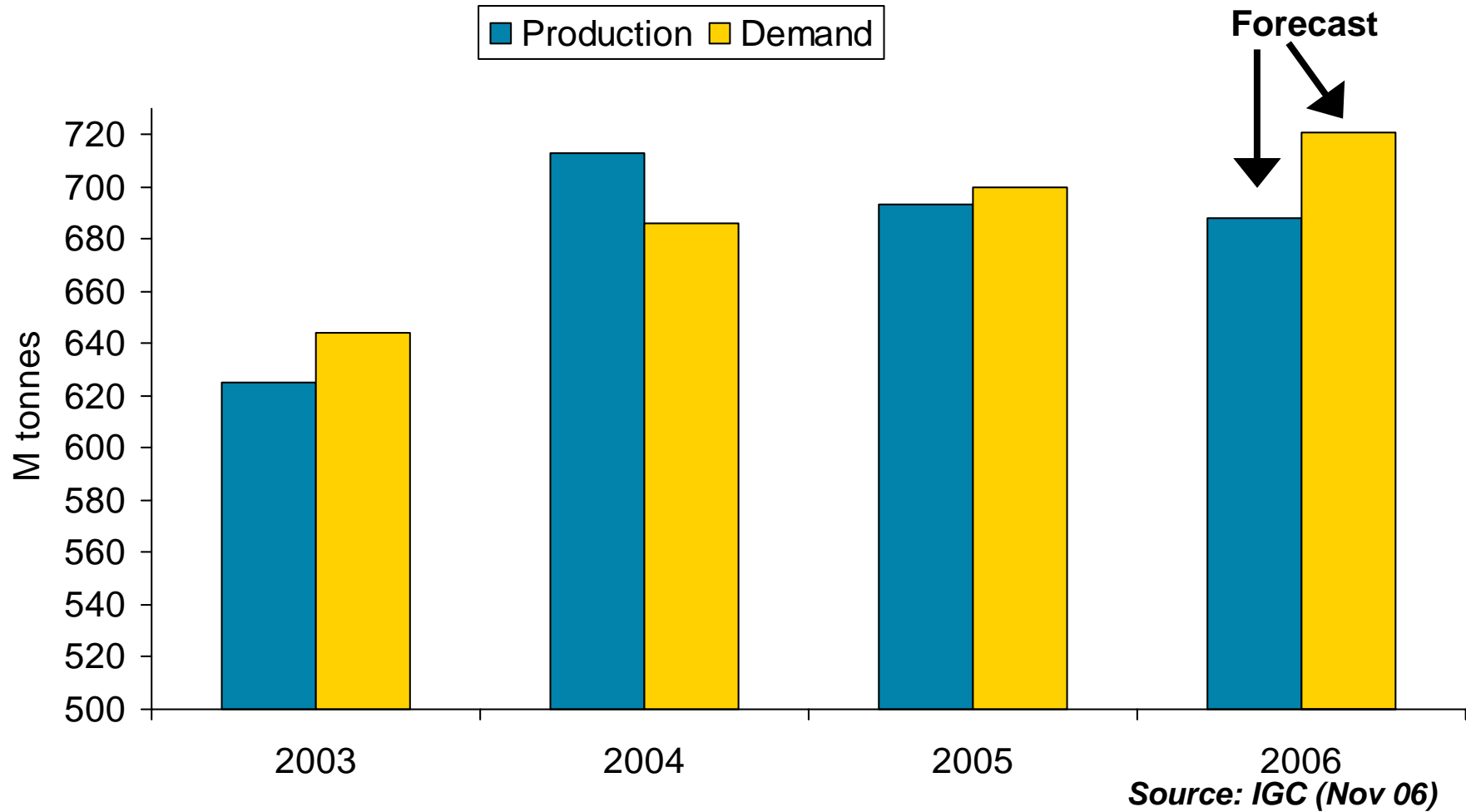
# World wheat production lower in 2006 – demand forecast higher than production



Source: IGC (Nov 06)

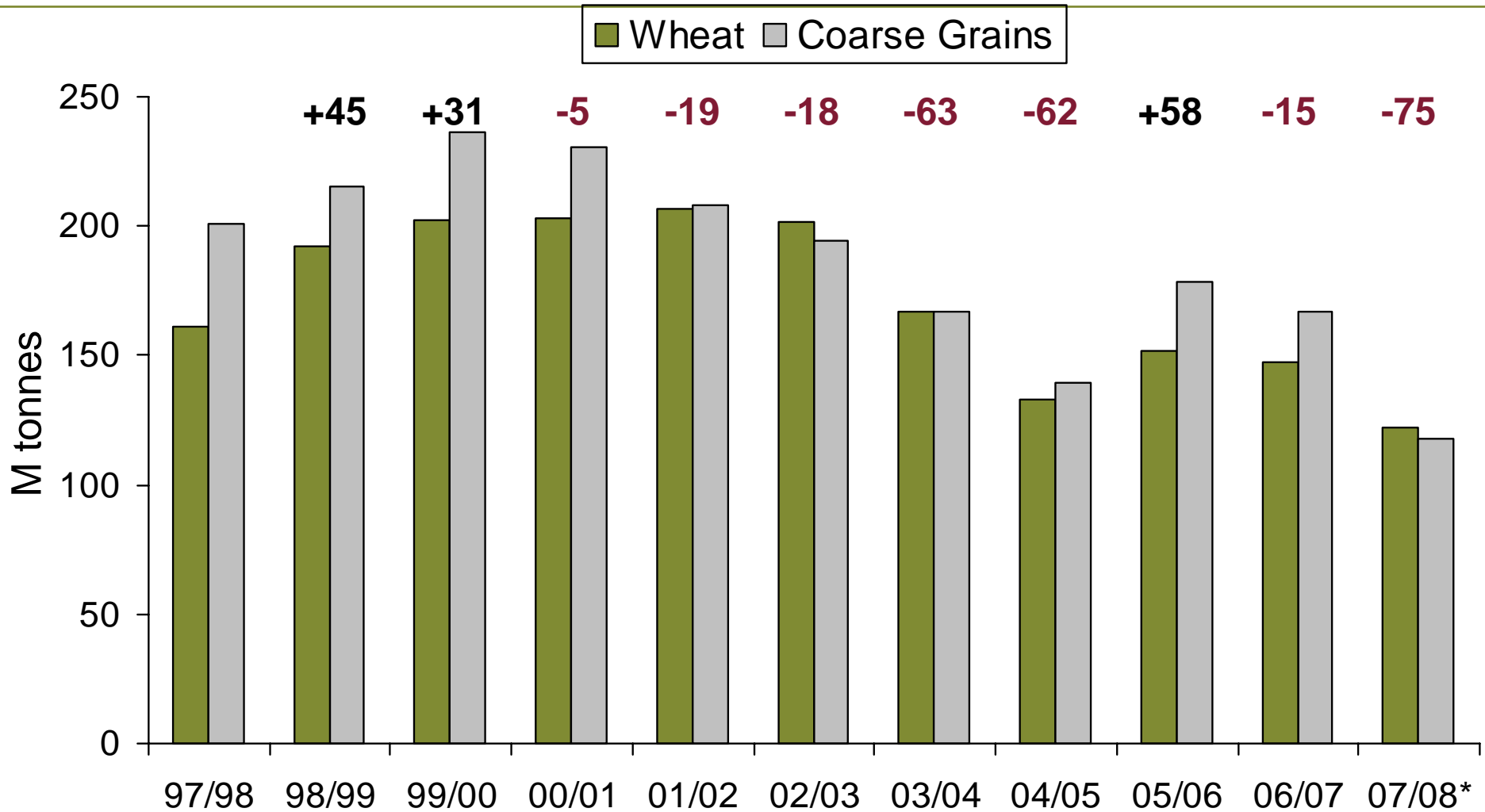
# World maize crop

- ethanol driving demand growth



# World opening stocks lower in 2006/07

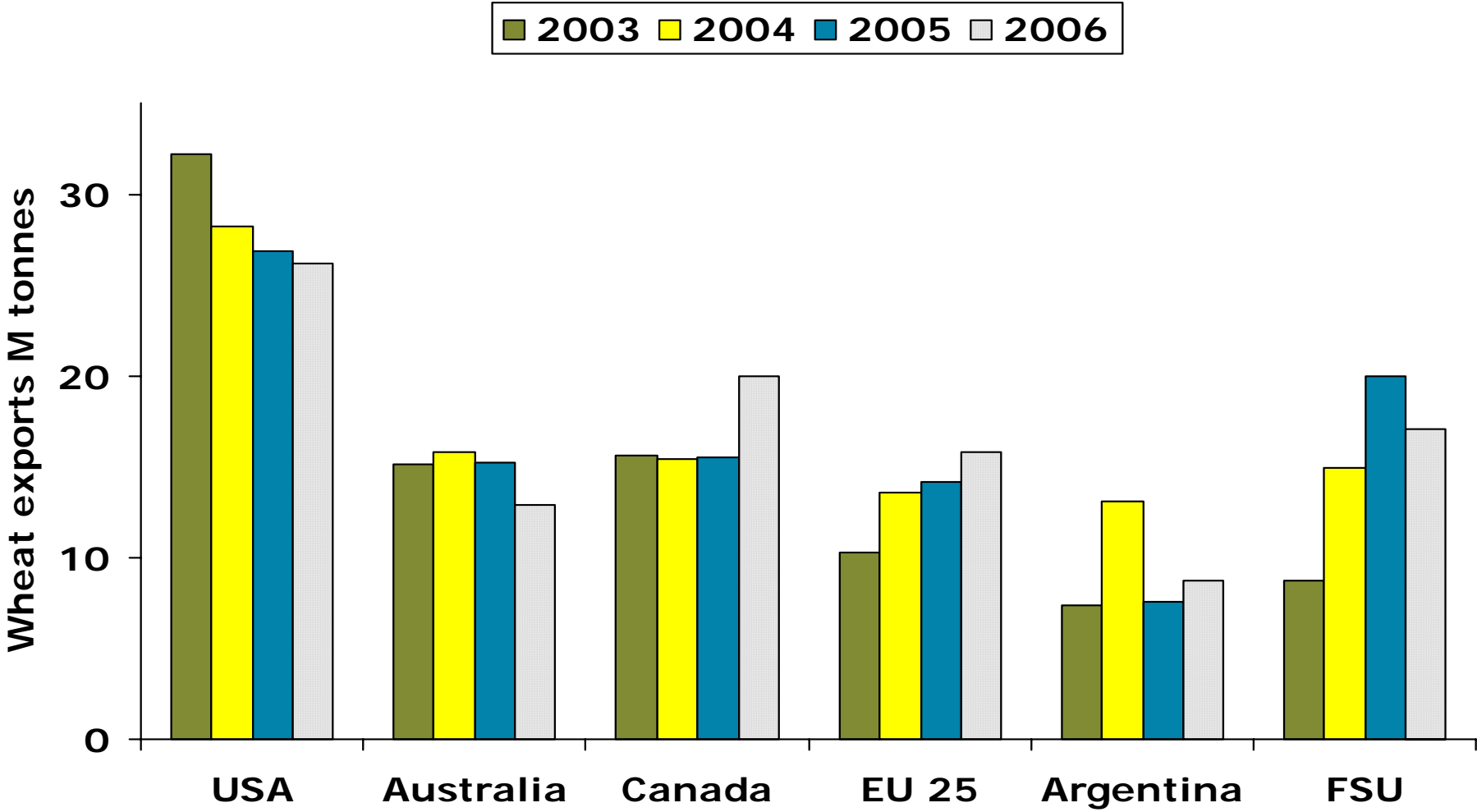
- forecast lower in 2007/08 and we need 2007 crops



Source:USDA (Jan 07)

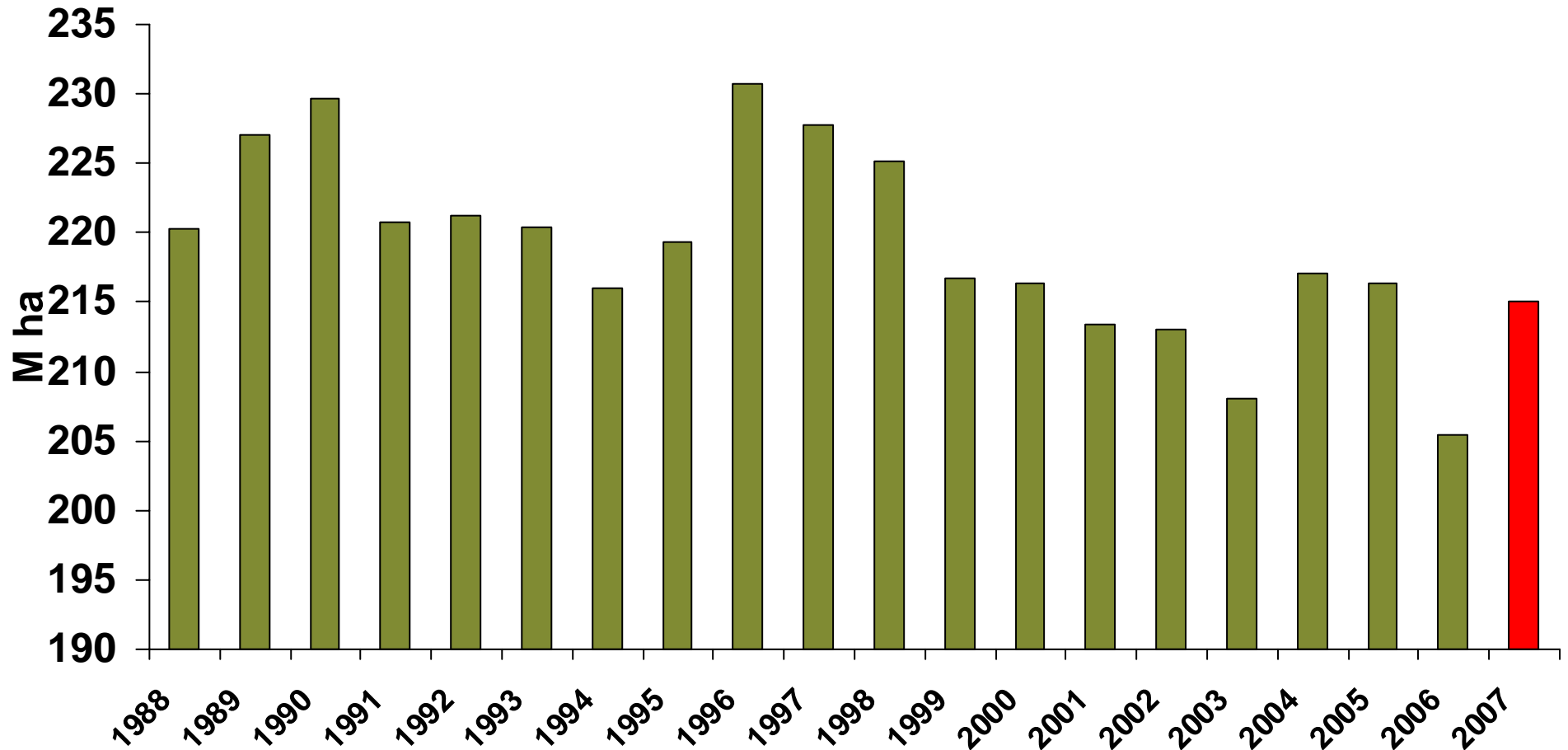
# World wheat exports

– less *US and FSU* availability



Source: IGC (Nov 06)

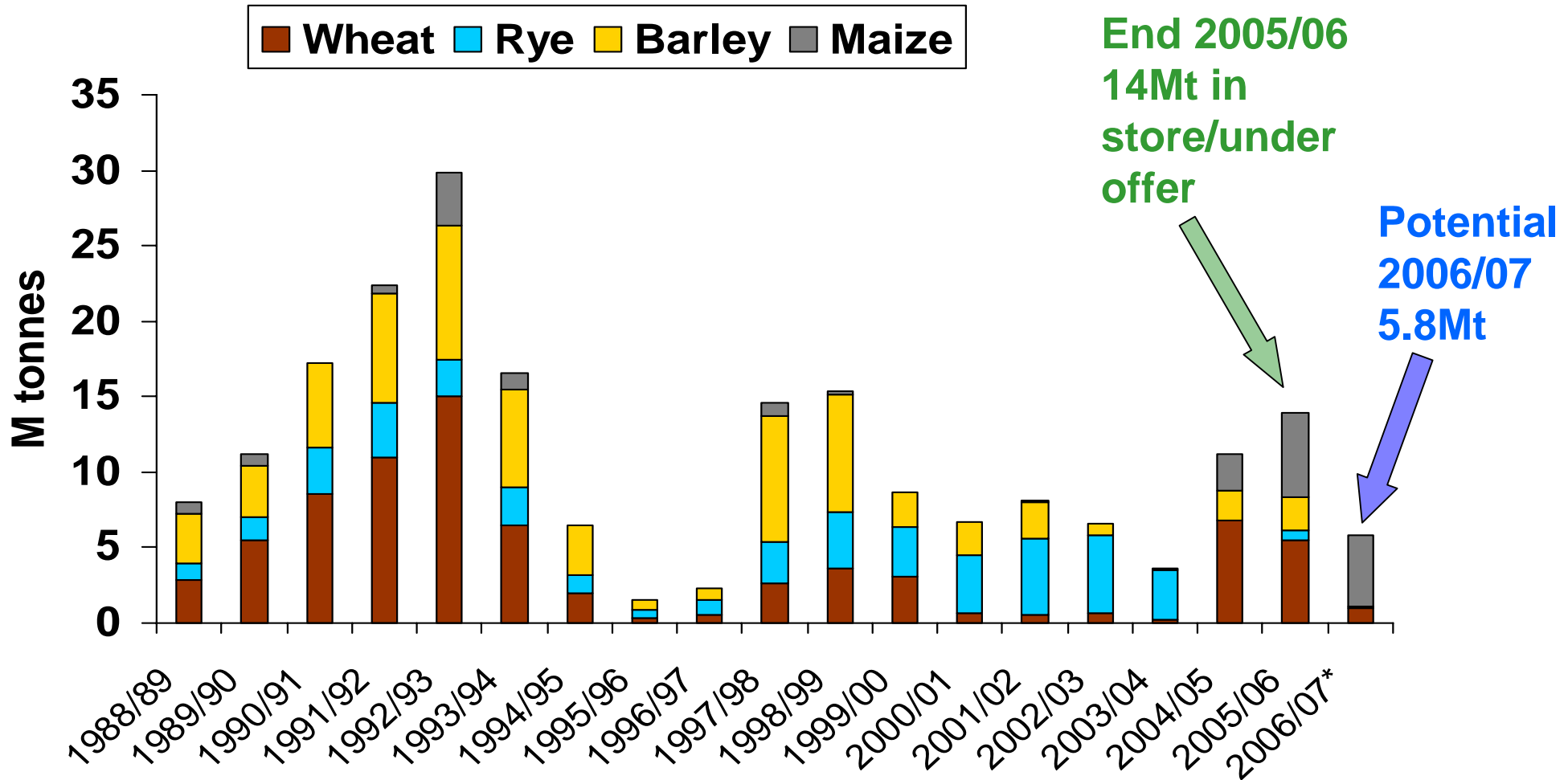
# World Wheat Area - *Tentative early 2007 planting estimates, suggest a higher planted area*



Source: IGC (Nov 06)

# EU-25 intervention stocks now under control

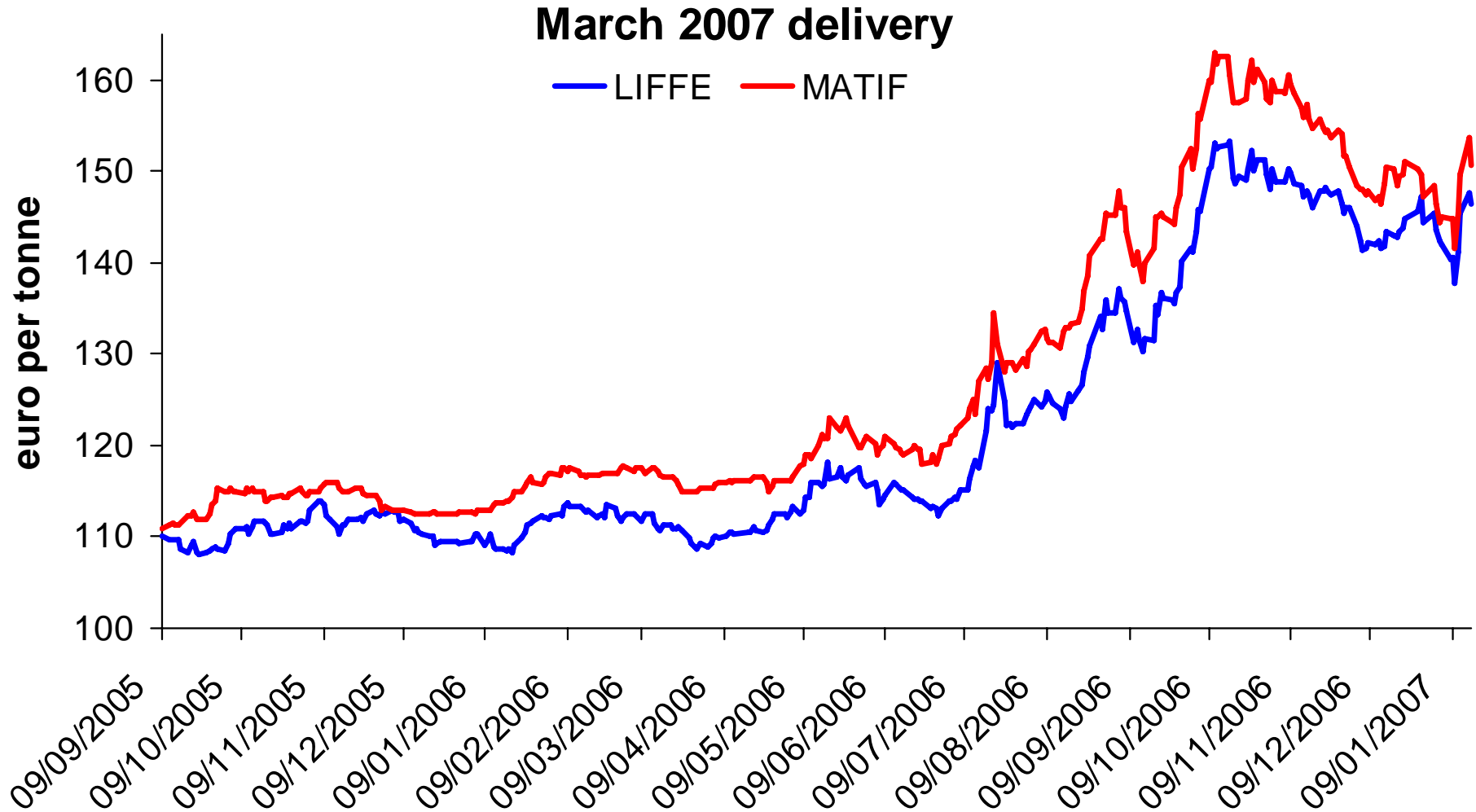
– *increased sales could lower stocks 5Mt*



Source: EC / \*Strategie Grains (Dec 06)

# UK Wheat Tracks French

- an important check on trends



## Cereal Market Outlook – 5 key points to consider

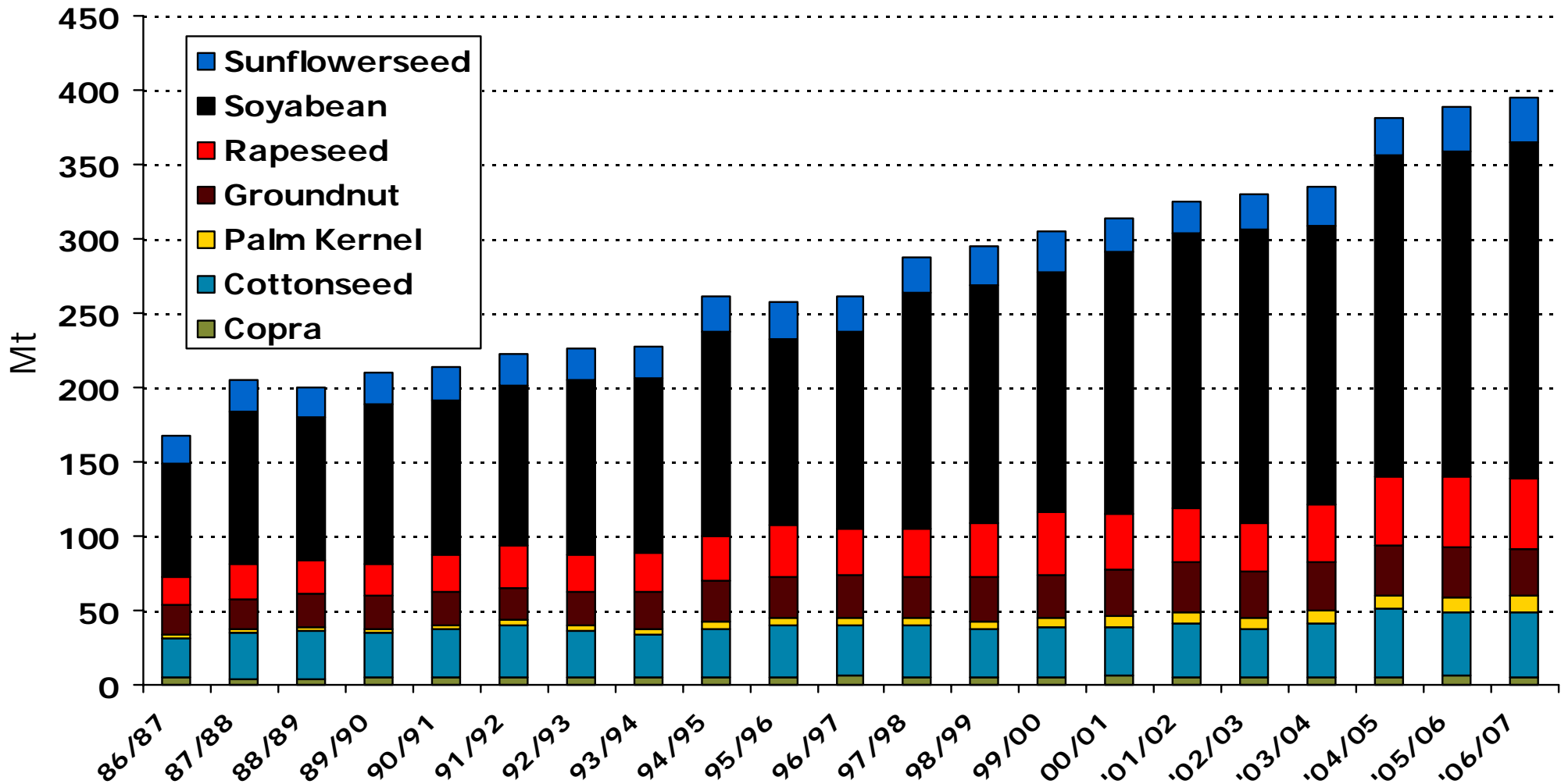
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- Tight global supply and demand for 06/07, World stocks to reach record lows
- BioFuel demand to expand in 2008
- Increased world production likely in 07/08, weather key (as always)
- Intervention stocks under greater control, but likely policy changes ahead
- Market prices above intervention, price volatility for both feed base prices and premiums
- Focus to remain on price risk management

# World oilseed production

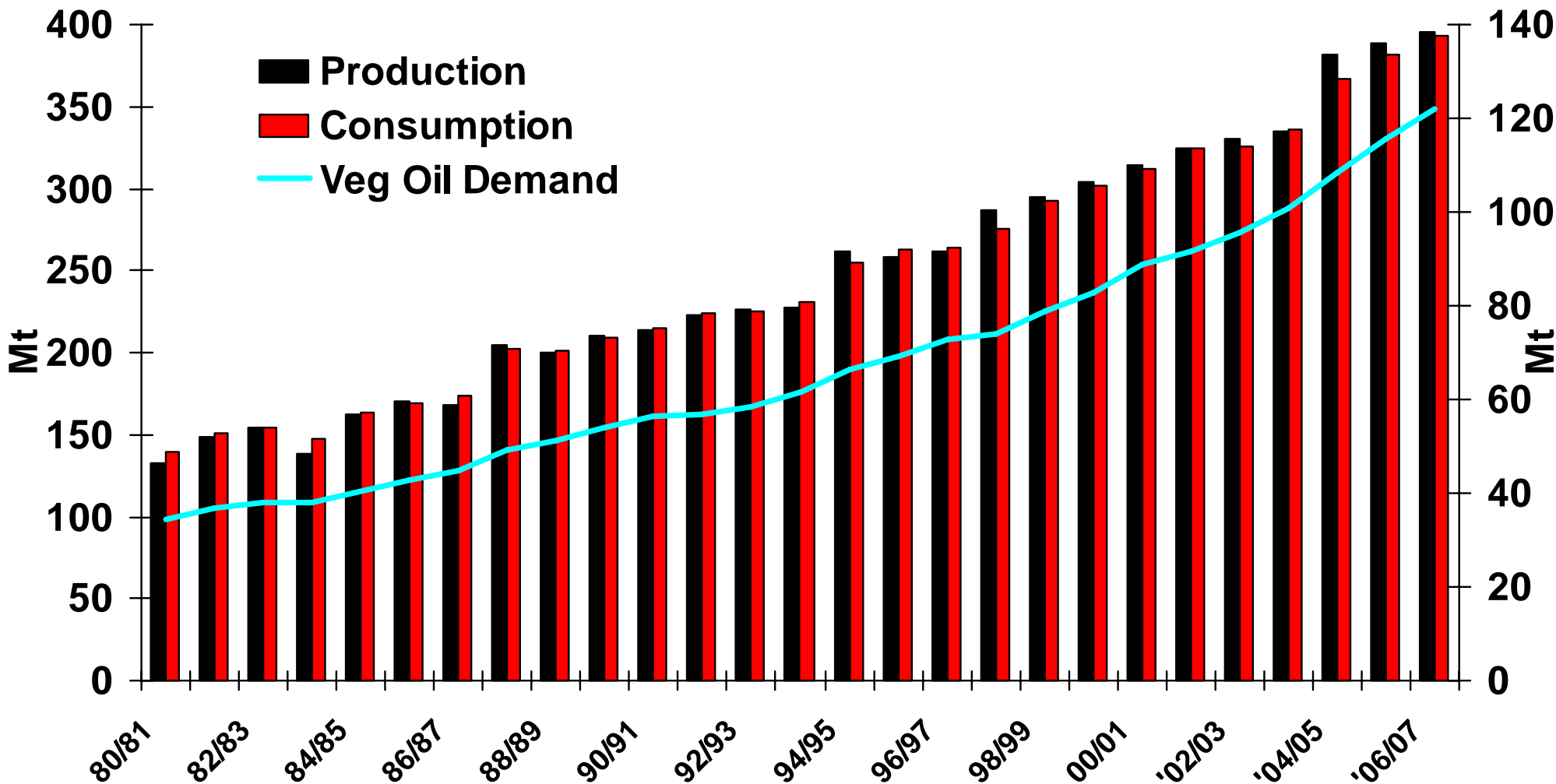
- soyabeans account for 57%



Source: USDA

# World oilseed market

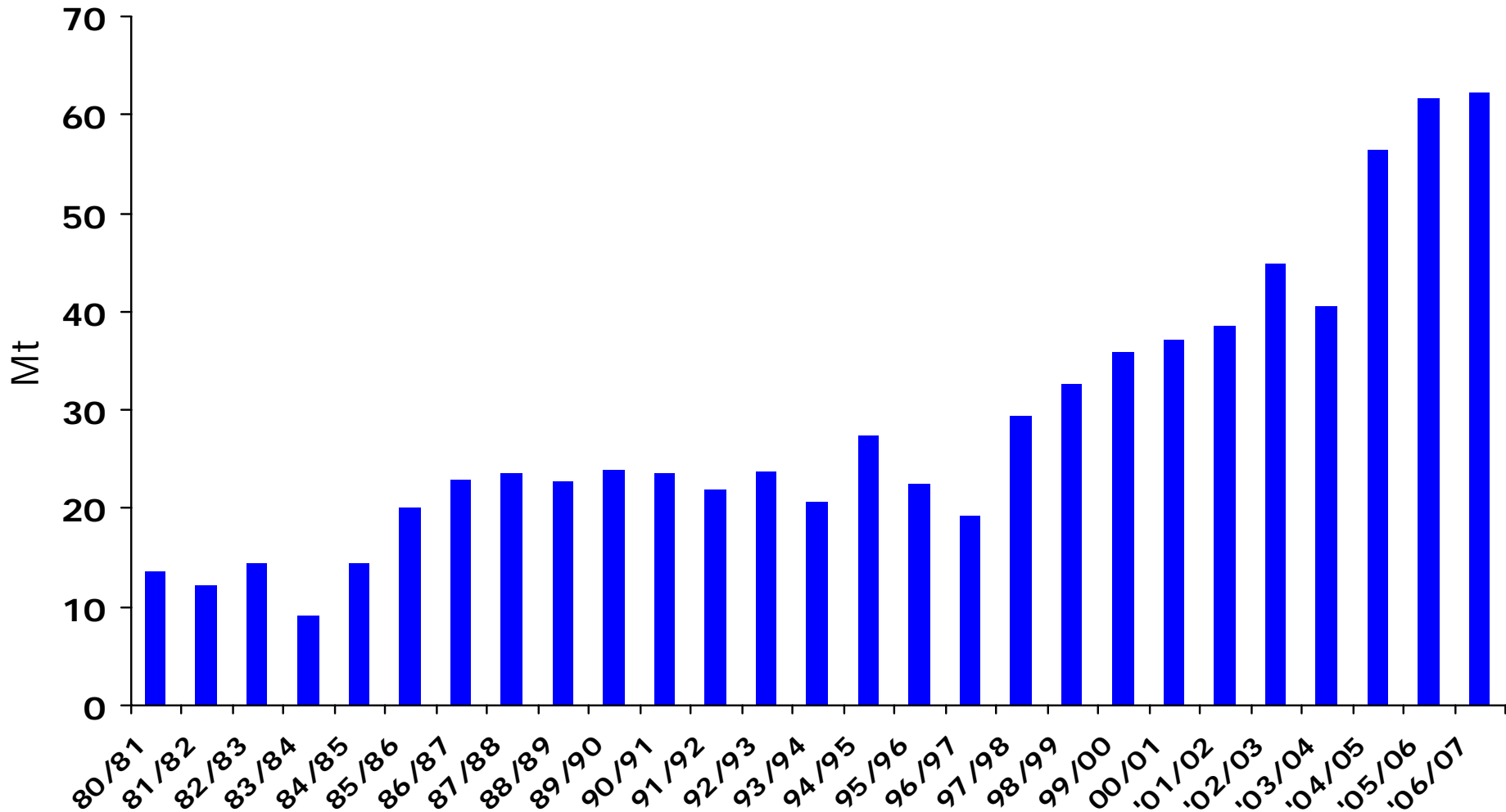
- continued growth in oilseed demand



Source: USDA

# World oilseed market

- rise in stocks has slowed



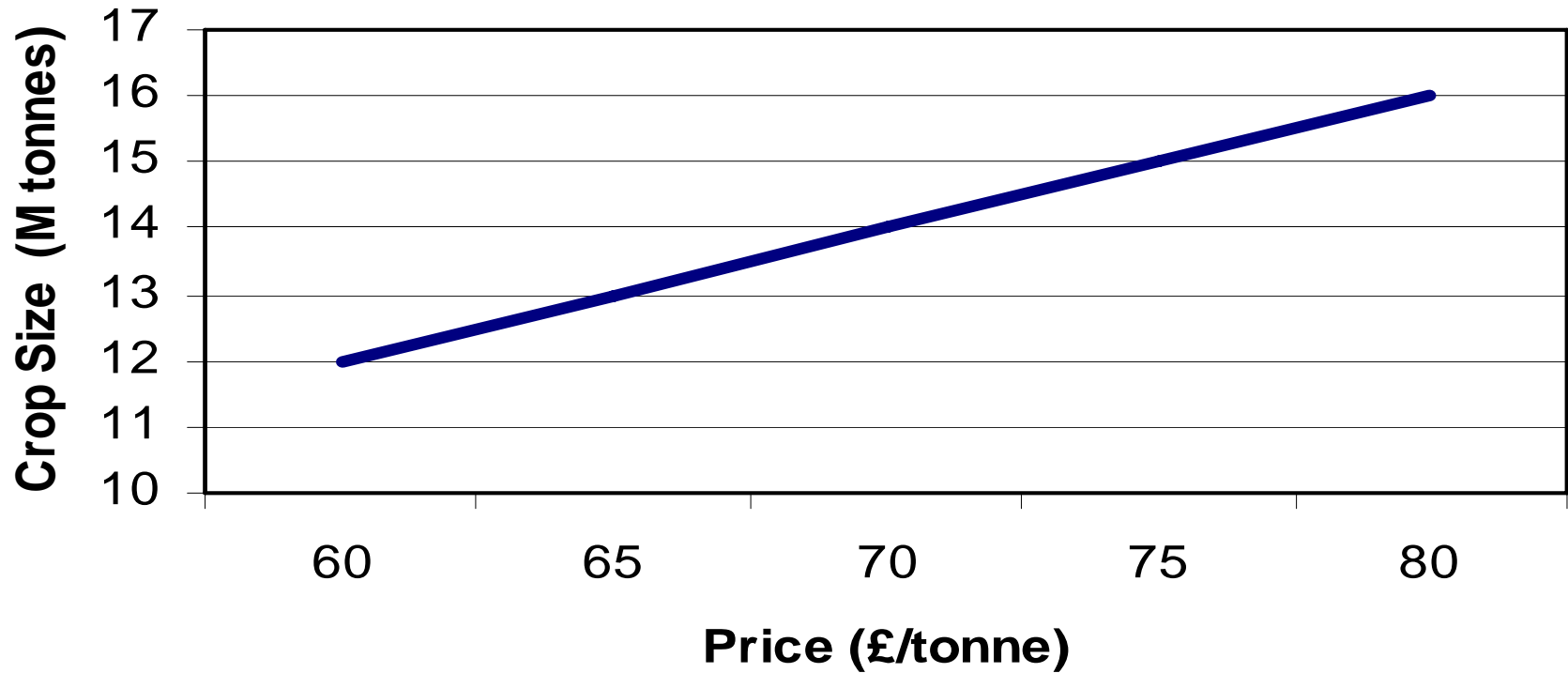
Source: USDA

# UK Cereal Supply Response

*- the Renwick Effect*



## Impact of Price on Wheat Plantings



# New Protein Supplies

- animal feed or biomass?

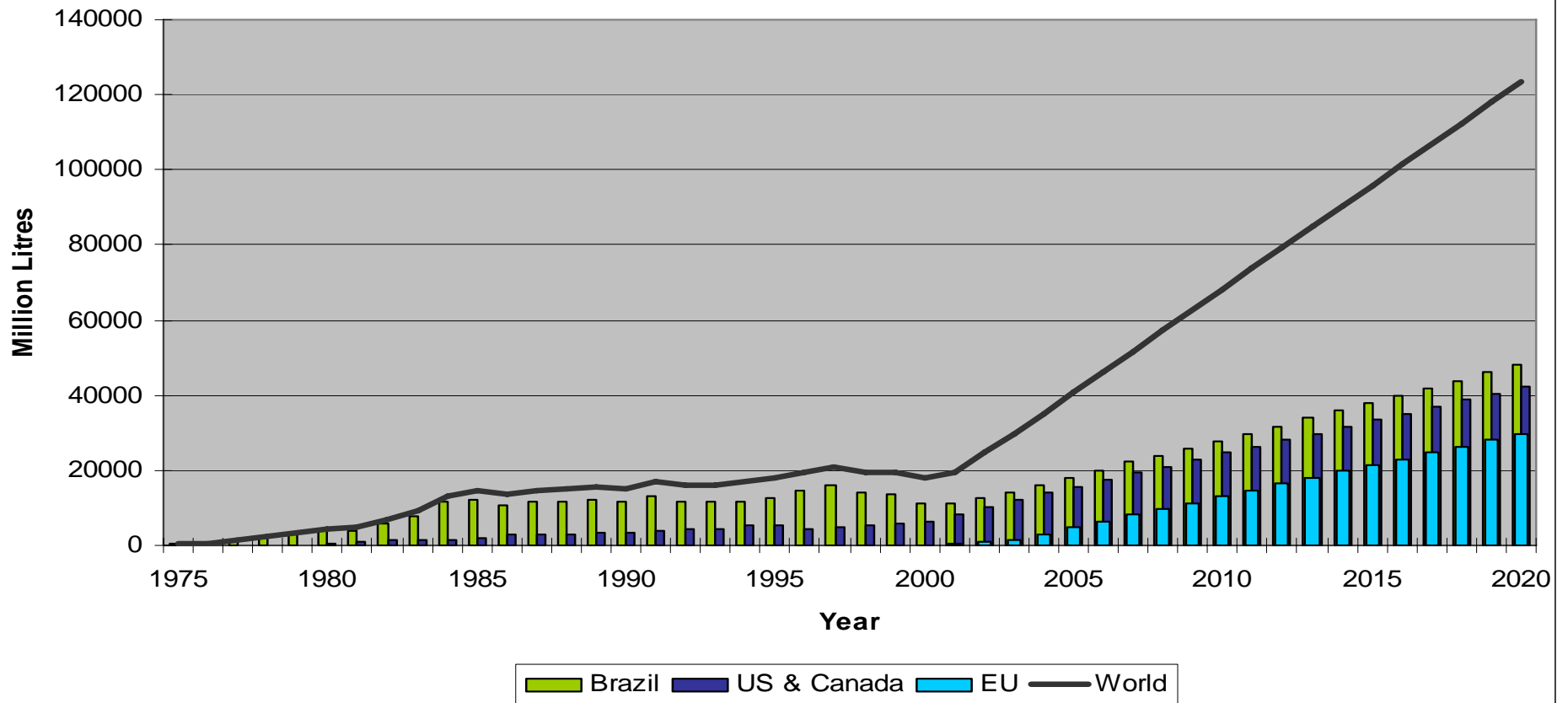


<b>Company</b>	<b>Location</b>	<b>Timescale</b>	<b>Wheat (<sup>'000</sup> tonnes)</b>	<b>Co-products (<sup>'000</sup> tonnes)</b>
Green Spirit Fuels	Somerset Humberside	Spring 2008 ?	350 650	100 190
IBR	Yorkshire	?	330	95
Roquette	Northampton ?	Spring 2008 ?	330 650	95 190
British Sugar	?	?	825	235
Ensus	Teeside	?	1,100	300
Bioethanol Ltd	Lincolnshire	?	650	190
Vireol	Lincolnshire Teeside	Spring 2008 Spring 2008	1,000	280
Losonoco	Teeside	End 2008	500	140
Cargill Cerestar	Manchester	Summer 2007	700	200
<b>TOTAL</b>			<b>7,080</b>	<b>2,020</b>

# Future Ethanol Consumption

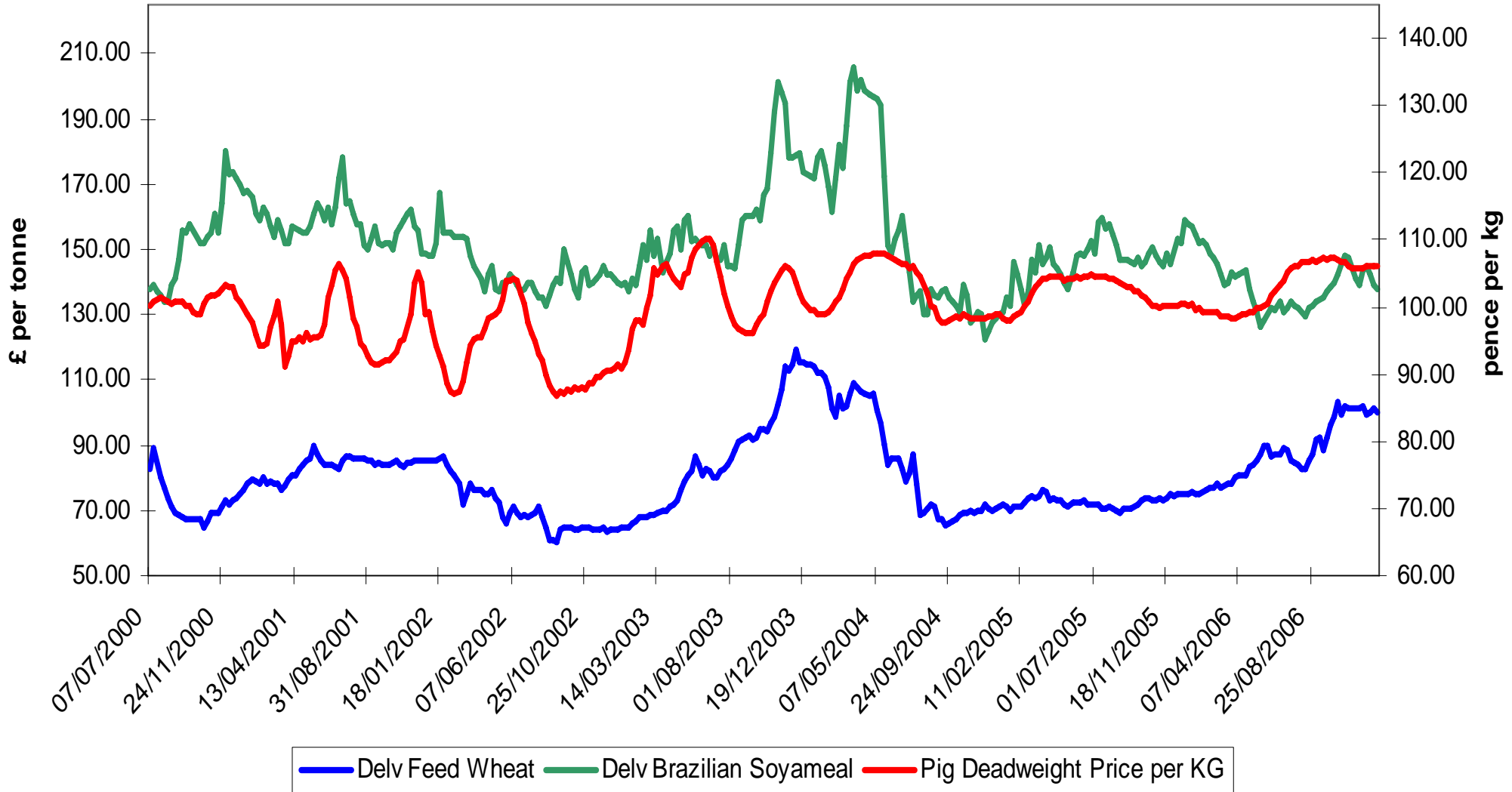


Projected Fuel Ethanol Consumption. Source: IEA



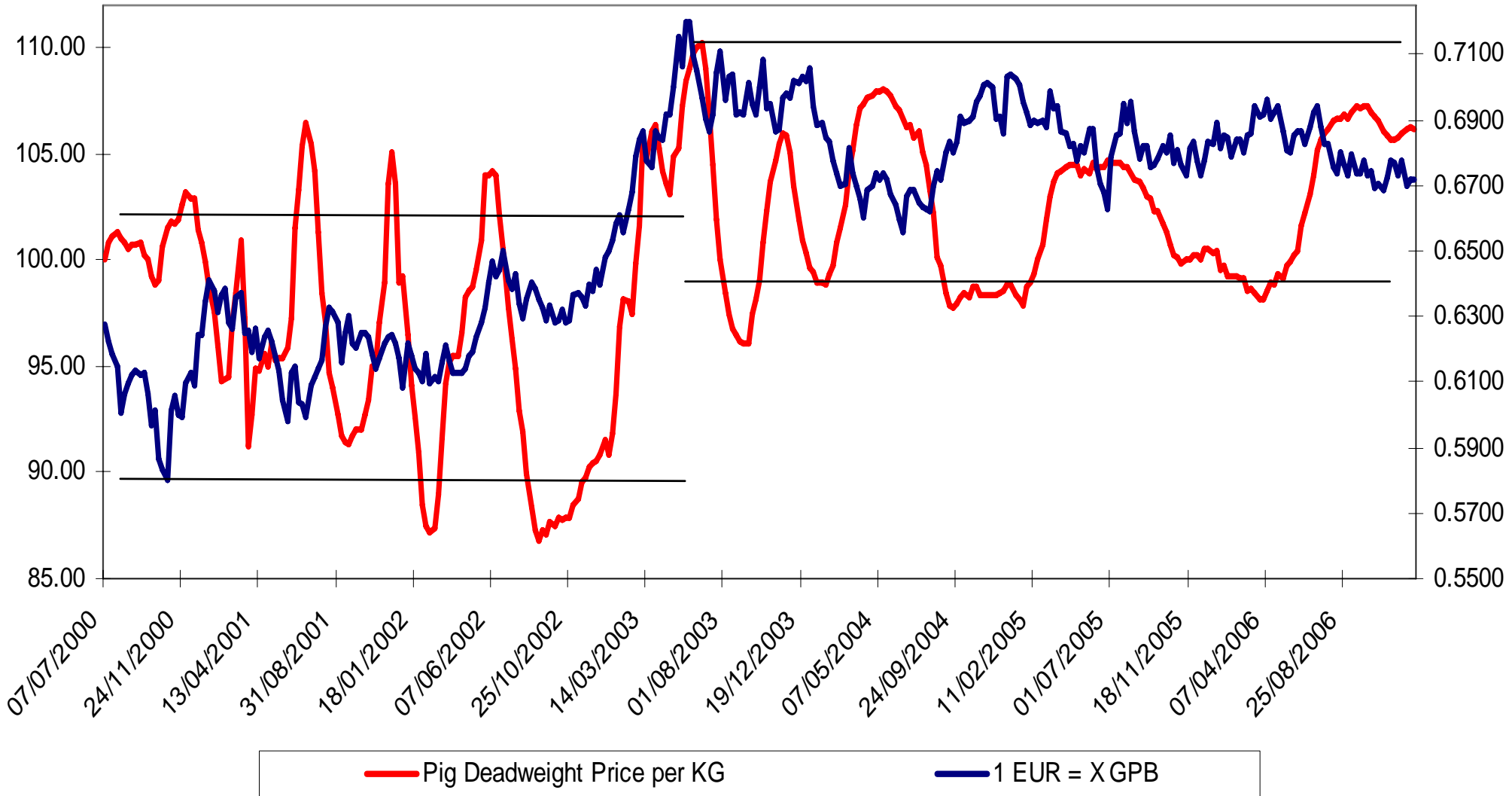
# Pig Production Margins

- trading forward to lock in profits



# Pig Prices and the Euro

- *who says pig prices can't be hedged?*



# Cereal & Oilseeds Market Outlook 2007

**Alastair Dickie**

Director, Crop Marketing, HGCA

[alastair.dickie@hgca.com](mailto:alastair.dickie@hgca.com)

**Tel: 020 7520 3908**