Weekly Overview

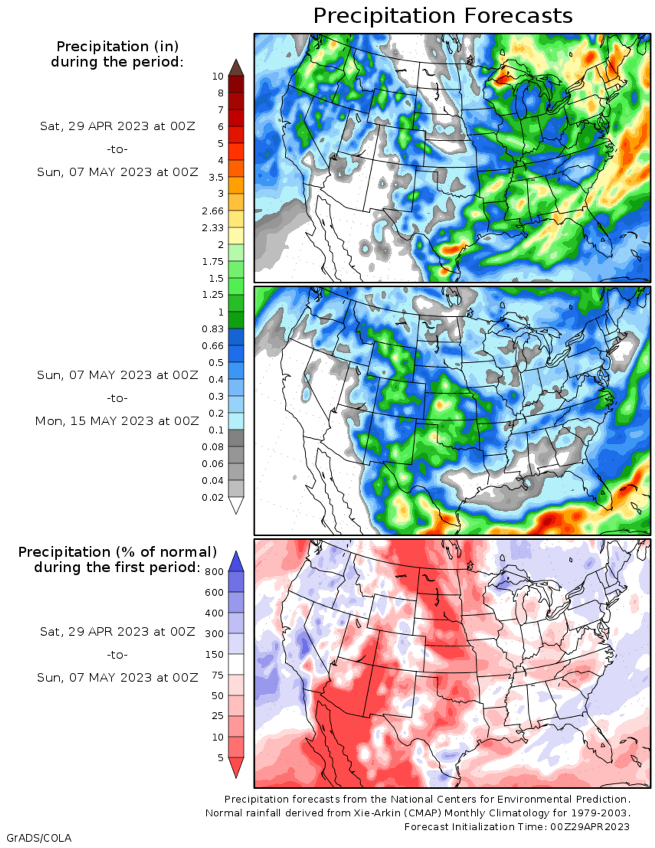
Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	633.75	-39.25	-5.83%	722.25	624.25
Kansas Wheat	776.25	-49.25	-5.97%	886.00	761.75
Corn	585.00	-30.25	-4.92%	647.50	572.00
Soybeans	1419.25	-29.75	-2.05%	1501.00	1396.50
Soybean Meal	432.40	-11.20	-2.52%	468.20	422.00
Soybean Oil	51.67	-1.90	-3.55%	57.51	50.57
Crude Oil	76.61	-1.10	-1.42%	82.91	72.70
Palm Oil	745.75	-75.25	-9.17%	857.50	745.75

Grains and oilseed markets were under pressure this week. The main factor driving lower prices in Corn and soybeans is the continued decline in FOB premiums in South America, which is taking exports away from the US as expected. Additionally, the weather for planting is improving, leading to good planting progress for the new crop. Additionally, rains for HRW have also improved, adding pressure on wheat prices.

Though the supply from South America was not unexpected, we believed that most of the higher supply had been factored into the market. The continued weakness in physical cash premiums and the resulting pressure of declining flat price due to South American supply was not something we had anticipated to have a price impact during the planting season for the US new corp.

Typically, the ample supply from South America is factored in by the first quarter of the year, and the focus is firmly on the planting area and expected yields on the US new crop. As a result, the recent price decline has been sharper than our expectations.



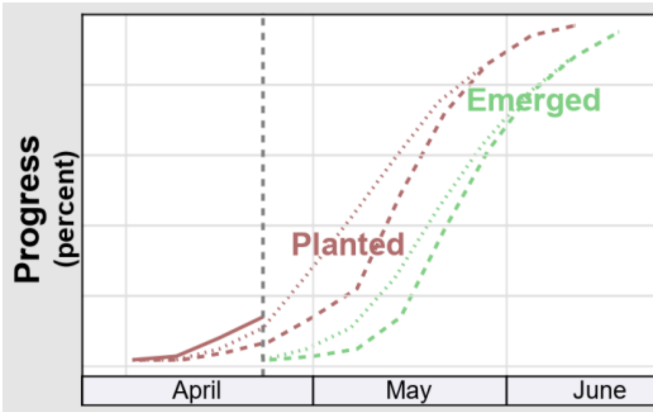
Even though the price has been lower in the last couple of weeks, the overall dependency on the US new crop to build stock has not disappeared.

Given that the total expected carry-out remains small in the US, the future price direction of soybean and Corn will be a function of how well the growing season goes in the US has remained an unchanged factor that should be driving prices as we advance. Assuming the planting goes well and the intended acres are planted, the critical months to monitor weather forecasts will be July for Corn and August for soybeans.

It is still too early to make anything but statistical model estimates on the yields, as long-range forecasts tend to be unreliable. However, if the yields drop below the trend, we could end up with Corn carry-out close to 1 billion and soybeans at a sub 200 million bu.

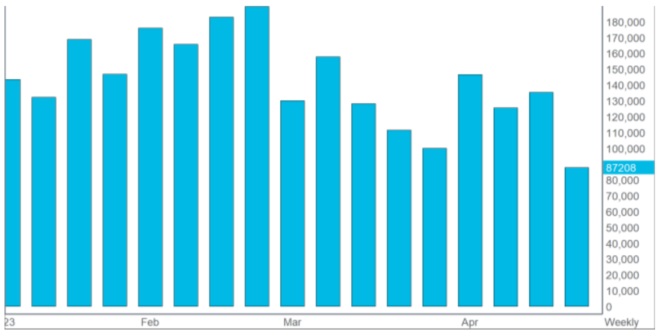
Such a scenario is not a remote possibility, increasing the likelihood that the market could be taking too much of the risk premium off from the prices too early in the crop growth cycle.

Planting progress in Corn and soybean is going well, and the snow cover doesn't seem to be much of an issue now.



Corn Planting Progress

CFTC COT Report has managed money funds selling positions in Corn and soybean. Funds are now short on Corn and have also added to the short positions in wheat. Funds were also significant sellers of soybeans by almost 60k contracts. Part of the market price movement last week could be explained by the funds selling



Grains

The improved forecasts for Kansas wheat and the decline in corn prices pushed the wheat prices lower this week.

Fundamentally not much has changed for the global wheat crop. Price will be a function of the Northern Hemisphere crop performance in the coming months.

Supply and demand balance sheets do not have room for a large crop reduction from the major exporting countries.

Given the decline in prices, while the global wheat fundamentals have remained unchanged, we believe there is more upside risk in prices vs. downside.

Additionally, there is a risk that the Australian crop might be much smaller due to the expected El Nino forecasted for later this year.

Corn price broke lower out of the price trading range of last month. The price decline has been due to a continued drop in physical cash premiums from South American and Managed money funds going net short on Corn.

Planting progress in the US is going ahead without any major concerns.

Though corn prices have been under pressure, the global demand moving toward South America is not unexpected. The declining premiums in Brazil will pull demand away from the US; however, once the supply pressure in South America is over, the focus will move back to the US new crop growing season. The South American flat price stabilizes, price risk in Corn is to the upside.

Oilseed complex

Soybeans were sharply lower during the week due to managed money fund selling and declining South American prices. Calendar spreads were dropping as well midweek. However, by the end of the week, prices retraced back partially, and the freefall in Brazilian premiums paused.

Even though the spread declined on the expectation of imports last week, we are still bullish on the old crop new crop spread as we do not believe imports from Brazil will be substantial enough to reduce tight old crop carry out. We continue bullish the old crop New crop spread (SN/SX), with a target of nearly 200 cents.

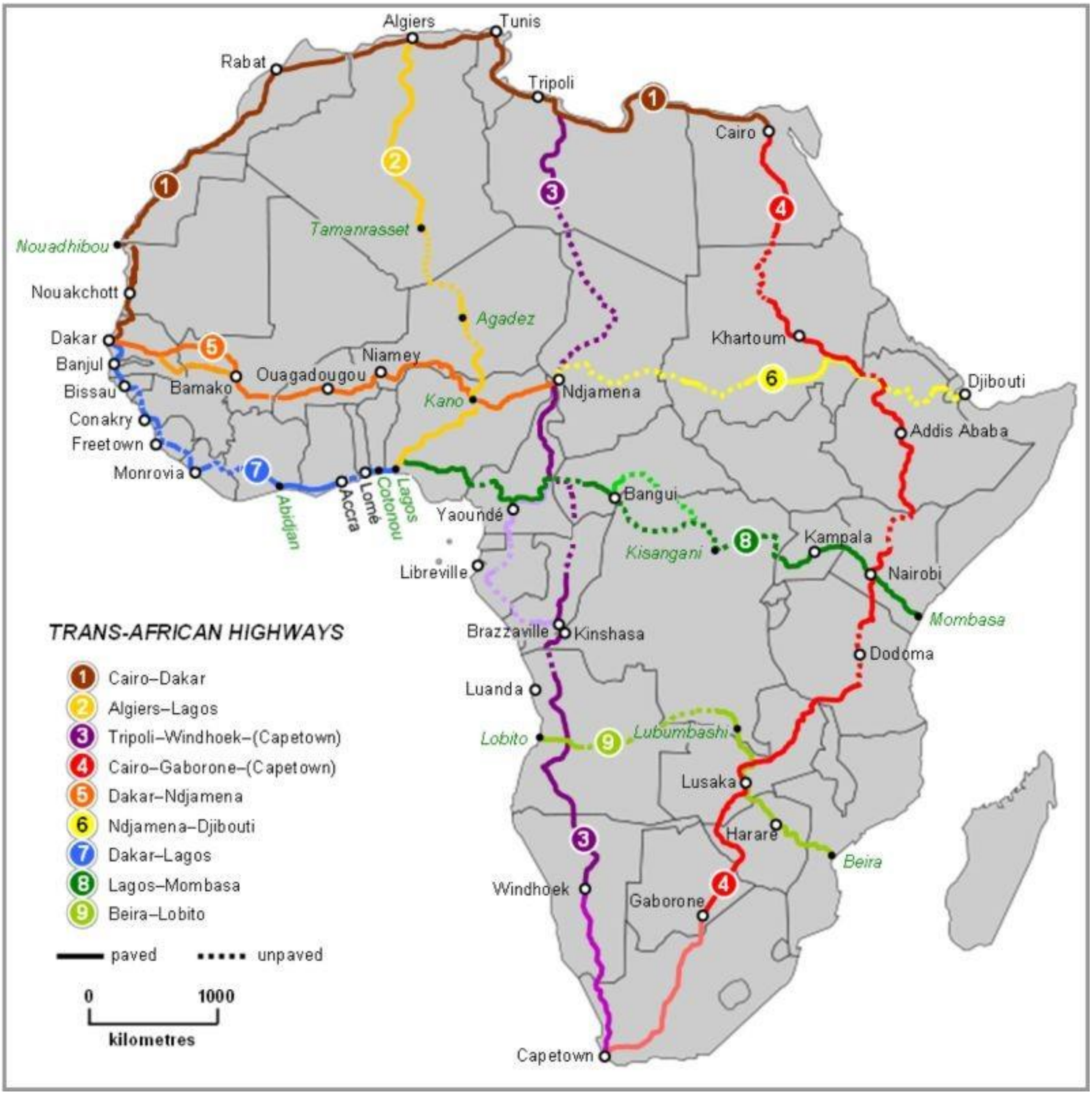
Soybean fundamentals have not changed significantly, and the risk of new crop carry being smaller than current estimates remains. Given the further drop in prices, like Corn, we believe the price risk is to the upside.

Trade-Ideas:

Wheat: continue to hold long options calls or call spreads.

Soybeans: long on the N/X spread between 150-160 range. Add long options (call, or call spreads) on SX, as implied volatility levels are low, and under-pricing the risk to new crop in our view.

Food for Thought: TransAfrican highways proposed and under construction.


TRANS-AFRICAN HIGHWAYS
1 Cairo–Dakar
2 Algiers–Lagos
3 Tripoli–Windhoek–(Capetown)
4 Cairo–Gaborone–(Capetown)
5 Dakar–Ndjamena
6 Ndjamena–Djibouti
7 Dakar–Lagos
8 Lagos–Mombasa
9 Beira–Lobito
paved
unpaved
0
1000
kilometres
Algiers
Tunis
Rabat
Tripoli
Cairo
Tamanrasset
Nouadhibou
Nouakchott
Agadez
Dakar
Banjul
Bissau
Bamako
Niamey
Ouagadougou
Kano
Ndjamena
Khartoum
Djibouti
Addis Ababa
Conakry
Freetown
Monrovia
Abidjan
Accra
Lomé
Cotonou
Lagos
Yaoundé
Bangui
Kisangani
Kampala
Nairobi
Mombasa
Libreville
Brazzaville
Kinshasa
Dodoma
Luanda
Lobito
Lubumbashi
Lusaka
Harare
Beira
Windhoek
Gaborone
Capetown

Disclaimer and Important Disclosures

The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many varied views over the past 12 months, including contrary views. A large number of views are being generated at all times, and these may change quickly. Any valuations or assumptions made are based solely on the author's market knowledge and experience. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. The given material is subject to change, and although based upon information that we consider reliable, it is not guaranteed as to accuracy or completeness. PRETB Pte Ltd believes that the information contained within this report is already in the public domain. The material is not intended to be used as a general guide to investing or as a source of any specific investment recommendations. Investors with any questions regarding the suitability of the products referred to in this presentation should consult their financial and tax advisors.

This material does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Persons into whose possession this document may come are required to inform themselves of and observe such restrictions.