



## Wheat Morning Update & Commentary

Wheat traded most of the night session higher, until a spike high with busted trades in the U.S. Dollar generated an asset wide sell-off. Wheat remains strong technically and could be poised for a run at \$6.00. Index funds need 6.30 just to break even on the re-balancing effort done last year. Naturally this run up in price, and increase in shipping costs have left the U.S uncompetitive to North African and Middle East destinations. This year's wheat crop in Black Sea producers is showing a higher amount of bug damage, making it harder for exports from the region to meet requirements of some customers. 106,000 mt of US, Canadian, Aussie Wheat are being sought in a regular Japanese tender that will conclude on Wednesday next week. This would make the second tender this week for the Japanese.

Bangladesh and others remain around the market. Weather conditions are mostly favorable for emerging and developing wheat in the U.S., but some cool and damp conditions may slow final planting progress. PNW pipeline remains full and SRW supplies overhang the gulf. HRW basis is weaker given the latest run up in futures. Indonesia's consumption of wheat flour is expected to rise 6 percent to 4.028 million tonnes in 2010, from an estimated 3.8 million tonnes in 2009 as the economy continues to grow at record pace. Winter wheat plantings in India through Nov 19 was pegged at 9.4 mln ha up from last year's 8.6 mln ha at the same point in time. Buenos Aires Grain Exchange weekly data keeps 09/10 Wheat production unchanged in latest week at 7.75 mln mt.

Overnight markets experienced normal volume last night with Chicago trading 2873 contracts. Chicago closed down 5 1/2 cents. Kansas City closed down 5 1/4 cents and MPLS closed down 5 1/4 cents. Kansas City - Chicago spread is now at - 1 1/2 chicago premium to KC. The MPLS - Chicago Spread is now at 6 1/4 cents. Matif Milling wheat is trading lower on the day.

### Globex Overnight

Contract	Last	Net Change	High	Low	Volume
ZWZ9	557 <sup>0</sup>	-5 <sup>4</sup>	572 <sup>2</sup>	553 <sup>2</sup>	2873
ZWH10	578 <sup>0</sup>	-6 <sup>0</sup>	593 <sup>6</sup>	574 <sup>6</sup>	1984
ZWK10	589 <sup>6</sup>	-5 <sup>6</sup>	604 <sup>2</sup>	589 <sup>6</sup>	19
ZWN10	601 <sup>0</sup>	-4 <sup>6</sup>	615 <sup>6</sup>	597 <sup>6</sup>	290
KEZ9	555 <sup>4</sup>	-5 <sup>4</sup>	570 <sup>4</sup>	552 <sup>4</sup>	402
KEH10	569 <sup>2</sup>	-7 <sup>2</sup>	585 <sup>6</sup>	568 <sup>6</sup>	316
MWEZ9	563 <sup>2</sup>	-5 <sup>2</sup>	575 <sup>0</sup>	563 <sup>0</sup>	178
MWEH10	580 <sup>0</sup>	-5 <sup>2</sup>	591 <sup>6</sup>	579 <sup>2</sup>	103

Early Opening Calls: off 4-6 cents

### Top News

- 106,000 mt of US, Canadian, Aussie Wheat are being sought in a regular Japanese tender that will conclude on Wednesday next week
- Winter wheat plantings in India through Nov 19 was pegged at 9.4 mln ha up from last year's 8.6 mln

ha at the same point in time

- EU weekly data for week ending Nov 17 allowed 156,000 mt of soft Wheat for export. Marketing season to date EU exports total 6.8 mln mt, down 2.3 mln mt from the same point in time last year
- As of Nov 15th, EU farmers offered 527,054 mt of wheat into EU intervention grain stockpiles, bringing marketing year to date total grain to 1.56 mln mt, acc. to EU data
- Buenos Aires Grain Exchange weekly data keeps 09/10 Wheat production unchanged in latest week at 7.75 mln mt
- Ukraine farm ministry estimates winter wheat crop in a range of 24-25 mln mt based on 6.3 mln ha planted area & expected yield of 4.0 mt/ha
- Saskatchewan weekly crop report also shows since the beginning of the month, farmers have been able to harvest 17 per cent of the crop. By comparison, only 10 per cent of the provincial crop was harvested in the entire month of October.
- According to Saskatchewan Agriculture's Weekly Crop Report, Good harvesting weather throughout most of November has allowed Saskatchewan farmers to harvest 97 per cent of the 2009 crop
- Elevance Renewable Sciences planning 2.6 mil gal/yr pilot plant in Newton, IA, to produce jet fuel and other petroleum-based products from biomass
- Billed as the first closed-loop ethanol plant in the world, E3 Biofuels' former plant in Mead, NE, will be sold "as is" at auction - E3 declared bankruptcy in late 2007 after the company encountered mechanical difficulties
- Pending Tender: Japan's Ag Ministry announced 20,000 mt SBS feed Wheat tender, with bids due by Nov 18th
- Pending Tender: 100,000 mt optional origin Wheat tender was announced for November 24, by Jordan's gov't, acc. to traders. Shipment was for Feb-Mar 2010
- Pending Tender: Japan announced a November 26th SBS tender for 35,100 mt of food grade Wheat for shipment between Dec - Jan
- Pending Tender: A 100,000 mt of Wheat tender for Dec 2nd was issued by Bangladesh state run grainary, acc. to traders
- Pending Tender: December 14th is date set for Bangladesh 100,000 mt Wheat tender, acc. to top official with the agency to administer tender. Delivery of the grain is for March 2010
- Pending Tender: 60,000 mt opt origin Wheat tender bid deadline for Dec 30 was floated on Nov 18th by Bangladesh. Bids must remain valid until Jan 20th
- Liffe Jan milling wheat futures were off -1.25 euro at 132.25 euros/mt.
- Globex Wheat Vol. 82,838; Pit Vol. 4,231; Open Interest Change: - 746
- Weather: 6-10 day Forecast: Normal to Above Temps. Normal to Below Precip.
- Outside markets: Energy Complex -0.61 at \$76.85; Gold & Silver: -3.8 at \$1138.1 & -0.225 at \$18.230; US \$ +0.440 at \$75.810

#### Cash Markets

- CIF SR Wheat steady : Nov. +25 to +?? Dec. +25 to +?? Jan. +10 to ??

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