



Wheat Morning Update & Commentary:

Squaring of positions and caution remains the name of the game ahead of tomorrow's USDA report. With a large number of short positions in the market, short-covering could be a feature of trade today. Ending stocks of US Wheat are forecast to be 971 mln bushels, 10 mln bu lower than last month's report. Any rally in wheat should be anemic as fundamentals should win out by Friday. Black Sea wheat continues to be the leader on price on the export market. Kazakhstan, Central Asia's largest grain producer, plans to break into new markets by starting grain shipments to South Korea. Export markets could get even more crowded, as India mulls a return to net wheat exporter, following another big harvest and growing stockpiles. 152,000 mt of US, Aussie, Canadian Wheat sought in a regular tender by Japan's Ag Ministry on Thursday this week. Delivery of the grain is between Apr 21 and May 20. Private crop forecaster sees 2010 grain harvest in Ukraine at 45.17 mln mt down from last year's 45.91 mln mt in 2009. Wheat harvest in 2010 is expected at 19.76 mln mt down 1.08 mln mt from the year ago period.

Overnight trade was weak as China offered some rhetoric that support would be there for U.S. Treasuries, U.S. Dollar stronger because of it. Chicago wheat closed down 4 3/4 cents in the May with 2934 contracts changing hands. In Kansas City, wheat finished down 3 1/4 cents and in MPLS wheat finished down 3 1/4 cents. Kansas City is now 8 1/2 cents premium to Chicago and MPLS is 17 3/4 cents premium Chicago in the July. Matif has broke in to fresh contract lows.

Globex Overnight

Contract	Last	Net Change	High	Low	Volume
ZWH10	481 ⁶	-2 ⁶	483 ²	481 ⁶	19
ZWK10	490 ²	-4 ⁶	494 ⁴	488 ⁶	2934
ZWN10	503 ⁴	-4 ²	507 ⁶	501 ⁴	907
ZWU10	518 ⁶	-4 ⁰	521 ⁴	517 ⁶	449
KEH10	495 ⁰		0		
KEN10	509 ²	-3 ⁶	511 ²	509 ⁰	298
MWEH10	505 ⁴		0		
MWEN10	521 ²	-3 ⁶	523 ⁶	521 ²	29

Early Opening Calls: off 2-4 cents

Top News

- 152,000 mt of US, Aussie, Canadian Wheat sought in a regular tender by Japan's Ag Ministry on Thursday this week. Delivery of the grain is between Apr 21 and May 20
- March 9th is deadline for UN food agency tender for 56,000 mt of Wheat for donation to Ethiopia. This 56,000 mt volume is in addition to another 64,000 mt purchase also destined for Ethiopia
- Private crop forecaster sees 2010 grain harvest in Ukraine at 45.17 mln mt down from last year's 45.91 mln mt in 2009. Wheat harvest in 2010 is expected at 19.76 mln mt down 1.08 mln mt from the

year ago period

- Monday's USDA Weekly Wheat Inspections: 20.436 mln bu ; expected 16.5 mln bu
- News reports out of Jordan citing the country's finance minister as suggesting the gov't has borrowed \$100 mln for Wheat & Barley trade finance. Wheat stockpiles were also reported at 650,000 mt enough to cover 11 months worth demand
- Ending stocks of US Wheat in this week's USDA monthly report shows 971 mln bu are expected down 10 mln bu from the prior month's report
- Pending Tender: Mar 19th is date set for Japanese SBS tender, they'e seeking 25,000 mt of food grade Wheat, acc. to ag ministry official
- Pending Tender: A 70,000 mt optional origin Wheat tender was again refloated by Bangladesh on Thursday, Acc. to state official. The bid deadline for this tender is set for March 25th
- Liffe May milling wheat futures were off -0.75 euro at 122.00 euros/mt.
- Globex Wheat Vol. 43,977; Pit Vol. 1,406; Open Interest Change: - 1,964
- Weather: 6 - 10 Day Forecast: Normal to Above Temps West, Below East. Below Normal Precip.
- Outside markets: Energy Complex -1.54 at \$80.33; Gold & Silver: -12.1 at \$1111.9 & -0.332 at \$16.940; US \$ +0.385 at \$80.840

Cash Markets

- CIF SR Wheat steady: Mar. +35 to +50 Apr. +35 to +50 July +27 to +30

--

John Christopher

Linn Group

312.896.2061