



## Wheat Morning Update & Commentary:

Corn and wheat held up surprisingly well, as soybeans plummeted 25 cents on cancellations and negative export numbers. This could reinforce the inter-commodity spreading that was taking place early this week. Wheat has come a long way this week and is still trading into fresh six month lows. Black Sea wheat continues to be the leader on price as the Egyptians recently bought 120,000 tons of French and Russian Wheat. Export markets remain crowded with stiff competition coming from all regions. U.S. prices must get more competitive, as freight disadvantages continue to leave U.S. exporters with their hands full. Bangladesh remains around the market and Japan has an SBS tender on the books.

Total 2010/11 Canadian grain stocks were pegged at 12.53 mln mt up from the late January estimate of 12.33 mln mt by Ag Canada. Total 2010/11 Canadian grain production latest estimate is pegged at 64.45 mln mt down from the late January estimate of 65.10 mln mt by Ag Canada. Output in the prior crop year was 64.14 mln mt. Cold weather across Ukraine is preventing farms from spring grain sowing and the pace of sowing is twice as low as it was in 2009.

Markets could be in for another volatile day. Cancellations weighed on soybeans yesterday, private sales and weak U.S. Dollar could be supportive today. Look to sell wheat scale up over \$ 4.90 in the May. Markets could run more to topside than anyone plans. MPLS – Chicago spreads could give back some gains today. Look to add to position on setback.

Overnight trade had a somewhat tight trading range as the U.S. Dollar sank; wheat went from negative territory to positive territory. Chicago wheat closed up 5 1/4 cents in the May with 2223 contracts changing hands. In Kansas City, wheat finished up 4 1/4 cents and in MPLS wheat finished up 3 1/2 cents. Kansas City is now 9 3/4 cents premium to Chicago and MPLS is 18 1/4 cents premium Chicago in the July. Matif wheat is trading higher as French participation in the Egyptian tender helps to stabilize that market.

### Globex Overnight

Contract	Last	Net Change	High	Low	Volume
ZWH10	469 <sup>4</sup>	1 <sup>0</sup>	469 <sup>4</sup>	469 <sup>4</sup>	1
ZWK10	484 <sup>0</sup>	5 <sup>2</sup>	484 <sup>0</sup>	477 <sup>2</sup>	2223
ZWN10	496 <sup>6</sup>	5 <sup>2</sup>	496 <sup>6</sup>	490 <sup>4</sup>	1027
ZWU10	512 <sup>4</sup>	4 <sup>2</sup>	512 <sup>4</sup>	509 <sup>0</sup>	97
KEH10	482 <sup>4</sup>			0	
KEN10	503 <sup>2</sup>	3 <sup>0</sup>	503 <sup>4</sup>	498 <sup>4</sup>	68
MWEH10	496 <sup>4</sup>			0	
MWEN10	515 <sup>0</sup>	-1 <sup>2</sup>	515 <sup>0</sup>	515 <sup>0</sup>	1

Early Opening Calls: 3-5 cents better

### Top News

-- Total 2010/11 Canadian grain stocks were pegged at 12.53 mln mt up from the late January estimate

of 12.33 mln mt by Ag Canada

- Total 2010/11 Canadian grain production latest estimate is pegged at 64.45 mln mt down from the late January estimate of 65.10 mln mt by Ag Canada. Output in the prior crop year was 64.14 mln mt
- MARCH 2010 WHEAT FUTURES 3/11/10: 150 contracts
- Pending Tender: 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
- Pending Tender: 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
- 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 +0.50 euro better at 121.75 euros/mt.
- Globex Wheat Vol. 51,558; Pit Vol. 1,529; Open Interest Change: - 135
- Weather: 6 - 10 Day Forecast: Normal to Above Temps. Below Normal Precip.
- Outside markets: Energy Complex +0.88 at \$82.99; Gold & Silver: +6.9 at \$1115.1 & +0.085 at \$17.245; US \$ -0.395 at \$79.920

#### Cash Markets

- CIF SR Wheat off 4- 7: Mar. +31 to +40 Apr. +31 to +50 July +26 to +35

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