

FRONTIER FUTURES, INC.

460N Grain Exchange Building, 301 S 4th Ave, Minneapolis, MN 55415

612-672-9868

www.ffutures.com

Thursday January 28th 2009

OVERNIGHTS	MGE (H)	KC (H)	WHEAT (H)	CORN (H)	SOYBEANS (H)
HIGH	508 ¼	495 ¼	488	362	937 ½
LOW	505 ½	491 ½	484 ½	358 ¼	926 ¾
LAST	506 ½	492 ½	484 ¾	358 ½	931
NET (VOLUME)	+ 1 ¾ (58)	+ 2 (292)	+ 1 (2126)	+ ¼ (6202)	+ 2 (6276)
TECHNICALS	MWH0	KWH0	WH0	CH0	SH0
RESISTANCE	533-535 ¼	517 ½ - 519	514 ¼ - 515 ¼	379-385 ¼	978 ½ - 993 ¾
RESISTANCE	518	507	504	368 -372 ¾	955 ¾-962 ½
SETTLE	510 ¼	499 ½	494	362 ¼	947 ½
SUPPORT	501	492 ¾	473 ¼	357 ¼ - 360 ¼	932
SUPPORT	493	475	459	315 ½ -335 ¾	888
100 DAY MA	541	527	526	385	992

GENERAL

- **Macros as of 7:00 AM CST:** The dollar index is unch, gold is up 6.00, crude is up .50, the S&P is up 6, the Dow is up 5, and bonds are down .15. On the charts, the dollar made new highs but set back, gold is still bouncing off the Dec-Jan double bottom, crude is now below the support trendline but is still dealing with support from the Dec lows, the US stock markets are consolidating after a few days of meltdown last week, and bonds are back down to the 62 retracement. If bonds hold here the charts will look like it is making a big head and shoulders bottom. If it does not hold here, it will look like Elliot wave 2 is complete and wave 3 down is about to begin.
- Overnight ags: Unch to start, up to 8 higher in beans, 4 higher in corn, and 4 higher in corn before it all set back once again by the end of the session on light volume in wheat, light to moderate volume in corn, and moderate volume in beans. Translation: a bunch of nervous new shorts got blown out on close stops in corn and beans. That's about all that got accomplished overnight.
- Gold, crude, and the stock market are currently on profit taking status and the dollar is unch. Yesterday we got through final technical support before in wheat and beans and finished within ¾ cent of final technical support in corn. There is a 600 lot bid for ¼ lower in corn, then it appears there is little bid for. Fundamentally and technically ags look terrible, but they might be oversold for the moment. We fully expect the spec trade will take out the last big corn bid at 3.58 **on any sign of strength in the dollar or weakness in the other macros** (which may not happen today) and go stop hunting below in all three ags. However, there is a chance that stop loss orders will not in the market until tomorrow, which is a Friday and might mean profit taking will take us higher. Tough call today, but long term we fully expect corn to move down to the 3.15-3.35 level (at a minimum), beans to break to 8.88-9.00 (at a minimum), and Chicago wheat to break to 4.60-4.73 (at a minimum).
- There is a story about biotech wheat in the news wires today, and its potential price impact on spring wheat. Back in 2004, Monsanto was working on a Roundup Ready wheat that got tabled due to lack of Asian and US support for biotech wheat. Now a few genetics companies are working on drought resistant GM wheat and the industry will have to deal with that issue again. Back in 2004 the world was not ready for GM wheat. Now, it appears to be a much different story. Aussieland is going to be first, and they are going to be GM wheat sooner than you expect. The Asians will fight and tooth gnash for a few months to year or so, but as the wheat gets planted to GM they will give in as they always do with very little choice in the matter. The big question is whether the mainland of Europe will retain their odd, 16th century goals and continue to make a big stink. GM wheat is coming, it has to in order to get yields up or nobody is going to plant any wheat anywhere. There will be a short period of trouble and then it will all blow over, which is a much better scenario than when corn went GM with the StarLink problem. GM wheat will not cause big price drops in wheat, as it will simply help yields keep pace with global population growth. End of story.

FRONTIER FUTURES, INC.

460N Grain Exchange Building, 301 S 4th Ave, Minneapolis, MN 55415

612-672-9868
www.ffutures.com

WHEAT Opening call: 1-2 higher

- Iraq is in with validity until Feb 2 for at least 100,000 MT of opt-origin wheat. Jordan is in Feb 3 for 100,000 MT of opt-origin hard wheat for Apr/May shipment. Bangladesh is in Feb 4 with validity until Feb 25 for 70,000 MT of opt-origin wheat. Bangladesh is in Feb 9 with validity until Mar 2 for 100,000 MT of opt-origin wheat for shipment by May 1.
- Tunisia tendered for 92,000 soft milling wheat and 50,000 hard durum (opt-origin) for Apr-June shipment. They bought 42,000 of the soft milling wheat at 188.30-190.65 C&F and 50,000 durum at 244.65 C&F. Origin was not disclosed.
- Weekly export sales were 660,700 old crop and 28,500 new crop for a total of 689,200 vs expectations of 450,000-650,000. Major buyers were Nigeria 113, Japan 79, Mexico 78, S Korea 76, Morocco 51, China 50, and Thailand 39. Italy cancelled 20 durum and bought 20 new crop durum. Sales by class were 347 HRW, 54 SRW, 115 HRS, 173 white, and 0 durum.

CORN Opening call: steady-1 higher

- Israeli private buyers are in Jan 27 for 32,000 US, S American, or European corn for Apr 1- May 15 shipment. Japan is in Feb 3 under SBS for 30,000 MT of feed wheat and 200,000 MT of feed barley for now-May 31 shipment.
- Israeli private buyers bought 27,000 Arg corn at 1.70 over CK0 C&F for Apr 1-20 shipment on their tender for 32,000 US, S American, or European corn that closed overnight.
- Weekly export sales were 902,300 vs expectations of 800,000-1,050,000. Major buyers were Unknown 278, S Korea 186, Egypt 110, Japan 88, Mexico 72, and Columbia 49. Guatemala cancelled 10 and something called FW Ind cancelled 8.

SOYBEANS Opening call: 2 higher

- Israeli private buyers bought 8,000 Arg meal at 60/short ton over SK0 C&F for Apr 1-20 shipment on their tender for 14,000 US or S American soymeal that closed overnight.
- Chinese buyers switched two US cargoes of Feb beans for late-month S American shipment and one shipment of US beans remains quarantined due to red seed.
- Argentine oilseed and grains industry group CIARA-CEC said on Wednesday it would publish December's soy crushing data in the coming days after mistakenly posting incomplete figures on its web site.
- Weekly export sales were 673,500 old crop and 183,600 new crop for a total of 857,100 vs expectations of 700,000-900,000. Major buyers were China 451, Spain 126, Japan 82, Mexico 60, Netherlands 56, Indonesia 47, and Turkey 42. Cuba cancelled 35 and Italy cancelled 25.

Scott O'Donnell

Any statement contained herein are derived from sources believed to be reliable, but are not guaranteed as to accuracy or completeness. This is not a solicitation of any order to buy or sell by Frontier Futures, Inc. No responsibility is assumed with respect to any such statement, nor with respect to any expression of opinion herein contained. There is a risk of loss when trading commodity futures.