

Highlights:

- Wheat futures set back throughout much of the session today as spillover weakness in Chicago row crops weighed on prices. A late session recovery funneled in some light profit-taking but prices quickly set back again into the close. Funds were dormant much of the day.
- Traders remain worried about troubled World economics and the lack of domestic export activity. Weekly export inspections were a paltry 11.9 mln bushels.

Minneapolis: Spring wheat closed a nickel lower today in a relatively light day of trading. The spread bounced back today after spending last week bleeding a little; the last trade today was eight cents inverted. Grain movement out of the country is extremely thin as the farmer is disengaged at these price levels. Export inspections were light again this week with only 1.7mln bushels of spring wheat counted. This again highlights that power of the domestic buyer because of the lack of competition from the exporters. Basis levels have been sliding in a reflection of the light demand.

Kansas City: HRW settled lower today amid a lack of follow-through buying and bearish overseas weather updates. Concern over the southwest wheat production conditions has prompted light buying of late buy spillover weakness won out today as sellers from the row-crop complex affected trade in KC wheat. World economic concerns also kept buyers at bay while traders searched for solid footing. Bulls and bears alike seem hesitant to over-commit to either side of the market. Spread trade is light and premiums moved very little.

Chicago: Wheat closed down about four cents today in a lackluster trading session. It seems that the small spec was the largest player today selling the wheat market as the other grains were down hard. Soft economic news continues to roll out leaving little reason to see a significant pick up in demand in the short term. The lows of 5.51 made back in the middle of January did hold today with prices bouncing a dime off of that level. This may indicate significant support at that level in the short term.

Basis: **Mpls:** Basis was mixed on the spot floor with 13.5s lower and 14s bid higher to 130 over without any trade.

KC: Spot and gulf bids remain unchanged.

Spreads: **Mpls:** H/K: 7-8; K/N: 2-3; U/Z: 13 1/2-12 3/4

KC: H/K: 11 1/2-11, H/N: 22 1/2-22, N/Z: 26 1/2-26.

OUTLOOK: Trade is sideways/lower while South American weather develops...traders also eyeing American Southwest for crop losses...

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