

# FRONTIER FUTURES, INC.

880D Grain Exchange Building, 301 4<sup>th</sup> Ave S, Minneapolis, MN 55415

612-672-9868

adamiani@ffutures.com

## MGEX WHEAT RECAP Friday, February 12, 2010

### Futures Settlements:

	Close	Chg	Today's Volume	AM O.I.	O.I Chg
MWH0	504' 4s	-6' 0	2459	11622	-453
MWK0	516' 0s	-5' 0	1326	9746	+67
MWN0	527' 6s	-6' 6	213	9505	-362
MWU0	539' 4s	-7' 0	48	5108	+304
MWZ0	557' 0s	-6' 0	111	6124	+87
MWH1	571' 6s	-9' 0	10	632	+17
Totals:			4,191	43,255	-342

Cash Exchanges: 855

### Wheat Receipts on the Exchange Floor:

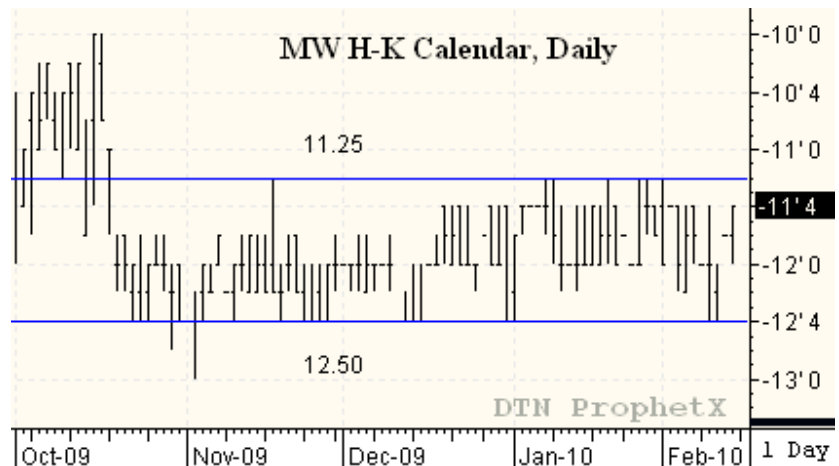
49 cars and 0 trains. Year-ago was 127 and 3.

Cash	Delivered Rail Chicago/Beyond. Mpls is -15, Duluth -25.			
Protein:	13.0%	13.5%	14.0%	15%
Basis (H):	+40 +80N	+80 +210	+210 +250	+400 +415
Info:	singles/nom	nominal	singles	singles/nom
Change:	dn 5-unch	unch	dn 40-unch	unch
Mpls Truck	-30 (up 5)	+45 (up 5)	NQ	+85 (up 5)
Duluth Truck	NQ	NQ	NQ	NQ
Portland (H)	12%	13%	14%	15%
Cash Bids	NQ	5.45-5.72	6.65-6.75	7.52-7.75
Change		dn 6-dn 5	dn 6	dn 5-dn 6
Portland cash prices were mostly down 6 with MWH0 futures. Basis was steady.				

### Commentary:

Wheat closed lower today as commodities in general sold off after an unexpected move by China to further tighten monetary policy. By increasing the reserve requirement of banks, they hope to reign in on excessive economic growth through tightening credit channels. This should immediately slow imports and longer term could slow economic growth and therefore the need for the raw goods that fuel the economic engine. It is interesting that soybeans came all the way back to close slightly higher after early weakness. Cash basis remains firm, and short covering ahead of the long weekend was noted. We can't help feeling like this is the last hurrah of the old crop soybean bull market.

We had another active day of spread trade today, with bullspreading in H-K a feature. The market was 12-11.75 for most of the session until the offer was taken out. 11.5's quickly began to trade and then a 500-lot order took all the 11.5's out simultaneously. It was bid there briefly, but light volume took out the balance of the order. All day, volume came in just shy of 1,000. Even with today's action, the spread still remains within its tight range of 12 1/2 to 11 1/4, which has been the operating range since last fall. K-N didn't move.



Logistics are a mess, and spring wheat basis has risen sharply this week, particularly for the higher protein stuff. This probably has some shorts nervous, but it still doesn't pay to stop 13.0% protein in Duluth. There are an additional 800 contracts out there from the Z9 expiration. Doubtful they would be carried another two months at just 1.75% money. We still feel like H-K will be back out to 13 come first notice day. In intermarkets, spring wheat gained on Chicago and KC with today's break. Markets are closed Monday. -Austin Damiani

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