

Highlights:

- ***International Grains Council expects 09/10 world wheat output to fall 6% to 649 mmt.***
- ***Canadian farm minister is calling for an independent audit of the CWB's losses over the last few years.***
- ***Morocco is tendering for 250 tmt of soft wheat for April – June delivery.***

Minneapolis: Spring wheat bounced higher on the open as stronger equities and energies were supportive to the grains. HRS turned lower as soybeans and corn began to fall back from their highs. Some country movement has been evident over the last few days as farmers in flood prone areas seem to have been cleaning out a few bins in preparation for what might be a very wet spring. Open interest in the March was down to 972 as of this morning. No deliveries are expected.

Kansas City: HRW settled 11-12 lower today, giving back nearly all of yesterday's gains after higher trade failed to hold its ground. Prices opened mixed/lower this morning on waning bullish enthusiasm and uncertainty over market direction. Strong weekly export numbers and ideas that world wheat production would be lower than last year helped underpin prices throughout much of the session but a lack of follow-through and spillover losses in outside markets placed late pressure on KC. Traders remain hesitant to commit to long or short sides as uncertainty continues to drive equity from the market. Spread trade remains moderate as positions roll from KWH into KWK, strengthening premiums somewhat.

Chicago: SRW opened firmer than the overnight levels as the grains generally were firm at the open. The firmer open seemed to trigger some additional short covering. Beans began to under-perform early in the session and wheat followed soybeans lower. May wheat found support around the \$5.23 level. The \$5.20 area has held for the last seven sessions. Funds sold an estimated 3,000 contracts. Traders expect deliveries between 2,000 and 3,000 contracts on Friday.

Basis: **Mpls:** Basis was steady to 10 cents lower.

KC: Spot bids are steady/better while gulf bids remain unchanged.

Spreads: **Mpls:** H/K 16 -17 ½, K/N 8 ½ - 9 ½, U/Z 13 -12 ¼.

KC: H/K: 7 ¾-7 ¼, K/N: 7 ¾- 7 ¼, N/U: 10 ½-10 ¼, H/N: 15 ½-14 ¾.

OUTLOOK: Short term trend remains lower with lower highs and lower lows since January, but keep an eye as we approach the trend-line.

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