

Highlights:

- Wheat prices rose rapidly on the open and managed to hold the gains for most of the day with strength lent by the equities and a weaker US dollar.
- Scattered moisture made its way across Texas and Oklahoma today, but the overall impact on the current drought situation will probably be minor.
- Tomorrow is the USDA S/D for March; not much is expected to change on the wheat balance sheet.

Minneapolis: Spring wheat prices were the strongest performers of the wheat market today closing 15 cents higher in the front contract. Duluth stocks showed a slight draw down to 6.1 mln bu, down from 6.26 last week. This is still a very tight situation as stocks were over 12 mln bu at this point last year. The May/July spread also found some strength today firming by two pennies.

Kansas City: HRW settled 9-10 1/2 higher today as spillover strength and concern over dry southern growing regions returned buying to the wheat market. Impressive gains in financial markets along with surging row crops helped maintain positive trade all session. Light buying early attributed to some short covering helped gap futures up before sellers made a run at session lows. Volume remains sluggish in both spreads and outright pricing while basis levels weaken slightly. Hot, dry weather and poor conditions reports for southern growing areas were much to blame for recent support while northern areas have received ample moisture. Traders continue to eye export markets and updated weather reports.

Chicago: Wheat prices bounced higher on the open and held the higher prices reasonably well for the session. News from yesterday about a 25k tonne cargo of Russian wheat trading into Brazil seemed unable to get the market down. Tomorrow's S/D will most likely be mildly bearish the wheat market as the US carryout will probably build slightly on lighter exports.

Basis: **Mpls:** The spot rebounded today as 14 pro wheat traded a dime higher at 135 over the May.

KC: Spot and gulf bids remain unchanged.

Spreads: **Mpls:** K/N: 8 1/4-7 3/4, N/U: 10-9 1/2, N/Z: 23 1/2-23, U/Z: 13 1/2-13

KC: K/N: 7 3/4-7 1/4, N/U: 10-9 1/2, N/Z: 23 1/4-22 3/4, U/Z: 13 1/2-13 1/4.

OUTLOOK: The USDA report will set the tone for early trading in all the grain markets.

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