

FRONTIER FUTURES, INC.

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

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Wednesday June 9th 2010

OVERNIGHTS	MGE (N)	KC (N)	WHEAT (N)	CORN (N)	SOY (N)
HIGH	491 ¼	464	434 ½	338 ½	935
LOW	489	461 ½	431 ¾	336 ½	926 ¼
LAST	490 ¼	463	434	337 ¾	935
NET CHG (VOLUME)	+ ¾ (87)	+ 1 (537)	+ 1 ¾ (3136)	+ ½ (15059)	+ 4 (6336)
TECHNICALS	MWN0	KWN0	WN0	CN0	SN0
RESISTANCE	507-514	493-501	476-483 ¾	362 ½ -366 ½	962-968
RESISTANCE	492 ½	472 ¾	456 ¼- 460 ½	351 ½	948-958
SETTLE	489 ½	462	432 ¼	337 ¼	931
SUPPORT	465 ½	453 ½	425 ¼	333 ¾-337	926-927 ½
SUPPORT	464	433	412	290-296 ¾	874 ½ - 891
100 DAY MA	523	506	495	374	962

GENERAL

- **Macros as of 8:00 AM CST:** The dollar index is down .65, crude is up 1.35, gold is down 12.00, the S&P is up 7, the Dow is up 55, and bonds are down .22. On the charts: June dollar index at 88.90 is slightly below contract highs. July crude at 73.00 is now well above support at 70.06 with first resistance at 74.65-76.00. Aug gold at 1235 made it slightly through resistance at contract highs of 1251 yesterday, nothing happened, and it has been moving lower since with first support now about 1205. June S&P at 1065 continues to hold above support from 1036-1056. June Dow at 9950 continues to hold above support at 9730-9830. Sep bonds at 124.00 have support at 123.22-123.30 then 119-121 and resistance at 125-126.05.
- Overnight ag markets: Not much of a feature. Beans dropped down and tested support again at 926-927 and rallied once again from there. Corn is holding the contract low and last couple days lows around 334-337. Even wheat is holding the last couple days lows. With the dollar firmly lower, crude up, and the USDA report tomorrow AM, we suspect the ag shorts will be a little nervous when looking at the charts. We might even get a little long corn and wheat here if the markets feel firm this AM. Higher markets could bring short covering, and we could get a few days of buying to end the week, maybe even a decent up move. We hope like crazy that it happens so we can be sellers of wheat 25 higher from here, corn 15 higher, and SX0 at 30 higher. We will leave the selling of the SN0 and SQ0 to those with a rabid desire to smash their heads into their desktops for the next two weeks.
- US weather: Same as yesterday. Next few days expect .5-1.5" over the N plains and Midwest. The central and S plains will be warm to hot and dry. Next rain event after that is expected Thurs-Fri with rain of .25-.1.00" over the Midwest. A third storm is expected the middle of next week and a fourth is in the extended forecast.
- DeutscheBank ETF roll is over, Goldman roll has begun.
- USDA crop report Thursday AM. Expectations are in the ag sections below.

WHEAT Opening call: 1-2 higher fronts, steady-higher in back

- Bangladesh is in July 14 with validity until Aug 4 for 100,000 MT of wheat for arrival by Sep 1. Bangladesh is in June 20 with validity until July 7 for 100,000 MT of wheat for arrival by Sep 7. Japan is in June 25 for 40,000 MT of food wheat for July/Aug shipment.
- Japan is in for 151,000 MT of wheat on its regular weekly tender Wed night. This week they are looking for 24,000 US western white, 16,000 US HRW, 61,000 US DNS, 30,000 Canadian WRS, and 20,000 Aussie standard white.
- S Korean millers bought 23,300 US wheat overnight from Columbia for Aug 15-Sep 15 shipment.

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- A 32,000 MT Cargill shipment of Russian wheat for a private buyer in Egypt has been delayed at Novorossiysk because Russian phytosanitary inspectors found weed seeds during testing. Again, this is not a Gasc shipment. Looks like somebody forgot to tape the rubles to the bow of the boat.
- China's CNGOIC said it expects their 2010 wheat harvest to hold steady at 115.1 MMT, the same as last year.
- **Bizarro world in Minney yesterday afternoon on the last day of the DB roll.** This is a big deal since Minney doesn't have a Goldman roll, making yesterday in theory the last day of the big bearspreading of July10 contracts. Near the close we had aggressive buying of MWNO/MWU0 (up 1 ½), MWNO/MWZ0 (up 3 ½), and MWU0/MWZ0 (up 2). Not to toot our own horns, but we told you this was going to happen. The DB roll was overly-prehedged, and the scramble was on to get some done against them on the final day. At the same time there was a big seller of MWZ0 flat price and DB did sell about 1,000 MWNO/MWN11 from 68 ½ to 69. Something had to give, and it was the MWZ./MWN11, trading as low as 41 ½ carry. And some size traded in MWU0/MWN11 at 59 ½-60 very late which by our calculations makes U/Z 18, Z/H 18, and H/N1 24 which is full carry at 4% money, which is CRAZY on June 1 with the crop not even totally in the ground in Canada and the whole growing season ahead of us. Since DB is now done, we expect immediate rebounds in all spreads to the right of MWNO after a few locals get done blowing their brains out selling what they bought yesterday too cheap. 40 cents in MWZ0/MWN1 represents extremely good value and should be bought, then bought again, then bought some more. We see 43 ½ as the absolute bottom on this spread no matter what happens.
- Expectations for the Thursday AM USDA report : Avg all wheat production guess is 2.037 billion on a range of 1.990-2.161. USDA's May number was 2.043 and 2009 production was 2.216. By class avg guesses are 1.439 for all winter, 0.939 for HRW, 0.286 for SRW, and 0.214 for SWW. Avg estimate for 2009/10 wheat ending stocks is 947 million with a range of 935-950 against USDA's May 950. Avg estimate for 2010/11 wheat ending stocks is 987 million with a range of 817-1,172 against USDA's May 637.

CORN Opening call: 1 higher

- Private Israeli buyer is in 6/10 for 56,000 MT of US corn for Aug 20-Sep 10 shipment. Japan is in June 25 under SBS for 23,000 MT of food barley and 8,000 MT of beer barley for July/Aug shipment.
- S Korea's MFG bought 110,000 MT of opt-origin (non-Indian) feed wheat from Bunge and Toepfer at 198.39/MT C&F for Oct 25-Nov 5 arrival.
- China's CNGOIC says sunny and warmer weather since late May has offset early planting delays in China and their first official 2010 crop projection is a record 168 MMT of corn. 168 MMT would represent 18 MMT over their expected 150 MMT domestic consumption figure. So all is rosy and the gov't can buy the extra corn and replenish their strategic stocks that they sold to avoid imports this year. That, of course, is if you believe CNGOIC
- Expectations for the Thursday AM USDA report : Avg estimate for 2009/10 corn ending stocks is 1.724 billion bushels with a range of 1.655-1.800 against USDA's May 1.673. Avg estimate for 2010/11 corn ending stocks is 1.831 billion with a range of 1.601-2.075 against USDA's May 1.818.

SOYBEANS Opening call: 2-5 higher in SN, steady-2 higher in SX

- SN/SX spread traded another 3 higher overnight and is now at 40 inverse. 55-60 is the first target on this one (and maybe much worse if the cash doesn't appear from the farmer pretty soon). We're either out or tentatively long, and do not recommend shorts in SN0 unless you have a big ole pile of beans somewhere near Chicago.

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- Expectations for the Thursday AM USDA report : Avg estimate for 2009/10 bean ending stocks is 184 million bushels with a range of 156-200 against USDA's May 190. Avg estimate for 2010/11 bean ending stocks is 359 million with a range of 235-469 against USDA's May 365.

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