

FRONTIER FUTURES, INC.

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

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Monday June 21st 2010

OVERNIGHTS	MGE (N)	KC (N)	WHEAT (N)	CORN (N)	SOY (N)
HIGH	545 ½	504	469 ¼	367	971 ½
LOW	538 ¾	498	462 ¼	363	962 ¾
LAST	545 ½	503 ¾	469	366	968 ½
NET CHG (VOLUME)	+ 7 ¼ (69)	+ 6 ½ (704)	+ 7 ¼ (2669)	+ 5 ¼ (16667)	+ 7 ½ (5973)
TECHNICALS	MWNO	KWNO	WNO	CNO	SN0
RESISTANCE	603	518 - 528 ¼	512-517	385-389 ¼	1020
RESISTANCE	542-546	502-508	473 ½ - 476	370 ½ - 373 ¾	973 ½ - 976
SETTLE	538 ¼	497 ¼	461 ¾	360 ¾	961
SUPPORT	518-528	493-498 ½	456 ¼ -460 ½	360-361	960-964
SUPPORT	484 ½ - 492 ½	455 ¼	425 ¼	351 ½ - 355	926 ¼
100 DAY MA	521	502	489	370 ½	960

GENERAL

- **Macros as of 6:15 AM CST:** Big talk over the weekend about China supposedly moving their currency to a float is now being thought by many as posturing ahead of the G20 meeting next week, and that the Chinese currency will in fact be allowed to move only a few percent over the balance of the year. The dollar index is down .25, crude is up 1.15, gold is slightly higher, the S&P is up 17, the Dow is up 135, and bonds are down .24. On the charts: Sep dollar index at 85.75 fell through the low end of the right shoulder of support at 85.75 overnight only to bounce back just above it so far. Aug crude at 79.40 is back up testing 50% retracement resistance at 79.40-80.10. Aug gold at 1260 is off to the races having made new highs again overnight. Sep S&P at 1125 is above 50% retracement levels and appears poised to test the 1170 area again, if not 1210. Sep Dow at 10500 is well above 50% retracement levels and appears poised to test 10800 again, if not 11150. Sep bonds at 123.00 fell through trendline support overnight. Next support is 122.05-122.15 then 120.19-121.06.
- Overnight ag markets: Bouncing higher off more bullish weather forecasts and the possibility of China floating its currency.
- Kazakh Prime Minister talking up reintroducing “raw materials” export duties. Kazakh exports grain, oil, copper, zinc, gold, and uranium.
- Weather:
 - US northern plains and northern parts of the corn belt will continue to see frequent rain of .5-2.5” short term, which was already forecast and actually will fall on areas that do not need the moisture. The US and EU models are both in agreement that the rest of the country will be hot and dry in the near term and into early July with temps up to 100 or more in OK, AR, and MS. So we have our weather market, being too wet in Canada and the northern areas of the US and too hot and dry in the south. Or so they say, and so far the ag markets are either biting on the forecasts or biting on a really questionable Chinese currency situation. Chinese weather continues to be forecast hot and dry. Canadian prairies continue to get rain. However the 7-10 day is dry for Canada, the only problem is that means they can resume planting on July 1, which is juuuuust a tad outside the normal planting window, even for Canada.
- July ag options expire Friday afternoon. Beans have 23,800 1000 options open. Corn has 30,000 350’s, 45,500 360’s, 43,500 370’s, 37,500 380’s, 24,000 390’s, and 35,600 400’s. Chicago wheat has 10,200 of the 460’s, 8,500 of the 450’s, and a mere 17,400 of the 500’s.
- USDA ag report on June 30.

WHEAT Opening call: 5-7 higher

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- 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. Bangladesh is in July 14 with validity until Aug 4 for 100,000 MT of wheat for arrival by Sep 1.
 - Gasc tendered Friday afternoon and bought 120,000 MT of Russian and Kazakh wheat for July 11-20 shipment at 190.50/MT C&F.
 - S Arabia bought 990,000 MT (+/- 5%) of wheat on their tender. They said they bought Canadian and German wheat, 495,000 MT of 14 pro at 240/MT C&F and 495,000 MT of 12.5 pro at 216/MT C&F for Oct 2010-Apr 2011 delivery. They did not elaborate on quantities by seller.
 - Australian Crop Forecasters says the 2010/11 wheat crop is now 90% planted, slightly behind normal in W Australia but in line with forecasts for a 3% production increase from last year. ACF maintained its estimate of a 22.5 MMT crop in 2010/11.
 - Japan has made a small change in its wheat import rules, allowing trading hoses to make their own ship arrangements.
 - Minney wheat gained with Chicago overnight, and Minney never does that on overnight rallies. The only explanation is that there was an intermarket spreader trying unsuccessfully to buy Minney and sell Chicago at the Friday settlements. Look for them to be there all day today also if they were there all night.
 - Commitment of Traders out Friday afternoon as of June 15 futures/options combined supplemental showed Chicago wheat large specs decreased longs 3500, increased shorts 8500, and are net short a very large 77,400. Chicago index traders increased longs 500, decreased shorts 4000, and are net long 219,800. In KC large specs increased longs 1300, increased shorts 2600, and are net short 11,500. KC index traders increased longs 500 and are net long 47,700. In Minney large specs increased longs 2000, decreased shorts 1300, and are net long 10,500. Commercials are now net short 5,300 new crop, up a bunch from the week prior.

CORN Opening call: 5-6 higher

- Japan is in June 23 under SBS for 20,000 MT of feed wheat and 200,000 MT of feed barley for loading by Aug 31. 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.
- Expectations are for a drop of 1-3% in conditions in this afternoon's crop conditions report off too much rain in the Midwest and too little in the delta.
- Commitment of Traders out Friday afternoon as of June 15 futures/options combined supplemental showed large specs increased longs 8100, increased shorts 800, and are net short 15,400. Index traders decreased longs 11800, decreased shorts 13800, and are net long 465,300.

SOYBEANS Opening call: 5-10 higher old crop, 10-15 higher new crop

- S Korea's Agro-Fisheries Trade Corp is in June 24 for 30,000 MT of non-gmo beans for Sep 5 arrival.
- Expectations are for a drop of 1-3% in conditions in this afternoon's crop conditions report off too much rain in the Midwest and too little in the delta.
- Commitment of Traders out Friday afternoon as of June 15 futures/options combined supplemental showed large specs increased longs 5100, decreased shorts 13800, and are net short 15,700. Index traders decreased longs 5400, decreased shorts 3900, and are net long 169,200.

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