

# FRONTIER FUTURES, INC.

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## MGEX WHEAT RECAP Thursday, September 02, 2010

### Futures Settlements:

	Close	Chg	Today's Volume	AM O.I.	O.I Chg
MWU0	721' 0s	10' 2	72	345	-54
MWZ0	735' 0s	9' 0	4631	28833	+347
MWH1	742' 2s	9' 0	1510	14376	+32
MWK1	737' 0s	4' 2	410	2248	-159
MWN1	734' 0s	4' 2	336	6606	+125
MWU1	713' 2s	-4' 4	65	2764	+14
Totals:			7,130	58,997	+299

Cash Exchanges: 1065 (0 U)

### Wheat Receipts on the Exchange Floor:

200 cars and 3 trains. Year-ago was 140 and 1.

**Cash:** Delivered Rail Chicago/Beyond. Mpls is -15, Duluth -25

Protein:	13%	13.5%	14%	15%
<b>Basis (Z):</b>	-20	+5 +10	+75 +110	+410 +425
Info:	train	cars/cars	cars/nom	cars/cars
Change:	dn 10	dn 5/dn 15	up 5/unch	up 10/dn 40
Mpls Truck	-95 (up 10)		-20 (up 10)	+40 (up 10)
Duluth Truck	NQ	NQ	NQ	NQ
<b>Portland (Z)</b>	12%	13%	14%	15%
Cash Bids	NQ	NQ	NQ	NQ
Change				
Portland: No published bids for nearby delivery.				

### Commentary:

Wheat was stronger once again today, buoyed by higher European values after Putin stated that the Russian grain export ban will likely extend through the 10-11 crop year, rather than just through the 2010 calendar year as was previously promulgated. Additionally, weekly export sales exceeded one million tonnes again this week. This was above expectations of 750,000-950,000 tonnes. Major buyers were Nigeria (172), Turkey (126), Mexico (91), Egypt (83), Unknown (62), Taiwan (52), and Japan (52). Sales by class were 406 HRW, 55 SRW, 400 HRS, 135 white, and 29 durum. We note that spring wheat sales finally caught up with HRW sales. Also and perhaps more importantly than any of the other bullish inputs (at least for MW), is talk of the EU commission reducing or suspending import tariffs on high-protein wheat. We're already selling spring wheat out of Duluth through the St. Lawrence to Spain and the U.K. and a boat here and there to Germany, but reduced tariffs would set the stage for a larger volume of export sales to make up for German losses. The German quality issue is like a ticking time bomb on protein wheat. Don't be caught short Minneapolis and don't be bearspread. It's just not a smart risk/reward play. The writing must have been on the wall, because DNS futures were well bid today. Calendar spreads and intermarket premiums are beginning to respond and MZ/WZ and MZ/KZ both traded to new recent highs, with MZ/WZ notably closing up 4 cents at 21 ¼—**its highest level since late June**. Z/H remains in an 8 carry to 5 carry range, but H-K popped today and traded up to 6 ½ inverse. K/N mostly traded 3-5 inverse (still too cheap it seems) putting H-N in the 7-10 inverse area. —Austin Damiani



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