



# Wheat

Benson Quinn Commodities Inc.  
Minneapolis, MN

February 3, 2012

## Settlements:

	Close	Change	High	Low
MWH2	8.38 1/2	+ 2 1/2	8.44 1/4	8.29 1/4
MWK2	8.26 1/4	+ 3 1/4	8.30 1/4	8.14 3/4
MWN2	8.13 1/2	+ 2 1/4	8.15 1/4	8.02 1/2
KWH2	7.12 3/4	- 5	7.24	7.07 1/2
KWK2	7.21 1/4	- 4 3/4	7.30	7.15 1/2
KWN2	7.29 1/2	- 4	7.37 1/4	7.23 1/4
WH2	6.60 3/4	- 2	6.71	6.53 1/4
WK2	6.74	- 4	6.84 3/4	6.69

## Review:

US wheat futures opened on a very weak note after posting higher trade overnight. Considering the fact that there wasn't one supportive piece of news to be associated with the wheat today, the market actually reacted in a rather constructive fashion. While profit-taking was once again a feature in the wheat market, wheat and corn garnered support from firm trade in the soybean complex. The soy complex gained support from Informa's data released mid-session, while positive jobs data did not seem to offer much influence to the wheat market or more importantly the dollar. The rest of the data surrounding the wheat market offered a negative tone to the market.

Russia indicated that shift in export policy would not take place until May at the earliest. That basically takes a global marketplace that is not starving for wheat into the earliest of harvests in the northern hemisphere. Additionally, chatter out of Russia indicates that they may be able offer up to 27 mmt of total grain exports compared to earlier estimates of 24 mmt. The prior estimate of 24 mmt total grain exports, included between 19 and 20 mmt of wheat. The new estimate likely takes potential wheat exports to 23 to 24 mmt. I feel they will be lucky to reach that level. India feels their wheat production will likely reach record levels at over 88 mmt. Ukraine very likely has a problem, but forecasts do not indicate that this problem is going to get worse. Temps are expected to moderate early next week. The possibility of crop that is already damaged being damaged to a greater extent as the result of impending cold temps late next week is slim. Additionally, the net result of these excessively cold temps is not going to be known until the crop breaks dormancy.

StatsCan released an estimate of 20.96 mmt of Canadian stocks, which was slightly above the trade's estimates, but not likely a market moving factor today.

There is reason to believe that the fund community is getting closer to completing the process of covering short positions as a result of the recent move higher. The COT report, including options, as of Tuesday, Jan 31<sup>st</sup>, indicates that trend-following funds covered roughly 19,000 short positions in Chicago. Including options, the net short position is nearly 37,000. The same group added roughly 10,000 net long positions to KC, while the leaving the net long position in Mpls nearly unchanged at 11,456.

**Brian Henry**

## Volume/Open Interest (# of Contracts):

	Volume	Open Interest	Net Change
MW	3,696	39,148	-933
KW	18,147	146,880	-507
W	122,678	471,333	+1,734

## Technicals:

	Support	Resist	20-Day MA	50-Day MA
MWH2	7.92 1/2	8.35	8.14 1/2	8.25
KWH2	6.35	7.33	6.90	6.78 3/4
WH2	5.92	6.71	6.33 1/2	6.21 1/2

## USDA Weekly Export Data:

	Date	Trade Est.	Actual
Inspections (Mil. Bus)	1/30	15-19	18,655
Wheat Sales (MT)	2/2	500-700	587,200
HRS (MT)	2/2	---	49,700
HRW (MT)	2/2	---	350,500
SRW (MT)	2/2	---	41,100

## Domestic Rail Market:

### HRS: Mar

Protein	Basis	Change	HRW: Mar	Protein	Basis	Change
12.00	nq	--	Ords.	+45/+60	--	--
13.00	--	--	11.00	+60/+75	--	--
14.00	+85	nc	12.00	+87/+102	--	--
15.00	+130/+165	-10/--	13.00	+100/+115	--	--
16.00	nq	--	14.00	+170/+185	--	--

### HRS PNW

Month	Basis	Change	HRW Gulf	Month	Basis	Change
Jan	+125/H	--	Jan	+112/H	--	--
Feb	+135/H	--	Feb	+112/H	--	--

## HRS Daily Receipts

Cars	157	Trains	5
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## Deliverable Stocks (Thou Bus):

	Jan 27 <sup>th</sup>		Week Ago		Year Ago	
	Del	Total	Del	Total	Del	Total
Chicago	12,296	12,596	12,272	12,572	14,209	14,359
Toledo	29,392	29,685	29,421	29,714	29,821	30,090
Hutch	19,407	19,407	20,102	20,102	25,950	25,950
KC	11,303	11,304	11,494	11,495	12,641	13,990
Salina	16,750	20,170	17,609	21,157	24,505	26,127
Wichita	20,378	23,020	20,493	23,134	24,860	27,281
Mpls.	1,210	1,480	1,197	1,467	3,192	3,192
Duluth	11,807	12,456	11,790	12,448	24,183	24,566

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