



# Wheat

Benson Quinn Commodities Inc.  
Minneapolis, MN

July 29, 2010

### Settlements:

	Close	Change	High	Low
MWUo	658 1/4	+15 1/4	663 1/4	641
MWZO	673 1/4	+14 1/2	677 1/2	655
MWH1	690	+16	691 1/2	672
KWUo	646 1/4	+15 1/2	650 1/4	629 1/2
KWZO	663 1/4	+15 1/2	667	646 1/4
KWH1	678	+15	681 1/2	662
WUo	627 1/2	+12	632	613
WZO	659 1/2	+12 1/2	664 1/2	644 1/4

**Review:** Lack of relief for the dry sweltering regions in Russia coupled with talk that Ukraine imposed export restrictions pushed EU wheat futures into new contract highs overnight. US wheat futures responded in kind and posted double digit gains in the night session. Wheat built upon these gains after much anticipated US export business arrived this past week. The US sold nearly 1 MMT of wheat which was over double trade expectations. Wheat made its high shortly after the opening and settled back during the mid-session which mimicked the price action of previous days this week. The market bounced back from its midday slide maintaining strong gains and is poised to have its best monthly gain since 1973.

Yesterday Ukraine suspended control measures which delayed the departure of at least 5 grain vessels. However, the government reinstated these measures today in an official release overnight. Ukraine's Customs Service will allow exports only after the wheat has undergone a battery of tests; although, they do not specify what tests or the requirements to pass unsaid tests. One cash trader believed that the new controls will effectively halt exports from the country. This comes a day after one consultancy warned Russia would ultimately be forced to impose export curbs after a drought decimated this year's crop. The IGC noted this drought which has also impacted areas of Ukraine and Kazakhstan when it slashed world production to 651 MMT down 13 MMT from its previous estimate and down from the prior season's 677 MMT. The outcome would still be the third largest crop on record. By contrast the USDA estimated world production at 661 MMT last month. The IGC estimated world carryout at 192 MMT down from its earlier estimate of 201 MMT and below last year's 197 MMT. The USDA's last world carryout estimate was 187 MMT.

The Black Sea production problems are expected to increase US export demand which didn't show up until this week's report. The USDA reported total US wheat sales were 919,900 MT for the week. This was over double the high side guess of 400,000 MT. The breakdown didn't include any unique destinations that would indicate world buyers were being forced to the US due to Black Sea production issues but it did give market participants a wakeup call. HRW sales totaled 410,700 MT and spring sales were 301,200 to lead the classes. SRW sales continue to lag at 65,900 MT. Egypt was a noted buyer of 95,200 MT of HRW even though GASC has yet to purchase any US wheat in its tenders this marketing year.

The US spring wheat crop tour finished its survey today and calculated the average ND yield at 46.0 bpa. This was down slightly from last year's 46.2 estimate and above the 5 year average of 37.7 bpa.

**Kevin R. Kjorsvik**

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

	Volume	Open Interest	Net Change
MW	7,488	57,118	+499
KW	30,335	196,297	+4,537
W	128,483	500,891	+4,085

### Technical:

	Support	Resist	20-Day MA	50-Day MA
MWUo	625	695	593	550 1/2
KWUo	586	670	581 1/4	528 1/2
WUo	575	644	566	508 1/2

### USDA Weekly Export Data:

	Date	Trade Est.	Actual
Inspections (Mil. Bus)	7/26	17-23	15,409
Wheat Sales (MT)	7/28	300-400	919,900
HRS (MT)	7/28	---	301,200
HRW (MT)	7/28	---	410,700
SRW (MT)	7/28	---	65,900

### Domestic Rail Market:

#### HRS: Sep

Protein	Basis	Change	Protein	Basis	Change
13.00	-35/-25	+5	Ords.	-95/-80	+5
13.50	-10/+10	--/+10	11.00	-85/-70	+10
14.00	+75/+90	--/+15	12.00	-70/-55	+5
14.50	+110	---	13.00	-35/-20	---
15.00	+185/+240	--/+10	14.00	+51/+66	---

#### HRW: Sep

#### HRS PNW

Month	Basis	Change	Month	Basis	Change
Aug	+0U	---	Aug	-5U	---
Sept	+0U	---	Sept	+0U	---

#### HRW Gulf

### HRS Daily Receipts

Cars	Trains
0	0

### Deliverable Stocks (Thou Bus):

	July 23		Week Ago		Year Ago	
	Del	Total	Del	Total	Del	Total
Chicago	11,900	12,200	11,925	12,225	11,923	11,998
Toledo	33,015	32,807	32,807	33,076	31,397	31,855
Hutch	27,457	27,457	27,457	27,457	19,843	19,843
KC	11,993	12,173	11,993	12,173	6,310	6,440
Salina	30,218	30,874	30,218	30,874	24,522	25,079
Wichita	25,284	27,234	25,284	27,234	17,927	19,967
Mpls.	865	865	792	792	267	267
Duluth	23,608	24,071	24,006	24,433	3,890	4,033

Information contained herein is believed reliable. Benson Quinn Commodities, Inc. does not guarantee that such information is accurate or complete. Opinions expressed reflect judgment at this date and are subject to change without notice.

BQCI is a wholly owned subsidiary of Archer Daniels Midland Company and An Introducing Broker for ADMIS

701 South 4<sup>th</sup> Avenue, Suite 800, Minneapolis, MN 55415, 1-800-438-7070