



**Wednesday, March 10, 2010**

Mixed trade. USDA increased World corn, wheat and soybean end stocks in their March update. CK closed down 3 cents and near 3.65. WK closed down 8 cents and near 4.81. SK closed up 10 cents and near 9.58. Soyoil managed to close near session highs. Higher US soybean export basis helped support soybean futures. Crude had a wide range between 80.81 and 83.03. Mid session rally helped support higher soybean trade. Dollar was lower.

**SOYBEANS...** Soybean prices managed to close higher. SK was up 10 cents and near 9.58. BOK was up 72 points and closed near 41.02. SMK was almost unchanged and near 259.20. Soybean bears still feel that soybean futures could drop to near 7.75 and soymeal futures near 191 by the fall. At the same time, soyoil futures could ave near 38 cents/lb. USDA left the 2009 US soybean crop near 3,359 mil bu vs their Jan est of 3,361. They increased US 2009/10 soybean crush 10 mil bu to a record 1,730 mil bu. Higher crush increased US soyoil end stocks 410 mil lbs to 2,637 mil. USDA also increase US 2009/10 soybean exports 20 mil bu and also to a record 1,420 mil bu. USDA also raised World soybean production almost 1 mmt to a record 256.0 mmt. USDA est World 2009/10 soybean end stocks also at a record 60.7 mmt vs 42.0 ly. Brazil 2010 crop was raised to a record 67.0. Slow Brazil farmer selling to date has offered support to nearby soybeans futures. SN-SX spread is near +31. Last year at this time lower than expected Argentina crop rallied the spread to near +245. Most feel large South American 2010 crop should limit the upside in the spread despite the lower US soybean end stocks et. USDA raised US crush and export which helped lower the US 2009/10 end stocks from 210 mil bu to 190. Key now will be South America harvest pressure, money flow, 2010 US acres and weather. SK stuck in the middle of recent range between 9.35 support and 9.73 resistance.

US Soybean Export Basis: 56K unch

**BEAN OPTIONS...** Beans ended the day 10 ½ higher May as a weaker dollar, talk of continued China demand amid some harvest delays in Brazil. JP Morgan +600 May 900 puts, -600 May 1000 calls 3- 3 ½ debit, Fortis -400 May 940 puts 24-26, -400 May 980 calls 20 ½, -500 Nov 840 puts 28 ½-29, +400 May 900 puts, -400 May 1000 calls 6 credit, Newedge +500 May 950 straddles 60 ½ versus -15 May fut 9.50, Tenco +500 May 940 puts, +500 May 960 calls, -500 May 940 calls 11 ½-12 debit. The Jly and Nov volatility down .25% both trading 24-24.25%.

**CORN...** Corn futures closed lower. CK was down 3 cents and near 3.65. CZ was down 2 cents and near 3.94. Early calls were sharply lower after USDA raised the US and World corn carryout higher than expected. Rally in energies, soybeans and a lower dollar offered support to corn near session lows. Sell stops were hit near 3.65 CK. USDA left the 2009 US corn crop near 13,131 mil bu vs their Jan est of 13,151. USDA resurveyed 5 states not including the Dakota's. Bulls will hope that US March 1 corn stocks will show lower stocks than expected suggesting late harvest lowered the final crop more than today's USDA est. USDA raised the US 2009/10 corn carryout 80 mil bu to 1,799 mil bu. This due mainly to a

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100 mil bu drop in exports. USDA ave farm corn price is est near 3.60 vs 4.06 last year. USDA est the World corn crop at a record 803.7 mmt. Demand was also a record 809.9 mmt. End stocks were increased to 140.1 mmt vs 134.0 est in Feb and 146.4 ly. USDA increased US, Argentina, South Africa and Brazil end stocks. 2010 Argentina corn crop was increased to 21.0 mmt vs 17.2 est in Feb and 15.0 ly. Large US old crop supply, higher 2010 US acres and normal 2010 US Midwest weather could weigh on prices. Trade will now focus on farmer selling pressure, US planting weather, March 31 acreage and stocks report and money flow for direction. CZ0-CZ1 spread closed near +14. Full carry is near +74. Last year the spread widened to near +53. Normal US 2010 crop could widen the spread from current levels.

US Corn Export Basis: 34K unch

**CORN OPTIONS...** Another lower close in corn with May down 3 ½ as bearish news from the USDA pressured prices, while losses in neighboring wht added weight. Vision +2000 Dec 500 calls 15-15 ½, Tenco -1500 Dec 500 calls 15 ½, -1000 May 400 calls 3 ½, Fortis +2000 Jly 450 calls 6 ¾-7 ¼, FC Stone +1000 Jly 380 straddles 52-52 ½, Fortis +3000 Jly 350 puts, -6000 Jly 330 puts 1 ¼ debit to 1 ¼ credit, RJO +1000 April 370 calls -1000 April 360 puts ½-¾ debit. The May volatility 1.75% lower at 28.5-28.75%, Jly .25% easier at 32-32.25% and Dec .5% down at 32.25-32.75%.

**WHEAT ...** Wheat futures closed lower. WK was down 8 cents and near 4.81. Futures made new lows since early Oct,09. KWK closed down 6 cents and near 4.91. MWK closed down 5 cents and near 5.06. Higher USDA World wheat supply numbers and lower World prices weighed on Wheat futures. Favorable start to the 2010 World wheat crops also offers resistance to futures. USDA increased World wheat end stocks 1.0 mmt to near 196.8. Last year's stocks were 165.6. Higher FSU and US stocks offsets declines in India and China. World trade was increased to near 125.0 mmt from 123.8 est in Feb and 143.0 ly. USDA increased exports in India, FSU, Argentina and Brazil. USDA kept Europe production near 138.1 mmt, China 114.5 mmt, FSU 113.8 mmt, India 80.7 mmt and US 60.3 mmt. USDA lowered US food use 20 mil bu to near 920 mil bu. Last year's food use was near 927 mil bu. USDA left US wheat exports at only 825 mil bu vs 1015 ly. Egypt today bought wheat from France and Russia at a discount to US. By class USDA 2009/10 US Wheat end stocks vs last year are near HRW 420 mil bu vs 254, SRW 207 mil bu vs 171 ly and HRS 277 mil bu vs 142 ly. US 2010 winter wheat crop conditions remain mostly favorable esp HRW in south plains. Changes in the Chicago delivery calculations and large supply have the WNO-WN1 spread out to 112 cents. One commercial est soft red wheat carry from one crop to next could get as wide as 170 cents.

US Wheat Export Basis: 33K dn 6

**WHEAT OPTIONS...** A lower close in wht with May down 8 as the USDA raised ending stocks 20 mil bu, while Egypt purchased Russian and French wht and no US to add pressure. Mann -500 May 540 calls 6 ½, Rose +500 Jly 460 puts 19 ½-19 7/8, FC Stone +800 May 470 puts, -1600 May 450 puts ¾ credit. The May volatility 1% lower at 31-31.25% and Jly 1.25% down 34.5-34.75%.

**GRAINS** by STEVE FREED, VP of RESEARCH

**OPTIONS** by GREG LYTTLE



**HEDGE STRATEGIES**

		PCT SOLD	AVE PRICE	CLOSE	OBJECTIVE
1)	09 SOYBEAN	85	9.67	9.58	9.70
2)	10 SOYBEAN	40	9.43	9.35	9.50
3)	09 CORN	50	4.00	3.65	4.00
4)	10 CORN	20	4.15	3.94	4.40
5)	09 WHEAT	75	5.60	4.81	5.30
6)	10 WHEAT	20	5.30	4.94	5.60

**TECHNICAL COMMENTS (uses All Session charts) by Brian Brase**

**SOYBEAN TECHNICALS...** May soybeans were higher on Wednesday. The high-range close above the pivot point suggests a bullish bias for Thursday. The higher action moved back up into the month-long, sideways, consolidation range mostly between 940 and 975. Directionals have turned from downtrends, but the RSI holds a mid-range value that could support a move in either direction. Elliott Wave watchers are looking for another leg down, with downside objectives below 880.

**CORN TECHNICALS...** May corn was lower, falling below the previous swing low of 365. The low-range close below the pivot point suggests a bearish bias for Thursday. Directionals are trending lower to favor the sell side. Elliott wave watchers are expecting another leg down, with this week’s move lower looking like a downside breakout to give hopes of downside objectives between 340 and 320.

**WHEAT TECHNICALS...** May wheat was lower, falling below the February low. The low-range close below the pivot point suggests a bearish bias for Thursday. This week’s action looks like a downside breakout of February’s wave 4 rally. Elliott wave watchers are looking for a leg down (i.e. Wave 5), with downside objectives around 450 or lower. Directionals are trending lower to favor the sell side.

**DAILY TECHNICAL SHEET**

	Moving Averages:					Sup		Res	Res
	20-day	40-day	50-day	100-day	Sup 2	Sup 1	Pivot	1	2
CK	377	377	387	399	358	362	366	370	375
CN	388	387	397	408	369	373	377	381	385
WK	505	507	519	540	470	476	484	490	498
WN	517	519	531	551	483	489	497	502	510
SK	956	954	972	996	932	945	955	968	977
SN	964	961	979	1001	941	953	963	975	985
BOK	3955	3860	3904	3935	3964	4033	4069	4138	4174
SMK	268	271	277	286	253	256	260	263	266

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