



LaSalle Street News

4/22/2010

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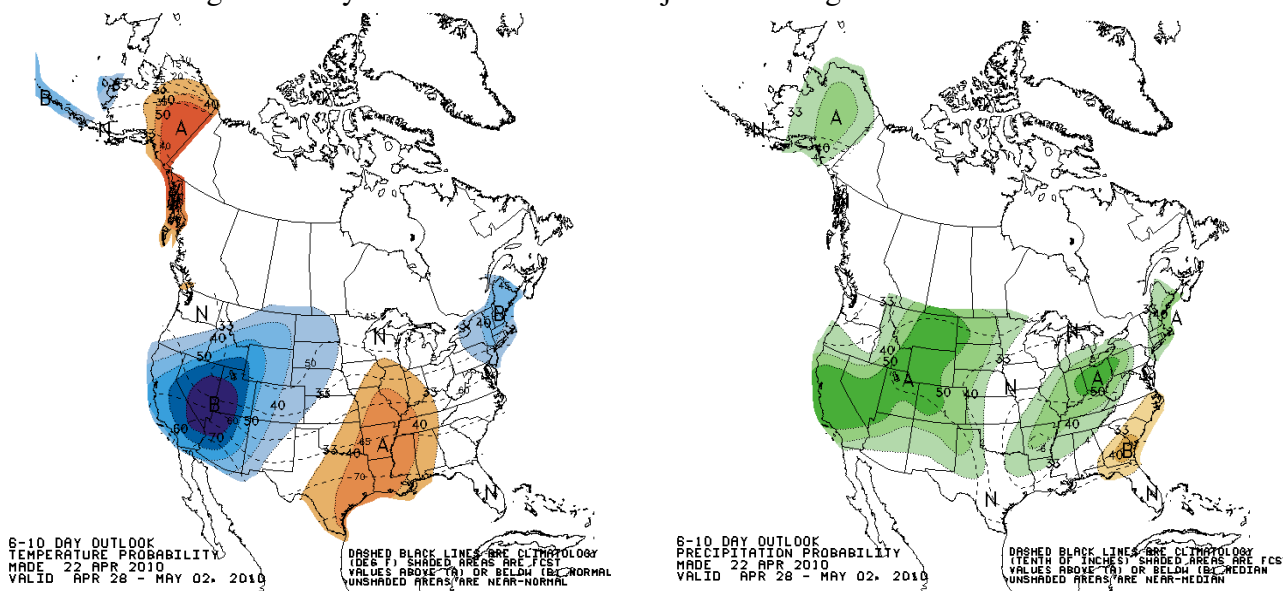
Daily "From the Floor" Grain Summary

After settling unchanged in a rather quiet night session July corn this morning opened a penny lower at 3.68 and chopped around. July corn felt some pressure early on, breaking down to a low on the session of 3.65-1/4, but quickly found support rallying 7-1/4 cents throughout the morning posting a high at 3.72-1/2. Early on this morning it was the USDA releasing strong export sales in corn at 1.418 mil mt, just over the expected 1.1 mil mt which gave corn support early on. Corn did pull back as action slowed down falling into a 3.69 to 3.71-1/2 range for most of the late morning and into the afternoon before settling 2-1/2 cents higher at 3.71-1/2. Funds on the day close net buyers of an estimated 6,000 contracts. Option trade was rocking this morning as ADM was front and center buying July calls vs selling Dec calls. First they bought 5000 July 370 calls vs selling 5000 Dec 450 calls tied to futures at 3.69 at even this was followed by them buying 2,500 July 360 calls and selling Dec 450 calls at 5-1/4 tied to futures at 3.68. ADM finished the day buying 2000 July 380 calls and selling 2000 Dec 450 calls outright. These early actions pushed vol higher in July while pushing it lower in Dec. Vol did hold throughout the session as July closed 1% higher while the backs were soft.

In the soybean complex it was July beans opening the day session finding pressure on weaker than expected export sales. July beans settled the night session slightly higher but this was quickly erased as beans traded to a low 10.01-3/4 before finding support. With support down around the 10.00 level July beans slowly rallied 12 cents throughout the morning to 10.14 before pulling back slightly in the afternoon. Heading into the close, beans did find strength once again making new highs at 10.15-3/4 before settling 9 cents higher at 9.15. Beans continue to find support rallying off light news however we still hear talks of basis in Argentina firming off farmer's unwillingness to release their crop. Funds this afternoon are estimated to be buyers of an estimated 7,000 contracts. In the option pit it was vol slightly higher to unchanged across the board. Players on the day included Prudential buying 2000 Nov 1400 calls paying 6 cents while MFG sold 1000 July 960 puts 15-1/2 to 16.



Wheat futures closed the night session 1 cent lower which rolled into the day session as July early on found pressure trading 7-1/4 cent lower at 4.92-1/2. Earlier this morning we had the USDA release export sales, which arrived in-line with expectations and helped support the market. After making our lows at 4.92-1/2 July quickly rallied more than 15 cents before flat lining around 5.07 for a good portion of the afternoon. Heading into the close wheat once again found support as much of the grain complex traded to new highs at 5.12 before settling 11-1/4 cents higher at 5.11. Traders commented that much of our late rally had shorts jumping ship mostly afraid the market could run with funds sitting on a heavy short position. Tomorrow should be an interesting day for the May contract as options will expire with the 500 strike showing a good amount of open interest. Tenco bought 1200 July 500 puts covered 1 to 1 vs. futures (23 1/2 vs. \$5.08), which in addition to causing another updraft in the underlying wheat as locals scurried to offset the difference in deltas, set up Tenco to come in and sell the 500 calls and do a great job of legging into the three way (conv./rev.) on that July 500 strike. But when they came in and quoted the calls, they surprised the pit first by not selling them and then instead they bought 1200. Vol closed 1-3/4% higher in July while the backs closed just 1/4 % higher.



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