

Idaho Grain Market Report, January 29, 2009

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, January 28, 2009. Barley prices in \$/Cwt. and wheat prices in \$/bu.

Selected Locations	Barley (Cwt.)		Wheat (bu.)		
	#2 Feed, 48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton	NQ	(2-R) \$8.50 (6-R) \$8.50	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$6.00	(2-R) NQ (6-R) NQ	\$4.45	\$5.12	\$6.90
Idaho Falls	\$6.00	(2-R)\$8.44-\$10.00 (6-R)\$8.44	\$4.75	\$5.22	\$7.02
Blackfoot / Pocatello	\$6.25	(2-R) \$8.50 (6-R) \$8.50	\$4.75	\$4.89	\$6.92
Grace / Soda Springs	\$6.75-\$7.08	(2-R) NQ (6-R) NQ	\$4.60	\$4.88-\$5.23	\$6.64-\$7.02
Burley / Rupert Hazelton	\$6.00	(2-R) \$8.44 (6-R) \$8.44	\$4.30-\$4.35	\$5.11	\$6.80
Twin Falls / Eden / Buhl	\$6.40-\$7.00	(2-R) NQ (6-R) NQ	\$4.10-\$4.20	NQ	NQ
Weiser	\$6.75	(2-R) NQ (6-R) NQ	\$4.59	NQ	NQ
Nez Perce / Craigmont	\$4.38	(2-R) \$5.88 (6-R) \$5.88	\$5.06	\$5.96	\$7.68
Lewiston	\$4.83	(2-R) \$6.33 (6-R) \$6.33	\$5.25	\$6.15	\$7.87
Moscow / Genesee	\$4.43-\$6.00	(2-R) \$5.93 (6-R) \$5.93	\$5.02-\$5.85	\$5.92-\$6.54	\$7.64-\$8.12

Trading Prices at Selected Terminal Markets, cash prices FOB

	Barley (Cwt.)		Malting	Wheat (bu.)		
	#2 Feed 46 lbs. -- unit trains barge	Single rail cars-domestic		#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein
Portland	NQ	NQ	NQ	Jan \$5.65-\$5.85 Feb \$5.70-\$5.85	Jan \$6.59-\$6.61	Jan \$8.15-\$8.30
Los Angeles	\$9.25	NQ	NQ	NQ	NQ	NQ
Stockton	\$9.75	NQ	NQ	NQ	NQ	NQ
Tulare	\$9.25	NQ	NQ	NQ	NQ	NQ
Ogden	\$7.16	NQ	NQ	\$4.90	\$5.38	\$7.18
Great Falls	\$2.75-\$5.20	NQ	\$9.00	NQ	\$4.85-\$5.11	\$7.21-\$7.49
Minneapolis	\$6.25	NQ	\$10.83	NQ	\$6.28 ¼ (12%)	\$7.73 ¼ - \$7.88 ¼

Market trends this week

BARLEY – Local barley prices were mixed, ranging from 80 cents lower to 60 cents higher this week. USDA reported barley export sales last week totaled 1.8 TMT for Canada. Barley export shipments totaled .4 for Canada and Mexico.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 4 cents lower to 35 cents higher; HRW ranged from 19 cents lower to 25 cents higher; and DNS from no change to 25 cents higher. U.S. wheat export sales last week were far below trade expectations and hit a marketing year low at 23.5 TMT, which was down 94% from the previous week, and 90% from the prior 4-week average. Export shipments last week totaled 345.6 TMT, up 90% from the week before and 8% above the prior 4-week average.

Wheat Competitor/Buyer News – Reports began circulating this week that the government of Argentina is rejecting further applications for wheat export licenses (1.2 MMT had been approved earlier this month), in an effort to maintain an adequate domestic supply. Last week, they lowered their wheat output estimate to 8.3 MMT from an earlier forecast of 9 MMT. As a result of possible export curtailments from Argentina, Brazil is now expected to need to purchase at least 1

MMT of wheat from Canadian and/or US sources. Pakistan announced this week that they are on track to meet their wheat production target of 25 MMT, up sharply from last year's 21.8 MMT. Iran reportedly purchased 360 TMT of German milling wheat this week.

CORN - Corn export sales were above trade estimates and hit a marketing year high last week at 1.1 MMT, up 2% from the previous week and 240% above the prior 4-week average. Export shipments last week totaled 738.7 TMT, up 8% from the previous week, and 18% from the prior 4-week average.

Corn Competitor/Buyer News – The Buenos Aires Grain Exchange is now pegging the Argentine corn crop at between 12.3 to 13.7 MMT (compared to last year's 21.1 MMT). ProFarmer consultant, Dr. Michael Cordonnier, reduced his Argentine corn crop forecast to 13.5 MMT, down 1.5 MMT from last month's projection. He has pegged the total South American corn crop at 62.7 MMT, down from 81.5 MMT in 2008/09.

Futures market activity this week

Wheat – Wheat futures began the week higher, with wheat leading the gains, on support from rumors that the Argentine government would restrict any further wheat export licenses in order to maintain an adequate domestic supply of milling wheat. Wheat prices fell on Tuesday under mostly bearish spillover pressures from corn, soybeans and a higher U.S. dollar. Wheat reversed directions again and moved higher on Wednesday, buoyed by fund buying and underlying support from concerns about dryness in the Southern Plains and North China Plains. Wheat finished lower today (Thursday) amid light trading and disappointing export figures. **Wheat market closes on Thursday, 1/29...**

	<u>Mar 09</u>	<u>Weekly Summary</u>	<u>May 09</u>	<u>Weekly Summary</u>
Chicago	\$5.78	Down \$.04 ³ / ₄	\$5.91	Down \$.04 ¹ / ₂
Kansas City	\$6.08	Down \$.02 ¹ / ₂	\$6.19	Down \$.02 ¹ / ₄
Minneapolis DNS	\$6.57 ³ / ₄	Down \$.03	\$6.52 ¹ / ₄	Down \$.00 ¹ / ₄

Corn – Corn prices began the week modestly higher but early gains on Monday morning were mostly erased by updated weather models which showed wetter conditions in key production areas of Argentina and Southern Brazil. However, underlying support came from a new Argentine corn crop projection of 12.3 to 13.7 MMT (compared to last year's 21.1 MMT). Corn fell sharply on Tuesday under pressure from wetter forecasts for western Argentina that are expected to help stabilize the corn crop there, as well as lower crude oil and a higher U.S. dollar. Corn reversed directions and staged a modest recovery on Wednesday as updated weather forecasts dialed back the rain amounts predicted for parts of South America into the weekend. A crude oil rally and lower dollar also provided support. Corn finished lower today (Thursday) as forecasts got wetter for South America, including the possibility for more rain next week. Corn was also dragged down by outside markets despite favorable export sales figures. **Mar 09 corn contract closed on Thursday, 1/29, at \$3.81 ³/₄, down \$.08 ³/₄ for the week and the May 09 contract at \$3.93, down \$.08 ¹/₂ for the week.**

Other Major Factors to Watch

- § **Crude oil** – Crude oil prices began the week down slightly under pressure from more bad economic news. Prices fell sharply on Tuesday as traders focus on worsening employment outlook and further deterioration in gasoline demand. Traders expected to see a further build up in crude oil inventories in the government's weekly report on Wednesday. In fact, crude stocks were shockingly higher at 6.2 million barrels, but gasoline inventories declined by 121,000 gallons for the week. The market shrugged off this mostly bearish inventory report and closed sharply higher on ideas that the Congress will pass a massive stimulus bill in the next couple weeks that will help spur demand.
- § **International Weather/Crop Watch** –
 - **South American corn/soybeans** – Argentine drought conditions eased a bit this week, on better than expected precipitation totals in some key production areas but most analysts agree that the corn yield loss at this point is irreversible. Nearly one-half of the corn area in Argentina remains unfavorably dry.