

Idaho Grain Market Report, February 12, 2009
 Published by the Idaho Barley Commission, kolson@idahobarley.org, 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, February 11, 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	\$4.50	\$4.95	\$6.70
Idaho Falls	\$6.50	(2-R)\$8.44-\$9.50 (6-R)\$8.44	\$4.52	\$4.84	\$6.62
Blackfoot / Pocatello	\$5.85	(2-R) \$8.50 (6-R) \$8.50	\$4.65	\$4.75	\$6.73
Grace / Soda Springs	\$6.75	(2-R) NQ (6-R) NQ	NQ	\$4.67	\$6.50
Burley / Rupert Hazelton	\$5.50-\$6.00	(2-R) \$8.44 (6-R) \$8.44	\$4.15-\$4.45	\$4.77	\$6.50
Twin Falls / Eden / Buhl	\$6.40-\$7.00	(2-R) NQ (6-R) NQ	\$4.15-\$4.20	NQ	NQ
Weiser	\$6.75	(2-R) NQ (6-R) NQ	\$4.59	NQ	NQ
Nez Perce / Craigmont	\$4.28	(2-R) \$5.78 (6-R) \$5.78	\$5.06	\$5.42	\$7.26
Lewiston	\$4.73	(2-R) \$6.23 (6-R) \$6.23	\$5.25	\$5.61	\$7.45
Moscow / Genesee	\$4.33-\$6.00	(2-R) \$5.83 (6-R) \$5.83	\$5.02-\$5.65	\$5.38-\$6.18	\$7.22-\$7.98

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	Feb \$5.60-\$5.74 Mar \$5.65-\$5.77	Feb \$6.03-\$6.21 Aug NC \$6.29-\$6.44	Feb \$7.85-\$7.95 Aug NC \$6.99
Los Angeles	\$8.30	NQ	NQ	NQ	NQ	NQ
Stockton	\$9.25	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.30	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.55	NQ	NQ	\$4.48	\$4.98	\$6.78
Great Falls	\$2.75-\$4.55	NQ	\$7.50	NQ	\$4.64-\$4.70	\$7.04-\$7.07
Minneapolis	\$5.52	NQ	NQ	NQ	\$6.08 ¼ (12%)	\$7.40 ¼

Market trends this week

BARLEY – Local barley prices were mixed, ranging from 50 cents higher to 50 cents lower this week. USDA reported a total of 3.9 TMT in export sales for Canada last week. However, there were no reported barley export shipments for last week.

USDA's S&D report for MY 2008/09 - BARLEY – February 10 – USDA made only minor adjustments to its U.S. barley balance sheet this month, lowering domestic feed usage by 10 million bu but raising domestic food/malting usage by the same amount, leaving 2008/09 US ending stocks unchanged at 78 million bu. USDA left the average farm-gate price projection unchanged at \$4.95-\$5.35/bu.

- World barley production is projected to be up 15% to 154.6 MMT. US production increased 13% to 5.2 MMT.
- World barley supplies are projected 12% higher at 174.8 MMT, and US supplies are 10% higher at 6.7 MMT.
- World barley trade is expected to increase by 3% to 19 MMT. US exports are projected to fall by 51% to .45 MMT, due to greater competition from Australia, Canada and the Black Sea region.

- World barley consumption is projected to increase 7% to 146 MMT, and US usage is expected to increase 19% to 5.2 MMT.
- World barley carryover stocks are estimated to jump 42% to 28.7 MMT, while US carryout is projected to increase by 13% to 1.7 MMT.

Barley Competitor/Buyer News – USDA raised their barley production estimate for Australia this month by .5 MMT to 7.0 MMT and raised their exports by .5 MMT to 3.5 MMT. They also raised barley production estimates for Russia by .6 MMT to 23.1 MMT and Ukraine by .1 MMT to 12.6 MMT. USDA lowered their projection of EU exports by .5 MMT to 4.0 MMT due to nearby Black Sea competition.

WHEAT – Local wheat prices were mixed this week: SWW ranged from 10 cents higher to 3 cents lower; HRW ranged from 10 cents higher to 6 cents lower; and DNS from 14 cents higher to no change. U.S. wheat export sales last week were within trade expectations at 411.7 TMT, up 26% from the previous week, and 94% from the prior 4-week average. Export shipments last week totaled 517.3 TMT, up 28% from the week before and 38% above the prior 4-week average. Cumulative U.S. wheat export sales now stand at 84.8% of the USDA forecast for the year compared to a five-year average of 83.2%.

USDA's S&D report for MY 2008/09 - WHEAT – February 10– USDA made no changes to the U.S. wheat balance sheet this month, except to tighten average farm-gate price projection for U.S. wheat to \$6.70 - \$6.90/bu. U.S. ending stocks were left unchanged at 655 million bu, compared to an average pre-report trade estimate of 651 million bu. **World wheat production was lowered slightly this month to 682.8 MMT (72 MMT above last year), including another cut in Argentine production, while ending stocks were raised 1.6 MMT to 149.96 MMT, which is more than 30 MMT above last year.**

- World wheat production is pegged 12% higher at 682.8 MMT. The US wheat crop is 22% higher at 68 MMT.
- World wheat supplies are forecast 9% higher at 802 MMT, while US supplies are 11% bigger at 76.3 MMT.
- World wheat trade is expected to increase 8% to 125.7 MMT, while U.S. exports are estimated to decrease 21% to 27 MMT.
- World wheat consumption is projected to increase by 6% to 652.4 MMT, and U.S. consumption is expected to increase by 20% to 34.3 MMT.
- World wheat carryover stocks are estimated to increase by 25% to 150 MMT. US stocks are pegged to jump 114% to 17.8 MMT.

Wheat Competitor/Buyer News – USDA lowered their Argentine wheat production estimate this month by 1.1 MMT to 8.4 MMT. They cut Argentine wheat exports by .8 MMT to 3.5 MMT. Australian production was adjusted slightly higher to 20.15 MMT. Russian wheat production was increased by .7 MMT to 63.7 MMT, but exports were left unchanged at 15.0 MMT. Meanwhile, Ukrainian wheat production was raised by .4 MMT to 25.9 MMT and exports were increased by .5 MMT to 9.5 MMT. Argentina's farm export office announced this week they have authorized exports of 520 TMT of wheat after insuring the country has adequate stocks to meet their domestic needs. In recent weeks the agency had been denying applications for Argentine wheat exports in an effort to protect local supplies and keep domestic prices stable.

International tender line-up...Iraq purchased 350 TMT of wheat this week from Canada, Australia, Germany and Russia but none from the U.S.; Egypt purchased 100-120 TMT overnight – all reported to be Russian origin; Pakistan is still struggling to put together the deal for 250 TMT US SWW.

CORN - Corn export sales were once again above trade estimates and hit yet another marketing year high last week at 1.54 MMT, up 33% from the previous week and 73% above the prior 4-week average. Export shipments last week totaled 567.5 TMT, which were down 24% from the previous week, and 18% from the prior 4-week average. Cumulative U.S. corn export sales now stand at 59.4% of the USDA forecast for the year compared to a five-year average of 63.7%.

USDA's S&D report for MY 2008/09 - CORN – February 10 – USDA surprised the trade by making no adjustments to its U.S. corn supply and demand balance sheet this month. They left U.S. ending stocks unchanged at 1.79 billion bu, compared to an average pre-report trade estimate that was 33 million bu higher at 1.823 billion bu. Many had expected domestic feed usage to be cut, raising ending stocks. USDA tightened their farm gate price estimate to \$3.65 - \$4.15/bu. **Global corn production was cut this month by nearly 5 MMT to 786.5 MMT (down nearly 5 MMT from last year), due to lower than expected Argentine and Brazilian production. World ending stocks were increased slightly this month to 136.7 MMT (up 9 MMT from last year) due to bigger Chinese stock levels and slowing global feed demand.**

- World corn production is projected to decrease by 1% to 786 MMT. The US corn is down 7% to 307.4 MMT.
- World corn supplies are expected to increase by 2% to 914 MMT, while US supplies are 4% lower at 348.6 MMT.
- World corn trade is projected to decrease 21% to 76.1 MMT, due to increased availability of feed wheat and lower feeding rates. US corn exports are expected to decrease 26% to 45 MMT.
- World corn consumption is up 1% to 777.5 MMT. US usage is expected to fall 1% to 259.1 MMT.
- World corn carryover stocks are estimated to increase 7% to 136.7 MMT, while US stocks are expected to increase by 10% to 45.5 MMT.

Corn Competitor/Buyer News – As expected, USDA cut their corn production estimate this month for both Argentina and Brazil due to drought losses in key South American production areas. Argentine production was lowered by 3 MMT to 13.5 MMT and their exports were cut by 2 MMT to 7 MMT. Brazilian corn production was cut by 2 MMT to 49.5 MMT. USDA raised their corn production estimate for Ukraine this month by 1.4 MMT to 11.4 MMT and raised Ukrainian exports by .5 MMT to 4.0 MMT. Argentina's National Agricultural and Livestock Commercial Control Office has authorized up to 6 MMT of corn exports after confirming adequate grain reserves to meet domestic needs. Argentine farm groups also announced this week that new protests against government farm policies could begin in late February which could interrupt all grain movements. USDA reported impressive US corn export sales this week to South Korea (100 TMT), Taiwan (56 TMT) and Mexico (206 TMT) this week. South Korean feed millers bought a total of 165 TMT of corn for arrival in May and June.

Futures market activity this week

Renewed economic pessimism cast a long shadow over equity and commodity trading this week, as investors braced for more bad earnings reports, rising unemployment and uncertainty about the effectiveness of the federal government's plans to temper the impact of a deepening recession, now into its second year. On Tuesday, Treasury unveiled a broad outline of their revamped bank rescue plan for the remaining \$350 billion in TARP funds, but Wall Street reacted negatively due to a lack of detail on how they would specifically deal with the toxic securities clogging bank balance sheets and restricting the flow of credit through the U.S. and world economy. The market bounced back on Wednesday on an announcement that Congress had quickly ironed out differences between the House and Senate economic stimulus bills. A new compromise \$789 billion stimulus package was announced Wednesday afternoon and was expected to pass both chambers on Friday. This week brought a mix of economic reports...**on the plus side**...Coca-Cola reported better than expected quarterly earnings on strong global sales and overall retail sales were reported to be better than expected, rising 1% in January following six consecutive months of decline. **On the negative side**...companies ranging from Wal-Mart to General Motors announced more job cuts this week. The number of Americans now collecting unemployment benefits rose to a 26-year high of 4.81 million last week, while first time applicants fell by 8,000 to 623,000, a smaller drop than economists had expected. Home prices fell a record 12.4% in the fourth quarter of 2008, the biggest decline in 30 years. In the face of continued financial instability, bank stock led a Wall Street sell-off on Thursday.

Wheat – Wheat futures began the week mixed to higher on pre-S&D report short-covering and a weaker U.S. dollar. Prices tumbled on Tuesday under pressure from a broad sell-off in equities and crude oil on continued economic worries. Beneficial moisture across the U.S. Southern Plains and North China Plain also weighed on the wheat markets. Dry areas of the Southern Plains picked up their first decent rainfall in more than a month and more coverage is expected in the next 7-10 days, however most of the moisture is expected to bypass the driest areas of the southwestern plains. Wheat prices continued to fall on Wednesday under profit-taking pressures and a lack of fresh fundamental news. Wheat finished lower again today (Thursday) in similar action to Wednesday – opened higher but declined into early afternoon on a lack of supportive news. **Wheat market closes on Thursday, 2/12...**

	<u>Mar 09</u>	<u>Weekly Summary</u>	<u>May 09</u>	<u>Weekly Summary</u>
Chicago	\$5.38 ³ / ₄	Down \$18 ¹ / ₄	\$5.51 ¹ / ₂	Down \$.18 ¹ / ₂
Kansas City	\$5.75	Down \$.11 ¹ / ₂	\$5.84 ³ / ₄	Down \$.12 ³ / ₄
Minneapolis DNS	\$6.39 ¹ / ₂	Down \$.15 ¹ / ₄	\$6.28 ¹ / ₄	Down \$.11 ³ / ₄

Corn – Corn prices began the week trading mostly sideways in positioning ahead of Tuesday's S&D report. Gains were limited by good weekend rains in Argentina. Corn prices closed fractionally lower on Tuesday after opening higher on a supportive S&D report which showed no increase in ending stocks. The negative tone was attributed to bearish outside markets and continued rain showers in Argentina. Fund selling and lower crude oil prices drove corn lower again on Wednesday. Corn finished modestly lower today (Thursday) on bearish outside market pressures. **Mar 09 corn contract closed on Thursday, 2/12, at \$3.66 ¹/₄, down \$.11 for the week and the May 09 contract at \$3.76, down \$.11 ¹/₂ for the week.**

Other Major Factors to Watch

- § **Crude oil** – Crude oil traded mostly sideways to lower this week on demand concerns. Prices slumped on Wednesday in response to the government's weekly supply report which showed a bigger than expected build in crude oil inventories (4.7 million barrels versus expected a build of 2.75 to 3.5 million barrels). Prices slipped lower again Thursday to three-week lows, dipping below \$35/barrel, on a gloomy global economic picture. The DOE's Energy Information Agency released a new short term outlook which forecasts global oil consumption falling 1.2 million barrels per day in 2009, while rebounding by a similar amount in 2010.
- § **International Weather/Crop Watch** –
 - **South American corn/soybeans** – Argentina received good rainfall over the weekend which pressured U.S. corn and soybeans, but the recent moisture is not expected to improve corn yield potential. Extended forecasts show dry conditions returning in the next 10 days.