

Idaho Grain Market Report, February 19, 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 18, 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	\$6.25	(2-R) NQ (6-R) NQ	\$4.40	\$4.82	\$6.51
Idaho Falls	\$6.25	(2-R)\$8.44 (6-R)\$8.44	\$4.40	\$4.61	\$6.37
Blackfoot / Pocatello	\$5.80	(2-R) \$8.50 (6-R) \$8.50	\$4.15	\$4.43	\$6.35
Grace / Soda Springs	\$6.20-\$6.50	(2-R) NQ (6-R) NQ	\$4.15	\$4.65-\$4.70	\$6.19-\$6.45
Burley / Rupert Hazelton	\$5.50-\$6.00	(2-R) \$8.44 (6-R) \$8.44	\$4.05-\$4.20	\$4.44	\$6.22
Twin Falls / Eden / Buhl	\$6.40-\$7.00	(2-R) NQ (6-R) NQ	\$4.05-\$4.20	NQ	NQ
Weiser	\$6.75	(2-R) NQ (6-R) NQ	\$4.39	NQ	NQ
Nez Perce / Craigmont	\$4.28	(2-R) \$5.78 (6-R) \$5.78	\$4.81	\$5.37	\$7.26
Lewiston	\$4.73	(2-R) \$6.23 (6-R) \$6.23	\$5.00	\$5.56	\$7.45
Moscow / Genesee	\$4.33-\$6.00	(2-R) \$5.83 (6-R) \$5.83	\$4.77-\$5.60	\$5.33-\$5.94	\$7.22-\$7.79

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 \$5.50-\$5.70 Mar \$5.55-\$5.60	Feb \$5.91-\$6.11 Aug NC \$6.03-\$6.13	Feb \$7.71-\$7.81 Aug NC \$6.77
Los Angeles	\$8.20	NQ	NQ	NQ	NQ	NQ
Stockton	\$9.00	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.40	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.26	NQ	NQ	\$4.33	\$4.81	\$6.56
Great Falls	\$2.75-\$4.55	NQ	\$7.50	NQ	\$4.36-\$4.57	\$6.56-\$6.88
Minneapolis	\$5.10	NQ	NQ	NQ	\$5.85 ¾ (12%)	\$7.27 ¾ - \$7.62 ¾

Market trends this week

BARLEY – Local barley prices were mixed, ranging from 25 cents higher to 25 cents lower this week. USDA won't release weekly export sales data until tomorrow because of the President's Day holiday on Monday.

Barley Competitor/Buyer News - ABARE revised their official Australian barley production estimate this month to 6.8 MMT, up from their January estimate of 5.9 MMT. USDA pegged the Australian barley crop at 7.0 MMT earlier this month.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 2 cents to 50 cents lower; HRW ranged from 5 cents to 33 cents lower; and DNS from no change to 38 cents lower. On Tuesday, USDA reported wheat exports last week totaled 285.8 TMT. Cumulative wheat exports now are running at 75.6% of USDA's projection for the marketing year compared to 5-year average of 70.2%.

Wheat Competitor/Buyer News – ABARE raised their official Australian wheat production estimate this month to 21.4 MMT, up from their January estimate of 20 MMT, and 60% above last year's crop. USDA pegged the Australian wheat crop at 20.15 MMT earlier this month. Reports this week that Russian wheat is being exported to Brazil. **International tender line-up**...Iraq tendered to 50 TMT; Syria is still looking for 200 TMT; Bangladesh 100 TMT; Lebanon 25 TMT; Pakistan continued to delay its expected purchase of 250 TMT US SWW using U.S. export credit guarantees, but in the meantime, USDA announced they would buy some U.S. SWW for donation to Pakistan.

CORN – USDA reported corn export shipments last week totaled 861 TMT, still lagging the pace needed to meet USDA's current projection for the marketing year.

Corn Competitor/Buyer News – The government of China announced this week they would increase the amount of domestic corn they are buying for strategic commodity reserves by 10 MMT to a new total of 40 MMT this marketing year (about 25% of this year's crop). South Korea bought more U.S. corn this week (55 TMT), but reported that their corn imports in January were 32% below imports a year ago. Taiwan purchased 23 TMT and the Philippines 60 TMT of U.S. corn this week.

Futures market activity this week

Commodity trading continued to be buffeted this week by strong bearish headwinds from highly volatile outside markets. On Wednesday, the Federal Reserve published a dour economic outlook for the remainder of 2009 – now doubting the possibility of an economic turnaround in the later half of 2009. They are predicting unemployment will rise to 8.5-8.8% and a GDP decline of 0.5% to 1.3%. For now, speculative fund buying in commodities has been limited by very real economic worries. However, that negative bias is somewhat offset by mostly positive grain fundamentals. If we only had a crystal ball ...

Wheat – Wheat futures began the week (Tuesday) down double digits on panic-driven fund selling triggered by very negative outside markets (higher dollar/lower crude oil). A disappointing export inspections figure from USDA also pressured the wheat markets, which are struggling to compete on several international import tenders due to continued competitive pricing out of the Black Sea region and Australia. Wheat prices continued to slide on Wednesday under pressure from higher US dollar and volatile outside markets. Losses were somewhat limited by ongoing concerns about persistent dryness in the U.S. Southern Plains winter wheat crop (Texas reported their winter wheat crop is 64% poor/very poor). However, it is extremely hard to launch a sustained rally on drought concerns in February because this crop is still mostly dormant. Wheat contracts finished higher today (Thursday) on short covering and support from outside markets, particularly a lower dollar. **Wheat market closes on Thursday, 2/19...**

	<u>Mar 09</u>	<u>Weekly Summary</u>	<u>May 09</u>	<u>Weekly Summary</u>
Chicago	\$5.19 ½	Down \$.16	\$5.31	Down \$.17 ¼
Kansas City	\$5.58 ¼	Down \$.16 ¼	\$5.67	Down \$.16 ¾
Minneapolis DNS	\$6.25 ¾	Down \$.10 ¼	\$6.12 ¼	Down \$.12 ½

Corn – Corn prices began the week lower on fund selling triggered by technical weakness and bearish outside markets – lower crude oil and higher dollar. Prices continued to drift slightly lower on Wednesday, but losses were limited by some early short-covering and a small uptick in crude oil. Corn finished higher today (Thursday) on short covering and a slightly better outlook in outside markets. The earlier investment panic seems to have eased somewhat but plenty of pessimism still exists, as investors worry about how effective the federal government's intervention strategies will be in stemming a deepening recession. **Mar 09 corn contract closed on Thursday, 2/19, at \$3.53 ¼, down \$.10 for the week and the May 09 contract at \$3.62, down \$.11 ¼ for the week.**

Other Major Factors to Watch

- § **Crude oil** – Crude oil remained under pressure this week from weak global economic outlook for 2009. However, crude rose 13% today (\$4.53/bbl) to \$39.15/bbl after the U.S. government's weekly inventory report showed an unexpected drop in inventories as imports declined. Supplies fell 138,000 barrels to 350.6 million barrels last week, the first decline this year according to DOE/EIA. Stockpiles had been forecast to increase by 3.2 million barrels. Some analysts believe that OPEC production cuts are starting to have their intended impact on the supply side.
- § **International Weather/Crop Watch** –
 - **South American corn/soybeans** – Argentina received better than expected rainfall over the weekend and more scattered showers were expected this week, helping to shrink the excessively dry area to about 10% of the grainbelt, compared to about 25% last month. Brazil's area of concern also has shrunk to about 10-15% of their grainbelt. Extended forecasts still show a bias toward warmers and drier conditions for the latter half of February.