

**Idaho Grain Market Report, August 6, 2009**

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**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 5, 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) \$7.00 (6-R) \$7.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$5.50	(2-R) NQ (6-R) NQ	\$4.42	\$4.62	\$5.46
Idaho Falls	\$5.50	(2-R)\$6.77 (6-R)\$6.77	\$4.37	\$4.75	\$5.74
Blackfoot / Pocatello	\$5.52	(2-R) \$7.00 (6-R) \$7.00	\$4.70	\$4.78	\$5.60
Grace / Soda Springs	\$5.57	(2-R) NQ (6-R) NQ	\$4.30	\$4.59-\$4.63	\$5.36-\$5.54
Burley / Rupert	\$5.25	(2-R) \$6.77 (6-R) \$6.77	\$4.15	\$4.70	\$5.52
Hazelton					
Twin Falls / Eden / Buhl	\$6.00	(2-R) NQ (6-R) NQ	\$3.60	NQ	NQ
Weiser	\$6.00	(2-R) NQ (6-R) NQ	\$4.13	NQ	NQ
Nez Perce / Craigmont	\$4.60	(2-R) \$4.60 (6-R) \$4.60	\$4.40	\$5.29	\$6.27
Lewiston	\$5.05	(2-R) \$5.05 (6-R) \$5.05	\$4.59	\$5.48	\$6.46
Moscow / Genesee	\$4.65-\$6.00	(2-R) \$4.65 (6-R) \$4.65	\$4.36-\$5.07	\$5.25-\$5.77	\$6.23-\$6.73

**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	Aug \$4.95-\$5.20 Dec \$5.45-\$5.50	Aug \$5.95-\$6.00	Aug \$6.85-\$6.92
Los Angeles	\$8.00	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.00	NQ	NQ	NQ	NQ	NQ
Ogden	\$5.65	NQ	NQ	\$4.65	\$4.79	\$5.71
Great Falls	\$4.15-\$4.50	NQ	\$7.00	NQ	\$4.45-\$4.61	\$5.94-\$6.04
Minneapolis	\$4.27	NQ	NQ	NQ	\$5.42 (12%)	\$6.47

**Market trends this week**

**BARLEY** – Local barley prices were mixed, ranging from 25 cents higher to 43 cents lower this week. USDA did not report any barley export sales last week. Barley export shipments totaled .2 TMT for Mexico.

**WHEAT** – Local wheat prices were also mixed this week: SWW ranged from 45 cents higher to 15 cents lower; HRW ranged from 22 cents higher to 12 cents lower; and DNS from 25 cents higher to 15 cents lower. U.S. wheat export sales were above trade expectations last week at 552.8 TMT, which was down 4% from the previous week; however it was up 15% from the prior 4-week average. Wheat export shipments totaled 389.9 TMT which was 27% above the previous week and 22% from the prior 4-week average.

**Wheat Competitor/Buyer News** – Canadian Wheat Board is projecting a 21% decline in wheat production on the western prairies due to recent dry conditions. Egypt purchased 210 TMT French and Russian wheat this week, shutting out US origin. Earlier this week, Egypt ordered the re-exportation of 45 TMT of Ukrainian and Australian wheat, claiming it unfit for human consumption. In June, Egypt ordered 100 TMT of Russian wheat to be exported due to poor quality and failure to meet contract terms.

**CORN** - Corn export sales last week were above trade expectations at 422.8 TMT, which was down 8% from the previous week; and 37% from the prior 4-week average. Export sales for MY 09/10 totaled 729.2 TMT. Corn export shipments last week totaled 1.19 MMT which was down 18% from the previous week; however it was 10% above the prior 4-week average.

**Corn Competitor/Buyer News** – China has reportedly sold 2.5 MMT of corn from their state-owned reserves which total 40 MMT. Eastern Europe is projecting a 25% reduction in corn production this year due to recent heat and drought stress. South Korea purchased 110 TMT of U.S. corn this week.

### Futures market activity this week

**Wheat** – Wheat futures began the week sharply higher on supportive outside markets, including a continued rally on Wall Street and the dollar slumping to a new 10-month low. Wheat turned mixed to lower on Tuesday on a lack of continued support from outside markets and active producer selling. Prices continued under pressure on Wednesday, following the line of least resistance lower on expectations of large spring wheat yields in North Dakota and beneficial rain across the Canadian prairies. Wheat finished lower again today (Thursday) despite slightly higher than expected export sales; outside markets and a stronger dollar were also a factor behind today's outcome. KCBT and MGE markets fell to their lowest levels since the first half of December 2008. **Wheat market closes on Thursday, 8/6/09...**

	<u>Sept 09</u>	<u>Weekly Summary</u>	<u>Dec 09</u>	<u>Weekly Summary</u>
Chicago	\$4.99 <sup>3</sup> / <sub>4</sub>	Down \$.28 <sup>1</sup> / <sub>2</sub>	\$5.27 <sup>3</sup> / <sub>4</sub>	Down \$.28
Kansas City	\$5.34	Down \$.25 <sup>1</sup> / <sub>4</sub>	\$5.51	Down \$.25
Minneapolis DNS	\$5.79 <sup>1</sup> / <sub>4</sub>	Down \$.25 <sup>3</sup> / <sub>4</sub>	\$5.92	Down \$.28

**Corn** – Speculative fund buying, sharply lower dollar and end user pricing buoyed corn markets at the start of the week, but gains could not be sustained as prices turned fractionally lower on Tuesday in the face of increased producer selling and ideas that USDA will raise its corn production estimate in their August 12 S&D report. Wednesday saw prices drift slightly lower in light fund selling after Informa released its updated corn acreage survey which showed corn acres down only 200,000 compared to average expectations of a 1.0 to 1.5 million acre decline in next week's production report. On Thursday, Farm Futures projected a drop of 2 million acres from USDA's June 30 estimate. They have pegged the average corn yield at 160.3 bpa just under the 2004 record yield of 160.4 bpa. That would result in a total us corn crop of 12.545 billion bu. Corn finished lower again today (Thursday) on pressure from bearish outside markets. **Sept 09 corn contract closed on Thursday, 8/6/09, at \$3.32 <sup>3</sup>/<sub>4</sub>, down \$.06 <sup>3</sup>/<sub>4</sub> for the week and the Dec 09 contact at \$3.40 <sup>1</sup>/<sub>2</sub>, down \$.09 for the week.**

### Near-term Outlook –

**Soybeans** – remain the leader on tight stocks and nearby demand from China.

**Corn** – Nearby fundamentals remain bearish at this point as crop watchers expect USDA to raise their yield estimate next week to between 157 and 160/bu/Ac pushing production to well above 12.5 billion bushels. The keys for upside price potential include: (1) export demand pace needs to remain strong; (2) speculative fund buying needs to pick up which is expected as safe haven investments like the U.S. dollar begin to look less attractive; and (3) corn crop maturity concerns need to linger well into August. For now, near-by prices are trading slightly above the psychological level of \$3.50/bu.

**Wheat** – wheat markets have the least fundamental support of the grain and oilseed complex, but will likely follow corn and soybeans higher if outside markets provide supportive signals and investment money continues to flow back into commodities. Production losses in overseas markets (still possible in some areas including Canada, Argentina and Australia) will be needed to sustain a bull market over the long-term.

### Other Major Factors to Watch

- § **Crude Oil** – Crude oil climbed above \$71/bbl this week early on a sharply lower U.S. dollar and better than expected economic reports. However, OPEC increased oil output this week, causing bullish sentiment to pause on Tuesday. Wednesday saw another mixed petroleum inventory report with crude oil stocks increasing by more than expected – up 1.7 million bbls compared to an expected build of 600,000 bbls; distillate stocks fell by 1.1 million bbls compared to an expected increase of 1.2 million bbls and gasoline stocks fell by 218,000 bbls compared to an expected draw of 800,000 bbls.
- § **U.S. weather / crop watch** – Conditions turned warmer and drier in the Western Corn Belt and Central U.S. this week, causing some heat stress in the western one third of the belt. Heat was expected to give way to rain by the end of the week, reducing the areas of concern to less than one quarter of the Corn Belt. Crop maturity concerns linger as silking remains behind pace at 76% compared to average 89%, but warming temps are expected to hasten development. Spring wheat condition slipped slightly to 73% good/excellent, but remains well above the average 56%.
- § **International weather / crop watch** –
  - § **Canada** – Recent beneficial showers have covered the Western Prairies, however below normal temperatures continue to delay crop development. More rain was forecast for this week, reducing dryness concerns to about 15-20% of the grain belt. Poor crop conditions in parts of Alberta are not likely to improve at this stage.

- § **Europe** – Drier weather covered Central and Southern Europe, advancing winter grain harvesting and spring grain maturity but increasing stress on corn crops. Showers in Britain and western France favored spring grains.
- § **Russia / Ukraine** – Light to moderate rainfall eased crop stress and promoted spring grain filling in eastern Ukraine and southern Russia. Dry weather in western Ukraine accelerated winter grain harvest. Persistent hot and dry conditions in the Volga region of Russia hastened spring grain maturity and continued to stress corn.
- § **China** – Drier weather eased excessive wetness concerns in Manchuria.
- § **Argentina** – Rainfall last week promoted additional wheat plantings but conditions turned mostly dry this week.
- § **Australia** – Recent showers maintained adequate moisture for developing winter grains. The eastern region is beginning to see drier conditions, consistent with a developing El Nino weather pattern.

**USDA Crop Progress / Condition Report, August 3, 2009**

<b>Crop</b>	<b>Progress %</b>	<b>Previous Week</b>	<b>Previous Year</b>	<b>5-Year Average</b>	<b>Condition rating % good/excellent</b>	<b>Previous Week</b>	<b>Previous Year</b>
US barley					78%	77%	53%
<b>ID barley</b>	<b>2% harvested</b>	<b>NA</b>	<b>3%</b>	<b>7%</b>	<b>94%</b>	<b>94%</b>	
US spring wheat	3% harvested	NA	5%	15%	73%	74%	56%
<b>ID spring wheat</b>	<b>1% harvested</b>	<b>NA</b>	<b>5%</b>	<b>15%</b>	<b>93%</b>	<b>92%</b>	
US winter wheat	85% harvested	79%	85%	90%			
<b>ID winter wheat</b>	<b>17% harvested</b>	<b>7%</b>	<b>8%</b>	<b>23%</b>	<b>94%</b>	<b>94%</b>	
US Corn	76% silking 14% dough	55%	79%	89%	68%	70%	66%
		7%	15%	29%			