

Idaho Grain Market Report, August 27, 2009
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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 26, 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) \$6.00 (6-R) \$6.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$5.40	(2-R) NQ (6-R) NQ	\$4.35	\$4.30	\$4.92
Idaho Falls	\$5.00	(2-R) \$6.75-\$6.77 (6-R) \$6.77	\$4.17	\$4.31	\$4.98
Blackfoot / Pocatello	\$5.20	(2-R) \$6.00 (6-R) \$6.00	\$4.30	\$4.22	\$4.90
Grace / Soda Springs	\$5.27	(2-R) NQ (6-R) NQ	\$4.20	\$4.15-\$4.23	\$4.74 – \$4.85
Burley / Rupert Hazelton	\$4.75-\$5.30	(2-R) \$6.77 (6-R) \$6.77	\$4.00-\$4.15	\$4.05 - \$4.32	\$4.80 - \$4.90
Twin Falls / Eden / Buhl	\$6.20	(2-R) NQ (6-R) NQ	\$3.82	NQ	NQ
Weiser	\$6.00	(2-R) NQ (6-R) NQ	\$3.95	NQ	NQ
Nez Perce / Craigmont	\$4.80	(2-R) \$4.80 (6-R) \$4.80	\$4.35	\$4.86	\$5.63
Lewiston	\$5.25	(2-R) \$5.25 (6-R) \$5.25	\$4.54	\$5.05	\$5.82
Moscow / Genesee	\$4.85-\$6.25	(2-R) \$4.85 (6-R) \$4.85	\$4.31-\$4.95	\$4.82-\$5.60	\$5.59-\$6.28

Trading Prices at Selected Terminal Markets, cash prices FOB

	Barley (Cwt.)		Wheat (bu.)			
	#2 Feed 46 lbs. -- unit trains barge	Single rail cars- domestic	Malting	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein
Portland	NQ	NQ	NQ	Aug \$4.80-\$4.90 Sept \$4.85-\$5.05	\$5.49-\$5.62	\$6.18-\$6.28
Los Angeles	\$6.40 – \$6.60	NQ	NQ	NQ	NQ	NQ
Stockton	\$6.75	NQ	NQ	NQ	NQ	NQ
Tulare	\$6.40 - \$6.60	NQ	NQ	NQ	NQ	NQ
Ogden	\$5.35	NQ	NQ	\$4.45	\$4.39	\$5.02
Great Falls	\$3.75-\$3.90	NQ	\$6.25	NQ	\$4.58 - \$4.70	\$5.26-\$5.41
Minneapolis	\$3.23	NQ	NQ	NQ	\$5.08 ¼ (12%)	\$5.88 ¼ -\$5.92 ¼

Market trends this week

BARLEY – Local barley prices were mixed, ranging from steady to 50 cents lower in southern Idaho this week and steady to 20 cents higher in north Idaho. USDA reported barley export sales totaled 500 MT last week to Taiwan. Barley export shipments totaled 200 MT to Mexico.

WHEAT – Local wheat prices were mostly higher this week: SWW ranged from steady to 20 cents higher; HRW ranged from 14 to 50 cents higher; and DNS ranged from 2 cents lower to 12 cents higher. U.S. wheat export sales were well above trade expectations last week at 652.7 TMT, up 82% from the previous week and 33% above the prior 4-week average. Wheat export shipments totaled 450.2 TMT, up 20% from the previous week and 24% above the prior 4-week average. Cumulative wheat export sales in MY 09/10 have reached 32.2% of the USDA forecast for the year, well under the 5-year average of 43.2% for this time of year.

Wheat Competitor/Buyer News – German ag officials issued a 2009 crop forecast of 24.8 MMT, below trade expectations and 3.5% below the 2008 crop. Egypt purchased 120 TMT wheat this week – 60 TMT of US SRW and 60 TMT Russian origin.

CORN - Corn export sales last week were on the lower end of trade expectations, totaling .973 MMT for both MY 09 and 2010 sales. Export sales in MY 09 (ends August 31) were only 265.6 TMT, down 54% from the previous week and 47% below the prior 4-week average. Corn export shipments last week totaled 1.275 MMT, up 14% from the previous week and 8% above the prior 4-week average.

Corn Competitor/Buyer News – China has reportedly sold 6 MMT of its 40 MMT of state owned corn reserves. Argentina is expected to reduce corn plantings by as much as 19% this year due to dry soil conditions and higher input costs compared to soybeans. Argentine farmers will initiate another one week ag strike, beginning on Friday, to protest the latest government actions on export taxes. South Korean feeders purchased 105 TMT of U.S. corn this week. Taiwan corn buyers reportedly purchased Brazilian corn this week.

Futures market activity this week

Wheat – Wheat futures began the week sharply higher on spillover support from an impressive rally in soybeans and emerging concerns about dryness in the Australian eastern wheat belt. Speculative short covering drove wheat markets higher early in the session on Tuesday, but then drifted mostly lower under pressure from a late session sell-off in soybeans, corn and crude oil. Wheat markets gained ground on the other grains on Wednesday with support from an overnight Egyptian purchase (60 TMT SRW), lower than expected German crop estimate (down 3.5% from last year) and a weather forecast predicting possible frost in the western Canadian Prairies (other forecasters disagree). Wheat finished lower today (Thursday) on profit-taking pressures after the week's modest advance. **Wheat market closes on Thursday, 8/27/09...**

	<u>Sept 09</u>	<u>Weekly Summary</u>	<u>Dec 09</u>	<u>Weekly Summary</u>
Chicago	\$4.75	Up \$.14 ³ / ₄	\$5.03	Up \$.15 ³ / ₄
Kansas City	\$5.08 ¹ / ₂	Up \$.14 ³ / ₄	\$5.24 ³ / ₄	Up \$.15
Minneapolis DNS	\$5.38 ³ / ₄	Up \$.06 ³ / ₄	\$5.50 ³ / ₄	Up \$.06 ³ / ₄

Corn –Corn futures began the week strongly higher on mostly spillover support from buoyant energy and soybean markets. Cooler than normal temperatures also provided some underlying support, although most traders remain relatively unconcerned about potential frost damage in September as corn crop conditions keep improving (up 2% this week to 70% good/excellent which could equate to a gain of 1.5 bushels per acre). Corn fell slightly on Wednesday after trading in a narrow range for most of the session. A cool wet forecast was considered mostly supportive to the market, but a higher dollar and lower crude oil triggered fund selling and pushed prices lower. Corn finished modestly higher today (Thursday) on a late session recovery in crude oil and equities which sparked short covering. **Sept 09 corn contract closed on Thursday, 8/27/09, at \$3.23, up \$.01 ³/₄ for the week and the Dec 09 contract at \$3.29 ¹/₄, up \$.03 for the week.**

Other Major Factors to Watch

- § **Crude Oil** – Crude oil began the week higher - reaching a 10-month high – propelled by positive economic news. However gains could not be sustained as prices fell on Tuesday under mostly profit-taking pressures. Wednesday continued to see pressure from a higher dollar and a somewhat bearish inventory report. Wednesday's weekly petroleum inventory report showed crude oil stocks increasing 128,000 bbls compared to an expected draw of 1.2 million bbls; distillate stocks also were bearish, increasing 767,000 bbls compared to an expected build of 400,000 bbls; gasoline stocks continued to be bullish, falling 1.7 million bbls compared to an expected draw of 800,000 bbls. Crude oil traded higher late in the session on Thursday after the Commerce Dept issued a better than expected revised 2Q09 U.S. GDP estimate (down 1% compared to an expected decline of 1.5%).
- § **U.S. weather / crop watch – The Pro Farmer Midwest Crop tour estimates an average U.S. corn yield of 160.1 bpa and total crop of 12.807 billion bu. BUT crop maturity remains 1 to 2 weeks behind average pace, causing some underlying caution.** The 6-10 day forecast calls for wetter conditions and mostly cooler than normal temps throughout the Midwest this weekend, with a gradual warm up expected next week. The main risk of frost damage is still expected to hold off until at least late September when yield losses are likely to be minimal. Recent moisture has reduced the dry areas of concern to less than 10% of the belt. Spring wheat maturity and harvest pace continues to lag, although significant progress was seen in the Pacific Northwest. North Dakota spring wheat harvest was only 7% completed at the beginning of the week, compared to 62% on average.
- § **International weather / crop watch –**
 - § **Canada** – Mostly dry / warm weather promoted spring grain development which is at least 1 to 2 weeks behind normal maturity. One forecaster is predicting possible frost in coming days but this is widely discounted by other weather models which show moderate temps through at least mid September.
 - § **Europe** – Drier weather overspread much of Europe, promoting spring grain harvest but also reducing soil moisture needed for reproductive to filling summer crops like corn.
 - § **Russia / Ukraine** – Dry weather across Ukraine accelerated spring grain harvest while reducing soil moisture for summer crops. Showers in Russia caused some delays in small grain harvesting.
 - § **China** – Widespread showers helped ease short term dryness concerns for summer (corn) crops in Manchuria and North China Plain.
 - § **Argentina** – Recent beneficial rainfall fell in some eastern regions, but mostly cool dry conditions persisted elsewhere. Argentina continued to see a few light showers in its major wheat belt this week, with better chances next week.

§ **Australia** – Unseasonably warm/ dry conditions are beginning to stress winter grains in the east-central regions, while sporadic rainfall continued to benefit winter grains across Western Australia.

USDA Crop Progress / Condition Report, August 24, 2009

Crop	Progress %	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	27% harvested	11%	63%	70%	80%	78%	52%
ID barley	29% harvested	19%	36%	52%	93%	93%	
US spring wheat	22% harvested	13%	58%	66%	72%	74%	55%
ID spring wheat	36% harvested	17%	31%	53%	92%	92%	
US winter wheat	97% harvested	94%	97%	98%			
ID winter wheat	78% harvested	59%	72%	85%			
US Corn	57% dough	40%	66%	79%	70%	68%	64%