

**Idaho Grain Market Report, September 3, 2009**  
 Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, September 2, 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) \$5.50 (6-R) \$5.50	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$5.25	(2-R) NQ (6-R) NQ	\$4.10	\$4.08	\$4.50
Idaho Falls	\$4.50	(2-R)\$6.75-\$6.77 (6-R)\$6.77	\$4.17	\$4.10	\$4.66
Blackfoot / Pocatello	\$5.12	(2-R) \$5.50 (6-R) \$5.50	\$4.20	\$4.00	\$4.70
Grace / Soda Springs	\$5.17	(2-R) NQ (6-R) NQ	\$4.05	\$4.02-\$4.04	\$4.56-\$4.63
Burley / Rupert Hazelton	\$4.75-\$5.20	(2-R) \$6.77 (6-R) \$6.77	\$3.75-\$4.09	\$4.07	\$4.51
Twin Falls / Eden / Buhl	\$6.20	(2-R) NQ (6-R) NQ	\$3.75	NQ	NQ
Weiser	\$6.30	(2-R) NQ (6-R) NQ	\$3.59	NQ	NQ
Nez Perce / Craigmont	\$3.85	(2-R) \$3.85 (6-R) \$3.85	\$4.25	\$4.72	\$5.31
Lewiston	\$4.30	(2-R) \$4.30 (6-R) \$4.30	\$4.44	\$4.91	\$5.50
Moscow / Genesee	\$3.90-\$6.00	(2-R) \$3.90 (6-R) \$3.90	\$4.21-\$4.85	\$4.68-\$5.33	\$5.27-\$5.86

**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	Sept \$4.75-\$4.90 Jan \$4.95-\$4.96	\$5.21-\$5.42	\$5.96-\$6.01
Los Angeles	\$7.00	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$7.00	NQ	NQ	NQ	NQ	NQ
Ogden	\$5.25	NQ	NQ	\$4.30	\$4.20	\$4.80
Great Falls	\$3.75-\$4.15	NQ	\$6.00	NQ	\$3.97-\$4.19	\$4.89-\$5.21
Minneapolis	\$3.75	NQ	NQ	NQ	NQ	\$5.86 ¼ -\$6.11 ¼

**Market trends this week**

**BARLEY** – Local barley prices were mostly lower, ranging from 30 cents higher to 50 cents lower in southern Idaho this week and 25 to 95 cents lower in northern Idaho. USDA did not report any barley export sales last week. Barley export shipments totaled 100 MT to Mexico.

**WHEAT** – Local wheat prices were mostly lower this week: SWW ranged from steady to 36 cents lower; HRW ranged from 14 to 27 cents lower; and DNS ranged from 12 to 42 cents lower. U.S. wheat export sales were in line with trade expectations last week at 405.7 TMT, down 38% from the previous week and 21% below the prior 4-week average. Wheat export shipments totaled 435.4 TMT, down 3% from the previous week; however it was 9% above the prior 4-week average. A quarter of the way through the marketing year, cumulative U.S. wheat export sales are down 42% from last year.

**Wheat Competitor/Buyer News** – Egypt purchased 330 TMT of wheat this week, with 60 TMT of U.S. SRW and the remainder supplied by France and Russia.

**CORN** - Corn export sales last week were in line with trade expectations, totaling .939 MMT; 345 MMT for MY 09 (ended August 31) was up 30% from the previous week but 24% below the prior 4-week average. Export sales for MY 10 totaled .594 MMT. Corn export shipments last week totaled 1.05 MMT, down 18% from the previous week and 8% from the prior 4-week average.

**Corn Competitor/Buyer News** – China sold 1.92 MMT out of a total 2.5 MMT of government-owned corn reserves offered this week, bringing the overall sales from reserves to 7.7 MMT. China is reportedly offering a subsidy of \$22/MT on 5,77 MMT of corn to four provinces in Northeast China. USDA reported a sale of 120 TMT of U.S. corn to Mexico.

### Futures market activity this week

**Wheat** – Wheat futures began the week higher in mostly two sided action, with support coming from a mid session break in the dollar which triggered short covering. Prices turned sharply lower on Tuesday in the face of favorable harvest weather and weak outside markets which were pressured by concerns about significant losses in Chinese stock market and ideas that the 50% rally in U.S. equities since March might have been overdone. Wednesday saw wheat prices continue to grind modestly lower on an advancing spring wheat harvest pace and lack of fresh supportive news. Extended weakness in outside markets continued to weigh on wheat markets. Wheat finished lower on Thursday under pressure from accelerating spring wheat harvest and continued weakness in outside markets. **Wheat market closes on Thursday, 9/3/09...**

	<u>Sept 09</u>	<u>Weekly Summary</u>	<u>Dec 09</u>	<u>Weekly Summary</u>
Chicago	\$4.51 ¼	Down \$.15 ¾	\$4.78 ¾	Down \$.16 ½
Kansas City	\$4.83 ¾	Down \$.16 ¼	\$4.99 ¼	Down \$.17 ½
Minneapolis DNS	\$4.91 ¾	Down \$.29 ¾	\$5.05 ¾	Down \$.34 ¼

**Corn** –Corn prices began the week higher with support from a lower dollar, but gains were limited by nearly ideal crop weather as frost worries have been erased until at least mid month. Corn prices opened higher on Tuesday but sold off sharply through mid session on bearish crop weather and lower crude oil and equities. Corn prices closed fractionally higher to unchanged on Wednesday as cash markets remained quiet and weather forecasts remained favorable. Corn ground modestly lower on Thursday but losses were trimmed by short covering ahead of the three-day weekend. **Sept 09 corn contract closed on Thursday, 9/03/09, at \$3.11, down \$.10 for the week and the Dec 09 contract at \$3.15 ¾, down \$.13 ¼ for the week.**

**Near-term Commodity Outlook – Outside markets and managed money flow (currency, equities and crude oil) continues to drive the commodity markets, as fundamentals remain mostly bearish for now...**

**Corn** – Expectations of a big corn crop getting even bigger remained intact this week, as a near-term frost threat passed. The next best opportunity for possible frost is mid month and more likely the end of the month. Favorable crop weather prompted traders and money managers to move money out of corn this week triggering technical weakness that will limit the upside for now.

**Wheat** – Remained in a follower's role as both U.S. and world wheat fundamentals are mostly bearish. Ample supplies and sluggish export demand continue to limit the upside potential, with the exception of periodic short-covering moves.

**Soybeans** – Have the strongest fundamentals with current crop supplies very tight and export demand from China very hot. However, soybeans are vulnerable to outside market weakness, just like corn and wheat, causing wide price swings as this market tries to reconcile strong demand with varying 2009 production possibilities. This is the market with the greatest upside potential which could pull the other grains higher in spillover support mainly arising from competition for 2010 acres.

### Other Major Factors to Watch

- § **Crude Oil** – Crude oil slipped below \$70/bbl this week, on concerns about serious drop in the Chinese stock market which could signal slowing growth in the largest crude oil import market. Wednesday's weekly petroleum stocks report was considered mostly neutral, with crude oil stocks falling 400,000 bbls compared to an expected draw of 900,000 bbls; distillate stocks were bearish with an increase of 1.2 million bbls compared to an expected build of 775,000 bbls; while gasoline stocks were bullish, falling 3.0 million bbls compared to an expected draw of 900,000 bbls.
- § **U.S. weather / crop watch** –Crop weather remained very favorable this week, with cooler temps and rain covering much of the Midwest and reducing remaining dry areas to less than 5% of the belt. The prospect for 161 or better yields remains highly likely. At least three prominent firms have released their crop forecasts ahead of USDA's monthly S&D report scheduled for release on Sept. 12. All three see big crops coming – **FC Stone is projecting an average yield of 162.7 bpa and production of 13.02 billion bu; Informa Economics is estimating a corn yield of 162.7 bpa and total production of 13.01 billion bu; Allendale Inc. sees an average yield of 164.08 bpa and crop size of 13.127 billion bu.** Spring wheat maturity continues to lag with just 38% harvested at the beginning of the week, compared to a 5-year average pace of 79%. Much of the Southern Plains are expected to see rain in the next 10 days, providing needed moisture to aid winter wheat planting. Much of Texas, southern Oklahoma and parts of western Nebraska are in serious need of rainfall to guarantee good fall crop establishment.

§ **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** – Scattered showers favored summer crops; while persistent dryness was reducing corn yield potential in Spain and the Balkans.
- § **Russia / Ukraine** – Light showers caused only brief interruptions in spring grain harvesting and aided summer crop development. However, persistent dryness in the Southern District of Russia and across much of Ukraine was limited needed moisture for filling corn and other summer crops.
- § **China** – Periodic showers across Manchuria maintained favorable soil moisture for corn; while heavy rainfall from Sichuan Basin to the North China Plain caused unfavorable condition for maturing corn and other summer crops.
- § **Argentina** – Wheat belt received some much needed relief this week, however some areas were missed, leaving at least 10% of the belt under serious stress. Models show a strong possibility of additional rain in the next 6-10 days which should provide additional relief.
- § **Australia** – Rainfall continues to be very disappointing across Australia. Record high temperatures also covered much of the eastern areas, likely resulting in crop losses in Queensland, New South Wales and Victoria. However, Western and South Australia continue to see reasonably good growing conditions.

**USDA Crop Progress / Condition Report, August 31, 2009**

Crop	Progress %	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	46% harvested	27%	78%	81%	78%	80%	NA
<b>ID barley</b>	<b>48%</b> <b>harvested</b>	<b>29%</b>	<b>51%</b>	<b>68%</b>	<b>88%</b>	<b>93%</b>	
US spring wheat	38% harvested	22%	78%	79%	75%	72%	NA
<b>ID spring wheat</b>	<b>58%</b> <b>harvested</b>	<b>36%</b>	<b>51%</b>	<b>72%</b>	<b>92%</b>	<b>92%</b>	
<b>ID winter wheat</b>	<b>91%</b> <b>harvested</b>	<b>78%</b>	<b>86%</b>	<b>93%</b>			
US Corn	75% dough 32% dented	57%	81%	88%	69%	70%	61%