

Idaho Grain Market Report, January 14, 2010

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, January 13, 2010. 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) \$6.50 (6-R) \$6.50	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$6.00	(2-R)\$6.50-\$6.85 (6-R)\$6.50	NQ	\$4.30	\$5.51
Blackfoot / Pocatello	\$5.93	(2-R) \$6.50 (6-R) \$6.50	\$4.10	\$4.03	\$5.46
Grace / Soda Springs	\$5.65-\$5.95	(2-R) NQ (6-R) NQ	\$4.17	\$4.22-\$4.30	\$5.19-\$5.39
Burley / Rupert Hazelton	\$5.50-\$5.75	(2-R) \$6.50 (6-R) \$6.50	\$4.10-\$4.14	\$4.17	\$5.26
Twin Falls / Eden / Buhl	\$5.50-\$7.00	(2-R) NQ (6-R) NQ	\$3.75-\$4.25	NQ	NQ
Weiser	\$6.00	(2-R) NQ (6-R) NQ	\$3.59	NQ	NQ
Nez Perce / Craigmont	\$5.20	(2-R) \$5.20 (6-R) \$5.20	\$4.25	\$5.11	\$6.19
Lewiston	\$5.65	(2-R) \$5.65 (6-R) \$5.65	\$4.44	\$5.30	\$6.38
Moscow / Genesee	\$5.25-\$6.60	(2-R) \$5.25 (6-R) \$5.25	\$4.21-\$4.80	\$5.06-\$5.69	\$6.15-\$6.77

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	Jan \$4.65-\$4.85 Aug NC \$4.70-\$5.15	Jan \$5.65-\$5.69 Aug NC \$5.82-\$5.92	Jan \$6.67-\$6.79 Aug NC \$6.41-\$6.61
Los Angeles	\$8.35	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.35	NQ	NQ	NQ	NQ	NQ
Ogden	\$5.73	NQ	NQ	\$4.45	\$4.50	\$5.56
Great Falls	\$5.00-\$5.60	NQ	\$7.00	NQ	\$3.98-\$4.03	\$5.61-\$5.95
Minneapolis	\$5.21	NQ	\$7.08	NQ	\$4.99 ¾ (12%)	\$7.06 ¾ - \$7.36 ¾

Market trends this week

BARLEY –. Local barley prices were mostly lower, ranging from 75 cents lower to 10 cents higher in southern Idaho and 15 cents lower in northern Idaho. USDA reported that there were no barley export sales or export shipments last week.

USDA's S&D Report for MY 2010 - BARLEY – Jan. 12 – As expected, USDA made only a couple minor adjustments to this month's U.S. barley balance sheet. They lowered imports by 5 million bu to 25 million bu and lowered U.S. barley exports by 5 million bu to historically low level of only 5 million bu, compared to 29 million bu exported last year. **USDA raised world barley production this month by 249 TMT to 149.2 MMT, which is 3% lower than a year ago, and lowered world carryover by 590 TMT due to a stronger than expected usage rate to 31.3 MMT, which is 7% above a year ago.**

USDA's Quarterly Stocks Report – BARLEY – Jan. 12 – USDA pegged U.S. barley stocks in all positions on December 1, 2009 at 203 million bu, up 18% from a year ago. The September to November 2009 indicated disappearance is 36.3

million by, 1% below the same period a year earlier. Idaho barley stocks on Dec. 1, 2009 are pegged at 38.5 million bu, compared to 33.2 million bu a year ago.

WHEAT – Local wheat prices were lower: SWW ranged from 5 to 66 cents lower; HRW ranged from 12 to 33 cents lower; and DNS ranged from 9 to 36 cents lower. U.S. wheat export sales last week were below trade expectations 181.9 TMT, up 95% from the previous week however it was down 29% from the prior 4-week average. Exports last week totaled 291.2 TMT, up 19% from the previous week however it was down 3% from the prior 4-week average.

USDA's Winter Wheat Seeding Estimate – Jan. 12 – This report was considered the only price supportive piece of news in Tuesday's key reports.... USDA pegged U.S. winter wheat seedings at 37.097 million acres, down 14% from last year and the lowest level since 1913. This was 3.4 million acres below the average pre-report trade estimate of 40.5 million acres and more than 6 million acres below 2009's 43.3 million acres. 2010 HRW acres are pegged at 27.8 million, down 12%; SRW acres are estimated at 5.92 million, down 29% due to late row crop harvests; and SWW was pegged at 3.33 million acres, down 1% from last year. Idaho winter wheat acreage is pegged at 780,000, up 5% from 2009.

USDA's S&D Report for MY 2010 - WHEAT – Jan. 12 – As widely expected, USDA tweaked U.S. wheat consumption and exports lower this month causing ending stocks to increase more than the trade expected. They lowered seed use by 6 million bu to 72 million bu; cut feed use by 20 million bu to 170 million bu; and cut exports by 50 million bu to 825 million bu. This resulted in a 76 million bu increase in U.S. wheat ending stocks to 976 million bu. This was 62 million bu above the average pre-report trade estimate of 914 million bu. World wheat production was increased again this month by 2.2 MMT to 676.1 MMT, but still down 6.6 MMT from last year. World wheat ending stocks were increased by nearly 5 MMT this month due to a slower than expected usage pace to a burdensome level of 195.6 MMT, which is more than 31 MMT more than the year before.

USDA's Quarterly Stocks Report – WHEAT – Jan. 12 - USDA pegged U.S. wheat stocks in all positions on December 1, 2009 at 1.77 billion bu, up 24% from a year ago. The September to November 2009 indicated disappearance is 444 million by, up 2% from the same period a year earlier. Idaho wheat stocks on Dec. 1, 2009 are pegged at 53.7 million bu, compared to 47.2 million bu a year ago.

Wheat Competitor/Buyer News – USDA raised their Russian wheat production estimate this month by 2.2 MMT to 61.7 MMT, but left Russian wheat exports unchanged at 18.0 MMT. They also raised Brazilian production estimate by .3 MMT to 4.8 MMT. Egypt purchased 180 TMT of wheat on Wednesday, with 120 TMT sourced from Russia and 60 TMT from Kazakhstan. Morocco reportedly purchased 150 TMT of EU wheat this week and has a tender open to purchase 200 TMT US soft wheat and 150 TMT U.S. durum. **Other pending international wheat import tenders...**Jordan for 100 TMT and Bangladesh for 100 TMT.

CORN – Export sales were below trade expectations last week at 327.3 TMT, down 10% from the previous week and 67% from the prior 4-week average. Export shipments last week totaled 658 TMT, down 18% from the previous week and 8% from the prior 4-week average.

USDA's Final 2009 Corn Production Estimate – Jan. 12 - USDA shocked the markets on Tuesday with record high 2009 corn yield and production estimates despite the fact that about 1.5 billion bu are estimated to still be in the field at this point. Production is now pegged at a record high 13.151 billion bu, based on an average yield of 165.2 bu/acre, also a new record high. This new production estimate is 330 million bu above the average pre-report trade estimate of 12.821 billion bu that was based on an average yield estimate of 162.4 bu/acre.

USDA's S&D Report for MY 2010 - CORN – Jan. 12 – USDA raised U.S. corn production this month by 230 million bu to a new record high of 13.15 billion bu, but also raised demand by 140 million bu, resulting in an 89 billion bu increase in U.S. ending stocks to 1.764 billion bu. This was 177 million bu above the average pre-report trade estimate of 1.587 billion bu. The revised domestic ending stocks are now projected to represent a 49 day supply and globally a 62 day supply. World corn production was increased this month by 6.3 MMT to 796.5 MMT, which is nearly 5 MMT above last year. World corn ending stocks were increased this month by 3.9 MMT to 136.2 MMT, but are still nearly 10 MMT lower than a year ago.

USDA's Quarterly Stocks Report – CORN – Jan. 12 - USDA pegged U.S. corn stocks in all positions on December 1, 2009 at 10.9 billion bu, up 9% from a year ago. The September to November 2009 indicated disappearance is 3.89 billion bu, up 7% from the same period a year earlier.

Corn Competitor/Buyer News – USDA raised their Argentine corn production estimate this month by 1 MMT to 15 MMT but left Argentine corn exports unchanged at 8.0 MMT. They left Chinese corn production unchanged at 155 MMT and exports at .5 MMT.

Futures market activity this week

WHEAT – Wheat began the week modestly higher – reaching one month highs – on a combination of a lower dollar, increased index fund buying and position evening before Tuesday’s key USDA reports. More bearish than expected stocks reports from USDA - a big jump in both domestic and global stocks - triggered a sharp sell-off in the wheat pits on Tuesday, with additional pressure coming from weak outside markets. But the market quickly digested these stock projections and staged a modest recovery on Wednesday with support from a lower dollar and expectations of more index fund buying through the end of this week. Wheat finished lower today (Thursday) due to weakness in corn and soybeans along with disappointing export sales figures. **Wheat market closes on Thursday, 1/14/10.**

	Mar 09	Weekly Summary	May 2010	Weekly Summary
Chicago	\$5.27 ³ / ₄	Down \$.40 ³ / ₄	\$5.40 ³ / ₄	Down \$.40
Kansas City	\$5.27	Down \$.33	\$5.38 ³ / ₄	Down \$.32 ¹ / ₂
Minneapolis DNS	\$5.36 ³ / ₄	Down \$.38 ¹ / ₄	\$5.48 ³ / ₄	Down \$.37 ¹ / ₄

CORN – Corn began the week fractionally lower on a combination of fund selling and positioning ahead of Tuesday’s final 2009 production estimate. The trade had expected the final corn estimate would fall about 100 million bu from USDA’s Nov. estimate due to the delayed harvest and quality problems to about 12.8 billion bushels, but shocked the market by raising their corn production estimate by 230 million bu to a new record 13.151 billion bushels. Corn quickly locked limit down on the bearish production estimate, as well as a bearish trending world stocks estimate. Outside weakness in crude oil and equities also added to the negative tone. Corn continued to trade modestly lower on Wednesday, however losses were trimmed by a late round of fund buying into the close. Corn finished lower today (Thursday) in line with soybeans and wheat, and also due to disappointing export sales figures. **Mar 2010 corn contract closed Thursday, 1/14/10, at \$3.81, down \$.42 for the week and the May 2010 contact closed at \$3.91 ³/₄, down \$.41 ¹/₂ for the week.**

Near-by Commodity Outlook –

Wheat – A strong flow of Index fund money into the wheat pits this week provided support to help offset bearish domestic and global stock reports from USDA. A much lower than expected 2010 winter wheat acreage estimate – 3.4 million acres below the average pre-report trade estimate and more than 6 million acres lower than 2009 – also provided underlying support. Clearly, index fund managers continue to view wheat as a good long-term investment (primarily a hedge against inflation), but wheat fundamentals remain very weak. Key support remains above \$5/bu.

Corn – The corn market was hammered hard on Tuesday by a surprisingly (some would say shockingly) higher than expected final corn production estimate from USDA – hitting a new record 13.15 billion bu. Losses were trimmed somewhat on Wednesday by ideas that domestic feed and ethanol demand will accelerate this spring helping to ease burdensome stock levels. The level of actual index fund rebalancing this week will be a key factor in helping to overcome Tuesday’s losses. For now, **corn’s long term favorable global dynamics remain intact** – stocks are trending lower due to robust feed and biofuel demand - which should help hold support in the \$3.50-\$4.00/bu range. However, **there is also concern that USDA’s lower than expected winter wheat seeding estimate means a big shift in acres to corn can be expected this year, which will bring at least another 300 million bushels into the picture (assume minimum of 2 million acre shift at 160 bu/ac).**

Other Major Factors to Watch -

- § **Crude Oil** – Crude oil prices chopped around quite a bit this week – reaching 15 month highs on Monday - but then ground lower on a combination of a warming trend across the country, concerns about China tightening their credit and the continued climb in domestic petroleum stocks. Wednesday brought another bearish weekly inventory report, showing crude oil stocks increasing 3.7 million million bbls, compared to expected increase of 1.2 million bbls; distillates increased by 1.4 million bbls, compared to an expected draw of 1.8 million bbls; while gasoline stocks increased 3.8 million bbls, compared to an expected build of 1.2 million bbls.
- § **U.S. weather / crop watch** – Last weekend’s cold snap across much of the Central U.S. is believed to have caused some winterkill damage in the HRW crop in parts of central and northwestern Kansas, eastern Colorado and western Nebraska. In total, the affected areas likely encompass about a third of the Plains winter wheat acreage.
- § **International weather / crop watch** –
 - § **Argentina** – Beneficial rainfall continued to provide mostly favorable conditions for pollinating corn, with the exception of isolated areas that remain dry ahead of hot temperatures expected this weekend through Monday, and another round of heat expected late next week. Extreme heat could threaten some losses for pollinating corn in areas of northern Cordoba, northwest Santa Fe and southern La Pampa, which represents about 15-20% of the grain belt.
 - § **Australia** – Dry conditions across the southern and western regions has favored late winter grain harvesting.
 - § **Europe** – Bitterly cold temperatures have been widespread recently, but a heavy snow cover is believed to provide adequate insulation against the threat of winterkill. Spain continues to receive drought-easing rains.
 - § **Former Soviet Union** – Portions of southern Ukraine and Russia now lack protective snow cover but there has been no reports of winterkill.