

Idaho Grain Market Report, May 13, 2010

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, May 12, 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) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$6.00	(2-R) NQ (6-R) NQ	\$4.10	\$3.98	\$5.22
Idaho Falls	\$6.00	(2-R)\$6.50-\$6.85 (6-R)\$6.50	\$4.09	\$3.97	\$5.45
Blackfoot / Pocatello	\$6.15	(2-R) \$6.50 (6-R) NQ	\$4.05	\$3.95	\$5.43
Grace / Soda Springs	\$6.17	(2-R) NQ (6-R) NQ	\$4.04	\$3.92	\$5.16
Burley / Rupert Hazelton	\$5.25-\$5.50	(2-R) \$6.50 (6-R) \$6.50	\$4.00	\$3.89	\$5.17
Twin Falls / Eden / Buhl	\$5.70-\$6.50	(2-R) NQ (6-R) NQ	\$3.58-\$3.90	NQ	NQ
Weiser	\$5.85	(2-R) NQ (6-R) NQ	\$3.89	NQ	NQ
Nez Perce / Craigmont	\$4.80	(2-R) \$4.80 (6-R) \$4.80	\$4.24	\$4.71	\$6.04
Lewiston	\$5.05	(2-R) \$5.05 (6-R) \$5.05	\$4.43	\$4.90	\$6.23
Moscow / Genesee	\$4.85-\$6.25	(2-R) \$4.85 (6-R) \$4.85	\$4.20-\$4.85	\$4.67-\$5.37	\$6.00-\$6.58

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	May \$4.80-\$4.90 Aug NC \$4.80-\$4.90	May \$5.32-\$5.39 Aug NC \$5.34-\$5.44	May \$6.60-\$6.70 Aug NC \$6.21-\$6.44
Los Angeles	\$8.25	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.25	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.25	NQ	NQ	\$4.27	\$4.06	\$5.29
Great Falls	\$4.50-\$5.15	NQ	\$6.50	NQ	\$3.72-\$3.83	\$5.64-\$5.75
Minneapolis	\$4.79	NQ	\$6.56	NQ	\$4.80 (12%)	\$6.00-\$6.50

Market trends this week

BARLEY – Local barley prices were mixed ranging from steady to 17 cents higher in southern Idaho and steady in northern Idaho. USDA reported that there were no barley export sales last week, while barley export shipments totaled 3.1 TMT for Canada and Mexico.

USDA's first S&D report for MY 2010/11 - BARLEY – May 11 – USDA pegged beginning stocks at 116 million bu, 2010 production at 190 million bu (down 37 million bu or 16%), left domestic feed usage at same level as this year at 50 million bu, raised exports to 10 million bu (up 5 million bu) and lowered ending stocks to 101 million bu (down 5 million bu or 13%). Average farm gate price for U.S. barley was pegged at \$3.30-\$3.90/bu, compared to \$4.65 in 2009/10. **World barley production was pegged at 143 MMT, down 4% and world ending stocks were estimated at 34 MMT, down 6%.**

Barley Competitor/Buyer News – Here is USDA's first look at our global competitors in MY 2010/11...

Major Barley Competitors	MY 2010/11 Production	% change	MY 2010/11 Exports	% change
U.S.	4.1 MMT	-16%	.2 MMT	+ 33%
EU-27	59.4 MMT	- 3%	2.2 MMT	+ 47%
Canada	9.5 MMT	-0.2%	1.4 MMT	+ 0%
Australia	7.6 MMT	- 8%	3.3 MMT	- 3%
Russia	15.5 MMT	- 13%	1.8 MMT	- 16%
Ukraine	10.5 MMT	- 11%	5.2 MMT	- 13%

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 5 cents lower to 9 cents higher; HRW ranged from 10 to 25 cents lower; and DNS ranged from 6 to 27 cents lower. U.S. wheat export sales last week were above trade expectations at a total of 485.5 TMT, of which 244.4 TMT was sold for shipment in the current marketing year, up 63% from the previous week and 66% from the prior 4-week average. Export sales for new marketing year 2010/11 totaled 241.1 TMT. Wheat export shipments totaled 518.1 TMT, up 6% from the previous week and 24% from the prior 4-week average.

USDA's first S&D report for MY 2010/11 - WHEAT – May 11 - USDA pegged beginning stocks at 950 million bu, 2010 production at 2.043 billion bu (down 8%), domestic food usage at 940 million bu (up 20 million bu), exports at 900 million bu (up 35 million bu) and ending stocks at 997 million bu (up 47 million bu or 5%). This was in line with the average pre-report trade estimate. USDA pegged the U.S. winter wheat crop at 1.458 billion bu, which was 23 million bu above the pre-report trade expectations and below last year's 1.5.23 billion bu. Hard red winter wheat was pegged at 960 million bu (919 million bu last year); soft red winter at 283 million bu (404 million bu last year) and soft white at 214 million (200 million bu last year). The average farm gate price for U.S. wheat was pegged at \$4.10-\$5.10/bu, compared to \$4.90 in 2009/10. **World wheat production was pegged at 672.2 MMT, down 1.2% from the year before, and world ending stocks at 198 MMT, up 2.4%.**

Wheat Competitor/Buyer News – French grains agency cut its EU 2010 soft wheat production estimate this week by 1.2 MMT to 133 MMT. India revised its bumper wheat crop estimate higher to 80.28 MMT. Indian government approved 400 TMT of Indian wheat to be exported to Bangladesh. Iraq purchased another 250 TMT of Russian and Australian wheat this week, bypassing U.S. origin due to price. **Here is USDA's first look at our global competitors in MY 2010/11...**

Major Wheat Competitors	MY 2010/11 Production	% change	MY 2010/11 Exports	% change
U.S.	55.6 MMT	- 8%	25.0 MMT	- 7%
EU-27	145.1 2MMT	+ 4%	18.0 MMT	- 18%
Canada	24.5 MMT	- 8%	17.5 MMT	+ 6%
Australia	22 MMT	- 2%	14.5 MMT	+ 7%
Argentina	12 MMT	+ 25%	4.0 MMT	- 48%
Russia	58 MMT	- 6%	17.5 MMT	+ 3%
Ukraine	19.5 MMT	- 7%	6.00 MMT	- 50%

CORN – U.S. corn export sales were below trade expectations at 819.1 TMT, down 56% from the previous week and 41% from the prior 4-week average. Export sales for new marketing year 2010/11 totaled 120.9 TMT. Corn export shipments last week totaled 1.03 MMT, up 21% from the previous week and 2% from the prior 4-week average.

USDA's first S&D report for MY 2010/11 - CORN – May 11 - For MY 09/10 which ends Aug. 31, USDA lowered 2009 production (based on final ND crop survey) by 21 million bu to 13.11 billion bu; raised domestic ethanol usage by 100 million bu to 4.4 billion bu; raised U.S. exports by 50 million bu to 1.95 billion bu; and lowered U.S. ending stocks by 161 million bu to 1.738 billion bu. This was below the average pre-report trade estimate and supportive to corn futures. **For New Marketing Year 2011**, USDA pegged beginning stocks at 1.738 billion bu, 2010 production at another record high of 13.37 billion bu (up 2% due to a nearly 3% jump in harvested acres to 81.8 million and above trend line yields of 163.5 bpa). Domestic feed usage was pegged at 5.35 billion bu (down 25 million bu due), domestic ethanol usage at 4.6 billion bu (up 200 million bu), exports at 2.0 billion bu (up 50 million bu) and U.S. ending stocks at 1.818 billion bu (up 80 million bu or 5%). This ending stocks projection was 83 million bu **below** the average pre-report trade estimate of 1.901 billion bu. Average farm gate price for U.S. corn was pegged at \$3.20-\$3.80/bu, compared to \$3.50-\$3.70 in 2009/10. **World corn production was pegged at 835 MMT, up 3 MMT from the current year, while world ending stocks are projected to jump 5% to 154.2 MMT.**

Corn Competitor/Buyer News – COFCO (Chinese corn buying agency) confirmed it had purchased an additional 6 cargoes of U.S. corn this week – in line with USDA announcement today that China had purchased 239 TMT of U.S. corn for shipment in MY 2010 and 130 TMT to be shipped in MY 2011. The US Grains Council is estimating that China has actually purchased up to 15 cargoes which implies at least another 350-500 TMT. This is a significant development because it not only represents a resurgence in export demand but also less competition as China has been a net corn exporter in recent years. The Buenos Aires Grain Exchange raised its Argentine corn production estimate this week to 21.7 MMT from a previous forecast of 21.4 MMT. **Here is USDA's first look at our global competitors in MY 2010/11...**

Major Corn Competitors	MY 2010/11 Production	% Change	MY 2010/11 Exports	% Change
U.S.	339.6 MMT	+ 2%	51.0 MMT	+ 4%
China	166 MMT	+ 7%		
Argentina	21 MMT	+ 0%	13.0 MMT	+ 8%
Brazil	51.0 MMT	- 5%	7.5 MMT	+0%
Ukraine	11.5 MMT	+ 10%	3.0 MMT	- 2%
South Africa	12.5 MMT	- 11%	2.5 MMT	+25%

Futures market activity this week

WHEAT – Wheat prices began the week sharply lower under pressure from fund selling and positioning ahead of Tuesday's S&D report. Short covering helped wheat post a modest gain on Tuesday despite a firmer dollar and a bearish S&D report which delivered a higher than expected wheat ending stocks estimate for the coming year. Wheat retreated on Wednesday after an early surge under profit-taking pressure. Wheat finished sharply lower today (Thursday) in the face of little fresh supportive news and a higher dollar which triggered fund selling. **The bottom-line for wheat –** remains fundamentally weak which was reinforced by USDA's bigger than expected domestic and global carryover estimates for the new marketing year 2011; wheat will continue to need a steady infusion of investment money (for now that means a combination of short covering and fresh fund buying) to sustain a rally. Fortunately the index funds continue to think wheat is an attractive investment and are maintaining a sizeable long position. **Wheat market closes on Thursday, 5/13/10...**

	July 2010	Weekly Summary	Sept 2010	Weekly Summary
Chicago	\$4.79	Down \$.31 ½	\$4.96	Down \$.30 ¼
Kansas City	\$4.96 ¾	Down \$.24 ¼	\$5.08 ½	Down \$.24
Minneapolis DNS	\$5.18 ¼	Down \$.23 ¼	\$5.28 ¾	Down \$.23 ¾

CORN – Corn began the week modestly lower in mostly positioning ahead of Tuesday's S&D report with losses limited by cooler and wetter conditions this week which were expected to slow planting in some areas. Weekend frosts reportedly burned back some corn leaves but damage was limited. Corn posted solid gains on Tuesday, boosted by a bullish S&D report which showed lower than expected ending stocks for both Marketing Years 2010 and 2011, based on an improving demand. Corn continued to push marginally higher on Wednesday news that China continued to buy U.S. corn, but gains were limited by a higher dollar, lower energies and increased cash sales. Corn finished lower today (Thursday) under pressure from favorable crop/weather outlook for the coming week. **The bottom-line for corn–** corn posted modest gains this week despite pressure from weak outside markets which suggests that corn has more supportive fundamental and technical factors working in its favor; however an early planting pace in the U.S. along with a jump in acres means a big crop is coming so the upside will need some help from outside markets and/or an unexpected jump in demand from China? Ethanol? **July 2010 corn contract closed Thursday, 5/13/10, at \$3.73, up \$.01 for the week and the Sept 2010 contact closed at \$3.79 ¾, up \$.01 ¼ for the week.**

Other Major Factors to Watch -

- **Crude Oil** – Crude oil continued under pressure this week as global economic worries re-emerged, particularly focused on the potential long-term impacts from sovereign debt. On the bullish side, projections for Chinese oil demand were raised this week to 6.8% increase from last year, up from a previous forecast of 6.2%. Wednesday's weekly petroleum report showed stocks continuing to build ... weekly crude oil stocks increased 1.9 million bbls, compared to an expected build of 1.3 million bbls; distillates increased 1.4 million bbls, compared to an expected build of 1.15 million bbls; but gasoline stocks showed a bullish draw of 2.8 million bbls, compared to an expected build of 0.4 million bbls.
- **U.S. weather /crop watch** – Last weekend saw frost across parts of Michigan, northern Ohio, northern Indiana, northern Illinois, Wisconsin, Minnesota, northern and eastern Iowa, northeastern Missouri, northwestern Nebraska and the Dakotas, but most areas avoided a hard freeze and crop damage. However soil temps in many of these areas are now too low for newly seeded corn crops to germinate and emerge. This week saw a couple storm systems move through the PNW and Central U.S., slowing planting in some areas but drier conditions were expected Friday through mid next week when another storm system was favored for the Northwestern and Central Corn Belts. The HRW Plains saw good rains this week as well, but some areas of southwestern Kansas and southeastern Colorado might have been bypassed. Some areas were expecting cool temperatures again this week, potentially causing some concerns with frost damage to jointing wheat in the Nebraska panhandle. **The 6-10 and 8-14 day outlook shows warmer and drier conditions, allowing spring wheat and corn crops to get off to a strong start.**
- **El Nino is declared dead** but the question now is whether a neutral pattern will persist OR will a La Nina pattern form by late summer, bringing drier than normal conditions to North and South America and wetter conditions to Australia?
- **International weather / crop watch** – some areas of concern to keep an eye on... about 75% of the Former Soviet Union's spring grain region remains excessively dry along with Australia's western region which accounts for 40% of its production. Meanwhile the Canadian wheat and barley crops are off to a slow start but recent moisture has helped boost top soil moisture after a very dry winter.
 - **Canada** – Favorable precipitation has improved top soil moisture needed for crop germination and establishment; however the planting pace remains very slow - estimated to be only 10% completed.

- **Europe** – Heavy rains continue to benefit vegetative to reproductive winter crops. Spain experienced dry chilly conditions with some light frost damage in their barley crop.
- **Former Soviet Union** – The western region - Ukraine and southern Russia –experienced unseasonably dry and warm conditions reducing soil moisture for jointing winter grains but promoting rapid spring/summer crop planting. Warm dry conditions persisted in eastern regions. Sources indicate that as much as 75% of the spring grain region remains excessively dry, causing concerns about 2010 production potential.
- **Middle East** – Heavy rains maintained prospects for reproductive to filling winter grains in Iraq and Iran.
- **Northern Africa** – Light showers and near normal temps were favorable for filling winter grains although rains continued to bypass southern Morocco.
- **China** – Warmer weather aided development of both winter and summer crops across North China Plains, except N. Manchuria where cool weather continues to slow planting and emergence of corn. Cool wet conditions continued in NE China, slowing winter wheat development and delaying corn planting.
- **Argentina / Brazil** – Argentina saw mostly dry conditions aiding corn harvest and winter grain planting. Southern Brazil received shower benefitting winter grain areas but the north remains mostly dry.
- **Australia** – East/central regions are mostly dry favoring winter grain planting; southeast region continued to receive beneficial moisture that has boosted top soil ahead of winter grain planting; the western region has remained mostly dry in recent weeks although the region was starting to see a few showers late this week and more extensive coverage is forecast for next week. Precipitation is badly needed to improve planting and emergence of winter grains.

USDA Crop Progress / Condition Report, May 10, 2010

Crop	% Planted	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	61%	51%	33%	63%			
ID barley	77%	57%	67%	72%			
US spring wheat	67%	60%	34%	66%			
ID spring wheat	81%	64%	82%	83%			
US winter wheat	Headed 40%	27%	38%	43%	66%	68%	46%
ID winter wheat	Headed 0%	0%	0%	0%	91%	91%	
US Corn	68%	50%	32%	40%			