

Idaho Grain Market Report, August 12, 2010

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 11, 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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$6.00	(2-R)\$6.50-\$6.85 (6-R)\$6.50	\$5.10	\$5.29	\$5.82
Blackfoot / Pocatello	\$6.04	(2-R) \$6.50 (6-R) NQ	\$5.40	\$5.15	\$5.88
Grace / Soda Springs	\$6.15	(2-R) NQ (6-R) NQ	\$5.30	\$5.15-\$5.20	\$5.93-\$6.00
Burley / Rupert Hazelton	\$6.00	(2-R) \$6.50 (6-R) \$6.50	\$5.10-\$5.19	\$5.20	\$5.81
Twin Falls / Eden / Buhl	\$6.50-\$6.80	(2-R) NQ (6-R) NQ	\$4.80	NQ	NQ
Weiser	\$6.75	(2-R) NQ (6-R) NQ	\$5.45	NQ	NQ
Nez Perce / Craigmont	\$5.20	(2-R) \$5.20 (6-R) \$5.20	\$5.84	\$6.09	\$6.62
Lewiston	\$5.45	(2-R) \$5.45 (6-R) \$5.45	\$6.03	\$6.28	\$6.81
Moscow / Genesee	\$5.25-\$6.50	(2-R) \$5.25 (6-R) \$5.25	\$5.80-\$6.45	\$6.05-\$6.90	\$6.58-\$7.62

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 \$6.00-\$6.80 Dec \$6.30-\$6.65	Aug \$6.30-\$6.75	NQ
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	\$6.20	NQ	NQ	\$5.55	\$5.66	\$6.01
Great Falls	\$5.50	NQ	\$6.50	NQ	\$4.54-\$4.70	\$6.04-\$6.05
Minneapolis	\$5.20	NQ	NQ	NQ	\$5.93 ¾ (12%)	\$7.43 ¾ -\$7.53 ¾

Market trends this week

BARLEY – Local barley prices were mixed this week ranging from 21 cents lower to 15 cents higher in southern Idaho and 10 to 25 cents higher in northern Idaho. USDA reported that barley export sales hit a marketing year high last week at 25.8 TMT. Export shipments totaled .4 TMT to Canada.

USDA's MY 2010/11 S&D report for BARLEY – August 12 - USDA made only two minor tweaks to the U.S. barley balance sheet today ... they raised U.S. production by 2 million bu to 184 million bu and raised U.S. barley ending stocks by an equal amount to 89 million bu. The average farm gate price for U.S. barley was pegged at \$3.35-\$4.15/bu, compared to \$4.66 in 2009/10. **World barley production was pegged at 127.9 MMT, down 7.6 MMT from last month and 14% below last year. World barley ending stocks were estimated at 21.3, down 5.6 MMT from last month and down 40% from last year.**

Barley Competitor/Buyer News – USDA lowered their barley production estimates for the EU, Russia and Ukraine this month... they cut 1.5 MMT from the EU estimate to 54.8 MMT, cut 3 MMT from Russia to 10 MMT and cut 1.5 MMT from Ukraine to 9.0 MMT. EU barley exports were raised by 1 MMT to 4.6 MMT, Australian exports were raised by .4 MMT to

4.0 MMT, Russian exports were cut by .6 MMT to .4 MMT and Ukrainian exports were cut by 1.2 MMT to 4.0 MMT. USDA cut their estimate of Saudi Arabian barley imports by .5 MMT to 7.0 MMT.

WHEAT – Local wheat prices were also mixed this week: SWW ranged from 21 cents lower to 45 cents higher; HRW ranged from 68 cents lower to 36 cents higher; and DNS ranged from 78 cents lower to 7 cents higher. U.S. wheat export sales last week were well above trade expectations at 1.3 MMT, which was up 58% from the previous week and up considerably from the prior 4-week average. Export shipments last week totaled 434.2 TMT, down 23% from the previous week and 9% from the prior 4-week average.

USDA's MY 2010/11 S&D report for WHEAT – August 12 – As expected, USDA raised U.S. wheat production by 49 million bu to 2.265 billion bu due to better yield prospects; lowered domestic feed use by 10 million bu to 170 million bu; raised U.S. exports by 200 million bu to 1.2 billion bu due to reduced competitor supplies; **resulting in a 141 million bu reduction in U.S. ending stocks to 952 million bu, which was 10 million bu below the average pre-report trade estimate of 962 million bu.** The average farm gate price for U.S. wheat was pegged at \$4.70-\$5.50/bu, compared to \$4.87 in 2009/10. As expected **world wheat production was sharply reduced this month by 15.3 MMT to 645.7 MMT, due to reduced crops in the Former Soviet Union and EU. This is down more than 34 MMT from last year. World wheat ending stocks fell nearly more than 12 MMT this month to 174.8 MMT, which is down more than 19 MMT from last year. More than half of these wheat ending stocks are being held by two countries – the U.S. (25.9 MMT) and China (63.4 MMT). Keep in mind that China is unlikely to move their wheat stocks onto the world market.**

Wheat Competitor/Buyer News – As widely expected USDA made major reductions in their wheat production estimates for the Former Soviet Union and EU... they cut 8 MMT from Russia (45 MMT), 3 MMT from Ukraine (17 MMT), 2.5 MMT from Kazakhstan (11.5 MMT) and 4.3 MMT from EU-27 (137.5 MMT). USDA also cut their Russian wheat export projection by 12 MMT to only 3 MMT, reduced Ukraine and Kazakhstan wheat exports by 2 MMT to 6 MMT each but raised EU exports by 1 MMT to 24 MMT. On the flip side, USDA raised wheat production estimates for Australia by 1 MMT to 23 MMT based on good growing conditions in most of that country (notable exception is Western Australia) and raised India's production by 1.7 MMT to 80.71 MMT based on a favorable Monsoon season. Reports indicated that Egypt purchased 360 TMT French wheat and 120 U.S. wheat this week, while Jordan purchased 100 TMT of German wheat.

CORN – U.S. corn export sales were below trade expectations at 439.7 TMT for MY 2009/10 and 478.8 TMT for MY 2010/11 for a combined 918.5 TMT. Corn export shipments last week totaled 1 MMT, up 21% from the previous week and unchanged from the prior 4-week average.

USDA's MY 2010/11 S&D report for CORN – August 12 - For MY 09/10 which ends Aug. 31, USDA posted a bullish U.S. ending stocks estimate of 1.426 billion, down 52 million bu from their July estimate and **below the average pre-report trade estimate of 1.47 billion bu.** This bigger than expected cut in carryout resulted from a 25 million bu increase in exports, 25 million bu increase in domestic food/industrial use and 2 million bu cut in imports. **For New Marketing Year 2010/11 which begins September 1**, USDA lowered beginning stocks by 52 million bu to 1.426 billion bu; raised production by 120 million bu to a **new record 13.365 billion bu (based on average yield estimate of 165 bpa)**; raised domestic food/industrial use by 30 million bu to 6.09 billion; raised exports by 100 million bu to 2.05 billion bu; resulting in a 61 million bu reduction in U.S. ending stocks to 1.312 billion bu, which is only about a 35 day supply. **This puts MY 2011 U.S. corn ending stocks just slightly above the average pre-report trade estimate of 1.306 billion bu.** Average farm gate price for U.S. corn was pegged at \$3.50-\$4.10/bu, compared to \$3.50-\$3.60 in MY 2009/10. **World corn production was pegged at 831 MMT, down 0.8 MMT from last month but up 23 MMT from last year, while world ending stocks fell nearly 2 MMT to a snug 139.2 MMT, up just slightly from last year and a about a 61 day supply.**

Corn Competitor/Buyer News – USDA cut their corn production estimate for the Former Soviet Union by 3 MMT to 18.4 MMT and cut exports by 1.1 MMT to 5.1 MMT.

Futures market activity this week

WHEAT – Wheat prices closed limit down last Friday on profit-taking and technical liquidation as the recent panic buying eased. Monday saw continued weakness in wheat futures on a combination of disappointing weekly export inspections, higher dollar and profit-taking by speculative investors. Prices continued to slide lower on Tuesday in mostly consolidated trading ahead of Thursday's key supply and demand reports. Wednesday saw markets trade both sides, settling mostly unchanged to modestly lower in continued positioning ahead of the S&D report. Losses were limited by a solid export tender line-up and news of strong Egyptian purchases (both US and French wheat) as many traditional importers scramble to line-up replacement supplies for Black Sea wheat exports which have been sharply curtailed or suspended. Wheat finished double-digits higher today (Thursday) in response to stronger than expected weekly export sales report and a neutral to bullish S&D report, which re-establishes a bullish bias to the wheat markets. **Wheat market closes on Thursday, 8/12/10...**

	Sept 2010	Weekly Summary	Dec 2010	Weekly Summary
Chicago	\$7.13	Down \$.12 ³ / ₄	\$7.43 ³ / ₄	Down \$.11 ¹ / ₂
Kansas City	\$7.25	Up \$.05	\$7.40	Up \$.05
Minneapolis DNS	\$7.17 ³ / ₄	Down \$.05 ¹ / ₄	\$7.31 ³ / ₄	Down \$.00 ¹ / ₂

CORN – Corn began the week modestly lower with most of the focus on a mixed to negative weather outlook that showed continued hot conditions throughout the Midwest for most of the week. Corn prices settled lower on Tuesday with weakness into the close triggered by a higher dollar and lower crude oil. However, corn prices posted modest gains on Wednesday despite continued bearish sentiment in outside markets including lower equities and crude oil. Corn finished solidly higher today (Thursday) on spillover support from wheat despite a mostly neutral S&D report and disappointing corn export sales. **Sept 2010 corn contract closed Thursday, 8/12/10, at \$4.06 ¼, up \$.01 ¼ for the week and the Dec 2010 contract closed at \$4.21 ¾, up \$.01 ¾ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **Crude Oil** – Crude oil futures settled lower this week under pressure from a stronger dollar which surged to a 2-week high and concerns about world demand due to slowing economic growth. The weekly petroleum inventory report continued to show a drawdown in crude oil inventories but a build-up in gasoline stocks to the highest level since 1991. Crude oil inventories fell 2.78 million bbls, compared to an expected decline of 1.65 million bbls; distillate stocks rose 3.456 million bbls and gasoline stocks increased 409,000 bbls.
- **U.S. weather / crop watch** – Weekend storms favored the northwestern Corn Belt and Delta region, although totals were disappointing in the Delta given the very hot temperatures. A slow moving system brought more showers this week to the western and northern regions of the Corn Belt moving eastward while temperatures were expected to moderate into the weekend. About a quarter of the Midwest is considered to be unfavorably dry but some models show a very stormy pattern developing during the middle of the month.
- **International weather / crop watch** –
 - **Canada** – Rains returned to many areas this week along with normal to below normal temps which certainly aren't helping speed up crop development, which has lagged this season. The 6-10 day outlook remains wet, meaning that overly saturated soils are not likely to dry out much in southern and eastern Canadian prairies.
 - **Europe** – Central and Eastern Europe and parts of Germany saw more rain this week, benefitting filling corn but hampering wheat and barley harvest and escalating quality concerns.
 - **Former Soviet Union** – There was no relief to the record drought that has gripped a large region stretching from eastern Ukraine through Central Russia and northern Kazakhstan, further reducing wheat, barley and corn yield prospects. Focus is quickly shifting to the needs for moisture soon to aid winter wheat planting. Current weather models suggest that more than ¾ of the central winter wheat belt could struggle to get planted due to prolonged drought conditions. These potential losses could be offset by higher spring wheat plantings next year.
 - **China** – Corn growing regions continued to see timely showers.
 - **Argentina / Brazil** – Freezing / colder than normal temperatures slowed wheat development in both Argentina and southern Brazil. Parts of Argentina saw rains over the weekend and more showers were expected by the end of this week.
 - **Australia** – Western region remains mostly dry with moisture deficits beginning to affect vegetative to jointing winter grains. Some showers were expected this week but drier conditions again next week. Meanwhile, periodic showers have benefitted vegetative to jointing winter grains in the south and east, while warm drier weather has favored jointing winter grains in Queensland and New South Wales.

USDA Crop Progress / Condition Report, August 9, 2010

Crop	Stage	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	harvested 16%	NA	4%	28%	83%	86%	78%
ID barley	harvested 8%	NA	10%	13%	97%	95%	
US spring wheat	harvested 20%	5%	7%	28%	82%	82%	72%
ID spring Wheat	harvested 2%	1%	4%	9%	95%	95%	
US winter wheat	harvested 87%	83%	89%	93%			
ID winter wheat	harvested 18%	5%	34%	40%	94%	93%	
US corn	dough 52%	31%	23%	40%	71%	71%	68%
	dented 14%	7%	5%	11%			