

Idaho Grain Market Report, September 23, 2010

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, September 22, 2010. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>		
	#2 Feed, 48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton	NQ	(2-R) \$7.00 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$6.75	(2-R) NQ (6-R) NQ	\$5.50	\$6.52	\$7.23
Idaho Falls	\$7.00	(2-R)\$7.00-\$7.25 (6-R)\$7.00	\$5.70	\$6.13	\$7.42
Blackfoot / Pocatello	\$6.45	(2-R) \$7.00 (6-R) NQ	\$5.75	\$5.83	\$7.41
Grace / Soda Springs	\$6.65-\$6.75	(2-R) NQ (6-R) NQ	\$5.70	\$5.96-\$5.99	\$7.07-\$7.10
Burley / Rupert Hazelton	\$6.75	(2-R) \$7.00 (6-R) \$7.00	\$5.70-\$5.84	\$6.01	\$7.29
Twin Falls / Eden / Buhl	\$6.50-\$7.50	(2-R) NQ (6-R) NQ	\$5.58	NQ	NQ
Weiser	\$7.25	(2-R) NQ (6-R) NQ	\$5.69	NQ	NQ
Nez Perce / Craigmont	\$6.60	(2-R) \$6.60 (6-R) \$6.60	\$5.99	\$6.95	\$8.03
Lewiston	\$6.85	(2-R) \$6.85 (6-R) \$6.85	\$6.18	\$7.14	\$8.22
Moscow / Genesee	\$6.65-\$8.25	(2-R) \$6.65 (6-R) \$6.65	\$5.95-\$6.60	\$6.91-\$7.61	\$7.99-\$8.58

Trading Prices at Selected Terminal Markets, cash prices FOB

	<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>			
	#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	Sept \$6.40-\$6.50 Jan \$6.65-\$6.90	NQ	NQ
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.70	NQ	NQ	\$6.05	\$6.17	\$7.25
Great Falls	\$6.25-\$7.15	NQ	\$7.25	NQ	\$5.04-\$5.28	\$6.92-\$7.46
Minneapolis	\$6.67	NQ	\$9.37	NQ	NQ	\$7.69-\$8.74

Market trends this week

BARLEY – Local barley prices were mostly higher again this week ranging from no change to 25 cents higher in southern Idaho and 25 cents higher in northern Idaho. USDA reported barley export sales at 20.4 TMT for Tunisia last week. Barley shipments totaled 23.2 TMT, for Tunisia and the Philippines.

WHEAT – Local wheat prices were mixed this week: SWW ranged from 10 cents lower to 10 cents higher; HRW ranged from 16 cents lower to 2 cents higher; and DNS ranged from 3 to 36 cents higher. U.S. wheat export sales last week for MY 2010/11 were well above trade expectations at 950.3 TMT, but were offset by a 490.5 TMT cancellation for MY 2011/12. Current marketing year sales were up 96% from the previous week and 7% from the prior 4-week average. Export shipments last week totaled 918.6 TMT, up 5% from the previous week and 40% from the previous 4-week average.

Wheat Competitor/Buyer News –The EU approved 527 TMT of wheat export licenses this week, bringing their cumulative wheat export licenses for the marketing year to 5.3 MMT, compared to 4.2 MMT for the same period last year. **Some traders are speculating that EU may be sold out of milling quality wheat stocks by the end of December.**

The Buenos Aires Grain Exchange has pegged Argentine wheat production at 7.9 MMT, due to current dry conditions, compared to USDA's current estimate of 12 MMT. Egypt purchased 220 TMT of hard wheat from the U.S. this week.

CORN – U.S. corn export sales last week were well below trade expectations at 561.8 TMT which was down 4% from the previous week. Weekly export shipments totaled 991.8 TMT which was down 10% from the previous week.

Corn Competitor/Buyer News – USDA announced sizeable U.S. corn sales this week - 165 TMT to South Korea and 120 TMT to Egypt – which will be officially reflected in USDA's weekly export sales reported next week.

Futures market activity this week

Macroeconomic picture remains mixed but there was some good news this week...existing home sales jumped by 7.6% in August, which was much better than expected, and the Index of Leading Economic Indicators increased by 0.3% last month, again better than expected and up from +0.1% in July. However, a statement by the Federal Reserve after its monthly meeting that the pace of U.S. economic recovery and job growth had slowed sent another wave of nervousness through the investment community, causing some money to flow back into safe haven investments like gold and Treasuries. **In a new poll of global investors, one in three of those surveyed said that commodities will offer the highest return on average in the next year, up from 23% reported in June (Forbes, 9/23/2010).**

WHEAT – Wheat began the week lower in the face of continuing profit-taking pressure after Friday's strong close on the charts. Tuesday saw more of the same despite a sharp drop in the U.S. dollar to a six week low after the Federal Reserve announced they would consider potential future monetary stimulus and quantitative easing if the economic conditions warranted it. A third consecutive day of dollar decline propelled wheat higher on Wednesday, with support reinforced by news that Egypt had purchased 220 TMT of U.S. wheat. Wheat suffered more sharp losses today (Thursday), with the weakness attributed to technical and fund selling triggered by a higher dollar and sell stops. **Wheat market closes on Thursday, 9/23/10...**

	Dec 2010	Weekly Summary	Mar 2011	Weekly Summary
Chicago	\$6.97 ¼	Down \$.42	\$7.28 ¼	Down \$.40
Kansas City	\$7.37 ¼	Down \$.31	\$7.50 ¾	Down \$.30 ¼
Minneapolis DNS	\$7.43 ½	Down \$.29 ¾	\$7.62 ¾	Down \$.30 ¼

CORN – Corn began the week modestly lower on profit-taking triggered by advancing seasonal harvest pressure and disappointing export shipments. Tuesday saw prices settle modestly lower after early selling was followed by a surge higher into the mid session before easing lower into the close. Pressure came from harvest hedging and lower crude oil but losses were limited by a sharply lower dollar and continuing reports of disappointing yields. Corn saw two sided action on Wednesday, closing just fractionally lower with support from end user buying on the breaks and a Reuter's poll showing average corn yields slipping to 160.6 bpa compared to USDA's official Sept. 10 estimate of 162.5 bpa. Corn posted moderate losses today (Thursday), slipping just under the \$5.00 psychological mark on disappointing export sales and technical weakness that was evident in the 3rd consecutive day that the market traded below the previous day's low.

Dec 2010 corn contract closed Thursday, 9/23/10, at \$4.99 ¼, down \$.14 for the week and the Mar 2011 contact closed at \$5.12 ¼, down \$.13 ½ for the week.

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – The recent choppy trade in crude oil continued this week as the market tugs between burdensome inventories and ongoing concerns about the slow rate of U.S. economic recovery. Crude oil opened the week higher, closing up \$1.27 to \$76.19 on support from a lower dollar but then retreated \$1.22 to close at \$74.97 on Tuesday as the API projected crude inventories rose last week despite the pipeline shutdown. Crude prices fell on Wednesday in reaction to the bearish inventory report but losses were limited by a third consecutive day of dollar weakness. Crude oil turned positive today (Thursday), closing back up above \$75/bbl, rebounding from early weakness resulting from a higher dollar. Wednesday's weekly petroleum inventory report was surprisingly bearish...showing crude oil inventories climbed 970,000 bbls, compared to expected decline of 1.75 million bbls (Bloomberg Survey); distillate stocks jumped 347,000 bbls, compared to an expected build of 100,000 bbls; while gasoline stocks showed a large increase of 1.59 million bbls, compared to an expected drawdown of 250,000 bbls. **Total U.S. petroleum supplies rose 3.3 million bbls last week to 1.14 billion bbls, the highest level since 1990.**
- **U.S. WEATHER / CROP WATCH** – Last weekend saw thunderstorms across the southwestern edge of the Corn Belt, including areas of Iowa and Missouri. This week a large storm system began moving across the Midwest mid week, bringing rain to a wide swath stretching from northern Michigan to the Texas Panhandle. Most areas are expected to see much drier weather later next week which should allow the corn harvest pace to pick up. The 16 to 30 day outlook is trending wetter in the eastern regions but drier in the west. Rains have been limited across much of the hard red winter wheat belt, particularly western Kansas, Nebraska and Oklahoma panhandles and Colorado, leaving about 20% of the HRW belt unfavorably dry hindering winter wheat germination.
- **International weather / crop watch –**
 - **Canada** – A season ending freeze blanketed a large section of grain production from Alberta to Saskatchewan into western Manitoba, resulting in possibly significant quality, if not yield, impacts. The forecast shows drier and gradually warmer conditions during the next two weeks. **Canadian grain harvest was pegged 25% completed earlier this week, compared to 65% on average.**

- **Europe** – Final small grain harvest continues to lag in areas of Germany, Poland and Hungary due to persistent showers. Spain has seen favorable moisture for winter grain establishment.
- **Former Soviet Union** – Showers continued to bring beneficial moisture along with above normal temps to northern portions of Central and Volga Districts of Russia promoting winter wheat planting and germination. Scattered showers were expected to move into central and eastern areas this week, but the southeastern region continued to see ongoing drought problems. **It is estimated that about 25% of the FSU remains too dry to plant. Some forecasts show possible showers in the 6 to 10 day outlook.**
- **China** – After favorably dry weather across much of the North China Plains last week, showers returned this weekend, slowing early corn harvest. **Northeastern region of Manchuria saw frost mid week, although it was not expected to cause major crop damage.**
- **Argentina / Brazil** – Mostly warm, dry weather promoted growth in vegetative to reproductive grains. Central Brazil continues to see mostly dry conditions while rain has returned to Rio Grande do Sol.
- **Australia** – Western Australia remains unseasonably dry during heading but could see precipitation next week. Meanwhile widespread showers continue to maintain good to excellent growing conditions for winter grain across the south and east.

USDA Crop Progress / Condition Report, Sept. 20, 2010

Crop	Stage	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	Harvested 88%	84%	89%	95%			
ID barley	Harvested 84%	77%	91%	94%			
US spring wheat	Harvested 87%	83%	82%	96%			
ID spring Wheat	Harvested 85%	69%	94%	97%			
US winter wheat	Planted 18%	NA	22%	21%			
ID winter wheat	Planted 22%	9%	29%	26%			
US corn	Mature 69% Harvested 18%	52%	20%	48%	68%	68%	68%

Check out the IBC webinar on World Grain Market Outlook & 2011 Malt Contract Pricing Strategies held on Sept. 14, 2010. You will find the link to the webcast at....

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