

IDAHO BARLEY NEWSBRIEF

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On this Thanksgiving we extend our heartfelt appreciation to our producers and customers who work diligently throughout the year to keep the Idaho barley strong. *And we wish all of you and your families a warm and joyous holiday season.*

Idaho Barley Commission sets aggressive agenda for 2009

This year, the Idaho Barley Commission is celebrating 20 years of service to Idaho barley producers. We have marked this anniversary year with a series of grower town hall meetings and grain marketing workshops across the state. These sessions have taken us to the north - Craigmont, Lewiston and Genesee - to the southcentral region - Buhl, Filer, Burley and Rupert - and to the east - Soda Springs, Idaho Falls, Mud Lake, Lewisville, Teton, St. Anthony and Ashton.

In our first year of operation, Idaho barley acres totaled more than 880,000. Twenty years later, harvested barley acres have fallen 34% to 580,000. This downward trend in acres and production has put considerable pressure on the Commission's budgets. But despite these negative trends, the IBC continues to maintain stable investments in research, market development and grower services. **Here are some current program highlights...**

MARKET DIVERSIFICATION

- **New** - build food barley markets in the U.S., Japan and Taiwan.
- **New** - develop malting barley markets in Mexico, Colombia and Peru.
- **New** - create new uses for barley in fish diets.
- Work with in-state malting and brewing contractors to solve production and logistical issues.
- Support export market development programs through the U.S. Grains Council, who is working to expand barley markets in Asia and Latin America. New IBC member Dwight Little will travel to Japan, our largest export market, in January 2009.

GROWER SERVICES

- **New** - continue working on improvements to federal malt barley crop insurance. A provision we sponsored in the 2008 farm bill will enable us to more quickly change the quality factors to more closely match industry specifications.
- **New** - we will offer farm business management schools in collaboration with the UI in Idaho Falls and Lewiston the week of January 12. We also will continue offering grain marketing workshops.
- **New** - We are working with the Farm Service Agency to help growers evaluate participation in ACRE, the new revenue guarantee program in the 2008 Farm Bill.

Market Buzz...

Beer mega-merger completed - Belgium giant InBev announced November 18 that it had completed its acquisition of Anheuser Busch. Now the world's largest brewer, Anheuser-Busch In-Bev, has a portfolio of more than 200 beer brands. The new president of the Anheuser Busch operating unit in North America will be Dave Peacock, who most recently served as AB's Vice President of Marketing.

More on IBC's 2009 agenda...

RESEARCH

- **New** - IBC has funded the development of a first-of-its-kind herbicide resistance/persistence computer tool to help producers optimize their herbicide usage.
- **New** - IBC has launched an aggressive breeding program to develop new winter malting and food barley varieties that will help boost yields and cut irrigation costs.
- Variety testing is conducted at more than 10 locations stretching from Bonners Ferry to Tetonia.

Economic Watch - Does more whip-saw commodity price volatility lie ahead or can we expect calmer markets this winter?

The recent economic upheaval that was triggered by a troubled mortgage market and unregulated mortgage-backed securities has clearly hounded both commodity and equity markets. The resulting wild roller coaster road has taken both corn and wheat markets down more than 50% since their summer highs.

Despite favorable long-term fundamentals, corn markets have been unable to divorce themselves from this unprecedented price volatility, largely due to negative macroeconomic influences and a lack of investor confidence. But many analysts believe that **commodity markets have been showing recent signs that the long slide may have run its course.**

The big question for producers who are trying to construct reasonable grain marketing strategies is when will these commodity markets return to more predictable trading patterns based on supply and demand forces and technical trends.

It is too early to know with any certainty where commodity markets are headed. The bottom-line is that traders need confidence that the financial and equity markets aren't going to break to new lows before rebuilding their long (bought) positions in the ag markets. For now, market sentiment remains fragile with traders focusing on both good news and bad news.

The good news...

- ⇒ Wall Street saw a two consecutive day surge - the biggest two-day gain in 21 years - on a combination of relief over a federal rescue of Citigroup bank and confidence that President-elect Obama's new economic team has the right experience and ideas to confront our enormous and urgent economic challenges.
- ⇒ Obama's economic team has already begun working with congressional leaders on a fiscal stimulus plan with a goal of creating 2.5 million jobs by 2011.

And the bad news...

- ⇒ The U.S. housing market remains stressed, with median average home prices falling 11% in the past year.
- ⇒ Unemployment is rising, with jobless benefit claims hitting a 16 year high last month.
- ⇒ Credit remains tight, which is affecting all sectors of our economy, including ag.



IGPA Report

IGPA to host annual grower conference, Dec. 10-12 in Coeur d'Alene

The Idaho Grain Producers Association will host the **2008 Oregon-Idaho Grains Conference** scheduled for December 10 – 12, 2008, at the Coeur d'Alene Resort in beautiful Coeur d'Alene, Idaho.

The conference is a first class event integrating producers with agribusiness and community, local, and state leaders from around the Pacific Northwest. The conference features three days of diverse educational workshops – from risk management, to research, to transportation, and many other critical policy issues facing the grain industry.

In addition, nationally renowned speakers, including Dr. Barry Flinchbaugh of Kansas State University, will provide a global perspective on trends and factors influencing the U.S. grain industry. A trade show featuring agribusiness vendors from the around the Pacific Northwest will expose growers to cutting edge products to aid on the farm.

A boat cruise on Lake Coeur d'Alene and guitarist and comedian Mike Rayburn will provide entertainment for participants and their families during the event. The schedule and registration process can be accessed online at www.idahograin.org or by calling the Idaho Grain Producers Association office at 208-345-0706.

Final Days of 110th Congress Light on Ag Items

Members of Congress returned to Washington, D.C., last week for a lame duck session focused on the nation's ongoing economic woes and positioning leadership for next year.

Efforts at passing a second stimulus package were met with resistance by Republicans and the White House, and Senate approval of a House-passed bill, H.R. 7110, now seems highly unlikely. That bill, worth about \$61 billion, contained a number of agriculture-related items, including \$171 million for the Farm Service Agency's information technology systems, \$13 million for implementation of Commodity Futures Trading Commission provisions in the 2008 Farm Bill and disaster assistance for some sugar farmers.

A potential bailout of the nation's top automakers also failed to progress, with Congressional leaders ultimately asking automakers to submit a proposal for future viability by Dec. 2, which could be considered by Congress during the week of Dec. 8.

Congress did approve an extension of unemployment benefits; President George W. Bush signed the legislation on Friday, November 14.

Last week also saw Members in both chambers voting on leadership and settling Committee chairmanships for the next Congress.

While most agriculture, trade, transportation and energy leadership will likely remain the same as in the 110th Congress, Rep. Henry Waxman (D-Calif.) succeeded in his challenge of Rep. John Dingell (D-Mich.) for the head post on the House Energy and Commerce Committee, changing the dynamic for future biofuels and climate change legislative efforts.