

Idaho Grain Market Report, January 22, 2009
 Published by the Idaho Barley Commission, kolson@idahobarley.org, 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, January 21, 2009. 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) \$9.30 (6-R) \$8.50 | NQ | NQ | NQ |
| Rexburg/ Ririe/ Roberts | NQ | (2-R) NQ (6-R) NQ | NQ | NQ | NQ |
| Idaho Falls | \$6.00 | (2-R)\$8.44-\$10.00 (6-R)\$8.44 | \$4.40 | \$5.03 | \$6.87 |
| Blackfoot / Pocatello | \$5.65 | (2-R) \$9.30 (6-R) \$8.50 | \$4.55 | \$4.75 | \$6.70 |
| Grace / Soda Springs | \$6.75-\$7.24 | (2-R) NQ (6-R) NQ | \$4.65 | \$4.78-\$5.04 | \$6.44-\$6.82 |
| Burley / Rupert | \$6.00 | (2-R) \$8.44 (6-R) \$8.44 | \$4.25 | \$4.95 | \$6.67 |
| Hazelton | | | | | |
| Twin Falls / Eden / Buhl | \$6.40-\$7.00 | (2-R) NQ (6-R) NQ | \$4.00-\$4.20 | NQ | NQ |
| Weiser | \$6.75 | (2-R) NQ (6-R) NQ | \$4.39 | NQ | NQ |
| Nez Perce / Craigmont | \$4.13 | (2-R) \$5.63 (6-R) \$5.63 | \$5.02 | \$5.71 | \$7.60 |
| Lewiston | \$4.58 | (2-R) \$6.08 (6-R) \$6.08 | \$5.25 | \$5.94 | \$7.83 |
| Moscow / Genesee | \$4.18-\$6.00 | (2-R) \$5.68 (6-R) \$5.68 | \$5.06-\$5.75 | \$5.75-\$6.41 | \$7.64-\$8.25 |

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 \$5.55-\$5.70 Feb \$5.55-\$5.70 | Jan \$6.36-\$6.43 | Jan \$8.02-\$8.27 |
| Los Angeles | \$9.25 | NQ | NQ | NQ | NQ | NQ |
| Stockton | \$10.00 | NQ | NQ | NQ | NQ | NQ |
| Tulare | \$9.25 | NQ | NQ | NQ | NQ | NQ |
| Ogden | \$7.32 | NQ | NQ | \$4.72 | \$5.18 | \$6.98 |
| Great Falls | \$2.75-\$5.20 | NQ | \$9.00 | NQ | \$4.60-\$4.76 | \$6.97-\$7.38 |
| Minneapolis | \$6.67 | NQ | \$10.83 | NQ | \$6.25 ¼ (12%) | \$7.22 ½ - \$7.82 ¼ |

Market trends this week

BARLEY – Local barley prices were mixed, ranging from no change to \$.80 higher this week. USDA won't release weekly export sales data until tomorrow because of the Martin Luther King holiday.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 5 cents higher to 40 cents lower; HRW ranged from 4 cents higher to 52 cents lower; and DNS from 21 cents higher to 57 cents lower. USDA reported last week's export inspections totaled only 187.8 TMT, below trade expectations.

Wheat Competitor/Buyer News – Argentine government has revised their 2008-09 wheat production estimate downward to 8.3 MMT, from their previous estimate of 9.0 MMT (USDA pegged the Argentine crop at 9.5 MMT on Jan. 12). Strategie Grains has pegged the 2009 EU wheat crop at 132.3 MMT, down 6% from last year. Egypt purchased 55 TMT US SRW wheat late last week and followed up with a purchase of 60 TMT SRW wheat on Tuesday. Jordan has reportedly purchased 100 TMT of Ukrainian wheat. **International wheat import tender line-up...**Pakistan (250 TMT U.S. white wheat tender was delayed for a second time), Syria (200 TMT), Bangladesh (100 TMT).

CORN - USDA reported export inspections last week totaled a decent 678 TMT, above trade expectations.

Corn Competitor/Buyer News – Argentina officially lowered its corn area estimate this week from 3.5 million hectares to 3.4 million ha, due to excessive dryness. Some analysts are now raising the possibility that Argentina's corn output could fall below 15 MMT, compared to USDA's most recent estimate of 16.5 MMT. Last year's crop totaled 20.85 MMT.

Futures market activity this week

More economic uncertainty is looming, despite some recent signs of stabilization... Renewed worries about the weak U.S. banking system sent tremors through financial and equity markets at the start of the week, overshadowing the inauguration of the 44th President of the United States. The **Dow slumped more than 330 points on Tuesday to two month lows on concerns about mounting job losses and deepening weakness in the banking system** that now appears more widespread than previously understood. This has prompted many experts to call for nationalizing some of the larger banks or taking other bold measures to deal with the troubled mortgage assets that are choking the financial market. Congress reluctantly released the remaining balance of the \$700 billion financial rescue (TARP) funds that they had approved last fall, but all eyes are now focused on new approaches the Obama administration will take to rescue a teetering banking system. Wednesday saw an **impressive rebound in the stock market with help from a smattering of better than expected corporate earnings reports** (Apple and IBM) as well as ideas that the Obama team will get to immediate work on solving the banking problems. In more see-saw action, stocks **tumbled on Thursday in the face of bad jobs and housing reports** – the U.S. government reported weekly unemployment claims hit a 26 year high at 589,000. Housing starts fell by more than 15% in December, worse than had been expected. Several large companies have announced major layoffs to shore up their earnings - Microsoft will cut 5,000 jobs over the next 18 months and Intel will shed 6,000 jobs globally.

Wheat – Wheat futures began the week on Tuesday sharply lower in the face of bearish headwinds from lower outside markets and a lack of fresh fundamental news. A higher U.S. dollar also weighed on wheat. Winterkill concerns mostly faded as warmer temperatures moved in the Central U.S. this week. Prices rebounded nicely on Wednesday on light fund buying and spillover support from soybeans and outside markets. Underlying support also came from another Egyptian purchase of U.S. wheat this week. Wheat finished mixed to mostly lower today (Thursday) under wider economic pressures, but losses were limited by concerns about expanding dryness in the Southern U.S. Plains. For now, the good news is that wheat continues to hold above major chart support at all three futures exchanges, but won't that support is not expected to hold if there is more serious deterioration in outside markets. **Wheat market closes on Thursday, 1/22...**

| | <u>Mar 09</u> | <u>Weekly Summary</u> | <u>May 09</u> | <u>Weekly Summary</u> |
|-----------------|---------------|-----------------------|---------------|-----------------------|
| Chicago | \$5.66 | Down \$.11 ½ | \$5.79 ½ | Down \$.11 ¼ |
| Kansas City | \$5.98 | Down \$.11 | \$6.08 ¾ | Down \$.11 ¼ |
| Minneapolis DNS | \$6.51 ½ | Down \$.01 ¼ | \$6.44 ¾ | Down \$.04 |

Corn – Corn prices began the week lower on Tuesday under profit-taking pressures and a generally bearish tone that swept equity and commodity markets. Corn rebounded on Wednesday, closing higher on spillover support and continued worries about the Argentine corn crop, but gains continue to be limited by poor demand. Corn finished lower today (Thursday) under pressure from renewed weakness in energies and financial markets, including a bearish crude oil stocks report today and a slightly higher dollar. Losses were limited by deteriorating crop conditions in Argentina. **Mar 09 corn contract closed on Thursday, 1/22, at \$3.87 ½, down \$.03 ½ for the week and the May 09 contract at \$3.98 ½, down \$.03 ¼ for the week.**

Other Major Factors to Watch

- § **Crude oil** – Crude oil prices began the week on a higher note, with the Feb contract rallying above \$40 before expiring. The March contract closed higher again on Wednesday at \$43.55/bbl with support from a lower Mexican production report. Mexico's state run petroleum company confirmed that Mexico's 2008 production fell 9% to 2.8 million barrels per day, the steepest decline since the 1940s. The government's weekly inventory report was very bearish, showing crude oil stocks increasing by 6.1 million barrels, significantly above the pre-report expectations of 1.4 million barrels. Gasoline stocks jumped by 6.5 million compared to trade expectations of 1.8 million and distillates were up 790,000 compared to pre-report estimates of 500,000. U.S. gasoline demand is pegged at the lowest level since September 2005. Despite this bearish news, crude oil did not fall below the key support level of \$40/bbl.
- § **International Weather/Crop Watch** –
- **South American corn/soybeans** – Argentine drought conditions continued to worsen over the weekend (now the worst drought since 1961) with forecasts showing further dryness and hot temps through this weekend. Sporadic rains were expected to be limited until late Saturday and Sunday when showers should begin working through Argentina, but coverage could be limited. Temperatures are forecast to moderate a bit next week. By contrast, Brazil has seen greater moisture recently and the corn crop is believed to be in better shape.