

Idaho Grain Market Report, March 5, 2009

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, March 4, 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) \$8.50 (6-R) \$8.50	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$6.25	(2-R) NQ (6-R) NQ	\$4.35	\$4.90	\$6.52
Idaho Falls	\$6.00	(2-R)\$8.44-\$8.50 (6-R)\$8.44	\$4.40	\$4.80	\$6.51
Blackfoot / Pocatello	\$5.72	(2-R) \$8.50 (6-R) \$8.50	\$4.37	\$4.40	\$6.32
Grace / Soda Springs	\$6.22	(2-R) \$8.00 (6-R) \$8.00	\$4.20	\$4.15	\$6.32
Burley / Rupert Hazelton	\$6.00	(2-R) \$8.44 (6-R) \$8.44	\$4.00-\$4.17	\$4.64	\$6.27
Twin Falls / Eden / Buhl	\$6.20-\$7.00	(2-R) NQ (6-R) NQ	\$3.90-\$4.20	NQ	NQ
Weiser	\$6.75	(2-R) NQ (6-R) NQ	\$4.34	NQ	NQ
Nez Perce / Craigmont	\$4.38	(2-R) \$5.88 (6-R) \$5.88	\$4.91	\$5.56	\$7.13
Lewiston	\$4.83	(2-R) \$6.33 (6-R) \$6.33	\$5.10	\$5.75	\$7.32
Moscow / Genesee	\$4.43-\$6.00	(2-R) \$5.93 (6-R) \$5.93	\$4.87-\$5.60	\$5.52-\$6.13	\$7.09-\$7.74

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 \$5.53-\$5.65 Aug NC \$5.20-\$5.30	Mar \$6.02-\$6.17 Aug NC \$6.03-\$6.18	Mar \$7.66-\$7.81 Aug NC \$6.68-\$6.73
Los Angeles	\$8.20	NQ	NQ	NQ	NQ	NQ
Stockton	\$8.00	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.40	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.29	NQ	NQ	\$5.60	\$6.13	\$7.74
Great Falls	\$2.75-\$3.95	NQ	\$8.00	NQ	\$4.53-\$4.74	\$5.78-\$6.21
Minneapolis	\$2.45	NQ	NQ	NQ	\$5.99 (12%)	\$7.51

Market trends this week

BARLEY – Local barley prices were mixed, ranging from 25 cents higher to 28 cents lower this week. USDA did not report any export sales or shipments last week.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from no change to 16 cents lower; HRW ranged from 1 cent to 65 cents lower; and DNS from 8 cents higher to 18 cents lower. U.S. wheat export sales last week were below trade expectations at 285.2 TMT, down 39% from the previous week, and 30% from the prior 4-week average. Export shipments last week totaled 252 TMT, down 15% from the week before, and 31% from the prior 4-week average.

Wheat Competitor/Buyer News – Ukrainian wheat exports in February were expected to nearly double January's tally of 1.05 MMT. India has announced they will lift their ban on wheat exports. USDA has pegged the Indian wheat crop at a record 79 MMT this year, about 1.2 MMT above the Indian government's official estimate of 77.78 MMT. China says it will not need to import more wheat this year because dry conditions in their winter wheat belt have eased in recent weeks.

Syria has retendered for 200 TMT soft wheat after rejecting earlier bids for 100 TMT. Iran reportedly purchased 500 TMT of wheat this week from Europe, while Brazil was rumored to have purchased Russian wheat.

CORN – Corn export sales were at the high end of trade expectations last week at 791.9 TMT, up 76% from the previous week, however they were down 29% from prior 4-week average. Export shipments last week totaled 908.1 TMT, which were up 18% from the previous week and 21% from the prior 4-week average.

Corn Competitor/Buyer News – USDA Ag Attache pegs the Brazilian corn crop at 49.5 MMT and exports at 9.5 MMT. The Argentine government and farmers remained locked in conflict this week over their export taxes and the government's latest plans to semi-nationalize grain trading. This conflict is expected to provide underlying support to U.S. grain markets, particularly corn and soybeans.

Futures market activity this week

The roller coaster continued in outside markets this week. Starting last week, the Dow Jones plunged to 12 year lows under pressure from a spate of bad news - insurance giant AIG's report of the worst quarterly corporate losses in American history (lost more than \$61 billion in the most recent quarter which necessitated another \$30 billion in US government bailout), revised GDP numbers for Q4 2008 showed the US economy contracted by 6.2% to the lowest level in 26 years; Feb. car sales slumped to the worst performance in 27 years...(the list goes on). On Wednesday, the Dow snapped a five-day losing streak, spurred by details of the federal government's new \$75 billion mortgage workout plan as well as expectations that China will implement another \$585 billion stimulus plan that might help kick-start global economic recovery. The weekly unemployment report was slightly better than expected – showing first time claims dropping 31,000 from last week to 639,000, compared to expectations of 650,000. This week's figure brings total unemployment levels to 5.1 million. Stocks fell on Thursday on government officials' acknowledgment that the recession is worsening and that there is little hope of improvement in the next few months. The bottom-line for now is there are no clear signals that the economy is starting to turn the corner, meaning commodity markets remain vulnerable to near-term investment liquidations in equities and energies.

Wheat – Wheat futures began the week sharply lower in line with most commodity and stock markets around the world, as well as disappointing export shipments. Prices continued lower on Tuesday – slipping to 3 month lows - on pressure from a higher US dollar and weaker outside markets. The US dollar climbed to 3 year highs as the safe haven investment of the moment. Wheat prices reversed direction on Wednesday, following outside markets sharply higher. Unseasonably warm and windy weather across the US HRW belt continued to provide underlying support (Texas crop condition slipped lower this week – now rated at 63% poor/very poor and OK crop at 42% poor/very poor). Yesterday's gains were short-lived as wheat prices ground lower today (Thursday) under spillover pressures. **Wheat market closes on Thursday, 3/05 – please note that we have shifted to reporting May and July contracts...**

	<u>May 09</u>	<u>Weekly Summary</u>	<u>July 09</u>	<u>Weekly Summary</u>
Chicago	\$5.15	Down \$.05 ½	\$5.27	Down \$.05 ¼
Kansas City	\$5.60	Unchanged	\$5.67	Down \$.00 ¾
Minneapolis DNS	\$6.00 ½	Down \$.05 ¾	\$5.93 ¾	Down \$.06 ¼

Corn – Corn prices began the week breaking sharply to the downside spurred by lower crude oil and another wave of fund selling. Losses were somewhat limited by better than expected export shipments reported on Monday. Corn closed fractionally higher on Tuesday despite continued weakness in crude oil and stocks. Prices bounced higher on Wednesday on short covering and spillover support from overnight soybean gains and a strong rally in crude oil and stocks. Corn prices finished lower today (Thursday) under pressure from bearish outside markets. **May 09 corn contract closed on Thursday, 3/05, at \$3.58 ½, down ½ cent for the week and the July 09 contract at \$3.67 ¾, down ¾ cent for the week.**

Other Major Factors to Watch

- § **Crude oil** – Crude oil chopped around this week, moving in tandem with Wall Street on continued economic worries. Prices rallied on Wednesday, once again topping \$45/bbl on support from another bullish weekly stocks report. The government's weekly inventory report showed an unexpected draw on crude stocks – down 757,000 barrels – compared to market expectations of a 1 million barrel build. Saudi Arabia is reportedly opposed to additional OPEC production cuts in an effort to raise prices. OPEC ministers will meet March 15. **Diesel** – U.S. demand fell 4.5% from a year ago, while Chinese diesel supplies were reported to be record high in January.
- § **International Weather/Crop Watch** –
 - **US hard red winter wheat belt** - Weather models are mixed, but most 6-10 forecasts show above normal temps and below normal precipitation as the HRW crop comes out of dormancy and needs moisture to sustain vegetative growth. Some models show possible cold/freeze threat in southwest Kansas and southeastern Colorado late next week.
 - **North China Plain** – Central China received heavy rainfall totals through February, but reports suggest that much of the northern third of the winter wheat belt remained dry. This area received some moisture this week and models show chances improving for additional rainfall next week. Meanwhile, China's Ministry of Agriculture declared their drought emergency over this week and said they did not expect to import more wheat this marketing year.