

Idaho Grain Market Report, May 7, 2009

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, May 6, 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) \$7.50 (6-R) \$7.50	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$5.75	(2-R)\$8.44-\$8.50 (6-R)\$8.44	\$4.30	\$5.11	\$6.83
Blackfoot / Pocatello	\$5.97	(2-R) \$7.50 (6-R) \$7.50	\$4.35	\$4.84	\$6.72
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert Hazelton	\$5.75-\$6.00	(2-R) \$8.44 (6-R) \$8.44	\$4.05-\$4.25	\$4.94	\$6.60
Twin Falls / Eden / Buhl	\$6.35	(2-R) NQ (6-R) NQ	\$3.92	NQ	NQ
Weiser	\$6.75	(2-R) NQ (6-R) NQ	\$4.31	NQ	NQ
Nez Perce / Craigmont	\$4.62	(2-R) \$4.62 (6-R) \$4.62	\$4.91	\$5.73	\$7.39
Lewiston	\$5.07	(2-R) \$5.07 (6-R) \$5.07	\$5.10	\$5.92	\$7.58
Moscow / Genesee	\$4.67-\$6.25	(2-R) \$4.67 (6-R) \$4.67	\$4.87-\$5.55	\$5.69-\$6.39	\$7.35-\$8.08

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 \$5.45-\$5.55 Aug NC \$5.50-\$5.55	May \$6.27-\$6.39 Aug NC \$6.37-\$6.45	May \$7.98-\$8.03 Aug NC \$7.43-\$7.53
Los Angeles	\$9.00	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$9.60	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.54	NQ	NQ	\$4.64	\$5.20	\$6.88
Great Falls	\$5.00-\$5.85	NQ	\$8.00	NQ	\$4.81-\$4.99	\$7.08-\$7.37
Minneapolis	\$6.04	NQ	\$8.64	NQ	\$6.36 ¼ (12%)	\$7.88 ¼

Market trends this week

BARLEY – Local barley prices were slightly higher, ranging from no change to 4 cents higher this week. USDA did not report any barley export sales last week. Barley export shipments last week totaled .5 TMT for Taiwan and Mexico.

Barley Competitor/Buyer News – Stats Canada is projecting 2009 Canadian barley acreage at 9.476 million, up 1.3% from a year ago.

WHEAT – Local wheat prices were higher this week: SWW ranged from 12 to 20 cents higher; HRW ranged from 16 to 31 cents higher; and DNS from 5 to 25 cents higher. U.S. wheat export sales were below trade expectations again last week at 254.7 TMT (new crop sales totaled 131.6 TMT), up 79% from the previous week and 49% from the prior 4-week average. Export shipments last week totaled 268.8 TMT, which was down 26% from the week before and 38% from the prior 4-week average.

2009 Crop Projection - The average trade estimate ahead of next Tuesday's S&D report pegs the total 2009 U.S. wheat crop at 2.091 billion bu (winter wheat at 1.526 billion bu), down from 2.5 billion bu in 2008. Informa pegged U.S. winter wheat production today at 1.534 billion bu, down from 1.869 billion bu last year. Farm Futures has pegged winter wheat crop at 1.514 billion bu.

Wheat Competitor/Buyer News – Stats Canada is projecting 2009 Canadian wheat acreage at 25.16 million, up just .6% from a year ago. Russia exported more than 3 MMT of wheat in the past three months, compared to only 1 MMT a year ago. The Brazilian government is reportedly selling 400 TMT of wheat stockpiles into their domestic market to boost supplies and cover lower than expected wheat imports from Argentina (due to their drought). **International tenders...** Jordan 100 TMT, Iraq 50 TMT and Syria 200 TMT.

CORN – Corn export sales were well below trade expectations last week at 588.7 TMT (new crop sales totaled 22.4 TMT) which was down 52% from the previous week and 46% from prior 4-week average. Export shipments last week totaled 790 TMT, which were down 6% from the previous week and 16% from the prior 4-week average.

Corn Competitor/Buyer News – The Buenos Aires Grain Exchange lowered their Argentine corn production estimate to 12.7 MMT, down from last week's estimate of 13.0 MMT. Brazilian government revised their corn production estimate slightly higher this week at 51.4 MMT, compared to their February projection of 50.4 MMT.

Futures market activity this week

The stock market began the week with a bang, rallying triple digits on a combination of factors that signal the dark clouds of investor uncertainty that have been hanging over this market since last September are finally beginning to lift. This included a report out Monday showing U.S. construction spending rose by more than expected last month. Investors pulled back modestly on Tuesday, but the momentum still seems to be on the upside. This prevailing "cautious optimism" was reinforced in testimony by Federal Reserve Chairman Ben Bernanke before a Joint Economic Committee of Congress this week in which he emphasized that the U.S. economy was showing signs of stabilizing and would begin to rebound later this year. However, Bernanke also stressed that the economic recovery was likely to be slow and cautious. The stock market tumbled by more than 105 points on Thursday, as investors paused to take stock after an impressive two-month rally which pushed the Dow Jones 36% higher. Investors were waiting to digest the results of the Treasury Department's financial stress tests of this country's major banks to be released after the close of the markets. Early reports indicated that none of the banks were found to be "illiquid", but as many as 10 of the 19 will need to raise additional capital in order to weather further economic stresses that might arise from housing and other loan losses.

Wheat – Wheat futures began the week sharply lower on fund profit taking and updated weather models that showed better planting weather in the Northern Plains this week, as well as needed rain forecast for dry areas in the Ukraine, Russia and Argentina. Prices turned modestly higher on Tuesday and then extended their gains on Wednesday on fund short covering and confirmation of a very slow planting pace in North Dakota (with more rain expected in ND and MN on Friday). Spillover strength from soybeans and outside markets provided further support on Wednesday. Wheat prices finished higher today (Thursday) on early fund buying and short covering, but gains eroded into the close on spillover weakness in soybeans and equities. **Wheat market closes on Thursday, 5/07/09 (please note we have shifted to reporting the July 09 and Sept 09 contracts)...**

	<u>July 09</u>	<u>Weekly Summary</u>	<u>Sept 09</u>	<u>Weekly Summary</u>
Chicago	\$5.70 ¼	Up \$.00 ¼	\$5.97	Up \$.00 ½
Kansas City	\$6.13 ¾	Down \$.03	\$6.23 ¼	Down \$.01 ½
Minneapolis DNS	\$6.86 ½	Up \$.01 ¾	\$6.79 ¾	Up \$.03

Corn – Corn prices began the week lower under pressure from speculative profit taking and improved planting weather. Weekend rainfall was less than expected in many areas and the updated weather models now show warmer and drier conditions into next week which are expected to accelerate planting. Corn closed fractionally lower on Tuesday under pressure from weakness in energies, new crop soybeans and improved planting weather. The Eastern Corn Belt was expected to see continued showers this week, but the rainfall amounts had been generally less than expected until heavy rainfall fell across the southeastern and eastern Corn Belt on Wednesday, pushing corn prices modestly higher in choppy trading. Support also came from late session fund buying that was sparked by a rally in crude oil. Corn was propelled modestly higher again today (Thursday) by early speculative buying and updated weather forecasts indicating more widespread moisture next Tuesday through Thursday. **July 09 corn contract closed on Thursday, 5/07/09, at \$4.12, down \$.01¾ for the week and the Sept 09 contact at \$4.20 ½, down \$.02 for the week.**

Near-term Commodity Market Outlook – choppy price action is expected to continue as markets continue to sort through supply and demand projections as well as numerous outside market factors. On the plus side, it appears that outside markets (lower dollar, higher equities and higher crude oil) are beginning to be less of a wet blanket over commodity markets.

Soybeans – continue to have the most bullish old-crop fundamentals due to tight supplies and strong export demand. However, for MY 2009-10, increased U.S. production is expected to more than double carryover stocks.

Corn – just the reverse is true for corn which is projecting more supportive long-term fundamentals as plentiful old-crop stocks and range-bound crude oil have limited the near-by upside potential. Traders are finally beginning to focus closely

on 2009 planting delays, particularly in the Eastern Corn Belt, which is providing underlying support, but corn is still largely driven by soybeans and crude oil. Moving past immediate planting delays, longer term weather projections point to a shift in the ocean's surface temperatures to a neutral or weak El Nino weather pattern that favors favorable growing conditions in the Midwest this summer.

Wheat – continues in the follower's role, as export demand for U.S. wheat remains soft and global wheat supplies are considered to be more than adequate for now. Persistent cool and wet conditions in the Northern Plains and Canada have drawn recent attention, suggesting that high protein milling wheat supplies might shrink in 2009-10, possibly generating more upside price potential later in the season.

Other Major Factors to Watch

- § **Crude oil** – Crude oil prices began the week higher, buoyed by a weaker dollar and triple-digit rally on Wall Street. Prices slipped slightly on Tuesday under pressure from a reversal - stronger dollar and decline in the Dow. Wednesday saw an impressive rally to the highest levels in six months (above \$56/bbl) on the release of a mostly bullish weekly petroleum inventory report - crude oil inventories were far less than expected at .6 million barrel increase (expected build of 2.5 million bbls) and gasoline stocks fell .2 million bbls compared to an expected build of .55 million bbls. Distillate stocks were bearish – increasing 2.4 million bbls compared to an expected build of .9 million bbls. Energies extended their rally early on Thursday but then eased off as Wall Street tumbled.
- § **U.S. winter wheat crop** – It appears that recent rains have helped stabilize Hard Red Winter crop conditions, at least for now, but long-term soil moisture deficits in many areas could spell problems in finishing off this year's crop. According to USDA, U.S. winter wheat crop ratings improved 2% this week to 47%, with the overall condition index score also gaining ground at 315, but still 18 points behind the 10-year average. KS crop rating gained 5% this week to 53% g/ex, but OK fell another pt. to just 8% g/ex and TX was rated at 12% g/ex. The annual Hard Red Winter crop tour this week didn't find any major surprises, with participants now forecasting an "adequate" winter wheat crop. Results of the Kansas tour have pegged that state's yield estimate at 40.8 bpa (down from 43.3 bpa last year), for a crop size of 333.3 million bu, compared to 356 million bu last year. Meanwhile, the Oklahoma Wheat Commission's crop tour is projecting Oklahoma wheat yields at 20.3 bpa, producing 77.5 million bu, compared to 166.5 million bu in 2008.
- § **International Weather Watch** –
 - **Europe** – Dryness persisted in the Northeastern region (Poland and eastern Germany). Showers across most western and southern regions benefitted winter grains, but slowed summer crop planting.
 - **Russia / Ukraine** – Drier than normal conditions persisted across Ukraine and southern Russia, depleting needed moisture for developing winter grains.
 - **China** – Dry weather across the North China Plains reduced topsoil moisture for filling winter grains. Light showers favored emerging corn in Manchuria.
 - **Middle East** – Widespread rains continued to benefit wheat and barley crops in Iran and Turkey, but dry weather in Iraq has been detrimental to filling winter wheat.
 - **Northwest Africa** – Abundant rainfall has maintained good moisture for heading winter grains.
 - **Argentina** – Despite some recent scattered showers, drought conditions intensified in central and northern Argentina, casting further doubt about wheat acreage. Light rainfall was expected this weekend.
 - **Australia** – Showers in southeastern region have recharged soil moisture for the upcoming winter grain planting, but many areas remain dry, including Western Australia where conditions remain too dry to start seeding and showers are not forecast until mid-month.

USDA Crop Progress / Condition Report, May 4, 2009

Crop	% Planted	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	22%	17%	50%	54%			
ID barley	54%	46%	53%	62%			
US spring wheat	23%	15%	55%	59%			
ID spring wheat	67%	56%	67%	75%			
US winter wheat	Headed 27%	21%	24%	35%	47%	45%	47%
ID winter wheat	Headed 0%	0%	0%	0%	89%	81%	
US Corn	33%	22%	24%	50%			