

Idaho Grain Market Report, September 16, 2010

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, September 15, 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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$7.00	(2-R) \$7.00-\$7.25 (6-R) \$7.00	\$5.60	\$6.29	\$7.26
Blackfoot / Pocatello	\$6.45	(2-R) \$7.00 (6-R) NQ	\$5.75	\$5.81	\$7.05
Grace / Soda Springs	\$6.50-\$6.55	(2-R) NQ (6-R) NQ	\$5.80	\$6.09-\$6.11	\$7.03-\$7.05
Burley / Rupert Hazelton	\$6.75	(2-R) \$7.00 (6-R) \$7.00	\$5.75	\$6.14	\$7.08
Twin Falls / Eden / Buhl	\$6.50-\$7.50	(2-R) NQ (6-R) NQ	\$5.30-\$5.50	NQ	NQ
Weiser	\$7.25	(2-R) NQ (6-R) NQ	\$5.72	NQ	NQ
Nez Perce / Craigmont	\$6.35	(2-R) \$6.35 (6-R) \$6.35	\$5.94	\$6.98	\$7.82
Lewiston	\$6.60	(2-R) \$6.60 (6-R) \$6.60	\$6.13	\$7.17	\$8.01
Moscow / Genesee	\$6.40-\$8.00	(2-R) \$6.40 (6-R) \$6.40	\$5.90-\$6.65	\$6.94-\$7.63	\$7.78-\$8.55

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 \$6.50-\$6.60 Dec \$6.75-\$6.80	NQ	NQ
Los Angeles	\$9.75	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$9.75	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.60	NQ	NQ	\$6.16	\$6.28	\$7.22
Great Falls	\$5.75	NQ	\$7.25	NQ	\$5.06-\$5.31	\$6.59-\$7.45
Minneapolis	\$6.15	NQ	\$8.33	NQ	\$6.91 ¼ (12%)	\$7.88 ½ -\$8.03 ½

Market trends this week

BARLEY – Local barley prices were mostly higher again this week ranging from 9 cents lower to 50 cents higher in southern Idaho and 25 to 50 cents higher in northern Idaho. USDA reported barley export sales at 11.2 TMT for Taiwan last week. Barley shipments totaled .8 TMT, to Canada and Taiwan.

Barley Competitor/Buyer News – ABARE, the Australian ag agency, released its quarterly crop estimates on Sept. 14, showing a very optimistic 2010 barley production estimate of 8.77 MMT, compared to USDA's Sept. 10 estimate of 7.6 MMT. ABARE's latest estimate is 9% above last year's crop and 19% above the five-year average. ABARE shows Western Australian production falling 23% from last year to 1.68 MMT, based mostly on lower plantings, while production is forecast to rise in South Australia, Victoria and New South Wales. During the past 5 years, Western Australia produced 32% of that country's total barley crop and this year it saw only about 40 to 60% of normal rainfall in the month of August. Conditions remain mostly dry in that region as the barley crop moves into the heading period, which sharply contrasts with more favorable growing conditions in the southern and eastern regions.

WHEAT – Local wheat prices were mixed this week: SWW ranged from 10 cents lower to 20 cents higher; HRW ranged from 11 to 56 cents higher; and DNS ranged from 6 cents lower to 58 cents higher. U.S. wheat export sales last week

were well below trade expectations at a total of 649.6 TMT of which 484.6 TMT was for delivery in the current marketing year. This is down 49% from the previous week and 57% from the prior 4-week average. Export shipments last week totaled 871.9 TMT, up 32% from the previous week and 49% from the previous 4-week average. Cumulative U.S. wheat export sales now total 45.6% of the USDA forecast for the entire marketing year, compared to a five-year average of 49.1%.

Wheat Competitor/Buyer News – Strategie Grains cut their EU-27 wheat production estimate this month by another 1 MMT to 127.2 MMT, or 2% below last year, due to poor weather conditions at the end of harvest. They **project that less than 60% of this year's EU wheat crop will make milling quality, compared to 66% last year.** On Tuesday (Sept. 14), ABARE projected Australian wheat production in MY 2010/11 at 25.099 MMT, compared to USDA's Sept. 10 estimate of 23.0 MMT. ABARE's latest estimate is up 16% from last year and well above the five year average of 18.5 MMT. ABARE shows Western Australian wheat production falling 26% from last year to 6.063 MMT. During the past 5 years, Western Australia produced 41% of that country's total wheat crop. On Monday, Australian Crop Forecasters pegged their total wheat crop at 23.4 MMT. Egypt purchased a total of 295 TMT of wheat this week, of which 55 TMT was supplied by the U.S. (SWW), with 180 TMT from France and 60 TMT from Canada.

CORN – U.S. corn export sales last week were below trade expectations at 584.2 TMT which was down 88% from the previous week. Weekly export shipments totaled 1.1 MMT. Cumulative U.S. corn export sales now total 29.9% of the USDA forecast for the entire marketing year (which began Sept 1), compared to a five-year average of 25.2%.

Corn Competitor/Buyer News – Chinese officials are projecting their corn crop at a record large 169 MMT, compared to USDA est. of 166 MMT. After a good monsoon season, India has begun their corn export campaign, selling 100 TMT of corn to Malaysia and Vietnam. India expects to export as much as 2.5 MMT this year compared to 1.0 MMT last year.

Futures market activity this week

WHEAT – Wheat posted solid gains on Monday, with support from a lower dollar and higher than expected weekly export inspections. But prices fell on Tuesday under pressure from a somewhat surprising hike in the Australian wheat production estimate to above 25 MMT, up more than 16% from last year. Wednesday saw wheat prices continue to retreat after an early choppy session, with pressure from profit-taking, negative outside markets, including a firmer dollar, and a lack of fresh bullish news. Wheat prices finished lower again today (Thursday) on disappointing weekly export sales. **Wheat market closes on Thursday, 9/16/10...**

	Dec 2010	Weekly Summary	Mar 2011	Weekly Summary
Chicago	\$7.19 ¼	Down \$.17 ½	\$7.48 ¾	Down \$.17
Kansas City	\$7.50 ½	Down \$.08 ¾	\$7.62 ½	Down \$.09 ¾
Minneapolis DNS	\$7.53 ½	Down \$.03 ½	\$7.63 ¼	Down \$.06 ½

CORN – Corn began the week on a positive note, pushing to a 23 months high on follow-through buying from Friday's bullish S&D forecast. A lower dollar, higher crude oil and disappointing yield reports from the field also lent support. Gains were extended on Tuesday, pushing corn up double digits on heavy fund buying that was triggered by a lower dollar and bullish technical indicators. Wednesday saw corn prices settle fractionally higher after a choppy two-sided session, with pressure from a firmer dollar and profit-taking offset by continuing underlying support from market chatter about lower yield expectations. Corn posted another fractional gain today (Thursday) stopping short of the psychological mark of \$5.00/bu. Support came from a lower dollar and yield uncertainties and pressure from disappointing weekly export sales and seasonal hedge pressure. **Dec 2010 corn contract closed Thursday, 9/16/10, at \$4.96, up \$.17 ¾ for the week and the Mar 2011 contact closed at \$5.08 ¾, up \$.17 ½ for the week.**

Near-by Commodity Outlook –

Wheat – Technicals remain mostly supportive but have turned cautious as futures saw a pull back this week on a lack of fresh bullish news and negative outside market influences. Wheat remains vulnerable to more near-by weakness as the market digests information on winter wheat planting projections. Long-term chart support remains at \$7.00/bu in CHI.

Corn – Both fundamentals and technicals are more bullish for corn, outweighing seasonal harvest pressure. However, signals suggest this market is overbought and could be vulnerable to a correction lower. CHI corn is targeting \$5.00/bu, with strong long-term chart support at \$4.50. Chart watchers are targeting \$5.40 in the next leg up.

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil opened the week on a stronger note, trading \$.74 higher to settle at \$77.19 on support from a lower dollar and a more positive demand outlook as China reported its industrial output up 14%. Support also came from U.S. supply uncertainties this week resulting from the closure of a major pipeline between Canada and the U.S. due to a leak. Gains could not be held, however, as crude slid \$.39 on Tuesday, closing just below \$77, weighed down by a weaker than expected German consumer reading. Crude prices continued to decline on Wednesday, settling down another \$.78 to close at \$76.02/bbl under pressure from a higher dollar and an announcement that the Canadian pipeline would be re-opened by the end of this week. Wednesday's weekly petroleum inventory report was mostly bullish, showing crude oil inventories fell 2.5 million bbls, in line with pre-report expectations; distillate stocks fell 300,000 bbls, compared to an expected build of 650,000 bbls; while gasoline stocks fell by 700,000 bbls, compared to an expected drawdown of 625,000 bbls.
- **U.S. CROP WATCH** – Last weekend saw some locally heavy rainfall in parts of the Central Corn Belt, slowing early

harvest progress but bringing beneficial moisture to winter wheat areas that have been too dry to plant. Spring wheat areas in ID and MT have continued to see periodic rains, delaying final harvest and some concerns about quality deterioration. The Midwest saw more rainfall this week, beginning Tuesday in the northwestern end and moving eastward through the Ohio River Valley and northern Great Lakes by Thursday, with more small systems expected across the Midwest into the middle of next week. The 6 to 10 and 11 to 14 day outlooks show a warming trend but also more chances for rain that could slow the corn harvest, particularly across the northwest Corn Belt.

- **La Nina WATCH –Most major models now show the potential for a likely record strong La Nina weather pattern in the next several months.** This weather phenomenon results from below normal sea surface temperatures in the tropical Pacific. **The affects on crops will be mixed....**there is a strong likelihood that Brazil could see a delay in their rainy season, lowering corn yields. The U.S. Central and Southern Plains could be expected to be drier than normal and the Pacific Northwest cooler and wetter than normal during a La Nina winter.
- **International weather / crop watch –**
 - **Canada –** Rain continues to hamper small grain maturation and harvest in many areas across the Western prairies. There were also reports of spotty frost early this week and warnings for more towards the end of this week. The prairies are expected to run cooler than normal for the next 10 days which will limit significant drying and continue to slow harvest progress.
 - **Europe –** Persistent rains continued across major areas of Germany, Central and Eastern Europe into early this week, causing delays in final small grain harvest and slowing corn harvest. **Some estimates now suggest that as much as 50% of the German wheat crop is likely to be downgraded to feed wheat.**
 - **Former Soviet Union –** After good rainfall fell across the northern portions of Central and Volga Districts of Russia in the past 10 days, drier weather has allowed rapid progress in winter wheat planting. The most recent showers spread across eastern Ukraine into Russia’s Southern District, providing limited relief from this year’s exceptional drought. More rain is needed for final winter wheat planting push and crop establishment this month. It is now estimated that as much as 25% to 30% of the entire wheat belt is still too dry for planting. More rainfall opportunities are in the 6-10 day outlook.
 - **China –** Unwelcome wetness continued across parts of the North China Plains. The Northeast corn production areas continue to see showers with more rain expected next week, as well as frost threats.
 - **Argentina / Brazil –** Mostly warm, showery conditions were beneficial to southern Argentine winter grain areas, while northern production areas remained on the dry side. This week western areas saw spotty rainfall and more is expected next week. Southern Brazil continued to see only very light rainfall.
 - **Australia –** Western Australia continued to see mostly dry conditions in recent days, while beneficial rainfall continued across the southern and eastern production areas.

USDA Crop Progress / Condition Report, Sept. 13, 2010

Crop	Stage	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	Harvested 84%	78%	81%	92%			
ID barley	Harvested 77%	64%	81%	88%			
US spring wheat	Harvested 83%	76%	67%	91%			
ID spring Wheat	Harvested 69%	58%	88%	93%			
ID winter wheat	Harvested 97%	92%	100%	100%			
	planted 9%	4%	17%	14%			
US corn	Mature 52%	33%	12%	32%	68%	69%	69%
	Harvested 11%	6%	3%	6%			

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....

<https://connect.cals.uidaho.edu/p97241148/>

Video on wheat falling numbers - Many Idaho wheat growers have received discounts over the past two-years due to low falling number scores. Wheat embryo germination activity may occur as result of sprout or frost damage, or from wide temperature swings during ripening. To help growers understand what they can do to help mitigate discounts, the Idaho Wheat Commission has produced a video to explain what the falling number test measures, why the falling number value is important, what causes low falling numbers and what wheat farmers can do if they have a low falling number score. You can view the video at www.idahowheat.org