

**Idaho Grain Market Report, January 8, 2009**

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, January 7, 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) \$9.00 (6-R) \$10.50	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$6.00	(2-R) NQ (6-R) NQ	\$4.37	\$5.34	\$6.95
Idaho Falls	\$6.50	(2-R)\$8.44-\$10.00 (6-R)\$8.44	\$4.73	\$5.40	\$7.14
Blackfoot / Pocatello	\$5.65	(2-R) \$9.00 (6-R) \$10.50	\$4.60	\$5.27	\$7.27
Grace / Soda Springs	\$6.50	(2-R) NQ (6-R) NQ	NQ	\$5.37	\$6.93
Burley / Rupert	\$6.00	(2-R) \$8.44 (6-R) \$8.44	\$4.32	\$5.20	\$6.71
Hazelton					
Twin Falls / Eden / Buhl	\$6.40-\$7.75	(2-R) NQ (6-R) NQ	\$4.80	NQ	NQ
Weiser	\$6.75	(2-R) NQ (6-R) NQ	\$4.61	NQ	NQ
Nez Perce / Craigmont	\$4.13	(2-R) \$5.63 (6-R) \$5.63	\$5.06	\$6.11	\$7.59
Lewiston	\$4.58	(2-R) \$6.08 (6-R) \$6.08	\$5.25	\$6.30	\$7.78
Moscow / Genesee	\$4.18-\$6.00	(2-R) \$5.68 (6-R) \$5.68	\$5.12-\$5.75	\$6.07-\$6.77	\$7.55-\$8.32

**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	Jan \$5.75-\$5.85 Feb \$5.75-\$5.90	Jan \$6.72-\$6.77	Jan \$8.34-\$8.54
Los Angeles	\$9.25	NQ	NQ	NQ	NQ	NQ
Stockton	\$9.75	NQ	NQ	NQ	NQ	NQ
Tulare	\$9.25	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.85	NQ	NQ	\$5.18	\$5.58	\$7.37
Great Falls	\$2.75-\$5.20	NQ	\$10.00	NQ	\$4.89-\$5.15	\$7.39-\$7.57
Minneapolis	\$6.25	NQ	\$10.94	NQ	\$6.37 (12%)	\$7.29

**Market trends this week**

**BARLEY** – USDA reported barley export sales last week at .7 TMT, for Japan and Taiwan. Barley export shipments last week totaled 3.7 TMT, all for Japan.

**Barley Competitor/Buyer News** – Japan reportedly purchased 176.3 TMT of barley under its periodic SBS feed barley importer tender this week, which is short of its purchase target of 200 TMT. In its annual Grain Marketing Report to western Canadian prairie farmers this week, the Canadian Wheat Board is projecting Canadian barley exports will total 1.6 MMT this year, with 1.4 MMT of the total malting barley – which would be the largest malting barley export tally for Canada in more than 10 years (1.3 MMT malting barley was exported in 1997/98).

**WHEAT** – U.S. wheat export sales last week hit a marketing year low at 41.9 TMT, down 90% from the previous week and 86% below the prior 4-week average. Export shipments last week totaled 351.9 TMT, up 99% from the week before and 17% above the prior 4-week average.

**Wheat Competitor/Buyer News** – Egypt purchased 56 TMT Russian wheat in a snap tender this week. Iraq reportedly purchased more than 1 MMT of wheat in December, all from sources other than the U.S. The Chinese government has announced a 500 TMT wheat export quota for 2009. **International wheat import tender line-up...** Saudi Arabia (495 TMT – higher protein specs would likely exclude Black Sea origins), Iraq (50 TMT), Pakistan (250 TMT U.S. white wheat), Syria (reissued tender for 200 TMT), Jordan (100 TMT), Bangladesh (100 TMT), Tunisia (84 TMT)..

**CORN** - Corn export sales last week also hit a marketing year low at 260.6 TMT, down 3% from the previous week and 56% from the prior 4-week average. Export shipments last week totaled 611.5 TMT, up 2% from the previous week, but 14% below the 4-week average.

**Corn Competitor/Buyer News** – The Chinese government has announced a 500 TMT corn export quota for 2009. A prominent Chinese agency raised its 2008-09 corn crop estimate to 165.5 MMT vs. previous estimates of 156 MMT. Brazilian corn crop estimate was lowered this week to 52.3 MMT, down more than 2 MMT from an earlier estimate due to recent dry weather. South Korea's biggest feed maker Nonghyup Feed may cut corn imports by 20% this year due to falling demand from local livestock farmers and availability of cheaper feed wheat.

### Futures market activity this week

**There are signs of cautious optimism permeated the equity and financial markets but the global economy remains weak and the daily news is mixed...** The Dow Jones staged an impressive rally during the last week of December (up 24% from November lows), climbing above 9000 for the first time in more than two months. This trend suggests that traders are becoming more comfortable moving money out of safe bonds and back into equities. **But the real test will be how well the stock market fairs after the relatively thin trading volumes of the recent holiday period.** This week the Dow closed lower on Monday under profit-taking pressures and concerns about anemic retail sales in December. But the markets shrugged off bad news to close higher on Tuesday. Private employment reports show job losses well above 500,000 in Dec. (7% unemployment rate), factory orders were down 4.6% in November and pending home sales were down 4.0% in November – all of these trends are worse than Wall Street had expected. Stocks retreated sharply on Wednesday on profit-taking triggered by a weak jobs market, sharp break in energies and anticipation of a poor retail sales report later in the week. Thursday brought a friendlier than expected weekly unemployment claims report – 467,000 new claims last week vs. pre-report expectations of 540,000 - but stocks continued to struggle on a weak retail sales report for December and worries about Friday's unemployment rate.

**Grain futures trading summary for Dec. 29 through Jan. 2** – wheat began the week lower but then rallied on a combination of year end positioning and end-user buying. A better than expected export sales report provided underlying support last Friday. Wheat has climbed about 30% in value since early October and is well positioned for more upside price movement later this winter as traders and end users begin to worry about shrinking supplies of 2008 milling quality wheat and lower projected 2009 plantings. Winter wheat acres are believed to be down in many countries (USDA will issue their first official winter wheat acreage projection next Monday) and conditions have deteriorated in the U.S. Great Plains and North China Plain. **Corn saw similar trends last week** – began the week lower under year-end positioning but then turned higher the remainder of the week on support from persistent dryness in the South American corn crops. Corn finished higher on Friday despite another disappointing export sales report. Higher crude oil provided support.

**Wheat** – Wheat futures began this week higher closing at 3 month highs, further solidifying its gains from last week's slow holiday trading. Spillover support from soybeans was the main feature, as well as increased fund buying as evidenced by increased open long positions, particularly on KBOT contracts. Active fund buying propelled wheat prices sharply higher on Tuesday despite a higher dollar (posted 3 week highs). Support came from fresh fund buying that was considered mostly technical, ideas that Black Sea milling wheat stocks might be running short and concerns about weather models that show cold air returning to the central part of the country next week. Bearish outside markets and profit-taking pushed wheat lower on Wednesday, reinforcing the idea that wheat will need help from outside markets in order to sustain a rally. Wheat finished mixed to slightly lower today (Thursday) on a very bearish export sales report, positioning ahead of Monday's reports and the beginning of index fund rebalancing. **Wheat market closes on Thursday, 1/08...**

	<b>Mar 09</b>	<b>Weekly Summary</b>	<b>May 09</b>	<b>Weekly Summary</b>
Chicago	\$6.12 ½	Up \$.01 ½	\$6.23 ¾	Up \$.01 ¾
Kansas City	\$6.33 ¼	Down ½ cent	\$6.44 ¾	Down ¼ cent
Minneapolis DNS	\$6.64 ½	Up \$.09 ¼	\$6.68 ¾	Up \$.08 ½

**Corn** – Corn prices began this week modestly lower under bearish pressures from increased farm selling and ideas that USDA will increase ending stocks again in next Monday's S&D report. Losses were limited by support from higher crude oil and continued dry conditions in Argentina and southern Brazilian corn production areas. Analysts estimate about 1/3 of the Argentine corn crop and about 1/5 of the Brazilian crop are stressed during the key pollination period. Corn prices climbed sharply to three month highs on Tuesday on spillover support from soybeans and short covering. Soybeans have seen the strongest price rally in recent weeks on a combination of strong demand from China and declining South American crop prospects. Corn will need to battle soybeans for U.S. acreage, so it will try to keep up with soybeans despite having softer short term fundamentals and ongoing weakness in the U.S. ethanol industry. Corn prices fell by double digits on Wednesday under profit-taking pressures and the sharp break in crude oil. Corn finished lower again today (Thursday) on disappointing export sales, weaker crude oil and positioning ahead of Monday's reports. **Mar 09 corn**

contract closed on Thursday, 1/8, at \$4.06 <sup>3</sup>/<sub>4</sub>, down \$.05 <sup>1</sup>/<sub>2</sub> for the week and the May 09 contract at \$4.17 <sup>1</sup>/<sub>4</sub>, down \$.05 <sup>1</sup>/<sub>2</sub> for week.

### Other Major Factors to Watch

- § **La Nina weather pattern has strengthened to moderate intensity** – there is strong evidence that the La Nina weather pattern that has been developing over the past couple of months has unexpectedly strengthened in intensity in recent days and is now considered to be **moderate**. There is a strong correlation between a La Nina pattern and warmer, drier growing conditions in the grain belt of Argentina and southern Brazil.
- § **Crude oil** – Crude oil prices **rocketed to a two week high on Jan. 2 topping \$45/bbl** on renewed Middle Eastern tensions and concerns about natural gas disruptions to several EU countries because of ongoing dispute between Russia and Ukraine over the pipeline that runs through Ukraine. Crude oil tumbled on Wednesday, falling by 12% which is one of the biggest single-day losses – with the loss triggered by government reports showing a larger than expected inventory build-up. Crude oil stockpile rose by 6.7 million barrels, compared to analysts expectations of 1.5 million; gasoline supplies rose by 3.3 million barrels (expected 1.6 million); and distillates rose by 1.8 million barrels (expected 700,000).
- § **USDA will release four key reports on Monday – annual production summary** (average trade estimate for final corn production 11.982 billion bu, down 38 million bu); **monthly S&D report** (average pre-report trade estimate for U.S. ending stocks – wheat is 600 million bu, down 22 million bu and corn is 1.489 billion bu, up 15 million bu); **quarterly stocks** (average trade estimate for wheat is 1.365 billion bu, up from 1.132 billion bu the previous year and corn is 9.845 billion bu down from 10.278 billion bu a year ago); and finally **winter wheat acreage** (pre-report average trade estimate calls for 44.178 million acres, down 2 million from 2008, with white wheat down only 5,000 acres).
- § **International Weather/Crop Watch** –
  - **Australia** – Eastern region has seen showery weather in recent weeks, greatly improving summer crop conditions. Elsewhere, conditions have been mostly dry allowing winter grain harvest to progress. ABARE projected the Australian wheat crop in December at 19.969 MMT compared to their June estimate of 23.6 MMT. Barley production has been pegged at 6.36 MMT compared to a June estimate of 7.9 MMT. Recent rainfall has replenished soil moisture for summer crops and pasture.
  - **South America** – Recent showers have eased drought conditions in Southern Brazil, but dry pockets still exist in key crop areas of central Argentina, with as much as 25% of their corn production area stressed.
  - **Europe** – Overwintering conditions remain favorable for dormant winter grains in central and northern Europe, although many areas lack protective snow cover. Very cold air moved into portions of northern Europe early this week, threatening some Polish wheat areas with winterkill.
  - **Russia / Ukraine** – Bitterly cold conditions blanket this region but protective snow cover is expected to prevent any significant winterkill.
  - **China** – North China Plain has been very dry for the last 90 days, but winter wheat remains dormant so moisture requirements are minimal at this time.

## Final Agenda for Farm Business Management Schools January 13 -14, 2009

*Pre-registration is required by calling 208-334-2090. A fee of \$15 will be charged at the door.*

- § Jan. 13, Lewiston - LCSC Workforce Training Bldg., 1920 3rd Avenue North (north Lewiston )
- § Jan. 14, Idaho Falls – ISU University Place at 1770 Science Drive, Center for Higher Education Classroom

### AGENDA – Jan. 13, 2009 in Lewiston (registration at 8:30 a.m.)

9:00 AM **Computerized “Mountain View Farms” grain/livestock marketing simulation** –  
Drs. Dana Hoag and Jay Parsons, Colorado State University ag economists  
**LUNCH** - served at the Brammer Building, 1225 Idaho Street.

1 PM **Sharpen Your Management Skills**, Ken Hart, UI Extension  
1:20 PM **Calculating Impact of Input Costs on Farm Income and Land Rent**, Dr. Kathleen Painter, UI  
agricultural economist  
2:00 PM **Grain Market Volatility and Marketing Tools**, Dr. Mikel Taylor, WSU agricultural economist  
2:50 PM **World Grain Market Supply/Demand Outlook**, Kelly Olson, Administrator, IBC

### AGENDA – Jan. 14, 2009 in Idaho Falls (registration at 8:30 a.m.)

9:00 AM **Using Farm Business Decision Tools to fine-tune Your Input Costs**– Paul Patterson, UI agricultural economist and Ben Eborn, UI Extension

11:30 AM **Grain Marketing Plans / 2009 World Grain Market Outlook** – Kelly Olson, Administrator, IBC  
**LUNCH** – served on-site

1:10 PM **Computerized “Mountain View Farms” grain/livestock marketing simulation**  
Drs. Dana Hoag and Jay Parsons, Colorado State University agricultural economists