

**Idaho Grain Market Report, January 15, 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 14, 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	\$6.00	(2-R) NQ (6-R) NQ	\$4.50	\$5.07	\$6.77
Idaho Falls	NQ	(2-R)\$8.44-\$10.00 (6-R)\$8.44	NQ	NQ	NQ
Blackfoot / Pocatello	\$5.65	(2-R) \$8.50 (6-R) \$8.50	\$4.60	\$5.27	\$7.27
Grace / Soda Springs	\$6.75-\$6.85	(2-R) NQ (6-R) NQ	\$4.65	\$4.84-\$5.04	\$6.50-\$6.77
Burley / Rupert Hazelton	\$6.00-\$6.25	(2-R) \$8.44 (6-R) \$8.44	\$4.30	\$4.95	\$6.61
Twin Falls / Eden / Buhl	\$6.40-\$7.00	(2-R) NQ (6-R) NQ	\$4.05-\$4.20	NQ	NQ
Weiser	\$6.75	(2-R) NQ (6-R) NQ	\$4.49	NQ	NQ
Nez Perce / Craigmont	\$4.13	(2-R) \$5.63 (6-R) \$5.63	\$5.06	\$5.75	\$7.47
Lewiston	\$4.58	(2-R) \$6.08 (6-R) \$6.08	\$5.25	\$5.94	\$7.66
Moscow / Genesee	\$4.18-\$6.00	(2-R) \$5.68 (6-R) \$5.68	\$5.02-\$5.70	\$5.71-\$6.38	\$7.43-\$8.14

**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 \$5.65-\$5.70 Feb \$5.70	Jan \$6.35-\$6.40	Jan \$8.02-\$8.12
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	\$6.95	NQ	NQ	\$4.74	\$5.18	\$6.93
Great Falls	\$2.75-\$5.20	NQ	\$10.00	NQ	\$4.49-\$4.76	\$7.39-\$7.57
Minneapolis	\$6.67	NQ	\$10.83	NQ	\$6.19 ¾ (12%)	\$7.71 ¾-\$7.86 ¾

**Market trends this week**

**BARLEY** – Local barley prices were mixed, ranging from \$1.50 lower to \$.35 higher this week. USDA didn't report any barley export sales last week. Barley export shipments last week totaled .7 TMT, all for Canada.

**USDA's S&D report for MY 2008/09 - BARLEY – January 12** – USDA made no adjustments to its U.S. barley balance sheet this month, but continued to tighten its average farm-gate price projection to \$4.95-\$5.35/bu.

- World barley production is projected to be up 15% to 153.5 MMT. US production increased 13% to 5.2 MMT.
- World barley supplies also are projected to be up 11% to 171.8 MMT, and US supplies are 10% higher at 6.7 MMT.
- World barley trade is expected to increase by 4% to 19.2 MMT. US exports are projected to fall by 51% to .45 MMT, due to greater competition from Australia, Canada and Black Sea region.
- World barley consumption is projected to increase 5% to 143.6 MMT, and US usage is expected to increase 19% to 5.2 MMT.
- World barley carryover stocks are estimated to jump 54% to 28.2 MMT, while US carryout is projected to increase by 13% to 1.7 MMT.

**Quarterly Barley Stocks** – USDA pegged U.S. barley stocks in all positions on December 1, 2008 at 173 million bu, up 27% from a year ago. The September – November 2008 indicated usage was 35.9 million bu, down 32% from the same period a year ago.

**Barley Competitor/Buyer News** – USDA raised their EU barley production estimate by .2 MMT this month to 65.579 MMT. They also raised their barley export estimate for Ukraine by .5 MMT to 5.0 MMT.

**WHEAT** – Local wheat prices were mostly lower this week: SWW ranged from 12 cents lower to 13 cents higher; HRW was 25 to 60 cents lower; and DNS was 10 to 18 cents lower. U.S. wheat export sales last week came in below trade expectations at 87.9 TMT, which was up 210% from the previous week, however it was down 64% from the prior 4-week average. Export shipments last week totaled 570.5 TMT, up 62% from the week before and 85% above the prior 4-week average.

**USDA's S&D and quarterly stocks reports were bearish for wheat but the 2009 winter wheat seedings report was bullish...** **USDA's S&D report for MY 2008/09 - WHEAT – January 12** – USDA lowered seed usage by 2 million bu to 80 million bu and lowered domestic feed usage by 30 million bu to 230 million bu, resulting in a 32 million bu increase in ending stocks to 655 million bu. This was above the average pre-report trade estimate of 600 million bu. USDA also tightened their average farm-gate price projection for U.S. wheat to \$6.50 - \$6.90/bu. **World wheat production was lowered by 1.1 MMT this month to 682.9 MMT (more than 72 MMT above last year), with expected cut in Argentine production. However, world wheat ending stocks were increased by 1 MMT to 148.4 MMT, reflecting larger carryover in the U.S. This is nearly 29 MMT above last year.**

- World wheat production is pegged 11% higher at 682.9 MMT. The US wheat crop is 21% higher at 68 MMT.
- World wheat supplies are forecast 8% higher at 802 MMT, while US supplies are 11% bigger at 76.3 MMT.
- World wheat trade is expected to increase 8% to 125.2 MMT, while U.S. exports are estimated to decrease 22% to 27 MMT.
- World wheat consumption is projected to increase by 5% to 653.8 MMT, and U.S. consumption is expected to increase by 20% to 34.3 MMT.
- World wheat carryover stocks are estimated to increase by 24% to 148.4 MMT. US stocks are pegged to jump 114% to 17.8 MMT.

**2009 Winter Wheat Seedings** – USDA delivered a bullish surprise in their first official estimate of 2009 U.S. winter wheat acres – projecting seedings at **42.1 million, down 9% from last year**, compared to an average pre-report trade estimate of 44.2 million. By wheat class:

- § Hard Red Winter acres at 30.2 million, down 4%
- § Soft Red Winter at 8.29 million, down 26%
- § White Winter at 3.62 million., up 1%

**Quarterly Wheat Stocks**– USDA pegged U.S. wheat stocks in all positions on December 1, 2008 at 1.42 billion bu, up 26% from a year ago. The September – November 2008 indicated usage was 436 million bu, down 25% from the same period a year ago. This is higher than the average pre-report trade estimate of 1.365 billion bu.

**Wheat Competitor/Buyer News** – As expected, USDA lowered their Argentine wheat production estimate this month by 1 MMT to 9.5 MMT and also lowered their exports by 1 MMT to 4.3 MMT. USDA left their Australian wheat estimate unchanged at 20 MMT, in line with ABARE's estimate last month of 19.9 MMT. USDA raised their export projection for Russia by 1 MMT this month to 15.0 MMT as burdensome supplies of wheat have made Russia the low-cost competitor in many markets. Saudi Arabia reportedly purchased 385 TMT of Canadian wheat in their recent tender. Egypt reportedly bought 60 TMT Russian wheat, while Tunisia purchased 100 TMT optional origin wheat. **International wheat import tender line-up...** Pakistan (250 TMT U.S. white wheat still pending; 150 TMT optional origin), Syria (200 TMT), Jordan (100 TMT), Bangladesh (100 TMT).

**CORN** - Corn export sales last week also came in below trade expectations, hitting another marketing year low at 216.1 TMT, down 17% from the previous week and 49% from the prior 4-week average. Export shipments last week totaled 611.6 TMT, unchanged from the previous week, but 11% below the 4-week average.

**USDA's S&D and quarterly stocks reports were bearish for corn...**

**USDA's S&D report for MY 2008/09 - CORN – January 12** – USDA delivered a few bearish surprises in their key reports this week – they raised production by 81 million bu to 12.101 billion bu – 119 million bu above the average pre-report trade estimate of 11.982 billion bu. They increased both final harvested acres (up .4 million to 78.6 million) and average yields (up .1 to 153.9 bu/ac). USDA lowered domestic feed usage by 50 million bu to 5.3 billion bu; lowered domestic food and industrial use by 135 million bu to 4.9 billion bu (another 100 million cut to ethanol usage); and lowered U.S. exports by another 50 million bu to 1.75 billion bu. This resulted in a 316 million bu increase in U.S. ending stocks to 1.79 billion bu, well above the average pre-report trade estimate of 1.489 billion bu. USDA tightened their farm gate price estimate to \$3.55 - \$4.25/bu. **Global corn production was increased by 5 MMT to 791 MMT (down slightly from last**

year), due to a big hike in Chinese production. World ending stocks were increased by 12 MMT to 136 MMT, which is now nearly 8 MMT above a year ago.

- World corn production is projected to decrease by .1% to 791 MMT. The US corn is down 7% to 307.4 MMT.
- World corn supplies are expected to increase by 2% to 919 MMT, while US supplies are 5% lower at 348.6 MMT.
- World corn trade is projected to decrease 19% to 77.9 MMT, due to increased availability of feed wheat. US corn exports are expected to decrease 26% to 45 MMT.
- World corn consumption is up 1% to 783.2 MMT. US usage is expected to fall 1% to 259.1 MMT.
- World corn carryover stocks are estimated to increase 6% to 136 MMT, while US stocks are expected to increase by 10% to 45.5 MMT.

**Quarterly Corn Stocks** – USDA pegged U.S. corn stocks in all positions on December 1, 2008 at 10.1 billion bu, down 2% from a year ago. The September – November 2008 indicated usage was 3.64 billion bu, down 10% from the same period a year ago. This is higher than the average pre-report trade estimate of 9.845 billion bu.

**Corn Competitor/Buyer News** – USDA pegged the Chinese corn crop at 165.5 MMT (up 5.5 MMT from last month), Argentine crop at 16.5 MMT (down 1.5 MMT) and the Brazilian crop at 51.5 MMT (down 2 MMT). Brazilian agency has forecast their corn crop at 52.3 MMT last week. A South Korean buyer purchased 101 TMT corn this week, 46 TMT U.S. and 55 TMT other origins.

#### Futures market activity this week

**Another bad week for Wall Street...** The Dow closed sharply lower last Friday in response to a negative jobs report (unemployment now 7.2% and rising) and further retreated on Monday as traders braced for more disappointing 4<sup>th</sup> quarter corporate earnings reports. Sharp losses were triggered on Wednesday - erasing recent gains - on a dismal retail sales report showing sales falling more than 2.7% in December, which is about two times more than economists had expected. Deepening weakness in the banking sector also weighed on stocks this week. Citigroup is selling a 51% stake in its brokerage unit in order to raise badly needed cash while Deutsch Bank reported a HUGE 4<sup>th</sup> quarter loss topping \$6 billion. And there are **more storm clouds on the horizon**, including growing uncertainty about Congressional release of the final \$350 billion in their original financial assistance package that had been approved last fall to shore up the U.S. banking system and unfreeze credit markets.

**Wheat** – Wheat futures began the week nearly limit down under pressure from bearish USDA reports which showed bigger than expected quarterly stocks and 2008-09 ending stocks. Wheat saw a modest bounce on Tuesday on spillover support from soybeans and renewed weather concerns as weather models show strong potential for winterkill, particularly in SRW areas, later this week. However, gains were limited by continued weakness in the corn market. Wednesday brought a late session bounce in mostly thin choppy trading, with support from continued weather concerns and ideas that index funds were continuing to reallocate their investment portfolios. Wheat finished lower today (Thursday) on thin trading as weak outside markets weighed on prices. Weather was also a continued concern for the Midwest, which helped limit bearish pressure from the export data. **Wheat market closes on Thursday, 1/15...**

	<u>Mar 09</u>	<u>Weekly Summary</u>	<u>May 09</u>	<u>Weekly Summary</u>
Chicago	\$5.68 <sup>3</sup> / <sub>4</sub>	Down \$.60 <sup>3</sup> / <sub>4</sub>	\$5.81 <sup>1</sup> / <sub>2</sub>	Down \$.60 <sup>3</sup> / <sub>4</sub>
Kansas City	\$5.94 <sup>1</sup> / <sub>2</sub>	Down \$.56 <sup>1</sup> / <sub>2</sub>	\$6.05 <sup>1</sup> / <sub>2</sub>	Down \$.57
Minneapolis DNS	\$6.41 <sup>3</sup> / <sub>4</sub>	Down \$.38 <sup>1</sup> / <sub>2</sub>	\$6.39 <sup>1</sup> / <sub>4</sub>	Down \$.45 <sup>3</sup> / <sub>4</sub>

**Corn** – Corn prices began the week limit down under pressure from USDA's larger than expected production and ending stock estimates. Prices continued under pressure on Tuesday in follow-through selling from Monday's bearish stock reports, but losses were somewhat trimmed by underlying concerns about persistent dryness in key South American corn production areas. Corn prices turned moderately higher on Wednesday despite negative outside influences (sharply lower equities, higher U.S. dollar and lower crude oil). Corn finished slightly lower today (Thursday) as a lower crude oil market, disappointing export data and a stronger dollar seemed to keep in check any support from the continued dryness in South America. **Mar 09 corn contract closed on Thursday, 1/14, at \$3.65 <sup>1</sup>/<sub>4</sub>, down \$.45 <sup>1</sup>/<sub>2</sub> for the week and the May 09 contract at \$3.76 <sup>1</sup>/<sub>4</sub>, down \$.45 for the week.**

#### Other Major Factors to Watch

- § **Crude oil** – Crude oil prices fell 8% on Monday and then continued to chop around mid week, settling to 6-week lows on fears of a prolonged global recession. DOE's weekly supply report confirmed higher than expected build up in inventory on Wednesday.
- § **International Weather/Crop Watch** –
  - **South America** – Hot, dry conditions persisted in many key corn production areas this week.