

**Idaho Grain Market Report, March 19, 2009**

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**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, March 18, 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	\$6.00	(2-R) NQ (6-R) NQ	\$4.40	\$5.35	\$6.86
Idaho Falls	\$5.75	(2-R)\$8.44-\$8.50 (6-R)\$8.44	\$4.35	\$5.13	\$6.63
Blackfoot / Pocatello	\$5.58	(2-R) \$7.50 (6-R) \$7.50	\$4.50	\$5.06	\$6.82
Grace / Soda Springs	\$6.32	(2-R) NQ (6-R) NQ	\$4.25	\$5.12	\$6.78
Burley / Rupert Hazelton	\$6.00	(2-R) \$8.44 (6-R) \$8.44	\$4.25-\$4.27	\$4.95	\$6.50
Twin Falls / Eden / Buhl	\$6.00-\$6.20	(2-R) NQ (6-R) NQ	\$3.60-\$4.02	NQ	NQ
Weiser	\$6.75	(2-R) NQ (6-R) NQ	\$4.25	NQ	NQ
Nez Perce / Craigmont	\$4.63	(2-R) \$6.13 (6-R) \$6.13	\$4.86	\$5.64	\$7.19
Lewiston	\$5.08	(2-R) \$6.58 (6-R) \$6.58	\$5.05	\$5.83	\$7.38
Moscow / Genesee	\$4.68-\$6.00	(2-R) \$6.18 (6-R) \$6.18	\$4.82-\$5.65	\$5.60-\$6.23	\$7.15-\$7.92

**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	Mar \$5.45-\$5.55 Aug NC \$5.20-\$5.45	Mar \$6.25-\$6.38 Aug NC \$6.29-\$6.39	Mar \$7.79-\$7.94 Aug NC \$6.91-\$6.96
Los Angeles	\$8.20	NQ	NQ	NQ	NQ	NQ
Stockton	\$9.00	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.40	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	NQ	NQ	NQ
Great Falls	\$2.75-\$5.50	NQ	\$8.00	NQ	\$4.69-\$4.85	\$6.71-\$7.00
Minneapolis	\$5.21	NQ	NQ	NQ	\$6.01 ¾ (12%)	\$7.38 ¾ - \$7.48 ¾

**Market trends this week**

**BARLEY** – Local barley prices were mixed, ranging from 25 cents higher to 15 cents lower this week. USDA did not report any export sales last week. Export shipments totaled 1.2 TMT for Canada last week.

**Barley Competitor/Buyer News** – Iran tendered for 110 TMT of barley this week for May-June delivery.

**WHEAT** – Local wheat prices were mostly higher this week: SWW ranged from no change to 20 cents higher; HRW ranged from 10 to 30 cents higher; and DNS from 8 to 18 cents higher. U.S. wheat export sales last week were below trade expectations at 213.8 TMT, down 41% from the previous week and 45% from the prior 4-week average. Export shipments last week totaled 311.6 TMT, down 31% from the week before and 1% from the prior 4-week average.

**2009 acreage debate** – USDA will release their first official estimate of 2009 seedings on March 31, but several private forecasts have been released. Informa is projecting total U.S. wheat acres at 59.7 million, down 5% from a year ago. USDA released their winter wheat seeding projection on January 12, showing U.S. winter wheat acres at 42.1 million,

down 9% from last year. HRW acres were pegged at 30.2 million (down 4%); SRW acres at 8.29 million (down 26%); and SW acres at 3.62 million (up 1%).

**Wheat Competitor/Buyer News** – India may begin to subsidize wheat exports in an effort trim government stockpiles which are projected to reach a 7-year high of 30 MMT. China's 2009 wheat crop has been projected at 111 MMT, compared to 113 MMT last year. Ukrainian wheat production has been pegged at 20 MMT, compared to 25.9 MMT last year. Egypt purchased 200 TMT of Russian wheat and Saudi Arabia purchased 385 TMT of Canadian wheat this week.

**CORN** – Corn export sales were below trade expectations last week at 440.6 TMT, down 60% from the previous week and 52% from prior 4-week average. Export shipments last week totaled 933.5 TMT, which were down 13% from the previous week; however they were up 2% from the prior 4-week average.

**2009 acreage debate** – Informa has pegged U.S. corn acres at 81.4 million, down 5% from a year ago. Farm Futures is projecting corn acreage at 82.46 million, down 4%. Reuters' Food and Ag Summit pegged corn acreage at 83-85 million. Most demand projections for MY 09/10 suggest that 84 million acres will need to be planted in order to avoid a sharp drawdown in stocks and run-up in prices like we saw in 2007-08. Right now, the corn-soybean price ratio puts corn in a competitive position, but with much higher input costs, corn may be more financially risky to plant in this uncertain economic environment.

**Corn Competitor/Buyer News** – A Chinese agency has projected their 2009 corn crop at 163 MMT, slightly below last year's record crop. Brazilian corn exports in January and February were a reported 2 MMT, more than double the amount for the same period a year ago. Iran tendered for 110 TMT of corn this week. South Korea purchased 170 TMT U.S. corn this week, plus an additional 110 TMT optional origin U.S. or South American.

### Futures market activity this week

Stocks continued their gains this week on emerging signs that economic conditions were slowly improving. Some of the key indicators this week included:

- § Financial Accounting Standards Board has proposed some changes to the mark-to-market accounting rule which requires banks to downgrade their assets to current market values. FASB is proposing companies have more leeway in pricing illiquid assets that have been rendered nearly worthless by a lack of current buyers. FASB will vote on this proposal on April 2. If approved, it could result in improved capital ratios for the leading financial institutions, freeing up more lending and drawing more private investors back to bank stocks.
- § Housing starts jumped a surprising 22% in February.
- § Federal Reserve announced on Wednesday it was keeping short term interest rates near zero percent and was greatly expanding its unconventional efforts to lower interest rates and stimulate the economy by authorizing up to \$750 billion in purchases of distressed mortgage-backed securities and \$300 billion in long-term Treasuries notes. These actions pushed the U.S. dollar sharply lower against other major currencies.
- § **Advances in outside markets clearly provided some underlying support for commodities this week, but analysts point to several factors that will be key to sustaining a commodities rally this spring:**
- § Financial markets remain stable. Many analysts expect turmoil to continue as the banking sector faces more asset write-downs.
- § Weather becomes more of a factor in the Plains / Midwest.
- § Acreage debate/concerns intensify.

**Wheat** – Wheat futures led the gains on Monday on short covering that was triggered by a return of mostly dry weather to the lower Plains. A lower U.S. dollar also provided support. Prices continued to advance on Tuesday on support from outside markets as well as weather concerns underscored by dry conditions in the key areas of the Central and Southern Plains and potential flooding in the Northern Plains. Wheat prices slumped on Wednesday despite a sharply lower dollar. Profit-taking and bearish export news (Egyptian purchases of Russian wheat) were the primary factors. Wheat finished sharply higher today (Thursday), boosted by a sharp two-day drop in the U.S. dollar and weather concerns. **Wheat market closes on Thursday, 3/19/09...**

	<b>May 09</b>	<b>Weekly Summary</b>	<b>July 09</b>	<b>Weekly Summary</b>
Chicago	\$5.55 ¼	Up \$.37	\$5.67 ¾	Up \$.37
Kansas City	\$6.06	Up \$.36	\$6.16 ¾	Up \$.37 ½
Minneapolis DNS	\$6.39 ¼	Up \$.30	\$6.35 ¾	Up \$.35

**Corn** – Corn prices began the week modestly higher on support from outside markets, but gains were limited by increased farmer selling. Corn lost ground on Tuesday in response to mixed signals from outside markets and a lack of fresh fundamental news. Corn prices chopped on both sides on Wednesday, sliding a bit lower on fund selling and early weakness in crude oil. Corn finished higher today (Thursday) as fund managers look to commodities for an inflationary hedge after the Federal Reserve's move on Wednesday to pump an additional \$1 trillion into the U.S. economy. **May 09 corn contract closed on Thursday, 3/19/09, at \$3.96 ½, up \$.08 for the week and the July 09 contract at \$4.07, up \$.08 ¾ for the week.**

### Other Major Factors to Watch

§ **Crude oil** – Crude oil saw impressive gains this week on a combination of factors including signs that a long-term low may have been reached. Advances came despite a vote by OPEC over the weekend not to cut production further to stimulate prices. Earlier this year OPEC cut production quotas by more than 4 million barrels per day and compliance is reportedly more than 80%. Prices came under some pressure on Wednesday on another bearish inventory report which showed crude oil stocks increasing by 2.0 million barrels – double what trade analysts had expected. Gasoline inventories also saw a bigger than expected build at 3.2 million barrels. Distillates, on the other hand, saw a build of 112,000 bbls compared to an expected 1.0 million bbls. Prices crossed the \$50 mark on Thursday on support from a falling dollar and underlying supportive fundamentals.

§ **International Weather/Crop Watch** –

- **La Nina** - Recent signs indicate that eastern Pacific Ocean temperatures cooled somewhat last week, suggesting that the recent warming trend may be slowing. This suggests a bias in the Plains toward dry conditions and wetter than normal conditions in the upper Midwest.
- **US hard red winter wheat belt** - Conditions continued to be mostly dry this week with many crop watchers noting that nearly half of the winter wheat belt has received less than a half of inch of moisture in the past 6 weeks. However, the 5-10 day outlook shows improved chances of rain.
- **North China Plain** – Mostly hot and dry this week but rain was forecast for the weekend.