

Idaho Grain Market Report, April 8, 2011

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, April 6, 2011. 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) \$11.50 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$10.75	(2-R) NQ (6-R) NQ	\$7.00	\$8.12	\$10.80
Idaho Falls	\$11.00	(2-R) \$11.25-\$11.50 (6-R) \$11.25	\$7.25	\$8.46	\$11.00
Blackfoot / Pocatello	\$9.89	(2-R) \$11.50 (6-R) NQ	\$7.50	\$7.83	\$11.07
Grace / Soda Springs	\$10.94	(2-R) NQ (6-R) NQ	\$7.25	\$8.12	\$10.62
Burley / Rupert Hazelton	\$10.00-\$10.50	(2-R) \$11.25 (6-R) \$11.25	\$7.15-\$7.20	\$8.09	\$10.74
Twin Falls / Eden / Buhl	\$11.75-\$12.10	(2-R) NQ (6-R) NQ	\$6.90-\$7.00	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$6.89	NQ	NQ
Nez Perce / Craigmont	\$10.10	(2-R) \$10.10 (6-R) \$10.10	\$7.34	\$9.03	\$11.98
Lewiston	\$10.35	(2-R) \$10.35 (6-R) \$10.35	\$7.53	\$9.22	\$12.17
Moscow / Genesee	\$10.15-\$12.25	(2-R) \$10.15 (6-R) \$10.15	\$7.30-\$8.05	\$8.99-\$9.79	\$11.94-\$12.29

Trading Prices at Selected Terminal Markets, cash prices FOB

	#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	Apr \$7.95-\$8.10 Aug NC \$7.85-\$8.00	Apr \$9.60-\$9.85 Aug NC \$9.58-\$9.63	Apr \$12.10-\$12.30 Aug NC \$10.86-\$11.11
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.50	NQ	NQ	\$7.50	\$8.29	\$10.75
Great Falls	\$9.75-\$10.00	NQ	\$11.00	NQ	\$7.15-\$7.46	\$10.85-\$11.36
Minneapolis	\$10.42	NQ	\$12.71	NQ	\$9.21 ½ (12%)	\$12.11-\$13.66

Market trends this week

BARLEY – Local barley prices were higher this week ranging from no change to \$1.50 higher in southern Idaho and from \$.15 to \$.75 higher in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

USDA's MY 2010/11 S&D report for BARLEY – April 8 - USDA made no changes to the U.S. barley balance sheet this month. They continued to tighten the average farm-gate barley price to \$3.75-\$3.85/bu. **World barley production was cut by 0.4 MMT this month to 123.8 MMT, due mainly to a lower production estimates for Ukraine and Morocco, partially offset by higher production estimates for Russia and China. World barley ending stocks were increased by 0.56 MMT to 22.7 MMT due to a bigger projected carryout for Ukraine and Saudi Arabia.**

WHEAT – Local wheat prices were also higher this week: SWW ranged from 20 to 80 cents higher; HRW ranged from 18 to 88 cents higher; and DNS ranged from 22 to 73 cents higher. USDA reported that wheat export sales last week were well above trade expectations at 458.8 TMT for the current market year (plus sales of 264.1 TMT for MY 2011/12), up 69% from the previous week, but down 15% from the prior 4-week average. Cumulative wheat export sales now tally 97.5% of the USDA estimate for the year, compared to a 5-year average of 93.2%. Wheat export shipments last week totaled 722.2 TMT, down 19% from the previous week; however it was up 4% from the prior 4-week average.

USDA's MY 2010/11 S&D report for WHEAT – April 8 – USDA surprised the trade by **lowering ending stocks by 4 million bu to 839 million bu**, as a result of raising seed usage by an equivalent amount. The trade had expected U.S. ending stocks to increase to 861 million bu this month. They lowered the average farm-gate wheat price to \$5.50-\$5.70/bu. **World wheat production was lowered this month by 0.42 MMT to 647.2 MMT, due to revised production estimates for Egypt (lower) and Iran (higher). World wheat ending stocks were increased by 0.9 MMT to 182.8 MMT, which is 15.1 MMT or 8% below the previous year.**

Wheat Competitor/Buyer News – USDA made several adjustments to world wheat export projections this month... they raised EU exports by 1.0 MMT to 22.0 MMT, raised Australian exports by 1.0 MMT to 14.5 MMT, lowered Canadian exports by .5 MMT to 17.0 MMT and lowered Ukrainian exports by .5 MMT to 3.5 MMT. The Indian government is now pegging its new year wheat crop at 84.3 MMT, up sharply from previous forecast of 81.47 MMT and MY 2010/11 crop of 80.8 MMT. The EU granted export licenses for 286,000 MT of wheat this week, bringing cumulative wheat exports for the entire year to 15.7 MMT, up from 13.7 MMT a year ago.

CORN – Corn export sales were on the high end of trade expectations at 619.6 TMT (plus sales of 189.3 TMT for MY 2011/12), down 68% from the previous week and 43% from the prior 4-week average. Cumulative corn export sales now total 78.6% of the USDA total for the year, compared to a 5-year average of 74.6%. Corn export shipments last week totaled 1.02 MMT, which was unchanged from the previous week and up 2% from the prior 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production last week totaled 902,000 bbls, down 0.11% from last week but up 8.41% from last year. Implied corn usage is 94.71 million bu.

USDA's MY 2010/11 S&D report for CORN – April 8 – **The trade had expected USDA to lower U.S. corn ending stocks 80 million bu but instead USDA kept ending stocks unchanged at 675 million bu.** This is likely to be considered bearish by the futures trade. Within the corn balance sheet, USDA lowered domestic feed usage by 50 million bu to 5.15 billion bu while raising ethanol usage by an equivalent amount to 5.0 billion bu. (37% of total U.S. consumption). They tightened the average farm-gate corn price to \$5.20-\$5.60/bu this month. **World corn production was increased by 1.16 MMT this month to 814.9 MMT, with the biggest increases reported for Brazil, Uganda and Paraguay. This increase was more than the trade had expected. World corn ending stocks were cut by .7 MMT to 122.4 MMT, which is 23 MMT or 16% below last year.**

Corn Competitor/Buyer News – US Grains Council reports this week that according to their own surveys Chinese corn stocks are likely 10 to 12 MMT below official Chinese government estimates and that China needs to import 2 to 3 MMT of old crop corn. Brazil raised their corn production estimate this week to 55.6 MMT, up from their previous estimate of 55.0 MMT but below last year's 55.97 MMT. USDA pegged the Brazilian corn crop today at 55.0 MMT and exports at 8.5 MMT (up .5 MMT from last month). USDA raised their corn import projection for China this month by .5 MMT to a total of 1.5 MMT.

Futures market activity this week

WHEAT – Wheat markets began the week sharply higher on spillover support from the corn rally and hot dry conditions over the weekend which continued to stress an already poor hard red winter wheat crop. Gains could not be sustained, however, as prices slipped moderately lower on Tuesday on profit-taking sparked by news that China had raised its key interest rates again, the 4th rate hike since last October, which has some investors worried about future commodity demand. Wheat prices continued under profit-taking pressure on Wednesday, with weakness sparked by spillover pressure from lower corn and updated weather forecasts showing some chances for rain in the HRW wheat belt this weekend and into next week. Wheat finished lower again Thursday as news of a 7.1 earthquake aftershock off of Japan's northeastern coast sparked aggressive long liquidation. **Wheat futures market closes on Thursday, 04/7/11...**

	May 2011	Weekly Summary	July 2011	Weekly Summary
Chicago	\$7.73 ¼	Up \$0.13 ¾	\$8.09	Up \$0.13
Kansas City	\$9.22 ¾	Up \$0.16 ¼	\$9.33 ¾	Up \$0.16 ½
Minneapolis DNS	\$9.40 ¾	Up \$0.18 ¼	\$9.50	Up \$0.19 ½

CORN – Follow-through buying from the previous week's bullish reports helped push corn double digits higher on Monday. This strong rally has been buoyed by ideas that prices need to move higher to ration supplies until the new crop harvest in September. Corn continued to climb higher on Tuesday, touching new all time highs on a report from the US Grains Council that Chinese corn reserves may be 10 to 12 MMT lower than their own government estimates and that they are likely to need to import 2 to 3 MMT of old crop corn. Wednesday saw prices retreat on corrective profit-taking pressures. Corn opened higher on Thursday in positioning ahead of Friday's S&D report as the trade expects USDA to further tighten U.S. stocks to historically low levels, but then slipped modestly lower on market-wide selling that was triggered by investor worries over a report of a major Japanese earthquake aftershock. **May 2011 corn futures contract closed Thursday, 04/7/11, at \$7.59, up \$0.23 and the July 2011 contract closed at \$7.66 ¼, up \$0.23 ¼ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – The crude oil market pushed strongly higher this week, topping \$110/bbl on Thursday, on continuing

uncertainties in North Africa and Middle East and ideas that economic growth means stronger demand lies ahead. The weekly government petroleum stocks report continued to show ample supplies... crude oil stocks increased by 1.95 million bbls compared to an expected increase of 2.0 million bbls; distillate supplies increased by 100,000 bbls; and gasoline stocks declined by 357,000 bbls, compared to an expected draw of 1.9 million bbls.

▪ **U.S. WEATHER / CROP WATCH** – Hot dry winds last weekend exacerbated already poor conditions for at least 25% of the HRW crop. USDA confirmed these poor conditions in their first national crop condition rating, pegging the winter wheat crop at 299 out of 500 possible, the 5th lowest rating since USDA starting keeping these rating scores in the early 1980s, and 72 points below last year. Thunderstorms were scattered across the Corn Belt this week, delaying fieldwork in many areas. Meanwhile a wet pattern was expected to persist in the Upper Midwest where flooding risks remain high in the Red River Valley and chances of localized flooding extend into the Ohio and Tennessee Valleys. Some weather forecasts show chances of rain this weekend and into the middle of next week that could cover about a third of the HRW belt, but the extended outlook remains warm and dry.

▪ **INTERNATIONAL WEATHER / CROPS**

- **Europe** – Recent showers in France and Spain favor vegetative to reproductive winter grains, while dry warmer than normal conditions across much of Germany and Poland have reduced soil moisture needed for developing winter grains.
- **Former Soviet Union** – winter crops have broken dormancy across Ukraine and Russia’s Southern District, while snow is melting in Western Russia. Deep snow remains in the Volga District and Siberia.
- **Middle East** – Sunny above normal temperatures are promoting winter grain development in Iraq and Iran after recent beneficial moisture.
- **Northern Africa** – Dry warmer than normal temperatures accelerating winter grain development.
- **China** – Winter wheat is reported by the Chinese government to be in better than expected condition considering dry winter conditions. The northeastern region continued to see moisture stress during the jointing stage, while southern and western edges received beneficial moisture. More heat is in the 6 to 15 day outlook.
- **Argentina** – Dry seasonably mild weather is aiding corn and soybean harvest.
- **Brazil** – Heavy rainfall in south-central region is favoring corn yields but delaying soybean harvest. Brazilian government raised their corn production estimate this week to 55.6 MMT, up from previous estimate of 55.0 MMT but below last year’s 55.97 MMT.

USDA Crop Progress / Condition Report, April 4, 2011

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US winter wheat					37%	NA	65%
ID winter wheat					82%		87%