

Idaho Grain Market Report, April 22, 2010

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, April 21, 2010. 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) \$6.50 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$6.00	(2-R) NQ (6-R) NQ	\$4.15	\$4.05	\$5.42
Idaho Falls	\$6.00	(2-R)\$6.50-\$6.85 (6-R)\$6.50	\$4.05	\$4.00	\$5.62
Blackfoot / Pocatello	\$5.93	(2-R) \$6.50 (6-R) NQ	\$4.00	\$3.94	\$5.72
Grace / Soda Springs	\$5.85	(2-R) NQ (6-R) NQ	\$3.90	\$4.00	\$5.63
Burley / Rupert Hazelton	\$5.25-\$5.50	(2-R) \$6.50 (6-R) \$6.50	\$3.80-\$3.85	\$3.98	\$5.55
Twin Falls / Eden / Buhl	\$5.70-\$6.50	(2-R) NQ (6-R) NQ	\$3.40-\$3.90	NQ	NQ
Weiser	\$5.85	(2-R) NQ (6-R) NQ	\$3.83	NQ	NQ
Nez Perce / Craigmont	\$4.85	(2-R) \$4.85 (6-R) \$4.85	\$4.14	\$4.78	\$6.25
Lewiston	\$5.10	(2-R) \$5.10 (6-R) \$5.10	\$4.33	\$4.97	\$6.44
Moscow / Genesee	\$4.90-\$6.25	(2-R) \$4.90 (6-R) \$4.90	\$4.10-\$4.80	\$4.74-\$5.41	\$6.21-\$6.77

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	Apr \$4.80-\$4.85 Aug NC \$4.85-\$4.90	Apr \$5.40-\$5.45 Aug NC \$5.42-\$5.52	Apr \$6.77-\$7.01 Aug NC \$6.38-\$6.44
Los Angeles	\$8.00	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.00	NQ	NQ	NQ	NQ	NQ
Ogden	\$5.93	NQ	NQ	\$4.15	\$4.15	\$5.62
Great Falls	\$4.50-\$4.75	NQ	\$6.00	NQ	\$3.68-\$3.81	\$5.80-\$6.01
Minneapolis	\$4.17	NQ	\$6.25	NQ	\$4.81 ¼ (12%)	\$6.46 ¼ - \$7.01 ¼

Market trends this week

BARLEY – Local barley prices were steady in both southern and northern Idaho. USDA reported that there were no barley export sales last week, while barley export shipments totaled .4 TMT for Mexico.

Barley Competitor/Buyer News – EU grain analysts have pegged their 2010 barley crop at 56.6 MMT, down about 9% from last year's 62.1 MMT. A big cut in acres was expected across the EU region due to large carryover stocks from 2009-10 which depressed prices coupled with the elimination of the government intervention protection for barley in the new grain year. EU acres are shifting into wheat, canola and corn.

WHEAT – Local wheat prices were mixed this week: SWW ranged from 8 cents lower to 5 cents higher; HRW prices ranged from 6 cents lower to 11 cents higher; and DNS ranged from 23 cents lower to 8 cents higher. U.S. wheat export sales last week were within trade expectations at a total of 464.7 TMT, of which 166.4 TMT was sold for shipment in the current marketing year, up 65% from the previous week but down 46% from the prior 4-week average. Export sales for new marketing year 2010/11 totaled 298.3 TMT. Cumulative wheat export sales have now reached 92.2% of the USDA

projection for the marketing year, compared to a 5-year average pace of 95.2%. Wheat export shipments totaled 432 TMT, down 9% from the previous week and 17% from the prior 4-week average.

International Grain Council's forecast for Marketing Year 2010/11 (April 22) – IGC is forecasting world wheat production at 658 MMT, 17 MMT less than in 2009/10. They noted winter wheat remains in generally good condition in Europe and former Soviet Union while spring plantings were making good progress. US winter wheat acres were down 13% but the crop is developing very well. Concerns were noted about heat damage to India's wheat crop and conditions were less favorable in Northern Africa compared to a year ago. Global consumption was pegged at 654 MMT, 9 MMT more than this year, but still below production. **World wheat stocks are forecast to increase by 3 MMT to a 9 year high of 199 MMT.**

Wheat Competitor/Buyer News – Russian government announced they will allow their state-owned grain company to sell 1 MMT of grain reserves, mostly wheat, from a stockpile estimated as high as 10 MMT. Bangladesh purchased 300 TMT Russian wheat while Jordan purchased 50 TMT Black Sea wheat. **International wheat import tenders** – Algeria 50 TMT.

CORN – U.S. corn export sales were once again well above trade expectations last week at 1.48 MMT, up 47% from the previous week and 56% from the prior 4-week average. Cumulative corn export sales have now reached 79.5% of the USDA projection for the marketing year, compared to a 5-year average pace of 78.7%. Corn export shipments last week totaled 1.16 MMT, up 4% from the previous week and 6% from the prior 4-week average.

International Grain Council's forecast for Marketing Year 2010/11 (April 22) – IGC is forecasting world corn production at a record 809 MMT, 6 MMT more than in 2009/10, with plantings expected to increase in the U.S., South America, former Soviet Union and China. World consumption is pegged at record high of 818 MMT, up 13 MMT, once again exceeding production and allowing global stocks to decline for the second consecutive year to 140 MMT.

Corn Competitor/Buyer News – Rumors circulated again this week that China may need to import corn before their new crop is harvested. The Chinese government sold more than 1 MMT from their domestic reserves early this week, and some analysts believe that at current domestic usage these reserves could be depleted in a couple months, ahead of their new crop harvest. It is worth noting that estimates of Chinese reserves are usually inaccurate because China is always very secretive about such statistics. Indonesia purchased 120 TMT of South American corn this week and could be in the market for up to 700 TMT to cover needs left unmet by a drought-reduced domestic crop.

Futures market activity this week

WHEAT – Wheat prices plunged double digits on Monday in the face of a downdraft from weak outside markets as well as a bearish reversal in chart technicals. Ideal winter wheat crop conditions and a rapid spring planting pace also added to the negative tone. Prices, however, turned sharply higher on Tuesday and recovered much of Monday's losses, boosted by short covering and positive technical action. Wheat traded both sides of unchanged on Wednesday, finishing mixed to modestly higher in CHI but lower at KBOT and MGE as a higher dollar and favorable crop weather dominated trading sentiment. Strong spillover support from soybeans helped limit the downside in CHI. Another round of short covering propelled wheat higher today (Thursday), shrugging off weak outside markets to close at the highest level in more than a month. Spring wheat futures (MGE) were boosted by a big increase in the North Dakota durum loan rate which will likely cause a shift in acres from spring wheat to durum in that region. **Wheat market closes on Thursday, 4/22/10 ...**

	<u>May 2010</u>	<u>Weekly Summary</u>	<u>July 2010</u>	<u>Weekly Summary</u>
Chicago	\$4.98 ½	Up \$.08	\$5.11	Up \$.08 ½
Kansas City	\$5.10 ¼	Up \$.03 ¾	\$5.21	Up \$.04 ½
Minneapolis DNS	\$5.28 ¾	Up \$.08 ¾	\$5.40	Up \$.09 ¼

CORN – Corn began the week sharply lower under pressure from a steep drop in crude oil which triggered another round of long liquidations. Ideal weather across most of the Corn Belt allowed corn planting to progress to 19%, the second fastest pace on record. Corn rallied higher on Tuesday on ideas that Monday's break was overdone and support from a strong gains in energies. Wednesday saw corn prices settle moderately higher with support from improved cash markets and positive demand expectations accompanied by tightening supplies of good quality corn. Spillover support from higher soybeans also was noted. Corn finished modestly higher today (Thursday) on strong export sales and spillover support from soybeans, despite a sell-off in energies and a higher dollar. **May 2010 corn contract closed Thursday, 4/22/10, at \$3.62 ¼, down \$.01 ¾ for the week and the July 2010 contact closed at \$3.71 ½, down \$.02 ½ for the week.**

Near-by Commodity Outlook – technical chart signals turned positive in recent days, potentially signaling that a seasonal low has been posted

Wheat – Closed at the highest level in more than a month, with support from chart signals that are starting to turn positive and continued speculative short covering by trend-following funds which still hold significant short positions. This should limit the downside pressure, but further upside continues will require help from supportive outside markets, including investment money flow and the dollar. CHI broke above near-by resistance of \$4.98 and should continue to move to the next target level of \$5.25.

Corn - Recent firming is attributed to (1) spillover strength from soybeans, (2) increased money flow into both energies and grains, (3) improving export and ethanol demand and (4) unwinding of short positions held by trend-following funds which are beginning to go long. Gains have been limited by a rapid planting pace which could favor a shift of some expected soybean acres into corn as well as abundant near-by supplies. Corn is struggling to push through near-by resistance of \$3.65 which it needs to do to confirm a seasonal low. The next resistance is the 100-day moving average at \$3.76 ³/₄.

Other Major Factors to Watch -

- **Crude Oil** – Crude oil prices tumbled sharply on Monday to a three week low of \$81.45/bbl under pressure from a stronger dollar and demand concerns related to the sharp drop in jet fuel needs during the widespread cancellation of European air travel due to the Icelandic ash plume. Energies bounced back on Tuesday to more than \$83/bbl, buoyed by a lower dollar and resumption of some European air travel. The weekly petroleum stocks report was very bearish pushing crude oil modestly lower on Wednesday. Weekly crude oil stocks increased 1.9 million bbls, compared to an expected draw of 750,000 bbls; distillates increased 2.1 million bbls, compared to an expected build of 1.0 million bbls; and gasoline stocks increased a bearish 3.6 million bbls, compared to an expected build of 500,000 bbls.
- **U.S. weather** – Planting weather remained excellent across much of the U.S. this week, allowing corn and spring grain planting to progress faster than the five year average pace – corn was 19% planted as of Sunday and could progress to 50% planted by this weekend. Spring wheat was 20% planted compared to 14% average. Much of the Southern Plains saw beneficial moisture last weekend and more was expected during the following 10 days, limiting HRW crop stress during jointing to early heading. USDA pegged the winter wheat crop at 69% good/excellent, up from 65% last week and 43% last year. Scattered showers were noted in NE on Tuesday, moving into parts of IA, IL and IN on Wednesday. Widespread rains are expected to overspread the Midwest by this weekend, followed by a 4-5 day period early next week and then another storm system moving in toward at the end of next week. Planting interruptions are expected in some areas but the moisture will benefit crop germination and growth. The 6-10 and 8-14 day outlook turned wetter today, showing mostly below normal temps for the western and eastern Corn Belts and precipitation average to above average for most of the Corn Belt.
- **International weather / crop watch** –
 - **Canada** – Western prairies saw some favorable moisture this week.
 - **Europe** – Dry weather was prevalent across northern Europe, with some soil moisture deficits noted in areas of northern Germany and Poland. Locally heavy rains in Italy, Spain and the Balkans caused some spring planting delays but provided beneficial moisture for reproductive winter grains.
 - **Former Soviet Union** – The western region - Ukraine and southern Russia – received favorable spring showers which are helping to maintain soil moisture for tillering and jointing winter grains. Below normal temperatures were noted across Central Russia into Kazakhstan. .
 - **Middle East** – Showers in Turkey and western Iran were beneficial for jointing to reproductive winter grains, while unfavorably dry weather was prevalent across Syria and northern Iraq.
 - **Northern Africa** – Locally heavy rains provided relief to dry winter grains in Morocco, Algeria and northern Tunisia, helping to stabilize yield potential.
 - **China** – Unseasonably cool temperatures in NE China slowed winter wheat development and delayed corn planting by 7-10 days in some areas.
 - **Argentina / Brazil** – Argentina saw light showers which slowed corn/soybean harvest but were beneficial for winter wheat planting. Brazil was mostly dry, accelerating final harvest.
 - **Australia** – Western Australia remains mostly dry causing some concerns about winter grain planting conditions, while Southeastern regions received some beneficial pre-plant moisture.

USDA Crop Progress / Condition Report, April 19, 2010

Crop	% Planted	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	18%	NA	8%	16%			
ID barley	25%	NA	28%	35%			
US spring wheat	20%	NA	6%	14%			
ID spring wheat	30%	NA	37%	44%			
US winter wheat	Headed 6%	NA	13%	11%	69%	65%	43%
ID winter wheat	Headed 0%	NA	0%	0%	87%		
US Corn	19%	3%	5%	9%			