

## Idaho Grain Market Report, May 6, 2010

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, May 5, 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	\$4.10	\$4.16	\$5.32
Idaho Falls	\$6.00	(2-R)\$6.50-\$6.85 (6-R)\$6.50	\$4.00	\$4.07	\$5.55
Blackfoot / Pocatello	\$6.00	(2-R) \$6.50 (6-R) NQ	\$4.15	\$4.09	\$5.70
Grace / Soda Springs	\$5.88-\$6.00	(2-R) NQ (6-R) NQ	\$4.04	\$4.12-\$4.15	\$5.22-\$5.36
Burley / Rupert Hazelton	\$5.25-\$5.50	(2-R) \$6.50 (6-R) \$6.50	\$3.80-\$4.00	\$4.11	\$5.30
Twin Falls / Eden / Buhl	\$5.70	(2-R) NQ (6-R) NQ	\$3.60	NQ	NQ
Weiser	\$5.85	(2-R) NQ (6-R) NQ	\$3.89	NQ	NQ
Nez Perce / Craigmont	\$4.80	(2-R) \$4.80 (6-R) \$4.80	\$4.24	\$4.88	\$6.17
Lewiston	\$5.05	(2-R) \$5.05 (6-R) \$5.05	\$4.43	\$5.07	\$6.36
Moscow / Genesee	\$4.85-\$6.25	(2-R) \$4.85 (6-R) \$4.85	\$4.20-\$4.87	\$4.84-\$5.62	\$6.13-\$6.76

### 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	May \$4.77-\$4.90 Aug NC \$4.85-\$4.90	May \$5.49-\$5.62 Aug NC \$5.56-\$5.66	May \$6.74-\$6.84 Aug NC \$6.40-\$6.58
Los Angeles	\$8.30	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.30	NQ	NQ	NQ	NQ	NQ
Ogden	\$5.96	NQ	NQ	\$4.27	\$4.31	\$5.52
Great Falls	\$4.50-\$5.15	NQ	\$6.50	NQ	\$3.88-\$4.05	\$5.77-\$5.94
Minneapolis	\$4.79	NQ	\$6.56	NQ	NQ	\$6.38 ½ - \$6.98 ½

### Market trends this week

**BARLEY** – Local barley prices were mixed ranging from 5 cents lower to 3 cents higher in southern Idaho and steady in northern Idaho. USDA reported that there were no barley export sales last week, while barley export shipments totaled .9 TMT for Canada.

**WHEAT** – Local wheat prices were mostly higher this week: SWW ranged from 10 cents lower to 20 cents higher; HRW ranged from 12 to 26 cents lower; and DNS ranged from 3 to 14 cents lower. U.S. wheat export sales last week were below trade expectations at a total of 284.3 TMT, of which 150.2 TMT was sold for shipment in the current marketing year, down 13% from the previous week and 21% from the prior 4-week average. Export sales for new marketing year 2010/11 totaled 134.1 TMT. Cumulative wheat export sales have now reached 93.6 of the USDA projection for the marketing year, compared to a 5-year average pace of 96.6%. Wheat export shipments totaled 490.8 TMT, up 76% from the previous week and 20% from the prior 4-week average.

**Wheat Competitor/Buyer News** – Iraq purchased 250 TMT of wheat this week – 150 TMT originated from Russia and 100 TMT from Australia. Mexico purchased 30 TMT of French wheat, strong evidence that the weaker euro is helping to boost EU wheat sales into markets traditionally supplied by the U.S. and Canada.

**CORN** – U.S. corn export sales were well above trade expectations and hit a marketing year high last week at 1.85 MMT, up 51% from the previous week and 46% from the prior 4-week average. Cumulative corn export sales have now reached 85.8% of the USDA projection for the marketing year, compared to a 5-year average pace of 81.9%. Export sales for new marketing year 2010/11 totaled 30.4 TMT. Corn export shipments last week totaled 855.4 TMT, down 6% from the previous week and 16% from the prior 4-week average.

**Corn Competitor/Buyer News** – China continued its auctions of domestic corn reserves – 1.38 MMT this week – but rumors abounded that Chinese feed manufacturers had purchased at least 3-4 additional cargoes of U.S. corn. USDA weekly export sales data from last week showed the 115 TMT sale reported by USDA last week but also 240 TMT of unknown sales which many traders speculate were Chinese.

#### Futures market activity this week

**Economic news** – A serious downdraft was created this week as continuing worries about whether Greece will be able to resolve its severe debt problems and the possibility of the debt contagion spreading to Portugal and Spain pushed equities triple digits lower and the dollar to a fresh 12 month high. The Dow Jones fell nearly 900 points today (Thursday) before settling down 347 points to just above 10,500.

**WHEAT** – Wheat prices began the week marginally lower in a see-saw day as afternoon short covering erased most of the early pressure from a sharply higher dollar and expectations of multi-year high HRW yields. Short covering late in the session pushed prices higher on Tuesday despite another jump in the dollar index. Wheat extended modest gains on Wednesday with support from short covering and concerns about a mild frost threat this weekend, but gains were limited by weak export sales pace and the approaching harvest which is beginning in the southern wheat belt. Wheat finished modestly lower today (Thursday) on continuing pressures from the sharply higher dollar. **Wheat market closes on Thursday, 5/6/10 - please note we have shifted reporting to July and Sept contracts...**

	<u>July 2010</u>	<u>Weekly Summary</u>	<u>Sept 2010</u>	<u>Weekly Summary</u>
Chicago	\$5.08 ¼	Up \$.05 ¼	\$5.24	Up \$.05 ¼
Kansas City	\$5.19 ½	Up \$.04 ¾	\$5.31	Up \$.04 ¾
Minneapolis DNS	\$5.37	Down \$.00 ½	\$5.48 ¼	Down \$.01

**CORN** – Corn began the week modestly lower under pressure from weak outside markets, a rapid planting pace and disappointing export inspections. Continuing pressure from outside markets - including a higher dollar and weaker energies – pushed prices lower again on Tuesday. Corn posted impressive gains on Wednesday amidst weak outside markets, with underlying support from an updated weather outlook which showed potential frost threat in the Northwest CB this weekend. Corn finished marginally lower today (Thursday) under pressure from a sharply higher dollar and lower crude oil, but losses were limited by stronger than expected weekly export sales. **July 2010 corn contract closed Thursday, 5/6/10, at \$3.71 ¼, down \$.04 for the week and the Sept 2010 contact closed at \$3.77 ¾, down \$.05 ¾ for the week.**

#### Other Major Factors to Watch -

- **Crude Oil** – Crude oil prices churned sharply lower this week in synch with a higher dollar and lower equities. Prices opened the week back above \$86/bbl but then slumped to \$82/bbl on Tuesday and dipped below \$80 on Wednesday. A bearish weekly inventory report provided further pressure... weekly crude oil stocks increased 2.8 million bbls, compared to an expected build of 1.0 million bbls; distillates increased .6 million bbls, compared to an expected build of 2.0 million bbls; and gasoline stocks increased 1.2 million bbls, compared to an expected build of 1.0 million bbls. Crude oil prices plunged to \$77 today (Thursday) - off \$10/bbl from recent highs – bending to strong headwinds from a higher dollar and triple digit losses on Wall Street.
- **U.S. weather /crop watch** – Weekend rains were heavy in some areas, particularly the Ohio River Valley, which may require some replanting. Conditions were mostly dry early in the week but a storm system brought rain and snow to South Dakota on Thursday and was expected to spread through much of the Central U.S. by the weekend. A frost warning was issued for this weekend in northern corn and spring wheat areas and the northern extremes of the HRW and SRW belts. Potential crop damage was not expected to be significant. The 6-10 and 8-14 day outlook shows below normal temps and above normal precipitation for much of the Corn Belt. The Kansas wheat crop tour issued surprisingly modest yield projections that are below trade expectations given USDA's high crop ratings.
- **International weather / crop watch** –
  - **Canada** – Western prairies saw more favorable rain and snow this week ahead of spring grain planting, but although planting delays could be expected in some areas.
  - **Europe** – Warm, showery conditions benefited winter grains in Central and Northern Europe, although unfavorably dry conditions were noted in some areas.
  - **Former Soviet Union** – The western region - Ukraine and southern Russia – continued to receive favorable showers favoring jointing winter grains but were not severe enough to cause serious delays to spring grain planting. Unseasonably dry warm conditions in Eastern FSU regions favored field preparation but soil moisture was becoming depleted in some areas.

- **Middle East** – Widespread showers continued to favor jointing to reproductive winter grains in Turkey, Iraq and northern Iran.
- **Northern Africa** – Light showers and above normal temps were mostly favorable for filling winter grains although recent moisture bypassed much of southern Morocco.
- **China** – Cool wet conditions continued in NE China, slowing winter wheat development and delaying corn planting.
- **Argentina / Brazil** – Argentina saw some light showers ahead of winter wheat planting but favored wrap-up of summer crop harvesting. Southern Brazil saw more beneficial rains for the second season corn crop and newly sown winter wheat, but warm dry conditions elsewhere threatened second crop corn in the north.
- **Australia** – Southeastern Australia received more favorable moisture but dry conditions prevailed elsewhere, allowing winter grain planting to proceed but into very dry soils in some areas.

**USDA Crop Progress / Condition Report, May 3, 2010**

<b>Crop</b>	<b>% Planted</b>	<b>Previous Week</b>	<b>Previous Year</b>	<b>5-Year Average</b>	<b>Condition rating % good/excellent</b>	<b>Previous Week</b>	<b>Previous Year</b>
US barley	51%	35%	23%	43%			
<b>ID barley</b>	<b>57%</b>	<b>39%</b>	<b>53%</b>	<b>57%</b>			
US spring wheat	60%	43%	22%	47%			
<b>ID spring wheat</b>	<b>64%</b>	<b>48%</b>	<b>65%</b>	<b>70%</b>			
US winter wheat	Headed 27%	14%	27%	31%	68%	69%	47%
<b>ID winter wheat</b>	<b>Headed 0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>91%</b>	<b>92%</b>	
<b>US Corn</b>	<b>68%</b>	<b>50%</b>	<b>32%</b>	<b>40%</b>			