

Idaho Grain Market Report, May 28, 2009

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, May 27, 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	\$4.90	\$5.79	\$7.25
Idaho Falls	\$6.50	(2-R)\$7.81-\$8.50 (6-R)\$7.81	\$4.85	\$5.69	\$7.38
Blackfoot / Pocatello	NQ	(2-R) \$7.50 (6-R) \$7.50	NQ	NQ	NQ
Grace / Soda Springs	\$6.57	(2-R) NQ (6-R) NQ	\$4.83	\$5.45-\$5.73	\$7.38
Burley / Rupert	\$6.00	(2-R) \$7.81 (6-R) \$7.81	\$4.75	NQ	NQ
Hazelton					
Twin Falls / Eden / Buhl	\$6.85	(2-R) NQ (6-R) NQ	\$4.40	NQ	NQ
Weiser	\$6.75	(2-R) NQ (6-R) NQ	\$5.02	NQ	NQ
Nez Perce / Craigmont	\$5.37	(2-R) \$5.37 (6-R) \$5.37	\$5.56	\$6.33	\$8.02
Lewiston	\$5.82	(2-R) \$5.82 (6-R) \$5.82	\$5.75	\$6.52	\$8.21
Moscow / Genesee	\$5.42-\$6.25	(2-R) \$5.42 (6-R) \$5.42	\$5.52-\$6.20	\$6.29-\$7.12	\$7.98-\$8.61

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	May \$6.00-\$6.10 Aug NC \$6.00-\$6.10	May \$7.00-\$7.08 Aug NC \$7.04-\$7.14	May \$8.65-\$8.75 Aug NC \$8.50-\$8.60
Los Angeles	\$9.15	NQ	NQ	NQ	NQ	NQ
Stockton	\$9.00	NQ	NQ	NQ	NQ	NQ
Tulare	\$9.15	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.64	NQ	NQ	\$5.04	\$5.88	\$7.55
Great Falls	\$5.00-\$5.80	NQ	\$8.00	NQ	\$5.36-\$5.51	\$7.72-\$8.29
Minneapolis	\$5.93	NQ	\$9.37	NQ	\$7.12 ¾ (12%)	\$8.29 ¾ - \$8.54 ¾

Market trends this week

BARLEY – Local barley prices were mixed, ranging from 63 cents lower to 74 cents higher this week. USDA won't report weekly export sales until Friday due to the Monday holiday.

WHEAT – Local wheat prices were higher this week: SWW ranged from 15 to 41 cents higher; HRW ranged from 5 to 35 cents higher; and DNS from 33 to 41 cents higher. Export sales won't be reported until Friday.

Futures market activity this week

Tuesday saw another impressive rally on Wall Street, driven by a better than expected Consumer Confidence Index reading of 54.9, the highest level in 8 months and up from 40.8 in April. However, equities fell into a tailspin on Wednesday, reversing most of Tuesday's gains on investor jitters about a sharp rise in Treasury yields (6 month highs) and the looming bankruptcy of General Motors. In more see-saw action, the Dow closed up triple digits on Thursday in the face of mostly favorable news from key economic reports, including:

- § First-time weekly unemployment claims fell by 13,000 this week to 623,000 which were mostly in line with expectations.
- § Durable goods orders for the month of April rose by 1.9% in April, more than expected.
- § New home sales were up 0.3% from the previous month, but well below expected jump of 2.5%.

Wheat – Wheat futures began the week mixed with CHI fractionally lower on fund selling and KCBT and MGE higher on continuing crop concerns. Rain returned to the Northern Plains, causing more spring wheat planting delays and early hard red winter wheat yields reported out of TX and OK have been disappointing. Wheat closed sharply higher on Wednesday, supported by a fund buying frenzy that was sparked by intensifying crop concerns, with MGE leading the way on more spring wheat planting delays and slow crop emergence. Wheat finished mixed today (Thursday), with CHI and KCBT trading modestly higher and MGE lower under profit-taking pressures. Underlying support continues to come from crop concerns in the U.S. **Wheat market closes on Thursday, 5/28/09...**

	<u>July 09</u>	<u>Weekly Summary</u>	<u>Sept 09</u>	<u>Weekly Summary</u>
Chicago	\$6.30 ½	Up \$.18	\$6.56 ¾	Up \$.18 ¼
Kansas City	\$6.80 ¾	Up \$.20 ¼	\$6.91	Up \$.19 ¾
Minneapolis DNS	\$7.67 ½	Up \$.22 ½	\$7.68 ½	Up \$.27 ½

Corn – Corn prices began the week modestly lower in two-sided trading, pushed lower by fund selling that was mostly triggered by overnight weakness in outside markets as the North Korean nuclear testing sparked investor uncertainty. A sharply rally in the U.S. stock market and higher crude oil, however, helped to limit losses. Corn closed modestly lower on Wednesday in two-sided trading, mostly pressured by mixed weather forecasts and increased farmer selling. Corn finished modestly higher today (Thursday) on expectations of moisture creeping back into the ECB over the weekend and into the WCB early next week. **July 09 corn contract closed on Thursday, 5/28/09, at \$4.28 ¾, down \$.01 ½ for the week and the Sept 09 contract at \$4.39, down \$.01 ¼ for the week.**

Near-term Commodity Outlook –

Corn – Some traders are beginning to think that as much as **1.5 to 2.5 million acres of U.S. corn acres will shift to soybeans due to the late planting pace in the Eastern Corn Belt.** However others think that it is still possible for most of the expected corn acres to get planted. Monday's progress report will be closely watched and will continue set near-term market direction.

Wheat - Many traders expect about .5 to 1.0 million acres of spring wheat will not get planted this year because of the lagging planting pace. In addition, concerns about the HRW and SRW crop also are moving to the forefront. Clearly, traders are trying to get a better handle on the size and quality of the U.S. wheat crop, with a growing consensus that prices could spike higher if the U.S. crop falls below 1.8 billion bushels, which won't be known with any certainty for about three months. What all this means is that the wheat markets are poised to move higher on any piece of negative crop news, but are still vulnerable to corrective set-backs, particularly if outside markets are weak.

Other Major Factors to Watch

§ **Crude Oil** – crude opened lower on Tuesday morning on overnight weakness in world markets, but then jumped to a 7-month high of \$62.50/bbl. A mostly bullish weekly petroleum inventory report pushed prices above \$65 on Thursday. This report – delayed one day due to the Memorial Day holiday - showed crude oil inventories fell by more than expected, down 5.4 million bbls, compared to an expected draw of 150,000 bbls; distillate stocks increased .3 million bbls, compared to an expected increase of .6 million bbls; and gasoline stocks fell less than expected, down .6 million bbls, compared to an expected draw of 1.3 million bbls.

§ **U.S. weather / crop watch –**

Corn - Extensive rains returned to the Eastern Corn Belt on Tuesday and Wednesday with clearing expected by Thursday. However, the NWS's 6-10 weather day outlook showed normal temps and drier than normal conditions for most of the Midwest. USDA reported that 82% of the U.S. corn crop was planted as of Sunday – about where traders expected – but that likely means about 15 million acres of corn remain unplanted (8 million acres in the three states of IL, IN, OH which were seeing more showers this week). **Wheat** – the Northern Plains saw some additional showers over the weekend, causing more planting spring wheat delays particularly in eastern ND. Overall, spring wheat planted acreage exceeded trade expectations at 79% completed on Tuesday, but the ND spring wheat planting pace is still lagging at 69% planted vs. 94% ave. Winter wheat saw mostly favorable growing conditions this week; however the overall crop rating fell this week to a condition index score of 312 (out of possible 500), down 7 points from the previous week and down 11 points from the 10-year average.

§ **International weather / crop watch – Weather forecasters are keeping a very close eye on the recent shift from cool equatorial sea surface temperatures (La Nina) to a warming cycle associated with a moderate to strong El Nino by this coming winter. If El Nino progresses as now predicted, Australia could face severe drought conditions in their winter wheat and barley production.**

§ **Canada** – Unseasonably cool temps continued across much of the Western Prairies, slowing spring grain emergence. Unfavorably dry conditions remained in area of Saskatchewan and Alberta.

§ **Europe** – Favorable moisture continued across areas of Central and Eastern Europe, boosting soil moisture for both winter and spring grains.

- § **Russia / Ukraine** – Light to moderate showers provided some relief to crops across Northern Ukraine and Russia, boosting topsoil moisture for winter grain development and spring grain emergence. However, there are increasing signs of crop stress in the Ukraine.
- § **China** – Dry weather benefitted winter grain harvesting in the North China Plains.
- § **Middle East** – Wet weather interrupted winter grain harvesting in Turkey.
- § **Northwest Africa** – Warm dry conditions continued to accelerate winter grain maturation and harvesting.
- § **Argentina** – Mostly dry conditions prevailed this week, causing more concerns about wheat plantings.
- § **Australia** – Widespread soaking rains replenished soils across Western and South Australia, but areas of Southeastern Australian remained dry, discouraging winter grain planting. Weather models currently show mostly dry conditions in the month of June.

USDA Crop Progress / Condition Report, May 26, 2009

Crop	% Planted	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	77%	50%	96%	94%			
ID barley	92%	84%	90%	91%			
US spring wheat	79%	50%	97%	95%			
ID spring wheat	95%	93%	96%	96%			
US winter wheat	Headed 68%	56%	61%	71%	45%	48%	47%
ID winter wheat	Headed 2%	0%	2%	5%	93%	94%	
US Corn	82%	62%	86%	93%			