

Idaho Grain Market Report, June 3, 2010

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 2, 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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$6.00	(2-R)\$6.50-\$6.85 (6-R)\$6.50	\$4.00	\$3.63	\$5.12
Blackfoot / Pocatello	\$6.25	(2-R) \$6.50 (6-R) NQ	\$3.85	\$3.55	\$5.08
Grace / Soda Springs	\$6.07	(2-R) NQ (6-R) NQ	\$3.77	\$3.53	\$4.77
Burley / Rupert Hazelton	\$5.25-\$5.50	(2-R) \$6.50 (6-R) \$6.50	\$3.80-\$3.85	\$3.61	\$4.89
Twin Falls / Eden / Buhl	\$6.00	(2-R) NQ (6-R) NQ	\$3.53-\$3.90	NQ	NQ
Weiser	\$5.70	(2-R) NQ (6-R) NQ	\$3.68	NQ	NQ
Nez Perce / Craigmont	\$4.85	(2-R) \$4.85 (6-R) \$4.85	\$3.99	\$4.37	\$5.71
Lewiston	\$5.10	(2-R) \$5.10 (6-R) \$5.10	\$4.18	\$4.56	\$5.90
Moscow / Genesee	\$4.90-\$6.25	(2-R) \$4.90 (6-R) \$4.90	\$3.95-\$4.60	\$4.33-\$5.04	\$5.67-\$6.40

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	June \$4.60-\$4.75 Aug NC \$4.55-\$4.71	June \$5.03-\$5.04 Aug NC \$5.01-\$5.09	June \$6.17-\$6.27 Aug NC \$5.85-\$6.16
Los Angeles	\$8.45	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.45	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.15	NQ	NQ	\$4.00	\$3.71	\$4.95
Great Falls	\$4.50-\$5.00	NQ	NQ	NQ	\$3.38-\$3.54	\$5.42-\$5.58
Minneapolis	\$4.69	NQ	\$6.67	NQ	\$4.47 ¼ (12%)	\$6.67 ¼ - \$6.97 ¼

Market trends this week

BARLEY – Local barley prices were mixed this week ranging from steady to 15 cents lower in southern Idaho and steady in northern Idaho. USDA won't report weekly export sales until Friday due to Monday's Memorial Day holiday.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 10 cents lower to 10 cents higher; HRW ranged from 11 to 21 cents lower; and DNS ranged from 1 to 18 cents lower. U.S. wheat export shipments last week totaled 329 TMT. Weekly export sales won't be reported until Friday due to Monday's holiday.

Wheat Competitor/Buyer News – The Argentine government announced export permits this week for 3 MMT of new crop Argentine wheat (MY 2010/11) to help spur wheat planting which is taking place right now. Egypt purchased 180 TMT of wheat this week: 120 TMT Russian and 60 TMT French origin.

CORN – Corn export shipments last week totaled 1.2 MMT. Corn export sales won't be reported until Friday due to Monday's holiday.

U.S. corn ethanol production back on track – domestic ethanol production set a record in March by averaging more than 847,000 barrels per day, or an increase of 207,000 barrels daily from the comparable period last year, according to the Energy Information Administration. Ethanol demand also reached a record of 823,000 barrels per day, up from 644,000 the year before. The U.S. imported 1.1 million gallons of ethanol in March and exported 48.3 million gallons. .

Corn Competitor/Buyer News – China sold 1.37 MMT of corn reserves at auction this week, bringing the total reserves sold to more than 5.6 MMT. They have purchased almost 1 MMT of U.S. corn since late May.

Futures market activity this week

Overall global economic sentiment has grown increasingly negative in recent weeks with the EU debt crisis and slowing Chinese growth making headlines almost every day and the political standoff between North and South Korea and Middle East tensions lurking in the background. For now, global economic growth prospects have clearly downshifted into “slow motion,” diminishing investors’ appetite for risk. This bearish sentiment has increased trading volatility in equities and commodities alike. Meanwhile, we continue to see encouraging signs that the U.S. economic recovery is still on track, reinforced by reports this week of strong construction spending and rising sales of U.S. homes and autos.

WHEAT – Wheat prices began the week lower on Tuesday, pressured by struggling outside markets and nearby harvest. Wheat closed sharply lower on Wednesday with the continuing negative tone attributed to the dollar rally and lagging export shipments which were not likely to hit USDA’s target for Marketing Year 2010 which ended May 31. Wheat prices finished mixed to fractionally lower today (Thursday) on pressure from a higher dollar and favorable harvest weather in the Southern Plains. **Wheat market closes on Thursday, 6/03/10...**

	July 2010	Weekly Summary	Sept 2010	Weekly Summary
Chicago	\$4.41 ³ / ₄	Down \$.16	\$4.59 ¹ / ₄	Down \$.16
Kansas City	\$4.71 ¹ / ₂	Down \$.17	\$4.83 ¹ / ₂	Down \$.10
Minneapolis DNS	\$4.97 ³ / ₄	Down \$.08 ¹ / ₄	\$5.09 ³ / ₄	Down \$.09

CORN – Corn began the week lower on Tuesday under pressure from favorable weather and an early start to the 2010 crop with better than average crop conditions at this time of year which suggests a national average corn yield could set a new record of 169 bpa!! Fund buying boosted prices early on Wednesday, but prices then slumped to an 8-month low after breaking below a key support level of \$3.50, which triggered additional selling. Corn settled fractionally higher today (Thursday) on short covering and more talk of Chinese buyers pricing additional U.S. corn purchases. **July 2010 corn contract closed Thursday, 6/03/10, at \$3.49 ¹/₂, down \$.09¹/₂ for the week and the Sept 2010 contact closed at \$3.59 ¹/₂, down \$.09¹/₂ for the week.**

OTHER MAJOR FACTORS TO WATCH -

- **Crude Oil** – Crude oil began the week sharply lower on Tuesday under continued pressure from a firmer dollar and weaker equities and then chopped between \$71 and \$75/bbl midweek. Prices rose on Wednesday despite a firm dollar in response to uncertainties about future off-shore drilling restrictions coming out of the Deepwater Horizon oil spill. A bullish weekly petroleum report released on Thursday helped push prices moderately higher again today (Thursday), overcoming a rally in the dollar. The weekly petroleum stocks report showed a bullish decline in weekly crude oil stocks of 1.9 million bbls, compared to an expected decline of only 100,000 bbls; distillates showed a 500,000 bbl increase, compared to an expected build of 200,000 bbls; and gasoline stocks fell 2.6 million bbls, compared to an expected draw of 500,000 bbls.
- **U.S. weather / crop watch** – Weekend showers were not extensive across the Central U.S., although some areas in the north-central Corn Belt saw localized heavy rainfall. Showers continued across much of the Central U.S. this week stretching from the Southern Plains into the Ohio River Valley. The region has several more chances for rain through the weekend before conditions dry out early next week. This moisture is considered beneficial. Temperatures cooled in many areas this week, except across the Southern Plains where heat has been building, which is likely to speed winter wheat maturity and boost protein content. Early harvest results from Texas and Oklahoma show yields in the 40 to 50 bpa range, good test weights and average proteins. The official 6- to -10 and 8- to -14-day forecasts out Wednesday showed warmer temps, particularly in the south, and above average precipitation.
- **International weather / crop watch** – areas of concern include cool rainy weather in the Canadian prairies which is hampering spring grain planting and pockets of dryness that remain in Central Russia and Kazakhstan, adversely affecting spring grain planting and development.
 - **Canada** – Cool rainy weather which is expected to continue into next week is hampering spring grain planting and crop development.
 - **Europe** – Showers provided much needed soil moisture for reproductive winter grains in France, England and northwestern Germany. More rain was in the forecast for next week which should come in time to avert significant yield losses. Meanwhile, locally heavy storms in Eastern Europe hampered field work and may be necessitating some crop replanting. Grain crop disease and quality also are becoming a concern in this region.
 - **Former Soviet Union** – The western region - Ukraine and southern Russia –continued to receive beneficial moisture for reproductive winter grains, but pockets of dryness are developing in northeastern Ukraine and

southern Russia which could affect about 15% of the wheat area. Meanwhile, dry conditions persist across Central Russia and Kazakhstan, slowing spring grain development.

- **Middle East** – Showers benefitted reproductive grains in northern parts of Turkey and Iran.
- **Northern Africa** – Rain hampered winter grain maturation and harvesting.
- **China** – Manchuria (north) received scattered showers over the weekend, delaying planting activity, but progress is expected to advance rapidly with the arrival of warmer drier conditions during the next 10 days. North China Plains continued to see below normal rainfall, causing some moisture stress particularly in non-irrigated areas.
- **Argentina / Brazil** – Argentina received more showers which slowed final corn harvest but aided winter wheat emergence. Lingering rains favored wheat establishment in southwestern Brazil.
- **Australia** – Soaking rains spread across the winter wheat and barley belt, aiding early crop development and encouraging additional planting.

USDA Crop Progress / Condition Report, June 1, 2010

Crop	Stage	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	96% planted 80% emerged	92% 62%	87% 57%	95% 81%	84%	84%	72%
ID barley	95% planted 71% emerged	92% 60%	96% 79%	95% 79%	78%	89%	
US spring wheat	95% planted 84% emerged	91% 70%	87% 64%	96% 84%	85%	85%	73%
ID spring Wheat	99% planted 89% emerged	96% 73%	96% 86%	98% 89%	87%	90%	
US winter wheat	headed 75%	63%	76%	78%	65%	66%	45%
ID winter wheat	headed 5%	1%	10%	11%	93%	91%	
US Corn	97%	93%	92%	96%	76%	71%	70%