

Idaho Grain Market Report, June 10, 2010

Published by the Idaho Barley Commission, kolson@idahobarley.org, 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 9, 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	\$3.70	\$3.54	\$4.83
Idaho Falls	NQ	(2-R)\$6.50-\$6.85 (6-R)\$6.50	NQ	NQ	NQ
Blackfoot / Pocatello	\$6.14	(2-R) \$6.50 (6-R) NQ	\$3.80	\$3.40	\$4.93
Grace / Soda Springs	\$6.12	(2-R) NQ (6-R) NQ	\$3.65	\$3.43	\$4.78
Burley / Rupert	\$5.25	(2-R) \$6.50 (6-R) \$6.50	\$3.70	\$3.40	\$4.63
Hazelton		(2-R) NQ (6-R) NQ		NQ	NQ
Twin Falls / Eden / Buhl	\$5.90-\$6.00	(2-R) NQ (6-R) NQ	\$3.35-\$3.90	NQ	NQ
Weiser	\$5.70	(2-R) NQ (6-R) NQ	\$3.47	NQ	NQ
Nez Perce / Craigmont	\$4.85	(2-R) \$4.85 (6-R) \$4.85	\$3.79	\$4.17	\$5.68
Lewiston	\$5.10	(2-R) \$5.10 (6-R) \$5.10	\$3.98	\$4.36	\$5.87
Moscow / Genesee	\$4.90-\$6.25	(2-R) \$4.90 (6-R) \$4.90	\$3.75-\$4.45	\$4.13-\$4.85	\$5.64-\$6.30

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	June \$4.45-\$4.48 Aug NC \$4.43-\$4.46	June \$4.78-\$4.88 Aug NC \$4.82-\$4.93	June \$6.06-\$6.21 Aug NC \$5.73-\$6.14
Los Angeles	\$8.05	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.05	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.20	NQ	NQ	\$3.85	\$3.61	\$4.96
Great Falls	\$4.50-\$5.05	NQ	\$6.25	NQ	\$3.23-\$3.32	\$5.30-\$5.57
Minneapolis	\$4.69	NQ	\$6.67	NQ	\$4.36 ¼ (12%)	\$6.26 ¼ - \$6.66 ¼

Market trends this week

BARLEY – Local barley prices were mixed this week ranging from 11 cents lower to 5 cents higher in southern Idaho and remaining steady in northern Idaho. USDA reported 17 TMT of barley export sales for marketing year 2009/10 last week and 2.4 TMT reported for the new Marketing Year 2010/11 (which began June 1). Export shipments last week totaled .4 TMT all for Mexico.

USDA S&D report for MY 2010/11 - BARLEY – June 10 – USDA made only very minor tweaks to the U.S. barley balance sheet today ... lowered beginning stocks by 3 million bu to 113 million bu (due to lower imports in MY 2009/10) and lowered 2011 U.S. barley ending stocks by an equal amount to 98 million bu. The average farm gate price for U.S. barley was pegged at \$3.35-\$3.95/bu, compared to \$4.65 in 2009/10. **World barley production was pegged at 142.5 MMT, down about 0.5 MMT from last month and 4% below last year. World barley ending stocks were estimated at 32.7, down 1.5 MMT from last month and down 10% from last year.**

Barley Competitor/Buyer News – USDA cut their European barley production estimate this month by .7 MMT to 58.7 MMT, which is down 4% from last year.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 5 to 21 cents lower; HRW ranged from 10 to 20 cents lower; and DNS ranged from 26 cents lower to 1 cent higher. U.S. wheat export sales last week were below trade expectations at 118.3 TMT. Wheat export shipments last week totaled 431.7 TMT – 286.1 TMT in Marketing Year 2009/10 and 145.6 TMT in Marketing Year 2010/11.

USDA S&D report for MY 2010/11 - WHEAT – June 10 - USDA made a few key adjustments to the U.S. wheat balance sheet today... lowered beginning stocks by 20 million bu to 930 million bu (due to an increase in exports in MY 2009/10 by 20 million bu), raised 2010 production by 24 million bu to 2.067 billion bu, raised domestic feed usage by 10 million bu to 200 million bu and lowered 2011 U.S. wheat ending stocks by 6 million bu to 991 million bu. This was above the average pre-report trade estimate of 976 million bu. **USDA pegged the U.S. winter wheat crop at 1.482 billion bu, which was 24 million bu above their May estimate and 43 million bu above the average pre-report trade estimate.** Hard red winter wheat was pegged at 979 million bu (919 million bu last year); soft red winter at 284 million bu (404 million bu last year) and soft white at 219 million (200 million bu last year). The average farm gate price range for U.S. wheat was narrowed to \$4.00-\$4.80/bu, compared to \$4.85 in 2009/10. **World wheat production was pegged at 668.5 MMT, down 4 MMT from last month due to lower EU and Russian crop prospects. World ending stocks were also lowered 4 MMT to 194 MMT, just above last year's level.**

Wheat Competitor/Buyer News – USDA lowered their European wheat production estimate this month by 2 MMT to 143 MMT; they also lowered their Russia crop estimate by .5 MMT to 57.5 MMT while raising their Ukrainian estimate by .5 MMT to 20 MMT.

CORN – U.S. corn export sales were well above trade expectations at 1.02 MMT for marketing year 2009/10 and 143.5 TMT for Marketing Year 2010/11. Corn export shipments last week totaled 911.9 TMT, down 26% from the previous week and 19% from the prior 4-week average.

USDA S&D report for MY 2010/11 - CORN – June 10 - For MY 09/10 which ends Aug. 31, USDA surprised the trade by lowering U.S. ending stocks by 135 million bu to 1.603 billion bu due to robust domestic ethanol demand. **For New Marketing Year 2010/11**, USDA lowered beginning stocks by 135 million bu, raised domestic ethanol demand by another 100 million bu to 4.7 billion bu and lowered MY 2010/11 U.S. ending stocks by 245 million bu to 1.573 billion bu. **This puts U.S. corn ending stocks 233 million bu below the average pre-report trade estimate of 1.806 billion bu.** Average farm gate price for U.S. corn was pegged at \$3.30-\$3.90/bu, compared to \$3.45-\$3.65 in 2009/10. **World corn production was pegged at 836 MMT, up 0.7 MMT from last month but up 27 MMT from last year, while world ending stocks fell nearly 7 MMT to 147 MMT, up 4 MMT from last year.**

Corn Competitor/Buyer News – The Chinese are forecasting a record domestic corn crop this year at 168 MMT (USDA left their estimate unchanged today at 166 MMT) despite a delayed planting pace in the NE Manchurian region. The U.S. Grains Council reported this week that Chinese customers have purchased another 60 TMT or 2.4 million bu of U.S. corn (not confirmed by USDA). USDA expects China will import a net 850 TMT this season, while exporting 100 TMT new crop.

Futures market activity this week

Investor uncertainties continued to hold sway over equity and commodity markets early this week, triggering additional liquidation pressures. However, these negative influences seemed to ease midweek as the euro and yen bounced higher. Official comments by Fed Chairman Ben Bernanke that the risk remained very low that the U.S. would see a double-dip recession also provided underlying support.

WHEAT – Wheat prices began the week lower – hitting new contract lows – under pressure from weak outside markets and bearish global fundamentals. Wheat continued to chop mostly sideways on Tuesday as HRW harvest advanced across the Southern Plains and spring wheat crop conditions remained strong. Wednesday saw the recent downtrend continue as the markets consolidated ahead of Thursday's S&D report. Wheat prices finished moderately higher today (Thursday) on mostly neutral to supportive S&D report which showed U.S. wheat ending stocks falling slightly while world wheat production and stocks are trending lower. **Wheat market closes on Thursday, 6/10/10...**

	July 2010	Weekly Summary	Sept 2010	Weekly Summary
Chicago	\$4.33 ¼	Down \$.02 ½	\$4.50	Down \$.02 ¼
Kansas City	\$4.62 ½	Down \$.02 ½	\$4.74 ½	Down \$.02 ¼
Minneapolis DNS	\$4.90 ¾	Down \$.02 ½	\$5.02	Down \$.03

CORN – Corn began the week lower – hitting 8 month lows - under pressure from bearish technical chart signals which reflected nearly ideal crop conditions and weak outside markets. Corn managed a modest recovery on Tuesday, helped by a short covering bounce ahead of Thursday's S&D report. Corn saw modest gains on Wednesday, boosted mostly by spillover support from higher soybeans and crude oil. Corn settled moderately higher today (Thursday), boosted by a bullish S&D report which showed lower than expected U.S. corn ending stocks for both MY 2009/10 and 2010/11, driven by increased ethanol demand. It is important to keep in mind that USDA did not adjust their 2010 yield and production

estimates this month so U.S. corn ending stocks could trend higher in coming months as yield estimates are fine-tuned upward based on the strong start to the 2010 season. **July 2010 corn contract closed Thursday, 6/10/10, at \$3.43 ¼, up \$.03 ¼ for the week and the Sept 2010 contact closed at \$3.52 ½, up \$.03 ¼ for the week.**

OTHER MAJOR FACTORS TO WATCH -

- **Crude Oil** – Crude oil chopped in a mostly narrow range this week battling between bearish outside market influences and somewhat bullish supply and demand projections. A bullish weekly petroleum report helped push prices higher on Wednesday, along with a moderately lower dollar. The weekly petroleum stocks report showed a bullish decline in weekly crude oil stocks of 1.8 million bbls, compared to an expected decline of 900,000 bbls; distillates showed a 1.8 million bbl increase, compared to an expected build of 600,000 bbls; and gasoline stocks were mostly unchanged, compared to an expected draw of 500,000 bbls. The US Energy Information Agency (EIA) released their monthly energy outlook, projecting 2010 crude oil prices would average \$78.50/bbl, down \$3/bbl from last month’s projection. Meanwhile Goldman Sachs is projecting crude oil prices will hit \$85-95/bbl by year end. The EIA is projecting U.S oil demand will rise 1.2% this year compared to Chinese demand growth of 6% or higher.
- **U.S. weather / crop watch** – Central U.S. saw weekend storms but moisture levels were not excessive. Conditions continued to be mostly cooler and wet through the week, with additional rains focusing on already saturated areas in Iowa and Missouri which is favorable for corn but not for soft red winter wheat crops. Rains also benefitted late hard red winter wheat crops in Nebraska and Colorado. Rains are expected to slow winter wheat harvest in the Southern Plains by early next week. A warming trend was expected across the Central U.S. this weekend but no serious temperature threats are forecast for the next two weeks.
- **International weather / crop watch** –
 - **Canada** – Cool rainy weather continued across parts of eastern Saskatchewan and Manitoba but eased in other areas. As the crop insurance planting cut-off date rapidly approaches, many traders are expecting a sizeable amount of acres may not get planted in these two provinces, which will likely affect wheat production a bit more than barley, as Alberta is the key barley production province in Canada.
 - **Europe** – Beneficial showers continued to across France, England and northwestern Germany, easing drought concerns in these areas, while locally heavy storms continued across Eastern Europe causing crop quality concerns.
 - **Former Soviet Union** – More of the same in this region... Locally heavy rains continued to maintain favorable soil moisture for reproductive winter grains across northern Ukraine and western Russia. BUT excessive dry conditions persisted in Central Russia and Kazakhstan where at least half of the spring wheat crop area has been chronically dry since seeding and will very likely see yield reductions.
 - **Middle East** – Showers benefitted filling winter grains in northern parts of Turkey and Iran.
 - **Northern Africa** – Dry weather aided winter grain maturation and harvesting.
 - **China** – Manchuria (north) saw warm dry weather which aided final corn planting and early crop development but also increased water requirements. Meanwhile sunny mild conditions across the North China Plains favored winter wheat maturation and early harvest.
 - **Argentina / Brazil** – Wheat planting progressed rapidly across Argentina, but moisture remains limited in some southwestern grain areas. Rains benefitted winter wheat in southern Brazil.
 - **Australia** – Short lived showers allowed for additional winter grain planting in western and southeastern regions, while widespread showered benefitted winter wheat development in New South Wales.

USDA Crop Progress / Condition Report, June 7, 2010

Crop	Stage	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	emerged 90%	80%	77%	91%	86%	84%	74%
ID barley	emerged 83%	71%	95%	90%	88%	78%	
US spring wheat	emerged 90%	84%	82%	94%	84%	85%	73%
ID spring Wheat	emerged 93%	89%	97%	96%	90%	87%	
US winter wheat	headed 84% harvested 3%	75%	84%	86%	66%	65%	44%
ID winter wheat	headed 10%	5%	23%	22%	90%	93%	
US Corn	emerged 94%	85%	85%	91%	76%	76%	69%