

Idaho Grain Market Report, June 11, 2009

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 10, 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	\$6.25	(2-R) NQ (6-R) NQ	\$4.75	\$5.50	\$6.72
Idaho Falls	\$6.50	(2-R)\$7.81-\$8.50 (6-R)\$7.81	\$4.85	\$5.47	\$6.77
Blackfoot / Pocatello	\$6.65	(2-R) \$7.50 (6-R) \$7.50	\$4.75	\$5.20	\$6.70
Grace / Soda Springs	\$6.57	(2-R) NQ (6-R) NQ	\$4.83	\$5.41	\$6.70
Burley / Rupert Hazelton	\$6.25-\$6.50	(2-R) \$7.81 (6-R) \$7.81	\$4.75-\$4.80	\$5.33	\$6.58
Twin Falls / Eden / Buhl	\$6.85	(2-R) NQ (6-R) NQ	\$4.15	NQ	NQ
Weiser	\$6.75	(2-R) NQ (6-R) NQ	\$4.91	NQ	NQ
Nez Perce / Craigmont	\$5.63	(2-R) \$5.63 (6-R) \$5.63	\$5.41	\$5.99	\$7.47
Lewiston	\$6.08	(2-R) \$6.08 (6-R) \$6.08	\$5.60	\$6.18	\$7.66
Moscow / Genesee	\$5.68-\$6.75	(2-R) \$5.68 (6-R) \$5.68	\$5.37-\$6.12	\$5.95-\$6.92	\$7.48-\$8.22

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 \$6.00-\$6.20 Aug NC \$6.00-\$6.20	June \$6.68-\$6.86 Aug NC \$6.74-\$6.92	June \$8.02-\$8.12 Aug NC \$7.93-\$8.18
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.64	NQ	NQ	\$5.04	\$5.56	\$6.86
Great Falls	\$3.00-\$5.80	NQ	\$8.25	NQ	\$5.14-\$5.24	\$7.10-\$7.27
Minneapolis	\$6.04	NQ	\$9.90	NQ	\$6.74 ½ (12%)	\$7.81 ½

Market trends this week

BARLEY – Local barley prices were mostly higher, ranging from 1 cent lower to 25 cents higher this week. USDA reported no barley export sales last week (the first week of the new marketing year 2009/10). Export shipments totaled 21.1 TMT to be carried over from the marketing year 2008/09 which ended May 31, bringing accumulated exports for the completed marketing year to 215 TMT, down 76% from the prior year's total. Barley export shipments totaled .4 TMT for Japan for the period of June 1-4.

USDA's S&D report for MY 2010 - BARLEY –June 10 – For MY08/09 which ended May 31, USDA lowered exports by 1 million bu to 13 million bu and raised ending stocks by an equal amount to 90 million bu. **For Marketing Year 2010**, USDA made only one small tweak, increasing ending stocks by 1 million bu to 80 million bu, due to higher beginning stocks. Average farm gate price for U.S. barley was adjusted 10 cents higher to \$3.85-4.55/bu, compared to \$5.20 in 2008/09. **World barley production was pegged at 142.9 MMT, down 7% and world ending stocks were estimated at 28.5 MMT, down 6%.**

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 15 cents lower to 3 cents higher; HRW ranged from 20 to 31 cents lower; and DNS from 5 to 61 cents lower. U.S. wheat export sales were above trade expectations at 353.9 TMT. Export shipments for May 29-31 totaled 347.2 TMT, bringing accumulated exports for MY 2008/09 to 26 MMT, down 20% from the previous year's total. Wheat export shipments for June 1-4 totaled 75.6 TMT.

USDA's S&D report for MY 2010 - WHEAT – June 10 – USDA made no revisions to the MY 08/09 balance sheet (MY ended May 31). Trade analysts had expected USDA to raise ending stocks slightly to 671 million bu. **For Marketing Year 2010**, USDA lowered U.S. production by 10 mbu to 2.016 billion bu, which was slightly lower than the average pre-report trade estimate of 2.022 billion bu. USDA also cut domestic feed usage by 20 million bu to 220 million bu and raised ending stocks by 10 million bu to 647 million bu. This was higher than the average pre-report trade estimate of 606 million bu. USDA pegged the U.S. winter wheat crop at 1.492 billion bu, down 10 million bu from last month's estimate. Hard red winter wheat was pegged at 868 million bu (1.035 billion bu last year); soft red winter at 415 million bu (614 million bu last year) and soft white at 209 million (219 million bu last year). The average farm gate price for U.S. wheat was pegged 20 cents higher to \$4.90-5.90/bu, compared to \$6.85 in 2008/09. **World wheat production was pegged at 656.06 MMT, down 1.5 MMT from last month and down 26 MMT from last year. World ending stocks were pegged at 182.7 MMT, up .75 MMT from last month and 14.3 MMT or 8% higher than the year before.**

Wheat Competitor/Buyer News – Egypt ordered a quarantined Russian wheat cargo (56 TMT) to be re-exported from the country. Iraq purchased 250 TMT of wheat – 150 TMT from Canada and 100 TMT from Australia.

USDA made production adjustments for several global competitors –

EU-27 – lowered production by 2.4 MMT to 135.9 MMT, due to drought problems in the eastern region.

Canada – lowered production by 1 MMT to 25 MMT, due to slow planting and crop development pace and lingering dryness in key regions of Albert and Saskatchewan.

Russia – raised production by 1 MMT to 59 MMT, due to favorable spring wheat crop conditions; raised exports by .5 MMT to 18.0 MMT.

Ukraine – lowered production by 1 MMT to 18.0 MMT, due to frost and drought concerns; lowered exports by 1.0 MMT to 5.0 MMT.

China – raised production by .5 MMT to 113.5 MMT, due to favorable winter wheat conditions.

CORN - Corn export sales were above trade expectations for MY 08/09 totaling 713.1 TMT, which was 18% above the previous week; but 4% below the prior 4-week average. Export sales for MY 09/10 totaled 149.9 TMT. Corn export shipments last week totaled 624.2 TMT, down 27% from the previous week, and 32% from the prior 4-week average.

USDA's S&D report for MY 2010 - CORN – June 10 – USDA made no revisions to the MY 08/09 corn balance sheet (MY ends Sept. 30). Trade analysts had expected USDA to raise ending stocks slightly to 1.607 billion bu, due to sluggish ethanol demand. **For Marketing Year 2010**, USDA lowered US production by 155 million bu to 11.935 billion bu (lowered average yields by 2 bu/Ac to 153.4 bu/Ac). They also lowered domestic feed usage by 100 million by to 5.150 billion bu due to economic stress in the livestock sector but left ethanol usage unchanged at 4.1 billion bu. They raised ending stocks by 55 million bu to 1.09 billion bu (represents about a 31 day supply). This was slightly higher than the average pre-report trade estimate of 1.071 billion bu. **World corn production was pegged at 781.5 MMT, down almost 4 MMT from a month ago and almost 6 MMT lower than the previous year. World ending stocks also were projected lower by almost 3 MMT to 125.5 MMT, down 13 MMT or 9% from the previous year.**

Corn Competitor/Buyer News – Speculation this week that China may be preparing to sell about 15 MMT of its state owned corn reserves into domestic markets. COFCO, China's state corn trading entity, reported they have quotas to export 200 TMT of corn to Taiwan this year. Brazil cut its corn production estimate for MY 08/09 to 49.9 MMT, from a previous estimate of 51.4 MMT, and compared to 58.6 MMT in MY 07/08. USDA has pegged the 08/09 Brazilian corn crop at 50 MMT and 54 MMT in MY 09/10.

Futures market activity this week

The U.S. dollar and equities see-sawed this week after rising Treasury yields and commodity prices sparked concerns about inflation slowing a broad economic recovery. The Dow was trading up triple digits today (Thursday) on a combination of bigger than expected dip in weekly unemployment numbers (new claims fell 24,000) and stronger than expected retail sales (up 0.5% compared to April decline of 0.2%).

Wheat – Wheat futures began the week sharply lower under pressure from profit-taking and higher dollar index. Seasonal harvest selling pressure also was noted. Prices rebounded on Tuesday, supported by substantial fund buying that was triggered by a lower dollar. Prices fell sharply on Wednesday on a combination of profit-taking, sharply higher dollar and bearish U.S. and world ending stock estimates. Wheat finished mostly lower today (Thursday) as early gains were erased by profit-taking and seasonal selling pressure. **Wheat market closes on Thursday, 6/11/09...**

	<u>July 09</u>	<u>Weekly Summary</u>	<u>Sept 09</u>	<u>Weekly Summary</u>
Chicago	\$5.94 ³ / ₄	Down \$.28 ¹ / ₄	\$6.23 ¹ / ₄	Down \$.27 ³ / ₄
Kansas City	\$6.44 ¹ / ₂	Down \$.30 ¹ / ₂	\$6.54 ³ / ₄	Down \$.31 ¹ / ₄

Corn – Corn prices opened the week lower, with the negative tone attributed mostly to spillover pressures from sharply weaker wheat and speculation that China may sell a portion of its corn reserves into domestic markets. Tuesday saw higher corn prices on renewed fund buying and short covering ahead of Wednesday's S&D report. Despite a somewhat supportive S&D report and higher crude oil prices, corn could not sustain its early gains on Wednesday as the dollar moved sharply higher. Profit-taking and weakness in outside markets also pressured the corn market. Corn finished moderately higher today (Thursday) with support from a lower dollar, cool wet weather and stronger than expected weekly export sales. **July 09 corn contract closed on Thursday, 6/11/09, at \$4.41, down \$.03 for the week and the Sept 09 contract at \$4.50, down \$.04 for the week.**

Near-term Commodity Outlook –

Soybeans – Very tight old crop supplies continue to provide the strongest price support for the near-by soybean contract. USDA confirmed the tight stock situation in Wednesday's monthly S&D report, showing old crop supplies falling to 110 million bu (just a 13 day supply) compared to new crop ending stocks at 210 million bu. This snug stock situation will continue to support near-by prices in order to encourage rationing.

Corn – As expected, USDA trimmed 2 bu from its national average yield projection for 2009 (153.4 bu/Ac) on Wednesday based on the slow planting pace and about **2.5 million acres that remained unplanted as of Sunday**. Eyes now shift to USDA's June 30 acreage and quarterly stocks reports. Traders expect USDA to reduce corn acreage by 1.5 to 2.5 million acres. However, many analysts believe that corn and wheat prices rose too much too quickly in recent weeks and are vulnerable to corrective set-backs, particularly in light of favorable growing conditions. For now, corn remains closely tied to currency and energy markets, but maintains underlying support from expectations that USDA will cut their corn acreage estimate at the end of June and slow start to the 2009 crop. Many analysts think corn needs to see a push above resistance level of \$4.50 to avoid a technical sell-off.

Wheat – Wheat saw the least support from Wednesday's S&D report, as total U.S. wheat production remained above the psychological 2 billion bu mark and ending stocks were higher than the trade expected (647 million bu vs. 606 million bu). Despite some emerging signs of production problems around the world, world stocks appear to be plentiful for now which will continue to exert downward seasonal pressure on prices.

Other Major Factors to Watch

- § **Crude Oil** – crude oil prices continued to climb this week, probing above **\$72/bbl** for the first time since last November. Wednesday's weekly petroleum report was **bullish**, showing crude oil inventories falling 4.4 million bbls, compared to an expected build of .1 million bbls; distillate stocks fell .3 million bbls, compared to an expected build of 1.5 million bbls; and gasoline stocks fell by 1.6 million bbls, compared to an expected build of .75 million bbls.
- § **U.S. weather / crop watch** – Wet weather was prevalent across parts of the Midwest this week, slowing final corn and soybean planting in eastern MO, central and southern IL and southern IN. The storm track is expected to shift northward next week bringing beneficial moisture to MT, eastern ND and northern and central MN which have dry pockets. About one fourth of the Northern Plains (and one third of the Canadian prairies) spring grain region has been experiencing moisture deficits. Hot dry conditions are aiding HRW harvest progress in the Southern Plains, where the harvest pace is running only half of normal (5% vs. 10% for 5-year average). The 6-10 day outlook shows above average precipitation across the Midwest and warmer temps.
- § **International weather / crop watch** –
 - § **Canada** – Unseasonably cold weather is once again slowing crop development across the western prairies, but showers have replenished soil moisture in portions of south-central and southwestern Saskatchewan and southeastern Alberta. Additional moisture is badly needed in central and southeastern Saskatchewan and central Alberta. Forecasts show rain showers in this region next week, which could alleviate most of the dryness across the prairies. The Canadian Wheat Board reports the Canadian wheat crop is about 10 days behind normal development.
 - § **Europe** – moisture continued across much of Europe which is maintaining favorable soil moisture for both winter and spring grains; the exception is dry areas in the east including Hungary and the southern Balkans.
 - § **Russia / Ukraine** – Showers have provided adequate topsoil moisture for both winter and spring grains in Russia. Widespread rains in western Ukraine have favored vegetative growth for spring crops, but a drying trend in the south and east continues to cause plant stress.
 - § **China** – Dry weather continued to aid winter grain harvesting in the North China Plains. Showers in parts of Manchuria replenished topsoil moisture for corn crops, but more rain is needed in western Jilin and Liaoning provinces.
 - § **Middle East** – Showers interrupted winter grain harvesting in Turkey.
 - § **Northwest Africa** – Dry warm weather accelerated winter grain harvest.
 - § **Argentina** – Winter grain planting progressed this week, but many areas are in need of additional moisture for good crop establishment. Analysts are projecting the lowest wheat planted area on record, due to the prolonged drought conditions.
 - § **Australia** – Widespread rains continue to benefit winter grain planting and establishment. Most analysts have pegged the wheat crop in the range of 21 to 23 MMT, based on mostly favorable planting conditions. A likely return of El Nino weather pattern, however, could spell trouble for this crop in coming months.

USDA Crop Progress / Condition Report, June 8, 2009

Crop	%	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	96% planted 79% emerged	87%	100%	99%	74%	72%	59%
ID barley	99% planted 97% emerged	97%	99%	99%	94%	94%	
US spring wheat	96% planted 84% emerged	89%	100%	100%	72%	73%	63%
ID spring wheat	100% planted 98% emerged	96%	100%	100%	86%	86%	
US winter wheat	84% headed 5% harvested	77%	82%	88%	44%	45%	47%
ID winter wheat	25% Headed 0% harvested	11%	10%	25%	94%	89%	
US Corn	97%	93%	97%	99%	69%	70%	60%

NOAA Climate Prediction Center – 90 Day Outlook

