

## Idaho Grain Market Report, June 17, 2010

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 16, 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	\$3.90	\$3.73	\$5.32
Idaho Falls	\$6.00	(2-R)\$6.50-\$6.85 (6-R)\$6.50	\$4.10	\$3.90	\$5.23
Blackfoot / Pocatello	\$6.04	(2-R) \$6.50 (6-R) NQ	\$3.86	\$3.48	\$5.20
Grace / Soda Springs	\$6.22	(2-R) NQ (6-R) NQ	\$3.80	\$3.63	\$5.17
Burley / Rupert	\$5.25	(2-R) \$6.50 (6-R) \$6.50	\$3.70	\$3.65	\$5.13
Hazelton		(2-R) NQ (6-R) NQ	\$3.40	NQ	NQ
Twin Falls / Eden / Buhl	\$5.80-\$5.90	(2-R) NQ (6-R) NQ	\$3.40	NQ	NQ
Weiser	\$5.70	(2-R) NQ (6-R) NQ	\$3.55	NQ	NQ
Nez Perce / Craigmont	\$4.85	(2-R) \$4.85 (6-R) \$4.85	\$3.89	\$4.34	\$5.92
Lewiston	\$5.10	(2-R) \$5.10 (6-R) \$5.10	\$4.08	\$4.53	\$6.11
Moscow / Genesee	\$4.90-\$6.25	(2-R) \$4.90 (6-R) \$4.90	\$3.85-\$4.60	\$4.30-\$5.11	\$5.88-\$6.69

**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 \$4.55 Aug NC \$4.55-\$4.57	June \$5.11-\$5.21 Aug NC \$5.09-\$5.25	June \$6.52-\$6.72 Aug NC \$6.18-\$6.56
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.20	NQ	NQ	\$4.00	\$3.70	\$5.26
Great Falls	\$4.50-\$5.05	NQ	\$6.25	NQ	\$3.45-\$3.55	\$5.53-\$5.91
Minneapolis	\$4.79	NQ	\$6.67	NQ	\$4.82 ¼ (12%)	\$6.87 ¼ - \$7.27 ¼

**Market trends this week**

**BARLEY** – Local barley prices were mixed again this week ranging from 20 cents lower to 10 cents higher in southern Idaho and remaining steady in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

**Barley Competitor/Buyer News** – The Canadian Wheat Board has pegged their barley crop at 6.6 million acres, the lowest level since 1965 and down 20% from last year, due to excessive moisture and delayed planting. Barley production has been pegged at 7.6 MMT, down 20% from last year's 9.52 MMT. The Australian Bureau of Agricultural and Resource Economics (ABARE) released their latest Australian crop report, showing their barley plantings down 9% to 4.1 million hectares and production pegged down 10% to 7.3 MMT. South Australia, the largest barley producing state, expects their barley area is down 8% and production down 20% to 2 MMT, due to more competitive prices for competing crops. The crop is off to a good start this year with average to above average rainfall. Western Australia, the 2<sup>nd</sup> largest barley producing state, has pegged its barley area down 20% and production down 12% to 1.9 MMT due to a relatively poor start to the crop year with below average rainfall.

**WHEAT** – Local wheat prices were mostly higher this week: SWW ranged from 50 cents lower to 20 cents higher; HRW ranged from 8 to 36 cents higher; and DNS ranged from 24 to 50 cents higher. U.S. wheat export sales last week were well above trade expectations at 959.5 TMT, while export shipments last week totaled 381 TMT.

**Wheat Competitor/Buyer News** – The Canadian Wheat Board has pegged their wheat crop at 19.15 million acres, the lowest since 1971 and an 18% reduction from last year. Wheat production has been pegged at 18.9 MMT, down from 26.5 MMT last year, a decline of 29%. ABARE has pegged Australian wheat plantings down 2% this year to 13.5 million hectares and production up 2% to 22.1 MMT. Western Australian, the largest wheat producing state, expects their wheat area and production to be down 3% to 8 MMT (represents 36% of the overall crop) due to a relatively poor start to the new crop year with fall rainfall average to below average. New South Wales, the 2<sup>nd</sup> largest wheat producing state, has pegged its wheat area down 1% but production up 31% to 6.6 MMT due to an ideal start to the crop year.

**CORN** – U.S. corn export sales were well above trade expectations at 1.09 MMT for marketing year 2009/10 and 136.5 TMT for Marketing Year 2010/11. Corn export shipments last week totaled 1.07 MMT, up 18% from the previous week however it was down 2% from the prior 4-week average.

**Corn Competitor/Buyer News** – USDA announced a sale of 120 TMT of U.S. corn to China on Monday. South Korean millers purchased 55 TMT of U.S. corn on Wednesday.

#### Futures market activity this week

**Overall market psychology improved this week with the euro currency stabilizing and the dollar easing back. However there continues to be conflicting evidence on how strong the domestic economic recovery really is... with industrial output better than expected this week while first time unemployment claims increased instead of falling as expected and new housing starts fell 10% last month after the government tax incentives ended. Clearly the housing sector won't lead this economic recovery.**

**WHEAT** – Wheat prices began the week sharply higher, boosted by moderate fund buying that was triggered by a lower dollar and concerns about excessive moisture in some winter wheat areas which are now experiencing lodging and harvest delays. Prices closed mixed to fractionally higher on Tuesday in mostly two-sided trading as focus shifts to harvest delays...USDA reported harvest was 9% completed on Monday compared to 12% on average. Wheat posted significant gains on Wednesday with support from continued wet weather in the Canadian prairies which will cut Canadian wheat acres and an announcement by Saudi Arabia it was tendering for almost 1 MMT of wheat imports. Wheat prices finished moderately higher today (Thursday) on more short covering in CHI, crop concerns in Canada and better than expected U.S. wheat export sales which nearly topped 1 million metric tons last week. **Wheat market closes on Thursday, 6/17/10...**

	<b>July 2010</b>	<b>Weekly Summary</b>	<b>Sept 2010</b>	<b>Weekly Summary</b>
Chicago	\$4.62 <sup>3</sup> / <sub>4</sub>	Up \$.22	\$4.78 <sup>1</sup> / <sub>2</sub>	Up \$.21 <sup>1</sup> / <sub>2</sub>
Kansas City	\$4.95 <sup>1</sup> / <sub>2</sub>	Up \$.28 <sup>1</sup> / <sub>2</sub>	\$5.06 <sup>1</sup> / <sub>2</sub>	Up \$.30 <sup>1</sup> / <sub>2</sub>
Minneapolis DNS	\$5.38	Up \$.36 <sup>1</sup> / <sub>4</sub>	\$5.49 <sup>3</sup> / <sub>4</sub>	Up \$.37 <sup>1</sup> / <sub>2</sub>

**CORN** – Corn began the week higher on support from a weaker dollar and higher crude oil, but gains continue to be limited by good crop conditions. Prices chopped around on Tuesday but settled mostly unchanged on Tuesday as the market battles conflicting influences...good crop prospects and higher crude oil. Corn continued to extend modest gains on Wednesday as crude oil continued to bounce higher, but gains were limited by late session profit-taking. Corn finished slightly higher today (Thursday) with support from better than expected export sales but gains were limited by negative outside markets. **July 2010 corn contract closed Thursday, 6/17/10, at \$3.57 <sup>1</sup>/<sub>2</sub>, up \$.08 for the week and the Sept 2010 contact closed at \$3.67, up \$.08 for the week.**

#### **OTHER MAJOR FACTORS TO WATCH -**

- **Crude Oil** – Crude oil started strong this week, closing up a \$1.34/bbl on Monday and another \$1.82 on Tuesday to top nearly \$77/bbl on mostly bullish economic data (better than expected manufacturing reports out of both the EU and the U.S.). Concerns about a short term moratorium and possible future restrictions on deepwater drilling also provided underlying support. Crude oil continued to post modest gains on Wednesday despite a mostly bearish weekly inventory report which showed crude oil stocks increased by 1.7 million bbls, compared to an expected decline of 750,000 bbls; distillates showed a 1.8 million bbl increase, compared to an expected build of 1.0 million bbls; and gasoline stocks fell 700,000 bbls, compared to an expected unchanged position. Clearly the technical picture for crude oil is improving with a fresh uptrend established on the daily charts this week. Analysts point to \$79-\$80 as a pivotal point for a fresh rally wave that could retest the May 3 peak of \$89.77/bbl.
- **U.S. weather / crop watch** – Heavy weekend rainfalls were seen in many areas of the Central and Southern Plains, causing lodging in winter wheat and delaying harvest. Wet warmer conditions were prevalent across the Pacific Northwest and Central U.S. this week. A series of storm systems were moving across the Northern Plains and Northern Corn Belt bringing chances for showers daily for the next week. The official 6-10 day and 8-14 day outlooks show above normal rain and heat for much of the Midwest, which is considered mostly friendly for corn although there is concern about pollination in some areas. Heat and dryness in the first half of July could be a concern for corn pollinating in MO, KS, southeastern NE and far southern IA. These areas of concern account for for about 20% of the

nation's crop and yield reduction of 20% are possible within this region.

▪ **International weather / crop watch –**

- **Canada** – Cool rainy weather continued to cause planting delays across the Western Canadian prairies. With the crop insurance planting deadline passing this week, analysts are now projecting as much as 8 to 10 million acres of farmland will not get planted to spring grains and canola this year. CWB pegs Canadian wheat area at 19.15 million acres, down 18% from last year and the lowest since 1971 and production at 18.9 MMT, down 29%. Barley plantings are pegged at 6.6 million acres, down 20% and the lowest since 1965 and production at 7.6 MMT, down 20%.
- **Europe** – Locally heavy rains continued to fall across France, England and Germany, erasing earlier dryness concerns for filling winter grains, but also causing some quality concerns in some areas where rainfall amounts were excessive. Meanwhile, rains continued to pound parts of eastern Europe causing crop conditions to deteriorate.
- **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 in Turkey continued to slow winter grain crop maturation and harvesting.
- **Northern Africa** – Dry weather across Morocco, Algeria and Tunisia accelerated winter grain harvest.
- **China** – Northeast saw hot dry conditions which were causing some stress concern for the recently emerged corn crop, although showers were expected this week to bring relief. Sunny mild conditions helped accelerate winter wheat harvest across the North China Plains and about 15% of the corn crop could experience heat stress during pollination.
- **Argentina / Brazil** – Corn harvest accelerated and wheat planting progressed rapidly across Argentina. Recent rains have provided a good start to the new crop.
- **Australia** – Winter grain benefitted from more rainfall across the west and southeastern regions, while other areas remained dry. This week an Australian government agency ABARE pegged their wheat plantings down 2% this year to 13.5 million hectares and production up 2% to 22.1 MMT, due to a particularly strong start in New South Wales, the second largest wheat producing state. Barley plantings are estimated down 9% to 4.1 million hectares and production pegged down 10% to 7.3 MMT.

**USDA Crop Progress / Condition Report, June 14, 2010**

<b>Crop</b>	<b>Stage</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	emerged 96%	90%	91%	97%	88%	86%	75%
<b>ID barley</b>	<b>emerged 90%</b>	<b>83%</b>	<b>98%</b>	<b>96%</b>	<b>97%</b>	<b>88%</b>	
US spring wheat	emerged 97%	90%	92%	98%	86%	84%	75%
<b>ID spring Wheat</b>	<b>emerged 95%</b>	<b>93%</b>	<b>99%</b>	<b>99%</b>	<b>92%</b>	<b>90%</b>	
US winter wheat	headed 88%	84%	89%	92%	66%	66%	44%
	harvested 9%	3%	7%	12%			
<b>ID winter wheat</b>	<b>headed 18%</b>	<b>10%</b>	<b>39%</b>	<b>42%</b>	<b>92%</b>	<b>90%</b>	
US Corn	emerged 98%	94%	94%	97%	77%	76%	70%