

## Idaho Grain Market Report, June 24, 2010

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

**Check out our NEW IDAHO GRAIN MARKET ALERT** – this is a new companion grain market service being sponsored by the Idaho Barley Commission and provided by Craig Corbett, grain producer and market analyst from Grace, ID. We want to hear from readers with your questions and comments – please contact us at [kolson@idahobarley.org](mailto:kolson@idahobarley.org).

**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 23, 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	\$3.85	\$3.78	\$5.18
Idaho Falls	\$6.00	(2-R)\$6.50-\$6.85 (6-R)\$6.50	\$4.00	\$3.75	\$5.22
Blackfoot / Pocatello	\$5.93	(2-R) \$6.50 (6-R) NQ	\$3.70	\$3.52	\$5.22
Grace / Soda Springs	\$6.22	(2-R) NQ (6-R) NQ	\$3.80	\$3.72	\$5.25
Burley / Rupert Hazelton	\$5.25-\$5.50	(2-R) \$6.50 (6-R) \$6.50	\$3.70	\$3.73	\$5.05
Twin Falls / Eden / Buhl	\$5.90	(2-R) NQ (6-R) NQ	\$3.40	NQ	NQ
Weiser	\$5.70	(2-R) NQ (6-R) NQ	\$3.59	NQ	NQ
Nez Perce / Craigmont	\$4.85	(2-R) \$4.85 (6-R) \$4.85	\$3.89	\$4.51	\$5.86
Lewiston	\$5.10	(2-R) \$5.10 (6-R) \$5.10	\$4.08	\$4.70	\$6.05
Moscow / Genesee	\$4.90-\$6.25	(2-R) \$4.90 (6-R) \$4.90	\$3.85-\$4.55	\$4.47-\$5.17	\$5.82-\$6.45

**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 \$4.52-\$4.55 Aug NC \$4.52-\$4.55	NQ	June \$6.47-\$6.62 Aug NC \$6.28-\$6.51
Los Angeles	\$8.25	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.25	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.30	NQ	NQ	\$4.00	\$3.76	\$5.29
Great Falls	\$4.50-\$5.05	NQ	\$6.25	NQ	\$3.48-\$3.68	\$5.71-\$5.81
Minneapolis	\$4.58	NQ	NQ	NQ	\$4.60 ¼ (12%)	\$6.92 ¼ - \$7.32 ¼

**Market trends this week**

**BARLEY** – Local barley prices were mostly steady this week ranging from steady to 20 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** – Stats Canada released an updated planted acres report this week showing Canadian barley acres at 8 million, down 7% from last year. Many analysts believe this estimate is on the high side and will be ratcheted down in future acreage and production reports as the survey was conducted before extreme weather prevented final planting.

**WHEAT** – Local wheat prices were mixed this week: SWW ranged from 16 cents lower to 4 cents higher; HRW ranged from 15 cents lower to 17 cents higher; and DNS ranged from 24 cents lower to 8 cents higher. U.S. wheat export sales last week were well above trade expectations at 720.6 TMT, while export shipments last week totaled 232.6 TMT.

**Informa Economics has pegged U.S. spring wheat acres at 13.458 million, down from USDA's latest estimate of 13.906 million.**

**Wheat Competitor/Buyer News** – Stats Canada showed 2010 wheat acres in Canada down 9.2% to 22.72 million, although many analysts think that number will continue to shrink as the survey was conducted before the worst rain events prevented final planting. The Canadian Wheat Board reported that only 82% of the acreage has been planted that they don't expect any additional plantings at this stage. Saudi Arabia confirmed it had purchased 990 TMT of wheat this week, 110 TMT Canadian and 880 TMT German (none from the U.S.). The Argentine Ag Ministry has raised its wheat planted area to 4.4 million hectares, up from their previous estimate of 3.52 mha. Thailand purchased 50 TMT of U.S. wheat late last week. Algeria reportedly purchased 400 TMT of wheat this week, most likely French origin. **An active international tender line-up this week...**Japan for 125 TMT, Bangladesh for 50 TMT, Egypt for 120 TMT, Iraq for 100 TMT, Tunisia for 50 TMT.

**CORN** – U.S. corn export sales were well above trade expectations at 1.12 MMT for Marketing Year 2009/10 and 332.3 TMT for Marketing Year 2010/11. Corn export shipments last week totaled 818.1 TMT, down 24% from the previous week and 27% from the prior 4-week average.

**Informa Economics has pegged U.S. corn acres at 89.318 million, above USDA's latest estimate of 88.798 million.**

**Corn Competitor/Buyer News** – China sold 600 TMT of domestic corn reserves at auction early in the week, but domestic prices remained strong in the face of new crop uncertainties. USDA export sales report confirmed 230 TMT of U.S. corn sales to China in MY 09/10 and 60 TMT in MY 2010/11, bringing total Chinese purchases of U.S. corn to 885.1 TMT, the strongest import pace in 15 years. Meanwhile, the Argentine Ag Ministry has raised its 2009/10 corn production estimate this week to 22.7 MMT, up from their previous estimate of 21 MMT.

#### Futures market activity this week

**The Federal Reserve met this week and scaled back its assessment of domestic economic recovery compared to their April view that the U.S. economy was "strengthening." In this week's policy statement the Fed noted several pockets of continuing weakness including housing and consumer spending. As expected, the Fed kept short-term borrowing rates in the zero to 0.25% range. As reinforcement of this Fed view, report out this week on new home sales showed sales plummeting 33% in May to the lowest monthly tally since reporting began in 1963.**

**WHEAT** – Wheat prices began the week modestly higher after short covering managed to pull the market higher from an early slump. Support also came from outside markets which showed renewed optimistic on news that China would allow its currency to float against the dollar. Wheat prices settled moderately lower on Tuesday after trading in a narrow consolidated range in the face of very little fresh fundamental or technical news. Wheat closed mixed to modestly higher on Wednesday, with KCBT taking the lead to the upside on quality concerns in the SRW crop due to recent excessive moisture in many production areas. Reduced Canadian acres and excessively wet conditions there also provided underlying support. Wheat prices finished mixed today (Thursday) with CHI closing fractionally higher on another round of short covering while KCBT and MGE closed solidly lower on seasonal hedging pressure as drier weather allowed winter wheat harvest to resume in many areas. **Wheat market closes on Thursday, 6/24/10...**

	July 2010	Weekly Summary	Sept 2010	Weekly Summary
Chicago	\$4.63	Up \$.01 ¼	\$4.77 ½	Down \$.00 ¼
Kansas City	\$4.94 ¼	Down \$.03	\$5.05	Down \$.03 ½
Minneapolis DNS	\$5.24 ¾	Down \$.13 ½	\$5.36 ¼	Down \$.13 ½

**CORN** – Corn began the week lower on both Monday and Tuesday on profit-taking triggered by mostly favorable crop weather, increased farmer selling and bearish technical chart signals. Corn closed lower on Wednesday, pressured by weak outside markets including a sharp slump in crude oil and a more crop friendly weather forecast for next week. Corn settled modestly lower today (Thursday) in two-siding trading with pressure from improving crop weather and bearish technical chart signals and support from stronger than expected corn export sales. **July 2010 corn contract closed Thursday, 6/24/10, at \$3.44 ¾, down \$.16 for the week and the Sept 2010 contact closed at \$3.53 ¾, down \$.16 ¼ for the week.**

**Near-by Commodity Outlook – La Nina weather pattern has arrived** – Signs are clear that we have moved into a weak La Nina pattern with eastern Pacific equatorial waters cooling fast. Looking at past La Nina cycles, we might expect wide temperature swings this summer in the Midwest, but also a bias toward heat in late July and August which could affect late pollinating corn and soybeans. Keep in mind that even a 5% reduction in corn yields could tighten stocks significantly based on current demand projections and likely push prices higher. Right now, most private analysts believe we are on course for above trend-line yields so stay tuned....

**Corn** – technical charts turned decidedly bearish this week with a drop below the long-term support level of \$3.50. Prices should continue to provide support at current levels but remain vulnerable to retest this month's low of \$3.35.

**Wheat** – Seasonal harvest pressure coupled with ample world stocks will keep a lid on wheat prices for now, unless a crop failure is predicted in one of the major producing countries which we don't see happening at this time (clearly there are some pockets of concern in Canada, Europe and Russia but no widespread losses expected at this time). Short covering – particularly in CHI where trend following funds are heavily short – will provide periodic upside price potential.

**OTHER MAJOR FACTORS TO WATCH -**

- **Crude Oil** – Crude oil began the week modestly higher on a lower dollar and support from China's news that it would float its currency. But gains were short-lived as the market eased lower on Tuesday in mixed economic news and renewed focus on European and U.S. debt. Crude oil fell sharply on Wednesday under pressure from a bearish crude oil stocks report, which showed weekly crude oil inventory increasing 2.017 million bbls, compared to an expected decline of 800,000 bbls; distillates showed a more bullish increase of 297,000 bbls increase, compared to an expected build of 1.5 million bbls; and gasoline stocks fell 762,000 bbls, compared to an expected draw of 180,000 bbls. Crude oil finished slightly higher today (Thursday) with technical trend-line support and a lower dollar but pressure from lower equities which closed down tripled digits in the face of renewed focus on sovereign debt problems.
- **U.S. weather / crop watch** – Weekend storms brought heavy rains to a wide swath of the Midwest, stretching from southern Nebraska and northern Kansas through Indiana. Some lodging damage was expected in winter wheat but conditions were mostly favorable for corn. Some areas are struggling to finish planting soybeans and stands may suffer due to shallow root systems. The Southern Plains HRW region saw warmer and drier conditions this week allowing harvest to resume. Meanwhile an active storm system was expected in north-central to northeast CB regions through early Thursday with chances of light to moderate rainfall into Sunday and Monday in some areas, although coverage is not expected to be widespread. The updated 6-10 day outlook shows drier and milder temps, but then warmer again in the 11-15 day period. A return to hot pattern in later July could pose some stress during corn pollination (but too early to know affects on yield).
- **International weather / crop watch – Crop conditions continue to deteriorate in the Former Soviet Union and China (too dry) while Canadian small grains continue to see less than optimal conditions (too wet). In addition, about one-third of the Australian wheat crop is considered dry at this stage. However ample global stocks have prevented wheat markets from building a weather premium too quickly until more is known.**
  - **Canada** – Conditions were mostly drier this week, but more rain was expected by the end of this week and likely again in the 6-10 day outlook. Crops remain well behind normal pace of development. The Peace River region of northern Alberta is beginning to see dryness concerns.
  - **Europe** – Northern areas were drier again, reducing soil moisture needed for reproductive to filling small grains, but temps remain favorable. Meanwhile, strong storms swept across southern Europe, boosting soil moisture for con but causing flooding and some crop damage, particularly in Spain.
  - **Former Soviet Union** – More of the same in this region... Conditions remained mostly favorable in the most western and northern regions of Ukraine and Russia, while heat and drought continued to develop in eastern Ukraine into Kazakhstan and western Siberia, stressing both winter and spring grains.
  - **Middle East** – Showers persist in Turkey, slowing winter grain maturation and harvesting.
  - **China** – Northeast region (Manchuria) received beneficial rains easing dryness concerns in corn and soybean crops. Sunny hot conditions across the North China Plains accelerated winter wheat harvest but also raised concerns about pollinating corn crops. Some analysts have indicated that as much as 15% of China's corn crop could suffer during pollination, potentially reducing yields by 10%.
  - **Argentina / Brazil** – Buenos Aires wheat region received beneficial showers, while rain also benefited emerging winter wheat crop in Rio Grande do Sol region of Brazil.
  - **Australia** – Conditions have improved in many areas, although Western Australia needs more rain to promote good stand establishment. About one-third of Australia's wheat crop is considered dry.

**USDA Crop Progress / Condition Report, June 21, 2010**

Crop	Stage	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	headed 5%	NA	6%	13%	86%	88%	80%
<b>ID barley</b>	<b>headed 4%</b>	<b>NA</b>	<b>12%</b>	<b>15%</b>	<b>90%</b>	<b>97%</b>	
US spring wheat	headed 14%	NA	9%	16%	84%	86%	77%
<b>ID spring Wheat</b>	<b>headed 2%</b>	<b>NA</b>	<b>7%</b>	<b>12%</b>	<b>92%</b>	<b>92%</b>	
US winter wheat	headed 91% harvested 17%	88%	94%	96%	65%	66%	45%
<b>ID winter wheat</b>	<b>headed 29%</b>	<b>18%</b>	<b>53%</b>	<b>66%</b>	<b>86%</b>	<b>92%</b>	
US Corn					75%	77%	70%