Idaho Grain Market Report, July 2, 2009

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

We wish everyone a fun-filled 4th of July holiday!!

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 1, 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	$6.50	(2-R) NQ (6-R) NQ	$4.36	$4.90	$5.95
Idaho Falls	NQ	(2-R)$7.81-$8.00 (6-R)$7.81	NQ	NQ	NQ
Blackfoot / Pocatello	$6.25	(2-R) $7.50 (6-R) $7.50	$4.45	$4.66	$5.88
Grace / Soda Springs	$6.19	(2-R) $9.00 (6-R) $9.00	$4.27	$4.82	$5.86
Burley / Rupert Hazelton	$5.75-$6.25	(2-R) $7.81 (6-R) $7.81	$4.30	$4.68	$5.83
Twin Falls / Eden / Buhl	$6.70	(2-R) NQ (6-R) NQ	$4.00	NQ	NQ
Weiser	$6.00	(2-R) NQ (6-R) NQ	$4.51	NQ	NQ
Nez Perce / Craigmont	$4.88	(2-R) $4.88 (6-R) $4.88	$4.96	$5.44	$6.59
Lewiston	$5.33	(2-R) $5.33 (6-R) $5.33	$5.15	$5.63	$6.78
Moscow / Genesee	$4.93-$6.50	(2-R) $4.93 (6-R) $4.93	$4.92-$5.60	$5.40-$6.10	$6.55-$7.21

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	July $5.56-$5.60 Aug NC $5.58-$5.65	July $5.99-$6.24 Aug NC $6.14-$6.24	July $7.14-$7.34 Aug NC $7.14-$7.34
Los Angeles	$8.70	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	$8.70	NQ	NQ	NQ	NQ	NQ
Ogden	$6.26	NQ	NQ	$3.39	$4.92	$6.02
Great Falls	$4.40-$4.50	NQ	$7.50	NQ	$4.35-$4.87	$6.21-$6.39
Minneapolis	$4.69	NQ	$8.85	NQ	$5.68 ½ (12%)	$7.18 ½ - $7.28 ½

Market trends this week

BARLEY – Local barley prices were lower, ranging from $.50 to $1.50 lower this week. USDA reported no barley export sales last week. Barley export shipments totaled .1 TMT for Mexico.

USDA Acreage Estimate for Barley (June 30) – USDA pegged U.S. barley acreage at 4.13 million and harvested acreage at 3.64 million, up nearly 4%. Idaho barley harvested acreage is pegged at 520,000, down 5% from 2007.

USDA Quarterly Stocks Report (June 30) – USDA pegged U.S. barley stocks on June 1 at 88.6 million bu, up 30% from a year ago. The March-May 2009 indicated disappearance is 40.5 million bu, down 4% from the same period a year ago. Idaho barley stocks on June 1 are pegged at 12,115,000 bu, up 8% from a year ago.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 4 to 15 cents lower; HRW ranged from 1 to 31 cents lower; and DNS from 34 cents higher to 59 cents lower. U.S. wheat export sales were below trade expectations at 242 TMT, which was 34% below the previous week. Wheat export shipments totaled 366.7 TMT which was up 13% from the previous week.

USDA Acreage Estimate for Wheat (June 30) – USDA pegged U.S. wheat acreage at 59.775 million and harvested acreage at 50.445 million, down 5% from last year. Planted acreage was more than 1.1 million above March estimates and 1.5 million above the average pre-report trade estimate. Idaho wheat harvested acreage is pegged at 1.190 million, down 11% from 2008.

USDA Quarterly Stocks Report (June 30) – USDA pegged U.S. wheat stocks on June 1 at 667 million bu, up 118% from a year ago. This was in line with the average pre-report trade estimate of 670 million bu. The March-May 2009 indicated disappearance is 373 million bu, down 7% from the same period a year ago. Idaho wheat stocks on June 1 are pegged at 18,526,000 bu, up 124% from a year ago.

Wheat Competitor/Buyer News – Buenos Aires Grain Exchange lowered its Argentine wheat planting estimate again this week to 2.8 million hectares, down from 2.9 million last week. An economist with the Exchange publicly stated earlier this week that Argentine wheat production could fall to a historical low of 6 MMT this year due to lower plantings and persistent drought conditions. This could mean that Argentina would be absent from the wheat export market. Meanwhile, the Brazilian government says it will not lift its 10% wheat import tariff on wheat sourced from outside of the Mercosur region despite the likely shortfall from Argentina. Strategie Grains has its EU grain production estimate by 6.4 MMT to a total of 283.3 MMT, with soft wheat production down 2.6 MMT to 126.3 MMT due to recent hot and dry conditions in the southeast. They cut EU wheat exports by 1.9 MMT to 12.6 MMT. Egypt purchased 60 TMT of US SRW winter this week.

CORN - Corn export sales last week were well above trade expectations at 1.2 MMT, which was 68% above the previous week; and 67% from the prior 4-week average. Export sales for MY 09/10 totaled 117 TMT. Corn export shipments last week totaled 742.5 TMT, down 29% from the previous week, and 11% from the prior 4-week average.

USDA Acreage Estimate for Corn (June 30) – USDA pegged U.S. corn acreage at 87.035 million and harvested acreage at 80.1 million, up 1.2% from 2008. Planted acres are 2 million acres higher than the March estimate and 3 million acres above the average pre-report trade estimate of 83.961 million. If realized this will be the second highest plantings since 1946, behind 2007.

USDA Quarterly Stocks Report (June 30) – USDA pegged U.S. corn stocks on June 1 at 4.27 billion bu, up 6% from a year ago. This was 88 million bu higher than an average pre-report trade estimate of 4.178 billion bu. The March-May 2009 indicated disappearance is 2.69 billion bu, down 5% from the same period a year ago and further evidence of livestock herd reductions.

Corn Competitor/Buyer News – More talk this week that China will start releasing some of its 40 MMT of strategic corn reserves in July and August. South Korea KFA bought a cargo of U.S. corn this week.

Futures market activity this week

Wheat – Wheat futures began the week lower on spillover selling pressures, favorable harvest weather and disappointing export inspections. Positioning ahead of Tuesday's key acreage and quarterly stocks reports also was a noted feature in the mostly two-sided trading. Wheat futures sank sharply on Tuesday in the face of a bearish acreage estimate, showing U.S. wheat plantings at least 1.5 million acres above the average trade estimate. Both winter and spring wheat acres increased from the March estimate, despite widespread ideas that spring wheat acreage would decline due to the difficult planting conditions across the Northern Plains. A lack of fresh export demand also pressured wheat markets. Wheat markets closed lower again on Wednesday on harvest hedge pressures and continued reaction to Tuesday's bearish acreage report. Wheat finished lower again today (Thursday) on a stronger dollar and disappointing export sales. **Wheat market closes on Thursday, 7/2/09…**

	July 09	Weekly Summary	Sept 09	Weekly Summary
Chicago	$5.00 ¼	Down $.34	$5.29	Down $.34
Kansas City	$5.54 ¾	Down $.34 ¾	$5.64 ¼	Down $.35 ¾
Minneapolis DNS	$6.18	Down $.49 ¼	$6.22 ½	Down $.44 ¾

Corn – Corn markets began the week lower under pressure from nearly ideal crop weather and positioning ahead of Tuesday's key acreage and quarterly stocks reports. Corn closed limit down on Tuesday under pressure from USDA's extremely bearish acreage and quarterly stock estimates. USDA pegged U.S. corn acres at least 3 million above the average trade estimate and 2 million acres above their March projection. Short covering and a huge rally in nearby soybeans helped corn stage a modest rebound on Wednesday, but gains were limited by a slide in crude oil and the continued fallout from the bearish acreage estimate. Corn finished lower today (Thursday) in thin choppy trading ahead of the three-day holiday weekend. Pressure came from a stronger U.S. dollar, lower crude oil and favorable crop weather. **July 09 corn contract closed on Thursday, 7/2/09, at $3.45 ¾, down $.38 ½ for the week and the Sept 09 contact at $3.45 ¾, down $.46 for the week.**

Near-term commodity market dynamics have taken a bearish turn – **Wheat –** Downward trend will likely continue through the summer on harvest hedge pressure and prospects of ample domestic wheat production. There is still potential for a move higher this fall as more is known about world production prospects. Signs now point toward a likely cut in current production estimates later this fall due to dry/hot conditions in eastern Europe, Ukraine and Argentina. The long-term outlook for the Australian crop also is in some doubt due to an all but certain chance of El Nino weather pattern, which usually brings lower than expected rainfall and well below trend-line yields.

Corn - Turned decisively bearish this week on a higher than expected U.S. acreage and quarterly stocks estimates. USDA is likely to increase its average yield estimate in this month's S&D projections due to nearly ideal growing conditions across the Corn Belt. That means larger (not smaller) ending stocks and downward pressure on prices. Domestic livestock feed demand is clearly trending downward, with the latest cattle on feed estimate down 4% from a year ago and hog inventory down 2%. Sow farrowing intentions for the June to November period are down 3% from the same period a year ago.

Other Major Factors to Watch

- **Crude Oil** – crude oil prices began the week higher but then drifted lower to just around $69/bbl on pressure from a lower than expected consumer confidence report, stronger dollar and bearish gasoline inventory heading into the peak summer travel period. The weekly petroleum report was mixed again this week**,** showing crude oil stocks continuing to decline by 3.7 million bbls compared to an expected draw of 2.0 million bbls; however distillate stocks saw a bearish build of 2.9 million bbls, compared to an expected build of 1.5 million bbls; and gasoline stocks rose by 2.3 million bbls, compared to an expected build of 2.0 million bbls. Crude oil traded lower today (Thursday) on renewed concerns about global economic recovery and a higher U.S. dollar.
- **U.S. weather / crop watch** –This week saw mostly cooler and drier than normal conditions across the Plains and Corn Belt, accelerating winter wheat harvest. HRW wheat yields and quality improved as harvest moved northward through Kansas. Many spring wheat areas are now in need of a good soaking rain, including eastern Montana, east-central and western North Dakota, northeastern South Dakota and southern Minnesota. The 10-14 day outlook shows good chances for rainfall in this region, narrowing the dry spots to about 15% of the northern belt. A revised forecast shows wetter conditions for this weekend and a warming trend developing late next week when a western high pressure ridge moves east. This could push temps higher toward the middle of July when Western Corn Belt fields are expected to be pollinating, although extreme conditions are not expected to develop.
- **International weather / crop watch –**
  - **Canada** – Much needed rain fell across some areas of the Western prairie grain belt in the past week. However about **half of the region**, particularly northern and central Alberta and south-central and eastern Saskatchewan, **remains unfavorably dry**.
  - **Europe –** A recent drying trend favors winter grain filling and maturation, but southeastern areas remain excessively dry, increasing stress on spring grains.
  - **Russia / Ukraine** – Hot/dry conditions persisted from eastern Ukraine through southern Russia, accelerating winter grain maturation and stressing spring grains. The Ural and Volga regions of Russia saw some relief with cooler weather but remained drier than normal, reducing soil moisture.
  - **China –** Corn production areas in Manchuria continued to receive favorable rains, but hot/dry conditions increased irrigation requirements across the North China Plains and Yangtze Valley.
  - **Argentina –** Despite some scattered showers this week, devastating drought conditions continue across most of Argentina's winter grain belt, prompting some analysts to project wheat production could fall to as low as 6 MMT, down 30% from last year's drought-ravaged crop and 64% below two years ago.
  - **Australia –** Average to above average rainfall fell across most grain growing regions in the month of June, providing favorable conditions for winter grain germination and emergence. **However, this week the Australian Bureau of Meteorology stated that an El Nino weather pattern which typically brings below normal rainfall to Australia is now all but certain to form by the latter half of 2009.**

USDA Crop Progress / Condition Report, June 29, 2009

Crop	Progress %	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	12% headed	NA	26%	37%	76%	80%	71%
ID barley	**21% headed**	**NA**	**23%**	**37%**	**93%**	**94%**	
US spring wheat	15% headed	NA	26%	40%	76%	77%	74%
ID spring wheat	**24% headed**	**NA**	**18%**	**33%**	**94%**	**93%**	
US winter wheat	40% harvested	20%	36%	46%	45%	45%	NA
ID winter wheat	**81% headed** **0% harvested**	**77%** **0%**	 **0%**	**88%** **0%**	 **93%**	 **92%**	
US Corn	4% silking	NA	5%	8%	72%	70%	61%