

Idaho Grain Market Report, July 10, 2009

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, July 8, 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) \$7.00 (6-R) \$7.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$6.50	(2-R) NQ (6-R) NQ	\$4.25	\$4.80	\$5.75
Idaho Falls	\$6.00	(2-R)\$7.81-\$8.00 (6-R)\$7.81	\$4.37	\$4.60	\$5.78
Blackfoot / Pocatello	\$6.25	(2-R) \$7.00 (6-R) \$7.00	\$4.50	\$4.40	\$5.70
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert Hazelton	\$5.50-\$5.75	(2-R) \$7.81 (6-R) \$7.81	\$4.23-\$4.25	\$4.61	\$5.64
Twin Falls / Eden / Buhl	\$6.20	(2-R) NQ (6-R) NQ	\$3.90	NQ	NQ
Weiser	\$6.00	(2-R) NQ (6-R) NQ	\$4.40	NQ	NQ
Nez Perce / Craigmont	\$4.88	(2-R) \$4.88 (6-R) \$4.88	\$5.01	\$5.27	\$6.35
Lewiston	\$5.33	(2-R) \$5.33 (6-R) \$5.33	\$5.20	\$5.46	\$6.54
Moscow / Genesee	\$4.93-\$6.50	(2-R) \$4.93 (6-R) \$4.93	\$4.97-\$5.55	\$5.23-\$6.09	\$6.31-\$7.08

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 \$5.55 Aug NC \$5.55-\$5.60	July \$5.82-\$5.92 Aug NC \$5.77-\$5.94	July \$7.00-\$7.05 Aug NC \$6.97-\$7.05
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.06	NQ	NQ	\$4.44	\$4.75	\$5.83
Great Falls	\$4.45-\$4.50	NQ	\$6.25	NQ	\$4.09-\$4.62	\$5.92-\$6.15
Minneapolis	\$4.37	NQ	NQ	NQ	\$5.42 ½ (12%)	\$6.69 ½ - \$6.79 ½

Market trends this week

BARLEY – Local barley prices were lower, ranging from no change to 50 cents lower this week. USDA reported barley export sales last week at 11.1 TMT for Canada and Taiwan. Barley export shipments totaled 2 TMT for Canada, Japan, Taiwan and Mexico.

USDA's S&D report for MY 2010 - BARLEY –July 10 – For Marketing Year 2010, USDA made several adjustments to the U.S. barley balance sheet – lowered beginning stocks by 1 million bu to 89 million bu; lowered U.S. production by 22 million bu to 203 million bu (due to a 400,000 acreage cut); raised imports by 5 million bu to 30 million bu; lowered domestic feed usage by 10 million bu to 60 million bu; lowered exports by 5 million bu to 15 million bu; and lowered ending stocks by 3 million bu to 77 million bu. The average farm gate price for U.S. barley was lowered by 20 cents on each end to \$3.65-4.35/bu, compared to \$5.37 in 2008/09. **World barley production was pegged slightly lower than last month at 142.1 MMT, down 8% from a year ago and world ending stocks were estimated at 27.7 MMT, down 7%.**

- World barley production is projected to be down 8% to 142 MMT. US production is pegged 15% lower at 4.4 MMT.

- World barley supplies are estimated to decrease 1% to 172 MMT, due to larger carry-in, while US supplies are projected to be 5% lower at 6.4 MMT.
- World barley trade is expected to fall by 9% to 17.3 MMT. US exports are projected to decrease 14% to .3 MMT, due to less competition out of the Black Sea region.
- World barley consumption is projected to increase 1% to 144 MMT, and US usage is expected to decrease 2% to 5 MMT.
- World barley carryover stocks are estimated to decrease 7% to 27.7 MMT, while US carryout is projected to fall 13% to 1.7 MMT.

Barley Competitor/Buyer News – USDA adjusted their barley production estimates this month for Canada (down .6 MMT to 9.4 MMT), Russia (up .5 MMT to 17.0 MMT) and Ukraine (up .2 MMT to 9.7 MMT).

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 11 cents lower to 5 cents higher; HRW ranged from 1 to 26 cents lower; and DNS from 11 to 24 cents lower. U.S. wheat export sales were well above trade expectations at 584.2 TMT, which was 141% above the previous week. Wheat export shipments totaled 368 TMT which was unchanged from the previous week.

USDA's S&D report for MY 2010 - WHEAT – July 10 – For Marketing Year 2010, USDA lowered beginning stocks by 2 million bu (due to higher exports in MY 08/09) to 667 million bu; raised U.S. production by 96 mbu to 2.112 billion bu, which was slightly higher than the average pre-report trade estimate of 2.106 billion bu. USDA also raised domestic feed usage by 10 million bu to 230 million bu; raised exports by 25 million bu to 925 million bu; and raised ending stocks by 59 million bu to 706 million bu. This was slightly higher than the average pre-report trade estimate of 698 million bu. USDA pegged the U.S. winter wheat crop at 1.525 billion bu, up 33 million bu from last month's estimate. Hard red winter wheat was pegged at 903 million bu (1.035 billion bu last year); soft red winter at 414 million bu (614 million bu last year) and soft white at 208 million (219 million bu last year). The average farm gate price for U.S. wheat was lowered by 10 cents on each end to \$4.80-5.80/bu, compared to \$6.78 in 2008/09. **World wheat production was pegged slightly higher than last month at 656.48 MMT, down 25.8 MMT from last year. World ending stocks were lowered 1.4 MMT this month to 181.3 MMT, which is still 13.9 MMT or 8% higher than the year before.**

- World wheat production is projected to decline by 4% to 656 MMT. The US wheat crop is expected to decline 15% to 57 MMT.
- World wheat supplies are estimated to increase 3% to 823.8 MMT, while US supplies are expected to decline 1% to 75.6 MMT.
- World wheat trade is expected to decrease 12% to 122 MMT, due to smaller supplies of feed wheat. U.S. exports are estimated to decrease 6% to 25 MMT, due to increased competition from EU, Canada and Australia.
- World wheat consumption is projected to increase by 1% to 642.6 MMT, and U.S. consumption is also expected to increase by 1% to 34.4 MMT.
- World wheat carryover stocks are estimated to increase by 8% to 181.2 MMT. US stocks are pegged to increase 6% to 19.2 MMT.

Wheat Competitor/Buyer News – USDA adjusted their wheat production estimates this month for several major competitors: Canada (down 1.5 MMT to 23.5 MMT); Argentina (down 1.5 MMT to 9.5 MMT); Russia (up 1.0 MMT to 60 MMT); Ukraine (up .5 MMT to 18.5 MMT). They also adjusted their wheat export projections: Canada (down .5 MMT to 17.0 MMT); Argentina (down 1.5 MMT to 4.0 MMT); Russia (up .5 MMT to 18.5 MMT); and Ukraine (up 1.0 MMT to 6.0 MMT). Egypt purchased 55 TMT of US SRW wheat this week, the second purchase of U.S. wheat in the past two weeks. The Philippines government announced it will reinstate its tariff on feed wheat imports.

CORN - Corn export sales last week were below trade expectations at 749.2 TMT, which was 35% below the previous week; and 10% from the prior 4-week average. Export sales for MY 09/10 totaled 415.4 TMT. Corn export shipments last week totaled 968 TMT, up 30% from the previous week, and 20% from the prior 4-week average.

USDA's S&D report for MY 2010 - CORN – July 10 – USDA made several adjustments to the current MY 08/09 corn balance sheet (ends Sept. 30). They lowered domestic feed usage by 100 million bu to 5.25 billion to reflect liquidations in the livestock industry; lowered domestic food and industrial use by 120 million to 4.92 billion bu, including a 100 million cut in ethanol use; raised exports by 50 million bu to 1.8 billion bu; and raised ending stocks by 170 million bu to 1.77 billion bu. This was 63 million bu above the average pre-report trade estimate of 1.703 billion bu. **For Marketing Year 2010**, USDA raised U.S. production by 355 million bu to 12.29 billion bu (raised acreage by 2 million to 87 million but kept average yields steady at 153.4 bu/Ac). They raised domestic feed usage by 50 million by to 5.2 billion bu; lowered domestic food and industrial usage by 35 million bu to 5.375 billion bu (left ethanol use unchanged at 4.1 billion bu); raised exports by 50 million bu to 1.95 billion bu; and raised ending stocks by 460 million bu to 1.55 billion bu. This was slightly below the average pre-report trade estimate of 1.563 billion bu. **World corn production was pegged sharply higher at 789.8 MMT, up more than 8 MMT from a month ago and 1.2 MMT higher than the previous year. World ending stocks also jumped significantly this month to 139.2 MMT, up nearly 14 MMT from a month ago but still down 4.7 MMT or 3% from the previous year.**

- World corn production is pegged slightly higher at 789.8 MMT. The US corn is projected up by 2% to 312 MMT.

- World corn supplies are projected to increase by 2% to 934 MMT, while US supplies are also expected to increase by 2% to 357 MMT.
- World corn trade is projected to increase 4% to 81.7 MMT, due to decreased availability of feed wheat and growth in foreign feeding demand. US corn exports are expected to increase 10% to 50 MMT.
- World corn consumption is estimated to increase 2% to 794.5 MMT and is expected to exceed production. US usage is estimated to jump 4% to 269 MMT on steady growth in ethanol use.
- World corn carryover stocks are estimated to decline 3% to 139 MMT, while US stocks are expected to fall 12% to 39 MMT.

Corn Competitor/Buyer News – South Korea bought 120 TMT of US corn this week. A Chinese think tank is projecting a Chinese corn crop of 163 MMT, although other global forecasters believe that may be too high given recent hot and dry conditions across the North China Plain.

Futures market activity this week

Wheat – Wheat futures began the week lower on a sharp sell-off triggered by massive fund liquidation across commodity and equity markets. Bearish factors included a firm U.S. dollar, weaker energies and mostly favorable harvest and spring crop conditions. Wheat prices continued to slide on Tuesday on spillover weakness from soybeans, energies and equities. Short covering boosted prices higher on Wednesday despite continued dollar strength and advancing harvest. Wheat finished moderately higher Thursday on continued short covering ahead of Friday's monthly S&D report and better than expected weekly export sales. **Wheat market closes on Thursday, 7/9/09...**

	<u>July 09</u>	<u>Weekly Summary</u>	<u>Sept 09</u>	<u>Weekly Summary</u>
Chicago	\$4.94 ¼	Down \$.06	\$5.22 ¼	Down \$.06 ¾
Kansas City	\$5.43	Down \$.11 ¾	\$5.51 ½	Down \$.12 ¾
Minneapolis DNS	\$6.05	Down \$.13	\$6.07 ½	Down \$.15

Corn – More weakness this week from larger acreage, favorable crop weather and weak outside markets.... Corn markets began the week lower on a bearish downdraft created by outside markets (sharply lower crude oil and higher dollar). Prices fell to fresh lows on Tuesday under pressure from a massive sell off in soybeans, continued slump in crude oil and a stronger dollar. Wednesday saw a modest recovery in corn prices in mostly two sided action. Short covering was the noted feature, but gains were offset by good growing conditions punctuated by moderate temperatures and scattered showers into the weekend. Corn finished moderately higher Thursday on continued short covering and a lower U.S. dollar. But again, gains were limited by good crop conditions. **July 09 corn contract closed on Thursday, 7/9/09, at \$3.43 ½, down \$.00 ¼ for the week and the Sept 09 contract at \$3.29 ½, down \$.16 ¼ for the week.**

Near-term commodity market outlook-

Wheat – Downward trend continued this week but at a slower pace. Traders continue to focus on harvest progress and more than adequate stocks reinforced by USDA's 100 million bu bump in U.S. production to a comfortable 2.112 billion bu in Friday's monthly S&D report.

Corn – Near term outlook remains bearish due to a combination of increased carryover stocks this marketing year (up 170 million bu in Friday's S&D report), higher than expected 2009 acreage (up 2 million) and better than average condition rating for early July with no extreme heat expected during this year's drawn-out pollination period. USDA is now projecting comfortable carryover stocks of 1.77 billion bu in MY 08/09 and 1.55 billion bu in MY 09/10 which will limit upside potential for now.

Other Major Factors to Watch

- § **Crude Oil** – crude oil prices continued to grind lower this week hitting a five week low of \$60/bbl on Wednesday. The crude market has fallen 18% since it hit \$73 on June 30. Factors this week included bearish technical signals, lower than expected demand during what should be the peak summer travel season and continued worries about the slow pace of global economic recovery. A stronger U.S. dollar also weighed on energies this week. The weekly petroleum report was mostly bearish again this week, showing crude oil stocks falling 2.9 million bbls in line with trade expectations; distillate stocks saw a very bearish build of 3.7 million bbls, compared to an expected build of 1.8 million bbls; and gasoline stocks rose by 1.9 million bbls, compared to an expected build of .9 million bbls. Crude oil traded fractionally higher on Thursday with support from a weaker dollar.
- § **U.S. weather / crop watch** – Good crop weather prevailed across the Central U.S., with moderate temperatures and scattered showers in the Western Corn Belt. Normal to below normal temps and above normal rainfall is expected in the 6-10 day outlook. **U.S. corn condition remains above average for early July.** Winter wheat areas saw mostly dry conditions, allowing harvest to be nearly completed in Kansas. Yields have been reported at or above expectations. Many spring wheat areas received scattered showers this week, with more rains expected during the 6-10 day period, shrinking the dry areas to only about 10 to 15% of the Northern U.S. prairies.
- § **International weather / crop watch** –
 - § **Canada** – Light rains brought some drought relief to areas of Alberta and Saskatchewan and chances were good for more rainfall in the next 10 days. However, unseasonably cool temps once again slowed crop development. **About 20% of the Canadian prairies remain unfavorably dry.**

- § **Europe** – Scattered showers across Western Europe maintained good moisture for spring grains while locally heavy rains in Eastern Europe favored late filling winter grains and boosted topsoil moisture for spring grains. Conditions in Spain remained dry and crops required irrigation.
- § **Russia / Ukraine** – Unseasonably warm and dry conditions persisted in southern and eastern areas of Ukraine, speeding winter grain maturation but stressing spring grains. The southern region of Russia also continued to see hot, dry conditions but cooler temperatures and scattered showers brought relief to the Ural and Volga regions of Russia.
- § **China** – Corn production areas in Manchuria and the Yangtze Valley received favorable rains, but hot, dry conditions persisted across the North China Plains.
- § **Argentina** – Rainfall benefitted winter grain emergence in eastern Buenos Aires and Entre Rios regions, but unfavorably warm, dry conditions persisted elsewhere.
- § **Australia** – Widespread rainfall maintained adequate to abundant topsoil moisture across western and southeastern Australia.
- § **El Nino predictions** - This week the Australian Bureau of Meteorology updated its El Nino predictions, now indicating that chances of an El Nino event remained strong, but the intensity was downgraded to mild to medium. The U.S. weather model indicates El Nino should strengthen through the summer and could reach moderate to strong status by late summer into the fall.

USDA Crop Progress / Condition Report, July 6, 2009

Crop	Progress %	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	27% headed	12%	54%	61%	72%	76%	69%
ID barley	38% headed	21%	43%	53%	93%	93%	
US spring wheat	30% headed	15%	54%	65%	72%	76%	69%
ID spring wheat	40% headed	24%	37%	57%	93%	94%	
US winter wheat	56% harvested	40%	52%	59%	47%	45%	NA
ID winter wheat	87% headed 0% harvested	81%	94%	97%	93%	92%	
US Corn	8% silking	4%	5%	16%	71%	72%	62%