

Idaho Grain Market Report, July 16, 2009

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 15, 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) NQ (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$6.25	(2-R) NQ (6-R) NQ	\$4.15	\$4.81	\$5.87
Idaho Falls	\$5.50	(2-R)\$7.81-\$8.00 (6-R)\$7.81	\$4.50	\$4.95	\$6.10
Blackfoot / Pocatello	\$5.83	(2-R) NQ (6-R) NQ	\$4.55	\$4.53	\$5.84
Grace / Soda Springs	\$5.79	(2-R) NQ (6-R) NQ	\$4.27	\$4.67	\$5.76
Burley / Rupert Hazelton	\$4.75-\$5.50	(2-R) \$7.81 (6-R) \$7.81	\$4.08-\$4.10	\$4.70	\$5.79
Twin Falls / Eden / Buhl	\$6.20	(2-R) NQ (6-R) NQ	\$3.80	NQ	NQ
Weiser	\$6.00	(2-R) NQ (6-R) NQ	\$4.39	NQ	NQ
Nez Perce / Craigmont	\$4.85	(2-R) \$4.85 (6-R) \$4.85	\$4.90	\$5.40	\$6.49
Lewiston	\$5.30	(2-R) \$5.30 (6-R) \$5.30	\$5.09	\$5.59	\$6.68
Moscow / Genesee	\$4.90-\$6.50	(2-R) \$4.90 (6-R) \$4.90	\$4.86-\$5.50	\$5.36-\$6.09	\$6.45-\$7.13

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	July \$5.40-\$5.45 Aug NC \$5.43-\$5.55	July \$5.99-\$6.06 Aug NC \$6.01-\$6.11	July \$7.14-\$7.24 Aug NC \$7.11-\$7.24
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$5.86	NQ	NQ	\$4.44	\$4.84	\$5.93
Great Falls	\$4.25-\$4.50	NQ	\$6.25	NQ	\$4.49-\$4.56	\$6.02-\$6.24
Minneapolis	\$4.58	NQ	NQ	NQ	\$5.57 (12%)	\$6.84 - \$6.89

Market trends this week

BARLEY – Local barley prices were lower, ranging from 3 to 75 cents lower this week. USDA reported barley export sales last week at .4 TMT for Canada. Barley export shipments totaled .3 TMT for Mexico.

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 mixed this week: SWW ranged from 15 cents lower to 13 cents higher; HRW ranged from 1 to 35 cents higher; and DNS from 12 to 32 cents higher. U.S. wheat export sales were below trade expectations at 422.5 TMT, which was 28% below the previous week. Wheat export shipments totaled 164.4 TMT which was down 55% from the previous week.

Wheat Competitor/Buyer News – Argentine wheat areas are expected to receive long overdue rainfall beginning later this week. While an El Nino weather event usually means lower than expected yields in Australia, the opposite is true in

Argentina, where wheat growing areas usually see above average precipitation. India reinstated its ban on wheat exports due to concerns about recent shortfall in Monsoon rains, due to the developing El Nino weather pattern.

CORN - Corn export sales last week were above trade expectations at 699.7 TMT, which was 7% below the previous week; and 17% from the prior 4-week average. Export sales for MY 09/10 totaled 468 TMT. Corn export shipments last week totaled 969.5 TMT and were unchanged from the previous week, and 9% above the prior 4-week average.

Corn Competitor/Buyer News – South Korean feed millers purchased 110 TMT of US corn and Taiwan purchased 23 TMT of US corn this week.

Futures market activity this week

Wheat – Wheat futures began the week sharply higher on technical short covering by trend following funds. Markets closed mixed to lower on Tuesday under pressure from ideas that recent rains in the Northern Plains and Canadian prairies will boost spring wheat production as well as forecasts calling for increased chances of rain in Argentina later this week and into next week. Wheat prices turned modestly higher again on Wednesday in the face of continued short covering, but gains were limited by harvest hedge pressures and spillover weakness in corn and soybeans. Wheat was higher for most of the day today (Thursday) but finally finished lower after giving into downward pressure from corn and soybeans. **Wheat market closes on Thursday, 7/16/09...**

	<u>Sept 09</u>	<u>Weekly Summary</u>	<u>Dec 09</u>	<u>Weekly Summary</u>
Chicago	\$5.33 ¼	Up \$.14 ½	\$5.59 ½	Up \$.14 ¼
Kansas City	\$5.59 ½	Up \$.12	\$5.76	Up \$.11 ½
Minneapolis DNS	\$6.15	Up \$.12 ¼	\$6.22	Up \$.09 ½

Corn – Corn markets began the week modestly higher on better than expected export inspections and spillover support from a strong short-covering rally in wheat. Corn continued to advance on Tuesday but gains continued to be limited by ideas that the 2009 US crop will pollinate under very mild conditions, including below normal temps and periodic rain showers. Corn prices took a nose dive on Wednesday on news that Tyson will liquidate nearly 30% of its US hog stocks, sharply diminishing domestic feed demand. Corn finished lower today (Thursday) with the decline being pegged on fund selling and general liquidation from spread traders and commission houses. **Sept 09 corn contract closed on Thursday, 7/16/09, at \$3.16 ¾, down \$.11 ½ for the week and the Dec 09 contract at \$3.25 ¼, down \$.12 ¾ for the week.**

Other Major Factors to Watch

- § **Crude Oil** – crude oil prices continued to chop around this week, under pressure from lingering economic worries and bearish stocks. However, Wednesday's weekly inventory report was mostly bullish, with crude oil stocks falling more than expected with a draw of 2.8 million bbls; distillate stocks also were bullish with a smaller than expected build of 553,000 bbls, compared to an expected build of 1.4 million bbls. Gasoline stocks continued to build at 1.4 million bbls, compared to an expected build of .9 million bbls.
- § **U.S. weather / crop watch** – Good crop weather continued across the Central U.S., with ideas that the majority of U.S. corn crop will pollinate under ideal conditions. Winter wheat harvest continued to advance and was expected to be largely completed by the end of this week (USDA pegged harvest was 66% completed at the start of the week). Many spring wheat areas received beneficial rainfall during the past week, including North Dakota and parts of Saskatchewan and Alberta, shrinking the area of concern to only about 10% of the spring wheat belt. However these spring grain crops are delayed and will need a nearly perfect September in order to finish well.
- § **International weather / crop watch** –
 - § **Canada** – Continued scattered showers have boosted topsoil moisture, reducing the area of concern to less than 15% of the spring wheat and barley growing region.
 - § **Europe** – Showers persisted across central and eastern Europe, maintaining favorable growing conditions. Hungary was mostly bypassed by this moisture, causing stress on developing corn.
 - § **Russia / Ukraine** – Light showers fell across southern and eastern areas of Ukraine, easing recent crop stress. Winter grain harvest was briefly interrupted. The southern region of Russia also continued to see hot, dry conditions but cooler temperatures continued to bring relief to Volga region of Russia.
 - § **China** – Corn production areas in North China Plains received favorable rains, while wet areas of Manchuria saw dry, warmer conditions.
 - § **Argentina** – Rainfall benefitted winter grain emergence and establishment in northern Buenos Aires, but conditions remained warm and dry elsewhere.
 - § **Australia** – Widespread rainfall continued across Victoria, South and Western Australia. The east saw less rainfall but soil moisture remains adequate for now.

USDA Crop Progress / Condition Report, July 13, 2009

Crop	Progress %	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	55% headed	27%	75%	80%	78%	77%	67%
ID barley	61% headed	38%	63%	73%	94%	93%	

US spring wheat	57% headed	30%	81%	83%	71%	72%	61%
ID spring wheat	61% headed	40%	64%	78%	94%	93%	
US winter wheat	66% harvested	56%	63%	69%			
ID winter wheat	98% headed 0% harvested	87% 0%	99% 0%	99% 0%	95%	93%	
US Corn	8% silking	4%	5%	16%	71%	72%	62%