

Idaho Grain Market Report, July 22, 2010

Published by the Idaho Barley Commission, 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.

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 21, 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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$5.75	(2-R)\$6.50-\$6.85 (6-R)\$6.50	\$4.60	\$4.23	\$5.30
Blackfoot / Pocatello	\$5.73	(2-R) \$6.50 (6-R) NQ	\$4.50	\$4.34	\$5.26
Grace / Soda Springs	\$6.05	(2-R) NQ (6-R) NQ	\$4.40	\$4.07-\$4.20	\$5.14-\$5.29
Burley / Rupert Hazelton	\$5.50	(2-R) \$6.50 (6-R) \$6.50	\$4.20-\$4.54	\$4.39	\$5.31
Twin Falls / Eden / Buhl	\$5.80-\$6.40	(2-R) NQ (6-R) NQ	\$3.75-\$4.09	NQ	NQ
Weiser	\$5.70	(2-R) NQ (6-R) NQ	\$4.04	NQ	NQ
Nez Perce / Craigmont	\$4.60	(2-R) \$4.60 (6-R) \$4.60	\$4.34	\$5.10	\$6.12
Lewiston	\$4.85	(2-R) \$4.85 (6-R) \$4.85	\$4.53	\$5.29	\$6.21
Moscow / Genesee	\$4.65-\$6.00	(2-R) \$4.65 (6-R) \$4.65	\$4.30-\$5.00	\$5.06-\$5.99	\$5.98-\$6.98

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 \$4.80-\$5.05 Aug NC \$4.90-\$5.05	NQ	NQ
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.10	NQ	NQ	\$4.75	\$4.50	\$5.55
Great Falls	\$5.00	NQ	\$6.50	NQ	\$3.83-\$4.19	\$5.75-\$6.53
Minneapolis	\$4.48	NQ	NQ	NQ	\$5.33 ½-\$5.45 ½ (12%)	NQ

Market trends this week

BARLEY – Local barley prices were mixed this week ranging from steady to 25 cents lower in southern Idaho and remaining steady in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

WHEAT – Local wheat prices were mostly higher this week: SWW ranged from 5 cents lower to 50 cents higher; HRW ranged from 3 cents lower to 43 cents higher; and DNS ranged from 1 cent lower to 15 cents higher. U.S. wheat export sales last week were on the low end of trade expectations at 382.1 TMT, which was up 24% from the previous week, however it was down 22% from the prior 4-week average. Export shipments last week totaled 544.7 TMT, which was up 53% from the previous week and 25% from the prior 4-week average.

Wheat Competitor/Buyer News – German Farmers Union is projecting their wheat yields will fall by 10 to 20% this year. The Russian Grain Union lowered its total grain harvest estimate from 85-87 MMT to 81-85 MMT. Ukraine is projecting their wheat exports will reach only 6.7 MMT this year compared to 9.2 MMT last year and USDA's current projection of 8.0 MMT. Iraq purchased 350 TMT of wheat this week with the U.S. capturing 100 TMT of this business. Egypt purchased 120 TMT of Russian wheat this week. Algeria purchased 300 TMT of French wheat this week and also lowered its own domestic cereal production estimate to 4.5 MMT, down from 6.1 MMT last year.

CORN – U.S. corn export sales were above trade expectations at 614.1 TMT for MY 2009/10 and 540.9 TMT for MY 2010/11. Corn export shipments last week totaled 948.4 TMT, down 9% from the previous week and 1% from the prior 4-week average.

Futures market activity this week

Worries about the possibility of a double-dip recession have crept back into the equity and commodity markets, causing investors to move money back into lower risk investments like treasuries. Several leading economic indicators turned negative in recent weeks, suggesting that the U.S. economic recovery was slowing. This week's housing starts estimate poured fuel on this debate, showing starts down 5% in June after falling 15% the previous month after the federal tax incentive program expired. Fed Chairman Ben Bernanke reported to Congress on Wednesday that the U.S. economic outlook was "unusually uncertain", and although somewhat vague his assessment was worrisome enough to pummel Wall Street, pushing the Dow down triple digits on Wednesday. He predicted that unemployment would hover in the 7 to 7.5% range through the end of 2012.

WHEAT – Wheat prices began the week lower under pressure from profit-taking from last week's impressive gains and weaker outside markets. Rains forecast for the northern spring wheat areas also provided some pressure. Wheat prices continued to slip lower on Tuesday on extended profit taking, a stronger dollar and spillover weakness in corn and outside markets. Wheat shrugged off pressure from a higher dollar on Wednesday to close sharply higher on intensifying concerns about global crop conditions, particularly in the EU, Former Soviet Union and Northern Africa. Wheat surged higher again today (Thursday) on a lower dollar and trader nervousness about northern hemisphere crop losses. EU wheat futures continued to post new highs on their crop worries. **Wheat market closes on Thursday, 7/22/10**

	Sept 2010	Weekly Summary	Dec 2010	Weekly Summary
Chicago	\$5.96 ½	Up \$.09 ¼	\$6.27 ¼	Up \$.11 ¼
Kansas City	\$6.11 ¾	Up \$.12 ¾	\$6.29 ¼	Up \$.13 ¾
Minneapolis DNS	\$6.22 ¾	Up \$.11 ¼	\$6.39	Up \$.10 ¾

CORN – Corn began the week sharply lower in response to increased cash corn sales, lower energies and updated weather models showing less threatening crop conditions this week. Prices continued to drift lower on Tuesday under pressure from technical chart selling and a warm and wet weather forecast which many believe will help boost yields. However, many market analysts have mixed views on the affects of recent weather conditions, with some emphasizing that warmer than normal overnight temperatures usually shave the tops off of yield estimates. Corn prices turned higher on Wednesday on mostly spillover support from wheat and soybeans. But gains could not be extended as corn prices settled moderately lower today (Thursday) on pressure from speculative profit-taking. **Sept 2010 corn contract closed Thursday, 7/22/10, at \$3.76 ½, down \$.18 ¼ for the week and the Dec 2010 contact closed at \$3.90 ¼, down \$.17 for the week.**

OTHER MAJOR FACTORS TO WATCH -

- **Crude Oil** – Crude began the week lower under pressure from lower equities and economic worries. Prices turned higher on Tuesday, moving above \$77/bbl, boosted by energy demands from hot weather plus concerns about the potential of a new hurricane forming in the Caribbean. Crude oil prices retreated sharply on Wednesday in the face of weak Dow Jones and a bearish weekly inventory report. The weekly petroleum inventory report showed crude oil stocks increasing 360,000 bbls, compared to an expected decline of 1.2 million bbls; distillates rose by 3.935 million bbls, compared to an expected increase of 1.5 million bbls; and gasoline stocks increased by 1.118 million bbls, compared to an expected build of 650,000 bbls.
- **U.S. weather / crop watch** – Showers moved across the Northwest Corn Belt early to mid week. Broader and heavier rain coverage was expected to follow a northern track across the Central U.S. into Friday, with temps warming. Good moisture coverage was expected for much of the Central U.S., although dry areas remain for about 15% of the belt, particularly in the southwestern edge. The 6-10 day outlook shows above normal temps and normal precipitation for most of the Corn Belt. Some weather models show an active storm track across much of the region, providing ample moisture for spring wheat, corn and soybeans.
- **International weather / crop watch** –
 - **Canada** – Conditions improved in many areas, although showers have lingered in some areas already affected by excessive moisture and delayed crop development.
 - **Europe** – Strong thunderstorms provided much needed relief from recent heat and dryness across much of northern Europe. Expected yield losses in France and Germany were lowered to 10-15% range. Hot and dry conditions persisted in Hungary and Poland. Eastern Europe continued to see unfavorable moisture.
 - **Former Soviet Union** – Showers provided limited relief to the far eastern Kazakhstan and Ural region, but came too late to benefit filling spring grains in some areas. Meanwhile, drought conditions intensified in the Volga and Central Russian regions. Heat and mostly dry conditions in western Russia and Ukraine allowed

winter wheat harvest to accelerate but also brought stress to corn crops. About 50% of the spring grain in the Former Soviet Union is suffering from drought, with yield losses projected in the 15% to 35% range.

- **Middle East** – Seasonably warm conditions allowed winter grain harvest to accelerate across Turkey.
- **China** – Beneficial showers continued to favor corn production in the North China Plains and Northeast regions.
- **Argentina / Brazil** – Recent moisture has slowed winter grain planting in some areas, with the Buenos Aires Grain Exchange reporting only 79% of the wheat acres planted. However some areas, particularly in the west, are also unfavorably dry. An intensifying La Nina weather pattern usually brings drier than normal conditions to Argentina. Meanwhile, southern Brazil wheat areas have received beneficial moisture.
- **Australia** – Western Australia received widespread welcome rains, while the south and east saw only scattered showers which have helped maintain adequate moisture for winter grains.

USDA Crop Progress / Condition Report, July 19, 2010

Crop	Stage	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	headed 82%	68%	79%	88%	86%	85%	80%
ID barley	headed 78%	61%	89%	84%	96%	98%	
US spring wheat	headed 87%	72%	80%	91%	82%	83%	73%
ID spring Wheat	headed 66%	49%	88%	87%	96%	97%	
US winter wheat	harvested 71%	63%	69%	74%			
ID winter wheat	harvested NA	NA	2%	2%			
US Corn	silking 65% dough 8%	38% NA	30% 4%	47% 7%	72%	73%	71%