

**Idaho Grain Market Report, July 23, 2009**

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

**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 22, 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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	NQ	(2-R)\$6.77 (6-R)\$6.77	NQ	NQ	NQ
Blackfoot / Pocatello	\$5.62	(2-R) \$7.00 (6-R) \$7.00	\$4.40	\$4.45	\$5.60
Grace / Soda Springs	\$5.60	(2-R) NQ (6-R) NQ	\$3.88	\$4.62	\$5.60
Burley / Rupert Hazelton	\$5.75	(2-R) \$6.77 (6-R) \$6.77	\$3.90	NQ	NQ
Twin Falls / Eden / Buhl	\$6.00-\$6.20	(2-R) NQ (6-R) NQ	\$3.50-\$3.60	NQ	NQ
Weiser	\$6.00	(2-R) NQ (6-R) NQ	\$4.04	NQ	NQ
Nez Perce / Craigmont	\$4.60	(2-R) \$4.60 (6-R) \$4.60	\$4.45	\$5.22	\$6.25
Lewiston	\$5.05	(2-R) \$5.05 (6-R) \$5.05	\$4.64	\$5.41	\$6.44
Moscow / Genesee	\$4.65-\$6.00	(2-R) \$4.65 (6-R) \$4.65	\$4.41-\$5.25	\$5.18-\$6.03	\$6.21-\$7.01

**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 \$5.05-\$5.30 Aug NC \$5.12-\$5.35	July \$5.88-\$6.00 Aug NC \$5.90-\$6.05	July \$6.88-\$7.03 Aug NC \$6.88-\$7.03
Los Angeles	\$8.00	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.00	NQ	NQ	NQ	NQ	NQ
Ogden	\$5.65	NQ	NQ	\$5.72	\$4.78	\$5.72
Great Falls	\$4.15-\$4.50	NQ	\$7.00	NQ	\$4.38-\$4.54	\$5.88-\$5.99
Minneapolis	\$3.96	NQ	NQ	NQ	\$5.36 (12%)	\$6.43 - \$6.53

**Market trends this week**

**BARLEY** – Local barley prices were mixed, ranging from 25 cents higher to 50 cents lower this week. USDA did not report any barley export sales last week. Barley export shipments totaled .2 TMT for Mexico.

**Barley Competitor/Buyer News** – EU-27 is projecting their 2009 barley crop at 61 MMT, down 3 MMT from their estimate two months ago due to lower Spanish production prospects.

**WHEAT** – Local wheat prices were lower this week: SWW ranged from 15 to 45 cents lower; HRW ranged from 5 to 18 cents lower; and DNS from 12 to 24 cents lower. U.S. wheat export sales were on the low end of trade expectations last week at 342.3 TMT, which was 19% below the previous week. Wheat export shipments totaled 436.8 TMT which was up 166% from the previous week. Cumulative wheat export sales have reached 22.7% of the USDA forecast for MY 09/10, compared to a 5-year average pace of 31.0%.

**Wheat Competitor/Buyer News** – Egypt purchased 60 TMT of Russian wheat this week. The EU has pegged its 2009 soft wheat crop at 135 MMT. **International tender line-up** – Morocco for 180 TMT, Jordan for 100 TMT, Bangladesh

**CORN** - Corn export sales last week were above trade expectations at 757.6 TMT, which was up 8% from the previous week; however it was down 8% from the prior 4-week average. Export sales for MY 09/10 totaled 577.1 TMT. Corn export shipments last week totaled 921.5 TMT which was down 5% from the previous week, and 1% from the prior 4-week average. Cumulative corn export sales have reached 101.6% of the USDA forecast for MY 08/09 which ends Sept. 30, compared to a 5-year average pace of 98.3%.

**Corn Competitor/Buyer News** – Chinese government announced it would auction 2 MMT of corn from state reserves this week. Argentina's Ag Secretary reported that 2.24 million hectares of corn were planted this year, down 33% from last year. USDA reported U.S. export sales this week to Egypt (120 TMT) and Mexico (134 TMT).

**Futures market activity this week**

**After closing down the previous four weeks, equities jumped to 8-month highs this week, boosted by a series of better than expected quarterly earnings and economic reports.** These included a jump in the index of leading economic indicators and existing home sales that topped analysts' expectations (up 3.6% last month compared to trade estimates of 1.5%). Weekly jobless claims rose this week, but were still within expectations at 554,000 (last week at 524,000). Goldman Sachs' analysts are projecting the S&P index will jump 13% in 2009, another sign that economic confidence is growing. Federal Reserve Chairman Ben Bernanke testified before Congress that the U.S. economic recovery pace would be slow but he also emphasized that the threat of inflation was under control.

**Wheat** – Wheat futures began the week mixed with CHI and KCBT gaining fractionally on light short covering and MGE lower on profit-taking triggered by improving spring wheat conditions. Wheat turned lower on Tuesday under pressure from improving spring wheat conditions, weak demand and spillover pressure from corn and soybeans. Wheat continued under pressure Wednesday on concerns that the Commodity Futures Trading Corporation (gov't regulatory agency) was likely to limit positions of the index funds and other large speculators in an attempt to address a lack of convergence between expiring CBOT wheat contracts and nearby cash markets. If this happens, the index funds are expected to liquidate large long positions, putting downward pressure on prices. Wheat finished higher today (Thursday) on spillover support from corn, soybeans, crude oil and equities. **Wheat market closes on Thursday, 7/23/09...**

	<u>Sept 09</u>	<u>Weekly Summary</u>	<u>Dec 09</u>	<u>Weekly Summary</u>
Chicago	\$5.31 ¾	Down \$.09 ¾	\$5.59	Down \$.09
Kansas City	\$5.61 ½	Down \$.05	\$5.77 ¾	Down \$.05 ¾
Minneapolis DNS	\$6.00	Down \$.16 ¼	\$6.13 ¼	Down \$.12 ¾

**Corn** – Corn markets began the week modestly higher as the market traded both sides on favorable growing conditions pulling one direction (down) and higher equities and crude oil pushing the market the other direction. Corn turned bearish on Tuesday on ideal crop weather and ideas that USDA will raise its national average corn yield above 157 bu/ac in their August S&D estimates compared to their July 10 peg of 153.4 bu/ac. The Univ. of Illinois model suggests average corn yields could top nearly 162 bu/ac. Prices continued under pressure Wednesday on beneficial crop weather but weakness in the dollar helped to trim the losses into the close. Corn finished sharply higher today (Thursday) on news that USDA will resurvey corn acreage in seven select states due to variable weather during the key planting window. This prompted many analysts to think that USDA would likely lower its corn acreage estimate in their August 12 S&D report by anywhere from 500,000 to 1.5 million acres. However, this cut in acreage could be more than offset by higher yields. **Sept 09 corn contract closed on Thursday, 7/23/09, at \$3.27, up \$.04 ¾ for the week and the Dec 09 contract at \$3.38 ¾, up \$.07 ¼ for the week.**

**Other Major Factors to Watch**

- § **Crude Oil** – crude oil started the week on a firm note, trading above \$65.bbl, indicating a possible shift in market sentiment toward more bullish dynamics. Short covering was a noted feature. Wednesday's weekly inventory report was mixed to slightly bearish for crude oil but stocks trended down for 10 out of the last 11 weeks - crude oil stocks fell less than expected with a draw of 1.8 million bbls versus an expected draw of 2.1 million bbls; distillate stocks saw a build of 1.2 million bbls, compared to an expected build of 1.5 million bbls. Gasoline stocks increased by .8 million bbls, compared to an expected build of .65 million bbls. Crude oil traded higher on Thursday to \$67.16/bbl.
- § **U.S. weather / crop watch** – Favorable corn crop conditions continued across much of the Midwest, with the current pattern of cooler than normal temperatures expected to persist into the end of the month. Dryness was affecting about 25% of the Corn Belt, but the 5-day outlook showed beneficial rains moving through the CB this week easing moisture deficits to less than 15% of the belt. Spring wheat also remains in good shape, with some areas receiving beneficial moisture. It is estimated that dryness is affecting about 25% of the Northern Plains and 20% of the Canadian Prairies. In addition, analysts believe that due to the slow development pace, at least 15% of the spring wheat crop could be vulnerable to frost losses in September. However, it is still too early for the markets to be trading frost worries.

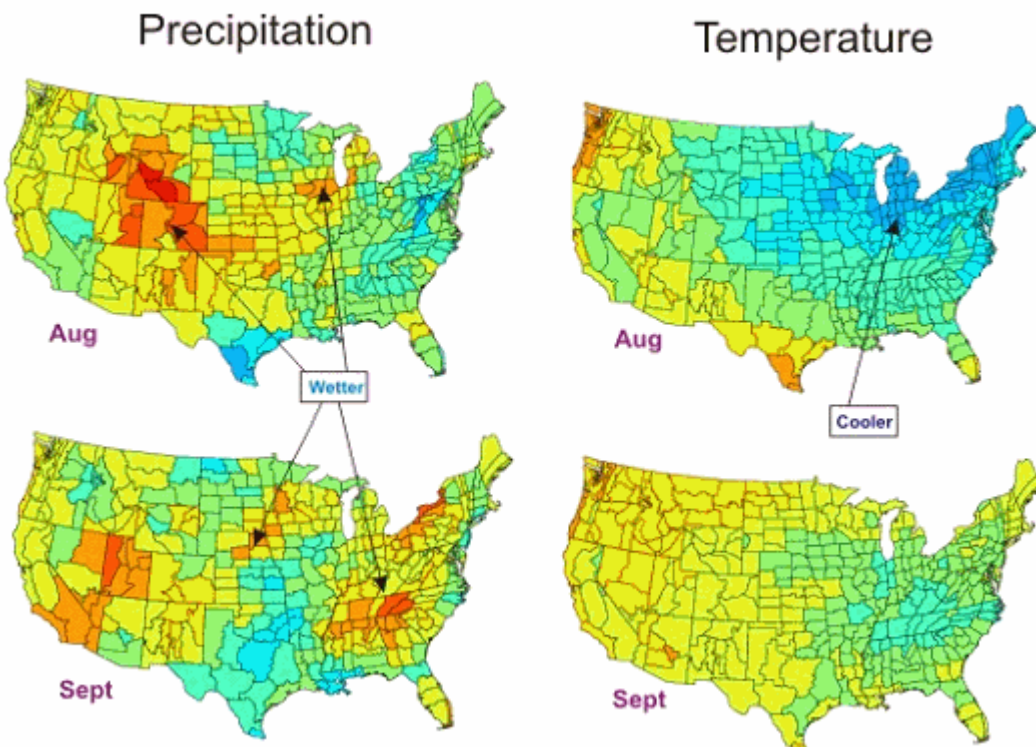
§ **International weather / crop watch –**

- § **Canada** – Recent showers have improved conditions for reproductive spring grains, but crop development pace is lagging. About 20% of the grain belt continues to experience stress from dry conditions.
- § **Europe** – Showers persisted across much of Europe with the exception of Spain which is continuing to see dry weather and reduced crop prospects.
- § **Russia / Ukraine** – Hot and dry conditions persisted in eastern Ukraine and southern Russia with some areas expected to see unfavorable conditions continuing for the next several days. This was stressing spring grains but accelerating winter grain harvesting. The Urals and Siberia saw mostly mild showery weather which favors spring grains.
- § **China** – The main corn producing areas of Hebei, Shandong and North China Plains continued to receive beneficial moisture.
- § **India** – Monsoon rains have been 27% below normal from June 1 through July 15 (due to El Nino), delaying planting and prompting the government to prohibit wheat exports.
- § **Argentina** – Substantial rainfall fell this week helping to ease moisture deficiencies to about 25% of the wheat belt. However, the much-needed rains were winding down.
- § **Australia** – Showers continued across the west and south.

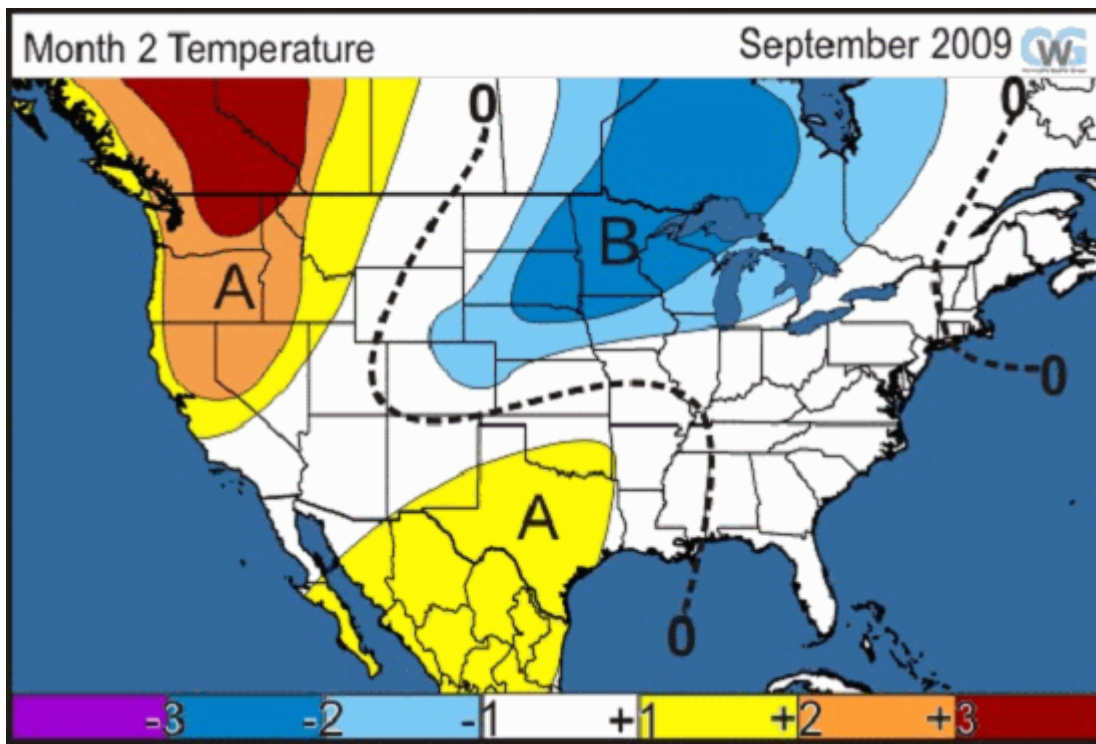
**USDA Crop Progress / Condition Report, July 20, 2009**

Crop	Progress %	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	84% headed	55%	91%	92%	80%	78%	68%
<b>ID barley</b>	<b>94% headed</b>	<b>61%</b>	<b>81%</b>	<b>87%</b>	<b>94%</b>	<b>94%</b>	
US spring wheat	84% headed	57%	93%	93%	73%	71%	63%
<b>ID spring wheat</b>	<b>92% headed</b>	<b>61%</b>	<b>78%</b>	<b>90%</b>	<b>93%</b>	<b>94%</b>	
US winter wheat	72% harvested	66%	72%	77%			
<b>ID winter wheat</b>	<b>2% harvested</b>	<b>0%</b>	<b>1%</b>	<b>3%</b>	<b>94%</b>	<b>95%</b>	
US Corn	31% silking	16%	31%	54%	71%	71%	65%

**El Niño Correlations During Aug/Sept**



Precipitation maps show a stronger correlation for wet conditions in the areas colored orange/red (Source: Commodity Weather Group).



CWG's updated September temperature forecast raises concerns for crops. The revised outlook shifts the expected area of below and much below normal temperatures eastward into much of the northwestern Midwest, reaching some areas where crops are critically delayed. However, it is still too soon to forecast the actual first frost date. (Source: Commodity Weather Group)