

Idaho Grain Market Report, July 29, 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 28, 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	\$6.00	(2-R) NQ (6-R) NQ	\$4.75	\$4.71	\$5.89
Idaho Falls	\$6.00	(2-R)\$6.50-\$6.85 (6-R)\$6.50	\$4.65	\$4.37	\$5.50
Blackfoot / Pocatello	\$5.73	(2-R) \$6.50 (6-R) NQ	\$4.45	\$4.31	\$5.34
Grace / Soda Springs	\$6.05	(2-R) NQ (6-R) NQ	\$4.60	\$4.38	\$5.51
Burley / Rupert Hazelton	\$5.50-\$6.00	(2-R) \$6.50 (6-R) \$6.50	\$4.50-\$4.70	\$4.48	\$5.41
Twin Falls / Eden / Buhl	\$6.25-\$6.70	(2-R) NQ (6-R) NQ	\$4.00-\$4.44	NQ	NQ
Weiser	\$6.00	(2-R) NQ (6-R) NQ	\$4.64	NQ	NQ
Nez Perce / Craigmont	\$4.85	(2-R) \$4.85 (6-R) \$4.85	\$4.89	\$5.34	\$6.27
Lewiston	\$5.10	(2-R) \$5.10 (6-R) \$5.10	\$5.08	\$5.53	\$6.46
Moscow / Genesee	\$4.90-\$6.00	(2-R) \$4.90 (6-R) \$4.90	\$4.85-\$5.55	\$5.30-\$6.16	\$6.23-\$7.13

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-\$5.20 Aug NC \$5.15-\$5.60	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	\$4.80	\$4.51	\$5.61
Great Falls	\$4.90-\$5.00	NQ	\$6.50	NQ	\$3.87-\$4.06	\$5.75-\$6.00
Minneapolis	\$4.06	NQ	NQ	NQ	\$5.18(12%)	\$7.18

Market trends this week

BARLEY – Local barley prices were mostly higher this week ranging from steady to 45 cents higher in southern Idaho and steady to 25 cents higher 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 60 cents higher; HRW ranged from 3 cents lower to 24 cents higher; and DNS ranged from 8 to 25 cents higher. U.S. wheat export sales last week were above trade expectations at 919.9 TMT, which was up 140% from the previous week. Export shipments last week totaled 451.3 TMT, which was down 17% from the previous week and 10% from the prior 4-week average.

International Grains Council 7/29/2010 S&D Forecast - WHEAT – IGC released their latest global grain production estimates today (7/29/2010) showing world wheat production declining on reduced yield expectations for several major producing countries, including Russia, Kazakhstan, Ukraine, Europe and Canada. IGC lowered their crop output by 13 MMT this month to 651 MMT, which is down 26 MMT from last year but still the 3rd highest on record. Consumption was lowered by 3 MMT to 655 MMT, which is higher than production, leading to a draw-down in ending stocks which they pegged at 192 MMT, down 5 MMT from last month and down 9 MMT from last year. This estimate remains higher than USDA's July estimate of 187 MMT which the trade expects will be cut at least another 5 to 10 MMT in USDA's August 10 report. **An important factor to keep in mind with global ending stocks is that China is estimated to hold a major portion of these world stocks – 67.9 MMT or 35% of the world total according to USDA estimates – and China is HIGHLY UNLIKELY to move much if any of their stocks onto the world market due to internal food security issues.**

Wheat Competitor/Buyer News – Ukraine has pegged their milling wheat crop will fall at least 15% this year to 9 MMT. The Russian Grain Union projected Russia's all grain crop would reach only 70-75 MMT, compared to 97 MMT last year. This has sparked considerable debate on potential Russian wheat exports, with most analysts expecting to see exports cut in half or more. In July, USDA projected Russian wheat exports at 15.0 MMT, compared to 17.5 MMT in MY 2009/10. The Russian government is holding considerable wheat stocks which could be released to supplement this year's drought-reduced crop. Morocco is tendering for 140 TMT of U.S. durum wheat.

CORN – U.S. corn export sales were in line with trade expectations at 432.3 TMT for MY 2009/10 and 528.1 TMT for MY 2010/11. Corn export shipments last week totaled 1.2 MMT, up 26% from the previous week and 21% from the prior 4-week average.

International Grains Council 7/29/2010 S&D Forecast - CORN – IGC lowered their world corn production estimate by 1 MMT to 823 MMT, down 18 MMT from last year. World corn use was left unchanged this month at a record 88 MMT, up 4 MMT from last year, due to a strong industrial usage pace. Global corn ending stocks were lowered 3 MMT this month to 134 MMT, a 4-year low.

Futures market activity this week

WHEAT – Wheat prices began the week lower on profit-taking triggered by lower EU markets which seem to have already priced in the adverse crop conditions in parts of Europe and the Former Soviet Union. Lackluster weekly export shipments also weighed on the wheat markets. However, wheat turned higher on Tuesday on concerns about continued hot and dry weather in Russia and Northwest Europe. Wheat saw double digit gains on Wednesday – reaching 13 month highs - on rumors that Russia would likely have to cut their wheat exports by half or more this year. Wheat finished higher today (Thursday) on strong export sales and from continuing rumors of weather concerns in Russia and Europe, along with reports of acreage loss in Canada. **Wheat market closes on Thursday, 7/29/10...**

	Sept 2010	Weekly Summary	Dec 2010	Weekly Summary
Chicago	\$6.27 ½	Up \$.31 ¼	\$6.59 ½	Up \$.32 ¼
Kansas City	\$6.46 ¼	Up \$.31 ¼	\$6.63 ¼	Up \$.31 ¼
Minneapolis DNS	\$6.58 ¼	Up \$.29 ¾	\$6.73 ¼	Up \$.28 ½

CORN – Corn began the week lower – moving below the 100 day moving average on the charts – on an improved weather outlook which has analyst thinking the U.S. corn crop is getting bigger and will likely surpass USDA's current yield estimate of 163.5 bpa, possibly reaching 167 bpa based on current crop condition ratings (2009 record yield was 164.7 bpa). Prices continued to move marginally lower on Tuesday after beginning the session on a firm note, pressured by lower crude oil and increased producer selling. Corn prices jumped higher on Wednesday, propelled by a strong wheat rally. Corn prices settled higher today (Thursday) again in sympathy with wheat; support was also found from higher crude oil and a lower dollar. **Sept 2010 corn contract closed Thursday, 7/29/10, at \$3.79 ¼, up \$.08 for the week and the Dec 2010 contact closed at \$3.93 ¾, up \$.09 ¼ for the week.**

OTHER MAJOR FACTORS TO WATCH -

- **Crude Oil** – Crude began the week fractionally lower at nearly \$79/bbl, with early losses erased by strong gains on Wall Street resulting from strong corporate earnings reports and better than expected new home sales which jumped 24% from the previous month but still at the second lowest reading on record. Crude oil turned modestly lower on Tuesday under pressure from a modest dollar rally. Prices continued under pressure on Wednesday, slipping to under \$77/bbl on a mostly bearish weekly inventory report. The weekly petroleum inventory report showed crude oil stocks increasing 7.3 million bbls, compared to an expected decline of 1.725 million bbls; distillates rose by 928,000 bbls, compared to an expected increase of 2.0 million bbls; and gasoline stocks increased by only 91,000 bbls, compared to an expected build of 275,000 bbls.
- **U.S. weather / crop watch** – Weather forecasts remain mixed on the amount of precipitation that was expected across the Central U.S. with some models showing less than earlier rain in the Western Corn Belt for the 507 day period, which was considered mostly favorable for areas that were saturated by heavy rainfall last week. Scattered thunderstorms were noted across North Dakota and Missouri early in the week, with an active storm track expected across the Northern Plains in the 6-10 day outlook. Storms were expected to move eastward mid week through the

weekend. About 15% of the Corn Belt has a moisture deficit but this area could be reduced to 10% if expected rains materialize in IL and IN this week. Some models show a drier and hotter bias in the 6-10 and 11-14 day outlook. A strengthening La Nina weather pattern is usually associated with warmer and drier conditions in the Central and Upper Midwest.

▪ **International weather / crop watch –**

- **Canada** – Most areas continued to see drier conditions, helping to reduce excessive moisture that had slowed crop development across much of the prairies. Meanwhile, the Peace River region in northwest Alberta (only about 5% of the crop) remains unfavorably dry.
- **Europe** – Dryness continues to adversely affect Germany, limiting moisture needed for filling spring grains. Moderate to heavy rains spread across southern France Poland and the Balkans, providing much needed relief to spring and summer grains but hampering winter grain harvest. Eastern Europe continues to see unwanted moisture.
- **Former Soviet Union** – Drought intensified in spring grain areas stretching from eastern Ukraine through Central Russia and Kazakhstan, severely reducing yield prospects.
- **Middle East** – Seasonably warm dry conditions helped accelerate winter grain harvest in Turkey.
- **China** – Beneficial showers continued to favor corn production in the North China Plains and Northeast regions.
- **Argentina / Brazil** – Cold temps slowed final wheat planting and crop development across much of Argentina, while western production areas remained unfavorably dry. Southern Brazil wheat areas continued to receive beneficial moisture.
- **Australia** – Eastern regions received favorable moisture while the western production areas turned dry once again. Overall most production areas have received sufficient showers in recent weeks to maintain adequate moisture for winter grains.

USDA Crop Progress / Condition Report, July 26, 2010

Crop	Stage	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	headed 90%	82%	93%	95%	86%	86%	77%
ID barley	headed 91%	78%	97%	94%	96%	96%	
US spring wheat	headed 94%	87%	92%	97%	83%	82%	74%
ID spring Wheat	headed 86%	66%	97%	96%	96%	96%	
US winter wheat	harvested 79%	71%	76%	82%			
ID winter wheat	harvested 1%	NA	6%	8%	90%		
US Corn	silking 84% dough 17%	65% 8%	52% 7%	70% 13%	72%	72%	70%