

Idaho Grain Market Report, August 13, 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, August 12, 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) \$6.50 (6-R) \$6.50	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$5.50	(2-R) NQ (6-R) NQ	\$4.35	\$4.30	\$5.05
Idaho Falls	NQ	(2-R)\$6.75-\$6.77 (6-R)\$6.77	NQ	NQ	NQ
Blackfoot / Pocatello	\$5.41	(2-R) \$6.50 (6-R) \$6.50	\$4.40	\$4.29	\$5.20
Grace / Soda Springs	\$5.57	(2-R) NQ (6-R) NQ	\$4.25	\$4.29	\$5.16
Burley / Rupert Hazelton	\$5.00-\$5.30	(2-R) \$6.77 (6-R) \$6.77	\$4.00-\$4.10	\$4.34	\$5.13
Twin Falls / Eden / Buhl	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Weiser	\$6.00	(2-R) NQ (6-R) NQ	\$3.98	NQ	NQ
Nez Perce / Craigmont	\$4.60	(2-R) \$4.60 (6-R) \$4.60	\$4.30	\$4.89	\$5.83
Lewiston	\$5.05	(2-R) \$5.05 (6-R) \$5.05	\$4.49	\$5.08	\$6.02
Moscow / Genesee	\$4.65-\$6.25	(2-R) \$4.65 (6-R) \$4.65	\$4.26-\$5.05	\$4.85-\$5.64	\$5.79-\$6.49

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	Aug \$4.80-\$4.85 Dec \$5.15-\$5.33	Aug \$5.54-\$5.59	Aug \$6.38-\$6.45
Los Angeles	\$7.85	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$7.85	NQ	NQ	NQ	NQ	NQ
Ogden	\$5.65	NQ	NQ	\$4.55	\$4.45	\$5.33
Great Falls	\$3.75-\$3.90	NQ	\$7.00	NQ	\$4.07-\$4.46	\$5.51-\$5.62
Minneapolis	\$3.85	NQ	NQ	NQ	\$5.01 (12%)	\$6.03-\$6.08

Market trends this week

**BARLEY** – Local barley prices were mixed, ranging from 25 cents higher to 50 cents lower this week. USDA reported barley export sales last week at 4.4 TMT for Canada. Barley export shipments hit a marketing year high at 3.5 TMT for Canada and Mexico.

**USDA's S&D report for MY 2010 - BARLEY –August 12** – For Marketing Year 2010, USDA raised U.S. production by 4 million bu to 207 million bu (due to a higher average yield of 65.8 bpa) and raised ending stocks by 3 million bu to 80 million bu. The average farm-gate price for U.S. barley was raised by 5 cents on each end to \$3.70-4.40/bu, compared to \$5.37 in 2008/09. **World barley production was pegged slightly higher than last month at 142.7 MMT, down 7% from a year ago and world ending stocks were estimated at 27.7 MMT, down 6%.**

- World barley production is projected to be down 7% to 142.7 MMT. US production is pegged 14% lower at 4.5 MMT.
- World barley supplies are estimated to decrease 1% to 172 MMT, due to larger carry-in, while US supplies are projected to be 4% lower at 6.4 MMT.

- World barley trade is expected to fall by 7% to 17.6 MMT. US exports are projected to increase 20% to .3 MMT, due to less competition out of the Black Sea region.
- World barley consumption is projected to increase 1% to 144.5 MMT, and US usage is expected to decrease 2% to 5 MMT.
- World barley carryover stocks are estimated to decrease 6% to 27.7 MMT, while US carryout is projected to fall 9% to 1.7 MMT.

**Barley Competitor/Buyer News** – USDA cut their barley production estimate for Canada this week by .6 MMT to 8.8 MMT, well below the five year average, due to poor crop conditions in northern and central Alberta and western Saskatchewan. USDA raised their crop production estimate for Ukraine by 1.8 MMT this month to 11.5 MMT, which is still below last year's 12.6 MMT.

**WHEAT** – Local wheat prices were lower this week: SWW ranged from 2 to 30 cents lower; HRW ranged from 13 to 49 cents lower; and DNS from 20 to 44 cents lower. U.S. wheat export sales were at the high end of trade expectations last week at 479.1 TMT, which was down 13% from the previous week and unchanged from the prior 4-week average. Wheat export shipments totaled 379.5 TMT which was down 3% from the previous week; however it was up 17% from the prior 4-week average.

**USDA's S&D report for MY 2010 - WHEAT – August 12** – For Marketing Year 2010, USDA raised U.S. production by 72 million bu to 2.184 billion bu, which was **32 million bu above the average pre-report trade estimate** of 2.508 billion bu. USDA also lowered imports by 5 million bu to 110 million bu; raised domestic feed usage by 5 million bu to 235 million bu; raised exports by 25 million bu to 950 million bu; and raised ending stocks by 37 million bu to 743 million bu. This was **slightly below the average pre-report trade estimate** of 751 million bu. The average farm-gate price for U.S. wheat was lowered by 10 cents on each end to \$4.70-5.70/bu, compared to \$6.78 in 2008/09. **World wheat production was pegged 2.8 MMT higher this month at 659.3 MMT, down 23 MMT from last year. World ending stocks were also increased by 2.3 MMT this month to 183.6 MMT, which is 14 MMT or 8% higher than the year before.**

- World wheat production is projected to decline by 3% to 659 MMT. The US wheat crop is expected to decline 13% to 59 MMT.
- World wheat supplies are estimated to increase 3% to 829 MMT, and US supplies are expected to increase 2% to 77.6 MMT.
- World wheat trade is expected to decrease 13% to 121 MMT, due to smaller supplies of feed wheat. U.S. exports are estimated to decrease 4% to 26 MMT.
- World wheat consumption is projected to increase by 2% to 645 MMT, while U.S. consumption is also expected to increase by 1% to 34.5 MMT.
- World wheat carryover stocks are estimated to increase by 8% to 183.6 MMT. US stocks are pegged to increase 11% to 20.2 MMT.

**Wheat Competitor/Buyer News** – USDA **cut** their wheat production estimates for Canada by 1.0 MMT to 22.50 MMT; Argentine wheat crop by 1.0 MMT to 8.5 MMT and the Russian crop by 4.5 MMT to 55.5 MMT. USDA **raised** their EU wheat production estimate by 1.6 MMT to 136.3 MMT, Ukrainian crop by 1.0 MMT to 19.5 MMT, Chinese crop by 1.0 MMT to 114.5 MMT and the Indian crop by nearly 3 MMT to 80.6 MMT.

**CORN** - Corn export sales last week were on the low end of trade expectations at 541.2 TMT, which was up 28% from the previous week; but down 7% from the prior 4-week average. Export sales for MY 09/10 totaled 292.5 TMT. Corn export shipments last week totaled 957.8 TMT which was down 20% from the previous week and 16% from the prior 4-week average.

**USDA's S&D report for MY 2010 - CORN – August 12** – For the current MY 08/09, USDA raised corn exports by 50 million bu to 1.85 billion bu and lowered ending stocks by an equal amount to 1.72 billion bu. **For MY 09/10, USDA lowered beginning stocks by 50 million bu to 1.72 billion bu and raised domestic production by 471 million bu to 12.761 billion bu – they surprised many traders by leaving planted acreage unchanged at 87 million but raised average yields to 159.5 bpa. This production estimate is 252 million bu higher than the average pre-report trade estimate of 12.508 billion bu.** USDA also made several somewhat surprising adjustments to the demand side of the balance sheet – raising domestic feed usage by 100 million bu to 5.3 billion bu, raising domestic ethanol usage by 100 million bu to 4.2 billion bu; and raising exports by 150 million bu to 2.1 billion bu. This resulted in a 71 million bu increase in ending stocks to 1.621 billion bu, compared to the average pre-report trade estimate of 1.697 billion bu. **World corn production was pegged 6.5 MMT higher this month at 796.3 MMT, up nearly 7 MMT from a year ago. World ending stocks also jumped 2.3 MMT to 141.5 MMT, still down nearly 3 MMT or 2% from the previous year.**

- World corn production is pegged to increase by 1% at 796.3 MMT. The US corn is projected up by 5% to 324 MMT.
- World corn supplies are projected to increase by 2% to 940 MMT, while US supplies are also expected to increase by 6% to 368 MMT.
- World corn trade is projected to increase 5% to 84.5 MMT, due to decreased availability of feed wheat and growth in foreign feeding demand. US corn exports are expected to increase 13% to 53 MMT.
- World corn consumption is estimated to increase 3% to 799 MMT and is expected to exceed production. US usage is estimated to jump 6% to 274 MMT on steady growth in ethanol use.

- World corn carryover stocks are estimated to decline 2% to 141 MMT, while US stocks are expected to fall 6% to 41 MMT.

**Corn Competitor/Buyer News** – USDA cut their cut production estimate for Ukraine by 1.0 MMT this month to 8.5 MMT and cut their exports by .5 MMT to 3.0 MMT. USDA left their production estimates unchanged for China at 162.5 MMT and Argentina at 15.0 MMT.

#### Futures market activity this week

**Wheat** – Wheat futures began the week mixed to modestly higher on short covering ahead of Wednesday's monthly crop production report. Prices continued to bounce around on Tuesday, closing mixed to mostly lower on mostly technical selling and a lack of fresh demand. Continued short covering pushed prices higher in Chicago and Kansas City despite a bearish production estimate. MGE prices closed lower on expectations of a big spring wheat crop. Wheat finished today (Thursday). **Wheat market closes on Thursday, 8/13/09...**

	<u>Sept 09</u>	<u>Weekly Summary</u>	<u>Dec 09</u>	<u>Weekly Summary</u>
Chicago	\$4.99 <sup>3</sup> / <sub>4</sub>	Down \$.28 <sup>1</sup> / <sub>2</sub>	\$5.27 <sup>3</sup> / <sub>4</sub>	Down \$.28
Kansas City	\$5.34	Down \$.25 <sup>1</sup> / <sub>4</sub>	\$5.51	Down \$.25
Minneapolis DNS	\$5.79 <sup>1</sup> / <sub>4</sub>	Down \$.25 <sup>3</sup> / <sub>4</sub>	\$5.92	Down \$.28

**Corn** –Corn futures began the week modestly higher on short covering ahead of Wednesday's S&D report. Prices continued to see very modest gains on Tuesday with support from higher soybeans and further positioning, but gains were limited by beneficial crop weather and expectations of rising yields. Corn saw a bullish reversal on Wednesday, shrugging off a bearish USDA report to close higher on short covering and positive outside markets. Corn finished (Thursday) on **Sept 09 corn contract closed on Thursday, 8/13/09, at \$3.32 <sup>3</sup>/<sub>4</sub>, down \$.06 <sup>3</sup>/<sub>4</sub> for the week and the Dec 09 contract at \$3.40 <sup>1</sup>/<sub>2</sub>, down \$.09 for the week.**

#### Other Major Factors to Watch

- § **Crude Oil** – Crude oil started the week slightly higher but then turned lower on Tuesday in line with lower equities and an updated EIA forecast showing world consumption declining slightly to 83.76 million bbls per day compared to 83.85 million forecast a month ago. EIA pegged their 2010 forecast at 90,000 bbls per day lower. The market shrugged off a mostly bearish weekly inventory report on Wednesday to close higher, with support from a lower dollar and higher equities. The weekly petroleum inventory report showed crude oil stocks increasing by more than expected – up 2.5 million bbls compared to an expected build of 1.0 million bbls - the third straight build in a row. Distillate stocks increased by 786,000 bbls compared to an expected increase of 200,000 bbls, while gasoline stocks fell by 927,000 bbls compared to an expected draw of 1.2 million bbls.
- § **U.S. weather / crop watch** – While warmer temperatures arrived as expected this week, most areas only saw temps into the upper 80s and low 90s, causing many to consider this helpful to help speed up crop development. Excessive temps were not expected to pose any heat stress this week, however dry spots continue to cover about one third of the belt. Rain was expected to arrive in the Northwest CB by this weekend, moving through the Corn Belt next week and potentially reducing dry areas to 15% or less of the belt. While behind in development, corn crop conditions remain well above the 10-year averages. The spring wheat condition also remained stable this week. Widely scattered showers kept spring wheat harvest at a slow pace this week.
- § **International weather / crop watch** –
  - § **Canada** – Showers continued to benefit filling spring grains across the Western Prairies although crop conditions in some areas of Alberta are not likely to improve at this point. Development remains well behind normal with some concerns about possible colder temperatures by the end of August.
  - § **Europe** – Scattered showers maintain favorable soil moisture for summer crops, while not disrupting spring grain harvesting, except in England where harvest been delayed. The Balkans are experiencing hot dry conditions which are stressing corn crops.
  - § **Russia / Ukraine** – Widely scattered showers across Ukraine and western Russia have caused brief interruptions in the small grain harvest, but are recharging soil moisture for summer crops. Precipitation in the Urals and Siberia has favored filling small grains.
  - § **China** – Sunny warm weather favors corn development in Manchuria, while scattered showers have favored summer crops across Central and Southern China.
  - § **Argentina** – Mostly dry recently, but some late winter grain planting has taken place. More moisture is needed to help establish this crop. USDA cut their wheat production estimate for Argentina this week by 1 MMT to 8.5 MMT, nearly the same as the 2008/09 drought stricken crop of 8.4 MMT.
  - § **Australia** – Light rainfall in western and southeastern regions are helping to maintain adequate soil moisture for winter grains, however other regions are experiencing dryness.

**USDA Crop Progress / Condition Report, August 10, 2009**

<b>Crop</b>	<b>Progress %</b>	<b>Previous Week</b>	<b>Previous Year</b>	<b>5-Year Average</b>	<b>Condition rating % good/excellent</b>	<b>Previous Week</b>	<b>Previous Year</b>
US barley	5% harvested	NA	20%	33%	78%	78%	52%
<b>ID barley</b>	<b>11% harvested</b>	<b>2%</b>	<b>7%</b>	<b>16%</b>	<b>94%</b>	<b>94%</b>	
US spring wheat	8% harvested	3%	15%	31%	72%	71%	53%
<b>ID spring wheat</b>	<b>4% harvested</b>	<b>1%</b>	<b>4%</b>	<b>12%</b>	<b>93%</b>	<b>93%</b>	
US winter wheat	91% harvested	85%	91%	94%			
<b>ID winter wheat</b>	<b>37% harvested</b>	<b>17%</b>	<b>24%</b>	<b>45%</b>	<b>93%</b>	<b>94%</b>	
US Corn	89% silking 24% dough	76% 14%	91% 28%	96% 46%	68%	68%	67%