

Idaho Grain Market Report, September 10, 2010

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IBC will host an internet-based seminar (webinar), this Tuesday, Sept. 14 at 6:30 a.m. MDT to discuss 2010-11 grain market outlook and 2011 malt contract pricing strategies. To join this free webinar, log onto: <https://connect.cals.uidaho.edu/barley/> (you will need computer speakers in order to listen to the discussion).

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, September 8, 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) \$6.75 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$6.50	(2-R) NQ (6-R) NQ	\$5.45	\$5.99	\$6.92
Idaho Falls	\$6.50	(2-R)\$7.00-\$7.25 (6-R)\$7.00	\$5.40	\$5.73	\$6.68
Blackfoot / Pocatello	\$6.54	(2-R) \$6.75 (6-R) NQ	\$5.85	\$5.70	\$7.11
Grace / Soda Springs	\$6.25-\$6.40	(2-R) NQ (6-R) NQ	\$5.75	\$5.86-\$5.98	\$6.80-\$6.93
Burley / Rupert Hazelton	\$5.75-\$6.50	(2-R) \$7.00 (6-R) \$7.00	\$5.60-\$5.74	\$5.90	\$6.83
Twin Falls / Eden / Buhl	\$6.50-\$7.10	(2-R) NQ (6-R) NQ	\$5.30-\$5.45	NQ	NQ
Weiser	\$7.00	(2-R) NQ (6-R) NQ	\$5.69	NQ	NQ
Nez Perce / Craigmont	\$6.10	(2-R) \$6.10 (6-R) \$6.10	\$5.89	\$6.78	\$7.67
Lewiston	\$6.35	(2-R) \$6.35 (6-R) \$6.35	\$6.08	\$6.97	\$7.86
Moscow / Genesee	\$6.15-\$7.50	(2-R) \$6.15 (6-R) \$6.15	\$5.85-\$6.60	\$6.74-\$7.40	\$7.63-\$8.33

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	Sept \$6.45-\$6.70 Jan \$6.70-\$6.85	Sept \$7.22-\$7.35	Sept \$8.21-\$8.33
Los Angeles	\$9.75	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$9.75	NQ	NQ	NQ	NQ	NQ
Ogden	\$6.45	NQ	NQ	\$6.00	\$6.03	\$7.00
Great Falls	\$5.50-\$5.75	NQ	\$7.00	NQ	\$4.80-\$5.06	\$6.33-\$7.20
Minneapolis	\$5.83	NQ	NQ	NQ	\$6.91 ¼ (12%)	\$8.18 ¼ -\$8.68 ¼

Market trends this week

BARLEY – Local barley prices were mostly higher again this week ranging from 75 cents lower to 50 cents higher in southern Idaho and 5 to 25 cents higher in northern Idaho. USDA reported no barley export sales for last week, but shipments totaled 900 MT, to the Philippines and Mexico.

USDA's MY 2010/11 S&D report for BARLEY – Sept. 10 - USDA made no changes to the U.S. barley balance sheet this month except to raise the average farm gate price for U.S. barley by 15 cents/bu on each end of the range \$3.70-\$4.30/bu, compared to \$4.66 in 2009/10. **World barley production was lowered by 2 MMT this month to 125.9 MMT, which is 16% below last year, due to smaller crops in the EU, Russia, Belarus and Morocco. World barley ending stocks were pegged at 21.1, down slightly last month BUT down 42% from last year.**

Barley Competitor/Buyer News - Stats Canada reported Canadian barley stocks on July 31 totaled 2.583 MMT, down 9% from a year ago. USDA cut their EU-27 barley production estimate by .6 MMT this month to 54.2 MMT and cut their Russia estimate by 1.0 MMT to 9.0 MMT. USDA also cut their estimate of Russian barley exports by another 150 TMT to 250 TMT, down 87% from a year ago. They raised their estimate of Canadian barley exports by 400 TMT to 1.4 MMT, up 27% from last year.

WHEAT – Local wheat prices were also mostly higher again this week: SWW ranged from 10 cents lower to 40 cents higher; HRW ranged from 7 to 28 cents higher; and DNS ranged from 6 to 43 cents higher. U.S. wheat export sales last week were above trade expectations at 953.4 TMT, but down 7% from the previous week and 21% from the prior 4-week average. Export shipments last week totaled 660 TMT, up 11% from the previous week and 25% from the previous 4-week average.

USDA's MY 2010/11 S&D report for WHEAT – Sept. 10 – No major surprises in the domestic balance sheet as USDA raised U.S. wheat export estimate by 50 million bu to 1.25 billion bu, but many analysts expected a bigger cut in world production and ending stocks. **US ending stocks were cut by 50 million bu to 902 million bu, which was 12 million bu above the average pre-report trade estimate of 914 million bu.** The average farm gate price for U.S. wheat was raised to \$4.95-\$5.65/bu, compared to \$4.87 in 2009/10. **World wheat production was cut by only 3 MMT this month to 643 MMT, which is down 37 MMT from last year, while world ending stocks were actually increased by 3 MMT to 177.8 MMT, which is down 18 MMT from last year. This increase was due to larger stocks in the EU (+3 MMT) and Canada (+1 MMT).**

Wheat Competitor/Buyer News – Stats Canada reported Canadian wheat stocks on July 31 were above trade expectations at 7.82 MMT, up 19% from a year ago and a 4-year high. There were conflicting reports on the status of Russia's grain export ban this week – first reports Tuesday morning that the Russian president had stated the export ban would likely end early, but then later statements reaffirmed that the Russian grain export ban would remain in place through the end of next year's harvest. The Russian Ag Minister also revised their grain stock reserve estimate upward from 21.7 MMT to 26 MMT. Egypt purchased 240 TMT of French wheat this week and Algeria reportedly purchased 600 TMT of French wheat.

	Today's USDA Estimate	Aug USDA Estimate
EU-27	135.13	137.51
Australia	23.00	23.00
Canada	22.50	20.50
Argentina	12.00	12.00
Russian	42.00	45.00
Ukraine	17.00	17.00

CORN – U.S. corn export sales last week were below trade expectations last week at 680.2 TMT. Accumulated corn exports for MY 2009/10 which ended August 31 were 48.4 MMT, up 7% from the previous year.

USDA's MY 2010/11 S&D report for CORN – Sept. 10 - For New Marketing Year 2010/11 which began September 1, USDA lowered beginning stocks by 40 million bu to 1.386 billion bu (due to increase in ethanol usage by 35 million bu and exports by 5 million bu); lowered production by 205 million bu to **13.160 billion bu (based on a lower average yield estimate of 162.5 bpa)**; lowered domestic feed use by 100 million bu to 5.25 billion bu; raised exports by 50 million bu to 2.10 billion bu; resulting in a 196 million bu reduction in U.S. ending stocks to 1.116 billion bu. **This puts MY 2011 U.S. corn ending stocks 9 million bu below the average pre-report trade estimate of 1.125 billion bu.** Average farm gate price for U.S. corn was pegged at \$4.00-\$4.80/bu, compared to \$3.55 in MY 2009/10. **World corn production was pegged at 826 MMT, down 5.5 MMT from last month but up 15 MMT from last year, while world ending stocks fell nearly 4 MMT this month to a snug 135.6 MMT, down 3.4 MMT from last year.**

Corn Competitor/Buyer News - USDA cut their EU-27 corn production estimate by 1.2 MMT this month to 54.7 MMT, raised their Canadian corn estimate by .5 MMT to 11.0 MMT and left Chinese and Ukrainian production unchanged at 166 MMT and 11.5 MMT respectively.

Futures market activity this week

WHEAT – Wheat posted moderately lower prices on Tuesday following the three-day holiday weekend, with profit-taking pressure triggered by a higher dollar and mixed statements coming out of Russia on how long their grain export ban will remain in place. Wheat futures slumped double digits on Wednesday over disappointment that U.S. wheat was excluded from two sizeable wheat tenders by Egypt and Algeria, larger than expected Canadian wheat stocks and positioning ahead of Friday's monthly S&D report. Wheat reversed directions and surged higher double digits on Thursday on a bullish export demand outlook reinforced by a USDA announcement of a 220 TMT sale of U.S. HRW wheat to an unknown destination and rumors of an Iraqi purchase. Bullish expectations that USDA will once again lower world wheat stocks in Friday's S&D report also added to the upbeat tone. **Friday's S&D report was considered bearish to wheat, as**

both domestic and world ending stocks were pegged higher than the trade expected. **Wheat market closes on Thursday, 9/09/10...please note that we have shifted to Dec. 2010 and Mar. 2011 contracts...**

	Dec 2010	Weekly Summary	Mar 2011	Weekly Summary
Chicago	\$7.38	Down \$.03 ¼	\$7.66 ¼	Up \$.02 ¼
Kansas City	\$7.60	Up \$.02 ¼	\$7.72	Up \$.03 ½
Minneapolis DNS	\$7.59 ½	Up \$.01 ¼	\$7.68 ¼	Up \$.03 ¼

CORN – Corn closed a couple cents higher on Tuesday with gains from a strong export demand, ideas that USDA will lower its yield estimate on Friday and spillover support from soybeans, but gains were limited by early harvest hedge pressures and negative outside market influences, including lower crude oil and a higher dollar. Corn prices slipped moderately lower on Wednesday on profit-taking triggered by heavy selling in wheat, positioning ahead of Friday's monthly S&D report and generally favorable pre-harvest weather across the Midwest. Corn finished solidly higher on Thursday to close to the highest level for a nearby contract to trade since early October 2008. Short covering and fresh fund buying was triggered by surging wheat prices and expectations that USDA will cut its corn yield estimate by about 2 bpa. **Friday's S&D report was, indeed, friendly to corn**, with USDA lowering its corn yield estimate by 2.5 bpa to 162.5 bpa and lowering ending stocks below the average trade estimate. USDA also cut world corn production and ending stocks. **Dec 2010 corn contract closed Thursday, 9/09/10, at \$4.70 ¾, up \$.06 ¼ for the week and the Mar 2011 contact closed at \$4.84, up \$.06 ¼ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil continued to trade in a very narrow range this week (\$74/bbl), opening the week \$.51/bbl lower under pressure from a sharp drop in the Dow Jones, then rose \$.58/bbl higher on Wednesday, as equities moved higher and the dollar retreated. Crude prices fell \$.42/bbl to close at \$74.25/bbl on Thursday as investors remain nervous about a deceleration in economic growth and large petroleum inventories. The weekly petroleum inventory report was released on Thursday, showing a somewhat bullish decline of 1.9 million bbls of crude oil stocks, compared to an expected build of 1 million bbls; distillate stocks fell 400,000 bbls, compared to an expected build of 700,000 bbls; while gasoline stocks fell by 200,000 bbls, compared to an expected drawdown of 1 million bbls.
- **U.S. CROP WATCH** – Last weekend was wet for many Northern Plains spring wheat areas (ID, MT and ND), with good chances for additional significant rainfall late this week, slowing final harvest. Prospects improve for drier weather in extended outlook. Rains were limited in other areas of the Midwest last weekend but remnants of Tropical Storm Hermine brought heavy rainfall to parts of the southern Plains moving northeastward into the Ohio River Valley. However, harvest conditions remain generally good. Additional rainfall is in the 6 to 10 and 11 to 15 day outlooks, which could hinder harvest progress in many areas. However, some of this moisture will extend into drier areas of both the hard red and soft red winter wheat belts, which would be beneficial for winter wheat planting and emergence.
- **International weather / crop watch –**
 - **Canada** – A return to cool and wet conditions this week which is not desirable at this stage. A season-ending frost also was expected in many areas. Next week should be drier allowing for the harvest pace to resume, but some models show the Prairies trending wetter again in the 6 to 15 day outlook, which is not favorable for grain ripening and harvest. Canadian grain harvest was estimated to be about 18% completed early this week.
 - **Europe** – Central and Eastern Europe continued to struggle with rain-delayed small grain and corn harvest and quality problems. Germany also saw a return of wet weather by mid week, which has prevented harvest from being completed and has called grain quality into serious question.
 - **Former Soviet Union** – Rainfall has been variable across Ukraine and Russia in the past two weeks, with the northern portion of Russia's Central and Volga Valley regions receiving much needed rain to replenish topsoil moisture and allow for winter wheat planting. Northeastern Ukraine and the central region of Russia received rain last weekend and the system has moved across southeastern Russia this week. The area still considered too dry to plant winter wheat has been reduced to about one-third of the entire winter grain belt.
 - **China** – The Northeast corn production area saw soaking rains from the remnants of a major tropical cyclone and experienced colder than normal temperatures early this week, but was expected to be followed by warmer temps. There is a great deal of debate right now on the size of this year's Chinese corn crop and whether they will need to import as much U.S. corn as they did in the recently concluded Marketing Year 2009/1010 (1.3 MMT).
 - **Argentina / Brazil** – Much needed rainfall improved soil moisture for winter grains in the western growing areas of Argentina, but more rain is needed as winter grain moves into heading stage this month. **A La Nina weather pattern is expected to create a warm dry pattern for much of Argentina, resulting in below trend line yields.**
 - **Australia** – Western Australia was dry this week, after receiving limited moisture needed for winter grain which is heading. During the past 5 years, this region produced 41% of the country's wheat and 32% of its barley. Meanwhile showers continue to be widespread across the south and eastern winter grain production regions, allowing for excellent crop development.

USDA Crop Progress / Condition Report, Sept. 7, 2010

Crop	Stage	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	harvested 78%	71%	66%	86%			
ID barley	harvested 64%	48%	68%	77%	98%	98%	
US spring wheat	harvested 76%	69%	56%	85%			
ID spring Wheat	harvested 58%	34%	73%	83%	95%	95%	
ID winter wheat	harvested 92% planted 4%	83% 1%	96% 5%	98% 5%			
US corn	dented 86% mature 33% Harvested 6%	73% 17% NA	48% 8% 2%	71% 19% 4%	69%	70%	69%