

Idaho Grain Market Report, September 11, 2009

We delayed our report in order to cover the USDA monthly S&D estimates that were released today (9/11/09). The reports should be considered mildly supportive for both corn and wheat and neutral for soybeans. While the corn production estimate came in slightly above the average trade estimates, corn ending stocks were below trade estimates due to an increase in exports. Wheat ending stocks were left unchanged, which the trade had expected would increase due to the sluggish export pace.

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, September 9, 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) \$5.50 (6-R) \$5.50	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$5.00	(2-R) NQ (6-R) NQ	\$3.90	\$3.83	\$4.48
Idaho Falls	\$4.50	(2-R)\$6.00-\$6.75 (6-R)\$6.00	\$4.17	\$3.86	\$4.43
Blackfoot / Pocatello	\$5.00	(2-R) \$5.50 (6-R) \$5.50	\$4.05	\$3.65	\$4.45
Grace / Soda Springs	\$5.02	(2-R) NQ (6-R) NQ	\$3.95-\$4.31	\$3.77-\$3.79	\$4.43
Burley / Rupert	\$4.50-\$5.00	(2-R) \$6.00 (6-R) \$6.00	\$3.94-\$4.00	\$3.72	\$4.40
Hazelton					
Twin Falls / Eden / Buhl	\$6.00-\$6.20	(2-R) NQ (6-R) NQ	\$3.78	NQ	NQ
Weiser	\$5.75	(2-R) NQ (6-R) NQ	\$3.65	NQ	NQ
Nez Perce / Craigmont	\$4.00	(2-R) \$4.00 (6-R) \$4.00	\$4.00	\$4.37	\$5.16
Lewiston	\$4.45	(2-R) \$4.45 (6-R) \$4.45	\$4.19	\$4.56	\$5.35
Moscow / Genesee	\$4.05-\$6.00	(2-R) \$4.05 (6-R) \$4.05	\$3.96-\$4.70	\$4.33-\$5.15	\$5.12-\$5.74

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 \$4.50-\$4.70 Jan \$4.72-\$4.82	\$4.93-\$5.18	\$5.77-\$5.82
Los Angeles	\$6.70	NQ	NQ	NQ	NQ	NQ
Stockton	\$6.75	NQ	NQ	NQ	NQ	NQ
Tulare	\$6.70	NQ	NQ	NQ	NQ	NQ
Ogden	\$5.10	NQ	NQ	\$4.20	\$4.01	\$4.57
Great Falls	\$3.75-\$4.15	NQ	\$5.25	NQ	\$3.65-\$3.90	\$4.00-\$4.34
Minneapolis	\$3.65	NQ	NQ	NQ	\$4.01 ½ (12%)	\$5.71 ½

Market trends this week

BARLEY – Local barley prices were mostly lower, ranging from steady to 55 cents lower in southern Idaho this week and steady to 15 cents higher in northern Idaho. USDA did not report any barley export sales for last week. Barley export shipments totaled 4,300 MT to Canada.

USDA's S&D report for MY 2010 - BARLEY – Sept. 11 – For Marketing Year 2010, USDA made no changes to the barley balance sheet except tightening the average farm-gate price for U.S. barley – down 10 cents on each end to \$3.60-\$4.30/bu, compared to \$5.37 last year. **World barley production edged higher again this month to 142.9 MMT, which is still 7% lower than a year ago. World barley ending stocks were cut by .56 MMT this month to 27.2 MMT, down 11% from last year.**

Barley Competitor/Buyer News –USDA tweaked barley production estimates for several countries this month: they raised their EU production estimate by .4 MMT to 60.79 MMT; raised Canadian production by .15 MMT to 7.95 MMT; lowered Russian production by 1 MMT to 1.0 MMT; and raised Ukrainian production by .5 MMT to 12.0 MMT. Stats Canada pegged Canadian barley stocks on hand on July 31 at 2.843 MMT, up 81% from the previous year's 1.568 MMT.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 25 cents higher to 25 cents lower; HRW ranged from 18 to 35 cents lower; and DNS ranged from 2 to 25 cents lower. U.S. wheat export sales last week totaled 551.4 TMT, up 36% from the previous week and 16% from the prior 4-week average. Wheat export shipments totaled 452.9 TMT, up 4% from the previous week and it was 11% from the prior 4-week average.

USDA's S&D report for MY 2010 - WHEAT – Sept. 11 – For Marketing Year 2010, USDA left the US wheat balance sheet unchanged, including ending stocks at 743 million bu. **This is below the average pre-report trade estimate which called for a 30 million bu increase in ending stocks to 773 million bu.** The average farm-gate price for U.S. wheat was tightened to \$4.70-5.50/bu, compared to \$6.78 in 2008/09. **World wheat production was pegged 4.4 MMT higher this month to 663.7 MMT, down 18.5 MMT from last year. World wheat ending stocks also were increased by 3 MMT this month to 186.6 MMT, which is nearly 18 MMT or 10% higher than the year before.**

Wheat Competitor/Buyer News – Chinese think tank CNGOIC cut its Chinese wheat production estimate to 114.95 MMT from last month's 115.5 MMT. USDA left their Chinese wheat crop estimate unchanged this month at 114.5 MMT. France is now projecting their soft wheat crop at 37.5 MMT, up from last year's 37 MMT. Stats Canada pegged Canadian wheat stocks on July 31 at 6.556 MMT, up 49% from last year's 4.406 MMT, but in line with trade expectations. USDA tweaked wheat production estimates for several countries – they raised EU wheat production by 2.2 MMT to 138.5 MMT; lowered Argentine wheat production by .5 MMT to 8.0 MMT; raised Russian crop by 1 MMT to 56.5 MMT; and raised Ukrainian crop by .5 MMT to 20 MMT. **International tender line-up...**Bangladesh and Jordan are both in the market for 100 TMT of optional origin wheat. Pakistan has announced an **export tender** for 100 TMT.

CORN - Corn export sales for the new MY 2009/10 - which began Sept. 1 - totaled 1.025 MMT. There was a total of 3.8 MMT of sales outstanding on August 31 which will be carried over to the new marketing year. Accumulated corn export shipments for MY 08/09 were 45.2 MMT, down 25% from the prior year. Exports for Sept. 1-3 totaled 537 TMT.

USDA's S&D report for MY 2010 - CORN – Sept. 11 – For MY 08/09 which ended August 31, USDA raised corn used for ethanol by 25 million bu to 3.675 billion bu, thus lowering beginning stocks for MY 09/10 by 25 million bu to 1.695 billion bu. As widely expected, USDA raised their 2009 production estimate this month due to higher national average yield. **Production was increased by 193 million bu to 12.954 billion bu, based on a yield estimate of 161.9 bu/A. This production estimate is 54 million bu higher than the average pre-report trade estimate of 12.901 billion bu.** USDA raised corn exports by 100 million bu to 2.2 billion bu, resulting in a 14 million bu increase in ending stocks to 1.635 billion bu, which is below the average pre-report trade estimate of 1.769 MMT. The average farm-gate price for U.S. corn was tightened to \$3.05-3.65/bu, compared to \$4.08 in 2008/09. **World corn production was cut by 2.3 MMT this month to 794 MMT, which is nearly 5 MMT above last year. World corn ending stocks fell by 2.4 MMT this month to 139.1 MMT, down more than 5 MMT or 4% from the previous year.**

Corn Competitor/Buyer News – Chinese agency CNGOIC cut their Chinese corn production estimate by 1 MMT this week to 165.5 MMT. USDA pegged the Chinese corn crop today at 160 MMT, down 2.5 MMT from last month. The Buenos Aires Grain Exchange is now projecting that Argentine corn farmers will plant 24% fewer corn acres, at 1.875 million h, compared to 2.46 mha two years ago. USDA has pegged Argentine corn production this year at 14 MMT, down 1 MMT from last month. USDA also lowered their Brazilian corn crop estimate by 2 MMT to 52 MMT. The Philippines is preparing to export corn for the first time ever with a projected surplus of 800 TMT.

Futures market activity this week

Wheat – Wheat futures began the week on Tuesday sharply lower under pressure from fund selling that was triggered by weak technicals and favorable overseas weather, including weekend rains across Argentina. The market also was pressured by an updated crop projection from France, up 1.2 MMT from their previous estimate. Wheat continued to grind lower on Wednesday, making new contract lows in CHI and KCBT as light short covering was followed late in the session by profit taking. Wheat finished mixed to marginally higher on Thursday as early selling was followed by late session position squaring ahead of Friday's S&D reports. **Wheat market closes on Thursday, 9/10/09...please note we have shifted to Dec. 09 and Mar. 10 futures contracts...**

	Dec 09	Weekly Summary	Mar 2010	Weekly Summary
Chicago	\$4.58 ³ / ₄	Down \$.13	\$4.78 ¹ / ₂	Down \$.13
Kansas City	\$4.73 ¹ / ₂	Down \$.16 ¹ / ₂	\$4.90	Down \$.16
Minneapolis DNS	\$4.84 ¹ / ₂	Down \$.14	\$5.00 ¹ / ₄	Down \$.04 ¹ / ₂

Corn –Corn prices edged marginally higher this week in a mostly “wait and see” mode ahead of Friday's S&D report. Bullish support from sharply higher crude oil and a sharply lower dollar was offset by bearish crop and weather outlooks. Wednesday saw prices continue to trade marginally higher on short covering in light choppy trading. Corn finished higher on Thursday on fund buying triggered by short covering ahead of Friday's widely anticipated crop production report. **Dec 09**

corn contract closed on Thursday, 9/10/09, at \$3.15 ¼, up \$.09 for the week and the **Mar 10** contact at \$3.28 ¾, up \$.09 for the week.

Other Major Factors to Watch

- § **Crude Oil** – After falling nearly 7% in value last week, crude oil futures showed renewed life this week with support from a sharply lower dollar which tumbled to the lowest level since Sept. 08. DOE’s Energy Information Agency raised their expectations for 2010 gasoline demand by only 60,000 barrels per day. Total U.S. gasoline consumption fell for the third consecutive week, dipping to less than 9 million barrels/day which is the lowest level since Jan. 2009. This week’s petroleum stocks report was another mixed bag – bullish for crude but bearish for distillates and gasoline supplies. Crude oil stocks fall 5.9 million bbls, far more than the expected draw of 1.8 million bbls; distillate stocks were bearish with an increase of 2.0 million bbls compared to an expected build of 1.0 million bbls; gasoline stocks also were bearish, increasing 2.1 million bbls compared to an expected draw of 1.5 million bbls. OPEC members agreed to hold production quotas steady at a meeting held Wednesday evening. Crude oil prices moved to just \$72/bbl on Thursday.
- § **U.S. weather / crop watch** – Crop weather continued to be bearish this week with the Corn Belt now projected to remain frost-free, with normal to above normal temps through at least the end of September. Corn maturity continues to lag, however, with the crop at only 50% dented compared to five year average of 75%. Warmer temps this week should help boost development. Spring wheat harvest advanced this week but was still lagging at 58% completed at the first of the week, down 30% from five-year average. Yield reports remain very high but with low protein levels. Rains were once again slowing harvest in the northeastern Plains with additional showers expected over the next week, but most areas were expected to be dry for the next 6-10 days. Winter wheat planting began in earnest, aided by recent rainfall which has boosted topsoil moisture across much of the Central and Southern Plains. Areas that remain very dry encompass about 15% of the HRW belt, including southern Oklahoma and eastern Texas, but many of these areas are expected to see substantial moisture from a storm forming along the Gulf Coast through Monday.
- § **International weather / crop watch** –
 - § **Canada** – Warm and dry conditions helped aid spring grain maturation, but development delays continue.
 - § **Europe** – Showers continued across much of central and northern Europe, recharging topsoil moisture for filling corn and winter grain planting, but dryness persisted in Spain.
 - § **Russia / Ukraine** – Warm and dry conditions have favored spring grain harvesting, with the exception of the Siberian District which has seen harvest interruptions from showery conditions. Eastern Ukraine has received beneficial rain for filling corn.
 - § **China** – Showers in western Heilongjiang and Jilin provinces have benefitted corn and soybean crops, while dryness persists in Liaoning province
 - § **Argentina** – Despite recent showers, major winter grain areas remain unfavorably dry. Recent rain has helped replenish topsoil to aid corn planting. Argentine production areas were expected to be dry this week but there is potential for more rain late next week.
 - § **Australia** – Widespread showers have helped stabilize winter grain crops in Queensland and northern New South Wales for now. Scattered showers also were reported in western and southeastern regions which continue to provide adequate moisture for winter grains. Australian officials have indicated they don’t anticipate lowering their grain production estimates right now because of recent rains, but many areas are in need of more rain.

USDA Crop Progress / Condition Report, September 8, 2009

Crop	Progress %	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	71% harvested	46%	84%	90%	78%	78%	NA
ID barley	71% harvested	48%	65%	81%	89%	88%	
US spring wheat	58% harvested	38%	86%	88%	74%	75%	NA
ID spring wheat	76% harvested	58%	72%	86%	92%	92%	
US winter wheat	5% planted	NA	4%	5%			
ID winter wheat	6% planted	NA	2%	5%			
US Corn	50% dented 8% mature	32%	59%	75%	69%	69%	61%
		5%	10%	23%			

2009 Barley Loan Deficiency Payments – As of 9/10/09 FSA is paying a \$.02/bu LDP on eligible barley grown in most southern and eastern Idaho counties. You can check online for possible LDP payments on crops grown in your county at: <http://www.fsa.usda.gov/FSA/displayLDPRates?area=home&subject=prsu&topic=idp-ldp>