

Idaho Grain Market Report, September 17, 2009
 Published by the Idaho Barley Commission, kolson@idahobarley.org, 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, September 16, 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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$4.50	(2-R)\$6.00-\$6.50 (6-R)\$6.00	\$4.07	\$3.91	\$5.01
Blackfoot / Pocatello	\$4.80	(2-R) \$5.50 (6-R) \$5.50	\$4.10	\$3.69	\$4.80
Grace / Soda Springs	\$5.02	(2-R) NQ (6-R) NQ	\$4.00	\$3.83-\$3.88	\$4.74-\$4.77
Burley / Rupert Hazelton	\$4.50-\$5.00	(2-R) \$6.00 (6-R) \$6.00	\$3.75-\$3.95	\$3.90	\$4.90
Twin Falls / Eden / Buhl	\$6.20	(2-R) NQ (6-R) NQ	\$3.60	NQ	NQ
Weiser	\$5.50	(2-R) NQ (6-R) NQ	\$3.44	NQ	NQ
Nez Perce / Craigmont	\$3.83	(2-R) \$3.83 (6-R) \$3.83	\$3.88	\$4.55	\$5.59
Lewiston	\$4.30	(2-R) \$4.30 (6-R) \$4.30	\$4.04	\$4.74	\$5.78
Moscow / Genesee	\$3.90-\$6.00	(2-R) \$3.90 (6-R) \$3.90	\$3.81-\$4.55	\$4.51-\$5.28	\$5.55-\$6.21

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	Sept \$4.50-\$4.57 Jan \$4.59-\$4.66	\$5.09-\$5.23	\$6.20-\$6.35
Los Angeles	\$6.70	NQ	NQ	NQ	NQ	NQ
Stockton	\$7.00	NQ	NQ	NQ	NQ	NQ
Tulare	\$6.70	NQ	NQ	NQ	NQ	NQ
Ogden	\$5.10	NQ	NQ	\$4.25	\$4.03	\$5.04
Great Falls	\$3.75-\$4.25	NQ	\$5.75	NQ	\$3.72-\$3.96	\$4.14-\$4.52
Minneapolis	\$3.85	NQ	NQ	NQ	\$4.34 ³ / ₄ (12%)	\$6.24 ³ / ₄ - \$6.39 ³ / ₄

Market trends this week

BARLEY – Local barley prices were mostly lower, ranging from steady to 25 cents lower in southern Idaho this week and steady to 17 cents lower in northern Idaho. USDA reported barley export sales totaling 6,600 MT for Canada last week. Barley export shipments totaled 200 MT to Mexico.

Barley Competitor/Buyer News – The Australian Bureau of Agricultural & Resource Economics (ABARE) pegged the Australian barley crop at 7.9 MMT this week, up slightly from their June estimate and 16% higher than last year's crop, due to favorable rains across the southern and western regions (see more details below).

WHEAT – Local wheat prices were mostly higher this week: SWW ranged from 5 cents higher to 21 cents lower; HRW ranged from 4 to 18 cents higher; and DNS ranged from 31 to 50 cents higher. U.S. wheat export sales last week were on the high end of trade expectations at 449.4 TMT, down 19% from the previous week and 9% from the prior 4-week average. Wheat export shipments hit a marketing year high last week at 595.9 TMT, up 32% from the previous week and 39% from the prior 4-week average. Cumulative wheat export sales have reached 37.7% of the USDA projection for the year, compared to a 5-year average pace of 50.3%.

Wheat Competitor/Buyer News – ABARE has pegged the Australian wheat crop at 22.7 MMT this year, up slightly from their June estimate and 6% above last year, due to favorable rains received across the southern and western production areas in recent weeks (see more details below). Russia's SovietEcon agency raised their 2009 wheat crop estimate to 60.0 MMT, up from their previous estimate of 56.5 to 59 MMT but still 3.8 MMT below last year. Russian exports are pegged at 15.5 to 17.5 MMT, down from 18.7 MMT in MY 08/09. Russia's ag minister stated this week that their new state grain trading company, United Grain Co, will start supplying wheat to Egypt. Egypt purchased 240 TMT of wheat on an announced tender for 30-60 TMT, all of it sourced from Russia. Jordan also purchased 50 TMT of Russian wheat this week. Algeria purchased 300 TMT of wheat this week, most likely French origin.

CORN - Corn export sales last week were well above trade expectations at 965.6 TMT, while export shipments totaled 1.16 MMT. Cumulative corn export sales have reached 24.4% of the USDA projection for the year, compared to a 5-year average pace of 23.9%.

Corn Competitor/Buyer News – COFCO Vice President stated this week that the Chinese corn crop could drop to 148 MMT due to drought (USDA has pegged their crop at 160 MMT). China also announced they would subsidize the marketing of at least 2 MMT of corn this year. China sold 1.32 MMT from its latest weekly corn auction out of total 3.17 MMT offered. Argentine corn planting is proceeding slowly although scattered showers have improved planting conditions. USDA announced a sale of 419 TMT of U.S. corn to Mexico early in the week. Both Taiwanese and South Korean feed buyers passed on import tenders this week, citing high prices.

Futures market activity this week

Exactly one year after the collapse of the Lehman Brothers investment bank triggered the worst economic meltdown this country has seen since the Depression, we saw a string of positive economic news this week. The Dow Jones hit a one year high due to recent spike in commodity prices (crude oil and gold), and better than expected retail sales and industrial output. The dollar broke to a one year low, clearly signaling a flight of investment money to more risky investments. This is good news for commodities both on the investment side and potential for increased exports. However, there are lingering concerns that the Wall Street rally is outpacing actual economic recovery. Federal Reserve Chairman Ben Bernanke stated this week that the recession was technically over but the pace of recovery will be moderate.

Wheat – Wheat futures began the week sharply lower under pressure from a stronger dollar, good North American harvest weather and weekend rains in both Australia and Argentina. Traders believe that USDA will sharply increase their U.S. spring wheat crop estimates in their final Small Grains Crop Report due on September 30. Wheat prices were pulled sharply higher on Tuesday on spillover support from updated weather models showing a cold snap entering the Midwest by late next week, potentially threatening immature corn and soybean crops. Prices edged lower on Wednesday on a less threatening weather outlook, but losses were trimmed by support from a sharply lower dollar (new one year low). Wheat finished mostly lower today (Thursday) in quiet but choppy trading, with pressure coming from good harvest and winter wheat planting weather across North America and mixed tone in outside markets. MGE ended slightly higher on potential colder temps next week in the far northern plains. **Wheat market closes on Thursday, 9/17/09...**

	Dec 09	Weekly Summary	Mar 2010	Weekly Summary
Chicago	\$4.61 ³ / ₄	Down \$.05 ¹ / ₂	\$4.81 ¹ / ₂	Down \$.05 ¹ / ₂
Kansas City	\$4.74 ¹ / ₄	Down \$.03 ¹ / ₂	\$4.90 ¹ / ₂	Down \$.03 ³ / ₄
Minneapolis DNS	\$4.99 ³ / ₄	Up \$.05 ¹ / ₂	\$5.15 ¹ / ₂	Up \$.05

Corn –Corn prices closed modestly lower on Monday on weakness in outside markets as well as continuing ideas that this big crop could get bigger. Losses were trimmed by support from strengthening demand and a lack of farmer selling. Prices soared nearly limit up on Tuesday on a sharp break in the dollar and updated weather models showing potential frost across the Northwestern Corn Belt by late next week. Increased farmer selling and revised weather models showing less certainty about next week's frost threat pushed prices sharply lower on Wednesday. Corn finished lower today (Thursday) as weather forecasts turned warmer for next week and traders returned their focus to projected record yields.

Dec 09 corn contract closed on Thursday, 9/17/09, at **\$3.29**, up **\$.09 ¹/₄** for the week and the **Mar 10** contact at **\$3.42 ¹/₄**, up **\$.09 ¹/₄** for the week.

Near-term Commodity Outlook –

Corn – As expected USDA hiked their yield and production estimates in last Friday's monthly crop report to 161.9 bpa and 12.95 billion bu, but they also mostly offset most of this production increase with higher estimated usage in both domestic feed (up 50 million bu) and exports (up 100 million bu). A decidedly bearish tone remains in corn right now as traders expect "big crops to get bigger," but chart support has continued to hold at \$3.25. More bearish news would likely open up another test of support at \$3.00.

Wheat – Continues in a follower's role, given its bearish U.S. and global fundamentals (ample supplies / sluggish exports). Recent upward price movements have been mostly confined to short covering in response to positive outside markets, but there are signs that the wheat markets are trying to confirm a low. For now, downside risk remains greater than upside potential. Watch for a much higher spring wheat crop estimate from USDA on September 30.

Other Major Factors to Watch

- § **Crude Oil** – Crude oil futures began the week fractionally lower after selling off last Friday, with pressure from a stronger dollar and concerns about Chinese economic growth and a potential trade spat between China and the U.S. Prices climbed sharply higher on Tuesday on a sharp break in the dollar and positive economic news in this country, including a stronger than expected retail sales report for August (up 2.7% compared to an expected increase of 1.9%). Prices continued to rally on Wednesday climbing back above \$72/bbl on better than expected industrial output, a somewhat bullish inventory report and a further slide in the dollar. This week’s petroleum stocks report was bullish for crude showing stocks fell 4.7 million bbls, again far more than the expected draw of 2.5 million bbls; distillate stocks were somewhat bearish with an increase of 2.2 million bbls compared to an expected build of 1.5 million bbls; gasoline stocks also mostly neutral, increasing .5 million bbls compared to an expected build of .7 million bbls.
- § **U.S. weather / crop watch** – Weather models flip-flopped this week, showing a cold snap entering the Northwest Corn Belt by mid to late next week. As expected, this updated frost scare drove corn and soybean prices nearly limit up on Tuesday. However, by midday Wednesday most of the weather models had eased back on the frost threat for next week, but still showed a potential frost event arriving two days later – Sept. 26 – in the western edge and then moving eastward. **By Thursday morning the latest two-week American model run showed no frost threat for next week, with the coolest temps staying north of the border. Models are mixed on Corn Belt temps, with some showing below normal which would further slow crop maturity but others show moderate temps through the start of October. Stay tuned....**Recent rains across much of the Southern Plains recharged soil moisture ahead of winter wheat planting. Spring wheat harvest advanced rapidly across the Northern Plains this week.
- § **International weather / crop watch** –
- § **Canada** – Scattered showers fell in the Western Prairies last week, with the heaviest amounts in Manitoba and Alberta’s Peace River region which delayed harvest and caused some quality downgrades. Light frosts were reported in Alberta, causing localized crop damage. But for the most part, conditions remained favorable for crop ripening and harvest. Spring wheat harvest was reported to be 69% completed this week.
 - § **Europe** – Mostly dry conditions allowed summer crop harvesting and winter grain planting to progress. Continuing dryness in Spain reduced already depleted soil moistures.
 - § **Russia / Ukraine** – Western Russia continued to experience warm and dry conditions favorable for summer crop harvesting, while more favorable weather arrived in eastern Russia, allowing spring grain harvest to get underway. Ukraine saw beneficial rains for recharging soil moisture for corn crops and preparation for winter grain planting.
 - § **China** – Light showers covered the North China Plains, delaying corn ripening and harvesting but boosting soil moisture ahead of winter wheat planting.
 - § **India** – Monsoon rains improved in the northern region (above normal), but overall levels across the country remain below normal to date.
 - § **Argentina** – Light to moderate rains were widespread in southern and eastern regions of the country last week, further stabilizing the winter grain crops and recharging soil moisture for the newly planted corn crop. Light frosts were reported in the southern region.
 - § **Australia** – Rains continued across the south during the past week but only scattered showers elsewhere. Temps were above normal in the east but remained favorable cool in the west. Crop conditions are reported to be very good in Victoria, South Australia and West Australia. The latest Australian seasonal rainfall outlook issued on August 26 showed moderate to strong shift in odds of below ave. spring rainfall across parts of eastern and southern Australia BUT increased chances of above. ave. spring rainfall for southwestern and western regions.

Australian Crop Report, 9/15/09 (ABARE)

State	2009 Planted Area Million hectares (mha)	Production million metric tons (MMT)	% change from 2008	% share of total Aust production
Queensland	1.1 mha wheat .1 mha barley	1.4 MMT wheat .1 MMT barley	-25% wheat -29% barley	6% wheat 1% barley
New South Wales	4.0 mha wheat 1.0 mha barley	6.3 MMT wheat 1.5 MMT barley	-7% wheat -3% barley	28% wheat 19% barley
Victoria	1.55 mha wheat .9 mha barley	2.7 MMT wheat 1.7 MMT barley	+85% wheat +92% barley	12% wheat 22% barley
South Australia	2.15 mha wheat 1.2 mha barley	3.5 MMT wheat 2.2 MMT barley	+51% wheat +33% barley	15% wheat 28% barley
West Australia	4.98 mha wheat 1.2 mha barley	8.7 MMT wheat 2.4 MMT barley	-2% wheat -6% barley	38% wheat 30% barley

USDA Crop Progress / Condition Report, September 14, 2009

Crop	Progress %	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	83% harvested	71%	91%	95%			
ID barley	83% harvested	71%	82%	91%			
US spring wheat	69% harvested	58%	91%	92%			
ID spring wheat	90% harvested	76%	89%	95%			
US winter wheat	13% planted	5%	9%	13%			
ID winter wheat	19% planted	6%	12%	14%			
US Corn	66% dented 12% mature	50% 8%	76% 17%	86% 37%	69%	69%	63%

2009 Barley Loan Deficiency Payments – As of 9/17/09 FSA is paying a \$.01/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=ldp-ldp>