

## Idaho Grain Market Report, September 24, 2009

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

### \*\*\*\* NEW PUBLICATION AVAILABLE ONLINE... GROWING WINTER MALTING BARLEY IN

**IDAHO** – The University of Idaho and Idaho Barley Commission have published agronomic guidelines for producing a new winter malting barley variety in Idaho known as Charles. This publication can be found at the IBC website's main page at [www.idahobarley.org](http://www.idahobarley.org).

**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, September 23, 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	\$4.25	(2-R)\$6.00-\$6.50 (6-R)\$6.00	\$4.07	\$3.80	\$5.06
Blackfoot / Pocatello	\$4.48	(2-R) \$5.50 (6-R) \$5.50	\$4.15	\$3.57	\$5.02
Grace / Soda Springs	\$4.91	(2-R) NQ (6-R) NQ	\$4.00	\$3.80	\$4.74-\$5.02
Burley / Rupert	\$4.50 - \$5.00	(2-R) \$6.00 (6-R) \$6.00	\$3.70 - \$4.00	\$3.79	\$4.80
Hazelton					
Twin Falls / Eden / Buhl	\$5.65-\$5.90	(2-R) NQ (6-R) NQ	\$3.63	NQ	NQ
Weiser	\$5.50	(2-R) NQ (6-R) NQ	\$3.38	NQ	NQ
Nez Perce / Craigmont	\$3.85	(2-R) \$3.85 (6-R) \$3.85	\$3.90	\$4.58	\$5.80
Lewiston	\$4.30	(2-R) \$4.30 (6-R) \$4.30	\$4.09	\$4.77	\$5.99
Moscow / Genesee	\$3.90 - \$6.00	(2-R) \$3.90 (6-R) \$3.90	\$3.86 - \$4.48	\$4.54 - \$5.21	\$5.76 - \$6.33

### 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 \$4.35-\$4.45 Jan \$4.50-\$4.58	\$5.00-\$5.25	\$6.10-\$6.40
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	\$7.15	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$4.99	NQ	NQ	\$4.25	\$3.98	\$5.18
Great Falls	\$3.75-\$4.15	NQ	\$5.25	NQ	\$3.63-\$3.76	\$4.05-\$4.32
Minneapolis	\$3.96	NQ	NQ	NQ	\$4.37 ½ (12%)	\$5.49 ½ - \$5.79 ½

### Market trends this week

**BARLEY** – Local barley prices were mostly lower, ranging from steady to 32 cents lower in southern Idaho this week and mostly steady in northern Idaho. USDA reported barley export sales totaling 2,200 MT for Canada last week. Barley export shipments totaled 1,400 MT for Canada and Mexico.

**WHEAT** – Local wheat prices were mixed this week: SWW ranged from 5 cents higher to 7 cents lower; HRW ranged from 3 cents higher to 12 cents lower; and DNS ranged from 25 cents higher to 5 cents lower. U.S. wheat export sales last week were above trade expectations at 506.9 TMT, up 17% from the previous week but down 1% from the prior 4-

week average. Wheat export shipments hit a marketing year high last week at 616.5 TMT, up 6% from the previous week and 29% above the prior 4-week average.

**Informa Economics is pegging U.S. winter wheat plantings for 2010 harvest at 41.6 million acres, down 4% from last year.**

**Wheat Competitor/Buyer News** – Pakistan has removed its 35% wheat export tax, paving the way for wheat exports. Pakistan is expecting a bumper wheat crop this year, at 24 MMT, at least 2 MMT above domestic needs. India is pegging their wheat crop at 79 MMT (USDA estimate is 80.6 MMT), due to the driest monsoon season in the last 37 years. Morocco has tendered to buy 600 TMT of U.S. wheat (320 TMT soft wheat and 280 TMT durum).

**CORN** - Corn export sales last week were on the low end of trade expectations at 673.3 TMT, while export shipments totaled 1.04 MMT.

**Corn Competitor/Buyer News** – Chinese corn harvest is pegged at about 25% completed but has not progressed yet into the drought prone Northeastern region. The size of the Chinese corn crop is still in question, with projections ranging from 148 MMT (COFCO) to 160 MMT (USDA). Some analysts reported this week that import costs for U.S. corn are running 9% lower than domestic Chinese corn prices in Shanghai and Guangzhou. Late last week Taiwan bought 60 TMT of Brazilian corn and 226 TMT from the U.S.

**Futures market activity this week**

**WHEAT** – Wheat futures began the week moderately lower pressured by a higher dollar. Losses were limited by a lack of farmer selling and stronger than expected export inspections which reached an 11 month high last week. While an improvement from recent weeks, cumulative wheat exports are still lagging - 25.9% of the USDA forecast compared to a five-year average of 32.6% - and behind the pace needed to meet USDA's projection for the year. Wheat continued to grind fractionally lower on Tuesday, but stopped short of making a new contract low, as a weaker dollar helped limit losses. Prices turned higher on Wednesday, with CHI wheat leading the grains higher on short covering. Wheat finished strongly higher today (Thursday), once again leading the gains in the grain and oilseed complex with support from increased export sales which were reinforced by a big import tender for U.S. wheat announced by Morocco (320 TMT soft wheat and 280 TMT durum), frost scare in eastern Australian and continued short covering. **Wheat market closes on Thursday, 9/24/09...**

	<b>Dec 09</b>	<b>Weekly Summary</b>	<b>Mar 2010</b>	<b>Weekly Summary</b>
Chicago	\$4.73	Up \$.15 <sup>3</sup> / <sub>4</sub>	\$4.92 <sup>3</sup> / <sub>4</sub>	Up \$.16
Kansas City	\$4.83 <sup>3</sup> / <sub>4</sub>	Up \$.11 <sup>3</sup> / <sub>4</sub>	\$5.00 <sup>1</sup> / <sub>4</sub>	Up \$.12
Minneapolis DNS	\$5.00 <sup>1</sup> / <sub>4</sub>	Up \$.03 <sup>1</sup> / <sub>2</sub>	\$5.16	Up \$.05 <sup>1</sup> / <sub>4</sub>

**CORN** –Corn prices closed modestly lower on Monday in choppy sideways trade, as warm weather forecast, higher dollar and disappointing export inspections all weighed on the market. A lower dollar and sharply higher crude oil helped corn stage a bullish reversal higher on Tuesday. While warmer weather was considered favorable to the corn crop this week, a cool down is expected next week which could continue to slow maturity on an already late crop. The possibility of frost also re-entered the weather outlook for the most northwestern edge of the Corn Belt next week. Corn posted another modest gain on Wednesday on mostly short covering, but gains were limited by a sharp break in crude oil. Corn finished higher today (Thursday) despite a sharp rally in the dollar and lower crude oil. Weather remains mostly benign for the late corn crop, with scattered showers for the Central U.S. and only patchy frost concerns for the NW Corn Belt next Tuesday and again on Friday. Showers are not really welcome at this stage as the additional moisture will slow down the drying process for maturing corn. **Dec 09 corn contract closed on Thursday, 9/24/09, at \$3.36 <sup>1</sup>/<sub>2</sub>, up \$.18 <sup>1</sup>/<sub>2</sub> for the week and the Mar 2010 contract at \$3.49 <sup>3</sup>/<sub>4</sub>, up \$.18 <sup>1</sup>/<sub>4</sub> for the week.**

**Near-by Commodity Outlook** – It was notable that wheat and corn moved sharply higher today, divorcing themselves from weaker outside markets (higher dollar, lower cruder oil and lower equities). Key reports are due out in the next two weeks that will influence the grain and oilseed markets. Signs grew stronger today that wheat markets are trying to carve out a seasonal bottom, but corn has not yet confirmed a harvest low.

- § **September 30 USDA Small Grains Production Summary** – traders expect to see a big jump in USDA's final estimate for spring wheat crop.
- § **October 9 USDA monthly S&D report** – traders expect to see bigger corn and soybean crop estimates unless frost shaves off yield potential.

**Other Major Factors to Watch**

- § **Crude Oil** – Crude oil trading was very choppy this week. Monday saw prices slip lower under pressure from a stronger dollar and lower Chinese oil demand estimates – down 5.4% in the month of August and the first month-to-month decline since March. Tuesday brought a sharp reversal higher, boosted by a break in the dollar to new one year lows and stronger equities which continued their steady climb back to the 10,000 mark. Prices slumped again on Wednesday in the face of a very bearish inventory report which showed much bigger than expected increases in crude, distillate and gasoline stocks due to weak domestic demand. Wednesday's report showed crude stocks building 2.8 million bbls, compared to an expected draw of 1.5 million bbls; distillate stocks increased 3.0 million bbls compared to an expected build of 1.2 million bbls; and gasoline stocks also jumped by

5.4 million bbls compared to a more modest expected build of .2 million bbls. Crude fell again on Thursday in the face of bearish demand and a stronger dollar.

- § **U.S. weather / crop watch** – Warmer weather blanketed the Midwest this week aiding late maturing corn and soybean crops. However a cool down is expected next week with another possibility of patchy frost in the upper Northwestern corner of the Corn Belt on Tuesday and again Friday. More scattered showers were expected across the Central and Southern Plains this week, benefitting recently planted HRW crops, but also delaying planting in some areas. More rain is expected during the next 10 days, reducing the area of dryness to less than a quarter of the HRW belt. Meanwhile the upper Northern Plains remained mostly dry, helping accelerate final harvesting of the HRS crop.
- § **International weather / crop watch** –
  - § **Canada** – Unseasonably dry warm weather helped aid spring grain maturity and harvesting in the past 10 days, with patchy frost continuing in west-central Alberta.
  - § **Europe** – Showers returned to Europe, slowing summer crop harvesting and winter grain planting, but the cooler rainy weather provided much needed relief to the parched growing areas of Spain.
  - § **Russia / Ukraine** – Western Russia and Ukraine continued to see unseasonably warm dry weather which favored summer crop harvesting and winter grain planting, but moisture is needed to ensure good winter wheat germination. Scattered light rains in western Ukraine brought some moisture to dry soils but not enough to boost their planting pace. Russia's spring grain areas saw warm dry weather which aided harvesting.
  - § **Middle East** – Rain in Turkey and Iraq boosted top soil moisture for winter wheat planting.
  - § **China** – Light showers continued in aid immature summer crops and winter wheat planting in Manchuria, while some frost was possible in Heilongjiang.
  - § **India** – Unfavorable dryness returned to Central and Northern India in recent days, reducing soil moisture.
  - § **Argentina** – Locally heavy rains benefitted winter wheat development and corn planting, with most of the moisture concentrated in the Buenos Aires, Santa Fe and Entre Rio regions. Light frost was isolated to south-eastern Buenos Aires. Light showers were expected this weekend.
  - § **Australia** – Recent scattered showers provided beneficial moisture to stabilize winter grain crops in western and southeastern regions, while extreme dryness persisted in New South Wales and Queensland. Most of the continent was expected to be dry this week and massive dust storms along the east coast reinforced the idea that drought continues to grip a large section of this country. Some weather models also showed possible frost concerns in parts of eastern Australia. Based on current conditions, some analysts believe that as much as 20% of the wheat crop in New South Wales could be lost to drought. New South Wales is expected to produce about 28% of that country's total wheat crop but only 19% of the barley crop.

**USDA Crop Progress / Condition Report, September 21, 2009**

Crop	Progress %	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	91% harvested	83%	94%	97%			
<b>ID barley</b>	<b>92% harvested</b>	<b>83%</b>	<b>91%</b>	<b>96%</b>			
US spring wheat	85% harvested	69%	96%	96%			
<b>ID spring wheat</b>	<b>95% harvested</b>	<b>90%</b>	<b>95%</b>	<b>98%</b>			
US winter wheat	24% planted	13%	20%	25%			
<b>ID winter wheat</b>	<b>31% planted</b>	<b>19%</b>	<b>29%</b>	<b>26%</b>			
US Corn	80% dented 21% mature	66%	89%	93%	68%	69%	59%