

Idaho Grain Market Report, October 21, 2010

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, October 20, 2010. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>		
	#2 Feed, 48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton	NQ	(2-R) \$7.25 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$8.25	(2-R) \$7.00-\$8.00 (6-R) \$7.00	\$5.45	\$5.96	\$7.58
Blackfoot / Pocatello	\$7.81	(2-R) \$7.25 (6-R) NQ	\$5.60	\$5.89	\$7.70
Grace / Soda Springs	\$7.45-\$7.50	(2-R) NQ (6-R) NQ	\$5.60	\$5.60-\$5.66	\$6.93-\$7.05
Burley / Rupert Hazelton	\$7.00-\$7.25	(2-R) \$7.00 (6-R) \$7.00	\$5.40-\$5.45	\$5.60	\$7.23
Twin Falls / Eden / Buhl	\$8.00-\$9.00	(2-R) NQ (6-R) NQ	\$5.15-\$5.50	NQ	NQ
Weiser	\$7.25	(2-R) NQ (6-R) NQ	\$5.30	NQ	NQ
Nez Perce / Craigmont	\$6.85	(2-R) \$6.85 (6-R) \$6.85	\$5.49	\$6.49	\$8.22
Lewiston	\$7.10	(2-R) \$7.10 (6-R) \$7.10	\$5.68	\$6.68	\$8.41
Moscow / Genesee	\$6.90-\$8.25	(2-R) \$6.90 (6-R) \$6.90	\$5.45-\$6.15	\$6.45-\$7.10	\$8.18-\$8.73

Trading Prices at Selected Terminal Markets, cash prices FOB

	<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>			
	#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	Nov \$5.90-\$6.25 Feb \$6.35-\$6.60	NQ	NQ
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$7.50	NQ	NQ	\$5.85	\$5.95	\$7.15
Great Falls	\$6.75-\$7.00	NQ	\$8.00	NQ	\$4.82-\$5.24	\$7.20-\$7.35
Minneapolis	\$7.29	NQ	\$9.37	NQ	NQ	\$8.18 ¼ - \$8.63 ¾

Market trends this week

BARLEY – Local barley prices were mostly higher this week ranging from \$1.00 lower to \$.94 cents higher in southern Idaho and remaining steady in northern Idaho. USDA reported barley export sales at .5 TMT for Taiwan and Mexico last week. Barley shipments also totaled .5 TMT, for Taiwan and the Philippines.

WHEAT – Local wheat prices were mixed this week: SWW ranged from 50 cents lower to 5 cents higher; HRW ranged from 4 to 13 cents lower; and DNS ranged from 31 cents lower to 32 cents higher. U.S. wheat export sales last week for MY 2010/11 were on the high end of trade expectations at 574 TMT, up 52% from the previous week but down 17% from the prior 4-week average. Export shipments last week totaled 592.1 TMT, down 27% from the previous 4-week average.

Wheat Competitor/Buyer News – Egypt purchased another 290 TMT of wheat this week, with 110 TMT sourced from the U.S., 120 TMT from France and 60 TMT from Canada.

CORN – USDA reported export sales last week were well below trade expectations at only 212.5 TMT last week, down 77% from the previous week and 72% from the prior 4-week average. U.S. corn export shipments were also disappointing

at 833.5 TMT last week, up 3% from the previous week but down 10% from the prior 4-week average and below the pace needed to reach USDA's export forecast for the marketing year.

Corn Competitor/Buyer News – According to private analyst Shanghai JC Intelligence, China's corn crop will total 153 MMT, resulting in a deficit of 7 MMT based on current demand projections, which could be met by the release of more gov't reserve stocks and increased corn imports.

Futures market activity this week

More evidence of sustainable BUT modest economic growth in this country....the NY Confidence Board reported the Index of Leading Economic Indicators was up 0.3% in September, in line with major economists' expectations. Weekly jobless claims also fell this week but employment growth remains flat at best. The Federal Reserve's Beige Book this week reported that 7 of their 12 regions showed moderate improvement in economic activity but not enough to drive unemployment down. The Fed is likely to launch a new round of Treasury purchases beginning next month.

WHEAT – Wheat closed sharply lower on both Monday and Tuesday with losses tied to weakness in outside markets, including volatility in the dollar index. Disappointing weekly export shipments also added to the negative tone. Wednesday saw a reversal higher, with solid gains attributed to a much weaker dollar and strong spillover support from corn and soybeans, but gains were capped by a wetter weather forecast across key winter wheat areas in the coming week. Wheat finished sharply lower today (Thursday) on late dollar rally. **Wheat futures market closes on 10/21/10...**

	Dec 2010	Weekly Summary	Mar 2011	Weekly Summary
Chicago	\$6.68 ¾	Down \$.35 ¾	\$7.05 ¾	Down \$.35
Kansas City	\$7.16 ½	Down \$.28 ½	\$7.31 ¾	Down \$.28
Minneapolis DNS	\$7.28 ½	Down \$.25 ½	\$7.42 ¾	Down \$.25 ¼

CORN – Corn began the week lower under pressure from a rapid harvest pace (68% compared to average pace of 39%), disappointing weekly export shipments and dollar rally. Prices reversed sharply higher on Wednesday with support from a weaker dollar and general advance across commodity and equity markets. But in keeping with recent volatility, corn prices settled lower again today (Thursday) with pressure from extremely disappointing export sales which indicate that price rationing has kicked in and a late session dollar rally. **Dec 2010 corn futures contract closed Thursday, 10/21/10, at \$5.64¼, up \$.01¼ for the week and the Mar 2011 contact closed at \$5.75 ¾, up \$.00 ½ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** –Crude oil began the week in a strong but volatile position, pushing up nearly \$2.00 on Monday to close at \$83.08/bbl with support came from a faltering US dollar. But these gains were short-lived, as crude tumbled 4% on Tuesday - slipping below \$80/bbl - after the Chinese surprised the markets by raising their key short-term interest rates in an attempt to cool off their red-hot economic growth, causing the dollar to move higher. Crude oil advanced again on Wednesday – up 3% or \$2.38/bbl to close at \$82.54 – on a weak dollar and better than expected inventory numbers. Wednesday's weekly petroleum inventory report showed crude oil inventories increased less than expected - up 667,000 bbls compared to an expected increase of 1.5 million bbls, but still at the highest weekly level for this time of year since 1983; distillate stocks fell by 2.15 million bbls, compared with expected decline of 1.3 million bbls; while gasoline stocks increased by 1.155 million bbls, compared to an expected decline of 1.5 million bbls.
- **U.S. WEATHER / CROP WATCH** – Mostly dry warm conditions persisted across the Midwest, allowing for a brisk harvest pace. The near and mid-term outlooks have turned decidedly wetter, showing good precipitation potential starting this weekend into next week which could delay corn harvest in some areas but also help erase widening moisture deficits across key winter wheat areas. **Winter wheat conditions** – Expected rain should go a long way to help ease moisture deficits for most of the soft red winter wheat belt and large portions of the hard red winter wheat belt. The HRW areas of greatest risk of ongoing moisture stress include western Kansas and eastern Colorado (approx. 15% of the belt). A strengthening La Nina weather pattern does not bode well for the Southern Plains or western Corn Belt.
- **INTERNATIONAL WEATHER / CROP WATCH –**
 - **Argentina** – There were some scattered showers in southern wheat production areas, but otherwise mostly dry conditions. They are still expecting to see scattered showers over the next 10 days but the forecast is trending drier than the earlier outlook. Moisture is needed in southern Buenos Aires to ease dryness in heading wheat as well as expanding dryness in the northeastern corn belt.
 - **Australia** – Same story... unfavorable dryness in Western Australia while Eastern Australia is seeing scattered showers which could delay crop maturity and harvest up to two weeks and cause quality concerns.

USDA Crop Progress Report, Oct. 18, 2010

Crop	Stage this week	Previous Week	Previous Year	5-Year Average
US winter wheat	Planted 80%	70%	71%	77%
	Emerged 51%	38%	49%	52%
ID winter wheat	Planted 87%	82%	84%	86%
	Emerged 58%	41%	46%	42%
US corn	Harvested 68%	51%	16%	39%