

Idaho Grain Market Report, October 28, 2010

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, October 27, 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	\$7.75	(2-R) NQ (6-R) NQ	\$5.90	\$6.18	\$7.84
Idaho Falls	\$8.25	(2-R) \$7.80-\$8.50 (6-R) \$7.80	\$5.75	\$6.30	\$7.83
Blackfoot / Pocatello	\$8.33	(2-R) \$7.25 (6-R) NQ	\$5.75	\$6.03	\$7.80
Grace / Soda Springs	\$7.85-\$8.00	(2-R) NQ (6-R) NQ	\$5.85	\$5.90	\$7.49
Burley / Rupert Hazelton	\$7.25-\$7.50	(2-R) \$7.80 (6-R) \$7.80	\$5.50-\$5.65	\$5.94	\$7.68
Twin Falls / Eden / Buhl	\$8.00-\$9.00	(2-R) NQ (6-R) NQ	\$5.25-\$5.50	NQ	NQ
Weiser	\$7.25	(2-R) NQ (6-R) NQ	\$5.39	NQ	NQ
Nez Perce / Craigmont	\$7.10	(2-R) \$7.10 (6-R) \$7.10	\$5.74	\$6.68	\$8.32
Lewiston	\$7.35	(2-R) \$7.35 (6-R) \$7.35	\$5.93	\$6.87	\$8.51
Moscow / Genesee	\$7.15-\$8.50	(2-R) \$7.15 (6-R) \$7.15	\$5.70-\$6.45	\$6.64-\$7.34	\$8.28-\$8.88

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-\$6.30 Feb \$6.50-\$6.65	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-\$7.50	NQ	\$8.00	NQ	\$5.04-\$5.48	\$7.37-\$7.45
Minneapolis	\$7.50	NQ	\$9.79	NQ	NQ	\$8.23 ¼ - \$9.28 ¼

Market trends this week

BARLEY – Local barley prices were higher this week ranging from steady to 80 cents higher in southern Idaho and 25 cents higher in northern Idaho. USDA did not report any barley export sales last week. Barley shipments totaled .4 TMT, for Taiwan and Mexico.

WHEAT – Local wheat prices were also higher this week: SWW ranged from steady to 30 cents higher; HRW ranged from 14 to 34 cents higher; and DNS ranged from 10 to 45 cents higher. U.S. wheat export sales last week for MY 2010/11 were within trade expectations at 604.4 TMT, up 5% from the previous week and 1% from the prior 4-week average. Export shipments last week totaled 653.1 TMT, up 10% from the previous week, however it was down 11% from the prior 4-week average. Wheat export sales are now 57.2% of USDA projection for the year, compared to a five year average of 61.7%.

CORN – Corn export sales continued to be lackluster although a significant improvement from the previous week at 550.8 TMT last week, up 160% from the previous week however it was down 17% from the prior 4-week average. U.S. corn

export shipments were at 581.7 TMT last week, which was down 30% from the previous week and 35% from the prior 4-week average. Cumulative corn export sales total 38.9% of USDA projection for the year, compared to a five year average of 35.7%.

Ethanol usage – DOE’s Energy Information Agency reported that weekly ethanol production last week totaled 880,000 barrels per day, down 1,000 bpd from the previous week, but up 139,000 bpd (+18.7%) from a year ago. This equates to 92.4 million bushels of corn consumption, above the weekly pace needed to make USDA’s yearly usage projection of 4.7 billion bushels.

Corn Competitor/Buyer News – Russia is reportedly interested in buying up to 2 MMT of corn from Ukraine this year due to their own crop shortfall. Right now USDA is projecting Russia will import only 1 MMT of corn this marketing year. China is reportedly buying South American corn, while rumors of some additional U.S. corn purchases remain unconfirmed by USDA.

Futures market activity this week

There were several noteworthy pieces of macroeconomic news this week which are driving outside markets higher, which in turn are influencing investment buying in commodities. First up, the National Assoc. of Business Economists confirmed that business conditions are improving but they remain cautious about third quarter GDP growth, with 54% now expecting growth of more than 2%. Meanwhile, existing home sales jumped 6.6% last month (more than expected) and durable goods orders increased by 3.3% (also more than expected). These trends are leading analysts to now think that the U.S. economy may not need as large as earlier anticipated quantitative easing from the Federal Reserve. The Fed will meet next week and is widely expected to announce a smaller incremental government debt buying plan.

WHEAT – Wheat began the week modestly higher after substantial gains overnight with help from a sharply lower dollar and underlying strength seen across the commodity investment world. Wheat soared higher on Tuesday despite a firmer dollar, with gains attributed to short covering. A lower than expected winter wheat crop condition report from USDA (first condition rating for the 2011 crop) at 47% good/excellent provided strong underlying support. This was 15% below last year’s rating at this time and a 19 year low. Wheat extended its impressive rally on both Wednesday and again today (Thursday) on additional fund buying that is being largely driven by strong technical chart signals. A generally poor start to many winter wheat crops across the Northern Hemisphere is very likely driving this price break higher. **Wheat futures market closes on Thursday, 10/28/10...**

	Dec 2010	Weekly Summary	Mar 2011	Weekly Summary
Chicago	\$7.18 ¼	Up \$.47 ½	\$7.58	Up \$.49 ¾
Kansas City	\$7.71 ¼	Up \$.52 ½	\$7.86 ¾	Up \$.52 ¼
Minneapolis DNS	\$7.76 ¼	Up \$.48	\$7.90 ¾	Up \$.48 ¼

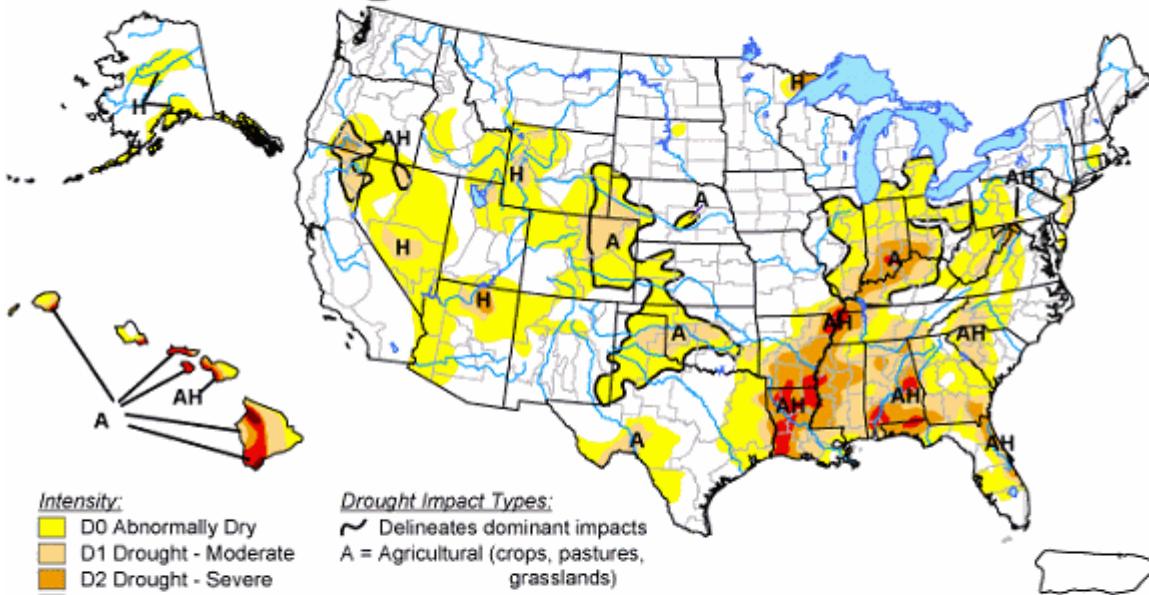
CORN – Corn began the week solidly higher but trimmed back some on early gains as the dollar recovered from new overnight lows. Corn continued to inch higher on Tuesday but remained mostly range bound. An overall positive tone was attributed to ideas that USDA would further cut U.S. corn yield expectations in their Nov. 9 monthly S&D report. Prices settled moderately higher on Wednesday with spillover support from the wheat, overcoming pressure from a higher dollar and lower crude oil. Corn prices drifted mostly sideways today (Thursday) as early gains from the strong wheat rally were mostly erased into the close. **Dec 2010 corn futures contract closed Thursday, 10/28/10, at \$5.79, up \$.19 for the week and the Mar 2011 contact closed at \$5.92, up \$.19 ¾ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** –Crude oil chopped around in a mostly narrow range this week, closely tracking the dollar both lower and higher. A larger than expected weekly crude oil inventory pressured the market on Wednesday, closing down \$.61 to \$81.94/bbl. Wednesday’s weekly petroleum inventory report showed crude oil inventories increased by 5 million bbls, compared to an expected increase of 1.0 million bbls; distillate stocks fell by 1.6 million bbls, compared with expected build of 1.5 million bbls; while gasoline stocks fell by 4.4 million bbls, compared to an expected increase of 625,000 bbls.
- **U.S. WEATHER / CROP WATCH** – Rain and heavy winds caused harvest delays and potential crop losses (heavy corn lodging in some areas) across the Upper Midwest. Rains were mostly disappointing in key HRW and SRW areas, with about 20% of the U.S. winter wheat crop too dry and likely headed into dormancy by the end of November in poor condition and vulnerable to winterkill.

U.S. Drought Monitor

October 19, 2010
Valid 8 a.m. EDT



Intensity:

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

Drought Impact Types:

- Delineates dominant impacts
- A = Agricultural (crops, pastures, grasslands)
- H = Hydrological (water)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



Released Thursday, October 21, 2010

Author: Eric Luebehusen, U.S. Department of Agriculture

<http://drought.unl.edu/dm>

INTERNATIONAL WEATHER / CROP WATCH –

- **Argentina** – Continued to see mostly favorable conditions for wheat (heading) and corn (planting/emergence).
- **Australia** – Western Australia saw some lightly scattered showers but not enough to ease drought stresses, while conditions were mixed in the east...Queensland region mostly dry which favored crop maturity and early harvest while parts of New South Wales were too wet.

USDA Crop Progress Report, Oct. 25, 2010

Crop	Stage this week	Previous Week	Previous Year	5-Year Average
US winter wheat	Planted 88%	80%	77%	84%
	Emerged 64%	51%	59%	64%
ID winter wheat	Planted 94%	87%	93%	94%
	Emerged 72%	58%	59%	56%
US corn	Harvested 83%	68%	20%	49%

Idaho Barley Commission will host its 2nd in a series of web-based seminars (webinar), on Wednesday, Nov. 10, at 8:00 a.m. (MST) on “Understanding technical trends in future contracts / current grain market outlook”

Conducted by Craig Corbett, Grace, ID grower and market analyst

To join this webinar from your own computer, please log onto:

<https://connect.cals.uidaho.edu/barley/>

This **webinar is free**, but participants will need:

- (1) Adobe flash player which is installed in most computers – if not you can download from www.adobe.com
- (2) Speakers in order to hear the discussion.