

Idaho Grain Market Report, December 10, 2009

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, December 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) \$6.00 (6-R) \$6.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$5.50	(2-R) NQ (6-R) NQ	\$4.30	\$4.28	\$5.40
Idaho Falls	\$5.75	(2-R)\$6.50-\$7.00 (6-R)\$6.50	\$4.27	\$4.28	\$5.40
Blackfoot / Pocatello	\$5.73	(2-R) \$6.00 (6-R) \$6.00	\$4.30	\$4.15	\$5.57
Grace / Soda Springs	\$5.76-\$6.00	(2-R) NQ (6-R) NQ	\$4.25	\$4.23-\$4.24	\$5.18-\$5.43
Burley / Rupert Hazelton	\$5.50	(2-R) \$6.50 (6-R) \$6.50	\$4.20	NQ	NQ
Twin Falls / Eden / Buhl	\$5.50-\$7.00	(2-R) NQ (6-R) NQ	\$3.90-\$4.20	NQ	NQ
Weiser	\$6.00	(2-R) NQ (6-R) NQ	\$4.01	NQ	NQ
Nez Perce / Craigmont	\$5.10	(2-R) \$5.10 (6-R) \$5.10	\$4.40	\$4.98	\$6.16
Lewiston	\$5.55	(2-R) \$5.55 (6-R) \$5.55	\$4.59	\$5.17	\$6.35
Moscow / Genesee	\$5.15-\$6.50	(2-R) \$5.15 (6-R) \$5.15	\$4.36-\$5.06	\$4.94-\$5.55	\$6.12-\$6.69

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	Dec \$4.95-\$5.11 Mar \$5.15-\$5.20	\$5.33-\$5.36	NQ
Los Angeles	\$8.75	NQ	NQ	NQ	NQ	NQ
Stockton	\$8.90-\$9.25	NQ	NQ	NQ	NQ	NQ
Tulare	\$8.75	NQ	NQ	NQ	NQ	NQ
Ogden	\$5.83	NQ	NQ	\$4.50	\$4.35	\$5.57
Great Falls	\$5.00-\$5.35	NQ	\$6.50	NQ	\$3.76-\$4.13	\$5.57-\$5.84
Minneapolis	\$5.42	NQ	\$6.98	NQ	NQ	\$6.41 ½ - \$6.46 ½

Market trends this week

BARLEY – Local barley prices were mostly higher, ranging from no change to 60 cents higher in southern Idaho and from 5 to 10 cents higher in northern Idaho. USDA reported barley export sales of 800 MT for Japan and Taiwan last week. Barley export shipments hit a marketing year high last week at 22,700 MT, mostly for Japan.

USDA's S&D report for MY 2010 - BARLEY – Dec. 10 – As expected, USDA made no changes to this month's U.S. barley balance sheet. However, **world barley production was increased by 1 MMT to 148.8 MMT, which is still down 4% from the previous year. World barley ending stocks were trimmed by .15 MMT to 31.8 MMT, reflecting a slightly better than expected usage pace, but still 6% higher than a year ago.**

Barley Competitor/Buyer News – USDA raised their Australian barley production estimate this month by .5 MMT to 8.3 MMT which is 8% above last year and raised their exports by .3 MMT to 3.8 MMT. They lowered EU barley exports by .3 MMT to 2.0 MMT due to a sluggish shipment pace. Right now, Ukraine remains on pace to become the largest barley exporter for the second consecutive year at 6.0 MMT. The largest importer remains Saudi Arabia which is expected to buy 7.5 MMT this year, slightly below a year ago.

WHEAT – Local wheat prices were mostly lower: SWW ranged from no change to 20 cents lower; HRW ranged from 23 to 36 cents lower; and DNS ranged from 21 to 68 cents lower. U.S. wheat export sales last week were in line with trade expectations at 245.2 TMT, down 37% from the previous week and 35% from the prior 4-week average. Wheat export shipments last week totaled 306.6 TMT, down 20% from the previous week and 30% from the prior 4-week average. **Cumulative wheat exports stand at 63.1% of the USDA's revised export projection for MY 2009/10, compared to a five year average pace of 71.9%.**

USDA's S&D report for MY 2010 - WHEAT – Dec. 10 – USDA made only two changes to this month's U.S. wheat balance sheet – they cut domestic food use by 15 million bu to 940 million bu and increased U.S. ending stocks by an equal amount to 900 million bu. This was **13 million bu above the average pre-report trade estimate of 887 million bu. World wheat production was increased by nearly 2 MMT to 673.9 MMT, but still down 8.2 MMT or 1.2% from last year. World wheat ending stocks were increased by 2.7 MMT this month to 190.9 MMT, which is 27.2 MMT or 17% higher than the year before.**

Wheat Competitor/Buyer News – USDA cut their Australian wheat production estimate this month by 1 MMT to 22.5 MMT and lowered their exports by .5 MMT to 15.0 MMT. They raised Canadian wheat production by 2.5 MMT to 26.50 MMT, in line with recent Stats Canada estimates, and raised their exports by .5 MMT to 18.5 MMT. Turkey announced a wheat export tender for 200 TMT this week. The Indian government has estimated their domestic wheat stocks at 25.2 MMT, well above their target of 11 MMT (USDA pegged Indian wheat stocks at 18.1 MMT).

CORN – Corn export sales last week were on the high side of trade expectations at 847.7 TMT, up 29% from the previous week and 25% from the prior 4-week average. Export shipments totaled 706.5 TMT, down 20% from the previous week, and 4% from the prior 4-week average. **Cumulative corn exports stand at 41.1% of the USDA's revised export projection for MY 2009/10, compared to a five year average pace of 47.2%.**

USDA's S&D report for MY 2010 - CORN – Dec. 10 –As widely expected, USDA cut their U.S. corn export projection by 50 million bu to 2.05 billion bu, due to a sluggish export pace, and increased U.S. corn ending stocks by an equal amount to 1.675 billion bu. **This was 25 million bu above the average pre-report trade estimate of 1.650 billion bu. World corn production was increased by .4 MMT to 790.2 MMT, which is 1.5 MMT or .2% below last year. World corn ending stocks were left mostly unchanged, and continue to trend downward by 13.1 MMT or 9% from the previous year.**

Corn Competitor/Buyer News – USDA left their Chinese corn production estimate unchanged at 155 MMT this month and exports at .5 MMT. They raised their Ukrainian corn production estimate by .5 MMT to 10.5 MMT and raised exports by 1.0 MMT to 5.0 MMT.

Futures market activity this week

December doldrums have kicked in, highlighted by lower trading volumes and end of year profit-taking...

WHEAT –Wheat began the week sharply lower and remained under pressure through the week from fund selling largely driven by weaker outside markets and a continuing slow export pace. Positioning ahead of Thursday's S&D report drove prices lower again on Wednesday. Wheat finished mixed to lower today (Thursday) as early weakness from a mostly negative S&D report gave way to mid session spillover support from higher corn and fund buying. However gains could not be sustained into the session close. **Wheat market closes on Thursday, 12/10/09.**

	Mar 09	Weekly Summary	May 2010	Weekly Summary
Chicago	\$5.37	Down \$.21	\$5.50 ¼	Down \$.20 ½
Kansas City	\$5.27	Down \$.22	\$5.38 ½	Down \$.21 ¾
Minneapolis DNS	\$5.43 ¼	Down \$.19 ¾	\$5.55 ¾	Down \$.19 ½

CORN – Corn began the week modestly lower in the face of sharply lower crude oil, weak cash markets and ongoing signs of softening demand. Prices turned fractionally higher on Tuesday with support from fund spreaders and concerns about quality deterioration in the remaining 1.4 billion bu that has not been harvested after a major winter storm swept across the mid section of the country. Corn finished surprisingly higher today (Thursday), buoyed by limited fund and cash selling. USDA's S&D report was considered mostly neutral to corn. **Mar 2010 corn contract closed Thursday, 12/10/09, at \$3.93, up \$.04 ½ for the week and the May 2010 contact at \$4.04, up \$.05 for the week.**

Near-term Commodity Outlook – main features this week were **weaker outside markets**, including a mild correction higher in the U.S. dollar index, and **S&D estimates from USDA which were mostly in line with trade expectations but still trending bearish.**

Corn – USDA pegged U.S. ending stocks slightly above the average pre-report trade estimate, but also kept world ending stocks steady which provided underlying support. Also, most traders expect USDA to lower the final 2009 corn production and ending stocks estimates in their January report in light of recent harvest delays and quality problems.

Wheat – USDA pegged U.S. ending stocks slightly above the average pre-report trade estimate, and ratched world wheat production and ending stocks higher again this month, confirming weak fundamentals. However, these bearish S&D numbers have been largely factored into the market, so attention is likely to shift back to outside market forces, including the dollar which remains the strongest barometer for grain futures prices for the foreseeable future.

Soybeans – USDA did not make as aggressive adjustment higher in U.S. soybean exports as had been expected, resulting in only a 15 million bu cut in U.S. ending stocks to 255 million bu. Soybean prices remain vulnerable to downward pressure from energies which have poor fundamentals and improving South American crop prospects.

Other Major Factors to Watch

- § **Crude Oil** – Crude oil chopped lower again this week, but managed to hold above \$70/bbl under pressure from bearish fundamentals and a fluctuating U.S. dollar index. Wednesday's weekly inventory report showed a mixed picture ... crude oil stocks were bullish with a decline of 3.8 million bbls, compared to expected increase of 250,000 bbls, while distillates and gasoline stocks were both bearish...distillates increased by 1.6 million bbls, compared to an expected draw of 750,000 bbls and gasoline stocks increased 2.3 million bbls, compared to an expected build of 1.6 million bbls.
- § **Fertilizer** – Like the last two years, fertilizer price trends remain uncertain but fortunately for growers prices are expected to remain mostly stable this year. Wholesale ammonia prices are trending downward right now due to sluggish demand arising from the delayed corn harvest. Many analysts expect local farm prices to be less than \$450/ton this coming year. DAP and urea prices have been moving slightly higher in recent weeks due to dependence on imports and offshore production and demand. Locally, both DAP and urea are expected to remain in the mid \$400 range. Potash prices are moving lower due to improved production prospects but could move higher again depending on foreign production trends.
- § **U.S. weather / crop watch** –U.S. corn harvest was 88% completed, with progress still 3 weeks behind normal in the major producing states, including many areas blanketed by snowfall this week which has stalled harvest once again. A major winter storm swept through the Northwestern Corn Belt, bringing significant snowfall to the Nebraska/Kansas border into Iowa and Wisconsin, along with winds and arctic temps. Weather models don't expect much additional precipitation over the next two weeks, but the snow cover will be slow to melt due to the frigid air meaning harvest will remain stalled in many areas. **Winter wheat conditions** – While winterkill threats are minimal in most areas due to the arrival of protection snow cover, analysts indicate that about 10% of the IL and 30% of the MO winter wheat failed to emerge this fall. USDA rated the U.S. winter wheat crop at 63% good/excellent, unchanged from last week.
- § **International weather / crop watch** –
 - § **Argentina** – Summer crop (corn and soybeans) prospects continue to improve after recent beneficial rainfall. Southern Brazil, however, continues to struggle to complete wheat harvest due to excessive moisture.
 - § **Australia** – Dry weather helped accelerate winter grain harvest across the southeastern and western regions.
 - § **Former Soviet Union** – the threat of freeze damage eased this week after the arrival of protective snow cover in many areas.