

IDAHO BARLEY NEWSBRIEF

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Idaho barley leaders fill national leadership jobs

IBC Chairman Ron Elkin, Buhl, will become chairman of the National Barley Improvement Committee in March 2009. NBIC is a consortium of barley producers, researchers and industry who work for federal research funding for barley.

IBC Vice Chairman Dan Mader, Genesee, is serving as chairman of the National Barley Foods Council in 2007-09.

Strategies for 2008-09 grain marketing

The 2008-09 Marketing Year is shaping up to be another volatile ride for grain producers, particularly in the face of skyrocketing production costs. Right now, U.S. grain futures prices are largely influenced by what is happening in outside markets and faltering investor confidence resulting from the turbulence in the U.S. and global financial system.

The best approach for producers to deal with this unprecedented volatility is to have a **well crafted grain marketing plan** in place that will help them avoid expensive "should haves" and "could haves." This grain marketing plan should establish grain price targets based on their operation's cost of production and should identify marketing methods that will help them lock in these price targets. **Even in a rising price market, producers should not hesitate to sell at least a portion of their grain once they have covered their production costs.**

Producers can **download an easy-to-use manual** on how to develop a grain marketing plan at the IBC website (under the Risk Management tab at the top of our home page at www.idahobarley.org). We also provide easy access to our weekly **Idaho Grain Market Report**, which includes current local price offers, U.S. futures and global market trends.

Near-term market outlook -

- ◆ Grain prices have fallen nearly 30% since late June under pressure from aggressive long liquidation. Prices will likely see additional downward pressure until corn and soybean harvest is wrapped up later this fall.
- ◆ Upside price potential hinges on the final size of the U.S. corn crop, export demand and the beginning of the 2009 acreage battles.
- ◆ Outside market forces - most notably crude oil and the value of the U.S. dollar - will continue to influence corn and wheat futures.
- ◆ Feed grain supply and demand fundamentals remain bullish this year (unlike wheat), buoyed by record U.S. ethanol demand and strong demand in China and India.
- ◆ Global malting barley crops are larger so prices are easing.

2008 Idaho Barley Crop

(USDA Small Grains Report, Sept. 30, 2008) -

- ◆ 580,000 harvested acres, up 5%
- ◆ 49,880,000 bushels, up 13%

Policy Watch . .

110th Congress extends session to deal with financial crisis - Congress has delayed its expected pre-election adjournment this week in order to continue working on a major rescue plan that will inject liquidity back into our largely frozen financial system.

Last weekend the Congress passed the \$634 billion continuing appropriations for FY 2009 that will fund the federal government through March 6, 2009. This bill froze funding at current levels for most agencies except defense, homeland security and veterans affairs. The bill also contained a \$25 billion loan package for U.S. automakers, \$23 billion in aid for hurricane recovery and **ends the quarter-century ban on off-shore oil drilling.**

But plenty of business will be left unfinished..

- ◆ **Rail competition**
- ◆ **Alternative energy incentives**
- ◆ **Tightening regulations on commodity market speculation**
- ◆ **Immigration reforms**

1988-2008 Celebrating 20 Years of Service to Idaho Barley Producers

MARKET BUZZ -

2009 Malting Contracts- Several of Idaho's malting barley contractors have released their 2009 contract offers -

- ◆ Busch Ag - new contracts were announced in early September; adjusted daily.
- ◆ Great Western Malting Co. - new contracts were announced in early September; adjusted according to market conditions.
- ◆ GModelo Agriculture Inc - contracts are expected to be announced in early October.
- ◆ Coors - contracts are expected to be announced in early October.

2008 malt barley insurance issues - For producers who experienced frost damage this year, insurance claims will not be covered on frost damage per se, but producers can make claims on resulting quality losses such as lower plumps, reduced yields, etc.

IBC will visit key Asian customers this fall -

IBC will visit the top two export markets for U.S. barley in October and November - Japan and Taiwan - to continue building export demand for Idaho barley.

- ◆ **Governor's Asian Trade Mission will visit Taipei in mid October** - IBC will sponsor Sam White, chief operating officer of PNW Farmers Cooperative, Genesee, to meet with current customers of Idaho feed barley and to build interest in value-added food barleys.
- ◆ **US Grains Council's Annual Barley Mission will travel to Japan in early November** - Eastern ID commissioner Dwight Little, Teton, will participate in this year's mission to meet with customers of PNW feed and food barley.

IBC participates in Idaho Women's Fitness trade show

For the fourth year, IBC sponsored a booth in the highly popular Idaho Women's Fitness trade show on September 18-19 in Boise. This trade show is part of an annual Women's Fitness Celebration which includes the largest 5K run/walk event in the country. This year we sampled a barley spice cake and distributed nutritional information and recipes to about 6,000 consumers.



IGPA Report

Farm Bill implementation

10-acre rule & SURE disaster program - IGPA worked with several national farm groups this month to convince Congress to **amend the 2008 Farm Bill to clarify and correct the implementation of the 10-acre rule and the SURE (Supplemental Revenue Enhancement) Disaster Program.** Congress acted quickly to pass legislation that will suspend the acreage restrictions in the farm bill to ensure that small acreage farmers are still eligible for federal farm programs this year. This move was prompted by concerns that USDA was taking a very narrow interpretation of the minimum 10 acre requirement that would ultimately exclude many legitimate producers from participating in federal farm programs, including potentially as many as 4000 producers in Idaho.

ACRE rules - IGPA continues to monitor USDA's proposals to implement the new Average Crop Revenue Election (ACRE), a new revenue guarantee that producers can elect to replace the traditional countercyclical payments. Once enrolled, producers are in ACRE for the duration of the Food, Conservation and Energy Act of 2008 and once the ACRE guarantee is set, it cannot vary by more than 10% from the previous year's guarantee. The issue right now is what market year prices USDA will use to establish the 2009 revenue guarantee. Farm bill language said the two most recent years' (2007 and 2008) prices be averaged to determine the 2009 crop year guarantee, but USDA has indicated it is planning to use 2006 and 2007 prices because final 2008 market prices will not be available at the time the Department finalizes its ACRE signup rules by early spring 2009. Due to much higher commodity prices in 2007 and 2008, this decision will have a significant impact on the revenue guarantee in 2009 and future years.

Transportation

Idaho Highway Funding - IGPA participated in several of Governor Otter's listening sessions held throughout the state this past summer to gather input on how to fund Idaho's backlog of road and bridge needs. IGPA will continue to provide input through an agricultural transportation working group and the Governor's Motor Carrier Advisory Committee. Idaho agriculture is represented on this committee by Evan Hayes, barley producer from Soda Springs and former member of the IBC.

129,000 # truck weights on southern Idaho interstates - IGPA worked closely with the Idaho congressional delegation to introduce federal legislation this month that allows portions of Idaho's interstate roadways to be included in an existing freight transportation pilot project approved by the Idaho Legislature in 2003. The Idaho pilot project allows trucks weighing up to 129,000 pounds to operate on designated routes within the state highway system as long as they meet certain safety and efficiency standards.

Field Burning - IGPA led the effort during the past year to negotiate new rules to allow residue burning to resume throughout Idaho (not just on reservation lands). IGPA continues to monitor DEQ's implementation of the new residue burning rules and is working directly with DEQ to resolve problems reported by individual producers.

Wildlife Crop Depredation - IGPA is working to increase the authorized funding level of the state-wide crop depredation fund to ensure that adequate funding is available to compensate growers for crop losses resulting from wildlife depredation. The fund is expected to experience a significant shortfall this year, resulting in reduced payments to farmers and ranchers.