

Idaho Grain Market Report, October 12, 2007 - CORRECTED

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 10, 2007. Barley prices in \$/Cwt. and wheat prices in \$/bu.

Selected Locations	Barley (Cwt.)		Wheat (bu.)		
	#2 Feed, 46 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton	NQ	(2-R) \$11.25 (6-R) \$11.25	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$11.00	(2-R) \$9.50 (6-R) NQ	NQ	NQ	NQ
Blackfoot / Pocatello	NQ	(2-R) \$11.45 (6-R) \$11.45	NQ	NQ	NQ
Grace / Soda Springs	\$11.55	(2-R) \$11.75 (6-R) \$11.75	\$8.85	\$8.26	\$8.56
Burley / Rupert Hazelton	\$10.25-\$11.00	(2-R) NQ (6-R) NQ	\$8.40-\$8.65	\$8.21	\$8.49
Twin Falls / Buhl Eden	\$6.40-\$8.50	(2-R) NQ (6-R) NQ	\$8.00	NQ	NQ
Weiser	\$8.00	(2-R) NQ (6-R) NQ	\$8.68	NQ	NQ
Nez Perce / Craigmont	\$12.70	(2-R) \$12.70 (6-R) \$12.70	\$9.37	\$8.92	\$9.04
Lewiston	\$13.10	(2-R) \$13.10 (6-R) \$14.00	\$9.54	\$9.09	\$9.21
Moscow / Genesee	\$12.45-\$12.75	(2-R) \$12.75 (6-R) \$12.75	\$9.28-\$9.33	\$8.88-\$8.89	\$8.94-\$9.00

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	\$9.60-\$9.85	\$9.36-\$9.46	\$9.53-\$9.76
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	\$13.00-\$13.50	NQ	NQ	NQ	NQ	NQ
Tulare	\$14.50	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.36	NQ	NQ	\$9.00	\$8.36	\$8.55
Great Falls	\$11.25-\$11.50	NQ	\$13.50	NQ	\$7.80-\$8.40 (12%)	\$7.70-\$8.54
Minneapolis	\$11.56	NQ	\$13.65	NQ	\$8.66 (12%)	\$9.26

Market trends this week

Barley – Local barley prices were all lower this week, ranging from \$.25 to \$1.50 lower in southern Idaho and \$.90 to \$1.05 lower in northern Idaho. Export sales last week totaled 41.1 TMT, all for Japan. Barley exports totaled 9.9 TMT last week for Japan, Canada, Mexico and Taiwan. **Cumulative U.S. barley export commitments for MY 2007/08 already total 754 TMT, more than 200% ahead of last year's pace.**

USDA's S&D Forecast for MY 2007-08 for BARLEY – Oct. 12- USDA made only minor adjustments to their U.S. barley supply and demand balance sheet this month: they lowered U.S. production by 11 million bu to 212 million bu and lowered ending stocks by a similar amount to a very snug 56 million bu.

- World barley production is projected down 2% to 134.3 MMT, with consumption still just outpacing production. US production is expected to increase 18% to 4.6 MMT.

- World barley supplies are estimated to fall a little to 155 MMT, and US supplies are projected to decline 3% to 6.1 MMT.
- World barley trade is expected to increase 2% to 15 MMT. US exports are projected to remain fairly steady at .5 MMT.
- World barley consumption is pegged to decrease 4% to 139.4 MMT, and US usage is expected to increase 2% to 4.7 MMT.
- World barley carryover stocks are estimated to decline for the third consecutive year by 24% to 15.7 MMT, and US carryout is projected to also decline by 19% to 1.2 MMT.

Barley Competitor/Buyer News – USDA cut their estimate of Australian barley production by 1.8 MMT this month to 6.2 MMT, which is still 63% bigger than the previous year. Australian barley exports were slashed by 2.2 MMT this month to 2.3 MMT, while Canadian exports were increased by .4 MMT to 2.4 MMT. They also cut their crop estimate for the EU by .3 MMT this month to 57.1 MMT and Russia by .5 MMT to 17.0 MMT. They increased Ukrainian production by .1 MMT to 8.7 MMT.

Wheat – Local wheat prices were also lower this week: SWW prices ranged from \$.40 to \$.84 lower; HRW prices ranged from \$.51 to \$.59 lower; and DNS prices were \$.15 to \$.54 lower. Net export sales last week were 934 TMT, 42% below the previous week and 44% lower than the prior 4-week average. Buyers included Mexico, Japan, Indonesia, South Korea and Spain. Export shipments last week totaled 882 TMT, down 23% from the previous week and 8% below the prior 4-week average. Destinations included Egypt, Spain, Iraq, Yemen, Nigeria, Taiwan and Mexico. **Cumulative U.S. wheat export commitments for MY 2007/08 now total 24.88 MMT, more than double last year's commitments at this time.**

USDA's S&D Forecast for MY 2007-08 for WHEAT – Oct. 12- As expected, USDA made several adjustments to the U.S. wheat balance sheet this month: they lowered U.S. production by 47 million bu to 2.067 billion bu (**average wheat yield remained steady at 40.5 bu/Ac**); lowered domestic feed usage by 45 million bu to 125 million bu; raised exports by 50 million bu to 1.15 billion bu; and lowered U.S. ending stocks by 55 million bu to a tight 307 million bu. **The average pre-report trade estimate for ending stocks was 289 million bu.** **USDA lowered global wheat production** by another 5.8 MMT this month to 600.5 MMT, reflecting lower output in the U.S., EU and Australia, more than offsetting increases for Argentina, Canada and the FSU-12. Global ending stocks were cut by 5.4 MMT to 107 MMT, which is now nearly 16 MMT below last year and the lowest level in 32 years.

- World wheat production is pegged to increase 1% to 600.4 MMT, with consumption staying about right in line with production. The US wheat crop is estimated to increase 14% to 56.2 MMT.
- World wheat supplies are expected to decline 2% to 723 MMT, while US supplies are projected to increase 6% to 68.7 MMT.
- World wheat trade is expected to fall 8% to 105.5 MMT, while U.S. exports are estimated to increase 26% to 31.5 MMT.
- World wheat consumption is projected to increase moderately to 616.2 MMT, and U.S. consumption is expected to remain steady at 31.3 MMT.
- World wheat carryover stocks are estimated to decline again this year by 13% to 107 MMT. US stocks are pegged to fall 33% to 8.4 MMT.

Wheat Competitor/Buyer News –USDA pegged the Australian wheat crop in Friday's S&D report at only 13.5 MMT, well below last month's estimate of 21.0 MMT. USDA pegged Australian wheat exports at only 9.5 MMT, down 4.5 MMT from last month. USDA cut EU production by 1 MMT this month to 120.76 MMT and exports by .5 MMT to 10.0 MMT. Production increases were noted for several countries, including: Argentina up .5 MMT this month to 14.5 MMT; Canada up .3 MMT to 20.6 MMT and Russia up 1.0 MMT to 48.0 MMT. Argentine wheat exports are pegged .5 MMT higher this month to 10.0 MMT on improved crop prospects. Chinese wheat exports also were increased by .5 MMT to 3.0 MMT on expected strong sales to neighboring Asian countries. Egypt passed on US wheat this week, buying 190 TMT of Russian wheat instead. Jordan also purchased 125 TMT of Russian wheat this week.

Corn- Corn export sales last week were double the previous week and well above trade expectations at 2.3 MMT. Buyers included Japan, South Korea, Mexico, Egypt, Taiwan, Cuba, Saudi Arabia and Colombia. Export shipments totaled 1.19 MMT, down 3% from the previous week but up 6% from the prior 4-week average. The major destinations were Japan, Mexico, Saudi Arabia, South Korea, Taiwan, Colombia and Egypt. **Cumulative U.S. corn export commitments for MY 2007/08 already total 23.87 MMT, more than 40% ahead of last year's pace.**

USDA's S&D Forecast for MY 2007-08 for CORN – Oct. 12 - As anticipated, USDA increased their U.S. corn crop estimate this month but by a much smaller margin than had been widely expected – by only 10 million bu to 13.318 billion bu. The average pre-report trade estimate for production was 148 million bu higher at 13.466 billion bu. USDA's October estimate is based on 86.1 million harvested acres – up .7 million from last month – and an average yield of 154.7 bu/Ac – down 1.1 bu from last month. Beginning stocks were increased by 162 million bu to 1.304 billion bu;

domestic feed use was lowered by 150 million by 5.7 billion bu; domestic ethanol use was cut by 100 million bu to 3.2 billion bu.; and U.S. corn exports were increased by 100 million bu to 2.35 billion bu. This resulted in a 322 million bu increase in U.S. ending stocks this month to 1.997 billion bu. The average pre-report trade estimate for ending stocks was 32 million bu lower at 1.965 billion bu. **Global corn production** was cut by 5.1 MMT month to 769 MMT, due largely to a smaller Chinese corn crop, but world ending stocks were increased by nearly 5 MMT to 110 MMT, which is now 5 MMT above last year.

- World corn production is projected to increase 9% to 769 MMT. The US corn crop is expected to increase 26% to a new record 338.3 MMT.
- World corn supplies are estimated to increase 6% to 874 MMT, while US supplies are estimated 17% higher at 371.4 MMT.
- World corn trade is projected to increase 3% to 92.4 MMT. US corn exports are expected to increase 11% to 60 MMT.
- World corn consumption is pegged to increase by 6% to 763.7 MMT. US usage is expected to jump 13% to 261.4 MMT, due to strong domestic ethanol demand.
- World corn carryover stocks are estimated to increase 5% to 110.4 MMT, while US stocks are expected to increase 53% to 50.7 MMT.

As noted above, corn used for domestic ethanol production was lowered by another 100 million bushels this month to 3.2 billion bu, reflecting lowered indicated plant capacity utilization and lower returns for ethanol producers due to recent declines in ethanol prices and continued strength in corn prices.

Corn Competitor/Buyer News – USDA pegged the Chinese corn crop in Friday's S&D report at 143 MMT, down 4 MMT from last month. USDA also cut Chinese corn exports in half to 1.5 MMT, compared to 5.2 MMT last year. Taiwan lifted its ban on imports of Chinese corn until next March in hopes of easing high feed grain costs. Taiwan usually looks to the U.S. to source most of its corn needs.

Futures market activity this week

Wheat –Wheat markets began the week lower but staged an impressive rally on both Wednesday and Thursday in position squaring ahead of Friday's monthly supply and demand report. Most traders were anticipating that USDA would cut U.S. and world ending stocks again this month. Other supportive factors included bullish export demand news, including a 500 TMT tender by Morocco this week, and continued US wheat sales to Iraq (400 TMT reported this week). Wheat markets closed sharply higher in a late day rally on Thursday on supportive fundamental news and a lower U.S. dollar. **Wheat market closes on Thursday, 10/11 –**

	<u>Dec 07</u>	<u>Weekly Summary</u>	<u>Mar 08</u>	<u>Weekly Summary</u>
Chicago	\$8.83	Down 33 cents	\$8.98 ½	Down 31 cents
Kansas City	\$8.86	Down 19 ¼ cents	\$8.91	Down 19 ¾ cents
Minneapolis DNS	\$8.90 ¾	Down 2 ¼ cents	\$8.86	Down 9 ¾ cents

Corn –Corn prices started the week lower but found spillover support on Tuesday from a strong soybean rally. Corn continued to bounce higher on Wednesday with support from a weaker U.S. dollar and continued gains in soybeans. Corn clearly thinks it needs to begin fighting for 2008 acres. An early rally on Thursday could not be sustained, however, as corn closed lower in the face of aggressive harvest pressure and expectations of a bearish supply and demand report from USDA on Friday (ideas that U.S. corn ending stocks would push above 2 billion bushels). **Dec 07 corn contract closed on Thursday 10/11 at \$3.43 ¾, up 1 ½ cents for the week and the Mar 08 contact at \$3.60 ¾, up 1 ¾ cents for the week.**

USDA Crop Progress / Condition Report, October 9, 2007

Crop	Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US winter wheat	58% planted	42%	65%	66%			
ID winter wheat	67% planted	53%	70%	67%			
US Corn	42% harvested	31%	27%	30%	63%	63%	61%