

Idaho Grain Market Report, January 11, 2008

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, January 9, 2008. 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) \$11.25 (6-R) \$11.25	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	NQ	(2-R) \$12.50 (6-R) \$12.50	NQ	NQ	NQ
Blackfoot / Pocatello	\$10.15	(2-R) \$11.50 (6-R) \$11.50	\$12.50	\$8.96	\$10.66
Grace / Soda Springs	\$11.17	(2-R) NQ (6-R) NQ	\$12.80	\$8.91	\$10.59
Burley / Rupert Hazelton	\$10.00	(2-R) \$12.50 (6-R) NQ	\$11.90-\$12.15	\$8.69	\$10.35
Twin Falls / Buhl Eden	\$8.50	(2-R) NQ (6-R) NQ	\$11.50	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$12.93	NQ	NQ
Nez Perce / Craigmont	\$11.93	(2-R) \$11.93 (6-R) \$11.93	\$13.26	\$9.46	\$11.13
Lewiston	\$12.33	(2-R) \$12.33 (6-R) \$12.33	\$13.43	\$9.63	\$11.30
Moscow / Genesee	\$11.45-\$11.98	(2-R) \$11.98 (6-R) \$11.98	\$13.22-\$13.24	\$9.38-\$9.42	\$11.09

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	\$13.60-\$13.75	\$9.94-\$9.99	\$11.54-\$11.65
Los Angeles	\$14.00	NQ	NQ	NQ	NQ	NQ
Stockton	\$13.75-\$14.00	NQ	NQ	NQ	NQ	NQ
Tulare	\$14.00	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.20	NQ	NQ	\$12.90	\$9.06	\$10.74
Great Falls	\$10.85-\$11.20	NQ	NQ	NQ	\$8.64-\$8.96 (12%)	\$10.25-\$10.65
Minneapolis	\$11.46	NQ	\$14.27	NQ	\$9.68 (12%)	\$11.20-\$11.25

Market trends this week

BARLEY – Local barley prices were mixed this week; 15 cents lower to 40 cents higher in southern Idaho and steady to 35 cents higher in northern Idaho. Net export sales last week totaled 19 TMT, to Canada and Japan. Barley exports last week totaled 27.6 TMT, for Japan, Canada and Mexico.

USDA's quarterly stocks report Jan 11 – USDA showed US barley stocks on Dec. 1, 2007 at 135 mbu, down 22% from last year. The September to November implied disappearance was 53.6 mbu, up 34% from the same period a year ago. **Idaho barley stocks were estimated at 30.3 million bu, down 32% from last year.**

USDA's monthly S&D report for BARLEY Jan. 11 – USDA made only minor adjustments to their U.S. barley supply and demand balance sheet this month, raising domestic feed use by 5 million bu to 55 million and lowering domestic

food use by the same amount to 145 million bu. They also raised the projected farm-gate price range to \$3.80-\$4.40/bu.

- World barley production is down 3% to 133 MMT, with consumption still just outpacing production. US production is up 18% to 4.6 MMT.
- World barley supplies are down 8% to 153.4 MMT, and US supplies are down 3% to 6.1 MMT.
- World barley trade is expected to stay about the same at 14.4 MMT. US exports are projected to increase by 89% to 1 MMT.
- World barley consumption is pegged to decrease 5% to 138 MMT, and US usage is expected to decrease 5% to 4.4 MMT.
- World barley carryover stocks are estimated to decline for the third consecutive year by 25% to 15.4 MMT, and US carryout is projected to also decline by 26% to 1.1 MMT.

WHEAT – Local wheat prices were mixed this week: SWW prices ranged from steady to 89 cents higher; HRW prices ranged from 49 to 71 cents lower; and DNS prices were 16 to 44 cents lower. Net export sales last week were on the low end of trade expectations at 191 TMT, 61% above the previous week but 33% below the prior 4-week average. Cumulative export sales have reached 92.1% of the USDA projection for the season as compared with an average of 71.8% sold by this time of year in the last 5 years. Buyers included Egypt, Nigeria, Algeria, Italy, Haiti and Japan. Export shipments last week totaled 470.5 TMT, 8% above the previous week and 6% below the prior 4-week average. Destinations included Mexico, Nigeria, Iraq, Japan, and Italy.

USDA's winter wheat seedings report Jan. 11 – USDA released their first look at 2008 winter wheat seedings today. They pegged all winter wheat seedings in the U.S. at 46.61 million acres, up 4%, compared to the average pre-report trade guess of 48.586 million acres. HRW acreage was pegged at 32.5 million, down 1% from 2007. SRW acreage was forecast 21% higher at 10.5 million, while soft white winter wheat was pegged at 3.65 million acres, up 7% from last year. **Idaho winter wheat acreage was pegged at 900,000 acres, up 20% from last year.**

USDA's quarterly stocks report Jan. 11 – USDA showed US wheat stocks on Dec. 1, 2007 at 1.13 billion bu, down 14% from last year and slightly above the average pre-report trade estimate of 1.116 bbu. The September to November implied disappearance was 589 million bu, up 35% from the same period a year ago. **Idaho wheat stocks were pegged at 34.7 million bu, down 25% from a year ago.**

USDA's monthly S&D report for WHEAT Jan. 11 – USDA made a few adjustments to the U.S. wheat balance sheet this month - they lowered seed use by 2 million bu to 86 million bu, they lowered domestic feed use by 10 million bu to 115 million bu and raised ending stocks by 12 million bu to 292 million bu. This is above the average pre-report trade estimate of 274 million bu. **USDA also tweaked their global estimates slightly... raising global wheat production by .7 MMT to 603 MMT and raised world ending stocks by .9 MMT to 110.93 MMT.**

- World wheat production is 2% higher at 603 MMT, with consumption staying about right in line with production. The US wheat crop is up 14% to 56.2 MMT.
- World wheat supplies are down 2% to 727.3 MMT, while US supplies are up 6% to 68.7 MMT.
- World wheat trade is expected to fall 7% to 106.8 MMT, while U.S. exports are estimated to increase 30% to 32.5 MMT.
- World wheat consumption is projected to decrease slightly to 616.4 MMT, and U.S. consumption is expected to increase by 1% to 31.2 MMT.
- World wheat carryover stocks are estimated to decline again this year by 11% to 111 MMT. US stocks are pegged to fall 36% to 7.9 MMT.

Wheat Competitor/Buyer News – EU issued export licenses for 147 TMT of wheat during the past three weeks, bringing the cumulative total for the year to 3.4 MMT, compared to 5.7 MMT a year ago. Saudi Arabia announced recently that they intend to stop producing wheat domestically over the next 8 years because of water shortages. At present, Saudi Arabia is self-sufficient in wheat production and consumes about 2.5 MMT annually. In today's S&D report, USDA doubled their estimate of Pakistani wheat imports this year to 1.0 MMT (.6 MMT last year). They also lowered their estimate of Chinese wheat exports by .5 MMT to 2.5 MMT, compared to 2.78 MMT last year.

CORN – Export shipments last week were below trade expectations at 670 MMT, 4% below the previous week and 40% below the prior 4-week average. The major destinations were Japan, Taiwan, Mexico, Turkey, Spain and South Korea. Cumulative export sales have reached 65.1% of the USDA projection for the season, compared with an average of 50% sold by this time of year in the last 5 years. Corn exports last week totaled 977.3 TMT, which was 14% below the previous week and 17% below the prior 4-week average. The major destinations included Japan, Mexico, South Korea, Turkey, Canada, Spain, Colombia and Taiwan.

USDA's final 2007 production estimates Jan. 11 – USDA tweaked US corn production lower in their annual crop summary report today, showing US corn at 13.074 bbu, which is down 94 million bu from their November estimate but still 24% above the 2006 crop. This is below the average pre-report estimate of 13.109 billion bu. USDA pegged the final average U.S. corn yield at 151.1 bu/Ac, down 1.9 bu from November but 2 bu above 2006. Final harvested acres were estimated at 86.5 million, up nearly 23% from the year before.

USDA's quarterly stocks report Jan 11 – USDA showed US corn stocks on Dec. 1, 2007 at 10.3 billion bu, up 15% from last year. This is below the average pre-report trade estimate of 10.55 bbu. The September to November implied disappearance was 4.11 billion bu, up 15% from the same period a year ago.

USDA's monthly S&D report for CORN Jan. 11 – USDA made only two adjustments to the corn S&D balance sheet this month – they lowered production by 94 million bu to 13.074 billion bu, raised domestic feed use by 300 million bu to 5,950 billion bu, lowered food & industrial by 35 million bu to 4.555 billion bu (but left ethanol use unchanged at 3.2 billion bu) and lowered ending stocks by 359 million bu to 1.438 billion bu. This was 260 million bu below the average pre-report trade estimate of 1.698 billion bu. U.S. export projections were left unchanged at 2.45 billion bu. **Global corn production was lowered by 2.6 MMT** to 766.7 MMT, still nearly 63 MMT above last year's level. **Global ending stocks were cut this month by 7.8 MMT** to 101.3 MMT, which is nearly 6 MMT below a year ago.

- World corn production is projected to increase 9% to 767 MMT. The US corn crop is expected to increase 24% to 332 MMT.
- World corn supplies are estimated to increase 6% to 874 MMT, while US supplies are estimated 15% higher at 365 MMT.
- World corn trade is projected to increase 3% to 93.5 MMT. US corn exports are expected to increase 15% to 62 MMT.
- World corn consumption is pegged to increase by 7% to 773 MMT. US usage is expected to jump 16% to 267 MMT, due to strong domestic ethanol demand.
- World corn carryover stocks are estimated to decrease 6% to 101.3 MMT, while US stocks are expected to increase 10% to 36.5 MMT.

Corn Competitor/Buyer News – USDA lowered their Chinese corn export projection today by .5 MMT to 1.0 MMT. They left Chinese corn production unchanged at 145.0 MMT. Rainfall has been less than projected in some Argentine corn production regions and high temperatures currently threaten pollination of their corn crop, but USDA left their production estimate unchanged at 22.5 MMT. South Korean feed buyers made large corn purchases this week, with USDA reporting two purchases of 110 TMT each. Egypt was reported to have purchased 120 TMT U.S. corn.

Futures market activity this week

Wheat – Wheat prices began the week limit down under bearish pressure from widely expected index fund liquidation and better than expected yield reports from Argentina as they wind down their wheat harvest. Wheat closed mixed on Tuesday, with CHI gaining on KCBT and MGE on stronger fund buying in the Chicago markets. Pressure was seen from a cancelled Egyptian wheat tender. Wheat slumped again on Wednesday under pressure from continued index fund reallocations and positioning ahead of Friday's widely anticipated USDA reports, which include quarterly stocks, monthly S&D and winter wheat seeding reports. Wheat markets finished mixed on Thursday in more pre-report positioning. **Wheat market closes on Thursday, 1/10 -**

	<u>Mar 08</u>	<u>Weekly Summary</u>	<u>May 08</u>	<u>Weekly Summary</u>
Chicago	\$8.82 ½	Down 49 cents	\$8.92 ½	Down 52 cents
Kansas City	\$8.94	Down 51 ¾ cents	\$9.04	Down 52 ¼ cents
Minneapolis DNS	\$10.32 ¾	Down 50 ½ cents	\$9.95	Down 50 ¾ cents

Corn – The corn market began the week fractionally lower, shrugging off spillover pressure from sagging wheat and soybean values. Talk of chances of precipitation in Argentina pressured the market. Prices turned solidly higher on Tuesday on massive fund buying sparked by index fund reallocations and an unexpected announcement from China that they will buy up to 4 MMT of corn in an effort to shore up sagging domestic feed prices. Prices reversed on Wednesday, falling modestly in positioning ahead of Friday's key reports. Losses were limited by higher crude oil and gold, which continue to climb to new all time highs. Corn finished lower again Thursday in mostly pre-report positioning and reports of beneficial rainfall in Argentina. **Mar 08 corn contract closed on Thursday 1/10 at \$4.75, up 8 ¾ cents for the week and the May 08 contract at \$4.86 ¼, up 8 ¼ cents for the week.**