

Idaho Grain Market Report, April 10, 2008

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, April 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) \$14.00 (6-R) \$14.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$10.00	(2-R) NQ (6-R) NQ	\$9.00	\$10.00	\$11.00
Idaho Falls	\$10.00	(2-R) \$14.50-\$15.00 (6-R) \$14.50	NQ	NQ	NQ
Blackfoot / Pocatello	\$8.00	(2-R) \$14.20 (6-R) \$14.20	\$10.56	\$9.87	\$13.67
Grace / Soda Springs	\$10.27-\$10.50	(2-R) \$15.00 (6-R) \$15.00	\$9.00	\$9.72	\$11.71
Burley / Rupert	\$9.05-\$10.00	(2-R) \$14.50 (6-R) NQ	\$7.70-\$8.80	\$9.54	NQ
Hazelton		(2-R) NQ (6-R) NQ	\$8.60-\$10.00	NQ	NQ
Twin Falls / Buhl	\$9.50-\$10.00	(2-R) NQ (6-R) NQ			
Eden		(2-R) NQ (6-R) NQ			
Weiser	\$8.00	(2-R) NQ (6-R) NQ	\$9.34	NQ	NQ
Nez Perce / Craigmont	\$10.03	(2-R) \$13.28 (6-R) \$13.28	\$10.11	\$10.61	\$12.61
Lewiston	\$10.43	(2-R) \$13.68 (6-R) \$13.68	\$10.28	\$10.78	\$12.78
Moscow / Genesee	\$10.08-\$11.25	(2-R) \$13.33 (6-R) \$13.33	\$10.07-\$10.50	\$10.57-\$11.29	\$12.57 - \$13.10

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	\$10.50 New Crop \$8.70-\$9.05	\$11.09-\$11.29 New Crop \$10.44-\$10.49	New Crop \$11.27-\$11.37
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	\$14.50-\$14.85	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.50	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.30	NQ	NQ	\$9.25	\$9.86	\$11.85
Great Falls	\$8.65-\$9.20	NQ	\$14.50	NQ	\$9.01-\$9.57	\$11.25-\$12.87
Minneapolis	\$11.15	NQ	\$15.10	NQ	\$11.50 (12%)	\$13.60-\$14.10

Market trends this week

BARLEY – Barley export sales last week totaled 1.8 TMT, mainly for Taiwan and Canada. Exports totaled 3.4 TMT for Taiwan and Mexico.

USDA's monthly S&D report for BARLEY – April 9 – USDA made only minor adjustments to their U.S. barley supply and demand balance sheet this month – lowered exports by 5 million bu to 40 million bu due to a recent slowdown in the export pace and raised U.S. ending stocks by 5 million bu to 56 million bu.

- World barley production is down 2% to 134 MMT, with consumption outpacing production. US production was up 18% to 4.6 MMT.
- World barley supplies are down 7% to 155 MMT, and US supplies are down 3% to 6 MMT.

- World barley trade is expected to increase by 2% to 15 MMT. US exports are projected to increase by 89% to 1 MMT.
- World barley consumption is pegged to decrease 4% to 139 MMT, and US usage is expected to decrease 3% to 4.5 MMT.
- World barley carryover stocks are estimated to decline for the third consecutive year by 25% to 15.6 MMT, while US carryout is projected to fall 19% to 1.2 MMT.

Barley Competitor/Buyer News – USDA raised their projection of Canadian barley exports by .2 MMT this month to 2.4 MMT, which is nearly 80% above last year.

WHEAT – Local wheat prices were mixed to higher this week. Net wheat export sales last week were well above trade expectations at 454.2 TMT (plus 309.4 TMT in MY 08-09), 70% above the previous week and two and one-tenth times the prior 4-week average. Export shipments last week also were bullish at 760.1, 59% above the previous week and 46% above the prior 4-week average. Cumulative wheat export sales have reached 96.1% of the revised USDA forecast for the full marketing year, compared to 5-year average of 91.6%. The wheat marketing year ends May 31.

USDA's monthly S&D report for WHEAT – April 9 – USDA tweaked the wheat balance sheet this month – lowering feed usage by 50 million bu to a total of 60 million bu and raised exports by an equal amount (50 million bu) to 1.275 billion. U.S. wheat ending stocks were left **unchanged this month at 242 million bu. This year's ending stocks are the lowest since 1946/47.** The average pre-report trade estimate of ending stocks was 21 million bu higher at 263 million bu. **USDA raised global wheat production by 1.7 MMT this month to 606.7 MMT and raised world ending stocks by 2.1 MMT to 112.5 MMT, which is about 12 MMT below last year and the lowest level in 30 years.**

- World wheat production is 2% higher at 607 MMT, with consumption outpacing production. The US wheat crop is up 14% to 56.2 MMT.
- World wheat supplies are down 1% to 732 MMT, while US supplies are up 6% to 69 MMT.
- World wheat trade is expected to fall 6% to 109 MMT, while U.S. exports are estimated to increase 42% to 35.5 MMT.
- World wheat consumption is projected to increase by 1% to 619 MMT, and U.S. consumption is expected to fall 4% to 29.8 MMT.
- World wheat carryover stocks are estimated to decline again this year by 10% to 112 MMT. US stocks are pegged to fall 47% to 6.6 MMT, to the lowest level since 1947/48.

Wheat Competitor/Buyer News – USDA lowered their estimate of Australian wheat exports in the current marketing year by .5 MMT this month to 7.5 MMT. They also lowered Ukrainian wheat exports by 1.0 MMT to only .5 MMT for the year. Jordan is tendering for 100 TMT of optional origin wheat.

CORN – Corn export sales last week were a marketing year low and well below trade expectations at 473.9 TMT, down 32% from the previous week and 34% below the prior 4-week average. Corn export shipments last week were better at 1.25 MMT, 10% above the previous week and 1% above the prior 4-week average. Cumulative corn export sales have already reached 85% of the revised USDA export forecast for the entire marketing year, compared to 5-year average of 72.1%. The corn marketing year ends September 30.

USDA's monthly S&D report for CORN- April 9 – As expected, USDA made several adjustments to their U.S. corn supply and demand balance sheet this month – raising exports by 50 million bu to 2.5 billion bu, raised domestic feed usage by 200 million bu to 6.15 billion bu and lowered food & industrial use by 95 million bu to 4.46 billion bu (ethanol use was cut this month by 100 million bu). U.S. corn ending stocks were lowered by 155 million bu this month – more than the trade had expected - to **1.283 billion bu.** The average pre-report trade estimate was 1.315 billion bu. **Global corn production was increased this month by 2 MMT to 772.2 MMT, nearly 67 MMT above last year's level. By contrast, global ending stocks were lowered by 1 MMT this month due to increased feeding – now pegged at 103 MMT, which is more than 5 MMT below a year ago.**

- World corn production increased 9% to 772 MMT. The US corn increased 24% to 332 MMT.
- World corn supplies increased 6% to 880 MMT, while US supplies are 15% higher at 365 MMT.
- World corn trade is projected to increase 6% to 96 MMT. US corn exports are expected to increase 16% to 63 MMT.
- World corn consumption is pegged to increase by 8% to 777 MMT. US usage is expected to jump 17% to 270 MMT, due to strong domestic ethanol demand.
- World corn carryover stocks are estimated to decrease 5% to 103 MMT, and US stocks are expected to decrease 2% to 32.6 MMT.

Corn Competitor/Buyer News – Brazil ag ministry is projecting their corn crop at 56.23 MMT, up from an earlier estimate of 55.3 MMT. USDA has pegged the Brazilian corn crop at 53.0 MMT. USDA Ag Attaché is projecting that South Korea will import about 7 MMT of corn from the U.S. this marketing year, up sharply from recent years due to

China's continued absence from the corn export market. India has lowered their corn import tariff from 15% to zero and the Philippines will remove corn and rice import restrictions immediately.

Futures market activity this week

Wheat – Wheat prices began the week sharply lower, except for nearby Minneapolis DNS futures, falling under profit-taking pressures. Improved chances of precipitation in dry winter wheat production areas also weighed on the markets. Prices reversed and closed higher on Tuesday in short covering and support from lower winter wheat crop condition ratings. Wheat closed narrowly mixed on Wednesday, with some support from a lower than expected ending stocks report from USDA (no changes from March) as well as prospects for another strike in Argentina which will slow the restart of their wheat export program. Prices finished mixed but mostly lower today (Thursday). **Wheat market closes on Thursday, 4/10.**

	<u>May 08</u>	<u>Weekly Summary</u>	<u>July 08</u>	<u>Weekly Summary</u>
Chicago	\$9.34	Down \$.40 ¼	\$9.46 ¾	Down \$.44 ¾
Kansas City	\$9.80	Down \$.48 ½	\$9.83	Down \$.53 ¼
Minneapolis DNS	\$13.25	Down \$.10	\$11.00	Down \$.55

Corn – The corn market began the week moderately lower in sympathy with lower wheat. Pressure also was seen from index funds rolling investment monies from the May to July contracts. Prices finished narrowly higher on Tuesday in consolidation trade ahead of Wednesday's S&D report. Corn bounced higher on Wednesday in reaction to a bullish S&D report, which showed U.S. corn ending stocks 27 million bu below the average trade estimates, as well as support from higher crude oil. Corn finished higher today (Thursday), but gains were limited by slow export sales last week and weakness in outside markets. **May 08 corn contract closed on Thursday, 4/10, at \$6.05 up 7 cents for the week and the July 08 contract at \$6.18, up 6 ¾ cents for the week.**

Market-Moving Factors to Watch

- § **USDA's monthly S&D report on Wednesday** had both wheat and corn ending stock estimates below the average trade expectations, which provided some underlying support to the futures market.
- § **MY 2008-09 Corn Market Outlook** – USDA won't release their first official supply and demand estimates for the new Marketing Year 2008-09 until May, but **here is a possible bullish scenario...**
On March 31 USDA projected corn acres at 86.014 million, which suggests harvested acres of 79.5 million. Using an average yield of 155 bu/Ac, production could reach 12.319 billion bushels. With current carry-in estimates of 1.238 billion bu (April 9 USDA estimate), 2008-09 supplies will total 13.557 billion bu. In February, USDA pegged 2008-09 corn usage at 13.02 billion bu, which leaves **new crop carryover of only 537 million bu – very snug and well below this year's carryover.** Is corn rationing ahead? Keep in mind, final corn acres will likely be higher than these March 31 intention estimates, but extended planting delays will favor soybeans over corn.
- § **Import News** – Jordan is tendering for 100 TMT of optional origin wheat. Turkey announced it will allow 700 TMT of wheat and 300 TMT of corn imports at zero tariffs during the next year. Saudi Arabia is scrapping a 25-year grain self sufficiency plan and will begin importing wheat at the beginning of 2009. India has lowered their corn import tariff from 15% to zero and the Philippines will remove corn and rice import restrictions immediately.
- § **Weather Watch** - wet weather continued to hamper corn planting, with USDA showing major field work and planting delays in Ohio, Illinois, Missouri and Tennessee. Weather maps were wet this week but then show a drying out period in the extended forecast. Meanwhile beneficial moisture fell on many hard red winter wheat production areas.
- § **Winter Wheat Crop Ratings** – In the first national crop condition report of the new crop year, U.S. winter wheat is rated 5% good/excellent, compared to 64% a year ago. Kansas wheat crop rating was steady at 44% good/excellent, compared to 77% a year ago.