

**Idaho Grain Market Report, July 3, 2008**

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**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 2, 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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$10.50	(2-R) \$14.50-\$16.00 (6-R) \$14.50	\$8.65	\$8.35	\$9.10
Blackfoot / Pocatello	NQ	(2-R) \$14.00 (6-R) \$14.00	NQ	NQ	NQ
Grace / Soda Springs	\$8.60	(2-R) NQ (6-R) NQ	\$7.30	\$8.14	\$8.92
Burley / Rupert Hazelton	\$9.50	(2-R) \$14.50 (6-R) NQ	\$8.15	\$8.09	\$8.55
Twin Falls / Eden / Buhl	\$10.00	(2-R) NQ (6-R) NQ	\$7.90	NQ	NQ
Weiser	\$10.00	(2-R) NQ (6-R) NQ	\$6.98	NQ	NQ
Nez Perce / Craigmont	\$10.03	(2-R) \$10.03 (6-R) \$10.03	\$7.61	\$9.14	\$9.73
Lewiston	\$10.43	(2-R) \$10.43 (6-R) \$10.43	\$7.78	\$9.31	\$9.90
Moscow / Genesee	\$10.08-\$11.30	(2-R) \$10.08 (6-R) \$10.08	\$7.57-\$8.20	\$9.10-\$9.80	\$9.69-\$10.41

**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	July \$7.75-\$8.05 Aug \$7.85-\$8.10	June \$9.70-\$9.83 New Crop \$9.65-\$9.80	June \$10.26-\$10.46 Aug \$10.26-\$10.41
Los Angeles	\$15.50	NQ	NQ	NQ	NQ	NQ
Stockton	\$14.50-\$14.85	NQ	NQ	NQ	NQ	NQ
Tulare	\$15.50	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	\$7.45	\$8.39	\$9.21
Great Falls	\$8.60-\$9.30	NQ	\$11.00	NQ	\$7.26-\$8.69	\$9.00-\$9.82
Minneapolis	\$11.15	NQ	\$15.62	NQ	\$9.81 (12%)	\$11.21-\$11.36

**Market trends this week**

**BARLEY** – Local barley prices were steady to lower this week. USDA reported that there were no barley export sales last week. Barley export shipments last week were 3.1 TMT, to Mexico, Canada and Taiwan.

**USDA Acreage Report (June 30)** – USDA pegged U.S. barley acreage at 4.13 million and harvested acreage at 3.64 million, up nearly 4%. Idaho barley harvested acreage is pegged at 520,000, down 5% from 2007.

**USDA Quarterly Stocks Report (June 30)** – USDA pegged U.S. barley stocks on June 1 at 68.2 million bu, down 1% from a year ago. The March-May 2008 indicated disappearance is 42.2 million bu, down 12% from the same period a year ago. Idaho barley stocks on June 1 are pegged at 11,260,000 bu, down 39% from a year ago.

**WHEAT** – Local wheat prices were also lower this week. Net wheat export sales last week were above trade expectations at 668.1 TMT, up 34% from the previous week. Cumulative export sales in the new Marketing Year 2008/09 which began June 1 stand at 34% of the projected total for the year compared to a 5-year average of 21.3%. Export shipments last week were 436.2 TMT last week, 14% below the previous week and 13% below the prior 4-week average.

**USDA Acreage Report (June 30)** – USDA pegged U.S. wheat acreage at 63.457 million and harvested acreage at 56.586 million, up nearly 11%. Idaho wheat harvested acreage is pegged at 1.345 million, up 14% from 2007.

**USDA Quarterly Stocks Report (June 30)** – USDA pegged U.S. wheat stocks on June 1 at 306 million bu, down 33% from a year ago. This was 47 million bu higher than an average pre-report trade estimate of 259 million bu. The March-May 2008 indicated disappearance is 404 million bu, up 1% from the same period a year ago. Idaho wheat stocks on June 1 are pegged at 8,286,000 bu, down 13% from a year ago.

**Wheat Competitor/Buyer News** – Egypt purchased 150 TMT of wheat, with 90 TMT either Russian or Ukrainian origin and 60 TMT Canadian. Pakistan purchased 405 TMT this week believed to be EU origin. Jordan tendered for 100 TMT of wheat and Iraq tendered for 50 TMT.

**CORN** - Corn export sales last week hit a marketing year low at 325.9 TMT (plus 302.5 TMT new crop), 20% below the prior 4-week average. Cumulative export sales in MY 2007/08 stand at 96.4% of the projected total for the year, compared to a 5-year average of 91.9%. Corn export shipments last week totaled 1.19 MMT, which was up 21% from the previous week and 13% from the prior 4-week average.

**USDA Acreage Report (June 30)** – USDA pegged U.S. corn acreage at 87.3 million and harvested acreage at 78.9 million, down 9% from 2007. This is about 1.6 million acres higher than the average pre-report trade estimate of 85.67 million planted acres and if realized will be the second highest plantings since 1944, behind last year. USDA noted that most of their survey data were collected before the majority of Midwest flooding occurred. As a result, USDA/NASS will conduct a more extensive acreage survey during July, which will be reported in the **August Crop Production Report, scheduled for release on August 12.**

**USDA Quarterly Stocks Report (June 30)** – USDA pegged U.S. corn stocks on June 1 at 4.03 billion bu, up 14% from a year ago. This was 136 million bu higher than an average pre-report trade estimate of 3.894 billion bu. The March-May 2008 indicated disappearance is 2.83 billion bu, up 12% from the same period a year ago.

#### Futures market activity this week

**Wheat** – The wheat market began the week sharply lower under pressure from heavy fund selling sparked by bearish USDA stocks data and generally favorable crop development and harvest weather. Wheat closed mixed on Tuesday, with CHI trading higher on mostly spillover support and a lack of follow-through fund selling. Prices settled higher on Wednesday (with exception of MGE hard red spring) in short covering ahead of the three day weekend. Wheat finished sharply higher today (Thursday) on better than expected export sales data and some HRW harvest delays from overnight scattered showers. **Wheat market closes Thursday, 7/03.**

	<u>July 08</u>	<u>Weekly Summary</u>	<u>Sept 08</u>	<u>Weekly Summary</u>
Chicago	\$8.65 ¼	Down \$.30 ¼	\$8.80 ¼	Down \$.31 ¾
Kansas City	\$9.05	Down \$.20	\$9.12 ¼	Down \$.32 ¾
Minneapolis DNS	\$10.80	Down \$1.34	\$9.38	Down \$.62 ¾

**Corn** –The corn market began the week limit down under pressure from fund selling triggered by bearish acreage and stocks reports. Generally favorable weather for crop development also added to the bearish tone. Corn continued lower on Tuesday under profit-taking pressures and an increase in the crop condition rating by USDA (up 2% to 61% good/excellent). Prices turned higher on Wednesday in late session strength from positioning ahead of the 4<sup>th</sup> of July weekend. Corn finished sharply higher today (Thursday) on support from weather uncertainties and a surge in crude oil prices. **July 08 corn contract closed on Thursday, 7/03, at \$7.48 ¾, down \$.06 for the week and the Sept 08 contract at \$7.61, down \$.06 ¾ for the week.**

#### Major Factors to Watch

- § **Crude oil** – Crude oil prices blasted to new all time highs this week, trading above \$145/barrel. Main factors were lower than expected U.S. inventories and a weak U.S. dollar, which is expected to fall further on a confirmed ¼ point hike in the interest rates by the European Central Bank today. U.S. inventories are falling because refineries are reluctant to hold onto high priced inventories. U.S. stocks are estimated at only 300 million barrels this week, which is not a considerable cushion.
- § **Ethanol blending mandate under fire** – there is more speculation this week that EPA might rule in favor of the state of Texas's petition for a 50% waiver of the 9 billion gallon per year ethanol blending mandate (RFS). A letter signed by 49 Republican congressional leaders was sent to EPA **in support of the 50% RFS waiver.**

This follows a similar letter sent by several Republican senators last month, including presidential hopeful John McCain. EPA must rule on the waiver petition by July 25. Also, Senator Lugar introduced legislation this week to immediately suspend the 54cent per gallon tariff on imported ethanol. This ethanol import tariff was extended by Congress through 2010 in the Energy Independence and Security Act of 2007.

§ **U.S. Weather Watch** – Nearby outlook calls for mostly warmer and drier conditions, although conditions are wet right now in parts of the Eastern Cornbelt, Minnesota and the Dakotas. Concerns have been raised that hotter temps may bring stress to the late corn crop. NWS 6-10 day outlook calls for warm/dry conditions in the Western Cornbelt and above normal temps and precipitation in the Eastern Cornbelt. Winter wheat harvest weather is generally favorable, although scattered showers over night are delaying harvest in some areas.

§ **International Weather Watch** –

- **Europe** – Dry, increasingly hot weather has favored grain maturation and early harvesting in southern Europe. Additional showers continued to improve grain crop conditions in northeastern Europe, while central Europe also received beneficial rainfall. Grain crops are in generally good condition across much of Europe.
- **Russia / Ukraine** – Warm, dry weather is favoring early winter grain harvesting and spring crop development. In Kazakhstan, recent showers and cooler weather has improved crop conditions.
- **Canada** – Showers and seasonably mild weather have been very beneficial to spring crop development across most of the grain growing Prairies
- **Australia** – Widespread showers boosted crop conditions across Western Australia (barley), but dry conditions have returned to New South Wales, providing NO RELIEF to persistent drought conditions. 30% of Australia's wheat is grown in this region. Rain is forecast in New South Wales for the period Sunday through next Tuesday.
- **South America** – Winter wheat planting has been hampered in Argentina this year by excessively dry conditions but rain last week helped accelerate recent planting in the Buenos Aires region. Drought continues to restrict planting in other major growing regions and rain was not expected this week. By contrast, rainfall has been plentiful in the main wheat areas of southern Brazil.

**USDA Crop Progress / Condition Report, June 30, 2008**

Crop	Crop Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	29% headed	11%	58%	43%	71%	74%	79%
<b>ID barley</b>	<b>24% headed</b>	<b>17%</b>	<b>46%</b>	<b>41%</b>	<b>87%</b>	<b>85%</b>	
US spring wheat	28% headed	10%	53%	47%	74%	72%	79%
<b>ID spring wheat</b>	<b>20% headed</b>	<b>8%</b>	<b>57%</b>	<b>44%</b>	<b>88%</b>	<b>89%</b>	
US winter Wheat	36% harvested	22%	36%	48%			
<b>ID winter Wheat</b>	<b>0% harvested</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>89%</b>	<b>88%</b>	
US corn	3% silking	2%	11%	9%	61%	59%	73%