

**Idaho Grain Market Report, July 24, 2008**

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 23, 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) \$13.50<br>(6-R) \$13.50         | NQ            | NQ                   | NQ                 |
| Rexburg/ Ririe/ Roberts     | NQ                        | (2-R) NQ<br>(6-R) NQ                   | NQ            | NQ                   | NQ                 |
| Idaho Falls                 | \$10.50                   | (2-R) \$12.50-\$16.00<br>(6-R) \$12.50 | \$6.75        | \$7.32               | \$8.00             |
| Blackfoot / Pocatello       | \$8.00                    | (2-R) \$13.50<br>(6-R) \$13.50         | \$6.50        | \$7.32               | \$7.98             |
| Grace / Soda Springs        | \$10.41                   | (2-R) NQ<br>(6-R) NQ                   | \$6.60        | \$7.32               | \$9.96             |
| Burley / Rupert<br>Hazelton | \$9.50-\$10.00            | (2-R) \$12.50<br>(6-R) NQ              | \$6.30-\$6.40 | \$7.07               | \$7.75             |
| Twin Falls / Eden / Buhl    | \$9.20-\$10.00            | (2-R) NQ<br>(6-R) NQ                   | \$6.25        | NQ                   | NQ                 |
| Weiser                      | \$10.00                   | (2-R) NQ<br>(6-R) NQ                   | \$6.71        | NQ                   | NQ                 |
| Nez Perce / Craigmont       | \$9.88                    | (2-R) \$9.88<br>(6-R) \$9.88           | \$8.21        | \$8.73               | \$8.74             |
| Lewiston                    | \$10.33                   | (2-R) \$10.33<br>(6-R) \$10.33         | \$7.50        | \$8.40               | \$8.93             |
| Moscow / Genesee            | \$9.93-\$11.25            | (2-R) \$9.93<br>(6-R) \$9.93           | \$7.27-\$8.00 | \$8.17-\$8.87        | \$8.70-\$9.43      |

**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 \$7.70-\$8.00<br>Aug \$7.70-\$8.00 | July \$8.82-\$8.87<br>Aug \$8.72-\$8.87 | July \$9.30-\$9.50<br>Aug \$9.30-\$9.50 |
| Los Angeles | \$13.00                              | NQ                        | NQ          | NQ                                      | NQ                                      | NQ                                      |
| Stockton    | \$14.75-\$15.00                      | NQ                        | NQ          | NQ                                      | NQ                                      | NQ                                      |
| Tulare      | \$13.50                              | NQ                        | NQ          | NQ                                      | NQ                                      | NQ                                      |
| Ogden       | \$10.53                              | NQ                        | NQ          | \$6.82                                  | \$7.56                                  | \$8.18                                  |
| Great Falls | \$8.60-\$8.95                        | NQ                        | \$11.00     | NQ                                      | \$7.01-\$7.62                           | \$8.13-\$8.38                           |
| Minneapolis | \$8.75                               | NQ                        | \$15.10     | NQ                                      | \$8.37 (12%)                            | \$9.95                                  |

**Market trends this week**

**BARLEY** – Local barley prices were lower this week. Barley export sales last week totaled 15.1 TMT for Japan. Barley export shipments last week totaled 1.3 TMT, for Mexico and Taiwan.

**WHEAT** – Local wheat prices were mixed, but mostly lower this week. Wheat export sales last week continued at a better than expected pace at 610.4 TMT, down 19% from the previous week and 4% from the prior 4-week average. Export shipments last week were 835.1 TMT, up 30% from the previous week and 55% from the prior 4-week average. Total wheat export sales to date stand at 41.2% of the projected total compared to a 5-year average of 27.4%.

**Wheat Competitor/Buyer News** – French soft wheat production is estimated at 36.6 MMT, up 18% from last year. Ukrainian wheat crop is pegged at 20 MMT, up 43% from last year. Iran is expected to begin importing wheat soon, booking as much as a 1 MMT a month due to severe drought in their winter grain crops this year. Iran became self-sufficient in wheat in 2004 and exported 2.0 MMT last year. **An active import tender line-up this week** - Egypt purchased 145 TMT late last week (60 TMT believed to be U.S. or Canadian), Jordan purchased 100 TMT from Russia

and Ukraine, Iraq reportedly purchased 100 TMT from Europe, Tunisia purchased 25 TMT Black Sea origin last week and 84 TMT this week, Algeria is tendering for 50 TMT, Syria is tendering for 120 TMT (first time since 1993 to import wheat), Oman is tendering for 120 TMT, Pakistan is tendering for 250 TMT and Bangladesh is tendering for 100 TMT.

**CORN** - Corn export sales last week were on the high end of trade expectations at 323.5 TMT old crop and 499.6 TMT new crop, down 12% from the previous week, but 2% above the 4-week average. Corn export shipments last week came in at 747.2 TMT, up 8% from the previous week, but down 21% from the 4-week average. Cumulative export sales for MY 2007/08 have reached 98.1% of the USDA forecast versus a 5-year average of 95.2%.

**Corn Competitor/Buyer News** – USDA reported a single day export sale of 245 TMT new crop corn to Japan this week.

### Futures market activity this week

**Wheat** – The wheat market began the week lower under spillover selling pressure from lower corn and soybeans and expectations of a record global wheat crop. Accelerated winter wheat harvest activity and weekend rains in Australia also weighed on the wheat markets. Prices closed higher on Tuesday on technical support and ideas that a post-harvest rally is possible now that the winter wheat harvest is more than 70% completed. Gains could not be extended, however, as wheat turned sharply lower again on Wednesday in choppy trading. Bearish world fundamentals and general commodity weakness contributed to the negative tone. Wheat finished higher today (Thursday) on short covering and better than expected export sales. **Wheat market closes Thursday, 7/24...**

|                 | <u>Sept 08</u>                     | <u>Weekly Summary</u>                  | <u>Dec 08</u>                      | <u>Weekly Summary</u>                  |
|-----------------|------------------------------------|--|------------------------------------|--|
| Chicago         | \$7.87 <sup>3</sup> / <sub>4</sub> | Down \$.16 <sup>1</sup> / <sub>4</sub> | \$8.11 <sup>1</sup> / <sub>4</sub> | Down \$.17 <sup>1</sup> / <sub>4</sub> |
| Kansas City     | \$8.16 <sup>1</sup> / <sub>2</sub> | Down \$.21 <sup>1</sup> / <sub>4</sub> | \$8.40 <sup>3</sup> / <sub>4</sub> | Down \$.18                             |
| Minneapolis DNS | \$8.69                             | Down \$.10 <sup>3</sup> / <sub>4</sub> | \$8.81 <sup>1</sup> / <sub>2</sub> | Down \$.06 <sup>1</sup> / <sub>2</sub> |

**Corn** – Falling crude-oil prices and continued favorable crop weather pushed the corn market sharply lower on Monday. Corn continued to slide on Tuesday and Wednesday under pressure from improving crop conditions (up 1% to 65% good/excellent) and favorable weather. Corn prices closed modestly higher today (Thursday) on support from short covering and decent export sales. **Sept 08 corn contract closed on Thursday, 7/24, at \$5.73, down \$.36 <sup>1</sup>/<sub>2</sub> for the week and the Dec 08 contract at \$5.92, down \$.36 <sup>1</sup>/<sub>2</sub> for the week.**

**\*\*\*\*\* 2008-09 Grain Marketing Workshop scheduled Tuesday, August 5, from 8 am to noon at the Red Lion on the Falls in Idaho Falls.** This Idaho Grain Marketing Workshop is designed to provide growers with the tools to be **proactive in developing your 2009 malting barley and wheat marketing plans.** There is no registration fee but we ask attendees to call (208-334-3090) or email us ([kolson@idahobarley.org](mailto:kolson@idahobarley.org)) so that we know how many people to expect for the lunch and break refreshments.

### Major Factors to Watch

- § Argentine government revoked their sliding export tax early this week, which is expected to increase farmer selling of soybeans, corn and wheat.
- § **Update on Southern Hemisphere wheat crops** - Due to good rainfall early this week, some analysts are now **ratcheting up their Australian wheat crop estimate to 25 MMT, up at least 2 MMT from the last official ABARE estimate of 23.7 MMT** in mid June. USDA pegged the Australian wheat crop at 25 MMT in their July 11 S&D report. Australian wheat acreage is pegged at 14 million ha, up 13% from 2007. Meanwhile, Argentine wheat acreage estimates continue to fall due to extended dryness during planting, now pegged at 4.7 million ha (down from an earlier estimate of 4.8 mha), the smallest planted area in 16 years.
- § **Crude oil** – Crude oil prices continued to grind lower this week, hitting a six week low on Wednesday and \$20/bbl below the July 11 all time high. Crude trade \$1.05 higher on Thursday to close at \$125.49/bbl. Both technicals and fundamentals turned bearish in the past week, mostly on expectations of lower U.S. and EU demand. Many analysts believe that U.S. demand reached a tipping point earlier this month. The 4-week average gasoline demand is down 2.4% from the same period last year. However, long-term supplies remain tight and geopolitical tensions in the Middle East and Nigeria remain a nearby concern.
- § **U.S. Weather Watch** – NWS 6-10 and 8-14 day forecasts remain favorable to corn pollination. Western spring wheat areas remain dry and in need of a soaking rain.
- § **International Weather Watch** –
  - **Europe** – Locally heavy showers have boosted soil moisture for filling spring crops but have slowed winter grain harvesting in northeastern region. Dry weather in the Balkans have favored winter grain harvesting but has stressed reproductive corn.
  - **Russia / Ukraine** – Dry weather has helped accelerate winter grain harvesting in Russia but is stressing spring planted crops. Showers and cooler weather in the Ukraine and Kazakhstan have interrupted winter grain harvesting but favored spring planted grains.

- **Canada** – Mild, showery weather has been generally favorable to grains across the major growing areas, although crops are reported to be at least a week behind in development. Canadian wheat crop was rated 70% good/excellent as of last week.
- **Australia** – Both western and eastern production areas have received beneficial rains in the past week. Soaking rains have boosted soil moisture in Western Australia grain belt, while scattered showers have aided winter grains across the east. Weather experts, however, predict that dryness will remain a concern for an estimated one fourth to one third of the eastern region winter grain belt, where nearly 47% of the wheat acres and 45% of the barley acres are planted.
- **Argentina** – Wheat planting advanced across Argentina but more rains are needed to ensure good crop establishment. Argentine officials have lowered their planting expectations as a result of the dry conditions.

**USDA Crop Progress / Condition Report, July 21, 2008**

| <b>Crop</b>            | <b>Crop Progress</b> | <b>Previous Week</b> | <b>Previous Year</b> | <b>5-Year Average</b> | <b>Condition rating % good/excellent</b> | <b>Previous Week</b> | <b>Previous Year</b> |
|------------------------|----------------------|----------------------|----------------------|-----------------------|--|----------------------|----------------------|
| US barley              | 93% headed           | 78%                  | 98%                  | 93%                   | 58%                                      | 67%                  | 67%                  |
| <b>ID barley</b>       | <b>84% headed</b>    | <b>66%</b>           | <b>99%</b>           | <b>90%</b>            | <b>76%</b>                               | <b>86%</b>           |                      |
| US spring wheat        | 95% headed           | 84%                  | 97%                  | 94%                   | 63%                                      | 61%                  | 75%                  |
| <b>ID spring wheat</b> | <b>80% headed</b>    | <b>68%</b>           | <b>98%</b>           | <b>94%</b>            | <b>77%</b>                               | <b>86%</b>           |                      |
| US winter Wheat        | 71% harvested        | 62%                  | 78%                  | 79%                   |  |                      |                      |
| <b>ID winter Wheat</b> | <b>1% harvested</b>  | <b>0%</b>            | <b>5%</b>            | <b>4%</b>             |  |                      |                      |
| US corn                | 34% silking          | 13%                  | 72%                  | 60%                   | 65%                                      | 64%                  | 62%                  |