

Idaho Grain Market Report, August 7, 2008

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 6, 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 (6-R) \$13.50	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$9.75	(2-R) NQ (6-R) NQ	\$6.92	\$7.50	\$7.95
Idaho Falls	NQ	(2-R) \$12.50-\$14.00 (6-R) \$12.50	NQ	NQ	NQ
Blackfoot / Pocatello	\$8.00	(2-R) \$13.50 (6-R) \$13.50	\$6.60	\$7.14	\$7.91
Grace / Soda Springs	\$9.60	(2-R) NQ (6-R) NQ	\$6.80	\$7.15-\$7.36	\$7.74-\$7.83
Burley / Rupert Hazelton	\$8.75-\$9.50	(2-R) \$12.50 (6-R) NQ	\$6.55-\$6.86	\$7.11	\$7.69
Twin Falls / Eden / Buhl	\$9.20-\$10.00	(2-R) NQ (6-R) NQ	\$6.50	NQ	NQ
Weiser	\$9.80	(2-R) NQ (6-R) NQ	\$6.98	NQ	NQ
Nez Perce / Craigmont	\$9.88	(2-R) \$9.88 (6-R) \$9.88	\$7.66	\$8.06	\$8.78
Lewiston	\$10.33	(2-R) \$10.33 (6-R) \$10.33	\$7.85	\$8.25	\$8.97
Moscow / Genesee	\$9.93-\$11.35	(2-R) \$9.93 (6-R) \$9.93	\$7.62-\$8.15	\$8.02-\$8.81	\$8.74-\$9.39

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	Aug \$7.90-\$8.15 Sept \$8.05-\$8.22	Aug \$8.66-\$8.81	Aug \$9.24-\$9.44
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	\$9.71	NQ	NQ	\$6.96	\$7.49	\$8.11
Great Falls	\$8.60-\$8.80	NQ	\$11.50	NQ	\$6.85-\$7.11	\$8.17-\$8.41
Minneapolis	\$8.33	NQ	\$14.90	NQ	\$8.11 ¾ (12%)	\$9.38 ¾ -\$9.48 ¾

Market trends this week

BARLEY – Local barley prices were mixed this week. There were no reported barley export sales last week. Barley export shipments last week totaled .2 TMT all for Mexico.

WHEAT – Local wheat prices were mixed, but mostly lower this week. Wheat export sales last week were above trade expectations at 682.6 TMT, which was down 6% from the previous week, however it was up 1% from the prior 4-week average. Export shipments last week were 800.7 TMT, which was up 39% from the previous week and 22% from the prior 4-week average. Cumulative wheat export sales for MY 08/09 stand at 46.4% of the total year forecast, compared to a 5-year average of 32.2%.

Informa Economics has projected U.S. spring wheat production at 522 million bu, compared to USDA's July estimate of 507 million bu.

Wheat Competitor/Buyer News – EU has issued a total of 1.52 MMT of wheat export licenses since July 1. Some analysts are projecting Ukrainian wheat exports could reach 16 MMT this year, up from only 4 MMT in MY 07/08. However, there are indications that as much as 65% of the Ukrainian crop could be downgraded to feed quality, so there may be less (not more) competition in milling wheat channels and more competition for U.S. corn. Egypt purchased 295 TMT of wheat this week on a tender for only 55 to 60 TMT, with 175 TMT reported to be US origin. Pakistan also is believed to have purchased considerably more wheat than originally tendered this week, buying a reported 330 TMT. Tunisia purchased 42 TMT of wheat.

CORN - Corn export sales last week came in at 337.9 TMT old crop and 710.9 TMT new crop, which was up 118% from the previous week and 24% above the prior 4-week average. Corn export shipments last week came in at 876.5 TMT, which was down 29% from the previous week, and 3% from the prior 4-week average. Cumulative old crop corn export sales in MY 07/08 stand at 98.7% of the USDA forecast, compared to 5-year average of 95.9%.

Corn Competitor/Buyer News – USDA cut their Argentine corn production estimate by 2.5 MMT this week to 21 MMT. Brazil raised their corn output estimate by 1 MMT to 58.5 MMT.

Informa Economics has projected U.S. corn production at 12.33 billion bu, compared to USDA's July estimate of 11.715 billion bu. Informa is projecting an average yield of 155.4 bu/acre. The average trade corn crop estimate is 11.986 billion bu., with an average yield of 152.5 bu/acre.

Futures market activity this week

Wheat – The wheat market began the week sharply lower on spillover pressure and ideas that fund traders are beginning to liquidate large positions in the commodity markets. Bearish fundamentals also continue to weigh on the wheat markets. Prices turned higher on Tuesday on support from fresh export business to Egypt (175 TMT US SRW) and a small downtick in US spring wheat crop conditions. Gains could not be sustained, however, as wheat followed corn and soybeans lower on Wednesday in a massive wave of long liquidations. Wheat finished nearly limit up today (Thursday) on support from oversold conditions and short covering. Better than expected export sales also provided support. **Wheat market closes Thursday, 8/07...**

	<u>Sept 08</u>	<u>Weekly Summary</u>	<u>Dec 08</u>	<u>Weekly Summary</u>
Chicago	\$8.22 ¼	Up \$.28 ¼	\$8.47	Up \$.28
Kansas City	\$8.46 ¾	Up \$.24 ½	\$8.70 ¾	Up \$.21 ¾
Minneapolis DNS	\$9.09	Up \$.34 ¼	\$9.14 ¼	Up \$.25 ¾

Corn – Better than expected weather (cooler and wetter than expected) and widespread weakness across the commodity complex weighed heavily on corn this week. Heavy fund liquidations pushed corn limit down on Monday and losses continued to mount on Tuesday and Wednesday as nearly ideal growing conditions prompted traders to factor in much higher yield expectations. Some are projecting average yields could exceed trend-line yield of 154.9 bu/acre. USDA's last official estimate on July 11 was 148.4 bu/acre due to the slow start to the crop. A higher dollar also pressured the grains. Corn finished near the high of the day (Thursday) on support from short covering and EPA's rejection of the state of Texas' petition to waive 50% of the current ethanol blending mandate. **Sept 08 corn contract closed on Thursday, 8/07, at \$5.22 ¼, down \$.42 ¾ for the week and the Dec 08 contract at \$5.42, down \$.43 for the week.**

Major Factors to Watch

- § Today EPA officially rejected a petition from the state of Texas for a 50% waiver of the current 9 billion gallons/year ethanol blending mandate. EPA concluded that Texas could not prove that the RFS mandate threatened economic harm to the U.S. economy.
- § **Crude oil** – Crude oil prices continued to grind lower this week, trading 20% off the recent record highs, a strong bearish signal. Weaker demand and investment fund liquidations were cited as the major factors.
- § **U.S. Weather Watch** – NWS 6-10 day forecast shows cooler than normal temps in major growing areas and normal to below normal precipitation. Scattered showers were expected to move across parts of the Corn Belt during the week.
- § **International Weather Watch** –
 - **Europe** – The northeastern region was drier than normal, helping aid winter grain harvest but reducing soil moisture for filling spring grains. Showers slowed small grain harvesting in England, France and Germany.
 - **Russia / Ukraine** – Western Ukraine saw drier weather, after last week's heavy rainfall, which is helping accelerate harvest. Eastern Ukraine and southern Russia continued to see cooler showery weather which has improved growing conditions for spring grains and corn. Other areas of Russia saw mostly hot, dry conditions which is beginning to stress spring planted grains.
 - **Canada** – Conditions continue to be favorable for spring grains, with moderate to heavy rainfall easing recent dryness.

- **Australia** – Western regions continued to see beneficial moisture and eastern regions were expected to receive periodic showers this week. July moisture conditions were rated normal.
- **Argentina** – Rains continue to benefit Brazilian wheat production areas, but dryness has prevailed in Argentina.

Special Offer - “Grain Marketing is Simple: It’s Just Not Easy” book by Ed Usset, University of Minnesota, is available to Idaho grain producers at a discount cost of \$25.00 through the end of August. The book normally sells for \$29.95 on-line. **To order,**

1. go to <http://www.cffm.umn.edu/simple/>
2. select the “Buy it now” link
3. type in a coupon code, “**barley**” and hit recalculate
4. complete your purchase

USDA Crop Progress / Condition Report, August 4, 2008

Crop	Crop Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	8% harvested	2%	32%	20%	53%	57%	62%
ID barley	3% harvested	1%	12%	9%	74%	75%	
US spring wheat	6% harvested	1%	23%	19%	56%	60%	69%
ID spring wheat	2% harvested	0%	9%	6%	73%	73%	
US winter Wheat	86% harvested	79%	93%	92%			
ID winter Wheat	9% harvested	4%	42%	31%			
US corn	83% silking 17% dough	59%	95%	91%	66%	66%	56%