

Idaho Grain Market Report, August 14, 2008

Published by the Idaho Barley Commission, kolson@idahobarley.org, 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 13, 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	\$9.25	(2-R) NQ (6-R) NQ	\$7.05	\$8.21	\$9.01
Idaho Falls	\$9.50	(2-R) \$13.02-\$14.00 (6-R) \$13.02	\$7.10	\$8.26	\$9.06
Blackfoot / Pocatello	\$8.00	(2-R) \$13.50 (6-R) \$13.50	\$6.88	\$7.44	\$8.29
Grace / Soda Springs	\$9.13-\$9.50	(2-R) NQ (6-R) NQ	\$7.01	\$8.00-\$8.22	\$8.65-\$8.82
Burley / Rupert Hazelton	\$9.00-\$9.50	(2-R) \$13.02 (6-R) NQ	\$6.90-\$6.95	\$8.09	\$8.72
Twin Falls / Eden / Buhl	\$9.20-\$10.50	(2-R) NQ (6-R) NQ	\$6.50-\$6.60	NQ	NQ
Weiser	\$9.80	(2-R) NQ (6-R) NQ	\$7.10	NQ	NQ
Nez Perce / Craigmont	\$9.88	(2-R) \$9.88 (6-R) \$9.88	\$8.01	\$9.02	\$9.84
Lewiston	\$10.33	(2-R) \$10.33 (6-R) \$10.33	\$8.20	\$9.21	\$10.03
Moscow / Genesee	\$9.93-\$11.25	(2-R) \$9.93 (6-R) \$9.93	\$7.97-\$8.60	\$8.98-\$9.89	\$9.80-\$10.43

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	Aug \$8.40-\$8.55 Sept \$8.50-\$8.65	Aug \$9.56-\$9.84	Aug \$10.16-\$10.56
Los Angeles	\$11.05	NQ	NQ	NQ	NQ	NQ
Stockton	\$14.75-\$15.00	NQ	NQ	NQ	NQ	NQ
Tulare	\$11.05	NQ	NQ	NQ	NQ	NQ
Ogden	\$9.24	NQ	NQ	\$7.23	\$8.48	\$9.15
Great Falls	\$8.60-\$9.25	NQ	\$14.00	NQ	\$7.80-\$8.05	\$9.20-\$9.52
Minneapolis	\$7.92	NQ	\$14.58	NQ	NQ	\$10.71 -\$10.96

Market trends this week

BARLEY – Local barley prices were mixed this week. Barley export sales last week totaled 37.9 TMT for Japan. Barley export shipments last week totaled 1.2 TMT for Mexico and Taiwan.

USDA's S&D report for MY 2008/09 - BARLEY – August 12 – USDA made only minor adjustments to the U.S. barley balance sheet this month. They left production unchanged at 218 million bu, raised barley imports by 5 million bu to 25 million bu, lowered domestic feed use by 15 million bu to 50 million bu, increased food and industrial (malting) use by 15 million bu to 160 million bu and raised 2008 U.S. ending stocks by 5 million bu to 76 million bu. The average farm-gate price for U.S. barley was lowered by 40 cents on each end of the range to \$5.40-6.40/bu.

- World barley production is projected to be up 10% to 146.8 MMT. US production is expected to be up 3% to 4.7 MMT.
- World barley supplies are projected to be up 6% to 163 MMT, and US supplies are projected to be up 2% to 6.2 MMT.

- World barley trade is expected to increase by 18% to 18.9 MMT. US exports are projected to fall by 45% to .55 MMT, due to greater competition from Australia and the Black Sea region.
- World barley consumption is projected to increase 3% to 142 MMT, and US usage is expected to increase 4% to 4.6 MMT.
- World barley carryover stocks are estimated to jump 31% to 21 MMT, while US carryout is projected to increase 12% to 1.7 MMT.

Barley Competitor/Buyer News – USDA made several adjustments to their global barley production and export projections this month –

- EU-27 barley production was increased by nearly 2 MMT to 62.7 MMT, but exports were cut by 1 MMT to 3.5 MMT.
- Canadian production was increased by .5 MMT to 10.5 MMT, based on favorable growing conditions, exports were increased by .45 MMT to 1.6 MMT.
- Australian production was left unchanged at 8.5 MMT, exports were unchanged at 4.0 MMT.
- Russian production was increased by .5 MMT to 18.0 MMT, exports were increased by .5 MMT to 2.1 MMT.
- Ukrainian production was increased by 1.5 MMT to 12 MMT, exports were increased by .5 MMT to 5.0 MMT, the top export spot for the year.

WHEAT – Local wheat prices were higher this week. Wheat export sales last week were within trade expectations at 650.3 TMT, which was down 5% from the previous week, and 6% below the prior 4-week average. Export shipments last week totaled 813 TMT, which was up 2% from the previous week and 14% above the prior 4-week average. Cumulative wheat export sales for MY 08/09 stand at 48.8% of the total year forecast, compared to a 5-year average of 34.5%.

USDA's S&D report for MY 2008/09 - WHEAT – August 12 - USDA made only very minor adjustments to the U.S. wheat balance sheet this month. They raised 2008 production by 1 million bu to 2.462 billion bu. They lowered domestic feed usage by 35 million bu to 250 million bu and raised U.S. ending stocks by 37 million bu to 574 million. The average pre-report trade estimate for ending stocks was 46 million bu at 528 million bu. The average farm-gate price for U.S. wheat was lowered by 25 cents on each end of the range to \$6.50-8.00/bu. **As expected, world wheat production was increased by another 6.5 MMT this month to a record 670.8 (more than 60 MMT above last year), while world ending stocks were increased by 3 MMT this month to 136 MMT, which is 21 MMT above than last year.**

- World wheat production is expected to be 10% higher at 671 MMT. The US wheat crop is expected to be up 19% to 67 MMT.
- World wheat supplies are expected to be up 7% to 786 MMT, while US supplies are projected to be up 10% to 75 MMT.
- World wheat trade is expected to increase 6% to 121 MMT, while U.S. exports are estimated to decrease 22% to 27 MMT.
- World wheat consumption is projected to increase by 4% to 650 MMT, and U.S. consumption is expected to increase by 21% to 35 MMT.
- World wheat carryover stocks are estimated to increase by 18% to 136 MMT. US stocks are pegged to jump 88% to 15.6 MMT.

Wheat Competitor/Buyer News – USDA made several adjustments to their global wheat production and export projections this month –

- EU-27 production was increased by nearly 1.5 MMT to 143.2 MMT, exports were cut by .5 MMT to 15.5 MMT.
- Australian production was left unchanged at 25 MMT (compared to Australian official estimate of 24 MMT), exports were unchanged at 15.0 MMT.
- Canadian production was increased by .5 MMT to 25.0 MMT, exports were increased by .5 MMT to 17.0 MMT.
- Argentine production was cut by 1.0 MMT to 13.5 MMT, exports also were cut by 1.0 MMT to 8.5 MMT.
- Russian production was increased by 3.0 MMT to 57.0 MMT, exports were increased by 1.0 MMT to 13.5 MMT.
- Ukrainian production was increased by 1.0 MMT to 22 MMT, exports were increased by 1.0 MMT to 8.5 MMT.
- Indian production was increased by 1.6 MMT to 78.4 MMT.

CORN - Corn export sales last week came in above trade expectations at 385.9 TMT old crop and 949 TMT new crop, which was up 14% from the previous week and 41% above the prior 4-week average. Corn export shipments last week came in at 939.1 TMT, which was up 7% from the previous week, and 6% from the prior 4-week average. Cumulative old crop corn export sales in MY 07/08 stand at 100.4% of the USDA forecast, compared to 5-year average of 96.7%.

USDA's S&D report for MY 2008/09 - CORN – August 12 - For MY 07/08 which ends Sept. 30, USDA lowered their corn export estimate by 25 million bu to 2.45 billion bu, but raised food and industrial usage by 50 million bu to 4.345 billion bu, resulting in a 22 million bu cut in U.S. ending stocks to 1.576 billion bu. **For Marketing Year 2008/09, USDA**

raised their 2008 production by 302 million bu more than the average trade estimate – up 573 million bu to 12.288 billion bu, the second highest production on record. **This revised production estimate is based on harvested area of 79.3 million acres and national average yield estimate of 155 bu/ac, up 6.6 bu from last month.** Domestic feed usage was increased by 100 million bu to 5.3 billion bu, while food and industrial usage was increased by 245 million bu to 5.445 billion, due primarily to a 150 million increase in ethanol usage. U.S. corn ending stocks were increased this month by 300 million bu to 1.133 billion bu, which is 129 million bu above the average pre-report trade estimate of 1.004 billion bu. The average farm gate price for U.S. corn was lowered by 60 cents on each end of the range to \$4.90-\$5.90/bu, compared to \$4.25 in 2007/08. **World corn production was increased by 14 MMT this month to 789.6 MMT and world ending stocks were increased by 7 MMT to 112.4 MMT, which is 10 MMT below last year.**

- World corn production is now projected to remain nearly unchanged from last year's output at 790 MMT. The US corn is expected to decrease by 6% to 312 MMT, based on lower acreage.
- World corn supplies are expected to drop 2% to 912 MMT, while US supplies are projected to be 4% lower at 352 MMT.
- World corn trade is projected to decrease 10% to 88 MMT, due to increased availability of other feed grains, including feed wheat. US corn exports are expected to decrease 18% to 50 MMT.
- World corn consumption is expected to outpace production at 800 MMT. US usage is expected to increase by 3% to 273 MMT, due to strong feed and ethanol demand.
- World corn carryover stocks are estimated to decrease 8% to 112 MMT, while US stocks are expected to decrease by 28% to 29 MMT.

Corn Competitor/Buyer News – USDA lowered their corn output for Argentina by 1.5 MMT this month to 22.0 MMT and exports were cut by 1.2 MMT to 15.0 MMT. Brazilian corn production was left unchanged at 57 MMT, but their corn exports were cut by 2 MMT this month to 9.0 MMT. Traders are keeping a close eye on the movement of new crop feed wheat into feeding channels that will likely displace corn in several markets, but particularly South Korea.

Futures market activity this week

Wheat – The wheat market began the week sharply higher, with support from strong export inspections, spring wheat harvest delays and some crop uncertainties ahead of Tuesday's S&D report (Australia has received beneficial rain but Argentina remains too dry). A mostly bearish S&D report pressured wheat markets on Tuesday, but prices closed mixed to higher in Kansas City and Minneapolis in choppy trading, which suggests a bottom may be forming. A strong export line-up continues to support wheat futures. Pakistan reportedly purchased 418 TMT of optional origin wheat in addition to the 100 TMT purchased last week and is now tendering for an additional 250 TMT. Wednesday saw prices surge limit up in CHI on support from short covering, technical buying (oversold conditions) and concerns about the quality of some foreign wheat crops, which appear to be downgrading quality to feed wheat. Wheat finished higher again today (Thursday) on short covering and spillover support. **Wheat market closes Thursday, 8/14...**

	Sept 08	Weekly Summary	Dec 08	Weekly Summary
Chicago	\$8.64 ½	Up \$.99 ¼	\$8.89 ½	Up \$.99 ¼
Kansas City	\$8.98	Up \$.94 ¼	\$9.23 ½	Up \$1.02 ¾
Minneapolis DNS	\$9.54 ½	Up \$.96 ½	\$9.56 ¼	Up \$.90 ¼

Corn – Corn began the week fractionally lower on Monday as the market vacillated between support from short covering and pressure from disappointing export inspections and expectations of a much larger crop in Tuesday's report. Prices turned higher on Tuesday despite a lower opening under pressure from a bearish S&D report. Corn continued its strong rally, closing limit up on Wednesday on support from higher crude oil and a wave of investment dollars moving back into commodities. Corn extended its rally today (Thursday), posting a strong close after early chopping trading. Short covering helped corn shrug off weakness in the crude oil market. **Sept 08 corn contract closed on Thursday, 8/14, at \$5.57 ¾, up \$.59 ¼ for the week and the Dec 08 contract at \$5.77 ¼, up \$.59 for the week.**

Major Factors to Watch

- § **Crude oil** – Crude oil prices fell on Monday to the lowest level in 3 months on continued liquidation triggered by demand concerns. China reported their oil imports fell 7% last month but are likely to jump after the Olympics when factories resume their operations. Meanwhile, U.S. gasoline demand fell to a five year low in the first seven months of the year. Prices continued to grind lower on Tuesday as the U.S. dollar firmed. However, the market reversed higher on Wednesday after the weekly inventory report showed a much larger than expected gasoline draw. Prices fell again today on mostly demand concerns, particularly in Europe and Asia where economic growth appears to be slowing.
- § **U.S. Weather Watch** – NWS 6-10 day forecast shows below normal temps and moisture in both the Western and Eastern Corn Belt.

§ **International Weather Watch –**

- **Europe** – Drier than normal weather in northeastern Germany and northwestern Poland has reduced soil moisture for filling spring grains, while rainfall slowed grain harvest across the rest of northern Europe.
- **Russia / Ukraine** – Mostly dry weather has aided grain harvesting across the Ukraine and Russia, while some rainfall in the Urals region of Russia has helped finish the spring grain crop.
- **Canada** – Warm, dry weather has promoted crop development, with yield potential now looking very good.
- **Australia** – Western regions turned drier but scattered showers delivered beneficial moisture across the southeastern region.
- **Argentina** – Heavy rains continued in Brazil, raising concerns about the quality of ripening winter wheat. Dryness continued to be a big concern in drought-affected wheat areas of Argentina, particularly Cordoba and Santa Fe.

USDA Crop Progress / Condition Report, August 11, 2008

Crop	Crop Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	22% harvested	8%	55%	37%	52%	53%	62%
ID barley	8% harvested	3%	31%	21%	74%	74%	
US spring wheat	16% harvested	6%	44%	36%	53%	56%	66%
ID spring wheat	4% harvested	2%	26%	17%	72%	73%	
US winter Wheat	92% harvested	86%	97%	95%			
ID winter Wheat	26% harvested	9%	70%	55%			
US corn	30% dough 6% dented	17% NA	59% 20%	50% 16%	67%	66%	56%

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 discounted 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.cfm.umn.edu/simple/>
2. select the “Buy it now” link
3. type in a coupon code, “**barley**” and hit recalculate
4. complete your purchase