

Idaho Grain Market Report, October 9, 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, October 8, 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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$7.25	(2-R) \$13.00-\$13.50 (6-R) \$13.00	\$5.15	\$5.57	\$6.74
Blackfoot / Pocatello	\$8.85	(2-R) \$13.50 (6-R) \$13.50	\$4.90	\$5.38	\$6.65
Grace / Soda Springs	\$8.25	(2-R) NQ (6-R) NQ	NQ	\$5.38	\$6.62
Burley / Rupert Hazelton	\$7.50-\$8.00	(2-R) \$13.00 (6-R) NQ	\$4.70-\$4.89	\$5.33	\$6.44
Twin Falls / Eden / Buhl	\$8.10-\$8.50	(2-R) NQ (6-R) NQ	\$4.75-\$5.50	NQ	NQ
Weiser	\$7.75	(2-R) NQ (6-R) NQ	\$4.67	NQ	NQ
Nez Perce / Craigmont	\$5.78	(2-R) \$7.28 (6-R) \$7.28	\$5.11	\$6.29	\$7.49
Lewiston	\$6.23	(2-R) \$7.73 (6-R) \$7.73	\$5.03	\$6.48	\$7.68
Moscow / Genesee	\$5.83-\$7.00	(2-R) \$7.33 (6-R) \$7.33	\$5.07-\$5.85	\$6.25-\$6.98	\$7.45-\$8.15

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	Oct \$5.70-\$5.75 Nov \$5.75-\$5.80	Oct \$6.73-\$6.93	Oct \$7.89-\$8.09
Los Angeles	\$11.00	NQ	NQ	NQ	NQ	NQ
Stockton	\$11.50-\$12.00	NQ	NQ	NQ	NQ	NQ
Tulare	\$11.00	NQ	NQ	NQ	NQ	NQ
Ogden	\$8.40	NQ	NQ	\$5.26	\$5.67	\$6.87
Great Falls	\$5.75-\$5.90	NQ	\$10.75	NQ	\$5.13-\$5.50	\$6.74-\$7.28
Minneapolis	\$6.77	NQ	NQ	NQ	NQ	\$7.14 ¼ - \$7.29 ¼

Market trends this week

BARLEY – Local barley prices were lower again this week. Barley export sales last week totaled .1 TMT for Japan. Barley export shipments last week totaled 6 TMT for Japan and Mexico.

WHEAT – Local wheat prices were also lower this week. Wheat export sales last week were within trade expectations at 512 TMT, down 22% from the previous week but unchanged from the prior 4-week average. Export shipments last week totaled 893.3 TMT, up 41% from the previous week and 38% from the prior 4-week average. Cumulative wheat export sales have reached 64.5% of the USDA forecast for the year, compared to a 5-year average of 53.8%.

Wheat Competitor/Buyer News – EU Grains Management Committee has issued wheat export licenses this week for 507 TMT of soft wheat, bringing the total wheat export licenses approved for Marketing Year 2008/09 to 6.6 MMT, compared to a wheat export pace of only 2 MMT at this time last year. Japan announced they would resume tendering for wheat for the first time in four weeks after tightening food safety controls in response to problems that surfaced with tainted imported rice. **Wheat export tenders/purchases...** Bangladesh reportedly purchased 100 TMT of Black Sea

wheat, Jordan purchased 150 TMT Russian wheat, Tunisia purchased 92 TMT optional origin wheat and Saudi Arabia purchased 300 TMT optional origin wheat.

CORN - Corn export sales last week were well above trade expectations at 958 TMT, up 69% from the previous week, but down 13% from the prior 4-week average. Export shipments last week totaled 825.3 TMT, down 29% from the previous week and 6% from the prior 4-week average.

USDA will release its monthly supply & demand reports tomorrow (Oct. 10). The average pre-report trade estimate for average U.S. corn yield is 152.2 bu/Ac, compared to USDA's September estimate of 152.3 bu/Ac.

Corn Competitor/Buyer News – Argentine corn planting is off to a slow start this year, with only about 5% of the crop planted so far compared to 28% at this time last year. Acreage is expected to fall this year due to the prolonged drought. Brazil is projecting their corn crop could fall to 55.03 MMT this year compared to 58.6 MMT last year.

Futures market activity this week

Economic woes dominated the news again this week. Stocks and commodities experienced more whip-saw sell-offs this week, triggered by investor fears and deepening concerns about a domestic and global recession. Many experts don't expect to see a stock market recovery until later next year depending on whether the housing market stabilizes. The Bear Market has stripped about \$7 trillion in shareholder value just in the past three weeks, with no bottom in sight. **Where does that leave commodities?** At least one investment analyst thinks that commodity prices will stabilize and creep higher into 2009 due to the massive levels of liquidity now being pumped into the world economy by central banks. This government intervention is expected to have eventual inflationary affects, which usually draws investment money into commodities as a hedge against inflation. That assumes the old investment rules are still applicable in this new economic BEAR reality.

Wheat – Wheat markets began the week sharply lower under pressure from outside markets. But in typical turn-a-round fashion, prices moved higher on Tuesday on support from short covering. Word that Egypt had bought some U.S. wheat in its most recent tender (55 TMT US and 55 TMT Russian) also provided support. Gains were limited by late session weakness in corn. Wednesday saw prices creep higher on market-wide enthusiasm triggered by a coordinated central bank interest rate cut (Fed cut ½ pt in the U.S.). Wheat finished mixed to lower today (Thursday) in light volume. **Wheat market closes on Thursday, 10/09...**

	<u>Dec. 08</u>	<u>Weekly Summary</u>	<u>Mar. 09</u>	<u>Weekly Summary</u>
Chicago	\$6.04 ¾	Down \$35 ½	\$6.26	Down \$.35 ¾
Kansas City	\$6.38	Down \$.32 ½	\$6.57 ¼	Down \$.32 ¾
Minneapolis DNS	\$6.76 ¾	Down \$.25 ¼	\$6.87 ¼	Down \$.31 ½

Corn – Corn prices began the week sharply lower under pressure from a market-wide sell-off. Corn turned higher early Tuesday on mostly short covering strength, but sank into the close on outside market pressures. Corn closed higher on both Wednesday and today (Thursday) on a short covering bounce and positioning ahead of Friday's monthly S&D report. Higher U.S. and European stock markets provided underlying investor calm. **Dec 08 corn contract closed on Thursday, 10/09, at \$4.38 ¼, down \$.15 ¾ for the week and the Mar 09 contact at \$4.55 ¾, down \$.16 ¾ for week.**

Major Factors to Watch

- § **Crude oil** – Crude oil remained on the defensive this week. Prices began the week dipping below \$90/bbl, the **lowest level in more than 8 months**. Prices continued to chop around. The Energy Information Agency revised world demand growth downward for 2009, cutting their projection from 9.145 million bpd last month to 9.0525 million bpd.
- § **U.S. Weather Watch** – Rains in the Western Corn Belt caused some harvest delays this week but weather is expected to remain mostly dry through Saturday aiding harvest progress.
- § **International Weather/Crop Watch** –
 - **Australia** – Western growing areas saw beneficial moisture this week but more is needed.
 - **Argentina** – Recent showers helped stabilize wheat crops in some areas but may have come too late for a big chunk of this year's crop. A slight freeze was expected in the past 24 hours.

USDA Crop Progress / Condition Report, Oct. 6, 2008

Crop	Progress	Previous week	Previous Year	5-Year average	Condition rating	Previous week	Previous Year
US winter wheat	59% planted	42% ast week	54%	60%			
ID winter wheat	67% planted	50%	63%	62%			
US corn	73% mature 14% harvested	52% 9%	95% 39%	89% 30%	61% Good/excellent	61%	63%