

Idaho Grain Market Report, July 11, 2008

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 9, 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	\$7.00	\$7.82	\$8.33
Blackfoot / Pocatello	\$8.00	(2-R) \$14.00 (6-R) \$14.00	\$6.40	\$7.62	\$8.11
Grace / Soda Springs	\$9.30-\$10.50	(2-R) NQ (6-R) NQ	\$6.90	\$7.50	\$8.20
Burley / Rupert Hazelton	\$9.50	(2-R) \$14.50 (6-R) NQ	\$6.50-\$7.50	\$7.52	\$8.03
Twin Falls / Eden / Buhl	\$10.00	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Weiser	\$10.00	(2-R) NQ (6-R) NQ	\$6.74	NQ	NQ
Nez Perce / Craigmont	\$10.03	(2-R) \$10.03 (6-R) \$10.03	\$7.41	\$8.64	\$9.17
Lewiston	\$10.43	(2-R) \$10.43 (6-R) \$10.43	\$7.58	\$8.81	\$9.34
Moscow / Genesee	\$10.08-\$11.35	(2-R) \$10.08 (6-R) \$10.08	\$7.37-\$8.03	\$8.60-\$9.27	\$9.13-\$9.76

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 \$7.90-\$8.00 Aug \$7.90-\$8.05	July \$9.19-\$9.30 New Crop \$9.12-\$9.21	July \$9.53-\$9.63 Aug \$9.53-\$9.58
Los Angeles	\$15.75	NQ	NQ	NQ	NQ	NQ
Stockton	\$14.75-\$15.00	NQ	NQ	NQ	NQ	NQ
Tulare	\$15.75	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	NQ	NQ	NQ
Great Falls	\$9.55	NQ	\$11.00	NQ	\$7.27-\$7.97	\$8.48-\$9.29
Minneapolis	\$11.04	NQ	\$15.10	NQ	\$9.18 (12%)	\$9.73-\$9.88

Market trends this week

BARLEY – Local barley prices were mostly steady this week. USDA reported that there were no barley export sales last week. Barley export shipments last week totaled 1.4 TMT, all for Mexico.

USDA's S&D report for MY 2008/09 - BARLEY – July 11 – For Marketing Year 2008/09, USDA raised beginning stocks by 9 million bu to 68 million bu, lowered U.S. production estimate by 17 million bu to 218 million bu, due to a national average yield estimate of 59.8 bu/Ac, compared to 65.5 bu/Ac estimated last month. U.S. ending stocks were lowered by 8 million bu to 71 million bu. (up 4% compared to last year). The average farm-gate price for U.S. barley was tweaked slightly higher to \$5.80-6.80/bu, compared to \$4.02/bu in 2007/08.

WHEAT – Local wheat prices were lower this week. Wheat export sales last week were above expectations at 617.1 TMT, down 8% from the previous week. Export shipments last week were 572.1 TMT last week, up 31% from the previous week and up 23% from the prior 4-week average.

USDA's S&D report for MY 2008/09 - WHEAT – July 11 - Marketing Year 2008/09, USDA raised beginning stocks by 52 million bu to 306 million bu, raised U.S. production by 29 million bu to 2.461 billion bu, raised domestic feed usage by 30 million bu to 285 million bu and raised U.S. ending stocks by 50 million bu to 537 million bu. This compares with average pre-report trade estimate for production of 2.471 billion bu and ending stock estimate of 536 million bu. The average farm-gate price for U.S. wheat was left unchanged at \$6.75-8.25/bu, compared to \$6.48 in 2007/08. **World wheat production was increased by 1.3 MMT this month to a record high 664.24 MMT (53.5 MMT above last year), while ending stocks were also increased 1 MMT to 133 MMT (17 MMT higher than last year).**

Wheat Competitor/Buyer News – Pakistan and Jordan are both tendering for wheat this week. USDA increased their Australian wheat crop estimate this month by 1 MMT to 25 MMT. This is higher than ABARE's official crop estimate earlier this month of 23.68 MMT. Argentine wheat production was left unchanged at 14.5 MMT and exports at 9.5 MMT. The EU wheat crop was increased by 1.7 MMT to 141.7 MMT and exports were raised by 1 MMT to 16.0 MMT.

CORN - Corn export sales last week totaled 337.4 TMT (plus 306.9 TMT new crop), up 4% from the previous week but down 5% from the prior 4-week average. Corn export shipments last week totaled 930.6 TMT, which was down 22% from the previous week and 16% from the prior 4-week average. Cumulative export sales for MY 2007/08 have reached 97% of the USDA forecast versus a 5-year average of 93.1%.

USDA's S&D report for MY 2008/09 - CORN – July 11 - For MY 07/08 which ends Sept. 30, USDA increased their ending stocks estimate by 165 million bu to 1.598 billion bu (above the average pre-report trade estimate of 1.514 billion bu). Higher stocks are due to a cut in both domestic feed usage of 100 million bu and food and industrial usage by 65 million bu. **For Marketing Year 2008/09**, USDA pegged beginning stocks at 1.598 billion bu, lowered 2008 production by 20 million bu to 11.715 billion bu (**based on harvested area of 78.9 million acres and national average yield estimate of 148.4 bu/Ac, down .5 bu from last month**). Domestic feed usage was increased by 50 million bu to 5.2 billion bu, while food and industrial usage was cut by 65 million bu to 5.295 billion, due primarily to a 50 million reduction in ethanol usage. U.S. corn ending stocks were increased this month by 210 million bu to 833 million bu, which is slightly above the average pre-report trade estimate of 820 million bu. The average farm gate price for U.S. corn was raised to \$5.50-6.50/bu, compared to \$4.25-4.45 in 2007/08. **World corn production was left unchanged this month at 775.3 MMT but world ending stocks were increased by 2 MMT to 105.3 MMT, down 19 MMT from last year.**

Corn Competitor/Buyer News – Brazilian ag ministry has cut their corn crop estimate to 57.5 MMT from its earlier estimate of 58.4 MMT. USDA increased their corn crop estimate for the EU by 1.3 MMT to 57.5 MMT, on increased area in France, but left China's crop estimate unchanged at 153.0 MMT and Argentina's unchanged at 23.5 MMT. They also cut their corn crop estimate for Ukraine this month by .5 MMT to 10 MMT.

Futures market activity this week

Wheat – The wheat market began the week nearly limit down in the face of spillover pressure from outside markets (lower corn and energies) and a higher U.S. dollar. Wheat prices turned fractionally higher on Tuesday on short covering and concerns about weather-related harvest delays. The U.S. winter wheat crop was only 52% harvested as of Sunday, compared to 61% on average. Wheat finished lower on both Wednesday and Thursday on spillover weakness from lower corn, seasonal harvest pressure and ideas that the U.S. and world wheat crop estimates would be higher in Friday's S&D report. **Wheat market closes Thursday, 7/10.**

	July 08	Weekly Summary	Sept 08	Weekly Summary
Chicago	\$8.06 ¼	Down \$.58 ¾	\$8.18	Down \$.62 ¼
Kansas City	\$8.38	Down \$.67	\$8.48 ½	Down \$.63 ¾
Minneapolis DNS	\$9.81	Down \$.99	\$8.81	Down \$.57

Corn –The corn market began the week limit down under pressure from more favorable crop weather and lower energies. Corn continued to trade lower on Tuesday on continued fund liquidation and improving weather conditions. The bearish tone was underscored by ideas that the U.S. corn crop could top 12 billion bu this year and demand could be softening as a result of recent record high prices. Informa Economics released its updated projection of 12.002 billion bu compared to USDA's June estimate of 11.735 billion bu. Corn prices continued to grind lower on Wednesday and Thursday on nearly ideal crop weather, disappointing export demand and positioning ahead of Friday's USDA reports. The Friday S&D report showed production at 11.715 billion bu. **July 08 corn contract closed on Thursday, 7/10, at \$6.75 ¼, down \$.73 ½ for the week and the Sept 08 contact at \$6.86 ½, down \$.52 ½ for the week.**

Major Factors to Watch

- § **Crude oil** – Crude oil prices softened somewhat this week, trading in the \$136-137/bbl range; however fundamentals remain very bullish as tensions escalate between Iran and Israel and a cease-fire in rebel hostilities in Nigeria fell apart this week. DOE also released a higher global demand estimate for the year.
- § **U.S. Weather Watch** – NWS 6-10 day outlook looks drier and warmer, but still calls for an inch of rain in the Western Corn Belt and ½ inch in the Eastern Corn Belt. Drier outlook was accelerating winter wheat harvest.
- § **International Weather Watch** –

- **Europe** – Dry, hot weather has favored grain maturation and harvesting in southern Europe. Continued showers have improved grain crop conditions in central and northeastern Europe.
- **Russia / Ukraine** – Showers across Russia have favored spring planted grains but have interrupted winter grain harvest. In the Ukraine, showers have eased dryness in western and northern areas while mostly dry weather has prevailed across southern and eastern regions.
- **Canada** –Warmer weather has been beneficial to crop development across the Western Prairies,
- **Australia** – Warm, dry weather continues across New South Wales, while scattered, light showers have fallen across southeastern and western Australia, but more rain is needed. Western Australia ag officials are projecting a grain crop of 10 million tons, below average long-term trends because of dry weather, with 6 to 8 million tons of wheat. The state typically produces about 40% of Australia's wheat crop.
- **South America** – Drought-related planting delays continued across central Argentina. In Brazil, conditions favor winter wheat development.

USDA Crop Progress / Condition Report, July 10, 2008

Crop	Crop Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	58% headed	29%	79%	66%	69%	71%	71%
ID barley	46% headed	24%	73%	60%	85%	87%	
US spring wheat	58% headed	28%	76%	70%	69%	74%	78%
ID spring wheat	40% headed	20%	82%	66%	88%	88%	
US winter Wheat	52% harvested	36%	53%	61%			
ID winter Wheat	0% harvested	0%	0%	0%			
US corn	6% silking	3%	27%	19%	62%	61%	70%