

**Idaho Grain Market Report, October 30, 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, October 29, 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) \$11.00 (6-R) \$11.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$7.75	(2-R) NQ (6-R) NQ	\$4.60	\$5.05	\$6.82
Idaho Falls	\$7.25	(2-R) \$12.50 (6-R) NQ	\$4.75	\$5.22	\$6.86
Blackfoot / Pocatello	\$7.00	(2-R) \$11.00 (6-R) \$11.00	\$3.85	\$4.47	\$6.35
Grace / Soda Springs	\$6.50-\$7.50	(2-R) NQ (6-R) NQ	\$3.84	\$4.67-\$4.75	\$6.45-\$6.57
Burley / Rupert	\$7.00	(2-R) \$11.50 (6-R) NQ	\$4.40	NQ	NQ
Hazelton		(6-R) NQ			
Twin Falls / Eden / Buhl	\$7.80-\$8.00	(2-R) NQ (6-R) NQ	\$3.70-\$5.00	NQ	NQ
Weiser	\$7.00	(2-R) NQ (6-R) NQ	\$3.65	NQ	NQ
Nez Perce / Craigmont	\$5.63	(2-R) \$7.13 (6-R) \$7.13	\$4.31	\$5.83	\$7.57
Lewiston	\$6.08	(2-R) \$7.58 (6-R) \$7.58	\$4.40	\$6.02	\$7.76
Moscow / Genesee	\$5.68-\$7.50	(2-R) \$7.18 (6-R) \$7.18	\$4.27-\$4.85	\$5.79-\$6.37	\$7.53-\$8.17

**Trading Prices at Selected Terminal Markets, cash prices FOB**

	Barley (Cwt.)		Malting	Wheat (bu.)		
	#2 Feed 46 lbs. -- unit trains barge	Single rail cars-domestic		#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein
Portland	NQ	NQ	NQ	Oct \$4.80 Nov \$4.85	NQ	Oct \$8.12-\$8.41
Los Angeles	\$9.85	NQ	NQ	NQ	NQ	NQ
Stockton	\$11.50-\$12.00	NQ	NQ	NQ	NQ	NQ
Tulare	\$9.85	NQ	NQ	NQ	NQ	NQ
Ogden	\$7.50	NQ	NQ	\$4.71	\$5.04	\$6.89
Great Falls	\$5.00-\$5.45	NQ	\$11.25	NQ	\$4.71-\$4.87	\$6.36-\$6.54
Minneapolis	\$6.25	NQ	NQ	NQ	\$6.25 ½ (12%)	\$7.60 ½

**Market trends this week**

**BARLEY** – Local barley prices were slightly higher this week. There were no reported barley export sales last week. Barley export shipments last week totaled .4 TMT all for Mexico.

**WHEAT** – Local wheat prices were also slightly higher this week. Wheat export sales last week were within trade expectations at 460.4 TMT, up 20% from the previous week however it was down 7% from the prior 4-week average. Export shipments last week totaled 590.3 TMT, up 14% from the previous week however it was down 12% from the prior 4-week average.

**International Grains Council's monthly S&D projections – WHEAT – October 30** – The IGC has pegged world wheat production this month at 683 MMT, up another 7 MMT from last month and **73 MMT above last year**. They noted better than expected production in the EU, Russia, Ukraine, Canada and the U.S. more than offset worsening prospects in Australia and Argentina. World wheat trade is forecast at 117 MMT, up 1 MMT from last month and 7 MMT above last year, due mainly to Iran's increased imports following a poor domestic crop, and substantial imports by Saudi Arabia, their

first major wheat imports since the early 1990s. **World ending stocks are estimated at 150 MMT**, down 3 MMT from last month but **up 32 MMT from 2007**. The 5 major wheat exporters are projected to carryover 44 MMT, up 15 MMT from a year ago.

**Wheat Competitor/Buyer News – Tenders**...Egypt purchased 120 TMT Russian wheat, Jordan purchased 100 TMT Black Sea origin wheat, Syria tendered for 200 TMT,

**CORN** - Corn export sales last week were well below trade expectations at only 413.1 TMT, down 48% from the previous week and 50% from the prior 4-week average. Export shipments last week totaled 603.1 TMT, down 20% from the previous week and 34% from the prior 4-week average.

**USDA Revises their October 10 Corn S&D estimates** – On Tuesday, Oct. 28, USDA revised their October 10 estimates due to a reported computer glitch. They cut harvested corn acres by 1 million, decreased yield slightly to 153.9 bu/ac, cut domestic feed use by 50 million bu, cut exports by 50 million bu and cut ending stocks by 66 million bu to 1.088 billion bu.

**International Grains Council's monthly S&D projections – CORN – October 30** – The IGC has pegged world corn production at 773 MMT, up 2 MMT from last month **BUT down 14 MMT from last year**. Small increases for the EU, Ukraine and Mexico more than offset a reduction for Argentina, where dry weather is likely to cause a switch from corn to soybean plantings. World corn trade is estimated at 86 MMT, down 1 MMT from last month and 14 MMT below last year due to lower feed use in many markets because of increased availabilities of alternative ingredients. **World corn ending stocks** are projected up 2 MMT this month to 111 MMT, **BUT 17 MMT lower than a year ago and a five year low**.

**Corn Competitor/Buyer News – In a somewhat unexpected move, Taiwan purchased 61.5 TMT of Brazilian corn** this week, but also purchased 23 TMT U.S. corn. Brazilian corn was reported to be as much as \$10-15/tonne cheaper than U.S. origins. Algeria purchased 30 TMT French corn.

#### Futures market activity this week

There were a few glimmers of hope that U.S. financial conditions might be stabilizing this week, but also plenty of caution that more volatility lies ahead. To recap, the stock market began the week down 203 pts, following a 6% plummet in the Japanese market. On Tuesday, stocks posted the second largest daily point gain on record, closing up 889 pts (11%) and restoring about a \$1 trillion in stock value. This was second only to the October 13 rally of 936 pts. Unfortunately many of these recent rallies have been short-lived, with five such one-day rallies followed by multiple day losses this month. This erratic see-saw behavior continues to keep traders very jittery and has triggered massive redemptions in hedge and mutual funds. **What this all means is that there are still no clear signs that a bottom is behind us and commodities continue to remain vulnerable to these outside market influences.**

#### Other economic news this week...

Tuesday – consumer confidence index fell to an all time LOW.

Wednesday – Federal Reserve cut their key lending rate by another ½% to a 40-year low of 1%. This prompted a free fall in the US dollar index, posting the **single largest daily drop in 23 years**.

Thursday – **US Commerce Department reported that the U.S. Gross Domestic Product (GDP) fell by 0.3% in the 3<sup>rd</sup> Quarter 2008, which was actually less than the average expected .5% decline ahead of the report.**

**Wheat** – Wheat remained in a follower role this week, beginning the week higher on support from short covering and fund buying. Trading volume remained very light as many investors and hedgers remain on the side-lines waiting for signs that a bottom is near. Gains could not be sustained on Tuesday despite a surge in the stock market. Weakness in the wheat pits was attributed to fund selling triggered by a sharply higher US dollar and ideas that the U.S. winter wheat crop was in excellent condition. Wheat reversed directions again on Wednesday, posting a strong rally on support from higher corn and a sharply lower US dollar. But once again, gains were short-lived, as wheat prices plummeted today (Thursday) in the face of a higher dollar, disappointing export sales and continued volatility in the stock market. The International Grains Council also added to the negative tone by hiking their world wheat production estimate today. **Wheat market closes on Thursday, 10/30...**

	<b>Dec. 08</b>	<b>Weekly Summary</b>	<b>Mar. 09</b>	<b>Weekly Summary</b>
Chicago	\$5.38	Up \$.21 ¾	\$5.58 ¾	Up \$.24
Kansas City	\$5.73 ½	Up \$.26 ½	\$5.91 ½	Up \$.27 ¾
Minneapolis DNS	\$6.47	Up \$.44	\$6.35	Up \$.41 ¼

**Corn** – Corn prices began the week higher on continued delayed harvest and speculative fund buying triggered by higher crude oil and lower U.S. dollar. Corn prices continued a modest climb on Tuesday, with support from a revised USDA corn crop production and ending stock estimates, which cut U.S. harvested acreage by 1 million and ending stocks by 66 million bu. Late session profit-taking limited the gains. Prices closed limited up on Wednesday with support from higher energies and a steep single day decline in the U.S. dollar. Prices, however, finished lower today (Thursday) under pressure from lower crude oil and disappointing export sales. **Dec 08 corn contract closed on Thursday, 10/30, at \$4.09 ½, up \$.36 ¾ for the week and the Mar 09 contact at \$4.27 ½, up \$.38 ¾ for week.**

#### Major Factors to Watch

- § **Crude oil** – Crude oil continued to chop around this week, slipping down to \$62/bbl and then moving back above \$70/bbl. Merrill Lynch analysts updated their crude oil price outlook this week for Q42008 from \$107 down to \$78/bbl and the 2009 outlook to \$90/bbl.
- § **U.S. Weather Watch** – Mostly dry weather pattern prevailed across the Midwest this week, aiding corn and soybean harvest. **USDA pegged U.S. corn harvest at 39% at the beginning of the week, compared to 70% last year and 66% on average. The NWS 6-120 day outlook looks good through Sunday, but then shows some stormy weather returning to parts of the Corn Belt next week.** Meanwhile, winter wheat planting reached 84% completed, compared to average 88%. Recent rainfall has been very beneficial to wheat emergence and plant establishment. Pockets of dryness remain in the Pacific Northwest, particularly eastern Washington. **USDA pegged the first winter wheat crop rating at 65% good/excellent, up a full 10% from a year ago.**
- § **International Weather/Crop Watch** –
- **Australia** – Some regions of Australia saw beneficial moisture last week, with showers improving crop conditions in Western Australia, but dry conditions persisting in the southeast. Harvest is now beginning in the northern regions of Queensland and Western Australia. Australian Crop Forecasters revised their wheat crop outlook this week downward to 19 MMT, which is down 1 MMT from last week and sharply lower than early estimates at planting time of 26 MMT, based on the second highest acreage planted on record.
  - **Argentina** – Argentina continued to see beneficial rainfall this week, particularly in the Cordoba region which has seen very unfavorably warm dry conditions.