Idaho Grain Market Report, January 5, 2012

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Happy New Year from your friends at the Idaho Barley Commission

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, January 4, 2012. Barley prices in \$/Cwt. and wheat prices in \$/bu.

Selected Locations	Barley (Cwt.) #2 Feed, 48 lbs or better	Barley (Cwt.) Open market malting	Wheat (bu.) #1 SWW	Wheat (bu.) #1 HRW 11.5% protein	Wheat (bu.) #1 DNS 14% protein
Ashton	NQ	(2-R) \$13.25 (6-R) \$13.25	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$10.00	(2-R) NQ (6-R) NQ	\$6.05	\$6.06	\$8.12
Idaho Falls	\$10.00	(2-R)\$12.80-\$13.02 (6-R) \$13.02	\$6.00	\$6.14	\$8.24
Blackfoot / Pocatello	\$10.10	(2-R) \$13.25 (6-R) \$13.25	\$6.00	\$6.41	\$8.31
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert Hazelton	\$9.50-\$9.75	(2-R) \$13.02 (6-R) \$13.02	\$5.85-\$5.90	\$6.07	\$8.12
Twin Falls / Eden / Buhl	\$10.50	(2-R) NQ (6-R) NQ	\$5.55-\$6.50	NQ	NQ
Weiser	\$8.00	(2-R) NQ (6-R) NQ	\$5.18	NQ	NQ
Nez Perce / Craigmont	\$8.60	(2-R) \$8.60 (6-R) \$8.60	\$5.64	\$7.10	\$9.30
Lewiston	\$8.85	(2-R) \$8.85 (6-R) \$8.85	\$5.83	\$7.29	\$9.49
Moscow / Genesee	\$8.65-\$10.00	(2-R) \$8.65 (6-R) \$8.65	\$5.60-\$6.25	\$7.06-\$7.74	\$9.26-\$9.77

Trading Prices at Selected Terminal Markets, cash prices FOB

	Barley (Cwt.) #2 Feed 46 lbs. -- unit trains barge	Barley (Cwt.) Single rail cars-domestic	Malting	Wheat (bu.) #1 SWW	Wheat (bu.) #1 HRW 11.5% Protein	Wheat (bu.) #1 DNS 14% Protein
Portland	NQ	NQ	NQ	Jan \$6.05-\$6.25 May \$6.35-\$6.40	Jan \$7.64-\$7.74	Jan \$9.69-\$9.79
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.35	NQ	NQ	\$6.20	\$6.24	\$8.34
Great Falls	\$9.00-\$9.50	NQ	\$12.25	NQ	\$5.36-\$5.68	\$8.53-\$8.66
Minneapolis	\$10.94	NQ	\$15.31	NQ	\$7.64 (12%)	\$8.99-\$9.39

Market trends this week

BARLEY – Local barley prices were mostly higher this week, ranging from no change to 75 cents higher in southern Idaho and no change to 50 cents higher in northern Idaho. USDA won't release their weekly export sales report until Friday.

WHEAT – Local wheat prices were also mostly higher this week: SWW ranged from 15 to 46 cents higher; HRW ranged from 36 to 68 cents higher; and DNS ranged from 5 cents lower to 15 cents higher. Wheat export shipments last week were reported at 365 TMT, down 15% from the previous week. Cumulative wheat export shipments are now running 9% behind last year's pace but exceed the pace needed to reach the USDA yearly projection by 25 million bushels or 680 TMT. Weekly export sales won't be reported until tomorrow.

CORN – Corn export shipments last week were reported to total 628 TMT, down 38% from the previous week and included an additional 180 TMT shipped to China. Cumulative corn export shipments are now running 6% behind last year's pace but exceed the pace needed to reach the USDA yearly projection by 35 million bushels or 880 TMT. Weekly export sales won't be reported until tomorrow.

Ethanol corn usage – DOE's Energy Information Agency reported another week of record high U.S. ethanol production, totaling 963,000 bbls per day last week, up 0.1% from the previous week and up 6.53% from last year. Corn used for ethanol last week totaled 102.58 million bu, well above the weekly pace of 95.3 mbu needed to reach USDA's usage estimate of 5.0 billion bushels for the year. Production is expected to ease off with the expiration of the ethanol excise tax credit on Dec. 31.

Futures market activity this week

Macroeconomic news … investor appetite for risk is once again locked into a tug of war between euro debt fears and upbeat U.S. economic indicators. Euro concerns re-emerged early this week by a rise in French borrowing costs, which does not portend good news for Italy and Spain which will need to sell bonds next week, plus reports that euro-zone services and manufacturing sectors contracted in the final quarter of 2011. **But against this negative backdrop, U.S. economic indicators remain upbeat.** Both U.S. auto and holiday retail sales beat expectations last month coupled with more signs of an improving U.S. labor market, including another decline in weekly jobless claims and better than expected private sector hiring in December. The official monthly U.S. employment report will be released tomorrow.

WHEAT – Wheat began the week (Tuesday) mixed to higher with support from bullish outside markets and stronger than expected weekly export inspections. Wheat continued to post mixed results but lost ground in Chicago in choppy trading triggered by a higher dollar and early weakness in equities and energies. Wheat posted sharp losses today (Thursday), on negative outside market signals and improving HRW conditions. **Wheat market closes on Thursday, 01/05/12…**

	Mar 2012	Weekly Summary	May 2012	Weekly Summary
Chicago	**$6.29 ¼**	**Down $0.23 ½**	**$6.48 ½**	**Down $0.22 ¾**
Kansas City	**$6.86**	**Down $0.31**	**$6.94**	**Down $0.31**
Minneapolis DNS	**$8.18 ½**	**Down $0.31**	**$8.09 ½**	**Down $0.15 ¾**

CORN – Corn began the week solidly higher – extending gains from last week's holiday shortened trading period - on outside market momentum and mounting concerns about yields in the Argentine corn crop. Wednesday saw choppy two-sided action with a late bounce erasing early losses triggered by negative outside markets and increased producer selling. Corn finished lower today (Thursday) under pressure from a higher dollar and lower energies, along with at least one weather model calling for some decent moisture in Argentina and southern Brazilian next week **Mar 2012 corn futures contract closed Thursday, 01/05/12, at $6.43½, down $0.03 and the May 2012 contact closed at $6.51½, down $0.03¼ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL – Crude oil topped $100/bbl this week, driven mostly by geopolitical risk premiums…**Crude oil **p**rices jumped more than $4/bbl on Tuesday to close just short of $103 on Tuesday, boosted by a sharp drop in the U.S. dollar, positive macroeconomic trends in the U.S. (largest energy consuming market) and escalating tensions in the Gulf as Iran continues to threaten to close the Strait of Hormuz through which 1/6 of the world's daily oil shipments move. Crude continued to advance on Wednesday for the 9th time in the last 11 trading sessions – shrugging off early weakness to close up $.26/bbl to $103.22 – as word began circulating that European finance ministers would likely approve a EU ban on Iranian crude oil imports at a meeting scheduled later this month. **However, a bearish weekly petroleum stocks report coupled with renewed investor fears about a European recession triggered a sharp reversal lower today (Thursday), closing down $1.41/bbl to $101.81.** The weekly petroleum stocks report showed crude oil stocks increased by 2.21 million bbls, compared to an expected decline of 1.0 million bbls; distillates jumped by 3.22 million bbls, compared to an expected increase of 1.0 million bbls; and gasoline stocks increased by 2.48 million bbls, compared to an expected increase of 1.0 million bbls.
- **U.S. WEATHER / CROP WATCH –** Significant moisture improvements has helped push HRW crop condition ratings higher…KS crop is now rated 53% good/excellent compared to only 27% a year ago and the OK crop is rated 63% good/excellent compared to 37% a year ago. The 6-10 and 8-14 day outlooks, however, call for above normal temperatures and below normal precipitation across the belt.
- **INTERNATIONAL WEATHER / CROP WATCH**
  - **Argentina/Brazil –** Persistent hot/dry conditions during corn pollination have certainly damaged South American corn crops with many analysts now cutting production estimates by 2 to 4 MMT. However, the latest weather models now call for wetter conditions next week which could stabilize the South American crop outlook. It is estimated that at least ¼ of the Brazilian belt and at least ½ of the Argentine corn belt remains unfavorably dry.

Grain RightRisk workshops will be held in Rexburg and Soda Springs on Monday and Tuesday, Jan. 9-10, 2012. These presentations will help grain producers gain a better understanding of the risks they face, their personal risk preferences and ways to manage their risks.
Monday, Jan. 9, 2012 – 9:00 am to 12:30 pm – AmericInn, 1098 Golden Beauty Drive, **Rexburg**
Tuesday, Jan. 10, 2012 – 9:30 am to 3:00 pm (part of Caribou County Grain Producers winter meeting) – Monsanto facility in **Soda Springs –** will also include presentations on 2012 financial issues.