

Idaho Grain Market Report, January 6, 2011

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Don't Miss These Upcoming IDAHO GRAIN WEBINARS (internet-based workshops). To join these webinars from your own computer, please log onto:

<https://connect.cals.uidaho.edu/barley/>

Jan. 18 at 8:30 a.m. MST - Managing Production Costs: Owning vs. Leasing Machinery –
presented by Dr. William Edwards, Iowa State University ag economist, Ames, IA

Jan. 27 at 8:30 a.m. MST – Optimizing Fertility in Malting Barley and Hard Red Spring Wheat –
presented by Dr. Brad Brown, UI cereal agronomist, Parma ID

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, January 5, 2011. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>		
	#2 Feed, 48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton	NQ	(2-R) \$9.00 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$9.00	(2-R) NQ (6-R) NQ	\$6.70	\$7.20	\$9.00
Idaho Falls	\$8.75	(2-R) \$9.00-\$9.50 (6-R) \$9.50	\$6.50	\$7.37	\$9.10
Blackfoot / Pocatello	\$8.83	(2-R) \$9.00 (6-R) NQ	\$6.25	\$6.98	\$8.86
Grace / Soda Springs	\$8.69	(2-R) NQ (6-R) NQ	\$6.50	\$6.90-\$7.18	\$8.67-\$8.84
Burley / Rupert	\$9.00	(2-R) \$9.00 (6-R) \$9.00	\$6.50-\$6.60	\$7.13	\$8.89
Hazelton					
Twin Falls / Eden / Buhl	\$8.90-\$10.00	(2-R) NQ (6-R) NQ	\$6.00-\$6.30	NQ	NQ
Weiser	\$8.50	(2-R) NQ (6-R) NQ	\$6.56	NQ	NQ
Nez Perce / Craigmont	\$7.95	(2-R) \$7.95 (6-R) \$7.95	\$6.99	\$8.06	\$9.70
Lewiston	\$8.20	(2-R) \$8.20 (6-R) \$8.20	\$7.18	\$8.25	\$9.89
Moscow / Genesee	\$8.00-\$9.25	(2-R) \$8.00 (6-R) \$8.00	\$6.95-\$7.65	\$8.02-\$8.71	\$9.66-\$10.26

Trading Prices at Selected Terminal Markets, cash prices FOB

	<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>			
	#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	Jan \$7.60-\$7.70 Aug NC \$7.25-\$7.35	Jan \$8.53-\$8.73 Aug NC \$8.68-\$8.89	Jan \$10.49-\$10.54 Aug NC \$9.75-\$9.85
Los Angeles	\$12.25	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$12.25	NQ	NQ	NQ	NQ	NQ
Ogden	\$8.75	NQ	NQ	\$6.75	\$7.36	\$9.02
Great Falls	\$7.75-\$8.25	NQ	\$9.00	NQ	\$6.54-\$6.63	\$9.07-\$9.49
Minneapolis	\$8.33	NQ	\$11.46	NQ	\$8.32 (12%)	\$10.74-\$12.24

Market trends this week

BARLEY – Local barley prices were higher this week ranging from 19 to 75 cents higher in southern Idaho and 35 cents higher in northern Idaho. USDA did not report any barley export sales for last week. Barley export shipments totaled 1.9 TMT for Canada.

WHEAT – Local wheat prices were also higher this week: SWW ranged from 5 to 35 cents higher; HRW ranged from 36 to 68 higher; and DNS ranged from 45 to 62 cents higher. U.S. wheat export sales were at 464.7 TMT, which was up 9% from previous week, however it was down 22% from the previous 4-week average. Wheat export shipments last week totaled 436 TMT, down 14% from the previous week.

Wheat Competitor/Buyer News – Several importers have pending wheat import tenders, including Morocco for 175 TMT, Libya for 85 TMT and Algeria for 50 TMT.

CORN – USDA reported corn export sales last week below trade expectations at a 369 TMT which was down 47% from the previous week and 52% from the previous 4-week average. Corn export shipments last week totaled 613.8 TMT, down 43% from the previous week and 28% from the prior 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production last week totaled 904,000 barrels per day, down slightly below last week but up 10.5% from a year ago. This equates to 94.92 million bushels of corn consumption last week, well above the weekly pace needed to meet the USDA's projection for the entire year.

Corn Competitor/Buyer News – The Buenos Aries commodity exchange released a revised Argentine corn estimate this week at 20.32 MMT compared to previous forecasts of 25 MMT.

Futures market activity this week

WHEAT – Wheat began the week posting double digit gains as crop concerns and tightening stocks once again drove prices to new contract highs in both European and U.S. markets. Australia continues to receive excessive moisture with a new complication from devastating floods which are expected to impact shipping logistics. Fears that receding snow melt in the Central U.S. Plains may expose winter wheat to the threat of winterkill this weekend and again in the 11 to 15 day period also provided underlying support. Tuesday saw prices reverse direction, erasing early gains to close lower under pressure from a technical correction triggered by a higher dollar and broad spillover weakness. Wednesday saw prices post a bullish reversal higher, closing up double digits on support from fresh fund buying and short covering. Continued talk of poor conditions in parts of the U.S. winter wheat crop provided underlying support. Wheat markets finished sharply lower today (Thursday) under pressure from a continued rally in the dollar and profit taking ahead of next week's S&D and winter wheat acre reports. This period of increased volatility is largely due to uncertainties about the upcoming reports, fund investment rebalancing, and winter wheat weather impacts. **Wheat futures market closes on Thursday, 01/6/11...**

	Mar 2011	Weekly Summary	May 2011	Weekly Summary
Chicago	\$7.89	Down \$.05 ¼	\$8.16 ¼	Down \$.04 ½
Kansas City	\$8.58 ½	Up \$.05 ½	\$8.68 ¼	Up \$.08 ¾
Minneapolis DNS	\$8.83 ¾	Up \$.02 ¼	\$8.92 ½	Up \$.02 ½

CORN – Corn began the week lower after trading to new contract highs all last week, with the sell off triggered by fund rebalancing and ideas that hot and dry growing conditions in Argentina may soon give way to a wetter and cooler period. Disappointing weekly export inspections also weighed on the market. Prices continued to tumble lower on Tuesday with extended fund selling on ideas that corn futures are overbought. After opening lower on Wednesday, corn posted a solid reversal higher with support from positive global economic growth indicators which underpin demand and ideas that Argentine rains may be less than expected in many areas. Corn posted sharp losses today (Thursday), falling just above the key support level of \$6.00 (next support level \$5.75). Pressure came from weak outside markets, higher dollar, lower crude oil and mixed weather reports out of Argentina. **Mar 2011 corn futures contract closed Thursday, 01/6/11, at \$6.02, down \$.27 for the week and the May 2011 contract closed at \$6.10 ¼, down \$.25 ¼ for the week.**

Near-by Commodity Outlook – key USDA reports will be released next Wednesday, Jan. 12. These reports will include the first official USDA projection of U.S. winter wheat acres – expected to be up 7-10% - and the monthly S&D report which is expected to see a small downtick in U.S. corn production and ending stocks. The market will then shift its attention to fund rebalancing and the 2010 acreage battle between corn, soybeans and spring wheat.

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil moved both directions this week, opening the week above \$91/bbl only to fall more than \$2/bbl on Tuesday under profit-taking pressure. Prices moved back above \$90 on Wednesday on a combination of better than expected economic news and tightening stocks. Wednesday's weekly petroleum inventory confirmed a sharp decline in crude oil stocks - down 4.16 million bbls, while distillates increased by 1.15 million bbls and gasoline stocks increased by 3.29 million bbls, compared to an expected increase of 500,000 bbls.
- **U.S. WEATHER / CROP WATCH** – Most the Midwest experienced milder conditions this week which was hastening snow melt, leaving as much as one-third of the HRW belt and about one-fourth of the SRW belt vulnerable to winterkill threat during cold air episodes expected this weekend and again in the 11 to 15 day period.
- **INTERNATIONAL WEATHER / CROP WATCH** –
 - **China** – Another cold air blast this week is posing a winterkill threat to an estimated 10% of the winter wheat belt.

- **Argentina** – Most corn areas continue to see persistent dry and hot conditions, until mid week when showers were expected to bring beneficial relief during the critical pollination period. Analysts are projecting that as much as one-third of their corn acres are suffering excessive moisture deficit that will lower yield potential, resulting in lower crop projections in the 20 MMT range, which is down significantly from current official forecasts of 25 MMT.
- **Australia** – Harvest is winding down in Australia, but debate continues on the percentage of their wheat crop that will be downgraded to feed rather than milling quality, with the worst case as much as 50% of the total crop.

Please note that the weekly Idaho Grain Market Alert, a companion market update produced by Craig Corbett, which provides in-depth understanding of the technical trends in the grain futures markets (wheat, corn and barley) will become a subscription-only report in mid January 2011. The Idaho Barley Commission was very pleased to initiate this project with Craig, a fellow grain producer from eastern Idaho, but our plan was to transition this report to a paid-subscription basis after five months. Because of the interest, we extended our agreement with Craig through the month of December. We will provide more information in our next couple reports on how you can continue to receive this valuable market report directly from Craig.

Why should you pay attention to technical trends? This month's *Top Producer* magazine has an excellent explanation from Mike Florez, a market analyst with Florez Trading, "If you can learn some technical analysis and understand the tools to **project market momentum**, you can get your own ideas on when the markets are topping. How to read the charts and key in on market signals will be crucial for farmers in the coming months."