

Idaho Grain Market Report, Jan. 11, 2013

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, Jan. 9, 2013. Barley prices in \$/Cwt. and wheat prices in \$/bu.

<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>			
Ashton	NQ	(2-R) \$13.00 (6-R) \$13.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	NQ	(2-R) \$13.25 (6-R) \$13.25	NQ	NQ	NQ
Blackfoot / Pocatello	\$11.56	(2-R) \$13.00 (6-R) \$13.00	\$8.00	\$7.46	\$8.01
Grace / Soda Springs	\$11.45	(2-R) NQ (6-R) NQ	\$8.00	\$7.84	\$8.18
Burley / Rupert	\$12.50	(2-R) \$13.25 (6-R) \$13.25	\$7.90	NQ	NQ
Hazelton					
Twin Falls / Eden / Buhl	\$12.40	(2-R) NQ (6-R) NQ	\$7.80	NQ	NQ
Weiser	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Nez Perce / Craigmont	\$10.35	(2-R) \$10.35 (6-R) \$10.35	\$7.79	\$8.32	\$8.62
Lewiston	\$10.60	(2-R) \$10.60 (6-R) \$10.60	\$7.98	\$8.50	\$8.81
Moscow / Genesee	\$10.40-\$11.78	(2-R) \$10.40 (6-R) \$10.40	\$7.75-\$8.45	\$8.27-\$8.97	\$8.58-\$9.28

Prices at Selected Terminal Markets, cash prices FOB

	#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 \$8.29 ½-\$8.45 May \$8.43 ½-\$8.56	Jan \$8.86 ½-\$8.96 ½ May \$9.06 ½-\$9.11 ½	Jan \$9.24 ¼-\$9.34 ¼ May \$9.40 ¼-\$9.51 ¼
Los Angeles	\$15.00	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$15.00	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	NQ	NQ	NQ
Great Falls	\$8.00-\$11.00	NQ	\$12.75	NQ	\$7.18-\$7.51	\$7.85-\$8.13
Minneapolis	\$10.42	NQ	\$14.79	NQ	\$8.51 ½ (12%)	\$9.11 ¼ - \$9.29 ¼

Market trends this week

BARLEY – Local barley prices were higher this week with no change to 45 cents higher reported in southern Idaho and from no change to 3 cents higher reported in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

USDA's Quarterly Stocks Report – BARLEY – Jan. 11 – USDA pegged U.S. barley stocks in all positions on December 1, 2012 at 158 million bu, up 14% from a year ago. The September to November 2012 indicated disappearance is 38.9 million bu, up 8% from the same period a year earlier. Idaho barley stocks on Dec. 1, 2012 are pegged at 34.8 million bu, down 2% from a year ago..

USDA's MY 2012/13 S&D report for BARLEY –Jan. 11 –USDA made only a slight adjustment to its U.S. barley balance sheet this month – increased domestic feed usage by 5 million bu to 60 million bu and cut ending stocks by 5 million bu to 75 million bu. They also continued to tighten the average farm-gate price for U.S. barley to a range of \$6.10-\$6.70/bu. **World barley production was tweaked slightly lower this month to 129.8 MMT, which is down 3% from the previous year. Argentine barley production was cut by 0.2 MMT to 5.5 MMT. World barley ending stocks were cut again this month to 19.8 MMT, which is 13% below last year.**

WHEAT – Local wheat prices were mixed this week: SWW ranged from 15 cents lower to 26 cents higher; HRW ranged from 18 cents lower to 28 cents higher; and DNS ranged from 13 cents lower to 22 cents higher. USDA reported net wheat export sales last week were below trade expectations at 233.7 TMT, down 42% from the previous week and 64% from the prior 4-week average. Cumulative wheat export sales now total 68% of the USDA estimate for the year compared to a 5-year average of 75%. Export shipments last week were again mostly disappointing at 264.4 TMT, up 66% from the previous week but down 19% from the prior 4-week average.

USDA's 2013 Winter Wheat Seeding Estimate – Jan. 11 – A bullish estimate...USDA pegged 2013 U.S. winter wheat seedings at 41.820 million acres, up 1% from last year but about 800,000 BELOW the average pre-report trade estimate of 42.6 million acres. 2013 HRW acres are pegged at 29.1 million, down 2%; SRW acres are estimated at 9.42 million, up 16%; and SWW acres are pegged at 3.27 million acres, down 2% from last year. **Idaho winter wheat acreage is pegged at 760,000, down 3% from 2012.**

USDA's Quarterly Stocks Report – WHEAT – Jan. 11 - USDA pegged U.S. wheat stocks in all positions on December 1, 2012 at 1.66 billion bu, down slightly from a year ago, and below the pre-report trade estimate of 1.674 billion bu. The September to November 2012 indicated disappearance is 445 million bu, down 8% from the same period a year earlier. **Idaho wheat stocks on Dec. 1, 2012 are pegged at 50.14 million bu, down 28% a year ago.**

USDA's MY 2012/13 S&D report for WHEAT – Jan. 11 – bullish ending stocks estimate today...USDA tweaked domestic usage – increased seed usage by 2 million bu and feed usage by 35 million bu to 250 million bu, thereby cutting ending stocks by 38 million bu to 716 million bu. This ending stocks estimate is 27 million bu BELOW the pre-report trade estimate of 743 million bu. The average farm-gate price range was tightened to \$7.65-\$8.15. **USDA only tweaked world wheat production and ending stocks very modestly this month...**cut production by 0.8 MMT (due to smaller Argentine crop) to 654.3 MMT, which is 6% smaller than the year before and cut ending stocks by 0.3 MMT to 176.6 MMT, which is down 10% from 2011/12.

Market reaction – Wheat markets are trading sharply higher today in reaction to bullish 2013 seedings and 2012/13 ending stock estimates.

Wheat Competitor/Buyer News – The EU granted licenses for 373 TMT of wheat exports this week, bringing cumulative wheat exports to 10.1 MMT, compared to 7.5 MMT the previous year. Egypt purchased 115 TMT of wheat for Feb delivery, with the US capturing 55 TMT of SRW business and Canada the balance. USDA cut their Argentine wheat production estimate to 11 MMT today down 0.5 MMT from last month and down from 15.5 MMT the previous year.

CORN – Corn export sales last week were AGAIN well below trade expectations at only 12.6 TMT for MY 2012/13. There were net sales reductions of 11.6 TMT for MY 2013/14. Cumulative corn export sales now tally 44% of the USDA estimate for the year compared to a 5-year average of 57.5%. Export shipments last week also were a marketing year low of only 106.8 TMT, down 48% from the previous week and 64% from the prior 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production increased to 826,000 bbls per day last week, up 2.4% from the previous week but down 12.5% from a year ago. Corn used for ethanol last week totaled 86.7 million bu, on pace to meet to USDA's annual projection of **4.5 billion bu in MY 2012/13.**

USDA's Final 2012 Corn Production Estimate – Jan. 11 – USDA delivered somewhat bearish acreage and final production estimates today... they increased planted acres to 97.2 million and cut final harvested acres by only 0.3 million to 87.4 million. They also added 1.1 bushel-per-acre to the final yield estimate of 123.4 bpa, resulting in a 55 million bu increase in final 2012 production to 10.78 billion bu. This production estimate is 154 million bu HIGHER than the average pre-report trade estimate of 10.626 billion bu.

USDA's Quarterly Stocks Report – CORN – Jan. 11 - bullish ending stocks estimate today...USDA pegged U.S. corn stocks in all positions on December 1, 2012 at 8.03 billion bu, down 17% from a year ago. This was **BELOW the average pre-report trade estimate of 8.21 billion bu.** The September to November 2012 indicated disappearance is 3.74 billion bu, down 3% from the same period a year earlier.

USDA's MY 2011/12 S&D report for CORN – Jan. 11 – USDA delivered a bullish ending stocks estimate this month... they increased production by 55 million bu to 10.78 billion (trade estimate 10.626 billion bu), increased domestic feed usage by 300 million bu to 4.45 billion and cut exports by 200 million bu (slightly above trade expectations). This resulted in a 45 million bu cut in corn ending stocks to 602 million bu, compared to a pre-report trade estimate of 667 million bu. The average farm-gate price for U.S. corn was left unchanged at a range of \$6.80-\$8.00. **World corn production was increased by 3.2 MMT this month to 852 MMT to account for higher South American production prospects, but still 4% below last year.** World corn ending stocks were lowered by 1.6 MMT this month to 115.99 MMT, down 12% from last year.

Market reaction – Prices were boosted today by what traders consider a slightly bearish production report offset by bullish quarterly stocks and monthly S&D reports.

Corn Competitor/Buyer News – CONAB is estimating the Brazilian corn crop at 72.2 MMT, compared to USDA's latest estimate of 71 MMT. USDA raised their Brazilian and Argentine corn production estimates this month by 1.0 and 0.5 MMT respectively and raised exports by 0.5 MMT and 1.0 MMT. South Korean feed buyers purchases several cargoes of optional origin corn this week, all of it believed to be South American origin. Taiwan, however, purchased some U.S. corn.

Futures market activity this week

Macroeconomic outlook – Chinese export sales increased by 14% last month, well above expectations, signaling signs of economic growth. The head of the European Central Bank offered more positive comments on the 2013 economic prospects for Europe, underscored by stronger than expected euro-zone economic indicators reported this week, including: business climate indicator and industrial and service sector confidence indexes. On the downside, November unemployment across the euro-zone reached an all-time high of 11.8% in November and German factory orders and exports were lower than expected.

U.S. economic trends – Weekly unemployment claims ticked up slightly to a 5-week high but experts indicate that other signs including new openings point to continued improvement in the 2013 US labor market. Wholesale inventories rose more than expected in November, up 0.6%.

WHEAT – Wheat began the week on a positive note, drawing support from technical short covering triggered by an oversold condition, along with unconfirmed rumors of possible Chinese purchases of U.S. wheat. However, gains were limited by a lack of fresh supportive news. Tuesday saw prices finish mixed to fractionally lower as a strong storm system brought beneficial moisture to the Southern Plains and China raised their 2012 wheat production estimate from 118 MMT to 121 MMT. Wheat markets moved moderately lower on Wednesday as the focus shifted to improving moisture conditions across Texas and Oklahoma, somewhat offset by ideas that US wheat prices were becoming much more competitive on world markets. **Wheat prices traded mostly sideways on Thursday** as early support from Egyptian business eroded late in the session. **For the Friday reports** – the trade expected US wheat ending stocks to be lowered by 11 million bu to 743 million bu vs. 754 million bu on Dec. 11 and 2013 winter wheat seedings at 42.6 million acre, up 3% from last year. **Wheat market closes on Thursday, 1/10/13 ...**

	Mar 2013	Weekly Summary	May 2013	Weekly Summary	Dec 2013	Weekly Summary
Chicago	\$7.44 ½	Down \$0.02 ¾	\$7.53 ½	Down \$0.03 ¼	\$7.85 ¾	Down \$0.01 ¾
Kansas City	\$7.96 ½	Down \$0.08	\$8.06 ½	Down \$0.06 ¾	\$8.40	Down \$0.01 ¾
Minneapolis	\$8.39 ¼	Down \$0.01 ¾	\$8.50	Down \$0.00 ¼	\$8.63 ¾	Up \$0.01 ¾
DNS						

CORN – Corn prices posted moderate gains to start the week – filling the price gap created on the March 2013 corn chart back in early July. Gains were limited by another week of disappointing export shipments, now running at least 10% behind the 5-year pace. Prices continued to grind modestly higher on Tuesday, Wednesday and Thursday in quiet positioning ahead of Friday's key final production and quarterly stocks reports. Again, very dismal export sales kept a lid on price gains. **For the Friday reports** - the trade expected a cut in final harvested corn acres and lower production (10.626 billion bu vs. 10.725 billion bu on Dec 11), partially offset by lower exports, with 2012/13 ending stocks moving only modestly higher (667 million bu vs 647 million bu on Dec 11). **Corn futures contract closes on Thursday, 1/10/13 for Mar 2013 at \$6.98 ¾, up \$0.18 ½, May 2013 contact at \$6.97 ½, up \$0.16 ¾ and the Dec 2013 contact at \$5.84, up \$0.12 ¼ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices moved sideways to higher this week on support from a lower dollar and expectations of improving economic growth and energy demand. A mixed but mostly bearish weekly inventory report limited the gains on Wednesday. DOE's weekly crude oil inventory report showed crude oil stocks increased by 1.3 million bbls, compared to an expected increase of 2.0 million bbls; distillates stocks jumped by 6.78 million bbls, compared to an expected increase of 1.9 million bbls; and gasoline stocks increased by 7.41 million bbls, compared to an expected increase of 2.5 million bbls. **Crude oil prices moved solidly higher on Thursday to close at \$93.10 – a 3 month high - on better than expected Chinese trade data and stronger global equities.**

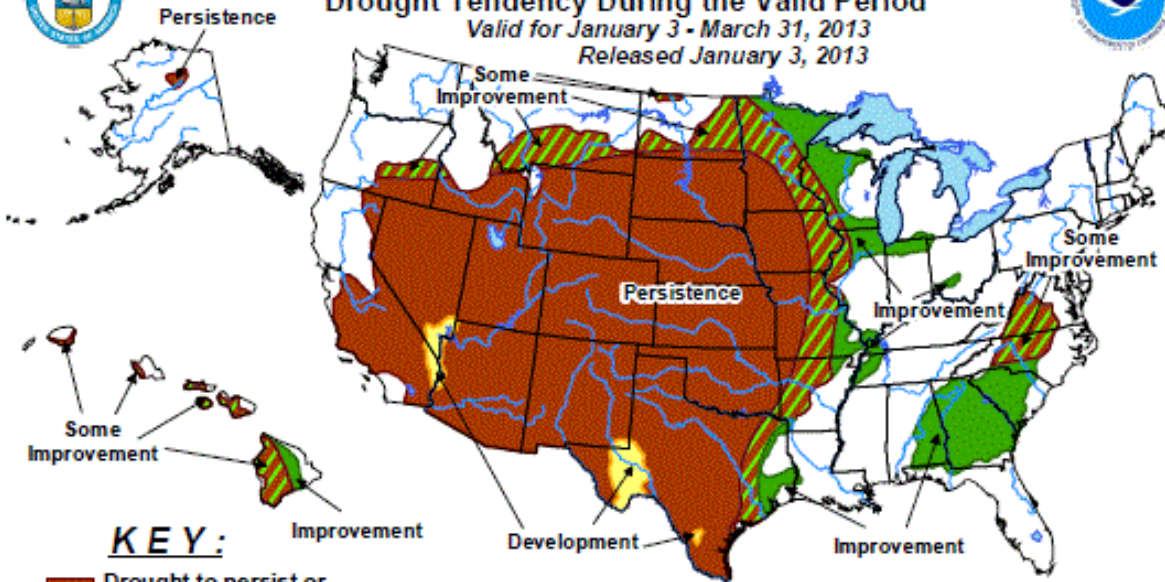
U.S. crop weather – This week USDA declared much of the Southern and Central US grain belt a disaster area due to prolonged moisture deficits. These extraordinarily dry conditions are aptly demonstrated in the U.S. Seasonal Drought Outlook below. **But a notable shift in the subtropical jet stream was noted this week, bringing heavy precipitation to parts of the Southern Plains (mostly Texas and Oklahoma with lesser coverage in Kansas and Nebraska).**



U.S. Seasonal Drought Outlook

Drought Tendency During the Valid Period

Valid for January 3 - March 31, 2013
Released January 3, 2013



KEY:

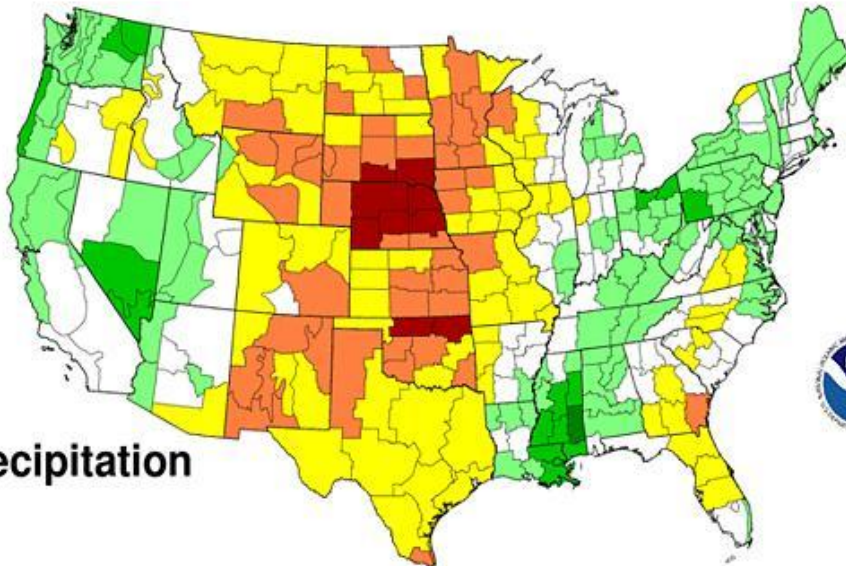
- Drought to persist or intensify
- Drought ongoing, some improvement
- Drought likely to improve, impacts ease
- Drought development likely

No Drought Posted/Predicted

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events – such as individual storms – cannot be accurately forecast more than a few days in advance. Use caution for applications – such as crops – that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 Intensity). For weekly drought updates, see the latest U.S. Drought Monitor. NOTE: the green improvement areas imply at least a 1-category improvement in the Drought Monitor intensity levels, but do not necessarily imply drought elimination.

Jul - Dec 2012

National Climatic Data Center/NESDIS/NOAA



Precipitation

- Record Driest
- Much Below Normal
- Below Normal
- Near Normal
- Above Normal
- Much Above Normal
- Record Wettest

