

## Idaho Grain Market Report, January 19, 2012

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

See below for grower education programs scheduled for Northern Idaho.

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, January 18, 2012. 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) \$13.25 (6-R) \$13.25	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$9.75	(2-R) NQ (6-R) NQ	\$5.65	\$5.70	\$7.86
Idaho Falls	\$9.50	(2-R) \$12.80-\$13.02 (6-R) \$13.02	\$5.75	\$5.88	\$7.83
Blackfoot / Pocatello	\$9.16	(2-R) \$13.25 (6-R) \$13.25	\$5.60	\$5.96	\$7.75
Grace / Soda Springs	\$10.35	(2-R) NQ (6-R) NQ	\$5.60	\$5.67	\$7.54
Burley / Rupert Hazelton	\$9.50	(2-R) \$13.02 (6-R) \$13.02	\$5.55	\$5.56	\$7.69
Twin Falls / Eden / Buhl	\$10.10	(2-R) NQ (6-R) NQ	\$5.20	NQ	NQ
Weiser	\$8.00	(2-R) NQ (6-R) NQ	\$5.21	NQ	NQ
Nez Perce / Craigmont	\$8.10	(2-R) \$8.10 (6-R) \$8.10	\$5.74	\$6.48	\$8.65
Lewiston	\$8.35	(2-R) \$8.35 (6-R) \$8.35	\$5.93	\$6.67	\$8.84
Moscow / Genesee	\$8.15-\$9.75	(2-R) \$8.15 (6-R) \$8.15	\$5.70-\$6.35	\$6.44-\$7.19	\$8.61-\$9.37

### 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	Jan \$6.25-\$6.30 Aug NC \$6.30	Jan \$7.13-\$7.19 Aug NC \$7.07-\$7.12	Jan \$9.21-\$9.31 Aug NC \$8.31-\$8.36
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.50	NQ	NQ	\$5.85	\$5.83	\$7.74
Great Falls	\$8.00-\$9.00	NQ	\$12.25	NQ	\$5.05-\$5.08	\$8.16-\$8.18
Minneapolis	\$10.73	NQ	\$14.90	NQ	\$7.25 <sup>3</sup> / <sub>4</sub> (12%)	\$9.55 <sup>3</sup> / <sub>4</sub> - \$9.60 <sup>3</sup> / <sub>4</sub>

### Market trends this week

**BARLEY** – Local barley prices were mixed this week, ranging from no change to 73 cents lower in southern Idaho and no change reported in northern Idaho. USDA will not release their weekly export sales report until Friday due to Monday's MLK holiday.

**WHEAT** – Local wheat prices were also mixed this week: SWW ranged from 25 cents lower to 35 cents higher; HRW ranged from 16 cents lower to 28 cents higher; and DNS ranged from 41 to 79 cents lower. USDA reported wheat export shipments last week totaled 365 TMT, up 24% from the previous week. They will report export sales on Friday due to Monday's holiday.

**Wheat Competitor/Buyer News** – The European Union granted a total of 175 TMT of wheat export licenses this week, bringing their cumulative total for the year to 7.7 MMT, compared to 12.05 MMT for the same period a year ago when Russia and Ukraine were basically out of the export market. Libya bought 50 TMT of wheat from Russia this week while

the United Arab Emirates bought 50 TMT soft wheat from Kazakhstan and 25 TMT of hard wheat from Europe. Several Middle East countries are tendering for wheat this week including Jordan (100 TMT hard wheat) and Syria (100 TMT).

**CORN** – USDA reported corn export shipments last week totaled 765 TMT, down 12% from the previous week. Weekly export sales will be reported on Friday due to Monday's holiday.

**Ethanol corn usage** – DOE's Energy Information Agency reported U.S. ethanol production totaled 941,000 bbls per day last week, down 0.32% from the previous week but up 3.1% from last year. Corn used for ethanol last week totaled 100.24 million bu, still well above the weekly pace of 95 mbu needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

**Corn Competitor/Buyer News** – USDA reported an uptick in U.S. corn purchases this week...Egypt bought 120 TMT of US, Mexico 154.7 TMT and South Korea 110 TMT. Ukraine projects it will increase its corn plantings by nearly 20% this year due to loss of winter wheat acres. Ukraine has reportedly exported about 2.5 MMT of corn so far this marketing year and USDA is projecting their exports will reach 12 MMT for the year, up sharply from 5.0 MMT a year ago.

#### Futures market activity this week

**Macroeconomic news** ... euro zone economic outlook remains uncertain but the daily news showed modest improvement this week which **helped shore up the euro and dropped the US dollar index to a 3-week low**. Global stocks shrugged off bearish moves by Standard & Poor to cut the credit rating of 9 euro-zone governments last Friday and their credit-rating cut to the euro-zone bailout fund on Monday, with equities moving higher instead on ideas that the worst of the debt crisis has already been priced into the market as well as signs of improving economic indicators in both the U.S. and China and improving corporate earnings. Furthermore, bond auctions held by Spain and France went better than expected this week, underscoring some semblance of stability in the euro outlook. Even Greece's dire debt situation seems to be moderating amid reports mid week that the Greek government was negotiating an agreement on a voluntary debt swap with its creditors that would help it avoid default. **And there was more positive news...** Reports surfaced this week that China is allowing its largest banks to expand lending and is developing a plan to ease credit requirements to stimulate economic growth now that their rampant inflation seems to be under control. The International Monetary Fund also announced it was mounting a campaign to raise \$500 billion (including \$200 billion pledged from euro-zone countries) to help maintain stability of the global financial system.

**U.S. economic news continued its recent upswing**...weekly unemployment claims fell to 352,000 this week - a 4-year low - and the consumer price index held steady in December, reinforcing ideas that there were no worrisome inflationary pressures on the horizon and might spur the Federal Reserve to undertake another round of quantitative easing.

**WHEAT** – Wheat started the week with modest gains on Tuesday, following corn and soybeans higher, but gains were limited by a disappointing export inspections report which was well below trade expectations. However, U.S. wheat export shipments to date are on pace to meet USDA's projections for the year. Wheat reversed directions on Wednesday, following corn and beans down double digits on speculative selling that was triggered by an improving weather forecast for South America this week. But a weaker dollar and spillover strength spurred short covering that helped lift Chicago wheat prices today (Thursday). **Wheat market closes on Thursday, 01/19/12...**

	<b>Mar 2012</b>	<b>Weekly Summary</b>	<b>May 2012</b>	<b>Weekly Summary</b>
Chicago	\$6.05 <sup>3</sup> / <sub>4</sub>	Up \$0.03 <sup>1</sup> / <sub>2</sub>	\$6.23 <sup>1</sup> / <sub>2</sub>	Down \$0.00 <sup>3</sup> / <sub>4</sub>
Kansas City	\$6.58	Down \$0.12	\$6.66 <sup>3</sup> / <sub>4</sub>	Down \$0.12 <sup>1</sup> / <sub>2</sub>
Minneapolis DNS	\$7.99	Down \$0.02 <sup>1</sup> / <sub>4</sub>	\$7.84	Down \$0.01 <sup>3</sup> / <sub>4</sub>

**CORN** – Corn began the week higher with spillover support from higher soybeans and a bullish weekend weather report from Argentina where conditions remained drier than expected. Corn prices retreated on Wednesday under pressure from a wetter forecast for Argentina this week which prompted active fund selling that in turn triggered sell stops and accelerated losses. Corn rebounded today (Thursday), posting solid gains in a flurry of late session buying that was triggered by spillover soybean strength, solid cash basis and renewed export interest. **Mar 2012 corn futures contract closed Thursday, 01/19/12, at \$6.06, up \$0.06<sup>1</sup>/<sub>2</sub> and the May 2012 contract closed at \$6.12, up \$0.05<sup>1</sup>/<sub>2</sub> for the week.**

#### OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** –Crude oil prices continued to chop in a narrow range this week, in line with movements in the U.S. dollar. Crude oil prices jumped \$2.01 to close at \$100.71 on Tuesday, boosted by a lower dollar and better than expected Chinese GDP (+9.2% for 2011) and industrial output and improving German sentiment. Prices eased back slightly on Wednesday – closing down \$0.12 to \$100.59 - on concerns about slowing global oil demand after the International Energy Agency reduced its 2012 demand outlook by 220,000 barrels per day. **Crude oil moved fractionally lower today (Thursday)- down \$.20 to \$100.39 on a mostly positive outside market tone.** The weekly petroleum stocks report was mixed, showing a bigger than expected decline in crude oil but bearish increase in gasoline supplies...crude oil stocks fell by 3.44 million bbls, compared to an expected increase of 3.0 million bbls; distillates jumped by 438,000 bbls, compared to an expected increase of 1.38 million bbls; and gasoline stocks increased by 3.7 million bbls, compared to an expected increase of 2.35 million bbls. **U.S. gasoline consumption fell last week to 8 million barrels per day, the lowest level in 10 years.**

- **LaNina weather pattern weakening?** – The Australian Bureau of Meteorology says their models show LaNina conditions are weakening and signal gradual decline by the end of the March to May period. The Southern Oscillation Index, trade winds and cloudiness over the eastern equatorial Pacific Ocean have shifted towards neutral, implying a weakening event. According to U.S. models, if LaNina lingers much beyond May there is an increased chance of prolonged drought across the Southern and Central Plains, with unfavorable dryness also spreading into the northwestern Midwest this growing season.
- **U.S. WEATHER / CROP WATCH** – The 6-10 and 8-14 day outlook continues to show above normal temperatures and below normal precipitation across the Central and Southern Plains winter wheat belt, although some weather maps show chances for precipitation next week for some dry areas. The Pacific Northwest region finally received a significant winter snow storm this week, allowing for soil moisture recharge and helping to build the necessary snowpack for summer irrigation.
- **INTERNATIONAL WEATHER / CROP WATCH**
  - **Argentina/Brazil** – Weekend growing conditions were drier than expected across much of Argentina, but updated forecasts now call for scattered showers mid week with spotty coverage in many areas but more extensive coverage by the weekend. These systems are likely to keep at least 25% of the corn/soybean region stressed. Major crop watchers have reduced their Argentine corn production estimate to 21-23 MMT, down from USDA's recent crop estimate of 26 MMT. About 15% of the Brazilian crop also continues to experience moisture stress and there have been some interruptions to first-crop corn and soybean harvest but the rains in those areas are not expected to be so persistent as to cause serious concerns. Rains are projected to shift southward to the dry areas early in the 6-10 day period and again in the 11-15 day period.
  - **Europe / Former Soviet Union** – Eastern Europe and parts of Ukraine and Russia received protective snow cover over the past week and more snow showers are expected during the next 10 days. Arctic air is expected to dip down in the winter grain region from Scandinavia and Siberia in the coming days, but a threat of significant winterkill has been greatly reduced by the recent snow cover.

#### **ATTENTION NORTH IDAHO PRODUCERS:**

IBC and University of Idaho Extension are collaborating on several grower risk management education programs this winter:

- **Succession/Estate Planning Three-Day Short Course – January 23, 24 and 26 at Craigmont City Hall, CALL NOW to reserve your space**, contact Ken Hart, Lewis County Extension, 208-937-2311.
- **Workshops on RightRisk & Understanding Technical Trading Trends in Grain Futures Markets – Feb. 28 and 29 in Greencreek and Genesee**, contact Ken Hart, 208-937-2311.
- **Succession/Estate Planning Three-Day Short Course – March 12, 13 and 15 in Moscow**, contact Ken Hart, 208-937-2311.