

# Idaho Grain Market Report, January 27, 2011

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**IDAHO GRAIN WEBINAR on Friday, Feb. 11 at 8:30 a.m. MST.** Topic is **Barley Crop Insurance – Understanding Changes and New Options** - presented by Mark Andreasen, Mountain States Insurance, Soda Springs, ID. To join from your computer, please log onto: <https://connect.cals.uidaho.edu/barley/>

**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, January 26, 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) \$9.50 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$9.00	(2-R) NQ (6-R) NQ	\$7.00	\$7.92	\$10.11
Idaho Falls	\$9.50	(2-R) \$9.38-\$10.00 (6-R) \$9.38	\$7.00	\$7.92	\$10.12
Blackfoot / Pocatello	\$10.25	(2-R) \$9.50 (6-R) NQ	\$7.10	\$7.70	\$10.09
Grace / Soda Springs	\$9.64	(2-R) NQ (6-R) NQ	\$7.00	\$7.89-\$7.95	\$9.77
Burley / Rupert Hazelton	\$9.50-\$10.00	(2-R) \$9.38 (6-R) \$9.38	\$7.00-\$7.05	\$7.80	\$9.77
Twin Falls / Eden / Buhl	\$10.00-\$10.50	(2-R) NQ (6-R) NQ	\$6.75	NQ	NQ
Weiser	\$9.50	(2-R) NQ (6-R) NQ	\$7.19	NQ	NQ
Nez Perce / Craigmont	\$8.85	(2-R) \$8.85 (6-R) \$8.85	\$7.74	\$8.79	\$10.89
Lewiston	\$9.10	(2-R) \$9.10 (6-R) \$9.10	\$7.93	\$8.98	\$11.08
Moscow / Genesee	\$8.90-\$10.25	(2-R) \$8.90 (6-R) \$8.90	\$7.70-\$8.40	\$8.75-\$9.41	\$10.85-\$11.40

**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 \$8.00-\$8.30 Aug NC \$8.15-\$8.20	Jan \$9.20-\$9.40 Aug NC \$9.42-\$9.52	Jan \$11.27-\$11.47 Aug NC \$10.55-\$10.80
Los Angeles	\$12.45	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$12.45	NQ	NQ	NQ	NQ	NQ
Ogden	\$9.70	NQ	NQ	\$7.30	\$8.18	\$10.00
Great Falls	\$8.00-\$8.75	NQ	\$9.50	NQ	\$7.14-\$7.34	\$9.97-\$10.44
Minneapolis	\$9.17	NQ	\$11.98	NQ	\$9.10 (12%)	\$11.32-\$11.57

**Market trends this week**

**BARLEY** – Local barley prices were higher this week ranging from no change to \$1.30 higher in southern Idaho and \$.25 to \$.45 higher in northern Idaho. USDA reported barley export sales at 10 TMT for Morocco; however there were no reported export shipments for last week.

**WHEAT** – Local wheat prices were also higher this week: SWW ranged from \$.15 to \$.55 higher; HRW ranged from \$.56 to \$.77 higher; and DNS ranged from \$.71 to \$1.01 higher. U.S. wheat export sales were on the low end of trade

expectations at 894.1 TMT for the current market year (plus sales of 153.6 TMT for MY 2011/12), down 13% from the previous week but up 73% from the prior 4-week average. Wheat export shipments last week totaled 700 TMT, unchanged from the previous week and up 19% from the previous 4-week average.

**Wheat Competitor/Buyer News** – Iraq is tendering for 100 TMT, while Algeria reportedly purchased 800 TMT on a tender for only 50 TMT. Bangladesh is tendering for 50 TMT and reports it will need to import about 1.6 MMT more than it did a year ago. Saudi Arabia is rumored to be preparing for a 500 TMT import tender. Meanwhile, Egypt announced they had sufficient wheat stocks for the next 6 months.

**CORN** – USDA reported corn export sales last week were well below trade expectations at only 414.7 TMT (plus sales of 132.8 TMT for MY 2011/12), down 54% from the previous week and down 31% the prior 4-week average. Corn export shipments last week totaled 770.1 TMT, up 31% from the previous week and up 10% from the prior 4-week average.

**Ethanol corn usage** – DOE's Energy Information Agency reported that U.S. ethanol production last week totaled 922,000 barrels per day, up .99% from last week and up 12.7% from a year ago. This equates to 96.81 million bushels of corn consumption last week, above the weekly pace of 94.5 million bu needed to meet USDA's current estimated usage for the entire year at 4.9 billion bushels in MY 2010/11. **This ethanol production pace is likely to remain strong, particularly after last Friday's announcement by EPA that it was approving a higher E-15 blend for vehicles built since 2001 (E-15 blend for vehicles built since 2007 was approved last October).**

**Futures market activity this week**

**Federal Reserve met this week and agreed to continue its current monetary policy of purchasing additional long-term debt to continue pumping stimulus into the economy to help lower persistently high unemployment rates.**

Citing clear signs of economic recovery, the Fed stated that current growth rates remain too low to bring about the desired recovery in the employment sector. On inflationary concerns, the Fed stated that "longer-term inflation expectations have remained stable, and measures of underlying inflation have been trending downward."

**WHEAT** – Wheat market began the week leading the commodity markets higher on ideas that existing milling supplies are rapidly tightening and new crop prospects are questionable as winter wheat conditions remain excessively dry across the U.S. and China. China's key wheat growing region is reportedly suffering from the worst drought in the past 40 years. Wheat prices continued to move moderately higher on Tuesday with support from continued stock and new crop worries, exacerbated by fears that a combination of current snow melt and predicted cold temperatures next week across the Central U.S. could threaten crop damage. Wheat continued to post impressive double-digit gains on Wednesday on continuing strong export news which suggests stronger demand lies ahead for U.S. hard wheat and continued poor crop conditions across U.S. and China. Despite a seasonal tendency for grain prices to break lower this time of year, investors seem poised to continue fueling these wheat prices higher on signs of social unrest and panic buying taking place across the Middle East and Northern Africa. Wheat ended its impressive 7 consecutive day streak higher by posting losses today (Thursday) under pressure from profit-taking sparked by a broader sell-off in energies and gold and a higher dollar. Updated weather forecasts also showed potential for rain in Oklahoma and Texas into the weekend which could ease dryness concerns in those HRW areas. Some analysts noted that concerns about Chinese winter wheat might be premature because about 80% of this crop is irrigated so the wheat crop there still has the potential for normal yields assuming no major winterkill damage. **Wheat futures market closes on Thursday, 01/27/11...**

	<b>Mar 2011</b>	<b>Weekly Summary</b>	<b>May 2011</b>	<b>Weekly Summary</b>
Chicago	<b>\$8.46 ¼</b>	<b>Up \$.21 ¾</b>	<b>\$8.75</b>	<b>Up \$.24 ¾</b>
Kansas City	<b>\$9.32 ½</b>	<b>Up \$.32 ½</b>	<b>\$9.43 ¼</b>	<b>Up \$.33 ¼</b>
Minneapolis DNS	<b>\$9.77</b>	<b>Up \$.39 ¾</b>	<b>\$9.83 ¾</b>	<b>Up \$.40 ¾</b>

**CORN** – Corn prices began the week moderately lower in choppy two-sided trading in the face of overbought conditions and chances for good rain potential in Argentina during the next couple weeks. Prices trended higher early in the session but gave way to a late round of profit-taking. Pressure also was noted from disappointment that Chinese delegation visiting the U.S. last week did not announce a corn purchase while in Chicago over the weekend. But overall, losses were trimmed by ideas that U.S. acreage needs to expand more than indicated in Informa's farmer survey released last Friday which shows 90.9 million acres of new crop corn, which is higher than their December survey but still 2 million acres short of what is needed to prevent stocks from tightening to unsustainable levels in the coming marketing year. Corn continued under pressure on Tuesday – with the nearby contract sliding below the psychological support level of \$6.50 – on a broad sell-off in commodity and equity markets because of economic uncertainties in Europe, and fears that China will raise interest rates and choke off demand. Rumors that G-20 nations might discuss new regulations to control agricultural commodity inflation also rattled the markets. Corn prices surged higher to fresh contract highs on Wednesday, boosted by spillover support from wheat and other commodity prices that have accelerated higher in recent days, including wheat, rice, sugar, pork and crude oil. Corn posted losses again today (Thursday) under pressure from long liquidation that surfaced early in the session on a disappointing corn export pace, higher dollar and lower trending energies and metals. **Mar 2011 corn futures contract closed Thursday, 01/27/11, at \$6.50 ¾, down \$.06 ½ and the May 2011 contact closed at \$6.61, down \$.06 for the week.**

## **OTHER MAJOR FACTORS TO WATCH –**

- **CRUDE OIL** – Crude oil opened the week \$1.24 lower to close at \$87.87 as demand concerns resurfaced particularly in Europe where UK GDP was reported to be much lower than expected in the 4Q2010 (fell 0.5% after increasing 0.7% in the previous quarter). Prices continued to move lower on Tuesday to an 8-week low, down \$1.68 to close at \$86.19/bbl on expectations of another weekly inventory build. Prices reversed higher on Wednesday despite the bigger inventories – closing up \$1.14 to finish at \$87.14/bbl -- on a softer dollar and better than expected U.S. housing data (new home sales up 17.5% and well above expectations). The weekly petroleum inventory report showed a second consecutive week of inventory build-up – crude oil stocks increased by 4.84 million bbls, well above expectations of 1.2 million bbl; distillates fell by .1 million bbls; and gasoline stocks increased by 2.4 million bbls, in line with expectations. Crude oil turned lower again today (Thursday) under pressure from talk of possible OPEC production increases.
- **U.S. WEATHER / CROP WATCH** – Conditions remained mostly dry across much of the central U.S. this week, but updated forecasts show rain potential in Oklahoma and Texas into this weekend which could help ease persistent dryness in those areas. However, the extended outlook for February continues to show cold and dry conditions will be entrenched across the central region of the country, particularly the first half of the month. Some forecasts also show the March to May period will be warmer and drier than normal (assuming the current La Nina pattern continues) which will accelerate planting but could result in disappointing yields.
- **INTERNATIONAL WEATHER / CROP WATCH –**
  - **Argentina** – last weekend was mostly dry but rain was back in the picture by the first of the week, with good potential on Tuesday through Friday and more in the forecast for next week. However, the 6-15 day outlook shows drier conditions returning to key corn producing regions.