

Idaho Grain Market Report, February 3, 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, February 2, 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	\$9.50	(2-R) NQ (6-R) NQ	\$7.30	\$8.05	\$10.40
Idaho Falls	\$9.50	(2-R) \$9.38-\$10.25 (6-R) \$9.38	\$7.05	\$7.62	\$10.16
Blackfoot / Pocatello	\$10.25	(2-R) \$9.50 (6-R) NQ	\$7.30	\$7.88	\$10.42
Grace / Soda Springs	\$9.68	(2-R) NQ (6-R) NQ	\$7.25	\$7.79-\$8.08	\$10.10-\$10.25
Burley / Rupert	\$9.50-\$10.25	(2-R) \$9.38 (6-R) \$9.38	\$7.10-\$7.20	\$7.97	\$10.25
Hazelton		(2-R) NQ (6-R) NQ	\$6.50-\$6.95	NQ	NQ
Twin Falls / Eden / Buhl	\$10.00-\$10.75	(2-R) NQ (6-R) NQ	\$7.46	NQ	NQ
Weiser	\$9.50	(2-R) \$9.00 (6-R) \$9.00	\$7.97	\$8.91	\$11.17
Nez Perce / Craigmont	\$9.00	(2-R) \$9.25 (6-R) \$9.25	\$8.16	\$9.10	\$11.36
Lewiston	\$9.25	(2-R) \$9.05 (6-R) \$9.05	\$7.93-\$8.60	\$8.87-\$9.54	\$11.13-\$11.72
Moscow / Genesee	\$9.05-\$10.75				

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	Feb \$8.00-\$8.70 Aug NC \$8.05-\$8.25	Feb \$9.42-\$9.58 Aug NC \$9.56-\$9.67	Feb \$11.76-\$11.80 Aug NC \$10.83-\$11.13
Los Angeles	\$12.45	NQ	NQ	NQ	NQ	NQ
Stockton	\$12.45	NQ	NQ	NQ	NQ	NQ
Tulare	\$12.45	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.00	NQ	NQ	\$7.50	\$8.25	\$10.42
Great Falls	\$8.00-\$9.35	NQ	\$9.50	NQ	\$7.27-\$7.49	\$10.30-\$10.77
Minneapolis	\$9.37	NQ	\$12.29	NQ	\$9.35 ¼ (12%)	\$11.80 ¼ -\$12.00 ¼

Market trends this week

BARLEY – Local barley prices were higher this week ranging from no change to 50 cents higher in southern Idaho and 15 to 50 cents higher in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

WHEAT – Local wheat prices were mostly higher this week: SWW ranged from 5 to 30 cents higher; HRW ranged from 30 cents lower to 18 cents higher; and DNS ranged from 4 to 48 cents higher. U.S. wheat export sales were well below trade expectations at 534.1 TMT for the current market year (plus sales of 31.3 TMT for MY 2011/12), down 40% from the

previous week and 16% from the prior 4-week average. Wheat export shipments last week totaled 591.2 TMT, down 12% from the previous week and 1% from the previous 4-week average.

Wheat Competitor/Buyer News – Russia is considering eliminating its 5% import duty on wheat. Record high wheat acres are expected to be planted across Australia after record rainfall has replenished topsoil moisture, greatly improving planting conditions compared to recent years.

CORN – USDA reported corn export sales last week were well above trade expectations, hitting a marketing year high at 1.17 MMT (plus sales of 69.3 TMT for MY 2011/12), up 181% from the previous week and up significantly from the prior 4-week average. Corn export shipments last week totaled 861.8 TMT, up 12% from the previous week and 39% from the prior 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production last week totaled 908,000 barrels per day, down 1.5% from last week but up 11% from a year ago. This equates to 95.34 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.

Corn Competitor/Buyer News – Rosario Grain Exchange lowered its Argentine corn production estimate to 19.7 MMT, compared to USDA Ag Attache's most recent projection of 22 MMT. India recently sold corn to Malaysia and Vietnam.

Futures market activity this week

WHEAT – Wheat started the week posting double-digit gains after Friday's lower close on worries about evolving events in Egypt, the world's largest wheat importer. Gains were attributed to a lower dollar and concerns about potential winterkill from a monster winter storm expected to bring blizzard conditions and arctic temperatures across much of the central part of the country into the Northeast. Updated state-by-state crop conditions verified serious problems with this year's HRW wheat crop – the Kansas wheat crop was rated at only 27% good/excellent compared to 56% a year ago and 50% on average. The OK crop was rated at 21%, TX crop at 17% and NE crop at 42% good/excellent. Prices closed mixed on Tuesday under profit-taking pressures, but MGE closed higher as hard wheat continued to attract strong investor interest on tightening global stocks. Prices surged sharply higher on Wednesday to new contract highs with MGE breaking through the psychological level of \$10/bu on concerns of potential winter kill from bitter cold temperatures that followed Tuesday's blizzards. A lack of snow cover in many areas, particularly the western plains, could leave at least a half of the HRW wheat belt vulnerable to cold weather damage. In addition, heavy icing was potentially exposing about 15% of the SRW wheat crop to damage. Wheat prices closed lower today (Thursday) under profit-taking pressure.

Wheat futures market closes on Thursday, 02/03/11...

	Mar 2011	Weekly Summary	May 2011	Weekly Summary
Chicago	\$8.59	Up \$.33 ¼	\$8.90	Up \$.34 ½
Kansas City	\$9.49	Up \$.37	\$9.60	Up \$.37 ¼
Minneapolis DNS	\$9.98 ½	Up \$.37	\$10.08 ½	Up \$.38 ¾

CORN – Fresh fund buying triggered by investor preference for food and energy commodities pushed corn prices higher on Monday, despite very disappointing weekly corn export shipments. Corn prices closed moderately higher on Tuesday on spillover support from fresh fund buying and short covering sparked mostly by a surge higher in soybeans. Follow-through buying on Wednesday pushed corn prices to new contract highs on spillover support from wheat and ideas that blizzard conditions will increase livestock feed demands. Corn finished modestly lower today (Thursday) in choppy trading with early gains from a better than expected export sales report evaporating mid session from profit-taking pressures. **Mar 2011 corn futures contract closed Thursday, 02/03/11, at \$6.62 ½, up \$.18 ½ and the May 2011 contact closed at \$6.73 ¼, up \$.18 ¾ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil saw volatile trading this week in the face of renewed economic growth and rising tensions across North Africa and the Middle East. Prices closed \$2.80 higher on Monday at \$92.19/bbl. Prices eased lower on Tuesday – down \$1.42 to close at \$90.77/bbl - as fears of crude oil supply disruptions through the Suez Canal and Sumed pipeline eased. Expectations of another weekly build up in domestic inventories continued to put pressure on prices on Wednesday, with the session ending mostly unchanged. The weekly petroleum inventory report showed a third consecutive week of inventory build-up – crude oil stocks increased by 2.6 million bbls, in line with expectations of 2.5 million bbl; distillates fell by 1.6 million bbls, compared to expectations of a 1.0 million bbl decline; and gasoline stocks increased by 6.2 million bbls, well above expectations of 2.0 million bbls.
- **U.S. WEATHER / CROP WATCH** – A major winter storm swept across most of the Central U.S., bringing blizzard conditions, strong winds and arctic temperatures from the Texas and Oklahoma Panhandles to Michigan. With snow cover limited in many areas, particularly the western plains, about half of the HRW wheat belt was considered vulnerable to winterkill. Heavy icing through the Ohio River Valley exposed about 15% of the SRW belt to cold weather damage. The Central and Southern Plains could see additional snow showers over the next 5 days but coverage is expected to be light. The 6-10 and 8-14 day outlooks look mostly cold and dry, particularly in the Southern Plains.