

Idaho Grain Market Report, February 9, 2012

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, February 8, 2012. 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) \$12.50 (6-R) \$12.50	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$10.00	(2-R) \$12.75-\$13.02 (6-R) \$13.02	\$6.05	\$6.30	\$8.23
Blackfoot / Pocatello	\$9.27	(2-R) \$12.50 (6-R) \$12.50	\$6.25	\$6.25	\$8.15
Grace / Soda Springs	\$10.75	(2-R) NQ (6-R) NQ	\$6.15	\$6.28	\$8.24
Burley / Rupert Hazelton	\$9.50	(2-R) \$13.02 (6-R) \$13.02	\$6.10	\$6.20	\$8.21
Twin Falls / Eden / Buhl	\$10.00-\$10.40	(2-R) NQ (6-R) NQ	\$5.80-\$6.00	NQ	NQ
Weiser	\$10.00	(2-R) NQ (6-R) NQ	\$5.39	NQ	NQ
Nez Perce / Craigmont	\$8.60	(2-R) \$8.60 (6-R) \$8.60	\$6.49	\$7.09	\$9.11
Lewiston	\$8.85	(2-R) \$8.85 (6-R) \$8.85	\$6.68	\$7.26	\$9.30
Moscow / Genesee	\$8.65-\$10.00	(2-R) \$8.65 (6-R) \$8.65	\$6.45-\$7.15	\$7.05-\$7.65	\$9.07-\$9.75

Trading 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	Feb \$6.70-\$7.15 Aug NC \$6.80-\$7.00	Feb \$7.77-\$7.85 Aug NC \$7.55-\$7.65	Aug NC \$8.61-\$8.71
Los Angeles	\$13.25	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.25	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.00	NQ	NQ	\$6.40	\$6.52	\$8.32
Great Falls	\$8.00-\$9.00	NQ	\$11.50	NQ	\$5.54-\$5.75	\$8.58-\$8.67
Minneapolis	\$10.94	NQ	\$14.69	NQ	\$7.76 ½ (12%)	\$9.71 ½ - \$9.86 ½

Market trends this week

BARLEY – Local barley prices were mixed this week, ranging from \$.05 lower to \$1.50 higher in southern Idaho and \$.25 lower to \$.10 higher in northern Idaho. USDA reported that there were no barley export sales or barley export shipments last week.

USDA's MY 2011/12 S&D report for BARLEY – Feb. 9 - USDA made no changes to the U.S. barley balance this month, except tightening the average farm-gate barley price to \$5.20-\$5.60/bu. **World barley production was increased again this month to 134.0 MMT, up 9% from a year ago, due to a bigger than earlier estimated crop in Argentina. World barley ending stocks were lowered by 638 TMT this month to a 40-year low of 21.9 MMT, down 11% from last year.**

WHEAT – Local wheat prices were also mixed this week: SWW ranged from 60 cents lower to 20 cents higher; HRW ranged from 5 to 37 cents lower; and DNS ranged from 1 to 11 cents higher. USDA reported wheat export sales last week were well above trade expectations and hit a marketing year high at 707.9 TMT, up 36% from the previous week and up 36% from the 4-week average. Export shipments totaled 464 TMT, up 2% from the previous week and 30% from the 4-week average.

USDA's MY 2011/12 S&D report for WHEAT – Feb. 9 – USDA made only a couple adjustments to the U.S. wheat balance sheet this month – they raised exports by 25 million bu to 975 million bu due to a stronger-than-expected sales pace and lowered U.S. wheat ending stocks by an equal amount to 845 million bu. **This was below the average pre-report trade estimate of 867 million bu.** The average farm gate price for U.S. wheat was tightened to \$7.15-\$7.45/bu. **World wheat production was raised by 1.4 MMT this month to 692.9 MMT, up more than 41 MMT from a year ago. World wheat ending stocks were increased by 3 MMT to a new record high of 213 MMT, up 6% from the previous year.**

Wheat Competitor/Buyer News – USDA tweaked wheat export estimates for several major suppliers this month...they raised Argentine exports by .5 MMT to 9.5 MMT, lowered Canadian exports by .5 MMT to 18.5 MMT, raised Russian exports by 1.0 MMT to 20.5 MMT and lowered Ukrainian exports by 1.0 MMT to 6.0 MMT. Iraq purchased 100 TMT of Australian wheat this week, but reports suggested that Algeria sourced some of their recent wheat tender from the U.S. and Spain has purchased US feed wheat.

CORN – Corn export sales last week were below trade expectations at 757.8 TMT (694.1 TMT for MY 2011/12 and 63.7 TMT for MY 2012/13). Corn export shipments last week totaled 1.09 MMT, which was up 63% from the previous week and 40% from the 4-week average.

USDA's MY 2011/12 S&D report for CORN – Feb. 9 – As expected, USDA raised their U.S. corn export projection by 50 million bu to 1.7 billion bu, but they also raised imports by 5 million bu to 20 million bu, resulting in a 45 million bu cut to U.S. ending stocks to 801 million bu. This was slightly above the average pre-report trade estimate of 791 million bu. The average farm gate price for U.S. corn was tightened to \$5.80-\$6.60/bu. **As widely expected, world corn production was lowered by nearly 4 MMT this month to 864.1 MMT, to reflect smaller production prospects for Argentina. World corn ending stocks also were cut by nearly 3 MMT to 125.4 MMT, down 3% from last year.**

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production totaled 923,000 bbls per day last week, down 1.7% from the previous week but up 2.6% from last year. Corn used for ethanol last week totaled 98.32 million bu, above the weekly pace of 94.6 mbu needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

Corn Competitor/Buyer News – USDA lowered their Argentine corn production estimate to 22 MMT from 26 MMT last month and 29 MMT at the beginning of the production season. USDA left their Brazilian corn estimate unchanged, noting that winter corn acres are expected to increase which should offset recent summer drought losses.

Futures market activity this week

Macroeconomic news – Greek debt problems remained in the headlines this week with uncertainty about the possibility of a disorderly default still hovering over global financial markets...Greek political leaders announced Thursday they had reached agreement on a new austerity deal they hoped would qualify them for a second round of bailout funds from fellow euro-zone countries and the International Monetary Fund. Meanwhile, negotiations with bondholders on a debt restructuring plan remained unresolved but appeared to be moving forward.

U.S. economic news – U.S. markets got a boost from news that new unemployment claims fell to the lowest weekly level in four years, hitting 358,000 compared to an expected 370,000.

WHEAT – Wheat posted solid gains on Monday in follow through buying on talk of cold weather returning to Russia in the extended forecast and U.S. wheat becoming increasingly price competitive on the world market. Active selling, however, drove prices lower on Tuesday under the weight of spillover pressure and moderating temperatures across Europe. Wheat closed modestly lower in volatile two-sided action on Wednesday as outside markets shifted from positive to negative. Wheat finished sharply lower today (Thursday), closing down double digits on USDA's projection that world wheat ending stocks would reach an all time record high this marketing year. **Wheat market closes on Thursday, 02/09/12...**

	<u>Mar 2012</u>	<u>Weekly Summary</u>	<u>May 2012</u>	<u>Weekly Summary</u>
Chicago	\$6.46	Down \$0.14¾	\$6.55¼	Down \$0.18¾
Kansas City	\$6.92	Down \$0.20¾	\$6.99½	Down \$0.21¾
Minneapolis DNS	\$8.31¾	Down \$0.06¾	\$8.20¼	Down \$0.06

CORN – Corn began the week fractionally mixed on Monday, under pressure from long liquidations triggered by weak outside markets. Corn experienced more pressure on Tuesday in positioning ahead of Thursday's monthly S&D report. Wednesday brought continued choppy trading in the face of weak outside markets and profit-taking ahead of the key USDA supply and demand report. Corn finished modestly lower today (Thursday), as spillover pressure from wheat drug other grains lower. **Mar 2012 corn futures contract closed Thursday, 02/09/12, at \$6.37, down \$0.07 ½ and the May 2012 contract closed at \$6.41½, down \$0.09¼ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices opened the week nearly a dollar lower to close at \$96.91 as outside markets turned lower

on concerns that Greece will fail to reach a debt restructuring agreement with bond holders that will allow the country to receive a second bailout installment from other euro-zone countries and the International Monetary Fund. But prices turned solidly higher on Tuesday – closing up \$1.50 to \$98.41 – as the dollar drifted lower on news that Greece had inched closer to finalizing details of its bailout package. Prices continued to advance modestly on Wednesday – closing up \$.30 to \$98.71 – as the dollar fell to a two month low on optimism that a Greek bailout deal was imminent. The weekly petroleum stocks report was mixed...crude oil stocks increased by less than expected but distillates and gasoline both jumped more than expected. Crude oil stocks increased by 304,000 bbls, compared to an expected increase of 2.5 million bbls; distillates increased by 1.17 million bbls, compared to an expected decline of 875,000 bbls; and gasoline stocks increased by 1.63 million bbls, compared to an expected increase of 625,000 bbls. **Crude oil rallied strongly today (Thursday) – closing up \$1.13 to just short of \$100/bbl - on optimism that a Greek debt deal would be reached and escalating tensions in the Middle East.**

- **U.S. WEATHER / CROP WATCH** – Parts of Texas and the Panhandle received beneficial moisture this week. Forecasts have turned wetter for the Plains and a bit drier for the Midwest this spring, which could spell an early start to field work and larger corn acres. Most private estimates call for at least a 3% jump in corn acres to more than 94 million acres this year.
- **INTERNATIONAL WEATHER / CROP WATCH**
 - **Argentina/Brazil** – Recent rains have improved crop conditions and likely halted further crop deterioration. However, the drought and heat damage to early planted corn has already been done, with local crop forecasts now ranging from 17 to 21 MMT (USDA pegged the Argentine crop at 22 MMT today).
 - **Europe / Former Soviet Union** – severe cold snap eased this week, but reports suggest that as much as 1/3 of the Ukraine crop and 15% of the Russian winter wheat crop has experienced damage.

ATTENTION NORTH IDAHO PRODUCERS:

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

- **Workshops on Grain RightRisk & Understanding Technical Trading Trends in Grain Futures Markets – Feb. 28 at Greencreek Community Center and Feb. 29 at Hall's Corner Bar and Brass Lantern in 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.