

Idaho Grain Market Report, February 12, 2015

Published weekly by the Idaho Barley Commission, [kolson@barley.idaho.gov](mailto:kolson@barley.idaho.gov), 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, February 11, 2015. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley</u> <u>(Cwt.)</u> <b>FEED</b> <u>48 lbs or</u> <u>better</u>	<u>MALTING</u>  <u>Open</u> <u>market</u> <u>malting</u>	<u>Wheat (bu.)</u> <b>Milling</b>  <u>#1 SWW</u>	<u>#1 HRW</u> <u>11.5% pro</u>	<u>#1 DNS</u> <u>14% pro</u>	<u>#1 HWW</u>
Rexburg/ Ririe/ Roberts	\$5.00	NQ	\$5.69 – 6.05 <b>Feed wheat</b> \$3.50 – 3.65	\$5.16	\$6.62	\$5.45 – 5.73
Idaho Falls	\$5.00	\$12.50- 12.75	\$5.91 – 6.30 <b>Feed wheat</b> \$3.50	\$5.52 – 5.53	\$6.23 – 6.73	\$5.53 -5.66
Blackfoot / Pocatello	NQ	\$10.00	\$5.91	\$5.53	\$6.23	\$5.53
Grace / Soda Springs	\$5.15	NQ	\$5.95 <b>Feed wheat</b> \$4.00	\$5.41	\$5.89	\$5.41
Burley / Rupert	\$5.20 – 5.75	\$12.50	\$5.90	\$4.85	\$6.26	\$5.45
Hazelton						
Twin Falls / Buhl /	\$6.00– 6.50		<b>Feed wheat</b> \$3.75	NQ	NQ	
Wendell						
Nampa – Weiser	\$6.00	NQ	\$4.82	NQ	NQ	
Nez Perce / Craigmont	\$6.55		\$5.93	\$5.92	\$7.90	
Lewiston	\$7.05		\$6.18	\$6.17	\$8.15	
Moscow / Genesee	\$6.55 – 7.10		\$5.95 -6.11	\$5.94-6.13	\$7.92-8.06	\$6.13

Prices at Selected Terminal Markets, cash prices FOB

	<b>#2 Feed</b> <b>46 lbs. --</b> <b>unit</b> <b>trains barge</b>	<b>Malting</b>	<b>#1 SWW</b>	<b>#1 HRW</b> <b>11.5% Protein</b>	<b>#1 DNS</b> <b>14% Protein</b>	<b>#1 HWW</b>
Portland			Mar \$6.63¼ -6.68 ordinary pro Feb \$7.25¼ - 7.64 max 10.5 pro	\$6.49¼ - \$6.84½	\$8.56 – 8.76	
Los Angeles	\$8.70–8.90			\$8.09(13%)		
Tulare	\$8.70– 8.90					
Ogden	\$5.85		\$6.15	\$5.75	\$6.30	\$5.75
Great Falls	\$5.00	\$12.00		\$5.37 –5.50 (12%)	\$6.01 – 6.75	
Minneapolis	\$5.73	NQ		\$5.84	\$7.15 - 7.20	

Market trends this week

**BARLEY** - Local feed barley prices ranged from minus 5 cents to plus 10 cents, but mostly steady this week. Open market malting barley prices remained stable this week. USDA reported barley export sales totaled 100 MT to Japan last week while barley export shipments totaled 200 MT, also to Japan.

**USDA's BARLEY S&D Projections for MY 2014/15 – Feb. 10, 2015** - USDA cut barley imports by 10 million bu to 25 million bu, due to the slow import pace thus far this year, cut domestic feed use by 5 million bu to 45 million bu, resulting in a 5 million bu cut in U.S. barley ending stocks to 77 million bu. The average U.S. barley farm-gate price estimate was tightened to a range of \$5.05 – 5.45/bu. **World barley production was increased by .46 MMT this month to 140.2 MMT, down 4% from a year ago.** Increases were noted for Russia (up .5 MMT).

**WHEAT** – Wheat prices were mixed but mostly higher this week: local SWW prices ranged from minus 3 cents to plus 30 cents; HRW prices ranged from minus 9 cents to plus 14 cents; and DNS prices ranged from minus 9 cents to plus 23 cents. USDA reported wheat export sales last week were within trade expectations at 418.9 TMT (409.3 TMT in MY

14/15 and 9.5 TMT in MY 15/16), up 3% from the previous week but down 3% from the 4-week average. Wheat export shipments were on the low side of trade expectations last week at 373.8 TMT, down 15% from the previous week but up 16% from the 4-week average.

**USDA's WHEAT S&D Projections for MY 2014/15 - Feb. 10, 2015 – This report was neutral to bearish for wheat.**

USDA cut wheat imports by 20 million bu to 160 million bu, cut U.S. wheat exports by 25 million bu to 900 million bu, due to increased competition from the EU and a strengthening U.S. dollar, resulting in a 5 million increase in U.S. wheat ending stocks to 692 million bu. The average farm-gate price for U.S. wheat was further tightened to a range of \$5.85-\$6.15/bu. **World wheat production was increased by 1.65 MMT this month to 725 MMT**, up 1% from a year ago. Increases were noted for Argentina and Kazakhstan (updated government statistics). World wheat ending stocks were increased by 1.85 MMT this month to 197.9 MMT, (mostly due to 1.3 MMT increase for Turkey on back-year revisions to production), up 6% from last year.

**Wheat competitor / buyer news** – USDA raised their Argentine wheat production estimate this month by 0.5 MMT to 12.5 MMT, which is 19% above the previous year. Strategie Grains raised their EU wheat export forecast for this marketing year to a record 32.5 MMT (USDA projection 31 MMT). Morocco announced this week they are seeking 360 TMT of US soft wheat and 360 TMT of durum wheat. There are strong expectations that Egypt will soon tender for U.S. wheat using their new \$100 million line of credit announced by the US government last week. Meanwhile, Egypt is reportedly negotiating with Russia to be exempt from the new Russian wheat export tax.

**CORN** – USDA reported corn export sales were well above trade expectations last week at 1.12 MMT (1.003 MMT for MY 14/15 and 117 TMT for MY 15/16), up 19% from the previous week but down 17% from the prior 4-week average. Corn export shipments last week totaled 618.9 TMT, down 13% from the previous week and 9% from the 4-week average. USDA released their 2015 acreage projections this week, pegging corn planted acres at 88 million, down from 90.6 million last year and in line with most trade projections.

**Ethanol corn usage** – DOE's Energy Information Agency reported a notable uptick in ethanol production last week to 961,000 bbls per day – up 13,000 bbls, up 1.37% from a week ago and 6.54% above a year ago. Corn used in ethanol last week totaled 100.9 million bu, still topping the weekly pace needed to achieve the revised USDA usage estimate of 5.175 billion bu. **On the downside, U.S. ethanol inventories continued to build to 21.1 million bbls, the highest since June 2012.**

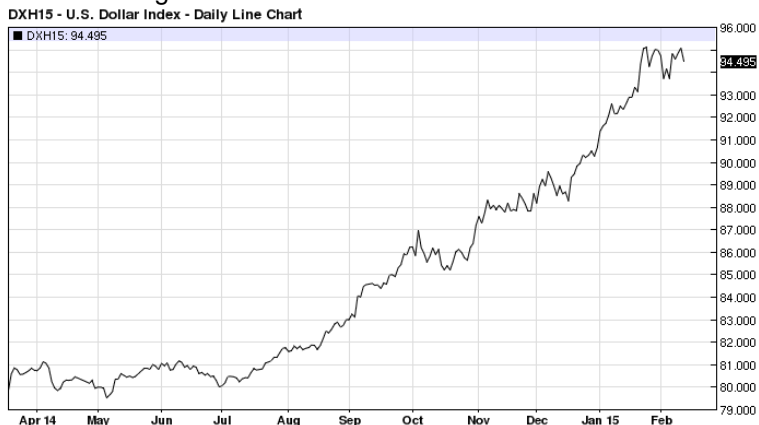
**USDA's CORN S&D Projections for MY 2014/15 – Feb. 10, 2015 – The U.S. corn balance sheet was mostly neutral to slightly supportive for corn on a 50 million bu cut to U.S. ending stocks.** USDA cut domestic feed use by 25 million bu to 5.25 billion bu, raised domestic food, seed and industrial use by 75 million bu (all ethanol) to 6.645 billion bu, resulting in a 50 million bu cut to U.S. corn ending stocks to 1.827 billion bu. The corn farm-gate price estimate was further tightened to a range of \$3.40-3.90/bu. **World corn production** was increased by 3.2 MMT this month to 991.3 MMT, mostly due to increased production for Ukraine and Argentina, up 0.2% from last year. World corn ending stocks were increased by 0.5 MMT this month to 189.6 MMT, up 9% from last year.

**Corn competitor / buyer news** – USDA raised their Argentine corn production estimate this month by 1 MMT to 23 MMT but left Brazilian production unchanged at 75 MMT. CONAB is projecting a Brazilian corn crop will reach 78.4 MMT, a bit lower than last month's forecast of 79.1 MMT. The US Grains Council reported this week at their international marketing conference in Costa Rica that Chinese feed grain imports (corn, sorghum, barley and DDGs topped 18 MMT last year, compared to 8.2 MMT the previous year.

#### Futures Market trends this week

**Macroeconomic influences** – Outside markets have seen substantial volatility in recent weeks, affecting investor sentiment toward risk. The leading influences have been the collapse in energy prices to a nearly 6 year low and the rapid rise in the dollar index (depicted in the chart below) to a nearly 12 year high. For grains, weak crude oil is pressuring ethanol fundamentals and the strong dollar makes U.S. commodities less price competitive in world markets. U.S. economic indicators remain strong – reinforced by a strong monthly jobs report last Friday which showed the economy added 257,000 jobs last month (December and November job tallies were revised sharply higher to 329,000 and 423,000). This represents the longest stretch of monthly job gains above 200,000 since 1994. But U.S. economic strength is looking more and more like an island in a sea of broad global economic weakness as China, Japan and the European Union all struggle with a combination of weaker prices and slower than expected industrial activity – all worrisome deflationary signs. While the Federal Reserve is attempting to unwind its unprecedented quantitative monetary easing from the past five years, with expectations of an interest rate hike sometime later this year, most of the other central banks around of the world have announced new quantitative easing to help jump start economic growth. Late last month the European Central Bank announced a \$1 trillion euro asset purchase plan, following unexpected rate cuts by Canada, Denmark, Turkey, Peru and India. This week the Chinese Central Bank announced a fresh monetary infusion into their economy. Chinese 2014 GDP growth slipped to 7.4%, the slowest growth in 24 years, and has been forecast by several analysts to weaken further to 7.0% in 2015. Also on the front burner this week were negotiations between the

new anti-austerity Greek government and euro finance ministers on ways to resolve the Greek debt crisis and heightened uncertainties about the reportedly dire Eastern Ukrainian political situation. Late Wednesday evening leaders from the four principal negotiating parties – Ukraine, Russia, Germany and France - announced a new cease fire agreement had been reached with a truce set to begin this weekend.



**WHEAT** –Wheat posted modest gains to start the week on a combination of better than expected export inspections and fund short covering sparked by a weaker U.S. dollar and a reportedly dire political situation in eastern Ukraine which could affect wheat exports and new crop production in that region. Prices retreated on Tuesday in the face of bearish USDA supply and demand report which showed an increase in both domestic and global wheat stocks. Bargain hunting sparked fresh buying on Wednesday, pushing prices modestly higher. Wheat finished lower today (Thursday), on news of a Ukrainian – Russian cease-fire agreement and lackluster export sales. **Wheat market closes on Thursday, 2/12/15...**

	<b>Mar 2015</b>	<u>Weekly Summary</u>	<b>May 2015</b>	<u>Weekly Summary</u>	<b>July 2015</b>	<u>Weekly Summary</u>
Chicago SRW	\$5.21 <sup>1</sup> / <sub>4</sub>	Down \$0.05 <sup>3</sup> / <sub>4</sub>	\$5.19 <sup>3</sup> / <sub>4</sub>	Down \$0.09 <sup>1</sup> / <sub>4</sub>	\$5.22 <sup>1</sup> / <sub>2</sub>	Down \$0.08 <sup>3</sup> / <sub>4</sub>
KC HRW	\$5.54	Down \$0.07 <sup>3</sup> / <sub>4</sub>	\$5.55	Down \$0.10	\$5.59 <sup>1</sup> / <sub>4</sub>	Down \$0.08
MGE DNS	\$5.74 <sup>1</sup> / <sub>4</sub>	Down \$0.02 <sup>3</sup> / <sub>4</sub>	\$5.75	Down \$0.05 <sup>3</sup> / <sub>4</sub>	\$5.78 <sup>1</sup> / <sub>2</sub>	Down \$0.08 <sup>1</sup> / <sub>4</sub>

**CORN** – Corn started the week with modest gains from new fund buying and short covering ahead of Tuesday’s monthly supply and demand report. Spillover weakness from soybeans and sharp drop in energies drove corn prices lower on Tuesday. The S&D report was considered mostly neutral for corn, with an unexpected 50 million bushel cut in domestic corn stocks offset by an increase in global corn production and stocks. Follow through selling continued to pressure corn prices on Wednesday, with weak outside markets (lower energies and higher dollar) the main feature. Corn finished lower today(Thursday) despite better than expected export sales. **Corn futures contract closes on Thursday, 2/12/15... Mar. 2015 contract at \$3.83, down \$0.02<sup>3</sup>/<sub>4</sub> for the week, May 2015 contract closed at \$3.91, down \$0.03 and the July 2015 contract closed at \$3.98<sup>1</sup>/<sub>4</sub> , down \$0.03<sup>1</sup>/<sub>4</sub> for the week.**

**CRUDE OIL** – Crude oil futures started the week with solid gains – topping \$52/bbl – but quickly eroded through the week under renewed pressure from increasing crude oil inventories, a stronger dollar and global economic uncertainties. DOE reported that crude oil inventories increased by 4.868 million bbls, distillates decreased by 3.252 million bbls and gasoline stocks increased by 1.977 million bbls. U.S. gasoline supplies reached a 15 year high last week of more than 242 million bbls. Crude oil supplies at Cushing, OK, the settlement point for WTI futures, increased by 1.2 million bbls, reaching a one and half year high. **Crude oil prices rebounded sharply higher today (Thursday) – up \$2.37 to close at \$51.21/bbl, down \$0.48/bbl for the week.**

**International Weather/Crop Outlook –**

- **U.S. winter wheat** – temperatures are plunging across the Midwest for next several days, with the coldest temps in the eastern belt. Som areas have with little to no protective snow cover but damage is expected to be limited. However, fluctuating temperatures are reducing winter hardiness and need to be watched closely.
- **Black Sea winter wheat** – Stormy winter weather has produced heavy precipitation in recent weeks, boosting winter grain potential across eastern Ukraine, Southern Russia and the Volga Valley.
- **Chinese winter wheat** - Chances of precipitation across the winter wheat belt this weekend, but recent storms have mostly bypassed the main growing areas.