

Idaho Grain Market Report, February 17, 2011

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, February 16, 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) \$11.00 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$10.00	(2-R) NQ (6-R) NQ	\$7.00	\$8.06	\$10.59
Idaho Falls	\$10.00	(2-R) \$10.94-\$11.25 (6-R) \$10.94	\$6.85	\$8.11	\$10.23
Blackfoot / Pocatello	\$9.89	(2-R) \$11.00 (6-R) NQ	\$7.25	\$7.90	\$10.45
Grace / Soda Springs	\$10.45	(2-R) NQ (6-R) NQ	\$7.25	\$7.79-\$7.84	\$9.85-\$10.06
Burley / Rupert Hazelton	\$10.25	(2-R) \$10.94 (6-R) \$10.94	\$6.85-\$7.37	\$7.85	\$10.42
Twin Falls / Eden / Buhl	\$10.20-\$11.75	(2-R) NQ (6-R) NQ	\$7.12	NQ	NQ
Weiser	\$10.00	(2-R) NQ (6-R) NQ	\$7.37	NQ	NQ
Nez Perce / Craigmont	\$9.60	(2-R) \$9.60 (6-R) \$9.60	\$7.79	\$8.69	\$10.81
Lewiston	\$9.85	(2-R) \$9.85 (6-R) \$9.85	\$7.98	\$8.88	\$11.00
Moscow / Genesee	\$9.65-\$11.00	(2-R) \$9.65 (6-R) \$9.65	\$7.75-\$8.45	\$8.65-\$9.31	\$10.77-\$11.47

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 \$8.25-\$8.45 Aug NC \$8.25-\$8.35	Feb \$9.35-\$9.55 Aug NC \$9.37-\$9.54	Aug NC \$10.64-\$10.84
Los Angeles	\$13.50	NQ	NQ	NQ	NQ	NQ
Stockton	\$13.50	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.50	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.50	NQ	NQ	\$7.50	\$7.96	\$10.23
Great Falls	\$9.00-\$9.70	NQ	\$10.00	NQ	\$7.10-\$7.27	\$9.78-\$10.77
Minneapolis	\$9.69	NQ	\$12.40	NQ	\$9.07 ½ (12%)	\$8.90 ½

Market trends this week

BARLEY – Local barley prices were mixed this week ranging from 21 cents lower to 75 cents higher in southern Idaho and unchanged to 25 cents higher in northern Idaho. USDA reported that there were no barley export sales or export shipments last week.

Barley Competitor/Buyer News – Ukrainian winter barley crop reportedly may have been damaged by frosts across that region this week. The EU has officially suspended its 16/euro/MT barley import tariff through the end of June (and the feed wheat import tariff).

WHEAT – Local wheat prices were also mixed this week: SWW ranged from 60 cents lower to 12 cents higher; HRW ranged from 26 to 59 cents lower; and DNS ranged from no change to 66 cents lower. U.S. wheat export sales last week were well above trade expectations at 599.4 TMT for the current market year (plus sales of 126.9 TMT for MY 2011/12), up 53% from the previous week, but down 16% from the prior 4-week average. Wheat export shipments totaled

586.5 TMT, down 34% from the previous week and 17% from the prior 4-week average.

Wheat Competitor/Buyer News – The Argentine government approved 1 MMT of Argentine wheat for export licenses. **More major purchases of U.S. wheat this week...** Egypt purchased 180 TMT - 120 TMT from the U.S.; Iraq bought 350 TMT of wheat - 200 TMT from the U.S. and 150 TMT from Australia; and Turkey purchased 300 TMT – 150 TMT from the U.S. and 150 TMT from Kazakhstan. Tunisia bought 100 TMT soft wheat. Brazil reportedly sold 150 TMT of milling wheat to Bangladesh this week.

CORN – USDA reported corn export sales last week were above trade expectations at 1.03 MMT (plus sales of 138.4 TMT for MY 2011/12), down 7% from the previous week, but up 15% from the prior 4-week average. Corn export shipments last week totaled 675.9 TMT, up 1% from the previous week but down 6% from the prior 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production last week totaled 893,000 barrels per day, down .78% from last week but up 7.2% from a year ago. This was the lowest weekly tally since the beginning of the marketing year, perhaps a preliminary sign that the ethanol corn grind is slowing due to rising corn prices.

Corn Competitor/Buyer News – Indonesia Feed Millers report they will need to import up to 2 MMT of corn this year, compared to 1.5 MMT last year. The EU purchased 113 TMT of U.S. corn this week, the first such corn purchase in some time. Egypt purchased 120 TMT of U.S. corn this week. Mexico purchased 145 TMT of U.S. corn this week after purchasing 210 TMT last Friday, on the heels of a hard freeze that damaged their domestic corn crop (losses are estimated in the 1.5 – 3MMT range). Meanwhile, there is a growing list of importers who are rushing to buy Australian feed wheat which is reportedly trading at a \$30/ton discount to U.S. corn, including South Korea who purchased 55 TMT of Canadian feed wheat late last week and 165 TMT Wednesday, the Philippines purchased 200 TMT this week. South Korea feed millers report their domestic needs are likely to fall more than 2 MMT this year due to recent herd culling.

Futures market activity this week

WHEAT – Wheat prices began the week posting modest gains, fueled by continued demand from the Middle East and North Africa region and ideas that about one half of the world's wheat growing regions are currently seeing long-term moisture deficits which could cut production in 2011/12. Wheat prices retreated sharply on Tuesday – falling more than 30 cents – on general weakness across commodity and financial markets and recent moisture in China's winter wheat belt. Wheat saw modest losses on Wednesday as the negative tone persisted, but a lower dollar and higher soybeans helped wheat recover some of its early losses into the close. Wheat posted strong gains today (Thursday) as weather uncertainties persist in several key production areas, including confirmation from the Chinese ag ministry that the drought in their northern winter wheat production region was persisting. **Wheat futures market closes on Thursday, 02/17/11...**

	Mar 2011	Weekly Summary	May 2011	Weekly Summary
Chicago	\$8.50 ³ / ₄	Down \$.16 ¹ / ₄	\$8.83 ¹ / ₂	Down \$.16 ¹ / ₂
Kansas City	\$9.53 ¹ / ₄	Down \$.19 ³ / ₄	\$9.64	Down \$.20 ¹ / ₄
Minneapolis DNS	\$9.81	Down \$.36 ³ / ₄	\$9.90 ³ / ₄	Down \$.38

CORN – An across the board bearish tone in commodities pushed corn prices lower on Monday, as technical selling triggered pre-set sell stops below \$7.00 and accelerated losses. Disappointing weekly export shipments and news that China had purchased up to 1 MMT of Australian feed wheat added to the bearish tone. Corn prices closed modestly lower on Tuesday in the face of a sharp sell-off in wheat and soybeans, but losses were limited into the close. Corn closed unchanged on Wednesday in active two-sided trading. Corn finished sharply higher to close at new contract highs today (Thursday) on talk of lowering import tariffs in China and higher than expected weekly export sales. An acreage battle also boosted corn prices, as soaring cotton prices are likely to siphon acres away from corn. **Mar 2011 corn futures contract closed Thursday, 02/17/11, at \$7.12** ³/₄, **up \$.06** ¹/₄ **and the May 2011 contact closed at \$7.23, up \$.05** ³/₄ **for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil broke below \$85/bbl on Monday – **an 11 week low** – on ideas that U.S. oil and gas inventories remain well above long-term averages and that U.S. oil companies may lose preferential tax treatment in upcoming federal budget battles between the Congress and the White House. However, ongoing unrest that is now spreading across the Middle East and stronger than expected industrial demand in China helped limit the losses. Prices fell another \$0.49/bbl on Tuesday to close at \$84.32/bbl but posted a rebound on Wednesday as the dollar broke lower and news surfaced of Iranian war ships possibly moving through the Suez Canal on their way to Syria rattled both the diplomatic community and energy markets. Wednesday's petroleum inventory report also dished up some bullish surprises with US DOE showing an increase of only 0.9 million bbls in crude oil inventory, compared with expectations of a 2 million bbl increase; distillates fell by a surprising 3.1 million bbls, compared to expectations of a 0.4 million bbl decline; and gasoline stocks increased by only 0.2 million compared to an expected build of 1.85 million bbls. U.S. gasoline supplies surged to the highest level since March 1990
- **U.S. WEATHER / CROP WATCH** – Central and Southern Plains were warm and dry this week, with moisture concerns now covering nearly one-half of the growing region. The 6-10 and 8-14 day forecasts keep the far southern Plains dry but show some promise for precipitation in other areas ahead of another possible cold snap.