

Idaho Grain Market Report, February 24, 2011

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, February 23, 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	\$10.25	(2-R) NQ (6-R) NQ	\$6.75	\$7.43	\$10.10
Idaho Falls	\$9.50	(2-R) \$10.94-\$11.25 (6-R) \$10.94	\$6.50	\$7.60	\$10.39
Blackfoot / Pocatello	\$9.89	(2-R) \$11.00 (6-R) NQ	\$6.75	\$7.48	\$10.53
Grace / Soda Springs	\$10.20	(2-R) NQ (6-R) NQ	\$6.55	\$7.37	\$9.90
Burley / Rupert Hazelton	\$10.00-\$10.25	(2-R) \$10.94 (6-R) \$10.94	\$6.80-\$7.10	\$7.35	\$10.09
Twin Falls / Eden / Buhl	\$10.50-\$11.75	(2-R) NQ (6-R) NQ	\$6.80	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$6.68	NQ	NQ
Nez Perce / Craigmont	\$9.60	(2-R) \$9.60 (6-R) \$9.60	\$6.99	\$8.29	\$10.48
Lewiston	\$9.85	(2-R) \$9.85 (6-R) \$9.85	\$7.18	\$8.48	\$10.67
Moscow / Genesee	\$9.65-\$11.00	(2-R) \$9.65 (6-R) \$9.65	\$6.95-\$7.75	\$8.25-\$8.80	\$10.44-\$11.17

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 \$7.65-\$7.90 Aug NC \$7.25-\$7.70	Feb \$8.74-\$9.14 Aug NC \$8.90-\$9.07	Feb \$11.22-\$11.37 Aug NC \$10.15-\$10.40
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	\$6.90	\$7.54	\$10.07
Great Falls	\$9.50-\$9.65	NQ	\$10.00	NQ	\$6.48-\$6.97	\$9.27-\$10.51
Minneapolis	\$9.58	NQ	\$11.98	NQ	\$8.29 ³ / ₄ (12%)	\$11.46 ³ / ₄ - \$12.36 ³ / ₄

Market trends this week

BARLEY – Local barley prices were mixed this week ranging from \$1.00 lower to \$.25 higher in southern Idaho and remaining unchanged in northern Idaho. USDA will not report on weekly export sales until Friday due to the President's day holiday.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 5 to 80 cents lower; HRW ranged from 40 to 63 cents lower; and DNS ranged from 49 cents lower to 16 cents higher. USDA will not report on weekly export sales until Friday due to the President's day holiday.

USDA Outlook Conference – USDA released a 57 million wheat acre projection today at the opening of their two-day annual Outlook Conference in Washington, D.C. They are projecting U.S. wheat ending stocks will continue to tighten in MY 2011/12 to 663 million bu.

International Grain's Council S&D Projections for Next MY 2011/12 – The IGC released its monthly S&D projections today (Feb. 24) and included its first look at the next Marketing Year 2011/12...world wheat supply and demand are expected to be broadly in balance, as strong prices will boost spring wheat plantings in a number of countries. Worldwide wheat area is expected to increase by 3% to 224 million hectares or about 553 million acres, the largest area sown to wheat since 1998. **World production is expected to increase by 24 MMT to 672 MMT, second only to the 2008 record.**

Wheat Competitor/Buyer News – More major purchases of U.S. wheat this week...Egypt purchased 120 TMT U.S. SRW wheat at the beginning of the week then followed with another purchase of 115 TMT US and 120 TMT French wheat; Turkey bought 100 TMT U.S. HRW wheat. **Pending import tenders...**Morocco for 280 TMT, Iraq for 100 TMT, Saudi Arabia for 275 TMT, Tunisia for 75 TMT and the United Arab Emirates for 40 TMT.

CORN – USDA will no report on weekly export sales until Friday due to the President's day holiday.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production last week totaled 88,000 barrels per day, down 0.56% from last week but up 6.6% from a year ago. Weekly production continues to bleed lower, but grind margins have improved at least \$.25/bbl due to the rapid rise in crude oil prices and slide in corn prices.

USDA Outlook Conference – USDA released a 92 million corn acre projection today at the opening of their Outlook Conference. The average trade estimate was 91.5 million acres. USDA dialed in a conservative corn yield estimate of 164.7 b/Ac, resulting in another snug carryover estimate of 865 million bu or a 6.5% stocks-to-use ratio in MY 2011/12 (compared to 5.0% in current marketing year).

International Grain's Council S&D Projections for Next MY 2011/12 – The IGC's projections for corn in the next Marketing Year 2011/12...world corn production is expected to set a new record but unless yields are exceptionally high, a **second consecutive year decline in world corn carryover** is projected due to strong underlying demand.

Corn Competitor/Buyer News – More news about the Mexican corn crop – reports earlier this week indicated they lost between 4.2 and 5 MMT, but should be able to replant and recover about 3 MMT of these losses. The Mexcian Ag Ministry officially lowered its corn production estimate by 1.7 MMT to 23.3 MMT today. South Korea purchased 55 TMT of corn overnight.

Futures market activity this week

WHEAT – Markets were closed on Monday in observance of the President's Day holiday. Wheat prices scored a bearish reversal lower on Tuesday - closing limit down (60 cents lower) - under a tidal wave of fund liquidation sparked by fears about unrest and oil disruptions in Northern Africa and the Middle East. Talk of increased chances of precipitation in northern Chinese winter wheat production region also added to the bearish tone. Wednesday saw prices stabilize and close fractionally higher. Gains were limited by follow-through technical selling and reports of a large Indian wheat crop and the possibility of increased exports this year. Wheat posted double digit losses again today (Thursday) on general long liquidation trend that has broad-sided most commodities this week, except crude oil and gold. **In a special Grain Market Alert this week, Craig Corbett provides good insights on this market correction and what it might mean for near-by prices. Wheat futures market closes on Thursday, 02/24/11...**

	Mar 2011	Weekly Summary	May 2011	Weekly Summary
Chicago	\$7.47 ¼	Down \$0.75	\$7.82 ½	Down \$0.73 ¼
Kansas City	\$8.61 ½	Down \$0.68 ¼	\$8.72	Down \$0.68 ¾
Minneapolis DNS	\$8.93 ¾	Down \$0.61 ¾	\$9.05 ¾	Down \$0.60 ¾

CORN – Markets were closed on Monday in observance of the President's Day holiday. Corn prices fell sharply on Tuesday – locking limit down 30 cents – in massive fund selling in very high trading volume. The main bearish feature was investor panic over the potential spread of unrest and rioting across the Northern Africa and Middle East region to other major oil producing countries. With crude oil prices nearing \$100/bbl, ethanol margins have improved which is a positive for corn, but investors fear that higher energy prices could choke off global economic growth and longer-term demand for commodities. Corn prices reversed higher on Wednesday - posting double-digit gains in early choppy trading -- as fresh buying emerged mid-session to propel the market higher. Support came from higher soybeans and ideas that the recent price correction will re-invigorate near-by demand. Corn finished moderately lower today (Thursday) under across-the-board fund liquidation pressures, but a tight ending stocks projection from USDA for the next marketing year helped to limit corn losses. **Mar 2011 corn futures contract closed Thursday, 02/24/11, at \$6.85 ¾, down \$0.24 and the May 2011 contact closed at \$6.96 ½, down \$0.23 ¾ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil prices surged higher this week – **climbing \$7.37 to \$93.57/bbl on Tuesday** – on investor fears that unrest and rioting in Libya will disrupt oil supplies from that country (1.6 million bbls per day) which is shipped mainly to Europe. Both OPEC and the International Energy Agency tried to calm investor fears that their member nations were ready to release oil stockpiles or increase their output to replace lost production from Libya. However, continued uncertainties across the oil-rich region boosted prices higher again on **Wednesday – closing up**

another \$2.68 to \$98.10/bbl which is a 29-month high. Prices eased back today (Thursday) – **closing down \$0.82 to \$97.28/bbl** - after trading higher overnight as fears calmed by an offer from Saudi Arabia to replace oil lost from Libyan facilities. Reports out of that country indicate Libya has lost as much as 70% of their pumping capacity to the current civil war. DOE's weekly petroleum inventory report released today showed a smaller than expected increase in crude oil stocks – up only 822,000 bbls compared to an expected increase of 1.1 million bbls. Distillates fell by 1.33 million bbls and gasoline stockpiles fell by a surprising 2.8 million bbls last week, compared to an expected build of 250,000 bbls.

- **U.S. WEATHER / CROP WATCH** – Central and Southern Plains were mostly dry this week, but there are chances for several storm systems crossing over the region into the eastern U.S. during the next 2 weeks. However, most models show a bias for a southerly movement, bypassing much of the really dry Western Plains, including eastern Co and western KS. Weekly crop ratings from Texas and Kansas continued to show crop deterioration this week. The 16-30 day guidance is beginning to show better chances for rain across Texas and Oklahoma but still does not favor the western edge.
- **INTERNATIONAL CROP WATCH** –
 - **China** - Chinese winter wheat regions remained drier than normal over the past 10 days, but updated weather models now show increased chances for rain. Temperatures are mild enough that southern production areas will likely emerge from dormancy by the end of this month, making timely rains essential for spring growth. It is estimated that about one-half of the Chinese winter wheat crop is poorly rooted and will likely suffer without timely rains.