

# Idaho Grain Market Report, March 3, 2011

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, March 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) \$11.00 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$10.00	(2-R) NQ (6-R) NQ	\$7.20	\$7.70	\$10.62
Idaho Falls	\$10.25	(2-R) \$10.94-\$11.25 (6-R) \$10.94	\$7.25	\$8.00	\$10.92
Blackfoot / Pocatello	\$10.31	(2-R) \$11.00 (6-R) NQ	\$7.20	\$7.72	\$10.61
Grace / Soda Springs	\$10.50	(2-R) NQ (6-R) NQ	\$7.00	\$7.64	\$10.29
Burley / Rupert Hazelton	\$10.00-\$10.25	(2-R) \$10.94 (6-R) \$10.94	\$7.00-\$7.12	\$7.52	\$10.32
Twin Falls / Eden / Buhl	\$10.50-\$11.75	(2-R) NQ (6-R) NQ	\$6.90	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$6.59	NQ	NQ
Nez Perce / Craigmont	\$9.70	(2-R) \$9.70 (6-R) \$9.70	\$7.24	\$8.59	\$11.09
Lewiston	\$9.95	(2-R) \$9.95 (6-R) \$9.95	\$7.43	\$8.78	\$11.28
Moscow / Genesee	\$9.75-\$11.25	(2-R) \$9.75 (6-R) \$9.75	\$7.20-\$7.85	\$8.55-\$9.28	\$11.05-\$11.93

### 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	Apr \$7.70-\$8.00 Aug NC \$7.75-\$7.95	Mar \$9.28-\$9.53 Aug NC \$9.27-\$9.37	Mar \$11.97-\$12.02 Aug NC \$10.55-\$10.85
Los Angeles	\$14.00	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$14.00	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.00	NQ	NQ	\$7.30	\$7.90	\$10.50
Great Falls	\$9.50-\$10.00	NQ	\$10.00	NQ	\$6.93-\$7.17	\$10.48-\$10.80
Minneapolis	\$9.90	NQ	\$12.50	NQ	\$8.78 ½ (12%)	\$12.15 ½ - \$12.25 ½

### Market trends this week

**BARLEY** – Local barley prices were mostly higher this week ranging from 25 cents lower to 75 cents higher in southern Idaho and 10 cents higher in northern Idaho. USDA reported that there were no barley export sales or export shipments last week.

**WHEAT** – Local wheat prices were also mostly higher this week: SWW ranged from 9 cents lower to 75 cents higher; HRW ranged from 17 to 48 cents higher; and DNS ranged from 18 to 76 cents higher. USDA reported that wheat export sales last week were below trade expectations at 560.6 TMT for the current market year (plus sales of 90.3 TMT for MY 2011/12), down 44% from the previous week and 12% from the prior 4-week average. Wheat export shipments totaled 541.4 TMT, down 38% from the previous week and 26% from the prior 4-week average.

**Wheat Competitor/Buyer News** – The Canadian Wheat Board is projecting Canada will produce 23.8 MMT of wheat in 2011/12, up only slightly from the current year's 23.2 MMT. They are pegging world wheat production up only 1% compared to the International Grains Council's projected increase of 4% released last week. Russia's Deputy Prime Minister stated this week that they may need to extend their current grain export ban (originally in place through the end of June) to the end of calendar year 2011 or beyond in order to allow a grain stocks reserve to be rebuilt in that country.

USDA reported an unknown destination purchased 220 TMT of US HRW wheat this week, which is likely Saudi business from last week's import tender.

**CORN** – USDA reported corn export sales last week were well above trade expectations at 1.08 MMT (plus sales of 121.7 TMT for MY 2011/12), down 28% from the previous week and 10% from the prior 4-week average. Corn export shipments last week totaled 800.2 TMT, down 25% from the previous week and 2% from the prior 4-week average.

**Ethanol corn usage** – DOE's Energy Information Agency reported that U.S. ethanol production last week continued to inch lower at 882,000 barrels per day, down 0.68% from last week but up 5.88% from a year ago. With crude oil now topping \$100/bbl, ethanol margins are improving and production is expected to pick up in coming weeks. This optimistic outlook was further reinforced by talk of possible Brazilian imports of U.S. ethanol.

**Corn Competitor/Buyer News** – There was a disruption at Argentine export ports mid week. A delay in the soybean harvest in northern Brazil poses a problem for double crop corn as the planting window is rapidly closing in.

#### Futures market activity this week

**WHEAT** – Wheat markets began the week moderately higher, boosted by a weaker dollar and favorable outside market conditions. Mixed signals marked the trading session with talk of increased rain across drought-stricken China generating some early pressure, but by mid-session this was offset by support from early 2011/12 world wheat crop projections from the Canadian Wheat Board that indicate milling quality stocks could remain relatively tight for a second consecutive year. Wheat markets closed moderately higher on Wednesday as early gains eroded into the mid-session on broad-based profit-taking pressures. Stronger soybean prices provided spillover support, along with increasing concerns about the poor HRW wheat conditions as the 2011 crop emerges from dormancy. Wheat posted solid gains today (Thursday) on mostly spillover support from higher corn and soybeans and continued weakness in the US dollar. **Wheat futures market closes on Thursday, 03/03/11...**

	<u>Mar 2011</u>	<u>Weekly Summary</u>	<u>May 2011</u>	<u>Weekly Summary</u>
Chicago	\$7.90 ½	Up \$0.14	\$8.23 ½	Up \$0.12 ¼
Kansas City	\$9.08 ¼	Up \$0.20 ¾	\$9.18 ¼	Up \$0.19 ¼
Minneapolis DNS	\$9.46 ½	Up \$0.30 ¾	\$9.51 ½	Up \$0.22

**CORN** – Corn opened the week with double digit gains on Monday with underlying support from a tight stocks situation and a lack of end of the month selling. Gains were limited by disappointing weekly export shipments that were well below trade expectations. Corn continued to post modest gains on Tuesday on talk of the potential impacts on excessive rains in northern Brazil that is delaying soybean harvest and second crop corn planting. Corn turned decidedly lower on Wednesday, despite posting early gains, under pressure from profit-taking on overbought conditions which triggered sell stops and accelerated losses. Corn recovered today (Thursday), posting double-digit gains on active fund buying that was spurred by strong outside markets and better than expected weekly export sales for the 5<sup>th</sup> consecutive week. **Mar 2011 corn futures contract closed Thursday, 03/02/11, at \$7.29 ¾, up \$.17 ¾ and the May 2011 contract closed at \$7.36 ¾, up \$14 ¾ for the week.**

#### OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Despite a weaker start to the week on news that Saudi Arabia was increasing its daily production output – down \$.91 to \$96.97/bbl on Monday - crude oil prices resumed their steady climb this week on ongoing concerns about geopolitical problems in Libya and the fear that the unrest will spread to major oil producing countries in the region, particularly Saudi Arabia and Iran where protests are scheduled yet this month. Prices surged higher on both Tuesday and Wednesday – **topping \$100/bbl for the first time since September 2008** - on fears that Libya's problems will escalate and spread. A lower than expected inventory report also added to the bullish tone. DOE's weekly petroleum inventory report showed an expected draw in crude oil stocks – down 364,000 bbls, compared to an expected build of 750,000 bbls. Distillates fell 800,000 bbls and gasoline stocks fell an unexpected 3.59 million bbls. Crude oil prices eased back on Thursday – closing down \$.31 to \$101.92/bbl - on talk of a possible Libyan peace deal.
- **U.S. WEATHER / CROP WATCH** – Western and Southern Plains HRW crops remained dry this week, especially eastern CO and western KS. Weekly crop ratings for Kansas, Oklahoma and Texas continued to slip lower to levels well below last year. The 16-30 day guidance is beginning to show better chances for rain across TX and OK but not the western edge. **La Nina weather pattern has peaked but impacts are still being felt in the Western U.S. Plains** – the US NOAA Climate Prediction Center (CPC) is calling for below-normal precipitation and above-normal temps in the extended outlook for much of the Western Plains (including Western Corn Belt). Both U.S. and Australian climatic models say La Nina conditions have peaked but are likely to persist through the spring, which is not likely to be good news for the Western Plains wheat crop which will come out of dormancy this month in relatively poor condition. The longer La Nina lingers, the higher the odds that drought conditions will persist in this region
- **INTERNATIONAL CROP WATCH - Chinese winter wheat receives beneficial moisture but more is needed** – Beneficial rainfall covered an estimated 75% of China's winter wheat region in the most recent 10 days, easing severe drought in some areas, but leaving most of that country's winter wheat belt in need of timely rains this spring to avert serious yield losses. Little moisture is in the outlook for the next two weeks.