

Idaho Grain Market Report, March 10, 2011

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, March 9, 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	\$6.93	\$10.02
Idaho Falls	\$11.25	(2-R) \$11.25-\$11.50 (6-R) \$11.25	\$7.00	\$7.62	\$10.75
Blackfoot / Pocatello	\$9.89	(2-R) \$11.00 (6-R) NQ	\$6.75	\$6.98	\$10.42
Grace / Soda Springs	\$10.34	(2-R) NQ (6-R) NQ	\$6.90	\$7.06	\$10.11
Burley / Rupert Hazelton	\$10.00	(2-R) \$11.25 (6-R) \$11.25	\$6.60-\$6.95	\$7.08	\$10.03
Twin Falls / Eden / Buhl	\$10.50-\$11.75	(2-R) NQ (6-R) NQ	\$6.80-\$7.00	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$6.41	NQ	NQ
Nez Perce / Craigmont	\$9.85	(2-R) \$9.85 (6-R) \$9.85	\$6.89	\$8.02	\$11.32
Lewiston	\$10.10	(2-R) \$10.10 (6-R) \$10.10	\$7.08	\$8.21	\$11.51
Moscow / Genesee	\$9.90-\$11.25	(2-R) \$9.90 (6-R) \$9.90	\$6.85-\$7.55	\$7.98-\$8.58	\$11.28-\$11.71

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 \$7.50-\$7.70 Aug NC \$7.50-\$7.60	Mar \$8.59-\$8.89 Aug NC \$8.68-\$8.78	Mar \$11.64-\$11.75 Aug NC \$10.30-\$10.60
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	\$10.55	NQ	NQ	\$7.05	\$7.25	\$10.03
Great Falls	\$9.50	NQ	\$11.00	NQ	\$6.36-\$6.65	\$10.31-\$10.55
Minneapolis	\$9.79	NQ	\$12.50	NQ	\$8.51 ¼ (12%)	\$12.03 ¼ - \$12.18 ¼

Market trends this week

BARLEY – Local barley prices were mixed this week ranging from \$.42 lower to \$1.00 higher in southern Idaho and from no change to \$.15 higher in northern Idaho. USDA reported barley export sales of 2 TMT for Morocco and export shipments of 12 TMT also for Morocco last week.

USDA's MY 2010/11 S&D report for BARLEY – March 10 - USDA made only a couple tweaks to the U.S. barley balance sheet this month. They cut exports by 2 million bu to only 8 million bu and raised ending stocks by an equal amount to 93 million bu. They also tightened the average farm-gate barley price to \$3.70-\$3.90/bu. **World barley production was cut by 481 TMT this month to 124.2 MMT, due mainly to a lower production estimate for Australia. World barley ending stocks were increased by 98 TMT to 22.1 MMT due to a bigger projected carryout for the EU.**

Barley Competitor/Buyer News – USDA cut their Australian barley production estimate this month by .5 MMT to 9.3 MMT based on a revised crop estimate for Western Australia. They also lowered their barley import projections for China (down 200 TMT to 1.9 MMT) and Saudi Arabia (down 600 TMT to 6.7 MMT). They raised EU barley carryover by 300 TMT to 5.1 MMT due to a slow export pace into the Middle East.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 10 to 45 cents lower; HRW ranged from 38 to 77 cents lower; and DNS ranged from 17 to 60 cents lower. USDA reported that wheat export sales last week were below trade expectations at 575.7 TMT for the current market year (plus sales of 81.5 TMT for MY 2011/12), up 3% from the previous week, but down 10% from the prior 4-week average. Wheat export shipments totaled 589 TMT, up 9% from the previous week, but down 18% from the prior 4-week average. Cumulative wheat export sales now total 91.6% of the USDA's projection for the year, compared to 5-year average of 88%.

USDA's MY 2010/11 S&D report for WHEAT – March 10 – USDA delivered an unexpectedly bearish cut in U.S. wheat export projections this month – down 25 million bu to 1.275 billion bu due to a recently sluggish shipment pace - and increased U.S. ending stocks by an equal amount to 843 million bu. They made no other adjustments to the U.S. wheat balance sheet, and left the average farm gate price for U.S. wheat unchanged at \$5.60-\$5.80/bu. The trade had expected U.S. ending stocks to decline slightly this month. **World wheat production was raised this month by 2.2 MMT to 647.6 MMT, due to revised production estimates for both Argentina and Western Australia where flooding was not a problem at harvest. World wheat ending stocks were increased by 4.1 MMT to 181.9 MMT, now pegged 8% below the previous year.**

Wheat Competitor/Buyer News – USDA raised their Australian wheat production estimate by 1 MMT to 26 MMT this month due to larger than expected harvest in Western Australia where yields were not as bad as expected and crop quality was not affected by excessive moisture at harvest. USDA also raised their Argentine wheat production estimate by 1 MMT this month to 15.0 MMT. Iraq purchased 400 TMT of wheat this week – 300 TMT from the U.S.

CORN – USDA reported corn export sales last week were well below trade expectations at 477.2 TMT (plus sales of 298.8 TMT for MY 2011/12), down 56% from the previous week and down 60% from the prior 4-week average. Corn export shipments last week hit a marketing year high at 1.2 MMT, up 51% from the previous week and up 50% from the prior 4-week average. Cumulative corn export sales now total 69.5% of the USDA's projection for the year, compared to 5-year average of 68.1%..

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production last week totaled 883,000 barrels per day, up 0.11% from last week and up 4.25% from a year ago. This is the first uptick in weekly ethanol production in 5 weeks which is a definite sign that ethanol margins have improved in the face of the strong crude oil price rally.

USDA's MY 2010/11 S&D report for CORN – March 10 – USDA made no adjustments to the U.S. corn balance sheet. The trade had expected a small downtick in ending stocks based on a strong demand pace. **World corn production was cut by .5 MMT this month to 813.79 MMT, with lower production in Mexico and India partially offsetting higher production in Brazil. World corn ending stocks were increased by .6 MMT to 123.1 MMT, which is still down 15% or 21 MMT from last year.**

Corn Competitor/Buyer News – USDA raised their Brazilian corn crop production estimate this month by 2 MMT, reflecting higher reported area and yields in the summer crop and expectations for increased area for the winter crop. USDA cut their crop forecast for Mexico by 2.0 MMT due to the unusual February freeze which destroyed crops across much of the northwest winter corn region. Indonesia purchased about 100 TMT of corn from India this week. Taiwan and South Korea passed on import tenders this week.

Futures market activity this week

A spate of disappointing domestic and global economic news caused investment monies to flee riskier assets like commodities and equities back into gold, the dollar and treasuries this week. Besides the headline news of the ongoing Middle East conflict and rising crude oil prices, we saw other strong signs of economic uncertainty...First time claims for unemployment benefits were greater than expected this week, increasing by 26,000 from the previous week and the U.S. trade deficit widened more than expected last month. China's export pace fell last month to the lowest level since 2009 possibly indicating a stronger than expected downturn in manufacturing activity. Spain's credit rating was cut by Moody's Investor Services this week and German exports dropped by 1% last month.

WHEAT – Wheat markets began the week sharply lower and continued to slump through mid week under pressure from investor worries about escalating tensions across North Africa and the Middle East and the potential impacts of rising energies on global economic growth. Significant fund selling from investment dollars being shifted from commodities to energies triggered sell stops and accelerated losses. A higher dollar and increased chances for beneficial rain in the Central U.S. Plains added to the negative tone. A bearish increase in U.S. and world wheat ending stocks pushed wheat futures sharply lower again today (Thursday), along with significant pressure from a broad sell-off in equity and commodity markets. **Wheat futures market closes on Thursday, 03/10/11...please note we have shifted to May and July contracts...**

	<u>May 2011</u>	<u>Weekly Summary</u>	<u>July 2011</u>	<u>Weekly Summary</u>
Chicago	\$7.40 ½	Down \$0.91 ¾	\$7.72 ½	Down \$0.87 ½
Kansas City	\$8.37	Down \$0.91 ¼	\$8.47 ½	Down \$0.89 ¼
Minneapolis DNS	\$8.77 ¾	Down \$0.87 ½	\$8.85 ¼	Down \$0.84 ½

CORN – Weak commodity and outside markets pulled corn prices lower on Monday despite a tight stocks situation and strong indications that Chinese corn reserves might be inadequate to meet their needs until the new crop harvest. Follow through technical selling continued to pressure corn mid week, with added worries that rising energy prices could stall a global economic recovery and choke off robust coarse grain demand. Corn finished sharply lower today (Thursday) despite a positive finish for soybeans, with pressure from disappointing weekly corn export sales, news of Canadian feed wheat moving into southeastern U.S. hog feeding areas and bearish money flow. Losses were limited by mid-session bargain buying. **May 2011 corn futures contract closed Thursday, 03/10/11, at \$6.82 ¾, down \$0.45 ¼ and the July 2011 contact closed at \$6.89, down \$0.43 ¾ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil prices began the week higher, continuing its recent climb to the highest level since Sept. 2008 on escalating tensions in Libya and the broader Middle East region. Prices closed up \$1.02/bbl to \$105.44 on Monday, but then eased moderately lower – down \$.42 on Tuesday and another \$.64 on Wednesday to close at \$104.38/bbl. Pressure came from a surprisingly bearish build in crude oil stocks and stronger dollar. DOE's weekly petroleum inventory report was mixed, showing a bearish increase in crude oil stocks but a bullish decline in gasoline stocks. Crude oil stocks increased by 2.52 million bbls compared to an expected increase of 1.0 million bbls; distillates fell by 3.98 million bbls to the lowest level since June; and gasoline stockpiles fell by a surprising 5.49 million bbls last week, compared to an expected decline of 1.5 million bbls. Crude oil prices closed lower today (Thursday) – down \$1.68 to \$102.70/bbl – under pressure from a surprising cut in Chinese exports, fresh euro zone debt concerns and a higher U.S. dollar. Late session reports of Saudi Arabian forces firing on protestors in that country helped erase much of the early session losses.
- **U.S. WEATHER / CROP WATCH** – Spring planting is just around the corner and revised weather forecasts show a high potential for planting delays in both the northwestern and eastern Corn Belt due to cool wet conditions, with flooding already becoming an issue in some areas. If La Nina further weakens into the summer (which was the case in years with similar weather patterns to this year) the outlook becomes notably drier, particularly in the Southwestern Plains with below normal rains potentially impacting wheat yields. A winter storm brought welcome moisture to about one-third of the stressed HRW winter wheat belt this week, bringing much needed relief to north-central and western Kansas. However, coverage is still lacking in Nebraska, eastern Colorado, western Oklahoma and western Texas. Chances are good that two more storms will pass through this region early next week and another in the 11 to 15 day period, but these latter storms could favor the eastern half of the plains. The 16 to 30 day outlook is expected to see moisture stress continue to build in the Western Plains.

You can now download and view our recently recorded Idaho Grain Webinars...

March 8 session with Commodities Broker Carley Garner on Hedging with Grain Futures at...

<https://connect.cals.uidaho.edu/p74798369>

March 9 session with Dave Paul, Director of the USDA Risk Management Agency Spokane Regional Office on

2011 Spring Barley Crop Insurance at... <https://connect.cals.uidaho.edu/p19432833/>