

Idaho Grain Market Report, March 31, 2011

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, March 30, 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) \$11.50 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$10.75	(2-R) \$11.25-\$11.50 (6-R) \$11.25	\$6.80	\$7.65	\$10.46
Blackfoot / Pocatello	\$9.89	(2-R) \$11.50 (6-R) NQ	\$7.25	\$6.96	\$10.85
Grace / Soda Springs	\$10.94	(2-R) NQ (6-R) NQ	\$7.05	\$7.33-\$7.54	\$10.00-\$10.23
Burley / Rupert Hazelton	\$9.80-\$10.25	(2-R) \$11.25 (6-R) \$11.25	\$6.80-\$6.95	\$7.27	\$10.01
Twin Falls / Eden / Buhl	\$10.50-\$11.00	(2-R) NQ (6-R) NQ	\$6.60	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$6.35	NQ	NQ
Nez Perce / Craigmont	\$9.95	(2-R) \$9.95 (6-R) \$9.95	\$6.54	\$8.26	\$11.30
Lewiston	\$10.20	(2-R) \$10.20 (6-R) \$10.20	\$6.73	\$8.45	\$11.49
Moscow / Genesee	\$10.00-\$11.50	(2-R) \$10.00 (6-R) \$10.00	\$6.50-\$7.30	\$8.22-\$8.91	\$11.26-\$11.60

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 \$7.15-\$7.30 Aug NC \$7.25-\$7.30	Mar \$8.92-\$9.07 Aug NC \$8.87	Mar \$11.56-\$11.66 Aug NC \$10.18-\$10.45
Los Angeles	\$13.25	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.65	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.00	NQ	NQ	\$7.30	\$7.78	\$10.50
Great Falls	\$9.25	NQ	\$11.00	NQ	\$6.40-\$6.69	\$10.16-\$10.53
Minneapolis	\$10.00	NQ	\$12.40	NQ	\$8.64 (12%)	\$12.11-\$13.66

Market trends this week

BARLEY – Local barley prices were mostly higher this week ranging from no change to 80 cents higher in southern Idaho and from 10 to 25 cents higher in northern Idaho. USDA reported that there were no barley export sales last week. Export shipments totaled .7 TMT for Canada.

2011 Planting Intentions – USDA pegged U.S. barley acreage at 2.952 million, up 3% from last year. **Idaho barley acreage was pegged at 500,000, up 2% from last year.**

Quarterly Stocks Report, 3/31/11 – USDA pegged **barley stocks on March 1 at 138 million bu**, down 12% from a year ago. The indicated disappearance for the period December through February was **42.4 million bu**, down 14%, for the same period a year ago. Idaho barley stocks are pegged at 26.8 million bu, down 14% from the same period a year ago.

WHEAT – Local wheat prices were also higher this week: SWW ranged from 5 to 33 cents higher; HRW ranged from 22 to 41 cents higher; and DNS ranged from 27 to 97 cents higher. USDA reported that wheat export sales last week were below trade expectations at 271.5 TMT for the current market year (plus sales of 138 TMT for MY 2011/12), down 59%

from the previous week, and 56% from the prior 4-week average. Wheat export shipments totaled 888.4 TMT, which were up 43% from the previous week and 46% from the prior 4-week average.

2011 Planting Intentions – USDA pegged **all wheat acreage at 58.0 million**, up 8% from last year. This is about **800,000 acres above the average pre-report trade estimate** of 57.2 million. Winter wheat acres are pegged at 41.2 million, up 10% from last year and 1% above the January estimate. Other **spring wheat acres are pegged at 14.4 million**, up 5% from last year and **above the average pre-report trade estimate of 13.72 million acres**. **Idaho wheat acres are pegged at 1.485 million**, up 6% from last year [winter wheat 830,000 (+11%) and spring wheat 640,000 (+2%)].

Quarterly Stocks Report, 3/31/11 – USDA pegged **wheat stocks on March 1 at 1.42 billion bu**, up 5% from a year ago, and above the **average pre-report trade estimate of 1.399 billion bu**. The indicated disappearance for the period December through February was **508 million bu**, up 20%, for the same period a year ago. Idaho wheat stocks are pegged at 39.9 million bu, unchanged from a year ago.

Wheat Competitor/Buyer News – Russian Ag Ministry stated this week they are not likely to lift their current wheat export ban unit at least September or October when new crop prospects are better known. Meanwhile, Ukraine is not expected to extend its current wheat export ban beyond March, but other restrictions are likely to remain in place to ration supplies until harvest. Iraq purchased 300 TMT this week, with 200 TMT US HRW. Bangladesh reportedly purchased 50 TMT of Indian wheat. Current Indian wheat stocks have been pegged at 17.2 MMT, more than double the government's target of 8.2 MMT. Although they are expected to wait until more is known about their new crop before lifting all wheat export restrictions, India is expected to export between 2 to 3 MMT of wheat this coming marketing year.

CORN – Corn export sales hit a marketing year high last week and were above trade expectations at 1.91 MMT (plus sales of 316.5 TMT for MY 2011/12), up 114% from the previous week and up considerably from the prior 4-week average. Corn export shipments also hit a marketing year high last week totaling 1.02 MMT, up 16% from the previous week and 8% from the prior 4-week average.

2011 Planting Intentions - USDA pegged **corn acreage at 92.2 million**, up 5% from last year and up 7% from two years ago, which is **above the average pre-report trade estimate of 91.8 million Ac**. If realized, this will be the 2nd highest planted corn acreage in the U.S. since 1944, just behind the 93.5 million planted in 2007.

Quarterly Stocks Report, 3/31/11 - USDA pegged **corn stocks on March 1 at 6.524 billion bu**, down 15% from a year ago, and below the **average pre-report trade estimate of 6.69 billion bu**. The indicated disappearance for the period December through February was **3.53 billion bu**, up 10%, for the same period a year ago.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production last week totaled 903,000 barrels per day, down 1.1% from last week but up 6.61% from a year ago. The implied weekly corn usage rate is 94.8 million bu, above the pace needed to meet USDA's current usage estimate for the year of 4.9 billion bu.

Corn Competitor/Buyer News – Intense speculation continues about possible Chinese corn purchases on the recent sharp price break, reinforced by USDA's report last Friday that 1.25 MMT of U.S. corn had been sold to an "unknown" destination (1.0 MMT current year and 250 TMT next crop year). Reports also surfaced this week that Chinese officials are investigating possible Argentine purchases. China sold only 140 TMT of 1.2 MMT corn offered during its weekly corn auction, probably an indication of the poor quality of these strategic reserves. On Thursday, USDA officially reported a total of 1.53 MMT of corn sold to unknown destinations last week (1.22 MMT old crop and 310 TMT new crop), which is widely believed to be mostly Chinese business. Indonesia purchased 200 TMT of Indian corn late last week.

Futures market activity this week

WHEAT – Wheat markets began the week moderately lower under spillover pressure from sharp corn selling and a stronger dollar. Continued talk of warm and dry outlook for much of the southwestern plains helped to limit losses. Wheat prices posted impressive gains on Tuesday, led by a sharp rally in Kansas City sparked by intensifying hard red winter crop worries reinforced by current weather outlook that shows very little relief from serious drought conditions. These gains could not be extended, however, as wheat prices slipped lower on Wednesday in consolidated trading ahead of Thursday's acreage and quarterly stocks reports. Both Kansas City and Minneapolis extended their price premium over Chicago on new crop concerns. Wheat finished sharply higher today (Thursday) on continuing crop weather concerns and spillover support from corn and soybeans which locked limit up in reaction to bullish acreage and stocks reports from USDA this morning. **Wheat futures market closes on Thursday, 03/31/11...**

	May 2011	Weekly Summary	July 2011	Weekly Summary
Chicago	\$7.63 ¼	Up \$0.30	\$7.99 ¼	Up \$0.30 ½
Kansas City	\$9.08	Up \$0.53	\$9.18 ½	Up \$0.52 ¾
Minneapolis DNS	\$9.23 ¾	Up \$0.42 ¾	\$9.32	Up \$0.42 ¾

CORN – Follow-through selling from last Friday's bearish technical reversal lower and positioning ahead of Thursday's key planting and quarterly stocks reports pushed corn prices lower to start the week. Disappointment that USDA still has

not confirmed Chinese corn purchases added to the negative tone. Corn posted fractional gains on Tuesday in choppy two-sided trading, with pressure from active fund liquidation and position squaring, but a surge in soybean prices provided late session support. Wednesday saw more losses attributed to a lack of fresh demand news and soybean/corn spreading ahead of Thursday's acreage report which is expected to be more bullish for soybeans. Corn opened and closed limit up today (Thursday) on a bullish quarterly stocks report which confirms robust demand and a likely stocks carry-over level of only 500 mbu which is below USDA's current estimate of 645 mbu. **May 2011 corn futures contract closed Thursday, 03/31/11, at \$6.93 1/4, up \$0.03 3/4 and the July 2011 contract closed at \$7.01, up \$0.05 1/2 for the week.**

Near-by Commodity Outlook – Today's USDA's 2011 prospective planting and quarterly stocks reports dished up some surprises (BUT NOT HUGE surprises) compared to average pre-report trade estimates. Most notable were the higher than expected corn and spring wheat acres and lower than expected soybean and cotton acres. Add to that lower than expected corn and soybean stocks which confirms robust demand and higher than expected wheat stocks. At first glance, these reports were **bullish for soybeans, supportive for corn and neutral to negative for wheat.** However, market focus is likely to quickly shift to spring planting weather (delays/prevented planting) and deteriorating winter wheat crop conditions.

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – The crude oil market chopped in a narrow range this week, remaining on edge from continued turmoil in Libya and other Middle Eastern countries offset by larger than expected domestic inventories and lower fuel demand. The weekly government petroleum stocks report was mixed but continued to show a bigger than expected build in crude oil inventories...crude oil stocks increased by 2.95 million bbls compared to an expected increase of 1.5 to 2.0 million bbls; distillate supplies declined by 710,000 bbls; and gasoline stocks declined 2.68 million bbls, more than the expected draw of 2.0 million bbls. DOE reported that domestic fuel demand dropped to the lowest level since November as gasoline consumption decreased 2.1% below a year ago.
- **U.S. WEATHER / CROP WATCH** – Last weekend showers favored areas of the deep south, mostly bypassing the stressed winter wheat areas of the Central and Southern Plains, leaving at least 50% of the region suffering significant moisture deficit. Hard red winter wheat crop stress is becoming most notable in Texas and Oklahoma where wheat is jointing. Unfavorably dry and warm conditions remain in the 6-10 and 8-14 day forecasts. Meanwhile, cold wet conditions across the northern spring wheat region and much of the Corn Belt is limiting fieldwork and is likely to mean a slow start to the 2011 planting season. The extended outlook in the second half of April calls for below to much below normal temperatures and above normal precipitation for much of the northern and eastern production regions.
- **La Nina Update** - An unexpected **strengthening in the La Nina weather pattern in the past week** has many weather forecasters re-assessing their long-range outlooks, with some forecasters now favoring chances for the pattern to linger into the summer which would increase the risk of a warmer and drier growing season across the Midwest.
- **INTERNATIONAL**
 - **China** – It is estimated that about one-third of that country's northeast wheat production region is starting to see moisture stress which is likely to continue building as the area begins to see warmer temperatures and an advancing crop requires more moisture.