

Idaho Grain Market Report, April 12, 2012

Published by the Idaho Barley Commission, kolson@idahobarley.org, 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, April 11, 2012. 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) \$12.00 (6-R) \$12.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$9.50	(2-R) NQ (6-R) NQ	\$6.10	\$6.00	\$8.30
Idaho Falls	\$9.50	(2-R) \$12.50-\$13.50 (6-R) \$12.50	\$6.00	\$5.80	\$8.34
Blackfoot / Pocatello	NQ	(2-R) \$12.00 (6-R) \$12.00	NQ	NQ	NQ
Grace / Soda Springs	\$10.25	(2-R) NQ (6-R) NQ	\$6.25	\$5.89	\$8.28
Burley / Rupert Hazelton	\$10.00	(2-R) \$13.02 (6-R) \$13.02	\$6.20	\$5.77	\$8.21
Twin Falls / Eden / Buhl	\$10.00-\$10.90	(2-R) NQ (6-R) NQ	\$5.80-\$6.00	NQ	NQ
Weiser	\$10.50	(2-R) NQ (6-R) NQ	\$6.14	NQ	NQ
Nez Perce / Craigmont	\$9.10	(2-R) \$9.10 (6-R) \$9.10	\$6.44	\$6.72	\$9.14
Lewiston	\$9.35	(2-R) \$9.35 (6-R) \$9.35	\$6.63	\$6.91	\$9.33
Moscow / Genesee	\$9.15-\$10.60	(2-R) \$9.15 (6-R) \$9.15	\$6.40-\$7.10	\$6.68-\$7.44	\$9.10-\$9.80

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 \$6.90-\$7.11 Aug NC \$6.46-\$6.55	Apr \$7.29-\$7.49 Aug NC \$7.04-\$7.09	Apr \$9.78-\$9.83 Aug NC \$9.04-\$9.29
Los Angeles	\$13.60	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.60	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.50	NQ	NQ	\$6.30	\$6.00	\$8.39
Great Falls	\$8.00-\$9.50	NQ	\$11.50	NQ	\$5.34-\$5.37	\$8.55-\$8.77
Minneapolis	\$10.83	NQ	\$14.69	NQ	\$7.29 ½ (12%)	\$9.38 ¼ - \$9.83 ¼

Market trends this week

BARLEY – Local barley prices were mostly higher this week, ranging from no change to 70 cents higher in southern Idaho and no change to 45 cents higher reported in northern Idaho. USDA reported that there were no export sales or shipments last week.

USDA's MY 2011/12 S&D report for BARLEY – April 10 - USDA made no changes to the U.S. barley balance this month, except tightening the average farm-gate barley price to \$5.25-\$5.45/bu. **World barley production was reduced slightly from last month's estimate to 133.9 MMT, but still up 9% from the previous year. World barley ending stocks were increased by 475 TMT this month to 22.7 MMT, but still a 40-year low and down 5% from last year.**

Barley Competitor/Buyer News – French Ag Minister has pegged French barley acres are likely to increase nearly 70% this year to a record 3.34 million acres due to significant replanting that will occur from wheat winterkill. Japan purchased 200 TMT of barley this week from Canada, Australia, U.S. and France.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 5 cents lower to 20 cents higher; HRW ranged from 17 to 27 cents lower; and DNS ranged from 6 to 17 cents lower. USDA reported wheat export sales last

week were on the high end of trade expectations at 542.5 TMT (452.1 TMT for MY 2011/12 and 90.4 TMT for MY 2012/13), up 11% from the previous week, and 23% from the 4-week average. Cumulative wheat export sales now stand at 96.5% of the USDA estimate for the current marketing year, compared to a five year average of 94.3%. Export shipments totaled 439.8 TMT, up 9% from the previous week, but down 23% from the 4-week average.

USDA's MY 2011/12 S&D report for WHEAT – April 10 – As widely expected, USDA tweaked domestic wheat feeding demand higher this month in line with the quarterly stocks report released at the end of March. They lowered seed use by 3 million bu to 79 million bu but raised domestic feed usage by 35 million bu to 180 million bu, resulting in a 32 million bu reduction in U.S. ending stocks to 793 million bu. **USDA's estimate was slightly below the average pre-report trade estimate of 796 million bu.** The average farm gate price for U.S. wheat was tightened to \$7.20-\$7.40/bu. **World wheat production was left mostly unchanged this month at 694.3 MMT, which is 7% above the previous year, while world wheat ending stocks were cut by 3.3 MMT this month to 209.6 MMT, which is 4% above the previous year.**

Wheat Competitor/Buyer News – French farm minister has pegged the 2012 French wheat crop at 33.9 MMT compared to 35.7 MMT in 2011 (down 5%) due to adverse winterkill and recent dry conditions. French wheat exports are pegged at 9 MMT, down 30% from this year. There were also private crop reports indicating that as much as 10% of the German wheat crop has been damaged by recent severe frosts. Winter wheat area is expected to hit a 9 year low in the Balck Sea region due to poor planting conditions last fall and winterkill. By contrast, India is expecting a record wheat crop topping 88 MMT in 2012.

CORN – Corn export sales last week were above trade expectations at 975.8 TMT (959.1 TMT for MY 2011/12 and 16.7 TMT for MY 2012/13). Cumulative corn export sales now stand at 81.1% of the USDA estimate for the current marketing year, compared to a five year average of 76.4%. Corn export shipments last week totaled 657.9 TMT, down 17% from the previous week and 12% from the 4-week average.

USDA's MY 2011/12 S&D report for CORN – April 10 – Once again USDA dished up a surprise for corn market watchers by **NOT lowering ending stocks as expected after a bullish quarterly stocks report was released on March 30. Instead, USDA left their corn ending stocks unchanged at 801 million bu, compared to the average pre-report trade estimate of 717 million bu.** USDA argues that increased wheat feeding and early new crop harvest will help stabilize old crop stock levels. The average farm gate price for U.S. corn was tightened to \$6.00-\$6.40/bu. **World corn production was left unchanged this month at nearly 865 MMT, which is 4% above last year. World corn ending stocks were cut by nearly 2 MMT this month to 122.7 MMT, down 2% from last year.**

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production totaled 896,000 bbls per day last week, up 2.6% from the previous week but down 0.22% from last year. This was the best weekly production in the past month. Corn used for ethanol last week totaled 95.4 million bu, above the weekly pace of 94.1 mbu needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

Corn Competitor/Buyer News – China has reportedly purchased its first cargoes of Ukrainian feed wheat and corn. There were rumors again this week that China's state buying agency was in the world market buying corn to replenish their state reserves. USDA confirmed in their weekly corn export sales report that China purchased US corn last week, but there were no confirmation of fresh purchases this week.

Futures market activity this week

Macroeconomic news – European financial worries remained on the front burner early this week as both Spain and Italy faced sharply rising bond yields. However, this situation calmed significantly by mid-week after the European Central Bank signaled that it could restart its bond buying program to help ease rising yields. Germany showed stronger than expected imports and exports last month while the euro-zone industrial output showed surprising resilience in February, up 0.5% compared to an expected decline of 0.2%. China and Japan also reported some positive news this week... China saw better than expected auto sales in March after weak sales in January and February, while Japan reported much stronger than expected machinery orders in February and indications from the central Bank of Japan that it intends to pursue a more powerful easing policy to help put their economy back on a sustainable growth path.

U.S. economic news – There was residual weakness this week from Friday's disappointing monthly jobs reported which showed only 120,000 new jobs were added in March compared to expectations of 205,000 new jobs. The Dow managed to break its sizeable 3-day losing streak on Wednesday on positive corporate earnings and better economic news from both China and Europe.

WHEAT – Wheat markets closed mixed to higher on Monday, with an early short covering bounce sparked by fears of cold weather this week supporting the Chicago wheat market. Gains were limited by negative outside markets and lower corn prices. The continued bearish tide in outside markets pummeled wheat on Tuesday, pushing prices down double digits. Other negative factors included the record fast pace of spring wheat planting and lower European wheat futures which eased this week on improving weather conditions on the continent. Wednesday saw choppy two-sided trading but wheat managed to close on the positive side on ideas that some U.S. winter wheat areas remain vulnerable to crop losses from this week's cold weather. European winterkill reports also provided underlying support. Wheat posted impressive gains today (Thursday) as the market rallied early on short covering triggered by fears of overnight freeze damage in soft

red winter wheat areas. Talk that US wheat has become more price competitive on the market and a lower dollar also added to the positive tone. **Wheat market closes on Thursday, 04/12/12...**

	May 2012	Weekly Summary	July 2012	Weekly Summary
Chicago	\$6.39	Up \$0.00 ½	\$6.44 ½	Down \$0.01 ¾
Kansas City	\$6.53	Down \$0.09	\$6.62 ¼	Down \$0.09 ¾
Minneapolis DNS	\$8.36 ½	Down \$0.09 ½	\$8.32 ¼	Down \$0.06 ¾

CORN – Corn began the week lower under pressure from negative outside markets, expectations of a record planting pace (trade expects USDA will report 8-10% of the corn acres have been planted) and pre-S&D report profit-taking. Corn finished sharply lower on Tuesday giving back early gains on aggressive fund selling that was triggered by negative outside markets and outlook for favorable Midwestern rain expected next week. Corn prices posted a modest rebound on Wednesday, overcoming early losses to surge higher into the close on strong cash buying, a weaker U.S. dollar and stronger energy prices. Corn posted a modest finish today (Thursday) with support from a stronger than expected weekly export sales tally and rumors that China was back in the market buying corn to replenish their state reserves. **May 2012 corn futures contract closed Thursday, 04/12/12, at \$6.37 ½, down \$0.19 ¾ and the July 2012 contact closed at \$6.29, down \$0.23 ¼ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Two-sided trading continued to churn the crude oil markets this week tied mostly to the unsettled investor appetite for risk...prices began the week lower - closing down \$0.85 to \$102.46 – under pressure from sharply lower global equities and a higher dollar. Supply fears also eased somewhat by signals that Iran had agreed to join nuclear talks scheduled for Saturday. Prices continued to retreat on Tuesday – finishing down \$1.44 to \$101.02 – to the lowest level in 2 months on the continued pullback in investor risk sentiment and expectations of another bearish weekly crude oil inventory report. Wednesday saw prices rebound on larger than expected drawdowns in gasoline and distillate inventories and a recovery bounce in global equities. DOE reported crude oil stocks increased by 2.79 million bbls last week, compared to an expected build of 2 million bbls. Distillate stocks fell a surprising 4 million bbls, compared to an expected draw of 250,000 bbls, while gasoline inventories fell 4.28 million bbls, compared to an expected decline of 1.38 million bbls. **Crude oil prices moved higher today (Thursday), closing up \$0.94 to \$103.64 on a short covering rally triggered by improving equity markets and lower U.S. dollar.**

U.S. WEATHER / CROP WATCH – NOAA reported this week that the U.S. recorded its warmest March and warmest winter since recordkeeping began in 1895. The first 3 months of the calendar year averaged 42 degrees, which is 6 degrees above the long-term average. NOAA says this short term weather pattern could suggest stronger/more violent weather events are possible in the coming months.

Pacific Northwest – another series of storms and cooling temps moved through the Pacific Northwest this week, improving winter wheat growing conditions and boosting moisture for spring planting and emergence. Weather is expected to remain mostly unsettled with the possibility of another storm system moving through the region into next week.

Midwest / Corn & SRW wheat – as expected, a major cold front ushered in freezing temperatures across the Upper Midwest this week, threatening crop damage to a jointing/heading winter wheat and emerging corn acres (only 2% of ILL corn has emerged and 8% of ILL and 31% of MO wheat crops are heading). Temps are expected to moderate through the next 5 days. Rain was expected to move through the Upper Midwest starting on Friday with another band of moisture expected in the early part of the 6-10 day outlook which will benefit jointing winter wheat and emerging corn. Another cold front is forecast in the 11-15 day outlook, but could take an eastern bias.

Northern Plains / Spring Wheat – Drought conditions have expanded in this region after little to no precipitation has arrived since winter. On the plus side, these dry conditions have accelerated spring fieldwork and planting and is a major improvement from last year's disastrous spring flooding and millions of acres that were never planted. This region could see some moisture relief at the end of this week into next week.

Winter wheat (HRW) – Light frost was reported in Kansas over the weekend but was not considered strong enough to cause crop damage. A band of showers and thunderstorms crisscrossed HRW production region this week, benefiting wheat growth. There are good chances of heavy rains again this weekend into early next week, followed by mostly dry and warm conditions in the 6-10 day outlook. The long-range forecast shows potential for rain returning to this region in the 16-30 day outlook and the possibility of a freeze in the northwestern edge at the end of this period. **The winter wheat crop condition index score this week was pegged at 362, up 7 points from the previous week, up 71 points from last year and up 30 points from the 10-year average.**

INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – unfavorable dryness persists in many production areas ahead of spring planting.
- **Brazil/Argentina** – Late season rains continued to benefit second crop corn particularly in southern regions but central production areas saw limited moisture. Argentine experienced warm showery weather.
- **Europe** – Much needed rain continued to ease drought conditions in southern Europe, benefitting reproductive wheat and barley. Showers also moved through England and northern Europe early this week bringing relief to dry areas although moisture amounts were lighter than expected in some areas. Recent warm/dry conditions across France have accelerated fieldwork and spring planting but reduced badly needed moisture for winter crops. Rains are expected to continue across Europe in the next 5 days.

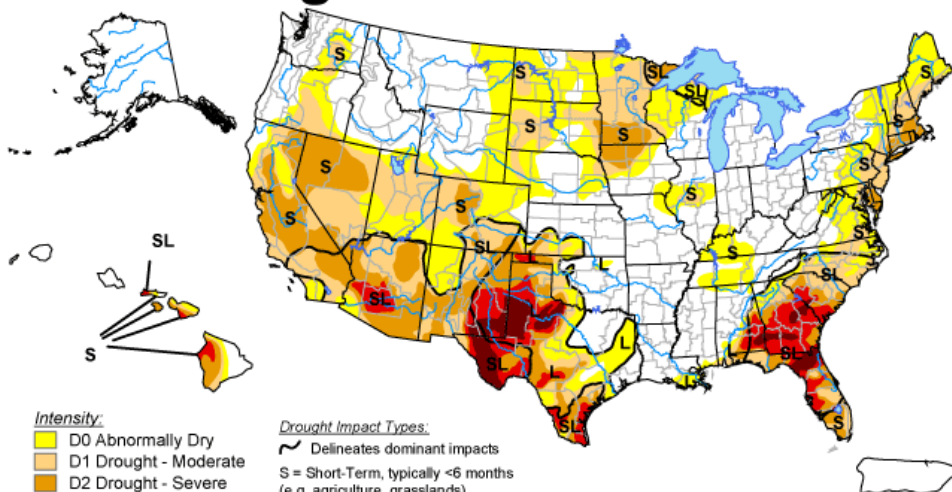
- **Black Sea Region** – Storm activity slowed across Ukraine and Russia, allowing spring field work to begin. Recent moisture has created favorable spring grain growing conditions.
- **Northern Africa** – Recent rains have stabilized winter grain crop conditions.
- **Middle East** – Recent moisture has helped maintain favorable growing conditions for this region.
- **China** – The North China Plains saw scattered showers across the southern and eastern fringes of the wheat belt, but left some key areas with moisture shortages. More shower activity was expected to favor the western belt in the coming week as temps warm. The next round of showers is not expected until the 11-15 day period which could leave some winter wheat short of moisture as its moves into the critical heading stage.

USDA Crop Progress / Condition Report, April 9, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	15% planted	8%	5%	10%			
ID barley	20% planted	13%	14%	20%			
US spring wheat	21% planted	8%	3%	5%			
ID spring wheat	19% planted	12%	15%	23%			
US winter wheat					58%	NA	37%
ID winter wheat					87%	85%	
Corn	7% planted	3%	3%	2%			

U.S. Drought Monitor

April 10, 2012
Valid 7 a.m. EDT



Intensity:
 D0 Abnormally Dry
 D1 Drought - Moderate
 D2 Drought - Severe
 D3 Drought - Extreme
 D4 Drought - Exceptional

Drought Impact Types:
 ~ Delineates dominant impacts
 S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
 L = Long-Term, typically >6 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>



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