

# Idaho Grain Market Report, September 29, 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, September 28, 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) \$13.00 (6-R) \$13.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$10.00	(2-R) \$13.02-\$13.50 (6-R) \$13.02	\$6.00	\$6.31	\$8.41
Blackfoot / Pocatello	\$11.66	(2-R) \$13.00 (6-R) \$13.00	\$6.30	\$6.58	\$8.44
Grace / Soda Springs	\$11.65	(2-R) NQ (6-R) NQ	\$6.28	\$6.25	\$8.30
Burley / Rupert Hazelton	\$10.75-\$11.75	(2-R) \$13.02 (6-R) \$13.02	\$6.30-\$6.45	\$6.09	\$8.24
Twin Falls / Eden / Buhl	\$11.40-\$11.50	(2-R) NQ (6-R) NQ	\$5.90	NQ	NQ
Weiser	\$10.00	(2-R) NQ (6-R) NQ	\$5.69	NQ	NQ
Nez Perce / Craigmont	\$9.60	(2-R) \$9.60 (6-R) \$9.60	\$5.79	\$7.10	\$9.45
Lewiston	\$9.85	(2-R) \$9.85 (6-R) \$9.85	\$5.98	\$7.29	\$9.64
Moscow / Genesee	\$9.65-\$10.75	(2-R) \$9.65 (6-R) \$9.65	\$5.75-\$6.40	\$7.06-\$7.88	\$9.41-\$10.21

### 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	Oct \$6.30-\$6.48 Feb \$6.45-\$6.65	Oct \$7.82-\$7.87	Oct \$9.86-\$10.02
Los Angeles	\$14.10	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$14.10	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.70	NQ	NQ	\$6.45	\$6.38	\$8.40
Great Falls	\$9.50-\$10.50	NQ	\$13.50	NQ	\$5.34-\$5.73	\$8.53-\$8.83
Minneapolis	\$10.42	NQ	\$16.15	NQ	\$8.09 ¼ (12%)	\$9.46 ¼ - \$9.71 ¼

### Market trends this week

**BARLEY** – Local barley prices were lower again, ranging from \$.25 to \$1.50 lower in southern Idaho and \$.25 to \$.40 lower in northern Idaho. USDA reported that there were no barley export sales last week. Barley export shipments totaled .3 TMT for Taiwan last week.

**WHEAT** – Local wheat prices were mixed this week: SWW ranged from 10 to 35 cents lower; HRW ranged from 13 to 30 cents lower; and DNS ranged from 26 cents lower to 9 cents higher. USDA reported wheat export sales last week were below trade expectations at 428.9 TMT, down 37% from the previous week and 13% from the 4-week average. Cumulative corn export sales now total 51% of the USDA projection for the marketing year, compared to a five-year average of 52.3%. Export shipments totaled 521.6 TMT, down 41% from the previous week and 20% from the 4-week average.

**USDA will release their final 2011 wheat production and quarterly stocks reports tomorrow (Friday, Sept. 30).** The average trade estimate for production is 2.046 billion bu, down 24 million bu from USDA's Sept. estimates. The average trade estimate for spring wheat production is 498 million bu. Quarterly stocks are pegged at 2.035 billion bu, with confirmation of strong wheat feeding in the past quarter.

**Wheat Competitor/Buyer News** – EU granted wheat export licenses for 341 TMT of wheat this week, bringing their cumulative export sales to 3.5 MMT, compared to 6.4 MMT for the same period a year ago. Egypt purchased 240 TMT of wheat from Russia and Kazakhstan this week. Tunisia bought 75 TMT of optional origin wheat, while Syria passed on a 100 TMT tender. Bangladesh has issued a tender for 50 TMT.

**CORN** – Corn export sales last week were above trade expectations at 812.9 TMT (787.9 TMT for MY 2011/12 and 598.1 TMT for MY 2011/12). Cumulative corn export sales now total 37.7% of the USDA projection for the marketing year, compared to a five-year average of 28.7%. Corn export shipments last week totaled 823.1 TMT, up 31% from the previous week and included **182 TMT destined for China**.

**Quarterly stocks, Fri., Sept. 30** – The average pre-report trade estimate has pegged quarterly corn stocks which would also be MY 2011 ending stocks at 964 million bu, up 44 million bu from USDA's Sept. S&D projection. Some analysts, however, think the stocks number will decline due to better than expected livestock feeding and exports.

**Ethanol corn usage** – DOE's Energy Information Agency reported a second consecutive week of lower U.S. ethanol production last week due to reduced margins, totaling 841,000 bbls, down 3.44% from the previous week but up 1.94% from last year. This was the lowest weekly production in almost a year. Corn used for ethanol last week totaled 89.58 million bu, which is well below the 96 million/week pace needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

**Corn Competitor/Buyer News** – More Chinese rumors this week (but none confirmed), that China may need to import as much as 8-16 MMT of corn this marketing year to replenish their strategic reserves. USDA did report that 180 TMT of U.S. corn was shipped to China last week, but **no new purchases** were reported. Argentine corn area is expected to expand by 20%, with a projected production as high as 27.5 MMT. South Korean feed millers made several purchases of U.S. corn this week ahead of Friday's quarterly stocks report – 110 TMT early in the week, followed by 124 TMT and another 70 TMT today.

#### Futures market activity this week

**Macroeconomic news** ... for many grain producers waiting on fall rains to replenish soil moisture for winter wheat planting I am sure it seems like there have been more economic storms than rain storms this month. The economic news continues to be mixed but there was some good news this week... US GDP for 2Q 2011 came in better than expected at 1.3% growth, which was above this summer's estimate of 1.0%. U.S. weekly unemployment claims also fell below 400,000 for the first time in 4 months. On the flipside, U.S. consumer confidence continues to lag, coming in this month at 45.4, below an expected 46. On the European front which has garnered most of the recent attention, the German Parliament approved steps this week to broaden the European bailout package and European leaders and the IMF are working with Greece on the second installment of their bailout to avoid a default in October.

**WHEAT** – Wheat began the week on an upswing, supported by fresh fund buying and short covering triggered by oversold conditions and intensifying worries about record drought in the HRW region. Wheat posted a 3<sup>rd</sup> consecutive day of gains on Tuesday, boosted by a surge in energy and equities and a lower US dollar. But Wednesday brought a massive across the board selloff that pushed most commodity prices down double digits, combined with weaker wheat technicals, which showed a move from oversold to overbought condition. Wheat finished sharply higher today (Thursday) on expectations of a reduced production and tighter stocks estimate from USDA tomorrow and spillover support from a more positive tone in outside markets, including a lower US dollar. **Wheat should draw support from USDA's Small Grains Summary and quarterly stocks reports on Friday, as well increasing concerns about delayed winter wheat planting and germination problems in the drought-stricken Southern Plains.** Wheat market closes on **Thursday, 09/29/11**...

	<b>Dec 2011</b>	<b>Weekly Summary</b>	<b>Mar 2012</b>	<b>Weekly Summary</b>
Chicago	<b>\$6.54 ¼</b>	<b>Down \$0.34</b>	<b>\$6.86 ¾</b>	<b>Down \$0.41</b>
Kansas City	<b>\$7.40</b>	<b>Down \$0.44</b>	<b>\$7.54 ½</b>	<b>Down \$0.44 ¼</b>
Minneapolis DNS	<b>\$8.95 ½</b>	<b>Up \$0.39 ¼</b>	<b>\$8.53</b>	<b>Up \$0.00 ¾</b>

**CORN** – Corn markets posted solid gains on Monday, pushed higher by a recovery in outside markets and extreme oversold technical condition. Corn continued to post moderate gains on Tuesday, although prices drifted off of early gains in the face of favorable harvest weather and positioning ahead of Friday's key quarterly stocks report which might confirm slowing demand. However, corn suffered a setback on Wednesday under pressure from massive fund selling that sparked an across the board selloff in commodities, energies and equities blamed on a return of high anxieties in the outside markets. Corn closely modestly higher today (Thursday) with spillover support from higher energies and a lower dollar offset by positioning ahead of Friday's quarterly stocks report. **Corn prices should trend higher in October as USDA confirms lower acreage and production estimates.** Dec 2011 corn futures contract closed **Thursday, 09/29/11**, at **\$6.32 ½**, down **\$0.59 ½** and the **Mar 2012** contract closed at **\$6.45 ¾**, down **\$0.59 ¾** for the week.

#### OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Prices opened the week up slightly, overcoming an early wave of aggressive fund selling on demand

fears to close at \$80.24/bbl. Tuesday saw an unexpected surge higher – closing up \$4.21 to \$84.45/bbl – on a lower dollar and optimism that European leaders will find the political will to resolve their worsening sovereign debt crisis. But prices reversed direction lower on Wednesday, giving back most of Tuesday’s gains to close at \$81.21/bbl. **Crude has lost 8% value in the month of September and 11% this year on fears of faltering global economies and reduced oil demand.** The weekly petroleum stocks report showed crude oil stocks increased by 1.92 million bbls last week, compared to an expected build of 1.5 million bbls; distillates increased by 72,000 bbls; and gasoline stocks increased by 791,000 bbls, compared to an expected build of 900,000 bbls. **Crude oil prices moved higher today (Thursday), trading up \$0.93 to close at \$82.14/bbl on an improved outlook for resolving the European debt crisis and better than expected 2Q GDP reading for the U.S. of 1.3% compared to a previous estimate this summer of 1.0%.**

▪ **U.S. WEATHER / CROP WATCH** –Heavy showers covered the northeastern Midwest this week and continue to linger in the eastern Great Lakes region, causing delays in crop maturation and harvest in at least 10% of the Corn Belt. Showers are expected to redevelop in the northwestern edge late in the 6-10 day through the 11-15 day period. **Central/Southern Plains winter wheat region**– lack of rain continues to be a serious problem for at least 55% of the Hard Red Winter wheat belt, with little moisture in the 16 to 30 day forecast.

▪ **INTERNATIONAL WEATHER / CROP WATCH -**

- **Canada** – Mostly dry conditions prevailed, allowing spring grain harvest to advance rapidly. Harvest across the western prairies was reportedly **84% completed the first of this week, ahead of a normal pace of 78%**. Quality is reported to be good to excellent. Rains are expected to pick up late next week into the 11 to 15 day period, but much of the harvest activity should be winding down.
- **Ukraine** – **has received extremely low rainfall in September.** Unseasonably warm and dry conditions promoted summer crop harvesting but depleted moisture needed for winter wheat planting and germination. Some rainfall was received this week but was reported to be disappointing in amounts and coverage. It is estimated that **at least 50% of the winter wheat belt remains too dry for planting and germination** and the planting window is rapidly closing.
- **Argentina** – **Heavy rainfall arrived in the grain belt in the past week, but missed some key production areas. Right now a moisture deficit remains for at least 15% of the grain belt.** Corn area is expected to expand by 20%, with a projected production as high as 27.5 MMT.
- **Australia** –Warm and sunny conditions continued to deplete soil moisture in southwestern New South Wales and Victoria (which account for about 46% of the country’s wheat crop). These key production areas have received virtually no rain in the past 14 days and less than 20% of normal for the past month. **Some local experts are now projecting their wheat crop will fall to 23.5 MMT, compared to ABARE’s current estimate of 26.2 MMT and USDA at 25.0 MMT.**

**USDA Crop Progress / Condition Report, September 26, 2011**

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
U.S. barley	97% harvested	94%	88%	95%			
ID barley	<b>100% harvested</b>	<b>95%</b>	<b>90%</b>	<b>96%</b>			
U.S. spring wheat	96% harvested	93%	89%	95%			
ID spring wheat	<b>100% harvested</b>	<b>95%</b>	<b>93%</b>	<b>97%</b>			
U.S. winter wheat	26% planted	14%	32%	35%			
ID winter wheat	<b>31% planted</b>	<b>16%</b>	<b>33%</b>	<b>39%</b>			
Corn	63% mature 15% harvested	46% 10%	83% 26%	64% 16%	52%	51%	66%

**<https://connect.cals.uidaho.edu/p53192408/>** Grain Market Outlook Webinar conducted on Sept. 7 is available for download at