

Idaho Grain Market Report, October 13, 2011

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, October 12, 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) \$13.25 (6-R) \$13.25	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$10.50	(2-R) NQ (6-R) NQ	\$5.90	\$6.07	\$8.50
Idaho Falls	\$10.75	(2-R) \$13.02-\$13.25 (6-R) \$13.02	\$6.00	\$6.29	\$8.78
Blackfoot / Pocatello	\$11.14	(2-R) \$13.25 (6-R) \$13.25	\$6.25	\$6.49	\$8.51
Grace / Soda Springs	\$11.25	(2-R) NQ (6-R) NQ	\$5.95	\$5.87	\$8.28
Burley / Rupert Hazelton	\$10.25-\$10.50	(2-R) \$13.02 (6-R) \$13.02	\$5.95-\$6.20	\$6.08	\$8.34
Twin Falls / Eden / Buhl	\$10.80-\$11.25	(2-R) NQ (6-R) NQ	\$5.90-\$6.50	NQ	NQ
Weiser	\$10.00	(2-R) NQ (6-R) NQ	\$5.15	NQ	NQ
Nez Perce / Craigmont	\$9.30	(2-R) \$9.30 (6-R) \$9.30	\$5.59	\$7.05	\$9.20
Lewiston	\$9.55	(2-R) \$9.55 (6-R) \$9.55	\$5.78	\$7.24	\$9.39
Moscow / Genesee	\$9.35-\$10.50	(2-R) \$9.35 (6-R) \$9.35	\$5.55-\$6.26	\$7.01-\$7.58	\$9.16-\$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	Oct \$6.20-\$6.30 Feb \$6.30-\$6.42	Oct \$7.69-\$7.81	Oct \$9.86-\$10.06
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.50	NQ	NQ	\$6.30	\$6.22	\$8.52
Great Falls	\$9.50-\$10.00	NQ	\$13.25	NQ	\$5.45-\$5.64	\$8.77-\$8.98
Minneapolis	\$10.83	NQ	\$15.94	NQ	\$7.74 ¼ (12%)	\$9.86 ¼

Market trends this week

BARLEY – Local barley prices were mixed, ranging from 52 cents lower to 75 cents higher in southern Idaho and 10 to 45 cents higher in northern Idaho. USDA won't release weekly export sales data until Friday due to the Columbus Day holiday.

USDA's S&D report for MY 2011/12 - BARLEY – Oct. 12 – USDA made only minor tweaks to the U.S. barley balance sheet this month, in line with their Sept. 30 final production and quarterly stocks estimates. They cut production by 13 million bu to a historically low level of 155 million bu (harvest acres were cut by 0.2 million to 2.2 million and national average yield was cut by 1.2 bpa to 69.2 bpa). Feed usage was cut by 10 million bu to 30 million bu, resulting in a 4 million bu reduction in U.S. ending stocks to 54 million bu. USDA also tightened their average farm gate price range to \$5.30-\$6.30. **World barley production remained unchanged this month at 132.6 MMT, which is a 8.5 MMT increase from last year. World ending stocks were increased slightly this month to 22.5 MMT, but are still nearly 4 MMT below last year.**

Barley Competitor/Buyer News - USDA cut barley production estimates this month for Australia (down 0.8 MMT to 8.2 MMT), and Canada (down 0.3 MMT to 7.9 MMT) while raising their production for Russia (up 1 MMT to 16.5 MMT).

Barley export projections also were adjusted for Australia (down 0.7 MMT to 4.0 MMT), Canada (down 0.2 MMT to 0.7 MMT) and Russia (up 0.2 MMT to 1.6 MMT).

WHEAT – Local wheat prices were mostly higher this week: SWW ranged from 6 cents lower to 40 cents higher; HRW ranged from 18 cents lower to 43 cents higher; and DNS ranged from 6 cents lower to 54 cents higher.

USDA's S&D report for MY 2011/12 - WHEAT – Oct. 12 – Bearish for wheat...As expected USDA cut their production estimate by 69 million bu to 2.008 billion bu in line with their Sept. 30 final production report, raised imports by 10 million bu to 120 million bu, lowered domestic seed use by 4 million bu to 78 million bu, cut domestic feed usage by 80 million bu to 160 million bu and lowered exports by 50 million bu to 975 million bu. This resulted in a 76 million bu increase in ending stocks to 837 million bu, which is 90 million bu ABOVE the average pre-report trade estimate of 747 million bu. The average farm gate price for U.S. wheat was tightened this month to \$7.10-\$7.90/bu. World wheat production was raised by 3 MMT this month to 681.2 MMT, which is 33 MMT above a year ago, due to larger crops in the EU-27, Russia, Ukraine, Kazakhstan, Canada and Australia. World wheat ending stocks also were increased by nearly 8 MMT to 202.4 MMT, which are 7 MMT above a year ago.

Wheat Competitor/Buyer News – USDA increased their production and export estimates for several countries...Australian output was increased by 1.0 MMT to 26.0 MMT and exports up 2.0 MMT to 19.0 MMT; Kazakhstan output up 3.0 MMT to 19.0 MMT and exports up 1.0 MMT to 8.5 MMT; Canadian exports up 1.0 MMT to 18.0 MMT; Russian exports up 2.0 MMT to 18.0 MMT; Indian exports up 0.6 MMT to 1.0 MMT; and Ukrainian exports down 1.0 MMT to 8.0 MMT. Russian government announced they may consider wheat export tariffs if wheat exports exceed 23-24 MMT.

CORN –

USDA's S&D report for MY 2010/11 and MY 2011/12 - CORN – Oct. 12 – Slightly negative for corn...harvested acreage was lowered by 500,000 to 83.9 million acres, the national average yield was left unchanged at 148.1 bpa and output was cut by 64 million bu to 12.433 billion bu, which was 60 million bu BELOW the average pre-report trade estimate of 12.492 billion bu. Beginning stocks were increased by 208 million bu to 1.128 billion bu (in line with the quarterly stocks estimate) and exports were cut by 50 million bu to 1.6 billion bu. This resulted in a 194 million bu increase in ending stocks to 866 million bu, which is ABOVE the average pre-report trade estimate of 795 million bu. The average farm gate price for U.S. corn was tightened to \$6.20-\$7.20/bu. World corn production jumped by 5.4 MMT this month to 860.1 MMT, but is 32 MMT above a year ago. World corn ending stocks increased by nearly 6 MMT this month to 123.2 MMT, but still 6.5 MMT below last year.

Corn Competitor/Buyer News – USDA raised their corn production estimate for China this month, raising it by 4.0 MMT to a new record high of 182 MMT; Ukrainian production up 3.0 MMT to a record high 21.0 MMT and exports up 2.0 MMT to 12.0 MMT. The China National Grains and Oil Information released their Chinese corn production estimate of 184.5 MMT. Meanwhile, China's Sino Grain group reportedly purchased 1.5 MMT of corn.

Futures market activity this week

WHEAT – Wheat began the week moderately higher after early sharp gains from positive outside markets were mostly erased mid-session as beneficial rains in the Central and Southern Plains eased concerns about winter wheat planting conditions. Prices surged higher on Tuesday in short covering and positioning ahead of Wednesday's monthly S&D report, but then reversed direction sharply lower on Wednesday on profit-taking pressure from bearish supply and demand news for both domestic and global wheat markets. Wheat finished lower again today (Thursday) continuing the downward trend from Wednesday's S&D report. **Wheat market closes on Thursday, 10/13/11...**

	Dec 2011	Weekly Summary	Mar 2012	Weekly Summary
Chicago	\$6.18	Up \$0.10 ½	\$6.53 ½	Up \$0.09 ½
Kansas City	\$7.01	Up \$0.16 ½	\$7.18 ¼	Up \$0.17 ¾
Minneapolis DNS	\$8.83 ¼	Down \$0.36 ¼	\$8.30 ¼	Down \$0.09 ¼

CORN – Corn markets posted moderate gains on Monday after an early spike higher eased back on mostly harvest hedge pressure. Tuesday saw corn prices surge sharply higher on active fund buying ahead of Wednesday's key supply and demand report, but then retreated moderately lower on Wednesday under profit-taking pressures sparked by slightly negative fundamental estimates from USDA (lower than expected production but higher than expected ending stocks and higher than expected world production and ending stocks). Corn finished lower today (Thursday) being pushed down by outside markets and follow through selling from the USDA report. **Dec 2011 corn futures contract closed Thursday, 10/13/11, at \$6.38 ¼, up \$0.38 ¼ and the Mar 2012 contract closed at \$6.49 ¾, up \$0.37 for the week.**

OTHER MAJOR FACTORS TO WATCH –

▪ **CRUDE OIL** – Crude oil traded in a mostly narrow range this week, opening the week with strong gains, closing up \$2.43/bbl on Monday to \$85.41 as the dollar plunged and global stocks rallied on optimism that European leaders were nearing a more comprehensive solution to their ongoing sovereign debt crisis. Prices closed modestly higher in choppy trading on Tuesday, up \$0.40 to \$85.81 with pressure noted by an OPEC report that reduced global oil demand for the 4th

consecutive month. The weekly petroleum stocks report showed crude oil stocks declined by 1.34 million bbls last week, compared to an expected build of 800,000 bbls; distillates fell by 2.9 million bbls; and gasoline stocks fell by 4.13 million bbls.

▪ **U.S. WEATHER / CROP WATCH** – Light moisture was noted in the Western Corn Belt early this week with storms moving into the Eastern Corn Belt by late week. Notable rains are expected in the Great Lakes area, interrupting corn harvest in many areas. A cold front is expected to push into the Midwest by the middle of the 6-10 day period, bringing chances of rain to eastern and southern edges and causing some harvest delays. **SRW and HRW wheat regions** – good soaking weekend rains **reduced the area of concern to about 20% of the HRW belt** but conditions have now turned mostly dry for the next two weeks. Beneficial rains helped eased dryness concerns in MO and IL, allowing SRW planting to proceed, although delayed corn harvest may cause planting delays.

▪ **INTERNATIONAL WEATHER / CROP WATCH -**

- **Canada** – Mostly dry weather although some scattered showers continued to interrupt final harvest.
- **Europe** – Beneficial showers spread across dry areas of Eastern Europe over the weekend, improving winter grain planting conditions.
- **Ukraine** – Critically dry areas received scattered showers over the weekend and again later this week, improving soil moisture for winter wheat planting and germination.
- **China** – The North China Plains received light showers and warm temperatures which favor winter wheat planting. Corn harvest conditions also remain favorable.
- **Argentina** – Continued to see beneficial scattered showers across the grain belt as winter grain enters heading stage.
- **Australia** – Beneficial moisture blanketed the northeast, improving winter grain conditions.

USDA Crop Progress / Condition Report, October 11, 2011

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
U.S. winter wheat	59% planted 28% emergence	42% 16%	69% 37%	67% 38%			
ID winter wheat	72% planted 31% emergence	54% 17%	79% 38%	75% 30%			
Corn	89% mature 33% harvested	79% 21%	97% 50%	86% 32%	53%	52%	66%