Idaho Grain Market Report, October 25, 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, October 24, 2012. Barley prices in $/Cwt. and wheat prices in $/bu.

	Barley (Cwt.)		Wheat (bu.)		
	#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	$12.50	(2-R)$12.60-$13.00 (6-R) $12.60	$8.00	$8.31	$8.82
Blackfoot / Pocatello	$11.87	(2-R) $13.00 (6-R) $13.00	$8.00	$8.82	$8.55
Grace / Soda Springs	$12.05	(2-R) NQ (6-R) NQ	$8.20	$8.60	$9.06
Burley / Rupert Hazelton	$12.25-$13.00	(2-R) $12.60 (6-R) $12.60	$7.94-$8.00	$8.34	$8.73
Twin Falls / Eden / Buhl	$12.50-$13.35	(2-R) NQ (6-R) NQ	$7.60-$7.70	NQ	NQ
Weiser	$12.50	(2-R) NQ (6-R) NQ	$7.93	NQ	NQ
Nez Perce / Craigmont	$11.00	(2-R) $11.00 (6-R) $11.00	$8.39	$9.45	$9.79
Lewiston	$11.25	(2-R) $11.25 (6-R) $11.25	$8.58	$9.64	$9.98
Moscow / Genesee	$11.05-$12.25	(2-R) $11.05 (6-R) $11.05	$8.35-$9.05	$9.41-$10.02	$9.70-$10.30

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 $8.80-8.95 Feb $9.10-$9.20	Oct $9.91 ¼ - $10.01 ¼ Feb $10.14 ¼ -$10.19 ¼	Oct $10.40 - $10.48 Feb $10.47 ¾-$10.52 ¾
Los Angeles	$15.40	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	$15.40	NQ	NQ	NQ	NQ	NQ
Ogden	$12.10	NQ	NQ	$8.20	$8.77	$9.25
Great Falls	$8.00-$12.00	NQ	$12.75	NQ	$8.22-$8.55	$9.00-$9.22
Minneapolis	$11.67	NQ	$14.90	NQ	$9.96 ¼ (12%)	$10.19 ½ - $10.39 ½

Market trends this week

BARLEY – Local barley prices were mostly higher this week, ranging from 10 cents lower to 50 cents higher in southern Idaho and no change to 25 cents higher reported in northern Idaho. USDA reported that barley export sales totaled .2 TMT for Taiwan; however there were no shipments reported last week.

WHEAT – Local wheat prices were also mostly higher this week: SWW ranged from 20 to 40 cents higher; HRW ranged from 30 to 74 cents higher; and DNS ranged from 1 to 30 cents higher. USDA reported wheat export sales last week were above trade expectations at 572 TMT, up 40% from the previous week and 60% from the prior 4-week average. Exports totaled 379.6 TMT, was up 190% from the previous week; however it was down 8% from the prior 4-week average.

Wheat Competitor/Buyer News – Ukraine made it official this week that they were banning any further wheat export sales, effective November 15. Reports indicate they may have already sold 7.1 MMT of wheat for export, above their original target. The EU granted export licenses for 242 TMT of wheat this week, bringing their cumulative wheat export sales to 4.9 MMT compared to 4.7 MMT for the same period a year ago. Morocco is expected to significantly increase their wheat imports this year from 3.5 MMT to 4.5 MMT. From June to October they reportedly imported 381 TMT of soft wheat, sourced mostly from Ukraine. With Ukraine now out of the export market, Morocco is expected to turn to other suppliers like the EU and U.S.

CORN – Corn export sales were below trade expectations, coming in at 142.3 TMT, down 15% from the previous week but up 14% from the prior 4-week average. The U.S. corn export sales pace continues to deteriorate with cumulative sales now totaling 37% of USDA's projection for the year, compared to a 5-year average of 42%. Export shipments last week totaled 290 TMT, down 31% from the previous week and 43% from the prior 4-week average.

Ethanol corn usage –DOE's Energy Information Agency reported that U.S. ethanol production showed a surprising uptick last week despite negative margins, posting production of 801,000 bbls per day, up 0.5% from the previous week but down 12% from a year ago. Corn used for ethanol last week totaled 84.1 million bu, below the weekly pace of 86.6 million bu needed to meet to USDA's annual projection of 4.5 billion bu in MY 2012/13. Cumulative corn used for ethanol production so far this marketing year totals 592 million bu or down 8% from the same period a year ago.

Corn Competitor/Buyer News – South American corn is reportedly trading at about $50/MT below U.S. origins. The International Grains Council is projecting that Brazil will export 16.5 MMT of corn this marketing year, almost double last year.

Futures market activity this week

WHEAT – Wheat posted moderate gains to start the week with spillover support from soybeans and tightening supplies in the Black Sea which is creating expectations for a pick-up in U.S. wheat exports in the second half of the marketing year. A long liquidation swept across both commodity and equity markets on Tuesday, pushing wheat prices lower despite rising concerns about Southern Hemisphere crop problems (Argentina is too wet and Australia is too dry). Wheat turned sharply higher on Wednesday, surging on confirmation that Ukraine will in fact impose a total wheat export ban, effective November 15, after reportedly exporting 7.1 MMT of new crop wheat. Wheat markets finished lower today (Thursday), under pressure from mixed outside markets, but losses were limited by rising concerns that the Argentine and Australian wheat crops will continue to deteriorate. **Wheat market closes on Thursday, 10/25/12** …

	Dec 2012	Weekly Summary	Mar 2013	Weekly Summary
Chicago	**$8.72 ¾**	**Up $0.00 ¼**	**$8.86 ¾**	**Up $0.03**
Kansas City	**$9.14 ¼**	**Up $0.06 ¼**	**$9.28**	**Up $0.07 ½**
Minneapolis DNS	**$9.45 ¼**	**Up $0.02 ¾**	**$ 9.49 ¾**	**Up $0.07**

CORN – Corn traded both sides of unchanged in mostly quiet trade on Monday, with a lack of demand and very poor weekly export inspections weighing on the market. Prices settled moderately lower on Tuesday under pressure from weak outside market forces and rising concerns about future demand. Wednesday saw corn prices close mixed to fractionally lower as the market continues to lack positive demand news. Corn futures continued to trade in a narrow channel today (Thursday), but ended the session lower under pressure from concerns about weak export demand. **Dec 2012 corn futures contract closed Thursday, 10/25/12, at $7.42, down $0.19 ½ and the Mar 2013 contact closed at $7.44, down $.15 ½ for the week.**

OTHER MAJOR FACTORS TO WATCH –
CRUDE OIL – Crude oil prices traded lower all week, under pressure from negative outside markets and a higher dollar. Prices finished down $1.32 on Monday to close at $88.73 under pressure from poor corporate earnings reports which show weak global demand for the foreseeable future. The restart of the TransCanada Keystone pipeline also calmed concerns about supply disruptions in the Midwest. Prices continued to tumble on Tuesday – down another $1.98 to close at $86.67 – as wary investors put their money into the safe-haven dollar. Slowing global economic growth forecasts and the looming U.S. election were the main features. Prices closed just short of another dollar lower on Wednesday to %85.73, the lowest level since early July on a mix of reduced gasoline demand and large domestic inventories. DOE's weekly crude oil inventory report confirmed a bearish supply situation for now…crude oil stocks increased by 5.9 million bbls last week, compared to an expected increase of 1.8 million bbls; distillates fell by 646,000 bbls, compared to an expected decrease of 1.2 million bbls; and gasoline stocks showed an unexpectedly large increase of 1.44 million bbls, compared to an expected build of 500,000 bbls. DOE reported that U.S. gasoline demand hit a 7-month low last week while gasoline prices eased back after their September peak. **Crude oil prices trended mostly higher in today's session – closing up $0.32 to $86.05 – with early gains supported by a weaker U.S. dollar and higher global equities.**

U.S. WEATHER / CROP WATCH –
Winter wheat – Slow germination rates is a concern across the Hard Red Winter Wheat belt, with 49% of the crop reported to be germinated compared to 56% for a 5-year average. Dry areas of Nebraska and South Dakota received some beneficial moisture this week, but much more is needed to achieve a good plant stand, while other dry areas along the Western Plains missed out. The 6-10 and 8-14 day outlooks call for cold and dry conditions.

USDA Crop Progress / Condition Report, October 22, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average
US winter wheat	81% planted 49% emerged	71% 36%	79% 51%	80% 56%
ID winter wheat	**93% planted** **52% emerged**	**79%** **33%**	**96%** **60%**	**91%** **55%**
Corn	87% harvested	79%	60%	49%

INTERNATIONAL WEATHER / CROP WATCH -

- **Brazil** – Central and northern corn and bean areas have been too hot and dry to plant, but some areas are expected to see light moisture through this weekend but more moisture will be needed. Meanwhile many areas of the south have received excessive moisture which has delayed planting and caused some quality concerns in the wheat crop.
- **Argentina** – the main wheat belt has been excessively wet in recent weeks (2-4 times the normal rainfall), bumping yield estimates but also raising quality concerns. Corn planting is lagging behind – only about 1/3 planted - because of this heavy rainfall. The near-term outlook shows less rain for next week.
- **Australia –** Western production region remains too dry while early harvest has begun in the east. Rabobank has lowered its Australian wheat production forecast to 21 MMT, compared to USDA's Oct. estimate of 23 MMT.

Join Us for these 2012/13 Grain Marketing Education Programs…

WEBINAR 1 – 2012/13 Grain Market Outlook & Understanding Technical Trends in Grain Futures–

Presented by Kelly Olson and Craig Corbett. **Scheduled Oct. 30, 2012. at 8:30 a.m.**

WEBINAR 2 – Creating & Fine-tuning a 2012/13 Grain Marketing Plan – presented by Craig Corbett and Carley Garner, commodity broker. **Scheduled Nov. 20, 2012. at 3:00 p.m. MST.**

Using a case-study eastern Idaho grain farm, we will write a plan in March 2012 – we will describe the marketing tools that seemed most appropriate at that time and explain how to execute them.

Make adjustments to the plan in November 2012 – review what has happened in the market for the past 6 months and explain mid-course adjustments that seem appropriate.

To participate from your own computer, log onto: https://connect.cals.uidaho.edu/barley/

Basic Grain Marketing Workshops - live sessions will be held in Rexburg and Pocatello

Dec. 4 - How do grain markets work and what tools are available?
9:00 - 11:00 am at **Rexburg Library**, 73 N Center
2:00 - 4:00 pm at the **Idaho Farm Bureau main office in Pocatello**, 275 Tierra Vista Dr., alongside I-15

Dec. 5 - Developing a 2013 Grain Marketing Plan using cash and hedging tools and technical futures signals
8:00 - 11:00 am at **Rexburg AmericInn**, 1098 Golden Beauty Drive
2:00 - 5:00 pm at **Idaho Farm Bureau main office in Pocatello**

Dec. 10 - Making Adjustments to your Grain Marketing Plan in Volatile Grain Markets
8:30 -11:00 am at **Rexburg Library** at 73 N Center
2:00 - 4:30 pm at the **Idaho Farm Bureau main office in Pocatello**