

Idaho Grain Market Report, November 7, 2013

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, November 6. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>		
Ashton	NQ	(2-R) \$10.00 (6-R) \$10.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$7.85	(2-R) \$11.50-\$12.00 (6-R) \$11.50	\$6.20	\$6.57	\$6.83
Blackfoot / Pocatello	NQ	(2-R) \$10.00 (6-R) \$10.00	\$6.25	\$7.14	\$7.22
Grace / Soda Springs	\$7.35	(2-R) \$10.00 (6-R) \$10.00	NQ	\$7.12	\$7.25
Burley / Rupert Hazelton	\$7.75-\$8.00	(2-R) \$11.50 (6-R) \$11.50	\$6.00	\$6.70	\$6.88
Twin Falls / Eden / Buhl	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Weiser	\$7.00	(2-R) NQ (6-R) NQ	\$6.15	NQ	NQ
Nez Perce / Craigmont	\$6.05	(2-R) \$6.05 (6-R) \$6.05	\$6.38	\$7.26	\$7.57
Lewiston	\$6.55	(2-R) \$6.55 (6-R) \$6.55	\$6.63	\$7.51	\$7.83
Moscow / Genesee	\$6.05-\$6.75	(2-R) \$6.05 (6-R) \$6.05	\$6.40-\$6.49	\$7.28-\$7.42	\$7.59-\$7.73

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	Nov \$6.91 ¼-\$7.08 ¼ Feb \$7.12 ¾-\$7.30	Dec \$8.11 ¾-\$8.19 ¾ Feb \$8.19 ¾-\$8.29 ¾	Dec \$8.12 ¼-\$8.32 ¼ Feb \$8.47 ¾-\$8.57 ¾
Los Angeles	\$10.60	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$10.60	NQ	NQ	NQ	NQ	NQ
Ogden	\$7.50	NQ	NQ	\$6.50	\$7.44	\$7.68
Great Falls	\$6.50-\$7.00	NQ	\$9.50	NQ	\$6.62-\$6.73	\$7.01-\$7.19
Minneapolis	\$7.19	NQ	\$11.35	NQ	\$7.66 ½ (12%)	\$8.42 ¼-\$8.67 ¼

Market trends this week

BARLEY – Local barley prices were mostly steady this week with southern Idaho locations reporting no change to 25 cents lower and northern Idaho reporting no change. USDA reported that barley export sales for the past 3 weeks totaled 110.6 TMT. Export shipments for the same time period totaled 10.5 TMT.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 5 to 25 cents lower; HRW ranged from 18 to 47 cents lower; and DNS ranged from 10 to 93 cents lower. USDA reported wheat export sales last week were on the high end of trade expectations at 427.8 TMT (416.8 TMT for MY 13/14 and 11 TMT for 2014/15). Cumulative wheat export sales have now reached 69.8% of the USDA estimate for MY 2013/14 compared to a 5-year average of 58.6%, but the recent sales pace has slowed considerably. Wheat export shipments last week totaled 312 TMT, with Brazil, Japan, Guatemala, Venezuela and Nigeria the main destinations.

Average trade estimates for USDA Wheat Carryover in the November 8 S&D Report...

519 million bu compared to USDA Sept. estimate of 561 million bu.

Wheat Competitor/Buyer News – USDA Ag Attache has lowered its Australian wheat production estimate to 23.5 MMT, down from USDA's Sept estimate of 25.5 MMT, based on drought conditions in New South Wales, the 2nd largest wheat growing region in that country. Argentine wheat production has been pegged by USDA Ag Attache at 10.5 MMT, in line with other private forecasts but below USDA's September forecast of 12.0 MMT. The European Union approved licenses to export 461 TMT of wheat this week, bringing their cumulative wheat exports to 9.4 MMT this marketing year compared to 5.7 MMT for the same period a year ago. China National Grains & Oils Information Center is projecting Chinese wheat imports will total 5 MMT this year, compared to USDA's September projection of 9.5 MMT due to domestic crop shortfalls. A USDA Ag Attached lowered its Chinese wheat production estimate by 3 MMT this month to 118 MMT. Saudi Arabia purchased 720 TMT of optional origin hard wheat this week. Egypt purchased 60 TMT of Romanian wheat. Iran is reportedly negotiating to buy 300 TMT of wheat, possibly including some U.S. origin.

CORN - Corn export sales were well above trade expectations last week at 1.718 MMT. Cumulative corn export sales have now reached 71.5% of the USDA estimate for the marketing year compared to a 5-year average of 46.4%, which strongly suggests that USDA will raise its corn export projection in either tomorrow's or a future supply and demand report.. Corn export shipments also were strong at 710.2 TMT, with Mexico, China, Japan, Colombia and Indonesia the leading destinations.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production slipped by 9,000 bpd last week to 902,000 bpd, down 1% from the previous week but up 9% from a year ago. Corn used for ethanol totaled 94.7 million bu, right on pace to meet the USDA projection of 4.9 billion bu for the marketing year.

Average trade estimates for USDA Corn Production & Carryover Estimates in November 8 S&D Report...

	<u>ANov. ave. trade est.</u>	<u>Sept USDA</u>	<u>2012 USDA</u>
Acres	88.097 million	89.1 million	87.4 million
Yield	159.0 bpa	155.3 bpa	123.4 bpa
Production	14.003 billion	13.843 billion	10.78 billion
Carryover	2.029 billion	1.855 billion	661 million

Corn Competitor/Buyer News – USDA Ag Attache lowered its Ukrainian corn production estimate this week to 26 MMT, compared to USDA's September estimate of 29 MMT. South Korea continued buying U.S. corn this week, with a daily sale of 140 TMT reported on Tuesday. The China National Grains & Oils Information Center is projecting Chinese wheat imports will total only 5 MMT, compared to USDA's projection of 7 MMT in September.

Futures market activity this week

Global macroeconomic trends – Chinese economic data has been surprisingly strong recently, with both manufacturing and non-manufacturing indexes rising to the fastest expansion in more than a year. Meanwhile, European economic indicators remain mixed... German factory orders were much stronger than expected in September (+3.3% m/m) but industrial production weaker than expected (-0.9% m/m). The EU trimmed its growth outlook for the next year from 1.2% to 1.1% and raised its Eurozone unemployment to a record 12.2%. Weaker than expected employment and inflation indicators triggered an unexpected cut in the European Central Bank's benchmark interest rate this week to a new record low 0.25%. This along with the Fed's decision to postpone tapering of its aggressive bond purchases reinforced expectations among investors that global central banks will continue to deploy stimulative measures to bolster lackluster economic performance.

U.S. economic indicators – Economic indicators turned surprisingly stronger this week, leaving investors to speculate when the Federal Reserve will begin tapering its QE3 monetary stimulus. Both ISM manufacturing and service indexes showed better performance than expected last month...rising to 56.4 and 55.4 respectively, the best performance in more than 2 years. But the biggest news was the Department of Commerce's surprisingly strong U.S. Q3 GDP projection released on Thursday, showing the U.S. economy grew at an annualized rate of 2.8% last quarter, compared to 2.5% for the previous quarter. This was well above expectations of 2.0%. However, consumer and business spending took a sharp downturn last quarter, pointing to underlying weaknesses in the U.S. economy. Consumer spending expanded only 1.5% (accounts for nearly two-thirds of total economy), which is the slowest pace since Q2 2011 and down from +1.8% growth in the previous quarter. Economists also are predicting a slowdown in new job creation in Friday's monthly employment report, projecting 120,000 jobs were created last month, down from 150,000 created the previous month and unemployment inching up from 7.2% to 7.3%. Weekly first-time unemployment claims fell by 9,000 to 336,000 this week, better than expected.

WHEAT – Wheat markets continued drifting lower this week, on a combination of improving world crop prospects and weak technical chart performance. Active long liquidation ahead of Friday's S&D report and ideas that the market was oversold kept prices on the defensive all week. Wheat closed narrowly mixed today (Thursday) in mostly quiet trade with some short covering ahead of the Friday report noted but gains were limited by a lackluster export sales report and surge in the U.S. dollar. **Wheat market closes on Thursday, 11/07/13 ...**

	Dec. 2013	Weekly Summary	Mar. 2014	Weekly Summary	Dec. 2014	Weekly Summary
Chicago SRW	\$6.53	Down \$.14 ³ / ₄	\$6.63 ³ / ₄	Down \$.15	\$6.90 ¹ / ₄	Down \$.13 ³ / ₄
KC HRW	\$7.12 ¹ / ₂	Down \$.21	\$7.15 ¹ / ₄	Down \$.20 ³ / ₄	\$7.25 ¹ / ₄	Down \$.11 ¹ / ₂
MGE DNS	\$7.09 ¹ / ₂	Down \$.16	\$7.20 ¹ / ₄	Down \$.16 ³ / ₄	\$7.42 ¹ / ₄	Down \$.07 ¹ / ₄

CORN – Corn continued to trade in a narrow range this week in positioning ahead of Friday’s key monthly S&D report (last report was issued in September), with traders bracing for a bearish report showing production above 14 billion bu and ending stocks edging above 2 billion bu for MY 2013/14. Losses were limited by a slowdown in harvest hedge pressures due to a slow moving storm system moving through a wide swath of the Central U.S. Corn finished flat to slightly lower in mostly quiet trade today (Thursday) with some short covering triggered by better than expected export sales and soybean strength. **Corn futures contract closes on Thursday, 11/07/13 for Dec. 2013 contract at \$4.20½, down \$.06¾, Mar. 2014 contract closed at \$4.31½, down \$.06 and the Dec. 2014 contract closed at \$4.61¼, down \$.05 ½ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – To start the week, crude oil prices stabilized from its recent slide to a 4-month low, with support from a weaker dollar and ideas that recent losses were overdone. Expectations of another hefty increase in weekly inventories pushed prices lower on Tuesday – finishing down \$1.25 to close at \$93.37. Wednesday saw prices rebound on a smaller than expected build in crude oil stocks and a boost in investor risk-taking sentiment. DOE’s weekly inventory report for last week showed crude oil stocks increased by 1.57 million bbls, compared to an expected build of 2.1 million bbls; distillates fell by 4.899 million bbls, compared to an expected decline of 1.5 million bbls; and gasoline inventories fell by 3.755 million bbls, compared to an expected decline of 400,000 bbls. Gasoline demand showed unexpected strength, jumping by more than 5% in the past 4 weeks. **Crude oil futures closed lower again today – down \$.60 to finish at \$94.20/bbl- under pressure from a surge in the dollar and reduced geopolitical risk premium due to optimism about positive negotiations with Iran over their nuclear program.**

U.S. WEATHER / CROP PROGRESS – PNW – Cool and wet conditions prevailed across much of the region this week. The 6-10 day outlook shows another storm system will move through this region by this weekend, moving eastward and bringing 2-4 in of rain and snow from the PNW into the Northern Rockies. **Corn Belt** – Harvest weather was favorable early in the week but by mid-week gave way to a slow moving low pressure system that brought rain and snow to a wide swath of the Central U.S., stretching from east Texas into the Great Plains. Areas in the north and east were expected to remain wet and cold through the end of the week, while temperatures generally warm to near normal which will foster winter wheat growth. The 6-10 day outlook shows another surge of cold air arriving next week and near and above normal precipitation across much of the country. **Plains** – Western Plains remained mostly dry but southeastern areas received beneficial moisture. Overall, the new HRW wheat crop is off to a strong start and will enter dormancy in better than 60% good/excellent condition which is well above conditions seen in recent years. Soil moisture shortages in the Southern High Plains remain a concern. This region is expected to be drier than normal next week.

USDA Crop Progress / Condition Report, November 4, 2013

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US winter wheat	91% planted 78% emerged	86%	91%	90%	63%	61%	39%
ID winter wheat	100% planted 80% emerged	99%	98%	98%	89%	97%	
Corn	73% harvested	59%	95%	71%			

INTERNATIONAL WEATHER / CROP PROGRESS -

- **Argentina** – Key production areas continued to see soaking rains this week, boosting soil moisture but slowing corn and soybean planting. Corn planting was estimated to be 31% completed early in the week compared to near completion on average.
- **Brazil** – Rains this week favor central Brazil and are expected to move into southern production regions next week, improving conditions for corn and soybean planting and establishment.
- **Australia** – Southeastern region received rain this week and eastern areas are expected to see rain next week. Most areas except drought-affected areas of New South Wales (second largest wheat producing region) have seen a mostly

favorable finish to this year's growing season. Small grain harvest is actively underway in almost all areas.

Idaho Ag Market Outlook Seminar

Burley, Dec 11, 2013, Burley Inn

Idaho Falls, Dec 12, 2013, Hotel on the Falls

8:30—9:00	Registration
9:00—9:45	Global Ag Outlook—Dr. Cathy Roheim, U of I
9:45—10:15	U.S. Economic Outlook—Doug Robison, NW Farm Credit
10:15—10:30	Break
10:30—11:15	Idaho Ag Outlook – Dr. Garth Taylor, U of I
11:15—12:00	Input Costs—Paul Patterson, U of I
12:00—12:45	Lunch
12:45—1:30	Grain Situation & Outlook—Kelly Olson, Idaho Barley Comm.
1:30—2:15	Potato & Sugar Beet Outlook—Paul Patterson, U of I
2:15—3:00	Beef & Cattle Outlook—Casey Bieroth, AgriBeef
3:00—3:30	Dairy & Alfalfa Situation & Outlook—Wilson Gray, U of I

Cost: \$20 per person includes lunch and materials.

Registration: Please call the Teton County Extension Office
(208) 354-2961 by December 9th.