

# Idaho Grain Market Report, Nov. 8, 2012

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, November 7, 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) \$13.00 (6-R) \$13.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	NQ	(2-R) \$12.60-\$13.00 (6-R) \$12.60	NQ	NQ	NQ
Blackfoot / Pocatello	\$11.87	(2-R) \$13.00 (6-R) \$13.00	\$8.05	\$8.64	\$8.93
Grace / Soda Springs	\$12.00	(2-R) NQ (6-R) NQ	\$8.35	\$8.88	\$9.06
Burley / Rupert	\$12.50	(2-R) \$12.60 (6-R) \$12.60	\$8.10	NQ	NQ
Hazelton					
Twin Falls / Eden / Buhl	\$13.20	(2-R) NQ (6-R) NQ	\$8.00	NQ	NQ
Weiser	\$12.50	(2-R) NQ (6-R) NQ	\$7.84	NQ	NQ
Nez Perce / Craigmont	\$11.00	(2-R) \$11.00 (6-R) \$11.00	\$8.29	\$9.50	\$9.74
Lewiston	\$11.25	(2-R) \$11.25 (6-R) \$11.25	\$8.48	\$9.69	\$9.93
Moscow / Genesee	\$11.05-\$12.50	(2-R) \$11.05 (6-R) \$11.05	\$8.25-\$9.00	\$9.46-\$10.18	\$9.70-\$10.41

### 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 \$8.95-\$9.12 Mar \$9.18-\$9.36	Nov \$10.16-\$10.26	Nov \$10.43-\$10.61
Los Angeles	\$15.75	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$15.75	NQ	NQ	NQ	NQ	NQ
Ogden	\$12.15	NQ	NQ	\$8.30	\$9.01	\$9.40
Great Falls	\$8.00-\$12.00	NQ	\$12.75	NQ	\$8.40-\$8.72	\$9.03-\$9.24
Minneapolis	\$11.46	NQ	\$15.10	NQ	\$10.06 ½ (12%)	\$10.24 ¾ -\$10.29 ¾

### 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 reported in northern Idaho. USDA reported barley export sales at .6 TMT for Taiwan, however there were no shipments last week.

**WHEAT** – Local wheat prices were also mostly higher this week: SWW ranged from 1 to 30 cents higher; HRW ranged from 16 to 51 cents higher; and DNS ranged from 5 to 36 cents higher. USDA reported wheat export shipments last week were on the low end of trade expectations at 220.9 TMT (209.4 TMT for MY 2012-13 and 11.5 TMT for MY 2013-14, down 42% from the previous week and 48% from the prior 4-week average. Cumulative wheat export sales now tally 48% of USDA's projection for the year, compared to a 5-year average of 63%. However analysts expect U.S. export sales opportunities will increase in early 2013 as Black Sea wheat supplies dry up. Export shipments last week totaled 392.3 TMT, up 33% from the previous week and 32% from the prior 4-week average

**Pre-report trade expectations for MY 2012/13 wheat ending stocks** – 666 million bu compared to October estimate of 654 MMT. However, the market also expects bullish cuts to global ending stocks in the range of 3 to 5 MMT.

**Wheat Competitor/Buyer News** – The Buenos Aires Grain Exchange has pegged their Argentine wheat crop at 10.12 MMT, compared to USDA's October estimate of 11.5 MMT. Analysts widely expect USDA will cut their Argentine crop estimate to 10.5 MMT and their Australian wheat crop estimate to 20.5 MMT (compared to 23 MMT last month) in tomorrow's monthly S&D report. The EU approved 421 TMT of wheat for export this week, bringing their cumulative wheat exports to 5.75 MMT compared to 5.5 MMT for the same period a year ago.

**CORN** – Corn export sales were within trade expectations but still sluggish at 209.4 TMT (157.6 TMT for MY 2012-13 and 51.8 TMT for MY 2013-14), down 6% from the previous week but up 31% from the prior 4-week average. Export shipments last week totaled 395.5 TMT, up 2% from the previous week but down 2% from the prior 4-week average.

**Ethanol corn usage** –DOE's Energy Information Agency reported that U.S. ethanol production continued to inch modestly higher last week to 827,000 bbls per day, up 0.25% from the previous week but down 9.2% from a year ago. Corn used for ethanol last week totaled 86.8 million bu, slightly above the weekly pace needed to meet to USDA's annual projection of 4.5 billion bu in MY 2012/13.

**Pre-report trade expectations for MY 2012/13 corn production and ending stocks** – 10.62 billion bu (122.1 bpa yield) compared to last month's 10.706 billion bu and yield of 122.0 bpa. Corn ending stocks are pegged at 635 million bu compared to 619 mbu in October.

**Corn Competitor/Buyer News** – CONAB is projecting the Brazilian corn crop at 71.5 to 72.9 MMT, compared to 72.7 MMT in MY 2011/12. USDA currently pegs the Brazilian crop at 70 MMT. The Argentine corn crop is expected to be cut in tomorrow's monthly S&D report from October estimate of a record 28 MMT, due to a very slow planting pace in key production regions.

#### Futures market activity this week

**Macroeconomic news** – Euro debt worries catapulted back into the headlines this week as investors waited nervously to see if the Greek Parliament could muster enough votes on Wednesday to approve a new austerity package that is a condition of receiving their next round of EU bailout funds. Also adding to investor uncertainty was a statement by the European Central Bank President this week that euro-zone economic weakness would likely continue for an extended period of time despite a boost in confidence last month from the Bank's announcement they would be aggressively buying bonds of countries like Spain and Italy which are struggling with higher borrowing costs to refinance their debt. These economic doubts were underscored by weaker than expected German industrial output and euro-zone retail sales data released this week.

**U.S. economic news** – Most of this week's news was political which both rattled and reassured the markets...while Tuesday's election outcome removed some level of uncertainty hanging over the markets, investors quickly turned their attention and worries to the looming fiscal cliff – the threat of \$600 billion of tax increases and budget cuts in early January that if NOT dealt with could drive the U.S. economic economy back into recession in 2013. Both Fitch's and Moody's credit rating services quickly issued post-election warnings that they were prepared to downgrade the U.S. AAA credit rating early in 2013 if Congress and the President can't resolve this fiscal showdown while also making serious progress in addressing this country's unsustainable debt.

**WHEAT** – Wheat posted modest gains to start the week, boosted by stronger European wheat prices and deepening concerns about dry weather across much of the winter wheat region. Tuesday and Wednesday saw wheat prices surge higher, boosted by new contract highs in European milling wheat futures and mounting crop worries for both Southern Hemisphere old crop and new crop winter wheat across the Great Plains, now experiencing the worst crop condition ratings ever for this time of year. Wheat shrugged off pressure from weak outside markets to finish strong again today (Thursday) on support from bullish European prices, expectations that USDA will cut at least 3 to 5 MMT from global wheat ending stocks in tomorrow's monthly S&D report and continued crop worries which could mean much tighter milling quality stocks this winter. **Wheat market closes on Thursday, 11/08/12 ...**

	<b>Dec 2012</b>	<b>Weekly Summary</b>	<b>Mar 2013</b>	<b>Weekly Summary</b>
Chicago	<b>\$9.02 ½</b>	<b>Up \$0.38</b>	<b>\$9.16 ½</b>	<b>Up \$0.38</b>
Kansas City	<b>\$9.37</b>	<b>Up \$0.28 ¼</b>	<b>\$9.53</b>	<b>Up \$0.29 ¼</b>
Minneapolis DNS	<b>\$9.58 ¾</b>	<b>Up \$0.18 ½</b>	<b>\$ 9.66 ½</b>	<b>Up \$0.20</b>

**CORN** – Corn traded moderately lower on Monday in the face of technical selling and positioning ahead of Friday's monthly S&D report. Losses were limited by spillover support from wheat and concerns about difficult planting conditions in key South American growing areas. A lower dollar and spillover bounce in soybeans and wheat pushed corn prices higher on Tuesday. On Wednesday, ideas that Argentine corn production could be slashed in upcoming S&D reports helped corn shrug off headwinds from weak outside markets that were marked by the single worst trading day in equity and crude oil markets for the entire year. Corn finished slightly lower today (Thursday), after early gains tied to a surging wheat market eroded into the close. Pre-report positioning was the main feature. **Dec 2012 corn futures contract closed Thursday, 11/08/12, at \$7.41¼, up \$0.01 ¾ and the Mar 2013 contact closed at \$7.43 ¼, up \$.00 ¾ for the**

week.

#### OTHER MAJOR FACTORS TO WATCH –

**CRUDE OIL** – Crude oil prices experienced heightened volatility this week marked by significant uncertainty ahead of Tuesday's election and fresh worries about global demand. Oil prices traded \$0.79 higher on Monday to close at \$85.65 on support from a lower dollar and recovery in global equity markets. Gains continued on Tuesday with crude posting an impressive \$3 gain on a modest lift in risk taking sentiment, but then experienced a sharp \$4 pullback on Wednesday to close at \$84.44 as investors turned their attention back to stagnating economic growth across Europe and impacts from the looming U.S. fiscal cliff. DOE's weekly crude oil inventory report was considered mostly bearish...crude oil stocks increased by 1.766 million bbls, compared to an expected increase of 1.5 million bbls; distillates increased by 100,000 bbls, compared to an expected decrease of 1.25 million bbls; and gasoline stocks increased by 2.9 million bbls, compared to an expected decline of 1.5 million bbls. **Crude oil prices rebounded somewhat in today's session – closing up \$0.65 to \$85.09 – on support from a combination of technical buying and better than expected US economic data, including lower weekly jobless claims.**

#### U.S. WEATHER / CROP WATCH –

**Winter wheat** – Wheat conditions across the Western Plains continued to deteriorate this week, posting the lowest weekly crop ratings ever recorded for early November. Drought now affects at least 40% of the U.S. winter wheat crop. A strong cold front is expected to move through the Plains this weekend bringing only scattered showers but strong winds that will cause further drying, followed by a hard freeze. The extended outlook shows the western edge will remain mostly dry while chances improve for moisture along the southeastern edge.

#### USDA Crop Progress / Condition Report, November 5, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition % this week	% last week	% last year
US winter wheat	92% planted 73% emerged	88% 63%	92% 73%	90% 74%	39% 19% poor/very poor	40%	49%
ID winter wheat	<b>98% planted</b> <b>81% emerged</b>	<b>98%</b> <b>62%</b>	<b>99%</b> <b>87%</b>	<b>99%</b> <b>80%</b>	<b>67%</b>	<b>67%</b>	
Corn	95% harvested	91%	85%	71%			

#### INTERNATIONAL WEATHER / CROP WATCH -

- **Brazil** – The largest corn producing state of Parana continued to see drought conditions, with moisture deficit now expanding to about 8 inches. Meanwhile the rainy season finally took hold in Mato Grosso, the number two corn and number one soybean producing state in the northern tropics. Good rainfall was received last week and continued this week, allowing soybean planting to rapidly advance. Planting delays were a big concern because delays in soybean planting and delayed harvest could adversely affect their ability to get a second corn crop planted later in the season.
- **Argentina** – Although drier this week, key regions continued to see excessively wet conditions, which has delayed corn planting and threatened wheat quality. The extended forecast calls for drier conditions. It was estimated that about 12% of the wheat crop has been harvested.
- **Australia** – Rains returned to parts of Eastern Australia, threatening winter wheat harvest delays and quality concerns.

## Join Us for these 2012/13 Grain Marketing Education Programs...

October 30 webinar recording on 2012/13 Grain Market Outlook & Understanding Technical Trends in Grain Futures can be found at <http://connect.cals.uidaho.edu/p47995616/>

**NEXT WEBINAR** – **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: <http://connect.cals.uidaho.edu/barley/>**

**Basic Grain Marketing Workshops** – these 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** at 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**