

Idaho Grain Market Report, November 10, 2011

Published by the Idaho Barley Commission, kolson@idahobarley.org, 208-334-2090

Pre-registration is open for the Dec. 6 workshop on Risk Assessed Marketing: Integrating Grain Marketing and Crop Insurance into a Comprehensive Risk Management Strategy presented by Dr. Art Barnaby, Kansas State University ag economist, from 8:30 am to 4:00 pm at Pocatello Red Lion Hotel Register at: kolson@idahobarley.org or call 208-334-2090.

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, November 9, 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	\$10.75	(2-R) NQ (6-R) NQ	\$6.05	\$6.26	\$8.94
Idaho Falls	\$10.75	(2-R) \$13.00-\$13.02 (6-R) \$13.02	\$5.90	\$6.13	\$8.86
Blackfoot / Pocatello	\$11.14	(2-R) \$13.25 (6-R) \$13.25	\$6.00	\$6.38	\$8.96
Grace / Soda Springs	\$11.75	(2-R) NQ (6-R) NQ	\$6.15	\$5.96	\$8.63
Burley / Rupert	\$10.25	(2-R) \$13.02 (6-R) \$13.02	\$6.00	\$6.15	\$8.69
Hazelton					
Twin Falls / Eden / Buhl	\$10.50-\$11.00	(2-R) NQ (6-R) NQ	\$6.60	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$5.30	NQ	NQ
Nez Perce / Craigmont	\$9.10	(2-R) \$9.10 (6-R) \$9.10	\$5.59	\$7.02	\$9.50
Lewiston	\$9.35	(2-R) \$9.35 (6-R) \$9.35	\$5.78	\$7.21	\$9.69
Moscow / Genesee	\$9.15-\$10.45	(2-R) \$9.15 (6-R) \$9.15	\$5.55-\$6.26	\$6.98-\$7.75	\$9.46-\$10.27

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	Nov \$6.12-\$6.27 Mar \$6.30-\$6.35	Nov \$7.68-\$7.79	Nov \$9.96-\$10.36
Los Angeles	\$13.80	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.80	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.90	NQ	NQ	\$6.45	\$6.29	\$8.82
Great Falls	\$9.50-\$10.00	NQ	\$13.00	NQ	\$5.24-\$5.75	\$8.82-\$9.18
Minneapolis	\$11.15	NQ	\$15.94	NQ	\$8.36 (12%)	\$11.16-\$11.26

Market trends this week

BARLEY – Local barley prices were mixed again this week, ranging from 50 cents lower to 10 cents higher in southern Idaho and 5 cents lower to 10 cents higher in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

USDA's S&D report for MY 2011/12 - BARLEY – Nov. 9 – Mostly neutral to slightly supportive for barley....USDA made only a couple minor tweaks to the U.S. barley balance sheet this month – they raised production by 1 million bu to 156 million bu based on higher average yields in Idaho and Washington, and raised ending stocks by an equal amount to 55 million bu. USDA also continued to tighten their average farm gate price range to \$5.35-\$6.05. **World barley**

production was increased by .6 MMT to 133.2 MMT this month, which is a 9 MMT increase from last year. World ending stocks also were increased slightly this month to 22.9 MMT, but are still 3.3 MMT below last year and near a 40-year low.

WHEAT – Local wheat prices were also mixed this week: SWW ranged from 10 cents lower to 95 cents higher; HRW ranged from 21 cents lower to 10 cents higher; and DNS ranged from 2 to 29 cents higher. USDA reported wheat export sales last week were below trade expectations at 298.4 TMT, down 7% from the previous week and 22% from the 4-week average. Export shipments totaled 353.5 TMT, down 43% from the previous week and 20% from the 4-week average.

USDA's S&D report for MY 2011/12 - WHEAT – Nov. 9 – Neutral to slightly supportive for wheat...As expected USDA cut their production estimate but not by much – they lowered production by only 9 million bu to 1.999 billion bu and reduced ending stocks by an equal amount to 828 million bu. This is ABOVE the average pre-report ending stocks estimate of 808 million bu. The average farm gate price for U.S. wheat was tightened a little more this month to \$7.05-\$7.75/bu. World wheat production was raised this month by another 2 MMT to 683.3 MMT, which is nearly 35 MMT above a year ago, due to larger crops in Europe and Kazakhstan. World wheat ending stocks also were increased slightly this month to 202.6 MMT, which is 6.5 MMT above a year ago.

Wheat Competitor/Buyer News – USDA raised their wheat production estimates this month for Europe (+1.1 MMT to 137.5 MMT) and Kazakhstan (+2 MMT to 21 MMT). They lowered their production estimate for Argentina (-.5 MMT to 13 MMT). They also raised Russian wheat export projection by 1 MMT to 19 MMT. Egypt purchased 120 TMT of Ukrainian and 120 TMT of Russian wheat overnight.

CORN – Corn export sales last week were well below trade expectations at 251.9 TMT which was down 60% from the previous week and 75% from the 4-week average. Corn export shipments last week totaled 624.4 TMT, which was down 16% from the previous week.

USDA's S&D report for MY 2010/11 and MY 2011/12 - CORN – Nov. 9 – Slightly supportive for corn...as expected USDA tweaked the national average yield lower but by a larger amount than had been expected (146.7 bpa versus expected 147.7 bpa) and reduced U.S. ending stocks but not by as much as had been expected (843 million bu vs. 795 million bu expected)...yield was cut to 146.7 bpa, production was cut by 123 million bu to 12.31 billion bu, domestic feed usage was cut by 100 million bu to 4.6 billion bu and ending stocks were cut by 23 million bu to 843 million bu (a 24 day supply). World corn production was reduced by 1.1 MMT this month to 859 MMT, which is 30 MMT above a year ago. World corn ending stocks were cut by 1.6 MMT this month to 121.6 MMT, only a 51.2 day supply and nearly 8 MMT below last year.

Ethanol corn usage – DOE's Energy Information Agency reported an uptick in weekly U.S. ethanol production, totaling 911,000 bbls, down 0.55% from the previous week and up 3.88% from last year. Corn used for ethanol last week totaled 97.07 million bu, above the weekly pace needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

Corn Competitor/Buyer News – USDA raised their corn production estimates this month for China (+2.5 MMT to 184.5 MMT) and Argentina (+1.5 MMT to 29 MMT). They also raised Chinese corn import projection this month by 1 MMT to 3 MMT. Brazilian sources indicate they are increasing corn plantings by at least 17.5% this year and expect record production estimate of 63.14 MMT. At this stage early growing conditions are favorable in that country. USDA left their Brazilian corn production unchanged this month at 61 MMT. France raised their domestic corn production estimate this week to 15.2 MMT, up from 14.9 MMT last month and 13.8 MMT last year.

Futures market activity this week

Macroeconomic news ... Took another turn for the worse this week as the crisis deepened in Italy as the Italian Parliament failed to reach agreement on new economic measures to lower their debt which triggered a sharp spike in their borrowing costs that could force their economy to the brink of collapse. Greece also failed to reach a new agreement on a coalition government to implement their new austerity measures that will qualify them for the next round of euro-zone bailout payments. This dark cloud of uncertainty caused panic across global equity markets, driving the US dollar and treasuries sharply higher as preferred safe haven investments. Clearly, investors are becoming increasingly pessimistic that Europe's deepening debt crisis will plunge the global economy into another recession. While the fears of a default contagion moderated on Thursday on signs of some important steps forward like the announcement of a new Prime Minister and coalition government in Greece, there are also strong warning signs that the eurozone could slip into a recession next year. The European Commission released their revised forecast of growth this week, lowering their 2012 outlook for only 0.5% growth compared to their September forecast of 1.8%.

The bottom-line for commodity futures is that the macroeconomic environment remains highly unstable and is hammering hard almost daily on investors' appetite for risk in a wide range of investment markets.

WHEAT – Wheat began the week mixed to higher in two-sided light trading. Headwinds from mounting concerns about Europe's ability to resolve its deepening debt crisis were offset by talk of potential losses to U.S. and Ukrainian winter wheat crops. Weekly export inspections were very disappointing which added to the negative tone. Wheat managed an impressive turn around on Tuesday, closing sharply higher to 4-week highs on technical buying that was triggered by gains in outside markets and firm U.S. cash prices. But wheat could not sustain these gains, as very negative outside

markets and a surge higher in the US dollar pushed wheat down double digits on Wednesday, giving back most if not all of Tuesday's gains. Wheat finished lower again today (Thursday), despite supportive outside markets. Pressure was felt from a slow export sales pace and continued heavy competition from Black Sea exporters. **Wheat market closes on Thursday, 11/10/11...**

	Dec 2011	Weekly Summary	Mar 2012	Weekly Summary
Chicago	\$6.20	Down \$0.16 ¾	\$6.47	Down \$0.17 ½
Kansas City	\$6.97	Down \$0.21	\$7.11	Down \$0.20 ½
Minneapolis DNS	\$9.45	Up \$0.21 ¼	\$8.75 ½	Up \$0.03 ¾

CORN – Corn opened the week modestly lower and remained range bound as outside markets turned increasingly negative and triggered another round of long liquidations. But like wheat, corn price showed an impressive but more modest turn around on Tuesday in line with a more supportive tone in outside markets as well as positioning ahead of Wednesday's monthly supply and demand report which was expected to show a modest cut in U.S. corn yields and ending stocks. Despite early spillover pressure from investor panic across a wide range of outside markets, corn managed to come off of its early lows to close only modestly lower on Wednesday. A mostly friendly S&D report provided underlying support. Corn finished double digits lower today (Thursday), despite a firmer open as the market pulled back mid-session on talk of a very disappointing weekly export sales report and increased acres as well as favorable growing conditions in the South American corn crop. **Dec 2011 corn futures contract closed Thursday, 11/10/11, at \$6.45½, down \$0.10¼ and the Mar 2012 contact closed at \$6.54 ¾, down \$.11½ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil prices continued their march higher early in the week, supported by hopes that Europe would be able to solve its financial mess in combination with a new geopolitical risk premium from the escalating tension surrounding Iran's nuclear ambitions. However, energies were broadsided like most other investment markets on Wednesday - closing down \$1.06 to \$95.74/bbl – under pressure from a sharply higher dollar and fears about plunging global equities. The weekly petroleum stocks report was mostly supportive...showing crude oil stocks fell more than expected with a decline of 1.37 million bbls, compared to an expected build of .5 million bbls; distillates fell by a whopping 6.02 million bbls, which is the biggest weekly decline since 2004; and gasoline stocks fell by 2.11 million bbls to the lowest level since June 2009. **Crude oil prices reversed higher today (Thursday) on support from a rally in global equities and confirmation of strong Chinese demand.**
- **U.S. WEATHER / CROP WATCH** – Heavy rainfall covered much of the Central Midwest this week, halting late season harvest in many areas but leaving Ohio mostly dry until mid week. Light snow showers covered the western edge. At least two more rounds of moisture are expected in the 6-10 day period. **Winter wheat regions** – Significant moisture covered the southeastern half of the HRW belt but failed to deliver significant moisture relief to some critically dry areas of the Southwestern Plains. **The U.S. winter wheat condition index score this week was 335 (out of possible 500) which is up 2 pts from the previous week and up 5 pts from the previous year but down 19 pts from the 10-year average and the 5th lowest score on record.**

INTERNATIONAL WEATHER / CROP WATCH -

- **Ukraine** – Drought and poor germination conditions are projected to **affect at least 30% of the winter wheat crop.** Snow and cold conditions are becoming predominant, keeping the concerns for greater than normal winterkill on the front burner.
- **Argentina** – Favorable moisture this week benefited late wheat development and early corn growth, greatly reducing yield concerns in the southeastern edge (about 20%) of the wheat belt.
- **Australia** – Storms moved across the southeast, reducing drought concerns in that region while Western Australia was mostly dry as early harvest begins.

USDA Crop Progress / Condition Report, November 7, 2011

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
U.S. winter wheat	94% planted 76% emerged	89%	95%	92%	49%	46%	45%
ID winter wheat	99% planted 90% emerged	99%	99%	99%	87%	86%	
Corn	87% harvested	78%	95%	73%			

Upcoming Grain Marketing & Risk Management educational programs...

Nov. 28 webinar from **7:00 pm to 8:00 pm** - “How to Hedge your Farm Energy Inputs” presented by Bryce Knorr, senior editor, Farm Futures. Log onto...<https://connect.cals.uidaho.edu/barley>

Dec. 6 workshop from 8:30 am to 4:00 pm at Pocatello Red Lion Hotel – Risk-Assessed Grain Marketing: Integrating Grain Marketing & Crop Insurance into a Comprehensive Risk Management Strategy presented by Dr. Art Barnaby, Kansas State University ag economist (pre-registration is required).

Recorded and archived fall 2011 webinars can be found at...

Nov. 9 webinar on Fine-tuning your 2012 Malting Barley and Wheat Pricing Strategies in Volatile Grain Markets presented by Craig Corbett at <https://connect.cals.uidaho.edu/p27789333/>

Sept. 7 webinar on Global Grain Market Outlook presented by Kelly Olson at <https://connect.cals.uidaho.edu/p53192408/>