

Idaho Grain Market Report, November 18, 2010

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, November 17, 2010. 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) \$8.55 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$8.00	(2-R) NQ (6-R) NQ	\$5.60	\$5.41	\$7.01
Idaho Falls	\$7.75	(2-R) \$8.33-\$9.00 (6-R) \$8.33	\$5.45	\$5.71	\$7.22
Blackfoot / Pocatello	\$7.81	(2-R) \$8.55 (6-R) NQ	\$5.50	\$5.44	\$7.27
Grace / Soda Springs	\$8.12	(2-R) NQ (6-R) NQ	\$5.70	\$5.25	\$6.90
Burley / Rupert Hazelton	\$8.00-\$8.30	(2-R) \$8.33 (6-R) \$8.33	\$5.60-\$5.90	\$5.20	\$7.00
Twin Falls / Eden / Buhl	\$8.20-\$9.00	(2-R) NQ (6-R) NQ	\$5.64-\$5.70	NQ	NQ
Weiser	\$7.75	(2-R) NQ (6-R) NQ	\$5.36	NQ	NQ
Nez Perce / Craigmont	\$7.35	(2-R) \$7.35 (6-R) \$7.35	\$5.64	\$6.28	\$7.80
Lewiston	\$7.60	(2-R) \$7.60 (6-R) \$7.60	\$5.83	\$6.47	\$7.99
Moscow / Genesee	\$7.40-\$8.25	(2-R) \$7.40 (6-R) \$7.40	\$5.60-\$6.20	\$6.24-\$6.69	\$7.76-\$8.48

Trading Prices at Selected Terminal Markets, cash prices FOB

	<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>			
	#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	Dec \$6.35-\$6.45 Mar \$6.50-\$6.60	NQ	NQ
Los Angeles	\$11.60	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$11.60	NQ	NQ	NQ	NQ	NQ
Ogden	\$8.50	NQ	NQ	\$5.85	\$5.58	\$7.13
Great Falls	\$7.15-\$7.25	NQ	\$8.00	NQ	\$4.58-\$4.63	\$6.91-\$7.08
Minneapolis	\$7.29	NQ	\$9.79	NQ	NQ	\$7.90 ½ - \$8.30 ½

Market trends this week

BARLEY – Local barley prices were mixed this week ranging from \$.52 lower to \$.05 higher in southern Idaho and \$.10 to \$.50 lower in northern Idaho. USDA did not report any barley export sales for last week. Barley shipments last week totaled .2 TMT, for Taiwan and Mexico.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from \$.55 lower to \$.14 cents higher; HRW ranged from \$.53 to \$.85 lower; and DNS ranged from \$.46 to \$1.09 lower. U.S. wheat export sales last week were well above trade expectations at 943.4 TMT, up 13% from the previous week and 47% from the prior 4-week average. Export shipments last week totaled 438 TMT, down 15% from the previous week and 20% from the prior 4-week average. Cumulative wheat export sales now total 64.1% of the USDA projection for the year, compared to 66.7% for a five-year average.

Wheat Competitor/Buyer News – On Monday, USDA confirmed a 100 TMT Iraqi purchase of U.S. HRW wheat. Egypt purchased 175 TMT of wheat this week – all from the U.S. (120 TMT SWW and 55 TMT HRW).

CORN – USDA reported export sales last week continued to be on the low end of trade expectations at 533.7 TMT, down 7% from the previous week but up 20% from the prior 4-week average. This represented the 4th consecutive week that corn export sales were below the pace needed to reach the USDA projection for the year (at 43% of the USDA projection compared to 40.9% for a five-year average). U.S. corn export shipments last week totaled 778.8 TMT, up 4% from the previous week and 3% from the prior 4-week average. Cumulative corn export sales now.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production last week totaled 895,000 barrels per day, up 2.05% from the previous week and up 13.8% from a year ago. This equates to 93.975 million bushels of corn consumption last week, a new weekly record.

Corn Competitor/Buyer News – Rumors continue to circulate that China and Argentina are in talks about importing as much as 6 to 8 MMT of Argentine corn, but many analysts think it could take an extended period of time to get all of the protocols in place. Meanwhile, the Chinese government has set limits on the amount of corn that domestic feed mills can buy at any one time, limiting volume to no more than a 15 day supply. These signs continue to signal that corn stocks are tightening in China and will remain tight through the remainder of this year at the same time that livestock feed demand continues to grow. Reports from Argentina indicate that the government may be ready to issue export permits for nearly 5 MMT of corn. If China begins buying large quantities of corn from Argentina, then Argentina's traditional customers will likely have to come to the U.S. to satisfy their corn import needs, so overall this can be viewed as bullish news. USDA confirmed corn sales this week to South Korea (281 TMT) and Egypt (120 TMT), likely prompted by the lower U.S. corn prices.

Futures market activity this week

Macroeconomic highlights – Most of the focus in the past 10 days has been on EU sovereign debt concerns in Ireland which have pushed the euro lower against the dollar and moves by the Chinese government to cool an overheated economy and curb rising inflation, including tightening their monetary policy and implementing food price controls. All of these developments have rattled investors and caused a flight of money away from commodities and back into safe haven investments. Today news spread that the Irish government would accept a EU/IMF bank bailout package which helped spur a recovery in the euro and pressure on the dollar.

U.S. macroeconomic news continues to be a mixed bag... the U.S. producer price index rose only 0.4% in October, falling short of expectations but matching the two previous months and the consumer price index rose only 0.2%, again below expectations and unchanged when food and energy prices are excluded. New housing starts in October fell by 12% to the lowest level since April 2009 when a new monthly record low was set. All of these indicators have prompted many analysts to praise the Federal Reserve's move to fight deflationary pressures with large scale Treasury purchases. Today showed the leading economic indicators index held steady at 0.5% in October (Sept. index was revised upward to 0.5%) but an improvement over August's level of 0.1%. **A piece of good news for U.S. taxpayers** - General Motors will launch an initial public stock offering on Thursday for more than 478 million shares at a price of \$33/share (rose to \$35/share in active trading), marking the single largest IPO in history. GM's common stock offering is expected to raise more than \$20 billion and lower U.S. government ownership in the company from 61% to about 31%. The US gov't has already begun recouping the more than \$36 billion that it lent GM last year after it went bankrupt. GM is on target to show its first full-year profit since 2004.

WHEAT – The value of the dollar and investment money flow continues to be key for wheat futures....Wheat began the week slightly higher on Monday, with strong spillover support from corn and soybeans offset by pressure from a stronger dollar which continued to gain against the euro because of Irish debt concerns. An extended dollar rally on Tuesday pushed wheat futures down sharply with additional pressure from showers moving through the Central Plains mid week which helped to ease some dryness concerns. Prices rebounded on Wednesday in line with a lower dollar and money flow back into commodities. Wheat markets finished solidly higher today (Thursday) as the dollar fell further early in the session and shower activity remained disappointing in the Western Plains, with little if any moisture in the 6-10 day outlook. **Wheat futures market closes on Thursday, 11/18/10...**

	Dec 2010	Weekly Summary	Mar 2011	Weekly Summary
Chicago	\$6.45 ¼	Down \$.24	\$6.84 ½	Down \$.25
Kansas City	\$7.10 ¼	Down \$.19 ¾	\$7.26	Down \$.19 ¾
Minneapolis DNS	\$7.24	Down \$.20 ¾	\$7.39 ¾	Down \$.19 ½

CORN – Corn began the week sharply higher – recovering from last Friday's limit down trading session – with support from a recovery in energies and equities, end user buying and more talk from China that suggests corn stocks are tightening and imports might resume soon. However gains were short-lived as corn was pummeled again on Tuesday by another severe wave of long liquidations triggered by economic concerns in the EU (Irish sovereign debt) and China (tightening credit) as well as the approach of December contract delivery date. Corn prices staged an early recovery on Wednesday with help from a weaker dollar but finished the day fractionally lower as the dollar strengthened and crude oil fell sharply for the 4th straight session. Corn finished sharply higher today (Thursday) as a lower dollar and higher crude oil sparked both end user and speculative buying. **Dec 2010 corn futures contract closed Thursday, 11/18/10, at \$5.41 ¾, up \$.07¾ for the week and the Mar 2011 contract closed at \$5.55 ¾, up \$.07¾ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** –Crude oil began the week with a modest decline – down \$.41 to close at \$84.86/bbl after falling sharply the previous Friday by nearly \$3/bbl. Pressure came from a dollar rally and across-the-board weakness in commodity and equity markets. Tuesday saw crude oil prices take another big hit from a continued dollar rally and global demand concerns – closing down \$2.52 to \$82.34/bbl. Wednesday saw the market shrug off another bullish weekly petroleum inventory which showed a much bigger than expected draw on crude oil, distillates and gasoline – to close sharply lower late in the session, down \$1.90 to \$82.34/bbl. Wednesday’s weekly petroleum inventory showed crude oil inventories were down 7.3 million bbls, compared to an expected unchanged position; distillate stocks fell by 1.1 million bbls; and gasoline stocks fell by 2.7 million bbls, compared to an expected draw of 750,000 bbls.
- **U.S. WEATHER / CROP WATCH** – Weekend rains boosted winter wheat condition in parts of the Central and Southern Plains, although the driest areas of western Kansas, eastern Colorado and south Nebraska continue to be mostly bypassed. Additional rains are expected in the next 10 days, particularly in some SRW areas, although the Ohio River Valley remains on the dry side. Right now, about 1/4 of the HRW and 1/3 of the SRW crops are likely to enter dormancy in the next couple weeks poorly established and vulnerable to winterkill. **USDA’s weekly winter wheat crop condition rating moved up 1% to 46% good/excellent but remains well below the five year average of 64%. The 6-10 and 8-14 day outlooks are dry in the western Plains (HRW) but there is some possibility of showers in the Eastern Plains and Ohio River Valley (SRW).**
- **INTERNATIONAL WEATHER / CROP WATCH** –
 - **Argentina** – showers are expected late this week in the southern and western regions which should be beneficial to late wheat development and corn/soybeans; however the northeastern region remains dry which is accelerating wheat harvest but stressing about 25% of the country’s corn/soybean crop. The outlook is mostly dry for next week.
 - **Australia** – Northeastern region remains too wet, stalling the small grain harvest which is now 3 weeks behind in some areas and likely affecting quality; however the southeastern region remains dry aiding crop maturity and harvest. This region is expecting bumper yields. The outlook is dry for next week.

USDA Crop Progress Report, Nov. 15, 2010 – this will be our last U.S. crop progress report until next spring

Crop	Stage this week	Previous Week	Previous Year	5-Year Average	Condition rating
US winter wheat	Emerged 87%	82%	78%	85%	46% g/ex this week, 45% last week and 64% ave.
ID winter wheat	Emerged 96%	90%	90%	90%	84% good/excellent

Idaho Grain Marketing Workshop (live) on Dec. 16 –“Understanding technical trends in grain futures & strategies for improving your net malting barley/wheat contract price in 2011”

Call 208-334-2090 or send an email to kolson@idahobarley.org to register before Dec. 13.

- **Dec. 16 at 8:30 a.m. at the Idaho Potato Museum, 130 NW Main St., Blackfoot, ID**
- **Dec. 16 at 1:30 p.m. at the Rexburg Chamber of Commerce, 127 E. Main St., Rexburg, ID**

How to download past Idaho Grain Market Webinar Presentations

- **Nov. 10 WEBINAR** on “Understanding technical trends in future contracts / current grain market outlook” at <https://connect.cals.uidaho.edu/p38164240/>
- **Sept. 14 WEBINAR** on “World Grain Market Outlook & 2011 Malt Contract Pricing Strategies” at <https://connect.cals.uidaho.edu/p97241148/>

More webinars are coming up...

- **Jan. 18 at 8:30 a.m. MST - Managing Production Costs: Owning vs. Leasing Machinery** – presented by Dr. William Edwards, Iowa State University ag economist, Ames, IA
- **Jan. 27 at 8:30 a.m. MST – Optimizing fertility in Malting Barley and Hard Red Spring Wheat** – presented by Dr. Brad Brown, UI cereal agronomist, Parma ID
- **Feb. 7 at 8:30 a.m. MST (tentative date) – 2011 Barley Crop Insurance Options** – presented by Mark Andreasen, Mountain States Insurance Group, Soda Springs, ID