

# Idaho Grain Market Report, December 12, 2013

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, December 11, 2013. 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	\$7.50	(2-R) NQ (6-R) NQ	\$5.88	\$6.40	\$6.79
Idaho Falls	\$7.85	(2-R) \$11.50-\$12.00 (6-R) \$11.50	\$6.10	\$6.16	\$6.46
Blackfoot / Pocatello	NQ	(2-R) \$10.00 (6-R) \$10.00	\$6.10	\$6.88	\$6.61
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert Hazelton	\$7.50-\$7.75	(2-R) \$11.50 (6-R) \$11.50	\$6.05-\$6.15	\$6.45	\$6.43
Twin Falls / Eden / Buhl	\$7.75-\$9.00	(2-R) NQ (6-R) NQ	\$5.70-\$5.88	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$6.15	NQ	NQ
Nez Perce / Craigmont	\$6.30	(2-R) \$6.30 (6-R) \$6.30	\$6.55	\$7.18	\$7.47
Lewiston	\$6.80	(2-R) \$6.80 (6-R) \$6.80	\$6.74	\$7.37	\$7.66
Moscow / Genesee	\$6.30-\$6.75	(2-R) \$6.30 (6-R) \$6.30	\$6.32-\$6.36	\$6.75-\$6.92	\$7.13-\$7.37

### 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	Dec \$6.90 <sup>3</sup> / <sub>4</sub> -\$7.20 <sup>3</sup> / <sub>4</sub> Apr \$7.31 <sup>3</sup> / <sub>4</sub>	Dec \$7.47 <sup>3</sup> / <sub>4</sub> - \$7.89 <sup>3</sup> / <sub>4</sub> Mar \$7.88 <sup>3</sup> / <sub>4</sub> - \$8.00 <sup>3</sup> / <sub>4</sub>	Dec \$8.05 <sup>1</sup> / <sub>2</sub> -\$8.13 <sup>1</sup> / <sub>2</sub> Mar \$7.98 <sup>1</sup> / <sub>2</sub> -\$8.18 <sup>1</sup> / <sub>2</sub>
Los Angeles	\$10.90	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$10.90	NQ	NQ	NQ	NQ	NQ
Ogden	\$7.20	NQ	NQ	\$6.35	\$6.15	\$7.50
Great Falls	\$6.50-\$7.00	NQ	\$9.50	NQ	\$6.46-\$6.52	\$6.77-\$6.84
Minneapolis	\$7.29	NQ	\$11.98	NQ	\$7.47 <sup>3</sup> / <sub>4</sub> (12%)	\$9.38 <sup>1</sup> / <sub>2</sub>

### Market trends this week

**BARLEY** – Local barley prices were very steady this week with southern Idaho locations reporting no change to 50 cents higher and northern Idaho reporting no change. USDA reported barley export sales totaled 6.7 TMT for Japan and Taiwan, and export shipments totaled 6.2 TMT for Japan last week.

**Barley Competitor/Buyer News** – As expected, USDA raised their Canadian (+0.8 MMT to 10.25 MMT) and Australian (+1.2 MMT to 8.6 MMT) barley production estimates this month. They raised Canadian barley exports by 0.2 MMT to 1.9 MMT and Australian exports by 0.6 MMT to 4.7 MMT. USDA lowered their EU barley export projection by 0.8 MMT to 4.5 MMT.

**USDA's BARLEY S&D Projections for MY 2013/14 – Dec. 10** – USDA made no changes to the U.S. barley balance sheet this month... except to further tighten the average farm gate price projection for U.S. barley to \$5.70-\$6.30. **World barley production was increased by 1.4 MMT this month to 143.1 MMT, up 10% from last year, with a bigger crop in Canada. World ending stocks were increased by 1 MMT to 23.8 MMT, up 17% from last year.**

**WHEAT** – Local wheat prices were mostly lower this week: SWW ranged from no change to 26 cents lower; HRW ranged from no change to 44 cents lower; and DNS ranged from 10 cents higher to 56 cents lower. USDA reported wheat export sales last week were on the low end of trade expectations at 372.2 TMT. Wheat export shipments last week totaled 563.2 TMT.

**Wheat Competitor/Buyer News** – As expected, USDA raised their wheat production estimates for Canada (+4 MMT to 37.5 MMT) and Australia (+1 MMT to 26.5 MMT). They also raised Canadian exports by 1.5 MMT to 23.0 MMT and Australia exports by .5 MMT to 19.5 MMT. They raised European wheat exports by 1 MMT to 25 MMT based on a vigorous export pace in the first half of the marketing year. Black Sea wheat exports were left unchanged at 34 MMT, up 33% this year.

**USDA's WHEAT S&D Projections for MY 2013/14 – Dec. 10** - USDA surprised the trade by increasing U.S. wheat ending stocks by 10 million bu to 575 million bu, as a result of raising wheat imports by the same amount. This was 22 million bu ABOVE the average pre-report trade estimate of 553 million bu. The average farm gate price for U.S. wheat was lowered to \$6.65-\$7.15/bu. As expected, world wheat production was increased by 5 MMT this month to 711.4 MMT - up 8% from last year - due to larger crops reported in both Canada and Australia. World wheat ending stocks were increased by 4 MMT to 182.8 MMT, up 4% from last year.

**CORN** – Corn export sales were on the high end of trade expectations last week at 804.8 TMT (695.4 TMT for MY 2013/14), up 17% from the previous week but down 26% from the previous 4-week average. Corn export shipments were strong again at 977.4 TMT, with China taking 340 TMT. Trade sources indicate that China has rejected at least 240 TMT of U.S. corn arriving at Chinese ports due to detection of unapproved GMO material, with about 2 MMT of U.S. corn en route to China right now.

**Ethanol corn usage** – DOE's Energy Information Agency reported sizeable uptick in weekly U.S. ethanol production last week to 944,000 bpd, up 31,000 bpd or 3.4% from the previous week and nearly 15% from a year ago. This represents the best weekly ethanol output in nearly 2 years. Corn used for ethanol totaled 99 million bu, above the need weekly pace of 94 million bu to meet the revised USDA projection of 4.95 billion bu for the marketing year.

**USDA's CORN S&D Projections for MY 2013/14 – Dec. 10** – USDA made only minor tweaks to the U.S. corn balance sheet this month: they raised imports by 5 million bu to 30 million bu; raised domestic ethanol usage by 50 million bu to 4.95 billion bu; and raised exports by 50 million bu to 1.45 billion bu. This resulted in a 95 million bu cut in ending stocks to 1.792 billion bu, BELOW the pre-report trade estimate of 1.861 billion bu. The average farm gate price for U.S. corn was tightened to \$4.05-\$4.75/bu. World corn production was increased by 1.5 MMT to a record 964.3 MMT, up 12% from last year, due to larger production in Ukraine. World corn ending stocks were cut by nearly 2 MMT this month to 162.5 MMT, still up 20% from last year.

**Corn Competitor/Buyer News** – USDA raised their corn production estimate for Ukraine this month by 1 MMT to a record 30 MMT. Ukrainian exports are projected to reach 18 MMT this marketing year on par with Argentine exports of 18 MMT and Brazilian exports of 20 MMT.

#### Futures Market trends this week

**U.S. economic news** - Most of the U.S. economic data continue to beat expectations this week, including slightly better than expected November retail sales. These upbeat data are fueling speculation that the Federal Reserve could vote as early as next week to begin tapering QE3 monthly bond purchases, which has investors on edge.

**WHEAT** – Wheat markets began the week mixed to lower, with technical weakness the most notable feature in the face of little fresh fundamental news. Wheat prices slumped on Tuesday in reaction to a mostly bearish world wheat supply projection, driven by bigger than expected crops in Canada and Australia. Wednesday saw prices rebound modestly on an oversold technical condition. But gains could not be sustained, as wheat closed lower today (Thursday) under pressure from disappointing export sales, ideas that the major U.S. winter wheat growing areas will escape from any major winterkill threats this week and sharp spillover pressure from slumping soybeans. **Wheat market closes on Thursday, 12/12/13** ...

	<u>Mar 2014</u>	<u>Weekly Summary</u>	<u>May 2014</u>	<u>Weekly Summary</u>	<u>Dec. 2014</u>	<u>Weekly Summary</u>
Chicago SRW	\$6.38	Down \$.17	\$6.52	Down \$.16 <sup>3</sup> / <sub>4</sub>	\$6.73 <sup>1</sup> / <sub>4</sub>	Down \$.15 <sup>1</sup> / <sub>4</sub>
KC HRW	\$7.05	Down \$.08 <sup>1</sup> / <sub>4</sub>	\$6.95 <sup>1</sup> / <sub>4</sub>	Down \$.14	\$7.07 <sup>1</sup> / <sub>4</sub>	Down \$.09 <sup>1</sup> / <sub>2</sub>
MGE DNS	\$6.66 <sup>1</sup> / <sub>4</sub>	Down \$.20 <sup>1</sup> / <sub>2</sub>	\$6.84 <sup>1</sup> / <sub>4</sub>	Down \$.23 <sup>1</sup> / <sub>4</sub>	\$7.16	Down \$.15

**CORN** – Corn prices posted modest gains to start the week on a strong export shipment pace and short covering ahead of Tuesday’s S&D report, in which the trade expected a modest downtick in ending stocks. Corn prices opened stronger on mostly bullish S&D data, but could not hold these early gains as the market focus quickly shifted back to concerns about export difficulties in moving corn to China due to detections of unapproved GMO material. Prices finished modestly higher on Wednesday in choppy two sided action as the market continues to be preoccupied with expectations of a bigger crop estimate from USDA in January. Corn closed modestly lower today (Thursday), on heightened concerns about China accepting U.S. corn cargoes that are en route to that import market, estimated as high as 2 MMT. **Corn futures contract closed on Thursday, 12/12/13 for Mar. 2014 contract at \$4.34 <sup>1</sup>/<sub>4</sub>, unchanged for the week, May 2014 contract closed at \$4.42<sup>1</sup>/<sub>2</sub>, down \$.00 <sup>1</sup>/<sub>4</sub> and the Dec. 2014 contract closed at \$4.61<sup>1</sup>/<sub>2</sub>, down \$.02 <sup>1</sup>/<sub>4</sub> for the week.**

**OTHER MAJOR FACTORS TO WATCH –**

**CRUDE OIL** – Crude oil continued to grind higher this week on expectations of further global economic growth and another decline in domestic crude oil stocks this week. DOE’s weekly inventory report was bullish for crude oil for last week but bearish for the product markets: crude oil stocks fell by a whopping 10.6 million bbls, compared to an expected decline of 3.0 million bbls; distillates increased by 4.54 million bbls, compared to an expected increase of 1.55 million bbls to the highest level in 27 years; and gasoline inventories increased by a whopping 6.72 million bbls, compared to an expected increase of 2.0 million bbls. **Crude oil futures settled mostly unchanged today – closing at \$97.50/bbl - with support from a slightly better than expected U.S. retails report, offset by a higher dollar and bearish build in product inventories.**

**INTERNATIONAL WEATHER / CROP PROGRESS -**

**Argentina** – Drier outlook, improving wheat harvest conditions. Southern wheat areas could see more rain into the weekend, slowing harvest in some areas.

**Australia** – Drier for much of the grain belt, accelerating harvest.