

Idaho Grain Market Report, November 4, 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 3, 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) \$7.25 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$7.75	(2-R) NQ (6-R) NQ	\$5.90	\$6.46	\$7.94
Idaho Falls	\$8.00	(2-R) \$8.33-\$8.50 (6-R) \$8.33	\$5.80	\$6.37	\$7.96
Blackfoot / Pocatello	\$8.33	(2-R) \$7.25 (6-R) NQ	\$5.80	\$5.85	\$7.74
Grace / Soda Springs	\$7.95-\$8.00	(2-R) NQ (6-R) NQ	\$5.95	\$5.87	\$7.53
Burley / Rupert Hazelton	\$7.50	(2-R) \$8.33 (6-R) \$8.33	\$5.70-\$5.79	\$5.81	\$7.62
Twin Falls / Eden / Buhl	\$8.00-\$9.00	(2-R) NQ (6-R) NQ	\$5.50	NQ	NQ
Weiser	\$7.25	(2-R) NQ (6-R) NQ	\$5.48	NQ	NQ
Nez Perce / Craigmont	\$7.35	(2-R) \$7.35 (6-R) \$7.35	\$5.74	\$6.60	\$8.41
Lewiston	\$7.60	(2-R) \$7.60 (6-R) \$7.60	\$5.93	\$6.79	\$8.60
Moscow / Genesee	\$7.40-\$8.75	(2-R) \$7.40 (6-R) \$7.40	\$5.70-\$6.40	\$6.56-\$7.32	\$8.37-\$8.94

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	Nov \$6.35-\$6.55	NQ	NQ
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$8.00	NQ	NQ	\$6.10	\$6.14	\$7.70
Great Falls	\$7.00-\$7.65	NQ	\$8.00	NQ	\$6.23-\$6.29	\$7.41-\$7.57
Minneapolis	\$7.50	NQ	\$9.79	NQ	NQ	\$8.22 ¼ - \$8.77 ¼

Market trends this week

BARLEY – Local barley prices were mostly higher this week ranging from 25 cents lower to 53 cents higher in southern Idaho and 25 cents higher in northern Idaho. USDA did not report any barley export sales last week. Barley shipments totaled 1.8 TMT, for Canada and Taiwan.

WHEAT – Local wheat prices were mixed this week: SWW ranged from steady to 20 cents higher; HRW ranged from 18 cents lower to 28 cents higher; and DNS ranged from 6 cents lower to 13 cents higher. U.S. wheat export sales last week for MY 2010/11 were within trade expectations at 565.6 TMT, down 6% from the previous week and 4% from the prior 4-week average. Export shipments last week totaled 429.5 TMT, down 34% from the previous week and 38% from the prior 4-week average.

Wheat Competitor/Buyer News – Egypt purchased 230 TMT of wheat on Tuesday from Argentina, Australia and France, none from the U.S.

CORN – USDA reported export sales last week were on the low side of trade expectations at 461.6 TMT last week, down 16% from the previous week and 18% from the prior 4-week average. U.S. corn export shipments were at 880.3 TMT last week, which was up 51% from the previous week and 11% from the prior 4-week average.

Ethanol usage – DOE’s Energy Information Agency reported that weekly ethanol production last week totaled 865,000 barrels per day, down 1.7% from the previous week, but up 16.7% from a year ago. This equates to 90.8 million bushels of corn consumption last week, above the weekly pace (89.9 million bu) needed to reach USDA’s yearly usage projection of 4.7 billion bushels.

Corn Competitor/Buyer News – China reportedly has rejected a cargo of U.S. corn for unapproved GMO content. USDA reported that Egypt had purchased 120 TMT of U.S. corn early this week.

Futures market activity this week

Trading in outside markets was volatile but somewhat subdued early in the week, with the dollar gyrating both higher and lower, as markets awaited further direction from two major events – the U.S. midterm elections and the Federal Reserve’s new quantitative easing plan (QE2). The markets appeared to have already priced in a Republican take-over of the U.S. House of Representatives and a \$500 billion QE2 package from the Fed. Wednesday morning confirmed the expected election results and by afternoon a more aggressive than expected QE2 announcement from the Federal Reserve (\$600 billion purchase of long-term Treasuries over the next 8 months) sealed the deal. These actions pushed the dollar sharply lower into the close of Wednesday’s trading session and propelled crude oil and the Dow Jones higher on the day.

WHEAT – Without an injection of fresh fundamental news (other than dry winter wheat conditions), the dollar continued to set the tone in wheat markets this week....Wheat began the week sharply lower on Monday, with profit-taking pressure causing the markets to lose steam following an overnight rally that continued to be fueled by an excessively dry outlook in many key winter wheat production areas. After opening higher on Tuesday, wheat markets again eased lower into the close on active selling pressure from talk of increased rain chances in the 16 to 30 day outlook and disappointment that Egypt passed on U.S. wheat in their tender this week, buying Argentine, Australian and French wheat instead. Wednesday saw prices continued to grind lower in the face of choppy dollar trading and a lack of fresh supportive news. Wheat markets finished higher today (Thursday) with aggressive buying and short covering early in the session due mostly to the lower dollar. **Wheat futures market closes on Thursday, 11/4/10...**

	Dec 2010	Weekly Summary	Mar 2011	Weekly Summary
Chicago	\$7.13 ³ / ₄	Down \$.03 ¹ / ₂	\$7.53 ¹ / ₂	Down \$.03 ³ / ₄
Kansas City	\$7.69	Down \$.02	\$7.84 ³ / ₄	Down \$.02
Minneapolis DNS	\$7.84 ³ / ₄	Up \$.08	\$7.99	Up \$.07 ³ / ₄

CORN – Corn began the week modestly lower which many traders saw as a bearish technical reversal which might attract additional fund selling through the week. The negative tone was attributed to a firmer dollar and lackluster export inspections which indicate some price rationing has kicked in. Corn traded slightly lower again on Tuesday in mostly tow-sided action, with losses trimmed by spillover support from sharply higher cotton which has raised the stakes in the 2011 acreage battle and expectations that USDA will cut their corn yield estimate in next week’s S&D report, further tightening an already historically low stocks to use. Corn closed higher on Wednesday, recovering from early lows caused by uncertainty about Fed action, on support from a weaker dollar after the Fed announced a more aggressive than expected QE2 campaign. Corn prices finished higher today (Thursday) closing at the highest level since September 2008, this was fueled by outside forces such as the lower dollar. **Dec 2010 corn futures contract closed Thursday, 11/4/10, at \$5.90, up \$.08 for the week and the Mar 2011 contact closed at \$6.03 ³/₄, up \$.08 ³/₄ for the week.**

Near-by Commodity Outlook –

Corn – continues to have bullish long-term fundamentals, reinforced by expectations of another cut by USDA in the national average corn yield and 2010 output in next Tuesday’s S&D report (most traders expect at least another bushel to be cut from the current 155.8 bpa yield estimate). Added to this overall positive tone is an early jump on the 2011 Midwest acreage battle, which has been sparked by rising soybean and cotton prices. On the downside, a recently sluggish corn export pace has raised concerns that prices have climbed too high too quickly and need to consolidate in order to maintain or rebuild export demand. Price action is largely driven by both the strong fundamentals, technical chart trends and value of the dollar and crude oil. **Dec 2010 support remains at \$5.28 and resistance at \$5.88.**

Wheat – mostly relegated to a follower’s role as long as domestic and global fundamentals remain soft. However wheat saw a nice upside price tick last week, largely driven by a combination of declining winter wheat crop conditions and day-to-day price action in the dollar. Upside potential still exists, particularly as we move into the winter and Europe’s surplus stocks of quality milling wheat begin to dwindle and importers turn to the U.S. as the primary milling wheat supplier.

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** –Crude oil continued to trade inverse to the dollar this week, with additional underlying support from expectations of further monetary easing which is expected to jumpstart energy demand. **Prices climbed above \$85/bbl to a 6-month high on Wednesday** in reaction to a mixed weekly inventory report and aggressive Fed plan to buy U.S. Treasuries which pushed the dollar lower. Wednesday’s weekly inventory report was both bearish and bullish.... showing higher than expected build-up in crude oil inventories – up 5 million bbls on the week, compared to

an expected increase of 1.5 million bbls; distillate stocks fell by 1.6 million bbls, compared with expected decline of 1.0 million bbls; while gasoline stocks fell by 4.4 million bbls, compared to an expected unchanged position.

- **U.S. WEATHER / CROP WATCH** – Weather remained mostly warm and dry this week across much of the Midwest, allowing final corn harvest to resume but adding to the moisture stress in many key HRW and SRW areas. Right now, about two-thirds of the Plains winter wheat crop is experiencing at least some moisture deficit, with an estimated 20% of the hard red winter (HRW) wheat crop seeing poor stand establishment as it heads into dormancy, resulting in increased vulnerability to winterkill. **This concern was confirmed in USDA’s weekly winter wheat crop condition rating – at only 46% good/excellent - which is down 1% from last week despite recent rains, and the lowest overall winter wheat condition rating for this time of year in 19 years.** The 6-10 and 8-14 day outlooks are showing a normal to above normal precipitation which might bring some needed relief before dormancy.
- **INTERNATIONAL WEATHER / CROP WATCH** –
 - **Argentina** – Continued to see mostly favorable conditions for wheat (heading) and corn (emergence). Weekend rains were plentiful through southern and eastern Argentine wheat areas, helping to maintain solid wheat yield potential. Drier areas include northeastern Cordoba and central and northwestern Santa Fe, which comprises about 15% of the corn and soybean areas.
 - **Australia** – Most of the country was dry this week, although the east has a good chance for more rains over the coming weekend, which could add to quality concerns as harvest season rapidly approaches.

USDA Crop Progress Report, Nov. 1, 2010

Crop	Stage this week	Previous Week	Previous Year	5-Year Average
US winter wheat	Planted 92%	88%	81%	88%
	Emerged 73%	64%	65%	73%
ID winter wheat	Planted 99%	94%	97%	98%
	Emerged 81%	72%	69%	70%
US corn	Harvested 91%	83%	24%	61%

Idaho Barley Commission will host a WEBINAR on Wednesday, Nov. 10, at 8:00 a.m. (MST) on “Understanding technical trends in future contracts / current grain market outlook”, conducted by Craig Corbett, Grace, ID grower and market analyst

To join this webinar from your own computer, please log onto:

<https://connect.cals.uidaho.edu/barley/>

There will be **opportunities to view this webinar at the following Idaho county extension and FSA offices:**

- Bonneville County Extension office – 2925 Rollandet, **Idaho Falls**, Wayne Jones, 208-529-1390
- Caribou County FSA office – 390 E. Hooper Ave, **Soda Springs**, Chad Bybee, 208-547-4396
- Cassia County Extension office - 1013 W. 16th Street, **Burley**, Joel Packham, 208-878-9461
- Fremont County Extension office, 49 W. 1st North, **St. Anthony**, Lance Ellis, 208-624-3102
- Nez Perce County Extension office, 1239 Idaho St., **Lewiston** - **YOU MUST CALL LYDIA CLAYTON TO CONFIRM** at 208-799-3096 or email her at lclayton@uidaho.edu.