

Idaho Grain Market Report, November 11, 2010

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, November 10, 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) \$8.50 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$8.00	(2-R) NQ (6-R) NQ	\$5.95	\$6.16	\$8.10
Idaho Falls	NQ	(2-R) \$8.33-\$9.00 (6-R) \$8.33	NQ	NQ	NQ
Blackfoot / Pocatello	\$8.33	(2-R) \$8.50 (6-R) NQ	\$6.00	\$6.29	\$8.05
Grace / Soda Springs	\$8.45	(2-R) NQ (6-R) NQ	\$6.00	\$6.03	\$7.73
Burley / Rupert Hazelton	\$8.25-\$8.50	(2-R) \$8.33 (6-R) \$8.33	\$5.75-\$6.05	\$5.97	\$7.72
Twin Falls / Eden / Buhl	\$8.60-\$9.00	(2-R) NQ (6-R) NQ	\$5.40-\$5.60	NQ	NQ
Weiser	\$7.75	(2-R) NQ (6-R) NQ	\$5.57	NQ	NQ
Nez Perce / Craigmont	\$7.45	(2-R) \$7.45 (6-R) \$7.45	\$5.84	\$6.81	\$8.51
Lewiston	\$7.70	(2-R) \$7.70 (6-R) \$7.70	\$6.03	\$7.00	\$8.70
Moscow / Genesee	\$7.50-\$8.75	(2-R) \$7.50 (6-R) \$7.50	\$5.80-\$6.55	\$6.77-\$7.48	\$8.47-\$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 \$6.00-\$6.45 Mar \$6.65-\$6.85	NQ	NQ
Los Angeles	\$11.75	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$11.75	NQ	NQ	NQ	NQ	NQ
Ogden	\$8.50	NQ	NQ	\$6.25	\$6.45	\$8.03
Great Falls	\$7.25-\$7.65	NQ	\$8.00	NQ	\$5.34-\$5.50	\$7.58-\$7.75
Minneapolis	\$7.50	NQ	\$9.79	NQ	NQ	\$8.47-\$8.72

Market trends this week

BARLEY – Local barley prices were higher this week ranging from \$.25 to \$1.25 higher in southern Idaho and no change to \$.10 higher in northern Idaho. USDA will not publish weekly exports until Friday due to the Veteran's Day holiday..

USDA's MY 2010/11 S&D report for BARLEY – Nov. 9 - USDA made only two minor tweaks to the U.S. barley balance sheet this month: they lowered the national ave. yield estimate slightly which reduced production by 2 million bu to 180 million bu and lowered ending stocks by 1 million bu to 86 million bu. The average farm-gate price for U.S. barley was tightened on each end of the range to \$3.75-\$4.25/bu, compared to \$4.66 in 2009/10. **World barley production was lowered by .8 MMT this month to 123.8 MMT, which is 17% below last year, due to smaller crops in the US, EU, Canada and Russia. World barley ending stocks were pegged at 21.2, up slightly last month BUT down 43% from last year.**

Barley Competitor/Buyer News – USDA raised their Australian barley production estimate this month by .3 MMT to 7.9 MMT.

WHEAT – Local wheat prices were mostly higher this week: SWW ranged from \$.09 to \$.26 higher; HRW ranged from \$.30 lower to \$.44 higher; and DNS ranged from \$.10 to \$.31 higher. U.S. wheat export shipments last week for MY 2010/11 totaled TMT. Weekly export sales won't be reported until Friday.

USDA's MY 2010/11 S&D report for WHEAT – Nov. 9 – USDA made only a few minor adjustments to the domestic wheat balance sheet: they **lowered 2010 production by 16 million bu to 2.208 billion bu** (due to smaller spring wheat acres harvested and slightly lower ave. yield), raised imports by 10 million bu to 110 million bu, and **lowered U.S. ending stocks by 5 million bu to 848 million bu. This was slightly below the average pre-report trade estimate of 855 million bu.** The average farm gate price for U.S. wheat was tightened to \$5.25-\$5.75/bu, compared to \$4.87 in 2009/10. **World wheat production was raised this month by 1.5 MMT this month to 642.9 MMT, due to bigger crops in Australia and Argentina, but this is down nearly 40 MMT from last year. World ending stocks were cut by 2 MMT to 172.5 MMT, down nearly 23 MMT from last year but still the 3rd highest stocks level in the past 30 years.**

Wheat Competitor/Buyer News – USDA raised their wheat production estimates this month for both Australia – up 1 MMT to 24 MMT and Argentina – up 1.5 MMT to 13.5 MMT. They also raised their wheat export projections for Argentina by 1 MMT to 8.0 MMT, the EU by 1 MMT to 22.0 MMT and Russia by .5 MMT to 4.0 MMT. USDA raised their projection of Chinese feed wheat usage by 2 MMT to 11 MMT and Chinese wheat imports by .5 MMT to 1.0 MMT this month. Egypt purchased 230 TMT of wheat this week, with 115 TMT sourced from the U.S., 60 TMT from France and 60 TMT from Australia. Morocco announced it was suspending its wheat import duty (135% on soft wheat and 80% on hard wheat) for the remainder of this marketing year due to a 30% decline in domestic production.

CORN – U.S. corn export shipments last week for MY 2010/11 totaled TMT. Weekly export sales won't be reported until Friday.

Ethanol corn usage – DOE's Energy Information Agency reported that ethanol production last week totaled 877,000 barrels per day, up 1.39% from the previous week and up 11.6% from a year ago. This equates to 92.085 million bushels of corn consumption last week, in line with the pace needed to reach USDA's yearly usage projection of 4.8 billion bushels. The American Petroleum Institute joined a consortium of livestock producers and food manufacturers in filing a lawsuit this week to stop EPA from implementing their E-15 decision announced last month that will raise the domestic ethanol blending allowance to 15% for use in 2007 and older models.

USDA's MY 2010/11 S&D report for CORN – Nov. 9 – USDA's projections were on the bullish to neutral side this month (much more bullish for soybeans): they **lowered the average corn yield by 1.5 bpa to 154.3 bpa, compared to an average pre-report trade estimate of 154.57 bpa, resulting in a 124 million bu reduction in 2010 production to 12.540 billion bu.** This compares with an average pre-report trade estimate of 12.556 billion bu. USDA also lowered domestic feed use by 100 million bu to 5.3 billion bu, raised domestic food / industrial usage by 100 million bu to 6.18 billion bu (ethanol usage now pegged at 4.8 billion bu), lowered exports by 50 million bu to 1.95 billion bu, resulting in **a 75 million bu reduction in U.S. ending stocks to a very snug 827 million bu. This puts MY 2011 U.S. corn ending stocks 18 million bu below the average pre-report trade estimate of 845 million bu, and 881 million bu below last year's ending stocks level.** Average farm gate price for U.S. corn was raised to \$4.80-\$5.60/bu, compared to \$3.55 in MY 2009/10. **World corn production was lowered by 1 MMT this month to 818.5 MMT, but still up 5 MMT from last year, while world ending stocks were cut by another 3 MMT this month to a very snug 129 MMT, down nearly 19 MMT from last year and an estimated 56 day supply.**

Corn Competitor/Buyer News – USDA surprised some traders by raising their Chinese corn production estimate this month by 2 MMT to 168 MMT (nearly matching Chinese official estimate of 169 MMT), while some private Chinese forecasts have pegged the crop lower at between 153 - 158 MMT.

Futures market activity this week

Long term the dollar continues to look bearish, reinforced by last week's Federal Reserve decision to undertake a more ambitious than expected \$600 billion purchase of U.S. long-term debt, which is widely expected to keep downward pressure on the U.S. dollar for the next several months. However, in recent days the dollar has seen its strongest performance since August due to renewed EU sovereign debt concerns (banks are dumping Irish government bonds) and currency uncertainties ahead of the G-20 world leaders meeting taking place in South Korea on Thursday and Friday. These world leaders are discussing broad concerns about competitive currency devaluations and trade imbalances, but it appears the largest economies remain far apart on currency strategies, particularly the U.S. and China.

WHEAT – Wheat began the week higher on Monday, with support from short covering sparked by bullish technical signals and a continued dry outlook for many key winter wheat production areas. Prices retreated sharply on Tuesday despite early spillover support from sharply higher soybeans and corn responding to bullish S&D estimates from USDA. The negative tone came from a higher dollar and overbought conditions. Wednesday saw prices continued to slide lower under pressure from an extended rally in the dollar which triggered long liquidation in commodity markets across the board. Wheat markets finished lower again today (Thursday) under pressure from a continued rally in the dollar, but key technical support at \$6.90 in CBOT and \$7.55 in KCBT remains intact. **Wheat futures market closes on Thursday, 11/11/10...**

	Dec 2010	Weekly Summary	Mar 2011	Weekly Summary
Chicago	\$7.04	Down \$.24 ¾	\$7.44	Down \$.25
Kansas City	\$7.68	Down \$.18	\$7.84	Down \$.17 ¾
Minneapolis DNS	\$7.76 ¾	Down \$.22 ¼	\$7.92	Down \$.19 ¾

CORN – Corn began the week moderately lower in mostly positioning ahead of Tuesday’s monthly S&D report as well as concerns about a lagging corn export pace. Cumulative export shipments now total 15.7% of the year’s projection, compared to a five year average of 18.6%. Corn opened sharply higher on Tuesday in reaction to a supportive S&D report and strong spillover from soybeans which saw bushels cut more than expected while demand continues to be red hot. However these gains could not be sustained and the corn market turned lower on pressure from a bearish reversal on its technical charts and across the board weakness in outside markets. Prices continued to erode lower on Wednesday on pressure from the higher dollar and follow-through fund selling. Corn gave up overnight gains to close lower today (Thursday) under pressure from continuing technical weakness and dollar strength, but technical support remains intact at \$5.50. **Dec 2010 corn futures contract closed Thursday, 11/11/10, at \$5.64, down \$.23¾ for the week and the Mar 2011 contact closed at \$5.78, down \$.23¾ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** –Crude oil opened the week above \$87/bbl – posting a new two year high – despite some pressure from a higher dollar. Support came from new projections which show both stronger demand and higher prices ahead for crude oil in 2011. The U.S. Department of Energy (DOE) increased its domestic crude oil price outlook by \$2/bbl to an average of \$85.17 fir 2011, with the possibility of Q42011 price of \$87/bbl. Meanwhile, the International Energy Agency (IEA) said Chinese energy demand will increase by 75% in the next 25 years, bringing global consumption to 16.7 billion metric tons per year of oil equivalence by 2035. However, October data showed that China saw an unexpected drop in crude oil imports last month, likely resulting from their recent credit tightening measures. Crude oil prices chopped modestly lower on Tuesday – closing down \$.34 to \$86.72/bbl – on continued dollar strength and an anticipated jump in crude oil inventories this week. However Wednesday’s weekly petroleum inventory was surprisingly bullish which helped limited losses in the face of an extended rally in the dollar, closing down just \$.07 on Wednesday to \$87.81/bbl. The Wednesday weekly inventory report showed a much bigger draw on crude oil, distillates and gasoline...crude oil inventories were down 3.3 million bbls, compared to an expected increase of 1.4 million bbls; distillate stocks fell by 4.97 million bbls, compared with expected decline of 1.85 million bbls; and gasoline stocks fell by 1.9 million bbls, compared to an expected draw of 900,000 bbls.
- **U.S. WEATHER / CROP WATCH** – Conditions were mixed this week across the Midwest, with slow moving storms moving across the Northern Plains mid week, moving into the Central and Southern Plains by Friday, bringing some beneficial moisture to HRS areas in Texas, Oklahoma and central/eastern Kansas. Western Kansas and eastern Colorado have been too dry, although rainfall coverage late this week may help ease some of the moisture stress. SRW areas, particularly the Ohio River Valley, don’t expect to see much moisture relief until possibly next week. **USDA’s weekly winter wheat crop condition rating confirms this year’s winter wheat crop is headed into dormancy in worse shape than a year ago, now rated at 45% rated good/excellent, down 1% from last week and down from 18% a year ago. Right now it is estimated that about one-third of both the hard red winter acres and soft red winter wheat acres are in poor condition moving into dormancy (see drought map below) and vulnerable to winterkill pressures. The 6-15 day outlook has turned drier and colder which is likely to limit the opportunity for adding much growth ahead of dormancy.**
- **INTERNATIONAL WEATHER / CROP WATCH –**
 - **Argentina** – Weekend rains extended into the early part of this week, bringing beneficial moisture to heading winter wheat in southern Argentina. There are good chances of additional rain in the 6 to 15 day period. Meanwhile, northern regions looked mostly dry this week at the start of their wheat harvest, but some forecasts show wetter conditions next week. About 25% of Argentina’s corn/soybean belt continues to see moisture stress during germination and early growth.
 - **Australia** – Western region remains dry which is helping speed maturity and early harvest although yield expectations remain disappointing. Eastern region, on the other hand, is receiving unwelcome rains and many areas expect heavy rainfall over the weekend which will delay harvest and threaten quality losses.

USDA Crop Progress Report, Nov. 8, 2010

Crop	Stage this week	Previous Week	Previous Year	5-Year Average
US winter wheat	Planted 95%	92%	86%	92%
	Emerged 82%	73%	72%	79%
ID winter wheat	Planted 100%	99%	99%	99%
	Emerged 90%	81%	79%	82%
US corn	Harvested 96%	91%	35%	73%

How to download 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/>

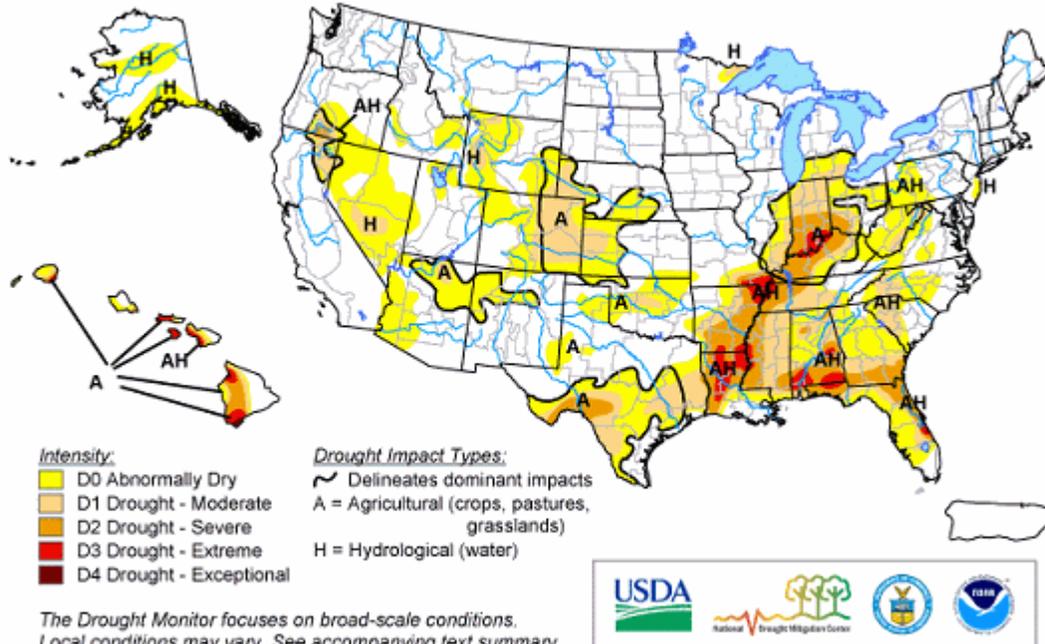
- Sept. 14 WEBINAR on “World Grain Market Outlook & 2011 Malt Contract Pricing Strategies” at <https://connect.cals.uidaho.edu/p97241148/>

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

U.S. Drought Monitor

November 9, 2010
Valid 8 a.m. EST



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://drought.unl.edu/dm>

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Author: Mark Svoboda, National Drought Mitigation Center