

# Idaho Grain Market Report, January 13, 2011

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

**Don't Miss These IDAHO GRAIN WEBINARS (internet-based workshops).** To join these webinars from your own computer, please log onto: <https://connect.cals.uidaho.edu/barley/>  
**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*

**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, January 12, 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) \$9.50 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$9.00	(2-R) NQ (6-R) NQ	\$6.65	\$7.37	\$9.15
Idaho Falls	\$7.85	(2-R) \$9.00-\$10.00 (6-R) \$9.00	\$6.45	\$6.87	\$9.02
Blackfoot / Pocatello	\$8.95	(2-R) \$9.50 (6-R) NQ	\$6.30	\$6.82	\$8.69
Grace / Soda Springs	\$9.14-\$9.50	(2-R) NQ (6-R) NQ	\$6.50	\$6.75-\$7.07	\$8.62-\$8.76
Burley / Rupert Hazelton	\$9.00	(2-R) \$9.00 (6-R) \$9.00	\$6.60-\$6.75	\$6.92	\$8.78
Twin Falls / Eden / Buhl	\$10.00-\$10.75	(2-R) NQ (6-R) NQ	\$6.50	NQ	NQ
Weiser	\$8.50	(2-R) NQ (6-R) NQ	\$6.77	NQ	NQ
Nez Perce / Craigmont	\$8.10	(2-R) \$8.10 (6-R) \$8.10	\$7.04	\$7.86	\$9.45
Lewiston	\$8.35	(2-R) \$8.35 (6-R) \$8.35	\$7.23	\$8.05	\$9.64
Moscow / Genesee	\$8.15-\$9.75	(2-R) \$8.15 (6-R) \$8.15	\$7.00-\$7.65	\$7.82-\$8.53	\$9.41-\$10.16

**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	Jan \$7.70-\$7.75 Aug NC \$7.45-\$7.70	Aug NC \$8.55-\$8.71	Aug NC \$9.84
Los Angeles	\$12.25	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$12.25	NQ	NQ	NQ	NQ	NQ
Ogden	\$9.50	NQ	NQ	\$6.75	\$7.25	\$8.80
Great Falls	\$7.75-\$8.45	NQ	\$9.00	NQ	\$6.26-\$6.41	\$7.66-\$7.99
Minneapolis	\$8.54	NQ	\$11.46	NQ	\$8.10 ½ (12%)	\$10.42 ½-\$11.27 ½

**Market trends this week**

**BARLEY –** Local barley prices were mostly higher this week ranging from \$.90 lower to \$1.10 higher in southern Idaho and \$.15 to \$.50 higher in northern Idaho. USDA did not report any barley export sales or shipment for last week.

**USDA's MY 2010/11 S&D report for BARLEY –Jan. 12** - USDA made only two very minor tweaks to the U.S. barley balance sheet this month: they lowered domestic feed usage by 5 million bu to 45 million bu and raised ending stocks by an equal amount to 91 million bu. The average farm-gate barley price was left unchanged at \$3.70-\$4.10/bu. **World barley production was increased by .5 MMT to 124.86 MMT, based on higher production in Argentina, but still 17% below last year and a 40 year low. World barley ending stocks were increased by .23 MMT to 22.2, which is down 40% from last year.**

**USDA's Quarterly Stocks Report – BARLEY – Jan. 12** – USDA pegged U.S. barley stocks in all positions on December 1, 2010 at 181 million bu, down 12% from a year ago. The September to November 2010 indicated disappearance is 42.8 million bu, up 29% from the same period a year earlier. Idaho barley stocks on Dec. 1, 2010 are pegged at 34.9 million bu, down 9% from a year ago.

**Barley Competitor/Buyer News** – USDA raised their barley production estimate for Argentina this month by .4 MMT to 2.3 MMT due to better than expected late-season growing conditions. They raised their barley export projections for Argentina by .2 MMT to 1.1 MMT; raised Australian exports by .2 MMT to 4.5 MMT; and raised EU exports by .3 MMT to 4.9 MMT.

**WHEAT** – Local wheat prices were mixed this week: SWW ranged from 5 cents lower to 50 cents higher; HRW ranged from 50 cents lower to 37 cents higher; and DNS ranged from 25 cents lower to 15 cents higher. U.S. wheat export sales were well below trade expectations totaling 175.2 TMT; which 147.3 TMT was in marketing year 2010/11 and was down 68% from the previous week and 75% from the previous 4-week average. Wheat export shipments last week totaled 613.7 TMT, up 41% from the previous week and 15% from the prior 4-week average.

**USDA's Winter Wheat Seeding Estimate – Jan. 12** –USDA pegged U.S. winter wheat seedings at 40.99 million acres, up 10% from last year and just below the average pre-report trade estimate of 41.2 million acres. 2011 HRW acres are pegged at 29.6 million, up nearly 4%; SRW acres are estimated at 7.76 million, up 47%; and SWW are pegged at 3.66 million acres, up 4% from last year. Idaho winter wheat acreage is pegged at 840,000, up 12% from 2010.

**USDA's MY 2010/11 S&D report for WHEAT – Jan. 12** – USDA lowered domestic feed usage by 10 million bu to 170 million bu, raised wheat exports by 50 million bu to 1.3 billion bu and lowered ending stocks by 40 million bu to 818 million bu. **This was 14 million bu below the average pre-report trade estimate of 842 million bu.** The average farm gate price for U.S. wheat was raised to \$5.50-\$5.80/bu. **World wheat production was lowered again this month by .7 MMT to 645.8 MMT (but came in above trade expectations), due to smaller crops in Australia and Kazakhstan, offset by bigger crops in Argentina and Brazil. By contrast, world wheat ending stocks were increased by 1.2 MMT to 177.99 MMT, down nearly 20 MMT from last year but on paper the 3<sup>rd</sup> highest stocks level in the past 30 years.**

**USDA's Quarterly Stocks Report – WHEAT – Jan. 12** - USDA pegged U.S. wheat stocks in all positions on December 1, 2010 at 1.928 billion bu, up 8% from a year ago, but below the pre-report trade estimate of 1.937 billion bu. The September to November 2010 indicated disappearance is 522 million bu, up 22% from the same period a year earlier. Idaho wheat stocks on Dec. 1, 2010 are pegged at 63.2 million bu, compared to 53.7 million bu a year ago.

**Wheat Competitor/Buyer News** – USDA lowered their Australian wheat production estimate this month by .5 MMT to 25.0 MMT, based on poor weather at harvest; lowered production for Kazakhstan by 1.3 MMT to 9.7 MMT; raised production for Argentina by .5 MMT to 14.0 MMT; and raised production for Brazil by .4 MMT to 5.9 MMT. They also lowered their export projections for Australia by 1.5 MMT to 13.5 MMT and for Kazakhstan by 1 MMT to 5.0 MMT. Pakistan has reportedly sold up to 500 TMT of wheat - their first wheat exports in 3 years - to Bangladesh and Myanmar. Egypt purchased 175 TMT of U.S. and Australian wheat over the weekend. Turkey purchased 300 TMT of wheat, with 260 TMT supplied by the U.S, large purchase of U.S. wheat likely evidence that European milling quality stocks are becoming tight.

**CORN** – USDA reported corn export sales last week were within trade expectations at a 439.2 TMT which was up 19% from the previous week, however it was down 37% from the previous 4-week average. Corn export shipments last week totaled 515.7 TMT, down 16% from the previous week and 38% from the prior 4-week average.

**Ethanol corn usage** – DOE's Energy Information Agency reported that U.S. ethanol production last week totaled 888,000 barrels per day, down 1.8% from last week but up 8.6% from a year ago. This equates to 93.24 million bushels of corn consumption last week, still above the weekly pace needed to meet USDA's higher usage projection of 4.9 billion bu for the current marketing year.

**USDA's Final 2010 Corn Production Estimate – Jan. 12** – As expected, USDA once again lowered their 2010 corn yield and production estimates – they cut 1.5 bushels from their national average yield estimate of 152.8 bpa - resulting in final production of 12.447 billion bu, down 93 million bu or 1% from their November estimate and 5% below 2009.

**USDA's MY 2010/11 S&D report for CORN – Jan. 12** – As noted above, USDA lowered U.S. corn production by 93 million bu to 12.447 billion bu. This compares with the average pre-report trade estimate of 12.491 billion bu and 13.11 billion bu produced in 2009. Corn imports were raised by 5 million bu to 20 million bu; domestic feed usage was lowered by 100 million bu to 5.2 billion bu; industrial usage (for ethanol) was raised by 100 million bu to 6.28 billion bu; **and U.S. corn ending stocks were lowered by 87 million bu to 745 million bu.** This was lower than the average pre-report ending stocks estimate of 778 million. The average farm gate price for U.S. corn was raised to \$4.90-\$5.70/bu. **World corn production was lowered by 4.7 MMT this month to 816 MMT, which is up 4 MMT from last year. World corn ending stocks fell by 3 MMT to 127 MMT, down 20 MMT from last year.**

**USDA's Quarterly Stocks Report – CORN – Jan. 12** - USDA pegged U.S. corn stocks in all positions on December 1, 2010 at 10.04 billion bu, down 8% from a year ago. The September to November 2010 indicated disappearance is 4.11 billion bu, up 6.5% from the same period a year earlier.

**Corn Competitor/Buyer News** – As widely expected, USDA cut their corn production estimate for Argentina by 1.5 MMT to 23.5 MMT, which is still well above private forecasts which peg the Argentine corn crop at around 20 MMT based on recent hot dry weather conditions during the critical pollination period. Argentine farmers have reportedly announced they would halt grain sales for the next week to protest their government's export policies.

#### Futures market activity this week

**WHEAT** – Wheat began the week moderately lower under pressure from a higher dollar, concerns about index fund rebalancing, a lack of fresh bullish news and positioning ahead of Wednesday's key reports. Tuesday saw prices continue to slide in the face of selling pressures triggered by index fund rebalancing and profit-taking. Spillover pressure from aggressive selling in soybeans also was noted. Prices rose sharply on Wednesday, with gains attributed to a lower dollar, friendly USDA stocks and winter wheat planting reports and potential winterkill threats from subzero temperatures across a wide swath of HRW production areas. Wheat markets finished higher today (Thursday) in follow-through buying from Wednesday's supportive stock reports and a growing recognition that prices will need to strengthen this winter in order to attract sufficient spring wheat acres needed to fill the gap created by tightening global stocks situation. **Wheat futures market closes on Thursday, 01/13/11...**

	<u>Mar 2011</u>	<u>Weekly Summary</u>	<u>May 2011</u>	<u>Weekly Summary</u>
Chicago	\$7.83 ½	Up \$.09 ½	\$8.12 ¼	Up \$.10 ½
Kansas City	\$8.68 ½	Up \$.22 ¼	\$8.79 ¼	Up \$.23
Minneapolis DNS	\$8.93 ¾	Up \$.23	\$9.02 ¾	Up \$.22 ½

**CORN** – Corn began the week posting double digit gains, boosted by new fund buying, crop uncertainties in Argentina and expectations that USDA would lower corn ending stocks in their monthly S&D report scheduled for release on Wednesday. Disappointing weekly export inspections limited the gains into the close of the session. Corn erased early gains to close unchanged to fractionally lower on Tuesday, under late session profit-taking pressures. Underlying support was seen from disappointing rain totals in key production areas in Argentina, where one-third of their corn crop remains unfavorably dry and subject to significant yield losses. Corn posted impressive gains on Wednesday, boosted by a package of bullish USDA estimates, including lower than expected 2010 final production, lower quarterly stocks and lower marketing year ending stocks, as well as supportive outside markets (lower dollar and sharply higher crude oil). Corn posted solid gains today (Thursday), as traders now shift their focus from Wednesday's bullish stock reports to an effort to ration old crop supplies and buy more acres in 2011 while keeping a close eye on Argentina's current growing conditions, where at least a third of their corn crop remains under serious moisture stress. **Mar 2011 corn futures contract closed Thursday, 01/13/11, at \$6.42 ½, up \$.47 ½ and the May 2011 contact closed at \$6.51 ½, up \$.47 ¾ for the week.**

#### **OTHER MAJOR FACTORS TO WATCH –**

- **CRUDE OIL** – Crude oil opened the week at \$89.25 and climbed steadily above \$91/bbl by mid-week – a 27 month high - despite a higher dollar. Support came from a combination of positive demand news and supply concerns. China reported a modest increase in net oil imports in December, while U.S. macroeconomic indicators continued to improve, including a lower unemployment rate, lower wholesale inventories and surging corporate profits. On the supply side, the Trans-Alaskan pipeline which transports about 15% of the domestic oil supply was shut down over the weekend due to leak. Meanwhile, two North Sea oil fields were shut down because of a leak. OPEC reaffirmed that it had no plans during the next six months to pump additional barrels to meet expanding demand and to ease rising prices. The DOE Energy Information Agency released its latest short term energy outlook, predicting that crude oil prices would average \$93/bbl in 2011, rising to \$99/bbl in 2012. Wednesday's weekly petroleum inventory continued to confirm tightening stocks, with crude oil stocks declining by 2.15 million bbls, compared to an expected draw of 1.4 million bbls. Distillate stocks increased by 2.4 million bbls and gasoline supplies increased by 5.08 million bbls, compared to an expected build of 2.1 million bbls.
- **U.S. WEATHER / CROP WATCH** – Snow arrived just in time to protect major parts of the HRW and SRW belts as subzero temperatures swept through the region. However some key production areas of the Central and Southern Plains remained unprotected and vulnerable to winterkill, with the greatest threats focused on southeastern and southcentral Colorado, southwestern Kansas and the Oklahoma panhandle (worst case - about 20% of the region may be looking at 10-20% losses). A second round of cold air is expected in the 6-15 day outlook, but may be centered further east.

▪ **INTERNATIONAL WEATHER / CROP WATCH –**

- **Argentina** – rain totals in key production areas were disappointing in recent days, resulting in about one-third of the corn crop stressed during pollination and subject to significant yield losses.
- **Australia** – Flooding continued in Queensland causing serious logistical challenges, while undesirable moisture was expanding into southern grain production areas where harvest is wrapping up. Despite these adverse late-season conditions, official crop estimates have been only marginally cut, while the debate shifts to what percentage of wheat and barley crops will NOT be accepted for milling and brewing.

**Please note that the weekly Idaho Grain Market Alert, a companion market update produced by Craig Corbett, which provides in-depth understanding of the technical trends in the grain futures markets (wheat, corn and barley) will become a subscription-only report after January 20, 2011. Next week we will provide information on how to continue to receive this valuable **Grain Market Alert**. The Idaho Barley Commission was very pleased to initiate this project with Craig, a fellow grain producer from eastern Idaho, but our plan was to transition this report to a paid-subscription basis after five months. Because of the interest, we extended our agreement with Craig through the month of December. We will provide more information in our next couple reports on how you can continue to receive this valuable market report directly from Craig.**

**Why should you pay attention to technical trends?** This month's *Top Producer* magazine has an excellent explanation from Mike Florez, a market analyst with Florez Trading, "If you can lean some technical analysis and understand the tools to *project market momentum*, you can get your own ideas on when the markets are topping. How to read the charts and key in on market signals will be crucial for farmers in the coming months."