

Idaho Grain Market Report, March 24, 2011

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, March 23, 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) \$11.50 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$10.00	(2-R) NQ (6-R) NQ	\$6.75	\$7.22	\$9.90
Idaho Falls	\$10.50	(2-R) \$11.25-\$11.50 (6-R) \$11.25	\$6.70	\$7.43	\$10.19
Blackfoot / Pocatello	\$9.89	(2-R) \$11.50 (6-R) NQ	\$7.20	\$6.69	\$9.88
Grace / Soda Springs	\$10.14	(2-R) NQ (6-R) NQ	\$6.80	\$6.93-\$7.05	\$9.67-\$9.70
Burley / Rupert Hazelton	\$9.80-\$10.25	(2-R) \$11.25 (6-R) \$11.25	\$6.50-\$6.70	\$6.90	\$9.74
Twin Falls / Eden / Buhl	\$10.50-\$11.00	(2-R) NQ (6-R) NQ	\$6.40	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$6.02	NQ	NQ
Nez Perce / Craigmont	\$9.85	(2-R) \$9.85 (6-R) \$9.85	\$6.44	\$7.94	\$10.83
Lewiston	\$10.10	(2-R) \$10.10 (6-R) \$10.10	\$6.63	\$8.13	\$11.02
Moscow / Genesee	\$9.90-\$11.25	(2-R) \$9.90 (6-R) \$9.90	\$6.40-\$7.15	\$7.90-\$8.59	\$10.79-\$11.20

Trading 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	Apr \$7.05-\$7.15 Aug NC \$7.15	Mar \$8.60-\$8.75 Aug NC \$8.51-\$8.56	Mar \$11.04-\$11.34 Aug NC \$9.79-\$10.04
Los Angeles	\$13.75	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.75	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.50	NQ	NQ	\$7.10	\$7.10	\$9.94
Great Falls	\$8.50-\$9.25	NQ	\$11.00	NQ	\$6.06-\$6.27	\$9.85-\$10.11
Minneapolis	\$9.90	NQ	\$12.19	NQ	\$8.17 (12%)	\$11.69

Market trends this week

BARLEY – Local barley prices were mostly higher this week ranging from no change to \$1.50 higher in southern Idaho and from \$.50 to \$.75 higher in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

WHEAT – Local wheat prices were also higher this week: SWW ranged from 5 to 65 cents higher; HRW ranged from 6 to 78 higher; and DNS ranged from 8 to 63 higher. USDA reported that wheat export sales last week were on the high end of trade expectations at 659.7 TMT for the current market year (plus sales of 86 TMT for MY 2011/12), down 1% from the previous week, and 6% from the prior 4-week average. Cumulative wheat export sales now tally 95.4% of the USDA yearly projection, compared to 5-year average of 90.7% (marketing year ends May 31). Wheat export shipments totaled 621 TMT, which were down 10% from the previous week and 8% from the prior 4-week average.

International Grains Council projections for MY 2011/12 – In their monthly grain supply and demand projections released today (March 24), the IGC is projecting world wheat production in 2011/12 up nearly 4% to 673 MMT. They are projecting world wheat supplies and demand will be broadly balanced, resulting in a slight increase in carryover stocks. Surpluses by major exporters are likely to be adequate to meet importers' needs with a recovery in Black Sea production.

Wheat Competitor/Buyer News – Iraq tendered for 100 TMT of wheat this week. Confirmation that Jordan had purchased 50 TMT of wheat from Romania this week.

CORN – USDA reported corn export sales last week were within trade expectations at 895 TMT, down 14% from the previous week and 13% from the prior 4-week average. Corn export shipments last week totaled 879.8 TMT, unchanged from the previous week; however it was down 11% from the prior 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production last week totaled 913,000 barrels per day, up 2.02% from last week and up 7.79% from a year ago. This is the third consecutive week of higher ethanol production.

International Grains Council projections for MY 2011/12 – An early forecast pegs world corn production at 841 MMT, up 4% from this year. With feed demand continuing to increase in developing countries, the IGC sees a further drawdown in stocks and strong prices.

Corn Competitor/Buyer News – Despite a lack of confirmation from USDA, speculation was rampant that China had purchased U.S. corn during last week's sharp price break. This week Sinograin denied the rumors, but other private sources indicated that purchases had been made. In recent days, the USDA made two separate announcements of 116 TMT corn sales to an unknown destination, which many believed was China. However, Thursday's weekly export sales report failed to show any Chinese purchases.

Futures market activity this week

WHEAT – Wheat markets began the week mixed to lower in CBOT and KCBOT but higher in MGE as concerns about cool wet conditions delaying spring wheat planting across the Northern Plains and Canada provided underlying support to this HRS market. Prices continued to drift in both directions on Tuesday in early selling but support came late in the session from export tender news and continued concerns about poor growing conditions in the U.S. southwestern plains. Wednesday saw prices slump sharply lower, led by speculative and fund selling in KCBOT on updated forecasts calling for beneficial moisture for parts of the stressed southwestern plains. Losses were limited when chart support held at all three wheat markets. Wheat finished sharply higher today (Thursday) on renewed concerns about new U.S. crop prospects, particularly poor growing conditions in at least one-third of the hard red winter wheat crop and likely spring planting delays. **Wheat futures market closes on Thursday, 03/24/11...**

	May 2011	Weekly Summary	July 2011	Weekly Summary
Chicago	\$7.39 ½	Up \$0.16 ½	\$7.74 ¾	Up \$0.16 ¼
Kansas City	\$8.53 ¼	Up \$0.10	\$8.63 ¾	Up \$0.09 ¼
Minneapolis DNS	\$8.83 ¼	Up \$0.15 ¾	\$8.91 ¼	Up \$0.15

CORN – Corn moved modestly higher on Monday in follow-through buying as investment money flowed back into commodities, but gains were limited by disappointment there was no confirmation of possible Chinese corn purchases during last week's sharp price break. Corn closed fractionally higher in thin choppy trading on Tuesday as late buying helped lift this lackluster market. Continued lack of confirmation of Chinese purchases weighed on the corn market. Bigger gains were noted in the deferred contracts, as the 2011 acreage battle intensifies. Corn slipped moderately lower on Wednesday under a return of macroeconomic pressures, a lack of fresh news and mostly thin consolidated trading ahead of next week's USDA planting intentions report. Corn posted double digit gains today (Thursday) on spillover support from wheat and chart support which triggered buy stops. **May 2011 corn futures contract closed Thursday, 03/24/11, at \$7.02 ½, up \$0.19 and the July 2011 contact closed at \$7.08, up \$0.18 for the week.**

Near-by Commodity Outlook – Look for more market direction from USDA's 2011 prospective planting report scheduled for release on March 31, along with the quarterly stocks report which will provide a clearer picture of domestic demand.

Wheat – Focus is now shifting to new crop prospects. At least one-third of the HRW production region continues to experience long-term moisture deficit, which is not expected to improve much this spring under current weather forecasts. A neutral La Nina would likely further exacerbate the drought problems in the southwestern plains. Meanwhile, spring wheat production areas could see prolonged cool wet conditions with significant threats of flooding this spring which would delay planting and likely lower the probability of big acreage gains that might have been expected.

Corn – Deferred corn contracts have been gaining ground on near-by contracts in recent weeks as the battle for 2011 acreage intensifies. At least two major private forecasting firms have pegged U.S. corn acres below 92 million acres, which would likely **extend the historically tight stocks situation for at least another year. Right now, U.S. stocks are pegged at an 18 day supply. At current usage rates, production below 92 million acres (even assuming record yields) would only increase the stocks pipeline marginally. So corn fundamentals continue to look quite bullish, but fund investors appear to be very reluctant to push corn much above the \$7.00 psychological level in the current uncertain economic/investment climate.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Risk premiums returned to the crude oil market this week as turmoil in Northern Africa and the Middle

East returned to the front headlines. Crude closed \$1.26 higher on Monday at \$102.33/bbl, up \$2.64 to \$104.97/bbl on Tuesday and another \$.78 gain on Wednesday to close at \$105.75/bbl. DOE's weekly petroleum inventory report continued to show higher crude oil inventories but sharply lower gasoline supplies... crude oil stocks increased by 2.1 million bbls compared to an expected increase of 1.5 million bbls; distillates remained unchanged and gasoline stocks fell another 5.3 million bbls compared to an expected draw of 2.0 million bbls.

▪ **U.S. WEATHER / CROP WATCH – A neutral phase (end of LaNina) is now projected for this summer which is likely to stress southwestern wheat and southern corn and cotton, while providing good moisture prospects for Central and Upper Midwest corn and soybean production.** Last weekend showers covered eastern Kansas but continued to bypass the dry areas in the Southwestern Plains. Precipitation blanketed the Upper Midwest mid week, bringing substantial snow and rain to this region and further heightening flooding concerns. As a result, forecasters indicate that 15 to 20% of the Corn Belt could see planting delays this spring. Updated forecasts show increased chances that a southern storm track could bring some beneficial moisture to the stressed areas of the Central and Southern Plains winter wheat areas early next week but then unfavorably dry and warm conditions return in the 6-10 and 8-14 day forecasts.

▪ **INTERNATIONAL**

- **China** – Yangtze River Valley wheat production region received beneficial moisture recently while the North China Plains remained mostly unfavorably dry.
- **Brazil** – Unfavorably wet weather continued across the northern region, delaying soybean harvest and second crop corn planting. Soybean quality in about 15% of the soybean belt was deteriorating and the second crop corn planting window was rapidly closing in this region.