

Idaho Grain Market Report, April 14, 2011

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, April 13, 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	\$10.50	(2-R) NQ (6-R) NQ	\$7.10	\$7.62	\$10.31
Idaho Falls	\$10.75	(2-R) \$11.25-\$11.50 (6-R) \$11.25	\$7.25	\$7.90	\$10.61
Blackfoot / Pocatello	\$9.89	(2-R) \$11.50 (6-R) NQ	\$7.50	\$7.31	\$10.68
Grace / Soda Springs	\$11.43	(2-R) NQ (6-R) NQ	\$7.30	\$7.56	\$10.05
Burley / Rupert Hazelton	\$10.50	(2-R) \$11.25 (6-R) \$11.25	\$7.10-\$7.20	\$7.53	\$10.22
Twin Falls / Eden / Buhl	\$11.50-\$13.00	(2-R) NQ (6-R) NQ	\$6.90-\$7.00	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$6.80	NQ	NQ
Nez Perce / Craigmont	\$10.35	(2-R) \$10.35 (6-R) \$10.35	\$7.14	\$8.52	\$11.48
Lewiston	\$10.60	(2-R) \$10.60 (6-R) \$10.60	\$7.33	\$8.71	\$11.67
Moscow / Genesee	\$10.40-\$11.75	(2-R) \$10.40 (6-R) \$10.40	\$7.10-\$7.90	\$8.48-\$9.19	\$11.44-\$11.87

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 \$7.85-\$7.90 Aug NC \$7.75-\$7.90	Apr \$9.15-\$9.30 Aug NC \$9.09	Apr \$11.49-\$11.89 Aug NC \$10.35-\$10.60
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$12.00	NQ	NQ	\$7.40	\$7.82	\$10.29
Great Falls	\$10.00	NQ	\$11.00	NQ	\$6.67-\$6.92	\$10.46-\$10.66
Minneapolis	\$10.42	NQ	\$12.92	NQ	\$8.71 (12%)	\$11.94-\$12.64

Market trends this week

BARLEY – Local barley prices were mixed this week ranging from 50 cents lower to 90 cents higher in southern Idaho and from 50 cents lower to 25 cents higher in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 20 cents lower to 10 cents higher; HRW ranged from 16 to 60 cents lower; and DNS ranged from 39 to 57 cents lower. USDA reported that wheat export sales last week were on the low end of trade expectations at 443.6 TMT for the current market year (plus sales of 102 TMT for MY 2011/12), down 3% from the previous week, and 14% from the prior 4-week average. Wheat export shipments last week totaled 724.7 TMT, which was unchanged from the previous week, and down 1% from the prior 4-week average.

Wheat Competitor/Buyer News – France raised their current marketing year wheat export estimate to a record 12.75 MMT this week. **International tender line-up...**Jordan for 100 TMT and Tunisia for 50 TMT.

CORN – Corn export sales were on the high end of trade expectations at 848 TMT (plus sales of 253.5 TMT for MY 2011/12), up 37% from the previous week; however it was down 24% from the prior 4-week average. Corn export shipments last week totaled 1.1 MMT, which was up 8% from the previous week and 16% from the prior 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production slipped a bit last week totaling 898,000 bbls, down 0.44% from the previous week but up 7.93% from last year, signaling a downtick in corn use.

Corn Competitor/Buyer News – China offered 600 TMT of corn for auction this week, and **sold more than 131 TMT of feed wheat from reserves** to ease rising feed grain prices. Iraq also tendered for 100 TMT of **feed wheat** this week.

Futures market activity this week

WHEAT – Wheat markets began the week mixed to lower (fractionally higher in Chicago on support from corn) under profit-taking pressures triggered by updated weather forecasts showing chances for some rain in the western and southern Plains during the next two weeks. An overall bearish investor tone pushed wheat prices sharply lower on Tuesday on extended fund selling. Wheat traded on both sides Wednesday but finished the session lower, posting a new low for the month on a wetter outlook for Kansas. Wheat finished lower today (Thursday) on wet weather forecasts.

Wheat futures market closes on Thursday, 04/14/11...

	May 2011	Weekly Summary	July 2011	Weekly Summary
Chicago	\$7.40 ½	Down \$0.57	\$7.76 ¼	Down \$0.56
Kansas City	\$ 8.64	Down \$0.68 ¾	\$8.74 ¼	Down \$0.68 ¾
Minneapolis DNS	\$8.89 ¾	Down \$0.63 ½	\$8.97 ½	Down \$0.63 ¾

CORN – Corn markets began the week on a moderate upswing to new all time highs on concerns about tight stocks and potential spring planting delays. Corn turned sharply lower on Tuesday, however, in the face of aggressive fund selling across commodity and equity markets on investor uncertainty that was accentuated by a Goldman Sachs recommendation to sell commodities. Wednesday saw a modest recovery in corn prices on delayed planting concerns, renewed strength in crude oil and ideas that Tuesday's break had been overdone. Corn posted fractional losses today (Thursday) under pressure from long liquidations, but new crop contracts continued to advance on a strong export sales pace. **May 2011 corn futures contract closed Thursday, 04/14/11, at \$7.54 ¼, down \$0.13 ¾ and the July 2011 contact closed at \$7.61, down \$0.13 for the week.**

Near-by Commodity Outlook –

Corn – Nearby corn futures topped Chicago wheat futures for the first time since July 1996, as the market continues to try to encourage wheat feeding to ration historically tight corn supplies now pegged at only a **18 day supply in the domestic market and 53 days supply globally**. Even with 92.2 million acres of corn expected to be planted in the U.S. this year – up nearly 4 million acres from last year – it will be tough to reach the national average trendline yield of 163.0 bpa due to a yield drag in many areas (North and South Dakota) that are expected to increase plantings. This means the tight corn stocks situation isn't likely to improve significantly in the next marketing year due to strong demand. But this tight stocks situation is only part of the story, as commodities are closely tracking the ebb and flow of investor risk appetite, which sees lots of ups and downs as economic news remains uncertain and geopolitical concerns abound. **This means that while strong corn fundamentals point to higher prices, there is no guarantee there won't be corrective pullbacks along the way.**

Wheat – A lack of fresh supportive news and the chance of rainfall in some dry areas of the U.S. hard red winter wheat belt during the next 2 weeks pushed wheat futures sharply lower this week. **Add to that new crop fundamentals don't look supportive right now**, with recent strong prices expected to increase global plantings and production in 2011/12. The International Grains Council currently projects global wheat production at 672 MMT, up 4% from last year, which would be the 3rd largest wheat crop on record. Beginning stocks also are projected to be 185 MMT, down 7% from the previous year but above the 5-year average. That would bring total supplies to a projected new record high of 857 MMT, at least 10 MMT above the previous record set in 2009/10. **For the near term traders are reluctant to build much weather risk premium into the wheat markets but that could change if conditions deteriorate.** The focus will remain on winter and spring crop conditions, with crop stress very real in the Central and Southern Plains, stress expanding across China (about half of the winter wheat crop is not irrigated and is showing stress – this could develop into a significant crop worry in the next month) and dry trends developing across Europe. Also, U.S. and Canadian spring wheat planting pace is expected to lag again this year due to cool damp conditions across the Northern Plains, which calls into question the optimistic acreage estimates in this region. **USDA has pegged other spring wheat plantings at 14.427 million acres, up 729,000 acres from last year. The key question for the next 6 weeks: Will all of these spring wheat acres really get planted?**

OTHER MAJOR FACTORS TO WATCH –

▪ **CRUDE OIL** – The crude oil market saw more choppy trading this week, opening the week down \$2.87 to close at \$109.92/bbl on Monday after trading above \$113/bbl overnight, under pressure from reports of a possible cease fire in Libya and announcement from OPEC that there was an additional 1 million bpd of excess production that could be tapped if needed. Prices plunged further on Tuesday – falling \$3.67 to close at \$106.25/bbl in follow-through weakness and broad investor liquidation. But prices drifted higher on Wednesday on early support from a **rally in the global equity**

markets and a **weak U.S. dollar which plunged to a 17-month low.** The weekly government petroleum stocks report also provided some ammunition as gasoline stocks fell to their lowest level in 12 years. The EIA data showed that U.S. gasoline stocks have fallen more than 31 million barrels or 13% in the past 8 weeks. Crude oil stocks increased by 1.63 million bbls, compared to an expected increase of 1.0 million bbls; distillate supplies fell by 2.7 million bbls; and **gasoline stocks declined by 7.0 million bbls**, compared to an expected draw of 1.0 million bbls. **Crude closed \$1.00 higher at \$108.11/bbl on Thursday**, boosted by a weak dollar and continued uncertainty in Libya and demand concerns in China.

▪ **U.S. WEATHER / CROP WATCH** – Weather models show an active storm pattern across the Central U.S. for the next two weeks (4 storms over next 10 days), which could cause localized flooding in some areas and slow corn planting in about one-third of the Corn Belt. These storms could deliver needed relief to jointing and heading winter wheat, particularly next week, but the chances are slim for significant relief in the driest areas of the southwestern plains. About 40-45% of the HRW belt is experiencing severe moisture stress (some areas likened to a dust bowl) which could result in yield losses of 10% to 15%. This poor condition in the HRW crop was underscored by the weekly condition index of 291, down 79 points from last year and down 43 points from the 10-year average. Kansas had a score of 280, where only 28% of the crop was rated good to excellent. Temperatures are expected to turn cold this weekend, although frost damage is not expected in the winter wheat crop. The 16-30 day outlook calls for warm dry conditions for most of the Central and Southern Plains. Meanwhile, the Northern Plains expects to see cool wet conditions continue to delay planting.

▪ **LaNina Watch** – The Southern Oscillation Index or SOI continued to surge this week, on track to set a record for April, which suggests that LaNina conditions could linger into the summer, increasing the chances for warm dry conditions in the Midwest and below-trendline corn yields. However, the U.S. Climate Prediction Centers says LaNina will decay to neutral conditions by June.

▪ **INTERNATIONAL WEATHER / CROPS**

- **Canada** – Cold and wet pattern persists, meaning another late start to the spring grain planting season.
- **Europe** – Showers provided beneficial moisture to winter grains in some areas of Germany, Poland and France, while conditions turned hot and dry across Italy and Spain, speeding crop development.
- **Former Soviet Union** – Ukraine saw beneficial showers in recent days while western Russia received late season snowfall which kept winter grains dormant and slowed spring grain planting.
- **Middle East** – Widespread locally heavy rains boosted soil moisture for filling winter grains.
- **Northern Africa** - Dry hot weather continued to accelerate winter grain maturation, with the exception of southern Morocco which received locally heavy rains which slowed crop development.
- **China** – Non-irrigated winter wheat areas are beginning to see yield stress, with half of the crop lacking moisture entering the early heading period. At least one-fourth of the winter wheat crop is considered stressed right now and without moisture soon this area could expand to half of the winter wheat acreage by the end of this month. Corn planting areas in the NCP also lack moisture needed for good crop germination, affecting about 15% of
- **Argentina** – Warm mostly dry weather aided corn and soybean maturation and harvest.

USDA Crop Progress / Condition Report, April 11, 2011

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US winter wheat					36%	37%	65%
ID winter wheat					87%	82%	87%
Corn	3% planted	NA	3%	3%			

