

# Idaho Grain Market Report, November 3, 2011

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

**Nov. 9 webinar from 8:30 am to 10:00 am** – “Fine-tuning your 2012 Malting Barley and Wheat Contract Pricing Strategies in Volatile Grain Markets” presented by Craig Corbett  
**Log onto...**<https://connect.cals.uidaho.edu/barley>

**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, November 2, 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) \$13.25 (6-R) \$13.25	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$10.75	(2-R) NQ (6-R) NQ	\$6.10	\$6.40	\$8.87
Idaho Falls	\$10.75	(2-R) \$13.02-\$13.50 (6-R) \$13.02	\$6.00	\$6.38	\$8.72
Blackfoot / Pocatello	\$11.14	(2-R) \$13.25 (6-R) \$13.25	\$5.90	\$6.28	\$8.67
Grace / Soda Springs	\$11.65	(2-R) NQ (6-R) NQ	\$6.05	\$6.17	\$8.47
Burley / Rupert Hazelton	\$10.25-\$10.50	(2-R) \$13.02 (6-R) \$13.02	\$5.90-\$6.00	\$6.16	\$8.53
Twin Falls / Eden / Buhl	\$11.00	(2-R) NQ (6-R) NQ	\$5.65	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$5.21	NQ	NQ
Nez Perce / Craigmont	\$9.00	(2-R) \$9.00 (6-R) \$9.00	\$5.59	\$7.02	\$9.48
Lewiston	\$9.25	(2-R) \$9.25 (6-R) \$9.25	\$5.78	\$7.21	\$9.67
Moscow / Genesee	\$9.05-\$10.50	(2-R) \$9.05 (6-R) \$9.05	\$5.55-\$6.26	\$6.98-\$7.85	\$9.44-\$10.25

**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	Nov \$6.20-\$6.30 Mar \$6.35-\$6.45	Nov \$7.87-\$7.97	Nov \$10.10-\$10.35
Los Angeles	\$13.80	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.80	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.70	NQ	NQ	\$6.35	\$6.34	\$8.70
Great Falls	\$9.50-\$10.00	NQ	\$13.00	NQ	\$5.54-\$5.75	\$8.92-\$9.11
Minneapolis	\$10.94	NQ	\$15.94	NQ	\$8.24 ½ (12%)	\$10.54 ½ - \$10.64 ½

**Market trends this week**

**BARLEY** – Local barley prices were mixed this week, ranging from 25 cents lower to 20 cents higher in southern Idaho and no change to 10 cents higher in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

**WHEAT** – Local wheat prices were also mixed this week: SWW ranged from no change to 35 cents lower; HRW ranged from 15 cents lower to 3 cents higher; and DNS ranged from 7 to 21 cents higher. USDA reported wheat export sales last week were below trade expectations at 320.1 TMT, up 1% from the previous week, but down 22% from the 4-week average. Cumulative wheat export sales now total 61% of the USDA estimate for the year, compared to a five-year

average of 62.4%. Export shipments totaled 624.4 TMT, up 63% from the previous week and 44% from the 4-week average.

**Wheat Competitor/Buyer News** – Egypt purchased 180 TMT of wheat this week – 120 TMT from Russia and 60 TMT from Ukraine.

**CORN** – Corn export sales last week were above trade expectations at 622.6 TMT, up 85% from the previous week, but down 46% from the 4-week average. Cumulative corn export sales now total 51.9% of the USDA estimate for the year, compared to a five-year average of 37.6%. Corn export shipments last week totaled 746.9 TMT.

**Ethanol corn usage** – DOE's Energy Information Agency reported an uptick in weekly U.S. ethanol production, totaling 916,000 bbls, up 0.77% from the previous week and up 5.9% from last year. Corn used for ethanol last week totaled 97.57 million bu, above the weekly pace needed to reach USDA's usage estimate of 5.0 billion bushels for the year. The current grind pace would consume 5.16 billion bu of corn.

**Futures market activity this week**

**Macroeconomic news** ...Investors quickly began losing confidence in the euro debt deal early this week when the Greek Prime Minister unexpectedly announced he was calling for a voter referendum on the new Greek bailout terms which might cause the whole deal to unravel. By Friday, rumors were confirmed that the Greek leader had scrapped his plans to call for a bailout referendum but he still likely faced a vote of no confidence that could bring down his government. Meanwhile, news of slowing manufacturing output in several key markets including China, UK and Germany also weighed on global markets this week.

The Federal Reserve Chairman issued a statement that the U.S. economy had strengthened some in the Q3 but noted significant downside risks remain. Despite the slow growth and market expectations, the Fed declined to offer any additional stimulus at this time. Weekly first-time unemployment claims fell below 400,000 this week to the lowest level in five weeks. While good news, weekly claims need to fall below 375,000 to signal sustainable job growth. On Friday the monthly employment report will be released and at least one key industry report showed better than expected private sector employment growth of a net gain of 110,000 jobs last month.

**WHEAT** – Wheat began the week sharply lower under pressure from headwinds from negative outside markets, including a sharper higher US dollar and sharply lower global equities as traders began to lose confidence that the EU debt crisis has really been contained. Tuesday saw markets close mixed but fractionally higher in Chicago in the face of rampant market uncertainties and a second day of a stronger dollar. Wheat saw early gains on Wednesday despite a more positive tilt to outside markets but closed lower in mostly quiet trade. Pressure came from talk of beneficial moisture in the Central and Southern Plains later this week into next week and continuing concerns about export competition from the Black Sea region and Australia. Wheat finished solidly higher today (Thursday), on support from positive outside markets which triggered short covering and fresh buying. Slow producer selling also provided underlying support. **Wheat market closes on Thursday, 11/03/11...**

	<u>Dec 2011</u>	<u>Weekly Summary</u>	<u>Mar 2012</u>	<u>Weekly Summary</u>
Chicago	\$6.36	Down \$0.08 ½	\$6.68 ¼	Down \$0.12 ¼
Kansas City	\$7.20	Down \$0.18	\$7.34 ½	Down \$0.18 ¾
Minneapolis DNS	\$9.17	Down \$0.03 ½	\$8.68	Up \$0.04 ¾

**CORN** – Corn began the week modestly lower under pressure from long liquidations sparked by a sharply higher dollar, uncertainties about the bankruptcy of the brokerage firm MF Global and weakness in energies and metals. Disappointing export inspections also added to the negative tone. Corn overcame early weakness on Tuesday to post modest gains on ideas the market was oversold and mixed views about USDA's corn yield estimate due out on November 9. Corn prices tumbled on Wednesday in late session aggressive selling sparked by conflicting yield projections and outside market uncertainties. Corn finished higher today (Thursday), boosted by bullish momentum across commodities, energies and equity markets. **Dec 2011 corn futures contract closed Thursday, 11/03/11, at \$6.53½, down \$0.01½ and the Mar 2012 contract closed at \$6.63 ¾, down \$0.03¼ for the week.**

**OTHER MAJOR FACTORS TO WATCH –**

▪ **CRUDE OIL** – Crude oil traded in a fairly narrow range this week, with investors remaining anxious about remaining questions about the EU sovereign debt solution. Prices began the week slightly lower after trading in negative territory for most of Monday's session – closing down \$.13 to \$93.19/bbl – under pressure from a sharp sell-off in global equities and sharp move higher in the US dollar after the Japanese Central Bank intervened to weaken the value of the yen. Crude oil continued to slump on Tuesday – closing off a \$1.00 to \$92.19/bbl – as doubts grew about the viability of the EU debt deal after the surprise Greek announcement they would hold a voter referendum on their bailout deal which requires Greece to implement more austerity measures. Prices were higher early but weakened as the Wednesday session progressed – closing up \$0.32 to \$92.61/bbl – on support from a weaker US dollar and equity gains.. The weekly petroleum stocks report showed crude oil stocks increased by 1.8 million bbls last week, compared to an expected build of 1.0 million bbls; distillates fell by another 3.6 million bbls, compared to an expected decline of 1.9 million bbls; and gasoline stocks

increased by 1.4 million bbls, compared to an expected decline of 900,000 bbls.. **Crude oil prices posted a bullish reversal higher today (Thursday) – closing up 1.56 to \$94.07/bbl - on support from a positive turn in outside markets and rumors that China may be looking at easing their monetary policy to jumpstart their economy.**

▪ **U.S. WEATHER / CROP WATCH** – After light weekend rains in WI, IL, MI and eastern IA, conditions were predominantly dry across much of the Midwest early in the week. By mid week scattered rains covered the western edge, spreading eastward by Thursday. The 6-10 day outlook is drier for the WCB but wetter and warmer than normal in the Eastern and Southern belts. **Winter wheat regions** – Some areas of the Central and Southern Plains received beneficial moisture mid week, reducing the areas of the **HRW that remain significantly stressed to about 10%**. Another significant storm is expected to more through this area next week. USDA rated the 2012 winter wheat crop at **46% good/excellent, down 1%** from the previous week and near a 25 year low.

▪ **INTERNATIONAL WEATHER / CROP WATCH -**

- **Ukraine** – Continued to be mostly dry with concerns expanding to about **30% of the winter wheat crop** as it heads into winter dormancy. There are chances for rain and possibly snow in the outlook for next week.
- **Argentina** – Dry weather prevailed for most areas until late in the week, when showers covered the southern areas. Rain could continue into next week, bringing beneficial relief to the **southeastern belt which has been excessively dry during heading, affecting about 20% of the wheat belt.**
- **Australia** – Western grain areas continued to see beneficial moisture which should help maintain excellent yields in this region (about 40% of the overall wheat and barley production). **Dry areas in the southeast have been reduced to about 10% of the grain belt.**

**USDA Crop Progress / Condition Report, October 31, 2011**

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
U.S. winter wheat	89% planted 68% emerged	82% 56%	92% 73%	88% 72%	46%	47%	46%
ID winter wheat	99% planted 81% emerged	98% 65%	98% 80%	98% 71%	86%		
Corn	78% harvested	65%	90%	62%			

**Mark Your Calendars for Upcoming Grain Marketing & Risk Management educational programs...**

- **Nov. 9 webinar** from **8:30 am to 10:00 am** – “Optimizing your 2012 Malting Barley Contract Pricing Strategies and Navigating Volatile Grain Markets” presented by Craig Corbett  
**Log onto...<https://connect.cals.uidaho.edu/barley>**
- **Nov. 28 webinar** from **7:00 pm to 8:00 pm** - “How to Hedge your Farm Energy Inputs” presented by Bryce Knorr, Farm Futures  
**Log onto...<https://connect.cals.uidaho.edu/barley>**
- **Dec. 6 workshop – Comprehensive Grain Marketing & Risk Management** from **8:30 am to 4:00 pm** at Pocatello Red Lion Hotel –presented by Dr. Art Barnaby, Kansas State University (pre-registration required and fee of \$15/person).