

Idaho Grain Market Report, November 17, 2011

Published by the Idaho Barley Commission, kolson@idahobarley.org, 208-334-2090

Pre-registration is open for the Dec. 6 workshop on Risk Assessed Marketing: Integrating Grain Marketing and Crop Insurance into a Comprehensive Risk Management Strategy presented by Dr. Art Barnaby, Kansas State University ag economist, from 8:30 am to 4:00 pm at Pocatello Red Lion Hotel Register at: kolson@idahobarley.org or call 208-334-2090.

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, November 16, 2011. Barley prices in \$/Cwt. and wheat prices in \$/bu.

Selected Locations	Barley (Cwt.)		Wheat (bu.)		
	#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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$10.50	(2-R)\$12.90-\$13.02 (6-R)\$13.02	\$5.80	\$6.00	\$8.86
Blackfoot / Pocatello	\$11.14	(2-R) \$13.25 (6-R) \$13.25	\$6.00	\$6.18	\$9.00
Grace / Soda Springs	\$11.40	(2-R) NQ (6-R) NQ	\$5.95	\$5.75	\$8.58
Burley / Rupert Hazelton	\$10.25	(2-R) \$13.02 (6-R) \$13.02	\$5.90	\$6.07	\$8.75
Twin Falls / Eden / Buhl	\$11.00	(2-R) NQ (6-R) NQ	\$5.70	NQ	NQ
Weiser	\$8.80	(2-R) NQ (6-R) NQ	\$5.15	NQ	NQ
Nez Perce / Craigmont	\$9.00	(2-R) \$9.00 (6-R) \$9.00	\$5.42	\$6.76	\$9.59
Lewiston	\$9.25	(2-R) \$9.25 (6-R) \$9.25	\$5.61	\$6.95	\$9.78
Moscow / Genesee	\$9.05-\$10.30	(2-R) \$9.05 (6-R) \$9.05	\$5.38-\$6.00	\$6.72-\$7.19	\$9.55-\$10.14

Trading Prices at Selected Terminal Markets, cash prices FOB

	Barley (Cwt.)		Wheat (bu.)			
	#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 \$5.90-\$6.00 Mar \$5.95-\$6.19	Nov \$7.36-\$7.43	Nov \$9.96-\$10.36
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	NQ	NQ	NQ
Great Falls	\$9.00-\$9.50	NQ	\$13.00	NQ	\$5.33-\$5.45	\$8.96-\$9.22
Minneapolis	\$11.15	NQ	\$15.94	NQ	\$8.50 (12%)	\$10.75-\$11.20

Market trends this week

BARLEY – Local barley prices were mixed, ranging from 35 cents lower to 50 cents higher in southern Idaho and from no change to 15 cents lower in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

WHEAT – Local wheat prices were also mostly lower this week: SWW ranged from no change to 90 cents lower; HRW ranged from 8 to 56 cents lower; and DNS ranged from 13 cents lower to 9 cents higher. USDA reported wheat export sales last week were below trade expectations at 334.6 TMT (317.1 TMT for MY 2011/12 and 17.5 for MY 2012/13), up 6% from the previous week, but down 5% from the 4-week average. Export shipments totaled 301.5 TMT, down 15% from the previous week and 31% from the 4-week average.

Wheat Competitor/Buyer News – The EU granted export licenses for 241 TMT of wheat this week, bringing cumulative export sales for the year to 5.8 MMT, compared to 9.2 MMT a year ago. Australian wheat harvest is reported to be 15% completed with wet conditions in the southeast slowing early harvest while Western Australian remains favorably dry. Algeria purchased 400-500 TMT of wheat this week, believed to be South American origin.

CORN – Corn export sales last week were well below trade expectations at 208.9 TMT, down 17% from the previous week. Corn export shipments last week totaled 895.1 TMT, up 43% from the previous week.

Ethanol corn usage – DOE's Energy Information Agency reported an uptick in weekly U.S. ethanol production, totaling 916,000 bbls, up 0.55% from the previous week and up 2.35% 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.

Corn Competitor/Buyer News – There were reports of UK feed wheat imports into the eastern U.S. Japan purchased 800 TMT of Ukrainian corn this week while South Korea purchased 110 TMT of Australian feed wheat. There were also rumors that Brazil may be selling feed wheat to Mexico.

Futures market activity this week

Macroeconomic news ...Fears about the European debt crisis spreading to more countries continued to dominate the economic landscape this week, giving rise to significant concerns that the global economy will slip into another recession. Meanwhile, US economic data continued to show some improvements, including better than expected housing starts and a decline in weekly jobless claims to 388,000, the lowest level in 7 months.

WHEAT – Wheat began the week slightly lower but recovered most of their losses as fund selling eased into mid-session. Pressure came from a stronger dollar and spillover weakness, but was offset by short covering. Wheat prices managed an impressive reversal higher on Tuesday, boosted by continued short covering and a surge higher in energies. However, a higher dollar and negative tilt to outside markets pushed wheat prices sharply lower on Wednesday. In the face of negative outside markets and a rise in investor fears that has dampened risk attitude, wheat took the path of least resistance sharply lower today (Thursday), closing at the lowest level since June 2010. For now, commodity markets have taken a decided bearish turn which is likely to stick around for a while as long as fear prevails in outside investor market. **Wheat market closes on Thursday, 11/17/11...**

	Dec 2011	Weekly Summary	Mar 2012	Weekly Summary
Chicago	\$5.92 ½	Down \$0.24 ¼	\$6.12	Down \$0.34
Kansas City	\$6.66 ½	Down \$0.38 ½	\$6.77 ¼	Down \$0.38 ¼
Minneapolis DNS	\$9.25	Down \$0.09 ¼	\$8.81 ½	Up \$0.01 ¼

CORN – Corn opened the week moderately lower to the lowest close in more than a month, under pressure from a sluggish export pace, strong US dollar and news that Argentina has authorized additional amounts of corn exports from last year's crop. Corn posted double digit gains on Tuesday to the highest level since mid June on strength in soybeans and crude oil, but gains were capped by concerns about expanding global competition from cheaper sources of feed wheat. Corn prices slipped modestly lower on Wednesday, but well up from early session lows with help from a recovery bounce in crude oil and equities. Corn finished sharply lower today (Thursday), under pressure from negative outside markets and a very disappointing export sales report which confirms very stiff competition from feed wheat and nontraditional corn exporters like Ukraine. **Dec 2011 corn futures contract closed Thursday, 11/17/11, at \$6.14 ½, down \$0.24 and the Mar 2012 contact closed at \$6.23 ¼, down \$.24½ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil prices saw increased levels of volatility this week, touching \$103/bbl mid week before falling back below \$99/bbl under the weight of rising investor fears about increased chances of a European recession. Prices began the week down slightly to \$98.14/bbl, but then rocketed higher to a 5-month high of \$102.59/bbl on Wednesday. The weekly petroleum stocks report was in line with expectations...crude oil stocks fell 1.05 million bbls, compared to an expected decline of 1.25 to 1.5 million bbls; distillates fell by 2.1 million bbls; and gasoline stocks increased by 992,000 bbls, compared to an expected build of 1.0 million bbls. **Crude oil prices plummeted today (Thursday) to \$98.82/bbl, under pressure from a higher dollar and ongoing fears about the European debt contagion.**
- **U.S. WEATHER / CROP WATCH** – Scattered showers early in the week were centered over the southeastern edge but gave way to mostly dry conditions by the end of the week. The extended forecast shows good chances for another round of showers by Sunday, leaving about 10% of the corn crop unharvested. **Winter wheat regions** – Eastern Plains saw some showers early in the week, and have the possibility of rain redeveloping early next week. A push of cold air is expected early next week but is not believed to be strong enough to push the winter wheat crop into dormancy.
- **INTERNATIONAL WEATHER / CROP WATCH -**
 - **Ukraine** – Arctic air is expected to cover much of the Former Soviet Union and Eastern Europe next week. Subzero temps are expected in northeastern Russia but that region should have adequate snow cover to protect against winter kill but Ukraine does not have adequate protective cover combined with a poorly established due to fall drought which may leave much of their winter wheat crop vulnerable to increased losses this winter.
 - **Argentina** – Wheat harvest was reported to be 11% completed, with local experts now expecting a 13 MMT crop

which is up from an earlier forecast of 12.5 MMT. Showers are expected to pick up by this weekend, reaching about 2/3 of the crop areas and bringing beneficial moisture to newly planted corn and late developing wheat.

- **Australia** – Wheat harvest was reported to be 15% completed, with wet conditions in the southeast slowing crop maturity and early harvest while conditions are favorably dry in the west. ABARE is now pegging their wheat crop at 27.9 MMT, up from an earlier estimate of 26.3 MMT.

Upcoming Grain Marketing & Risk Management educational programs...

Nov. 28 webinar from **7:00 pm to 8:00 pm** - “How to Hedge your Farm Energy Inputs” presented by Bryce Knorr, senior editor, Farm Futures. **Log onto...**<https://connect.cals.uidaho.edu/barley>

Dec. 6 workshop from 8:30 am to 4:00 pm at Pocatello Red Lion Hotel – Risk-Assessed Grain Marketing: Integrating Grain Marketing & Crop Insurance into a Comprehensive Risk Management Strategy presented by Dr. Art Barnaby, Kansas State University ag economist (pre-registration is required).

Recorded and archived fall 2011 webinars can be found at...

Nov. 9 webinar on Fine-tuning your 2012 Malting Barley and Wheat Pricing Strategies in Volatile Grain Markets presented by Craig Corbett at <https://connect.cals.uidaho.edu/p27789333/>

Sept. 7 webinar on Global Grain Market Outlook presented by Kelly Olson at <https://connect.cals.uidaho.edu/p53192408/>