

## Idaho Grain Market Report, January 12, 2012

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

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, January 11, 2012. 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	\$9.50	(2-R) NQ (6-R) NQ	\$5.70	\$5.70	\$7.87
Idaho Falls	\$10.00	(2-R) \$12.80-\$13.02 (6-R) \$13.02	\$5.95	\$5.99	\$7.84
Blackfoot / Pocatello	\$10.10	(2-R) \$13.25 (6-R) \$13.25	\$5.85	\$6.23	\$7.93
Grace / Soda Springs	\$10.65	(2-R) NQ (6-R) NQ	\$5.70	\$5.64	\$7.49
Burley / Rupert Hazelton	\$9.75	(2-R) \$13.02 (6-R) \$13.02	\$5.80	NQ	NQ
Twin Falls / Eden / Buhl	\$10.50	(2-R) NQ (6-R) NQ	\$5.80	NQ	NQ
Weiser	\$8.00	(2-R) NQ (6-R) NQ	\$4.94	NQ	NQ
Nez Perce / Craigmont	\$8.70	(2-R) \$8.70 (6-R) \$8.70	\$5.74	\$6.90	\$8.75
Lewiston	\$8.95	(2-R) \$8.95 (6-R) \$8.95	\$5.93	\$7.09	\$8.94
Moscow / Genesee	\$8.75-\$10.00	(2-R) \$8.75 (6-R) \$8.75	\$5.70-\$6.40	\$6.86-\$7.23	\$8.71-\$9.28

### 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	Jan \$6.10-\$6.30 May \$6.45	Jan \$7.50-\$7.62	Jan \$9.32-\$9.37
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.25	NQ	NQ	\$6.15	\$6.20	\$7.81
Great Falls	\$9.00-\$9.50	NQ	\$12.25	NQ	\$5.21-\$5.55	\$8.24-\$8.33
Minneapolis	\$11.15	NQ	\$15.10	NQ	\$7.41 ½ (12%)	\$9.06 ½ - \$9.46 ½

### Market trends this week

**BARLEY** – Local barley prices were mostly higher this week, ranging from 20 cents lower to 40 cents higher in southern Idaho and 25 to 60 cents higher in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

**USDA's MY 2011/12 S&D report for BARLEY –Jan. 12** - USDA made only a couple adjustments to the U.S. barley balance this month – they increased domestic feed usage by 10 million bu to 40 million bu and cut U.S. ending stocks by an equal amount to a very snug 45 million bu. They also continued to tighten the average farm-gate barley price to \$5.15-\$5.65/bu. **World barley production was increased slightly this month to 133.5 MMT, up 8% from a year ago. World barley ending stocks were left unchanged at 22.6 MMT, down 11% from last year and near a 40 year low.**

**USDA's Quarterly Stocks Report – BARLEY – Jan. 12** – USDA pegged U.S. barley stocks in all positions on December 1, 2011 at 134 million bu, down 26% from a year ago. The September to November 2011 indicated disappearance is 41.5 million bu, down 5% from the same period a year earlier. Idaho barley stocks on Dec. 1, 2011 are pegged at 35.4 million bu, up 1.3% from a year ago which is consistent with a bigger crop this year.

**WHEAT** – Local wheat prices were mixed this week: SWW ranged from 15 cents lower to 45 cents higher; HRW ranged from 19 cents lower to 50 cents higher; and DNS ranged from 39 to 84 cents lower. USDA reported wheat export sales last week were within trade expectations at 438.2 TMT (365.2 TMT for MY 2011/12 and 73 TMT for MY 2012/13), up slightly from the previous week and 17% above the 4-week average. Export shipments totaled 196.2 TMT, down 54% from the previous week and 56% from the 4-week average. Cumulative wheat export shipments are now running 9% behind last year's pace but exceed the pace needed to reach the USDA yearly projection by 25 million bushels or 680 TMT.

**USDA's 2012 Winter Wheat Seeding Estimate – Jan. 12** – **ANOTHER BEARISH SURPRISE...USDA pegged U.S. winter wheat seedings at 41.047 million acres, up 3% from last year and nearly 1 million acres ABOVE the average pre-report trade estimate of 41.0 million acres.** 2012 HRW acres are pegged at 30.1 million, up nearly 5%; SRW acres are estimated at 8.37 million, down only 2% (despite big acreage decreases in the Corn Belt area where fall harvest was delayed); and SWW acres are pegged at 3.49 million acres, down 3% from last year. Idaho winter wheat acreage is pegged at 780,000, down 5% from 2011.

**USDA's MY 2011/12 S&D report for WHEAT – Jan. 12** – USDA made several tweaks to the U.S. wheat consumption estimates this month - they lowered food use by 5 million bu to 935 million bu; lowered feed usage by 15 million bu to 145 million bu (surprisingly low); raised seed use by 4 million bu to 82 million bu; and raised U.S. exports by 25 million bu to 950 million bu. **This resulted in a 8 million bu cut in U.S. wheat ending stocks to 870 million bu, which was above the average pre-report trade estimate of 831 million bu.** The average farm gate price for U.S. wheat was tightened to \$6.95-\$7.45/bu. **World wheat production was raised by 2.5 MMT this month to 691.5 MMT, up nearly 40 MMT from a year ago. World wheat ending stocks were increased by 1.5 MMT to 210 MMT, up 5% from the previous year.**

**USDA's Quarterly Stocks Report – WHEAT – Jan. 12** - USDA pegged U.S. wheat stocks in all positions on December 1, 2011 at 1.66 billion bu, down 14% from a year ago, and below the pre-report trade estimate of 1.679 billion bu. The September to November 2011 indicated disappearance is 490 million bu, down 5% from the same period a year earlier. Idaho wheat stocks on Dec. 1, 2011 are pegged at 70.0 million bu, up more than 10% a year ago.

**Wheat Competitor/Buyer News** – Ukrainian farm minister is pegging their 2012 wheat production at 12 MMT, down from 22.4 MMT last year. Total grain production was pegged at 44-46 MMT, compared to 56 MMT last year. USDA tweaked production estimates higher for both Kazakhstan (+1.5 MMT to 22.0 MMT) and Russia (+.2 to 56.23 MMT).

**CORN** – Corn export sales last week were once again below trade expectations at 298.5 TMT (321.5 TMT for MY 2011/12 and minus 23 TMT for MY 2012/13). Corn export shipments last week totaled 748.2 TMT, which was up 30% from the previous week; however it was down 19% from the 4-week average. Cumulative corn export shipments are now running 6% behind last year's pace but exceed the pace needed to reach the USDA yearly projection by 35 million bushels or 880 TMT.

**USDA's Final 2011 Corn Production Estimate – Jan. 12** – **USDA offered up a BEARISH surprise this morning for many market analysts by INCREASING their final 2011 corn yield and production estimates** – they added 0.5 bushel-per-acre to the final yield estimate (147.2 bpa) and added 45,000 acres to the final harvested area (84 million acres), resulting in a **48 million bu increase in production to 12.358 billion bu, compared to an average pre-report trade estimate of 12.28 billion bu (based on yield estimate of 146.4 bpa).**

**USDA's MY 2011/12 S&D report for CORN – Jan. 12** – As noted above, USDA raised U.S. corn production by 48 million bu to 12.358 billion bu which was 68 million bu above the average pre-report trade estimate. Corn exports were increased by 50 million bu to 1.65 billion bu, resulting in a **2 million bu cut in ending stocks to 846 million bu.** The average pre-report trade estimate for ending stocks was 93 million bu lower at 753 million bu. The average farm gate price for U.S. corn was tightened to \$5.70-\$6.70/bu. **World corn production was raised slightly this month to reflect higher U.S. production to 868 MMT, which is up more than 40 MMT from last year. World corn ending stocks also increased by .95 MMT this month to 128.4 MMT, up just slightly from last year.**

**USDA's Quarterly Stocks Report – CORN – Jan. 12** - USDA pegged U.S. corn stocks in all positions on December 1, 2011 at 9.64 billion bu, down 4% from a year ago. This was above the average pre-report trade estimate of 9.4 billion bu. The September to November 2011 indicated disappearance is 3.84 billion bu, down 6% from the same period a year earlier.

**Ethanol corn usage** – DOE's Energy Information Agency reported U.S. ethanol production totaled 944,000 bbls per day last week, down 1.9% from the previous week but up 6.3% from last year. Corn used for ethanol last week totaled 11.5 million bu, still well above the weekly pace of 95.2 mbu needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

**Corn Competitor/Buyer News** - As widely expected, USDA cut 3 MMT from their Argentine corn production estimate this month to 26 MMT, but the crop is still projected to be 15% bigger than the previous year. USDA left Brazilian crop estimate unchanged this month at 61 MMT, which is above last year's 57.5 MMT crop.

## Futures market activity this week

**Macroeconomic news** ... euro zone news was a mixed bag this week which continues to rattle investors... the week started with some modest improvement in the euro after French and German leaders met again to discuss details of the rescue package they agreed to in December but economic data then turned decidedly negative, highlighted by a report that the German economy contracted by .25% in the final quarter of 2011. On the plus side, better than expected Spanish and Italian bond auctions starting on Thursday triggered fresh gains in the euro, which had fallen to a 16 month low against the dollar earlier in the week.

**U.S. outlook - the Federal Reserve Beige Book confirmed modest to moderate U.S. economic growth in the November-December period, but also noted that U.S. growth in 2012 was vulnerable to potential setbacks, including further deterioration in the European debt situation.** Some regional Fed governors are still calling for another round of quantitative easing to help spur domestic economic growth, but others point to a risk of accelerating mid-term inflation, so stay tuned for the Fed's meeting this month for more direction. Weekly unemployment claims went up this week, as expected after the holiday hiring season ended, but remained below the psychological level of 400,000. Meanwhile, December retail sales numbers came in a bit below expectations (+0.1%) but stronger than expected for the year – up nearly 8% which represents the best performance in a decade.

**WHEAT** – Wheat started the week with double digit gains, with short covering triggered by strength in other grains and positive outside markets as the dollar turned lower. Ideas that that USDA would ratchet its wheat ending stocks estimate lower in their Jan. 12 report also provided support. Ideas that U.S. and world wheat ending stock estimates might be lowered in Thursday's USDA reports continued to push wheat moderately higher on Wednesday. **But instead, USDA dished up surprisingly BEARISH REPORTS**, triggering aggressive selling today (Thursday). USDA made a much smaller than expected cut to U.S. ending stocks (down 8 million bu vs. 45 million bu) and projected a bigger than expected jump in 2012 winter wheat acres (up 1.3 million vs. 300,000 acres **Wheat market closes on Thursday, 01/12/12...**

	<u>Mar 2012</u>	<u>Weekly Summary</u>	<u>May 2012</u>	<u>Weekly Summary</u>
Chicago	<b>\$6.05</b>	<b>Down \$0.19 ¾</b>	<b>\$6.27</b>	<b>Down \$0.16 ¾</b>
Kansas City	<b>\$6.73</b>	<b>Down \$0.07</b>	<b>\$6.82 ¼</b>	<b>Down \$0.06 ¼</b>
Minneapolis DNS	<b>\$8.07 ½</b>	<b>Up \$0.06 ½</b>	<b>\$7.92 ½</b>	<b>Down \$0.00 ¼</b>

**CORN** – Corn began the week solidly higher on adverse weekend growing conditions for the Argentine and southern Brazilian corn crops and supportive outside market influences. Prices closed unchanged to fractionally lower on Tuesday in choppy two-sided trade from positioning ahead of Thursday's final production and quarterly stock reports and beneficial rains spreading across many Argentine production areas. Corn continued to trade in a mostly sideways direction on Wednesday under pressure from a stronger dollar and greater than expected rain totals for some regions of Argentina, as well as continued profit-taking ahead of Thursday's key reports. Corn plummeted today (Thursday), locking limit down in reaction to **BEARISH FINAL 2011 PRODUCTION AND ENDING STOCK ESTIMATES from USDA** (48 million bu increase in production vs. expected 30 million bu cut and decrease of only 2 million bu in ending stocks vs. expected cut of nearly 100 million bu). **Mar 2012 corn futures contract closed Thursday, 01/12/12, at \$6.11½, down \$0.32 and the May 2012 contact closed at \$6.18¼, down \$0.32½ for the week.**

### NEAR-BY COMMODITY OUTLOOK – uncertain to negative after bearish USDA reports

**CORN** – The market was slammed hard by surprisingly bearish USDA production and stocks estimates. The next test will be whether the market returns to trading dry South American crop weather or continues to retreat on these negative data. First support level has fallen to \$6.10, followed by \$6.00. 2012 acreage battle should provide some support, along with Argentine crop conditions and strong ethanol demand.

**WHEAT** – Traded sharply lower on bearish stocks and 2012 winter wheat seeding estimates and will continue to follow corn in days ahead.

### OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil prices chopped around this week, but managed to stay above \$100/bbl until today on continued global economic and geopolitical uncertainties...Crude oil prices began the week down \$0.25/bbl to close at \$101.31 under pressure from softer German industrial output and renewed euro zone concerns. Prices rebounded solidly higher on Tuesday - closing up \$0.93 /bbl to \$102.24 - on improving demand prospects in both the U.S. and Chinese markets (speculation that Chinese Central Bank will ease monetary policy). Crude retreated again on Wednesday – closing down \$1.37/bbl to \$100.87 – on fresh euro concerns and larger than expected U.S. petroleum inventories. The weekly petroleum stocks report was bearish across the board....showing crude oil stocks increased by 4.958 million bbls, compared to an expected increase of only 1.0 million bbls; distillates jumped by 3.99 million bbls; and gasoline stocks increased by 3.61 million bbls, compared to an expected increase of 2.25 million bbls. U.S. gasoline demand slumped 4.4% this week to 8.18 million barrels per day, the lowest usage rate in nearly 9 years. **Crude shrugged off early support today (Thursday) from a favorable European debt auction, weakness in the US dollar and supply concerns to close lower – down \$1.77/bbl to \$99.10 on softer U.S. economic data.**
- **U.S. WEATHER / CROP WATCH** – The 6-10 and 8-14 day outlook continues to show above normal temperatures and

below normal precipitation across the winter wheat belt.

▪ **INTERNATIONAL WEATHER / CROP WATCH**

- **Argentina/Brazil** – Weekend growing conditions were very stressful but widespread rains blanketed many production areas on Tuesday and Wednesday, helping to stabilize crop conditions. However rainfall totals were disappointing in many areas and conditions were expected to quickly return to stressful hot/dry levels. It is now estimated that about 15% of the Brazilian and 20% the Argentine corn belt is unfavorably dry. The next meaningful rainfall event is not expected to arrive until the 11-14 day period.
- **Europe / Former Soviet Union** – Scattered snow showers covered parts of northeastern Europe, Ukraine and Russia this week, but snow cover is still inadequate and colder conditions are expected to move into these regions in coming days. However, at this time a winterkill threat remains limited but that could change at any time.