

Idaho Grain Market Report, January 26, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, January 25, 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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$10.00	(2-R) \$12.80-\$13.02 (6-R) \$13.02	\$6.00	\$6.13	\$8.02
Blackfoot / Pocatello	\$9.16	(2-R) \$13.25 (6-R) \$13.25	\$6.15	\$6.35	\$7.95
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert Hazelton	\$9.50	(2-R) \$13.02 (6-R) \$13.02	\$5.60	NQ	NQ
Twin Falls / Eden / Buhl	\$10.40	(2-R) NQ (6-R) NQ	\$4.95	NQ	NQ
Weiser	\$8.00	(2-R) NQ (6-R) NQ	\$5.48	NQ	NQ
Nez Perce / Craigmont	\$8.10	(2-R) \$8.10 (6-R) \$8.10	\$5.99	\$6.96	\$8.82
Lewiston	\$8.35	(2-R) \$8.35 (6-R) \$8.35	\$6.18	\$7.15	\$9.01
Moscow / Genesee	\$8.15-\$10.00	(2-R) \$8.15 (6-R) \$8.15	\$5.95-\$6.65	\$6.92-\$7.63	\$8.78-\$9.54

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 \$6.60 Aug NC \$6.55	Jan \$7.57-\$7.67 Aug NC \$7.47-\$7.57	Jan \$9.38-\$9.43 Aug NC \$8.46-\$8.51
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.80	NQ	NQ	\$6.05	\$6.23	\$7.90
Great Falls	\$8.00-\$9.00	NQ	\$12.25	NQ	\$5.19-\$5.61	\$8.25-\$8.34
Minneapolis	\$10.94	NQ	\$14.90	NQ	\$7.37 ³ / ₄ (12%)	\$9.12 ³ / ₄ - \$9.62 ³ / ₄

Market trends this week

BARLEY – Local barley prices were mostly higher this week, ranging from no change to 30 cents higher in southern Idaho and no change to 25 cents higher in northern Idaho. USDA reported that there were no barley export sales or barley export shipments last week.

WHEAT – Local wheat prices were mostly higher this week: SWW ranged from 5 cents lower to 25 cents higher; HRW ranged from 6 to 55 cents higher; and DNS ranged from 2 to 31 cents higher. USDA reported wheat export sales last week were above trade expectations at 618.7 TMT (604.7 TMT for MY 2011/12 and 14 TMT for MY 2012/13), up 3% from the previous week and 59% above the 4-week average. Cumulative wheat export sales now tally 81.8% of the year's estimate, compared to a 4-year average of 79.2%. Export shipments totaled 424.6 TMT, up 19% from the previous week and 22% from the 4-week average.

CORN – Corn export sales last week were well above trade expectations at 1.04 MMT (958.1 TMT for MY 2011/12 and 82.5 TMT for MY 2012/13) and above the pace needed to reach USDA's projection for the year. Cumulative corn export

sales now tally 63.7% of the year's estimate, compared to a 4-year average of 57.9%. Corn export shipments also were solid last week, totaling 940.7 MMT, up 25% from the previous week and 24% from the 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production totaled 934,000 bbls per day last week, down 0.74% from the previous week but up 1.3% from last year. Corn used for ethanol last week totaled 99.49 million bu, still well above the weekly pace of 95 mbu needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

Corn Competitor/Buyer News – Local estimates of Argentine corn production have now fallen to 20-22 MMT, compared to USDA's estimate earlier this month of 26 MMT, which was down sharply from their original forecast of 29 MMT at the start of the season. Ukraine has reportedly exported 4.2 MMT of corn this marketing year, compared to 1.4 MMT for the same period a year earlier.

Futures market activity this week

Macroeconomic news ... News of a possible breakdown in talks between the Greek government and bond holders on debt restructuring rattled global markets early in the week but most of the attention then shifted to corporate earnings reports which were a mixed bag, including disappointing earnings for Boeing and Yahoo but record earnings for Apple. The UK reported negative Q4 GDP growth of -0.2%, which could signal the start of a mild recession in Great Britain.

U.S. economic news remained supportive... Federal Reserve Chairman Ben Bernanke announced the Fed will maintain its near zero short term interest rates through 2014, a year beyond its earlier pledge, to help lift what he described as a weak but modestly growing U.S. economy. This action prompted positive trading on Wall Street and helped push the dollar lower, boosting commodities. As world economic and business leaders convene in Davos, Switzerland this week for their annual World Economic Forum, the majority of economists are predicting that the U.S. economy will be among the world's best performing markets in 2012.

WHEAT – Wheat started the week on a positive note, with spillover strength in other grains and short covering at Chicago where funds maintain a record net short position. A lower dollar and ideas that U.S. wheat was now competitively priced on the world market also provided support. Wheat posted double digit gains on Tuesday after unsubstantiated rumors surfaced that Russia may impose wheat export restrictions in the second half of the marketing year to preserve an adequate domestic supply as their stocks in export positions begin to sharply dwindle. This talk of possible export restrictions caused European milling wheat futures to rally to a 4 month high and provided spillover support to U.S. markets. Continued short covering in Chicago and concerns about tightening milling quality supplies propelled wheat prices sharply higher again on Wednesday, fueled by intensifying worries that Russia could begin curtailing exports as soon as April. **Wheat prices extended its impressive rally today (Thursday) - moving above the 100-day moving average for the first time since August - on fears of potential winterkill damage for Black Sea winter wheat which is expected to see subzero temperatures into next week. Wheat market closes on Thursday, 01/26/12...**

	Mar 2012	Weekly Summary	May 2012	Weekly Summary
Chicago	\$6.53 ½	Up \$0.43	\$6.66 ¾	Up \$0.38 ¼
Kansas City	\$7.09	Up \$0.42	\$7.16 ½	Up \$0.40 ¾
Minneapolis DNS	\$8.27 ¼	Up \$0.28 ½	\$8.13	Up \$0.31 ½

CORN – Corn opened the week with solid gains as fund buying was spurred by less than expected weekend rains in many areas of Argentina and slow producer selling which has pushed cash prices sharply higher. Corn posted double digit gains on Tuesday on unsubstantiated rumors that Argentina may limit corn exports in light of their corn production problems, which triggered aggressive fund buying and near panic buying in the cash market. Prices continued to advance on Wednesday despite attempts by the Argentine Ag Ministry to calm market anxieties created by the Argentine export rumors. Argentine officials claimed their corn exports should still reach 15.4 MMT this year (compared to USDA's estimate of 18.5 MMT), which the market still took as bullish news because less Argentine exports likely means more U.S. corn export business. Corn closed mostly unchanged today (Thursday), as early gains from a weaker U.S. dollar and strong weekly corn export sales gave way to profit-taking that was sparked by talk of overbought technical condition and signs of increasing producer selling. **Mar 2012 corn futures contract closed Thursday, 01/26/12, at \$6.34 ½, up \$0.24 and the May 2012 contract closed at \$6.40, up \$0.23 ¼ for the week.**

NEARBY COMMODITY OUTLOOK –

WHEAT – Wheat futures saw some renewed life this week on **ideas that Russia may begin restricting wheat exports** as soon as April due to dwindling domestic supplies and **fears of possible winter wheat crop damage in coming days as arctic conditions dip southward into western and eastern Ukraine and southeastern Russia** where many production areas lack adequate snow cover and are vulnerable to winterkill losses.

CORN – Corn renewed its steady push higher this week on a stronger cash market and concerns about declining South American crop prospects that could mean an uptick in U.S. exports and further tightening of U.S. ending stocks.

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices continued to trade in a narrow channel this week and remained just shy of the \$100 mark. Crude oil prices advanced \$1.25 on Monday to close at \$99.58, boosted by a lower dollar and rally in outside markets. But

prices slipped lower on Tuesday – closing down \$0.63 to \$98.95 - in choppy trading on continuing uncertainty about global economic growth underscored by news of a breakdown in Greek bond restructuring talks. Mostly supportive U.S. economic data helped to limit losses. Crude rebounded slightly on Wednesday – closing up \$0.45 to \$99.40 on support from a lower dollar and the Fed's announcement they would keep U.S. interest rates historically low for a year longer than expected. The weekly petroleum stocks report was mixed, showing a bigger than expected build in crude oil but an unexpected decline in both distillate and gasoline supplies...crude oil stocks increased by 3.56 million bbls, compared to an expected increase of 1.45 million bbls; distillates fell by 2.5 million bbls, compared to an expected decline of 250,000 bbls; and gasoline stocks fell by 400,000 bbls, compared to an expected increase of 2.0 million bbls. U.S. gasoline consumption was reported to have increased to 8.48 million bbls per day last week, but still remained 6% below a year ago and the lowest level in 10 years. **Crude oil continued to post modest gains today (Thursday) - up \$.30 to \$99.70 - on a mostly positive outside market tone and weaker U.S. dollar.**

- **U.S. WEATHER / CROP WATCH** – Beneficial moisture continues to bypass the main HRW regions, and the official 6-10 and 8-14 day outlooks remain drier than normal at least until early February when some moisture may reach into the dry southwestern plains.
- **INTERNATIONAL WEATHER / CROP WATCH**
 - **Argentina/Brazil** – Weekend rains were less than expected in many Argentine production area but wetter than expected in far southern Brazilian production areas. Rain coverage picked up mid week and more rain is in the forecast for the 11-15 day period, but they also are expecting a return to hot weather next week. About 10% of the Brazilian belt and 20% of the Argentina's late planted corn crop remains stressed and vulnerable to further yield losses.
 - **Europe / Former Soviet Union** – Drier and colder air is expected to blanket the Former Soviet Union later this week into next week, bringing subzero readings into areas of western and eastern Ukraine and southeastern Russia which lack protective snow cover and are vulnerable to winterkill losses. Losses of up to 20% are possible in Ukraine.

ATTENTION NORTH IDAHO PRODUCERS:

IBC and University of Idaho Extension are collaborating on several grower risk management education programs this winter:

- **Workshops on RightRisk & Understanding Technical Trading Trends in Grain Futures Markets** – **Feb. 28 in Greencreek and Feb. 29 in Genesee**, contact Ken Hart, 208-937-2311.
- **Succession/Estate Planning Three-Day Short Course** – **March 12, 13 and 15 in Moscow**, contact Ken Hart, 208-937-2311.