

Idaho Grain Market Report, February 23, 2012

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

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, February 22, 2012. 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) \$12.00 (6-R) \$12.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$10.00	(2-R) \$12.70-\$13.02 (6-R) \$13.02	\$5.90	\$6.21	\$8.05
Blackfoot / Pocatello	\$9.27	(2-R) \$12.00 (6-R) \$12.00	\$5.90	\$5.83	\$7.78
Grace / Soda Springs	\$10.55	(2-R) NQ (6-R) NQ	\$6.05	\$6.09	\$7.98
Burley / Rupert	\$9.50	(2-R) \$13.02 (6-R) \$13.02	\$5.95	\$6.05	\$8.02
Hazelton					
Twin Falls / Eden / Buhl	\$10.50	(2-R) NQ (6-R) NQ	\$5.65	NQ	NQ
Weiser	\$10.00	(2-R) NQ (6-R) NQ	\$6.14	NQ	NQ
Nez Perce / Craigmont	\$8.60	(2-R) \$8.60 (6-R) \$8.60	\$6.39	\$7.01	\$8.81
Lewiston	\$8.85	(2-R) \$8.85 (6-R) \$8.85	\$6.58	\$7.20	\$9.00
Moscow / Genesee	\$8.65-\$10.00	(2-R) \$8.65 (6-R) \$8.65	\$6.35-\$7.00	\$6.97-\$7.67	\$8.77-\$9.52

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	Feb \$6.85-\$7.05 Aug NC \$6.50-\$6.60	Feb \$7.65-\$7.73 Aug NC \$7.35-\$7.45	Aug NC \$7.35-\$7.45
Los Angeles	\$13.25	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.25	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.80	NQ	NQ	\$6.25	\$6.26	\$8.10
Great Falls	\$8.00-\$9.05	NQ	\$11.50	NQ	\$5.20-\$5.75	\$8.34-\$8.51
Minneapolis	\$10.73	NQ	\$14.69	NQ	\$7.45 (12%)	\$9.53 ¼ - \$9.93 ¼

Market trends this week

BARLEY – Local barley prices were mixed this week, ranging from 50 cents lower to 50 cents higher in southern Idaho and no change reported in northern Idaho. USDA won't release their weekly export sales report until Friday.

WHEAT – Local wheat prices were also mixed this week: SWW ranged from 35 cents lower to 1 cent higher; HRW ranged from 3 to 27 cents higher; and DNS ranged from 4 cents lower to 23 cents higher. No weekly export sales data until tomorrow due to Monday's holiday. USDA Outlook Conference today officially pegged 2012 U.S. wheat acreage at 58 million, up 7% from 2011, with spring wheat acres recovering significantly from last year's major Midwestern flood and prevented plant losses.

Wheat Competitor/Buyer News – There were several large international tender announcements this week, including: Iran purchased 800 TMT of Russian and Australian wheat, Iraq purchased 400 TMT Canadian wheat and Tunisia purchased 50 TMT optional origin. Spain purchased 85 TMT of U.S. wheat this week, believed to be the result of short supplies from the Black Sea region. Russia has reportedly already exports a total of 19.8 MMT of grain in the current marketing year and their government has set an upper limit for exports of old crop of 27 MMT.

CORN – USDA Outlook Conference today officially pegged 2012 U.S. corn acreage at 94 million, up 2% from 2011 with a trendline yield of 164 bpa, compared to 147.2 bpa in 2011. **The grain market views these 2012 projections as largely bearish.**

Ethanol corn usage – DOE’s Energy Information Agency reported U.S. ethanol production totaled 919,000 bbls per day last week, down 0.97% from the previous week but up 3.5% from last year. Corn used for ethanol last week totaled 97.89 million bu, still well above the weekly pace of 94.3 mbu needed to reach USDA’s usage estimate of 5.0 billion bushels for the year.

Corn Competitor/Buyer News – Ukraine is projecting their corn exports will jump by 10-15% in the next marketing year due to more corn acres being planted this spring to replace lost winter wheat acres. The Argentine Rosario Grain Exchange is now projecting their corn crop at a maximum of 20 MMT while the Buenos Aires Grain Exchange has left their estimate unchanged at 21.3 MMT. USDA pegged the Argentine corn crop at 22 MMT on Feb. 9. USDA reported a sale of 120 TMT of U.S. corn today and another 110 TMT sale to an unknown destination.

Futures market activity this week

Macroeconomic news – The Greek bailout package was finally approved by European finance ministers on Monday but the relief in global financial markets proved to be very short-lived as traders quickly began worrying about whether this package will really save Greece from a disorderly default and ultimate withdrawal from the euro. In other words, investors still appear to be waiting for the other shoe to drop in Europe. There was one piece of good news this week - German business confidence index was reported to be much better than expected.

U.S. economic news – By contrast, U.S. economic data continues to be upbeat with several signs of improvement in the housing market and weekly jobless claims remained at a 4-year low this week (351,000 which was below expectations)..

WHEAT – Markets were closed on Monday due to the President’s Day holiday. Wheat slumped on Tuesday, despite a sharp break in the dollar and surge in other commodities that was sparked by fund buying on news that the Greek bailout package had finally been approved – most likely a case of buy the rumor and sell the fact. Pressure also came from precipitation across several key HRW production areas. Wednesday brought a reversal higher in wheat prices on mostly short covering in CHI, but gains could not be sustained as wheat turned lower again today (Thursday), despite positive outside markets. The International Grains Council released updated production and carryover numbers for the current marketing year that are considered bearish (production at 695 MMT and carryover at 211 MMT). On top of that, USDA has pegged 2012 acres at 58 million, well above earlier expectations. **Wheat market closes on Thursday, 02/23/12...**

	Mar 2012	Weekly Summary	May 2012	Weekly Summary
Chicago	\$6.41 ³ / ₄	Down \$0.02 ¹ / ₄	\$6.41	Down \$0.06 ³ / ₄
Kansas City	\$6.80	Down \$0.9 ¹ / ₂	\$6.87	Down \$0.09 ³ / ₄
Minneapolis DNS	\$8.01	Down \$0.21 ¹ / ₄	\$8.03 ¹ / ₄	Down \$0.14

CORN – Corn tumbled double digits on Tuesday despite a bullish tone in outside markets, including a lower dollar and surge higher in energies. Corn markets were put on the defensive early by decent weekend rainfall across Argentine production areas and outlook projections for a record corn crop in the U.S. in 2012. Corn turned higher on Wednesday on ideas that the recent record cold across the Black Sea region has created severe delays in loading out at least 400 TMT of corn exports sold to Japan. Corn continued to grind modestly higher today (Thursday), with spillover support from soybeans which hit a 5 month high mid-session on reduced South American production prospects. A lower dollar also provided support. **Near-by corn futures support level is at \$6.25 and resistance at \$6.47. Mar 2012 corn futures contract closed Thursday, 02/23/12, at \$6.39¹/₂, down \$0.02¹/₄ and the May 2012 contract closed at \$6.42¹/₂, up \$0.02³/₄ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – As widely expected, crude oil prices skyrocketed this week on mostly speculative bets about U.S. economic growth and mounting geopolitical risk premiums. Crude oil prices opened the week up nearly \$3 to close at \$105.84 and then chopped mostly sideways on Wednesday on early weakness triggered by disappointing Chinese economic news. But then prices climbed another \$1.55 to close at \$107.83 today (Thursday) to the highest level in 9 months on upbeat U.S. economic data and a weaker dollar. Sharp gains in the Brent crude oil exchange which set an ALL TIME new record high (\$28/bbl above the last record set in 2008) also provided strongly underlying support. DOE reported crude oil stocks increased more than expected last week due to a big jump in crude oil imports...increasing by 1.633 million bbls, compared to an expected increase of 1.3 million bbls. Distillates fell by 200,000 compared to an expected build of 1.5 million bbls; and gasoline stocks fell by 600,000, compared to an expected increase of 250,000 bbls.

U.S. WEATHER / CROP WATCH – Some HRW production areas continued to receive beneficial moisture this week, but most areas in the SW Plains remained excessively dry. HRS wheat areas also received moisture after a nearly record dry winter.