

Idaho Grain Market Report, March 15, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, March 14, 2012. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	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) \$12.00 (6-R) \$12.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$9.50	(2-R) \$12.50-\$13.50 (6-R) \$13.02	\$6.05	\$6.26	\$8.05
Blackfoot / Pocatello	\$9.40	(2-R) \$12.00 (6-R) \$12.00	\$6.10	\$6.08	\$7.93
Grace / Soda Springs	\$10.30	(2-R) NQ (6-R) NQ	\$6.25	\$6.08	\$7.92
Burley / Rupert	\$9.50	(2-R) \$13.02 (6-R) \$13.02	\$6.05	\$6.09	\$7.89
Hazelton					
Twin Falls / Eden / Buhl	\$10.00-\$10.70	(2-R) NQ (6-R) NQ	\$5.75-\$6.00	NQ	NQ
Weiser	\$10.00	(2-R) NQ (6-R) NQ	\$6.05	NQ	NQ
Nez Perce / Craigmont	\$9.20	(2-R) \$9.20 (6-R) \$9.20	\$6.44	\$7.10	\$8.92
Lewiston	\$9.45	(2-R) \$9.45 (6-R) \$9.45	\$6.63	\$7.29	\$9.11
Moscow / Genesee	\$9.25-\$10.75	(2-R) \$9.25 (6-R) \$9.25	\$6.40-\$7.10	\$7.06-\$7.71	\$8.88-\$9.53

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	Mar \$7.10 Aug NC \$6.60-\$6.70	Mar \$7.66-\$7.71 Aug NC \$7.30-\$7.40	Mar \$9.47-\$9.52 Aug NC \$8.67-\$8.77
Los Angeles	\$13.20	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.20	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.55	NQ	NQ	\$6.35	\$6.26	\$8.04
Great Falls	\$8.00-\$9.75	NQ	\$11.50	NQ	\$5.38-\$5.84	\$8.32-\$8.43
Minneapolis	\$11.25	NQ	\$14.69	NQ	\$7.41 (12%)	\$9.31 ½ - \$9.56 ½

Market trends this week

BARLEY – Local barley prices were mixed this week, ranging from 45 cents lower to 48 cents higher in southern Idaho and 20 to 25 cents higher in northern Idaho. USDA reported that there were no barley export sales or export shipments last week.

WHEAT – Local wheat prices were also mixed this week: SWW ranged from 5 cents lower to 10 cents higher; HRW ranged from 3 to 23 cents higher; and DNS ranged from 8 cents lower to 8 cents higher. USDA reported wheat export sales last week were below trade expectations at 360.3 TMT (302.4 TMT for MY 2011/12 and 57.9 TMT for MY 2012/13), down 32% from the previous week and 39% from the 4-week average. Export shipments last week hit a marketing year high at 913 TMT, more than double the previous week.

Wheat Competitor/Buyer News – Ukrainian officials are now projecting their 2012 wheat crop at only 14 MMT, down from an earlier projection of 16 MMT and down from 22 MMT a year ago. The French soft wheat crop also is projected down 2 MMT this month from 35.7 MMT to 33.9 MMT. Moroccan wheat crop losses are projected to be as high as 3 to 4 MMT, which will increase their import needs in the coming marketing year. The EU granted export licenses for 426 TMT

of wheat this week, bringing their cumulative wheat exports for the year to 9.8 MMT, compared to 14.6 MMT for the same period the year before. Egypt purchased 120 TMT today, with half of it U.S. origin and the other half Canadian. Iraq purchased 300 TMT of Canadian wheat this week.

CORN – Corn export sales last week were on the high end of trade expectations at 836.4 TMT for MY 2011/12. Corn export shipments last week also were strong, totaling 1.04 MMT, which was up 35% from the previous week and 36% from the 4-week average.

Ethanol corn usage – DOE’s Energy Information Agency reported U.S. ethanol production slipped last week, totaling 892,000 bbls per day last week, down 1.5% from the previous week and down 0.34% from last year. Corn used for ethanol last week totaled 95.02 million bu, compared to a weekly pace of 94.2 mbu needed to reach USDA’s usage estimate of 5.0 billion bushels for the year.

Corn Competitor/Buyer News – Chinese officials stated this week that their corn imports could reach 4 MMT this year, compared to only 1.5 MMT last year. So far this year SinoGrain which manages China’s strategic reserves has only stockpiled 1.2 MMT of 2011 corn compared to 11 MMT the year before. This leaves many analysts to think that China has overstated its 2011 corn production at 191.75 MMT, compared to private estimates in the 170-185 MMT range. The bottom-line is that corn stocks remain very tight in China, pushing their domestic corn prices to nearly \$10/bushel.

Futures market activity this week

Macroeconomic news – Investor confidence rallied this week, driving global equities to the highest levels in at least 4 years. There was mostly good news across the developed markets with German economic confidence far exceeding expectations this month, buoyed by beginning signs that the euro-zone debt crisis is easing. Worries remain, however, about slowing economic growth prospects in China, where exports slumped sharply last month.

U.S. economic news – A steady beat of positive economic news continued in the U.S. this week, with weekly jobless claims falling to a fresh 4 year low and retails sales beating expectations on strong auto sales. At their monthly meeting this week, the Federal Reserve upgraded their U.S. economic outlook from modest to moderate and noted improvements in the U.S. labor market and low-level concerns about inflation. The Fed did take particular note of rising energy costs which will need to be watched closely for potential inflationary impacts.

WHEAT – Wheat opened the week sharply higher, supported by short covering on CHI triggered by strong weekly export shipments and surging corn futures. But the bullish momentum could not be sustained, as improving winter wheat weather and expectations of a rapid start to the spring planting season prompted a round of profit-taking on both Tuesday and Wednesday. Wheat traded sharply higher today (Thursday), posting double digit gains on short covering triggered by increasing talk of crop losses in Europe, Ukraine and Morocco. **Wheat market closes on Thursday, 03/15/12...**

	May 2012	Weekly Summary	July 2012	Weekly Summary
Chicago	\$6.64 ¾	Up \$0.21 ¾	\$6.72 ½	Up \$0.19
Kansas City	\$7.04 ½	Up \$0.20 ½	\$7.13 ¼	Up \$0.26 ¾
Minneapolis DNS	\$8.20 ¼	Up \$0.16 ¾	\$8.18 ½	Up \$0.18 ½

CORN – Corn posted strong double digit gains on Monday, reaching the second highest level since the bearish January S&D report pummeled prices. Strength came from better than expected weekly export shipments and increasing expectations of tightening old crop corn stocks. Despite a higher U.S. dollar, corn continued to grind higher on Tuesday with support from a confirmed sale of 240 TMT of U.S. corn to an “unknown” destination, widely believed to be China. Rumors that surfaced last Friday that China had bought up to 600 TMT of old crop U.S. corn remained unconfirmed, but this new business was widely believed to be headed to China. Wednesday saw corn futures slip modestly lower on increased farmer selling, expectations of a rapid spring planting season and record new crop production and concerns that U.S. corn prices are getting too high to compete with feed wheat on the world market. Corn prices posted a strong rebound today (Thursday), trading up double digits to the highest level since early September. Spillover strength was noted from soybeans and ideas that the U.S. corn export pace will pick up in coming weeks, including some additional business to China. **May 2012 corn futures contract closed Thursday, 03/15/12, at \$6.69, up \$0.24 and the July 2012 contact closed at \$6.67, down \$0.23 for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL –Crude oil prices traded in a narrow channel this week...beginning the week off more than a dollar to close at \$106.34 on easing Middle East tensions and ideas of slowing Chinese demand. Tuesday brought another choppy session, with prices rebounding modestly to close at \$106.71 on support from a better than expected economic confidence reading in Germany. But crude oil tumbled again on Wednesday – off more than a dollar to close \$105.43 to the lowest level in more than a week - as weekly crude oil inventories came in above expectations and Saudi Arabia announced it would increase its daily pumping to make up for any shortages resulting from the Iranian embargo. DOE reported crude oil stocks increased by 1.8 million bbls last week to the highest inventory in 9 months, compared to an expected build of 1.6 million bbls. Distillates fell by 4.7 million bbls, compared to an expected decline of 1.5 million bbls; and gasoline stocks fell by 1.4 million bbls, compared to an expected decline of 1.0 million bbls. **Crude oil prices closed**

modestly lower again today in another volatile trading session on unsubstantiated reports that the U.S. and U.K. would release oil from their own strategic stockpiles.

U.S. WEATHER / CROP WATCH – Midwest – temperatures remained well above normal with only limited scattered showers across the eastern Midwest this week. Spring planting is expected to get off to a rapid start, reinforcing ideas of record acreage and trend line yield potential. The official 6 to 10 day and 8 to 14 day forecasts call for above normal temperatures with the eastern Plains seeing above normal precipitation. **Northern Plains/Western Midwest** – a few showers crossed the Dakotas into the eastern Midwest late this week and are expected to linger into next week. **Central/Southern Plains** – saw very limited precipitation this week but a storm system is expected to move out of the Rockies into the Plains in the 6-10 day period bringing beneficial moisture that will help stabilize crop conditions and promote good spring growth. The path of this storm system may shift eastward, bypassing critically dry areas of the Western Plains. **Pacific Northwest** – mostly wet this week, replenishing soil moisture ahead of spring planting.

INTERNATIONAL WEATHER / CROP WATCH -

- **Brazil** – Rains were scattered across the northwestern region of Brazil this week and are expected to cross all of the north by late in the week, bringing some relief to winter corn and sugar cane crops. However the southern region remains unfavorably dry and warm, reducing soil moisture and stressing about 1/4 of the winter corn crop.
- **Europe** – intensifying drought in Spain is threatening reproductive winter grains while recent showers in France and Germany are helping ease a month-long dry spell, but moisture stress is still a major concern for European grain crops.
- **Former Soviet Union** – remains mostly cold with snow cover and winter grains remain dormant.
- **Northern Africa** – expanding dryness in Morocco is reducing soil moisture and threatening winter wheat and barley crops. Heavy rains across Algeria and Tunisia favor reproductive winter grains.
- **Middle East** – locally heavy precipitation in Turkey has boosted soil moisture for winter wheat and barley, while showers continue to favor winter grains across Iraq, Syria and western Iran.