

Idaho Grain Market Report, March 22, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, March 21, 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	\$9.75	(2-R) NQ (6-R) NQ	\$6.15	\$6.10	\$7.97
Idaho Falls	\$9.75	(2-R) \$12.50-\$13.50 (6-R) \$13.02	\$6.05	\$6.15	\$7.99
Blackfoot / Pocatello	\$9.37	(2-R) \$12.00 (6-R) \$12.00	\$6.10	\$6.02	\$7.85
Grace / Soda Springs	\$10.20	(2-R) NQ (6-R) NQ	\$5.94	\$6.03	\$7.82
Burley / Rupert	\$9.50	(2-R) \$13.02 (6-R) \$13.02	\$6.00-\$6.10	\$6.03	\$7.81
Hazelton					
Twin Falls / Eden / Buhl	\$10.00-\$11.00	(2-R) NQ (6-R) NQ	\$5.80-\$6.00	NQ	NQ
Weiser	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Nez Perce / Craigmont	\$9.10	(2-R) \$9.10 (6-R) \$9.10	\$6.39	\$7.02	\$8.75
Lewiston	\$9.35	(2-R) \$9.35 (6-R) \$9.35	\$6.58	\$7.21	\$8.94
Moscow / Genesee	\$9.15-\$10.60	(2-R) \$9.15 (6-R) \$9.15	\$6.35-\$7.05	\$6.98-\$7.65	\$8.71-\$9.46

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 \$6.95-\$7.05 Aug NC \$6.60-\$6.65	Mar \$7.63-\$7.70 Aug NC \$7.27-\$7.32	Mar \$9.39-\$9.44 Aug NC \$9.59-\$9.64
Los Angeles	\$13.50	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.50	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.55	NQ	NQ	\$6.30	\$6.10	\$7.94
Great Falls	\$8.00-\$10.05	NQ	\$11.50	NQ	\$5.40-\$5.83	\$8.29-\$8.37
Minneapolis	\$11.15	NQ	\$14.69	NQ	\$7.35 (12%)	\$9.33 ¼ - \$9.53 ¼

Market trends this week

BARLEY – Local barley prices were mixed this week, ranging from 10 cents lower to 30 cents higher in southern Idaho and 10 to 15 cents lower in northern Idaho. USDA reported that there were no export sales or export shipments last week.

WHEAT – Local wheat prices were also mostly lower this week: SWW ranged from 30 cents lower to 5 cents higher; HRW ranged from 5 to 11 cents lower; and DNS ranged from 6 to 17 cents lower. USDA reported wheat export sales last week were above trade expectations at 541.3 TMT (539.3 TMT for MY 2011/12 and 2 TMT for MY 2012/13), up 85% from the previous week, and 16% from the 4-week average. Export shipments totaled 548.6 TMT, down 39% from the previous week, however it was up 6% from the 4-week average. Cumulative wheat export sales now stand at 92.5% of the USDA estimate for the current marketing year, compared to a five year average of 90.7%.

Wheat Competitor/Buyer News – The EU granted export licenses this week for 440 TMT of wheat, bringing their marketing year total wheat exports to 10.3 MMT, compared to 15 MMT for the previous year.

CORN – Corn export sales last week were on the above trade expectations at 917.1 TMT (862.1 TMT for MY 2011/12 and 55 TMT for MY 2012/13). Corn export shipments last week totaled 508.1 TMT, which was down 51% from the previous week and 40% from the 4-week average. Cumulative corn export sales now stand at 76.4% of the USDA estimate for the current marketing year, compared to a five year average of 71.2%.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production totaled 893,000 bbls per day last week, up 0.11% from the previous week but down 2.2% from last year. Corn used for ethanol last week totaled 95.12 million bu, still above the 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 – The Argentine government released a revised corn production estimate this week of 21.2 MMT, which is still above the Buenos Aires Grain Exchange projection of 20.8 MMT. China purchased 350 TMT of Australian feed wheat this week, reported to be \$50/MT below U.S. corn values.

Futures market activity this week

Macroeconomic news – Bearish manufacturing data out of the EU (especially Germany) and China this week grabbed headlines and pressured equity markets across the globe.

U.S. economic news – Weekly unemployment claims continued to drop this week, but housing data were mixed...with new permits hitting a five year high while new starts dipped below expectations because of a slow-down in single family construction.

WHEAT – Wheat markets posted sharp bearish reversal lower on Monday, breaking below last week's resistance line under pressure from an overbought condition after last week's buying frenzy and improving winter wheat crop conditions. Bearish outside markets continued to pressure wheat on Tuesday, pushing prices down double digits. An extended weather outlook that showed ideal spring growing conditions also pressured wheat. Prices continued to drift lower on Wednesday on good crop weather and spillover weakness in corn. Wheat posted a bullish rebound today (Thursday), finishing solidly higher at all three exchanges with support from short covering and fresh buying on an oversold condition.

Wheat market closes on Thursday, 03/22/12...

	<u>May 2012</u>	<u>Weekly Summary</u>	<u>July 2012</u>	<u>Weekly Summary</u>
Chicago	\$6.46 ¼	Down \$0.26 ¾	\$6.55 ½	Down \$0.21 ¾
Kansas City	\$6.84	Down \$0.21 ½	\$6.92	Down \$0.21 ½
Minneapolis DNS	\$8.07	Down \$0.15 ¾	\$8.01 ¾	Down \$0.15 ½

CORN – Corn began the week under pressure from speculative long liquidation in lackluster trading. Pressure came from concerns that U.S. corn prices were becoming too high to remain competitive on the global market, which was reinforced by disappointing weekly export shipment data. Corn posted steep losses on Tuesday on active fund selling triggered by concerns about slowing economic growth in China and a more bearish tilt to outside markets, including a sharp loss in crude oil prices. Corn finished lower for the third straight session on Wednesday, pushing lower on continued profit-taking sparked by ideas that U.S. corn faces renewed competition on the world market confirmed by a Chinese purchase of Australian feed wheat this week. Corn prices rebounded today (Thursday), ending a choppy session with modest gains on strong export sales data and spillover support from wheat. **May 2012 corn futures contract closed Thursday, 03/22/12, at \$6.44 ½, down \$0.28 ½ and the July 2012 contact closed at \$6.42 ¾, down \$0.27 ½ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL –Crude oil prices were highly volatile this week...beginning the week up more than a dollar to close at \$108.09 with support from a lower dollar and favorable risk attitude. But prices retreated nearly \$2.50 on Tuesday to close at \$105.61 under pressure from rising concern about Chinese economic outlook and weaker global equities. Prices then rebounded \$1.20 to close at \$107.27 on Wednesday with support from an unexpected draw in weekly crude oil inventories. DOE reported crude oil stocks fell by 1.162 million bbls last week, compared to an expected build of 2.2 million bbls. Distillates also surprised the trade by increasing 1.763 million bbls, compared to an expected decline of 1.5 million bbls. An average four week demand for distillates declined by 8.4% compared to a year ago. Weekly gasoline stocks fell by 1.21 million bbls, compared to an expected decline of 2.0 million bbls. **Crude oil prices closed sharply lower today – falling \$1.92 to \$105.35 – with early pressure from bearish manufacturing data from the European Union and China.**

U.S. WEATHER / CROP WATCH – Midwest – a slow moving storm and cooler temps moved across the Corn Belt this week into the weekend, keeping planters mostly idle across this region. The official 6 to 10 day and 8 to 14 day forecasts call for a return to normal temperatures and rainfall for many areas. **Northern Plains/Western Midwest** – conditions were mostly dry in the Dakotas and the two week outlook remains dry. **Central/Southern Plains** – a storm system and cold front brought good rainfall totals across the Central Plains from Kansas into Texas and Oklahoma. Precipitation was heaviest along the Eastern Plains. Temperatures were colder than expected across much of the Southwestern Plains mid week, but damage was not expected given the early growth stage. However concerns are rising about potential crop

losses if temperatures cool again in early April. **Pacific Northwest** – mostly wet this week slowing spring planting progress.

INTERNATIONAL WEATHER / CROP WATCH -

- **Brazil** – Near normal rainfall will limit harvest delays in first crop corn and soybeans. Brazilian harvest is reported to be 58% completed and has barely begun in the southern region where conditions remain mostly dry. Southern Brazil and Argentina have the best chances for rainfall over the next two weeks.
- **Europe** – intensifying drought in Spain was eased somewhat by rainfall this week while mild dry conditions eased winter grains out of dormancy across Germany and Poland.
- **Former Soviet Union** – mild weather melted remaining snow cover in Ukraine while cool temperatures keep winter grains dormant across Russia.
- **Northern Africa** – dryness persisted in Morocco, stressing winter grains during heading stage. Sunny weather was mostly favorable for winter grains in Algeria and Tunisia.
- **Middle East** – continued precipitation across the Middle East favored winter grains in Turkey, Syria, Iraq and Iran.
- **China** – winter wheat broke dormancy across the North China Plains.