

Idaho Grain Market Report, October 4, 2012

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JOIN THE IBC for an Eastern Idaho Barley Grower Breakfast on Tuesday, October 16, at the Main Street Grill in Ririe at 7:30 a.m.

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, October 3, 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) \$13.00 (6-R) \$13.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$12.00	(2-R) NQ (6-R) NQ	\$7.70	\$7.82	\$8.56
Idaho Falls	\$12.50	(2-R) \$12.60-\$13.00 (6-R) \$12.60	\$7.60	\$7.86	\$8.44
Blackfoot / Pocatello	\$12.18	(2-R) \$13.00 (6-R) \$13.00	\$7.70	\$8.19	\$8.52
Grace / Soda Springs	\$11.80	(2-R) NQ (6-R) NQ	NQ	\$7.82	\$8.39
Burley / Rupert Hazelton	\$11.50-\$13.00	(2-R) \$12.60 (6-R) \$12.60	\$7.63-\$7.65	\$7.89	\$8.25
Twin Falls / Eden / Buhl	\$12.50-\$13.75	(2-R) NQ (6-R) NQ	\$7.25-\$7.75	NQ	NQ
Weiser	\$12.45	(2-R) NQ (6-R) NQ	\$7.71	NQ	NQ
Nez Perce / Craigmont	\$10.85	(2-R) \$10.85 (6-R) \$10.85	\$8.14	\$8.85	\$9.26
Lewiston	\$11.10	(2-R) \$11.10 (6-R) \$11.10	\$8.33	\$9.04	\$9.45
Moscow / Genesee	\$10.90-\$12.10	(2-R) \$10.90 (6-R) \$10.90	\$8.10-\$8.80	\$8.81-\$9.60	\$9.22-\$9.96

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	Oct \$8.55-\$8.83 Feb \$8.70-\$8.88	Oct \$9.41 - \$9.56 Feb \$9.69 ¼ - \$9.76 ¼	Nov \$9.89 ¾ - \$10.14 ¾ Feb \$10.13 ½-\$10.23 ½
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	NQ	NQ	NQ
Great Falls	\$8.00-\$12.00	NQ	\$12.50	NQ	\$7.82-\$8.13	\$8.26-\$8.72
Minneapolis	\$11.35	NQ	\$14.58	NQ	\$9.31 (12%)	\$10.14 ¾

Market trends this week

BARLEY – Local barley prices were mixed again this week, ranging from 73 cents lower to 50 cents higher in southern Idaho and no change to 10 cents higher reported in northern Idaho. USDA reported that there were no barley export sales or shipments last week

Barley Competitor/Buyer News - Stats Canada reported today that Canada's 2012 barley crop totaled 8.6 MMT, up 11% 2011 and harvested area increased by 16%.

WHEAT – Local wheat prices were also mixed this week: SWW ranged from 30 cents lower to 25 cents higher; HRW ranged from 25 cents lower to 12 cents higher; and DNS ranged from 11 cents lower to 6 cents higher. USDA reported wheat export sales last week were below trade expectations at 307 TMT which was down 28% from the previous week and 34% from the prior 4-week average. Exports totaled 590.9 TMT which was up 9% from the previous week however it was down 2% from the prior 4-week average.

Wheat Competitor/Buyer News – Stats Canada reported today that Canada's 2012 wheat crop totaled 26.7 MMT, slightly below trade expectations, but up nearly 6% from 2011. Harvested area increased by 10%. Russia is expected to release 500 TMT of wheat from its government stocks to help cool domestic food price inflation. A private Russian analyst projects their October wheat exports will fall to 2.5 MMT from 3.0 MMT in September. India has floated another wheat export tender for 150 TMT for shipment in November and December. They are expected to harvest a record crop of nearly 94 MMT this year with exports up sharply to 4.5 MMT, which would be on pace with Ukraine. Egypt purchased 240 TMT of wheat on Wednesday from France and Argentina

CORN – Corn export sales last week were within trade expectations at 327 TMT for MY 2012/13. Corn export shipments last week totaled 430 TMT which was 37% below the previous week.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production continued to slide last week to 785,000 bbls per day, the lowest weekly production since Oct 30, 2009, down 3% from the previous week and down 9% from the same period a year ago. Corn used for ethanol last week totaled 82.4 million bu, below the weekly pace needed to meet to USDA's annual projection of 4.5 billion bu in MY 2012/13.

Corn Competitor/Buyer News – Private analyst, JC Intelligence, is pegging China's 2012 corn crop at 171 MMT, compared to USDA's current estimate of 200 MMT. However, the US Grains Council has pegged their 2012 crop at 5 to 6 MMT above last year's 192 MMT. Cocereals lowered its European corn production estimate to 55.9 MMT, compared to USDA's estimate of 57.1 MMT. South American corn origins continue to undercut U.S. corn prices by \$35-\$45/MT. Brazil exported a record 3.15 MMT of corn last month, up from 14% from the previous month. Brazil's 2013/14 corn production is expected to decline by 3-4% from this year's record harvest.

Futures market activity this week

WHEAT – Wheat began the week sharply lower under pressure from a lack of fresh demand, mixed outside markets and rains forecast for both the U.S. Great Plains where winter wheat planting is underway and parts of Australia which have suffered from lack of moisture during heading. Wheat prices continued to erode lower on Tuesday under profit-taking pressures triggered by reports that more Black Sea origin wheat was offered in the latest Iraqi tender at discount prices to other world origins. Prices closed mixed to slightly higher on Wednesday with help from a late session spillover boost in soybeans. Wheat markets finished moderately lower today (Thursday), shrugging off strong soybean gains to focus instead on concerns about a sluggish export sales pace and a slightly wetter forecast for parts of the Southern Plains next week. **Wheat market closes on Thursday, 10/04/12 ...**

	Dec 2012	Weekly Summary	Mar 2013	Weekly Summary
Chicago	\$8.69 ¼	Down \$0.33 ¼	\$8.79 ¾	Down \$0.32 ½
Kansas City	\$8.86 ¾	Down \$0.40 ¾	\$9.00	Down \$0.39 ½
Minneapolis DNS	\$9.26 ¼	Up \$0.26 ¼	\$ 9.35 ¼	Down \$0.31 ½

CORN – Corn traded sideways on Monday, shrugging off harvest season hedging and spillover weakness in wheat and soybeans. Tuesday saw corn chop around on both sides of unchanged with sluggish demand the biggest concern. Corn settled slightly lower again on Wednesday in the face of unstable outside markets and better than expected yields in the Upper Midwest. Corn traded mixed today (Thursday) but settled mostly unchanged on early support from explosive soybean and crude oil gains. **Dec 2012 corn futures contract closed Thursday, 10/04/12, at \$7.57, up \$0.00 ¾ and the Mar 2013 contact closed at \$7.57, down \$.02 ¼ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices continued to chop around in a mostly narrow channel early in the week then turned highly volatile on a combination of demand concerns, poor domestic fundamentals and lingering geopolitical risks. Prices closed modestly higher – up \$.29 to close at \$92.48 – on Monday as a lower dollar, tight gasoline inventories and Iranian tensions provided underlying support. But gains could not be sustained, as prices moved \$0.59 lower on Tuesday to close under \$92 on weakness in global equities. Prices plummeted \$3.75 on Wednesday to close at just over \$88 (two-month lows) on outside market uncertainties, a higher dollar and deepening concerns about future demand, particularly in China. DOE's weekly crude oil inventory report also showed that US crude oil production has soared to a near 15 year high, while domestic gasoline demand has fallen by 1.5%. Weekly crude oil stocks fell by less than expected at 484,000 million bbls, compared to an expected decline of 1.5 million bbls; distillates fell by 3.75 million bbls, compared to an expected decrease of 0.45 million bbls; and gasoline stocks increased by 114,000 bbls, compared to an expected decrease of 0.375 million bbls. **Crude oil prices rebounded strongly today – closing up \$3.57 to \$91.71 – on a broad-based market rally and lower dollar.**

U.S. WEATHER / CROP WATCH –

Midwest - Favorable harvest weather persisted this week, with mild, dry conditions prevalent ahead of the arrival of a cold front later in the week. The Upper Midwest was expected to see widespread freezes, but since the corn and bean crops are mature there are no major crop worries unless prolonged wet conditions delay harvest. The ECB received some

isolated showers but harvest delays were minor.

Winter wheat planting / Plains – Colder air moved across the PNW and Northern Plains late this week but temps were expected to warm again by early next week. Conditions remained unfavorably dry across the interior PNW. While many areas of the Great Plains have received beneficial moisture in recent weeks, areas of Kansas, Nebraska and South Dakota remain unfavorably. Heavy snow is expected along the eastern slopes of the Northern Rockies and may blanket portions of eastern North Dakota and northern Minnesota. The 6-10 day and 8-14 day outlooks have turned wetter for many HRW areas.

USDA Crop Progress / Condition Report, October 1, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US winter wheat	40% planted	25%	36%	43%			
ID winter wheat	41% planted	28%	47%	52%			
Corn	54% harvested	39%	18%	20%	25% good/excellent	24%	52%

INTERNATIONAL WEATHER / CROP WATCH -

- **China** – Winter wheat planting conditions remain unfavorably dry across the North China Plains, the key winter wheat production region of China. The NCP received only mediocre rainfall this summer and not rainfall in the past 2-3 weeks. Expected to remain dry for the next week.
- **South America is experiencing extreme weather shifts in September and October, consistent with the shift out of an El Nino weather pattern.**
Argentina – Buenos Aires region has received excessive moisture recently leading to some winter grain crop damage (as much as 20% of the area's barley and wheat crops may have been affected) and prevented plant on as much as 670,000 hectares of corn. Meanwhile, southern Argentine corn region has been too cold for corn planting. Argentina's overall corn planting pace is only 10% at the start of this week, compared to 12% a year ago.
Brazil – Mid section of the country is experiencing an extreme heat wave while the southern region has shifted from too dry to too wet, causing flash flooding and some crop damage.
- **Australia – Late September Weather Reversals** - The sharp weakening of the El Nino signal has produced sharp changes in weather conditions in the Southern Hemisphere. Eastern Australia received generous rainfall in New South Wales that would boost winter wheat conditions. Rainfall from .50 to 1.5 inches occurred in the northern part of the state. Drought had worsened from August to mid September. The top wheat producing state of Western Australia also turned favorably wet for a short time but is trending drier again during the critical heading stage. The immediate outlook is dry.

Martell Crop Projections
 14-day Precipitation Analysis
 Percent of normal through 29 September 2012

