

Idaho Grain Market Report, October 18, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, October 17, 2012. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>		
	#2 Feed, 48 lbs or better NQ	Open market malting	#1 SWW	#1 HRW 11.5% protein NQ	#1 DNS 14% protein NQ
Ashton		(2-R) \$13.00 (6-R) \$13.00	NQ		
Rexburg/ Ririe/ Roberts	\$12.50	(2-R) NQ (6-R) NQ	\$8.00	\$8.15	\$8.75
Idaho Falls	\$12.50	(2-R) \$12.60-\$13.00 (6-R) \$12.60	\$7.60	\$7.92	\$8.55
Blackfoot / Pocatello	\$11.87	(2-R) \$13.00 (6-R) \$13.00	\$7.60	\$8.08	\$8.42
Grace / Soda Springs	\$11.85	(2-R) NQ (6-R) NQ	\$8.00	\$8.13	\$8.76
Burley / Rupert Hazelton	\$12.50	(2-R) \$12.60 (6-R) \$12.60	\$7.65	NQ	NQ
Twin Falls / Eden / Buhl	\$13.35	(2-R) NQ (6-R) NQ	\$7.47	NQ	NQ
Weiser	\$12.60	(2-R) NQ (6-R) NQ	\$7.63	NQ	NQ
Nez Perce / Craigmont	\$10.75	(2-R) \$10.75 (6-R) \$10.75	\$8.14	\$9.15	\$9.57
Lewiston	\$11.00	(2-R) \$11.00 (6-R) \$11.00	\$8.33	\$9.34	\$9.76
Moscow / Genesee	\$10.80-\$12.25	(2-R) \$10.80 (6-R) \$10.80	\$8.10-\$8.75	\$9.11-\$9.64	\$9.53-\$10.29

Prices at Selected Terminal Markets, cash prices FOB

	#2 Feed 46 lbs. -- unit trains barge NQ	Single rail cars- domestic NQ	Malting NQ	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein
	Portland				Oct \$8.65-8.71 ¼ Feb \$8.80-\$8.93 ¾	Oct \$9.99 ½ -\$10.19 ½ Feb \$10.24 ½ -\$10.34 ½
Los Angeles	\$15.40	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$15.40	NQ	NQ	NQ	NQ	NQ
Ogden	\$12.05	NQ	NQ	\$8.10	\$9.50	\$9.20
Great Falls	\$8.00-\$12.00	NQ	\$12.75	NQ	\$7.84-\$8.24	\$8.70-\$8.93
Minneapolis	\$11.35	NQ	\$14.69	NQ	\$9.34 (12%)	\$10.19 ½ - \$10.39 ½

Market trends this week

BARLEY – Local barley prices were mostly lower this week, ranging from no change to 40 cents lower in southern Idaho and no change to 10 cents lower reported in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

Barley Competitor/Buyer News – Ukraine announced this week that they would not limit barley exports this marketing year.

WHEAT – Local wheat prices were mixed this week: SWW ranged from 5 cents lower to 15 cents higher; HRW ranged from 25 cents lower to 25 cents higher; and DNS ranged from 8 cents lower to 9 cents higher. USDA reported wheat export shipments last week were above trade expectations at 410 TMT which was up 47% from the previous week and 9% from the prior 4-week average. Exports totaled 131 TMT which was down 66% from the previous week and 77% from the prior 4-week average. Cumulative wheat export sales now tally 44% of USDA's projection for the year, compared to a 5-year average of 59%.

Wheat Competitor/Buyer News – Strategie Grains lowered its EU wheat production estimate this week by 0.7 MMT to 123 MMT. The UK reported that its wheat crop was only 13.3 MMT this year, down 13% from last year and the lowest

output in 23 years. Reports grabbed headlines this week that plunging temperatures in Southern Australia may have caused serious crop damage in some areas. Analysts had already lowered Australian wheat production estimates due to a combination of lower acres and dry growing conditions during heading, but this latest weather event is likely to ratchet production prospects even lower. Prior to the freeze reports, ABARE had pegged the Australian wheat crop at 22.5 MMT (USDA – 23 MMT). China reportedly purchased as much as 300 TMT of Canadian spring wheat this week. There is a strong importer tender line-up scheduled in the next 2 weeks. Algeria purchased 400 TMT of wheat this week, reportedly French or Argentine origin.

CORN – Corn export sales were on the low end of trade expectations, coming in at 166.7 TMT and export shipments last week totaled 417.7 TMT. Cumulative corn export sales total 36% of USDA's projection for the year, compared to a 5-year average of 41%.

Ethanol corn usage –DOE's Energy Information Agency reported that U.S. ethanol production slipped last week as ethanol remain in the red at many locations, posting a modest week at 797,0000 bbls per day, down 0.4% from the previous week. Corn used for ethanol last week totaled 83.7 million bu, below the weekly pace of 86.5 million bu needed to meet to USDA's annual projection of 4.5 billion bu in MY 2012/13. Cumulative corn used for ethanol production so far this marketing year totals 508 million bu.

Corn Competitor/Buyer News – China's ONGOIC raised its Chinese corn production estimate from 197 MMT to 201 MMT. Strategie Grains lowered its 2012 EU corn production estimate this week by 0.9 MMT to 52.8 MMT, due to adverse growing conditions in the southeastern region. This compares with USDA's estimate last Friday of 55.6 MMT. Argentina is expected to increase its corn export quota from 7 MMT to 22 MMT. Ukraine announced this week that they would not limit corn exports this marketing year. Japan reportedly purchased 250 TMT of Ukrainian corn this week for Nov-Dec delivery.

Futures market activity this week

Macroeconomic trends – China reported its Q3 GDP growth rate slowed to 7.4%, which matched market expectations and confirms the lowest growth rate since early 2009, which is a worrisome trend for both equity and commodity markets. However, there are signs that 4Q growth rate will show improvement... Chinese industrial production rose 9.2% y/y last month and retail sales were 14% higher y/y. Germany issued a revised GDP growth outlook this week...up 0.8% in 2012 and up 1.0% next year. Eurozone construction output rose 0.7% last month, better than expected, but was nearly 6% below last year. Moody's announced they were not lowering Spain's credit rating this month, as they had signaled earlier, on expectations that Spain will eventually benefit from the European Central Bank and Economic Stabilization Mechanism bailout program.

U.S. economic trends – U.S. new home construction surged by 15% last month to a 4 year high. While weekly unemployment claims rose unexpectedly this week, there were other signs of optimism in the U.S. economy this week...the Fed's Philadelphia Index was better than expected and the first positive reading since April, while the Index of Leading Economic Indicators rose 0.6%, above expectations of +0.2%.

WHEAT – Wheat closed moderately lower on Monday on poor weekly export inspection data and unstable outside market forces. Wheat closed mixed to fractionally higher on Tuesday with some support from reports of China purchasing nearly 300 TMT of spring wheat from Canada this week, which signals fresh import demand. Wheat continued to bounce higher on Wednesday on support from strong international demand and favorable outside markets, including a sharply lower dollar. Wheat markets finished sharply higher today (Thursday), on positive outside markets and reports that there could be freeze damage in the southern Australian wheat crop, which was already expected to be smaller than the year before.

Wheat market closes on Thursday, 10/18/12 ...

	Dec 2012	Weekly Summary	Mar 2013	Weekly Summary
Chicago	\$8.68 ½	Up \$0.11 ¾	\$8.80 ¾	Up \$0.11 ½
Kansas City	\$9.04 ¾	Up \$0.14 ½	\$9.17 ¼	Up \$0.13 ¾
Minneapolis DNS	\$9.44	Up \$0.19 ¾	\$ 9.45	Up \$0.14 ¼

CORN – Corn traded lower on Monday, pressured by heavy fund liquidation triggered by broad-based equity and commodity selling, and in particular a strongly bearish soybean market. Reports of as much as 600 TMT of Argentine corn purchased by a consortium of North Carolina livestock feeders added to the bearish tone. Corn chopped on both sides of unchanged on Tuesday but managed to eke out fractional gains in the face of very little fresh supportive news. Corn finished moderately higher on Wednesday, boosted by a sharply lower dollar and spillover support from soybeans and wheat. Stronger cash markets across both the Midwest and South America pushed corn futures sharply higher today (Thursday), closing up double digits despite another week of sluggish export sales. **Dec 2012 corn futures contract closed Thursday, 10/18/12, at \$7.60** ¾, **up \$0.08** and the **Mar 2013 contact closed at \$7.59** ¼, **up \$0.06** ½ for the week.

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices traded in a very narrow range this week, consolidating around the \$92 mark. Monday saw prices close mostly unchanged after a volatile session driven by reports of North Sea crude oil production remaining off line longer than expected and an announcement by EU leaders that they would further tighten their embargo on Iranian oil. But this bullish supply momentum was offset by continuing sluggish demand and worries that further slowdown in global economic growth lies ahead. Prices continued to trade narrowly on Tuesday and Wednesday, with some support from a more favorable risk-on investor attitude. DOE’s weekly crude oil inventory report was mostly bearish...crude oil stocks increased by 2.8 million bbls last week, compared to an expected increase of 1.5 million bbls; distillates fell by 2.2 million bbls, compared to an expected decrease of 1.25 million bbls; and gasoline stocks showed an unexpected increase of 1.7 million bbls, compared to an expected build of only 250,000 bbls. **Crude oil prices ticked slightly lower in today’s session – closing down \$0.02 to \$92.10 – in another choppy two-sided session dominated by demand concerns and more volatility in the dollar.**

U.S. WEATHER / CROP WATCH –

Midwest –Mostly warm and dry conditions prevailed this week, allowing corn and bean harvest to rapidly advance.

Winter wheat planting- Winter wheat planting is on a mostly normal pace, but emergence has fallen far behind normal due to unfavorably dry soil moisture across the Pacific Northwest and Western Plains. The 6-10 day outlook does not show many chances of needed precipitation, particularly in these abnormally dry areas.

USDA Crop Progress / Condition Report, October 15, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US winter wheat	71% planted 36% emerged	57% 23%	68% 39%	71% 44%			
ID winter wheat	79% planted 33% emerged	64% 20%	85% 42%	84% 41%			
Corn	79% harvested	69%	42%	38%			

INTERNATIONAL WEATHER / CROP WATCH -

- **Australia** – Adversely dry conditions persisted in Western Australia, while freezing temperatures across areas of South Australia were expected to cause serious winter grain damage.