

# Idaho Grain Market Report, Nov. 15, 2012

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

**JOIN US FOR NEXT WEBINAR scheduled next Tuesday, Nov. 20 at 3:00 pm MST on**

**“Executing a 2012/13 Grain Marketing Plan”** – presented by Craig Corbett and Carley Garner, commodity broker. See more details below.

**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, November 14, 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<br>11.5% protein | #1 DNS<br>14% protein |
| Ashton                      |                              | (2-R) \$13.00<br>(6-R) \$13.00         | NQ            | NQ                      | NQ                    |
| Rexburg/ Ririe/ Roberts     | \$12.50                      | (2-R) NQ<br>(6-R) NQ                   | \$8.10        | \$8.11                  | \$8.65                |
| Idaho Falls                 | \$12.50                      | (2-R) \$12.60-\$13.00<br>(6-R) \$12.60 | \$7.75        | \$8.25                  | \$8.56                |
| Blackfoot / Pocatello       | \$11.87                      | (2-R) \$13.00<br>(6-R) \$13.00         | \$8.00        | \$8.25                  | \$8.60                |
| Grace / Soda Springs        | \$11.45                      | (2-R) NQ<br>(6-R) NQ                   | \$8.00        | \$8.31                  | \$8.62                |
| Burley / Rupert<br>Hazelton | \$12.50                      | (2-R) \$12.60<br>(6-R) \$12.60         | \$7.80        | NQ                      | NQ                    |
| Twin Falls / Eden / Buhl    | \$12.50-\$12.90              | (2-R) NQ<br>(6-R) NQ                   | \$7.46-\$8.00 | NQ                      | NQ                    |
| Weiser                      | \$11.46                      | (2-R) NQ<br>(6-R) NQ                   | \$7.65        | NQ                      | NQ                    |
| Nez Perce / Craigmont       | \$10.85                      | (2-R) \$10.85<br>(6-R) \$10.85         | \$8.04        | \$9.12                  | \$9.41                |
| Lewiston                    | \$11.10                      | (2-R) \$11.10<br>(6-R) \$11.10         | \$8.23        | \$9.31                  | \$9.60                |
| Moscow / Genesee            | \$10.90-\$12.10              | (2-R) \$10.90<br>(6-R) \$10.90         | \$8.00-\$8.80 | \$9.08-\$9.78           | \$9.37-\$10.05        |

**Prices at Selected Terminal Markets, cash prices FOB**

|             | #2 Feed<br>46 lbs. -- unit<br>trains barge | Single<br>rail cars-<br>domestic | Malting | #1 SWW                                 | #1 HRW<br>11.5% Protein | #1 DNS<br>14% Protein     |
|-------------|--|----------------------------------|---------|--|-------------------------|---------------------------|
| Portland    | NQ   | NQ                               | NQ      | Nov \$8.65-\$8.70<br>Mar \$8.85-\$8.95 | Nov \$9.72 ¼ - \$9.82 ¼ | Nov \$10.09 ½ - \$10.19 ½ |
| Los Angeles | \$15.75                                    | NQ                               | NQ      | NQ                                     | NQ                      | NQ                        |
| Stockton    | NQ   | NQ                               | NQ      | NQ                                     | NQ                      | NQ                        |
| Tulare      | \$15.75                                    | NQ                               | NQ      | NQ                                     | NQ                      | NQ                        |
| Ogden       | NQ   | NQ                               | NQ      | NQ                                     | NQ                      | NQ                        |
| Great Falls | \$8.00-\$12.00                             | NQ                               | \$12.75 | NQ                                     | \$8.01-\$8.36           | \$8.77-\$8.98             |
| Minneapolis | \$11.25                                    | NQ                               | \$15.00 | NQ                                     | \$9.64 ¾ (12%)          | \$9.98 ½ - \$10.03 ½      |

**Market trends this week**

**BARLEY** – Local barley prices were mostly lower this week, ranging from no change to \$1.04 lower in southern Idaho and \$.15 cents lower reported in northern Idaho. USDA won't release export sales data until Friday due to the Veteran's Day holiday on Monday.

**USDA's S&D report for MY 2012/13 - BARLEY – Nov 9** – USDA made no changes to its U.S. barley balance sheet this month, except to tighten the average farm-gate price for U.S. barley to a range of \$6.05-\$6.85/bu. **World barley production was raised slightly this month to 138.8 MMT, which is down 3% from the previous year. Argentine barley production was cut slightly (down .1 MMT) to 5.7 MMT, which is still a big jump from last year. World barley ending stocks were increased slightly this month to 20.2 MMT, which is 11% below last year.**

**WHEAT** – Local wheat prices were also mostly lower this week: SWW ranged from no change to 25 cents lower; HRW ranged from 3 cents higher to 22 cents lower; and DNS ranged from 3 cents higher to 24 cents lower.

**USDA's S&D report for MY 2012/13 - WHEAT – Nov. 9** –USDA made only a couple adjustments to this month's U.S. wheat balance sheet... they cut exports by 50 million bu due to the slow export pace so far this year and increased U.S. wheat ending stocks by an equal amount to 704 million bu. This **ending stocks estimate is 38 million bu higher than the pre-report trade estimate of 666 million bu.** The average farm-gate price range was tightened to \$7.75-\$8.45, compared to \$7.24 in MY 2011/12. As expected, USDA cut their **world wheat production estimate by 1.6 MMT, a smaller than expected amount, to 651 MMT, due primarily to shrinking crop prospects in Australia.** World wheat ending stocks were increased by 1.2 MMT this month to 174.2 MMT, down 12% from a year ago, but ABOVE trade expectations.

**Market reaction** – Traders were surprised by the **increase in world wheat ending stocks**, as many analysts had expected a cut of between 3 to 5 MMT, in line with projections from other international organizations.

**Wheat Competitor/Buyer News** – After flip-flopping earlier this fall on their wheat export policy, it was reported this week that the Ukrainian Farm Ministry announced they would ban any further wheat exports, effective December 1. Traders also believe that Russian exportable wheat supplies are rapidly dwindling. U.S. wheat prices continue to be above world prices, but the differential is narrowing between U.S. and European value. This week, Japan and Taiwan both bought sizeable volumes of U.S. wheat, while other importers passed on U.S. wheat offers. Libya bought Russian wheat while Jordan filled their tender with most likely Ukrainian wheat. Algeria bought French wheat. Egypt is rumored to be in the market this weekend for more wheat.

**CORN** – Corn export sales were within trade expectations but still sluggish at 209.4 TMT (157.6 TMT for MY 2012-13 and 51.8 TMT for MY 2013-14), down 6% from the previous week but up 31% from the prior 4-week average. Export shipments last week totaled 395.5 TMT, up 2% from the previous week but down 2% from the prior 4-week average.

**USDA's S&D report for MY 2012/13 - CORN – Nov. 9** – USDA only made a few tweaks to the U.S. and global corn balance sheets this month... they left harvested acreage unchanged this month at 87.7 million but raised the national average **corn yield by .3 bpa to 122.3 bpa, thereby raising 2012 production by 19 million bu to 10.725 billion bu.** This was ABOVE the average pre-report trade estimate of 10.629 billion bu. They increased imports by 25 million bu to 100 million bu and increased food and industrial usage by 17 million bu to 5.867 billion bu. This resulted in a **28 million bu increase in ending stocks to 647 million bu, which was ABOVE the average pre-report trade estimate of 635 million bu.** The average farm-gate price for U.S. corn was lowered on both ends to a range of \$6.95-\$8.25. **World corn production was increased slightly this month to 839.7 MMT, which is 5% below the previous year, while ending stocks also were increased slightly to 117.99 MMT, 11% below last year.**

**Market reaction** – Traders overlooked the higher than expected corn production estimate to focus instead on the BULLISH ending stocks estimate. But **the near-term focus in the corn futures market remains fixed on lackluster demand including a sharply lower export shipment pace and expectations of a slow down in feed demand.** This Friday the USDA will release its monthly cattle on feed report which is expected to show a sharp slowdown in cattle placements in feedlots and therefore lagging feed demand.

**Ethanol corn usage** –DOE's Energy Information Agency reported that U.S. ethanol production ticked down week to 824,000 bbls per day, down 0.36% from the previous week and down 10% from a year ago. However, corn used for ethanol last week continued to reach the 86.5 million bu pace, which is needed to meet to USDA's annual projection of 4.5 billion bu in MY 2012/13.

**Corn Competitor/Buyer News** – Strategie Grains is projecting EU will need to import as much as 11.5 MMT of corn this year, compared to USDA's estimate last Friday of only 5 MMT. USDA reported a single day corn sale of 158 TMT of an unknown destination.

#### Futures market activity this week

**Macroeconomic news** – Euro-zone economic news continues to be mostly dour with confirmation this week that the Euro-zone has officially slipped back into the recession for the 2<sup>nd</sup> time in the past 4 years. Their Q3 GDP was pegged at -0.1% on the heels of a -0.2% contraction in Q2 (recession is defined as two consecutive quarters of negative GDP growth). Both France and Germany posted modest growth in the 3<sup>rd</sup> quarter, but Germany's very modest +0.2% growth in Q3 is viewed as further evidence of deceleration in economic activity in that country. European GDP growth is projected to be an anemic +0.1% in 2013. Meanwhile, Eurozone finance leaders voted this week to give Greece two additional years to achieve its austerity targets but there was no consensus on how to find the money to fill Greece's 30 billion euro hole in their budget. On the Asian front, there were also reports this week that Chinese government leaders may be contemplating raising property taxes country to curb property speculation in that country.

**U.S. economic news** – the prospects and impacts of the looming fiscal cliff remain on the front burner. After mostly positive reports last week including the highest U.S. consumer confidence reading in more than 4 years, there were more mixed economic data this week...October retails were disappointing, manufacturing activity showed modest gains in the

New York region but slipped more than expected in the Philadelphia region and today we saw weekly first time jobless claims take a bigger than expected jump to 439,000 tied mostly to post-Sandy storm losses but the highest claims in 1 ½ years.

**WHEAT** – Wheat posted sharp losses on Monday, retesting the bottom end of their 4-month trading range on spillover pressure from a sharp downturn in soybeans and weaker Paris wheat futures prices. Technical weakness also added to the negative tone. In the face of no fresh supportive news, wheat prices continued to deteriorate on Tuesday with pressure from investor profit-taking and negative outside markets. Wednesday saw wheat prices close mixed to lower on a combination of negative demand news and continued profit taking pressures. Wheat finished modestly lower again today (Thursday) on pressure from outside markets and a lack of fresh supportive news. **Nearby support level in CHI wheat is \$8.50 followed by \$8.40 ¼ and resistance at \$8.75 (50 day moving average) followed by \$9.00. Wheat market closes on Thursday, 11/15/12 ...**

|                 | <b>Dec 2012</b> | <b>Weekly Summary</b> | <b>Mar 2013</b>  | <b>Weekly Summary</b> |
|-----------------|-----------------|-----------------------|------------------|-----------------------|
| Chicago         | <b>\$8.45 ½</b> | <b>Down \$0.41</b>    | <b>\$8.61 ¼</b>  | <b>Down \$0.40 ¼</b>  |
| Kansas City     | <b>\$8.86 ½</b> | <b>Down \$0.35 ¾</b>  | <b>\$9.03 ½</b>  | <b>Down \$0.35</b>    |
| Minneapolis DNS | <b>\$9.20 ¼</b> | <b>Down \$0.30 ¼</b>  | <b>\$ 9.30 ¾</b> | <b>Down \$0.27 ¾</b>  |

**CORN** – Corn futures fell by double digits to start the week, dragged lower by soybean weakness and technical weakness. Corn overcame continued spillover pressure from soybeans and wheat AND another disappointing weekly export shipments report to post a positive reversal higher on Tuesday. Corn posted a second day of modest gains in two-sided trading on Wednesday, with support from higher soybeans and rumors that a significant amount of U.S. corn may have been sold to Mexico. Corn finished moderately lower today (Thursday) in a narrow trading range, with spillover pressure from lower soybeans overwhelming positive ideas that South American corn exportable supplies might dwindle by early next year. **Nearby support level in CHI corn is \$7.10 ½ followed by \$7.05 and resistance at \$7.30 followed by \$7.50 (100 day moving average). Dec 2012 corn futures contract closed Thursday, 11/15/12, at \$7.21¼, down \$0.17½ and the Mar 2013 contact closed at \$7.25, down \$.17 for the week.**

#### **OTHER MAJOR FACTORS TO WATCH –**

**CRUDE OIL** – Crude oil trading returned to a fairly narrow range this week, with the focus early in the week on weak global economic fundamentals which will drive future energy demand. By midweek fresh geopolitical concerns pushed prices higher. Monday saw oil prices fall \$.50 to close at \$85.57, with trading flip flopping between gains and losses all through the session on news or speculation about the Greece debt payments and negotiations to avert a U.S. fiscal cliff. Losses were extended on Tuesday- trading down \$.19 to \$85.38 – on continued economic uncertainties in both the U.S. and Europe. But geopolitical risk premiums arising out of an Israeli missile attack on the Gaza Strip which killed the Hamas military leader boosted prices to \$86.32. **But these gains could not be sustained on Thursday - prices fell \$.87 to close at \$85.45 - as weak global economic signals overshadowed an escalation in Middle East tensions which some fear could result in oil supply disruptions.** DOE's weekly crude oil inventory report was mixed...crude oil stocks increased by 1.09 million bbls, compared to an expected increase of 2.65 million bbls; distillates fell by 2.54 million bbls, compared to an expected decrease of 0.5 million bbls; and gasoline stocks fell by 0.44 million bbls, compared to an expected increase of 0.8 million bbls.

#### **U.S. WEATHER / CROP WATCH –**

**Winter wheat** – Winter wheat conditions in the Western Plains remains well below normal for this time of year and analysts note that the crop is running out of time for any significant improvements before dormancy sets in across a wide swath from northwestern Kansas to eastern Colorado to Nebraska and South Dakota. **The 6-10 and 8-14 day outlooks show below normal precipitation for the Plains overall.**

#### **USDA Crop Progress / Condition Report, November 13, 2012**

| <b>Crop</b>     | <b>% Progress</b>          | <b>Previous Week</b> | <b>Previous Year</b> | <b>5-Year Average</b> | <b>Condition % this week</b>               | <b>% last week</b> | <b>% last year</b> |
|-----------------|----------------------------|----------------------|----------------------|-----------------------|--|--------------------|--------------------|
| US winter wheat | 95% planted<br>79% emerged | 92%<br>73%           | 95%<br>81%           | 94%<br>81%            | 36% good /excellent,<br>22% poor/very poor | 39%                | 50%                |
| ID winter wheat | 99% planted<br>88% emerged | 98%<br>81%           | 100%<br>94%          | 100%<br>89%           | 66%  | 67%                |                    |

#### **INTERNATIONAL WEATHER / CROP WATCH -**

- **Brazil** – Conditions were mostly drier weather this week, helping accelerate the corn and soybean planting pace. Central and northern Brazil was expected to receive more showers in the nearby outlook.
- **Argentina** – Conditions were drier this week, which was favorable for both wheat harvest and corn planting. Argentine corn planting was reported to be 44% completed, which is about 14% behind a normal pace. Showers are expected

to return to some areas by the weekend or early next week, although they are not expected to be heavy.

- **Australia** – Mostly dry this week, aiding wheat and barley harvest, but the east saw some shower activity by mid week which could cause a minor harvest disruption.

## Don't miss out on our 2012/13 Grain Marketing Education Programs...

**NEXT WEBINAR - Nov. 20, 2012 at 3:00 pm MST** on “**Executing a 2012/13 Grain Marketing Plan**” – presented by Craig Corbett and Carley Garner, commodity broker.

- Using a case-study eastern Idaho grain farm, we will write a plan in March 2012 – we will describe the marketing tools that seemed most appropriate at that time and explain how to execute them.
- Make adjustments to the plan in fall 2012 – review what has happened in the market for the past 6 months and explain mid-course adjustments that seem appropriate.

**To participate from your own computer, log onto: <http://connect.cals.uidaho.edu/barley/>**

**To view our recorded October 30 webinar on “2012/13 Grain Market Outlook & Understanding Technical Trends in Grain Futures” go to <http://connect.cals.uidaho.edu/p47995616/>**

**Basic Grain Marketing Workshops** – these **live sessions will be held in Rexburg and Pocatello...**

**Dec. 4 - How do grain markets work and what tools are available?**

9:00 - 11:00 am at **Rexburg Library** at 73 N Center

2:00 - 4:00 pm at the **Idaho Farm Bureau main office in Pocatello**, 275 Tierra Vista Dr., alongside I-15

**Dec. 5 - Developing a 2013 Grain Marketing Plan using cash and hedging tools and technical futures signals**

8:00 - 11:00 am at **Rexburg AmericInn**, 1098 Golden Beauty Drive

2:00 - 5:00 pm at **Idaho Farm Bureau main office in Pocatello**

**Dec. 10 - Making Adjustments to your Grain Marketing Plan in Volatile Grain Markets**

8:30 -11:00 am at **Rexburg Library** at 73 N Center

2:00 - 4:30 pm at the **Idaho Farm Bureau main office in Pocatello**