

Idaho Grain Market Report, January 10, 2014

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, January 8, 2014. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u>	<u>MALTING</u>	<u>Wheat (bu.)</u>		
	<u>FEED</u>				
Ashton	NQ	(2-R) \$10.00 (6-R) \$10.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$7.85	(2-R) \$11.46-\$11.75 (6-R) \$11.46	\$6.00	\$5.82	\$7.00
Blackfoot / Pocatello	NQ	(2-R) \$10.00 (6-R) \$10.00	\$6.00	\$6.12	\$6.45
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert Hazelton	\$7.50-\$7.75	(2-R) \$11.46 (6-R) \$11.46	\$5.95-\$5.79	\$6.27	\$6.61
Twin Falls / Eden / Buhl	\$8.20	(2-R) NQ (6-R) NQ	\$5.20	NQ	NQ
Weiser	\$9.73	(2-R) NQ (6-R) NQ	\$5.70	NQ	NQ
Nez Perce / Craigmont	\$5.75	(2-R) \$5.75 (6-R) \$5.75	\$5.84	\$6.58	\$7.08
Lewiston	\$6.55	(2-R) \$6.55 (6-R) \$6.55	\$6.15	\$6.89	\$7.39
Moscow / Genesee	\$5.35-\$5.70	(2-R) \$5.70 (6-R) \$5.70	\$5.54-\$5.92	\$6.24-\$6.66	\$6.69-\$7.16

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	Jan \$6.75-\$6.80 May \$6.81-\$6.96	Jan \$7.36 ½ - \$7.56 ½	Jan \$8.00-\$8.45
Los Angeles	\$10.75	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$10.75	NQ	NQ	NQ	NQ	NQ
Ogden	\$7.25	NQ	NQ	\$6.14	\$6.97	\$7.37
Great Falls	\$6.50	NQ	\$9.50	NQ	\$5.96-\$6.03	\$6.56-\$6.83
Minneapolis	\$7.50	NQ	\$12.08	NQ	\$7.47 (12%)	\$9.52

Market trends this week

BARLEY –Local barley prices were mostly lower this week with southern Idaho locations reporting a range of no change to 80 cents lower and northern Idaho reporting no change to 25 cents lower. USDA reported barley export sales totaled 1 TMT for Taiwan, and export shipments totaled 0.8 TMT for Japan and Taiwan last week.

USDA's Quarterly Stocks Report – BARLEY – Jan. 10 – USDA pegged U.S. barley stocks in all positions on December 1, 2013 at 170 million bu, up 7% from a year ago. The September to November 2013 indicated disappearance is 26.3 million bu, down 32% from the same period a year earlier. Idaho barley stocks on Dec. 1, 2013 are pegged at 37.59 million bu, up 8% from a year ago.

USDA's BARLEY S&D Projections for MY 2013/14 – Jan. 10 – USDA made only minor tweaks to the U.S. barley balance sheet this month... cut domestic feed use by 10 million bu to 65 million bu, based on lower than expected quarterly disappearance and raised ending stocks by 10 million bu to 90 million bu. USDA further tightened the average farm gate price projection for U.S. barley to \$5.75-\$6.25. **World barley production was increased by 1.6 MMT this month to 144.7 MMT, up 11% from last year, with slightly revisions higher for Argentina and Russia. World ending**

stocks were increased slightly this month to 23.97 MMT, up 18% from last year.

WHEAT – Local wheat prices were also mostly lower this week: SWW ranged from 30 cents lower to 10 cents higher; HRW ranged from 58 cents lower to 4 cents higher; and DNS ranged from 25 cents lower to 16 cents higher. USDA reported wheat export sales last week were on the low end of trade expectations at 294.8 TMT (110.8 TMT in MY 13/14 and 184 TMT in MY 14/15), down 55% from the previous week and 76% from the prior 4 week average. Cumulative wheat export sales now tally 82% of the USDA projection for the year compared to 72% on average. The leading buyers were the Philippines, Italy, Brazil and Japan. Wheat export shipments last week totaled 436.5 TMT, up 55% from the previous week and 4% from the prior 4 week average.

USDA's 2014 Winter Wheat Seeding Estimate – Jan. 10 – A bullish estimate...USDA pegged 2013 U.S. winter wheat seedings at 41.9 million acres, down 3% from last year and 1.6 million acres BELOW the average pre-report trade estimate of 43.5 million acres. 2014 HRW acres are pegged at 30.1 million, up 2%; SRW acres are estimated at 8.44 million, down 16%; and SWW acres are pegged at 3.39 million acres, down 3% from last year. **Idaho winter wheat acreage is pegged at 730,000, down 5% from 2013.**

USDA's Quarterly Stocks Report – WHEAT – Jan. 10 - USDA pegged U.S. wheat stocks in all positions on December 1, 2013 at 1.46 billion bu, down 12% from a year ago, and slightly above the pre-report trade estimate of 1.40 billion bu. The September to November 2013 indicated disappearance is 407 million bu, down 6% from the same period a year earlier. **Idaho wheat stocks on Dec. 1, 2013 are pegged at 46.83 million bu, down 7% a year ago.**

USDA's WHEAT S&D Projections for MY 2013/14 – Jan. 10 - USDA's revised projections are bearish for wheat... they cut domestic feed use by 60 million bu to 250 million bu but raised wheat exports by 25 million bu to 1.125 billion bu, resulting in a 33 million bu increase in U.S. wheat ending stocks to 608 million bu. This was 51 million bu ABOVE the average pre-report trade estimate of 557 million bu. The average farm gate price for U.S. wheat was lowered to \$6.60-\$7.00/bu. World wheat production was increased by 1.2 MMT this month to 712.7 MMT - up 9% from last year - due to higher revisions for China and Russia partially offset by smaller Argentine crop. World wheat ending stocks were increased by 2.6 MMT to 185.4 MMT, up 5% from last year.

Wheat Competitor/Buyer News – Brazilian wheat millers are reportedly seeking permission for another 2.5 MMT duty free wheat imports to facilitate wheat imports from origins outside of their Mercosur region. USDA lowered their Argentine wheat production estimate this month by 0.5 MMT to 10.5 MMT. USDA's lower estimate is still above the revised estimate from the Buenos Aires Grain Exchange which was revised lower this week to 10.1 MMT. The European Union approved 998,000 TMT of wheat for export this week, bringing total cumulative wheat exports to 14.4 MMT so far this year, compared to 9.7 MMT for the same period last year.

CORN – Corn export sales were **well below trade expectations** last week at 155.3 TMT, up 1% from the previous week but it was down 79% from the prior 4 week average. Cumulative corn export sales now tally 78% of the USDA projection for the year compared to 57.4% on average. Corn export shipments totaled 603.3 TMT, down 29% from the previous week and 34% from the prior 4 week average.

USDA's Final 2013 Corn Production Estimate – Jan. 10 – USDA delivered slightly BULLISH reports for corn today... they raised harvested acres higher by 0.5 million to 87.7 million but cut average yields from 160.4 bpa to 158.8 bpa. This was below the average trade estimate of 161.2 bpa. This resulted in a 64 million bu CUT in final 2013 production to 13.925 billion bu. This production estimate is 141 million bu LOWER than the average pre-report trade estimate of 14.066 billion bu.

USDA's Quarterly Stocks Report – CORN – Jan. 10 – slightly bullish ending stocks estimate today...USDA pegged U.S. corn stocks in all positions on December 1, 2013 at 10.4 billion bu, up 30% from a year ago. This was **BELOW the average pre-report trade estimate of 10.79 billion bu.** The September to November 2013 indicated disappearance is 4.32 billion bu, up 16% from the same period a year earlier.

USDA's CORN S&D Projections for MY 2013/14 – Jan. 10 – As noted above, USDA surprised the market with slightly BULLISH projections today... they lowered beginning stocks by 3 million bu to 821 million bu, cut production by 64 million bu to 13.925 billion bu and raised domestic feed use by 100 million bu to 5.3 billion bu. This resulted in a 161 million bu cut in ending stocks to 1.631 billion bu, BELOW the pre-report trade estimate of 1.891 billion bu. The average farm gate price for U.S. corn was tightened to \$4.10-\$4.70/bu. World corn production was increased by 1.6 MMT to a record 966.9 MMT, up 12% from last year, due to larger production in China, offset by lower Argentine production. World corn ending stocks were cut by 2.2 MMT this month to 160.2 MMT, still up 20% from last year.

Ethanol corn usage – DOE's Energy Information Agency reported a positive uptick in weekly U.S. ethanol production last week to 919,000 bpd, up 6,000 bpd or 0.66% from the previous week and up nearly 11.3% from a year ago. Corn used for

ethanol totaled 96.5 million bu, still above the need weekly pace to meet the USDA projection of 4.95 billion bu for the marketing year.

Corn Competitor/Buyer News – Official Chinese sources confirmed they have rejected at least 601 TMT of recent U.S. corn shipments due to the presence of unapproved GMO material. USDA raised their Chinese corn production estimate this month by 6 MMT to 217 MMT, while lowering corn imports by 2 MMT to 5.0 MMT. USDA lowered their Argentine corn production estimate by 1 MMT to 25.0 MMT, based on unfavorable growing conditions.

Futures Market trends this week

U.S. economic news – Most indicators continued to point to strong positive momentum moving into 2014, further reinforcing ideas that the Federal Reserve might accelerate their tapering of their monthly bond purchases in coming months. But today's monthly jobs report was surprisingly weak...showing overall jobs gains of only 74,000, less than half of the expected gain of 200,000. The official unemployment rate fell to 6.7%, the first dip below 7% in more than 5 years, but was due to an estimated 347,000 people dropping out of the workforce. U.S. workforce participation levels fell to 62.8%, the lowest level since 1978.

WHEAT – Volatility remains a prominent feature in wheat...closing mixed to modestly higher on Monday with the firmer tone attributed to logistical challenges posed by arctic temperatures blanketing much of the Central U.S. and short covering ahead of Friday's key reports. But in typical Tuesday turnaround, prices finished mixed to lower on Tuesday, with KC managing a modest gain on ideas that winter wheat crops may have been damaged in areas with inadequate snow cover, particularly in parts of the Ohio River Valley. Wheat continued to post fresh contract lows on Wednesday – closing down double digits in Chicago - despite a very oversold technical condition. Wheat finished lower on Thursday, posting fresh 2 year low on further liquidation positioning ahead of Friday's reports. Mostly bearish reports pressured markets on Friday, triggering double digit losses in the Chicago contract. **Wheat market closes on Thursday, 1/09/14 ...**

	Mar 2014	Weekly Summary	May 2014	Weekly Summary	Dec. 2014	Weekly Summary
Chicago SRW	\$5.84 ¼	Down \$.21 ½	\$5.89 ½	Down \$.21 ¾	\$6.17 ¾	Down \$.20
KC HRW	\$6.39	Down \$.03 ½	\$6.36	Down \$.06 ¼	\$6.59 ¼	Down \$.11
MGE DNS	\$6.29 ¼	Down \$.01 ¼	\$6.29 ¼	Down \$.10 ¾	\$6.59	Down \$.15 ½

CORN – Technical short covering pushed corn prices moderately higher to start this week, temporarily shrugging off recent bearish pressure from Chinese corn import rejections and expectations that corn production and stocks will be increased on Friday. But gains could not be extended on Tuesday as prices dipped lower in fund positioning ahead of Friday's key reports. After attempting to trade higher in another round of short covering, corn finished solidly lower on both Wednesday and Thursday under pressure from increased farmer and speculative selling ahead of Friday's reports. These reports were actually supportive to corn, triggering double digit gains on Friday. **Corn futures contract closed on Thursday, 1/09/14 for Mar. 2014 contract at \$4.12, down \$0.11 ½ for the week, May 2014 contract closed at \$4.20 ¼, down \$0.11 ½ and the Dec. 2014 contract closed at \$4.41 ¼, down \$0.10 ¾ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil has fallen to a six week low under pressure from rising U.S. stocks and increased Libyan production. DOE's weekly inventory report showed crude oil fell by 2.68 million bbls, in line with expectations; while both distillates and gasoline stocks increasing more than double expectations at 5.83 million bbls and 6.24 million bbls respectively. U.S. gasoline consumption slipped to a one year low. **Crude oil futures continued to grind lower on Thursday – closing down \$0.67 to \$91.66/bbl.**

INTERNATIONAL WEATHER / CROP PROGRESS -

Argentina – After abundant rains in November which delayed corn and soybean planting in many regions, conditions turned unfavorably hot and dry through much of December into early January. Moisture stress is confirmed in drier than normal vegetative satellite maps. These recent weather trends may be signaling a reversal in the emerging El Nino pattern. Beneficial moisture is in the near-term outlook, but drier and warmer conditions are expected to return next week.

Brazil – In sharp contrast, southern Brazil has benefitted from generous moisture recently, boosting corn and bean crop conditions, particularly in Parana, the largest corn producing region.