

Idaho Grain Market Report, December 17, 2015

Published weekly by the Idaho Barley Commission, kolson@barley.idaho.gov, 208-334-2090

We will **NOT PUBLISH** weekly reports on December 23 and December 30, 2015.

We wish you and your families a **Very Merry Christmas and Happy New Year**

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, December 16, 2015. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	Barley (Cwt.) FEED	MALTING	Wheat (bu.) Milling			
	48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% pro	#1 DNS 14% pro	#1 HWW
Rexburg/ Ririe/ Roberts	\$5.25-5.75		\$4.93-5.25	\$3.96	\$5.00	\$4.76-4.90
Idaho Falls	NQ	\$9.30 - \$9.38	\$4.95	\$4.60	\$5.10	\$5.05
Blackfoot / Pocatello	NQ	\$9.00	\$4.95	\$4.60	\$5.10	\$5.05
Grace / Soda Springs	\$6.60		\$5.00	\$4.27	\$5.10	\$4.76
Burley / Rupert	\$6.00-6.50	\$9.38	\$4.94-5.10	\$4.01	\$5.01	\$4.67
Hazelton						
Twin Falls / Buhl / Wendell	\$6.00-6.75		\$4.90	NQ	NQ	
			Feed wheat			
			\$4.20			
Nampa – Weiser	\$6.92		\$5.48			
Nez Perce / Craigmont	\$5.50		\$4.57	\$4.77	\$5.47	
Lewiston	\$6.00		\$4.83	\$5.03	\$5.73	
Moscow / Genesee	\$5.50-6.00		\$4.60-4.74	\$4.80-4.97	\$5.50-5.69	\$4.97

Prices at Selected Terminal Markets, cash prices FOB

	#2 Feed 46 lbs. -- unit trains barge	Malting	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein	#1 HWW
Portland			Ord protein Jan . \$4.83½ - 5.28 max 10.5% pro \$6.38½ - 6.68	\$5.61 – 5.71	\$6.25¾ -6.45¾	
Los Angeles	\$9.60-9.90			NQ (12%)		
Tulare	\$9.60-9.90					
Ogden	\$7.00		\$5.22	\$4.50	\$5.45	\$5.21
Great Falls	\$5.25-5.75	\$10.00		\$4.53-4.61 (12%)	\$5.01-5.10	
Minneapolis	\$5.42	NQ		\$5.56	\$5.95¾ - 6.15¾	

Market trends this week

BARLEY – Idaho feed barley prices were steady to 10 cents lower, but mostly steady from last week. Open market malting barley prices remained steady. USDA reported there were no barley export sales last week while shipments totaled 400 MT to Israel and South Korea.

WHEAT – Idaho wheat prices were mixed this week...SWW prices ranged from 27 cents lower to 9 cents higher; HRW prices ranged from minus 22 cents to plus 16 cents; and DNS prices ranged from minus 14 cents to plus 6 cents. USDA reported wheat export sales last week were within trade expectations at 320.2 TMT, up 42% from the previous week but down 22% from the 4-week average. Wheat export shipments last week totaled 332.3 TMT, up 55% from the previous week and 9% from the 4-week average.

Wheat competitor / buyer news – Argentina eliminated wheat export taxes of 23% on Monday. They also announced they were easing currency controls that would allow the peso to float freely, which immediately resulted in about a 40% devaluation, making Argentine wheat much cheaper on the world market. The Rosario Grain Exchange has pegged the Argentine wheat crop at 9.6 MMT, compared to USDA's most recent estimate of 10.5 MMT. Some sources indicate that as much as half of their wheat crop may be downgraded to feed quality due to recent excessive rain. Cocereel has raised their 2015 EU wheat production estimate to a new record high 150.3 MMT. Strategie Grains is projecting EU soft wheat production will decline to 143.6 MMT in 2016, down 6.4 MMT from this year. Russia is projecting their total 2016 grain production at 100.8 MMT, with 58.3 MMT wheat, compared to total grain crop of 103.4 MMT this year and 61.2 MMT wheat. SAFRAS reports that Brazil may need to import up to 2 MMT of wheat this year due to quality issues in the domestic crop.

CORN – USDA reported corn export sales last week were below trade expectations at 677.6 TMT (579.4 TMT in MY 15/16 + 98.2 TMT in MY 16/17), down 44% from the previous week and 47% above the 4-week average. Corn export shipments last week totaled 495 TMT, up 2% from the previous week and 11% from the 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported continued strong weekly ethanol production – up 7,000 bbls per day to top 1,000,000 bpd, up 0.7% from the previous week and 1% above the previous year. U.S. ethanol stocks increased to 20.3 million bbls, up 15% from the previous year. Corn used to produce ethanol last week totaled 105 million bu, above the weekly pace needed to reach USDA's projection for MY 2015/16.

Corn competitor / buyer news – CONAB is now estimating the 2015/16 Brazilian corn crop at 82 MMT, down from last year's 85 MMT. Brazil exported a record amount of corn in November, topping 4.9 MMT. Argentina eliminated their corn export tax of 20% on Monday and devalued the Argentine peso, making their corn much cheaper on the world market. Strategie Grains is projecting EU's 2016 corn crop will increase by 13% to 64.9 MMT. China is considering policy changes that will cut corn acres by 10% over the next five years, to help reduce burdensome stocks. In the meantime, there are implementing new freight subsidies that are designed to move government stocks to processors and ethanol plants and reduce the need for imports.

Futures Market trends this week

Macroeconomic trends – As widely anticipated, in a unanimous vote the Federal Reserve approved a .25% increase in the key federal interest rate on Wednesday – the first interest rate hike since June 2006. The marketplace considered their comments dovish...emphasizing a gradual rather than measured approach on subsequent rate increases and careful monitoring of projected AND actual progress towards reaching their 2% inflation goal. Markets saw a muted immediate response but the dollar index surged higher on Thursday, pressuring commodities and crude oil.

WHEAT – Wheat futures finished moderately higher in choppy two sided action on Monday, on short covering triggered by a weaker dollar and ideas that USDA may be overestimating winter wheat acreage estimates. Gains were limited by nonthreatening weather and weakness in the ruble and euro which makes competitors' wheat cheaper than U.S. origins. Speculative short covering continued to drive prices modestly higher on Tuesday. Prices finished double digits lower on Wednesday, with pressure from news of an Argentine currency devaluation which will make their wheat cheaper on the world market. Wheat finished narrowly mixed today (Thursday) with late session short covering overcoming early pressure from a sharply higher dollar. **Wheat market closes on Thursday, 12/17/15...**

	<u>Mar 2016</u>	<u>Weekly Summary</u>	<u>May 2016</u>	<u>Weekly Summary</u>	<u>July 2016</u>	<u>Weekly Summary</u>
Chicago SRW	\$4.84	Down \$0.05½	\$4.91	Down \$0.05¼	\$4.97¼	Down \$0.03¼
KC HRW	\$4.80½	Down \$0.01¾	\$4.91	Down \$0.01¾	\$5.01¾	Down \$0.01
MGE DNS	\$5.08	Up \$0.00¼	\$5.17½	Down \$0.00¾	\$5.27¼	Up \$0.00¼

CORN – Corn futures started the week modestly higher, boosted by a weaker dollar and recovery in crude oil futures. Corn prices retreated on Tuesday and Wednesday in the face of a stronger dollar and weaker technicals. Corn shrugged off pressure from a sharply higher dollar and disappointing corn export sales to finish moderately higher today (Thursday), on support from a market friendly 2016 corn acreage estimate from Informa Economics at 88.9 million acres, down from their earlier peg of 90.1 million acres. **Corn futures contract closes on Thursday, 12/17/15... Mar. 2016 contract at \$3.74¼, down \$0.01 for the week, May 2016 contract closed at \$3.80¼, unchanged and the July 2016 contract closed at \$3.85¾, up \$0.01 for the week.**

CRUDE OIL – Crude oil futures continued to chop in a narrow trading range this week, with continued pressure from a

strong dollar and an unexpectedly large build in the weekly crude oil stocks. DOE reported domestic crude oil inventories unexpectedly increased last week by 4.801 million bbls to the highest level in 7½ months, compared to an expected decrease of 1.5 million bbls. Distillates increased by 2.563 million bbls, while gasoline stocks increased by 1.731 million bbls. **Crude oil closed lower today (Thursday) under pressure from a sharply higher dollar - down \$0.67/bbl for the week to finish at \$36.76.**

LINKS TO RECORDED WEBINARS

- **2016 Grain Marketing Strategies** presented by Brian Rydlund, CHS Hedging on December 16, 2015. Link can be found at <https://vimeo.com/149175681>
- **El Nino Winter Weather Outlook** presented by NWS Senior Hydrologist Troy Lindquist on Nov. 18, 2015. Link can be found at <https://vimeo.com/146130357>
- **2016 Malting Barley Revenue Endorsement Crop Insurance** presented by Dave Paul, Watt's & Associates on October 22, 2015. Link can be found at <https://vimeo.com/143410554>