

Idaho Grain Market Report, February 4, 2016

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, February 3, 2016. 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	\$6.00		NQ	NQ	NQ	NQ
Idaho Falls	\$6.25	\$9.38 - \$9.50	\$4.70	\$4.20	\$4.90	\$4.45
Blackfoot / Pocatello	NQ	\$8.50	\$4.70	\$4.20	\$4.90	\$4.45
Grace / Soda Springs	\$6.50		\$4.74	\$4.19	\$4.94	\$4.74
Burley / Rupert	\$6.00	\$9.38	\$4.66-4.80	\$3.88	\$5.01	\$4.73
Hazelton						
Twin Falls / Buhl / Wendell	\$6.00-6.50		\$4.75	NQ	NQ	
			Feed wheat			
			\$4.00			
Nampa – Weiser	\$6.71		\$5.40			
Nez Perce / Craigmont	\$5.35		\$4.42	\$4.64	\$5.27	
Lewiston	\$5.85		\$4.68	\$4.90	\$5.53	
Moscow / Genesee	\$5.35-5.75		\$4.45–4.59	\$4.67-4.86	\$5.30-5.49	\$4.86

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 . \$5.23-5.45 max 10.5% pro \$6.20-6.35	\$5.63½–5.68½	\$6.05½ - 6.30½	
Los Angeles	\$9.80-10.00			NQ (12%)		
Tulare	\$9.80–10.00					
Ogden	\$7.25		\$5.04	\$4.49	\$5.30	\$5.10
Great Falls	\$5.50-5.75	\$10.00		\$4.47-4.50 (12%)	\$4.91--5.10	
Minneapolis	\$5.21	NQ		\$5.43½	\$5.95½	

Market trends this week

BARLEY – Idaho feed and malting barley prices were steady this week. USDA reported there were no barley export sales or shipments last week.

WHEAT – Idaho wheat prices were mixed to mostly lower this week: SWW prices ranged from minus 13 cents to plus 14 cents; HRW prices ranged from minus 30 cents to plus 1 cent; and DNS prices ranged from minus 10 cents to plus 9 cents. USDA reported wheat export sales were well below trade expectations last week at 154 TMT (66.2 TMT for MY 15/16 and marketing year low plus 87.8 TMT for MY 2016/17), down 78% from the previous week and down 74% from the 4-week average. Cumulative wheat export sales have reached 77.1% of the USDA estimate for the year, compared to a 5-year average of 80.9%. Wheat export inspections also were lackluster at 230.3 TMT, down 26% from the previous week and down 34% from the 4-week average.

Wheat competitor / buyer news – The EU granted export licenses for 786 TMT of wheat this week, bringing cumulative exports to 15.6 MMT, down 15% from the same period a year ago. The EU cut their wheat ending stocks estimates from 17.6 MMT to 15.8 MMT. Reports indicate that the Russian Ag Ministry has made no decisions to cut or eliminate their

current wheat export taxes. Stats Canada reported Canadian wheat stocks at 20.7 MMT, below pre-report trade expectations of 21.8 MMT, and down 19% from a year ago. Indian wheat crop is projected to be about 10 MMT below earlier estimates due to unfavorably dry conditions and processors have asked their government to eliminate their 25% wheat import tariff starting in April. Iran will reportedly cut off wheat imports after March 20, citing sufficient stocks for the remainder of the year. Brazil may need to import more wheat this year, potentially from the U.S., due to quality problems with excessive moisture in their domestic crop.

CORN – USDA reported corn export sales were better than expected last week at 1.13 MMT plus 14.4 TMT for MY 2016/17, up 38% from the previous week. Cumulative corn export sales have reached 56.1% of the USDA estimate for the year, compared to a 5-year average of 69.5%. Corn export inspections remained lackluster last week at 660.7 TMT, up 2% from the previous week and up 19% from the 4-week average, but still sharply lagging the pace needed to reach the USDA estimate for this marketing year. Some traders expect USDA will cut their corn export demand estimate in next week's monthly S&D report.

Ethanol corn usage – DOE's Energy Information Agency reported a third consecutive week of lower ethanol production due to poor processing margins – down 2,000 bbls per day to 959,000 bpd, down 0.2% from the previous week but up 1.2% from the previous year. U.S. ethanol stocks jumped by 4% to 22.36 million bbls, which is up nearly 7% from the previous year. Corn used to produce ethanol last week totaled 100.7 million bu, still above the weekly pace needed to reach USDA's projection of 5.2 billion bu for MY 2015/16. Some traders expect USDA may cut their ethanol demand estimate in next week's monthly S&D report.

Corn competitor / buyer news – Early Argentine corn harvest has begun, with expectations of a solid crop with higher planted area but variable yields due to dryness across northern production areas. Some dry areas are receiving rainfall this week but it may have come too late to improve yield prospects. Informa has pegged their corn crop at 26 MMT compared to USDA's latest estimate of 25.6 MMT and 26.5 MMT last year. Argentina has reportedly booked 11 MMT of corn export sales in January, with additional shipments rumored to be headed to Southeastern US ports. Brazilian CONAB is projecting the Brazilian corn crop at 83.3 MMT, up 1 MMT from their earlier estimate and compared to USDA estimate of 81.5 MMT and ProFarmer consultant at 83.2 MMT. Brazil reportedly exported 4.45 MMT of corn in January compared to 6.27 MMT the previous month and 3.195 MMT in the previous year. The USDA Ag Attache in South Africa is projecting they will need to import as much as 3 MMT of corn this year due to drought-reduced domestic crop. Taiwan bought 65 TMT of US corn this week and South Korea bought 65 TMT of Argentine feed wheat.

Futures Market trends this week

WHEAT – Wheat futures began the week lower on profit-taking after Friday's rally. Lack of export demand and no major weather worries at this time continue to pressure wheat markets. Prices moved moderately higher on Wednesday, buoyed by short covering and fresh technical buying sparked by a sharp plunge in the dollar index which closed at a three month low. But gains could not be sustained as wheat markets closed lower today (Thursday) on profit-taking and pressure from very disappointing wheat export sales which hit a marketing year low last week. Fresh contract lows in European milling wheat futures this week adds to the negative tone. **Wheat market closes on Thursday, 2/04/16...**

	<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	\$4.72¾	Down \$0.06½	\$4.76¾	Down \$0.08¼	\$4.81¾	Down \$0.08¾
KC HRW	\$4.59¾	Down \$0.12¼	\$4.69¾	Down \$0.12½	\$4.79¾	Down \$0.12½
MGE DNS	\$4.94½	Down \$0.05½	\$5.00¼	Down \$0.05¼	\$5.07¼	Down \$0.04½

CORN – Corn futures continued to chop in narrow two-sided action, with modest short covering bounces followed by profit-taking. Corn opened the week fractionally lower under pressure from very weak energies. Corn settled modestly higher on Tuesday on minor support from weather uncertainties in Argentina and possible La Nina dryness in the U.S. this summer. Corn finished lower today (Thursday) despite a bullish export sales report. Pressure came from profit-taking sparked by ideas that USDA will raise U.S. corn ending stocks in next week's monthly supply and demand estimates.

Corn futures contract closes on Thursday, 2/04/16... Mar. 2016 contract at \$3.71, down \$0.01 for the week, May 2016 contract closed at \$3.76, down \$0.00¾ for the week and the July 2016 contract closed at \$3.81¼, down \$0.00¼ for the week.

CRUDE OIL – Crude oil trading continued to be very choppy this week, with pressure from a global supply glut and global economic uncertainties met by a weaker dollar and ideas that Russia and OPEC members may be able to come to a production cut agreement sometime this year. The US Energy Information Agency is projecting that U.S. crude oil production will decline by 620,000 bpd (7%) by the end of this year, with production slipping to a one month low last week

to 9.214 million bpd. DOE's Energy Information Agency reported domestic crude oil stocks increased by 7.792 million bbls, compared to an expected increase of 4.7 million bbls. Distillates fell by 777,000 bbls, while gasoline stocks increased by 5.938 million bbls, compared to an expected increase of 1.7 million bbls. **Crude oil prices closed lower on Thursday, closing at \$31.72, down \$1.90 for the week.**

LINKS TO RECORDED WEBINARS

- **Controlling Fusarium Head Blight in Barley and Wheat Crops** presented by Dr. Juliet Marshall, UI Cereal Pathologist on January 19, 2016. Link can be found at <https://vimeo.com/152646122>
- **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>