

# IDAHO BARLEY NEWS BRIEF

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## Idaho barley check-off dollars at work...IBC sponsors Grain Market Webinar on Sept. 7 -

As part of its ongoing commitment to grower education, the IBC will host a **Grain Market Outlook Webinar on Wednesday, Sept. 7 at 6:30 a.m. MDT** to help Idaho malting barley producers prepare for the upcoming 2012 malting barley contract season. Major brewing and malting companies are expected to roll out **their 2012 malting barley contracts in early to mid September.**

Log on at <https://connect.cals.uidaho.edu/barley>. This webinar will be recorded and available to download later that day from the IBC website at [www.idahobarley.org](http://www.idahobarley.org).

## World malting barley outlook

**WORLD MALTING BARLEY STOCKS ARE TIGHT AND MARKET FUNDAMENTALS HAVE STRENGTHENED** significantly in the 2012 Marketing Year due to smaller crops and quality concerns in key production areas of Europe and the U.S.

### Here is an in-depth look at current market dynamics:

- ◆ U.S. barley production will drop to a record low 3.66 MMT (168.2 million bushels) harvested from only 2.39 million acres. Acres are down 3% and output down at least 7%. Industry experts indicate that total output could fall even more next month when USDA releases its final 2011 Small Grains Production Summary, due to highly variable conditions in North Dakota and Montana.
- ◆ For the first time Idaho will become the largest barley producing state in 2011, on pace to produce a crop in excess of **44 million bushels**. Acres were pegged 4% higher than in 2010. Right now, the **Idaho crop is rated 89% good/excellent**.
- ◆ European malting barley crops, particularly in France and Germany, were challenged by spring drought and late season rains. The spring malting barley crop suffered from dry conditions during heading and that was followed by excessive moisture during crop maturation and harvest. Overall, European barley crop was recently pegged at 53.7 MMT, about equal to last year, but the portion of the crop that will make malting grade could fall significantly in some countries.
- ◆ Canadian Wheat Board reports that Canada is on pace to produce a 8 MMT barley crop, with potentially excellent quality depending on whether the crop can be harvested without rain damage. Industry experts signal that this crop could be as large as 8.75 MMT, with improved malting quality.
- ◆ Global malt trade increased by 3.7% in 2010/11, indicating strong growth potential in beer manufacturing, particularly in emerging markets.
- ◆ Overall, the U.S. beer market has remained mostly stagnant due to high unemployment and unfavorable weather. In 2010 U.S. beer production fell by 1.5% and is down 1.1% through the first half of 2011, but on the upswing this summer. Craft beer sales have risen by 14% this year.

**Busch Agricultural Resources began contracting for 2012 malting barley on August 30. Other major Idaho buyers like Great Western Malting Co., InteGrow and Miller-Coors LLC, are expected to follow in early to mid September.**

## Market Buzz ... Winter feed barley opportunities in the Magic Valley

The IIBC has initiated a new campaign, in partnership with Magic Valley feed manufacturers, to promote local feed barley production. A big part of this effort is to find ways to **make feed barley more competitive in a grower's crop rotation** by boosting yields and locking in strong feed grain prices. **By planting winter feed barley varieties that are adapted to south-central Idaho region, growers can realize about 20 to 35 percent higher yields than spring barley varieties.** These higher yields, in combination with strong feed grain prices which are expected to hold through the next season, should provide excellent returns for grain producers in this region of the state. Because of winterkill issues, winter feed barley is not recommended for colder areas of eastern Idaho.

We expect **feed grain markets will remain very strong throughout 2012** due to a

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## From the federal frontlines...Bulls eye on ag spending in the deficit debate

Federal debt ceiling and deficit reduction legislation was passed by Congress and signed into law on August 2. The bill required an initial **deficit reduction down payment of \$917 billion in discretionary spending cuts over the next ten years (FY2012-21)**. The bill also created a supercommittee of 12 members of Congress (equal number of members from each party from both chambers) to make recommendations to the full Congress to **reduce federal deficits by another \$1.5 trillion over the next 10 years**. Congress is required to hold a simple up/down vote on a final spending reduction package by December 23, 2011. If no agreement is reached, there will be \$1.2 trillion in spending cuts triggered automatically through a sequestration process beginning in 2013.

This supercommittee expects to receive deficit reduction recommendations from the relevant authorizing committees, including agriculture, by October 14. According to Dale Thorenson, the National Barley Growers Association representative in Washington, D.C., the process is well underway, and unlike the usual farm bill process that involves a full round of public hearings and legislative mark ups, this process could be quick and nontransparent. He says it is still not clear how the cuts will be determined, specifically whether the deficit supercommittee will set an overall amount that needs to be cut and leave the details to the agriculture committees who will likely have to expedite crafting a new farm bill.

In this era of budget austerity, there is no question that agriculture spending has a bulls eye on its back. Thorenson reports that **between \$11 to \$41 billion in agriculture spending cuts are being discussed**. He notes that there is an **emerging consensus among most commodity groups active in the farm debate that Congress needs to maintain a viable crop insurance program**.

**ARS Aberdeen researcher Eric Jackson, small grains molecular geneticist, has been named the Herbert L. Rothbart Outstanding Early Career Research Scientist**, one of the highest honors bestowed by the USDA for agricultural research achievements.

Jackson was singled out for this award for *“revitalizing oat genomics research in the North America through exceptional scientific creativity and partnerships.”* Jackson also makes significant contributions to the barley breeding program at the ARS Small Grains Research Facility in Aberdeen, ID. **Hearty congratulations to one of Idaho's premier research scientists, Dr. Eric Jackson!!!**

## Winter feed barley opportunities, continued

combination of disappointing crops in the U.S. and very robust global demand.

- ◆ Open market feed barley prices in the Magic Valley have more than doubled in the past year, rising from an average of \$2.87/bu in July 2010 to **\$5.75/bu in July 2011**. Some feed barley buyers are paying even higher prices to secure local supplies.
- ◆ USDA is currently projecting that U.S. feed grain supplies for 2011/12 will be sharply lower due to smaller than expected barley, corn and sorghum crops. Corn production is likely to fall even more before the final production estimate is released in January 2012.
- ◆ Demand remains strong both in the U.S. and global markets, causing stocks to tighten significantly. U.S. feed grain stocks-to-use are projected to shrink to 5.9%.

### Here are winter barley varieties which are available for planting in fall 2011:

- ◆ **Sunstar Pride** - yield potential of 180 bu/acre
- ◆ **812** - yields of 160-180 bpa
- ◆ **Sunstar Double** - yields of 140-160 bpa (shorter and stronger straw)
- ◆ **Maja** - yields of 140-160 bpa (earlier maturity)
- ◆ **Endeavor** - yields of 140-160 bpa

Growers can find more information on these opportunities and how to obtain winter barley seed at the IBC website at [www.idahobarley.org](http://www.idahobarley.org).



## IBC will host trade teams from Japan, Mexico and Central America next month.

As part of our ongoing market development efforts, the IBC will host three barley trade teams in northern and eastern Idaho in September. These teams include:

- ◆ Japan food and feed barley team will visit north Idaho including farms in Bonners Ferry on Sept. 9-10.
- ◆ Central American brewing team will visit Idaho Falls and Ashton areas on Sept. 20-21.
- ◆ Grupo Modelo team from Mexico will visit Idaho Falls, Pocatello and Aberdeen on Sept. 21-22.



**IBC Commissioner Dwight Little (far left) and Industry Representative Clay Kaasa (second from left) hosted a barley grower barbecue in Newdale on July 29.** Also pictured are Steve and Rebecca Siddoway who are leaders of the Idaho Grain Producers organization in Madison County.