

# Idaho Grain Market Report, Jan. 24, 2013

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

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, Jan. 23, 2013. Barley prices in \$/Cwt. and wheat prices in \$/bu.

<u>Barley (Cwt.)</u>			<u>Wheat (bu.)</u>		
Ashton	NQ	(2-R) \$13.00 (6-R) \$13.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$11.50	(2-R) NQ (6-R) NQ	\$7.84	\$7.95	\$8.24
Idaho Falls	\$12.50	(2-R) \$13.02-\$13.25 (6-R) \$13.02	\$8.05	\$7.78	\$7.98
Blackfoot / Pocatello	\$11.56	(2-R) \$13.00 (6-R) \$13.00	\$8.10	\$8.03	\$8.10
Grace / Soda Springs	\$11.80	(2-R) NQ (6-R) NQ	\$8.15	\$8.21	\$8.31
Burley / Rupert	\$12.25-\$12.50	(2-R) \$13.02 (6-R) \$13.02	\$8.04-\$8.05	\$7.67	\$7.92
Hazelton					
Twin Falls / Eden / Buhl	\$12.40-\$13.00	(2-R) NQ (6-R) NQ	\$7.77-\$8.25	NQ	NQ
Weiser	\$12.34	(2-R) NQ (6-R) NQ	\$7.94	NQ	NQ
Nez Perce / Craigmont	\$10.60	(2-R) \$10.60 (6-R) \$10.60	\$8.08	\$8.66	\$8.84
Lewiston	\$10.85	(2-R) \$10.85 (6-R) \$10.85	\$8.27	\$8.85	\$9.03
Moscow / Genesee	\$10.65-\$12.20	(2-R) \$10.65 (6-R) \$10.65	\$8.04-\$8.75	\$8.62-\$9.24	\$8.80-\$9.47

## 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 \$8.50-\$8.69 <sup>3</sup> / <sub>4</sub> Aug NC \$7.95-\$8.20	Jan \$9.20 <sup>1</sup> / <sub>4</sub> -\$9.40 <sup>1</sup> / <sub>4</sub> Aug NC \$9.00 <sup>1</sup> / <sub>2</sub> -\$9.10 <sup>1</sup> / <sub>2</sub>	Jan \$9.45 <sup>1</sup> / <sub>2</sub> -\$9.60 <sup>1</sup> / <sub>2</sub> Aug NC \$9.57-\$9.72
Los Angeles	\$15.00	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$15.00	NQ	NQ	NQ	NQ	NQ
Ogden	\$12.00	NQ	NQ	\$8.45	\$8.56	\$8.91
Great Falls	\$11.50	NQ	\$12.75	NQ	\$7.55-\$8.01	\$8.13-\$8.38
Minneapolis	\$10.62	NQ	\$14.79	NQ	\$8.85 <sup>1</sup> / <sub>4</sub> (12%)	\$9.35 <sup>1</sup> / <sub>2</sub> -\$9.60 <sup>1</sup> / <sub>2</sub>

## Market trends this week

**BARLEY** – Local barley prices were mixed this week with 50 cents lower to 53 cents higher reported in southern Idaho and range of unchanged to 20 cents higher reported in northern Idaho. USDA will report weekly export sales tomorrow due to Monday's Martin Luther King holiday.

**WHEAT** – Local wheat prices were also mixed this week: SWW ranged from 36 lower to 25 cents higher; HRW ranged from 21 cents lower to 5 cents higher; and DNS ranged from 11 to 23 cents higher. USDA reported export shipments last week at 595 TMT, more than double the previous week, but cumulative shipments are still down about 15% from last year's pace and about 9% below the 5-year pace, with only one third of the marketing year remaining. Export sales won't be reported until Friday due to Monday's holiday.

**Wheat Competitor/Buyer News** –The EU granted licenses this week to export 364 TMT of wheat, bringing cumulative wheat exports to 10.8 MMT, compared to 7.9 MMT for the same period a year ago.

**CORN** – USDA reported export shipments last week totaled 278 TMT, up 15% from the previous week, but the shipment pace so far this year is down more than 50% from the previous year and down 6% from the 5-year pace. Export sales won't be reported until Friday due to Monday's holiday.

**Ethanol corn usage** – DOE's Energy Information Agency reported that U.S. ethanol production posted an uptick last week to 792,000 bbls per day, up 1% from the previous week but down 15.2% from a year ago. Corn used for ethanol last week totaled 83.2 million bu, still below the weekly pace of 86.9 million bu needed to meet to USDA's annual projection of **4.5 billion bu in MY 2012/13**.

**Corn Competitor/Buyer News** – Argentina announced they have approved another 3 MMT of corn for export, in addition to the already 15 MMT approved. USDA is projecting Argentine corn exports this year at 19.5 MMT.

**Futures market activity this week**

**Global macro-economic trends** – The International Monetary Fund revised their global GDP growth forecast this week, lowering it from 3.6% to 3.5%, which is above the World Bank's recent projection of 2.4%. On a positive note, German and euro-zone investor confidence and manufacturing indices came in much better than expected this week, suggesting that euro debt crisis fears are beginning to abate. Chinese manufacturing data showed the biggest gains in more than 2 ½ years..

**U.S. economic watch** - The U.S. Index of Leading Indicators rose to a 3 month high this week. U.S. manufacturing index rose from 54.1 to 56.1 last month, better than expected and definitely pointing to expansion not contraction. Traders also focused on positive jobs data, with a 2<sup>nd</sup> consecutive week of declining first time jobless benefit claims, falling by 5,000 to 330,000, the lowest level in 5 years. It is worth noting that while layoffs appear to be tapering off the rate of new job creation remains lackluster (average 153,000 per month in 2012 which was nearly equal to 2011). U.S. home prices showed a modest uptick of 0.6% last month, slightly below expectations, but up 5.6% year on year (still 15% below 2007 peak). Other housing data were mixed this week...with existing home sales falling below expectations, likely due to a seasonal decline of inventory.

**WHEAT** – After posting impressive gains the week before, wheat began this week (Tuesday) falling down double digits on profit-taking pressure sparked by slightly overbought condition and some concerns about a sluggish export pace which needs to pick up with only one-third of the marketing year remaining. USDA's weekly export inspection number was mostly neutral to the market this week, increasing from the previous week, but still lags the pace needed to reach USDA's export projection for the year. Wheat continued to grind lower on Wednesday, despite early gains, as liquidation pressure pushed markets modestly lower into the close. Wheat prices finished modestly lower again today (Thursday) under the weight of a continued sell-off triggered by slight technical weakness and a lack of fresh supportive news. **Wheat market closes on Thursday, 1/24/13 ...**

	<b>Mar 2013</b>	<b>Weekly Summary</b>	<b>May 2013</b>	<b>Weekly Summary</b>	<b>Dec 2013</b>	<b>Weekly Summary</b>
Chicago	\$7.68 ½	Down \$0.22 ¾	\$7.77	Down \$0.22 ¾	\$8.06 ¾	Down \$0.20
Kansas City	\$8.21 ½	Down \$0.22 ¼	\$8.32 ¼	Down \$0.21	\$8.65 ¾	Down \$0.17 ¾
Minneapolis	\$8.55 ½	Down \$0.18 ½	\$8.67 ½	Down \$0.17 ¾	\$8.81	Down \$0.16
DNS						

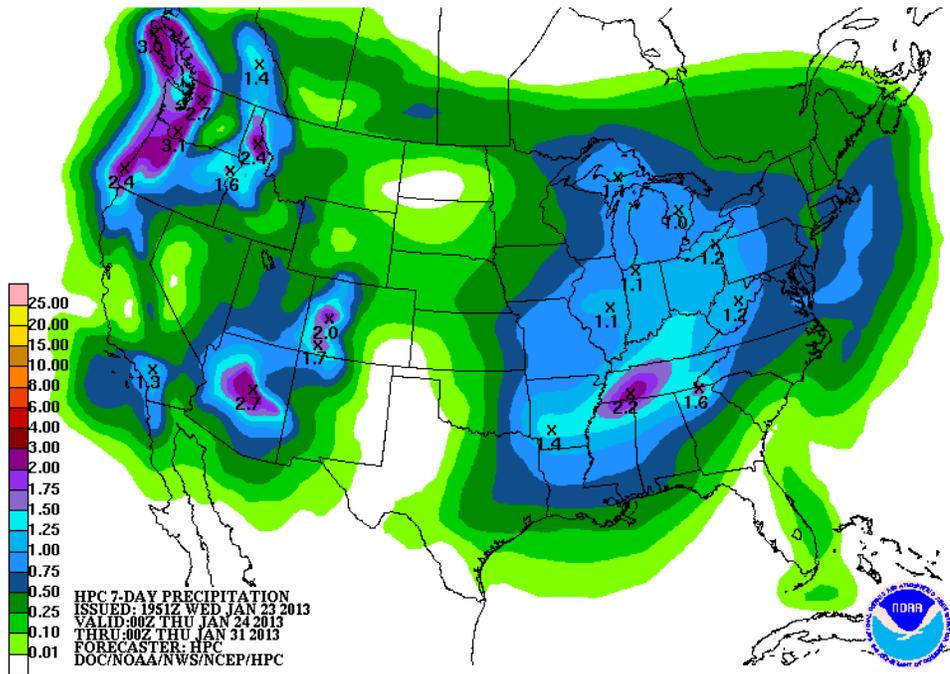
**CORN** – Corn prices closed mostly unchanged on Tuesday, with pressure from weaker wheat markets and another week of disappointing export shipments offset by stronger soybean market which continues to push higher on red-hot export demand. After a strong start to Wednesday's session, corn closed moderately lower as soybeans took a profit-taking nosedive and traders begin to focus on a BIG planted acre projection for 2013 (Informa Economics is projecting an increase of 2% to top 99 million acres this year). Corn closed modestly higher today (Thursday) in a choppy mostly quiet session as traders focused on the slight improvement in weekly ethanol demand offset by chances of rainfall in dry areas of Argentina next week. **Corn futures contract closes on Thursday, 1/24/13 for Mar 2013 at \$7.24 ¼, down \$0.03 ¼, May 2013 contact at \$7.24 ¼, down \$.05 and the Dec 2013 contact at \$5.85 ½, down \$.05 for the week.**

**OTHER MAJOR FACTORS TO WATCH –**

**CRUDE OIL** – Crude oil prices moved higher on Tuesday to above \$96/bbl, posting a fourth consecutive day of gains and reached the highest level since mid September on improving global economic sentiment and a lower U.S. dollar. Gains could not be sustained, however, as prices fell sharply on Wednesday – down \$1.45 to close at \$95.23 – as the IMF lowered its 2013 global economic outlook and the U.S. dollar turned higher. DOE's weekly crude oil inventory report showed crude oil stocks rose last week by 2.8 million bbls, compared to an expected increase of 2.0 to 2.5 million bbls; distillates stocks jumped 507,000 bbls and gasoline stocks fell by 1.74 million bbls. **Crude oil prices moved higher again today (Thursday) – closing up \$0.72 to \$95.95 – in reaction to a spate of positive economic news from the U.S., China and the EU.** Gains were limited by a temporary drop in the movement of crude oil along the Seaway pipeline from Cushing OK to the Texas Gulf, which will likely cause a temporary back-up of supplies at Cushing. On the bullish side, U.S. gasoline demand increased by 1.4% over the past 4 weeks, the first gain in months.

**U.S. crop weather** – The Central U.S. was blasted by arctic air this week after a relatively dry and mild first half of January. Moisture accumulation is beginning to pick up (as noted in the blue and purple regions in the map below) but most of the needed precipitation is favoring the PNW and east of the Mississippi River. This week's cold front is expected

to bring beneficial moisture to a large swath of the soft red winter wheat area but leave the bulk of the Western and Northern Plains (particularly KS, NE and SD) unfavorably dry. There are chances for light precipitation by Sunday in some of the hard red winter wheat areas.



**Argentina / Brazil** – weekend weather patterns were mostly dry across Argentina and southern Brazil but Northern Brazil received light rainfall which is beneficial to corn and bean crops. **Updated weather maps show improving chances of for rainfall in Argentina over the next 6-10 days.** Precipitation will be needed in the next two weeks in most Argentine growing areas to avoid stress developing in the key corn pollination stage. Some forecasters believe it will be difficult for Argentina to achieve current yield projections because of the recent drying trend (due to high pressure ridge parked on the western edge of Argentina which is deflecting storms to the northwest), but others don't think there is any great alarm in the current weather patterns, with adequate soil moisture reserves to achieve yield targets. Next few weeks will likely prove to be critical for corn yields.

**Ukraine / Southern Russia** – This region has experienced unusually warm conditions in recent days, causing major temperature (freeze-thaw) fluctuations which can be a danger to winter grains if the protective snow cover melts and cold temperatures return. The current strong warming trend is expected to continue in the near term, further reducing snow cover with a least another month of winter to go. Local officials have been generally optimistic about a strong rebound in grain production in 2013 so it is worth keeping a close eye on any later winter crop threats. **Southern Russia already has noted some winterkill losses in December** in areas that lacked protective snow cover. **Drought remains a concern in this area (represents 60% of Russia's winter wheat crop)** because crops were planted into exceptionally dry soil conditions last falls. The current forecast calls for warmer wet conditions which will help recharge topsoil moisture.

You can view recent **Grain Marketing Webinars** conducted by the Idaho Barley Commission...

- **Jan. 17, 2013 - How to Hedge Grain Prices Using Recurring Trends & Market Cycles** - presented by Mr. Lan H. Turner, Gecko Software, Inc at <http://connect.cals.uidaho.edu/p71004116>
- **Nov. 20, 2012 - Executing a 2012/13 Grain Marketing Plan** – presented by Craig Corbett and Carley Garner, commodity broker, Las Vegas, NV at <http://connect.cals/uidaho.edu/p20437593/>
- **Oct. 30, 2012 - 2012/13 Grain Market Outlook & Understanding Technical Trends** – presented by Kelly Olson and Craig Corbett, Grace, ID at <http://connect.cals/uidaho.edu/p47995616/>