

Idaho Grain Market Report, February 2, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, February 1, 2012. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>		
	#2 Feed, 48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton	NQ	(2-R) \$12.50 (6-R) \$12.50	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$10.00	(2-R) \$12.80-\$13.02 (6-R) \$13.02	\$6.10	\$6.35	\$8.22
Blackfoot / Pocatello	\$9.16	(2-R) \$12.50 (6-R) \$12.50	NQ	\$6.62	\$8.04
Grace / Soda Springs	\$10.75	(2-R) NQ (6-R) NQ	\$6.20	\$6.35	\$8.20
Burley / Rupert Hazelton	\$9.50	(2-R) \$13.02 (6-R) \$13.02	\$5.90	NQ	NQ
Twin Falls / Eden / Buhl	\$10.40	(2-R) NQ (6-R) NQ	\$5.80	NQ	NQ
Weiser	\$8.50	(2-R) NQ (6-R) NQ	\$5.99	NQ	NQ
Nez Perce / Craigmont	\$8.50	(2-R) \$8.50 (6-R) \$8.50	\$6.34	\$7.21	\$9.08
Lewiston	\$8.75	(2-R) \$8.75 (6-R) \$8.75	\$6.53	\$7.40	\$9.27
Moscow / Genesee	\$8.55-\$10.25	(2-R) \$8.55 (6-R) \$8.55	\$6.30-\$7.00	\$7.17-\$7.86	\$9.04-\$9.70

Trading 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	Feb \$6.70-\$7.00 Aug NC \$6.80-\$6.85	Feb \$7.89-\$7.95 Aug NC \$7.70-\$7.80	Feb \$9.77-\$9.87 Aug NC \$8.67-\$8.79
Los Angeles	\$13.25	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.25	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.00	NQ	NQ	\$6.40	\$6.52	\$8.32
Great Falls	\$8.00-\$9.00	NQ	\$11.50	NQ	\$5.53-\$5.87	\$8.52-\$8.59
Minneapolis	\$11.04	NQ	\$14.90	NQ	\$7.71 ¾ (12%)	\$9.61 ¾ - \$9.66 ¾

Market trends this week

BARLEY – Local barley prices were higher this week, ranging from no change to 50 cents higher in southern Idaho and 40 to 50 cents higher in northern Idaho. USDA reported that there were no barley export sales or barley export shipments last week.

WHEAT – Local wheat prices were also higher this week: SWW ranged from 10 to 85 cents higher; HRW ranged from 22 to 73 cents higher; and DNS ranged from 9 to 66 cents higher. USDA reported wheat export sales last week were slightly above trade expectations at 554.1 TMT (518.9 TMT for MY 2011/12 and 35.2 TMT for MY 2012/13), down 14% from the previous week, however it was up 22% above the 4-week average. Export shipments totaled 454.5 TMT, up 7% from the previous week and 29% from the 4-week average.

Wheat Competitor/Buyer News – The European Union granted export licenses for 178 TMT of wheat this week, pushing their cumulative wheat exports this marketing year to 8.1 MMT compared to 12.6 MMT a year ago. There was no confirmation yet on Russia's expected imposition of wheat export tariffs that will likely curtail their exports during the final months of this marketing year. Jordan purchased 150 TMT of Black Sea wheat this week, while USDA announced a sale of 120 TMT of US wheat to an unknown destination.

CORN – Corn export sales last week were above trade expectations at 975 TMT (912 TMT for MY 2011/12 and 63 TMT for MY 2012/13). Corn export shipments last week totaled 669.6 TMT, which was down 29% from the previous week and 11% from the 4-week average. Cumulative corn export sales now tally 65.9% of the year's estimate, compared to a 5-year average of 59.6%.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production totaled 939,000 bbls per day last week, up 0.54% from the previous week and up 3.4% from last year. Corn used for ethanol last week totaled 100.02 million bu, still well above the weekly pace of 95 mbu needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

Corn Competitor/Buyer News – Argentine Agroconsultants are now projecting the Argentine corn crop at only 18.8 MMT, sharply below previous estimates including USDA estimate earlier this month of 26 MMT.

Futures market activity this week

Macroeconomic news ... the week began with renewed uncertainties surrounding the Greek debt restructuring negotiations which remain unresolved. Greece needs to refinance about \$18 billion in debt by mid March and is seeking more favorable terms which will allow them to qualify for a second round of bailout funds from other euro-zone countries and the International Monetary Fund. But Tuesday brought a **spate of unexpectedly good news on manufacturing growth across several key markets**: leading off with the U.S. manufacturing index increase of 1.0 to 54.1, the highest level in 9 months; Chinese manufacturing activity expanded to 50.5; Indian index jumped 3.3 to 57.5, the highest level in 8 months; UK index rose 2.4 to 52.1, a 9-month high; and the German index was unexpectedly revised higher to 51.0, a 6-month high. These positive manufacturing data strongly suggest that the global economy is starting to shake off the uncertainty of the past several months created by the prolonged euro-zone debt crisis.

U.S. economic news – after weeks of better trending data, there was some negative U.S. economic news this week including a 3.7% year-to-year decline in the Case-Shiller Housing Price Index, but also signs that the housing slump may be close to bottoming. The U.S. Consumer Confidence Index surprisingly retreated in January after a strong reading the previous month, falling to 61.1 from 64.8 in December on anxieties about the overall employment situation.

WHEAT – Wheat posted modest losses on Monday under pressure from spillover weakness, but losses were limited by damaging cold weather expected to spread across Europe and the Former Soviet Union later in the week. As predicted, subzero temps blanketed this region on Tuesday, sending Chicago wheat prices soaring higher on fears that a significant portion of the winter wheat crop in this important production region could see serious winterkill losses. Also there was confirmation that Russian officials would likely make a decision as early as Thursday on possible wheat export tariffs that would curtail exports during the second half of the marketing year. Wheat prices continued to strengthen on Wednesday on expectations of a slow down in Russian wheat exports and fears of winter kill losses across the Black Sea region. Meanwhile, European wheat futures soared to a 7 month high on these price supportive developments. Wheat finished lower today (Thursday) as cautious outside markets and a downturn in European wheat futures sparked profit-taking. Ideas that Black Sea winter wheat crop damage may not be as extensive as earlier feared added to the negative tone.

Wheat market closes on Thursday, 02/01/12...

	Mar 2012	Weekly Summary	May 2012	Weekly Summary
Chicago	\$6.62 ³ / ₄	Up \$0.15 ¹ / ₂	\$6.78	Up \$0.16 ¹ / ₄
Kansas City	\$7.17 ³ / ₄	Up \$0.17 ³ / ₄	\$7.26	Up \$0.17 ¹ / ₄
Minneapolis DNS	\$8.36	Up \$0.10	\$8.23	Up \$0.13

CORN – Corn opened the week down double digits on active fund selling that was triggered by a stronger dollar, disappointing corn export shipments and updated weather forecasts showing improving moisture prospects for South American corn crops. An overbought technical condition also added to the weak tone. But corn prices were lifted higher on Tuesday in a mostly choppy session, with support coming from stronger wheat and a weaker dollar. Corn finished modestly higher on Wednesday on spillover support from a lower U.S. dollar and sharply higher soybeans. Corn finished modestly higher today (Thursday), in choppy trading with support from better than expected weekly export sales and continued strength in the cash market offset by improving South American weather outlook for the next couple of weeks.

Mar 2012 corn futures contract closed Thursday, 02/02/12, at \$6.43, up \$0.12¹/₂ and the May 2012 contract closed at \$6.49 ¹/₂, up \$0.02 for the week.

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices chopped lower this week in a narrow trading channel on continuing doubts about future demand prospects which are largely offset by a significant risk premium associated with a possible supply disruptions in Iran and the Gulf region. Crude oil prices slipped \$0.78 on Monday to \$98.78 on a weak outside market tone. A wave of disappointing U.S. economic data on Tuesday continued to push prices lower – closing down \$0.30 to \$98.48. Wednesday saw prices open stronger on positive manufacturing data from several key markets, but then retreated in mid session in the face of a bearish weekly petroleum stocks report. Crude oil stocks increased by 4.18 million bbls, compared to an expected increase of 2.6 million bbls; distillates fell by 100,000 bbls; and gasoline stocks increased by

3.02 million bbls, compared to an expected increase of 500,000 bbls. **Crude oil slumped lower today (Thursday) - down \$1.25 to close at \$96.36 - in follow through weakness from yesterday's bearish weekly stocks report and a choppy dollar.**

U.S. WEATHER / CROP WATCH – The official 6-10 and 8-14 day weather maps have now turned slightly wetter, with the prospects of improving moisture in some winter wheat regions. Blizzard conditions are expected to arrive Thursday evening in the Central Plains, but will likely miss the driest parts of the southwestern Plains.

▪ **INTERNATIONAL WEATHER / CROP WATCH**

- **Argentina/Brazil** – Rains were limited at the start of the week but coverage picked up mid-week, bringing beneficial moisture to much of the northern and central Argentine production areas. By mid-week most weather maps had turned wetter for the next 10 days, helping to stabilize conditions in late planted corn crops. However the damage to the early planted corn crop is widely considered to be irreversible. At least one private crop forecaster pegged the Argentine corn crop at less than 19 MMT this year, down at least a quarter from early season projections.
- **Europe / Former Soviet Union** – An expected, a serious cold snap spread across Eastern and Western Europe, Ukraine and southern Russia this week, reaching many important winter wheat production areas that lack a protective snow cover. **Early estimates suggest that as much as one-third of the Ukrainian and one-fourth of the Russian winter wheat crops are at risk of serious winterkill losses.**

ATTENTION NORTH IDAHO PRODUCERS:

IBC and University of Idaho Extension are collaborating on several grower risk management education programs this winter:

- **Workshops on Grain RightRisk & Understanding Technical Trading Trends in Grain Futures Markets – Feb. 28 at Greencreek Community Center and Feb. 29 at Hall's Corner Bar and Brass Lantern in Genesee**, contact Ken Hart, 208-937-2311.
- **Succession/Estate Planning Three-Day Short Course – March 12, 13 and 15 in Moscow**, contact Ken Hart, 208-937-2311.