

Idaho Grain Market Report, March 29, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, March 28, 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) \$12.00 (6-R) \$12.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$9.50	(2-R) \$12.50-\$13.50 (6-R) \$12.50	\$6.00	\$6.19	\$8.06
Blackfoot / Pocatello	\$9.37	(2-R) \$12.00 (6-R) \$12.00	\$6.10	\$6.11	\$8.05
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert Hazelton	\$9.50	(2-R) \$13.02 (6-R) \$13.02	\$6.20	\$6.03	\$7.85
Twin Falls / Eden / Buhl	\$10.50	(2-R) NQ (6-R) NQ	\$6.00	NQ	NQ
Weiser	\$10.00	(2-R) NQ (6-R) NQ	\$5.99	NQ	NQ
Nez Perce / Craigmont	\$9.10	(2-R) \$9.10 (6-R) \$9.10	\$6.29	\$7.02	\$8.81
Lewiston	\$9.35	(2-R) \$9.35 (6-R) \$9.35	\$6.48	\$7.21	\$9.00
Moscow / Genesee	\$9.15-\$10.60	(2-R) \$9.15 (6-R) \$9.15	\$6.25-\$6.80	\$6.98-\$7.50	\$8.77-\$9.34

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	Mar \$6.95-\$7.05 Aug NC \$6.60-\$6.70	Mar \$7.60-\$7.65 Aug NC \$7.25-\$7.35	Mar \$9.38-\$9.43 Aug NC \$8.54-\$8.89
Los Angeles	\$13.85	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.85	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.25	NQ	NQ	\$6.25	\$6.20	\$7.97
Great Falls	\$8.00-\$10.05	NQ	\$11.50	NQ	\$5.45-\$5.73	\$8.20-\$8.36
Minneapolis	\$11.15	NQ	\$14.69	NQ	\$7.30 (12%)	\$9.42 ¾ - \$9.77 ¾

Market trends this week

BARLEY – Local barley prices were mixed this week, ranging from 25 cents lower to 50 cents higher in southern Idaho and no change reported in northern Idaho. USDA reported that there were no export sales or export shipments last week.

WHEAT – Local wheat prices were also mixed this week: SWW ranged from 25 cents lower to 20 cents higher; HRW ranged from 15 cents lower to 9 cents higher; and DNS ranged from 12 cents lower to 20 cents higher. USDA reported wheat export sales last week were below trade expectations at 403.1 TMT (226.1 TMT for MY 2011/12 and 177 TMT for MY 2012/13), down 58% from the previous week, and 47% from the 4-week average. Export shipments totaled 440.9 TMT, down 20% from the previous week and 16% from the 4-week average.

USDA prospective planting and March 1 stocks reports – The average trade estimate for 2012 U.S. wheat acres is 57.6 million, up nearly 6% from last year – 42 million acres winter wheat, 13.4 million acres spring wheat and 2.3 million acres durum. March 1 quarterly wheat stocks are pegged at 1.255 billion bu, compared to 1.425 billion bu a year ago.

Wheat Competitor/Buyer News – Ukraine is estimating their 2012 total grain harvest will reach 50 MMT, but their wheat crop could slip as low as 10 MMT, compared to 22 MMT produced in 2011. Egypt purchased 120 TMT of wheat this week, split evenly between the US and Argentina.

CORN – Corn export sales last week were well below trade expectations and hit a marketing year low at 157.7 TMT (130.7 TMT for MY 2011/12 and 27 TMT for MY 2012/13). Corn export shipments last week totaled 643.7 TMT, which was up 27% from the previous week; however it was down 18% from the 4-week average

USDA prospective planting and March 1 stocks reports – The average trade estimate for 2012 U.S. corn acres is 94.5 million, up 3% from last year. March 1 quarterly corn stocks are pegged at 6.151 billion bu, compared to 6.523 billion bu a year ago.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production continued to slip modestly this week due to poor margins, totaling 889,000 bbls per day last week, down 0.45% from the previous week and down 1.55% from last year. Corn used for ethanol last week totaled 94.7 million bu, still above the weekly pace of 94.13 mbu needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

Corn Competitor/Buyer News – More trade talk surfaced overnight that China was seeking 360 TMT of US corn. USDA confirmed a sale of 120 TMT of U.S. corn to China on Thursday morning for 2011/12 delivery and another 120 TMT sale to unknown destination in MY 2012/13. China's National Grain and Oils Information Center reported this week that they had corn import purchases on the books this marketing year for 4.2 MMT and many trade analysts expect another 2 to 2.5 MMT purchases are possible before the end of this marketing year, given their very tight domestic supply and high internal prices. South Korea bought 65 TMT of optional origin corn this week after buying alternative feed grains in recent weeks.

Futures market activity this week

Macroeconomic news – Investor caution surfaced again this week as more indicators point to economic weakness in China and Europe, including slumping company profits in China and lower revisions for 4Q2011 GDP estimates for both France (+1.3% down from +1.4%) and the UK (-0.3% down from +0.5%). However, the IMF issued a mostly optimistic global economic outlook this week, showing modest growth in the U.S., mild recession in the EU and continued comfortable growth rates across Asia with China experiencing a soft landing.

U.S. economic news – U.S. economic data struck a more cautious note as well this week with a spate of estimates coming in slightly below expectations, including consumer confidence, durable goods orders and home prices. Even weekly jobless claims came in below estimates this week but still managed to reach a fresh 4-year low which points to overall improvements in the U.S. labor market. **The Department of Labor estimates that the U.S. economy has added a net gain of 245,000 jobs per month for the past 3 months, the best job creation performance in nearly 5 years.**

WHEAT – Wheat markets posted modest gains on Monday but well off the early highs, with support from continued short covering on mounting concerns about dry conditions in Western Europe. Wheat took a sharp hit on Tuesday, trading down nearly 20 cents in CHI and Kansas City on active fund selling triggered by losses on the Paris wheat exchange (after posting 9-month highs recently) driven by revised forecasts showing some potential for badly needed moisture for European winter grain crops and ideas that global wheat supplies will remain very comfortable in 2012/13. Continued position squaring ahead of Friday's key data and across the board weakness in other commodity and equity markets pushed wheat prices moderately lower again on Wednesday. Wheat extended its double digit losses today (Thursday) on a broad market sell-off as outside markets turned negative. **Wheat market closes on Thursday, 03/29/12...**

	May 2012	Weekly Summary	July 2012	Weekly Summary
Chicago	\$6.12 ½	Down \$0.41 ¾	\$6.27 ¼	Down \$0.37 ¼
Kansas City	\$6.54	Down \$0.40 ½	\$6.64	Down \$0.38 ¼
Minneapolis DNS	\$7.88 ¾	Down \$0.28 ½	\$7.83	Down \$0.28 ½

CORN – Corn began the week lower under profit-taking pressure as traders position for Friday's key USDA prospective planting and quarterly stocks reports. Many traders fear a bearish surprise, particularly in the stocks report and don't want to be caught on the wrong side of a potential limit move that could be triggered on Friday, like we saw in January. Prices continued to slide on Tuesday and Wednesday as long liquidations accelerated sell stops in anticipation of Friday's market-moving data. Traders continued to position for Friday's reports, pushing corn prices sharply lower today (Thursday) on extremely bearish expectations for the quarterly stocks estimate and very disappointing export sales data which were well below trade expectations. **May 2012 corn futures contract closed Thursday, 03/29/12, at \$6.04, down \$0.42 ½ and the July 2012 contact closed at \$6.03 ¾, down \$0.40 ¾ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL –Crude oil prices remained in a narrow trading range early in the week but then fell sharply midweek as the dollar moved higher and slower growth prospects were heightened for both China and Europe. Crude oil began the week

on a fractional gain of \$.16 to close at \$107 in a choppy trading session that saw pressure from a report that Southern Sudan oil production was likely to come back on line in the next couple months countered by a better than expected German economic reading. Tuesday brought another choppy trading session and a modest move of \$.30, highlighted by a report that there had been an explosion at a Southern Sudan oilfield, again offset by continued talk of possible U.S. French and UK releases of oil from their strategic petroleum reserves. Prices fell sharply on Wednesday – closing down \$1.92 to \$105.41 – on a bigger than expected build in US inventory and caution about global economic growth prospects. DOE reported crude oil stocks increased by a whopping 7.1 million bbls last week, compared to an expected build of 2.7 million bbls. Distillate stocks fell by 700,000 bbls, compared to an expected draw of 500,000 bbls, while gasoline inventories fell by 3.537 million bbls, compared to an expected decline of 1.55 million bbls. The average four week gasoline fell by 6% compared to the same period a year ago. **Crude oil prices continued its sharp sell-off today – down \$2.63 to close at \$102.78 – under heavy selling pressure triggered by negative outside market sentiment and a higher U.S. dollar.**

U.S. WEATHER / CROP WATCH – Midwest – a slow moving cold front pushing across the Midwest mid-week is bringing scattered showers but very few delays to the rapid start to spring planting. Many analysts think 2012 could see the fastest planting pace on record which is likely to favor increased corn acres and a bias toward trend-line yields if growing season weather cooperates. The 6-10 day outlook looks mostly dry at this point. About 30% of the Midwestern growing area is considered too dry and will need moisture soon for successful spring crop establishment. **Northern Plains/Western Midwest** – conditions have been unfavorably dry but some weather models show improving chances for showers in the 6-10 day outlook. Temps are likely to cool significantly in early to mid April meaning frost is possible but at this point is not expected to be strong enough to be damaging. **Central/Southern Plains** – Storms this week brought some limited relief to the Eastern Central Plains, but the southwestern edge was mostly bypassed, keeping dryness concerns on the front burner. Temps are expected to trend cooler through mid April, bringing risk of potential frost damage. **Pacific Northwest** – wet conditions persisted in many areas, delaying spring fieldwork but boosting soil moisture for winter grains and spring crop establishment.

INTERNATIONAL WEATHER / CROP WATCH -

- **Brazil/Argentina** – Southern Brazil remained mostly warm and dry, favoring first crop soybean and corn harvest but stressing late developing summer and second corn crops. It is estimated that corn has passed the mid-way mark in Brazil and 22% completed in Argentina.
- **Europe** – Germany received beneficial moisture today and revised forecasts show improving chances for more moisture to help ease dryness over the next two weeks. However, the UK and France remained mostly dry. By contrast, showers across Italy and Spain helped to stabilize winter grain crop conditions there, but did little to break ongoing drought conditions.
- **Black Sea Region** - mild weather continued to favor spring fieldwork and winter wheat greening in Ukraine, but conditions remained cold and snowy in Russia which was keeping most winter grains dormant.
- **Northern Africa** – Morocco received much-needed moisture this week to benefit heading winter grains but more is needed to avert yield losses as at least 2/3 of the country remains stressed. Meanwhile, conditions remained mostly favorable across Algeria and Tunisia.
- **Middle East** – Sunny warm conditions favored crop development across the southern production regions, but below normal temps kept winter grains mostly dormant in Turkey and northern Iran.
- **China** – The North China Plains are receiving beneficial moisture for greening winter wheat.