

Idaho Grain Market Report, October 10, 2013

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, October 9, 2013. Barley prices in \$/Cwt. and wheat prices in \$/bu.

<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>			
Ashton	NQ	(2-R) \$10.00 (6-R) \$10.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$7.50	(2-R) NQ (6-R) NQ	\$6.20	\$6.89	\$6.93
Idaho Falls	\$7.60	(2-R) \$11.46-\$12.00 (6-R) \$11.46	\$6.35	\$7.00	\$7.00
Blackfoot / Pocatello	NQ	(2-R) \$10.00 (6-R) \$10.00	\$6.40	\$7.39	\$7.64
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert	\$8.50	(2-R) \$11.46 (6-R) \$11.46	\$6.35	NQ	NQ
Hazelton					
Twin Falls / Eden / Buhl	\$7.90-\$9.00	(2-R) NQ (6-R) NQ	\$5.70-\$6.01	NQ	NQ
Weiser	\$7.00	(2-R) NQ (6-R) NQ	\$6.22	NQ	NQ
Nez Perce / Craigmont	\$6.05	(2-R) \$6.05 (6-R) \$6.05	\$6.48	\$7.76	\$7.80
Lewiston	\$6.55	(2-R) \$6.55 (6-R) \$6.55	\$6.73	\$8.01	\$8.05
Moscow / Genesee	\$6.05-\$6.75	(2-R) \$6.05 (6-R) \$6.05	\$6.50-\$6.62	\$7.78-\$7.90	\$7.82-\$7.94

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	NQ	NQ	NQ
Los Angeles	\$11.80	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$11.80	NQ	NQ	NQ	NQ	NQ
Ogden	\$7.50	NQ	NQ	\$6.73	\$7.60	\$8.30
Great Falls	NQ	NQ	NQ	NQ	NQ	NQ
Minneapolis	NQ	NQ	NQ	NQ	NQ	NQ

Market trends this week

BARLEY – Local barley prices were mixed this week with southern Idaho locations reporting 84 cents lower to 60 cents higher and northern Idaho reporting no change. Due to the federal government shutdown USDA is not reporting export inspections or sales this week.

WHEAT – Local wheat prices were also mixed this week: SWW ranged from 24 cents lower to 20 cents higher; HRW ranged from 20 cents lower to 3 cents higher; and DNS ranged from 54 cents lower to 24 cents higher

Wheat Competitor/Buyer News – CONAB lowered its Brazilian wheat production estimate this week from 4.95 MMT to 4.77 MMT due to frosts in July. The EU approved export licenses for 839 TMT of wheat this week, bringing their cumulative wheat exports to 7.75 MMT. Egypt cancelled their snap tender today for 50 TMTM, citing too high of prices.

CORN - Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production fell 7,000 barrels last week to 868,000 bpd, down 0.8% from the previous week but up 8.5% from a year ago. Corn used for ethanol totaled 91.14 million bu, below the necessary pace to meet the USDA projection for the marketing year.

October Supply and Demand Estimates – USDA will not release its scheduled Oct. 11 World Agricultural Supply and Demand Estimates due to the federal government shutdown. The average trade estimate for U.S. corn production is 13.802 billion bu with an average yield of 156.53 bpa, which compared to USDA's Sept. estimates of 13.843 billion bu and yield of 155.3 bpa.

Corn Competitor/Buyer News – CONAB is projecting Brazilian corn production will reach between 78 and 79 MMT this year, compared to 81.3 MMT in 2012/13. USDA has pegged the Brazilian corn crop at only 72 MMT based on lower planted area. The Buenos Aires Grain Exchange cut its estimate for Argentine corn plantings by 3%, from 3.56 million to 3.46 million hectares, due to exceptional drought conditions in Cordoba province. Traders are expecting Ukraine and Russia to both increase their corn plantings next spring because of prevented planted area this fall, with Ukraine expecting a 15 to 20% jump in planted area. EU projects their corn crop increased by 14% this year to 65.3 MMT. They approved 211 TMT of corn for export this week, bringing cumulative corn exports to 1.0 MMT.

Futures market activity this week

Global macroeconomic trends – The IMF lowered its world GDP growth estimate for 2013 from 3.1% to 2.9%. The World Bank lowered its Chinese GDP growth estimate from 8.3% to 7.5%. German factory orders unexpectedly fell -0.3% (expected +1.1%) but industrial production rose more than expected +1.4% m/m (expected +1.0%) and +0.3% y/y (expected -1.4%).

U.S. economic indicators– Investors reacted to mixed news this week...they liked the appointment of Janet Yellen (currently Fed Vice Chairwoman) to replace Ben Bernanke to head the Federal Reserve, which bolstered speculation that the Fed will maintain monetary easing to spur economic growth. But the flip side was ongoing uncertainty about the effects of continued political gridlock and the looming Oct. 17 debt ceiling deadline and potential debt default, which prompted three major credit rating firms to warn of a downgrade in U.S. credit rating if a default happens. But news today (Thursday) that the House GOP leaders are pushing a short term increase in the U.S. borrowing limit helped calm nervous financial markets. Credit default swaps on 5-year Treasuries fell 28 basis points from Wednesday's 7-month highs. Meanwhile the government shutdown continues. Q3 corporate earnings season kicked off this week with a few reports of better than expected earnings.

WHEAT – Wheat markets moved higher on Monday, **finishing at the highest level in nearly three months** on an active import tender line-up coupled with concerns about wet and cold winter wheat planting conditions in the Black Sea region. Wheat markets closed mixed on Tuesday with the hard wheats moving higher on tightening stocks and 2014 crop concerns, while the CHI soft wheat market finished lower under spillover pressure and psychological resistance at the \$7.00 mark. Wheat markets closed lower on Wednesday under the weight of follow-through technical selling driven by drier Black Sea weather which could allow winter wheat plantings to resume. Wheat markets finished lower today (Thursday) in spillover weakness and improving weather outlook for winter wheat planting in the Black Sea region. **Wheat market closes on Thursday, 10/10/13 ...**

	Dec 2013	Weekly Summary	Mar 2014	Weekly Summary
Chicago SRW	\$6.85 ½	Down \$0.01 ½	\$6.95 ¼	Down \$0.01
KC HRW	\$7.55 ½	Up \$0.05 ¼	\$7.55	Up 0.05 ½
MGE DNS	\$7.51	Up \$0.02 ¼	\$7.60 ¾	Up \$0.04 ¾

CORN – Corn began the week solidly higher on late session short-covering sparked by harvest rain delays and spillover support. With no official USDA data this week, the trade has projected that U.S. corn harvest is 20-25% completed, compared to 12% last week and 33% on average. Corn reversed lower on Tuesday under pressure from profit-taking, weaker cash basis and expectations of an active harvest pace to resume this week as warm and dry conditions return to the Central U.S. Corn finished fractionally higher on Wednesday in choppy light volume, with support from active short covering sparked by confirmation of Chinese purchase of 420 TMT of U.S. corn. Corn closed lower today (Thursday) in reaction to rumors that EPA would cut the 2014 ethanol mandate by 6% and the 2015 mandate by 10%. **Corn futures contract closes on Thursday, 10/10/13 for Dec 2013 contract at \$4.38 ¼, down \$0.05 and the Mar 2014 contract \$4.51, down \$0.05 for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices chopped around this week demonstrating a general pullback in risk-taking sentiment triggered by a combination of larger stocks and a higher dollar driven by a demand for safe haven investments. Prices sank sharply on Wednesday – closing at \$101.61 – under pressure from continued political stalemate in Washington and a lower Chinese economic growth projection from the World Bank, which cut its 2013 GDP growth estimate from 8.3% to

7.5%. DOE's weekly inventory report showed for the second consecutive week a surprisingly large build in crude oil stocks – up 6.807 million bbls, compared to an expected increase of 1.55 million bbls; distillates decreased by 3.14 million bbls, compared to an expected decline of 1.15 million bbls; and gasoline stocks increased by 149,000 bbls, compared to an expected increase of 1.05 million bbls. **Crude oil prices finished sharply higher today (Thursday), climbing back above \$103/bbl on fresh geopolitical concerns in Libya and signs of progress on a short term extension of the debt ceiling, which calmed financial markets.**

U.S. WEATHER / CROP PROGRESS – PNW – Cooler conditions have settled into this region, but mostly dry allowing fieldwork to continue in most areas. **Corn Belt** - Weekend rainfall was heavy across the Central U.S. stretching from the northwestern edge though the Ohio River Valley, disrupting harvest and other fall field work but replenishing soil moisture. Conditions turned warmer and drier this week allowing harvest to resume faster than expected in many areas. Reports of better than expected yields continued this week, except in some key areas like Iowa where yields are being reported average at best. Another wave of low pressure is expected to move into the Upper Midwest by this weekend, bringing heavy soaking rains and much cooler temperatures, once again halting harvest progress. The 6-10 day outlook calls for above normal precipitation over the eastern two-thirds of the country. **Plains** – Mostly dry this week but good chances moisture will arrive this weekend which may slow winter wheat planting in some areas. This **storm system should bring much needed relief to the 25% of the hard red winter wheat belt that missed out on showers in the past month.**

INTERNATIONAL WEATHER / CROP PROGRESS -

- **Black Sea Region** – A stalled low pressure system over European Russia has brought exceptional rain and colder than normal temperatures to a wide swath of the Eastern Ukrainian and the Caucasus and Volga Valley grain belts, prompting both countries to declare they are expecting lower overall wheat plantings in 2014. However conditions improved this week, prompting reports of resumed planting. However more moisture is in the extended forecast.
- **Argentina** – Nearly all of Argentina was dry early this week, but beneficial moisture arrived mid week. Cordoba, the second largest corn producing province, is too dry which has delayed corn planting. Buenos Aires, the largest corn and wheat producing province has been dry as well but recent moisture has helped recharge soil moisture and improve wheat conditions. 55% of the wheat crop is rated good to very good. More moisture, however, is needed.
- **Brazil** – Long awaited showers moved across Mato Grosso, replenishing soil moisture for corn and soybean planting. Drier weather was expected by end of the week to allow planting to resume.
- **Australia** – Mostly dry over much of the grain belt, with some southern areas picking up some showers mid week.