

Idaho Grain Market Report, October 31, 2013

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, October 30, 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	\$8.00	(2-R) NQ (6-R) NQ	\$6.15	\$6.81	\$7.30
Idaho Falls	\$7.85	(2-R) \$11.50-\$12.00 (6-R) \$11.50	\$6.26	\$6.97	\$7.76
Blackfoot / Pocatello	NQ	(2-R) \$10.00 (6-R) \$10.00	\$6.50	\$7.61	\$7.56
Grace / Soda Springs	NQ	(2-R) \$10.00 (6-R) \$10.00	NQ	NQ	NQ
Burley / Rupert Hazelton	\$8.00	(2-R) \$11.50 (6-R) \$11.50	\$6.10-\$6.15	\$6.98	\$7.07
Twin Falls / Eden / Buhl	\$9.00	(2-R) NQ (6-R) NQ	\$5.80	NQ	NQ
Weiser	\$7.00	(2-R) NQ (6-R) NQ	\$6.20	NQ	NQ
Nez Perce / Craigmont	\$6.05	(2-R) \$6.05 (6-R) \$6.05	\$6.43	\$7.50	\$7.67
Lewiston	\$6.55	(2-R) \$6.55 (6-R) \$6.55	\$6.68	\$7.75	\$7.92
Moscow / Genesee	\$6.05-\$6.75	(2-R) \$6.05 (6-R) \$6.05	\$6.45-\$6.61	\$7.52-\$7.61	\$7.69-\$7.88

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	Oct \$7.08-\$7.15 Feb \$7.31 ½-\$7.36 ½	Dec \$8.43 ¼-\$8.48 ¼ Feb \$8.43 ¼-\$8.56 ¼	Dec \$8.52-\$8.62 Feb \$8.67 ¼-\$8.72 ¼
Los Angeles	\$10.30	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$10.30	NQ	NQ	NQ	NQ	NQ
Ogden	\$7.50	NQ	NQ	\$6.50	\$7.80	\$7.91
Great Falls	\$6.50-\$7.00	NQ	\$9.50	NQ	\$6.94-\$7.05	\$7.19-\$7.21
Minneapolis	\$7.29	NQ	\$11.46	NQ	\$7.97 ¼ (12%)	\$8.87-\$9.02

Market trends this week

BARLEY – BARLEY – Local barley prices were mostly lower this week with southern Idaho locations reporting \$1.25 lower to \$1.10 higher and northern Idaho reporting no change to \$.10 lower. USDA reported that barley export sales for the past 3 weeks totaled 110.6 TMT. Export shipments for the same time period totaled 10.5 TMT.

International Grains Council MY 2014 S&D Projections for Barley – The International Grains Council released their revised world grain S&D projections today, showing world barley production up 1 MMT this month to 143 MMT, the highest barley production since 2009/10 and up 10% from last year. World barley carryover remained unchanged at 27 MMT, up 17% from last year.

WHEAT – Local wheat prices were also mostly lower this week: SWW ranged from 5 to 24 cents lower; HRW ranged from 6 to 27 cents lower; and DNS ranged from 35 cents lower to 33 cents higher. USDA reported wheat export sales for the last 3 weeks were slightly below trade expectations at 1.309 MMT. Cumulative wheat export sales have now reached 68.4% of the USDA estimate for MY 2013/14 compared to a 5-year average of 57.4%. Wheat export shipments for the same period totaled 1.621 MMT, with China, Brazil and Japan the leading destinations.

International Grains Council MY 2014 S&D Projections for Wheat – IGC raised their world wheat production estimate this month by 3 MMT to 696 MMT, up 6% from last year. World wheat carryover was increased by 2 MMT to 182 MMT, up 4% from last year.

Wheat Competitor/Buyer News – Confirmation this week that the Indian government approved a cut to their floor selling price of wheat this week from \$300/MT to \$260/Mt in an effort to boost wheat exports.

CORN - Corn export sales for the past 3 weeks were well above trade expectations at 5.293 MMT. Cumulative corn export sales have now reached 66% of the USDA estimate for the marketing year compared to a 5-year average of 45.5%. Corn export shipments for the same three week period totaled 2.094 MMT, with Mexico, China and Japan the leading destinations.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production continued to recover last week, increasing by another 14,000 bbls to 911,000 bpd, up 1.6% from the previous week and up 10.4% from a year ago. Corn used for ethanol totaled 95.66 million bu, now above the pace to meet the USDA projection of 4.9 billion bu for the marketing year.

International Grains Council MY 2014 S&D Projections for Wheat – IGC raised their world corn production estimate this month by 5 MMT to a new record 948 MMT, up 10% from last year, largely due to a recovery in U.S. corn production. World corn carryover was increased by 4 MMT to 152 MMT, up 21% from last year.

Corn Competitor/Buyer News – South Korea bought 360 TMT of U.S. corn this week.

Futures market activity this week

U.S. economic indicators– As widely expected, the Federal Reserve voted at its two day FOMC meeting this week to leave its monetary stimulus/low interest rate policies in place for now, maintaining its monthly \$85 billion in Treasury and mortgage-backed security purchases known as QE3. They noted improvement in U.S. economic activity but wanted to see more evidence of labor market improvements and inflationary indicators before cutting back their monthly bond purchases. While not signaling any specific timetable for tapering, the Fed continues to emphasize that thresholds of 6.5% unemployment and 2.5% inflation will guide their policy decisions. There were several weaker than expected economic readings this week, including industrial production, business inventories, consumer confidence, pending home sales and private sector job creation. Ahead of the DOC's monthly jobs report which is delayed until next week, ADP is projecting there were 130,000 private sector jobs created last month, below economists' expectations of 150,000 and below the previous month. Weekly first-time unemployment claims fell by 10,000 to 340,000 this week, slightly below expectations.

WHEAT – Wheat markets fell to the lowest level in nearly 2 weeks on Monday, pressured by spillover weakness, excellent U.S. winter wheat crop establishment and improving Argentine moisture prospects. Weaker than expected export inspections added to the negative tone. Wheat closed fractionally higher on Tuesday in choppy two sided trading, with early pressure from weaker European wheat futures and talk of sluggish export demand news. Wednesday saw prices retreat again on continued pressure from corn market weakness and a lack of fresh supportive news. Wheat posted additional losses today (Thursday) on disappointing export sales. **Wheat market closes on Thursday, 10/31/13 ...**

	Dec. 2013	Weekly Summary	Mar. 2014	Weekly Summary	Dec. 2014	Weekly Summary
Chicago SRW	\$6.67 ½	Down \$.23 ¼	\$6.97 ½	Down \$.22 ¼	7.02 ¼	Down \$.16 ¾
KC HRW	\$7.40 ½	Down \$.18 ½	\$7.42 ¼	Down \$.16 ¾	\$7.37 ¾	Down \$.14 ¾
MGE DNS	\$7.30 ¼	Down \$.14 ¾	\$7.41	Down \$.14	\$7.53 ½	Down \$.14 ¾

CORN – Corn finished lower to start the week – **falling to a three year low** – on another round of long liquidations sparked by high yield reports and prospects that the U.S. corn crop will exceed 14 billion bushels. A faster than expected harvest pace – now pegged at 59% completed versus trade expectations of 48-52% - added to the weak tone. Corn posted a modest technical recovery on Tuesday on talk of oversold conditions and an expected harvest slow down resulting from a storm system moving eastward across the mid section of the country, which is expected to be followed by another storm system middle of next week. Corn remained locked in a narrow trading range, closing slightly lower today (Thursday) on mostly spillover weakness. Losses were limited by harvest rain delays and better than expected corn export sales for the past 3 weeks. **Corn futures contract closes on Thursday, 10/31/13 for Dec. 2013 contract at \$4.28 ¼, down \$.11 ¾, Mar. 2014 contract closed at \$4.39 ¼, down \$.12 ¾ and the Dec. 2014 contract closed at \$4.69 ½, down \$.13 ¼ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil continued to grind in a narrow range this week, with concerns about demand and building stockpiles limiting the gains. Reduced crude oil exports from Libya provided limited support, while boosting the Brent crude oil – WTI spread. DOE’s weekly inventory report for last week showed crude oil stocks increased by 4.09 million bbls to a **4 month high**, compared to an expected build of 2.4 million bbls; distillates fell by 3.06 million bbls, compared to an expected decline of 1.0 million bbls; and gasoline inventories fell by 1.71 million bbls to an **11 month low**, compared to an expected decline of 200,000 bbls. Stockpiles at Cushing, OK Cushing, OK, the location for WTI crude futures delivery increased by more than 2 million bbls last week, a **2-month high**. **Crude oil futures drifted lower again today – closing down \$.39 to \$96.38/bbl - under pressure from weak outside markets.**

U.S. WEATHER / CROP PROGRESS – PNW – A cool and wet start to the week, but conditions returned to near normal by mid week with showers lingering in the Intermountain region. The 6-10 day outlook shows blow normal temperatures and above normal precipitation. **Corn Belt** – Warmer weather helped accelerate harvest for the first half of the week but gave way to a cold front mid week which brought showers stretching from Texas into the middle to lower Mississippi River Valley and portions of the Great Lakes region. Areas of Texas were lashed by heavy rains and strong winds. Another round of showers are expected by middle of next week. The northern Corn Belt was mostly cold and dry. **Plains** – Scattered showers stretched from Nebraska to Texas, with the heaviest accumulation in the Eastern Plains. Parts of the Western and Southern High Plains remain dry, causing concerns about winter wheat crop establishment.

USDA Crop Progress / Condition Report, October 28, 2013

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US winter wheat	86% planted 65% emerged	79% 53%	87% 61%	85% 64%	61%	65%	40%
ID winter wheat	99% planted 68% emerged	86% 38%	97% 61%	96% 65%	97%	80%	
Corn	59% harvested	39%	91%	62%	62% g/ex	60%	NA

INTERNATIONAL WEATHER / CROP PROGRESS -

- **Argentina** – A series of beneficial rain showers finally arrived in key production areas this week breaking a long drought period. These rains should help stabilize the wheat crop but arrived too late to improve yields in some areas, particularly in the west. These rains will allow corn and beans to get planted and established.
- **Brazil** – Much of the Brazilian crop production area is expected better than average rains this weekend into next week, tracking northward in the 6-10 day period.
- **Australia** – Small grain harvest has begun in Queensland and New South Wales. There are mixed views on crop expectations, with wheat production estimates now in the 24.5 MMT (ABARE) to 25.3 MMT (Reuters) range. Barley production is expected to be excellent.