

Idaho Grain Market Report, December 1, 2011

Published by the Idaho Barley Commission, kolson@idahobarley.org, 208-334-2090

Don't Miss Out...Dec. 6 workshop on **Risk Assessed Marketing: Integrating Grain Marketing and Crop Insurance into a Comprehensive Risk Management Strategy**

presented by Dr. Art Barnaby, Kansas State University ag economist, from 8:30 am to 4:00 pm at the Pocatello Red Lion Hotel. **Pre-register at:** kolson@idahobarley.org or call 208-334-2090.

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, November 30, 2011. Barley prices in \$/Cwt. and wheat prices in \$/bu.

Selected Locations	Barley (Cwt.)		Wheat (bu.)		
	#2 Feed, 48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton	NQ	(2-R) \$13.25 (6-R) \$13.25	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$9.50	(2-R) NQ (6-R) NQ	\$5.95	\$5.77	\$8.13
Idaho Falls	\$10.50	(2-R) \$12.90-\$13.02 (6-R) \$13.02	\$5.80	\$6.55	\$8.20
Blackfoot / Pocatello	\$9.79	(2-R) \$13.25 (6-R) \$13.25	\$5.55	\$5.75	\$8.23
Grace / Soda Springs	\$10.60	(2-R) NQ (6-R) NQ	\$5.80	\$5.47	\$8.03
Burley / Rupert Hazelton	\$10.00-\$10.25	(2-R) \$13.02 (6-R) \$13.02	\$5.70	\$5.49	\$7.96
Twin Falls / Eden / Buhl	\$10.00-\$10.25	(2-R) NQ (6-R) NQ	\$5.45-\$6.35	NQ	NQ
Weiser	\$8.00	(2-R) NQ (6-R) NQ	\$4.85	NQ	NQ
Nez Perce / Craigmont	\$8.60	(2-R) \$8.60 (6-R) \$8.60	\$5.29	\$6.40	\$8.92
Lewiston	\$8.85	(2-R) \$8.85 (6-R) \$8.85	\$5.48	\$6.59	\$9.11
Moscow / Genesee	\$8.65-\$10.00	(2-R) \$8.65 (6-R) \$8.65	\$5.25-\$6.00	\$6.36-\$7.13	\$8.88-\$9.64

Trading Prices at Selected Terminal Markets, cash prices FOB

	Barley (Cwt.)		Wheat (bu.)			
	#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	Dec \$5.85-\$6.00 Apr \$6.08-\$6.11	Dec \$6.66-\$6.88	Dec \$9.49-\$9.64
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.75	NQ	NQ	\$6.00	\$5.62	\$8.14
Great Falls	\$9.00-\$9.50	NQ	\$13.00	NQ	\$4.98-\$5.07	\$8.37-\$8.55
Minneapolis	\$10.94	NQ	\$15.31	NQ	\$7.33 ½ (12%)	\$9.48 ½ - \$9.78 ½

Market trends this week

BARLEY – Local barley prices were lower this week, ranging from no change to \$1.35 lower in southern Idaho and \$.45 to \$.50 lower in northern Idaho. USDA reported that there were no barley export sales last week; however shipments totaled .7 TMT for Japan and Taiwan.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 10 to 45 cents lower; HRW ranged from 66 cents lower to 42 cents higher; and DNS ranged from 58 to 81 cents lower. USDA reported wheat export sales last week

were within trade expectations at 503 TMT, down 18% from the previous week, but up 30% from the 4-week average. Cumulative wheat export sales now tally 67.5% of the year's projections, compared to 68.8% on a five-year average. Export shipments totaled 302 TMT, down 17% from the previous week and 26% from the 4-week average.

Wheat Competitor/Buyer News – Argentine officials have approved another 2.7 MMT of wheat for export, bringing their 2010/11 season cumulative exports to 11.1 MMT. Argentina's new crop harvest is reported to be 20% completed, with their production estimate revised higher to 13.5 MMT from an earlier ag ministry forecast of 12.0 MMT. Canadian Parliament passed legislation this week to end the Canadian Wheat Board monopoly over marketing wheat and barley, which will allow grower's marketing choices beginning in August 1, 2012. The EU granted export licenses this week for 352 TMT of wheat, bringing cumulative sales to 6.5 MMT compared to 10.1 MMT a year ago.

CORN – Corn export sales last week were on the low end of trade expectations at 352.2 TMT (280.6 TMT for MY 2011/12 and 71.6 TMT for MY 2012/13). Cumulative corn export sales now tally 54.5% of the year's projections, compared to 44.4% on a five-year average. Corn export shipments last week totaled 810.3 TMT, down 17% from the previous week and unchanged from the 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported an uptick in weekly U.S. ethanol production, totaling 930,000 bbls, up 1.4% from the previous week and up 5.08% from last year. Corn used for ethanol last week totaled 99.07 million bu, above the weekly pace needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

Corn Competitor/Buyer News – South American crop conditions look favorable today, with estimates for record crops in both Brazil and Argentina. The Argentine ag ministry is now estimated their corn crop at a new record high 30 MMT, compared to 22.5 MMT last year. USDA has pegged their corn crop at 29 MMT.

Futures market activity this week

Macroeconomic news ... Outside markets remained under extreme pressure for the past two weeks – pushing all investment markets lower - as fears mounted over a worsening debt crisis in Europe and slowing global economic growth. But help arrived this week in the form of a coordinated strategy by 7 major central banks to pump billions of dollars of liquidity into the global financial system, which should provide an immediate boost to the euro-zone's efforts to deal with their worsening debt crisis. This action boosted global equity markets and restored investors' attitude toward investing in riskier assets but also devalued the dollar, creating some concerns about a long-term inflationary effect. China also took steps this week to ease their monetary policy to jump start their recent lackluster economic performance, which was underscored by confirmation of contraction in their manufacturing sector, the first decline in 2 ½ years. Furthermore, the S&P downgraded their credit rating for several major US and Australian banks this week.

U.S. economic news continues to be mostly good... Black Friday and Cyber Monday retail sales were much stronger than expected and the consumer confidence index reading also came in much better than expected at 56 versus an expected 45 and only 40.9 last month. The Institute of Supply Management report also showed expansion in the US manufacturing sector, with the ISM index at 52.7 up from 50.8 last month and expectations of 52.0. Forecasts of new private sector jobs created in November also are coming in above expectations, ahead of Friday's key monthly employment report.

After more losses in commodity futures last week due mostly to negative outside market forces, wheat and corn markets turned higher this week as investor sentiment turned more positive...

WHEAT –Wheat began the week mixed to higher, supported by a surge in equities on holiday retail optimism. Despite a strong opening in line with positive outside markets, most of the wheat markets drifted lower mid-session on a lack of new buying or short covering. MGE closed higher on support from tightening milling quality stocks and concerns that Australia's crop is not finishing well due to excessive moisture at harvest which will result in a possible downgrade of as much as a quarter to a third of their wheat crop. An oversold technical condition in Chicago provided underlying support as traders hold a record net short position, leaving that market vulnerable to short covering. Wheat markets posted double digit gains on Tuesday despite a slight bump higher in winter wheat crop conditions, with the rally driven by short covering that was sparked by positive outside markets, including a weaker US dollar. Prices eased back on Wednesday under pressure from a wet forecast for the Central Plains later this week and weakness in the European wheat pits. Wheat finished higher today (Thursday), with the hard wheat markets leading the gains, on support from continued short covering and concerns about tightening milling quality stocks. **Wheat market closes on Thursday, 12/01/11...** Please note we have shifted to Mar 2012 and May 2012 contracts...

	<u>Mar 2012</u>	<u>Weekly Summary</u>	<u>May 2012</u>	<u>Weekly Summary</u>
Chicago	\$6.14 ¼	Up \$0.25	\$6.32	Up \$0.26 ½
Kansas City	\$6.69	Up \$0.15	\$6.77 ¼	Up \$0.16
Minneapolis DNS	\$8.32 ¼	Up \$0.24 ¾	\$8.12 ¼	Up \$0.23 ½

CORN – Corn opened the week sharply higher with the rally attributed to a burst of early fund buying before drifting a bit lower from early higher as fund buying dried up. Better than expected weekly export inspections also provided support. Corn continued to advance higher on Tuesday on talk of an oversold technical condition and support from outside markets, including a sharply lower dollar. Corn posted modest gains on Wednesday, after an early solid gains eroded into

mid-session as crude oil turned lower. News of potentially record high corn crops in both Brazil and Argentina weighed on the market. Corn finished moderately lower today (Thursday), under pressure from poor weekly export sales and profit-taking as crude oil drifted lower again mid-session. **Mar 2012 corn futures contract closed Thursday, 12/01/11, at \$6.01 ½, up \$0.11½ and the May 2012 contact closed at \$6.09¼, up \$0.12 for the week.**

OTHER MAJOR FACTORS TO WATCH –

▪ **CRUDE OIL** – Crude oil prices climbed this week, breaking through the \$100 mark, as investor fears eased somewhat. Monday saw impressive gains of \$1.44 to close at \$98.21/bbl on support from higher global equities and a sharp decline in the US dollar. Prices continued to rally on Tuesday, posting another gain of \$1.58 to close just shy of \$100 as the dollar continued to slide. Prices came under pressure, however on Wednesday from a bearish weekly crude oil inventory report but managed to close slightly higher to \$100.36 as risk taking sentiment continued to improve. The weekly petroleum stocks report showed much higher than expected crude oil and distillate inventories...crude oil stocks increased by 3.9 million bbls, compared to an expected build of 50,000 bbls; distillates increased by 5.5 million bbls, compared to an expected decline of 1.25 million bbls; and gasoline stocks increased by 200,000 bbls, compared to an expected build of 1.45 million bbls. **Crude oil prices eased back slightly today (Thursday) – closing down \$0.16 to \$100.20 – as global equity markets remained mostly flat and cautious ahead of another major European leader summit scheduled next week in their ongoing efforts to solve their debt crisis.**

▪ **U.S. WEATHER / CROP WATCH** – Rains persisted in the Eastern Corn Belt early this week, further delaying corn harvest in Ohio and Michigan. About a quarter of the Ohio crop remained unharvested and vulnerable to lodging losses as snow and high winds pelted many areas on Tuesday and Wednesday. Another storm is expected to bring more moisture to the ECB at the beginning of the 6-10 day period. **Winter wheat regions** – A wintry storm was expected to sweep through the Central Plains on Friday, bringing beneficial moisture to this drought-stricken region. This system will be followed by colder temps in the 6-20 day period, which should push the majority of the winter wheat crop into dormancy. USDA reports that the US winter wheat crop is 92% emerged, after a slow planting and emergence pace this fall, which is equal to the 5-year average. Crop conditions improved slightly this week, up 2% to 51% good/excellent.

▪ **INTERNATIONAL WEATHER / CROP WATCH -**

- **Argentina** – Wheat harvest was reported to be 20% completed, with local experts now expecting a 13 MMT crop which is up from an earlier forecast of 12.5 MMT. Recent showers have delayed wheat harvest in some areas but have provided sufficient moisture for the new corn and soybean crops. Meanwhile about a 1/3 of the Brazilian corn/soybean area is seeing moisture stress.
- **Australia** – Northeastern and some western production areas continued to receive above normal rainfall at harvest, causing concern that as much as a quarter of their wheat crop may be downgraded to feed quality. The rain moved out of these regions mid week, which should allow harvest to resume.

Upcoming Grain Marketing & Risk Management educational programs...

Dec. 6 workshop from 8:30 am to 4:00 pm at Pocatello Red Lion Hotel – Risk-Assessed Grain Marketing: Integrating Grain Marketing & Crop Insurance into a Comprehensive Risk Management Strategy presented by Dr. Art Barnaby, Kansas State University ag economist (pre-registration is required).

Recorded and archived fall 2011 webinars can be found at...

Nov. 28 webinar on How to Hedge your Farm Energy Inputs presented by Bryce Knorr, senior editor, Farm Futures Magazine at <http://connect.cals.uidaho.edu/p79575512/>

Nov. 9 webinar on Fine-tuning your 2012 Malting Barley and Wheat Pricing Strategies in Volatile Grain Markets presented by Craig Corbett at <https://connect.cals.uidaho.edu/p27789333/>

Sept. 7 webinar on Global Grain Market Outlook presented by Kelly Olson at <https://connect.cals.uidaho.edu/p53192408/>