

Idaho Grain Market Report, December 1, 2016

Published weekly by the Idaho Barley Commission, kolson@barley.idaho.gov, 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, November 30, 2016. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	Barley (Cwt.) FEED	MALTING	Wheat (bu.) Milling	#1 SWW	#1 HRW 11.5% pro	#1 DNS 14% pro	#1 HWW
	48 lbs or better	Open market malting					
Rexburg / Ririe	\$4.75-5.15			\$3.20-3.55	\$3.45	\$5.15	\$3.68-3.85
Idaho Falls	\$5.00	\$8.30 -8.33		\$3.15	\$3.55	\$5.10	\$3.75
Blackfoot / Pocatello Grace / Soda Springs	\$5.25		\$6.50	\$3.15 \$3.42	\$3.55 \$3.50	\$5.10 \$5.11	\$3.75 \$3.85
Burley / Rupert Hazelton	\$5.00			\$3.35	\$3.30	\$5.11	\$3.81
Twin Falls / Buhl / Wendell	\$6.10			\$3.35	NQ	NQ	
Nampa – Weiser	\$6.00			\$3.53			
Nez Perce / Craigmont	\$3.75			\$3.76	\$4.10	\$5.62	
Lewiston	\$4.25			\$4.02	\$4.36	\$5.82	
Moscow / Genesee	\$3.75-4.25			\$3.79-3.94	\$4.13-4.18	\$5.65-5.79	\$4.18

Prices at Selected Terminal Markets, cash prices FOB

	#2 Feed 46 lbs. -- unit trains barge	Malting	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein	#1 HWW
Portland			Ord pro - \$4.56 - 4.75 max 10.5% pro \$4.61 – 4.75	\$4.88¼ -5.07¼	\$6.38¾ -6.49¾	
Los Angeles	\$7.90-8.20					
Tulare	\$7.90-8.20					
Ogden	\$5.65		\$3.80	\$3.85	\$5.45	\$4.30
Great Falls	\$4.25-4.75	\$6.75		\$3.91-3.96 (12%)	\$5.13-5.23	
Minneapolis	\$4.17	NQ		\$4.35¼ (12%)	\$6.59½ - 6.74½	

Market trends this week

BARLEY – Local feed barley prices ranged from 25 cents lower to 10 cents higher, but were mostly steady in southern ID. Prices were steady to 25 cents lower in northern ID. Open market malting barley prices remained steady. USDA reported there were no new barley export sales last week, while barley export shipments totaled 100 MT to South Korea.

WHEAT – Local wheat prices were mixed compared to two weeks ago: SWW prices ranged from steady to minus 25 cents; HRW prices ranged from minus 10 cents to plus 6 cents; and DNS prices ranged from 11 to 23 cents higher. USDA reported wheat export sales last week were on the low end of trade expectations at 483.5 TMT (plus 7 TMT for MY 2017/18), down 32% from the previous week and down 16% from the previous 4-week average. Wheat export shipments were disappointing at 238.4 TMT, down 37% from the previous week and down 36% from the previous 4-week average. Cumulative wheat export shipments now tally 49.3% of the USDA estimate for the marketing year, compared to a 5-year average pace of 50.5%.

USDA's first baseline projection for 2017 wheat production shows acres at 48.5 million, down 2.8 million from last year and if realized the lowest US wheat acres since WWI. USDA pegged wheat ending stocks at 993 million bu, compared to 1.143 billion bu this marketing year.

Wheat Competitor / Buyer News – Private analysts are projecting the Australian wheat crop at a new record high of 31-32 MMT, compared to USDA's most recent estimate of 28.3 MMT. Egypt purchased 240 TMT of Russian wheat this week.

CORN – USDA reported corn export sales were below trade expectations at 761.4 TMT, down 55% from the previous week and down 50% from the previous 4-week average. Corn export shipments totaled 808.8 TMT, up 40% from the previous week and up 12% from the previous 4-week average. Cumulative corn export shipments now tally 22.2% of the USDA estimate for the marketing year, compared to a 5-year average pace of 21%.

USDA's first baseline projection for 2017 corn production shows acres at 90 million, down 4.5 million from last year. USDA pegged corn ending stocks at a still burdensome level of 2.298 billion bu, down from 2.403 billion bu projected this marketing year.

Ethanol corn usage – DOE's Energy Information Agency reported a very modest downtick in U.S. ethanol production last week to 1,012,000 bbls per day, down 5,000 bpd or -0.2% from the previous week but up 5.9% from a year ago. Stocks continue to inch down, totaling 18.4 million bbls, down 7.8% from a year ago. Weekly corn usage topped 106.2 million bu, bringing cumulative corn usage for ethanol to 1.27 billion bu, and still well above the weekly pace needed to reach USDA's projection of 5.3 billion bu for MY 2016/17.

Corn Competitor / Buyer News – Brazilian AgroConsult group has pegged the Brazilian corn crop at 92 MMT, well above the USDA estimate of 83.5 MMT. Chinese imports of US DDGS slipped to only 135 TMT in October, bringing their year-to-date imports to 2.8 MMT, down 52% for the same period a year ago.

Futures Market trends this week

Macroeconomic trends – the dollar was boosted this week to a near 14 year high on better than expected Q3 GDP reading of +3.2%, revised upward from a preliminary estimate of 2.9%. U.S. home prices also were stronger last month – up 5.5% and now fully recovered from the steep plunge during the 2008 recession. Consumer confidence reached the highest level in 9 years. The U.S. consumer price index (PCE) also rose last month by 0.2%, bringing year-to-date inflation to 1.2%, the biggest advance in two years. On Friday, we will have the latest monthly jobs report, with private firm ADP projecting a monthly job gain of 216,000 compared to economists' estimates of 170,000. All of these indicators point to a high likelihood that the Federal Reserve will raise interest rates at their next monthly policy meeting scheduled Dec. 13-14.

WHEAT – Wheat markets opened the week mixed to lower, except for the spring wheat contract which has been buoyed by tightening supplies of milling quality wheat. Disappointing weekly export shipments, weak technical action and end of the month positioning were the main negative factors. Wheat closed sharply lower on Tuesday under pressure from expected heavy deliveries against the Dec contracts. Wednesday saw more choppy action, settling mixed to lower with some support from early corrective short covering offset by pressure from a firmer dollar. Wheat finished lower on Thursday on pressure from heavy deliveries and spillover pressure. **Wheat market closes on Thursday, 12/01/2016...**

	<u>Dec 2016</u>	<u>Weekly Summary</u>	<u>Mar 2017</u>	<u>Weekly Summary</u>	<u>May 2017</u>	<u>Weekly Summary</u>
Chicago SRW	\$3.71½	Down \$0.24¼	\$3.95½	Down \$0.24	\$4.08¾	Down \$0.25¼
HRW	\$3.84	Down \$0.27¼	\$4.03	Down \$0.26½	\$4.15	Down \$0.26¼
MGE DNS	\$5.41	Up \$0.06¾	\$5.38½	Up \$0.09¾	\$5.40¾	Down \$0.00½

CORN – Corn began the week mixed to fractionally lower on disappointing weekly export shipments and end of the month profit-taking. Corn settled sharply lower on Tuesday under the weight of expected deliveries against the expiring corn contract and technical weakness. Corn settled fractionally lower on Wednesday under spillover pressure from weaker soybeans and a stronger dollar. Corn finished lower Thursday on disappointing export sales and spillover pressure. **Corn futures contract closes on Thursday, 12/01/16...** Dec 2016 contract at \$3.31¾, down \$0.17½ for the week, Mar 2017 contract closed at \$3.42½, down \$0.15¾ for the week and the May 2017 contract closed at \$3.50, down \$0.15¼ for the week.

CRUDE OIL – Crude oil prices saw considerable volatility this week, tied to reports coming out of OPEC oil minister negotiations to curb the global oil glut. Prices slumped to a one week low on Tuesday on reports that talks were not going well, but an announcement on Wednesday morning that an agreement to cut oil production by 1.2 million bpd starting in January sent prices soaring by almost 10%. In addition to the OPEC oil reduction, Russia has tentatively agreed to reduce

their daily oil output by 300,000 bpd. U.S. DOE Energy Information Agency reported domestic crude oil inventories fell 888,000 bbls, compared to an expected increase of 897,000 bbls. Distillate stocks increased by 4.957 million bbls, while gasoline stocks increased by 2.097 million bbls. **Crude oil futures (Dec contract) finished up \$5/bbl for the week to close at \$51.06.**

Weather / Crop Conditions –

- **U.S. –** The PNW experienced cool showery conditions this week with snow overspread many areas of Idaho. The Northern Plains were cold and snowy while conditions were milder across the Central and Southern Plains, with some areas receiving beneficial moisture while others receiving very little coverage. Parts of Western KS remain dry. Much of the Corn Belt was mild and dry. The 6-10 day outlook calls for below normal temperatures across the West (except for central and southern CA which remains dry) and wetter than normal across the northern and eastern regions of the country. Drier than normal conditions will persist from CA to Texas and colder than normal across the Southern Plains.

INTERNATIONAL -

- **South America –** S. Brazil and Argentina are experiencing very hot dry weather this week, but should see a break early next week as a new storm system moves northward into southern Brazil.
- **Australia –** Mostly dry conditions are helping accelerate winter grain harvest, with record yields expected.