

Idaho Grain Market Report, December 2, 2010

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

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, December 1, 2010. 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) \$8.55 (6-R) NQ | NQ | NQ | NQ |
| Rexburg/ Ririe/ Roberts | \$7.75 | (2-R) NQ (6-R) NQ | \$6.00 | \$6.36 | \$8.05 |
| Idaho Falls | \$8.00 | (2-R) \$8.33-\$9.00 (6-R) \$8.33 | \$5.90 | \$6.13 | \$8.17 |
| Blackfoot / Pocatello | \$7.81 | (2-R) \$8.55 (6-R) NQ | \$6.00 | \$6.31 | \$8.02 |
| Grace / Soda Springs | \$8.15 | (2-R) NQ (6-R) NQ | \$6.00 | \$6.26 | \$7.75 |
| Burley / Rupert Hazelton | \$8.00-\$8.25 | (2-R) \$8.33 (6-R) \$8.33 | \$5.90-\$6.25 | \$5.70 | \$7.41 |
| Twin Falls / Eden / Buhl | \$8.20-\$9.00 | (2-R) NQ (6-R) NQ | \$5.40-\$5.75 | NQ | NQ |
| Weiser | \$7.75 | (2-R) NQ (6-R) NQ | \$5.69 | NQ | NQ |
| Nez Perce / Craigmont | \$7.35 | (2-R) \$7.35 (6-R) \$7.35 | \$5.99 | \$7.23 | \$8.68 |
| Lewiston | \$7.60 | (2-R) \$7.60 (6-R) \$7.60 | \$6.18 | \$7.42 | \$8.87 |
| Moscow / Genesee | \$7.40-\$8.75 | (2-R) \$7.40 (6-R) \$7.40 | \$5.95-\$6.65 | \$7.19-\$7.64 | \$8.64-\$9.31 |

Trading Prices at Selected Terminal Markets, cash prices FOB

| | <u>Barley (Cwt.)</u> | | <u>Wheat (bu.)</u> | | | |
|-------------|--|----------------------------------|--------------------|-------------------|-------------------------|-----------------------|
| | #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 \$6.10-\$6.95 | \$7.76-\$7.86 | NQ |
| Los Angeles | \$11.30-\$11.45 | NQ | NQ | NQ | NQ | NQ |
| Stockton | NQ | NQ | NQ | NQ | NQ | NQ |
| Tulare | \$11.30-\$11.45 | NQ | NQ | NQ | NQ | NQ |
| Ogden | \$8.40 | NQ | NQ | \$6.25 | \$6.44 | \$7.93 |
| Great Falls | \$7.25-\$7.55 | NQ | \$8.00 | NQ | \$6.03-\$6.19 | \$7.80-\$7.87 |
| Minneapolis | \$7.71 | NQ | \$10.21 | NQ | NQ | \$9.15 ½ - \$9.30 ½ |

Market trends this week

BARLEY – Local barley prices were mostly steady to slightly lower this week, with a few locations slightly higher.

WHEAT – Local wheat prices exploded higher this week: SWW ranged from \$.30 to \$.55 cents higher; HRW ranged from \$.50 to \$.99 higher; and DNS ranged from \$.41 to \$1.04 higher. U.S. wheat export sales were on the high end of trade expectations last week at 663.3 TMT, down 11% from previous week and down 14% from the previous 4-week average. Wheat export shipments last week totaled 588.1 TMT, up 12% from the previous week and up 23% from the previous 4-week average.

International Grain Council's Nov. 25 S&D Projections for MY 2010/11- WHEAT – The IGC is projecting world wheat production this marketing year at 644 MMT, the same as last month and 33 MMT below last year. World wheat trade is projected at 122 MMT, up 2 MMT from last month but down 5 MMT from last year. World wheat ending stocks are projected at 181 MMT, down 1 MMT from last month and down 16 MMT from the previous year.

Wheat Competitor/Buyer News – Argentina’s Rosario Grain Exchange is projecting the Argentine wheat crop which is just now being harvested at 10 to 11.5 MMT, compared to USDA’s latest estimate of 13.5 MMT. Last week Egypt purchased 120 TMT of US SWW and followed with purchases of 220 TMT of soft and hard wheat from the U.S.

CORN – USDA reported corn export sales last week were within trade expectations at 758.1 TMT, down 8% from the previous week but up 27% from the previous 4-week average. Corn export shipments last week totaled 620 TMT, down 21% from the previous week and below the pace needed to reach USDA’s estimate for the year. Cumulative corn export shipments now total 19.4% of the USDA projection for the year, compared to 22.1% for a five-year average.

International Grain Council’s Nov. 25 S&D Projections for MY 2010/11- CORN – The IGC is projecting world wheat production at 810 MMT, down 4 MMT from last month and down 1 MMT from last year. World corn trade is projected at 94 MMT, the same as last month but an increase of 8 MMT from last year. World corn ending stocks are projected at 121 MMT, down 4 MMT from last month and down 31 MMT from the previous year.

Ethanol corn usage – DOE’s Energy Information Agency reported that U.S. ethanol production last week totaled 885,000 barrels per day, up 12.6% from a year ago. This equates to 92.925 million bushels of corn consumption last week, still on a weekly pace to exceed USDA’s projection for the entire year.

Corn Competitor/Buyer News – Private grain forecasts now peg the Argentine corn crop at 22.5 MMT, compared to USDA’s estimate last month at 25 MMT. Reports indicate that Russia may be negotiating to buy as much as 3 MMT of corn from Argentina. China also has been in talks with Argentina in recent weeks about sizeable imports later this year. Last week South Korea purchased 165 TMT of US corn. Mexico purchased 120 TMT of U.S. corn this week.

Futures market activity this week

Last week (Nov. 22-26) – Grains traded mostly sideways to fractionally lower under pressure from a solidly higher dollar which moved to three month highs on geopolitical anxieties on the Korean Peninsula and worries that euro debt problems were spreading beyond Ireland (Portugal next in line for bailout). U.S. bank stocks and the Dow Jones came under additional pressure from reports of a widespread insider trading investigation. Wheat posted the strongest gains in light trading volume during the holiday shortened week, with underlying support from concerns about quality concerns in the eastern Australian rain-damaged wheat crop, prolonged dryness in U.S. winter wheat areas as well as strong U.S. weekly export sales pace. **This week (Nov. 29-Dec 2)** – Early in the week a combination of bearish outside market forces, light trading volume and a lack of fresh market-moving news continued to pressure equities and commodities. On the plus side, the Consumer Confidence Index climbed more than expected last month. By mid week, investor fears about the spread of EU debt problems eased and money flowed back into a broad range of stocks and commodities, propelling the Dow Jones nearly 250 pts higher on Wednesday and another 106 pts higher on Thursday.

WHEAT –Wheat began the week modestly higher despite a continued dollar rally, with support from mixed weather outlook in Australia and the U.S. Wheat continued to post modest gains on Tuesday with support from crop concerns and a strong U.S. wheat export pace. Wednesday saw prices rocket higher as the dollar fell hard as investor fears abated. Wheat clearly has reestablished itself as the price leader in the grain complex on renewed concerns about tightening supplies of quality milling wheat and 2011 crop prospects. Wheat markets finished solidly higher today (Thursday) with support from the lower dollar and poor crop/weather in Southeastern Australia and U.S. plains winter wheat, although gains were trimmed by active profit-taking into the close. **Wheat futures market closes on Thursday, 12/02/10...**

| | Dec 2010 | Weekly Summary | Mar 2011 | Weekly Summary |
|-----------------|-----------------|-----------------------|-----------------|-----------------------|
| Chicago | \$7.06 ½ | Up \$.58 ¼ | \$7.48 ½ | Up \$.61 ¼ |
| Kansas City | \$7.87 ¼ | Up \$.56 ½ | \$8.01 ¾ | Up \$.65 |
| Minneapolis DNS | \$7.93 ¼ | Up \$.59 ¼ | \$8.13 ¼ | Up \$.62 ¼ |

CORN – Corn began the week unchanged to fractionally higher with pressure from a stronger dollar, but countered by underlying support from a tight global stocks situation, recent reports out of China that suggest corn shortages are expected later this year and significant dryness in some major Argentine growing areas which could start cutting into yield potential as their crop moves into pollination later this month. Corn prices slid on Tuesday in the face of end of month fund positioning and bearish outside market pressures. Corn prices turned sharply higher on Wednesday with strong spillover support from wheat and soybeans and a weaker dollar. Corn could not extend these gains, however, and finished down today (Thursday) under pressure from a burst of fund selling into the close. **Dec 2010 corn futures contract closed Thursday, 12/02/10, at \$5.40 ¾, up \$.02 ½ for the week and the Mar 2011 contact closed at \$5.55 ½, up \$.02 ½ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil showed some resiliency last week, inching higher despite the recent dollar rally, with support from military tensions between North and South Korea. The market closed at \$83.76 on Friday, Nov. 26. This week saw further gains from ongoing geopolitical risks and a weaker U.S. dollar through the middle of the week. The market shrugged off a mostly bearish weekly petroleum inventory report to move higher on Wednesday to the highest level in more than two weeks, closing above \$88/bbl on Thursday. Wednesday’s weekly petroleum inventory showed crude oil inventories increased by 1.066 million bbls, compared to an expected draw of 1.15 million bbls; distillate stocks fell by only 0.2 million bbls; and gasoline stocks increased by 0.6 million bbls.

- **U.S. WEATHER / CROP WATCH** – About 25% of the hard red winter wheat belt (particularly Western Plains of NE, CO and western KS) and about 50% of the soft red winter wheat crop has entered dormancy in poorly established condition and vulnerable to winterkill damage.
- **INTERNATIONAL WEATHER / CROP WATCH** –
 - **Former Soviet Union (Russia/Ukraine)** – a blast of cold air in areas with spotty snow coverage is threatening at least 10% of the winter wheat crop with winterkill damage.
 - **Argentina** – saw some light showers last week which benefitted late developing wheat in the southern region but much the corn belt in the northeast remained excessively dry causing corn planting to stop (about 78% completed). These areas are forecast to see below average rainfall for the next 10 days. Moisture needs will increase as the crop advances toward early pollination which occurs in late December, with projections that at least 1/3 of the crop is likely to experience yield-reducing stress if moisture deficits continue.
 - **Australia** – Eastern and southern areas saw more rainfall last week which continued to cause harvest delays and quality concerns. Unfavorably wet conditions persisted this week. It is now reported that about 35% of the eastern/southern grain belt has suffered notable quality losses due to excessive moisture.

Idaho Grain Marketing Workshops (live) on Dec. 16 –“Understanding technical trends in grain futures & strategies for improving your net malting barley/wheat contract price in 2011”

Call 208-334-2090 or send an email to kolson@idahobarley.org to register before Dec. 13.

- Dec. 16 at 8:30 a.m. at the Meridian Center, 310 N. Meridian Street, Blackfoot, ID (NEW LOCATION)
- Dec. 16 at 1:30 p.m. at the Rexburg Chamber of Commerce, 127 E. Main St., Rexburg, ID