

Idaho Grain Market Report, December 7, 2018—NEW CROP PRICES

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, December 5, 2018. Barley prices in \$/Cwt. And wheat prices in \$/bu.

	Barley (Cwt.) FEED 48 lbs or better	MALTING Open Market Malting	Wheat (bu.) Milling	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein	#1 HWW
Rexburg / Ririe	6.50			4.66	5.028	5.45	5.33
Idaho Falls		8.00-8.33		4.50	4.80	5.20	5.20
Blackfoot / Pocatello			7.06	4.50	4.80	5.25	5.20
Grace / Soda Springs	6.25			4.69	4.76	5.36	5.16
Burley / Rupert	6.25			4.68	4.52	5.14	5.12
Twin Falls / Buhl Jerome / Wendell	5.00-6.50			4.53-4.75	4.70	5.40	5.05
Nampa / Weiser				4.80			
Nezperce / Craigmont	5.21			5.25	5.59	6.01	
Lewiston	5.73			5.51	5.85	6.27	
Moscow / Genesee	5.24-5.43			5.24-5.43	5.62-5.72	6.04-6.15	5.72

Prices at Selected Terminal Markets, cash FOB

Wednesday, December 5, 2018. Barley prices in \$/Cwt. And wheat prices in \$/bu.

	#2 Feed Barley 46 lbs. --	Malting Barley	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein	#1 HWW
Portland			6.15-6.30	6.45-6.65	6.74-6.97	
Ogden	7.35		4.98	5.05	5.72	5.45
Great Falls	5.85-6.50	8.05-8.25		5.26-5.32	5.59-5.63	
Minneapolis	NQ			NQ	6.79-7.13	

Market News and Trends This Week

BARLEY—Local feed barley prices were mostly steady at Idaho elevators this week but dropped \$0.25 in one location, while open market malt barley prices were unchanged. USDA reported no net export barley sales for the week. Exports of 800 MT were to Japan (500 MT) and South Korea (300).

Barley Trends/Competitor News—In their December 4 report, the Australian Bureau of Ag and Resource Economics and Sciences said Australian barley production is down 18% to 7.3 million tonnes. Poor weather and low soil moisture levels are to blame. In Durango, Mexico, barley producers negotiated a price of \$ 5.44 per bushel with Grupo Modelo with 7.4 thousand acres to be planted, lower than last year's crop, since many producers opted for planting wheat due to the government plan to set fixed guaranteed prices for wheat. Hidalgo, Mexico will have increased barley production with Grupo Modelo's purchase of 460,000 thousand bushels of barley more than normally agreed on, according to The Secretary of Agricultural Development of Hidalgo. In Zacatecas, Mexico, 5 thousand acres of barley have been damaged due to low temperatures with 18.37 thousand bushels lost. The Argentinian barley crop has also suffered recent frost but the extent of damage is not yet known.

WHEAT—Idaho cash wheat prices were mixed, but trended higher overall for the week. SWW prices ranged from \$0.08 lower to \$0.13 higher than a week ago; HRW prices were up at all locations \$0.06 to \$0.20 higher; DNS prices ranged from \$0.05 lower to \$0.09 higher; and HWW prices were up at all locations \$0.11 to \$0.28 higher. USDA reported net export sales of 711,800 metric tons for 2018/2019, up 89 percent from the previous week and 58 percent from the prior 4-week average. Increases were for Egypt (120,000 MT), Mexico (118,100 MT), Thailand (109,100 MT), South Korea (87,700 MT), and Venezuela (60,000 MT). Exports of 480,700 MT were up 93 percent from the previous week and 43 percent from the prior 4-week average primarily to Vietnam (67,400 MT), Guatemala (65,100 MT), the Philippines (51,800 MT), Mexico (51,700 MT), and Iraq (50,100 MT).

Market News and Trends This Week—continued

Wheat Trends/Competitor News—According to the December 4 Crop Report from the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), Australia's 2018-19 winter crop production is now estimated to be 23% lower than last year's crop, and 20% below the 20-year-average due to unfavorable weather conditions in early spring. Wheat production is estimated to drop 20% to 17 million tonnes—the lowest since 2008 when production was 13.6 million tonnes. This drop in wheat production is likely to cut exports from the world's fourth largest supplier. Last year, the nation exported 13.8 million tonnes of wheat.

The International Grains Council (IGC) expects world total grain production to hit a three-year low, falling short of demand and keeping global trade strong, as reported following their 48th Council Session on December 4 in Paris, France. IGC members studied the latest supply and demand outlook and market developments for grains, rice and oilseeds as well as recent changes in national policies and administrative matters in making this announcement. At a three-year low of 2.079 billion tonnes, world total grains (wheat and coarse grains) production was forecast to be down by 24 million tonnes year-on-year, as an improved corn harvest was seen being outweighed by reductions for other crops. As grains production was again expected to be outstripped by demand, the IGC predicts a second consecutive season of world stock depletion. Global grain trade is expected to stay strong.

U.S. wheat carryover is projected to decline for a second straight year in 2018-19 and drop below 1 billion bu, 19.6% under two years ago. Global wheat ending stocks outside of China are also projected to be down for a second straight year and fall 21.4% from the 2016-17 peak. Global stocks-to-use, excluding China, is expected to tighten to 16.1%. The world has worked through much of its supply glut and although wheat prices are responding to tightening supplies, more demand for U.S. wheat on the global marketplace is needed to drive prices higher. USDA projects U.S. wheat exports to rise 13.7% from 2017-18, but still be 2.5% below two years ago.

CORN—USDA reported net export sales of 1,177,500 MT for 2018/2019, down 7 percent from the previous week, but up 26 percent from the prior 4-week average. Increases were reported for Mexico (302,700 MT, including decreases of 7,400 MT), Japan (292,600 MT), unknown destinations (178,000 MT), Colombia (135,100 MT, including 77,500 MT switched from unknown destinations and decreases of 2,000 MT), and South Korea (77,700 MT). Reductions were reported for France (9,900 MT). Exports of 1,166,300 MT were up 11 percent from the previous week and 7 percent from the prior 4-week average. The destinations were primarily to Mexico (358,400 MT), Japan (173,000 MT), South Korea (135,300 MT), Colombia (129,100 MT), and Taiwan (78,200 MT).

Ethanol corn usage—DOE's Energy Information Agency (EIA) reported ethanol production for the week ending December 6 averaged 1.069 million bbls/day – Up 2.00% from the previous week and down 3.52% over last year. Total ethanol production for the week came in at 7.483 million barrels. Ethanol stocks were 23.03 million bbls on December 6, up 0.44% from last week and up 2.16% from last year. An estimated 110.43 million bu of corn was used in last week's production bringing this crop year's cumulative corn usage for ethanol production at 1.4 billion bu, toward the USDA estimate of 5.65 billion bu total needed this crop year.

Futures Market News and Trends This Week

WHEAT FUTURES—Wheat futures were down across the board over continued trade uncertainty and lower exports year-to-date than expected.

Wheat futures prices finished at a range of \$0.00 1/4 to \$0.17 3/4 per bu lower for the week.

Wheat futures settlement prices (per bu) for Thursday, 12/6/2018:

	Dec 2018	Week Change	Mar 2019	Week Change	May 2019	Week Change	July 2019	Week Change
CHI SRW	\$5.05 1/4	-\$0.10 1/2	\$5.15 1/2	-\$0.00 1/4	\$5.21	-\$0.00 1/4	\$5.25 1/2	-\$0.01 3/4
KC HRW	\$4.68 3/4	-\$0.17 3/4	\$4.95 1/2	-\$0.04 3/4	\$5.07 1/2	-\$0.03 3/4	\$5.17 1/4	-\$0.04 1/4
MGE DNS	\$5.78	-\$0.05 1/4	\$5.69 1/4	-\$0.06 1/2	\$5.74 1/4	-\$0.07 1/4	\$5.80 3/4	-\$0.08 1/4

CORN FUTURES—Corn futures were strong and up across the board over the previous week. **December 2018 contract closed Thursday, December 6 at \$3.72 up \$0.05 1/2 for the week, March 2019 contract closed at \$3.82 3/4 up \$0.05, May 2019 contract closed at \$3.90, up \$0.05 over the previous week, and July 2019 closed at \$3.96 1/4, up \$0.04 3/4 for the week.**

CRUDE OIL FUTURES—Crude oil markets continue to struggle. Thursday's OPEC meeting did not produce a production cut schedule that was strong enough to push the market up. Besides being sensitive to OPEC, U.S. dollar strength also has substantial impact. Further, there is concern about the market being somewhat oversupplied.

EIA reported U.S. crude oil refinery inputs averaged 17.5 million bbls/day during the week ending November 30, 66,000 bbls/day less than last week's average. Refineries operated at 95.5% of capacity last week. There was a decrease in Crude Oil stocks of 7.323 million bbls over last week to 443.162 million bbls, over the 5-year average of 416.220 million bbls. Distillate stocks increased by 3.811 million bbls to a total of 125.612 million bbls, under the 5-year average of 135.074 bbls; while gasoline stocks increased by 1.699 million bbls to 226.25 million bbls, over the 220.799 million bbl 5-year average. The national average retail regular gasoline price was \$2.451 per gallon on November 30, 2018, \$0.088 lower than last week's price and \$0.049 under a year ago. The national average retail diesel fuel price was \$3.207 per gallon, \$0.054 per gallon below last week's level but up \$0.285 over a year ago.

Crude Oil Futures finished up slightly for the week to close at \$51.49/bbl on Thursday, December 6, 2018 (January contract), up \$0.04 over the previous week.

The first weekly USDA Crop Progress and Condition Report for 2019 will be released April 1, 2019.

USDA U.S. Crop Weather Highlights—December 7, 2018

West—Showers linger in the lower Colorado Valley and environs. In Arizona, the rain is slowing cotton harvesting and other late-autumn fieldwork. Meanwhile, dry weather has returned across much of California. Dry weather also prevails in the Northwest, where high-elevation snowpack is significantly below average.

Plains—Rain has developed across much of Texas, curtailing late-season harvest efforts. Cold but dry weather covers the northern and central Plains. Pockets of sub-zero temperatures occurred early today on the northern Plains.

Corn Belt—Cold, mostly dry weather prevails. This morning's minimum temperatures dipped below 10°F as far south as central Illinois and plunged below 0°F in parts of the upper Midwest. In areas where soils have sufficiently frozen, producers are making slow progress on late-season corn and soybean harvesting.

South—Rain stretches from eastern Texas to the southern Appalachians, resulting in another round of fieldwork delays. Amid frequent autumn storms, producers have struggled to complete winter wheat planting and summer crop harvesting. An exception to the wetness includes southern Florida.

Outlook for U.S. Mainland—A slow-moving storm crossing the South will produce widespread precipitation (rain, freezing rain, sleet, and snow). Flooding may occur in the western Gulf Coast region. Heavy rain will also soak the lower Mississippi Valley and much of the Southeast. Wintry precipitation could cause travel and electrical disruptions from southern sections of the Rockies and Plains into the southern Appalachians. By early next week, precipitation returns to the Pacific Northwest, while the remainder of the northern and western U.S. will experience dry weather and a warming trend. The NWS 6- to 10-day outlook for December 12 – 16 calls for near- or above-normal temperatures and precipitation nearly nationwide. Colder-than-normal conditions will be limited to the Intermountain West, while drier-than-normal weather should be restricted to the northern Plains.

USDA International Crop Weather Highlights—December 4, 2018

EUROPE—Drought continued in Germany and Poland, but much-needed rain arrived at the end of the week. Rain alleviated lingering drought concerns in France, while snow insulated dormant wheat and rapeseed from the coldest air of the season in southeastern Europe. Showers favored winter grain establishment in Spain and Italy.

MIDDLE EAST—Rain expanded and intensified across the region, easing short-term drought on central Turkey's Anatolian Plateau while maintaining abundant moisture supplies elsewhere for winter grains.

FSU—Winter wheat is dormant under widespread snowpack.

ASIA—Unseasonably mild weather and light showers promoted wheat and rapeseed development in eastern China. Seasonably wet weather across Malaysia and Indonesia continued to benefit oil palm, although rainfall remained lighter than normal for rice establishment in central Java, Indonesia. Unfavorably dry weather returned to the northeastern Philippines, limiting moisture for rice and corn. Heavy showers in Vietnam caused flooding and delayed coffee harvest.

AUSTRALIA—Sunny skies in Queensland and far northern New South Wales favored summer crop development. Rain throughout the remainder of New South Wales reduced irrigation requirements for cotton and rice. Mostly dry weather in Victoria, South Australia, and Western Australia aided winter crop harvesting.

SOUTH AMERICA—Widespread, locally heavy showers covered key Brazilian soybean, corn, and cotton areas. Mostly dry weather aided corn and soybean planting in Argentina's southern farming areas.

SOUTH AFRICA—Moisture remained limited for planting in central and western sections of the corn belt.

NORTHWEST AFRICA—Drier weather in Morocco and western Algeria promoted winter grain planting and establishment, while rain lingered in northeastern Algeria and northern Tunisia.

NEXT USDA World Supply and Demand Estimates to be Released Next Week—December 11

Look for updates in next week's report.