

Idaho Grain Market Report, December 20, 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 19, 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	6.75		4.72	5.03	5.28	5.33
Idaho Falls		8.30-8.33	4.65	5.00	5.30	5.40
Blackfoot / Pocatello		8.30-8.33	4.65	5.00	5.30	5.40
Grace / Soda Springs	6.55		4.72	4.98	5.21	5.38
Burley / Rupert	6.25		4.57	4.63	5.08	5.23
Twin Falls / Buhl Jerome / Wendell	5.00-6.50		4.40-4.65	4.85	5.15	5.16
Nampa / Weiser			4.95			
Nezperce / Craigmont	5.21		5.35	5.68	5.95	
Lewiston	5.73		5.61	5.94	6.21	
Moscow / Genesee	5.24-5.43		5.38-5.53	5.71-5.86	5.96-5.15	5.86

Prices at Selected Terminal Markets, cash FOB

Wednesday, December 19, 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	6.71-6.75	6.83-6.90	
Ogden	7.35		4.92	5.13		5.53
Great Falls	6.25-6.50	8.05-8.25		5.40-5.48	5.48-5.53	
Minneapolis	NQ			NQ	6.39-6.54	

Market News and Trends This Week

BARLEY—Local feed barley prices were mostly steady at Idaho elevators this week but jumped \$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 2,900 MT--a marketing-year high--were up noticeably from the previous week and from the prior 4-week average. The destination was Japan.

Barley Trends/News—Constellation Brands is facing challenges to a planned \$1.5 billion brewery in Mexico, after a petition for a public vote on its construction was accepted for consideration by the Baja California State Senate, according to The Drinks Business. The company announced plans for the new brewery in Mexicali, Baja California, in January 2016. This new facility is hoped to have a brewing capacity of 10 million hectolitres by December 2019. Now this could be in jeopardy after the petition to have a public vote on whether locals actually want this brewery gained 18,595 signatures. The petition was launched out of fear that the brewery will use up too much of the limited water available in the Mexicali valley, 80% of which is designated for agriculture and farming, with only 2% designated for industry. Constellation Brands has filed a legal challenge with the state electoral authorities against the body's decision, demanding the vote be suspended. The company, which brews popular the beer brands Corona and Modelo for the U.S. market, says they have already gained the necessary authorization after it had been subject to a public vote two years ago, and has completed the requisite environmental checks for construction. In other news, Australian barley harvest is more than 80% complete and due to extensive drought, the December USDA WASDE report predicts Australian production and exports to be down 100kmt and 300kmt to 7.3mmt and 5.4mmt respectively. Canadian barley production is now expected to be down for the year 100kmt to 8.4 mmt due to decreased yields according to the December WASDE report.

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Market News and Trends This Week—continued

WHEAT—Idaho cash wheat prices were mixed for the week. SWW prices ranged from \$0.19 lower to \$0.14 higher than the previous week; HRW prices were \$0.10 lower to \$0.11 higher; DNS prices were \$0.03 to \$0.15 lower; and HWW prices were \$0.08 lower to \$0.11 higher. USDA reported net export sales of 313,600 metric tons for 2018/2019, down 58 percent from the previous week and 42 percent from the prior 4-week average. Increases were reported for Japan (71,300 MT, including decreases of 400 MT), Ecuador (53,000 MT, including 44,000 MT switched from unknown destinations), Taiwan (52,400 MT). Reductions were primarily for unknown destinations (38,400 MT) and Bangladesh (1,100 MT). Exports of 655,500 MT--a marketing-year high--were up 34 percent from the previous week and 52 percent from the prior 4-week average. The destinations were primarily to Taiwan (82,500 MT), Japan (72,700 MT), the Philippines (64,900 MT), Mexico (64,900 MT), and Italy (59,300 MT).

Wheat Trends/News—Rabobank released a study this week outlining challenges to the current grain merchandising model, noting that traditional grain companies will have to adjust quickly to succeed. The report, "U.S. grain storage and challenges to traditional grain merchandising," said it's not just on-farm storage and producer marketing patterns that challenge the long-term viability of the existing merchandising model. Those reasons are often given as explanation by large and small grain companies for poor earnings. Stephen Nicholson, senior analyst of grains and oilseeds at Rabobank, said in the report that the situation is far more complex. "Contributing to a squeeze on margins are also the concentration of grain origination assets and storage capacity at the top grain companies, increased competition for grain in the country from many end users, sector players with different objectives and business models, increased competition for export business and more nimble players." A smaller number of producers are controlling a large amount of grain and are effectively cutting out the elevator in the middle. In addition, there is increased demand for grain with processors, exporters, large livestock operation and export terminals all competing for grain.

CORN—The USDA reported net sales of 1,974,400 MT for 2018/2019--a marketing-year high-- up noticeably from the previous week and up 87 percent from the prior 4-week average. Increases were reported for Mexico (1,339,000 MT), Japan (391,200 MT), Colombia (189,900 MT, including 115,000 MT), the Philippines (50,000 MT), and Canada (13,000 MT). For 2019/2020, total net sales were reported for Mexico (542,600 MT). Exports of 975,600 MT were up 3 percent from the previous week, but down 3 percent from the prior 4-week average. The destinations were primarily to Mexico (333,100 MT), Japan (292,300 MT), Colombia (145,200 MT), Taiwan (74,800 MT), and the Dominican Republic (44,100 MT).

Ethanol corn usage—DOE's Energy Information Agency (EIA) reported ethanol production for the week ending December 14 averaged 1.046 million bbls/day - unchanged from the previous week and down 2.88% over last year. Total ethanol production for the week came in at 7.322 million barrels. Ethanol stocks were 23.873 million bbls on December 14, up 4.29% from last week and up 6.96% from last year. An estimated 108.01 million bu of corn was used in last week's production bringing this crop year's cumulative corn usage for ethanol production at 1.62 billion bu, toward the USDA estimate of 5.6 billion bu total needed this crop year.

Futures Market News and Trends This Week

WHEAT FUTURES—Wheat futures dropped across the board this week as Russia announced an increase in wheat exports.

Wheat futures prices finished at \$0.03¾ to \$0.15½ lower for the week. Wheat futures settlement prices (per bu) for Thursday, 12/20/2018:

	Mar 2019	Week Change	May 2019	Week Change	Jul 2019	Week Change	Sep 2019	Week Change
CHI SRW	\$5.23½	-\$0.06½	\$5.31	-\$0.05½	\$5.38¼	-\$0.04½	\$5.46	-\$0.03¾
KC HRW	\$5.09½	-\$0.08¾	\$5.20¾	-\$0.08½	\$5.32¼	-\$0.06¼	\$5.43¼	-\$0.06¾
MGE DNS	\$5.68½	-\$0.15½	\$5.75	-\$0.14	\$5.81¼	-\$0.13¾	\$5.89	-\$0.12½

CORN FUTURES—Corn futures were down across the board compared to the previous week. **March 2019 contract closed Thursday, December 20 at \$3.75¼ down \$0.09½ for the week, May 2019 contract closed at \$3.83 down \$0.09¼, July 2019 contract closed at \$3.90¼, down \$0.08½ over the previous week, and September 2019 closed at \$3.92¼, down \$0.07¾ for the week.**

CRUDE OIL FUTURES—2018 has seen a sell-off in the oil market, with the WTI Crude and Brent futures falling significantly since October. With record U.S. shale oil production, the U.S. has become a major world oil producer. The trade dispute between the two largest economies also ended up driving prices down.

EIA reported U.S. crude oil refinery inputs averaged 17.4 million bbls/day during the week ending December 14, 28,000 bbls/day less than last week's average. Refineries operated at 95.4% of capacity last week. As of December 14, there was a decrease in Crude Oil stocks of 0.497 million bbls over last week to 441.457 million bbls, over the 5-year average of 413.370 million bbls. Distillate stocks decreased by 4.237 million bbls to a total of 119.9 million bbls, under the 5-year average of 134.325 bbls; while gasoline stocks increased by 1.766 million bbls to 230.103 million bbls, over the 224.597 million bbl 5-year average. The national average retail regular gasoline price was \$2.369 per gallon on December 17, \$0.052 lower than last week's price and \$0.081 under a year ago. The national average retail diesel fuel price was \$3.121 per gallon, \$0.040 per gallon below last week's level but up \$0.220 over a year ago.

Oil Futures finished down significantly for the week to close at \$45.88/bbl on Thursday, December 20, 2018 (February contract), down \$6.70 over the previous week.

USDA Crop Progress / Condition Report—NEXT REPORT TO BE RELEASED APRIL 1, 2019

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

USDA U.S. Crop Weather Highlights—December 20, 2018

West—Wet, windy weather is returning to western Washington, with an approaching cold front. Mild, dry weather covers the remainder of the region, favoring off-season fieldwork in California and the Desert Southwest. Dense fog in California's San Joaquin Valley.

Plains—Dry weather accompanied by near or above-normal temperatures. Drier than normal weather has prevailed in a small center across northern and western Oklahoma, neighboring states, leading to concerns about winter wheat that in some cases is suffering from poor establishment due to late planting and a period of cold autumn weather.

Corn Belt—Patches of light rain are occurring from the Mississippi River eastward, while snow is limited to the upper Great Lakes region. Muddy conditions remain a concern in some fields and feedlots due to excessive soil moisture.

South—Widespread rainfall, primarily east of the Mississippi River. Many southeastern communities, including Wilmington, N. Carolina; Frankfort, Kentucky; and Lynchburg, Virginia, have already set annual precipitation records. Windy weather in the western Gulf Coast region.

Outlook for U.S. Mainland—A developing storm system over the eastern US will move northward. Storm total rainfall of 1-3 inches, falling on already saturated soils, could lead to widespread flooding in the Atlantic Coast States. Some freezing may occur in northern New England. Snow may develop in the Appalachians and downwind of the Great Lakes. Periods of high elevation snow will continue in the Northwest, but mild mostly dry weather will prevail in the southern California to the High Plains. The NWS 6-10 day outlook for December 25-29 calls for above normal temperatures in most areas along the east from Texas to Minnesota, while colder than normal conditions will prevail in the West. Wetter than normal weather will occur nearly nationwide, particularly from the central Plains into the Mississippi Valley.

USDA International Crop Weather Highlights—December 19, 2018

EUROPE—Additional rain and snow eased drought in Germany and Poland, improving moisture reserves for dormant winter wheat and rapeseed but arriving too late to improve establishment prospects. Rain boosted moisture reserves for dormant to semi-dormant winter crops in France and England. Widespread snow insulated dormant wheat and rapeseed over southeastern Europe. Late-week showers in Spain and Portugal maintained favorable for winter-grain prospects.

MIDDLE EAST—Moderate rain and snow continued across the region, easing 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—Tropical Cyclone Phetnai brought showers to Eastern India, boosting moisture supplies for winter rice and other crops. Freezing temperatures into the Yangtze Valley, slowing rapeseed development and easing the crop into dormancy.

AUSTRALIA—Soaking rain brought drought relief to the east, interrupting local wheat, barley, and canola harvesting. Mostly dry weather in the west favored rapid winter grain and oilseed harvesting.

SOUTH AMERICA—Unseasonable warmth and dryness were untimely for reproductive corn and soybeans in Parana, Brazil. Conditions remained unfavorable for Brazil's northerly summer crops.

SOUTH AFRICA—Scattered showers continued in many eastern farming areas but rain was needed farther west before corn planting could become widespread.

NORTHWEST AFRICA—Sunny skies favored winter grain development. Heavy showers boosted moisture for wheat and barley establishment from central Algeria into northern Tunisia.

This is the last Idaho Grain Market Report for 2018.

There will not be reports the weeks of Christmas or New Year's.

The next report will be published the first full week of January.

*Wishing one and all a Merry
Christmas and Prosperous 2019!*