

Idaho Grain Market Report, May 10, 2018

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, May 9, 2018. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	Barley (Cwt.) FEED	MALTING	Wheat (bu.) Milling			
	48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% pro	#1 DNS 14% pro	#1 HWW
Rexburg / Ririe	\$7.00		\$4.05	\$5.25	\$5.70	\$5.55
Idaho Falls	\$6.25	\$8.30-9.06	\$4.00	\$5.20	\$5.50	\$5.45
Blackfoot / Pocatello	\$6.25	\$6.50	\$4.00	\$5.20	\$5.50	\$5.45
Grace / Soda Springs	\$7.20		\$4.06	\$4.62	\$5.43	\$5.32
Burley / Rupert	\$5.50		\$4.20	\$4.58	\$5.52	\$5.33
Hazelton						
Twin Falls / Buhl / Jerome / Wendell	\$6.00-6.40		\$4.10	\$4.65	\$5.55	\$5.22
Nampa / Weiser			\$4.90			
Nez Perce / Craigmont	\$6.11		\$5.10	\$5.71	\$6.67	
Lewiston	\$6.63		\$5.36	\$5.97	\$6.93	
Moscow / Genesee	\$5.99-6.14		\$5.13-5.28	\$5.74-5.95	\$6.70-6.90	\$5.95

Prices at Selected Terminal Markets, cash prices FOB

	#2 Feed 46 lbs. --	Malting	#1 SWW Ord pro -	#1 HRW 11.5% Protein	#1 DNS 14% Protein	#1 HWW
Portland			\$5.72 ³ / ₄ -6.00	\$6.54 ¹ / ₄ -6.69 ¹ / ₄	\$7.48 ³ / ₄ - 7.78 ³ / ₄	
Ogden	\$7.45		\$4.33	\$4.94	\$5.79	\$5.59
Great Falls	\$6.00-6.25	\$8.00- 8.30		\$5.61-5.72 (12%)	\$6.31-6.39	
Minneapolis	\$5.94			\$5.93 ¹ / ₄ (12%)	\$7.69	

Market trends this week

BARLEY – Local feed barley prices ranged from steady to 15 cents lower this week, but were mostly steady. Open market malting barley prices remained steady. USDA reported there were no barley export sales last week but export shipments totaled 100 MT to Taiwan.

BARLEY S&D Projections May 10, 2018 -

MY 2017/18 (ends May 31) - USDA made no changes to their monthly barley S&D balance sheet, leaving ending stocks unchanged at a multi-year low of 65 million bu, and down 39% from the previous year. The **average farm-gate barley price for MY 2017/18 was pegged at \$4.50**, down \$.46 or 9% from the previous year.

New Marketing Year 2018/19 (begins June 1) – USDA pegged **2018 U.S. barley production up 5 million bu (+4%) to 147 million bu**, based on trend-line yields of 73.5 bpa which will be better than last year's 72.6 bpa. Total usage was pegged at 185 million bu, down 4%, and U.S. barley ending stocks were cut by 28% to 47 million bu. The average U.S. barley farm-gate price was estimated at a range of \$4.00-5.20/bu. **World barley production was pegged at 147.6 MMT, up 3%**, based on bigger crops in the EU and Australia. World barley ending stocks were pegged at 17.2 MMT, down 5% after this year's sharp decline of 19% and a stocks-to-use of 11.6%, which is down slightly from 12.3% in the current year.

WHEAT – Local wheat prices are lower this week: SWW prices ranged from 2 to 40 cents lower; HRW prices ranged from 23 to 34 cents lower; and DNS prices ranged from 3 to 17 cents lower. USDA reported disappointing export sales as the marketing year winds down (May 31) at only 35.2 TMT (plus MY 2018/19 sales of 48.2 TMT), down 85% from the previous week and down 76% from the previous 4-week average. Wheat export shipments totaled 321.9 TMT, up 14% from the previous week but down 27% from the previous 4-week average.

WHEAT S&D Projections May 10, 2018 –

MY 2017/18 (ends May 31) - USDA made only very minor tweaks..they raised food use by 8 million bu to 963 million bu, raised seed use by 1 million bu to 63 million bu, and cut exports by 15 million bu to 910 million bu, resulting in a 6 million bu increase in ending stock to 1.07 billion bu, a decline of 9.1% from the previous year. **The average farm-gate wheat price for MY 2017/18 was set at \$4.70/bu, up 21% from the previous year.**

New Marketing Year 2018/19 (begins June 1) – Slightly bearish projections against trade expectations...USDA pegged **2018 U.S. wheat production at 1.821 billion bu, up 70 million bu or 4.6% from last year based on a rebound in spring wheat yields and ABOVE the average pre-report trade estimate of 1.774 billion bu.** Total usage was pegged at 2.072 billion bu, up 3% from 2017 and **ending stocks are pegged at 955 million bu, down 115 million bu from last year and ABOVE the average pre-report trade estimate of 932 million bu.** The average U.S. wheat farm-gate price was estimated at a range of \$4.50-5.50/bu. **World wheat production was pegged at 747.8 MMT, down 1.4%**, based on smaller crops projected in Russia and Ukraine, more than offsetting better crops in U.S. Canada and Australia. World wheat ending stocks were pegged at 264.3 MMT, down 2.3%, and BELOW the average pre-report trade estimate of 269 MMT. World wheat stocks-to-use is pegged at 35.1%, compared to 36.3% in MY 2017/18.

Wheat Competitor/Buyer News – The EU's year-to-date wheat exports are running 21% behind the previous year's pace, while Russia's are running 59% above. In their first estimate for the new Marketing Year 2018/19, USDA is pegging the Russian wheat crop at 72 MMT, down 13 MMT from last year and the Ukraine crop at 26.5 MMT, down 1.5 MMT. They are projecting the EU crop at 150.4 MMT, down 1.2 MMT; Canadian crop at 32.5 MMT, up 2.5 MMT; Australian crop at 24 MMT, up 2.5 MMT; and the Argentine crop at 19.5 MMT, up 1.5 MMT.

CORN – USDA reported corn export sales below trade expectations last week at 695.6 TMT (plus MY 2018/19 sales of 90 TMT), down 32% from the previous week and down 22% from the previous 4-week average. Corn export shipments were better at 1.785 MMT, up 21% from the previous week and up 8% from the previous 4-week average.

CORN S&D Projections May 10, 2018-

MY 2017/18 (ends Aug 31)- USDA made no changes to their current year domestic balance sheet...except to raise the average farm-gate price of corn by \$0.05 to \$3.25-3.55/bu. **MY 2018/19 (begins Sept. 1)** – USDA pegged beginning stocks at 2.182 billion bu down 111 million bu from last, **U.S. corn production at 14.040 billion bu, down 4% from last year, based on a 2 million acreage cut and trend line yield of 174 bpa, compared to last year's record yield of 176.6 bpa. Ending stocks were cut by 500 million bu to 1.682 billion bu, down 23% and ABOVE the average trade estimate of 1.631 billion bu.** The average U.S. corn farm-gate price was estimated at a range of \$3.30-4.30/bu. **World corn production was pegged at 1,056 MMT**, up 2%, while world corn ending stocks were pegged at 159.2 MMT, down 18% and BELOW the average pre-report trade estimate of 183.6 MMT. World corn stocks-to-use is pegged at 14.6%, down from 18.2% in the current marketing year and the tightest stocks to use since the 1973/74 season and leaves new crop corn very sensitive to any weather hiccups that could affect yield expectations in any of the major producing countries.

Ethanol corn usage – DOE's Energy Information Agency reported a modest uptick in weekly U.S.ethanol production last week – up 0.78% or 8,000 bbls/day to 1,040,000 bbls/day and up 3.4% from last year. Ethanol stocks eased slightly to 21.96 million bbls and are down 4.7% from a year ago. Weekly corn usage for ethanol remained strong at 108.37 mbu and cumulative year-to-date corn use now totals 3.91 billion bu. There were reports this week that a compromise deal may be close between the ethanol/corn producers and oil refiners that would allow E15 blended gasoline to be sold year-round in return for capping renewable fuel credits (RINS). There were still some details to iron out such as a demand by refineries demand that RINS be issued against ethanol exports which is opposed by corn growers. It has been projected that year round sales of E15 blends could amount to another 2 billion bu of corn usage.

Corn Competitor/Buyer News – As expected, USDA cut their current MY 17/18 Brazilian corn production estimate by 5 MMT to 87 MMT (compared to CONAB at 86.7 MMT and Rabobank at 85.5 MMT) and left their Argentine estimate unchanged at 33 MMT. For MY 2018/19 USDA is assuming more favorable growing conditions, pegging the Brazilian crop at 96 MMT and Argentine crop at 41 MMT. USDA is pegging Chinese corn crop at 225 MMT, up 9 MMT from last year. Chinese officials have pegged their 2018 corn crop at 213.7 MMT and demand at 255 MMT, resulting in a significant drawdown in corn reserves.

Futures Market trends this week

WHEAT – Wheat prices slumped to start the week under profit-taking pressures triggered by a higher dollar which is hurting export prospects. Wheat prices were pulled higher on Tuesday on a combination of short covering and technical buying. Poor winter wheat crop ratings continue to provide underlying support. Prices moved lower on Wednesday and again today (Thursday) on slightly bearish domestic ending stocks estimates from USDA and disappointing export sales.

Wheat futures contract closes on Thursday, 5/10/2018...

	July 2018	Week Change	Sept 2018	Week Change	Dec 2018	Week Change
CHI SRW	\$5.06½	Down \$0.19¾	\$5.23	Down \$0.18¾	\$5.44	Down \$0.19
KC HRW	\$5.27	Down \$0.28¾	\$5.45½	Down \$0.28¼	\$5.70¾	Down \$0.27
MGE DNS	\$6.09	Down \$0.02¼	\$6.15¾	Down \$0.02	\$6.27¾	Down \$0.01¾

CORN- Corn posted modest losses to start the week on ideas that warm and mostly dry weather will rapidly advance corn planting. Prices rebounded modestly on Tuesday in positioning ahead of Thursday's USDA S&D projections which will reveal the first official forecast for the new Marketing Year 2018/19. Traders expect to see a large drawdown in global corn stocks due to smaller crops in the U.S., Brazil and Argentina and sharply higher usage in China. Corn finished fractionally lower on Wednesday and again today (Thursday) in consolidated trading in anticipation of the S&D projections and disappointing export sales. **July 2018 contract closed on Thursday, 5/10/2018 at \$4.02, down \$0.04¼ for the week, Sept. 2018 contract closed at \$4.10¼, down \$0.03½ for the week and Dec. 2018 contract closed at \$4.19½, down \$0.01½ for the week.**

CRUDE OIL – Crude oil futures surged higher this week – topping \$70/bbl for the first time since 2014 - in the wake of Trump's decision to withdraw the U.S. from the Iran nuclear deal and reimpose sanctions on Iran that will likely restrain their crude oil exports. A sharp drop in crude oil imports by the U.S. this week by nearly a 1 million bpd to 5.4 million bpd also provided support. The U.S. EIA reported weekly domestic oil stockpiles fell by 2.197 million bbls, compared to an expected decline of 719,000 bbls. Distillate stocks decreased by 3.791 million bbls, compared to an expected cut of 1.4 million bbls. Gasoline stocks fell by 2.174 million bbls, compared to an expected decline of 450,000 bbls. **Crude oil futures finished up \$1.64/bbl for the week to close at \$71.36/bbl.**

U.S. Crop Weather/ Crop Conditions – The PNW was warm and mostly dry, with a slow moving storm bringing moisture along the northern edge. The Plains are experiencing above normal temperatures aiding winter wheat development and accelerating spring wheat planting. Developing showers have slowed spring grain planting across a wide band of the Upper Midwest. The Corn Belt saw mostly favorable weather this week, accelerating planting, with some planting disruptions across the Upper Midwest. Cooler air is expected to sweep into region this week, along with moisture. **The 6-10 day outlook** calls for near to above normal temperatures and near to above normal rainfall for much of the country, except the PNW which is expected to be dry and cooler.

USDA Crop Progress / Condition Report, May 7, 2018

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US Barley	42% planted 13% emerged	26%	50%	59%			
ID Barley	86% planted 51% emerged	68%	71%	84%			
US Spring Wheat	30% planted 4% emerged	10%	51%	51%			
ID Spring Wheat	82% planted 36% emerged	64%	57%	83%			
US Winter Wheat	33% headed	19%	49%	41%	34% g/ex	33%	53%
ID Winter Wheat	4% headed	2%	2%	3%	72% g/ex	68%	
Corn	39% planted 8% emerged	17%	45%	44%			

International Crop/Weather –

Europe – Crop conditions remain mostly favorable across Western and Southern Europe with plenty of moisture for advancing winter grains and developing spring grains. Conditions are trending drier across Central and Eastern Europe.

Black Sea – Sunny unseasonably hot conditions across Ukraine and Southwest Russia is accelerating winter wheat development but rapidly reducing soil moisture supplied for summer crops. Russia is receiving beneficial moisture this week, maintaining mostly favorable growing conditions.

North Africa – Showers boosted crop conditions for reproductive to filling winter grains.

Middle East – Timely rains have eased dryness concerns in Turkey and locally heavy showers continue to boost yield prospects across Iraq and Western Iran.

China – Widespread rains boosted winter wheat prospects across Eastern China.

Australia – Dryness in the Northeast has slowed early winter grain development while widespread shows across the Southeast is aiding winter grain planting.

South America – Brazil's key southern corn growing areas remain adversely dry with moisture not expected until next week. pected over the next 10 days. By contrast, rain persisted across parts of Argentina, slowing corn harvest but improving prospects for winter grains.