

Idaho Grain Market Report, June 14, 2018

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, June 13, 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 | \$6.50-6.85 | | \$4.05-4.10 | \$5.25 | \$5.47 | \$5.60-5.65 |
| Idaho Falls | \$6.25 | \$8.30-9.06 | \$4.25 | \$5.05 | \$5.30 | \$5.30 |
| Blackfoot / Pocatello | \$6.25 | \$6.50 | \$4.25 | \$5.05 | \$5.30 | \$5.30 |
| Grace / Soda Springs | \$7.20 | | \$4.26 | \$4.74 | \$5.21 | \$5.48 |
| Burley/Rupert – ** new crop prices | \$5.25 - 6.50 | | \$4.42 | \$4.71 | \$5.23 | \$5.31 |
| Twin Falls / Buhl / Jerome / Wendell | \$6.00-6.40 | | \$4.30-4.35 | \$4.80 | \$5.30 | \$5.45 |
| Nampa / Weiser | | | \$4.95 | | | |
| Nez Perce / Craigmont | \$5.96 | | \$5.25 | \$5.84 | \$6.40 | |
| Lewiston | \$6.48 | | \$5.51 | \$6.10 | \$6.66 | |
| Moscow / Genesee | \$5.95-5.99 | | \$5.28-5.43 | \$5.87-6.02 | \$6.43-6.56 | \$6.02 |

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 | | | \$5.90-6.18 | \$6.64 -6.89 | \$7.19½ - 7.34½ | |
| Ogden | \$7.45 | | \$4.58 | \$6.01 | \$5.59 | \$5.76 |
| Great Falls | \$6.25-6.75 | \$8.25- 8.40 | | \$5.69-5.84 (12%) | \$5.94-6.15 | |
| Minneapolis | \$5.94 | | | \$6.08½ (12%) | \$7.32½ -7.57½ | |

Market trends this week

BARLEY – Local feed and open market malting barley prices are steady this week. USDA reported there were no new export sales last week, but exports of 1.6 TMT to Japan.

BARLEY S&D Projections June 12, 2018 -

MY 2017/18 (ended May 31) - USDA made no changes to their monthly barley S&D balance sheet for MY 2017/18, which ended May 31, drawing ending stocks down to a multi-year low of 65 million bu, and down 39% from the previous year. The final 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 (began June 1)** – USDA made no changes to the new MY 18/19 barley balance sheet. **World barley production was pegged at 146.9 MMT, up 3.6% from last year**, based on bigger crops anticipated in the EU and Australia. World barley ending stocks were pegged at 17.73 MMT, down 4% from last year.

WHEAT – Local wheat prices are mostly lower this week: SWW prices ranged from minus 15 cents to plus 15 cents; HRW prices ranged from minus 25 cents to plus 5 cents; and DNS prices were 5 to 20 cents lower. USDA reported wheat export sales were within trade expectations last week at 302.3 TMT. Wheat export shipments last week totaled 310.0 TMT.

WHEAT S&D Projections June 12, 2018 –

MY 2017/18 (ended May 31) – As expected USDA lowered old crop wheat exports by 10 million bu and raised ending stocks by the same amount to 1.07 billion bu. The final farm-gate wheat price for MY 2017/18 was pegged at \$4.70/bu, up 21% from the previous year. **New Marketing Year 2018/19 (began June 1)** – USDA raised new crop U.S. wheat production by 6 million bu to 1.827 billion bu, ABOVE the average pre-report trade estimate of 1.811 billion bu. New crop wheat exports were raised by 25 million bu to 950 million bu, resulting in a 9 million bu cut in ending stocks to 946 million bu. This is **BELOW the average pre-report trade estimate of 957 million bu**. The average U.S. wheat farm-gate price was estimated at a range of \$4.60-5.60/bu. **World wheat production was pegged at 744.7 MMT, down**

1.8% from the previous year, based on smaller crops projected in Russia and the EU. World wheat ending stocks were pegged at 266.2 MMT, down 2.3% from the previous year, but **ABOVE the average pre-report trade estimate of 263 MMT**. World wheat stocks-to-use is pegged at 35.5%, compared to 36.8% in MY 2017/18.

Informa Economics lowered their spring wheat planted acreage estimate this week from 12.4 to 12.17 million acres, compared to USDA's current estimate of 12.6 million acres.

Wheat Competitor/Buyer News – Russian wheat crop estimates are continuing to decline...SovEcon pegged their wheat crop at 73.1 MMT this week down 3.9 MMT from an earlier estimate, IKAR is pegging their crop at 71.5 MMT, and the Russian Grain Union at 68-69 MMT, down 21% from last season. Cocereal cut their EU soft wheat crop estimate by 1.7 MMT this week to 138.8 MMT, due to dryness in Germany, Baltics and Scandanavian region. By contrast, French and Spanish crops are better than a year ago. ABARE cut their Australian wheat crop estimate this week from 23.7 MMT to 21.9 MMT, due to early season dryness in New South Wales, which is a significant wheat growing region.

CORN – USDA reported export sales remained on high end of trade expectations last week at 936.4 TMT old crop and 240.2 TMT new crop (MY 18/19), up 12% from the previous week and up 2% previous 4-week average. Corn export shipments last week totaled 1.41 MMT, down 3% from the previous week and down 12% from the previous 4-week average.

CORN S&D Projections May 10, 2018-

MY 2017/18 (ends Aug 31)- As expected USDA increased old crop corn exports by 75 million bu to 2.3 billion bu, lowered imports by 5 million bu to 45 million bu, resulting in a 80 million bu decrease in ending stocks to 2.102 billion bu. They left the average farm-gate price unchanged at \$3.25-3.55/bu. **MY 2018/19 (begins Sept. 1)** – USDA lowered beginning stocks by 80 million bu to 2.102 billion bu, cut feed usage by 25 million bu to 5.35 billion by and raised food and industrial by 50 million bu to 7.165 billion bu. This resulted in a 104 million bu reduction in new crop ending stocks to 1.577 billion bu, a five year. This estimate is **BELOW the average trade estimate of 1.652 billion bu**. The average U.S. corn farm-gate price was increased to \$3.40-4.40/bu. **World corn production was pegged at 1,052 MMT**, up 1.7% from the previous year, while world corn ending stocks were pegged at 154.7 MMT, down 20% from the previous year and **BELOW** the average pre-report trade estimate of 157.7 MMT. World corn stocks-to-use is pegged at 14.2%, down from 18.0% in the current marketing year and the tightest stocks-to-use since the 1973/74 season that leaves new crop corn very sensitive to any weather hiccups that could affect yield expectations in any of the major producing countries.

Informa Economics lowered their corn planted estimate this week from 89.0 to 88.7 million bu, compared to USDA's current estimate of 88.0 million acres.

Ethanol corn usage – DOE's Energy Information Agency reported weekly U.S.ethanol production saw an uptick last week – up 12,000 or 1.2% at 1,053,000 bbls/day – up 5.1% from last year. Ethanol stocks continued to inch upward at 22.17 million bbls, up 1.3% from the previous week but down 1.6% from last year. Weekly corn usage for ethanol remains strong at 109.7 mbu. Cumulative corn usage for ethanol now totals 4.45 billion bu. This strong production pace suggests that USDA will likely increase their ethanol use in their supply and demand balance sheet before the end of MY 2017/18 which ends August 31.

Corn Competitor/Buyer News – CONAB pegged the Brazilian corn crop this week at 82.8 MMT, down from their May estimate of 89.2 MMT. USDA pegged the Brazilian crop at 85 MMT this week. China has sold 43 MMT of corn from state reserves since April.

Futures Market trends this week

WHEAT – Wheat prices started the week modestly lower on a lack of fresh supportive news and shower activity across Plains. Tuesday saw an impressive rebound higher on support from a generally supportive monthly S&D estimate from USDA and spillover support from corn. Prices fell sharply on Wednesday and again today (Thursday) under pressure from profit-taking triggered by showers in the forecast for the Plains which will stabilize U.S. winter wheat yields and uncertainties about Chinese tariffs. **Wheat futures contract closes on Thursday, 6/14/2018...**

| | July 2018 | Week Change | Sept 2018 | Week Change | Dec 2018 | Week Change |
|---------|------------------|--------------------|------------------|--------------------|-----------------|--------------------|
| CHI SRW | \$5.01½ | Down \$0.18½ | \$5.17¼ | Down \$0.19½ | \$5.40 | Down \$0.19 |
| KC HRW | \$5.22¼ | Down \$0.16 | \$5.38¼ | Down \$0.17 | \$5.62 | Down \$0.16¾ |
| MGE DNS | \$5.77½ | Down \$0.15 | \$5.89¾ | Down \$0.14¼ | \$6.03¾ | Down \$0.13¾ |

CORN- Corn posted double digit losses on Monday under pressure from nearly ideal crop weather and crop conditions that remain well above average. Corn prices rebounded sharply higher on Tuesday, buoyed by a bullish supply and demand report which showed lower than expected ending stocks for both MY 2017/18 and 18/19. Prices sank on both

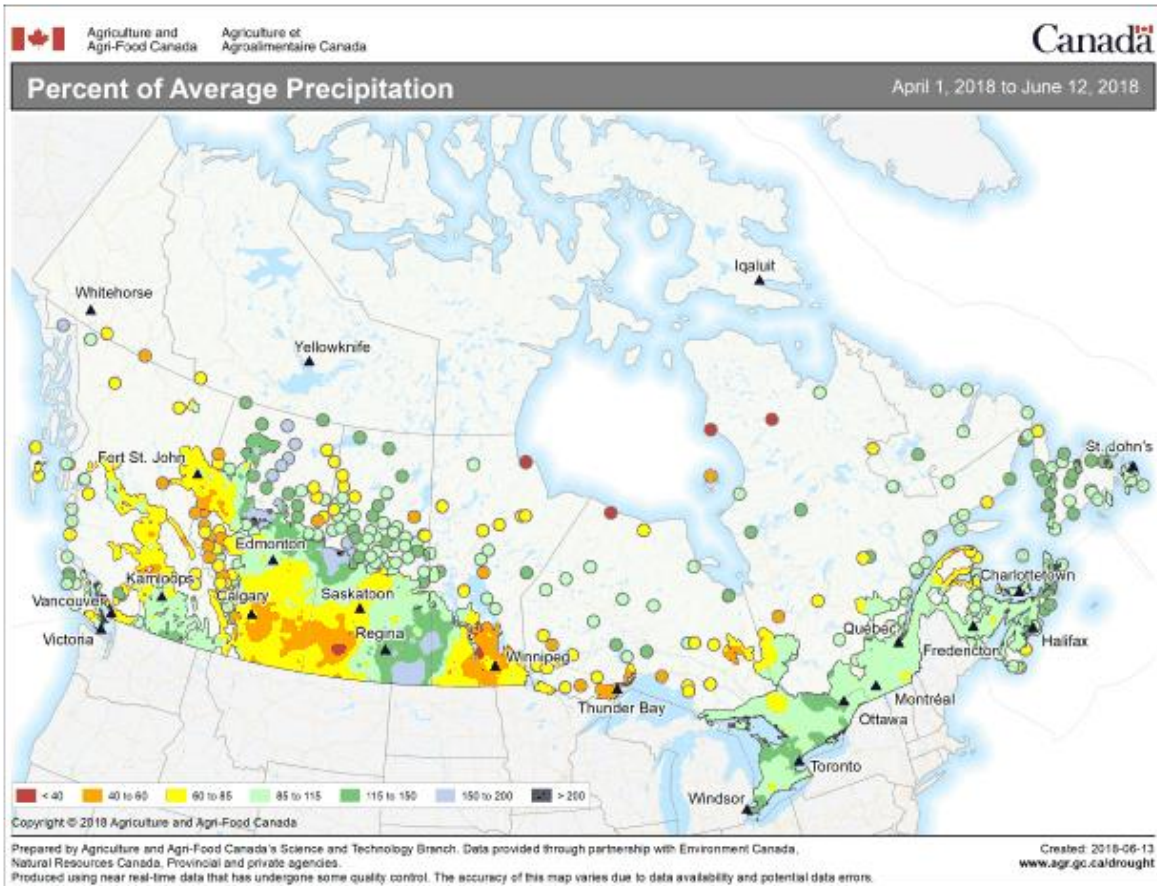
Wednesday and today (Thursday) under spillover weakness and continued favorable growing conditions. Trade policy uncertainties added to the negative tone. **July 2018 contract closed on Thursday, 6/14/2018 at \$3.63, down \$0.14¾ for the week, Sept. 2018 contract closed at \$3.72¾, down \$0.13¾ for the week and Dec. 2018 contract closed at \$3.84½, down \$0.13½ for week.**

CRUDE OIL – Crude oil futures moved higher this week, with underlying support from uncertainties about OPEC intentions with respect to their current pumping curtailments that have been in place for the past 18 months in an effort to stabilize global prices. OPEC oil ministers meet in Vienna next week. While OPEC countries have cut their production, U.S. shale oil production has been booming, pushing U.S. oil production to an all time high of 10.8 million bpd last month. The U.S. EIA reported weekly domestic oil stockpiles fell by 4.1 million bbls last week, compared to an expected decline of 2.6 million bbls. Distillate stocks decreased by 2.1 million bbls, and gasoline stocks fell by 687,000 bbls, compared to an expected increase of 200,000 bbls. **Crude oil futures finished up \$1.08/bbl for the week to close at \$66.89/bbl (July contract).**

U.S. Crop Weather/ Crop Conditions – Warm and dry weather prevailed across the PNW, maintaining mostly favorable grain crop conditions. The Plains saw scattered showers and above normal temperatures, with occasional showers continuing through the week. The Corn Belt is experiencing nearly ideal growing conditions...warm and wet with more in the forecast. **The 6-10 day outlook** calls for above normal temperatures and rainfall to continue across much of the country, except the PNW which is expected to remain mostly dry.

USDA Crop Progress / Condition Report, June 11, 2018

| Crop | % Progress | Previous Week | Previous Year | 5-Year Average | Condition rating % good/excellent | Previous Week | Previous Year |
|------------------------|--|----------------------|----------------------|-----------------------|--|----------------------|----------------------|
| US Barley | 92% emerged | 82% | 90% | 90% | 83% g/ex | 79% | 72% |
| ID Barley | 96% emerged | 94% | 96% | 98% | 92% g/ex | 93% | |
| US Spring Wheat | 94% emerged | 81% | 94% | 89% | 70% g/ex | 70% | 45% |
| ID Spring Wheat | 94% emerged | 91% | 83% | 96% | 72% g/ex | 71% | |
| US Winter Wheat | 91% headed 14% harvested | 83% 5% | 91% 16% | 90% 10% | 38% g/ex | 37% | 50% |
| ID Winter Wheat | 71% Headed 0% harvested | 46% | 28% | 54% | 81% g/ex | 74% | |
| Corn | 94% emerged | 86% | 93% | 92% | 77% g/ex | 78% | 67% |



Canada – As the map above depicts, pockets of dryness have emerged in key barley and wheat growing areas in Alberta and Saskatchewan. Sunny warm weather has spurred spring grain development and recent scattered showers have improved soil moisture conditions.

International Crop/Weather –

Europe – Above normal temperatures are accelerating winter grain filling and maturing, with yield prospects declining in Germany, Baltics and Scandinavian countries.

Black Sea – Winter grains are rapidly maturing in less than ideal conditions across Ukraine and Western Russia. These areas are expected to remain hot and mostly dry for the next two weeks. Warmer weather is aiding late spring grain planting across Russia's Siberia District.

Middle East – Drier weather is favoring winter grain drydown and harvesting in Turkey.

China – Locally heavy rains last week across eastern China Plains slowed wheat drydown and harvest.

Australia – Dry weather across the northeast continues to hamper wheat development, while soil moisture and early growth conditions have improved across the southeastern and western production areas.

South America – Dry weather aided corn harvest harvesting and winter grain planting.