

Idaho Grain Market Report, July 13, 2017

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 12, 2017. Barley prices in \$/Cwt. and wheat prices in \$/bu. **THESE ARE NEW CROP 2017 BIDS.**

	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	\$5.75		\$4.04	\$4.85	\$7.55	\$5.50
Idaho Falls		\$8.30 -8.33	\$3.90	\$4.80	\$7.20	\$5.00
Blackfoot / Pocatello		\$6.50	\$3.90	\$4.80	\$7.20	\$5.00
Grace / Soda Springs	\$6.15		\$4.39	\$4.76	\$7.43	\$5.41
Burley / Rupert	\$5.75		\$4.32	\$4.71	\$7.35	\$5.36
Hazelton						
Twin Falls / Buhl / Jerome / Wendell	\$6.25		\$4.40	\$4.68	\$7.52	\$5.43
Nampa / Weiser	\$5.50		\$4.60			
Nez Perce / Craigmont	\$4.50		\$4.71	\$5.29	\$8.01	
Lewiston	\$5.00		\$4.97	\$5.55	\$8.27	
Moscow / Genesee	\$4.50		\$4.74-4.91	\$5.32-5.51	\$8.04-8.23	\$5.51

Prices at Selected Terminal Markets, cash prices FOB

	#2 Feed 46 lbs. -- unit trains barge	Malting	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein	#1 HWW
Portland			Ord pro - Aug new crop \$5.47- 5.58	Aug new crop \$6.14 - 6.39	Aug new crop \$8.82¾ - 8.97¾	
Los Angeles	\$8.70-9.00					
Tulare	\$8.70-9.00					
Ogden	\$6.40		\$4.51	\$4.88	\$7.62	\$5.73
Great Falls	\$4.50-4.60	\$7.25		\$5.22-5.44 (12%)	\$7.67-7.94	
Minneapolis	\$4.27			\$5.74 (12%)	\$8.57¾-8.92¾	

Market trends this week

BARLEY – USDA reported barley export sales totaled 300 MT last week to South Korea and Japan, while barley exports totaled 500 MT to Japan.

BARLEY S&D Projections July 12, 2017 - – USDA raised beginning stocks by 15 million bu to 108 million bu due to lower feed usage in MY 2016/17. They also lowered 2017 production by 16 million bu to 143 million bu, due to lower harvested acres due to an increase of abandoned acres in MT and ND due to drought losses, resulting in a 1 million reduction in ending stocks to 73 million bu. The average farm-gate price range was raised to \$5.05-6.05.

Idaho barley production is pegged at 48.96 million bu, down 21% from last year. If realized, the Idaho barley crop will represent 34% of the total US barley crop, compared to 31% last year.

WHEAT – USDA reported export sales were on the low end of trade expectations at 357.7 TMT, up 15% from the previous week. Wheat export shipments last week totaled 475.3 TMT, down 12% from the previous week.

WHEAT S&D Projections July 12, 2017 – Bearish against trade expectations...USDA raised beginning stocks by 23 million bu to 1.184 billion bu due to lower 2016/17 feed usage partially offset by higher exports. As widely expected USDA lowered **2017 U.S. wheat production by 64 million bu to 1.76 billion bu, compared to the average pre-report**

trade estimate of 1.75 billion bu. Winter wheat is pegged at 1.279 billion bu, compared to average trade estimate of 1.256 billion bu, while spring wheat is estimated at 423 million bu, compared to the trade estimate of 407 million bu. U.S. wheat imports are increased by 10 million bu, feed usage cut by 20 million bu and exports cut by 25 million bu, **resulting in a 14 million bu increase in wheat ending stocks to 938 million bu, 21% lower than last year but ABOVE the average pre-report trade estimate of 880 million bu.** The average U.S. wheat farm-gate price range is raised to \$4.40-5.20/bu. **World wheat production is pegged at 737.8 MMT**, down 1.7 MMT from last month and down 2% from last year. **World wheat ending stocks are pegged at 260.6 MMT**, down 0.6 MMT from last month but up 1% from last year. This was ABOVE the average pre-report trade estimate of 257.4 MMT. **Idaho's winter wheat crop is pegged at 58.48 million bu, down 12% from last year. Idaho's spring wheat crop is estimated at 33.62 million bu, down 3% from 2016.**

Wheat Competitor / Buyer News – Strategy Grains lowered their EU soft wheat production estimate this week by about 1 MMT to 40.7 MMT. The French Ag Ministry pegged the French wheat crop at 36.2 MMT this week, compared to Strategies Grains' estimate of 35.6 MMT. French soft wheat exports to non-EU markets fell sharply in MY 2016/17 – down 61% from the previous year at 4.9 MMT vs. 12.6 MMT. Egypt bought 115 TMT of Russian wheat this week (only offers). News reports this week indicate that Egypt plans to stop subsidizing flour for its bread program, which could lower imports by as much as 10%. Iraq purchased 50 TMT of Australian hard wheat this week.

CORN – USDA reported corn export sales last week remained tepid at only 161.0 TMT (plus MY 2017/18 sales of 279.7 TMT), up 15% from the previous week but down 59% from the 4-week average. Corn export shipments last week totaled 880.5 TMT, down 21% from the previous week and down 19% from the 4-week average.

CORN S&D Projections July 12, 2017- MY 2016/17 (ends Aug 31)- Bearish against trade expectations... USDA cut old crop feed usage by 75 million bu and raised ending stocks by the same amount to 2.37 billion bu, which is ABOVE the average trade estimate of 2.321 billion bu. They left the average farm-gate price of corn unchanged at \$3.25-3.45/bu. **MY 2017/18- Bearish against trade expectations...** USDA raised beginning stocks by 75 million bu to 2.37 billion bu, **raised production by 190 million bu to 14.255 billion bu**, based on a nearly 1 million acre increase in harvested acres while yields were left unchanged at 170.7 bpa, compared to an average trade estimate of 169.4 bpa and trade ideas that extreme heat during pollination over the next two weeks could pull drop yields lower to the 160-165 bpa or worst case sub-par 160 bpa. USDA raised feed usage by 50 million bu to 5.475 billion bu, resulting in a **15 million bu increase in endings stocks to 2.325 billion bu, ABOVE the average estimate of 2.17 billion bu. World corn production is pegged at 1,036.9 MMT**, up 5 MMT from last month but down 3% from last year. **World corn ending stocks are pegged at 200.8 MMT**, up 6.5 MMT from last month but down 12% from the previous year, and ABOVE the average pre-report trade estimate of 195.1 MMT.

Ethanol corn usage – DOE's Energy Information Agency reported a downtick in U.S. ethanol production last week due to tightening margins resulting from rising corn prices – down 8,000 bbls or 0.7% to 1,007,000 bbls per day, which is up 0.3% from a year ago. Ethanol stocks fell by 1.8% last week to 21.18 million bbls, now just slightly above a year ago. Weekly corn usage for ethanol remains strong at 105.74 million bu and above the pace needed to reach the USDA estimate usage for MY 2016/17. Cumulative corn use for ethanol currently totals 4.73 billion bu.

Corn Competitor / Buyer News – CONAB revised their 2016/17 Brazilian corn crop estimate to 96 MMT, compared to a trade estimate of 97.6 MMT and USDA's latest estimate of 97 MMT. USDA pegged the Argentine crop at 41 MMT, up 1 MMT from last month and above trade estimate of 39.9 MMT. Chinese government sold 408.3 TMT of corn reserves out of 1.0 MMT offered at auction this week, while Sinograin sold 209.7 TMT out of 990 TMT offered for sale. Taiwan purchased 65 TMT of optional origin corn this week, likely Brazilian origin.

Futures Market trends this week

WHEAT – Wheat markets opened the week sharply higher on continuing crop concerns with the spring wheat yield potential shrinking as drought conditions persist across the Dakotas and Montana and dryness expands across the southern Canadian prairies. Wheat closed modestly higher on Tuesday in follow through buying and short covering ahead of Wednesday's S&D report which is expected to show lower U.S. production. However bearish domestic and world ending stock estimates pulled wheat prices sharply lower on Wednesday. Wheat finished lower today (Thursday) in follow-through selling triggered by technical pressure, higher dollar and wetter forecasts for the dry Northern Plains.

Wheat futures contract closes on Thursday, 7/13/2017 ...

	Sept 2017	Weekly Summary	Dec 2017	Weekly Summary	Mar 2018	Weekly Summary
CHI SRW	\$5.11¾	Down \$0.23¾	\$5.35	Down \$0.22¾	\$5.54	Down \$0.20½
KC HRW	\$5.15½	Down \$0.27½	\$5.42	Down \$0.26¾	\$5.58¾	Down \$0.24
MGE DNS	\$7.49½	Down \$0.17¾	\$7.53	Down \$0.07¾	\$7.47	Down \$0.02¾

CORN – Corn prices posted strong gains on Monday, supported by yield concerns in the Upper Midwest and WCB as the extended weather forecast shows hot temperatures persisting through pollination this month. Corn finished fractionally lower on Tuesday on profit-taking and positioning ahead of Wednesday's S&D report. Corn prices sank sharply lower on Wednesday, pressured by bearish USDA production and ending stock estimates. Corn prices remained under pressure today (Thursday) from a less threatening extended weather outlook (11-15 day is cooler and wetter), disappointing export sales, a firmer dollar and lower crude oil prices. **Corn futures contract closes on Thursday, 7/13/2017 ...Sept. 2017 contract at \$3.69¼, down \$0.22¾ for the week, Dec. 2017 contract closed at \$3.83, down \$0.21¼ for the week and Mar. 2018 contract closed at \$3.93½, down \$0.20¼ for the week.**

CRUDE OIL – Crude oil futures chopped higher this week, supported by a hefty drawdown in domestic crude oil inventories which is partially offset by lackluster gasoline demand. The DOE EIA reported weekly U.S. crude stockpiles fell by a whopping 7.564 million bbls, compared to an expected decline of 2.9 million bbls. Distillate stocks increased by 3.131 million bbls while gasoline stocks decreased by 1.647 million bbls, compared to an expected build of 1.1 million bbls. **Crude oil futures finished up \$1.85/bbl for the week to close at \$46.08/bbl.**

Weather / Crop Conditions –

U.S. – Hot and mostly dry conditions persist across the PNW and Intermountain regions this week, but the extended outlook shows beneficial moisture moving across the Intermountain region. Cooler air overspread the Northern Plains and Upper Midwest this week, but heat is expected to return in the 6-10 day outlook, along with chances of precipitation across the Dakotas. The Central and Southern Plains continue to see warm and mostly dry conditions, with scattered thunderstorms across the Eastern Plains. The Corn Belt is hot and mostly dry this week, with thunderstorms firing up across the Midwest late in the week. The **6-10 day outlook** favors near to above normal temperatures and near to below normal precipitation for most of the country, except for beneficial moisture across the Intermountain West and the Northern Plains. The extended 11-15 day forecast is less threatening during the critical corn pollination period.

USDA Crop Progress / Condition Report, July 10, 2017

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US Barley	72% headed	51%	87%	78%	51%	52%	74%
ID Barley	79% headed	74%	80%	81%	88%	89%	76%
US Spring Wheat	79% headed	59%	89%	74%	35%	37%	70%
ID Spring Wheat	70% headed	61%	87%	84%	71%	77%	75%
US Winter Wheat	67% harvested	53%	65%	65%			
ID Winter Wheat	0% harvested	0%	2%	2%	89%	73%	79%
Corn	19% silking	10%	30%	27%	65%	68%	76%

International

Canada – Mostly warm and dry conditions persist across southern prairies, causing spring grain crop stress and reducing yield potential.

EU – Cooler temps and showers have stabilized grain crops, but yield losses are expected in winter grains now maturing.

Black Sea region – Drought and heat stress persists across Central and Eastern Ukraine, while conditions remain more favorable across western and southern Russia.

China – Recent widespread showers stabilized corn crops, but pockets of dryness persist across the key northeastern growing region.

South America – Central Argentine growing regions received beneficial moisture, while Brazil saw mostly warm and dry conditions which accelerated second crop corn harvest.

Australia – Recent widespread showers benefitted winter grains across the southeastern and southwestern growing areas, but more rain is needed to assure average yields.