

Idaho Grain Market Report, February 19, 2015

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, February 18, 2015. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley</u> <u>(Cwt.)</u> FEED <u>48 lbs or</u> <u>better</u>	<u>MALTING</u> <u>Open</u> <u>market</u> <u>malting</u>	<u>Wheat (bu.)</u> Milling <u>#1 SWW</u>	<u>#1 HRW</u> <u>11.5% pro</u>	<u>#1 DNS</u> <u>14% pro</u>	<u>#1 HWW</u>
Rexburg/ Ririe/ Roberts	\$5.00	NQ	\$5.74 – 6.20 Feed wheat \$3.60	\$5.19	\$6.65	\$5.40 – 5.67 New crop bid \$4.85
Idaho Falls	\$5.00	\$12.50- 12.75	\$5.96 - 6.11 Feed wheat \$3.50	\$5.50 – 5.52	\$6.46 – 6.82	\$5.60 -6.68
Blackfoot / Pocatello	NQ	\$10.00	\$5.91	\$5.53	\$6.23	\$5.53
Grace / Soda Springs	\$5.15	NQ	\$6.00 Feed wheat \$4.00	\$5.27	\$5.90	\$5.27
Burley / Rupert	\$5.20 – 5.75	\$12.50	\$5.83	\$4.75	\$6.30	\$5.35
Hazelton						
Twin Falls / Buhl /	\$6.00– 6.25		Feed wheat \$3.00-3.75	NQ	NQ	
Wendell						
Nampa – Weiser	\$5.50	NQ	\$5.66 new crop	NQ	NQ	
Nez Perce / Craigmont	\$6.55		\$5.95	\$5.93	\$7.97	
Lewiston	\$7.05		\$6.20	\$6.18	\$8.22	
Moscow / Genesee	\$6.55 – 7.10		\$5.97 -6.11	\$5.95-6.10	\$7.99-8.11	\$6.79

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			Mar \$6.62 -6.63¼ ordinary pro Feb \$7.27¼ - 7.72 max 10.5% pro	\$6.38 -\$6.53	\$8.62 – 8.82	
Los Angeles	\$8.70–8.90			\$7.98(13%)		
Tulare	\$8.70– 8.90					
Ogden	\$5.85		\$6.30	\$5.65	\$6.35	\$5.65
Great Falls	\$5.00	\$12.00		\$5.34 –5.41 (12%)	\$6.12 – 6.79	
Minneapolis	\$5.73	NQ		\$5.89½	\$7.60¼	

Market trends this week

BARLEY - Local feed barley prices ranged from steady to 25 cents lower, but mostly steady this week. Open market malting barley prices were steady to 25 cents higher. USDA will weekly barley export sales tomorrow due to the President's Day holiday on Monday.

WHEAT – Wheat prices were mixed but mostly higher this week: local SWW prices ranged from minus 19 cents to plus 15 cents; HRW prices ranged from minus 14 cents to plus 3 cents; and DNS prices ranged from 1 to 20 cents higher. USDA will report export sales tomorrow, but wheat export shipments were in line with expectations at 401.9 TMT. Cumulative wheat export shipments have now reached 65% of the USDA projection for the year, compared to a 5-year average pace of 66.3%.

Wheat competitor / buyer news – Argentina approved another 1 MMT of wheat for export, on top of the 2.5 MMT already approved. French ag officials have increased that country's wheat export projections outside of the EU region by 1 MMT to a near record high of 9.8 MMT. Reports this week that total grain production in Russia could fall by as much as

40% this year from last year's record 104 MMT due to poor winter wheat emergence, lingering drought and poor economic conditions. Australia is projected to be the main wheat supplier in a recent Iraqi wheat import tender. Egypt was in the news again this week...tendering to buy US -only origin wheat using US government export credits, but then cancelled the tender, citing too high of prices. They quickly issued a new tender to buy optional origin wheat and purchased 240 TMT of French and Romania wheat.

CORN – Corn export inspections last week totaled 724.9 TMT, up 17% from the previous week but on the low end of trade expectations. Corn export sales will be reported on Friday.

Ethanol corn usage – DOE's Energy Information Agency reported another weekly uptick in ethanol production despite poor processing margins to 964,000 bbls per day – up 3,000 bbls or 0.31% from a week ago and 6.76% above a year ago. Corn used in ethanol totaled 101.22 million bu, still topping the weekly pace needed to achieve the revised USDA usage estimate of 5.175 billion bu. **U.S. ethanol inventories fell by 51,000 bbls last week to 21.08 million bbls.**

USDA's 2015 US Acreage & Price Estimates – released at USDA Outlook Forum, Feb. 19, 2015

- USDA is projecting US corn plantings at 89 million acres, down 1.6 million from 2014 and on the low end of trade estimates which was supportive to the corn market today.
- Wheat acres are projected at 55.5 million, down 1.3 million from last year, with winter wheat acres projected down 1.9 million.

Cropland area expected to remain high in 2015, but down from last year

Crop (mil. acres)	2009	2010	2011	2012	2013	2014	2015F	Percent change
Corn	86.4	88.2	91.9	97.2	95.4	90.6	89.0	-1.8%
Soybeans	77.5	77.4	75.0	77.2	76.8	83.7	83.5	-0.2%
Wheat	59.0	52.6	54.3	55.3	56.2	56.8	55.5	-2.3%
All cotton ¹	9.1	11.0	14.7	12.3	10.4	11.0	9.7	-12.1%
Minor feed grains	13.5	11.4	10.4	12.6	14.6	12.8	14.0	9.1%
Rice	3.1	3.6	2.7	2.7	2.5	2.9	2.9	-1.3%
Total 8 crops ¹	248.7	244.2	249.0	257.4	255.9	257.9	254.6	-1.3%
CRP	33.7	31.3	31.1	29.5	26.8	25.5	24.2	-5.1%
8 crops + CRP ¹	282.4	275.5	280.2	286.9	282.8	283.5	278.8	-1.6%

Source: USDA-World Ag Outlook Board ¹all cotton, includes both upland and ELS cotton

Corn, wheat, and soybean prices still historically strong, given record output

	2000-2003 average	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16F
Wheat	3.09	6.78	4.87	5.70	7.24	7.77	6.87	6.00	5.10
Corn	2.14	4.06	3.55	5.18	6.22	6.89	4.46	3.65	3.50
Soybeans	5.45	9.97	9.59	11.30	12.50	14.40	13.00	10.20	9.00
Upland Cotton	46.48	47.80	62.90	81.50	88.30	72.50	77.90	61.00	60.00
All Rice	5.61	16.80	14.40	12.70	14.50	15.10	16.30	14.00	13.10

Wheat, corn and soybeans in dollars per bushel; rice in dollars per hundredweight; upland cotton in cents per pound.
Numbers in red denote record levels.

Source: USDA-NASS, Feb 2015 WASDE, and USDA-World Ag Outlook Board

Futures Market trends this week

Macroeconomic influences – The U.S. Administration’s Annual Economic Report released today (Thursday) projects 3% annual growth for the U.S. economy in 2015. This projection was completed Nov. 20 and since then the report indicates that the continued drop in oil prices helped spur stronger than expected 4th quarter U.S. GDP growth. The report projects that if oil prices continue at current levels through the remainder of 2015, we can expect to see a \$70 billion boost to the U.S. economy. But the report also notes “sagging” economies in the euro-zone and “concerns about a slowdown in China.”

WHEAT –Wheat started the week mixed as an early rally on Tuesday eroded into the close. Despite cold weather concerns across the soft red winter wheat growing region where temperatures were expected to plummet well below zero, wheat markets moved lower again on Wednesday after Egypt cancelled an overnight tender for U.S. wheat, citing too high of prices. Wheat finished lower today (Thursday) on mostly technical selling as wheat markets move into overbought territory. **Wheat market closes on Thursday, 2/19/15...**

	Mar 2015	Weekly Summary	May 2015	Weekly Summary	July 2015	Weekly Summary
Chicago SRW	\$5.27 ³ / ₄	Down \$0.05 ¹ / ₄	\$5.19 ¹ / ₂	Down \$0.09 ³ / ₄	\$5.21 ³ / ₄	Down \$0.10 ¹ / ₂
KC HRW	\$5.44 ¹ / ₂	Down \$0.18 ¹ / ₄	\$5.45 ¹ / ₂	Down \$0.18 ¹ / ₄	\$5.51 ³ / ₄	Down \$0.16 ³ / ₄
MGE DNS	\$5.74	Down \$0.13	\$5.74 ¹ / ₂	Down \$0.10 ¹ / ₂	\$5.78 ¹ / ₄	Down \$0.08 ³ / ₄

CORN – Corn remained range bound this week, posting modest gains to start the week in mostly two-sided trading sparked by stronger soybeans. Price retreated lower on Wednesday on lackluster export inspections and a lack of fresh supportive news. Corn prices were firmer today (Thursday) on a mostly supportive 2015 acreage estimate from USDA’s annual Outlook Conference. **Corn futures contract closes on Thursday, 2/19/15... Mar. 2015 contract at \$3.89³/₄, up \$0.02¹/₂ for the week, May 2015 contract closed at \$3.97³/₄, up \$0.02¹/₂ and the July 2015 contract closed at \$4.05¹/₄, up \$0.02¹/₂ for the week.**

CRUDE OIL – Crude oil futures traded in a mostly narrow range this week. Support came from a 3.5% increase in domestic gasoline demand, a sharp decline in U.S. shale oil rigs which fell to a 3 ½ year low and a steelworkers strike affecting about 10% of US refinery capacity. But gains were limited by another big weekly gain in crude oil stocks. DOE

reported that crude oil inventories increased by 7.716 million bbls last week, compared to an expected increase of 3.0 million bbls. Distillates decreased by 3.814 million bbls and gasoline stocks increased by 458,000 bbls. Crude oil supplies at Cushing, OK, the settlement point for WTI futures, increased by 3.663 million bbls last week. **Crude oil prices retreated today (Thursday) – down \$0.98 to close at \$51.16/bbl, down \$1.62/bbl for the week.**

2015 U.S. Planting Weather Outlook -

The National Weather Service's (NWS) says drought is likely to develop in the eastern portions of the Dakotas, across Minnesota and southern Wisconsin, while the long-lasting drought across the Plains could see some improvement, but largely remain intact.

This week's National Drought Monitor showed expansion of drought across central Texas, along with areas of the South and the four-corners region. Meanwhile, the Seasonal Drought Outlook states "precipitation increases substantially across the Central Plains during May, and with no tilt in the odds towards above- or below-median rainfall, some improvements to drought conditions are anticipated for southeastern Colorado, Kansas and central Oklahoma (through May). The prospects for significant drought reductions are less across western Oklahoma, most of Texas and eastern New Mexico, where long-term drought is entrenched and climatological late Spring rainfall is less likely to bring large scale improvements."

Additionally, the drought outlook, says below-normal snow coverage following a dry fall season makes drought persistence and development more likely across much of the upper Midwest, "while a robust late-February storm system is forecast to bring several inches of rainfall across the lower Mississippi Valley, Tennessee Valley and Ohio Valley, which is anticipated to improve drought conditions."

In its outlook for March, the NWS calls for below-normal temps across Minnesota, most of Iowa eastward, while above-normal temps are expected west of the Rockies. Equal chances for normal, below- and above-normal precip are expected across the bulk of the Plains and Midwest. The exception is western Texas, which is forecast to see above-normal precip spill over from the four-states region.

The NWS outlook for March through May calls for above-normal temps to continue west of the Rockies, while below-normal temps are expected across the Southern Plains. Above-normal precip is expected in the four-corners region and most of Texas, with equal chances of normal, below- and above-normal precip expected elsewhere across the Plains and Midwest.

The forecast supports the "status quo" of ongoing drought, which maintains concerns about winter wheat as it comes out of dormancy and signals no reason to be concerned about delayed planting across the Corn Belt.

International Weather/Crop Outlook –

- **U.S. winter wheat** – Arctic blast brought historic cold temperatures to a wide swath stretching from the Upper Midwest through the mid South and dipping into southern Florida. Wind chill advisories were issued for 27 states. Damage to winter wheat crops, especially soft red winter wheat crop, was expected to be limited by protective snow cover.
- **Black Sea winter wheat** – Ukraine expected to see some chances for precipitation but Russia was mostly dry.
- **Chinese winter wheat** - Could pick up some rain ahead of the weekend but a mostly dry forecast.

March 6 WEBINAR (8:30 a.m.) on “Southern/Eastern Idaho Cereal Best Management Practices” presented by Dr. Juliet Marshall, UI Associate Professor of Cereal Agronomy & Pathology.

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