

## Idaho Grain Market Report, March 27, 2014

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, March 26, 2014. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u> <u>FEED</u>	<u>MALTING</u>	<u>Wheat (bu.)</u>		
	#2 Feed, 48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton	NQ	(2-R) \$10.00 (6-R) \$10.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$7.75	(2-R) NQ (6-R) NQ	\$6.22	\$7.23	\$7.40
Idaho Falls	\$8.25	(2-R) \$11.98-\$12.00 (6-R) \$11.98	NQ	NQ	NQ
Blackfoot / Pocatello	NQ	(2-R) \$10.00 (6-R) \$10.00	\$6.50	\$8.06	\$8.33
Grace / Soda Springs	\$8.85	(2-R) NQ (6-R) NQ	\$6.05	\$6.90	\$7.20
Burley / Rupert	\$7.50 - \$8.00	(2-R) \$11.98 (6-R) \$11.98	\$5.95 - \$6.20	\$7.26	\$7.11
Hazelton					
Twin Falls / Eden / Buhl	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Weiser	\$9.25	(2-R) NQ (6-R) NQ	\$6.40	NQ	NQ
Nez Perce / Craigmont	\$6.75	(2-R) \$6.75 (6-R) \$6.75	\$6.66	\$7.99	\$8.03
Lewiston	\$7.55	(2-R) \$7.55 (6-R) \$7.55	\$6.97	\$8.30	\$8.34
Moscow / Genesee	\$6.35-\$6.70	(2-R) \$6.70 (6-R) \$6.70	\$6.37-\$6.74	\$7.66-\$8.07	\$7.60-\$8.11

### Prices at Selected Terminal Markets, cash prices FOB

	#2 Feed 46 lbs. -- unit trains barge	Single rail cars- domestic	Malting	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein
Portland	NQ	NQ	NQ	Apr \$7.51 <sup>3</sup> / <sub>4</sub> - \$7.85 Aug NC \$7.33 <sup>3</sup> / <sub>4</sub> - \$7.53 <sup>3</sup> / <sub>4</sub>	Mar \$9.04 <sup>1</sup> / <sub>4</sub> - \$9.14 <sup>1</sup> / <sub>4</sub> Aug NC \$8.53 <sup>1</sup> / <sub>2</sub> - \$8.58 <sup>1</sup> / <sub>2</sub>	Apr \$9.06 <sup>3</sup> / <sub>4</sub> - \$9.46 <sup>3</sup> / <sub>4</sub> Aug NC \$8.34 <sup>1</sup> / <sub>2</sub> - \$8.54 <sup>1</sup> / <sub>2</sub>
Los Angeles	\$11.20	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$11.20	NQ	NQ	NQ	NQ	NQ
Ogden	\$9.10	NQ	NQ	\$6.50	\$7.50	\$7.80
Great Falls	\$6.70-\$6.90	NQ	\$9.50	NQ	\$6.74-\$7.20	\$7.45-\$7.62
Minneapolis	\$7.71	NQ		NQ	\$8.76 <sup>1</sup> / <sub>4</sub> (12%)	\$9.56 <sup>3</sup> / <sub>4</sub>

### Market trends this week

**BARLEY** – Local barley prices were steady to slightly higher week. USDA reported that barley export sales totaled 200 MT for South Korea. Export shipments totaled 500 MT for Taiwan last week.

**WHEAT** – Local wheat prices were mixed to lower this week: SWW ranged from 15 to 33 cents lower; HRW ranged from 3 to 30 cents lower; and DNS ranged from 23 cents lower to 3 cents higher. USDA reported wheat export sales last week were well above trade expectations at 728 TMT (400.5 TMT for MY 2013/14 and 327.5 TMT for MY 2014/15), with current marketing year sales unchanged from the previous week but down 11% from the prior 4-week average. Cumulative wheat export sales now total 93.5% of the USDA projection for the year, compared to a 5-year average pace of 90.4%.

Wheat export shipments last week totaled 530.4 TMT, up 21% from the previous week and 2% from the prior 4 week average.

**International Grains Council's MY 2014/15 S&D Projections for Wheat, 3/27/2014** – Preliminary IGC projections for MY 2014/15 show world wheat production down 9 MMT to 700 MMT but carryover remaining steady at 190 MMT.

**Wheat Competitor/Buyer News** – India is now considering suspending wheat exports due to recent hail damage in their domestic crop. Ag Canada is projecting a 2014 Canadian wheat crop of 29.3 MM, compared to 37.5 MMT this year.

**CORN** – Corn export sales were almost double trade expectations last week at 1.436 MMT (1.408 MMT for MY 2013/14 and 28.4 TMT for MY 2013/14), with current year sales up 89% from the previous week and 49% from the prior 4 week average. Cumulative corn export sales now total 97.8% of the USDA projection for the year, compared to a 5-year average pace of 77.4%. Corn export shipments were also strong last week at 1.23 MMT, up 33% from the previous week and 29% from the prior 4 week average.

**Ethanol corn usage** – DOE's Energy Information Agency reported a small decline in weekly U.S. ethanol production – down 7,000 bpd to 885,000 bbls which is nearly 10% above last year. Weekly corn usage was estimated at 92.9 mbu (cumulative use 2.71 billion bu), which still paces the weekly pace of 98 million bu needed to meet the USDA projection of 5.0 billion bu for the marketing year.

**International Grains Council's MY 2014/15 S&D Projections for Corn, 3/27/2014** - Preliminary IGC projections for MY 2014/15 show world corn production up just 2 MMT to a new record 961 MMT and carryover stocks increasing from 155 MMT this year to 171 MMT, the highest level in 15 years, with most of the increase in the U.S.

**Corn Competitor/Buyer News** – Buenos Aires Grain Exchanges raised their Argentine corn production estimate by .5 MMT this week to 24 MMT, which matches the USDA estimate for this marketing year. Taiwan reportedly bought 150 TMT of South African corn this week. China reports they have rejected at least 909 TMT of US corn shipments this marketing year due to unapproved GMO material.

**Futures Market trends this week**

**Global geopolitical / macroeconomic trends** – Ukrainian-Russian tensions eased somewhat this week, with focus shifting to the EU-US discussions on Russian economic sanctions and a new aid package for Ukraine. Global economic signals remain mixed... China's PMI Manufacturing Index came in below expectations at 48.1, indicating a contraction. The EU Flash PMI improved to 53.2 this month, up from 52.7 from last month.

**U.S. economic trends** – Economic indicators remained positive this week, with US Consumer Confidence at 82.3, the highest level since January 2008. US PMI Flash Index rose more than expected to 55.8 from 52.7 last month. **U.S. GDP for Q4 2013 was revised from 2.4% to 2.6% this week**, slightly below expectations. Weekly unemployment claims fell 10,000 to 321,000 - better than expected.

**WHEAT – Volatility remained high this week as wheat continued to be the price leader, with daily movements shifting from higher to lower and back again.** Wheat rebounded sharply higher to start the week – trading up double digits – on support from strong export inspections and expanding dryness across the HRW growing region. But Tuesday brought a modest set back as weekly crop ratings in key winter wheat states continued to decline but not as much as expected and geopolitical fears in the Black Sea region began fading. Wednesday continued to see price erosion as weather forecasts called for increasing chances of precipitation across parts of the Central and Southern Plains mid to late week. But prices rebounded higher today (Thursday) as the weekly Drought Monitor confirmed worsening drought conditions across the HRW region, creeping into the Central Corn Belt. Better than expected wheat export sales also provided support. **Wheat market closes on Thursday, 3/27/14 ...**

	<b>May 2014</b>	<b>Weekly Summary</b>	<b>July 2014</b>	<b>Weekly Summary</b>	<b>Dec. 2014</b>	<b>Weekly Summary</b>
Chicago SRW	\$7.10 ½	Up \$0.17 ¼	\$7.14 ½	Up \$0.19	\$7.32 ¼	Up \$0.20 ¼
KC HRW	\$7.83 ¾	Up \$0.12 ½	\$7.84	Up \$0.17 ½	\$7.95 ¼	Up \$0.17 ½
MGE DNS	\$7.54 ¼	Up \$0.11	\$7.53	Up \$0.13 ¾	\$7.64 ¾	Up \$0.16

**CORN** – Corn continued to follow wheat this week but remaining mostly range bound in consolidated positioning ahead of Monday's key prospective planting and quarterly stocks reports (see comments below). Corn closed higher on Monday in spillover support and strong export shipments, but then settled lower on Tuesday in positioning and lack of fresh supportive news. Wednesday brought modestly lower prices in low volume trade under spillover pressure,

increasing ethanol stocks due to a lack of rail transportation and overbought technicals. But corn prices moved higher right alongside wheat today (Thursday), boosted by active fund buying on better than expected export sales and concerns about delayed spring planting due to cold and wet weather hanging on across the Central and Upper Midwest. **Corn futures contract closes on Thursday, 3/27/14 for May 2014 contract at \$4.92, up \$0.13 for the week, July 2014 contract closed at \$4.96¼, up \$0.12½ and the Dec. 2014 contract closed at \$4.88, up \$0.08 for the week.**

**Trade Estimates for Monday's USDA prospective planting and quarterly stocks reports** – there is high potential for surprises in Monday's key reports which could drive futures limit up or down. Producers might want to consider buying short dated put options as a short term hedging strategy against these significant market moves.

**Wheat** – the average trade estimate for all US wheat acres is 56.277 million, with other spring wheat acres at 12.27 million. Quarterly wheat stocks are pegged at 1.042 billion bu.

**Corn** - the average trade estimate for US corn acres is 90.748 million, with a wide range of estimates from 90.5 million to 04.5 million acres. USDA pegged 2014 corn acres at 92 billion in their February Outlook. Quarterly corn stocks are pegged at 7.099 billion bu, but again the range in estimates is about 700 million bu.

#### **OTHER MAJOR FACTORS TO WATCH –**

**CRUDE OIL** – Crude oil prices continued to chop in a narrow range this week, but posted a fresh two week high on a decline in crude stocks at Cushing, OK to the lowest level in at least two years. DOE's weekly inventory report showed overall crude oil stocks increased more than expected this week, up 6.62 million bbls last week, compared to an expected gain of 2.5 million bbls; distillates increased by 1.6 million bbls, compared to an expected decline of 1.1 million bbls; and gasoline stocks shrank more than twice than expected – down 5.1 million bbls compared to an expected decline of 1.7 million bbls. **Crude oil futures finished \$1.02 higher to close at \$101.28 on Thursday.**

#### **US WEATHER / CROP OUTLOOK –**

**U.S. winter wheat crop conditions continue to deteriorate** – Winter wheat states reported the Kansas HRW crop condition fell another 1% to 33% good/excellent; Oklahoma reported a 1% decline to 17% good/excellent; and Texas reported a 3% decline to 11%. Parts of the Central and Southern Plains (mainly western OK and northern TX) received beneficial moisture this week and forecasts show potential for more in early April. Most other areas are expected to remain dry into Sunday. Central Corn Belt and Northern Plains continued to see colder than normal temperatures and above normal precipitation this week, which could delay spring planting.

#### **INTERNATIONAL WEATHER / CROP OUTLOOK -**

**Europe** – Conditions remained mostly dry across Germany and Eastern Europe.

**Black Sea Region** –Ukraine and Southern Russia were mostly dry this week after receiving beneficial moisture last week. Fields in Southern Russia could see moisture by the weekend.

**China** – Key central winter wheat belt received some precipitation this week, with a few chances for light amounts of moisture into next week.

**Australia** – Eastern regions continued to see beneficial moisture this week ahead of planting which will start next month, but Western Australia remained mostly dry. Forecast show chances for moisture in Southern and Western Australia next week.

### **IBC Educational Webinars**

**RECORDED WEBINAR**...featuring Dr. Jay Parsons, "Right Risk: Evaluating Risk Management Options Using Enterprise Risk Analyzer Tools." Link at <http://connect.cals.uidaho.edu/p7h1jt0m22a/>

**RECORDED WEBINAR**... featuring Dr. Howard Neibling, UI, "Irrigation Efficiencies in a Water Short Year." Link at <http://connect.cals.uidaho.edu/p88owiek00j/>

**RECORDED WEBINAR**... featuring Bob Utterback, Utterback Marketing "2014 Global Grain Market Outlook and Strategies." Link at <http://connect.cals.uidaho.edu/p818x8sgjo4/>

**RECORDED WEBINAR**...featuring Ed Usset, University of Minnesota "Developing your 2014 Pre-Harvest Marketing Plan for Wheat" Link at <http://connect.cals.uidaho.edu/p4nnx7ry9of/>