

# Idaho Grain Market Report, May 3, 2012

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, May 2, 2012. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</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) \$12.00 (6-R) \$12.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$9.00	(2-R) NQ (6-R) NQ	\$5.85	\$5.70	\$7.27
Idaho Falls	\$11.00	(2-R) \$12.50-\$13.50 (6-R) \$12.50	\$6.00	\$6.02	\$7.69
Blackfoot / Pocatello	\$10.41	(2-R) \$12.00 (6-R) \$12.00	\$6.10	\$5.52	\$7.44
Grace / Soda Springs	\$9.75	(2-R) NQ (6-R) NQ	\$6.05	\$5.65	\$7.30
Burley / Rupert Hazelton	\$9.50-\$10.00	(2-R) \$13.02 (6-R) \$13.02	\$6.05	\$5.58	\$7.24
Twin Falls / Eden / Buhl	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Weiser	\$10.00	(2-R) NQ (6-R) NQ	\$6.04	NQ	NQ
Nez Perce / Craigmont	\$9.10	(2-R) \$9.10 (6-R) \$9.10	\$6.24	\$6.63	\$8.29
Lewiston	\$9.35	(2-R) \$9.35 (6-R) \$9.35	\$6.43	\$6.82	\$8.48
Moscow / Genesee	\$9.15-\$10.60	(2-R) \$9.15 (6-R) \$9.15	\$6.20-\$7.00	\$6.59-\$7.33	\$8.25-\$8.87

### Trading 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	May \$6.95-\$7.14 Sept \$6.55-\$6.70	May \$7.26-\$7.36 Aug NC \$6.86-\$6.96	May \$8.91-\$8.96 Aug \$8.46-\$8.76
Los Angeles	\$13.50	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.50	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.00	NQ	NQ	\$6.20	\$5.80	\$7.41
Great Falls	\$8.00-\$10.10	NQ	\$11.50	NQ	\$5.15-\$5.30	\$7.64-\$7.85
Minneapolis	\$10.83	NQ	\$14.69	NQ	\$6.90 (12%)	\$8.96-\$9.11

### Market trends this week

**BARLEY** – Local barley prices were mixed this week, ranging from no change to 50 cents lower in southern Idaho and 20 to 25 cents higher reported in northern Idaho. USDA reported export sales of .1 TMT for South Korea; however there were no export shipments last week.

**WHEAT** – Local wheat prices were also mixed this week: SWW ranged from 25 cents lower to 5 cents higher; HRW ranged from 5 cents lower to 7 cents higher; and DNS ranged from 14 to 38 cents lower. USDA reported wheat export sales last week were on the high end of trade expectations at 711.5 TMT (256.7 TMT for MY 2011/12 and 454.8 TMT for MY 2012/13), down 34% from the previous week and 36% from the 4-week average. Cumulative wheat export sales now stand at 100.2% of the USDA estimate for the year (which ends May 31), compared to 5-year average of 96.4. Export shipments totaled 621.5 TMT, up 1% from the previous week and 19% from the 4-week average.

**Wheat Competitor/Buyer News** – Reports from Argentina suggest that their wheat farmers may sharply cut back on wheat plantings in MY 2012/13 and plant barley instead in protest of their country's ongoing high wheat export taxes. USDA reported a sale of 110 TMT of US wheat to Saudi Arabia this week, their first purchase in 8 months. Iran purchased 60 TMT of Australian wheat this week and Iraq is tendering to buy 50 TMT of optional origin wheat.

**CORN** – Corn export sales last week were well above trade expectations at 3.5 MMT (1.3 MMT for MY 2011/12 and 2.2 MMT for MY 2012/13), which was up 106% from the previous week and 87% from the 4-week average. Cumulative corn export sales now stand at 86.4% of the USDA estimate for the year, compared to 5-year average of 82%. Corn export shipments last week totaled 664.6 TMT, which was down 5% from the previous week and 19% from the 4-week average.

**Ethanol corn usage** – DOE's Energy Information Agency reported U.S. ethanol production ticked higher last week, totaling 894,000 bbls per day, up 3.3% from the previous week and up 2.17% from last year. Corn used for ethanol last week totaled 95.2 million bu, back above the pace of 94.2 mbu needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

**Corn Competitor/Buyer News** – USDA reported that China bought 120 TMT of old crop corn this week. The International Grains Commission is predicting Chinese corn imports will jump 50% to 6 MMT in MY 2012/13.

**Futures market activity this week**

**Macroeconomic news** – Euro-zone economic data continued to come in under expectations reinforcing fears that the worst is not yet over with the European debt crisis. The focus this week shifted to the rising unemployment rate which reached a 15 year high at 10.9% last month. The euro-zone manufacturing index also fell below expectations this month. Spain confirmed that its Q1 GDP growth rate slipped to -.03%, confirming that country has officially slipped back into a double dip recession. Chinese manufacturing data also was disappointing this week, further evidence of an economic slowdown in the world's second largest economy.

**U.S. economic news** – Mixed economic signals continued to drive markets in both directions this week...last Friday the US Commerce Department confirmed that Q1 2012 GDP growth had slowed to a rate of 2.1%, below the expected growth rate of 2.5% and below 4Q 2011 rate of 3%. On Monday the news showed that U.S. consumer spending slowed in March, evidence that real income is growing too slowly to sustain a healthy increase in consumer spending (70% of U.S. economic activity is driven by consumer spending). For the January to March period, consumer spending was up 2.9%, an overall positive trend but only half of the growth rate we saw before the 2008 recession. Tuesday showed some hopeful signs with the ISM manufacturing Index coming in above expectations, followed by a jobless claims report on Thursday that showed the biggest weekly drop in a year. Many analysts remain anxious about Friday's monthly employment report, with an average pre-report estimate of 160,000 new jobs added to the US economy, compared to more than 200,000 added the previous month.

**WHEAT** – Wheat markets began the week with modest gains, supported by late session buying sparked by short covering and corn buying. Gains were limited, however, by confirmation that weekend temperatures were not as cold as feared, allowing the SRW wheat crop to dodge potential crop losses. Prices fell sharply on both Tuesday and Wednesday under the weight of aggressive fund selling sparked by a combination of a higher dollar, rapid spring crop planting pace, excellent winter wheat growing conditions and improving crop weather across Europe. Wheat finished on a high note today (Thursday), posting modest gains in CHI and KC on an early bounce from ideas that Wednesday's lower correction was overdone. Concerns about lingering dryness in some HRW areas also provided underlying support. **Wheat market closes on Thursday, 05/03/12...please note we have shifted to July and Sept. contracts...**

	<u>July 2012</u>	<u>Weekly Summary</u>	<u>Sept 2012</u>	<u>Weekly Summary</u>
Chicago	\$6.15 ½	Down \$0.34 ½	\$6.31 ½	Down \$0.31 ¼
Kansas City	\$6.33	Down \$0.26	\$6.49	Down \$0.25 ¾
Minneapolis DNS	\$7.45 ½	Down \$0.33 ¼	\$7.46 ¼	Down \$0.32 ¼

**CORN** – Corn posted solid gains on Monday in follow through technical buying, but gains were limited by bearish outside markets and growing expectations of record yields in this year's corn crop. Corn prices retreated on Tuesday after hitting profit taking pressure in the final minutes of the session. Pressure came from a faster than expected corn planting pace and nearly ideal growing conditions across the Central U.S. Losses were limited by strong cash basis resulting from a lack of producer selling and strong nearby export bids. Wednesday saw corn prices break sharply lower on more talk of record yield potential, ideas that USDA will raise their Brazilian crop estimate next week and bearish outside markets. Corn posted a positive reversal today (Thursday) despite a big sell-off in energies, finishing moderating higher on support from a strong cash market and ideas that USDA will raise their corn export projection next week and tighten old crop ending stocks. **July 2012 corn futures contract closed Thursday, 05/03/12, at \$6.14 ½, down \$0.11 and the Sept 2012 contact closed at \$5.37 ½, down \$0.13 ½ for the week.**

**OTHER MAJOR FACTORS TO WATCH –**

**CRUDE OIL** – Volatility reigned in the crude oil markets this week, largely tied to the value of the dollar and investor sentiment about future growth prospects. Crude prices traded in a very narrow range on Monday, closing down fractionally at \$104.87 on disappointing European economic data and a higher dollar. The market saw a strong rally on Tuesday – closing up \$1.29 to \$106.16 – to a one month high on stronger than expected U.S. manufacturing data and strong technical buying that triggered buy stops. Wednesday saw prices retreat sharply, giving back most of Tuesday's gains to close at \$105.22 on disappointing economic data and a bearish weekly inventory report. DOE reported crude oil

stocks increased more than expected at 2.84 million bbls last week, surging to the highest stockpiles in 21 years and above expected build of 2.5 million bbls. Distillate stocks fell by 1.9 million bbls and gasoline inventories fell 2.0 million bbls. Gasoline demand fell by 4.7% compared to a year ago. **Crude oil plummeted today (Thursday) - closing down \$2.68 to \$102.54 – under heavy selling pressure from talk that OPEC members are actively trying to boost production.**

**U.S. WEATHER / CROP WATCH –**

**Pacific Northwest** – this region saw another round of unsettled weather, with cooler and wetter conditions across the northern region which continues to boost yield prospects for the winter soft white wheat crop and provide good emergence for spring grains.

**Midwest - Corn & SRW wheat** – A band of showers traveled from southwest into the northeast this week, bringing beneficial moisture many critical WCB areas that needed the moisture. Planting saw only minor interruptions but that does not appear to be a concern given the already rapid planting and emergence pace so far. The 6-10 day shows drying trend, although the ECB could see additional moisture.

**Winter wheat (HRW)** – The Central Plains saw good moisture early this week, but most areas saw a return to warm and dry conditions for the balance of the week. About 15% of the HRW belt is believed to have moisture stress at heading and filling. Another major system is forecast to deliver moisture to the Southern and Central Plains in the 6-10 day outlook, but parts of Kansas could miss out. The HRW crop tour reported good potential for Kansas this year at 49.1 bpa with an estimated crop of 403 million bu, up more than 45% from last year (KS produced 276 million bu wheat last year and 360 million bu in 2010). **The winter wheat crop condition index score this week was pegged at 365, unchanged from last week but well above last year’s 279 score and the 10-year ave. score of 326.**

**INTERNATIONAL WEATHER / CROP WATCH -**

- **Canada** – widespread rainfall fell across the Western Prairies this week, slowing fieldwork but boosting soil moisture for crop germination.
- **Europe** – Widespread showers continued this week, moving more into the central region which has been dry and into Eastern Europe by this weekend.
- **Ukraine/Russia** – Dry areas of Ukraine and Southern Russia expect to see some badly needed moisture this weekend, but about 30% of the winter grain region remains unfavorably dry at this point. Showers were widespread this week across Russia’s spring grain belt
- **Northern Africa** – Additional rainfall benefitted late developing winter grains.
- **Middle East** – Warm and dry conditions accelerated winter grain crop development.
- **China** – Showers were significant across the southwestern quarter of the wheat belt last weekend and some showered lingered into early this week. These timely rains will enhance early heading of winter wheat. Another rain event is expected next week.
- **Argentina** – most of the winter wheat belt remains too cold and dry for planting to begin.
- **Australia** – winter grain planting is beginning with conditions mostly favorable across New South Wales, Victoria and South Australia but generally too dry in Western Australia. The western region was expected to see timely rains in the next five days which should allow a normal starting date to the planting season. **Australian weather forecasters are pointing to the formation of El Nino weather pattern which is generally NOT favorable for Australian winter grain yields.**

**USDA Crop Progress / Condition Report, April 30, 2012**

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	67% planted	50%	22%	39%			
<b>ID barley</b>	<b>76% planted</b>	<b>62%</b>	<b>49%</b>	<b>54%</b>			
US spring wheat	74% planted	57%	9%	32%			
<b>ID spring wheat</b>	<b>82% planted</b>	<b>70%</b>	<b>50%</b>	<b>61%</b>			
US winter wheat	54% headed	42%	29%	24%	64%	64%	34%
<b>ID winter wheat</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>81%</b>	<b>80%</b>	
Corn	53% planted	28%	12%	27%			