

# Idaho Grain Market Report, May 9, 2013

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 8, 2013. Barley prices in \$/Cwt. and wheat prices in \$/bu.

<u>Barley (Cwt.)</u>			<u>Wheat (bu.)</u>		
Ashton	NQ	(2-R) \$13.00 (6-R) \$13.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$11.50	(2-R) NQ (6-R) NQ	\$7.75	\$7.41	\$7.92
Idaho Falls	\$11.00	(2-R) \$12.92-\$13.00 (6-R) \$12.92	\$8.00	\$7.43	\$7.74
Blackfoot / Pocatello	\$11.35	(2-R) \$13.00 (6-R) \$13.00	\$7.50	\$7.61	\$7.87
Grace / Soda Springs	\$11.25	(2-R) NQ (6-R) NQ	\$8.25	\$7.94	\$8.07
Burley / Rupert	\$11.25-\$11.50	(2-R) \$12.92 (6-R) \$12.92	\$7.75-\$7.76	\$7.27	\$7.78
Hazelton					
Twin Falls / Eden / Buhl	\$11.60	(2-R) NQ (6-R) NQ	\$7.70	NQ	NQ
Weiser	\$11.50	(2-R) NQ (6-R) NQ	\$7.60	NQ	NQ
Nez Perce / Craigmont	\$10.35	(2-R) \$10.35 (6-R) \$10.35	\$7.10	\$8.33	\$8.70
Lewiston	\$10.60	(2-R) \$10.60 (6-R) \$10.60	\$7.29	\$8.52	\$8.89
Moscow / Genesee	\$10.40-\$11.75	(2-R) \$10.40 (6-R) \$10.40	\$7.06-\$7.90	\$8.29-\$8.99	\$8.66-\$9.37

## 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 \$7.65-\$7.71 Aug NC \$7.70-\$7.76	May \$8.90 ¼-\$8.95 ¼ Aug NC \$8.35-\$8.55	May \$9.26 ¼-\$9.36 ¼ Aug NC \$9.05 ¾-\$9.15¾
Los Angeles	\$15.00	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$15.00	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.55	NQ	NQ	\$8.37	\$8.16	\$8.32
Great Falls	\$8.00-\$10.50	NQ	\$12.75	NQ	\$7.67-\$7.76	\$7.91-\$8.27
Minneapolis	\$10.42	NQ	NQ	NQ	\$9.12 ¼ (12%)	\$9.06 ¼-\$9.31 ¼

## Market trends this week

**BARLEY** – Local barley prices were mixed this week with 50 cents lower to 25 cents higher reported in southern Idaho and no change to 25 cents higher reported in northern Idaho. USDA reported barley export sales for MY 2013/14 totaled .3 TMT for Taiwan; however there were no export shipments reported last week.

**WHEAT** – Local wheat prices were also mixed again this week: SWW ranged from 20 cents higher to 25 cents lower; HRW ranged from 4 to 27 cents lower; and DNS ranged from 2 cents higher to 18 cents lower. USDA reported wheat export sales last week were on the low end of trade expectations at 465.5 TMT (239.2 TMT for MY 2012/13 and 226.3 TMT for 2013/14), up 9% from the previous week, however it was down 13% from the prior 4-week average. Export shipments last week totaled 559.7 TMT, down 34% from the previous week and 22% from the prior 4-week average.

**Wheat competitor / buyer news** – Argentine government announced they would rebate 23% of the wheat export tax in the new crop year hoping to spur wheat plantings there. Reports this week that Iraq could lose as much as 25 to 30% of its domestic wheat crop this year to severe flooding problems. India reports that their government wheat stocks surged by 76% last month to more than 42 MMT, just ahead of new crop harvest.

**CORN** – Corn export sales last week were below trade expectations, at 285.7 TMT (115.8 TMT for MY 2012/13 and 169.9 TMT for 2013/14), down 65% from the previous week and 62% from the prior 4-week average. Export shipments last week totaled 192.1 TMT, down 52% from the previous week and 41% from the prior 4-week average.

**Ethanol corn usage** – DOE's Energy Information Agency reported U.S. ethanol production fell last week to 843,000 bbls per day, down 1.6% from the previous week and down 6% from a year ago. Corn used for ethanol production last week totaled 88.5 million bu, still behind the weekly pace of 91.1 million bu needed to achieve USDA's projection for the marketing year of 4.55 billion bu.

### Futures market activity this week

**Macro-economic trends** – Euro-zone government bond yields continue to fall which is a sign that the debt situation is stabilizing in that region of the world. German industrial output unexpectedly rose in March, up 1.2% m/m which was expected decline of 0.1% but was still down 2.5% y/y. UK industrial output also was stronger than expected in March, rising 0.7% m/m, but down 1.4% y/y. China reported a surprisingly strong trade balance last month, which some consider a barometer of global economic growth, while many market analysts question the reliability of these data as the biggest gain was reported in exports to Hong Kong, which could reflect investment money inflows via Hong Kong rather actual trade. China also reported slightly stronger than expected consumer price inflation at +2.4% y/y, which may cause their central bank to cut back on monetary easing.

**U.S. economic trends** – U.S. economic news got a big boost last Friday with a surprisingly strong monthly jobs report, which showed a gain of 165,000 jobs last month (along with an revised increase of 140,000 for the two previous months) despite a cut of 11,000 government jobs. The U.S. unemployment rate was cut to 7.5%. The stronger than expected jobs report, along with strong corporate earnings reported in recent days, catapulted the US stock market to record highs this week, with the DOW exploding above the 15,000 mark for the first time in history. Today's report on weekly unemployment claims also beat expectations, falling 4,000 to 335,000 against expectations of an 11,000 increase to 335,000. The 4-week average dropped to 336,750, the lowest since November 2007. There continues to be signs, however, of softening in the manufacturing sector with factory orders reported last Friday down 4%. Today's wholesale inventories report met expectations, but sales fell below expectations.

**WHEAT** –Wheat markets closed sharply lower on Monday under spillover pressure from corn and expectations of increased moisture across parts of the HRW wheat belt this week which could help boost yields as the crop enters the critical heading stage. Wheat prices climbed off early session lows to close moderately higher on Tuesday with support from unfavorably dry conditions developing in Ukraine, southern Russia and Australia. Wednesday saw wheat markets close narrowly mixed with MGE leading the gains on slow planting progress and position squaring ahead of the big USDA report on Friday. Wheat markets finished strongly higher today (Thursday), in short covering and positioning of tomorrow's S&D balance sheet. **Wheat market closes on Thursday, 5/09/13 ...**

	July 2013	<u>Weekly Summary</u>	Sept 2013	<u>Weekly Summary</u>	Dec 2013	<u>Weekly Summary</u>
Chicago	\$7.23 ½	Up \$0.02 ½	\$7.31 ½	Up \$0.01	\$7.48 ¼	Up \$0.03
Kansas City	\$7.79 ¼	Up \$0.01 ¼	\$7.87 ½	Down \$0.01 ¼	\$8.05	Down \$0.00 ¾
Minneapolis	\$8.25 ½	Up \$0.06 ½	\$8.21 ¼	Up \$0.02	\$8.28 ¾	Up \$0.00 ¼
DNS						

**CORN** – Prices fell double digits on Monday under pressure from more favorable weather forecasts this week which should help accelerate planting progress in some areas, along with very disappointing export shipment data. It is looking increasingly likely that USDA will cut their 2012/13 corn export projection in Friday's S&D report, increasing old crop carryout. Corn closed narrowly mixed on Tuesday with support from firm cash markets and highly variable planting progress across the Corn Belt. Corn extended its moderate losses on Wednesday in spread trading and positioning ahead of Friday's key S&D report which will include USDA's first official projections for the 2013-14 crop year. Traders expect corn carryover to swell dramatically from the current year. Corn finished today (Thursday) **Corn futures contract closes on Thursday, 5/09/13 for July 2013 at \$6.48¾, down \$0.12½, Sept 2013 contract at \$5.66, down \$0.13¼ and the Dec 2013 contract at \$5.41½, down \$0.12 for the week.**

**Preview of USDA Supply & Demand Balance Sheets for MY 2012/13 and new Marketing Year 2013/14 due out tomorrow, May 10. We will cover these reports in our monthly Idaho Barley Newsbrief. Pre-report trade estimates:**

- **Wheat** – Old crop carryover 733 million bu vs. April USDA 731 million bu. New crop carryover 658 million bu. 2013 production 2.062 billion bu vs. 2012 2.269 billion bu.
- **Corn** - Old crop carryover 749 million bu vs. April USDA 758 million bu. New crop carryover 1.993 billion bu.

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

**CRUDE OIL** – Crude oil prices continued to chop around this week. Prices closed \$.55 higher on Monday to finish at \$96.16 with a renewed geopolitical risk premium triggered by the weekend Israeli air attack on Syria. Gains were limited, however, by generally sluggish euro-zone economic data. Prices retreated on Tuesday as geopolitical tensions eased and

expectations of another big jump in weekly crude oil inventories. Wednesday saw prices rebound a \$1.00 to close at \$96.62 on supportive inventory data and cuts in the 2013 gasoline price forecast which could boost summer demand. DOE's weekly crude oil inventory report showed a surprisingly modest jump in weekly crude oil stocks of only 200,000 bbls, compared to an expected build of 2.0 million bbls, Distillate stocks were bearish, increasing 1.8 million bbls, compared to an expected build of 500,000 bbls; and gasoline stocks fell by 900,000 bbls, compared to an expected decline of 475,000 bbls. **Crude oil prices eroded today (Thursday) – down \$.23 to close at \$96.39 – pressured by concerns about Chinese inflation which might cause a pullback in monetary easing and a higher dollar which hit a 10-day high.**

**U.S. WEATHER / CROP WATCH – PNW** - The PNW has turned warm and dry with temperatures trending well above normal with below average precipitation. Cereal planting is wrapping up across this region with crops in relatively good condition, albeit dry in many areas. **Corn Belt** - This week started with a brief window of warm dry weather which allowed spring planting to accelerate across the Northern and Central U.S. but by midweek another slow moving system was delivering widespread rain coverage stretching from Kansas and Nebraska into the Ohio River Valley, halting planting progress in many areas. Colder air is expected to move in behind this system, bringing frost to the Upper Midwest this weekend. Updated 6-10 and 8-14 day weather models show conflicting forecasts with the American model shifting drier but other models showing potential for more widespread rainfall next week. **Central / Southern Plains (hard red winter wheat belt)** – Heavy soaking rains covered parts of Kansas, northern Oklahoma and Colorado mid-week, bringing much needed moisture to a crop which has been stressed by drought and at least three hard freeze events in late spring. The 6-10 day outlook calls for showers in parts of the Southwestern Plains.

**USDA Crop Progress / Condition Report, May 6, 2013**

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	44% planted	30%	78%	49%			
<b>ID barley</b>	<b>82% planted</b>	<b>68%</b>	<b>87%</b>	<b>65%</b>			
US spring wheat	23% planted	12%	82%	50%			
<b>ID spring wheat</b>	<b>82% planted</b>	<b>71%</b>	<b>89%</b>	<b>73%</b>			
US winter wheat	20% headed	14%	64%	39%	32% g/ex 39% p/vp	33% 35% p/vp	63% 12% p/vp
<b>ID winter wheat</b>	<b>27% jointed</b>	<b>24% jointed</b>	<b>36% jointed</b>	<b>21% jointed</b>	<b>81%</b>	<b>80%</b>	<b>82%</b>
Corn	12% planted	5%	69%	47%			

**INTERNATIONAL WEATHER / CROP WATCH -**

- **Canada** – Planting progress has been slow; southern Alberta only about 5% planted at the start of the week compared to 50% last year.
- **Europe** –Beneficial showers crossed parts of Western and Central Europe, boosting soil moisture for developing grain crops. The Balkans were sunny and hot.
- **Black Sea Region** – A persistent high pressure ridge over North Africa has caused unseasonably warm and dry conditions to expand across Ukraine and Southern Russia, prompting some concern about winter grain yields this year. Light showers are expected to move through the wheat belt next week but better than average rains are needed to get through jointing to heading stages. Cooler temps during this period will help minimize crop stress. Changes of moisture improve significantly in the 11 to 15 day forecast.
- **Northern Africa** – Showers slowed winter grain maturation in some areas. Harvest is underway from northern Morocco into Tunisia.
- **Middle East** – Unseasonably heavy rainfall has caused flooding and some crop losses in southern Iraq and southwestern Iran. Some reports suggest that Iraq could lose as much as 25 to 30% of its wheat crop to heavy flooding. Warm mostly dry conditions across Turkey and northern Iran are promoting winter grain development.
- **China** – Yangtze River Valley received some beneficial moisture.
- **Brazil/Argentina** – Unseasonably warm and dry conditions across Brazil is favoring second crop corn development. Argentina was mostly dry, aiding corn harvest but limiting needed moisture for wheat planting.
- **Australia** – Very dry in the east which is delaying winter grain planting. Scattered showers across Southern and Western Australia are boosting top soil moisture and promoting early winter grain planting.