

Idaho Grain Market Report, May 17, 2012

Published by the Idaho Barley Commission, kolson@idahobarley.org, 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, May 16, 2012. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>		
	#2 Feed, 48 lbs or better NQ	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton		(2-R) \$12.00 (6-R) \$12.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$9.00	(2-R) NQ (6-R) NQ	\$6.00	\$6.05	\$7.54
Idaho Falls	\$11.00	(2-R) \$12.50-\$12.92 (6-R) \$12.50	\$6.00	\$5.72	\$7.50
Blackfoot / Pocatello	\$10.41	(2-R) \$12.00 (6-R) \$12.00	\$6.00	\$5.55	\$6.35
Grace / Soda Springs	\$9.75	(2-R) NQ (6-R) NQ	NQ	\$5.60	\$7.35
Burley / Rupert Hazelton	\$10.00	(2-R) \$12.92 (6-R) \$12.92	\$6.00-\$6.10	\$5.84	\$7.33
Twin Falls / Eden / Buhl	\$8.50-\$10.10	(2-R) NQ (6-R) NQ	\$5.10-\$5.50	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$5.72	NQ	NQ
Nez Perce / Craigmont	\$9.10	(2-R) \$9.10 (6-R) \$9.10	\$6.24	\$6.90	\$8.49
Lewiston	\$9.35	(2-R) \$9.35 (6-R) \$9.35	\$6.43	\$7.09	\$8.68
Moscow / Genesee	\$9.15-\$11.00	(2-R) \$9.15 (6-R) \$9.15	\$6.20-\$6.90	\$6.86-\$7.51	\$8.45-\$9.10

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 \$6.70-\$6.95 Sept \$6.55-\$6.80	May \$7.46-\$7.61 Aug NC \$7.11-\$7.21	May \$9.05-\$9.15 Aug \$8.56-\$8.81
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$9.85	NQ	NQ	\$6.00	\$6.01	\$7.05
Great Falls	\$8.00-\$10.30	NQ	\$11.50	NQ	\$5.40-\$5.55	\$7.75-\$7.99
Minneapolis	\$11.04	NQ	\$14.58	NQ	\$7.16 (12%)	\$9.00-\$9.30

Market trends this week

BARLEY – Local barley prices were mixed this week, ranging from 80 cents lower to 17 cents higher in southern Idaho and no change to 11 cents lower reported in northern Idaho. USDA reported that there were no barley export sales or export shipments last week.

WHEAT – Local wheat prices were also mixed this week: SWW ranged from 25 cents lower to 20 cents higher; HRW ranged from 8 to 47 cents higher; and DNS ranged from 73 cents lower to 40 cents higher. USDA reported wheat export sales last week were on the high end of trade expectations at 711.4 TMT (321.8 TMT for MY 2011/12 and 389.6 TMT for MY 2012/13), up 45% from the previous week and 5% from the 4-week average. Export shipments totaled 678.9 TMT, up 23% from the previous week and 12% from the 4-week average. Cumulative wheat export sales now stand at 99.7% of the USDA estimate for the marketing year (which ends May 31), compared to 5-year average of 97.6%.

Wheat Competitor/Buyer News – Strategic Grains lowered their EU-27 wheat crop estimate by 4.2 MMT this week to 122.7 MMT, which would be their smallest wheat crop since 2007/08. Indian wheat stocks remain well above targeted levels, prompting talk of a sizeable export program but nothing has been announced yet. Iraq purchased 400 TMT of wheat from the U.S. (100 TMT), Australia, Russia and Romania this week. China's CNG has pegged their 2012 wheat crop at 120.3 MMT, compared to USDA's estimate of 120 MMT, up nearly 2% from last year.

CORN – Corn export sales last week were on the low end of trade expectations at 865.1 TMT (339.4 TMT for MY 2011/12 and 525.7 TMT for MY 2012/13), up 51% from the previous week, but down 46% from the 4-week average. Corn export shipments last week totaled 666.7 TMT, down 4% from the previous week and 16% from the 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production ticked higher last week, totaling 904,000 bbls per day, up .78% from the previous week and up .44% from last year. Corn used for ethanol last week totaled 96.3 million bu, above the pace of 93.9 mbu needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

Corn Competitor/Buyer News – The Buenos Aires Grain Exchange has pegged their 2010/11 corn crop at 19.8 MMT, compared to the Argentine Ag Ministry at 20.1 MMT and USDA at 21.5 MMT. USDA confirmed that China bought more U.S. corn this week – showing total purchases of 900 TMT: 180 TMT old crop previously reported as unknown destination, 480 TMT new crop also previously reported as unknown destination and 240 TMT fresh new crop business. Japan feed millers purchased 300 TMT of Brazilian and 200 TMT Argentine corn this week.

Futures market activity this week

Macroeconomic news – Political stalemate in Greece that will lead to another election in June and a possible messy withdrawal from the euro and a credit downgrading of Spanish banks triggered fresh worries this week about European economic instability. The only good news was a better than expected GDP reading for Germany for the first quarter of 2012 – up 0.5% which was better than expected – and officially saved the euro zone from slipping back into recession (euro-zone GDP estimate was unchanged from the previous quarter).

U.S. economic news – The U.S. dollar hit a 4 month high this week, as investors flocked back to safe haven investments against rising worries about slowing Chinese economic growth and a prolonged European debt crisis that took another ugly turn this week. US industrial output was better than expected this week, along with stronger than expected housing starts, while new building permits were disappointing last month. Federal Reserve meeting minutes released this week revealed more favorable sentiment toward another round of quantitative easing later this year to help bolster economic growth.

WHEAT – Wheat markets caught on fire this week on declining yield potential in both the Kansas HRW and Black Sea wheat crops. Wheat closed mixed to modestly higher on Monday in slow volume with pressure noted from very bearish outside markets. Support came from an oversold technical condition and dry/hot weather outlook for key wheat production areas. Prices rallied strongly on Tuesday, closing up double digits on a hot dry weather forecast for western Kansas where USDA confirmed deteriorating crop conditions in their weekly crop condition report released late Monday afternoon (8% decline in good/excellent). Wheat extended its strong rally on Wednesday with speculative short covering driving prices up 30 cents on CBOT and 28 cents in KCBT. Potential yield losses in dry areas of the western US Plains and Black Sea region remained the driving factor. Wheat finished up double digits again today (Thursday) on declining crop conditions and a lack of rain in the forecast for the next week. **Wheat market closes on Thursday, 05/17/12**

	July 2012	Weekly Summary	Sept 2012	Weekly Summary
Chicago	\$6.57 ³ / ₄	Up \$0.60 ³ / ₄	\$6.69 ¹ / ₂	Up \$0.57 ³ / ₄
Kansas City	\$6.72	Up \$0.62	\$6.86 ¹ / ₂	Up \$0.60 ¹ / ₂
Minneapolis DNS	\$7.67 ¹ / ₄	Up \$0.41 ¹ / ₄	\$7.64 ¹ / ₂	Up \$0.38 ¹ / ₂

CORN – Corn traded modestly higher on Monday in choppy two-sided action, as a firm cash market and oversold technicals helped offset pressure from very weak outside market forces. Spillover strength from wheat helped push corn higher on Tuesday, despite continued pressure from lower energies and equities. Corn posted double digit gains on Wednesday on support from the wheat rally and USDA confirmation of fresh Chinese purchases. Corn finished with modest gains today (Thursday) in choppy two sided action, with spillover strength from wheat and strong cash markets helping ease pressure from weak outside markets. **July 2012 corn futures contract closed Thursday, 05/17/12, at \$6.25, up \$0.44 and the Sept 2012 contact closed at \$5.38 ¹/₂, up \$0.27 ¹/₄ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil continued under sharp liquidation pressure this week from a combination of larger supplies and global growth worries. Monday saw prices close down \$1.35 to \$94.78, under pressure from a stronger dollar and fresh concerns about the Chinese economy. The Greek political stalemate pushed prices lower on Tuesday – down \$.80 to close at \$93.98 - with losses limited by better than expected German and Euro-zone GDP data. Prices continued to grind lower on Wednesday to the lowest level in 6 months but losses were trimmed mid-session on a pullback in the dollar and more positive market sentiment. DOE reported crude oil stocks increased 2.128 million bbls last week compared to an expected build of 1.75 million bbls. On the flipside, distillate and gasoline stocks were bullish again this week, falling by 1.0 million bbls and 2.8 million bbls respectively. **Crude oil prices trimmed their losses today (Thursday) although still closed \$.25 lower at \$92.56, with technical support offsetting concerns about the European debt crisis threatening to derail global economic growth.**

U.S. WEATHER / CROP WATCH –

Pacific Northwest – warmer and drier conditions prevailed this week.

Midwest - Corn & SRW wheat – conditions remained mostly quiet this week with only scattered showers and warming temperatures across the Central U.S. Moisture is expected to return to the northwestern belt this weekend into early next week, while a high pressure ridge across the midsection is expected to bring much hotter temperatures. The 6-10 day outlook shows moisture in the northern belt with dry areas of Ohio River Valley likely missing out. About 10% of the corn/soybean area is seeing moisture stress. About 20% of spring wheat areas are seeing moisture stress.

Winter wheat (HRW) – The Southern and Central Plains remained dry this week, with scattered showers taking an eastern bias and missing dry areas of western and central Kansas where at least one-third of the crop is showing stress. Early harvest reports suggest highly variable yield potential this year. The 6-10 day outlook shows hot and dry conditions will persist. **The winter wheat crop condition index score slipped 7 points this week to 355, which is still 33 points above the 10-year average score for this date.**

INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – Drier conditions recently have accelerated spring grain planting. Good rain potential for the next 6-10 days.
- **Europe** – Showers and colder temps covered northern Europe this week with light frost reported in eastern France and southern German. Spain saw mostly dry and warm conditions, accelerating grain maturation and harvest.
- **Ukraine/Russia** – Western Ukraine received light precipitation this week, although levels were disappointing in many areas. A high pressure ridge is blocking rains for Eastern Ukraine and Central and Southern Russia. At least one-fourth of the winter wheat region has moisture stress which is likely to shave off yield potential. Rain potential also is limited for the spring wheat belt for the next two weeks.
- **Northern Africa** – Mostly dry conditions have aided crop maturation and harvest.
- **Middle East** – Locally heavy showers continued to favor winter grains in Turkey while warmer and drier conditions accelerated grain maturation and harvest across the Mediterranean region.
- **China** – North China Plains trended drier this week with showers scaled back to less than half of this region next week which should keep moisture stress to a minimum for now. Warmer conditions aided corn planting in the northeastern region.
- **Australia** – Mostly dry conditions this week has slowed winter grain planting pace slow as many areas wait for better soil conditions. It is estimated that about 20% of the grain belt is too dry for favorable crop germination.

USDA Crop Progress / Condition Report, May 14, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	93% planted	83%	46%	68%			
ID barley	95% planted	89%	74%	80%			
US spring wheat	94% planted	84%	33%	64%			
ID spring wheat	95% planted	90%	75%	86%			
US winter wheat	72% headed	63%	50%	46%	60%	63%	32%
ID winter wheat	0%	0%	0%	0%	87%	82%	
Corn	87% planted	71%	56%	66%			