

# Idaho Grain Market Report, May 19, 2011

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, May 18, 2011. 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) \$12.50 (6-R) \$12.50	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$11.50	(2-R) NQ (6-R) NQ	\$7.80	\$8.33	\$11.10
Idaho Falls	\$11.00	(2-R) \$11.25-\$11.75 (6-R) \$11.25	\$7.30	\$7.87	\$10.39
Blackfoot / Pocatello	\$11.56	(2-R) \$12.50 (6-R) \$12.50	\$7.60	\$7.46	\$10.98
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert Hazelton	\$11.50	(2-R) \$11.25 (6-R) \$11.25	\$7.45	\$7.63	\$10.32
Twin Falls / Eden / Buhl	\$11.80-\$12.00	(2-R) NQ (6-R) NQ	\$7.15-\$7.20	NQ	NQ
Weiser	\$11.25	(2-R) NQ (6-R) NQ	\$7.01	NQ	NQ
Nez Perce / Craigmont	\$9.85	(2-R) \$9.85 (6-R) \$9.85	\$7.14	\$8.63	\$11.20
Lewiston	\$10.10	(2-R) \$10.10 (6-R) \$10.10	\$7.33	\$8.59	\$11.16
Moscow / Genesee	\$9.90-\$11.25	(2-R) \$9.90 (6-R) \$9.90	\$7.10-\$8.00	\$8.59-\$9.89	\$11.16-\$12.59

## 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 \$7.90-\$8.00 Aug NC \$7.60-\$8.00	May \$9.78-\$9.83 Aug NC \$9.54-\$9.74	May \$12.26-\$12.46 Aug NC \$11.09-\$11.34
Los Angeles	\$14.25	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$14.25	NQ	NQ	NQ	NQ	NQ
Ogden	\$12.00	NQ	NQ	\$8.00	\$8.16	\$11.04
Great Falls	\$9.75-\$10.25	NQ	\$11.00	NQ	\$7.22-\$7.75	\$10.93-\$11.38
Minneapolis	\$9.79	NQ	\$13.54	NQ	\$9.41 ¼ (12%)	\$12.76 ¼ - \$13.36 ¼

## Market trends this week

**BARLEY** – Local barley prices were mostly higher this week ranging from \$.25 lower to \$.25 higher in southern Idaho and from no change to \$1.00 higher in northern Idaho. USDA reported that barley export sales totaled .4 TMT for Taiwan last week, and exports totaled .3 TMT for Canada.

**WHEAT** – Local wheat prices were mixed this week: SWW ranged from 15 cents lower to 40 cents higher; HRW ranged from 34 cents lower to 77 cents higher; and DNS ranged from 48 cents lower to 7 cents higher. USDA reported that wheat export sales last week were above trade expectations at a total of 798.9 TMT for both MY 2010/11 and MY 2011/12 (old crop sales of 126.7 TMT plus new crop sales at 672.2 TMT), down 61% from the previous week and 49% from the prior 4-week average. Wheat export shipments last week totaled 794.2 TMT, down 23% from the previous week and 11% from the prior 4-week average.

**CORN** – Corn export sales last week for MY 2010/11 were on the high side of trade expectations at 843.2 TMT, up 94% from the previous week, and up considerably from the prior 4-week average (plus new crop sales of 308.5 TMT). Corn export shipments last week totaled 961.6 TMT, up 12% from the previous week, and 10% from the prior 4-week average.

**Ethanol corn usage** – DOE's Energy Information Agency reported that U.S. ethanol production picked p last week, totaling 900,000 bbls, up 4.41% from the previous week and up 6.26% from last year – **representing a weekly corn use of 94.5 million bushels which still lags the weekly pace of 101.791 million bu needed to meet USDA's marketing year demand estimate of 5 billion bushels.**

**Corn Competitor/Buyer News** – Chinese corn demand remained in the headlines this week with reports that China had reached a deal with Argentina to import corn and soyoil, although analysts note that it could take several months for Argentine corn genetics to get Chinese regulatory approval. **Argentine officials indicate they are likely to supply 2 MMT of corn to China in coming months, but many traders inside China believe their corn import needs are in the 6-10 MMT range.** According to the US Grains Council, India will likely export 2.4 MMT of corn, up 33% from last year due to a bumper crop estimated at 20.23 MMT. South Korea purchased 125 TMT of U.S. corn this week.

#### Futures market activity this week

**WHEAT** – Wheat markets began the week posting solid gains despite continuing weakness in other commodity and equity markets as investors become increasingly nervous about waning global economic growth prospects. Gains were attributed to spillover strength from corn and more weather-related crop concerns as winter wheat crop conditions continue to deteriorate as harvest draws near and spring wheat planting remains well behind normal, particularly in the largest producing state of North Dakota which was only 15% panted versus 68% on average. Prices moved sharply higher – posting double digit gains on both Tuesday and Wednesday – on a combination of U.S. and European weather-related crop concerns and signs of fresh demand. MGE traded limit up on Wednesday – leading the gains in the wheat contracts - on continuing concerns with a very slow planting pace in North Dakota where some spring wheat acres are likely to shift to other crops like soybeans. European wheat futures, which are trading at 3-month highs, also provided strong support. Wheat futures closed mixed today (Thursday) with CBOT and KCBT settling lower under profit-taking pressure and MGE posting additional gains on planting delay worries as showers returned to Montana and North Dakota mid to late week. **Wheat futures market closes on Thursday, 05/19/11...**

	<b>July 2011</b>	<b>Weekly Summary</b>	<b>Sept 2011</b>	<b>Weekly Summary</b>
Chicago	<b>\$8.12</b>	<b>Up \$0.84</b> ¼	<b>\$8.55</b> ¼	<b>Up \$0.78</b> ¼
Kansas City	<b>\$9.44</b> ¾	<b>Up \$0.75</b> ¼	<b>\$9.61</b> ¾	<b>Up \$0.74</b> ¾
Minneapolis DNS	<b>\$10.06</b>	<b>Up \$1.05</b> ¾	<b>\$9.89</b> ½	<b>Up \$0.86</b>

**CORN** – Corn continued to shrug off weakness in outside markets to close sharply higher on Monday on continued planting delays in the Eastern Corn Belt, persistent rumors of Chinese demand and fresh Asian demand. Prices continued to climb on Tuesday with the nearby contract pushing above \$7/bu as worries intensify that U.S. corn acreage will fall short of expectations this year. USDA reported corn planting progress at 63% completed versus 75% on average, but delays are lingering in key areas of North Dakota (USDA expects corn acres to increase by 450,000), Indiana and Ohio. Corn continued its strong march higher on Wednesday, rallying to the highest level since May 2, on fears that a cold/wet spring, particularly in the key areas mentioned above, will produce a disappointing crop this year and further tighten domestic and global stocks. Gains could not be sustained, however, as old corn prices closed fractionally lower today (Thursday) under profit-taking pressure. **One private analyst has pegged U.S. corn acreage at 89.5 million compared to USDA's March 31 projection of 92.2 million. July 2011 corn futures contract closed Thursday, 05/19/11, at \$7.48 ¼, up \$0.66 ½ and the Sept 2011 contact closed at \$7.11 ½, up \$.57 ¾ for the week.**

**NEAR-BY COMMODITY OUTLOOK** – Weather-related crop concerns are driving grain futures sharply higher, but corrective pullbacks are also expected along the way. Producers should expect these wild price swings to remain over the next several months and should adjust their grain marketing plans accordingly.

- **Corn** – **A bullish old crop rally marches on... Later expected maturity of the new corn due to planting delays will necessitate that the market find an estimated 350 million bushels of old crop corn to satisfy current usage OR prices will need to continue climbing in order to ration demand.** July CBOT resistance at \$7.83/bu. **For new crop,** there is rising expectations that not all of the projected 2011 corn acres will get planted this year, particularly in North Dakota and the Eastern Corn Belt, leaving corn stocks very tight for at least another year. **At least one private firm is now pegging U.S. corn acreage at 89.5 million, compared to USDA's March 31 projection of 92.2 million acres.** New crop Dec. 2011 CBOT contract continues to advance towards a psychological resistance of \$7.00/bu.
- **Wheat** – Both winter and spring wheat crop worries also are on the front burner as 25% to 50% yield losses are now projected in the southern 2/3 of the U.S. hard red winter wheat belt and many spring wheat acres may not get planted. While soft red winter wheat fundamentals remain comfortable (even bearish), higher protein wheat stocks remain tight. To complicate this picture, other major wheat producers also are experiencing crop problems, with France and Germany now estimating crop losses in the 7 to 10% range while Canada once again is facing a slower than normal planting pace meaning delayed maturity and possible quality problems this fall (20% completed compared to 50% on average). **CBOT wheat resistance at \$8.93/bu; KCBT resistance at \$9.90/bu; and MGE resistance at \$10.38/bu.**

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

- **CRUDE OIL** – Crude oil continued to move steadily lower this week, with the pullback attributed to weaker than expected U.S. and global economic news that is dampening the energy demand outlook. Crude oil closed down \$2.28 at \$97.37/bbl on Monday and fell another \$0.46 to close at \$96.91/bbl on Tuesday. Prices unexpectedly surged above \$100/bbl on Wednesday on weakness in the US dollar and a surprisingly bullish weekly inventory report. The weekly

government petroleum stocks report showed lower than expected stocks across the board last week... crude oil stocks remained mostly unchanged, compared to an expected build of 1.0 million bbls; distillate supplies fell by a bullish 1.2 million bbls, compared to an expected build of 0.5 million bbls; and gasoline stocks increased by only 0.1 million bbls, compared to an expected increase of 1.0 million bbls. **Crude oil settled lower again on Thursday – closing down \$1.66 at \$98.44/bbl** – under pressure from a weaker US dollar and an easing of supply disruption concerns in Canada as wildfires recede in Alberta.

▪ **U.S. WEATHER / CROP WATCH** – Showers were limited last weekend, except in southeastern Iowa and the northern half of Illinois, Indiana and Ohio. Conditions across much of the Midwest were mostly quiet for the first half of the week, except for the eastern 10 to 15% of the Corn Belt where periodic showers have persisted. More widespread showers returned to much of the Midwest mid to late week and are expected to continue through the 6-10 day period. The flooded Lower Mississippi River Valley saw few showers this week but rain is expected to return during the first half of next week preventing flood waters from receding. **Winter wheat** – The weekly U.S. winter wheat condition index continued to deteriorate to 271, down another 4 pts from the previous week, down 99 points from last year and 55 points below average. More beneficial moisture was expected across the Central Plains covering the northern one-third of the HRW belt, stabilizing crop conditions there, but rain was arriving too late for the southern 2/3 of the belt. Conditions deteriorated in the soft red winter wheat crop due to excessive moisture and flooding. **Spring wheat** – Open planting weather last weekend and into the first half of this week helped accelerate planting across the Northern Prairies but a wetter trend returned mid week and will likely extend into the 6-10 day period, although some models show conflicting outlooks. Meanwhile, much of the Western Canadian Prairies saw good planting progress in the past week. **Corn** – Mostly dry conditions early this week aided planting progress, although a wetter pattern returned to the Western Corn Belt on Thursday and was expected to expand eastward this coming weekend. Frequent showers are expected to linger in the Eastern Corn Belt in the 6-10 day period. A mixed weather outlook for North Dakota (with at least one major model indicating that much of North Dakota and central Minnesota could miss next week's rains) keeps the acreage uncertainties at the forefront. **The bottom-line in mid-May: at least 10 to 15% of the Corn Belt remains too cold and wet to see much planting progress and some acreage shifts from corn to soybeans can be expected in some of these areas.** **INTERNATIONAL WEATHER / CROPS -**

- **Canada** – Good planting progress continued this week across much of Alberta and western Saskatchewan, with 20% of the spring grains planted at the beginning of the week which is well behind a normal pace of 50%. Rains continued to slow planting progress in southeastern Saskatchewan and south-central and southeastern Manitoba.
- **Europe** – The drought intensified in northern France and northern Germany, while light rains eased the situation in the UK and eastern and southern France in recent days. France reports it has been experiencing the driest spring in 50 years and will likely experience 10% yield losses.
- **Former Soviet Union** – Scattered showers in the western region aided early spring grain development and another round of beneficial moisture is expected next week. Most areas have received near normal moisture since early April.
- **Middle East** – Widespread locally heavy rains favored winter grain yield prospects in Turkey, but was causing some quality concerns. Light showers lingered across northern Iran, providing needed moisture for winter grains.
- **Northern Africa** – Drier conditions promoted winter grain maturation and harvesting.
- **China** – Widespread rains across the North China Plains and Manchuria favored winter grain filling and corn emergence.
- **Australia** – Rains during the past couple days eased drought in about 2/3 of Western Australia, aiding winter grain and canola planting. Meanwhile beneficial moisture continues to be widespread across the southeastern regions.

**USDA Crop Progress / Condition Report, May 16, 2011**

Crop	% Planted	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
U.S. barley	43%	29%	76%	76%			
<b>ID barley</b>	<b>78%</b>	<b>65%</b>	<b>86%</b>	<b>84%</b>			
U.S. spring wheat	36%	22%	78%	76%			
<b>ID spring wheat</b>	<b>78%</b>	<b>66%</b>	<b>90%</b>	<b>91%</b>			
U.S. winter wheat	54% headed	42%	50%	53%	32%	33%	66%
<b>ID winter wheat</b>	<b>0% headed</b> <b>42% jointed</b>	<b>0%</b> <b>22% jointed</b>	<b>0%</b> <b>40% jointed</b>	<b>1%</b> <b>45% jointed</b>	<b>84%</b>	<b>83%</b>	
Corn	63%	40%	87%	75%			