

Idaho Grain Market Report, May 24, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, May 23, 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	\$9.50	(2-R) NQ (6-R) NQ	\$6.00	\$6.28	\$7.64
Idaho Falls	\$11.00	(2-R) \$12.50-\$12.92 (6-R) \$12.50	\$5.90	\$6.22	\$7.48
Blackfoot / Pocatello	NQ	(2-R) \$12.00 (6-R) \$12.00	NQ	NQ	NQ
Grace / Soda Springs	\$9.75	(2-R) NQ (6-R) NQ	\$6.10	\$5.97	\$7.45
Burley / Rupert	\$10.00	(2-R) \$12.92 (6-R) \$12.92	\$6.10	\$6.15	\$7.49
Hazelton					
Twin Falls / Eden / Buhl	\$10.10	(2-R) NQ (6-R) NQ	\$6.00	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$5.93	NQ	NQ
Nez Perce / Craigmont	\$9.10	(2-R) \$9.10 (6-R) \$9.10	\$6.29	\$7.19	\$8.55
Lewiston	\$9.35	(2-R) \$9.35 (6-R) \$9.35	\$6.48	\$7.38	\$8.74
Moscow / Genesee	\$9.15-\$10.90	(2-R) \$9.15 (6-R) \$9.15	\$6.25-\$6.90	\$7.15-\$7.78	\$8.51-\$9.21

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 Sept \$6.90-\$7.05	May \$7.78-\$7.83 Aug NC \$7.43-\$7.61	May \$9.16-\$9.36 Aug \$8.72-\$9.02
Los Angeles	\$13.35	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.35	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.00	NQ	NQ	\$6.15	\$6.35	\$7.67
Great Falls	\$8.00-\$10.30	NQ	\$11.50	NQ	\$5.45-\$5.76	\$7.92-\$8.09
Minneapolis	\$10.94	NQ	\$14.69	NQ	\$7.46 ½ (12%)	\$9.25 ¼ - \$9.35 ¼

Market trends this week

BARLEY – Local barley prices were mixed again this week, ranging from no change to 50 cents higher in southern Idaho and no change to 10 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 mostly higher this week: SWW ranged from 10 cents lower to 50 cents higher; HRW ranged from 23 to 50 cents higher; and DNS ranged from 2 cents lower to 16 cents higher. USDA reported wheat export sales last week were well above trade expectations at 827 TMT (72.4 TMT for MY 2011/12 and 754.6 TMT for MY 2012/13), down 78% from the previous week and 76% from the 4-week average. Cumulative wheat export sales for MY 2011/12 which ends May 31, now stand at 100% of the USDA estimate, compared to 5-year average of 97.7%. Export shipments totaled 567.8 TMT, down 16% from the previous week and 8% from the 4-week average.

International Grains Council S&D Projections for WHEAT in MY 2012/13 – IGC lowered their world wheat projection today by 5 MMT to 671 MMT and carryover by a similar amount to 191 MMT, based on deteriorating yield potential in the EU, Russia, Morocco.

CORN – Corn export sales last week were well below trade expectations at 482 TMT (156.1 TMT for MY 2011/12 and 325.9 TMT for MY 2012/13), down 54% from the previous week and 75% from the 4-week average. Corn export shipments last week totaled 689.3 TMT, up 3% from the previous week and 1% from the 4-week average.

Wheat Competitor/Buyer News – The Ukrainian wheat crop was pegged this week at 12 MMT (USDA 13 MMT) and the Russian crop at 52 MMT (USDA 56 MMT), sharp drops from 2011 due to adverse winterkill and spring drought conditions.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production ticked higher last week, totaling 919,000 bbls per day, up 1.66% from the previous week and up 1.88% from last year. Corn used for ethanol last week totaled 97.8 million bu, still on pace to exceed USDA's usage estimate of 5.0 billion bushels for the year.

International Grains Council S&D Projections for CORN in MY 2012/13 – IGC raised their world corn projection today by 13 MMT to 913 MMT and carryover stocks by 6 MMT to 141 MMT, due to expectations of a record large US harvest. IGC is projecting feed use of corn will rise by 5% in the coming year to the highest level in 3 years, but growth in industrial consumption will be slower than in recent years, at about 2%.

Corn Competitor/Buyer News – Rumors of possible Chinese corn cancellations swept through the market early this week but were never confirmed. Ukraine is projected to plant 4.5 million hectares of corn this week, up nearly 30% from a year ago.

Futures market activity this week

Macroeconomic news – Greece continued to dominate the economic headlines this week, as leaders there announced plans were being put into place for a possible exit from the euro. Asian stocks also tumbled this week on the unexpected downgrading of Japanese credit at the start of the week. On the plus side, Chinese leaders reiterated their support for stepping up new economic stimulus projects to jumpstart their stagnating GDP growth rate.

U.S. economic news – The US dollar continued to climb this week as investors flocked back to this safe haven investment, in light of heightened worries about European economic turmoil and softening Chinese demand.

WHEAT – Wheat markets posted solid follow-through gains on Monday as traders continue to focus on Northern Hemisphere crop concerns in US HRW region and the Black Sea region. A strong finish on the Paris wheat exchange (reached highest price in 11 months) and strong weekly wheat export inspections also provided support. Tuesday saw a sharp reversal lower under the weight of aggressive fund selling triggered by weak outside markets and a mixed weather outlook which was trending a bit wetter for some hard-hit HRW areas. Wheat continued to push sharply lower on Wednesday on ideas that last week's rally was overdone as well as talk of at least some rain in southern Russia this week. Wheat finished mixed to slightly lower today (Thursday) under pressure from a late session corn collapse and a bounce higher in the dollar. Increased heat and dryness across much of the Western Plains through the weekend provided underlying support. **Wheat market closes on Thursday, 05/24/12**

	July 2012	Weekly Summary	Sept 2012	Weekly Summary
Chicago	\$6.63	Down \$0.32 ¼	\$6.78 ¼	Down \$0.14 ¾
Kansas City	\$6.87	Down \$0.18	\$7.02 ¼	Down \$0.15 ¼
Minneapolis DNS	\$7.75 ½	Down \$0.16 ½	\$7.76	Down \$0.12 ½

CORN – Corn traded mixed to lower on Monday in a profit-taking pullback. Concerns about hot dry conditions across the Central US for much of the month of May provided some underlying support. Corn prices plunged on Tuesday under the pressure of widespread fund selling and slightly better crop weather outlook this coming week. In a positive reversal, corn defied across the board weakness in most commodity and outside markets on Wednesday to post a modest recovery with support from mixed views on the extended weather outlook and firm cash markets. But these gains proved to be very short-lived, as corn posted another round of heavy losses today (Thursday) on disappointing old crop corn export sales and increased competition from cheaper Brazilian corn now coming onto the market. **July 2012 corn futures contract closed Thursday, 05/24/12, at \$5.78 ½, down \$0.57 and the Sept 2012 contract closed at \$5.18 ¼, up \$0.27 ¼ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices opened the week on a stronger note – closing up \$1.09 to \$92.57 – on further signals from Chinese leaders they are prepared to support additional economic stimulus. However, investor sentiment quickly took a nose dive on Tuesday and never looked back on deepening worries about the European debt crisis and Greece's possible exit from the euro. Wednesday prices fell \$.95 to close at \$89.90 under the weight of a weak outside market tone and sharply higher dollar. DOE reported crude oil stocks increased by 883,000 bbls last week compared to an expected build of 1.5 million bbls. Distillate and gasoline stocks were bullish again this week...falling by 300,000 bbls and 3.3 million bbls respectively. **Crude oil prices pulled modestly higher today (Thursday) on a slight easing of risk aversion and reports of a set back in the negotiations between Iran and the P-5+1 countries on Iran's nuclear ambitions and future inspections. Prices gained \$0.76 to close at \$90.66**

U.S. WEATHER / CROP WATCH –

Pacific Northwest – cooler temps and scattered showers followed last week’s warm up.

Midwest - Corn & SRW wheat – Heavy rains fell across areas of the northwestern Corn Belt this week and the 5-day outlook favors more beneficial rain on the NW edge, moving slowing eastward later in the 6-10 day period. At least 10% of the corn/soybean area is seeing moisture stress. The corn crop condition index came in at 388, which is the 5th best start for the US growing season since USDA began keeping these records since 1986.

Winter wheat (HRW) – Patchy rainfall fell in parts of NE, CO and western KS this week but more rain is needed to finish the HRW crop. Harvest moved northward into Kansas late in the week, showing decent yields but less than expected a month ago. Test weights also are coming in the light side due to excessive heat in recent weeks. **The winter wheat crop condition index score slipped 2 points this week to 353, which is still 34 points above the 10-year average score for this date.**

INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – Good soaking rains crossed the western prairies this week, improving spring grain germination and early crop development.
- **Europe** – More showers crossed the continent this week, further aiding reproductive winter grains.
- **Ukraine/Russia** – Showers spread across southern Ukraine into Russia this week and are expected to pick up across the southeastern half of Ukraine and much of southern and eastern Russia winter wheat regions into the weekend. If these rains materialize, moisture could be reduced to about 10% of the winter wheat belt; HOWEVER it is estimated that about 1/3 of the Black Sea winter wheat belt already suffered permanent yield losses in the 10-15% range.
- **Northern Africa** – Mostly dry conditions continue to accelerate grain crop maturation and harvest.
- **Middle East** – Late season rains continue to boost winter grain potential in Turkey, while rest of the region saw warm and dry conditions accelerating grain crop maturation.
- **China** – Periodic showers boosted soil moisture for corn and bean emergence in Northeastern China.
- **Australia** – Eastern winter grain region received beneficial moisture this week to aid seeding and germination. Western Australia remained dry this week and much of next week, causing concerns about planting conditions.

USDA Crop Progress / Condition Report, May 21, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	98% planted	93%	60%	81%	68%	NA	NA
ID barley	98% planted	95%	84%	88%	67%	NA	NA
US spring wheat	99% planted	94%	50%	78%	74%	NA	NA
ID spring wheat	100% planted	95%	85%	93%	68%	NA	NA
US winter wheat	79% headed 3% harvested	72% NA	59% 1%	59% 0%	58%	60%	32%
ID winter wheat	1% headed	0%	0%	2%	91%	87%	
Corn	96% planted	87%	75%	81%	77%	NA	NA