

# Idaho Grain Market Report, May 26, 2011

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, May 25, 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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$11.25	(2-R) \$11.25-\$12.75 (6-R) \$11.25	\$7.65	\$8.14	\$11.20
Blackfoot / Pocatello	NQ	(2-R) \$12.50 (6-R) \$12.50	NQ	NQ	NQ
Grace / Soda Springs	\$11.94	(2-R) NQ (6-R) NQ	\$7.70	\$7.95	\$11.11
Burley / Rupert Hazelton	\$11.50	(2-R) \$11.25 (6-R) \$11.25	\$7.50-\$7.70	\$7.91	\$11.03
Twin Falls / Eden / Buhl	\$12.00-\$13.00	(2-R) NQ (6-R) NQ	\$7.15-\$7.20	NQ	NQ
Weiser	\$11.25	(2-R) NQ (6-R) NQ	\$6.95	NQ	NQ
Nez Perce / Craigmont	\$9.85	(2-R) \$9.85 (6-R) \$9.85	\$7.54	\$9.12	\$12.14
Lewiston	\$10.10	(2-R) \$10.10 (6-R) \$10.10	\$7.73	\$9.31	\$12.33
Moscow / Genesee	\$9.90-\$11.50	(2-R) \$9.90 (6-R) \$9.90	\$7.50-\$8.15	\$9.08-\$9.98	\$12.10-\$13.11

## 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 \$8.00-\$8.10 Aug NC \$8.00-\$8.15	May \$9.74-\$9.79 Aug NC \$9.58-\$9.73	May \$12.50-\$12.90 Aug NC \$11.40-\$11.65
Los Angeles	\$14.50	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$14.50	NQ	NQ	NQ	NQ	NQ
Ogden	\$12.30	NQ	NQ	\$8.00	\$8.25	\$11.30
Great Falls	\$10.00-\$10.25	NQ	\$11.00	NQ	\$7.14-\$7.85	\$9.57-\$9.80
Minneapolis	\$10.31	NQ	\$13.75	NQ	\$9.63 (12%)	\$13.95-\$14.00

## Market trends this week

**BARLEY** – Local barley prices were mostly higher this week ranging from \$.20 to \$1.00 higher in southern Idaho and no change reported in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

**WHEAT** – Local wheat prices were also mostly higher this week: SWW ranged from 6 cents lower to 40 cents higher; HRW ranged from 9 to 49 cents higher; and DNS ranged from 52 to 94 cents higher. USDA reported that wheat export sales last week were on the low end of trade expectations at a total of 488.9 TMT for both MY 2010/11 and MY 2011/12 (old crop sales of 28.3 TMT plus new crop sales at 460.6 TMT). Wheat export shipments last week totaled 786.9 TMT, down 1% from the previous week and 10% from the prior 4-week average.

**Wheat Competitor/Buyers News** – More signs are pointing to a resumption of Russian wheat exports after the current embargo expires on July 1. The USDA Ag Attache in Moscow projects Russia will have an estimated 6-7 MMT of exportable stocks available. Russian officials indicate they have grain reserves of about 14 MMT, with half in state-run intervention. They are projecting a total grain crop this year of 90 MMT compared to 60.9 MMT last year. Ukraine also is taking steps to remove their grain export limits. They project their a total grain crop will increase 15% this year to 45 MMT, with possible exports of 20 MMT. India and Pakistan also are expected to produce record wheat crops this year and

will very likely approve some wheat exports in coming months. The UK says their wheat crop has most likely suffered irreversible yield losses as high as 20% due to the severe drought conditions they have seen this winter and spring. Argentine government has approved another 200 TMT of wheat exports in the current marketing year on top of the 8 MMT approved in February. Argentina pegs their 2011 plantings at 12.4 million acres. Iraqi Ag Minister is pegging Iraqi wheat crop at between 2 - 2.5 MMT, compared to 1.866 MMT last year.

**CORN** – Corn export sales last week for MY 2010/11 were on the high side of trade expectations at 726.7 TMT, down 14% from the previous week, however it was up 52% from the prior 4-week average (plus new crop sales of 52.9 TMT). Corn export shipments last week totaled 953.7 TMT, down 1% from the previous week, however it was up 8% 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 902,000 bbls, up 0.22% from the previous week and up 6.49% from last year – **representing a weekly corn use of 94.7 million bushels which still lags the weekly pace of 102.3 million bu needed to meet USDA's marketing year demand estimate of 5 billion bushels.**

**Corn Competitor/Buyer News** – CNGOIC has pegged the Chinese 2011-12 corn crop at a record 181.5 MMT, up 2.4% from last year due to increased acreage and a mostly favorable start to their growing season. **Many analysts believe it will be hard to reach this optimistic corn output forecast, particularly in light of ongoing drought-like conditions in the Yangtze River basin and eastern Shandong and long-term weather outlook that suggests dryness will spread north into prime corn production areas later in the season.**

#### Futures market activity this week

The macroeconomic outlook has taken a gloomy turn in recent weeks, triggering erratic investment money flow and significant headwinds for commodity futures. For now, markets are in a tug-of-war between mostly better than expected corporate earnings and bullish commodity fundamentals on the one side and investor worries about slowing global economic growth, withdrawal of Federal Reserve stimulus and deepening European sovereign debt problems on the other. The housing sector remains weak and durable goods orders took a dive last month, the biggest slump in 6 months. This week the Department of Commerce confirmed that Q12011 domestic GDP growth was an anemic 1.8%, lower than the projected 2.2% growth rate, due to higher gasoline prices and a slowdown in government spending. All of these factors together have driven the US dollar higher, a sure sign of investor risk aversion.

**WHEAT** – Wheat markets began the week mixed to moderately lower under pressure from bearish outside market forces, which included a surge in the US dollar on renewed worries about European sovereign debt problems. Wheat prices tumbled double digits on Tuesday on a combination of factors including lower European wheat futures and expectations of increased competition from Russia, Ukraine and India on much improved crops this year. Wheat staged an impressive reversal higher on Wednesday, with MGE leading the way with a 31 cent gain on improved investor attitudes and a renewed focus on U.S. and European crop problems. More rain in the Dakotas and southern region of the Canadian prairies has traders lowering their spring wheat acreage expectations. **A Reuter's poll now pegs spring wheat acres at 13.75 million, compared to USDA's March 31 projection of 14.43 million acres.** Wheat futures led the gains today (Thursday), with MGE posting another 25 cent gain on lower acreage estimates. **Wheat futures market closes on Thursday, 05/26/11...**

	<b>July 2011</b>	<b>Weekly Summary</b>	<b>Sept 2011</b>	<b>Weekly Summary</b>
Chicago	<b>\$8.14 ½</b>	<b>Up \$0.08</b>	<b>\$8.63</b>	<b>Up \$0.13 ¾</b>
Kansas City	<b>\$9.42 ¾</b>	<b>Up \$0.09 ½</b>	<b>\$9.62</b>	<b>Up \$0.12 ¼</b>
Minneapolis DNS	<b>\$10.45</b>	<b>Up \$.46</b>	<b>\$10.22</b>	<b>Up \$0.41 ¼</b>

**CORN** – Corn began the week modestly lower in a volatile choppy session on Monday with nearby contracts falling under the downdraft of negative outside markets while deferred contracts remained on the positive side, buoyed by continuing concerns about weather-related planting delays and tightening stock levels. Tuesday saw prices plummet under pressure from follow-through technical selling triggered mostly by overbought conditions and ideas that China would harvest a record corn crop this year. Corn shrugged off Tuesday's technical bearish reversal to close higher on Wednesday as the market attention shifted back to planting delays and a very tight old crop stocks situation. Corn posted modest gains today (Thursday) on continuing concerns of acreage losses and a firm cash market. **A Reuter's survey of grain traders is now pegging U.S. corn acres at 90.3 million acres, down from USDA's March 31 estimate of 92.2 million. Also, significant uncertainty remains about the number of acres lost to Mississippi River flooding. July 2011 corn futures contract closed Thursday, 05/26/11, at \$7.48 ¼, up \$0.66 ½ and the Sept 2011 contact closed at \$7.11 ½, up \$.57 ¾ for the week.**

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

▪ **CRUDE OIL** – Crude oil saw more volatile choppy trading this week – beginning the week down \$2.40/bbl on Monday to close at \$97.70 on disappointing economic data from both China and Europe, only to move back above \$99/bbl on Tuesday (closed up \$1.89 at \$99.59/bbl) as Goldman Sachs and other Wall Street firms revised their commodity price outlooks higher. Gains were extended on Wednesday, closing up \$1.73 to \$101.32/bbl on Wednesday, with continued support from bullish price projections. The weekly government petroleum stocks report was mixed...showing bigger than

expected crude oil stocks - up 0.6 million bbls, compared to an expected decline of 1.25 million bbls; distillate supplies fell by 2.0 million bbls; and gasoline stocks saw a surprising increase of 3.8 million bbls, compared to a much smaller expected increase of 0.45 million bbls. **Crude oil settled \$1.09 lower at \$100.23/bbl on Thursday in reaction to weakening domestic economic data and ongoing eurozone debt worries.**

▪ **U.S. WEATHER / CROP WATCH** – Significant uncertainty remains about acres that have been lost to record flooding along the Mississippi River this year. Some estimates peg **total lost acres as high as 3.6 million for all crops** (corn, soybeans, cotton, rice and wheat). These acres will be counted as planted for now but will be reported as not harvested later in the season. Wild weather this week included another deadly round of violent thunderstorms and tornadoes that continued to disrupt fieldwork in many areas across the Central and Southern U.S. Heavy rains continued in many areas for the start of this week in the western edge and then moved eastward, covering some winter wheat areas where rain is now mostly detrimental to the maturing crop. The Dakotas remained mostly wet and cooler than normal causing more planting delays with more rain in the 6 day outlook. Temperatures are expected to be much warmer across most of the Central U.S. next week, which should help with lagging crop emergence. **Winter wheat** – The weekly U.S. winter wheat condition index continued to deteriorate to 269, down another 2 pts from the previous week, down 100 points from last year and 54 points below average to the third worst score on record. Conditions in NE improved last week from the recent rains, but excessive moisture is causing conditions to deteriorate in both MO and OH soft red winter wheat crops.

**Spring wheat** – Rain was common in Central MT and the Dakotas this week, causing more planting delays. Some clearing is expected this weekend, particularly in eastern ND and Minnesota, but a wetter pattern is likely to re-emerge in the 6-15 day period. Meanwhile, much of the Western Canadian Prairies except along the U.S. border continued to make good planting progress in the past week. **Corn** – Scattered showers focused on the southern and eastern belts for the start of the week and a new weather system brought heavy rains to parts of the Western Corn Belt by mid week, spreading across the mid Mississippi River Valley to the ECB by end of the week. A drying trend is expected in the ECB next week and warmer temperatures across the Central U.S.

**Planting delays continued to be significant in Indiana, Ohio and North Dakota where about 8.6 million acres remained unplanted at the start of the week. A total of 19.4 million acres remained unplanted entering the last week of May 9 (based on the USDA prospective planting estimates).**

▪ **INTERNATIONAL WEATHER / CROPS -**

▪ **Canada** – Planting progress continues with 53% of the grain planted, trailing a normal pace of 75%. Nearly all of the Alberta grain is planted but notable delays continue along the southeastern Saskatchewan and Manitoba border.

▪ **Europe** – Persistent dryness across Northern Europe remains a big concern for winter grains which are entering their critical reproductive to filling stages. Showers across Poland and some areas of Germany helped boost soil moisture.

▪ **Former Soviet Union** – Beneficial showers across southern Russia favored jointing to heading winter grains and newly planted spring crops, but dryness is expanding across Ukraine, Eastern Russia and Kazakhstan reducing soil moisture needed for newly established spring crops. A drier pattern expected next week could lead to as much as 30% of the Ukrainian winter crop starting to see stress as their winter wheat enters the critical heading stage.

▪ **Middle East** – Widespread locally heavy rains across Turkey continued to boost moisture for filling winter grains but exacerbated quality concerns.

▪ **Northern Africa** – Return of heavy rains is hampering winter grain maturation and harvest from northern Morocco into Tunisia.

▪ **China** – Widespread rains continued to favor vegetative corn crops, but moisture remained mostly short across the North China Plains.

▪ **Argentina** – Winter grain planting has begun with generally good conditions.

▪ **Australia** – Western Australia received widespread soaking rains in recent days, which has brought timely drought relief ahead of winter grain planting. Eastern regions remained mostly dry, favoring winter grain planting.

**USDA Crop Progress / Condition Report, May 23, 2011**

Crop	% Planted	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
U.S. barley	57%	43%	90%	89%			
<b>ID barley</b>	<b>87%</b>	<b>78%</b>	<b>91%</b>	<b>90%</b>			
U.S. spring wheat	54%	36%	89%	89%			
<b>ID spring wheat</b>	<b>88%</b>	<b>78%</b>	<b>95%</b>	<b>95%</b>			
U.S. winter wheat	62%	54%	61%	65%	32%	32%	66%
<b>ID winter wheat</b>	<b>0% headed</b>	<b>0%</b>	<b>1%</b>	<b>4%</b>	<b>84%</b>	<b>84%</b>	
	<b>49% jointed</b>	<b>42% jointed</b>					
Corn	79%	63%	92%	87%			

