

Idaho Grain Market Report, May 31, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, May 30, 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	\$5.90	\$6.08	\$7.43
Idaho Falls	NQ	(2-R) \$12.50-\$12.92 (6-R) \$12.50	NQ	NQ	NQ
Blackfoot / Pocatello	\$10.41	(2-R) \$12.00 (6-R) \$12.00	\$6.00	\$5.75	\$7.32
Grace / Soda Springs	\$9.50	(2-R) NQ (6-R) NQ	\$6.00	\$5.79	\$7.17
Burley / Rupert	\$10.00	(2-R) \$12.92 (6-R) \$12.92	\$6.10	NQ	NQ
Hazelton					
Twin Falls / Eden / Buhl	\$9.00-\$10.10	(2-R) NQ (6-R) NQ	\$5.50-\$5.60	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$5.81	NQ	NQ
Nez Perce / Craigmont	\$9.35	(2-R) \$9.35 (6-R) \$9.35	\$6.29	\$6.85	\$8.33
Lewiston	\$9.60	(2-R) \$9.60 (6-R) \$9.60	\$6.48	\$7.04	\$8.52
Moscow / Genesee	\$9.40-\$11.00	(2-R) \$9.40 (6-R) \$9.40	\$6.25-\$6.95	\$6.81-\$7.49	\$8.29-\$8.97

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 \$6.75-\$6.90 Sept \$6.75-\$7.00	May \$7.59 Aug NC \$7.35-\$7.53	May \$8.99-\$9.09 Aug \$8.58-\$8.88
Los Angeles	\$13.75	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.75	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.00	NQ	NQ	\$6.10	\$6.00	\$6.43
Great Falls	\$8.00-\$10.30	NQ	\$11.50	NQ	\$5.48-\$5.56	\$7.04-\$7.55
Minneapolis	\$10.83	NQ	\$14.48	NQ	\$7.39 (12%)	\$9.09-\$9.34

Market trends this week

BARLEY – Local barley prices were mixed again this week, ranging from no change to 25 cents lower in southern Idaho and 10 to 25 cents higher reported in northern Idaho. The weekly export sales will be delayed until Friday due to the Memorial Day holiday this week.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 40 cents lower to 5 cents higher; HRW ranged from 18 to 34 cents lower; and DNS ranged from 21 to 28 cents lower. USDA will report weekly export sales on Friday.

CORN – USDA will report weekly export sales on Friday.

Wheat Competitor/Buyer News – The EU granted export licenses for 178 TMT of wheat this week, pushing their wheat exports this MY to 12 MMT, compared to 17.7 MMT the previous year.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production ticked higher last week, totaling 902,000 bbls per day, down 1.85% from the previous week and down .77% from last year. Corn used for ethanol

last week totaled 96 million bu, still above the weekly pace of 93 mbu to meet USDA's usage estimate of 5.0 billion bushels for the year.

Corn Competitor/Buyer News – Brazil's second corn crop harvest has begun, with expectations of a 40 to 50% increase from the previous year based on increased acreage and favorable late season weather conditions. Meanwhile many of China's corn areas are experiencing very dry conditions which could affect their yield potential.

Futures market activity this week

Macroeconomic news – Spain catapulted into the headlines this week as global investors continued to focus on the protracted European debt crisis. Concerns this week focused on the surging cost of Spanish bonds (Italian bonds also saw their rates jump significantly this week) as the country faces a banking crisis. Driving these bond costs higher is a widening doubt that Spain has the ability to prop up its ailing banking sector without the help of a sizeable bailout package from the European Financial Stability Fund. News that IMF was in talks over aid to Spain helped calm market fears late Thursday. The news from Greece actually improved somewhat this week as political polls now suggest that the pro-bailout party is gaining support ahead of their do-over national election on June 17.

U.S. economic news – Pressure on the euro pushed the US dollar to a nearly 2 year high this week, which in turn pressured commodity markets. U.S. economic news turned sour this week...starting off with a disappointing consumer confidence reading that unexpectedly fell by nearly 4 pts to a 4-month low. The Department of Commerce revised their Q1 GDP growth estimate downward to 1.9% from an earlier estimate of 2.2%. Today, weekly unemployment claims rose by 10,000 to 383,300, sparking renewed labor market concerns.

WHEAT – Wheat prices slumped on Tuesday, trading down double digits in the face of active fund selling prompted by weak outside markets, including a higher dollar. The downside breakout triggered sell steps which accelerated losses. Moderating temperatures and rain forecasts for both portions of Russia and the Great Plains added to the weak tone. Harvest hedge pressure continued to weigh on the wheat markets on Wednesday, driving prices moderately lower in choppy trading. Wheat finished lower again today (Thursday) in the face of bearish outside markets and expanding harvest hedge pressure. **Wheat market closes on Thursday, 05/31/12**

	<u>July 2012</u>	<u>Weekly Summary</u>	<u>Sept 2012</u>	<u>Weekly Summary</u>
Chicago	\$6.43 ³ / ₄	Down \$0.36 ¹ / ₄	\$6.60 ³ / ₄	Down \$0.33 ³ / ₄
Kansas City	\$6.65	Down \$0.35	\$6.81	Down \$0.34
Minneapolis DNS	\$7.52 ³ / ₄	Down \$0.27 ¹ / ₄	\$7.53	Down \$0.24 ¹ / ₂

CORN – Corn posted double digit losses on Tuesday under the weight of aggressive speculative selling and slowing export demand now that cheaper Brazilian is moving onto the world market. Wednesday saw another choppy trading session with prices closing mixed to higher, with some support from nervousness about the extended weather outlook which points to another high pressure ridge reforming in the Central US next week. Corn posted a mixed close today (Thursday) on pressure from month end positioning and a higher dollar which sparked more long liquidations. **July 2012 corn futures contract closed Thursday, 05/31/12, at \$5.55 ¹/₄, down \$0.23 ¹/₄ and the Sept 2012 contact closed at \$5.25 ¹/₂, down \$0.01 for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices opened the week modestly lower on Tuesday - closing down \$.10 to \$90.76 after an early rally from improving signs in both Greece and China gave way to more negative sentiment from worries about Spain's banking sector. On the supply side the equation, OPEC continued to take aggressive steps to ensure an adequate flow of crude oil exports to replace Iranian supplies as the July 1 European oil embargo date approaches. Wednesday saw prices plunge \$2.94 to close at \$87.82, a 4-month low, under pressure from mounting concerns about the European debt crisis. A report in the official Chinese media denied that the government was prepared to undertake large scale stimulus efforts also weighed on the oil market. DOE reported crude oil stocks increased by 2.2 million bbls last week compared to an expected build of 1 million bbls. Distillate and gasoline stocks continued to be bullish this week...falling by 1.7 million bbls and 800,000 bbls respectively. **Crude oil prices continued to grind lower today (Thursday) on a combination of global economic uncertainty and comfortable supplies, closing down another \$1.29 to \$86.53, the worst monthly performance in 3 years.**

U.S. WEATHER / CROP WATCH –

Pacific Northwest – Sunny and warmer temperatures this week are expected to give way to a low pressure trough which is expected to bring moisture across much of the region into next week.

Midwest - Corn & SRW wheat – As expected, USDA reported a significant drop in the condition rating for US corn this week – down 5% to 72% good/excellent – resulting from the persistent springtime dryness and heat across much of the Central US. **The corn crop condition index came in at 379, down 9 pts from last week but still above the 10-year average for the week of 370.** However, beneficial rainfall fell across a large portion of the central US this week, boosting topsoil moisture for developing crops. A second storm system is expected to move through the region, spreading into the eastward by the weekend. The 6-10 day outlook is trending warmer and dry. Based on the rapid crop development pace this year, the bulk of the corn crop is likely to be pollinating during the last week of June and first half of July. **The spring**

wheat crop condition index score was 391 this week, which is 9 pts higher than the previous week and 14 pts above the 10-year average for this date.

Winter wheat (HRW) – Scattered showers fell across large portions of Kansas and Oklahoma this week, benefitting late maturing wheat and causing only minor harvest interruptions. Harvest reports from Kansas indicate good yield potential in the 35-55 bu range, but according to some estimates could be about 70 million short of the bumper crop predicted a month ago. **The winter wheat crop condition index score fell another 11 pts this week to 342, down 20 pts over the past 3 weeks but still above the 10-year average of 318 for this date.**

INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – Mostly favorable growing conditions, with additional beneficial shower activity. There was the possibility of some frost damage this week.
- **Europe** – Most of Europe turned dry this week, except for parts of France. Northeastern Germany and Poland remained unfavorably dry.
- **Ukraine/Russia** – Moderating temperatures and scattered shower activity across Ukraine and Southern Russia greatly improved winter grain conditions but yield damage (10-15% losses) was already done on about 1/3 of the Black Sea winter wheat area.
- **Northern Africa** – Mostly dry conditions continued to accelerate grain harvest.
- **Middle East** – Additional late season rains continued to boost reproductive winter grains in Turkey, while rest of the region saw warm and dry conditions accelerating grain crop maturation and harvest.
- **China** – Persistent heat and insufficient moisture is causing notable stress in the corn and soybean crop in Heilongjiang Province, its largest corn producing area. The second largest corn producing area of Shandong on the North China Plains also has seen unfavorably dry conditions. Light moisture was reported this week in some areas with more storms forecast during the next week.
- **Australia** – Eastern and southern regions continued to receive good shower activity but Western Australia remained mostly dry affecting about 25% of that country's winter wheat and about 15% of its canola crop. The western region is expected to remain mostly dry for the next 10 days.

USDA Crop Progress / Condition Report, May 28, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	91% emerged	78%	41%	66%	69%	68%	NA
ID barley	93% emerged	73%	58%	69%	67%	67%	
US spring wheat	96% emerged	86%	36%	68%	79%	74%	NA
ID spring wheat	94% emerged	77%	68%	82%	68%	68%	
US winter wheat	85% headed 9% harvested	79%	69%	71%	54%	58%	33%
ID winter wheat	11% headed	1%	1%	5%	91%	91%	
Corn	92% emerged	76%	59%	69%	72%	77%	63%