

Idaho Grain Market Report, June 13, 2013

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 12, 2013. Barley prices in \$/Cwt. and wheat prices in \$/bu.

<u>Barley (Cwt.)</u>			<u>Wheat (bu.)</u>		
Ashton	NQ	(2-R) \$13.00 (6-R) \$13.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$11.00	(2-R) \$12.92-\$13.00 (6-R) \$12.92	\$7.95	\$6.89	\$7.67
Blackfoot / Pocatello	\$10.93	(2-R) \$13.00 (6-R) \$13.00	\$7.50	\$7.64	\$7.57
Grace / Soda Springs	\$11.21	(2-R) NQ (6-R) NQ	\$6.57	\$6.42	\$7.63
Burley / Rupert	\$11.00-\$11.25	(2-R) \$12.92 (6-R) \$12.92	\$7.40-\$7.58	\$6.87	\$7.46
Hazelton					
Twin Falls / Eden / Buhl	\$11.60	(2-R) NQ (6-R) NQ	\$7.35	NQ	NQ
Weiser	\$12.00	(2-R) NQ (6-R) NQ	\$6.80	NQ	NQ
Nez Perce / Craigmont	\$10.10	(2-R) \$10.10 (6-R) \$10.10	\$6.62	\$7.61	\$8.37
Lewiston	\$10.35	(2-R) \$10.35 (6-R) \$10.35	\$6.81	\$7.80	\$8.56
Moscow / Genesee	\$10.15-\$11.75	(2-R) \$10.15 (6-R) \$10.15	\$6.58-\$7.25	\$7.57-\$8.37	\$8.33-\$9.18

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	June \$7.26-\$7.28 Oct \$7.25 ¼ - \$7.40	June \$8.06 ½-\$8.51 ½ Oct \$8.23 ¾-\$8.33 ¾	June \$9.10 ¼-\$9.16 ¼ Oct \$8.82 ¼-\$9.02 ¼
Los Angeles	\$14.95	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$14.95	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	NQ	NQ	NQ
Great Falls	\$8.00-\$11.00	NQ	\$12.75	NQ	\$7.22-\$7.463	\$7.79-\$8.04
Minneapolis	\$10.42	NQ	\$14.06	NQ	\$8.01 ½ (12%)	\$9.00-\$9.35

Market trends this week

BARLEY – Local barley prices were mostly lower this week with no change to 42 cents lower reported in southern Idaho and no change reported in northern Idaho. USDA reported that barley export sales last week totaled .1 TMT for new Marketing Year 2013/14, which began June 1st. There were no reported barley sales that were carried over from the 2012/13 marketing year, which ended May 31. Accumulated exports for MY 2012/13 totaled 132.7 TMT, up 59% from the previous year. Exports for MY 2013/14 totaled .9 TMT for Taiwan and Japan.

USDA's S&D Projections for New MY 2013/14 for BARLEY – June 12 – USDA left the U.S. barley balance sheet unchanged this month, except to tighten the average farm gate price for U.S. barley to \$5.35-\$6.35. Production is pegged at 220 million bu unchanged from last year and ending stocks at 74 million bu, also unchanged. **World barley production was increased slightly this month to 138.0 MMT, up 6% from last year, while world ending stocks were also increased slightly to 21.4 MMT, up 7% from last year.**

Barley Competitor/Buyer News – The Australian Bureau of Agricultural Resources & Economics (ABARE) has pegged the Australian barley crop in 2013 at 7.4 MMT, down from their earlier projection of 7.8 MMT. USDA pegged the Australian barley crop this week at 7.4 MMT.

WHEAT – Local wheat prices were also mostly lower this week: SWW ranged from no change to 83 cents lower; HRW ranged from 18 to 86 cents lower; and DNS ranged from 26 cents lower to 57 cents higher. USDA reported that wheat export sales last week were on the low end of trade expectations at 427.2 TMT. A total of 1.19 MMT of wheat sales were carried over from the 2012/13 marketing year, which ended May 31. Wheat export shipments last week totaled 254.9 TMT, bringing accumulated exports for MY 2012/13 to 26.3 MMT, unchanged from the previous year. Export shipments for MY 2013/14 totaled 376.1 TMT.

USDA's S&D Projections for New MY 2013/14 for WHEAT – June 12 - This report had a **bearish tilt for wheat**...USDA cut old crop exports by 15 mbu to 1.010 billion bu, raising MY 2013/14 beginning stocks by an equal amount to 746 million bu. **Catching many market analysts by surprise, USDA raised 2013 production by 23 million bu this month to 2.080 billion bu, down 189 million bu from last year but 46 million bu above the average trade estimate of 2.034 billion bu. They also lifted exports by 50 million bu to 975 million bu and lowered ending stocks by 11 million bu to 659 million bu (down 12% from last year).** The average farm gate price for U.S. wheat was adjusted slightly to \$6.25-\$7.55/bu, compared to \$7.80 in 2012/13. **World wheat production was cut by 5 MMT this month to 695.9 MMT, up 40 MMT from last year or 6%. World ending stocks also were cut by 5 MMT this month to 181.3 MMT, up nearly 1% from last year.**

Wheat Competitor/Buyer News –Australia raise their wheat production estimate this week to 25.4MMT from a March forecast of 24.9 MMT and 22.1 MMT last year. USDA pegged Australia's crop at 24.5 MMT this week. Ukrainian farm ministry has pegged their wheat crop at 20 MMT vs. 15.8 MMT last year. USDA pegged the Ukrainian wheat crop this week at 19.5 MMT. USDA also cut their projection for Russian wheat production from 56 MMT last month to 54 MMT this week compared to the latest projection from SovEcon of 52 MMT. Iraq purchased 250 TMT of Russian wheat this week.

CORN – Corn export sales last week were once again well below trade expectations, at 149.5 TMT (81.5 TMT for MY 2012/13 and 68 TMT for 2013/14), down 24% from the previous week. Export shipments last week totaled 232.8 TMT, down 35% from the previous week and 27% from the prior 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production declined slightly last week to 884,000 bbls per day, down 3.9% from a year ago. Corn used for ethanol production last week totaled 92.8 million bu, still lagging the weekly pace of 94.9 million bu needed to achieve **USDA's revised projection for the marketing year of 4.65 billion bu.**

USDA's S&D Projections for New MY 2013/14 for CORN – June 12 - For MY 2012/13 which ends Aug. 31, USDA made a couple tweaks...they increased corn imports this month by 25 million bu to 150 million bu, raised industrial usage by 65 million bu to 6.05 billion bu (ethanol usage up 50 million bu to 4.65 billion bu) and exports were cut by 50 million bu to 700 million bu. **This resulted in a 10 million bu increase in ending stocks to 769 million bu.**

This was a bearish report for New Marketing Year 2013/14... USDA left planted acres unchanged at 97.3 million, compared to an average pre-report trade estimate of 95.8 million. Yield was cut from 158 bpa to 156.5 bpa, resulting in a 135 million bu reduction in **new crop production of 14.005 billion bu. The average pre-report trade estimate for production was 13.8 billion bu.** Domestic feed usage was cut by 125 million bu to 5.2 billion bu, industrial usage was increased by 55 million bu to 6.35 billion bu, and exports were left unchanged at 1.3 billion bu. **This resulted in a 55 million bu reduction in ending stocks to 1.949 billion bu, still well above the average pre-report trade estimate of 1.795 billion bu.** The average farm gate price for U.S. corn was pegged at \$4.40-\$5.20/bu, compared to \$6.75-\$7.15 in the current marketing year. **World corn production was cut by 3.4 MMT this month to 962 MMT, still a new record and up 12% from the current year, while world ending stocks were cut by 2.8 MMT to 151.8 MMT, up 22% from this year.**

Futures market activity this week

Global macroeconomic news – The World Bank cut their global GDP growth projection to 2.2% from 2.4% in January, and slower than 2012's growth rate of 2.3% due primarily to a slowdown in the Chinese economy. They pegged Chinese GDP will expand by 7.7% this year, lower than their earlier projection of 8.4%. U.S. GDP growth was raised slightly from 1.9% to 2.0%.

U.S. economic trends – U.S. economic data were better than expected this week, which keeps the investor uncertainty high over whether growth is strong enough to prompt the Federal Reserve to scale back its stimulus measures. Weekly unemployment claims fell by 12,000 to 334,000, beating expectations, and retail sales jumped 0.6%, compared to an expected gain of 0.4% and the highest level in three months.

WHEAT – Wheat markets began the week sharply lower under a combination of spillover pressure from corn and beans, advancing harvest hedging and improving weather for Northern Hemisphere wheat crops. Pressure also came from a sharp drop in European milling wheat futures to the lowest level in a year. Wheat prices rebounded on Tuesday on positioning ahead of Wednesday's S&D report and spillover support from higher corn and beans. A bearish S&D report and mostly crop friendly weather around the world pushed wheat prices sharply lower on Wednesday. Wheat finished modestly higher today (Thursday) after recovering from early weakness on supportive export sales. **Wheat market**

closes on **Thursday, 6/13/13** ...

	<u>July 2013</u>	<u>Weekly Summary</u>	<u>Sept 2013</u>	<u>Weekly Summary</u>	<u>Dec 2013</u>	<u>Weekly Summary</u>
Chicago SRW	\$6.85 ½	Down \$0.10 ¾	\$6.93 ¾	Down \$0.11	\$7.06 ¾	Down \$0.12 ¼
KC HRW	\$7.18 ½	Down \$0.16 ½	\$7.23 ¾	Down \$0.19	\$7.41 ½	Down \$0.19 ¼
MGE DNS	\$8.12	Down \$0.07 ¾	\$7.95	Down \$0.10	\$8.02	Down \$0.10 ¼

CORN – Corn posted double digit losses to start the week under pressure from improving crop weather, technical selling and index fund rolling. Corn reversed direction on Tuesday, moving higher after a choppy early session to finish strongly on concerns about tight old crop supplies and slow farmer selling versus weak export demand and uncertainties about the 2013 crop. Corn closed lower on Wednesday as the June S&D report set a bearish tone for future market direction. Despite strong indications of lower plantings, USDA made no changes to their March planted acreage estimate, putting until their **June 28 crop production report to update acreage**. Corn finished lower again today (Thursday) on profit-taking triggered by improving crop weather, particularly warmer temps. **Corn futures contract closes on Thursday, 6/13/13 for July 2013 at \$6.43 ½, down \$0.22 ¾, Sept 2013 contract at \$5.70 ¼, down \$0.21 ¼ and the Dec 2013 contract at \$5.35 ¼, down \$0.23 ¼ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices chopped in a mostly narrow channel this week, under pressure from the dollar and reaction to mixed to negative economic news, particularly from China which continues to report disappointing economic data. DOE's weekly crude oil inventory report showed a much bigger than expected build in crude stocks, increasing by 2.5 million bbls last week, compared to an expected decline of 1.5 million bbls; distillate stocks decline by 1.2 million bbls; and gasoline stocks increased by 2.7 million bbls, compared to an expected build of 500,000 bbls. **Crude oil prices posted impressive gains today (Thursday) – closing up \$.81 to \$96.69 – the highest level in 3 weeks on support from a lower dollar and better than expected U.S. economic readings.**

U.S. WEATHER / CROP PROGRESS – PNW – Cooler and showery conditions were prevalent this week, except for parts of the Intermountain West which remained dry which is elevating the wildfire danger. Conditions are expected to warm by early next weekend but remain wetter than normal in many areas. **Corn Belt** – The U.S. corn crop is rated at 63% good/excellent, worse than last year's rating during an emerging drought. The combination of late planting, excessively heavy rainfall and cooler than normal temperatures have hit the Upper Midwest crop particularly hard. It also means that a large percentage of the crop will be pollinating at the same time this year during late July heat. A round of showers moved from the Northwest Corn Belt midweek into the Ohio River Valley, and another system is expected to return to the WCB this weekend, moving eastward by Monday. **Northern Plains (HRS wheat belt)** – Lingered showers continue to hamper the final stages of spring grain planting in Montana and the Dakotas this week. **Central / Southern Plains (HRW wheat belt)** – Mostly dry and hot this week, accelerating winter wheat maturation and harvest.

USDA Crop Progress / Condition Report, June 10, 2013

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	88% planted	83%	100%	96%	63%	66%	64%
ID barley	100% planted	99%	100%	100%	73% g/ex	73%	59%
US spring wheat	87% planted	80%	100%	96%	62%	64%	75%
ID spring wheat	100% planted	100%	100%	100%	69% g/ex	73%	59%
US winter wheat	82% headed 5% harvested	73% NA	91% 37%	86% 16%	31% g/ex 42% p/vp	32% g/ex 43% p/vp	53% g/ex 17% p/vp
ID winter wheat	38% headed 0% harvested	14% 0%	26% 0%	19% 0%	81% g/ex	81%	91%
Corn	95% planted 85% emerged	91% 74%	100% 99%	98% 92%	63%	63%	66%

INTERNATIONAL WEATHER / CROP PROGRESS -

- **Canada** – Crop conditions are mostly good to excellent at this point, with ample moisture for early crop development.
- **Europe** – Conditions turned warmer and drier this week, promoting grain development and maturation. Yield prospects look very promising in most areas. Flooding remains a concern in Eastern Europe, more rain in the 6-10 day outlook.
- **Black Sea Region** – Periodic showers are helping maintain mostly favorable crop conditions, although rainfall totals have been disappointing for parts of southern Russia where about 15% of the wheat belt is seeing crop stress. SovEcon lowered its Russian wheat estimate this week to 52 MMT vs. USDA latest estimate of 54 MMT.
- **Middle East** – Conditions remain very favorable across this region, with harvest starting. Turkey saw the return of showers slowing crop maturation and dry-down.

- **China** – North China Plains saw favorable winter wheat harvest weather, while key corn areas of Jilin and Liaoning received light rainfall, easing moisture deficits.
- **Brazil/Argentina** – Second crop corn areas of Brazil continued to receive unseasonable showers, which is boosting yields. Argentine winter wheat areas were mostly dry again this week.
- **Australia** – After recent rainfall which significantly improving planting and germination conditions, mostly warm sunny weather this week is boosting crop development.