

# Idaho Grain Market Report, June 14, 2012

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 13, 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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$10.00	(2-R) \$12.50 (6-R) \$12.50	\$5.80	\$5.81	\$7.54
Blackfoot / Pocatello	\$10.10	(2-R) \$12.00 (6-R) \$12.00	\$6.00	\$5.27	\$7.55
Grace / Soda Springs	\$9.55	(2-R) NQ (6-R) NQ	\$5.85	\$5.58	\$7.03
Burley / Rupert	\$9.50	(2-R) \$12.50 (6-R) \$12.50	\$5.80	NQ	NQ
Hazelton					
Twin Falls / Eden / Buhl	\$10.10	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$5.84	NQ	NQ
Nez Perce / Craigmont	\$9.10	(2-R) \$9.10 (6-R) \$9.10	\$6.14	\$6.54	\$8.51
Lewiston	\$9.35	(2-R) \$9.35 (6-R) \$9.35	\$6.33	\$6.73	\$8.70
Moscow / Genesee	\$9.15-\$11.00	(2-R) \$9.15 (6-R) \$9.15	\$6.10-\$6.80	\$6.50-\$7.29	\$8.47-\$9.25

### 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	June \$6.65-\$6.75 Oct \$6.68-\$6.90	June \$7.19-\$7.29 Aug NC \$7.18-\$7.26	June \$8.88-\$8.98 Aug \$8.48-\$8.78
Los Angeles	\$13.10	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.10	NQ	NQ	NQ	NQ	NQ
Ogden	\$9.50	NQ	NQ	\$5.85	\$5.65	\$7.10
Great Falls	\$8.00-\$10.00	NQ	\$11.50	NQ	\$5.11-\$5.52	\$7.62-\$7.91
Minneapolis	\$10.62	NQ	\$14.69	NQ	\$7.00 ½ (12%)	\$9.25-\$9.35

### Market trends this week

**BARLEY** – Local barley prices were mostly lower this week, ranging from \$.73 higher to \$1.00 lower in southern Idaho and no change to \$.25 cents higher reported in northern Idaho. USDA reported that barley export sales totaled 27.5 TMT for Saudi Arabia. However, there were no export shipments reported last week.

**USDA's S&D report for MY 2012/13 - BARLEY – June 12** – The only change to this month's domestic barley balance sheet was a 7 million bu increase to 2011/12 ending stocks to 52 million bu and a corresponding increase in 2012/13 ending stocks to 67 million bu. The average farm gate price for U.S. barley was left unchanged at \$5.10-\$6.10, compared to \$5.30 this year. **World barley production was lowered slightly this month to 134.7 MMT (up 1% from last year) and world ending stocks were cut by .5 MMT to 20.9 MMT, down 5% from a year ago.**

**WHEAT** – Local wheat prices were mostly higher this week: SWW ranged from no change to 5 cents higher; HRW ranged from 10 cents lower to 15 cents higher; and DNS ranged from 17 to 50 cents higher. USDA reported wheat export sales last week were within trade expectations at 432.9 TMT and export shipments totaled 667 TMT.

**USDA's S&D report for MY 2012/13 - WHEAT – June 12** – As expected, USDA tweaked 2011/12 ending stocks lower by 40 million bu to 728 million bu due to stronger export pace at the end of the marketing year. 2012 production was lowered by 11 million bu to 22.34 billion bu, domestic feed usage was cut by 10 million bu to 220 million bu and 2012/13 ending stocks were cut by 41 million bu to 694 million bu. The average farm gate price for U.S. wheat was adjusted higher on both ends of the range to \$5.60–\$6.80/bu, compared to \$7.25 in 2011/12. **World wheat production was cut by 5.5 MMT this month to 672 MMT, down 22 MMT from a year ago, due to declining prospects in Russia, Germany, Turkey and the U.S.**

**Wheat Competitor/Buyer News** – Russia reportedly declared a state of emergency in some key winter grain production areas due to a combination of winterkill and spring drought. Most trade sources now peg the Russian wheat crop at about 50 MMT, compared to USDA's estimate this week of 53 MMT. ABARE cut their Australian wheat crop estimate for 2012/13 this week by 7% to 24.1 MMT, from an earlier estimate of 26 MMT. A German farm cooperative association cut their German wheat production estimate by 700 TMT this week to 21.3 MMT. However, Strategie Grains pegged the German crop 520 TMT higher this week at 22.5 MMT. Strategie Grains also pegged the French wheat crop 870 TMT higher to 35 MMT, and overall EU-27 soft wheat production at 124.2 MMT, which is 1.5 MMT above their most recent forecast.

**CORN** – Corn export sales last week were well below trade expectations and hit a marketing year low at 168.9 TMT (91.2 TMT for MY 2011/12 and 77.7 TMT for MY 2012/13), down 63% from the previous week and 61% from the 4-week average. Corn export shipments last week totaled 432.9 TMT, down 41% from the previous week and 40% from the 4-week average.

**USDA's S&D report for MY 2012/13 - CORN – June 12** – Per usual, the trade was surprised that USDA kept both their 2011/12 and 2012/13 corn ending stocks estimates unchanged this month at 851 million bu and 1.881 billion bu respectively. Overall, USDA made no changes to the corn balance sheet for either marketing year, **leaving their 2012 average yield estimate at an above trend line of 166 bpa, despite strong evidence of declining crop conditions particularly in key production areas of the Eastern Corn Belt.** The average farm gate price for U.S. corn was left unchanged at a range of \$4.20-\$5.00, compared to Goldman Sach's revised forecast this week of \$5.25. **World corn production is pegged 4 MMT higher this month to a record high of 949.9 MMT, which is nearly 77 MMT above the current year. World ending stocks increased by 3.4 MMT this month to 155.7 MMT.**

**Ethanol corn usage** – DOE's Energy Information Agency reported U.S. ethanol production ticked higher last week, totaling 920,000 bbls per day, up 1.8% from the previous week and up 4.5% from last year. Corn used for ethanol last week totaled 98 million bu, above the weekly pace of 97.1 mbu needed to meet USDA's revised usage estimate for the remainder of this marketing year.

**Corn Competitor/Buyer News** – USDA raised their Chinese corn production estimate by 2 MMT to a record 195 MMT. Also, despite strong on-the-ground evidence of a lower final corn output, USDA left their Argentine corn production estimate for MY 2011/12 unchanged this month at 21 MMT. Most trade sources peg their crop at below 20 MMT.

#### Futures market activity this week

**Macroeconomic news** – Investors remained anxious this week about widening signs of sluggish global economic growth. But most of the attention continues to be focused on the protracted euro debt crisis and whether a durable solution can be found for both Greece and Spain. Markets were on edge leading up to Sunday's elections in Greece.

**WHEAT** –Wheat prices closed mixed on Monday with most of the strength in MGE exchange on ideas of tightening milling quality stocks. Spillover weakness in corn and a sharp mid day turn down in equities created a mostly negative tone in Chicago. Aggressive fund selling continued to pound wheat markets on Tuesday, driving prices down double digits despite a mostly supportive monthly S&D report for wheat. Prices finished fractionally mixed on Wednesday, with some short covering noted from declining production estimates for Australia, Germany and the Black Sea region. Wheat finished moderately higher today (Thursday) on firm export demand and talk of tightening world supply. **Wheat market closes on Thursday, 06/14/12**

	<b>July 2012</b>	<b>Weekly Summary</b>	<b>Sept 2012</b>	<b>Weekly Summary</b>
Chicago	\$6.23 ½	Down \$0.06 ¾	\$6.41 ¼	Down \$0.06 ¾
Kansas City	\$6.46	Down \$0.10	\$6.62	Down \$0.10
Minneapolis DNS	\$7.94 ¼	Up \$0.25	\$7.54 ¾	Down \$0.05 ¾

**CORN** – Corn began the week with moderate losses on Monday under pressure from aggressive fund selling triggered by negative outside markets. A poor weekly export inspections number added to the negative tone, but was offset somewhat by continued firm cash markets. Despite a steeper than expected cut in the weekly corn crop condition, corn prices tumbled sharply on Tuesday in the face of a bearish USDA S&D report which kept both 2011/12 and 2012/13 corn ending stock estimates unchanged compared to trade expectations of modest reductions. The nearby July corn contract posted impressive gains on Wednesday but the deferred contracts continued to grind lower under pressure from an improving rain outlook for the next week and less heat in the extended forecast. Corn posted gains today (Thursday) on short-

covering and beneficial weather reports for the western Corn Belt. **July 2012 corn futures contract closed Thursday, 06/14/12, at \$6.01 ½, up \$0.03 ½ and the Sept 2012 contract closed at \$5.20 ¾, down \$0.30 ¼ for the week.**

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

**CRUDE OIL** – Crude oil chopped lower on Monday – falling another \$1.40 to close at \$82.70 - after early gains from the weekend announcements of a euro zone deal to provide bailout funds for the ailing Spanish banking sector eroded into the close. Media reports that Saudi Arabia would be seeking a rise in OPEC production quotas at their meeting later this week provided some bearish pressure. Prices turned higher on Tuesday – closing \$0.62 higher to \$83.32 – with help by a rebound in investor sentiment and expectations of another weekly decline in US crude oil inventory. Wednesday saw prices seesaw lower again – closing down \$0.70 to \$82.62 – on mixed investor risk attitudes. The DOE's weekly crude oil inventory report showed crude oil stocks falling far less than expected at 191,000 bbls compared to an expected decline of 1.5 million bbls; distillates rose by 519,000 bbls compared to an expected increase of 1.2 million bbls and gasoline stocks fell by 1.724 million bbls, compared to an expected increase of 1.4 million bbls.

#### **U.S. WEATHER / CROP WATCH –**

**Pacific Northwest** – Mostly warmer and drier weather prevailed across the region, improving conditions as the winter and spring grains move into the reproductive and grain fill stages.

**Idaho Wheat Stripe Rust report** – Dr. Juliet Marshall, University of Idaho cropping system agronomist/cereal pathologist in Idaho Falls, is providing periodic updates on the status of Wheat Stripe Rust infections in Idaho: **Wheat stripe rust was confirmed on 5/30/2012 in south-central Idaho** by Dr. Oliver T. Neher, UI, Kimberly, on winter wheat variety 'Brundage' planted the second week of September last year. Very low levels also have been detected in the University of Idaho cereal nursery in Parma (less than 1%) by Dr. Brad Brown, UI Parma. Due to this year's warmer and drier weather, stripe rust is not expected to become widespread like in 2011. Resistant varieties should not need fungicide applications, but growers are encouraged to scout all wheat fields as the prevalent strains of the fungi can change, affecting different varieties. **If the disease is confirmed**, it is important to protect susceptible varieties with a fungicide as yield losses to this disease can be significant. Both strobilurin (Quadris, Headline) and triazole (Caramba, Tilt, Proline, Folicur, Prosaro) fungicides are equally effective in protecting against subsequent stripe rust infections, as are mixed mode-of-action fungicides (TwinLine, Quilt, Quilt Excel, Stratego). However, if stripe rust is currently in your crop, it is recommended that you include a triazole fungicide for the slightly curative activity. Fungicide ratings for stripe rust from the mid-west are: Excellent = azoxystrobin (Quadris), pyraclostrobin (Headline), metconazole (Caramba), tebuconazole (Folicur), and fungicide mixes rated Excellent for stripe rust includes prothioconazole and tebuconazole (both found in Prosaro), and the strobiluron / triazole mixes line, Twinline, Quilt or Quilt Xcel. Rated very good was propiconazole (Tilt), and the mix of propiconazole and trifloxystrobin (Stratego). This information is provided only as a guide. Other fungicides may also be labeled and effective against stripe rust. Inclusion in this list is not intended as a product endorsement and exclusion from this list is not meant to imply other products are ineffective.

**Midwest - corn & spring wheat** –As expected the weekly corn crop rating fell sharply this week, declining 5% to 66% good/excellent. **The corn crop condition index fell by 13 pts this week to 368, which is now down 6 pts from the 10-year average of 375 for this time period.** Temps remained high this week but beneficial rainfall spread across parts of the Western Corn Belt early this week, moving south and eastward through the week. Some key central areas were expected to receive more rain than had been earlier forecast, and although the outlook is uncertain, more rain is possible into the middle of next week. About 1/3 of the Corn Belt has been unfavorably dry but could see relief from these sizeable rain events. The 11-15 day weather maps are mostly dry. **The spring wheat crop condition index score also slipped lower this week to 386, down 3 pts from the previous week but still 9 above the 10-year average for this date.**

#### **INTERNATIONAL WEATHER / CROP WATCH -**

- **Canada** – Lingering rains have slowed the final stages of spring grain planting in several areas but generally the spring grain crop was seeded ahead of schedule and conditions are favorable for crop development.
- **Europe** – More rains continued to boost yield prospects in filling winter grains in France, England and northern Italy. Indications are that the German wheat crop suffered irreversible yield losses earlier in the season.
- **Ukraine/Russia** – Additional showers this week across parts of Ukraine into southern Russia helped stabilize winter grain yields although temperatures remained hot, particularly in Russia. Spring wheat production areas of eastern Russia and Kazakhstan also received beneficial moisture this week.
- **Northern Africa** – Mostly dry conditions continued to accelerate grain harvest.
- **Middle East** – Persistent late season rains boosted yield prospects in Turkey, but quality concerns were becoming an issue. .
- **China** – Showers favored the northeastern corn and bean areas while the North China Plains continued to remain mostly dry and was expected to remain unfavorably dry for the next 10 days.
- **Argentina** – The severe drought that sharply reduced both corn and soybean production in MY 2011/12 has been mostly erased, leaving favorable winter wheat and barley planting conditions.
- **Brazil** – Frosty weather likely has had limited impacts in Southern Brazil's second corn crop.
- **Australia** – Western Australia continued to receive some beneficial moisture as winter grain planting winds down. ABARE cut their wheat and barley planted area projections for this key production state this week... showing wheat area down 6% from a year ago and production down 26% to 8.7 MMT, while barley area was increased by 5% but production prospects were cut by 14% to 2.3 MMT.

**USDA Crop Progress / Condition Report, June 11, 2012**

<b>Crop</b>	<b>% Progress</b>	<b>Previous Week</b>	<b>Previous Year</b>	<b>5-Year Average</b>	<b>Condition rating % good/excellent</b>	<b>Previous Week</b>	<b>Previous Year</b>
US barley	5% headed	91%	--	1%	64%	69%	66%
<b>ID barley</b>	<b>10% headed</b>	<b>7%</b>	<b>-</b>	<b>1%</b>	<b>59%</b>	<b>68%</b>	
US spring wheat	15% headed	3%	-	2%	75%	78%	68%
<b>ID spring wheat</b>	<b>8% headed</b>	<b>6%</b>	<b>-</b>	<b>- 1%</b>	<b>59%</b>	<b>66%</b>	
US winter wheat	92% headed 35% harvested	88%	83%	87%	53%	52%	35%
<b>ID winter wheat</b>	<b>27% headed</b>	<b>19%</b>	<b>17%</b>	<b>24%</b>	<b>91%</b>	<b>90%</b>	
Corn					66%	72%	69%