

Idaho Grain Market Report, June 30, 2011

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 29, 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) \$13.05 (6-R) \$13.05	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$11.50	(2-R) \$11.25-\$13.25 (6-R) \$11.25	\$6.00	\$7.49	\$9.23
Blackfoot / Pocatello	\$11.35	(2-R) \$13.05 (6-R) \$13.05	\$6.30	\$5.96	\$9.56
Grace / Soda Springs	\$12.11	(2-R) NQ (6-R) NQ	NQ	\$5.70	\$8.97
Burley / Rupert Hazelton	\$11.25	(2-R) \$11.25 (6-R) \$11.25	\$6.20-\$6.25	\$6.08	\$9.52
Twin Falls / Eden / Buhl	\$12.25-\$13.00	(2-R) NQ (6-R) NQ	\$5.80	NQ	NQ
Weiser	\$10.50	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Nez Perce / Craigmont	\$9.85	(2-R) \$9.85 (6-R) \$9.85	\$6.19	\$7.24	\$10.03
Lewiston	\$10.10	(2-R) \$10.10 (6-R) \$10.10	\$6.38	\$7.43	\$10.22
Moscow / Genesee	\$9.90-\$11.25	(2-R) \$9.90 (6-R) \$9.90	\$6.15-\$6.85	\$7.20-\$7.87	\$9.99-\$10.23

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 \$6.60-\$6.85 Aug NC \$6.75-\$6.94	June \$7.89-\$8.05 Aug NC \$7.89-\$7.94	June \$10.70-\$10.90 Aug NC \$10.20-\$10.40
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.75	NQ	NQ	\$6.70	\$6.40	\$9.60
Great Falls	\$9.75-\$10.25	NQ	\$11.00-\$12.00	NQ	\$5.34-\$5.69	\$9.13-\$10.31
Minneapolis	\$10.52	NQ	\$15.73	NQ	\$8.02 ½ (12%)	\$11.39 ½ - \$12.09 ½

Market trends this week

BARLEY – Local barley prices were mostly lower this week ranging from \$1.75 lower to \$.25 higher in southern Idaho and from \$.50 lower to \$.25 higher in northern Idaho. USDA reported that there were no barley export sales this week. However, barley export shipments totaled 900 TMT for Taiwan and Canada.

USDA's 2011 Acreage Estimate for Barley (June 30) – USDA pegged **U.S. barley acreage at 2.815 million, down 2% from last year and harvested acreage at 2.48 million.** Idaho barley planted acreage is pegged at 510,000, up 4%, and harvested acreage at 490,000.

USDA Quarterly Stocks Report (June 30) – USDA pegged U.S. barley stocks on June 1 at 89.4 million bu, down 23% from a year ago. The March-May 2011 indicated disappearance is 48.8 million bu, up 17% from the same period a year ago. Idaho barley stocks on June 1 are pegged at 16.23 million bu, down 9% from a year ago.

WHEAT – Local wheat prices were also mostly lower this week: SWW ranged from 5 to 35 cents lower; HRW ranged from 60 cents lower to 36 cents higher; and DNS ranged from 62 cents lower to 3 cents higher. USDA reported wheat export sales last week were below trade expectations at 545.1 TMT and wheat export shipments totaled 482.6 TMT.

USDA's 2011 Acreage Estimate for Wheat (June 30) – USDA pegged total **U.S. wheat acreage at 56.4 million, up 5%** from 2010, and harvested acreage at 47.174 million. Winter wheat acreage is estimated at 41.1 million, up 10% from last year and **other spring wheat acreage is estimated at 13.6 million**. This is about **300,000 above the average pre-report trade estimate of 13.6 million acres**. Idaho wheat acreage is pegged at 1.448 million, up 3% from 2010, and harvested acreage at 1.378 million.

USDA Quarterly Stocks Report (June 30) – USDA pegged **U.S. wheat stocks on June 1 at 861 million bu, down 12%** from a year ago. This was **35 million bu more than the average pre-report trade estimate of 826 million bu**. The March-May 2011 indicated disappearance is 565 million bu, up 48% from the same period a year ago. Idaho wheat stocks on June 1 are pegged at 18.02 million bu, down 7% from a year ago.

CORN – Corn export sales last week were on the high end of trade expectations at a total of 934.3 TMT for both MY 2011 and 2012, up 68% from the previous week and 85% from the prior 4-week average. Corn export shipments last week totaled 655.2 TMT, down 44% from the previous week and 33% from the prior 4-week average.

USDA's 2011 Acreage Estimate for Corn (June 30) – USDA pegged **U.S. corn acreage at 92.3 million, up 5%** from last year and the second highest planted area since 1944. This is considerably higher than their June 9 projection of 90.7 million and was **more about 1.5 million acres above the average pre-report trade estimate of 90.767 million acres**. USDA pegged harvested corn acreage was pegged at 84.9 million, which is 92% and above the 10-year average of 91%. **USDA did state they would re-survey acreage next month in Minnesota, North and South Dakota and Montana, but not Indiana and Ohio.**

USDA Quarterly Stocks Report (June 30) – USDA pegged **U.S. corn stocks on June 1 at 3.67 billion bu, down 15%** from a year ago. This was **368 million bu above the average pre-report trade estimate of 3.302 billion bu**. The March-May 2011 indicated disappearance is 2.85 billion bu, down 33% from the same period a year ago.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production eased off last week and is still trending below USDA's marketing year projections, totaling 893,000 bbls last week, down 0.89% from the previous week but up 7.33% from last year – **representing a weekly corn use of 93.7 million bushels and a cumulative year utilization of 3.97 billion bu**. **The weekly pace needs to reach 106.3 million bu in order to meet USDA's marketing year demand estimate of 5 billion bushels. At the current weekly pace, usage is likely to fall short of USDA's current projection by about 185 million bu.**

Corn Competitor/Buyer News – USDA reported a 230 TMT sale of U.S. corn (half in the current marketing year and the remainder in MY 2011/12) to unknown destinations further stoking rumors that China had purchased U.S. corn on the recent price break. Trade sources indicate that Chinese purchases have totaled 1.7 MMT, including 700 TMT in recent weeks and may have finalized deals for an additional 800 TMT.

Futures market activity this week

WHEAT – Wheat saw follow-through fund selling on Monday, but bounced off mid day lows with the help of a late session recovery in soybeans. Continued weakness was noted from harvest hedge pressure and further losses in European milling wheat futures which have been swamped by investor fears of increased competition from the Black Sea region. Wheat reversed higher on Tuesday, posting double digit gains on short covering support from a lower dollar and a broad rally across commodities and equities. Wheat achieved modest gains on Wednesday, except MGE which posted strong gains on expectations of lower spring wheat acres in Thursday's acreage report. Gains were limited in the CBOT and KCBT markets by harvest pressure and talk of improving U.S., Canadian and European crop weather. Wheat was pounded hard today (Thursday), finishing the session with sharp losses under pressure from bearish spring wheat acreage and quarterly stocks estimates from USDA. Spillover weakness from corn and soybeans also was a significant factor. **Wheat futures market closes on Thursday, 06/30/11...**

	<u>July 2011</u>	<u>Weekly Summary</u>	<u>Sept 2011</u>	<u>Weekly Summary</u>
Chicago	\$5.84 ³ / ₄	Down \$0.51	\$6.14 ¹ / ₄	Down \$0.46 ³ / ₄
Kansas City	\$6.88 ³ / ₄	Down \$0.59 ³ / ₄	\$7.07 ¹ / ₄	Down \$0.60
Minneapolis DNS	\$8.23 ¹ / ₄	Down \$0.02 ³ / ₄	\$7.95	Down \$0.23 ¹ / ₂

CORN – Corn prices began the week moderately lower on a continued long liquidation trend, weakness in crude oil and a lack of threatening crop weather. Short covering and positioning ahead of Thursday's acreage and quarterly stocks reports pulled corn sharply higher on Tuesday. Deterioration in the corn crop condition rating this week (down 2% to 68% good/excellent) also provided underlying support. Corn saw a second consecutive day of double digit gains in the nearby contract on Wednesday on more rumors of Chinese corn buying and positive outside markets, including a strong rally in crude oil. However, deferred contracts slipped lower in the face of beneficial crop weather and some expectations that USDA might raise their corn acreage estimate on Thursday. Corn posted sharp losses today (Thursday), with the Sept and other deferred contracts locking limit down early in the session in reaction to very bearish acreage and stocks reports from USDA, which were both well above trade expectations. **July 2011 corn futures contract closed Thursday, 06/30/11, at \$6.29, down \$0.41 and the Sept 2011 contact closed at \$6.48, down \$.09 for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil continued to chop lower on Monday - down \$0.55 to close at \$90.61 – as slowing economic growth continued to dominate investor attitudes. But Tuesday saw an impressive bounce higher – up \$2.28 to close just under \$93/bbl - with the euro gaining against the U.S. dollar as investor fears eased about the potential of a Greek debt default. Ideas that the European Central Bank would soon raise interest rates also boosted the euro. Crude oil continued to rally on Wednesday on short covering triggered by a much larger than expected decline in domestic crude stocks. The weekly government petroleum stocks report showed crude oil stocks down 4.375 million bbls, compared to an expected decline of 1.5 million bbls; distillates increased by 0.3 million bbls; while gasoline stocks fell by 1.428 million bbls. **Crude continued to rally today (Thursday), closing up \$0.65 at \$95.42/bbl, as the dollar sunk to a three-week low and domestic crude inventory showed a fourth consecutive week of decline.**
- **U.S. WEATHER / CROP WATCH** – Warmer and drier weather covered most of the Central U.S. this week, with the heat expecting to pack in many areas this weekend. These conditions were viewed as benefitting water logged areas and promoting good crop development. The 6-10 day outlook showed cooler air returning to the Midwest with the possibility of widespread scattered showers. The U.S. corn crop condition was pegged at 370 points this week (out of 500), down 5 pts from last week, down 12 pts from last year and down 5 pts from the 10-year average. The Southern Plains saw only limited relief from scattered showers in the Texas Panhandle and northwestern Oklahoma, but most areas continued suffering from extreme drought that will likely shave off several million bushels from fringe corn production areas. **Some models show the possibility of heat and dryness developing in the Western Corn Belt in August which could affect late pollinating corn and soybean pod setting.** **Spring wheat** – Drier and warmer weather this week was beneficial to spring crop development across the Northern Plains, with the U.S. spring wheat condition pegged at 377 pts (out of 500 points), which is down 5 pts from last week, down 22 pts from last year but up 1 pt from the 10-year average.
- **INTERNATIONAL WEATHER / CROPS -**
 - **Canada** – Rain continued to sustain flooding in the Eastern Prairies while beneficial showers boosted soil moisture in drier northern regions. Warmer and drier conditions were in the outlook for the next 2 weeks.
 - **Europe** – Locally heavy showers across Northern and Central Europe delayed fieldwork, hampered winter grain maturation and harvest but benefitted spring and summer crops. Dry conditions across southern Italy and Spain accelerated winter grain maturation and harvest.
 - **Former Soviet Union** – Locally heavy rains continued to blanket Ukraine, delaying winter grain maturation but boosted needed moisture for the developing corn crop. Russia's Southern District also experienced heavy rainfall which was hampering winter grain dry-down and harvesting. Meanwhile, showers across Eastern Russia and Kazakhstan favored spring grain development.
 - **Middle East** – A drying trend in Turkey was welcome news, allowing winter grain dry-down and harvest.
 - **China** – Widespread showers favored corn development on the North China Plains, while rain was in the near term forecast for Manchuria helping to ease some crop stress in that region.
 - **Argentina** – Showers slowed field work in the eastern farming region while rain was needed to help promote winter grain development in the southwestern region.
 - **Australia** – Widespread showers fell across western and southeastern regions, benefitting winter grain development. Drier weather in New South Wales aided later summer crop harvest but still maintained abundant moisture for the winter grain crop.

USDA Crop Progress / Condition Report, June 27, 2011

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
U.S. barley	93% planted 88% emerged	90% 79%	100% 100%	100% 100%	75%	74%	85%
ID barley	100% emerged	95%	99%	100%	85%	72%	
U.S. spring wheat	95% planted 89% emerged	91% 83%	100% 100%	100% 100%	69%	72%	84%
ID spring wheat	99% emerged	96%	100%	100%	80%	78%	
U.S. winter wheat	94% headed 44% harvested	90% 31%	95% 36%	98% 37%	36%	35%	65%
ID winter wheat	50% headed	33%	64%	79%	79%	75%	
Corn					68%	70%	73%