

# Idaho Grain Market Report, July 3, 2013

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Due to the July 4 holiday, we are publishing a brief report on July 3. Local grain prices will return on July 11.

## Market trends this week

### BARLEY –

**USDA's 2013 Acreage Estimate for Barley (June 28) –** USDA pegged U.S. barley acreage at 3.482 million, down 4% from last year, and harvested acreage at 3.075 million. Idaho barley planted acreage is pegged at 640,000, up 5%, and harvested acreage at 620,000.

**USDA Quarterly Stocks Report (June 28) –** USDA pegged U.S. barley stocks on June 1 at 80.3 million bu, up 34% from a year ago. The March-May 2013 indicated disappearance is 36.8 million bu, up 9% from the same period a year ago. Idaho barley stocks on June 1 are pegged at 15.89 million bu, up 4% from a year ago.

**WHEAT –** Informa Economics released its updated crop projections today, pegging U.S. wheat crop at 2.016 billion bu compared to USDA's current estimate of 2.08 bbu, with decline coming in spring wheat which they peg at only 482 million bu compared to USDA's estimate of 542 million bu.

**USDA's 2013 Acreage Estimate for Wheat (June 28) –** USDA pegged total U.S. wheat acreage at 56.5 million, up 1% from 2012, and harvested acreage at 45.73 million, down 7%. Winter wheat acreage is estimated at 42.7 million, up 3% from last year and up 2% from the previous estimate. Other spring wheat acreage is estimated at 12.3 million, up slightly from 2012. The total acreage estimate is **ABOVE the average pre-report trade estimate of 55.9 million acres and is considered BEARISH in the futures trading last Friday.** USDA pegged Idaho wheat acres at 1.325 million, up slightly from last year.

**USDA Quarterly Stocks Report (June 28) –** USDA pegged U.S. wheat stocks on June 1 at 718 million bu, down 3% from a year ago. This was **BELOW the average pre-report trade estimate of 745 million bu.** The March-May 2013 indicated disappearance is 516 million bu, up 13% from the same period a year ago. Idaho wheat stocks on June 1 are pegged at 14.12 million bu, down 7% from a year ago.

**Wheat Competitor/Buyer News –** USDA confirmed that China purchased 360 TMT of US soft red winter wheat this week. There were reports that China also purchased 300 TMT of Australian wheat. Egypt returned to the international wheat market this week, buying 180 TMT of Ukrainian and Romanian wheat.

**CORN-** Informa pegs the U.S. corn crop at 14.259 billion bu, higher than the current USDA estimate of 14.005 bbu. They estimate harvested acres at 89.135 million and average yields at 160 bpa.

**USDA's 2013 Acreage Estimate for Corn (June 28) –** USDA pegged U.S. corn acreage at 97.4 million, up slightly from last year and the highest planted area since 1936. This is **ABOVE the average pre-report trade estimate of 95.3 million acres and is considered BEARISH in futures trading last Friday.** USDA pegged harvested corn acreage at 89.1 million.

**USDA Quarterly Stocks Report (June 28) –** USDA pegged U.S. corn stocks on June 1 at 2.76 billion bu, down 12% from a year ago. This was **BELOW the average pre-report trade estimate of 2.854 billion bu.** The March-May 2013 indicated disappearance is 2.64 billion bu, down 8% from the same period a year ago.

**Ethanol corn usage –** DOE's Energy Information Agency reported U.S. ethanol production fell last week on tightening margins, down 22,000 bbls to 863,000 bbls per day, down 2.5% from the previous week but up 0.7% from a year ago. Corn used for ethanol production last week totaled 90.6 million bu, which still lags the weekly pace of 96.06 million bu needed to achieve **USDA's revised projection for the marketing year of 4.65 billion bu.**

## Futures market activity this week

**Global macroeconomic trends –** There were continuing signs of an economic slowdown in China this week. The EU also felt investor jitters driven mostly by political unrest in Portugal which is struggling to implement its final year of bailout austerity measures.

**U.S. economic trends –** By contrast, U.S. economic data were stronger than expected across the board this week...ISM Manufacturing Index climbed to 50.9 after tumbling to 49 last month (50 signals expansion), auto sales and factory orders were both better than expected and the monthly projection of private sector job gains exceeded expectations rising to 188,000, with most of the gains coming in the service sector. The official monthly jobs report will be released on Friday.

**WHEAT –** Wheat markets traded mixed to moderately lower on Monday in thin choppy trading. The main features were the advancing harvest pace and improving spring wheat crop conditions. Wet conditions have slowed harvest of soft red winter wheat in the Eastern Corn Belt, but otherwise winter wheat harvest has made significant strides this week. Wheat continued to see choppy trading on both Tuesday and Wednesday, with CHI moving modestly higher on Chinese and livestock demand news while KC and MGE moved lower in lackluster pre-holiday trading. The upside remains limited by steady harvest pressure and favorable growing conditions across the Northern Hemisphere. **Wheat market closes on**

Wednesday, 7/03/13 ...

	<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	\$6.57 <sup>3</sup> / <sub>4</sub>	Up \$0.09 <sup>1</sup> / <sub>4</sub>	\$6.65	Up \$0.07 <sup>1</sup> / <sub>4</sub>	\$6.77 <sup>1</sup> / <sub>2</sub>	Up \$0.06
KC HRW	\$6.83 <sup>1</sup> / <sub>2</sub>	Up \$0.07 <sup>1</sup> / <sub>4</sub>	\$6.94 <sup>1</sup> / <sub>2</sub>	Up \$0.04	\$7.16 <sup>1</sup> / <sub>4</sub>	Up \$0.06
MGE DNS	\$7.61 <sup>1</sup> / <sub>4</sub>	Down \$0.23 <sup>3</sup> / <sub>4</sub>	\$7.70 <sup>1</sup> / <sub>4</sub>	Down \$0.02 <sup>3</sup> / <sub>4</sub>	\$7.79 <sup>3</sup> / <sub>4</sub>	Down \$0.03 <sup>1</sup> / <sub>4</sub>

**CORN** – Corn posted sharp losses to start the week on follow-through selling sparked by a bigger than expected acreage estimate from USDA last Friday and a favorable extended weather forecast for the Corn Belt. Old crop contract prices rebounded sharply higher on Tuesday on ideas that the High Pressure Ridge currently stalled over the Western US will move into the Western Corn Belt by mid month during the critical pollination stage. There were also rumors that Chinese feeders are buying new crop U.S. corn, although there was no confirmation of these purchases. Corn prices finished mixed to modestly higher in quiet trade today (Wednesday) with old crop leading the gains on tight supplies. **Corn futures contract closes on Wednesday, 7/03/13 for July 2013 at \$6.78 <sup>1</sup>/<sub>4</sub>, down \$0.01, Sept 2013 contract at \$5.32 <sup>1</sup>/<sub>4</sub>, down \$0.15 and the Dec 2013 contract at \$5.02 <sup>3</sup>/<sub>4</sub>, down \$0.08 <sup>1</sup>/<sub>4</sub> for the week.**

**OTHER MAJOR FACTORS TO WATCH –**

**CRUDE OIL** – Crude oil prices soared this week to 14 month highs on a combination of better than expected US economic data and an increase in geopolitical risk arising from the Egyptian crisis. A much bigger than expected decline in crude oil, gasoline and distillate stocks pushed prices to above \$101 today (Wednesday), along with improving risk taking sentiment. DOE's weekly crude oil inventory report showed a decline of 10.34 million bbls, compared to an expected decline of 2.25 million bbls; distillate stocks fell by 2.41 million bbls; and gasoline stocks fell by 1.719 million bbls, compared to an expected build of 700,000 bbls.

**U.S. WEATHER / CROP PROGRESS – PNW** – Excessive heat wave blanketed the Northwestern region this week with only limited scattered showers, causing crop stress in many areas. The outlook calls for moderating temperatures but only occasional showers to relieve heat stress. **Corn Belt / Northern Plains (HRS and SRW wheat belts)** – Conditions were mostly dry with moderate temperatures this week. Rainfall was limited to the Eastern Corn Belt where daily rain showers are causing some concern about disease and quality deterioration in the soft red winter wheat crop. Otherwise rain is welcome for corn yield potential. The 6-10 day outlook calls for mild dry conditions favoring crop development, with some lingering showers in the eastern edge. **Central / Southern Plains (HRW wheat belt)** – Extreme heat across much of the SW Plains is accelerating winter grain maturation and harvest, with KS harvest advancing to 49% under mostly unfavorable conditions. Yields remain better than expected across the central and eastern regions but disappointing in the western edge. The 6-10 day outlook calls for mostly favorable harvest conditions.

**USDA Crop Progress / Condition Report, July 1, 2013**

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	27% headed	NA	62%	30%	68%	69%	66%
<b>ID barley</b>	<b>44% headed</b>	<b>30%</b>	<b>58%</b>	<b>31%</b>	<b>66% g/ex</b>	<b>74%</b>	<b>59%</b>
US spring wheat	18% headed	NA	69%	32%	68%	70%	77%
<b>ID spring wheat</b>	<b>43% headed</b>	<b>30%</b>	<b>56%</b>	<b>29%</b>	<b>67% g/ex</b>	<b>77%</b>	<b>61%</b>
US winter wheat	43% harvested	20%	73%	52%	34% g/ex	32% g/ex	54% g/ex
<b>ID winter wheat</b>	<b>78% headed</b> <b>0% harvested</b>	<b>78%</b> <b>0%</b>	<b>65%</b> <b>0%</b>	<b>54%</b> <b>0%</b>	<b>79% g/ex</b>	<b>79%</b>	<b>85%</b>
Corn	3% silking	NA	22%	9%	67%	65%	48%

**INTERNATIONAL WEATHER / CROP PROGRESS -**

- **Canada** – Crop conditions remain mostly favorable, with near to above normal temperatures which are boosting crop development after recent moisture. Crop conditions remain above average across Alberta and Saskatchewan.
- **Europe** – Cool showery conditions persist across much the northern and western regions, slowing crop development but providing good yield potential.
- **Black Sea Region** – Ukraine and southern Russia received some moisture this week, with crops progressing nicely. About 1/3 of the crop area could still use more moisture to mitigate stress on corn and oilseed crops. The 1-5 day outlook calls for showers in this region. Eastern Russia and Kazakhstan experienced warm dry conditions, reducing soil moisture for grain crops.
- **Middle East** – Seasonably dry conditions promoted crop dry-down and harvest.
- **China** – Northeast China continued to receive beneficial moisture, maintaining favorable crop conditions for corn and

soybean crops.

- **Argentina** – Dry and mostly cool, allowing final corn harvest and winter grain planting.
- **Australia** – Mostly favorable conditions for winter grain development.

## **Summer 2013 Idaho Cereal Field Days...**

### **JULY**

- 11 Blackfoot: General Mills Field Day BY INVITATION ONLY**  
CONTACT: Brett Wilken, (208-243-0008), [brett.wilken@genmills.com](mailto:brett.wilken@genmills.com)
- 16 Idaho Falls: UI Cereals Extension Field Day**  
WHERE: Idaho Falls, Marc Thiel's farm on New Sweden Hwy, 2550 S 45<sup>th</sup> West  
WHEN: 4:00 PM, dinner provided  
CONTACTS: Juliet Marshall, (208-390-4859), [juliet.marshall@uidaho.edu](mailto:juliet.marshall@uidaho.edu); Wayne Jones, (208-529-1390), [wjones@uidaho.edu](mailto:wjones@uidaho.edu); Matt Gellings, (208-206-0126), [mjgellings@msn.com](mailto:mjgellings@msn.com);
- 17 Anheuser Busch Grower Appreciation Luncheon BY INVITATION ONLY**  
WHERE: Busch seed plant  
WHEN: 11:30 AM – 1:00PM, lunch provided  
CONTACT: Tim Pella, 208-524-1080, [timothy.pella@anheuser-busch.com](mailto:timothy.pella@anheuser-busch.com)
- 17 InteGrow Malt 3<sup>rd</sup> Annual Field Day & Malt Plant Tour BY INVITATION ONLY**  
WHERE: 5005 South 15<sup>th</sup> West, Idaho Falls, ID, lunch provided  
WHEN: 10:00 AM, lunch provided  
CONTACT: John Zietz, 208-528-1457, [john.zietz@cargill.com](mailto:john.zietz@cargill.com)
- 18 Soda Springs: UI Cereals Extension Field Day**  
WHERE: Starts at Sid and Janet Cellan's farm  
WHEN: 4:00 p.m. dinner provided  
CONTACTS: Steve Harrison, (208-547-3205), [steveh@uidaho.edu](mailto:steveh@uidaho.edu); Juliet Marshall, (208-390-4859), [juliet.marshall@uidaho.edu](mailto:juliet.marshall@uidaho.edu)
- 24 Aberdeen Twilight Tour**  
WHERE: Aberdeen R&E Center  
WHEN: 4:00 PM – 8:00 PM, dinner provided  
CONTACT: Kristi Copeland 208-307-4181, [kcopelan@uidaho.edu](mailto:kcopelan@uidaho.edu)
- 25 Ashton: UI Extension Field Day**  
WHERE: Don Marotz's farm 1383 N 4200<sup>th</sup> E, Ashton, ID  
WHEN: 8:30 AM  
CONTACTS: Lance Ellis, (208-624-3102), [ellis@uidaho.edu](mailto:ellis@uidaho.edu); Juliet Marshall, (208-529-8376), [juliet.marshall@uidaho.edu](mailto:juliet.marshall@uidaho.edu);
- 25 NEW THIS YEAR... Tetonia UI Farm: Barley & Potato Field Day**  
WHERE: Tetonia Research Farm, along Hwy 33  
WHEN: 12:00 - 2:00 PM, BBQ lunch provided  
CONTACTS: Kelly Olson, (208-409-9165), [kolson@idahobarley.org](mailto:kolson@idahobarley.org), Phil Nolte, (208-529-8376), [pnolte@uidaho.edu](mailto:pnolte@uidaho.edu)