

Idaho Grain Market Report, July 7, 2011

Published by the Idaho Barley Commission, kolson@idahobarley.org, 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 6, 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	\$12.00	(2-R) \$11.98-\$13.25 (6-R) \$11.98	\$5.50	\$6.26	\$9.13
Blackfoot / Pocatello	\$11.35	(2-R) \$13.05 (6-R) \$13.05	\$5.90	\$5.64	\$9.50
Grace / Soda Springs	\$11.35	(2-R) NQ (6-R) NQ	NQ	\$5.94	\$8.85
Burley / Rupert Hazelton	\$10.50	(2-R) \$11.98 (6-R) \$11.98	\$5.70	\$5.89	\$9.09
Twin Falls / Eden / Buhl	\$11.75-\$13.00	(2-R) NQ (6-R) NQ	\$5.30	NQ	NQ
Weiser	\$12.50	(2-R) NQ (6-R) NQ	\$5.54	NQ	NQ
Nez Perce / Craigmont	\$9.85	(2-R) \$9.85 (6-R) \$9.85	\$5.94	\$6.95	\$9.71
Lewiston	\$10.10	(2-R) \$10.10 (6-R) \$10.10	\$6.13	\$7.14	\$9.90
Moscow / Genesee	\$9.90-\$10.75	(2-R) \$9.90 (6-R) \$9.90	\$5.90-\$6.55	\$6.91-\$7.42	\$9.67-\$10.14

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	July \$6.40-\$6.60 Aug NC \$6.40-\$6.62	July \$7.47-\$7.67 Aug NC \$7.52-\$7.57	July \$10.18-\$10.63 Aug NC \$9.98-\$10.38
Los Angeles	\$14.35	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$14.35	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.50	NQ	NQ	\$6.20	\$6.26	\$9.18
Great Falls	\$9.00-\$9.50	NQ	\$12.00	NQ	\$4.75-\$5.45	\$7.11-\$8.29
Minneapolis	\$10.21	NQ	\$15.62	NQ	\$7.80 ½ (12%)	\$11.27 ½ - \$11.47 ½

Market trends this week

BARLEY – Local barley prices were mixed this week ranging from \$.76 lower to \$2.00 higher in southern Idaho and from no change to \$.50 lower in northern Idaho. Weekly export sales data will be released tomorrow due to the 4th of July holiday.

WHEAT – Local wheat prices were also mixed this week: SWW ranged from \$.25 to \$.50 lower; HRW ranged from \$1.23 lower to \$.24 higher; and DNS ranged from \$.06 to \$.43 lower. USDA reported stronger than expected weekly export inspections last week at 710 TMT. Export sales won't be reported until Friday.

Wheat Competitor/Buyer News – France pegged its wheat production this week at 31.99 MMT, down 10.3% from last year. Egypt purchased 180 TMT of Russian wheat this week and Jordan bought 150 TMT Russian wheat.

CORN – USDA reported weekly corn export inspections last week totaled 878 TMT.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production picked up last week as ethanol margins improved to their best level since last November, totaling 904,000 bbls last week, up 1.23% from the previous week and up 5.73% from last year – **representing a weekly corn use of 94.92 million bushels, which is still**

well below the weekly pace of 107.6 million bu needed in order to meet USDA's marketing year demand estimate of 5 billion bushels. Key U.S. senators announced an agreement today to end U.S. ethanol tax subsidies and import tariffs by the end of July. Most trade analysts don't expect this move to have much effect on U.S. ethanol production, which relies more on the RFS2 blending mandate.

Corn Competitor/Buyer News – Private exporters reported a sale of 540 TMT of U.S. corn to China for MY 2011/12 and another 300 TMT to an unknown destination, also widely believed to represent Chinese interests. Traders continued to speculate early in the week that China was in the market for another 1.5 MMT, likely pushing recent purchases to a total of 3 MMT. South Korean feed mills purchased 225 TMT of US corn this week for the 2011/12 season while Egypt purchased 120 TMT.

Futures market activity this week

WHEAT – Wheat began the week sharply higher on Tuesday, with markets closed on Monday in observance of the July 4 holiday. Tuesday's gains were attributed to a technical bounce on oversold conditions, stronger than expected weekly export inspections and reports of disappointing yields in France. Gains could not be sustained, however, as prices slipped lower on Wednesday in the face of a higher US dollar and an expanding harvest and improving spring crop weather in both the U.S. and Europe. Wheat finished mixed today (Thursday) with CBOT trading higher on spillover support from corn and soybeans with wheat battling to stay in the feed ration in many locations. Prices closed lower in KBOT and MGE on increased competition from Russia, weakness in European milling wheat futures and expanding harvest hedge pressure. **Wheat futures market closes on Thursday, 07/07/11... please note we have shifted to Sept and Dec 2011 contracts...**

	Sept 2011	Weekly Summary	Dec 2011	Weekly Summary
Chicago	\$6.34 ½	Up \$0.23 ¼	\$6.75 ½	Up \$0.15 ½
Kansas City	\$7.24	Up \$0.03 ¼	\$7.50 ¼	Up \$0.02 ¾
Minneapolis DNS	\$8.24 ¾	Up \$0.20 ¼	\$8.19 ¾	Up \$0.15 ¼

CORN – Corn staged an impressive rally on Tuesday, boosted by short covering on oversold conditions and continued rumors of more Chinese corn purchases. Spillover support from strong gains in wheat also was noted. Corn prices settled lower on Wednesday in choppy light volume trading. The market overcame early profit-taking pressure by mid-session but reversed lower into the close on the surge in the US dollar and improving crop conditions (up 1% to 69% good/excellent). Corn finished on a high note today (Thursday), with gains attributed to improving export demand for U.S. corn and a hotter extended weather forecast which could hit corn during the critical pollination period. **Sept 2011 corn futures contract closed Thursday, 07/07/11, at \$6.25, up \$0.18 ¼ and the Dec 2011 contact closed at \$6.15 ½, up \$.18 ¾ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil rallied strongly on Tuesday – up \$1.95 to close at \$96.89/bbl – after a global investment bank revised its 2012 price outlook higher. Crude oil continued to rally on Wednesday on ideas that the U.S. will show a 5th consecutive week of inventory draw-down, but eased lower into the close – down \$0.24 to \$96.65/bbl – on a negative outside market tone from a higher dollar and concerns that another Chinese interest rate hike will slow economic growth there. The weekly government petroleum stocks report showed crude oil stocks declined by 889,000 bbls, compared to an expected decline of 2.5 million bbls; distillates fell by 0.2 million bbls, compared to an expected increase of 0.9 million bbls; while gasoline stocks fell by 0.634 million bbls, compared to an expected decline of 0.15 million bbls. **Crude continued to rally today (Thursday), falling short of an early target of \$100 to close up \$2.02 at \$98.67/bbl. Support came from a weaker US dollar, favorable U.S. employment data and improving risk appetites.**

- **U.S. WEATHER / CROP WATCH** – Above normal temperatures and below normal precipitation was the dominant feature this week across most U.S. growing regions. Dry weather continued to promote winter wheat harvest and spring wheat, barley and corn crop development after a cool delayed start to this year's season. Precipitation was slowly moving across the Missouri River Valley this week from the Dakotas into the Delta, particularly in areas that don't need the moisture. **Some models now show hotter temps in the 11-15 day outlook which could prove to be a problem for pollinating corn in some areas.**

- **INTERNATIONAL WEATHER / CROPS -**

- **Canada** – Favorable warm dry conditions are promoting spring grain development.
- **Europe** – Rains in the northern and eastern regions continued to cause harvest delays in some areas, with disappointing early yield results from France. Showers have tapered off and should not be problem for the next week. Meanwhile, Spain continued to see warm and dry conditions which are accelerating winter grain harvest.
- **Former Soviet Union** – Quality concerns are increasing in Ukraine and western Russia due to recent heavy rains. A USDA Ag Attache in Ukraine indicated this week that too much rain in some areas may have caused yield losses in the 10% to 30% range. The outlook was drier for the remainder of this week. Light showers continued to benefit heading spring grain in eastern Russia and Kazakhstan.
- **Middle East** – Continued warm dry conditions favored winter grain harvest in Turkey.
- **China** – Showers are easing dryness in Heilongjiang corn production area.
- **Argentina** – Cold and dry conditions are delaying winter grain emergence and growth. **Southern Brazil** received freezing weather, which raised concerns about corn and coffee crops, although the coldest temperatures missed major production areas.
- **Australia** – Drier conditions prevailed this week.

USDA Crop Progress / Condition Report, July 5, 2011

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
U.S. barley	9% headed	NA	39%	47%	76%	75%	85%
ID barley	23% headed	NA	35%	41%	82%	85%	
U.S. spring wheat	13% headed	NA	47%	52%	70%	69%	83%
ID spring wheat	27% headed	NA	23%	42%	85%	80%	
U.S. winter wheat	97% headed 56% harvested	94% 44%	98% 52%	97% 52%	36%	35%	63%
ID winter wheat	76% headed	50%	87%	92%	74%	79%	
Corn	6% silking	NA	18%	12%	69%	68%	71%