

**Idaho Grain Market Report, July 10, 2015**

Published weekly by the Idaho Barley Commission, [kolson@barley.idaho.gov](mailto:kolson@barley.idaho.gov), 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 8, 2015. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley</u> <u>(Cwt.)</u> <u>FEED</u> <u>48 lbs or</u> <u>better</u>	<u>MALTING</u>  <u>Open</u> <u>market</u> <u>malting</u>	<u>Wheat (bu.)</u> <u>Milling</u>  <u>#1 SWW</u>	<u>#1 HRW</u> <u>11.5% pro</u>	<u>#1 DNS</u> <u>14% pro</u>	<u>#1 HWW</u>
Rexburg/ Ririe/ Roberts	\$5.00-5.25		\$5.50 - \$5.72	\$5.42	\$6.22	\$5.60-5.82
Idaho Falls	\$5.25	\$11.46-12.00	\$5.70-5.72	\$5.42-5.85	\$6.12 -6.20	\$5.73-5.85
Blackfoot / Pocatello	NQ	\$10.00	\$5.70	\$5.85	\$6.20	\$5.85
Grace / Soda Springs	\$5.20	NQ	\$5.08	\$4.83	\$5.65	
Burley / Rupert	\$5.00 – 5.25	\$11.46	\$5.67	\$5.13	\$6.04	\$5.24-5.537
Hazelton						
Twin Falls / Buhl / Wendell	\$5.85-7.50		\$5.55 <u>Feed wheat</u>	NQ	NQ	
Nampa – Weiser	\$6.20	NQ	\$4.50 \$6.08	NQ	NQ	
Nez Perce / Craigmont	\$5.80		\$5.60	\$5.58	\$6.36	
Lewiston	\$6.30		\$5.85	\$5.83	\$6.61	
Moscow / Genesee	\$5.80- 6.00		\$5.62 – 5.69	\$5.60 – 5.71	\$6.38-6.50	\$5.71

**Prices at Selected Terminal Markets, cash prices FOB**

	<u>#2 Feed</u> <u>46 lbs. --</u> <u>unit</u> <u>trains barge</u>	<u>Malting</u>	<u>#1 SWW</u>	<u>#1 HRW</u> <u>11.5% Protein</u>	<u>#1 DNS</u> <u>14% Protein</u>	<u>#1 HWW</u>
Portland			Ord protein New crop \$6.41½ 6.77½ <b>max 10.5% pro</b> New crop \$7.02½ 6.37½	New crop \$6.38- 6.63	New crop \$7.19- 7.49	
Los Angeles	\$8.00-8.15			NQ (12%)		
Tulare	\$8.00-8.15					
Ogden	\$6.00		\$6.15	\$5.43	\$6.85	\$5.80
Great Falls	\$5.00	\$11.00		\$5.25-5.33 (12%)	\$5.75-6.29	
Minneapolis	\$5.73	NQ		\$6.13	\$7.34-7.39	

**Market trends this week**

**BARLEY** - Local feed barley prices were higher in the past two weeks. Open market malting barley prices closed steady to \$1.00 lower. USDA reported barley exports sales last week of 300 MT to Taiwan. Barley export shipments totaled 900 MT to Taiwan.

**USDA's BARLEY S&D Projections for MY 2015/16- July 10, 2015**— USDA pegged **2015 U.S. barley production up 10 million bu this month to 208 million bu**, based on larged harvested acreage and yield expectations. Domestic feed usage was pegged up 5 million bu to 65 million bu and **ending stocks up 7 million bu to 84 million bu**. The average U.S. barley farm-gate price range was raised to \$4.20-5.00/bu. World barley production was pegged slightly higher this month to 137.8 MMT, but is down 2% from last year. World barley ending stocks were pegged slightly lower to 21.7 MMT, down 12% from the previous year.

**WHEAT** – Wheat prices strengthened in the past two weeks. USDA reported wheat export sales were on the low end of trade expectations last week at 345.9 TMT, down 5% from the previous week. Cumulative new crop wheat exports now

tally 24.6% of the USDA estimate for the 15/16 year, compared to a 5-year average pace of 29%. Wheat export shipments last week were weaker at 268.8 TMT, down 26%.

**USDA's WHEAT S&D Projections for MY 2015/16 – July 10, 2015** –Wheat S&D estimates were considered bearish against trade expectations...USDA pegged 2015 U.S. wheat production 27 million bu higher to 2.148 billion bu, in line with the average pre-report trade estimate. Winter wheat production was pegged at 1.456 billion bu, below trade expectations and down 3% from last year. The spring wheat crop was pegged at 617 million bu, above trade expectations. USDA cut wheat imports by 10 million bu to 130 million bu due to declining crops conditions in Canada, raised feed usage by 5 million bu to 200 million bu and raised exports by 25 million bu to 950 million bu. This resulted in a 28 million bu increase in ending stocks to 842 million bu, which is BELOW the average pre-report trade estimate of 860 million bu. The average U.S. wheat farm-gate price range was raised to \$4.75-5.75/bu. World wheat production was pegged at 721.96 MMT, up slightly from last month due to larger crops in Russia, Ukraine and the US more than outweighing smaller crops in the EU and Canada. World wheat ending stocks were increased sharply this month – up 15 MMT to 219.8 MMT, well ABOVE the average pre-report trade estimate of 200.4 MMT, and up 4% from last year.

**Wheat competitor / buyer news** – USDA raised their wheat crop estimates for Russia by 2 MMT this month to 57 MMT and Ukraine by 1 MMT to 24 MMT, while lowering crop estimates for the EU by 2.8 MMT to 147.9 MT and Canada by 1.5 MMT to 2.75 MMT. Egypt bought 60 TMT of Romanian wheat early this week and followed with 180 TMT of Russian and Ukrainian wheat, with indications that U.S. offers were about \$50 above Black Sea origins.

**CORN** – USDA reported corn export sales were on the low end of trade expectations at 684 TMT (535 TMT for MY 14/15 and 149 TMT for MY 15/16), down 10% from the prior week and down 3% from the 4-week average. Cumulative old crop corn exports now tally 99.7% of the USDA estimate for the 14/15 year, compared to a 5-year average pace of 99.2%. New crop corn exports are lagging 24% below the previous year's pace. Corn export shipments last week totaled 996.2 TMT, down 6% from the prior week and down 4% from the 4-week average.

**USDA's CORN S&D Projections for MY 2014/15 – July 10, 2015** - Corn S&D estimates were considered bearish against trade expectations but old crop ending stocks were cut more than expected and the trade thinks new crop yield estimates are likely to shrink in future projections. USDA increased domestic feed usage by 50 million bu to 5.3 billion bu, raised ethanol usage by 25 million bu to 5.2 billion bu and raised corn exports by 25 million bu to 1.85 billion bu. This resulted in a 97 million bu reduction in old crop ending stocks to 1.779 billion bu, which was BELOW the average pre-report trade estimate of 1.811 billion bu. The average U.S. corn farm-gate price range was raised to \$3.60-3.80/bu. **2015/16** – USDA pegged 2015 U.S. corn production 100 million bu lower this month to 13.53 billion bu, based on smaller harvested acreage. USDA left the average corn yield estimate unchanged this month at 166.8 bpa, which many trade analysts believe is too high. Feed usage was lowered by 25 million bu to 5.275 billion bu, ethanol usage was raised by 25 million bu to 5.225 billion bu and exports were cut by 25 million bu to 1.875 billion bu based on the slow pace of new crop exports and peojeted record Brazilian corn exports. This resulted in a 172 million bu cut in new crop ending stocks to 1.599 million bu, which is ABOVE the average pre-report trade estimate of 1.54 billion bu. The average new crop corn farm-gate price range was raised to \$3.45-4.05/bu. World corn production was pegged at 2.2 MMT lower this month to 987.1 MMT, which is down 1.5% from the current year, based on smaller crops in the U.S. and EU more than outweighing bigger crops in Brazil and China. World corn ending stocks were pegged at 189.95 MMT, down 5.2 MMT from last month and BELOW the average pre-report trade estimate of 192.9 MMT.

**Ethanol corn usage** – DOE's Energy Information Agency reported a rebound in weekly ethanol production – up 19,000 or 1.96% from the previous week to 987,000 bbls per day, which is up nearly 6.5% from a year ago. Corn used in ethanol production last week totaled 103.6 million bu, above the weekly pace of 97.7 million bu needed to reach the USDA's projected use of 5.175 billion bu for the marketing year. Cumulative use has reached 4.25 billion bu. U.S. ethanol stocks continued to chop lower to 19.2 million bbls, up 8.5% from a year ago.

**Corn competitor / buyer news** – USDA raised their MY 2015/16 corn crop production estimates for Brazil by 2 MMT this month to 77 MMT and China by 1 MMT to 229 MMT, but lowered thei estimate for the EU corn crop by 2.4 MMT to 65.8 MMT. Old crop Brazilian production was increased by 1 MMT this month to 82 MMT. CONAB raised their 2014/15 Brazilian corn crop estimate this week to 81.8 MMT, compared to SAFRAS which has pegged their crop much higher at 85.6 MMT.

#### Futures Market trends this week

**WHEAT** – Prices moved sharply higher last week, boosted by wheat crop concerns in Canada, Europe and U.S. winter wheat. Price gains eroded this week in choppy trading as higher U.S. prices and stronger dollar keep U.S. wheat prices noncompetitive in many world markets. Strong macroeconomic headwinds also weighed on wheat markets. Wheat finished narrowly mixed on Thursday in positioning ahead of Friday's S&D report but losses were limited by underlying support from adverse crop growing conditions in many key producing countries, including talk of disease and high temperatures lowering yield potential in Ukraine and rain harvest delays in the Southern District of Russia and U.S. soft red winter region. **Wheat market closes on Thursday, 7/09/15...**

	<b>July 2015</b>	<b>Weekly Summary</b>	<b>Sept 2015</b>	<b>Weekly Summary</b>	<b>Dec 2015</b>	<b>Weekly Summary</b>
Chicago SRW	\$5.72¼	Down \$0.13½	\$5.78	Down \$0.12½	\$5.86	Down \$0.13¼
KC HRW	\$5.65	Down \$0.11	\$5.79¼	Down \$0.12½	\$5.99¼	Down \$0.12
MGE DNS	\$6.05¾	Down \$0.00½	\$6.19	Down \$0.05	\$6.32½	Down \$0.07¼

**CORN** – Corn futures posted solid gains last week but chopped in a narrow trading range this week, with pressure from a stronger dollar and lower energies mostly outweighing weather concerns in the Eastern Corn Belt. Corn posted moderate gains on Thursday to close at the highest level since June 2014 on spillover support from soybeans and more unwanted rain in the ECB. **Corn futures contract closes on Thursday, 7/09/15... July 2015 contract at \$4.21¼, up \$0.01½ for the week, Sept. 2015 contract closed at \$4.28¾, up \$0.00¼ and the Dec. 2015 contract closed at \$4.39, up \$0.01¾ for the week.**

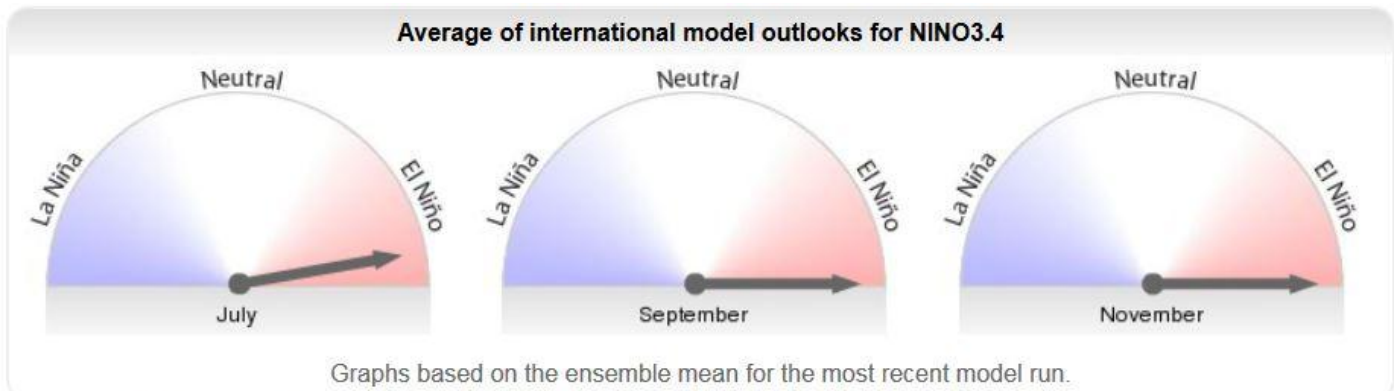
**CRUDE OIL** – Crude oil prices fell sharply this week under pressure from a higher dollar and global economic uncertainties in the face of the Chinese stock market melt down and Greek debt default which is fueling speculation that Greece will be forced to exit the euro. After 8 consecutive weeks of large reductions in the crude oil inventory, DOE reported a modest uptick – up 384,000 bbls compared to an expected unchanged position. Distillates increased by 1.641 million bbls and gasoline stocks increased by 1.215 million bbls. **Crude oil rebounded higher on Thursday – up \$1.13/bbl to close at \$52.78/bbl which was down \$4.15/bbl for the week.**

**USDA Crop Progress / Condition Report, July 6, 2015**

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	84% headed	62%	57%	47%	73% g/ex	73%	68%
ID barley	81% headed	68%	80%	56%	89% g/ex	90%	
US spring wheat	76% headed	49%	44%	47%	70% g/ex	72%	70%
ID spring wheat	84% headed	66%	81%	55%	79% g/ex	81%	
US winter wheat	55% harvested	38%	55%	59%	40% g/ex	41%	31%
ID winter wheat	3% harvested	0%	0%	0%	59%	62%	
Corn	12% silking	4%	14%	18%	69%	68%	75%

**Weather/Crop Outlook –**

**El Nino Strengthening** – There are signs that the current El Nino weather pattern is strengthening with strong indications that it will linger through the end of the year.



The arrows on the dials above indicate the combined average of monthly NINO3.4 outlooks from a survey of international global climate models. Note that the individual model runs vary around the average.

- **U.S.** - Hot and dry conditions persisted across much of the PNW with unfavorably dry conditions lowering yield potential across rain-fed areas in OR, WA and northern Idaho. Conditions remained favorable across the Northern Plains and turned favorably warm and dry in the Central and Southern Plains, allowing winter wheat harvest to advance. Conditions remained adversely wet for much of the soft red winter wheat belt where harvest has been delayed and crop quality is deteriorating. The Corn Belt received less rain than expected last weekend but another round of strong showers and thunderstorms moved through the Mississippi River and Ohio River Valleys this week, causing flash flooding and saturated soils. By contrast, conditions remain very favorable in the Western Corn belt where corn is pollinating in nearly ideal conditions. **The 6-10 outlook –** Near to above normal temperatures are expected for much of the country and near to above normal rainfall remains in the outlook for the the ECB. The PNW remains mostly warm and dry which is accelerating small grain crop maturity.
- **Canada** – Unfavorably warm and dry conditions persisted across the Western Canadian prairies. Private crop forecasts estimate a possible production losses of 6-7 MMT, with USDA lowering the Canadian wheat crop estimate by only 1.5 MMT this month to 27.5 MMT.
- **Europe** – Recent heat wave across France and Germany has eased somewhat this week.
- **Black Sea region** – Continued rainfall across parts of Russia has delayed harvest. Talk of disease and possible yield losses in Ukraine.
- **China** – Showers overspread corn areas, maintaining adequate to abundant soil moisture.
- **South America** – Conditions remain favorable as second crop corn harvest advances in Central Brazil, while corn harvest neared completion in Argentina. Recent shower activity has improved winter grain germination in
- **Australia** – Western Australia has turned unfavorably hot and dry, causing worries about new crop grain prospects. This region is the biggest producer of both barley and wheat and has received only 20% of normal rainfall in recent weeks.

**University of Idaho – Limagrain Cereal Seeds Field Day at Aberdeen– July 15, 2015 from 9:00 a.m. to 1:30 pm, includes lunch at UI Aberdeen Research & Extension Center.** Tour winter and spring wheat and barley variety trials, wheat breeding nursery, barley breeding nursery and barley nutrient management study.