

Idaho Grain Market Report, July 11, 2013

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 10, 2013. Barley prices in \$/Cwt. and wheat prices in \$/bu.

<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>			
Ashton	NQ	(2-R) \$13.00 (6-R) \$13.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$11.00	(2-R) NQ (6-R) NQ	\$6.21	\$6.42	\$7.27
Idaho Falls	\$11.25	(2-R) \$12.92-\$13.00 (6-R) \$12.92	\$7.75	\$6.50	\$7.21
Blackfoot / Pocatello	\$9.16	(2-R) \$13.00 (6-R) \$13.00	\$6.10	\$6.55	\$7.31
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert	\$10.75-\$11.00	(2-R) \$12.92 (6-R) \$12.92	\$6.34-\$6.35	\$6.34	\$7.17
Hazelton					
Twin Falls / Eden / Buhl	\$10.70	(2-R) NQ (6-R) NQ	\$6.13	NQ	NQ
Weiser	\$12.00	(2-R) NQ (6-R) NQ	\$6.65	NQ	NQ
Nez Perce / Craigmont	\$9.35	(2-R) \$9.35 (6-R) \$9.35	\$6.79	\$7.39	\$8.04
Lewiston	\$9.60	(2-R) \$9.60 (6-R) \$9.60	\$6.98	\$7.58	\$8.23
Moscow / Genesee	\$9.40-\$11.50	(2-R) \$9.40 (6-R) \$9.40	\$6.75-\$7.50	\$7.35-\$8.32	\$8.00-\$8.73

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 \$7.29-\$7.49 Nov \$7.37 ³ / ₄ -\$7.52 ³ / ₄	July \$7.99-\$8.29 Nov \$8.17 ³ / ₄ -\$8.27 ³ / ₄	July \$8.68 ³ / ₄ -\$8.78 ³ / ₄ Nov \$8.70-\$8.88
Los Angeles	\$15.35	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$15.35	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	NQ	NQ	NQ
Great Falls	\$8.00-\$11.00	NQ	\$12.00	NQ	\$6.78-\$7.07	\$7.71-\$7.85
Minneapolis	\$10.10	NQ	\$14.27	NQ	NQ	\$8.78 ³ / ₄ -\$8.88 ³ / ₄

Market trends this week

BARLEY – Local barley prices were mostly lower this week with southern Idaho locations totaling no change to \$1.60 lower to and northern Idaho prices reported no change to \$.75 lower. USDA reported barley export sales last week totaled 1 TMT for the Philippines while export shipments totaled .1 TMT for Taiwan.

USDA's S&D Projections for New MY 2013/14 for BARLEY – July 11 – USDA made a few tweaks to the U.S. barley balance sheet this month: raised beginning stocks by 6 million bu to 80 million bu, lowered 2013 production by 1 million bu to 219 million bu (based on lower harvested acreage), raised imports by 5 million bu to 25 million bu and raised ending stocks by 11 million bu to 85 million bu. The average farm gate price for U.S. barley was left unchanged at \$5.35-\$6.35. **World barley production was increased by 1 MMT to 138.98 MMT, up 7% from last year, while world ending stocks were increased by .4 MMT to 21.7 MMt, up 9% from last year.**

USDA pegged Idaho barley production in 2013 at 58.28 million bu, up 8.5% from last year.

WHEAT – Local wheat prices were also mostly lower again this week: SWW ranged from \$1.12 lower to \$.10 higher; HRW ranged from \$1.01 lower to \$.06 higher; and DNS ranged from \$.09 to \$.35 lower. USDA reported wheat export sales last week were well above expectations at 1.47 MMT and wheat export shipments last week were 714.7 TMT.

USDA's S&D Projections for New MY 2013/14 for WHEAT – July 11 - This report had a **BULLISH** tilt for wheat...USDA cut beginning stocks by 28 million bu to 718 million bu, below the average trade estimate, raised 2013 production **by 34 million bu this month to 2.114 billion bu, 107 million bu above the average trade estimate of 2.07 billion bu.** As expected, they also raised exports by 100 million bu to 1.075 billion bu, based on an aggressive early marketing year sales pace. This resulted in a 83 million bu reduction in ending stocks to 576 million bu, compared to an average pre-report trade estimate of 632 million bu. The average farm gate price for U.S. wheat was adjusted higher to \$6.45-\$7.75/bu, compared to \$7.80 in 2012/13. **World wheat production was raised by 2 MMT this month to 697.8 MMT, up 42 MMT from last year, due to bigger crops in the EU and Canada.** World ending stocks were cut by 9 MMT this month to 172.4 MMT, down 2 MMT from last year, due to increased wheat feeding around the world.

USDA pegged Idaho wheat production in 2013 at 96.29 million bu, compared to 97.2 million bu in 2012.

Wheat Competitor/Buyer News –There was talk of potentially smaller than expected wheat crops in both Russia and India, with the Russian Ag Ministry signaling that their production would likely drop to 50 MMT, down from an earlier projection of 54 MMT. USDA left their Russian wheat projection unchanged today at 54 MMT. Reports this week that the Black Sea region inked major wheat deals this week, including 450 TMT to Iran and 250 TMT to Pakistan. Wheat harvest has advanced to about 25% completed in the Black Sea region, replenishing their exportable stocks and bringing prices lower. USDA made several recent announcements of fresh export sales to China, including 120 TMT of SRW wheat confirmed last Friday, followed by confirmation of a 840 TMT sold on Monday. This brings China's new crop wheat purchases from the U.S. to more than 1.3 MMT.

CORN - Corn export sales last week were on also well above expectations, at 1.05 MMT (392 TMT for MY 2012/13 and 657.8 TMT for 2013/14). Export shipments last week were reported at 265.8 TMT which were down 25% from the previous week, however they remained unchanged from the prior 4-week average.

USDA's S&D Projections for New MY 2013/14 for CORN – July 11 - For MY 2012/13 which ends Aug. 31, USDA cut old crop ending stocks by 40 million bu to 729 million bu, which was slightly higher than the pre-report trade estimate of 725 million bu.

This was a mostly **uneventful although slightly BEARISH** report for Marketing Year 2013/14... USDA lowered harvested acres slightly but left average yield estimate unchanged at 156.5 bpa, resulting in a 2013 production estimate of 13.95 billion bu, down 55 million bu from last month. Domestic feed usage was cut by 50 million bu to 5.15 billion bu and exports were cut by 50 million bu to 1.25 billion bu. **This resulted in a 10 million bu increase in ending stocks to 1.959 billion bu, compared to an average pre-report trade estimate of 1.896 billion bu.** The average farm gate price for U.S. corn was left unchanged at \$4.40-\$5.20/bu, compared to \$6.75-\$7.15 in the current marketing year. **World corn production was cut by 3.4 MMT this month to 962 MMT, still a new record and up 12% from the current year, while world ending stocks were cut by 2.8 MMT to 151.8 MMT, up 22% from this year.**

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production recovered last week, gaining 18,000 barrels to 881,000 bbls per day, up 2.1% from the previous week and up 7.3% from a year ago. Corn used for ethanol production last week totaled 2.5 million bu, with cumulative usage now totaling 3.8 billion bu. **USDA has projected corn used for ethanol in the current marketing year at 4.65 billion bu.**

Corn Competitor/Buyer News – Europe has pegged their corn crop at 69.7 MMT, compared to 58.3 MMT last year. USDA pegged the EU corn crop at 65.6 MMT. USDA reported a single day sale of 120 TMT of US corn to Mexico to start the week. This followed a report of 120 TMT sold to an unknown destination last Friday (likely China).

Futures market activity this week

Global macroeconomic trends – China's economic data continues to come in weaker than expected with exports and imports both falling more than expected last month. This news actually sparked a modest rally in Chinese stocks on speculation that these data will stimulate their government to offer fresh stimulus measures to jump start economic growth. However, their CPI also came in higher than expected which might keep the lid on more stimulus for now. The IMF, meanwhile, cut their world economic growth forecast for the year from 3.3% to 3.1%, with US GDP growth pegged at 1.7% this year and 2.7% next year. IMF economists warned against the dangers of cutting back on monetary stimulus before economic recovery gets a stronghold.

U.S. economic trends – Minutes released this week from the Federal Reserve's FOMC meeting last month indicate majority of members want to see more job growth before tapering back their \$85 billion per month bond buying program that is aimed at keeping long-term interest rates at historically low levels. Fed Chairman confirmed in a public speech on Wednesday that the Fed will maintain a "highly accommodating" monetary policy for the foreseeable future, pushing back against investors' speculation that the Fed would begin tapering back on their stimulus programs as soon as September.

WHEAT – Wheat markets traded mixed to higher on Monday as winter wheat harvest moves full speed ahead. Bull spreading was noted on strong export demand. USDA reported a single day sale of 840 TMT of soft red winter wheat to

China. Wheat continued to rally on Tuesday on short covering sparked by news of the large Chinese wheat purchase. Prices closed mixed to moderately higher in choppy consolidated trading on Wednesday ahead of Thursday's monthly S&D report. Wheat markets finished moderately higher today (Thursday) with support from a bullish S&D report and spillover support from corn and beans and a lower dollar. **Wheat market closes on Thursday, 7/11/13 ...**

	<u>Sept 2013</u>	<u>Weekly Summary</u>	<u>Dec 2013</u>	<u>Weekly Summary</u>
Chicago SRW	\$6.83	Up \$0.23	\$6.96 ½	Up \$0.26
KC HRW	\$7.08 ½	Up \$0.22 ¾	\$7.26 ¼	Up \$0.20
MGE DNS	\$7.67 ¼	Up \$0.03 ¾	\$7.78 ¾	Up \$0.06 ¾

CORN – Corn posted solid gains to start the week on positive demand news and a mixed weather outlook that shows a heat dome moving into the Midwest for the next two weeks. Export inspections remained lackluster, but cumulative export sales have now surpassed USDA's estimate for MY 2012/13, which ends August 31. Corn prices moved sharply higher on Tuesday to their best close in 6 sessions on strong ethanol bids and slow farmer selling. The warming trend across the Central U.S. continued to push corn prices moderately higher on Wednesday, but new crop contract prices drifted fractionally lower into the close on mixed weather forecasts. Corn finished solidly higher today (Thursday) despite a bearish leaning S&D report with continued support from mixed weather projections which show more heat in the WCB the next two weeks. **Corn futures contract closes on Thursday, 7/11/13 for Sept 2013 contract at \$5.60 ¾, up \$0.35 and the Dec 2013 contract at \$5.27, up \$0.85 ¾ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices continuing marching steadily higher this week, posting a fresh 15 month high in the face of growing evidence of expanding demand and continued unrest in Egypt. A much bigger than expected drawdown in crude oil and gasoline stocks provided underlying support for Wednesday's sharp rally to close at \$106.52. DOE's weekly crude oil inventory report showed a decline of 9.874 million bbls, compared to an expected decline of 3.1 million bbls; distillate stocks increased by 3.04 million bbls; and gasoline stocks fell by 2.63 million bbls, compared to an expected build of 1.0 million bbls. U.S. gasoline consumption rose by 1.8% to 9.08 million bbls per day. **Crude oil prices closed down \$1.61 to just under \$105/bbl today (Thursday), on technical pressure.**

U.S. WEATHER / CROP PROGRESS – PNW – Excessive heat continued for much of the week, with temperatures easing into the weekend before another warm-up begins early next week. Some areas received beneficial moisture in the past week to 10 days which have stabilized yield potential across the region. **Corn Belt / Northern Plains (HRS and SRW wheat belts)** – Above normal temperatures are slowly moving eastward across the mid section of the country as the corn and bean crops move toward key pollination and blooming stages. Another round of showers moved across the Midwest this week, with the larger rain totals concentrated in the northern and southeastern edges, and the Ohio River Valley in particular. The Dakotas and Nebraska saw cooler air but temps were hot elsewhere. The 6-10 day outlook calls for above normal temperatures and mostly dry conditions, although some forecasts show scattered showers moving through the region. Drier conditions in the ECB are expected to help aid soft red winter wheat harvest which remained mostly stalled this week due to wet conditions. Although SRW wheat yields are expected to be better than average due to recent moisture, quality is becoming a concern as harvest is delayed. **Central / Southern Plains (HRW wheat belt)** – Hot dry conditions continued to push harvest steadily northward with yield reports highly variable across the Western Plains. The 6-10 day outlook calls for mostly favorable harvest conditions.

USDA Crop Progress / Condition Report, July 8, 2013

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	51% headed	27%	81%	51%	66%	68%	57%
ID barley	59% headed	44%	80%	52%	65% g/ex	66%	56%
US spring wheat	45% headed	18%	85%	53%	72%	68%	66%
ID spring wheat	68% headed	43%	80%	49%	70% g/ex	67%	60%
US winter wheat	57% harvested	43%	78%	64%	34% g/ex	34% g/ex	NA
ID winter wheat	78% headed 0% harvested	78% 0%	65% 0%	54% 0%	84% g/ex	79%	83%
Corn					68%	67%	40%

INTERNATIONAL WEATHER / CROP PROGRESS -

- **Canada** – Warm and showery conditions have maintained mostly ideal growing conditions.
- **Europe** – Warmer and drier weather across the region this week is helping to speed grain maturity and early harvest and favorable yield prospects after recent cool and showery conditions provided ample soil moisture.

- **Black Sea Region** – Ukraine and southern Russia saw mostly dry conditions, accelerating grain maturity and harvest, with 25% of the Russian crop harvested with reports of disappointing yields. The 1-5 day outlook calls for mostly dry conditions, but rain is in the 6-10 day outlook which will likely be too late for yield gains. Periodic showers across Eastern Russia and Kazakhstan are continuing to provide adequate soil moisture for crop development.
- **Middle East** – Hot weather across Turkey has spurred final small grains harvest and is beginning to stress summer crops.
- **China** – Northeast China continued to receive beneficial moisture, maintaining favorable crop conditions for corn and soybean crops, while the North China Plains and Yangtze Valleys are beginning to see crop stress.
- **Argentina** – Winter wheat belt received some beneficial moisture this week, with additional moisture expected to move to the north for the remainder of this week.
- **Australia** – Mostly favorable conditions prevailed for winter grain development, with most of the moisture concentrated in the Southern Australian production areas, although both the eastern and western belts have received scattered showers.

Summer 2013 Idaho Cereal Field Days...

JULY

- 16 Idaho Falls: UI Cereals Extension Field Day**
 WHERE: Idaho Falls, Marc Thiel's farm, 2550 S 45th West
 WHEN: 4:00 PM, dinner to follow at Sealander Park at 6510 So. 65th W. around **6:00 pm**
 CONTACTS: Juliet Marshall, (208-390-4859), juliet.marshall@uidaho.edu; Wayne Jones, (208-529-1390), wjones@uidaho.edu; Matt Gellings, (208-206-0126), 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
- 17 InteGrow Malt 3rd Annual Field Day & Malt Plant Tour BY INVITATION ONLY**
 WHERE: 5005 South 15th West, Idaho Falls, ID, lunch provided
 WHEN: 10:00 AM, lunch provided
 CONTACT: John Zietz, 208-528-1457, john_zietz@cargill.com
- 18 Soda Springs: UI Cereals Extension Field Day**
 WHERE: Starts at Sid and Janet Cellan's farm
 WHEN: 3:00 PM, dinner follows at Soda Springs City Park Pavilion
 CONTACTS: Steve Harrison, (208-547-3205), steveh@uidaho.edu; Juliet Marshall, (208-390-4859), 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
- 25 Ashton: UI Cereals Extension Field Day**
 WHERE: Don Marotz's farm, 1383 N 4200th E, Ashton, ID
 WHEN: 8:30 AM, refreshments provided
 CONTACTS: Lance Ellis, (208-624-3102), ellis@uidaho.edu; Juliet Marshall, (208-529-8376), 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, Phil Nolte, (208-529-8376), pnolte@uidaho.edu