

# Idaho Grain Market Report, July 19, 2012

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 18, 2012. 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) \$11.98 (6-R) \$11.98	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$11.50	(2-R) NQ (6-R) NQ	\$7.71	\$7.80	\$9.30
Idaho Falls	\$10.50	(2-R) \$11.98-\$12.50 (6-R) \$11.98	NQ	NQ	NQ
Blackfoot / Pocatello	\$10.10	(2-R) \$12.00 (6-R) \$12.00	\$7.20	\$7.15	\$8.60
Grace / Soda Springs	\$12.35	(2-R) NQ (6-R) NQ	\$7.80	\$7.96	\$9.35
Burley / Rupert	\$10.50	(2-R) \$11.98 (6-R) \$11.98	\$7.65-\$7.75	\$7.84	\$8.98
Hazelton					
Twin Falls / Eden / Buhl	\$10.10	(2-R) NQ (6-R) NQ	\$7.35	NQ	NQ
Weiser	\$11.00	(2-R) NQ (6-R) NQ	\$7.70	NQ	NQ
Nez Perce / Craigmont	\$10.73	(2-R) \$10.73 (6-R) \$10.73	\$8.17	\$8.81	\$9.91
Lewiston	\$11.23	(2-R) \$11.23 (6-R) \$11.23	\$8.40	\$9.04	\$10.14
Moscow / Genesee	\$10.73 - \$11.00		\$8.17-\$8.45	\$8.81-\$9.11	\$9.91-\$10.19

## 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	\$8.70-\$8.95	\$9.41-\$9.57	\$10.73-\$10.86
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$12.20	NQ	NQ	\$7.75	\$7.95	\$9.15
Great Falls	\$8.00-\$11.10	NQ	\$11.50	NQ	\$8.39 – 8.52 (12)%	\$9.45-\$9.58
Minneapolis	\$10.83	NQ	\$13.54	NQ	\$8.81 (12%)	\$9.95-\$10.00

## Market trends this week

**BARLEY** – Local barley prices were mostly higher this week. USDA reported barley export sales last week totaled 41.1 TMT, up sharply from recent weekly sales pace and barley export shipments totaled 200 MT.

**WHEAT** – Local wheat prices were also sharply higher this week: SWW ranged from 20 to 45 cents higher; HRW ranged from 48 to 75 cents higher; and DNS ranged from 50 cents to more than \$1.00 higher. USDA reported that wheat export sales last week were above trade expectations at 589.2 TMT, up 89% from the previous week and 24% from the prior 4-week average. Export shipments totaled 370.5 TMT, down 10% from the previous week and 29% from the prior 4-week average.

**Wheat Competitor/Buyer News** – Due to excessive moisture at crop maturity in many Northern European production regions, Strategie Grains has lowered its European soft wheat crop production estimate by 600 TMT this week to 123.6 MMT. Russian Ag Ministry lowered their Russian wheat production estimate to 45 MMT, compared to USDA's July 11 estimate of 49 MMT. They expect Russian wheat exports will fall to 10 MMT, less than half of last year's 21.2 MMT. Jordan purchased 100 TMT of wheat this week after passing on recent tenders due to high prices. The origin is reportedly Black Sea. Tunisia purchased 125 TMT this week.

**CORN** – Corn export sales last week were well below trade expectations at only 180.7 TMT (31.9 TMT for MY 2011/12 and 148.8 TMT for MY 2012/13), with old sales down 82% from the previous week and 77% from the 4-week average. Corn export shipments last week totaled 682.2 TMT, up 13% from the previous week and 4% from the 4-week average.

**Ethanol corn usage** – DOE's Energy Information Agency reported U.S. ethanol production fell last week to a two-year low of 802,000 bbls per day, down another 2.3% from the previous week and down 8.1% from the same period a year ago. Corn consumed totaled 85.4 million bushels, now well below the weekly pace of 101.7 million bu needed to meet USDA's usage estimate of 5.05 billion bu for this marketing year (ends August 31).

**Corn Competitor/Buyer News** – Further crop losses are expected in Ukraine after recent heat and drought stress during pollination. Local estimates now peg their corn crop at 20.2 MMT, down from the most recent Ukrainian government estimate of 25 MMT. USDA pegged the Ukrainian crop at 24 MMT in mid July. Argentine government officials have approved 15 MMT of corn exports, up slightly from the current marketing year.

**Futures market activity this week**

**WHEAT** –Wheat posted strong gains on Monday, following corn higher to fresh contract highs on support from adverse U.S. weather coupled with deteriorating spring wheat conditions in the Black Sea region. Tuesday saw wheat prices move modestly higher on Tuesday on a return of hot temperatures through the 11-15 day outlook. Wheat recovered from midday weakness on Wednesday to finish strongly with another round of double digit gains in the face of an extended corn rally. Wheat finished strong again today (Thursday), posting fresh contract and 4-year highs after retreating a bit midday on profit-taking pressures. The bullish tone is attributed to strong spillover support from corn and beans as well as expanding concerns about the Black Sea and Western Australia crops. **Wheat market closes on Thursday, 07/19/12 ...**

	<b>Sept 2012</b>	<b>Weekly Summary</b>	<b>Dec 2012</b>	<b>Weekly Summary</b>
Chicago	<b>\$9.35</b>	<b>Up \$0.87 ¼</b>	<b>\$9.34 ½</b>	<b>Up \$0.72</b>
Kansas City	<b>\$9.38</b>	<b>Up \$0.87</b>	<b>\$9.51</b>	<b>Up \$0.79</b>
Minneapolis DNS	<b>\$10.22</b>	<b>Up \$0.72 ½</b>	<b>\$10.20 ¼</b>	<b>Up \$0.75 ½</b>

**CORN** – Corn began the week with double digit gains on persistently threatening weather forecasts as the remainder of the U.S. corn crop pollinates. Corn prices closed mixed on Tuesday under profit-taking pressures and concerns about demand destruction which were reinforced by Argentina's announcement they had approved 15 MMT of corn for export. Adverse weather forecasts for the next two weeks and **new private crop production estimates pegging the U.S. corn crop at 140 bpa or below** reignited the weather rally on Wednesday. Gains were further supported by statements from USDA and EPA that they saw no reason to relax the U.S. renewable fuels mandate in the face of an expected crop shortfall. Corn posted **ALL TIME HIGHS** today (Thursday) in the nearby Sept contract on mounting worries that the U.S. yield potential is rapidly deteriorating under blistering heat this week and next across much of the Corn Belt. **Sept 2012 corn futures contract closed Thursday, 07/19/12, at \$8.07 ¾, up \$0.67 ¼ and the Dec 2012 contact closed at \$7.40 ¼, up \$0.38 ¼ for the week.**

**OTHER MAJOR FACTORS TO WATCH –**

**CRUDE OIL** – Crude oil prices rose this week to the highest level since late May on a combination of an improvement in outside market sentiment and renewed geopolitical risks sparked by increasing chances of a shipping blockade in the Gulf region. Prices closed up \$1.33 on Monday to \$88.43, with support from a weaker dollar and reports of a U.S. navy ship firing on a boat off the coast of the United Arab Emirates. Crude oil overcame early session weakness to settle higher again on Tuesday – closing up \$0.79 to \$89.22 – on market anticipation that the Federal Reserve will likely offer another round of stimulus yet this year, although no details were forthcoming in Fed Chairman Bernanke's semi-annual testimony before Congress this week. Prices moved steadily higher on Wednesday, posting gains for the 6<sup>th</sup> consecutive session with support from weekly inventory data coupled with a rebound in investor risk attitudes. DOE's weekly crude oil inventory report showed crude oil stocks fell by 809,000, compared to an expected decline of 1.3 million bbls; distillates increased by 2.62 million bbls, compared to an expected build of 1.3 million bbls; and gasoline stocks fell by 1.82 million bbls, compared to an expected build of 1.2 million bbls. **Crude oil traded sharply higher today (Thursday) – closing up \$2.79 to \$92.66 – on a weaker dollar and escalating geopolitical tensions in the Middle East and concerns about potential short term supply disruptions.**

**U.S. WEATHER / CROP WATCH –**

**Pacific Northwest** – Warm and mostly dry conditions continued across this region, with some locally heavy showers in north Idaho.

**Midwest - corn & spring wheat** – Very threatening conditions persisted across much of the Central U.S. during the final phase of corn pollination, particularly in the northwestern belt which up until now has seen mostly favorable growing conditions. For the third consecutive week, **USDA cut its weekly corn crop condition rating more than the trade had expected - slashing it by 9% this week to only 31% good/excellent.** Hot temperatures and lack of rainfall prevailed through mid week, giving way to a cold front that swept across the northern and eastern Corn Belt, bringing a round of violent weather with some locally heavy rainfall (1 inch) and more moderate temps. But this rainfall was too late to avert major yield losses. **The 6-10 day and 11-14 day outlooks show a return to scorching hot temperatures and mostly dry conditions, triggering private crop forecasts now dipping below 140 bpa.** A comparison of this year's drought

with the last MAJOR CORNBELT DROUGHT in 1988 when the U.S. corn crop declined by 39% from the previous three year average shows conditions are slightly better this year – 31% good/excellent versus only 18% good/excellent in 1988. 2012 measurements show slightly better moisture totals but also more heat stress.

#### INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – Grain crops continued to benefit from good growing conditions with recent heat accelerating development.
- **Europe** – Continued showery conditions persisted across the U.K. and parts of France and Germany, causing more grain harvesting delays and quality losses.
- **Ukraine/Russia** – Ukraine picked up some showers but the southeastern corn production region remained mostly dry, Chances are good for rain in the northwestern region this weekend and milder temps for the next 5 days. Corn yields are now projected to fall 20%. Spring wheat production regions of Russia and Kazakhstan continued to see heat and moisture deficits this week, resulting in about 40% of the crop now stressed. Russian Ag Ministry now pegs their wheat crop at only 45 MMT, compared to 56 MMT a year ago.
- **Middle East** – Dry conditions allowed for winter grain harvest to advance in Turkey.
- **China** – Temperatures hovered in the 90s across much of the corn production belt and chances were good for beneficial precipitation this week.
- **Argentina** – Dry conditions prevailed.
- **Australia** – Beneficial showers in eastern production areas gave way to dry conditions which are expected to be dominant across the continent next week.

#### USDA Crop Progress / Condition Report, July 16, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	95% headed	82%	56%	73%	60%	57%	76%
<b>ID barley</b>	<b>95% headed</b>	<b>83%</b>	<b>71%</b>	<b>77%</b>	<b>67%</b>	<b>56%</b>	
US spring wheat	94% headed	88%	54%	77%	65%	66%	73%
<b>ID spring wheat</b>	<b>92% headed</b>	<b>83%</b>	<b>71%</b>	<b>74%</b>	<b>58%</b>	<b>60%</b>	
US winter wheat	75% harvested	69%	58%	56%			
<b>ID winter wheat</b>	<b>99% headed</b> <b>0% harvested</b>	<b>92%</b>	<b>97%</b>	<b>99%</b>	<b>84%</b>	<b>83%</b>	
Corn	71% silking 12% dough	50% NA	28% 3%	36% 4%	31%	40%	66%

#### Don't Miss these Idaho Barley / Small Grain Summer Field Events...

**July 25 - 7:30 a.m. IBC Barley Grower Breakfast in Ashton** at Trails End Restaurant.

**July 26 - 6:00 pm IBC Barley Grower BBQ in Mud Lake** at Jefferson County Fairgrounds.

July 20 **Idaho Falls: UI Cereals Extension Field Day with Bonneville County Grain Growers**

Tour starts at 4:00 p.m., dinner provided at Marc Thiel's farm at 2550 S 45<sup>th</sup> West.

July 25 **Soda Springs: UI Cereals Extension Field Day with Caribou County Grain Growers**

Tour starts at 4:00 p.m., at Sid Cellen's farm with dinner to follow.

July 26 **Ashton: UI Cereals Extension Field Day with Jefferson/Madison/Fremont County Grain Growers.** Tour starts at 10:00 a.m. at Don Marotz's farm at 1383 N 4200<sup>th</sup> E, Ashton.