Idaho Grain Market Report, August 2, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 3, 2012. Barley prices in $/Cwt. and wheat prices in $/bu.

	Barley (Cwt.)		Wheat (bu.)		
	#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	$7.35	$7.62	$8.36
Idaho Falls	$12.00	(2-R)$11.98-$12.00 (6-R) $11.98	$7.52	$7.92	$8.58
Blackfoot / Pocatello	$11.04	(2-R) NQ (6-R) NQ	$7.70	$7.11	$8.30
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert Hazelton	$12.50	(2-R) $11.98 (6-R) $11.98	$7.60	NQ	NQ
Twin Falls / Eden / Buhl	$13.50-$14.00	(2-R) NQ (6-R) NQ	$6.86-$8.50	NQ	NQ
Weiser	$12.75	(2-R) NQ (6-R) NQ	$7.57	NQ	NQ
Nez Perce / Craigmont	$11.10	(2-R) $11.10 (6-R) $11.10	$8.04	$8.69	$9.13
Lewiston	$11.35	(2-R) $11.35 (6-R) $11.35	$8.23	$8.88	$9.32
Moscow / Genesee	$11.15-$12.50	(2-R) $11.15 (6-R) $11.15	$8.00-$8.70	$8.65-$9.29	$9.09-$9.74

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	Aug $8.60-$8.65 Dec $8.55-$8.70	Aug $9.19-$9.34	Aug $9.79-$9.98
Los Angeles	$16.00	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	$16.00	NQ	NQ	NQ	NQ	NQ
Ogden	$12.75	NQ	NQ	$7.80	$7.91	$8.63
Great Falls	$8.00-$11.10	NQ	$12.00	NQ	$7.24-$7.89	$8.63-$8.90
Minneapolis	$11.46	NQ	$14.27	NQ	$9.39-$9.49 (12%)	$9.73-$9.78

Market trends this week

BARLEY – Local barley prices were mostly higher this week, ranging from 50 cents lower to 63 cents higher in southern Idaho and no change to 50 cents higher reported in northern Idaho. USDA reported barley export sales last week totaled 5 MT for Japan and Taiwan; barley export shipments also totaled 500 MT for Taiwan.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 46 cents lower to 30 cents higher; HRW ranged from 33 cents lower to 15 cents higher; and DNS ranged from 14 to 67 cents lower. USDA reported that wheat export sales last week were on the high end of trade expectations at 520.7 TMT (516.2 TMT for MY 2012/13 and 4.5 TMT for MY 2013/14), up 41% from the previous week and 22% from the prior 4-week average. Export shipments totaled 463.3 TMT, up 72% from the previous week and 12% from the prior 4-week average.

Wheat Competitor/Buyer News – Russian government has now pegged their wheat crop at about 50 MMT with exports in the range of 10 to 12 MMT, but many market analysts believe their crop is actually much smaller. Algeria purchased 400 to 500 TMT of French wheat this week and Jordan purchased 100 TMT, likely Black Sea origin. Saudi Arabia tendered to buy 275 TMT of hard wheat.

CORN – Corn export sales last week were disappointing again at 201.4 TMT (178.4 TMT for MY 2011/12 and 23 TMT for MY 2012/13), but certainly better than the previous week. USDA also announced today the single largest daily sale of corn reported in the past 20 years – a total of 1.516 MMT sold to Mexico (this will be reported in next week's export sales report). Corn export shipments last week totaled 513.3 TMT, down 25% from the previous week and 21% from the 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production posted a modest uptick last week at 809,000 bbls per day, up 1.63% from the the previous week but down 7.86% from the same period a year ago. Corn consumed for ethanol totaled 86.16 million bushels, with cumulative usage for the marketing year pegged at 4.52 billion bu compared to USDA's projection for the marketing year of 5.05 billion bu (my ends August 31).

Corn Competitor/Buyer News – China indicated they may release 1 MMT of corn stocks from intervention to help ease domestic prices. Taiwanese corn buyers continue to book cargoes of Brazilian corn which is reportedly trading at a discount of $20-30/MT compared to US origins. Smithfield announced they, too, were importing corn for their US livestock operations. Japanese corn use has fallen to a 26 year low but remains the largest importer of coarse grains.

Futures market activity this week

Macroeconomic trends – Additional signs emerged in the past week that the European Central Bank might be leaning toward direct bond purchases from struggling euro-zone countries, but no firm commitment was announced at the conclusion of the European Central Bank meeting on Thursday. Meanwhile, euro-zone business confidence and manufacturing indexes fell this week to weaker than expected levels.

U.S. economic trends – As widely expected we received confirmation last Friday of a slower GDP growth rate in the U.S. – up 1.5% compared to the previous quarterly growth of 2.0% and Q4 2011 growth of 4.1%. This week we learned that US personal spending unexpectedly stagnated last month, but on the plus side of the ledger, consumer confidence rose to 65.9 this month from 62.7 in June and personal income rose 0.5%, better than the 0.3% gain in May. Finally the Case-Shiller Home Price Index rose by 0.9% m/m, which was above expectations. The Federal Reserve announced on Wednesday they were staying the course by keeping interest rates at exceptionally low levels through late 2014, but stopped short of announcing any new stimulus which many market watchers had expected.

WHEAT –Wheat saw a strong start for the week, soaring double digits on Monday on spillover support from the continued U.S. weather rally and ongoing concerns about the size of the Black Sea wheat crop. Wheat fell sharply on Tuesday under profit-taking pressures from the other grain and oilseed pits. Wednesday saw prices move moderately lower in spillover profit-taking pressure. Wheat finished lower again today (Thursday), in the face of weaker outside markets and a lack of fresh news, **Wheat market closes on Thursday, 08/02/12** …

	Sept 2012	Weekly Summary	Dec 2012	Weekly Summary
Chicago	**$8.65**	**Down $0.33**	**$8.79 ½**	**Down $0.31 ¼**
Kansas City	**$8.69**	**Down $0.37**	**$8.91 ½**	**Down $0.35**
Minneapolis DNS	**$ 9.26 ½**	**Down $0.45 ½**	**$ 9.36 ½**	**Down $0.42**

CORN – Corn rallied sharply on Monday on continued concerns about shrinking yield potential, with some crop watchers now pegging the U.S. crop yields falling below 120 bpa. An updated weather map pulled moisture potential out of the Eastern Corn Belt, providing an added boost. These gains could not be sustained on Tuesday, however, as prices retreated under profit taking pressure and a shift in focus from yields to demand destruction that is now taking place. Losses were limited by hotter temperatures expected across the southwestern belt for the remainder of this week and into part of next week (temps have climbed back into the high 90s and 100s). Corn finished modestly lower on Wednesday in follow-through selling and improved chances of moisture across the northwestern belt into the Ohio River Valley. Corn settled lower again today (Thursday) in choppy trading as the weather outlook turned wetter and cooler, but corn managed to come off early lows as traders still question whether $8 corn will be sufficient to ration reduced supplies. **Sept 2012 corn futures contract closed Thursday, 08/02/12, at $7.94, down $0.04 ½ and the Dec 2012 contact closed at $7.95 ¾, up $0.02 ½ for the week.**

NEAR-BY COMMODITY OUTLOOK –

CORN - Current market dynamics appear to be trading a U.S. corn yield of just under 130 bpa. At least one analyst is projecting prices could settle at $7.50/bu if the average yield reaches 135 bpa, but could climb to $9.25/bu if yields slip below 125 bpa. USDA will release its updated crop production and monthly supply and demand report next week- August 10.

WHEAT – Remains a follower for now, but crop watchers are keeping a close eye on Black Sea wheat as harvest advances because of the need for every bushel of feed wheat possible in light of the short U.S. corn crop. Wheat is expected to follow if corn makes another move higher

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices were choppy and mostly lower this week under mixed investor views on the likelihood of more economic stimulus from the European Central Bank and Federal Reserve in the months ahead. Monday saw prices rise early only to drift lower on lingering economic uncertainties. Prices continued to move lower on Tuesday – closing down $1.72 to just over $88/bbl – in a combination of month end positioning and rising concerns that central bankers might fail to meet expectations later in meetings scheduled this week. Prices closed up $0.85 to close at $88.91 on upbeat US labor market data and an unexpectedly large drawdown in crude oil inventories. DOE's weekly crude oil inventory report showed crude oil stocks fell an unexpected 6.52 million bbls, compared to an expected decline of 1.0 million bbls; distillates fell by 1.0 million bbls, compared to an expected build of 1.0 million bbls; and gasoline stocks decreased by 2.2 million bbls, compared to an expected increase of 500,000 bbls. **Crude oil broke to a 6-day low today (Thursday) to close at $87.13 on disappointment over the European Central Banks' lack of bold action to help stabilize borrowing costs for cash-strapped euro-zone countries like Spain and Italy.**

U.S. WEATHER / CROP WATCH –

Pacific Northwest – More of the same warm and dry pattern, which is aiding crop maturity and harvest.

Midwest - corn & spring wheat –More than 50% of all US counties have now been declared disasters due to the this summer's excessive heat and drought. As expected, **USDA continued to ratchet down its weekly corn crop condition rating this week – cutting another 2% to only 24% good/excellent, with nearly half of the crop now rated poor to very poor.** By contrast, the northern spring wheat crop is looking like it is in mostly good shape with harvest now well underway. Last week's spring wheat tour pegged the North Dakota wheat crop at 44.9 bpa yield this year compared to 41.5 bpa last year. **The only significant moisture relief this week came in a band of showers working their way from the northwestern region eastward this weekend.** Pockets of heavy rainfall have been reported in some areas of Iowa, Nebraska, Wisconsin, Indiana and Ohio. This system is moderating temperatures in these areas, but very hot and dry conditions have returned to the central and southern belts. The 6-10 day outlook has shifted to less heat and has moved the storm track farther south and west, favoring MO, southwestern IA and Nebraska. The outlook for the northern and eastern edges has turned drier.

INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – Warm and showery conditions persist, allowing for excellent growing conditions.
- **Europe –** A recent break from persistent wetness has helped promote small grain maturation and harvest in northern Europe and Germany, but Western Europe is likely to see a return to showery conditions over the next week. Meanwhile, showers have helped ease dryness in the corn crops in southern Europe.
- **Ukraine/Russia –**Hot and dry conditions persisted across Ukraine and Western Russia, accelerating small grain harvest but stressing the corn crop during silking. Heat and dryness remain a concern in the spring wheat crop regions of eastern Russia and Kazakhstan where at least one-third of the wheat crop is reported to be stressed.
- **China –** Hot and dry conditions persisted across the North China Plains with only limited relief from scattered showers, but the northwestern corn regions continue to receive widespread beneficial showers.
- **Argentina** – Mild dry conditions prevailed, with light precipitation expected this weekend.
- **Australia –** East saw sunny and mostly dry conditions, the southeast received beneficial moisture while the western region saw only limited shower activity and is not expected to see much rain for the next week.

USDA Crop Progress / Condition Report, July 30, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	14% harvested	6%	---	3%	61%	57%	72%
ID barley	**2%**	**1%**	**1%**	**2%**	**76%**	**68%**	
US spring wheat	28% harvested	12%	1%	3%	63%	60%	70%
ID spring wheat	**1% harvested**	**1%**	**----**	**1%**	**65%**	**58%**	
US winter wheat	85% harvested	82%	77%	81%			
ID winter wheat	**11% harvested**	**6%**	**2%**	**9%**	**82%**	**81%**	
Corn	94% silking 37% dough 13% dented	86% 22% 6%	78% 15% 3%	77% 17% 3%	24%	26%	62%