

# Idaho Grain Market Report, August 10, 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, August 8, 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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$12.50	(2-R) \$11.98-\$12.00 (6-R) \$11.98	\$7.75	\$7.90	\$8.40
Blackfoot / Pocatello	\$11.04	(2-R) NQ (6-R) NQ	\$7.70	\$7.64	\$8.34
Grace / Soda Springs	\$12.80	(2-R) NQ (6-R) NQ	NQ	\$7.88	\$8.47
Burley / Rupert	\$13.00	(2-R) \$11.98 (6-R) \$11.98	\$7.90	NQ	NQ
Hazelton					
Twin Falls / Eden / Buhl	\$13.75-\$14.00	(2-R) NQ (6-R) NQ	\$8.50	NQ	NQ
Weiser	\$12.85	(2-R) NQ (6-R) NQ	\$7.90	NQ	NQ
Nez Perce / Craigmont	\$11.10	(2-R) \$11.10 (6-R) \$11.10	\$8.34	\$8.99	\$9.33
Lewiston	\$11.35	(2-R) \$11.35 (6-R) \$11.35	\$8.53	\$9.18	\$9.52
Moscow / Genesee	\$11.15-\$12.50	(2-R) \$11.15 (6-R) \$11.15	\$8.30-\$8.90	\$8.95-\$9.68	\$9.29-\$10.12

### 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 \$8.95-\$9.06 Dec \$8.95-\$9.08	Aug \$9.56-\$9.66	NQ
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	\$13.10	NQ	NQ	\$8.00	\$8.12	\$8.69
Great Falls	\$8.00-\$11.30	NQ	\$12.25	NQ	\$7.87-\$8.26	\$8.75-\$8.95
Minneapolis	\$11.77	NQ	\$14.37	NQ	\$9.33 ¾ (12%)	\$9.87 ¼ - \$9.80 ¼

### Market trends this week

**BARLEY** – Local barley prices were mostly higher this week, ranging from no change to 50 cents higher in southern Idaho and no change reported in northern Idaho. USDA reported that there were no barley export sales or shipments.

**USDA's S&D report for MY 2012/13 - BARLEY – Aug 10** – USDA made a few tweaks to this month's domestic barley balance sheet...**raised 2012 production by 4 million bu to 221 million bu** due to better yields, raised imports by 10 million bu to 25 million bu, raised domestic feed use by 30 million bu to 80 million bu, lowered food use by 5 million bu to 155 million bu and **lowered 2012/13 ending stocks by 11 million bu to 61 million bu.** The average farm-gate price for U.S. barley was raised to a range of \$5.75-\$6.75/bu. **World barley production was cut by 1.1 MMT this month to 130.8 MMT (down 2% from last year), due to smaller than expected crops in Russia and Kazakhstan. World ending stocks also were cut by 1.5 MMT to 19.1 MMT, about 12% below last year.**

**2012 Idaho barley production was pegged this month at 52.5 million bu, up 13% from a year ago.**

**WHEAT** – Local wheat prices were mostly higher this week: SWW ranged from no change to 33 cents higher; HRW ranged from 2 cents lower to 53 cents higher; and DNS ranged from 18 cents lower to 38 cents higher. USDA reported that wheat export sales last week were on the high end of trade expectations at 665.3 TMT, up 29% from the previous

week and 49% from the prior 4-week average. Export shipments totaled 596.2 TMT, up 29% from the previous week and 58% from the prior 4-week average

**USDA's S&D report for MY 2012/13 - WHEAT – Aug 10** – USDA raised 2012 production by 44 million bu to 2.268 billion, which was ABOVE the pre-report trade estimate of 2.22 billion bu. Imports also were raised by 10 million bu to 130 million bu. Domestic feed usage was increased by 20 million bu to 220 million bu, exports were left unchanged at 1.2 billion bu and 2012/13 ending stocks were raised by 34 million bu to 698 million bu, ABOVE the average pre-report trade estimate of 681 million bu. The average farm-gate price for U.S. wheat was adjusted higher to a range of \$7.60-\$9.00/bu, compared to \$7.24 in MY 2011/12. World wheat production was cut by 2.5 MMT this month to 662.8 MMT, due to smaller crops in Russia (down 6 MMT) and Kazakhstan (down 2 MMT), offset by increases for India (up nearly 3 MMT) and Ukraine (up 2 MMT). World wheat ending stocks were cut by 5 MMT to 177.2 MMT, down 10% from a year ago.

**2012 Idaho wheat production was pegged this month at 93.8 million bu, down 19% from a year ago.**

**Wheat Competitor/Buyer News** – More focus on the Russian wheat crop this week, with private analyst SovEcon revising its total grain production downward to 72-75 MMT from an earlier projection of 78.5-82.5 MMT and 94.2 MMT last year. Wheat crop was pegged at 40-43 MMT (Russian ag ministry estimate is 45 MMT and **USDA's revised estimate on August 10 is 43 MMT**). Russian officials publicly announced this week there was no need to curb wheat exports this marketing year despite a disappointing harvest, but left the door open to the possibility of wheat export tariffs.

**CORN** – Corn export sales last week were within trade expectations at 1.1 MMT (174.7 TMT for MY 2011/12 and 928.3 TMT for MY 2012/13). Corn export shipments last week totaled 476.6 TMT, down 18% from the previous week and 20% from the 4-week average.

**Ethanol corn usage** – DOE's Energy Information Agency reported that U.S. ethanol production posted another modest uptick in production last week to 817,000 bbls per day, up 1% from the previous week but down 10% from the same period a year ago. **In their August 10 S&D report, USDA lowered their estimate of corn used for ethanol in the current Marketing Year 2011/12 (which ends August 31) by 50 million bu to 5.0 billion bu and lowered estimated use for MY 2012/13 by 500 million bu to 4.5 billion bu.**

**USDA's S&D report for MY 2012/13 - CORN – Aug 11** – USDA took a surprisingly aggressive stand on lowering U.S. corn yields in the August estimates, **cutting them by another 22.6 bpa to 123.4 bpa (compared to 166 bpa at the start of the season)**. The average pre-report trade estimate for yields was higher at 127.3 bpa. USDA pegged harvested area at 87 million acres (on the high side of trade estimates) and production at 10.78 billion bu, **BELOW the average trade estimate of 11.02 billion bu production**. USDA also raised their 2011/12 ending stocks estimate to 1.021 billion bu (above the average pre-report trade estimate of trade expected 945 million bu) and slashed total usage by 1.5 billion bushels, putting **2012/13 ending stocks at a pipeline supply of 650 million bu**, in line with pre-report trade estimates. The average farm-gate price for U.S. corn was raised by more than \$2.00 to a range of \$7.50-\$8.90/bu. **World corn production was cut by 56 MMT this month to 849 MMT, which is 3% below the current year. World corn ending stocks were cut by 11 MMT this month to 123 MMT, which is 9% below this year.**

**Corn Competitor/Buyer News** – More evidence of corn rationing in the international market as South Korean feed millers buy Indian feed wheat. **Argentine corn plantings are projected to decline by as much as 20% in favor of soybeans.**

#### Futures market activity this week

**Macroeconomic trends** – Investor anxiety remains high on fresh signs of slowing global economic activity. China reported lower than expected industrial output and retail sales for June. The European Central Bank also lowered its forecast for 2012 Eurozone GDP growth at -0.3%, slightly worse than an earlier survey.

**WHEAT** – Wheat began Monday's session higher on renewed speculation that Russia would take steps to restrict wheat exports after a private Russian crop forecaster lowered its wheat production estimate to 40-43 MMT (compared to USDA's 49 MMT estimate last month), but then struggled to hold onto these early gains under the weight of spillover profit-taking pressures in both corn and soybeans. Tuesday saw prices continue to drift mostly sideways in consolidation trading ahead of Friday's key USDA crop production and S&D reports. Wheat markets pushed higher on Wednesday in a combination of spillover support from a corn rally and ideas that global wheat feeding will sharply increase as a result of the tightening corn supply situation. Wheat pushed sharply higher into the close of Thursday's session on stronger than expected export sales and anticipation of a lower crop production estimate for the Black Sea region in Friday's S&D report. **Wheat market closes on Thursday, 08/09/12 ...**

	<b>Sept 2012</b>	<b>Weekly Summary</b>	<b>Dec 2012</b>	<b>Weekly Summary</b>
Chicago	\$9.13	Up \$0.21 ¾	\$9.27	Up \$0.23 ¼
Kansas City	\$9.15	Up \$0.19	\$9.39	Up \$0.21 ¼
Minneapolis DNS	\$ 9.59	Up \$0.14 ½	\$ 9.68 ¼	Up \$0.14 ¼

**CORN** – Corn traded lower on Monday on profit-taking sparked by weekend showers that covered half of the Midwest over the weekend. Although traders are widely anticipating a significant cut in yields and production in Friday's USDA reports, the markets appear to have already aggressively priced in these yield losses. The key question remains whether there has been sufficient demand destruction to ration available supplies in the 2012/13 marketing year. Corn drifted in a narrow trading range on Tuesday, awaiting further direction from Friday's revised crop estimates. An updated weather map showing cooler temps and good chances for generous rainfall across large sections of the Corn Belt also weighed on the market. Corn overcame early profit-taking pressures to stage an impressive rally on Wednesday, setting new contract highs in the new crop Dec. contract. Corn settled higher again on Thursday in more positioning (short covering) ahead of Friday's key production report and solid export sales. **Sept 2012 corn futures contract closed Thursday, 08/09/12, at \$8.18 ¼, up \$0.08 ¼ and the Dec 2012 contract closed at \$8.23 ¾, up \$0.16 ¼ for the week.**

**OTHER MAJOR FACTORS TO WATCH –**

**CRUDE OIL** – Crude oil prices continued to chop around this week, with demand worries continuing to pressure the market while Middle Eastern geopolitical risk premiums pull the market higher. Monday saw early profit-taking pressures but the market managed to reverse early weakness to close higher – up \$.80 - on spillover support from a Wall Street rally and lower U.S. dollar. Prices rallied sharply higher on Tuesday – closing up \$1.47 to \$93.67 – to the highest levels since mid May on continued expectations of more central bank stimulus and some supply disruptions including a Chevron refinery going down in the Bay area. Profit-taking pressures kept crude oil prices on the defensive Wednesday - closing down \$0.32 to \$93.35. DOE's weekly crude oil inventory report showed crude oil stocks fell by a larger than expected margin – down 3.73 million gallons, compared to an expected decline of 1.6 million bbls; distillates fell by 724,000 bbls; and gasoline stocks decreased by 1.8 million bbls, compared to an expected decrease of 1.75 million bbls. **Crude oil drifted sideways in choppy trading on Thursday to close at \$93.36, with underlying support from improved U.S. economic readings and prospects for more central bank monetary easing.**

**U.S. WEATHER / CROP WATCH –**

**Pacific Northwest** – The heat dome is now centered over the Western Great Basin and Rocky Mountain regions, accelerating grain maturity and harvest throughout the PNW region.

**Midwest - corn & spring wheat** – Its official – the month of July was the hottest on record and 46% of the Corn Belt received “much below” rainfall... **The weekly corn crop condition rating fell 1% this week to only 23% good/excellent, with a full 50% of the crop now rated poor to very poor.** Last weekend brought showers (heavy in some locations) across almost half of the Midwest. By mid week a cool Canadian air mass descended into the Midwest, bringing cooler temperatures and good chances for rainfall and unsettled weather across the Northern Plains into the lower Ohio River Valley. **Some notable weather forecasters see a major shift in the 6-10 day period to a wetter and cooler pattern, particularly in the northern 1/3 of the belt, and possibly signaling the beginning of an El Nino weather cycle, which would help ease severe dryness ahead of the winter wheat planting period.**

**INTERNATIONAL WEATHER / CROP WATCH -**

- **Canada** – Dry and warm conditions continue to advance grain crops.
- **Europe** – After a brief respite, showery conditions returned to some northern European areas, interrupting harvest and causing quality concerns. Heat returned to southern Europe, reducing yield potential for filling corn crops.
- **Ukraine/Russia** – Ukraine remained hot and dry stressing reproductive corn crops, while heat and dryness continued to reduce yield potential in spring grains across Eastern Russia and Kazakhstan.
- **China** – Corn growing regions saw light rains this week, with good chances of rain across the North China Plain into next week.
- **Argentina** – Received beneficial moisture this week.
- **Australia** – Southeast picked up beneficial moisture this week and the west is likely to see moisture over the next week, but meteorologists are predicting a quick transition to an El Nino weather pattern, which typically is NOT favorable for winter grains in Australia.

**USDA Crop Progress / Condition Report, August 6, 2012**

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	30% harvested	14%	1%	11%	61%	61%	72%
<b>ID barley</b>	<b>17%</b>	<b>2%</b>	<b>2%</b>	<b>6%</b>	<b>80%</b>	<b>76%</b>	
US spring wheat	47% harvested	28%	4%	12%	63%	63%	66%
<b>ID spring wheat</b>	<b>10% harvested</b>	<b>1%</b>	<b>----</b>	<b>4%</b>	<b>66%</b>	<b>65%</b>	
US winter wheat	88% harvested	85%	82%	87%			
<b>ID winter wheat</b>	<b>28% harvested</b>	<b>11%</b>	<b>6%</b>	<b>21%</b>	<b>84%</b>	<b>82%</b>	
Corn	61% dough 26% dented 6% mature	37% 13% NA	27% 6% 2%	30% 7% 2%	23% good/excellent <b>50% poor/very poor</b>	24%	60%

