

Idaho Grain Market Report, August 14, 2014

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 13, 2014. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u>	<u>MALTING</u>	<u>Wheat (bu.)</u>		
	<u>FEED</u> Feed	Open market malting	#1 SWW	#1 HRW 11.5% pro	#1 DNS 14% pro
Ashton	NQ	\$10.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	NQ	NQ	NQ	NQ
Idaho Falls	NQ	\$10.42	NQ	NQ	NQ
Blackfoot / Pocatello	NQ	\$10.00	\$5.60	\$5.84	\$6.17
Grace / Soda Springs	\$6.65	NQ	\$5.50	\$5.65	\$6.2458
Burley / Rupert	\$6.00	\$10.42	\$5.50-5.48	\$5.39	\$6.05
Hazelton					
Twin Falls / Eden / Buhl	\$6.50 - 7.25	NQ	\$5.18-5.38	NQ	NQ
Weiser	\$6.80	NQ	\$5.84	NQ	NQ
Nez Perce / Craigmont	\$6.80	\$6.80	\$5.95	\$6.24	\$7.19
Lewiston	\$7.30	\$7.30	\$6.20	\$6.26	\$7.44
Moscow / Genesee	\$6.80- 7.33	\$6.80 – 7.33	\$5.97-6.14	\$6.26-6.45	\$7.21-7.35

Prices at Selected Terminal Markets, cash prices FOB

	#2 Feed 46 lbs. -- unit trains barge	Malting	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein
Portland	NQ	NQ	\$6.58 – 6.68	\$6.94 - 7.09	\$7.54½ - 7.74½
Los Angeles	\$10.20–10.50	NQ	NQ	\$8.39 (13%)	NQ
Stockton	NQ	NQ	NQ	NQ	NQ
Tulare	\$10.20-10.50	NQ	NQ	NQ	NQ
Ogden	\$7.00	NQ	\$5.85	\$5.99	\$6.70
Great Falls	\$5.75	\$8.75	NQ	\$5.26 - 5.28 (12%)	\$5.88 – 5.89
Minneapolis	\$5.21	\$12.29	NQ	\$6.24	\$7.64½ - 8.04½

Market trends this week

BARLEY – Local barley prices were sharply lower, falling 50 cents to a \$1.00 as local supplies swell due to high levels of sprout damage in local malting barley crops. USDA reported barley export sales last week of 12.0 TMT to Japan and export shipments of 700 MT for Taiwan and South Korea.

USDA's BARLEY S&D Projections for MY 2014/15 – Aug 12 – USDA increased U.S. barley production by 6 million bu to 193 million bu, based on better than expected yield potential but the crop is still projected to be 10% lower than a year ago. USDA also raised domestic barley feed use by 5 million bu to 55 million bu, resulting in a 1 million increase in barley ending stocks to 81 million bu. They continued to tighten their projected 2014 barley farm-gate price range to \$4.35-\$5.15. World barley production was increased by 3.7 MMT this month to 135.7 MMT, which is down 6% from last year. World barley ending stocks were increased by 2.7 MMT this month to 18.8 MMT, down 8% from last year. **USDA is projecting the 2014 Idaho barley crop at 51.7 million bu, down 7% from last year.**

Barley Competitor/Buy News – USDA raised their barley production for Russia by 2 MMT to 18.5 MMT, up 20% from last year. They also raised Ukrainian production by 0.4 MMT to 8.2 MMT, up 8% from last year. Ukraine has reported exported 1.34 MMT of barley in the new MY 2014/15, up substantially from a year ago.

WHEAT – Local wheat prices were sharply lower this week: SWW prices ranged from 15 to 35 cents lower; HRW prices ranged from 19 to 52 cents lower; and DNS prices ranged from 7 to 43 cents lower. USDA reported wheat export sales last week were below trade expectations at 338.7 TMT, down 43% from the previous week and 37% from the prior 4-week average. Wheat export shipments were better at 501.3 TMT, up 21% from the previous week and 11% from the prior 4-week average.

USDA's WHEAT S&D Projections for MY 2014/15 – Aug 12 - USDA increased their 2014 U.S. wheat production estimate this month by 38 million bu to **2.03 billion bu, ABOVE the average pre-report trade estimate of 2.01 billion bu**. They increased domestic feed use by 10 million to 155 million bu and increased exports by 25 million bu to 925 million bu, resulting in a **3 million bu increase in wheat ending stocks to 663 million bu, which was right in line with pre-report trade expectations**. The average farm-gate price for U.S. wheat was lowered to a range of \$5.80-\$6.80/bu. World wheat production was increased by more than expected this month – up 10.9 MMT to a new record high of 716.1 MMT and up 0.3% from last year. World wheat ending stocks were increased by 3.4 MMT this month to 192.96 MMT, up 5% from last year. **USDA is projecting the 2014 Idaho wheat crop at 99.59 million bu, down 2% from last year.**

Wheat Competitive/Buyer News – USDA raised their Russian wheat production estimate by 6 MMT to 59.0 MMT in line with private crop estimates and Russian exports by 3 MMT to 22.5 MMT. There is talk among the trade that the Russian wheat crop could increase to 61-63 MMT before harvest is completed next month. USDA increased its Chinese crop estimate by 2 MMT to 126 MMT and Ukraine's crop estimate by 1 MMT to 22 MMT. Ukraine has reported exported 1.55 MMT of wheat in the new MY 2014/15, up[40% from a year ago. The EU granted export licenses for 708 TMT of wheat this week, bringing cumulative wheat exports in MY 2014/15 to 2.5 MMT, compared to 2.65 MMT for the same period a year ago. The Buenos Aires Grain Exchange is projecting Argentina's wheat planted area at 4.3 million hectares this year, up 19% from last year. Early growing conditions have been favorable in Argentina.

CORN – USDA reported corn export sales were on the low end of trade expectations at 670.7 TMT (net reduction of 117.1 TMT for MY 13/14 and 788 TMT for MY 14/15), down substantially from the previous week. Corn export shipments last week were as expected at 721.8 TMT, down 33% from the previous week and 25% from the prior 4-week average. USDA reported export purchase of 107 TMT by Mexico and 130 TMT by an unknown destination this week.

Ethanol corn usage – DOE's Energy Information Agency reported a nice recovery in weekly ethanol production – up 29,000 bpd to 931,000 bbls per day which is 3.2% above the previous week and 8.6% above last year. Cumulative corn use for ethanol according to DOE data is estimated to have reached 4.67 billion bu, which is below the pace needed to reach USDA's revised estimate of 5.12 billion bu. Private forecasts predict MY 2013/14 usage will reach the USDA's revised estimate.

USDA's CORN S&D Projections for MY 2014/15 – Aug 12 - USDA surprised the trade with a lower than expected yield estimate this month of 167.4 bpa (trade had expected 170.1 bpa) but pegged the corn crop at a **new record high of 14.03 billion bu, up 172 million bu from last month but 221 million bu BELOW the average pre-report trade estimate of 14.253 billion bu**. Beginning stocks were cut by 65 million bu, due to a 45 million bu increase in ethanol use and 20 million bu increase in exports in MY 2013/14 which will end August 31. For MY 2014/15, USDA increased domestic feed use by 50 million bu to 5.250 billion bu, increased ethanol use by 24 million bu to 5.075 billion bu and raised exports by 25 million bu to 1.725 billion bu. This resulted in **a 7 million bu increase in ending stocks to 1.801 billion bu, BELOW the average pre-report trade estimate of 2.005 billion bu**. The corn farm-gate price estimate was tightened on both ends this month to a range of \$3.55-4.25/bu. World corn production was increased by 4.4 MMT (all U.S.) to 985.4 MMT, but world corn ending stocks were cut slightly to 187.8 MMT, up 10% from last year.

Futures Market trends this week

WHEAT – Wheat prices began the week lower as an early short covering bounce gave way to positioning ahead of Tuesday's monthly S&D report. Prices continued to slide on Tuesday and Wednesday under pressure from bigger than expected world wheat production and ending stock estimates from USDA. Wheat posted a moderate bounce higher today (Thursday), boosted by spillover support from old crop soybeans, oversold technical condition and renewed concerns about deteriorating quality in the European wheat crop. Gains were limited by disappointing export sales.

Wheat market closes on Thursday, 8/14/14...

	Sept. 2014	Weekly Summary	Dec. 2014	Weekly Summary	Mar. 2015	Weekly Summary
Chicago SRW	\$5.37 ¾	Down \$0.12	\$5.52 ¾	Down \$0.13¼	\$5.73	Down \$0.12¼
KC HRW	\$6.08	Down \$0.21¼	\$6.23 ¼	Down \$0.19½	\$6.33 ¾	Down \$0.18¾
MGE DNS	\$6.05 ¾	Down \$0.13	\$6.16 ¼	Down \$0.14½	\$6.28 ¾	Down \$0.14

CORN – Corn began the week moderately higher in short covering sparked by mixed views on USDA's yield and production estimates expected Tuesday. USDA's projections were lower than the trade expected which was viewed as slightly positive, although most analysts expect future yield estimates to be bigger as crop weather remains favorable across most growing areas. Corn closed fractionally mixed on Wednesday in choppy two sided trading as short covering was offset by fresh fund liquidations. Corn posted moderate gains today (Thursday) in follow through short covering but gains were limited by disappointing export sales. **Corn futures contract closes on Thursday, 8/14/2014... Sept. 2014 contract at \$3.62, up \$0.10¼ for the week, Dec. 2014 contract closed at \$3.73½, up \$0.10 and the Mar. 2015 contract closed at \$3.86¾, up \$0.10¼.**

CRUDE OIL – Crude oil futures chopped in a narrow trading range, with pressure from a strong dollar and waning geopolitical concerns. DOE reported that crude oil inventories increased 1.401 million bbls last week, compared to expected decline of 2.05 million bbls. Distillates fell by 2.421 million bbls, compared to an expected decline of 50,000 bbls. Gasoline stocks declined by 1.16 million bbls, compared to an expected decline of 1.5 million bbls. Crude oil stocks at Cushing, OK, where the WTI crude oil futures contract is settled, rose by 418,000 bbls the biggest weekly gain since January. **Crude oil futures finished sharply lower today (Thursday) - down \$2.01 to close at \$95.58.**

US WEATHER / CROP OUTLOOK –

West – Cooler conditions with widely scattered showers blanketed the region this week. A wide band of monsoonal moisture continued to move across southern and eastern Idaho, causing quality deterioration in the mature but unharvested malting barley and wheat crops. **Plains** – Mostly hot and dry conditions prevailed across the Northern, Central and Southern Plains. Moderate to heavy rainfall moved into the Northern Plains on Thursday and was expected to spread southward by the weekend. **Midwest Corn Belt** – A cool dry Canadian air mass settled into the Upper Midwest this week, bringing mostly dry and cooler than normal conditions for much of the Corn Belt. The northern Corn Belt has not received much moisture over the past 30 days but many areas are expected to receive a good soaking by the end of this week. The **6-10 day forecast** shows cooler than normal conditions for the Northern Rockies with below normal precipitation stretching from the Pacific Coast into the High Plains. Wetter than normal conditions are expected to spread across parts of the Northern Plains. Warm and dry conditions are expected across much of the Central U.S.

USDA Crop Progress / Condition Report, August 11, 2014

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	17% harvested	NA	15%	17%	65%	66%	66%
ID barley	22% harvested	12%	28%	17%	76%	78%	
US spring wheat	6% harvested	NA	5%	21%	70%	70%	66%
ID spring wheat	20% harvested	13%	18%	10%	59%	70%	
US winter wheat	95% harvested	90%	91%	90%			
ID winter wheat	60% harvested	39%	61%	37%			
Corn	96% silking 54% dough 11% dented	90% 36% NA	93% 30% 5%	95% 46% 16%	73%	73%	64%

INTERNATIONAL WEATHER/CROP OUTLOOK –

- **Canada** – Above normal temperatures have accelerated spring grain crop development.
- **Europe** – Return to showery conditions across Northern Europe into the Balkans, with locally heavy rainfall causing quality concerns in unharvested small grains in Germany and the Balkans. Strategie Grains is estimating that 59% of the EU crop will grade milling quality with the remainder feed quality, but also raised its wheat production this month by 3.7 MMT to a record 144.1 MMT (including durum).
- **Ukraine** – Mostly warm and dry conditions are aiding small grain maturity and harvest.
- **Russia** – Mostly hot and dry weather persisted across western and southern Russia, allowing small grain harvest to advance while spring grain conditions remained mostly favorable in Central Russia. Dryness across Siberia where 20% of the wheat crop is grown remains a concerns for yield potential in that region.
- **China** – After severe summer drought in many areas, the North China Plains finally received beneficial moisture this week. This region produces about 30% of that country's corn crop. The important northeastern growing region was cool and wet which is beneficial to corn production. Meanwhile the Yangtze River region remains unfavorably dry.
- **Argentina** – Dry mild conditions favor final winter grain planting and emergence. Wheat plantings are expected to increase by 19% this year.
- **Australia** – Favorable moisture and mild weather persisted across the west and southeast, while beneficial rainfall was expected in dry northeastern growing areas.