

# Idaho Grain Market Report, August 15, 2013

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 14, 2013. Barley prices in \$/Cwt. and wheat prices in \$/bu.

<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>			
Ashton	NQ	(2-R) \$12.00 (6-R) \$12.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$9.50	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$9.50	(2-R) \$12.50-\$12.92 (6-R) \$12.92	\$6.20	\$6.42	\$6.80
Blackfoot / Pocatello	NQ	(2-R) \$12.00 (6-R) \$12.00	\$6.00	\$6.76	\$7.11
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	\$6.10	\$6.55	\$7.09
Burley / Rupert	\$8.75-\$10.00	(2-R) \$12.92 (6-R) \$12.92	\$6.25-\$6.28	\$6.44	\$6.96
Hazelton					
Twin Falls / Eden / Buhl	\$8.10	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Weiser	\$8.50	(2-R) NQ (6-R) NQ	\$6.20	NQ	NQ
Nez Perce / Craigmont	\$8.30	(2-R) \$8.30 (6-R) \$8.30	\$6.45	\$7.34	\$7.65
Lewiston	\$8.80	(2-R) \$8.80 (6-R) \$8.80	\$6.70	\$7.59	\$7.90
Moscow / Genesee	\$8.30-\$8.75	(2-R) \$8.30 (6-R) \$8.30	\$6.47-\$6.61	\$7.36-\$7.50	\$7.67-\$7.81

## 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 NC \$7.05 ½- \$7.25 ½ Dec \$7.17¾-\$7.32¾	Aug NC \$7.99-\$8.15 Dec \$8.11 ½-\$8.17 ½	Aug NC \$8.31¼-\$8.36¼ Dec \$8.40 ½-\$8.54 ½
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	NQ	\$6.85	\$7.61
Great Falls	\$7.00-\$9.00	NQ	\$12.00	NQ	\$6.73-\$6.87	\$7.15-\$7.18
Minneapolis	\$8.12	NQ	\$12.81	NQ	\$7.79 (12%)	\$8.26 ¼-\$8.36 ¼

## Market trends this week

**BARLEY** – Local barley prices were mostly lower again this week with southern Idaho locations reporting no change to \$1.33 lower and northern Idaho prices reporting no change to \$.10 higher. USDA reported that there were no barley export sales last week, however shipments totaled 1.1 TMT for Taiwan and South Korea.

**USDA's S&D Projections for New MY 2013/14 for BARLEY – Aug 12** – USDA made only very minor tweaks to the U.S. barley balance sheet this month: lowered production by 1 million bu to 218 million bu due to a slightly lower yield and lowered barley ending stocks by 2 million bu to 83 million bu. The average farm gate price for U.S. barley was tightened to \$5.40-\$6.40. **World barley production was increased by 1.1 MMT this month to 140.1 MMT, up 8% from last year, while world ending stocks were increased by slightly to 21.9 MMT, up 11% from last year.**

**USDA lowered their 2013 Idaho barley production estimate this month to 57.04 million bu, up 6.2% from last year.**

**Barley Competitor / Buyer News** – USDA raised their European barley production estimate this month by 1.1 MMT to 57.1 MMT, up 5% from last year. They also lowered Canadian production by 0.5 MMT to 8.5 MMT.

**WHEAT** – Local wheat prices were mixed again this week: SWW ranged from no change to 25 cents lower; HRW ranged from 9 cents higher to 11 cents lower; and DNS ranged from 9 cent higher to 4 cents lower. USDA reported wheat export sales last week were on the low end of trade expectations at 495.6 TMT (490.1 TMT for MY 2013/14 and 5.5 TMT for MY 2014/15, down 33% from the previous week and 34% from the prior 4-week average. Cumulative wheat export sales now reached 47% of the USDA estimate for MY 2013/14 compared to a 5-year average of 37%. Wheat export shipments last week were 709.9 TMT, down 8% from the previous week however it was up 5% from the prior 4-week average.

**USDA's S&D Projections for New MY 2013/14 for WHEAT – Aug 12 -** USDA made only minor tweaks to the domestic wheat balance sheet but raised world wheat production more than expected. As expected wheat exports were raised by 25 million bu to 1.1 billion bu, resulting in a **25 million bu cut to wheat ending stocks of 551 million bu, ABOVE the average pre-report trade estimate of 573 million bu.** The average farm gate price for U.S. wheat was narrowed to \$6.40-\$7.60/bu, compared to \$7.77 in 2012/13. **World wheat production was raised by more than 7.5 MMT this month to 705.4 MMT, up 50 MMT from last year or 8%, due to bigger crops in the EU, Canada and the Ukraine.** World ending stocks were raised modestly by 0.6 MMT to 172.9 MMT, down 1% from last year.

**USDA left their 2013 Idaho wheat production estimate unchanged this month at 96.29 million bu, compared to 97.2 million bu in 2012.**

**Wheat Competitor / Buyer News** – USDA raised their EU wheat production estimate this month by 2.8 MMT to 141 MMT, raised Ukrainian production by 2 MMT to 21.5 MMT, raised Canadian production by 0.5 MMT to 29.5 MMT, raised Indian production by .5 MMT to 92.5 MMT and lowered Argentine production by 1 MMT to 12 MMT.

**CORN** - Corn export sales last week for MY 2013/14 were above trade expectations at 836.1 TMT. Cumulative corn export sales for new crop have now reached 33% of the USDA estimate for the new marketing year compared to a 5-year average of 22%. Corn export shipments last week were 377.4 TMT, down 12% from the previous week however they were up 7% from the prior 4-week average.

**USDA's S&D Projections for New MY 2013/14 for CORN – Aug 12 -** For MY 2012/13 which ends Aug. 31, USDA cut old crop ending stocks by 10 million bu to 719 million bu due to slightly better exports, which was slightly higher than the pre-report trade estimate of 725 million bu.

**This was considered a mostly supportive report for Marketing Year 2013/14...** in their first survey-based estimates for 2013 USDA left harvested acres unchanged but surprisingly **cut corn yields by 2.1 bpa to 154.4 bpa, below the average pre-report trade estimate of 157.7 bpa.** This resulted in a **187 million bu cut to 2013 output to 13.763 billion bu, BELOW the average pre-report trade estimate of 13.980 billion bu.** Domestic feed usage was cut by another 50 million bu to 5.1 billion bu and exports were cut by another 25 million bu due to a slowing pace to 1.225 billion bu. **This resulted in a 122 million bu cut in new crop ending stocks to 1.837 billion bu, BELOW the average pre-report trade estimate of 1.971 billion bu.** The average farm gate price for U.S. corn was tweaked slightly higher to \$4.50-\$5.30/bu, compared to \$6.90-\$7.00 in the current MY 2012/13. **World corn production was cut by another 2.7 MMT this month to 957 MMT, still a new record and up 11% from the current year, while world ending stocks were cut by 0.8 MMT to 150.2 MMT, up 22% from this year.**

The bullish momentum was short-lived, as traders quickly turned their attention back to solid crop ratings and current weather conditions that point to higher yield estimate (157 to 161 bpa) than USDA's revised 154.4 bpa. The bottom line is that expectations of a **RECORD 2013 CORN CROP** are keeping a lid on new crop prices.

**Ethanol corn usage** – DOE's Energy Information Agency reported U.S. ethanol production last week increased modestly by 4,000 bbls to 857,000 bbls, up 0.5% from previous week and up 4.6% from last year. Corn used for ethanol topped 90 million bu, but still **short of the 107 million bu pace needed to reach USDA estimate of 4.65 billion bu.**

**Corn Competitor/Buyer News** – USDA raised their corn production estimates this month for Russia by 2.6 MMT to 42.4 MMT and Ukraine by 3.0 MMT to 29.0 MMT. USDA reported a single day sale of 252 TMT of new crop corn to Mexico.

#### **Futures market activity this week**

**Global macroeconomic trends** – The big news this week was Eurozone Q2 GDP expanded more than forecast at +0.3%, marking the first positive growth since 2011 and an end to their longest ever recession (Germany reported growth of +0.7% m/m and +0.5% y/y). Eurozone industrial production rose by +0.7% in June. Moreover, German investor confidence increased more than forecast to the highest level in 5 months.

**U.S. economic indicators** – A mostly positive outlook this week with some better than expected indicators offset by disappointing tech and retail corporate earnings. U.S. retail sales increased by 0.2% in July while the June estimate was revised higher to 0.6%, the best pace in 7 months. While not stellar, it reinforced ideas that the Federal Reserve will begin tapering its monetary stimulus as soon as its September meeting which has put investors on edge and pushed the dollar higher. Weekly first time unemployment claims also fell unexpectedly to the lowest level in 6 years at 320,000 compared to expectation of 335,000. Meanwhile, the consumer price index (CPI) underscored subdued inflationary

pressures, increasing +0.2% m/m and 2.0% y/y, in-line with expectations. The National Association of Home Builders reported the highest confidence index (59) since 2005 as demand soars for new homes amid rising mortgage rates.

**WHEAT** – Wheat markets closed modestly higher on Monday, following corn and soybean’s bullish reaction to lower than expected yield estimates from USDA. Wheat markets drifted lower on Tuesday, posting new Dec contract lows on ideas that the world wheat market will be well supplied this year as harvest progresses across the Northern Hemisphere. Wednesday saw modest gains across the wheat markets on mostly spillover support. The wheat-corn spreads continue to correct to the downside as wheat is being priced out of feed rations this fall. Wheat markets finished solidly higher today (Thursday) on spillover support from corn but gains were limited by continued profit-taking in long wheat vs. short corn spreads. **Wheat market closes on Thursday, 8/15/13 ...**

	<u>Sept 2013</u>	<u>Weekly Summary</u>	<u>Dec 2013</u>	<u>Weekly Summary</u>
Chicago SRW	\$6.37 ½	Up \$0.04	\$6.49 ½	Up \$0.02 ¼
KC HRW	\$7.03	Up \$0.05 ¾	\$7.06 ¼	Up \$0.02 ¾
MGE DNS	\$7.39 ½	Up \$0.07 ½	\$7.43	Up \$0.02 ¼

**CORN** – Corn posted solid gains to start the week in the face of an unexpectedly bullish yield estimate from USDA in their monthly S&D report. But these gains could not be sustained as prices sank double digits on Tuesday as traders quickly dismissed USDA’s lower yield projection and turned their sights back to the favorable crop conditions which point to record corn output. A hot dry forecast for the second half of August pushed corn prices sharply higher today (Thursday). Corn posted double digit gains on a combination of warmer temps with little rain relief in the near term outlook and FSA estimate of prevented plant corn acres at 3.4 million which suggests a downward revision in harvested acres and overall output in upcoming S&D reports. **Corn futures contract closes on Thursday, 8/15/13 for Sept 2013 contract at \$4.81 ½, up \$0.15 ¾ and the Dec 2013 contract at \$4.72 ¼, up \$0.19 for the week.**

**OTHER MAJOR FACTORS TO WATCH –**

**CRUDE OIL** – Crude oil chopped in a narrow trading range this week with economic worries and supply threats pulling the market in different directions. The week began with very modest gains on threats to the Libyan oil supply – now pumping less than half of the level before the 2011 uprising. Crude oil continued to advance on Tuesday, boosted by positive private U.S. business optimism index reading and solid retail sales report which showed the best sales pace in 7 months. Gains were limited by worries that the Fed will give the go ahead to begin tapering its monetary stimulus at its September meeting. Bigger than expected declines in both crude oil and gasoline stocks in Wednesday’s inventory report helped the market overcome early losses to close mostly unchanged. DOE showed crude oil stocks fell by 2.8 million bbls, compared to an estimated decline of 1.5 million bbls; distillates increased by 2.0 million bbls and gasoline stocks decreased by 1.17 million bbls. **Crude oil futures closed solidly higher today (Thursday), topping \$107, despite sharp losses in U.S. equities. Support came from supply side concerns from renewed turmoil in Egypt and fears of possible disruptions to the flow of oil through the Suez Canal and a major tropical storm potentially tracking toward oil operations in the Gulf of Mexico.**

**U.S. WEATHER / CROP PROGRESS – PNW** – More of the same hot and dry conditions which has gripped this region for the past month, accelerating grain maturation and harvest. Grain yields are highly variable due to a combination of late spring frosts and summer heat. **Corn Belt / HRS spring wheat belt** – Mostly dry weather this week, with the exception of pockets of the Western Corn Belt which received beneficial moisture. Cool weather lingered across the Midwest but most weather maps show a significant warming trend in the 6-10 day outlook, with mixed views on rain potential. Nearly 35% of the Corn Belt is at slight risk for dry conditions. **Central/Southern Plains** – Widely scattered showers and cooler temperatures have provided beneficial conditions for summer crops, pasture and winter wheat planting which will start next month.

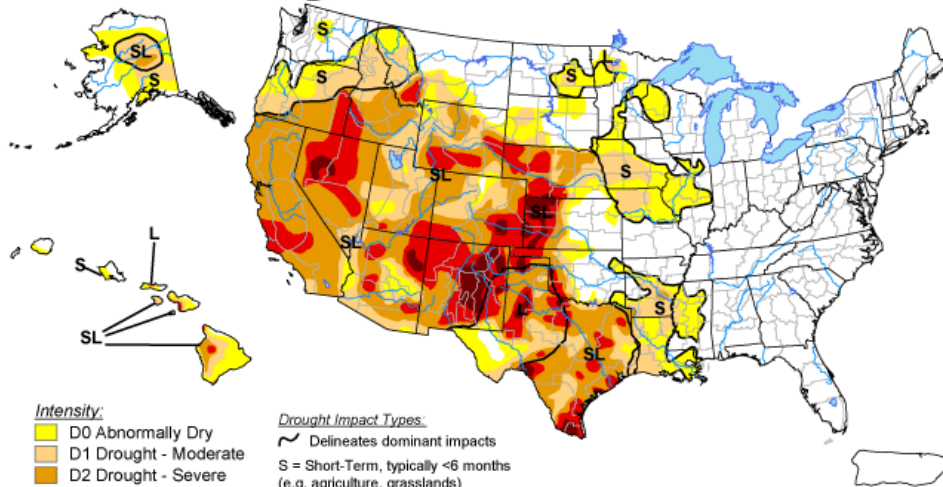
**USDA Crop Progress / Condition Report, August 12, 2013**

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	17% harvested	4%	51%	21%	66%	65%	60%
ID barley	31% harvested	7%	34%	15%	67% g/ex	67%	
US spring wheat	6% harvested	NA	61%	24%	66%	68%	61%
ID spring wheat	20% harvested	3%	22%	9%	68% g/ex	69%	
US winter wheat	92% harvested	87%	94%	91%			
ID winter wheat	65%	38%	50%	33%			
Corn	94% silking 32% dough	86% 18%	100% 76%	95% 48%	62%	64%	23%

# U.S. Drought Monitor

August 13, 2013

Valid 7 a.m. EDT



## Intensity:

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

## Drought Impact Types:

- ~ Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>



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## INTERNATIONAL WEATHER / CROP PROGRESS -

- **Canada** – Unseasonably cool conditions have slowed crop development in many areas but expectations remain for above average yields unless early frost / rains damage the grain crop at harvest. A warming trend will help acceleration grain maturation.
- **Europe** – UK grain harvest has struggled with excessive moisture and crop damage. They have imported large amounts of both wheat and corn to fill domestic shortfalls. German grain harvest is advancing with expectations of a 12% jump in wheat production to 24 MMT. Corn production in northern France is reporting crop stress due to recent dryness.
- **Black Sea Region** – Localized dryness across Eastern Ukraine into Southwestern Russia continues to stress summer crops. About 20% of the Ukrainian corn crop is believed to suffer from excessive dryness during filling. West Central Russia received beneficial moisture which has stabilized both spring and summer crops. Eastern Russia and Kazakhstan also has received periodic showers, boosted spring grain yield potential.
- **China** – Corn growing areas have been hot recently but central areas were receiving beneficial showers this week.
- **Brazil / Argentina** – Southern Brazil has received beneficial moisture for immature winter grains but late July frosts have reportedly lowered wheat yield potential in the state of Parana by at least a third and another frost is possible middle of this week. Main wheat growing areas of Argentina remain mostly dry, causing some crop stress. Some areas received light showers early this week but are expected to remain dry for new week.
- **Australia** – Scattered showers across most regions of the country this week, with the southeastern region maintaining the best yield potential. Due to dryness in July in Western Australia winter grain yields are projected to be below average this year.