

Idaho Grain Market Report, August 30, 2012

Published by the Idaho Barley Commission, kolson@idahobarley.org, 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 29, 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 | \$12.75 | (2-R) NQ (6-R) NQ | \$7.75 | \$7.91 | \$8.42 |
| Idaho Falls | \$12.50 | (2-R) \$12.50-\$12.60 (6-R) \$12.60 | \$7.75 | \$7.67 | \$8.10 |
| Blackfoot / Pocatello | \$13.50 | (2-R) NQ (6-R) NQ | \$7.49 | NQ | NQ |
| Grace / Soda Springs | \$13.00 | (2-R) NQ (6-R) NQ | NQ | \$7.86 | \$8.50 |
| Burley / Rupert | \$13.00 | (2-R) \$12.60 (6-R) \$12.60 | \$7.80 | NQ | NQ |
| Hazelton | | | | | |
| Twin Falls / Eden / Buhl | \$13.50-\$13.75 | (2-R) NQ (6-R) NQ | \$7.49-\$8.25 | NQ | NQ |
| Weiser | \$12.60 | (2-R) NQ (6-R) NQ | \$7.78 | NQ | NQ |
| Nez Perce / Craigmont | \$11.10 | (2-R) \$11.10 (6-R) \$11.10 | \$8.24 | \$8.92 | \$9.35 |
| Lewiston | \$11.35 | (2-R) \$11.35 (6-R) \$11.35 | \$8.43 | \$9.11 | \$9.54 |
| Moscow / Genesee | \$11.15-\$12.35 | (2-R) \$11.15 (6-R) \$11.15 | \$8.20-\$8.95 | \$8.88-\$9.57 | \$9.31-\$10.06 |

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 | Sept \$8.70-\$8.90 ³ / ₄ Jan \$8.80-\$9.10 | Sept \$9.41-\$9.57 Jan \$9.81 ¹ / ₂ | Sept \$9.91-\$10.06 Jan \$10.18 ³ / ₄ - \$10.43 ³ / ₄ |
| Los Angeles | NQ | NQ | NQ | NQ | NQ | NQ |
| Stockton | NQ | NQ | NQ | NQ | NQ | NQ |
| Tulare | NQ | NQ | NQ | NQ | NQ | NQ |
| Ogden | \$13.25 | NQ | NQ | \$7.90 | \$8.03 | \$8.82 |
| Great Falls | \$8.00-\$12.00 | NQ | \$12.50 | NQ | \$8.02-\$8.30 | \$8.75-\$8.91 |
| Minneapolis | \$12.08 | NQ | \$14.48 | NQ | \$9.52 (12%) | \$9.75 ¹ / ₂ - \$9.80 ¹ / ₂ |

Market trends this week

BARLEY – Local barley prices were mixed this week, ranging from 30 cents lower to 69 cents higher in southern Idaho and 15 to 50 cents lower reported in northern Idaho. USDA reported that there were no barley export sales; however export shipments totaled .2 TMT for Taiwan last week.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 21 cents lower to 9 cents higher; HRW ranged from 40 cents lower to 4 cents higher; and DNS ranged from 1 to 39 cents lower. USDA reported that wheat export sales last week were in line with trade expectations at 509.3 TMT (508.4 TMT for MY 2012/13 and .9 TMT for MY 2013/14), up 8% from the previous week and 1% from the prior 4-week average. Export shipments totaled 559.3 TMT, down 20% from the previous week and 2% from the prior 4-week average.

Wheat Competitor/Buyer News – SovEcon continued to ratchet down its Russian wheat crop estimate, down another 1 MMT to 38 MMT this week, compared to USDA's estimate of 43 MMT earlier this month. A key meeting is scheduled for Friday between the Russian President and Ag Minister to discuss their grain production and export situation. Egypt purchased additional wheat from Russia and Romania over the weekend. Import tenders picked up this week, with Saudi

Arabia in the market for 550 TMT, Syria for 100 TMT, Jordan for 100 TMT and Bangladesh for 50 TMT. Tunisia purchased 150 TMT of soft wheat this week.

CORN – Corn export sales last week were below expectations, totaling 168.4 TMT for MY 2012/13. Corn export shipments last week totaled 372.8 TMT, down 38% from the previous week and 35% 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 819,000 bbls per day, down 4.9% from the previous week and down 7.8% from the same period a year ago. Corn used for ethanol last week totaled 87.3 million bushels, still well below the pace needed to meet USDA projections for MY 2011/12, which ends August 31.

Corn Competitor/Buyer News – Ukrainian grain experts predict their corn harvest will not top 19 MMT, compared to USDA’s current estimate of 21 MMT. Reports also indicate that EU corn yields will be down by nearly 20% this year due to hot and dry conditions during the key pollination period.

Futures market activity this week

WHEAT – Wheat began the week modestly lower in tight trading range with technical pressure the main feature. Tuesday saw prices slipped lower under the weight of spillover pressure and improved moisture outlook for 2013 winter wheat planting in the next month. Prices exploded higher on Wednesday on renewed talk of a Russian wheat export ban and strong line-up of major wheat import tenders. Wheat could not sustain these strong gains, however, as prices moved modestly lower on Thursday on profit-taking ahead of the long holiday weekend. **Wheat market closes on Thursday, 08/30/12 ...**

| | Sept 2012 | Weekly Summary | Dec 2012 | Weekly Summary |
|-----------------|------------------|-----------------------|-----------------|-----------------------|
| Chicago | \$8.83 ½ | Up \$0.16 | \$9.03 | Up \$0.14 ½ |
| Kansas City | \$8.89 ¾ | Up \$0.13 ½ | \$9.16 | Up \$0.14 ¾ |
| Minneapolis DNS | \$9.40 | Up \$0.21 ½ | \$ 9.55 | Up \$0.25 |

CORN – Corn traded modestly lower on Monday in choppy two sided action, with pressure from sluggish export inspection pace and follow-through profit-taking. Prices continued to drift lower on Tuesday in light volume under the weight of early harvest hedge pressure and profit-taking. Prices turned sharply higher on Wednesday on spillover support from wheat and concerns about potential crop damage as Hurricane Isaac moves up the Mississippi River Valley. Corn closed mixed to slightly lower Thursday under the weight of profit-taking and positioning ahead of the highly anticipated speech by Fed Chairman Ben Bernanke on Friday. **Sept 2012 corn futures contract closed Thursday, 08/30/12, at \$8.11 ½, up \$0.09 ¼ and the Dec 2012 contact closed at \$8.08 ½, unchanged for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices continued to trade in a narrow range this week as supply disruption concerns from Hurricane Isaac (93% of the oil operations in the Gulf of Mexico were affected) battled concerns about slowing global economic growth. Prices moved lower on Wednesday in the face of surprisingly bearish crude oil stocks. DOE’s weekly crude oil inventory report showed crude oil stocks increased by 3.8 million bbls, compared to an expected decrease of 1.75 million bbls; distillates increased by 873,000 bbls, compared to an expected increase of 200,000 bbls; and gasoline stocks declined by 1.5 million bbls, in line with expectations. **Crude oil prices closed down \$.87 on Thursday to \$94.62 – a 2-week low- on selling pressure triggered by economic growth concerns and expectations that Gulf of Mexico oil operations idled by Hurricane Isaac will be back on line very quickly.**

U.S. WEATHER / CROP WATCH –

Pacific Northwest – Warm dry conditions favored grain harvest across this region.

Midwest - corn & spring wheat – The big weather story this week was Hurricane Isaac which slowly began moving up the Mississippi River from Louisiana into the Ohio River Valley, bringing high winds and heavy rains that could threaten unharvested corn and bean crops in many key production areas. Other areas saw mostly warm and dry conditions, favorable for maturing crops and harvest progress.

INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – Conditions remained favorable for grain crops.
- **Ukraine/Russia** – Ukraine’s corn belt remained mostly dry. Small grain harvest quickly advanced across both Ukraine and Russia.
- **China** – Tropical Storm Bolaven is predicted to slam into northern China (southern Manchuria) early next week, threatening as much as 28% of that country’s corn and 32% of its bean crops with heavy rainfall and wind damage. Corn losses could reach as high as 200 million bushels.
- **Argentina** – Continued to see favorable rainfall for developing winter grains.
- **Australia** – Rain levels continue to be disappointing.

USDA Crop Progress / Condition Report, August 27, 2012

| | | | | | Condition | |
|--|--|--|--|--|-----------|--|
| | | | | | | |

| Crop | % Progress | Previous Week | Previous Year | 5-Year Average | rating % good/excellent | Previous Week | Previous Year |
|------------------------|--|----------------------|----------------------|-----------------------|--|----------------------|----------------------|
| US barley | 79% harvested | 66% | 37% | 55% | | | |
| ID barley | 75% harvested | 52% | 36% | 46% | | | |
| US spring wheat | 89% harvested | 79% | 44% | 57% | | | |
| ID spring wheat | 66% harvested | 47% | 31% | 44% | 64% | 63% | |
| ID winter wheat | 93% harvested | 73% | 63% | 79% | | | |
| Corn | 76% dented 26% mature 6% harvested | 60% 16% 4% | 47% 7% 2% | 46% 8% 2% | 22% good/excellent 52% poor/ very poor | 23% | 54% |