

Idaho Grain Market Report, September 1, 2011

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

IBC will host a **Grain Market Outlook Webinar on Wednesday, Sept. 7 at 6:30 a.m. MDT**
 To participate log on to <https://connect.cals.uidaho.edu/barley>. This webinar will be recorded and available to download later that day from the IBC website at www.idahobarley.org

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 31, 2011. 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) \$13.05 (6-R) \$13.05	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$12.00	(2-R) NQ (6-R) NQ	\$7.00	\$7.60	\$8.84
Idaho Falls	\$12.00	(2-R) \$13.02-\$13.50 (6-R) \$13.02	\$6.75	\$7.08	\$8.87
Blackfoot / Pocatello	\$13.00	(2-R) \$13.05 (6-R) \$13.05	\$6.90	\$7.79	\$8.95
Grace / Soda Springs	\$12.35	(2-R) NQ (6-R) NQ	\$7.00	\$7.64	\$9.09
Burley / Rupert	\$12.50	(2-R) \$13.02 (6-R) \$13.02	\$7.10	\$7.68	\$8.89
Hazelton					
Twin Falls / Eden / Buhl	\$13.00-\$13.50	(2-R) NQ (6-R) NQ	\$6.80-\$7.50	NQ	NQ
Weiser	\$10.50	(2-R) NQ (6-R) NQ	\$7.19	NQ	NQ
Nez Perce / Craigmont	\$10.60	(2-R) \$10.60 (6-R) \$10.60	\$6.54	\$8.59	\$9.70
Lewiston	\$10.85	(2-R) \$10.85 (6-R) \$10.85	\$6.73	\$8.78	\$9.89
Moscow / Genesee	\$10.65-\$11.75	(2-R) \$10.65 (6-R) \$10.65	\$6.50-\$7.20	\$8.55-9.35	\$9.66-\$10.56

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 \$7.00-\$7.20 Dec \$7.35-\$7.45	Sept \$9.20-\$9.30	Sept \$10.27-\$10.47
Los Angeles	\$15.25	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$15.25	NQ	NQ	NQ	NQ	NQ
Ogden	\$12.50	NQ	NQ	\$7.20	\$7.91	\$9.26
Great Falls	\$10.00-\$11.00	NQ	\$13.50	NQ	\$6.99-\$7.16	\$9.12-\$9.38
Minneapolis	\$11.25	NQ	\$16.56	NQ	\$9.46 ½ (12%)	\$10.36 ½ - \$10.51 ½

Market trends this week

BARLEY – Local barley prices were mostly higher, ranging from \$1.50 lower to \$1.00 higher in southern Idaho and no change to \$.25 higher in northern Idaho. USDA reported that there were no barley export sales last week; however barley export shipments totaled 1.2 TMT for Canada.

WHEAT – Local wheat prices were mixed this week: SWW ranged from 25 cents lower to 96 cents higher; HRW ranged from 28 cents lower to 55 cents higher; and DNS ranged from 7 cents lower to 45 cents higher. USDA reported wheat export sales last week were on the low end of trade expectations at 369.2 TMT, up 6% from the previous week, but down 17% from the 4-week average. Export shipments totaled 609.5 TMT, up 30% from the previous week and 10% from the 4-week average.

Wheat Competitor/Buyer News – Australian wheat production prospects improved significantly this week after dry areas of New South Wales and Queensland received beneficial moisture. Some estimates now peg the Australian crop at 24.7 MMT (USDA 25 MMT) which would be down from last year but hopefully with better milling quality. After a slow grain export campaign last month, Ukrainian officials announced they were considering eliminating their grain export taxes as a way to boost their share of exports out of the Black Sea region this year. Yemen purchased 100 TMT, United Arab Emirates 30 TMT and Libya 50 TMT of Black Sea wheat this week. USDA announced a sale of 102.5 TMT of U.S. HRW to an unknown destination this week.

CORN – Corn export sales last week were within trade expectations at 957.9 TMT for MY 2012 (net 637.0 TMT, after cancellations of 320.9 TMT for MY 2010/11 which ended Aug. 30). Corn export shipments last week totaled 765.8 TMT, down 7% from the previous week and also 11% from the 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported a downtick in U.S. ethanol production last week, totaling 888,000 bbls, down 1.77% from the previous week but up 3.7% from last year. As of last week, the cumulative amount of corn used to manufacture ethanol in MY 2010/11 has reached 4.88 billion bu compared to USDA's forecast of 5.02 billion bu, with one week remaining in the marketing year.

Corn Competitor/Buyer News – Ukraine expects to harvest a record corn crop of 18-20 MMT which could lead to record exports of 10-12 MMT. There was talk this week that Brazil could increase corn plantings by 12-14% this year due to record high prices.

Futures market activity this week

More mixed macroeconomic news for investors to sort through...The U.S. Department of Commerce lowered its estimate of 2Q2011 U.S. GDP growth to 1.0%, down from an earlier estimate of 1.3%. 1Q2011 U.S. GDP grew at a rate of only 0.4%. This week the International Monetary Fund cut its estimate for overall 2011 U.S. GDP growth from 2.5% to 1.6% and 2012 GDP growth from 2.7% to 2.0%. In addition, the Consumer Confidence Index broke sharply lower this week, dropping to 44.5 which is the lowest level since April 2009. **But it wasn't all bad news...**consumer spending and personal income both rose more than expected in July, with spending showing the largest monthly gain since February. Manufacturing activity was better than expected in July as U.S. factory orders rose the most in 4 months, beating expectations. Meanwhile, minutes from the Fed Reserve monthly meeting were released this week, emphasizing that the U.S. economy was slowly recovering but the Fed would expand its September to two days to thoroughly evaluate additional steps they can take to jumpstart stalled growth, which is bolstering expectations among many traders/investors that another round of stimulus (QE3) might be forthcoming.

WHEAT – Wheat began the week mixed to lower on Monday after early gains gave way to end of the month profit-taking pressure. A stronger dollar and weather forecasts calling for moisture in the Plains later this week pushed wheat prices moderately lower on Tuesday, but losses were trimmed into the session close by spillover strength in soybeans and corn. Wednesday saw early profit-taking pressure from hefty deliveries against the expiring CBOT September contract, but managed to close higher on concerns about 2012 winter wheat plantings and spillover support from soybeans. Wheat finished sharply lower today (Thursday) – (except MGE hard red spring wheat) under pressure from a higher dollar, concerns about increased export competition and the possibility of rain in some dry areas of the HRW wheat belt into next week. **Wheat futures market closes on Thursday, 09/01/11...**

	Sept 2011	Weekly Summary	Dec 2011	Weekly Summary
Chicago	\$7.15 ½	Down \$0.46 ¾	\$7.61	Down \$0.36
Kansas City	\$8.48	Down \$0.18	\$8.72	Down \$0.20
Minneapolis DNS	\$9.70 ¾	Up \$0.14 ½	\$9.32	Down \$0.04 ¾

CORN – Corn markets posted modest gains on Monday as follow-through buying overcame ideas of an overbought technical condition. With yield expectations continuing to slide, the need for more price rationing is becoming increasingly apparent. Corn prices continued to climb on Tuesday, with Dec. contract posting new highs in 5 of the past 6 sessions, boosted by another decline in weekly crop conditions (down another 3% this week which equates to about 2.5 bpa shaved off of the national average yield). Prices retreated lower on Wednesday under pressure from end of the month profit-taking and a short term overbought technical condition. Corn posted double-digit losses today (Thursday), on spillover weakness, a stronger dollar and continued talk of extreme overbought conditions. Reports of some better than expected yields also weighed on the corn market. **Sept 2011 corn futures contract closed Thursday, 09/01/11, at \$7.28 ¾, down \$0.23¾ and the Dec 2011 contact closed at \$7.38 ½, down \$.28½ for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil surged higher early this week – gaining \$1.90 higher on Monday and another \$1.63 on Tuesday to close at \$88.90/bbl – buoyed by stronger global equities and better than expected US consumer spending last month. But gains could not be sustained a third consecutive day as crude eased back modestly on Wednesday in response to weakness in Brent crude oil and higher than expected weekly increase in U.S. crude oil inventories. The weekly government petroleum stocks report continued to be mixed, showing a bigger than expected increase in crude oil stocks - increasing by 5.281 million bbls – versus an expected decline of 500,000 bbls (this included 4.7 million bbls released from the Strategic Petroleum Reserve); distillates increased by 400,000 bbls; and gasoline stocks fell by 2.795

million bbls, compared to an expected draw of 950,000 bbls. Crude oil held its value today (Thursday), drifting slightly higher to close just shy of \$89/bbl with support from a better than expected U.S. manufacturing report and concerns about the potential impacts on Gulf of Mexico oil wells and refineries from a major tropical storm heads its way this weekend.

▪ **U.S. WEATHER / CROP WATCH** – After very little rainfall last weekend, thunderstorms covered the north-central Midwest early this week, moving into some dry areas of the southwest although moisture amounts remain mostly disappointing. **Northern Plains** saw more rain-caused harvest delays this week but the region is expected to see mostly favorably dry conditions this weekend into the 6-10 day period. **Central/Southern Plains** - The Plains saw limited moisture this week, with the possibility of more into the weekend which will likely favor the central production areas. At least 20 to 30% of the HRW belt is expected to be shortchanged, jeopardizing both acreage and germination as the winter wheat planting season begins this month. The **6-10 and 8-14 day outlooks** show mostly cool and dry conditions, although a few areas of the southwestern belt could see some moisture.

▪ **INTERNATIONAL WEATHER / CROP WATCH**

- **Canada** – Mostly favorable conditions continued across much of the Prairies, but showers slowed early harvest this week. However, drier conditions are expected to return in the 6-15 day period and prevail through the end of September, allowing harvest to accelerate.
- **Europe** – Drier conditions finally arrived this week but more rains are in the forecast for later this week in Western Europe, keeping quality concerns on the front-burner. Meanwhile, the persistent moisture has been beneficial to summer crops.
- **Former Soviet Union** – Harvest continues across Ukraine and Russia with mostly favorable conditions. Northern Kazakhstan and the eastern Russian edge saw cool and showery conditions which slowed small grain maturation and harvest.
- **China** – Locally heavy rains continued across southern China, while warm dry conditions promoted corn maturation in Manchuria.
- **Argentina** – Continued to see mostly cool and dry conditions, with warmer temperatures arriving this weekend. The northeastern belt has the best chances to see beneficial moisture, while the driest region remains the southwestern third of the wheat belt which faces potential yield threats as the winter grain crops move toward heading.
- **Australia** – Badly needed showers covered parts of New South Wales and Queensland this week, easing dryness concerns in the winter wheat belt. Other regions continue to receive periods of rain followed by sun which are beneficial to developing winter wheat and barley.

USDA Crop Progress / Condition Report, August 29, 2011

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
U.S. barley	46% harvested	25%	64%	70%	66%	66%	NA
ID barley	41% harvested	23%	45%	57%	89%	88%	
U.S. spring wheat	50% harvested	29%	66%	71%	61%	62%	NA
ID spring wheat	37% harvested	17%	31%	58%	86%	86%	
U.S. winter wheat	97% harvested	94%	97%	99%			
ID winter wheat	69% harvested	47%	80%	89%	74%	75%	
Corn	88% dough 53% dented 9% mature	73% 33% NA	94% 70% 17%	85% 54% 11%	54%	57%	70%

Excellent Winter Feed Barley Opportunities in South-Central Idaho – This is a great year for grain producers throughout the Magic Valley to consider a **fall planted barley** (feed and/or malt) in your 2012 cropping strategy. **Why winter barley?** We expect **feed grain markets will remain very strong throughout 2012** due to a combination of disappointing crops in the U.S. and very robust global demand. Along with these strong market prices, growers can expect a **20% to 35% yield gain with the fall planted barley varieties now available.**

Here are some Fall 2011 barley seeding options:

- **Sunstar Pride** - yield potential of 180 bu/acre
- **812** - yields of 160-180 bpa

- **Sunstar Double** - yields of 140-160 bpa (shorter and stronger straw)
- **Maja** - yields of 140-160 bpa (earlier maturity)
- **Endeavor** - yields of 140-160 bpa

We expect **feed grain markets will remain very strong throughout 2012** due to a combination of disappointing crops in the U.S. and very robust global demand.

- Open market feed barley prices in the Magic Valley have more than doubled in the past year, rising from an average of \$2.87/bu in July 2010 to **\$5.75/bu in July 2011**. Some feed barley buyers are paying even higher prices to secure local supplies.
- USDA is currently projecting that U.S. feed grain supplies for 2011/12 will be sharply lower due to smaller than expected barley, corn and sorghum crops. Corn production is likely to fall even more before the final production estimate is released in January 2012.
- Demand remains strong both in the U.S. and global markets, causing stocks to tighten significantly. U.S. feed grain stocks-to-use are projected to shrink to 5.9%.