

# Idaho Grain Market Report, September 5, 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, September 4, 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	\$9.00	(2-R) NQ (6-R) NQ	\$5.82	\$6.48	\$7.00
Idaho Falls	\$8.25	(2-R) \$12.50 (6-R) \$12.50	\$5.90	\$6.58	\$6.84
Blackfoot / Pocatello	NQ	(2-R) \$12.00 (6-R) \$12.00	\$6.10	\$7.05	\$7.39
Grace / Soda Springs	\$7.96	(2-R) NQ (6-R) NQ	NQ	\$6.62	\$7.38
Burley / Rupert	\$8.25-\$9.00	(2-R) \$12.50 (6-R) \$12.50	\$6.02-\$6.05	\$6.50	\$7.01
Hazelton					
Twin Falls / Eden / Buhl	\$8.10-\$9.00	(2-R) NQ (6-R) NQ	\$5.96-\$6.00	NQ	NQ
Weiser	\$8.50	(2-R) NQ (6-R) NQ	\$6.10	NQ	NQ
Nez Perce / Craigmont	\$7.30	(2-R) \$7.30 (6-R) \$7.30	\$6.51	\$7.31	\$7.66
Lewiston	\$7.80	(2-R) \$7.80 (6-R) \$7.80	\$6.76	\$7.56	\$7.91
Moscow / Genesee	\$7.30-\$8.00	(2-R) \$7.65 (6-R) \$7.65	\$6.53-\$6.67	\$7.33-\$7.47	\$7.68-\$7.68

## 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 \$7.25-\$7.35 Jan \$7.34-\$7.35	Sept \$8.08 -\$8.18 Jan \$8.13 ¾-\$8.20 ¾	Sept \$8.32-\$8.67 Jan \$8.39-\$8.54
Los Angeles	\$12.15	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$12.15	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	NQ	NQ	NQ
Great Falls	\$7.00	NQ	\$11.50	NQ	\$6.55-\$6.81	\$6.86-\$7.16
Minneapolis	\$8.23	NQ	NQ	NQ	\$7.73 (12%)	\$8.62-\$8.77

## Market trends this week

**BARLEY** – Local barley prices were mostly lower again this week with southern Idaho locations reporting no change to 75 cents lower and northern Idaho prices 25 cents lower. USDA won't report export sales until Friday due to Monday's Labor Day holiday.

**WHEAT** – Local wheat prices were also mostly lower this week: SWW ranged from no change to 20 cents lower; HRW ranged from 3 to 23 cents higher; and DNS ranged from 4 cents lower to 30 cents higher. USDA reported wheat export shipments last week beat expectations at 991 TMT. Cumulative wheat export shipments have reached 31% of the USDA estimate for MY 2013/14 compared to a 5-year average of 25.5%. Wheat export sales won't be reported until Friday due to Monday's holiday.

**Wheat Competitor / Buyer News** – The EU approved 550 TMT of soft wheat for export this week, bringing their wheat exports in the new marketing year to 4.5 MMT, more than double the pace a year ago. Egypt continued buying wheat this week from the Black Sea region.

**CORN** - Corn export inspections last week exceeded trade expectations at 443 TMT. Cumulative corn export shipments for MY 2013 (ended August 30) were 97.3% of USDA's projection compared to a 5-year average of 96%. Export sales

won't be reported until Friday due to Monday's holiday. Most analysts are releasing updated 2013 corn production estimates in the 13.4 to 13.5 billion bu range (still a record crop), ahead of USDA's Sept. 12 S&D report. In August, USDA pegged the 2013 corn crop at 13.763 billion bu.

**Ethanol corn usage** – DOE's Energy Information Agency reported U.S. ethanol production fell slightly last week, down 1,000 barrels or 0.12% to 819,000 bpd, and down 1.2% from a year ago. Corn used for ethanol totaled 86 million bu, bringing cumulative use for the marketing year to 4.52 billion bu, short of the **USDA estimate for the year of 4.65 billion bu**. Most analysts expect USDA will reduce ethanol usage by about 50 million bu in next week's monthly S&D report.

**Corn Competitor / Buyer News** – Brazil's second crop corn exports have already totaled 3.1 MMT, ahead of the previous year's pace. Last year Brazil shipped a record 22 MMT of corn onto the world market.

**Futures market activity this week**

**Global macroeconomic trends** – Chinese and European manufacturing indicators both showed surprising strength this week...China's Manufacturing PMI Index rose 0.7% to 51.0, the best level in 16 months while their Services PMI rose 1.5 to 52.8, the fastest expansion in 5 months. Eurozone manufacturing PMI rose to 51.4, the best level in 2 years. On the other hand, German factory orders were weaker than expected, falling 2.7% from the previous month but up 2.0% year on year.

**U.S. economic indicators** – Better than expected economic readings this week mostly overshadowed investor worries about an impending military strike against Syria. The ISM Manufacturing Index was better than expected at 55.7, the best performance since July 2011. U.S. construction spending also beat expectations, along with auto sales which posted double digit gains to reach the best levels since early 2007. Weekly unemployment claims were lower than expected again this week – ticking down 9,000 to 323,000 – with the four week average falling to the lowest level since 2007. Economists predict Friday's monthly jobs report will show 185,000 jobs were added last month with a lower unemployment rate of 7.3%, which if realized will be further ammunition for the Federal Reserve to begin reducing its monthly bond purchases later this month.

**WHEAT** – Wheat markets started the week lower on Tuesday after trading higher overnight. Early gains eroded on a higher dollar, advancing spring wheat harvest which showed strong yields but disappointing protein levels and spillover pressure from corn and soybeans. Prices moved slightly lower on Wednesday on spillover pressure and ideas that US wheat was being priced out of key import markets in the Middle East and North Africa. Wheat markets finished lower again today (Thursday) on little fresh supportive news and ideas that wheat is being replaced in domestic feed rations as new crop corn starts flowing into marketing channels. **Wheat market closes on Thursday, 9/05/13 ...**

	<b>Dec 2013</b>	<b>Weekly Summary</b>	<b>Mar 2014</b>	<b>Weekly Summary</b>
Chicago SRW	<b>\$6.40 ¼</b>	<b>Down \$0.13 ¾</b>	<b>\$6.53 ¼</b>	<b>Down \$0.12 ¼</b>
KC HRW	<b>\$6.89 ¼</b>	<b>Down \$0.13 ¾</b>	<b>\$6.97</b>	<b>Down \$0.14</b>
MGE DNS	<b>\$7.11 ¼</b>	<b>Down \$0.19</b>	<b>\$7.25</b>	<b>Down \$0.16 ¾</b>

**CORN** – Corn prices to start the week mixed to lower on Tuesday under pressure from light harvest hedge pressure as harvest advances in the southeast and delta regions. Nearby (expiring Sept. contract) traded higher on strong commercial buying. Wednesday saw prices continue to fall on weakening cash basis and sharply lower soybeans which seem to have already factored in crop problems from the recent hot dry weather. Corn finished moderately lower again today (Thursday) as technical signals weaken. **Corn futures contract closes on Thursday, 9/05/13 for Dec 2013 contract at \$4.61, down \$0.21 and the Mar 2014 contract at \$4.74, down \$0.20½ for the week.**

**OTHER MAJOR FACTORS TO WATCH –**

**CRUDE OIL** – Crude oil prices continued to show high volatility as the world awaits news on a possible military strike against Syria. Tuesday saw prices move modestly higher to \$108.54 on reports that Israel and the U.S. had conducted a joint missile launch in the Mediterranean Sea. However, prices turned sharply lower on Wednesday as geopolitical fears eased on clear signs that the U.S. military strike date was being pushed back. The weekly stocks report was bullish on Thursday, showing crude oil stocks decreased by 1.84 million bbls, compared to an expected decline of 1.5 million bbls; distillates increased by 549,000 bbls, compared to an expected increase of 1.0 million bbls; and gasoline stocks decreased by 1.83 million bbls, compared to an expected decline of 400,000 bbls. **Crude oil rebounded higher today (Thursday) - closing at \$108.37 – boosted by better than expected US economic readings and larger than expected inventory drawdown. Geopolitical worries continue to provide underlying support as a congressional vote to authorize a limited military strike against Syria inched forward.**

**U.S. WEATHER / CROP PROGRESS – PNW** – A slight cooling trend spread across the Interior Northwest this week, providing relief to a region that experienced the hottest summer on record. Widespread showers interrupted late season harvest and fieldwork in many areas. Temperatures are expected to remain above normal in the 6-10 day outlook. **Corn Belt / HRS spring wheat belt** – The U.S. mid section continued to experience late season heat and only lightly scattered showers this week. Temps are expected to remain above normal for the next 1-10 days with only limited shower activity. This heat is pushing crops rapidly toward maturity, reducing the threat of an early frost. At least 40% of the soybean crop

is at risk of lower yields due to heat stress. The 6-10 day outlook shows warmer than normal temperatures nationwide and near to below normal rainfall across the country, except in the Great Lakes and Ohio River Valley which show a wetter trend. **Central/Southern Plains** – Hot dry conditions persisted this week, promoting summer crop maturation, while also depleting soil moisture ahead of winter wheat planting. Due to improved moisture accumulation in August, HRW acres are expected to increase.

**USDA Crop Progress / Condition Report, September 3, 2013**

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	76% harvested	58%	90%	71%		66%	NA
<b>ID barley</b>	<b>89%</b>	<b>73%</b>	<b>85%</b>	<b>61%</b>		<b>64%</b>	<b>NA</b>
US spring wheat	64%	42%	93%	69%	70% g/ex	67%	NA
<b>ID spring wheat</b>	<b>89%</b>	<b>69%</b>	<b>82%</b>	<b>60%</b>	<b>63% g/ex</b>	<b>60%</b>	<b>NA</b>
<b>ID winter wheat</b>	<b>98%</b>	<b>93%</b>	<b>98%</b>	<b>90%</b>			
Corn	42% dented 4% mature	23% NA	84% 38%	61% 17%	56% g/ex	59%	22%

**INTERNATIONAL WEATHER / CROP PROGRESS -**

- **Canada** – Above normal temperatures continued to advance crop maturation and harvest.
- **Europe** – Small grain harvest was nearing completion and winter grain planting was beginning across the northern region. The southern region received some beneficial moisture to improve winter grain planting but it came too late to benefit summer crops which have experienced late season yield stress.
- **Black Sea Region** – Eastern Ukraine into southwestern Russia remained hot and dry accelerating corn maturation. Conditions remain unfavorable for winter wheat planting. Russia's Central District and the far east continued to receive periodic showers, slowing spring grain maturation and harvest. At the start of the week about 54% of the Russian wheat crop was reported to have been harvested.
- **Brazil / Argentina** – Brazilian winter wheat continued to see unfavorably wet conditions while Argentina's main wheat growing region was unseasonably cold which slowed crop development. Precipitation is expected to pick up in Argentina by the weekend.
- **Australia** – Beneficial showers covered key growing regions in the south and west but the north eastern growing region remained unfavorably dry. Rabobank has reportedly cut its Australian wheat production estimate by 2.5 MMT from a previous estimate of 25.4 MMT. Last month USDA pegged the Australian wheat crop at 25.5 MMT.