Idaho Grain Market Report, September 12, 2013

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, September 11, 2013. Barley prices in $/Cwt. and wheat prices in $/bu.

	Barley (Cwt.)		Wheat (bu.)		
Ashton	NQ	(2-R) $12.00 (6-R) $12.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	$9.00	(2-R) NQ (6-R) NQ	$5.85	$6.46	$7.02
Idaho Falls	$8.25	(2-R) $11.46-$12.50 (6-R) $11.46	$6.15	$6.54	$6.88
Blackfoot / Pocatello	NQ	(2-R) $12.00 (6-R) $12.00	$6.10	$6.95	$7.16
Grace / Soda Springs	$7.90	(2-R) NQ (6-R) NQ	NQ	$6.70	$7.16
Burley / Rupert Hazelton	$8.00-$9.00	(2-R) $12.50 (6-R) $12.50	$6.08-$6.10	$6.50	$6.80
Twin Falls / Eden / Buhl	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Weiser	$8.70	(2-R) NQ (6-R) NQ	$6.15	NQ	NQ
Nez Perce / Craigmont	$6.05	(2-R) $6.05 (6-R) $6.05	$6.43	$7.29	$7.45
Lewiston	$6.55	(2-R) $6.55 (6-R) $6.55	$6.68	$7.54	$7.70
Moscow / Genesee	$6.05-$6.75	(2-R) $6.05 (6-R) $6.05	$6.45-$6.59	$7.31-$7.45	$7.49-$7.61

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 $7.28-$7.35 Jan $7.34-$7.39	Sept $8.09 ¾-$8.14 ¾ Jan $8.09 ¾-$8.17 ¾	Sept $8.30-$8.35 Jan $8.37 ½ -$8.48 ½
Los Angeles	$11.80	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	$11.80	NQ	NQ	NQ	NQ	NQ
Ogden	$8.05	NQ	NQ	$6.31	$6.90	$7.73
Great Falls	$7.00	NQ	$10.75	NQ	$6.80-$6.86	$7.04-$7.09
Minneapolis	$7.08	NQ	$11.15	NQ	$7.69 ¾ (12%)	$8.10-$8.25

Market trends this week

BARLEY – Local barley prices were mostly lower again this week with southern Idaho locations reporting $1.04 lower to $.20 higher and northern Idaho prices reporting $1.25 lower. USDA reported that there were no barley export sales last week; however export shipments totaled .1 TMT for Taiwan.

USDA's S&D Projections for New MY 2013/14 for BARLEY – Sept. 12 – USDA made no changes to the U.S. barley balance sheet this month, leaving U.S. production unchanged at 218 million bu and U.S. ending stocks unchanged at 83 million bu. The average farm gate price for U.S. barley was also left unchanged at $5.40-$6.40. **World barley production was increased by 1.6 MMT this month to 141.7 MMT, up 10% from last year, led by increases for Canada, EU and Ukraine. World ending stocks were increased by .5 MMT to 22.4 MMT, up 14% from last year.**

WHEAT – Local wheat prices were mixed this week: SWW ranged from 15 cents lower to 25 cents higher; HRW ranged from 20 cents lower to 8 cents higher; and DNS ranged from 23 cents lower to 4 cents higher. USDA reported wheat export sales last week were within trade expectations at 551.9 TMT (543.9 TMT for MY 2013/14 and 8 TMT for MY 2014/15). Cumulative wheat export sales have now reached 55% of the USDA estimate for MY 2013/14 compared to a 5-year average of 45%. Wheat export shipments last week were again impressive at 911.9 TMT, down 5% from the previous week but up 9% from the prior 4-week average.

USDA's S&D Projections for New MY 2013/14 for WHEAT –Sept. 12 - USDA made only very minor tweaks to the U.S. wheat balance sheet by raising imports by 10 million bu to 140 million bu and raising ending stocks by an equal amount to 561 million bu. **This was 5 million bu ABOVE the average pre-report trade estimate of 556 million bu.** The average farm gate price for U.S. wheat was narrowed to $6.50-$7.50/bu. **World wheat production was raised by 3.5 MMT this month to 708.9 MMT, up 53 MMT from last year or 8%, led by bigger crops in Canada and the EU. World ending stocks were increased by 3.3 MMT to 176.3 MMT, up 1.4% from last year.**

Wheat Competitor / Buyer News – USDA raised their wheat production estimates for Canada by 2 MMT to 31.5 MMT, the EU by 1.7 MMT to 142.9 MMT and Ukraine by .5 MMT to 22.0 MMT. They left their production estimates unchanged for Australia at 25.5 MMT despite many local reports of crop stress in the eastern production area. CONAB cut their Brazilian wheat production estimate from 5.62 MMT to 4.95 MMT this week due to frost damage in Parana state. USDA pegged the Brazilian wheat crop at 4.75 MMT. Egypt continued to buy large volumes of Black Sea wheat this week.

CORN - Corn export sales were below trade expectations last week at 332.6 TMT for MY 2013/14 which began on Sept.1st. Cumulative corn export sales have now reached 41% of the USDA estimate for the new marketing year compared to a 5-year average of 36%. Corn export shipments last week were very slow at 171.2 TMT.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production increased last week by 29,000 bpd or 3.5% to 848,000 bpd, and up 3.9% from a year ago. Corn used for ethanol in the first week of the new marketing year totaled 86 million bu. Despite expectations for a cut in ethanol usage in the just completed Marketing Year 2012/13, **USDA increased corn used for ethanol last year by 15 million bu to 4.665 billion bu.**

USDA's S&D Projections for New MY 2013/14 for CORN – Sept. 12 - For MY 2012/13 which ended Aug. 31, USDA **cut old-crop ending stocks by 58 million bu to 661 million bu which was BELOW trade expectations**, due to better feed use (+25 million bu), ethanol (+15 million bu) and exports (+20 million bu).

For Marketing Year 2013/14… USDA surprised the market by increasing their yield estimate from 154.4 bpa to 155.3 bpa and leaving harvested acreage unchanged at 89.1 million acres. This resulted in a **higher production estimate of 13.843 billion bu, 80 million bu above the August estimate and 197 million bu ABOVE the average trade estimate.** The trade had expected an average yield of 153.69 bpa, harvested acres of 88.56 million and production of 13.646 billion bu. USDA left the demand side unchanged, resulting in an **18 million bu increase in ending stocks to 1.855 billion bu, which was 140 million bu ABOVE the average trade estimate of 1.697 billion bu.** The average farm gate price for U.S. corn was tightened to $4.40-$5.20/bu, compared to $6.90 in MY 2012/13. **World corn production was cut by nearly .5 MMT to 956.7 MMT, still a new record and up 11% from last year, while world ending stocks were increased by 1.25 MMT this month to 151.4 MMT, up 24% from last year.**

Corn Competitor / Buyer News – USDA cut Argentina's corn production estimate by 1 MMT to 26 MMT and exports by .5 MMT to 18.0 MMT. They left Brazilian production unchanged at 72 MMT, down from 81 MMT in MY 12/13, and Chinese production unchanged at 211 MMT. CONAB raised their Brazilian corn production estimate in MY 12/13 to 81.3 MMT, up 1 MMT from last month's projection. Argentina is expected to announce an increase in their corn export quota in MY 2012/13 from 17 MMT to 20 MMT.

Futures market activity this week

Global macroeconomic trends – More signs of strengthening economic growth in China this week, including better than expected exports and imports, industrial production which increased 10.4%, a 17 month high and retails sales jumped 13.4%, the fastest pace in 8 months. The Eurozone investor confidence index rose 11.4 pts this month to 6.5, well above expectations, and the best level in more than 2 years.

U.S. economic indicators – Last Friday's U.S. job growth report was disappointing, while inflation remains subdued, leading many investors to believe that the expected tapering of the Fed's monthly bond purchases may NOT begin in September.

WHEAT – Wheat markets began the week moderately lower on Monday, under more spillover pressure from corn and beans and ideas that US wheat was becoming less competitive on world markets, except for KC hard wheat sales to Brazil which have been a recent bright spot. Wheat futures closed higher on Tuesday in mostly positioning ahead of Thursday's S&D report and outside support. Continued short covering lifted wheat prices modestly higher on Wednesday. Wheat markets closed higher today (Thursday), boosted by sharply higher soybeans into the close. **Wheat market closes on Thursday, 9/12/13** …

	Dec 2013	Weekly Summary	Mar 2014	Weekly Summary
Chicago SRW	**$6.53**	**Up $0.05 ¼**	**$6.64 ¼**	**Up $0.04**
KC HRW	**$7.01 ¾**	**Up $0.06 ¼**	**$7.08**	**Up 0.04 ¼**
MGE DNS	**$7.14 ¾**	**Up $0.02**	**$7.25**	**Down $0.01 ¼**

CORN – Corn finished lower on Monday under pressure from disappointing corn export shipments and harvest advancing northward and weakening cash basis. Corn prices rebounded on Tuesday in short covering ahead of USDA's production report on Thursday. Choppy quiet trade pushed corn prices modestly higher again on Wednesday on trade expectations of a cut in corn yield and output. A bearish S&D report pushed corn prices lower today (Thursday) as USDA surprised the market with better than expected yields. Disappointing export sales added to the pressure. **Corn futures contract closes on Thursday, 9/12/13 for Dec 2013 contract at $4.66 ¼, down $0.02 and the Mar 2014 contract at $4.78½, down $0.02½ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – More volatility for crude oil prices this week as uncertainties remained about a potential military strike against Syria. Prices fell more than a dollar on Monday - to close at $109.52 - as reduced Middle East fears eased somewhat on signs that a diplomatic solution might head off a potential U.S. military strike. Tuesday saw prices continue to sharply erode on lowered risk premiums and an increase in Libyan oil production from 200,000 bpd to 600,000 bpd. Crude chopped around on Wednesday but closed mostly unchanged with lower geopolitical risks offseting stronger equities and bullish economic indicators. The weekly stocks report was mostly bearish, showing crude oil stocks decreased by 219,000 bbls, compared to an expected decline of 2.1 million bbls; distillates increased by 2.59 million bbls, compared to an expected increase of 600,000 bbls; and gasoline stocks increased by 1.66 million bbls, compared to an expected decline of 1.0 million bbls. **Crude oil rebounded higher today (Thursday) - closing at $108.60 – as a modest risk premium crept back into the market as doubts grow about whether there is a quick remedy to the conflict over Syrian chemical weapons.**

U.S. WEATHER / CROP PROGRESS – **PNW –** Conditions remained warm and mostly dry this week with some scattered showers slowing final harvest. Winter wheat planting is off to a rapid start. While cooler, temperatures are expected to remain above normal with potential showers across the PNW and Intermountain West into next week. **Corn Belt** / **HRS spring wheat belt** –Scattered showers brought significant relief to some areas over the weekend but there were no widespread rains. The first half of the week was warm and mostly dry, except for a band of showers from NE and SD extending into the Great Lake region. But this late-season heat wave gave way to a cold front moving through the central US on Thursday bringing cooler temperatures and showers into the weekend across the Western Corn Belt and Plains. **Central/Southern Plains** – Warm and showery this week across the West Central Plains slowing planting, with chances for more moisture for Oklahoma and Kansas into next week, improving conditions for winter wheat planting. Expected to be warm in the 6-10 day outlook.

USDA Crop Progress / Condition Report, September 9, 2013

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	89% harvested	76%	95%	82%			
ID barley	**95%**	**89%**	**92%**	**76%**			
US spring wheat	80% harvested	64%	97%	79%			
ID spring wheat	**95%**	**89%**	**93%**	**78%**			
US winter wheat	5% planted	NA	4%	5%			
ID winter wheat	**10%**	**NA**	**3%**	**5%**			
Corn	64% dented 9% mature	42% 4%	92% 55%	75% 28%	54% g/ex	56%	22%

INTERNATIONAL WEATHER / CROP PROGRESS -

- **Canada –** Above normal temperatures continued to advance crop maturation and harvest, with reports of better than expected yields.
- **Europe –** Small grain harvest was nearing completion and winter grain planting was beginning across the northern region. Recent shower activity replenished soil moisture but slowed planting in the UK and southwestern France. Central and Southern Europe saw favorably dry and warm weather accelerating corn harvest.
- **Black Sea Region** – Eastern Ukraine into Southern Russia finally received beneficial moisture replenishing soil moisture for winter wheat planting. Russia's Central District continued to receive unwelcome moisture, slowing grain maturation and harvest. Eastern Russia and Kazakhstan saw favorably warm and dry weather, aiding spring grain maturation and harvest.
- **Brazil / Argentina –** Rain showers brought much needed moisture to the Mato Grosso area of Brazil while rains in southern part of the country continued to slow wheat harvest for some potential for crop damage Drier weather is in the extended forecast. Warm and showery conditions were mostly favorable for the main wheat belt of Argentina, but some areas remained dry. Forecasts show better chances for rain over the next 2 weeks.
- **Australia –** Heavy rainfall soaked Western Australian grain areas, while the southeastern regions were mostly warm and dry. North central production areas remained unfavorably hot and dry.