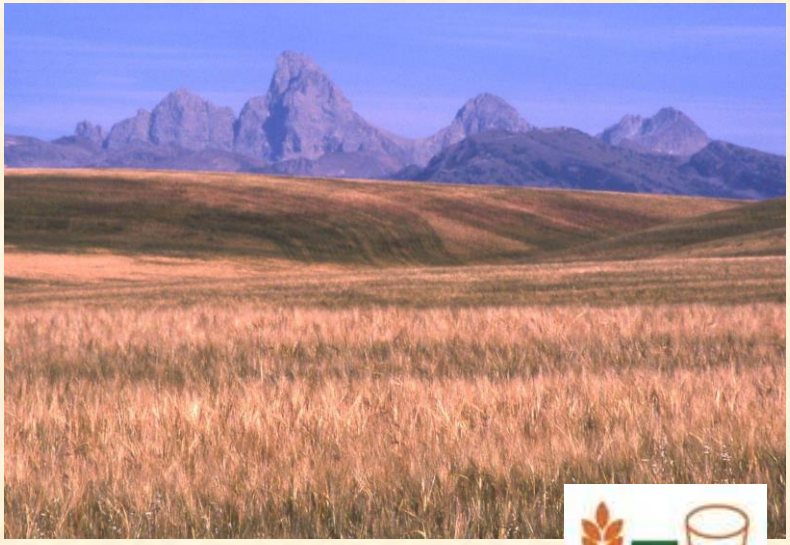
IDAHO BARLEY COMMISSION

2015/16 Idaho Grain Outlook



Kelly Olson, kolson@barley.idaho.gov

Idaho Ag Lenders, August 14, 2015

IDAHO BARLEY COMMISSION

Key Points

- 2015 Idaho Grain Crop Highlights
- Outside Market Influences / Volatility
- World & U.S. Grain Market Fundamentals
- Barley, Corn and Wheat Market Trends

Idaho Barley Highlights

Harvested acreage	**580,000 acres**	+14%
Ave. Yield	**100.0 bu/Ac**	+6%
Production	**58,000,000 bu**	+21%

- **28% of U.S. total barley production**
- **Good overall quality but excessive heat lowered plumps**
- **2015 malting barley contract prices are steady to 10% lower**
- **2014 Idaho farm-gate receipts estimated at $<u>266 million</u>, down 22% from 2013 and 5th largest Idaho cash crop**

Idaho Wheat Highlights

Harvested acreage	**1,270,000 acres**	+7%
Ave. Yield	**77 bu/Ac**	-4%
Production	**95,590,000 bu**	+3%

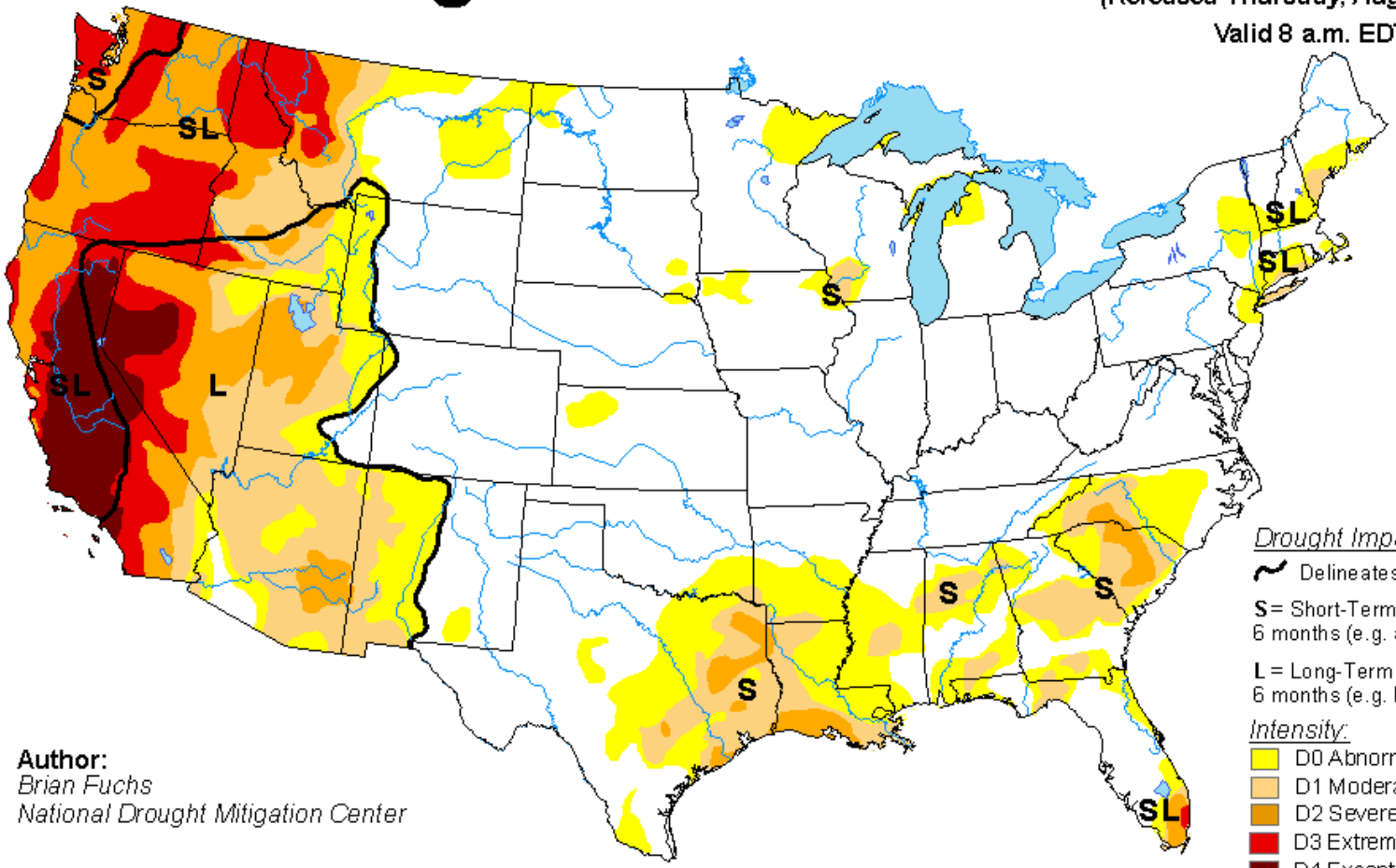
- **Drought has taken toll on yields and test weight**
- **Spring 2015 Idaho SW and HRS prices enjoyed strong basis but eroded into Aug 2015**
- **2014 Idaho farm-gate receipts estimated at <u>$646 million</u>, down 13% from 2013 and 2nd largest Idaho cash crop**

U.S. Drought Monitor

August 11, 2015

(Released Thursday, Aug. 13, 2015)

Valid 8 a.m. EDT



Author:
Brian Fuchs
National Drought Mitigation Center

Drought Impact Types:

Delineates dominant impacts

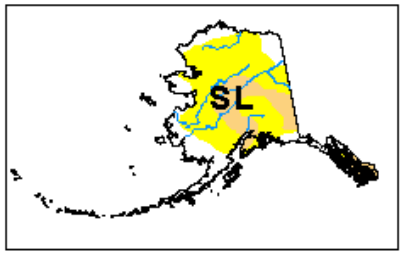
S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)

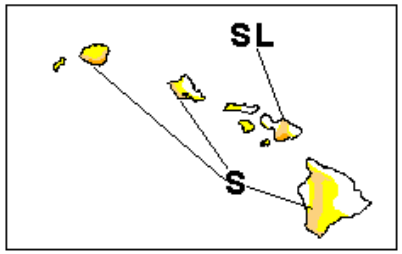
L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

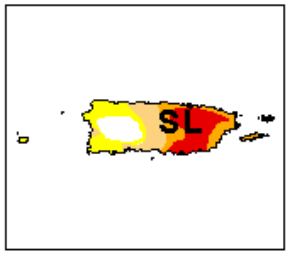
Intensity:

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

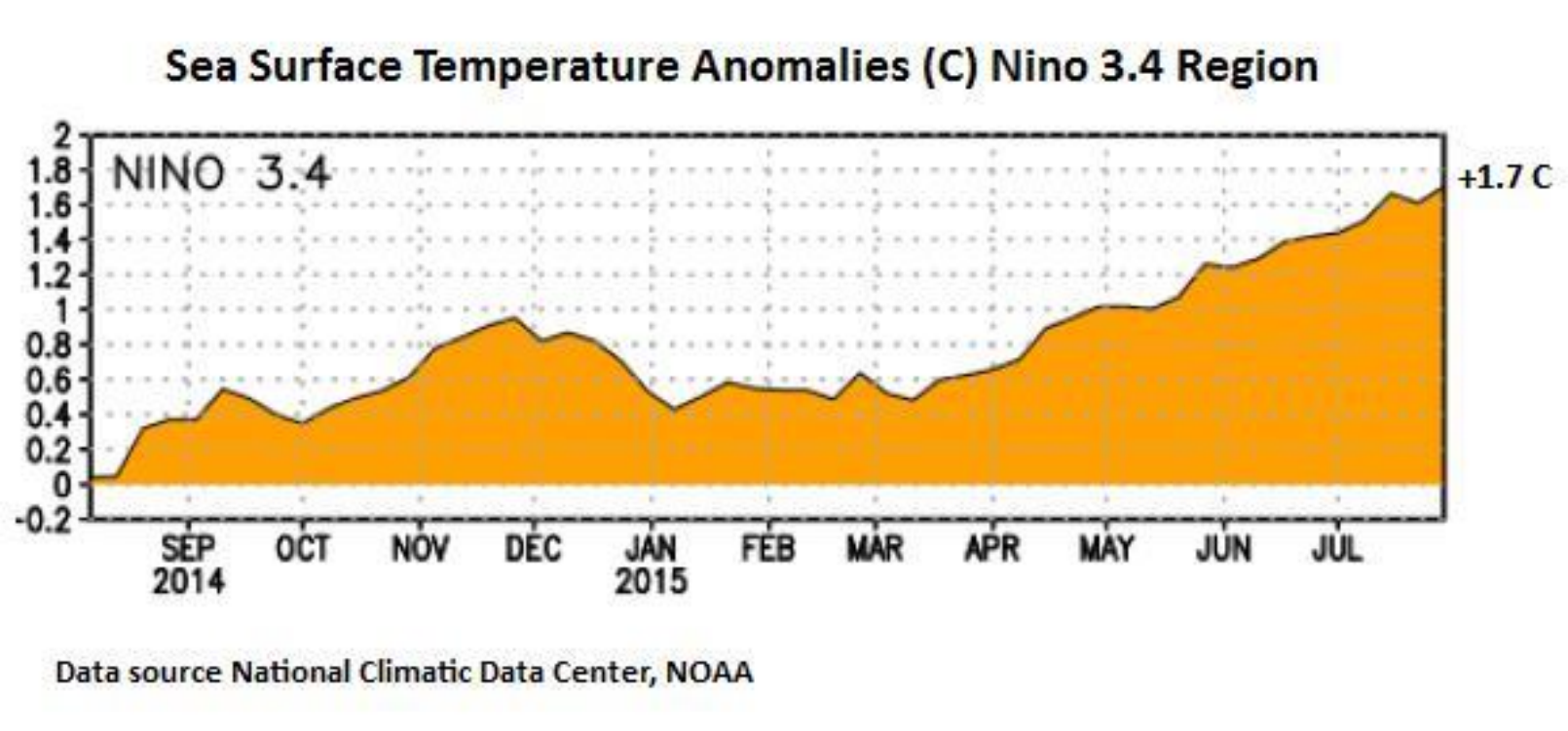
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.





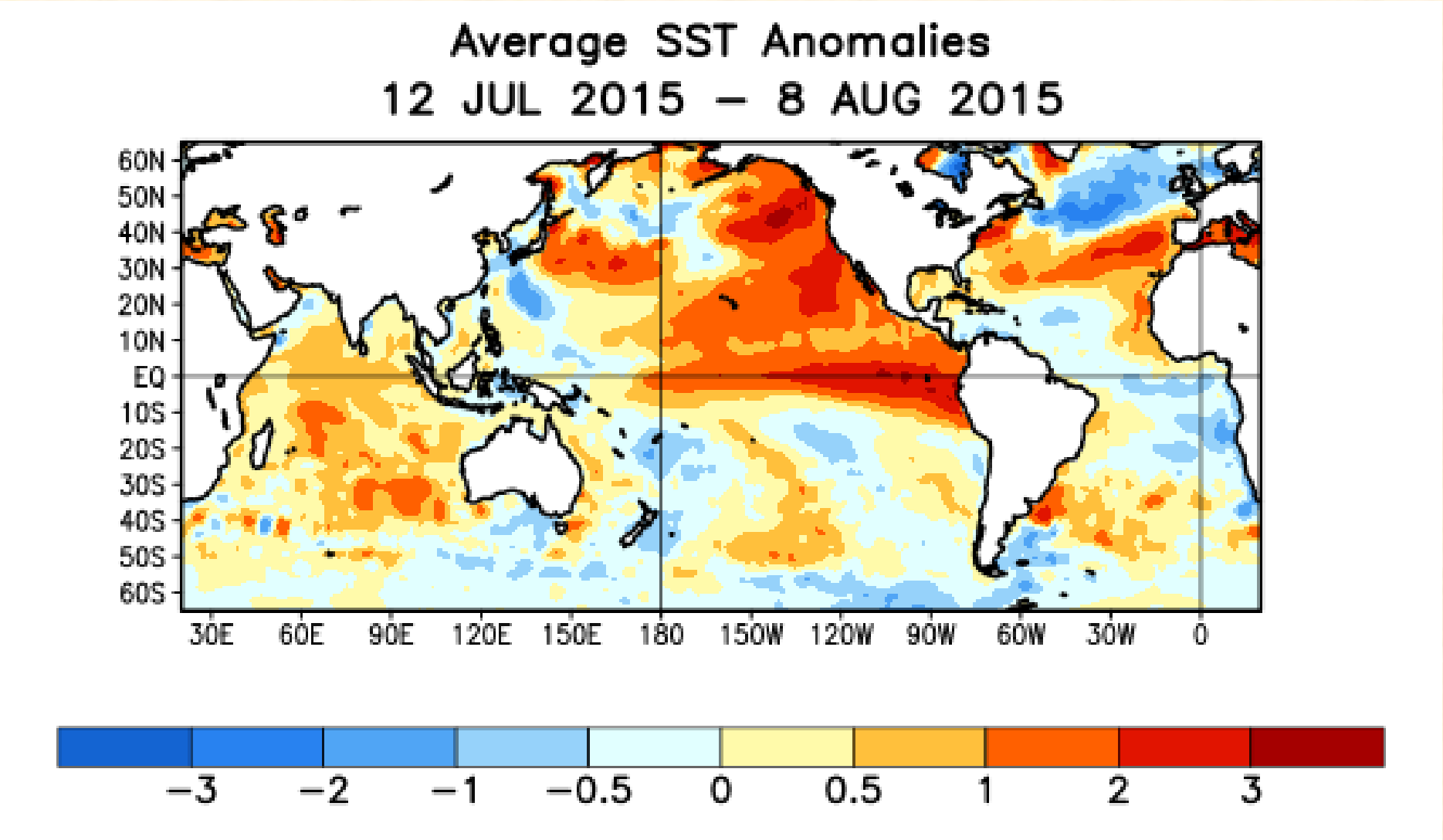


http://droughtmonitor.unl.edu/

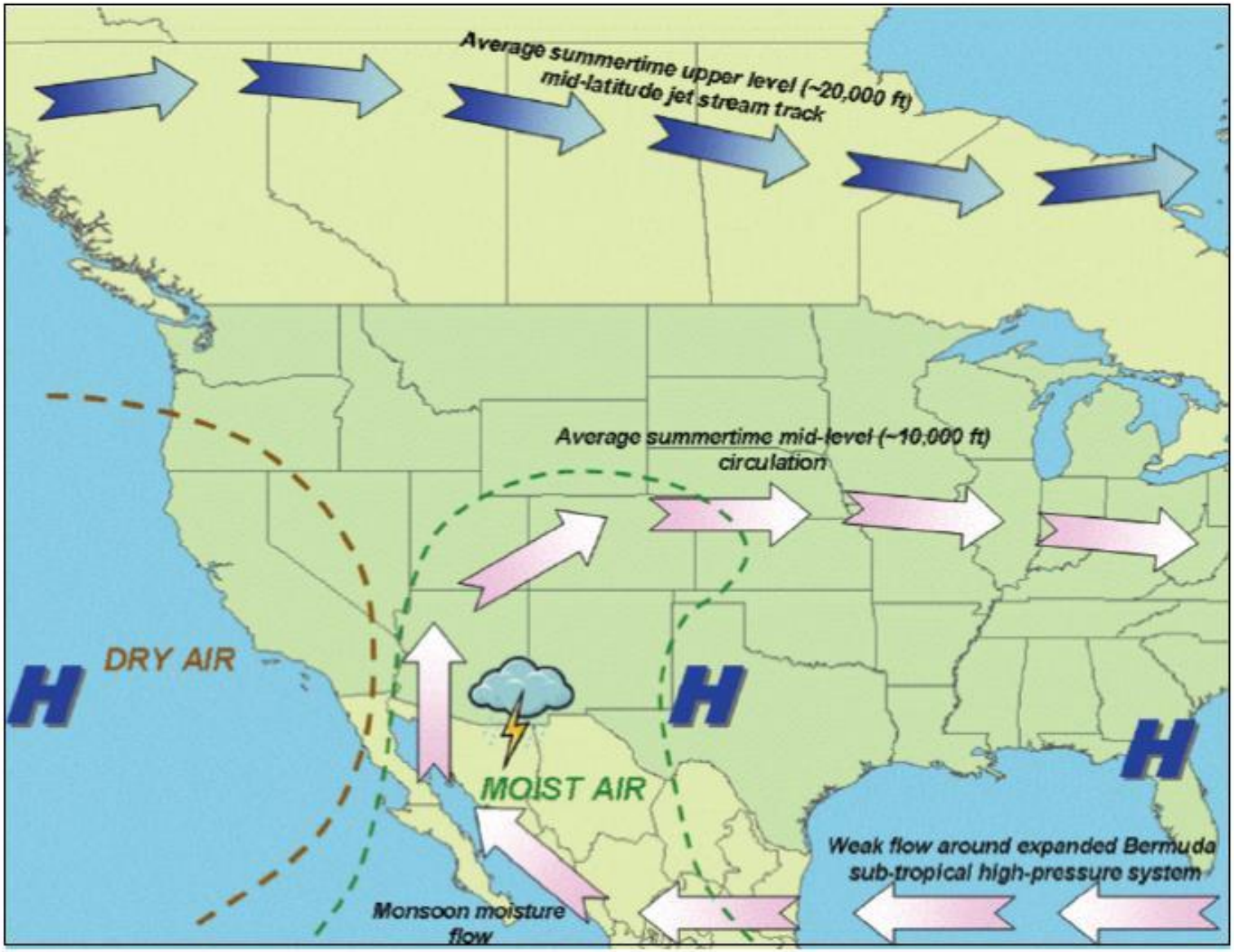


Strong El Nino Signal – peaked at 1.7 C above average in early August, representing exceptional warming trend.

- **NOAA - greater than 90% chance that El Niño will continue through Northern Hemisphere winter 2015-16 and 85% chance it last into early spring 2016.**
- Rain maker in Central U.S.


Average SST Anomalies
12 JUL 2015 – 8 AUG 2015
60N
50N
40N
30N
20N
10N
EQ
10S
20S
30S
40S
50S
60S
30E
60E
90E
120E
150E
180
150W
120W
90W
60W
30W
0
−3
−2
−1
−0.5
0
0.5
1
2
3

Southwest Monsoon Circulation

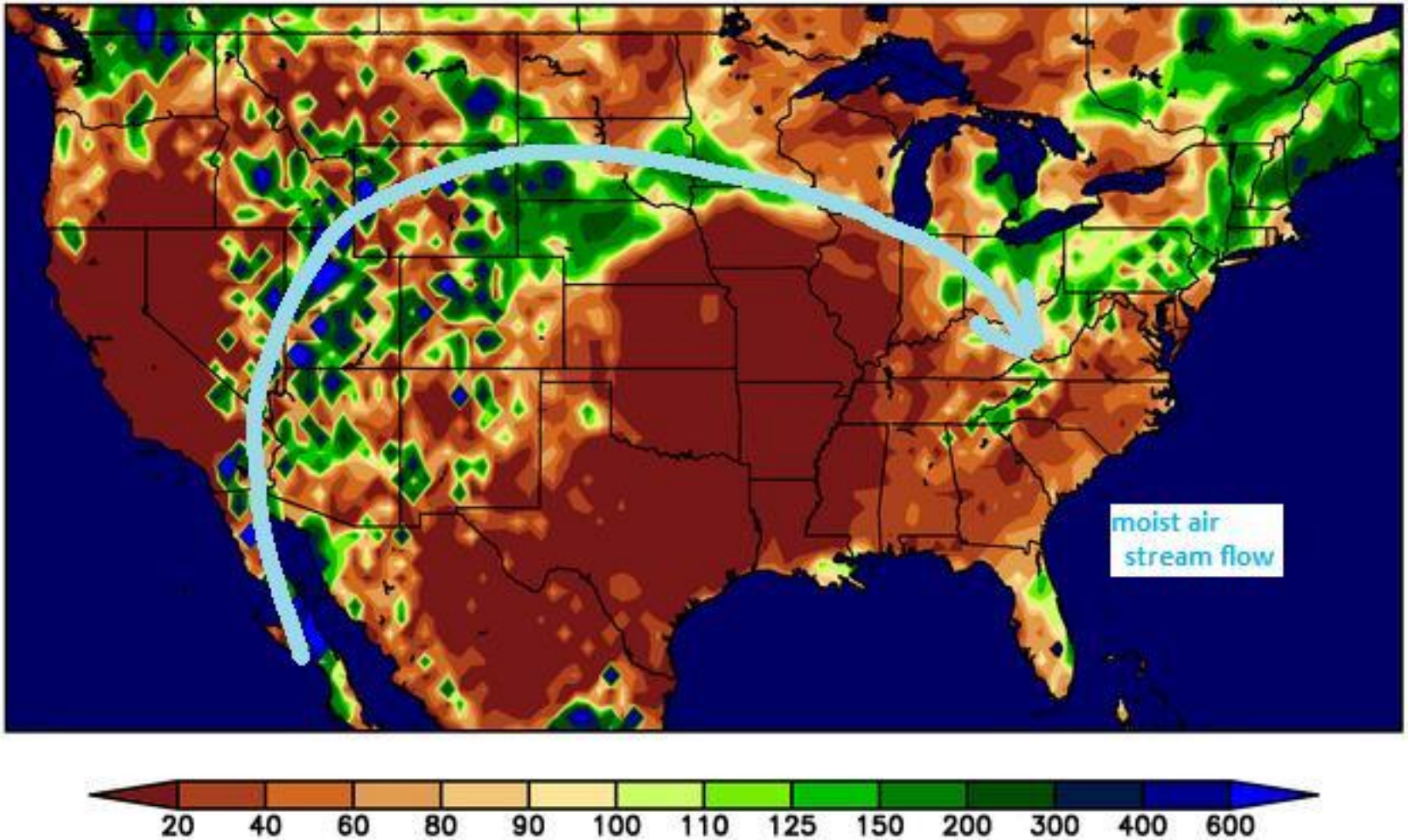


Data source Arixon Cooperatative Extension Agency

Martell Crop Projections

7-day GFS Precipitation Forecast (pct of normal)

11 August 2015 – 17 August 2015



Outside Market Influences

- **Speculative $$$ Bearish Grains**
- **Strong dollar hurts grain exports**
- **Global economic worries**
  - Chinese and European economies slowed
  - Dollar at 11+ year high
  - Global economic growth prospects ?

DXU15 - U.S. Dollar Index - Daily Line Chart
DXU15: 96.510
$101.30
$96.29
$84.80
MY 14/15 Exports
Wheat 28%
Corn 4%
102.000
100.000
98.000
96.510
94.000
92.000
90.000
88.000
86.000
84.000
Oct 14
Nov
Dec
Jan 15
Feb
Mar
Apr
May
Jun
Jul
Aug

MY 2015/16 World Grain S&D USDA, Aug 12, 2015

	World Barley	U.S. Barley	World Corn	U.S. Corn	World Wheat	U.S. Wheat
Output	139.4 MMT - 1%	4.5 MMT + 19%	985.6 MMT - 2%	347.6 MMT - 4%	726.5 MMT + 0.2%	58.1 MMT + 5%
Use	141.9 MMT + 0.9%	4.6 MMT + 12%	987.9 MMT + 0.4 %	302.9 MMT + 0.6%	714.7 MMT + 0.8%	33.7 MMT + 7%
Ending	21.4 MMT - 11%	1.7 MMT + 1%	195.1 MMT - 1 %	43.5 MMT - 4%	221.5 MMT + 6%	23.1 MMT + 13%
Stocks / Use (previous year)	15% (17%)	35% (39%)	19.7% (20%)	12% (13%)	31% (30%)	39% (37%)

Grain Price Outlook

	Barley	Corn	Wheat
USDA MY 2015/16	$4.20-5.00	$3.35–3.95	$4.65-5.55
<u>Idaho prices</u>	2015 Idaho malt contract prices $5.50-6.24		SWW $5.00-5.20 HRS $4.90-5.20
	Open mkt $4.32 - $5.50		Local basis has deteriorated since spring

Barley Market 2015/16

- **Bigger U.S. production after 2014 crop losses & open market prices are softening**
- **U.S. production +19%**
- **U.S. usage +12%**
- **U.S. Ending Stocks +1%**
- **World Ending Stocks -11%**

- **World stocks-to-use 15%**
- **U.S. stocks-to-use 35%**

Barley Price Outlook

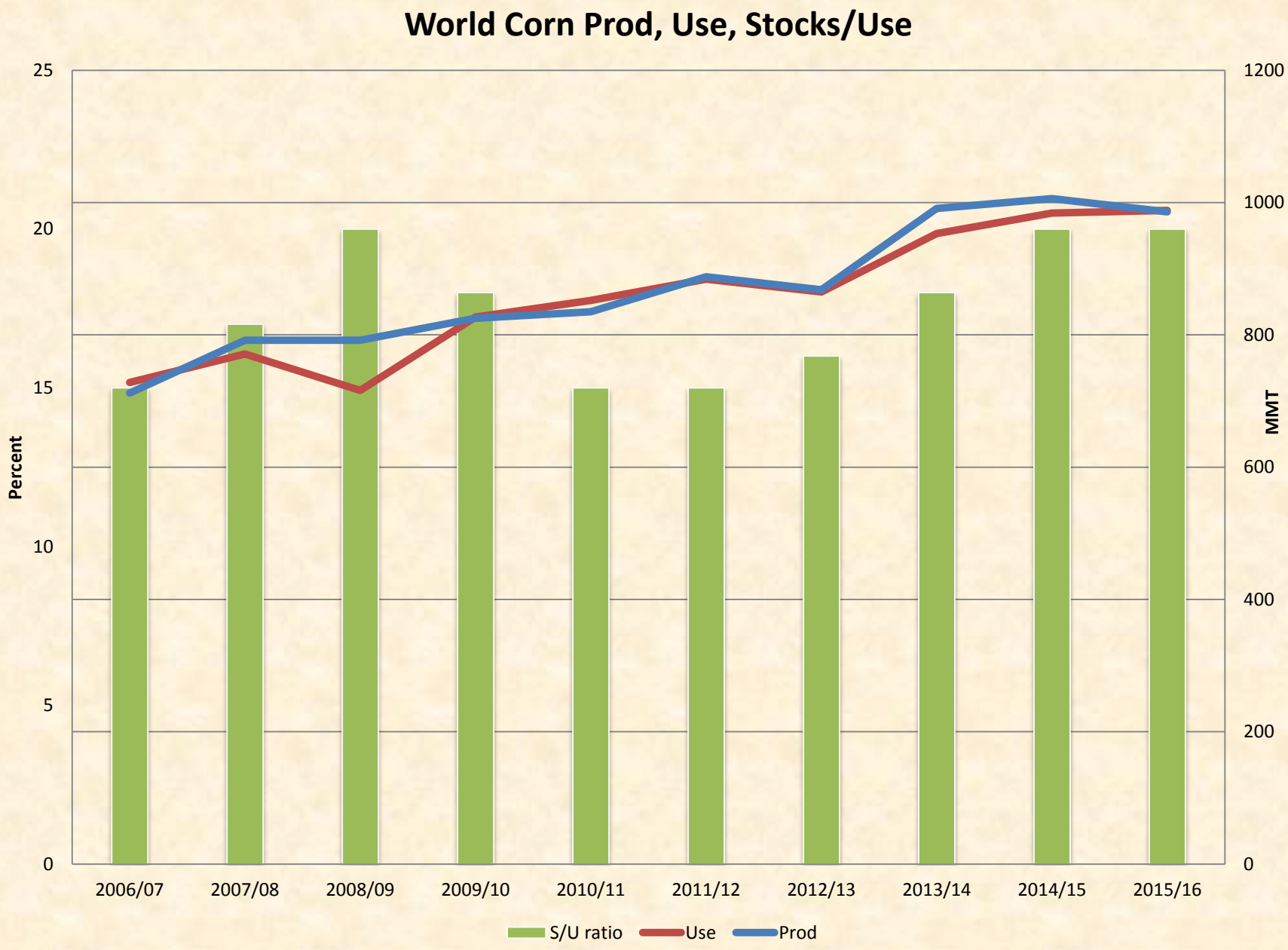
- **Ave. U.S. farm-gate price projection:**
  MY 2015/16* - $4.60/bu, down 13%
  MY 2014/15 - $5.30, down 13%
  MY 2013/14 - $6.06, down 6%
  MY 2012/13 - $6.43, up 20%
- **Idaho open mkt. malting barley prices**
  $4.32 – 5.50/bu Aug 2015 **vs**.
  $4.80 – 5.00/bu Aug 2014
- **Idaho feed barley prices**
  $2.45 - 3.36/bu Aug 2015 **vs.**
  $2.88- 3.48/bu Aug. 2014

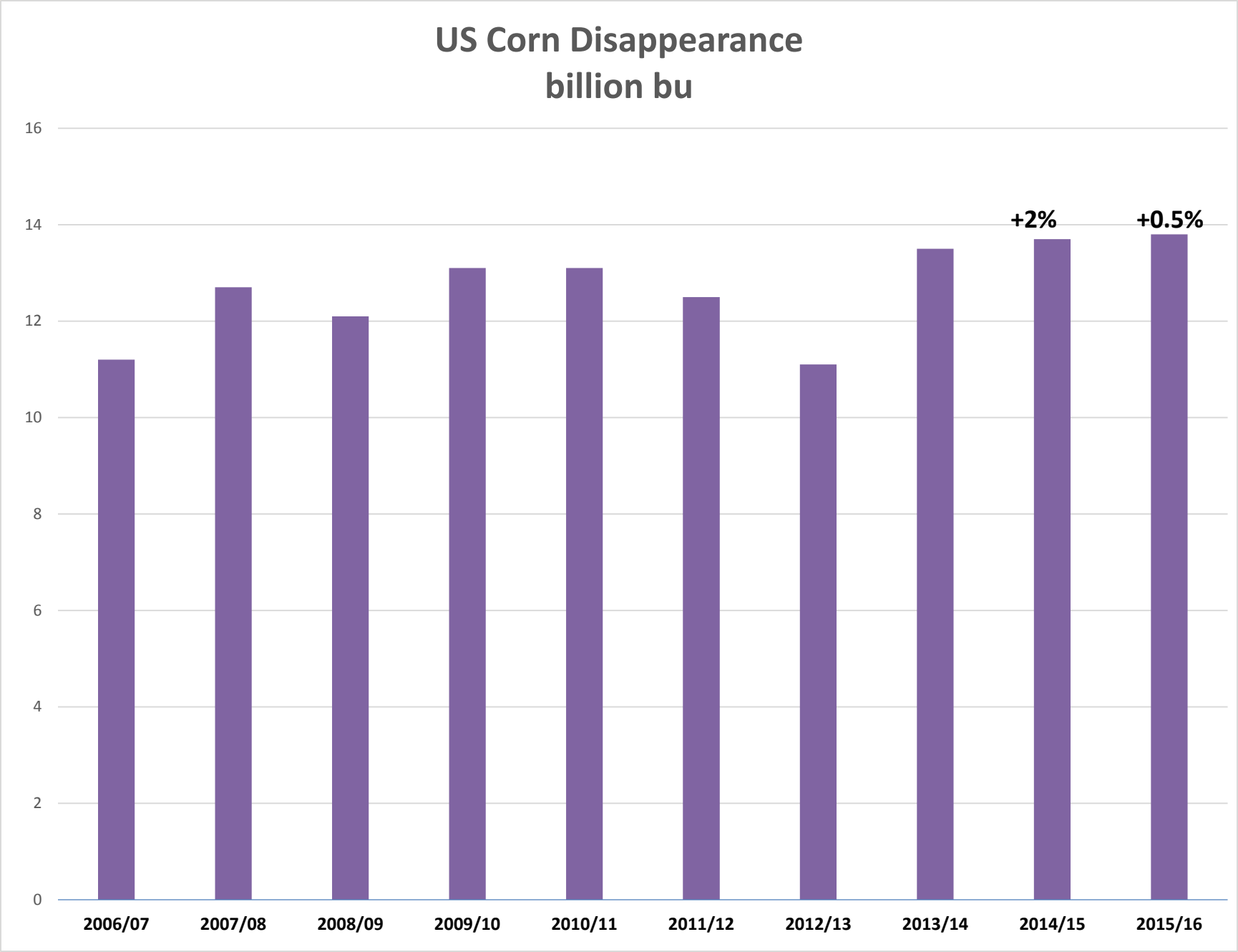
**USDA Aug12, 2015 projected*

Corn Market 2015/16

- World production -2%
  - Bigger crops – China (+4%)
  - Smaller crops – EU (-17%)
- U.S. production - 4%
  - Harvested acreage -2%
  - Yield 168.8 bpa -1.3%
- U.S. usage +0.5%
- U.S. Ending Stocks – 4%
- World Ending Stocks –1%

- **World corn stocks-to-use 20%**
- **U.S. corn stocks-to-use 12%**


World Corn Prod, Use, Stocks/Use
Percent
MMT
25
20
15
10
5
0
1200
1000
800
600
400
200
0
2006/07
2007/08
2008/09
2009/10
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16
S/U ratio
Use
Prod


US Corn Disappearance
billion bu
16
14
12
10
8
6
4
2
0
+2%
+0.5%
2006/07
2007/08
2008/09
2009/10
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16

ZCZ15 - Corn - Daily Line Chart
ZCZ15: 374-2
SMA (20): 392-0
$4.39
$4.51
$3.66
$3.63
$3.74
460-0
450-0
440-0
430-0
420-0
410-0
400-0
390-0
380-0
374-2
370-0
360-0
350-0
Sep 14
Oct
Nov
Dec
Jan 15
Feb
Mar
Apr
May
Jun
Jul
Aug

ZC - Corn - Weekly Nearest Line Chart
ZCZ15: 363-0
$8.24
$5.05
$4.20
$4.21
$3.33
850-0
800-0
750-0
700-0
650-0
600-0
550-0
500-0
450-0
400-0
363-0
300-0
2011
2012
2013
2014
2015

Corn Price Outlook

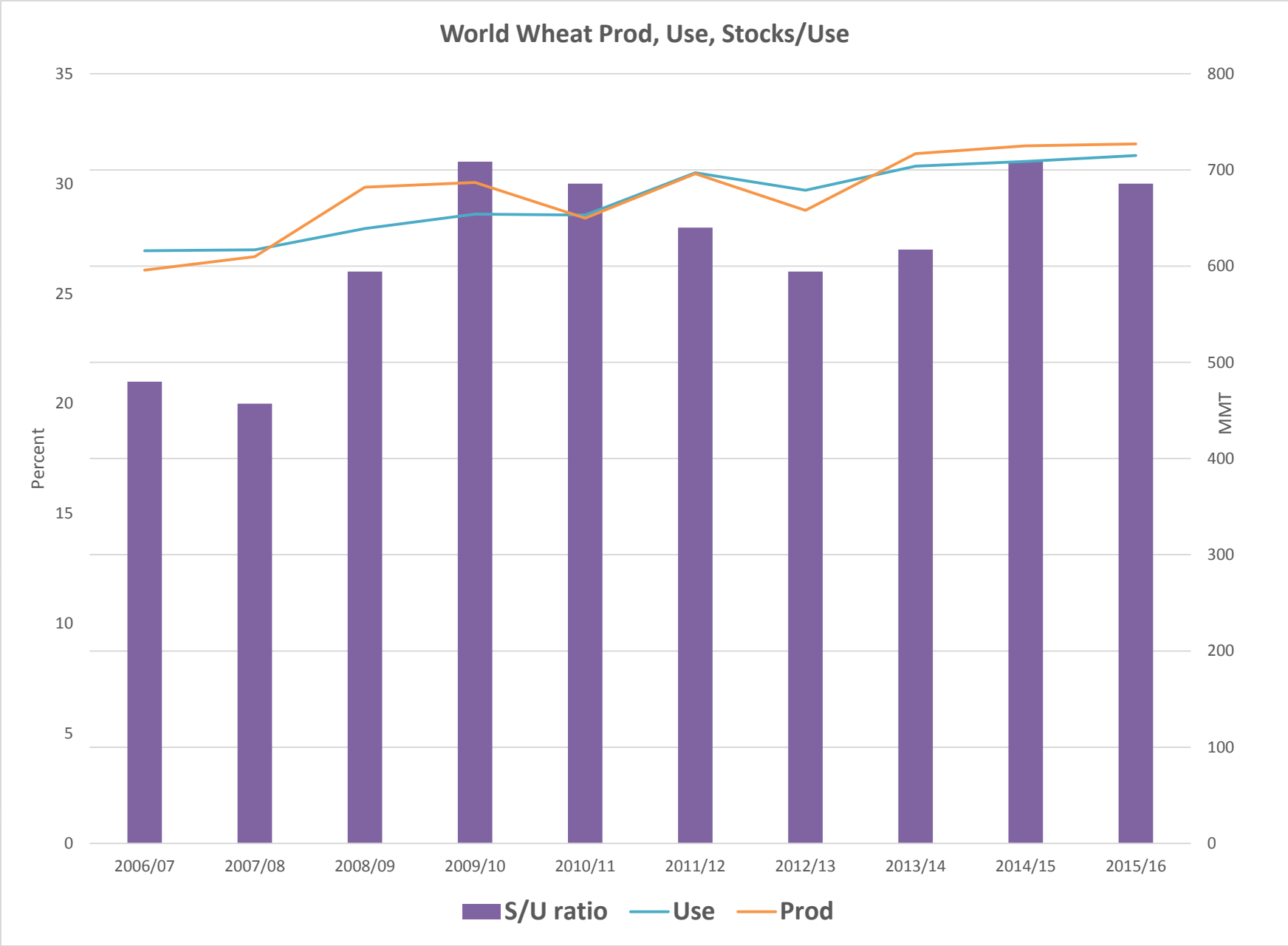
- **Ave. U.S. farm-gate price projection:**
  <u>MY 2015/16* - $3.65/bu, down 1%</u>
  MY 2014/15 - $3.70/bu, down 17%
  MY 2013/14 - $4.46, down 35%
  MY 2012/13 - $6.89, up 11%

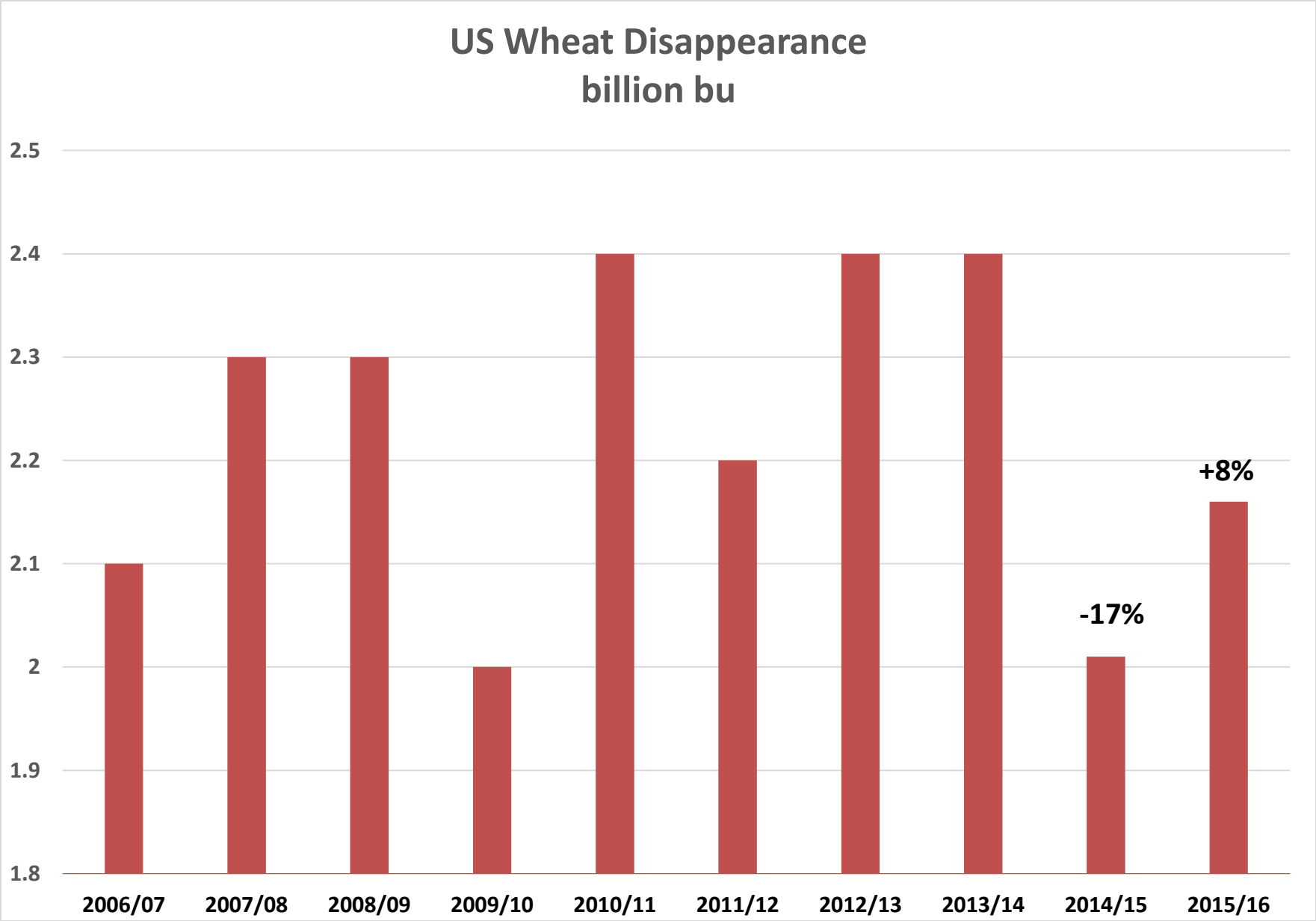
**USDA Aug. 12, 2015 projected*

Wheat Market 2015/16

- **RECORD global wheat crop, up 0.2%**
- **U.S. up 5%**
- **Total U.S. usage up 8%**
- **U.S. wheat export sales pace has been very sluggish, up 8% (down 27% in 2014/15)**
- **U.S. feed usage up 1%**
- **Rebuilding stocks +13%**

- **World stocks-to-use 31%**
- **U.S. stocks-to-use 39%**


World Wheat Prod, Use, Stocks/Use
35
30
25
20
15
10
5
0
Percent
800
700
600
500
400
300
200
100
0
MMT
2006/07
2007/08
2008/09
2009/10
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16
S/U ratio
Use
Prod


US Wheat Disappearance
billion bu
2.5
2.4
2.3
2.2
2.1
2
1.9
1.8
-17%
+8%
2006/07
2007/08
2008/09
2009/10
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16

ZWU15 - Wheat - Daily Line Chart
ZWU15: 503-6
SMA (20): 510-3
$6.60
$6.15
$5.15
$5.02
$4.74
680-0
660-0
640-0
620-0
600-0
580-0
560-0
540-0
520-0
503-6
480-0
460-0
Sep 14
Oct
Nov
Dec
Jan 15
Feb
Mar
Apr
May
Jun
Jul
Aug

ZW - Wheat - Weekly Nearest Line Chart
ZWU15: 503-4
$9.43
$7.14
$6.32
$5.73
$4.74
$5.03
950-0
900-0
850-0
800-0
750-0
700-0
650-0
600-0
550-0
503-4
450-0
2011
2012
2013
2014
2015

Wheat Price Outlook

- **Ave. U.S. farm-gate price projection:**
  MY 2015/16* - $5.10/bu, down 15%
  MY 2014/15 - $5.99/bu, down 13%
  MY 2013/14 - $6.87, down 12%
  MY 2012/13 - $7.77, up 7%

- **Idaho SWW prices:** $5.00 – 5.20/bu Aug 2015 vs. $5.50-5.60 Aug 2014
- **Idaho HRS prices:** $4.90 – 5.22/bu Aug 2015 vs. $6.05 – 6.25 Aug 2014

**USDA Aug 12, 2015 projected*

Thank You

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