

# Idaho Grain Market Report, May 5, 2011

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, May 4, 2011. 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) \$11.50 (6-R) NQ	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$10.50	(2-R) NQ (6-R) NQ	\$7.20	\$7.51	\$10.27
Idaho Falls	\$11.00	(2-R) \$11.25-\$11.75 (6-R) \$11.25	\$7.15	\$7.84	\$10.62
Blackfoot / Pocatello	\$11.45	(2-R) \$11.50 (6-R) NQ	\$7.55	\$7.66	\$11.10
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert Hazelton	\$11.25-\$11.50	(2-R) \$11.25 (6-R) \$11.25	\$7.40-\$7.50	\$7.40	\$10.23
Twin Falls / Eden / Buhl	\$11.50-\$12.50	(2-R) NQ (6-R) NQ	\$6.90-\$7.00	NQ	NQ
Weiser	\$11.50	(2-R) NQ (6-R) NQ	\$6.74	NQ	NQ
Nez Perce / Craigmont	\$10.60	(2-R) \$10.60 (6-R) \$10.60	\$7.04	\$8.46	\$11.49
Lewiston	\$10.85	(2-R) \$10.85 (6-R) \$10.85	\$7.23	\$8.65	\$11.68
Moscow / Genesee	\$10.65-\$11.75	(2-R) \$10.65 (6-R) \$10.65	\$7.00-\$7.80	\$8.42-\$8.90	\$11.45-\$11.76

## 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	May \$7.65-\$7.85 Aug NC \$7.65-\$7.85	May \$9.08-\$9.23 Aug NC \$8.95	May \$11.80-\$12.15
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$12.00	NQ	NQ	\$7.80	\$8.00	\$10.85
Great Falls	\$10.00-\$10.05	NQ	\$11.00	NQ	\$6.64-\$6.79	\$8.87-\$8.97
Minneapolis	\$10.31	NQ	\$13.02	NQ	\$8.60 ¼ (12%)	\$11.90 ¼ - \$12.40 ¼

## Market trends this week

**BARLEY** – Local barley prices were slightly lower this week ranging from no change to \$1.00 lower in southern Idaho and from no change to \$.50 lower in northern Idaho. USDA reported that there were no barley export sales last week, while exports totaled .3 TMT for Taiwan.

**WHEAT** – Local wheat prices were also mostly lower this week: SWW ranged from 40 cents lower to 5 cents higher; HRW ranged from 23 to 62 cents lower; and DNS ranged from 4 to 60 cents lower. USDA reported that wheat export sales last week for both MY 2010/11 and MY 2011/12 were above trade expectations, with old crop sales totaling 273.9 TMT and new crop sales at 275.7 TMT, up 3% from the previous week but down 16% from the prior 4-week average. Wheat export shipments last week totaled 867.1 TMT, up 5% from the previous week and 11% from the prior 4-week average.

**Wheat Competitor/Buyer News** – The EU granted wheat export licenses for 305 TMT of wheat this week, bringing their cumulative wheat exports for the year to 16.8 MMT, compared to 15.0 MMT for the same period a year ago.

**CORN** – Corn export sales last week were well below trade expectations at 284.2 TMT, down 19% from the previous week and 53% from the prior 4-week average. Corn export shipments last week totaled 798.5 TMT, down 12% from the previous week and 19% from the prior 4-week average.

**Ethanol corn usage** – DOE’s Energy Information Agency reported that U.S. ethanol production slowed a bit last week, totaling 875,000 bbls, down 0.91% from the previous week but up 5.17% from last year – **representing a weekly corn use of 91.87 million bushels which remains below the weekly pace of 100.7 million bu needed to meet USDA’s marketing year demand estimate of 5 billion bushels.** At the current usage pace, many analysts are beginning to speculate that USDA will ratchet down its ethanol consumption estimate in this month’s supply and demand forecast.

**Corn Competitor/Buyer News** – Sinograin finally confirmed that it had purchased 1 MMT of U.S. corn for China back in March. The first of the shipments were being loaded at a PNW port this week. Sinograin said no further corn imports would be needed from the U.S. this year, claiming their supply and demand are largely “balanced.” South Korea purchased 275 TMT of feed wheat this week at a significant discount to U.S. corn prices.

**Futures market activity this week**

**WHEAT** – Wheat markets began the week lower, falling double digits after a strong finish the previous Friday. Pressure from weak outside markets and erratic investor money flow in the wake of news of Osama bin Laden’s death triggered significant fund liquidation. Wheat prices closed mixed to lower on Tuesday, with early selling triggered by a firmer dollar and continued commodity wide selling. KCBT led the gains on concerns about deteriorating crop conditions. Wheat prices fell sharply again on Wednesday in the face of continued weakness in outside markets and little fresh supportive news. Wheat futures saw extended doubled-digit losses today (Thursday) as a collapse in silver and crude oil and a firmer US dollar triggered commodity-wide fund selling. **Wheat futures market closes on Thursday, 05/05/11 -please note that we have shifted to July and Sept. contracts...**

	<b>July 2011</b>	<b>Weekly Summary</b>	<b>Sept 2011</b>	<b>Weekly Summary</b>
Chicago	\$7.54	Down \$0.47 ¼	\$7.97 ¼	Down \$0.49 ¼
Kansas City	\$8.57	Down \$0.45	\$8.75 ¼	Down \$0.45 ¼
Minneapolis DNS	\$8.95 ½	Down \$0.52 ½	\$8.98 ½	Down \$0.48 ½

**CORN** – Corn markets began the week under considerable pressure on spillover weakness in outside markets and talk of a drier outlook for the Western Corn Belt early this week. Corn markets continued to slump on Tuesday in active late session fund selling, although new crop prices saw support from concerns about planting delays confirmed by USDA’s crop progress report which showed corn planting at only 13% complete compared to an expected 15-17% and 40% on average. Wednesday saw a rebound in corn prices as traders turned their attention back to tight supplies and planting delays in a year that has little margin of error in the balance sheet. However these gains could not be sustained, as corn finished sharply lower today (Thursday) in the face of continuing liquidation across a wide range of commodities. Without fresh fundamental news it was impossible for the grain and oilseed complex to withstand these negative headwinds. **July 2011 corn futures contract closed Thursday, 05/05/11, at \$7.08 ¾, down \$0.47 ¾ and the Sept 2011 contact closed at \$6.87 ¾, down \$.28 ¼ for the week.**

**OTHER MAJOR FACTORS TO WATCH –**

▪ **CRUDE OIL** – News of Osama Bin Laden’s killing and investor nervousness about potential retaliations and signs of possible slowing global economic growth kept a lid on crude oil this week. Crude opened Monday’s session sharply lower but recovered from early weakness to close nearly unchanged. Prices moved \$2.47 lower on Tuesday to close at \$111.05/bbl and retreated another \$1.81 to close under \$110/bbl on Wednesday on an unexpectedly bearish crude oil inventory report. The weekly government petroleum stocks report showed crude oil stocks increased by 3.421 million bbls, compared to an expected build of 2.0 million bbls; distillate supplies fell by another 1.4 million bbls; and gasoline stocks declined by 1.046 million bbls, compared to an expected draw of 0.5 million bbls. This was the 11<sup>th</sup> consecutive weekly decline in gasoline inventories, falling more than 9% from a year ago and the lowest level since June 2009. **Crude oil prices slumped below \$100/bbl on Thursday** on a combination of demand concerns and talk that OPEC may boost exports in coming months.

▪ **U.S. WEATHER / CROP WATCH** – Rain expanded across the southern Mississippi and Ohio River Valleys over the weekend and into this week, triggering record or near record flooding across at least 6 states in the Central U.S. and causing crop problems for soft red winter wheat, cotton, rice and delayed corn planting. Spring grain planting delays persisted across the Northern Plains while scattered showers brought beneficial moisture to some excessively dry HRW areas in the Central Plains. **Winter wheat** – The weekly U.S. wheat condition index continued to deteriorate to a score of 279, down 3 pts from the previous week. This week’s **Wheat Quality Tour pegged Kansas’ wheat yield at 37.4 bpa, with production likely in the 260 million bu range, down 27% from last year’s 360 million bu crop. Oklahoma is projecting a crop of 67.7 million bu compared to 120.9 million bu last year.** Weekend showers covered the southeastern edge of the HRW region but the driest areas of the southwestern plains received only scant rains this week and are not expected to see meaningful relief thorough the next two weeks. If moisture doesn’t arrive by mid month, crop stress will intensify across the Central Plains, potentially covering 50% of the HRW region. **Spring wheat** – Weekend rain and snow showers continued to hinder planting progress across the Northern Plains and Canadian Prairies. While precipitation totals were not heavy this week, soil temperatures remained too cool to allow for much planting progress. Unfortunately the 6-15 day outlook turns wetter. **Corn** – At least one-third of the Corn Belt continues to

experience planting delays, but a break in the rains this week allowed some progress to be seen in the Western Corn Belt. However rains were expected to return on Thursday through late next week, moving eastward through already water-logged corn/soybean states. The Eastern Corn Belt started the week wet but turned somewhat drier mid week. Overall, the 6-10 day outlook continues to show below normal temperatures and a wet pattern for the Central U.S.

▪ **INTERNATIONAL WEATHER / CROPS -**

- **Canada** – Cold and wet pattern continues **stalling spring grain planting**. Only about 2% of the spring grain area is reportedly planted compared to 10% on average.
- **Europe** – Showers continued to favor the southern and eastern regions, but southern France did receive some beneficial moisture this week. Pockets of unfavorable dryness continued across much of France, Germany and the UK, covering about one-third of EU’s grain area. The longer-term weather pattern is expected to shift towards more moisture by the end of this month which will be critical to prevent yield losses in the winter grain crops.
- **Former Soviet Union** – Generally mild, favorable conditions are promoting winter grain development and spring grain planting. Showers favored the western growing areas this week and are expected to spread to eastern Russia by next week.
- **Middle East** – More widespread heavy rains covered Turkey into northern Iran, boosting winter grains but causing some localized flooding concerns.
- **Northern Africa** – Widespread rains continued in this region hampering winter grain maturation and early harvest.
- **China** – Showers across the southwestern edge of the North China Plains boosted winter grain conditions this week and more widespread moisture is expected this weekend into next week, covering at least 870% of the crop area. Many crop watchers think these recent rains have come too late to avoid some yield losses in the southern two-thirds of the wheat growing region. Meanwhile, more extensive showers covered Manchuria where corn planting delays are seen but conditions also are improving for early crop development.
- **Argentina** – Locally heavy rainfall slowed final corn and soybean harvest.

**USDA Crop Progress / Condition Report, May 2, 2011**

<b>Crop</b>	<b>% Planted</b>	<b>Previous Week</b>	<b>Previous Year</b>	<b>5-Year Average</b>	<b>Condition rating % good/excellent</b>	<b>Previous Week</b>	<b>Previous Year</b>
U.S. barley	18%	15%	51%	43%			
<b>ID barley</b>	<b>50%</b>	<b>46%</b>	<b>54%</b>	<b>53%</b>			
U.S. spring wheat	10%	6%	57%	63%			
<b>ID spring wheat</b>	<b>51%</b>	<b>49%</b>	<b>62%</b>	<b>65%</b>			
U.S. winter wheat	33% headed	23%	26%	29%	34%	35%	68%
<b>ID winter wheat</b>	<b>0% headed 16% jointed</b>	<b>0%  12% Jointed</b>	<b>0%  15% jointed</b>	<b>0%  20% Jointed</b>	<b>81%</b>	<b>79%</b>	
Corn	13%	9%	66%	40%			