

Idaho Grain Market Report, June 23, 2011

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

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 22, 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) \$13.05 (6-R) \$13.05 | NQ | NQ | NQ |
| Rexburg/ Ririe/ Roberts | NQ | (2-R) NQ (6-R) NQ | NQ | NQ | NQ |
| Idaho Falls | \$12.50 | (2-R) \$11.25-\$13.25 (6-R) \$11.25 | NQ | \$7.13 | \$9.46 |
| Blackfoot / Pocatello | \$11.98 | (2-R) \$13.05 (6-R) \$13.05 | \$6.65 | \$6.56 | \$10.18 |
| Grace / Soda Springs | \$12.11 | (2-R) NQ (6-R) NQ | \$6.70 | \$6.21 | \$9.21 |
| Burley / Rupert Hazelton | \$13.00 | (2-R) \$11.25 (6-R) \$11.25 | \$6.50 | NQ | NQ |
| Twin Falls / Eden / Buhl | \$12.00-\$13.25 | (2-R) NQ (6-R) NQ | \$6.00 | NQ | NQ |
| Weiser | \$11.25 | (2-R) NQ (6-R) NQ | NQ | NQ | NQ |
| Nez Perce / Craigmont | \$10.35 | (2-R) \$10.35 (6-R) \$10.35 | \$6.24 | \$7.44 | \$10.00 |
| Lewiston | \$10.60 | (2-R) \$10.60 (6-R) \$10.60 | \$6.43 | \$7.63 | \$10.19 |
| Moscow / Genesee | \$10.40-\$11.00 | (2-R) \$10.40 (6-R) \$10.40 | \$6.20-\$7.00 | \$7.40-\$7.93 | \$9.96-\$10.38 |

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 | Aug NC \$6.80-\$7.02 | June \$8.14-\$8.30 Aug NC \$8.14-\$8.19 | June \$10.42-\$10.52 Aug NC \$11.27-\$11.67 |
| Los Angeles | NQ | NQ | NQ | NQ | NQ | NQ |
| Stockton | NQ | NQ | NQ | NQ | NQ | NQ |
| Tulare | NQ | NQ | NQ | NQ | NQ | NQ |
| Ogden | \$12.25 | NQ | NQ | \$6.90 | \$6.65 | \$9.66 |
| Great Falls | \$10.00-\$10.25 | NQ | \$12.00 | NQ | \$5.79-\$6.02 | \$7.78-\$8.53 |
| Minneapolis | \$10.21 | NQ | \$15.62 | NQ | \$7.99 ½ (12%) | \$10.71 ½ - \$11.76 ½ |

Market trends this week

BARLEY – Local barley prices were mostly lower this week ranging from 53 cents lower to 42 cents higher in southern Idaho and from no change to 25 cents lower in northern Idaho. USDA reported that there were no barley export sales this week. However, barley export shipments totaled 600 TMT for Canada.

Barley Competitor/Buyer News – Stats Canada reported today that Canadian barley acres this year will total 7.129 million, up 3.3% from last year. It should be noted that inclement weather since this survey was conducted may result in a lower acreage estimate in early August.

WHEAT – Local wheat prices were also mostly lower this week: SWW ranged from \$.60 to \$1.05 lower; HRW ranged from \$.06 to \$.80 lower; and DNS ranged from \$.56 to \$1.57 lower. USDA reported wheat export sales last week were above trade expectations at 661.3 TMT. Wheat export shipments totaled 661.9 TMT.

Wheat Competitor/Buyer News – Stats Canada pegged all wheat acres at 23.6 million today, above the pre-report trade expectations of 22.4 million, which would be 12% above last year. Again it should be noted that this survey was taken before the recent excessive moisture. Ukraine is now projecting a total grain crop of 50 MMT this year, up from earlier estimate of 45 MMT due to recent rains. Egypt purchased 240 TMT of US (120 TMT), French and Australian wheat this

week while Saudi Arabia purchased 360 TMT of U.S. and European wheat. Tunisia purchased 75 TMT of optional origin wheat, believed to be Black Sea origin. Meanwhile, Jordan has tendered for 100 TMT of hard wheat.

CORN – Corn export sales last week were well below expectations at a total of 531.1 TMT for both MY 2011 and 2012, up 39% from the previous week, however it was down 9% from the prior 4-week average. Corn export shipments last week totaled 1.2 MMT, up 42% from the previous week and 27% from the prior 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production jumped last week as corn prices eased but is still trending below marketing year projections, totaling 901,000 bbls last week, up 2.4% from the previous week and up 6.5% from last year – **representing a weekly corn use of 94.6 million bushels and a cumulative year utilization of 3.87 billion bu. The weekly pace needs to reach 105 million bu in order to meet USDA's marketing year demand estimate of 5 billion bushels.**

Corn Competitor/Buyer News - On Tuesday, rumors rocked the corn market that China had purchased more U.S. corn but these rumors have not been substantiated. The US Grains Council also reported this week that their in-country assessments strongly indicate that China will need to import between 3 to 5 MMT in 2011 and most likely a similar amount in 2012 to replenish stocks and meet rising feed grain demand in that country.

Futures market activity this week

Macroeconomic trends worry investors... Equity and commodity markets have been hammered hard the past two weeks on rising investor fears that the U.S. and global economic growth is stalling. Most of the daily economic news has not been very supportive, particularly in Europe where Greek debt worries have cast a long shadow over financial markets and the future viability of the euro currency. This week the Federal Reserve held its monthly two-day meeting, reporting that the "U.S. economic recovery was continuing but at a more moderate pace." As expected, the Fed kept long-term interest rates at record low levels that they said was needed to spur recovery that remains "frustratingly slow" two years after the recession ended. The Fed lowered their GDP projections to 2.7 to 2.9% this year, down from an earlier forecast of 3.1 to 3.3%. It was the second time this year that the Fed has lowered its growth forecast. They did not announce any new stimulus measures.

WHEAT – Wheat posted a bounce high early in the Monday session but closed mixed, with CBOT falling to the lowest level since last July under pressure from lower European wheat futures and improving crop prospects in the Black Sea region, while MGE hard wheat moved higher on continued acreage and crop worries. Wheat was lifted higher on Tuesday by short-covering that was triggered by ideas of oversold conditions and improved demand prospects as wheat feeding is expected to rise in the U.S. and many other markets around the world. Prices fell sharply on Wednesday in the face of aggressive fund selling that was sparked by continued weakness in European milling wheat futures, improved crop weather in both the EU and Black Sea regions, and generally cautious tone across most commodity and equity markets. Wheat finished mostly lower again today (Thursday), with the exception of nearby CBOT contract which posted a gain on short covering and support from an Egyptian purchase of 120 TMT of U.S. soft wheat today. Pressure continues to be felt from improving crop weather across Europe and the Black Sea region. **Wheat futures market closes on Thursday,**

06/23/11...

| | July 2011 | Weekly Summary | Sept 2011 | Weekly Summary |
|-----------------|------------------|-----------------------|------------------|-----------------------|
| Chicago | \$6.49 | Down \$0.23 ¼ | \$6.69 ¼ | Down \$0.38 ¾ |
| Kansas City | \$7.60 | Down \$0.44 ½ | \$7.78 ¼ | Down \$0.44 |
| Minneapolis DNS | \$8.44 | Down \$0.53 ½ | \$8.35 ½ | Down \$0.46 ¼ |

CORN – Corn prices began the week fractionally higher, shrugging off weakness in outside markets and ideas that U.S. weather is favorable for crop development. Concerns about possible decline in demand from both the livestock (increased wheat feeding) and ethanol sectors limited the gains. Rumors of fresh Chinese purchases and positive outside markets propelled corn prices higher on Tuesday, with new crop contracts gaining on near-by July. Profit-taking pushed corn limit down on Wednesday under pressure from a lack of confirmation of rumored Chinese purchases, higher U.S. dollar and ideas that hot/dry weather forecast for early July will be short-lived and overall crop conditions will remain favorable for strong yield potential. Selling accelerated as corn broke below its trend-line support level. Corn posted more losses today (Thursday), with the exception of the nearby July contract which saw modest gains on short covering. The main feature continued to be follow-through selling sparked by a surge in the US dollar, weakness in crude oil and investor fears that global economic growth is rapidly slowing. **July 2011 corn futures contract closed Thursday, 06/23/11, at \$6.80 ½, down \$0.19 ¾ and the Sept 2011 contact closed at \$6.68, down \$.19 for the week.**

OTHER MAJOR FACTORS TO WATCH –

▪ **CRUDE OIL** – Crude oil traded in a narrow range early in the week, pulled in both directions by conflicting ideas of slowing economic growth and demand and projections of lower U.S. crude oil inventories. Crude oil prices rebounded higher on Wednesday, closing up \$1.24 to \$95.41/bbl, supported by stronger outside markets and the weekly inventory report which showed stockpiles falling for the third consecutive week. The weekly government petroleum stocks report showed crude oil stocks down 1.7 million bbls, compared to an expected decline of 1.8 million bbls; distillates increased by 1.2 million bbls; and gasoline stocks fell by 500,000 bbls. **Crude fell hard today (Thursday), closing down \$4.39 to \$91.02/bbl** under heavy pressure from an announcement that the U.S. would release 30 million barrels from its Strategic Petroleum Reserve and other nations would release an additional 30 million barrels onto the world market in the next 30

days to counter the higher price effects from the disruptions in Libyan oil supply.

▪ **U.S. WEATHER / CROP WATCH** – Weekend precipitation centered on the already water-logged Ohio and Missouri River Valleys. A slow moving storm spread moisture throughout much of the Corn Belt by Tuesday. The heaviest amounts were reported in the Dakotas into Michigan. Rain coverage for the next 5 days centered on the Red River Valley and southern Midwest. The 6-10 day and 8-14 day outlooks shifted to warmer and drier, although hot temperatures are not expected to stick around long during the critical pollination period. **Spring wheat** - Both the Northern Plains and Canadian border remained wet this week, keeping alive concerns about both spring wheat acreage and germination. **Some experts have pegged the loss of acres as high as 5 million in North Dakota (all crops) and 7 million acres in Canada (4 million in Saskatchewan and 3 million in Manitoba).**

▪ **INTERNATIONAL WEATHER / CROPS** -

- **Canada** – Rain continued to hamper final spring grain planting in parts of the eastern Prairies. Stats Canada pegged all wheat acres at 23.6 million on Thursday, which would be 12% above last year but this survey was taken before the recent excessive moisture.
- **Europe** – Showers expanded across Northern and Central Europe, alleviating drought concerns and improving soil moisture for summer crops. However the continued rainfall was beginning to hamper winter grain maturation and early harvest.
- **Former Soviet Union** – Rain returned to Ukraine and western Russia, favoring filling winter grains and boosting soil moisture for vegetative summer crops. Eastern Russia and northern Kazakhstan also continued to receive beneficial moisture for jointing spring grains. Big storms are forecast for the Black Sea region next week. With all of this recent precipitation, grain production estimates are on the rise in both Ukraine and Russia.
- **Middle East** – Showers persisted in Turkey, delaying winter grain maturation and harvest.
- **Northern Africa** – Dry weather aided winter grain harvesting.
- **China** – More heavy rainfall across the Yangtze River Valley caused serious flooding in some areas. Winter wheat harvest neared completion on the North China Plains.
- **Argentina** – Corn and soybean harvesting neared completion while rain is needed for winter grain development.
- **Australia** – Western Australia and New South Wales saw more beneficial showers for vegetative winter grains, while the southeastern region saw mostly sunny mild conditions that are very favorable for winter crop development.

USDA Crop Progress / Condition Report, June 20, 2011

| Crop | % Progress | Previous Week | Previous Year | 5-Year Average | Condition rating % good/excellent | Previous Week | Previous Year |
|------------------------|-----------------------------|---------------|---------------|----------------|-----------------------------------|---------------|---------------|
| U.S. barley | 90% planted 79% emerged | 88% 72% | 100% 98% | 100% 99% | 74% | 66% | 86% |
| ID barley | 95% emerged | 86% | 94% | 98% | 72% | 71% | |
| U.S. spring wheat | 91% planted 83% emerged | 88% 73% | 100% 99% | 100% 99% | 68% | NA | 86% |
| ID spring wheat | 96% emerged | 93% | 99% | 100% | 78% | 76% | |
| U.S. winter wheat | 90% headed 31% harvested | 85% 22% | 91% 17% | 94% 13% | 36% | 35% | 65% |
| ID winter wheat | 33% headed | 19% | 27% | 56% | 75% | 77% | |
| Corn | 97%emerged | 91% | 100% | 99% | 70% | 69% | 75% |