

Idaho Grain Market Report, July 21, 2011

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

Join the IBC at Noon on Friday, July 29th in Newdale for an eastern Idaho barley grower appreciation barbecue.

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 20, 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	\$11.50	(2-R) NQ (6-R) NQ	\$6.50	\$6.59	\$8.93
Idaho Falls	\$12.00	(2-R) \$12.98-\$13.25 (6-R) \$12.98	\$6.75	\$6.52	\$8.48
Blackfoot / Pocatello	NQ	(2-R) \$13.05 (6-R) \$13.05	\$6.75	\$6.42	\$9.25
Grace / Soda Springs	\$11.85	(2-R) NQ (6-R) NQ	\$6.50	\$6.77	\$8.55
Burley / Rupert Hazelton	\$10.75-\$11.50	(2-R) \$11.98 (6-R) \$11.98	\$6.00-\$6.10	\$6.57	\$8.75
Twin Falls / Eden / Buhl	\$10.50-\$13.00	(2-R) NQ (6-R) NQ	\$5.30 - \$6.65	NQ	NQ
Weiser	\$10.50	(2-R) NQ (6-R) NQ	\$6.29	NQ	NQ
Nez Perce / Craigmont	\$9.80	(2-R) \$9.80 (6-R) \$9.80	\$6.41	\$7.35	\$9.34
Lewiston	\$10.25	(2-R) \$10.25 (6-R) \$10.25	\$6.61	\$7.55	\$9.54
Moscow / Genesee	\$9.00	(2-R) \$9.90 (6-R) \$9.90	\$6.40	\$7.49	\$9.59

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	July \$6.75-\$7.00	July \$8.26	July \$10.51
Los Angeles	\$14.70	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$14.70	NQ	NQ	NQ	NQ	NQ
Ogden	\$12.00	NQ	NQ	\$6.80	\$6.94	\$8.72
Great Falls	\$9.50-\$10.00	NQ	\$12.00	NQ		\$9.04-\$9.54
Minneapolis	\$10.94	NQ	\$16.25	NQ	\$8.05 ¾ (12%)	\$10.77 ¾ - \$11.32 ¾

Market trends this week

BARLEY – Local barley prices were mostly steady to 5 cents higher in southern Idaho and ranged 5 cents lower to 15 cents higher in northern Idaho. USDA reported barley export sales totaled 25 TMT last week, switched from France to unknown destinations. There were no barley export shipments last week.

WHEAT – Local wheat prices were also mixed this week: SWW ranged from 20 cents lower to 50 cents higher; HRW ranged from 4 to 47 cents higher; and DNS ranged from 4 to 27 cents lower. USDA reported wheat export sales last week were within trade expectations at 403.5 TMT, down 34% from the previous week and 36% from the 4-week average. Wheat export shipments totaled 483.9 TMT, down 16% from the previous week and 21% from the 4-week average.

Wheat Competitor/Buyer News – Russia is now projecting a total grain crop of 90 MMT, up from an earlier forecast of 85 MMT, and last year's drought-shortened crop of 61 MMT. Strategie Grains is projecting EU-27 soft wheat output of 130.2 MMT, up 3.5% from an earlier forecast and up 2% from last year. France has pegged their soft wheat crop at 32

MMT, down 10% from last year but better than earlier estimates. India is forecasting a bumper wheat crop this year totaling 85.9 MMT. Jordan purchased 50 TMT from Russia and Ukraine.

CORN – Corn export sales last week were within trade expectations at 901.5 TMT for both MY 2011 and 2012, down 11% from the previous week and 22% from the 4-week average. Corn export shipments last week totaled 925.8 TMT, up 8% from the previous week but down 1% from the 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production totaled 873,000 bbls last week, up 0.11% from the previous week and up 4.43% from last year – **representing a weekly corn use of 91.665 million bushels.**

Futures market activity this week

WHEAT – Wheat began the week lower under pressure from a stronger dollar and weak outside markets, as well as concerns that US wheat was priced above world markets. Lower than expected weekly export inspections also weighed on markets. Wheat turned moderately higher on Tuesday with the hard wheat markets posting double digit gains on tight supplies. Support came from short covering in CBOT and a weaker dollar. Follow-through buying in the hard wheat markets propelled wheat higher again on Wednesday on ideas that milling quality stocks remain tight. Wheat finished sharply lower today (Thursday) on pressure from expectations of cooler weather next week and increasing concerns that US wheat is not competitive on the world market. **Wheat futures market closes on Thursday, 07/21/11...**

	<u>Sept 2011</u>	<u>Weekly Summary</u>	<u>Dec 2011</u>	<u>Weekly Summary</u>
Chicago	\$6.77 ¼	Down \$0.17 ½	\$7.16 ¾	Down \$0.06 ¾
Kansas City	\$7.74 ¼	Up \$0.09 ¾	\$7.98 ¼	Up \$0.08 ½
Minneapolis DNS	\$8.33 ¾	Up \$0.10	\$8.35 ¾	Up \$0.10 ¼

CORN – Corn began the week moderately lower under pressure from investor nervousness which sparked another round of long liquidations. A lack of any new weather threat also added to the negative tone. Corn futures posted a modest recovery on Tuesday with gains attributed to crop concerns from extreme heat blanketing most of the Midwest, which has prompted one prominent crop forecaster to lower their yield projection to 156 bpa. Early explosive prices, however, eroded into the close as the morning rally failed to push through chart resistance plus mid-day weather models showed chances of extreme heat moderating early next week. Corn turned lower on Wednesday after a lack of early buying interest sparked a long liquidation. Concerns were noted that the recent rally may be slowing demand as well as expectations on increased competition from feed wheat on the world market. Corn posted moderate losses today (Thursday) on continued long liquidation triggered by expectations of less heat and some rain emerging in the next two weeks. Losses were limited by strong outside markets, including a sharp break in the dollar and surging equity and energy markets. **Sept 2011 corn futures contract closed Thursday, 07/14/11, at \$6.79 ¼, down \$0.22 and the Dec 2011 contract closed at \$6.73, down \$.12 for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil trading remained highly volatile, closely tracking investor appetites for risk in the face of mounting worries about the eurozone debt crisis and the congressional standoff over raising the US debt ceiling. August prices began the week \$1.31 lower to close at \$95.93/bbl, but then reversed sharply higher on Tuesday, gaining \$1.57 to close at \$97.50/bbl on a combination of dollar weakness, stronger than expected new U.S. housing starts and robust Chinese fuel consumption, which was up more than 7% in the first half of the year. Lower than expected inventories and a weak dollar continued to push crude prices higher on Tuesday, up \$.64 to close at \$98.14/bbl. The weekly government petroleum stocks report continued to show inventories are falling more than trade analysts expected... domestic crude oil stocks declined by 3.7 million bbls, compared to an expected decline of 1.5 million bbls; distillates increased by 3.4 million bbls; while gasoline stocks increased by 0.8 million bbls last week, compared to an expected decline of 0.1 million bbls. **Crude oil prices continued to climb today (Thursday) – up \$0.73 to close at \$99.13/bbl – on support from a sharp break in the dollar, strong rally in equities and an announcement by the International Energy Agency that there would NOT be another release of petroleum from world strategic petroleum reserves.**
- **U.S. WEATHER / CROP WATCH** – A persistent high pressure system continued to deliver blistering day time and warmer than normal night time temperatures to most of the Central U.S. this week, stressing crops in many areas. Limited precipitation was noted in the NW Corn Belt and Southeast but generally most areas remained dry under the sweltering heat. This week's corn crop rating fell 7 pts to a score of 367, which is down 15 pts from last year and down 1 pt from the 10-year average. The U.S. spring wheat condition index continued to inch upward by 1 pt this week to 382, which is down 14 pts from last year but up 20 pts from the 10-year average. The Commodity Weather Group is currently pegging average corn yields at 156 bpa, down from USDA's current estimate of 158.7 bpa. **The current high pressure ridge is expected to break down for much of next week, although most models show another warm-up late in the 6-10 day period with rains limited to the NW Midwest edge. A return of ridging is expected across the western Midwest and Plains in early August, potentially expanding crop stress.**
- **Is a La Nina weather pattern re-emerging?** The Southern Oscillation Index is currently suggesting that the tropical Pacific is on track for a re-establishment of a La Nina weather pattern, which many forecasters expect will officially re-emerge in late summer or sometime this fall. **The big question is whether it will be a weak to moderate pattern or a second consecutive strong La Nina, which could have serious implications for next year's wheat crops** – dry conditions could persist in the Central and Southern U.S. Plains affecting winter grain planting and emergence this fall

plus Western Australia and Argentina could see abnormally dry conditions during their critical winter grain heading stage in September to October period.

▪ **INTERNATIONAL WEATHER / CROP WATCH**

- **Canada** – Warm mostly dry weather continues to aid spring grain development.
- **Europe** – Locally heavy rains have persisted in areas of central and southern France into Poland, hampering winter grain harvest and posing quality concerns, however the rain is beneficial to spring and summer crops. Cool and wet conditions are forecast to continue for western Europe for the next two weeks. Meanwhile, hot weather is causing crop stress in Hungary and the Balkans.
- **Former Soviet Union** – Scattered rains interrupted winter grain harvest in some areas of the the western half of the winter wheat belt, but overall conditions remain favorable with heat and dryness in the south and east accelerating crop maturity and harvest. Current dryness may lead to some crop stress in the corn crop in Ukraine. The eastern spring wheat belt continued to receive beneficial moisture. Hot temps are forecast for Russia next week with only limited rainfall in the Black Sea region.
- **China** – Showers continued to benefit corn in Manchuria.
- **Argentina** – Rain returned to the eastern regions, increasing moisture for winter wheat establishment but slowing field work.
- **Australia** – Western Australia received occasional showers that benefited winter grain establishment; south and eastern areas were mostly sunny and mild following recent rains; and New South Wales received light rains which improved topsoil moisture.

USDA Crop Progress / Condition Report, July 18, 2011

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
U.S. barley	62% headed	25%	79%	83%	76%	76%	86%
ID barley	80% headed	50%	76%	81%	86%	84%	
U.S. spring wheat	60% headed	27%	84%	88%	73%	73%	82%
ID spring wheat	80%	49%	64%	81%	86%	86%	
U.S. winter wheat	68% harvested	63%	70%	72%			
ID winter wheat	99% headed	92%	99%	100%	77%	77%	
Corn	35% silking	14%	62%	47%	66%	69%	72%

You are invited to Eastern Idaho Grain Field Days...

July 27th – Soda Springs – UI cereals extension field day starts at 4 pm at Sid Cellen’s farm with dinner provided.

July 28th – Ashton – UI cereals extension field day starts at 10:00 a.m. at Marotz Farm at 1383 N. 4200 E. with lunch provided.