

Idaho Grain Market Report, May 10, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, May 9, 2012. 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) \$12.00 (6-R) \$12.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$9.00	(2-R) NQ (6-R) NQ	\$5.85	\$5.65	\$7.16
Idaho Falls	NQ	(2-R) \$12.50-\$13.02 (6-R) \$12.50	NQ	NQ	NQ
Blackfoot / Pocatello	\$10.41	(2-R) \$12.00 (6-R) \$12.00	\$6.00	\$5.26	\$7.08
Grace / Soda Springs	\$9.58	(2-R) NQ (6-R) NQ	\$5.80	\$5.52	\$7.08
Burley / Rupert	\$10.00	(2-R) \$13.02 (6-R) \$13.02	\$5.90	\$5.47	\$7.03
Hazelton					
Twin Falls / Eden / Buhl	\$10.45	(2-R) NQ (6-R) NQ	\$5.75	NQ	NQ
Weiser	\$9.80	(2-R) NQ (6-R) NQ	\$5.81	NQ	NQ
Nez Perce / Craigmont	\$9.10	(2-R) \$9.10 (6-R) \$9.10	\$6.14	\$6.43	\$8.09
Lewiston	\$9.35	(2-R) \$9.35 (6-R) \$9.35	\$6.33	\$6.62	\$8.28
Moscow / Genesee	\$9.15-\$11.11	(2-R) \$9.15 (6-R) \$9.15	\$6.10-\$6.80	\$6.39-\$7.07	\$8.05-\$8.75

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 \$6.65-\$6.90 Sept \$6.35-\$6.69	May \$7.09-\$7.24 Aug NC \$6.74-\$6.84	May \$8.70-\$8.80 Aug \$8.29-\$8.59
Los Angeles	\$13.50	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.50	NQ	NQ	NQ	NQ	NQ
Ogden	\$9.90	NQ	NQ	\$5.90	\$5.69	\$7.20
Great Falls	\$8.00-\$10.10	NQ	\$11.50	NQ	\$5.01-\$5.19	\$6.70-\$7.04
Minneapolis	\$10.73	NQ	\$14.58	NQ	\$6.79 (12%)	\$8.75 ¼ - \$9.10 ¼

Market trends this week

BARLEY – Local barley prices were mixed this week, ranging from no change to 48 cents lower in southern Idaho and no change to 51 cents higher reported in northern Idaho. USDA reported export sales of .5 TMT for Taiwan and export shipments totaled .1 TMT for South Korea last week.

USDA's first S&D report for MY 2012/13 - BARLEY – May 10 – USDA pegged beginning stocks at near historic low level of 45 million bu, **2012 production at 200 million bu (up 28%)**, domestic feed usage at 30 million bu (down 10 million bu), exports at 10 million bu (unchanged) and **2012 ending stocks are projected to increase by 33% but remain snug at 60 million bu.** Average farm gate price for U.S. barley is pegged in a range of \$5.10-\$6.10, compared to \$5.30 this year. **World barley production is pegged at 135 MMT (up 1%) and world ending stocks are estimated at 21.4 MMT, down another 4%, after falling 8% in the current marketing year.**

Here is USDA's first look at our global competitors in MY 2012/13...

Major Barley Competitors	MY 2012/13 Production, MMT	% change	MY 2012/13 Exports	% change
U.S.	4.4 MMT	+ 28%	0.2 MMT	unchanged
EU-27	53.6 MMT	+ 4%	2.4 MMT	- 14%

Canada	9.0 MMT	+ 16%	1.3 MMT	unchanged
Australia	8.0 MMT	- 6%	3.8 MMT	- 16%
Argentina	5.4 MMT	+ 35 %	4.0 MMT	+ 33%
Russia	16.5 MMT	- 3%	2.2 MMT	- 19%
Ukraine	7.5 MMT	- 18%	2.5 MMT	+ 9%

Barley Competitor/Buyer News – Local sources indicate that Argentine barley production will increase substantially this year, due to a shift in plantings from wheat to barley.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from no change to 25 cents lower; HRW ranged from 5 to 26 cents lower; and DNS ranged from 11 to 36 cents lower. USDA reported wheat export sales last week were below trade expectations at 550.5 TMT (221.6 TMT for MY 2011/12 and 328.9 TMT for MY 2012/13), down 14% from the previous week and 39% from the 4-week average. Cumulative wheat export sales now stand at 100.2% of the USDA estimate for the year (which ends May 31), compared to 5-year average of 96.4%. Export shipments last week totaled 551.2 TMT, down 11% from the previous week and 5% from the 4-week average.

USDA's first S&D report for MY 2012/13 - WHEAT – May 10 - USDA pegged beginning stocks at 768 million bu (down 25 million bu from last month's estimate due to larger exports in the current marketing year which ends May 31). **2012 production is pegged at 2.245 billion bu, up 12% from last year, 49 million bu above the average pre-report trade estimate and 246 million bu above last year.** Domestic food usage is pegged at 945 million bu (up 15 million bu), exports at 1.15 billion bu (up 125 million bu) and **2012 ending stocks at 735 million bu, down 4%, 70 million bu below the average pre-report trade estimate and 33 million below the current year.** USDA pegged the U.S. winter wheat crop at 1.694 billion bu, which is 60 million bu ABOVE the pre-report trade estimate and above last year's 1.494 billion bu. Hard red winter wheat was pegged at 1.032 billion bu (780 million bu last year); soft red winter at 428 million bu (458 million bu last year) and soft white at 233 million (256 million bu last year). The average farm gate price for U.S. wheat is pegged in a range of \$5.50–\$6.70/bu, compared to \$7.25 in 2011/12. **World wheat production is pegged at 677.6 MMT, down 2.5% from the current year, and world ending stocks at 188 MMT, down 5%.**

Here is USDA's first look at our global wheat competitors in MY 2012/13...

Major Wheat Competitors	MY 2012/13 Production	% change	MY 2012/13 Exports	% change
U.S.	61.1 MMT	+ 12%	31.5 MMT	+ 15%
EU-27	132 MMT	- 4%	14.5 MMT	- 12%
Canada	27 MMT	+ 7%	18.5 MMT	+ 7%
Australia	26 MMT	- 12%	20.5 MMT	- 5%
Argentina	12 MMT	- 17%	7.0 MMT	- 33%
Russia	56 MMT	- .4%	18.0 MMT	- 14%
Ukraine	13 MMT	- 41 %	4.0 MMT	- 20%

Wheat Competitor/Buyer News – Buenos Aires Grain Exchanges has pegged Argentine wheat plantings down 13% in 2012/13 due to growers' discontent with high export taxes. Stats Canada pegged Canadian wheat stocks at 14.5 MMT, at the low end of expectations and below last year's 15.8 MMT.

CORN – Corn export sales last week were well below trade expectations at 473.4 TMT (224.2 TMT for MY 2011/12 and 249.2 TMT for MY 2012/13), down 83% from the previous week and 72% from the 4-week average. Cumulative wheat export sales now stand at 100.2% of the USDA estimate for the year (which ends May 31), compared to 5-year average of 96.4. Corn export shipments last week totaled 696.9 TMT, up 5% from the previous week but down 11% from the 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production ticked higher last week, totaling 897,000 bbls per day, up .34% from the previous week and up 4.06% from last year. Corn used for ethanol last week totaled 95.55 million bu, above the pace of 94 mbu needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

USDA's first S&D report for MY 2012/13 - CORN – May 10 - For MY 2010/11 which ends Aug. 31, USDA surprised the market by lowering domestic feed usage by 50 million bu and **increasing ending stocks by 50 million bu to 851 million bu**, despite strong evidence in the cash market that nearby stocks have tightened significantly. The old crop stocks estimate is **93 million bu ABOVE the average pre-report trade estimate** of 758 million bu. **For New Marketing Year 2012**, USDA pegged beginning stocks at 851 million bu, **2012 production at a record high of 14.79 billion bu (up 20% due to a 4 million acre increase in plantings and an above trendline yield of 166 bpa due to the rapid planting and emergence pace this spring).** Domestic feed usage is pegged at 5.45 billion bu (up 90 million bu), domestic ethanol usage at 5.00 billion bu (unchanged), exports at 1.9 billion bu (up 200 million bu) and **U.S. ending stocks at 1.881 billion bu, up 21%, 177 million bu ABOVE the average pre-report trade estimate and 1.03 billion above the current year.** Average farm gate price for U.S. corn is pegged in a range of \$4.20-\$5.00/bu, compared to \$6.10 average so far this year.

World corn production is pegged at 945.8 MMT, up % from the current year and world ending stocks are projected to jump 19% to 152.3 MMT, a 60-day supply.

Here is USDA's first look at our global corn competitors in MY 2012/13...

Major Corn Competitors	MY 2012/13 Production	% Change	MY 2012/13 Exports	% Change
U.S.	375.7 MMT	+ 20%	48.0 MMT	+ 10%
China	193 MMT	+0.7%	Imports – 7.0 MMT	+ 40%
Argentina	25 MMT	+ 16%	15 MMT	+ 7%
Brazil	67 MMT	Unchanged	10.5 MMT	Unchanged
Ukraine	24 MMT	+ 5%	14 MMT	Unchanged
South Africa	13 MMT	+ 13%	2 MMT	+ 20%

Corn Competitor/Buyer News – USDA is pegging Chinese corn imports will increase from 5 MMT this year to 7 MMT in MY 2012/13, an increase of 40% and up sharply from less than 1 MMT two years ago. Celeres raised its Brazilian corn production this week to 65 MMT, up 4.3 MMT from their early April estimate. USDA raised their 2011/12 Brazilian crop estimate today to 67 MMT.

Futures market activity this week

Macroeconomic news – Weekend political election results in both France and Greece threw markets into turmoil early in the week as new leaders do not support recent austerity measures that became necessary to piece together euro-zone and IMF bailout agreements. Global stock markets were particularly weighed down by Greece's inability to form a governing coalition government, once again increasing the possibility of debt default and chaotic withdrawal from the euro. Markets calmed on late Wednesday on news that the European Economic Financial Stability Fund had released bailout payments to cover Greece's financial needs through at least June. European markets also received a boost from a stronger than expected German industrial production report. Italy also reported better than expected industrial output in March, but France's output was lower than expected.

U.S. economic news – Last Friday's monthly jobs report showed signs of job stagnation in the US, with the economy adding only 115,000 jobs last month compared to the expected 160,000 and the previous month's 201,000. US stock market closed lower all week in reaction to this negative news and the political chaos in Europe which has significant implications for the world financial markets.

WHEAT – Wheat markets managed to shrug off pressure from weak outside markets and a higher dollar to close modestly higher on Monday. Support came from higher corn and better than expected weekly wheat export inspections. Wheat extended its modest gains on Tuesday, buoyed by a strong corn finish and ideas that the wheat market is oversold. Wheat prices pushed sharply lower – recording a contract low – on pressure from across-the-board commodity and equity market selling and a surge in the US dollar from renewed euro-zone anxieties. Wheat finished mixed to slightly higher today (Thursday) in choppy two-sided trading with some support from lower than expected ending stocks estimate for MY 2012/13. Spillover support from a bullish soybean S&D report also was noted in CHI wheat market. KCBT and MGE prices were pressured by USDA's higher than expected 2012 wheat production estimate. **Wheat market closes on Thursday, 05/10/12**

	July 2012	Weekly Summary	Sept 2012	Weekly Summary
Chicago	\$6.01 ¼	Down \$0.08 ¼	\$6.16 ½	Down \$0.07 ¾
Kansas City	\$6.17 ½	Down \$0.9 ½	\$6.33 ¼	Down \$0.09 ½
Minneapolis DNS	\$7.27 ¼	Down \$0.16 ¾	\$7.31 ¼	Down \$0.13 ¾

CORN – Corn staged an impressive rally late in Monday's session to finish narrowly mixed as pressure from weak outside markets and nearly idea growing conditions across the Central U.S. was countered by a strong cash market. Corn posted modest gains on Tuesday, again bucking the trend for lower commodity and equity markets on renewed talk of large Chinese corn purchases. Corn futures prices were dragged sharply lower on Wednesday by euro-zone debt worries and the possibility of a bearish surprise in Thursday's S&D report. Corn finished sharply lower again today (Thursday) under pressure from more bearish than expected 2012 production and ending stock estimates from USDA, as well as a disappointing weekly export sales and a lack of confirmation of any new Chinese corn purchases. **July 2012 corn futures contract closed Thursday, 05/10/12, at \$5.87 ½, down \$0.32 ¾ and the Sept 2012 contact closed at \$5.13 ½, down \$0.21 ¾ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil was hammered hard this week from fresh concerns about the European debt crisis and a possible Greek default and exit from the euro. Monday saw prices fall \$.55 to close at \$97.91, with pressure from a higher dollar (safe haven investment) and a reduced price outlook from the DOE Energy Information Agency which lowered its 2012 crude oil price projection to \$104.12, down 1.5% from their April forecast. Gasoline is projected to average \$3,71/gallon, down from their \$3.81 estimate in April. Crude oil prices continued to retreat on Wednesday – closing down

\$.20 to \$96.81 – under pressure from a bearish crude oil inventory report and continued dollar strength. DOE reported crude oil stocks increased more than expected – up 3.65 million bbls last week, surging to the highest stockpiles in 22 years and above expected build of 2.0 million bbls. Distillate stocks were bullish, falling by 3.3 million bbls, compared to an expected build of 750,000 bbls, 10% below the 5-year seasonal average. Gasoline stocks fell 2.6 million bbls last week, compared to an expected increase of 250,000 bbls. **Crude oil prices turned positive today (Thursday) - closing up \$.27 to \$97.08 - on easing euro debt concerns. Gains were limited by ongoing demand concerns, which were reinforced by China's trade report this week which showed crude oil imports slipped to a 4-month low.**

U.S. WEATHER / CROP WATCH –

Pacific Northwest – mostly warmer and drier conditions prevailed this week, aiding grain crop development. Some areas saw cool overnight temperatures that burnt back early spring grain crops.

Midwest - Corn & SRW wheat – Widespread scattered showers were noted across the Eastern Corn Belt last weekend but conditions turned warmer and drier this week, favoring crop emergence and growth. No major storms are expected until late in the 6-10 day period and again in the 11-15 day period.

Winter wheat (HRW) – The Southern and Central Plains were mostly dry this week, but there is potential for rain in Kansas and Oklahoma next week. Showers in Texas this week were too far south to benefit winter wheat. About 15 to 20% - 25% of the HRW belt is thought to have moisture stress during grain filling. **The winter wheat crop condition index score this week was pegged at 362, down 3 pts from last week but still 38 pts above the 10-year average score of 324.**

INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – mild showery conditions have boosted soil moisture needed for spring grain germination and early crop growth.
- **Europe** – Widespread showers wound down early this week with a mostly dry outlook for the next two weeks. Some areas of Eastern Europe received beneficial moisture this week.
- **Ukraine/Russia** – Recent showers favored the eastern half of the spring grain belt and northwestern third of the winter grain belt. More showers are expected into the weekend in the northwestern edge. About 25% of the winter wheat region remains stressed.
- **Northern Africa** – Additional rainfall benefitted late developing winter grains.
- **Middle East** – Showers boosted moisture for winter grains in Turkey while warm and dry conditions prevailed elsewhere, accelerating winter grain maturation.
- **China** – North China Plains saw mostly sunny conditions this week following recent rainfall which favors winter wheat. Corn planting has been delayed in the Northeast due to cool conditions.
- **Australia** – showers have helped boost top soil moisture ahead of winter grain planting across New South Wales and Western Australia. Some areas in the southwest remain unfavorable dry (about 25% of the winter grain area). **Australian weather forecasters are pointing to the formation of El Nino weather pattern which is generally NOT favorable for Australian winter grain yields.**

USDA Crop Progress / Condition Report, May 7, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	83% planted	67%	32%	53%			
ID barley	89% planted	76%	61%	66%			
US spring wheat	84% planted	74%	19%	49%			
ID spring wheat	90% planted	82%	62%	74%			
US winter wheat	63% headed	54%	39%	34%	63%	64%	33%
ID winter wheat	0%	0%	0%	0%	82%	81%	
Corn	71% planted	53%	32%	47%			