

Idaho Grain Market Report, June 7, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 6, 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	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$11.00	(2-R) \$12.50-\$12.92 (6-R) \$12.50	\$5.75	\$5.66	\$7.20
Blackfoot / Pocatello	\$9.37	(2-R) \$12.00 (6-R) \$12.00	\$6.00	\$5.20	\$7.05
Grace / Soda Springs	\$9.65	(2-R) NQ (6-R) NQ	\$5.80	\$5.63	\$7.07
Burley / Rupert	\$9.50	(2-R) \$12.92 (6-R) \$12.92	\$5.75-\$5.80	\$5.78	\$7.17
Hazelton					
Twin Falls / Eden / Buhl	\$10.10	(2-R) NQ (6-R) NQ	\$5.45	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$5.83	NQ	NQ
Nez Perce / Craigmont	\$9.10	(2-R) \$9.10 (6-R) \$9.10	\$6.14	\$6.62	\$8.34
Lewiston	\$9.35	(2-R) \$9.35 (6-R) \$9.35	\$6.33	\$6.81	\$8.53
Moscow / Genesee	\$9.15-\$10.75	(2-R) \$9.15 (6-R) \$9.15	\$6.10-\$6.80	\$6.58-\$7.39	\$8.30-\$8.93

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	June \$6.75-\$6.85 Sept \$6.78-\$7.05	June \$7.29-\$7.44 Aug NC \$7.19-\$7.32	June \$8.89-\$8.99 Aug \$8.45-\$8.75
Los Angeles	\$13.10	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.10	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	NQ	NQ	NQ
Great Falls	\$8.00-\$10.60	NQ	\$11.50	NQ	\$5.21-\$5.79	\$7.63-\$7.71
Minneapolis	\$10.83	NQ	\$14.48	NQ	\$7.15 (12%)	\$8.94-\$9.19

Market trends this week

BARLEY – Local barley prices were mostly lower this week, ranging from \$.15 higher to \$1.04 lower in southern Idaho and \$.25 cents lower reported in northern Idaho. USDA reported that there were no barley export sales last week for new Marketing Year 2012/13, which began June 1st. A total of 2.3 TMT of barley sales were carried over from the 2011/12 marketing year, which ended May 31. Accumulated exports for MY 2011/12 totaled 83.3 TMT, down 17% from the previous year.

WHEAT – Local wheat prices were also mostly lower this week: SWW ranged from 50 cents lower to 2 cents higher; HRW ranged from 10 to 55 cents lower; and DNS ranged from 1 to 27 cents lower. USDA reported that wheat export sales last week were well below trade expectations at 165.7 TMT. A total of 1.3 MMT of wheat sales were carried over from the 2011/12 marketing year, which ended May 31. Wheat export shipments last week totaled 530.7 TMT, bringing accumulated exports for MY 2010/11 to 26.6 MMT, down 20% from the previous year.

CORN – Corn export sales last week also were well trade expectations at 399 TMT (251.8 TMT for MY 2011/12 and 147.2 TMT for MY 2012/13), up 33% from the previous week and 11% from the 4-week average. Corn export shipments last week totaled 732.9 TMT, down 10% from the previous week, but up 2% from the 4-week.

Wheat Competitor/Buyer News – USDA Ag Attache in Russia is pegging Russia's wheat crop only 2 MMT lower than a year ago at 54 MMT compared to the 4 to 6 MMT drop estimated earlier this spring. Their wheat exports at 19 MMT, compared to 21 MMT estimated in MY 2011/12. The Buenos Aires Grain Exchange is now projecting Argentine wheat plantings at only 3.8 million hectares, down from an earlier forecast of 4.0 million ha and last year's 4.8 million hectares (down 21%).

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production ticked higher last week, totaling 904,000 bbls per day, up 0.22% from the previous week but down 1.2% from last year. Corn used for ethanol last week totaled 96.3 million bu, still above the weekly pace of 93.3 mbu to meet USDA's usage estimate of 5.0 billion bushels for the year.

Corn Competitor/Buyer News – Argentine farmers have initiated a weeklong strike which will halt corn and soybean shipments due to disagreements with the government over export taxes and other domestic policies.

Futures market activity this week

Macroeconomic news – A risk-on attitude re-established itself midweek on rising expectations that central bankers around the world will act to stimulate a stagnating global economy, although nothing concrete was announced in either Europe or the U.S. The European Central Bank left their borrowing rate unchanged at 1%, despite some expectations of a 25 bp cut but left the door open to further action if warranted. On the political side, there were signs that German opposition to a debt sharing plan (such as euro bonds) was weakening and that action might be taken sooner rather than later to shore up ailing banks in Spain.

China's central bank made a surprising 25 bp cut to their short term interest rates early Thursday which gave global financial and commodity markets an across-the-board boost.

The Federal Reserve's monthly Beige Book assessment of the U.S. economy was released this week, showing "moderate" expansion in line with the previous month's "modest to moderate" assessment. The Fed noted that U.S. consumer spending was holding steady to slightly higher which is necessary to underpin U.S. economic performance and the outlook for inflation remained subdued; however they also noted that the U.S. unemployment rate remained too high and there were significant downside risks to the U.S. economy from a global economic slowdown. Fed Chairman Bernanke followed with testimony before the Joint Economic Committee of Congress on Thursday morning emphasizing that the Fed was poised to take further action if the U.S. economy showed signs of stalling, but offered no new specifics of another round of quantitative easing (QE3). This lack of specific commitment seemed to disappoint some investors, pushing crude oil and gold prices lower into the midday trading session.

U.S. economic indicators – A much weaker than expected monthly jobs report released last Friday showed U.S. unemployment edging upward to 8.2% in May, with only 69,000 new jobs added to the economy compared to expectations of 150,000 new jobs. This week the news remained mixed but slightly better as service sector index came in better than expected while productivity declined slightly more than expected. Weekly unemployment claims fell more than expected this week, easing some concerns about further labor market weakness.

WHEAT – Volatility reigned supreme this week...Wheat prices shot higher on Monday, boosted by a lower dollar and spillover support from corn and beans. Gains could not be sustained, however, as wheat reversed direction and traded sharply lower on Tuesday as the dollar rose and good crop weather was seen across US spring wheat and European production areas. Winter wheat harvest hedge pressure also weighed on the wheat markets. Short covering on Wednesday sent wheat prices soaring higher again as a sharp break in the dollar and expectations that the Fed will announce more stimulus sent markets soaring across the board. Wheat finished with another round of gains today (Thursday) as short covering was sparked by a weaker dollar and strong soybean rally. Talk of conditions turning drier in Europe added some underlying support. **Wheat market closes on Thursday, 06/07/12**

	July 2012	Weekly Summary	Sept 2012	Weekly Summary
Chicago	\$6.41 ³ / ₄	Up \$0.29 ¹ / ₂	\$6.58	Up \$0.27 ¹ / ₄
Kansas City	\$6.68 ¹ / ₂	Up \$0.31 ¹ / ₂	\$6.84 ¹ / ₄	Up \$0.03 ¹ / ₄
Minneapolis DNS	\$7.66 ³ / ₄	Up \$0.27 ¹ / ₄	\$7.61 ³ / ₄	Up \$0.20 ³ / ₄

CORN – Corn posted double digit gains on Monday, as a lower dollar and oversold condition triggered fresh technical buying. Tuesday saw prices flip flop lower as aggressive fund buying was sparked by a higher dollar and heightened worries that the Spanish banking system was teetering on the edge of collapse. Nearby prices closed just fractionally lower on support from firm cash bids, while new crop contracts sank on a combination of these negative outside market influences and less threatening weather models which showed some rain potential next week. Corn posted strong gains again on Wednesday in the face of better outside markets and weather uncertainties as models gyrated daily between drier, wetter and then drier again. Corn posted double digit gains in new crop contracts today (Thursday) in mostly thin trading. Midday weather models showed a drier bias for next week, along with prospects of much hotter temps in the 11-15 day outlook. **July 2012 corn futures contract closed Thursday, 06/07/12, at \$5.94, up \$0.42 ¹/₂ and the Sept 2012 contact closed at \$5.43, up \$0.28 ¹/₄ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil staged a modest recovery this week after plunging to an 8 month low last Friday. Prices opened the week \$0.75 higher to close at \$83.98 on improving risk attitudes and reports that OPEC crude oil production has risen to a 3 ½ high in anticipation of the July 1 European embargo against Iranian oil. Prices continued to advance on Tuesday – closing \$0.31 higher to \$84.29 – in choppy two sided trading. Wednesday saw prices move \$0.73 higher to top \$85, on speculation that central banks were poised to take more economic stimulus measures to spur economic growth that would in turn boost fuel demand. Gains were limited by a mostly bearish DOE weekly crude oil inventory report... which showed crude oil stocks falling far less than expected at 111,000 bbls lower compared to an expected decline of 500,000 bbls; distillates rose 2.25 million bbls compared to an expected decline of 250,000 bbls and gasoline stocks jumped 3.35 million bbls compared to an expected increase of 1.0 million bbls. **Crude oil prices began today's session higher on news of a Chinese interest rate cut but then settled \$0.20 lower to \$84.82 as some investors took profits after Fed Chairman Ben Bernanke played down the prospects of QE3 in testimony before Congress today.**

U.S. WEATHER / CROP WATCH –

Pacific Northwest – Unsettled weather was noted across the entire region, with some northern areas receiving heavy rainfall while colder overnight temperatures in southern and eastern Idaho threatened frost damage in winter wheat and spring grains.

Midwest - Corn & spring wheat – Many analysts were surprised when USDA left their corn crop rating unchanged this week at 72% good/excellent. Apparently last week's scattered showers and moderating temperatures were enough to stabilize conditions for now. **The corn crop condition index came in at 381, up 2 pts from last week and 8 pts above the 10-year average for the week of 370.** Weather across the central region of the country was mostly quiet this week, setting the stage for moisture stress during pollination in some key areas unless good rainfall amounts materialize soon. Despite disagreement in major weather models and more flip flopping than usual, right now the 6-10 day and 8-14 day outlooks call for above normal temperatures and normal to above normal precipitation for much of the Central U.S., with the best chances for beneficial moisture next week along the eastern edge. The **U.S. spring wheat region** continues to receive timely rainfall, providing generally excellent growing conditions this year, which is a sharp contrast to a year ago. **The spring wheat crop condition index score was 389 this week, down 2 pts from the previous week but still 10 above the 10-year average for this date.**

Winter wheat (HRW) – Scattered showers fell across parts of Texas and Oklahoma mid week, causing some harvest delays. Harvest moved steadily north about two weeks of normal pace, with reports from northwestern Kansas of generally good yields (although short of projections from a month ago) and excellent overall quality. **The winter wheat crop condition index score fell another 2 pts this week to 340, which is still up 26 pts from the 10-year average for this date.**

Lingering La Nina effects - Official models show a neutral condition has developed with even chances of an El Nino formation at some point this summer or fall, but there are strong signs of a lingering La Nina effect with evidence of widespread drier than normal conditions across the Central U.S. **These conditions are the result of a persistent ridge of high pressure stretching across the central heartland and has been strongly influenced by warmer than normal sea surface temperatures in the North Pacific. If this warm anomaly continues, there is a likely chance of a warmer and drier bias for the Midwest through the remainder of this growing season.**

INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – After a very dry fall and winter, the Canadian prairies are enjoying favorable planting and germination conditions as a trough of low pressure continues to bring beneficial moisture and cool temperatures across the region.
- **Europe** – Rain continued to fall in key production areas from France into Germany this week, providing adequate to abundant moisture for reproductive to filling grains across western and southern Europe. There was some talk of drier conditions re-emerging in parts of Europe into the next 2 weeks.
- **Ukraine/Russia** – Conditions turned drier this week, although areas of southern Russia expected to see more rainfall into this weekend and next week. Spring wheat region of Eastern Russia and Kazakhstan has turned unfavorably dry.
- **Northern Africa** – Mostly dry conditions continued to accelerate grain harvest.
- **Middle East** – Persistent late season rains continued to boost filling winter grains in Turkey, while the rest of the region saw warm and dry conditions accelerating grain harvest.
- **China** – A warm and dry spring in the main Chinese corn growing region has raised early season dryness concerns, but an active storm system moved through Manchuria this week. Most areas of the North China Plains were dry this week and are expected to remain mostly dry for the next 2 weeks which could result in **yield stress for at least 15% of that country's corn and soybean belt.**
- **Australia** – Eastern Australia has received timely rains to aid winter grain planting and germination, while Western Australia suffered from a moisture deficit until this week when beneficial rains started arriving. More showers are expected in this key production region through the weekend, improving seeding and germination conditions just in time for mid month planting deadline.

USDA Crop Progress / Condition Report, June 4, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	96% emerged	91%	55%	81%	69%	69%	NA
ID barley	7% headed	NA	-	-	68%	67%	
US spring wheat	3% headed	NA	-	-	78%	79%	NA
ID spring wheat	6% headed	NA	-	-	66%	68%	
US winter wheat	88% headed 20% harvested	85%	77%	80%	52%	54%	34%
ID winter wheat	19% headed	11%	9%	13%	90%	91%	
Corn	97% emerged	92%	75%	83%	72%	72%	67%