

Idaho Grain Market Report, June 21, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 20, 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 (6-R) \$12.50	\$6.20	\$6.11	\$7.68
Blackfoot / Pocatello	\$10.10	(2-R) \$12.00 (6-R) \$12.00	\$6.00	\$5.40	\$7.47
Grace / Soda Springs	\$9.65	(2-R) NQ (6-R) NQ	\$6.35	\$6.01	\$7.47
Burley / Rupert	\$9.50	(2-R) \$12.50 (6-R) \$12.50	\$6.00	NQ	NQ
Hazelton					
Twin Falls / Eden / Buhl	\$10.10	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$6.59	NQ	NQ
Nez Perce / Craigmont	\$9.10	(2-R) \$9.10 (6-R) \$9.10	\$6.49	\$6.96	\$8.50
Lewiston	\$9.35	(2-R) \$9.35 (6-R) \$9.35	\$6.68	\$7.15	\$8.69
Moscow / Genesee	\$9.15-\$11.00	(2-R) \$9.15 (6-R) \$9.15	\$6.45-\$7.10	\$6.92-\$7.60	\$8.46-\$9.12

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 \$7.00-\$7.05 Oct \$7.00-\$7.15	June \$7.57-\$7.67 Aug NC \$7.57-\$7.60	June \$9.19-\$9.29 Aug \$8.98-\$9.08
Los Angeles	\$13.40	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.40	NQ	NQ	NQ	NQ	NQ
Ogden	\$9.85	NQ	NQ	\$6.30	\$6.05	\$7.53
Great Falls	\$8.00-\$10.10	NQ	\$11.50	NQ	\$5.59-\$5.97	\$7.25-\$7.56
Minneapolis	\$10.73	NQ	\$14.69	NQ	\$7.46 ½ (12%)	NQ

Market trends this week

BARLEY – Local barley prices were mostly steady this week, ranging from no change to \$1.00 higher in southern Idaho and no change reported in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

WHEAT – Local wheat prices were mostly higher this week: SWW ranged from no change to 75 cents higher; HRW ranged from 13 to 43 cents higher; and DNS ranged from 13 cents lower to 44 cents higher. USDA reported that wheat export sales last week for new Marketing Year 2012/13 were above trade expectations at 842 TMT and export shipments totaled 595 TMT.

Wheat Competitor/Buyer News – SovEcon lowered their Russian wheat production estimate for this year to 50 MMT, down from their previous estimate of 53 MMT and USDA's current estimate of 53 MMT. The Indian government announced it will offer 3 MMT of wheat from its government stocks to local Indian millers at a discounted price in order to make way for this year's bumper crop. Iraq purchased 250 TMT of wheat this week from Australia, Russia and Canada.

CORN – Corn export sales last week were on the low end of trade expectations at 382 TMT (171.4 TMT for MY 2011/12 and 210.6 TMT for MY 2012/13), up 86% from the previous week and remaining unchanged from the 4-week average. Corn export shipments last week totaled 713.3 TMT, up 65% from the previous week and 7% from the 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production ticked higher last week, totaling 900,000 bbls per day, down 2.2% from the previous week.

Corn Competitor/Buyer News – Rumors were swirling late last week that Brazilian corn was competitively priced to import into southeastern US ports this year (\$30/MT below US Gulf prices), but there has been no confirmation of any actual import transactions.

Futures market activity this week

Macroeconomic news – Markets calmed significantly early in the week after Greek voters favored pro-bailout candidates in Sunday's election, followed by a smooth and rapid move to form a new government and install a new prime minister on Wednesday. Greece's next big task will be to negotiate some concessions from the euro-zone leaders on their existing bailout package to help jumpstart economic growth rather than focusing exclusively on budget cuts which tend to worsen the near-term economic outlook. Spain also held successful bond auctions this week and saw their 10-year bond yields fall slightly as default fears ease somewhat. European leaders will meet again next week in their ongoing pursuit of comprehensive solutions to their debt crisis. Today, Spain released data that shows their banks are in worse shape than expected which hammered markets hard today.

Meanwhile, both Chinese and euro-zone manufacturing data came in below expectations this week, reinforcing concerns of a significant slowdown in global economic growth prospects for the remainder of 2012. U.S. manufacturing data also showed weakness, with the Philadelphia manufacturing index below expectations this month.

U.S. economic outlook – All eyes were focused on the Federal Reserve this week as they held their monthly FOMC meeting. And the outcome of this key meeting was certainly not what the markets hoped for...the Fed stopped short of announcing another round of stimulus (QE3) despite plenty of signs of economic softening. The Fed did confirm they would extend their Operation Twist program until the end of 2012, while downgrading their U.S. economic outlook by .5%, with the US GDP forecast now in a range of 1.9 to 2.4% (down from their earlier projection of 2.4 to 2.9%). U.S. unemployment projection for the remainder of this year was raised slightly.

WHEAT –Wheat prices spiked sharply higher on Monday in a combination of short covering and spillover support from the corn and soybean markets which are building a weather risk premium. A lower dollar and stronger European wheat futures continued to pull wheat futures sharply higher on Tuesday. Wheat continued to post impressive gains on Wednesday, with MGE leading the way, with support from declining crop prospects in major wheat producing regions of the Northern Hemisphere. Wheat finished modestly lower today (Thursday) under pressure from negative outside markets but most of the early session losses were recovered by midday on another round of short covering. **Wheat market closes on Thursday, 06/21/12**

	<u>July 2012</u>	<u>Weekly Summary</u>	<u>Sept 2012</u>	<u>Weekly Summary</u>
Chicago	\$6.61 ³ / ₄	Up \$0.52 ¹ / ₄	\$6.78 ¹ / ₂	Up \$0.51 ³ / ₄
Kansas City	\$6.83	Up \$0.53	\$6.98 ¹ / ₂	Up \$0.53
Minneapolis DNS	\$8.43 ³ / ₄	Up \$0.56 ¹ / ₄	\$7.69 ³ / ₄	Up \$0.17 ¹ / ₂

CORN – Corn posted impressive double digit gains to begin the week on rising concerns about the yield effects from above average temperatures and below normal precipitation in much of the Central and Eastern Corn Belt. Only the western belt seems to have adequate soil moisture at the current time. Corn prices continued to climb higher on Tuesday on declining crop conditions and unsettled weather forecasts. Some major crop forecasters lowered their yield estimates to 160 bpa or below, compared to USDA's 166 bpa. Prices closed mixed to slightly lower on Wednesday in the face of profit-taking and increased producer selling. Corn posted a sharp reversal lower today (Thursday) under pressure from better than expected rainfall in parts of the western Corn Belt and a weak export sales report. **July 2012 corn futures contract closed Thursday, 06/21/12, at \$5.86 ¹/₂, up \$0.07 and the Sept 2012 contact closed at \$5.50 ¹/₄, up \$0.40 ³/₄ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil slumped this week on growing concerns about the global economy. The market began the week closing down \$0.76 to \$83.27 with most of the early losses erased by mid-session on easing concerns about the Greek election. Prices rebounded modestly on Tuesday – closing up \$0.76 to \$84.03 – on a lower dollar and a mostly positive outside market sentiment. **But this positive tone was short lived as the crude market fell sharply on both Wednesday and Thursday – closing down \$2.23 and \$3.25 respectively - to finish at an 8 month low of \$81.80 on Thursday.** DOE's weekly crude oil inventory report showed crude oil stocks increasing more than expected to a 22 year high – increasing by 2.861 million bbls compared to an expected decline of 1.3 million bbls; distillates increased by 1.2 million bbls compared to an expected increase of 1.0 million bbls and gasoline stocks increased by 943,000 bbls, compared to an expected increase of 1.0 million bbls.

U.S. WEATHER / CROP WATCH –

Pacific Northwest – Warmer and drier conditions prevailed across the region.

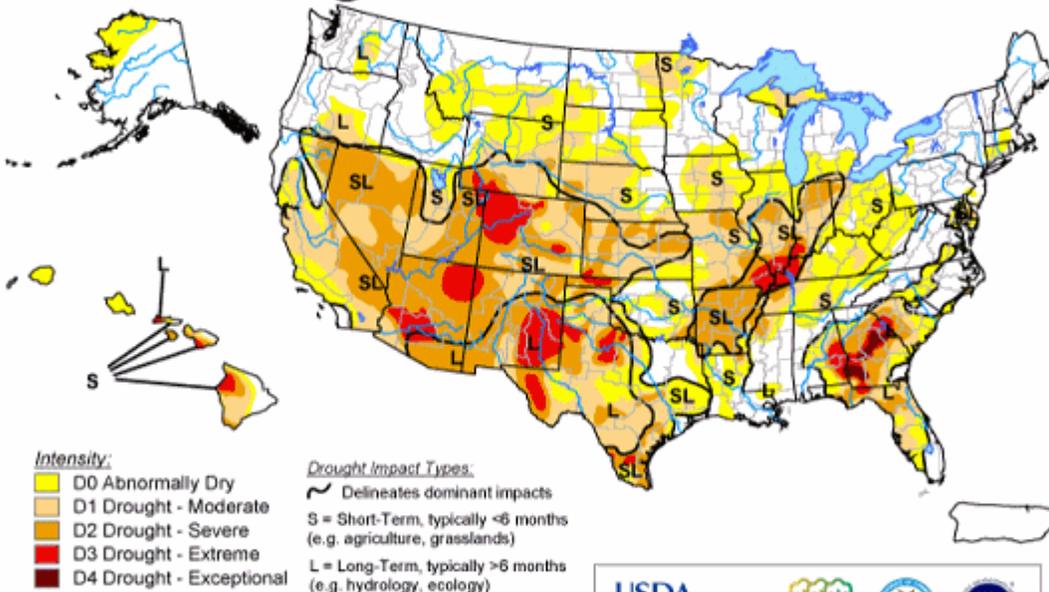
Midwest - corn & spring wheat – As expected the weekly corn crop rating continued to fall this week, declining 3% to 63% good/excellent. **The corn crop condition index fell by 5 pts this week to 363, which is now down 10 pts from the 10-year average of 373 for this time period.** About one-third of the Corn Belt remains unfavorably dry as confirmed by the Climate Prediction Center's Drought Monitor (below) which clearly shows an expansion of U.S. drought areas. The CPC predicts these dry conditions will intensify through much of the summer. Showers this week favored the Western Corn Belt with some areas receiving more precipitation than expected. There are strong chances that a band of beneficial moisture will move from the Western Corn Belt into the Southeastern Belt on Sunday and Monday. The 11-15 day outlook calls for cooler temps but below average rainfall and the 16-30 day outlook is trending drier. **The spring wheat crop condition index score was unchanged this week at 386, which is up 7 pts from the 10-year average for this date.** About 15% of the spring wheat belt is showing some moisture stress.

INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – Damp weather slowed final planting but overall growing conditions remain favorable.
- **Europe** – More rains continued to boost yield prospects in filling winter grains in France, England and southern Germany.
- **Ukraine/Russia** – Widespread showers benefitted grains across Western Ukraine and Northern Russia but heat stress continued to be prevalent across Eastern Ukraine and Southern Russia. Spring grain areas of Eastern Russian and Kazakhstan continued to receive beneficial moisture this week.
- **Middle East** – Dry conditions allowed for winter grain maturation and harvest to begin in Turkey.
- **China** – Showers continued to favor the northeastern corn and bean areas while the North China Plains remained mostly dry and hot, stressing the corn crop but accelerating winter wheat harvesting.
- **Argentina** – Continuing dryness and warming trend favored final corn harvesting and winter grain planting.
- **Brazil** – Central region turned warmer and drier, allowing for corn harvest to accelerate and winter wheat crop to develop.
- **Australia** – Recent moisture in Western Australia has created nearly ideal early crop development conditions, while scattered showers fell across parts of southern and eastern Australian benefitting vegetative winter grains.

U.S. Drought Monitor

June 19, 2012
Valid 8 a.m. EDT



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>



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USDA Crop Progress / Condition Report, June 18, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	19% headed	5%	1%	6%	67%	64%	74%
ID barley	21% headed	10%	-	7%	62%	59%	
US spring wheat	33% headed	15%	1%	7%	76%	75%	72%
ID spring wheat	18% headed	8%	-	5%	61%	59%	
US winter wheat	94% headed 48% harvested	92%	88%	91%	54%	53%	36%
ID winter wheat	27% headed	19%	17%	24%	91%	91%	
Corn	5% silking	NA	2%	2%	63%	66%	70%