

Idaho Grain Market Report, June 29, 2012

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

Please note we will NOT PUBLISH a report next week, July 5, due to the holiday.

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 27, 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	\$10.00	(2-R) \$12.50 (6-R) \$12.50	\$6.45	\$6.53	\$7.92
Blackfoot / Pocatello	\$10.10	(2-R) \$12.00 (6-R) \$12.00	\$6.40	\$6.08	\$8.06
Grace / Soda Springs	\$10.35	(2-R) NQ (6-R) NQ	\$6.50	\$6.41	\$7.91
Burley / Rupert Hazelton	\$10.00	(2-R) \$12.50 (6-R) \$12.50	\$6.25-\$6.40	\$6.48	\$7.88
Twin Falls / Eden / Buhl	\$10.10	(2-R) NQ (6-R) NQ	\$5.95	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$6.47	NQ	NQ
Nez Perce / Craigmont	\$9.60	(2-R) \$9.60 (6-R) \$9.60	\$6.84	\$7.35	\$8.89
Lewiston	\$9.85	(2-R) \$9.85 (6-R) \$9.85	\$7.03	\$7.54	\$9.08
Moscow / Genesee	\$9.65-\$10.75	(2-R) \$9.65 (6-R) \$9.65	\$6.80-\$7.55	\$7.31-\$8.10	\$8.85-\$9.45

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 \$7.50-\$7.55 Oct \$7.54-\$7.61	June \$7.99-\$8.14 Aug NC \$8.05-\$8.15	June \$9.35-\$9.55 Aug \$9.30-\$9.55
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$10.55	NQ	NQ	\$6.70	\$6.63	\$8.02
Great Falls	\$8.00-\$10.30	NQ	\$11.50	NQ	\$6.04-\$6.45	\$8.24-\$8.43
Minneapolis	\$10.94	NQ	\$14.79	NQ	\$8.04 (12%)	\$9.35 ¼ - \$9.60 ¼

Market trends this week

BARLEY – Local barley prices were mostly higher this week, ranging from \$1.00 lower to \$.70 higher in southern Idaho and \$.25 lower to \$.50 higher reported in northern Idaho. USDA reported barley export sales at 55.3 TMT and shipments of .6 TMT to Japan and Taiwan last week.

USDA's 2011 Acreage Estimate for Barley (June 29) – USDA pegged **U.S. barley acreage at 3.678 million, up 44% from last year and harvested acreage at 3.268 million.** Idaho barley planted acreage is pegged at 610,000, up 17%, and harvested acreage at 590,000.

USDA Quarterly Stocks Report (June 29) – USDA pegged U.S. barley stocks on June 1 at 60.1 million bu, down 33% from a year ago. The March-May 2012 indicated disappearance is 33.7 million bu, down 31% from the same period a year ago. Idaho barley stocks on June 1 are pegged at 15.274 million bu, down 6% from a year ago.

WHEAT – Local wheat prices were also mostly higher this week: SWW ranged from 12 cents lower to 45 cents higher; HRW ranged from 39 to 68 cents higher; and DNS ranged from 24 to 59 cents higher. USDA reported that wheat export sales last week were well below trade expectations at 324.5 TMT, down 61% from the previous week. Export shipments totaled 472.6 TMT, down 21% from the previous week.

USDA's 2011 Acreage Estimate for Wheat (June 29) – USDA pegged total **U.S. wheat acreage at 56.017 million, up 3%** from 2011, and harvested acreage at 48.826 million. Winter wheat acreage is estimated at 41.8 million, up 3% from last year and **other spring wheat acreage is estimated at 12.0 million, down 3%**. The acreage estimate is **BELOW the average pre-report trade estimate of 56.851 million acres**. Idaho wheat acreage is pegged at 1.275 million, down 13% from 2011, and harvested acreage at 1.215 million.

USDA Quarterly Stocks Report (June 29) – USDA pegged **U.S. wheat stocks on June 1 at 743 million bu, down 14%** from a year ago. This was **16 million bu ABOVE the average pre-report trade estimate of 726 million bu**. The March-May 2012 indicated disappearance is 457 million bu, down 19% from the same period a year ago. Idaho wheat stocks on June 1 are pegged at 15.133 million bu, down 16% from a year ago.

Wheat Competitor/Buyer News – The Russian Ag Ministry continued to ratchet down their Russian wheat production estimate this week to 46 to 49 MMT, compared to SovEcon's estimate last week of 50 MMT and USDA's mid-month forecast of 53 MMT.

CORN – Corn export sales last week were on the low end of trade expectations at 293 TMT (193 TMT for MY 2011/12 and 100 TMT for MY 2012/13), up 13% from the previous week and 10% from the 4-week average. Cumulative corn export sales now stand at 92.9% of the USDA forecast for the marketing year which ends August 31, compared to 5-year average of 94.7%. Corn export shipments last week totaled 665.4 TMT, down 7% from the previous week and 1% from the 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production slipped lower last week as ethanol plant margins have taken a negative turn, totaling 883,000 bbls per day, down 1.9% from the previous week and down 1.1% from the same period a year ago. Corn used totaled 94.06 million, below the weekly pace of 97.5 million bu needed to meet USDA's higher estimate for the remainder of this marketing year (ends August 31).

USDA's 2011 Acreage Estimate for Corn (June 29) – USDA pegged **U.S. corn acreage at 96.405 million, up 5%** from last year and the highest planted area since 1937. This is **ABOVE the average pre-report trade estimate of 95.962 million acres**. USDA pegged harvested corn acreage at 88.9 million.

USDA Quarterly Stocks Report (June 29) – USDA pegged **U.S. corn stocks on June 1 at 3.15 billion bu, down 14%** from a year ago. This was **33 million bu BELOW the average pre-report trade estimate of 3.182 billion bu**. The March-May 2012 indicated disappearance is 2.87 billion bu, slightly above the same period a year ago.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production eased off last week, totaling 893,000 bbls last week, down 1.9% from the previous week and down 1.1% from last year – **representing a weekly corn use of 94.06 million bushels, which is now trending below USDA's revised annual estimate of 5.05 billion bu**.

Futures market activity this week

Macroeconomic news – Most markets turned decisively cautious this week ahead of the EU summit scheduled Thursday and Friday, as most investors had low expectations of anything concrete emerging from the summit that will improve EU's near-term economic outlook. The challenges remain significant in balancing the need to backstop the debts of struggling countries like Greece and now Spain, while laying the foundation to jumpstart future growth. Cyprus added to the anxiety as it became the latest EU country to ask for a bailout to shore up its ailing banking sector. Meanwhile, the 10-year bond yields for both Spanish and Italian sovereign debt continued to tick higher this week, making their borrowing costs skyrocket. **European leaders announced they would ease the terms of loans to Spanish banks, which was viewed as a positive step and catapulted the euro higher in overnight trading.**

U.S. economic outlook – U.S. economic data was mostly positive this week, after recent mixed news. The week started with a lower than expected consumer confidence index (down 2.4 pts in June to a 5-month low) but was quickly followed by better than expected home prices and pending home sales which reached a 2 year high which suggest the housing crisis is bottoming out. Stronger than expected durable goods orders this month also added to the positive tone.

WHEAT –Wheat prices rallied sharply on Monday in face of a corn and soybean weather rally and confirmation from the Russian government that their wheat crop will be significantly smaller than forecast last month, now pegged at 46 to 49 MMT compared to USDA's estimate earlier this month of 53 MMT. Wheat continued to move modestly higher on Tuesday in spillover support from corn and expectations of a lower stocks estimate from USDA on Friday. Wednesday saw the third consecutive close higher for most wheat contracts on short covering triggered by the U.S. and Russian weather rallies which overshadowed a higher dollar and investor nervousness about the EU debt situation. Wheat posted

moderate losses on Thursday as early gains from short covering gave way to pressure from a disappointing export sales number and negative outside market forces. **Wheat market closes on Thursday, 06/28/12**

	July 2012	Weekly Summary	Sept 2012	Weekly Summary
Chicago	\$7.26	Up \$0.52 ³ / ₄	\$7.46	Up \$0.58 ¹ / ₂
Kansas City	\$7.35	Up \$0.49	\$7.52	Up \$0.51 ¹ / ₂
Minneapolis DNS	\$8.67 ³ / ₄	Up \$0.08 ³ / ₄	8.34 ³ / ₄	Up \$0.46 ¹ / ₄

CORN – Corn rallied limit up on Monday in a classic weather rally as models show heat and dryness will linger during the critical silking and pollination stages the next 2 to 3 weeks. **Nearly two-thirds of the U.S. corn crop will be pollinating in the 11-15 day window and most weather models remain threatening**, with some notable exceptions across the northwestern belt. A bigger than expected decline in weekly crop ratings on Monday afternoon (down 7 pts versus expected an expected 2% decline) pushed corn sharply higher again on Tuesday, but gains were trimmed midday as the 1-5 day outlook turned slightly wetter for the northeastern production region. Corn posted modest gains on Wednesday but early highs were largely erased by profit-taking ahead of Friday's key USDA acreage and stocks reports. Corn posted a mixed to mostly lower close on Thursday as midday gains eroded in the face of positioning ahead of Friday's highly anticipated reports. **July 2012 corn futures contract closed Thursday, 06/28/12, at \$6.52, up \$0.61 and the Sept 2012 contract closed at \$6.26 ¹/₄, up \$0.75 for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil traded in a mostly narrow range this week as investor anxieties continued to mount with respect to stagnating global economic growth. Monday saw pressure from outside markets while the threat to Gulf oil platforms and refineries from Tropical Storm Debby rapidly declined as the storm moved eastward into northern Florida (over the weekend as much as a quarter of US oil operations in the Gulf region were shut down). Prices closed down \$0.55 to \$79.21 on Monday but gained \$0.15 on Tuesday to close at \$79.36. A more positive tone to outside markets pushed prices higher on Wednesday – closing up \$0.85 to \$80.21 – with most of the support from better than expected US economic data. DOE's weekly crude oil inventory report showed crude oil stocks fell less than expected – decreasing by 133,000 bbls compared to an expected decline of 750,000 bbls; distillates fell by 2.3 million bbls compared to an expected increase of 1.25 million bbls and gasoline stocks increased by 2.1 million bbls, compared to an expected increase of 1.0 million bbls. **Crude oil fell sharply on Thursday – posting a fresh 8 month low to close down \$2.52 to \$77.69 - under pressure from uncertainties surrounding the EU summit and weakness in U.S. equities.**

U.S. WEATHER / CROP WATCH –

Pacific Northwest – Mostly warmer and drier conditions prevailed across the region, with the exception of the northern section which continues to see cooler and wetter than normal conditions. Spring barley and wheat crop conditions have deteriorated significantly across parts of eastern Idaho where a combination of drought and frosty conditions have adversely affected the crops. Spring grains in some far northern areas also are suffering from excessive moisture. By contrast most winter barley and wheat crops look good.

Midwest - corn & spring wheat – USDA's weekly corn crop rating fell more than expected to start off the week – down 7 pts compared to an expected decline of 2%. The corn crop condition index fell by 14 pts this week to 349, which is now down 25 pts from the 10-year average for this time period. A record setting heat wave and mostly dry conditions prevailed across the Midwest this week just as the corn pollination pace is beginning to accelerate. At least one half of the corn crop is expected to be done pollinating in the next 11 to 15 days so conditions right now are critical to determining corn yields. **Heat and drought stress is believed to have already caused irreparable yield losses, prompting many crop watchers to lower their U.S. corn yield projections to below 155 bpa, compared to USDA's June estimate of above trend line yield of 166 bpa.** The updated 1-3 day weather map now shows strong potential for a band of beneficial showers to stretch from Nebraska eastward through Ohio, but the 6-10 day outlook continues to show adverse heat. Areas at greatest risk of yield losses include southeastern Iowa, Illinois, Indiana, Missouri and Kansas. The 16-30 day outlook is trending wetter for the northern and central production areas. **The spring wheat crop condition index score remains strong ... up 2 pts this week to 388, which is up 11 pts from the 10-year average for the week.**

INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – Showers eased across the Canadian prairies midweek and these areas should remain dry for the next 5 days, which should be beneficial, particularly for those areas that have seen excessive moisture.
- **Europe** – Showery conditions persisted in northwestern Europe this week and are expected to linger into next week, causing some winter grain harvesting delays and quality concerns.
- **Ukraine/Russia** – Showers were mostly confined to the northwestern spring grain region of Russia, leaving other areas mostly dry. Dryness concerns persist for the Ukrainian and Russian corn crops into July.
- **Middle East** – Dry conditions allowed for winter grain maturation and harvest to begin in Turkey.
- **China** – The North China Plains received scattered showers this week, focusing on the western half as well as southern Manchuria, which helped reduce areas threatened by moisture stress to about 10% of the belt.
- **Argentina** – Dry mild conditions are mostly favorable.
- **Brazil** – Locally heavy rains persisted in southern Brazil, causing some flooding and corn harvest delays. There also are concerns with the new wheat crop development.

- **Australia** – Abundant moisture across southeastern and western regions is maintaining good growing conditions for winter grains, but New South Wales is seeing a reduction in soil moisture for winter wheat. The formation of an El Nino cycle in the next month to 6 weeks is likely to bring drier than normal conditions to Australian grain production areas.

USDA Crop Progress / Condition Report, June 25, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	40% headed	19%	4%	16%	66%	67%	75%
ID barley	42% headed	21%	5%	17%	59%	62%	
US spring wheat	57% headed	33%	5%	18%	77%	76%	69%
ID spring wheat	39% headed	18%	5%	14%	61%	61%	
US winter wheat	98% headed	94%	92%	95%	54%	54%	36%
	59% harvested	48%	36%	27%			
ID winter wheat	69% headed	44%	45%	64%	85%	91%	
Corn	10% silking	5%	2%	3%	56%	63%	68%