

Idaho Grain Market Report, July 12, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 11, 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) \$11.98 (6-R) \$11.98	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$10.75	(2-R) NQ (6-R) NQ	\$7.10	\$7.27	\$8.75
Idaho Falls	\$10.50	(2-R) \$11.98-\$12.50 (6-R) \$11.98	\$7.05	\$7.12	\$8.48
Blackfoot / Pocatello	\$10.10	(2-R) \$12.00 (6-R) \$12.00	\$7.00	\$6.67	\$7.46
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert	\$10.50	(2-R) \$11.98 (6-R) \$11.98	\$7.20	\$7.09	\$8.43
Hazelton					
Twin Falls / Eden / Buhl	\$10.10	(2-R) NQ (6-R) NQ	\$6.85	NQ	NQ
Weiser	\$11.00	(2-R) NQ (6-R) NQ	\$7.19	NQ	NQ
Nez Perce / Craigmont	\$10.35	(2-R) \$10.35 (6-R) \$10.35	\$7.59	\$8.19	\$9.54
Lewiston	\$10.60	(2-R) \$10.60 (6-R) \$10.60	\$7.78	\$8.38	\$9.73

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 \$8.10-\$8.30 Nov \$8.05-\$8.50	July \$8.66-\$8.86 Aug NC \$8.71-\$8.86	July \$10.10-\$10.15 Aug \$10.05-\$10.19
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.45	NQ	NQ	\$7.25	\$7.41	\$8.67
Great Falls	\$8.00-\$10.60	NQ	\$11.50	NQ	\$6.81-\$7.05	\$8.93-\$8.98
Minneapolis	\$10.83	NQ	\$13.54	NQ	\$8.81 (12%)	\$9.95-\$10.00

Market trends this week

BARLEY – Local barley prices were mostly higher this week, ranging from \$.52 lower to \$2.00 higher in southern Idaho and \$.55 to \$.75 higher reported in northern Idaho. USDA reported that there were no barley export sales or shipments last week.

USDA's S&D report for MY 2012/13 - BARLEY – July 11 – USDA made a few tweaks to this month's domestic barley balance sheet...raised beginning stocks by 8 million bu to 60 million bu and raised 2012 production by 17 million bu to 217 million bu due to a sizeable increase in North Dakota acreage. They also raised feed usage by 20 million bu to 50 million bu and **raised 2012 barley ending stocks by 5 million bu to 72 million bu**. The average farm-gate price for U.S. barley was raised by 20 cents on both ends of the range to \$5.30-\$6.30, compared to \$5.35 in the marketing year which ended May 31. **World barley production was cut by nearly 3 MMT this month to 131.9 MMT (1% lower than last year), due to smaller than expected crops in both Russia and Ukraine. World ending stocks were adjusted slightly lower to 20.5 MMT, about 7% below last year.**

2012 Idaho barley production was pegged this month at 51.3 million bu, up 10% from a year ago.

WHEAT – Local wheat prices were also mostly higher this week: SWW ranged from 60 to 95 cents higher; HRW ranged from 59 to 84 cents higher; and DNS ranged from 60 cents lower to 75 cents higher. USDA reported that wheat export

sales last week for new Marketing Year 2012/13 were at the low end of trade expectations at 311.8 TMT. Export shipments totaled 411 TMT, which was down 31% from the previous week and 30% from the prior 4-week average.

USDA's S&D report for MY 2012/13 - WHEAT – July 11 – Wheat S&D projections were considered market friendly but continued to underscore a comfortable stocks situation. USDA raised U.S. beginning stocks by 15 million bu to 743 million bu and lowered **2012 production by 20 million bu to 2.224 billion, which was BELOW the pre-report trade expectation of 2.253 billion bu.** Domestic food usage was increased by 5 million bu to 950 million bu, feed usage was cut by 20 million bu to 200 million bu and exports were raised by 50 million bu to 1.2 billion bu, **resulting in a 30 million bu cut in 2012/13 ending stocks to 664 million bu. This was BELOW the average pre-report estimate of 725 million bu.** The average farm-gate price for U.S. wheat was adjusted 60 cents higher on both ends of the range to \$6.20–\$7.40/bu, compared to \$7.24 in MY 2011/12. **World wheat production was cut by 6.8 MMT this month to 665 MMT, due to smaller crops in Russia, Kazakhstan and China. World wheat ending stocks were cut by 3 MMT to 182 MMT, down 7% from a year ago.**

2012 Idaho wheat production was pegged this month at 92.88 million bu, down 19% from a year ago.

Wheat Competitor/Buyer News – USDA cut their production estimates for both Russia (down 4 MMT) and Kazakhstan (down 2 MMT) due to adverse growing conditions this year. Production prospects could deteriorate further according to several trade sources. Meanwhile, USDA raised their production estimate for the EU-27 by 2 MMT this month to 133 MMT, due to increased moisture this year, although some areas are now experiencing excessive moisture which is causing some quality concerns.

CORN – Corn export sales last week were above trade expectations at 664.8 TMT (172.7 TMT for MY 2011/12 and 492.1 TMT for MY 2012/13), up considerably from the previous week and 45% from the 4-week average. Corn export shipments last week totaled 605.3 TMT, down 6% from the previous week and 1% from the 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production continued to tick lower last week as several ethanol plants slow down or idle processing capacity as margins continue to deteriorate. Production last week totaled 821,000 bbls per day, down 4.2% from the previous week and down 5.85% from the same period a year ago. Corn used totaled 87.45 million, now well below the weekly pace of 99.6 million bu needed to meet USDA's usage estimate of 5.05 billion bu for this marketing year (ends August 31).

USDA's S&D report for MY 2012/13 - CORN – July 11 – USDA dished up more surprises this month (bullish this time) by cutting their 2012 corn yield and production estimates far more than the pre-report trade expectations. USDA shaved off 20 bu from last month's national average yield estimate to 146 bpa (trade expected 154 bpa) and cut 1.8 billion bu from their 2012 crop production estimate to 12.97 billion bu. They also raised 2012/13 beginning stocks by 52 million bu to 903 million bu, which was ABOVE the pre-report trade estimate of 840 million bu. They cut domestic feed usage by 650 million bu to 4.8 billion bu, cut ethanol usage by 100 million bu to 4.9 billion bu and lowered exports by 300 million bu to 1.6 billion bu. **This resulted in a 698 million bu cut in 2012/13 corn ending stocks to 1.183 billion bu, which was BELOW the pre-report trade estimate of 1.232 billion bu.** The average farm-gate price for U.S. corn was raised substantially on both ends of the range to \$5.40–\$6.40. **World corn production was cut by 45 MMT this month to 905 MMT, which is still nearly 4% above the current year. World corn ending stocks were cut by 22 MMT this month to 134 MMT, well below expectations of 145 MMT.**

Futures market activity this week

WHEAT –Wheat posted strong double digit gains on Monday, reaching new contract highs as grain prices exploded higher in the face of severe drought conditions in the Central US and deteriorating wheat crop conditions in the Black Sea region. Wheat prices retreated modestly on Tuesday under pressure from profit-taking and consolidation ahead of Wednesday's S&D report. Wednesday saw wheat overcome midday weakness to rally into the close on support from short covering and a bullish S&D report. Wheat posted double digit gains today (Thursday) with spillover support from corn and beans and ideas that world wheat feeding is likely to increase this marketing year as feed grain prices skyrocket.

Wheat market closes on Thursday, 07/12/12 ... please note we have shifted to the Sept and Dec contracts.

	Sept 2012	Weekly Summary	Dec 2012	Weekly Summary
Chicago	\$8.46 ³ / ₄	Up \$0.40 ¹ / ₂	\$8.59 ³ / ₄	Up \$0.38
Kansas City	\$8.47	Up \$0.38 ¹ / ₂	\$8.66 ¹ / ₄	Up \$0.35 ¹ / ₄
Minneapolis DNS	\$9.42	Up \$0.36 ¹ / ₂	\$9.37	Up \$0.30 ¹ / ₄

CORN – Corn extended its strong two-week price rally on Monday posting sharp gains on continued concerns over rapidly declining yield potential. Weather forecasts show a break from the recent record heat this week but persistent dryness remains a big concern across much of the Corn Belt during the critical pollination stage. Corn prices eased back on Tuesday in a round of profit-taking and positioning ahead of USDA's monthly S&D report. Corn began Wednesday's session higher in anticipation of a sizeable drop in the US corn yield estimate but USDA's sizeable reduction in projected usage due to anticipated price rationing quickly triggered another round of profit-taking, pushing corn prices lower for a second consecutive session. Corn surged higher today (Thursday) on a drier weather outlook for the next 5 days and a

return to 100 degree heat next week across much of the Central Corn Belt. **Sept 2012 corn futures contract closed Thursday, 06/28/12, at \$6.52, up \$0.61 and the Dec 2012 contact closed at \$6.26 ¼, up \$0.75 for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil trading saw increased volatility this week, with the main factor remains expanding investor concerns about slowing global economic growth. Prices rose \$1.54 on Monday to close at \$85.99 with support from a weaker dollar and a lack of progress in resolving a oil worker strike in Norway. Prices settled more than \$2 lower on Tuesday to \$83.91 in the face of a stronger dollar, equities sell-off, resolution of the workers’ strike and weaker than expected Chinese oil demand last month. In more see-saw action, crude posted solid gains on Wednesday – trading up nearly \$2 to close at \$85.81 – with support from a bigger than expected decline in domestic crude oil stocks. DOE’s weekly crude oil inventory report showed crude oil stocks fell by 4,696 million bbls, compared to an expected decline of 1.25 to 1.5 million bbls; distillates increased by 3.112 million bbls; and gasoline stocks increased by 2.752 million bbls. **Crude oil traded modestly higher on Thursday – closing up \$.27 to \$86.08 – with early weakness from a higher dollar and continuing investor worries about slowing economic growth and soft demand prospects.**

U.S. WEATHER / CROP WATCH –

Pacific Northwest – Mostly hot and dry conditions prevailed across the PNW region with only significant showers reaching the far north. Hot weather is expected to persist across much of the West and Northern High Plains in the 1-5 day period, with monsoonal shower activity dotting parts of the Intermountain West and Southwest.

Midwest - corn & spring wheat – The National Weather Service updated its Seasonal Drought Outlook this week(below), clearly showing an increase in both the extent and intensity of drought stress across the Ohio and Tennessee Valleys, middle and lower Mississippi River Valley and much of the Great Plains. In their new outlook, the NWS is predicting this drought will remain intact through the remainder of this growing season, despite confirmation that an El Nino weather pattern is beginning to form in the equatorial Pacific, which usually brings more moderate conditions to the Midwest. **So it was no surprise that USDA continued to slash its weekly corn crop condition rating this week with the portion of the crop now rated good/excellent falling another 8% to only 40% while 50% of the crop has advanced to the critical silking stage. The corn crop condition index fell another 23 pts this week to 304, which is down 67 pts from the 10-year average for this time period.** While temperatures moderated this week, unfavorable dryness persisted across most growing regions with only a few showers across the Central Corn Belt. Heat is expected to return to the Central US next week. The updated 1-5 day weather map shows only limited rainfall chances for the northwestern and southeastern edges (less than an inch) which will leave much of the central belt facing severe crop stress during pollination. The 6-10 day outlook shows good chances of above normal precipitation spreading across the entire Eastern Corn Belt but below normal precip will likely persist in the Dakotas and Nebraska. All areas will likely see above normal temperatures. **The spring wheat crop condition index score also is beginning to show stress... falling 7 pts this week to 370, which is still up 1 pt from the 10-year average.**

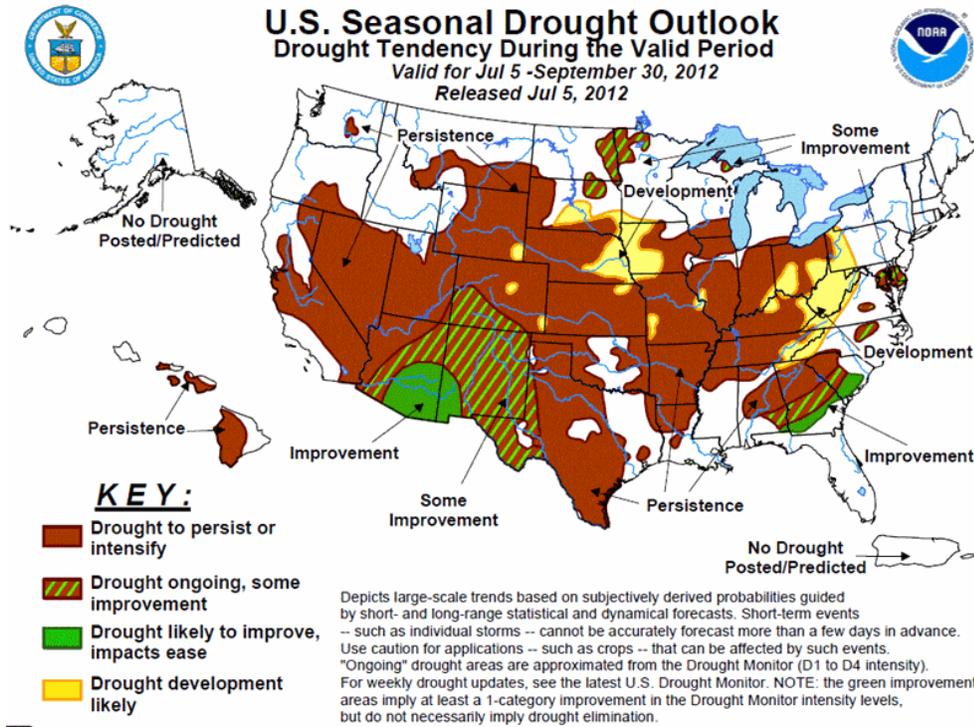
INTERNATIONAL WEATHER / CROP WATCH -

- **Canada –** Mostly beneficial growing conditions remained, with a mix of heat and moisture.
- **Europe –** Showery conditions persisted in parts of France and Germany, causing more grain harvesting delays and some quality concerns.
- **Ukraine/Russia –** Showers remained limited across Ukraine, but shower activity is expected to be active across the western region for the next 10 days. Dryness concerns persist for eastern regions, causing moisture stress for at least one half of the Corn Belt. Meanwhile, southern Russia experienced excessive moisture in some areas while showers were expected to be minimal across eastern spring wheat areas.
- **Middle East –** Dry conditions allowed for winter grain harvest to advance in Turkey.
- **China –** The North China Plains received widespread beneficial showers over the weekend and expected more showers this week and again in the next two weeks, stabilizing corn and soybean crops for now. Manchuria expects to see a pick-up in shower activity this week.
- **Argentina –** Mild conditions continued, with some beneficial moisture this week in the winter wheat regions. The next week is expected to be mostly dry.
- **Australia –** Beneficial moisture was received in parts of eastern and southern Australia, but concerns remain about the effects of a developing El Nino weather pattern which usually means below normal precipitation.

USDA Crop Progress / Condition Report, July 9, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	82% headed	61%	25%	52%	57%	61%	76%
ID barley	83% headed	61%	42%	55%	56%	51%	
US spring wheat	88% headed	73%	24%	55%	66%	71%	73%
ID spring wheat	83% headed	59%	43%	53%	60%	56%	
US winter wheat	75% harvested	69%	58%	56%			
ID winter wheat	92% headed 0%	82%	87%	94%	83%	82%	

	harvested						
Corn	50% silking	25%	11%	19%	40%	48%	69%



Don't Miss these Idaho Barley / Small Grain Summer Field Events...

July 25 - 7:30 a.m. IBC Barley Grower Breakfast in Ashton at Trails End Restaurant.

July 26 - 6:30 pm IBC Barley Grower BBQ in Mud Lake at Jefferson County Fairgrounds.

July 13 – **Bonnors Ferry:** UI Cereals Extension Field day with Boundary County Grain Growers. Tour starts at 10:30 a.m., BBQ lunch provided at Tim Dillin's farm at 5285 Farm to Market Rd., Bonnors Ferry.

July 17- **Filer:** UI and USDA-ARS Barley Field Day at Kauffman Farm. Tour starts at 4 pm, dinner provided at Clark Kauffman's farm at 3791 N 2100 E, Filer.

July 18 **Kimberly:** Research & Extension Twilight Tour at Kimberly R&E Center. 5 to 8 pm, dinner provided.

July 19 **Swan Valley:** Direct Seed Field Day. Starts at 10:00 a.m., lunch provided at Gordon Gallup's farm at 1922 Swan Valley Hwy.

July 20 **Idaho Falls:** UI Cereals Extension Field Day with Bonneville County Grain Growers. Tour starts at 4:00 p.m., dinner provided at Marc Thiel's farm at 2550 S 45th West.

July 25 **Soda Springs:** UI Cereals Extension Field Day with Caribou County Grain Growers. Tour starts at 4:00 p.m., dinner provided at Sid Cellen's farm.

July 26 **Ashton:** UI Cereals Extension Field Day with Jefferson/Madison/Fremont County Grain Growers. Tour starts at 10:00 a.m. at Don Marotz's farm at 1383 N 4200th E, Ashton.