

Idaho Grain Market Report, August 16, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 15, 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	\$12.25	(2-R) NQ (6-R) NQ	\$7.65	\$7.62	\$8.29
Idaho Falls	NQ	(2-R) \$11.98-\$12.50 (6-R) \$11.98	NQ	NQ	NQ
Blackfoot / Pocatello	\$12.60	(2-R) NQ (6-R) NQ	\$7.60	\$7.36	\$8.09
Grace / Soda Springs	\$12.85	(2-R) NQ (6-R) NQ	NQ	\$7.50	\$8.23
Burley / Rupert	\$13.00	(2-R) \$11.98 (6-R) \$11.98	\$7.51	\$7.36	\$8.01
Hazelton					
Twin Falls / Eden / Buhl	\$13.30-\$14.00	(2-R) NQ (6-R) NQ	\$7.20-\$8.25	NQ	NQ
Weiser	\$12.30	(2-R) NQ (6-R) NQ	\$7.46	NQ	NQ
Nez Perce / Craigmont	\$11.10	(2-R) \$11.10 (6-R) \$11.10	\$7.84	\$8.54	\$9.07
Lewiston	\$11.35	(2-R) \$11.35 (6-R) \$11.35	\$8.03	\$8.73	\$9.26
Moscow / Genesee	\$11.15-\$12.35	(2-R) \$11.15 (6-R) \$11.15	\$7.80-\$8.50	\$8.50-\$9.15	\$9.03-\$9.86

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	Aug \$8.30-\$8.50 Dec \$8.46-\$8.63	Aug \$8.98-\$9.10	Aug \$9.54-\$9.64
Los Angeles	\$15.85	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$15.85	NQ	NQ	NQ	NQ	NQ
Ogden	\$13.10	NQ	NQ	\$7.55	\$7.66	\$8.40
Great Falls	\$8.00-\$11.40	NQ	\$12.50	NQ	\$7.61-\$7.81	\$8.50-\$8.61
Minneapolis	\$12.08	NQ	\$14.48	NQ	\$8.88 (12%)	\$9.58 ½ - \$9.63 ½

Market trends this week

BARLEY – Local barley prices were mixed this week, ranging from \$.55 lower to \$1.56 higher in southern Idaho and no change to \$.15 lower reported in northern Idaho. USDA reported that barley export sales totaled 11.7 TMT for Saudi Arabia and Japan last week. Barley export shipments hit a marketing year high at 58.7 TMT also for Saudi Arabia last week.

WHEAT – Local wheat prices were lower this week: SWW ranged from 10 to 50 cents lower; HRW ranged from 28 to 53 cents lower; and DNS ranged from 23 to 26 cents lower. USDA reported that wheat export sales last week were well below trade expectations at 396.7 TMT, down 40% from the previous week and 26% from the prior 4-week average. Export shipments totaled 559 TMT, down 6% from the previous week, however it was up 32% from the prior 4-week average.

Wheat Competitor/Buyer News – Egypt purchased 120 TMT of Russian wheat on Monday and followed with a second purchase of 120 TMT of wheat on Wednesday, reportedly split between Russia and Ukraine.

CORN – Corn export sales last week were below expectations, coming in at 253.4 TMT (122.8 TMT for MY 2011/12 and 130.6 TMT for MY 2012/13). Corn export shipments last week totaled 632.9 TMT, up 33% from the previous week and 12% from the 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production posted another modest uptick in production last week to 819,000 bbls per day, up 0.24% from the previous week but down 9% from the same period a year ago. Corn used for ethanol last week continued to fall below the pace needed to meet USDA projections for MY 2011/12, which ends August 31.

Corn Competitor/Buyer News – China's National Grain & Oils Information Center forecast Chinese corn production at 197 MMT, which is below USDA's current estimate of 200 MMT, but up 2.2% from last year. Some local analysts believe that number could be smaller due to potential losses from armyworm infestations affecting about 10% of their planted acreage.

Futures market activity this week

Macroeconomic trends – Data were mixed this week, with some positive signs from successful bond auctions by Greece, Italy and Spain. On the downside, the Eurozone saw Q2 GDP fall 0.2% (within expectations) but German and French Q2 GDP growth were both stronger than expected. Investors still have expectations that central bankers will announce further financial easing soon, but there is lowered expectations that the Federal Reserve will implement QE3 in the U.S.

U.S. economic activity – U.S. business inventories barely inched up last month, but U.S. retail sales and industrial output were both stronger than expected. U.S. homebuilders reported the highest level of confidence seen in 5 years. Weekly jobless claims inched up modestly but remained below expectations and the 4-week average fell to the second lowest level in 4 years.

WHEAT – Wheat began the week sharply lower under pressure from technical selling and continued profit-taking triggered by weak outside markets. Disappointment that an Egyptian tender went to Russia added to the negative tone. Wheat extended its losses on Tuesday on a lack of support from corn or beans. After breaking lower again early in Wednesday's session, wheat markets managed to post moderate gains for the day with support from strong corn and soybean rallies and concerns that an emerging El Nino weather pattern could reduce wheat yield potential in the Australia. Wheat rallied today (Thursday) in reaction to a private Russian analyst report that wheat stocks stored on Russian farms have fallen to the lowest levels since 2006 (possibly 2003), casting doubt on how long Russia can aggressively bid on international wheat tenders. **Wheat market closes on Thursday, 08/16/12 ...**

	Sept 2012	Weekly Summary	Dec 2012	Weekly Summary
Chicago	\$8.61 ³ / ₄	Down \$0.13 ¹ / ₂	\$8.81 ³ / ₄	Down \$0.19 ¹ / ₂
Kansas City	\$8.72 ¹ / ₂	Down \$0.20 ¹ / ₂	\$8.97	Down \$0.20 ¹ / ₄
Minneapolis DNS	\$ 9.21 ¹ / ₂	Down \$0.14	\$ 9.32	Down \$0.13 ³ / ₄

CORN – Corn traded lower on Monday on weak technical charts and profit-taking. Corn settled modestly lower on Tuesday after posting marginal gains early in the session on support from end user buying. Corn continued to post strong gains on Wednesday, boosted by continued end user buying and spillover from a sharply higher soybean market. Corn followed wheat higher today (Thursday) on spillover support and harvest reports that cast doubts on whether harvested acreage will reach USDA's latest estimate of 87.4 million due to significant acreage being cut for silage. **Sept 2012 corn futures contract closed Thursday, 08/16/12, at \$7.97 ³/₄, down \$0.02 ¹/₄ and the Dec 2012 contact closed at \$8.07 ¹/₂, down \$0.01 ³/₄ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices strengthened this week to the highest level in three months as demand concerns took a back seat to a tightening stocks situation and mounting geopolitical worries that a possible Israeli strike on Iran this fall could disrupt oil supplies from the Middle East. Prices drifted \$0.14 lower on Monday to close at \$92.73 but then trended higher to close at \$93.43 on Tuesday and \$94.33 on Wednesday, boosted by surprisingly bullish weekly inventory data. For the second consecutive week DOE's weekly crude oil inventory report showed crude oil stocks fell by a larger than expected margin – down 3.4 million gallons, compared to an expected decline of 1.5 million bbls; distillates increased by 677,000 bbls, compared to an expected decline of 275,000 bbls; and gasoline stocks decreased by 2.37 million bbls, compared to an expected decrease of 2.0 million bbls. **Crude oil rallied today (Thursday) to close at \$95.60 on support from favorable outside market forces and festering geopolitical concerns.**

U.S. WEATHER / CROP WATCH –

Pacific Northwest – The heat dome continues to be parked over the Western U.S., accelerating grain harvest throughout the region.

Midwest - corn & spring wheat – USDA's weekly corn crop condition rating held mostly steady with 23% rated good/excellent and 51% poor/very poor. Central U.S. weather turned much cooler this week but rainfall totals

remained too light for crops to show much, if any, improvement. At least 2 to 4 inches of soaking rainfall is needed in most areas to replenish soil moisture. A second wave of low pressure disturbances was expected to move through the central belt late in the week with promising chances for heavy rainfall in some areas, particularly the eastern edge. Western regions continued to receive only modest amounts of rainfall. The 15-day outlook calls for a cooler and wetter pattern, but no significant break in the current drought is expected at this time. Heavy rainfall is expected in Texas ahead of winter wheat planting.

INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – Dry and warm conditions continue to advance grain crops.
- **Europe** – Western areas continued to receive rainfall, generating good yield potential but delaying small grain harvest and elevating quality concerns.
- **Ukraine/Russia** – Ukraine received some rainfall mid week which benefitted their corn crop. The Russian Ag Ministry reported that 52% of their small grains were harvested with yields running about 30% below the previous year.
- **China** –Corn growing region on the North China Plains saw more beneficial rains this week, with good chances of rain into the weekend. The Northeastern region was mostly dry.
- **Argentina** – Received heavy precipitation last weekend and again this week, boosting soil moisture for winter grain development. There is good potential for more beneficial moisture the next two weeks.
- **Australia** – Australian meteorologists believe that country has entered the early stages of an El Nino weather pattern, which usually means below normal rainfall. Southeast picked up some additional rains this week, but the west remains drier than normal.

USDA Crop Progress / Condition Report, August 13, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	45% harvested	30%	6%	22%	60%	61%	68%
ID barley	37%	17%	6%	17%	73%	80%	
US spring wheat	65% harvested	47%	11%	24%	61%	63%	66%
ID spring wheat	24% harvested	10%	5%	11%	61%	66%	
US winter wheat	94% harvested	88%	88%	91%			
ID winter wheat	54% harvested	28%	17%	41%		84%	
Corn	78% dough 42% dented 10% mature	61% 26% 6%	46% 14% 6%	49% 16% 3%	23% good/excellent 51% poor/ very poor	23%	60%