

Idaho Grain Market Report, August 23, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 22, 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	\$12.75	(2-R) NQ (6-R) NQ	\$7.75	\$7.87	\$8.43
Idaho Falls	\$12.50	(2-R) \$11.98-\$12.50 (6-R) \$11.98	\$7.90	\$8.07	\$8.49
Blackfoot / Pocatello	\$12.81	(2-R) NQ (6-R) NQ	\$7.70	\$7.78	\$8.29
Grace / Soda Springs	\$13.30	(2-R) NQ (6-R) NQ	\$7.90	\$7.97	\$8.65
Burley / Rupert	\$13.00	(2-R) \$11.98 (6-R) \$11.98	\$7.95-\$8.00	\$7.92	\$8.32
Hazelton		(2-R) NQ (6-R) NQ	\$7.68-\$8.25	NQ	NQ
Twin Falls / Eden / Buhl	\$13.50-\$13.75	(2-R) NQ (6-R) NQ	\$7.69	NQ	NQ
Weiser	\$12.60	(2-R) NQ (6-R) NQ	\$7.69	NQ	NQ
Nez Perce / Craigmont	\$11.60	(2-R) \$11.60 (6-R) \$11.60	\$8.34	\$8.95	\$9.43
Lewiston	\$11.85	(2-R) \$11.85 (6-R) \$11.85	\$8.53	\$9.14	\$9.62
Moscow / Genesee	\$11.65-\$12.50	(2-R) \$11.65 (6-R) \$11.65	\$8.30-\$9.00	\$8.91-\$9.63	\$9.39-\$10.09

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 \$8.80-\$8.96 ½ Dec \$8.95-\$9.08	Aug \$9.45 ¼-\$9.65 ¼ Dec \$9.80-\$9.90	Aug \$9.86 ¾-\$9.94 ¾ Dec \$10.25-\$10.40
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$13.50	NQ	NQ	\$8.00	\$8.14	\$8.82
Great Falls	\$8.00-\$11.80	NQ	\$12.50	NQ	\$8.05-\$8.32	\$8.49-\$8.82
Minneapolis	\$12.40	NQ	\$14.69	NQ	\$9.35 ¼ (12%)	\$9.71 ¾ - \$9.81 ¾

Market trends this week

BARLEY – Local barley prices were mostly higher this week, ranging from 20 to 50 cents higher in southern Idaho and 15 to 50 cents higher reported in northern Idaho. USDA reported that there were no barley export sales; however export shipments totaled .1 TMT for South Korea last week.

Barley Competitor/Buyer News – Stats Canada reported their 2012 Canadian barley production will increase by 24% this year to 9.0 MMT. They expect record average yield of 65.1 bushels/acre, combined with a 17% increase in harvested area to 6.3 million acres.

WHEAT – Local wheat prices were also higher this week: SWW ranged from no change to 50 cents higher; HRW ranged from 25 to 56 cents higher; and DNS ranged from 14 to 42 cents higher. USDA reported that wheat export sales last week were within trade expectations at 474.8 TMT (468.8 TMT for MY 2012/13 and 6 TMT for MY 2013/14), up 19% from the previous week, but down 2% from the prior 4-week average. Export shipments totaled 698.2 TMT, up 26% from the previous week and 50% from the prior 4-week average.

Wheat Competitor/Buyer News – SovEcon pegged the Russian wheat crop this week at 39 MMT. The International Grains Council lowered their Russian crop estimate to 41 MMT on Thursday, compared to USDA's estimate of 43 MMT on August 10. Stats Canada pegged Canada's wheat crop at 27.01 MMT this week, in line with USDA's Aug. 10 estimate of 27 MMT, which is 7% higher than a year ago.

CORN – Corn export sales last week were in line with trade expectations, coming in at 325.4 TMT (108.4 TMT for MY 2011/12 and 217 TMT for MY 2012/13), down 12% from the previous week and 7% from the prior 4-week average. Corn export shipments last week totaled 601.3 TMT, down 5% from the previous week, however it was up 9% 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 823,000 bbls per day, up 0.5% from the previous week but down nearly 9% from the same period a year ago. Corn used for ethanol last week totaled 87.67 million bushels, below the pace needed to meet USDA projections for MY 2011/12, which ends August 31.

Corn Competitor/Buyer News – USDA export sales data show that China has purchased more than 5.36 MMT of corn from the U.S. in the current marketing year and 800 TMT for the next marketing year. Argentine corn exports were on hold this week due to port strikes.

Futures market activity this week

WHEAT – Wheat began the week modestly higher in spillover support from corn markets and ideas that the Russian wheat production estimate will be revised lower, which will affect their ability to export later in the marketing season. Wheat rallied on Tuesday - posting new contract highs – buoyed by strong corn gains and long term concerns about declining wheat export potential from the Black Sea region. Wednesday saw prices slip lower under the weight of profit-taking. Wheat slumped sharply lower today (Thursday) under spillover pressure from lower corn markets and rain forecasts for the hard red winter wheat areas. **Wheat market closes on Thursday, 08/23/12 ...**

	Sept 2012	Weekly Summary	Dec 2012	Weekly Summary
Chicago	\$8.87 ½	Up \$0.13	\$8.94 ¾	Up \$0.00 ¼
Kansas City	\$8.83	Down \$0.02 ½	\$9.07 ½	Down \$0.02 ¼
Minneapolis DNS	\$ 9.20 ½	Down \$0.07	\$ 9.34 ¼	Down \$0.05 ¾

CORN – Corn traded double digits higher on Monday in reaction to dismal crop yield estimates being reported by the Pro Farmer annual crop tour through the Midwest this week. Analysts also are revising their harvested acreage estimates lower, indicating that more corn than normal will be cut for silage this year. Corn extended its rally on Tuesday with support from a sharply lower dollar and lower than expected yields being reported from the crop tour in many parts of the Western Corn Belt. Profit-taking and a lack of fresh news pushed corn prices modestly lower on Wednesday. Improved yield estimates as the Pro Farmer tour participants moved eastward added to the pressure. Corn posted double digit losses today (Thursday) as early gains gave way to technical selling and disappointing export sales. **Sept 2012 corn futures contract closed Thursday, 08/23/12, at \$8.08** ¾, **up \$0.10** ¼ **and the Dec 2012 contact closed at \$8.14** ¾, **up \$0.07** ½ **for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices traded in a narrow range this week with support from ideas that European leaders were moving closer to a long-term solution to their debt crisis and fresh concerns about the loss of North Sea production to normal maintenance in September. But weak economic data from China, Japan and Europe also weighed on the market as concerns linger about global economic growth prospects and future energy demand. For the third consecutive week DOE's weekly crude oil inventory report showed crude oil stocks falling by a larger than expected margin – down 5.4 million gallons last week, compared to an expected increase of 900,000 bbls; distillates increased by 1.0 million bbls, in line with expectations; and gasoline stocks declined by 1.0 million bbls, also in line with expectations. **Crude oil prices closed down \$.99 today (Thursday) to \$96.27 as early support from ideas that the Federal Reserve may be closer to announcing another round of monetary easing and tropical storm activity in the Caribbean that could threaten oil operations gave way to pressure from weaker than expected manufacturing and service sector data from China and Europe.**

U.S. WEATHER / CROP WATCH – extreme or exceptional drought now covers 51% of the US corn crop and 48% of soybeans.

Pacific Northwest – Warm dry conditions favored grain harvest across this region.

Midwest - corn & spring wheat – **USDA's weekly corn crop condition rating held steady at 23% rated good/excellent and 51% poor/very poor.** Weekend showers crossed parts of South Dakota and Iowa and isolated showers continued across the central belt for the first half this week, bringing only minor benefit to second crop soybeans in Missouri and Kansas. The 6 to 10-day outlook calls for warm and dry conditions, favoring rapid crop maturity and harvest. Another fairly broad storm system is possible in the 11-15 day period, creating only minor harvest delays.

HRW wheat – Southern Plains expect a significant round of precipitation starting this weekend, and again in the 7-10 day

window, improving pre-plant soil moisture ahead of winter wheat planting which will accelerate over the next month. Current forecasts show that the western 1/3 of the HRW belt may miss any significant moisture.

INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – Conditions remained favorable for grain crops.
- **Europe** – Conditions were mostly dry this week, favoring grain harvest.
- **Ukraine/Russia** – Ukraine’s corn belt remained mostly dry. Small grain harvest quickly advanced across both Ukraine and Russia.
- **China** – Tropical Storm Bolaven is predicted to slam into northern China (southern Manchuria) early next week, threatening as much as 28% of that country’s corn and 32% of its bean crops with heavy rainfall and wind damage. Corn losses could reach as high as 200 million bushels.
- **Argentina** – Continued to see favorable rainfall for developing winter grains.
- **Australia** – Southeastern region received some beneficial moisture but the western region remained mostly unfavorably dry.

USDA Crop Progress / Condition Report, August 20, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	66% harvested	45%	19%	38%	60%	60%	66%
ID barley	52% harvested	37%	19%	30%	76%	73%	
US spring wheat	79% harvested	65%	25%	40%			
ID spring wheat	47% harvested	24%	14%	26%	63%	61%	
US winter wheat	97% harvested	94%	92%	95%			
ID winter wheat	73% harvested	54%	39%	62%	81%		
Corn	89% dough 60% dented 17% mature 4% harvested	78% 42% 10% NA	67% 28% 4% 1%	66% 29% 4% 1%	23% good/excellent 51% poor/ very poor	23%	57%