

Idaho Grain Market Report, September 6, 2012

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, September 5, 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	\$7.62	\$7.74	\$8.19
Idaho Falls	\$12.50	(2-R) \$12.60-\$12.70 (6-R) \$12.60	\$7.65	\$7.81	\$8.36
Blackfoot / Pocatello	\$12.81	(2-R) NQ (6-R) NQ	\$7.60	\$7.75	\$8.38
Grace / Soda Springs	\$12.85	(2-R) NQ (6-R) NQ	NQ	\$7.75	\$8.35
Burley / Rupert	\$12.75-\$13.00	(2-R) \$12.60 (6-R) \$12.60	\$7.50-\$7.75	\$7.50	\$8.08
Hazelton					
Twin Falls / Eden / Buhl	\$13.50	(2-R) NQ (6-R) NQ	\$7.26	NQ	NQ
Weiser	\$12.45	(2-R) NQ (6-R) NQ	\$7.66	NQ	NQ
Nez Perce / Craigmont	\$11.60	(2-R) \$11.60 (6-R) \$11.60	\$8.04	\$8.63	\$9.15
Lewiston	\$11.85	(2-R) \$11.85 (6-R) \$11.85	\$8.23	\$8.82	\$9.34
Moscow / Genesee	\$11.65-\$12.00	(2-R) \$11.65 (6-R) \$11.65	\$8.00-\$8.57	\$8.59-\$9.27	\$9.11-\$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	Sept \$8.50-\$8.85 Jan \$8.70 ½-\$9.00	Sept \$9.07-\$9.25 Jan \$9.07-\$9.25	Sept \$9.59 ¾ -\$9.69 ¾ Jan \$10.19 ½
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	NQ	NQ	NQ
Great Falls	\$8.00-\$12.00	NQ	\$12.50	NQ	\$7.70-\$7.95	\$8.42-\$8.66
Minneapolis	\$12.29	NQ	\$14.69	NQ	\$9.17 (12%)	\$9.36 ¾ - \$9.39 ¾

Market trends this week

BARLEY – Local barley prices were mixed this week, ranging from 69 cents lower to 10 cents higher in southern Idaho and 35 cents lower to 50 cents higher in northern Idaho. USDA won't release weekly grain export sales data until Friday due to the Labor Day holiday on Monday.

WHEAT – Local wheat prices were mostly lower this week: SWW ranged from 38 cents lower to 11 cents higher; HRW prices ranged from 30 cents lower to 14 cents higher; and DNS prices ranged from 15 to 23 cents lower. Export shipments last week were stronger than expected at 695 TMT, up 24% from the previous week. Export sales data won't be reported until Friday.

Wheat Competitor/Buyer News – Wheat markets were pressured last Friday on news that Russian officials took no official action in a key meeting of senior officials to limit Russian wheat exports. In addition, the Ag Ministry made only modest cuts to their official production estimates, lowering wheat output from an earlier estimate of 45 MMT to 40-42 MMT and total grain production pegged at 75 MMT. However most grain market analysts expect Russian export supplies will rapidly dwindle in the next several months. There were rumors in the market on Thursday that Russia could begin importing wheat from Kazakhstan later this year to help stabilize domestic wheat prices. USDA is now pegging Russian

wheat exports at only 6 MMT compared to more than 21 MMT in the previous year. Ukrainian ag officials have set a maximum wheat export volume of 4 MMT for MY 2012/13, with about 1.3 MMT already exported. This compares with USDA's wheat export estimate for Ukraine of 6 MMT. Barley exports were pegged at 3.0 MMT and corn exports at 12.4 MMT, bringing total projected grain exports to 19.4 MMT, down nearly 3 MMT from an earlier projection of 22 MMT. More than 900 TMT of wheat was booked in tenders last weekend, including 575 TMT purchased by Saudi Arabia (origins include Australia, EU, North and South America) and 355 TMT booked by Egypt (origins mostly Russian but also one cargo Ukraine and one cargo from Romania). Egypt issued another snap import tender this week, buying another 300 TMT of wheat from Russia, Ukraine and Romania. This recent pick-up in Egyptian purchases signals their desire to lock up as much Russian wheat as can before supplies tighten further.

CORN – Corn export shipments last week were disappointing at 162.4 TMT, well below trade expectations. Export sales data won't be reported until Friday.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production posted another modest uptick in production last week to 829,000 bbls per day, up 1.2% from the previous week but down 7.5% from the same period a year ago. Corn used for ethanol in MY 2011/12 totaled 4.96 billion bu, just short of USDA's projection for the year of 5.0 billion bu.

Corn Competitor/Buyer News – Argentine government approved another 2.75 MMT of corn for export from their MY 2011/12 crop, on top of the 13.5 MMT already approved for export. These numbers are consistent with USDA's export estimate for Argentina in the current marketing year of 16.0 MMT. Early estimates peg Argentina's corn production in the next marketing year 2012/13 could reach 26 MMT, compared to 21 MMT this year, but below USDA's mid August projection of 28 MMT.

Futures market activity this week

WHEAT – Wheat began the week posting fractional gains on support from strong export shipment reported Tuesday and continuing ideas that Russian wheat export supplies are rapidly shrinking. Strong weekend import sales also boosted the market with Saudi Arabia and Egypt both booking large volumes. Wheat tumbled sharply lower on Wednesday under pressure from technical selling that triggered sell stops that accelerated selling. Wheat prices exploded higher today (Thursday) on more rumors about declining Russian stocks and strong global export bookings this week. **Wheat market closes on Thursday, 09/06/12 ...please note we have shifted to Dec. 2012 and Mar 2013 contracts...**

	Dec 2012	Weekly Summary	Mar 2013	Weekly Summary
Chicago	\$8.91 ³ / ₄	Up \$0.02 ¹ / ₄	\$9.03 ³ / ₄	Up \$0.04 ¹ / ₄
Kansas City	\$9.11 ¹ / ₂	Up \$0.05 ¹ / ₂	\$9.23	Up \$0.04 ³ / ₄
Minneapolis DNS	\$9.49 ¹ / ₂	Up \$0.01 ¹ / ₄	\$ 9.59	Up \$0.02 ¹ / ₄

CORN – Corn traded moderately higher on Tuesday with continued underlying support from disappointing yields and sharply higher soybeans. Tuesday saw prices erode sharply into the close on profit-taking triggered by weaker soybeans, softer cash markets and technical selling as nearby contract prices slipped below the 40-day moving average. Corn posted a moderate rebound today (Thursday) on support from wheat's explosive gains and positive outside markets. **Dec 2012 corn futures contract closed Thursday, 09/06/12, at \$7.98 ¹/₂, down \$0.01 ¹/₄ and the Mar 2013 contact closed at \$8.01 ¹/₂, down \$0.00 ¹/₂ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices fell sharply on Tuesday – down \$1.17 to close at \$95.30 – on weaker than expected manufacturing data from the U.S., China and euro-zone. But prices remained range bound on both Wednesday and today as support from increasing expectations of global economic stimulus bumps up against economic realities. DOE's weekly crude oil inventory report was more bullish than expected...showing crude oil stocks fell by 7.4 million bbls last week to a 4-month low - as a result of disruptions from Hurricane Isaac, compared to an expected decline of 5.5 million bbls; distillates increased by 1 million bbls, compared to an expected decrease of 1.5 million bbls; and gasoline stocks declined by 2.3 million bbls, compared to an expected decrease of 3 million bbls. **Crude oil prices closed up fractionally to \$95.53 today (Thursday) after trading sharply higher early in the session on a lower dollar and bullish inventory data. The dollar reversed direction from lower to higher during the trading session on a bump from a stronger than expected U.S. service sector growth and positive signals from the U.S. job market.**

U.S. WEATHER / CROP WATCH –

Pacific Northwest – Warm dry conditions accelerated a final push to complete spring grain harvest across this region. Conditions remain unfavorably dry in many areas for fall wheat planting.

Midwest - corn & spring wheat – temperatures warmed across much of the Central U.S. while two rounds of heavy showers moved through the mid Mississippi River Valley this week, slowing harvest progress in many areas. The western 1/3 edge of the Corn Belt received only light precipitation, leaving topsoil moisture well below normal across a wide region. The 6-10 day outlook shows more chances for rain in the Central Plains, moving south and east during the 11-15 day period.

Hard Red Winter Planting – Southern and Central Plains received more beneficial pre-plant moisture this week, but the western 1/3 of the winter wheat belt is still experiencing inadequate topsoil moisture as seeding begins mid-month.

INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – Grain harvest is advancing rapidly except in those northern areas that have received excessive moisture in recent weeks. At the start of the week, Alberta crop harvest was reported to be nearly 40% complete, Saskatchewan at 33% and Manitoba at nearly 90%, which is well above long-term averages.
- **Ukraine/Russia** – Parts of Ukraine and Russia received beneficial pre-plant moisture ahead of winter wheat seeding this week with more showers in the forecast for later this week. Russia's small grain harvest is reportedly more than 70% complete.
- **Argentina** – The main wheat belt received heavy rains early in the week and then turned drier before expecting more rainfall at the end of the week.
- **Australia** – Eastern grain production belt saw frost this week, while parts of the southwest and southeast received some isolated showers. Showers are expected to linger in the southeastern areas late this week and then turn drier for the rest of the 5 day period. **The 6-10 day and 11-15 day outlooks do not show much promise of additional rainfall for either the eastern or western grain belts, which reinforces the idea that an El Nino weather cycle has been established. New Zealand meteorologists predicted this week that this new El Nino cycle has a strong likelihood of being weak and short lived.**

USDA Crop Progress / Condition Report, September 4, 2012

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	89% harvested	79%	62%	71%			
ID barley	87% harvested	75%	60%	64%			
US spring wheat	95% harvested	89%	63%	72%			
ID spring wheat	85% harvested	66%	55%	64%			
ID winter wheat	99% harvested	93%	85%	91%			
Corn	86% dented 41% mature 10% harvested	76% 26% 6%	65% 15% 3%	63% 16% 3%	22% good/excellent 52% poor/ very poor	22%	52%