

Idaho Grain Market Report, September 19, 2013

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

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, September 18, 2013. Barley prices in \$/Cwt. and wheat prices in \$/bu.

<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>			
Ashton	NQ	(2-R) \$10.00 (6-R) \$10.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$8.50	(2-R) NQ (6-R) NQ	\$5.80	\$6.61	\$6.81
Idaho Falls	NQ	(2-R) \$11.46-\$12.50 (6-R) \$11.46	NQ	NQ	NQ
Blackfoot / Pocatello	NQ	(2-R) \$10.00 (6-R) \$10.00	\$6.10	\$7.12	\$7.10
Grace / Soda Springs	\$7.75	(2-R) NQ (6-R) NQ	NQ	\$6.63	\$7.20
Burley / Rupert	\$8.00	(2-R) \$11.46 (6-R) \$11.46	\$6.06	\$6.42	\$6.75
Hazelton					
Twin Falls / Eden / Buhl	\$8.10	(2-R) NQ (6-R) NQ	\$5.78	NQ	NQ
Weiser	\$8.70	(2-R) NQ (6-R) NQ	\$6.38	NQ	NQ
Nez Perce / Craigmont	\$6.05	(2-R) \$6.05 (6-R) \$6.35	\$6.16	\$7.28	\$7.38
Lewiston	\$6.55	(2-R) \$6.55 (6-R) \$6.55	\$6.41	\$7.53	\$7.63
Moscow / Genesee	\$6.05-\$6.75	(2-R) \$6.05 (6-R) \$6.05	\$6.18-\$6.35	\$7.30-\$7.52	\$7.40-\$7.59

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 \$6.96 ½-\$7.21 ½ Jan \$7.07 ½-\$7.17 ½	Sept \$8.02 ½-\$8.12 ½ Jan \$8.08 ½-\$8.15 ½	Sept \$8.10 ¼-\$8.30 ¼ Jan \$8.22 ½-\$8.37 ½
Los Angeles	\$11.80	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$11.80	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	NQ	NQ	NQ
Great Falls	\$7.00-\$7.25	NQ	\$10.75	NQ	\$6.76-\$6.79	\$6.89-\$6.92
Minneapolis	\$6.98	NQ	\$11.46	NQ	\$7.42 ½ (12%)	\$7.75 ¼-\$7.68 ¼

Market trends this week

BARLEY – Local barley prices were slightly lower this week with southern Idaho locations reporting no change to 50 cents lower and northern Idaho reporting no change. USDA reported that barley export sales totaled .8 TMT for Taiwan, South Korea and Japan last week. Export shipments hit a marketing year high at 23.1 TMT, all for Japan.

WHEAT – Local wheat prices were mixed again this week: SWW ranged from no change to 28 cents lower; HRW ranged from 15 cents lower to 17 cents higher; and DNS ranged from 21 cents lower to 4 cents higher. USDA reported wheat export sales last week were on above trade expectations totaling 704.4 TMT for MY 2013/14, up 30% from the previous week and 25% from the prior 4-week average. Cumulative wheat export sales now reached 57% of the USDA estimate for MY 2013/14 compared to a 5-year average of 46.8%. Wheat export shipments last week also hit a marketing year high at 1.2 MMT, up 32% from the previous week and 35% from the prior 4-week average.

USDA FSA Prevented Plant Data for Wheat – FSA reported prevented planted wheat acreage totaled 1.977 million, up from August estimate of 1.744 million. Total wheat planted acreage increased from 51.677 million last month to 53.149 million.

Wheat Competitor / Buyer News –The European Union approved licenses to export 546 TMT of wheat exports this

week, bringing their cumulative wheat exports this marketing year to 5.7 MMT, compared to 2.9 MMT for the same period last year.

CORN - Corn export sales were below trade expectations last week at 437.4 TMT for MY 2013/14. Cumulative corn export sales have now reached 42.5% of the USDA estimate for the marketing year compared to a 5-year average of 236.8%. Corn export shipments last week continued at a sluggish pace of 518.8 TMT.

Ethanol corn usage – DOE’s Energy Information Agency reported U.S. ethanol production fell last week by 11,000 bpd to 838,000 bpd. Corn used for ethanol totaled 87.99 million bu.

USDA FSA Prevented Plant Data for corn – FSA reported prevented planted corn acreage totaled 3.572 million, up from August estimate of 3.411 million. Total corn planted acreage also increased from 88.771 million in August to 91.428 million this month. The market reacted positively to these data but gains eroded into the close of the trading session on Tuesday as the market largely dismissed these data, recognizing that there does not appear to be real strong correlation between the FSA certified acreage and NASS acreage survey data which are used in the monthly supply and demand estimates.

Futures market activity this week

U.S. economic indicators – This week’s economic news was mixed but the **BIG HEADLINE was the surprising announcement by the Federal Reserve that they were NOT going to start tapering their massive bond purchase program this month, as widely expected, which sparked a sharp “Bernanke rally” in equities, crude oil, gold and other commodities.** As a result, the Dow Jones hit a new all-time high and the dollar index slid to a 7 month low as traders digested the news. QE3 monetary easing is widely viewed as a cheap dollar policy and now that Fed has announced that there is no set timetable for tapering the dollar came under sharp pressure while developing countries’ currencies rallied. Last Friday, we saw retail sales come in below expectations at only +0.2% while the Consumer Sentiment Index fell unexpectedly from August level of 82.1 to 76.8. To start this week, economic indicators continued to under-perform, including disappointing industrial production, Fed’s Empire State Manufacturing Index, new housing starts and new building permits. But some indicators continued to beat expectations including weekly jobless claims, existing home sales (fresh 6 ½ year high), Philadelphia Manufacturing Index and Conference Board of Leading Indicators. Fed Chairman Ben Bernanke cited several factors in his announcement to stay the course on monthly bond purchases: low inflation, sluggish employment gains and rising mortgage rates.

WHEAT – Wheat markets finished fractionally lower on Monday, after trading higher for most of the session on support from a continued strong export shipment pace. Pressure came from lower European wheat futures and favorable winter wheat planting moisture. Wheat traded higher into the closing bell on Tuesday on early support from FSA prevented plant data and technical buying. Higher Paris wheat futures also provided support. Wheat markets led the gains today (Thursday), on support from a weaker dollar, better than expected export sales and active short covering. MGE gains for the week lagged other wheat markets on pressure from a large Canadian spring wheat crop. **Wheat market closes on Thursday, 9/19/13 ...**

	Dec 2013	Weekly Summary	Mar 2014	Weekly Summary
Chicago SRW	\$6.57	Up \$0.15 ½	\$6.67 ½	Up \$0.15 ¼
KC HRW	\$7.02	Up \$0.10	\$7.07	Up 0.08 ¼
MGE DNS	\$7.08 ½	Up \$0.02 ¾	\$7.19 ¾	Up \$0.01 ¾

CORN – Corn finished modestly lower on Monday as improved moisture across the belt this week pressured both soybeans and corn and sparked unwinding of soy/corn spreads. Continued sluggish corn export pace added to the negative tone. Corn continued to post modest losses on Tuesday under the weight of harvest hedge pressure and weakening basis, despite early strength from supportive FSA prevented plant data. Corn chopped both sides of unchanged on Wednesday, but managed to post modest gains into the close on a wave of short covering sparked by the Bernanke rally (Fed decision to delay tapering their easy monetary policy). Corn gains were limited by light harvest hedging and reports of better than expected yields across southern growing regions where harvest is advancing. Corn extended its modest gains today (Thursday) on follow-through buying from positive outside market forces. **Corn futures contract closes on Thursday, 9/19/13 for Dec 2013 contract at \$4.59 ½, up \$0.00½ and the Mar 2014 contract \$4.72, up \$0.00½ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – A reduced fear premium on expectations of a US-Russian deal to eliminate Syrian chemical weapons and a boost in Libyan oil output pressured the crude oil market this week, while the surprise announcement by the Federal Reserve to maintain its easy monetary policy provided support. Prices drifted lower on Monday and Tuesday – down nearly \$2 - as the threat of an imminent US-led military strike against Syria abated. But prices rebounded with their best advance in three weeks on Wednesday in reaction to a bullish weekly inventory report and the surprise Federal Reserve announcement to hold their monthly bond purchases steady rather than begin cutting or tapering this month. The weekly stocks report was bullish across the board...showing crude oil stocks fell by 4.37 million bbls, compared to an expected decline of 1.2 million bbls; distillates decreased by 1.08 million bbls, compared to an expected increase of 500,000 bbls;

and gasoline stocks fell by 1.63 million bbls, compared to an expected increase of 500,000 bbls. **Crude oil prices retreated today (Thursday) – down \$1.68 to close at \$106.39 – on profit-taking sparked by a stronger dollar and further easing in the geopolitical risk premium.**

U.S. WEATHER / CROP PROGRESS – PNW – Cooler mostly dry weather prevailed across this region but showers lingered in some areas of eastern Idaho into southern Colorado. Wetter than normal conditions are forecast in the 6-10 day outlook, replenishing soil moisture needed for winter grain emergence and development. **Corn Belt / HRS spring wheat belt** – A progression of cold fronts moved across the Central U.S. this week, bringing rapid temperature fluctuations and a wide band of heavy precipitation stretching from New Mexico through Nebraska into Minnesota. Late season heat lingered in the southeastern production areas. The 6-10 day outlook calls for near to above normal temperatures and wetter than normal conditions stretching from the PNW into the Upper Midwest. **Central/Southern Plains** – Recent moisture has significantly improved winter wheat planting conditions to the best level in at least 3 years.

USDA Crop Progress / Condition Report, September 16, 2013

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	96% harvested	89%	98%	90%			
ID barley	100%	95%	96%	87%			
US spring wheat	90%	80%	99%	87%			
ID spring wheat	100%	95%	98%	90%			
US winter wheat	12% planted	5%	10%	12%			
ID winter wheat	16%	10%	6%	14%			
Corn	81% dented 22% mature 4% harvested	64% 9% NA	97% 73% 24%	86% 41% 10%	53% g/ex	54%	24%

INTERNATIONAL WEATHER / CROP PROGRESS -

- **Canada** – Ideal weather has accelerated harvest pace, with reports of record wheat and barley yields. Some traders project the Canadian wheat crop will top 33 MMT compared to USDA's current estimate of 31.5 MMT.
- **Europe** – Mostly dry weather is aiding summer crop harvesting and winter grain planting across Europe, but cooler temperatures in some areas may slow winter crop emergence.
- **Black Sea Region** – Eastern Ukraine into Southern Russia experienced drier weather that helped accelerate summer crop maturation and harvest and winter wheat planting. Winter planting conditions have improved after last week's precipitation. Kazakhstan and Eastern Russia meanwhile saw mostly cool and dry conditions which favored find spring grain harvest.
- **China** – Warm weather promoted corn development across the northeastern production region.
- **Brazil / Argentina** – Rains continued across Central Brazil where winter wheat could use some dry weather to aid maturation and harvest. Heavy rains and potential flooding risk is forecast for the wheat belt in the 6-10 day outlook. Eastern Argentine production areas received favorable moisture while the western one-third remained unfavorably dry. Forecasts show better chances for rain in the 11 to 15 day forecast.
- **Australia** – Southeastern and western production areas received good rain coverage in the past week, but the northeast remained unfavorably dry at grain heading.