

## Idaho Grain Market Report, October 3, 2013

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, October 2, 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	\$7.75	(2-R) NQ (6-R) NQ	\$6.25	\$7.09	\$7.47
Idaho Falls	\$7.00	(2-R) \$11.46-\$12.00 (6-R) \$11.46	\$6.25	\$6.97	\$6.88
Blackfoot / Pocatello	NQ	(2-R) \$10.00 (6-R) \$10.00	\$6.40	\$7.50	\$7.40
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert	\$8.50	(2-R) \$11.46 (6-R) \$11.46	\$6.35	NQ	NQ
Hazelton					
Twin Falls / Eden / Buhl	\$7.90-\$9.00	(2-R) NQ (6-R) NQ	\$5.50-\$6.06	NQ	NQ
Weiser	\$7.84	(2-R) NQ (6-R) NQ	\$6.46	NQ	NQ
Nez Perce / Craigmont	\$6.04	(2-R) \$6.05 (6-R) \$6.05	\$6.42	\$7.73	\$7.72
Lewiston	\$6.55	(2-R) \$6.55 (6-R) \$6.55	\$6.67	\$7.98	\$7.97
Moscow / Genesee	\$6.05-\$6.75	(2-R) \$6.05 (6-R) \$6.05	\$6.44-\$6.58	\$7.75-\$7.89	\$7.74-\$7.83

### 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	NQ	NQ	NQ
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	\$7.70	NQ	NQ	\$6.61	\$7.33	\$8.15
Great Falls	NQ	NQ	NQ	NQ	NQ	NQ
Minneapolis	NQ	NQ	NQ	NQ	NQ	NQ

### Market trends this week

**BARLEY** – Local barley prices were mostly lower this week with southern Idaho locations reporting no change to 66 cents lower and northern Idaho reporting no change to 15 cents lower. Due to the federal government shutdown USDA is not reporting export sales today.

**Final 2013 US & Idaho Barley Production - U.S. barley production was pegged at 215 million bu**, down 2% from last year. The national average yield was 71.7 bpa, up nearly 4 bpa from last year. Harvested area was 3.0 million acres, down 8% from 2012. **Idaho bucked the national trend and increased both acres and production... harvested acres were up 2% to 600,000 and production was up 4% to 55.8 million bu.**

**Quarterly BARLEY Stocks on Sept. 1 - U.S. barley stocks totaled 196 million bu**, down slightly from last year, with June to August disappearance of 99.0 million bu, up 19% from the same period a year ago.

**WHEAT** – Local wheat prices were mixed this week: SWW ranged from 5 cents lower to 40 cents lower; HRW ranged from 31 cents lower to 34 cents higher; and DNS ranged from 16 to 34 cents higher. Wheat export shipments fell off slightly last week but were still solid at 898 TMT. USDA won't release export sales today. There are concerns that a prolonged federal government shutdown will affect FGIS export inspections, resulting in delayed export movements from U.S. ports.

**Final 2013 US & Idaho Wheat Production - U.S. wheat acreage and production also were lower than last year... wheat output was pegged at 2.13 billion bu, down 6% but slightly ABOVE the average pre-report trade estimate of 2.108 billion bu.** The national average yield was a record high of 47.1 bpa, up 0.8 bpa from last year. Winter wheat crop was pegged at 1.53 billion bu, down 7%, and other spring wheat was pegged at 531.7 million bu, down 2%. All wheat harvested acres were 45.7 million, down 8%. **Idaho wheat harvested acres totaled 1.24 million, down 1%, and production was 101.9 million bu, up 4%.**

**Quarterly WHEAT Stocks on Sept. 1** – U.S. wheat stocks were BELOW trade estimates at 1.85 billion bu, down 12% from last, with June to August disappearance of 991 million bu, up 10%. The average pre-report trade estimate was 1.913 billion bu.

**CORN** - Corn export shipments last week improved to the high end of trade expectations at 556 TMT, but still lags the pace needed to achieve USDA's estimate for the year. USDA won't release export sales today.

**Quarterly CORN Stocks on Sept. 1** – U.S. corn stocks were ABOVE trade estimates at 824 million bu, down 17% from a year ago, and June to August disappearance was 1.94 billion bu, down 10%. The average pre-report trade estimate was 681 million bu.

**Revised Production Estimate on October 11** - In its next monthly WASDE Supply and Demand report scheduled for release on October 11 (depending on whether the federal government shutdown continues), traders expect USDA will lower its harvested corn acres but raise its national average yield, **likely pushing production above their September estimate of 13.843 billion bu.** In contrast, some crop weather forecasters suggest that the national average yield estimate might be too high as the Upper Midwest crop suffered adverse conditions early and late in this year's growing season, including delayed planting, excessive late spring moisture which resulted in soggy seed beds and shallow rooting and a late season flash drought. Average rainfall for the July to September period for the two big corn producing states of Iowa and Illinois which represent about 35% of the total crop was 25% to 60% of normal. For now, harvest reports continue to suggest better than expected yields.

**Ethanol corn usage** – DOE's Energy Information Agency reported U.S. ethanol production moved higher last week, gaining 43,000 barrels to 875,000 bpd, up 5.2% from the previous week and up 11.5% from a year ago. Corn used for ethanol totaled 91.88 million bu, still below the necessary pace to meet the USDA projection for the marketing year.

**Corn Competitor/Buyer News** – South Korean bought Ukrainian corn this week, with prices reported to be at least \$1.50/bu below Gulf export values.

**Futures market activity this week**

**U.S. economic indicators**– Markets were on edge this week from the federal government shutdown and looming debt ceiling battle which is heating up as emergency borrowing authority is set to be exhausted by Oct. 17. The debt ceiling impasse and possible default on government debt obligations will likely have much larger consequences for global markets. A mostly disappointing private jobs report which missed expectations added to the negative tone. The monthly employment report that was expected to be released on Friday will be delayed due to the government shutdown.

**WHEAT** – Wheat markets closed mixed but mostly lower on Monday, under the weight of outside market uncertainties and pressure from bearish corn and soybean stocks report. KC posted gains on a smaller than expected hard red winter wheat production and stocks report. Another week of strong export shipments provided support. Wheat markets pushed higher on both Tuesday and Wednesday, led by strong gains in Kansas City on tightening stocks and a lower dollar. Crop concerns in Argentina and Australia and lagging winter wheat planting pace in the Black Sea region provided strong underlying support. Wheat markets finished modestly higher today (Thursday) but well off of early session highs. A sharp break in the dollar provided support along with strong export demand. **Wheat market closes on Thursday, 10/3/13 ...**

	<b>Dec 2013</b>	<b>Weekly Summary</b>	<b>Mar 2014</b>	<b>Weekly Summary</b>
Chicago SRW	\$6.89 ¼	Up \$0.06 ¼	\$6.97	Up \$0.05 ½
KC HRW	\$7.55 ½	Up \$0.22 ¾	\$7.53 ½	Up 0.20 ½
MGE DNS	\$7.50 ¼	Up \$0.18 ¾	\$7.54 ¾	Up \$0.14

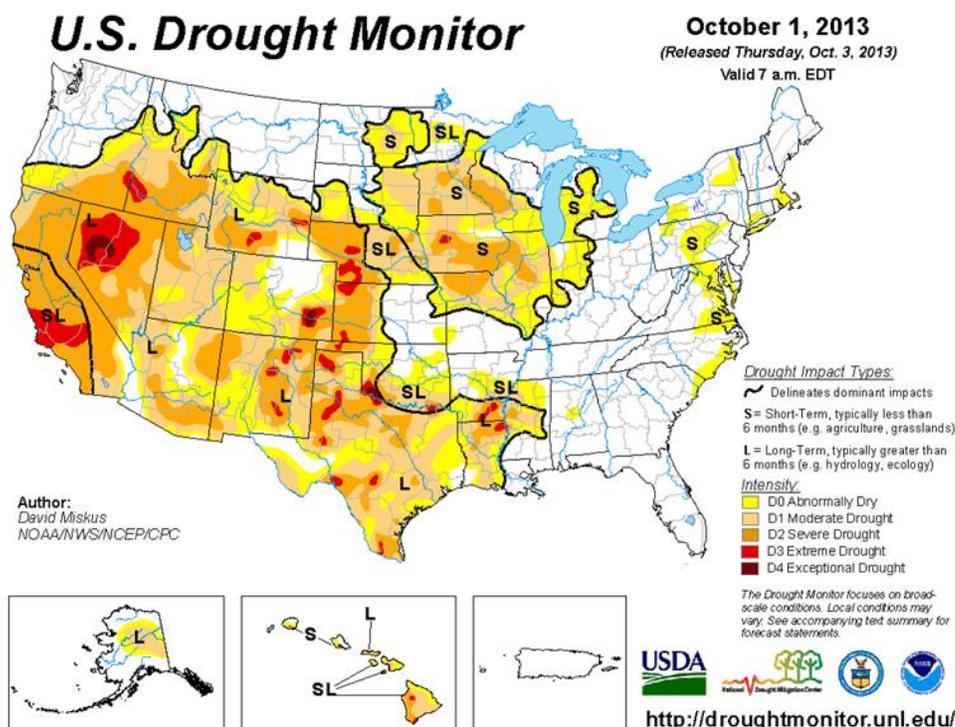
**CORN** – Corn began the week sharply lower – tumbling double digits – to the lowest level in three years on a bearish quarterly stocks report from USDA. Follow-through selling coupled with reports of better than expected yields continued to pressure corn markets on Tuesday. Corn finished steady on Wednesday on short covering sparked by a more positive tone across commodity markets and an oversold condition. Corn closed fractionally higher today (Thursday) on short covering triggered by rain harvest delays , but well off mid session highs due to outside market uncertainties. **Corn futures contract closes on Thursday, 10/3/13 for Dec 2013 contract at \$4.39 ¼, down \$0.14 ¾ and the Mar 2014 contract \$4.52, down \$0.14½ for the week.**

**OTHER MAJOR FACTORS TO WATCH –**

**CRUDE OIL** – Crude oil prices came under selling pressure early in the week from heightened demand concerns arising from the federal government shutdown and debt ceiling impasse and easing geopolitical risks. Increased OPEC output added to the negative tone. Crude markets shrugged off a bearish weekly inventory report to close \$2 higher on Wednesday on support from the 13<sup>th</sup> consecutive weekly decline in crude oil stocks at Cushing, OK, and confirmation that the Keystone Pipeline from Cushing to the Texas Gulf is on schedule to be completed by the end of this month, paving the way for a further draw-down of Cushing stocks, the delivery point for WTI crude futures. DOE’s weekly inventory report showed a surprisingly large build in overall crude oil stocks – up 5.472 million bbls, compared to an expected increase of 2.5 million bbls; distillates decreased by 1.68 million bbls, compared to an expected decline of 1.0 million bbls; and gasoline stocks increased by 3.495 million bbls, compared to an expected decline of 700,000 bbls. **Crude oil prices ground lower today (Thursday) to close at \$103.31 in choppy trade, as early support from upbeat Chinese and European economic data was overshadowed by broad market uncertainties over congressional gridlock on government funding and the debt ceiling.**

**U.S. WEATHER / CROP PROGRESS – PNW** – Seasonably cool weather settled into the region this week, with precipitation interrupting winter wheat planting in many areas. More of the same is in the 6-10 day forecast. **Corn Belt / Plains** - Weekend rainfall was limited and warmer than normal temperatures promoted a robust harvest pace across much of the Midwest until the high pressure system was pushed out by a cold front moving across the Upper Midwest, bringing the heaviest precip to the Dakotas, Iowa, Minnesota and Wisconsin, interrupting corn harvest and winter wheat planting. The 6-10 day outlook calls for cooler temperatures and normal to above normal precipitation to spread across the Midwest and High Plains. There are no killing frosts in the near-term outlook.

**U.S. drought area shrinks** - According to the **National Drought Monitor**, drought covers 60.43% of the contiguous U.S., which is down from 61.94% last week. Drought expanded over the past week in the Midwest. Drought now covers 56.06% of the region, up 3 % from last week. The south, on the other hand saw a decrease in its drought footprint to 73.8% compared to 77.71% of the region last week. The High Plains also saw a reduction in drought over the past week, though 70.13% of the area still has some form of drought.



**USDA Crop Progress / Condition Report, September 30, 2013**

<b>Crop</b>	<b>% Progress</b>	<b>Previous Week</b>	<b>Previous Year</b>	<b>5-Year Average</b>	<b>Condition rating % good/excellent</b>	<b>Previous Week</b>	<b>Previous Year</b>
US winter wheat	39% planted	23%	38%	40%			
<b>ID winter wheat</b>	<b>44% planted</b>	<b>34%</b>	<b>38%</b>	<b>40%</b>			
Corn	63% mature 12% harvested	40% 7%	93% 52%	70% 23%	55% g/ex	55%	25%

**INTERNATIONAL WEATHER / CROP PROGRESS -**

- **Canada** – Harvest pace continued to be brisk, with strong yields and lower than expected proteins. Stats Canada will release their updated production report on Friday. The trade is projecting a range of 30.5 to 35.5 MMT.
- **Europe** – After recent rainfall, conditions turned drier this week, aiding corn harvest and winter grain planting which has progressed at a mostly normal pace.
- **Black Sea Region** – Persistent rains across eastern Ukraine and the Caucasus and Volga Valley regions of Russia continued to interrupt corn harvest and winter wheat planting. The **Ukraine Ag Minister projected that as much as 20% of their intended wheat acres won't get planted this year. Russia reports its winter wheat seeding at 7.3 million hectares, the lowest level for this date since the 1990s. Some Russian sources indicate that winter wheat plantings may fall from projected 16.4 million hectares to only 13 million, down 20%.**
- **Argentina** – Southern production areas received beneficial moisture last weekend but western areas remained dry. More moisture was expected later this week.
- **Australia** – Significant frost warning has been issued for New South Wales production areas for later this week (Friday and Saturday). Recent showers across the eastern production region have helped reduce but not alleviate excessive dryness. The continent is expected to be mostly dry this coming week.

**Farm Bill expires** – the one-year extension of the 2008 Farm Bill has expired without congressional action. The Senate passed its version of a new 5-year farm bill known as the “Agriculture Reform, Food and Jobs Act of 2013” on June 10, 2013, and the U.S. House approved its version, the “Federal Agriculture Reform and Risk Management Act of 2013” on July 11, 2013. Here is a link to a **FAPRI Report #06-13 that examines the possible consequences of several key provisions in the two bills related to crop markets:** <http://www.fapri.missouri.edu/>

From the Idaho Grain Producers Association...**The Idaho Transportation Department (ITD) is holding public hearings to gather public input on proposed administrative rules governing the addition of new 129,000-pound truck routes on the state highway system in Idaho**, which are necessary to implement three transportation bills passed by the 2013 State Legislature. Growers are encouraged to provide their input. **The hearings are scheduled from 4-7pm (local time) at each of the following locations:**

**October 7 – Pocatello and Idaho Falls**

Pocatello – Red Lion Hotel, 1555 Pocatello Creek Road

Idaho Falls – Shilo Inn Suites, 780 Lindsay Boulevard

**October 9 – Coeur ‘d Alene and Lewiston**

Coeur d’Alene - Best Western Plus Coeur d’Alene Inn, 506 W. Appleway Avenue

Lewiston – Red Lion Hotel, 621 21<sup>st</sup> Street

**October 16 – Twin Falls**

**Best Western Plus Twin Falls Hotel, 1377 Blue Lakes Boulevard**