

Idaho Grain Market Report, March 13, 2014

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, March 12, 2014. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u> <u>FEED</u>	<u>MALTING</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) \$10.00 (6-R) \$10.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$7.75	(2-R) NQ (6-R) NQ	\$6.35	\$6.99	\$7.35
Idaho Falls	\$8.25	(2-R) \$11.75-\$11.98 (6-R) \$11.98	\$6.19	\$7.08	\$6.91
Blackfoot / Pocatello	NQ	(2-R) \$10.00 (6-R) \$10.00	\$6.30	\$7.55	\$7.74
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert Hazelton	\$7.50-\$8.00	(2-R) \$11.98 (6-R) \$11.98	\$6.01-\$6.35	\$7.02	\$6.89
Twin Falls / Eden / Buhl	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$6.50	NQ	NQ
Nez Perce / Craigmont	\$6.50	(2-R) \$6.50 (6-R) \$6.50	\$6.51	\$7.80	\$7.96
Lewiston	\$7.30	(2-R) \$7.30 (6-R) \$7.30	\$6.82	\$8.09	\$8.27
Moscow / Genesee	\$6.10-\$6.45	(2-R) \$6.45 (6-R) \$6.45	\$6.17-\$6.59	\$7.49-\$7.86	\$7.58-\$8.04

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	Mar \$7.35-\$7.63 ³ / ₄ Aug NC \$7.25-\$7.56 ³ / ₄	Mar \$8.77 ³ / ₄ -\$8.75 ³ / ₄ Aug NC \$8.18 ¹ / ₂ -\$8.28 ¹ / ₂	Mar \$8.90 ³ / ₄ -\$9.05 ³ / ₄ Aug NC \$8.07-\$8.37
Los Angeles	\$11.20	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$11.20	NQ	NQ	NQ	NQ	NQ
Ogden	\$9.05	NQ	NQ	\$6.70	\$7.15	\$7.63
Great Falls	\$6.25-\$6.50	NQ	\$9.50	NQ	\$6.88-\$7.01	\$7.03-\$7.16
Minneapolis	\$8.12	NQ	\$12.29	NQ	\$8.67 ³ / ₄ (12%)	\$9.70 ³ / ₄ -\$10.05 ³ / ₄

Market trends this week

BARLEY – Local barley prices were mostly higher again this week with southern Idaho locations reporting no change to 50 cents higher; while there was no change reported in northern Idaho. USDA reported that there were no barley export sales, however export shipments totaled .1 TMT for Taiwan last week.

USDA's BARLEY S&D Projections for MY 2013/14 – Mar. 10 – USDA made no changes to the U.S. barley balance sheet this month, except to raise the average farm gate price projection for U.S. barley to \$5.95-\$6.25. **World barley production was increased by 0.7 MMT this month to 145.6 MMT, up 12% from last year, with a 1 MMT increase for Australia. World ending stocks were cut by 0.4 MMT this month to 23.1 MMT, also up 12% from last year.**

WHEAT – Local wheat prices were also mostly higher this week: SWW ranged from 6 cents lower to 23 cents higher; HRW ranged from 6 to 21 cents higher; and DNS ranged from 8 to 26 cents higher. USDA reported wheat export sales last week were within trade expectations at 556.1 TMT (476.9 TMT for MY 2013/14 and 89.2 TMT for MY 2014/15), down 14% from the previous week and 2% from the prior 4 week average. Wheat export shipments last week totaled 455.7 TMT, down 28% from the previous week and 2% from the prior 4 week average.

USDA's WHEAT S&D Projections for MY 2013/14 – Mar. 10 - USDA made no revisions to the U.S. wheat balance sheet, leaving ending stocks unchanged at **558 million bu.** This was **BELOW the average pre-report trade estimate of 570 million bu.** The average farm gate price for U.S. wheat was raised to \$6.75-\$6.95/bu. **World wheat production was increased by almost 1 MMT to 712.7 MMT – up 9% from last year – with gains for Australia and India. World wheat ending stocks were left mostly unchanged this month at to 183.8 MMT, up 4% from last year.**

Wheat Competitor/Buyer News – USDA raised their Australian wheat production estimate by .5 MMT this month to 27.0 MMT.

CORN – Corn export sales were on the low end of trade expectations last week at 787 TMT for (683.4 TMT for MY 2013/14 and 103.6 TMT for MY 2014/15), down 55% from the previous week and 37% from the prior 4 week average. Corn export shipments remained strong last week at 907.4 TMT, down 20% from the previous week and 2% from the prior 4 week average.

USDA's CORN S&D Projections for MY 2013/14 – Mar. 10 – Report was mostly neutral for corn with lower domestic stocks offset by larger world stocks. USDA raised their corn export projection by 25 million bu to 1.625 billion bu, cutting ending stocks by an equal amount to 1.456 billion bu. **This was BELOW trade expectations of 1.488 billion bu.** The average farm gate price for U.S. corn was tightened to \$4.25-\$4.75/bu. **World corn production was raised by nearly 1 MMT this month to 967.5 MMT, up 12% from last year. World corn ending stocks were increased by 1.1 MMT to 158.5 MMT, due to bigger Chinese carryout.**

Ethanol corn usage – DOE's Energy Information Agency reported another weekly decline in U.S. ethanol production – down 2.8% or 25,000 bbls to 869,000 bpd which is 9% above last year. Weekly corn usage was 91.25 mbu (cumulative use 2.53 billion bu), well below the weekly pace of 97.8 million bu needed to meet the USDA projection of 5.0 billion bu for the marketing year.

Corn Competitor/Buyer News – USDA left their Brazilian and Argentine corn production estimates unchanged at 70 MMT and 24 MMT respectively, despite many analysts' lower projections based on difficult weather conditions in many key production areas. CONAB has projected Brazil's corn crop at 75.2 MMT, down slightly from their February projection.

Futures Market trends this week

Global geopolitical and macroeconomic trends – Political uncertainty between Ukraine and Russia continued to cast a shadow over financial and commodity markets. The Crimean Parliament declared independence from Ukraine this week and scheduled a referendum this coming Sunday on whether to stay with Ukraine or join the Russian Federation. Meanwhile, there are reports of continued build-up of Russian troops along the border between the two countries and the U.S. and European allies are increasingly warning of sanctions on Russia ahead of the Crimea secession vote on Sunday. There have been no reported disruptions of grain shipments from Crimean ports on the Black Sea, but there are reports that exporters are not writing new export contracts from this region due to the heightened uncertainties about future grain deliveries and farmers are tightening their hold on unsold crops as a hedge against a weakening currency. **Ukraine was projected to ship 16% of the world's corn (#3 exporter) and 6% of the world's wheat exports (#5 exporter) this marketing year.**

Chinese economic data also was a drag on global markets this week, with monthly exports, retail sales and industrial production all falling short of expectations. Chinese exports fell 18% y/y last month, compared to an expected increase of 4%.

WHEAT – Wheat markets began the week sharply lower on profit-taking pressures, after last week's sharp price advances. Weakness was attributed to a negative wave of long liquidations that swept across commodity and financial markets sparked by weaker than expected Chinese economic data. But this dampened risk attitude was short lived as wheat posted a strong rebound, trading up double digits on both Tuesday and Wednesday. Gains were driven by fresh fund buying resulting from unwinding soybean/wheat spreads, ongoing Ukrainian tensions and deteriorating U.S. winter wheat crop conditions from continued dryness and upcoming colder temperatures as the crop emerges from dormancy. Underlying support also comes from concerns about spring wheat planting in the drier than normal Crimea. Wheat traded higher early today (Thursday), once again leading the grain and oilseed markets, but succumbed to mid-session profit-taking pressures and settled down double digits. **Wheat market closes on Thursday, 3/13/14 ...**

	May 2014	Weekly Summary	July 2014	Weekly Summary	Dec. 2014	Weekly Summary
Chicago SRW	\$6.73 ³ / ₄	Up \$0.19 ³ / ₄	\$6.78	Up \$0.19	\$6.96 ¹ / ₄	Up \$0.18 ¹ / ₄
KC HRW	\$7.36 ³ / ₄	Up \$0.15 ¹ / ₂	\$7.31 ¹ / ₂	Up \$0.16 ¹ / ₂	\$7.47	Up \$0.15 ¹ / ₂
MGE DNS	\$7.20 ¹ / ₂	Up \$0.15 ¹ / ₂	\$7.16	Up \$0.15	\$7.23	Up \$0.08 ³ / ₄

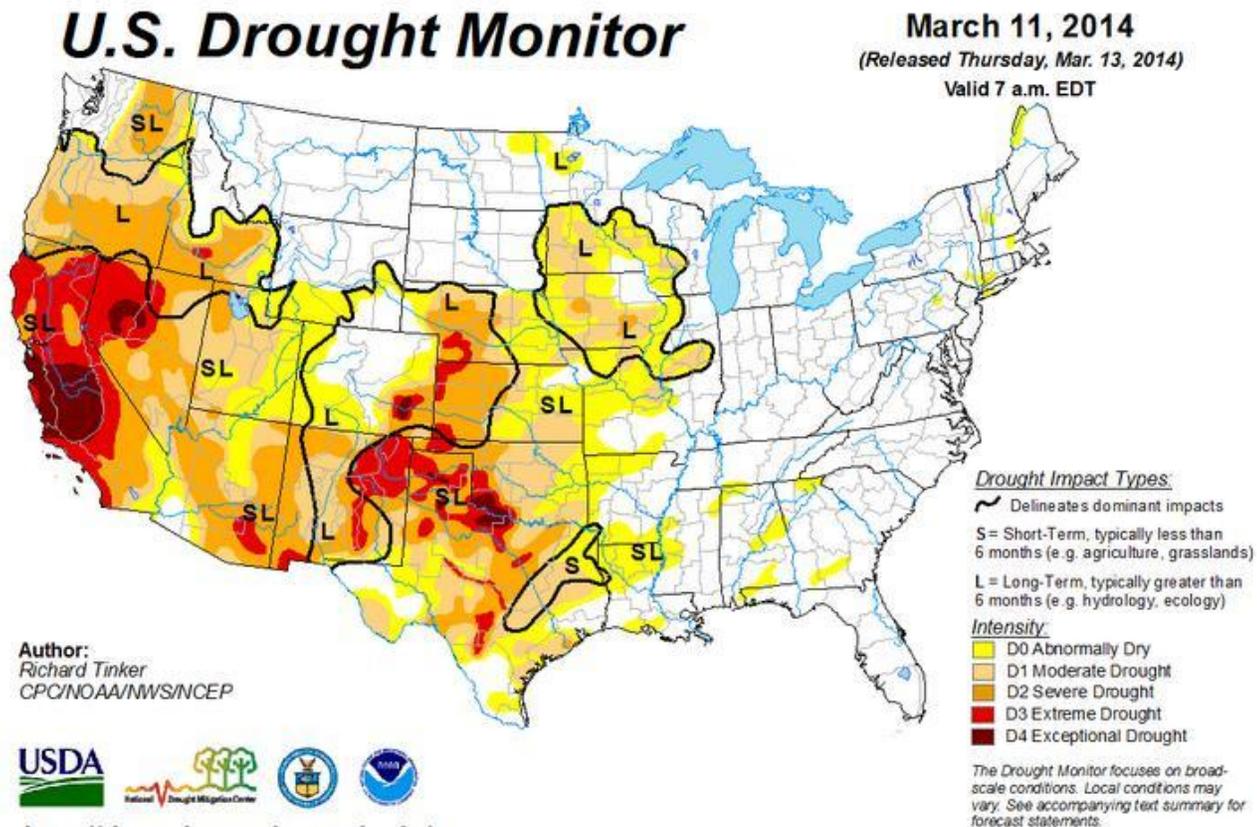
CORN – Corn posted moderate losses to start the week on mixed reaction to USDA’s monthly S&D report (lower U.S. but higher world ending stocks) and overbought bearish technical signals. Corn prices rebounded on Tuesday and Wednesday, pulled higher by spillover support from unexpectedly strong wheat gains. Corn posted moderate losses today (Thursday) after opening higher on a lack of fresh news and mid-session spillover pressure. **Corn futures contract closes on Thursday, 3/13/14 for May 2014 contract at \$4.85, down \$0.04 for the week, July 2014 contract closed at \$4.89, down \$0.04 and the Dec. 2014 contract closed at \$4.84, down \$0.00 ³/₄ for the week.**

OTHER MAJOR FACTORS TO WATCH –

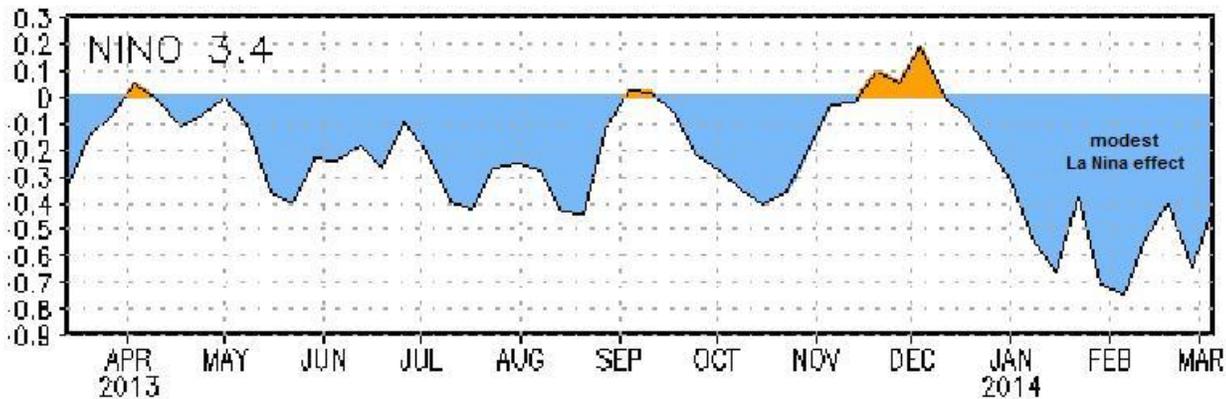
CRUDE OIL – Crude oil prices continued to chop lower this week, finishing below the \$100 mark for the first time since mid February. Reduced risk concerns in Ukraine and increasing U.S. crude stockpiles were blamed for the weakness. Crude stockpiles were boosted this week by a US government release of 5 million bbls from the Strategic Petroleum Reserve. DOE’s weekly inventory report showed crude oil stocks increased by a whopping 6.18 million bbls last week, nearly triple the expected gain of 2 million bbls; distillates fell by 533,000 bbls, in line with expectations; and gasoline stocks fell by 5.23 million bbls, more than double the expected decline of 2.0 million bbls. **Crude oil futures finished modestly higher to close at \$98.20 on Thursday.**

US WEATHER / CROP OUTLOOK –

Drought intensifies across Southern Great Plains and Western U.S. – The latest U.S. Drought Monitor Map below shows worsening drought conditions across the Southern Great Plains (particularly Oklahoma which represents about 10% of the US winter wheat crop), with dryness now reaching into key Midwestern growing areas of Iowa and Minnesota. **This is likely due to lingering effects of La Nino weather cycle, which showed increased cooling in the Eastern Pacific Ocean since early January, as depicted below. The US Climate Prediction Center is now predicting better than 50% chance that an El Nino weather cycle will emerge by summer or fall, which if true could generate more favorable growing conditions across the Central and Upper Midwest.**



Sea Surface Temperatures Anomalies Central-East Equatorial Pacific (C)



From Climate Prediction Center

IBC Educational Webinars

RECORDED WEBINAR...featuring Dr. Jay Parsons, “Right Risk: Evaluating Risk Management Options and Using Enterprise Risk Analyzer Tools.” Link at <http://connect.cals.uidaho.edu/>

RECORDED WEBINAR... featuring Dr. Howard Neibling, UI, “Irrigation Efficiencies in a Water Short Year.” Link at <http://connect.cals.uidaho.edu/p88owiek00/>

RECORDED WEBINAR... featuring Bob Utterback, Utterback Marketing “2014 Global Grain Market Outlook and Strategies.” Link at <http://connect.cals.uidaho.edu/p818x8sgjo4/>

RECORDED WEBINAR...featuring Ed Usset, University of Minnesota “Developing your 2014 Pre-Harvest Marketing Plan for Wheat”
Link at <http://connect.cals.uidaho.edu/p4nnx7ry9of/>