

Idaho Grain Market Report, March 20, 2014

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, March 19, 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	\$6.55	\$7.29	\$7.63
Idaho Falls	\$8.25	(2-R) \$11.98-\$12.00 (6-R) \$11.98	\$6.25	\$7.10	\$7.16
Blackfoot / Pocatello	NQ	(2-R) \$10.00 (6-R) \$10.00	\$6.60	\$8.10	\$8.30
Grace / Soda Springs	\$8.90	(2-R) NQ (6-R) NQ	\$6.20	\$7.20	\$7.60
Burley / Rupert	\$7.50	(2-R) \$11.98 (6-R) \$11.98	\$6.15	\$7.43	\$7.26
Hazelton					
Twin Falls / Eden / Buhl	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Weiser	\$9.00	(2-R) NQ (6-R) NQ	\$6.60	NQ	NQ
Nez Perce / Craigmont	\$6.75	(2-R) \$6.75 (6-R) \$6.75	\$6.86	\$8.02	\$8.07
Lewiston	\$7.55	(2-R) \$7.55 (6-R) \$7.55	\$7.17	\$8.33	\$8.38
Moscow / Genesee	\$6.20-\$6.70	(2-R) \$7.05 (6-R) \$7.05	\$6.54-\$6.94	\$7.77-\$8.10	\$7.85-\$8.15

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 \$7.50-\$7.90 ³ / ₄ Aug NC \$7.58 ³ / ₄ - \$7.83 ³ / ₄	Mar \$9.08 ¹ / ₄ -\$9.28 ¹ / ₄ Aug NC \$8.53 ¹ / ₂ - \$8.63 ¹ / ₂	Mar \$9.21-\$9.51 Aug NC \$8.37 ¹ / ₂ -\$8.62 ¹ / ₂
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	\$9.10	NQ	NQ	\$6.55	\$7.35	\$7.90
Great Falls	\$6.25-\$6.50	NQ	\$9.50	NQ	\$7.00-\$7.37	\$6.60-\$6.87
Minneapolis	\$8.12	NQ	\$14.50	NQ	\$8.68 ¹ / ₄ (12%)	\$9.81-\$10.11

Market trends this week

BARLEY – Local barley prices were higher again this week with southern Idaho locations reporting no change to 25 cents higher and 10 to 25 cents higher was reported in northern Idaho. USDA reported that barley export sales totaled 13.1 TMT for Japan and Taiwan. Export shipments totaled 12.8 TMT for Japan and South Korea last week.

WHEAT – Local wheat prices were also higher this week: SWW ranged from 6 to 37 cents higher; HRW ranged from 2 to 55 cents higher; and DNS ranged from 11 to 56 cents higher. USDA reported wheat export sales last week were above trade expectations at 597 TMT (401.8 TMT for MY 2013/14 and 195.2 TMT for MY 2014/15), down 16% from the previous week and 12% from the prior 4 week average. Wheat export shipments last week totaled 440 TMT, down 3% from the previous week and 8% from the prior 4 week average.

Wheat Competitor/Buyer News – Egypt bought 175 TMT of wheat this week, with 55 TMT from the U.S., 60 TMT from Russia and 60 TMT from Romania.

CORN – Corn export sales were above trade expectations last week at 745.8 TMT for MY 2013/14 which was up 9% from the previous week, however it was down 20% from the prior 4 week average. Corn export shipments were also strong last week at 927.1 TMT, up 2% for both the previous week and from the prior 4 week average.

Ethanol corn usage – DOE's Energy Information Agency reported a positive uptick in U.S. ethanol production despite ongoing poor rail logistics – up 2.53% or 22,000 bbls to 989,000 bpd which is 10.1% above last year. Weekly corn usage was 93.56 mbu (cumulative use 2.62 billion bu), which is still well below the weekly pace of 98 million bu needed to meet the USDA projection of 5.0 billion bu for the marketing year.

Corn Competitor/Buyer News – Ukraine reported they loaded out 700 TMT of corn exports last week, the highest weekly level of the year. China has reportedly purchased Ukrainian corn (at least 50 TMT) as part of a repayment plan for Chinese financing. China's grain buying agency, COFCO, is projecting their corn imports will only total about 3 MMT this marketing year, due to rejection of U.S. corn containing MIR 162. USDA has projected Chinese corn imports at 5 MMT. USDA reported that Mexico purchased 107.4 TMT and a South Korea feed miller 125 TMT of U.S. corn this week.

Futures Market trends this week

Global geopolitical / macroeconomic trends – Ukrainian-Russian tensions remained high this week, prompting investors to add to their bullish bet in commodities, despite reports suggesting that spring planting is advancing rapidly across Ukraine and grain shipments are moving unimpeded.

U.S. economic trends – Federal Reserve cut another \$10 billion to \$55 billion in monthly QE3 long-term mortgage security purchases and changed their guidance on short term interest rates, signaling that rates might start rising around 6 months after the Fed stops their asset purchases, which is sooner than many expected. Economic indicators were mostly positive this week, with Index of Leading Indicators and existing home sales in line with expectations and stronger than expected Philadelphia Manufacturing Index. Weekly unemployment claims inched up to 320,000 - up 5,000 from last week - which was slightly better than expected.

WHEAT – Profit-taking drove wheat markets sharply lower in choppy trading on Monday, despite decent export inspections. But once again wheat posted a strong reversal higher – trading up double digits – on Tuesday and Wednesday on fresh short covering and extension of long positions by small speculators. Support came from ongoing Ukrainian tensions, deteriorating U.S. winter wheat crop conditions and fresh demand from Egypt. Wheat finished lower today (Thursday) under profit-taking pressure. **Wheat market closes on Thursday, 3/20/14 ...**

	May 2014	Weekly Summary	July 2014	Weekly Summary	Dec. 2014	Weekly Summary
Chicago SRW	\$7.03 ³ / ₄	Up \$0.16 ¹ / ₂	\$7.05 ¹ / ₂	Up \$0.15 ¹ / ₄	\$7.21	Up \$0.13 ¹ / ₄
KC HRW	\$7.82	Up \$0.30 ¹ / ₂	\$7.76 ³ / ₄	Up \$0.31	\$7.84	Up \$0.24
MGE DNS	\$7.55 ¹ / ₄	Up \$0.21 ¹ / ₄	\$7.48 ³ / ₄	Up \$0.21 ³ / ₄	\$7.54 ¹ / ₂	Up \$0.21 ³ / ₄

CORN – Corn closed lower to start the week, despite strong export shipments, under pressure from weaker technicals and lack of fresh supportive news. Corn rebounded on Tuesday in mostly spillover support from beans and wheat and some early weather concerns about continuing cold conditions across the Corn Belt which could delay spring planting. Corn remained mostly range bound on Wednesday in sluggish volume, closing modestly higher on mostly spillover support. Profit-taking drove corn prices lower today (Thursday). **Corn futures contract closes on Thursday, 3/20/14 for May 2014 contract at \$4.78 ¹/₂, down \$0.07¹/₂ for the week, July 2014 contract closed at \$4.83¹/₂, down \$0.07 and the Dec. 2014 contract closed at \$4.80³/₄, down \$0.06¹/₂ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil prices chopped modestly higher this week on mixed views about future Fed interest rate policy, ongoing Ukrainian-Russian tensions and lower stocks at Cushing, OK due to increased pipeline capacity to the Gulf. DOE's weekly inventory report showed crude oil stocks increased again this week by 5.85 million bbls last week, more than double the expected gain of 2.75 million bbls; distillates fell by 3.1 million bbls, three times the expected decline of 800,000 bbls; and gasoline stocks fell by 1.47 million bbls, slightly below the expected decline of 1.55 million bbls. **Crude oil futures chopped lower to finish at \$99.43 on Thursday.**

US WEATHER / CROP OUTLOOK –

U.S. winter wheat crop conditions deteriorating – Winter wheat states reported deteriorating HRW crop conditions this week, with Kansas crop slipping 3% to 34% good/excellent (compared to 29% in 2013). Oklahoma reported 4% decline to 18% good/excellent and Texas reported a 5% decline to 13%. These 3 states represent nearly 48% of the U.S. winter wheat crop. Conditions were not helped this week by strong wind and dust storm that swept through the region. This region has seen only about 20% normal winter precipitation and the outlook shows continuing dry conditions for at least the next 6-10 days.

Is El Nino weather pattern forming? As we reported last week, the US Climate Prediction Center is now predicting a better than a 50% chance that an El Nino weather cycle will emerge by summer or fall. Some private weather forecasters, however, are now projecting a **rapid El Nino formation is possible by summer**, which could generate more favorable growing conditions across the Central and Upper Midwest. Based on past cycles, in a developing El Nino environment May and June tend to have a wetter bias over the western and southern U.S., northern and eastern Europe and western Black Sea region. Below average precipitation is expected in Australia, India, portions of China, and the Canadian prairies. Above average rainfall is expected during July and August in the Central U.S., large portions of Europe, northeastern China, southern Brazil and some areas of Argentina. By the end of the year, wetter conditions would prevail over southern U.S., western and southern Europe, southern Brazil, eastern and southern Argentina and far southern tip of India.

INTERNATIONAL WEATHER / CROP OUTLOOK -

Europe – A marked contrast of weather patterns this past winter in England/France and Germany. The western region was dominated by an unstable low pressure trough which caused heavy winter rainfall, with record flooding in the UK in January and February. Crop conditions are reported to be improving in early to mid March, with France reporting very strong winter grain crop conditions (74% good/excellent according to one report). By contrast, a stable high pressure system was parked over Germany, producing below normal winter precipitation. Drought conditions appear to be intensifying in some areas.

Black Sea Region – Ukraine reports that spring grain planting is advancing rapidly, now more 32% completed, which is the fastest start in the last 6 years. Ukraine and Southern Russia received beneficial moisture over the weekend with more precipitation likely this week before conditions turn drier.

China – Winter wheat region has received some moisture recently but the outlook shows mostly dry conditions for the next week.

Australia – At least 75% of the winter grain region is too dry to plant (planting normally begins in May). Parts of eastern regions received beneficial moisture this week but Western Australia remains dry.

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

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