

Idaho Grain Market Report, May 22, 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, May 21, 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	\$8.50	(2-R) NQ (6-R) NQ	\$5.80	\$6.51	\$6.58
Idaho Falls	\$9.005	(2-R) \$11.46-\$11.75 (6-R) \$11.46	\$6.06	\$6.59	\$7.03
Blackfoot / Pocatello	NQ	(2-R) \$10.00 (6-R) \$10.00	NQ	NQ	NQ
Grace / Soda Springs	\$9.00	(2-R) NQ (6-R) NQ	\$6.00	\$6.60	\$6.75
Burley / Rupert Hazelton	\$7.50 - \$8.00	(2-R) \$11.46 (6-R) \$11.46	\$6.00	\$6.56	\$6.63
Twin Falls / Eden / Buhl	\$9.00	(2-R) NQ (6-R) NQ	\$6.00	NQ	NQ
Weiser	\$8.84	(2-R) NQ (6-R) NQ	\$6.25	NQ	NQ
Nez Perce / Craigmont	\$8.30	(2-R) \$8.30 (6-R) \$8.30	\$6.65	\$7.71	\$7.83
Lewiston	\$8.80	(2-R) \$8.80 (6-R) \$8.8	\$6.90	\$7.96	\$8.08
Moscow / Genesee	\$8.30-\$8.60	(2-R) \$8.65 (6-R) \$8.65	\$6.67 - 6.81	\$7.73-7.82	\$7.85-7.99

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	May \$7.29¼-\$7.50 Aug NC \$7.22¼ -\$7.35	May \$8.31½ - \$8.41½ Aug NC \$8.23-\$8.38	May \$8.58¾ - \$8.73 ¾ Aug NC \$8.36 ¼ -\$8.66¼
Los Angeles	\$12.75 - \$13.25	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$12.75 - \$13.25	NQ	NQ	NQ	NQ	NQ
Ogden	\$9.25	NQ	NQ	\$6.40	\$6.95	\$6.95
Great Falls	\$6.25-\$6.50	NQ	\$9.50	NQ	\$6.82-\$6.84 (12%)	\$6.97-\$7.20
Minneapolis	\$8.23	NQ	\$12.50	NQ	\$7.81 ½ (12%)	\$8.73¾ -\$8.88 ¾

Market trends this week

BARLEY – Local barley prices were mixed this week with southern Idaho locations reporting unchanged to 25 cents higher and northern Idaho down 5 to 30 cents. USDA reported there was net barley sales cancellation last week totaling 6 TMT, all to South Korea and barley export shipments totaled 100 MT last week.

WHEAT – Local wheat prices were lower this week: SWW ranged from n2 to 30 cents lower; HRW ranged from 39 to 58 cents lower; and DNS ranged from 35 to 59 cents lower. USDA reported wheat export sales last week were within trade expectations at 352 TMT (142.2 TMT for MY 2013/14 and 209.8 TMT for MY 2014/15), up noticeably from the previous week but down 39% from the prior 4 week average. Wheat export shipments last week totaled 507.5 TMT, down 20% from the previous week and 14% from the prior 4 week average

Wheat Competitive/Buyer News – SovEcon raised their Russian wheat production estimate this week to 50 MMT based on the addition of Crimea, compared to 52.1 MMT last year. Many analysts believe that estimate is overly optimistic given current weather conditions which have turned stressful in key production areas of Southern Russia and the Volga District in Eastern Russia. Ukrainian Ag Confederacy is projecting their 2014 wheat crop at 22.0 - 22.5 MMT (USDA 20 MMT). Iraq bought 150 TMT of Russian wheat this week. **International tenders this week...**Jordan tendering for 150 TMT of optional origin wheat and Turkey for 90 TMT.

CORN – Corn export sales last week were within trade expectations at 570 TMT (507.9 TMT for MY 2013/14 and 62.5 TMT for MY 2014/15), up 48% from the previous week, but down 1% from the prior 4 week average. Corn export shipments last week totaled 1.159 MMT, up 13% from the previous week but down 12% from the prior 4 week average.

Ethanol corn usage – DOE's Energy Information Agency reported another uptick in weekly ethanol production ...increasing 3,000 bbls to 925,000 bbls per day – up 0.33% from the previous week and up 5.71% from last year. Weekly corn usage jumped to 97.13 mbu, which remains below the weekly pace of 99.4 mbu needed to achieve USDA's projection of 5.05 billion bu for the current MY 2013/14.

Corn Competitor/Buyer News – Ukrainian Ag Confederacy is projecting their 2014 corn crop at 28.5 - 29.0 MMT (USDA 26 MMT). Chinese corn imports in April were down nearly 78% from a year ago, while DDG imports reached record high levels. Rumors surfaced this week that the U.S. corn sold but not yet shipped to China in the current marketing year (estimated at about 586 TMT) will not be shipped due to unresolved GMO trait approvals. South Korea has been an active corn buyer this week, buying 198 TMT (68 TMT South American and 130 TMT optional origin) and 55 TMT U.S. corn

Futures Market trends this week

WHEAT – Wheat futures finished fractionally mixed on Monday with support from ideas that the Russian wheat crop condition is deteriorating, but that was met with pressure from ideas that U.S. wheat is priced well above world levels and U.S. crop weather was improving this week, allowing spring wheat planting to rapidly advance and hard red winter wheat conditions to stabilize ahead of harvest next month. Wheat opened firm on Tuesday but early gains eroded mid session by warming temps across the Upper Midwest which will aid spring wheat planting and good chances of beneficial rainfall across the Central and Southern Plains by Thursday into the weekend. Wednesday saw a similar early rally on spillover support from stronger soybeans fizzle into the close, with wheat finishing lower on weather forecasts calling for good rain coverage across the U.S. Plains this weekend and showers in Southern Russia in the 6-10 day outlook. Wheat prices continued under pressure today (Thursday), finishing moderately lower on rain forecasts in Russia and the U.S. Plains.

Wheat market closes on Thursday, 5/22/14 ...

	July 2014	Weekly Summary	Sept 2014	Weekly Summary	Dec. 2014	Weekly Summary
Chicago SRW	\$6.59 ¼	Down \$0.15	\$6.70	Down \$0.13 ¼	\$6.88 ¼	Down \$0.10 ½
KC HRW	\$7.51 ¾	Down \$0.16	\$7.59	Down \$0.14 ¼	\$7.69 ¾	Down \$0.16 ½
MGE DNS	\$7.31	Down \$0.08 ¼	\$7.37 ¾	Down \$0.09 ¾	\$7.47 ½	Down \$0.08 ¾

CORN – Corn prices fell to the lowest prices since mid-March on Monday, pressured by strong planting expectations this week and ideas that growing conditions could be ideal this summer in an emerging El Nino weather pattern which is often correlated to above trend line corn yields. A good planting window was expected this week with warmer and drier conditions across the Upper Midwest where the seeding pace had been lagging thus far this spring. Corn slipped lower after a firm open on both Tuesday and Wednesday, under pressure from fund selling sparked by favorable crop weather in the nearby outlook and expectations that corn planting to will advance to nearly complete by the end of the week. Corn posted modest gains today (Thursday) on spillover support and ideas that the market has already prices in high yield expectations. **Corn futures contract closes on Thursday, 5/22/2014... July 2014 contract at \$4.76 ¾, down \$0.06 ¾ for the week, Sept. 2014 contract closed at \$4.74, down \$0.07 ¼ and the Dec. 2014 contract closed at \$4.73 ½, down \$0.07 ½ for the week.**

US WEATHER / CROP OUTLOOK –

El Nino Watch - Most global weather models predict an El Nino weather pattern will develop by August. For the U.S. that is usually associated with relatively cool summer night-time temperatures and above trend line crop yields across the Midwest (1992,1994, 2004, 2009 – corn yields average 5-13% above trend). Other weather influences like Arctic sea surface temperatures during June could still produce some extreme summer conditions which could result in below trend line yields (similar to analog years of 1991 and 2002), but most market analysts give the edge to strong yield potential this year. **USDA has pegged the 2014 national average corn yield at 165.3 bpa vs. 158.8 bpa last year.**

West – Warm and dry conditions prevailed for most of this region, although some areas saw scattered showers from a slow moving storm system. **Plains** – Northern Plains were drier and warmer this week, allowing for spring field work to advance. Cool conditions lingered in parts of North Dakota. Temperatures warmed across the Central and Southern Plains this week, but drenching rains (widespread with good coverage) were expected mid week into the weekend, helping to stabilize winter wheat crop conditions ahead of harvest which will start in early June. These rains come too late, however, to boost yield prospects in southern Kansas, Oklahoma and Texas but will be beneficial to winter wheat crops in Northern Kansas, Colorado and Nebraska where heading is not as far along. **Midwest Corn Belt** – This region is seeing a major shift in weather to nearly ideal growing conditions for crops that are already in the ground and rapid planting progress in areas that have lagged. After a slow start to emergence, warming temperatures along with pop-up showers to maintain favorable soil moisture are expected to give yield prospects a big boost. A band of showers and thunderstorms moved across the Corn Belt from eastern Iowa mid week, drifting eastward into the ECB. Expectations are for corn planting to be nearly completed by the end of the week. **The 6-10 day outlook calls for near to above normal temperatures and precipitation for the Midwest and Plains, and below normal precipitation for the PNW and Intermountain West.**

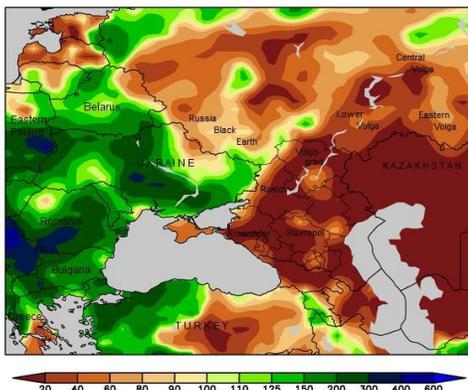
USDA Crop Progress / Condition Report, May 19, 2014

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	68% planted	55%	68%	69%			
ID barley	96% planted	90%	98%	90%	72%	73%	
US spring wheat	49% planted	34%	64%	68%			
ID spring wheat	100% planted	97%	99%	93%	78%	79%	
US winter wheat	57% headed	44%	41%	58%	29% g/ex 44% p/vp	30% g/ex 42% p/vp	31% g/ex 41% p/vp
ID winter wheat	-- headed	--	--	--	86%	4%	
Corn	73% planted 34% emerged	59%	65%	76%			

INTERNATIONAL WEATHER/CROP OUTLOOK –

- **Canada** – Spring grain planting progress was estimated at 32% completed at the start of the week, but was advancing rapidly this week, despite cooler than normal temperatures across much of the region. There are good chances for showers to return next week. Ag Canada is projecting a 2014 wheat crop of 29.6 MMT vs. 37.5 MMT in 2013
- **Europe** – Recent heavy rainfall has caused flooding in Poland and the Balkans. Western European production areas are seeing nearly ideal growing conditions, with projections of the biggest grain crop since 2008.
- **Ukraine** - Ukraine continues to receive heavy soaking rains from an entrenched trough of low pressure, producing twice the normal amount of moisture, which has boosted grain yield potential.
- **Russia** – Southern Russian wheat crop is suffering from intensifying drought although showers are expected this weekend into the 6-10 day outlook. The eastern Volga region is now experiencing heat and moisture stress, as depicted in the map below.

Martell Crop Projections
30-day Precipitation Analysis
Percent of normal through 18 May 2014



- **Northern Africa** – Sunny hot conditions persist, accelerating winter grain maturation and harvesting across Algeria, Tunisia and Morocco.
- **Middle East** – Showers stretched from Turkey into Iraq and Iran, slowing grain maturation and harvest.
- **China** – Northeastern China received beneficial moisture to aid corn emergence, while dry weather favored winter wheat maturation across the North China Plains.
- **Brazil** – Warm and sunny conditions prevailed, favoring second crop corn yields.
- **Argentina** – Lingering wetness has delayed corn maturation and harvesting in some areas, but benefitted late planted crops which are not yet mature. Corn harvest is reportedly 35% completed, compared to 50%+ last year. Conditions are expected to be drier into the weekend and next week.
- **Australia** – Western Australia saw rain this week, improving winter grain planting and germination. A predicted El Nino weather pattern during the key grain yield determining period of August – October this year is usually associated with 15-20% below normal grain yield potential in the eastern and southern production regions. Western Australia- the largest barley and wheat producing state - does not consistently see low yield potential during an El Nino cycle.

CRUDE OIL – Crude oil continued to post steady gains this week, reaching a one month high, on support from improving U.S. economic outlook, weaker dollar and ongoing geopolitical concerns in Ukraine and Libya. An unexpectedly large draw of crude oil supplies last week boosted oil prices, along with a drop in Cushing OK oil inventories to a 5 ½ year low. DOE's weekly inventory report showed crude oil stocks fell by 7.226 million last week, compared to an expected unchanged position. Distillates increased by 3.399 million bbls, while gasoline stocks increased by 970,000 bbls. **Crude oil futures finished \$0.33 lower to close at \$103.74 on Thursday.**