

Idaho Grain Market Report, June 12, 2014

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 11, 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	\$8.00	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	NQ	(2-R) \$11.46-\$11.75	NQ	NQ	NQ
Blackfoot / Pocatello	NQ	(2-R) \$10.00 (6-R) \$10.00	\$5.50 NC	\$6.40 NC	\$6.31 NC
Grace / Soda Springs	\$9.00	(2-R) NQ (6-R) NQ	\$5.70	\$6.56	\$6.41
Burley / Rupert Hazelton	\$7.50 - 8.00	(2-R) \$11.46	\$5.28-5.40	\$6.09	\$6.33
Twin Falls / Eden / Buhl	\$8.50 - 9.75	(2-R) NQ (6-R) NQ	\$5.18-5.45	NQ	NQ
Weiser	\$8.87	(2-R) NQ (6-R) NQ	\$5.90 NC	NQ	NQ
Nez Perce / Craigmont	\$7.80	(2-R) \$7.80 (6-R) \$7.80	\$6.40	\$6.94	\$7.31
Lewiston	\$8.30	(2-R) \$8.30 (6-R) \$8.30	\$6.65	\$7.19	\$7.56
Moscow / Genesee	\$7.80-8.33	(2-R) \$7.80 (6-R) \$7.80	\$6.42-6.66	\$6.96-7.35	\$7.33-7.55

Prices at Selected Terminal Markets, cash prices FOB

	#2 Feed 46 lbs. -- unit trains barge	Malting	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein
Portland	NQ	NQ	June \$6.79¼ - 6.99¼ Aug NC \$6.86½ - 7.11 ½	June \$7.74¼ - 7.84¼ Aug NC \$7.74 - 7.99	June \$8.09 - 8.39 Aug NC \$8.01½ - 8.16 ½
Los Angeles	\$12.15 -12.40	NQ	NQ	\$9.29 (13%)	NQ
Stockton	NQ	NQ	NQ	NQ	NQ
Tulare	\$12.15 -12.40	NQ	NQ	NQ	NQ
Ogden	\$9.10	NQ	\$5.90	\$6.56	\$6.43
Great Falls	\$6.25-6.50	\$9.50	NQ	\$6.40-\$6.46 (12%)	\$6.71-6.84
Minneapolis	\$7.19	\$11.77	NQ	\$7.24 ¼ (12%)	\$8.44 - \$8.64

Market trends this week

BARLEY – Local barley prices were mostly unchanged this week. USDA reported weekly export sales totaled 1.4 TMT (900 MT for MY 13/14 and 500 MT for MY 14/15). Barley export shipments last week totaled 2.5 TMT.

USDA's BARLEY S&D Projections for MY 2014/15 – June 11 – USDA pegged MY 13/14 barley ending stocks at 85 million bu, unchanged from last month. The 2013 average barley farm-gate price was \$6.05/bu compared to \$6.43/bu in the previous year. USDA made no changes to their MY 2014/15 domestic barley balance sheet, leaving new crop ending stocks unchanged at 82 million bu and the projected 2014 farm-gate price range unchanged at \$4.45-\$5.25. World barley production was cut by 1.53 MMT this month to 131.0 MMT, down 10% from last year, while world barley ending stocks were increased by 0.4 MMT this month to 18.8 MMT, down 23% from last year.

Barley Competitor/Buyer News – USDA cut Turley's barley production estimate this month by 1.8 MMT to 4.0 MMT. USDA is projecting several major barley suppliers will see lower barley production compared to last year, including EU down 3.7 MMT to 55.9 MMT; Canada down 3 MMT to 7.2 MMT; Australia down by 1.5 MMT to 8.1 MMT; and Argentina

down 700 TMT to 3.85 MMT. Private analysts believe the EU production estimate will be higher than USDA's current estimate based on planted acreage and favorable growing conditions (more like 58 MMT).

WHEAT – Local wheat prices were lower this week: SWW ranged from 5 to 35 cents lower; HRW prices ranged from 4 to 21 cents lower; and DNS prices ranged from 8 cents higher to 34 cents lower. USDA reported wheat export sales for the new marketing were above trade expectations last week at 570.1 TMT. New crop wheat export shipments totaled 328.5 TMT last week. Cumulative wheat export shipments for the recently completed MY 2013/14 (ended May 31) totaled 30.1 MMT, up 14% from the previous year.

USDA's WHEAT S&D Projections for MY 2014/15 – June 11 - USDA raised MY 13/14 wheat ending stocks by 10 million bu to 593 million bu, which was slightly ABOVE the average pre-report trade estimate of 590 million bu. As expected, **USDA cut their 2014 wheat production estimate this month by 21 million bu to 1.942 billion bu, BELOW the average pre-report trade estimate of 1.964 billion bu.** Winter wheat crop was pegged at 1.381 billion bu, down 22 million bu from May estimate (HRW crop was trimmed to 720 million bu from 746 million in May). USDA also cut domestic food usage by 10 million to 960 million bu, cut feed usage by 10 million bu to 160 million bu and cut wheat exports by 25 million bu to 925 million bu. This resulted in a 34 million bu increase in **new crop (MY 14/15) wheat ending stocks to 574 million bu, ABOVE the average pre-report trade estimate of 540 million bu.** The average farm gate price for U.S. wheat was lowered to a range of \$6.35-\$7.65/bu. The final 2013 average wheat price was pegged at \$6.87/bu compared to \$7.77/bu the previous year. World wheat production was increased by 4.6 MMT this month to 701.6 MMT (down 2% from last year), while world wheat ending stocks were increased by 1.2 MMT this month to 188.6 MMT, up 1.4% from last year.

Wheat Competitive/Buyer News – USDA is projecting that the EU will overtake the US as the world's largest wheat exporter in MY 2014/15 on the heels of a second consecutive bumper crop (projected up 1.4 MMT this month to 146.3 MMT). U.S. exports are constrained by tight carry-in supplies, a smaller 2014 crop and relatively higher prices than competitors. EU wheat exports are currently pegged at 28 MMT, compared to U.S. exports of 25.2 MMT. USDA also raised their wheat production estimate for India this month by 1.85 MMT to 95.85 MMT; Russia's by 1 MMT to 53 MMT; and China's by 1 MMT to 124 MMT. ABARE has pegged Australia's wheat crop at 24.8 MMT (USDA 25.5 MMT).

CORN – USDA reported corn export sales were within trade expectations at 515.2 TMT (409.7 TMT for MY 13/14 and 105.5 TMT for MY 14/15), down 26% from last week and 17% from the 4-week average. Corn export shipments last week totaled 1.07 MMT, down 8% from the previous week and 5% from the 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported another uptick in weekly ethanol production ...increasing another 6,000 bbls to 944,000 bbls per day – up 0.64% from the previous week and up 6.79% from last year. Weekly corn usage was 99.12 mbu, still short of the weekly pace of 103.8 mbu needed to achieve USDA's projection of 5.05 billion bu for the current MY 2013/14. The trade will be keeping a close eye on the impacts of China's decision to suspend import permits for U.S. DDGs on ethanol plant margins and future output.

USDA's CORN S&D Projections for MY 2014/15 – June 11 – USDA made no changes to their MY 2013/14 or MY 2014/15 domestic corn balance sheet, **leaving 2014 corn production unchanged at 13.935 billion bu and 14/15 ending stocks at 1.726 billion bu. This was ABOVE the average pre-report trade estimate of 1.716 billion bu.** World corn production was increased by 2 MMT this month to 981.1 MMT (nearly unchanged from last year), while world corn ending stocks were increased by nearly 1 MMT this month to 182.7 MMT, up 8% from last year.

Corn Competitor/Buyer News – USDA cut their estimate of Chinese corn imports for the current MY 13/14 by 0.5 MMT this month to 4.0 MMT due to continuing cancellations of U.S. corn purchases. They left their 2014 Chinese corn production estimate unchanged at a new record 220 MMT. They raised their new crop Ukrainian corn production estimate this month by 1 MMT to 27 MMT (down from nearly 31 MMT last year), but left Ukrainian corn exports unchanged this month at 16 MMT (down from 20 MMT last year). Brazilian corn production was left unchanged at 74 MMT this month, down from 76 MMT in MY 13/14. CONAB raised their 2013/14 Brazilian corn production estimate this month to 77.9 MMT, due to better than expected conditions for second-crop corn. Rosario Grain Exchange pegged Argentine corn production for current MY 2013/14 at 24.5 MMT, up from their May estimate of 23.9 MMT (USDA 24 MMT).

Futures Market trends this week

WHEAT – Wheat futures started the week on a weak note, after closing solidly higher on Friday. Pressure was noted from lower corn and mostly favorable growing conditions across the Northern Hemisphere. Excessive rain in some HRW areas raised concerns about quality losses at harvest but it was not enough to turn the bearish tide. Tuesday saw more pressure from continued speculative fund selling and ideas that European and Black Sea crops will be large. Bearish USDA S&D estimates (lower production but higher ending stocks) sparked aggressive fund selling and further price erosion on Wednesday. Wheat finished mixed to mildly lower today (Thursday) as the market continued to digest bearish stocks estimates. KC closed higher on rain harvest delays. **Wheat market closes on Thursday, 6/12/14 ...**

	July 2014	Weekly Summary	Sept 2014	Weekly Summary	Dec. 2014	Weekly Summary
Chicago SRW	\$5.85 ¼	Down \$0.33	\$5.97	Down \$0.33 ¼	\$6.21	Down \$0.30
KC HRW	\$7.05 ½	Down \$0.30	\$7.10 ¼	Down \$0.30	\$7.20	Down \$0.29 ¾
MGE DNS	\$6.82	Down \$0.27 ¼	\$6.90	Down \$0.26	\$7.01 ¼	Down \$0.25 ½

CORN – Good crop conditions kept corn on the defensive this week, pushing nearby contract prices to their lowest level in 5 months, nearing contract lows. Weather is expected to remain the main market mover until USDA releases quarterly stocks and planted acreage reports on June 30. Corn futures posted a reversal lower on Monday on aggressive fund selling sparked by China’s announcement they were suspending import permits for U.S. DDGs due to unapproved GMO content. This announcement appeared to be timed to help the Chinese government manage their burdensome government corn stockpiles ahead of new crop harvest. Corn prices finished lower again on Tuesday after early modest short covering gains gave way to pressure from fresh fund selling. Corn began Wednesday’s trading session mildly higher – like Tuesday – but slipped lower into the close on pressure from USDA’s higher world corn stock projections. Corn futures reversed direction to finish modestly higher today (Thursday), but the gains were capped by mild growing conditions in the 14 day outlook. **Corn futures contract closes on Thursday, 6/12/2014... July 2014 contract at \$4.44, down \$0.15 for the week, Sept. 2014 contract closed at \$4.40, down \$0.16¼ and the Dec. 2014 contract closed at \$4.43¾, down \$0.14 for the week.**

CRUDE OIL – Crude oil was boosted this week by a better than expected monthly employment report last Friday and fresh geopolitical concerns now centered on Iraq where Islamist militants have taken control over major cities in northern Iraq and encroaching into that country’s key oil production region. Iraq is the second largest oil supplier in OPEC, pumping about 3.3 million bbls/day. As expected, OPEC left their oil production targets unchanged this month at 30 million bbls/day. The US DOE Energy Information Agency raised their 2014 WTI oil price forecast this month from \$96.59/bbl to \$98.67/bbl, citing lower inventories and rising demand. DOE reported that crude oil inventories fell more than expected last week – down 2.596 million bbls, compared to an expected decline of 2.0 million bbls. Distillates increased by 860,000 bbls, while gasoline stocks increased by 1.697 million bbls, compared to an expected increase of 1.0 million bbls. **Crude oil futures finished at an 8 month high today (Thursday) – \$2.13 higher to close at \$106.53 – as the Iraqi conflict escalates.**

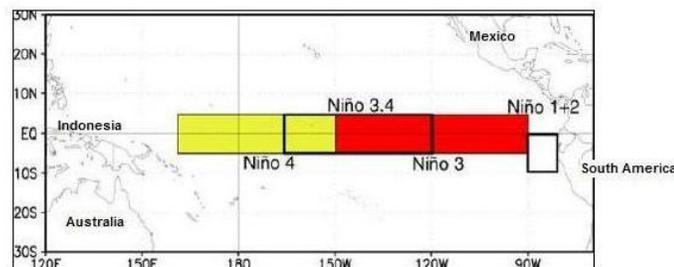
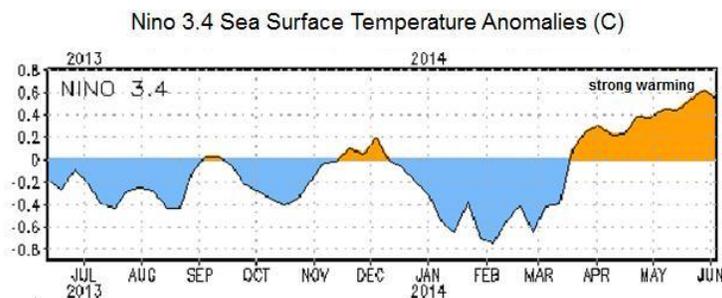
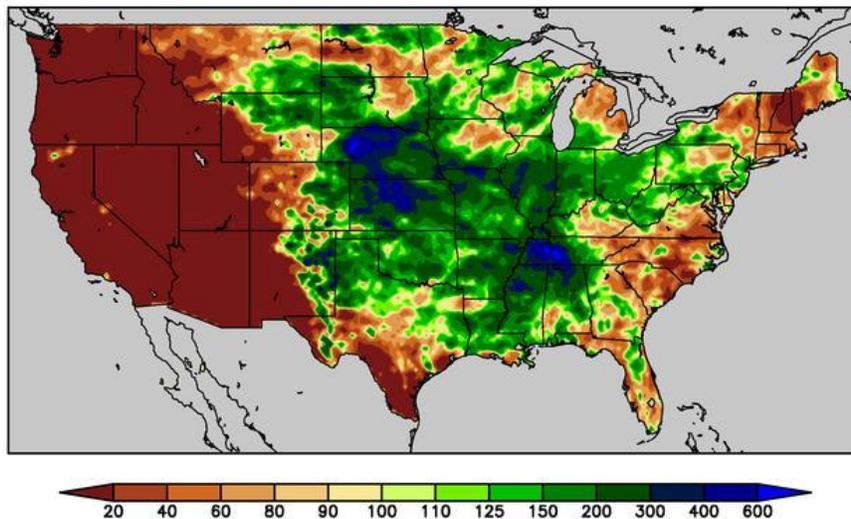
US WEATHER / CROP OUTLOOK –

West – Warm and dry conditions prevailed for most of the week, giving way to a cold front late in the week. **Plains** – Two rounds of severe thunderstorms and heavy showers blanketed Kansas and Oklahoma this week, helping to erase severe drought conditions but arrived too late to make much difference for yields this year. However fall planting conditions are improving. **Midwest Corn Belt** – A wide band of shower activity crossed the Northwest CB this week tracking into the Eastern CB and Northeastern U.S. (see map on page 4). Along with this rain came cooler temperatures across much of the Midwest this week. The 6-10 day outlook shows more of the same...above normal precipitation and cooler temperatures, which may cause crop development to slow and is consistent with a strengthening El Nino cycle (see Eastern Equatorial Sea Surface Temp chart on page 4). Some areas are seeing too much rain.

USDA Crop Progress / Condition Report, June 9, 2014

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	97% planted 86% emerged	93% 76%	87% 76%	93% 82%	64%	67%	63%
ID barley	100% planted 100% emerged	100% 95%	100% 99%	100% 92%	85%	84%	
US spring wheat	95% planted 80% emerged	88% 67%	86% 70%	93% 82%	71%	NA	62%
ID spring wheat	100% planted 100% emerged	100% 98%	100% 98%	100% 96%	78%	73%	
US winter wheat	86% headed 9% harvested	79% NA	81% 5%	85% 12%	30% g/ex 44% p/vp	30% g/ex 44% p/vp	31% g/ex 42% p/vp
ID winter wheat	42% headed	23%	35%	23%	84%	81%	
Corn	92% emerged	80%	83%	90%	75%	76%	63%

Martell Crop Projections
10-day Precipitation Analysis
Percent of normal through 11 June 2014



Data source Climate Prediction Center NOAA

INTERNATIONAL WEATHER/CROP OUTLOOK –

- **Canada** – Cool temperatures blanketed much of the Prairies this week, with frost reported in some areas.
- **Europe** – Beneficial showers from France into Great Britain eastward into Poland. Harvest advances across Spain.
- **Ukraine** – Locally heavy rains continue to boost grain yield prospects.
- **Russia** – Recent showers have eased stress in Southern Russia, but the Volga region (26% of total wheat production) has continued to be stressed by hot dry winds. Strong thunderstorms this week are easing stress in this region but yield potential has been reduced. The Russian Institute for Agricultural Marketing lowered their Russian grain production estimate this week to 93.5 MMT compared to Russian Ag Ministry projection of 100 MMT last month.
- **Middle East** – Locally heavy rains have slowed winter grain harvest in Turkey.
- **China** – Moisture across Northeastern China is boosting corn yield potential, while hot, dry conditions accelerated winter wheat harvest across the North China Plains, reported to be at least 60% completed.
- **Argentina** – Mild dry conditions aided corn harvest, pushing harvest past 41% compared to 77% on average.
- **Brazil** – Showers across Mato Grosso, the second largest corn producing region, favors strong yield potential for second-crop corn.
- **Australia** – Western and Southeastern regions continued to receive beneficial rainfall this week, boosting winter grain planting and early growing moisture.