

Idaho Grain Market Report, July 31, 2014

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 30, 2014. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u>	<u>MALTING</u>	<u>Wheat (bu.)</u>		
	<u>FEED</u> Feed		#1 SWW	#1 HRW 11.5% pro	#1 DNS 14% pro
Ashton	NQ	(2-R) \$10.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	\$5.35	\$5.98	\$6.20
Idaho Falls	\$7.50	(2-R) \$10.20	\$5.37	\$5.54	\$6.24
Blackfoot / Pocatello	NQ	(2-R) \$10.00 (6-R) \$10.00	\$5.40	\$5.97	\$6.07
Grace / Soda Springs	\$7.30	(2-R) NQ (6-R) NQ	\$5.40	\$5.76	\$6.28
Burley / Rupert Hazelton	\$6.75 - \$7.15	(2-R) \$10.20	\$5.50-5.55	\$5.72	\$6.37
Twin Falls / Eden / Buhl	\$7.25 – 7.50	(2-R) NQ (6-R) NQ	\$5.40- 5.45	NQ	NQ
Weiser	\$8.00	(2-R) NQ (6-R) NQ	\$5.91	NQ	NQ
Nez Perce / Craigmont	\$6.80	(2-R) \$6.80 (6-R) \$6.80	\$6.05	\$6.69	\$7.65
Lewiston	\$7.30	(2-R) \$7.30 (6-R) \$7.30	\$6.30	\$6.94	\$7.90
Moscow / Genesee	\$6.80 - 7.33	(2-R) \$6.80 (6-R) \$6.80	\$6.07-6.29	\$6.71-6.88	\$7.59-7.67

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	July \$6.27¼ – 6.95¼ Aug NC \$6.77¼ – 6.95	July \$7.12 - 7.37 Aug NC \$7.12 - 7.37	July \$7.87¾ - 8.07¾ Aug NC \$7.62¾ - 8.07¾
Los Angeles	\$10.20–10.50	NQ	NQ	\$8.52 (13%)	NQ
Stockton	NQ	NQ	NQ	NQ	NQ
Tulare	\$10.20-10.50	NQ	NQ	NQ	NQ
Ogden	\$7.65	NQ	\$5.75	\$6.10	\$6.80
Great Falls	\$5.75	\$8.75	NQ	\$5.37-5.49 (12%)	\$5.93-6.17
Minneapolis	\$6.04	\$11.67	NQ	\$6.37	\$7.87 ¾ - 8.37 ¾

Market trends this week

BARLEY – Local barley prices were mixed again this week: trading mostly steady with a few locations reporting 25 cents lower. USDA reported barley export sales last week of 500 MT to Taiwan, but not export shipments.

WHEAT – Local wheat prices were mostly higher this week: SWW prices ranged from unchanged to 5 cents higher; HRW prices ranged from minus 6 cents to plus 26 cents; and DNS prices ranged from 8 to 30 cents higher. USDA reported wheat export sales last week were well above trade expectations at 801.0 TMT, up 81% from the previous week and 92% from the prior 4-week average. Wheat export shipments last week totaled 419.6, down 24% from the previous week and 1% from the prior 4-week average.

Wheat Competitive/Buyer News – Egypt bought 175 TMT of wheat from Russia this week, despite competitive U.S. wheat offers (cheaper FOB prices but higher with freight). Private sources are estimating Russian wheat harvest at 57-59 MMT this year, above last year's 52 MMT. Ukrainian wheat crop is estimated at 21 MNMT, up slightly from last year and on par with USDA's current estimate. USDA reported that Nigeria bought 202 TMT of US wheat this week.

CORN – USDA reported corn export sales were above trade expectations at 1.266 MMT (173 TMT for MY 13/14 and 1.093 MMT for MY 14/15), with current market year sales down 40% from the previous week and 54% from the prior 4-week average. Corn export shipments last week totaled 865.5 TMT, down 13% from the previous week and 14% from the prior 4-week average. USDA reported an export purchase of 147 TMT by Colombia this week.

Ethanol corn usage – DOE's Energy Information Agency reported a slight downtick in weekly ethanol production, down 5,000 bpd to 954,000 bbls per day – down 0.52% from the previous week but up 14.7% from last year. Cumulative corn usage is estimated to have reached 4.47 billion bu and is projected to be on pace to achieve the USDA estimate for MY 2013/14 of 5.075 billion bu.

Futures Market trends this week

Macroeconomic trends – 2Q US GDP bounced back strongly, posting a 4% gain compared to 2.1% decline in the first quarter. Most economists expected a 3% gain. Friday's monthly jobs report is expected to show a gain of 233,000 jobs. Weekly unemployment claims ticked up slightly last week but the 4-week average fell to the lowest level in the past 8 years.

WHEAT – Wheat began the week lower in continued choppy trading as winter wheat harvest slowly expands northward in both the U.S. and Europe. The expectations of additional Russian sanctions provided some underlying support but not enough to overcome ideas of large Northern Hemisphere crop prospects. Tuesday brought sharp losses with wheat prices slumping to fresh contract lows. Wheat futures closed mildly firmer on Wednesday on short covering triggered by large U.S. wheat purchases by Nigeria and ideas of improving export potential for the U.S. as new Russian sanctions might affect trade out of the Black Sea region. Wheat prices finished stronger today (Thursday) on better than expected export sales. **Wheat market closes on Thursday, 7/31/14 ...**

	Sept. 2014	<u>Weekly Summary</u>	Dec. 2014	<u>Weekly Summary</u>	Mar. 2015	<u>Weekly Summary</u>
Chicago SRW	\$5.30 ³ / ₄	Down \$0.07 ³ / ₄	\$5.50 ¹ / ₄	Down \$0.09 ¹ / ₂	\$5.72 ¹ / ₄	Down \$0.09 ¹ / ₄
KC HRW	\$6.25 ³ / ₄	Down \$0.05 ¹ / ₂	\$6.39	Down \$0.06 ¹ / ₄	\$6.44 ¹ / ₄	Down \$0.08 ³ / ₄
MGE DNS	\$6.16	Down \$0.09 ³ / ₄	\$6.26 ¹ / ₄	Down \$0.08 ³ / ₄	\$6.38 ³ / ₄	Down \$0.05 ³ / ₄

CORN – Corn trading was choppy again this week...trading higher to start the week on short covering triggered by technical support and decent export inspections. This was followed by turnaround Tuesday with prices retreating in the face of updated weather forecasts showing improved chances of broad rainfall coverage for the Northwestern Corn Belt early to middle of next week. Prices finished fractionally higher on Wednesday in mostly quiet trading as the weather remains nonthreatening and ethanol demand tapered off. Corn posted lower prices again today (Thursday) on pressure from mostly favorable growing conditions. **Corn futures contract closes on Thursday, 7/31/2014... Sept. 2014 contract at \$3.57, down \$0.05 for the week, Dec. 2014 contract closed at \$3.67, down \$0.04³/₄ and the Mar. 2015 contract closed at \$3.79¹/₂, down \$0.03³/₄.**

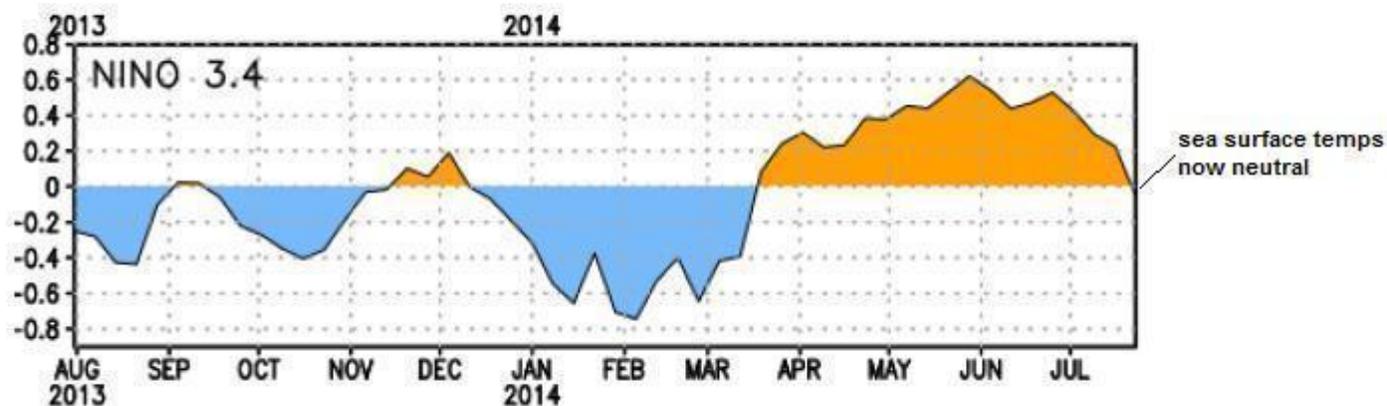
CRUDE OIL – Crude oil futures traded in a narrow down channel this week, with pressure from lower gasoline demand and stronger U.S. dollar. The dollar posted an 8-month high this week on an improving U.S. economy and ongoing geopolitical risks in the Black Sea and Middle East which draw investors away from higher risk assets. DOE reported that crude oil inventories continued to decrease more than expected last week – down 3.697 million bbls, compared to expected decline of 1.75 million bbls. Distillates increased by 789,000 bbls; while gasoline stocks increased by 365,000 bbls, compared to an expected increase of 1.0 million bbls. The 4-week average gasoline demand fell 0.5% to 8.95 million bbls per day, the lowest level in 2 years despite the summer travel season. **Crude oil futures finished sharply lower today – down \$2.10 to close at \$98.17 – the worst monthly decline since October.**

US WEATHER / CROP OUTLOOK –

West – Hot and dry conditions prevailed across this region with some scattered showers across the Intermountain region. Locally heavy showers continue across the Southern Rockies, causing flash flooding. **Plains** – Heavy rainfall mid week was followed by mostly hot and dry weather. **Midwest Corn Belt** – Dry and mostly cooler than normal weather this week across much of the Central U.S., with pockets of dryness developing in the WCB, where moisture is less than 40% of average. Updated forecasts show favorable moisture for the WCB by early to middle of next week. The 6-10 day forecasts shows below normal temperatures for the Central and Eastern U.S. and Central Rockies, but hotter than normal in the PNW and Far West.

Weakening El Nino weather pattern – After strengthening the past 3 months, El Nino now appears to be weakening as Eastern Equatorial sea surface temperatures have dipped to neutral as depicted in the graph below. This shift is linked to sharply reduced precipitation across parts of the Midwest, including Iowa, Illinois and Wisconsin.

Sea Surface Temperature Anomalies Niño 3.4 Region (C)



Source US Climate Prediction Center NOAA

USDA Crop Progress / Condition Report, July 28, 2014

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	96% headed	92%	97%	95%	67%	66%	70%
ID barley	100% headed	100%	97%	97%	81%	80%	
US spring wheat	93% headed	84%	93%	93%	70%	70%	68%
ID spring wheat	100% headed	100%	98%	96%	69%	68%	
US winter wheat	84% harvested	75%	80%	80%			
ID winter wheat	18% harvested	7%	11%	6%			
Corn	78% silking 17% dough	56% NA	67% 8%	75% 16%	75%	76%	63%

INTERNATIONAL WEATHER/CROP OUTLOOK –

- **Canada** – After recent drying trend, heavy rainfall returned to much of the Prairies except for parts of southern Alberta which are unfavorably dry.
- **Europe** – Drier weather allowed winter grain harvest to resume, but quality concerns are mounting.
- **Ukraine** – Periodic showers continue to maintain favorable growing conditions for summer crops, while winter wheat harvest advanced. Private crop forecasts put the wheat crop at 21 MMT, up slightly from last year and consistent with current USDA forecasts.
- **Russia** – Mostly hot and dry weather persists across western and southern Russia, allowing small grain harvest to advance but also stressing reproductive corn. Cool and wet weather across Central Russia has improved spring grain conditions.
- **China** – Crop conditions remain mostly favorable.
- **Argentina** – Lingering wetness has delayed final corn harvest and winter grain planting in some key areas, including parts of Buenos Aires and the southeast.
- **Brazil** – Unseasonable wetness has interrupted second crop corn harvest in the south and cooler than normal temperatures has threatened winter wheat in some areas.
- **Australia** – Favorable moisture and mild weather persists across the west, south and southeast, favoring excellent winter grain yields. Meanwhile, unfavorably dry conditions persist in the New South Wales and Queensland.