

Idaho Grain Market Report, June 11, 2015

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 10, 2015. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley</u> (Cwt.) FEED <u>48 lbs or better</u>	<u>MALTING</u> <u>Open market malting</u>	<u>Wheat (bu.)</u> Milling <u>#1 SWW</u>	<u>#1 HRW</u> 11.5% pro	<u>#1 DNS</u> 14% pro	<u>#1 HWW</u>
Rexburg/ Ririe/ Roberts	\$4.90-5.00		\$5.50-5.60	\$4.90	\$6.22	\$5.25 – 5.40
Idaho Falls	\$4.85	\$12.00-12.50	\$5.68-5.86	\$5.58	\$6.27-6.67	\$5.63
Blackfoot / Pocatello	NQ	\$10.00	\$5.86	\$5.58	\$6.67	\$5.63
Grace / Soda Springs	\$5.10	NQ	\$5.41	\$4.97	\$6.25	
Burley / Rupert	\$4.75 – 5.25	\$12.50	\$5.06-5.80	\$4.65	\$5.67	\$5.25
Hazelton						
Twin Falls / Buhl / Wendell	\$5.80– 6.50		<u>Feed wheat</u> \$3.50-3.60	NQ	NQ	
Nampa – Weiser	New crop \$5.80	NQ	new crop \$5.36	NQ	NQ	
Nez Perce / Craigmont	\$5.55		\$5.35	\$5.55	\$6.42	
Lewiston	\$6.05		\$5.60	\$5.80	\$6.67	
Moscow / Genesee	\$5.55 – 6.10		\$5.37 -5.51	\$5.57-5.61	\$6.44-6.73	\$5.61

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	#1 HWW
Portland			Ord protein June - NQ new crop \$5.85- 6.16¼ max 10.5% pro June - \$6.03½- 6.28½ new crop \$6.21¼ 6.46¼	June \$6.15½ - 6.40½ new crop \$6.16- 6.26	June \$7.17–7.42 new crop \$7.02 -7.27	
Los Angeles	\$8.20–8.25			\$7.61 (13%)		
Tulare	\$8.20– 8.25					
Ogden	\$5.60		\$5.56	\$5.11	\$6.42	\$5.25
Great Falls	\$5.00	\$11.00		\$5.25-5.30 (12%)	\$5.71 – 6.17	
Minneapolis	\$5.21	NQ		\$5.70½	\$6.97 – 7.17	

Market trends this week

USDA WASDE Estimates, June 10, 2015

U.S. Ending Stocks	MY 2014-15			MY 2015-16		
	USDA June	Avg. Trade Est.	USDA May	USDA June	Avg. Trade Est.	USDA May
	<i>in billion bushels</i>			<i>in billion bushels</i>		
Barley	0.077		0.078	0.077		0.077
Corn	1.876	1.859	1.851	1.771	1.779	1.746
Wheat	0.712	0.712	0.709	0.814	0.789	0.793

BARLEY - Local feed barley prices ranged from 5 to 25 cents higher, but were mostly steady. Open market malting barley prices closed steady. USDA reported there were no new barley exports sales last week. Barley export shipments for the period ending May 31 totaled 700 MT to Japan and Korea, bringing total MY 14/15 barley exports to 144.7 TMT, down 18% from the previous year. Export shipments for June 1-4 period totaled 400 MT, all to Japan.

USDA's BARLEY S&D Projections for MY 2015/16 – June 10, 2015 - USDA made only one minor tweak to the barley balance sheet in the new Marketing Year 2015/16 which began June 1. They lowered beginning stocks by 1 million bu to 77 million bu, (due to slightly higher exports in previous MY 2014/15), resulting in a 1 million bu reduction in ending stocks to 77 million bu. World barley production was cut by 1.1 MMT this month to 138.5 MMT, down 2% from the previous year, while world barley ending stocks were cut by 0.4 MMT to 21.8 MMT, down 12% from the previous year.

Barley competitor / buy news – USDA cut their Ukrainian barley production estimate this month by 0.2 MMT to 6.0 MMT, which is down sharply from last year (-37%) due to smaller acreage. The Australian Bureau of Agricultural and Resources Economics (ABARE) is projecting a larger Australian barley crop in 2015 - up 3% to 8.2 MMT - due to larger planted acreage and good winter rainfall projected for Western Australia which produces more than 40% of that country's barley. USDA left their Australian barley crop estimate unchanged this month at 8.6 MMT.

WHEAT – Wheat prices were mostly lower this week: local SWW prices ranged from minus 36 cents to plus 10 cents; HRW prices ranged from minus 9 cents to plus 5 cents; and DNS prices ranged from minus 36 cents to plus 4 cents. USDA reported wheat export sales were on the high end of trade expectations last week at 376.7 TMT. Wheat export shipments for the period ending May 31 totaled 286.9 TMT, bringing total MY 14/15 wheat exports to 22.6 MMT, down 25% from the previous year. Export shipments for the June 1-4 period totaled 92.2 TMT.

USDA's WHEAT S&D Projections for MY 2015/16 – June 10, 2015 – USDA raised beginning stocks by 3 million bu to 712 million bu (resulting from 5 million bu cut in MY 14/15 wheat exports partially offset by 2 million bu cut in imports). 2015 U.S. wheat production was raised by 34 million bu this month to 2.121 billion bu, slightly ABOVE the average trade estimate of 2.110 billion bu. All winter wheat production was pegged at 1.505 billion bu, ABOVE the average pre-report trade estimate of 1.474 billion bu and 127 million bu above May's estimate, largely due to improve yield prospects for Kansas. Domestic feed use was increased by 15 million bu to 195 million bu, resulting in **21 million bu increase in ending stocks to 814 million bu, which was ABOVE the average pre-report trade estimate of 798 million bu.** The average U.S. wheat farm-gate price was estimated at a range of \$4.40-5.40/bu. World wheat production was increased this month by 2.6 MMT to 721.6 MMT, down 1% from a year ago, based on bigger crops in the U.S., Russia and Ukraine. World wheat ending stocks were cut by nearly 1 MMT this month to 202.4 MMT, which is still about 1% above last year.

Wheat competitor / buyer news – USDA raised their Russian wheat production estimate by 1.5 MMT this month to 55 MMT (down 7% from last year). The Russian Grain Union projects their crop at 54-55 MMT, while SovEcon recently raised their production estimate to 56-59 MMT. USDA also increased their Ukrainian wheat crop estimate by 1 MMT this month to 23 MMT, down 7% from last year. ABARE has pegged the Australian wheat crop at 23.6 MMT, down 2% from the previous year, due to expected dry conditions across the eastern and southern production regions resulting from a strengthening El Nino. USDA left their Australian wheat production estimate unchanged this month at 26 MMT. Egypt purchased 60 TMT of Russian wheat today. Iraqi officials project their will become a net wheat exporter by 2017.

CORN – USDA reported corn export sales were within trade expectations at 611.1 TMT (495.6 TMT for MY 14/15 and 115.5 TMT for MY 15/16), up 7% from the prior week but down 14% from the 4-week average. Corn export shipments last week totaled 826.1 TMT, down 14% from the prior week and down 22% from the 4-week average.

USDA's CORN S&D Projections for MY 2014/15 – June 10, 2015 - USDA tweaked the current marketing year corn balance sheet by lowering ethanol use by 25 million bu to 5.175 billion bu which resulted in a **25 million bu increase in ending stocks to 1.876 billion bu, which is ABOVE the average pre-report trade estimate of 1.859 billion bu.** The average U.S. corn farm-gate price was left unchanged at \$3.55-3.75/bu. World corn production was increased by 3.3 MMT this month, reflecting larger production in both Argentina (+0.5 MMT) and Brazil (+3 MMT). World corn ending stocks were increased by 4.5 MMT this month to 197 MMT, due to larger estimated Brazilian corn stocks, and 13% higher than the previous year. **Corn S&D Projections for MY 2015/16** – The only changes were an increase in beginning stocks of 25 million bu to 1.876 billion bu, which resulted in a **25 million increase in ending stocks to 1.771 million bu, which was BELOW the average pre-report trade estimate of 1.779 billion bu.** The average U.S. corn farm-gate price was left unchanged at \$3.20-3.80/bu. World corn production was lowered slightly to 989.3 MMT, down 1% from the current year. World corn ending stocks were increased by more than 3 MMT to 195.2 MMT, again reflecting larger projected Brazilian corn stocks.

Ethanol corn usage – DOE's Energy Information Agency reported weekly ethanol production posted an impressive gain last week – up 20,000 to a near record 992,000 bbls per day, 2.1% higher than the previous week and 5.1% above a year ago. Corn used in ethanol production improved to 104 million bu, which is now ahead of the pace needed to reach the

USDA's revised projection of 5.175 billion bu for the marketing year, causing analysts to question USDA's 25 million bu cut in ethanol use. U.S. ethanol supplies edged higher to 20.2 million bbls, 10% higher than a year ago.

Corn competitor / buyer news – As widely expected, USDA raised their MY 2014/15 corn production estimates for both Argentina and Brazil this month to 25 MMT and 81 MMT respectively, which are line with several private forecasts. Today, CONAB raised their Brazilian corn production estimate from 78.6 MMT to 80.2 MMT.

Futures Market trends this week

WHEAT – Wheat futures started the week higher, with short covering and fresh fund buying sparked by a lower dollar and ongoing crop worries in the U.S. Southern Plains and increasing dryness in Canada, France and Russia. Wheat gave back all of its earlier gains plus some on Wednesday, under pressure from a hard sell-off triggered by bearish leaning S&D projections which underscore ample U.S. and global wheat stocks. Wheat prices finished lower again today (Thursday) in follow-through selling pressures sparked by a stronger dollar and harvest hedging. **Wheat market closes on Thursday, 6/11/15...**

	July 2015	Weekly Summary	Sept 2015	Weekly Summary	Dec 2015	Weekly Summary
Chicago SRW	\$5.04 ³ / ₄	Down \$0.12 ³ / ₄	\$5.11 ¹ / ₂	Down \$0.10	\$5.25 ¹ / ₂	Down \$0.07 ¹ / ₂
KC HRW	\$5.23 ³ / ₄	Down \$0.12	\$5.33 ¹ / ₂	Down \$0.12 ¹ / ₂	\$5.50 ¹ / ₄	Down \$0.13
MGE DNS	\$5.62 ³ / ₄	Down \$0.08 ³ / ₄	\$5.72 ¹ / ₄	Down \$0.09 ¹ / ₄	\$5.84 ¹ / ₄	Down \$0.10 ³ / ₄

CORN – Corn futures started the week moderately higher on Monday, boosted by a lower dollar, wheat strength and ideas that final planted corn acreage may be cut by as much as 1.5 million acres due to delayed planting in parts of MO and KS. Gains, however, were muted by increased farmer selling which has capped near-term upside potential. Prices finished unchanged to fractionally lower on Tuesday under pressure from profit-taking and positioning ahead of Wednesday's monthly S&D report. Further positioning drove prices lower early on Wednesday before the report was released and closed near the lows of the day on fund selling triggered by a mostly bearish leaning S&D report and mostly favorable crop growing conditions. Corn shrugged off early losses to settle fractionally lower today (Thursday) under pressure from a stronger dollar and somewhat disappointing export sales. Warm and wet weather forecasts also were negative. **Corn futures contract closes on Thursday, 6/11/15... July 2015 contract at \$3.56¹/₂, down \$0.04 for the week, Sept. 2015 contract closed at \$3.63, down \$0.04¹/₂ and the Dec. 2015 contract closed at \$3.74¹/₄, down \$0.03³/₄ for the week.**

CRUDE OIL – Crude oil prices surged sharply higher this week to a 1 month high on expectations of lower crude oil stockpiles and an EIA Short Term Energy Report which projects U.S. crude oil production will continue to decline through the remainder of 2015 and 2016. May U.S. crude oil production was pegged at 9.6 million bpd, but output was projected to decline to an average of 9.4 million bpd for the year, with a further decline to 9.3 million bpd in 2016. Rising expectations of increased Chinese economic stimulus in response to recent disappointing economic data also provided underlying support. DOE reported a bigger than expected cut in weekly domestic crude inventories – down 6.812 million bbls, compared to an expected decrease of 1.45 million bbls. Distillates increased by 865,000 bbls, compared to an expected increase of 600,000 bbls and gasoline stocks fell by 2.939 million bbls, compared to an expected increase of 50,000 bbls. Gas prices prices jumped to a 7 month high this week. **Crude oil finished lower today (Thursday) under pressure from a stronger dollar – down \$0.66/bbl to close at \$60.77/bbl, up \$1.64/bbl for the week.**

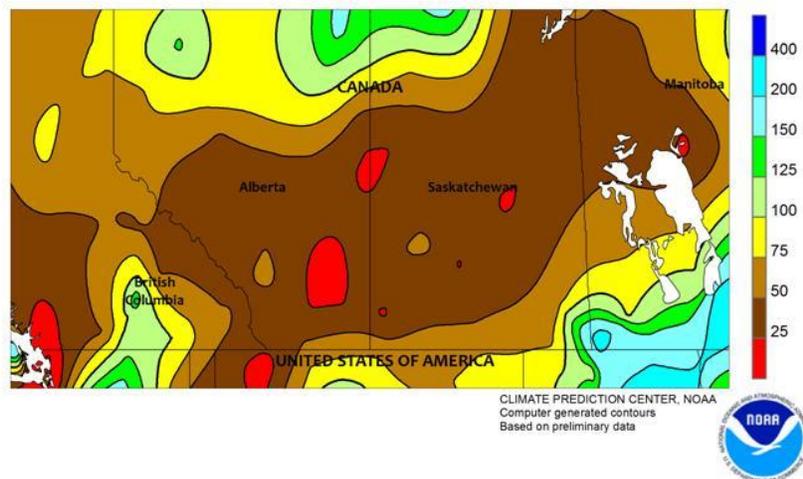
USDA Crop Progress / Condition Report, June 8, 2015

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley					76% g/ex	74%	64%
ID barley					91% g/ex	93%	
US spring wheat	97% emerged	91%	78%	80%	69% g/ex	71%	71%
ID spring wheat	100% emerged	100%	100%	96%	84% g/ex	82%	
US winter wheat	91% headed 4% harvested	84%	85%	84%	43% g/ex	44%	30%
ID winter wheat	69% headed	45%	39%	24%	65%	64%	
Corn	91% emerged	84%	90%	90%	74%	74%	75%

Weather/Crop Outlook –

- **Strengthening El Nino** – NOAA reports that May was the wettest month on record in the U.S., likely correlated with the strengthening El Nino global weather pattern (strong warming in Eastern Pacific equatorial ocean temperatures). Also linked to El Nino is a strong subtropical jet stream that moved inland from Baja, Mexico this week (remnants of Hurricane Blanca) generating a Southwest Monsoon that is spinning out a wide band of recurring thunderstorms and showers across the Great Plains northward through the Central and Eastern Corn Belts.
- **U.S.** - A strong high pressure ridge moved inland from the Pacific, blanketing much of the Northwest with record heat and dry conditions (eastern Idaho saw thunderstorms). This ridge moved eastward midweek, producing a strong warming trend across the Northern Plains and Upper Midwest. Severe thunderstorms are firing up across the Upper Mississippi River Valley, bringing heavy rainfall across a wide band of the Central Plains and Western and Central Corn Belts with some areas receiving amounts equivalent to the average rainfall for the entire month of June. Flash flood warnings have been issued for parts of NE, IA, MN and WI. After being mostly dry last week, Texas and Oklahoma are in line for more moisture by this weekend, further delaying winter wheat harvest which is already running well behind normal pace. Early reports indicate lower yields and test weight in Texas but mixed reports in Oklahoma. Spreading wheat rust disease is a concern across both HRW and SRW regions. **The 6-10 outlook** calls for near to above normal temperatures for much of the country, with the exception of cooler than normal conditions across a pocket of the Pacific Northwest. Near to above normal rainfall is expected for much of the country, except for the PNW which is expected to remain cooler and dry.
- **Canada** – A low pressure trough passed through western Canada this week, pushing a weak, but dry front through the region. Conditions remain adversely dry across Alberta and Saskatchewan, as depicted in the map below. Chances improve for rain across Western Canada in the 7-10 day outlook.

CANADIAN PRAIRIES
Percent of Normal Precipitation
May 2015



- **Europe** – Conditions have turned warm and dry across Western Europe. Dryness is becoming a concern in France, but there are improving chances of rain in the 7-10 day outlook.
- **Black Sea region** – Dry areas of Russia expect beneficial rains in the near-term.
- **China** – Conditions remain favorable with dry conditions aiding winter grain maturation and harvesting. The northeastern region received beneficial moisture for vegetative corn.
- **Northern Africa** – Drier weather promoted winter grain maturation and harvest.
- **Middle East** – Growing conditions remain mostly favorable for winter grains, with Turkey receiving unseasonably heavy showers at grain fill.
- **South America** – Conditions remain favorable as second crop corn harvest begins in Brazil. Argentina remains mostly dry, allowing corn harvest to advance.
- **Australia** – Mostly dry conditions prevailed this week. Australian meteorologists are predicting it is “highly likely” that El Nino weather conditions will linger for the remainder of 2015, which could result in below normal winter rain in eastern areas of Australia, high temperatures in the southern areas and above average rainfall across Western Australia cropping regions. Northern and Eastern Australia are already dealing with drought.

BARLEY YELLOW DWARF VIRUS FORUM – Wednesday, July 1, 2015 from 9:00 a.m. to 1:30 p.m. at Best Western Burley Inn, Burley, ID. Please pre-register by calling Mike Erickson at 208.305.7458 or by emailing mike.erickson@mcgregor.com