

Idaho Grain Market Report, July 14, 2016

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NEW CROP Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 13, 2016. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	Barley (Cwt.) FEED	MALTING	Wheat (bu.) Milling			
	48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% pro	#1 DNS 14% pro	#1 HWW
Rexburg / Ririe	\$5.85		\$3.75-4.00	\$3.83	\$5.05	\$4.18-4.20
Idaho Falls	NQ	\$8.90 - \$9.38	\$3.90	\$4.00	\$4.65	\$4.20
Blackfoot / Pocatello	NQ	new crop \$7.50	\$3.90	\$4.00	\$4.65	\$4.20
Grace / Soda Springs	\$5.95		\$4.00	\$3.66	\$4.86	\$4.31
Burley / Rupert	\$5.50	\$9.38	\$3.95	\$3.40	\$4.60	\$4.23
Hazelton						
Twin Falls / Buhl / Wendell	\$6.45- \$6.70		\$4.15	NQ	NQ	
Nampa – Weiser	\$6.00		\$4.18			
Nez Perce / Craigmont	\$5.00		\$4.42	\$4.28	\$5.19	
Lewiston	\$5.50		\$4.68	\$4.54	\$5.45	
Moscow / Genesee	\$5.00-5.75		\$4.45–4.64	\$4.31-4.50	\$5.22-5.36	\$4.50

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 pro - \$5.00 -5.19% max 10.5% pro \$5.09% –5.20	\$4.87½ -5.02½	\$5.77½ -6.02½	
Los Angeles	\$8.90-9.00					
Tulare	\$8.90–9.00					
Ogden	\$6.30		\$4.35	\$3.86	\$5.21	\$4.71
Great Falls	\$5.25	\$8.00		\$3.69-3.80 (12%)	\$4.53-4.77	
Minneapolis	\$4.90	NQ		\$4.52 ½ (12%)	\$5.67½	

Market trends this week

BARLEY – Local feed barley ranged from steady to 25 cents lower this week. Open market malting barley prices were steady. USDA reported weekly barley export sales at 500 MT to Taiwan and barley exports of 1.2 TMT – a marketing year high – to Vietnam and South Korea.

BARLEY S&D Projections for MY 2016/17 - July 12, 2016 - USDA pegged U.S. barley beginning stocks up 3 million bu to 102 million bu and **2016 production down 10 million bu to 183 million bu** due to smaller harvested acreage, resulting in a 7 million bu cut in ending stocks to 87 million bu. The average U.S. barley farm-gate price range was lowered on both ends to \$4.30-5.10/bu. **World barley production was pegged at 144.2 MMT, down 0.4%**, based on smaller crops projected in the EU, Canada and the US more than offsetting bigger crops in Australia and Ukraine. World barley ending stocks were pegged at 22.9 MMT, down 5% from last year.

WHEAT – Local NEW CROP wheat prices were higher this week: SWW prices ranged from 9 to 45 cents higher; HRW prices ranged from 15 to 30 cents higher and DNS prices ranged from 3 to 12 cents higher. USDA reported weekly export sales fell short of trade expectations at 317.7 TMT, down 62% from the previous week and down 53% from the previous

4-week average. Wheat export shipments totaled 341.3 TMT, down 36% from the previous week and down 32% from the previous 4-week average.

WHEAT S&D Projections for MY 2016/17 – July 12, 2016 – USDA projections were considered neutral to bearish against pre-report trade expectations... **2016 U.S. wheat production come in higher than expected at 2.261 billion bu, 102 million bu ABOVE the pre-report trade estimate of 2.159 billion bu and 209 million bu ABOVE last year.**

Winter wheat production was pegged at 1.63 billion bu, based on record high yields. Domestic feed usage was increased by 100 million bu to 300 million bu and wheat exports were increased by 25 million bu to 925 million bu, resulting in a 100 million bu increase in ending stocks to 1.105 billion bu, the largest stocks since 1988/89. The average U.S. wheat farm-gate price range was lowered on both ends to \$3.40-4.20/bu. **World wheat production was pegged at a new record high of 738.5 MMT, up 0.5% from last year,** based on strong crops in the U.S., Russia, Ukraine, Australia and Canada. World wheat ending stocks were pegged at 253.7 MMT, up 4% from last year.

Wheat Competitor / Buyer News – Strategie Grains lowered their EU soft wheat production estimate this week by 1.2 MMT to 145 MMT, down nearly 6 MMT from last year, due to crop problems in France. USDA cut their overall EU wheat production estimate this month by 1 MMT to 156.5 MMT, while raising production prospects for all other major wheat export competitors: Russia up 1 MMT to 65 MMT, Canada up 0.5 MMT to 29 MMT, Ukraine up 1 MMT to 25 MMT, Australia up 0.5 MMT to 25.5 MMT and Argentina up 0.5 MMT to 15 MMT. For a second time a 33 TMT US wheat cargo was rejected by Egyptian grain inspection officials due to ergot, testing at a reported level of 0.096% which is above their revised import spec of 0.05%.

CORN – USDA reported better than expected weekly corn export sales last week at 667.8 TMT old crop and 687.8 TMT new crop, up 81% from the previous week and up 2% from the previous 4-week average. Corn export shipments last week totaled 1.243 MMT, down 2% from the previous week and down 9% from the previous 4-week average.

CORN S&D Projections for MY 2015/16 – July 12, 2016- Bullish against trade expectations... USDA cut old crop ending stocks by 7 million bu to 1.701 billion bu, based on stronger than expected exports late in the season resulting from problems with South American exports. **MY 2016/17** – USDA pegged **2016 U.S. corn production at 14.54 billion bu, up 110 million bu from last month, based on higher planted and harvest acreage estimate on June 30.** Ethanol demand was increased by 25 million bu to 5.275 billion bu and exports were increased by 100 million bu to 2.05 billion bu. This resulted in a **73 million bu increase in U.S. ending stocks to 2.081 billion bu, the biggest carryover in 29 years, but BELOW the average pre-report trade estimate of 2.205 billion bu.** The average U.S. corn farm-gate price range was lowered on each end to \$3.10-3.70/bu. **World corn production was pegged at 1,010.7 MMT,** down 1 MMT from last month but up 5% from the current year and the second biggest world crop behind 2014/15. World corn ending stocks were pegged slightly higher at 208.4 MMT, up 0.7% from the current year.

Ethanol corn usage – DOE's Energy Information Agency reported an uptick in U.S. ethanol production last week – up 20,000 bpd to 1.004 million bpd, up 2% from the previous week and up 2% from last year. US ethanol stocks fell by 2% to 21.1 million bbls, up nearly 7% from a year ago. Corn used to produce ethanol remains very strong at 105.4 million bu, well above the weekly pace of 89.4 million bu needed to achieve USDA's projection for MY 2015/16.

Corn Competitor / Buyer News – CONAB cut their current year Brazilian corn crop estimate by 7.5 MMT this week – the smallest crop in 5 years – due to heat and dryness stress in Central Brazil. Likewise, USDA cut their MY 15/16 Brazilian corn crop estimate by 7.5 MMT this week to 70 MMT and cut their MY 2016/17 production estimate by 2 MMT to 80 MMT. Current year Brazilian corn exports were cut 4 MMT to 18.5 MMT.

Futures Market trends this week

WHEAT – Wheat markets posted moderate losses to start the week, drug down by lower corn and ongoing harvest hedge pressures. But in typical turn-around Tuesday, wheat prices were pulled higher by strong spillover gains in corn and soybeans. Wheat settled lower again on Wednesday and Thursday under profit-taking pressures sparked by ample world and domestic stocks and disappointing weekly export sales. **Wheat market closes on Thursday, 7/14/16...**

	Sept 2016	Weekly Summary	Dec 2016	Weekly Summary	Mar 2017	Weekly Summary
Chicago SRW	\$4.34	Down \$0.01	\$4.58½	Up \$0.02	\$4.79¾	Up \$0.05¼
KC HRW	\$4.17¾	Down \$0.03½	\$4.43¾	Down \$0.02¼	\$4.60¾	Down \$0.01¾
MGE DNS	\$5.00	Down \$0.01	\$5.15	Down \$0.01¼	\$5.29¾	Down \$0.01

CORN – Corn began Monday’s session higher but softened into the close on ideas that recent beneficial rains should limit impacts from heat in the extended weather forecast. Corn posted solid gains on Tuesday, boosted by lower than expected ending stocks in the monthly USDA S&D report. Gains could not be extended, however, as corn settled lower again on Wednesday and Thursday as revised forecasts indicate the current heat wave may not last long and should not have a major impact on pollinating crops. **Corn futures contract closes on Thursday, 7/14/16... Sept 2016 contract at \$3.57¾, up \$0.02¾ for the week, Dec 2016 contract closed at \$3.64¾, up \$0.02¼ for the week and the Mar 2017 contract closed at \$3.72½, up \$0.02 for week.**

CRUDE OIL – Crude oil continued to see highly volatile trading this week from a continuing build in gasoline supplies during the peak summer driving season, indications that Iran will be reach its 4 million bbls per day pumping goal much earlier than expected this year and continuing global economic worries. The U.S. DOE Energy Information Agency reported domestic crude oil stocks fell by 2.546 million bbls, compared to an expected decline of 3.0 million bbls. Distillates jumped by 4.058 million bbls, compared to an expected build of only 256,000 bbls and gasoline stocks increased by 1.213 million bbls, compared to an expected decline of 432,000 bbls. **Crude oil futures (Aug contract) finished up only \$.27/bbl for the week at \$45.68/bbl.**

USDA Crop Progress / Condition Report, July 11, 2016

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US Barley	89% headed	72%	92%	68%	74%	75%	72%
ID Barley	82% headed	70%	91%	77%	76%	75%	89%
US Spring Wheat	91% headed	74%	87%	64%	70%	72%	71%
ID Spring Wheat	89% headed	78%	89%	77%	75%	75%	79%
US Winter Wheat	66% harvested	58%	62%	65%			
ID Winter Wheat	2% harvested	1%	6%	2%	79% g/ex	79%	59%
Corn	32% silking	15%	23%	26%	76%	75%	69%

Weather / Crop Conditions – U.S. –

- **PNW** – Warm temperatures returned to the region this week with some cooler temps lingering across the interior NW and Northern Rockies. The near-by outlook calls for widely scattered showers and mild temperatures. The 6-10 day outlook calls for drier conditions and normal to slightly warmer temps.
- **Northern Plains** – Very cool temps and scattered showers prevailed across this region, with continuing wet conditions in the extended outlook.
- **Central/Southern Plains** – Hot, mostly dry, conditions prevailed across the Southern Plains while the Central Plains saw a return to mostly dry conditions which are allowing harvest to rapidly advance northward into NE. The extended outlook calls for drier and warmer than normal conditions.
- **Corn Belt** – Severe storms moved through the Central U.S. mid week with showers lingering into Friday. Moderate to heavy showers remain on the 5 day map, but the extended outlook calls for above normal temperatures and mostly dry conditions.

INTERNATIONAL -

- **Canada** – Warm showery conditions maintained mostly favorable conditions for spring planted grains.
- **Europe** – Weather turned mostly drier this week, allowing harvest to get underway. There are strong indications that the French crop has sustained yield and quality losses.
- **Black Sea region** – Prevailing conditions were mostly warm and dry, allowing harvest to get underway amidst signs of strong yield potential.
- **China** – Conditions turned hot and dry across northeastern China, reducing soil moisture.
- **South America** – Showers returned to central Argentina, slowing corn harvest and winter wheat planting. Showers
- **Australia** – Widespread showers across the grain belt are maintaining favorable conditions for developing winter grains.