

Idaho Grain Market Report, August 12, 2016

Published weekly by the Idaho Barley Commission, [kolson@barley.idaho.gov](mailto:kolson@barley.idaho.gov), 208-334-2090

**NEW CROP** Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 10, 2016. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<b>Barley (Cwt.) FEED 48 lbs or better</b>	<b>MALTING Open market malting</b>	<b>Wheat (bu.) Milling #1 SWW</b>	<b>#1 HRW 11.5% pro</b>	<b>#1 DNS 14% pro</b>	<b>#1 HWW</b>
Rexburg / Ririe	\$4.90-5.25		\$3.87-3.90	\$4.02	\$4.90	\$4.18-4.20
Idaho Falls	NQ	\$8.33-8.90	\$3.80	\$3.95	\$4.85	\$4.15
Blackfoot / Pocatello	NQ	\$7.00	\$3.80	\$3.95	\$4.85	\$4.15
Grace / Soda Springs	\$5.60		\$4.10	\$3.74	\$4.88	\$4.29
Burley / Rupert	\$5.50	\$8.33	\$3.87	\$3.27	\$4.73	\$4.12
Hazelton						
Twin Falls / Buhl / Wendell	\$5.75- \$5.95		\$3.80-4.15	NQ	NQ	
Nampa – Weiser	\$6.00		\$3.95			
Nez Perce / Craigmont	\$4.48		\$4.16	\$4.19	\$5.21	
Lewiston	\$5.00		\$4.42	\$4.45	\$5.47	
Moscow / Genesee	\$4.48-5.50		\$4.19-4.33	\$4.22-4.37	\$5.24-5.38	\$4.37

**Prices at Selected Terminal Markets, cash prices FOB**

	<b>#2 Feed 46 lbs. -- unit trains barge</b>	<b>Malting</b>	<b>#1 SWW</b>	<b>#1 HRW 11.5% Protein</b>	<b>#1 DNS 14% Protein</b>	<b>#1 HWW</b>
Portland			<b>Ord pro - \$4.90-4.95 max 10.5% pro \$4.96¾ – 5.00</b>	\$4.91¾ -5.21¾	\$5.86¼ -6.01¼	
Los Angeles	\$8.60-8.80					
Tulare	\$8.60-8.80					
Ogden	\$5.95		\$4.28	\$4.00	\$5.30	\$4.65
Great Falls	\$4.50-5.00	\$8.00		\$3.74-3.82 (12%)	\$4.60-4.69	
Minneapolis	\$4.58	NQ		\$4.51¾ (12%)	\$5.86¼	

**Market trends this week**

**BARLEY** – Local feed barley prices were mostly steady, with some locations reporting 10 cents higher. Open market malting barley prices remained mostly steady this week. USDA reported there were no barley export shipments or sales last week.

**BARLEY S&D Projections for MY 2016/17 - Aug 12, 2016 -** USDA pegged **2016 production up 7 million bu to 190 million bu** due to smaller harvested acreage, resulting in a 7 million bu increase in ending stocks to 94 million bu. The average U.S. barley farm-gate price range was raised on both ends to \$4.55-5.35/bu. **World barley production was raised by 1 MMT to 145.2 MMT, which is down 2% from last year**, with increases for Australia, Canada, US, Russia, Ukraine more than offsetting a cut of 1.6 MMT in the EU barley crop. World barley ending stocks were pegged slightly higher at 23.6 MMT, down 6% from last year.

**Barley Competitor/Buyer News** – USDA raised their barley production estimates for several competitors: Australia up 0.4 MMT to a new record 9.4 MMT, Canada up 0.4 MMT to 8.5 MMT and Russia up 1.25 MMT to 19.0 MMT. They cut production estimates for the EU by 1.6 MMT to 61.1 MMT and Argentina by 0.4 MMT to 3.0 MMT.

**WHEAT** – Local wheat prices were mostly higher this week: SWW prices ranged from 5 to 29 cents higher; HRW prices ranged from minus 5 cents to plus 23 cents and DNS prices ranged from 3 to 24 cents higher. USDA reported weekly export sales were strong at 607.6 TMT, up 86% from the previous week and up 49% from the previous 4-week average. Wheat export shipments were on the low end of trade expectations at 405.8 TMT, down 30% from the previous week and down 11% from the previous 4-week average. Cumulative wheat exports now tally 18.8% of the USDA estimate for the year, compared to a 5-year average of 19.5%.

**WHEAT S&D Projections for MY 2016/17 – Aug 12, 2016** – USDA projections were considered neutral against pre-report trade expectations as the increase in production was more than offset by higher feed and export demand...**2016 U.S. wheat production come in higher than expected at 2.321 billion bu, 51 million bu ABOVE the pre-report trade estimate of 2.270 billion bu and 269 million bu ABOVE last year.** Winter wheat production was pegged at 1.66 billion bu, based on record high yields. Imports were cut by 5 million bu due to larger domestic crop. Domestic feed usage was increased by 30 million bu to 330 million bu and wheat exports were increased by 25 million bu to 950 million bu, resulting in a 5 million bu cut in ending stocks to 1.100 billion bu, still the largest stocks since 1988/89. The average U.S. wheat farm-gate price range was lowered on both ends to \$3.35-4.05/bu. **World wheat production was pegged at a new record high of 743.4 MMT, up nearly 5 MMT from last month and up 12% from last year,** with better than expected output in the U.S., Russia, Ukraine, Australia and Canada more than offsetting a smaller EU crop. World wheat ending stocks were pegged slightly lower this month at 252.8 MMT, up 4.5% from last year.

**Wheat Competitor / Buyer News** – USDA raised their wheat production estimates for several competitors: Russia up 7 MMT to 72 MMT, Ukraine up 2 MMT to 27 MMT, Kazakhstan up 2 MMT to 15 MMT, Australia up 1 MMT to 26.5 MMT and Canada up 1 MMT to 30.0 MMT. They cut production estimates for the EU by 9 MMT to 147.5 MMT and Argentina by 0.6 MMT to 14.4 MMT. Strategie Grains cut their EU soft wheat production estimate by 7.7 MMT to 137.9 MMT, more than 13 MMT below last year's record crop. The EU granted export licenses for 450 TMT of wheat, bringing their cumulative MY 2016/17 wheat exports to 3 MMT.

**CORN** – USDA reported weekly corn export sales last week were above trade expectations at 594.9 TMT old crop and 1.0156 MMT new crop, up 80% from the previous week and up 34% from the previous 4-week average. Corn export shipments last week also were strong at 1.449 MMT, up 27% the previous week and up 16% from the previous 4-week average. Cumulative corn exports now tally 86.3% of the USDA estimate for the marketing year which ends Aug 31, compared to a 5-year average of 90.5%.

**CORN S&D Projections for MY 2015/16 – Aug 12, 2016** – Bearish against trade expectations as USDA delivered much bigger than expected yield and corn production estimates... USDA increased old crop ending stocks by 5 million bu to 1.706 billion bu, with 25 million bu cut to ethanol usage mostly offset by higher exports. **MY 2016/17** – USDA pegged **2016 U.S. corn production at a whopping 15.153 billion bu, up 613 million bu from last month, based on record average yields of 175.1 bpa.** This was ABOVE the average pre-report trade estimate of 14.757 billion bu and 170.6 bpa yield. Domestic feed demand was increased by 175 million bu to 5.675 billion bu and exports were increased by 125 million bu to 2.175 billion bu. This resulted in a **328 million bu increase in U.S. ending stocks to 2.409 billion bu, the biggest carryover in 29 years, and ABOVE the average pre-report trade estimate of 2.255 billion bu.** The average U.S. corn farm-gate price range was lowered on each end to \$2.85-3.45/bu. **World corn production was pegged at a record high 1,028.4 MMT,** up nearly 18 MMT from last month and up 7% from the current year. World corn ending stocks were pegged 12 MMT higher this month at 220.8 MMT, up 5.5% from the current year.

**Ethanol corn usage** – DOE's Energy Information Agency reported another uptick in U.S. ethanol production last week to the second largest weekly output ever – up 14,000 bpd to 1,018,000 bpd, up 1.4% from the previous week and up 5.5% from last year. US. ethanol stocks registered a modest downtick to 20.46 million bbls, still 10% above last year's inventory. Corn used to produce ethanol remains strong at 104.2 million bu, but is now slipping BEHIND the weekly pace needed to achieve USDA's projection for MY 2015/16. USDA cut their ethanol production estimate on Friday by

**Corn Competitor / Buyer News** – As expected, USDA cut their MY 2015/16 Brazilian corn production estimate by 1.5 MMT this month to 68.5 MMT. CONAB recently cut their Brazilian crop estimate to 68.48 MMT and lowered their corn export projection to 20 MMT, compared to more than 30 MMT the previous year. USDA has pegged their exports at 17.5 MMT. For MY 2016/17, USDA has pegged Brazilian corn production at 80 MMT and Argentine production at 36.5 MMT, up 2.5 MMT from last month and up sharply from 28 MMT this year.

#### Futures Market trends this week

**WHEAT** – Wheat markets began the week narrowly mixed in choppy trading with support from light short covering ahead of Friday's monthly S&D report. Gains were limited by disappointing export shipments on Monday. Wheat moved modestly higher mid week on stronger short covering triggered by a sharply lower dollar and concerns about heavy rains in the Baltic countries further undermining the EU crop yields and quality. Wheat prices finished higher on Thursday on support from better than expected export sales and a lower EU wheat crop estimate. **Wheat market closes on Thursday, 8/11/16...**

	<b>Sept 2016</b>	<b>Weekly Summary</b>	<b>Dec 2016</b>	<b>Weekly Summary</b>	<b>Mar 2017</b>	<b>Weekly Summary</b>
Chicago SRW	\$4.16 <sup>1</sup> / <sub>4</sub>	Up \$0.00 <sup>1</sup> / <sub>4</sub>	\$4.37	Down \$0.01	\$4.60 <sup>1</sup> / <sub>4</sub>	Up \$0.00 <sup>1</sup> / <sub>2</sub>
KC HRW	\$4.12 <sup>1</sup> / <sub>4</sub>	Up \$0.00 <sup>1</sup> / <sub>2</sub>	\$4.38	Up \$0.00 <sup>3</sup> / <sub>4</sub>	\$4.54 <sup>1</sup> / <sub>4</sub>	Up \$0.00 <sup>1</sup> / <sub>4</sub>
MGE DNS	\$5.03 <sup>1</sup> / <sub>2</sub>	Up \$0.08 <sup>1</sup> / <sub>2</sub>	\$5.09 <sup>1</sup> / <sub>2</sub>	Up \$0.04 <sup>3</sup> / <sub>4</sub>	\$5.23	Up \$0.05 <sup>1</sup> / <sub>2</sub>

**CORN** – Corn traded in a narrow choppy range for most of the week as index funds rolled their positions out of the Sept into the Dec contract and positioning ahead of the Friday. An improving demand tone and weaker dollar provided underlying support. Corn prices finished modestly lower on Thursday on ideas that the August production report will show record production and yields. **Corn futures contract closes on Thursday, 8/11/16... Sept 2016 contract at \$3.21, down \$0.03<sup>1</sup>/<sub>4</sub> for the week, Dec 2016 contract closed at \$3.31<sup>3</sup>/<sub>4</sub>, down \$0.02<sup>1</sup>/<sub>2</sub> for the week and the Mar 2017 contract closed at \$3.42, down \$0.02<sup>1</sup>/<sub>2</sub> for week.**

**CRUDE OIL** – Crude oil experienced high volatility this week tied to gyrations in the dollar and comments from Saudi Arabian that action may be needed at next month's OPEC meeting to stabilize oil prices. The U.S. DOE Energy Information Agency reported domestic crude oil stocks increased by 1.055 million bbls, compared to an expected decline of 1.0 million bbls. Distillates fell by 1.959 million bbls, while gasoline stocks fell by 2.807 million bbls, compared to an expected decline of 1.1 million bbls. **Crude oil futures (Aug contract) finished up \$1.69/bbl this week to close at \$43.49/bbl.**

#### **USDA Crop Progress / Condition Report, August 8, 2016**

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US Barley	32% harvested	11%	35%	19%	72%	72%	66%
<b>ID Barley</b>	<b>35% harvested</b>	<b>6%</b>	<b>34%</b>	<b>19%</b>	<b>77%</b>	<b>77%</b>	<b>86%</b>
US Spring Wheat	30% harvested	10%	22%	18%	68%	68%	69%
<b>ID Spring Wheat</b>	<b>41% harvested</b>	<b>6%</b>	<b>30%</b>	<b>14%</b>	<b>75%</b>	<b>75%</b>	<b>69%</b>
US Winter Wheat	94% harvested	89%	96%	91%			
<b>ID Winter Wheat</b>	<b>55% harvested</b>	<b>21%</b>	<b>73%</b>	<b>43%</b>		<b>78%</b>	
Corn	53% dough 9% dented	30% NA	44% 8%	42% 12%	74%	76%	70%

#### **Weather / Crop Conditions –**

##### **U.S. –**

- **PNW** – Seasonably warm and mostly dry conditions persisted this week across much of the region this week, allowing winter and spring grain harvest to rapidly advance. Wheat and barley yields are large across the region, but there are some issues with low falling numbers in northern Idaho wheat and low proteins in southern Idaho wheat. Malting barley quality looks excellent with exceptional yields in irrigated and average yields in dryland areas. The extended forecast looks warm and mostly dry, with the possibility of some moisture in eastern Idaho.
- **Northern Plains** – Cooler and drier conditions are allowing spring grain harvest to advance. Severe thunderstorms continued across parts of eastern North Dakota stretching into the Great Lakes, causing spring grain harvest delays and some quality concerns. Reports of pockets of hail damage in harvested crops in southern North Dakota. The 6-10 day map keeps this area mostly dry and cool.
- **Central/Southern Plains** – Warm conditions persisted but strong thunderstorms crossed a wide band of the C and S Plains this week, with cooler temps in the extended forecast.
- **Corn Belt** – Showers and thunderstorms tracked up through the Delta into the Mississippi and Ohio River Valleys, bringing beneficial moisture to corn and soybean crops. Pockets of dryness still remain in areas of Eastern IA, IL, Ohio and Great Lakes. The 6-10 day map shows cooler temperatures, except for the Eastern Corn Belt and near to above normal precipitation.

## INTERNATIONAL -

- **Canada** – Warm and showery conditions persist.
- **Europe** – Northwestern region remained favorably dry, allowing winter and spring grain harvest to rapidly advance. Precipitation across Germany and the Baltic production regions remains a concern for lower quality and yields. Heat and dryness stress is becoming a concern for summer crops in parts of Spain and southeastern Europe.
- **Black Sea region** – Ukraine and Western Russia have received some beneficial precip in recent days, boosting soil moisture for summer crops, while Southern Russia remains adversely dry. Central Russia and Kazakhstan spring grain areas continue to receive beneficial moisture to boost yield potential ahead of harvest.
- **China** – Much of the northeastern China corn growing region experienced hot and dry conditions, while the North China Plains continued to receive abundant to excessive moisture.
- **South America** – Argentina and Southern Brazil are trending drier, allowing for final corn harvest and wheat planting.
- **Australia** – Nearly ideal growing conditions remain, as widespread showers continue to boost soil moisture for winter grains.