

Idaho Grain Market Report, August 1, 2013

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, July 31, 2013. Barley prices in \$/Cwt. and wheat prices in \$/bu.

<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>			
Ashton	NQ	(2-R) \$12.00 (6-R) \$12.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$11.00	(2-R) NQ (6-R) NQ	\$6.10	\$6.35	\$6.95
Idaho Falls	\$10.50	(2-R) \$12.50-\$13.02 (6-R) \$13.02	\$6.25	\$6.43	\$6.79
Blackfoot / Pocatello	\$9.16	(2-R) \$12.00 (6-R) \$12.00	\$6.10	\$6.64	\$7.07
Grace / Soda Springs	\$8.50	(2-R) NQ (6-R) NQ	\$6.34	\$6.50	\$7.15
Burley / Rupert Hazelton	\$10.70-\$10.75	(2-R) \$13.02 (6-R) \$13.02	\$6.35-\$6.49	\$6.41	\$6.96
Twin Falls / Eden / Buhl	\$9.60	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Weiser	\$10.56	(2-R) NQ (6-R) NQ	\$6.23	NQ	NQ
Nez Perce / Craigmont	\$8.70	(2-R) \$8.70 (6-R) \$8.70	\$6.55	\$7.31	\$7.56
Lewiston	\$9.20	(2-R) \$9.20 (6-R) \$9.20	\$6.80	\$7.56	\$7.81
Moscow / Genesee	\$8.70-\$9.40	(2-R) \$8.70 (6-R) \$8.70	\$6.57-\$6.71	\$7.33-\$7.47	\$7.58

Prices at Selected Terminal Markets, cash prices FOB

	#2 Feed 46 lbs. -- unit trains barge	Single rail cars- domestic	Malting	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein
Portland	NQ	NQ	NQ	Aug NC \$7.24 ¼- \$7.34¼ Dec \$7.35 - \$7.52	Aug NC \$8.01 ¾- \$8.16 ¾ Dec \$8.21 - \$8.24	Aug NC \$8.36¼-\$8.46¼ Nov \$8.46 - \$8.61
Los Angeles	\$14.20	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$14.20	NQ	NQ	NQ	NQ	NQ
Ogden	NQ	NQ	NQ	NQ	NQ	NQ
Great Falls	\$8.50-\$10.00	NQ	\$12.00	NQ	\$6.75-\$6.86	\$7.20-\$7.22
Minneapolis	\$8.96	NQ	\$13.02	NQ	\$8.06 ¾ (12%)	\$8.26 ¼-\$8.31 ¼

Market trends this week

BARLEY – Local barley prices were mostly lower again this week with southern Idaho locations reporting no change to \$2.22 lower and northern Idaho prices reported \$.35 to \$.40 cents lower. USDA reported that there were no barley export sales last week, while export shipments totaled 1.2 TMT to the Philippines and Japan.

WHEAT – Local wheat prices were mixed this week: SWW ranged from 15 cents higher to 26 cents lower; HRW ranged from 22 cents higher to 13 cents lower; and DNS ranged from 3 cents higher to 9 cents lower. USDA reported wheat export sales last week were within trade expectations at 596.9 TMT, down 10% from the previous week and 36% from the prior 4-week average. Cumulative wheat export sales now reached 44% of the USDA estimate for MY 2013/14 compared to a 5-year average of 32%. Wheat export shipments last week were 627.4 TMT, up 11% from the previous week but down 7% from the prior 4-week average.

International Grain Council's S&D Projections for WHEAT – IGC released their August world grain S&D estimates today, pegging world wheat production at 687 MMT, up 4 MMT from last month. This compares with USDA's July 11 projection of 697.8 MMT. IGC is projecting world corn carryover stocks at 176 MMT, down 5 MMT from last month versus USDA's estimate of 172 MMT. Due to quality problems in China's 2103 crop, IGC has boosted their world wheat trade estimate to 139 MMT, only slightly lower than last year.

Wheat Competitor/Buyer News – More estimates on the Russian wheat crop this week...the official Russian ag ministry estimate is pegged at 50 MMT, but most private analysts are penciling in 48 MMT. Last month USDA pegged their crop at 54 MMT but will likely revise that estimate lower on August 12. Egypt was back in the world market this week, purchasing another 240 TMT of Black Sea origin wheat. USDA reported that Brazil bought another 400 TMT of U.S. hard red winter wheat this week. Japan resumed purchases of Western US white wheat this week after recent ban resulting from the detection of unapproved GMO wheat plants growing in an Oregon wheat field.

CORN - Corn export sales last week were well above trade expectations, at 1.22 MMT (134 TMT for MY 2012/13 and 1.09 MMT for MY 2013/14). Cumulative corn export sales for new crop have now reached 28.5% of the USDA estimate for the new marketing year compared to a 5-year average of 18%. Corn export shipments last week were reported at 328.1 TMT, up 37% from the previous week and 4% from the prior 4-week average.

International Grain Council's S&D Projections for CORN – IGC has pegged world corn production at 942 MMT, down 4 MMT from last month versus USDA's July projection of 960 MMT. IGC is projecting world corn carryover stocks at 148 MMT, down 1 MMT from last month versus USDA's estimate of 151 MMT. They are projecting global corn trade at a 6-year high, with China importing 7 MMT compared to 3 MMT in the current marketing year. The U.S., China and Ukraine are all projected to have record corn crops in 2013 at 350 MMT, 214 MMT and 24 MMT respectively.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production continued its downward slide last week as prices fell on concerns about the potential elimination of the RFS blending mandate, falling 21,000 barrels to 832,000 bbls per day, the lowest production level in 15 weeks. Output was down another 2.5% from the previous week but up 2.8% from a year ago. Corn used for ethanol production last week totaled 87.4 million bu, still **well short of the 100.5 million bu weekly pace needed to reach USDA's marketing year projection of 4.6 billion bu.**

Corn Competitor/Buyer News – Ukraine is pegging their new crop corn exports will reach 16 MMT (USDA estimate is 16.5 MMT), up nearly 19% from the current year. China has purchased a total of 2.96 MMT of U.S. new crop corn (MY 2013/14) compared to 2.45 MMT in MY 2012/13 which ends August 31.

Futures market activity this week

U.S. economic indicators – Mixed but mostly supportive economic reports from the U.S. this week...pending home sales were better than expected at -0.4% while the Case-Shiller Home Price Index met expectations. Consumer Confidence Index slipped from 81.4 last month to 80.3 this month. The big news was the Department of Commerce's GDP reading on Wednesday which came in much better than expected at +1.7% 2Q growth compared to an expected +1.2%. However, DOC also adjusted Q1 GDP estimate lower from 1.8% to 1.1%. Weekly first time unemployment claims fell unexpected to a 5 ½ year low on Thursday, falling 19,000 to 326,000. Friday's monthly jobs reports is expected to show 184,000 jobs were added to the U.S. economy last month and the unemployment rate is expected to dip 0.1% to 7.5%.

WHEAT – Wheat markets closed mixed to fractionally higher on Monday with modest gains in CHI attributed to Dec. wheat/corn spread trading (fresh two month) and a bullish export shipment report. Wheat continued to move modestly higher on Tuesday in brisk volume on reports of some sprout damage in the relay-delayed soft red winter wheat crop and concerns about shrinking wheat prospects in parts of Europe and Russia. Wheat markets finished mixed today (Thursday) with CHI posting moderate losses under spillover pressure from corn and a stronger dollar. A strong wheat export pace so far in the new marketing year continues to provide underlying support to the wheat markets. **Wheat market closes on Thursday, 8/01/13 ...**

	<u>Sept 2013</u>	<u>Weekly Summary</u>	<u>Dec 2013</u>	<u>Weekly Summary</u>
Chicago SRW	\$6.58	Up \$0.07 ¾	\$6.70 ½	Up \$0.09
KC HRW	\$7.06 ¾	Up \$0.15 ¼	\$7.18	Up \$0.16 ¾
MGE DNS	\$7.41 ¾	Up \$0.05 ¼	\$7.50 ¼	Up \$0.02 ½

CORN – Corn saw modest losses to start the week under pressure from a bearish weather outlook which shows continued cool mild conditions during peak pollination period. Another week of poor export shipments also added to the negative bias. Corn posted a turn-around Tuesday, moving moderately higher as interior cash basis stabilized in the face of slowing farmer selling. Corn continued to advance modestly on Wednesday, supported by stronger interior cash bids and some underlying worries about slow crop maturity. Corn could not sustain these gains today (Thursday) despite a stronger than expected new crop corn export sales report, finishing lower under selling pressure triggered by benign weather in the extended forecast and a stronger dollar. **Corn futures contract closes on Thursday, 8/01/13 for Sept 2013 contract at \$4.87 ½, down \$0.04 ½ and the Dec 2013 contract at \$4.67, down \$0.09 for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Crude oil trading saw increased volatility this week as traders continue to adjust their positions based on slowing Chinese economic growth and uncertainty about when the Federal Reserve will begin tapering their massive mortgage backed securities purchasing program (QE2). Prices closed fractionally lower on Monday, with some support from a lower dollar which hit a 5-week low and concerns about tropical storm activity in the Gulf of Mexico. Prices ground

sharply lower on Tuesday on profit-taking pressure triggered by softer than expected U.S. economic readings. Wednesday brought a sharp rebound, on expectations of shrinking crude oil stockpiles and better than expected U.S. GDP estimate. DOE's weekly crude oil inventory report was mixed, showing crude oil stocks were up 400,000 bbls compared to an expected decline of 2.45 million bbls; distillate stocks fell by 500,000 bbls, compared to an expected build of 450,000 bbls; and gasoline stocks increased by 800,000 bbls, compared to an expected decline of 1.5 million bbls. **Crude oil prices finished sharply higher again today (Thursday), closing up \$2.86 to nearly top \$108 on favorable U.S. economic readings and some supply Libyan supply concerns.**

U.S. WEATHER / CROP PROGRESS – PNW – Warm conditions continued but temperatures moderated somewhat towards the end of the week before another brief warm up early next week. Grain maturation and harvest is rapidly advancing. **Corn Belt / HRS spring wheat belt** – Many areas of the Corn Belt have received less than ideal rainfall in recent weeks, but stress during the key pollination period has been limited by the cool mild conditions across most of the Midwest. Last weekend brought record low temperatures to the WCB which also is experiencing pockets of unfavorable dryness. These unseasonably cool temps were expected to continue for the next two weeks. This week rain fell across parts of NE, KS into the Ohio River Valley while conditions were mostly sunny and cool across the Northern spring wheat belt. The 6-10 day outlook calls for persistently cool air (due to stationary upper-air flow in Eastern Canada) with periods of rainfall across the Central Plains and Corn Belt. There are some concerns about the lack of growing degree days, particularly in the WCB, which could slow crop development and push crop maturity later into the fall, leaving some of the corn crop vulnerable to early frost damage.

USDA Crop Progress / Condition Report, July 29, 2013

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	98% headed	91%	100%	95%	68%	65%	61%
ID barley	97% headed 4% harvested	95% NA	100% 2%	97% 1%	69% g/ex	66%	
US spring wheat	94% headed	85%	99%	85%	68%	68%	63%
ID spring wheat	99% headed 1% harvested	92% NA	99% 1%	97% 1%	67% g/ex	66%	
US winter wheat	81% harvested	75%	86%	82%			
ID winter wheat	12%	2%	10%	6%	81%		
Corn	71% silking 8% dough	43% NA	93% 35%	75% 17%	63%	63%	24%

INTERNATIONAL WEATHER / CROP PROGRESS -

- **Canada** – Favorable conditions continued.
- **Europe** – Increasingly hot weather across Central and Southern Europe is stressing reproductive summer crops, while accelerating winter grain harvest. Recent showers across England and northern Europe have improved spring grain and summer crop conditions. Winter grain harvest is accelerating across France and just beginning in Germany, with some concerns about low protein in the French wheat crop due to earlier wet conditions.
- **Black Sea Region** – Hot and dry conditions persisted in Eastern Ukraine into Southern Russia, stressing reproductive summer crops. Meanwhile, moderate to heavy rains continued across Eastern Russia into Kazakhstan, providing ample soil moisture for good spring grain yields.
- **China** – Recent heavy rainfall has saturated soils across the North China Plains. Corn crop conditions remain very favorable across the northeast.
- **Brazil / Argentina** – Southern Brazil saw several nights of freezing temperatures last week causing localized winter wheat damage. Argentina's main wheat growing region received some precipitation this week.
- **Australia** – Most of the continent was dry this week, except for some areas of Eastern Australia. Rain is in the forecast for parts of Western Australia next week which has been trending drier and could face lower yields. For now, crop conditions remain mostly favorable.