

Idaho Grain Market Report, August 29, 2013

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 28, 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	\$9.00	(2-R) NQ (6-R) NQ	\$6.02	\$6.53	\$7.04
Idaho Falls	\$8.50	(2-R) \$12.50-\$12.80 (6-R) \$12.80	\$6.00	\$6.61	\$6.83
Blackfoot / Pocatello	\$8.64	(2-R) \$12.00 (6-R) \$12.00	\$6.10	\$7.28	\$7.54
Grace / Soda Springs	\$8.13	(2-R) NQ (6-R) NQ	NQ	\$6.70	\$7.08
Burley / Rupert	\$8.25-\$9.75	(2-R) \$12.80 (6-R) \$12.80	\$6.20-\$6.21	\$6.60	\$7.05
Hazelton					
Twin Falls / Eden / Buhl	\$8.10	(2-R) NQ (6-R) NQ	\$5.96	NQ	NQ
Weiser	\$8.50	(2-R) NQ (6-R) NQ	\$6.25	NQ	NQ
Nez Perce / Craigmont	\$7.35	(2-R) \$7.35 (6-R) \$7.35	\$6.53	\$7.45	\$7.65
Lewiston	\$8.05	(2-R) \$8.05 (6-R) \$8.05	\$6.78	\$7.70	\$7.90
Moscow / Genesee	\$7.55-\$8.25	(2-R) \$7.55 (6-R) \$7.55	\$6.55-\$6.69	\$7.47-\$7.61	\$7.67-\$7.81

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 \$7.34 ½ - \$7.36 ½ Dec \$7.34 ½-\$7.49	Aug NC \$8.05 ¼ - \$8.25 ¼ Dec \$8.20 ¼ -\$8.39 ¼	Aug NC \$8.35½-\$8.55½ Dec \$8.50 ½-\$8.70 ½
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$8.25	NQ	NQ	\$6.28	\$7.05	\$7.75
Great Falls	\$7.00	NQ	\$11.50	NQ	\$6.86-\$6.93	\$7.22-\$7.34
Minneapolis	\$8.33	NQ	\$11.46	NQ	\$7.85 ¼ (12%)	\$8.64 ½ - \$8.75 ½

Market trends this week

BARLEY – Local barley prices were mostly lower again this week with southern Idaho locations reporting no change to 50 cents lower and northern Idaho prices reporting 50 cents lower. USDA reported that barley export sales last week totaled 5.1 TMT for Japan, South Korea and Libya last week. Export shipments totaled 21.1 TMT for Libya, Taiwan and South Korea.

WHEAT – Local wheat prices were mostly higher this week: SWW ranged from 4 cents lower to 20 cents higher; HRW ranged from 5 to 73 cents higher; and DNS ranged from 6 cents lower to 64 cents higher. USDA reported wheat export sales last week were on the high end of trade expectations at 551.3 TMT for MY 2013/14, up 12% from the previous week, however it was down 4% from the prior 4-week average. Cumulative wheat export sales have now reached 51% of the USDA estimate for MY 2013/14 compared to a 5-year average of 41%. Wheat export shipments last week were 824.5 TMT, down 5% from the previous week, but up 11% from the prior 4-week average.

Wheat Competitor / Buyer News – The EU approved 687 TMT of soft wheat for export this week, bringing their wheat exports in the new marketing year to 3.9 MMT, compared to 1.8 MMT for the same period a year ago. SovEcon revised their Russian wheat production estimate higher this week to 51.7 MMT, up from their previous estimate of 50.5 MMT. Saudi Arabia purchased 720 TMT of hard wheat this week from several optional origins. Egypt bought 5 cargoes this

week from Romania, Ukraine and Russia. Brazil continues to buy U.S. HRW wheat. USDA announced a single day sale of US wheat this week of 119 TMT to an unknown destination.

CORN - Corn export sales last week were on the high end of trade expectations at 673.8 TMT for MY 2013/14. Cumulative corn export sales for new crop have now reached 36% of the USDA estimate for the new marketing year compared to a 5-year average of 25%. Corn export shipments last week were reported at 329.3 TMT, up 90% from the previous week and 1% from the prior 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported U.S. ethanol production continued falling last week, down another 24,000 or 2.8% to 820,000 bpd, but still up fractionally from a year ago. Corn used for ethanol totaled 86.16 million bu, bringing cumulative use for the marketing year to 4.44 billion bu, short of the **USDA estimate for the year of 4.65 billion bu**.

Corn Competitor / Buyer News – A Chinese firm is estimating China's corn crop could slip to 179 MMT (USDA's current peg is 211 MMT) due to recent heavy rainfall and flooding across the northeastern production region. The Brazilian corn crop is estimated at 76 MMT compared to this year's record 80.25 MMT due to more acres shifting to soybeans. Meanwhile, the European corn yield estimate has been trimmed about 4% due to recent heat stress.

Futures market activity this week

Global macroeconomic trends – Global markets were on edge this week awaiting news of a possible military strike against Syria for using chemical weapons to kill their own people. Inventor worries eased somewhat as the week passed on expectations that a decision to strike might be delayed while the U.S. and its allies shore up political and diplomatic support for their actions.

U.S. economic indicators – Economic news was mixed this week but mostly positive which has all eyes on the Fed Reserve when they meet mid September and decide whether to begin cutting their monthly purchases of mortgage backed securities. Durable goods fell 7.3% last month, more than expected. Meanwhile pending home sales fell 1.3%, after a 0.4% decline in June, and the Case Shiller Home Price Index increased less than expected last month, all signs of a slowing in the housing market as a result of rising mortgage rates. On the positive side, the Confidence Board's Consumer Confidence Index rose to 81.5, more than expected; weekly jobless claims were less than expected and the US Department of Commerce revised US Q2 GDP higher to +2.5%, from their earlier projection of +1.7%.

WHEAT – Wheat markets started the week with sharp gains, boosted by spillover support from a hot weather rally in beans and corn and a better than expected export shipment pace. In a typical turn-around Tuesday, wheat prices retreated modestly after trading both sides of unchanged as profit-taking swept through commodity markets. Wednesday saw mixed trade with the spring wheat market moving higher on slow harvest pace while CHI and KC closed lower on pressure from lower European prices. Wheat markets finished modestly lower today (Thursday), with the weak tone attributed to continued spillover pressure and a stronger dollar index which will make U.S. wheat less competitive on world markets. **Wheat market closes on Thursday, 8/29/13 ...**

	<u>Sept 2013</u>	<u>Weekly Summary</u>	<u>Dec 2013</u>	<u>Weekly Summary</u>
Chicago SRW	\$6.41 ¼	Up \$0.06 ¾	\$6.54 ¼	Up \$0.08 ¼
KC HRW	\$7.01	Up \$0.04 ½	\$7.03 ¼	Up \$0.06 ¼
MGE DNS	\$7.24 ¼	Up \$0.08	\$7.33	Up \$0.08

CORN – Corn prices posted another round of double digit gains to start the week on a hot and dry weather forecast and results from the Pro Farmer Midwest crop tour which suggest the corn crop will be at least 300 million bushels lower than USDA's current estimate at 13.46 bbu versus 13.763 bbu. Despite firm cash prices and weather worries, profit-taking pushed corn futures lower in a bearish reversal on Tuesday. Corn finished mixed on Wednesday with nearby moving modestly higher on a tight crop supply but new crop trended lower as weakening technicals erode bullish momentum. Corn traded mixed today (Thursday), with new crop closing fractionally higher on a mostly warm and dry weekend ahead. **Corn futures contract closes on Thursday, 8/29/13 for Sept 2013 contract at \$4.97 ¼, up \$0.01¾ and the Dec 2013 contract at \$4.81 ½, up \$0.11½ for the week.**

OTHER MAJOR FACTORS TO WATCH –

CRUDE OIL – Fresh geopolitical risks drove crude oil prices sharply higher this week to 2-year highs on indications that the U.S. and its allies were preparing a military strike against Syria which could lead to disruptions in the Middle Eastern oil supply (represents 35% of the global oil output). The market shrugged off a mostly bearish weekly stocks report which showed crude oil stocks increased more than expected last week, jumping nearly 3 million bbls, compared to expected increase of 750,000 bbls; while distillates unexpectedly fell by 316,000 bbls and gasoline stocks decreased by 600,000 bbls, compared to an expected decline of 1.38 million bbls. **Profit-taking drove crude oil futures lower today (Thursday) - closing at \$108.80 - as geopolitical fears eased somewhat on a delayed decision to strike Syria.**

U.S. WEATHER / CROP PROGRESS – PNW – Hotter than normal conditions persisted across this region, but a narrow band of moisture moved from the southwest into eastern MT. Parts of southern Idaho saw scattered thundershowers but

there was not much accumulation. **Corn Belt / HRS spring wheat belt** – The region saw less than expected rainfall over the weekend and a high pressure ridge kept showers out of Central US week except for a band stretching from North Dakota into the Great Lakes region. A heat dome blanketed the western and northern Corn Belt this week, causing corn and soybean stress. Updated weather models show these hot temps giving way to more normal temps after Labor Day with improved chances for late season rains across the northern and eastern Corn Belts. **Central/Southern Plains** – Hot and dry this week, stressing summer crops and pasture.

USDA Crop Progress / Condition Report, August 26, 2013

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	58% harvested	35%	81%	55%	66% g/ex	65%	NA
ID barley	73%	53%	72%	43%	64% g/ex	64%	
US spring wheat	42%	18%	87%	54%	67% g/ex	66%	NA
ID spring wheat	69%	48%	63%	39%	60% g/ex	64%	
ID winter wheat	93%	81%	89%	75%			
Corn	70% dough 23% dented	52% 11%	94% 73%	79% 45%	59% g/ex	61%	22%

INTERNATIONAL WEATHER / CROP PROGRESS -

- **Canada** – Above normal temperatures accelerated crop growth and maturation across the Prairies this week, with harvest just getting started.
- **Europe** – Small grain harvest is winding down, with better than expected crops in many areas. Meanwhile heat has stressed the corn crop, prompting analysts to cut their yield estimates by about 4%.
- **Black Sea Region** – More of the same... Eastern Ukraine into southwestern Russia remained hot and dry, stressing summer crops, while central and eastern Russia experienced mostly favorable growing conditions.
- **China** – Warmer and drier conditions are helping to ease plant stress from excessive moisture, but yield damage has already been done in this area. Meanwhile, dry weather across the North China Plains is hampering yield potential for about 20% of the country's corn crop.
- **Brazil / Argentina** – Brazilian winter wheat has experienced unfavorably wet conditions while Argentina's main wheat growing region saw a mostly dry and cool trend which has slowed crop development.
- **Australia** – Last few days brought beneficial moisture to southern and western grain production areas, but the eastern region remains in need of moisture, with about 15% of the wheat crop too dry.