Idaho Grain Market Report, August 30, 2018—NEW CROP PRICES

Published weekly by the Idaho Barley Commission

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 29, 2018. Barley prices in $/Cwt. And wheat prices in $/bu.

	Barley (Cwt.) FEED 48 lbs or better	MALTING Open Market Malting	Wheat (bu.) Milling #1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein	#1 HWW
Rexburg / Ririe	5.70-6.00		4.50-4.63	5.13	5.40	5.40-5.43
Idaho Falls		8.30-8.33	4.20	4.75	5.10	5.05
Blackfoot / Pocatello		7.06	4.20	4.75	5.10	5.05
Grace / Soda Springs	3.90-6.50		4.40	4.69	5.20	5.22
Burley / Rupert	5.75		4.61	4.90	5.22	5.40
Twin Falls / Buhl Jerome / Wendell	5.50-6.50		4.50-4.58	5.29	5.30	5.29
Nampa / Weiser			4.95			
Nez Perce / Craigmont	5.21		5.15	5.47	5.75	
Lewiston	5.73		5.41	5.73	5.98	
Moscow / Genesee	5.24-5.43		5.25-5.75	5.50-5.67	5.75-5.92	

Prices at Selected Terminal Markets, cash FOB
Wednesday, August 29, 2018. Barley prices in $/Cwt. And wheat prices in $/bu.

	#2 Feed Barley 46 lbs. --	Malting Barley	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein	#1 HWW
Portland			6.00-6.08	NA	NA	
Ogden	7.20		4.65	5.05	5.62	5.65
Great Falls	5.85-6.50	7.75.8.05		5.03-5.27	5.34-5.50	
Minneapolis	2.60			6.20	5.67	

Market Trends This Week

BARLEY—Local feed barley prices remained flat to $0.25 cents higher this week, and open market malt barley prices were unchanged over last week. USDA reported net barley sales of 500 MT for 2018/2019 for Taiwan. Exports of 400 MT to Japan (300 MT) and South Korea (100 MT). net export barley sales of 2,400 MT for 2018/19 for Japan (2,000 MT) and Vietnam (400 MT). Weekly exports of 200 MT to Japan were reported. This is down over last week when net export sales of 2,400 MT were reported.

Barley Competitor/Buyer News—Barley harvest continues at a strong pace in Canada with 98 done in Manitoba, 30 percent complete in Saskatchewan and 10 percent complete in Alberta as of August 24. Wet weather has contributed this week to unfavorable winter barley planting conditions in Europe.

AB InBev-owned Carlton & United Breweries (CUB) aims to shake up the Australian beer market with the launch of the first non-alcoholic beer in its 180-year history as announced this week. Called Carlton Zero, the beverage "is for beer lovers who want more opportunities to enjoy beer responsibly". Its release marks a long-term shift in Australia's drinking habits: low- and mid-strength beers now represent 20% of CUB sales as consumers increasingly moderate their alcohol intake. While Australian sales of non-alcoholic beers have grown 57% over the last five years, the sales volumes of non-alcoholic beers are modest in the country compared to the U.S., Canada and Europe. Earlier this year AB InBev CEO Carlos Brito said he believes 20% of the company's sales volumes will come from its low- or no-alcohol portfolio by 2025. Currently, around 8% of the company's volumes came from its low or non-alcoholic lines.

Market Trends This Week—continued

WHEAT—Overall local cash wheat prices at elevators around the state and across classes trended down this week. SWW prices ranged from $0.15 lower to $0.06 higher than a week ago; HRW prices ranged from $0.10 lower to $0.08 higher; DNS prices ranged from $0.10 to $0.22 lower; and HWW prices came in at $0.04 to $0.20 lower. USDA reported net wheat sales of 414,800 MT for 2018/2019, up 73 percent from the previous week, but down 5 percent from the prior 4-week average. Increases were reported for the Philippines (102,700 MT, including 78,000 MT switched from unknown destinations), Japan (90,300 MT, including decreases of 21,600 MT), Mexico (80,700 MT, including decreases of 400 MT), Indonesia (53,000 MT), and Jamaica (22,400 MT, including 9,000 MT switched from unknown destinations). Reductions were for unknown destinations (23,500 MT) and Honduras (1,500 MT). Exports of 404,300 MT were down 12 percent from the previous week and 2 percent from the prior 4-week average. The destinations were primarily to the Philippines (139,700 MT), Japan (61,200 MT), Mexico (47,000 MT), South Korea (44,900 MT), and Peru (27,400 MT).

CORN—USDA reported net sales of 175,400 MT for 2017/2018, up 1 percent from the previous week, but down 46 percent from the prior 4-week average. Increases were reported for Japan (103,600 MT, including 58,500 MT switched from unknown destinations and decreases of 22,700 MT), Mexico (96,400 MT, including decreases of 6,900 MT), Taiwan (78,500 MT, including decreases 2,100 MT), Egypt (75,700 MT, including 25,000 MT switched from unknown destinations), and Saudi Arabia (73,600 MT, including 70,000 MT switched from unknown destinations). Exports of 1,344,400 MT were up 2 percent from the previous week, but down 3 percent from the prior 4-week average. The destinations were primarily to Japan (436,800 MT), Mexico (232,600 MT), Taiwan (155,600 MT), Peru (143,900 MT), and South Korea (129,200 MT).

Ethanol corn usage—DOE's Energy Information Agency reported ethanol production for the week ending August 24 averaged 1.07 million bbls/day – down 0.28% over the previous week and 2.69% over last year. Ethanol stocks were 23.061 million bbls on August 24, down .85% over last week and up 8.25% over last year. An estimated 111.59 million bu of corn was used in last week's production bringing this crop year's cumulative corn usage for ethanol production at 5.68 billion bu.

Futures Market Trends This Week

WHEAT FUTURES—Wheat futures prices mostly continued to decline this week but at a slower pace than the previous week. Wheat is trying try to start a rebound but the markets are also concerned about today's reports that President Trump may move ahead with his plan for tariffs on another $200 billion of Chinese goods late next week when the public comment period ends on Thursday (Sep 6). **Wheat futures prices finished $0.06¾ lower to $0.01½ cents higher for the week.**

	Sept 2018	Week Change	Dec 2018	Week Change	Mar 2-19	Week Change
CHI SRW	**$5.08**	**-$0.06¾**	**$5.35**	**-$0.01½**	**$5.55½**	**-$0.04**
KC HRW	**$5.12¼**	**-$0.07**	**$5.41**	**-$0.05¾**	**$5.63**	**-$0.07¼**
MGE DNS	**$5.69½**	**-$0.03¼**	**$5.91½**	**-$0.01¼**	**$6.07½**	**+$0.01½**

CORN FUTURES—Corn futures also continued to decline this week. The U.S. crop remains in remarkably good condition, with 68 percent of corn rated good/excellent, above last year and the five-year average. USDA said Monday that 61 percent of corn is dented (versus 42 percent on average) and fully 10 percent of the corn is mature (versus the five-year average of 5 percent). The advanced maturity of the crop is likely implies due to the accuracy of USDA's yield estimate, and harvest/harvest price pressure coming earlier than usual. The latter is important in that the market could set its yearly low in the next few weeks, then turn to demand/exports for guidance on price appreciation.
Sept 2018 contract closed on Thursday, 8/30/2018 at $3.41 down $0.07½ for the week, Dec. 2018 contract closed at $3.56½, down $0.06¼ for the week and Mar. 2019 contract closed at $3.69¼, down $0.05¾ for the week.

CRUDE OIL FUTURES—U.S. Crude oil futures traded slightly lower on Thursday. The market was working to recover from an early session setback fueled by worries about future demand after China slapped another tariff on imported U.S. crude oil earlier in the session, plus there are still supply concerns. One concern is over the sanctions on Iran, the other is yesterday's U.S. government report showing a bigger-than-expected drawdown. However, the main trend is up according to the daily swing chart with the main range running $71.29 to $63.89.

The U.S. Energy Administration reported that U.S. crude oil refinery inputs averaged 17.6 million bbls per day during the week ending August 24, 2018, which was 326,00 bbls per day less than the previous week's average. Refineries operated at 96.3% of their operable capacity last week. EIA reported a decrease of 2.57 million bbls over last week to 405.79 million bbls, under the 5-year average of 407.28 million bbls. Distillate stocks decreased by .84 million bbls to a total of 130 million bbls, while gasoline stocks decreased by 1.55 million bbls to 232.77 million bbls.
Crude oil futures finished up for the week to close at $70.25/bbl (Sept contract), $3.82/bbl above last week.

USDA Crop Progress / Condition Report, August 27, 2018

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition Rating % Good/ Excellent	Previous Week	Previous Year
US Barley	80%	66%	81%	72%	*Not reported this week.*		
ID Barley	**81%**	**62%**	**72%**	**72%**	*Not reported this week.*		
US Spring Wheat	77%	60%	73%	61%	*Not reported this week.*		
ID Spring Wheat	**67%**	**47%**	**65%**	**68%**	*Not reported this week.*		
US Winter Wheat	*Not reported this week—harvest mostly complete.*						
ID Winter Wheat	*Not reported this week—harvest mostly complete.*						
Corn	92% Dough 61% Dented	85% 44%	85% 42%	72% 42%	68%	68%	62%

USDA U.S. Crop Weather Highlights—August 30, 2018

West—Near-or-below-normal temperatures are confined to the Pacific Coast States. Elsewhere, hot, dry weather continues to promote Northwestern small grain harvesting and other late-summer fieldwork. New or rapidly expanding wildfires remain a threat in several areas, including the northern Great Basin and portions of the Intermountain West.

Plains—Mostly dry weather favors fieldwork and summer crop maturation. In addition, late-season heat continues across Texas and is returning to the High Plains. Today's high temperatures will top the 90-degree mark at least as far north as western South Dakota.

Corn Belt—Mild, dry weather prevails, following a cold front's passage. Across the northern Corn Belt, local flooding in the wake of early-week downpours has begun to subside, although rivers are still running high in parts of Wisconsin.

South—Showers are becoming more numerous as a cold front interacts with hot, humid air. The rain is causing local fieldwork disruptions but maintaining generally favorable pasture conditions.

Outlook for U.S. Mainland—Late-season heat across the nation's mid-section will expand to cover much of the country by week's end. Some of the hottest weather, relative to normal, will occur on Friday and Saturday across the southern Plains, where temperatures of 100°F or greater can be expected. Meanwhile, the focus for significant rainfall will be a pair of cold fronts. By week's end, the first front will stall across the Southeast, while the second front will reach the western Corn Belt. Five-day rainfall totals could reach 1 to 3 inches or more in the upper Midwest, as well as along and near the Gulf Coast. In contrast, hot, dry weather will dominate California, the Great Basin, and the Northwest. Elsewhere, monsoon-related showers will return across the Southwest during the weekend. The NWS 6- to 10-day outlook for September 3 – 7 calls for the likelihood of near- to above-normal temperatures and precipitation nationwide, except for cooler-than-normal conditions in Montana and drier-than normal weather in the Pacific Northwest.

USDA International Crop Weather Highlights—August 28, 2018

EUROPE—Showers in the northwest brought additional drought relief in advance of winter crop planting. Warm, mostly dry weather accelerated summer crops toward maturation in the southwest. Rain in Italy favored immature summer crops but slowed dry down of earlier maturing varieties. In the southeast, mostly dry weather in major growing areas benefited maturing corn and sunflowers.

MIDDLE EAST—Mostly dry weather in Turkey promoted maturation and dry down of corn, cotton, and sunflowers.

FSU—Sunny, warm weather favored summer crop maturation in eastern Ukraine and southern Russia. Soaking rain maintained good to excellent yield prospects for immature spring grains in northern Kazakhstan and Russia.

ASIA—Widespread monsoon showers continued to benefit vegetative summer (kharif) crops in India. A pair of typhoons caused extensive flooding in North Korea, submerging rice. The storms also caused ponding in soybean and corn fields in northeastern China.

AUSTRALIA—Much-needed rain in the northeast brought some drought relief but did not improve wheat prospects. In the southeast, mostly dry weather reduced moisture supplies for vegetative wheat, barley, and canola. Showers in Western Australia and South Australia further benefited winter grains and oilseeds.

SOUTH AMERICA—Rain benefited immature wheat in the main production areas of southern Brazil. Cool, frosty weather slowed winter grain growth in Argentina as crops neared reproduction.

MEXICO—Showers favored rain-fed summer crops in key southern production areas.

CANADA—Mostly dry, warm weather fostered rapid spring grain and oilseed development, as well as filling corn and soybeans in Ontario.

Highlights of USDA Outlook for U.S. Agricultural Trade Report—August 29, 2018

FY2019 U.S. Exports Forecast Up $500 Million from FY2018 to $144.65 Billion; Imports at $126.5 Billion

Fiscal 2019 agricultural exports are projected at $144.5 billion, up $500 million from the revised forecast for fiscal 2018. This increase is primarily due to higher exports of wheat and horticultural products, which offset expected declines in oilseeds, livestock, and dairy product exports. Wheat exports are forecast up $1.4 billion from the previous year to $7.1 billion as a result of higher volumes and reduced competition. Overall grains and feeds exports are forecast at $33.1 billion, up $1.5 billion from the revised fiscal 2018 forecast. Horticultural exports are forecast up $400 million to $35.3 billion with higher export volumes of whole and processed tree nuts and slightly higher unit values for fresh fruits and vegetables. The cotton forecast value is unchanged at $6.9 billion, as lower volume offsets higher unit values. Exports of livestock, dairy, and poultry products are expected to be down $300 million, driven by weaker shipment values for beef, pork, and dairy. Oilseeds and products are projected down $1.4 billion; soybean exports are forecast to fall $800 million to $21.0 billion as both volumes and unit values decline, in large part due to weakening demand from China. Agricultural exports to China are forecast down $7.0 billion from fiscal 2018 to $12.0 billion as soybean sales are expected to be sharply lower due to retaliatory tariffs, which also curb demand for other products. Agricultural exports to Canada and Mexico are forecast at $21.5 billion and $19.7 billion, respectively.

U.S. agricultural imports in fiscal 2019 are forecast at $126.5 billion, $2.0 billion higher than fiscal 2018 due to increases in horticultural and sugar and tropical products. The U.S. agricultural trade surplus is expected to decline by $1.5 billion in fiscal 2019 to $18.0 billion. For fiscal 2018, the forecast of $144.0 billion is an increase of $1.5 billion from the previous forecast in May, largely due to higher corn, cotton, and soybean meal exports. Imports are forecast up $3.0 billion to $124.5 billion.

U.S. Agricultural Trade, fiscal years 2012-19, year ending September 30

							Forecast fiscal year*		
Item	2012	2013	2014	2015	2016	2017	2018	2018	2019
							May	Aug.	Aug.
					Billion Dollars				
Exports	135.9	141.1	152.3	139.8	129.6	140.2	142.5	144.0	144.5
Imports	103.4	103.9	109.3	114.2	113.0	119.1	121.5	124.5	126.5
Balance	32.5	37.3	43.1	25.5	16.6	21.1	21.0	19.5	18.0

** Reflects forecasts in the August 10, 2018, World Agricultural Supply and Demand Estimate Report.*
Source: Compiled by USDA using data from U.S. Census Bureau, U.S. Department of Commerce.

Economic Outlook: Strong Global Economic Growth Led by Thriving U.S. Economy

Per capita world GDP growth is expected to be robust at 2.1 percent growth in 2018 and to remain healthy at 2.0 percent in 2019, led by a thriving U.S. economy. The global trade volume is expected to grow at 4.9 percent in 2018, slowing to 4.0 percent in 2019, with slower growth in several large economies and increased trade policy uncertainty. Per capita GDP growth in the United States of 2.2 percent in 2018 is expected to be sustained at 2.1 percent in 2019. The U.S. economy is bolstered by strong consumer spending and favorable business investment, which are expected to continue through 2018. Slightly slower projected 2019 income growth reflects expectations of diminishing effects of fiscal stimulus, rising inflation, tighter monetary policy, and slower economic growth outside the United States.

Prospects for the dollar’s value in 2018 are mixed. After weakening during the first few months of the year, the dollar has strengthened considerably since May. A strong U.S. economy, along with tighter monetary policy and fiscal stimulus, drives up demand for the dollar and thus its value. The contrast between U.S. policy and expectations of relatively looser monetary policy and neutral fiscal policy elsewhere adds additional upward pressure to the dollar, as does its role as a safe haven for investors in a time of economic uncertainty. Despite its gains since May, the dollar is expected to weaken slightly on average in 2018 relative to 2017. It is expected to largely hold its value in 2019, with the agricultural exports-weighted average exchange rate exhibiting a very slight weakening trend.

Several emerging economies are facing challenges due to the strengthening dollar, higher interest rates, and rising oil prices. Companies and governments in emerging markets have attracted substantial investment in recent years as investors have sought higher returns than those available in the low-interest-rate environments of the United States and elsewhere. As the U.S. economy strengthens and monetary policy tightens, capital is flowing away from emerging markets and is attracted to the United States, putting significant pressure on dollar exchange rates. A stronger dollar raises the cost of repaying dollar-denominated government and corporate debt. Additionally, higher borrowing costs implied by rising U.S. interest rates make it difficult to finance the large fiscal and current account deficits carried by many emerging countries.