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Wheat Letter

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U.S. Wheat Associates is the industry's market development organization working in 90 countries on behalf of America's wheat producers. The activities of U.S. Wheat Associates are made possible by producer checkoff dollars managed by 18 state wheat commissions and through cost-share funding provided by USDA's Foreign Agricultural Service. For more information, visit www.uswheat.org or contact your state wheat commission.

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1. State Reports on Crop and Pre-Plant Conditions

Early April is a critical time for much of the U.S. winter wheat crop. Spring wheat producers are making their final cropping decisions in the face of what is likely to be a very late spring.

It is a good time to take a comprehensive look at crop and pre-plant conditions around much of the U.S. Following, then, are summaries prepared by the staffs of several wheat commissions that are members of U.S. Wheat Associates (USW).

Colorado Wheat Administrative Committee. For the week ending March 29, HRW condition in Colorado was six percent excellent, 44 percent good, 34 percent fair, 12 percent poor, and four percent very poor. Last year at this time, 32 percent was rated poor to very poor, while 68 percent was rated good to excellent, so the 2009/10 Colorado crop is in much better condition. A statewide blizzard March 26 and 27 helped many growers, and some received moisture in another snowstorm March 30.

Idaho Wheat Commission. Overall, Idaho's winter wheat conditions are above average. Adequate moisture and mild temperatures have produced early signs of healthy winter wheat stands. Some dryland wheat in eastern Idaho was seeded late last fall under dry conditions. Producers are still optimistic they will see an "average" crop for this region. Winter wheat stands in Idaho's irrigated southern region are in excellent condition. Spring wheat seeding is underway across the southwest portion of the state. Northern and southeastern Idaho still have snow on the ground, which may delay spring planting.

Kansas Wheat Commission. First reports were that the Kansas HRW crop benefitted from precipitation on March 27 to 29. Areas of the state that were extremely dry received up to two feet of snow that

quenched parched soils. However, once the snow melted, farmers discovered that much of their wheat was brown, ragged and had the appearance of severe winterkill. At this time, it is unknown if the crop has received irreparable damage from the combination of frigid temperatures and snow, or whether the spring growth has simply been “burned back” by the winter weather. The crop throughout Kansas had broken dormancy slightly earlier than normal and generally looked average to good. Northwest Kansas and north central Kansas still are dry, although another winter storm is forecast for western and central Kansas April 2 to 3.

Minnesota Wheat Research and Promotion Council. The main spring wheat producing area in Minnesota has experienced below average temperatures and above normal precipitation over the last two weeks, so field conditions are not conducive to planting. Producers may cut back on hard red spring (HRS) production if they are not able to plant wheat by the end of April. There is still time for field conditions to improve but only if the trend changes to below normal precipitation and above normal temperatures for the rest of April.

Montana Wheat and Barley Committee. Some observers in Montana feel the HRW crop is “made” – meaning good prospects because of adequate moisture throughout the growing season. Last week, in fact, a storm dumped considerable amounts of heavy, wet snow on most of the state. The picture will clear over the next few weeks as HRW breaks dormancy. The moisture bodes well for HRS, too, although planting may be late in the northeast.

Nebraska Wheat Board. The 1.7 million acres of HRW sown in Nebraska last fall is generally in much better condition this year compared to last. According to the USDA’s March 30 weather and crop conditions report, HRW was rated 0 percent very poor, 5 percent poor, 27 percent fair, 59 percent good, and 9 percent excellent – compared to just 50 percent good or excellent last year.

North Dakota Wheat Commission. It has been a tough winter and spring is proving to be even worse with major floods in the Red River Valley and areas in the south. Conditions are very wet and almost the entire state is still under snow cover after another blizzard this week. Last fall was wet, too, and as a result, USDA/NASS is projecting an average start date for fieldwork at April 29, about two weeks behind last year. Later planting dates can hurt yields and cause producers to plant crops other than wheat or leave fields fallow. Producers are hopeful that conditions will improve over the next few weeks to allow fieldwork to begin. The North Dakota Wheat Commission staff report that producers are more uncertain than ever before at this time about what they will plant.

Oklahoma Wheat Commission. A storm last week may be a major benefit for many HRW producers in northern Oklahoma and the Panhandle, where one to two inches of snow and rain fell on what had been a severely dry region. Unfortunately, this storm missed producers in the southwest where hopes for even an average crop are fading with the on-going drought. Wheat there is heading approximately three weeks ahead of normal under the drought stress.

Oregon Wheat Commission. Planting conditions last fall were less than optimal with very little moisture, causing late seeding in much of the growing area. Most areas are still well behind average growth and rainfall levels. Conditions have been colder than normal, but crop loss is minimal. The soft white (SW) crop is late and small and will need timely rains and warmer weather soon to reach average production.

South Dakota Wheat Commission. While producers were able to seed some HRS in mid-March, much of the state is still dealing with snow cover and cool soil. There are some concerns about HRW winterkill from wide-ranging temperatures in March but the actual damage at this point is unknown. Twenty-three percent of HRW is breaking dormancy. Current HRW conditions are 6 percent poor, 42 percent fair, 46 percent good, and 6 percent excellent.

Texas Wheat Producers Board. Despite recent precipitation in the Texas Panhandle, the statewide HRW crop is still struggling with a lack of moisture. Conditions are currently 63 percent rated poor to very poor, 25 percent fair, and only 12 percent good to excellent. Only 34 percent of the crop is reported as “normal” compared to 46 percent at this time last year.

Washington Grain Alliance. Washington's white wheat forecast at the beginning of April is a mix of the good, bad, and ugly. The nation's top wheat growing county, Whitman County, has relatively good stands but not far away around Ritzville, extending south and east, much of the wheat was "dusted-in" late and did not germinate until this spring. Some reseeding is occurring and most of the area is still short of moisture. Observers in the north label the crop "fair" but variable, depending on the location. In the south, the moisture has been better than expected. Timely May and June rains would help push yields higher.

Wyoming Wheat Marketing Commission. The state is dry, but the majority of the HRW crop is still in good shape, primarily from excellent moisture at planting. Producers need rain within the next two weeks to make an excellent crop. One producer said the biggest problem is "we had two inches of moisture, but we had six inches of wind." Northeast dryland HRS wheat areas have adequate moisture for now and there is average to above average irrigation supplies in the northwest HRS-producing region. Wet conditions may delay spring wheat planting.

2. USDA Planting Intentions Report Confirms Planted Area Decline

by Ian Flagg, USW Market Analyst

A report released this week by the U.S. Department of Agriculture (USDA) indicates farmers are responding to lower prices and volatile input costs by reducing acreage planted to wheat by seven percent for the 2009/10 marketing year. Sharply lower plantings for SRW were expected, but lower acreage for HRS and HRW associated in part with the expansion of corn and soybean production area reinforces a long-term trend. With decreases expected for every major wheat class except SW, planted acreage of all wheat is estimated to decrease by 1.8 million hectares (4.5 million acres) this year.

Hard Red Spring wheat plantings are expected to decrease by at least six percent due in part to lower prices and better returns for other crops. Plantings in North Dakota, Minnesota, Montana and South Dakota are currently pegged at 5.0 million hectares (12.3 million acres), down from 5.9 million hectares (12.8 million acres) the previous year.

Flooding in the Red River Valley and late-season snow increases the risk that farmers will plant less than forecast. Erica Olson, Marketing Specialist with the North Dakota Wheat Commission, says that if planting conditions do not improve, especially in eastern North Dakota, western Minnesota, and portions of South Dakota, HRS planted area could fall an additional 202,350 hectares (500,000 acres).

At 12.5 million hectares (30.9 million acres), HRW planted area dropped four percent from the previous year but is just below the ten-year average. Kansas alone accounts for about half the decline in U.S. HRW planted area. At 3.64 million hectares (9.0 million acres), Kansas producers planted 243,000 hectares less HRW for 2009/10 than they did for 2008/09.

Wheat acres in the two largest producing states of North Dakota and Kansas continue to decline as farmers switch to corn and soybeans. Since the release of biotechnology traits in corn and soybeans in 1996, the share of wheat acres has declined more than 30 percentage points in North Dakota and by 17 points in Kansas.

[\[Click here to see chart\]](#) or see Online Version]

Wheat planted area share of total wheat, corn, and soybeans planted area in Kansas and North Dakota, 1996 to 2009. Source: USDA/ERS

Following a near-record harvest in 2008/09, SRW plantings fell with sharply lower cash prices and a late row crop harvest. SRW planted area reportedly has declined 26 percent to 3.35 million hectares (8.3 million acres) compared to last year, but is nearly unchanged from the five-year average. USDA predicts that producers in Arkansas, Illinois, and Missouri seeded at least 140,000 hectares (346,000 acres) less SRW.

Soft white winter seeded area, which generally accounts for around 75 percent of the soft white crop, is estimated one percent higher at 1.45 million hectares (3.6 million acres).

Click here to read the [USDA Prospective Plantings Report](#).

3. Two Join USW/Cairo

USW welcomes two new colleagues in the Middle East, East and North Africa regional office in Cairo, Egypt. Nader Samih has joined USW as Finance and Administrative Manager, and Marwa Sadek has joined USW as Executive Secretary.

"These individuals have excellent experience for their positions," said Regional Vice President Dick Prior. "We are pleased to have them as members of the USW/Cairo office."

Nader has 20 years of experience in finance, administration, and operations management. Nader's last position was as an operations manager with Bearing Point, Technical Assistance for Policy Reform, a project funded by the U.S. Agency for International Development (USAID). Nader is a graduate of the Faculty of Commerce, Ain Shams University, with a major in accounting. He is fluent in English, French, and Arabic.

Marwa comes to USW from Path Finder Energy Service, where she held the post of Executive Secretary. She has a degree in Mass Communications from the Modern Sciences and Arts University in Egypt and is fluent in English and Arabic.

4. Former Wheat Grower Nominated to Key FAS Post

James W. (Jim) Miller, recently nominated by President Obama to be Under Secretary of Agriculture for Farm and Foreign Agricultural Services, is likely to bring strong empathy for wheat growers and their customers to this important post. Miller was a wheat producer for many years, served as President of the [National Association of Wheat Growers](#) (NAWG) in 1987, and co-chaired a federal commission established to resolve grain trade issues between the U.S. and Canada. The U.S. Senate will vote soon on Miller's nomination.

Agriculture Secretary Tom Vilsack also recently named Michael Michener as FAS Administrator. Michener has served in three U.S. foreign affairs agencies in the past ten years promoting post-conflict stability operations, economic development, and human rights. From 2005 to 2007, he served as the lead Iraq policy officer for the State Department's Bureau of Democracy, Human Rights and Labor, managing nearly \$400 million in assistance programs promoting democracy and human rights in that country. He also has experience working with USAID in Kosovo, Montenegro, and Bosnia and Herzegovina.

The [Foreign Agricultural Service](#) (FAS) provides cost-share funding to supplement producer checkoff dollars supporting wheat market development.

"USDA is our partner, and we welcome the new leadership there," said USW President Alan Tracy. "Because about half of the wheat produced in the U.S. is exported every year, success in the international marketplace helps drive farmgate prices at home.

"We've known Jim Miller for a long time and warmly endorse his appointment," Tracy added. "A former wheat grower from Washington, where about 90 percent of the state's wheat is sold overseas, certainly understands how important it is to support market development. We look forward to working with Mr. Miller and Mr. Michener on everything from funding our export programs to trade agreements and trade barriers."

Miller currently is Chief of Staff for the National Farmers Union, a position he accepted in 1999 after serving four years as Senior Analyst for Agriculture and Trade on the majority staff of the Senate Budget Committee. Miller also has served as Chief Economist for the National Farmers Union and as Vice President for Government Relations at NAWG.

Click here for more information: <http://bitly.com/ZwpzO>.

5. U.S. Wheat Industry Supports Increased Trade with Cuba

The U.S. wheat industry is urging Congress and the Obama Administration to immediately ease trade and travel restrictions with Cuba to allow U.S. wheat growers to compete fully in this market.

As members of an industry that exports more than half of its production in a typical year, U.S. wheat growers rely on the ability to open and expand international markets. Cuba represents substantial potential for future sales of U.S. wheat with a population of more than 11 million that consumes close to 1 million metric tons (MMT) of wheat per year. Cuba is the largest importer of wheat and wheat products in the Caribbean.

Though proximity and historical ties should provide a competitive advantage for U.S. wheat, the U.S. holds a less than 50 percent market share in Cuba, compared to a more than 85 percent market share in other Caribbean areas. Over the past ten years, Cuba has imported greater quantities of wheat from the European Union, Canada, and Argentina with an estimated cost to the U.S. wheat industry of the continued trade restrictions of upwards of \$100 million per year.

The U.S. wheat industry believes that the best way to help U.S. wheat growers fully realize sales potential in Cuba is to overturn the February 2005 change to financing requirements and to lift travel restrictions to allow for the freedom of reciprocal travel between the U.S. and Cuba for all citizens.

USW has continually stressed to the Obama Administration and its predecessors the harm current Cuba policy does to U.S. wheat's prospects with the island nation.

The National Association of Wheat Growers, the industry's policy advocacy organization, strongly supports immediate legislative action to clarify the payment rules and ease travel restrictions hamstringing U.S.-Cuba wheat trade. The Freedom to Travel to Cuba Act (H.R. 874/S. 428), the Agricultural Export Facilitation Act of 2009, and other bills are vital to achieving these goals.

"With the current economy placing new hardships on our producers, this is an opportune time to encourage the United States to change its trade policies toward Cuba," Kansas Congressman Jerry Moran, who sponsored the Agricultural Export Facilitation Act of 2009 with 17 co-sponsors, said recently.

6. CSIRO Plans Limited Release of GM Wheat Varieties

Australia's Commonwealth Scientific and Industrial Research Organization (CSIRO) has submitted an application to the Office of the Gene Technology Regulator (OGTR) for the limited and controlled release of up to 16 genetically modified wheat varieties. Grain characteristics, particularly carbohydrate and protein composition, were altered in the transgenic lines. These characteristics influence baking qualities and nutritional characteristics, such as glycemic index and metabolic health.

If approved, the release will take place in the Australian Capital Territory on a total area of up to one hectare between 2009 and 2012. OGTR has prepared a Risk Assessment and Risk Management Plan (RARMP), which concludes that the release poses negligible risks to people and the environment. OGTR seeks comment on the prepared RARMP.

For more information, contact ogtr@health.gov.au or visit the Web at: <http://bitly.com/kHFEx>.

7. Strong Political Support for Market Development

The 2008 Farm Bill authorizes \$200 million in funding for the [Market Access Program](#) (MAP), but President Obama has proposed a 20 percent cut to the program, which would drastically cut U.S. farmers' ability to promote their products abroad.

MAP is a USDA/FAS program supporting market development efforts for U.S. farmers that commit market development funding out of their own production proceeds. MAP funds help USW maintain a high level of service and information to overseas wheat buyers on behalf of U.S. wheat producers.

As Congress considers the proposed FY 2010 federal budget, several U.S. senators recently wrote to President Obama urging him to maintain current levels of MAP funding.

"In these lean economic times it is imperative that we work to meet the needs of farmers...across the country," New York Senator Charles Schumer wrote in the letter. "We must provide some form of economic relief to our local farmers so that their farms can continue to thrive. I will fight tooth and nail to keep MAP funding at current levels."

8. Wheat Industry News

- **Congratulations.** The Commissioners of the Oklahoma Wheat Commission named Mike Schulte as their new Executive Director. Schulte, the former marketing director, will begin his new position April 1, 2009. The Okarche native has a strong background in wheat promotion and agriculture. "Agriculture production is something that I have been involved in my whole life, and I feel it is going to become more important to create direct relationships in the marketing of our commodity crops," said Schulte. "I hope to create better interaction with foreign buyers to promote Oklahoma's high quality wheat products." Schulte began his employment with the Commission in April 2007. In the roll of marketing director, he worked with trade teams, gave numerous presentations concerning the value of Oklahoma wheat, and oversaw many state and national events. [Click here to read more.](#)
- **Flooding Concerns.** Farmers in the Red River Valley bordering North Dakota and Minnesota – and downstream in southern Manitoba – are once again battling epic flooding following a very wet fall and winter. You can see a video documenting the neighborly efforts to assist those threatened by the floods on "YouTube" at <http://bitly.com/HzC>. In addition, Dave Torgerson, Executive Director, Minnesota Wheat Research and Promotion Council shared photos from Chad Avinson's flooded valley farm. To see one of the photos, [click here](#), or view it in the Online version of Wheat Letter. The Red River Farm Network is extensively covering the flood's agricultural impact. Click here to read and hear more: www.rfn.com.

[\[Click here to see chart\]](#) or see Online Version]

The flooded Red River has inundated Chad Avinson's Minnesota farm. Fall rain and continuing snowstorms are combining to delay planting in much of the northern Plains, with downside risk for HRS production.

- **Let's Play Monopoly.** Russian President Medvedev has signed an order establishing a state grain-trading company based on the Agency for Commodity Market Regulation, according to a statement posted on the Kremlin's Web site March 30. The government will initially hold 100 percent of the company's shares. According to the decree, the state will transfer its stakes in 31 companies to the new company's balance sheet this year. The asset base of the grain giant includes grain silos, flour mills, industrial production facilities, and export terminals. Though a grain trade executive said the Russian government "doesn't plan on making this a monopoly," news reports said the company could control up to half of Russia's grain exports.

- ***Più la Pasta, Si Pregha Di.*** The *St. Louis Post-Dispatch* reports that U.S. dry pasta sales are up; New World Pasta, St. Louis, MO, told the newspaper that company employees are working additional days to keep up with demand. U.S. pasta sales are up three percent over the past year – and ramen noodle sales have increased from 57 million lbs (25.9 million kg) to 88 million lbs (39.9 million kg) since 2007. [Click here to read the article: http://bitly.com/oCR0a](http://bitly.com/oCR0a).

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