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## Wheat Letter

**June 24, 2010**

USW is the industry's market development organization working in more than 100 countries on behalf of America's wheat producers. The activities of USW are made possible by producer checkoff dollars managed by 19 state wheat commissions and through cost-share funding provided by USDA's Foreign Agricultural Service. For more information, visit [www.uswheat.org](http://www.uswheat.org) or contact your state wheat commission. Original articles from *Wheat Letter* may be reprinted without permission; source attribution is requested.

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**Online Edition:**      **[Wheat Letter - June 24, 2010](#)**

**PDF Edition:**        **(Attached)**

### **1. Latin American Buyers Conference Underway**

With a record turnout, the 8<sup>th</sup> U.S. Wheat Associates (USW) Latin American Wheat Buyers Conference is underway in Aventura, FL. The first day of the conference was packed with information and included a chance for U.S. wheat customers to express their opinion about U.S. wheat quality.

The 180 participants from 17 countries were welcomed by USW Regional Vice Presidents Mitch Skalicky (Mexico City) and Alvaro de la Fuente (Santiago), USDA Foreign Agricultural Service Director of the U.S.-Caribbean Agricultural Trade Office Sarah Hanson, and USW President Alan Tracy. USW Chair and wheat producer Janice Mattson, Chester, MT, painted a personal portrait of her farm family operation, demonstrating the resourcefulness and dependability of U.S. wheat producers.

USW Vice President of Overseas Operations Vince Peterson offered a broad look at current market conditions for U.S. wheat. It was an interesting look at the factors that may affect supply and price going forward in 2010/11, followed by review of hard red winter (HRW), hard red spring (HRS), durum, soft white (SW), and soft red winter (SRW) quality aspects. Kansas Wheat CEO Justin Gilpin offered encouraging news about HRW protein levels and milling

characteristics. North Dakota Wheat Commission Marketing Specialist Erica Olson gave an update on crop progress and potential supply and demand for the new HRS and durum crops. Washington Grain Alliance CEO Tom Mick reviewed the functionality of SW and reported that conditions are quite good for this year's crop. Finally, Dr. Ed Souza, Director of the USDA-ARS Soft Wheat Quality Laboratory in Wooster, OH, reviewed the SRW harvest situation and discussed the long-term effort to improve quality through the USW Overseas Varietal Analysis program.

USW Vice President John Oades demonstrated how buyers can improve their ability to judge wheat value through collaborative analysis. His presentation, "Contracting for Wheat Value," led into an interactive session in which conference participants compared U.S. HRW and HRS quality to similar wheats from alternative sources. Participants responded anonymously to questions and saw the distribution of the group's answers using DigiVote technology.

The day ended with a detailed presentation about the commercial aspects of grain contracts by Sam Bonilla, and independent contractor representing the North American Export Grain Association. Drawing from his 41 years of experience in export grain merchandising, Bonilla offered important advice that buyers can use to avoid contract problems.

The Latin American Wheat Buyers Conference continues on Friday, June 25.

## **2. Fair in Any field**

*by Jennifer M. Latzke. Reprinted with permission from "High Plains Journal"*

<http://www.hpj.com/archives/2010/jun10/jun21/Fairinanyfield.cfm?title=Fair%20in%20any%20field>

On the football field, Don Schieber is known for his fair and honest judgment as a referee.

In the corporate field as an Oklahoma Wheat Commissioner and vice chairman of U.S. Wheat Associates, he's recognized for his passion for wheat research and marketing. But for this north central Oklahoma farmer, the fields that matter most are the wheat fields of Schieber Farms.

**Farming first down.** Schieber and his wife, Cecelia, raised a family of four daughters and built their farming business just outside of Kildare, Okla. They began in 1969, buying their first homestead near Kildare while Schieber was still running the North Central Oklahoma Agricultural Experiment Station in Lahoma. They raised wheat seed, farming after work and on weekends. Finally, they made the move to full-time farming. "We moved here in 1973, right before wheat prices rose," Schieber said. Then, interest rates rose, times got tough, and they had to adjust their business plan.

"We cut back farming, started doing more custom work," he said. Custom harvesting and trucking kept them going. And then in 1977, Schieber and a neighbor stumbled across a couple of used seed cleaners. They bought the cleaners, and in their first year they processed more than 500,000 bushels of wheat for neighbors and elevators in the area. Seed cleaning was added to the list of custom farming services. Schieber and his friend expanded their seed cleaning business, traveling as far as western Oklahoma, Texas and New Mexico for jobs. They also started

building portable seed cleaners and selling them.

Today, Schieber still has his custom farming operations to keep him busy between planting and harvesting of seed wheat. Schieber's crew starts harvesting in southwest Oklahoma, moving north toward their ground. Once harvest is done, he'll start trucking and cleaning seed until fall harvest of corn and sorghum is ready. Then, he'll repeat the run.

"Right now, the combine's sitting in southwest Oklahoma, ready to start wheat harvest in a couple of weeks," he said. Some years, the combine never sees his shop-instead, moving from the field to the dealer for winter repairs and back to the field for the next harvest. Despite the custom work that keeps him busy, Schieber's true joy is in producing quality wheat seed. With his research background he takes a particular interest in the new wheat varieties coming from the wheat breeders at Oklahoma State University.

"We plant Billings and Duster, both out of Oklahoma State genetics," he said. Both are marketed and sold by Oklahoma Genetics Inc. through a licensing agreement with OSU. Schieber also has a few acres of OK Bullet, a variety with Jagger in its background.

"It isn't bad, but we're trying to get away from Jagger derivatives in our varieties," he said. Jagger and other Jagger-based varieties like OK Bullet and Overly have been starting to show reduced resistance to various leaf rusts, he explained. He looks to Billings and Duster as varieties that will help his customers in the long run.

**Moving toward the goal.** Helping his customers improve their bottom lines is one of the reasons why Schieber began his leadership in the Oklahoma wheat industry. He started attending Oklahoma Wheat Grower meetings in the 1970s, rising through the leadership to serving as the president of the OWGA board. It was during his time in leadership of OWGA that he was introduced to the workings of the Oklahoma Wheat Commission.

"I got to observe what the Oklahoma Wheat Commission was doing for research, marketing and promotion, and I discovered I wanted to be a part of that," Schieber said. He was elected to a five-year term on the Commission in 2005 and was recently nominated for a second term on the Commission.

"Don has made a great impact on the Oklahoma Wheat Commission board and has been influential in the Oklahoma wheat industry for several years," said Mike Schulte, OWC executive director. "With his leadership skills he has had a significant influence in helping market Oklahoma and U.S. wheat. He is involved in every aspect in producing and marketing wheat. This has allowed him to make numerous contributions to creating a better industry." Marketing was a topic that interested Schieber from day one on the Commission. "Marketing is where it's at," he said. Following the ups and downs of the world wheat market, and the role U.S. wheat plays in it, is something Schieber enjoys about his service to the OWC.

But, he also likes to see the effect of checkoff dollars on OSU's tremendous wheat breeding program. "By law, 20 percent of our checkoff funds have to go to research, and ours goes through the Oklahoma Wheat Research Foundation to OSU for distribution to various projects," he said. "I think we have the best wheat breeders in the nation, and we do all we can to keep

them happy. They're coming out with new lines all the time." Schieber works with OSU's wheat breeders, planting test plots on his land to showcase new varieties as they are developed. Taking an active interest in improving Oklahoma wheat is just another part of being a leader in the industry for Schieber.

**Leading the team.** The drive for leadership came about several years ago, with Schieber's selection to the inaugural class of the Oklahoma Agricultural Leadership Program. "I was in Class I of OALP, and that started the ball rolling," Schieber said. "It put a little 'want-to' in you, to be active in one organization and then want to keep doing it." The lessons he learned in that class were some of the reasons why he was eventually selected as chairman of the OWC and to represent Oklahoma on the board of directors of U.S. Wheat Associates. Those leadership lessons will also come in handy as he takes on a new role as USW Chairman at the organization's Summer Board Meeting this July. USW President Alan Tracy said Schieber's work with USW has been incredibly beneficial to the goals of the organization, particularly in customer relations.

"Folks like Don are the reason why our customers tell us they enjoy their farm visits most when they travel here," Tracy said. "He has that special warmth that draws people in. I remember at our World Staff Conference in 2008, Don, on his own, asked people who had been with U.S. Wheat Associates for 25 years or more to come up front and then he offered heartfelt thanks for their service. It feels good having a leader like Don, who cares so much for our staff, and our customers see that in him, too."

"Growers should take pride in the experience of the staff at U.S. Wheat," Schieber said. "It's the commitment of the staff to be the best in promoting U.S. wheat to our overseas buyers that guarantees success. I was at a conference in Egypt for millers, and a buyer came to the booth and said he had problems with a cargo of U.S.-sourced wheat," Schieber said. He added that before the miller could finish his problem the USW staff member for the region explained he was fully aware of the situation and that a solution was in place to fix the error. That's why our people are on a pedestal above all others, he said. Representing Oklahoma and U.S. wheat producers is a rewarding part of his service. "I like everything I do," Schieber said. "I went to Tanzania to speak before about 300 African millers at a trade show. You know, it's not often a guy from Kildare, Okla., gets to speak in Tanzania."

**Drive to success.** Part of being active in the wheat industry, though, has been the sacrifices to his farm and family life. Several times during the year he's away for board meetings, or representing USW at international conferences. Schieber said he's thankful to have an understanding wife and neighbors who help him out when he gets in a bind for farm work. "Some stuff gets missed, it's just a part of it," he said. "I do the best I can do, and I give back when I can. We have enough neighbors and friends to pitch in and help us out when they can, and we give back in return." As a referee, Schieber knows no one plays a perfect game, and in some ways no one farms a perfect game, either. "In refereeing, we always want to do things right," he said. "Hard as we try, though, there's always something that we may not get right. We've never refereed a perfect game yet, but we always try. "Farming isn't a game," he added. "You make mistakes, and you'll pay for them. But, you try your best to get it right."

### **3. Kansas State, Monsanto Partner on Wheat Breeding**

*from National Association of Wheat Grower (NAWG) Reports*

Kansas State University and Monsanto last week announced a partnership that will allow them to share germplasm and technology and, ultimately, improve their wheat breeding programs. The agreement is non-exclusive, with both parties free to form additional collaborative arrangements with other public or private entities. Kansas State said in its press release that it intends to work with other public wheat breeding programs as it has in the past.

The agreement has the blessing of Kansas Wheat, a cooperative agreement between the Kansas Wheat Commission, which invests heavily in Kansas State wheat breeding programs, and the Kansas Association of Wheat Growers, the NAWG-affiliated state wheat growing association.

Kansas Wheat leaders said in a press release that wheat farmers' investment in the Kansas State wheat breeding program through the wheat checkoff has been vital and will be protected through guidelines outlined in a principles document adopted by their organization, NAWG, USW and the National Wheat Improvement Committee, a coalition of public wheat breeders.

The collaboration announced Friday will provide Kansas State with immediate access to advanced conventional breeding technologies, and its near-term impact will be quicker development of technology. However, the partnership also hews to the principles document, written specifically with biotechnology applications in mind.

There is no commercialized biotech wheat anywhere in the world, but NAWG has worked with USW, affiliated state associations and other wheat-chain organizations over the past four years to demonstrate the need for and potential value of biotechnology in the wheat crop, including through a grower survey released last year showing more than three-quarters of producers asked supported the use of tools like biotechnology to improve wheat.

Much more about this work, and the full text of the principles document, is available online at <http://www.wheatworld.org/biotech> and <http://www.uswheat.org/whatWeDo/tradePolicy/biotech>

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### **4. HRW Harvest Heats Up; Weather Impacts Other Classes**

Heat and drier weather returned to the southern plains this week allowing the pace of HRW harvest accelerate. SRW wheat harvest is also underway with crop quality data due soon. Unusually wet weather has slowed HRS and durum crop progress in the northern plains and should benefit SW production in the Pacific Northwest.

While current protein levels in harvested Oklahoma and Kansas HRW range from 11 percent to 13.5 percent, average levels remain lower than the market is looking for. There are encouraging signs, however. Oklahoma Farm Broadcaster Ron Hays reported Tuesday that protein levels in some parts of the state reached 12.6 percent with above average yields and average test weights, even on wheat grazed over the winter. Oklahoma Wheat Commission Executive Director Mike

Schulte reported this week that harvest should be complete in the state, except for some irrigated fields, by next week.

Industry insiders in Kansas are also confident that average protein will increase as the harvest moves north into areas that had lower rainfall during the growing season. Combines were rolling as far north as central Kansas early this week. Kansas Wheat reported that dryland HRW is yielding 50 bushels per acre on average, with 61 pound per bushel test weights. Hard white (HW) averages 64 pounds per bushel. Overall protein levels average about 12 percent so far.

SRW harvest has progressed through North Carolina and Virginia and is now starting in Maryland. Elevators are reporting 10 to 40 bu/acre yields in North Carolina after a dry spring and Virginia is reporting 40 to 50 bu/acre yields. Test sampling is complete in Arkansas, but remaining states are just beginning harvest due to rains during the last week.

In the northern plains, Topsoil moisture conditions throughout the region range from 97 to 99 percent adequate to surplus. Areas of concern are popping up where producers have been dealing with steady heavy rainfall during the month of June. The region as a whole is in need of warmer, drier conditions. Currently, 14 percent of the HRS crop has headed out, slightly below the average of 16 percent. Crop development remains behind average in Montana, North Dakota and South Dakota, but is still well ahead of average in Minnesota. Crop condition ratings continue to be high, even with the moisture concerns, with 84 percent of the crop rated in good to excellent condition, slightly lower than last week.

Scott Yates, Director of Communications with Washington Grain Alliance, reported this week that farmers throughout the PNW have received some of the best spring rains in memory, causing the National Agricultural Statistics Service to increase its June 1 winter wheat yield forecast for Oregon, Idaho and Washington. Spring wheat yields are also expected to be higher. Harvest should begin as normal for most of the region. Higher premiums for club wheat have boosted planted acres this year. Idaho's crop progress and condition report this week indicates both spring and winter wheat crop conditions as mostly good to excellent, said Idaho Grain Commission's Tereasa Waterman. Idaho's winter wheat crop is rated 85 percent good to excellent with the spring crop rated at 92 percent good to excellent. With the good conditions, Idaho winter crop (about 60 percent SW) yields will be up compared to last year, but protein levels will likely be lower.

You can follow harvest and crop progress through links to each of the 19 State Wheat Commissions posted on the USW Web site at [www.uswheat.org](http://www.uswheat.org). Follow initial reports on U.S. wheat quality through USW Harvest Reports, also posted on [www.uswheat.org](http://www.uswheat.org).

## **5. Rains Cause Significant Delays in Canadian Plantings, Help Fuel Spring Wheat Prices** *by Chad Weigand, USW Market Analyst*

Adverse weather conditions have seriously hampered Canadian wheat plantings this spring. The Canadian provinces of Saskatchewan, Manitoba, and Alberta have experienced record rainfall, with some areas receiving over 200 percent of average precipitation in the past two months.\*

With Canada experiencing some of the worst planting conditions in recent history, many spring wheat acres may go unplanted – and that bullish news has helped push spring wheat prices higher.

According to Saskatchewan Agriculture, Canada's largest wheat-producing province had 73 percent of all crops planted as of June 14, compared to an average of 100 percent. With the planting delays some producers left intended spring wheat acres fallow, or switched to faster maturing crops such as barley. Grant McLean, Cropping Management Specialist for Saskatchewan Agriculture, stated that producers in the central and northern areas of the province planted 50 percent or less of all intended acres. He also added that wheat planting had already taken a back seat this spring as many producers gave planting priority to more profitable crops such as canola and lentils.

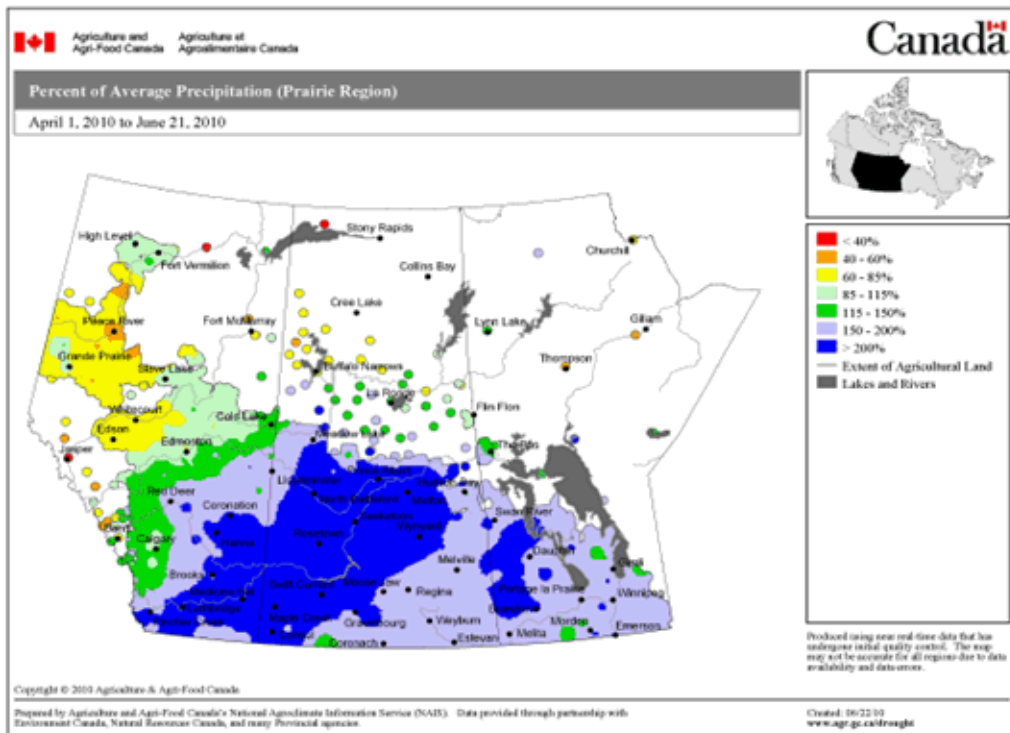
The Canadian Wheat Board (CWB) currently estimates western Canada's all wheat planted area at 19.2 million acres, which would be the smallest area since 1971. Statistics Canada's latest field crop report, released June 23, projected all wheat planted area for western Canada at 21.6 million acres, which is 13 percent greater than the CWB's forecast. However, many analysts suggest this number, based on surveys taken prior to heavy mid-June rainfall, is too high. One analyst estimated that about 2.5 million acres of intended spring wheat plantings were left unseeded.

The impact of the Canadian planting delays has been felt heavily in the wheat markets. Statistics Canada reported in May that total Canadian wheat stocks excluding durum as of March 31, 2010, were down 12 percent from last year. With Canadian western hard red spring wheat accounting for about 75 percent of the Canadian wheat crop, Canadian stocks could decline significantly in 2010/11. Below average protein levels in last year's spring wheat crop, below-average protein levels in the initial U.S. HRW harvest, and concerns over Canadian production have all factored into the recent jump in spring wheat prices. The Minneapolis Grain Exchange's July spring wheat contract has gained nearly 40 cents since June 4, closing at \$5.32 per bushel on Wed., June 23.

\*Source: Agriculture and Agri-Food Canada's National Agroclimate Information Service

Link to Statistics Canada's Field Crop Report:

<http://www.statcan.gc.ca/pub/22-002-x/22-002-x2010004-eng.pdf>.



## 6. Wheat Industry News

- **Welcome** to Jiana Escobar who joined USW as Communications Intern June 22. Jiana studies agricultural communications at California Polytechnic State University, San Luis Obispo, and currently serves as a national officer for the Agricultural Communicators of Tomorrow student organization. Jiana grew up on a cattle operation outside of the northern California community of Gilroy, known for its annual Gilroy Garlic Festival (<http://www.gilroygarlicfestival.com/>). Jiana will work in the Arlington Headquarters until returning to university in September.
- **Congratulations** to Alyssa Hicks, the new Milling Specialist at Northern Crops Institute (NCI), Fargo, ND. A 2010 graduate of Kansas State University, Hicks started her new job June 14.
- **Sun Up TV** featured USW Board Member Tom Glazier's wheat harvest in Kingsfisher County, OK. Take a look at this farm family working to bring in a big crop at: <http://www.youtube.com/watch?v=L0a2ZT8IIXg>.
- **Wheat Foods Council** Executive Council recently elected its new Board Chair, David Moore, from Dumas, TX, Vice Chair David Green of ADM Milling, Treasurer Brent Robertson, a representative from The Nebraska Wheat Board, and Past Chair Kathy Wiemer, a director at the Bell Institute of Health & Nutrition, who replaces Betsy Faga, who recently retired at Executive Director at the North American Millers Association. Read more at

<http://www.wheatfoods.org>.

- **Wheat Breeder Needed.** Oregon State University is seeking a scientist with strong traditional and molecular plant breeding knowledge and experience to lead a dynamic wheat variety and germplasm development team. This is a tenure-track position available at the assistant, associate or full professor level, tenure possible with the latter, depending on candidate experience. For a position description and application procedures, see <http://oregonstate.edu/jobs> (posting number 0005761). Application deadline is July 31, 2010.
- **Next Wheat Letter** will be published on Friday, July 9, 2010. That is one day later than scheduled because of the U.S. Independence Day holiday.