



U.S. WHEAT ASSOCIATES

3103 10th Street, North • Suite 300 • Arlington, VA 22201
Tel: (202) 463-0999 • Fax: (703) 524-4399

Wheat Letter

May 21, 2015

U.S. Wheat Associates (USW) is the industry's market development organization working in more than 100 countries. Its mission is to "develop, maintain and expand international markets to enhance the profitability of U.S. wheat producers and their customers." 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 or contact your state wheat commission. Original articles from *Wheat Letter* may be reprinted without permission; source attribution is requested. Click [here](#) to subscribe or unsubscribe to *Wheat Letter*.

In This Issue:

1. **2015/16 Marketing Year Approaches With Available High Quality U.S. Wheat**
2. **New Spring Wheat Crops Ahead of Schedule in North America**
3. **Today's Abundance Does Not Assure Long Term Wheat Food Security**
4. **Rising to the Occasion: California Lab Puts Wheat to the Test**
5. **National Wheat Foundation Wheat Advocates Pilot Program a Success**
6. **Wheat Industry News**

Online Edition: **Wheat Letter – May 21, 2015 (<http://bit.ly/1R7UGUZ>)**

PDF Edition: **(See Attached)**

USW Price Report: **Published every Friday online at <http://www.uswheat.org/prices>**

1. **2015/16 Marketing Year Approaches With Available High Quality U.S. Wheat**

By Casey Chumrau, USW Market Analyst

In the next week or so, U.S. wheat farmers will start harvesting the first fields of the 2015 season, which is good news for buyers. While some major wheat suppliers around the world have already exhausted old crop supplies and must wait for the new crop, the U.S. wheat store is always open, and as any bargain shopper knows, there are attractive prices to be found at the end of the season.

According to USDA's most recent [World Agricultural Supply and Demand Estimates](#) report, the United States will have 19.3 million metric tons (MMT) of wheat in the bins when the 2015/16 marketing year begins June 1, which does not include a single ton of the 56.8 MMT of expected 2015/16 production. Customers who read the May 15 [U.S. Wheat Price Report](#) might have noticed that these high-quality supplies are currently available at multiple-year low prices.

U.S. futures markets have rebounded after hitting six-year lows in late-October and early-November, but FOB values have not. In the first half of May, nearby FOB values at all ports for hard red winter (HRW), hard red spring (HRS) and soft red winter (SRW) hit five-year lows, and soft white (SW) from the Pacific Northwest hit a three-year low. Customers now have an opportunity to buy the U.S. wheat they prefer at a reduced cost.

Sweetening the deal even more is a slightly weaker U.S. dollar. The [ICE U.S. Dollar Index](#), which values the dollar against a basket of world currencies, hit an 11-year high on March 13 when it closed at 100.72. A strong U.S. dollar makes U.S. products more expensive for foreign customers and therefore less desirable. However, the index has since dropped more than 7 percent in two months, closing at 93.24 on May 15.

USDA and industry analysts believe prices will stay low throughout the 2015/16 season, but anything could happen when Mother Nature is ultimately in charge. Customers would be wise to take advantage of this unique buying opportunity while it lasts.

2. New Spring Wheat Crops Ahead of Schedule in North America

Multiple reports released this week indicate that the spring wheat crop is progressing ahead of schedule and doing well despite cooler temperatures. Planting of the 2015 U.S. HRS wheat crop is near completion, with 94 percent planted as of May 17 and more than two-thirds of it has emerged. That is double the typical level for mid-May. The northern U.S. durum crop is also ahead, with 71 percent of the crop planted in North Dakota and 96 percent in Montana — both up more than 50 percent from a year ago — while approximately one-fourth of the North Dakota crop and one-third of the Montana crop has emerged.

While conditions generally look good, both crops would benefit from warmer air and soil temperatures, and in some regions, more timely precipitation.

This week's North Dakota Wheat Commission (NDWC) Crop Progress Report stated, "The region as a whole has received some very timely precipitation over the last week to ten days, but some areas have received excessive precipitation. In addition, record to near record overnight low temperatures have also prevailed across the region in the last couple of days, raising concern about potential crop damage to some of the crop, although wheat is generally less susceptible to frost compared to other crops, at this stage of development. The recent rain events have missed some of the key durum region, but soil moisture conditions remain mostly adequate at this time."

[Read the full report from NDWC HERE.](#)

Additionally, our neighbors to the north are releasing similar reports. In its most recent weekly crop report, [Agriculture and Agri-Food Canada](#) said 34 percent of the crop has been seeded, which is well above the five-year average for this time of year of 9 percent.

"Nationally, farmers said they expect to plant 24.8 million acres in 2015, an increase of 3.9 percent over 2014. Broken down by crop, plans for spring wheat indicate a 3.4 percent gain (to 18.0 million acres), while durum wheat acreage is expected to reach 5.5 million acres, up 15.8 percent from 2014," stated a news story covering the report. "But in Saskatchewan, things are different. StatsCan — which compiled this outlook through interviews with about 9,000 farmers two months ago — says respondents here suggest spring wheat acreage will fall 4.8 percent in 2014 to 8.1 million acres in 2015. Durum wheat acreage is expected to rise 15.5 percent to 4.9 million acres."

[Read the full news story from The StarPhoenix HERE.](#)

3. Today's Abundance Does Not Assure Long Term Wheat Food Security

By Steve Mercer, USW Vice President of Communications

Near record production and higher beginning stocks that added to a comfortable level of world wheat supplies, got the lion's share of attention in [USDA's first estimate of wheat supply and demand for marketing year 2015/16](#). Looking beyond the snapshot of today's situation, however, there are trends and other information that could present unseen challenges — and demand new solutions.

Over the past few years, good conditions blessed the majority of the world's wheat farmers. They produced record yields of 717 MMT in 2013/14 and increased that to 726 MMT in 2014/15. USDA's initial forecast for 2015/16 is down, but only to 719 MMT. The [International Grains Council](#) forecast is even less optimistic, with production at 708 MMT for 2015/16. The global stocks-to-use ratio of a 28 percent forecast by USDA matches the five-year average and adds comfort for buyers.

However, the trend in world demand is even more impressive. If USDA's forecast of 717 MMT holds, 2015/16 will be the eighth year in a row of record-setting use. The United Nations Food and Agriculture Organization (FAO) says annual average per capita wheat consumption is stable at 67.0 kilograms, indicating that demand is growing with population. For 4 billion of the world's poorest people, wheat provides 20 percent of their protein. Most of these people live in developing countries with fast growing populations that rely on world wheat trade to source this valuable food ingredient.

It will take continued record production every year and increased market access to meet future wheat demand. The "Wheat Initiative," created by G20 agricultural ministers, expects wheat demand to increase 60 percent as world population nears 9 billion in 2050, and to meet that demand annual wheat yield improvement must grow from its current level of less than 1 percent to at least 1.6 percent. USW has argued that global trade volume will have to double to move wheat to where it is needed most.

Farmers in the central and southern U.S. plains hanging on through a multiple-year drought fully understand how difficult the production challenge will be. Recent evidence suggests that temperature extremes associated with climate change — especially spring heat events — are likely to reduce wheat yield potential. One study published [April 20, 2015, in the "Proceedings of the \(U.S.\) National Academy of Sciences,"](#) predicted that if average temperatures increased 2 degrees Celsius, wheat yields would drop by 15 percent. If average temperature increased 4 degrees C, the researchers predict a 40 percent decline in wheat yields. That conclusion correlates with an international study published in the [December 2014 issue of the "Nature Climate Change Letter"](#) estimating that global wheat production will drop 6 percent with every single degree Celsius increase in average temperature.

Considering that for 30 years farmers everywhere have been replacing wheat planted area with crops that offer more potential income, the global wheat industry ignores these longer-term threats at their peril. That is why farm organizations from Canada, Australia and the United States (including USW) published a joint statement in 2014¹ supporting responsible innovation in wheat.

As demand for wheat increases, they said, "we must find ways to ensure it remains abundant while meeting the highest quality and nutrition standards." They noted the value of advanced breeding techniques and research in biotechnology traits aimed at growing "more and better quality wheat safely, responsibly and in a more sustainable manner through the use of less water, fertilizer, fuel and pesticides."

U.S. wheat farmer organizations support the ability of our wheat customers to choose the specific traits they want and need. We are also certain that to continue providing high-quality wheat at affordable prices, we must support research and development in all innovations. That is why we invite our customers to join us in a working partnership to explore ways to meet our shared challenges.

¹ *Wheat Biotechnology Commercialization: Statement of Canadian, American and Australian Wheat Organizations, June 5, 2014*

4. Rising to the Occasion: California Lab Puts Wheat to the Test

By Ching Lee. Excerpted with permission from "[California Bountiful](#)," May/June 2015.

Editor's Note: This article was originally written for consumers living in California. While the information here may seem a bit basic to industry stakeholders, we are proud that the California Wheat Commission is a full member of USW and we want you to learn more about its [Milling and Baking Quality Laboratory](#). Overseas customers see the laboratory's work analyzing milling and end-use quality for USW's annual crop quality report and for the regional crop quality report. The Commission laboratory is available for flour, semolina, milling, end-product and new-product research.

The smell of freshly baked bread may not be what you would expect wafting from a laboratory where flasks and beakers are more prominent than measuring cups and teaspoons.

But every year, especially during the summer, when much of the state's wheat crop has been harvested, scientists at the California Wheat Commission churn out hundreds of loaves of bread, other baked goods and batches of pasta — all in an effort to test the quality of that season's crop and the best use for the wheat.

Baking is the final test, but before that, there is much lab work that needs to be done. Because the art of baking is also an exact science, knowing the chemistry behind the flour you are working with is every bit as important as having a good recipe, explained Claudia Carter, director of the commission's milling and baking quality lab.

In other words, if that loaf of bread came out of the oven like a brick or that birthday cake did not turn out as light and fluffy as you would hope, you may want to check the flour you used.

"Wheat is not just wheat," said Janice Cooper, executive director of the commission. "Wheat has different classes, different varieties and then different end-uses."

Back at the commission's lab, Carter and her assistant, Teng Vang, analyze samples of wheat with scientific acumen, running them through a battery of tests that measure the wheat's characteristics, and then report on how that wheat is expected to perform.

Their reports go to clients such as Jeff Daniels, operations manager of Central Milling in Utah, which produces flour for some of the nation's major bakeries, food manufacturers and retailers, including Acme Bread Co., Amy's Kitchen, Alvarado Street Bakery, Whole Foods, Safeway and Costco.

The company buys more than 2 million bushels of grain annually, testing samples of what it buys from farmers to decide how to mix the different wheats to provide a consistent product to its customers.

"We design specific flours for specific customers based on wheat variety and wheat quality, blending anywhere from three to four to five different types of wheat together," Daniels said.

“But wheat quality can vary widely depending on when and where it was grown and the crop’s growing conditions, with weather being a major factor. Quality differences present a problem for professional bakers and food manufacturers who need their flour to be consistent, especially those making huge batches of dough or batter,” said Craig Ponsford, an artisan baker, product developer and consultant based in Marin County.

“The chemistry of baking is complicated, so bakers really need to know what exactly is going on in their bag of flour,” he said.

Farmers grow hundreds of varieties of wheat, but those varieties tend to fall into one of six classes: hard red winter, hard red spring, soft red winter, soft white, hard white and durum. The different classes of wheat make different types of flour and can be mixed to achieve a certain quality.

While Carter and Vang are more inclined to sport white lab coats than aprons, they are by no means rookies in the kitchen. Carter has a bachelor’s degree in food science and a master’s in cereal science. She likes to bake pastries, cakes and cookies at home, but at the lab, her specialty is pasta. Vang is an experienced baker, having been trained at the San Francisco Baking Institute, where he learned artisan bread making.

Built in 1990, the commission lab provides the tools needed to test the quality of California wheat, to improve its marketability, Cooper said, adding that the state’s farmers grew about 500,000 metric tons of wheat last year. Before the lab was created, she said much of the state’s wheat was sold for livestock feed, which does not earn as high a value for the farmer.

The lab also works closely with plant breeders at the University of California, Davis, who are developing new wheat varieties that help growers, such as with disease resistance, Carter said. The lab tests these new varieties to ensure they would work well for the end user: the miller, baker or pasta maker.

“It ends up affecting what consumers will have on their plate,” Carter added.

5. National Wheat Foundation Wheat Advocates Pilot Program a Success

By Kayla Bullerman, National Association of Wheat Growers Communications and Marketing Coordinator

With the generous support of industry partner Monsanto, the National Wheat Foundation (NWF) launched a “Wheat Advocates” program in 2014 to tell the wheat industry story and promote innovation in the grain chain. Five advocates are participating in the program representing many U.S. regions and industry positions, including farmers, plant breeders and communicators. Since the launch of the program in December 2014, the advocates have actively promoted the issues and activities important to the wheat industry and NWF through their own networks, blogs and social media pages.

The wheat advocates participating in this year’s pilot program are:

Shauna Farver: Shauna and her husband farm 3,000 acres on their farm and ranch in northeast Montana, where two-thirds of the farm’s acres are wheat. You can follow the daily happenings at Farver Farms through Shauna’s blog, [Farver Farms](#), or on Twitter at [@farverfarms](#).

Ryan Kanode: Ryan farms with his uncles southwest of Huxton, CO. They farm between 3,000 and 3,300 acres of wheat each year, which they sell to other seed growers and wheat farmers in the area as either registered or certified seed. You can follow Ryan on the farm through Twitter at [@RyanKanode](#).

Petr Kosina: Petr works as a consultant for the International Maize and Wheat Improvement Center (CIMMYT) where he is in charge of developing the [Wheat Atlas](#) and curating the [Scoop.It channel](#) on wheat. Follow Petr on Twitter at [@clobrda](#).

Julie Mollins: Julie is the wheat communications officer for the Global Wheat Program at CIMMYT. Julie's blogs on wheat are posted on the [Thomas Reuters Foundation website](#) or on the [CIMMYT website](#). Julie is also on Twitter at [@jmolins](#).

Jenny Dewey Rohrich: Jenny farms with her husband in North Dakota. The family has always grown wheat and today, wheat is one of four crops in their rotation. Jenny advocates for wheat and agriculture on her blog, [Prairie Californian](#). You can follow her on Twitter at [@PrairieCA](#).

The Wheat Advocates have come up with very innovative ways to promote the industry, including:

- Developing the NWF blog, ["The Word on Wheat,"](#) which serves as a platform to communicate NWF and wheat industry messages, as well as amplify wheat advocate stories.
- Participating in social media "301" training, an advanced social media class, co-hosted by the Engage program and the Center for Food Integrity, to provide tips to enhance the advocate experience online.
- Creating the "Where Does My Food Come From?" blog series that highlights people in the industry involved in food production.
- Creating the "Show Me Your Wheat" photo contest, encouraging followers to send in photos of how they use wheat in their own lives. Entries included everything from farm fields to food items in the kitchen to milling flour. Winners received prize baskets with branded items from Kansas Wheat and NWF.

NWF provided the tools and resources for these advocates to independently tell their stories through the program and continue to tell their stories after the program concludes. Development of the advocates and network will benefit the future of the wheat industry.

For more information about the Wheat Advocates program, visit the [foundation website](#) or [blog](#). Follow NWF on Facebook and Twitter at [@NationalWheat](#).

6. Wheat Industry News

- **Oklahoma Wheat Commission (OWC) Recognizes Two Recipients With "Staff of Life" Award**
The 2015 recipients are [Tom Glazier](#), Oklahoma wheat farmer and former USW and OWC board member; and [Dr. Liuling Yan](#), an Oklahoma State University assistant professor and wheat molecular geneticist and breeder. The "Staff of Life" award is the highest award honor given by OWC to an individual who meets the criteria of dedicating many hours of service helping to promote and develop the wheat market and industry.
- **Bayer Opens Wheat, Soybean Breeding Station**
Bayer CropScience's new \$17 million Breeding and Trait Development Station, on 400 acres of Seward County farmland in Nebraska, is the first of its kind for Bayer in the United States. The Beaver Crossing facility has geothermal heating and cooling, wetland to process waste streams and uses natural processes to treat water. It will develop new varieties for use in North America and eventually for use in South America. Construction on the 53,000-square-foot facility was completed in November 2014. [MORE](#).
- **Fisher Receives John Lee Coulter Award.** Neal Fisher, NDWC administrator, was awarded the prestigious John Lee Coulter Award at the annual North Dakota State University (NDSU) Agribusiness Club's annual banquet on April 24. The award is given to a professional in agriculture

that has devoted their career to being an advocate for agriculture in North Dakota. Fisher is an alumnus of the NDSU Agribusiness department, earning his bachelor and master's degrees. [MORE](#).

- **Wheat Foods Council Distributed Its Latest Tool Kit, “Wheat: America’s Family Food,”** to approximately 250 retail and supermarket registered dieticians last week. The kit, also distributed to more than 120 media outlets, provides marketing materials, ideas, tips and recipes targeted at the grocery-shopping customer. [For this kit](#) and other wheat foods resources, visit <http://wheatfoods.org>.
- **IFIC Survey Finds People Seek Whole Grains and Fiber.** Not surprisingly, the International Food Information Council Foundation’s (IFIC) tenth anniversary food and health survey contained good news for grain-based foods manufacturers. Whole grains and fiber again ranked as the top nutritional items that Americans want to consume. This year’s survey titled “What’s Your Health Worth?” also found an increasing desire to consume calcium, omega-3 fatty acids and potassium. When asked what they were trying to get a certain amount of or as much as possible of, 56 percent of the survey respondents said whole grains and 55 percent said fiber. [Read more and the survey and its results here.](#)
- **National Association of Wheat Growers Hires Joehl as Director of Research and Technology** NAWG announces the addition of Steve Joehl as director of research and technology to the wheat growers’ team. Joehl will be responsible for coordinating programs to enhance and expedite the commercialization of wheat innovations through public and private research programs. He will also lead federal research appropriations and other research related policy efforts. Previously, Joehl was Monsanto’s liaison to wheat growers through NAWG and USW since 2010 until his retirement from Monsanto in March of this year. [Click here for the full release on the new hire.](#)
- **IGP 2015 International Grain Quality and Food Security Conference.** Kansas State University’s IGP Institute will host this third annual symposium August 3 to 5, in collaboration with the NC-213 U.S. Quality Grain Research Consortium, to provide a global conference on quality-assured, traceable and bio-secure ingredients for high quality grain-based food and feed products to assure food security for a growing population. For more information or to register, visit www.grains.ksu.edu/igp.
- **NCI Rheology of Wheat and Flour Quality Course.** Registration closes July 1, 2015, for this short course at the Northern Crops Institute July 21 to 23 in Fargo, ND. The course will focus on wheat and flour quality, and effective analysis of rheological results. For more information or to register, visit www.northern-crops.com/courses2/.
- **Wheat Marketing Center Whole Grain Summit Pre-Meeting Workshop.** This whole grain product workshop held June 22 to 23 at WMC in Portland, OR will offer a hands-on experience to produce different types of popular products with whole-grain raw materials and functional ingredients. For more information or to register, visit <http://wholegrainsummit2015.com/pre-meeting-workshop/>.
- **Follow USW Online.** Visit our page at www.facebook.com/uswheat for the latest updates, photos and discussions of what is going on in the world of wheat. Also, find breaking news on Twitter at www.twitter.com/uswheatassoc, additional photos at www.flickr.com/photos/uswheat, plus video stories at www.youtube.com/uswheatassociates.

Nondiscrimination and Alternate Means of Communications

USW prohibits discrimination in all its programs and activities based on race, color, religion, national origin, gender, marital or family status, age, disability, political beliefs or sexual orientation. Persons with disabilities who require alternative means for communication of program information (Braille, large print,

audiotape, etc.) should contact USW at 202-463-0999 (TDD/TTY - 800-877-8339, or from outside the U.S., 605-331-4923). To file a complaint of discrimination, write to Vice President of Finance, USW, 3103 10th Street, North, Arlington, VA 22201, or call 202-463-0999. USW is an equal opportunity provider and employer.