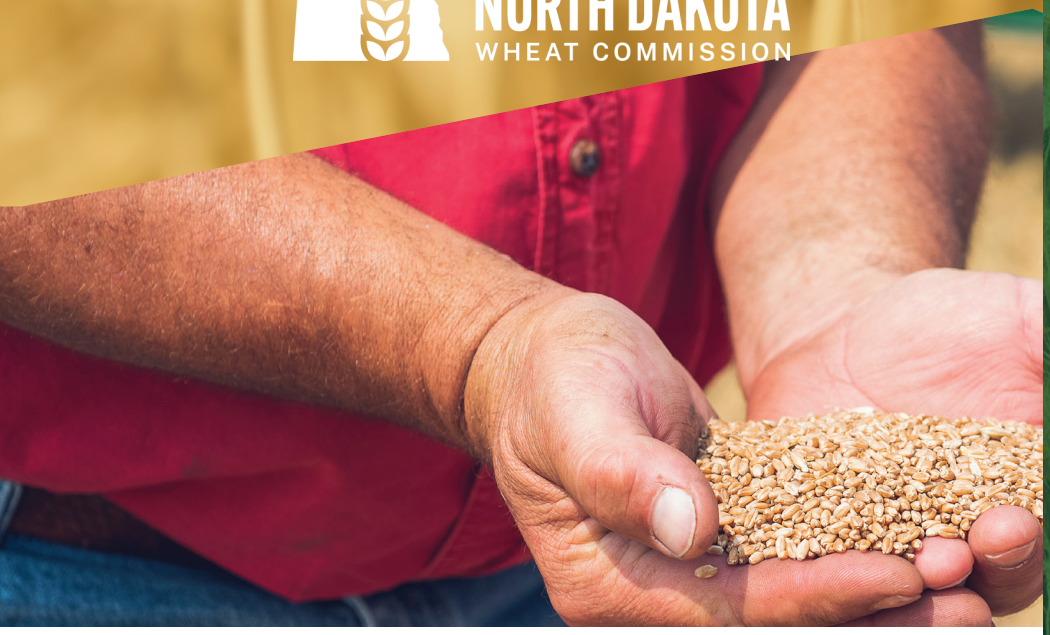
VOLUME 41 | NUMBER 1 | DECEMBER 2024

Dakota GOLD

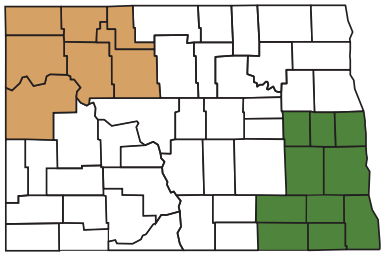
NORTH DAKOTA WHEAT COMMISSION



Wanted: Wheat Producers to Serve as County Representatives!

The North Dakota Wheat Commission consists of seven producer board members, six of which are producer elected and one appointed by the Governor. Elections are held every four years within each of the six districts, with the At-Large position selected in the off year. The process to elect a producer to the board starts at the county level, where a producer is elected to represent the county. The county representatives then meet at the district level to elect a member to the board.

The Commission board is responsible for setting the budget and developing policy and programs, and representing the Commission at the state and national level, as well as liaisons with other organizations. County representatives usually only meet once per year at an annual meeting, but serve a vital role in ensuring local issues are included in statewide discussions, and being a resource in helping to establish priorities for investment of the wheat check-off. County level producer involvement in the Commission is extremely important to ensure check-off funded programs and priorities align with producer's wishes.



In 2025, elections will be held in Districts 2 and 5. District 2 encompasses seven counties in the northwest part of the state: Burke, Divide, McKenzie, Mountrail, Renville, Ward and Williams. District 5 consists of ten counties in the southeast part of the state: Barnes, Cass, Dickey, Griggs, LaMoure, Ransom, Richland, Sargent, Steele and Traill. All active wheat producers in the county, who have not requested a refund in the past 12 months are eligible to participate in their county's election. Producers must be present to vote, but need not be present to be elected.

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Annual County Rep Meeting Provides Opportunity to see Check-off efforts in Action

For the North Dakota Wheat Commission County representatives, hosting this year's meeting at the Peltier Complex provided a special opportunity for producers to tour the brand-new complex, home to the NDSU Wheat Quality Labs, Northern Crops Institute, and other departments. The annual meeting provides a valuable opportunity for the board to gain insight to top priorities of producers around the state. On the priority list for many years, was new facilities for the wheat quality labs, which would allow researchers access to the most modern and up to date equipment and facilities. Once the momentum for a new building gained speed, the Commission committed funds to the project given that it had been a top priority. The modern facility, featuring greater lab space and appropriate technologies will result in more research, done faster for the benefit of both producers and their hard earned domestic and export customers.

Touring the new wheat quality labs and NCI facilities was a highlight of the meeting, in addition to in-depth discussion on NDWC program priorities going forward with great input from county representatives informing the board of the issues of most concern in their county. The group also heard breeding updates from the NDSU spring wheat and durum programs, AgriPro/Syngenta and the Arthur Companies. Dr. William Wilson of NDSU provided a market update and outlook on geopolitics and potential trade concerns.

The North Dakota Wheat Commission (NDWC) works to improve the economic well-being of North Dakota through export market development, domestic promotion, research, policy and public information initiatives. Wheat producers fund the effort with a checkoff of a penny and a half per bushel.

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2024 Regional Quality Reports - U.S. Hard Red Spring and Northern Durum Wheat

The results of the annual crop quality harvest survey for hard red spring and durum were finalized in October for use with domestic and international marketing efforts, and the completed reports are available electronically. The survey covers the hard red spring (HRS) and durum wheat produced in North Dakota, Montana, Minnesota, South Dakota, Idaho, Washington and Oregon. Harvest samples are collected directly from producers and elevators, with analysis for kernel, bread and pasta parameters provided by the wheat quality labs at North Dakota State University.

The 2024 U.S. HRS crop averages a No. 1 Northern Spring with the crop average protein falling slightly below 14%, as record yields in many central and eastern parts of the region led to lower than typical protein levels. In contrast, protein levels were higher than average across western parts of the region, due to hot, dry conditions in the latter half of the season. Damage levels were higher than last year and the 5-yr average as Fusarium pressures were elevated in eastern parts of the region. Laboratory evaluation of the milled flour is revealing a crop with slightly weaker dough and lower loaf volumes, on average, compared to 2023, but similar to 5 year averages. Areas that produced average to higher protein levels are performing with greater dough strength and excellent bake properties.

AVERAGE QUALITY FACTORS FOR U.S. HARD RED SPRING WHEAT

QUALITY FACTORS	2024	2023	5 YR.
KERNEL DATA			
Test Weight - lb./bu.	61.3	61.2	61.5
Protein % (12% mb)	13.9	14.1	14.5
Damage %	0.6	0.1	0.2
Falling Number (sec)	401	389	380
Vitreous Kernels %	66	57	68
Grade	1 NS	1 NS	1NS
MILLING DATA			
Flour Extraction	69.0	69.9	68.1
DOUGH & BAKE DATA			
Farino Absorption (%)	61.6	62.9	62.6
Farino Stability (min)	11.7	15.2	13.1
Loaf Volume (cm)	960	969	963

The 2024 Northern U.S. durum crop has an average grade of #1 Hard Amber Durum, with high protein levels, and sound kernels. Test weights are lower than recent years, especially in western production zones that endured a hot, dry finish to the growing season. Vitreous kernel levels are higher than 2023 and similar to the 5-yr average. Lab evaluation of the semolina and pasta indicates similar color scores compared to 2023, with a notable improvement in cooked firmness.

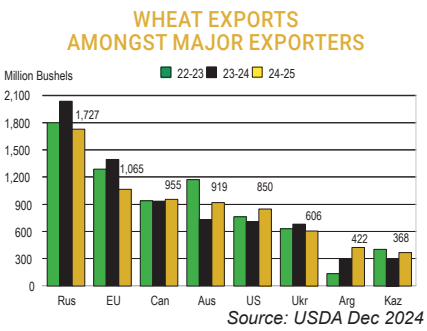
AVERAGE QUALITY FACTORS FOR NORTHERN GROWN DURUM WHEAT

QUALITY FACTORS	2024	2023	5 YR.
KERNEL DATA			
Test Weight - lb./bu.	60.8	61.3	61.4
Protein % (12% mb)	14.3	14.2	14.1
Damage %	0.6	0.4	0.8
Falling Number (sec)	463	394	404
Vitreous Kernels %	83	79	83
Grade	1 HAD	1 HAD	1 HAD
SEMOLINA DATA			
Gluten Index (%)	89	91	77
Semolina Color B	30.0	30.1	30.2
SPAGHETTI PROCESSING DATA			
Cooked Firmness (g-cm)	6.7	3.9	4.1

Export and domestic demand for both crops is projected to be strong this year, and the survey results are highly sought after by buyers each year, as they look for the best value in the crop, and identify the quality shifts compared to recent years. The sample collections, evaluations and reports are all funded with check-off dollars from wheat producers in the seven-state region. Electronic copies can be accessed at ***www.ndwheat.com.***

World Wheat Trade Shifts in 2024

The 2024 marketing year is bringing a shift in export market share amongst major suppliers, but remains a highly competitive environment, keeping prices on the defensive. Overall world wheat trade is projected at 7.9 billion bushels, the lowest level in three years, and down from 8.1 billion last year. A combination of tempered wheat demand in many countries due to struggling economies, and in some cases, larger domestic crops is leading to the lower overall trade forecast.



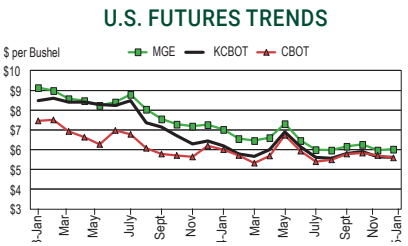
Russia remains the dominant exporter, accounting for roughly 22% of demand, followed by the EU at 13.5%, but both are capturing a lower share than the past two years. In Russia, a 12% smaller crop this past year, compared to the previous two, and increasing concerns about the potential of their 2025 crop has throttled back their projection. Much of this is expected to take place in the front half of the 2025 calendar year, as their current export sales pace remains robust. Recently, the government has raised their export tax to nearly $1/bushel, which will make Russian wheat less competitive in the near term. The government has also set the February to June 2025, export quota at just 400 million bushels, one-third of the quota for 2024. This was done because recent months have seen a near record export pace from Russia and domestic supplies are tightening. In addition, a recent crop report from the Russian State Weather Agency pegged 37% of Russia's winter wheat crop in poor condition, with a large share not even sprouted yet.

In the EU, the 2024 harvest produced the smallest crop since 2018, and has curtailed their export competitiveness. Perpetual cold, wet conditions during the growing season impacted both production and quality, with impacts most pronounced in France, Germany and Poland. These are typically some of the strongest competitors for mid quality wheat on the world market, as well as some smaller quantities of higher protein wheat. The quality impacts have shifted more of the crop into feed channels, and also raised the need for imports to boost both protein and milling quality supplies within the EU.

Canada, Australia, the U.S. and Argentina are all benefitting from the lower export push from Russia and the EU. Canada is projected to remain near the 950 million bushel level for a third straight year. A rebound in crop size in 2024, combined with a high grade and protein profile, a weak Canadian dollar, and more competitive inland freight are advantages. Australia is projected to rebound over last year, simply due to greater production. Harvest is still underway, and there have been some rain impacts on quality, but private forecasts have their crop size even larger than USDA's current projection. USDA is projecting a 1.2 billion bushel crop, up nearly 25% from last year. Depending on the extent of quality impacts from recent rains, current Australian export projections appear too low, and they will be a strong competitor in the Asian region.

Argentina is likely to see the largest year on year gains in exports with very strong production this year and a more supportive government export policy. USDA is currently estimating production at 645 million bushels, up 25% from the past two years. Exports are projected at 422 million bushels, well above the past two years, and local Argentina market analysts expect that could grow to 480 million bushels. They will certainly be a strong competitor in the South American region.

The U.S. is projected 20% higher in potential exports compared to last year, with the December USDA projection raised to 850 million bushels by the end of May. Current sales of all classes are running about 19% ahead of a year ago at 570 million bushels. Hard red winter and soft white are expected to see the largest year-to-year percentage growth, up 64% and 38%, to 220 and 210 million bushels, respectively. Hard red spring is projected to be the largest export class at 270 million bushels, for a second straight year, and up 15% from last year. Soft red winter and durum are projected to have lower exports compared to last year. U.S. export competitiveness has been volatile so far this year, with periods of greater than expected sales, followed by very slow sales. The strength of the U.S. dollar, and extended periods of elevated interior freight costs have been headwinds for a steady export pace. As of late November, with one-half of the marketing year completed, shipments are 32% ahead of a year ago, but sales on the books are down 2%, so a resurgence in demand will be needed in calendar year 2025 to reach projections. USDA anticipates a sharp decline in Russian sales in 2025, opening opportunities for U.S. exports.



U.S. futures markets have been in a downtrend since October, pressured by the increasing crop sizes in Australia and Argentina, the greater than expected early sales pace from Russia, and strong Canadian competition. In recent weeks, futures have seen steady to higher trends in all three markets. This is supported by strength in U.S. corn values, greater expectations of a slowdown in Russian wheat exports in early 2025, and the potential for an accelerating export pace for U.S. wheat.

2025 U.S. Winter Wheat Crop in Generally Good Shape

The U.S. winter wheat crop was 89% emerged as of the end of November, similar to the 5-yr average, and recent moisture has been beneficial in many areas. USDA rates the national crop at 55% good to excellent and 12% poor to very poor. This is slightly better than a year ago when 50% was rated good to excellent and 15% poor to very poor, and also a marked improvement from late October when just 38% of the national crop was rated good to excellent. In key HRW wheat states, the best crop ratings are in Kansas and Colorado, with the poorest conditions in South Dakota and Nebraska, which parallels the latest drought monitor map. While recent moisture has boosted crop ratings in key states, ongoing drought and the lack of significant snow cover remain risks to the crop in the next few months.

World Durum 2024

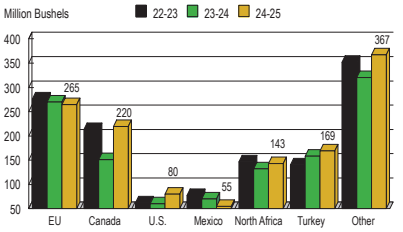
World durum production in 2024 is estimated to be 1.3 billion bushels, up 12% from last year and the largest crop since 2018. Canada, the U.S., Turkey, Russia, Tunisia and Algeria all saw larger production, while the EU, Mexico and Morocco had reductions. These year to year shifts in production are influencing early season trade dynamics, and the lack of transparency in emerging export markets is adding uncertainty to predicting future market trends.

The EU had it's third consecutive year of lower production, as growing season conditions were overly wet in key areas, impacting both yields and quality. This is leading to a dramatic shift in export and import volumes. In the current year, the EU is projected to need nearly 100 million bushels of imports, similar to the previous year, and well ahead of 40 million bushels just three years ago. Exports are anticipated to fall to 24 million bushels, about one-half the level of three years ago. Production shortfalls are the largest variable driving trade trends, but quality shortfalls in the 2024 crop are also curtailing exports and enhancing import needs.

2024 Canadian durum production is estimated to be 220 million bushels, up nearly 50% from 2023, supported by higher planted area and improved yields. A strong quality profile and weakened Canadian dollar will support robust exports in the coming months. Current projections are for Canadian durum exports to reach 184 million bushels, up from just 130 million last year. Shipments through the end of October stood at 35 million bushels, up 45% from a year ago. Sales have been the strongest to Italy, Morocco and into the United States.

Mexico will be less of a trade competitor for export demand in 2024 and 2025 due to much lower production. Production has declined for a third straight year due to water costs and restrictions, as well as a shift in government policies. Due to the strong import levels of non-durum wheat in recent years, the Mexican government is shifting subsidy priority to non-durum wheat, resulting in much lower durum planted area.

WORLD DURUM PRODUCTION



Source: Int'l Grains Council

Emerging competitors for world durum demand are Turkey and Russia. As the accompany chart shows, Turkish production has made two consecutive years of steady increases, and Russia, contained in the other category has made similar gains. The favorable price spread of durum to non-durum wheat is driving the larger production, as well as government incentives, resulting in a much higher level of exports from both countries. These exports have had a notable impact on typical trade dynamics in both the EU and North Africa the past two years. The lack of transparency on volumes and values has added uncertainty to trade. In the current year, Turkey, has been holding out for higher bids which has been supportive, but analysts expect them to become more aggressive in early 2025. Russian durum has eroded U.S., Canada and EU export share into North African markets.

U.S. durum production in 2024 is estimated at 80 million bushels, up more than one-third from 2023, supported by a notable gain in planted area and strong yields in North Dakota. Quality is high in the crop. These two dynamics position the U.S. well to compete in the export market.

U.S. DURUM SUPPLY AND DEMAND
Million Bushels | June-May

	23-24	24-25	% Chg.
Beg. Stocks	28	21	-25
Production	59	80	+36
Imports	45	45	0
Total Supply	132	146	+11
Dom Food	83	83	0
Dom Other	1	3	+3X
Exports	27	25	-7
Total Use	111	111	0
End Stocks	21	36	+71
S/U Ratio	19%	32%	

Source: USDA Dec 2024

The most recent USDA supply and demand projections remain very similar to a year ago for demand. Domestic food demand at 83 million bushel remains stable while exports are projected to fall slightly from 27 million bushels to 25 million. Current export sales are 11 million bushels, down from 12 million a year ago. Italy, Nigeria and Algeria are the largest markets for sales through late November. An improved U.S. export sales pace will be needed in early 2025 to reach the USDA projection, and keep potential ending stocks from building further, given the larger crop.

Higher Demand for HRS in 2024

The 2024 U.S. hard red spring wheat crop set a record for yields, driving production to 503 million bushels, 8% higher than a year ago. Available supplies for the marketing year are up 11% from a year ago, due to higher beginning stocks and a slight increase in projected imports.

These larger supplies have weighed on average market prices, but a nearly 14% potential boost in demand, if realized will be price supportive going forward, and a mitigating factor in keeping end of year stocks nearly the same as a year ago. Total demand is projected at 560 million bushels, with domestic food use at 259 million bushels, up marginally. Feed use is notably higher due to quality impacts from rain in some eastern production areas. Export demand is projected up 15% to 270 million bushels, as world supplies of higher protein, high quality wheat remain tight, even at the current premium price levels. Current U.S. HRS sales, as of late November are at 184 million bushels, up 14% compared to a year ago.

One variable to monitor going forward in the HRS Supply and Demand is imports. If the Trump Administration proceeds forward with tariffs on Canada, both HRS and durum final import levels will likely be lower. This would certainly be supportive to U.S. prices for these classes of wheat in 2025, depending on the level of pre-emptive buying that may be taking place currently by mills.

U.S. HARD RED SPRING SUPPLY AND DEMAND
Million Bushels | June-May

	23-24	24-25	% Chg.
Beg Stocks	155	190	+23
Production	465	503	+8
Imports	63	65	+3
Tot Supply	683	758	+11
Dom Food	253	259	+2
Dom Other	5	31	+6X
Exports	235	270	+15
Total Use	493	560	+14
End Stocks	190	198	+4
S/U Ratio	39%	35%	

Source: USDA Dec 2024

2024 Crop Quality Seminars, Promoting Quality to All Customers

It is widely known that North Dakota producers grow some of the highest quality wheat in the world and customers are willing to pay a premium for our wheat classes compared to other sources. When you're producing high quality wheat at a premium price, promoting that quality and why it is beneficial is extremely important. Promoting and explaining quality to customers around the world has been the goal of the U.S. Wheat Associates (USW) and regional crop quality reports and seminars for decades. The quality reports include thousands of quality data points on six classes of wheat covering grading, kernel characteristics, milling, bake and pasta quality. Producing the reports is a months long process with collaboration from state wheat commissions, quality labs and USDA. The grand finale of this effort is the in-person crop quality seminars that USW coordinates across seven regions, reaching thousands of customers.

The reports and seminars help reinforce our commitment to quality and transparency of data. While the data for each year is important, it is maybe even more important for customers to compare the data from the previous year in order to prepare for new crop changes in the mills, bakeries, and pasta plants. Erica Olson, Market Development & Research Manager for NDWC traveled this year with the Sub-Saharan Africa crop quality team. This region is a bit different from traditional customers in Asia, Europe and Central America where quality is well known. "In this region, having adequate supplies to feed their growing population is more important, but there is great potential in this region as incomes rise and also for use of HRS as an improver wheat. Having a consistent, reliable supply of wheat is even more important as geopolitical issues and conflict have impacted supply flows of wheat," said Olson. The African region shows great potential for increased demand.

The quality information was also shared with customers in North and southeast Asia, Europe, Central and South America, North Africa and the Middle East. Seminar presenters include university professors, retired U.S. wheat milling and quality professionals and state Commission and USW staff, and at times U.S. producers

Dr. Shahidul Islam, NDSU Wheat Quality, presented the HRS and durum data at the Southeast Asia crop quality seminars in November.

HB4 Wheat – A Path to Mitigating Drought? - Peter Laudeman, Director of Trade Policy, U.S. Wheat Associates

The global what industry is closely following the expanding development of HB4 wheat. HB4 is the world's first commercially available genetically modified wheat developed by Bioceres Crop Solutions (NASDAQ: BIOX), a relatively new company based out of Rosario, Argentina. HB4 is a gene from a sunflower that confers drought tolerance in wheat. Bioceres earns most of its money in biological crop protection and crop nutrition products, but the company is investing heavily to commercialize HB4 wheat not only in Argentina, but also the United States and Australia.

Today, farmers in Argentina are growing approximately 120,000 acres of HB4 wheat, and there is smaller scale production in Brazil. There is no HB4 wheat in any capacity in the U.S. today. Bioceres continues to actively pursue regulatory approvals in markets around the world. Some of these approvals are for growing HB4 wheat in the country, and some are food/feed import approvals so that the grain can be imported after being grown by a major exporter. In the U.S., the Food and Drug Administration confirmed food/feed import approval for HB4 wheat in June 2022. More recently, USDA approved HB4 wheat for cultivation in August 2024. Although this USDA approval is a huge step, cultivation approval is different from commercialization. Bioceres still has many steps to go before HB4 wheat will be available to U.S. farmers. Some of these steps include establishing partnerships with U.S. breeding companies, field trials and performance verification in U.S. varieties, and perhaps most importantly, export market approvals. This process is likely to take three to five years or more.

Bioceres staff demonstrates HB4 field trial performance in Argentina to a group of US Wheat Board members.

It is a well-established necessity for any new genetically modified seed product to secure food/feed import approvals for major U.S. wheat export markets, but is specifically outlined in detail in the Wheat Industry Principles for Biotechnology Commercialization as approved by the boards of the U.S. Wheat Associates and the National Association of Wheat Growers. In a September 9, 2024, investor call, Bioceres publicly committed to following this Principles document, including the requirement for regulatory approvals in all major export markets before commercialization in the United States.

As Bioceres continues to expand global acceptance of HB4 wheat, they have already secured a variety of other regulatory approvals. In addition to the United States: Argentina, Brazil and Paraguay have also approved HB4 wheat for cultivation. Colombia, Australia, New Zealand, Nigeria, South Africa, Indonesia, Chile, and Thailand have also approved the wheat for food and feed import. Studies of Argentinian wheat varieties with the HB4 trait have shown an impressive 19% yield boost compared to non-HB4 isolines in severe drought conditions. No HB4 trials have been conducted yet with U.S. wheat varieties.

HB4 wheat technology brings promising potential for addressing one of the most significant production challenges U.S. wheat farmers face. Additionally, HB4 may pave the way for other novel genetic modifications that can address pests, disease, and even end-use characteristics. This new chapter of scientific innovation in wheat offers benefits not only for farmers growing wheat, but also for customers seeking a more stable supply and consistent quality. HB4 wheat will certainly be a core global wheat industry driver for several years to come.

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Wheat producers wanted con't from pg 1

Dustin Johnsrud, NDWC representative from District 2, says that while producers are sometimes hesitant to take on the county rep position, everyone comes away with a great experience and expanded knowledge of the industry, and the Commission benefits from grass roots input. "Not every county representative has a goal to become a board member, but serving as a county representative still brings tremendous value to them and the Commission. Producers have an opportunity to see the end-products of their check-off contribution, gain valuable information on the latest industry issues, and have the opportunity to provide feedback to the board on issues pertinent to their respective area," says Johnsrud. Johnsrud is in the final year of his third, four-year term on the Commission board and says it has provided him a wide range of experiences. "I have represented the board on the National Pasta Association, traveled overseas to present at Crop Quality seminars and serve on the U.S. Wheat and Barley Scab Initiative, among others. While my involvement has provided me with a wider knowledge base, more importantly it has allowed me to educate the industry on production agriculture and give them a clearer perspective of producer needs and priorities. I would encourage anyone to become a county representative," he concluded.

Election dates and locations for counties scheduled at time of publication are listed below and will be updated on the website – ***www.ndwheat.com.*** If you have any questions about the county representative position or Board position, please contact the NDWC at 701-328-5111. You may also contact your local extension agent for more information on election times.

Cass – Feb 3, 2025, 1:00, Cass Cty Annex Bldg, Fargo
Richland – Feb 11, 2025, 11:45, Community Center, Hankinson