

Dakota GOLD

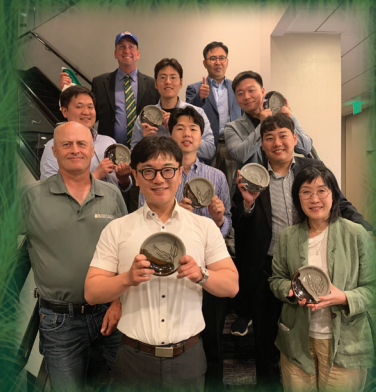


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Trade Teams Provide Opportunity to Engage Customers – Old and New

Each summer the ND Wheat Commission has the opportunity to host numerous trade teams sponsored by U.S. Wheat Associates. These teams provide an opportunity for our customers and potential customers to learn about the current production situation, farming practices, logistics, price outlook, research programs and make connections with individuals involved in each of those areas. It also provides producers the unique opportunity to meet the end-users of their product. Read on for a summary of this summer's teams!



The Korean Crop Survey team enjoyed an evening visiting with NDWC Board members Aaron Kjelland (top left) and Jim Pellman (bottom left). They received updates on the 2023 crop and learned more about each farmer's operation.

Korea Crop Survey Team

Korea is long-standing customer of U.S. wheat, and on average, is the fourth largest buyer of U.S. spring wheat with purchases of 16 million bushels per year. Korea is not a new market for U.S. wheat, in fact the USW/Seoul office recently celebrated their 50th anniversary. The country made their first purchase of U.S. wheat in 1972 and that has grown

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Birdsall Reappointed to NDWC Board

Mark Birdsall, Berthold, was reappointed to the ND Wheat Commission Board by Governor Doug Burgum. Birdsall officially began his second term on the board on July 1, 2023. The NDWC Board consists of seven Commissioners, six of whom are elected from their peers in their respective districts. The other board position is selected by the Governor from a list of three candidates nominated by a committee representing various wheat and agriculture related groups.

Birdsall and his family farm in Ward and Mountrail counties. The operation raises spring wheat, durum, barley, canola, peas, flax, lentils and soybeans. Mark is also a partner in Birdsall Grain and Seed LLC which is dedicated to the production of registered and certified seed and is a board member of NDSU Research Foundation. As a Wheat Commissioner, Birdsall currently sits on the board of U.S. Wheat Associates and is the Commission representative to the U.S. Durum Growers Association and North Dakota Crop Improvement Association. He was also elected Vice Chairman of the NDWC board at its July reorganization meeting.



According to NDWC Chairman Jim Pellman, Birdsall has been a great asset to the Commission. "Mark came to the Commission having served on many boards and with great leadership experience. He dove right in to his responsibilities as a Commissioner, taking on roles with various committees and related organizations," said Pellman. "You can tell he has a passion for wheat production and wheat related research and he has now jumped into roles promoting North Dakota wheat here in the U.S. and abroad. We're lucky to have him on the board," Pellman concludes.

Mark Birdsall, Commissioner-at-Large

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.

JIM BAHM.....DIST 1
4422 42nd Ave NW | New Salem, ND 58563
701.471.9423

DUSTIN JOHNSRUD.....DIST 2
6121 125th Ave NW | Epping, ND 58843
701.859.6155

JIM PELLMAN.....DIST 3
PO Box 314 | McClusky, ND 58463
701.220.1460

PHILIP VOLK.....DIST 4
4427 55th St NE | York, ND 58386
701.583.2338

SCOTT HUSO.....DIST 5
11931 County Road 2 | Aneta, ND 58212
701.789.9800

AARON KJELLAND.....DIST 6
12859 66th St NE | Park River, ND 58270
701.331.0574

MARK BIRDSALL.....COMM-AT-LARGE
PO Box 193 | Berthold, ND 58718
701.240.9507

Neal Fisher..... Administrator
Jim Peterson..... Policy & Marketing Director
Erica Olson..... Market Development & Research Manager
Keri Ell..... Accounting Specialist
Jolene Beehler..... Administrative Assistant

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Dakota Gold is published by the
North Dakota Wheat Commission
2401 46th Avenue SE, Suite 104
Mandan, ND 58554-4829

Phone: 701.328.5111
Email: ndwheat@ndwheat.com
Website: www.ndwheat.com

Trade teams can't from page 1

over the years to consistently reach over 50 million bushels of U.S. wheat per year. Korea relies almost entirely on wheat imports to meet their needs for noodles, bread products, and other wheat food products.

This year's crop survey team provided an opportunity for assistant managers from some of the largest flour mills to learn more about U.S. wheat production system. While in North Dakota, the group had the opportunity to learn more about the quality and breeding programs at North Dakota State University, tour the Northern Crops Institute and NDSU Agronomy Seed Farm, as well as receive crop updates and a market outlook presentation. The group also enjoyed an evening visiting with NDWC producer board members, learning more about their farms and respective production practices.



The Sub Saharan group visits with elevator manager Todd Erickson and NDWC Board member Scott Huso.

Sub Saharan Africa Team

The classes of wheat North Dakota produces – hard red spring and durum – sell at premium prices and often head towards established markets in Asia, Central American and Europe. However, we've seen growing demand for high protein wheat in markets in areas of Africa and the Middle East. This summer, the Commission had the pleasure of hosting a group from Sub Saharan Africa. Participants represented flour mills based in Nigeria and Kenya.

Nigeria is an established market for U.S. wheat and has been the fourth largest export market in recent years. Much of their import demand is for HRW and white wheat classes, but sales of HRS have ranged from 4.5 to 6 million bushels per year. Kenya represents an opportunity market for U.S. HRS. The market is extremely price sensitive, but there is demand for higher quality end-use products. Last year, U.S. sales of HRS to Kenya totaled 550,000 bushels and a similar amount was sold a few years ago. This trade team provided an opportunity to educate customers on the advanced U.S. wheat system, emphasizing the focus on quality and reliability. In addition to receiving information on HRS quality, logistics and marketing, the team visited a shuttle elevator facility and NDWC Board member Scott Huso's farm. As always, the exchange of information between customers and producers was a highlight of the visit.

SE Asia Bakery Team

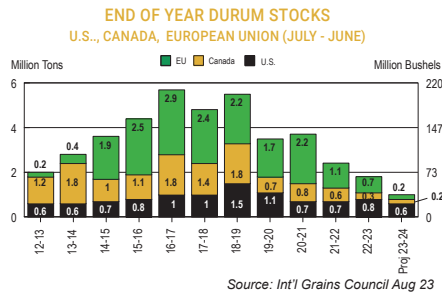
The Southeast Asian region is extremely important for U.S. HRS, accounting for nearly 40% of total export demand. Customer visits from this region of the world are not unusual, but the majority of the time, team composition is made of flour millers and procurement staff. For the second year, USW sponsored a team from the region comprised of member from prominent bakeries from Philippines, Singapore and Vietnam. The companies represented on this team have tremendous market share in their respective countries. This type of team also provides an opportunity to hear a different perspective from some of our largest customers.



The bakery team visits with and sees quality demonstrations from the NDSU wheat quality team.

The visit allowed the participants a chance to get a feel for the whole system – from wheat field to flour mill. Presentations covered the current crop situation, an explanation how supply and demand factors affect wheat prices, and how certain wheat and flour quality parameters impact end-use quality. The visit was also an opportunity for North Dakota to showcase how high quality spring wheat can give bakers an advantage in certain products. The team concluded their visit with a tour of a shuttle elevator facility and dinner and conversation with producers.

The world durum supply situation has tightened dramatically since the early summer period, in contrast to overall world wheat. World durum production is currently pegged at 1.12 billion bushels, the smallest crop in more than 20 years, and 7% less than a year ago. Late spring estimates projected for a crop larger than a year ago.



Production began to tighten in the late spring on expanding drought conditions across North Africa, as well as parts of the EU durum growing region. In other areas of the EU durum growing region, heavy rains prior to and during harvest greatly

reduced the portion that was milling quality. In North America, Mexico, Canada and the U.S. are all looking at lower production than a year ago, with the most precipitous decline in Canada. In both Canada and the U.S., crops had decent soil moisture in May and early June, but conditions turned progressively drier into late June and through much of July.

The most recent Statistics Canada report, released at the end of August, but based on July conditions, estimated the yield at 26.8 bushels per acre, a 25% drop from a year ago, and well below trend-line yields. Their production is estimated at 156 million bushels, well below the 2022 crop of 213 million bushels, on similar acreage. Early season estimates were closer to 200 million bushels. A follow-up estimate will be released on September 14, and that will be based on August models of crop conditions.

In the U.S. production is pegged at 57 million bushels, with current USDA yield estimates at 28 bushels per acre in Montana and 35 bushels per acre in North Dakota. Early harvest results from producers are indicating better than expected yields in many areas, with above average yields in southwest North Dakota. Expectations are that final yield estimates may move higher in both states, but the level of increase will be tempered by the fact that many yields in northeast Montana and northwest North Dakota, where the vast majority of U.S. durum is grown, remained below trend-line.

Harvest of both the U.S. and Canadian durum crops was around the half way point at the start of September, so the final production and quality profile of the crops is still being determined, and a high level of uncertainty remains. In the U.S. many areas are reporting good quality, but the quality is more variable than recent years, with pockets of lower vitreous kernels, some areas of lower protein levels, and some areas of lighter test weights. If quality is lower than expected on the yet to be harvested fields, it will only add to the tightness. In Canada, there are also reports of some variability in grade quality, but the sheer drop in production since June is the dominant variable in their market.

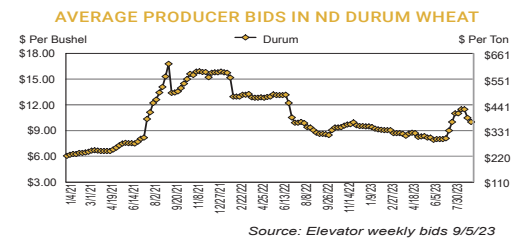
World trade in durum will be lower than last year and below the five-year average, simply due to the fact that Canada will need to curtail exports. Last year they exported 190 million bushels, well above current production. Demand will also be curtailed to

some degree by demand rationing due to both price and availability, as well as substitution of non-durum wheat for certain pasta products, where allowable. In many markets, non-durum wheat prices are 35% lower. Many longtime customers of durum for pasta or couscous will still demand durum however.

In the near term, some greater than expected export volume from both Turkey and Russia has met some of the nearby demand in Europe, and Turkey touts it plans to fill much of the void left by Canada. Time will tell. USDA is projecting stronger exports for U.S. durum, and current sales are about 50% stronger than a year ago.

The accompanying chart illustrates the recent trends, and current projections for ending stocks of durum in the EU, Canada and the United States, based on International Grains Council forecasts. While it is only one projection, and some private sources say stocks are not that tight in the EU, it clearly shows the potential tightness facing the world durum supply over the next nine months. World durum ending stocks could reach 30 year lows, depending on how much demand rationing takes place, with Canada and the EU at historical lows.

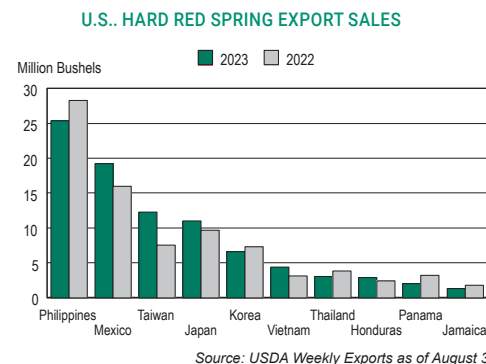
Durum prices moved sharply higher in August, reaching as high as \$11.50 per bushel at local elevators. Similar price increases were also



seen in Europe. Prices have declined into September, due to the unanticipated volume of durum exports from Turkey and Russia, and harvest progress in the U.S. and Canada, stabilizing near the \$10 per bushel level, locally. Prices look to remain volatile going forward, as the final production and quality of the U.S. and Canadian crops remains uncertain, and buyers are still adjusting to the sharply tighter supply situation than anticipated just 3 months ago.

HRS Exports Poised to Gain

Current export sales of HRS wheat are at 103 million bushels, as of the end of August, which is on par with a year ago, and already at 50% of USDA's projection. Odds favor USDA showing higher projections in future reports due to the positive early pace, shortage of higher protein, quality wheat on the world market and lower Canadian production. HRS is currently the largest export class from the U.S., offsetting HRW which has constrained supplies and intense world competition from many sources.



The current top ten markets for U.S. HRS export sales are shown in the accompanying table. All of the markets are traditional customers

of U.S. HRS wheat, but some shifts have taken place in rankings. The Philippines accounts for nearly 25% of current sales, but is slightly below a year ago on purchases due to sticky flour demand. Mexico was a strong market last year, and continues that pace again this year. They are up by nearly 20% in purchases and have overtaken Japan as our number two market. Short-falls in HRW production, the ability to buy direct via rail, and the value millers have found in using HRS as a “blending or improver” wheat for other sources of wheat, is driving demand.

Taiwan, Japan and Korea round out the top five markets with 10% and 12% higher sales to Japan and Taiwan, respectively, while Korea is slightly below. Vietnam continues to show it is a growth market for HRS sales, with early season sales up 40 percent. Thailand holds the number seven spot for demand but is down about 20% year-to-year. Honduras, Panama and Jamaica round out the top ten. Our top ten markets account for 86% of the current sales, indicative of the current world situation in non-traditional markets, where U.S. HRS prices remain well above world values.

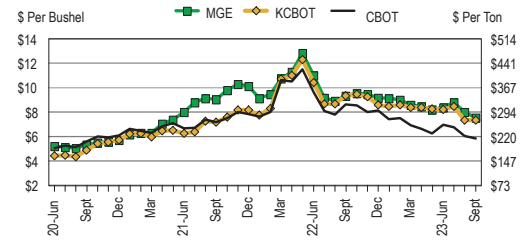
The final quality profile of the 2023 HRS crop will be a key variable in our ability to optimize future export sales. While much of the crop has been good quality, variability exists. There are portions of the crop which is very low in protein levels, and color or vitreous kernel counts is lower in broad areas. Some areas are seeing significant pricing spreads for quality as a result. Protein could command stronger price premiums as the marketing year progresses, as the majority of our international buyers specify 13.5% protein or higher, and the crop average protein is likely to fall between 13.5 and 14 percent.

Overall U.S. demand continues to be challenged in the world market, with sales at 290 million bushels, down 20% from a year ago. As the accompany chart shows, world wheat prices have been under significant pressure since early summer, depicted by Chicago futures.

HRS and HRW futures continue to trade at a premium, but have been pressed lower by world values. Black sea origin wheat continues to make its way onto the world market, in spite of no renewal of the shipping agreement, and Russian wheat continues to set the price for world wheat values.

Some factors which could shift the current challenging demand pace for U.S. wheat include potential imports by India to curb food inflation, stronger imports of quality wheat by China, and low quality wheat in many parts of northern and eastern Europe due to rains at harvest. While U.S. supplies remain relatively tight, and higher priced in the world market, quality remains strong across most classes, especially relative to many world competitors. There is a greater share of feed quality wheat in world production this year, and as the marketing year progresses, demand for quality wheat is expected to increase, which would be beneficial in driving a stronger U.S. export sales pace into the second half of the marketing year.

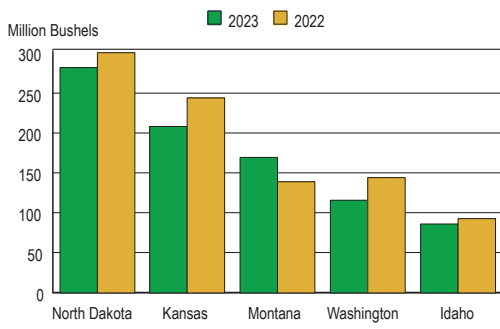
U.S. FUTURES TRENDS



U.S. Wheat Production Shifts in 2023

The most recent USDA production estimate for total U.S. wheat production is 1.73 billion bushels, on roughly 38 million harvested acres and a yield of 45.8 bushels/acre. Production is up 5% from the 2022 crop of 1.65 billion bushels, which had 35.5 million harvested acres and a yield of 46.5 bushels/acre. There were 4.1 million additional planted acres of wheat in 2023, but only 2.5 million additional harvested due to the severe drought conditions in HRW regions.

U.S. WHEAT PRODUCTION - TOP STATES



Source: USDA Aug 23

North Dakota remains the largest wheat producing state at 282 million bushels, although down from 300 million a year ago. Kansas, which bore the brunt of the drought in the hard red winter region is estimated at 208 million bushels,

down from 244 million a year ago. The other top five states in 2023 are Montana at 169 million bushels, Washington at 116



million bushels, and Idaho at 87 million. Montana is the only top five state to see higher production than a year ago, at least based on current estimates.

By class, soft red winter wheat, which is primarily grown from Missouri through the eastern corn belt enjoyed the best growing conditions this year, with statewide average yields of 90 bushel per acre achieved in Ohio and Indiana. The early drought in that part of the corn belt helped limit disease pressures on wheat. SRW production is up 31% on the year to 440 million bushels, overtaking HRS as the second largest class of wheat.

Hard red winter is estimated up 10% to 585 million bushels, in spite of the severe drought conditions. Gains in Nebraska, Colorado, Wyoming and Montana, offset lower production in Kansas, South Dakota and Texas. HRS production is currently estimated at 413 million bushels, down 7% from a year ago, with soft white wheat at 239 million bushels, down 10%. Both classes were impacted by dry conditions mid growing season, with the PNW also experience very hot temperatures. With harvest still ongoing in the HRS region, and many harvest reports pointing to a better crop than expected, it is likely HRS production will be raised in future USDA reports.

In-Field Experience Provides Educational Opportunities for Customers - written by Amanda Brusseau, NDWC Communication Consultant

There are many individuals working the wheat industry - grain trade, flour mills, bakeries, USDA, councils and commissions, universities and breeding companies – that have never stepped foot in a wheat field. Their opportunities to do so are mostly limited by their work location and lack of opportunities. One event that does bring the industry to the wheat fields is the Annual Hard Spring Wheat Tour hosted by the Wheat Quality Council. The tour takes 16 vehicles on 8 different routes across the state. They assess yield potential, look for disease and pest issues, and make observations in comparisons to previous years.



Wheat tour participants gathered at the NDSU Agronomy Seed Farm in Casselton for a training session. Dr. Clair Keene gave a general crop overview to the group and provided information on growth stages.

North Dakota are important assets to the company because most of their hard red spring wheat is sourced in the state. He also provided perspective on wheat quality, "For baking customers, the largest change they see typically in the flour that we deliver to them happens once a year at harvest. So, any information we can obtain as millers about what the upcoming crop is going to look like can help us prepare and communicate that to our bakery customers." While quantity is important to the

Reuben McLean is the Senior Director of Quality and Regulatory at Grain Craft, the 3rd largest and the largest independently owned milling company in the US. McLean was on the 2023 tour and explained why events like this were needed. He notes that the Midwest and

farmer, quality needs to also take a front seat because that is what many buyers of wheat and durum products look for. The best way to achieve both is to constantly gather information for all steps from seed genetics to harvest and beyond to better the crops, practices, and markets each year.

Mory Rugg is the Senior Wheat Breeder for The Arthur Companies and attended this year's tour. He said that the importance of this tour lies in educating the industry people visiting the state. "For many of the participants, it is their first time visiting our state, and many do not have a lot of experience in the field, so it is an opportunity to demonstrate the challenges in growing a wheat crop and agriculture as a whole. Some of the attendees have never been to a grain elevator, and many of these individuals work directly with purchasing wheat/flour for their products or work in Washington D.C., so it is important to show them how grain is handled. Many of the individuals I have encountered are amazed to learn how diverse North Dakota agriculture is, such as honey production or looking at a blooming flax or canola field. So, while the tour is focused on wheat, it is also an opportunity to showcase North Dakota." North Dakota wheat plays a huge part in global food production and it is important that all areas of the market are exposed to the quality wheat growing in the region.

With the diversified crowd, they were all able to take pertinent information for their industry back with them and that information will be used to further progress agriculture and its operations. The education from this tour also assisted in better understanding the role that North Dakota and quality wheat play in the markets. Overall, the Peace Garden State continues to produce quality hard spring wheat and durum that competes domestically and globally and provides education to the agriculture industry. That is certainly something to be proud of!

Buyers Conferences Provide Opportunity to Build and Strengthen Relationships

U.S. Wheat Associates (USW) has hosted three buyers' conferences in 2023 in key U.S. export regions – South and Southeast Asia, Latin America, and North Asia. Jim Peterson, NDWC Marketing and Trade Policy Manager, was invited to present crop updates on HRS and durum at the Latin American conference in August. The conference brought together about 150 customers with U.S. wheat producers, Commission staff, trade, marketing and logistics experts. The theme of the conference was "Successful Strategies for Your Supply Chain", a fitting theme given the price volatility, production challenges and logistical issues over the past few years.

Peterson noted that these conferences provide a great opportunity to connect directly with customers and present them with the current outlook on the availability and quality of our hard red spring and durum wheat crops. "Customers appreciate the direct connection with producers and those of us representing the farm level perspective. I think they feel they get a more genuine picture," said Peterson. "One take away for me, after visiting with numerous customers is that U.S. HRS wheat is still very much preferred by millers, bakers and consumers, for the quality and

predictability it brings to the table. It is just a tough environment now with the economic headwinds, and even political strife in many countries. They are always willing to pay a premium for our wheat, but the tough economic conditions in markets, and the U.S. gap to world prices makes the sale a bit more challenging," he added.

The Latin American region represents about 20% of HRS export demand, and despite market condition challenges, Mexico was the second largest HRS customer last marketing year and sales so far in 2023-24 are up nearly 20% - a positive for HRS demand!



Jim Peterson (third from left) provided perspective on the HRS and durum crops as part of a panel discussion at the USW Latin American Buyers Conference.

Dakota GOLD

Do Yourself a Flavor and Enjoy Pasta Month

The North Dakota Wheat Commission is celebrating National Pasta Month in October and they encourage you to as well! The Commission has celebrated Pasta Month for decades as a way to recognize the state's durum producers, mills, and pasta manufacturers and the role they play in putting pasta on the plates of consumers around the world. Each year, a new theme is developed to celebrate the occasion. This year's theme is "Do Yourself a Flavor!" – an encouragement for consumers to enjoy their favorite pasta dish or try a new recipe. Pasta is an extremely versatile food and the dishes made from this staple food range from comfort style dishes to unique pasta dishes made with non-traditional ingredients. With over 600 shapes of pasta, diverse sauce options and unlimited options for vegetable or protein add-ins, there are endless possibilities for delicious meal options.



North Dakota remains the largest durum producing state in the country with average production of 35 million bushels, enough to produce 1.5 billion boxes of pasta! The state also boasts numerous processing facilities including Minot Milling (a division of Philadelphia Macaroni), Dakota Growers Pasta (8th Avenue Pasta) and the North Dakota Mill, in addition to some smaller facilities. While the bulk of the state's durum production is processed in country, about 30-40% of production is exported in a given year. Top export markets include Italy, Algeria, Morocco and Nigeria.

To help celebrate Pasta Month, the Commission will be partnering with statewide media to provide durum and pasta facts and trivia. Readers and listeners will have a chance to win a pasta prize package, so have your ears and eyes open! Thank you to our prize sponsors: Dakota Growers Pasta, Philadelphia Macaroni, North Dakota Mill, and the U.S. Durum Growers Association.