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Dakota GOLD

NORTH DAKOTA WHEAT COMMISSION

Producer Workshop Provides Glimpse into Final Product and Export Process

Many producers may not be fully aware of what happens to their wheat after it leaves their farm and even if they do know, few have a chance to see the journey first hand. A recent producer workshop sponsored by the NDWC at the Wheat Marketing Center (WMC) in Portland, OR provided this opportunity for board members and county representatives.

Brian Fransen, McLean cty rep; Erica Olson, NDWC staff; Tom Bernhardt, Emmons cty rep; John Steffan, Nelson cty rep; Ed Kessel, NDGGA rep; Mark Birdsall, NDWC Commissioner; David Thom, McHenry cty rep; and Scott Huso, NDWC Commissioner.

The WMC provides technical training and grower workshops, innovative research, product development, and crop quality testing services. The NDWC is one of eight state wheat organizations that provides funding support for WMC activities, and NDWC board member Scott Huso is currently the Vice Chair of the WMC board of directors.

While Portland may seem like a long way from the wheat fields of North Dakota, the PNW export region is important for North Dakota wheat producers as nearly 75% of U.S. HRS exports go through these ports. Brian Fransen, NDWC McLean county rep recounts his experience below.

When I was presented with the oppor-

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Hardy and Slaubaugh elected to Wheat Commission Board

County and district elections for District 1 (southwest ND) and District 4 (North Central ND) are complete and two producers were elected to serve four-year terms on the North Dakota Wheat Commission (NDWC) board. Don Hardy, Beach, and Glendon Slaubaugh, Rugby were elected to their first terms. The terms officially begin on July 1, 2024.

Commissioner elect, District I, Don Hardy, Beach

Hardy has been the Golden Valley county representative to the Commission since 2020. He is also the Vice President of the Beach Coop Grain Co., and past director on the North Dakota Grain Growers Association. Hardy grows spring wheat, durum, canola, corn, peas and lentils on his farm near Beach. “I believe that we as wheat producers need to promote our industry, and we have that opportunity with the NDWC. I look forward to representing my district on the Commission,” said Hardy.

Commissioner elect, District IV, Glendon Slaubaugh, Rugby

Slaubaugh was elected the Pierce county representative, this is his first term. He started farming in 2018 and is a fourth-generation farmer. Slaubaugh also runs a trucking company and ag spraying business. He has six siblings and his parents and some of his siblings remain an active part of the farming operation. The farm near Wolford grows durum, spring wheat, canola, soybeans, corn and barley. “Being new to the Commission, I look forward to learning more about the industry and our markets. I appreciate the opportunity to represent local wheat producers at the state and national level,” Slaubaugh stated.

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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.

Dakota GOLD

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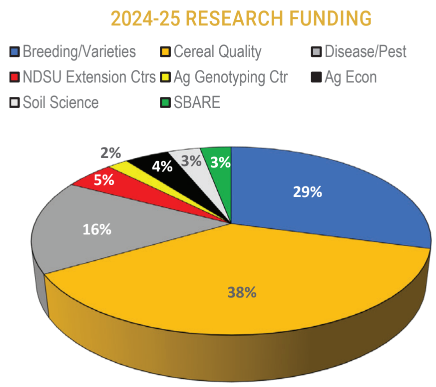
Commission Approves 2024-25 Research Funding

At its March research review meeting, the NDWC approved research requests in the amount of $1.24 million, up marginally from the previous year. While the number of research requests and dollar amount continue to increase each year, Commission check-off revenue has remained stable, requiring board members to make strategic funding decisions that are most beneficial to producers. Breeding and end-use quality related projects remain the two largest funded areas. Producing quality germplasm with attractive agronomic characteristics is a key goal of this research arena. Maintaining the finest quality traits for the classes of wheat grown in our state is key to maintaining market share and premium prices compared to other classes of wheat. These two areas of research tend to be longer term projects.

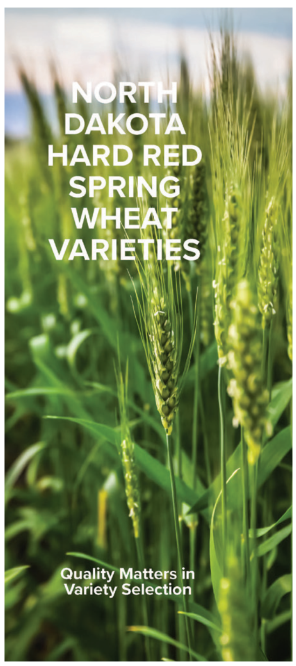


In recent years, more regional projects aimed at specific production needs have increased and provide shorter-term results for producers. Some of these project areas include disease management, managing different soil types and conditions, DON analysis, and high input management. Other funded research areas include disease and pest management, ag econ studies and soil science. The NDWC also provides matching funds for wheat projects funded through State Board of Ag Research and Education (SBARE).

Producers Encouraged to Prioritize Quality in Variety Selection

Producer awareness of quality differences among wheat variety choices is important to maintaining the premium paid for the hard red spring wheat class. Direct premiums paid at the elevator to producers, or conversely discounts taken are usually for measurable factors that can be quickly assessed in the grain marketing stream, such as protein, grade factors, DON, and falling number. These are certainly important for end-use wheat quality, as well as meeting contract specifications, but they are not the sole reason why customers prefer U.S. HRS wheat over competing wheats.

There are other important factors that are not quickly measured in the grain trade, including milling, dough and bake parameters. Specifically, flour extraction, dough strength, water absorption, loaf volume and baking qualities. These factors are driven largely by genetics in the wheat, environment, and the interaction of both.



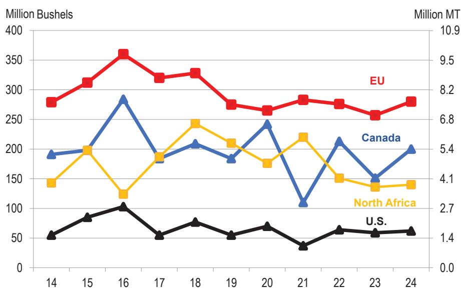
Producers can learn more about the differences in the end-use quality performance of available HRS varieties by referring to a recently released brochure that is available for download on the NDWC website, *www.ndwheat.com/publications/variety survey*. In the brochure, varieties that were grown in the annual NDSU commercial statewide variety trials were evaluated for milling and baking parameters, and given a score for how they performed. The varieties in the green category scored the best, with those in the yellow and red scoring poorer for needed end-use traits desired for the HRS wheat class.

As producers select varieties that have the needed agronomics for their growing region, choosing varieties with a higher quality score will help to ensure the U.S. HRS class continues to deliver unique benefits to customers, securing a premium in the marketplace. Many varieties have strong yield potential, good agronomics and good end-use quality.

World Durum Production Poised to Rebound

The 2024 world durum crop is beginning to take shape, and early projections are for about a 10% rebound in production over last year. The International Grains Council is projecting a 1.27 billion bushel crop, on par with the 2022 crop, but at a production level that will not significantly build inventories. Higher output potential is being paced by rebounds in the EU, Canadian and U.S. crops, as well as expected strong crops again in Turkey and Russia. Another year of drought in much of the North African region is a tempering factor in world output.

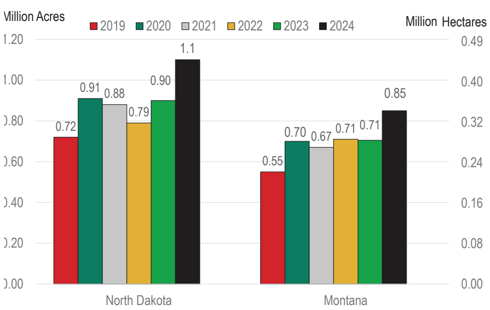
WORLD DURUM PRODUCTION



Source: Int'l Grains Council

In the EU, planted area to durum fell below expectations due to adverse weather at planting, but yields are expected to more than compensate. Canadian durum area is expected to increase by 5% from 2023 to 6.3 million acres, based on a March survey by Statistics Canada, with production gains at a higher percentage as early optimism expects yields to recover from the 2023 drought. U.S. durum production is likely understated by the IGC in this chart, as it was released before the USDA Planting Intentions survey in late March. The USDA survey indicated U.S. durum plantings could reach 2 million acres, up more than 20% from last year.

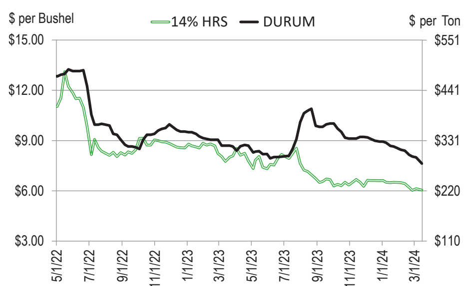
U.S. NORTHERN DURUM WHEAT PLANTED AREA



Source: USDA Prospective Plantings

Both Montana and North Dakota producers are indicating greater interest in durum, driven by the price premium of durum to hard red spring wheat, and the sharply curtailed contracts offered for malt barley. Based on the initial survey, acres could be well above levels of recent years. The price premium for durum has narrowed considerably from earlier this winter but remains at a wider price level than the past couple of springs, likely holding a stronger level of interest in durum once planting commences. Final planted acres could likely fall short of the March survey, as gains in traditional durum areas will not be as significant as non-traditional areas.

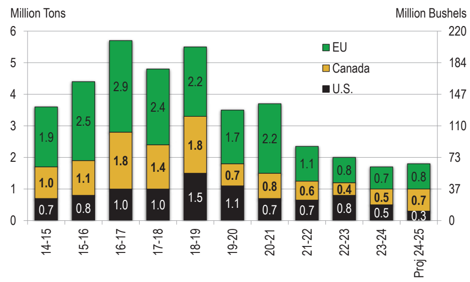
ND WHEAT PRODUCER BIDS



Source: Local Elevator Cash Bids

Other important world durum producing regions to follow include Mexico, Algeria, Tunisia, Morocco, Turkey and Russia. Mexico is expected to have a smaller crop, according to the IGC, and persistent drought conditions in much of the North African durum region is pulling back production estimates from earlier this winter. Both Turkey and Russia are expected to have larger production for a second straight year, due in part to Government incentives in Turkey, and the price premium for world durum versus bread wheat in Russia. Final outcomes in North Africa, as well as Turkey and Russia will be important variables in durum price trends in the summer and fall of 2024, as North Africa accounts for the largest share of world durum import trade, and Russian and Turkey are emerging export competitors that are willing to sell large volumes below North American and EU values.

END OF YEAR DURUM STOCKS
U.S., Canada, European Union (July - June)



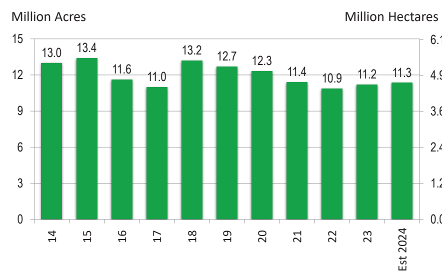
Source: Int'l Grains Council

World durum prices have been flat to lower in much of early 2024, in large part due to the expectations for increased world production, but also tepid demand for pasta and other durum products in some market segments. In markets where consumers do not have a strong preference for durum pasta, higher protein bread wheats are being substituted or blended, and world economic conditions remain somewhat anemic in many markets. A larger world crop, if realized, will keep market trends in the favor of buyers, but world durum carryover inventories should not be overlooked. Carry-in inventories in the EU, Canada and the United States remain historically tight, and even with the projected rebound in world production, inventories are still projected to remain similar by early summer 2025, leaving little cushion if production or quality shortfalls develop in the 2024 crop.

U.S. Spring Wheat Acres Projected Up Slightly

Spring wheat producers across the U.S. indicated they intend to plant slightly more acres in 2024, up 1% from 2023 on a national basis to 11.3 million, based on a March USDA survey. This was higher than pre-report expectations by industry participants, who were anticipating a 300,000 acre decline on average, rather than a 100,000 acre increase. Acreage has held mostly steady the past three years in spite of strong crop competition, although down from the peak of 13.4 million in 2015. Final planted acres will vary from the March survey, but likely not significantly unless

U.S. SPRING WHEAT PLANTINGS



Source: USDA NASS

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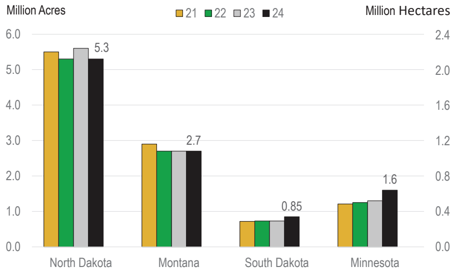
Spring Wheat Acres con't from pg 3

U.S. SPRING WHEAT PLANTINGS BY STATE



Source: USDA Prospective Plantings

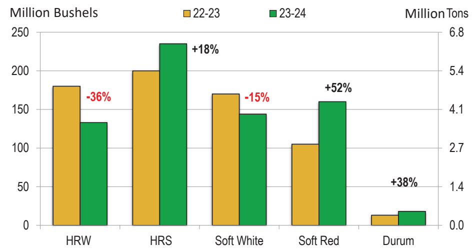
a notable shift in planting weather happens, or an unexpected shift in market trends for competing crops develops.

It is interesting to see how trends varied by key states. In North Dakota, the survey showed a potential drop of 5%, or 250,000 as oilseeds, durum and even corn seem to be pulling acres, depending on the area of the state. In Montana, planted acres have held near the 2.7 million acre level for three straight years, and the decline in barley acres likely helped hold spring wheat acres in 2024. In South Dakota, HRS plantings will nearly equal their level of HRW acres. The potential for an earlier spring, poor corn prices and a slight decline in HRW acres last fall are likely factors supporting the higher acre potential. In Minnesota, producers indicated a potential 300,000 acre increase to 1.6 million, which would be the highest level since 2018, and 23% above 2022. Recent years of strong yields and protein, and prospects of an earlier planting season likely were supportive factors.

All wheat acres in the U.S. are estimated at 47.5 million for 2024, down 4% from 2023, or 2 million acres. Winter wheat planted area is estimated at 34.1 million acres, down 7%, or 2.6 million acres from last year. The largest declines were in soft red winter states, and Kansas, Colorado and Texas in HRW regions. The lower planted area is somewhat muted for market concern in the near term, as current crop ratings are above a year ago, and more areas than not, are sitting OK for moisture, although there are concerns about expanding drought in areas.

International demand remains strong for the HRS class, as HRS does not compete directly in the crowded world channels overrun with Russian wheat, helping to keep pipelines moving. A shortage of higher protein, higher quality wheat on the world wheat market is supporting exports of both U.S. and Canadian spring wheat. This year U.S. HRS exports are benefitting from a resurgence in demand from the Philippines, another year of strong sales to Mexico, recovery in other Asian markets, and building demand in Vietnam.

EXPORT PACE FOR U.S. WHEAT
(shipments and sales as of end of March)



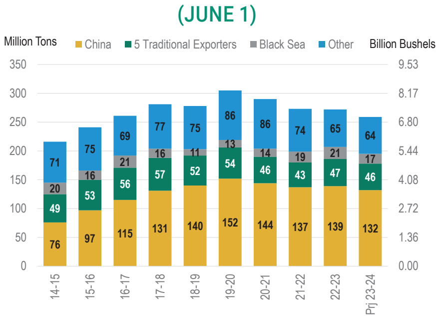
Source: USDA Mar 24

Will 2024 Bring a Change in World Wheat Dynamics?

World wheat prices have dropped sharply compared to 2 years ago, due to successive years of large Russian wheat crops, and aggressive movement onto the world market. In addition, world leaders have continued to make it a priority to keep Black Sea wheat flowing, in part to support Ukraine, but also to limit sharp price gains in world grain prices which may cause political tensions in many of the poorer economies in Africa and the Middle East. It has certainly been a challenging time for grain producers in the U.S., the EU and Canada however, as prices have fallen while production costs remain elevated.

Will this trend continue into 2024? In the short run, there certainly appears to be plentiful wheat supplies available to the world market, and some early projections for world wheat production in 2024 point to steady to higher output. However, world wheat ending stocks have fallen for 4 consecutive years, leaving less of a cushion for any production challenges in the 2024 crop, and a more supportive base for prices.

WORLD WHEAT ENDING STOCKS (JUNE 1)

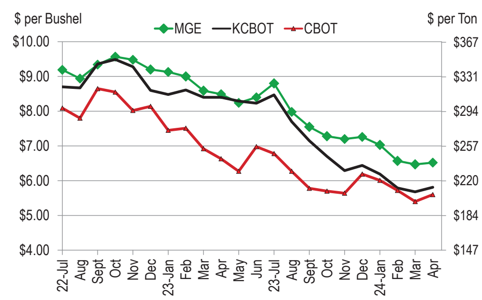


Source: USDA Mar 24

There are also some other variables to watch, which could provide additional support to world wheat prices, and shift some of the dynamics that have prevailed the past two years. In the Black Sea region, while 2024 production estimates remain at lofty levels compared to a few years ago, Russian wheat plantings are estimated at a three year low, and Ukraine production may fall by 15% due to less planted area and challenges with inputs last fall. In addition, an emerging struggle between Russian authorities and some of their largest export companies is threatening to hamper the pace of Russian exports in the coming months.

Another country to monitor is India in 2024. Declining government stocks raise the potential for wheat imports, if production problems develop in the current crop. Elections in late April are keeping pressure on Government leaders to restrict imports in the near term to keep rural voters from protesting, but it will be a balancing act to maintain sufficient wheat supplies to keep prices for bread and other products from elevating as the year progress. If India were to come into the world market and buy, it would certainly be a supportive factor for prices, even though it would likely not be U.S. origin.

U.S. FUTURES TRENDS



World market values for wheat, as measured by the Chicago futures have stabilized some, and shown signs of some periodic gains, with HRS holding a premium to those prices. Hopefully it is a sign of a more supportive price structure to develop in world wheat, which would benefit wheat producers outside of the Black Sea region.

NDWC Chairman Jim Pellman has Opportunity to visit customers in China and Vietnam *Excerpts of this story courtesy of U.S. Wheat Associates. View the entire story at www.uswheat.org*

Wheat farmers from Maryland, Minnesota and North Dakota toured flour mills and bakeries in Vietnam, getting a close look at how U.S. Wheat Associates (USW) works with customers to promote U.S. wheat. The group also traveled to Guangzhou, China, where it met with grain traders and attended the 40th anniversary of the Sino American Baking School (SABO). Jim Pellman, NDWC Chairman and USW Secretary/Treasurer was part of the group, along with Mark Jossund, MN and Jennifer Schmidt, MD. Luke Muller, USW Assistant Director led the group.

Muller said a lot of ground was covered on the week-long mission. "Vietnam and China are two very distinct markets. The team saw the different ways different classes of U.S. wheat are being used by our customers. The farmers were also able to witness the strong relationships USW has built with key industry leaders in both places," he said.

Jim Pellman, NDWC Chairman/USW Secretary/Treasurer; Jennifer Schmidt, MD; Mark Jossund, MN; and Luke Muller, USW Assistant Director.

Working close with the millers and bakers allows USW to strengthen those relationships even more, Muller explained. "There is a lot of interaction," Muller said. "The farmers were able to pick up on that." The team toured flour mills and bakeries in Vietnam and China. The trip allowed wheat farmers to meet and interact with their customers in both countries, a key component to building relationships that help build and maintain markets for high quality U.S. wheat. China is often a top 10 customer of U.S. and this year ranks as the third largest export market with sales at nearly 80 million bushels. U.S. export sales to Vietnam this year are up 20%, with a large portion of the sales being HRS.

According to Pellman, building customer relationships is integral to maintaining and expanding markets. "Customers, especially in Asia, still value face to face contact and long-term relationships. They appreciate meeting with the producers that grow the wheat they purchase," he said. Another key reason relationship building is important is that U.S. wheat is definitely not the cheapest in the world. "Customers purchase it for its quality attributes, and that is what we compete on." Pellmen commented. "We need to keep building these relationships so we can showcase our quality to our customers. USW staff is doing this everyday – showing mills, bakeries and other customers – how U.S. wheat can improve the quality of the end product," he added.

Highlights of the trip included visiting some of the largest mills in the region, exploring small independent bakeries, visiting trading companies, and seeing firsthand examples of USW technical servicing in various mills and bakeries.

Producer Workshop con't from pg 1

tunity, I jumped at it. Experiences like this prove the impact that our check off dollars have, not only domestically but globally. We have very passionate and knowledgeable professionals promoting our wheat to the world. The WMC in Portland was a great host; in their lab, we saw first-hand why U.S. wheat, and in particular, hard red spring wheat, is sought after by our customers – because of its superior quality. Our wheat is not the lowest priced product in the market, so it is crucial to demonstrate why our customers and potential customers should pay more for the high-quality product we produce. The lab at the WMC demonstrated the differences between high and low quality wheat used in baking everything from bagels to crackers.

The visit highlighted the logistics involved in moving our wheat to the world. At the United Grain elevator, we got to see a facility that brings grain in off river barges, rail and trucks and then loads it on ships typically destined for SE Asia. This facility handles 20-22 million bushels of grain per month. We also had the opportunity to take a quick tour of the Willamette River aboard the Samantha S, a $19M, 8,440 horse power tugboat courtesy of Shaver Transportation.

As farmers, we read articles and see photos of all that is involved in moving our grain to the world in magazines and online, but to witness the magnitude of it first hand was really eye-opening. After the bakery tours, lab demonstrations, tug boat ride, export terminal tour and the meetings with staff at the WMC, FGIS and U.S. Wheat Associates, the most impressive aspect of our industry is the people. The success of spring wheat growers on the northern plains depends on many committed people working to move our high-quality ingredient to bakeries and millers around the world. The relationships that have been created over many decades have paid dividends that we often don't notice and take for granted. I would like to give a big thank you to the NDWC and the WMC for making this educational opportunity available to me.

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Commissioners elect con't from pg 1

The Commission consists of seven producer board members, six of whom are producer elected and one appointed by the governor. Elections are held every four years to elect county representatives in the district and those representatives elect one producer from their respective district to the Commission board position. The Commission board is responsible for setting the budget and developing policy and programs for research, market development, domestic promotion, domestic policy and trade policy.

County representatives elected to terms in 2024 are listed below (incumbents are noted with an asterisk *).

District 1
Adams – Dustin Laufer, Hettinger*
Billings – Loren Bock, Belfield*
Bowman – Colby Schumacher, Reeder*
Dunn – Lenci Sickler, Gladstone*
Grant – Joel Klein, Elgin
Hettinger– vacant
Mercer – Michael Berg, Stanton
Morton – Russel Hoovestol, Mandan
Oliver – Michael Schmidt, Center*
Sioux – vacant
Slope – Matt Lamborn, Amidon
Stark – Jim Bobb, Taylor

District 4
Benson – Doug Schmid, Oberon
Bottineau – vacant
McHenry – Kellen Olson, Anamoose
Ramsey – Matthew Olson, Devils Lake*
Rolette – Mark Martinson, Rolette*
Towner – Alec Miller, Cando*