

Dakota GOLD



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Annual Meeting an Opportunity for County Reps to Learn, Provide Input

The NDWC annual meeting for county representatives took place at the end of November in Fargo. This meeting provides an opportunity to update county representatives on Commission funded program areas and provides a venue for discussion amongst board members, county reps, and partner organizations and for the Commission to obtain valuable input from county representatives on key program areas.

Dave Thom has been the McHenry county representative for nearly 20 years and has made the majority of the annual meetings during that tenure. He said he enjoys them because he always learns something new. "Of course, the meeting is a great opportunity to meet with other producers, but a big reason I go is because I learn something new every time. I really enjoy the tours and speakers on the programs," he said. Thom said he also feels it's his duty to be informed on what the Commission does. "As a county representative, I want to know how the Commission works and what benefits we see from our check-off dollars. This keeps me informed so I can spread that information or answer questions from producers in my area," he adds.

This year Dalton Henry, USW Vice President of Policy, provided an update on trade policy items and issues specifically affecting HRS and Vance Taylor, President of the ND Mill, discussed strong demand for flour made from high quality HRS. A highlight for the group was the commodity group panel consisting of representatives from the ND Wheat Commission, ND Barley Council, ND Soybean Council and ND Corn Utilization Council. The panel provided an opportunity for the various commodity groups to discuss how they each handle research funding, producer engagement, program priorities and other issues that affect all groups.

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Selling Our Wheat – Crop Quality Seminars are a Key Sales Tool

Most of us know where our state's wheat crop ends up – in multitudes of food products around the world – but beyond grading characteristics, price, and class of wheat, many of us aren't familiar with the stringent quality specifications customers rely on to produce consistent, high quality products. Every year during harvest of each U.S. wheat class, samples are collected and remitted to various labs for extensive quality testing. That data is presented at in-person seminars in all of our major customer regions around the world, reaching thousands of customers. This year, Commissioners and staff from NDWC participated in U.S. Wheat Associates quality seminars in Europe, Southeast Asia and North Asia.

EUROPE - Dustin Johnsrud, District 2 Commissioner from Epping, ND and Jim Peterson, NDWC Policy & Marketing Director, participated in crop quality seminars in Italy and London with Peterson providing an overview of 2023 quality data on HRS and durum, and Johnsrud providing a perspective on HRS and durum farming in his area. In Italy, interest in near term demand was tempered by cheap Turkish and Russian durum imports, which have flooded the market since September. Quality problems with some of the recent shipments of Turkish durum are raising concerns with buyers however, which should expand import demand from the U.S. after the first of the year. In the U.K., participants were pleased to see the high protein levels in the 2023 HRS crop, and the excellent dough and bake qualities.

Great interest was shown for the presentation by Johnsrud. The scale of farming is vastly different between the U.S. and the EU, and participants were impressed with the level of efficiency that is achieved in the U.S. with minimal labor and most years, little direct government support. This proved to be a great opportunity to present the realistic look at the level of attention U.S. producers give to growing a high quality crop with diligent use of crop inputs, and a great focus on sustaining the soil and environment.

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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.

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2023 Crop Quality Survey Results

The annual harvest survey of the U.S. hard red spring (HRS) and durum wheat crops is a longstanding, and valuable marketing tool funded by the wheat check-off. It provides customers with an unbiased overview of key quality parameters on the crop, helping them plan for any needed adjustments in specifications, or crop performance compared to the previous year. It also enables U.S. Wheat Associates and Commission staff to showcase competitive strengths and help customers troubleshoot any notable quality shifts brought on by growing season or harvest environments.

Samples are collected direct from producers across North Dakota, Montana, Minnesota, South Dakota, Idaho, Washington and Oregon, and sent to the wheat quality labs at North Dakota State University. Analysis is made for test weight, damage, DON, protein, falling number and vitreous kernels. These are important for contract specifications, and relate to potential functional quality in the mill, bakery or pasta plant. The



HRS samples are composited by geographical growing region, and protein levels, and then milled into flour and evaluated for dough and bake functionality. Durum is composited into geographical areas, milled into semolina and evaluated for paste, color and cooking qualities.

Quality results are published into both hard copy reports and electronic formats. The data serves as the base for extensive international and

domestic marketing efforts, including numerous seminars during the November and early December time periods.

The accompanying tables highlight some of the key factors on the 2023 U.S. HRS and durum crop. The HRS crop produced very high quality averages for key kernel features such as protein, and test weight with very little damage. However, harvest rains and persistent dew and fog did lower the vitreous kernel levels over a broad area. Dough and bake quality factors are very high with typical water absorption levels, but improved dough strength and loaf volumes compared to recent years.

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

QUALITY FACTORS	2023	2022	5 YR.
KERNEL DATA			
Test Weight - lb./bu.	61.2	62.1	61.7
Protein % (12% mb)	14.1	14.2	14.6
Damage %	0.1	0.1	0.3
Falling Number (sec)	389	390	383
Vitreous Kernels %	57	73	74
Grade	1NS	1NS	1NS
MILLING DATA			
Flour Extraction	69.9	67.0	67.8
DOUGH & BAKE DATA			
Farino Absorption (%)	62.9	63.0	62.9
Farino Stability (min)	15.2	12.5	12.4
Loaf Volume (cm)	969	931	967

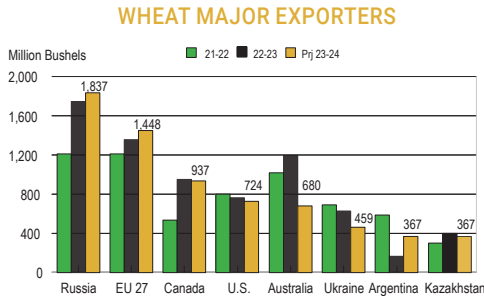
AVERAGE QUALITY FACTORS FOR U.S. NORTHERN GROWN DURUM WHEAT

QUALITY FACTORS	2023	2022	5 YR.
KERNEL DATA			
Test Weight - lb./bu.	61.3	61.8	61.4
Protein % (12% mb)	14.2	13.7	14.2
Damage %	0.4	0.1	0.7
Falling Number (sec)	394	433	410
Vitreous Kernels %	79	92	84
Grade	1HAD	1HAD	1HAD
SEMOLINA DATA			
Gluten Index (%)	91	72	70
Semolina Color B	30.1	31.2	30.2
SPAGHETTI PROCESSING DATA			
Cooked Firmness (g-cm)	3.9	4.5	4.2

The durum crop produced high grades and kernel quality in much of the region, but was impacted by prolonged harvest conditions on a portion of the crop. The surveyed crop shows high average protein levels and test weight. Vitreous kernel levels skew notably lower than last year and five year averages, due to the prolonged harvest period, with impact more pronounced in some regions. In semolina and pasta evaluations, gluten index values were very high, indicating good protein quality, but yellow color scores were slightly lower, as was cooked firmness, compared to the 2022 crop.

The 2023 marketing year for wheat is half complete, and cheap supplies from Russian continue to keep world values under pressure. On a positive note, markets seem to have a little more stability in recent weeks, and at times have shown potential to rally, but it certainly seems it will take some stronger world demand, or adverse shifts in Russian exports to develop more prolonged rallies.

As the accompanying chart shows, Russian export projections for the current year are at a record level, and 50% higher than two years ago. EU export projections are slightly higher than a year ago, and Argentina exports are projected at double last year's level. In contrast, the U.S., Australia, Ukraine, Kazakhstan and Canada are projected lower.



Source: USDA Dec 23

Tighter supplies due to drought impacts on production are keeping U.S., Canadian and Australian prices elevated, relative to Russian and EU wheat values, constraining export sales in the early part of the marketing year for those countries. In the Ukraine, logistic challenges, due to the ongoing war and damage to port facilities are constraining exports relative to the past two years. Overland exports through Eastern European countries have also met resistance from producers and government officials in those countries due to the sharply negative impacts they have had on domestic prices.

U.S. export projections were raised slightly in USDA's December report. This was driven by larger than anticipated purchases by China in recent weeks. By class, hard red spring wheat is the leader with 169 million bushels in sales, up 8 percent from a year ago, and ahead of USDA's projections for the year. Soft red winter is the second leading class with 151 million bushels in sales, 80 percent ahead of a year ago, and well ahead of current projections. Recent large sales to China are dominating exports of that class. Hard red winter is the class that continues to see the biggest challenges, with sales of 92 million bushels, down 35 percent and below USDA projections. The large congestion on world markets of mid to low protein wheat from Russia and Europe are hampering sales.

U.S. Hard Red Spring Wheat Exports by Country

U.S. hard red spring (HRS) is finding better traction in the world market compared to a year ago, with year-to-date sales stronger in 8 of our top 10 markets. As of the end of November, or the first six months of the marketing year, total sales are 169 million bushels, compared to 151 million bushels a year ago. The Philippines continues to be the top market, followed by Mexico. It is good to see the slight increase in the Philippines, as high market prices for wheat in the past two years had started to erode wheat product consumption relative to rice. In Mexico, a second straight year of strong sales is certainly a positive trend. One factor in that market that bears watching going forward is the periodic embargoes on rail freight at the border crossings. Congestion on freight, as well as people using rail cars to cross the border are impacting the normal flow of rail freight.

In the other Asian markets, Taiwan, Japan and South Korea round out the top five. All markets are higher on the year, as HRS values have been priced more competitive with Canadian offers, thanks to some adjustments in U.S. rail freight costs. Higher protein wheat from the U.S. PNW has a wider price gap to

these markets will hopefully help strengthen basis values for HRS at the local level. Some recent strength has been seen across local markets, as exporters try to encourage producer sales to fill current export commitments.

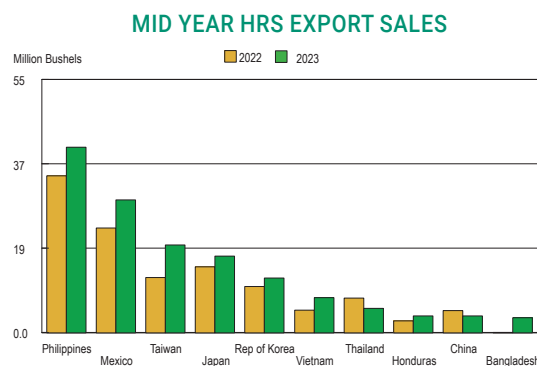
The balance of the top ten markets includes many traditional markets, but some shift in position. In Thailand, the lower vitreous levels on the 2023 HRS crop has likely been a constraining factor on early season sales. More competitive pricing with Canadian wheat is likely helping on early season sales to Bangladesh so far this marketing year. China has made some purchases of HRS, but has primarily sought soft red winter from the United States. There is interest in HRS going forward, as mills in that country need some higher protein, higher quality wheat to offset quality shortfalls in their 2023 domestic crop. Last year they purchased significant quantities of spring wheat from Canada.



World Durum Markets remain Deflated due to Turkey

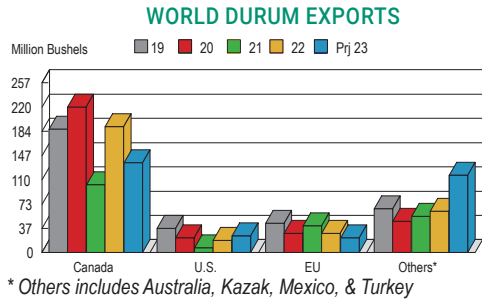
Market values for durum remain near the \$9 per bushel level for producers, down \$2 per bushel from harvest time highs, but still about \$2.50 per bushel higher than local HRS prices. World markets, especially in Europe and North Africa were inundated with cheap Turkish and Russian exports in the early fall period. End-users in those countries are still working through supplies, and have not been aggressive on seeking durum from other origins. Emerging quality issues with some recent shipments of Turkish durum may shift that in the early part of 2024.

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Source: USDA/FAS Nov 30, 23

As the accompanying chart illustrates, the combined exports of other exporters, including Kazakhstan, Mexico, Australia and Turkey, are projected significantly higher. They will offset the anticipated decline from Canada in the current market year, based on current data and market trends. Turkish production was only 13% higher on the year at 158 million bushels, but exports are projected 10 times higher than a year ago and typical levels. They are currently projected at 62 million bushels, well above mid-summer expectations. Time will tell if they are able to achieve that level.



Source: Int'l Grains Commission Nov 23

In addition to Turkish imports, the EU also imported high levels of Russian durum last fall. Some of it through Turkey, but also some directly. On December 11, Rus-

sian imposed a temporary restriction on durum exports which runs through the spring of 2024. This was done to stabilize the price of pasta products internally. Going forward, this may help stabilize durum values in the world market, especially if quality issues continue to evolve on remaining Turkish exports.

In the other category of exporters, Mexico and Turkish increases are more than offsetting declines in Australia and Kazakhstan. Mexico is projected 50% higher on exports at 37 million bushels. Australia and Kazakhstan are projected at a combined 18 million bushels, about 20% lower than a year ago. Adverse growing conditions led to decreased production in those countries and some rains during harvest impacted quality.

Current Canadian export projections are 135 million bushels, down nearly 30% from last year. Drought impacted production significantly in 2023, and this, combined with historically tight carryover inventories, is keeping supplies appreciably tight, relative to other exporters. Local durum values are near the \$9 per bushel level for their growers, similar to the U.S. market.

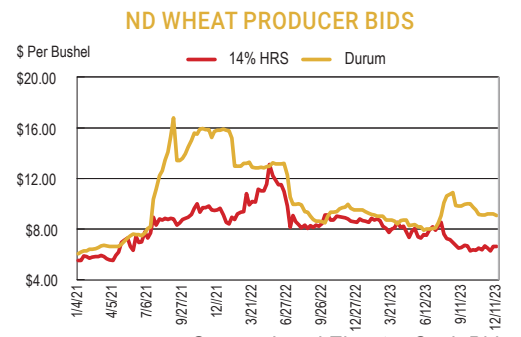
In the U.S. market, export sales of durum as of late November are 12 million bushels, 50% ahead of a year ago, and half way to

USDA's projection for the year. Algeria has been the dominant export point with nearly one-half of the demand, followed by Italy and Spain. Italian sales have been disappointing to date, but are anticipated to strengthen in early 2024.

The latest USDA supply and demand report for durum held exports stable at 25 million bushels, compared to 23 million a year ago. Domestic mill grind is projected at 83 million bushels, slightly lower than 85 mb a year ago. Imports are projected at 40 mb, down 22% from 51 mb last year. Lower imports from Canada direct to mills, and lower pasta imports are both contributing to the lower level. Ending stocks are projected at 17 million bushels, compared to 28 and 24 mb the previous two years. This is certainly supportive to prices going forward, and hopefully the shock from the heavy early season supplies from Turkey and Russia will begin to wear off in world markets.

It is early to project 2024 production, but most forecasts are for notable rebounds in planted area in many markets due to the price premium of durum to soft wheat. If the price gap remains through spring, both Canada and the U.S. will see higher durum plantings. Turkey is also expecting stable durum production. In North Africa, early crop estimates are for 30% larger production, but much of that will be determined by rain patterns in Jan-March 2024, and so far precip has been marginal. In the EU, overly dry conditions and depressed local prices in southern Italy may keep final planted area below expectations. In northern Italy and parts of France, overly wet conditions have delayed planting progress behind ideal dates. This may constrain final planted area and limit yields on acres that did get planted.

Current price levels for durum, are not reflective of the potential tightness world durum could reach in the spring of 2024, if production does not rebound. EU, Canadian and U.S. stocks are all anticipated to reach levels that are at, or near historic lows.



Source: Local Elevator Cash Bids



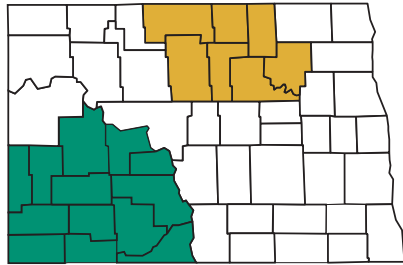
2023 Winter Wheat Crop Condition

As of late November, one-half of the U.S. winter wheat crop is rated good to excellent, this is a vast improvement over last year's crop at this time, when just 34% was rated good to excellent. Improved soil moisture conditions, and better plant emergence are supporting the higher condition ratings this year. In Kansas, the leading winter wheat state, conditions are a bit below the national average, with just 32% rated good to excellent and 32% rated poor to very poor. The best crop conditions are in Montana, Colorado and Ohio.

Private surveys of winter wheat producers this fall indicated plantings could be up 5%, or roughly a 2 million acre increase, due to the improved planting conditions. This would put plantings at the highest level since 2015. Two consecutive years of devastating drought have certainly challenged producers, shippers and exports. A sharp decline in market prices since fall may have tempered the level of final acres that got planted, and growing conditions in the spring will also be key, but the 2024 crop is certainly off to a better start compared to one year ago.

County Representatives Elections in SW, NC North Dakota

Elections to fill county representative positions for the North Dakota Wheat Commission will be held in 13 counties in south west (District 1), and in 7 counties in the north central region (District 4) this coming winter. The counties in District 1 include: Adams, Billings, Bowman, Dunn, Golden Valley, Grant, Hettinger, Mercer, Morton, Oliver, Sioux, Slope, and Stark. The counties in District 4 include: Benson, Bottineau, McHenry, Pierce, Ramsey, Rolette and Towner. The elections will be conducted by the



NDSU Extension Service, and once election dates have been set, notices will be posted in the official county newspaper.

All active wheat producers who reside in the county, and who have not requested a

refund in the past 12 months are eligible to participate in their county's election. Elected county representatives will then participate in their respective District election to select one producer from their District to serve on the Board of the North Dakota Wheat Commission.

The 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 Commission board is responsible for setting the budget and developing policy and programs for market development, research, domestic promotion, and domestic and trade policy. County representatives usually meet once per year at an annual meeting, and 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.

Election dates and locations for counties scheduled at time of publication are listed below. 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.

District 1 Elections

- Adams - 12/14/23, Dustin Laufer re-elected
- Billings - 1/31/24, 6:15 MT, Boots Bar & Grill, Medora
- Dunn - 2/7/24, 10:00 MT, Dunn Cty Extension office, Manning
- Golden Valley - 2/22/24, Noon CT, Golva Bar
- Grant - 1/30/24, 1:00 MT, Grant Cty Fair Bldg, Carson
- Mercer - 1/29/24, Noon CT, Civic Center, Beulah
- Oliver - 1/17/24, 1:00 CT, The Rusted Nail, Underwood
- Sioux - 2/22/24, 1:00 CT, Sr. Center, Selfridge
- Stark - 1/17/24, 12:45 MT, Biesiot Activities Center, Dickinson

District 4 Elections

- McHenry - 2/9/24, 12:30 CT, KC Hall, Drake
- Pierce - 2/9/24, 10:00 CT, Farm Credit, Rugby
- Ramsey - 2/13/24, 10:30 CT, KC Hall, Devils Lake
- Rolette - 1/9/24, 10:00 CT, City Hall, Rolla

NORTH ASIA - HRS customers in Japan, Korea and Taiwan are extremely quality conscious and are all top five markets for U.S. HRS. Erica Olson, NDWC Market Development & Research Manager, traveled to these countries, as well as China as part of the North Asia Crop Quality Seminars. While China is only an occasional top ten market for HRS, demand has been growing for high quality wheat, representing good potential for future exports. Olson stated it was an honor to meet with so many important customers. "We have hosted many trade teams from this region over the years, so it was a wonderful opportunity to re-connect. The message I received regarding HRS is that customers have been relatively happy with the quality in recent years. This year's crop did have some challenges, including lower protein and lower vitreous kernel counts, so being there in person to address customer concerns and emphasize our commitment to quality is extremely important," she said.



The North Asia crop quality team following their first seminar in Seoul, Korea.

SOUTHEAST ASIA

Aaron Kjelland, District 6 Commissioner from Park River, ND, traveled to Thailand, Indonesia and the Philippines as part of the Southeast Asia seminars. Customers from Thailand, Malaysia, Myanmar, Singapore, Vietnam, the Philippines, and Indonesia were represented at the three seminars. The seminar in Bangkok was the largest on record, with nearly 140 participants. While crop quality information is the foundation of these events, seminars have recently added additional topics, including presentations from producers that cover farming practices, new technologies and a glimpse of U.S. farms are like. Aaron said he feels having producers as a part of the seminars is invaluable. "It was a privilege to represent my fellow North Dakota wheat farmers at the seminars. Our customers, the millers and bakers who purchase our wheat, were so happy to be able to ask questions about wheat we do for a living here in North Dakota. Things we take for granted, like clean air, wide open spaces and beautiful rolling fields tended by a family farm operation, seem almost impossible to them. What a gift to share our way of life with the world!"



Aaron Kjelland pictured with other presenters at South Asia Crop Quality Seminars.



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County Rep meeting con't from pg 1



Dr. Andrew Green explains his current spring wheat breeding efforts to the county representative group

Green and Dr. Andrew Friskop about their current research on spring wheat breeding and research on wheat diseases, including ergot, bacterial leaf streak, rust and scab.

A significant portion of the Commission's budget remains dedicated to research efforts. The annual meeting provides an opportunity for county representatives to see the results of the researchers and also meet the research staff. This year the group toured the NDSU Agricultural Research Complex and visited with Dr. Andrew

The group also had the opportunity to visit the Commodity Trading Lab in Barry Hall where some made money, others lost money during a trading game exercise. Dr. William Wilson provided market outlook and trading guidance during the session.



County reps enjoyed the opportunity to practice their trading skills in the Barry Hall Commodity Trading Lab