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Dakota GOLD

NORTH DAKOTA WHEAT COMMISSION

Pellman Participates in USW Core Competency Training

USW recently hosted – and participated in – the 2023 Core Competency Training, held this year in Santiago, Chile. The USW workshop brought together USW technical staff, board members and partners for a series of reviews and refreshers on wheat research, product development, market updates and strategy building. Meeting the needs of U.S. wheat buyers, end-users and consumers around the globe was the mission. Jim Pellman, NDWC Vice Chairman, participated in the course. The course took place at the new flour milling, cereal chemistry and baking laboratory it opened two years ago in partnership with Universidad Mayor.

USW staff, state board member - Jim Pellman, ND, and partners recently participated in the 2023 Core Competency Training in Santiago, Chile. The training sessions were designed to provide participants with tools to help share information and work with U.S. wheat customers around the world.

According to Miguel Galdos, Regional Director of the USW South American Region Office, U.S. wheat is the most reliable choice, and its quality is unmatched. Information provided during the workshop is designed to help USW staff share information about U.S. wheat's advantages when it comes to end-products, such as noodles, crackers, biscuits, tortillas, breads, and other baked products.

There is also a chance to meet with staff from other offices to share information. In addition to Pellman, Oregon wheat farmer and USW Past Chairman Darren Padget and Minnesota wheat farmer and USW Chair Rhonda Larson participated in this year's training. They noted that the opportunity for USW colleagues to train together is very valuable.

THANK YOU DAN! NDGGA EXECUTIVE DIRECTOR RETIRES

Dan Wogsland, North Dakota Grain Growers Association Executive Director, retired on June 1, 2023, after serving the organization and North Dakota wheat and barley producers for 19 years. Dan joined the organization in 2004. Prior to his role at NDGGA, he was a farmer himself, at Walum (near Hannaford), North Dakota, served as a North Dakota Senator for four terms, and as an Agriculture Legislative Assistant for Senator Byron Dorgan in Washington, DC. Those experiences made him a perfect fit for the NDGGA, which is the lobbying and representation organization for North Dakota wheat and barley. The North Dakota Wheat Commission (NDWC) contracts with NDGGA to aid their work in addressing domestic policy issues. Association efforts include the Farm Bill, crop insurance, disaster aid, conservation and regulatory overreach, all of which are important to North Dakota producers, their productivity, global competitiveness and continued profitability.

Neal Fisher, NDWC Administrator, says the long-standing partnership between the two groups has greatly benefitted producers in the state and surrounding region. "Dan's considerable legislative experience in North Dakota and at the national level has been instrumental in moving well supported Congressional and local legislative policy to positive conclusions for our producers," Fisher said. North Dakota agriculture interests also

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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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Thank you Dan con't from pg 1

have a brighter future due to recent success in upgrading critical research and product promotion capabilities at NDSU, North Dakota's Land Grant University. Most recent examples are the world class Peltier Complex and the Agricultural Field Labs projects adjacent to the NDSU campus in Fargo.

These long awaited upgrades will replace facilities that are decades beyond their intended purpose, bringing updated technological advancements, and increased capability to retain and attract talent to the world class research and development functions that have long been the hallmark of North Dakota's agricultural identity. "Dan's 'actual farmer' credentials and energetic nature, coupled with broad knowledge of the legislative process have earned him a high degree of respect in the agricultural policy arena, certainly a positive component in these transformational accomplishments for our state's largest industry," Fisher added. "We appreciate all that Dan has contributed and wish him and his family all the best in retirement."

NDSU Field Days Set

The North Dakota State University Research Extension Centers' annual field days are set. The events take place at the Research Extension Center sites across the state and feature speakers, presentations and tours covering a diverse array of topics. The field days are open to the public, and they provide a great opportunity for farmers, ranchers and others to learn about the latest research and practices in animal science, agronomy and horticulture. Listed below are some of the dates for crop related discussions.

July 11 – Hettinger Research Extension Center (5-7 pm MDT followed by supper)

July 12 – Williston Research Extension Center - Main site agronomy and horticulture (4-8 pm CDT)

July 13 – Williston Research Extension Center -Irrigated tour – Nesson Valley Irrigation Research and Development farm located 23 miles east of Williston on Highway 1804 (8:30 am - noon CDT)

July 13 - Dickinson Research Extension Center - Agronomy Tour (1:30 - 5:00 pm, MDT)

July 17 – Agronomy Seed Farm – Casselton (5 pm CDT agronomy, 7 pm supper)

July 18 – Carrington Research Extension Center – Carrington (9:15 am - 3:30 pm CDT)

July 19 – North Central Research Extension Center – Minot (8:30 am - noon CDT)

July 20 – Langdon Research Extension Center – Langdon (8:45 am - noon CDT)

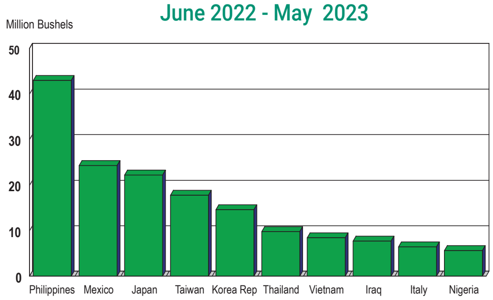
Aug. 3 – Carrington Research Extension Center's Oakes Irrigation Research Site – Oakes (8:30 am - noon CDT followed by lunch)

Farmers, ranchers and others attend the NDSU Hettinger Research Extension Center field day in 2022. (NDSU photo)

Top Hard Red Spring Markets

Overall exports of U.S. Hard Red Spring were up from the 2021 marketing year, and it was the largest export wheat class from the U.S. in 2022. The top ten export destinations for HRS included many traditional markets, but also a couple new ones. The Philippines again dominated demand, accounting for slightly more than 20% of total U.S. HRS exports at 43 million bushels, but their purchases were down by nearly 20% from the 2021 marketing year, and also well below their record year of 68 mb in 2020. Strong price competition in the region, and also some shift in local diets back to rice due to lower prices contributed to the lower U.S. sales. Mexico moved into second place, accounting for about 12% of total HRS exports, reaching a historical high of 24 mb, and up nearly 40% from the previous year. Mills in Mexico used HRS to replace higher priced and tighter supplies of HRW, and also like the higher protein levels and functional qualities of HRS.

U.S. HARD RED SPRING EXPORTS
June 2022 - May 2023



Source: USDA Export Inspections

Japan, typically our number two market, fell to third, at just 22 mb, the lowest in a number of years and down nearly 8 mb from the previous year. Lower Canadian prices for much of the year shifted part of the demand, but just 4 million bushels. An aging population, as well as some declines in consumption due to economic pressures also contributed to weaker overall wheat demand. Taiwan and Korea round out the top five markets, as usual, and held impressively close to their 2021 volumes, as end-users simply prefer the functional quality offered by U.S. HRS wheat.

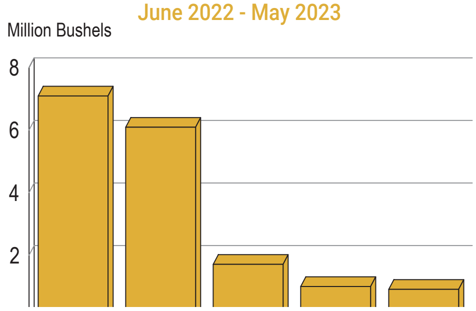
The balance of the top ten markets included two new countries, Vietnam and Iraq. Demand was spurred by a growing middle class in Vietnam, and a demand for higher quality bread products, and in Iraq an opportunistic price relationship between HRW and HRS at the time of purchase. Thailand, Italy and Nigeria are traditional top ten customers, and last year sales to Thailand and Italy grew by 10 to 20% from the previous year, while Nigeria fell by 10 percent.

Top U.S. Durum Export Markets

Overall U.S. durum exports in the 2022 marketing year were up by more than 80% from 2021, propelled by higher production in the U.S., and shortfalls in Europe and North Africa. Algeria overtook Italy as the top market, with more than 7 million bushels in purchases, the highest level in a number of years. Their recent five-year average of U.S. purchases is closer to 4 million bushels.

Italy accounted for about one-third of overall demand from the U.S., and sales were more than 30% higher than the previous year, but were only about one-half of their five-year average of U.S. demand. Canadian exporters were more aggressive in the fall and early winter of 2022, and dominated the increased import need within Italy last year due to domestic crop shortfalls in both production and quality.

U.S.. DURUM EXPORTS
June 2022 - May 2023



Source: USDA Export Inspections

The balance of the top five markets Nigeria, Tunisia and Belgium. In all three markets, zero sales were recorded in 2021, simply due to the extremely high prices in that marketing year. Nigeria typically uses both durum and HRS for pasta products, but in this past marketing year, durum purchases were up from their typical five-year average. Belgium is a transit point for other markets within Europe, and is usually a highly competitive export market for both Canada and the U.S. dependent on the local European crop. Tunisia is primarily a price buyer, with import volumes dependent on their local production.

U.S. Wheat in 2023

The most recent supply and demand projections by USDA for overall U.S. wheat in 2023 points to tighter supplies and tempered demand. Production is estimated at 1.665 billion bushels, up just 1% from last year. Despite a sharp increase in planted acres of winter wheat in the fall of 2022, widespread and severe drought conditions in HRW regions will sharply reduce harvested acres, as well as yields for a second straight year. Higher production in soft red winter areas, and stable to higher production expectations in white wheat and hard red spring regions, if realized, will mitigate most of the decline in HRW production.

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

	22-23	Prj 23-24	% Chg.
Beg. Stocks	698	598	-14%
Production	1,650	1,665	+1%
Imports	125	135	+8%
Total Supply	2,473	2,399	-3%
Domestic Use	1,100	1,112	+1%
Exports	775	725	-6%
Total Use	1,875	1,837	-2%
End Stocks	598	562	-6%
S/U Ratio	32%	31%	

Source: USDA June 2023

Supplies are projected to be down 3%, as beginning stocks were near historic lows, and will only be partially offset by expected higher imports. Traditionally, imports are HRS and durum from Canada, as well as pasta products from Italy and other countries, but in the current marketing year, mills in the eastern U.S. have also brought in European wheat for food use, prompting USDA to raise their import projections early. Hopefully U.S. railroads will become more competitive on rail rates into the eastern U.S. mills from U.S. production regions, and mills realize the quality shortfall in European wheat. High basis levels in drought impacted HRW regions are pushing to keep supplies local however, and even drawing soft red winter wheat into the region for feed use.

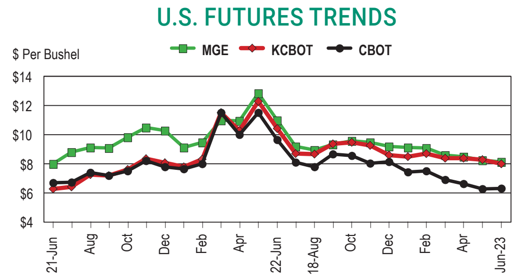
U.S. Wheat con't on pg 3

U.S. Wheat con't from pg 3

Demand for U.S. wheat in the coming year will again be paced by domestic food use at 977 mb, up marginally from the previous year. Wheat product demand remains strong in the U.S. after the resurgence in use during the COVID shutdowns. Feed use is pegged at 70 mb, or just 6% of total domestic use. Feed use of soft red winter wheat could move higher, depending on the trend in U.S. corn prices during the summer months, and harvest quality of the 2023 crop.

Export demand is currently projected at 725 mb, down 6% from a year ago, and the lowest level in a number of years. World dynamics are similar to a year ago, when U.S. wheat exports were also challenged. U.S. prices are sharply elevated over world values, and a strong U.S. dollar adds to the cost challenge of U.S. wheat in a number of economically sensitive markets. As the accompanying chart illustrates, U.S. values have declined from the previous year, but world values have fallen even further, as shown by Chicago prices. World values are deflated due to favorable production in many regions, and the push by many leading world countries to continue the Black Sea Grain Initiative.

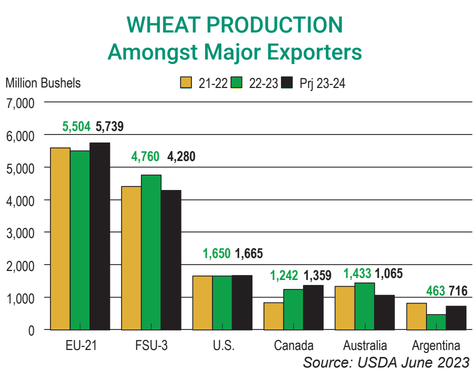
Ending stocks of U.S. wheat are projected to decline for a seventh straight year to 526 mb, the lowest since 2008 when just 306 mb remained at the end of the marketing year. This should be supportive of prices as the marketing year progresses, but the current wide spread with world values needs to narrow for an appreciable impact. USDA's initial projection for the average farm price for wheat nationally is $7.70 per bushel, down from $8.85 in 2002, but up marginally from $7.63 in 2021.



World Wheat Production 2023

The early projection for world wheat in 2023 is for record production of 29.4 billion bushels, up from 29 billion last year. Combined production in China and India, the two largest producers of wheat by country, is projected to reach 9.3 billion bushels, up about 4.5 percent from last year. Higher production prospects in the Middle East region will also offset projected declines in North Africa.

These gains in production will be partially offset by a projected net decline in production across major export countries and regions. Europe, Canada and Argentina are projected higher, while Russia, Ukraine, Kazakhstan and Australia are projected lower. U.S. production has remained flat for three consecutive years.



In Australia, planted area is projected similar to recent years, but yields will be pared back by expected dry conditions from now through harvest in November and December, as El Nino weather patterns intensify. Conversely, El Nino typically leads to enhanced rainfall in Argentina production regions, applying higher production prospects.

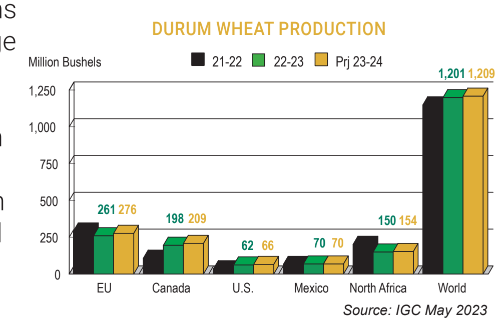
In Canada, higher planted area, and early expectations for average yields is pushing their production estimate higher for a third straight year. The current level of increase in production over 2022 may be a bit pre-mature however, as soil moisture remains variable across major growing regions, and timely rains will be needed to secure average to above-average yields.

The trends in production by major exporters is the dominant variable in their export competitiveness, along with final harvest quality. Based on the current projections, Europe, the Black Sea region and Canada will likely be price setters in the world export market. The U.S. will likely gain some market share in South Asia, due to the smaller Australian crop, but a larger crop in Argentina will temper demand in South America.

World Durum Situation Similar to 2022

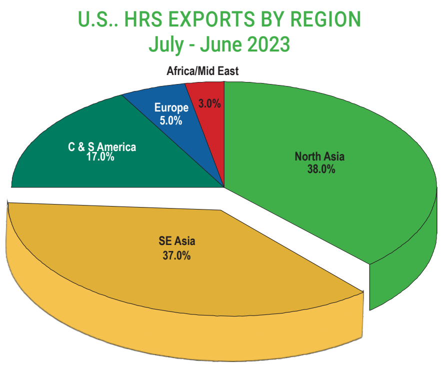
The world durum supply situation for 2023 is remarkably similar to a year ago, with overall production currently projected at 1.2 billion bushels, according to the International Grains Council. Production looks to be stable to higher in North America, steady in North Africa, and slightly higher in Europe, but this is offset by declines in Turkey. The current projections by region have the European crop at 276 million bushels, and while higher than a year ago, it is lower than early winter expectations. In North Africa, drought conditions in March and April sharply lowered crop prospects in Algeria, Morocco and Tunisia from early season expectations, and some local crop observers still feel projections are too high.

In North America, stable production in both the U.S. and Mexico is expected. The U.S. estimate might decline some from the current projection of 66 mb as final planted area falls short of March expectations, but this will be tempered by good early season growing conditions. In Canada, lower planted area is being offset by expectations for a return to average yields, after the dry growing season in 2022. The lower than expected early season world production projection, combined with historically tight beginning stocks in Canada, Europe and North Africa will keep world durum supplies tighter than average for a third straight year.



Southeast Asia Marketing Conference Recap

The South and Southeast Asian region is important for U.S. wheat, accounting for nearly one-fourth of total export demand. That amount is much higher when looking specifically at HRS, with the region accounting for nearly 40% of U.S. HRS exports on average. The Philippines has been the largest HRS market for nearly a decade, averaging nearly 60 million bushels. Thailand, Indonesia and Vietnam are also sizeable markets for HRS. Interacting with customers from this region is important to maintaining and building relationships for continued export market success.



The U.S. Wheat Associates (USW) South and Southeast Asian Marketing Conference held in mid-May was a key tool to bring together customers, producers, staff and others in the industry. This was the first such conference in that region since 2012 and the conference theme, "Building Prosperity Through Partnership," and presentations reminded customers that USW is committed to being a steadfast partner in both challenging and stable times. The program provided perspective on geopolitical and market forces shaping the regional wheat food industry, an early look at the 2023 U.S. wheat crop, and reports from millers in several South and Southeast Asian countries.

"It was great to have everyone back together again," said Joe Sowers, USW Regional Vice President. "Our regional milling and baking customers are dealing with a lot of uncertainty and market volatility and the pandemic limited our direct service work for a long time, so this is another way for us to demonstrate our commitment to them and why U.S. wheat remains important to their businesses."

Recent years have been challenging for all in the wheat industry with economic challenges and uncertainties, geopolitical issues, logistical challenges, drought in wheat producing countries and strong export competition all affecting wheat and end product demand. Despite that, most at the conference had a positive view of U.S. wheat. Erica Olson, Market Development and Research Manager for the ND Wheat Commission attended the conference and provided an update on the potential 2023 HRS crop and market factors affecting cropping choices. "We know that HRS exports have struggled a bit the past couple of years. We aren't quite as price competitive as some other countries and demand in general has slipped as consumers pull back on spending as high wheat prices have increased the cost of food. Also, Australia has had two back to back record crops which has cut into some of our market share. Despite that, U.S. HRS is still coveted as a quality, reliable wheat and we still maintain strong export market share in many of these countries," Olson said. While the region is generally a quality-based market, it is also quite price sensitive.

Despite the challenges, U.S. wheat maintains a substantial market share in many of those markets. In the Philippines, our market share is still at 80% and we remain a primary supplier of wheat to Thailand. Competition is fiercer in the Indonesian market where Australia is the main supplier, U.S. share in recent years has been 4-5%. Overall, customers indicate a preference for U.S. wheat and outlook for demand is promising if production and price levels are conducive to exports.

The HRS panel at the Southeast Asia Marketing Conference included Dr. Senay Simsek, Purdue (formerly of NDSU); Erica Olson, ND Wheat Commission; and Brian Brauch, CHS. The panel provided pertinent information and updates on the HRS crop outlook, prices and quality.

One of the most important aspects of the conference was the opportunity to network. "The energy and enthusiasm of the nearly 200 participants were evident throughout the conference. With COVID preventing travel and in person visits for years, everyone seemed to relish the opportunity to catch up. Many of the customers at this conference have been to North Dakota before, it was a wonderful opportunity to provide up to date information on HRS and other topics and stress the dedication of U.S. wheat producers to provide a quality product," says Olson.

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Great Plains Sawfly Survey Project

The wheat stem sawfly is a significant pest to wheat producers across the Great Plains, with impact varied by region and year. To better understand the scope of the impact, and what mitigation efforts seem most effective with producers, the University of Nebraska-Lincoln is seeking producers from across multiple Great Plains states to participate in a survey to be used in their research. If you are the primary operator of a farm located in MT, WY, CO, NE, SD, ND, MN, IA, or KS, you may participate in this research. The online survey will require approximately 30 minutes of your time, and respondents can withdraw at any time before, during, or after the research begins.

It is to the benefit of wheat producers in North Dakota to participate in the survey. Highlighting the depth of the wheat stem sawfly's impact on the profitability of wheat production on your farm, and the most effective mitigation efforts are useful to ongoing state, regional and national research efforts addressing the issue. It is also important data to have for Congressional requests for additional federal funding to help combat the pest. The privacy and confidentiality of responding producers is of primary importance to the researchers, and only counties with at least three responses will be geographically identified, all other results will be aggregated at the state level.

If you have questions about this project, you may contact Jeff Bradshaw at *jbradshaw2@unl.edu* or Troy White at *troy.white@unl.edu.*

Please follow this link to the survey: *https://ssp.qualtrics.com/jfe/form/SV_dciiOcMQk0QVgqO*