



# U.S. WHEAT ASSOCIATES

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## Wheat Letter

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April 6, 2017

U.S. Wheat Associates (USW) is the industry's market development organization working in more than 100 countries. Its mission is to "develop, maintain and expand international markets to enhance the profitability of U.S. wheat producers and their customers." USW activities are funded by producer checkoff dollars managed by 19 state wheat commissions and USDA Foreign Agricultural Service cost-share programs. For more information, visit [www.uswheat.org](http://www.uswheat.org) or contact your state wheat commission. Stakeholders may reprint original articles from *Wheat Letter* with source attribution. Click [here](#) to subscribe or unsubscribe to *Wheat Letter*.

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**USW Supply & Demand Report:**      <http://www.uswheat.org/supplyDemand>

### **1. U.S. Wheat Planted Area Falls to Record Low**

*By Stephanie Bryant-Erdmann, USW Market Analyst*

Over the past decade, U.S. wheat planted area peaked in 2008/09 at 63.2 million acres (25.6 million hectares). Since then, U.S. wheat planted area has fallen 27 percent to a projected 46.1 million acres (18.7 million hectares) in 2017/18 according to the March 31 USDA [Prospective Plantings](#) report. If realized, it will be 16 percent below the 5-year average of 55.0 million acres (22.3 million hectares) — making it the lowest planted wheat area since 1919 when USDA records began.

This report actually increased winter wheat planted area by 360,000 acres (146,000 hectares) from USDA's January 2017 estimate to 32.7 million acres (13.23 million hectares). However, the new estimate is still 9 percent down from 2016/17 planted area. The increase came from hard red winter (HRW) area, estimated at 23.8 million acres (9.63 million hectares), up 2 percent from the previous projection. Still, HRW planted area will be down 10 percent from 26.5 million acres (10.7 million hectares) planted for 2016/17.

Soft red winter (SRW) planted area decreased from the previous estimate to 5.53 million acres (2.24 million hectares). The biggest declines occurred in Midwest states where SRW faces strong competition for acres from corn and, particularly this year, from soybeans.

USDA expects white wheat acres — planted in both winter and spring — to reach 4.12 million acres (1.67 million hectares) for 2017/18, down slightly from 2016/17, but in line with the 5-year average. For the first time in three years, the Drought Monitor shows adequate soil moisture in the Pacific Northwest (PNW) following a rather wet winter.

Given the drop in planted area, crop conditions become crucial to any look out at potential production for 2017/18. For HRW, the [April 6 Drought Monitor](#) also shows that 45 percent of Kansas and 66 percent of Oklahoma were abnormally dry or experiencing moderate drought, even though the region received 1 to 4 inches (2.5 to 10 cm) of rain last week. Fifteen percent of Oklahoma remains in severe or extreme drought. In 2016, these states grew nearly half of the total U.S. HRW crop.

Last week's beneficial moisture improved U.S. winter wheat condition in Kansas, Oklahoma and Texas, but the crop is still in worse condition than last year at this time. As of April 3, USDA rated the winter wheat crop at 51 percent good to excellent, compared to 59 percent on the same date in 2016. USDA rated 14 percent of the crop as poor or very poor, up from 7 percent last year.

The U.S. Northern Plains received abundant precipitation this winter, providing good soil moisture for HRS and durum planting. The past two years, farmers in North Dakota, Montana and Minnesota began HRS planting 7 to 14 days ahead of normal due to early springs. This year, planting dates will be closer to normal as farmers are now waiting for fields to dry out.

According to USDA, U.S. total spring-planted area will decline to an estimated 11.3 million acres (4.57 million hectares), 3 percent less than in 2016/17. The estimate includes 10.6 million acres (4.3 million hectares) of hard red spring (HRS), down 7 percent from 2016, if realized.

USDA expects U.S. durum planted area to total 2.00 million acres (809,000 hectares), down 17 percent from 2016/17. If realized, this would further constrict the global durum supply discussed in the [March 23 Wheat Letter](#).

Continuing to drive the decline in U.S. wheat planted area is a net farmer return on wheat that dropped 18 percent between 2015/16 and 2016/17, while input costs declined only one percent in the same time period. USDA expects this trend to continue in 2017/18, with returns falling another 6 percent from already unprofitable 2016/17 levels.

There is a long way to go before the final count is in. However, with less planted area and an expected return to trend line yields, the International Grains Council (IGC) pegged 2017/18 U.S. wheat production at 50.2 MMT, down 20 percent from 2016/17.

## **2. Wheat Quality Improvement Team to Hear Customer Preferences in Asia**

*By Steve Wirsching, USW Vice President and Director, West Coast Office*

This week and next, USW is conducting a top-level Wheat Quality Improvement Team (WQIT) of U.S. wheat breeders taking face-to-face meetings with Asian milling and baking quality control managers to discuss end-use quality and functionality.

The breeders will hear first-hand what quality characteristics customers in overseas markets need so they can apply that knowledge in their work on new wheat varieties.

This team includes both public and private wheat breeders from the PNW focused on bringing the very best genetic technology to U.S. wheat farmers. Team members include:

- Dr. Mike Pumphrey, Associate Professor and the Orville Vogel Endowed Chair of spring wheat breeding and genetics at Washington State University, Pullman, where he has worked since 2010. He was previously a research geneticist employed by the USDA's Agricultural Research Service at Kansas State University, Manhattan. Dr. Pumphrey's participation is sponsored by the [Washington Grain Commission](#) (WGC).
- Dr. Phil L. Bruckner, a winter wheat breeder and Professor in the Plant Sciences & Plant Pathology Department at Montana State University, Bozeman. Dr. Bruckner obtained bachelors and master's degrees at Montana State and a Ph.D. in 1985 from North Dakota State University, Fargo.
- Mr. Robert Talley, Plant Scientist and Head of the Hybrid Wheat Development team at AgriPro/Syngenta. Talley earned a bachelor's degree from Colorado State University, Ft. Collins, in Soil and Crop Sciences. Prior to his current position, he was with Busch Agricultural Resources where he worked on the International Barley Research and Germplasm Exchange. Talley's participation is also sponsored by the WGC.

The team will have the chance to interact with customers that are participating in a USW wheat quality analysis program at the United Flour Mill (UFM) Baking and Cooking Center in Bangkok, Thailand, as another team of wheat breeders did two years ago. Each breeder will make a presentation on how they are contributing to continuous quality and yield improvement of U.S. SW and HRS wheat, and, in Talley's case, the potential for hybrid wheat varieties now in development. The breeders end their trip early next week in similar meetings with millers and wheat food processors in Taiwan.

Following their activity, the WQIT members will consider how to incorporate what they hear from customers into their breeding programs and communicate their activity to U.S. wheat farmers through the Wheat Quality Council and public as well as private breeding programs.

USW will post photos and other information from the 2017 WQIT on its Facebook page at [www.facebook.com/uswheat](http://www.facebook.com/uswheat).

### **3. Profiling U.S. Wheat Sustainability**

*By Elizabeth Westendorf, USW Policy Specialist*

In 2016, Field to Market published its third [National Indicators Report](#) that assessed sustainability metrics in U.S. agriculture and looked at production of each crop on a national scale. Based on its environmental indicators, the report showed that wheat production has continued to improve, with particular progress in reducing soil erosion, over the past 25 years. The assessment results reflect yield improvements in wheat and demonstrate how farmers have adopted conservation practices. Reports like this help quantify sustainability and production improvement over time.

Assessing wheat sustainability on a national scale is difficult, however, because of the highly regional nature of its production. There are six U.S. wheat classes, grown in distinct regions and local micro-climates. Aggregate measures of sustainability are important, but they fail to capture the nuances of a crop that is grown across many different climates, soil types and farm environments.

To capture some of those nuances, USW has developed a series of farmer profiles that highlight regional sustainability in U.S. wheat production. Featuring farmers that grow a specific U.S. wheat class, the profiles highlight their practices, dedication to sustainability and unique growing conditions. They illustrate that while no two farmers are the same, they share a dedication to protecting their land for the next generation and a commitment to responsible stewardship.

The profiles include:

- Justin Knopf, Salina, KS, who grows HRW, alfalfa, sorghum, soybeans and corn.
- David Clough, Fessenden, ND, who grows HRS, edible beans, sunflowers, soybeans and barley.
- John Hoffman, Circleville, OH, who grows SRW, corn and soybeans.
- Bob Johns and Chris Williams, from Athena, OR, who grow SW, green peas and alfalfa.
- Mark Linnebur, Byers, CO, who grows hard white and HRW wheat and corn on his farm.
- Roy Motter, Brawley, CA, in the Imperial Valley, who grows Desert Durum®, lettuce, cabbage, onions, sugar beets, sugar cane, alfalfa seed and hay, Sudan grass, melons and tomatoes.

We encourage our customers and stakeholders to read the profiles at [www.uswheat.org/factsheets](http://www.uswheat.org/factsheets). There is also more information about how U.S. farmers, ranchers, fishermen and foresters share their values, sustainability experiences and conservation practices online at [The U.S. Sustainability Alliance](http://The%20U.S.%20Sustainability%20Alliance).

#### **4. USW Seeks Consultants for Service and Technical Assistance**

The wide range of classes and functional characteristics of U.S. wheat allows customers to produce flour for almost every end-product. Part of USW's value-added mission is to help strengthen milling, storage and handling and wheat food industries through technical courses and service activities that demonstrate the quality, value and reliability of U.S. wheat.

To fulfill that mission, USW currently works closely with several experienced and respected risk management, milling and food processing consultants from around the world.

"Every wheat market that USW works in has a unique line up of end-products and changing consumer preferences, so engaging consultants who are experts in their field has become an essential part of promoting U.S. wheat," said Erica Oakley, USW Program Manager. "We are proud of the work our current group of consultants have done and will continue to do. We also see the interest in our services growing, so we welcome the chance to hear from additional consultants who may be interested in helping provide the assistance and training that will benefit our customers."

USW is currently seeking recommendations for consultants with expertise in the following areas:

- Cookies and crackers
- Pastries
- Pasta (durum and non-durum)
- Milling
- Asian noodles
- Wheat procurement and risk management

For more information or inquiries, please contact Erica Oakley at [eoakley@uswheat.org](mailto:eoakley@uswheat.org).

#### **5. Policy Organizations Call for Increased Investment in Agricultural Research**

*Excerpts reprinted from Agri-Pulse, April 5, 2017*

USW shares strong support for more investment in agricultural research with our sister organization, the National Association of Wheat Growers (NAWG). NAWG notes that wheat relies on public, private and grower funding for crop innovation. Only 1.6 percent of the \$142 billion U.S. federal investment in research is allocated toward agriculture research, according to American Association for the Advancement of Science (AAAS).

NAWG adds that the amount of funding dedicated to wheat research has been dwarfed by the funding dedicated to other major crops. [So, growing the investment in wheat research](#) over time is critical to achieving the innovation needed to sustainably support a rapidly growing world population.

Several major policy organizations and influential non-governmental organizations also see global benefits to enhanced agricultural research. For example, the Chicago Council on Global Affairs recently issued a report called “Stability in the 21st Century; Global Food Security for Peace and Prosperity” that calls for increased research investment. The Chicago Council introduced that report, at a [Global Food Security Symposium](#) in Washington, DC, covered this week by [Agri-Pulse](#), a news organization reporting on U.S. agricultural policy.

At the symposium, Nick Austin, the director of agricultural development for the Bill and Melinda Gates Foundation, called for the United States and other developed countries need to continue to support agricultural research if farmers are to meet the demand for food from a burgeoning world population.

“We need to feed more with less,” Nick Austin told *Agri-Pulse*. “I’d like to look at the glass half-full scenario, with ag research leading to improved conditions, especially for small-holder farmers, many of which are women.”

He cited research by the [Farm Journal Foundation](#) which found that the high-yielding wheat and rice varieties developed by the Green Revolution during the 1970s led to “substantial growth” in Asian and Latin American agriculture. Those same varieties were used successfully in the United States and added \$3.7 billion in value to the U.S. economy by 1996, “an astonishing return to taxpayers on the \$134 million investment,” Austin said.

During the Chicago Council symposium, speakers discussed how agriculture must adapt to a number of challenges, including climate change, which is bringing increased temperatures, erratic rainfall, flooding and increased pests and disease. At the same time, Austin said, the world’s farmers need to boost food production by about two-thirds to feed a global population of more than 9 billion by 2050, up from 7.5 billion at present.

“It is a real challenge, but it can be done,” Austin said, citing several hopeful signs, including projects supported by the Gates Foundation.

The fact is, global demand for wheat is on a steadily increasing trend and today’s surplus can quickly become tomorrow’s shortage. U.S. farmers are doing their part to increase average yields through direct support for wheat breeding and research through state wheat commission support and in partnership with land grant universities. With the cost and stakes increasing, Austin stressed that governments need to contribute to the effort, not only to help the poor, but for their own benefit, given the “high rate of return” from investments in ag research.

## 6. Wheat Industry News

- **Quote of the Week:** *“Wheat growers across the country have experienced a multitude of challenges the past couple of years... The recent low wheat prices have contributed to this year’s winter wheat plantings decreasing to the lowest level since ... a time when farmers were working with a horse and plow.”* – David Schemm, NAWG President and Kansas wheat farmer in testimony to the U.S. House Subcommittee on General Farm Commodities March 28. [Watch the testimony here.](#)

- **Service to USW.** We are so fortunate to have such devoted, loyal colleagues at USW. This month we are congratulating two individuals on their years of service to our organization, to U.S. wheat farmers and to our customers:
  - 30 Years – Aska Tam – Program Coordinator in the USW Hong Kong Office
  - 35 Years – Pansy Shepherdson, Accounting Technician in the USW Singapore Office
- **The Coalition to Advance Precision Ag (CAPA) Launches New Website.** CAPA facilitates communication between farm and agribusiness associations and government decision makers about precision agriculture, innovation, tools and practices. The new website helps CAPA promote science-based policy decisions to advance a safe and sustainable food system. Visit the new website at [www.discoverprecisionag.org](http://www.discoverprecisionag.org).
- **NAWG Hires New Communications Director.** Caitlin Eannello has joined the NAWG staff as director of communications. She will be responsible for leading NAWG's communications operations and media relations. Eannello previously worked at the Biotechnology Innovation Organization, in Washington, DC. [Read the full announcement here](#).
- **Merger of ABA and B&CMA Approved.** The boards of directors and members of the American Bakers Association (ABA) and the Biscuit and Cracker Manufacturers' Association (B&CMA) approved a merger of the two organizations last week. The merger closing date is set for June 30, 2017. [Read the full announcement here](#).
- **Celebrating “Carbonara Day.”** The International Pasta Organization is celebrating “Carbonara Day” April 6 with an online campaign to raise attention for this popular recipe and to promote pasta. Follow and join the conversation on social media at #CarboraraDay.
- **Asian Noodle Technology and Ingredient Application.** The Wheat Marketing Center will host this course June 6 to 8, 2017, in Portland, OR. This course is designed to provide a better understanding of noodle formation, processing technology, evaluation techniques and the functionality of food ingredients in Asian noodle applications. [Click here for more information](#).
- **IGP Institute and Buhler, Inc. Partner for Milling Course in English.** This summer the IGP Institute and Buhler, Inc. will collaboratively offer executive milling courses in both English and Spanish. Leading off is the Buhler-KSU Executive Milling English course, June 12 to 16, in Manhattan, KS. The course is an introduction to grain cleaning, flour milling, and grain quality and functionality. Registration closes May 12. [Click here for more information and to register](#).
- **New Online Home for Ag Export Information.** A new website, [www.AgExportsCount.org](http://www.AgExportsCount.org), provides information about U.S. agricultural export market development and is the foundation of a unified public presence for the multiple coalitions and individual organizations that leverage USDA's Market Access Program (MAP) and Foreign Market Development (FMD) program to promote U.S. commodities and high-value agricultural products overseas.
- **Subscribe to USW Reports.** USW has added a “Subscribe” menu at [www.uswheat.org](http://www.uswheat.org) where visitors may subscribe to this newsletter, the weekly Price Report and the weekly Harvest Report (available May to October.) [Click here to subscribe or unsubscribe](#).
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