The spring wheat harvest is approaching quickly and it’s time to make some marketing decisions. Should you sell now or store wheat to sell later in the crop year? Maybe you should sell the carry in the market. With spring wheat prices at 10-year lows, the choice will not be easy. Let’s look at the cards we’ve been dealt.

Carrying charges: Carrying charges are the prices differences between futures delivery months (e.g., Sep’16 to May’17). Just as they were in August 2014 and August 2015, carries in the spring wheat market are fat and positive. For example, the May’17 MGEX contract has been trading at a 40 cent premium to the nearby Sep’16 contract. By storing grain and selling the May contract with a futures sale (or HTA), you can put the carry in your pocket, plus any gain in your local basis. Which raises a question — will basis improve next year?

Basis: The spring wheat basis is currently very wide; 80-90 cents under the September contract (or, if you prefer, 120-130 cents under the May contract) in many parts of South Dakota. With a big wheat crop and world stocks building, basis prospects are troubling. But I expect the basis to narrow sharply after harvest, just as it did in each of the past two years. Based on a quick review of the history, a basis of 30 cents under the May contract by next spring is possible.

I like big carries and an improving basis, and the opportunity they present to sell the carry. The May’17 contract has recently been trading near $5.25/bu. If you sell the May contract and the basis reaches 30 cents under next spring, you can still get nearly $5 for your wheat (based on 14% protein). Not bad, considering that current bids are closer to $4/bu.

The only downside to selling the carry is the lack of upside potential. If wheat prices find renewed life and soar, you will get close to $5/bu. However, if wheat prices crater further between now and next spring, you will get close to $5/bu. This outcome is too dull for some, so let’s briefly consider two more alternatives; storing unpriced wheat and paper farming with call options.

Storing unpriced wheat is a very common strategy after harvest. Unlike selling the carry, your upside potential is unlimited. Unfortunately, you are also exposed to lower prices. I like to believe there is more upside than downside from current price levels, so I would not object to storing some of your wheat unpriced. My only caution — have an exit plan. Write down the price you are waiting for, and it better be more than $5, because I can get you $5 wheat with little risk by selling the carry. The lack of an exit plan is one of the most common mistakes made by producers.

Paper farming — selling grain and re-owning with call options — is also popular. Paper farming is often sold as a ploy to avoid physical costs of storage. But understand this: large carrying charges reflect a market determined storage cost. Paper farming in a large carry environment does not avoid storage costs — you pay them up front.

If you find my ideas interesting, I hope you will come to the Ag Horizons Conference, November 29 & 30 at the Ramkota River Center in Pierre. My presentation on November 29 will be Five Common Mistakes in Grain Marketing. The next day I speak again, sharing some Post Harvest Marketing Tips. Stop by and say hello.
SOUTH DAKOTA – 2016
WHEAT VARIETY SURVEY
As of August 2, 2016

WINTER WHEAT
• 123,569 acres reported
• 1,070,000 acres harvested (estimate)
• 11.5% response
• 195 responses

SPRING WHEAT
• 91,919 acres reported
• 950,000 acres harvested (estimate)
• 9.7% response

ALL WHEAT
• 215,488 acres reported
• 2,020,000 acres harvested (estimate)
• 10.7% response

THE TOP REPORTED WINTER WHEAT VARIETIES PLANTED:
• SY Wolf (AgriPro 2012) = 32.0%
• Ideal (SD 2011) = 16.1%
• Redfield (SD 2013) = 14.4%
• AP503 CL2 (AgriPro 2008) = 8.3%
• Overland (NE 2007) = 7.0%
• Lyman (SD 2008) = 6.5%

THE TOP REPORTED SPRING WHEAT VARIETIES PLANTED:
• Prevail (SD 2013) = 24.9%
• Forefront (SD 2011) = 14.4%
• Advance (SD 2011) = 14.3%
• Select (SD 2009) = 8.2%
• Focus (SD 2015) = 5.7%
• Brick (SD 2008) = 5.5%
Marshall Secures Victory in Primary Over Incumbent Huelskamp

Dr. Roger Marshall from Kansas’ First district won the primary against three-term incumbent Rep. Tim Huelskamp, after a closely-followed race. Marshall, endorsed by the National Association of Wheat Growers (NAWG) and several other national and state agriculture groups, won with 57 percent of the vote to secure himself the candidacy. Marshall’s victory in the primary is an important step forward in reclaiming a House Agriculture Committee seat for Kansas’ First district. The “Big First” is the largest wheat-producing Congressional district in the country but has not had a voice there in nearly four years.

“Marshall’s victory in this primary is emblematic of the desire for true agriculture representation in Washington, D.C.,” says NAWG Vice President and Kansas’ First district farmer David Schemm. “He has demonstrated that he can work with Kansas farmers, listen to our needs, and be our effective advocate in Congress. NAWG looks forward to the opportunity to work with Dr. Marshall to secure a seat on the House Ag Committee, because the current fragile farm economy illustrates how important a functional Farm Bill is to rural America. We are thrilled to have backed a candidate who understands the needs of Kansas’ and U.S. wheat farmers and shown that he is willing to do even more for them in the upcoming Farm Bill.”

GMO Bill Signed into Law by POTUS

President Barack Obama signed the GMO labeling bill on July 29, 2016. This historic bill will require the mandatory labeling of food that contains genetic engineering. The legislation gives food producers the option to either label their products with wording or a symbol, or to provide a smart phone accessible digital QR code that when scanned, discloses information concerning whether the food contains ingredients made with biotechnology. The newly signed law will preempt a potential patchwork of state-based GMO labeling laws that could’ve caused chaos in the national food manufacturing and distribution system. With the President’s signature, the next step will be implementation of a national labeling system by the U.S. Department of Agriculture.

EPA Science Panel Does Not Have Confidence in Chlorpyrifos Study

Earlier this year, NAWG signed on to a letter to the Environmental Protection Agency (EPA) Administrator Gina McCarthy regarding EPA’s swift action to use one study to determine safe levels of exposure to chlorpyrifos. EPA convened a Scientific Advisory Plan (SAP) to review the study and that SAP has now concluded that the agency should not rely on an epidemiological study to set the safe levels of exposure for the pesticide, which is one of the most commonly used pesticides, proven to be safe and effective for an array of commodities. In NAWG’s letter to the EPA, we emphasized that the EPA should not move forward with changing decades of regulatory practice without properly considering the science-based data and efficacy of past regulatory practices. NAWG supports the review of crop protection tools based on sound science and transparent procedures, ensuring that growers have access to a variety of crop protection tools. EPA’s recent actions call into question their adherence to a consistent, transparent regulatory process.

NAWG Welcomes Registration of New Wheat Herbicide

A new low application rate wheat herbicide, Quelex, developed by Dow AgroSciences, has been approved by the U.S. Environmental Protection Agency, allowing the company to move forward with marketing the product. Containing the active ingredient Arylex, Quelex is the first product with a new active ingredient presented to the herbicide market for wheat production in over twenty years. Due to a lack of herbicide residue left on the crop after application, producers will have newfound flexibility for their crop rotation programs. This increased crop rotation flexibility will provide wheat growers with choices that will help them to improve soil condition; reduce weed, insect and disease pressure; enable successful conservation tillage and enhance our flexibility in seed variety selections.

New Research Reveals Future of Wheat Genetics

By analyzing tissue algorithms, research teams from Kansas State University, Manhattan, Kansas, and the International Maize and Wheat Improvement Center have developed a way to select new varieties of wheat without having to invest the money and effort into producing the grain to test. New research has shown that breeders can look at DNA from a single plant and predict the ideal milling and baking characteristics it would contain. Before mapping out the entire wheat genome, breeders had to make educated predictions based off of the available metrics. Now that the genome is mapped, geneticists can select traits based off of new prediction models. “Quality is difficult to select for because historically you couldn’t assess a wheat variety’s quality characteristics until you had a certain amount of grain that you could test and, you can’t get that amount of grain to mill and bake without putting a lot of money and effort into getting it.” said Kansas State professor Allan Fritz. NAWG applauds this exciting ground-breaking research done by these teams and looks forward to the new varieties to come forth. This highlights the importance of the mapping of the wheat genome that was announced earlier in the year by the International Wheat Genome Sequencing Consortium. Higher yields paired with higher quality in a wheat crop can help ensure a safe and sustainable global food source for years to come.
As of July 29, 2016

Hard Red Winter Wheat Update

Hard Red Winter

The 2016 HRW harvest continued to make significant progress in most of the states and is well ahead of the five-year average for this date. Harvest is complete from Texas north to Nebraska. Areas of the Pacific Northwest, Montana and Wyoming received some rains showers and hail this week. Harvest in Wyoming is 85% complete with yields ranging from 25 bu/ac (1.7 tons/ha) to over 50 bu/ac (3.4 tons/ha) and average test weight above 60 lb/bu (78.9 kg/ha). Montana is reporting average yields with protein generally ranging from 11.5% to 12.5%. HRW harvest in Washington is estimated to be 80% complete. Yields are higher than normal and proteins average about 12%. For Oregon and Idaho, harvest progress estimates of 48% and 17%, respectively, are for all winter wheat, which includes both soft white and HRW.

There are now 385 of 530 samples in the lab. The average test weight of 60.6 lb/bu (79.7 kg/ha) did not change this week. It is still well above the minimum for U.S. Grade No. 1 HRW and well above the 59.3 lb/bu (78.0 kg/ha) final overall average last year. The thousand kernel weight (TKW) dropped slightly this week from 32.1 grams to 32.0 grams, but is still very good and well above last year’s final average of 29.8 grams. The falling number (FN) value of 395 seconds this week is essentially unchanged compared with 397 seconds last week and 400 seconds last year. The average protein also dropped slightly to 11.1% compared with 11.2% previously. However, preliminary testing indicates that the lower protein quantity has not affected the protein quality. As reported last week, more extensive rheological and baking tests to be done over the next few weeks will help to define the functional quality of this crop.

<table>
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<th>WHEAT DATA</th>
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<tr>
<td>Last Week</td>
<td>232</td>
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Results shown represent all samples collected through this and last week respectively.

Legend: Protein = % Moisture Basis; TKW = 1000 Kernel Weight; FN = Falling Number; FM = Foreign Material; S&B = Shrunken and Broken; n/a = not available.
District 1 — Shannon Depoy
Winter wheat yield averaged around 55 bushels per acre with the protein around 10 – 11%. A late frost hurt the yield. Spring wheat harvest is only one-half complete but looks to be around 30 to 35 bushels per acre for an average with 11% protein.

District 2 — Julian Roseth
Hail hit much of the District—maybe as much as half. The hailed out winter wheat ranged from 20 – 30 bushels per acre and what the hail missed was up to 90 bushels per acre. The protein averaged under 10 to 11%. Spring wheat averaged 45 – 55 bushels per acre and the protein was between 13.5 and 14.5%.

District 3 — Tanner Handcock
The wheat in district 3 seemed to yield pretty good from what I have been hearing (45-55 bu. Avg.). With that being said, I think that there were some issues with the quality in areas! I have been hearing updates of producers that yielded ok but had low protein and low test weight. Then the next producer had great protein and great test weight, it was hit or miss.

District 4 – Doug Simons
Winter wheat was in the low 70s bushels/acre with good test around 62lb/ bushels. No specific quality problems but low protein. Spring wheat yields were in the mid 60s range bushels/per acre. Good test wt. 64 lbs/bu. Also no quality problems but low protein as well.

District 5 — Todd Mangin
In District 5 winter wheat was between – 54 – 64 lbs/ bu with the average at 61, yield ranged from 35 – 90 bu per acre with the average at 70 and protein was between 7 – 16 with the average at 11.5. Spring wheat was between 57 – 64 lbs/ per bushel, yield was between 30 – 80 with the average at 60 and protein ranged between 11 -17.5 with the average at 13.8.

District 7 — Paul Hetland
Harvest in the area is complete with yields above average to well above average. Quality was good overall with the exception of protein which varied from the upper 9’s to the low 13’s. Recent moisture creates an opportunity to plant cover crop on harvested acres to enhance soil health.

SDSU Wheat Report
“SD winter wheat is expected to have average yield of 54 bu/ac based on USDA NASS 2015 July 12 reports. In SDSU trials the initial data from nine locations is showing promising results with average yield in the trials being 71 bu/acre. With mild winter and no winter kill the cultivars average yield over all locations ranged from 57 bu/acre to 79 bu/acre. Of the cultivars grown widely in South Dakota the top five yielding varieties seem to be SY Wolf, WB Grainfield, Redfield, Lyman, and Overland. The test weight ranged from 53.8 to 59.1 lb/bu and the average test weight was 56.7 lb/bu, lower than the average in SD, likely because of terminal heat stress. Even though there are reports of lower protein content in winter wheat this year, SDSU trials analyzed till now have protein content ranging from 12.4% to 13.8%, with an average of 13.1%”.

Wheat Producer Advantage
Do Carbohydrates and Wheat Make You Fat?

Do carbohydrates and wheat make you fat? If you believe in science, follow along and learn about all the research that proves otherwise.

Around the turn of the 20th century, wheat consumption averaged about 200 lbs. per person annually and we did not have an obesity problem. Last year, wheat consumption was about 131 pounds per person and we have the highest obesity rate in U.S. history. What do the following studies have in common?

- Center for Disease Control’s (CDC) on-going National Health and Nutrition Examination Survey (NHANES)
- Nurses’ Health Study
- Nurses’ Health Study II
- Women’s Health Study
- Prostate, Lung, Colorectal, and Ovarian Screening Study
- Health Professionals Follow-up Study
- Canadian National Breast Screening Study

They all show an inverse relationship between carbohydrate intake and body mass index which means that the higher percentage of carbohydrates consumed, the lower the weight.

The actual body weight difference between high- and low-carbohydrate intake groups equaled 6 to 7 fewer pounds for the higher carbohydrate consumers.1

Some people claim eating wheat increases your appetite, but there is no scientific research to support that. One study shows that eating wheat has no effect on satiety (feeling full) or increased appetite1 while several others show it actually enhances satiety and reduces caloric intake.2–8 These studies are consistent with the large body of epidemiological evidence showing whole grain consumption (most of it from wheat) is actually associated with healthful long-term eating patterns.10–15 This pattern of consumption is consistent with the 2010 Dietary Guidelines for Americans which recommend the average consumer eat six one-ounce servings of grain foods daily with at least half being whole grains. Additionally, subjects consuming more than three servings of whole grains per day had 10% less abdominal fat than subjects who ate no whole grains.16

Furthermore, if you don’t eat wheat, you could increase your risk of not getting enough fiber, a nutrient of concern. Also, because of folic acid fortification of enriched grains in 1998, neural tube birth defects, such as spina bifida, have decreased by 36 percent in the U.S. The CDC acknowledges that enriched grains, rather than supplements, are responsible for this achievement and in May 2011 named folic acid fortification as one of the top ten public health achievements of the last decade. This incredible health initiative has saved Americans $4.7 billion in direct causes. All women of child-bearing age (including teenagers) should be consuming three servings of enriched grains daily and taking a folic acid supplement.

Approximately seven percent of Americans cannot eat wheat because it contains gluten. That small percentage includes approximately one percent who have celiac disease, an autoimmune disease, and six percent who have non-celiac disease gluten sensitivity. Celiac disease, while serious for those who have it, is actually lower in incidence than autism or diabetes. Going on a gluten-free diet when you don’t need to risks trivializing the serious disease that celiac is. If you think you have celiac disease, get tested before going on a gluten-free diet or the test results will not be accurate.

You may have also heard that the wheat we consume today is different than the wheat our grandparents ate. There are no studies that show this is true for U.S. wheats.

Eating wheat is nutritious, and economical. Wheat forms the basis of some of our favorite foods so follow the science and enjoy!
Quality — The Basis For Every Profitable Farming Operation

Having high quality seed gives the crop an extra boost when planted. High quality seed will have higher seed vigor, emerging and becoming established faster. There are many factors that affect seed vigor, a few of these are seed size and density, absence of mechanical damage and free of and damage caused by disease.

Seed size and density can be determined by looking at the test weight and the seed count. High test weight is an indicator of high density seed while the lower seed count usually indicates heavier seed. These factors are somewhat variety specific. The old winter wheat variety Vona is a good example of this. Vona had the characteristic of being a high yielding variety for its time; it would accomplish this by filling the 4th through 7th florets. Each additional seed filled would be smaller than the previous one in the floret. The smaller seeds produced would give Vona a very high test weight, 65 pounds plus in some cases while the same seeds that gave it the high test weight would result in a high seed count, 20,000 plus. The absence of any mechanical damage or damage caused by disease will be reflected in a high germination percentage.

Purchasing certified seed guarantees that the seed you are purchasing has been through a quality control system and that it is legal seed. All of the most popular varieties of spring and winter wheat have Plant Variety Protection (PVP) with or without Title V. Title V requires that the seed is sold as a class of certified seed. PVP varieties without Title V can be sold as seed but only with the owner’s permission. With either type of protection the seed can be saved by the grower and replanted for as many seasons as desired but it cannot be sold, traded or bartered for any type of seeding purposes.

Seed certification provides unbiased third party field inspection and variety verification while adhering to standards set down by the SDCIA board of directors, who are seed producers. Our standards have requirements for field history – certain crops cannot follow one another in the crop rotation, seed source – insures that an eligible class of seed was used, field isolation – minimizes the chances of out crossing and contamination, other crop and weed standards – minimizes the chances of having a field contaminated with undesirable crops and weeds, requirements for harvesting, handling and conditioning – maintains varietal purity. There are also standards for seed quality – minimum purity and germination. Each certified field will undergo electrophoresis testing after harvest; this is a protein test that verifies the variety in question. When the seed is sold each bag or container should be accompanied by a certification tag of bulk sales certificate. This is your proof of quality and certification.

The take home message from this is that when selecting your seed you should know the variety characteristics (yield, disease resistance, protein, etc.) that will provide you the best return for your area. The Crop Performance Testing (CPT) data is available at the following web site: http://igrow.org/. Use the search box in the upper right hand corner to find the most current CPT information. Also know your seed provider, most are local and you have probably driven past their seed production fields throughout the year. Lastly make use of certified seed. On average across all crops in certification there has been a 2 bushel advantage in yield over bin run seed. Directories of certified seed growers and the varieties produced are available at the SDCIA office, 605-688-4606, in the September issue of the Dakota Farmer for winter wheat and the November issue for all other crops.
Dear fellow wheat farmers:

I hope that your 2016 wheat harvest has been successful, and while I know economic outlook for wheat in the near term might not be the best, I can reassure you that NAWG is actively working to address issues that growers face every day. As a grassroots, membership based organization, we depend on our board of directors and state associations to help shape our priorities. It might be hard to believe, but it is time to begin our planning for the next Farm Bill.

Your participation throughout the Farm Bill process will be critical to NAWG’s effectiveness in Washington, DC. To start our Farm Bill policy priority process, we developed an online survey to hear directly from NAWG members, state associations and friends about the current Farm Bill.

We need to hear from you – what is working and what isn’t. What programs have you signed up for, ARC, PLC, SCO, CSP, etc. and how do they work? What are wheat growers lacking, and where can we focus on making improvements?

This fall we will be working through the NAWG committees and board of directors, and the aggregate data gathered from this survey will be shared with the committees to help shape their discussions. To be clear, this survey is not intended to circumvent the development of policy recommendations from our state associations; rather, our intent is for this survey to help guide discussions at the state level and through the full NAWG board.

Your input is needed to help us create policy priorities that reflect the successes and miss-steps from previous Farm Bills and identify policies that mean the most for wheat growers. Our success delivering effective policy depends on the input and involvement of wheat growers across the country.

Please take 15 minutes to complete this online survey, which will be open for responses through December 15, 2016. Together, we can make sure the next Farm Bill delivers meaningful polices for wheat growers. If you’re ready to make your voice heard, please contact SD Wheat, Inc, executive director Caren Assman by email at wheatinc@midco.net who can send you a link to the survey.

Sincerely,

Gordon Stoner, President
National Association of Wheat Growers