

South Dakota Wheat



2016

Annual Report

From
Family Farms
to your table.



Chairman's Letter

Terry Hand, Chairman

At the risk of sounding philosophical the 2016 wheat crop can probably best be summarized in the words of the opening paragraph of Charles Dickens' novel, *A Tale of Two Cities*. The novel opens as, "It was the best of times, it was the worst of times,"

The Hard Red Spring Wheat harvest can probably best be described as average and this year average was appreciated! Planted acres were down 19% from 2015 but favorable planting and growing conditions resulted in 97% survival to harvest. Yields averaged 45 bushels per acre, down three bushels from 2015, but still well above the 40 bushels per acre average over the past two decades. Protein content was consistent with expectations and fortunately there were almost no challenges with elevator dockage for vomitoxin or ergot.

The Hard Red Winter Wheat harvest was more complicated. Planted acres, in the fall of 2014, were down 25% but again conditions were favorable to survival to harvest for 93% of the acres. Winter Wheat producers across the nation experienced exceptional yields. South Dakota contributed to this success reaching a record average yield of 58.0 bushels per acre. This would compare with a two decade average of approximately 43.0 bushels per acre. The yield bonus created significant protein challenges for the crop with much of the grain falling short of the 12% protein target. Unfortunately many producers realized extreme protein discounts with 10% to 11% grain, or lower.

Strong wheat harvests in South Dakota, the nation, and the world have resulted in the highest wheat ending stocks since the 1980's. South Dakota reached record wheat stocks for both on-farm and off-farm positions. Unfortunately these ending stocks have resulted in the lowest season average price since 2005.

The alignment of these stars is already affecting the forecast for South Dakota wheat production in 2017. Winter Wheat plantings this past fall coincided with spot prices in central South Dakota dipping below \$3.00 per bushel. Protein discounts further impacted the diminished value. The better news is that spot prices for Winter Wheat over the following months have strengthened by nearly a dollar. The even better news is that Spring Wheat is benefiting from an interclass price spread hovering around \$1.25 per bushel.

As spring arrives in the upper plains there are many reasons to be optimistic about Spring Wheat in a producer's rotation plan. In an environment of high input costs for row crops that are also experiencing declining prices, wheat can be competitive in net return. Add in the exceptional positive impact upon soil health and improved yields for corn in the year following wheat and you have strong evidence of the value of wheat in your 2017 rotation plan!

Terry Hand, FY17 Chairman,
South Dakota Wheat Commission

2016 South Dakota Wheat Production

2016 South Dakota Wheat Production - Compared to 2015

	Acres Planted		Acres Harvested		Bushels Harvested		Bushels/ Acre	
	Total	Change %	Total	Change %	Total	Change %	Avg.	Change Bushels
Winter Wheat	1,180,000	-17	1,100,000	13	63,800,000	49	58*	14
Spring Wheat	1,080,000	-19	1,050,000	-17	47,300,000	-22	45	-3
Durum Wheat	10,000	4,000 acres	7,000	1,000 acres	231,000	-6	33	-8
Total Wheat	2,270,000	-18	2,157,000	-4	111,331,000	7	52	6

Source: USDA NASS September 30, 2016. * Record.

Winter wheat seeded area for harvest in 2017 is estimated at 0.90 million acres, down from last year's seeded area of 1.18 million acres.



All wheat stored in all positions on December 1, 2016 totaled 102.0 million bushels, up nineteen percent from a year ago.



2016 Wheat Variety Survey

Winter Wheat

- 123,569 acres reported
- 1,070,000 acres harvested
- 11.5% response

Spring Wheat

- 91,919 acres reported
- 950,000 acres harvested
- 9.7% response

All Wheat

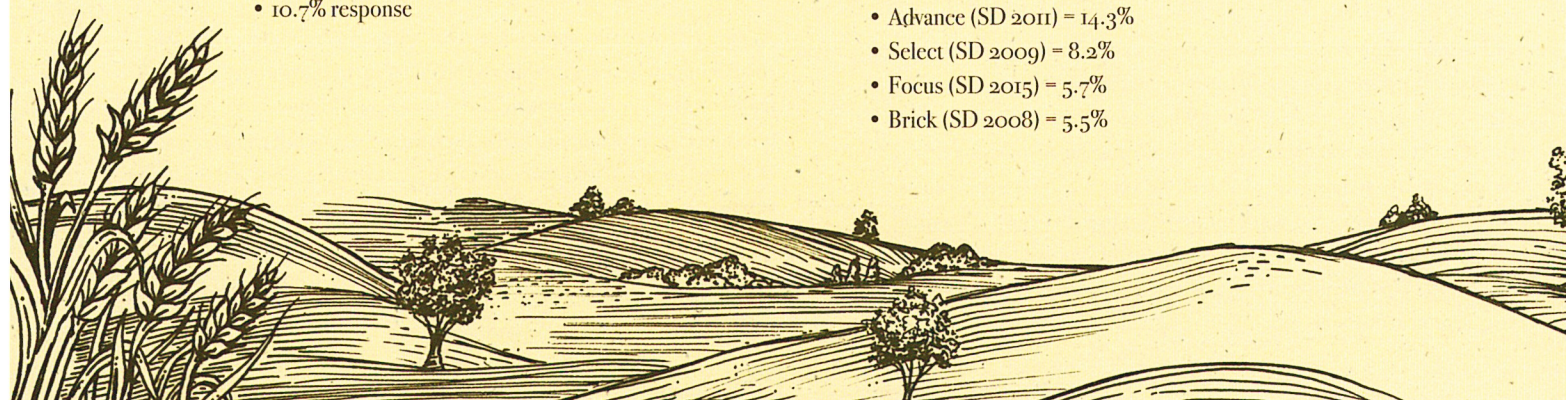
- 215,488 acres reported
- 2,020,000 acres harvested
- 10.7% response

The Top Reported Winter Wheat Varieties Planted:

- SY Wolf (AgriPro) = 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%



Financial Summary

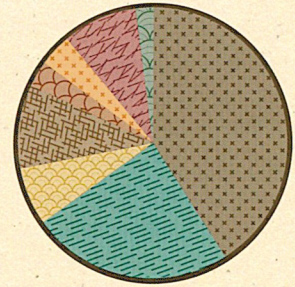
South Dakota Wheat Commission Investments

	FY16*	%	FY17*	%
 Research	\$774,271	41	\$634,387	36
 Market Development	456,000	24	443,500	25
 Education/Promotion	127,323	7	129,195	7
 Policy/Government Affairs	197,292	10	197,292	11
 General Operations	49,600	3	51,600	3
 Travel	67,100	4	67,100	4
 Personnel Services	182,000**	9	189,333**	11
 Employee Benefits	46,170	2	43,170	3
Total	\$1,899,756	100	\$1,755,577	100

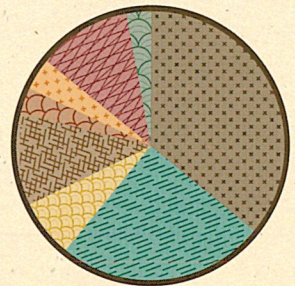
* Fiscal Year is July 1 to June 30 (i.e. FY16 = July 1, 2016 to June 30, 2017).

** The significant increase in personnel budget includes a vacant FTE that will not be hired in current fiscal year.

Fiscal Year 2016



Fiscal Year 2017



1961 • 2016

5 YEARS

SOUTH DAKOTA Wheat COMMISSION
Producing Results for Producers



Leo Warrington,
Commissioner



Chet Edinger,
Commissioner



Clint Vanneman,
Commissioner



Terry Hand,
Commissioner



Reid Christopherson,
Executive Director



Carolyn Theobald,
Office Manager/Accountant



Tregg Cronin,
Commissioner





Mission Statement

To stabilize and improve South Dakota's wheat industry through research, market development and education.

New Headhouse and Greenhouse Facility Completed at SDSU

Researchers at South Dakota State University have moved into the new Greenhouse/Headhouse complex and new projects are underway. Located north of the Animal Science complex, the new Headhouse and Greenhouse facilities provide 12,000 square feet of new space to teach, conduct research, and enable extension opportunities for producers in South Dakota.

The work being done at SDSU by faculty and students in the areas of plant science, horticulture, botany, agronomy, range science and biology has long had a profound impact on agriculture throughout the region. Having modern facilities to accommodate such important work is paramount. The project was funded in part by contributions from the South Dakota Wheat Commission.

At SDSU, fundamental research on how plants function and respond to stress, development of new varieties and their agronomic characteristics, development of potential bio-energy crops and how invasive plant species interact with native rangeland plants are examples of the urgent, relevant nature of work being done in the Headhouse and Greenhouse buildings.

Research in these facilities will positively impact agriculture through the production of new crop varieties and through discoveries that will improve pest control, disease resistance and stress tolerance in crops.





Supported Organizations

Your check-off investment is multiplied through collaboration with industry partners.



South Dakota Wheat Commission is funded entirely by South Dakota wheat farmers through a 0.4% value/bushel initial sale of wheat. This self-help program improves the wheat industry in SD through wheat research, foreign and domestic market development, and utilization. The Wheat Commission Board of Directors is comprised of five wheat producers representing wheat growing regions and classes of wheat.

www.sdwheat.org



South Dakota Wheat Incorporated is a voluntary membership organization, designed to represent the wheat producers on government policy issues. The elected Board of Directors are wheat producers from across the state who determine the priority policy issues. These issues include farm bill legislation, crop insurance, research and environmental policy, transportation and energy policy, international trade legislation and general farm issues affecting SD wheat farmers with particular emphasis on establishing equitable partnerships with private industry.

www.sdwheat.org/sdwheatinc.aspx



Northern Crops Institute, located on the campus of North Dakota State University in Fargo, ND, is a modern facility for training industry personnel from both domestic companies and foreign companies/countries on how to utilize and purchase wheat and other crops grown in the Northern Great Plains. It is funded by wheat producers in North Dakota, South Dakota, Minnesota and Montana, the South Dakota Legislature and other state legislatures.

www.northern-crops.com



Wheat Foods Council is the national organization that works to increase the domestic consumption of wheat foods. The Council provides nutritional information about wheat to health professionals, personal trainers, food service personnel, food editors, educators, and the general public. The SD Wheat Commission is a charter member of the Wheat Foods Council.

www.wheatfoods.org



U.S. Wheat Associates, headquartered in Washington, D.C. with 15 overseas offices, is the international marketing representative of U.S. wheat growers in over 100 countries. It is funded by wheat producers through their respective state wheat commissions in Arkansas, Arizona, California, Colorado, Idaho, Kansas, Maryland, Minnesota, Montana, Nebraska, North Dakota, Ohio, Oklahoma, Oregon, South Dakota, Texas, Virginia, Washington and Wyoming. Check-off dollars are leveraged through investments made by the U.S. Department of Agriculture's Foreign Agriculture Service.

www.uswheat.org



The Home Baking Association mission of "growing the practice of home baking" could not be more timely due to economic conditions and other societal changes. The fact is more meals are being prepared at home, and this organization is at the forefront in sharing our tools and knowledge to not only current bakers, but future generations as well. The HBA is a valuable resource for educators, parents, community service volunteers, scratch-bakers and anyone else interested in baking.

www.homebaking.org



The goal of the Wheat Quality Council is to improve the value of all U.S. wheat classes for producers, millers, and processors of wheat. Advocates the development of cultivars which enhance end use quality of wheats for all U.S. wheat classes. Provides forums for breeders, producers, and industry members to discuss desired characteristics and evaluation of wheat. Communicates industry needs and the importance of meeting end-user needs to breeders, producers, traders of wheat, and all U.S. wheat organizations.

www.wheatqualitycouncil.org



South Dakota State University supports SD wheat farmers by addressing state wheat production issues. Increased yield and disease resistant varieties for both spring and winter wheat are the main goals in wheat research.

www.sdstate.edu/ps



Research

Research and its funding are an integral part of success in agriculture. Growing wheat efficiently and economically is as important to the profitability equation for wheat farmers as is marketing. Wheat checkoff dollars provide for continuing and new research in the areas of: Wheat Variety Development; Wheat Production and Management; Disease; Weed and Pest Control; New Technology; Crop Quality Evaluation; and Market Research.

Market Development

South Dakota annually exports approximately 20-30 percent of its wheat internationally. Funding is used to support International Marketing through the U.S. Wheat Association and the Northern Crops Institute in Fargo, ND. Domestic Marketing includes support to Wheat Foods Council, Wheat Quality Council and Plains Grains, Inc.

Your check-off investment supports:



Policy & Government Affairs

The competitive position of wheat and wheat production can be directly altered by changes in political climate, and national policy. Funding supports advocacy and education on wheat research and promotion initiatives.

Education, Information and Communication

Reaching producers, students, and the general public is essential. The SDWC maintains a website at www.sdwc.org along with a Facebook page. Check-off dollars provide a communication link between the farm and non-farm sectors through education and the media. Scholarships, awards and premiums provided through the SDWC include: SDSU/MTI/LATI Scholarships, FFA, FFA Foundation and 4-H Agriculture Education programs.

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