

July 1, 2009



The Sheaf

Calendar:

- July 9, Powell R&E Field Day, Powell
- July 20 - 22 , US Wheat Associates, Board of Directors meeting, San Diego
- July 23, SAREC Field Day, Lingle
- July 20 - 22 , US Wheat Associates, Board of Directors meeting, San Diego
- August 10, UW Variety Trial results available
- August 19, Wyoming Wheat Marketing Commission conference call meeting

The SHEAF -- Newsletter of the Wyoming Wheat Commission Volume 5, Issue 1

COMMISSION ANNOUNCES CHANGES TO ASSESSMENT

Cheyenne, WY— The Wyoming Wheat Marketing Commission, announced its intention to raise the wheat assessment from the current 1 cent per bushel, up to 1.75 cents per bushel. During the 2009 Wyoming Legislature, House Bill 198 passed both houses and was signed by the Governor. The bill becomes effective on July 1, 2009, and allows the Commission to set the wheat assessment up to 2.5 cents per bushel. The Commission anticipates that the increase will be effective July 15, 2009.

The new legislation also allows handlers to remit the assessment quarterly, rather than monthly. This helps minimize costs for elevators; additionally, receipts of collection will no longer be used by handlers. Producers seeking a refund will continue to request the refund form from the Wyoming Department of Agriculture as in the past, but will need to submit original settlement sheet(s) with their completed refund form. If there are any questions, please contact Executive Director Kennedy at 307-742-9790, or agrimind@wyoming.com.

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MESSAGE FROM THE CHARIMAN

I would like to let you know what we have been doing recently. Keith, our Executive Director has been working on a grant for a feasibility study on increasing market opportunities. We feel as a Commission that there are opportunities for YOU the producer from this effort. It could serve as point of origin for Wyoming Wheat into niche markets, whether it be white wheat, or a certain blend of reds for a specific mill. We feel that we have quality in Wyoming that could be used to producer's advantage when marketing.

We are also in the process of putting together a scholarship fund thru the Commission and the Wyoming Wheat Growers; there may be scholarships from both organizations. We are always trying to keep our young and up coming kids in agriculture and feel that this is one way to support agriculture of the future.

Research is something else that we are really trying to put our efforts into. Due to the fact that without research we are going to lose in market share to other commodities we are also assisting with funding for the wheat variety plots that the University of Wyoming plants each year.

The Commission discussed at the proposed increase in assessments at length with the Grower Association, during the Convention last fall, and while there was some resistance to an increase, there was widespread awareness that the assessment has not changed since 1972, when wheat prices were in the \$1.00 - \$1.50 per bushel range. The Commission has already voted to fund increased efforts in consumer education, and increased research.

Our goal on the Commission is to work for Wyoming wheat producers, by following our purpose and mission: **"Expanding and maintaining wheat markets for Wyoming producers"**. Being producers ourselves, we are always looking to make our industry more profitable.

Wheat Commission Update

During the June 9, 2009 meeting of the Commission, Casey Madsen of Pine Bluffs was elected Chairman for fiscal year 2010 (July 1, 2009 - June 30, 2010). Tim Anderson of Albin was elected Vice-Chairman for fiscal year 2010. In addition, contracts were approved with Wyoming Wheat Grower's Association for producer education, and Wyoming Ag In the Classroom for consumer education. Further, the variety trials done by the University of Wyoming were funded for fiscal year 2010, at a level that was increased from 2009.

Two new efforts were funded, first, an effort by the National Association of Wheat Growers (NAWG) to educate urban media and consumers was funded. This effort includes membership by NAWG in 'The Hand That Feeds U.S.', a web-based presence that will serve as a source of information for urban media. The site can be accessed at <http://thehandthatfeedsus.org>. In addition, the Commission voted to fund an effort to educate the food chain and support the development of biotechnology in wheat, through the joint biotechnology committee of NAWG and U.S. Wheat Associates.

Wheat Supplies To Be 'Tight,' U.S. Wheat Group Says

June 15 (Bloomberg) -- Global supplies of wheat, the world's second-most consumed grain, will be "historically tight" next year even after bumper harvests, U.S. Wheat Associates Inc. President Alan Tracy said. Growers worldwide are harvesting what will likely be the second-biggest crop on record this year, following the largest-ever last season, Tracy said in an interview in Tokyo. Still, world wheat consumption may rise as the economic slump prompts some consumers to switch from meat to cereals, he said.

Wheat, corn and rice futures rose to records last year, increasing food costs and sparking riots from Haiti and to Ivory Coast. Wheat prices lost 36 percent in the past year as global output reached a record 687 million metric tons in 2008-09, according to International Grains Council estimates, raising year-end stockpiles for the first time in four years.

"The remaining stocks are still quite tight," Tracy said on June 12, forecasting the stocks-to-use ratio, the gauge of supply tightness, will be 23 to 24 percent at the end of 2009-10, compared with 19 percent in 2007-08. "An appropriate level for the stocks-to-use ratio of wheat is 25 percent," Nobuyuki Chino, president of Tokyo-based Unipac Grain Ltd. said today by phone. "If supplies fall below this level, we can say the market is in a tight situation. Wheat prices will probably chase a rally in soybeans and corn."

The prices are still down 6.1 percent this year compared with a 2.8 percent gain for corn and a 26 percent rally in soybeans. "We are very close to the edge of supply-demand balance," Tracy said. If production problems reduced crops in some countries, such as the U.S. or India, that "could tip the balance," he added.

Tracy forecast wheat prices could range from \$5 a bushel to \$8 a bushel, without giving a timeframe. Prices could go beyond that level driven by investor demand, he said. "If things begin to look a little tight, we will have many hedge funds buying wheat," Tracy said. "That increases the volatility of the market." Prices are unlikely to return to the record \$13.495 reached Feb. 27, 2008, he added. World wheat consumption will be "very high" in 2009-10 even amid a global recession, Tracy said.

"We see very little impact from economic changes on wheat consumption. It can actually go up as a result of switches to lower-cost foods in less-developed countries," he said. The Arlington-based market development organization for U.S. growers does not issue its own supply and demand outlook, Tracy said, adding that projections by the IGC are "quite good."

The London-based IGC forecast on May 29 that world wheat production will drop 5.1 percent to 652 million tons in 2009-10 from a year earlier, while consumption will be little changed at 643 million tons. Ending stockpiles are projected at 167 million tons, up 5.7 percent from 158 million in 2008-09.

-Ava Takada-

Pacific Northwest Export Capacity to Expand

Portland, OR - Bunge North America, Japan's ITOCHU, and Korea's STX Pan Ocean have formed a joint venture called EGT Development to build and operate what will be the first new export grain facility in the U.S. in 20 years. EGT expects to begin construction in the next few months at the Port of Longview, WA, on the Columbia River. The announcement came after port commissioners approved an 80-year lease for the new grain terminal. Plans call for a rail loop to unload up to four 110-car shuttle trains and capacity to handle grain, oilseeds, and protein meals.

This week, United Harvest LLC also announced plans to upgrade its Kalama, WA, export facility in a project designed to double its inbound rail capacity. United Harvest said the project will help increase railcar turnaround at the port and, according to the President of United Harvest, will put the exporter in a better position to meet growing customer needs. This upgrade should be complete by Sept. 30, 2009.

Bunge Ltd. is a food and feed ingredient company that operates grain elevators, grain and oilseed processing plants, refineries and food processing facilities in the U.S., Canada and Mexico. ITOCHU is the second largest marketer of grain and food products in Japan, and STX Pan Ocean of Korea ships agricultural products. United Harvest is a joint venture between CHS Inc., St. Paul, MN, the nation's largest producer-owned cooperative and Mitsui & Co. Ltd., Tokyo, Japan, an exporter originating United States wheat, barley and by-products.

WASDE Says Weather Hurt Wheat Crops Worldwide

Chad Weigand - Market Analyst, U.S. Wheat Associates

In The USDA released its latest World Agricultural Supply and Demand Estimates (WASDE) report on Wednesday, June 10. The WASDE forecasts world wheat output at 656 million metric tons (MMT) for the marketing year 2009/2010, down from its estimate of 683 MMT for 2008/2009, and down slightly from last month's initial 2009/2010 report. Decreased production estimates for the U.S., Canada, the European Union and Ukraine account for the change.

The June WASDE report estimates U.S. production at 54.86 MMT, which is down from 55.14 MMT from the previous month and considerably lower than last year's estimates of 68.05 MMT. (One metric ton equals 36.74 bushels.) Excessive rainfall is hurting yield and quality of both the soft red winter (SRW) and hard red winter (HRW) crops. Projected output for SRW wheat is down by 7 million bushels, while HRW projections are down by 4 million bushels.

Outside the U.S., frost is the primary culprit for the reduced Canadian wheat output estimate. Unseasonably cool temperatures in Alberta and Saskatchewan have delayed spring planting, and USDA lowered this month's production forecast from 26 MMT to 25 MMT. The European Union will see decreased production in 2009/2010 because of drought in Hungary, Romania, and Spain. USDA projects EU production to fall to 135.96 MMT, which is down from the May projection of 138.24 MMT. Dry conditions also affected Ukraine crop production; its 2009/2010 estimated output fell to 18 MMT, down from 19 MMT last month. Argentina continues to see dry conditions and political disputes over export restrictions are discouraging to growers. Forecast production in Argentina now stands at 11 MMT, up from the 8 MMT last year but still well below its five-year average of 14.4 MMT.

USDA forecasts that increased production in North Africa and the Middle East will slightly offset the lower production from the major exporters. Crop yields in such countries as Morocco, Syria and Tunisia, which suffered dry conditions last year, are forecast higher this year. Increased output in this region, aggressive pricing from Black Sea origins and freight rate spreads are likely to increase competition for U.S. wheat exports, now forecast at 24.7 MMT. That is down from USDA's 27.2 MMT estimate for 2008/2009 and slightly below the five-year average.

USDA raised its estimates on the projected average farm price by 20 cents per bushel. USDA projects average farm prices will be between \$4.90 and \$5.90 per bushel. This increase is due to high feed grain and soybean prices, along with the decrease in estimated world output. USDA estimates global ending stocks to be 182.6 MMT, which is an increase of 0.7 MMT from the May 2009 WASDE report. The global wheat stocks-to-use ratio is up for the second year in a row following a near decade-long decline.

U.S Wheat Associates Announces 2009 Calendar Photo Contest

Steve Mercer, USWA Director of Communications

Arlington, VA – U.S. Wheat Associates (USW) invites anyone who is part of the U.S. wheat industry to submit photographs for possible use in its 2010 calendar. The winning photographers will receive \$100 each from USW. This year, USW is looking for non-commercial photographs that illustrate the theme "The Wheat You Want from Producers You Can Depend On." Entries must be submitted to USW by August 1, 2009.

"This theme is part of our current international promotion campaign designed to link wheat producers more closely to the product," says to Steve Mercer, USW Director of Communications. "We think producing a calendar that reinforces the theme adds fun to the campaign and will help educate international wheat buyers about the quality, advantages, and reliability of our crop."

Here is additional information for entries:

- Photographs will be selected based on how well they illustrate the theme, "The Wheat You Want from Producers You Can Depend On," quality, composition, and general appeal.
- Original prints are welcome, but please include the negative, too. To prevent permanent damage, do not use paper clips to fasten anything to the prints or negatives and protect your photos from bending in the mail.
- Digital images are also welcome, as long as the images are made at the highest quality resolution setting ("Fine" or "Raw") with a four mega-pixel camera or higher. Digital images must be saved as "eps," "tif" or "jpeg" files and burned to a compact disk that is compatible with a PC. Remember to mail CDs in a padded envelope. Email entries cannot be accepted.
- USW will own all rights to the selected photographs. If people are clearly featured in the photo, the photographer must obtain consent from each person shown before submitting their photos. By submitting such photos, the photographer confirms and represents he or she has received that consent. Materials will not be returned.

Entries postmarked before August 1, 2009, should be mailed to Steve Mercer, U.S. Wheat Associates, 3103 10th Street North, Suite 300, Arlington, VA 22201, (202) 263-0999.

Have You Made Your ACRE Decision?

A voluntary program in the new farm bill, [Average Crop Revenue Election \(ACRE\)](#), would require participants to take a 20 percent cut in direct payments. In exchange for participating in ACRE, a producer's direct payment is reduced by 20% and loan rate is reduced by 30 percent. ACRE is a farm program option for all covered commodities and peanuts for the 2009-12 crops, 2010-12 crops, 2011-12 crops, or 2012 crop. Once made, the election is irrevocable. The election applies to all covered commodities and peanuts grown on the farm. ACRE must be actively selected (current suite of farm programs is the default selection).

ACRE consists of

- Direct payments equal to 80% of direct payments under the traditional direct payment program as established in the Conference Farm Bill
- Marketing loan payments with loan rates set at 70% of marketing loan rates established in the Conference Farm Bill
- ACRE revenue protection payments ACRE Revenue Protection Payment to a farm equals
- lesser of [ACRE state revenue guarantee minus state actual revenue] or [25% of ACRE state revenue guarantee]
- times [83.3% of the farm's acres planted to a crop] (becomes 85% for the 2012 crop)
- times {[farm's Olympic average yield (removes high and low yield) for the most recent 5 years] divided by [state's ACRE benchmark yield]}

ACRE state revenue guarantee for a crop for a crop year equals [ACRE benchmark state yield per planted acre] times [ACRE price guarantee] times [90%]

- Benchmark yield is Olympic average of state's yields for 5 most recent crop years
- Price guarantee is simple average of U.S. market year price for 2 most recent crop years
- For 2010-12, revenue guarantee cannot change more than 10% from previous guarantee
- Separate state revenue guarantees created for irrigated and non-irrigated land if a state's planted acres are at least 25% irrigated and at least 25% non-irrigated

ACRE actual state revenue for a crop for a crop year equals state yield per planted acre times national average market price {which equals higher of [U.S. average cash price for crop year] or [70% of crop's marketing assistance loan rate]} (continued on page 5)

Average Crop Revenue Election (ACRE) Program Beginning in 2009		May 21, 2008
TWO TRIGGERS MUST BE MET BEFORE PAYMENTS CAN BE ISSUED		
1. STATE TRIGGER	<div style="background-color: red; color: white; text-align: center; padding: 2px;">State ACRE Guarantee</div> <div style="text-align: center; padding: 5px;"> 90% times Benchmark State Yield (5-year olympic average planted yield) times ACRE Program Guarantee Price (2-year national average market price) </div>	must exceed <div style="background-color: cyan; color: black; text-align: center; padding: 2px;">Actual State Revenue</div> <div style="text-align: center; padding: 5px;"> 100% times Actual State Planted Yield times higher of: National Average Market Price or 70% of National Loan Rate </div>
AND		
2. FARM TRIGGER	<div style="background-color: green; color: white; text-align: center; padding: 2px;">Farm ACRE Benchmark Revenue</div> <div style="text-align: center; padding: 5px;"> 100% times Farm's Expected Yield (5-year olympic average planted yield) times ACRE Program Guarantee Price (2-year national average market price) plus Per Acre Producer-Paid Crop Insurance Premium </div>	must exceed <div style="background-color: orange; color: black; text-align: center; padding: 2px;">Actual Farm Revenue</div> <div style="text-align: center; padding: 5px;"> 100% times Actual Farm Yield times higher of: National Average Market Price or 70% of National Loan Rate </div>
CALCULATION OF A FARM'S PAYMENT		
FARM PAYMENT = 83.3% of a farm's planted/considered planted acres for 2009-11; 86% in 2012 ^{1/} times (farm's expected yield divided by State benchmark yield) times		
Lesser of:	<div style="background-color: red; color: white; text-align: center; padding: 2px;">State ACRE Guarantee</div> <div style="background-color: red; color: white; text-align: center; padding: 2px;">State ACRE Guarantee</div>	minus times <div style="background-color: cyan; color: black; text-align: center; padding: 2px;">Actual State Revenue</div> <div style="background-color: white; color: black; text-align: center; padding: 2px;">25%</div>
1/ In exchange for participating in ACRE, a producer's direct payment is reduced by 20% and loan rate is reduced by 30 percent 2/ Separate payments are established for irrigated and nonirrig. yields in States that have more than 25% irrigated and more than 25% nonirrig 3/ If all producers on farm to do not elect to participate in ACRE, then farm can not participate 4/ ACRE payments are issued October 1 after the crop is harvested (no advance payments)		
1/ The total number of planted acres for which a producer may receive ACRE payments may not exceed the total base acres for the farm If the total number of planted acres exceeds the total base acres on the farm the producers may elect which planted acres to enroll in ACRE		

HAVE YOU MADE YOUR ACRE DECISION? Continued from page 4

ACRE Planted Acre Limitation:

- Planted acres that receive an ACRE payment cannot exceed a farm's total base acres
- If a farm's total planted acres exceed the farm's total base acres, the farmer chooses which planted acres to enroll in ACRE

ACRE Eligibility Conditions:

- To receive an ACRE payment, a farm's actual revenue for the crop must be less than the farm's ACRE benchmark revenue for that crop year.
- Farm's actual revenue for a crop equals farm's actual yield times U.S market year price for crop for crop year (see above)
- Farm's ACRE benchmark revenue equals [(Olympic average of farm's yields for 5 most recent years) times (ACRE guarantee price)] plus (per acre crop insurance premium paid by the farmer for the crop for the year)

ACRE Payment Limitations for a person or legal entity:

- For direct payments: \$40,000 minus amount equal to 20% reduction in direct payments
- For ACRE revenue payments: \$65,000 plus amount equal to 20% reduction in direct payments

DTN has scheduled a Webinar targeted at wheat, corn and soybean producers still considering how their operations would fare under the new Average Crop Revenue Election, or ACRE, program. The session is set for Wednesday, July 1 at 9 a.m. Eastern, and FSA employees and others interested in the topic are also welcome to join. Since the Webinar is intended to be an in-depth look at the complexities of the program, all participants are asked to study up on the background material made available to them after they enroll online. Presenters will include Ohio State University economist Carl Zulauf and Farm Service Agency ACRE experts Brad Karmen and Brent Orr. NAWG, the American Soybean Association and the National Corn Growers Association are co-sponsors of the Webinar. The deadline to enroll in ACRE, a new, revenue-based farm safety net program established in the 2008 Farm Bill, is Aug. 14. To register for the DTN Webinar, go to <http://www.dtnag.com/promo/webinars/>

The SHEAF -- Newsletter of the
Wyoming Wheat Commission

Wyoming Wheat Marketing Commission
c/o Wyoming Department of Agriculture
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Have a Safe and Bountiful Harvest

HARVEST SAFETY - The harvest season is a busy time of year for farmers and with a tight deadline, it can be tempting to bypass some basic safety procedures. However, taking that extra step can be a real lifesaver. Due to the stress and fatigue involved with harvesting crops, the season is a peak time for agricultural-related injuries and death. In order to help prevent this type of tragedy, safety should be a top priority for everyone on the farm. One of the first and most important steps is preparation. You should make sure that your machinery is in good working condition, which includes checking the lights, tires, brakes, etc. You should also be in good physical condition, which includes getting enough sleep and taking breaks during the day.

To help prevent injuries, keep these recommended safe work practices in mind as you head out to the field:

- Tractors are equipped with a rollover protective structure (ROPS) and a seat belt. Always wear the seat belt with a ROPS.
- The "No seat, no rider" rule is always in effect.
- A clean and reflective slow moving vehicle (SMV) sign is located on the rear of any tractor and piece of towed equipment that is used for roadway travel.
- An ABC fire extinguisher (minimum 5 pounds) is on the tractor.
- A fully stocked first aid kit is accessible.
- Everyone who operates the equipment has received training.
- Never bypass start a tractor. Always follow the correct starting procedure.
- All protective guards and shields are in place.
- Check for clearance from overhead power lines when moving tall equipment.
- Lock brake pedals together before traveling on the road.
- Never lean or step over a power takeoff (PTO) while it is operating.

Practicing safety can produce a healthy harvest throughout the year. -courtesy Georgia Farm Bureau