



Wheat Science

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UK College of Agriculture,
Food and Environment

WHEAT SCIENCE GROUP

<http://wheatscience.ca.uky.edu/>



KyGRAINS.info

Looking Towards the 2019-2020 Marketing Year

Dr. Todd D. Davis—Extension Grain Marketing Specialist

The end of the 2018-19 wheat marketing-year is quickly approaching so this article will provide a few comments about the old-crop wheat and set the groundwork for the new crop balance sheet and the supply and demand factors affecting the U.S. marketing year average price.

Preparing for 2019-2020

The March 31 *Prospective Plantings* report projects wheat planted area to decline to 45.8 million acres, which is the smallest area seeded on record (going back to 1919). The inclement weather last fall hampered seeding. Profitability signals also shifted wheat to other crops across the Plains states. The total wheat area is projected to decline by over 2 million acres with 58% of the reduction occurring in Kansas (-700 thousand acres), Montana (-310 thousand acres), and North Dakota (-195 thousand acres). The reduction in planted area is needed by the market to help keep the level of stocks from increasing to a more burdensome level.

The 2019 wheat crop has emerged from dormancy in much better condition than last year's crop. About 60 percent of the U.S. crop is rated in good or excellent condition in the weekly *Crop Progress* report as compared to is 31 percent for the 2018 crop for the same week. If this continues, a better than average yield could reduce the benefit of reduced planted area and provide a larger than expected crop.

Table 1 provides a sensitivity analysis of the impact of various yield and demand levels for the 2019-20 marketing year. The balance sheet assumes the prospective plantings acreage with an average abandonment from the previous four years. The balance sheet assumes a trend yield of 48 bushels/acre with a sensitivity of 4 bushels lower and higher.

The demand projections are from the April 2019 projections from the Food and Agricultural Policy Institute (FAPRI) at the University of Missouri. The FAPRI projections are for a slight increase in use to 2.1 billion bushels (Table 1).

Table 1 shows that if trend yields are harvested coupled with a slight increase in use, ending stocks could decline below 1 billion bushels. The reduction in the stocks-to-use ratio would support a higher U.S. marketing-year average farm price. A larger than average yield could potentially increase stocks to 1.1 billion bushels and push prices lower to \$5.10 per bushel.



The constant risk for the wheat market is total demand, so the impact of use declining in 2019-20 to 1.98 billion bushels is shown in Table 1. This analysis assumes the same demand as the 2017-18 marketing year. An above-trend yield coupled with reduced demand could increase ending stocks to 1.26 billion bushels. The increased stocks-to-use ratio of 64% would limit price potential. The projected U.S. marketing-year average price in this scenario is \$4.90 per bushel.

Keep an Eye on the Markets

Do not forget to monitor the grain markets while you are planting corn and soybeans and harvesting wheat. The markets tend to react to weather in this busy season, so take a few minutes to evaluate if there is an opportunity to lock in a price for wheat, soybeans or corn. Consider using commodity futures to manage price risk and provide a broader window to market your crops.

Table 1. Potential 2019-20 U.S. Wheat Supply and Use for Various Yield and Demand Scenarios.

	Prospective Plantings				Weaker Use		
	2019-20	2019-20	2019-20		2019-20	2019-20	2019-20
Planted Area	45.8	45.8	45.8		45.8	45.8	45.8
Harvested Area	38.7	38.7	38.7		38.7	38.7	38.7
2019 Yield	44.0	48.0	52.0		44.0	48.0	52.0
	Million Bushels				Million Bushels		
Beginning Stocks	1,087				1,087		
Production	1,705	1,860	2,015		1,705	1,860	2,015
Imports	145				145		
Total Supply	2,937	3,092	3,247		2,937	3,092	3,247
Total Domestic	1,151	1,151	1,151				
Export	949	949	949				
Total Use	2,100	2,100	2,100		1,980	1,980	1,980
Ending	837	992	1,147		957	1,112	1,267
S/U	39.8%	47.2%	54.6%		48.3%	56.1%	64.0%
MYA Price	\$5.43	\$5.24	\$5.08		\$5.21	\$5.05	\$4.90



The Kentucky Agriculture Training School



**will hold a Field Crop Scouting Clinic on May 21, 2019
at the UKREC farm in Princeton, KY**

This is a workshop that is beneficial for everyone, including new and experienced producers, agriculture interns as well as a great refresher for those that are deep-rooted in agriculture.

Topics will include scouting for corn and soybean diseases and insects, corn and soybean growth staging, summer annual weed ID, and soil nutrients and their influence on crop growth.

Class size is limited to 30 people and pre-registration is required at <http://ukkats512019.eventbrite.com>.

This training will be held rain or shine, so participants should dress accordingly. Lunch is also provided.

For additional information or help with registration, contact Lori Rogers at 270-365-7541 ext. 21317 or visit kats.ca.uky.edu.

UK WHEAT FIELD DAY

May 14, 2019

UKREC FARM, Princeton KY

9 am—12:30 pm (cst)



TOPICS INCLUDE:

- ♦ Rye for Grain in KY
- ♦ Ryegrass Control in Wheat
- ♦ Wheat Variety Trial (Walk Through)
- ♦ Market Update & Crop Insurance Update
- ♦ Implementing Cover Crops and the Economic Costs
- ♦ Mapping Farmers' Fields & Delineating Management Zones for Precision Management Irrigation
- ♦ Aphid in Wheat: Winter Survival & Pyrethroids Efficacy
- ♦ Which and When? Fungicide Management of Fusarium Head Blight

REGISTRATION: 8 am (cst)

WAGONS ROLL: 8:45 am (cst)

**LOCATION: 1205 Hopkinsville St.
Princeton, KY 42445**

APPROVED CREDITS

CCA: 0.5 NM, 1 IPM, 1.5 CM

**Pesticide: 2 general
1 specific (1A, 10, 12)**

Additional information: Colette Laurent - claurent@uky.edu – (270) 365-7541 EXT 21321

COLLEGE OF AGRICULTURE, FOOD AND ENVIRONMENT
Grain and Forage Center of Excellence



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RETURN SERVICE REQUESTED



<u>2019</u>	<u>EVENT</u>	<u>LOCATION</u>
MAY 14	UK WHEAT FIELD DAY	PRINCETON KY
MAY 21	KATS—Field Crop Scouting Clinic	PRINCETON KY
JUNE 13	KATS— Mid-Season Corn & Soybean Considerations/Preparing for Wheat Harvest & Storage	PRINCETON KY
JULY 18	KATS—Spray Clinic	PRINCETON KY
JULY 23	UK CORN, SOYBEAN & TOBACCO FIELD DAY	PRINCETON KY
AUG 22	KATS—Disease Identification and Management/Late-season Management of Corn and Soybeans	PRINCETON KY
SEPT 19	RIBBON CUTTING CEREMONY—University of Kentucky Grains & Forage Center of Excellence at UKREC	PRINCETON KY
SEPT 26	KATS—Harvest and Storage Decisions/Cover Crops/Successful Wheat Establishment	PRINCETON KY


Carrie Knott, Extension Grain Crops Specialist