University of Kentucky
College of Agriculture, Food and Environment
Cooperative Extension Service

Wheat Science News

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WHEAT SITUATION AND OUTLOOK

Dr. Todd D. Davis—Extension Grain Marketing Specialist

2017-2018 Wheat Situation and Outlook

The November WASDE made minor changes to the 2017-18 wheat supply and demand projections, which is typical as there is little new production or demand information until the "final" estimates in January.

Harvested wheat area declined by 6.3 million acres from last year and about 10 million acres from the 2015 crop (Table 1). Last year wheat planted area fell by 4.9 million acres from 2015 but above average yields offset the impact of acreage reduction. This year Mother Nature provided the much-needed smaller yield that was 6.4 bushels/acre less than 2016's yield. The 2017 wheat crop was 568 million bushels less than the 2016 crop. Because of stagnant demand, the 2017 carry-in of 1.18 billion bushels was 205 million bushels more than the previous year. Including imports, the 2017 wheat supply is 3.07 billion bushels, which is 331 million bushels less than 2016 (Table 1).

The problem with the wheat market has been slow growth in demand. USDA pegs food use at 950 million bushels, which only grows with population. USDA projects feed use to be slightly lower than last year and reflects the abundance of corn available for feed. The wildcard remains in the export market, which is projected to be 55 million bushels less than last year's exports (Table 1).

USDA projects the 2017-18 ending stocks to decline to 935 million bushels. This decline is a result of attrition on the production side of the balance sheet and not growth in domestic or export demand. The road to higher prices will require stocks to decline from increasing demand for prices to return to higher levels. This year reminds us that a weather-driven supply shock that provides a one-year decline in stocks which supports higher prices. Typically, the next year's crop is large enough to rebuild stocks and pressure prices lower.

USDA projects the 2017 U.S. marketing year average farm price at $4.60 per bushel for all types of wheat. Digging deeper into the numbers shows that the higher price is from production problems for the other classes of wheat. USDA projects soft red winter wheat stocks have increased from last year. In contrast, USDA projects all other wheat classes to have lower stocks. Because USDA aggregates wheat, the production problems elsewhere are showing a higher than expected wheat price from last year (Table 1). USDA projects the wheat inventory is to fall below a 50% stocks-to-use ratio for the first time since 2014.

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LEXINGTON, KY 40546

Disabilities accommodated with prior notification.

Table 1. U.S. Wheat Supply and Use					
	2014-15	2015-16	2016-17 Estimated	2017-18 Projected	Change from 16-17
Planted Acres (million)	56.8	55	50.1	46.0	-4.1
Harvested Acres (million)	46.4	47.3	43.9	37.6	-6.3
Yield (bushels/acre)	43.7	43.6	52.7	46.3	-6.4
		-----------------	Million Bushels	-----------------	
Beginning Stocks	590	752	976	1,181	+205
Production	2,026	2,062	2,309	1,741	-568
Imports	149	113	118	150	+32
Total Supply	2,766	2,927	3,402	3,071	-331
Food	958	957	949	950	+1
Seed	79	67	61	66	+5
Feed and Residual	122	152	156	120	-36
Exports	854	775	1,055	1,000	-55
Total Use	2,014	1,952	2,222	2,136	-86
Ending Stocks	752	976	1,181	935	-246
Stocks/Use	37.3%	50.0%	53.2%	43.8%	-9.4%
Days of Stocks	136	183	194	160	-34
U.S. Marketing-Year Average Price ($/bu)	$5.99	$4.89	$3.89	$4.60	+$0.71

USDA Releases Preliminary Long-Term Projections

USDA also provided their initial market projections for the next ten-year period in late November for the major agronomic crop. This baseline projection is a product of economist computer models and does not include any information from farmers. Congress uses this information in their budgetary process, but it provides some insight into the long-term prospects for the grain markets.

USDA projects 2018-19 harvested wheat area at 38.3 million acres, which would be a 700 thousand acre increase from 2017 (Table 2). USDA also assumes trend yields, which would produce a 1.8 billion bushel wheat crop. Because of smaller carry-in and reduced imports, USDA projects total supply to decrease over the next three years. Less supply should support higher prices.

Unfortunately, USDA does not project demand growth. Total use is projected to be lower than this year's projections for the next three years. Wheat exports are projected to muddle around the current level for the next three marketing years. The export problems will keep demand stagnant.

The discouraging part of these projections is that the decrease in wheat stocks for the next three years is from the impact of the smaller 2017 wheat crop. USDA projects the 2017 stocks at 935 million bushels. Smaller ending stocks will trickle through the balance sheet and more than offset the increase in production for the next three years.

What does this mean for farmers? USDA assumes trend, or average, yields. Table 2 illustrates that an above-trend yield and a more abundant than projected crop can rebuild stocks and push prices lower than currently projected. The wheat market is a little like Goldilocks – it is trying to find the "just right" amount of production.

Table 2. U.S. Wheat Supply and Use				
	2017-18	2018-19	2019-20	2020-21
	Nov. WASDE	Preliminary Agricultural Baseline		
Planted Acres (million)	46.0	45.0	46.0	47.0
Harvested Acres (million)	37.6	38.3	39.1	40.0
Yield (bushels/acre)	46.3	47.4	47.8	48.2
	------------------ Million Bushels ------------------			
Beginning Stocks	1,181	935	813	739
Production	1,741	1,815	1,869	1,928
Imports	150	135	130	130
Total Supply	3,071	2,885	2,812	2,797
Food	950	950	950	950
Seed	66	62	63	63
Feed and Residual	120	110	100	110
Exports	1,000	950	960	960
Total Use	2,136	2,072	2,073	2,083
Ending Stocks	935	813	739	714
Stocks/Use	43.8%	39.2%	35.6%	34.3%
Days of Stocks	160	143	130	125
U.S. Marketing-Year Average Price ($/bu)	$4.60	$4.60	$4.80	$4.90

Source:November 2017 WASDE - USDA: WAOB, Preliminary Agricultural Baseline Projections November 2017

Carrie Knott, Extension Grain Crops Specialist

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

2018 WINTER WHEAT MEETING

January 4, 2018 9am – 3pm (CST)

TOPICS

2018 Market Outlook, Profitability Potential, and Risk Management Update

Reassessing the 2017 Wheat Freeze Event

Weather, Climate, and Wheat in Kentucky

Predicting Winter Wheat Growth and Development with GDDs

Updates From Siemer Milling

Applying Rye Management Concepts from Northern Europe to Kentucky

Annual Ryegrass Management in Wheat

Fungicide Management of Fusarium Head Blight: Do's and Don'ts

Feeding of Rice Stink Bugs may Reduce Yields in Small Grains

Presentation of Annual Wheat Science Service Award

REGISTRATION:
8:30 am CST

LOCATION:
Bruce Convention Center
303 Conference Center Dr
Hopkinsville, KY 42240

APPROVED CREDITS
CCA: 1.5 PM; 3.5 CM
Pesticide:
2 General Hours
1 Specific Hour
(Cat 1A, 10 & 12)

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For additional information contact:
Colette Laurent, UK Grain Crops Coordinator, (270) 365-7541 Ext 264 claurent@uky.edu

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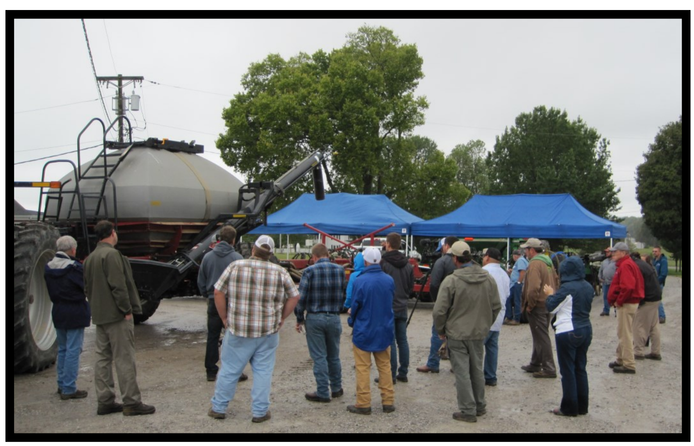
WHEAT FIELD SCHOOL AT UKREC

Kelsey Mehl, Travis Legleiter, and Edwin Ritchey

After a successful first year, we are pleased to announce the next series of trainings of the 2018 Wheat Field School at the University of Kentucky Research and Education Center (UKREC). This program is possible through the partnership and support of the Kentucky Small Grain Growers Association. The field school is an in-depth, hands-on training. As Dr. Ritchey described, “The purpose of this field school is to bring the classroom to the field”.

There will be four trainings a year. Three will focus on a critical growth stage, with the fourth dedicated to a special topic. Class size for the general trainings is limited to 30 people per session. The class size for the special topic will be determined based on the subject matter. This smaller class size allows for greater opportunities for discussion between participants and instructors as well as more interactive field trainings. Anyone interested in wheat production is welcome to attend to expand their knowledge of wheat production. However, the intent is to train the trainers, such as consultants, managers, and crop advisors. For each session, there is a $60 registration fee. Lunch and materials are included in the fee.



Be on the lookout for more information on the 2018 Wheat Field School trainings, to be held in early March and late April with remaining dates to be determined.

THE UNIVERSITY OF KENTUCKY 2017
KENTUCKY WHEAT YIELD CONTEST RESULTS

The ***No-Till State Champion is J. Stephen Emmick and Sons Farms of Hancock Co.*** They achieved a yield of 126.46 Bu/A using Pioneer 25R50. Emmick and Sons will receive the DuPont Pioneer Traveling Trophy and the Kentucky Small Grain Growers Traveling Trophy in January 2018 at the Kentucky Commodity Conference in Bowling Green.

The ***Conventional Tillage Champion is Jenkins Farms of Henderson Co.*** They achieved a yield of 117.83 Bu/A using Southern States SS 8340 Seed.

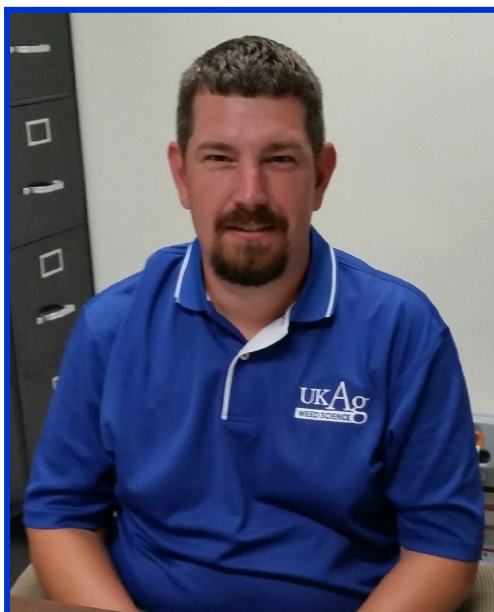
Area winners are:

- ***Area 1 - Paul Yoder, Todd Co. - No-Till - Becks 120 - 102.37 Bu/A***
- ***Area 2 - Jeff Coke, Daviess Co. - No-Till - Pioneer 2520 - 118.64 Bu/A***
- ***Area 3 - Gary Summers, Simpson Co. - Conventional - SS 8340 - 107.05 Bu/A***
- ***Area 4 - Peterson Farms, Boyle Co. - No-Till - AgriMaxx 454 - 118.17 Bu/A***

For the complete contest results, go to …

http://graincrops.ca.uky.edu/files/2017wheatyieldcontestwinners.pdf

Dr. Travis Legleiter



We would like to welcome ***Dr. Travis Legleiter***, new Extension Specialist in Weed Science at the University of Kentucky. His research and Extension programs are based out of the UK Research and Education Center in Princeton, KY with a focus on the management of weeds in corn, soybean, and wheat in Kentucky. Dr. Legleiter comes to us from Purdue University where he obtained his PhD and was a Program Specialist in the Purdue Weed Science Extension program. Travis originates from Nevada, MO where he grew up on a row crop and beef cattle farm.

USEFUL RESOURCES

College of Agriculture, Food and Environment
WHEAT SCIENCE GROUP

http://wheatscience.ca.uky.edu/home

KyGRAINS.info

Crops Marketing and Management Update

http://www.uky.edu/Ag/AgEcon/extcmmu.php

Kentucky Pest News
Entomology · Plant Pathology · Weed Science

http://kentuckypestnews.wordpress.com/

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PO Box 469
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RETURN SERVICE REQUESTED

- ***UK Winter Wheat Meeting—Hopkinsville, KY***
  January 4, 2018
- ***Wheat Field School—Greenup—UKREC Farm, Princeton, KY***
  March 1, 2018
- ***2018 IPM Training—Christian Co CES, Hopkinsville, KY***
  March 7, 2018
- ***UK Wheat Field Day—UKREC Farm, Princeton, KY***
  May 8, 2018
- ***UK Corn, Soybean & Tobacco Field Day—UKREC Farm, Princeton, KY***
  July 24, 2018