

# Uncertainty to keep wheat prices trending upward, expert says

## Rail logistics remain major factor for U.S. grains

By **MATTHEW WEAVER**  
Capital Press

Wheat prices aren't likely to fall in 2015 despite a high global supply, thanks to economic and weather uncertainties, an agricultural marketing expert says.

Kevin Van Trump, president and founder of Farm Direction in Raymore, Mo., returns to the Spokane Ag Expo and Pacific Northwest Farm Forum to deliver his annual economic forecast. He previously appeared in 2013 and 2014.

Last year in Spokane Van Trump said a large corn supply and global competition could push U.S. wheat prices lower.

"We did definitely break to the downside, there's no question," Van Trump said in December. "I know there are some guys who were thinking we would drop a bit lower, but it seems like there has been a lot more global uncertainties, a lot more macro-market concerns, especially out of the Russia-Ukraine area and the Black Sea area."

Ukraine is a major wheat-producing region.

Van Trump believes prices have fallen far enough, with high demand even though large supplies in the market continue to indicate lower



Matthew Weaver/Capital Press

Farm Direction president and founder Kevin Van Trump delivers the economic forecast at last year's Spokane Ag Expo and Pacific Northwest Farm Forum. Van Trump returns in 2015, and hopes to give farmers an idea of the different dynamics that impact wheat prices on the global market.

prices.

While there's a chance for lower prices in 2015, Van Trump doesn't expect acreage to drop as much as some in the industry expected last fall.

More Russian farmers are holding on to their grain as the ruble's value declines, affecting the coun-

try's wheat exports.

In the Pacific Northwest, crop conditions improved, but aren't optimal. There are also concerns in China's largest production areas, and quality concerns in Australia, Argentina and Brazil, Van Trump said.

"We're just going to have to see how the weather plays out," he said.

The United States appears to "have the world on its shoulders," carrying the bulk of the economic strength in 2015 with a stronger economy than elsewhere in the world. A strong U.S. dollar is rough on agricultural exports, but Van Trump says the United States remains the most reliable source of grain.

### Online

<http://farmdirection.com/>

In 2014, logistical problems with railroads caused the biggest problem for U.S. farmers, Van Trump said, with clusters of price disparity across the country. Growers in Kansas and Illinois saw prices 40 to 60 cents over the broader market price for corn at ethanol plants, while farmers in the Dakotas and northern Midwest saw prices of 80 cents to \$1 under.

With the Canadian wheat board monopoly dissolved, more Canadian wheat, particularly durum, has entered the United States, Van Trump said.

Rail logistics are improving, he said. In another positive sign, the barge and river system may be positively impacted by improvements to the Panama Canal in 2016, he said.

Van Trump hopes farmers leave his presentation with better understanding of all the dynamics that influence price.

"It used to be just a supply-and-demand type of equation, and now there are so many different investors using the ag markets as a hedge to their bigger portfolios," he said. "We've got to look at all of the moving pieces."

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