

Bulging global wheat supply, strong dollar impact U.S. growers

By **MATTHEW WEAVER**
Capital Press

Pacific Northwest wheat farmers face a record-large global supply and a strong U.S. dollar, but growing demand for the varieties they raise offers hope for higher prices, U.S. Wheat Associates representatives say.

Increases in yields and harvested acres pushed the world wheat supply to 946 million metric tons, up 3 percent from last year, according to the USDA World Agricultural

Supply and Demand Estimate. "That means there's a lot of wheat in the world, which means there's a lot of cheaper wheat available from other origins," said Stephanie Bryant-Erdmann, a market analyst for U.S. Wheat.

The top five wheat exporters — the U.S., the European Union, Canada, Australia and Russia — produced 328 million metric tons of wheat, which is 40 percent of global wheat supplies. They account for roughly 81 percent of

wheat exports, according to U.S. Wheat.

However, it's the type of wheat Northwest farmers grow that provides them with an advantage, said Steve Mercer, vice president of communications for U.S. Wheat.

The market for soft white wheat and western white wheat is shifting from price-sensitive markets such as the Middle East to Asian markets, he said.

Demand is still increasing in those growing markets,

Mercer said. Low proteins in soft white wheat and western white wheat — a blend of soft white wheat and club wheat — grown primarily in the PNW are "very precious," Mercer said.

Low protein is desirable in sponge cakes and confections produced in Asia. The last two or three years of drought have reduced the availability of low-protein wheat.

"The drier it is, the wheat tends to get harder and concentrate in the kernel, increas-

ing protein levels," Mercer said.

As moisture improves, the supply of lower-protein wheat will increase, he said.

PNW wheat organizations and U.S. Wheat also hope to boost soft white wheat as a blending wheat in Latin American markets. Customers blend soft white wheat with U.S. hard red wheat to develop a better product for a lower price than competing spring wheat from Canada, Mercer said.

"All those markets are growing, there's a shift from mom-and-pop-type bakeries to supermarkets, big box stores and supermercados," Mercer said.

The U.S. dollar is at a 12-year high against foreign currencies, which also puts American farmers at a disadvantage to their competitors, Bryant-Erdmann said. For example, the dollar this week was worth 120 Japanese yen, up 20 percent from recent years.

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