

USDA supply and demand report a 'wash' for wheat prices

By **MATTHEW WEAVER**
Capital Press

The USDA estimates less U.S. wheat production this year but more production worldwide.

That won't send wheat prices higher anytime soon, market experts say.

The USDA World Agricultural Supply and Demand Estimates report found a total U.S. wheat supply of 92.5 million metric tons, up 16.2 percent from 79.7 million metric tons in 2016.

Global production projections increased from February's estimate by 2.8 million tons to 751.1 million tons due to larger crops in Argentina and Australia.

Total world supply is 991.4 million metric tons, up 4.1 percent from 952.8 million metric tons in 2016.

"We still have a cumbersome supply, projecting over a billion bushels," said Darin Newsom, senior analyst for DTN in Omaha, Neb. "It's mostly a wash in the wheat market, given the abundance of wheat available."

The season average



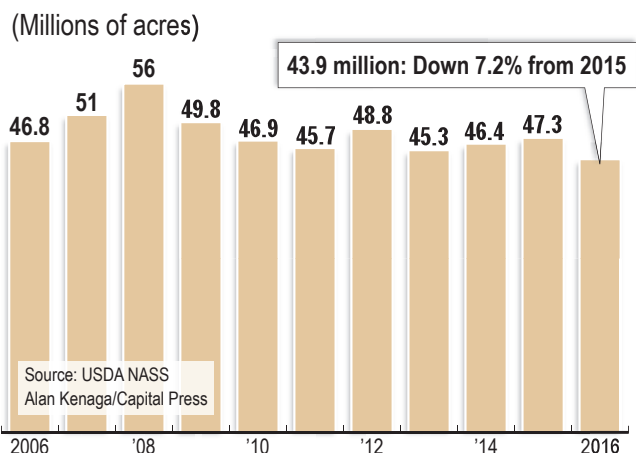
A new USDA supply and demand report indicates the worldwide wheat supply will remain stable, with less U.S. production and more in the southern hemisphere.

wheat price for U.S. growers remains at \$3.85 per bushel from February. Soft white winter wheat ranged

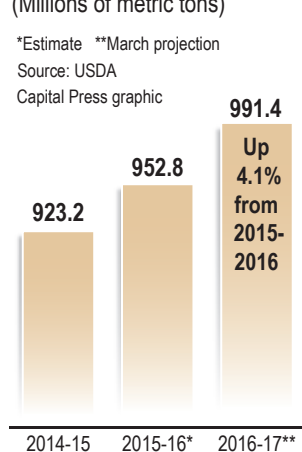
from \$4.50 to \$4.65 per bushel this week on the Portland market. "This was about the

most boring USDA report we've ever had," Dan Steiner, grain merchant at Morrow County Grain

U.S. wheat acres harvested



World wheat supply



Growers in Boardman, Ore. "Which is good: The market was well-anticipated.

There simply wasn't any surprise."

Marketers will begin looking at weather reports, which will impact the direction of wheat prices, said Byron Behne, marketing manager for Northwest Grain Growers in Walla Walla, Wash.

"If the Southern Plains continues to be hot and dry, the market will start to take notice of that at some point," Behne said. "Weather scares somewhere in the Northern Hemisphere over the next few months will probably provide some selling opportunities at some point."

Wheat farmers seek ways to wait out low prices

By **MATTHEW WEAVER**
Capital Press

Mark Sheffels doesn't plant as much wheat as he once did.

Sheffels, who farms west of Spokane near Davenport and Wilbur, Wash., started reducing his wheat acreage several years ago in favor of winter peas.

He made the move because of low wheat prices and the high costs of raising it.

"Even when markets suggest we ought to do something else, agronomically it's pretty hard to find replacements," Sheffels said. "But we're getting there, little by little."

Colfax, Wash., grower Larry Cochran spreads his risk by planting alternative crops, including dry peas, lentils, chickpeas and barley. But wheat is still his primary crop.

"Because that's what we



Matthew Weaver/Capital Press

Mark Sheffels stands in a winter pea field near Davenport, Wash., in May 2016. Sheffels says switching to peas from spring crops has helped him reduce costs and remain profitable.

do," Cochran said. "We're wheat farmers."

Growers have reacted in a variety of ways, from switching to new primary crops to diversifying what they raise, as they look for ways to wait out wheat prices that are lower than the cost of production.

Farmers estimate the cost of production at roughly \$5.50 to \$6 per bushel, said Glen Squires, CEO of the Washington Grain Commission.

The market price hovered

between \$4.50 and \$4.65 per bushel this week. The export price is typically 60 to 80 cents lower than that, because farmers have to pay to get the wheat to Portland to ship it overseas.

"That's why you hear guys saying they're at \$4 wheat, or a little below," Squires said.

Cochran said he's planting the same amount of wheat despite lower prices.

"I'm trying to raise a wheat crop as cheaply as I can," he said. "Our input costs have come down some. I just hope I get a good, big crop that makes up for some of the loss of price."

U.S. winter wheat acreage has dropped to one of the lowest levels ever, according to USDA. The USDA projects 50.2 million acres of wheat planted this winter, down 8.7 percent from 55 million acres in 2016.

Spring wheat acres are still to be determined, but Dan Steiner, grain merchant

for Morrow County Grain Growers in Boardman, Ore., expects them to be relatively high.

"Wheat acres in the United States are definitely down, but wheat production across the world is going to be higher," Steiner said.

Several factors have contributed to the burgeoning world supply, including more Russian production and China boosting production through farm subsidies, further depressing prices.

"Supply has been related to great weather around the world for four years in a row, which is unusual," said Steve Mercer, vice president of communications for U.S. Wheat Associates.

The global stocks-to-use ratio would be significantly lower if China is factored out, and is declining, Mercer said.

"If we see a reduction in planting, weather and yields that are more normal or weather problems anywhere, we're going to start cleaning out that supply pretty quickly," he said. "There should be a correlated increase in demand, and therefore prices."

In the meantime, Cochran will continue to spread his risk by diversification.

"All it takes is one disaster in the world somewhere and the price can change," Cochran said.

Sheffels has a couple thousand acres of winter peas and 1,300 acres of winter wheat this year. He grows a rotation of winter wheat, fallow, winter peas and fallow under direct-seed production.

Sheffels says his fields look good, with a good snow cover easing his concerns about any problems caused by the cold winter.

He plans to maintain his rotation for the foreseeable future, and doesn't think he'll go back to wheat as his primary crop.

"It's unlikely that's going to happen, honestly," he said.

Gala prices fall as marketers struggle with huge crop

By **DAN WHEAT**
Capital Press

WENATCHEE, Wash. — Wholesale prices of Washington's Gala apples fell dramatically in February after prices of Red Delicious did the same in January as companies continued to shrink their second largest crop in history by diverting more apples from fresh to processing markets.

The average asking price for extra fancy (standard) grade, medium size (80 to 88 apples per 40-pound box) Gala in Wenatchee and Yakima was \$15.90 to \$18.90 on March 7, according to USDA tracking. That's down \$3 on the low end and \$4 on the high end from Feb. 8.

Red Delicious, same grades and sizes, was holding steady at \$12.90 to \$16.90 after falling \$3 on the low end and \$2 on the high end in January.

"I think Reds have leveled out and will stay there awhile and I think Gala has also found bottom," said Tom Riggan, general manager of Chelan Fresh Marketing, one of the state's larger tree fruit marketers.

At the start of the sales season in September, Riggan had predicted Reds and Gala would have a tough ride on price because of the size of the crop in the state and nationally. Washington makes up about 65 percent of the national fresh crop.

Washington's total fresh crop was estimated at 134

million, 40-pound boxes on March 1, down 1.7 million from a month earlier. The crop shrank 1.3 million boxes during January.

With total U.S. fresh apple holdings of 69.7 million boxes on March 1, up 12 percent from a year ago and 8 percent from a five-year average, Washington's shrink is a diversion of more fruit to processing for juice, sauce and baking ingredients, Riggan said.

"I think we will see similar shrink over the next six months, which normally we don't. It can be condition issues or that certain sizes and grades just aren't selling," he said.

As of the March 1 season mid-point, Washington had shipped 70.7 million boxes of apples and had 63.2 million left to ship. That compares to 62.8 million shipped and 53.8 million left to go a year ago with a smaller total crop of 116.2 million. Reds and Gala make up 56 percent of what's left to sell and 51 percent of what's been sold, Riggan said.

There were 23.3 million Reds left on hand March 1 out of 38.6 million for the year, according to industry reports. Gala was 12.7 million left out of 31.1 million.

Reds made up the largest amount of the 1.7-million-box crop shrink in the past month at 395,000, followed by Grannies at 362,000, Gala at 295,000, Fuji at 262,000 and Golden Delicious at 200,000.

Produce safety water rule reconsidered

YAKIMA, Wash. — Any federal water testing requirements imposed on farms need to be risk-based and reasonable to imple-

ment, a Yakima tree fruit grower told a congressional subcommittee. The federal agency that will implement the new rule is reviewing it.

Sean Gilbert, general manager of Gilbert Orchards Inc. in Yakima, was among the farmers who testified before the Biotechnology, Horticulture and Research subcommittee of the House Agriculture Committee on March 9.

Water testing requirements of the Produce Safety rule of the Food Safety Modernization Act "are unnecessarily burdensome, costly and not based on risk," said Gilbert.

Gilbert said he's pleased Stephen Ostroff, acting commissioner of the Food and Drug Administration, told industry representatives Feb. 16 that the agency is reconsidering the entire water quality section of the rule in light of industry opposition.

— Dan Wheat

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Probate Department IN THE MATTER OF THE ESTATE OF

Daniel R. McGowan, Deceased No. 17PB00512

NOTICE TO INTERESTED PERSONS

NOTICE IS HEREBY GIVEN that the undersigned has been appointed Personal Representative of the above estate. All persons having claims against the estate are required to present them to the undersigned Personal Representative in care of the undersigned attorney at: 319 Sixth Street SW, Albany, OR 97321 within four months after the date of the first publication of this notice, as stated below, or such claims may be barred.

All persons whose rights may be affected by the proceedings in this estate may obtain additional information from the records of the Court, the Personal Representative, or the attorney for the Personal Representative.

DATED and first published March 3, 2017.

Personal Representative: JOSHUA R. MCGOWAN 62020 Quail Run Place Bend, OR 97701

Attorney: DAVID B. BECKHAM 319 Sixth Avenue SW Albany, OR 97321

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