

# Dry conditions may boost wheat prices

Smaller yields would reduce ending stocks

By **MATTHEW WEAVER**  
Capital Press

SPOKANE — Wheat prices could go 50 to 60 cents per bushel higher if farms in the Southern Plains don't get significant precipitation, a North Dakota marketing analyst says.

Some parts of Oklahoma and Texas haven't seen rain in four months, said Mike Krueger, founder of the Money Farm and a senior analyst for World Perspectives Inc.

Krueger gave the economic forecast Feb. 7 at the Spokane Ag Expo and Pacific Northwest Farm Forum.

The Northern Plains are also dry, with the annual rainfall in many areas at its lowest level since 1991.

That could trigger funds to jump into the marketplace and start buying, Krueger said.

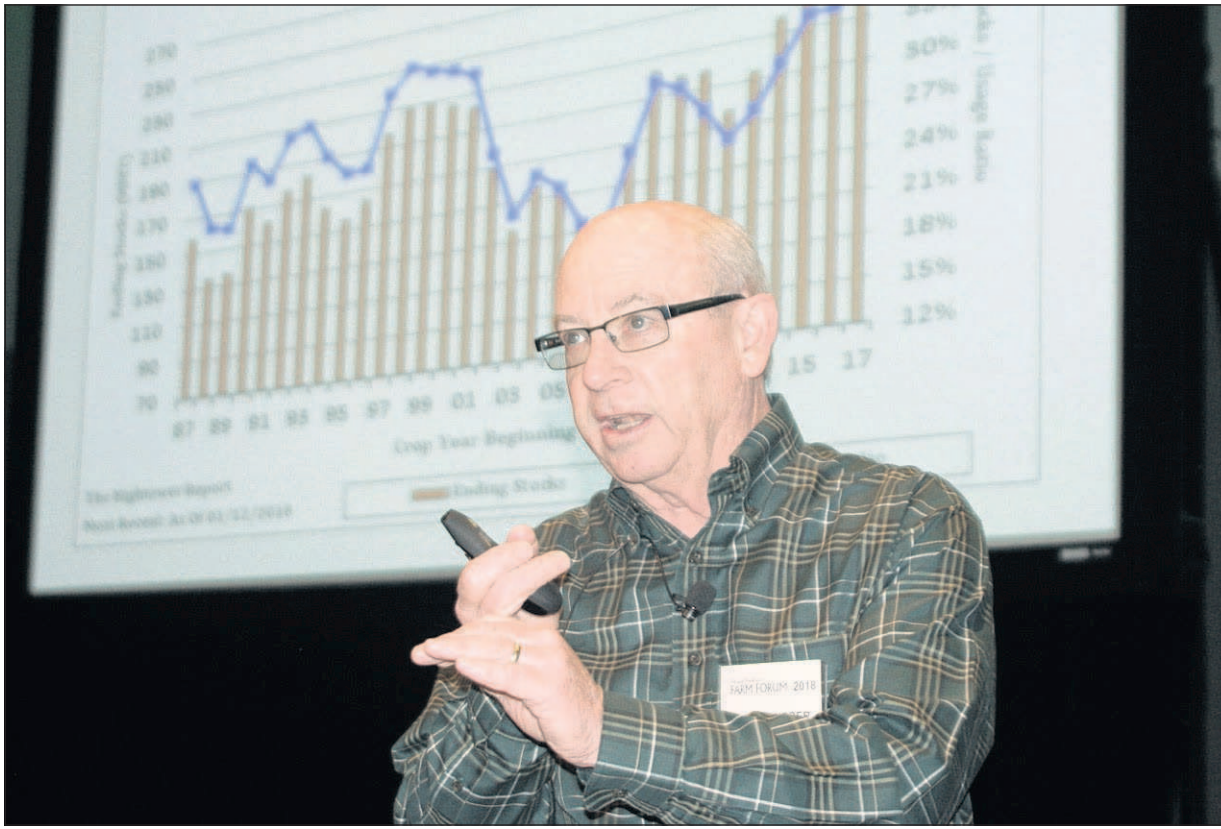
Prices have no middle ground any more, Krueger said. They'll either be very high or very low.

"The problem of low prices isn't because high prices killed demand," he said.

"High prices brought us more world acres, better farming practices pretty much every place on earth that a farm can afford to do it — farms began to maximize the best seed they could buy, the best fertilizer, chemicals, fungicides, you name it," he said. "That took place worldwide."

USDA expects Russia to export 1.2 billion bushels of wheat this year. Some in the U.S. have speculated that the Black Sea region is close to reaching its capacity for the short term, but Krueger noted Russia has made significant investments in farming technology, transportation and port facilities.

"We used to hear repeatedly how crummy their wheat was — people bought it because it was cheap, but



Fargo, S.D., consultant Mike Krueger delivers the economic forecast Feb. 7 at the Spokane Ag Expo and Pacific Northwest Farm Forum.

Matthew Weaver/Capital Press

**"If you just take the edge off the top of these record yields, the picture can start to change relatively quickly."**

**Mike Krueger,**  
marketing analyst

we don't hear so many complaints any more about quality," he said. "But they need weather — it's been highly unusual for them to have four or five record crops in a row."

Record global consumption has been offset by five record world crops, a strong U.S. dollar and cheap ocean freight rates, Krueger said.

Competing countries can move their wheat or other crops at lower costs, he said.

Potential "black swans," or dif-

icult-to-predict events with big impact, include world weather, equity markets, trade negotiations; geopolitical risks such as North Korea and large grain and seed company mergers.

China holds 40 percent to 50 percent of the world wheat and corn supply. The reliability of those figures and the crop's quality are uncertain, Krueger said.

He wondered about the possibility of China overstating production

and suddenly purchasing wheat and corn.

Krueger also wondered if the U.S. could be headed for just two major crops, corn and soybeans, pointing to declining national acres for wheat, barley and oilseeds.

But if good weather patterns change in big corn and bean production areas, he said, those crops may seem less attractive.

Corn, soybean and wheat yields only need to go down a little bit to reduce ending stocks, he said.

"We don't need any of those armageddon-type scenarios," he said. "If you just take the edge off the top of these record yields, the picture can start to change relatively quickly."

## Oregon farmer joins U.S. Wheat leadership

Padget: Supporting organization 'time well-spent'

By **MATTHEW WEAVER**  
Capital Press

Oregon wheat farmer Darren Padget says the time was right for him to join the officer team of U.S. Wheat Associates.

His son is home on the farm and his wife supports the decision, Padget told the Capital Press.

"I've had the opportunity



Darren Padget

to host a few trade teams over the years, and I live in close proximity to Portland, two hours away," he said. "So I've seen the work U.S. Wheat's done firsthand, and

had the opportunity to travel overseas with them on the Asian crop quality tour. I think it's time well-spent."

Padget will become U.S. Wheat secretary-treasurer at the organization's June meeting in Seattle. U.S. Wheat is the overseas marketing arm of the industry.

Trade issues such as the Trans-Pacific Partnership and North American Free Trade Agreement are top priorities, Padget said.

Padget said he is impressed with U.S. Wheat and its staff.

"There's a lot of people that have been there for decades on behalf of the U.S. farmer," he said. "It's quite impressive."

A fourth-generation farmer in Grass Valley, Ore., Padget keeps a dryland wheat and summer fallow rotation, producing registered and certified seed on 3,400 acres.

Padget previously held positions on the Oregon Wheat Growers League board of directors and executive committee, serving as president in 2010. He chaired the research and technology committee of the National Association of Wheat Growers and served on the Mid-Columbia Producers board of directors.

Padget will go to South Korea with the Wheat Marketing Center in late March.

Also at the U.S. Wheat meeting in June, Doug Goyings of Paulding, Ohio, will become vice chairman, and Chris Kolstad of Ledger, Mont., will become chairman. Current chairman Mike Miller, of Ritzville, Wash., will become past chairman.

"It's just a good organization that not a lot of members understand completely how it works," Padget said. "I've got a lot to learn."

# Legislation would bolster seed indemnity law

By **SEAN ELLIS**  
Capital Press

BOISE — A bill introduced in the Idaho Legislature would amend the state's Seed Indemnity Fund law to require licensed seed warehouses to submit an audited financial statement each year and provide proof of a minimum net worth.

Warehouses currently have to provide an audited financial statement only during their initial license application.

The change was recommended by an Idaho State Department of Agriculture industry advisory committee. The department administers the fund, which is designed to protect producers in case of a warehouse failure.

The state's seed and commodity indemnity funds were established following some high-profile financial failures by warehouses in Idaho.

"We just want to ensure the auditors have the ability to make sure there won't be another failure," said advisory



Associated Press File

Corn is unloaded at an elevator. The Idaho Legislature is considering a bill that would increase the financial monitoring of grain elevator operators in the state.

committee chairman Richard Durrant. "We're trying to protect the producers."

The Idaho-Eastern Oregon Seed Association has concerns about the legislation, and Food Producers of Idaho members last week held off taking a position on the bill until they receive input from IEOSA.

Sen. Jim Rice, R-Caldwell, who introduced Senate Bill 1207, said IEOSA's

concerns center on requiring an annual audited financial statement, and there has been talk about splitting the bill.

"If the bill moves forward, it's going to be amended," said Rice, chairman of the Senate Agricultural Affairs Committee, where the bill was sent.

Producers who deliver seed to a licensed warehouse pay a small assessment to help finance the fund. In the

event of a warehouse failure, the fund covers 90 percent of a grower's loss.

Durrant, a warehouse owner, said an audited financial statement costs \$2,000 to \$5,000 and requiring warehouses to present one annually is not too much to ask to ensure the state's seed producers are protected.

The bill also sets out specific criteria that would allow the ISDA director to deny the issuance or renewal of a license to a warehouse following a public hearing.

Those criteria include the applicant having failed to make previous claimants whole due to a previous failure, the applicant misrepresenting material facts on the application or producers required to pay into the fund presenting relevant objections.

ISDA Director Celia Gould told FPI members the department is comfortable with the way the bill is written.

"We put a lot of value in what our industry advisory

committees say," she said. "I look to them as kind of being my boss on these ... issues."

The seed fund balance is currently \$8 million, while the commodity fund balance is \$13 million.

The state's commodity fund statute already requires warehouses to provide an audited financial statement annually.

The funds' balances ensure farmers can be reimbursed quickly in the event of a warehouse failure, said former House Agricultural Affairs Committee Chairman Doug Jones, the author of both funds' statutes.

The seed fund's advisory committee, which has seven producers and two industry members, was intentionally weighted in favor of growers because it was created to protect them, he said.

If the advisory board feels the changes are needed, "Then I think it's important for agriculture to make this change that has been recommended," Jones told FPI members.

## New Spokane Ag Expo director looks to continue success

By **MATTHEW WEAVER**  
Capital Press

SPOKANE — Heather Hamlin has been attending the Spokane Ag Expo since she was 9 years old. Next year, she'll be in charge of it.

Hamlin will take over March 1 as director of the Spokane Ag Expo and agribusiness for Greater Spokane Inc., which sponsors the show.

Current director Myrna O'Leary retires on March 30.

Hamlin has been with GSI nearly three years, serving as director of investor relations.

She grew up in Elk, Wash., and participated in 4-H, FFA, sewing, baking and raising sheep, goats and cows and was Pend Oreille County Fair Queen. Hamlin grew up on a 40-acre hobby farm, raising pigs and cows. Her in-laws still run a hobby farm in Elk.

"It's such a great show," she said of the annual Ag Expo. "Our role on behalf of GSI is just to continue grow-

ing it, making it fresh and fun every year."

"Ag Expo has been a staple in the community for 41 years, it's done a lot of great things," said Expo assistant site manager Ryan Rodin. "We're excited to bring in a

new perspective and build on the great work that's already taken place."

Rodin has assisted site manager Brad Hoyt for the past two years. Rodin said the goal is to find ways to draw more people to the event.

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