

# Surging corn prices, tight stocks push wheat near \$8 a bushel

By **MATTHEW WEAVER**  
Capital Press

Wheat hovered near \$8 per bushel on the Portland market this week, and experts say they aren't sure how high prices will go, or for how long.

The increase is partly a reaction to higher corn prices and a tighter wheat supply, said Dan Steiner, grain merchandiser at Morrow County Grain Growers in Boardman, Ore.

Soft white wheat prices April 30 ranged from \$6.65 to \$7.90 per bushel on the Portland market.

Farmers generally consider prices above \$6 per bushel to be profitable, according to the Washington Grain Commission.

"This market freewheels

and so you see tons of volatility," Steiner said. "Fifteen minutes in this market might mean you get an extra nickel or you lose an extra nickel. It moves that fast."

At one point, wheat was cheaper as a feed grain than corn. "When you see China buying U.S. wheat to feed to pigs, you know there's something going on," he said.

Steiner suspects prices still don't reflect the full value of the soft white wheat crop.

"I think soft white stocks are tighter than USDA thinks that they are, but we'll see what happens with this coming harvest," he said.

The corn market rally is the main reason for the higher wheat prices, but old crop wheat stocks are as tight as they've ever been, said



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**Combines harvest winter wheat on the Polson farm north of Waterville, Wash., in 2016. Prices have increased in recent months, but analysts say they could go down faster than they went up.**

Byron Behne, senior marketing manager at Northwest Grain Growers in Walla Walla, Wash.

Farmers might still be holding onto old crop because they either don't need the money or are waiting to hit a

"home run" and see if prices go "absolutely crazy," above \$10 per bushel, Behne said.

He thinks the price range will be \$6 to \$10 per bushel.

"I think the only thing that could undo this bullish market would be a wide outbreak of African swine flu in China that cuts their livestock herds down, so they don't need to buy all this grain to feed the animals," he said.

The market is inverted, with nearby contracts higher than deferred contracts. That indicates the market is concerned about new crop supply and demand, said Darin Newsom, an Omaha, Neb., market analyst.

"This comes down to acres, production, weather — it takes everything into account, plus there is an expectation we could still

see better demand," Newsom said.

The higher prices will continue as long as supply and demand is bullish, he said. The market hasn't hit the tipping point yet, where prices get so high that demand shuts down, Newsom said.

"I don't think we're there yet, but it's a real risk when we start talking about prices we haven't seen in a decade," he said.

Steiner recommends farmers be an "upscale seller" and not miss opportunities.

"I don't know how high wheat prices are going to go, but I know these are good values," he said. "At some point, this thing is going to break, and when it breaks, it could break very hard. It could break faster than it went up."

## Negotiated trade minimums for live fed cattle

75% of the robust level (head per week)

| Region             | Robust threshold* | Minimum threshold |
|--------------------|-------------------|-------------------|
| Texas, Okla., N.M. | 13,000            | 9,750             |
| Kansas             | 21,000            | 15,750            |
| Neb., Colo.        | 36,000            | 27,000            |
| Iowa, Minn.        | 16,000            | 12,000            |

\*Levels identified by Stephen Koontz, Colorado State University, as providing robust price discovery.

Source: National Cattlemen's Beef Association

## Negotiated cattle trade increases but falls short of goal

By **CAROL RYAN DUMAS**  
Capital Press

An analysis of the cattle trade in the first quarter of the year shows negotiated trade fell short of the National Cattlemen's Beef Association's goals in some regions of the nation — but it also showed substantial improvement in some regions compared to the first quarter of 2020.

NCBA's plan is to achieve at least 75% of robust trade levels in each region during at least 10 of the 13 weeks in a given quarter.

Failure to meet those levels constitutes a minor trigger, and three minor triggers constitute a major trigger. The NCBA will seek a legislative or regulatory solution if there are two major triggers in the most recent four rolling quarters.

Analysis of the first quarter by Justin Benavidez, extension economist at Texas A&M University, found the Texas-Oklahoma-New Mexico region failed to meet the minimum threshold during four weeks of the quarter.

The Kansas region failed in six weeks, the Nebraska-Colorado region failed in two weeks and the Iowa-Minnesota region did not fail in any of the weeks.

Fallout from winter storm Uri and a plant maintenance closure in Kansas led to "force majeure" exclusions during several weeks, he said.

"I think a lot of people take the top-line results of the failure to meet the established thresholds and consider these voluntary efforts to be a failure," he said in his online post of the results. "It is evident that by the measures of the 75% plan, a major trigger was tripped. However, I won't be quick to call the results of Q1 an outright failure."

First, negotiated trade in the first quarter increased substantially compared to the same period in 2020, he said.

The Texas-Oklahoma-New Mexico region would have failed to meet the threshold in 10 of 13 weeks in the first quarter of 2020. Trade volumes would have failed in 3 weeks in the Kansas region and in five weeks in the Nebraska-Colorado region, he said.

Second, negotiated trade in the first quarter was up over the previous five-year average across the Southern Plains, he said.

"Third, the proximity of misses to makes is worth noting," he said.

Two failing weeks in the Texas-Oklahoma-New Mexico region only fell short by a few hundred head, and three failing weeks in

the Kansas region fell short by less than 1,000 head, he said.

In addition, the study NCBA used to set its thresholds to achieve robust price discovery contained minimum thresholds to establish any price discovery. In all regions except Kansas, and during one week in the Nebraska-Colorado region, those minimums were achieved, he said.

"Results for Q1 show an industry making strides to achieve negotiated volume to achieve price discovery as a result of the voluntary 75% plan," he said.

# Mexican high court decision allows more fresh potato imports from U.S.

By **BRAD CARLSON**  
Capital Press

The Mexican Supreme Court unanimously voted April 28 to open the entire country to fresh U.S. potatoes.

Mexico had limited fresh U.S. potato imports to within about 16 miles of the border. The court has now lifted that restriction.

Idaho Potato Commission President and CEO Frank Muir said the commission is thrilled with the long-awaited announcement.

"We don't know the details of timing, but we are anxious to work with Idaho shippers and Mexican retailers to begin shipping Idaho potatoes beyond our current stores in Mexico," he said. "We also anticipate doing our part in building the entire potato category in Mexico, including locally grown potatoes, through the advertising and promo-



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**Idaho Potato Commission representatives look at Idaho products on display during a 2011 in-store promotion at a Soriana supermarket in Mexico City. The nation's Supreme Court has cleared the way for the nationwide importation of U.S. potatoes.**

tions we will do to further expand usage of potatoes in Mexico."

He applauded the National Potato Council and Idaho's senators and congressmen and their staffs in their "concerted efforts to see this announcement come

to pass."

NPC said U.S. fresh potato exports to Mexico in 2020 accounted for 106,000 metric tons and \$60 million. The council estimates a market potential of \$200 million per year within five years.

Mexico allowed U.S.

fresh potato imports in 2003 only in the border area, a move seen as violating trade agreements. The Mexican government then allowed the U.S. full access starting in May 2014. The National Confederation of Potato Growers of Mexico sued, claiming regulators lack that authority. The April 28 ruling rejects that argument and affirms the government can issue regulations about food imports including fresh U.S. potatoes.

NPC Vice President of Trade Affairs Jared Balcom said in a release that the ruling is "consistent with Mexico's obligations under the U.S.-Mexico-Canada Agreement and World Trade Organization."

The ruling "represents a major step forward in the U.S. potato industry's efforts to provide consumers throughout Mexico access to fresh, healthy U.S.-grown potatoes," he said.

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