

WORKING FOR THE BEST

MONTANA

wheat & barley



ESTABLISHED 1967



Kent Kupfner

EXECUTIVE DIRECTOR

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*More than 30 years
of grain industry experience*

Cargill
Foster Farms
General Mills
Columbia Grain

Montana: Diverse Growing Region

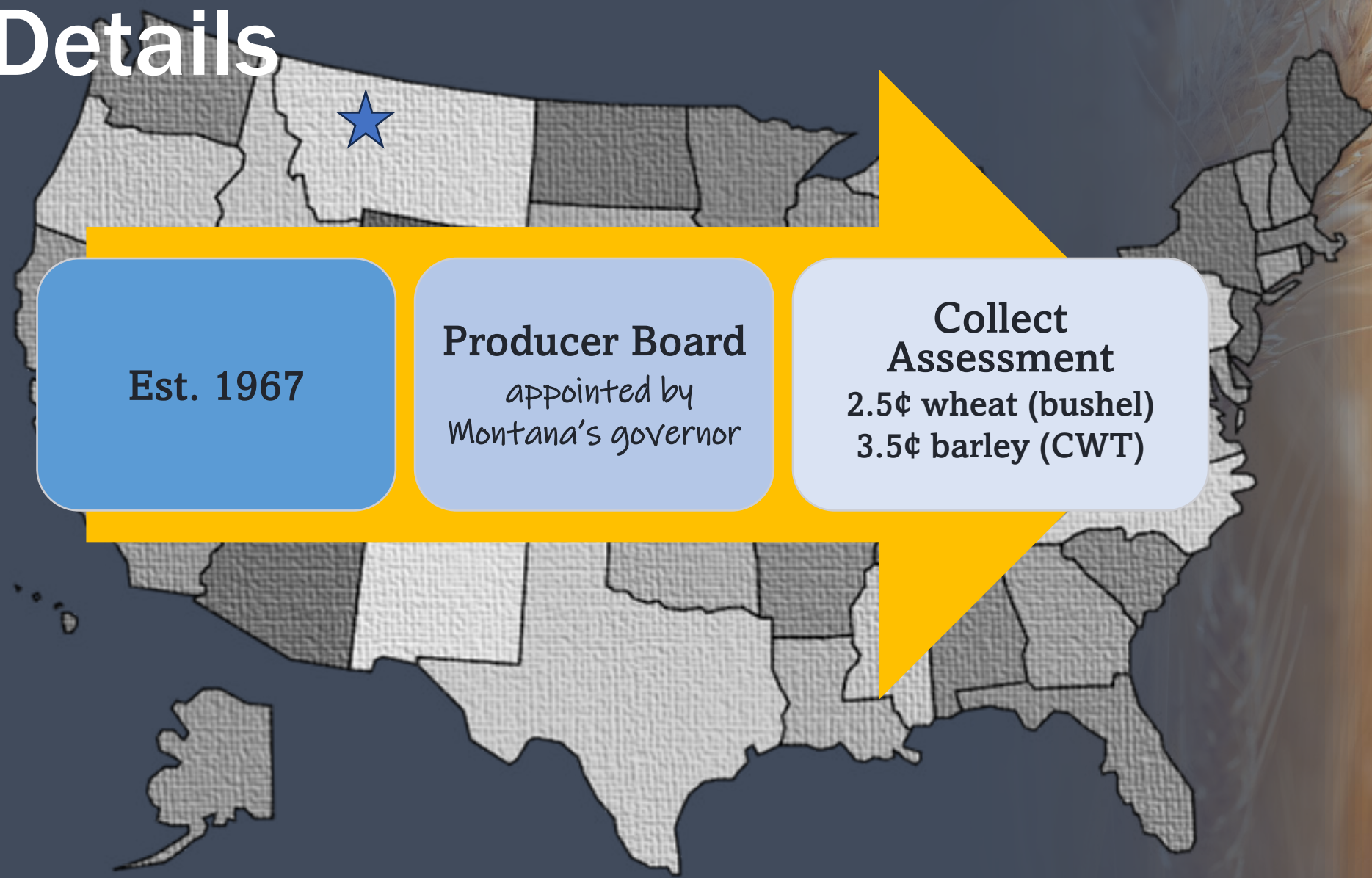
15+ Crops



WORKING FOR THE BEST



Details



Est. 1967

Producer Board
*appointed by
Montana's governor*

**Collect
Assessment**
2.5¢ wheat (bushel)
3.5¢ barley (CWT)

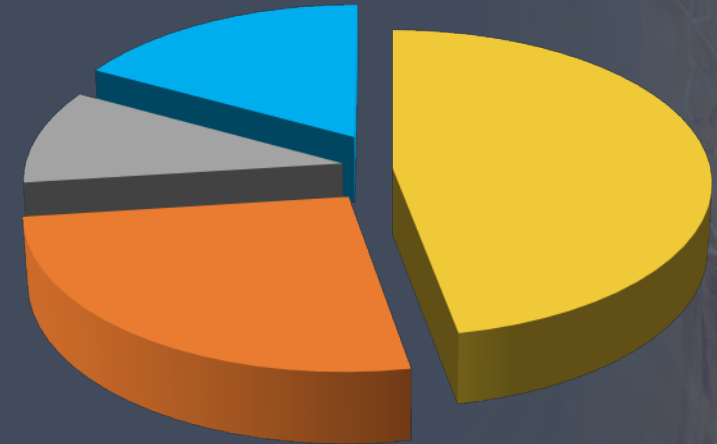
Funds Allocation

\$4 to \$5 Million Annual Budget

50% Research

- Varietal Development
- Agronomic Practices

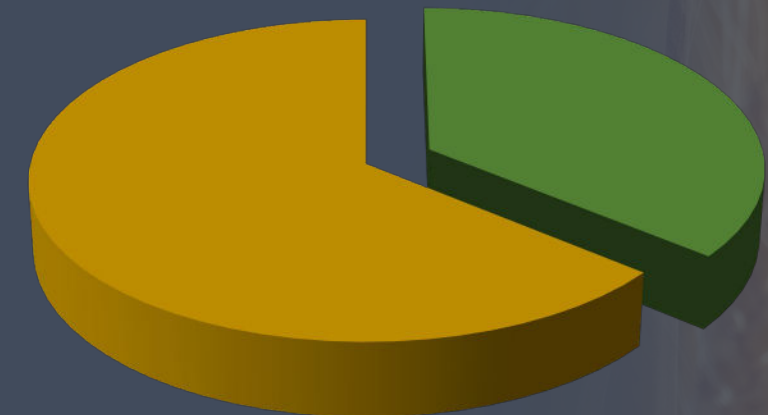
- Research
- Marketing
- Education
- Operations



50% Marketing, Education, and Operations

- International Organizations

- Breeding Program
- Other



Wheat Market Volatility

- Worldwide Covid Pandemic
- Supply Chain Disruptions
- Global Production Issues Looming
 - Canada -2.0 mmt
 - Australia -3.0 mmt
 - Argentina -1.0 mmt
 - U.S. Corn Yields
- Inflationary Pressures impacting most commodities
- Russian Invasion of Ukraine

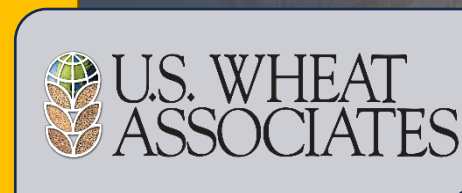
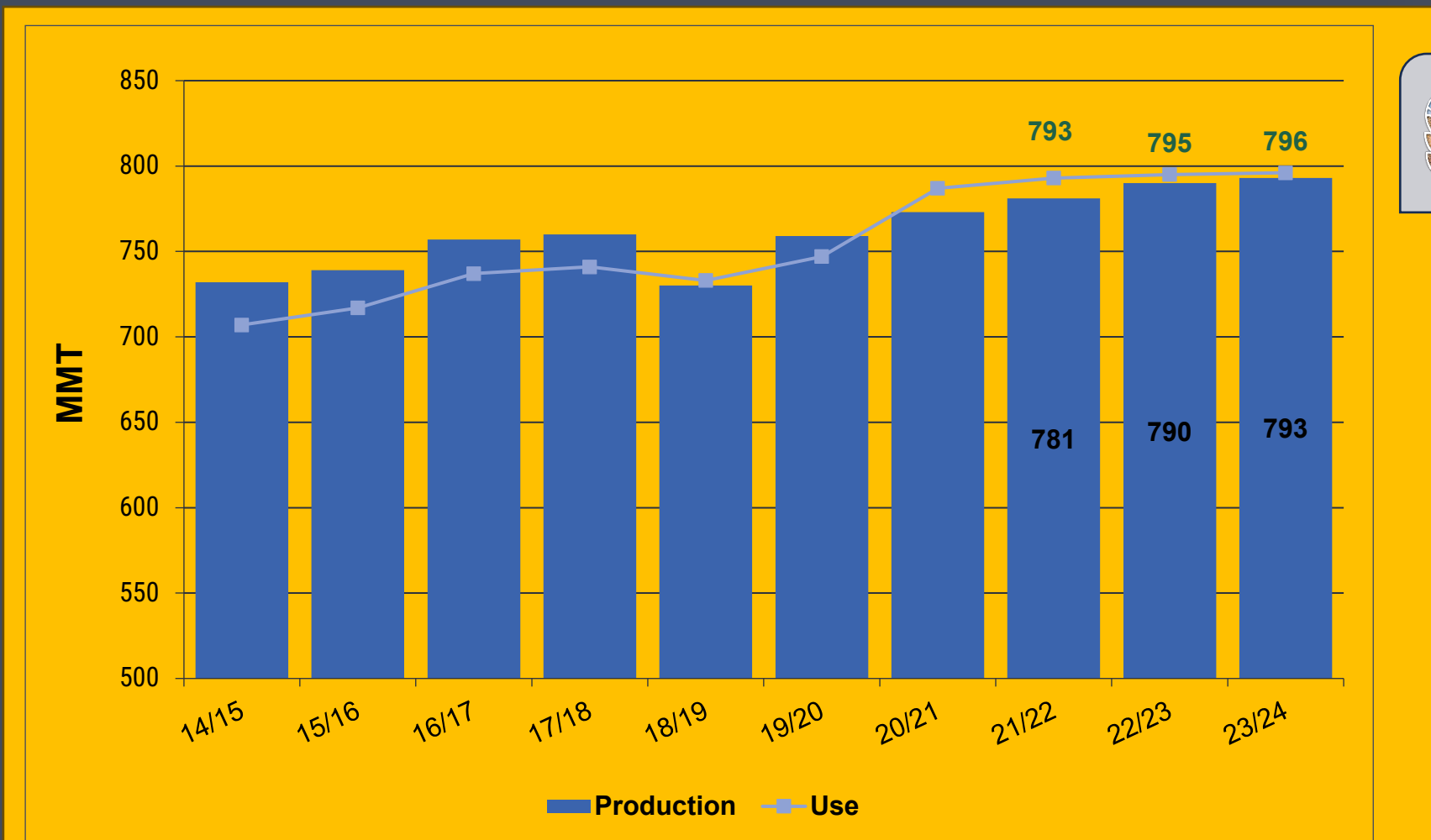


World Wheat Fundamentals

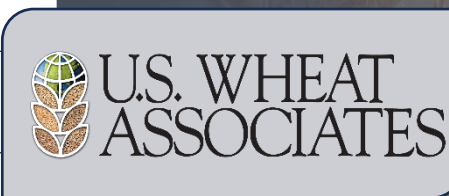
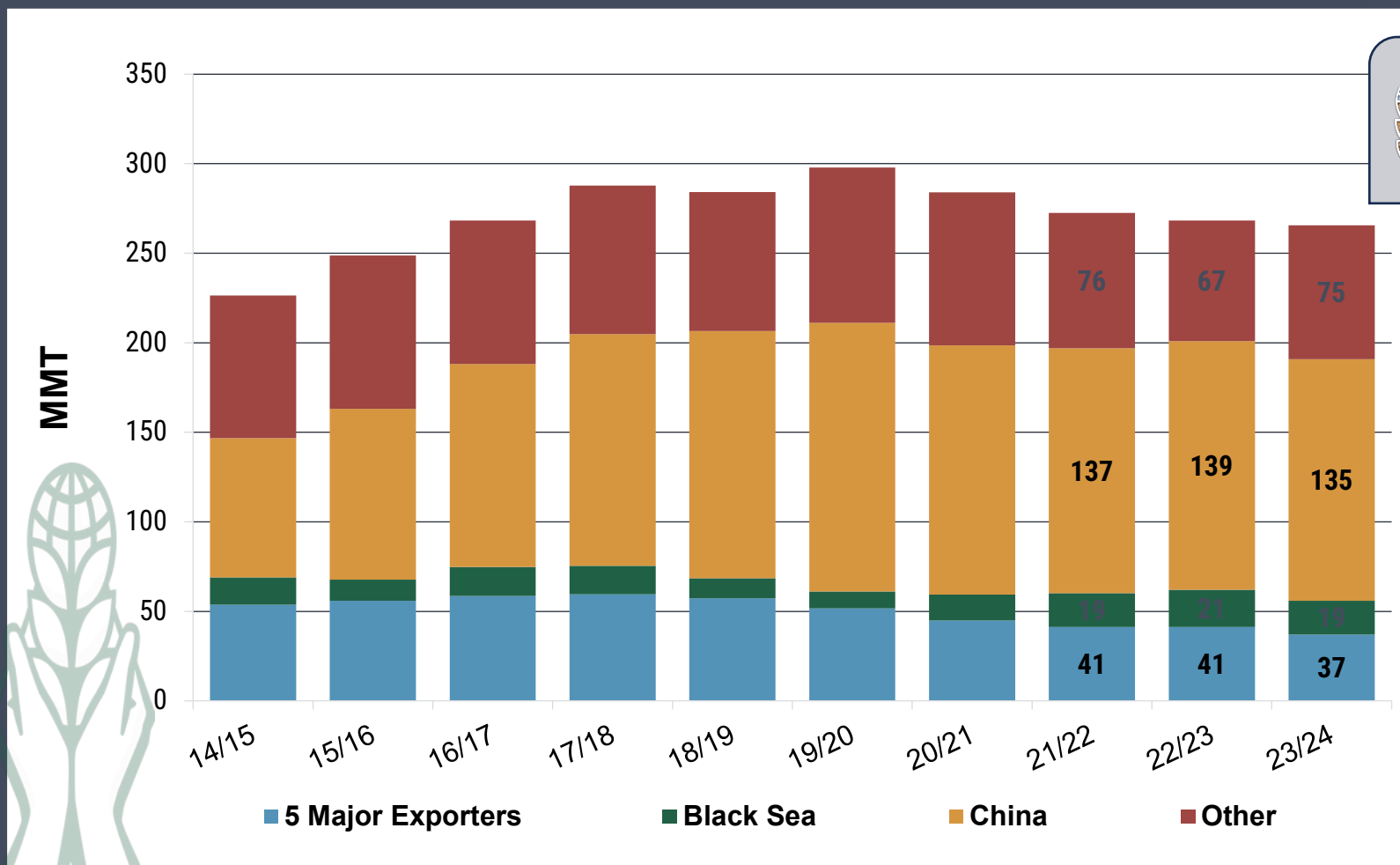
World Wheat Fundamentals

- Focus on Big Picture Trends
- Beginning and Ending Stocks
- Production & Use
- Global Stocks-to-Use Ratio
- Exporters, Importers & China
- Black Sea Situation & Exports
- US Wheat Fundamentals

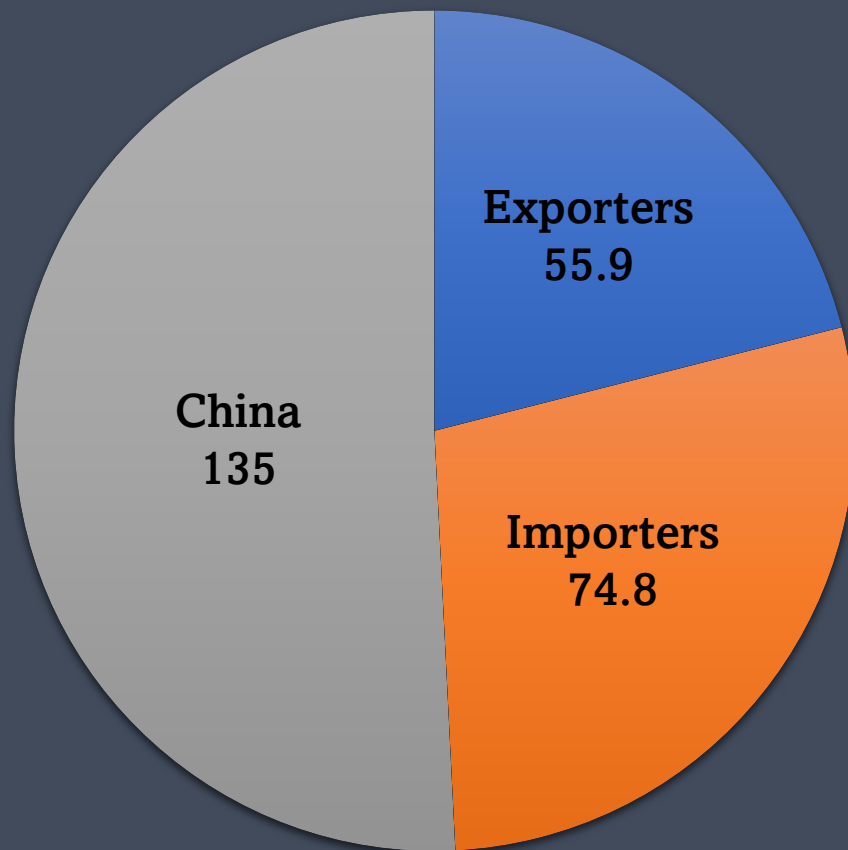
World Production & Use



World Ending Stocks

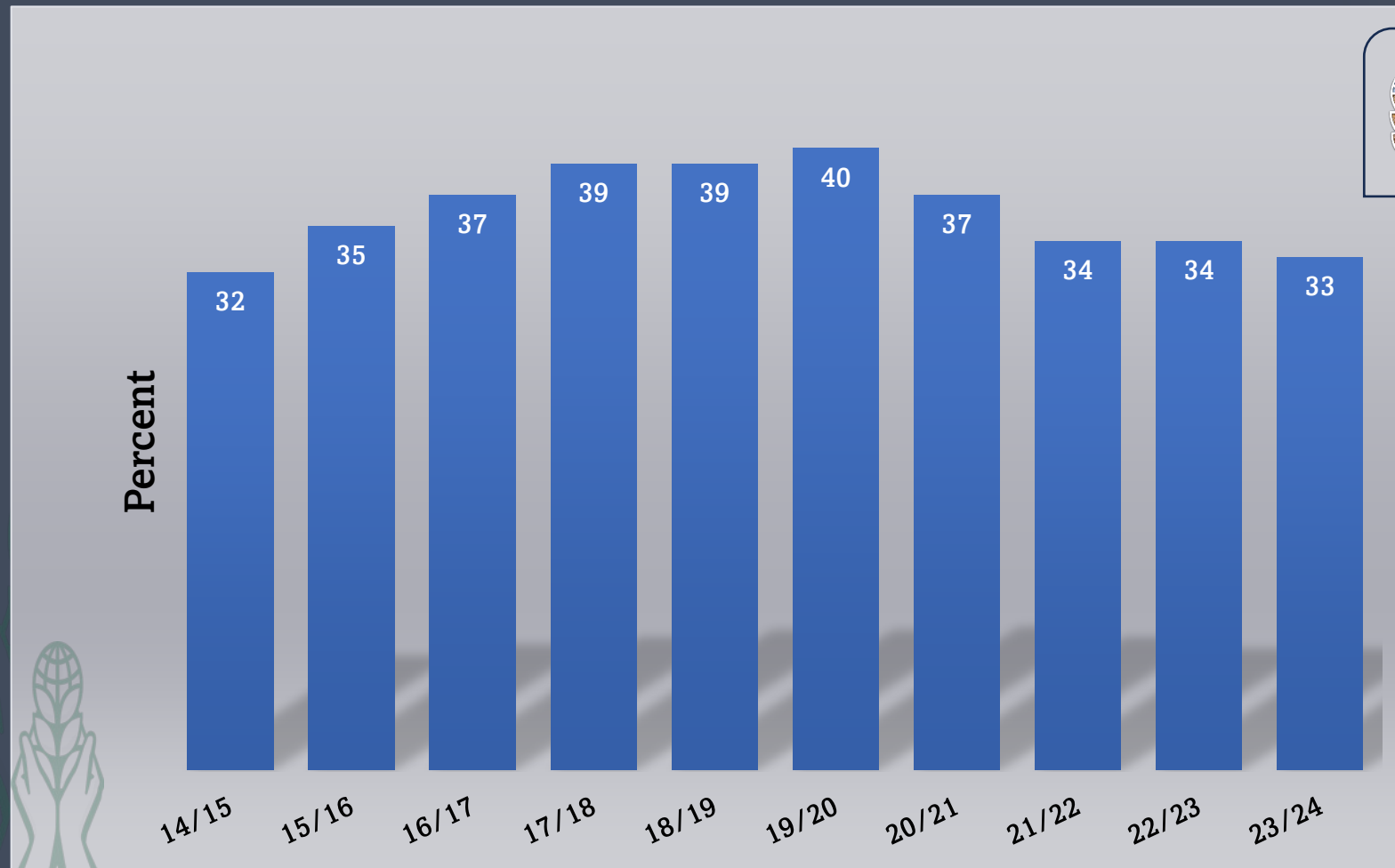


World Ending Stocks by Position_{MMT}

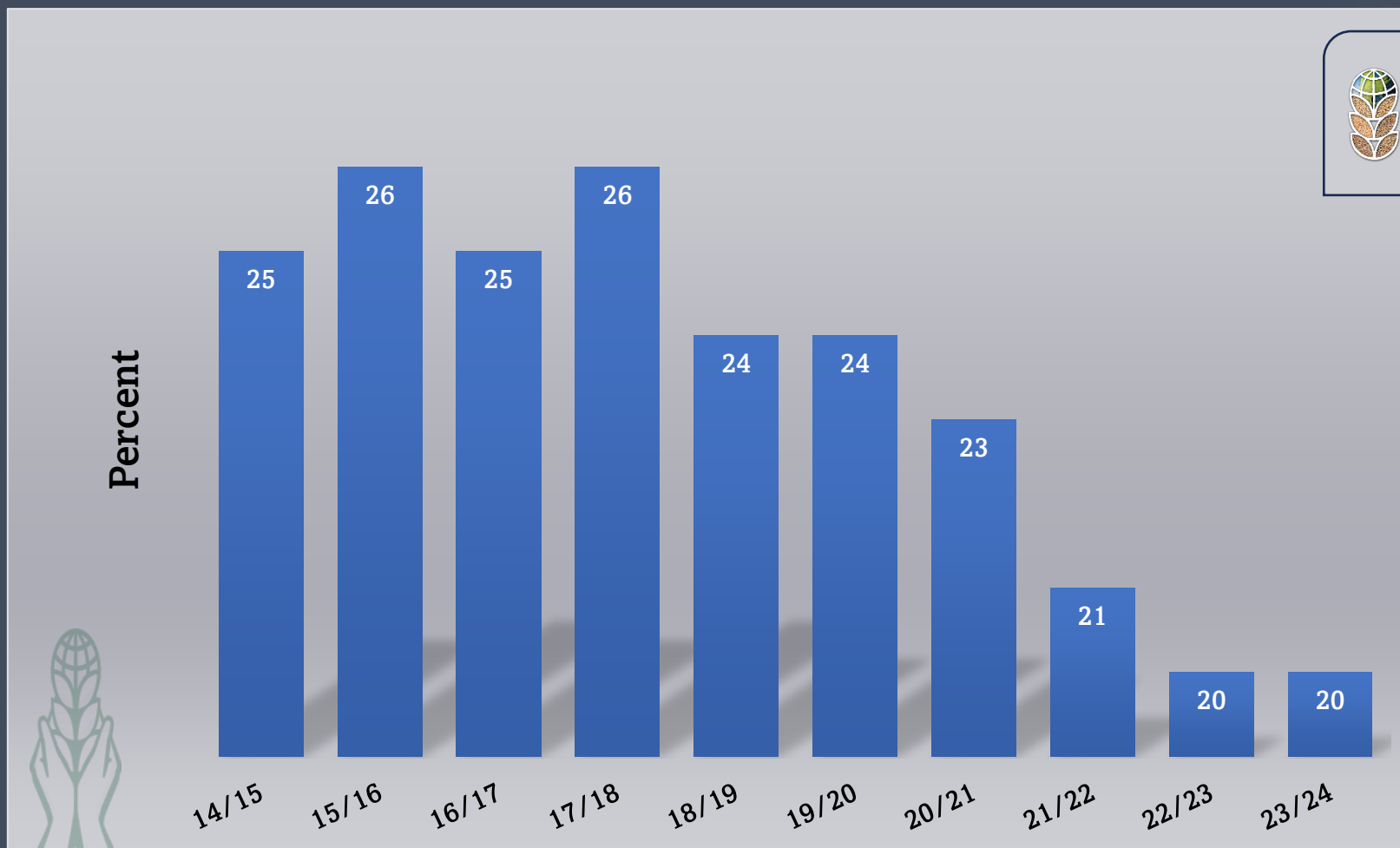


■ Exporters ■ Importers ■ China

Global Stocks^{*}-To-Use Ratio



Global Stocks-To-Use Ratio w/China



Russia will be the world's largest wheat exporter for 2023-24, with nearly 22% of world wheat exports.



We Are Witnessing Historic Events

Global event, 74 weeks ongoing with uncertainty



- July 18: Russia rejects renewal of the grain corridor, halting shipments out of Odessa.
- Following days, Russian missile and drone strikes hit grain facilities in Odessa.
- Russia warns that any vessels in the area will be considered possible threats.
- Ukraine responds with threats in kind.
- July 23: Russian drones strike grain facilities on Danube River, Ukraine's other outlet that is near Romania...a NATO member.
- Russia comments that they have enough wheat to supply importers without Ukraine.
- July 24: Clear intent to strike grain infrastructure in Ukraine as the war escalates, wheat futures move limit up
- August 4: Ukrainian drone boat damages a Russian tanker sparking concerns about foreign-flag ships. Russian oil exports nearly halted Aug 14-20.
- Russian officials warn the incident could have "long-lasting consequences for the global grain market"

Black Sea Grain Corridor Suspended

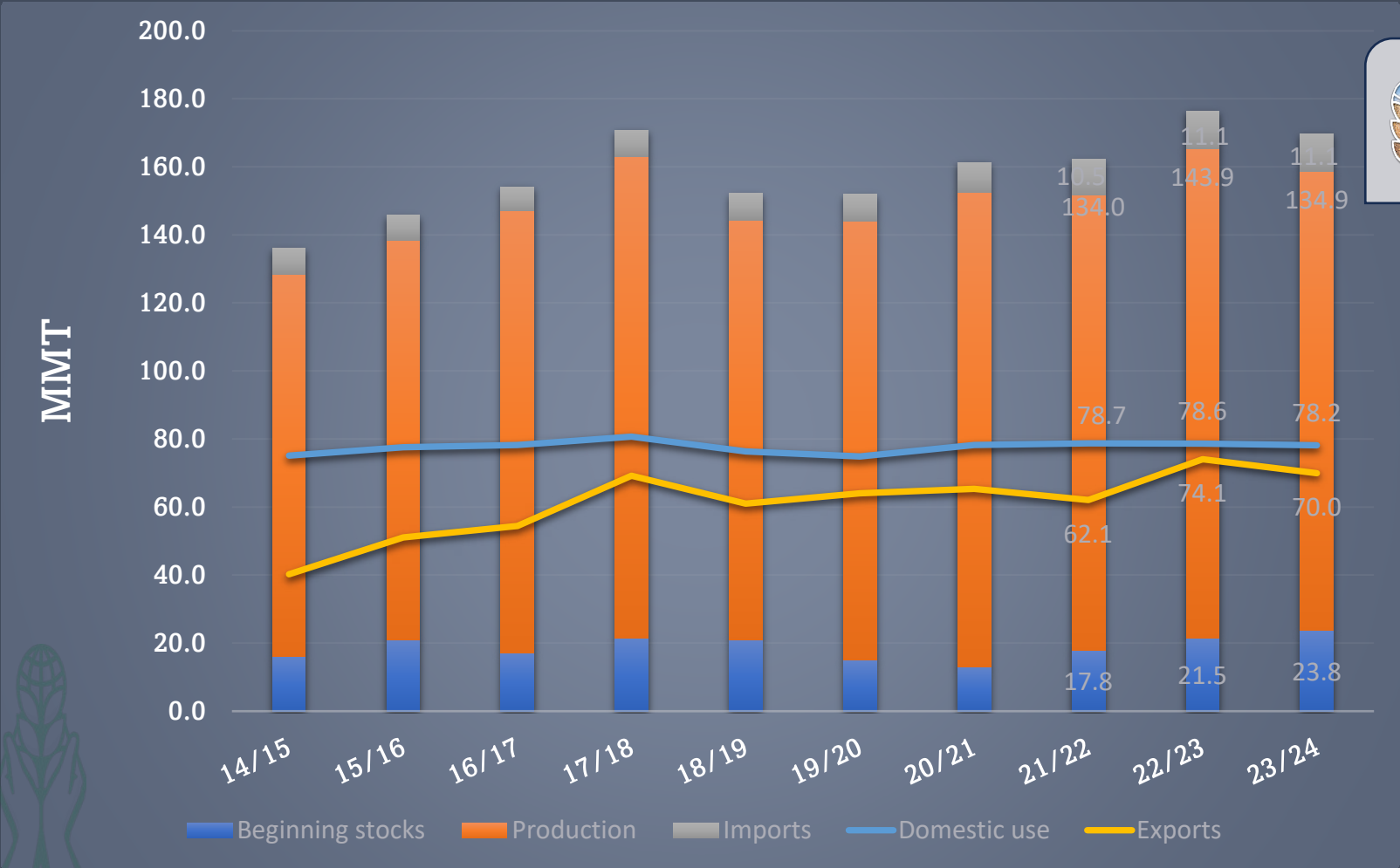


- July 2022 agreement between Russia and Ukraine –brokered by Turkey & the UN - allowing cargo ships to sail safely from Ukrainian ports through the Black Sea to export millions of tons of grain.
- Russia pulled out of deal threatening safe passage for Black Sea grain shipments.
- Ukraine's grain facilities targeted in Odessa and along the Danube River.
- Russian grain industry welcomed the end of Black Sea grain due to high costs.
- Odessa reported strikes destroying 60,000+ tonnes of grain with considerable damage to grain export infrastructure.
- Russia is targeting Danube export assets which are the outlets for Ukrainian grain in the absence of a deal. Attack in Reni was less than 400 meters from Romania and hit grain storage facilities.

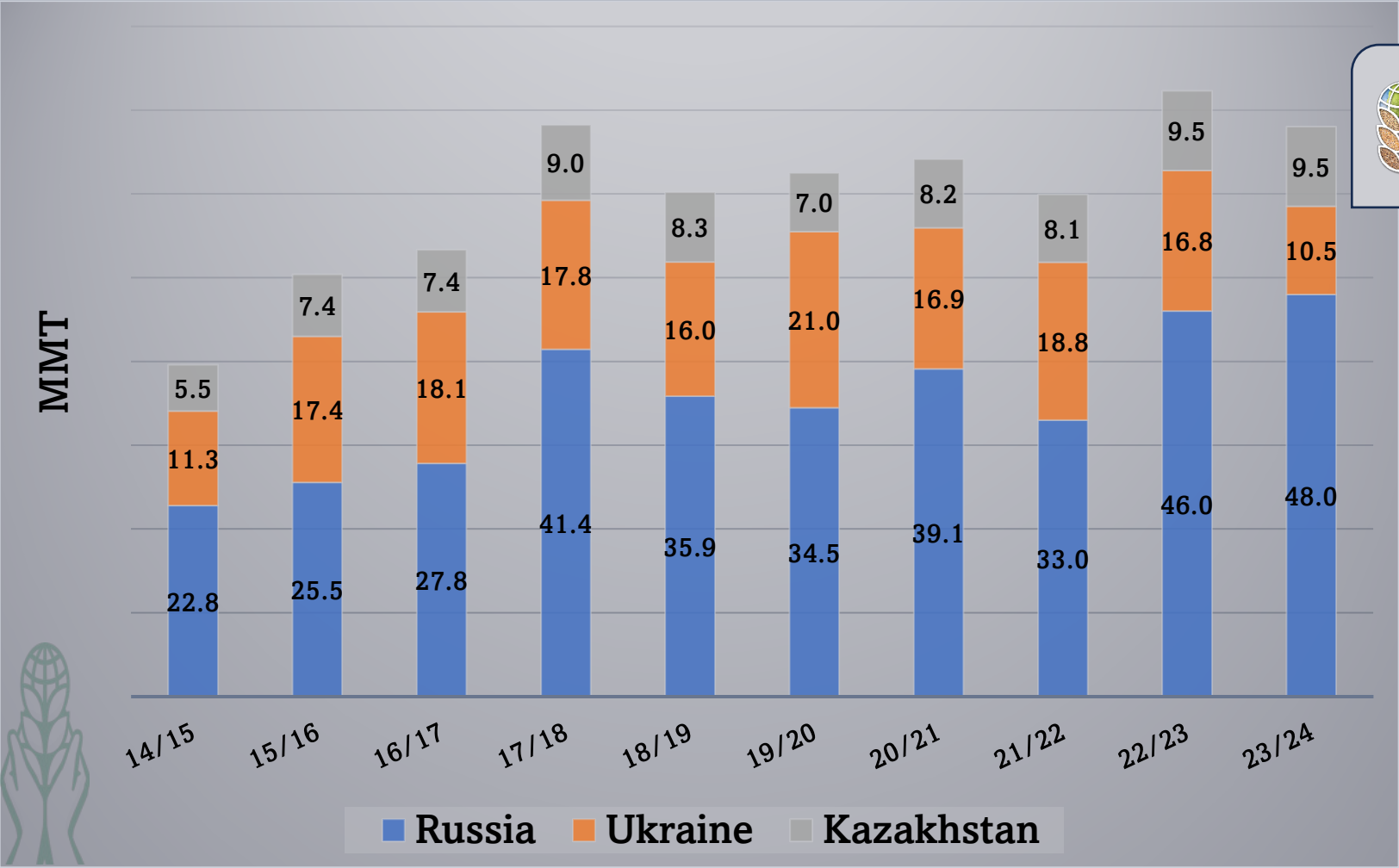
What to be Watching

- High demand for Russian wheat in the Middle East, Africa and South America
- Any disruptions to Russian wheat exports. Currently exporting at a feverish pace of 4+ mmt/mo
- Maritime military action against civilian vessels, by Russia or Ukraine
- Wavering by shipping insurance companies due to escalation in military activity
- Russia actively meeting with African nations & leveraging wheat dependency
- World anticipation of 5.5+ mmt of wheat/mo exported from Black Sea ports
- Russian wheat shipments anticipated to be 49 mmt
- Russian August exports @5.3 mmt: a 29% increase over last year
- Ukrainian wheat movement...EU agreements to move by land, but only to certain locations
- War-displaced wheat moving into Eastern Europe will continue; priced at a discount

Black Sea Region Situation



Black Sea Exports





U.S. Wheat Fundamentals

U.S. Hard Red Winter & Spring Wheat

Situation

- Planted Area by class
- Beginning and ending stocks
- Production trends & forecasts
- Domestic Use
- Export Demand
- HRW harvested acres & harvest-to-planted ratio
- Yields versus last year
- Export trends & sales volumes by class

U.S. Hard Red Winter Update

- Planted area increased 13% (26.0 million acres or 10.5 million hectares)
- Production forecast increased as season progressed: 15.9 MMT or 585 million bushels
- Highest abandonment in Southern Plains since 2002
- Southern Plains multi-year drought conditions & late season rains
- Northern Plains & PNW received precipitation over winter and early spring helping to alleviate lingering drought conditions
- Mid-season rains boosted crops in CO, NE & MT



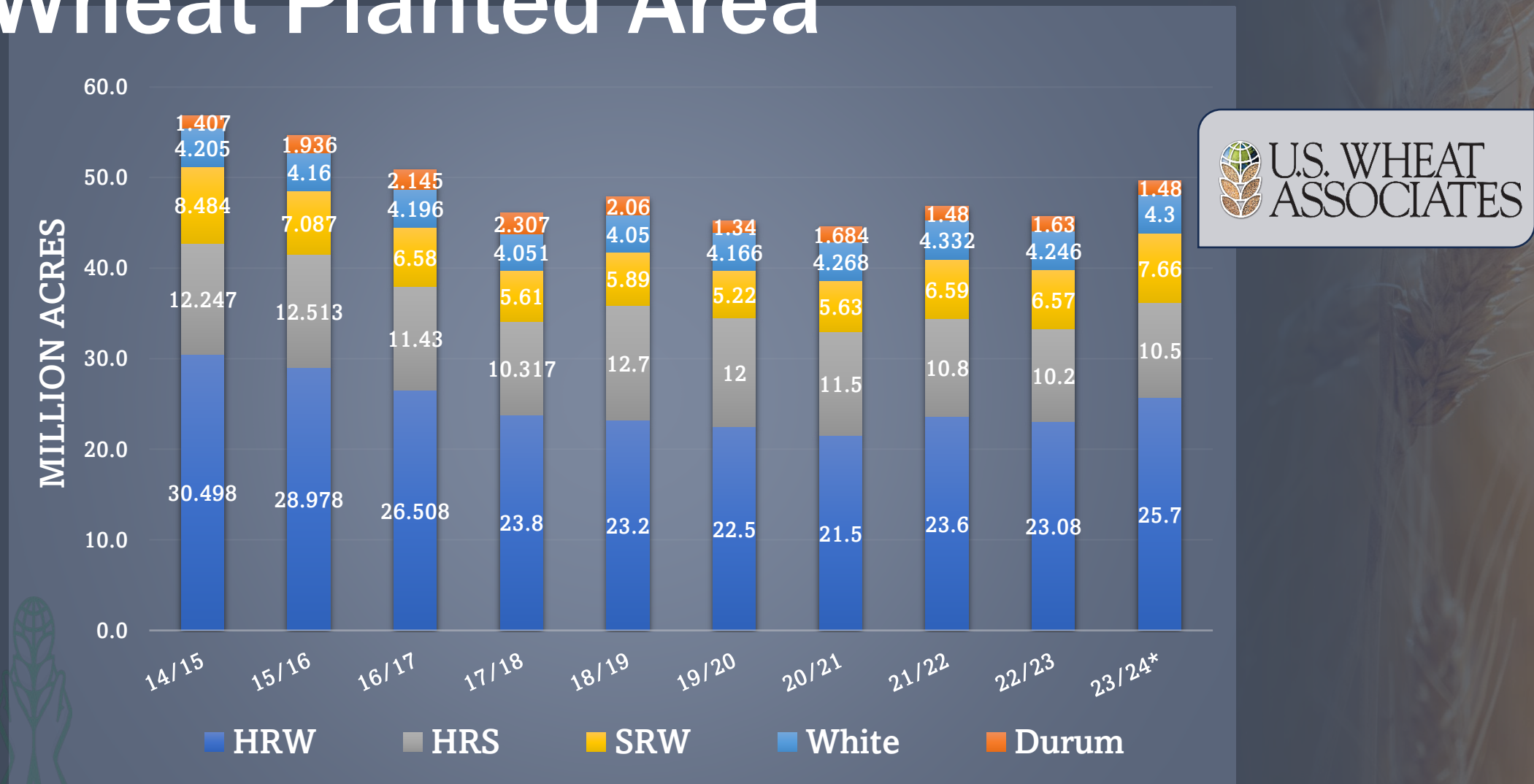
U.S. Hard Red Spring Update

- Planted area up moderately from 2022 (10.8 million acres or 4.37 million hectares)
- Slightly delayed planting due to cold temperatures & snowpack
- 45% of the crop planted May 21-28!
- Crop was one week behind but caught up after hot weather
- US & Canadian conditions & production potential declined starting mid-July
- August 28 Final Ratings: 37% good to excellent, 39% fair & 24% poor to very poor
- Harvest slower than normal across N. Plains
- 87% Harvested (SD 99%, ND 82%, MN 94%, MT 90% & ID 76%)
- Average yields 41.8 bushels/acre, down 4.4 bushels from 2022
- Production forecast: 413 million bushels, down 7% from 2022



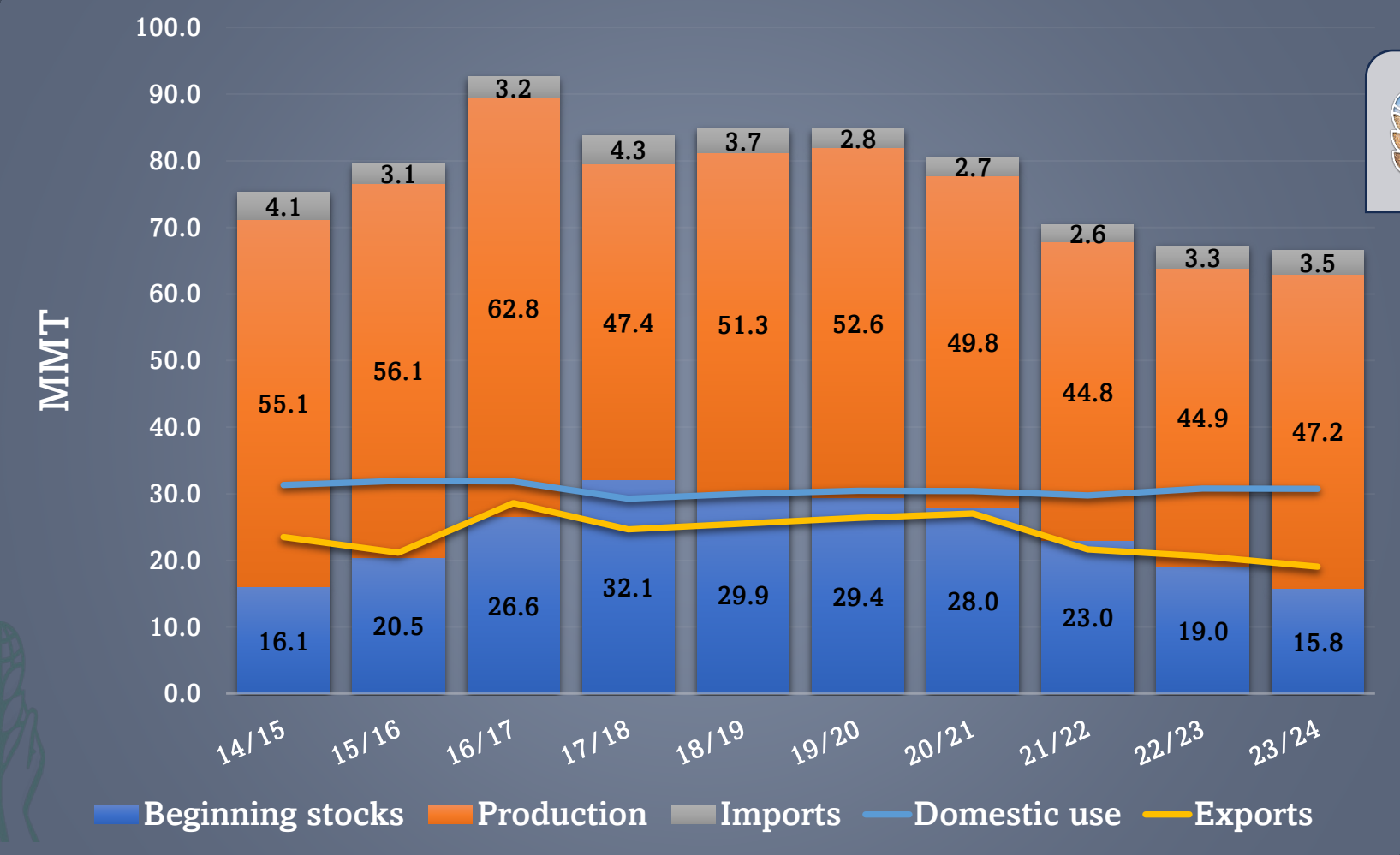
MONTANA
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US Wheat Planted Area



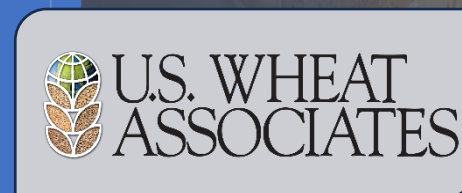
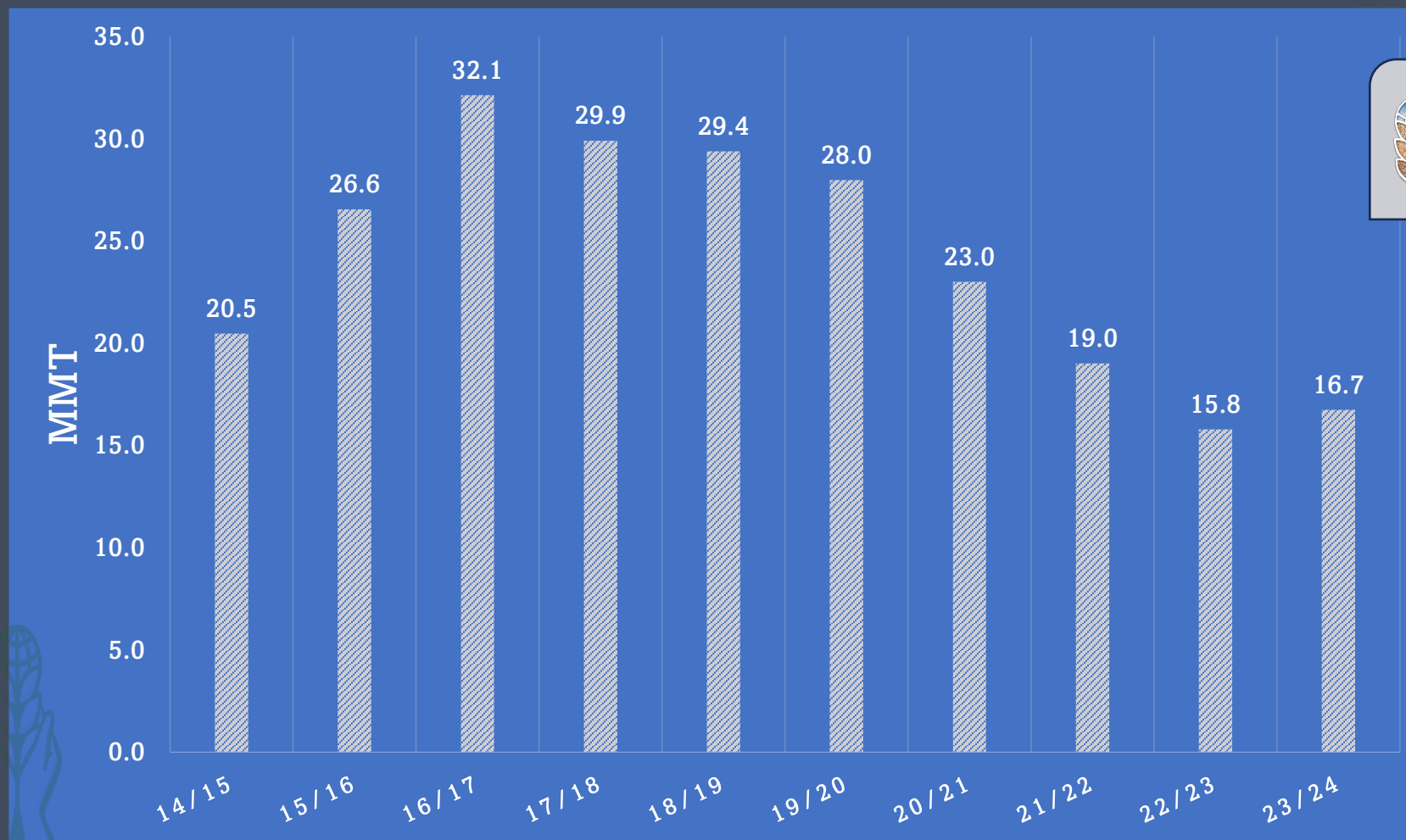
*Source: USDA Acreage Report

US Situation



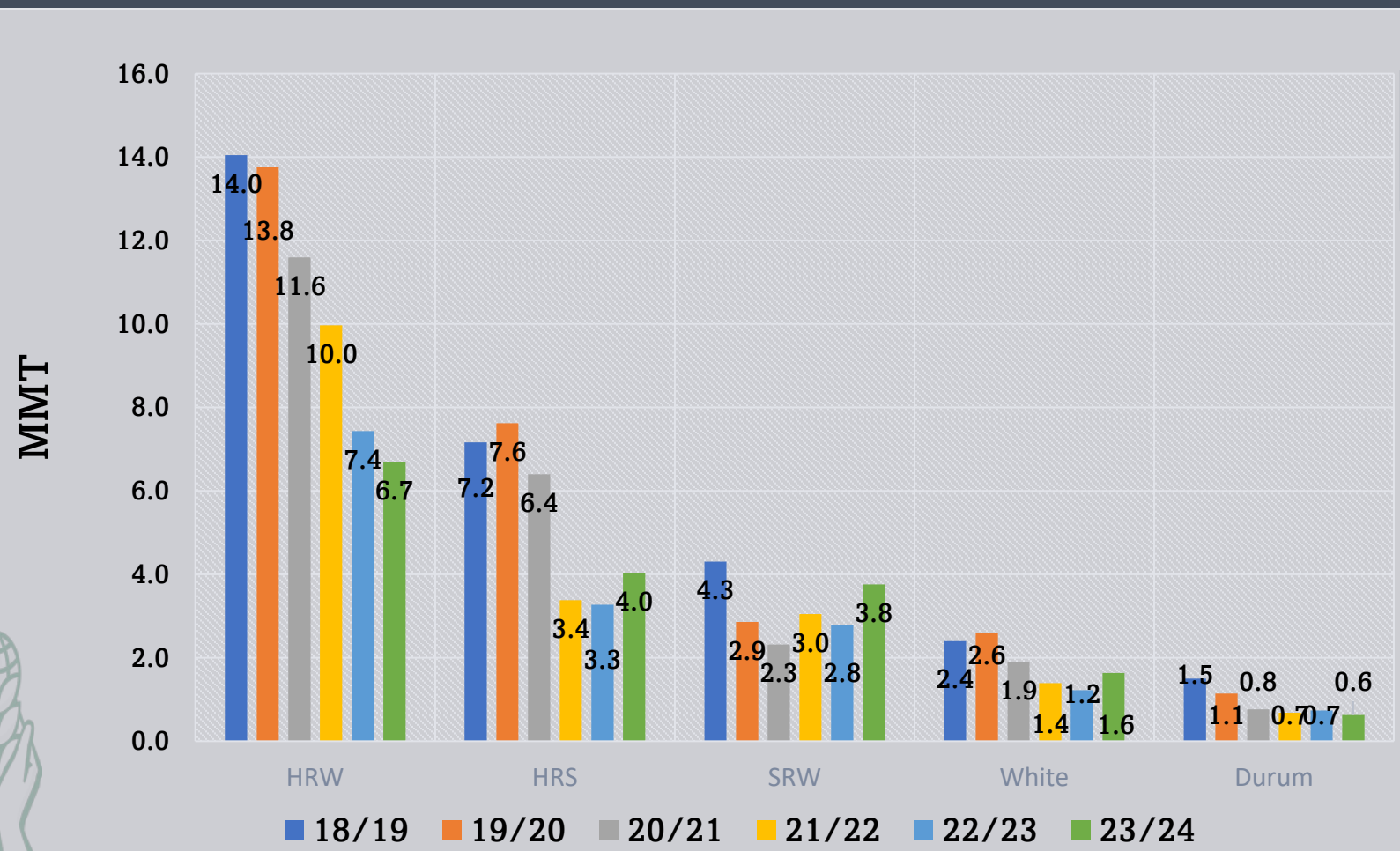
*Source: USDA Acreage Report

US Ending Stocks



*Source: USDA Acreage Report

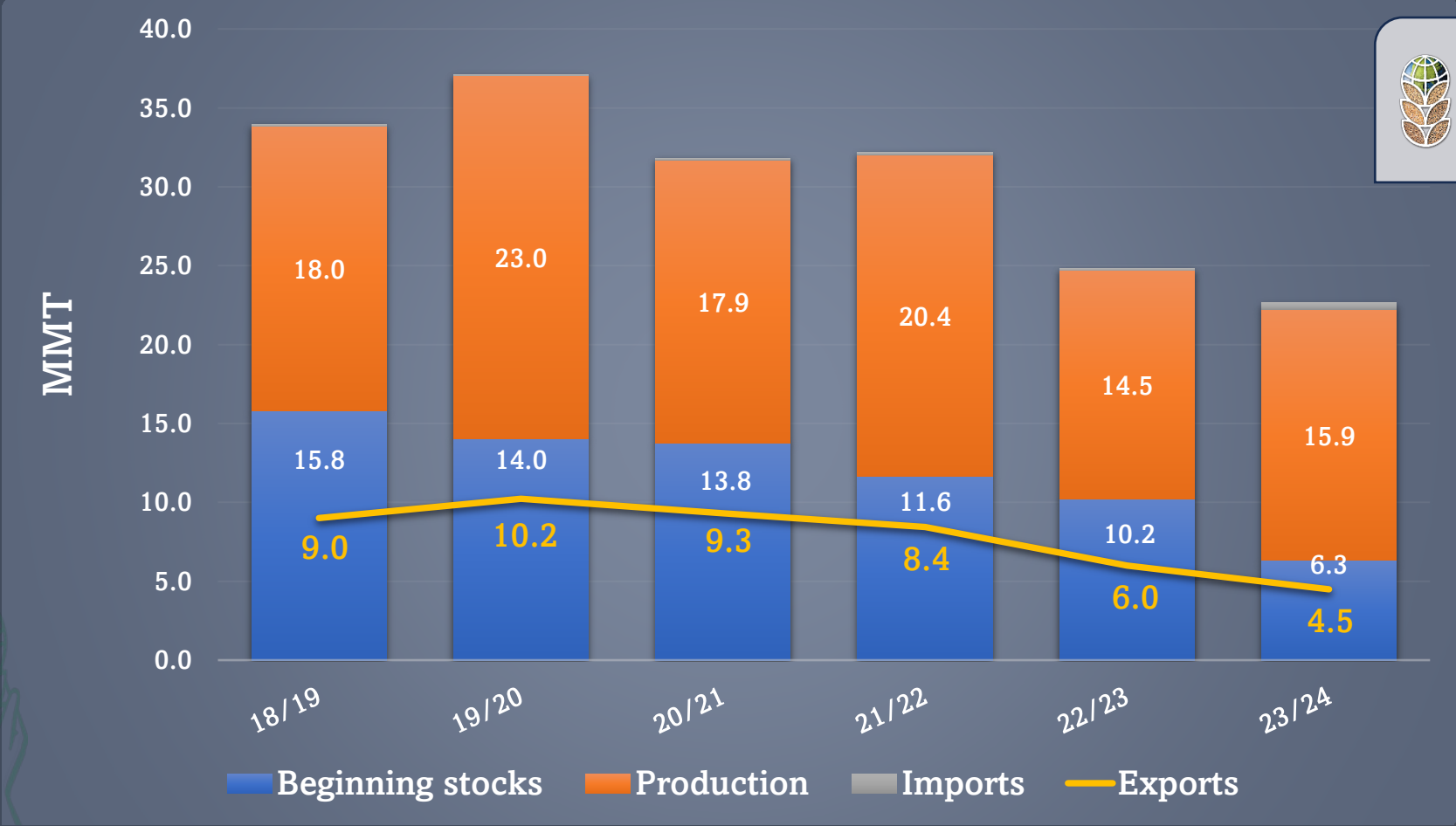
US Ending Stocks by Class



*Source: USDA Acreage Report



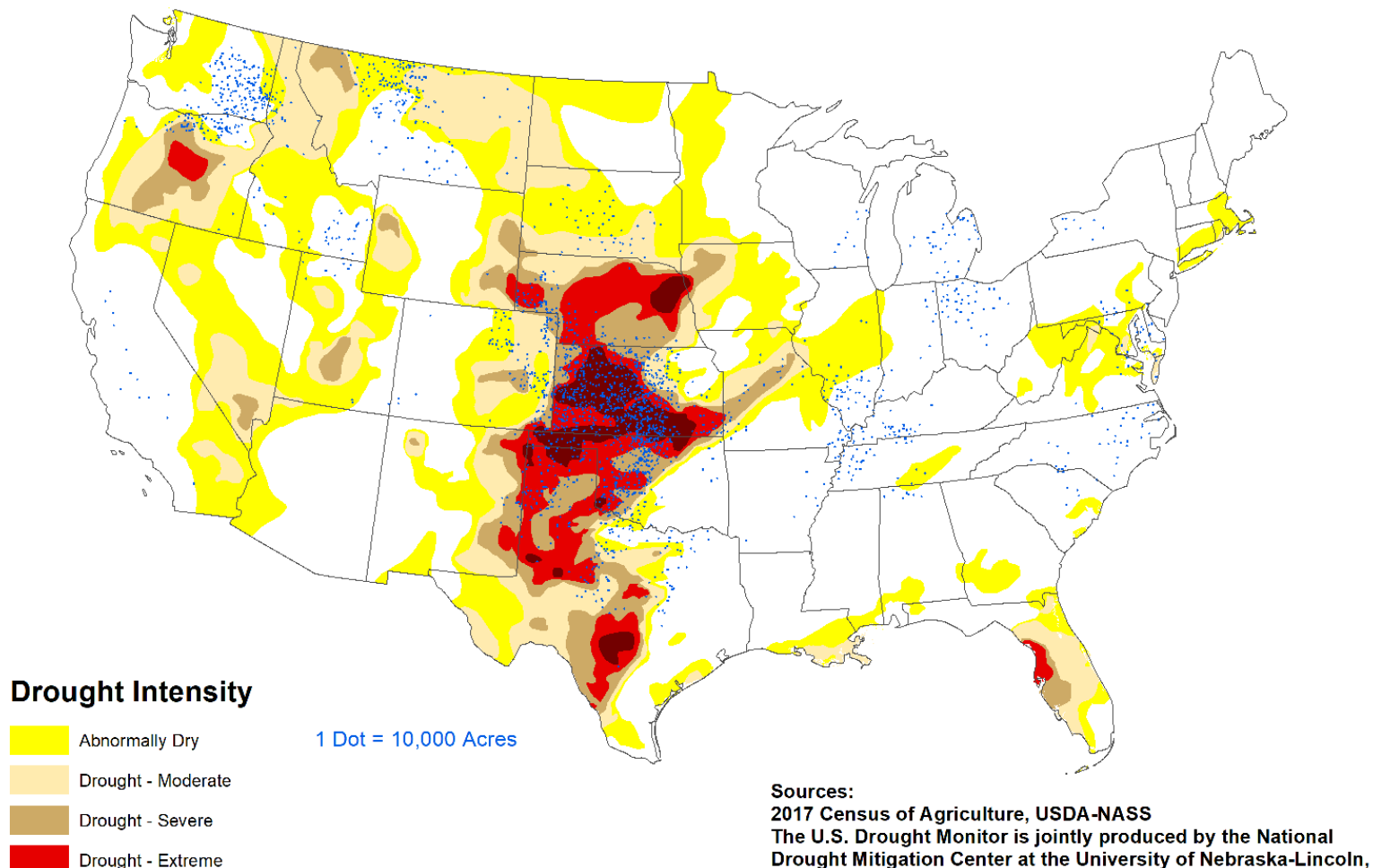
US Hard Red Winter



*Source: USDA Acreage Report

United States Drought Intensity for May 2, 2023

Compared with Winter Wheat Acres

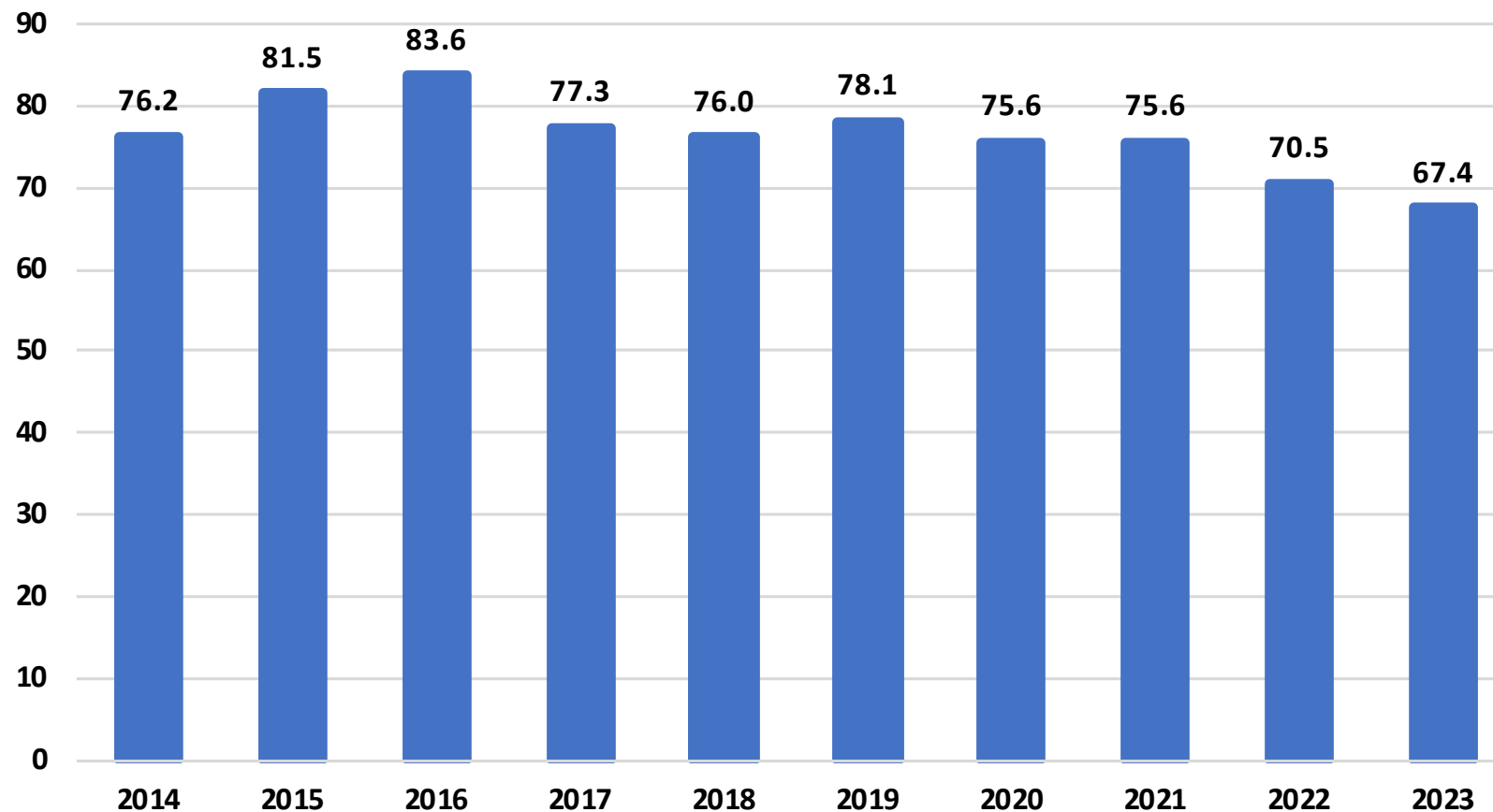




Winter Wheat Harvested-to-Planted Ratio

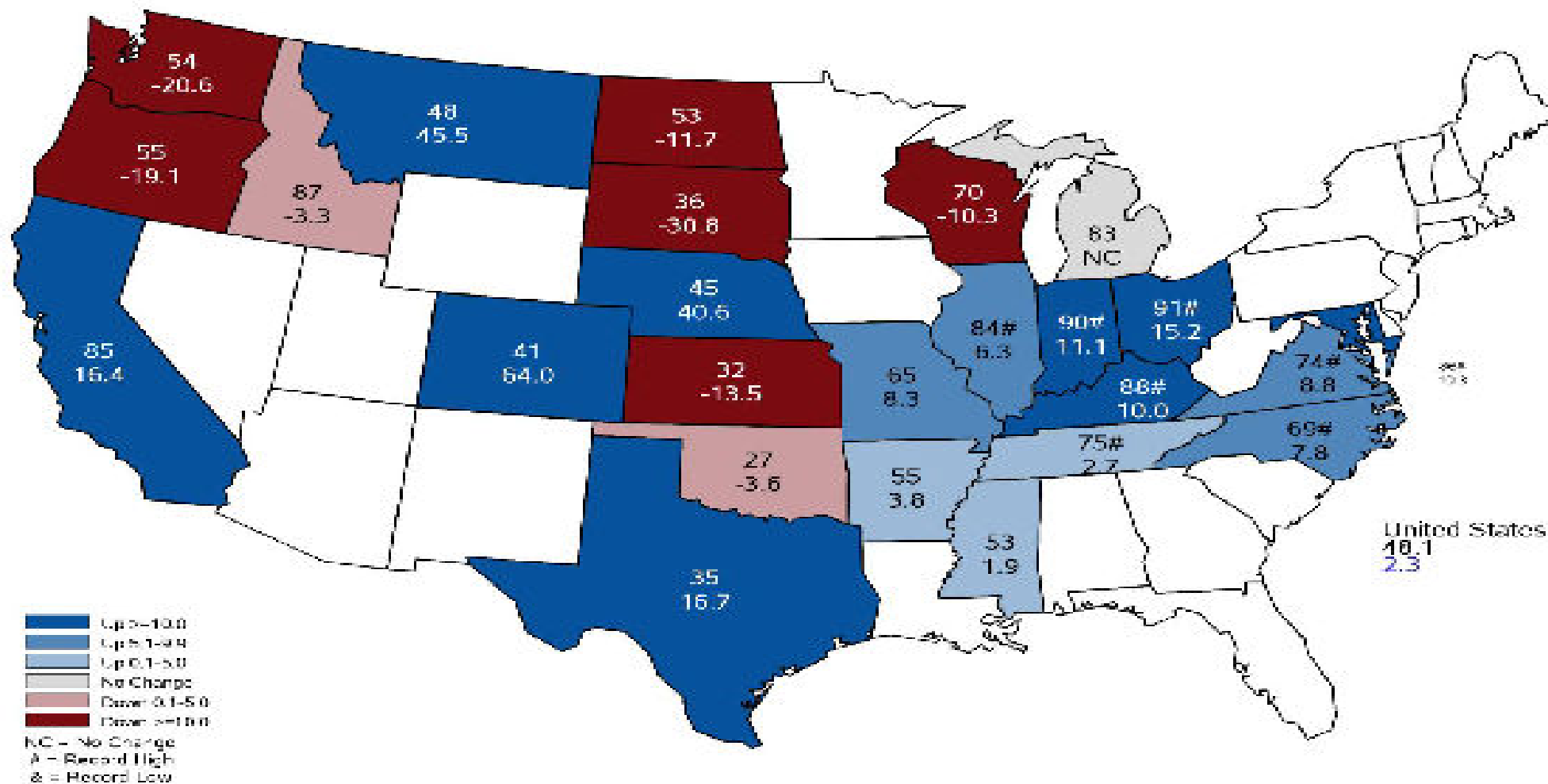
United States

Percent

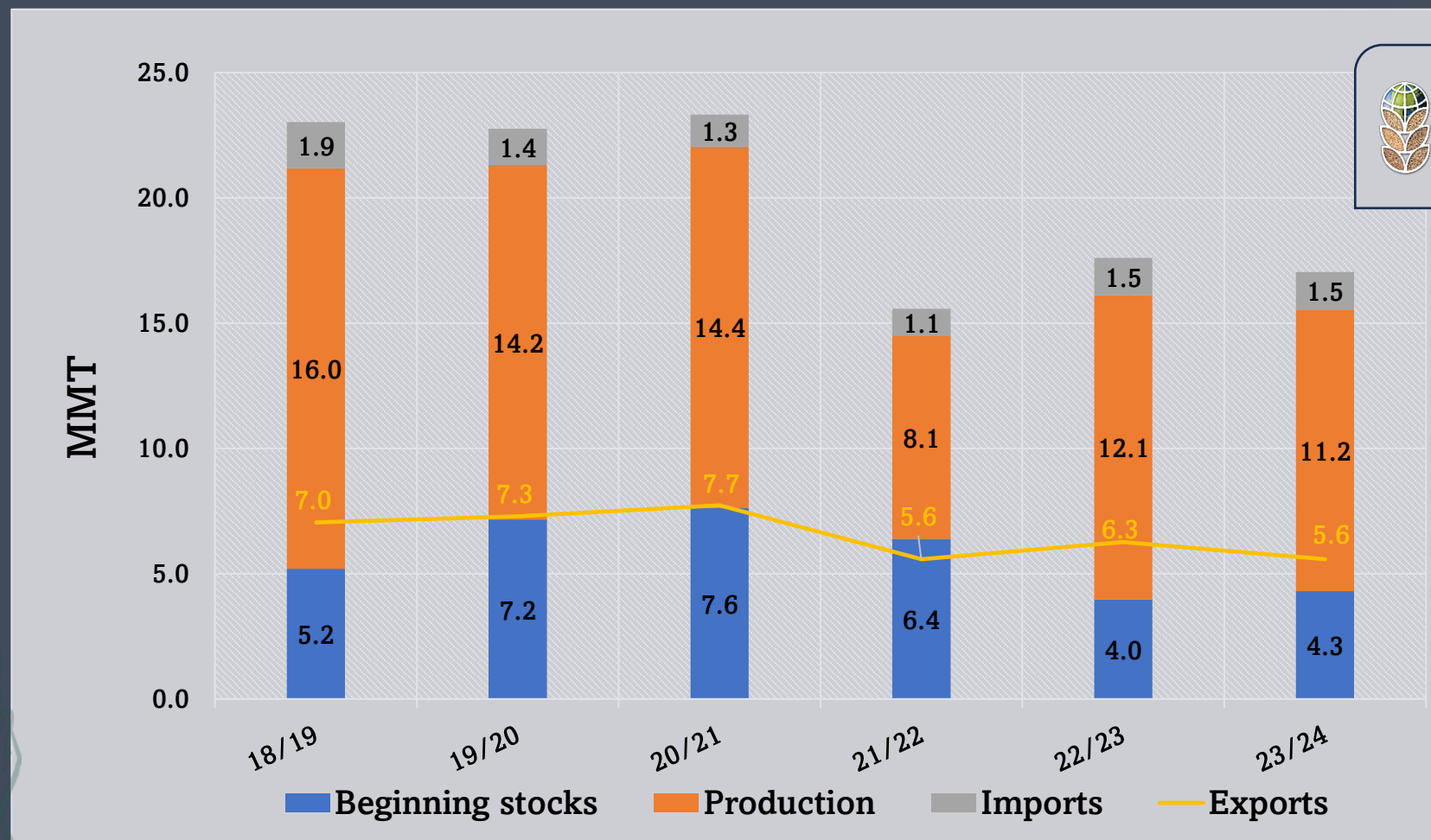


August 2023 Winter Wheat Yield

Bushels and Percent Change from Previous Year



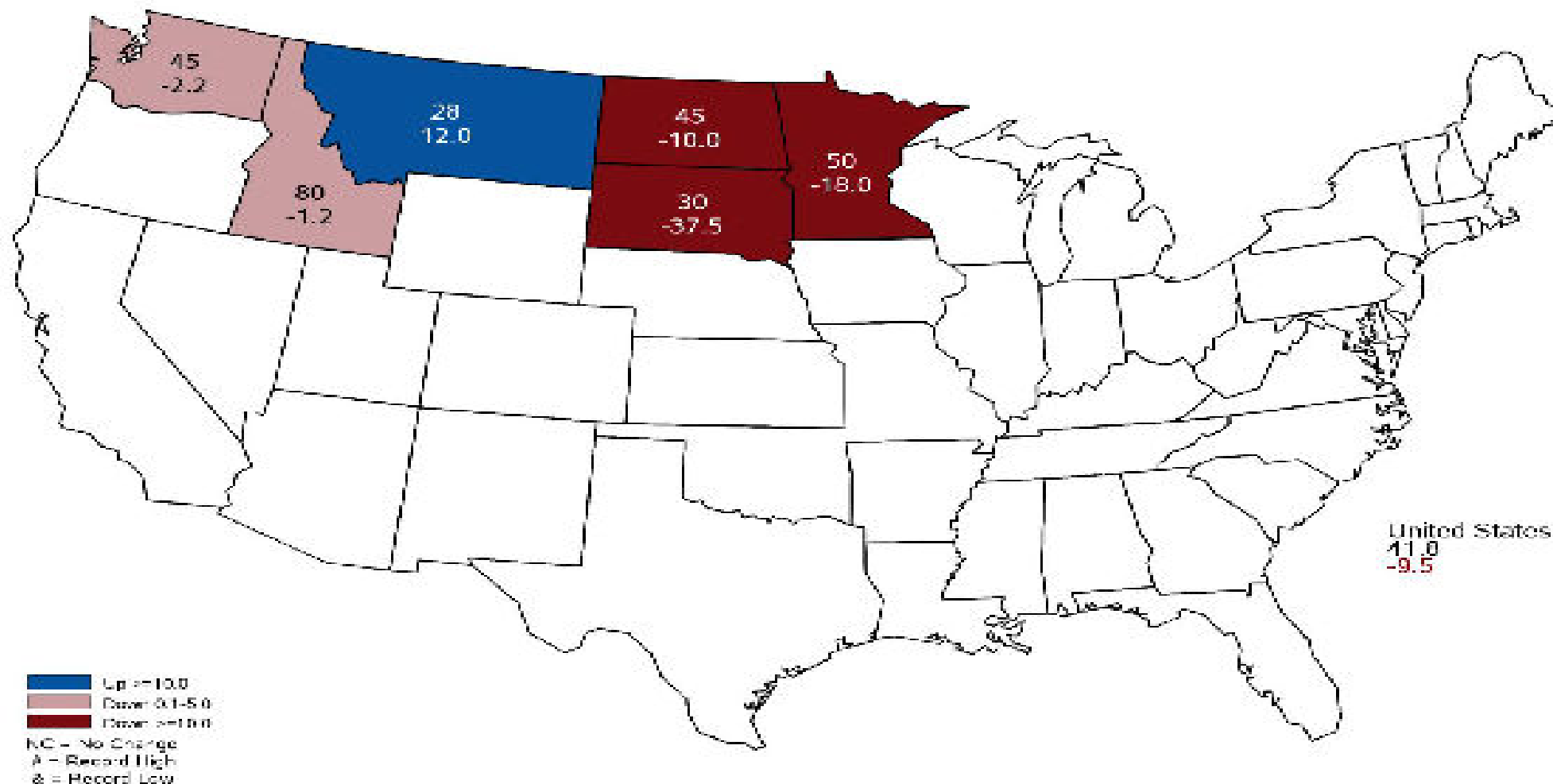
US Hard Red Spring



*Source: USDA Acreage Report

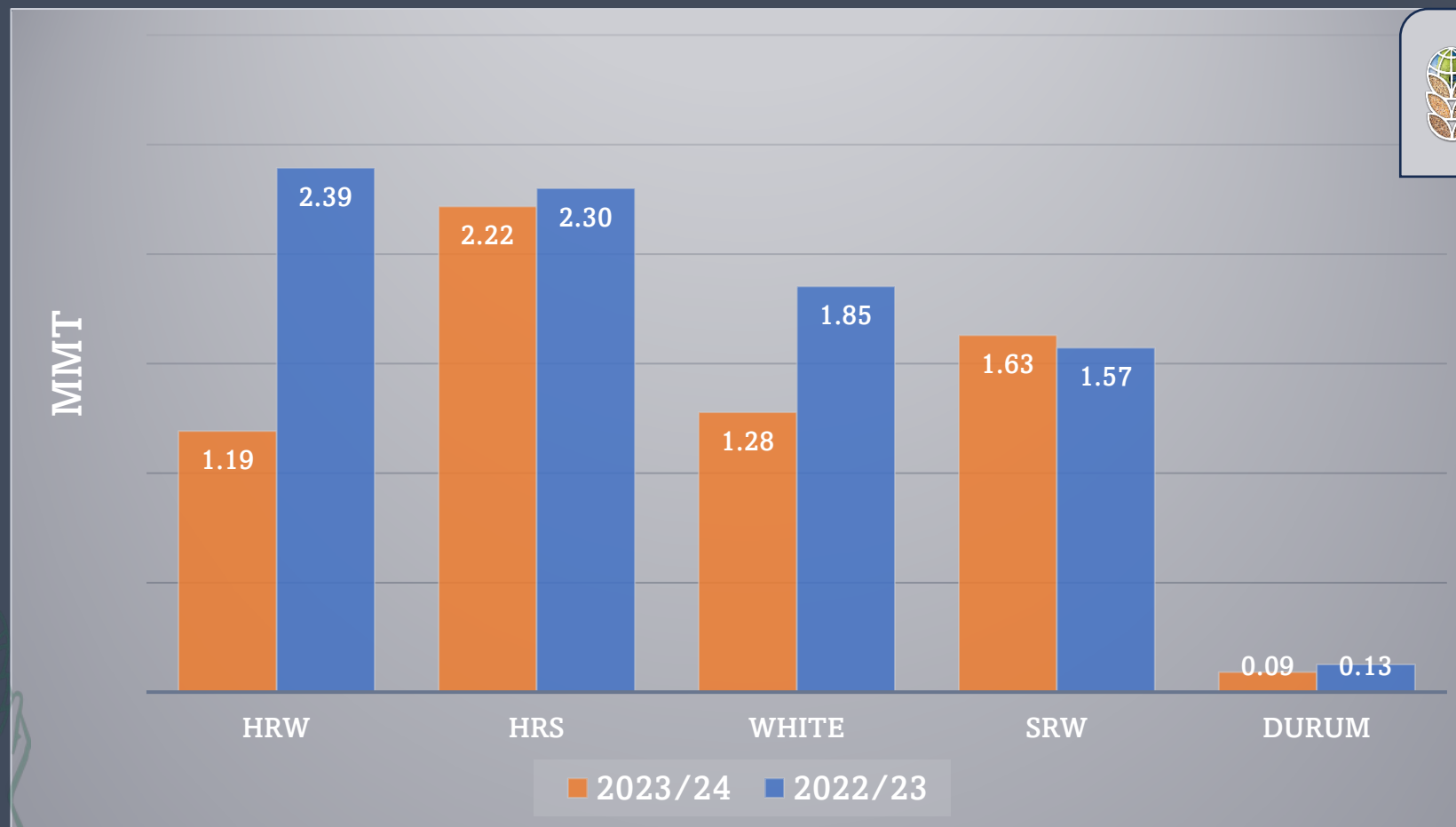
August 2023 Other Spring Wheat Yield

Bushels and Percent Change from Previous Year



US Wheat Sales by Class

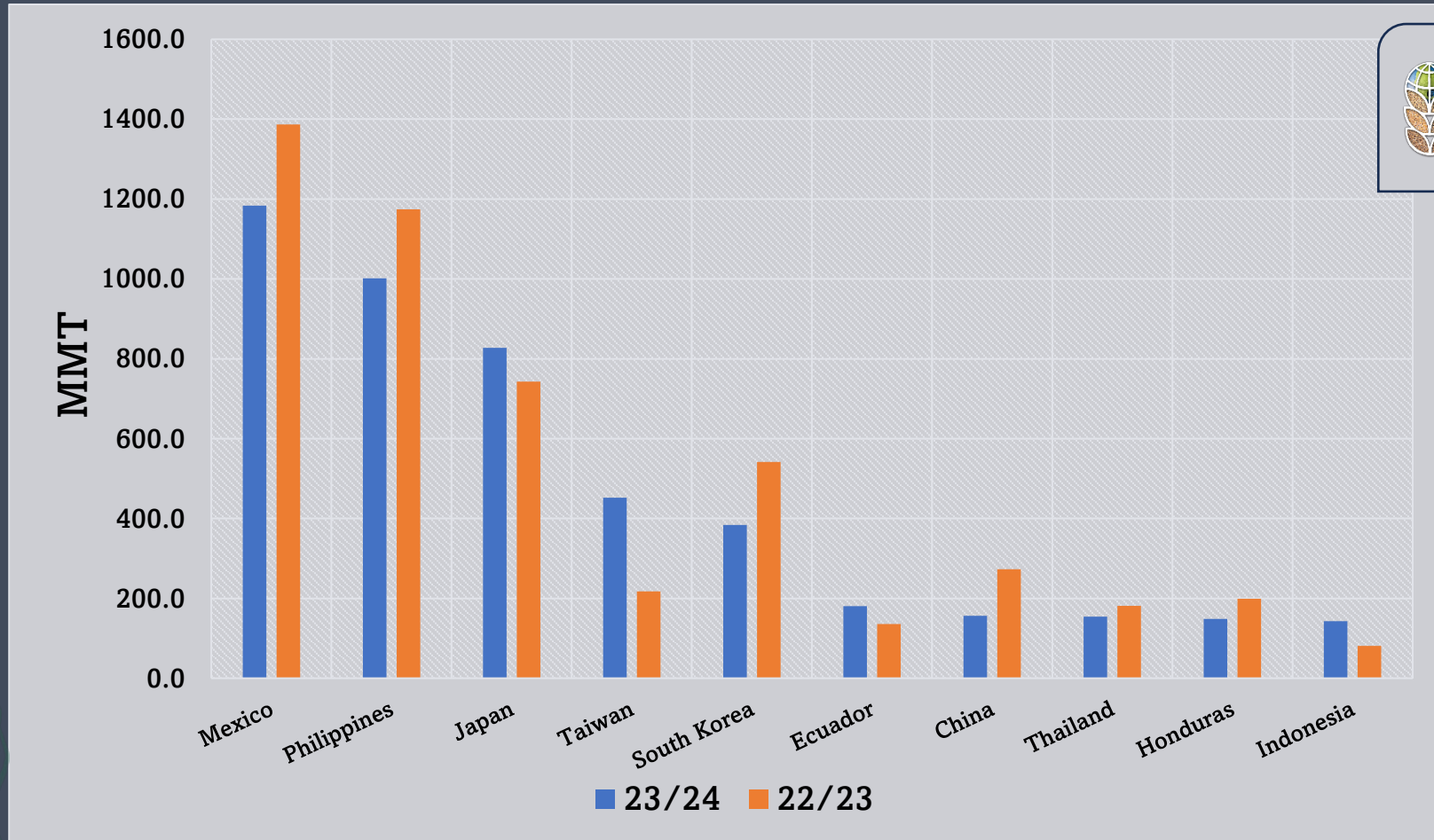
(year-to-date sales for current marketing year delivery)



Source: USDA FAS export sales data as of August 3, 2023

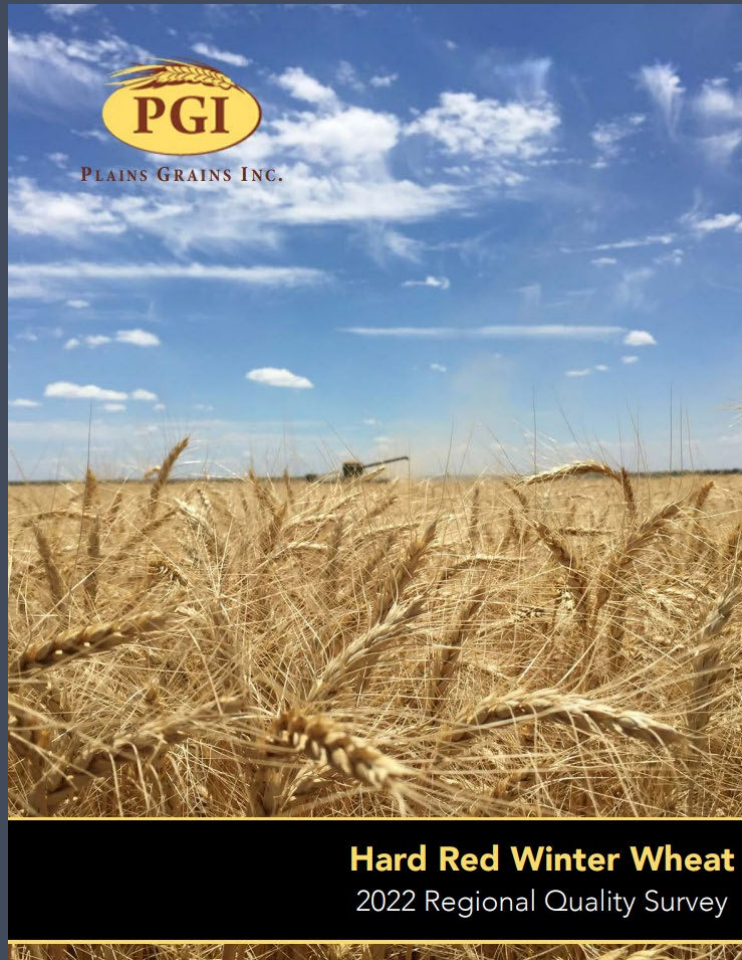
Top 10 Customers for US Wheat

(year-to-date sales for current marketing year delivery)



Source: USDA FAS export sales data as of August 3, 2023

Winter Wheat



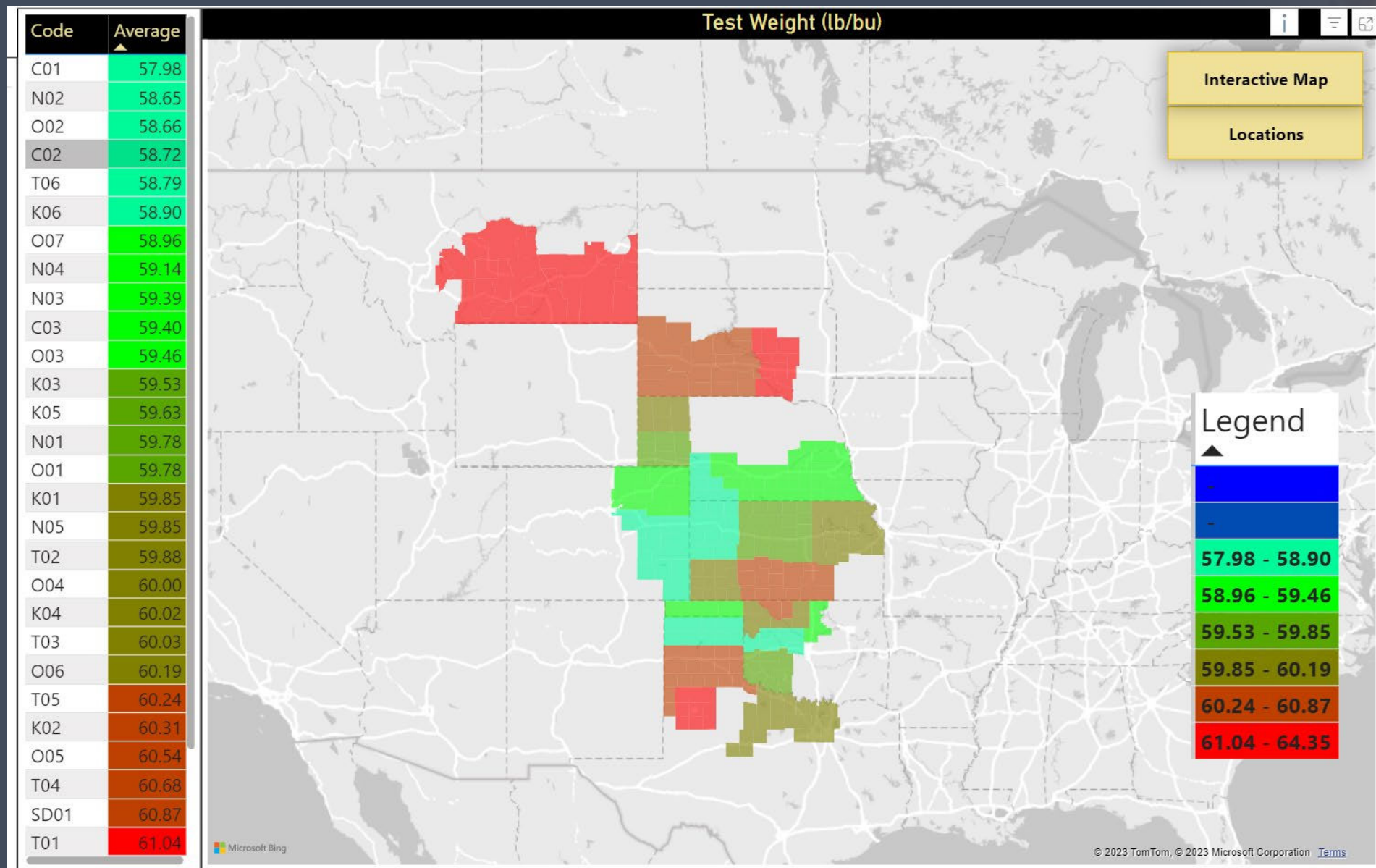
- **Plaines Grains, Inc. facilitates**
- **NASS collects samples**
- **TX, OK, KS, NE, CO, WY, SD, MT**
- **522 Samples from elevators**

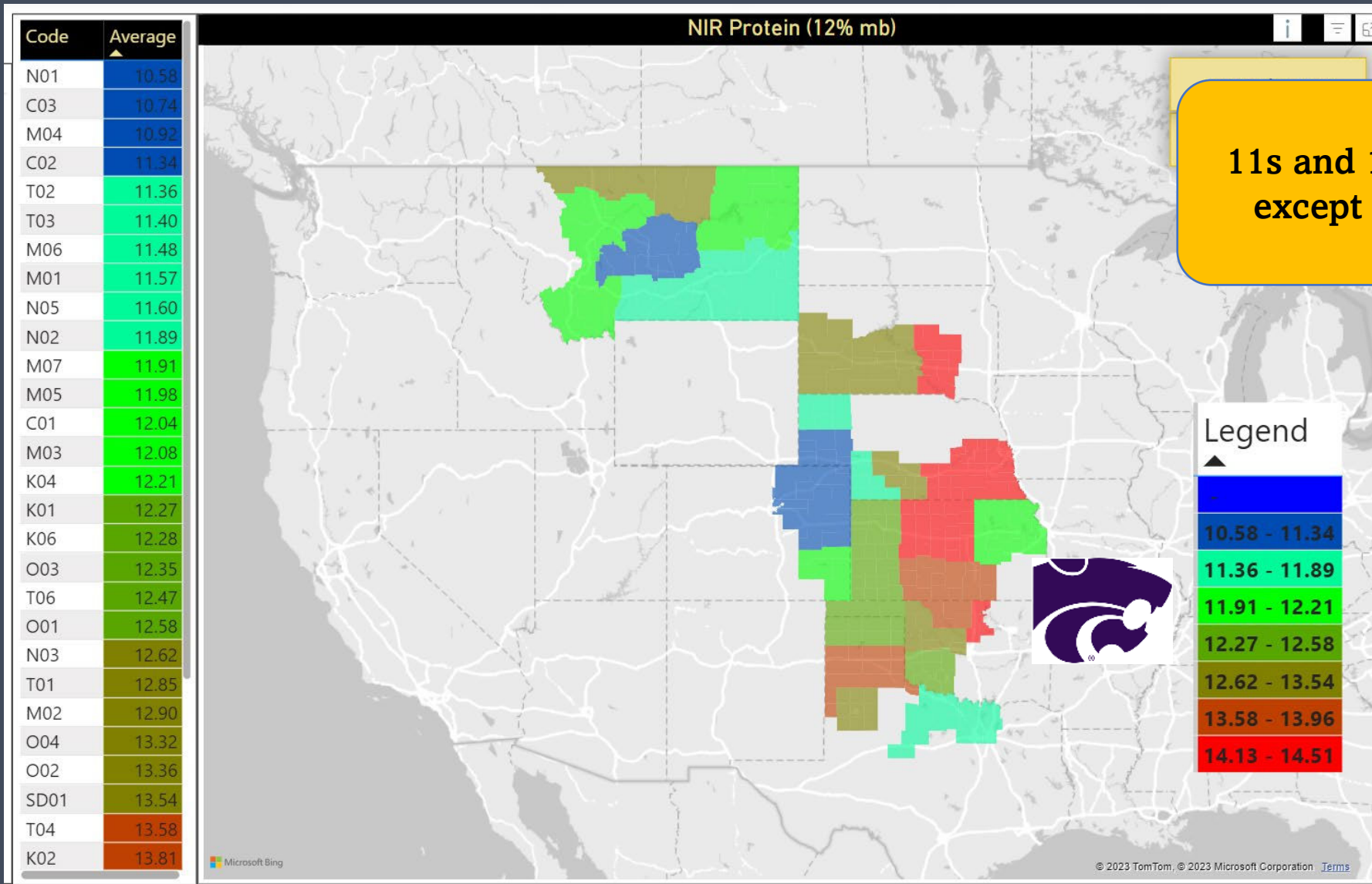
Winter Wheat

Winter Wheat					
	NIR Protein (12% mb)	Indv Wheat Ash (12%mb)	Falling Number (sec)	Moisture (%)	
Colorado	11.3	1.5	369.6	11.0	
Kansas	13.2	1.6	372.1	11.8	
Montana	11.8	1.4	365.6	9.8	
Nebraska	12.2	1.6	369.5	12.1	
Oklahoma	13.4	1.6	360.6	11.9	
South Dakota	14.0	1.6	352.3	12.0	
Texas	12.6	1.6	342.2	11.3	
Wyoming	11.9	1.5	357.8	13.4	

**Southern
Plains HRW
Crop Higher
Protein**

**Variable Test
Weights**





Stability

8.9
(avg)
2022

	Winter Wheat									
		ALVEO P (mm)	ALVEO L (mm)	ALVEO W (10-4 J)	ALVEO P/L Ratio	FARINO Abs (14% mb)	FARINO Developmt Time (min)	FARINO Stability (min)	FARINO MTI (BU)	
	Colorado	68.6	111.4	235.6	0.6	55.8	3.9	8.1	29.2	
	Kansas	81.8	112.5	310.4	0.8	58.2	5.5	10.5	27.2	
	Montana	90.3	106.4	309.6	0.9	59.6	5.2	9.2	34.9	
	Nebraska	74.0	105.9	250.4	0.7	57.7	4.9	8.8	33.6	
	Oklahoma	79.4	120.9	294.6	0.7	59.0	5.5	9.7	31.5	
	South Dakota	76.3	125.8	281.0	0.7	58.2	5.4	7.7	38.0	
	Texas	82.1	98.1	253.1	0.9	58.6	4.5	7.9	33.5	

Farinograph
stability higher
in the southern
plains

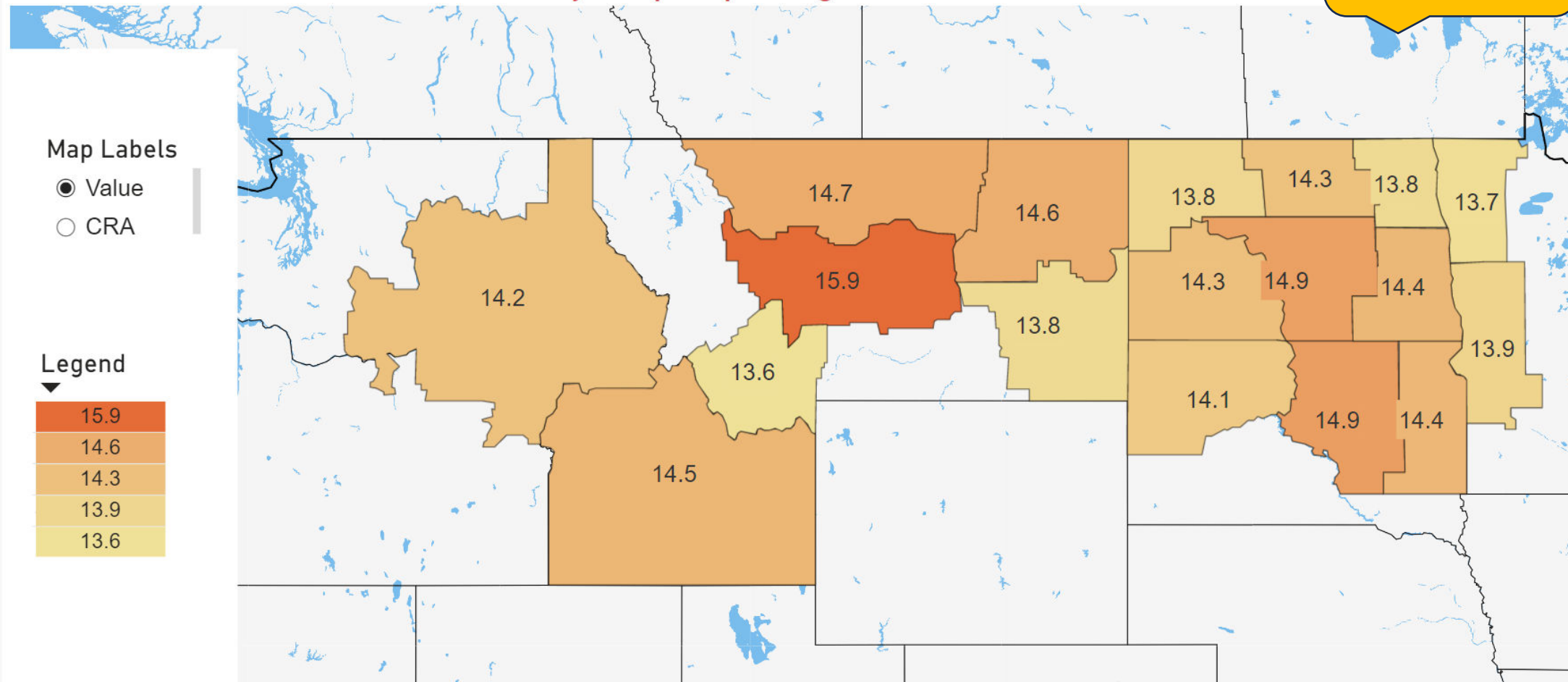
Spring Wheat



- 800 Samples Collected, MT, ND, SD, MN
- Farm Bin, Field, Elevator
- NDSU completes quality analysis

2022

2022 Wheat: NIR Protein (12% mb) by Crop Reporting Area (CRA)



Slightly lower protein

38% of samples collected

#1
NS

Closely monitoring
DHV after late
season rains

2023 HARD RED SPRING WHEAT QUALITY SURVEY								REGIONAL AVERAGE								
WEEKLY HARVEST UPDATE: September 8th, 2023																
	Samples		Moisture	Protein	DryBasis	Dockage	TKW	FN	Grade	Test Weight		FM	Damage	S&B	Defects	DHV
	Tested	Expected	%	%	Protein	%	gm	sec		lb/bu	kg/hl	%	%	%	%	%
This week	170	449	12.3	14.1	16.0	0.7	33.8	410	1 NS	60.7	79.8	0.0	0.2	0.8	1.0	54
Last week	82	445	12.4	14.1	16.0	0.6	34.9	416	1 NS	61.0	80.2	0.0	0.4	0.6	1.0	55
2022 Final Average			11.6	14.3	16.2	0.6	30.4	386	1 NS	62.1	81.6	0.0	0.2	1.0	1.2	74
Comments:	Approximately 38% of the HRS samples have been collected and analyzed for this weekly quality report. Test weight average is 60.7 lb/bu (79.8 kg/hl) down slightly from last week average of 61.0 lb/bu (80.2 kg/hl). Average protein content held steady at 14.1% similar to last week. Falling number average is over 400 seconds. Average vitreous kernel content (DHV) is 54% to make the average grade of the crop at this time No. 1 Northern Spring (1 NS).															

Monitoring DHV after late season rains

Thank You!

To receive our newsletter:

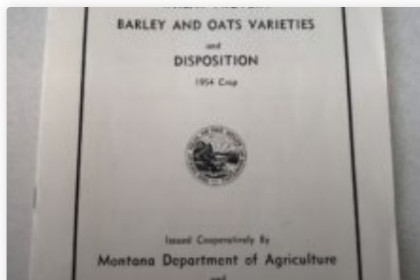
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Staff-written articles
Real time crop conditions reports
Research insights
Weather insights
Producer videos



Will Mother Nature Fuel Spring Wheat Market Volatility?

There is a quiet and currently subdued bullish factor lurking just below the surface of the spring wheat market. It is likely to start rearing its head in a more pronounced way and exerting more influence in the coming weeks.



Montana Grains of 1954

Tucked away in the National Agricultural Statistics Service office in Helena, Montana.



Desert Necessities... Montana Plant Breeding in Arizona

Despite the snow and cold in the Treasure State, wheat breeding programs at Montana State University (MSU) remain hard at work.



Buckwheat: A hazard to Montana's export markets

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