



Wheat Producers Advantage

South Dakota Wheat, Inc.

November/December 2019

Taiwan Agricultural Trade Goodwill Mission

Hosting the delegation of Taiwan Flour Mills Executives was a welcome privilege for the SD Wheat Commission. It had been eight years since we last hosted a Taiwan Agricultural Trade Goodwill Mission. The delegation of nine stayed for three days arriving on September 22nd.

The tour started at the Capitol with a signing ceremony for a Letter of Intent. Kim Vanneman, Secretary of Agriculture and Reid Christopherson, Executive Director of the South Dakota Wheat Commission co-signed the letter of intent on Sunday with Tony Yi-Chuen Shu, Executive Director of the Taiwan Flour Mills Association and Jerry Chang, Director General of the Taipei Economic and Cultural Office in Denver.

“South Dakota wheat producers appreciate the commitment of the Taiwan Flour Mills Association to purchase the highest quality wheat in the world. We look forward to the continuation of this relationship and will maintain our constant focus upon their needs as valued customers and consumers,” said Reid Christopherson, Executive Director of the South Dakota Wheat Commission.

The letter of intent is for the purchase of 66.1 million bushels of U.S. wheat between 2020-2021. The value is estimated to be \$576 million. In 2018, Taiwan ranked as the 5th largest market for U.S. corn and wheat, 6th largest market for U.S. beef, and 7th largest market for U.S. soybeans. More than 25% of Taiwan’s total agricultural imports come from the United States.

To put it into perspective, the island of Taiwan is the size of half of South Dakota with a large mountain in the middle. It is populated with 23 million people whose consumption of wheat is now greater than their consumption of rice. The demand for high quality wheat for bread, cakes and crackers continues to grow.

“I look forward to the continued partnership with Taiwan. The economic ties with Taiwan have continued to grow over the years, benefiting all wheat farmers in the United States”, quoted Secretary Vanneman.

While they were in South Dakota, the delegation visited a working farm west of Gettysburg. Timing was great for



an onsite visit to Cronin Farms. Winter wheat planting was well under way, allowing the delegation to inspect planting equipment.

From the farm they traveled to Onida to do an onsite visit with Tim Luken, at the Oahe Grain Elevator. The delegation was excited to learn about how the trucks are probed for protein, moisture and quality. They also showed an interest in the multiple bin sities used to separate the different qualities of grain.

A farewell reception was hosted at the Casey Tibbs Museum, following a horse-drawn wagon ride by Willie Cowan around the Ft. Pierre historical area. We look forward to a continuing working relationship with the Taiwanese people and to future visits from the Flour Mill Association delegation!



Directors

DISTRICT 1

Shannon DePoy, Lantry

DISTRICT 2

Adam Roseth, Midland

DISTRICT 3

Tanner Handcock, Wall

DISTRICT 4

Doug Simons, St. Lawrence

DISTRICT 5

Todd Mangin, Gettysburg

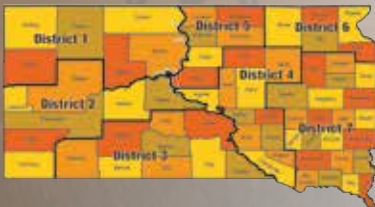
DISTRICT 6

Steve Rumpza

DISTRICT 7

Paul Hetland, Mitchell

Caren Assman, Executive Director
PO Box 667
Pierre, SD 57501
Office: (605) 224-4418
www.sdwheat.org
wheatinc@midco.net



Governor Announces Two Appointments to Wheat Commission

On October 31st Governor Noem's office announced the appointment of two new commissioners to the South Dakota Wheat Utilization Research and Marketing Development Commission. Bryan Jorgensen, located near Ideal will hold the at large position and Julian Roseth, from Midland, will hold the West River position. Both candidates have extensive service on several boards and committees, as well as a life time of farming.

Julian Roseth has 14 years of experience on the SD Wheat Inc. Board of Directors with eight of those years as President. He also served on the Haakon County Conservation District for two terms and held advisor, supervisor and President positions. Julian is part of a family farm operation which includes growing winter, spring and forage wheat in addition to corn, milo, sunflowers and other forage crops. He and his son also run cattle as part of the operation. When asked why he was interested in serving on the Commission, Roseth replied "The wheat industry is facing difficult times and educating producers on the advantages of wheat in a rotation is vitally important! Now more than ever we need to focus on how we utilize our checkoff dollars."



Bryan Jorgensen, grew up on the family farm. In addition to farming, cattle and operating two hunting lodges, Bryan has served on several boards representing Tripp Water Users, SD No-till, SD Corn Utilization Council and Wheat & Barley Scab Initiative. Jorgensen believes that, "The SD Wheat Commission fills a vital role in strengthening the wheat and cereal grain industries in South Dakota. The importance of utilizing the checkoff dollars wisely to enhance cereal and grain research, promotion and market enhancement, cannot be understated."

Both will serve a three year term beginning on November 1st. Chet Edinger and Clint Vanneman, outgoing commissioners will receive recognition for their years of service to the wheat industry at the Ag Horizons Conference held on December 10th and 11th in Pierre at the Ramkota River Centre.



Reid Christopherson, Executive Director
Office: (605) 773-4645
Bryan Jorgensen, Ideal
Tregg Cronin, Gettysburg
Terry Hand, Midland
Julian Roseth, Midland
Leon Koeppel, Claire City

Yikes!

In 2016-2017, Russia became the world's No. 1 exporter with 28 million metric tons (mmt) shipped abroad. A year later, in 2017-2018 season, Russian wheat exports totaled 41 mmt. Together with Ukraine, the two countries exported 59 mmt. That's 12 mmt more than the 47 million tons of wheat the U.S. produced that year. US exports in the 2017-2018 time frame came in at 25 mmt. China recently approved wheat imports from the Russian region of Krugan, and Saudi Arabia recently relaxed their bug damage specs to allow Russian imports. Russia is preparing to spend more than \$70 billion to ramp up investment in its grain sector by investing in infrastructure and logistics. The baseline for its grain crop is 140 million tons by 2035 with the possibility of production rising as high as 150 million tons. That would allow potential exports of as much as 63 million tons.

Your Association Dollars At Work!

Disaster Aid

Several of our northern tier states have experienced significant rainfall right as harvest was getting underway, causing significant falling numbers problems. A lot of those growers had higher than normal yields, and so as a result crop insurance isn't necessarily triggering because the production to count practice really only recognizes quality loss on the yield rather than the price the farmer is actually receiving. As a result, we have been exploring the possibility of the Wildfires and Hurricanes Indemnity Program Plus (WHIP+) being available to help growers experiencing those losses. We have been working with some of our state associations in the affected area along with the National Barley Growers Association and other national small grains groups on this issue; our efforts have included a meeting with FSA last week to discuss this problem and development of a letter to USDA. Please let us now of any feedback you have. On a separate but related note, you may have seen our update last week that USDA has announced that as part of the implementation of the Additional Supplemental Appropriations for Disaster Relief Act of 2019, RMA would be providing "top-up" prevent plant payments of 10% or 15% (depending on the type of insurance product). We have found out that USDA is making this available only for crops that would have been planted in calendar year 2019, which would mean that their current interpretation would leave fall 2018 winter wheat PP out of "the top-up" payments. However, the Farm Service Agency has indicated that those PP acres would be eligible for WHIP+, and that the same formula applies to all WHIP+ payments including PP. Payments for WHIP+ payment are based upon the expected value of the crop, the value of the crop harvested, the level of insurance coverage (as reflected in the WHIP factor), a payment factor and insurance payments received.

House & Senate Ag Committees

NAWG along with other agriculture and livestock groups met with the House and Senate Agriculture Committees majority and minority staff recently regarding climate change. The meetings were general and informative and focused on the efforts in the House Energy and Commerce Committee and the House Select Committee on Climate. Generally, the discussion focused on areas within the Agriculture Committee's jurisdiction should remain there, and that the Farm Bill has been working on voluntary conservation and research and adaptation issues for many years and that any additional support for the Farm Bill programs is welcome.

Indigo Ag — Terraton

AFBF recently hosted an Indigo Ag Terraton briefing. Additional information and a video can be found here: <https://www.indigoag.com/the-terraton-initiative>. The CEO presented the Terraton initiative and the commitment to remove one trillion tons of carbon dioxide from the atmosphere using agricultural practices (keep soil covered, minimize soil disturbance, keep roots in the ground, in-

crease plant diversity, integrate animals).

The initiative would enroll growers in the program, collect data and make payments over 10 years for the carbon captured in the soil. Indigo is estimating that farmers will change behavior for \$15-20 a ton of carbon, but they expect farmers will get paid up to \$30-45-60 (they use different numbers online & in presentations) an acre per year as a carbon payment (for action to sequester carbon). Their estimates are that a farmer could get between \$13-27,000 profit depending on the acreage enrolled.

Indigo would create a marketplace for the carbon credits generated by growers through the contracts, and then sell the carbon credits to anyone interested. Indigo expects there could be a growing market for carbon credits selling to businesses, nonprofit and even directly to consumers (through credit cards & apps).

Indigo is also pursuing a "terraton certification" on consumer goods based on carbon positive production. These commodities could cost brands more to purchase, but they would be able to charge consumers more for the labeled end product.

Indigo is looking for Government to create the incentives for the carbon market through a carbon tax and/or other market incentives.

Today, Indigo says that 9.5 million acres has been registered as "interested". Indigo said they were partnering with others to make all this happen, but to verify the carbon credits they would involve soil sampling 6-10 percent of farms, so a producer might only have sampling done on their farm every five years and the rest would be modeling. The long term future could be robotic sampling. They are also using satellite data/photos to view cropping systems on farm (cover crops, tillage, etc)

The Indigo communications pieces stress this is voluntary for farmers and there is no commitment to sign up, but there seem to be lots of questions and not many answers/specific provided by Indigo.

Japan Agreement



It was a great honor to get to represent NAWG (US wheat growers) alongside Vince Peterson of US Wheat witnessing the signing of the US Japan Trade Agreement for Agriculture and Digital Trade. This levels the tariff challenges for the US to compete with Canada and Australia for this important Japanese wheat market.

TENTATIVE AGENDA

Tuesday, December 10, 2019

7:30 - 8:00	Lobby	Breakfast
8:00 - 8:05	Amphitheater II	Welcome SD Ag Secretary Kim Vanneman
8:00 - 8:50	SW	Brian & Jamie Johnson, 2019 Leopold Conservation Award Winners
9:00 - 9:50	Breakout Sessions	Herbicide & Cover Crops, SDSU Gared Shaffer, Weeds Field Specialist
	PM Gallery G	Finances During Stressful Times, Lori Tonak, Mitchell Tech
	PD Gallery F	Laura Edwards, State Climatologist
	SW Amphitheater I	
10:00 - 10:50	Breakout Sessions	2019 Farm Bill Update — Brian Stewart, FSA
	PD Gallery F	Managing Saline, Stanley Boltz, NRCS
	SW Gallery G	Pros & Cons of Industrial Hemp, Rep Oren Lesmeister
	PD Amphitheater I	NRCS Services Jeff Zimprich, State Conservationist, NRCS
11:00 - 11:50	SW Amphitheater II	Luncheon speaker TBA
12:00 - 1:00	Luncheon B & C	Grain Market Outlook 2020, Daniel O'Brian, Kansas State Univ. Ag Economist
1:00 - 1:50	PD Amphitheater II	
2:00 - 2:50	Breakout Sessions	Property Tax Assessment, Lesley Coyle, Dept. of Revenue
	PD Gallery F	Second Century Habitat Initiative, Tom Kirschenmann, GF&P
	PD Gallery G	Livestock Integration, NRCS
	NM Amphitheater I	
2:50 - 3:00	<i>Cookie Break — Sponsored by Farm Credit Services of America</i>	
3:00 - 3:50	CM Amphitheater II	The Pulse Crop Revolution — Tim McGreevy, US Pea & Lentil Council

Annual Meetings

4:00 - 5:00	Lewis & Clark	SD Pulse Growers Association Meeting
5:00 - 6:00	Lake Francis	SD Soil & Water Conservation Society Meeting
6:00 - 7:00	Lake Sharp	SD Wheat Incorporated Annual Meeting
		Night on the Town — on your own

Wednesday, December 11, 2019

7:30 - 8:50	Breakfast	
8:00 - 8:50	SW Amphitheater II	Jason Mauck, Constant Canopy
9:00 - 9:50	Breakout Sessions	Focusing on Regional Cash Markets, Daniel O'Brian, Kansas State Univ Economist
	PD Gallery G	Estate Planning
	PD Gallery F	Release of Cropping Inventory System, Jeff Zimprich NRCS
	SW Amphitheater I	
10:00 - 10:50	Breakout Sessions	Changes in Weed and Seed Laws, Brenda Sievers, Dept of Ag
	PM Gallery F	Stress in Agriculture,
	PD Gallery G	NOAA Regional Weather Review, Scott Doering
	SW Amphitheater I	
11:00 - 11:50	Breakout Sessions	OEM & FHWA's Emergency Relief Programs, Tammy Williams, DOT & Tyler Steen, FEMA
	PD Gallery F	TBD
	?? Gallery G	Soil Health Coalition Panel — NRCS
	SW Amphitheater I	Awards Luncheon
12:00 Noon	Gallery B & C	

Back by Popular Demand — INDUSTRY SEMINARS

1:00 - 1:30	Amphitheater I CM	Calyxt, Thomas Staddard Plant Sciences
1:30 - 2:00	Amphitheater I PM	Rescue for Bug Infested Grain, Paul Drache, Central Life Sciences
2:00 - 2:30	Amphitheater I CM	Fusion AX — CoAXium, Cody Sioux Nation
2:30 - 3:00	Amphitheater I PM	Wheat Disease Management, Wally West, Agronomy Services Syngenta
3:00 - 3:30	Amphitheater I CM	TBD

Continuing Education Units (CEUs) for the Certified Crop Advisor Program are tentative. (22 CEU's Applied For) 1-Nutrient Management; 7-Soil & Water; 3-Pest Management; 2-Crop Management; 9-Professional Development

AG HORIZONS CONFERENCE

Ramkota RiverCentre, Pierre • December 10 & 11, 2019

Conference Hosts
 SD Crop Improvement Association, SD Oilseeds Council, SD Pulse Growers,
 SD Seed Trade Association, SD Soil Health Coalition, SD Wheat Inc.
 SD Conservation Districts, No-Till Association, SD Soil & Water Conservation Society

Please print

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Per-Person Cost if pre-registered by December 2, 2019 is \$85. After December 2, 2019 cost is \$95.

Do you have any dietary (including food allergies) or special accommodation needs we should be aware of?

Name of attendee	Please check meal participation			Registration Fee	
	December 10	December 11		Full Conference \$85.00	1/2 Conference \$50.00
	Lunch	Breakfast	Lunch		
Late Fee after December 2nd + \$10 per person					
TOTAL					

Return form and check to: Ag Horizons Conference • PO Box 667 • Pierre, SD 57501

Register and pay at www.sdwheat.org by December 2, 2019

Room Reservation Information

Ramkota RiverCenter	Phone 605-224-6877	Single or Double \$109.00
	<i>Reservations @ pierreramkota.com</i>	
Club House	Phone 605-494-2582	Single or Double \$129.00
Governors Inn	Phone 605-224-4200	Single or Double \$69.00 (state rate accepted)
Days Inn	Phone 605-224-0411	Single or Double \$59.00 (state rate accepted)

★★★★★ **Reservation deadline for convention room rate is November 15, 2019** ★★★★★

Questions or Comments: Call 605-224-4418 or email wheatinc@midco.net

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SY Valda—Superior yield

2017-2019 South Dakota Summary				
Variety	3-Yr Avg.		Economic Return ¹	
	Yield Bu/a	Protein %	\$/Bu	Gross \$/a
LCS Trigger	53.6	14.1	\$4.71	\$252.39
Prevall	51.4	15.2	\$5.58	\$286.79
HRS 3504	50.5	15.0	\$5.42	\$273.85
SY Valda	49.5	15.2	\$5.58	\$276.16
SY Rustler	47.7	16.1	\$6.29	\$299.70
Boost	46.2	16.0	\$6.21	\$286.70
Surpass	46.1	16.4	\$6.53	\$300.96
SY Ingmar	46.0	16.2	\$6.37	\$292.86
Focus	45.9	16.0	\$6.21	\$284.97

2017 Location—Sully, SD; 2018 Locations—Ajar, Sully, Northville, SD and Hettling, ND; 2019 Locations—Sully and Northville, SD

¹ Economic return calculated using Sept. local cash grain price of \$4.63 for 14% protein and 10-year average MCE protein premium discounts (Mendota Wheat & Milling Association)

To learn more, contact
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Grain Market Outlook for 2020

From the perspective of South Dakota and U.S. farmers, the outlook for U.S. grain market prices in year 2020 is “mixed and uncertain”. Partly resulting from all these market unknowns, it is accurate to say that 2019 has been a “character building year” for farmers in South Dakota and other parts of the U.S. Corn Belt — as wet soils and delayed planting issues in the spring have led to delayed crop maturity, early freeze damage, and continued harvest problems in the fall and even early winter months.

Wet conditions and delayed harvest for the last part of North Dakota and Montana spring and durum wheat production affected wheat market prospects. With a large 2019 U.S. hard red winter wheat crop in Kansas and other southern plains states — which had low protein but otherwise decent baking and milling characteristics — there seems to be an opportunity for northern plains spring wheat to be rewarded for higher protein premiums in 2020. Harvest reports for the 2019 U.S. hard red spring wheat crop indicated that protein levels were at or modestly below 2018 levels for the large proportion of the crop that had been harvested prior to late moisture events. With relatively large stocks of good quality U.S. spring wheat in place carrying over from previous years, it seems that the late harvest problems had a moderate but not major impact on spring wheat protein premiums — at least through late October 2019.

The over-arching problem for the U.S. wheat is a combination of large carryover stocks, large World supplies, and a challenging competitive environment for U.S. wheat exports — driven somewhat by a relatively strong U.S. dollar in comparison with other exporting countries such as the Black Sea. Even a significant drought and production shortfall in a major exporting country such as Australia has not caused World wheat stocks to tighten appreciably, or caused any marked improvement in market prices.

Farmers in South Dakota in particular dealt with excessive moisture events in spring 2019, as did other states in the northern and eastern Corn Belt — with substantial prevented planting acres occurring. For the acreage that WAS planted by South Dakota farmers, “behind schedule” crop development through the summer months combined with challenging September-October weather to cause fall harvest problems for corn, soybeans, sunflowers, and grain sorghum. Crop progress reports through October 28th indicated that the 2019 fall harvest for South Dakota and other states crops was forced to extend well into November — with increasing risks and realities of harvest losses.

As farmers in South Dakota and elsewhere in the U.S. experienced ongoing production and harvest issues with their fall crops, they expressed “consternation” and “unbelief” regarding the USDA’s projections of 2019 U.S. corn

(continued on page 8)

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Outlook

(continued from page 7)

and soybean production, with most expecting that the USDA's November 9th Crop Production reports would show smaller production for corn, soybeans and other crops — consistent with their personal experiences and reports from eastern and northern Corn Belt locations. However, it prudent to think that the USDA's finding in its upcoming November 9th, December 10th, and perhaps most important — its Annual Crop Production Summary on January 10, 2020 — will essentially be a "process of discovery", with final harvested numbers being that only reliable estimate of crop size in such an out of the ordinary crop development year as this. Grain markets will be watching these upcoming USDA crop production and supply-demand reports closely, and that in today — algorithm-driven grain futures markets — there is potential for great market volatility around the times of these USDA information releases.

When we have opportunity to examine U.S. grain market prospects together at the Ag Horizons meeting on December 10th, our particular focus will be on whether the November 9th and upcoming December 10th USDA Crop Production and World Agricultural Supply and Demand (WASDE) reports will have reflected final harvested crop size and grain market impacts for 2020. If they have not, then our task that day will be to make as accurate assessment as possible of final 2020 fall crop size, and to anticipate as best we can how the results of the January 10, 2020 USDA reports will impact grain markets for the winter, spring and at least early summer months of year 2020.

You're Invited!

AG HORIZONS CONFERENCE

**Ramkota RiverCentre
Pierre, SD**

December 10 & 11, 2019

Register by Nov. 15

On-line @ www.sdwheat.com

Sponsored by:
SD Crop Improvement Association, SD Oilseeds Council,
SD Pulse Growers, SD Seed Trade Association,
SD Soil Health Coalition, SD Wheat Inc., and the
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