Grain and Rain

The average price of soft white wheat and club wheat in Portland during February was $12.46 per bushel. There were not enough bids in the Portland market for them to publish an average price for that crop.

Precipitation reported at the Sherman Experiment Station in February was .41 inches. This is .70 below the 96 year average for that month, while the crop year total is now .98 inches below the long term crop year average for the period. The Climate Prediction Center indicates probability for above normal rainfall for March and April.

Emerson Trust

Recent grain markets were impacted by release of grains held in the “Emerson Trust.” The Bill Emerson Humanitarian Trust is a USDA established trust established in 1998 as enacted by the 1998 African Seeds of Hope Act (P.L. 105-385), replacing the two year old Food Security Commodity Reserve and the earlier Food Security Wheat Reserve of 1980.

The Emerson Trust is a reserve allowed to store up to 4 million metric tons of wheat corn, sorghum and rice that can be used to help fill needs for PL 480 food aid commitments to developing countries, or for when US domestic supplies are short. The Trust can also hold funds. Most of the humanitarian food needs have resulted in shipments to Iraq and more in particular, African nations.

Grains held in the trust are not required to be replaced and it does not state specifically how they are to be replaced if needed. They can also be dispersed in many ways. They can be boxed up and shipped to the receiving nation or sold on the US domestic market with cash used to purchase other needed commodities, or they can be traded for other commodities. Any of these plans may influence domestic markets for your grain.

There are more rules about the disruption of markets as they seek to replenish the stocks than for when they decide to unload stocks.
Wheat Markets and Strength of the Dollar

Tom McCoy of Wasco has presented this twice but it is something I never understood until he detailed it. So now you get to hear it:

We’ve heard that the export markets are more receptive to US wheat when the dollars is weak in international markets against other monetary funds. He uses the example of Pakistan in two periods, one when the dollar is strong and one when the dollar has weakened. World-wide, grain is traded in US dollars. This is due to the historical strength and reliability of the US economy and the fact that at the time the US used to supply nearly 2/3 thirds of the world’s grain for export. When a country buys wheat, it first has to buy US dollars using the current exchange rate of their currency for ours.

Using Pakistan as an example, in 1997 when the dollar was weaker, it took 44.25 Pakistani rupees to buy one US dollar. At the time, US wheat prices were at $3.78 per bushel so the cost of US wheat to a Pakistan grain buyer was 167 rupees per bushel. Then from 1997 to 2001 (pre 9-11), the dollar strengthened. Now it took 61.75 rupees to buy one US dollar, so that even though the price of US wheat had dropped to $3.56 per bushel. Now the Pakistan buyer needed 220 rupees to purchase a bushel. The 32% increase in the price of wheat despite a decline in the US wheat price, meant the foreign buyer bought less or bought a poorer quality of wheat.

On the other side of the coin is what the strength of the dollar means to our market competitors. Using Australia for the example during the same two years (‘97 and ‘01) for comparisons, McCoy concludes that the stronger dollar means it raises the price a foreign producer receives (in their currency) when they export their wheat and causes an increase in the production and sales. When the dollar was weaker in ’97, it took 1.35 Australian dollars to buy one US dollar which put the value of the Australian bushel over $5 in US dollars. So when they sold a bushel, in US dollars, they received US dollars in exchange and when they converted them back to their dollars, the producer received over $7 in Australian bucks.

So what happened when the US dollar increased in strength? It now took 1.89 Australian dollars to purchase one US dollar, which meant their wheat dropped to $4.35 in US dollars, but when they sold that and then converted the payment back to their own currency, they received over $8.00 for each Australian bushel they sold.

So the overall strength of the dollar has a major impact on how attractive the value of our wheat is both to our customers and our competitors. The declining value of the US dollar means good news for wheat growers who rely so heavily on wheat exports for sales. McCoy’s final thought is that he estimates the falling dollar, by itself, to account for a raise in Portland wheat prices by 25-35% to about $5 per bushel. Much of the rest of current high prices for grain emphasizes how low carryover stocks are and how supply and demand operate even in the world market.

Camelina Introductions

The Wy’East RC&D is hosting information sessions on Camelina, a new to the area oilseed crop with better oil content than other oilseed options. Dr Don Wysocki will explain the plant growth and production needs. Key features are that it requires less water, less fertilizer, less pesticide than cereal crops, and it has produced well here in the Mid-Columbia. There is also a representative from a sales company who will explain the marketing details and offer contracts for the ’08 spring planting.

The FSA just announced that since this is presently a spring crop (work on fall varieties is progressing) that the deadline for NAP has been extended until March 15, 2008 for this crop.

The two-hour meetings will be held on Thursday, March 6, beginning at 10 am, at the Discovery Center, in The Dalles, and in Moro at 2:30, at the Senior Center.
Statewide Marketing Meeting March 13

The Statewide Marketing sessions, averaging about 10 connections each, will be held on the second Thursday, March 13, at your local County Extension office, beginning at 8 am. Come learn about market-influencing factors.

For those coming to the Wasco County Office, please call first, 296-5494.

Card Night March 15 in Moro

Saturday, March 15, at the Café Moro has been selected for “Colors in the Wind” Card night. This fundraising event supports the second Ford Leadership Class in raising funds for their project that will tie the county together with banners in each town.

Doors open at 5 and close at 10, and for a $25 buy-in, you receive 50 chips and free snacks. Chips can be used in poker, black-jack and pinochle and then use you winnings to purchase raffle chances for some great door prizes. All are welcomed.

Make Cherry Fest an Ag Fest

Joan Silver is seeking displays from agricultural related groups to add displays from your ag interests to the Cherry Festival. She is seeking support to add some emphasis on the value agriculture in the Mid-Columbia region adds to the local economy, culture and quality of life. For more information, contact Silver at 298-1881.

Weather Web Page

You’re thinking of delaying finishing your final half day of spraying to attend your kid’s ballgame. The weather’s been good and it’s nice out, so why would you suspect that you can’t finish tomorrow?

At the Feb 27 Integrated Pest Management sessions in Moro and Dufur, Dr. Paul Jepson introduced a web site for weather that promises to be the most detailed and accurate to date. You can click on your area and narrow down the field to view the weather as it changes during the selected time period with details on rain, wind (direction and intensity), and temperature; see it over four selected times during the day and by simply skimming your mouse over the times, you can see how the weather is expected to change over that day…. And you extend it out over a ten day period!

This can provide you better information in advance so you know when you should be shutting down your spraying or when you can start it up again. This will help you avoid/reduce the risk of drifting and help assure you get better efficiency out of your sprays.

Check out the web site at: http://www.wrh.noaa.gov/forecasts/graphical/sectors
You can click on our area and find displays for min and maximum temperature, the probability of precipitation over the 12 hour period, weather, temperature, dew point, wind speed and direction, sky cover, and the amount of precipitation. There is so much that can help you by simply knowing the weather for your area at a given time.

Is it perfect? Absolutely not. Is there anything more revealing in weather predictions? We think not.
Hay or Graze CRP?

The USDA announced they are reviewing proposed changes to their rules regarding the haying and/or grazing on CRP lands. Those wishing to comment should attend the meeting Wednesday, March 12, 2008 at the Pendleton Convention Center, beginning at 1:30 pm. This is one of 13 sessions being held in the 13 western states.

If you do not get the chance to speak, be sure to deliver a written opinion. The main focus is on the frequency haying and grazing might be accepted, but they will accept comments regarding changes to primary nesting dates.

Not able to attend? They will accept written comments either by mail or response to their website: http://public.geo-marine.com

Farm Program with a Farm Bill?

I apologize for adding this as I don’t usually print news stories as presented, but this release just came from USDA and is one of the best summaries of what the farm program will be if we don’t have a new farm bill. You’ll find the read worthwhile. Sandy

NEWS
UNITED STATES DEPARTMENT OF AGRICULTURE
Office of Communications News Room 460-A
Washington, DC 20250-1300

Internet: News@usda.gov
Phone: 202-720-4623
Release No. 0062.08
Contact: Keith Williams (202) 720-4623

ADMINISTRATION ANALYSIS DETAILS IMPACT ON USDA PROGRAMS WITHOUT A NEW FARM BILL
WASHINGTON, D.C., Feb 29, 2008 - At the request of senior House and Senate agriculture committee staff, the U.S. Department of Agriculture today provided a detailed document developed from Administration analysis of impacts to current USDA programs - in the absence of enactment of a new farm bill or an extension of the 2002 farm bill past March 15, 2008.

As stated in the USDA analysis, the provisions of the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949, which have been repeatedly suspended by several farm bills, would again become legally effective if a new farm bill is not enacted or Congress fails to extend the 2002 farm bill by March 15, 2008. Often described as a reversion to "permanent law," such a result would "dramatically narrow the universe of producers who receive support, and would do so in a way that most producers will view as irrational," according to the 14 page paper prepared by USDA and approved by the Office of Management and Budget.

For instance, only those wheat producers who happen to have wheat acreage allotments would be eligible for minimum price support of $7.80 per bushel, as compared to the current price support loan rate of $2.75. Price support rates for corn would almost double, from $1.95 to a minimum of $3.78 per bushel, while the upland cotton price support rate would go from 52 cents per pound to a minimum of $1.34 per pound. Dairy price support would more than triple from $9.90 per hundredweight to over $30. No price support could be offered for sugar or oilseeds.

The 1938 Act is a supply control statute with marketing quota provisions that are applicable when the supplies of wheat and cotton are excessive. For the 2008 crops of these commodities, the Secretary has already announced that these quotas would not be in effect. But, for the 2008 crop of wheat, the 1938 Act still requires the Secretary to establish acreage allotments since these allotments are part of the price support program established for wheat under the 1949 Act. One of the critical factors, which the 1938 Act requires the Secretary to take into account when establishing a farm's 2008 wheat allotment, is whether or not the farm had an allotment in 1958. Acreage allotments for wheat have not been declared since 1971 and USDA does not possess acreage reports dating back to 1971. Accordingly, it is unclear how USDA could meaningfully translate these historical allotments, while taking into account other required provisions in the 1938 Act, into 2008-crop price support benefits.