Idaho Wheat Commission
Cereal Schools

January 23, 2017
About the Idaho Wheat Commission

• Self-governing state agency created in 1959
• Funded by a .035-cent assessment
• Board of five wheat producers
IWC FY 2017 Budget Allocation

Idaho Wheat Commission 2016/17 Budget
$3,414,707

- Market Development: 24%
- Research: 49%
- Communication & Grower Education: 2%
- Office Operations: 1%
- Capital Outlay: 24%
IWC FY 2017 Budget

Ten Largest Budget Items

University of Idaho $1,303,879
• Wheat Variety Research $579,674
• Pest & Disease Research $115,194
• Production Practices Research $151,695
• Wheat Quality Lab $122,629

Idaho Grain Producers Association $405,500
U.S. Wheat Associates $328,500
IWC Salaries & Benefits $277,000
Wheat Marketing Center $199,200
Equipment and Infrastructure $100,000
National Association of Wheat Growers $80,000
Other Research $89,900
World Supply and Demand
World Production and Use

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (MMT)</th>
<th>Use (MMT)</th>
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<tbody>
<tr>
<td>06/07</td>
<td>550</td>
<td>500</td>
</tr>
<tr>
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</tr>
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<td>15/16</td>
<td>850</td>
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<tr>
<td>16/17</td>
<td>880</td>
<td>870</td>
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Chart shows an increase in production and use over the years, with 16/17 showing the highest values.
World Ending Stocks

Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27. Black Sea includes Russia, Ukraine and Kazakhstan.
New Realities With Black Sea Wheat

- Fundamental Economics

Russian Wheat Supply & Demand

Just reality of new competitive landscape
High Value of U.S. Dollar is Another Reality

- **Value of the Dollar**

Sample Importer Price View
(2014/15 - 2015/16)
HIGHLIGHTS OF USDA’S 2016/17 SUPPLY AND DEMAND ESTIMATES

1. 2016/17 global wheat production estimates increased to a record 753 MMT
   - Global supplies estimate to reach new record of 993 MMT, up 4% from the 2015/16 record
   - Wheat production for Argentina estimated at 15.0 MMT, 33% greater than 2015/16 and 24% above the 5-year average
   - U.S. wheat production estimated at 62.9 MMT, 12% above the prior year

2. Consumption to increase to 740 MMT, the fourth consecutive record, up 4% from 2015/16 due to increased feed wheat use
   - Canadian feed wheat consumption to climb 9% year over year to 5.00 MMT
   - Feed wheat usage expected to reach 1.50 MMT in Vietnam, more than double the 5-year average
   - U.S. feed wheat usage to rise 49% year over year to 6.12 MMT

3. World wheat trade estimates increased to 178 MMT, 11% above the 5-year average
   - Argentine exports to fall to 8.80 MMT, down 10% from 2015/16; still 29% above the 5-year average
   - Indian imports to reach 2.70 MMT, highest import volume since 2008/07
   - U.S. exports to reach 26.5 MMT, up 26% from 2015/16

4. World beginning stocks estimated at record 240 MMT, up 11% from 2015/16
   - Chinese beginning stocks climbed to 97.0 MMT, 58% above the 5-year average
   - Beginning stocks in Argentina estimated at 61.0000 MT in 2015/17, down 87% from 2015/16
   - U.S. beginning stocks rose to an estimated 26.5 MMT, 30% above 2015/16 levels

5. Global ending stocks projected at record 253 MMT
   - Estimated Chinese ending stocks of 112 MMT account for 44% of global ending stocks, 80% greater than the 5-year average
   - Endings stocks in Canada projected at 6.16 MMT, up 19% year over year, if realized
   - U.S. ending stocks to grow 22% year over year to 32.3 MMT

6. U.S. farm gate average price range forecast 22% lower in 2016/17
   - Projected average range: $3.75 to $3.85 bushel ($138-$141/MT)*
   *Average U.S. farm gate price, marketing year weighted average
(TPP), to permanently withdraw the United States from TPP negotiations, and to begin pursuing, wherever possible, bilateral trade negotiations to promote American industry, protect American workers, and raise American wages.
Comments Last Week in D.C.

Growers
• “What do we do with this surplus of wheat?”
• “Great concern over trade deals”

Administrator’s
• “Interesting times...uncertainty...unknowns”
• “Roller coaster every day” “Whiplash”
• “Optimism” “President who understands ROI”
Wheat-Buying Teams and Visits in 2016

Indonesia

Philippines

Visit to domestic mills

Taiwan
Columbia/Snake River System
WHEAT
#1 in U.S. exports

SOYBEANS
#2 in U.S. exports

Third largest grain export gateway in the world

The West Coast destination for grain
Columbia Snake River System

- River channel dredged to a depth of 43 feet from Pacific Ocean to Portland, Oregon
- River channel dredged to a depth of 14 feet from Portland, Oregon to Lewiston, Idaho
- Extends 465 miles (748 km) inland from Ocean
- Eight locks lifting cargo 735 feet (225 meters)
2017 Repairs to the River Locks

- Bonneville (repair the lock controls)
- The Dalles (upstream gate and lock controls)
- McNary (downstream miter gate repairs)
- Ice Harbor (new operating machinery of the downstream gate)
- Lower Monumental (a new gate was installed in 2011, now they will have new machinery)
- Little Goose (gudgeon arm and linkage replacement)
Fixing the LFN Problem
2016 Soft White Falling Number (seconds) by Production Zone

Northwest: 271
North Central: 317
Central: 324
Northeast: 300
Southwest: 315
Southeast: 318
2016 Soft White Falling Number

Falling Number (seconds, 14% mb)

- <200
- 200-224
- 225-249
- 250-274
- 275-299
- 300-324
- 325-349
- 350-374
- 375-399
- 400+
Collaborative PNW Research on LFN

- Improve the current test to increase accuracy
- Develop a rapid simple test for growers and elevators
- Develop ways to distinguish between LMA and PHS
- Characterize the genetics and genomics of LMA and PHS and develop resistant cultivars
- Determine other starch properties that may raise FN
- Investigate climate and environmental factors that override genetics and cause LFN scores
Fake News and Wheat Gluten
Choose Fact, not Hype and Fad

OH YOU WORK AT WHOLE FOODS?

YOU MUST BE AN EXPERT ON NUTRITION, THE ECONOMY, 3RD WORLD POLITICS, DEMOCRACY, HEALTH CARE AND OUTER SPACE.
Modern Wheat

• Media often blames wheat issues on “modern wheat”
• Public universities and USDA still drive new wheat variety development
• Ancestral wheat is the backbone of today’s wheat
• Protein and starch in today’s wheat still have same basic components as heirloom varieties
Enriched Wheat

• Good nutritional benefits
• Fortification (folic acid) one of the great public health initiatives
• Enriched flour comprises a large portion of consumption
• U.S. Dietary Guidelines recommend 50 percent of grains as refined
Nutrition Science Supports Eating Bread

• Eating fewer calories, not eliminating bread or carbs, has been proven most successful
• Dieters including bread stay on their diet at a higher rate than those who eliminate bread
• Satiety while dieting is important for diet compliance, and compliance, in turn, is key to successful weight loss,
• Sustainable dietary change provide the key to long-term weight loss success.
Changing Food Industry
Food Industry Making a Shift

- Millennials want their food from family farmers, “grandma’s garden”
- Simpler formulations and “free-from” claims
- “Free From” Gluten, Antibiotics, etc.
- Organics, Non-GMO
- “Wild-Caught,” “Cage-Free”, “Pasture-Raised”
- Traceability
Increasing Demand for Organic Wheat

- Remarkable growth rate to continue
- Organic food sales weighted to West Coast
- Opportunity for grain handlers
Logo Update and Website Refresh
IWC Critical Success Factors

• Invest Idaho’s grower assessment dollars for maximum return.
• Uphold the consistent, dependable quality of Idaho wheat and preserve and protect the robust, healthy status of Idaho’s wheat industry.
• Maintain and expand sales of Idaho wheat to domestic and export customers.
• Identify the best new wheat technologies and implement for the benefit of Idaho wheat growers and industry.
• Maintain balance between profitability, sustainable production practices and stewardship of Idaho’s natural resources.