

## GRAIN OUTLOOK

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Mike Woolverton, Ph.D.  
Extension Grain Economist  
Kansas State University  
[mikewool@agecon.ksu.edu](mailto:mikewool@agecon.ksu.edu)

### THE 2009 WHEAT TOUR

After evaluating 459 wheat fields in Kansas, Northern Oklahoma, and Southern Nebraska the 57 participants on this year's Wheat Quality Council Hard Winter Wheat Evaluation Tour estimated the size of the Kansas crop to be 333.3 million bushels. Kansas produced 356 million bushels of wheat last year.

Although many on the tour said this looked like a normal crop, closer inspection showed some decidedly non-normal characteristics. First of all, Kansas wheat producers planted nine million acres of wheat this year, down 600 thousand acres compared to last year. Heavy rains in October delayed planting for some producers and washed away expensive nitrogen for others. Then, most of Kansas suffered through drought-like conditions during the winter, up until early April. Widespread rains after Easter turned the crop around 180 degrees by replenishing soil moisture in all of Kansas except for a few counties in the southwestern part of the state. However, the South Central and Southeastern parts of the state experienced such heavy rains; up to eight inches in some locations, that going into flowering, the crop is vulnerable to attack from moisture-loving diseases. Except for some isolated infestations of Russian aphids, the Kansas wheat crop showed no insect pressure.

Wheat in the southern tier of Kansas counties - south, east and west of Wichita, suffered some freeze damage. Ideal growing conditions in late April and early May, allowed the

injured plants to grow new tillers, which could bring yields in those fields back to normal.

Wheat in the southern half of the state was mostly headed out. Over the next few weeks, Kansas wheat will be filling grain kernels and harvest should begin the third week in June; about normal.

The Director of the Oklahoma Wheat Commission gave a report on that state's wheat crop. Most of Oklahoma wheat country was hit by severe drought in the fall and winter and then experienced back-to-back freezes in the spring. Participants on the Oklahoma wheat tour estimated the size of this year's Oklahoma crop to be 77.4 million bushels, down from 167.5 million bushels in 2008 or only 46 percent of last year's crop. The Texas wheat crop is in worse shape according to those familiar with the situation. No official report from Texas was given.

Rumors circulated among wheat tour participants indicating that many custom cutters would not start the wheat harvest in Texas and Oklahoma this year for lack of wheat to cut. Still, producers in those areas may harvest fields that will not yield enough to pay the combine bill simply to get enough seed for next year's crop.

The millers, bakers, and wheat merchants on the Kansas Wheat Tour expressed concern that the quality of the 2009 crop may be lower than desired. (The 2008 Kansas crop was of very high quality in terms of protein level and milling characteristics.) Wheat and flour buyers felt producers may have reduced fall nitrogen fertilizer applications because of high nitrogen price and then heavy rains in April washed nitrogen out of the soil. Many fields evaluated on the tour showed signs of low nitrogen availability. It was said that wheat buyers are buying old crop wheat and even paying premiums for high protein. They are putting the old crop wheat in storage to blend with 2009 wheat after harvest to increase protein level in order to improve milling and baking quality.

The market received the Wheat Quality Tour's estimate with a yawn. There is still a global overhang of wheat left from last year's all time record large world wheat harvest. The fact that much of remaining global wheat stocks are of low quality and have been moving into livestock feed rations seems to make little difference to wheat buyers. But with fewer acres planted; in other countries as well as the United States, the damage to the Texas and Oklahoma crops, a smaller crop in Kansas, drought in Argentina, and dry soils in Russia and Australia, the stage is set for a bullish run up in wheat price; not 2008-style, run-away price escalation, but a steady price increase as global economic recovery takes place late this year and next.