



Connell 509-234-2500  
Fax 509-234-2502  
www.tristatseed.com

P.O. Box 1229 • 1000 N. Columbia Ave. • Connell, WA 99326

## Tri State Seed Co. LLC Newsletter January 2018

### Observations

Let's start with a little market analysis from US Wheat Associates market analyst Stephanie Bryant-Erdmann...

As the Dec. 12 World Agricultural Supply and Demand Estimate (WASDE) confirms, global wheat supplies are at a record high this year. USDA increased its estimate for 2017/18 global wheat production to 755 million metric tons (MMT), up slightly from 2016/17 and a new record high. If realized, it would be the fifth consecutive year of increased global wheat production.

The record large global wheat production has pressured U.S. wheat futures to six and twelve-month lows. Since the beginning of the 2017/18 marketing year, the Chicago Board of Trade (CBOT) soft red winter (SRW) wheat futures and the Kansas City Board of Trade (KCBT) hard red winter (HRW) wheat futures have fallen 37 cents and 32 cents, respectively to levels not seen since last December. The Minneapolis Grain Exchange (MGEX) hard red spring (HRS) wheat futures climbed in July, supported by concerns over severe drought in the U.S. Northern Plains, but has since fallen to within 14 cents of the June 2 price. This decline in wheat futures prices represents a significant opportunity for customers to lock in low futures values to hedge the risk of growing protein premiums due to the tight global supply of high protein wheat.

The USDA report also noted that lower year over year wheat production for 2017/18 was reported in Canada, Kazakhstan, Ukraine and the United States, and is also expected in Australia. This is important for customers needing high protein wheat, because nearly all the world's high protein wheat exports (13 percent protein on a 12 percent moisture basis (mb) or higher) originate from those five countries plus Russia.

While Russian wheat yields exceeded expectations and boosted total production, high protein wheat supplies are very limited according to the Federal Centre of Grain Quality and Safety Assurance for Grain and Grain Products (Centre) preliminary data for winter wheat. According to Centre data, 25 percent of samples graded as Russian 3rd class wheat (10.5 to 11.9 percent protein on a 12 percent mb); 44 percent of the samples graded as Russian 4th class wheat (8.8 to 10.5 percent protein on a 12 percent mb); and 31 percent as 5th class wheat (feed wheat). Less than 1 percent of samples graded as Russian 2nd class wheat (11.9 to 12.8 percent protein on a 12 percent mb).

With global high protein wheat supplies shrinking for the second consecutive year and demand continuing to be strong, the premium between MGEX and KCBT wheat futures has continued to widen. In 2016/17, the inter-market spread between MGEX and KCBT averaged \$1.05 compared to just 40 cents the prior marketing year. Year to date in 2017/18, the MGEX to KCBT spread averages \$2.09.

The demand for higher protein wheat also supports HRW protein export basis spreads, which have widened significantly this year at both Gulf and Pacific Northwest (PNW) ports. Over the past 15 years, the average premium for 12 percent protein (12 percent mb) at the Gulf has been 14 cents per bushel. This year that premium is \$1.96 per bushel. The 15-year average premium for 12 percent protein HRW at the PNW is \$1.09 per bushel. Since the beginning of the 2016/17 marketing year on June 1, that average premium is \$1.94 per bushel.

Despite the increased premiums for high protein HRW and HRS, a review of USDA Federal Grain Inspection Service (FGIS) data reveals an increased percentage of high protein exports. Seventy-seven percent of 2017/18 HRS exports have at least 14 percent protein (12 percent mb), compared to the 5-year average of 70 percent. The percentage of HRW exports of 13 percent protein and above (12 percent mb) is double the 5-year average.

With six months left in the marketing year, many customers are securing their high protein wheat demands for the year. While premiums for high protein continue to grow, U.S. wheat futures markets have fallen for four straight weeks, which offers a good opportunity for customers to lock in the lowest HRS futures prices seen since June and the lowest SRW and HRW futures prices since last December.

*By Stephanie Bryant-Erdmann, USW Market Analyst*

I included this market summary from Stephanie because she has done a much better job than I of giving us the fundamentals of why our recommendation to irrigated farmers to plant DNS this fall was correct. The same logic will be true this spring. Continue to watch the DNS spread to other classes for some good marketing opportunities. DNS futures are low and demand is high—a better marketing opportunity I have rarely seen.

Weather is the next unknown. Right now with the strength of the high pressure ridge we are immersed in with valley inversions, I am becoming pessimistic. What started out as a pretty good moisture fall has stalled and the closest chance for any meaningful precip may be Christmas week? We still have time to catch up but I am becoming less confident of La Niña giving us much more than dry and colder weather.

### Some Positive Thoughts

As I travel around the state visiting with customers this winter several common topics keep coming up. Many conversations turn toward spring and herbicides and what you did last year. I continue to run into misinformation or lack of information regarding one of our most popular grassy weed tools, Beyond herbicide. Rather than use examples I just wanted to set the record straight. All of the following information is on the label, but apparently some field men don't read them. The Beyond label is unique in that you need to understand it is giving directions for use on two particular classifications of Clearfield wheat, varieties labeled Clearfield and those labeled Clearfield Plus, designated CL+. The first is single gene resistance to Imazamox, and the CL+ is two gene resistance to Imazamox, the active ingredient in Beyond herbicide. The label is almost contradictory unless you read it closely.

Most currently available wheat varieties in the market place are now two gene resistance. In this case the label is explicit. You must use both a surfactant and a nitrogen fertilizer solution with Beyond unless otherwise directed on the label. On single gene wheats—no MSO (methylated seed oil), only surfactant may be used. On two gene Clearfield wheat the MSO and a nitrogen fertilizer solution is recommended. MSO rates are 1-2 gallons per 100 gallons of spray solution. Liquid fertilizer recommendations are for a minimum of 2.5 gallons per 100 gallons of spray solution not to exceed 50% of the total spray solution by volume. Aerial application use at least 5 gallon per acre. Pretty simple right? Maybe not! Some of the stories we hear from farmers about application recommendations they received last year for Beyond are worthy of comedic material. Enough said, please read and understand the label before using any herbicide.

Fertilizer prices are low right now. You should consider locking in your fertilizer pricing for next year now. We probably won't get many opportunities to save money on inputs this year so think about this soon.

There are several herbicide financing programs available for certain products. The one we think has the most value is the Beyond financing program from BASF that allows interest free financing until later in the fall. You have to prequalify for the program with a one page financial application but why not postpone the expense? There is also a Clearfield Wheat financing program worth considering. Not all Clearfield varieties are eligible but all the varieties from WSU and OSU are covered. We should have access to both of these this year. More later!

### Tank Mixing Instructions

How many of you have ever heard of the W-A-L-E-S Method? Here is a simple way to remember how to avoid a major malfunction when mixing herbicides.

**W** ettable powders and water dispersible granules.

**A** gitate tank mix thoroughly.

**L** iquid flowables and suspensions.

**E** mulsi-fiable concentrate formulations.

**S** urfactants/Solutions.

Some herbicide labels list a specific mixing sequence. In the absence of specific directions, a recommended sequence for adding pesticide formulations to a tank partially filled with water is the W-A-L-E-S method. Each ingredient must be uniformly mixed before adding the next component. For example, a soluble powder must be completely dissolved before adding the next component. Adjuvants are added in the same sequence as pesticides: ammonium sulfate is a soluble powder, oil adjuvants are emulsifiable concentrates and most surfactants are solutions. Within each group, usually add the pesticide before the adjuvant. For example, add a soluble-powder pesticide before ammonium sulfate.

Know the benefits and risks of tank mixing before you make an application. In some cases, compatibility of two or more chemicals is based on the order in which they are added to the tank mix.

Tank mixing can lead to a variety of mishaps if not done correctly. Being aware of the benefits and risks while following the proper guidelines is critical to ensuring the success of any tank mix procedure and application. I made a mistake with UAN 32 and a specific formulation of 2,4-D once and it took about a half day to bail out the cottage cheese it made. I like cottage cheese.... but this was ugly. Should have read the label huh!

I am including a great little chart regarding fungicide efficacy for control of cereal diseases. I am all about trying to get more bang out of my buck... so if you can read between the lines here.... one of my favorite ways to do that is to make my own top of the line fungicide using generic components. The one that comes to mind is a top of chart fungicide and both of the actives are now off patent. Last year we used Azoxystrobin and Propiconazole to make Quilt Xcel. Some of the newest hot rods are not available as generics yet, but you can see the logic here. In our blend, we got the curative effect of the Prop and the longevity of the Strobie for less money expended than the branded product. The chart below is a great tool to use in your diagnostic work next spring. Remember one thing; if you can see rust spores on the leaves you have already damaged your plant irreparably. You can never make up that loss! So prevent, prevent, prevent! Tilt, or Propiconazole gives you 5-7 days of protection. That's it. If we have a year where lots of spores are flying around, your sprayer tank won't even be dry from spraying the Propiconazole when you should be out there again with the strobularin. Learned that lesson last year!

FUNGICIDE CHART INSERT

Grady showed me this last week and it is worth posting on your office wall or in you chem files. It is great reference for which active ingredients are effective on which diseases. Call Grady at 1-509-347-6428.

Management of Small Grain Diseases  
2017 Fungicide Efficacy for Control of Wheat Diseases

The North Central Regional Committee on Management of Small Grain Diseases (NCERA-184) has developed the following information on fungicide efficacy for control of certain foliar diseases of wheat for use by the grain production industry in the U.S. Efficacy ratings for each fungicide listed in the table were determined by field testing the materials over multiple years and locations by the members of the committee. Efficacy is based on proper application timing to achieve optimum effectiveness of the fungicide as determined by labeled instructions and overall level of disease in the field at the time of application. Differences in efficacy among fungicide products were determined by direct comparisons among products in field tests and are based on a single application of the labeled rate as listed in the table. Table includes most widely marketed products, and is not intended to be a list of all labeled products.

Efficacy of fungicides for wheat disease control based on appropriate application timing

Fungicide(s)				Powdery mildew	Stagonospora leaf/glume blotch	Septoria leaf blotch	Tan spot	Stripe rust	Leaf rust	Stem rust	Head scab <sup>4</sup>	Harvest Restriction
Class	Active ingredient	Product	Rate/A (fl. oz)									
Strobilurin	Picoxystrobin 22.5%	Aproach SC	6.0 – 12.0	G <sup>1</sup>	VG	VG <sup>2</sup>	VG	E <sup>3</sup>	VG	VG	NL	Feekes 10.5
	Fluoxastrobin 40.3%	Evito 480 SC	2.0 – 4.0	G	--	--	VG	--	VG	--	NL	Feekes 10.5 and 40 days
	Pyraclostrobin 23.6%	Headline SC	6.0 - 9.0	G	VG	VG <sup>2</sup>	E	E <sup>3</sup>	E	G	NL	Feekes 10.5
Triazole	Metconazole 8.6%	Caramba 0.75 SL	10.0 - 17.0	VG	VG	--	VG	E	E	E	G	30 days
	Tebuconazole 38.7%	Folicur 3.6 F <sup>5</sup>	4.0	NL	NL	NL	NL	E	E	E	F	30 days
	Prothioconazole 41%	Proline 480 SC	5.0 - 5.7	--	VG	VG	VG	VG	VG	VG	G	30 days
	Prothioconazole 19% Tebuconazole 19%	Prosaro 421 SC	6.5 - 8.2	G	VG	VG	VG	E	E	E	G	30 days
	Propiconazole 41.8%	Tilt 3.6 EC <sup>4,5</sup>	4.0	VG	VG	VG	VG	VG	VG	VG	P	Feekes 10.5.4
Mixed modes of action <sup>6</sup>	Tebuconazole 22.6% Trifloxystrobin 22.6%	Absolute Maxx SC	5.0	G	VG	VG	VG	VG	E	VG	NL	35 days
	Cyproconazole 7.17% Picoxystrobin 17.94%	Aproach Prima SC	3.4-6.8	VG	VG	VG	VG	E	VG	--	NR	45 days
	Fluoxastrobin 14.8% Flutriafol 19.3%	Fortix	4.0 - 6.0	--	--	VG	VG	E	VG	--	NL	Feekes 10.5 and 40 days
	Fluapyroxad 2.8% Pyraclostrobin 18.7% Propiconazole 11.7%	Nexicor EC	7.0 - 13.0	G	VG	VG	E	E	E	VG	NL	Feekes 10.5
	Fluxapyroxad 14.3% Pyraclostrobin 28.6%	Priaxor	4.0 - 8.0	G	VG	VG	E	VG	VG	G	NL	Feekes 10.5
	Propiconazole 11.7% Azoxystrobin 13.5%	Quilt Xcel 2.2 SE <sup>5</sup>	10.5 - 14.0	VG	VG	VG	VG	E	E	VG	NL	Feekes 10.5.4
	Prothioconazole 10.8% Trifloxystrobin 32.3%	Stratego YLD	4.0	G	VG	VG	VG	VG	VG	VG	NL	Feekes 10.5 35 days
	Benzovindiflupyr 2.9% Propiconazole 11.9% Azoxystrobin 10.5%	Trivapro SE	9.4 - 13.7	VG	VG	VG	VG	E	E	VG	NL	Feekes 10.5.4 14 days
	Metconazole 7.4% Pyraclostrobin 12%	TwinLine 1.75 EC	7.0 – 9.0	G	VG	VG	E	E	E	VG	NL	Feekes 10.5

<sup>1</sup>Efficacy categories: NL=Not Labeled; NR=Not Recommended; P=Poor; F=Fair; G=Good; VG=Very Good; E=Excellent; -- = Insufficient data to make statement about efficacy of this product.

<sup>2</sup>Product efficacy may be reduced in areas with fungal populations that are resistant to strobilurin fungicides.

<sup>3</sup>Efficacy may be significantly reduced if solo strobilurin products are applied after stripe rust infection has occurred.

<sup>4</sup>Application of products containing strobilurin active ingredients may result in elevated levels of the mycotoxin Deoxynivalenol (DON) in grain damaged by head scab.

<sup>5</sup>Multiple generic products containing the same active ingredients also may be labeled in some states.

<sup>6</sup>Products with mixed modes of action generally combine triazole and strobilurin active ingredients. Nexicor, Priaxor and the Trivapro include carboxamide active ingredients.

Since you got me started on Stripe Rust, one of the common misconceptions about genetic resistance in wheat originates from a gene named Yr36. This one in particular, along with help from others, provide us with adult plant resistance. Well, not all wheat varieties have that gene combination, so it must follow that not all varieties have that resistance right? That is correct! HTAP, more commonly known as high temperature adult plant resistance is not in the genome of all wheat plants. Even in the varieties that have HTAP, the resistance can vary by cultivar. Generally speaking, HTAP is triggered when daytime temperatures exceed 800 F. Aaron Carter was in our office last fall and we ask him about that. He related that when Eltan was released it had really good HTAP. But now, 27 years after the release of Eltan, (1990), the resistance is mostly gone. It failed Eltan four years ago. The nature of the rust fungus is such that it will mutate rather quickly to defeat resistance. Genetic resistance is good, yes. It is the most cost effective defense mechanism we have for rust. The reason we keep funding the research to develop new varieties is largely because of this phenomena. Mother Nature always wins. Stacking or pyramiding these resistance genes is proving to be a very effective strategy, but remember what I said about Mother Nature, She.....wins.

Personal Thoughts

My dad told me that if a person was smart enough to manage the risks associated with farming, and you could manage enough of that risk, you would stand a better chance of being successful. The problem with what dad said is that the risk factors associated with wheat farming are not shrinking, they are growing. This year we face unparalleled uncertainty. We have occurring right now a farm program discussion with a very uncertain outcome. And with that discussion, we risk parts of if not all of the federal crop insurance program, the entire conservation title, the reduction of staffing and funding of local field offices for federal program administration, our support for our much beloved Market Access Program funding and Foreign Market Development Program. That last one, MFD, leverages grower monies roughly 4:1 with federal money, and the return on that investment over time to the US economy is something like 37 to 1. Those are the easy ones. We can make a good case for their continuation to our congressional staff.



P.O. Box 1229 • 1000 N. Columbia Ave.  
Connell, WA 99326

PRESORTED  
STANDARD  
U.S. POSTAGE PAID  
PASCO, WA  
PERMIT NO. 200

**RETURN SERVICE REQUESTED**

What is totally beyond my comprehension is the disarray our US foreign trade policy seems to be in currently. The North American Free Trade Agreement and other trade access agreements like with S. Korea and other major trading partners are threatened to be canceled? What part of market access doesn't the current administration understand? You have to have access before you can have trade equality. You can always renegotiate an existing agreement without creating so much market uncertainty. Unfortunately, several of our traditional trading partners are already beginning to source their wheat from our competitors. This is not just a little here and a little there. Mexico, the single largest customer of US wheat recently purchased 400,000 MT of competitor's wheat! That's in the last 45 days. Some test! That's what I call lost market share boys. 43% of the wheat produced in the US now goes to Mexico and Latin and South America. Another 43% goes to Japan, Korea and Southeast Asia. I know. I have been there. Recently! Australia is killing us in Indonesia right now. Sorry for the rant, I am more than a little nervous. Our media seems to be more concerned with who has and hasn't had harassment training than reporting on US trade issues.

Supporters of the "Tax Cuts and Jobs Act" currently being rushed through congress don't seem to understand the effects on family farmers and ranchers. Independent nonpartisan analysis says it will add \$1.5 trillion to the national debt. A statutory provision called PAYGO requires automatic cuts to certain programs to offset increases in deficit spending. The sheer size of this deficit could mean the total elimination of the funding for Agriculture Risk Coverage (ARC), Price Loss Coverage (PLC), disaster assistance programs and administrative costs for crop insurance delivery and many other programs.

What we can do here in the PNW is pretty straight forward. We must seek to solidify our trade relationships with the customers that purchase our soft white wheat any way we can, as soon as we can. Your industry representatives are planning several trips this winter and early spring to do just that. The Washington Grain Commission and the WAWG will travel to Korea to celebrate the 70th anniversary of their Flour Milling Association. Shortly after that we will be in Japan and Taiwan to propose a long term business liaison with their industry and our industry. I will have much more on this soon. Hopefully by then something may have settled down in the other Washington. Last year we hosted 13 different trade teams in the PNW. We will certainly keep those programs and relationships high on our priority list.

Thanks for your help in accomplishing our mutual goals. Please don't forget to express your opinions to your congressman and senators regarding farm program issues. If you want to become more involved with the effort to resurrect our farm programs and trade policy, please call Michelle Hennings or Lori Williams at the Washington Association of Wheat Growers office, we certainly need your help this year. They can be reached at 1-509-659-0610. Our newest employee in the Commission office is Joe Bippert, Joe came to us from WSDA's overseas trade development office. Joe is a wealth of information. Call him also if you need updated on who to call about trade issues. He can be reached at 1-509-456-2481.

Blessings to your families from ours this Christmas Season!

Dana Herron Craig Teel Grady Gfeller Margaret Krug Nathan Robbert