



Tri State Seed Co. LLC Newsletter October 2017

Observations

The playing field is certainly getting crowded when it comes to selecting a wheat variety. Seed providers both public and private are releasing new cultivars at a record pace. Why are they in such a hurry to get the next variety into the market? It boils down to market share. He who has the greatest percentage market share should build some longevity in the market place, right? More longevity means more royalties and a faster return on their research investment. After all, breeders get paid for developing new genetics and finding the ones that are at least incrementally better than the ones already in the market, right? No so fast! We think the current system needs to be re-evaluated.

Instead of the development process driving the release of newer varieties, we think the market place should dictate and quantify the need for new varieties. By this we mean first identifying the voids in the market, those areas that exhibit the greatest possibility for economic improvement. Whatever the agronomic traits exhibited by the new release, they should be matched to a well-defined need in the market. If the standard variety being planted is becoming very susceptible to stripe rust, then the new replacement variety should have much better SR resistance. This is an easy sell to growers because he will be spending less money on corrective measures to produce his crop.

What happens all too often is that the statistics of the breeding process tell the breeder there is a significant advantage with variety XYZ. So he validates the statistics using field trials and sure enough there is an advantage in several areas for variety XYZ. The problem comes when the release is made public, and no one wants to purchase the foundation seed. In many cases the seed companies are already heavily vested in another variety, with inventory to sell, advertising costs to recapture, and the market is not ready to accept the new variety. Many times the increased agronomic advantages are incremental and do not justify the capital investment required to commercialize the newer variety. This process is counterintuitive in many ways. It wastes precious assets, capital, time, program capacity, and other developmental expenses.

Those of us in the seed business would be happier if the newer releases were targeted to specific areas already identified as ones needing improvement. And when the newer variety is released the provider of the genetics should stop supporting the older variety. Incremental improvement coupled with the speed at which the new releases are being made is severely handicapping the current delivery/marketing system. The end result for the grower in many cases is market confusion, information overload and for the seed guy, an impossible inventory management situation. The question that comes to our mind is simple; "Who is going to buy this variety when it is released?" Until that question is answered, is it really beneficial to release another variety?

Here are a couple of examples of market voids, or put another way, market opportunities.

1. We have several excellent Clearfield Soft White Winter wheats, but almost no Clearfield Soft White Spring wheat to overseed or plant on ground with a Clearfield history.
2. We have no Clearfield Soft White Club varieties.
3. We have a documented need for some Hard Red Winter wheat varieties in the < 12" rainfall area that will compete with Soft White Wheat yields.
4. The market now has Hard Red Spring wheats that can be planted in the fall on irrigated ground successfully. What about a dryland HRS we can plant in the fall, survive the winter and grade DNS for the market? What a game changer! Winter wheat yields and a DNS price!
5. We desperately need another management system for grassy weed control other than the Clearfield system. We are currently staring Imazamox resistant weeds right in the face if we don't respond quickly.
6. With the proliferation of direct seeding systems in the state, there are precious few shorter maturity wheats available for this system that many times requires later planting.

The fragmentation of our production areas due to precipitation zone is one of the forces behind the release of so many new varieties. Varieties with specialized adaptation will continue to enter the market. The varieties most successful are those having a broad adaption. We are predicting seed distributors are not going to play the game of handling too many va-

rieties with marginal economic advantages. Many times if you want a specific variety, we will get it for you, or tell you who has it. We are going to be more aggressive with our selection of new varieties and will certainly discard those we believe are easily replaced by newer genetics. Once this happens, the breeding company will stop supporting the variety with parent seed and the variety will die a natural death. That is what is supposed to happen. So... if you can't find your old favorite variety, now you know why. It is quite simply attrition and market economics at work for you. This is not to say we won't grow an older variety for you. We do it all the time. One of our customers still wants about 20,000 bushels of Eltan each year. With a year in advance order and a contract to take it all....we will be happy to accommodate. If you want us to do the same thing for you, give us a call. Some minimums will apply.

Herbicide Resistant Weeds

We hope you have given thought to our last newsletter regarding herbicide resistant weeds. This problem is real, and has the ability to negatively impact your crop more than any other single factor I can think of currently, short of a severe winter event. I think we saw this coming in past years, but were so busy doing our production thing we just ignored it. This year the Mare's Tail and Prickly Lettuce really bloomed, pun intended. We have material that can deal with the issue after harvest, but the real solution is the application before harvest, at herbicide time. Our hope is that you do not fall into the trap of thinkingwell, I will just use my same old herbicides and just put more of it on. I know I can kill the weeds if they are small, right? That, my friends, is the true meaning of Moron. The worst possible thing you can do is put more of the same compounds on a resistant weed issue. Having said that, I know the chemical companies love it when you guys do this, because they get to sell you product twice for the same problem. We have had recent testimonials that the post-harvest applications we did of Witness to control the Lettuce and Mare's Tail did a great job, even though it was applied at the very worst time, after harvest when the weeds were mature, hardened off and ready to bloom. The kill was slow, but it did turn everything black. Just to recap, rescue herbicides are not cost effective. Do the job right the first time – and you won't have to spray after harvest.

I know how difficult it is especially in a time when margins are thin to make the decision to spend more money on inputs. This is one of those times when logic dictates you should. There are several compounds that will do the job well, and eliminate the need for that post-harvest application. Many are already marketed as generics. If you think they cost too much to apply....think about how much it costs to do it twice.

Germination and Emergence in Hot Soils

I ran across this article on the net from Oklahoma State, by David Marburger, Extension Grain Specialist. He quantified the varieties grown in Oklahoma that had what he called, High Temperature Germination Sensitivity. This is an elaborate way of saying that certain varieties don't like to emerge in soils above a certain temperature. He found that some varieties are slow to emerge in those conditions and others won't emerge at all until the soil cools down. The reason the article caught my eye is ever since Dr. Robert Warner at WSU retired from the Seed Technology Lab position, we have not had anyone in the PNW to define this phenomenon with varieties grown in our region. If we continue to plant in soils with higher temperatures, like this year, it would be nice to know how the varieties rate in this regard. Oklahoma has a rating process and has published the results to help farmers with their variety selection.

Dr. Marburger explained that the coleoptile, which is the rigid sheath like structure which protects the first true leaf and aids in navigating and reaching the soil surface, once emerged, will stop growing and allow the first true leaf to express. If the coleoptile fails to reach the surface, the first true leaf will emerge below ground and usually takes on an accordion-like appearance. If this happens the plant will die. Dr. Marburger goes on to say most of the wheats today can safely be planted to a depth of 1.5" and still emerge. He was referring to a "dusting in" scenario, and waiting for a rain event to provide the moisture for emergence. He said that the length of the coleoptile is shortened significantly when the soil is hotter, and this may prohibit emergence.

I know the good Dr. has not visited the PNW where we deep seed with shovel type openers, but the science is still valid. I certainly did not know hotter soils shortened coleoptile length, nor did I know varieties had differing sensitivities to this phenomenon. This should change the way we think about seeding early. I always thought this condition of slow emergence was seed related. That some seeds were just predisposed to not emerge in really warm soils, Dr. Warner called it heat dormancy for lack of a better term. It was his thought the seed had to go through a sweating, or cooling down period before you could reliably overcome this event. I think he was on the right track with his thinking, but as Dr. Marburger has shown it is probably more related to the how the plant's coleoptile reacts in such conditions. Still seed related but the causal agent might be different from what we initially imagined. I am getting old way too fast, sooo much to learn.

Marketing as a Function of Production

What do you like to do best around the farm? Me too! Drive the MT 855! Drive the combine! I like seeding too, a lot. There is something primal about planting seeds in wet dirt and watching the process of plant life begin again, just like God meant it to be!

The problem is we, being of the human persuasion, are all alike, we do best what we like to do! And we do the worst job on the jobs we don't like to do.

Is marketing one of those jobs you really don't like to do? Why? Is it because you don't understand the market's movements? Are the events that affect the market too complicated? Is the terminology confusing? Are you unfamiliar with the tools available to maximize your return on your crop? If your answer was yes to any of the above reasons, you have a problem. It is called, Icantstandmarketingosis. This is a widely held psychosis among farmers. Just kidding here.....there is a solution to this we want you to consider. Removing the emotion from this task can be very beneficial! So why not consider outsourcing the job to an expert? We do! Every time one of you producing seed for TSS decides to sell your wheat, we hedge our risk immediately. We do not take price risk; that is your job as producers. You deal with risk for a living. Your chosen profession places you firmly in the risk management camp. So why not manage market risk also, no different than production risk!

There are companies that can accomplish this for you; yes, they charge you a fee. So think of this, if your professional marketer of choice charges you \$0.10 per bushel for this service, and he markets your crop for \$0.10 higher price than you would have, is he worth the money? That is really simple math. This is a really simple concept. So why aren't you doing it? I don't like cleaning our house, so I outsource it. The best \$60 I spend every month. We also don't like losing our a— in the market place trying to sell seed, so we outsource the risk management by hedging that risk with professionals. I don't like doing payroll at all, so we outsource it. I really don't like to put new tires on my old rims, yep, you guessed it!

One of the guys who can help you with your marketing dilemma is Jason Ludeman. He is from a wheat growing family in NE Washington. I have worked with him before, at Connell Grain Growers, he was the lead merchandiser, I was the seed guy. Jason left CGG to get his Masters Degree in Business Administration at Montana State; his thesis was on grain merchandising and how to mitigate risk, and maximize returns. Jason has been doing this for many years now, his company is called Peripheral Vision, Inc. and is located at 3429 W. Pacific Ave, in Spokane, and his phone is 509-863-7727. His email is jason.ludeman@gmail.com.

I use Jason's services only as an example of what you can do to improve your overall farming skills. Many times a situation will dictate that you don't have to know everything, just who to call. There are many other services performing similar risk management functions. So go find one! Did you know you can make money when the market moves down? I didn't think you did. I know a farmer who made \$100K last year when the market moved down almost \$1.00 per bushel. How much do you make? I will bet you a vanilla milkshake that most of you lost that \$1.00 per bushel in crop value just because you were unaware of the tools and skills it takes to do it. Fix this dilemma in your operation now, outsource it!

Bullet Points and Other Random Thoughts

1. Our rain came a few weeks later this year than last. Are you going to spray your stubble this fall? Tough call. I do know that last year it paid huge dividends. It made the difference of not having a soddy mess to deal with last spring or no volunteers. It made the difference of at least one extra pass to make SF, didn't it!
2. Is your residue sized properly while it is still anchored? Can your HZ drills clear the residue next fall? The time to think about that issue is now.
3. China is shutting down some of the chem plants responsible for many of the technical grade chemicals we depend on for making our herbicides. This is creating massive uncertainty in the ag retail markets. This might be a golden opportunity to pre-pay some herbicides with good cost savings! If you know you will need it anyway—go find out what kind of a deal you can get.
4. Aphids! Remember what those little guys do to wheat? They are coming out of the corn that is drying down now and they vector Barley Yellow Dwarf Virus. The population of aphids in SE Washington is rapidly expanding. Last week I traveled from Hermiston all the way to 10 miles north of Wilbur and the little b----- are everywhere. Look at your windshield! The crop dusters are not cleaning their windshield once a day, now it's every trip. Time to check your fields, especially the ones with the biggest wheat. Take your bug net and do some sweeps. What! Don't know how! Get a dang bug net and talk to your alfalfa neighbor and find out how to DIY. Rachel Bombarger at the WSU Plant Diagnostic Lab will tell you if you're screwed or not. She can do an Elisa test for BYDV. This is like having wheat diarrhea. The damage just keeps on coming.



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5. Thinking about planting DNS this spring? Ever heard us talk about “Positional Nitrogen?” The wheat plant’s roots can only access nutrients if the nutrients are in the right place. The roots follow moisture not fertilizer. You can do the math—time to get this done is now!
6. This is the season for education. Yes, I said education. Remember what we advocate—the smartest guy always wins! I haven’t said that a lot, but I firmly believe it. Go to the Tri State Wheat Convention. Go to the chemical company’s seminar. Go to the Research Review at WSU sponsored by the WAWG. Go to “Wheat U” sponsored by the WAWG in Spokane this winter in December. This is a farm program year. Want to edge the neighbor out on that lease next door? The smartest guy really does win—get smart now.
7. Are you having trouble preparing your budget for the banker? There are only so many variable costs you can cut. Try the fixed costs, yes the fixed costs! Renegotiate the lease agreement with your landlord. Suggest that he gets rewarded more with a good crop on a percentage basis. Suggest that he bear some of the risk in years where the yields fall below a certain level. If he is smart he will be a willing participant. Why, because he wants you to succeed also! If he is not, you will find out what you should have known a long time ago.

Thanks for all your support and your patronage this year. I think we will have one more newsletter this year with some exciting news. If you ever want to talk to us privately, call Craig or myself. We want to be a part of your business, we want you to succeed, we want you to be the best you can be. Yes, I have a son-in-law in the Army, currently in Cairo, Egypt with my daughter and grand-daughter. Craig’s son-in-law is a decorated Army veteran also. Go Army— See you soon!

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