Overview of the 2011 wheat season

Aug, 2011

Production

Michigan's wheat acreage rebounded in a big way during the fall of 2010, with some 700,000 acres planted to the crop. This represents a 170,000 acre increase over the previous year. The spike in acreage was primarily due to a significant strengthening in market prices. Approximately two-thirds of the 700,000 acres was committed to soft red winter varieties and one-third to soft white winter wheat

NASS currently projects the state's 2011 crop to average 73 bushels. If this holds, it will tie the state record set in 2006. Using this yield and a harvested acreage estimate of 680,000, the state's total production would come to 49,640,000 bushels setting a new historic high. The current yield estimate may prove conservative, as growers managed the crop more aggressively than in the past and harvest conditions have been exceptionally favorable.

Crop development

One significant advantage for this crop is that it was planted earlier than normal (table 1). This may have increased wheat's average yield potential by several bushels per acre. Unfortunately, the spring brought unusually cool temperatures causing a delay in the crop's development. Excessive rainfall was received during April and May to the point that it injured wheat even on well drained fields. In addition, the rain prevented, or significantly delayed, applications of fertilizer nitrogen and herbicides on many fields.

Plant lodging was more prevalent this season. There were various contributing factors depending on the field: excessive rates of fertilizer nitrogen; crown and root diseases; excessive seeding rates; and exceptionally high winds.

Flowers (anthers) were initially visible in fields between May 30 and June 10. The harvest commenced the week of July 4 in the southern tier of counties and extended into early August in the northern regions, but the bulk of the state's crop was harvested between July 12 and July 23. Harvest proceeded rapidly thanks to the unusually warm and dry conditions.

Table 1: Wheat planting progress, Michigan

week ending	*fall, 2010*	*fall, 2009*	*5 yr average*
October 10:			
planted	73	34	52
emerged	25	18	20
October 17:			
planted	89	59	71
emerged	55	22	34

Crop Progress reports, NASS, Michigan

Diseases

Foliar diseases developed slowly throughout the state despite the abundance of moisture. Presumably this was due to the unseasonably cool temperatures throughout much of the early season. Except for some spotty outbreaks of powdery mildew, most fields did not exhibit a significant level of disease until the time of flowering. In almost all cases, the season's most significant disease was Septoria leaf spot. As flowering progressed, other foliar diseases could be found including striped rust in the western and central portions of the state, and Stagonospora leaf blotch across the entire state. By the time grain-fill was well underway, modest levels of leaf rust and stem rust joined the fray. Collectively, these diseases may have reduced yields by at least ten percent if unprotected by fungicides.

The national head scab model indicated moderate risk of Fusarium head blight for much of the southern tier of counties. However, for the most part, the disease and associated mycotoxin levels did not appreciably develop. As flowers developed in the central and northern regions of the state, the model indicated mostly low risk.

This season, growers employed fungicides to a greater degree than ever before. Appropriately, the greatest amount was applied at flowering to protect against various foliar diseases as well as Fusarium head blight. This investment proved beneficial to both crop yields and quality.

Grain quality

Overall, grain quality was very good this season. This can be attributed to the hot and dry conditions just prior to and during harvest, and the aggressive use of fungicides. Test weights were reported to be good to excellent across Michigan. Delivered grain tested low for DON levels with only an occasional exception. Falling number test levels were consistently good.

A large portion of the crop is being stored on-farm to take advantage of the carry in the market. There is some question as to whether all farmers will be successful in maintaining grain condition, especially if held on-farm into the summer months.

Grain prices

For the 12 months following the 2010 wheat harvest, according to the Michigan office of USDA's NASS, the average monthly price received by farmers was $6.58 (and ranged from 5.09 to 7.04). This is well above the average of $4.32 for the 12 months following the 2009 harvest.

As farmers continue to execute marketing decisions for the 2011 crop, the prospect of strong pricing is good. Farmers are storing more wheat on-farm to take advantage of a generous carry in the market. The value of storage until next summer had been over $1.00, but is currently around $0.70.

During the first half of August, the price for 2011 soft red is comparable to a year ago thanks to a tightening in the basis. Currently, the premium for soft white wheat has slipped to approximately $0.40 over soft red.

The amount of acreage committed to wheat is predicted to be lower this fall. While the bids for new crop wheat are well above year-ago levels, the same can be said for new crop corn and soybeans. In addition, acreage will likely be curbed somewhat due to delays in soybean harvest. There may also be a slight shift toward soft red wheat over soft white as the premium for white wheat is markedly less than a year ago.

Industry Development

In recent years, interest has been mounting for holding a state-wide referendum to advance the profitable production of wheat. In November, 2010, an ad-hoc group of farmers and industry representatives encouraged the immediate launch of a plan to seek a referendum under Public Act 232 of 1965, the Michigan Agricultural Commodities Marketing Act in June of 2011. Thanks to the leadership of Michigan Farm Bureau, the work of a Temporary Program Drafting Committee, and the support of grower groups and industry, the referendum was approved by 54 percent. Of the 1,374 valid ballots received, 747 producers, representing 6,107,731 bushels of production, voted yes and 627 producers, representing 5,243,187 bushels, voted no.

In the weeks to come, a nine member committee will be appointed by Governor Snyder to oversee the Michigan Wheat Program. The program calls for a maximum assessment of 0.5 percent of the value of wheat sold. The program will emphasize research, education, information exchange, and market development.

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