

**A LITTLE BIT COUNTRY
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North Dakota Wheat Has Huge Economic Power

In its 2010-2011 Annual Report to Producers, the North Dakota Wheat Commission states that wheat producers can take pride in knowing the wheat industry continues to be one of the largest economic contributors to the North Dakota economy, agricultural or otherwise, accounting for nearly one third of all farm and ranch marketings. The direct cash value of the North Dakota wheat and durum crop is nearly \$2.4 billion, which generates an additional \$4.8 billion in commercial activity for a total positive economic impact of nearly \$7.2 billion in state economy.

Equally impressive is the fact that North Dakota's increasingly diverse agriculture industry in total continues to contribute more than \$20 billion in economic activity in North Dakota in an average year and nearly \$30 billion in a very good year.

World durum production fell to 1.28 billion bushels in 2010, 15 percent less than 2009's record crop. Planted acres dropped to historical lows in Canada curtailing their production by nearly 50 percent. Production was also lower in North Africa. Production in the European Union (EU) was marginally higher and U.S. production stable.

Production of U.S. durum reached 107 million bushels in 2010, virtually unchanged from the 110 million produced in 2009. Increased planted acres in North Dakota and above average yields pushed production higher. Desert durum production in California and Arizona fell by nearly one-third to 19.5 million bushels, but North Dakota and Montana increased by 10 percent to 87.5 million.

Demand for durum was paced by near record food use and a second straight year of strong exports. Domestic demand was estimated at 95 million bushels with 84 million in food use. Pasta remained a popular food choice, keeping sales strong, and the discount of durum to

hard red spring wheat shifted a higher percent of all pasta to 100 percent durum. The 84 million bushels in food use was second only to the 86 million reached in 2006.

Quality shortfalls in the U.S. crop challenged exports in some markets, but the attractive price for U.S. durum in the first half of the marketing year led to strong early season sales. Tunisia, the EU and Venezuela offset reduced demand from Algeria and Morocco.

Producer durum prices ranged from a low of \$4.58 per bushel in 2010 to a high of \$8.60 in April 2011. However, the durum market remained at a discount to 14 percent protein hard red spring wheat for most of the year. Declining world durum supplies and realization of significantly lower U.S. plantings in 2011 led to sharply higher durum prices by June 2011 with producer prices finally pushing above \$10 per bushel.

You can get the latest wheat market information during the Wheat Show on Tuesday, February 7. Mike Krueger, Founder and President of *The Money Farm*, will share his thoughts regarding market volatility. In addition, Jim Peterson, Marketing Director for the North Dakota Wheat Commission, will discuss the challenges and opportunities existing in the U.S. wheat export market. Jim will also share his recent three week travel to Asian countries to promote the quality of the 2011 crop.