



K E N T U C K Y
Small Grain
G R O W E R S ' A S S O C I A T I O N

2018 Annual Report



**Growing
Profitability
Through
Research,
Education and
Promotion**



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RESEARCH IS A TOP PRIORITY FOR KENTUCKY SMALL GRAIN PRODUCTION

Growing winter wheat and other cool season grains in Kentucky is not an easy task. With this year's weather, we've had the smallest wheat harvest in years, but we have renewed faith for the current crop in the ground thanks to new agronomic technologies.

Production research has always been a major priority of the Kentucky Small Grain Growers. In fact, we have dedicated more than \$3.3 million in checkoff to research over the last 26 years. Of that amount, more than \$1 million is directed toward the Grain and Forage Center of Excellence.

With our support and farmer collaboration, extension experts and private consultants have helped Kentucky wheat production grow 87 percent since the Kentucky Small Grain Promotion Council was formed, and the two previous years have resulted in record average wheat yields: 80 bushels per acre in 2016, and 77 bushels per acre in 2017. Unfortunately, 2018 dealt us a blow, providing some growers the worst wheat crop in years. The average yield was last estimated at only 66 bushels per acre.

The good news is that according to the USDA WASDE report, wheat use and exports are projected to increase, and stocks are expected to decrease. Todd Davis, UK extension grain marketing specialist, says this scenario should support higher wheat prices. Learn more on page 4.

To increase opportunity for our growers, KySGGA is also supporting research and market development of other small grain crops, such as barley and rye for the booming distilling industry.

Growers are encouraged to review our programs and research online at www.kysmallgrains.org.

Annual Ky Small Grain Financial Report

From June 1, 2017 to May 31, 2018

Reviewed by Jones, Nale & Mattingly, PLC

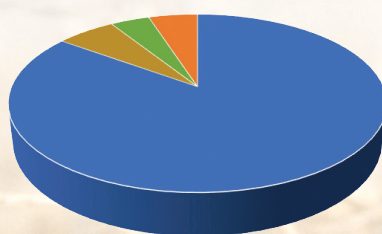
REVENUE

Checkoff Assessments	\$385,351
Producer Refunds	-\$8,100
Net Checkoff Income	\$377,251
Interest Income	\$8,483
Total Revenue	\$385,734

EXPENSES

Market Development	\$26,033
Research*	\$574,917
Education	\$41,027
Administration	\$30,320
Total Expenses	\$672,297

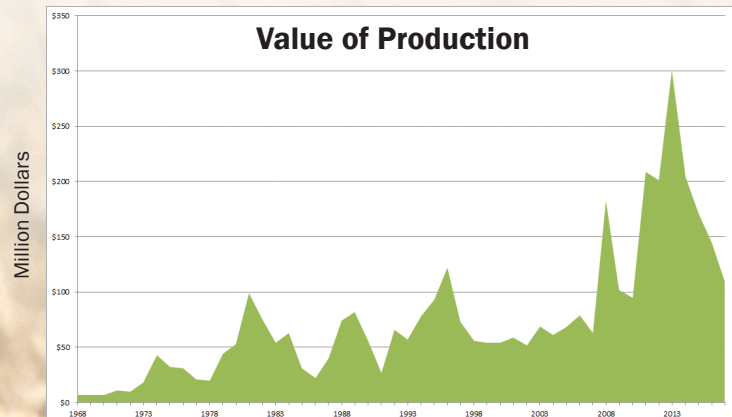
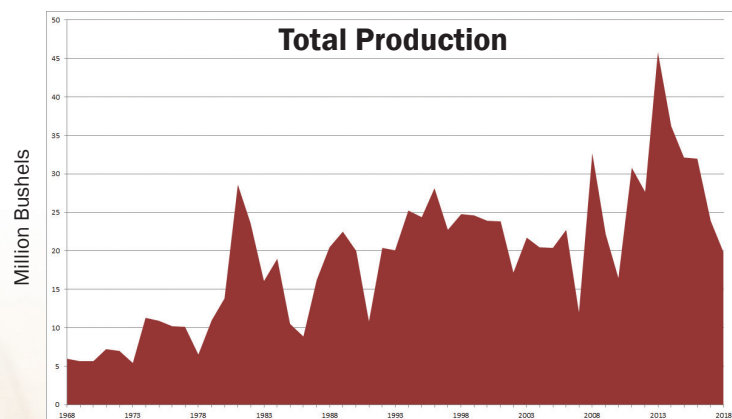
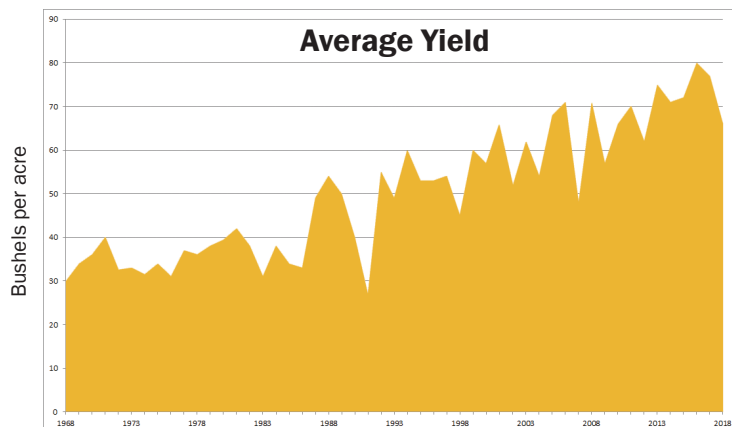
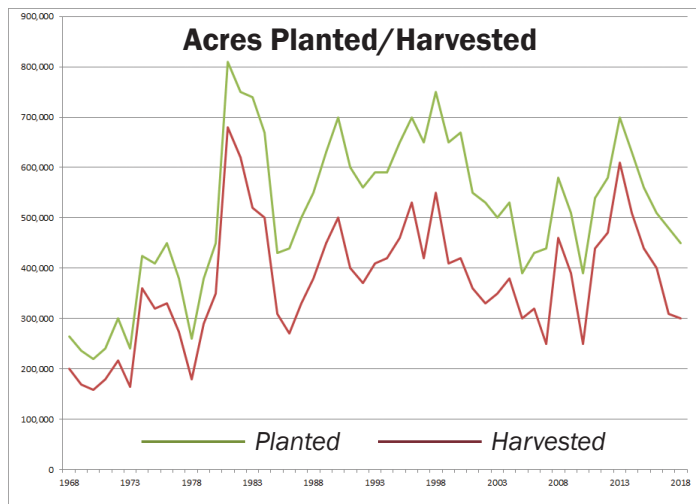
Distribution of Expenses



Research*	85%
Education	6%
Market Development & Promotion	4%
Administration	5%

*The Kentucky Small Grain Board chose to spend additional funds for Research this year from reserves. There were several more outstanding research projects proposed and a grant of \$250,000 was given to the UK Grain and Forage Center of Excellence for Graduate Student Housing at the Princeton location in honor of Dr. Dave Van Sanford. Both the research funds and the grant will be matched by the Ky Ag Development Board as part of the Grain and Forage Center of Excellence Fundraising Campaign.

Kentucky Wheat Production (1968 - 2018) *Source: USDA-NASS*



Adam Andrews, Congressman James Comer, and Laura Knoth

Policy Matters

In September, the National Association of Wheat Growers (NAWG) held its annual policy fly-in, where wheat farmers and staff from 21 states met with Congressional Members and USDA representatives on NAWG's priorities.

Laura Knoth and Adam Andrews were among those who traveled to Washington, D.C. to talk Farm Bill and trade.

While meeting on the hill, NAWG emphasized that crop insurance is of the utmost importance regarding risk management, especially after a year tainted with drought and wildfires.

Wheat growers continued to push for a stronger farm safety net program and improvements to revenue-based (Agriculture Risk Coverage) and price-based (Price Loss Coverage) programs. Increasing funding for Market Access Development and Foreign Market Development programs was also discussed during meetings.

Additionally, growers reiterated the need for changes to the current trade environment.

More recently, NAWG called on Congress to make the Farm Bill a priority following the mid-term elections.

"With the Farm Bill having expired, growers are left with much uncertainty and are denied access to several beneficial programs within the bill," said NAWG President and Oklahoma wheat grower Jimmie Musick.

"In particular, the outlook for foreign market development funding is in doubt until action is taken. Additionally, the USDA no longer has the authority to undertake new sign-ups for CRP, which incentivizes growers to incorporate healthy soil, non-tillage, and other similar practices into their operations.

"The economy in Rural America is struggling and we need strong supporters of agriculture to bring it out of these difficult times."

FOCUS ON MARKETS: Wheat Outlook

Dr. Todd D. Davis, Extension Grain Marketing Specialist

The November World Agricultural Supply and Demand Estimates (WASDE) tends to resolve most of the supply uncertainty in grain markets as the yield estimates for corn and soybeans become more accurate, and the market understands supply for the remainder of the 2018-19 marketing year.

For wheat, the supply estimates have been mostly finalized by October with adjustments in January's final projections for the crop-year. USDA projects the 2018 wheat yield at 47.6 bushels/acre, a 1.3-bushel increase over 2017, on 39.6 million harvested acres. USDA projects total wheat production at 1.88 billion bushels. The larger wheat crop is off set by a smaller carry-in and reduced imports with supply projected to increase by 45 million bushels from 2017-18 (Table 1).

USDA projects wheat use to increase by 195 million bushels from the 2017-18 marketing-year.

Food use and seed use are both projected to increase slightly from the previous year. Feed use is projected to increase by 60 million bushels to 110 million bushels. The estimate might be aggressive given the supply of corn.

USDA projects exports to increase by 124 million bushels. As of November 11, wheat exports have lagged last year and the five-year-average export pace. As a result, USDA may lower the export projections and add to stocks.

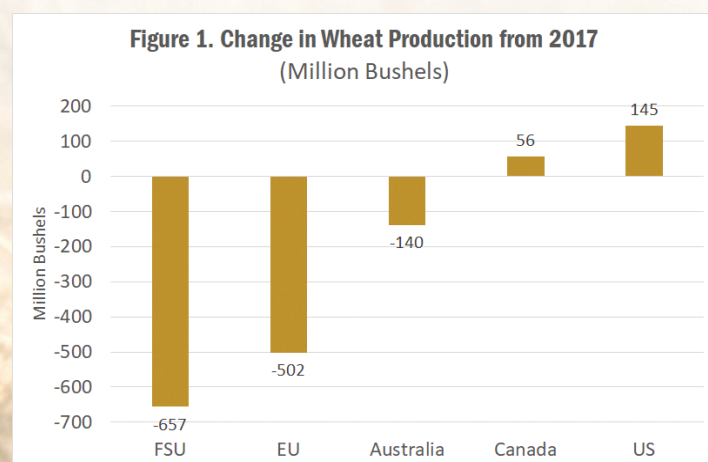
However, the current projections are for wheat stocks to decline by 150 million bushels to 949 million bushels (Table 1). The stocks-to-use ratio would fall below 50% for the first time since 2014-15. The smaller quantity of stocks would support higher wheat prices, with the U.S. marketing-year average (MYA) farm price estimated at \$5.10 per bushel, which is a \$0.38/bushel increase from last year.

USDA is basing the prospect of stronger exports because of smaller wheat crops in the Former Soviet Union (FSU), European Union (EU), and Australia. The combined production loss for those countries is 1.3 billion bushels (Figure 1). The U.S. serves as the residual supplier and may benefit from additional exports in 2018-19.

Table 1. U.S. Wheat Supply and Use

	2015-16	2016-17	2017-18 Estimated	2018-19 Projected	Change from 17-18
Planted Acres (million)	55.0	50.1	46.0	47.8	+1.8
Harvested Acres (million)	47.3	43.9	37.5	39.6	+2.1
Yield (bushels/acre)	43.6	52.7	46.3	47.6	+1.3
----- Million Bushels -----					
Beginning Stocks	752	976	1,181	1,099	-82
Production	2,062	2,309	1,740	1,884	+144
Imports	<u>113</u>	<u>118</u>	<u>157</u>	<u>140</u>	-17
Total Supply	2,927	3,402	3,078	3,123	+45
Food	957	949	964	970	+6
Seed	67	61	63	69	+6
Feed & Residual	152	156	50	110	+60
Exports	<u>775</u>	<u>1,055</u>	<u>901</u>	<u>1,025</u>	+124
Total Use	1,952	2,222	1,979	2,174	+195
Ending Stocks	976	1,181	1,099	949	-150
Stocks/Use	50.0%	53.2%	55.5%	43.7%	-11.9%
Days of Stocks	183	194	203	159	-43
U.S. Marketing- Year Average Price (\$/Bu)	\$4.89	\$3.89	\$4.72	\$5.10	+\$0.38
Source: November 2018 WASDE - USDA: WAOB.					

USDA released the preliminary USDA Agricultural Projections to 2028 on November 2, 2018. These long-term projections are used for budgeting and making policy decisions (like the next Farm Bill) to determine the benefit and costs of alternative policies. The projections are entirely based on statistical models and do not incorporate any survey information from farmers. However, the forecasts provide an initial guess on 2019 planted area for wheat and competing crops.



Focus on Promotion and Consumer Education



Kentucky Small Grain Growers support several student education programs through the Kentucky Agriculture and Environment in the Classroom to teach about wheat and other small grains.

One of those programs is Feeding Kentucky: A STEM Adventure, which provides engaging, hands-on learning activities to

K-12 students. One station in

particular allows students to test different technologies to grind soft red winter wheat. Other stations connect to wheat and grains through nutrition, farm to table, and industrial end user connections.

Other education programs that help promote small grains are Sponsor A Classroom and the Agriculture Literacy Network. Teachers and educators are given several resources, curriculum, and training on ways to effectively teach agriculture concepts such as consumerism, economics, life sciences, geography, math, and more.

In addition, KySGGA participated in the new AgLand area at the Kentucky State Fair. Working with the Kentucky Corn Growers, the booth featured wheat products, information, and recipe cards, with a focus on Kentucky's milling and distilling industries.

Social media is another avenue KySGGA uses to connect to consumers with wheat information, specifically addressing nutrition and grain sensitivity issues.



This educational wheat poster is distributed to teachers and educators by the Kentucky Agriculture and Environment in the Classroom.

USDA projects 2019-seeded area to increase by 3.2 million acres due to soybean acres switching to corn or wheat. USDA assumes average abandonment and trend-line yields; therefore, the 2019 wheat crop is expected to increase by 176 million bushels to over 2 billion bushels. The smaller carry-in and reduced imports would offset the larger crop. The net impact on supply is a small increase from 2018-19.

Use is projected to increase by 39 million bushels with most of the increase from exports.

Wheat could absorb increased area if yields are near trend and if use remains strong. The projections suggest that stocks would decline slightly in 2019. USDA projects the 2019 MYA farm price at \$5.20 per bushel, which is a \$0.10 per bushel increase from 2018 (Table 2).

In summary, after consecutive years of reduced area, the wheat market has whittled away at the large stocks from the 2016 marketing year. The prospect of an increase in planted area in 2019 (weather permitting) combined with above-trend yields could increase stocks by a larger than projected amount. Regardless, the July 2019 wheat futures contract has provided pricing opportunities this fall to protect wheat margins. A weather scare in spring 2019 could provide another opportunity to price 2019 wheat.

Table 2. Preliminary Wheat Balance Sheet for the 2019-20 Marketing Year

	2019-20 Wheat	Change from 2018-19
----- Million Acres -----		
Planted	51	+3.2
Harvested	43.1	+3.5
Yield (Bu/acre)	47.8	+0.2
--- Million Bushels ---		
Beginning Stocks	949	-150
Production	2,060	+176
Imports	130	-10
Total Supply	3,139	+16
Domestic Use	1,163	+14
Exports	1,050	+25
Total Use	2,213	+39
Ending Stocks	926	-23
Days of Stocks	153	-7
U.S. Average Farm Price	\$5.20	+\$0.10
Source: November 2018 WASDE - USDA: WAOB. Preliminary Baseline Projections November 2018.		



A Spray Clinic was held in July that covered topics from sprayer calibration and tank contamination to application methods to increase pesticide efficacy and reduce off-target movement.

Focus on Grower Education: Growing the Wheat Field School into KATS

By Lori Rogers, Edwin Ritchey and Travis Legleiter, University of Kentucky

The Wheat Field School at the University of Kentucky Research and Education Center has had growth and positive changes in 2018.

Recently, the program has officially been named Kentucky Agriculture Training School (KATS). KATS has and will continue to be an in-the-field, hands-on training series that actively involves consultants, advisors, and producers throughout each educational workshop. The program has also acquired a coordinator, Lori Rogers, who is planning, managing and promoting the program. A website, kats.ca.uky.edu, has been established which provides information on upcoming workshops, important links, and a library of past trainings that includes YouTube videos.

The first Wheat Field School training of 2018 was in March, where wheat growth staging, nitrogen management, and weed control options were discussed. In April, topics that centered around flowering were covered along with grain storage considerations and practices. A Spray Clinic was held in July that covered topics from sprayer calibration and tank contamination to application methods to increase pesticide efficacy and reduce off-target movement.

To make the Field School training series more appealing to a broader audience, late-season corn and soybean management issues were discussed along with fertility

management for small grains and corn in the last workshop of the year in September. The men and women participants were from Kentucky, Indiana, Tennessee, and Illinois representing over 330,000 cropped acres. They received CCA and Pesticide credits with each event. Many indicated they plan to attend future workshops.

A weed garden is being established at UKREC in the area that most of the trainings are conducted. The containers have been installed along with underground irrigation to each of the plots. This will be a tremendous asset for future trainings opportunities.

Six people completed surveys from the last training of the year and reported the information received was worth \$2.1 million collectively to their operations and clientele. This clearly indicates the importance and value that trainings delivered through KATS provide to the producers of Kentucky.

Moving forward, an advisory committee is being assembled to give insight into the program structure and development. The committee will also weigh in on topics and activities beneficial to participants.

The 2019 KATS dates have been set which are March 7, May 21, June 13, July 18, August 22, and September 19.

Development of this program was supported by small grain checkoff dollars.



Photo by Matt Barton, UK agricultural communications

Van Sanford Receives University Research Professorship

The University of Kentucky Board of Trustees in May approved a University Research Professorship for David Van Sanford and 13 other research professors for the 2018-2019 year.

The purpose of the University Research Professorship program is to recognize and publicize research accomplishments of scholars across the full range of disciplines at UK. The award amount is \$10,000 for one year, to be used to further the research, scholarship and creative endeavors of the awardee.

“The impact of these faculty to the University, and to the Commonwealth, cannot be overstated,” said Lisa Cassis, UK’s vice president for research. “They are shining examples of the tireless work that is moving the research enterprise forward, creating new knowledge, discovering new cures and empowering the next generation of scientists and scholars under their mentorship to change their world for the better.”

Also in May, the Kentucky Small Grain Growers showed their appreciation of his contributions to Kentucky’s wheat industry by naming the David Van Sanford Graduate Student Housing building at the Grain and Forage Center of Excellence in his honor.

Van Sanford has been an advisor for KySGGA since its start in the late 1980s.



Research Projects Approved for 2018/2019

Kentucky Small Grain Growers voted to fund the following research and grower education projects, for a total investment of \$286,441, in the 2018-2019 growing season:

- Soft Red Winter Wheat Breeding & Variety Development - David Van Sanford, UK
- Improvement and Development of Barley for Use in Feed, Food and Fuel - Wynse Brooks, VA Tech
- Enhanced Chia Production & Product Usage - David Hildebrand, UK
- Performance of Small Grain Varieties in Kentucky - Bill Bruening, UK
- Fragipan Remediation - Lloyd Murdock, UK
- Reducing Fusarium Head Blight Vomitoxin Levels with Agronomic Practices - Carrie Knott, UK
- Rye Crop and Disease Management in Kentucky - Chad Lee, UK
- Wheat Field Schools at University of Kentucky Research and Education Center (UKREC) - Edwin Ritchey, UK
- Soil Health Benefit from Winter Wheat in the Rotation - John Grove, UK
- Breeding Rye Cultivars for Kentucky - Tim Phillips, UK
- Improving Fungicide Application Recommendations for Managing Fusarium Head Blight of Wheat and Barley - Carl Bradley, UK
- Market Demand and Production Cost Estimates for Specialty Small Grains in Kentucky - Leigh Maynard, UK
- Investigating Cereal Rye Varieties for Improved Cover Crop Performance - Erin Haramoto, UK
- On-Farm Characterization of Soil Spatial Variability for Model-Based Site-Specific Management - Hanna Poffenbarger, UK
- Identification and Characterization of Fungicide-resistant Strains of *Parastagonospora nodorum* in Kentucky - Carl Bradley, UK

Review research project results and updates at www.kysmallgrains.org/research.

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2018 Annual Report

Kentucky Wheat Yield Contest Winners Announced

The University of Kentucky announced the winners of the 2018 Kentucky Wheat Yield Contest in November.

The **No-Till State Champion is S & J Emmick Farms** of Hancock Co. They achieved a yield of 99.59 Bu/A using Pioneer 25R50. Emmick Farms will receive the DuPont Pioneer Travelling Trophy and the Kentucky Small Grain Growers Travelling Trophy in January 2019 at the Kentucky Commodity Conference in Bowling Green.

The **Conventional Tillage Champion is Clay, Mark and Camron Wells** of Union Co. They achieved a yield of 88.25 Bu/A, also using Pioneer 25R50.

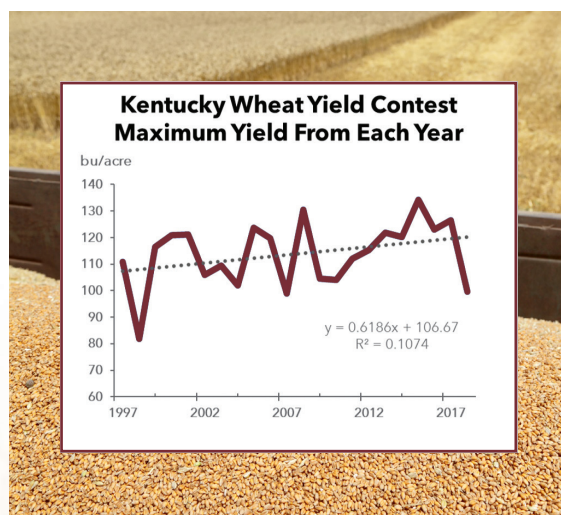
Area winners:

Area 1 - Simon & Henry Yoder, Todd Co. - No-Till - AgriMaxx 415 - 89.29 Bu/A

Area 2 - Jason Crisp, McLean Co. - No-Till - Pioneer 2520 - 89.04 Bu/A

Area 3 - Armistead Farms, Logan Co. - No-Till - Becks 88 - 93.39 Bu/A

Area 4 - No Entry



Kentucky COMMODITY CONFERENCE

Thursday, January 17, 2019
Holiday Inn University Plaza, Bowling Green, KY

- 7:00 am Early Riser Agronomy Workshop
- 8:30 Registration & Trade Show
- 9:00 Marketing Session
- 11:00 Luncheon and Keynote
- 1:15 pm Research Review Breakout Sessions
- 2:30 Ky Soybean Association Annual Meeting
- 3:30 Ky Corn Growers' Association Annual Meeting
- 4:30 Ky Small Grain Growers' Association Annual Meeting
- 6:00 Reception
- 6:30 Awards Banquet

Additional details and registration information are available at
www.kycommodityconference.org.



UK Winter Wheat Meeting

January 8, 2019

Bruce Convention Center
Hopkinsville, KY

UK Wheat Field Day

May 14, 2019

UK Research and Education Center
Princeton, KY

Check kysmallgrains.org for details.