

Wheat's Up

Alberta Wheat
COMMISSION



Chair's Message

Kevin Bender, Chair | Alberta Wheat Commission

For those of you unable to attend our AGM at FarmTech at the end of January, a few things changed with regard to our board of directors. Coming to the end of their terms were Gerry Good, Greg Porozni and Kevin Auch. All three of these directors brought to AWC a wealth of experience and knowledge and had a significant part in making AWC what it is today. They are past board members and chairs of other Alberta commissions and have held positions on national organizations. I want to take this opportunity to recognize and thank each one of them, both personally and on behalf of AWC, for their dedication and service to the organization. Additionally, I would like to thank Kevin Auch for his leadership as Chair over the past two years. Some key initiatives that AWC was instrumental in seeing accomplished with Kevin at the helm were the retention of cash ticket deferrals, reduction in proposed changes to the small business tax that would have negatively affected farmers and testimony before the Senate Transport Committee on the importance of passing Bill C-49. Thank you Kevin.

With the retirement of these directors brought three new directors to the board. Justin Bell farms in the Rosebud area and had been a Regional Rep for AWC before stepping up as director. Hannah Kenschuh farms at Cluny

and had worked at AWC as interim Research Manager followed by a short tenure as Government Relations and Policy Manager. Todd Hames farms at Marwayne and has been a director with Alberta Canola. We're excited to have these new directors joining AWC.

Following our AGM, the board elected me to the position of Chair. I'm humbled that they have put their trust in me to lead the board in the coming year and I consider it a great honour to be charged with this responsibility.

I live in Sylvan Lake with my wife Sara of 21 years and our five children. We farm in the Sylvan Lake and Bentley areas along with my brother, his wife and my Dad. We grow barley, canola, oats, peas, rye, CPS, CWRS, and SWS wheat.

First appointed to the board of AWC at its inception on August 1, 2012, I am entering my last year. Prior to joining AWC, I had served 10 years as a director on the Western Canadian Wheat Growers Association and six years on Alberta Canola. I'm looking forward to this upcoming year and will do my best to leave AWC better than it is today.



General Manager's Message

Transportation bill in home stretch

Tom Steve, General Manager | Alberta Wheat Commission



I hope by the time you read this, Bill C-49 - the Transportation Modernization Act - is close to making its way through the Senate.

The historic legislation, which the Alberta Wheat Commission (AWC) supports, got hung up in the Senate prior to Christmas 2017.

Bill C-49 will shift the balance in railway market power by allowing reciprocal penalties to be imposed on rail companies for service failures.

In Mid-February, AWC travelled to Ottawa where our director Warren Sekulic testified before the Senate Committee on Transport and Communications to urge quick passage of the bill. Warren's main message was to inform Senators of the devastating impact railway failures have had on farmers in the past and again this year.

Warren, who farms near Rycroft in the Peace River Region, explained how the transportation backlog of 2013-14 put his farm business in jeopardy, and despite a prudent plan of forward contracting most of his crop, was forced to take out a line of bridge financing to cover his land rent and crop input bills.

"Costs associated with railway failures, such as demurrage fees and lost sales are ultimately passed down the supply chain to me, the producer," Warren told the committee. "As a price taker, I am dependent on the price the market dictates. I cannot adjust the price of my product and so ultimately, these increased costs reduce my profitability."

Warren also told Senators how poor rail service in the winter of 2017-18 left him holding 1,000 tonnes of forward contracted grain that was scheduled to move prior to Christmas, still sitting in his bins in January.

AWC was joined in Ottawa by other farm groups including Grain Growers of Canada, our national organization Cereals Canada as well as grain companies and processors. We all advocated for quick passage of the bill while proposing amendments to long haul interswitching provisions that would give shippers greater flexibility to move their business to a different railway if the primary carrier can't provide the service.



Since our Ottawa trip, rail service has deteriorated to crisis levels, with CN weekly car fulfillment in late February dipping to a new low of 17 percent. What other business would accept this type of service?

AWC and our partners in Team Alberta - Alberta Barley, Alberta Canola and Alberta Pulse Growers - are headed back to Ottawa in late March for our semi-annual lobby mission. We will make one final push for passage of this important legislation. Let's hope the politicians are listening.



Nitrogen management in cereal crops

Clair Langlois, Provincial Cereals Specialist | Agriculture and Forestry

Managing nitrogen (N) is an important component of producing a profitable cereal crop and requires several management decisions to use it effectively.



Soil sampling ensures you know the accurate level of N in your soil. Knowing your soil nitrate-N level and the N mineralization potential of your soil is important too, as both are needed to estimate the optimum N fertilizer level.

Next, it depends on whether you irrigate or rely on nature to supply the rainfall, often enough and sufficiently enough, to produce a cereal crop with good protein levels (in the case of CWRS). When making decisions on application methods, broadcasting N at planting has never proven to be a reliable option even if using some form of delayed release urea or a urease inhibitor. In fact for those producers who use a broadcast application of N “in-crop” to boost protein levels in CWRS wheat, (a proven event in the timing of N to increase grain protein in other areas where soil moisture is not limiting), this approach does not work consistently in western Canadian conditions.¹

The best method on dry-land agriculture is to “band” the N fertilizer either before or at the time of seeding. When side or mid-row banding N, there needs to be some distance between the band and the germinating seed to keep fertilizer contact away from the seed as it starts to germinate. In heavy clay soils, that distance could be reduced due to low diffusion rate and usually better soil moisture. There needs to be some distance between the band and the seed to prevent injuring germinating seedlings.

In dryland agriculture, splitting an application of nitrogen between seeding and a broadcast “in-crop” application when it is “tillering” or earlier at “stem elongation” for protein and/or yield, has proven to be too variable to produce consistent benefits. Winter wheat is the exception as the broadcast application occurs in early spring. Due to its early growth, winter wheat in the spring has a crop canopy thick enough – yet the environment is still cool enough – to receive a split application and work. However, in areas where there is a good chance the split application can be delayed by weather (too wet to traverse the field early in the spring) it is still best to get the N in the ground in a band prior to planting. It is important for winter wheat that the N should be there early. In dry-land spring cereal production, it does not seem to matter whether it is a slow-release product or not, the results are too variable to produce significant results, according to Ross McKenzie, retired Agronomy Research Scientist with Alberta Agriculture and Forestry.

If in-crop N is considered, there are risks associated with top-dressing N. A broadcast granular urea (46-0-0) fertilizer or a dribble-banded liquid N (28-0-0) still needs a good rain to move the N into the root zone. A mid-season drought can strand the N at the soil surface until rain occurs. Another risk of this split application is the potential for N from urea (46-0-0) or liquid urea ammonium nitrate (UAN, 28-0-0) to volatilize and be lost to the atmosphere, especially under warm soil conditions common during this critical boot stage of the crop. An in-crop N application should be in the range of at least 30 to 40 pounds N/ac in order to affect grain protein. Remember that in-crop N applications are often only about 40 per cent or less in efficiency of N uptake. Therefore, a 30 lb. N/ac application taken up at 40 per cent efficiency means only 12 lb. N/ac available to the plant.

Finally, it is important to remember that weather can strongly affect grain protein content. Warmer, drier conditions in July and August will reduce yield potential but increase grain protein. Cooler, wetter growing conditions will increase yield potential but reduce grain protein content. It is really up to the weather, rather than practice, that affects the final decision, so manage your N application appropriately depending on weather.

¹ In-crop application effect of nitrogen fertilizer on grain protein concentration of spring wheat in the Canadian prairies, Ross McKenzie, et al, 2006.



Marketing Matters

Inclement loading

Geoff Backman, Business Development and Markets Manager | Alberta Wheat Commission



Loading Alberta's grain in the port of Vancouver involves operating around a unique challenge: rain. Grain is prone to absorbing moisture, so loading in the rain can potentially lead to spoiling during transit. If ship captains think their cargo will be damaged during loading, they can call off the process until the weather improves. As Vancouver averages 166 wet days annually, these delays are common.

In order to work around this, processes for loading grain in the rain were introduced.

The two main solutions are pouring grain under tarping or through feeder holes. Tarping is the act of placing large synthetic sheets over the hold and spout to block rain from entering the hold. Using a feeder hole involves loading grain through a small hole in the center of a ship's hold cover.

In the mid 2000s, safety concerns were raised regarding these practices. There were concerns that loading in an enclosed space could result in grain dust accumulation leading to a potential explosion risk. There were also safety concerns due to the potential for a slip or a fall off of the ship's hatch when operating in a wet environment.

Those concerns led to periodic suspensions of both tarping and feeder hole grain loading from 2007 to 2011. Since then, the risk of a grain dust explosion has been found to be negligible. Challenges from the worker's union in regard to fall protection led to an arbitration hearing. Completed in November of 2017, a decision was provided in January 2018 by the arbitrator providing clear direction on the fall protection requirements that must be provided to workers who are loading grain in the rain. Until these requirements are met, both feeder hole loading and tarped loading are suspended.

The additional safety equipment has been acquired and new procedures are being developed. John Beckett, Vice President, Training, Safety & Recruitment, of the BC Marine Employers Association is confident that the new equipment and procedures developed will lead to a long-term solution.

“The Stevedores have trained their foremen in fall protection. Temporary guardrails have been acquired to keep workers safe during inclement weather and procedures are under development.”, said Beckett. While there is no set timeline for the loading of grain in the rain to resume, producers can be assured that those involved in the logistics of handling grain are continually looking to improve. “The goal has always been to move grain safely and reliably.”



Investing in innovation: new AWC-funded research

Laura Anderson, Research and Special Projects Manager | Alberta Wheat Commission

Alberta Wheat's Research Department is pleased to provide details on its 2017 investment of more than \$1 million over four years to 11 new research projects pertaining to wheat-specific genetic and agronomic improvements. Nine of these projects are being funded via Alberta's Agriculture Funding Consortium (AFC), a research partnership comprised of 13 organizations with a one-window approach to supporting agriculture research and innovation. The remaining three projects are being funded via Saskatchewan's Agriculture Development Fund (ADF), a similar Saskatchewan-based research partnership that aims to create future growth opportunities and enhance competitiveness of the agriculture industry.

Funding partners with AFC and ADF projects include Alberta Canola, Alberta Innovates, Saskatchewan Wheat Development Commission, Saskatchewan Pulse Growers, Western Grains Research Foundation, and the Saskatchewan Ministry of Agriculture. The 11 research projects will be conducted at both University and Government institutions across Western Canada.

AFC:



Expansion of in vitro selection to develop FHB and leaf spot resistant wheat and barley, Dr. Nora Foroud, AAFC Lethbridge

Managing wireworms in southern Alberta wheat fields with crop rotation and beneficial insects, Dr. Haley Catton, AAFC Lethbridge

Evaluation and Breeding of Winter Durum Wheat for Southern Alberta, Jamie Larsen, AAFC Lethbridge

Identifying resistance to tan spot disease in winter and durum wheat, Reem Aboukhaddour, AAFC Lethbridge

Harrington Seed Destructor Evaluation at Field Scale in Alberta, Brianne Tidemann, AAFC Lacombe

2017 Alberta Weed Survey, Julia Leeson, AAFC Lethbridge

Selection for NIF gene delivery into mitochondrial genomes, Alicja Ziemienowicz, AAFC Lethbridge

Best management practices to support the adoption of an ultra-early wheat seeding system across broad-acres in Western Canada, Graham Collier, University of Alberta

ADF:



Optimization of root development and photosynthesis parameters for yield increase/protection, Dr. Gopalan Selvaraj, National Research Council of Canada

Assessment and deployment of a new dwarfing gene in red spring wheat, Dr. Pierre Hucl, University of Saskatchewan

In-Crop Weed Clipping for Weed Control, Dr. Steven Shirliff, University of Saskatchewan

Part of AWC's mandate is to support genetic and agronomic research and extension activities that increase the long-term profitability of wheat and Alberta wheat producers. The producer funding that AWC has contributed to new projects in 2017 will allow AWC to continue to achieve that mandate and work to find solutions to on-farm issues including pest management, improved genetics, and technology advancements that provide operational efficiency.

Producers can find information on project updates and end results by visiting the AWC website, picking up the latest copy of AWC's Spotlight on Research publication or by contacting the funding partners in their area.

Farmer-focused research priorities will guide research investment

Lauren Comin, Research Manager | Alberta Wheat Commission

In the 2017-18 crop year, Alberta Wheat Commission (AWC) celebrates its fifth anniversary. Not only is it the fifth anniversary of operations, it is the fifth anniversary of showing our commitment to increasing the profitability of Alberta's wheat farmers by investing in innovative research. Since 2012, our research portfolio has grown to include nearly 50 contracted projects, with a dozen more in progress. Our investments range from small, Alberta-centric, regional agronomy projects to large, national genetics clusters.

As we continue to ramp up our research program, AWC recognizes a need for the development of farmer-specific priorities to guide our research investments. To assist in the development of these priorities, a group of innovative producers and advisors was assembled to explore specific issues and concerns in five categories:



To aid the working group, and to allow for input from the greater AWC membership, an online survey was distributed to collect the research interests of producers across Alberta. Survey results were sorted according to the five categories above and included in discussions.

After each category was thoroughly examined, the working group reviewed the issues as a whole and selected those that they felt were most critical for AWC to address.

The final list includes the development of innovative, non-chemical control of herbicide resistant weeds. In 2016-17, AWC invested in two projects looking at non-chemical weed control using a crop comb and the Harrington Seed Destructor. This priority would see work in this area expanded.

Also on the list is an examination of the effects of pesticide use on beneficial insects and soil microbiota. Addressing this priority could include the development of threshold ratios of beneficial insects to insect pests, as well as an economic analysis of the impact of beneficial insects on some of the top wheat pests.

Two diseases that featured prominently in the survey results are Fusarium Head Blight (FHB) and Ergot. While AWC has invested in numerous projects seeking to reduce the impact of FHB, the increasing severity and the spread of the causal pathogen across Alberta indicates that more work can be done. Innovative approaches are needed for these fungi — both chemical and non-chemical, genetic and management. In addition to preventing infection, it is recognized that post management options for FHB affected residue are needed.

Both the working group discussion and survey results indicated a great interest in increasing protein and a need for more work on nitrogen management, in general. As the requirements for sustainability increase, a closer look is needed at controlled release nitrogen products and their implications in mitigating release of NO_x gases.

Lodging is a constant concern, especially as intensive management is used to push yield and protein to their maximum. AWC will continue to invest in breeding efforts to increase straw strength and reduce height under these management levels. However, more knowledge is also required on management practices such as the use of plant growth regulators (PGRs).

Rounding out the list is the need to learn more about glyphosate residues from pre-harvest use, understanding the effects of management practices on soil-plant interactions and how to take advantage of these interactions and developing new technologies to deal with common- and seemingly constant-wheat pests such as biosensors.

Survey responses also showed that there is a need for extension of research already carried out and knowledge transfer in new and evolving technologies, such as precision agriculture. With endless streams of data, producers want to know how to make the various data sets work for them.

With priority areas identified, the next steps are to discuss the list with the research community to further define the issues and make them aware of our needs. AWC intakes proposals through various avenues, including the Agriculture Funding Consortium call in Alberta, the Agriculture Development Fund call in Saskatchewan and directly to the Commission. While the majority of these issues will require long term projects, it is AWC's goal to begin to address them over the next two years.



Four crop commissions will launch FarmSustainability.ca

Karla Bergstrom, Manager Government and Industry Affairs | Alberta Canola

As supply chains and multinationals continue to expand globally seeking lower costs and greater production capacity, they are exposed to a widening array of risks. This is especially true when companies expand into developing countries. Our farmers can relate to many of these risks, like supply disruption, cost volatility, compliance with local laws and regulations, and even brand reputation.

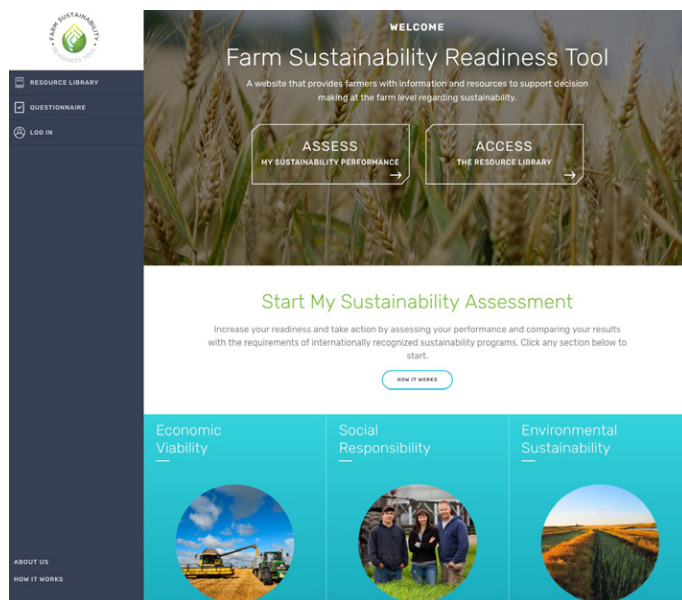
Companies like Walmart, General Mills and McDonald's are looking to source sustainable ingredients to meet the growing expectations from their stakeholders to be more responsible for their suppliers' social, ethical and environmental practices.

Sustainability was just coming onto our radar back in 2015, and the four crop commissions — Alberta Wheat and Barley, Alberta Canola and Alberta Pulse — collaborated on a pilot project that looked at sustainability certification on grain farms. We learned that Alberta farmers are using a lot of beneficial management practices on their farms and that agriculture has great stories to tell, but we needed to be more proactive to help our farmers provide the proof in a way that wasn't too onerous.

So, we've continued to work together, forming the Alberta Farm Sustainability Extension Working Group with the four commissions and staff from Alberta Agriculture and Forestry, and together, we are proud to launch farmsustainability.ca, a hub for advancing sustainability within Canada's cropping sector.

Our working group contracted Groupe Ageco to build this platform, which focuses on increasing farmers' readiness to supply sustainable ingredients. The website provides information about what sustainability is, and addresses the drivers behind sustainable sourcing and sustainability certification.

The tool itself serves as a platform for farmers to voluntarily complete an online self assessment that was created from a hybrid checklist of three international sustainability standards: the International Sustainability and



Carbon Certification PLUS (ISCC PLUS), the Sustainable Agriculture Initiative (SAI) Farmer Self- Assessment 2.0, and Unilever's Sustainable Agriculture Code (ULSAC).



The farmer-friendly format makes it easier to understand what the sustainability standards are requiring for compliance. When we reach a critical mass of users, then the tool can also make it easier to understand how their farm compares to industry averages.

In February, several directors went online and completed the tool as part of a pilot project to ensure the tool was fully ready for launch. With a launch anticipated shortly, who should visit farmsustainability.com and complete the tool? Our new platform is for farmers who are open to learning more about their operations and who may be considering a sustainability certification program on their farms sometime in the future.

Keep it clean

Brenna Mahoney, Director of Communications and Stakeholder Relations | Cereals Canada

Farmers are efficient, effective and use technology to deliver what our customers want. This is our competitive advantage and how we stay a step ahead of the competition like the Black Sea region. Farmers are always asking, how they can do better year after year? How can they better connect with their customers? 'Keeping it clean' is one of the answers.

Cereals Canada, with the support of members like the Alberta Wheat Commission, is coordinating with the Barley Council of Canada and Prairie Oat Growers Association on the 'Keep It Clean - Cereals campaign'. Our global customers come back to Canada because we deliver high quality safe products that meet regulations on pesticide residues and other grain safety concerns. Our reputation as a reliable supplier of quality grains hinges on our ability to deliver on this promise.

Importers are increasingly on the lookout for unwanted material in their shipments, and they often test arriving vessels to ensure that contract specifications are being met. Shipments that

contain things like pesticide residues above the importers' maximum residue limits or mycotoxins such as ochratoxin (OTA) and deoxynivalenol (DON) can derail exports. Sometimes a pesticide is approved in Canada before importing countries. In these cases the MRL might be zero. Farmers help keep our markets open by considering this before using a pesticide for the first time.

Importing countries can turn shipments away if we don't meet their regulations, causing millions of dollars in losses and placing future business at risk.

The industry must work together as a whole value chain in order to protect and build upon Canada's reputation for quality and safety.



As part of this effort farmers should have a clear crop protection management plan, integrating the 5 simple Keep It Clean - Cereals steps:

1. Use registered pesticides only
2. Consider market acceptance before using a pesticide for the first time
3. Grow disease resistant varieties and use practices that reduce infection
4. Store cereals properly
5. Deliver what you declare

Individual producers can't control everything that goes into our international reputation and brand. But they do control some of the most important factors. Adhering to these guidelines will not just protect your reputation, it will ultimately protect the entire Canadian grain industry.

Keep It Clean is crucial in helping farmers use best practices to consistently deliver quality exports. As most farmers grow cereals, canola and pulses, The Canola Council of Canada and Pulse Canada also are partners on Keep It Clean.

➔ For more information please go to: www.keepingitclean.ca or call 204.942.2166.

Team Alberta outreach trip to Ottawa – March 19 – 21, 2018

Shannon Sereda, Government Relations and Policy Manager | Alberta Wheat Commission



Team Alberta will be heading to Ottawa this March for our annual spring lobby trip on Parliament Hill.

The team will meet with Parliamentarians, Senators, and government officials to further develop our growing relationships and to advocate for progress in key areas including transportation, trade and access to key innovative technologies to enhance the competitiveness of Alberta's growers. While the 2018 Federal Budget didn't direct further funding to the Canadian government's goal to increase agriculture and agri-food exports to \$75 billion by 2025, we were encouraged to see other investments included for ongoing support for research centres and international market access. Team Alberta will be seeking information on the government's plans to support our sector into this next fiscal year and encourage the advancement of programs and legislation. As covered in the General Manager's Message on page one, this includes Bill C-49: Team Alberta has been working with our partners to bring attention to the deficiencies farmers across Western Canada have been facing with rail service over the last several months with the goal of seeing this legislation passed quickly. These outreach missions have continually proven to be very useful to ensure that our western Canadian farmers' voices are being heard in Ottawa.

Team Alberta, representing nearly 20 million acres of grains and oilseeds grown on more than 20,000 farms across Alberta, together with Grain Growers of Canada (GGC), brings a unified voice aimed at seeing continued growth in competitiveness for our sector while promoting the potential that Alberta's annual \$13.3 billion-dollar agricultural industry can play in ensuring robust agri-food exports.

Our messaging includes: the need for continued momentum and negotiations to reduce tariff and non-tariff barriers on agricultural goods through NAFTA, CETA and CPTPP. Team Alberta will also focus on the need to expand talks with China, and will encourage continued investment in scientific research and access to innovative farming tools through a regulatory system that is evidence-based. Finally we will highlight the need to get our goods to market and improve our global reputation regarding reliability of our grain movement system.



Building relationships and having the opportunity for farmers to directly discuss how policy decisions impact their operations has proven to be a successful model and approach to advocacy and government relations for our groups. Parliamentarians and officials greatly benefit from hearing 'the Alberta farmer story' first-hand and welcome the engagement.

Through our membership with GGC we are able to establish continuity and connectivity to these key stakeholders on an ongoing basis. Further, Team Alberta seeks to connect with all national organizations during our trips to Ottawa which enables us to ensure consistency in our messaging and share insights with respect to each of our organizations' positions and activities with the federal government and their policies and programs.

AWC will continue to partner with our fellow crop commissions as Team Alberta in conjunction with GGC to plan ongoing outreach trips into the future. We will continue building the momentum we have gained over the years, through this model that was very much born from AWC.

New provincial government changes for 2018 carbon credit registration

Alberta Wheat Commission



NEW Provincial government changes require you to register for your 2018 carbon credits now or risk not being able to participate in the program this year. Farmers interested in being paid for their reduced tillage practices must contact an aggregation company as soon as possible.

Changes to the Alberta Carbon Offset System will impact how farmers use the Conservation Cropping Protocol. Farmers used to have some flexibility as to when they applied for their tillage credits; however, under this new system they are now required to forward plan. This means farmers must register with an aggregator as soon as possible to identify fields they are considering for the 2018 growing season. Actual emissions will still be reconciled at the end of the crop year. Aggregators are required to identify a list of all farmers and land locations that are planning to receive credit for generating emission offsets in 2018 to the provincial government by April 30, 2018. **If farmers miss this deadline, then they will lose out on this revenue stream for 2018.**

This new reporting requirement is aligned with the government's shift from the Specified Gas Emitters Regulation (SGER) system to the Carbon Competitiveness Incentive Regulation (CCIR), which is a new output-based allocation system. Team Alberta will be advocating on behalf of farmers to ensure that systematic changes do not curtail the ability of farmers to be retroactively acknowledged for voluntary practice improvements, which have provided significant environmental benefit over the last several decades.

Farmers can contact the following aggregation companies for more information and to register for 2018 credits:

- Carbon Credit Solutions
- Agri-Trend
- Farmers Edge



Farmers can also contact Alberta Environment and Parks for more information.

Tel: 780-427-5200 (for toll free access anywhere in Alberta, first dial 310-0000)
Email: AEP.GHG@gov.ab.ca

Additional Background Resources:

A carbon offset is when one party receives credits for reducing their greenhouse gas emissions and these credits can then be purchased by another party to "offset" their emissions levels. One option for large industrial emitters to comply with their reduction obligation under the Carbon Competitiveness Incentive Regulation (CCIR) is to purchase offset credits from other activities that have voluntarily reduced their emissions in Alberta.

Allowing regulated facilities to use market-based compliance tools such as offsets creates incentive for Albertans from all areas of the economy to innovate and invest in activities that will reduce greenhouse gas emissions – from farmers to municipalities to small industry developers. (Source: Alberta Environment and Parks, Alberta Carbon Offset System)

The Conservation Cropping Protocol is the most widely used 'offset' for the cropping sector and one of the only protocols currently available.

*January 2018 Offsets Update
Overview of the Regulatory Program P. 12*

Stay the course or play the market? A growing dilemma

Geoff Geddes | *The Word Warrior*

As Kenny Rogers sang in *The Gambler*, “you got to know when to hold ‘em, know when to fold ‘em.” He was talking about poker, but farmers are dealt a similar dilemma every crop year:



Should they play to the markets with their seeding decisions or stick with their agronomic plans? In an industry where you can't afford to be wrong, what is the right move?

“The answer tends to be a combination of the two options,” says David Derwin, commodity portfolio manager with PI Financial in Winnipeg. “While there are a lot of good farm production reasons to choose certain crops, you have to look at where the markets are too.”

Flexibility is often a stretch

With crops like canola and wheat that offer a number of marketing tools, Derwin feels growers can be somewhat flexible in their approach, whereas more “tool deprived” options like pulses may require a more rigid plan.

Though agronomists might be less prone to “rolling the dice”, they’re also realistic.

“As an agronomist, my job is to design and develop a sustainable, diverse cropping system with rotations that enhance productivity and hopefully increase profitability,” says Dr. Brian Beres, research scientist – agronomy with Agriculture and Agri-Food Canada.

Like many aspects of farming, however, there’s a catch.

Bottom line is top of mind

“Producers today are often forced to think short-term to get by rather than long-term for growth and sustainability,” says Beres. “Consequently, you often see tight rotations of wheat and canola as the latter is a high value crop that performs well even in low diversity situations. Farmers see the bottom line and are beholden to it, only to have disease build up as a result.”

Citing his recent study, Beres found that more diversity in a crop rotation helps maintain and increase profitability, so “the two can go hand in hand”.

Whatever the reason, those taking the short term approach should be mindful that “playing to the market” is a misnomer, as doing it successfully is hard work.

“All play and no work” doesn’t work

“You have to pay more attention to what prices are doing,” says Derwin. “If they go up and then you get busy and they go down, you’re left asking where that last \$0.50/bushel of canola went.”

It’s not enough to just follow market movements; you must be prepared to do something about them.

“That could mean proactively dealing with an elevator and booking something for the fall or having a trading account where you can use options and futures instead of just delivery contracts,” says Derwin. “I have growers who’ve opened accounts and done nothing with them yet, but when the time is right, they’re ready to go.”

A growing concern

In making market-based decisions, it’s not just a matter of knowing when to go; it’s also about knowing what to grow.

“Canola and hard red spring wheat look pretty good right now, while pulses are not as strong due to issues with import tariffs,” says Derwin.

In Beres’ view, rather than switching or dropping crop phases altogether, switching within a given crop may provide benefit while maintaining diversity.

“You can maintain your core crops yet still have flexibility. A good example is wheat, where a farmer concerned about making money with CWRS traditionally could consider six or seven other market classes of wheat that might be more profitable at the moment.”

Even producers like Kent Erickson, who maintains an eight-year rotation on his farm near Irma, Alberta, aren’t averse to some tweaking now and then.

Tweaking and tinkering

“Pea prices are low now and if people react to the market by growing fewer peas, you might see prices rise,” says Erickson. “At the same time, maybe canola drops because of tariff problems. I tend to stick to my plan for the most part and

tinker a bit along the way. If you don’t have all your eggs in one basket, it levels out your cash flow and you’re not so worried about one market versus another.”

Even so, Erickson sees a growing challenge with “changing on the fly”.

“Farmers are pricing earlier and doing more forward pricing, which limits what they can grow. Committing early means that whatever crop is strong right now will dictate some acreage numbers for the spring and make it harder to play to the market.”

Still, Derwin sees more people educating themselves about the market and being open to tinkering.

“If you stick to old-fashioned hedging, there’s no reason the majority of growers can’t have that available to them. You might keep a particular saw in the shed that you only use once a year, but you’re really glad to have it when needed.”

Although he estimates that 5-10 per cent of growers in Canada currently use options and futures compared to 35 per cent in the U.S., Derwin sees that slowly changing.

Compounding interest

“There’s a growing interest in marketing topics at conferences and seminars these days. As the next generation of farmers comes armed with knowledge from university or continuing education, that interest will only increase.”

Ultimately, Derwin says it’s less about playing to the market and more about making sound business decisions.

“If markets change, it doesn’t mean revamping your entire seeding plan, but you also can’t have everything written in stone. One year it might be price that dictates what you do, and the next it’s more about agronomic factors; the two have to work together.”

Like a good poker player, producers are advised to have a solid basic strategy, yet be adaptable to the ebb and flow of the game. And of course, they shouldn’t get so caught up in this dilemma that they forget to focus on their fields. After all, “there’ll be time enough for countin’ when the dealing’s done”.



Contact Us

The Alberta Wheat Commission newsletter is published four times per year.

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Upcoming Events

Event

March 22, 2018	7th Annual Crop Production Workshop	Forestburg Community Hall
March 23, 2018	Town & Country Safety Awareness	Blindman Valley Ag Centre, Bentley
March 24, 2018	NPARA 30th Anniversary featuring Tool Shed Co-Owner Graham Sherman	Battle River Ag Hall
April 11 - 15, 2018	Aggie Days Calgary	Agrium Centre, Stampede Grounds
April 12, 2018	Northern Ag Update	Fort Vermilion Community Complex
April 24-25, 2018	Aggie Days Lethbridge	Lethbridge Exhibition Centre
June 27, 2018	CanolaPALOOZA	Lacombe Research and Development Centre



Visit albertawheat.com for more information on upcoming events, and to learn about the great work our team is doing.

Cleaning House

AWC recently cleaned up our mailing list to cut back on members receiving duplicate copies of Wheat's up. Please contact us at info@albertawheat.com or 403-219-7906 if you are still receiving multiple copies, or if you or someone you know did not receive a copy.

