

## ***2011 WHEAT HARVEST EDITION***

### ***2011 WHEAT HARVEST POLICY***

**(Same as last year!)**

in box:

**“ALL WHEAT WILL BE CONSIDERED “STORED” WHEN DELIVERED!  
INSTRUCTIONS TO SELL “ANY” SPECIFIC QUANTITY MUST BE GIVEN  
TO RESPONSIBLE PARTIES, DURING OPEN MARKET HOURS ONLY  
(Weekdays, 9:30am – 1:15pm)** All wheat testing over 13.5% moisture will be “shrunk” back to 13.5% by weight. All wheat testing over 1.0% dockage will be discounted on a graduating scale. **Posted Cash Wheat Price is for #1 HRWW**, lesser grades subject to market scale of discounts. *FREE storage for first 30 days.*

**AG FACT:** The Oklahoma wheat crop tour concluded in Oklahoma City on May 4th, officially estimating Oklahoma’s 2011 wheat production at **68.7 million bushels, on 3.2 million harvested acres**, the **lowest state wheat harvest since 1950**. Last years Oklahoma wheat production was 120.9 million bushels. Kansas is estimated at 257 million bushels, down from 360 million bushels last year. Expect these numbers to go even lower considering current weather conditions.

**WHEAT MARKET:** All commodities have suffered technical setbacks last week, as overbought conditions trumped fundamental supply and demand. The wheat market was no exception but was, however, supported by strong basis increase to keep the cash market around \$8.00 per bushel. As we go into harvest, harsh weather conditions continue to decrease the size of this year’s crop, and the market will reflect this situation with an eye on corn planting progress in the upper Midwest. While world wheat stocks are indeed plentiful, US production has been reduced by drought and freeze in the hard red wheat growing areas, and continued cool and wet weather in the spring wheat growing areas. Carryover remains adequate, but questionable production is keeping the market nervous. The hedge funds are aggressively buying wheat, as well as other soft commodities. The biggest question remains...when will they stop buying, and start selling? The amount of investment dollars flowing to the market is a constantly looming unknown factor, which can heavily influence the market at any given time, in either direction. With no significant hedge pressure expected from the winter wheat harvest, there may be no ‘sellers’ in the market come harvest time.

**AG FACT:** US Wheat is sold by official classes determined by its hardness, kernel color and planting time. Each class has its own production region and characteristics related to milling, baking or other food use. Hard Red Winter Wheat accounts for about 40% of total production, principally used to make bread flour, crackers and hard rolls; over one-half is exported.

**WHEAT CROP:** Harsh and record-setting high temperatures, along with windy conditions across the wheat belt this past weekend have accelerated the maturity of the wheat crop, as well as reduced the yield. We expect wheat to possibly be harvested sometime this week in Tillman County. We do not know exactly what to expect from this harvest, but we DO know that this harvest will be a short one, with possibly less than 20% of planted acres being harvested. Wheat that is harvested is expected to be poor quality with light test weight, high dockage, low yields, and higher than normal protein. Crop adjusters are still out in the field reducing harvested acres. We ask that you delay harvest until fields completely ripen, as the market has NO USE for “wet” wheat. Crop adjusters stand ready to take a final look at your crop just before harvest to determine whether or not you have to cut it. We have to plan on harvest as usual, and are ready to handle whatever crop this turns out to be. With crop insurance on 95% of planted acres, we will work with you to maximize your crop harvest alternatives, be it cut or zeroed out.

**ESTIMATING WHEAT YIELDS:** To estimate your expected wheat yields, count the number of viable kernels in a linear row foot, and divide by 20. (It takes 20 kernels to make one bushel grain per acre.)

**NEW CROP WHEAT CONTRACTS:** Most contracts will be “rolled” to 2012 and a new contract price adjusted to market difference, deliverable June 2012. This strategy will prevent having to pay up front for market losses on current contracts. You do retain the option of “buying out” your current contract, if you wish to do so. Any 2011 wheat production must be applied to the current contract; the balance may be “rolled”. If “rolling” forward, you must do so BEFORE the end of May. Please contact us to consider your marketing alternatives.

**AG FACT:** Please note that you will **NOT** be able to sell wheat after 1:20 pm, nor before 9:30 am. During open market hours, ANY amount of wheat may be sold.

**GRADING GRAIN:** *By law*, **ALL** grain is required to be “correctly and accurately” weighed and graded as provided by the *Official US Grain Grading Standards*, using established grading techniques, by licensed grain graders. It is **ESSENTIAL**, and to **YOUR BENEFIT**, that your grain be graded **ACCURATELY** and **UNIFORMLY**. All of our grain graders are licensed by the Oklahoma Dept. of Agriculture. Our staff has been trained according to these standards. Our grain grading goal is accuracy and fairness. There are five (5) numbered grades of Hard Red Winter Wheat. The grain is graded by analyzing several factors, such as: Test Weight, Kernel Damage, Shrunk & Broken Kernels, and Foreign Materiel. *Moisture* and *Dockage* **ARE NOT** grading factors! All grading equipment and scales are tested, inspected and approved, prior to harvest. Our posted cash wheat price is for #1 Hard Red Winter Wheat. (#1HRWW)

**AG FACT:** The Oklahoma Mesonet reports that pixels provided through satellite pictures currently indicate that it is **still winter-time** in Tillman County, Oklahoma! Maybe showers this week will change that picture somewhat!!!

**ESCESSIVE MOISTURE:** ...is NOT a grading factor! Actually, there is NO discount for moisture, as the “shrinkage” process simply removes the excess moisture from the weight of the grain. The market does not buy “water”...only dry wheat. Wet wheat causes problems for everyone involved, as spoilage is quick and common. **ALL wet wheat, testing over 13.5% moisture, will be shrunk back to 13.5% by weight at the rate of 1.2% per 1.0%, per industry standards. NO wheat over 15% moisture will be accepted!** Please hold your harvesters out of the field until whole field is ripe, dry and ready to harvest. If you harvest dry wheat, you will have NO moisture problems!

**DOCKAGE:** Indications are that this harvest will again produce excessively severe dockage. The problems associated with excessive dockage have become increasingly obvious. The market will simply no longer accept a high dockage wheat product without a discount. The discount must be severe enough to encourage dockage control. **CHEAT and WILD OATS** have invaded many wheat fields in the county. Some type of control “must” be enacted. Heavily infested fields should be burned, baled, laid out and rotated, **OR** chemically treated to control dockage. Take notes of where your dockage problems are located, and take future action to eradicate the problem, and to increase wheat production and your profitability. Dockage IS: cheat, chess, wild oats, grass, chaff, husks, straw, weeds, dirt, etc. Excessive dockage IS: greater than 1.0%. Testing for dockage is a simple mechanical procedure, with little room for error. Should you question your dockage, please give us the opportunity to review your sample, and to make further determination as to dockage. You are always more than welcome to observe the grading process.

**AG FACT:** Dockage can be significantly reduced at the combine. Instruct your harvester to set his machines, **to rid the grain of excessive dockage**, to the best of his ability. They CAN do a better job of cleaning dockage out of wheat. Harvesting heavily infested fields **LAST** can also reduce dockage by allowing cheat and wild oat seeds shell out and shatter on the ground before cutting. Expect a delay in unloading on loads exceeding 5.0% dockage, which will have to be binned separately, and priced accordingly. **Anything you can do to reduce dockage...should be done!**

*In box-shaded:*

After Hours and Emergency Telephone Numbers:

|                         |          |
|-------------------------|----------|
| Brent Cassidy.....      | 335-1101 |
| Mike Cassidy.....       | 335-1100 |
| Chase Cassidy.....      | 335-1105 |
| Manuel Chapa.....       | 305-1922 |
| Ronnie Johnson.....     | 305-1078 |
| Hollister Elevator..... | 335-2106 |
| Manitou Elevator.....   | 397-2191 |

8<sup>th</sup> St. Scalehouse.....335-2103

**RECORDKEEPING:** *Please* notify us of ANY changes in farm ownership, crop shares, or commodity splits. Our records are only as good as the information you provide to us. We have the capability to keep all of your records by farm number, if desired. Also, please allow a few days **after your harvest completion**, for payment for sold grain. Checks for sold grain are *not written until requested*, and you have verified harvest completion. **Please verify the accuracy of our records by checking against your own, before checks are requested.** This will allow for fewer mistakes, and assures the accuracy of your payment. *Thank you for your cooperation!*

**FARMERS OIL CO.:** Direct your harvesters to Farmers Oil Co. for competitively priced diesel fuel. We are able to set up temporary credit accounts to accommodate short-term customers, such as your harvesters. We appreciate very much any customer you send to us! (**Last year, at this time, Farm Diesel was priced at \$2.979 per gallon!**) **ALL** credit cards are accepted at *both* locations!

**SEEDWHEAT:** We anticipate a statewide shortage of quality seedwheat. We have made provisions for hopefully an adequate supply of fall seed. Should you be able to harvest quality seed for your own use, make arrangements now for storage and cleaning your seed wheat for this fall. We can clean, bag, and store your seed immediately after harvest. Note: Also, it is “extremely” important that you specifically identify each and every load that is for seed.

**AG FACT:** The price of wheat can, and will, change considerably within a matter of seconds, up OR down, while the market is “open” (**9:30am –1:15pm**). There is currently a \$.60 per bushel daily limit on wheat. Changes in the “basis” can occur at any time, even when the market is closed.

**SAFETY:** As wheat harvest approaches and spring fieldwork begins, take time to consider that “*accidents happen when you least expect them.*” The rushed pace of the season sometimes leads to unnecessary risk-taking. Farming is a dangerous occupation, especially during harvest time... **THINK SAFETY!** Instruct and train your farm employees in safety precautions and procedures necessary to ensure a safe, profitable season.

(Note: you can delete the following paragraph...IF you need to..)

**WHEAT HARVEST:** Please be reminded that wheat harvest can be a rushed, and trying time for all involved. It continually seems that we are ALL overworked and underpaid. Please also remember that sometimes, when dealing with other people under tough and stressful conditions, mistakes are made, and unpleasant situations can occur, **BUT**, can easily be resolved with a *minimum amount of effort* on both parts. Please allow us to correct any mistake, or make an effort to mend any sort of problem that might arise during this time. ***We are here to serve YOU!*** We wish for you a safe and bountiful wheat harvest.

(shaded)

**RECORDKEEPING:** It is **ESSENTIAL** that all grain is turned in under the appropriate and applicable account. **We ask that you provide us with a list of each of your accounts**, including fields and landlords, and crop shares, (and farm numbers, if you wish) that you will be delivering this harvest. Please make an extra effort to instruct your harvester as to the correct field names. This will make harvest run much smoother, and enable us to serve you better by providing “correct” and timely information on bushels delivered and priced. Thank you!

As of May 6, 2011:

|                           |               |
|---------------------------|---------------|
| Cash Wheat Price.....     | \$ 8.00/bu.   |
| Cash Corn Price.....      | 5.80/bu.      |
| Cash Milo Price.....      | \$10.00/cwt.  |
|                           |               |
| Unleaded Gasoline.....    | \$ 3.659/gal. |
| Road Diesel (Taxed).....  | 3.889/gal.    |
| Farm Diesel (No-Tax)..... | 3.409/gal.    |

*Thank you! We appreciate your business.....very much!  
Have a Safe Wheat Harvest!  
[www.cassidygrain.com](http://www.cassidygrain.com)*