

WHEAT PRICES CLIMBING **AMID GLOBAL DROUGHT**

By ROXANA HEGEMAN , 05.19.2006, 03:38 AM

Note from Pastor Kevin Lea: I am sure the talking heads of America's nightly news broadcasts will be spinning this news into another global warming diatribe. But the real cause, according to the Word of God, is global sin.

Deut 28:15 "But it shall come to pass, if you do not obey the voice of the LORD your God, to observe carefully all His commandments and His statutes which I command you today, that all these curses will come upon you and overtake you: 16 "Cursed shall you be in the city, and cursed shall you be in the country. 17 "Cursed shall be your basket and your kneading bowl. ----- 20 "The LORD will send on you cursing, confusion, and rebuke in all that you set your hand to do, until you are destroyed and until you perish quickly, because of the wickedness of your doings in which you have forsaken Me.----- 23 "And your heavens which are over your head shall be bronze, and the earth which is under you shall be iron. 24 "The LORD will change the rain of your land to powder and dust; from the heaven it shall come down on you until you are destroyed. 25 "The LORD will cause you to be defeated before your enemies; you shall go out one way against them and flee seven ways before them; and you shall become troublesome to all the kingdoms of the earth.

A global drought in major wheat-producing countries coupled with the lowest world grain stocks in a quarter century are fueling rising wheat prices amid predictions of shortages, farm economists said.

"It has been a steady climb," Mike Woolverton, a grain marketing economist at Kansas State University said Thursday, adding that he expects prices to continue rising.

Among the latest indicators is a 10-day forecast for the Great Plains showing hot and dry weather, he said.

Wheat prices have surged to well over \$5 a bushel on major commodity exchanges since the Agricultural Statistics Service released its forecast last week for the nation's winter wheat crop, down 12 percent to 1.32 billion bushels.

Hard red winter wheat, the premier wheat used to make bread, is forecast to be down 23 percent.

The last time wheat prices surpassed \$5 a bushel was 2002.

But not since the winter of 1995-96 have prices stayed at that level or higher for months, said Terry Kastens, an agricultural economist at Kansas State University. Prices then briefly hit \$7.50 on the futures markets after drought and massive freezes in Kansas.

Prices for wheat have been on a steady upturn as drought decimated U.S. winter wheat crops in the nation's Southern Plains, where the hard red winter wheat is grown. They surged last week after the agency said Texas would have a little more than a third of its normal crop and Oklahoma would have maybe half a crop left.

"We are going into this harvest with a relative shortage of good milling wheat, which we grow in Kansas, and it looks like that shortage will continue into next year," Woolverton said.

In Kansas, the nation's biggest wheat producer, the forecast of 319.6 million bushels is down 16 percent from a year ago. But if the latest weather forecast holds true, the state could see an even smaller wheat harvest than last week's estimate, Woolverton said.

The first early harvest reports started coming out this week in Texas, which started cutting wheat two weeks earlier than normal. Early indications on yields and quality are poor, thousands of acres have been abandoned and in some parts the crop is so bad it can't even be baled for hay.

Texas is going to harvest the fewest number of acres since 1925, Woolverton said.

Another indication of a worsening global drought came this week in a report from the United Nations Food and Agricultural Organization indicating nearly two-thirds of the winter wheat crop in western and northern China has been wiped out by a prolonged drought. Some other areas have experienced a 40 percent to 50 percent cut in winter wheat harvest.

"There is this band around the world where wheat is produced that is affected by this drought," Woolverton said, citing droughts in Russia, Ukraine, India and east Africa, among other countries.

The Agriculture Department last week forecast global wheat production to

be
down 3 percent. The agency predicted lower exports for Russia and Ukraine
would be partially offset by increased exports for Argentina, Australia and
Canada.

But the agency noted the world's wheat stocks are at the lowest level they
have been in the past 25 years.

"The stage is set for real high wheat prices," Woolverton said.