



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE

DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

April 14, 1976

WHEAT IS NOT IN SHORT SUPPLY

THE USDA RELEASED THE RESULTS OF A SPECIAL SURVEY OF PROSPECTIVE WHEAT PRODUCTION in five drought-affected states on April 9. Production in Kansas, Oklahoma, Colorado, Texas, and New Mexico was estimated at 522 million bushels, compared to 570 million bushels estimated on December 1 last year and a 1975 production of 703 million bushels. Damage is extensive, but the bulk of the drought effects were reflected in the December report.

The December estimate of all winter wheat production was 1,496 million bushels. This may now be reduced to 1,448 million on the basis of the special survey. If the spring and durum wheat crops develop normally, production will be 475 million for a total U.S. wheat crop of 1,923 million bushels, compared to 2,134 million last year. This would be a reduction of 211 million bushels, or 10 percent. The next production estimate will be released on May 10.

Disappearance during the current crop year appears likely to be 1,850 million bushels. Domestic food, seed, and feed use will be about 690 million. If exports for April through June equal those during January through March, total exports for the year will be 1,160 million. Based on that figure, the carryover this summer will be 613 million--an increase of 286 million over the 327 million recorded last summer and the largest carryover since mid-1972.

The suggested total supply of 2,536 million bushels is 73 million larger than the figure for the current year. At present wheat-corn price relationships, we should expect a domestic disappearance in 1976-77 of about 700 million bushels of wheat. Thus, exports slightly larger than those this year will be needed to prevent a further increase in the carryover, and exports of about 300 million more than this year will be needed to reduce the carryover to last summer's level.

Unless there is serious crop production trouble some place in the world in 1976, U.S. exports probably won't be large enough to prevent a further increase in the carryover.

Export volume during the current crop year has been substantially boosted by last year's Russian crop disaster. There has been some damage to winter wheat in

Russia this year; but if weather is normal from now on, near-normal crops should be expected. Russia will be a substantial importer of U.S. grain next year, but most of it is likely to be corn.

Grain production in Europe seems likely to recover from the low level of 1975. Planting intentions in Canada are sharply higher. The changing political climate in Argentina is conducive to increased grain production. India is reducing imports because of storage problems.

It is early in the season and production estimates are subject to change. Yet, as matters stand now, the price of wheat may have to lose enough in relation to the price of corn to encourage a substantial use of wheat in feeding livestock.

Prepared for this newsletter by T.A. Hieronymus. Issued by M.B. Kirtley, Extension Economist, Livestock Marketing.

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign

Official Business
Penalty for private use, \$300

4/76-19,330

FIRST CLASS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

