



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

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WHEAT MAY HAVE TO GO FOR FEED

THE USDA ESTIMATED THE WINTER WHEAT CROP AT 1,459 million bushels on May 1. This is a reduction of 37 million bushels from the estimate made last December 1, and a reduction of 192 million (12 percent) from the 1975 winter wheat crop.

The main decrease was in the breadbasket states of the great plains: Kansas, Oklahoma, Texas, Nebraska, and Colorado. Production in this area is currently estimated at 630.6 million bushels, compared to a crop of 791.4 in 1975 and a December 1, 1975, estimate of 659.7. Some further damage was done by the dry, windy winter; the decline was 29 million bushels.

The eastern winter wheat states--Illinois, Indiana, Missouri, and Ohio--are expected to produce a larger crop than last year (264 million bushels compared to 255 million last year). The May 1 estimate was essentially unchanged from the December 1 estimate of 268 million. The Pacific Coast states--Montana, Washington, Oregon, and California--are expected to produce 325 million bushels, compared to 353 million last year.

Planting intentions for spring wheat are up 17 percent from 1975; and at normal yields, production will be 400 million bushels. Durum wheat acreage is down 2 percent; a crop of 125 million is a reasonable expectation. Total wheat production should total 1,984 million bushels.

DISAPPEARANCE OF WHEAT DURING THE CROP YEAR ENDING JUNE 30, 1976, MAY BE 1,875 MILLION BUSHEL. This is composed of 715 million in the domestic market and 1,160 million for export. The carryover will be about 588 million. If the crop materializes as now expected, the total supply will be 2,572 million bushels. Thus, in spite of damage to the winter wheat crop, the total supply will exceed the year-ago level by more than 100 million bushels.

THE USE OF WHEAT FOR FOOD CONSUMPTION IN THE UNITED STATES IS ESSENTIALLY CONSTANT FROM YEAR TO YEAR AT 530 MILLION BUSHEL. Seed requirements will be 85 million. Food and seed uses will leave 1,957 million for export, carryover, and feed.

Experience in recent years suggests that the market will carry 500 million bushels from year to year without a major price-depressing effect. A minimum quantity, about 70 million, inevitably gets fed. Subtracting these leaves 1,387 bushels available for export.

EXPORTS ARE OF OVERRIDING IMPORTANCE IN THE MARKET FOR WHEAT. Prior to 1972, wheat prices were low enough in relation to corn to encourage the feeding of wheat. The large wheat exports since mid-1972 have held the price of wheat substantially above the price of corn. Exports have accounted for 60 percent of the total disappearance of wheat in each of the past four years.

In 1971-72, U.S. wheat exports were 632 million bushels. Since 1972, exports have ranged from a high of 1,186 million in 1972-73 to a low of 1,039 million in 1974-75. Much of the increased export has been the result of crop shortfalls in Russia in 1972 and 1975. If the weather is about normal around the world in 1976, the chances of exporting the available 1.4 billion bushels are very small. Should exports be less than a billion bushels, there will be large quantities of wheat available for feeding and it will have to move at prices competitive with corn.

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

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801

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