ILLINOIS FARM AND FOOD OUTLOOK
COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801 *July 11, 1979*

RUSSIAN PROBLEMS ASSURE LARGE EXPORTS OF U.S. GRAIN

A MAJOR FEATURE OF GRAIN PRICES IN RECENT MONTHS has been big export purchases that appear to be for Russian accounts. This has been the primary force responsible for grain price increases in the United States. Information about USSR production, hence imports, is limited at this early date. However, available information indicates imports about as large as port capacity permits. The United States will be the primary source.

Russian problems go deeper and are more fundamental than an occasional bad crop year. Total grain production this year is estimated currently at 160 to 200 million metric tons, down from 226 million in 1978. The sharp decrease is not unusual. Because of climatic conditions, the odds favor 2 poor crops, 2 good crops, and 1 fair crop out of 5 years. Production in 1974 was a good 184 million metric tons, followed by a disasterous 132 million in 1975, a bountiful 212 million in 1976, a fair 185 million in 1977, and the record 226 million in 1978. The fair-to-poor crop shaping up this year is right on schedule.

Grain production in Russia has always been erratic, with large year-to-year variations. Before 1972, the Russians tightened their belts and liquidated livestock to cope with shortages. Since then, however, they have relied heavily on imports from the United States. The results have been variable U.S. exports to Russia.

The variations in production and imports tend to obscure the long-term trend increases in both. Russian consumption of grain is increasing at a fairly rapid rate. Each 5-year plan calls for further increases in consumption. Behind the rising grain consumption lies an increasing demand for meat. The quantity of grain in Russia is much more than adequate for food use. The limit is on the availability of grain for livestock feed.

Meat consumption in Russia appears to be moderately less than 60 kilograms per capita per year. They consider 80 to 85 kilograms a nutritional norm. By comparison, U.S. meat consumption is currently 95 kilograms per capita per year.

The strongest pressure for meat increase is in the poultry sector. Indications are that poultry production in early 1979 was up 12 percent from the year before, which was up 16 percent over 1976. Plans for 1980 call for broiler production of 2 million metric tons, with a target of 3 million tons for 1980. The production of reverse the trend. If so, the demand for corn may weaken during the last half of the marketing year. Because we will need the corn that is currently in reserve, prices are likely to remain above the $2.50 level. However, current prices may be more than high enough to allocate a corn crop of 6.66 billion bushels. The price will continue to follow crop prospects. The next 2 weeks are critical in determining the size of the corn crop. The August 1 estimate by the USDA will give a more precise picture of production prospects.

Wheat supplies will exceed 3 billion bushels for the second time in 3 years, which should be ample. We will use about 815 million bushels of wheat domestically during the current marketing year. Allowing for a comfortable figure on ending stocks of 600 million bushels, leaves 1.6 billion bushels available for export. Even with reduced production in other countries, we are not likely to export that much wheat. Fundamentally, there is not much of a case to support wheat prices at the current level.

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