



WEEKLY OUTLOOK

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THE 1980 WHEAT CROP MAY SET A RECORD

THE USDA'S ESTIMATE FOR MAY 1 PLACES THE 1980 WINTER WHEAT CROP at 1.7 billion bushels. That estimate is 9 percent above the December forecast and 6 percent greater than the harvest last year. If the crop materializes as estimated, the 1980 production of winter wheat will set a record.

The large crop estimate reflects the increased acreage devoted to winter wheat this year. The USDA expects 49.9 million acres of winter wheat to be harvested this spring and summer. That figure on acreage would be second only to the 51.6 million acres harvested in 1975.

As of May 1, the average winter wheat yield was estimated at 34.3 bushels per acre. That would be 2.6 bushels less than last year's record yield, but would be the third largest average yield on record.

The Illinois winter wheat crop is estimated at 68.4 million bushels, up 22 percent from last year and the biggest one since 1976. At 45 bushels per acre, the average yield in Illinois is expected to be 2 bushels higher than last year's figure.

Soft red winter wheat has been in relatively short supply because of the small harvest 2 years ago. The shortage may end with this year's harvest. The crop of soft red winter wheat is likely to set a record in 1980. Winter wheat production in Illinois, Indiana, Missouri, and Ohio is expected to be 13 percent higher than last year.

Production in the major hard winter wheat states of Kansas and Oklahoma is expected to be about 10 percent below last year's output. Even so, that would still be well above previous levels.

The seeding of the spring wheat crop is proceeding rapidly, although dry weather is raising concerns about the germination and development of the crop in some areas. Based on April surveys, farmers intended to seed 22.6 million acres of spring wheat, up 15 percent from last year. Normal yields would result in a near-record crop of spring wheat, adding to the record crop of winter wheat.

Because a majority of U.S. wheat ends up in the export market, the level of production in the rest of the world has significant price implications for us.

The world wheat crop in 1980-81 is expected to range from 420 to 460 million metric tons, compared to last year's harvest of 420 million metric tons. The wide range reflects uncertainty about the size of the spring wheat crops in the United States, Canada, and Russia. Once again, spring seeding is unusually late in Russia. In addition, the effect of the Australian drought is still not clear. The lower end of the range on the production estimate in both Canada and Russia is equivalent to last year's output.

The European wheat crop is in good shape. In Western Europe, the crop is expected to be 5 percent larger than last year. Although a smaller output by comparison, the Eastern European crop is expected to be up 25 percent.

IMPLICATIONS. The large wheat crop expected this year suggests that the carry-over stocks of wheat will increase, unless export demand is significantly greater than during the past year. Export demand, in turn, depends on the size of the crops of wheat and coarse grains in the rest of the world. Right now, the world winter wheat crop looks good. The spring crop is being hampered by dry weather in North America and by delayed seeding in Russia.

As a result of the concerns about the spring wheat crop, prices increased sharply last week. The Illinois wheat crop is progressing very well. In view of the large crop coming up, the current prices for wheat are high and cannot be expected to remain there. So, a prudent marketing strategy would be to sell some new-crop wheat now.

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