



# WEEKLY OUTLOOK

Department of Agricultural Economics  
College of Agriculture  
University of Illinois at Urbana-Champaign

October 21, 1981

## FOCUS ON WHEAT EXPORTS

WHEAT EXPORTS FROM THE U.S. FIRST EXCEEDED 1 BILLION BUSHELs during the 1972-73 crop year. That was the first year in which Russia dealt in the world grain market in large quantities, importing nearly 350 million bushels of U.S. wheat. Before 1972-73, U.S. wheat exports generally ranged between 500 and 750 million bushels. Since then, exports have exceeded 1 billion bushels every year except 1976-77, when the total was about 950 million bushels. Exports reached a record 1.5 billion bushels during the 1980-81 crop year.

U.S. wheat is exported in relatively small quantities to a large number of countries and in large quantities to a fairly small number of countries. In recent years the largest importers of U.S. wheat have been China, Japan, Russia, Brazil, Korea, Egypt, Nigeria, and Mexico. India imported large quantities of U.S. wheat in 1974-75 and 1975-76 but has imported extremely small quantities during the last four years. Iran was a large importer from 1974 through 1978 but now imports only small quantities. Customers who consistently import modest quantities of U.S. wheat include Taiwan, Venezuela, Algeria, Peru, Colombia, and Israel.

Of the large importers, Japan is the most consistent, taking quantities ranging from 115 to 131 million bushels per year since 1972-73. Shipments to Russia and China have been highly variable. Russian imports have varied from the high of 350 million bushels in 1972-73 to a low of about 36 million bushels in 1974-75. Exports to Russia have been more consistent since the five-year agreement of 1976. China took large quantities of U.S. wheat in 1973-75 but was not in the market again until 1978-79. In 1980-81 exports of U.S. wheat to China reached 309 million bushels, accounting for over 20 percent of total U.S. wheat exports. The quantities of wheat shipped to the other major importers have grown steadily over the last several years.

Since 1972-73, the U.S. share of world wheat exports has ranged from 43 percent to 50 percent. Before 1972, the U.S. accounted for about one-third of world exports.

For the year ahead, the USDA projects U.S. wheat exports at 1.9 billion bushels, nearly 26 percent more than the record of last year. The increase reflects expectations that Russia will take large quantities of U.S. wheat because of the small Russian grain crop. In addition, India is expected to reenter the U.S. wheat market for about 150 million bushels. If this export projection materializes, the U.S. will account for about one-half of world exports.

*Implications.* The record wheat harvest of 1981 was expected to result in increasing inventories by the end of the marketing year. However, exports of 1.9 billion bushels mean that the large crop will be entirely used, leaving carryover stocks about unchanged. With the opening of the farmer-held reserve, free market supplies of wheat could become tight before harvest next summer. In addition, winter wheat acreage will likely be reduced, particularly in the corn belt. These factors suggest that prices could be forced up to the reserve release price of \$4.65 before next harvest. This would be about \$1.00 higher than the current spot price offered to farmers in many Illinois locations. However, because of high interest rates, the spreads in the futures market are relatively wide. As a result the prices offered for spring delivery are well above spot prices. With May futures at \$4.66, and assuming a 25-cent basis in April, the market is offering Illinois producers about \$4.40 for spring-delivered wheat. In effect, we are only 25 cents away from the reserve release price.

*Darrel Good*

Issued by *Darrel Good*, Extension Specialist, Prices and Outlook

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

Official Business  
Penalty for private use, \$300

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

