



WEEKLY OUTLOOK

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WINTER WHEAT CROP EXPECTED TO SET RECORD

IN ITS JUNE CROP PRODUCTION REPORT the USDA estimated the 1982 winter wheat crop at a record 2.131 billion bushels, up about 3 percent from the May estimate and 1.5 percent larger than the 1981 harvest.

Compared to a year ago, production is expected to be greater in Kansas (60 percent), Oklahoma (28 percent), and South Dakota (9 percent). Production in every other major state is projected to be less than last year. Illinois wheat production is forecast at 68.4 million bushels, 24.1 million bushels or 26 percent less than last year.

Production of hard red winter wheat is projected to be just under 1.3 billion bushels, up 15 percent from last year. The soft wheat crop is estimated at 598.6 million bushels, 11 percent less than last year's harvest. White wheat production is expected to reach only 246.4 million bushels, down 20.5 percent from the 1981 crop.

The large production estimate was well anticipated by the wheat trade. Earlier in the week, private forecaster Conrad Leslie estimated the winter wheat crop at 2.151 billion bushels.

The USDA also released preliminary estimates of the size of the 1982-83 world wheat crop. Wheat production outside of the United States is projected at 383.6 million metric tons, up from 377.2 million tons in 1981-82. Larger crops are anticipated in Europe, India, Argentina, and Australia. The Russian wheat crop was projected at 88 million tons, unchanged from the disappointing harvest in 1981. This estimate was revised downward from last month's 95-million-ton figure. The market reacted favorably to this estimate because it points to continued large exports of U.S. wheat to Russia.

In its June Supply and Demand report the USDA estimated carryover stocks of U.S. wheat from the 1981-82 marketing year to be 1.146 billion bushels, up from last month's estimate of 1.117 billion bushels. The upward revision reflected reduced estimates of food use and exports for the year that ended on May 31, 1982. Actual carryover stocks will be revealed in the June 1 Grain Stocks report due to be released on June 22.

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The USDA's World Outlook Board also released revised supply and demand projections for the 1982-83 marketing year that began on June 1. Total wheat production is forecast at 2.716 billion bushels, down from 2.793 billion bushels last year. This estimate implies a spring wheat crop of only 585 million bushels, compared to the 1982 harvest of 694 million bushels.

Even though total wheat production is forecast to be less than last year's crop, total supplies are expected to be greater by 80 million bushels, or 2 percent, because of substantially larger carryover supplies. Preliminary demand estimates for 1982-83 show an 88-million-bushel reduction from use during 1981-82. Wheat inventories are expected to grow again this year.

If current supply and demand projections materialize, wheat prices will be under pressure again this year. The major supporting factor will be the government loan and reserve program. Low prices should lead to a reduction in planted acreage this fall.

The smaller soft wheat crop should prevent the harvest basis for that crop from weakening as much as it did a year ago. On June 3, the new crop basis in Southern Illinois, for example, ranged from -30 to -53 cents. A year ago the basis ranged from -60 to -79 cents.

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