



WEEKLY OUTLOOK

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WHEAT TO REMAIN IN SURPLUS

THE USDA HAS RELEASED ITS FIRST ESTIMATE of the 1984 U.S. winter wheat crop and its first projection of the 1984-85 world wheat crop.

The winter wheat crop in the United States is forecast at 1.98 billion bushels, 0.7 percent less than last year's crop and 6.3 percent less than the 1982 crop. Harvested acreage is estimated at 51.8 million. The average yield is expected to be 38.2 bushels, about 3.6 bushels less than the 1983 average yield but above the 5-year average yield of 37.5 bushels.

The hard red winter wheat crop is estimated at 1.151 billion bushels, 3.6 percent less than last year's production. The soft red winter crop is expected to total 532 million bushels, about 4 percent more than last year's crop. White wheat production is expected to be up 2.6 percent, at 297 million bushels.

The size of the spring wheat crop has not yet been estimated. However, the World Outlook Board judges production potential at 571 million bushels, up 32 percent from a year ago but 18 percent less than the 1982 crop. If these early production estimates materialize, the 1984 wheat crop will total 2.55 billion bushels, 125 million bushels above last year's crop and 260 million less than the 1982 crop.

The 1984-85 world wheat crop was projected at 498 million tons, up 1.7 percent from last year's crop and 3.6 percent above the 1982-83 crop. Production in countries other than the United States is projected at 428.6 million tons, up 5 million tons from last year's crop. The Australian crop is expected to be down 5 million tons, but production is expected to increase in the European Community countries, the Soviet Union, and India. If these estimates hold up, production of wheat outside the United States in 1984-85 will be record large.

The USDA also released the first U.S. supply and demand estimates for the 1984-85 marketing year, which begins on June 1. Beginning stocks of wheat are expected to total 1.392 billion bushels. This is about 20 million bushels less than the amount projected a month ago and reflects an increase in the export estimate for the current marketing year. With the production estimate of 2.55 billion bushels and the import estimate of 3 million bushels, wheat supplies are expected

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to total 3.945 billion bushels. Supplies totaled 3.969 billion bushels last year and 3.984 billion bushels two years ago.

Wheat exports during the 1984-85 marketing year are projected at 1.35 billion bushels, a decline of 5 percent from exports during the current marketing year. The projection is consistent with increased production in other countries. If this projection holds up, wheat exports will be down 24 percent from the record level of 1981-82. Domestic use of wheat is expected to remain relatively large at 1.125 billion bushels.

On the basis of the USDA's supply and demand estimates, stocks of wheat at the end of the 1984-85 marketing year are expected to total 1.47 billion bushels. That level of carryover would represent 7 months' supply at the projected rate of use.

In spite of major efforts to reduce production in the United States, wheat remains in surplus. One of the obvious reasons is continued expansion of production in other countries and a declining export market for U.S. wheat. It appears that U.S. wheat prices will remain under pressure for another year. The CCC loan rate will be the major supporting factor. The USDA projects the average price of wheat for the 1984-85 marketing year in a range of \$3.20 to \$3.50 per bushel. The national average loan rate is \$3.30.



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