



Cooperative  
Extension Service  
University of Illinois  
at Urbana-Champaign



# WEEKLY OUTLOOK

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

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## WHEAT INVENTORIES EXPECTED TO INCREASE

THE 1984-85 WHEAT MARKETING YEAR ENDS ON MAY 31. Based on the level of April 1 inventories (1.668 billion bushels) and the rate of use since March, the USDA projects ending stocks of wheat at 1.387 billion bushels. The marketing year began with 1.399 billion bushels of wheat on hand. Total use is expected to be just slightly larger than the 1984 harvest of 2.595 billion bushels.

Exports for the year are expected to equal last year's 1.43 billion bushels, and domestic food use is up about 10 million bushels at 645 million. Feed and residual uses are estimated at a record 450 million bushels, up 75 million bushels from last year.

Projected carry-over stocks represent 53 percent of the total annual use of wheat. This year is the ninth consecutive year and the twenty-ninth out of the last thirty-five years that ending inventories have exceeded 40 percent of total use. Supplies were relatively tight in the four years 1972-73 through 1975-76, when ending stocks averaged 27 percent of annual use. The period of largest surplus was the ten years 1953-54 through 1962-63, when ending stocks averaged 113 percent of annual use.

Early projections indicate that 1985-86 will be a continuation of the recent pattern of surplus. The 1985 winter wheat crop in the U.S. is forecast at 1.974 billion bushels, down 86 million bushels from last year. The average yield is expected to be slightly better than last year's 40 bushels per acre, but harvested acreage is thought to be about 3 million less than last year.

The hard red winter wheat crop is forecast at 1.34 billion bushels, 92 million more than a year ago. The white winter crop is expected to total 258 million bushels, about 20 million less than a year ago. The soft red winter wheat crop is down about 30 percent, at 374 million bushels.

The size of the spring wheat crop has not been forecast. Based on planted acreage estimates and average yields, the crop should total about 550 million bushels. Production of all classes of wheat is expected to exceed 2.5 billion bushels.

The first projections indicate that wheat production potential outside of the U.S. is also large. Production is forecast at 451 million metric tons, almost 2

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percent more than last year. Production in Europe is expected to decline from the record of last year, but is likely to be larger in Canada and the USSR.

Preliminary projections by the USDA's World Outlook Board show a 300-million-bushel decline in the use of U.S. wheat in 1985-86. About one-third of the reduction is in the feed and residual category, and two-thirds is in the export market. Carry-over stocks are forecast at 1.6 billion bushels, or 70 percent of total use.

Prices for new crop wheat, including soft red, have declined steadily in recent weeks. July futures at Chicago dropped below \$3.20. The poor prospects for exports of soft red wheat have offset the effects of the small crop. The high level of participation in the set-aside program (74 percent of the base acreage) implies that movement of new crop wheat into the CCC loan program will be rapid. Tightness of free market stocks will likely result in a postharvest price recovery. The price for the year, however, is not expected to average above the CCC loan rate of \$3.30 per bushel.

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