



# WEEKLY OUTLOOK

A joint publication of the Department of Agricultural Economics, College of Agriculture, Purdue University, West Lafayette, Indiana, and the Department of Agricultural and Consumer Economics, College of Agricultural, Consumer and Environmental Sciences, University of Illinois at Urbana-Champaign.

**FEBRUARY 17, 1997**

## UPDATE ON WORLD CROPS

Last week, the USDA released its monthly report of World Agricultural Supply and Demand Estimates. Following is a summary of current estimates and projections for the major crops.

**WHEAT.** The 1996-97 world wheat crop is now estimated at 581 million tons, 2 million tons larger than the January estimate and 8.2 percent larger than last year's crop. World wheat production is the largest since 1990-91, when production totaled 588 million tons. Production outside of the United States is at the highest level ever. Foreign production is estimated at 519 million tons, slightly larger than the previous record of 513.6 million in 1990-91. The record crop is occurring in spite of an extremely large drop in production in the former Soviet Union since 1990. That crop was estimated at 100.3 million tons in 1990 and at only 63.4 million this year. Production was less than 60 million tons in each of the two previous years. Compared to the crop of 1990-91, production is up this year in western Europe, China, India, Australia, Argentina, and North Africa. Compared to last year's crop, production is up in every major producing area except Eastern Europe. The larger crop will allow some rebuilding of world wheat stocks even though consumption continues to expand.

U.S. wheat exports have declined sharply since last fall. For the year, exports are expected to be at the lowest level since 1985-86 and the second smallest since 1976-77. While it is too early to anticipate the outcome of the 1997-98 growing season, world wheat production is likely to decline. Planted acreage is expected to decline in the face of sharply lower prices. The generally favorable growing conditions of 1996-97 will be hard to duplicate. Declining foreign production suggests that U.S. wheat exports will rebound in the 1997-98 marketing year, bringing some recovery in prices.

**COARSE GRAINS** -- The 1996-97 world coarse grain crops are now estimated at 888.3 million tons, 3.7 million tons larger than the January estimate and 11 percent larger than the crops of 1995-96. At the projected level, world production will be 2 percent larger than the record crop of 1994-95. While the U.S. crop was 17 million tons smaller than the 1994 crop, foreign production is up 35 million tons from 1994-95, up 32 million from 1995-96, and up 7 million tons from the record crop of 1993-94. The estimated size of the coarse grain crops in the former Soviet Union is only half as large as the record crop of 1989. While production there has declined by 52 million tons, production in the rest of the world (excluding the United States) has increased by 92 million tons, or 19 percent. China accounts for 40 percent of the increased production since 1989-90.



As in the case of wheat, large foreign production this year has resulted in a decline in U.S. exports. Corn exports for the 1996-97 marketing year are projected at 1.9 billion bushels, 328 million below last year's exports and the lowest level in three years. Some recovery in exports would be expected for the 1997-98 marketing year as world consumption continues to grow and foreign production moderates.

**SOYBEANS.** The 1996-97 world soybean crop is now estimated at 132.8 million tons, slightly larger than the January estimate and 7 percent larger than the 1995-96 crop. Production outside of the United States is estimated at 68 million tons, about 4 percent larger than the crop of last year. South American production is estimated at a record 42.5 million tons, 11 percent larger than last year's crop and 4 percent larger than the record harvest of two years ago. Soybean production in China was estimated at 12.5 million tons, 7.5 percent smaller than last year's crop and 22 percent smaller than the record harvest of two years ago. The decline in Chinese production and the 6 percent decline in foreign production of other oilseeds has resulted in strong export demand for U.S. soybeans and soybean products. For the year, the USDA projects soybean exports at 900 million bushels, 49 million above exports of a year ago and the largest since the 1982-83 marketing year. The harvest of a record South American crop and a rebound in world oilseed production in 1997-98 will likely result in some decline in U.S. exports during the year ahead.



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