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Wheat Outlook

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Winter Wheat Acreage Down Slightly

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The next release is February 12, 2002

Approved by the World Agricultural Outlook Board.

The seedings estimates for the 2002/03 marketing year indicate that the U.S. winter wheat planted area has dropped for the sixth year in a row. Projected U.S. 2001/02 ending stocks of wheat are down 16 million bushels from last month as increased domestic use more than offsets higher expected imports. Feed and residual use is up 25 million bushels from last month, while seed use is reduced 4 million bushels. Projected prices are reduced 10 cents on the high end to $2.75 to $2.85 per bushel.

Global 2001/02 production is up slightly from last month as increases for Russia, Ukraine, and Mexico more than offset reductions for Argentina and Egypt. Global imports are up slightly due to small increases for a number of countries. Projected exports are increased for Russia, Turkey, and China but reduced for Kazakstan. The lower expected production in Argentina is offset by reduced domestic use and stocks, leaving projected Argentine exports unchanged from last month. Projected global 2001/02 ending stocks of wheat are up sharply from last month, largely because of higher expected stocks in India. Recent Government of India data indicate stocks are well above a year earlier and larger than previously expected.

Domestic Outlook

Winter Wheat Planted Area Lowest Since 1971

The January 11 Winter Wheat Seedings report by the National Agricultural Statistics Service (NASS) provides the first indication of wheat plantings for 2002/03. Winter wheat seeded area for 2002 is estimated at 41.0 million acres, down slightly from 2001. This is the smallest area since 1971, and 47,000 acres below a year ago. Estimated acreages by class are: hard red winter (HRW), 29.3 million; soft red winter (SRW), 8.3 million; and white winter, 3.4 million. Desert durum seedings in Arizona and California are estimated at 179,000 acres, up 3 percent from the 2001 acreage.

Winter wheat planting began last August and advanced well ahead of the previous year's slow pace with nearly all of the seeded completed by December 1. Most of the remaining intended unplanted area is in the Southeast and California.

HRW wheat seeded area is up 1 percent from 2001. Significant acreage increases in Texas, Oklahoma, and Montana more than offset a large decline in Kansas, the largest wheat producing State. Texas and Oklahoma are rebounding from lower acreages last year when dry conditions reduced seedings. This is the first time since 1990 that wheat acreage has increased in Oklahoma. Winter wheat acreage continues to decline in Kansas, where seedings have not increased since 1996, and are at the lowest level since 1957.

SRW area is down 4 percent from last year, and is 13 percent below 2 years ago. Acreage declined significantly across the Corn Belt, in Arkansas, and throughout much of the Southeast.

WW wheat seeded area is down 1 percent from 2001. Growers in Idaho planted the smallest acreage since 1962.

December Stocks Down 10 Percent

The January 11 Grain Stocks report by NASS placed all wheat stored in all positions on December 1, 2001 at 1.62 billion bushels, down 10 percent from a year ago. On-farm stocks are estimated at 518 million bushels, down 17 percent from last year. Off-farm stocks, at 1.11 billion bushels, are down 7 percent from a year ago. The indicated September – November 2001 disappearance is 559 million bushels, down 2 percent from the same quarter a year earlier.

Total durum wheat stocks on December 1 totaled 75.70 million bushels, down 27 percent from a year ago. On-farm durum stocks are an estimated 49.60 million bushels, down 31 percent from last year. Off-farm stocks, an estimated 26.10 million bushels, are down 19 percent from a year ago.

U.S. 2001/02 Ending Stocks Are Down From Last Month And Last Year

Projected U.S. 2001/02 ending stocks of wheat are down 16 million bushels from last month as increased domestic use more than offsets higher expected imports of 5 million bushels. Imports of hard red spring (HRS) wheat were raised 3 million bushels and durum wheat 2 million bushels above last month's projection.

Total projected domestic use is raised 21 million bushels from last month. Feed and residual use is up 25 million bushels from last month: HRW by 10 million bushels and HRS by 15 million bushels. Seed use, however, is reduced 4 million bushels. Food use for 2001/02 is unchanged from last month.

Total domestic use, at 1.26 billion bushels, is 76 million below last year. Most of the shortfall from a year ago is because of the lower feed and residual use for this year.

Total projected exports of 1.00 billion bushels are unchanged from last month. However, exports by class were changed because of differing export paces to date. Exports of soft red winter (SRW) are raised by 15 million bushels. The projected exports of HRS and HRW wheat are dropped by 10 and 5 million bushels, respectively.

The net result of these changes in supply and use is to lower projected ending stocks by 16 million bushels from last month. Ending stocks of SRW and HRW wheat are down 14.3 million bushels and 4.6 million bushels, respectively. HRS wheat ending stocks are down marginally, while white wheat ending stocks are unchanged. Durum ending stocks are up 3 million bushels from last month's projection.

All wheat ending stocks for 2001/02 are 205 million bushels below last year's ending stocks. The largest changes, percentage wise, are the reductions for the SRW and durum wheat classes (53 and 49 percent, respectively). HRW wheat ending stocks are down 22 percent from 2000/01, while HRS and white wheat are down just 6 and 5 percent, respectively, from a year ago. The ending stock reductions by class are: HRW, 90 million bushels; HRS, 18 million bushels; SRW, 71 million bushels; white wheat, 4 million bushels; and durum, 22 million bushels.

The projected stocks-to-use ratio for the 2001/02 year is 29.7 percent, the lowest since 1996/97's 19.3 percent. From 1996/97, this ratio rose to a peak of 39.7 percent for the 1999/2000 marketing year.

Based on prices to date, the projected price range for the 2001/02 marketing year is reduced 10 cents on the high end from last month to $2.75 to $2.85 per bushel. This price range is above last year's $2.62 per bushel and the 1999/2000's $2.48.

International Outlook

Changes for India Boost World Wheat Ending Stocks This Month

Recent Government of India wheat stocks were up from a year ago and substantially larger than expected. While it is possible that there has been some shifting from private, unreported stocks to government stock holding, the higher reported stocks imply sharply lower disappearance. Forecast 2001/02 consumption was reduced 8 million tons to 60 million, and ending stocks increased by the same amount. Total foreign stocks are forecast up 10 million tons this month because of increases (in addition to India) in Russia, Kazakstan, and North Africa which more than offset declines in European Union (EU) and Argentina.

Although forecast 2001/02 global ending stocks were revised up this month, world wheat stocks are still down over 10 million tons from a year earlier, led by a dramatic 19-million-ton drop in China. U.S. and EU wheat stocks are also expected to decline significantly, but projected 2001/02 wheat stocks in the former Soviet Union are up 17.5 million tons and India is up 5.5 million from a year earlier, offsetting much of the decline elsewhere.

This month's changes tended to accentuate these increases and declines. Forecast stocks for the former Soviet Union increased almost 2 million tons this month because of increased production reported in Russia. With transportation and port capacity a limiting factor, Russia's wheat exports increased only 0.5 million tons this month. However, forecast stocks for the United States, EU and China declined this month. EU imports (from outside the EU) in 2000/01 were down nearly 1 million tons based on end-of-year trade data, reducing estimated stocks. China's projected wheat stocks also declined marginally because of increased exports of feed wheat.

Argentina's forecast stocks were reduced slightly this month as harvest reports indicate a smaller crop. However, the incentives to export are strong, so forecast exports were unchanged while projected domestic use was reduced.

Contacts and Links

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Related Websites

WASDE (http://www.usda.gov/oce/waob/wasde/latest.pdf)
Grain Circular (http://www.fas.usda.gov/grain/circular/2002/01-02/graintoc.htm**)**
Wheat Briefing Room (http://www.ers.usda.gov/Briefing/Wheat/)

Table 1--Wheat: U.S. market year supply and disappearance, 1/15/02

Item	1996/97	1997/98	1998/99	1999/00	2000/01E	2001/02P
Area: (mil. ac.)						
National toal base	87.9	0.0	0.0	0.0	0.0	0.0
Eff.base/Ctr. acres						
0,50/92,85	0.0	0.0	0.0	0.0	0.0	0.0
CRP base retired	10.6	10.1	9.7	0.0	0.0	0.0
Planted	75.1	70.4	65.8	62.7	62.6	59.6
Harvested	62.8	62.8	59.0	53.8	53.1	48.7
Yield: (bu/acre)	36.3	39.5	43.2	42.7	42.0	40.2
Supply: (mil. bu.)						
Beginning stocks	376.0	443.6	722.5	945.9	949.7	876.2
Production	2,277.4	2,481.5	2,547.3	2,299.0	2,232.5	1,957.6
Imports 1/	92.3	94.9	103.0	94.5	89.8	95.0
Total supply	2,745.7	3,020.0	3,372.8	3,339.4	3,272.0	2,928.8
Use:						
Food	890.7	914.1	909.7	928.9	956.4	950.0
Seed	102.3	92.5	80.5	91.8	79.8	83.0
Feed and residual	307.6	250.5	394.4	279.4	298.2	225.0
Total domestic	1,300.6	1,257.1	1,384.7	1,300.1	1,334.4	1,258.0
Exports 1/	1,001.5	1,040.4	1,042.2	1,089.5	1,061.5	1,000.0
Total use	2,302.1	2,297.5	2,426.9	2,389.7	2,395.9	2,258.0
Ending stocks:	443.6	722.5	945.9	949.7	876.2	670.8
Farmer-owned reserve	0.0	0.0	0.0	0.0	0.0	0.0
CCC inventory 2/	93.0	94.0	128.0	104.0	97.0	94.0
Free stocks	350.6	628.5	817.9	845.7	779.2	576.8
Stocks-to-use ratio	19.3	31.4	39.0	39.7	36.6	29.7
Prices: ($/bu.)						
Target price	0.00	0.00	0.00	0.00	0.00	0.00
Loan rate	2.58	2.58	2.58	2.58	2.58	2.58
Contract rate 3/	0.87	0.63	0.66	0.64	0.59	0.48
Ave. farm price	4.30	3.38	2.65	2.48	2.62	2.75-2.85
Contract pmts.						
(mil. dollars) 3/	1,941	1,412	2,718	3,828	3,618	2,509
Market value						
of production						
(mil. dollars)	9,782	8,287	6,781	5,702	5,849	5,481

Totals may not add due to rounding. E=Estimated, P=Projected, N.A.=not applicable.

1/ Imports and exports include flour and other products expressed in wheat equivalent.

2/ Includes Food Security Reserve.

3/ Deficiency payments prior to 1996/97.

Source: *World Agricultural Supply and Demand Estimates,* WAOB, USDA.

Table 2--Wheat: U.S. market year supply and disappearance, 1/15/02

2000/01E	HRW	HRS	SRW	White	Durum	All wheat
Area:			Million acres			
Planted	30.41	14.38	9.52	4.39	3.94	62.63
Harvested	23.59	13.59	8.15	4.23	3.57	53.13
Yield: (bu/acre)	35.87	36.96	57.84	71.60	30.74	42.02
Supply:			Million bushels			
Beg. stocks	457.9	218.0	133.0	91.0	49.8	949.7
Production	846.3	502.3	471.4	302.7	109.8	2,232.5
Imports 2/	0.0	58.7	0.0	5.2	25.8	89.8
Total	1,304.3	779.1	604.4	398.9	185.4	3,272.0
Utilization:						
Total domestic	490.8	339.1	293.4	120.9	90.3	1,334.4
Exports 2/	402.5	230.0	176.0	203.0	50.0	1,061.5
Total	893.3	569.1	469.4	323.9	140.3	2,395.9
Ending stocks:	411.0	210.0	135.0	75.0	45.2	876.2
2001/02P	**HRW**	**HRS**	**SRW**	**White**	**Durum**	**All wheat**
Area:			Million acres			
Planted	28.96	14.77	8.65	4.33	2.91	59.62
Harvested	20.87	13.75	7.17	4.08	2.79	48.65
Yield: (bu/acre)	36.74	34.59	55.75	56.91	29.96	40.24
Supply:			Million bushels			
Beg. stocks	411.0	210.0	135.0	75.0	45.2	876.2
Production	766.8	475.7	399.7	232.0	83.6	1,957.6
Imports 2/	1.0	49.0	0.0	10.0	35.0	95.0
Total	1,178.8	734.7	534.7	317.0	163.7	2,928.8
Utilization:						
Total domestic	493.1	322.7	260.8	91.0	90.5	1,258.0
Exports 2/	365.0	220.0	210.0	155.0	50.0	1,000.0
Total	858.1	542.7	470.8	246.0	140.5	2,258.0
Ending stocks:	320.7	192.0	63.9	71.0	23.2	670.8

Totals may not add due to rounding. E=Estimated, P=Projected.

1/ ERS estimates of area, yield, and domestic use.

2/ Imports and exports include flour and other products expressed in wheat equivalent.

Source: *World Agricultural Supply and Demand Estimates,* WAOB, USDA.

Table 3--Wheat: Quarterly supply and disappearance (1,000 bu.), 1/15/02

Market Year	Produc-tion	Imports 2/	Supply	Food	Seed	Feed	Exports 2/	Ending stocks
Million bushels								
1998/99								
Jun-Aug	2,547	24	3,294	226	1	425	257	2,385
Sep-Nov	---	24	2,409	241	55	-74	292	1,896
Dec-Feb	---	28	1,923	213	1	12	247	1,450
Mar-May	---	27	1,477	230	23	32	246	946
Mkt. year	2,547	103	3,373	910	81	394	1,042	946
1999/00								
Jun-Aug	2,299	31	3,276	230	6	270	324	2,445
Sep-Nov	---	19	2,465	241	55	-8	291	1,886
Dec-Feb	---	19	1,905	223	2	28	236	1,417
Mar-May	---	25	1,442	235	28	-10	239	950
Mkt. year	2,299	95	3,339	929	92	279	1,090	950
2000/01 E:								
Jun-Aug	2,232	20	3,203	239	1	324	286	2,353
Sep-Nov	---	25	2,378	253	50	-24	293	1,806
Dec-Feb	---	21	1,828	231	3	5	250	1,338
Mar-May	---	23	1,361	234	25	-7	233	876
Mkt. year	2,232	90	3,272	956	80	298	1,061	876
2001/02 P:								
Jun-Aug	1,958	26	2,860	236	3	245	219	2,156
Sep-Nov	---	27	2,183	250	51	-26	285	1,623
Dec-Feb	---	---	---	---	---	---	---	---
Mar-May	---	---	---	---	---	---	---	---
Mkt. year	1,958	95	2,929	950	83	225	1,000	671

Totals might not add due to rounding. E=Estimated, P=Projected.

1/ Imports and exports include flour and selected products expressed in wheat equivalent.

Table 4--Monthly food use estimates for last 12 months (1,000 bu.), 1/15/02

Item		Oct	Nov	Dec	Jan	Feb	Mar
Mill grind	+	86,755	83,038	77,944	74,926	74,331	78,862
Food imports 1/	+	1,967	2,130	2,039	2,036	1,734	2,122
Non-flour food use 2/	+	2,000	2,000	2,000	2,000	2,000	2,000
Food exports 1/	-	4,442	2,588	3,021	2,532	2,454	2,488
Food use	=	86,280	84,580	78,962	76,430	75,611	80,496
Item		Apr	May	Jun	Jul	Aug	Sept
Mill grind	+	75,010	76,695	73,378	74,624	81,559	78,425
Food imports 1/	+	2,003	2,013	2,042	2,062	2,181	1,563
Non-flour food use 2/	+	2,000	2,000	2,000	2,000	2,000	2,000
Food exports 1/	-	4,133	2,367	1,679	905	1,268	1,201
Food use	=	74,880	78,341	75,741	77,782	84,471	80,786

1/ Wheat flour and flour products converted to wheat grain equivalent. 2/ ERS estimate of cereal use.

Totals may not add due to rounding.

Source: Department of Commerce, Bureau of Census.

Table 5--Wheat: National average price received by farmers ($/bu.), 1/15/02

Month	Farm prices 1/							
	All wheat		Winter		Durum		Other spring	
	00/01	01/02	00/01	01/02	00/01	01/02	00/01	01/02
June	2.50	2.74	2.43	2.68	2.71	3.37	2.90	3.03
July	2.32	2.70	2.23	2.67	2.90	2.74	2.74	2.78
August	2.41	2.73	2.31	2.71	2.33	2.38	2.59	2.84
September	2.44	2.85	2.37	2.81	2.32	3.02	2.59	2.87
October	2.68	2.86	2.63	2.81	2.42	2.89	2.80	2.97
November	2.83	2.88	2.70	2.81	2.97	3.08	2.97	2.91
December	2.87	2.89	2.76	2.84	3.03	3.13	2.98	2.91
January	2.85		2.77		2.94		2.96	
February	2.83		2.74		2.60		2.99	
March	2.87		2.85		2.40		2.99	
April	2.86		2.77		2.52		3.05	
May	2.98		2.94		2.53		3.13	

1/ Preliminary mid-month weighted average price for current month of the 2000/01 marketing year.

Source: *Agricultural Prices,* National Agricultural Statistics Service, USDA.

Table 6--Wheat by class: Regional average price received by farmers, 1/15/02

Month	Supply				Disappearance			
	Hard Winter So. Plains 1/		Soft Winter Corn Belt 2/		Hard Spring No. Plains 3/		Soft White Northwest 4/	
	00/01	01/02	00/01	01/02	00/01	01/02	00/01	01/02
	Dollars per bushel 5/							
June	2.52	2.85	2.24	2.32	2.90	3.03	2.50	3.09
July	2.40	2.65	1.99	2.36	2.74	2.78	2.57	3.17
August	2.35	2.66	1.95	2.50	2.59	2.84	2.38	3.14
September	2.54	2.62	2.03	2.41	2.59	2.87	2.43	3.23
October	2.74	2.65	2.09	2.68	2.80	2.97	2.58	3.33
November	2.80	2.67	2.21	2.70	2.97	2.91	2.70	3.34
December	2.82	2.65	2.31	2.69	2.98	2.91	2.74	3.38
January	2.87		2.41		2.96		2.72	
February	2.79		2.48		2.99		2.79	
March	2.86		2.37		2.99		2.97	
April	2.78		2.20		3.05		3.08	
May	2.98		2.37		3.13		3.13	

1/ Average price of winter wheat in Kansas, Nebraska, Oklahoma, and Texas.

2/ Average price of winter wheat in Ohio, Indiana, Illinois, and Missouri.

3/ Monthly weighted U.S. average price for other spring wheat.

4/ Average price of all wheat in Washington, Oregon, and Idaho.

5/ Current month of current year based on preliminary mid-month prices.

Note: Regional prices are ERS estimates.

Source: State prices are from *Agricultural Prices,* NASS, USDA.

Table 7--Wheat : Average cash grain bids at selected markets ($/bu.), 1/15/02

Month	KC HRW #1 ordinary		KC HRW #1 13% protein		Portland #1 HRW Ord.		FOB Gulf $/mt (#2 HRW)	
	00/01	01/02	00/01	01/02	00/01	01/02	00/01	01/02
June	3.07	3.32	3.59	3.47	3.19	3.59	115.66	128.52
July	2.97	3.20	3.25	3.35	3.05	3.40	114.60	124.80
August	2.89	3.15	3.13	3.27	2.98	3.61	112.10	124.95
September	3.13	3.18	3.32	3.27	3.26	3.65	121.49	124.73
October	3.41	3.28	3.59	3.33	3.66	3.77	130.88	124.47
November	3.45	3.37	3.60	3.44	3.79	3.85	129.51	127.11
December	3.47	3.26	3.60	3.36	3.78	3.77	130.51	123.76
January	3.54		3.64		3.82		134.85	
February	3.35		3.46		3.70		130.58	
March	3.45		3.50		3.69		131.81	
April	3.41		3.49		3.68		131.62	
May	3.49		3.64		3.76		135.64	
Month	Minneapolis DNS 13% prot.		Minneapolis DNS 14% prot.		Minneapolis DNS 15% prot.		Minneapolis #1 HAD milling	
	00/01	01/02	00/01	01/02	00/01	01/02	00/01	01/02
June	3.50	3.63	3.78	3.81	4.08	4.07	4.07	4.80
July	3.24	3.51	3.50	3.72	3.91	4.01	3.85	4.75
August	2.99	3.37	3.29	3.54	3.73	3.92	3.62	5.02
September	3.10	3.47	3.17	3.52	3.37	3.61	4.70	5.03
October	3.52	3.68	3.69	3.71	4.10	3.77	5.12	5.10
November	3.64	3.61	3.77	3.69	4.03	3.75	5.51	5.13
December	3.60	3.54	3.52	3.59	3.97	3.72	N/Q	5.04
January	3.60		3.79		4.12		N/Q	
February	3.53		3.68		3.97		4.50	
March	3.45		3.63		3.98		4.98	
April	3.59		3.73		4.02		5.00	
May	3.69		3.88		4.12		N/Q	
Month	St. Louis #2 soft red		Chicago #2 soft red		Portland #2 soft red		Portland #1 soft white	
	00/01	01/02	00/01	01/02	00/01	01/02	00/01	01/02
June	2.59	2.41	2.41	2.40	2.27	2.21	2.92	3.37
July	2.17	2.67	2.14	2.56	2.06	2.52	2.78	3.45
August	2.04	2.66	2.08	2.57	2.00	2.58	2.65	3.52
September	2.06	2.73	2.13	2.57	1.98	2.57	2.78	3.65
October	2.41	2.94	2.36	2.68	2.15	2.70	2.86	3.73
November	2.42	2.90	2.42	2.75	2.15	2.93	2.94	3.75
December	2.48	2.96	2.47	2.83	2.26	2.96	2.98	3.71
January	2.52		2.57		2.43		3.01	
February	2.55		2.49		2.33		3.15	
March	2.53		2.56		2.36		3.26	
April	2.40		2.52		2.32		3.20	
May	2.45		2.51		2.30		3.37	

N/Q=no quote. Source: *Grain and Feed Weekly Summary and Statistics,* AMS, USDA.

Table 8--Wheat: U.S. exports and imports for last 6 months, 1/15/01   1/

Exports, (1,000 bu.) 2000/2001						
Item 1/	May	June	July	August	September	October
Wheat grain	68,908	59,190	64,911	89,582	86,941	94,598
Wheat flour	2,163	1,412	661	1,990	1,005	3,226
Products	269	1,036	245	281	286	331
Total	71,340	61,638	65,817	91,853	88,231	98,154
Imports, (1,000 bu.) 2000/2001						
Item 1/	May	June	July	August	September	October
Wheat grain	5,653	5,540	7,633	6,240	6,290	7,076
Wheat flour	742	738	734	856	695	843
Products	1,274	1,309	1,332	1,326	870	1,315
Total	7,669	7,588	9,698	8,422	7,856	9,235

Source: Department of Commerce, Bureau of Census. 1/ Wheat flour and products converted to wheat grain equivalent. Total may not add due to rounding.

Table 9--Wheat: U.S. exports, Census and Exports Sales comparison, 1/15/02

	1999/2000		2000/01		2001/02 (as of 1/10/02)		
Importing country	Shipments				Shipments	Outstanding sales	Total
Data Source	Census	Export sales	Census	Export sales	Export sales		
	1,000 metric tons						
Country:							
Egypt	4,006	4,168	4,629	4,705	2,246	274	2,519
Japan	3,172	3,122	3,064	3,124	1,662	789	2,452
Philippines	2,126	2,175	1,977	2,024	931	415	1,346
Mexico	1,832	1,963	2,000	2,027	1,233	191	1,424
EU	1,330	1,300	1,300	1,429	1,558	159	1,716
South Korea	1,670	1,475	1,483	1,404	722	192	914
Nigeria	1,127	1,185	1,317	1,428	1,163	275	1,438
Taiwan	983	1,005	1,045	1,031	495	186	681
Israel	894	917	694	870	322	9	331
Colombia	779	726	607	626	279	124	403
Total grain	28,047	25,453	27,694	25,819	14,630	3,433	18,064
Total (including products)	29,158	25,500	28,889	25,856	14,647	3,439	18,086
USDA forecast of Census							27,216

1/ Export sales and shipments from USDA's weekly *U.S. Export Sales* report.