USDA
United States Department of Agriculture

WHS-0202

Feb. 12 2002

Outlook

Electronic Outlook Report from the Economic Research Service

www.ers.usda.gov

Wheat Outlook

Gary Vocke and Edward Allen

Domestic Supply and Use Unchanged

Contents

The next release is April 12, 2002

Approved by the World Agricultural Outlook Board.

U.S. 2001/02 supply, use, and stocks projections are unchanged from last month. Also, the projected price range is unchanged at $2.75 to $2.85 per bushel.

World wheat supply and demand forecasts for 2001/02 highlight a small reduction in production, a slight increase in global consumption and trade, and a modest drop in projected ending stocks. While forecast world wheat production is down less than 1 percent from the previous year, production is 12 million tons less than projected consumption, causing the drop in stocks. Wheat stocks are expected to drop most in China and in the major exporters, the United States, European Union (EU), Canada, and Australia, but this is partly offset by a sharp increase in stocks forecast for the former Soviet Union.

Beginning in March 2002, this report will be released only in PDF format. Acrobat Reader 4.0 or later is required to view and print this document. Subscribers who receive e-mail notification will be provided a URL link to the report (http://www.ers.usda.gov/publications/so/view.asp?f=field/whs-bb/) in the message block of the e-mail.

Domestic Outlook

U.S. 2001/02 supply, use, and stocks projections are unchanged from last month. Also, the projected price range is unchanged at $2.75 to $2.85 per bushel. Small adjustments in trade and domestic use estimates for the 1998/99 through 2000/01 marketing years are due to revised import and export estimates by the Bureau of the Census.

Weather in Plains is a Continuing Concern for 2002/03 Crop

State Agricultural Statistical Services provide recently released information about the wheat crop in the central and southern Plains, where weather concerns continue. A shortage of moisture has resulted in poorly developed root systems in some areas. In Kansas, the wheat crop was rated 27 percent good to excellent, 41 percent fair, and 32 percent poor to very poor as of January 31, 2002. The year-earlier's crop had a better rating when 41 percent rated good to excellent and 29 percent rated poor to very poor.

In Texas, the wheat crop was rated 25 percent good to excellent, 35 percent fair, and 40 percent was poor to very poor as of January 27, 2002. The year-earlier had 25 percent of the crop rated poor to very poor and 23 percent rated good to excellent.

In Oklahoma, the wheat crop was rated 14 percent good to excellent, 30 percent fair, and 56 percent poor to very poor as of January 31, 2002. A year ago, 48 percent of the crop was rated poor to very poor.

In Nebraska, the wheat crop was rated 54 percent good to excellent, 40 percent fair, and 6 percent poor to very poor as of January 31, 2002. The rating is better than a year ago, when 18 percent of the crop was poor to very poor and only 36 percent rated good to excellent.

International Outlook

World Wheat Stocks Forecast Reduced this Month

This month's changes to world wheat production were mostly offsetting. Harvest reports indicate that production in Australia, especially West and South Australia, was larger than expected, boosting the production forecast 1.5 million tons to 23.5 million. Despite early dry weather that contributed to a reduction in area, the 2001/02 crop is Australia's third largest. However, Australia's increased production was mostly offset by reduced prospects elsewhere. Wheat harvesting was just completed in Argentina, and estimated production dropped this month by 0.8 million tons to 15.7 million, still one of Argentines larger crops. While yields in later harvested southern areas were above normal, they were less than expected and insufficient to offset losses in those areas that suffered from flooding in October and November 2001. EU production was reduced 0.4 million tons this month because United Kingdom production was reported lower. There was also a small reduction in wheat production for the former Kazakstan.

This month's changes in world wheat trade were also mostly offsetting. With increased production, Australia's 2001/02 exports are up 1.0 million tons. However, reduced production and quality problems caused a 1.0- million-ton reduction in forecast exports by Argentina. While forecast EU wheat exports were reduced 0.5 million tons because of the slow pace of shipments and export licenses, Ukraines exports were boosted 0.5 million because of the strong pace of shipments, especially to the EU. Forecast EU wheat imports (excluding intra-EU trade) increased 1.0 million tons to 6.5 million because of the relatively high EU prices and reduced EU tariffs. Reduced intervention prices have eliminated the variable import levy on most imports. During 2001/02, a smaller, poor quality wheat crop, especially in France, has increased internal prices above intervention supports. The relatively high EU prices encourage imports and discourage exports. The increase in EU imports was mostly offset by reduced imports forecast for parts of the former Soviet Union, Indonesia, and Turkey, countries where the pace of purchases has been less than expected.

Forecast global ending stocks are down more than 1 million tons this month, to 152 million. Ending stocks for the former Soviet Union in 2001/02 are down 2 million tons this month, with reduced production, increased exports, and larger consumption. However, the year-over-year increase in forecast wheat stocks in the former Soviet Union is still large, expanding from 6 million tons to 21 million. However, in the EU increased imports are expected to limit wheat stock declines, so this month's forecast 2001/02 ending stocks are up 0.7 million tons. Australia's forecast ending stocks are up 0.3 million tons this month because of increased production.

Contacts and Links

Contact Information

Gary Vocke (domestic)	(202) 694-5285	gvocke@ers.usda.gov
Edward Allen (international)	(202) 694-5288	ewallen@ers.usda.gov

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, 2/12/02

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	102.9	94.4	89.8	95.0
Total supply	2,745.7	3,020.0	3,372.7	3,339.3	3,272.0	2,928.8
Use:						
Food	890.7	914.1	909.7	928.9	957.1	950.0
Seed	102.3	92.5	80.5	91.8	79.8	83.0
Feed and residual	307.6	250.5	390.5	280.2	298.3	225.0
Total domestic	1,300.6	1,257.1	1,380.8	1,301.0	1,335.2	1,258.0
Exports 1/	1,001.5	1,040.4	1,046.0	1,088.6	1,060.6	1,000.0
Total use	2,302.1	2,297.5	2,426.8	2,389.5	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
Avg. farm rice	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	2,507
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, 2/12/02

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	58.8	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	503.0	343.4	290.6	119.6	78.6	1,335.2
Exports 2/	390.3	225.6	178.8	204.3	61.7	1,060.6
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.), 2/12/02

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	7	251	1,450
Mar-May	---	27	1,477	230	23	32	246	946
Mkt. year	2,547	103	3,373	910	81	391	1,046	946
1999/00								
Jun-Aug	2,299	31	3,275	230	6	271	323	2,445
Sep-Nov	---	19	2,464	241	55	-7	290	1,886
Dec-Feb	---	19	1,905	223	2	27	237	1,417
Mar-May	---	25	1,442	235	28	-10	239	950
Mkt. year	2,299	94	3,339	929	92	280	1,089	950
2000/01 E:								
Jun-Aug	2,232	20	3,203	239	1	322	288	2,353
Sep-Nov	---	25	2,378	253	50	-25	293	1,806
Dec-Feb	---	21	1,828	231	3	8	247	1,338
Mar-May	---	23	1,361	235	25	-7	233	876
Mkt. year	2,232	90	3,272	957	80	298	1,061	876
2001/02 P:								
Jun-Aug	1,958	26	2,860	238	3	243	219	2,156
Sep-Nov	---	29	2,185	250	51	-29	289	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.), 2/12/02

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.), 2/12/02

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	2.79	3.03	3.45	2.98	2.96
January	2.85	2.94	2.77	2.89	2.94	3.28	2.96	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, 2/12/02

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	2.63	2.31	2.73	2.98	2.96	2.74	3.35
January	2.87	2.75	2.41	2.78	2.96	2.96	2.72	3.35
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.), 2/12/02

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	3.29	3.64	3.41	3.82	3.78	134.85	127.21
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	3.51	3.79	3.55	4.12	3.63	N/Q	5.05
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		Toledo #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	2.99	2.57	2.96	2.43	2.90	3.01	3.68
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, 2/12/01 1/

Exports, (1,000 bu.) 2000/2001						
Item 1/	June	July	August	September	October	November
Wheat grain	59,190	64,911	89,582	86,941	94,598	99,800
Wheat flour	1,412	661	1,990	1,005	3,226	2,534
Products	1,036	245	281	286	331	350
Total	61,638	65,817	91,853	88,231	98,154	102,684
Imports, (1,000 bu.) 2000/2001						
Item 1/	June	July	August	September	October	November
Wheat grain	5,540	7,633	6,240	6,290	7,076	9,779
Wheat flour	738	734	856	695	843	856
Products	1,309	1,332	1,326	870	1,315	1,313
Total	7,588	9,698	8,422	7,856	9,235	11,949

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, 2/12/02

	1999/2000		2000/01		2001/02 (as of 1/31/02)		
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	2,400	682	3,082
Japan	3,172	3,122	3,064	3,124	2,055	575	2,630
Philippines	2,126	2,175	1,977	2,024	1,086	392	1,479
Mexico	1,832	1,963	2,000	2,027	1,416	245	1,661
EU	1,330	1,300	1,300	1,429	1,595	207	1,802
South Korea	1,670	1,475	1,483	1,404	822	262	1,085
Nigeria	1,127	1,185	1,317	1,428	1,291	326	1,616
Taiwan	983	1,005	1,045	1,031	621	63	684
Israel	894	917	694	870	458	0	458
Colombia	779	726	607	626	333	84	416
Total grain	28,047	25,453	27,694	25,819	16,418	3,759	20,177
Total (including products)	29,158	25,500	28,889	25,856	16,438	3,762	20,200
USDA forecast of Census							27,216

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