

AGRICULTURAL SUPPLY & DEMAND ESTIMATES



Approved by the World Food and Agricultural Outlook and Situation Board • USDA

#95

January 9, 1980

HIGHLIGHTS

Reduced Export Prospects--Enhanced Farm Programs

The decision on January 4, 1980, to suspend U.S. agricultural exports and limit grain shipments to 8 million metric tons to the Soviet Union in the fourth agreement year (Oct. 79-Sept. 80) has dampened the export outlook. However, prospects for some increase in exports to other destinations, coupled with increased farm program incentives and Commodity Credit Corporation actions designed to offset the effects of these reduced sales, will be the key factors in grain and oilseed markets in coming weeks.

The action to suspend exports is reflected in a new 1979/80 export projection for wheat and feed grains of about 99 million tons compared with a previous estimated record of 109 million metric tons. Exports of soybeans are now projected at 815 million bushels compared with 825 million prior to the January 4 action.

The principal changes in domestic farm programs center around increased incentives to participate in the farmer-owned reserve and a purchase of 4 million tons (150 million bushels) of wheat by the Federal Government for emergency

food aid purposes. In addition, the CCC has offered to assume the contractual obligations on up to 10 million tons (395 million bushels) of corn. The key provisions of the expanded reserve program on eligible 1979 crops include the following: increased loan levels to \$2.50 and \$2.10 a bushel for wheat and corn, respectively, higher release and call levels from the reserve, increase storage payments, and a waiver on interest costs for corn entering the reserve.

Corn Export Estimate Lowered

The corn export estimate for 1979/80 has been decreased by 350 million bushels (9 million tons) to 2.15 billion, reflecting the suspension of sales to the Soviet Union. Reduced crop prospects in Brazil and Mexico have increased their import requirements and will partially offset the loss of Soviet sales. Feed grain exports are projected at 63 million tons compared to the previous estimate of 71 million.

Carryover stocks of corn are now projected at around 1.75 billion bushels, 350 million above the previous estimate and nearly 500 million above the 1978/79 level. Feed grain stocks are expected to total 55 million tons, 8 million above the last forecast. However, with the recently announced changes in the reserve program provisions, most of the additional stocks will likely be held in the reserve programs.

With larger quantities of grain in the reserve, and with higher release prices, the projected season average price of corn for 1979/80 is still expected to average between \$2.25 to \$2.55 per bushel, compared with \$2.20 in 1978/79.

Wheat Export Estimate Lowered

Exports of wheat in 1979/80 will be lower than previously expected, reflecting the suspension of sales to the Soviet Union. Wheat exports are projected at 1,325 million bushels, 75 million (2 million tons) below the previous forecast. Increased demand from other countries, such as Egypt, Brazil, and China, as well as increased shipments under food aid programs are expected to help offset the loss of sales to the Soviet Union.

The final 1979 wheat production is a record 2,142 million bushels, 28 million above the previous forecast, and nearly a fifth above 1978. The increased production and lower expected exports will add about 100 million bushels to the previous carryover estimate. Carryover stocks on June 1,

1980, are expected to total 950 million bushels, slightly above the year-earlier level.

The commitment by the CCC to purchase 4 million tons of wheat as well as the increased release price for wheat in the farmer-owned reserve, have resulted in the price estimate for the 1979/80 year being unchanged from the previous estimate. Season-average-wheat prices are expected to average from \$3.60 to \$3.90 per bushel, compared with \$2.94 in 1978/79.

Rice Export Prospects Improve

A recent larger-than-anticipated sale to South Korea, and increased import requirements by Nigeria have contributed to a 4 million cwt. increase in the U.S. rice export estimate for 1979/80. Rice exports are projected at 83 million cwt. compared to 77 million in 1978/79.

The final 1979 rice production estimate of 136.7 million cwt. is 3 million below the previous estimate. The smaller crop and higher export projections point to carryover stocks for 1979/80 of 35 million cwt., 7 million below last month's forecast, but 3 million above 1978/79.

Rice prices for the 1979/80 marketing year are expected to average from \$9.50 to \$10.25 per cwt., slightly above the previous forecast.

Soybean Prospects Decline

The suspension of agricultural exports to the Soviet Union is expected to have relatively modest implications for U.S. soybeans and soybean products in the 1979/80 marketing year. The magnitude of the reduction in U.S. exports to the USSR is around 1 million metric tons on a soybean equivalent basis.

U.S. soybean exports are likely to total 815 million bushels, down 10 million bushels from the previous estimate. Loss of sales to the USSR will be partially offset by sales to other markets, due in part to a weaker dollar. Consequently, the season-average-price forecast for soybeans is expected to remain within the 5.75-6.50 per-bushel range.

GRAIN CARRYOVER STOCKS, FARMER-OWNED RESERVE,
CCC INVENTORY, AND PRICES

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*****
Crop          :           :           : Projected
              : 1977/78 1/ : 1978/79 : 1979/80
*****
              :           :           :
              : Million metric tons
WHEAT
Ending stocks, total : 32.0      25.2      26.0
  Farmer-owned reserve: 9.3        10.7        6.8
  CCC inventory       : 1.3        1.4         5.4
Average farm price 2/ : 86         108        132-143
:
CORN
Ending stocks, total : 28.0      32.6      44.7
  Farmer-owned reserve: 8.0        13.7        22.9
  CCC inventory       : .3         2.5         2.5
Average farm price 2/ : 80         87         89-101
:
TOTAL FEED GRAINS
Ending stocks, total : 41.2      45.8      55.4
  Farmer-owned reserve: 10.2       16.4       25.3
  CCC inventory       : .6         3.8         3.8
:
RICE
Ending stocks, total : 1.2        1.5        1.6
  Farmer-owned reserve: ---         ---         ---
  CCC inventory       : .5         .4          .3
Average farm price 2/ : 209        180        209-226
:
TOTAL GRAINS 3/
Ending stocks, total : 74.5      72.7      83.1
  Farmer-owned reserve: 19.5       27.1       32.1
  CCC inventory       : 2.4        5.6         9.5
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1/ Farmer-owned reserves and CCC inventory are as of June 1 for wheat, Oct. 1 for feed grains, and August 1 for rice.

2/ Dollars per metric ton. 3/ Includes rye.

FEED GRAINS AND CORN 1/

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*****
Commodity      : 1977/78      : 1978/79      :      1979/80
                :                :                :      :Proj. :Prob. variab.2/
*****
FEED GRAINS:   :
Area           :                Million acres
  Planted      :      128.9      122.4      117.6
  Harvested   :      108.1      104.2      99.8
Yield per harv. :                Metric tons
  acre        :      1.88      2.09      2.30
                :                Million metric tons
Beginning stocks :      29.9      41.2      45.8
Production     :      203.4      217.3      229.6      +4 to -4
Imports        :      .3         .3         .3
  Supply, total :      233.6      258.8      275.7      +4 to -4
Feed           :      117.3      133.1      136.9      +9 to -9
Food, seed, & ind. :      18.8      19.7      20.7
  Domestic, total :      136.1      152.8      157.6      +9 to -9
Exports        :      56.3      60.2      62.7      +5 to -5
  Use, total    :      192.4      213.0      220.3      +12 to -12
Ending stocks  :      41.2      45.8      55.4      +8 to -8
                :
CORN:          :
Area           :                Million acres
  Planted      :      83.6      79.7      80.0
  Harvested   :      70.9      70.0      69.5
Yield per harv. :                Bushels
  acre        :      90.7      101.2     109.2
                :                Million bushels
Beginning stocks :      884      1,104     1,285
Production     :      6,425     7,082     7,586      +175 to -175
Imports        :      3         1         1
  Supply, total :      7,312     8,187     8,872      +175 to -175
Feed           :      3,709     4,194     4,350      +300 to -300
Food, seed, & ind. :      551      575      615
  Domestic, total :      4,260     4,769     4,965      +300 to -300
Exports        :      1,948     2,133     2,150      +150 to -150
  Use, total    :      6,208     6,902     7,115      +400 to -400
Ending stocks  :      1,104     1,285     1,757      +200 to -200
Avg. farm price 3/ :      2.02      2.20     2.25-2.55
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1/ Marketing year beginning October 1 for corn and sorghum; June 1 for barley and oats. 2/ The "probable variability" reflects the "root mean square error" and/or "standard error of estimate" from trend and judgment. Chances are about 2 out of 3 that the outcome will fall within the indicated ranges. 3/ Season average farm price, dollars per bushel.

SORGHUM, BARLEY AND OATS 1/

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*****
Commodity          : 1977/78 : 1978/79 : 1979/80
                   :         :         : Proj. : Prob. variab.2/
*****
SORGHUM:          :         :         :         :
Yield/harv. acre  : 56.3   55.1   63.7
                   :         :         :         :
                   :         :         :         : Million bushels
Beginning stocks  : 91     191    159
Production       : 793    748    825    +35 to -35
Imports          :
  Supply, total   : 884    939    984    +35 to -35
Feed            : 473    566    560    +30 to -30
Food, seed, & ind. : 7      7      7
  Domestic, total : 480    573    567    +30 to -30
Exports         : 213    207    275    +30 to -30
Use, total      : 693    780    842    +45 to -45
Ending stocks   : 191    159    142    +45 to -45
Avg. farm price 3/ : 1.82   2.00   2.15-2.40
BARLEY:          :         :         :         :
Yield/harv. acre  : 43.9   48.6   50.6
                   :         :         :         :
                   :         :         :         : Million bushels
Beginning stocks  : 126    172    227
Production       : 420    449    378
Imports          : 9      10     10
  Supply, total   : 555    631    615
Feed            : 168    208    205    +25 to -25
Food, seed, & ind. : 158    170    170
  Domestic, total : 326    378    375    +25 to -25
Exports         : 57     26     50    +10 to -10
Use, total      : 383    404    425    +30 to -30
Ending stocks   : 172    227    190    +25 to -25
Avg. farm price 3/ : 1.78   1.90   2.20-2.40
OATS:           :         :         :         :
Yield/harv. acre  : 55.8   52.2   54.4
                   :         :         :         :
                   :         :         :         : Million bushels
Beginning stocks  : 165    311    289
Production       : 751    596    534
Imports          : 2      1      1
  Supply, total   : 918    908    824
Feed            : 512    528    530    +50 to -50
Food, seed, & ind. : 84     78     80
  Domestic total  : 596    606    610    +50 to -50
Exports         : 11     13     2     +1 to -1
Use, total      : 607    619    612    +50 to -50
Ending stocks   : 311    289    212    +35 to -35
Avg. farm price 3/ : 1.10   1.18   1.25-1.40
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1/ Marketing year beginning October 1 for sorghum, June 1 for barley and oats. 2/ The "probable variability" reflects the "root mean square error" and/or "standard error of estimate" from trend and judgment. Chances are about 2 out of 3 that the outcome will fall within the indicated ranges. 3/ Season average farm price, dollars per bushel.

WHEAT AND RICE 1/

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*****
Commodity          : 1977/78 : 1978/79 :      1979/80
                   :         :         : Proj.: Prob. variab. 2/
*****
WHEAT:
Area               :           Million acres
  Planted          :    75.1    66.3    71.6
  Harvested       :    66.5    56.9    62.6
Yield per harv.   :           Bushels
  acre            :    30.6    31.6    34.2
                   :           Million bushels
Beginning stocks  :    1,112    1,177    925
Production       :    2,036    1,798    2,142
Imports          :         2         1         2
  Supply, total   :    3,150    2,976    3,069
  Food           :     586     591     595      +5 to -5
  Seed           :      80      87      95      +5 to -5
  Feed and residual :     183     179     100     +30 to -30
    Domestic, total :    - 849     857     790     +35 to -35
  Exports        :    1,124    1,194    1,325   +100 to -100
  Use, total     :    1,973    2,051    2,115   +110 to -110
Ending stocks    :    1,177     925     954   +110 to -110
Avg. farm price 3/ :     2.33     2.94  3.60-3.90
RICE (rough):
Area               :           Million acres
  Allotment       :     1.80     1.80     1.80
  Planted         :     2.26     2.99     3.00
  Harvested       :     2.25     2.97     2.98
Yield per harv.   :           Pounds
  acre            :    4,412    4,484    4,588
                   :           Million cwt.
Beginning stocks  :     40.5     27.4     31.6
Production       :     99.2    133.2    136.7
Imports          :         .1         .1         ---
  Supply, total   :    139.8    160.7    168.3
  Domestic       :     37.7     48.0     50.5      +2 to -2
  Exports        :     72.8     76.9     83.0      +5 to -5
  Use, total     :    110.5    124.9    133.5     +6 to -6
Ending stocks    :     27.4     31.6     34.8     +6 to -6
Dif. unactd.    :     +1.9     +4.2
Avg. farm price 3/ :     9.49     8.16  9.50-10.25
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1/ Marketing year beginning June 1 for wheat and August 1 for rice.
2/ The "probable variability" reflects the "root mean square error" and/or "standard error of estimate" from trend and judgment. Chances are about 2 out of 3 that the outcome will fall within the indicated ranges.
3/ Season average farm price, dollars per bushel for wheat and dollars per hundredweight for rice.

SOYBEANS AND PRODUCTS (Domestic Measure) 1/

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*****
Commodity      : 1977/78 : 1978/79 : 1979/80
                :           :         : Proj. : Prob. variab.2/
*****
SOYBEANS:
Area           :           : Million acres
  Planted      : 58.8      : 64.0      : 71.5
  Harvested    : 57.6      : 63.3      : 70.2
Yield per harv. :           : Bushels/acre
  unit         : 30.6      : 29.5      : 31.8
                :           : Million bushels
Beginning stocks : 103       : 161       : 173
Production      : 1,762     : 1,870     : 2,236      : +60 to -60
  Supply, total : 1,865     : 2,031     : 2,409      : +60 to -60
Crushings       : 927       : 1,018     : 1,090      : +40 to -40
Exports         : 700       : 753 3/    : 815        : +40 to -40
Seed and feed   : 69        : 76        : 80
Residual        : 8         : 11        : 14
  Use, total    : 1,704     : 1,858     : 1,999      : +40 to -40
Ending stocks   : 161       : 173       : 410        : +40 to -40
Avg. farm price : 5.88      : 6.75      : 5.75-6.50
SOYBEAN OIL:
                :           : Million pounds
Beginning stocks : 771       : 729       : 776        : +100 to -100
Production      : 10,288    : 11,323    : 11,878     : +440 to -440
  Supply, total : 11,059    : 12,052    : 12,654     : +440 to -440
  Domestic      : 8,273     : 8,942     : 9,400      : +400 to -400
  Exports       : 2,057     : 2,334     : 2,200      : +300 to -300
  Use, total    : 10,330    : 11,276    : 11,600     : +375 to -375
Ending stocks   : 729       : 776       : 1,054      : +300 to -300
Avg. price 4/   : 24.6      : 27.4      : 23-28
SOYBEAN MEAL:
                :           : Thousand short tons
Beginning stocks : 228       : 243       : 267        : +50 to -50
Production      : 22,371    : 24,354    : 25,885     : +950 to -950
  Supply, total : 22,599    : 24,597    : 26,152     : +950 to -950
  Domestic      : 16,276    : 17,720    : 18,800     : +800 to -800
  Exports       : 6,080     : 6,610     : 7,000      : +400 to -400
  Use, total    : 22,356    : 24,330    : 25,800     : +800 to -800
Ending stocks   : 243       : 267       : 352        : +75 to -75
Avg. price 5/   : 164.20    : 190.10    : 160.00-200.00
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1/ Marketing year beginning September 1 for soybeans; October 1 for soybean oil and meal. 2/ The "probable variability" reflects the "root mean square error" and/or "standard error of estimate" from trend and judgment. Chances are about 2 out of 3 that the outcome will fall within the indicated ranges. 3/ Based on inspections for export. 4/ Simple season average of crude soybean oil, Decatur, cents per pound. 5/ Simple season average of 44% protein, Decatur, dollars per short ton.

SOYBEANS AND PRODUCTS (Metric Measure) 1/

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*****
Commodity : 1977/78 : 1978/79 : 1979/80
           :           :           : Proj. : Prob. variab. 2/
*****
SOYBEANS:
Area : Million hectares
  Planted : 23.8 25.9 28.9
  Harvested : 23.3 25.6 28.4
Yield per harv. : Metric tons/hectare
  unit : 2.06 1.98 2.14
Beginning stocks : Million metric tons
  : 2.8 4.4 4.7
Production : 48.0 50.9 60.9 +1.6 to -1.6
  Supply, total : 50.8 55.3 65.6 +1.6 to -1.6
Crushings : 25.2 27.7 29.7 +1.1 to -1.1
Exports : 19.1 20.5 3/ 22.2 +1.1 to -1.1
Seed and feed : 1.9 2.1 2.2
Residual : .2 .3 .4
  Use, total : 46.4 50.6 54.4 +1.1 to -1.1
Ending stocks : 4.4 4.7 11.2 +1.1 to -1.1
Avg. farm price : 216 248 211-239
SOYBEAN OIL: Thousand metric tons
Beginning stocks : 350 331 352 +45 to -45
Production : 4,667 5,136 5,388 +200 to -250
  Supply total : 5,016 5,467 5,740 +200 to -250
Domestic : 3,753 4,056 4,264 +180 to -180
Exports : 933 1,059 998 +135 to -135
  Use, total : 4,686 5,115 5,262 +170 to -170
Ending stocks : 331 352 478 +135 to -135
Avg. price 4/ : 542 604 507-617
SOYBEAN MEAL: Thousand metric tons
Beginning stocks : 207 220 242 +45 to -45
Production : 20,295 22,094 23,482 +855 to -855
  Supply, total : 20,501 22,314 23,723 +855 to -855
Domestic : 14,765 16,075 17,055 +720 to -720
Exports : 5,516 5,996 6,350 +365 to -365
  Use, total : 20,281 22,072 23,405 +720 to -720
Ending stocks : 220 242 319 +70 to -70
Average price 5/ : 181 210 176-220
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1/ Marketing year beginning September 1 for soybeans; October 1 for soybean oil and meal. 2/ The "probable variability" reflects the "root mean square error" and/or "standard error of estimate" from trend and judgment. Chances are about 2 out of 3 that the outcome will fall within the indicated ranges. 3/ Based on inspections for export. 4/ Simple season average of crude soybean oil, Decatur, dollars per metric ton. 5/ Simple season average of 44% protein, Decatur, dollars per metric ton.

The Agricultural Supply and Demand Estimates Tables were prepared by
the Interagency Commodity Estimates Committee for:

FEED GRAINS: Paul Meyers, Chairman, WFAOSB; Frank Gomme, FAS; Donald
J. Novotny, FAS; Orville I. Overboe, ASCS; Ralph Tapp, AMS; Bruce
Wright, ESCS;

SOYBEANS, COTTONSEED AND OILS: Jim L. Matthews, Chairman, WFAOSB;
Clarence Goldsborough, FAS; Alan E. Holz, FAS; George W. Kromer, ESCS;
David Spalding, AMS; Harry Sullivan, ASCS.

WHEAT: Paul Meyers, Chairman, WFAOSB; Frank Gomme, FAS; Donald J.
Novotny, FAS; David Spalding, AMS; Randell Weber, ASCS; Bruce Wright,
ESCS.

RICE: Paul Meyers, Chairman, WFAOSB; Frank Gomme, FAS; Charles
Hunley, AMS; Donald J. Novotny, FAS; George Schaefer, ASCS; Bruce
Wright, ESCS.

Conversion Factors

Bushels to metric tons	Area
Wheat & soybeans = bushels x .027216	1 acre = .404694 hectares
Barley = bushels x .021772	
Corn, sorghum,	
rye = bushels x .025401	1 hectare = 2.471044 acres
Oats = bushels x .014515	
480 lb. bales to metric tons	
Cotton = bales x .217727	
Cwt. to metric tons	
Rice = cwt. x .045359	
Kilograms to pounds	
Kilogram = 2.204622 pounds	