

2001 WHEAT OUTLOOK*

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Recap of Last Year

U.S. farmers continued the four year trend to reduce acreage planted to wheat for harvest as grain seeding 62.5 million acres. Harvested acres totaled 53 million acres, the lowest total since 1972. U.S. yields were again excellent as a whole as the nation averaged 41.9 bushels per acre. Southeast yields were even better than that with South Carolina averaging well above normal.

Farmers harvested a crop of 2.223 billion bushels. Total available supply was 3.268 when beginning stocks of 950 million bushels were included. Off take increased in all three major use categories. Exports were up 35 million bushels to 1.125 billion bushels, domestic food use rose 20 million bushels to 945 million bushels while feed use rose 16 million bushels to 300 million bushels. Total use was 2.454 billion bushels, the largest since 1994. Ending stocks dropped from 950 million bushels to 814 million bushels. The stocks to use ratio fell over 6 points to 33.2 percent. National average cash prices received by farmers averaged about \$2.65.

Outlook for 2001

I expect farmers to continue to plant fewer acres to wheat for harvest in 2001. According to USDA, last fall farmers planted only 41.3 million acres of winter wheat, down five percent from a year ago. Over the last five years, spring wheat growers sowed an average of 44.6 percent as much wheat as winter wheat producers. If that average were to be obtained this spring, then spring wheat would total 18.5 million acres and total wheat plantings would total near 58.8 million acres. On average 87.3 percent of the planted acreage is harvested so our estimate of harvested acres would be near 51.3 million acres.

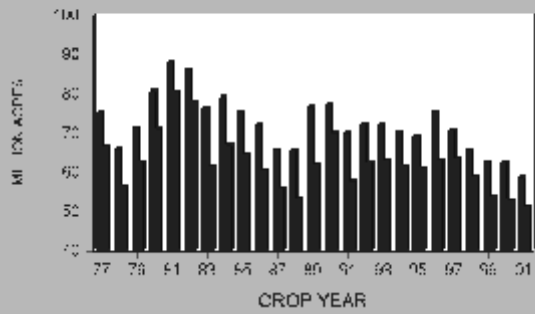
The trend line average yield extended into the 2001 crop year is 40.7 bushels per acre. If yields should reach the trend then 2001 production would be about 2.1 billion bushels, down from the 2.223 billion last year. Total supply would drop from 3.27 billion to 3 billion bushels, a significant change in a price positive direction.

Estimating consumption is more difficult but if we assume average feed use, a slight increase in domestic food use in line with past trends and steady exports, off take would be near 2.44 billion bushels. That would be basically unchanged from last year. Ending stocks would fall over 250 million bushels to 558 million bushels, the lowest level since 1996 providing a stocks to use ratio of 22.9 percent.

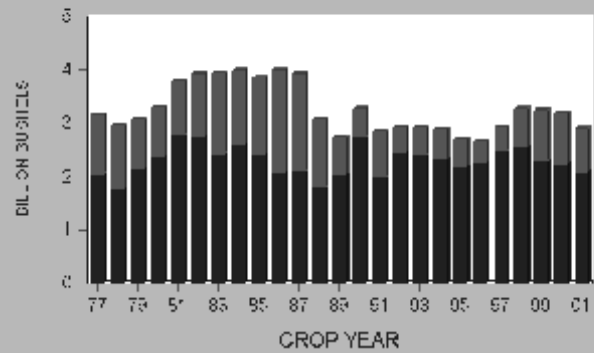
Season average cash prices received by farmers should approach the \$3.00 level and I will peg it to average \$2.90 for southeast farmers, up from \$2.65 last year.

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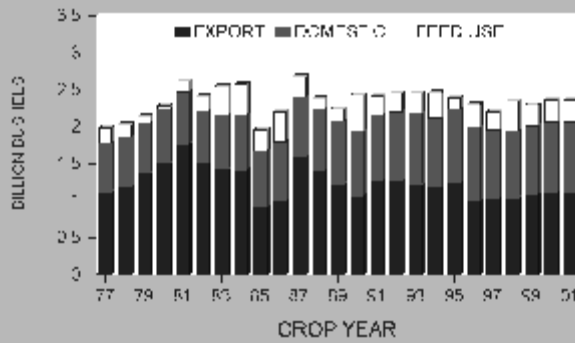
U.S. WHEAT ACREAGE PLANTED AND HARVESTED



U.S. WHEAT SUPPLY BILLION BUSHEL



U.S. WHEAT USAGE BILLION BUSHEL



U.S. WHEAT

Price vs Stocks-to-Use Ratios

