

## Approved by the World Agricultural Outlook Board

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**Highlights**

- *U.S. Prospective Wheat Plantings Are Down 4 Percent from Last Year but Durum Area Is Up 12 Percent*
  - *Winter Wheat Crop Conditions Down from a Year Ago*
  - *U.S. March 1 Wheat Stocks Highest Since 1987/88*
  - *1998/99 World Wheat Ending Stocks Forecast Revised Up 6.7 Million Tons This Month*
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***U.S. Prospective Wheat Plantings Are Down 4 Percent from Last Year but Durum Area Is Up 12 Percent***

USDA released its Prospective Plantings report on March 31, 1999. Farmers were surveyed in the first 2 weeks of March to determine 1999 planting intentions. All wheat planted acreage is estimated at 63.0 million acres, down 4 percent from last year and the lowest since 1973.

**Winter Wheat**--Winter wheat acres seeded for this year, at 43.4 million acres, are down 7 percent from 1998, but little changed from the indications in the Winter Wheat and Rye Seedings report. Of the total, about 30.9 million acres are hard red winter (HRW), 9.0 million are soft red winter (SRW), and 3.5 are white winter. Some minor, offsetting SRW area changes occurred in some States.

**Durum Wheat**--To the surprise of most analysts, producers indicated plans to increase durum wheat acres to 4.27 million, up 12 percent from last year and the highest since 1982. The crop revenue coverage (CRC) insurance program announced for durum likely is the major reason for the higher planting intentions in the Dakotas, since price prospects are down for 1999/2000. In North Dakota, planting intentions increased 600,000 acres from 1998 and are projected at 3.6 million acres, the largest since 1981. The South Dakota durum area, pegged at 80,000 acres, is the largest in 10 years. Durum area in Montana is expected to be down 15 percent in response to lower price prospects. Arizona and California seedings continued into February. Seedings in the Imperial Valley of California progressed normally through February.

**Other Spring Wheat**--Other spring wheat (excluding durum) intended acres are down 2 percent from 1998 to 15.4 million acres, the smallest area since 1988. About 14.5 million of the prospective acres are HRS, with the remainder white spring. Spring wheat prices are the lowest in several years. HRS area will be down about 13 percent in North Dakota, reflecting both the shift to durum wheat and the planting of alternative crops. Montana growers are intending an increase of 11 percent over 1998 to make up for the big drop in winter wheat acreage that was seeded in the fall of 1998.

Other spring wheat acreage will also be up in the Pacific Northwest where white spring wheat is grown. Washington farmers are planning to seed 550,000 acres this year, up from 470,000 last year. In Oregon, the area seeded is expected to increase to 140,000 acres this year, up from 100,000 in 1998. Idaho growers are expected to seed 560,000 acres in 1999, up from 530,000 last year. Acreage seeded to this year's white winter wheat crop was lower in all three States, an indication that producers in those States may be shifting to

more spring wheat in their cropping plans.

### ***Winter Wheat Crop Conditions Down from a Year Ago***

Both the HRW and SRW wheat crops entered this month in good condition, with no major problems reported. As of April 4, USDA's Crop Progress report indicated that 68 percent of the winter wheat crop was rated in good to excellent condition nationwide, down from 76 percent on the same date last year. Above-normal temperatures promoted early, rapid development in the Great Plains, Corn Belt, and Southeast. In parts of the northern Great Plains, crop development has been hindered by abnormally dry soils.

The Kansas wheat crop was said to have sustained only minimal damage from a cold snap in late March, according to the weekly crop and weather report issued by the Kansas Agricultural Statistics Service. As of April 4, 72 percent of the Kansas crop was rated good to excellent, down from 75 percent the week before and 86 percent the previous year. However, the crop is more advanced with 36 percent of the crop jointing, compared with 17 percent in 1998 and the 5-year average of 25 percent.

Winter wheat conditions in Texas are rated as 50 percent good to excellent. Seven percent of the crop was headed as of April 4, mostly in the central and southern growing areas. Oklahoma's winter wheat crop was rated 84 percent good to excellent, down slightly from 86 percent a year ago. In Nebraska, the winter wheat crop condition was rated 2 points below a year ago with 67 percent rated good to excellent. The crop was beginning to come out of dormancy with limited winterkill observed.

Conditions in other States were: Colorado, 61 percent good to excellent; South Dakota, 80 percent; and Montana, 38 percent. Lack of snow cover during the winter caused 24 percent of the Montana winter wheat crop to have moderate to heavy wind damage as of April 4, and moderate to heavy freeze and drought damage affected 7 percent of the State's winter wheat crop. Many of these acres may be replanted to spring wheat.

### ***U.S. March 1 Wheat Stocks Highest Since 1987/88***

The Grain Stocks report, released by the U.S. Department of Agriculture (USDA) on March 31, estimated all wheat stocks in all positions on March 1 at 1,445 million bushels, up 24 percent from March 1, 1998. Off-farm stocks were estimated at 975 million bushels, up 27 percent from March 1, 1998, while farm stocks were estimated at 470 million bushels, up 18 percent.

The March 1 Grain Stocks report revealed that wheat stocks in the HRW producing States of Colorado, Kansas, Oklahoma, and Texas totaled 465 million bushels, the largest since 1991 and 24 percent larger than a year ago. Kansas led all States with 232 million bushels in storage. Farmers in North Dakota and Montana accounted for over half of the stocks stored on-farm on March 1, 1999.

The higher-than-expected stock levels imply a small negative feed and residual use during the third quarter. Implied total wheat disappearance for the December-February quarter is estimated at 475 million bushels, down about 1 million bushels from the same period in 1997/98. The high stock levels also raise concerns about the availability of storage as the new crop harvest starts in the Southern Plains in May.

U.S. 1998/99 supply and use forecasts are unchanged from last month for total wheat, but there are some changes by class of wheat. Import projections were lowered for HRW and increased for durum. Food use projections were increased for HRW, offsetting a drop in food use projections for HRS wheat. Feed and residual use for all wheat is projected at 350 million bushels for the 1998/99 marketing year. If this level is realized, feed and residual use for the

fourth quarter will be positive, an outcome observed in past years when ending stocks have been large. Ending stocks for 1998/99 are projected at 955 million bushels, up 32 percent from last year's carryover and the highest since 1987/88. Third quarter estimates will be firmed up in May when wheat and product trade estimates for February and mill grind estimates for the first quarter of calendar 1999 are available from the Census Bureau.

#### **1998/99 World Wheat Ending Stocks Forecast Revised Up 6.7 Million Tons This Month**

Smaller changes to production, consumption, and trade in several different countries, combined this month to increase expected global 1998/99 ending stocks by 5 percent.

The largest change was for India. Large government procurement and slower than expected use of government stocks through the Public Distribution System raised the stocks forecast. Forecast 1998/99 wheat consumption dropped 2 million tons, to 67 million, down from a year earlier. Even though India's 1998/99 production was revised down slightly, this was more than offset by increased beginning stocks, boosting forecast ending stocks by 2.3 million tons. It now appears likely that even though India's wheat production declined in 1998/99 compared to the previous year, ending stocks will increase slightly. The large stocks could have implications for 1999/2000 wheat trade prospects, because favorable growing conditions have increased prospects for a record harvest.

In Iran, 1998/99 wheat production reported by the government was 1 million tons higher than previously forecast by USDA. The additional supply boosted forecast ending stocks, but even after the upward revision, 1998/99 ending stocks are forecast down 40 percent from the previous year. The size of Iran's wheat stocks may have important implications for 1999/2000 wheat trade because an ongoing drought across much of the Middle East extends into some important wheat growing areas of Iran. Syria in particular is suffering from drought, and based on a recent attache report, wheat consumption was revised down for several years, increasing 1998/99 forecast ending stocks by 1 million tons.

Pakistan's 1998/99 forecast ending stocks were also increased 1 million tons this month. Large late-season import shipments are expected to arrive in Pakistan just before the end of the May/April local marketing year. This has caused a decrease in forecast consumption, and an offsetting increase in ending stocks. It is not surprising that Pakistan's stocks are expected to increase compared to a year ago because of record production in 1998/99.

Kazakhstan's ending stocks are forecast up 0.7 million tons this month. Production, consumption, and export forecasts are all down from a month ago, but the most important factor is that the export pace has been slow. Although up from last month, Kazakhstan's ending stocks are still forecast down 1 million tons from a year earlier.

The slow pace of exports by Canada dropped the 1998/99 export forecast by 0.5 million tons, boosting expected ending stocks by a like amount. Lower-than-expected exports also boosted prospective ending stocks for China and Poland. China is not shipping as much flour to North Korea as expected, and Poland canceled an export tender for government stocks because of low world prices.

In Indonesia, increased imports--based on recent purchases by private mills--and reduced consumption increased ending stocks by almost 0.5 million tons.

The aforementioned increases in forecast 1998/99 ending stocks overwhelmed a 1-million-ton decline in Australia, where aggressive selling by the Australian Wheat Board has boosted export prospects, dropping stocks.

The increased 1998/99 stocks forecast this month change the underlying balance

between supply and demand, boosting the global stocks-to-use ratio from 21.3 percent last month to 22.7 currently forecast for 1998/99. This is still down from 23.7 percent estimated for 1997/98, but up from 19.6 the previous year. So the world wheat supply and demand balance is still getting tighter in 1998/99, but not getting close to 1995/96 or 1996/97 when the global stocks-to-use ratio fell below 20 percent.

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The 1999 Wheat Yearbook is now available at:

- 1) ERS AutoFax; Call (202) 694-5700 and select document 12100 for a complete directory of the historical tables and special articles.
- 2) ERS Homepage: [www.econ.ag.gov/](http://www.econ.ag.gov/), select "Outlook Reports," then "Wheat."

Other wheat publications may be obtained from the ERS "Wheat Briefing Room" at <http://www.econ.ag.gov/Briefing/wheat>.

Table 1--Wheat: U.S. market year supply and disappearance, 4/13/99

Item	1993/94	1994/95	1995/96	1996/97R	1997/98E	1998/99P
Area: (mil. ac.)						
National total base	89.6	88.9	88.5	87.9	0.0	0.0
Eff.base/Ctr. acres						
0,50/92,85	5.7	5.2	6.1	0.0	0.0	0.0
CRP base retired	10.8	10.8	10.8	10.6	10.1	9.7
Planted	72.2	70.3	69.0	75.1	70.4	65.9
Harvested	62.7	61.8	61.0	62.8	62.8	59.0
Yield: (bu/acre)	38.2	37.6	35.8	36.3	39.5	43.2
Supply: (mil. bu.)						
Beginning stocks	530.7	568.5	506.6	376.0	443.6	722.5
Production	2,396.4	2,321.0	2,182.7	2,277.4	2,481.5	2,550.4
Imports 1/	108.8	91.9	67.9	92.3	94.8	95.0
Total supply	3,035.9	2,981.4	2,757.2	2,745.7	3,019.9	3,367.9
Use:						
Food	871.7	853.0	882.9	890.7	916.5	925.0
Seed	96.3	89.0	103.5	102.3	92.6	88.0
Feed and residual	271.7	344.5	153.7	307.6	248.0	350.0
Total domestic	1,239.7	1,286.6	1,140.1	1,300.6	1,257.0	1,363.0
Exports 1/	1,227.8	1,188.3	1,241.1	1,001.5	1,040.4	1,050.0
Total use	2,467.4	2,474.8	2,381.2	2,302.1	2,297.4	2,413.0
Ending stocks:						
Farmer-owned reserve	6.0	0.0	0.0	0.0	0.0	0.0
CCC inventory 2/	150.0	142.0	118.0	93.0	94.0	110.0
Free stocks	412.5	364.6	258.0	350.6	628.5	844.9
Stocks-to-use ratio	23.0	20.5	15.8	19.3	31.4	39.6
Prices: (\$/bu.)						
Target price	4.00	4.00	4.00	0.00	0.00	0.00
Loan rate	2.45	2.58	2.58	2.58	2.58	2.58
Contract rate 3/	1.03	0.61	0.00	0.87	0.63	0.66
Ave. farm price	3.26	3.45	4.55	4.30	3.38	2.65-2.75
Contract pmts.						
(mil. dollars) 3/	1,904	1,146	100	1,941	1,414	1,923
Market value						
of production						
(mil. dollars)	7,812	8,007	9,787	9,782	8,287	6,886

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

Table 2.--Wheat: U.S. market year supply and disappearance, 4/13/99

1997/98E	HRW	HRS	SRW	White	Durum	All wheat
Area:			Million acres			
Planted	34.02	18.27	9.88	4.93	3.31	70.41
Harvested	28.71	17.51	8.71	4.73	3.18	62.84
Yield:			Bushels per acre			
	38.26	28.06	54.19	70.20	27.60	39.49
Supply:			Million bushels			
Beg. stocks	142.9	166.0	45.0	59.0	30.7	443.6
Production	1,098.3	491.3	472.0	332.1	87.8	2,481.5
Imports 2/	0.6	56.7	0.0	8.4	29.1	94.8
Total	1,242	714	517	399	148	3,020
Utilization:						
Total domestic	577.0	254.0	257.0	104.5	64.5	1,257.0
Exports 2/	358.2	240.0	180.0	205.0	57.2	1,040.4
Total	935.2	494.0	437.0	309.5	121.8	2,297.4
Ending stocks:	306.7	220.0	80.0	90.0	25.8	722.5
1998/99P	HRW	HRS	SRW	White	Durum	All wheat
Area:			Million acres			
Planted	32.36	14.85	10.18	4.67	3.80	65.87
Harvested	27.34	14.41	9.06	4.46	3.73	59.00
Yield:			Bushels per acre			
	43.24	33.78	48.86	66.77	37.82	43.23
Supply:			Million bushels			
Beg. stocks	306.7	220.0	80.0	90.0	25.8	722.5
Production	1,182.1	486.8	442.6	297.8	141.1	2,550.4
Imports 2/	1.0	52.0	0.0	9.0	33.0	95.0
Total	1,490	759	523	397	200	3,368
Utilization:						
Total domestic	609.6	266.8	297.6	100.8	88.2	1,363.0
Exports 2/	435.0	250.0	100.0	225.0	40.0	1,050.0
Total	1,044.6	516.8	397.6	325.8	128.2	2,413.0
Ending stocks:	445.1	242.0	125.0	71.0	71.7	954.9

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

Table 3--Wheat: Quarterly supply and disappearance (1,000 bu.), 4/13/99

Market Year	Production	Imports 2/	Supply	Food	Seed	Feed	Exports 2/	Ending stocks
Million bushels								
1996/97:								
Jun-Aug	2,277	15	2,668	224	9	378	334	1,724
Sep-Nov	---	21	1,745	234	60	(76)	308	1,219
Dec-Feb	---	27	1,246	213	2	30	179	822
Mar-May	---	30	852	221	32	(24)	180	444
Mkt. year	2,277	92	2,746	891	102	308	1,002	444
1997/98 E:								
Jun-Aug	2,481	23	2,948	228	3	352	288	2,076
Sep-Nov	---	23	2,099	239	59	(113)	296	1,619
Dec-Feb	---	24	1,643	220	2	(1)	255	1,167
Mar-May	---	26	1,192	230	29	10	201	722
Mkt. year	2,481	95	3,020	916	93	248	1,040	722
1998/99 P:								
Jun-Aug	2,550	24	3,297	227	1	426	257	2,385
Sep-Nov	---	24	2,409	243	55	(76)	292	1,896
Dec-Feb	---	24	1,920	223	1	(2)	253	1,445
Mkt. year	2,550	95	3,368	925	88	350	1,050	955

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--Wheat: Monthly food use estimates (1,000 bu.), 1998/99, 4/13/99

1998/99 (Est.)	June	July	August	September	October	November
Mill grind 1/ +	71,086	72,020	78,713	75,688	84,414	80,799
Food imports +	1,914	1,886	2,064	1,744	2,076	2,020
Non-flour food use +	2,000	2,000	2,000	2,000	2,000	2,000
Food exports -	2,189	1,968	2,297	3,151	4,056	2,524
Food use	72,811	73,938	80,480	76,282	84,436	82,295
	December	January	February	March	April	May
Mill grind 1/ +	75,842					
Food imports +	2,090	1,903				
Non-flour food use +	2,000	2,000				
Food exports -	6,721	2,755				
Food use*	73,210					

Source: Department of Commerce, Bureau of Census. Totals may not add due to rounding. Wheat flour and products converted to wheat grain equivalent. Non-flour food use is ERS estimate. \*Monthly food use and durum food use estimates since 1990/91 are available in ERS AutoFax Document 12180.

Table 5--Wheat: Farm prices and prices at selected markets (\$/bu.), 4/13/99

Month	Farm prices							
	All wheat		Winter		Durum		Other spring	
	97/98	98/99	97/98	98/99	97/98	98/99	97/98	98/99
Jun	3.52	2.77	3.42	2.68	4.21	3.98	3.74	3.22
Jul	3.23	2.56	3.16	2.48	4.61	3.37	3.66	3.08
Aug	3.56	2.39	3.39	2.25	5.23	3.25	3.75	2.71
Sep	3.66	2.41	3.46	2.32	5.35	3.08	3.64	2.65
Oct	3.58	2.79	3.42	2.66	5.09	3.16	3.49	3.12
Nov	3.54	2.97	3.31	2.78	5.25	3.17	3.55	3.26
Dec	3.44	2.87	3.24	2.67	5.16	3.14	3.51	3.26
Jan	3.32	2.80	3.16	2.67	5.02	3.21	3.44	3.07
Feb	3.27	2.74	3.16	2.56	4.71	2.84	3.34	3.10
Mar 1/	3.33	2.74	3.15	2.56	4.68	2.86	3.42	3.10
Apr	3.18	.	2.94	.	4.45	.	3.41	.
May	3.06	.	2.90	.	4.29	.	3.31	.
Month	KC HRW #1 ordinary		KC HRW #1 13% prot.		St. Louis #2 SRW		Portland #1 soft white	
	97/98	98/99	97/98	98/99	97/98	98/99	97/98	98/99
Jun	4.08	3.16	4.19	3.57	3.46	2.66	4.20	2.93
Jul	3.57	3.02	3.80	3.57	3.34	2.43	3.85	2.72
Aug	3.84	2.74	4.11	3.12	3.64	2.26	4.10	2.66
Sep	3.86	2.81	4.07	3.17	3.62	2.12	4.12	2.69
Oct	3.88	3.30	4.09	3.67	3.58	2.23	3.98	3.15
Nov	3.87	3.42	4.09	3.89	3.57	2.41	3.88	3.15
Dec	3.72	3.31	4.01	3.74	3.53	2.54	3.79	3.12
Jan	3.61	3.27	3.80	3.61	3.87	2.51	3.67	3.15
Feb	3.64	3.05	3.86	3.35	3.32	2.33	3.58	3.10
Mar	3.61	.	3.94	.	3.24	.	3.56	.
Apr	3.39	.	3.82	.	3.05	.	3.34	.
May	3.41	.	3.75	.	2.89	.	3.28	.
Month	Minneapolis DNS 14% prot.		Minneapolis #1 durum		FOB Gulf \$/ton (HRW)		Average EEP bonus \$/ton 2/	
	97/98	98/99	97/98	98/99	97/98	98/99	97/98	98/99
Jun	4.44	4.01	5.38	5.00	148.44	120.52	0.00	0.00
Jul	4.36	3.89	5.93	4.59	139.99	117.95	0.00	0.00
Aug	4.49	3.58	6.39	4.20	151.75	108.76	0.00	0.00
Sep	4.36	3.53	6.69	3.78	149.91	108.03	0.00	0.00
Oct	4.35	4.03	6.52	4.04	152.85	126.03	0.00	0.00
Nov	4.42	4.15	6.38	4.15	150.28	131.18	0.00	0.00
Dec	4.27	3.97	6.55	4.05	145.14	126.40	0.00	0.00
Jan	4.12	3.92	5.60	3.91	138.89	125.29	0.00	0.00
Feb	4.15	3.78	5.64	3.67	139.99	117.21	0.00	0.00
Mar	4.26	.	5.81	.	139.26	.	0.00	.
Apr	4.29	.	5.63	.	130.44	.	0.00	.
May	4.24	.	5.15	.	128.60	.	0.00	.

1/ Mid-month price for current month of the 1998/99 marketing year.

2/ Weighted average, all classes.

Source: NASS & AMS, USDA.



Table 6--Wheat: Exports and imports for last six months, 4/13/99

U.S. wheat exports, (1,000 bu.) 1998/99						
Item	August	September	October	November	December	January
Wheat grain	96,664	90,507	109,168	81,913	96,486	73,017
Wheat flour	2,027	2,914	3,812	2,354	6,472	2,551
Products	272	344	510	237	274	260
Total	98,963	93,765	113,490	84,505	103,233	75,828

  

U.S. wheat imports, (1,000 bu.) 1998/99						
Item	August	September	October	November	December	January
Wheat grain	6,771	4,770	7,585	5,728	6,064	7,424
Wheat flour	568	711	661	637	618	610
Products	1,498	1,035	1,416	1,386	1,473	1,295
Total	8,837	6,516	9,662	7,750	8,154	9,329

Source: Department of Commerce, Bureau of Census. Wheat flour and products converted to wheat grain equivalent. Totals may not add due to rounding. Monthly and quarterly estimates since 1995/96 are available in ERS AutoFax Document 12181.

Table 7--Wheat: U.S. exports, Census and Export Sales comparison, 4/13/99

Data Source	1996/97		1997/98		1998/99 (as of 4/5/99)		
	Shipments				Ship-ments	Outstanding sales	Total
	Census	Export Sales	Census	Export Sales	Export Sales		
Country:	--1,000 metric tons--						
Algeria	350	350	198	172	501	0	501
China	1,003	1,065	285	380	150	0	150
Egypt	2,684	2,825	4,837	4,982	3,696	808	4,504
FSU	408	288	448	275	89	0	89
Japan	3,325	3,264	3,169	3,373	2,588	641	3,230
S. Korea	1,544	1,646	1,446	1,400	1,135	253	1,388
Morocco	443	421	516	597	145	0	145
Nigeria	590	698	730	817	1,075	147	1,222
Pakistan	2,027	1,973	2,180	2,232	844	0	844
Philippines	1,772	1,876	1,458	1,531	1,485	223	1,707
Total grain	26,516	25,964	27,295	27,518	21,646	3,455	25,101
Total(incl) products)1/	27,254	26,127	28,308	27,626	22,316	3,538	25,854
USDA forecast of Census							28,576

Source: U.S. Export Sales, FAS, USDA. 1/ Grain equivalent basis.