



Approved by the World Agricultural Outlook Board

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Overview

U.S. 2001/02 supply and use projections for total wheat are unchanged from last month, although there are changes in projected imports, exports, and ending stocks by class of wheat. The projected price range for the 2001/02 marketing year is also unchanged from \$2.70 to \$3.00 per bushel.

World wheat production and ending stocks forecasts for 2001/02 increased by about 4 million tons each this month. Harvest reports indicate larger than expected wheat production in both Russia and Kazakstan. These countries are not expected to increase exports. Large exports were already forecast, and reduced animal numbers prevent additional increases in internal feed use. Thus, the entire production increase is reflected in higher forecast ending stocks, up 3 million tons for the two countries combined.

Trade Changes by Class of Wheat

There are some class changes in trade based on the pace of exports and imports to date. Hard red winter (HRW) wheat exports are reduced by 15 million bushels, while soft red winter (SRW) wheat and durum exports were raised by 10 and 5 million bushels, respectively. The import changes for hard red spring (HRS) and durum wheat are minor. Ending stocks for HRW are up 15 million bushels, HRS down 3 million bushels, SRW down 10 million bushels, and durum down 2 million bushels.

2001 Wheat Quality Is Improved Over Last Year

The quality of the 2001 wheat crop is generally better than the 2000 crop based on data provided by the U.S. Wheat Associates in their annual quality report, *2001 Crop Quality Report*, found at <http://www.uswheat.org/>. Protein content is higher for all classes this year compared with last year. The flour extraction rate for the 2001 crop is improved for all classes, except for HRS, which is only slightly below the 2000 crop rate.

Table 1. Quality characteristics of 2001 and 2000 wheat by class

	HRW (2001, 2000)		HRS (2001, 2000)		SRW (2001, 2000)	
Test weight (lb/bu)	60.4	59.2	59.9	60.4	59.1	58.0
Protein percent 1/	12.1	12.0	14.5	14.4	10.5	10.2
Extraction rate (%)	69.2	68.3	69.0	69.1	72.3	69.8
Falling numbers (sec) 2/	407	393	391	379	356	317

1/ 12% moisture basis.

2/ Higher falling numbers indicate lower sprout damage.

Source. *2001 Crop Quality Report*. <http://www.uswheat.org/>

Table 2. Quality characteristics of 2001 and 2000 wheat by class

	Soft white (2001, 2000)		Club (2001, 2000)		Great Plains Durum (2001, 2000)		Pacific Southwest Durum (2001, 2000)	
Test weight (lb/bu)	61.4	61.5	62.0	61.2	58.8	58.8	63.8	62.3
Protein percent 1/	11.1	9.2	10.5	8.3	14.4	14.3	13.8	13.5
Extraction rate (%)	68.8	66.7	70.8	68.8	71.3	68.7	74.7	73.9
Falling numbers (sec) 2/	353	327	360	319	355	216	651	699

1/ 12% moisture basis.

2/ Higher falling numbers indicate lower sprout damage.

Source. 2001 Crop Quality Report. <http://www.uswheat.org/>

The 2001 HRW crop has good milling quality. Millers are getting higher flour yields due to larger, more vitreous kernels. HRW protein quality is slightly better than in 2000.

The 2001 HRS crop has slightly higher wheat protein content and higher falling number values, but a slightly lower test weight. There are isolated areas with some fusarium head blight (scab) but there is considerably less than there was a few years ago.

The 2001 SRW crop has higher average falling number and protein content, and much higher average test weight than the 2000 crop.

Growing conditions in Oregon and Washington for the 2001 white wheat crop were very dry during grain filling which increased protein content in most dryland farming areas. However, higher protein levels are a disadvantage for certain types of soft wheat products. The average test weight for the 2001 soft white crop was slightly below last year. Club wheat test weight was higher than last year. Other grade data were similar to last year.

The 2001 durum crop has improved falling number and grade values compared with 2000 and end product quality that is considered average to good. The Southwestern States of California and Arizona accounted for approximately 20 percent of U.S. durum production.

Winter Wheat Progress Ahead of Last Year

Ninety-four percent of the winter wheat crop has been planted, and 81 percent has emerged as of November 3. Planting and emergence are more than 1 week ahead of last year's slow pace of 85 percent planted and 70 percent emerged. Normally, 91 percent would be seeded and 78 percent emerged by this date.

Seeding progressed with few rain interruptions, but dry soils limited planting in parts of the Southern Great Plains. On the other hand, wet weather has slowed SRW in the Midwest. More than one-fifth of the acreage was seeded in Arkansas during the week, and nearly one-fifth was sowed in Indiana and Missouri. Planting was also active in North Carolina, even though the topsoil was too dry to germinate seeds in most areas.

The condition of U.S. winter wheat slipped in the week ended Nov. 3. Nationwide, the proportion of wheat rated good or excellent was 46 percent, compared with 50 percent a week earlier, and 54 percent at the same time last season.

Temperatures were favorable for development across most of the Great Plains, but topsoil moisture shortages hindered emergence and reduced crop conditions

in many areas, especially in Texas and Oklahoma. Oklahoma and Texas had 45 percent and 40 percent, respectively, rating in the very poor or poor categories. Montana's wheat conditions also worsened, with 31 percent in those categories.

Kansas wheat rated 63 percent good to excellent, 30 percent fair, and 7 percent very poor to poor. At the same time in 2000, Kansas ratings in those categories were 51 percent good to excellent, 39 percent fair, and 10 percent very poor to poor.

Increased 2001/02 World Wheat Production and Stocks Forecast This Month

World wheat production and ending stocks forecasts for 2001/02 increased by about 4 million tons each this month. Harvest reports indicate larger than expected wheat production in both Russia and Kazakhstan. These countries are not expected to increase exports. Large exports were already forecast, and reduced animal numbers prevent additional increases in internal feed use. Thus, the entire production increase is reflected in higher forecast ending stocks, up 3 million tons for the two countries combined.

Australia's wheat production for the last 2 years was revised based on recently released survey-based estimates by the Australian Bureau of Statistics. While the 1999/2000 crop was revised down slightly, 2000/01 was increased 2.6 million tons, largely because of increased area. The increased area provides a larger base for 2001/02 prospects, boosting forecast area 800,000 hectares and production 1.5 million tons. Moreover, beginning stocks were increased more than 1 million tons this month because of the previous year's production increase. With supply prospects increased this month, Australia's 2001/02 forecast wheat exports increased 1.5 million tons.

Increased wheat exports from Australia are offset by trade changes for Argentina and the European Union (EU). Argentina's wheat production prospects have been dampened by reduced area caused by excessive rain and flooding. Forecast Argentine wheat production was reduced 0.5 million tons, reducing 2001/02 export prospects by the same amount.

EU production forecast for 2001/02 was reduced slightly this month as a 0.5-million-ton reduction reported for the United Kingdom was mostly offset by increased production for Italy. This month EU exports were reduced 0.5 million tons to 11.5 million because of the slow pace of free-market subsidy awards. The Commission has maintained zero subsidy levels, and with relatively high wheat prices in the EU, the export pace has been slow. Moreover, the Commission has moved to reduce import levies, so the EU 2001/02 import forecast was increased 0.5 million tons this month to 5.5 million. EU wheat consumption in 2001/02 is projected up more than 1 million tons this month, but is still down compared with use estimated for the previous year.

Production changes shifted wheat trade prospects in parts of North Africa. Algeria reported larger-than-expected production in 2001/02, while Tunisia's crop was reduced. Consequently, Algeria's forecast imports were reduced while Tunisia's increased.

Although 2001/02 world wheat ending stocks are projected up 4 million tons this month to 140 million tons, they are still expected to drop more than 20 million from a year earlier. This is the largest drop in global stocks since 1994/95. While wheat stocks in the former Soviet Union are forecast up more than 14 million tons in 2001/02, China's stocks are expected to plummet by more than 18 million tons. Likely more important for price prospects is a projected combined drop of over 13 million tons for Australia, Canada, the EU, and the United States.

The next electronic **Wheat Outlook** report will be issued on December 13, 2001.

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For several months, a wide range of ideas have emerged in the farm bill debate on how best to address the needs of farmers and other constituencies. A recently released ERS report, *Wheat: Background and Issues for Farm Legislation*, provides information on topics important to the debate, including market conditions, policy proposals, WTO considerations, and the interactions between policy and markets.

This online-only report, <http://www.ers.usda.gov/publications/WHS-0701-01/>, is the first of the occasional Wheat Outlook supplements that will provide timely analysis on specific topics. Readers will no longer have to wait for the *Wheat Situation and Outlook Yearbook* for all of the in-depth reports and special articles on the wheat sector.

Table 1--Wheat: U.S. market year supply and disappearance, 11/14/01

Item	1996/97	1997/98	1998/99	1999/00	2000/01E	2001/02P
Area: (mil. ac.)						
National total base		87.9	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
CRP base retired		10.6	10.1	9.7	0.0	0.0
Planted		75.1	70.4	65.8	62.7	62.6
Harvested		62.8	62.8	59.0	53.8	53.1
Yield: (bu/acre)		36.3	39.5	43.2	42.7	42.0
Supply: (mil. bu.)						
Beginning stocks		376.0	443.6	722.5	945.9	949.7
Production		2,277.4	2,481.5	2,547.3	2,299.0	2,232.5
Imports 1/		92.3	94.9	103.0	94.5	89.8
Total supply		2,745.7	3,020.0	3,372.8	3,339.4	3,272.0
Use:						
Food		890.7	914.1	909.7	928.9	957.1
Seed		102.3	92.5	80.5	91.8	79.8
Feed and residual		307.6	250.5	394.4	279.4	297.5
Total domestic		1,300.6	1,257.1	1,384.7	1,300.1	1,334.4
Exports 1/		1,001.5	1,040.4	1,042.2	1,089.5	1,061.5
Total use		2,302.1	2,297.5	2,426.9	2,389.7	2,395.9
Ending stocks:						
Farmer-owned reserve		0.0	0.0	0.0	0.0	0.0
CCC inventory 2/		93.0	94.0	128.0	104.0	97.0
Free stocks		350.6	628.5	817.9	845.7	779.2
Stocks-to-use ratio		19.3	31.4	39.0	39.7	36.6
Prices: (\$/bu.)						
Target price		0.00	0.00	0.00	0.00	0.00
Loan rate		2.58	2.58	2.58	2.58	2.58
Contract rate 3/		0.87	0.63	0.66	0.64	0.59
Ave. farm price		4.30	3.38	2.65	2.48	2.62
Contract pmts.						
(mil. dollars) 3/		1,941	1,412	2,718	3,829	3,616
Market value						
of production						
(mil. dollars)		9,782	8,287	6,781	5,702	5,849

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, 11/14/01 1/

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	46.0	0.0	10.0	33.0	90.0
Total	1,178.8	731.7	534.7	317.0	161.7	2,923.8
Utilization:						
Total domestic	478.5	324.5	261.5	91.0	91.5	1,247.0
Exports 2/	385.0	235.0	195.0	160.0	50.0	1,025.0
Total	863.5	559.5	456.5	251.0	141.5	2,272.0
Ending stocks:	315.3	172.2	78.2	66.0	20.2	651.8

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.), 11/14/01

Market Year	Production	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	(23)	293	1,805
Dec-Feb	---	21	1,827	231	3	4	250	1,338
Mar-May	---	23	1,361	235	25	(7)	233	876
Mkt. year	2,232	90	3,272	957	80	297	1,061	876
2001/02 P:								
Jun-Aug	1,958	26	2,860	238	3	243	219	2,155
Sep-Nov	---	22	2,177	253	53	(35)	265	1,642
Dec-Feb	---	21	1,663	231	3	5	275	1,150
Mar-May	---	21	1,172	239	29	(13)	266	652
Mkt. year	1,958	90	2,924	960	87	200	1,025	652

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.), 11/14/01

Item		July	August	September	October	November	December
Mill grind	+	77,830	85,062	81,793	86,755	83,038	77,944
Food imports 1/	+	1,846	2,051	1,755	1,967	2,130	2,039
Non-flour food use 2/	+	2,000	2,000	2,000	2,000	2,000	2,000
Food exports 1/	-	4,067	1,902	3,465	4,442	2,588	3,021
Food use	=	77,608	87,211	82,083	86,280	84,580	78,962
Item		January	February	March	April	May	June
Mill grind	+	74,926	74,331	78,862	75,348	77,041	73,709
Food imports 1/	+	2,036	1,734	2,122	2,003	2,013	2,042
Non-flour food use 2/	+	2,000	2,000	2,000	2,000	2,000	2,000
Food exports 1/	-	2,532	2,454	2,488	4,133	2,367	1,679
Food use	=	76,430	75,611	80,495	75,218	78,687	76,072

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.), 11/14/01

Month	All wheat		Farm prices 1/ 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	3.11	2.80	2.90
November	2.83		2.70		2.97		2.97	
December	2.87		2.76		3.03		2.98	
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, 11/14/01

Month	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	2.58	2.09	2.44	2.80	2.90	2.58	3.35
November	2.80		2.21		2.97		2.70	
December	2.82		2.31		2.98		2.74	
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 Another 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.), 10/16/01

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	
October	3.41		3.59		3.66		130.88	
November	3.45		3.60		3.79		129.51	
December	3.47		3.60		3.78		130.51	
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		3.69		4.10		5.12	
November	3.64		3.77		4.03		5.51	
December	3.60		3.52		3.97		N/Q	
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		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	3.62
October	2.41		2.36		2.15		2.86	
November	2.42		2.42		2.15		2.94	
December	2.48		2.47		2.26		2.98	
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, 10/16/01 1/

Exports, (1,000 bu.) 2000/2001						
Item 1/	March	April	May	June	July	August
Wheat grain	71,502	83,157	68,908	59,190	64,911	89,582
Wheat flour	2,200	3,868	2,163	1,412	661	1,990
Products	291	267	269	1,036	245	281
Total	73,992	87,292	71,341	61,638	65,817	91,853

Imports, (1,000 bu.) 2000/2001						
Item 1/	March	April	May	June	July	August
Wheat grain	5,945	5,171	5,653	5,540	7,633	6,240
Wheat flour	769	729	742	738	734	856
Products	1,355	1,280	1,274	1,309	1,332	1,326
Total	8,070	7,180	7,669	7,588	9,698	8,422

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

Table 9--Wheat: U.S. exports, Census and Export Sales comparison, 11/13/01-

Importing country	1999/2000		2000/01		2001/02 (as of 11/1/01)		
	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	1,206	926	2,133
Japan	3,172	3,122	3,064	3,124	1,028	552	1,580
Philippines	2,126	2,175	1,977	2,024	679	472	1,151
Mexico	1,832	1,963	2,000	2,027	819	321	1,140
EU	1,330	1,300	1,300	1,429	1,189	209	1,398
S. Korea	1,670	1,475	1,483	1,404	482	184	666
Nigeria	1,127	1,185	1,317	1,428	915	274	1,189
Taiwan	983	1,005	1,045	1,031	346	100	446
Israel	894	917	694	870	210	0	210
Colombia	779	726	607	626	238	108	347
Total grain	28,047	25,453	27,694	25,819	10,100	4,229	14,328
Total(incl products)	29,158	25,500	28,889	25,856	10,111	4,236	14,347
USDA forecast of Census							27,896

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