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Better Days Ahead for Wheat Producers

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BETTER DAYS AHEAD FOR WHEAT PRODUCERS

by

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For the first time, for a long time, there are definite signs the worst is over for wheat prices. The excellent exports so far this year, the reduction in the Russian crop,the drought affecting Australian wheat production, reduced wheat plantings in Argentina and a decrease in output and quality of Canadian production, all point to a reduction in World and U.S. wheat supplies. However, perhaps the strongest sign of better times is produced by U.S. farmers themselves; that being a substantial reduction in U.S. winter wheat plantings.

The U.S.D.A. report of Winter Wheat Plantings released December 22, indicated U.S. farmers have reduced their plantings by 14 percent. Based on the acres planted and current crop conditions, U.S.D.A. estimates a crop of 1.3 billion bushels of Winter Wheat for 1978. This figure is 13 percent less than last year.

The reduction in Winter Wheat plantings is significant when one considers the details more fully. First, about 75 percent of the wheat raised in the U.S. is planted in the fall. Therefore, the reduction in total Winter Wheat acres represents a large part of U.S. wheat. Further analysis shows the highest percentage reduction in planted acres is in the Soft Red Wheat area where farmers planted 35 percent less wheat this year. The largest reduction was expected in this area because of heavy rains during the planting season and because the Soft Red Wheat area can plant corn, soybeans and cotton instead os wheat. Soft Red Wheat states include Arkansas, Illinois, Indiana, Kentucky, Mississippi, Missouri, Ohio, and Tennessee. Soft Red acres are about 12 percent of the 1978 total. Soft Red Wheat produces primarily a cake and pastry flour.

The White Wheat acreage is also about 12 percent of the total Winter Wheat acres. The major White Wheat states are California, Idaho, Oregon, and Washington. Producers in this area reduced plantings by about 5½ percent. White Wheat is used for quick breads, cakes and crackers.

The largest class of wheat by acres is the Hard Red Winter Wheat. Hard Red Winter Wheat produces a bread flour.The Hard Red Winter Wheat states of Colorado, Kansas, Montana, Nebraska, New Mexico, Oklahoma, South Dakota, and Texas plant about 76 percent.

There is at least one good reason why farmers in the Hard Red Winter area have not reduced planted acres more.The farm program was not completely settled at the time much of the Winter Wheat was planted. However, Hard Red Winter Wheat growers have until just before harvest next year to comply with the acreage reduction by clipping, but not harvesting, some of their planted acres of wheat. If the White, Hard Red Winter and Hard Red Spring Wheat producers will discipline their planted and harvested acres, they can in one year substantially reduce the price-influencing, projected 1.2 billion bushel carryover of wheat. Carryover wheat has had a close correlation with price. The lower the carryover, the higher the price.

Our wheat prices did not decrease all at once from the 1974 highs, nor will they increase all at once from

1977 lows, but there are some definite signs there are better days ahead.

The long range outlook for demand of agricultural products hasn't changed in spite of the temporary surpluses produced in 1975-76 and 1977. The long term outlook of demand for grains from 1980 to the year 2000 must be considered excellent.

WINTER WHEAT PLANTINGS

Soft Red Winter Wheat Plantings

	77-78	76-77	78 pct. of 77
Arkansas	470	825	57
*Illinois	1050	1670	63
Indiana	900	1350	67
Kentucky	340	380	89
Mississippi	490	870	56
*Missouri	960	1730	55
Ohio	1130	1580	72
Tennessee	310	373	83
	5650	8778	64.4

Hard Red Winter Wheat Plantings

	77-78	76-77	78 pct. of 77
Colorado	2900	3000	97
Kansas	11500	13200	87
Montana	2900	3050	95
Nebraska	2900	3300	88
New Mexico	474	551	86
Oklahoma	7000	7800	90
South Dakota	1080	1160	93
Texas	5700	6300	90
	34454	38361	89.8

Note: Illinois, Missouri and Idaho also plant considerable Hard Red Winter Wheat.

White Winter Wheat Plantings

	77-78	76-77	78 pct. of 77
California	725	885	82
*Idaho	920	950	97
Oregon	1150	1200	96
Washington	2800	2920	96
	5595	5955	94.0
TOTALS	45,699	53,094	86.7

Totals do not equal national totals because only major producing states are listed.

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