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Analysis of September 11, 1980 Supply and Demand Report for
Wheat, Feed Grains and Oil Seeds

by

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Table 1. U.S. Supply and Demand for All Wheat, Corn, Oats, Barley, and Sorghum for Recent Marketing Years and Projections for 1980-81

	Wheat			Corn			Oats			Barley			Sorghum		
	Million Bushels			Million Bushels			Million Bushels			Million Bushels			Million Bushels		
	1978-1979	1979-1980	1980-1981	1978-1979	1979-1980	1980-1981	1978-1979	1979-1980	1980-1981	1978-1979	1979-1980	1980-1981	1978-1979	1979-1980	1980-1981
Beginning Stocks	1177	925	901	1104	1286	1701	311	287	239	172	229	191	191	159	101
Production	1798	2142	2354	7987	7764	6534	596	534	451	449	378	352	748	814	547
Imports	1	2	2	1	1	1	1	1	1	10	12	10	---	---	---
Total Supply	2976	3069	3257	8192	9051	8236	908	822	691	631	619	553	939	973	648
Feed	178	95	125	4198	4325	4150	530	499	450	206	203	175	566	525	365
Food, Seed, etc.	679	697	705	575	625	715	78	80	80	170	170	172	7	7	7
Exports	1194	1375	1450	2133	2400	2500	13	4	10	26	55	75	207	340	225
Total Demand	2051	2168	2280	6906	7350	7365	621	583	540	402	428	422	780	872	597
Ending Stocks	925	901	977	1286	1701	871	287	239	151	229	191	131	159	101	51

The supply and demand reports are all important to the direction prices of various grains will take in the next few months. There is a consistent correlation between reduced ending stocks, (sometimes called carryover) and higher prices, and increased stocks and lower prices.

All Wheat. U.S. farmers produced an all time record crop of wheat in 1980 (2.35 billion bu), giving us historically large supplies (3.26 billion) for 1979-1980. Harvested wheat was 9 million acres above the 1978-79 acreage because of higher prices and no diverted acres. Hard red winter, white, durum and hard red spring wheats all showed increases in production over the Aug. 1 report. Gains due to higher estimated yields were 3.5, 9.0, 3.0 and 14.0 million respectively. Soft red wheat remained the same. Current supplies of wheat are more than ample. Prices will probably stay around release price.

Corn. Two private reports were released September 8th along with the USDA crop report on Sept. 11. Leslie estimated the 1980 corn crop at 6.59 bushels McQuigg at an even 6.00 billion. The

USDA report was 112 million bushels less than the August report. This has to be bullish for corn in the long term as supplies will be tight and some of the corn in the reserve will be needed. Prices will exceed the call level, but perhaps not by much. Market prices have already adjusted to much of the reduced supply of corn.

Oats. 1980 planted oat acreage of 13.2 million is the lowest since the late 1800's, and even though use is down more than 8% ending stocks are expected to be the lowest in recent history. There is some room for further price increases for oats. Look for the milling-ordinary oats price spread to increase.

Barley. 1980 barley production is expected to be down 7% and supplies down 11%. A small decline in harvested acres and a substantial (50.6 to 47.7) decrease in yield caused the reductions in production. Exports are expected to increase by 36% primarily because of a smaller Canadian crop. Canada has imported barley from the U.S. this year. This is not the usual flow of barley across the Canadian-U.S. border. Barley prices are expected to remain strong up to and

into the 1981 crop.

Table 2. Supply and Demand for Oil Seeds (Soybeans, Sunflowers and Flaxseed) for Recent Marketing Years and Projections for 1980-81

	Soybeans*			Sunflowers**			Flaxseed***		
	1978-1979	1979-1980	1980-1981	1978-1979	1979-1980	1980-1981	1978-1979	1979-1980	1980-1981
Beginning Stocks	161	174	370	77	130	1100	5495	2740	4900
Production	1970	2268	1831	1839	3500	1850	10921	13539	7700
Imports	---	---	---	7	---	---	1577	1721	1800
Total Supply	2031	2442	2201	1923	3630	2950	17974	18000	13760
Crushings	1018	1120	1050	292	550	750	13009	12500	13000
Exports	753	870	835	1366	1800	1770	91	---	---
Seed-Feed	87	97	96	135	180	180	2134	600	700
Total	1858	2957	1981	1793	2530	2760	15234	13100	13700
Ending stocks	173	370	220	130	1100	250	2740	4900	60

*Soybeans in million bushels
 **Sunflowers in metric tons
 ***Flaxseed in thousand bushels

Sorghum. Production is expected to be down 36% primarily because of a large decrease in yield. Use was up substantially, mainly as the result of a 69% increase in exports, mostly to Mexico. Lower production and greater use will lead to a 50% drop in ending stocks. Sorghum prices for the 1980 crop should be about 10¢ a bushel less than corn.

Soybeans. Leslie and McQuigg put Sept. 1, 1980 soybean production at 1.78 and 1.90 billion bushels respectively compared with the USDA estimate of 1.83 billion bushels. Based on current estimates the U.S. supply of 2.13 billion bushels of soybeans is adequate. There is a sizeable reduction in world production of major oil seeds of which soybeans are the major crop. However, the higher prices have already begun to ration consumption and world use of oilseeds is expected to decrease for the next few months. I can't see any great increase

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in soybean price from this level but there are those who can.

Sunflowers. The only meaningful carryover of sunflower seed the U.S. has ever had was from the 1979 crop. This carryover will allow for adequate supplies for 1980-81. Summer export business has not been up to expectations but deferred prices for sunflowers are higher than current prices and these suggest improvement in demand into the fall. Domestic use should continue a sharp growth, while export volume increases slowly. Prices of sunflowers are apt to be between \$12 to \$14 CWT at Duluth. Increased export demand could raise this price range by \$1 per hundred.

Flax. 1980 U.S. production of flax is expected to be 7.7 million bushels, a reduction of 43% from last year. 1980 flax production in Canada and South America is also expected to be down. U.S. production will be only half of the normal crush, but a large carryover (4.9 million) from 1979 and a possible import of close to 2 million bushels will take care of demand. Prices may fall when processors begin to crush sunflowers; but will be strong again in the spring.

Analyses of the Crop Production and Supply and Demand Report are made over all S.D. Public T.V. channels and Appleton, MN 8:30 Friday evenings and 12:30 on Saturdays following the reports.

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