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1981-82 Crop Price Outlook by



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Perhaps never before are there so many factors affecting the price of grains. These factors include: (1) record or near record crop production; (2) the strengthening U.S. dollar relative to most foreign currencies; (3) uncertainty about exports particularly to Russia; (4) a sluggish world economy; (5) high interest and inflation rates and (6) a very cautious grain trade especially after the plunge in grain prices in December 1980. An example of how the stronger dollar has affected foreign demand is that from Dec. 1, 1980 to July 15, 1981, U.S. cash corn dropped 75¢ per bushel but it took .14 more deutchmarks to buy a bushel of corn July 15 than it did on Dec. 1.

While the prospects for price improvement for all grains look dim at this time, we should remember the grain trade has been wallowing in bearish news for some time. It doesn't appear that grain prices should go down from the current levels because of what appears to be a full discount of bearish news. I think we must also conclude there is little prospect for substan-

tial price raises from current levels, for the next several months. Prospects for individual grains will vary only slightly from that for all grain in general.

Wheat prices should not decline from current levels. Protein premiums will most likely not increase much because of a high (13.5) average in the hard winter wheats. A modest increase in the hard red spring wheat prices is possible by December 1 in spite of a high ending stocks to domestic use ratio. Durum wheat does not have anything that currently offers any optimism to prices.

Total Feed Grains are showing the results of more than ample supplies. High quality oats and barley are possible exceptions to oversupply. However, all feed grains are eligible for some price recovery resulting from increased domestic use, and/or exports, or if there has been an over estimation of 1981 production. Prices will be slow to recover. Corn prices are now expected to hover above the loan value (\$2.20), but below the target price (\$2.40). Sorghum prices will stay close to the price of corn, as will the price of feed oats. High quality oats and top quality malting barley have the potential to reach last year's price levels. It is interesting to note (Table 2) that for corn with its high ending stocks of 1,432 million bushel, the total is less as a percent of domestic use than for the other feed grains.

Table 1. U.S. Supply and use of all wheat, hard red winter, hard red spring and durum for recent years and projections for 1981-82 (million bushels)

	All U.S. Wheat			Hard Red Winter			Hard Red Spring			Durum		
	1979	1980	1981	1979	1980	1981	1979	1980	1981	1979	1980	1981
Beginning stocks	924	902	991	423	440	540	320	285	259	86	61	61
Production	2,134	2,370	2,750	1,089	1,185	1,102	363	311	452	106	108	186
Imports	2	2	2	--	--	--	1	1	1	1	1	1
Total Supply	3,060	3,274	3,743	1,512	1,625	1,642	684	597	712	193	170	248
Domestic use	783	773	882	347	388	407	182	150	178	49	50	56
Exports	1,375	1,510	1,825	725	697	755	217	188	220	83	59	80
Total Use	2,158	2,283	2,707	1,072	1,085	1,162	399	338	398	132	109	136
Ending Carryover	902	991	1,036	440	540	480	285	259	314	61	61	112
Carryover as % of Domestic Use	115	128	117	127	139	118	157	173	176	124	122	200

Table 2. U.S. Supply and Demand of Feed Grains, Corn, Oats, Barley, and Sorghum for Recent Marketing Years and Projections for 1981-82

	Feed Grains Million Tonnes			Corn Million Bushels			Oats Million Bushels			Barley Million Bushels			Sorghum Million Bushels		
	1979- 1980	1980- 1981	1981- 1982	1979- 1980	1980- 1981	1981- 1982	1979- 1980	1980- 1981	1981- 1982	1979- 1980	1980- 1981	1981- 1982	1979- 1980	1980- 1981	1981- 1982
Beginning Stocks	46.2	52.4	32.8	1304	1617	1016	280	236	176	228	192	137	160	147	59
Production	238.2	198.2	241.4	7939	6648	7940	527	458	509	383	359	476	809	588	864
Imports	.3	.3	.3	1	1	1	1	1	1	12	10	10	---	---	---
Total Supply	284.7	250.9	274.5	9244	8266	8957	808	695	686	623	561	623	969	735	923
Feed	138.7	125.1	130.0	4519	4150	4250	492	432	425	204	175	200	484	375	450
Food, Seed, etc.	22.3	24.1	26.1	675	750	825	76	74	75	172	172	175	13	11	11
Exports	71.3	68.9	72.8	2433	2350	2450	4	13	10	55	77	100	325	290	325
Total Demand	232.3	218.1	228.9	7627	7250	7525	572	519	510	431	424	475	822	676	786
Ending Stocks	52.4	32.8	45.6	1617	1016	1432	236	176	176	192	137	148	147	59	137
Ending Stocks as % Dom. Use			29			28			35			39			30

Soybeans: The largest carryover ever projected for the 1981-82 crop will keep prices considerably lower than for the 1980-81 crop (Table 3). Based on what we know now, export estimates will not be reached, and soybean crushers cannot operate profitably. Country prices of \$5.50 to \$6.00 may be the range in prices for the next six months.

Sunflowers are in much better statistical position than they have been for two years, but they probably will not move independently of other oils (Table 4). Sunflowers will probably trade from \$9.00 to \$10.00 country price until supply is known for sure.

Flaxseed: Although we won't have enough for our domestic crush, price will depend on what we must pay for imported flax. Prices shouldn't go much below \$6.50.

Rye: Price should remain strong, in the \$3.25-3.50 Minneapolis price

range. The 1981-82 estimated carryover is 75% less than the 1979-80 carryover and 15% less than that in 1980-81.

Table 3. U.S. Soybean Supply and Use (million bushels)

	1979-80	1980-81	Projected 1981-82
Beginning stocks	174	359	345
Production	2,268	1,817	2,089
Total Supply	2,442	2,176	2,434
Domestic crush	1,123	1,020	1,080
Exports	875	720	830
Seed, feed, res.	85	91	94
Total Use	2,083	1,831	2,004
Ending Stocks	359	345	430

Table 4. U.S. Sunflower Seed Supply and use (Thousand metric tons)

	1979-80	1980-81	Projected 1981-82
Beginning stocks	90	1,073	510
Production	3,484	1,816	2,400*
Imports	10	21	25
Total Supply	3,584	2,910	2,935
Domestic crush	547	815	1,000
Non-oil, seed	144	135	150
Exports	1,820	1,450	1,460
Total Use	2,511	2,400	2,610
Ending stocks	1,073	510	325

*USDA is currently estimating production at 2.64 mmt

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