

1958

EC58-809 Wheat --- The Supply, Market Opportunities and Prospects

Norris J. Anderson

W. Duane Foote

Follow this and additional works at: <http://digitalcommons.unl.edu/extensionhist>

Anderson, Norris J. and Foote, W. Duane, "EC58-809 Wheat --- The Supply, Market Opportunities and Prospects" (1958). *Historical Materials from University of Nebraska-Lincoln Extension*. 3421.
<http://digitalcommons.unl.edu/extensionhist/3421>

This Article is brought to you for free and open access by the Extension at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Historical Materials from University of Nebraska-Lincoln Extension by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

S
85
E7
#809
c-1

E. C. 58-809

WHEAT ---

The Supply, Market Opportunities and Prospects

by Norris J. Anderson and W. Duane Foote

EXTENSION SERVICE
UNIVERSITY OF NEBRASKA COLLEGE OF AGRICULTURE
AND U. S. DEPARTMENT OF AGRICULTURE
COOPERATING
W. V. LAMBERT, DIRECTOR

WHEAT - The Supply,
Market Opportunities and Prospects

By
Norris J. Anderson and
W. Duane Foote 1/

The total wheat supply in the United States is estimated as 2,312 million bushels. An exceedingly bountiful 1958 crop, 50 percent larger than that of 1957, is responsible for the all-time record supply. Production in 1958 has exceeded the 1947-56 annual average by 27 percent.

Assuming that 600 million bushels will be needed for food, feed and seed in 1958-59, the excess will be 1,700 million bushels. Of this amount 400 million bushels may possibly be exported, although for the period 1952-57 annual wheat exports averaged 350 million bushels. The carryover on July 1, 1959, may equal or exceed 1,300 million bushels.

The record-breaking 1958 winter wheat crop was produced at an estimated average yield of 26.9 bushels per seeded acre. The 1957 yield was 18.8 bushels, and the long-term average is 15.9 bushels. In the spring wheat belt the 1958 yield has been estimated at 20 bushels.

The remarkable production record of recent years is shown in the table on the following page. While acreage has been reduced substantially since 1949, higher yields have sustained production.

Wheat Production Prospects Abroad

Three large wheat producing countries, the United States, Soviet Russia and China, account for approximately half the total world wheat production. In all three countries 1958 production is setting new records. The larger wheat crop in China alone will offset the drop in production reported by India, Syria, Turkey, Iraq, and Japan. However, Turkey again will have an exportable surplus.

Western Europe also has a favorable crop prospect and total production is expected to equal that of 1957. This production level will adversely affect export prospects

1/ Norris J. Anderson is Extension Economist, Nebraska College of Agriculture.
W. Duane Foote is Extension Grain Marketing Specialist.

Acreage, Yield, and Production of Wheat in U. S., 1939-58 ^{1/}

Year of Harvest	Winter Wheat		All Wheat		
	Seeded Acreage	Yield	Seeded Acreage	Yield/Acre	Total Production
	(Millions)	(Bu.)	(Millions)	(Bu.)	(Millions)
1939	46,154	12.3	62,802	11.8	741,210
1940	43,536	13.6	61,820	13.2	814,646
1941	46,045	14.6	62,707	15.0	941,970
1942	38,855	18.1	53,000	18.3	969,381
1943	38,515	14.0	55,984	15.1	843,813
1944	46,821	16.1	66,190	16.0	1,060,111
1945	50,463	16.2	69,192	16.0	1,107,623
1946	52,227	16.7	71,578	16.1	1,152,118
1947	58,248	18.2	78,314	17.4	1,358,911
1948	58,332	17.0	78,345	16.5	1,294,911
1949	61,177	14.0	83,905	13.1	1,098,415
1950	52,399	14.1	71,287	14.3	1,019,344
1951	56,145	11.6	78,524	12.6	988,161
1952	56,997	18.7	78,645	16.6	1,306,440
1953	57,087	15.5	78,931	14.9	1,173,071
1954	46,617	17.2	62,539	15.7	983,900
1955	44,290	15.9	58,241	16.0	934,731
1956	44,427	16.7	60,658	16.6	1,004,272
1957	37,535	18.8	49,919	19.0	947,102
1958 ^{1/}	43,587	26.9	55,988	25.4	1,420,725

^{1/} The Wheat Situation, USDA, August 1958, page 24.

1069pk-9/58

for the U. S., because Western Europe has been a leading importer of U. S. wheat.

In Australia wheat acreage is 40 percent larger than in 1957, and crop conditions are favorable.

From Argentina come reports that the seeded acreage is average or slightly larger and recent rains have greatly improved the crop prospect. In Canada the available supply again will be large.

Factors Affecting Wheat Exports

All of agriculture, and wheat growers in particular, have a large stake in export trade. Foreign markets continue to be the major outlet for excess wheat. There are no known outlets with more promise. Of every dollar that U. S. growers get for selling wheat, 51 cents comes from that part of the crop which is exported. It is important, therefore, that factors and trade policy conducive to high export levels be cultivated and supported.

Improvement in foreign trade relations in recent years has been attributed to the General Agreement on Tariffs and Trade (GATT). The U. S. is one of 37 member countries. In 1956 GATT nations imported \$3 billion worth of farm products from the U. S. Approximately 80 percent of U. S. farm exports move under trade agreements. In the long run, the quantity of our exports will be influenced by (1) the purchasing power of importing countries, (2) U. S. financing of exports, and (3) trade restrictions.

Purchases from other countries help those importing countries obtain dollars and other forms of purchasing power with which to purchase U. S. products. Trade must necessarily involve two-way exchange. Countries that hope to sell in foreign markets must be willing to buy from abroad in order that importing countries may acquire dollars with which to buy. When purchasing power declines in importing countries, restrictions usually are imposed on imports from the U. S. and other countries.

1069pk-9/58

Some heavily populated nations which are potential customers of the U. S. are underdeveloped economically. Industrialization supports economic growth, higher levels of living, and expansion in purchasing power abroad. Foreign aid programs stimulate industrial expansion and strengthen the demand for food and fiber produced in the U. S. In 1956-57, 40 percent of the total export volume of U. S. agricultural products was due to foreign aid extended by this country. Among all the exportable agricultural products, grain and cotton have been helped the most by foreign aid programs.

Domestic Market Prospects

Considerable study has been given in recent years to prospective food needs within the U. S. The Agricultural Marketing Service of USDA reports that "there appears to be little or no chance of increasing the total food use of wheat in the United States." ^{2/} Indications are that the total consumption of grains as food will remain at approximately current levels. In terms of wheat flour, per capita consumption has declined from 152 pounds in 1940 to 121 pounds in 1955. ^{3/} If farmers continue to produce at the current level, there will continue to be considerable excess over domestic food and feed requirements. The average annual carryover in 1950-58 was more than double the average annual carryover in 1940-49.

Summary

Wheat supplies are at record levels in nearly all major wheat producing countries. In some parts of the world, wheat acreage is expanding and yields also are going up. Capacity to produce is greater than ever before.

Trade with foreign countries in which there are food needs is exceedingly important. Even with maximum effort to expand markets, it is doubtful that foreign markets can be developed and maintained at a level adequate for prevailing productive capacity in the U. S.

^{2/} USDA, Expanding Outlets for Agricultural Products, page 146

^{3/} Ibid., page 131

In the United States, wheat acreage has been reduced 33 percent since 1949. In spite of the cut in acreage, production continues near the pre-1949 level. Yields are higher than in the 1940's, and the production potential grows faster than markets are being expanded.

References -- Sources of Information

1. Agricultural Marketing Service, USDA, The Wheat Situation, August 22, 1958.
2. Foreign Agricultural Service, USDA, Foreign Crops and Markets, August 21, 1958.
3. Agricultural Marketing Service, USDA, Expanding Outlets for Agricultural Products, November, 1957.