

GRAIN OUTLOOK

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DORMANT CROP, DORMANT MARKET

Wheat

The USDA released its last supply and demand estimate report of the year. There were no surprises; at least nothing that would cause grain and oilseed prices to rise. For wheat there were no changes from last month's report for total wheat production, domestic use, or exports. U.S. wheat ending stocks are expected to be 530 million bushels, about 12.6 weeks supply, which is about what it has been the past three years.

There was a bit of good news for Kansas producers, U.S. exports of Hard Red Winter (HRW) wheat were up 5 million bushels and ending stocks fell 2 million bushels, leaving ending stocks of HRW at 173 million bushels, 20 million less than last year. Good quality milling wheat has been in short supply, although harvests in Australia and Argentina will soon alleviate the shortage.

Global consumption of wheat is up. However, foreign production will be up 5 million tons (187 million bushels) for the year because of larger wheat crops in Australia, Canada, China, Uzbekistan, and Kazakhstan. Global wheat ending stocks are up 3.8 million tons (140 million bushels) from last month, but still down 7 million tons (257 million bushels) from last year. The USDA is projecting 2005/06 price to be in the \$3.25 to \$3.50 range.

Corn

While the USDA made no changes in the corn estimates for production or domestic use, they did drop the export projection by 100 million bushels. Increased corn exports by China and Ukraine caused the decline in U.S. exports. In the United States, projected ending stocks of corn rose to 2.418 million bushels, the highest in a decade. That gives the U.S. a 23% stocks to usage ratio, or about 11.5 weeks supply of corn in storage. In the past, carryover of that magnitude has kept the corn price below \$2. The USDA projected corn price range for 2005/06 is \$1.60 to \$2.00 per bushel.

Grain Sorghum

The story for grain sorghum is about the same as for corn. Production and domestic use remain the same, but exports are down. U.S. exports of grain sorghum are projected to be the smallest in ten years at 170 million bushels. Mexico is not buying as much as it was expected to. Grain sorghum price will be in the \$1.45 to \$1.85 range, according to the USDA.

The global outlook for coarse grains is for greater production, increased usage, and higher ending stocks compared to last month. China, Canada, and Australia will have larger crops, while production will be lower than expected in South Africa and Kazakhstan. Global ending stocks are up 5.4 million tons (213 million bushels) from last month.

Soybeans

Global oilseed production was up 1.7 million tons from last month based on increased soybean, rapeseed, and sunflower seed production in Canada, Ukraine, and Australia. U.S. oilseed production was up slightly because of a larger than expected cotton crop and increased cottonseed crushing. Soybean export estimates were lowered by 55 million to 1.02 billion bushels. Increased competition from South America selling to China and the

EU is taking business away from the U.S. Ending stocks of soybeans in the U.S. is expected to be 405 million bushels, the largest in many years. However, with an increased usage rate, that will leave us with enough supply for only about 7.25 weeks of use. The USDA raised the low end and lowered the high end of the expected price range for soybeans to \$5.00 to \$5.70.