

## Briefs

## Field Crops

## U.S. Durum Stocks to Expand Sharply Despite Smaller Crop

U.S. harvested area of durum wheat—used mainly for pasta production—is projected at 3.9 million acres in 1999, up 5 percent from 1998 and the largest acreage since 1982. This increase comes despite lower price prospects for the 1999/2000 marketing year. Apparently, producers responded to an attractive federally backed insurance policy (Crop Revenue Coverage insurance or CRC) rather than to market conditions.

In North Dakota, acreage intended for harvest is up 350,000 acres, 12 percent above last year. North Dakota will account for 85 percent of U.S. harvested durum acreage in 1999, 6 percentage points above its 1998 share. In contrast, acreage intended for harvest is down in Arizona and California, where CRC insurance was offered for the fall/winter planted crop but was not well publicized.

USDA's August 1 forecast indicates that farmers will harvest 114 million bushels in 1999, down 27 million from the large crop of 1998. Lower forecast yield—at 29.2 bushels per harvested acre in 1999, down from 37.8 bushels last year—will more than offset the expansion in acreage.

The Northern Plains region, particularly North Dakota, was plagued by excessive rainfall during the planting season, delaying planting in many locations. The late plantings, combined with wet conditions in parts of North Dakota, have hindered crop progress and lowered yield prospects in 1999. In August, USDA's National Agricultural Statistics Service reduced North Dakota's planted area and intended area for harvest each by 150,000 acres from the June forecast. The crop's slow progress during the growing season may limit yield potential and increase the crop's vulnerability to early frost.

Although production is projected lower, larger beginning stocks (up 40 percent from the 1998/99 level) will increase total supplies to 204 million bushels in 1999/2000, 4 million above last year.

With few high-value alternative uses for durum, continued large supplies will reduce the price premium producers have received in recent years for durum relative to other spring wheat. In 1998/99, the average premium for durum relative to hard red spring wheat was 35 cents per bushel, compared with an average 81 cents during the 5 previous marketing years. Durum prices do not necessarily fluctuate in unison with other classes of wheat, because there is very little substitution between durum and the lower protein wheat classes—e.g., hard red winter, soft red winter, and white wheats, which are not well suited for pasta production.

The large supply and a projected slowdown in use will put downward pressure on U.S. durum prices throughout the 1999/2000 marketing year. Domestic use of durum is projected at 87 million bushels in 1999/2000, just above the 5-year average but 14 million below the 1998/99 level. U.S. exports are projected

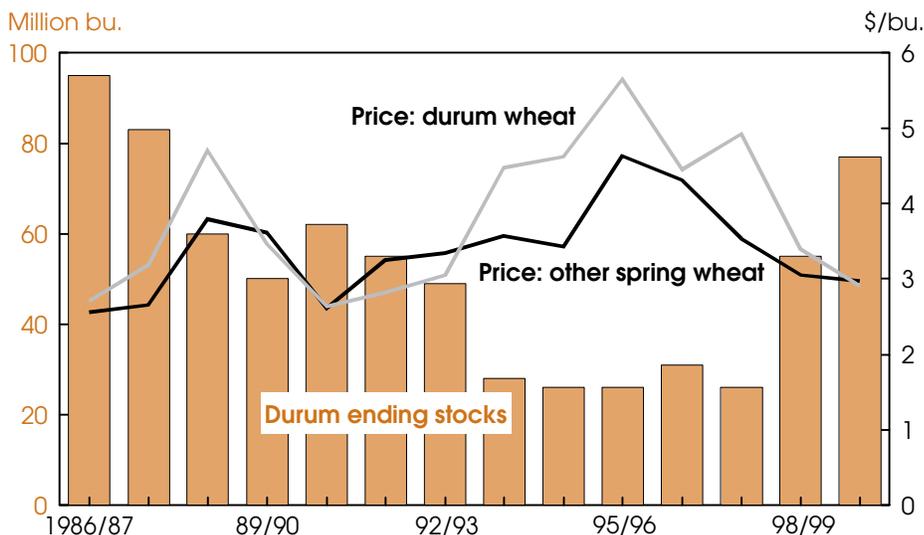
at 40 million bushels, down 11 percent from last season as exportable supplies remain large in foreign competitor countries (primarily in the European Union and Canada). U.S. ending stocks are projected to increase sharply to 77 million bushels, 44 million bushels above the 5-year average.

Export sales of durum in 1999/2000 are moving at the same pace as last year. As of August 5, accumulated export shipments plus outstanding export sales for 1999/2000 totaled 13 million bushels.

U.S. price prospects would be dampened even further in 1999/2000 without projected smaller crops in the European Union, Morocco, and Turkey. According to USDA's *Foreign Agriculture Circular* released in August, world durum production in selected durum-producing countries is estimated at 24.6 million metric tons in 1999/2000, down 21 percent from last year's record level. Despite a lower U.S. export projection for the marketing year, the U.S. will maintain its status as the world's second-largest exporter, behind Canada. **AO**

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### Durum Price Premium Vanishes in 1999/2000 as U.S. Stocks Soar



Season-average farm prices. 1999/2000 prices are averages for June and July.  
Economic Research Service, USDA