

U.S. Lowers Wheat Harvest Estimate

By Jack Egan

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The Agriculture Department yesterday sharply lowered its estimate of this year's wheat harvest—by 150 million bushels of 7 per cent—because of recent bad weather in growing areas. It also cut the number of corn and soybean acres it expects U.S. farmers to harvest this fall.

The news contained in the eagerly awaited July crop production report is almost certain to increase prices for these fundamental food and feed grains in the short run. It also dims administration hopes for bumper harvests large enough to moderate the current rate of inflation.

The latest USDA wheat production totals 1,925 billion bushels (including both winter and spring wheat harvests), up 12 per cent from last year's record but down significantly from the 2,074 billion bushels the Agriculture Department predicted only a few weeks ago. This in turn was down from the nearly 2.2 billion bushel wheat harvest the USDA expected in May, when the winter wheat harvest started.

The department's crop reporting board said the revised figure was the result of "continued dry weather in some areas, excess moisture in

others, and advancing disease damage."

Wheat, a staple in most diets in the form of baked goods, has fluctuated spectacularly in price in the last year. It rose from \$2.50 a bushel last July to nearly \$6.50 a bushel in the early part of 1974, largely on the basis of heavy export demand. Some groups expressed fears that exports could lead to a shortage of wheat in this country.

When it became apparent that there would be sufficient wheat for domestic needs and when this year's harvest came into view with tearily optimistic projections, the price plunged to around \$3.50 a bushel in May. It has since returned to the neighborhood of \$4.50 a bushel, still high by historical standards.

The USDA predicted that 67.6 million acres of corn will be harvested this fall, down from the 68.3 million acres projected earlier but up 9 per cent from 1973. Soybean acreage was put at 52.5 million acres, down from the earlier forecast of 55 million based on

farmers' intentions in March and a decrease from last year's 57.3 million acres.

The Agriculture Department made no official harvest estimate for either corn or soybeans in yesterday's crop report. The first official forecast based on samplings of the condition of these crops in the field comes out a month from now. But the USDA is expected to issue a range of possible yields in today's supply and demand situation outlook report.

However, the department several weeks ago predicted a 6.4 billion-bushel corn harvest, down in turn from an earlier projection of 6.7 billion bushels. Bad weather in the corn belt during planting has caused both estimates to be greeted with skepticism by both farmers and those in the grain trade.

The head of the National Corn Growers Association Wednesday said this year's corn crop is in worse shape than any other in a decade because of losses from hail, water and erosion.

"I don't know anyone who would look at this crop that would estimate it would come out at 6.4 billion bushels," Washington agriculture consultant Howard J. Hjort said, commenting on the corn situation. "People are estimating 6.4 billion," he said. "Only the Agriculture Department sees 6.4 billion."

He added that recent downward revisions in corn and wheat estimates are "one of the most dramatic deteriorations in crop prospects that we've ever seen in the United States in such a short period."

Don Paarlberg, chief economist for the USDA, conceded that "delayed plantings are likely to reduce the yield below trend projections" for corn. He said that feared fuel and fertilizer shortages will not have a major impact. "The big difference is old man weather," he said, noting some improvement in weather in the corn belt in the past 10 days.

Last year's corn crop was a record 5.6 billion bushels.

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