



# Wheat Outlook: October 2023

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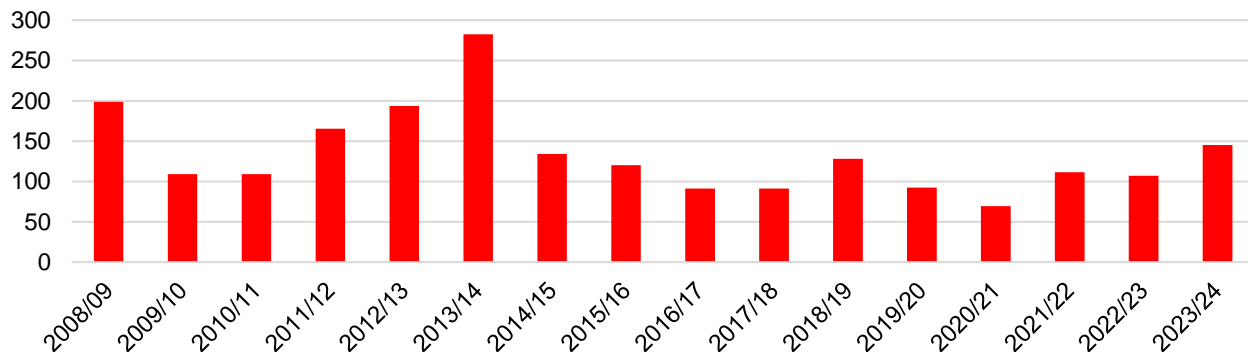
## Soft Red Winter Exports Forecast at 10-Year High

U.S. Soft Red Winter (SRW) exports are forecast up 10 million bushels this month to 145 million bushels, the largest since 2013/14 (figure 1). SRW production this year is up 34 percent from the previous year based on record yield and a 21-percent expansion in area harvested. This class of wheat has benefited from multiple years of favorable weather and bumper yields, with production the largest in 9 years. This is in contrast to U.S. Hard Red Winter (HRW) supplies, which are historically tight following back-to-back droughts. If the current forecasts are realized, SRW exports will be equal to HRW exports for the first time since official records began (by-class historical records extend to 1973/74). SRW is priced competitively for export into many markets, supporting a brisk pace of sales and shipments. Notably, USDA, Foreign Agricultural Service reported on October 3 that China had purchased 220,000 metric tons of SRW or more than 8 million bushels. China was also a major buyer of SRW in 2013/14, when total exports of that class reached 283 million bushels.

Figure 1

**United States Soft Red Winter wheat exports, 2008/09–2023/24**

Bushels (million)



Note: 2023/24 data are forecasts.

Source: USDA, Economic Research Service; USDA, World Agriculture Outlook Board.

## Domestic Changes at a Glance:

- Based on the USDA National Agricultural Statistics Service (NASS) *Small Grains Annual Summary*, released September 29, U.S. wheat production is raised 78 million bushels this month to 1,812 million bushels, up 10 percent from last year (table 1).
  - Hard Red Spring (HRS) is raised 55 million bushels to 468 million on higher estimated yield.
  - Hard Red Winter (HRW) is increased 16 million bushels to 601 million on higher yield, more than offsetting lower area harvested.
  - Soft Red Winter (SRW) is raised 9 million bushels to 449 million with a higher yield, which more than offsets reduced area harvested.
  - White wheat production is reduced 4 million bushels to 235 million on lower yield and area harvested.
  - Durum production is raised 2 million bushels to 59 million on higher yield, more than offsetting lower area harvested.
- U.S. all-wheat imports for 2023/24 are raised 5 million bushels to 135 million on the fast pace of imports to date. Based on the pace of trade for the respective classes, HRS and HRW are each raised 5 million bushels to 60 million and 20 million, respectively. Durum imports are lowered 5 million bushels to 45 million on a slower pace of trade, possibly related to tighter Durum supplies in Canada. Official U.S. wheat imports for June–August 2023, calculated with data from U.S. Department of Commerce, Bureau of the Census, are estimated at 36 million, up 9 percent from the same months in 2022.
- Feed and residual use for 2023/24 is forecast up 30 million bushels to 120 million bushels. USDA, NASS *Grain Stocks* report estimated U.S. September 1 stocks at 1,780 million bushels, which considering the larger production figure, implies higher-than-expected feed and residual use for the first quarter of 2023/24.
- All-wheat exports for the United States in 2023/24 are projected at 700 million bushels, unchanged from the September forecast. Offsetting by-class adjustments are applied, based primarily on the pace of export sales and shipments for the respective classes. HRS and SRW exports are each raised 10 million bushels to 225 million and 145 million bushels, respectively. White and HRW exports are lowered 10 million bushels to 160 million and 145 million, respectively.
- The 2023/24 season-average farm price is lowered \$0.20 per bushel to \$7.30. The August all-wheat average farm price is reported at \$7.35 based on the latest USDA, NASS *Agricultural Prices* report, down from \$7.61 in July 2023. Larger U.S. wheat

supplies and robust Black Sea export competition have pressured futures prices even as global supplies have tightened.

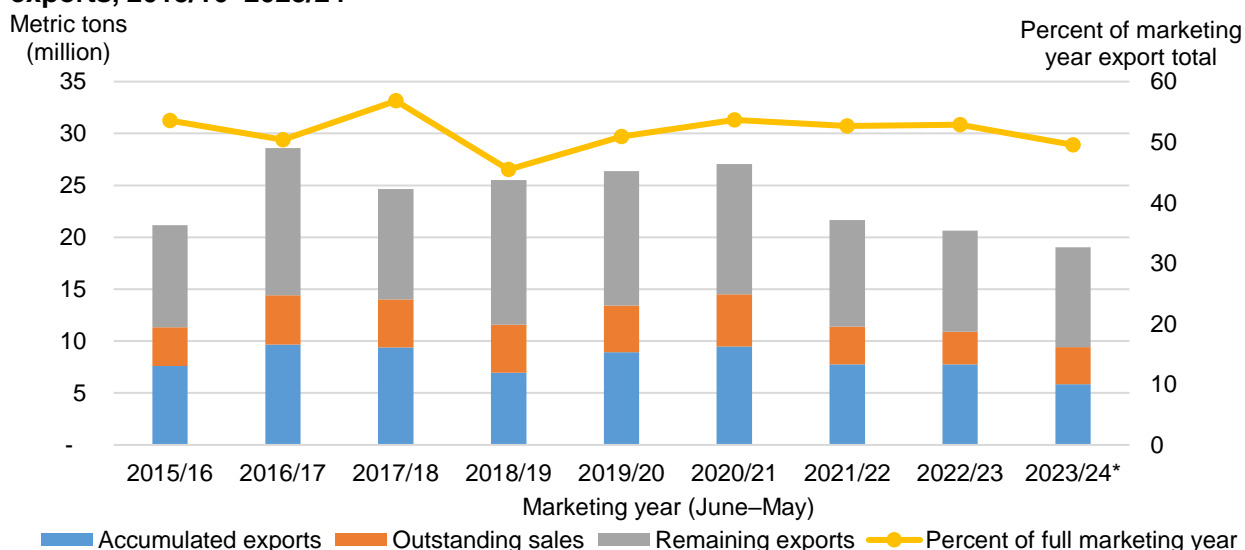
<b>Table 1</b>					
<b>U.S. wheat supply and use at a glance 2022/23 and 2023/24 (in million bushels)</b>					
<b>Balance sheet item</b>	<b>2022/23 October</b>	<b>2023/24 September</b>	<b>2023/24 October</b>	<b>Month-to-month change</b>	<b>Comments</b>
<b>Supply, total</b>					<b>June–May marketing year</b>
Beginning stocks	698	580	582	+1	Revised June 1 stocks figure from the latest USDA, National Agricultural Statistics Service (NASS) <i>Grain Stocks</i> report
Production	1,650	1,734	1,812	+78	Revised data from the USDA, NASS <i>Small Grains Annual Summary</i> ; Hard Red Spring (HRS) accounted for most of the change
Imports	122	130	135	+5	Pace of trade: HRS and Hard Red Winter (HRW) raised, while Durum lowered
Supply, total	2,470	2,444	2,529	+84	
<b>Demand</b>					
Food	973	974	974	0	
Seed	68	65	65	0	
Feed and residual	89	90	120	+30	Larger-than-expected implied feed and residual usage during the first quarter (June through August) of 2023
Domestic, total	1,130	1,129	1,159	+30	
Exports	759	700	700	0	HRW and White reduced by 10 million bushels each, offsetting higher exports for HRS and Soft Red Winter
Use, total	1,888	1,829	1,859	+30	
Ending stocks	582	615	670	+54	Ending stocks forecast up 15 percent from last year, but still well below the recent 5-year average
Season-average farm price	\$8.83	\$7.50	\$7.30	-\$0.20	Higher projected stocks as well as expectations for futures and cash prices for the remainder of the marketing year
Source: USDA, Economic Research Service calculations and USDA, World Agricultural Outlook Board, <i>World Agricultural Supply and Demand Estimates</i> .					

## U.S. Export Sales Pace Remains Slow

U.S. export sales, as reported in the USDA, Foreign Agricultural Service (FAS) *U.S. Export Sales* report, are well behind last year's pace through September 28, 2023. Total U.S. commitments (the sum of accumulated exports and outstanding sales) are at 9.4 million metric tons, down 14 percent from the same point last year. The full marketing year (MY) forecast at 700 million bushels is 8 percent below the 759 million bushels exported in the previous year. Total commitments at this point account for 50 percent of the full marketing year estimate, compared with 53 percent a year ago (figure 2). In the previous 8 years, only 2018/19 (45 percent) had a lower percent of accounted for at this point in the year. Export sales pace varies by class with HRW and White running relatively slow, while SRW and HRS have recently accelerated. Official U.S. wheat exports for June–August 2023, calculated with data from the U.S. Department of Commerce, Bureau of the Census, are estimated at 164 million bushels, 22 percent below the 209 million bushels during June–August 2022.

Figure 2

### Cumulative exports sales through September 28 and full marketing year exports, 2015/16–2023/24



\*Data for 2023/24 are calculated based on the current export forecast for the year.

Note: Accumulated exports and outstanding sales are as of week 18, exact dates vary by year. Remaining exports is the difference between total commitments as of that date (based on USDA, Foreign Agricultural Service, *U.S. Export Sales* data) and the full marketing year exports (calculated based on data from U.S. Department of Commerce, Bureau of the Census).

Source: USDA, Economic Research Service calculations; USDA, Foreign Agricultural Service, *U.S. Export Sales*; U.S. Department of Commerce, Bureau of the Census.

## By-Class Stocks Estimates

USDA, NASS released updated stocks estimates on September 29, 2023, in its *Grain Stocks* report. The report provided the first estimate of wheat stocks as of September 1, 2023, the end of first quarter, as well as updated stocks data for June 1, 2023. September 1 all-wheat stocks are estimated at 1,780 million bushels, nearly unchanged from a year ago. Durum stocks as of that date are estimated at 57 million bushels, up 7 percent from last year. USDA, Economic Research Service (ERS) estimates stock levels for the other classes—partly based on analysis of State-level data from NASS (table 2). SRW stocks are estimated up substantially from the previous year based on a bumper 2023/24 crop. White and HRW stocks are both down from the previous year with drought having affected harvest volumes for both classes. USDA, NASS revised June 1 stocks marginally as well.

Table 2

**U.S. wheat stocks by-class estimates, September 1, 2023 and June 1, 2023, million bushels**

	September 1, 2023	Year-to-year change	June 1, 2023		
	Estimate	(Percent)	Updated estimate	Previous estimate	Revision
Hard Red Winter	652.3	-7	233.8	232.1	1.8
Hard Red Spring	483.0	-1	158.0	158.0	0.0
Soft Red Winter	368.0	31	90.0	90.0	0.0
White	219.0	-14	72.0	72.0	0.0
Durum	57.3	7	27.7	28.0	-0.3
All wheat	1,779.5	0	581.6	580.1	1.5

Source: USDA, Economic Research Service calculations using data from USDA, National Agricultural Statistics Service.

The by-class quarterly spreadsheet for 2022/23 is updated this month to account for small adjustments to production, seed use, feed and residual use, and stocks. The next release of the by-class quarterly data will be after the November *WASDE* to include the first quarter of the 2023/24 marketing year, once food use data is available.

## U.S. Imports from the European Union

With U.S. HRW wheat prices elevated this year due to drought and tight beginning stocks, wheat imports from the European Union (EU) have occurred in some U.S. ports. The Harmonized Tariff System (HTS) code used for these imports has been 1001990097, which, according to the USDA, ERS methodology, is counted as 75 percent Hard Red Spring and 25 percent Soft Red Winter. However, market sources indicate that the imported wheat from Europe is functionally most like HRW. In the September *Wheat Outlook*, it was noted that USDA, ERS intends to more fully account for imports from the EU in HRW. To accomplish this, USDA, ERS intends to adjust the proportional allocation for HTS code 1001990097 specifically

during MY 2023/24. This methodology change will be reflected in the Wheat Data and the By-Class Quarterly balance sheets in November. The change will be explained in a feature article in the November *Wheat Outlook*. This adjusted methodology underlies the marketing year forecasts for by-class imports and will eventually be reflected in the final marketing year import data. At this time, this revised methodology is not intended to be applied to any other marketing years.

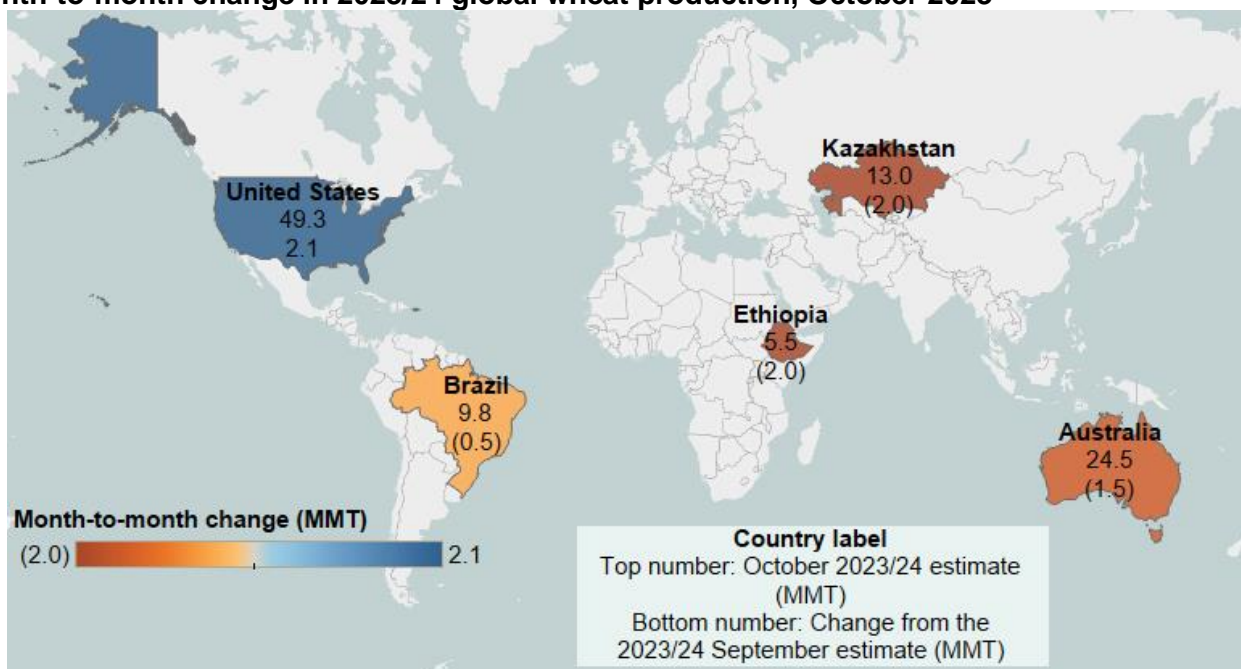
# International Outlook

## Global Wheat Production Lowered

The 2023/24 global wheat production is forecast down 3.9 million metric tons (MMT) to 783.4 MMT with smaller harvests for **Ethiopia, Kazakhstan, Australia, and Brazil**, more than offsetting a larger crop for the **United States** (figure 3). Ethiopia is revised down based on lower area and yield estimates. Production has been affected by drought as well as decreased input usage related to conflict and high fertilizer costs. Production for 2022/23 is also revised lower (down 1.2 MMT to 5.8 MMT) based on lower area and yield. Kazakhstan is lowered based on reporting from the ongoing harvest that indicates that the crop is smaller than previously expected. Yield is estimated lower due to dry conditions in northern growing areas. Australia's wheat production forecast is lowered on reduced yield resulting from continuing dry conditions in key growing areas, particularly in parts of Western Australia and New South Wales. Brazil's estimated wheat yield is reduced based on reports of diminished crop conditions following excessive rain in key growing areas close to grain maturity.

Figure 3

### Month-to-month change in 2023/24 global wheat production, October 2023



MMT=Million metric tons.

Note: Changes less than 0.2 MMT are not included.

Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database.

## Global Wheat Consumption Lowered

Marketing year (MY) 2023/24 global wheat consumption is down 2.9 MMT to 791.2 MMT with reductions to food, seed, and industrial (FSI) use as well as feed and residual use. To match the statistics presented in the *World Agricultural Supply and Demand Estimates (WASDE)* report, adjusted consumption is calculated based on differences between exports and imports on a local MY basis. The aggregate difference, also referred to as “unaccounted trade”, is revised down 0.1 MMT to 1.6 MMT for MY 2023/24 as global imports are lowered less than global MY exports. Total consumption plus unaccounted trade results in an adjusted consumption of 792.9 MMT, down 3.0 MMT from the September estimate.

Global FSI use is lowered 1.7 MMT to 634.8 MMT based on a 1.3 MMT-reduction for Ethiopia due to lower domestic supplies and a 0.4 MMT-reduction for Nigeria driven by reduced imports. Global feed and residual use is reduced 1.2 MMT to 156.4 MMT driven mainly by Russia (-1.0 MMT to 18.0 MMT) and Kazakhstan (-0.5 MMT to 1.5 MMT). Russia is adjusted lower based on tighter beginning stocks and larger exports, while the change to Kazakhstan is motivated by smaller domestic supplies. Partly offsetting these changes, U.S. feed and residual use is raised 0.8 MMT to 3.3 MMT based on updated production and stocks data which showed larger-than-expected supplies and unexpectedly large disappearance during the June–August quarter.

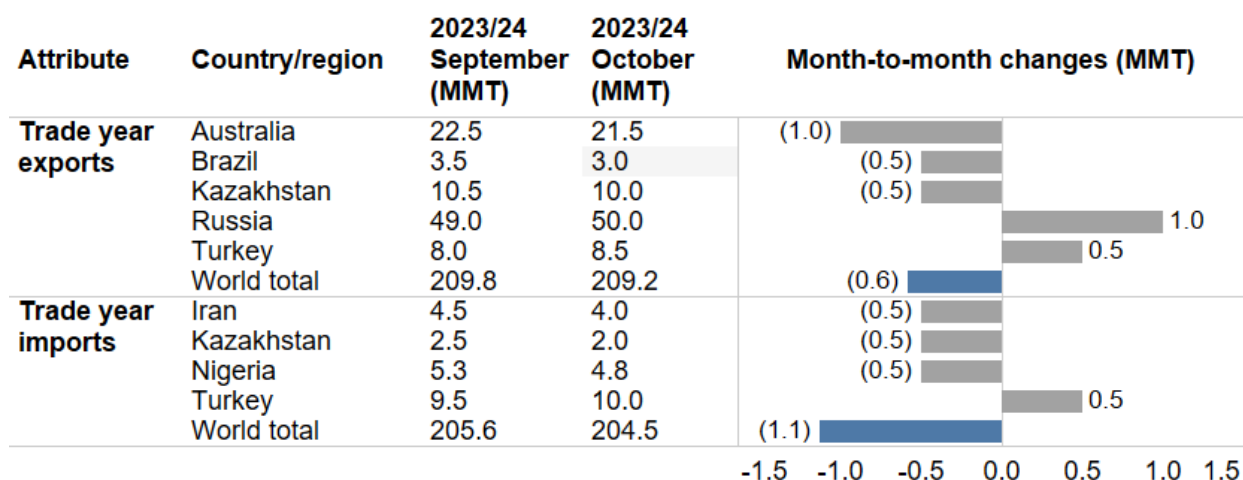
## Global Wheat Trade Down

Global wheat trade in trade year (TY) 2023/24 (July/June) is lowered 0.6 MMT to 209.2 MMT (figure 4). Smaller supplies in **Australia**, **Brazil**, and **Kazakhstan** drive down export potential for those countries. Russia is raised on a fast pace of trade. Forecast exports for **Turkey** are also boosted on a fast pace of shipments, including unusually high Durum exports amid a global shortage of that class of wheat. TY imports are lowered 1.1 MMT to 204.5 with smaller imports for **Iran**, **Kazakhstan**, and **Nigeria** more than offsetting higher expected imports for **Turkey**. The adjustments to Iran and Nigeria are motivated by the pace of trade. Imports for Kazakhstan are lowered based on lower expected shipments from Russia during TY 2023/24 due to a 6-month ban on imports via truck and rail. Turkey’s imports are raised with higher demand from flour mills for producing products for re-export in its Inward Processing Regime (IPR). Additionally, Russia’s 2022/23 exports are raised 1.5 MMT to 47.5 MMT mostly due to revised estimates of shipments to Kazakhstan. 2022/23 imports for Kazakhstan are raised 0.9 MMT to 3.1 MMT.



Figure 4

### Month-to-month change in 2023/24 wheat trade, October 2023



MMT = Million metric tons.

Notes: Changes less than 0.1 MMT are not included; month-to-month change is the difference between October 2023 and September 2023 estimates.

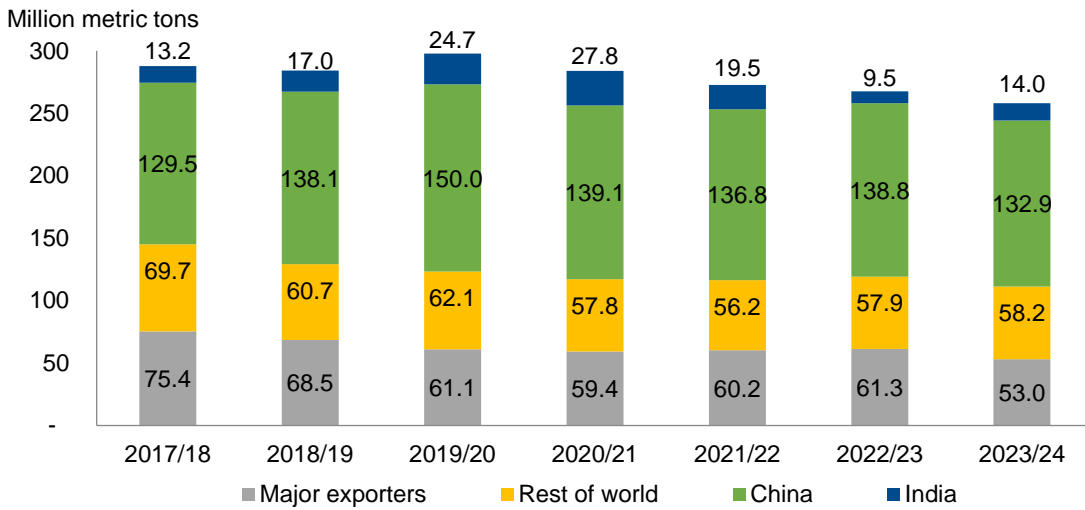
Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database.

## Global Ending Stocks Forecast to Tighten

Global ending stocks are lowered 0.5 MMT to 258.1 MMT (figure 5) largely driven by lower ending stocks for major exporters—down 1.0 MMT to 53.0 MMT. Stocks for Kazakhstan are adjusted downward 1.1 MMT to 1.5 MMT with a smaller crop, while Russia is reduced 1.5 MMT to 8.9 MMT mainly based on stronger projected exports and smaller beginning stocks (which resulted from the 2022/23 export revision). Partly offsetting tighter ending stocks for other exporters, U.S. stocks are forecast up due to a larger estimated crop. Outside of the major exporting countries, Ethiopia is revised downward 0.6 MMT to 0.5 MMT due to smaller production amid reports of shortages in the country. Pakistan's ending stocks are revised up 0.7 MMT to 3.7 MMT.

Figure 5

### Global ending stocks, 2017/18–2023/24



Note: 2023/24 data are forecasts. Major exporters include Argentina, Australia, Canada, the European Union, Kazakhstan, Russia, Ukraine, and the United States.

Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database.

## Suggested Citation

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