



# Wheat Outlook: June 2021

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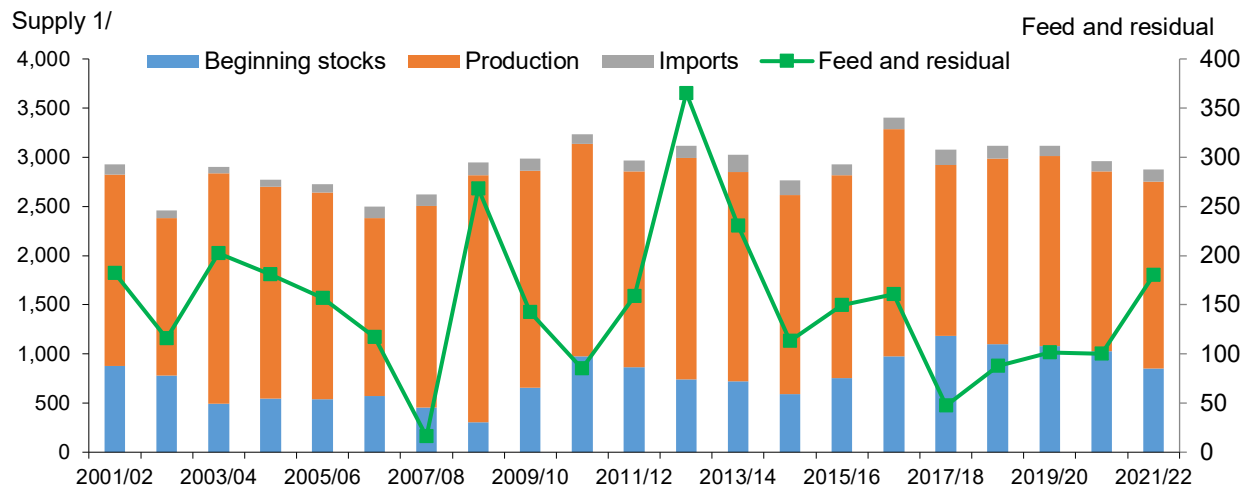
In this report:

- [Domestic Outlook](#)
- [International Outlook](#)

## Boost in 2021/22 Winter Wheat Production Lifts U.S. Wheat Supplies, Feed & Residual

The latest USDA, National Agricultural Statistics Service *Crop Production* report indicates that estimated 2021/22 winter wheat yields are up 1.1 bushels per acre from the May forecast of 52.1 bushels, helping to lift winter production to 1,309 million and total wheat production to 1,898 million. This production boost augments total U.S. wheat supplies which—while remaining slightly below 2020/21—are raised from the May forecast by about 6 million bushels. Increased supplies provide room to expand domestic wheat feed and residual, raised 10 million bushels this month to 180 million (figure 1).

Figure 1  
U.S. wheat supply and feed & residual estimates move in similar direction (million bushels)



1/ Supply is the sum of beginning stocks, production, and imports as indicated in the stacked columns.  
Source: USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.







## Consumption also Revised Upwards for 2021/22

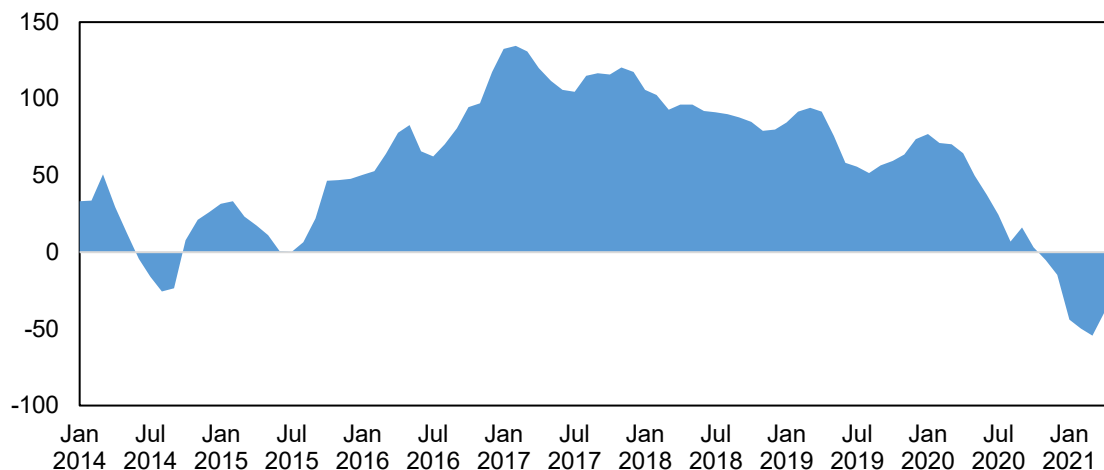
Global consumption is boosted 2.4 million MT to a record 791.1 million with major exporting countries accounting for the largest revisions. Feed and residual use for the **European Union** is raised 1 million MT to 45 million with larger supplies. Similarly, feed and residual use for **Russia** is increased by 500,000 MT to 19.5 million based on the upward revision to production. **U.S.** feed and residual consumption is boosted 272,000 MT to 4.9 million with larger domestic supplies and expectations that wheat will be priced very competitively with corn in feed rations during the first quarter of the June-May marketing year. Feed and residual use for **Brazil** is projected up 200,000 MT to 700,000 based on reduced feed grain supplies in the country. For **Bangladesh**, total consumption is up 200,000, with the change evenly split between food, seed, and industrial (FSI) use and feed and residual.

**China's** projected feed and residual use is unchanged at 35 million in 2021/22 and 40 million in 2020/21. These estimates represent the two largest years for wheat feed and residual in China as wheat remains very competitive in feed rations. The discount for wheat, relative to corn in China (measured by the national average price) grew during the month of May (figure 3) as wheat prices rose only marginally while corn prices skyrocketed.

Figure 3

### China wheat-corn domestic price spread at historic low

Wheat-to-corn price spread in U.S. dollars



Notes: This price spread indicates the gap between wholesale national average prices for wheat and maize. Prices used in wheat-to-corn price spread are reported as U.S. dollars per metric ton.  
Source: Food and Agriculture Organization of the United Nations, Global Information and Early Warning System.

Small adjustments are made to consumption in previous years. **Australia's** 2019/20 feed and residual is down 500,000 MT based on the smaller crop size. **Russia's** feed and residual in 2020/21 is boosted 1 million MT to 19 million, adjusting for reduced export expectations.

**Moldova's** feed and residual is raised 130,000 MT to 200,000 to account for tighter feed grain supplies that year. The following consumption revisions in 2020/21 mostly reflect changes in import estimates: **Bangladesh** (-100,000 FSI, -50,000 feed and residual), **Cuba** (-100,000 FSI), and **North Korea** (-100,000 FSI).

## Mostly Offsetting Changes to Global Trade

Global trade for 2021/22 is boosted 0.8 million MT to a record 204 million for the July/June trade year. **Ukraine** is raised 500,000 MT to 20.5 million, which would be its second highest exports on record. **India** is boosted 300,000 MT to 2.3 million MT with competitive prices and strong demand from neighboring countries. Imports are raised for **Turkey** (+250,000 MT) to offset a smaller crop, while imports for **Brazil** are boosted 200,000 MT based on stronger feed demand. Imports for **Bangladesh** are raised 200,000 MT to 7 million with stronger expected food and feed demand. **EU** imports are lowered 200,000 MT to 5.8 million with larger domestic supplies.

Global trade for 2020/21 is cut 0.6 million MT to 196.5 million. Exports for **Russia** are cut 1.0 million MT to 38.5 million based on the slow pace of trade in recent months. This estimate reflects an assumption that June shipments will likely be larger as Russia shifts from its flat export tax to a floating export tax, which is resulting in a smaller tax being applied. Exports for **Canada** are raised 500,000 MT to 28.0 million MT on the trade year, but marketing year (August-July) shipments are left unchanged. Even as Canada's export pace has been robust, its supplies are running tighter than a year ago, shaping expectations that July shipments this year will be smaller than the 2.8 million MT recorded during July 2020. Reflecting the pace of trade, exports for **China** are lowered 200,000 MT to 800,000, while shipments for India are boosted 100,000 to 2.9 million.

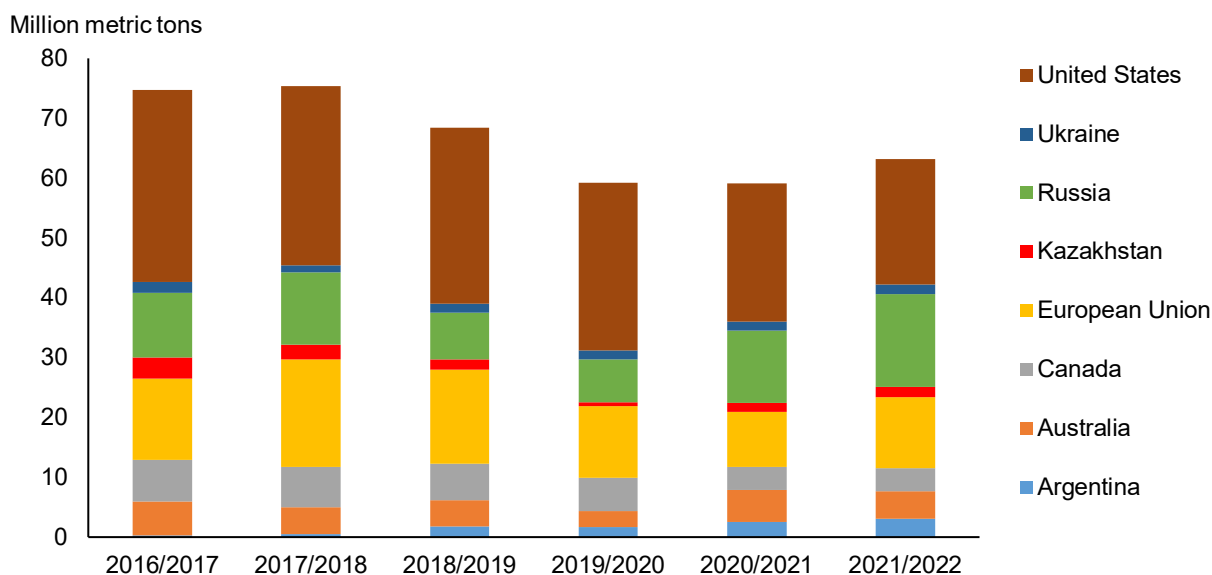
2020/21 imports are raised 200,000 MT to 6.7 million for **Bangladesh** based on trade to-date. **Morocco** is cut 200,000 MT to 6.1 million with a slower-than-expected pace and based on the recent implementation of import duties. **Pakistan** is expected to import 4 million MT, an increase of 200,000 MT based on a desire to replenish stocks. Imports for **Burma**, **Cuba**, **North Korea**, and **New Zealand** are revised down by 100,000 MT each, reflecting slowing pace of trade.

## Global Stocks Up Slightly

Global stocks for 2021/22 are raised by 1.8 million MT to 296.8 million MT with larger production more than offsetting reduced beginning stocks and higher consumption. Global stocks are

projected to remain lower than the record set in 2019/20. The largest changes in stocks projections are for major exporting countries. The **European Union** is forecast to hold 12 million MT of wheat, an increase of 2.3 million MT from last month based on larger supplies. Similarly, stocks for **Russia** are forecast up 450,000 MT to 15.5 million based on larger supplies. These would be the largest stocks for Russia since 1993/94 when both its production and exports were considerably smaller. Stocks for the **United States** are projected down 104,000 MT to 21 million as tighter beginning stocks and larger feed use more than offset the crop size increase. U.S. beginning stocks are tighter because of the upward revision to 2020/21 exports. **Australia's** ending stocks are projected down by 220,000 MT to 4.6 million based on lower beginning stocks, which flowed from a revision to 2019/20 production. Exporter ending stocks collectively are up 2.4 million MT from last month to 63.2 million MT, the largest in 3 years (figure 4). Exporter ending stocks are generally considered a relevant metric for assessing market availability as these are the supplies that are most available to the world market and thereby affect impact on global prices.

Figure 4  
**Exporter ending stocks recovering**

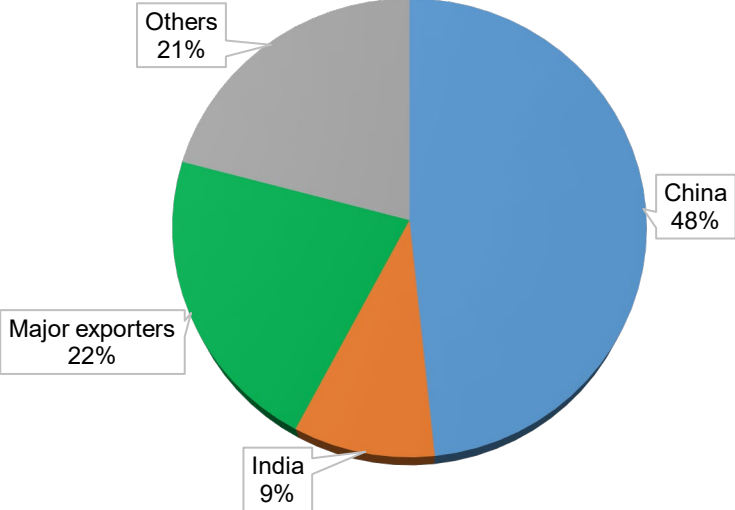


Source: USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.

Outside of the major exporting countries, the largest revision is for **India**, whose stocks are down 400,000 MT to 27.6 million MT based on larger exports and tighter beginning stocks. India is still projected to have record-large stocks and account for 9 percent of global trade (figure 5). **China** is projected to hold 142.6 million MT, up 200,000 from last month based on a revision to beginning stocks. China's stocks represent 48 percent of the world total. **Moldova's** stocks are lowered 115,000 MT to 186,000 as a result of tighter beginning stocks, that more than offset the

month-to-month increase in production. Moldova's beginning stocks are lower as a result of an upward revision to its feed and residual use in 2020/21. **Morocco's** beginning and ending stocks for 2021/22 are adjusted downwards based on the reduction to 2020/21 imports.

Figure 5  
**Distribution of ending stocks for 2021/22**



Sources: USDA, Economic Research Service calculations based on USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.



# Suggested Citation

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