



# Wheat Outlook: January 2022

Andrew Sowell, coordinator

Bryn Swearingen, contributor

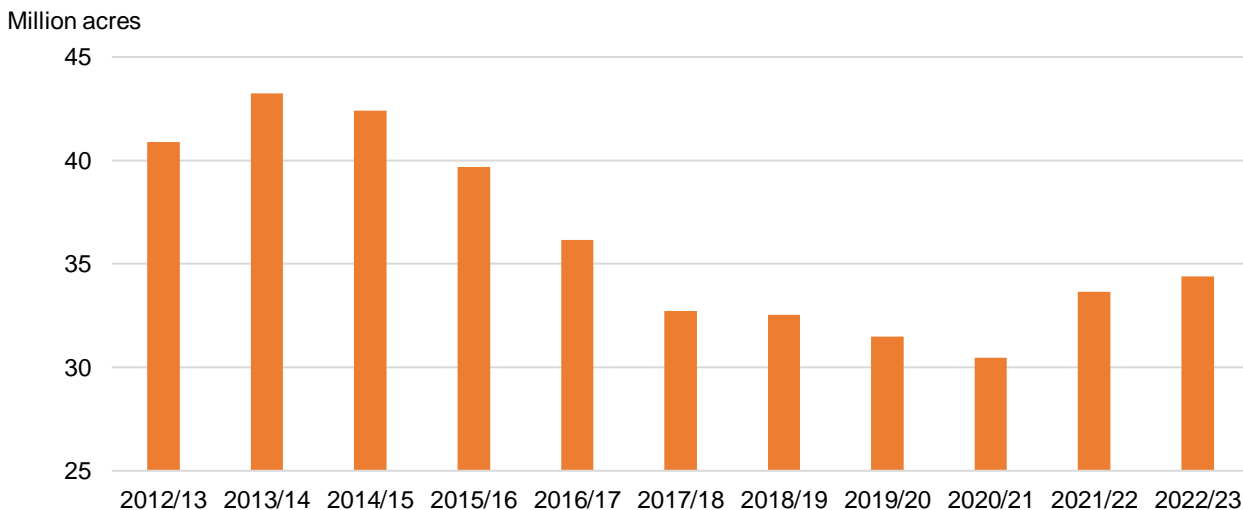
In this report:

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

## U.S. Winter Wheat Plantings Largest in 6 Years

U.S. winter wheat plantings for the 2022/23 marketing year were reported in the January 12 *Winter Wheat and Canola Seedings* report published by USDA’s National Agricultural Statistics Service (NASS). Winter wheat is estimated to have been seeded on 34.4 million acres, up 2 percent from last year and the largest total since 2016/17 (figure 1). Strong pricing for wheat in the fall months created a strong incentive to plant winter wheat. During this marketing year, wheat prices have been underpinned by tight supplies resulting from drought in major producing areas. U.S. 2021/22 wheat ending stocks, now projected at 628 million bushels, would be the smallest since 2013/14. Winter wheat plantings are now up for the second year in a row after reaching the lowest level in 111 years in 2020/21.

Figure 1  
**U.S. winter wheat area planted, 2012/13 – 2022/23**



Source: USDA, National Agricultural Statistics Service.

# Domestic Outlook

---

## Domestic Changes at a Glance:

- The 2021/22 all-wheat export forecast is reduced 15 million bushels to 825 million on a weak pace of export sales and shipments. Official exports for June through November total 437 million bushels, down about 14 percent from the same period last year, based on calculations from U.S. Bureau of the Census data. This 6-month total represents about 53 percent of the revised marketing year (June-May) projection. Export sales (both new sales and shipments) have remained slow throughout December, as reported by USDA's Foreign Agricultural Service (FAS) in the *U.S. Export Sales* report.
- Projected Hard Red Winter (HRW) exports are reduced 15 million bushels to 335 million. U.S. HRW export prices are expected to remain at a premium to many international competitors, which will limit exports. Export projections for the other wheat classes are unchanged this month.
- The 2021/22 all-wheat import forecast is reduced 10 million bushels to 100 million on the pace of trade to date. Projected imports for Hard Red Spring (HRS) and Durum are each reduced by 5 million bushels to 45 million and 40 million, respectively.
  - U.S. Durum imports total about 20 million bushels during June-November, representing about half of the revised marketing year forecast.
  - U.S. imports of HRS during June through November total 21 million bushels, representing 48 percent of the revised marketing year projection for this class. Last year, HRS imports during the same 6 months were about 30 million bushels and represented more than 60 percent of the full marketing year.
- The 2021/22 season-average farm price is raised \$0.10 per bushel to \$7.15 based on the strong farmgate prices through November as reported in the December 30 National Agricultural Statistics Service (NASS) *Agricultural Prices*. The November 2021 all-wheat farmgate price was estimated at \$8.51, which is up from \$7.90 in October 2021 and well above the \$5.24 in November 2020. Cash prices in many locations remain strong even as futures have declined from their recent highs in the last month.
- All-wheat seed use is unchanged as NASS projections for 2022/23 winter wheat area planted were very close to the levels anticipated previously. Small by-class adjustments have been made with lower HRW (-1 million bushels) and HRS (-0.5 million bushels) seed use offset by higher Soft Red Winter (SRW) and Durum.

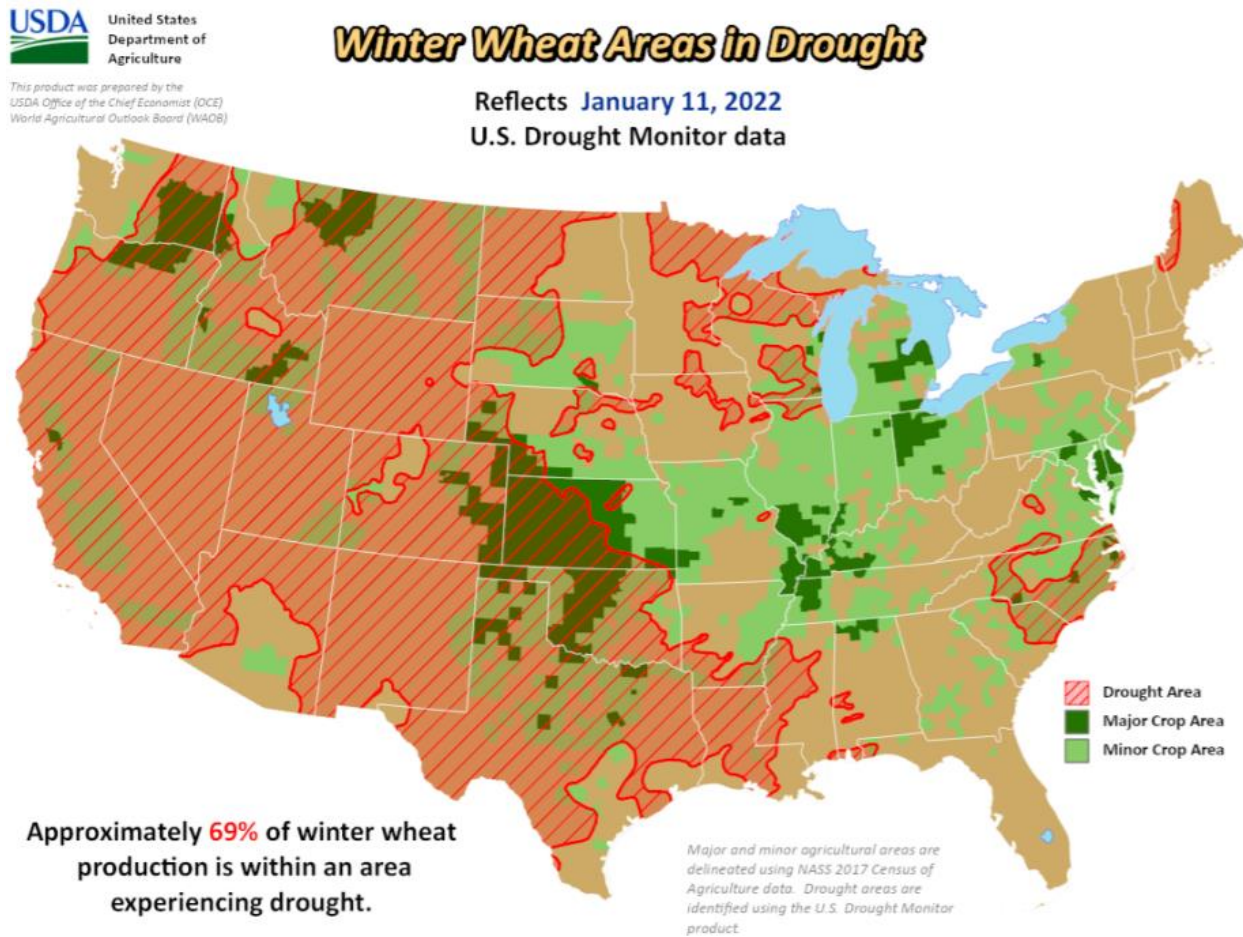
- The USDA/NASS *Grain Stocks* report projected all-wheat stocks for December 1 at 1,390 million bushels, down 18 percent from a year ago. However, this figure is up slightly from previous USDA internal expectations for quarter 2 ending stocks. Consequent to the higher stocks figure and in recognition that wheat is not competitively priced in feed rations, U.S. feed and residual use for 2021/22 is reduced 25 million bushels to 110 million, accounted for by reductions for HRW (-15 million) and Durum (-10 million).
- The major changes to the U.S. all-wheat balance sheet are summarized in table 1.

<b>Table 1 - U.S. wheat supply and use at a glance 2021/22 (in million bushels)</b>					
<b>Balance sheet item</b>	<b>2020/21 January</b>	<b>2021/22 December</b>	<b>2021/22 January</b>	<b>2021/22 Change month to month</b>	<b>Comments</b>
<b>Supply, total</b>					<i>June-May marketing year</i>
Beginning stocks	1,028	845	845	0	
Production	1,828	1,646	1,646	0	
Imports	100	110	100	-10	Lower projected imports of Hard Red Spring (HRS) and Durum on pace of trade
Supply, total	2,957	2,601	2,591	-10	
<b>Demand</b>					
Food	961	962	962	0	
Seed	64	66	66	0	
Feed and residual	95	135	110	-25	Larger-than-expected stocks and uncompetitive wheat in feed rations
Domestic, total	1,120	1,163	1,138	-25	
Exports	992	840	825	-15	U.S. wheat sales and shipments lagging with uncompetitive prices
Use, total	2,111	2,003	1,963	-40	
Ending stocks	845	598	628	+30	Stocks at the lowest level since 2013/14
Season-average farm price	\$5.05	\$7.05	\$7.15	+\$0.10	Stronger farm-gate prices as reported by USDA/NASS as well as continued strong cash prices
Source: USDA, World Agricultural Outlook Board <i>World Agricultural Supply and Demand Estimates</i> .					

# Winter Wheat Progress

Winter wheat planting crop conditions were last reported by USDA/NASS in the January 4 *Crop Progress – State Stories* report. Key HRW producing states such as Kansas, Oklahoma, Nebraska, and Colorado reported conditions generally worse than what was estimated at the end of November. However, winter conditions are not considered to be a major determinant of winter wheat production capability as spring conditions tend to influence yields to a greater degree. Large portions of these areas are dealing with drought which is covering 69 percent of overall winter wheat production area (figure 2).

Figure 2  
**Large portions of winter wheat area facing drought conditions**



Notes: This product was prepared by the USDA, Office of the Chief Economist (OCE), World Agricultural Outlook Board (WAOB). Major and minor agricultural areas are delineated using National Agricultural Statistics Service (NASS) 2017 Census of Agriculture data. Drought areas are identified using the U.S. Drought Monitor product.

Source: USDA, World Agricultural Outlook Board, Agricultural Weather and Assessments Group.

# International Outlook

## Global Production for 2021/22 Inched Higher

2021/22 global production rose modestly up 0.7 million metric tons (MT) to 778.6 million with upward revisions for **Argentina** and the **European Union** (EU). Argentina wheat crop conditions improved as they received timely rains at the critical stages of the growing season after early dryness concerns. As a result, Argentina's production is a record 20.5 million tons. The EU increase is driven by higher area in **France** (+35,000 hectares to 5.3 million). Partially offsetting this revision is a decrease in production for **Brazil** (-100,000 to 7.8 million) and **Paraguay** (-100,000 to 1.1 million). Seasonal dryness was extreme at the end of the production season in Paraguay limiting yield potential (-0.11 MT/hectare to 2.20). Table 2 provides a summary of the production changes this month.

Table 2 - Wheat production at a glance (2021/22), January 2022			
Country or region	Marketing year	Production	Month-to-month change
		Million tons	
World		778.6	↑ 0.7
Foreign		733.8	↑ 0.7
United States	<i>June-May</i>	44.8	→ -
Argentina	<i>December-November</i>	20.5	↑ 0.5
Brazil	<i>October-September</i>	7.8	↓ (0.1)
European Union	<i>July-June</i>	138.9	↑ 0.2
Mexico	<i>July-June</i>	3.3	↑ 0.1
Mongolia	<i>July-June</i>	0.6	↑ 0.2
Paraguay	<i>September-August</i>	1.1	↓ (0.1)
Note: Changes less than 100,000 metric tons are not included.			
Source: USDA, Foreign Agricultural Service, <i>Production, Supply, and Distribution</i> database.			

## 2021/22 Consumption Revised Down

Global consumption for 2021/22 is revised down 1.9 million MT to 787.5 million based on downward revisions for both food, seed, and industrial use (-171,000 MT to 626.1 million) and feed and residual use (-1.0 million MT to 159.6 million). **EU's** feed and residual use is lowered (-250,000 MT to 45.5 million) as domestic wheat prices are uncompetitive with feed grains. U.S. feed and residual use is reduced 0.7 million MT to 3.0 million on larger-than-expected

December 1 stocks (see domestic section). An adjustment is also made to total consumption based on the local marketing year (MY) trade adjustments for 2021/22. The unaccounted trade is revised down by 0.7 million MT to 1.8 million as a result of MY exports decreasing relatively more than MY imports. By adding this updated calculation of unaccounted trade to total consumption, the total adjusted consumption in 2021/22 is projected at 787.5 million MT.

## Global Wheat Trade Lower with Offsetting Revisions

2021/22 global trade is slightly lower month-to-month with a decrease to trade year (TY) exports of 160,000 MT to 206.7 million with offsetting revisions. **Argentine** exports are revised up 1.0 million MT to 14.0 million due to higher production. This was offset by a 1.0 million MT decrease for **Russian** exports. Russia's Ministry of Agriculture has confirmed an 8.0 million MT quota will be put in place from February 15 through June 30. The quota, combined with a variable export tax that is currently almost \$100/ton, likely limits the amount of wheat Russia can export. With Russia's shipments reduced, the **EU** is expected to be the main beneficiary as they remain competitively priced in markets like Egypt, where Russia is a leading competitor. As a result, EU exports are forecasted up 500,000 MT to 37.5 million. This was offset with a 500,000 MT reduction to **United States** exports as pace remains weak. Table 3 shows a full summary of trade revisions.

Country or region	Trade year exports		Trade year imports	
	January estimate	Change	January estimate	Change
	1,000 metric tons		1,000 metric tons	
World	206,698	↓ (160)	202,439	↓ (530)
United States	23,000	↓ (500)	2,800	↓ (200)
Algeria	10	⇒ -	7,700	↑ 200
Argentina	14,000	↑ 1,000	4	⇒ -
Cuba			720	↓ (100)
European Union	37,500	↑ 500	5,200	⇒ -
Kazakhstan	7,200	⇒ -	1,000	↑ 200
Mongolia			100	↓ (150)
Mozambique			800	↓ (100)
Pakistan	500	↓ (100)	2,200	↓ (300)
Russia	35,000	↓ (1,000)	500	⇒ -
South Africa	160	⇒ -	1,700	↓ (200)
Syria			900	↑ 100

Note: Changes less than 100,000 metric tons are not included.  
Source: USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.



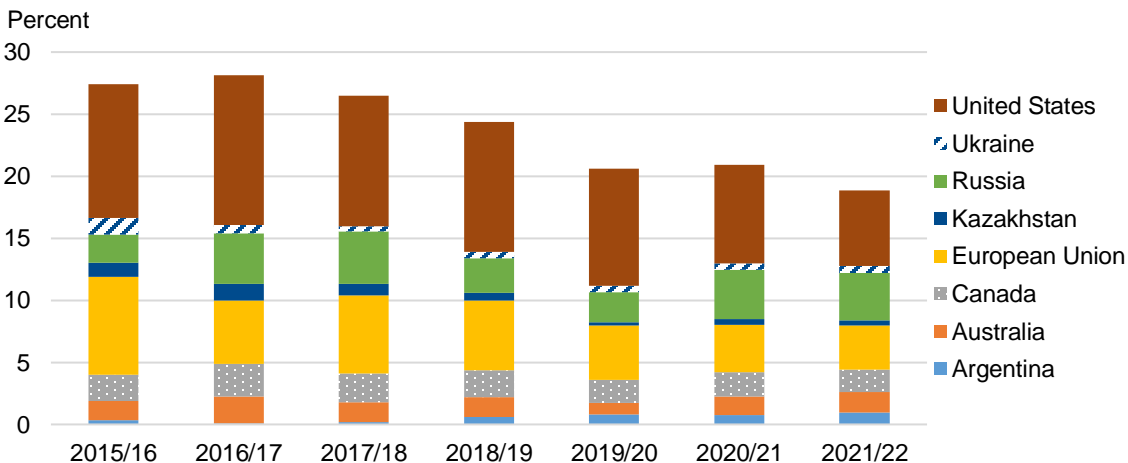
Global imports are adjusted down 530,000 MT to 202.4 million as pace is slower than expected. While **Pakistan** has approved up to 3.0 million MT of wheat imports, they are revised down 300,000 MT to 2.2 million as they are behind pace to fill this quota. Imports are reduced for **Mongolia** as they have a larger crop and imports from Russia have been slow. The import pace is slower than expected for both the **United States** and **South Africa** resulting in downward revisions. These were partially offset with an increase for **Kazakhstan** as they are importing more from Russia and an increase for **Algeria** as their tenders remain robust despite high prices.

As global trade is reduced, global ending stocks for 2021/22 are revised higher by 1.8 million MT to 279.9 million. Major exporters' ending stocks see some relief with an increase of 2.1 million MT to 52.8 million. Even with this increase, major exporters' ending stocks are the tightest since 2007/08 and only account for 19 percent of global ending stocks (figure 3). Higher production for **Argentina** allows for more cushion in their stocks (+369,000 MT to 2.7 million). **Russia** and **Kazakhstan** are both revised up 400,000 MT to 10.6 million and 1.2 million respectively. Outside of the major exporters, there were downward revisions for **Pakistan** (-200,000 MT to 4.4 million), **South Africa** (-156,000 MT to 0.6 million), and **Brazil** (-100,000 MT to 0.8 million).

2020/21 ending stocks are revised down by 0.8 million MT to 288.8 million, driven by Russia (-600,000 MT to 11.4 million), Argentina (-131,000 to 2.2 million), and South Africa (-156,000 MT to 0.5 million). Kazakhstan 2020/21 ending stocks were 200,000 MT higher to 1.5 million due to an increase in estimated border trade from Russia.

Figure 3

**Major exporters' share of global ending stocks, 2015/16 – 2021/22**



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

## Suggested Citation

Sowell, Andrew R. and Bryn Swearingen. *Wheat Outlook: January 2022*, WHS-22a, U.S. Department of Agriculture, Economic Research Service, January 14, 2022.

Use of commercial and trade names does not imply approval or constitute endorsement by USDA.

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [How to File a Program Discrimination Complaint](#) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: [program.intake@usda.gov](mailto:program.intake@usda.gov).

USDA is an equal opportunity provider, employer, and lender.