



# Wheat Outlook: June 2022

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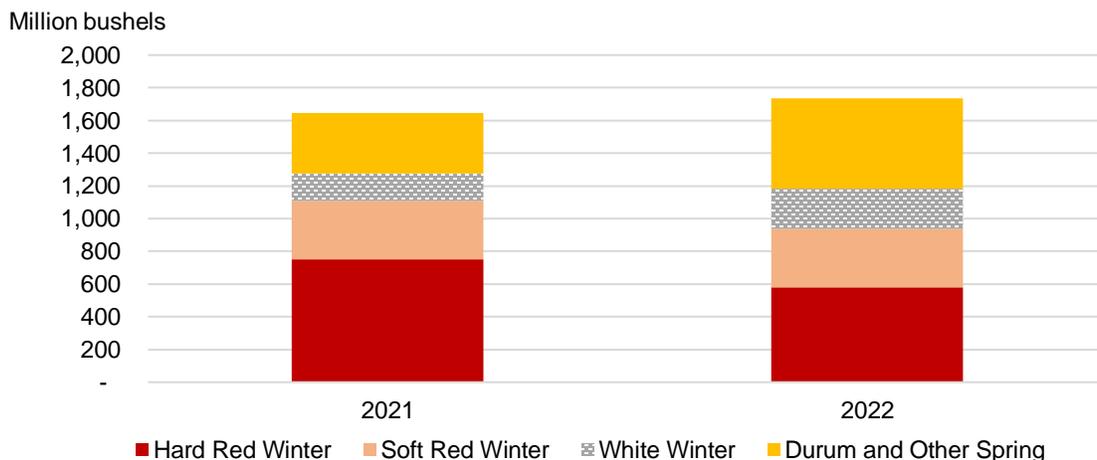
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## U.S. Wheat Production Adjusted Higher

U.S. wheat production is forecast at 1.737 billion bushels, up 8 million bushels from the May forecast and 6 percent higher than the previous year (figure 1). USDA’s National Agricultural Statistics Service (NASS) provided an updated forecast of 2022/23 U.S. winter wheat production in the June 10 *Crop Production* report. Winter wheat production overall is projected up 8 million bushels to 1.182 billion. With harvested area unchanged, the average winter wheat yield is estimated at 48.2 bushels per acre, up 0.3 bushels from the May forecast. Higher forecast yields for Soft Red Winter and White Winter wheat more than offset a reduction for Hard Red Winter. Durum and Other Spring Wheat production collectively are estimated at 555 million bushels, up 51 percent from the previous year. Despite this month’s increase, U.S. wheat production is forecast to be the second lowest in 20 years.

Figure 1  
**U.S. by-class wheat production, 2021 and 2022**



Source: USDA, National Agricultural Statistics Service; USDA, World Agricultural Outlook Board.

# Domestic Outlook

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## Domestic Changes at a Glance:

- U.S. wheat production is forecast at 1.737 billion bushels, up 8 million bushels from the May forecast. USDA's National Agricultural Statistics Service (NASS) updated the forecast of 2022/23 U.S. winter wheat production in the June 10 *Crop Production* report.
- Hard Red Winter (HRW) production is forecast at 582 million bushels, down 8 million from the May estimate and down 22 percent from last year.
- Soft Red Winter (SRW) production is projected at 358 million bushels, up 4 million from last month. SRW production in 2022/23 is forecast down 1 percent from 361 million in the previous year, but still the second largest total since 2015/16.
- White Winter production is projected up 12 million bushels from last month to 242 million and 45 percent higher than last year. Soft White Winter wheat, which is primarily grown in the Pacific Northwest and represents the bulk of this category, is projected up substantially from last year's drought-impacted crop. Hard White Winter is slightly lower year over year, likely a result of dry conditions in the Central Plains.
- Durum and Other Spring Wheat production collectively are estimated at 555 million bushels, up 51 percent from the previous year, but virtually unchanged from the May *Crop Production* report. Combined Durum production for Arizona and California was fractionally lowered in the June 10 NASS *Crop Production* report, but the rest of the collective total is calculated based on the NASS *Prospective Plantings* area planted data, the 10-year averages for harvested-to-planted ratios for each State, and the long-term historical trend yields for each State.
- Imports are unchanged for both years.
- 2022/23 all-wheat exports are projected at 775 million bushels, unchanged from the previous month. This export total, if realized, would be the lowest since 1971/72, driven by tighter supplies and reduced competitiveness.
- The 2021/22 all-wheat export forecast is unchanged at 805 million bushels. As reported by the USDA, Foreign Agricultural Service (FAS) *U.S. Export Sales* report and the Federal Grain Inspection Services' Export Grain Inspection report, weekly shipments through the month of May suggest that final exports will be close to the current forecast.
- Official exports for June 2021 through April 2022 total 753 million bushels, down 17 percent from the same period last year, based on calculations from U.S. Department of Commerce,

Bureau of the Census data. This 11-month total represents 93 percent of the revised marketing year (June-May) projection.

- The 2022/23 season-average farm price (SAFP) is projected at a record \$10.75 per bushel, unchanged from the previous month. Strong futures prices and tight supplies continue to support the expectation for robust prices.
- The 2021/22 SAFR is unchanged at \$7.70 based on the strong farmgate prices through April as reported in the May 31 USDA, NASS publication *Agricultural Prices*. The April 2022 all-wheat farmgate price was estimated at \$10.20 per bushel, up from \$9.94 in March 2022 and well above the \$6.04 for March 2021. On average in the last 5 years, about 96.4 percent of wheat is marketed in the first 11 months of the marketing year.
- The major changes to the U.S. all-wheat balance sheet are summarized in table 1.

<b>Table 1</b>					
<b>U.S. wheat supply and use at a glance 2022/23 (in million bushels)</b>					
<b>Balance sheet item</b>	<b>2021/22 June</b>	<b>2022/23 May</b>	<b>2022/23 June</b>	<b>Month-to-month change</b>	<b>Comments</b>
<b>Supply, total</b>					<b>June-May marketing year</b>
Beginning stocks	845	655	655		
Production	1,646	1,729	1,737	+8	USDA, National Agricultural Statistics Service (NASS) adjusted winter wheat production 8 million bushels higher.
Imports	95	120	120		
Supply, total	2,586	2,504	2,512	+8	
<b>Demand</b>					
Food	962	964	964		
Seed	64	66	66		
Feed and residual	100	80	80		
Domestic, total	1,126	1,110	1,110		
Exports	805	775	775		
Use, total	1,931	1,885	1,885		
Ending stocks	655	619	627	+8	Stocks remain the tightest since 2013/14.
Season-average farm price	\$7.70	\$10.75	\$10.75		

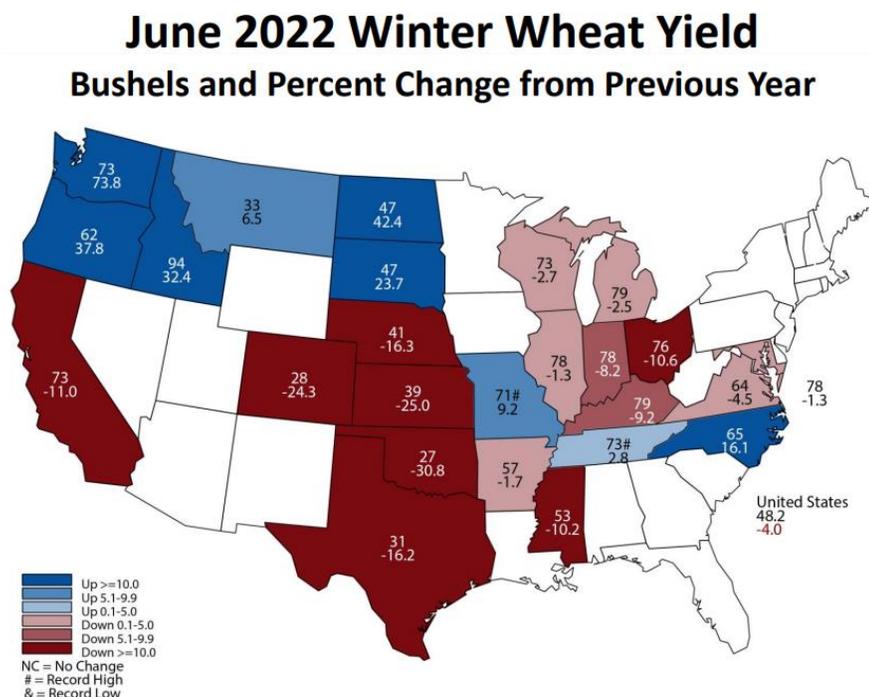
Source: USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.

# Winter Wheat Yield Forecasts and Conditions

U.S. winter wheat yields across most of the Central and Eastern States are estimated down compared to last year (figure 2), corresponding to smaller anticipated production of both HRW and SRW. Yields are substantially improved for White wheat production, primarily grown in Washington, Oregon, and Idaho, States that experienced major drought last year.

Figure 2

Winter wheat yield by State in 2022



Source: USDA, National Agricultural Statistics Service.

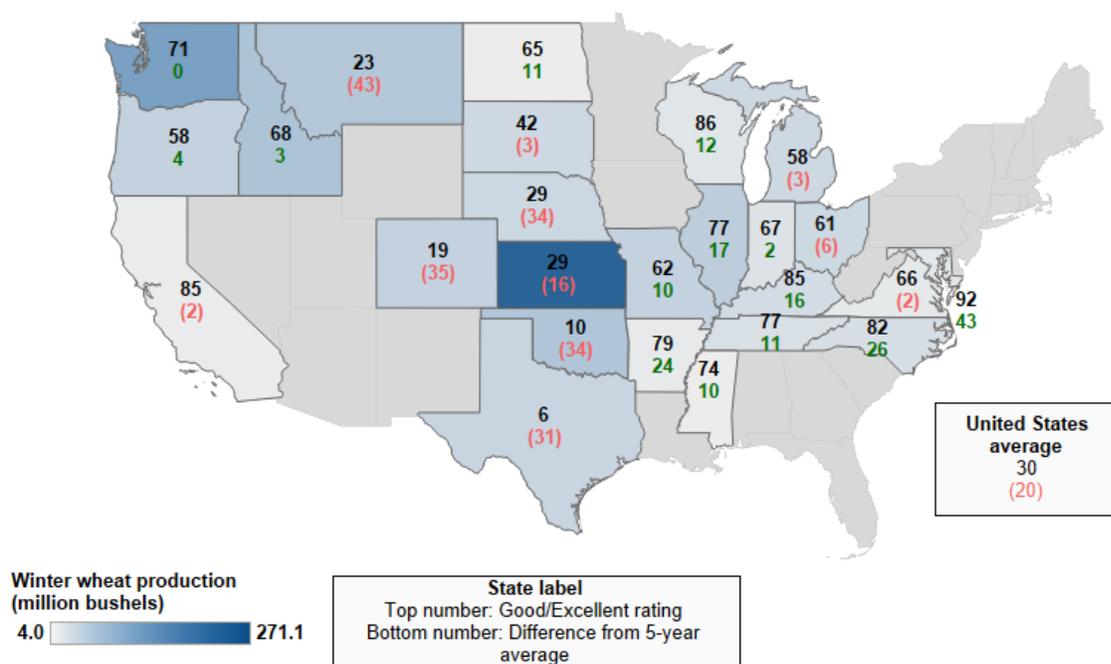
The most substantial drops in yield from the previous year are observed in several of the key HRW producing States: Kansas, Oklahoma, Texas, Colorado, and Nebraska. USDA, NASS Crop Conditions statistics, published in the *Crop Progress* report display a similar narrative, showing that combined good/excellent ratings for these key HRW States are well below their 5-year averages (figure 3), as of June 5. Winter wheat is estimated to be 5 percent completed across the 18 reporting States, ahead of last year (2 percent), but behind the 5-year average (2017-21). Harvest progress was most advanced in Texas (36 percent) and Arkansas (15 percent). Late rain in some HRW producing States has the potential to slow the harvest, but this is not yet evident in the data.

Some winter wheat areas have seen relief from drought conditions, but rain in some areas has come too late in the crop cycle to noticeably improve yields. According to USDA analysis and

data from the U.S. *Drought Monitor*, 49 percent of U.S. winter wheat production is in areas experiencing drought as of June 7, 2022. This is down noticeably from the 68 percent reported in early May, but still substantially above the 27 percent reported a year ago. Drought has also receded in major producing areas for Other Spring wheat and Durum production (25 percent and 46 percent of production in drought areas, respectively).

Figure 3

**Percent of winter wheat rated good/excellent as of June 5, 2022**



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

## Spring Wheat Planting Lagging Behind Normal Pace

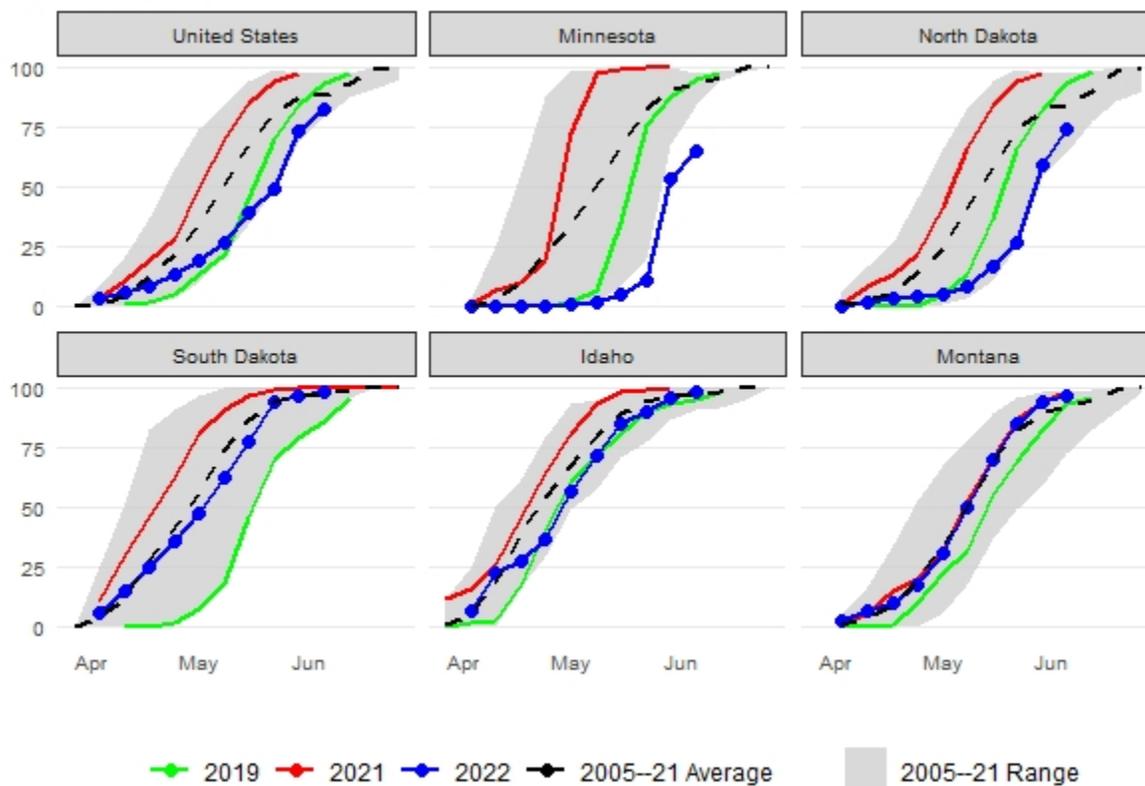
With large areas of the Northern Plains facing excessively wet conditions, the planting pace of the spring wheat crop is behind average. According to the USDA/NASS *Crop Progress* report, 82 percent of the U.S. spring wheat crop (excluding Durum) was planted as of June 5 across the 6 major reporting States. This is below last year (99 percent) and the 5-year average (97 percent). Planting is most notably behind in North Dakota and Minnesota (figure 4), the first and third largest producing States, respectively. Planting pace is close to normal in South Dakota,

Idaho, and Montana. Emergence is now estimated at 55 percent, down from the 5-year average of 83 percent.

Figure 4

**Spring wheat (excluding Durum) percent planted, by State and week**

Percent complete

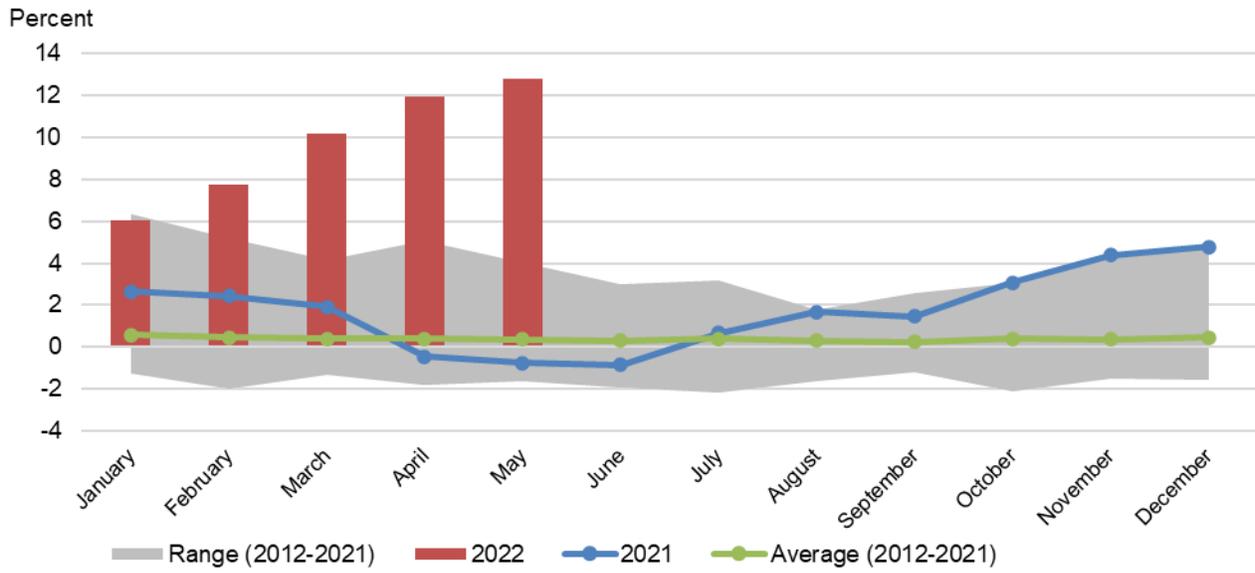


Source: USDA, Economic Research Service; USDA, National Agricultural Statistics Service.

## Wheat-Based Food Prices Rising

Similar to the trends across other major food categories, price increases continue to be strong for wheat-based products. The Consumer Price Index (CPI) published on June 10 shows large year-to-year increases for many key product groups in the month of May. Figure 5 shows the annual price increases in the monthly CPI data for the Cereal and Cereal Products category. In May, the prices for this category rose 12.8 percent from May of the previous year. Note that for the month of May, the highest year-to-year growth rate seen in the previous decade was only 4.0 percent in 2012. Prices for wheat-based products are supported by historically high prices for wheat as well as sharply higher costs for energy, labor, and transportation. Strong price growth continues for several non-wheat ingredients such as oils, butter, and sugar, which also contributes to the rising cost of wheat-based products.

Figure 5  
**Changes in Cereal and Cereal Products CPI, 2012-2021**



CPI = Consumer Price Index. This chart is comparing year-to-year rate of change for each month of data.  
 Sources: USDA, Economic Research Service calculations using data from U.S. Department of Labor, Bureau of Labor Statistics.

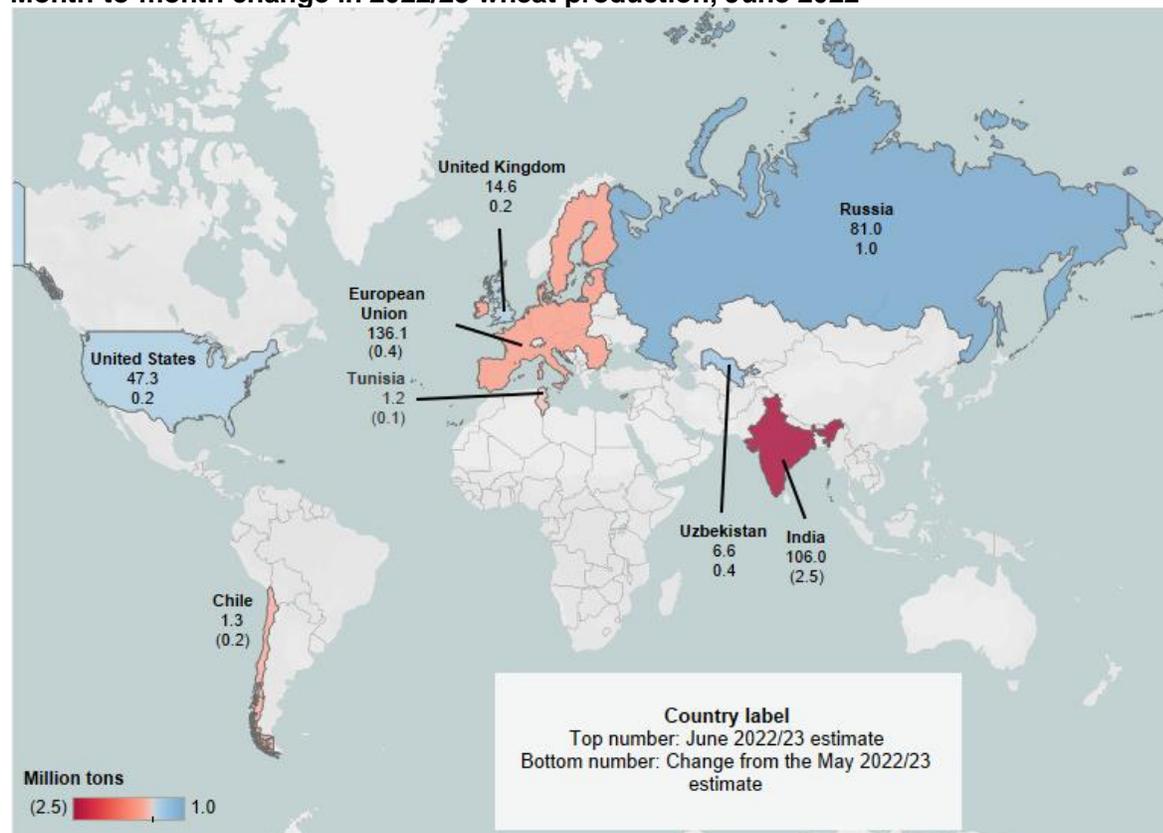
# International Outlook

## 2022/23 Global Production Lowered 1.4 Million Metric Tons

Global wheat production in 2022/23 is projected down 1.4 million metric tons (MT) to 773.4 million (figure 6). Production increases for **Russia**, **Uzbekistan**, the **United States**, and the **United Kingdom** and were more than offset by reductions for **India** and the **European Union**. Russia's wheat production is adjusted up 1.0 million MT to 81.0 million as growing conditions continue to be generally favorable resulting in higher yield potential (2.95 MT/hectare (ha)). Higher projected yield (+0.28 MT/ha to 4.71 MT/ha) has resulted in larger than expected production for **Uzbekistan**. The **European Union** production is down this month as with reductions to **France** (-0.3 million MT to 35.7 million) and **Spain** (-0.3 million MT to 7.7 million) partially offset with larger production in **Germany** (+0.3 million MT to 22.4 million). Hot and dry conditions have continued to impact condition ratings in France. High temperatures in the last few months of India's growing season restricted yield potential (-0.08 MT/ha to 3.42).

Figure 6

### Month-to-month change in 2022/23 wheat production, June 2022



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

## Expected Decline in 2022/23 Global Consumption

Global consumption in 2022/23 is revised down 1.0 million MT to 782.9 million MT as feed and residual use declines 0.5 million MT to 153.1 million and food, seed, and industrial (FSI) use is lowered 0.6 million MT to 629.8 million. FSI use is lowered for **Sri Lanka** (-0.3 million MT to 1.1 million MT) and **Argentina** (-0.2 million MT to 6.3 million). This was partially offset with an increase for **Pakistan** (+0.3 million MT to 26.8 million) based on a higher-than-expected import forecast. With a decrease in production, **India's** feed and residual use is revised down 0.5 million MT to 6.5 million. This was offset with an increase for **Iran** (+0.5 million MT to 2.5 million) as they are projected to have higher imports.

Total consumption is also adjusted based on the local marketing year (MY) trade adjustments for 2022/23. The unaccounted trade is revised down 0.5 million MT to 3.1 million MT due to a slight decline in MY exports and a small increase in MY imports. By adding this updated calculation of unaccounted trade to total consumption (782.9 million MT), the total adjusted consumption in 2022/23 is projected at 786.0 million MT.

2021/22 global unadjusted consumption is slightly down 0.2 million MT to 787.2 million as an increase to feed and residual use (+0.3 million MT to 161.3 million) only partially offsets lower FSI use (-0.5 million MT to 625.9 million). Feed and residual in the **EU** is raised 0.5 million MT to 46.5 million as exports were lower than expected. FSI use in **Chile** is lowered 0.2 million MT to 2.4 million as domestic production declined (-0.2 million MT to 1.1 million). **Argentina, Cuba, United Arab Emirates, and Uzbekistan** are all lowered 0.1 million MT each. This was partially offset with an increase for the **European Union** (+0.3 million MT to 63.3 million) and **Pakistan** (+0.3 million MT to 26.5 million).

## Global Trade in 2022/23 Projected at a Record

Despite lower production, trade year (July/June) exports are expected to be up 0.2 million MT to 205.4 million. While **India's** exports are reduced due to their export restrictions they are more than offset with increases for **Argentina, Russia, and Uzbekistan**. Russian production is projected higher, and the grain export quota will expire at the end of June allowing for fewer restricted exports at the beginning of 2022/23. Argentina has continued to export large volumes in 2021/22 as they have remained competitive and are expected to continue to be price competitive into the 2022/23 trade year (TY).

2022/23 TY imports are projected up as well, as an upward increase for **Pakistan** and **Iran** more than offset reduced import expectations for **Bangladesh**. Imports for Pakistan are revised up 0.3 million MT on strong pace in the 2021/22 year (also revised higher). The 2022/23 revision is also driven by announcements that it could import 3 million MT of wheat in 2022/23. Iran is also up 0.5 million MT in both 2021/22 and 2022/23 as it saw an influx of shipments in recent months that will likely continue into the new trade year. As a result of India's export restrictions, **Bangladesh**, **Sri Lanka**, and **United Arab Emirates'** import estimates are lowered. Figure 7 shows the month-to-month change for both 2022/23 trade year exports and imports.

Figure 7

### Month-to-month change in 2022/23 wheat trade, June 2022

Attribute	Country/region	2022/23 May	2022/23 June	Month-to-month change (million tons)
Trade year exports	Argentina	14.0	14.5	0.5
	India	8.0	6.0	(2.0)
	Russia	39.0	40.0	1.0
	United Kingdom	0.9	1.0	0.1
	Uzbekistan	0.9	1.5	0.6
	World total	205.3	205.4	0.2
Trade year imports	Bangladesh	7.5	7.0	(0.5)
	Chile	1.5	1.6	0.1
	Iran	5.5	6.0	0.5
	Pakistan	1.5	2.0	0.5
	Sri Lanka	1.7	1.5	(0.2)
	United Arab Emirates	1.8	1.7	(0.1)
	World total	201.2	201.4	0.2

Note: Changes less than 100,000 metric tons are not included; month-to-month change is the difference between June 2022 and May 2022 estimates. Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database.

2021/22 TY exports are revised lower by 0.4 million MT to 201.2 million based on updated trade data. The **European Union** has continued to have slow shipments in recent months (-1.5 million MT to 29.5 million). **Argentina** had record high exports in 2021/22 (+1.0 million MT to 17.0 million). High prices have continued to push importers to ration supplies and wait for lower prices. 2021/22 TY imports are lowered by 1.1 million MT to 196.4 million with a lower projection for **Morocco** (-0.4 million MT to 4.8 million), **Sri Lanka** (-0.3 million MT to 1.2 million), and **United Arab Emirates** (-0.3 million MT to 1.5 million) being partially offset with an increase for **Iran** (+0.5 million MT to 7.7 million) and **Pakistan** (+0.3 million MT to 2.2 million).

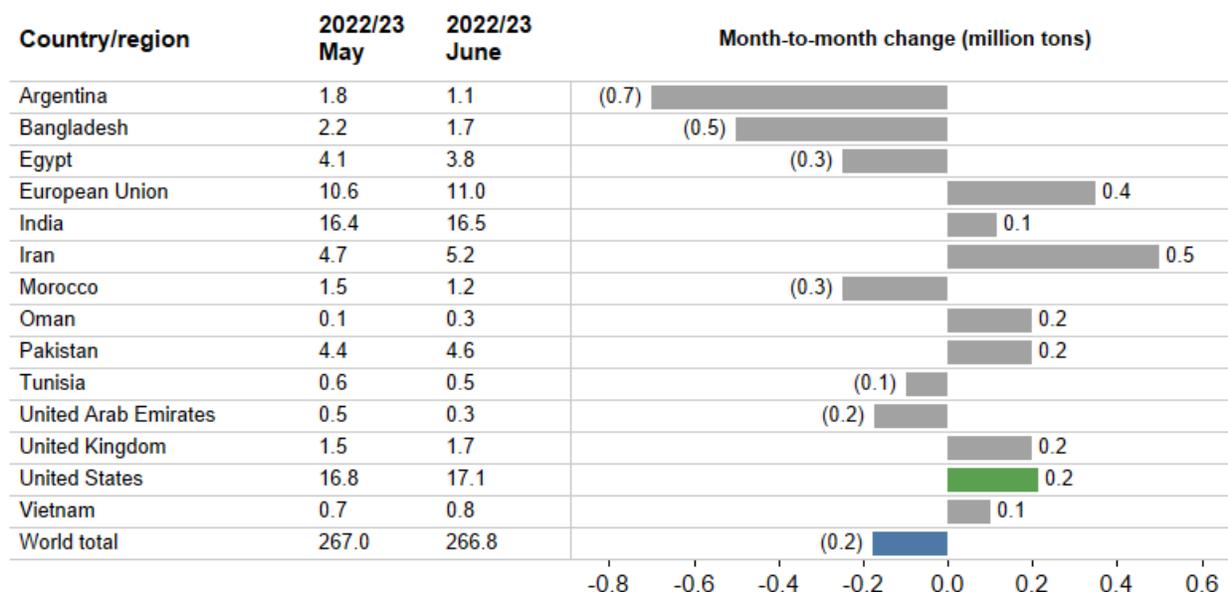
## 2022/23 Ending Stocks Tighten on Lower Trade

Compared to the May estimate, 2022/23 global ending stocks are projected to be 0.2 million MT tighter at 266.8 million MT as importing countries (**Bangladesh**, **Egypt**, **Morocco**, **Tunisia**, and **United Arab Emirates**) are projected to allow stock levels to dwindle in an effort to reduce

imports. Major exporters' ending stocks are projected lower by 0.1 million MT to 54.4 million as a reduction for **Argentina** is only partially offset by larger stocks in the **European Union** and the **United States** (figure 8). Global ending stocks for 2021/22 are also projected lower by 0.3 million MT to 279.4 million MT based on updated trade data.

Figure 8

**Month-to-month change in 2022/23 wheat ending stocks, June 2022**

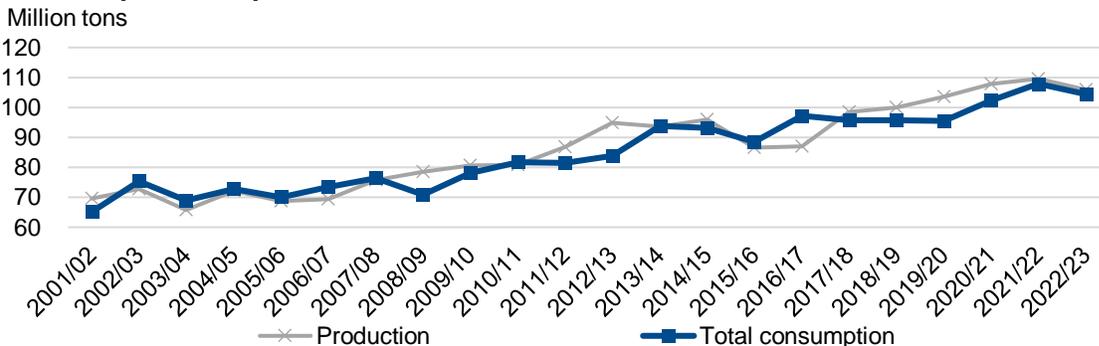


Note: Changes less than 100,000 metric tons are not included; month-to-month change is the difference between June 2022 and May 2022 estimates.  
Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database.

# Country Focus: India

In the 2021/22 marketing year (April/March), India emerged as an important exporter. India exported 8.033 million MT of wheat as countries sought alternative suppliers amidst high prices and curtailed supplies from some major exporters. Historically, India's exports are variable and largely dependent on domestic production and consumption. While India is the third largest producer of wheat, it consumes most of its production domestically. This month, the *World Agricultural Supply and Demand Estimates (WASDE)* forecast for 2022/23 production in India was lowered 2.5 million MT to 106.0 million following a heatwave. To secure domestic supplies for its public distribution system, the government of India imposed an export ban on May 13, 2022, but with some leeway. The ban remains flexible and allows for government-to-government agreements for food security concerns and to continue exports to nearby markets such as Bangladesh, Nepal, and Sri Lanka. For more information on the specifics of the latest policy, see the June 2022 *Grain: World Markets and Trade* by the USDA, Foreign Agriculture Service. Based on this policy, the 2022/23 marketing year exports are projected at 6.5 million MT, down 1.5 million from 2021/22 and 2.0 million from the May 2022/23 projection.

Figure 9  
**Consumption and production in India, 2001/02–2022/23**



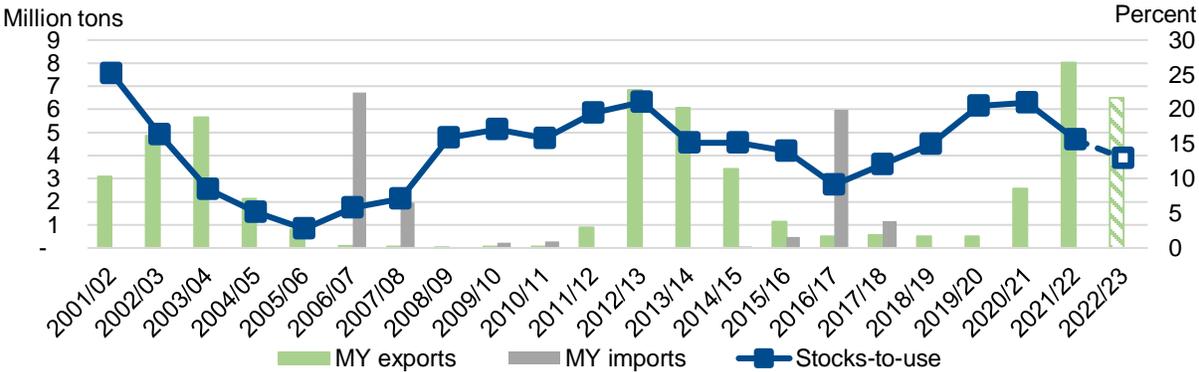
Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database.

Production in India has been rising over the past several years and reached a record in 2021/22 as the Government of India has continued to raise the minimum support price (MSP) as an incentive to encourage domestic production. While India's production figure is revised lower this month, it is still historically high (figure 9). Consumption has also been rising over time and in certain periods has exceeded production. Since 2017/18 production has exceeded consumption resulting in rising ending stocks. This stockpile allowed India to export wheat in 2020/21 following the start of the Coronavirus COVID-19 pandemic, with exports then reaching a record in 2021/22. India remains competitively priced in the global market (table 2), thus the restrictions put in place in 2022/23 will likely keep more grain supplies in country.

Table 2: International average monthly freight-on-board bids, May 2022					
India 361	Russia 408	Australia 429	European Union 442	Argentina 467	United States 521
Note: U.S. dollars per metric ton. Sources: USDA, Economic Research Service calculations using International Grains Council quotes.					

In the 2006/07 marketing year, the government banned exports from February through December and further extended this to be indefinite to limit exports for similar reasons as in 2022/23. Once the restriction was lifted in September 2011, India was able to export and reduce stocks as shown by the declining stocks-to-use ratio. This was also during a time with relatively strong international prices making India's wheat even more competitive. Indian exports subsided in 2015/16 as domestic consumption exceeded production and decrease exportable supplies (figure 10). Marketing year imports picked up in 2016/17 as India became a net importer of wheat as international market prices were weak and import duties were removed. India currently has an import duty of 40 percent and with production still projected as larger than consumption, imports in 2022/23 will be limited.

Figure 10  
**Marketing year trade and stocks-to-use for India, 2001/02–2022/23**

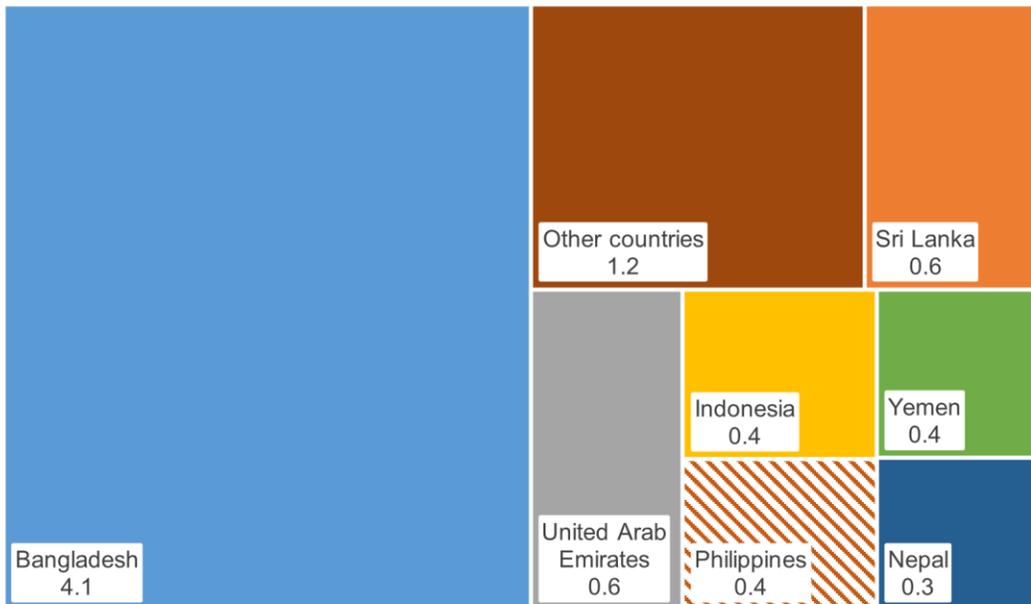


Note: MY=Marketing year (April-March).  
Source: USDA, Economic Research Service calculations; USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database.

For the 2021/22 trade year (July/June), India was the eighth largest exporter ahead of Kazakhstan. India's importance as an exporter varies depending on international prices, domestic production, stock levels, and its trade policies. India is still projected to be in the top 10 exporters in 2022/23, but export restrictions will likely have an effect on India's top export destinations (figure 11). These countries will either seek supplies from alternative sources at higher prices or rely more on stocks for domestic use.

Figure 11

**India's 2021/22 marketing year exports by destination, April 2021–March 2022**



Notes: Trade in million metric tons.

Source: USDA, Economic Research Service using data from Trade Data Monitor.

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