



Wheat Outlook: January 2023

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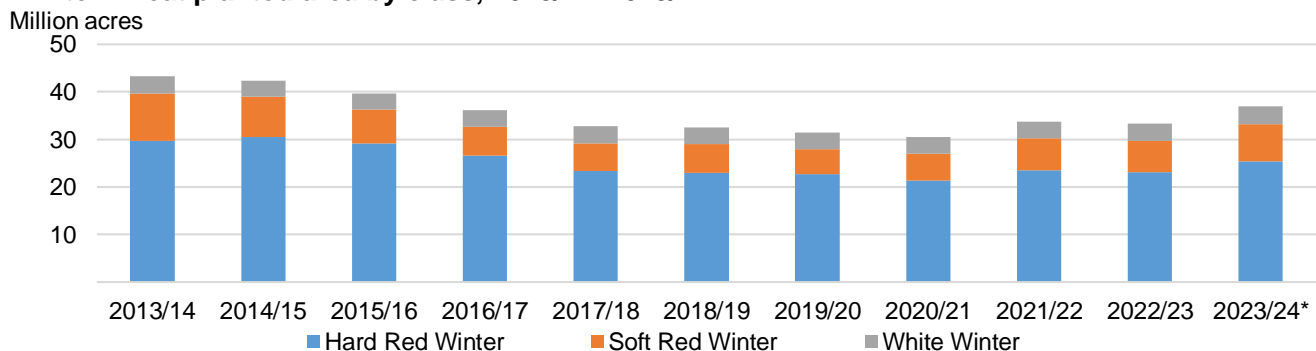
In this report:

- [Domestic Outlook](#)
- [International Outlook](#)
- [Feature Article: Changes in Ukraine Wheat and Corn Export Patterns Since the Start of the Ukraine-Russia War](#)

U.S. Winter Wheat Acreage Largest in 8 Years

USDA’s National Agricultural Statistics Service (NASS) released its first projection of U.S. winter wheat plantings for 2023/24 in its *Winter Wheat and Canola Seedings* report. U.S. winter wheat planted area is projected at 37.0 million acres, up 11 percent from last year to the highest level since 2015/16. Projected area for Hard Red Winter (HRW) is up 10 percent, while plantings for Soft Red Winter are forecast 20 percent higher (figure 1). White winter wheat is forecast up 3 percent from the previous year. Wheat prices hit record levels this marketing year and are expected to remain elevated into next year. Continued high futures prices and elevated crop insurance guarantee prices encouraged expanded sowings of winter wheat, despite the continuation of historic drought during the planting season in key HRW producing regions of the Southern Plains. Intended Spring wheat and Durum acreage will be reported in the March 31 USDA, NASS *Prospective Plantings* report.

Figure 1
Winter wheat planted area by class, 2013/14–2023/24



*2023/24 is based on the first planted area estimate from the *Winter Wheat and Canola Seedings* report. All other years are final.
 Source: USDA, National Agricultural Statistics Service.

Domestic Outlook

Domestic Changes at a Glance:

- Beginning stocks for 2022/23 are raised 29 million bushels to 698 million bushels based on revisions to June 1 stocks data in the USDA, National Agricultural Statistics Service (NASS) *Grain Stocks* report. Consequently, feed and residual use for 2021/22 is lowered 29 million bushels to 59 million (table 1).
- Total supplies for 2022/23 are raised 29 million bushels to 2,468 million bushels.
- Feed and residual use for 2022/23 is raised 30 million bushels to 80 million as a result of larger-than-expected implied disappearance for the first and second quarters of the marketing year based on the USDA, NASS *Grain Stocks* data.
- 2022/23 all-wheat exports are unchanged from the previous month at 775 million bushels, which would be the lowest since 1971/72. U.S. prices remain mostly uncompetitive with other major global suppliers, while the pace of new sales continues to be slow, as reported in the USDA, Foreign Agricultural Service (FAS) *U.S. Export Sales*. By-class export projections are unchanged this month.
- U.S. wheat exports for June through November 2022 reached a total of 427 million bushels, down 2 percent from the same period last year. Official U.S. wheat trade statistics for June through November are calculated based on data from the U.S. Department of Commerce, Bureau of the Census. December exports appear to be low once again based on export inspections data from the USDA, Federal Grain Inspections Service, as well as export sales data reported by USDA, FAS.
- U.S. wheat imports for 2022/23 are unchanged at 120 million, up from 95 million in 2021/22. U.S. wheat imports for June through November 2022 totaled 60 million bushels, accounting for 50 percent of the full marketing year projection. Imports for these 6 months are up 23 percent from the same period last year. Based on the pace of trade, projected imports for Hard Red Spring are reduced 5 million bushels to 55 million, while imports of Durum are raised 5 million bushels to 50 million.
- U.S. seed use is raised 3 million bushels to 69 million based on a larger expected winter wheat planted area in the USDA, NASS *Winter Wheat and Canola Seedings* report. Seed use is raised for Hard Red Winter (+1 million bushels to 28 million) and Soft Red Winter (+2 million bushels to 15).

- The 2022/23 season-average farm price is unchanged and remains at a record \$9.10 per bushel. The November farm price reported in the USDA, NASS *Agricultural Prices* publication was \$9.16, down from \$9.21 in the previous month and higher than \$7.78 in November 2021.

Table 1					
U.S. wheat supply and use at a glance, 2021/22 and 2022/23 (in million bushels)					
Balance sheet item	2021/22 January	2022/23 December	2022/23 January	Month-to-month change	Comments
Supply					June-May marketing year
Beginning stocks	845	669	698	+29	Larger stocks as reported in the USDA, National Agricultural Service (NASS) <i>Grain Stocks</i> report
Production	1,646	1,650	1,650	0	
Imports	95	120	120	0	Larger Durum imports offsetting smaller Hard Red Spring imports
Supply, total	2,587	2,439	2,468	+29	
Demand					
Food	972	977	977	0	
Seed	58	66	69	+3	Larger projected winter wheat area planted in the USDA, NASS <i>Winter Wheat and Canola Seedings</i> report
Feed and residual	59	50	80	+30	Stronger-than-expected disappearance in the first two quarters based on the USDA, NASS <i>Grain Stocks</i> report
Domestic, total	1,088	1,093	1,126	+33	
Exports	800	775	775	0	No by-class changes; U.S. wheat exports projected at 51-year low based on slow pace of export sales and uncompetitive pricing
Use, total	1,888	1,868	1,901	+33	
Ending stocks	698	571	567	-4	Larger domestic use more than offsets higher beginning stocks
Season-average farm price	\$7.63	\$9.10	\$9.10	0	
Source: USDA, World Agricultural Outlook Board, <i>World Agricultural Supply and Demand Estimates</i> .					

2023/24 Winter Wheat Update

Drought continues to be a major issue for winter wheat production with 59 percent of production areas estimated to be in regions experiencing drought (figure 2). This figure is down from 73 percent on December 6, with the core of the remaining area in drought being major HRW-producing States in the Southern Plains. Drought concerns have largely subsided for SRW-producing areas in the eastern part of the country and Soft White producing areas in the Pacific Northwest.

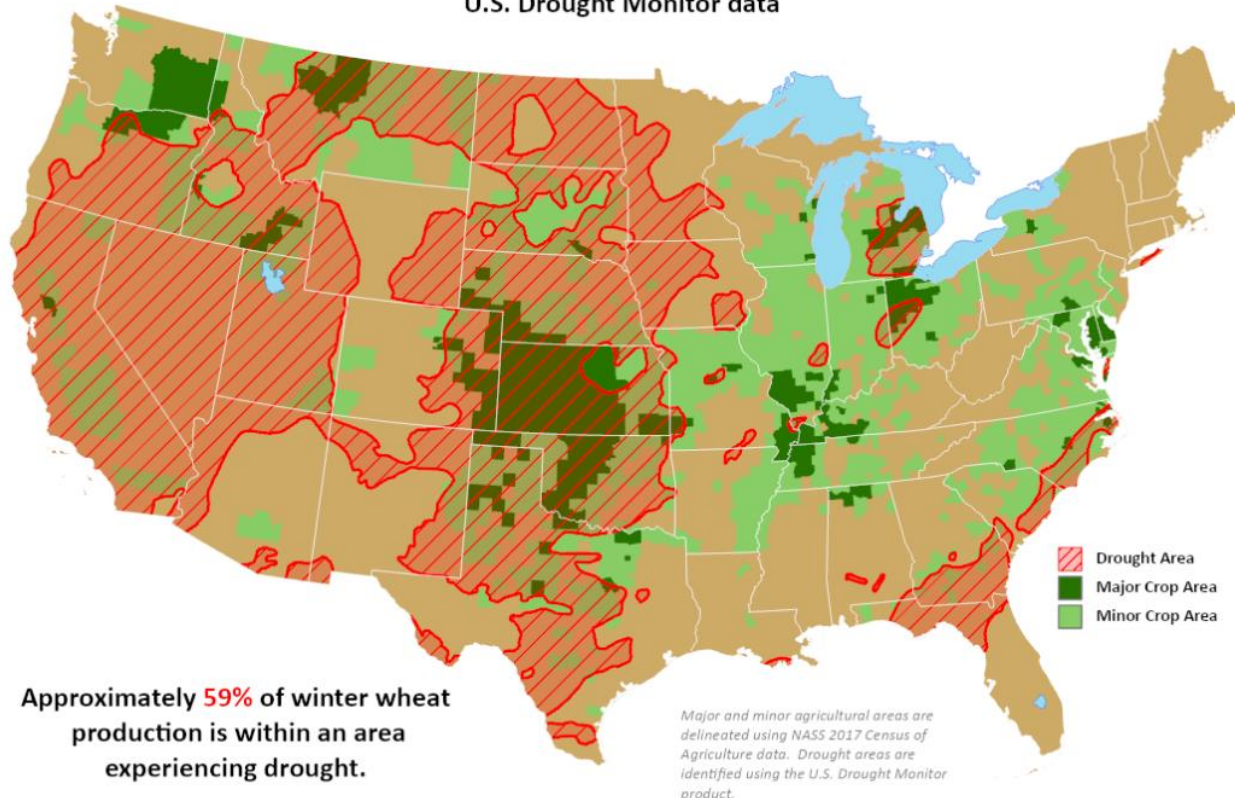
Figure 2
Large portions of winter wheat area in drought



This product was prepared by the
 USDA Office of the Chief Economist (OCE)
 World Agricultural Outlook Board (WAOB)

Winter Wheat Areas in Drought

Reflects **January 10, 2023**
 U.S. Drought Monitor data



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.

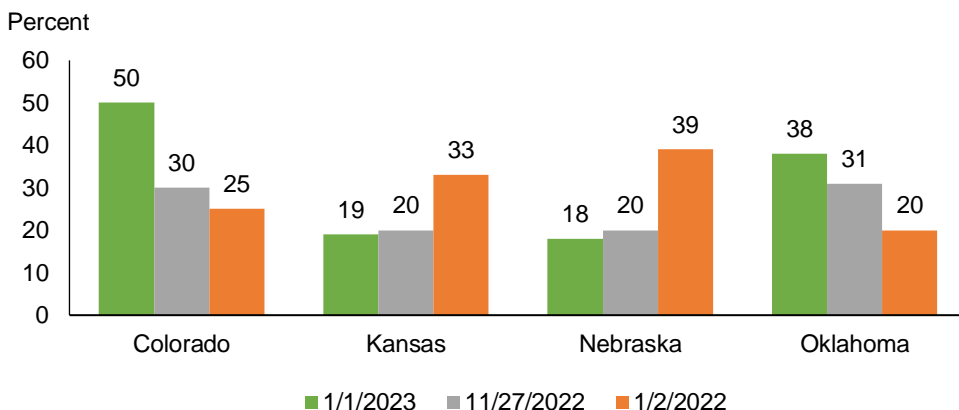
Source: USDA, World Agricultural Outlook Board, Agricultural Weather and Assessments Group.

USDA, NASS issued updated crop ratings for some key production areas as of January 1, 2023. Conditions for key HRW-producing States were mostly unchanged from November 27, 2022, the date of the previous complete NASS update. Colorado is the exception with 50 percent of the crop now rated as good/excellent, compared with only 30 percent previously (figure 3).

Good/excellent ratings for Kansas and Nebraska are down slightly, while conditions for Oklahoma have improved. Conditions for Colorado and Oklahoma are notably better than last year at this point, while those for Kansas and Nebraska are substantially lower. USDA, NASS did not provide an update on Texas in the latest published ratings.

Figure 3

Winter wheat good/excellent condition ratings comparisons, 2022–2023

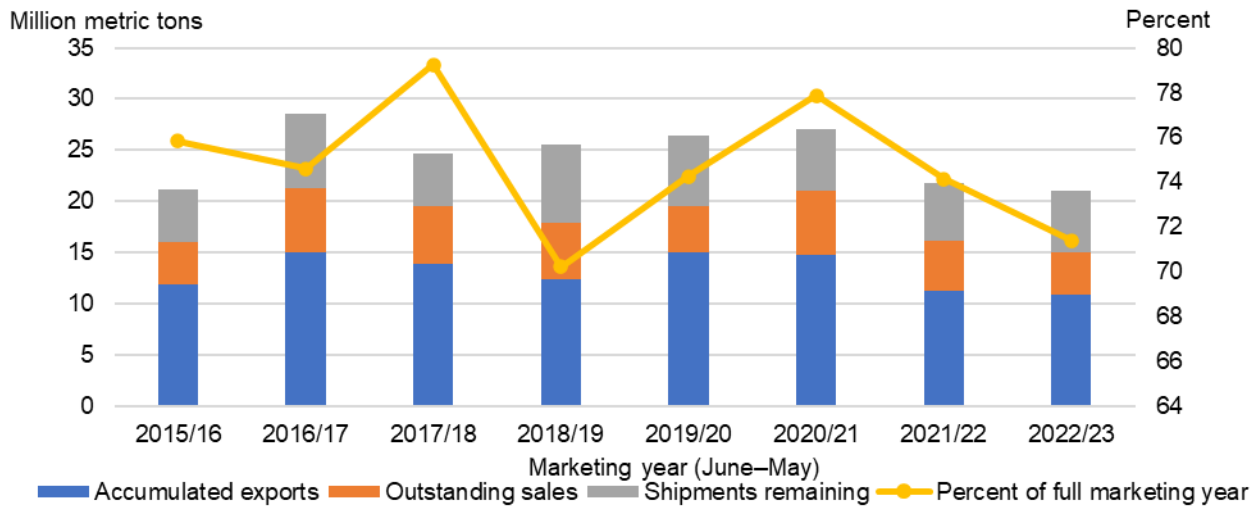


Source: USDA, Economic Research Service calculations; USDA, National Agriculture Statistics Service, *Quickstats* database.

Update on U.S. Export Pace

According to USDA, FAS *U.S. Export Sales* data, U.S. wheat export sales total commitments (the sum of outstanding sales plus accumulated exports) as of January 5 are at 15.1 million metric tons, down 7 percent from the same time last year. This represents 71 percent of the full marketing year estimate of 775 million bushels. This is lower than the percentage of estimate met by total commitments at this point in 9 of the last 10 years, suggesting that U.S. wheat may need a slightly stronger pace of sales in the coming months to meet the current projection. Exports to Brazil could benefit from reduced Argentine shipments this year, with commitments to date nearly triple the same point last year. However, Brazil’s import needs are reduced this year with record-large production and other competitors remain for that market, including Russia. U.S. sales to the Philippines and Nigeria have been historically low this marketing year driven partly by record crops in Australia and Russia, respectively. One caveat to the pace analysis based on export sales data is that these data do not include concessional (food aid) trade, which in a low export year could constitute a slightly higher percentage of total trade.

Figure 4
Cumulative exports sales through January 5 and full marketing year exports, 2015/16–2022/23



Notes: Accumulated exports and outstanding sales are as of week 32, exact dates vary by year. Shipments remaining is the difference between total commitments as of that date and the full marketing year exports.

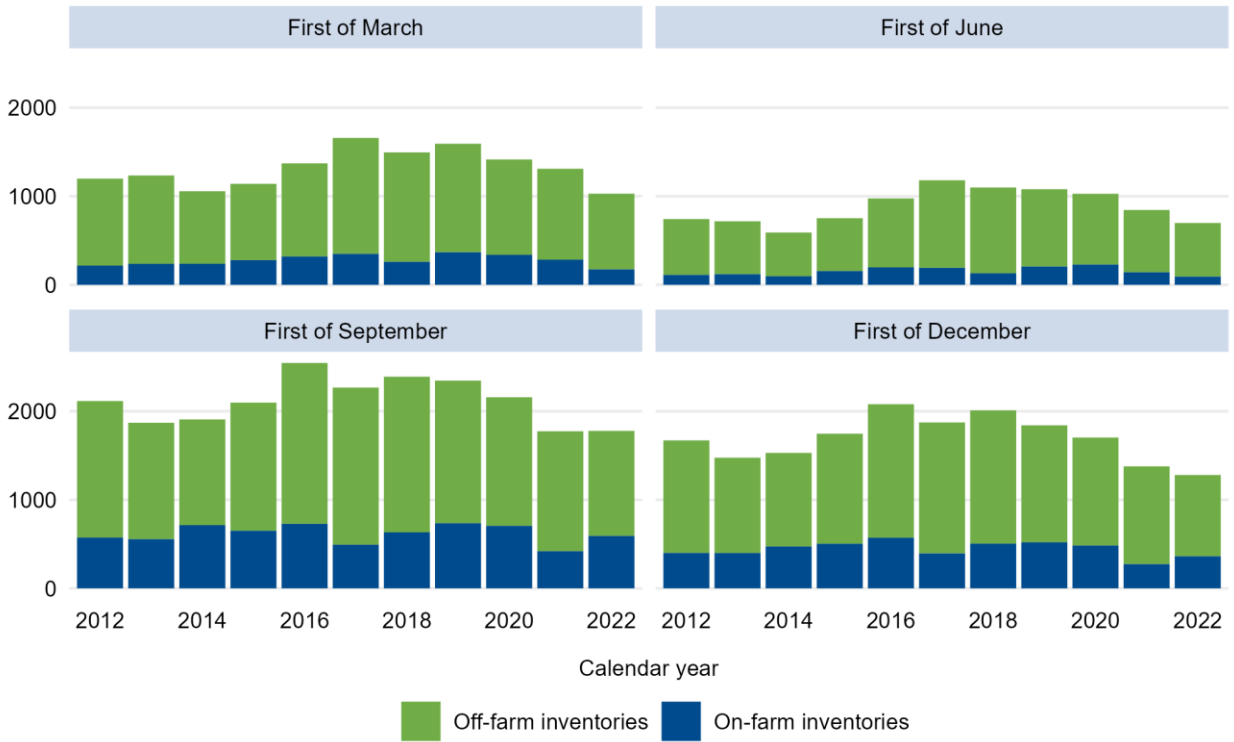
Source: USDA, Economic Research Service calculations; USDA, Foreign Agricultural Service, Export Sales Reporting.

Implications of Updated Stocks Data

Total U.S. wheat stocks as of December 1, 2022 were estimated at 1.28 million bushels, the lowest December 1 stocks since 2007/08, but interestingly the stocks held on-farm were up from a year ago (figure 5). This supports market observations that farmer selling in the current campaign have been weaker than normal despite prices at record or near-record levels.

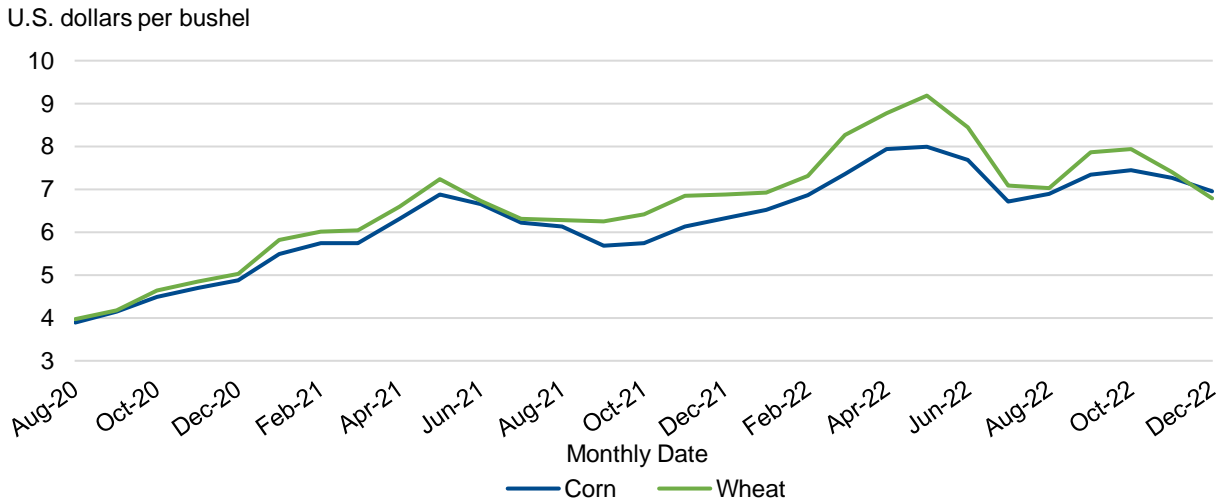
Consequent to lower-than-expected December 1 wheat stocks (and the upward revision to June 1 stocks), feed and residual use for 2022/23 was raised 30 million bushels to 80 million, based on the higher-than-expected disappearance in the first half of the year. Also supporting stronger feed and residual use is that wheat prices are approaching parity with corn in some locations, which supports an increase in wheat feeding. SRW represents most of the U.S. wheat feed and residual in most years and some of that feeding may be occurring in the Southeast United States. Notably, wheat cash prices in North Carolina, as reported by USDA's Agricultural Marketing Service, dipped slightly below corn in North Carolina in December (figure 6). North Carolina's 2022/23 corn production was down 27 percent from the previous year due to drought conditions.

Figure 5
Quarterly on- and off-farm wheat inventories, 2012–2022
 Million bushels



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

Figure 6
Corn and wheat average monthly cash prices, August 2020–December 2022



Note: Daily price data is averaged to a monthly price using a simple average across all reported prices.
 Source: USDA, Economic Research Service using data from the USDA, Agricultural Marketing Service, *My Market News*.

International Outlook

International Changes at a Glance:

- The 2022/23 global wheat production is raised 0.7 million metric tons (MMT) to 781.3 MMT driven by updated harvest results for:
 - **Ukraine** (+0.5 MMT to 21.0 MMT)
 - **European Union (EU)** (+0.4 MMT to 134.7 MMT)
 - **China** (-0.3 MMT to 137.7 MMT)
 - **United Kingdom** (+0.1 MMT to 15.5 MMT)
- Global consumption for 2022/23 is raised 0.2 MMT to 783.2 MMT. To match the *World Agricultural Supply and Demand Estimates (WASDE)*, consumption is adjusted based on the local marketing year (MY) trade adjustments for 2022/23. Unaccounted trade is unchanged at 6.5 MMT as MY exports and MY imports are raised 0.8 MMT. This results in an adjusted consumption of 789.7 MMT, up 0.2 MMT from the December estimate.
- Feed and residual use is bumped 0.4 MMT to 155.3 MMT driven by an increase for the **United States** (+0.8 MMT to 2.2 MMT). **Ukraine** only partially offset this revision (-0.5 MMT to 4.0 MMT) as they continue to be able to export with the extension of the grain corridor.
- Food, seed, and industrial (FSI) use is reduced 0.2 MMT to 627.9 MMT. FSI use is lowered 0.2 MMT each for **Lebanon** (1.2 MMT), **Nepal** (2.3 MMT), and the **Philippines** (3.7 MMT). **Saudi Arabia** and **Senegal's** FSI use is raised 0.1 MMT to 4.1 MMT and 0.8 MMT, respectively.
- 2022/23 trade year (July/June) exports are raised 0.9 MMT to 209.6 MMT driven by a 0.5 MMT increase for both the **EU** (36.5 MMT) and **Ukraine** (13.0 MMT). India partially offsets these revisions as they continue to restrict exports for food security purposes (-0.3 MMT to 2.5 MMT).
 - See feature article on Page 11 about Ukrainian exports.
 - Between July and December, the European Union imported more than 5.0 MMT of wheat with over half of the wheat coming from Ukraine. This wheat is likely feed-quality that can be used to cover the EU's lower corn supplies. More information on EU's imports is in this month's *Grain: World Markets and Trade* from USDA's Foreign Agricultural Service.

- Trade year imports increased by 0.8 MMT to 204.9 MMT with an increase for the **EU** (+1.0 MMT to 8.0 MMT) and **Kazakhstan** (+0.5 MMT to 1.5 MMT) only partially offset by a reduction for **Iran** (-0.5 MMT to 5.0 MMT).
 - **Saudi Arabia** is also revised up 0.2 MMT to 3.7 MMT with a strong pace of shipments and active tenders.
 - Other major trade year changes are shown in figure 7.
- 2022/23 global ending stocks saw some relief with an increase of 1.1 MMT to 268.4 MMT but remain the tightest since 2016/17. Major exporters ending stocks are raised 2.0 MMT to 56.5 MMT with the **European Union** up 0.9 MMT to 11.3, **Ukraine** raised 0.5 MMT to 4.7 MMT, **Kazakhstan** lifted 0.4 MMT to 1.6 MMT, and **Argentina** up 0.3 MMT to 1.2 MMT. The **United States** is lowered 0.1 MMT to 15.4 MMT.
- Details for the global 2022/23 supply and distribution are in table 2.

Table 2

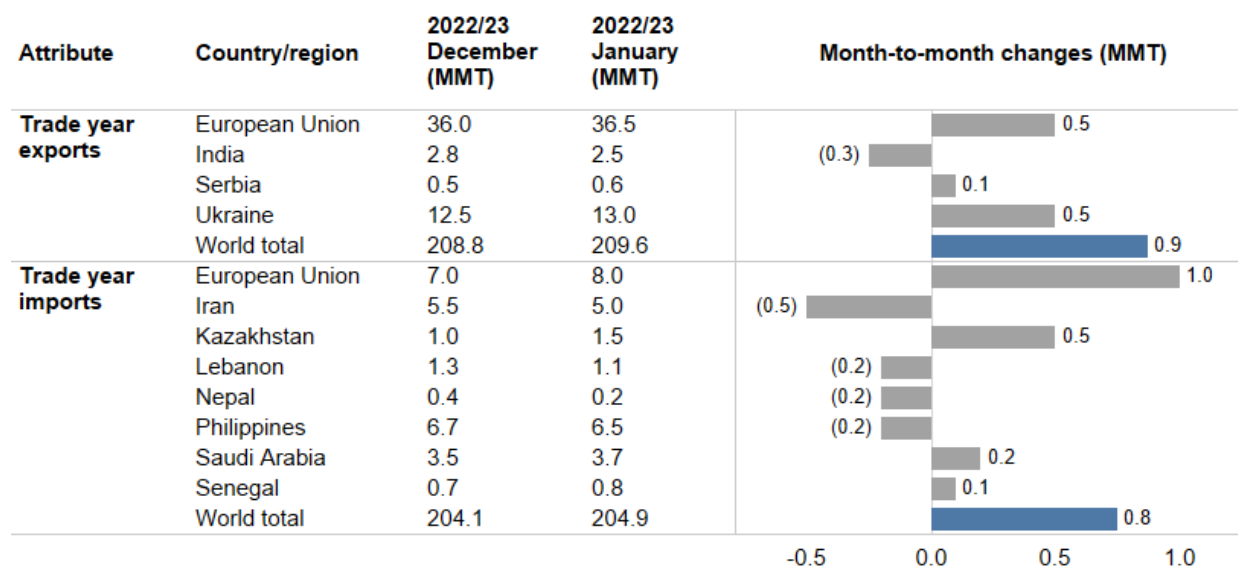
Global 2022/23 wheat supply and use at a glance (in million metric tons)

Balance sheet item	2021/22 January	2022/23 December	2022/23 January	Month-to-month change
Supply				
Beginning stocks	290.0	276.3	276.8	0.5
Production	779.3	780.6	781.3	0.7
Trade year imports	200.2	204.1	204.9	0.8
Demand				
Feed and residual use	160.2	154.9	155.3	0.4
Food, seed, and industrial use	628.3	628.1	627.9	(0.2)
Domestic, total use	788.4	783.0	783.2	0.2
Trade year exports	205.1	208.8	209.6	0.9
Ending stocks	276.8	267.3	268.4	1.1

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

Figure 7

Month-to-month changes in 2022/23 trade year trade, January 2023



Notes: MMT=million metric tons; changes less than 100,000 metric tons are not included; month-to-month change is the difference between the January 2023 and December 2022 estimates.

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

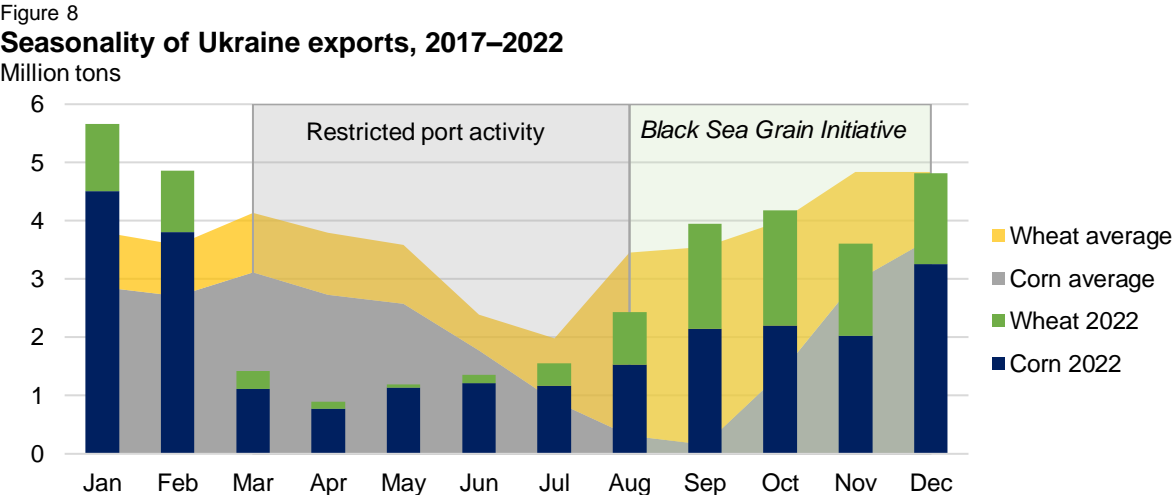
Feature Article: Changes in Ukraine Wheat and Corn Export Patterns Since the Start of the Ukraine-Russia War

Bryn Swearingen and Angelica Williams

Ukraine’s corn and wheat export dynamics have substantially changed since February 2022 when Russia invaded Ukraine. Restrictions on shipping in the Black Sea as well as elevated risks at Ukrainian ports resulted in Ukraine’s exports being almost completely cut off in the early stages of the war. The suddenness of the change forced wheat and corn importers to search for alternative suppliers against a backdrop of rapidly escalating global wheat and corn prices. Ukraine has been in the top 6 exporting countries for wheat since 2013/14 and has consistently been among the top 4 major corn exporters. In the 2022/23 marketing year, Ukraine is projected to export only 13.0 million metric tons (MMT) of wheat and 20.5 MMT of corn, down 31 and 24 percent from 2021/22, respectively. This article analyzes the seasonality of trade, the pace of trade from March to December, and Ukraine’s major export destinations for both wheat and corn.

Seasonality of Exports

Ukraine’s wheat marketing year (MY) starts in July, while the corn MY begins in October. Historically, wheat exports are front-loaded from July to September, but after the corn harvest comes online in October, corn begins to dominate the trade flow (figure 8).



Note: Averages are from 2017 through 2021. Official trade data is used through October. November and December data is estimated using data from the Ministry of Agrarian Policy and Food of Ukraine.
 Sources: USDA, Economic Research calculations using data from Trade Data Monitor and Ministry of Agrarian Policy and Food of Ukraine.

The war restricted port activity between March and July, creating an accumulation of corn stocks and giving corn priority over wheat going into the 2022/23 wheat marketing year. Figure 8 shows that more corn is still being exported than wheat. On July 22, 2022, the *Black Sea Grain Initiative (BGSi)* was signed between Turkey, the United Nations, Russia, and Ukraine. This agreement enabled the safe passage of Ukraine grain exports through the Black Sea through three key Ukrainian ports (Chornomorsk, Odesa, Yuzhny). The new agreement and ample corn and wheat stocks allowed Ukraine to export a larger combined volume of the two crops than the average of the previous five years for the months of September and October. In December, Ukraine was able to export over 3.0 MMT of corn, the largest since the beginning of the war. Almost a third of the December corn exports went to China. Ukraine also exported 1.5 MMT of wheat in December, which when combined with corn is about on par with the average total for December. These two commodities will continue to compete for storage space and export capacity moving forward.

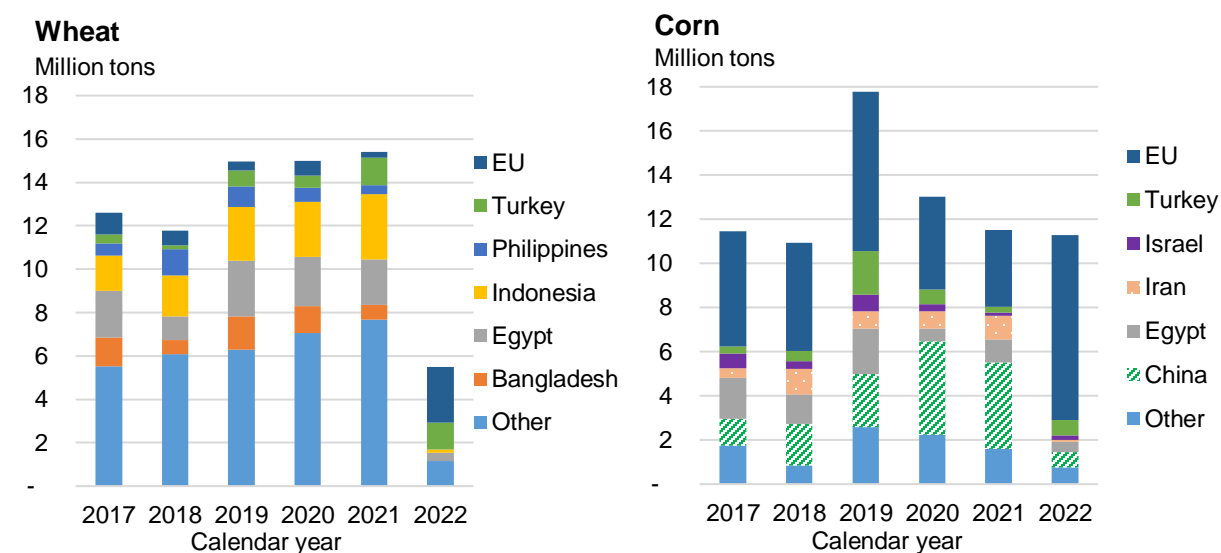
Additional challenges affecting exports from Ukraine are expected, particularly for corn. The 2022/23 corn harvest has been delayed compared to historical records due to a series of events, both related to the war and weather. Record rainfall during the fall months of September and October slowed the harvest and exacerbated already unfavorable conditions such as access to affordable inputs and machinery. According to the Ukrainian Ministry of Agrarian Policy, 1.2 MMT of corn were harvested the last week of December 2022, bringing the total to 21.4 MMT harvested. Corn area harvested as of December 30, 2022, totals 3.3 million hectares (78 percent of total corn area). Driven by lower projected area and yields, Ukraine's 2022/23 corn crop output is reduced to 27.0 MMT, down 15.1 MMT from 2021/22. While grain corn can still be harvested into the spring months, prolonged time in the field will also generate yield loss and quality issues. In addition, future weather conditions and reduced access to infrastructure for drying and storage of the crop are contributing factors in reduced crop prospects.

The 2022/23 wheat crop has already been harvested and is projected at 21.0 MMT, down 37.9 percent from 2021/22. Looking ahead, the 2023/24 winter wheat crop has been planted and reports show reduced area due to financial constraints to obtain seed, fertilizer, fuel, difficulties obtaining labor, and challenges accessing fields in a timely manner due to the ongoing war. Additionally, there are expectations that wheat area will be shifted to sunseeds because of higher expected net returns.

Ukraine Grain Exports Since March 2022

From March through July, Ukraine exported 5.4 MMT of corn and 1.0 MMT of wheat, which is significantly less than the 5-year average. The war between Ukraine and Russia substantially changed the dynamics of Ukraine's exports. Traditionally, Ukraine grain would have been exported through seaports. However, as the conflict escalated in spring of 2022, Ukraine used rail to move grain eastward toward Romania, Poland, and Hungary. There was also an increase of grain transshipments through the Danube River ports. During this time, most of the grain was delivered through the European Union with some wheat going to Turkey and Egypt. While corn was also delivered to China, the Netherlands, and Egypt, the share to these countries were dropped significantly, but remain in the top destinations (figure 9).

Figure 9
Ukraine exports by destination, March-October 2017–22



EU=European Union.

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

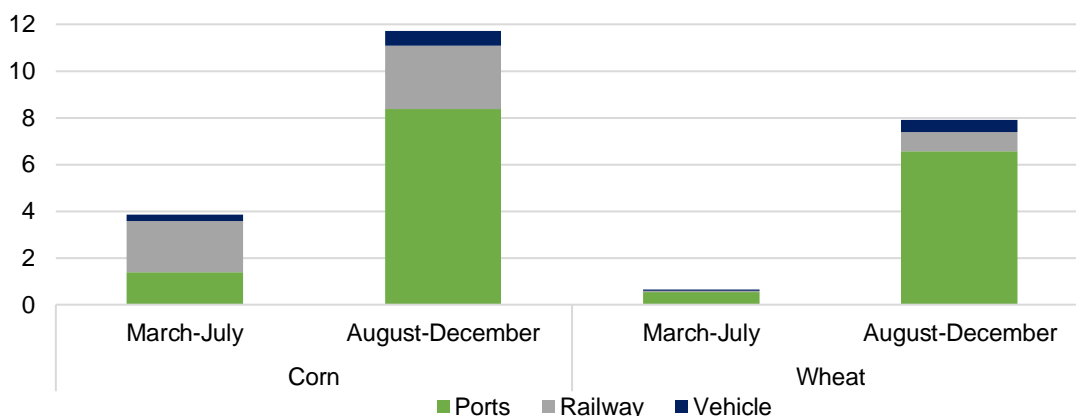
After the *BSGI* was implemented, both wheat and corn exports increased. About 5.9 MMT of corn was exported from August through October, which is above the historical average (1.8 MMT). However, only 4.7 MMT of wheat were exported in the same period, which is lower than the 5-year average (9.1 MMT). Compared to earlier in the year, shipments from ports opened traditional routes and diversified the destinations of Ukraine wheat and corn. While the European Union continues to receive grain from Ukraine, other major wheat importers such as Bangladesh, Indonesia, and Algeria started to receive shipments under the *BSGI*. Turkey also continues to be a key destination for wheat, receiving almost 1.0 MMT from August through October. China has also been able to import more Ukraine corn with the opening of the ports.

While *BSGI* provides access to the traditional routes, Ukraine continues to use rail and vehicle modes of transportation (figure 10). Rail was not a dominant form of transportation before this year due to the difference in rail line gauges between Ukraine and the European Union that caused limitations with crossing borders by rail. From March through July, 2.2 MMT of corn was transported by rail and less than 0.1 MMT of wheat. After the agreement, 2.8 MMT of corn and 0.8 MMT of wheat moved by rail.

Figure 10

Ukraine exports by mode of transportation, March–December 2022

Million metric tons



Sources: USDA, Economic Research Service calculations using data from the Ministry of Agrarian Policy and Food of Ukraine.

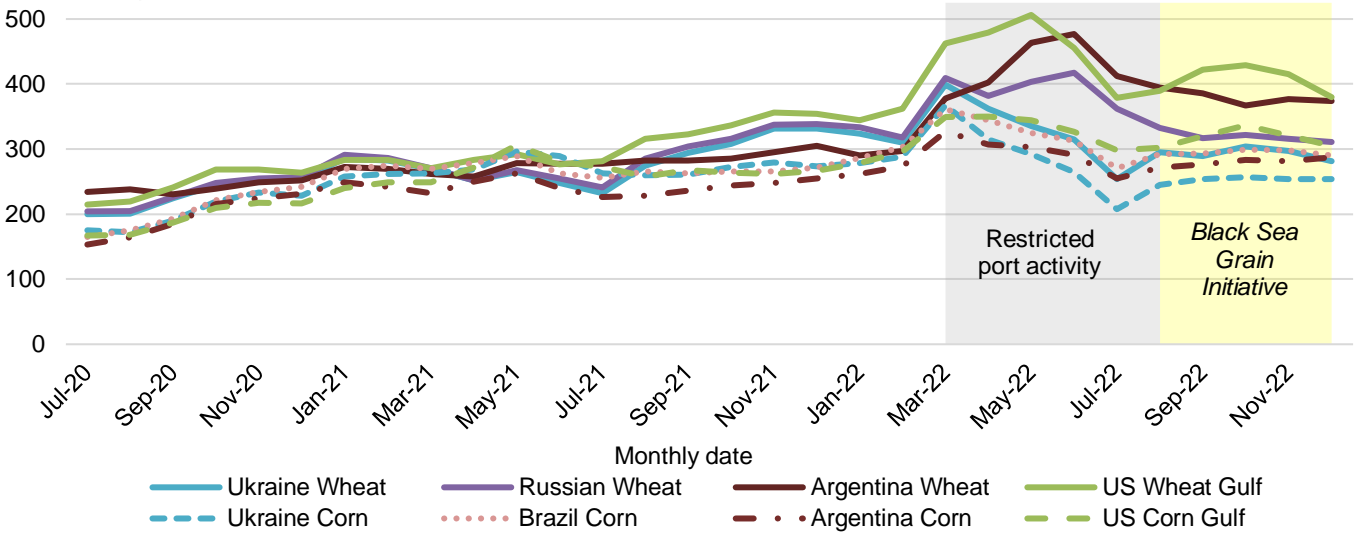
Conflict Supports Elevated Corn, Wheat Prices

Prior to the war, wheat and corn global prices had been on a gradual upward trend since 2020, but the war resulted in a sudden spike in prices (figure 11). While Ukraine was unable to ship by sea during the initial period, quotes were provided by those shipments being sent by ground transportation. The *Black Sea Grain Initiative* stabilized prices, but Ukrainian wheat and corn are still the cheapest on the market. When ports were restricted, Ukraine’s wheat price spiked but then quickly receded with lack of demand and abundant stocks. Following the reopening of the ports, the price rebounded a bit but is still less expensive than Russian wheat and significantly discounted to United States wheat. While free-on-board quotes might have stabilized, Ukraine still battles higher-than-normal freight costs, mostly from larger insurance premiums given the ongoing aggression. This is critical factor in estimated exports as Ukraine’s producers are still receiving low prices for its wheat. Higher marketing costs coupled with lower farm prices have supported expectations for diminished planting intentions for the upcoming 2023/24 crop.

Figure 11

Monthly average FOB quotes for major corn and wheat countries, July 2020–December 2022

U.S. dollars per metric ton



FOB=free-on-board

Note: Daily data to monthly averages.

Source: USDA, Economic Research Service calculations using data from AgriCensus.

Figure 11 shows that the corn and especially wheat in the United States was uncompetitively priced during this time. U.S. prices peaked in May as its winter wheat was also struggling with poor crop conditions due to drought during key development phases. In contrast, Argentina wheat was price competitive at the beginning of the war due to its record crop in 2021/22 but become less competitive as a drought has limited the 2022/23 crop. In both periods, Russia remained competitive, but prior to the *BSGI* Russia was also struggling to get its shipments insured and were affected by sanctions. Following the *BSGI*, Russia’s prices are more competitive, and it has picked up pace and been able to export its record-large crop. Australia is also competitively priced with its own record crop providing opportunities for Ukraine’s usual destinations to receive grain from elsewhere.

Like wheat, corn prices also saw a sudden spike at the onset of the war in Ukraine. However, by July corn prices receded to levels at or below those seen just prior to the war. In February 2022, Ukraine’s corn prices were less competitive than Argentina and Brazil and were aligned with United States export prices. By April 2022, Ukraine corn prices had fallen below those of other major exporting countries and have remained competitive. During the same period, lower corn production projections resulting contributed to expectations for tighter supplies, leading to United States corn prices to rise above prices from South America and Ukraine. Meanwhile, Argentina and Brazil each had higher production on increased area that kept prices at lower levels.

Implication for Ukraine’s Major Trading Partners

While the war in Ukraine ultimately has led to diversification of trade routes, the *BSGI* re-opened traditional routes for Ukrainian grain. However, in the temporary absence of these routes, Ukraine’s major trading partners had to seek alternative suppliers, decrease consumption, or draw down stocks given the uncertainty of safe passage along with volatile prices. Corn exports from Ukraine are traditionally concentrated in a few top destinations, while wheat is delivered to a wider array of countries. This section will look at a few major partners for both wheat and corn and how decision making was different this year.

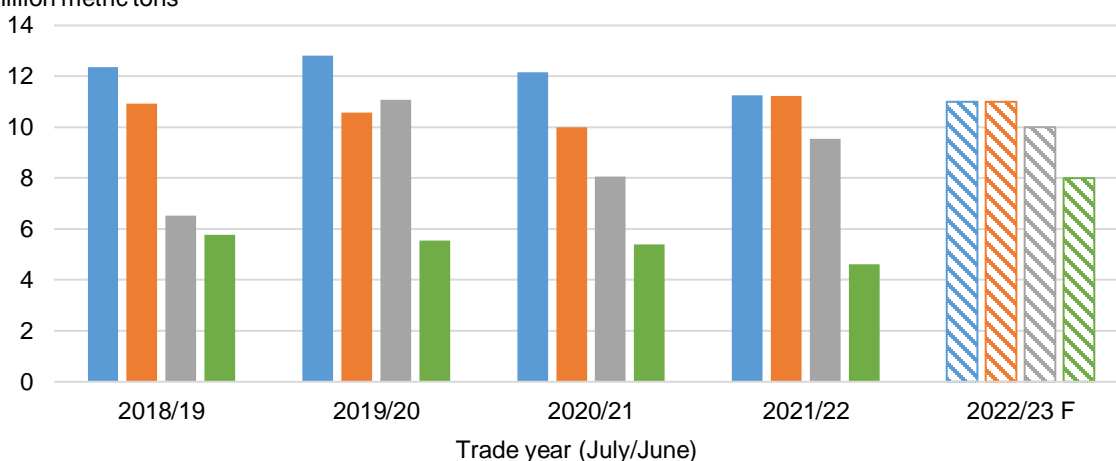
Wheat

From March through October, the European Union (EU) was the main destination for Ukrainian wheat, accounting for about 45 percent of total Ukraine shipments. While the EU is typically among the top destinations for wheat, it increased its purchases this year due to the proximity of Ukraine and ease of getting supplies by rail and seaports. Total EU imports are projected higher this year at 8.0 MMT (figure 12). Turkey also increased its purchases during this period compared with previous years. Ukraine provides an inexpensive supply and as part of the *BSGI*, Turkey is a prime candidate to purchase wheat grain from Ukraine to process into flour and products to re-export. Overall Turkey’s imports are projected up 0.4 MMT to 10.0 MMT in 2022/23 compared with 2021/22.

Figure 12

Total wheat imports for Ukraine's top destinations, 2018/19–2022/23

Million metric tons



F=forecast.

■ Egypt ■ Indonesia ■ Turkey ■ European Union

Note: Shaded bars represent forecasted total imports.

Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service.

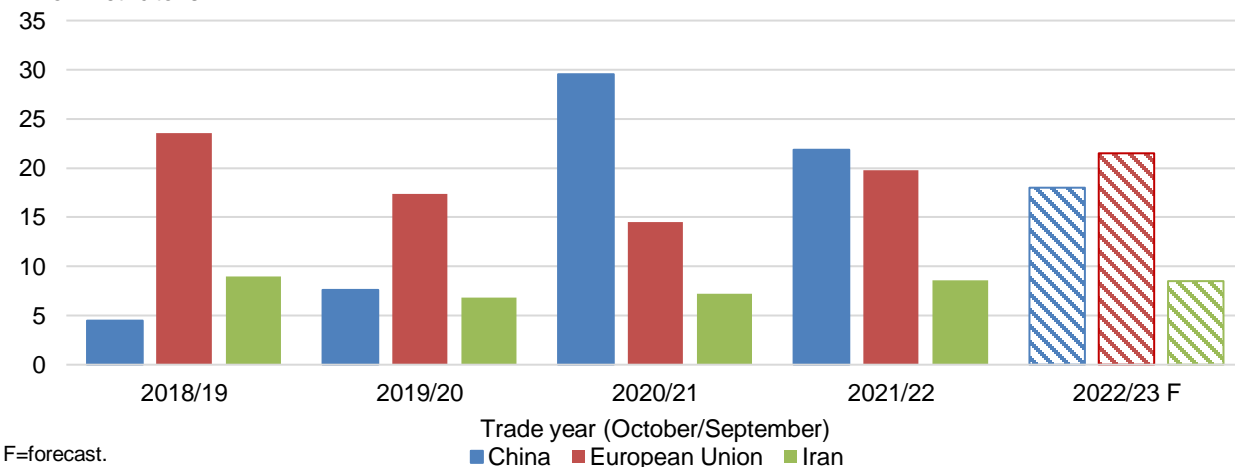
Fewer exports of wheat from Ukraine in 2022/23 forced many importers to find alternative suppliers. Indonesia on average imports about 2.5 MMT from Ukraine during the trade year (July/June), with Ukraine typically its second largest supplier. Indonesia turned to importing more from Australia, which benefitted from back-to-back record wheat crops. Indonesia also received some wheat from India before it restricted exports. Since Indonesia has been able to secure supplies from other sources, it is projected at 11.0 MMT in 2022/23, down only slightly from 2021/22. Egypt has also made significant strides to secure its imports through alternative suppliers. Egypt’s government wheat importer, the General Authority for Supply Commodities (GASC), typically secures just under half of Egypt’s wheat imports through tenders. With the onset of the war and high prices, GASC shifted to securing grain through government-to-government agreements, predominantly with Russia. Egypt also received assistance through the World Bank with a recent tender that resulted in a purchase from Russia. Egypt is on pace to secure 11.0 MMT of imports in 2022/23, despite lower imports from Ukraine as Russia and the European Union continue to provide supplies.

Corn

Prior to the war, China had been a growing destination for Ukrainian corn exports along with middle eastern countries such as Egypt and Iran. Exporters substantially reduced trade from Ukraine to China starting in March 2022 (figure 13). For trade year 2021/22, China imported 8.0 MMT less than the prior year, with imports from Ukraine reduced by 2.6 MMT. China not only reduced corn imports from Ukraine but also from other destinations, such as the United States. The European Union increased its corn imports by 5.0 MMT, with 2.6 MMT coming from Ukraine compared to the prior year.

Figure 13

Total corn imports for Ukraine's top destinations, 2018/19-2022/23



Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service.

Conclusion

The Russia-Ukraine war substantially altered the flow of Ukraine's wheat and corn exports in 2022. This has far-reaching effects in global trade with major importers being forced to change suppliers and adjust to higher price levels. The *Black Sea Grain Initiative* increased the opportunities for Ukrainian grain to leave the country and relieved some price pressures internationally, but challenges remain. Inspections by a third country add cost and time, insurance is hard to find and costly, and not all shipping companies are willing to risk sailing in the Black Sea. Along with these challenges, the *BSGI* is only in effect until mid-March and may not be extended. Despite increased trade in recent months, Ukraine farm prices remain low due to the increased stockpiles and decrease in export demand as some countries shifted to other suppliers. Expectations for continued lower returns have reportedly motivated wheat producers to plant fewer acres in 2023/24 which will likely result in a smaller production from Ukraine. A falloff in Ukraine production is expected to reduce exportable supplies, encouraging trading partners to seek alternative sources of grain.

Suggested Citation

Sowell, Andrew, Bryn Swearingen, and Angelica Williams. *Wheat Outlook: January 2023*, WHS-23a, U.S. Department of Agriculture, Economic Research Service, January 17, 2023.

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