



Wheat Outlook: September 2023

Andrew Sowell, coordinator

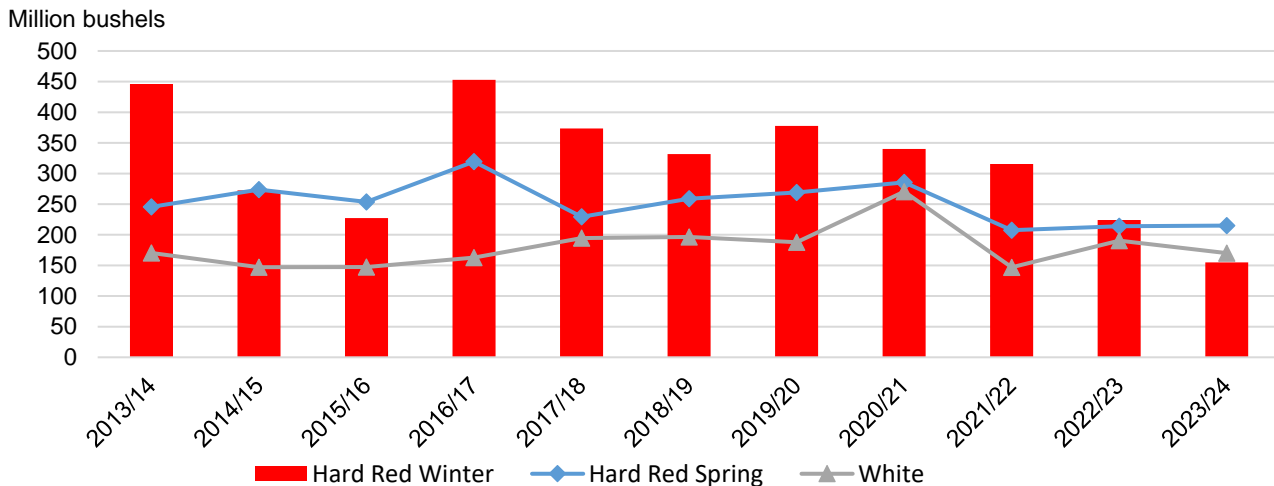
In this report:

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

U.S. Hard Red Winter Exports at Record Low

U.S. Hard Red Winter (HRW) exports are forecast down 10 million bushels this month to 155 million bushels, the lowest since records started in 1973/74. HRW supplies have seen a long-term downturn in U.S. acreage as corn and soy have gained acreage in many locations. At the same time, international wheat competition has surged, resulting in exports of this class being less competitive on the global market. Recently, U.S. HRW supplies have been affected by drought in consecutive years, which has dented crop prospects and contributed to exports of this class being uncompetitive with other suppliers such as Russia and the European Union (EU). Historically, HRW was the leading class of U.S. exports, but in this season, it is forecast as the third largest class of U.S. exports, being surpassed by both Hard Red Spring (HRS) and White wheat (figure 1). Production of HRS and White are down year-over-year with lower yields, but drought has not affected those classes to the same extent as HRW.

Figure 1
United States by-class wheat exports, 2013/14–2023/24



Note: 2023/24 data are forecasts.

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

Domestic Changes at a Glance:

- U.S. wheat production is unchanged this month and remains at 1,734 million bushels, up 5 percent from last year. USDA, National Agricultural Statistics Service (NASS) will provide updated wheat area and production estimates in the September 29 *Small Grains Annual Summary*. Those estimates will be incorporated into the October *World Agricultural Supply and Demand Estimates (WASDE)*.
- All-wheat exports for the United States in 2023/24 are projected at 700 million bushels, unchanged from the August forecast. Based primarily on the pace of export sales and shipments for the respective classes, Hard Red Winter (HRW) exports are lowered 10 million bushels to 155 million, while Hard Red Spring (HRS) are raised 10 million bushels to 215 million bushels.
- Official U.S. wheat exports for June–July 2023, calculated with data from U.S. Department of Commerce, Bureau of the Census, are estimated at 109 million bushels, slightly below 114 million bushels during June–July 2022.
- U.S. wheat imports for 2023/24 are unchanged at 130 million bushels with no adjustments to by-class imports.
- Official U.S. wheat imports for July 2023, calculated with data from U.S. Department of Commerce, Bureau of the Census, are estimated at 23 million bushels, up 2 percent from the same period last year.
- The 2023/24 season-average farm price is unchanged at \$7.50 per bushel. The July all-wheat average farm price is reported at \$7.61 based on the latest USDA, NASS *Agricultural Prices* report, down slightly from \$7.67 in June 2023. Export prices for the United States and some competitors have declined in the last month, but with global supplies forecast tighter this month, prices could see support in the coming months.

Table 1					
U.S. wheat supply and use at a glance 2022/23 and 2023/24 (in million bushels)					
Balance sheet item	2022/23 September	2023/24 August	2023/24 September	Month-to-month change	Comments
Supply, total					June–May marketing year
Beginning stocks	698	580	580	0	
Production	1,650	1,734	1,734	0	
Imports	122	130	130	0	
Supply, total	2,470	2,444	2,444	0	
Demand					
Food	973	974	974	0	
Seed	69	65	65	0	
Feed and residual	90	90	90	0	
Domestic, total	1,131	1,129	1,129	0	
Exports	759	700	700	0	Hard Red Winter reduced by 10 million bushels, offsetting higher exports for Hard Red Spring
Use, total	1,890	1,829	1,829	0	
Ending stocks	580	615	615	0	
Season-average farm price	\$8.83	\$7.50	\$7.50	0	If realized, 2023/24 would be the fourth-highest price on record

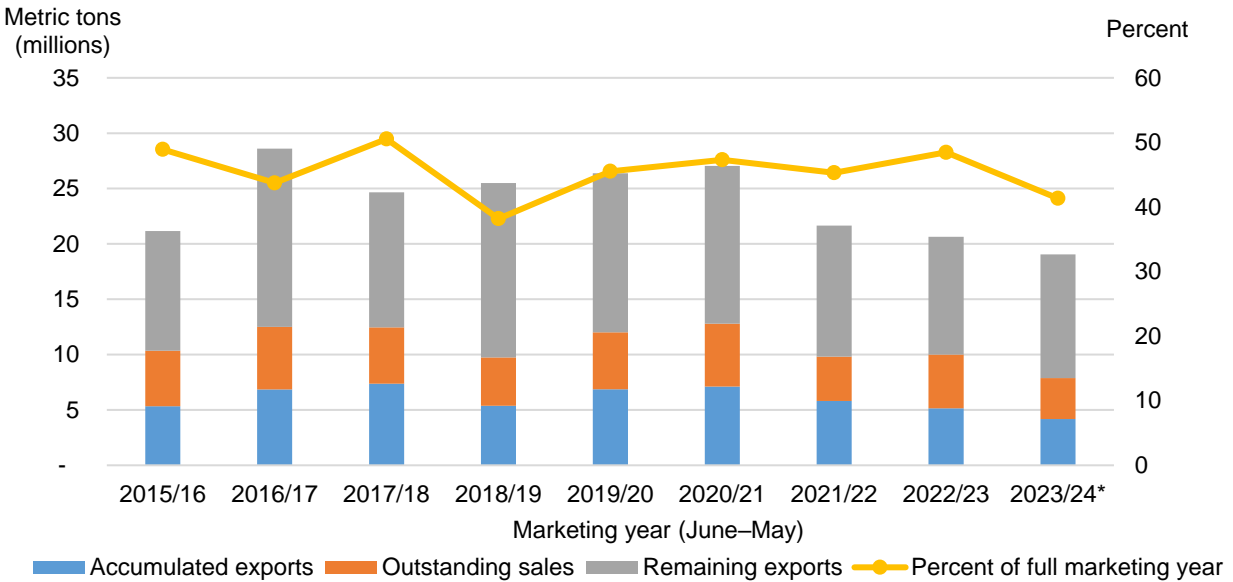
Source: USDA, Economic Research Service calculations and USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.

U.S. Export Sales Continue at Slow Pace

U.S. exports continue to be priced uncompetitively on the global market, resulting in a slow pace of sales. 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 August 31. Total U.S. commitments (the sum of accumulated exports and outstanding sales) are at 7.9 million metric tons as of August 31, down 21 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 41 percent of the full estimate, compared with 48 percent at this point last year (figure 2). In the previous 8 years, only 2018/19 (38 percent) had a lower percent of accounted for at this point in the year.

Figure 2

Cumulative exports sales through August 31 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 14, 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.

U.S. Imports from the European Union

With U.S. HRW wheat prices elevated this year due to drought, wheat imports from the European Union (EU) have occurred in some U.S. ports. The Harmonized Tariff System (HTS) code utilized for these imports has been 1001990097, which according to the USDA, Economic Research Service (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 similar to HRW. To account for this, USDA, ERS intends to reallocate imports from the EU under the aforementioned HTS code during MY 2023/24 into HRW in place of its typical allocation. This change will be reflected in the by-class quarterly data the next time they are published. This assumption underlies the marketing year forecasts for by-class imports and will eventually be reflected in the final marketing year import data. More details will be provided in the coming months. At this time, this revised calculation is not intended to be applied to any other marketing years.

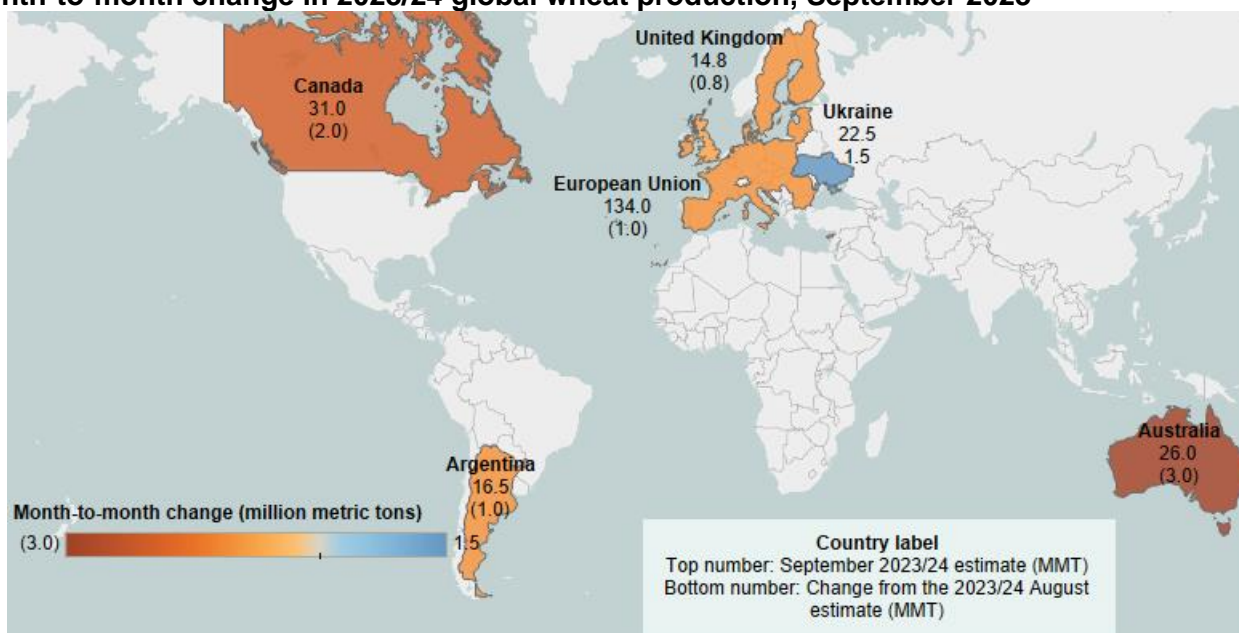
International Outlook

2023/24 International Overview

- The 2023/24 global wheat production is forecast down 6.0 million metric tons (MMT) to 787.3 MMT with smaller harvests for **Australia, Canada, Argentina,** and the **European Union (EU)**, more than offsetting a higher forecast crop for **Ukraine** (figure 3).
 - Australia is revised down 3.0 MMT to 26.0 MMT on lower yields resulting from dry conditions in key growing areas, particularly in southern Queensland, Northern New South Wales, and parts of Western Australia.
 - Canada's production is forecast down 2.0 MMT to 31.0 MMT as dry conditions across the Prairie Provinces have reduced yield potential.
 - Argentina is reduced on lower harvested area based on updated statistics from its Ministry of Agriculture.
 - The EU is reduced by 1.0 MMT to 134.0 MMT with lower production primarily for Poland, Germany, and the Czech Republic.
 - Ukraine is raised by 1.5 MMT to 22.5 MMT based on final harvest data from the Ministry of Agriculture.

Figure 3

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



MMT=Million metric tons.

Note: Changes less than 0.2 MMT are not included.

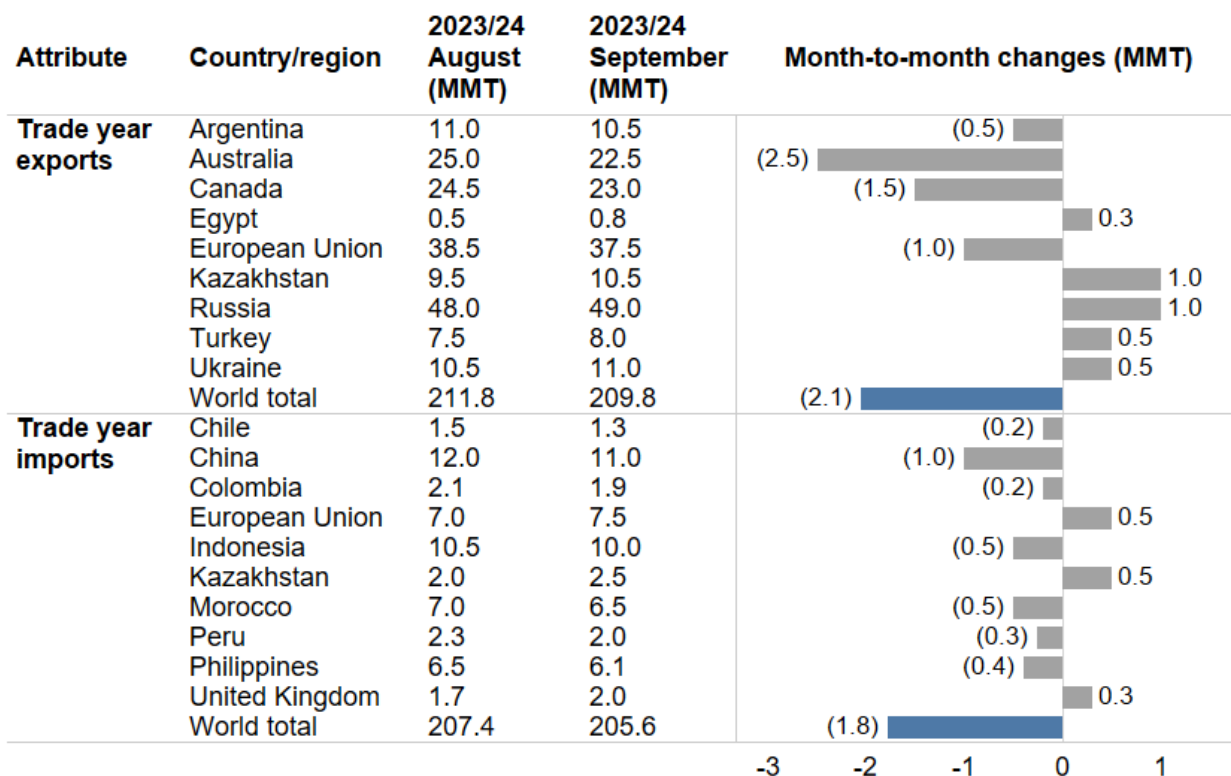
Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database.

- MY 2023/24 global wheat consumption is nearly unchanged at 794.1 MMT with lower food, seed, and industrial (FSI) use mostly offsetting higher 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 the differences between exports and imports on a local MY basis. This difference, or the unaccounted trade, is lowered 0.3 MMT to 1.7 MMT for MY 2023/24 as imports are lowered less than MY exports. Total consumption plus unaccounted trade results in an adjusted consumption of 795.9 MMT, down 0.2 MMT from the August estimate.
- Global feed and residual use is forecast up 1.0 MMT to 157.6 MMT mainly due to increases of 1.0 MMT for **China** and the **EU**, as well as a 0.7 MMT boost to **Ukraine**. In China, feed and residual use is boosted based on reports of reduced crop quality from untimely rains for the winter wheat harvest in late May. The EU wheat feed and residual is higher based on reports of reduced crop quality in **France** and **Germany**, also from rains at harvest. Ukraine's feed and residual is projected higher based on larger supplies and expectations of larger residual losses related to continued attacks on grain stored at export locations.
- Global wheat trade in trade year 2023/24 (July/June) is forecast down 2.1 MMT to 209.8 MMT (figure 4).
 - Smaller supplies in **Australia**, **Canada**, and the **EU** drive down export potential for those countries.
 - Exports are raised for **Kazakhstan** and **Russia** based on strong demand from key importers and reduced exports for major competitors.
- Trade year (TY) imports are lowered by 1.8 MMT to 205.6 MMT with reduced imports for **China**, **Indonesia**, and **Morocco**, more than offsetting increases for the **EU** and **Kazakhstan**.
 - In TY 2022/23, Australia and Canada combined accounted for 79 percent of China's wheat imports and 69 percent of Indonesia's imports. With exports for both of these key suppliers reduced this month, imports for China and Indonesia are expected lower.
 - Morocco's imports are forecast down due to tighter global supplies of Durum. The reduction in Canada's crop has an outsized impact on Durum supplies as Canada is the leading global Durum exporter and there are few other major Durum exporters.
 - The EU's imports are projected higher due to the pace of shipments to date, as well as the upward revision to Ukraine's crop.

- The import forecast for Kazakhstan is raised slightly based on expectations of strong imports from Russia.

Figure 4

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



MMT = Million metric tons.

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

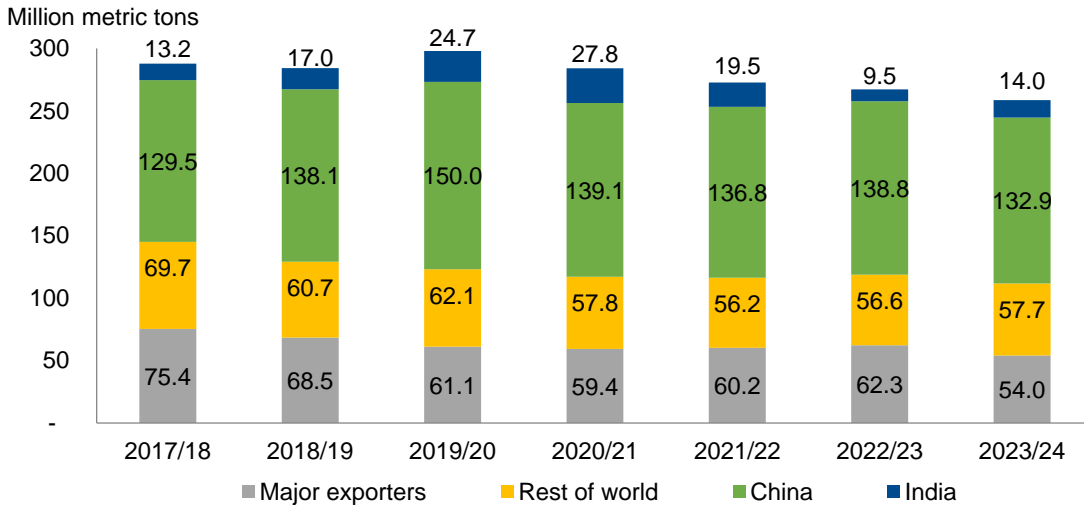
Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database.

- Global ending stocks are lowered 7.0 MMT to 258.6 MMT (figure 5) largely driven by lower ending stocks for China—down 2.0 MMT to 132.9 MMT on reduced imports and larger feed and residual use. Major exporters ending stocks are lowered 1.8 MMT to 54.0.
 - For the EU, a smaller crop and a downward revision to beginning stocks more than offset higher imports, resulting in reduced total supplies (down 1.2 MMT to 158.0 MMT). With reduced exports offsetting higher feed and residual, ending stocks are reduced by the same 1.2 MMT to 12.0 MMT.
 - Record exports in Russia (49.0 MMT) push stocks down 1.0 MMT to 10.4 MMT.
 - Canada's ending stocks are boosted by 0.9 MMT to 3.5 MMT in spite of the smaller crop. On September 8, Statistics Canada published stocks estimates for

the end of MY 2022/23, which raised beginning stocks for MY 2023/24 and set expectations for higher ending stocks.

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

Sowell, A. (2023). *Wheat outlook: September 2023* (Report No. WHS-23I). U.S. Department of Agriculture, Economic Research Service.

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.

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