



# Wheat Outlook: July 2021

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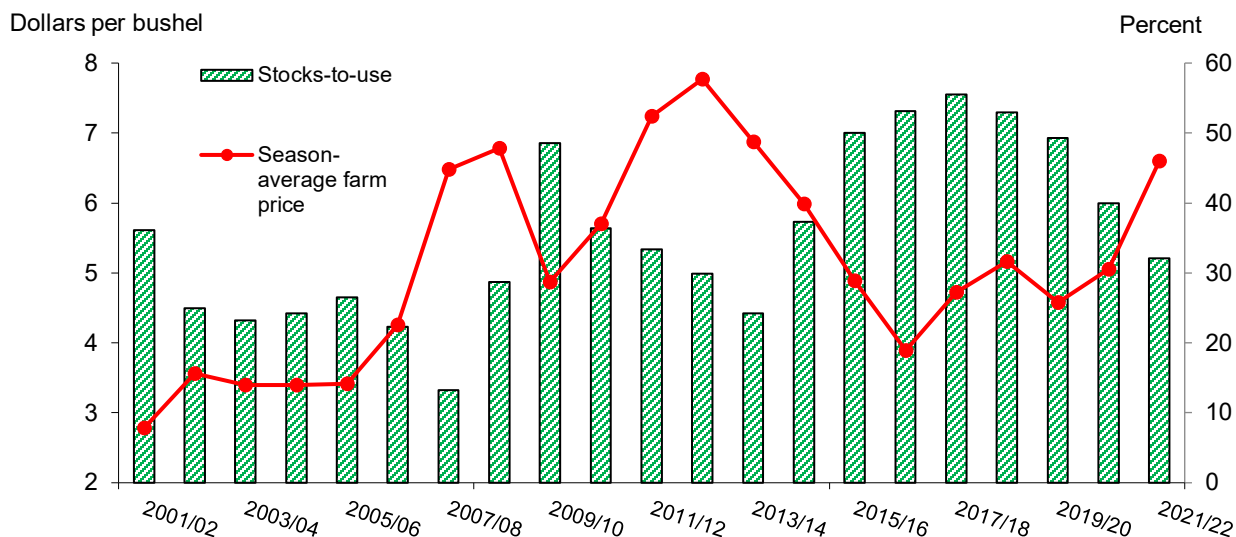
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## Production Cut for U.S. Durum, Other Spring Wheat Tightens Supply Outlook for 2021/22

U.S. wheat supplies in the 2021/22 marketing year are cut nearly 5 percent this month on the dual influence of reduced carryin from the 2020/21 marketing year and a sizable 152-million-bushel reduction in forecast 2021/22 production. Lowered expectations for domestic supplies—projected to be the lowest since 2007/08 reduce both domestic and export use, lowering total utilization by 35 million. Despite the utilization cuts, the U.S. balance sheet and stocks-to-use ratio are further tightened this month, supporting a 10-cent-per bushel increase in the forecast season-average farm price to \$6.60 per bushel (fig. 1).

Figure 1  
The U.S. wheat season-average farm price tends to rise as stocks-to-use ratio tightens



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

# Domestic Outlook

## Domestic Changes at a Glance:

- U.S. wheat production for the 2021/22 marketing year is lowered 152 million bushels from the June forecast, to 1,746 million.
  - The latest update incorporates data from the USDA-National Agricultural Statistics Service (NASS) June *Acreage* and July *Crop Production* reports.
  - Other spring wheat production for 2021/22 is forecast at 345 million bushels, down 41 percent from last year. Durum production is down 46 percent from 2020 and projected at 37.2 million bushels.
  - According to the World Agricultural Outlook Board's *Weekly Crop Weather Bulletin*, 95 percent of durum production and 98 percent of other spring production is grown in areas that are experiencing drought (fig. 2).
- Based on trade updates, including 13<sup>th</sup> month changes, the 2020/21 balance sheet is updated to reflect a near 8-million-bushel reduction in carryout.
- Lower beginning stocks and production contribute to balance sheet tightening and support reduced utilization and a higher 2021/22 season-average farm price.

Figure 2

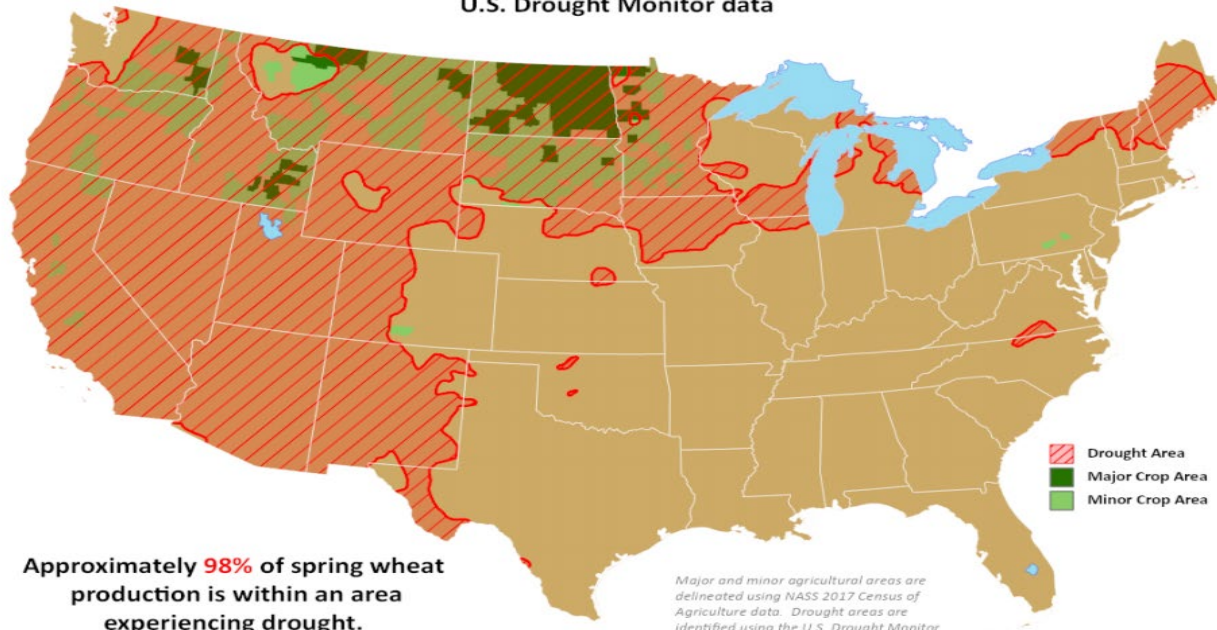
**Widespread drought in the Northern and Western U.S. is forecast to squeeze spring wheat yields**



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

### ***Spring Wheat Areas in Drought***

Reflects July 6, 2021  
U.S. Drought Monitor data



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

**Table 1 - U.S. wheat supply and use at a glance 2021/22**

| Balance sheet item   | 2020/21 July | 2021/22 June | 2021/22 July | 2021/22 Change from previous month | Comments  |
|--|--------------|--------------|--------------|------------------------------------|---|
| <b>Supply, total</b>   |              |              |              |                                    | <i>June-May Marketing Year (MY)</i>   |
| Beginning stocks   | 1028         | 852          | 844          | -8                                 | Beginning stocks for 2021/22 are cut on the NASS <i>Grain Stocks</i> report indicating lower June 1 stocks.                                 |
| Production   | 1826         | 1,898        | 1,746        | -152                               | The increased winter wheat production (relative to the June forecast) is more than offset by sizable declines for other spring and durum.   |
| Imports  | 100          | 125          | 145          | 20                                 | Imports of hard red spring and durum wheat are expected to increase in the 2021/22 and to partially offset lower production.                |
| Supply, total  | 2954         | 2,875        | 2,735        | -140                               |   |
| <b>Demand</b>  |              |              |              |                                    |   |
| Food   | 960          | 963          | 963          | 0                                  |   |
| Seed   | 61           | 62.0         | 62.0         | 0                                  |   |
| Feed and residual  | 98           | 180          | 170          | -10                                | On reduced supplies and higher wheat prices, U.S. feed and residual use is trimmed.   |
| Domestic, total  | 1119         | 1,205.0      | 1,195.0      | -10                                | Domestic use is lower on reduced feed and residual use. Next month's <i>Flour Milling Products</i> report will inform food use projections. |
| Exports  | 992          | 900          | 875          | -25                                | Record global wheat production and relatively high U.S. wheat prices reduce export prospects in the new marketing year.                     |
| Use, total   | 2110         | 2,105.0      | 2,070.0      | -35                                | Reduced U.S. supplies constrain domestic and export use.  |
| Ending stocks  | 844          | 770          | 665          | -105                               | Lower supplies more than offset reduced use, leading carryout to contract by nearly 15 percent from the June forecast.                      |
| Season-average farm price (SAFP)   | \$5.05       | \$6.50       | \$6.60       | \$0.10                             | A tightening stocks-to-use ratio and elevated cash and futures prices support this month's higher wheat SAFP.                               |
| Source: USDA, World Agricultural Outlook Board <i>World Agricultural Supply and Demand Estimates</i> . |              |              |              |                                    |   |

## USDA Publishes First By-Class Forecasts of 2021/22

In the July *World Agricultural Supply and Demand Estimates*, USDA published the first set of by-class forecasts for the 2021/22 marketing year. The major trends among the five classes of wheat are discussed here. U.S. Hard Red Winter (HRW) is projected to have larger production in 2021/22 with both area and yield seen rebounding from the previous year (table 2).

Conditions for HRW were generally favorable this year, but there are some indications that the wetter weather that boosted yields this year may have caused a slight reduction in protein in some areas, based on harvest activity to date. Consumption and exports of this class are both projected larger in 2021/22, resulting in a reduction in stocks. The HRW stock level is projected to be the tightest since 2014/15 and the stocks-to-use ratio is forecast as the lowest since 2013/14.

**Table 2: Supply and distribution of U.S. Hard Red Winter (HRW) wheat**

| Attribute (million bushels, unless otherwise noted) | 2017/18     | 2018/19     | 2019/20     | 2020/21     | 2021/22     |
|---|-------------|-------------|-------------|-------------|-------------|
| Area planted (million acres)                        | 23.4        | 22.9        | 22.5        | 21.5        | 23.2        |
| Area harvested (million acres)                      | 17.6        | 16.9        | 17.3        | 16.0        | 17.1        |
| Yield (bushels per acre)                            | 42.5        | 39.1        | 48.9        | 41.3        | 47.0        |
| Beginning stocks                                    | 589.3       | 580.9       | 515.8       | 506.4       | 426.3       |
| Production  | 750.1       | 662.2       | 844.9       | 658.6       | 804.6       |
| Imports   | 6.7         | 4.9         | 1.9         | 4.1         | 5.0         |
| Total supply  | 1,346.2     | 1,248.1     | 1,362.6     | 1,169.1     | 1,235.9     |
| Food and seed use                                   | 417.2       | 408.8       | 402.3       | 399.0       | 417.0       |
| Feed and residual use                               | (25.5)      | (8.4)       | 76.3        | 1.6         | 90.0        |
| Total domestic consumption                          | 391.8       | 400.4       | 478.6       | 400.6       | 507.0       |
| Exports   | 373.5       | 331.9       | 377.6       | 342.2       | 360.0       |
| Total use   | 765.2       | 732.3       | 856.3       | 742.8       | 867.0       |
| Ending stocks                                       | 580.9       | 515.8       | 506.4       | 426.3       | 368.9       |
| <i>Stocks-to-use (percent)</i>                      | <i>75.9</i> | <i>70.4</i> | <i>59.1</i> | <i>57.4</i> | <i>42.5</i> |

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

Production of Hard Red Spring (HRS) is down significantly this year because of the widespread drought in the Northern Plains (table 3). Yields for spring wheat are the lowest since 2002 coupled with higher levels of abandonment than the 5-year average. With beginning stocks also tighter than last year, total supplies are projected down 29 percent from the previous year, even when accounting for higher imports expected from Canada. Exports, which are mainly shipped out of the Pacific Northwest (PNW) and destined for Asian markets, are down 23 percent. With both U.S. and Canadian spring wheat exports expected to be lower in 2021/22, buyers of high-protein wheat must seek other sources, with Australia being the most likely origin. HRS stocks are forecast to be the smallest since 2007/08.

**Table 3: Supply and distribution of U.S. Hard Red Spring (HRS) wheat**

| Attribute (million bushels, unless otherwise noted) | 2017/18     | 2018/19     | 2019/20     | 2020/21     | 2021/22     |
|---|-------------|-------------|-------------|-------------|-------------|
| Area planted (million acres)                        | 10.5        | 12.7        | 12.0        | 11.5        | 10.9        |
| Area harvested (million acres)                      | 9.7         | 12.4        | 11.0        | 11.1        | 10.5        |
| Yield (bushels per acre)                            | 39.8        | 47.3        | 47.2        | 47.7        | 29.2        |
| Beginning stocks                                    | 235.0       | 191.0       | 263.0       | 280.0       | 235.0       |
| Production  | 384.2       | 587.0       | 519.9       | 530.2       | 305.4       |
| Imports   | 88.0        | 67.3        | 52.2        | 46.9        | 70.0        |
| Total supply  | 707.2       | 845.3       | 835.1       | 857.0       | 610.4       |
| Food and seed use                                   | 272.0       | 271.6       | 283.4       | 278.0       | 266.0       |
| Feed and residual use                               | 15.0        | 51.9        | 2.6         | 60.1        | 5.0         |
| Total domestic consumption                          | 286.9       | 323.5       | 286.0       | 338.1       | 271.0       |
| Exports   | 229.3       | 258.8       | 269.1       | 284.0       | 220.0       |
| Total use   | 516.2       | 582.3       | 555.1       | 622.0       | 491.0       |
| Ending stocks                                       | 191.0       | 263.0       | 280.0       | 235.0       | 119.4       |
| <i>Stocks-to-use (percent)</i>                      | <i>37.0</i> | <i>45.2</i> | <i>50.4</i> | <i>37.8</i> | <i>24.3</i> |

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

U.S. Soft Red Winter (SRW) wheat, similar to HRW, is expecting larger area and improved yields (table 4). Conditions have been generally favorable for SRW harvest this year, although somewhat variable given the wide area over which the crop is produced. Both exports and domestic use are expected to be stronger in the new marketing year. SRW is the only class that is forecast to have larger stocks in 2021/22.

**Table 4: Supply and distribution of U.S. Soft Red Winter (SRW) wheat**

| Attribute (million bushels, unless otherwise noted) | 2017/18     | 2018/19     | 2019/20     | 2020/21     | 2021/22     |
|---|-------------|-------------|-------------|-------------|-------------|
| Area planted (million acres)                        | 5.8         | 6.1         | 5.2         | 5.6         | 6.4         |
| Area harvested (million acres)                      | 4.3         | 4.5         | 3.7         | 4.3         | 5.0         |
| Yield (bushels per acre)                            | 67.7        | 63.9        | 64.2        | 62.4        | 72.2        |
| Beginning stocks                                    | 215.0       | 205.0       | 158.0       | 105.0       | 85.0        |
| Production  | 293.2       | 285.6       | 239.8       | 266.2       | 362.0       |
| Imports   | 4.3         | 4.6         | 3.5         | 4.9         | 5.0         |
| Total supply  | 512.5       | 495.2       | 401.3       | 376.1       | 452.0       |
| Food and seed use                                   | 165.6       | 161.6       | 158.7       | 160.5       | 162.0       |
| Feed and residual use                               | 50.8        | 47.6        | 45.2        | 62.0        | 75.0        |
| Total domestic consumption                          | 216.4       | 209.2       | 203.9       | 222.5       | 237.0       |
| Exports   | 91.1        | 128.0       | 92.4        | 68.6        | 110.0       |
| Total use   | 307.5       | 337.2       | 296.3       | 291.1       | 347.0       |
| Ending stocks                                       | 205.0       | 158.0       | 105.0       | 85.0        | 105.0       |
| <i>Stocks-to-use (percent)</i>                      | <i>66.7</i> | <i>46.9</i> | <i>35.4</i> | <i>29.2</i> | <i>30.3</i> |

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

U.S. white wheat production is down 22 percent in 2021/22, mainly because of dry conditions in the PNW region (table 5). Soft white wheat (SWW) grown in that region generally represents the bulk of total white wheat production. In addition to production being down substantially, beginning stocks of this class are already estimated to be the smallest in more than 5 years. Overall supplies of this class are estimated down 23 percent from last year. Exports of SWW are normally destined for key customers in Asia, but 2020/21 shipments were especially robust because of abnormally strong demand from China. This year's drought conditions in the PNW make it more likely that the harvested wheat will have a higher protein content.

Exports of white wheat overall are expected to be the smallest in 5 years, with ending stocks for that class projected as the tightest since 2013/14.

**Table 5: Supply and distribution of U.S. White wheat**

| Attribute (million bushels, unless otherwise noted) | 2017/18     | 2018/19     | 2019/20     | 2020/21     | 2021/22     |
|---|-------------|-------------|-------------|-------------|-------------|
| Area planted (million acres)                        | 4.1         | 4.1         | 4.1         | 4.1         | 4.3         |
| Area harvested (million acres)                      | 3.8         | 3.8         | 3.9         | 3.9         | 4.1         |
| Yield (bushels per acre)                            | 67.5        | 71.3        | 69.5        | 77.6        | 58.2        |
| Beginning stocks                                    | 105.0       | 87.0        | 88.0        | 95.0        | 70.0        |
| Production  | 258.6       | 272.4       | 273.4       | 302.0       | 236.8       |
| Imports   | 7.5         | 5.7         | 5.5         | 7.0         | 5.0         |
| Total supply  | 371.1       | 365.1       | 366.9       | 404.0       | 311.8       |
| Food and seed use                                   | 90.3        | 90.2        | 90.6        | 90.5        | 90.5        |
| Feed and residual use                               | (0.7)       | (9.7)       | (6.6)       | (25.0)      | -           |
| Total domestic consumption                          | 89.6        | 80.5        | 84.0        | 65.5        | 90.5        |
| Exports   | 194.5       | 196.5       | 187.9       | 268.5       | 170.0       |
| Total use   | 284.1       | 277.1       | 271.9       | 333.9       | 260.5       |
| Ending stocks                                       | 87.0        | 88.0        | 95.0        | 70.0        | 51.3        |
| <i>Stocks-to-use (percent)</i>                      | <i>30.6</i> | <i>31.8</i> | <i>34.9</i> | <i>21.0</i> | <i>19.7</i> |

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

U.S. durum supplies are projected to be substantially lower in 2021/22 (table 6). Yields are projected down significantly from the previous year based on severe drought in the Northern Plains, the main durum growing area. However, the yield effect overall is somewhat mitigated by a higher 2021 yield forecast for 'desert durum' grown in California and a relatively lower yield reduction for Arizona in 2021, than for North Dakota and Montana.

**Table 6: Supply and distribution of U.S. Durum wheat**

| Attribute (million bushels, unless otherwise noted) | 2017/18     | 2018/19     | 2019/20     | 2020/21     | 2021/22     |
|---|-------------|-------------|-------------|-------------|-------------|
| Area planted (million acres)                        | 2.3         | 2.1         | 1.3         | 1.5         | 1.5         |
| Area harvested (million acres)                      | 2.1         | 2.0         | 1.2         | 1.4         | 1.4         |
| Yield (bushels per acre)                            | 26.0        | 39.5        | 45.9        | 47.7        | 25.8        |
| Beginning stocks                                    | 36.3        | 34.9        | 55.0        | 41.9        | 27.5        |
| Production  | 54.8        | 78.0        | 54.0        | 68.8        | 37.2        |
| Imports   | 51.4        | 52.0        | 40.7        | 37.3        | 60.0        |
| Total supply  | 142.5       | 164.9       | 149.6       | 148.1       | 124.8       |
| Food and seed use                                   | 82.5        | 81.8        | 86.9        | 93.0        | 89.5        |
| Feed and residual use                               | 7.5         | 6.4         | (21.1)      | (0.7)       | -           |
| Total domestic consumption                          | 89.9        | 88.1        | 65.8        | 92.3        | 89.5        |
| Exports   | 17.7        | 21.8        | 41.9        | 28.2        | 15.0        |
| Total use   | 107.6       | 110.0       | 107.7       | 120.5       | 104.5       |
| Ending stocks                                       | 34.9        | 55.0        | 41.9        | 27.5        | 20.3        |
| <i>Stocks-to-use (percent)</i>                      | <i>32.5</i> | <i>50.0</i> | <i>38.9</i> | <i>22.8</i> | <i>19.4</i> |

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

Durum imports are expected to surge in 2021/22, with Canada as the likely source for the imports in grain form. Durum imports also include grain in the form of pasta products, about half of which is from Italy. Exports are projected to drop off with limited supplies. During the period of COVID-related lockdowns, pasta demand was strong, which supported elevated domestic use

of durum in both 2019/20 and 2020/21. Durum consumption is expected to be down from 2020/21, but still robust. Ending stocks of this class are projected as the smallest since 2007/08.

# International Outlook

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## Global Wheat Production Remains at a Record for 2021/22

Global wheat production is lowered 2 million metric tons (MT) to 792.4 million MT (still record-large), with a reduction for the **United States** more than offsetting higher foreign production. Production for the United States is lowered 4.1 million MT to 47.5 million with a smaller spring wheat and durum crop more than offsetting a larger winter wheat production. Foreign wheat production is increased by 2.1 million MT to 744.9 million MT, driven mainly by a larger crop for **Australia**, with other revisions largely offsetting. Australia's production is projected 1.5 million MT higher at 28.5 million with stronger expected yields more than offsetting a reduction for area harvested. Yields are raised with favorable conditions during the key planting and early vegetative stages.

Total wheat production in **Russia** is down by 1 million MT, with the reduction divided evenly among the spring and winter wheat crops. Winter wheat estimated production for Russia is reduced 500,000 MT to 64 million with lower area based on updated data from Russia's Federal State Statistical Service. While the winter wheat yield is estimated higher because of good growing conditions, it is not enough to overcome the smaller area caused by winterkill. In late winter and early spring, winter crops in some areas of the Central and Volga regions experienced a process called 'ice crusting' where the snow melted, followed by the moisture in and around the plant refreezing from colder temperatures. Russia spring wheat production is revised downwards to 21 million MT as the decrease in spring wheat yield more than offsets an increase in area. Yields are down because of heat and dry conditions in the central spring wheat production areas. The increase in spring wheat area may partly reflect the impact of spring crops being resown to replace damaged winter crops. For more detail, see this month's *World Agricultural Production* report published by the Foreign Agricultural Service.

Wheat production in **Kazakhstan** is estimated to be 13 million MT, a 1 million MT decrease from last month. From April 1 to July 7, Kazakhstan's cumulative precipitation was more than 40 percent lower than the long-run average. Dryness in Kazakhstan's key spring wheat growing areas also reflect conditions in key spring wheat growing regions of Russia, particularly the Ural region. **Canada** is still experiencing severe drought, extreme heat, and windy conditions in much of the Prairie provinces. Canada's production is estimated lower by 0.5 million MT to 31.5 million MT because of a decrease in yield.



More than offsetting these reductions, production for the **European Union (EU)**, the **United Kingdom (UK)**, and **Ukraine** is projected higher by a collective 1.9 million MT. Both the EU and UK wheat production estimates are revised upwards by 700,000 MT each to 138.2 million MT and 14.8 million MT, respectively. Yields for the UK are expected higher with average to above-average rainfall and warmer temperatures. Wheat production in the UK is expected to grow 53 percent year-over-year. Similar favorable conditions in **France** have boosted expectations of production there. Elsewhere in the EU, production for **Romania** and **Bulgaria** are both raised, more than offsetting reduced output for **Poland** and the **Czech Republic**. **Ukraine** expects improvement in yields across all agroclimatic areas to bring their estimated yield to a new record of 4.18 metric tons per hectare (MT/ha).

Outside the major exporting countries, **Pakistan** is expected to reach a record production of 27 million MT. Yield is expected to increase in Pakistan by 0.1 MT/ha to 2.94 which is short of the 2017/18 record. Wheat production in **Brazil** is estimated up 100,000 MT to 6.9 million due to both an increase in area and yield. **Moldova's** production is estimated up 100,000 MT to a record 1.3 million, with yield also forecast at a record (3.71 MT/ha) as Moldova has benefited from the same favorable conditions as Ukraine.

See table 7 for a glance at the month-over-month changes in production presented in this month's *World Agricultural Supply and Demand Estimates (WASDE)*.

| Table 7 - Wheat production at a glance (2021/22), July 2021  |                          |              |                         |
|--|--------------------------|--------------|-------------------------|
| Country or region  | Marketing year           | Production   | MoM change <sup>1</sup> |
|  |                          | Million tons |                         |
| World  |                          | 792.40       | ↓ (2.0)                 |
| Foreign  |                          | 744.88       | ↑ 2.1                   |
| United States  | <i>June-May</i>          | 47.52        | ↓ (4.1)                 |
| Australia  | <i>October-September</i> | 28.5         | ↑ 1.5                   |
| Brazil   | <i>October-September</i> | 6.9          | ↑ 0.1                   |
| Canada   | <i>August-July</i>       | 31.5         | ↓ (0.5)                 |
| European Union   | <i>July-June</i>         | 138.2        | ↑ 0.7                   |
| Kazakhstan   | <i>September-August</i>  | 13.0         | ↓ (1)                   |
| Moldova  | <i>July-June</i>         | 1.3          | ↑ 0.1                   |
| Pakistan   | <i>May-April</i>         | 27.0         | ↑ 1.0                   |
| Russia   | <i>July-June</i>         | 85.0         | ↓ (1.0)                 |
| Ukraine  | <i>July-June</i>         | 30.0         | ↑ 0.5                   |
| United Kingdom   | <i>July-June</i>         | 14.8         | ↑ 0.7                   |
| <sup>1</sup> MoM: month-over-month changes.  |                          |              |                         |
| Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, <i>Production, Supply, and Distribution</i> database. |                          |              |                         |

## Global Wheat Consumption Steady with Offsetting Revisions

Global wheat consumption overall this month is marginally lower at 790.9 million MT. Food, seed, and industrial (FSI) consumption is adjusted upwards by 1.7 million MT to 628.3 million MT, driven mainly by **Pakistan** (+800,000 MT to 26 million), **Nigeria** (+500,000 MT to 5.3 million), and **Algeria** (+250,000 MT to 11.3 million). Pakistan's use is estimated higher based on recent government announcements approving additional imports in 2021/22. Recognizing a stronger overall level of consumption in the country, Pakistan's FSI use for 2020/21 is also raised 400,000 MT to 25.2 million, while 2019/20 is revised up 300,000 MT to 24.5 million MT. Nigeria's FSI is boosted with larger expected imports, based on stronger levels of trade and consumption in 2020/21 (its FSI use in 2020/21 is boosted 200,000 MT to 5.1 million). Algeria's FSI use in 2021/22 was raised to show growth from a stronger FSI use estimated for 2020/21 (up 150,000 MT to 11.15 million), which resulted from larger estimated imports. FSI for **Yemen** is lowered 100,000 MT in both 2020/21 and 2021/22 based on reduced trade estimates. **Angola's** 2020/21 FSI was also revised down by 100,000 to account for reduced trade. FSI for the **EU** is adjusted 650,000 MT lower in 2019/20 as COVID-related lockdowns are estimated to have reduced domestic use.

Feed and residual use is lowered by 172,000 MT with increases for the **EU** (+500,000 MT) and **Thailand** (+300,000 MT) more than offset by reductions for **Russia** (-500,000 MT), **Kazakhstan** (-300,000 MT), and the **United States** (-272,000 MT). Most of these changes are based on revisions to production estimates. The exception is **Thailand**, which is adjusted upwards to offset an expected year-to-year reduction in barley and corn feeding. Globally, wheat prices are relatively price competitive with other feed grains in the early stages of the 2021/22 marketing year. Thailand's feed and residual use for 2019/20 is also adjusted 300,000 MT higher as analysis of trade data has indicated that a larger-than-expected proportion of its imports were likely feed-quality wheat. The following small revisions were made to feed residual in 2020/21 as well: **Brazil** (-100,000 MT to 400,000), **Ukraine** (+100,000 MT to 2.6 million), and the **United States** (-57,000 to 2.7 million MT).

A slight adjustment is also made to total global consumption based on the difference between global exports and imports on a local marketing year (MY) for 2021/22. This unaccounted trade is added to total consumption under the assumption that all wheat traded is eventually consumed as global exports and imports balance. Based on a marketing year, the unaccounted trade was reduced by 1.8 million MT to 2 million MT as a result of imports being raised more than exports. With this revision in mind, total adjusted consumption in 2021/22 is marginally lower this month.

## Global Trade Boosted in 2021/22

Global trade in 2021/22 is boosted by 1.5 million MT to 205.5 million on the trade year (July-June). Exports for **Australia** and the **EU** are boosted by 1 million MT each to 22 million and 34 million, respectively. Both have larger supplies and are positioned to take a greater share of global trade based on reduced trade for key competitors. Australia is poised to gain more share among some quality-sensitive buyers based on smaller exports from Canada and the United States. Exports are also boosted for **Ukraine** (+500,000 MT) and the **United Kingdom** (+150,000 MT), driven by larger supplies. **Pakistan's** exports are raised for both 2020/21 (up 200,000 MT to 500,000) and 2021/22 (up 300,000 MT to 600,000) based on estimated border trade with Afghanistan.

Conversely, exports are reduced for **Canada** (-500,000 to 23 million) and **Kazakhstan** (-500,000 MT to 7.5 million) based on reduced production estimates. Exports for the **United States** are also cut 500,000 MT to 24.5 million with dry conditions causing tighter supplies of soft white winter wheat and high-protein spring wheat.

The largest import revision for 2021/22 by far is **Pakistan** (+1.5 million MT to 2.5 million). Imports in that country are expected to surge with the Government's recent decision to approve 3 million tons of imports during 2021/22 to boost strategic reserves. For more information on this development, see the recent Pakistan Grain and Feed Update in the Global Agricultural Information Network (GAIN), published by the Foreign Agricultural Service (FAS). **Nigeria's** imports are boosted 400,000 MT to 5.6 million MT to keep pace with a strong pace of shipments in 2020/21. Imports are reduced 400,000 MT for the **United Kingdom** with larger domestic production. Imports for the **United States** are raised 400,000 MT on the expectation that tight supplies of durum and other spring wheat will result in larger imports from Canada. The following revisions to import estimates are generally based on assumptions that recent consumption and trade trends continue: **Thailand** (+300,000 MT to 3.5 million), **Iran** (+100,000 MT to 2.1 million), **Venezuela** (+100,000 MT to 1.1 million), and **Yemen** (-100,000 MT to 3.8 million).

Revisions to 2020/21 data largely reflect the pace of trade to date (table 8), with **EU** exports raised 750,000 MT to 30.75 million and **Kazakhstan's** shipments are boosted 300,000 MT to 8 million MT. Similarly, driven by pace of trade, **Ukraine's** exports are reduced 250,000 MT to 16.75 million. Imports for Algeria are raised 500,000 MT to 7 million reflecting a strong pace of trade data and announced purchases. **Morocco's** imports are cut 400,000 MT to 5.7 million based on the pace of trade and the expectation that June shipments will be minimal following the re-imposition of its import duty. Imports for **Nigeria** are raised 500,000 MT to 6 million based

on a strong pace of imports, despite foreign exchange shortages. Other revisions are primarily motivated by updated trade data.

**Table 8 - Summary of trade adjustments, July 2021<sup>1</sup>**

| Country        | 2020/21 Adjustments |         | 2021/2022 Adjustments |         |
|----------------|---------------------|---------|-----------------------|---------|
|                | Exports             | Imports | Exports               | Imports |
|                | 1,000 metric tons   |         | 1,000 metric tons     |         |
| Algeria        |                     | ↑ 500   |                       |         |
| Angola         |                     | ↓ (150) |                       |         |
| Australia      |                     |         | ↑ 1,000               |         |
| Brazil         |                     | ↓ (350) |                       |         |
| Canada         |                     |         | ↓ (500)               |         |
| European Union | ↑ 750               |         | ↑ 1,000               |         |
| Iran           |                     | ↑ 200   |                       | ↑ 100   |
| Kazakhstan     | ↑ 300               | ↑ 100   | ↓ (500)               |         |
| Morocco        |                     | ↓ (400) |                       |         |
| Nigeria        |                     | ↑ 500   |                       | ↑ 400   |
| Pakistan       | ↑ 200               | ↓ (200) | ↑ 300                 | ↑ 1,500 |
| Switzerland    |                     | ↓ (100) |                       |         |
| Thailand       |                     | ↑ 150   |                       | ↑ 300   |
| Turkey         |                     | ↓ (500) |                       |         |
| Ukraine        | ↓ (250)             |         | ↑ 500                 |         |
| United Kingdom |                     |         | ↑ 150                 | ↓ (400) |
| United States  |                     | ↓ (150) | ↓ (500)               | ↑ 400   |
| Venezuela      |                     | ↑ 100   |                       | ↑ 100   |
| Yemen          |                     | ↓ (300) |                       | ↓ (100) |

<sup>1</sup>Month-over-month changes to the July/June Trade Year. Changes less than 100,000 metric tons are not included

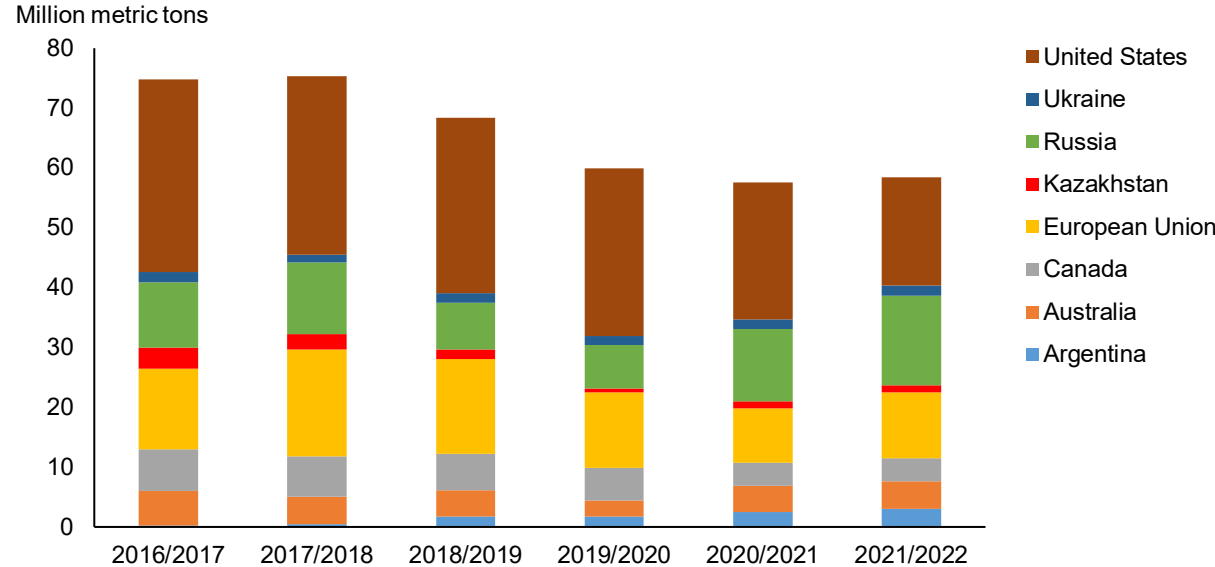
Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.

## Ending Stocks Tightened, but Still Up from Previous Year

Ending stocks are reduced 5.1 million MT to 291.7 million in 2021/22, with major exporting countries accounting for many of the largest changes. **U.S.** stocks are lowered 2.9 million MT to 18.1 million, the lowest stock level since 2013/14. The large drop in production this month more than outweighs the combined effects of higher imports, reduced feeding, and smaller exports. **EU** ending stocks are projected 900,000 MT smaller with stronger feed and export demand more than offsetting the increased size of its crop. Ending stocks for **Kazakhstan** and **Russia** are reduced 600,000 and 500,000 MT, respectively, to account for smaller crops. **Ukraine's** ending stocks are raised 150,000 MT to 1.7 million. Ending stocks for **Argentina, Australia,** and **Canada** are unchanged this month. Exporter ending stocks collectively are down 4.7 million

MT from last month to 58.5 million MT (figure 3). Exporter ending stocks are considered a relevant metric to assess market availability as they are the supplies that are the most available to the world market and affect global prices. Exporter ending stocks are now projected up only slightly from the previous year and remain relatively tight relative to the previous several years. The balance of stocks among major exporters has shifted in the last few years with Russia’s stocks growing significantly as a result of its export duty regime. Russia’s stocks are projected larger than EU stocks and nearly catching up with U.S. stocks.

Figure 3  
**Exporter ending stocks recovering**



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

Outside of the major exporting countries, there are a few other notable revisions to projected 2021/22 stock totals. **Turkey’s** stocks are projected down by 788,000 MT to 3.3 million, motivated by a reduction to beginning stocks based on smaller 2020/21 imports. **Morocco’s** beginning and ending stocks in 2021/22 are similarly reduced by 400,000 MT based on revised 2020/21 trade. **Iran’s** projected ending stocks are boosted 300,000 MT, driven by import revisions. **Pakistan’s** projected ending stocks are raised 300,000 MT to 4.9 million based on stronger 2021/22 imports as the Government has stated the goal of increasing its strategic reserves of wheat. Stronger imports for Pakistan in 2021/22 more than offset the effect of its beginning stocks being lowered 1.1 million MT to 3 million based on upward revisions to its consumption series.

Global ending stocks for 2020/21 are reduced this month by 3.3 million MT to 290.2 million, partly due to the aforementioned stock adjustment for Pakistan. Furthermore, **Australia’s** ending stocks for 2020/21 are lowered 1 million MT to 4.4 million MT as reserves are drawn

lower to meet its higher export total. Stocks for the subsequent year are not adjusted because of the larger production. Many of the other by-country stock changes for 2020/21 are largely motivated by trade adjustments as the data are nearly completed for the marketing and trade years.

# Suggested Citation

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