



Wheat Outlook: June 2023

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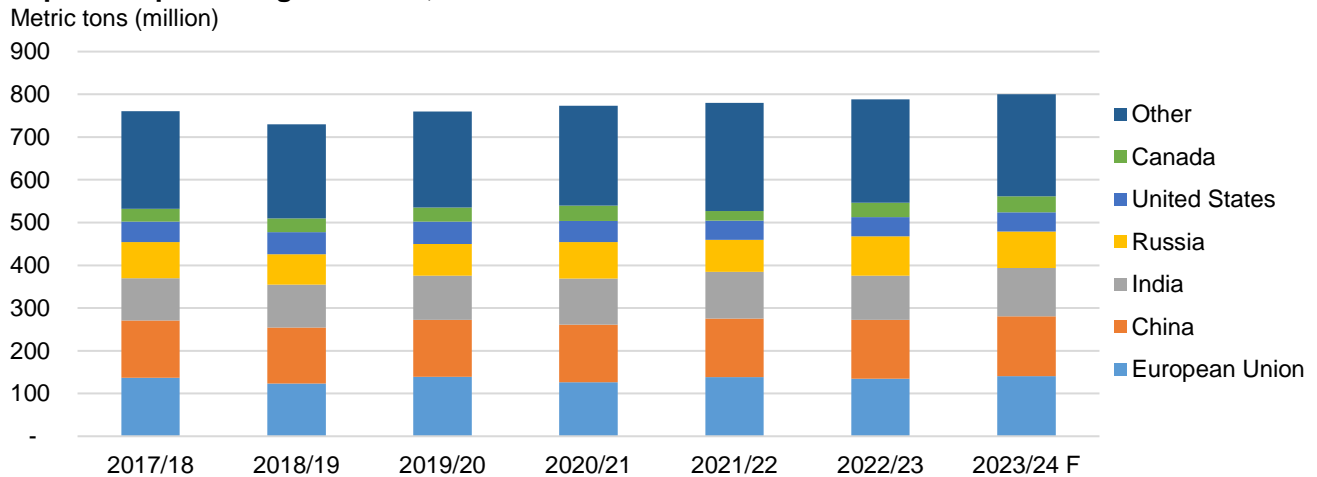
In this report:

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

Global Production Forecast at a Record in 2023/24

Global wheat production is forecast at a record 800.2 million metric tons (MMT), up 10.4 MMT from the May forecast (figure 1). The European Union is currently forecast as the top wheat producer at 140.5 MMT, up 1.5 MMT on favorable growing conditions in France, Hungary, and Italy. While China and India are the second and third leading producers, production in those countries is largely unavailable to the global market. China’s production forecast is unchanged at 140.0 MMT and India is raised 3.5 MMT to 113.5 MMT. Russia and Southern Ukraine received beneficial spring precipitation boosting yields. Russia is forecast up 3.5 MMT to 85.0 MMT which is down 7.0 MMT from last year’s record 92.0 MMT. Ukraine is up 1.0 MMT from the May forecast to 17.5 MMT. The increase in global production supports higher consumption, increased trade, and larger ending stocks.

Figure 1
Top wheat producing countries, 2017/18–2023/24
 Metric tons (million)



F=forecast

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

Domestic Outlook

Domestic Changes at a Glance:

- U.S. wheat production for the 2023/24 marketing year is forecast at 1,665 million bushels, up 6 million from the May estimate and less than 1 percent above the previous year (table 1). USDA's National Agricultural Statistics Service (NASS) provided its updated survey-based production forecast for the 2023/24 U.S. winter wheat crop in the June 9 *Crop Production* report, estimated at 1,136 million bushels. Average winter wheat yield is estimated at 44.9 bushels per acre, up 0.2 bushels from the May estimate, but down from 47.0 last year. Winter wheat area harvested is unchanged from the previous month at 25.3 million acres, up 8 percent from last year.
- Hard Red Winter (HRW) production in the new marketing year is estimated by USDA, NASS at 525 million bushels, up 11 million from the May estimate, but still the lowest output since 1957/58. Persistent drought has resulted in both lower yields and higher abandonment this season although recent rains in some HRW states may have stabilized the crop, contributing to slightly higher or unchanged yields month-to-month.
- Soft Red Winter (SRW) production for 2023/24 is estimated at 402 million bushels, down 4 million from the May estimate, but still up 19 percent from the previous year on higher area. SRW yield is estimated at 69.4 bushels per acre, down from 70.2 last year, but still above the recent 5-year average of 67.1.
- White Winter production for 2023/24 is estimated down marginally to 209 million bushels. Soft White Winter wheat, which is primarily grown in the Pacific Northwest and represents the bulk of this category, is estimated down from last year on lower yields. Hard White Winter is slightly lower year over year.
- Durum and Other Spring Wheat production in 2023/24 are collectively estimated at 529 million bushels, down 3 percent from the previous year. Durum production for Arizona was lowered fractionally in the June 9 USDA, NASS *Crop Production* report, while California Durum production was unchanged. Durum and Other Spring wheat production for the rest of the producing States 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.
- 2022/23 all-wheat exports are unchanged from the previous month at 775 million bushels. U.S. prices remain mostly uncompetitive with other major global suppliers. The

pace of new sales continues to be relatively slow, as reported in the USDA, Foreign Agricultural Service (FAS) *U.S. Export Sales*. By-class adjustments have been made based on the pace of export sales and shipments. HRW exports have been raised 5 million bushels to 225 million, while White is reduced 5 million bushels to 195 million. 2023/24 wheat exports are projected even lower at 725 million bushels, which would be the lowest since 1971/72.

- U.S. wheat exports for June 2022 through April 2023 reached 712 million bushels, down 5 percent from the same period last year. Official U.S. wheat trade statistics for June through April are based on data from the U.S. Department of Commerce, Bureau of the Census. The pace of exports in May appears to be similar to April, based on export sales data reported by USDA, FAS.
- U.S. wheat imports for 2022/23 are unchanged at 125 million, up from 95 million in 2021/22. U.S. wheat imports for June 2022 through April 2023 totaled 112 million bushels, accounting for 90 percent of the marketing year projection. Imports for these 11 months are up 29 percent from the same period last year. There are no changes to imports by class.
- U.S. wheat imports for 2023/24 are unchanged at 135 million bushels.
- The 2022/23 season-average farm price remains at a record \$8.85 per bushel. The April 2023 farm price reported in the USDA, NASS *Agricultural Prices* publication was \$8.31 per bushel, down slightly from \$8.34 in March 2023.
- The 2023/24 season-average farm price is revised down \$0.30 per bushel to \$7.70 as futures have subsided in the last month. Expectations of larger competitor supplies and slightly larger domestic production also support the reduction in the projected price.

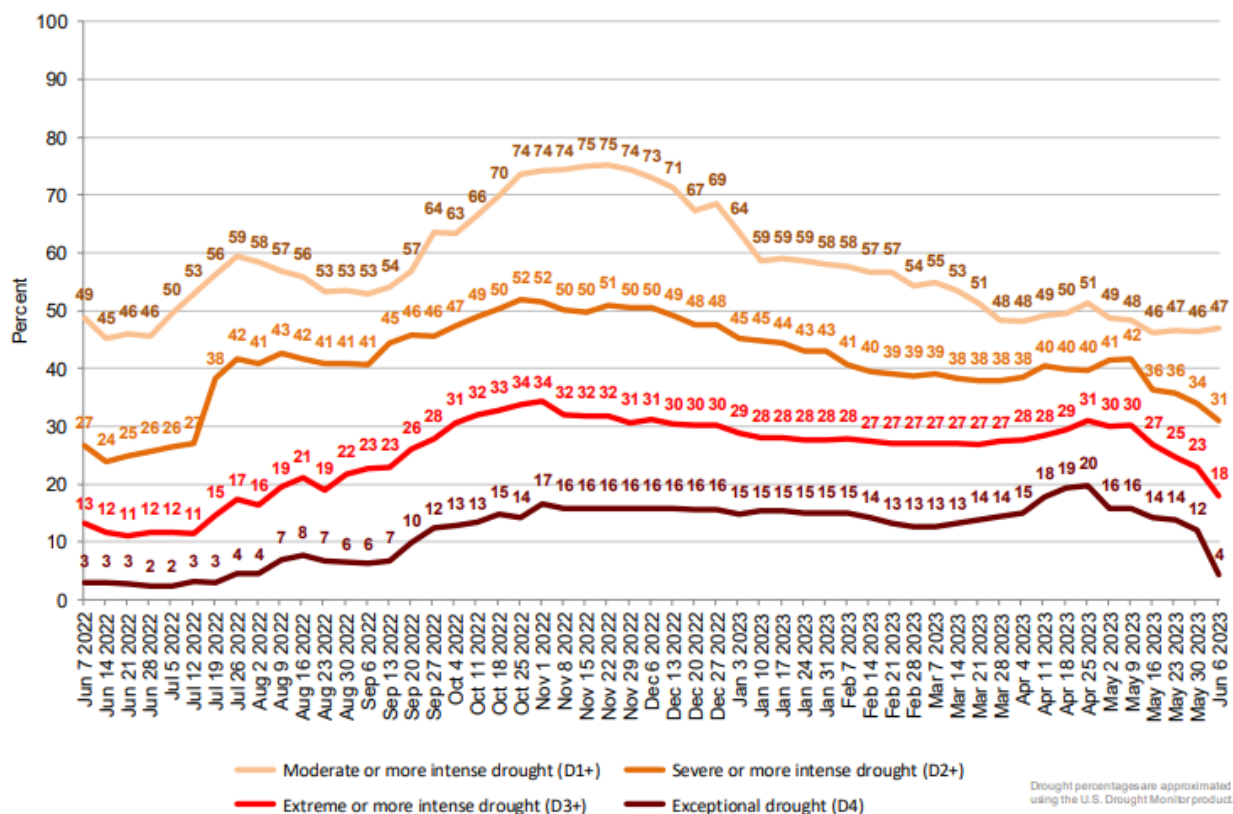
| Table 1 | | | | | |
|--|---------------------|--------------------|---------------------|------------------------------|---|
| U.S. wheat supply and use at a glance 2022/23 and 2023/24 (in million bushels) | | | | | |
| Balance sheet item | 2022/23 June | 2023/24 May | 2023/24 June | Month-to-month change | Comments |
| Supply, total | | | | | June-May marketing year |
| Beginning stocks | 698 | 598 | 598 | 0 | |
| Production | 1,650 | 1,659 | 1,665 | +6 | Hard Red Winter (HRW) revised higher, more than offsetting small reductions to Soft Red Winter and White Winter |
| Imports | 125 | 135 | 135 | 0 | |
| Supply, total | 2,473 | 2,393 | 2,399 | +6 | |
| Demand | | | | | |
| Food | 975 | 977 | 977 | 0 | |
| Seed | 70 | 65 | 65 | 0 | |
| Feed and residual | 55 | 70 | 70 | 0 | |
| Domestic, total | 1,100 | 1,112 | 1,112 | 0 | |
| Exports | 775 | 725 | 725 | 0 | Larger 2022/23 Hard Red Winter exports offsetting smaller White exports |
| Use, total | 1,875 | 1,837 | 1,837 | 0 | |
| Ending stocks | 598 | 556 | 562 | +6 | Tightest stocks since 2007/08 |
| Season-average farm price | \$8.85 | \$8.00 | \$7.70 | -\$0.30 | Expectations of large global supplies and slightly higher U.S. production; declining futures prices |
| Source: USDA, Economic Research Service calculations and USDA, World Agricultural Outlook Board, <i>World Agricultural Supply and Demand Estimates</i> . | | | | | |

Much of 2023/24 Winter Wheat Area Remains in Drought

The USDA, NASS *Crop Progress* report shows that drought continues to be a major issue for winter wheat production with 47 percent of the production estimated to be in regions experiencing drought as of June 6 (figure 2). Much of the remaining drought area is in HRW-producing States. This percentage peaked at 75 percent in November and has generally trended lower over the last few months. The intensity of drought has lessened over the last month as some parched regions received beneficial rainfall.

Figure 2

Percent of United States winter wheat located in drought, June 7, 2022–June 6, 2023

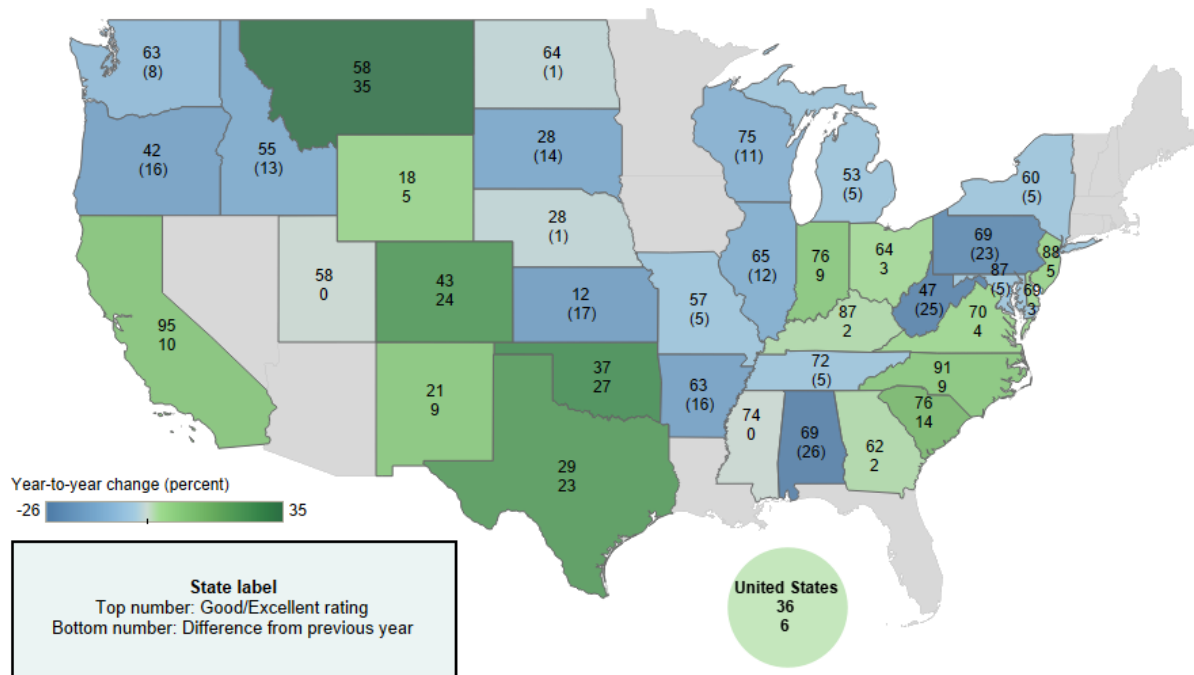


Note: This product was prepared by the USDA, Office of the Chief Economist (OCE), World Agricultural Outlook Board (WAOB). Major and minor agricultural areas are delineated using National Agricultural Statistics Service (NASS) 2017 Census of Agriculture data. Drought percentages are approximated using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

The USDA, NASS *Crop Progress* report indicates that as of June 4, 2023, 36 percent of U.S. winter wheat is in good or excellent condition, up from 30 percent at the same point last year. Conditions across key producing States present mixed trends (figure 3). Among the major HRW-producing States, Texas, Oklahoma, Montana, and Colorado are improved from last year, while Kansas and Nebraska have a lower percentage in good and excellent condition due to persistent drought. Throughout the SRW-producing States in the eastern half of the country, conditions are mixed relative to last year, but are still mostly favorable overall. Conditions in White wheat-producing States of the Pacific Northwest are lower than last year, but still well above the drought-stricken 2021 crop.

Figure 3

Winter wheat crop conditions ratings by State as of June 4, 2023



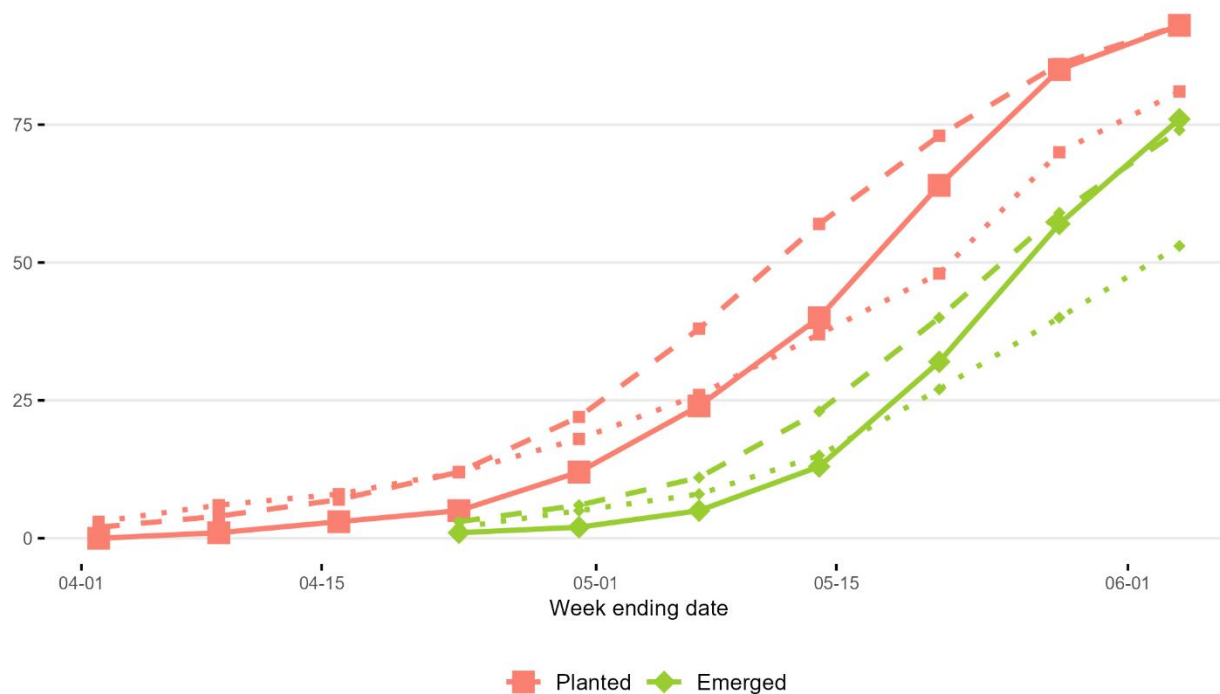
Note: This chart compares week 22 data of 2023 with the same week in 2022 (June 5, 2022). States in gray are not reported. Source: USDA, Economic Research Service calculations using data from USDA, National Agricultural Statistics Service.

The June 9 *Crop Production* report by USDA, NASS provided updated yield and production forecasts for winter wheat. Harvested area estimates are all unchanged this month. NASS will update harvested area for winter wheat in the *Acreage* report, issued June 30. Production for Kansas is unchanged at 191.4 million bushels, the lowest since 1963. Texas winter wheat yields are adjusted up 2 bushels per acre to 30, which matches last year’s yield estimate. Production is forecast at 60 million bushels, up 54 percent from 2022/23 based on higher area harvested. Oklahoma’s yields are adjusted up 2 bushels per acre to 25, which is still down from 28 last year. Production in Oklahoma is down from the previous year on lower expected yield and area harvested. The USDA, NASS *Crop Production* report depicts a similar story as the conditions data – a large SRW crop, slightly lower production of White wheat, and low yields combined with historically high abandonment in HRW production regions.

Spring Wheat Planting in Northern Plains Picks Up Pace

The 2023/24 marketing year started out very similar to 2022/23 with delayed planting in the Northern Plains as a result of wet conditions. However, in the last month, conditions became somewhat drier and planting progressed rapidly. As of June 4, the U.S. spring wheat crop (excluding Durum) planting is estimated 93 percent complete, equal to the 2018–22 average and ahead of last year (81 percent) (figure 4). Emergence is estimated at 76 percent, up from the average (74 percent) and last year (53 percent). USDA, NASS will provide the first survey-based forecast for Durum and Other Spring wheat in the July 2023 *Crop Production* report.

Figure 4
United States spring (excluding Durum) wheat crop progress, 2023
 Percent complete



Note: Dashed lines = average (2018–22); dotted lines = 2022; solid lines = 2023.
 Source: USDA, Economic Research Service; USDA, National Agricultural Statistics Service.

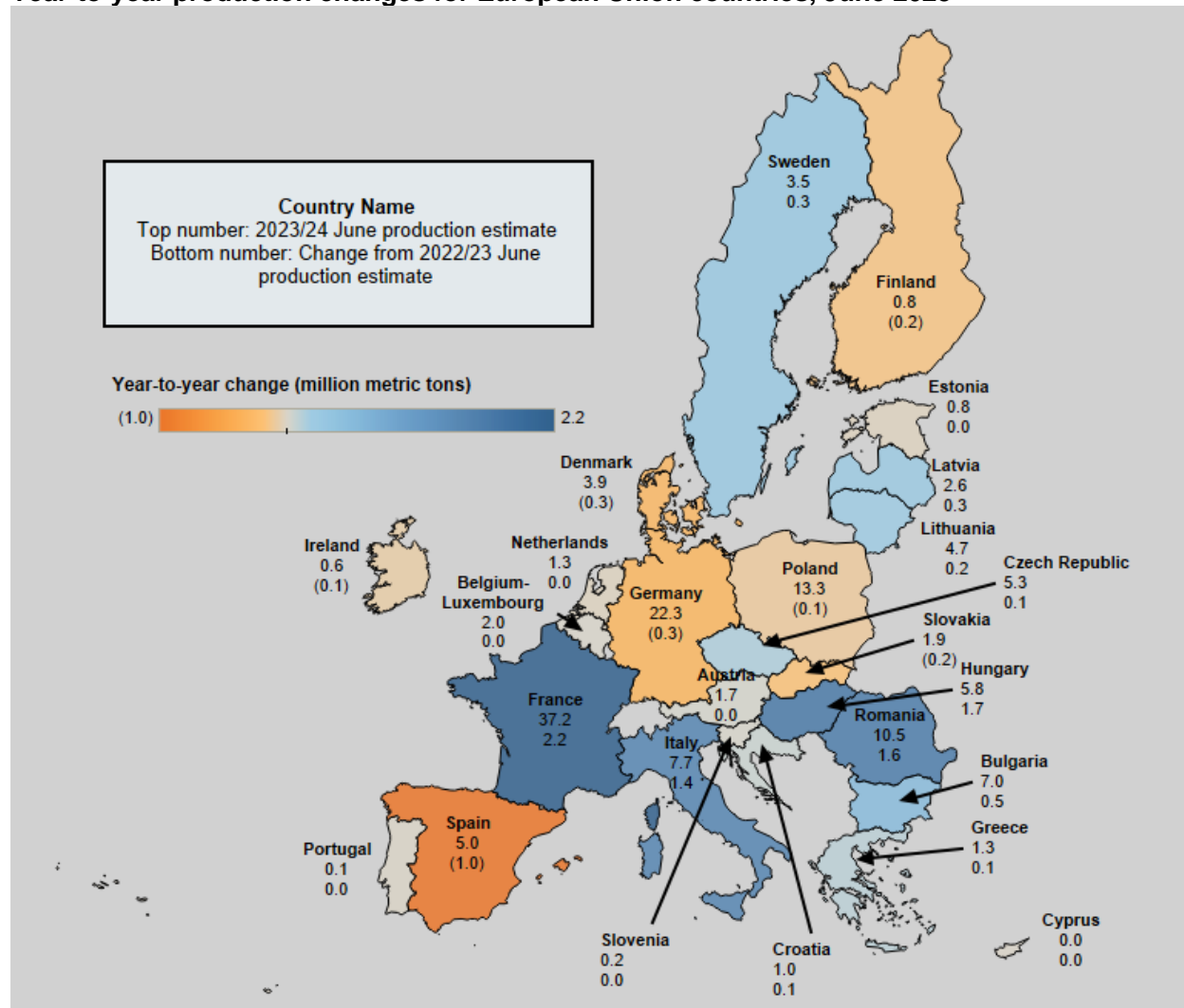
International Outlook

2023/24 International Overview

- The 2023/24 global wheat production is forecast at a record 800.2 million metric tons (MMT), up 10.4 MMT from the May forecast. This upward revision is as a result of larger crops for **Russia, India, the European Union (EU), and Ukraine**.
 - Russia production is forecast up 3.5 MMT to 85.0 MMT and this change is all allocated to winter wheat production based on favorable conditions in major growing areas following beneficial spring precipitation. Russia's winter wheat yield is raised 0.23 metric tons per hectare to 4.10, resulting in a production of 61.5 MMT. Spring wheat production remains unchanged at 23.5 MMT.
 - Based primarily on the *Third Advanced Estimate of Food Grains, Oilseeds, and Other Commercial Crops* from the Government of India, India production is revised up 3.5 MMT to a record 113.5 MMT.
 - Production in Ukraine is forecasted up 1.0 MMT to 17.5 MMT on improved crop prospects in the Steppe zone in southern Ukraine, despite a large portion of the region being occupied by Russia and not included in USDA's estimate or the estimates provided by the Ukraine Ministry of Agriculture. Overall moisture in many zones is average to above average resulting in higher yields (+0.23 metric tons per hectare to 4.07). For more information see this month's *World Agricultural Production* by the USDA, Foreign Agricultural Service.
 - Production in the EU is forecast up 1.5 MMT to 140.5 MMT as **France, Germany, Hungary, Italy, and Spain** are projected upwards on improved yields, month to month. While Spain and Germany are boosted this month, they remain below 2022/23 forecasts while France, Hungary, and Italy are above last year (figure 5).
- 2023/24 global wheat consumption is up 3.5 MMT to 793.1 MMT, driven by higher feed and residual consumption. 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 marketing year (MY) basis. This difference, or the unaccounted trade, is raised 0.9 MMT to 3.1 MMT for 2023/24 as MY exports are raised more than MY imports. Total consumption plus unaccounted trade results in an adjusted consumption of 796.1 MMT, up 4.4 MMT from the May estimate.

Figure 5

Year-to-year production changes for European Union countries, June 2023



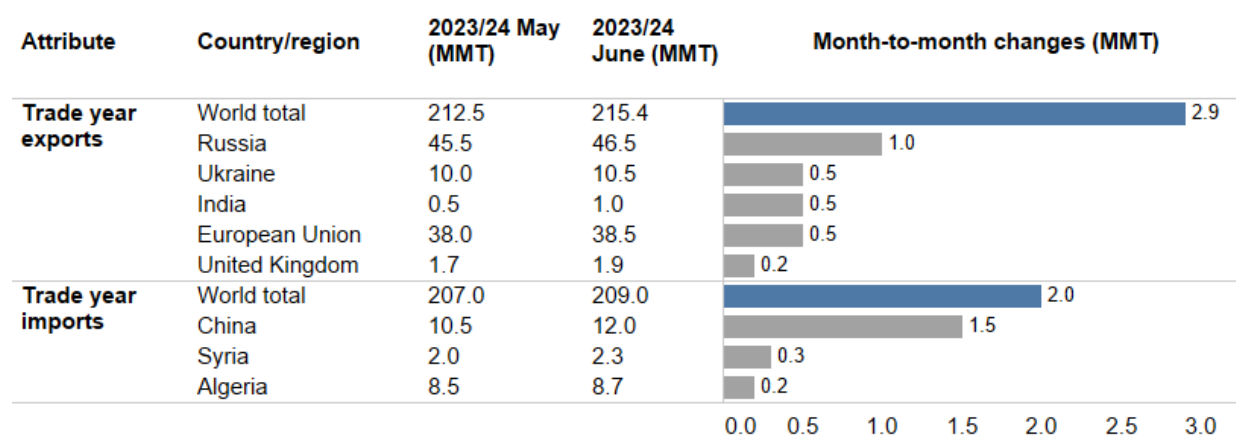
Note: The European Union forecasts do not include the United Kingdom starting in 2016/17 and is not in the graphic above.
 Source: USDA, Economic Research Service using data from the USDA, Foreign Agricultural Services, *Production, Supply and Distribution* database.

- Global feed and residual use is up 3.9 MMT to 154.8 MMT and is partially offset by a reduction in food, seed, and industrial use (-0.4 MMT to 638.3 MMT). Feed and residual use is up for **China** (+2.0 MMT to 34.0 MMT) and **Russia** (+1.0 MMT to 19.0 MMT).
- Global wheat trade in 2023/24 is forecast higher. Trade year (July/June) exports are forecast up as larger production in **Russia, Ukraine**, and the **European Union** allows for more exportable supplies (figure 6). While **India** maintains its wheat export ban, the Government of India has made exceptions for exporting wheat through diplomatic channels for food security purposes.

- Trade year (TY) imports are forecasted up 2.0 MMT to 209.0 MMT as **China** is likely to need more imported milling wheat as recent rains at harvest have lowered the quality of wheat produced in China. China's imports are forecasted up 1.5 MMT to 12.0 MMT but remains below the 2022/23 estimate of 14.0 MMT.

Figure 6

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



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

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

- Ending stocks are boosted 6.4 MMT to 270.7 MMT as higher production boosts stocks for **India** (+2.5 MMT to 14.0 MMT), the **European Union** (+1.5 MMT to 16.2 MMT), and **Russia** (+1.5 MMT to 14.4 MMT).

Overview of the 2022/23 Global Wheat Market Changes

- 2022/23 global production raised 0.2 MMT to 788.5 MMT, driven by an increase for Brazil, up 0.2 MMT to a record 10.6 MMT.
- Consumption in 2022/23 is lowered by 0.5 MMT to 786.1 MMT. Feed and residual use has offsetting revisions with the **European Union** up 0.5 MMT to 44.0 MMT and Ukraine down 0.5 MMT to 3.5 MMT. With larger projected exports for Ukraine, less is projected to be lost due to war. Food, seed, and industrial (FSI) use is lowered 0.5 MMT to 630.0 MMT with decreases for **Syria**, **Nigeria**, and **Indonesia**. The Syria reduction is a result of revisions to historical data, while the Nigeria and Indonesia changes are a result of slowing imports.
- 2022/23 TY imports are forecast up 1.7 MMT, driven by increases for **China**, the **European Union**, and **Turkey** only partially offset by reductions for **Indonesia** and

Morocco. 2022/23 TY exports are forecast up 0.6 MMT to 213.5 MMT largely due to an increase in exports for **Ukraine**, up 1.0 MMT to 16.0 MMT that is only partially offset by reductions for **Brazil** (-0.2 MMT to 2.8 MMT) and **Argentina** (-0.2 MMT to 4.8 MMT).

- Ukraine has continued to be able to export to Turkey, Bangladesh, Egypt, and EU countries. Turkey has received nearly 2.8 MMT from Ukraine from July through April. The EU has received over half of its imports from the Ukraine so far in the 2022/23 TY.

China Outlook for 2022/23 and 2023/24

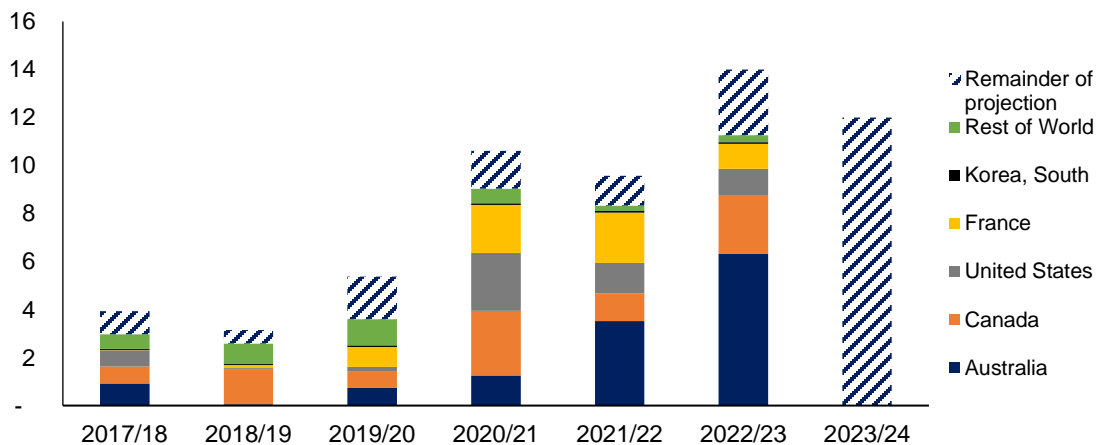
In 2022/23, China remains the top wheat importer and is projected to import 14.0 MMT of wheat in the July/June TY largely from Australia (figure 7). China has imported over 1.0 MMT each month since October with April exports at a record 1.7 MMT. Australia’s record crop in 2022/23 placed it in a key position to supply China’s needs along with Canada. Rains at harvest time resulted in a higher proportion of feed-quality wheat for Australia. As a result, China’s feed and residual use is estimated at 33.0 MMT.

Torrential rains swept through China’s Henan Province during winter harvest resulting in a decline in wheat quality for its 2023/24 wheat crop, projected at a record 140.0 MMT. As a result of more feed-quality wheat expected in China, feed and residual is forecast up 2.0 MMT to 34.0 MMT. While China imported wheat dominantly for feeding in 2022/23, this could shift its need to milling wheat in 2023/24. China’s TY imports are forecast up 1.5 MMT to 12.0 MMT. If realized, it will be the top wheat importer for the second consecutive year.

Figure 7

China's trade year imports by supplier from July–April, 2017/18–2023/24

Metric tons, millions



Note: By-country breakdown is trade from July through April and the striped bar showcases the remainder of the projection at this point in the year.

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

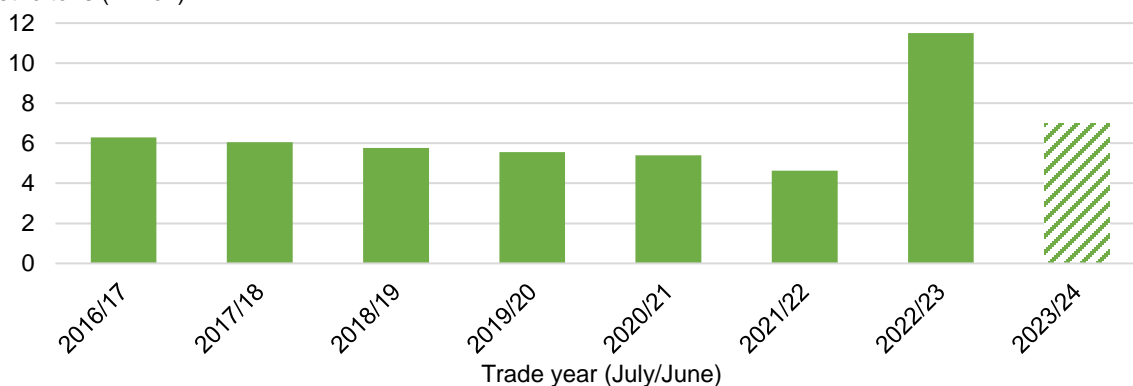
European Union Imports Down from Record in 2023/24

European Union (EU) trade year (July/June) wheat imports in 2023/24 are forecast down to 7.0 million metric tons (MMT) (figure 8). This is 4.5 MMT below 2022/23 when imports are expected to reach a record high of 11.5 MMT. From July through March, the EU has imported over 4.8 MMT from Ukraine as those trade routes became heavily used following the start of the Russia-Ukraine war. Ukraine on average accounted for about 14 percent of EU imports from 2017/18 through 2021/22, but so far in 2022/23, it has accounted for more than half. While the war is still on going, EU imports in 2023/24 are forecast lower as Ukraine is projected to have fewer exportable supplies. Furthermore, several neighboring countries have banned cross-border trade, but will continue to allow transshipments to other countries. Production in the EU is also forecast up 6.2 MMT from 2022/23 to 140.5 MMT, reducing the need for imports.

Figure 8

European Union trade year wheat imports, 2016/17–2023/24

Metric tons (million)



Note: 2023/24 is a forecast.

Source: USDA, Economic Research Service calculations; USDA, Foreign Agricultural Service, *Production, Supply and*

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