



# Wheat Outlook: December 2023

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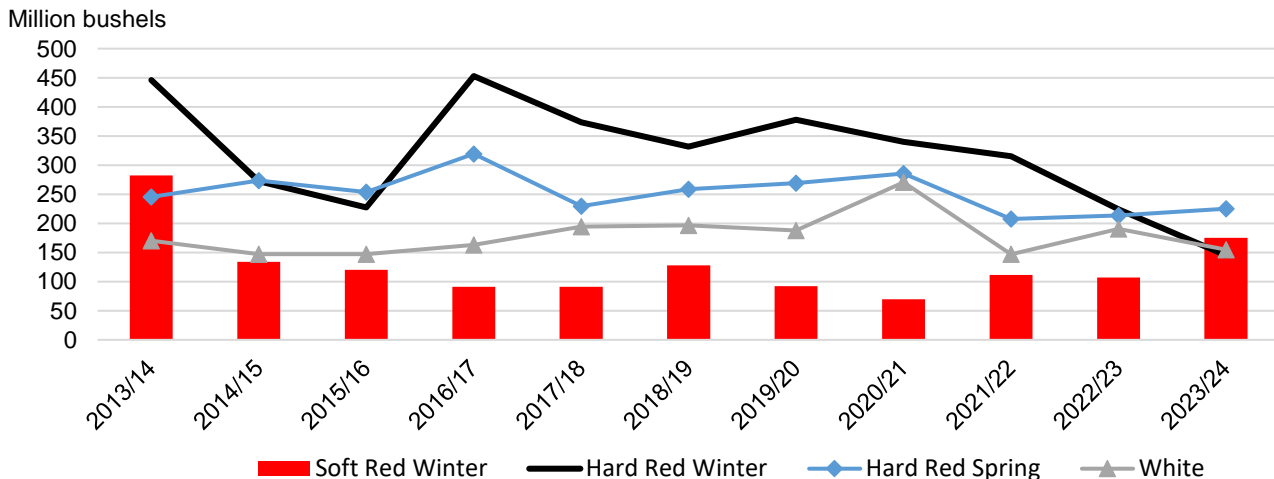
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## Soft Red Winter Exports Now at 10-Year High

U.S. 2023/24 Soft Red Winter (SRW) exports are projected up 30 million bushels this month to 175 million, the largest exports of this class in 10 years (figure 1). This would be the first time on record that SRW exports exceeded Hard Red Winter (HRW), which is now forecast to be the fourth largest class of exports at 145 million bushels (unchanged this month). SRW exports are buoyed this year by abundant supplies and large recent sales to China (about 1.0 million metric tons announced from December 4–6). China’s strong wheat demand comes after its crop quality was affected by rains in June and July during harvest, resulting in a larger amount of sprouted wheat likely being used as feed. SRW exports are now forecast higher than White wheat exports, which are lowered 5 million bushels to 155 million on a slow pace of export sales.

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 Agricultural Outlook Board.

## Domestic Changes at a Glance:

- There is no change to U.S. wheat production this month (table 1). Wheat production for marketing year 2023/24 will be finalized in the January 12, 2024, USDA National Agricultural Statistics Service (NASS) *Crop Production* report.
- U.S. all-wheat imports for 2023/24 are unchanged from the November forecast at 145 million with the pace of imports approximately on target to meet the projection. Official U.S. all-wheat imports for June–October 2023, calculated with data from the U.S. Department of Commerce, Bureau of the Census, are estimated at 61 million bushels, up 23 percent from the same months in 2022.
- All-wheat exports for the United States in 2023/24 are projected at 725 million bushels, up 25 million from the November forecast. Official U.S. wheat exports for June–October 2023, calculated with data from the Census Bureau, are estimated at 274 million bushels, 27 percent below the 375 million bushels during June–October 2022. U.S. Soft Red Winter (SRW) exports are raised 30 million bushels to 175 million based on China’s recent purchases of more than 1 million metric tons of U.S. SRW wheat. White wheat exports are lowered 5 million bushels to 155 million on a slow pace of export sales and shipments, as reported in USDA, Foreign Agricultural Service *U.S. Export Sales* report.
- The 2023/24 season-average farm price is raised \$0.10 per bushel to \$7.30 per bushel. The October all-wheat average farm price is reported at \$6.98 per bushel based on the latest USDA, NASS *Agricultural Prices* report, down from \$7.07 in September 2023. Futures prices have risen noticeably based on news of China’s recent large purchases after being near or at contract lows. The 5-year average of marketing weights suggests that approximately 62 percent of the crop has been sold during June–October.

<b>Table 1</b>					
<b>U.S. wheat supply and use at a glance 2022/23 and 2023/24 (in million bushels)</b>					
<b>Balance sheet item</b>	<b>2022/23 December</b>	<b>2023/24 November</b>	<b>2023/24 December</b>	<b>Month-to-month change</b>	<b>Comments</b>
<b>Supply, total</b>					<b>June–May marketing year</b>
Beginning stocks	698	582	582	0	
Production	1,650	1,812	1,812	0	
Imports	122	145	145	0	
Supply, total	2,470	2,539	2,539	0	
<b>Demand</b>					
Food	973	970	970	0	
Seed	68	65	65	0	
Feed and residual	89	120	120	0	
Domestic, total	1,130	1,155	1,155	0	
Exports	759	700	725	+25	Soft Red Winter raised 30 million bushels on robust purchases from China; White lowered 5 million bushels on slow pace of export sales
Use, total	1,888	1,855	1,880	+25	
Ending stocks	582	684	659	-25	
Season-average farm price	\$8.83	\$7.20	\$7.30	+\$0.10	Futures prices have risen recently with strong sales of U.S. wheat and consequent tightening of the U.S. balance sheet
Source: USDA, Economic Research Service calculations and USDA, World Agricultural Outlook Board, <i>World Agricultural Supply and Demand Estimates</i> .					

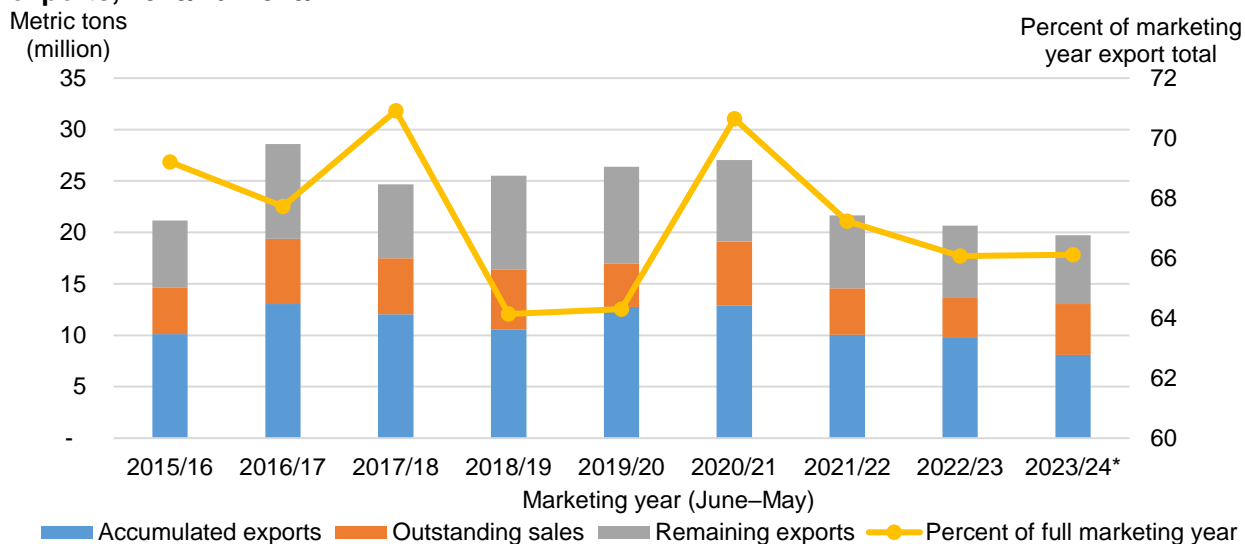
## U.S. Export Sales Pace Improving

U.S. export sales, as reported in the USDA, Foreign Agricultural Service (FAS) *U.S. Export Sales* report, remain behind last year but have picked up in recent weeks. Total U.S. commitments (the sum of accumulated exports and outstanding sales) are at 13.0 million metric tons, down 4 percent from the same point last year. The revised marketing year (MY) forecast of

725 million bushels is 4 percent below the 759 million bushels exported in the previous year. Total commitments at this point in the marketing year account for 66 percent of the full MY export estimate, similar to 66 percent a year ago (figure 2), and the recent 5-year average (2018/19–2022/23).

Figure 2

**Cumulative exports sales through November 30 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 27, 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 the 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.

The aforementioned export sales pace through November 30 does not include more than 1 million metric tons of recent USDA daily export sales announcements to China. On December 4, private exporters reported 440,000 metric tons were sold to China. The next day, an additional 198,000 metric tons were reported as sold to China. Finally, on December 6, another 372,000 metric tons in sales were reported. While these large recent sales are all SRW, China has purchased other classes of wheat throughout the marketing year. These daily SRW sales are expected to be reflected in the USDA, FAS *U.S. Export Sales* report for the week ending December 7, which will be published on December 14.

# International Outlook

## Higher Global Wheat Production Prospects for 2023/24

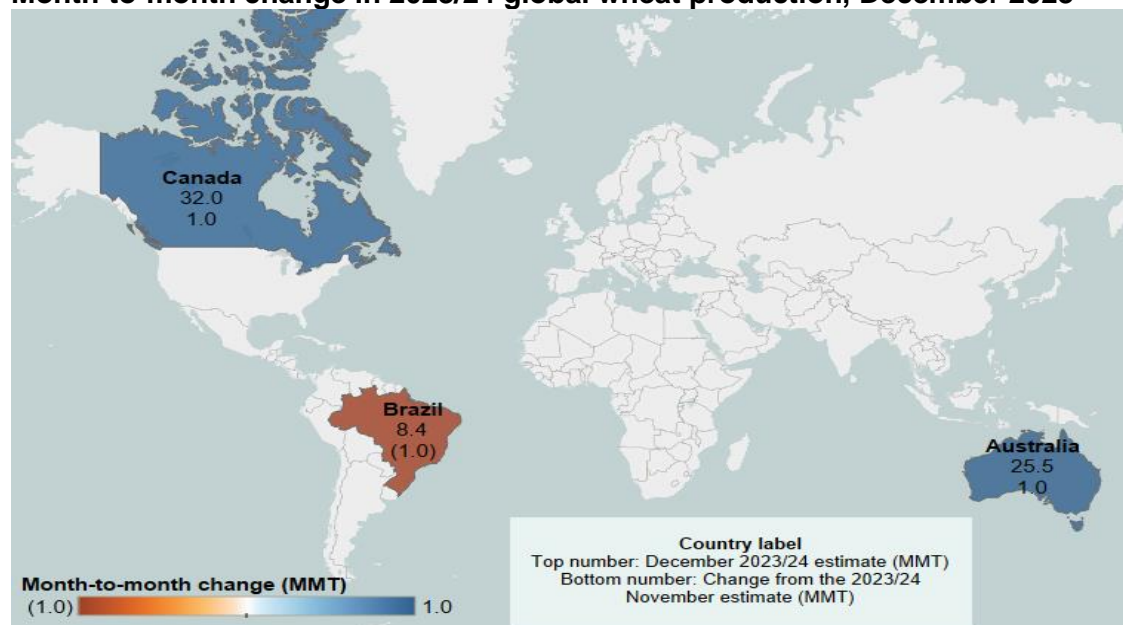
This month, global wheat production for 2023/24 is raised 1.0 million metric tons (MMT) to 783.0 MMT. Larger production estimates for **Australia** and **Canada** are partially offset by lower wheat production from **Brazil** (figure 3).

In **Australia** ample soil moisture reserves and timely rainfall at planting partially mitigated the effect of extended dry conditions during the late fall caused by the El Niño weather pattern. Based on harvest results exceeding some earlier expectations, wheat production is raised 1.0 MMT to 25.5 MMT, to align with the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES). **Canada** wheat production is revised upward this month by 1.0 MMT to reach 32.0 MMT on revised higher area and yield based upon official government estimate (Statistics Canada).

**Brazil's** wheat production is projected down this month by 1.0 MMT on lower yields, with an estimated output of 8.4 MMT for 2023/24. As the wheat harvest concludes during the month of December, it has been reported that excessive rainfall September through November resulting from the weather pattern El Niño affected the quality and productivity of wheat crops in the three main wheat-producing States: Rio Grande do Sul, Paraná and Santa Catarina.

Figure 3

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



MMT = million metric tons.

Note: Changes less than 0.1 MMT are not included.

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

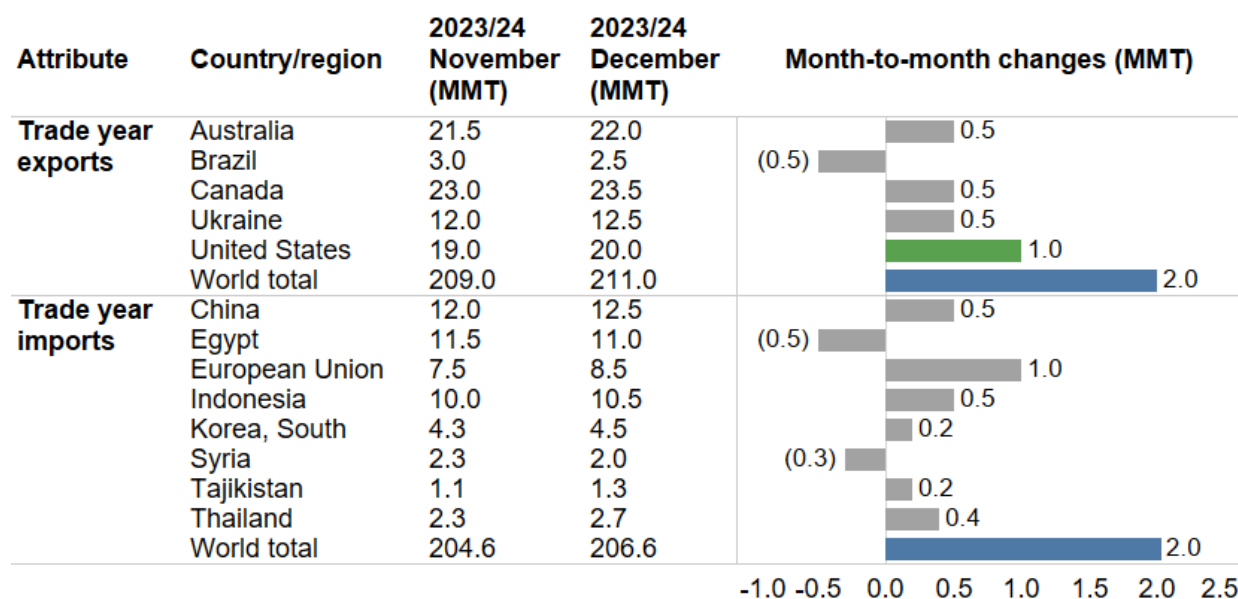
## Higher Global Trade for 2023/24

The December forecast for global wheat exports for the 2023/24 (July-June) international trade year (TY) is up 2.0 MMT to 211.0 MMT (figure 4). The **United States** is raised 1.0 MMT to 20.0 MMT (up 25 million bushels for the local June-May marketing year to 725 million bushels), based on the recent large sales of SRW wheat to China, although exports are still projected to be at the lowest level since 1971/72.

**Australia** and **Canada** wheat exports are up by 0.5 MMT each on larger exportable supplies. Projected wheat exports from **Ukraine** are raised based on the pace of shipments to date as exports flow through various modes of transportation by land and sea. Exports from **Brazil** are projected down by 0.5 MMT to 2.5 MMT for the 2023/24 trade year because of a reduced crop.

Figure 4

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



MMT = million metric tons.

Note: Changes less than 0.2 MMT are not included; month-to-month change is the difference between December 2023 and November 2023 estimates.

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

Wheat imports are projected higher for several importing countries this month. The **European Union** is projected to import 8.5 MMT of wheat, up 1.0 MMT from last month, based on a steady pace of shipments from **Ukraine**. With large purchases of U.S. Soft Red Winter wheat reported during December 4–6, **China** is projected to import 12.5 MMT, 0.5 MMT higher than last month. **Indonesia** imports are raised 0.5 MMT to 10.5 MMT, with some of the increase expected for feed and residual use. **South Korea's** wheat imports are raised on higher feed and residual use

while growth in both feed and food use has contributed to higher imports for **Thailand**. **Egypt** and **Syria's** wheat imports are both lowered on the pace of trade. Foreign currency shortages are also constraining imports for Egypt.

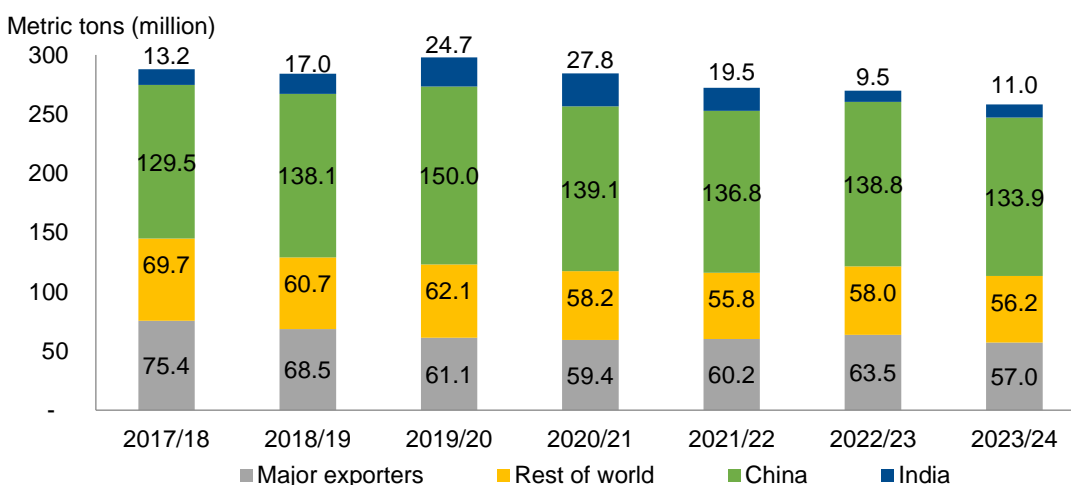
## Increased Global Wheat Consumption, Ending Stocks Lower

Global wheat consumption (adjusted to reflect the differences in world imports and exports) is up 1.8 MMT to 794.7 MMT with larger feed and residual and food, seed, and industrial (FSI) use. Global wheat feed and residual use is up 1.1 MMT to 158.9 MMT on upward revisions to the **European Union**, **Thailand**, **South Korea**, and **Indonesia**. Global FSI use is raised 0.6 MMT to 635.3 MMT, driven by **China** (+0.5 MMT) and **Thailand** (+0.2 MMT).

Several partly offsetting changes leave global wheat ending stocks for 2023/24 projected 0.5 MMT tons lower to 258.2 MMT this month (figure 5). Ending stocks for the major exporting countries are forecast up 0.6 MMT to 57.0 MMT driven by **Australia** (+0.9 MMT to 4.1 MMT), the **European Union** (+0.5 MMT to 12.8 MMT) and **Canada** (+0.4 MMT to 4.0 MMT). Partly offsetting these increases, stocks are lower for **Ukraine** (-0.5 MMT to 2.6 MMT) and the **United States** (-0.7 MMT to 17.9 MMT) based on larger forecast exports. Outside of the major exporting countries, ending stocks are lowered for **Egypt** (-0.5 MMT to 3.5 MMT) with smaller expected imports. **Brazil's** ending stocks are forecast smaller based on the reduced crop size, while stocks in **Afghanistan** are also forecast down consequent to production revisions for 2021/22 and 2022/23.

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

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