



Wheat Outlook: February 2024

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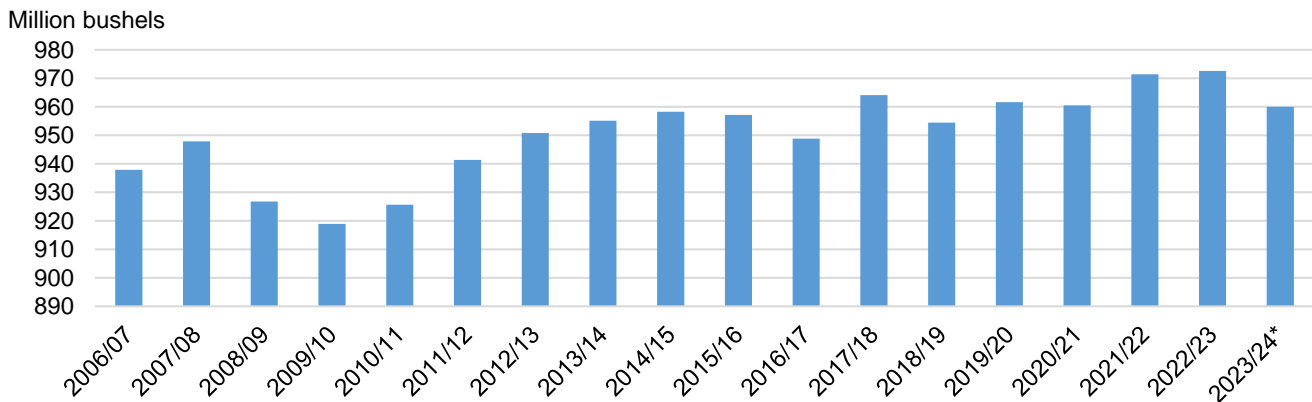
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U.S. 2023/24 Food Use Forecast at 5-Year Low

U.S. all-wheat food use is lowered this month 10 million bushels to 960 million, the lowest since 2018/19. The change is primarily motivated by less wheat ground for flour than previously expected as presented in the February 1 USDA, NASS *Flour Milling Report*. U.S. all-wheat food use tends to increase over time with population growth, although the rise is not always continuous. Dietary trends like the Atkins' diet in the early 2000s appear to have contributed to reduced food use for a few years as consumers favored fewer bread and other grain-based foods. Food use also declined in 2008/09 and 2009/10 as the severe economic downturn likely affected consumers' eating habits. Food use reached a record high 973 million bushels in 2022/23 but is forecast to see a 13-million-bushel year-to-year decline in 2023/24. In addition to dietary and economic trends, food use is also influenced by changes in flour users' purchasing and stock holding patterns.

Figure 1
U.S. all-wheat food use, 2006/07–2023/24



*2023/24 is a forecast. All other years are final.
 Source: USDA, World Agricultural Outlook Board.

Domestic Changes at a Glance:

- There is no change to U.S. wheat production this month (table 1).
- U.S. all-wheat imports for 2023/24 are unchanged from the January forecast at 145 million bushels with the pace of imports generally remaining on target to meet the current projection. Official U.S. all-wheat imports for June–December 2023, calculated with data from the U.S. Department of Commerce, Bureau of the Census (Census Bureau), are estimated at 84 million bushels, up 19 percent from the same months in 2022.
- All-wheat exports for the United States in 2023/24 are projected at 725 million bushels, unchanged from the January forecast. Official U.S. wheat exports for June–December 2023, calculated with data from the Census Bureau, are estimated at 375 million bushels, 19 percent below the 461 million bushels during June–December 2022. Based on the pace of export sales Hard Red Spring (HRS) is raised 5 million bushels to 230 million bushels and Hard Red Winter (HRW) is lowered 5 million bushels to 140 million bushels.
- All-wheat food use is lowered 10 million bushels to 960 million bushels driven by weak millings during the October–December quarter, based on the latest USDA, National Agricultural Statistics Service (NASS) *Flour Milling Products (FMP)* report. This was the lowest October–December quarter since the *FMP* data series began in 2014.
- The 2023/24 season-average farm price is unchanged at \$7.20 per bushel. The December all-wheat average farm price is reported at \$6.79 per bushel based in the latest USDA, NASS *Agricultural Prices* report, up from \$6.53 in November 2023. The 5-year average of marketing weights indicates approximately 75 percent of the crop has been sold during June–December.

Table 1					
U.S. wheat supply and use at a glance 2022/23 and 2023/24 (in million bushels)					
Balance sheet item	2022/23 February	2023/24 January	2023/24 February	Month-to-month change	Comments
Supply, total					June–May marketing year
Beginning stocks	674	570	570	0	
Production	1,650	1,812	1,812	0	
Imports	122	145	145	0	Imports generally on pace to reach forecast
Supply, total	2,446	2,527	2,527	0	
Demand					
Food	973	970	960	-10	Historically low wheat flour ground in October–December as reported in the USDA, National Agricultural Statistics Service <i>Flour Milling Products</i> report
Seed	68	64	64	0	
Feed and residual	77	120	120	0	
Domestic, total	1,118	1,154	1,144	-10	
Exports	759	725	725	0	Offsetting by-class changes to Hard Red Spring (up 5 million bushels) and Hard Red Winter (down 5 million bushels)
Use, total	1,876	1,879	1,869	-10	
Ending stocks	570	648	658	+10	Stocks still forecast at the second lowest level in 10 years
Season-average farm price	\$8.83	\$7.20	\$7.20	0	
Source: USDA, Economic Research Service calculations and USDA, World Agricultural Outlook Board, <i>World Agricultural Supply and Demand Estimates</i> .					

U.S. Export Sales on Pace for Forecast

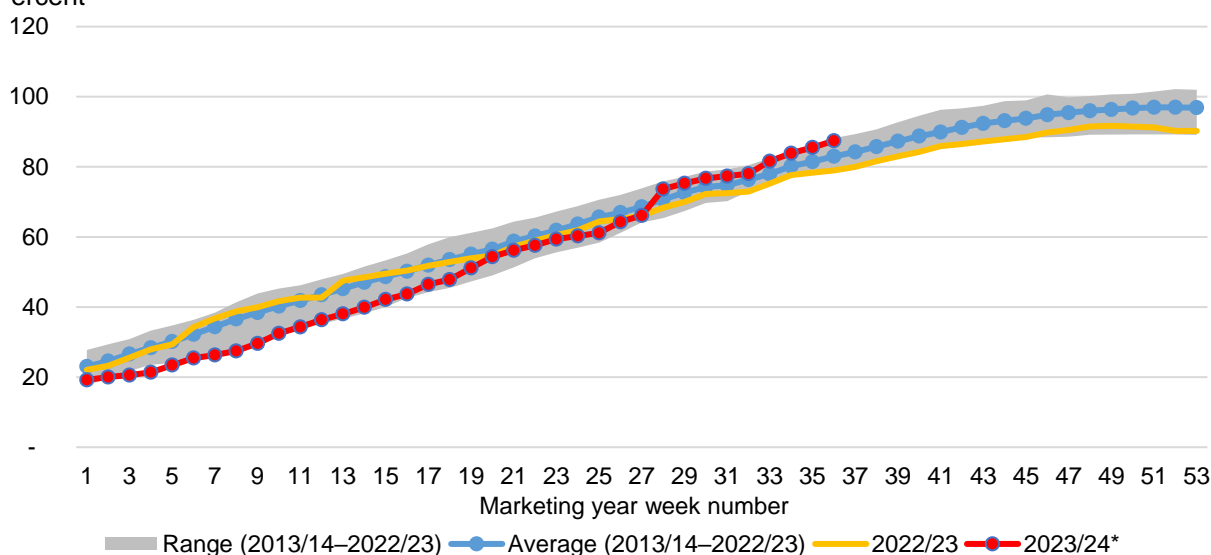
U.S. cumulative export sales, as reported in the USDA, Foreign Agricultural Service (FAS) *U.S. Export Sales*, are now slightly ahead of the same period last year. Total U.S. commitments (the sum of accumulated exports and outstanding sales) are at 17.3 million metric tons (MMT) as of

February 1, up 6 percent from the same point last year. Total commitments had been trailing last year's pace for most of the year until a surge of sales (nearly 1.3 MMT) to China in late November through early December, most of which were SRW. Following those large purchases, new export sales have slowed but are on pace to meet the USDA forecast of 725 million bushels, which is 4 percent below the 759 million bushels exported in the previous year. Total commitments at this point in the marketing year (MY) account for 87 percent of the full MY export estimate, above 79 percent a year ago (figure 2), and the recent 9-year average (2013/14–2022/23) of 83 percent.¹

Figure 2

U.S. all-wheat cumulative export sales as a percentage of full marketing year exports, 2013/14–2023/24

Percent



*2023/24 percentage is based on the forecast level of exports for the full marketing year.

Note: Total commitments are based on USDA, Foreign Agricultural Service, *U.S. Export Sales* data, while the full marketing year exports are calculated based on data from the U.S. Department of Commerce, Bureau of the Census. This difference in data source is one reason that export sales do not reach 100 percent at the end of each year.

Source: USDA, Economic Research Service calculations; USDA, Foreign Agricultural Service, *U.S. Export Sales*; U.S. Department of Commerce, Bureau of the Census.

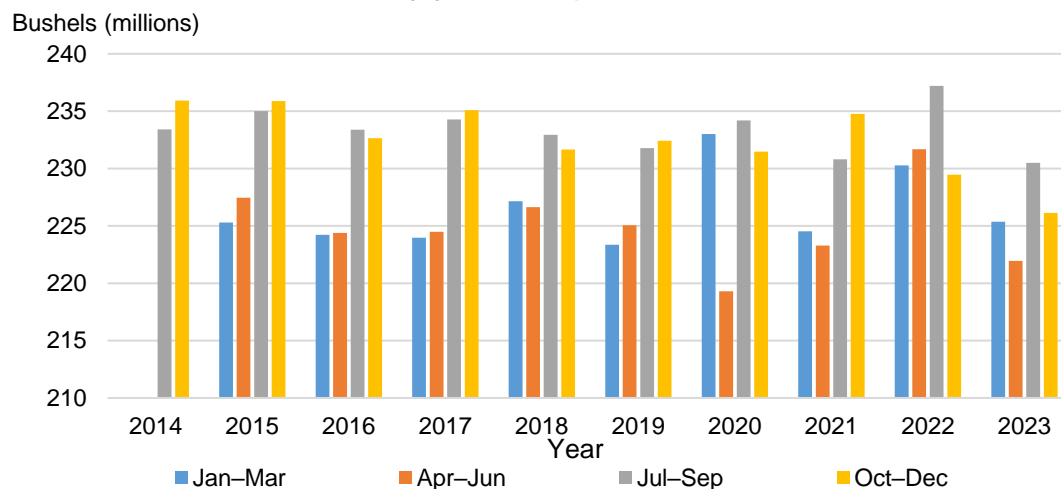
Food Use Revised Lower on Pace of Flour Grind

The February 1 USDA, NASS *Flour Milling Products* report showed smaller-than-expected wheat use for milling in the October–December 2023 quarter. Quarterly wheat milled was down 2 percent from the previous quarter and 1 percent below the same quarter last year (figure 3). Wheat milled for flour in the October–December was the lowest for that quarter since the USDA, NASS flour milling dataset began in 2014.

¹ 2018/19 is excluded from the average calculation due to delays in data reporting for that week.

Figure 3

U.S. wheat milled for flour, by year and quarter, 2014–23



Note: Data from this source unavailable before July 2014.

Source: USDA, National Agricultural Statistics Service, *Flour Milling Products*.

The USDA, Economic Research Service calculates monthly all-wheat food use based on data from the USDA, NASS *Flour Milling Products* report, along with net imports of wheat flour and products, as well as an estimated level of nonmilled food use. U.S. all-wheat food use for June–December is calculated at 558 million bushels (table 2), down 3 percent from the same period last year and 1 percent below the recent 5-year average. Consequently, all-wheat food use is projected 10 million bushels lower to 960 million, a 5-year low.

Table 2: U.S. wheat food use, million bushels, 2013/14–2023/24

Marketing year	June–December	Marketing year total	Percent of total
2013/14	562	955	58.9
2014/15	565	958	58.9
2015/16	566	957	59.1
2016/17	559	949	58.9
2017/18	567	964	58.8
2018/19	562	954	58.9
2019/20	562	962	58.4
2020/21	567	961	59.0
2021/22	564	971	58.0
2022/23	574	973	59.0
5-year average	566	964	58.7
2023/24	558	960	58.2

Note: 5-year average refers to marketing years 2018/19 through 2022/23.

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

By-class changes to food use projections were driven by ongoing pricing and crop quality considerations. U.S. HRW food use is unchanged at 378 million, while HRS is reduced 5 million

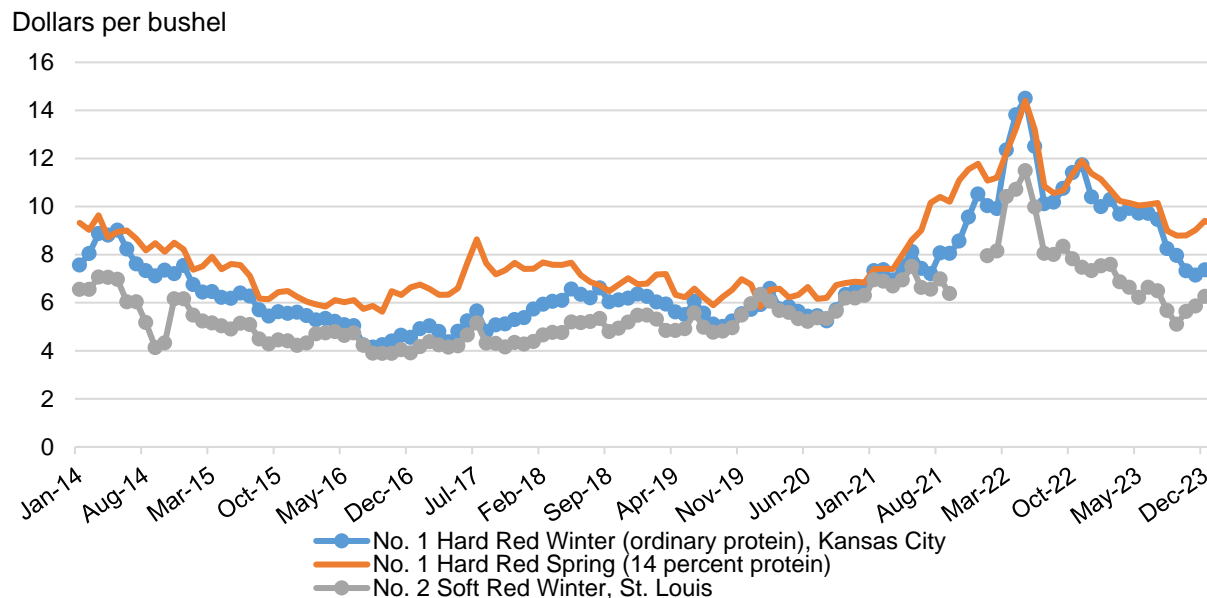
bushels to 255 million (table 3). SRW food use is lowered 4 million bushels to 160 million and White is reduced 1 million bushels to 84 million. The proportion of mill grind for HRW is expected to remain strong as this class has become more price competitive with the other wheat classes in recent months (figure 4). Durum food use is unchanged at 83 million bushels with the food use during July–December calculated at 48 million bushels, which is roughly on pace to reach the full year forecast.

Table 3
U.S. wheat food use, by class, 2019/20–2023/24

	Final	Final	Final	Final	January	February	Change
Class	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24	2023/24
	<i>Bushels (millions)</i>						
HRW	378.2	376.8	410.6	373.9	378.0	378.0	0.0
HRS	265.0	263.0	245.0	266.0	260.0	255.0	-5.0
SRW	148.0	148.0	154.0	163.0	164.0	160.0	-4.0
White	85.0	85.0	83.0	85.0	85.0	84.0	-1.0
Durum	85.4	87.7	78.8	84.7	83.0	83.0	0.0
Total	961.6	960.5	971.4	972.6	970.0	960.0	-10.0

HRW = Hard Red Winter; HRS = Hard Red Spring; SRW = Soft Red Winter.
Source: USDA, Economic Research Service calculations using data from USDA, National Agricultural Statistics Service and U.S. Department of Commerce, Bureau of the Census.

Figure 4
U.S. wheat cash prices, January 2014–January 2024



Note: The Hard Red Spring quote is for Minneapolis and refers specifically to Dark Northern Spring, a subclass of Hard Red Spring. Prices are monthly averages of daily quotes.
Source: USDA, Economic Research Service calculations using data from USDA, Agricultural Marketing Service.

International Outlook

Global Wheat Production Raised Slightly

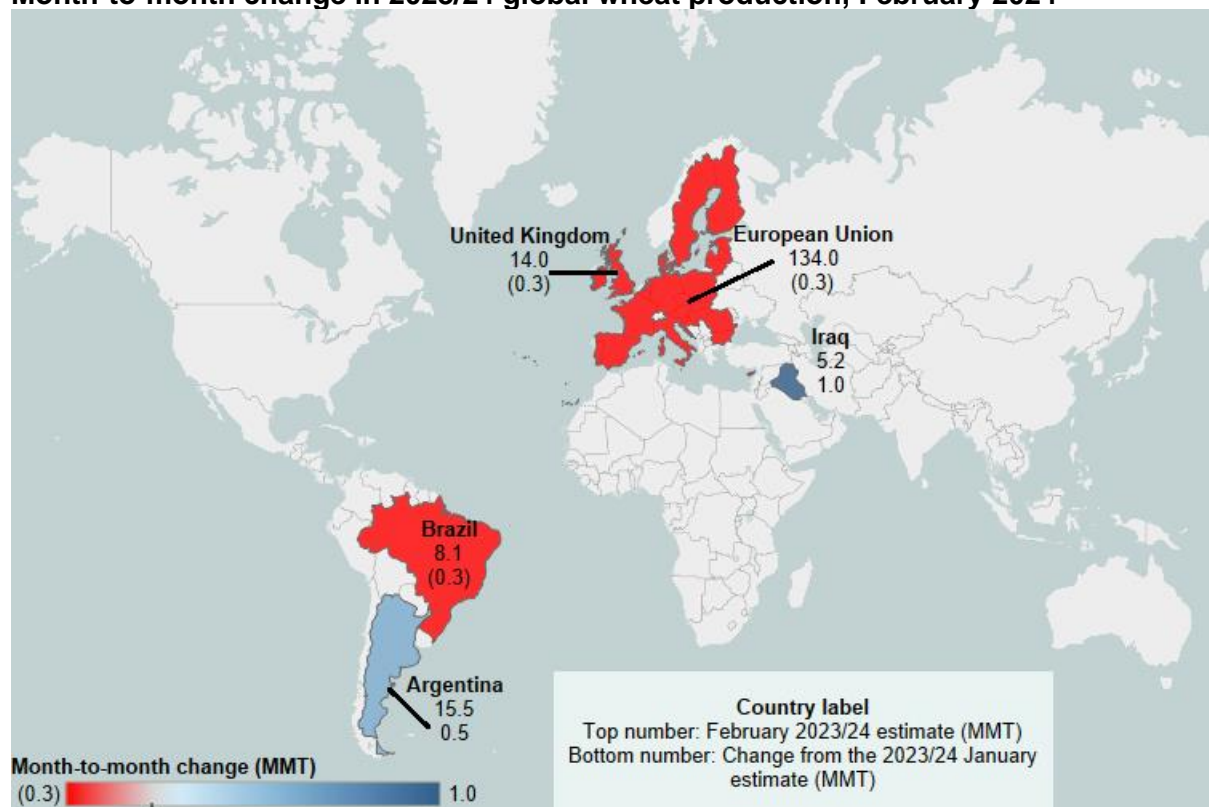
Global wheat production for 2023/24 is raised by less than 1 million tons this month to 785.7 million. The main drivers of this month's changes are higher production for **Iraq** and **Argentina**, followed by smaller increases for **Uzbekistan** and **Kazakhstan**. Higher projected wheat output in these countries more than offsets lower wheat production for **Brazil**, the **European Union**, and **United Kingdom** (figure 5).

Revised area and yield increases **Iraq's** wheat production by 1.0 million tons this month to 5.2 million tons for 2023/24, the highest on record. This change includes reported official estimates from the Iraq Central Statistical Organization and the wheat production estimate from the Kurdistan region of Iraq as reported by the Kurdistan Regional Statistics Office – accounting for about 1 million tons of wheat production for 2023/24. In central and south regions of Iraq, mixed farming practices are implemented in crop production along with irrigation from the Tigris and Euphrates rivers while the Kurdistan Region of Iraq is primarily rain-fed, so that area historically has seen more effects from drought.

Wheat production for the 2023/24 **Argentina** crop year is projected 0.5 million metric tons higher this month, to reach 15.5 million. With harvest practically completed, the estimate is roughly the same as the latest harvest results number released by the Ministry of Agriculture. This month, **Brazil's** 2023/24 wheat production is reduced 0.3 million tons to 8.1 million, on lower yield. The estimate aligns with official data from the National Supply Company (CONAB) from Brazil published on January 10. The excessive rainfall during September through November due to the El Niño weather pattern affected wheat quality and productivity in Brazil's southern region where the 2 major wheat-producing States, Rio Grande do Sul and Paraná, account for 80 percent of production. Despite this, 2023/24 production is still the second highest estimate on record behind only the 2022/23 crop year. Similarly, wheat production in the **European Union** and the **United Kingdom** is projected lower this month by 0.3 MMT each, based on official statistics.

Figure 5

Month-to-month change in 2023/24 global wheat production, February 2024



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.

Global Trade Raised on several offsetting changes this month

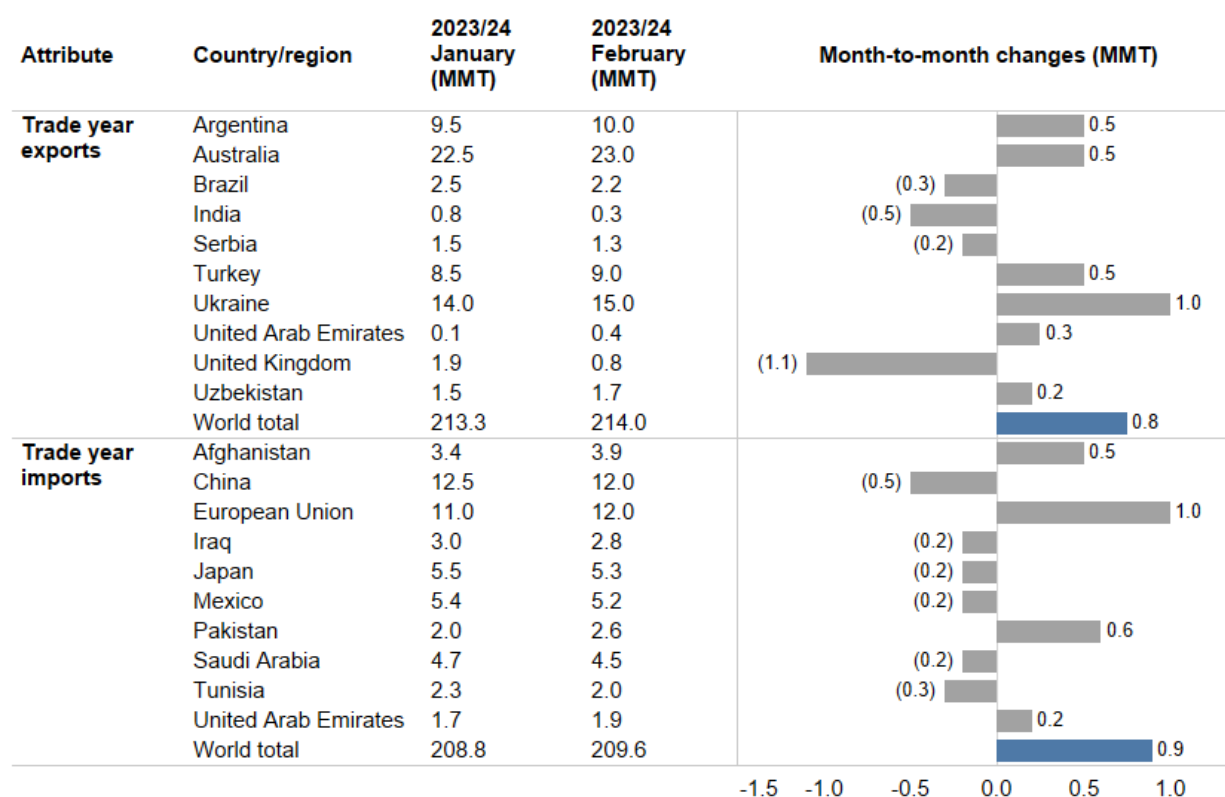
Global wheat exports for the 2023/24 (July-June) international trade year (TY) are projected 0.8 MMT higher to 214.0 MMT. The **United Kingdom** leads changes this month with a decrease of 1.1 million metric tons to 0.8 MMT on reduced wheat availability and increased domestic consumption. **Ukraine** exports are increased 1.0 MMT to 15.0 MMT, based on the current strong pace of shipments going primarily to the **European Union**. The export forecast for **Argentina** is raised 0.5 MMT to 10.0 MMT because of higher supplies and a strong export pace, particularly for the month of January. Similar increases are projected for **Australia's** and **Turkey's** wheat exports, both of which are projected 0.5 MMT higher. (figure 6).

Global TY imports are adjusted up 0.9 MMT to 209.6 MMT with an increase of 1.0 million metric tons for the **European Union** due to higher demand for feed use. Imports for **Pakistan** and **Afghanistan** are also slightly boosted by 0.6 and 0.5 MMT respectively. To learn more about the increases in wheat imports for many countries in South Asia (Bangladesh, Afghanistan,

Pakistan, India, and Sri Lanka) see this month's *Grain: World Markets and Trade* by USDA, Foreign Agriculture Service.

Partially offsetting these changes are decreases in a number of importers. **China**, which is down 0.5 MMT, has the largest downward revision in wheat imports this month driven by lower expected shipments from the **European Union**. **Tunisia's** imports are 0.3 MMT lower this month on a slower-than-expected pace of imports from the **European Union**. For **Iraq**, wheat imports are revised down 0.2 MMT, based on a larger crop. **Mexico** and **Saudi Arabia's** imports are each lowered this month based on a slow pace of trade while **Japan's** imports are also reduced based on expected lower consumption.

Figure 6
Month-to-month change in 2023/24 wheat trade, February 2024



MMT = million metric tons.

Note: Changes less than 0.2 MMT are not included; month-to-month change is the difference between February 2024 and January 2024 estimates.

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

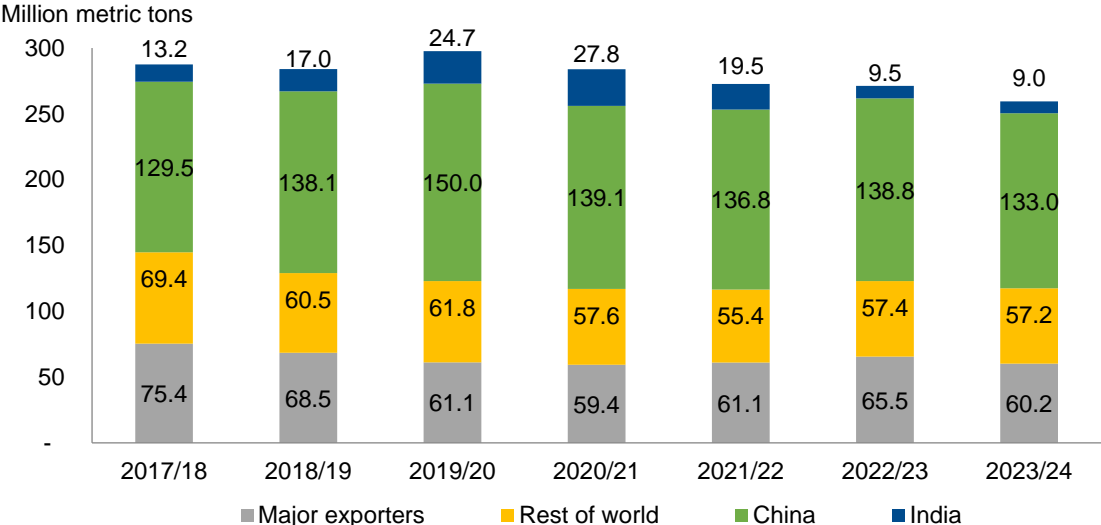
Global Wheat Consumption Up Slightly, Ending Stocks Lower

Global wheat consumption forecast for 2023/24 is projected up 1.1 MMT this month to 797.5 MMT with larger global food, seed, and industrial (FSI) use partly offset by a fractional reduction in global feed and residual use. Global wheat FSI is 1.3 MMT higher to 636.3 MMT on upward

revisions for **India, Ukraine, Iraq, and Pakistan**. Increases are partly offset by several reductions including the **United States and Tunisia** of 0.3 MMT each. Global feed and residual use is down 0.6 MMT to 160.5 MMT driven by a 1.0 MMT reduction for **Ukraine** to 3.0 MMT and smaller reductions from **Australia and Turkey** of 0.5 and 0.2 MMT, respectively.

Global wheat ending stocks for 2023/24 are revised down 0.6 MMT to 259.4 MMT, the lowest in 8 years (figure 7). The largest revisions include a decrease of 1.0 MMT for **India** followed by **China and Ukraine** with 0.5 and 0.4 MMT, respectively. Ending stocks in **Iraq** are raised by 0.6 MMT on higher projected output for 2023/24. **United Kingdom, Afghanistan, Pakistan, United States** and the **European Union** among others see smaller increases in ending stocks.

Figure 7
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.

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