



Wheat Outlook: June 2024

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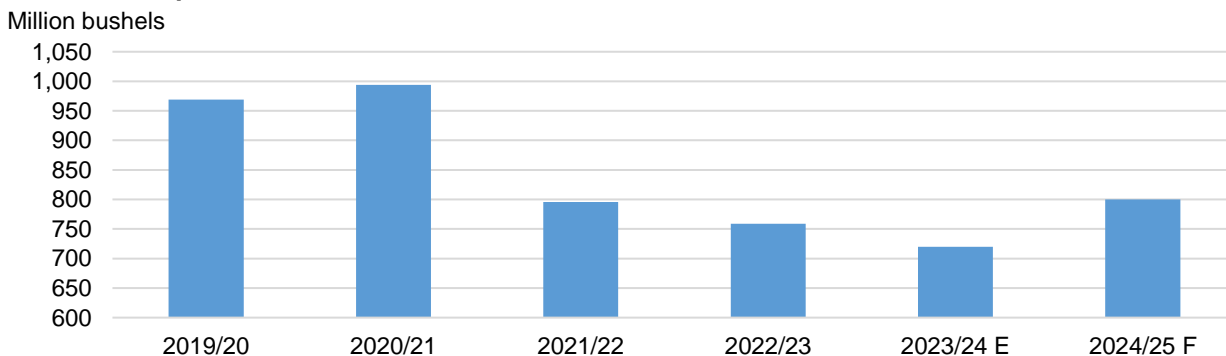
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U.S. Wheat Exports Forecast at 4-Year High

U.S. wheat exports for 2024/25 are forecast up 25 million bushels to 800 million bushels based on larger domestic supplies and reduced competition from other key exporters (figure 1). Russia’s production is forecast down 5 million metric tons (MMT) this month. The European part of Russia, where winter wheat is primarily grown, was beset by freezing temperatures in May and drought and heat through much of the growing season. Production is also expected lower for the European Union (excessive moisture in France) and Ukraine (intensifying dryness). Amidst the lower expectations for crops in these key exporters, U.S. wheat prices have started to pull closer to other major wheat exporters. The spread between U.S. Hard Red Winter at the Gulf, freight on board (FOB), and French wheat (FOB Rouen) has narrowed considerably while other key classes remain highly competitive with other major exporters. Even in spite of this month’s export increase, the long-term decline in the U.S. share of the global market is still evident as total exports are 20 percent below 2020/21. Notably, the United States is still forecast as the world’s fifth leading wheat supplier.

Figure 1
U.S. wheat exports, 2019/20–2024/25



E: denotes estimate. F: denotes forecast year.

Source: USDA, Economic Research Service calculations based on data from USDA, World Agricultural Outlook Board.

Domestic Changes at a Glance:

- U.S. wheat production for the 2024/25 marketing year is forecast at 1,875 million bushels (table 1), up 17 million bushels from the May forecast and up 3 percent year to year. USDA's National Agricultural Statistics Service (NASS) provided an updated survey-based production forecast for the 2024/25 U.S. winter wheat crop in the June 12 *Crop Production* report. Winter wheat production overall is projected up 17 million bushels from the May 10 *Crop Production* report to 1,295 million bushels with larger Hard Red Winter (HRW) output more than offsetting reductions to Soft Red Winter (SRW) and White Winter production. Winter wheat harvested area is unchanged at 25.2 million acres, up 2 percent from last year.
 - HRW production is forecast at 726 million bushels, up 21 million bushels from the May estimate. Total winter wheat yields are revised higher in Kansas and Montana, both major HRW producing States. Area harvested is up year to year on lower abandoned acres and yields with conditions that improved substantially over last year's drought-affected crop.
 - SRW production is forecast down 2 million bushels from the previous month to 342 million bushels.
 - White winter production is forecast at 226 million bushels, down from 229 million bushels last month.
 - Durum and Other Spring Wheat production in 2024/25 are collectively estimated at 580 million bushels, virtually unchanged from the previous month. Durum production for Arizona and California is derived from the June 12 NASS *Crop Production* report, but the rest of the collective total 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. USDA, NASS will release its first survey-based production forecasts for Durum and Other Spring wheat in the July *Crop Production* report.
- 2023/24 all-wheat exports are unchanged at 720 million bushels with no by-class adjustments. U.S. wheat exports for June 2023 through April 2024 reached 650
- million bushels, down 8 percent from the same period last year. The 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 slower than April, based on export sales data reported by USDA, FAS and grain inspections data from USDA, Federal Grain Inspections Service (FGIS).

- U.S. wheat exports for 2024/25 are forecast up 25 million bushels to 800 million bushels on larger domestic supplies and lower projected shipments from key competitors.
- U.S. wheat imports for 2023/24 are unchanged at 140 million with no adjustments to by-class imports. U.S. wheat imports for June 2023 through April 2024 totaled 128 million bushels, accounting for 91 percent of the marketing year projection. Imports for these 11 months are up 14 percent from the same period last year. There are no changes to imports by class. Imports for 2024/25 are unchanged at 120 million bushels.
- The 2023/24 season-average farm price is down \$0.10 per bushel to \$7.00 per bushel based on USDA, NASS reporting prices to date and expected futures and cash prices for the remainder of the marketing year. The April 2024 farm price reported in the USDA, NASS Agricultural Prices publication was \$5.91 per bushel, down from \$6.01 per bushel in March 2024.
- The 2024/25 season-average farm price is raised \$0.50 per bushel to \$6.50 based on recent increases in futures markets amid expectations of tighter global wheat supplies.

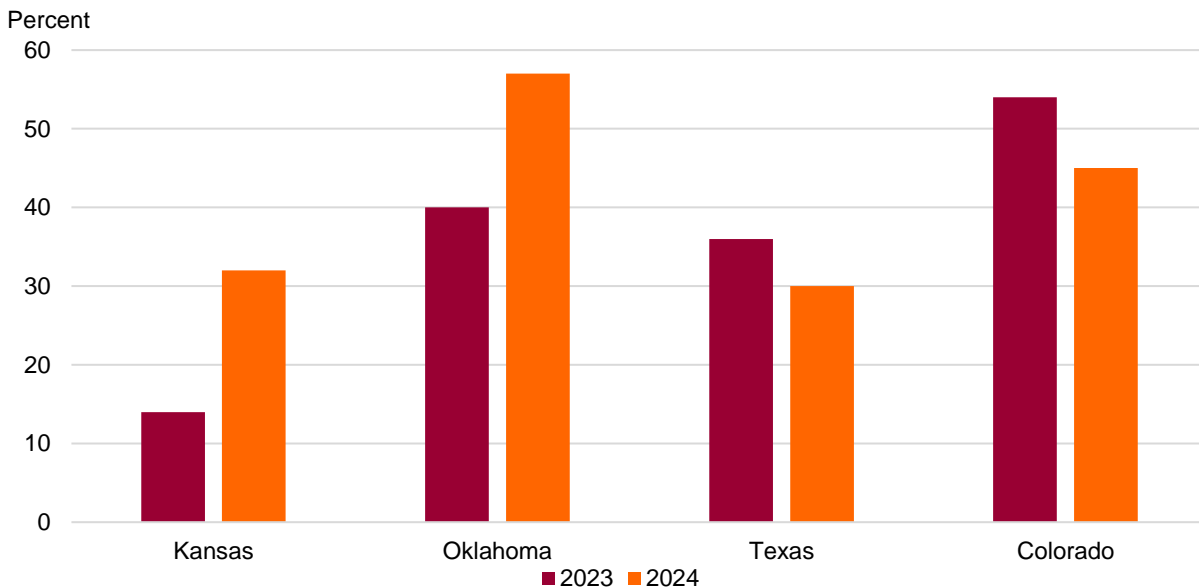
Table 1					
U.S. wheat supply and use at a glance 2023/24 and 2024/25 (in million bushels)					
Balance sheet item	2023/24 June	2024/25 May	2024/25 June	Month-to-month change	Comments
Supply, total					June-May marketing year
Beginning stocks	570	688	688	0	
Production	1,812	1,858	1,875	+17	Updated statistics from USDA, National Agricultural Statistics Service (NASS) in its <i>Crop Production</i> report
Imports	140	120	120	0	
Supply, total	2,522	2,665	2,682	+17	
Demand					
Food	960	962	962	0	
Seed	64	62	62	0	
Feed and residual	90	100	100	0	
Domestic, total	1,114	1,124	1,124	0	
Exports	720	775	800	+25	Larger crop and improved competitiveness of U.S. wheat with other major suppliers
Use, total	1,834	1,899	1,924	+25	
Ending stocks	688	766	758	-8	Still up 10 percent year on year and the highest in 4 years
Season-average farm price	\$7.00	\$6.00	\$6.50	+\$0.50	Recent increase in wheat futures prices amid crop concerns in other key wheat exporting countries
Source: USDA, Economic Research Service calculations and USDA, World Agricultural Outlook Board, <i>World Agricultural Supply and Demand Estimates</i> .					

Winter Wheat Conditions Improved Relative to Last Year

The conditions for winter wheat are substantially better than a year ago, which is reflected in USDA, NASS *Crop Production* statistics showing improvement in the yield and the harvested-to-planted ratio. This theme is also visible in the USDA, NASS crop condition ratings that show that 47 percent of winter wheat is rated as being in good or excellent condition as of June 9, 2024, compared with 38 percent last year. Across major HRW-producing States, combined good and

excellent ratings are up significantly from last year in Kansas and Oklahoma (figure 2), correlating to the improved yield in those States this year. Conversely, conditions and yields are lower for Texas. Colorado has lower combined good-to-excellent crop condition ratings this year, but projected yields are unchanged from the previous year. Winter wheat harvest is 12 percent complete as of June 9, 2024 (7 percent last year, 6 percent 5-year average).

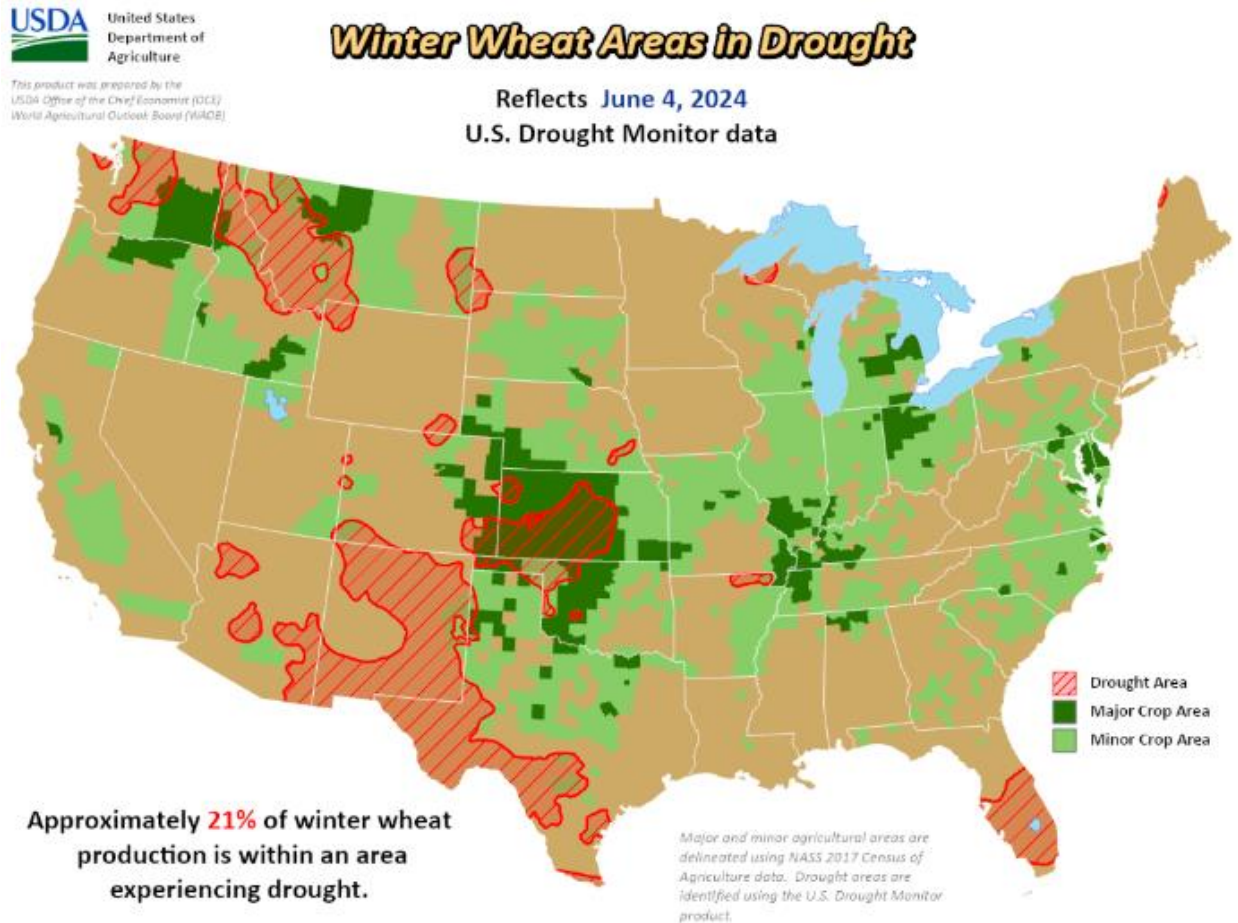
Figure 2
Combined good/excellent ratings for key winter wheat producing-States, 2023 and 2024



Source: USDA, Economic Research Service, based on data from USDA, National Agricultural Statistics Service, *Crop*

Drought in the major HRW-producing States in the Southern Great Plains has greatly diminished compared with a year ago. According to the USDA *Drought Monitor*, 21 percent of U.S. winter wheat production was in areas reported with drought on June 4 (figure 3), compared with 47 percent at the same time last year and 28 percent in early May. White wheat producing areas in the Pacific Northwest are experiencing drought in some locations, while SRW production areas along the Eastern portion of the country are largely free of drought.

Figure 3
U.S. winter wheat areas in drought as of June 4, 2024



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 areas are identified using the U.S. Drought Monitor product.
 Source: USDA, World Agricultural Outlook Board, Agricultural Weather and Assessments Group.

On June 4, drought was only affecting 3 percent of U.S. spring wheat (not including Durum) production. Planting and emergence are slightly ahead of normal pace this year as key growing areas in the Northern Plains largely avoided the excessive rain that can contribute to planting delays in some seasons. USDA, NASS reports that 87 percent of spring wheat is planted as of June 9, which is up slightly from last year (86 percent) and the 5-year average (83 percent).

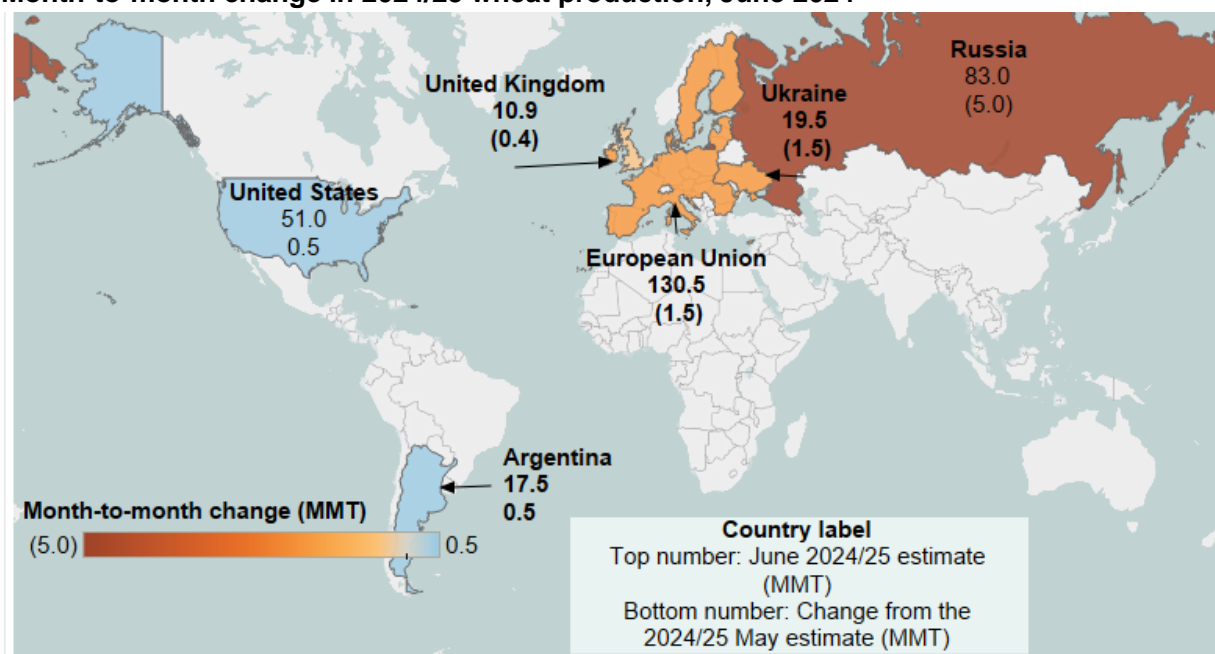
International Outlook

Global Wheat Production Forecast Lower in 2024/25

Global wheat production in 2024/25 is forecast down 7.4 million metric tons (MMT) but remains a record 790.8 MMT (figure 4). The largest month-to-month change is a large reduction in **Russia's** crop, along with smaller decreases for the **European Union (EU)**, **Ukraine**, and the **United Kingdom**. In Russia, winter wheat area harvested and yields have been reduced based on the effects of prolonged hot weather, intensifying dryness, and recent freeze events. For more detail, see the USDA, Foreign Agricultural Service (FAS) *World Agricultural Production* report. EU wheat production is reduced based on lower expected yields in France, where crop condition ratings are reported to be the lowest in 4 years due to continued excessive rain. Ukraine's production and yields are lowered as crop conditions are reported to have worsened due to intensifying dryness. Similar to France, wet conditions have also resulted in lower yield and production in the **United Kingdom**. Partly offsetting these reductions, **Argentina** wheat production is raised 0.5 MMT to 17.5 MMT on higher area due to improved profitability (rising prices) and sufficient moisture in some key producing regions. Production for the **United States** is raised with higher expected winter wheat yields based on the latest data from USDA, National Agricultural Statistics Service.

Figure 4

Month-to-month change in 2024/25 wheat production, June 2024



MMT=million metric tons.

Note: Change compared to the May 2024 estimate for 2024/25. Changes less than 0.2 MMT are not included.

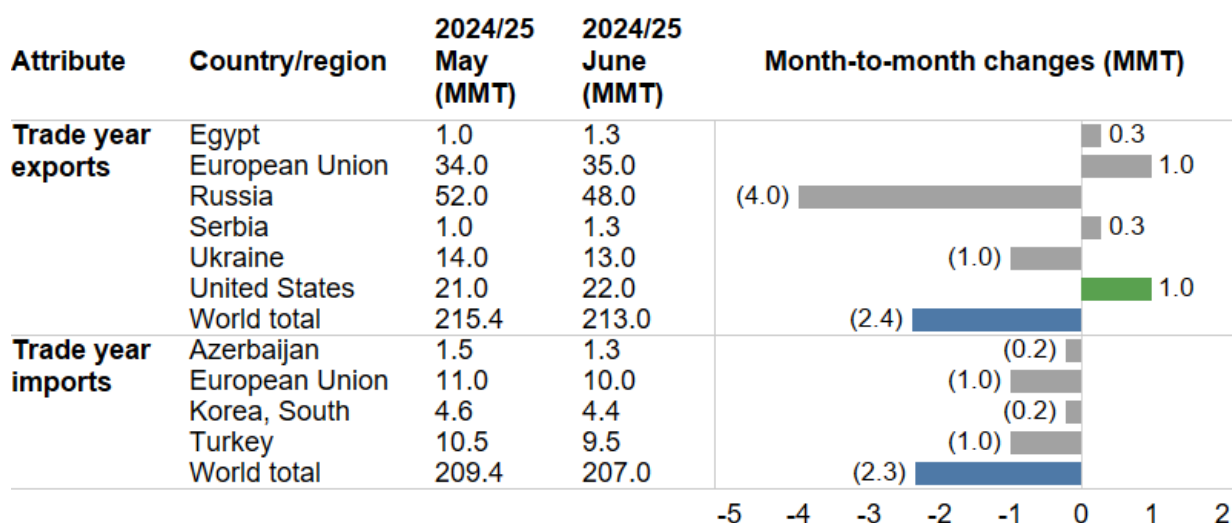
Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database.

Global Trade Forecast Down from Record in 2024/25

Global wheat exports for the July–June 2024/25 trade year (TY) are forecast down 2.4 MMT to 213.0 (figure 5). Changes in export share largely reflect year-to-year changes in exportable supplies.

Figure 5

Month-to-month change in 2024/25 wheat trade, June 2024



MMT=million metric tons.

Note: Change compared to the May 2024 estimate for 2024/25. Changes less than 0.2 MMT are not included.

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

Although **Russia's** exports are reduced substantially on tighter supplies, it is forecast to remain the world's leading wheat exporter by a large margin. Similarly, **Ukraine's** export forecast is reduced in line with a smaller crop. Conversely, exports for the **EU** are boosted despite reduced production based on abundant beginning stocks and expectations of improved competitiveness with Russia. Exports for the **United States** are raised with a larger crop and reduced competition from Russia and Ukraine. **Egypt's** exports are raised based on expectations of stronger flour and product shipments to regional destinations amidst a strong pace of trade in 2023/24. Exports for **Serbia** are raised slightly with the expectation that the country will draw down stocks in light of diminished competition from Russia.

Global imports for TY 2024/25 are forecast down 2.3 MMT to 207.0 led by downward revisions to the **EU** and Turkey. Imports for the EU are reduced due to smaller exports for their leading supplier, Ukraine. **Turkey's** imports are lowered with the recent announcement that the country will ban imports from June 21 until at least October 15 to protect their domestic producers. Imports are lowered for **Azerbaijan** due to expectations from reduced consumption amid higher

prices. Imports for Azerbaijan were also reduced for 2023/24 on the pace of trade. Imports are lowered for **South Korea** with expectations of reduced wheat feeding amid higher international prices for wheat relative to corn.

Global Wheat Consumption and Stocks Down

Global wheat consumption is lowered with smaller feed and residual use more than offsetting a small increase in food, seed, and industrial (FSI) use (table 2). Feed and residual use for the **EU** is lowered based on a smaller crop and higher prices, which are expected to make wheat less competitive in feed rations. Feed and residual use for **Russia** and **Ukraine** are reduced in line with smaller production. FSI use is raised for **China** as the strong pace of trade in 2023/24 raised expectations for consumption in 2023/24 and 2024/25. **Turkey's** FSI consumption is lowered based on expectations of smaller imports and stronger-than-expected beginning stocks. Turkey's FSI consumption was revised lower from 2021/22 through 2023/24 for a total of 0.9 MMT. Turkey's recent announcement that it will cease imports for several months is interpreted as an indication that stock levels are higher than previously anticipated.

Table 2

Month-to-month changes in 2024/25 global wheat consumption (1,000 metric tons), June 2024

Country	Use category	May	June	Month-to-month change
European Union	Feed and residual	46,500	44,500	(2,000)
Russia	Feed and residual	17,000	16,000	(1,000)
Ukraine	Feed and residual	2,500	2,000	(500)
World	Feed and residual	151,762	147,712	(4,050)
China	FSI consumption	117,000	118,000	1,000
Turkey	FSI consumption	19,300	18,900	(400)
World	FSI consumption	644,029	644,600	571
<i>World</i>	<i>Total consumption</i>	<i>795,791</i>	<i>792,312</i>	<i>(3,479)</i>
<i>World</i>	<i>Trade-adjusted consumption</i>	<i>802,369</i>	<i>798,040</i>	<i>(4,329)</i>

FSI = food, seed, and industrial.

Note: Table excludes changes smaller than 300,000 metric tons. Trade-adjusted consumption is slightly different than the sum of all countries consumption because it accounts for the difference between marketing year export and import figures. This is the global consumption statistic that matches the data presented in the *World Agricultural Supply and Demand Estimates (WASDE)*.

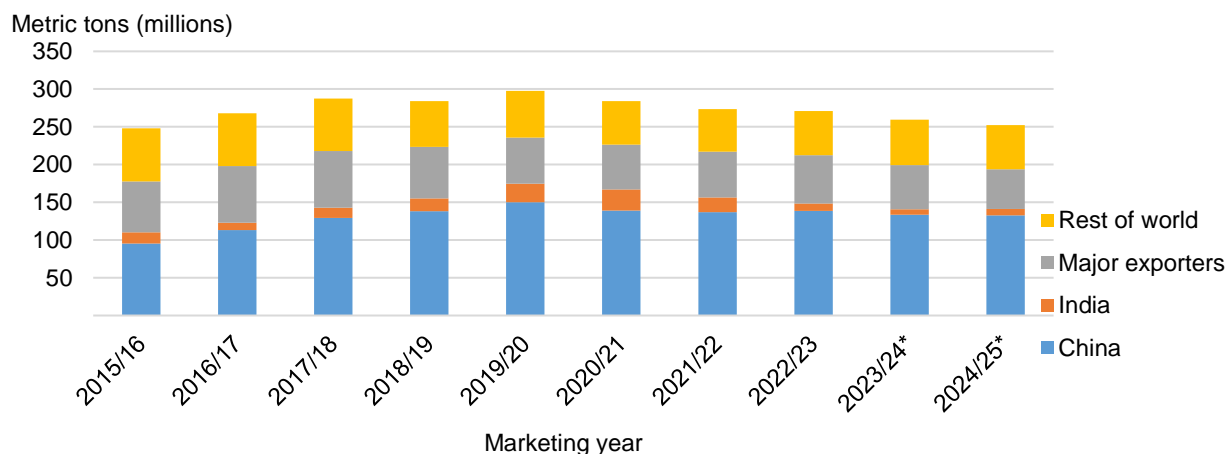
Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.

Global wheat ending stocks are forecast down 1.3 MMT to 252.3 MMT, remaining the lowest since 2015/16 (figure 6). **China's** stocks are forecast as nearly unchanged this month, still representing slightly more than half of the world's wheat stocks. **India's** ending stocks are

projected as unchanged at 8.5 MMT, up only slightly from 2023/24, which was the lowest since 2007/08.

Ending stocks for key exporters are collectively adjusted lower by 1.7 MMT to 52.6 MMT. Stock levels for major exporting countries are often considered an important analysis metric as these are the stocks available to the world market, which affects global wheat prices. Stock levels of most exporting countries are forecast lower this month. **Russia's** stocks are forecast only slightly lower at 7.7 MMT but would be the lowest since 2019/20. Russia's lost export share in the global market is expected to incentivize some other suppliers to draw down stocks to meet demand in key importing countries. Most notably, stocks are lowered for the **EU** by 3.0 MMT to 11.4 MMT.

Figure 6
Global wheat ending stocks, 2015/16–2024/25



*2023/24 and 2024/25 are forecasts. All other years are final.
 Major exporters: Argentina, Australia, Canada, the European Union, Kazakhstan, Russia, Ukraine, and the United States.
 Source: USDA, Economic Research Service, using data from USDA, World Agricultural Outlook Board.

Overview of 2023/24 Global Wheat Market Changes

For 2023/24, global wheat beginning stocks are raised 0.6 MMT to 271.0 MMT mainly due to the revisions to **Turkey's** consumption and stock levels. Global production is nearly unchanged at 787.6 MMT. TY imports are raised 3.2 MMT to 216.8 MMT mainly due to the large upward revisions to **China** and **Egypt** based on pace of trade. Total consumption is lowered as downward revisions to feed and residual for the **EU**, **Canada**, and **Ukraine** more than offset slightly higher FSI consumption for China. Global TY exports are raised 3.0 MMT to 222.2 MMT mainly due to the strong pace of shipments for the EU and Canada. Ending stocks are raised 1.8 MMT to 259.6 MMT with larger stocks for China and Turkey but lower stocks for the EU.

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