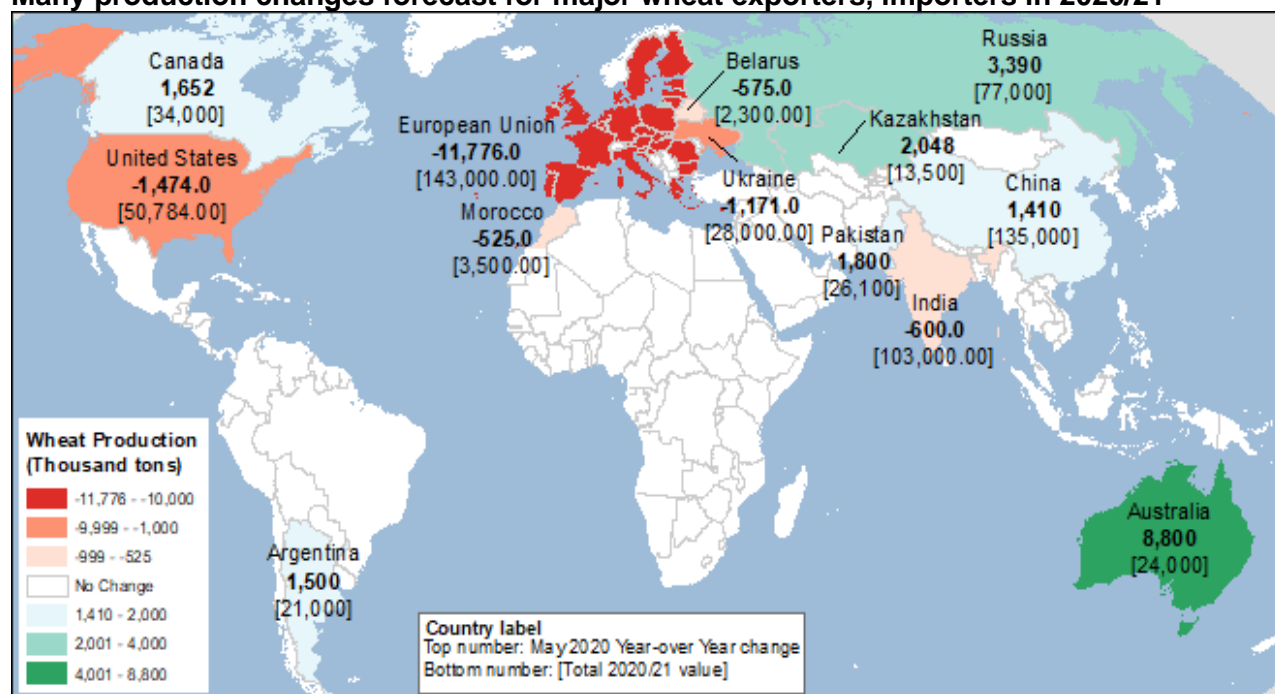


International Outlook

Global Production for 2020/21 is Forecast at a Record 768 Million Tons

While production for the U.S. is forecast to decline, for most other major exporting nations, the 2020/21 wheat harvest is expected to be larger than the previous marketing year (fig. 6). In the Black Sea region, **Russia** is forecast to expand wheat area and, despite some early regional dryness—particularly in the Southern and Northern Caucasus, yields are forecast up 4 percent from last year to 2.8 metric tons per hectare—the second highest on record. Total Russian wheat production for 2020/21 is 77 million metric tons of which about 70 percent is winter wheat. With substantial exportable supplies forecast for the new marketing year, Russia is projected to continue to be a formidable competitor in international markets and to regain its position as the top wheat-exporting nation.

Figure 6
Many production changes forecast for major wheat exporters, importers in 2020/21



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

Another Black Sea competitor, **Kazakhstan**, is forecast to see production rise on higher yields after last year's drought led yields to fall to the lowest level since 2012/13. **Canada's** wheat crop is forecast up on expanded area for most classes of wheat and recent favorable cultivation conditions. Winter wheat and durum planted area are up sharply—and will provide competition

for comparable U.S. grains. **Argentina's** wheat crop is also forecast to exceed last year's record production at 21 million metric tons. The Argentine wheat crop is projected to exceed the previous record production by 1.5 million metric tons on improved yields (up 0.3 tons per hectare) despite no expected increase in harvested area. Argentina is expected to remain a formidable competitor for South American wheat business, especially in the Brazilian market.

In contrast to the production gains noted previously, the **European Union** (EU 27 plus United Kingdom) wheat harvest is forecast to decline sharply on a sizable drop in harvested area and lower yields. Wheat production for the EU is forecast at 143.0 million metric tons down 11.8 million and 8 percent below last year's harvest. Harvested area is estimated at 25.3 million hectares, about 3 percent below last year's figure—largely on reduced sowings in the UK, France, and other northwestern EU countries—as they all suffered from the effects of excessive rainfall and soil moisture during the winter planting season. In France, area harvested is expected to be the lowest since 2001/02.

China and India FSI Demand Spurs Rise in Global Consumption to New Record-High

Global food, seed, and industrial (FSI) use has trended up in recent years, largely on population growth, but also in response to rising incomes and increased “westernization” of diets and urbanization in developing countries. While economic growth is expected to stall in the new marketing year, due partly to COVID-19, the effect of a growing global population on FSI demand is forecast to more than offset negative economic influences. Leading the way towards increased global consumption are China and India—as both are expected to harvest large crops and to have abundant domestic supplies available for use. The net 9.4 million-metric ton projected growth in global FSI for 2020/21 is predominately because of a 5.89 million metric ton combined increase in FSI for these two nations, representing 63 percent of total growth. Other areas of fast-rising FSI use in recent years include Sub-Saharan Africa and Southeast Asia, however, in these regions expected economic slowdowns are forecast to curtail the rate of FSI growth in the new marketing year.

Increasing global demand for wheat FSI outside of India and China is projected to help lift global trade by 2 percent in the new marketing year. Imports are forecast up a little more than 3.0 million metric tons on rising demand from several North African countries including Tunisia, Morocco, and Algeria, as well as, key Southeast Asian importers Vietnam and Malaysia. On smaller harvests, the EU and U.S. are also expected to expand imports in the new marketing year. In 2019/20, Egypt imported 13.0 million metric tons of wheat and is expected to match this

volume of imports in 2020/21 thereby retaining its position as the leading wheat importer in the world. After importing a record-high volume of wheat in 2019/20, Turkey is projected to reduce imports by 3 million metric tons to 7.5 million on both ample stocks and expectations for increased supplies.

Global Wheat Feed Use Projected to Fall on Shift Towards Corn in Rations

The global coarse grain outlook for 2020/21 is for record-large supplies, largely on expectations for record-high corn production. Growth in corn production is forecast for the U.S., Brazil, Ukraine, Mexico, and Canada and contributes to a 4 percent increase in global corn use. Expanded corn use across the globe is partially attributable to expanded feed use, raised from 704 million metric tons in 2019/20 to 729 million in 2020/21. Rising corn feeding contrasts with an expected contraction in global wheat feeding, lowered 5.9 million metric tons to 137.5 million in 2020/21. The largest year-to-year reductions are for the EU (-2.5 million metric tons), Australia (-1.2 million), the U.S (-0.95 million), and Canada (-0.7 million). In all cases, but Australia, reductions in wheat feeding are attributed to expanded availability of corn supplies. For Australia, the outlook for reduced feedings stems from increasing soil moisture and associated expectations for improved pasture conditions, along with expanded barley and sorghum feeding.

On Rising Carryout for China and India, Global Ending Stocks Set to Reach Record-High

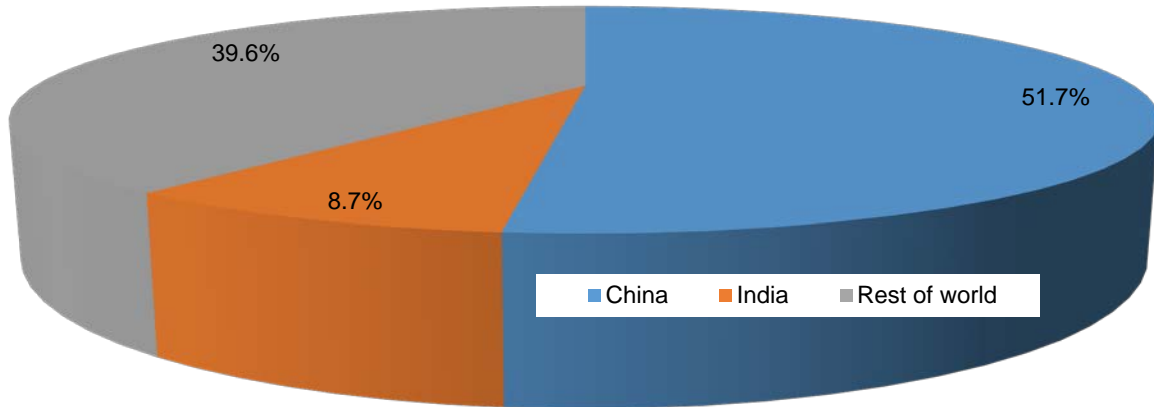
Despite rising consumption in both China and India, both countries are forecast to add to their already abundant stocks in 2020/21. Production in both countries has trended above consumption and neither country is a significant exporter of wheat. Consequently, wheat stocks have tended to accumulate, especially in China—which is now projected to hold a little more than 160 million metric tons or about 52 percent of total global wheat stocks—and India, which is set to become the second-largest holder of wheat stocks at 27 million metric tons (fig. 7).

When China and India's stocks are removed from the global total, carryout for the rest of the world is forecast to rise fractionally (+1.97 million metric tons) in 2020/21 to 122.7 million. Several major exporting countries such as Canada, Ukraine, Russia, Argentina, and Australia are forecast to see their stocks increase slightly, largely on expanded production.

Figure 7

China and India combine to account for more than 60% of total 2020/21 global wheat stocks

Share of total 2020/21 global wheat ending stocks



Sources: USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database and USDA, Economic Research Service calculations.

Stocks for the U.S. are projected down about 7 percent in the new marketing year to 24.7 million tons—the lowest since 2014/15. Even with this projected decline, the U.S. is expected to hold about 20 percent of the balance of stocks (world less India and China)—the largest volume among the major exporting countries.

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