WORLD WHEAT SUPPLY AND DEMAND
SITUATION AND OUTLOOK

USDA pegs 2020/21 world wheat production at a record 773 million metric tons (MMT), up 1% from last year and 3% more than the 5-year average of 721 MMT. Total global supplies are forecast to reach a record 1,073 MMT, 2% more than last year. USDA estimates significantly higher production in several of the world’s major exporting regions including Australia, Canada and Russia. Specifically, in Australia, production is expected to rebound 97% on the year to 30.0 MMT as favorable precipitation during the growing season pulled the country out of a severe, three-year drought. In January, USDA increased its 2020/21 Russian wheat production estimate by 1.3 MMT to 85.3 MMT, the highest on record. USDA estimates 2020/21 world wheat ending stocks will reach a record 313 MMT, down 3.0 MMT from the December estimate, but still 4% more than last year and 13% more than the 5-year average.

Higher global production and ending stocks are matched by increased global demand, lending confidence to the 26.8 MMT USDA forecast for the final 2020/21 U.S. wheat export volume. USDA expects total global consumption will reach a record 760 MMT, up 2% from last year and 3% more than the 5-year average. Increased total global consumption is driven by a significant increase in both human consumption and feed wheat use. Global human wheat consumption is expected to increase 2% on the year to a record 613 MMT. Total global feed wheat use is expected to reach 142 MMT, up 2% from last year. USDA expects global wheat trade to reach 194 MMT, up 1% from last year and 7% more than the 5-year average.

USDA estimates total 2020/21 world wheat production will reach a record 773 MMT, up 1% from last year and 3% more than the 5-year average.

According to USDA, total global wheat consumption will reach a record 760 MMT, up 2% from last year and 3% more than the 5-year average.

USDA forecasts world wheat trade will reach a record 194 MMT, up 1% from 2019/20 and 7% more than the 5-year average.
HIGHLIGHTS

2020/21 GLOBAL WHEAT PRODUCTION TO JUMP TO A RECORD 773 MMT.

- Global supplies estimated to reach a record 1,073 MMT, up 4% from the 5-year average.
- Following a three-year drought, Australian wheat production to jump 97% on the year to 30.0 MMT.
- Despite dryness through the spring and summer, Russian wheat production reached a record 85.3 MMT, up 16% from last year and 17% more than the 5-year average.
- U.S. wheat production estimated at 49.7 MMT, down 5% from 2019/20 on reduced average yield and lower total planted area.

Global wheat production in 2020/21 to reach a record 773 MMT as larger Australian, Russian and Canadian harvests more than offset reductions in the European Union (EU), Argentina and Ukraine.

WORLD WHEAT TRADE TO REACH A RECORD 194 MMT, UP 1% FROM LAST YEAR AND 7% MORE THAN THE 5-YEAR AVERAGE.

- Exports from Australia of 20.0 MMT to more than double last year's volume on significantly increased production.
- Russian exports to reach 39.0 MMT, the second-highest on record.
- U.S. 2020/21 exports to reach 26.8 MMT, 2% more than last year and 6% more than the 5-year average.

Expected Chinese ending stocks to reach a record 159 MMT and account for 51% of the world total.

GLOBAL WHEAT ENDING STOCKS PROJECTED AT A RECORD 313 MMT, 4% MORE THAN LAST YEAR AND 13% MORE THAN THE 5-YEAR AVERAGE.

- USDA estimates record Chinese ending stocks of 159 MMT will be 5% more than last year and 25% more than the 5-year average.
- Indian ending stocks are forecast to reach a record 31.3 MMT in 2020/21, nearly double the 5-year average, on a 7% increase in harvested area.
- U.S. ending stocks to fall to 22.8 MMT, the lowest since 2014/15.

USDA forecasts total U.S. wheat exports will reach 26.8 MMT, up 2% from last year on abundant supplies and competitive prices early in the marketing year.
UNITED STATES

- USDA estimates 2020/21 U.S. wheat production totaled 49.7 MMT, down 5% from last year and 8% below the 5-year average.
- According to USDA, the average yield for all U.S. wheat fell 4% from last year to 49.7 bu/acre.
- Persistent, severe dryness and spring freezes hurt hard red winter (HRW) yield potential across most of the Southern and High Plains.
- USDA estimates total 2020/21 U.S. wheat harvested area fell 2% on the year to 36.8 million acres.
- An overly cool, wet spring across eastern North Dakota and western Minnesota pressured total hard red spring (HRS) planted area by 4% on the year to 11.5 million acres, slightly lower than the 5-year average.
- USDA forecasts total 2020/21 U.S. wheat exports will reach 26.8 MMT in 2020/21, 2% more than last year and 6% more than the 5-year average.

CANADA

- USDA estimates total Canadian 2020/21 wheat production reached 35.2 MMT, 8% more than last year and 13% more than the 5-year average.
- The national average yield jumped 4% on the year to 52.2 bu/acre.
- Statistics Canada (StatsCan) estimates total Canadian wheat planted area jumped 2% on the year to 25.0 million acres as significantly greater winter wheat and durum planted area more than offset decreased spring wheat planted area.
- Canadian winter wheat production increased 65% on the year to 2.80 MMT due to higher seeded area and a return to normal abandonment rates, reported Agriculture and Agri-Food Canada (AAFC).
- According to Stratégie Grains (SG), Canadian durum production jumped 31% on the year to 6.57 MMT on more favorable harvest conditions.
- USDA forecasts total Canadian wheat exports will increase 8% from last year to 26.5 MMT, 17% more than the 5-year average.

EUROPEAN UNION

- According to SG, total EU wheat production fell 12% from last year’s 154 MMT to 136 MMT in 2020/21.
- Persistent heat and dryness in France and Germany challenged yield potential in both countries.
- USDA predicts the total EU average wheat yield fell 7% from last year to 82.1 bu/acre on severe heat and dry weather.
- SG predicts total French soft (non-durum) wheat production fell 26% from last year to 29.3 MMT.
- SG reports total German wheat production dropped 4% from 2019/20 to 21.9 MMT.
- Total EU durum production fell slightly from last year to 7.20 MMT.
- USDA expects total EU wheat exports will fall 31% on the year to 26.5 MMT, 10% below the 5-year average.
SG expects total Argentinian wheat production will fall 12% from last year to 17.0 MMT on extreme dryness through the end of the growing season.

Early dryness reduced total Argentinian planted area to 14.9 million acres in 2020/21, down 9% from last year.

SG predicts the country’s average wheat yield will fall 3% from 2019/20 to 42.0 bu/acre.

According to USDA, Argentinian wheat exports are expected to decrease to 12.0 MMT in 2020/21, 11% less than last year and 3% less than the 5-year average.

USDA expects Australian wheat production will jump 97% on the year to 30.0 MMT as widespread rain pulled the country out of a three-year drought.

SG expects total average Australian wheat yield will rebound 73% from last year to 38.7 bu/acre.

Increased average yield will augment a 29% increase in harvested area of 32.1 million acres.

Wheat for feed use is expected to drop 10% from last year to 4.50 MMT as increased moisture for pastureland reduced the need for wheat feeding.

USDA predicts total Australian ending stocks will rebound 86% from 2019/20 to 5.40 MMT.

According to USDA, Australian wheat exports in 2020/21 are expected to more than double last year’s volume at 20.0 MMT, the highest since 2016/17.

SG estimates total Ukrainian wheat production fell 10% from 2019/20 to 25.4 MMT on persistent dryness.

SG estimates total Ukrainian average wheat yield fell 4% from last year to 59.7 bu/acre.

USDA forecasts total Ukrainian wheat exports will fall 17% from last year’s record to 17.5 MMT in 2020/21.

SG estimates total wheat production in Kazakhstan increased 10% from 2019/20 to 12.5 MMT due to higher average yield which augmented increased harvested area.

According to USDA, total Kazakh wheat exports are expected to fall 3% on the year to 6.80 MMT, 13% below the 5-year average, if realized.
For the first time since 2013/14, total U.S. winter wheat planted area increased on the year as producers took advantage of dry seeding conditions and strong prices through fall 2020. USDA’s 2021/22 Winter Wheat Seeding report, released Jan. 12, reported U.S. farmers planted 32.0 million acres of winter wheat for harvest in 2021, up 5% from marketing year 2020/21. Increases for hard red winter (HRW) and soft red winter (SRW) more than offset a slight decrease in white winter wheat planted area.

USDA assessed HRW planted area at 22.3 million acres, up 4% on the year. Planted acreage is up year-over-year in several major HRW-producing states with the largest increases reported in Montana, South Dakota and Kansas. Montana planted area increased 10% on the year to 1.70 million acres and South Dakota planted area jumped 13% from last year to 710,000 acres. In both states, dry planting conditions were a welcome change compared to fall 2019. In Kansas, HRW planted area for harvest in 2021 is up 10% from last year at 7.30 million acres on stronger prices and extreme dryness which deterred producers from setting acres aside for corn production in spring 2021.

Total SRW planted area of 6.23 million acres is up 12% from 2019 and 8% from the 5-year average as producers took advantage of pristine planting conditions and strong futures prices. Increases in major SRW-producing states more than offset decreases in Ohio and Maryland.

“Strong futures prices, strong farm gate prices and a quick soybean harvest in many Midwestern states incentivized SRW producers to plant more wheat acres this year, specifically in Wisconsin and Missouri,” said a grain trade manager.

White winter wheat planted area (primarily soft white) is slightly below last year at 3.48 million acres (1.40 million hectares), customers can expect a steady supply of white winter wheat off the Pacific Northwest (PNW) through marketing year 2021/22.

Winter durum planting in the southwestern United States is estimated at 70,000 acres (28,300 hectares) down 5% from 2020. Arizona and California plant Desert Durum® from December through January for harvest May through July.
Total U.S. wheat export sales of 21.4 MMT are 5% ahead of last year’s pace according to USDA export sales data through Jan. 14, 2021. Hard red spring (HRS) and all white wheat sales are significantly ahead of last year’s pace. USDA projects total 2020/21 exports will hit 26.8 MMT which, if realized, would be 2% more than last year and 7% more than the 5-year average. To date, total wheat sales to three of the top five markets for U.S. wheat, the Philippines, China and South Korea, are all significantly ahead of last year’s pace. Sales to Mexico and Japan, the largest and fourth-largest markets for U.S. wheat, respectively, are only slightly behind this time last year.
USDA expects the United States to export 10.8 MMT of HRW in 2020/21, 6% more than 2019/20, if realized. Year-to-date HRW sales total 7.25 MMT, 3% behind last year’s pace and 67% of USDA’s total estimate. Exports to four of the five top markets for HRW are significantly ahead of last year’s pace. Sales to China, now the second-largest market for HRW, total 1.13 MMT compared to the zero sales booked as of January 2020. Export sales to Nigeria are 17% ahead of last year at 757,000 MT and sales to Japan are up 5% at 747,000 MT.

USDA forecasts 2020/21 HRS exports will rise to 7.35 MMT, up slightly from last year on competitive prices at the beginning of and halfway through the marketing year. Year-to-date total HRS sales of 6.27 MMT are up 8% from 2019/20. Export sales to the top three markets for HRS are ahead of last year’s pace. Sales to the Philippines, the largest market, are up 2% on the year at 1.49 MMT. Sales to Japan are up 5% from last year at 741,000 MT. China, now the third-largest destination for HRS, has now booked 566,000 MT so far in 2020/21, up nearly 800% from last year. USW believes HRS exports could remain strong through the second half of the marketing year as FOB prices remain competitive with other global suppliers.

USDA predicts total SRW exports will fall 18% from last year to 2.04 MMT on a “flash in the pan” harvest in Gulf-tributary states, low exportable supplies and extremely high FOB prices caused by extremely tight elevation capacity and the highest futures prices in nearly 6 years. To date, SRW sales are down 26% from last year at 1.58 MMT with reduced sales reported in most of the country’s top 20 export markets, notably Mexico, Nigeria and Colombia.

USDA predicts “white wheat” exports (which include more than 99% soft white) will jump 15% in 2020/21 to 5.85 MMT on extremely competitive export prices. As of Jan. 14, 2021, export sales of white wheat are at 5.62 MMT, 37% ahead of last year’s pace and make up 96% of USDA’s estimate. Sales to four of the five top markets for U.S. white wheat are well ahead of this time last year. Sales to the Philippines, the top market, are up 5% from 2019/20 at 1.12 MMT and sales to South Korea, the second-largest market, are up 64% at 799,000 MT. Export sales to China, now the third-largest market for U.S. white wheat, are more than four times greater than this time last year at 584,000 MT.

Year-to-date durum sales in 2020/21 are 19% behind last year’s pace at 660,000 MT but are 20% ahead of the 5-year average. Total sales to Italy, the largest market for U.S. durum, are 15% behind last year’s pace at 433,000 MT, which is still 63% more than the 5-year average.