



U.S. WHEAT
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WHEAT SUPPLY AND DEMAND OUTLOOK

WINTER 2024

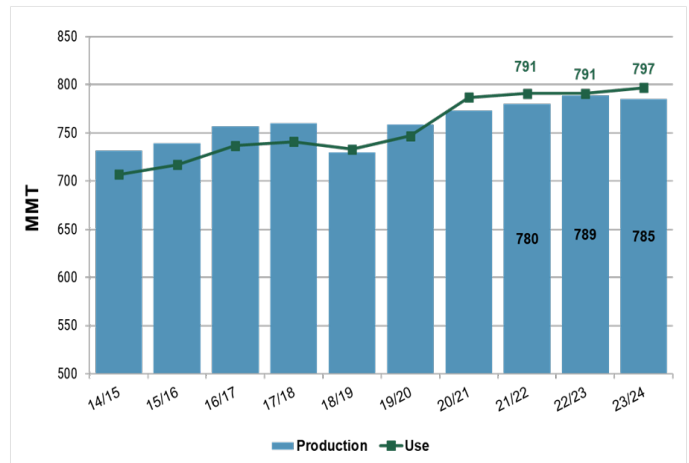


World Wheat Supply and Demand Situation and Outlook

Released on January 12, the World Agricultural Supply and Demand Estimates (WASDE) had a bearish impact on the market, as the estimates quantified the sustained record export flows from the Black Sea and increased ending stock levels. The 2023/24 global wheat production is forecast at 784.9 MMT, up 1.9 MMT from December's estimates. Meanwhile, world wheat demand remains at a record high of 796.4 MMT, outpacing world wheat production by 11.5 MMT.

Although demand surpassed supplies, the January WASDE increased world ending stocks by 1.8 MMT. The current estimate of 260.0 MMT is a 4% decrease from the year prior and the lowest level since 2015/16. In major exporting countries, wheat stocks sit at 58.7 MMT, an improvement from previous estimates but still below 60.4 MMT the year prior. Increased ending stocks in the EU and Ukraine helped support the recent increases. World wheat trade is expected to reach 209.5 MMT, down from 220.2 MMT in 2022/23.

WORLD PRODUCTION AND USE



SOURCE: JANUARY 2024 WASDE REPORT

Domestic Situation and Outlook

Domestically, the January WASDE made few significant changes, while the Winter Wheat Seedings Report overshadowed the WASDE's impacts. U.S. ending stocks came in 300,000 MT lower, though USDA foresees ending stocks at 17.6 MMT, a 14% increase year over year and

the first increase since 2015/16. That estimate helps loosen the U.S. wheat balance sheet and relieve underlying price pressure, though ending stocks still sit 13.9 MMT below the recent highs hit in 2016/17.



Following global price trends, the January WASDE put U.S. farm prices at \$7.20/bu, down 10 cents from the previous estimate.



Global consumption increased by 1.8 MMT to 796.4 MMT, outpacing production by 11.5 MMT, the most significant gap since 2012/13.



In major exporting countries, wheat stocks sit at 58.7 MMT, an improvement from 51.5 MMT estimated in the October 2023, but still below 60.4 MMT the year prior.

Highlights

The 2023/24 global wheat production is forecast at 784.9 MMT, up 1.9 MMT from December's estimates.

- Production increased for Russia (+1.0 MMT) and Ukraine (+900,000 MT)

World wheat trade increased by 2.3 MMT to 209.5 MMT.

- Increases were recorded for Australia (+500,000 MT), Canada (+500,000 MT), Russia (+1.0 MMT), and Ukraine (+1.5 MMT).o Increases more than offset a reduction in the EU (-1.0 MMT).
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Global ending stocks increased 1.8 MMT to 260.0 MMT.

- Ending stocks decreased in Australia (-500,000 MT) and Canada (-500,000 MT); however, increases for the EU (+2.5 MMT) and Ukraine (+1.8 MMT) more than offset the declines



Wheat consumption increased in the EU (+1.0 MMT) and India (+1.25 MMT) on higher feed use for the EU and greater implied use in India, based on the latest government-held stocks reported by the Food Corporation of India.

World wheat trade increased by 2.3 MMT to 209.5 MMT. Record exports continue to flow from Russia, while Ukrainian exports have been better than expected. Black Sea exports have exceeded pre-war levels, with the region totaling 77.1 MMT in exports.

The wheat situation in Ukraine has been better than anticipated as USDA made upward revisions to production (+900,000 MT), exports (+1.5 MMT), and ending stocks (+1.8 MMT).

World Production

UNITED STATES

- The January WASDE put U.S. wheat production at 49.3 MMT, unchanged from December and up 10% from 2022/23.
- U.S. export estimates increased to 19.7 MMT from 19.07 MMT following a series of large wheat purchases from China.
- The U.S. ending stocks decreased by 300,000 MT to 17.6 MMT, though ending stocks still sit 14% above last year.

CANADA

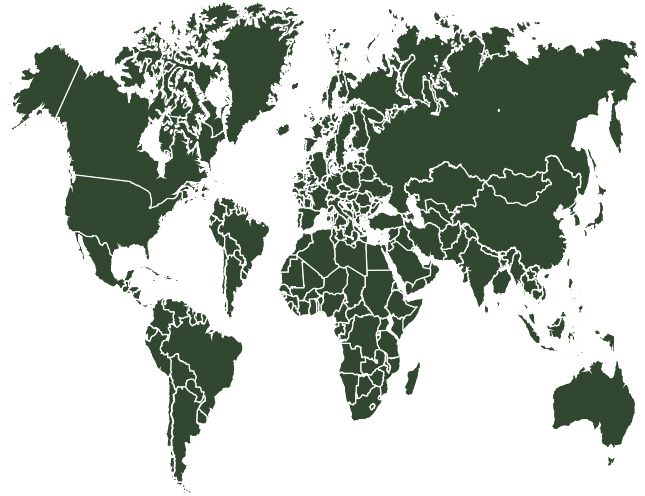
- According to Agriculture and Agri-Food Canada, Canadian wheat production was registered at 31.9 MMT, an increase from previous estimates but still 7% below the previous year. Better-than-expected yields in the eastern growing region helped boost production estimates.
- Canadian exports are forecast at 24.0 MMT, a 500,000 MT increase from previous estimates.
- Ending stocks are expected to decrease to 3.5 MMT, down 500,000 MT from the December estimates and 3.8% below the year prior.

RUSSIA

- The January WASDE put Russian production at 91.0 MMT, another 1.0 MMT higher than the December estimates.
- Exports increased an additional 1.0 MMT from the December estimates and currently sit at the highest level on record, 51.0 MMT.
- Russian ending stocks are forecast at 11.9 MMT, down 18% from the previous year.

UKRAINE

- Ukraine is expected to produce 23.4 MMT, a 9% increase from 2022/23, while the January WASDE increased the estimates by 900,000 MT.
- Export flows from Ukraine have been revised upward by 1.5 MMT to 14.0 MMT, though still sitting 18% below the year prior. Grain has continued to move through Ukrainian Black Sea ports, Danube River ports, and overland to deepwater ports in Romania, though the ongoing conflict still restricts exports.



U.S. Wheat production is forecasted to increase by 10% to 49.3 MMT

EUROPEAN UNION

- The January WASDE has European production at 134.3 MMT, unchanged from the December estimates.
- 2023/24 exports are forecast at 36.5 MMT, down 1.0 MMT from the December estimates following stiff competition from the Black Sea

AUSTRALIA

- Australian wheat production decreased to 25.5 MMT, a 37% decrease from the year prior. However, the estimates remain 19% ahead of the pre-La Niña five-year average.
- Exports are forecast at 19.0 MMT, a 500,000 MT increase from the December estimates, though still sitting at a 40% decrease year over year.

ARGENTINA

- Wheat production in Argentina is expected to rise 2.5 MMT to 15.0 MMT following a drought in 2022/23.
- Exports are projected at 10 MMT, a 173% increase from 2022/23.

Exports by Major Exporters (MMT)

Major Exporters	2022/23	2023/24	Year-Over-Year Percent Change	Change from 5-Year Average
United States	20.65	19.7	-5%	-19%
Argentina	3.6	10	173%	7%
Australia	31.8	19	-40%	-5%
Canada	25.6	24	-6%	3%
European Union	35.08	36.5	4%	14%
Russia	47.5	51	7%	36%
Ukraine	17.1	14	-18%	21%
Kazakhstan	10.5	10	-5%	20%
Total	192.2	184.2	-4%	5%
World Total	221.6	206.3	-7%	4%



U.S. Wheat Production by Class

HRW

USDA expects HRW exports to reach 3.9 MMT. Year-to-date HRW sales total 2.7 MMT, down 35% from 4.1 MMT the year prior and 69% of USDA's total estimate. Export sales to all destinations are behind last year's pace, apart from South Korea, whose purchases track 6% ahead of 2022/23. HRW exports currently sit at their lowest level on record.

HRS

HRS exports are forecast at 6.1 MMT. Year to date, HRS sales have exceeded 4.9 MMT, a 10% improvement from this time last year. Current export sales and commitments make up 80% of USDA's estimate. HRS purchases are much improved in the Philippines and Mexico, marking a yearly increase of 28% and 36%, respectively. Japan, South Korea, and Taiwan also demonstrate renewed interest in HRS with an 8%, 33%, and 16% increase.

SRW

A big winner in 2023/24, SRW exports are expected to reach 4.8 MMT, the highest since 2013/14. Year-to-date SRW sales total 4.3 MMT, an 81% bump from last year, while current commitments make up 90% of the total projected exports. Strong Latin American demand has helped boost SRW sales; however, Chinese purchases have accounted for the most significant share of the increase. Between Dec. 4 and 8, China purchased 1.12 MMT of SRW for delivery in 2023/24, and total SRW purchases by China surpassed 1.9 MMT for the marketing year.

WHITE

White wheat exports are forecast at 4.2 MMT. Year-to-date white wheat sales total 3.0 MMT, down 18% from last year, making up 72% of total projected exports. White wheat sales are down for most major customers, facing stiff competition from other origins.

DURUM

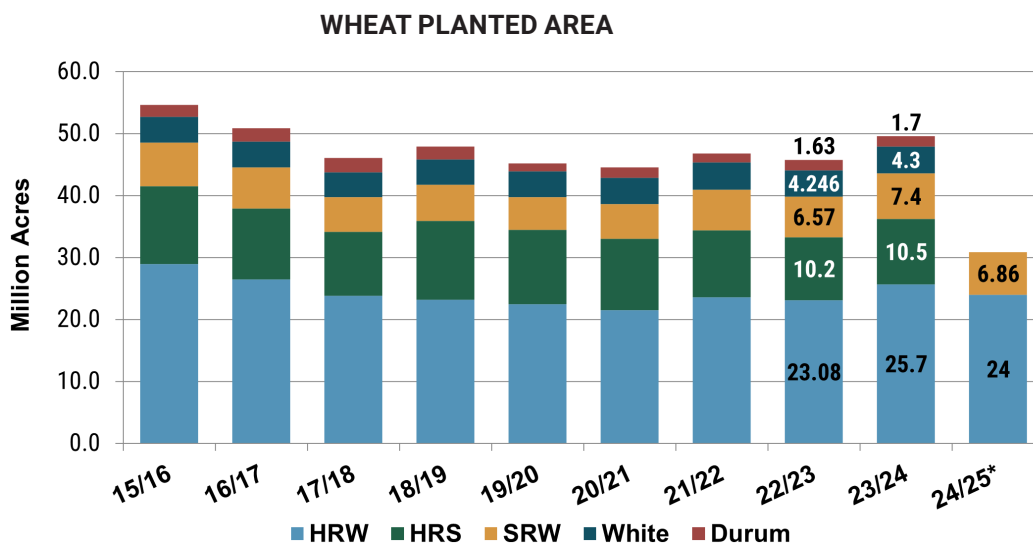
USDA forecasts durum exports at 700,000 MT. Year-to-date durum sales total 361,000 MT, a 25% increase from last year and 52% of the USDA projections. Algeria is the largest buyer, with 220,000 MT purchased to date, a 97% increase from 2022/23.



Winter Wheat Seeded Area for 2024/25 Harvest

The Winter Wheat Seedings Report put preliminary winter wheat acreage estimates at 34.4 million acres, down 6% from 2023 but still 4% ahead of the five-year average. HRW area is estimated at 24.0 MMT, down 5% on the year, while SRW area is approximately 6.89, a 13% decrease. The white winter wheat area came in at 3.5 MMT. Despite the decreased acreage, recent conditions suggest the potential for improved yield and reduced abandonment. The early season outlook for the 2024 harvest remains cautiously optimistic. Throughout the summer and fall, moisture helped replenish dry soil in the U.S. Southern Plains, aiding in fall planting and supporting early-season growth and emergence while making visible improvements in the U.S. Drought Monitor. The last aggregate USDA Crop Progress Report, published on Nov. 27, 2023, put 50% of winter wheat in the good to excellent category, the highest since 2020.

The upcoming USDA Planting Intentions Report will provide preliminary estimates for HRS, Durum, and white spring wheat area.



SOURCE: JANUARY 2024 WASDE REPORT

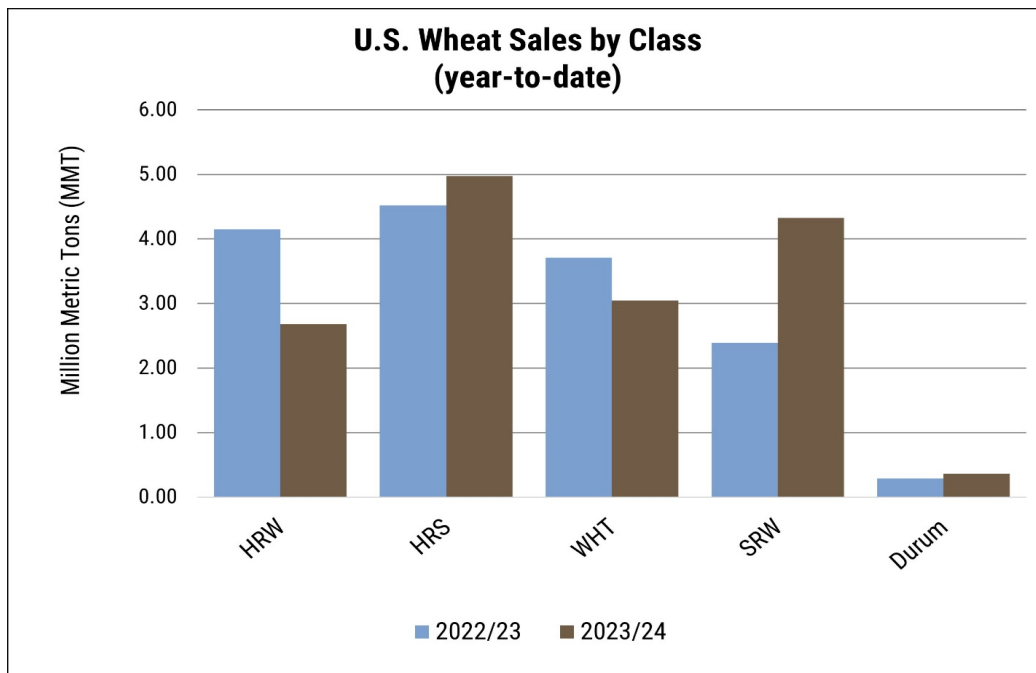


U.S. Commercial Sales Year to Date

For the week ending Jan. 4, net U.S. commercial sales of 128,100 MT were reported for delivery in 2023/24, below trade expectations of 200,000 to 450,000 MT. Year-to-date, 2023/24 commercial sales have totaled 15.4 MMT. USDA expects 2023/24 U.S. wheat exports of 19.7 MMT, and commitments to date are 78% of total projected exports.

Market conditions throughout 2023 turned the market back to buyers. From Jan. 2023 to the present, U.S. wheat free on board (FOB) export prices are down 22% on average across all classes and export points. Stiff competition, primarily from the Black Sea, has driven this trend, weighing on U.S. and world wheat prices. Simultaneously, the decreased grain export volume has created surplus capacity at U.S. ports, dampening U.S. basis levels and aiding the improved competitiveness of U.S. wheat. As of the Jan. 5 U.S. Wheat Associates Price Report, the average HRS basis for the Gulf and Pacific Northwest sits 15% below the five-year average, while HRW and SRW sit 31% and 27% below the five-year average, respectively.

Improved competitiveness has helped boost the export outlook for some U.S. wheat classes. Between Dec. 4 and 8, China purchased 1.12 MMT of SRW for delivery in 2023/24, supporting an 82% increase in SRW exports year over year. Likewise, HRS sales hover 8% ahead of the year prior at 4.9 MMT, comprising 32% of the total U.S. wheat export sales. Nonetheless, the positive export outlook for HRS and SRW fails to offset the reduced overall demand for U.S. wheat, driven by drought, high prices, and a major decline in HRW exports. For MY 2023/24, HRW exports are estimated to reach 3.9 MMT, a 35% decrease from the year prior and 55% below the five-year average. These competitive headwinds are not isolated to wheat. Exports for all grains and oilseeds face stiff competition from other world suppliers, with soybeans taking the largest impact due to South American competition in the Chinese market. According to USDA, for the week ending Jan 4, 2024, inspections for all grains (wheat, corn, and soybeans) were down 14% from the same period last year and 59% below the three-year average.



U.S. WHEAT ASSOCIATES Dependable People. Reliable Wheat.		Commercial Sales Report		
Current market year sales to date as of January 04, 2024				
CMY top 20 markets	For delivery in		Change from last year	Change from last week
All Wheat	2023/24	2022/23		
Mexico	2,437,655	2,521,328	-3%	7,172
China	2,397,852	747,197	221%	137,180
Philippines	2,007,690	1,694,828	18%	2,768
Japan	1,434,418	1,720,091	-17%	0
South Korea	1,004,952	1,004,505	0%	3,152
Taiwan	826,299	603,119	37%	200
Indonesia	378,944	299,119	27%	0
Thailand	364,975	609,794	-40%	14,500
Vietnam	295,315	251,060	18%	0
Chile	264,368	309,234	-15%	0
Honduras	246,962	264,833	-7%	0
Algeria	219,579	111,453	97%	0
Colombia	217,678	411,724	-47%	6,042
Ecuador	211,852	257,599	-18%	-10,000
Nigeria	202,070	663,082	-70%	0
European Union	199,565	322,362	-38%	0
Dominican Republic	191,538	238,506	-20%	0
Peru	188,792	179,047	5%	0
Yemen	158,707	157,468	1%	0
Panama	125,611	157,928	-20%	-14,008
Total Unknown	722,332	686,660	5%	-140,744
All Wheat Total Sales	15,393,223	15,060,646	2%	128,058



U.S. Wheat Associates (USW) is the industry's market development organization working in more than 100 countries. Its activities are made possible by producer checkoff dollars managed by 17 state wheat commissions and through cost-share funding provided by USDA's Foreign Agricultural Service.

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