WORLD WHEAT SITUATION AND OUTLOOK

World wheat trade in 2002/03 is forecast to be 102.6 million tons, down 7.1 million tons from 2001/02. Global production is forecast down 9.4 million tons, but consumption is forecast up 10.3 million tons from the previous year. Global stocks are forecast to fall by 25.8 million tons to the lowest level since 1996/97 levels.

Global production is nearly identical to last month's forecast with larger crops in Kazakstan, Russia, and Afghanistan offset by smaller crops in Australia, Algeria, and Eastern Europe. Global consumption is forecast down 3.1 million tons from last month due as a downward revision of Chinese consumption is partially offset by higher EU consumption. Ending stocks are forecast up 41.3 million tons due to a historical revision of Chinese stocks (see explanation below). Global wheat trade in 2002/03 is forecast up 2.6 million tons from last month. Increased exports from China, Russia, Ukraine, and Eastern Europe are partially offset by lower Australian exports. Meanwhile, imports are forecast up in Algeria, Egypt, and the EU. Early November export quotes for #2 HRW FOB Gulf averaged $191/MT, down $3 from last month.

World supply and demand estimates for wheat incorporate revised estimates of China's wheat consumption and ending stocks. The changes are due to numerous indications that USDA's previous estimates of China's wheat stocks are too low. The changes reflect information collected by the Agricultural Attaché in Beijing, Chinese and trade sources, and statements by Chinese officials regarding total grain stocks. Internal prices and trade patterns also strongly suggest stocks are much more abundant than USDA's previous estimates. Since production and trade estimates are unchanged, except for higher projected exports for 2002/03, higher stocks can only be attained by lowering use, specifically non-feed use. Per capita consumption of wheat is reduced slightly starting in 1990/91, with marginally stronger reductions in use from 1994/95 to 2002/03 as rising incomes led urban consumers to switch to other foods. Estimates of wheat feed use are raised 2 million tons per year for 2002/03 and the previous two years. Spreadsheets containing the old and revised Chinese wheat supply and demand balances and world wheat totals before and after the revisions can be found at: http://www.fas.usda.gov/grain/circular/2002/11-02/graintoc.htm. The new world wheat totals that incorporate the Chinese revisions also include changes from this month's lockup and therefore match the world wheat tables contained in this circular.

2002/2003 Trade Changes

Selected Exporters

- **Australia** down 1 million tons to 7 million resulting from drought-reduced production.
- **China** up 500,000 tons to 1.5 million due to shipment pace to date.
- **Russia** up 1 million tons to 6.5 million due to a larger crop and aggressive pricing.
- **Ukraine** up 1.5 million tons to 7.5 million because of less competition from traditional exporters and continued demand from the EU.

- **Eastern Europe (Poland and Serbia)** up 530,000 tons to 3.4 million as a result of exports to new markets.

Selected Importers

- **Algeria** up 300,000 tons to 4.8 million resulting from a smaller than expected harvest.

- **Egypt** up 200,000 tons to 6.2 million due to a strong import pace to date.

- **European Union** up 2 million tons in part because of higher than forecast imports from Russian and the Ukraine in anticipation that the EU will change its import regime.

2001/2002 Trade Changes

Selected Exporters

- **European Union** up 994,000 tons to 11.5 million based on final export data.

Selected Importers

- **Algeria** up 500,000 to 4.5 million tons based on strong late season trade.

Download the wheat tables in:

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