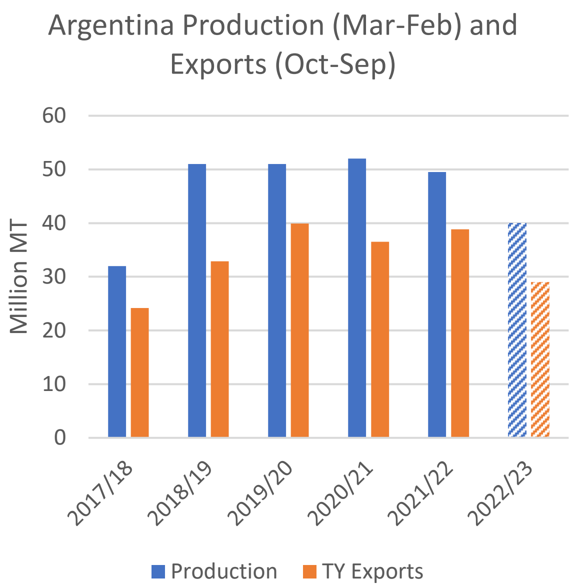
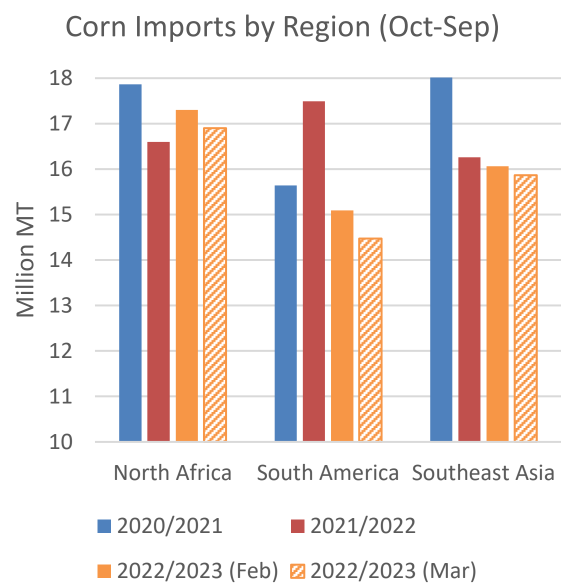
United States Department of Agriculture Foreign Agricultural Service

March 2023

Grain: World Markets and Trade

Argentina Drought Cuts Corn Exports with Lowest Global Trade in Three Years





Argentina corn exports (Oct 2022 – Sep 2023) are forecast at 29.0 million tons, the lowest since 2017/18. This year's production[1], like 2017/18, has been heavily impacted by drought, which is expected to reduce supplies available for export. The cut comes at a difficult time for global corn supplies. At the start of the 2022/23 marketing year, U.S. exports were constrained by logistical problems and relatively uncompetitive prices. Since mid-January, U.S. price competitiveness has improved but export sales have been slow to respond. At the same time, export inspection data for January and February combined is about half of the average shipped during the same period in 2020/21 and 2021/22. As a result, the U.S. export forecast is trimmed by another 2.0 million tons this month. The renewal of the Black Sea Grain Initiative has yet to be renegotiated from its current March 18 expiration, leaving some uncertainty in the future of Ukraine's grain exports. In stark contrast, Brazil is forecast to harvest a record crop of 125.0 million tons and export a record 52.0 million tons (Oct 2022 – Sep 2023). Though Brazil is expected to export large volumes between July and September after its *safrinha* harvest, ultimately, 2022/23 global trade is forecast down 2.6 million tons this month.

Argentina primarily exports to South America, Southeast Asia, and North Africa. Unsurprisingly, Argentina's reduced exportable supplies are expected to result in lower imports for countries in these regions, including Peru, Malaysia, and Egypt. Tight global supplies offer limited options for substitution from other origins, although competitively priced feed wheat supplies could play a role. Of these three regions, Southeast Asia is forecast to contract the least, bolstered by exports from India on record corn production. India is currently forecast to export 4.0 million tons of corn, the largest volume since 2012/13 when exports reached 4.8 million tons amid a drought-affected U.S. crop. With strong exports to begin its marketing year, India will again endeavor to help fill the gap left by a major exporter experiencing dry conditions.

[1] See the February and March 2023 World Agricultural Production publications for further discussion on Argentina production.

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World Markets and Trade: Commodities and Data

The Foreign Agricultural Service (FAS) updates its production, supply and distribution (PSD) database for cotton, oilseeds, and grains at 12:00 p.m. on the day the *World Agricultural Supply and Demand Estimates* (WASDE) report is released. This circular is released by 12:15 p.m.

To download the tables in the publication, go to Production, Supply and Distribution Database (PSD Online): scroll down to Reports, and then click Grains.

FAS Reports and Databases:

Current World Markets and Trade and World Agricultural Production Reports

Archived World Markets and Trade and World Agricultural Production Reports

Production, Supply and Distribution Database (PSD Online)

Global Agricultural Trade System (U.S. Exports and Imports)

Export Sales Report

Global Agricultural Information Network (Agricultural Attaché Reports)

Other USDA Reports:

World Agricultural Supply and Demand Estimates (WASDE)

Economic Research Service

National Agricultural Statistics Service

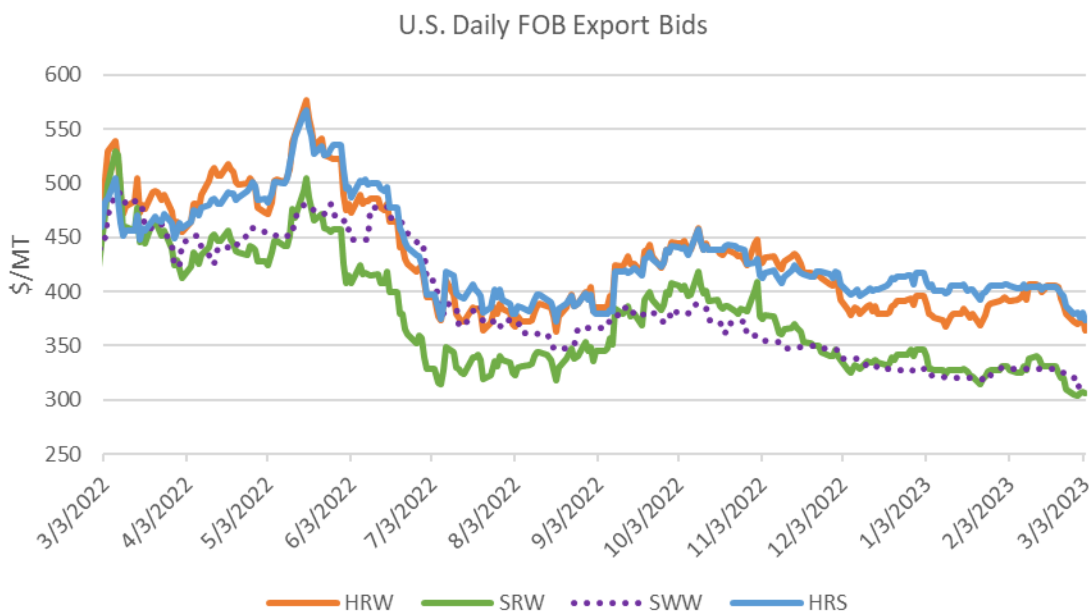
WHEAT

OVERVIEW FOR 2022/23

Global production is forecast higher this month on larger crops in Kazakhstan, Australia, and India. Global trade is forecast up with higher exports, mainly from Kazakhstan, Australia, and Brazil, more than offsetting smaller exports for Argentina and India. Imports are forecast up mostly on higher demand from Kazakhstan, Saudi Arabia, and Azerbaijan. Global consumption is raised with more consumption for food, seed, and industrial use in India and more feed and residual use in Kazakhstan. Stocks are forecast lower, continuing a multi-year decline. The U.S. season-average farm price remains at $9.00 per bushel.

WHEAT PRICES

Domestic: Since the February *WASDE*, U.S. quotes have fallen for all classes reflecting increased global exportable supplies, lower Black Sea and EU export prices, and generally favorable U.S. weather. Hard Red Spring (HRS) fell $31/ton from last month to $374. Hard Red Winter (HRW) fell $27/ton to $364 with some much-needed rains in key growing areas. Soft Red Wheat (SRW) fell $22/ton to $306. Soft White Winter (SWW) fell $17/ton to $312.

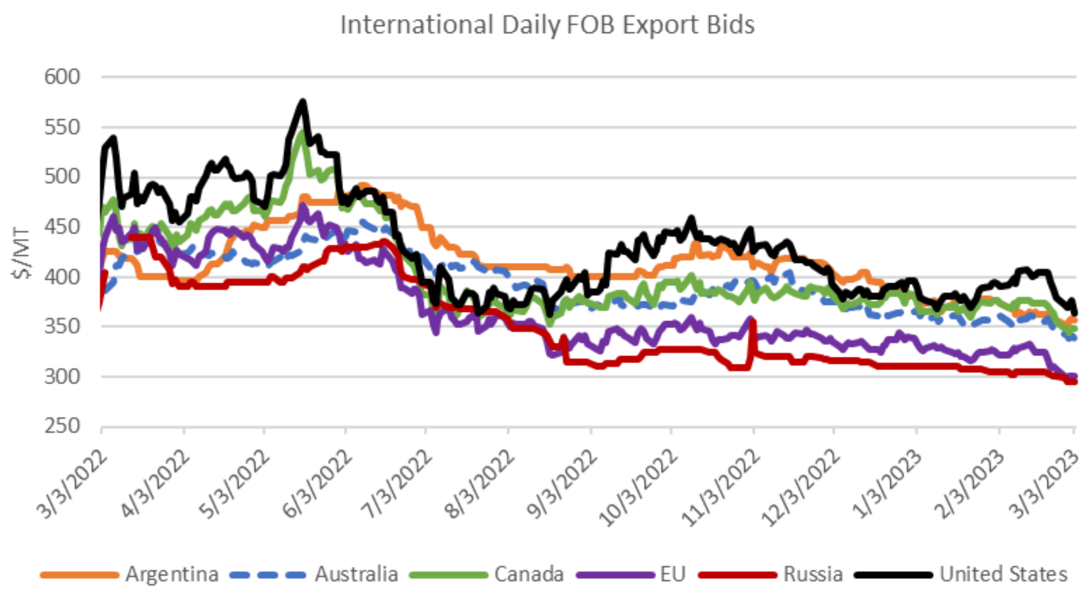


Source: IGC
*Note on FOB prices: HRW (Hard Red Winter); SRW (Soft Red Winter); SWW (Soft White Wheat); HRS (Hard Red Spring)

Global: Global wheat prices have fallen since the February *WASDE*. U.S. quotes had the largest decrease of $27/ton, reflecting strong price competition from partners and favorable weather. However, U.S. prices are still the least competitive of major exporters, continuing a persistent trend. Canadian quotes fell $25/ton in consort with U.S. price declines. Australian quotes fell $22/ton with an already record crop becoming larger. Argentine quotes dipped $16/ton but remain high relative to competitors on its drought-affected crop. Russian quotes slipped $10/ton on ample supplies. EU quotes fell $21/ton on increased competition from the Black Sea.

Argentina	Australia	Canada	EU	Russia	United States
$357	$339	$348	$300	$295	**$364**

Note: As of March 3, 2023



Source: IGC

*Note on FOB prices: Argentina- 12.0%, up river; Australia- average of APW; Kwinana, Newcastle, and Port Adelaide; Russia - Black Sea- milling; EU- France grade 1, Rouen; US- HRW 11.5% Gulf; Canada- CWRS (13.5%), Vancouver

MARKET FEATURE

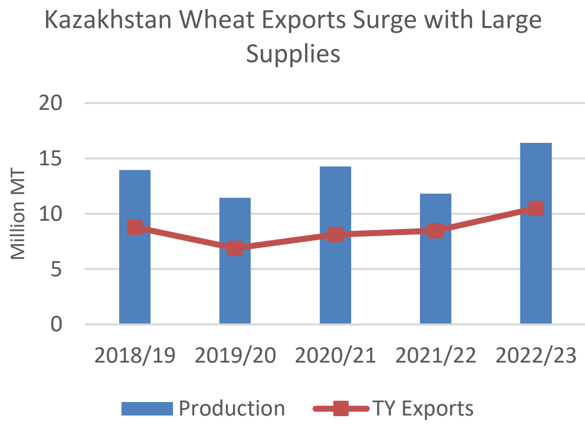
Kazakhstan Exports Soar on Near-Record Production

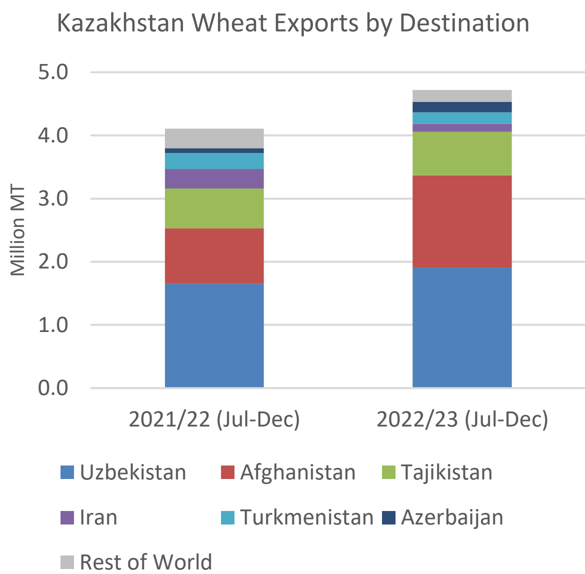
Kazakhstan wheat production is forecast at 16.4 million tons in 2022/23, its largest crop since the 22.7-million-ton record in 2011/12. With ample supplies, Kazakhstan wheat exports are forecast to reach 10.5 million tons, up 2.0 million from the previous year.

Kazakhstan is a major supplier of both wheat grain and flour to Central Asia, capturing nearly 100-percent market share in Uzbekistan, Tajikistan, and Turkmenistan. Neighboring Uzbekistan is the largest consumer of Kazakhstan wheat, which supplements its domestic production with Kazakhstani supplies. Kazakhstan also competes with Russia in Iran and Azerbaijan.

So far this trade year, Kazakhstan has shipped large volumes of wheat grain and flour into these traditional destinations, exporting over 1.0 million tons per month between October and December 2022. July-December exports to its top destinations are up 600,000 tons from the prior year, with the largest increases for Afghanistan and Azerbaijan.

Given abundant supplies from both Kazakhstan and Russia, imports for Afghanistan, Azerbaijan, Kyrgyzstan, Tajikistan, and Uzbekistan are all revised higher this month. 2022/23 Kazakhstan wheat imports are also forecast up this month to 2.0 million tons to account for additional border trade with Russia.





Source: Trade Data Monitor, LLC