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## WORLD WHEAT SITUATION AND OUTLOOK

### MONTHLY HIGHLIGHTS:

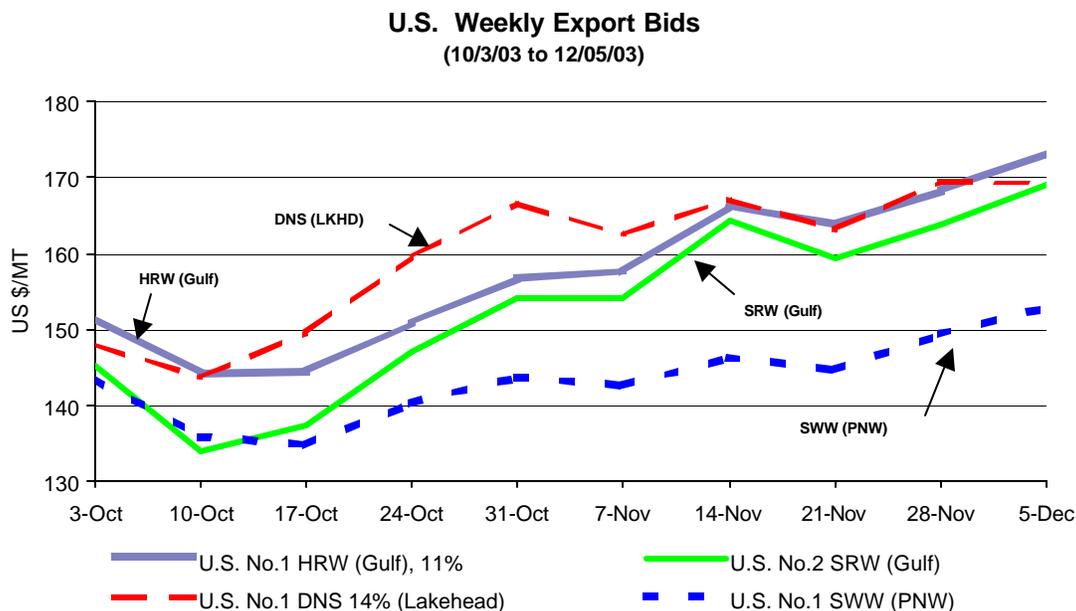
**Brazil Becomes Wheat Exporter:** With its largest wheat crop in over a decade, Brazil for the first time has sold appreciable quantities for export. Volumes are presently estimated to reach half a million tons this year, reaching markets in Europe and North Africa in addition to neighboring countries. Limited grain storage space and high world prices for low- and medium-quality wheat are encouraging exports. Brazil for the past few years had been the world's largest net importer of wheat, with volumes as high as 7.5 million tons, mostly sourced from Argentina. This year, however, imports are estimated to fall to 5.6 million tons. Because of the relatively low quality of domestic wheat, Brazilian millers require large imports for blending.

**Nontraditional Customers Buy U.S. Wheat:** As supplies tighten and prices rise in the global market, more and more importers are looking towards nontraditional suppliers. Since the beginning of October, Romania has bought nearly 300,000 tons of HRW, its first purchase of U.S. wheat in a decade. Also, for the first time since 97/98, Armenia has purchased 50,000 tons of HRW. Some regular importers of U.S. wheat are even breaking routine by purchasing different classes. For example, the EU, has purchased 142,000 tons of SRW for the first time since 01/02.

### PRICES:

**International:** Prices rose around the world during November. French and UK wheat prices increased 15 percent to post price gains of \$26 and \$27 a ton, respectively, as buyers fought over scarce supplies. Argentine Trigo Pan rose \$18 a ton for November, while Australian Standard White gained \$10 a ton and Canadian Spring \$17. Russian wheat prices rose by about 17 percent or \$12 a ton, as supplies became even tighter due to exports to neighboring countries.

**Domestic:** During November, spurred by speculation about sales to China, U.S. wheat prices steadily climbed to levels not seen in over a year. However, when China announced the postponement of its upcoming wheat trade visit, futures contract prices dropped an average of 20 cents per bushel across the three exchanges in one day. The downturn in the market did have a silver lining, however, as other buyers took advantage of the sudden price drop and bought 545,000 tons of U.S. wheat in less than two days. For November, HRW export bids climbed sharply, gaining \$11 a ton over the average price of the last week of October, and hit a CY03 high. SRW export bids climbed \$10 a ton, while DNS gained only \$3 a ton after last month's huge gain of \$24 a ton.



## TRADE CHANGES IN 2003/2004

### Selected Exporters

- **Argentina** down 500,000 tons to 8.0 million due to a smaller crop estimate.
- **Brazil** up 495,000 tons to a record of 500,000 as high world prices and limited domestic storage encourage exports.
- **Canada** up 1.0 million tons to 15.5 million as a larger harvest provides more exportable supplies.
- **EU** down 1.0 million tons to 7.5 million as export tenders remain suspended amid tightening supplies and rising domestic prices.
- **India** up 500,000 tons to 3.0 million with brisk early season exports.
- **United States** up 1.0 million tons to an 8-year high of 30.0 million due to the strong pace of sales and shipments to date.

### Selected Importers

- **China** up 500,000 tons to 1.0 million due to rising domestic prices and recent purchases.

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- **Ethiopia** up 200,000 tons to 600,000 with increased food aid commitments from the EU and the United States.
  - **Iran** down 500,000 tons to 1.0 million with expanding domestic production and slow early season import pace.
  - **South Africa** up 200,000 tons to 1.2 million due to the lowest production in over a decade.
  - **EU** up 1.0 million tons to 5.0 million in light of a smaller crop and brisk early season high-quality imports from Canada and the United States.

**Download the wheat tables in:**

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[Return to Table of Contents](#)