WORLD WHEAT SITUATION AND OUTLOOK

World wheat trade in 2002/03 is forecast at 105.6 million tons, down 4.3 million tons from 2001/02. Global production is down 12.0 million tons, while consumption is up 11.1 million tons from the previous year. Global stocks are expected to fall by 28.2 million tons to the lowest level since 1995/96.

Global production is down 1.2 million tons from last month's forecast due to smaller crops in Argentina, Australia, and Brazil. Global consumption is down slightly by 2.1 million tons with ending stocks up 2.1 million tons from last month.

Global wheat trade in 2002/03 is forecast up 1.5 million tons from last month. EU imports are now expected to nearly reach last year's record volume, with bigger than expected shipments from Russia before imposition of the new TRQ. With relatively high internal EU prices, demand for imported feed quality and high quality milling wheat remains strong for the second half of the year. Despite smaller crop prospects, Australia's export estimate remains high because of large shipments of old crop supplies. Increased export estimates by Australia and Russia are partially offset by decreased export estimates by Argentina, the EU, India, and the United States.

Early December export quotes for #2 HRW FOB Gulf averaged $157/MT, down $12 from last month.

2002/2003 Trade Changes

Selected Exporters

- **United States** down 500,000 tons to 25.5 million based on pace to date and increased competition.

- **Australia** up 2.0 million tons to 9.0 million based on larger than expected shipments the first half of the year (July/June).

- **India** down 1.0 million tons to 5.0 million due to diminished export prospects.

- **Russia** up 2.0 million tons to 9.5 million based on export pace with continued strong shipments to the EU and North Africa.

- **EU** down 500,000 tons to 15.0 million due to strong price competition and the Commission's earlier refusal to grant export subsidies necessary to compete with Russian and Ukrainian wheat prices.

Selected Importers

- **Morocco** up 200,000 tons to 3.0 million based on a higher expected level of consumption.

- **EU** up 1.5 million tons to 9.5 million based on a huge surge of import licenses sought by importers in anticipation of the EU's new import regime implemented on January 1, 2003.

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