



AHDB cereal exports *competitor report*

USA

Harvest 2019

The main wheat-producing regions are situated in the large interior area, extending from the Mississippi river west to the Rocky Mountains, the northern states of Montana, North and South Dakota, Minnesota and the Pacific Northwestern states.

The main barley-producing areas are situated in the northern plains and north-west areas – Idaho, Montana, North Dakota, Colorado, Wyoming, Minnesota, South Dakota, Washington State, Oregon and Utah.

The Soft Red Winter (SRW) growing regions (**uks** competitor) are Arkansas, Missouri, Indiana, Illinois, Kentucky, Ohio, Virginia and North Carolina.

The US 2019 SRW production (equivalent to **uks**) is at 7Mt, with 3Mt destined for exports, according to US Wheat Associates, down from 7.7Mt in 2018. Some SRW production areas, especially in the Gulf Port states, experienced difficult growing and harvest conditions in 2019, with excessive rain affecting Falling Number and DON values. In addition, the average yield per harvested acre was below last year and the five-year average, reflecting the excessive moisture received during the growing season.

Total wheat production totalled 52Mt for the 2019/20 season, according to US Wheat Associates.

Harvest 2019 – average results (SRW)

- Test weight – 76.5 kg/hl
- Protein – 10.8%
- Hagberg Falling Number – 288 sec
- W (baking strength) – 80
- P/L value – 0.46
- DON level – 1.3 ppm
- Moisture – 13.7%

Source: US Wheat Associates

Exports

US wheat exports are expected to remain stable for the 2019/20 season, at around 25Mt. US wheat exporters may struggle to gain a major foothold in Africa in 2019/20 given that competition for demand share here will be so ferocious (with EU and Black Sea wheats, and perhaps Argentina, also competing). Similarly, in the Asian market, US wheat could face competition from Australia, Argentina and Canada, especially on the high-protein wheats.

In November 2018, the three North American countries signed the United States–Mexico–Canada Agreement (USMCA) – the successor agreement to the North American Free Trade Agreement (NAFTA). USMCA provides several benefits for US wheat farmers – most importantly continued duty-free access to Mexico. Mexico is the largest US wheat importer in the world, taking in 7 Mt in 2016/17 and 2017/18.

US wheat exports to Japan – a critical market for US farmers – will be at serious risk under TPP-11, (Trans-Pacific Partnership Agreement). The TPP-11 signed an updated agreement without the US on March 8, 2018. TPP-11 would gradually discount the effective tariff millers pay for imported Australian and Canadian milling wheat from over \$150 to about \$85 per metric tonne (Mt). This process began on December 31, 2018, followed by a second round of cuts on April 1, 2019. This discount for competitor wheat will continue to grow until 2026, when US wheat exports will be at a \$65–70/Mt disadvantage. In the last two seasons (2016/17 and 2017/18), Japan was the USA's second largest wheat export market, taking in just under 6Mt, but future sales could decline as a result of the TPP-11 agreement.

The US and China have deep disagreements about China's trade practices. This has spilled over into tariffs on imports from both countries, including wheat from the US. Talks are ongoing, with the goal of rebalancing the world's largest bilateral trade relationship.

Source: US Wheat Associates

Main ports in USA

The port of South Louisiana is responsible for the bulk of agricultural trade in the US. As the largest grain port in the US, grain elevators within the port handle over 50% of all US grain exports annually. These exports include 23.3Mt of maize, 19Mt of soybean, 2.9Mt of animal feed, almost 1.2Mt of wheat, and over 494 thousand tonnes of other grain such as sorghum and rice.

For exports, China, Mexico, Japan, Netherlands, and Colombia are the top five commodity destinations.

Source: <http://portsl.com/facts-at-a-glance/>, Port of South Louisiana

Soft Red Winter wheat (SRW)

Soft Red Winter is equivalent to the UK's **uks**. It is high-yielding but relatively low in protein. It is the UK's main competitor for biscuit wheat exports. It is used in the production of flatbreads, cakes, pastries and crackers. It is mainly shipped via Gulf and Atlantic ports. The main importers of SRW are China for the noodle industry and Egypt for the production of flatbreads.

Wheat quality specifications (SRW) grade data (average)	2019 (Based on 261 samples)	2018 (Based on 265 samples)		US Supply & demand of SRW (Mt)	2018/19 Year beginning 1 June
Specific weight kg/hl	76.2	75.7		Beginning stocks	5.6
Moisture (%) 12%/0% moisture basis	12.9	12.5		Production	7.8
Protein (dry basis%)	10.6	11.5		Imports	0.2
Hagberg falling number (secs)	285	318		Total supply	13.6
Foreign material	0.2	0.1		Domestic use	5.7
W	79	81		Exports	3.3
L (mm)	80	96		Total demand	9.0
				Ending stocks	4.6

Source: US Wheat Associates

USA wheat and barley exports

Wheat

1000 Mt	2016/17		2017/18
Mexico	4,042	Mexico	3,054
Japan	2,880	Japan	2,994
Philippines	2,550	Philippines	2,440
China	1,765	South Korea	1,440
Nigeria	1,633	Indonesia	1,066
South Korea	1,394	Taiwan	1,008
Brazil	1,321	Nigeria	975
Taiwan	1,072	China	772
Algeria	993	Iraq	670
Morocco	907	Thailand	658
Colombia	896	Colombia	644
EU	706	EU	577
Thailand	696	Guatemala	506
Guatemala	535	Algeria	392

Chile	521	Morocco	391
Dominican Republic	419	Yemen	328

Source: USDA

Barley

1000 Mt	2016/17		2017/18
Canada	83	Canada	57
Japan	32	Japan	34
Taiwan	4	Taiwan	5
Mexico	2	Mexico	1
Georgia	2		
South Korea	1		

Source: USDA

Supply and demand

As at Dec 2019 1000 Mt	2018/19 Wheat	2018/19 Barley	2019/20 Wheat (Forecast)	2019/20 Barley (Forecast)
Beginning stocks	29,907	2,057	29,386	1,884
Production	51,306	3,343	52,258	3,692
Imports	3,674	128	3,266	174
Total supply	84,887	5,528	84,910	5,750
Exports	25,477	107	25,855	65
Feed domestic consumption	2,443	101	3,810	327
FSI consumption	27,581	3,370	27,651	3,331
Domestic consumption	30,024	3,537	31,461	3,658
Ending stocks	29,386	1,884	27,594	2,027

Source: USDA

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