

## The USDA lifts its 2022/23 wheat and rice global production forecasts

This past week the United States Department of Agriculture (USDA) released its monthly flagship report, the *World Agricultural Supply and Demand Estimates* report. This report provides insight into the global production conditions of the major grains and oilseeds. This latest update provided positive developments in wheat and rice production prospects for the 2022/23 season, while maize and soybean were revised down marginally from the February estimates.

The USDA forecasts 2022/23 global wheat production at 788 million tonnes, up by 1% from February estimates and the previous season's harvest. As with the earlier months, the ample harvest is on the back of expected large yields in Russia, the US, Canada, Kazakhstan, China, Australia, and the UK. However, because of strong consumption, the 2022/23 global wheat stocks are set to decline by 1% from the previous season to 267 million tonnes.

Moreover, the 2022/23 global rice production is estimated at 509 million tonnes, up by 1% from the February estimates and roughly the same level as the 2021/22 harvest. Because of solid consumption levels, the USDA currently forecasts an 8% annual decline in global rice stocks, estimated at 173 million tonnes.

However, the maize and soybeans' monthly production picture is different. For example, the 2022/23 global maize production is forecast at 1,15 billion tonnes, down by 0,3% from the February estimate and 6% less than the 2021/22 season crop. This is mainly due to an expected smaller crop in the US, Ukraine, and the EU. Subsequently, the 2022/23 global maize stocks are down by 3% from the prior season, estimated at 296 million tonnes.

Moreover, the 2022/23 soybeans production forecast was slashed by 2% from February due to a poor harvest in Argentina. Still, this is 5% up from the previous season. The anticipated large yield in Brazil, Russia and China compensates for the expected decline in the US, India, Argentina, and Uruguay. These deviations in crop expectations are a function of weather and area plantings variations.

As with the previous month, we view the 2022/23 global grains and oilseeds season positively. The expected global production will be sufficient to provide relief from the prices levels grains and oilseeds reached in the weeks after the start of the Russia-Ukraine war. Still, the tighter maize and rice stocks will likely keep prices at reasonably higher levels than the long-term averages. For example, the FAO's Cereal Price Index averaged 147,3 points in February, 1% higher than a year ago (see Exhibit 1).

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**Wandile Sihlobo**

Chief Economist

+27 12 807 6686

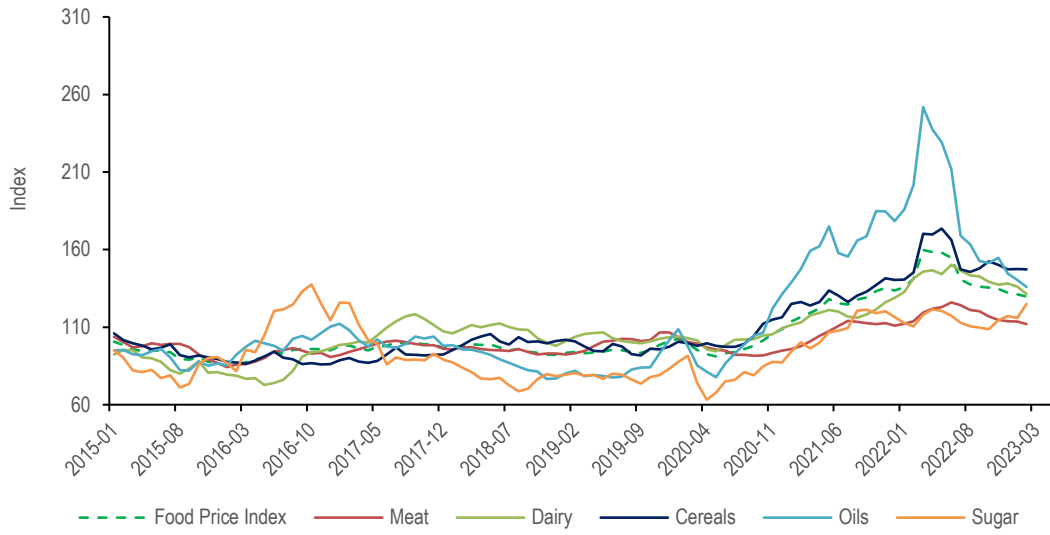
wandile@agbiz.co.za

[www.agbiz.co.za](http://www.agbiz.co.za)

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## Exhibit 1: Global Food Price Index



Source: FAO and Agbiz Research