

U.S. Commodities Markets

## What's Driving Price Discovery In The Wheat Markets?

- **US protein stocks are low.** Following the MY 22/23 drought, US stocks of high protein wheat (HRW + HRS) are low which can support old crop cash prices.
- **Planted US winter wheat acres are materially higher.** HRW planted acres are +10% YoY. SRW acres are +20% YoY. Large acreage increases and the possibility of a larger crop can pressure prices in MY 23/24.
- **HRW production: "Beware the ides of March".** Acute dryness impacted the MY 23/24 crop during planting. The lingering drought remains intact inside key producing states.
- **US wheats are uncompetitive in the global market.** A strong US dollar combined with tight US stocks, and robust global supplies has made US wheat uncompetitive against Australian, Canadian, EU, German, Romanian Russian, and Ukraine milling wheats.
- **As corn supplies are forecast to expand which limits wheat feeding.** This will incrementally lower domestic use.
- **It is unlikely that Russia will not repeat a record wheat harvest and export program.** This can help US the regain incremental market share in select export destinations.

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