

Strong supply to keep wheat prices capped

The global wheat market is set to see record production in 2025/26, leaving the market well supplied. And while it will be difficult to see a repeat of this strong output in 2026/27, comfortable stocks are likely to limit the upside in prices



Good weather across Europe led to early harvests, like here in Belgium in 2025

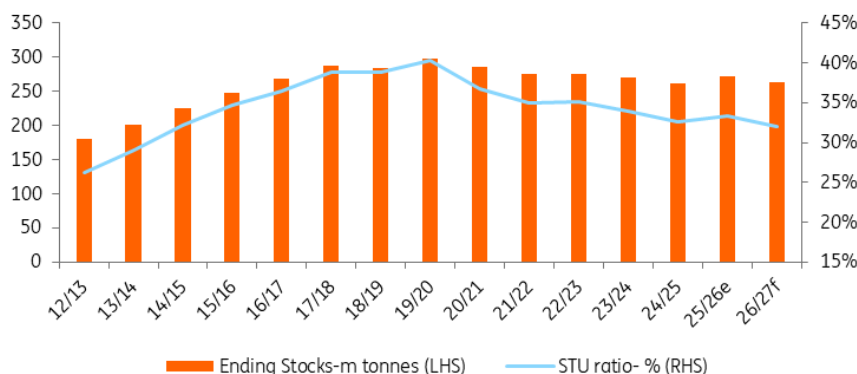
Comfortable wheat stocks should limit upside in prices

Global wheat stocks are forecast to grow over the 2025/26 season, with stocks expected to increase by around 10m tonnes YoY to 271m tonnes, with the stocks-to-use ratio set to edge up to a little more than 33%. This leaves the global market better supplied than initially expected and also explains the pressure seen on wheat prices throughout the year.

While it is still early to make definitive estimates for 2026/27, we expect the strong output seen this season will not be repeated, leading to a slight tightening in the global market. However, stocks will still remain comfortable, with a stocks-to-use ratio of around 32% by the end of 2026/27.

As a result, we expect any upside in wheat prices to be limited.

Global wheat stocks to edge lower in 2026/27 but inventories remain comfortable



Source: USDA, ING Research

Global wheat output stronger than expected in 2025/26

The global wheat market has turned out to be much better supplied than expected in 2025/26, with production estimates trending higher through the year. Global wheat production is expected to total almost 829m tonnes this season, up 3.5% YoY, and above the 809m tonnes forecast back in May this year.

If realised, this will be a record-breaking production season and the largest annual increase since 2019/20. Weather conditions for key growers have been ideal, which has seen crop prospects improve as we move through the season.

The European Union has driven the bulk of the increase. EU wheat production is estimated to have recovered from a poor crop last season, rising 16% YoY to just over 142m tonnes, the highest output from the region since the 2015/16 season. Area in the 2025/26 season has grown, while yields have also been strong. A better EU crop will increase export availability from the region. However, how competitive European supplies will be is another question, given the strength of the Euro throughout the year; the market is also well supplied. EU soft wheat exports so far in the season are down almost 5% YoY.

The Russian wheat crop has also surprised to the upside. The market was initially quite negative on prospects for the 2025/26 harvest. However, as the season has progressed, the crop has been revised higher on the back of better yields. Russian production is set to grow 6% YoY to 86.5m tonnes, with strong yields more than offsetting lower area. This season's harvest is set to be the third-largest on record.

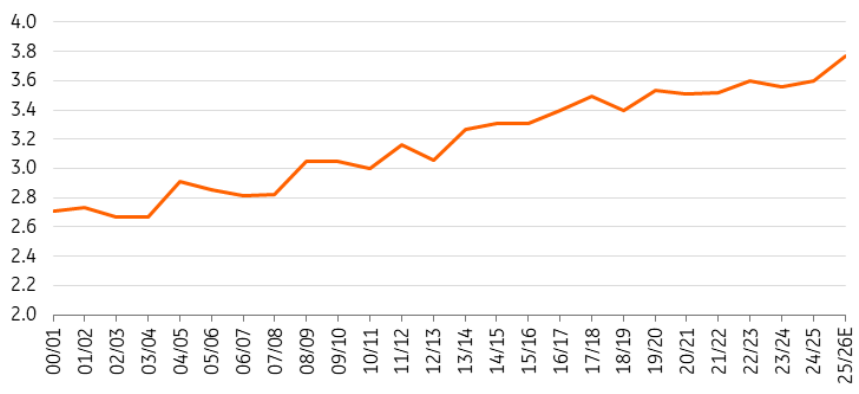
The US has also seen another strong season in 2025/26 in terms of output, with higher yields leading to the largest harvest since the 2016/17 crop. Output this season is estimated to total a little over 54m tonnes, up less than 1% YoY. Despite trade tensions, exports are holding up well, with cumulative exports rising around 23% YoY. The broader weakness seen in the USD this year has made American wheat more competitive globally.

India is also set to see a strong increase, with production set to hit a record of almost 118m tonnes in 2025/26, up 3.7% YoY. This increase is on the back of an expansion in area and above-average

yields. However, despite strong output, India still has an export ban on wheat; therefore, this supply won't reach the world market unless that ban is lifted.

Big harvests are also expected from both Australia and Argentina, with Australia expected to harvest its third-largest crop, and Argentina its second-largest, and there is potential for further upside, with the harvest currently underway and reports of stronger-than-expected yields.

Global wheat yields set to hit record high in 2025/26 (t/ha)



Source: USDA, ING Research

It will be tough to see another year of record supply in 2026/27

Winter wheat plantings for the 2026/27 season are underway; they're almost complete in the Northern Hemisphere. The low-price environment in the wheat market means that we are likely to see global wheat area declining next season. In addition, we cannot assume that weather conditions will be as supportive as they have been for yields. As a result, we expect global wheat production to retreat from record levels in 2025/26, driven predominantly by lower year-on-year output from the EU, the US, Argentina, and Russia. However, for now, we still expect total global production to end up being the second-largest on record next season.

Global ending stocks should edge moderately lower over the 2026/27 season, due to lower output and consumption growth. However, the stocks-to-use ratio should remain comfortably above 30%, which means that significant upside in prices through the 2026/27 season should be limited. The obvious risk is how the weather evolves through next season.

China-US trade developments to have little impact on US wheat flows

China has been significantly less active in the global wheat market through 2025, with the strong imports seen through 2020-2024 easing. Chinese wheat imports are down more than 70% YoY. Strong domestic production has weighed on the need for imports. Demand is estimated to be relatively weaker, driven by lower feed demand.

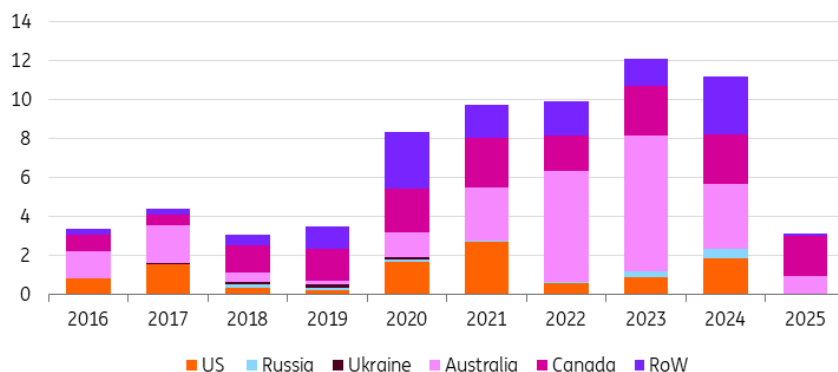
Data shows that import volumes from all key origins have come under pressure through 2025, particularly flows from Australia, the US and Russia. Canadian wheat shipments to China have held up well despite the broader weakness in Chinese import demand.

Looking ahead, with marginal changes expected in Chinese wheat area for 2026, the 2026/27

season is likely to see another large crop, assuming no yield surprises. Therefore, another strong season of output and flattish demand suggests that imports will likely remain under pressure.

However, following trade talks between China and the US, we have seen Chinese buying of US agri commodities restarting, including some wheat cargoes. Therefore, heading into 2026, there is room for further Chinese buying of US wheat.

China's wheat imports plummet as domestic output grows (m tonnes)



Source: China Customs, ING Research

Note: 2025 imports cover only Jan-Oct

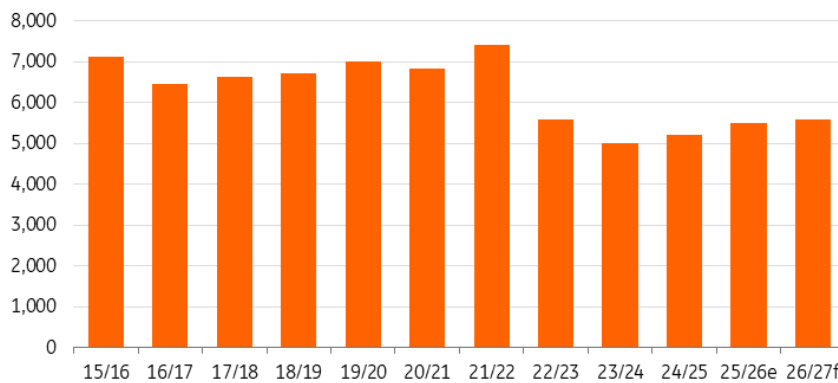
A Russia/Ukraine peace deal is a downside risk for the wheat market

While there have been repeated efforts to reach a peace deal between Russia and Ukraine, there is hope that the latest efforts will lead to a more positive outcome. While not explicitly our base case, a peace deal would be bearish for the wheat market, particularly in the longer run.

A peace deal is unlikely to have a significant impact on 2026/27 Ukrainian wheat output, as winter wheat plantings are largely complete. However, it would reduce risk around Black Sea grain exports while potentially leaving room for stronger output in 2027/28.

Prior to Russia's invasion of Ukraine, wheat area in the country was a little more than 7.4m hectares, while for 2025/26 it is estimated at around 5.5m hectares. Clearly, this leaves some upside in the event that we get a peace deal that ends the war in the long term.

Ukrainian wheat area still well below pre-war levels (k hectares)



Source: USDA, ING Research

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