World Wheat Supply and Demand Situation

February 2015

Major data source: USDA World Agricultural Supply and Demand Estimates released February 10, 2015. Projections will change over the course of the year depending on weather and other developments.
Highlights of USDA’s 2014/15 Supply and Demand Estimates

1. **2014/15 global wheat production projected to reach a record 725 MMT, up from the previous record of 716 MMT set in 2013/14**
   - Global supplies estimate at record 912 MMT; 20.9 MMT higher than 2013/14
   - Canadian production down an estimated 22% from the record 37.5 MMT in 2013/14 to 29.3 MMT, above the 5-year average of 28.1 MMT
   - US production fell an estimated 5% to 55.1 MMT
   - Black Sea production reached an estimated 96.8 MMT, compared to 88.3 MMT in 2013/14
   - Argentinian production to increase 19% to 12.5 MMT, 3% below the 5-year average

2. **Consumption to set new record at 715 MMT, up 6% from 5-year average**
   - World feed use expected to increase 7% from 2013/14 to 140 MMT

3. **World wheat trade to fall 3% from 2013/14 to 160 MMT, 10% greater than 5-year average**
   - Canadian exports to fall 1% to 23.0 MMT due to smaller crop and sustained logistical issues
   - Ukrainian exports expected to increase 11% to 11.0 MMT, well above the 5-year average of 7.2 MMT.
   - US exports to decline 24% from 2013/14 to 24.5 MMT, below 5-year average of 29.4 MMT
   - Argentina’s exports projected to rebound to 6.5 MMT, up from 2.2 MMT in 2013/14
4. **World beginning stocks increased 7% from 2013/14 to 187 MMT**
   - Beginning stocks 1% lower than 5-year average
   - US beginning stocks estimated at 16.1 MMT, 26% below the 5-year average and lowest since 2008/09

5. **Global ending stocks projected 6% higher at 198 MMT**
   - China ending stocks are 62.8 MMT, accounting for 32% of global ending stocks
   - US ending stocks to increase 17% to 18.8 MMT, below 5-year average of 21.2 MMT

6. **U.S. farm gate average price to remain stable**
   - Projected average range: $5.85 to $6.15/bushel ($215-$226/MT)*

   *Average U.S. farm gate price, marketing year weighted average
Top Factors Affecting the Global Wheat Market in 2014/15

**Extreme weather issues reduce Northern Hemisphere crop quality**
- Severe drought conditions reduced US HRW and SW harvested acres. Wet weather slowed early planting and harvest of US HRS and northern durum, limited protein and affected durum color
- Excessive harvest time rain resulted in poor quality crops in France and Ukraine
- Excessive late-season rains in Canada resulted in low protein levels in spring wheat and poor durum color

**Political unrest in Black Sea region could affect wheat production and trade**
- Ukrainian farmers struggle to secure financing for farm operations
- Tension in major port cities could disrupt exports. To date, ports are working as normal
- International sanctions against Russia could affect domestic food supplies and lead government official to protect wheat supplies by limiting exports
- Global price volatility higher due to ongoing uncertainty

**Political policies cause uncertainty for Argentina’s wheat farmers**
- Argentina’s production expected to rebound 14% to 12.0 MMT but 7% below 5-year average
- Bankruptcy adds to uncertainty
- Exports projected at 6.0 MMT, would be highest since 2011/12 but export permits not guaranteed
- Brazil’s wheat purchases from origins outside the Mercosur trading block are slowing as new crop Argentine wheat moves to market
World Production and Use

![Bar chart showing world production and use from 2005/2006 to 2014/2015. The chart displays data in millions of metric tons (MMT). Production is represented by blue bars, and use is represented by a green line. The chart shows a general increase in production and use over the years, with peak values in 2014/2015 at 725 MMT for production and 715 MMT for use.](image-url)
Supplies in Top Exporting Countries*

*Includes U.S., Canada, Australia, Argentina, EU-27, Russia, Ukraine, and Kazakhstan
# World Wheat Supply and Demand

<table>
<thead>
<tr>
<th></th>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPLY:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Stocks</td>
<td>197</td>
<td>175</td>
<td>187</td>
</tr>
<tr>
<td>Production</td>
<td>659</td>
<td>716</td>
<td>725</td>
</tr>
<tr>
<td>Supply Total</td>
<td>855</td>
<td>892</td>
<td>912</td>
</tr>
<tr>
<td><strong>TRADE:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports/Imports</td>
<td>137</td>
<td>166</td>
<td>160</td>
</tr>
<tr>
<td><strong>DEMAND</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food &amp; Seed</td>
<td>543</td>
<td>574</td>
<td>575</td>
</tr>
<tr>
<td>Feed &amp; Residual</td>
<td>137</td>
<td>131</td>
<td>140</td>
</tr>
<tr>
<td>Use Total</td>
<td>680</td>
<td>704</td>
<td>715</td>
</tr>
<tr>
<td><strong>ENDING STOCKS:</strong></td>
<td>175</td>
<td>187</td>
<td>198</td>
</tr>
</tbody>
</table>
Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27. Black Sea includes Russia, Ukraine, and Kazakhstan.
Global Stocks* -to-Use Ratio

*Ending stocks
Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27. Black Sea includes Russia, Ukraine, and Kazakhstan.
World and U.S. Wheat Supply and Demand

• **Major Exporters**
• **Import Demand**
• **U.S. Situation by Class**
• **Outlook**
EU-27 Situation

[Graph showing data from 2005/06 to 2014/15 for Beginning stocks, Production, Imports, Exports, and Domestic use in MMT.]
EU-27 Ending Stocks

<table>
<thead>
<tr>
<th>Year</th>
<th>MMT</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/06</td>
<td>24.0</td>
</tr>
<tr>
<td>08/09</td>
<td>14.8</td>
</tr>
<tr>
<td>11/12</td>
<td>10.6</td>
</tr>
<tr>
<td>14/15</td>
<td>16.3</td>
</tr>
</tbody>
</table>
- The Black Sea Region includes the Former Soviet Union, excluding the Baltic States
- **Russia, Ukraine and Kazakhstan** are the most important wheat producers in the Black Sea Region
Black Sea Ending Stocks

<table>
<thead>
<tr>
<th>Year</th>
<th>MMT</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/06</td>
<td>17.9</td>
</tr>
<tr>
<td>08/09</td>
<td>21.9</td>
</tr>
<tr>
<td>11/12</td>
<td>26.0</td>
</tr>
<tr>
<td>14/15</td>
<td>21.4</td>
</tr>
</tbody>
</table>
U.S. Ending Stocks

Year | Ending Stocks (MMT)
--- | ---
05/06 | 15
08/09 | 20.2
11/12 | 26.6
14/15 | 18.8

MMT
World and U.S. Wheat Supply and Demand

- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook
Major World Wheat Importers
(from all origins)

- Egypt
- Indonesia
- Algeria
- Brazil
- Japan
- Iran
- Turkey
- EU-27
- Nigeria
- Mexico

MMT

13/14, 14/15
Top 10 Customers for U.S. Wheat
5-year average

- Japan
- Nigeria
- Mexico
- Egypt
- Philippines
- Korea
- Iraq
- EU-27
- Taiwan
- Indonesia

MMT
Top 10 Customers for U.S. Wheat
2013/14 vs. 2014/15
(year-to-date)

Source: USDA FAS export sales report February 5, 2015
Top 10 Customers for U.S. Wheat

2013/14 vs. 2012/13

- Brazil
- China
- Mexico
- Japan
- Nigeria
- Philippines
- Korea
- Indonesia
- Taiwan
- Colombia

Source: USDA FAS export sales report June 30, 2014
World Wheat Imports

Trend in “other” importers denoted (— ▲)
World and U.S. Wheat Supply and Demand

- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook
U.S. Wheat Plantings by Class

*Source: USDA Acreage Report, June 30, 2014
U.S. Soft Red Winter

Beginning stocks
Production
Imports
Exports

09/10 10/11 11/12 12/13 13/14 14/15

0 5 10 15 20

MMT
U.S. White

<table>
<thead>
<tr>
<th>Year</th>
<th>Beginning stocks</th>
<th>Production</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/10</td>
<td>1.7</td>
<td>7.3</td>
<td>6.1</td>
<td>4.7</td>
</tr>
<tr>
<td>10/11</td>
<td>2.0</td>
<td>8.0</td>
<td>6.5</td>
<td>4.1</td>
</tr>
<tr>
<td>11/12</td>
<td>2.2</td>
<td>10.0</td>
<td>6.1</td>
<td>4.1</td>
</tr>
<tr>
<td>12/13</td>
<td>2.5</td>
<td>9.5</td>
<td>6.3</td>
<td>4.2</td>
</tr>
<tr>
<td>13/14</td>
<td>2.7</td>
<td>9.0</td>
<td>6.1</td>
<td>4.1</td>
</tr>
<tr>
<td>14/15</td>
<td>2.9</td>
<td>8.5</td>
<td>6.1</td>
<td>4.1</td>
</tr>
</tbody>
</table>
U.S. Wheat Sales by Class (year-to-date)

Source: USDA FAS export sales report February 5, 2015
U.S. Wheat Ending Stocks by Class

MMT

0 2 4 6 8 10 12

HRW  HRS  SRW  White  Durum

09/10  10/11  11/12  12/13  13/14  14/15

U.S. WHEAT ASSOCIATES
The world's most reliable choice.
### U.S. Wheat Supply and Demand

<table>
<thead>
<tr>
<th></th>
<th>HRW 13/14</th>
<th>HRW 14/15</th>
<th>HRS 13/14</th>
<th>HRS 14/15</th>
<th>SRW 13/14</th>
<th>SRW 14/15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Stocks</strong></td>
<td>9.3</td>
<td>6.5</td>
<td>4.5</td>
<td>4.6</td>
<td>3.4</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Production</strong></td>
<td>20.3</td>
<td>20.1</td>
<td>13.4</td>
<td>15.1</td>
<td>15.5</td>
<td>12.4</td>
</tr>
<tr>
<td><strong>Imports</strong></td>
<td>0.5</td>
<td>0.3</td>
<td>2.1</td>
<td>1.9</td>
<td>0.6</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Supply Total</strong></td>
<td>30.2</td>
<td>26.8</td>
<td>20.0</td>
<td>21.6</td>
<td>19.4</td>
<td>15.9</td>
</tr>
<tr>
<td><strong>Domestic Use</strong></td>
<td>11.6</td>
<td>11.8</td>
<td>8.7</td>
<td>8.4</td>
<td>8.7</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Exports</strong></td>
<td>12.1</td>
<td>7.8</td>
<td>6.7</td>
<td>8.0</td>
<td>7.7</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>Use Total</strong></td>
<td>23.7</td>
<td>19.5</td>
<td>15.4</td>
<td>16.5</td>
<td>16.3</td>
<td>11.0</td>
</tr>
<tr>
<td><strong>Ending Stocks</strong></td>
<td>6.5</td>
<td>7.3</td>
<td>4.6</td>
<td>5.2</td>
<td>3.1</td>
<td>4.9</td>
</tr>
<tr>
<td><strong>Stocks-to-Use</strong></td>
<td>27%</td>
<td>37%</td>
<td>30%</td>
<td>31%</td>
<td>19%</td>
<td>45%</td>
</tr>
</tbody>
</table>
# U.S. Wheat Supply and Demand

<table>
<thead>
<tr>
<th></th>
<th>White 13/14</th>
<th>White 14/15</th>
<th>Durum 13/14</th>
<th>Durum 14/15</th>
<th>Total 13/14</th>
<th>Total 14/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Stocks</td>
<td>1.7</td>
<td>1.4</td>
<td>0.6</td>
<td>0.6</td>
<td>19.5</td>
<td>16.1</td>
</tr>
<tr>
<td>Production</td>
<td>7.4</td>
<td>6.1</td>
<td>1.6</td>
<td>1.4</td>
<td>58.1</td>
<td>55.1</td>
</tr>
<tr>
<td>Imports</td>
<td>0.2</td>
<td>0.2</td>
<td>1.2</td>
<td>1.5</td>
<td>4.6</td>
<td>4.4</td>
</tr>
<tr>
<td>Supply Total</td>
<td>9.3</td>
<td>7.7</td>
<td>3.4</td>
<td>3.5</td>
<td>82.2</td>
<td>75.6</td>
</tr>
<tr>
<td>Domestic Use</td>
<td>3.3</td>
<td>2.7</td>
<td>2.0</td>
<td>2.3</td>
<td>34.2</td>
<td>32.2</td>
</tr>
<tr>
<td>Exports</td>
<td>4.7</td>
<td>4.1</td>
<td>0.8</td>
<td>0.7</td>
<td>32.0</td>
<td>24.5</td>
</tr>
<tr>
<td>Use Total</td>
<td>7.9</td>
<td>6.8</td>
<td>2.8</td>
<td>2.9</td>
<td>66.2</td>
<td>56.7</td>
</tr>
<tr>
<td>Ending Stocks</td>
<td>1.4</td>
<td>0.9</td>
<td>0.6</td>
<td>0.6</td>
<td>16.1</td>
<td>18.9</td>
</tr>
<tr>
<td>Stocks-to-Use</td>
<td>17%</td>
<td>13%</td>
<td>21%</td>
<td>20%</td>
<td>24%</td>
<td>33%</td>
</tr>
</tbody>
</table>
U.S. Gulf Basis Prices

$/Metric Ton

Jan-11  Jan-12  Jan-13  Jan-14  Jan-15

HRS 13.5  HRW 12  SRW

U.S. WHEAT ASSOCIATES
The world's most reliable choice.
U.S. PNW Basis Prices

$/Metric Ton

HRS 14
HRW 12
World and U.S. Wheat Supply and Demand

- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook
U.S. Wheat Area and Production

![Graph showing production (MMT) and harvested area (mh) with years from 1995/96 to 2013/14.]

- **Production (MMT)**
  - 95/96: 15
  - 98/99: 25
  - 01/02: 35
  - 04/05: 45
  - 07/08: 55
  - 10/11: 65
  - 13/14: 75

- **Harvested Area (mh)**
  - 95/96: 2.0
  - 98/99: 2.2
  - 01/02: 2.4
  - 04/05: 2.6
  - 07/08: 2.8
  - 10/11: 3.0
  - 13/14: 3.4

- **Yield MT/hectares**
  - 95/96: 3.2
  - 98/99: 3.0
  - 01/02: 2.8
  - 04/05: 2.6
  - 07/08: 2.4
  - 10/11: 2.2
  - 13/14: 2.0

Graph legend:
- Harvested Area
- Production
- Yield

U.S. Wheat Associates
The world's most reliable choice.
U.S. Crop Planted Area Comparison

*Source: USDA Acreage Report, June 30 2014*
World Wheat
Production, Use and Trade

Production and Use (MMT)

05/06 08/09 11/12 14/15

Trade (MMT)

Production Use Trade

000 000 000 000

U.S. WHEAT ASSOCIATES
The world's most reliable choice.
World Corn
Production, Use and Trade
World Soybeans
Production, Use and Trade

Production and Use (MMT)

Trade (MMT)

05/06 08/09 11/12 14/15

Production Use Trade

0 50 100 150 200 250 300 350

0 20 40 60 80 100 120 140

5/6 8/9 11/12 14/15

Production: 284, 273, 315, 289
Use: 113, 117, 113, 117
Trade: 113, 113, 117, 117
Ocean Freight Rates for Grains

$/metric ton

- PNW to Japan
- Gulf to Middle East
- Great Lakes to East Med
- Gulf to West Africa

U.S. WHEAT ASSOCIATES
The world’s most reliable choice.
Summary

• Global production to set new record
  – Production to reach 725 MMT

• Global ending stocks to rise 6% in 2014/15
  – China ending stocks account for 32% of world total

• World consumption to set new record but trade expected to decline
  • Australian, Canadian, EU and US exports to fall
  • Russian and Argentinian exports to increase