

# World Wheat Supply and Demand Situation

August 2018

Major data source: USDA World Agricultural Supply and Demand Estimates released August 10, 2018. Projections will change over the course of the year depending on weather and other developments.



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# Highlights of USDA's 2018/19 Supply and Demand Estimates

## 1. 2018/19 global wheat production to fall for first time in 5 years

- Global supplies estimate to fall to 1003 MMT; down 1% from the 2017/18 record
- Wheat production in the EU to fall to 138 MMT, down 9% year over year, if realized
- U.S. wheat production estimated at 51.1 MMT, 8% above 2017/18, if realized

## 2. Consumption forecast at a record 744 MMT, 4% above the 5-year average

- Russian domestic consumption to decline to 38.0 MMT, 16% below 2017/18, if realized
- U.S. domestic consumption to grow 7% year over year to 31.3 MMT

## 3. World wheat trade projected at a record 184 MMT, 6% above the 5-year average

- Russian exports to drop to 35.0 MMT, 17% below 2017/18, still 28% above the 5-year average
- Exports from the EU to fall 2% year over year to 23.0 MMT
- U.S. 2018/19 exports to increase to 27.9 MMT, up 14% from 2017/18, if realized



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# Highlights of USDA's 2018/19 Supply and Demand Estimates

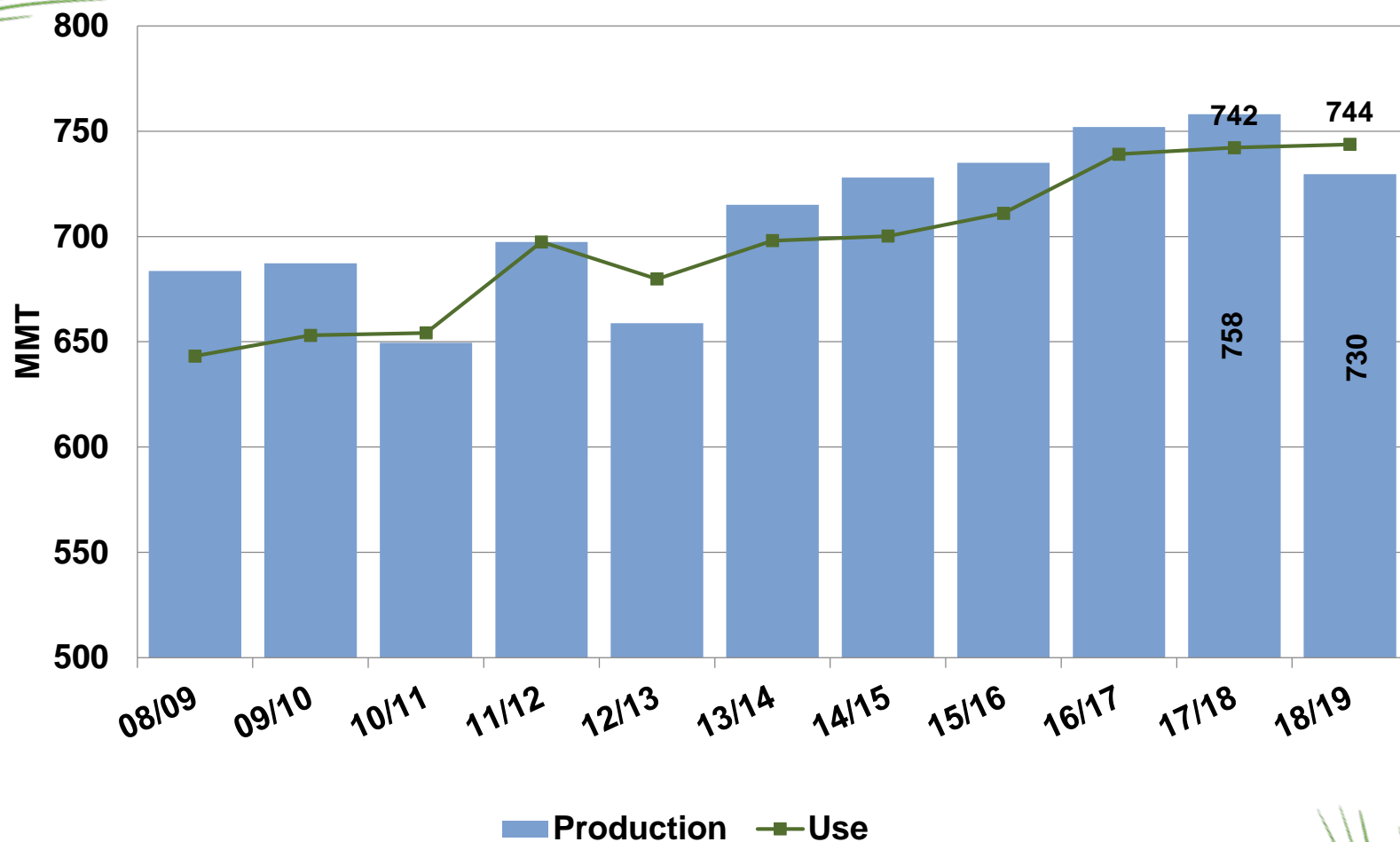
4. **World beginning stocks estimated at record 273 MMT, up 6% year over year**
  - Beginning stocks in Russia forecast at 9.22 MMT, down 15% from 2017/18, still 40% above the 5-year average
  - U.S. beginning stocks will fall to an estimated 29.9 MMT, 7% below 2017/18 levels
5. **Global ending stocks projected at 259 MMT, 5% below the record 2017/18 level, if realized**
  - Estimated Chinese ending stocks of 136 MMT account for 52% of global ending stocks
  - Exporter ending stocks forecast at 74.1 MMT, down 3% year over year
  - Ending stocks in importing countries to fall to 48.7 MMT, 36% below the 5-year average of 76.5 MMT
6. **U.S. farm gate average price forecast 8% higher in 2018/19**
  - Projected average range: \$4.60 to \$5.60/bushel (\$169-\$206/MT)\*

*\*Average U.S. farm gate price, marketing year weighted average*

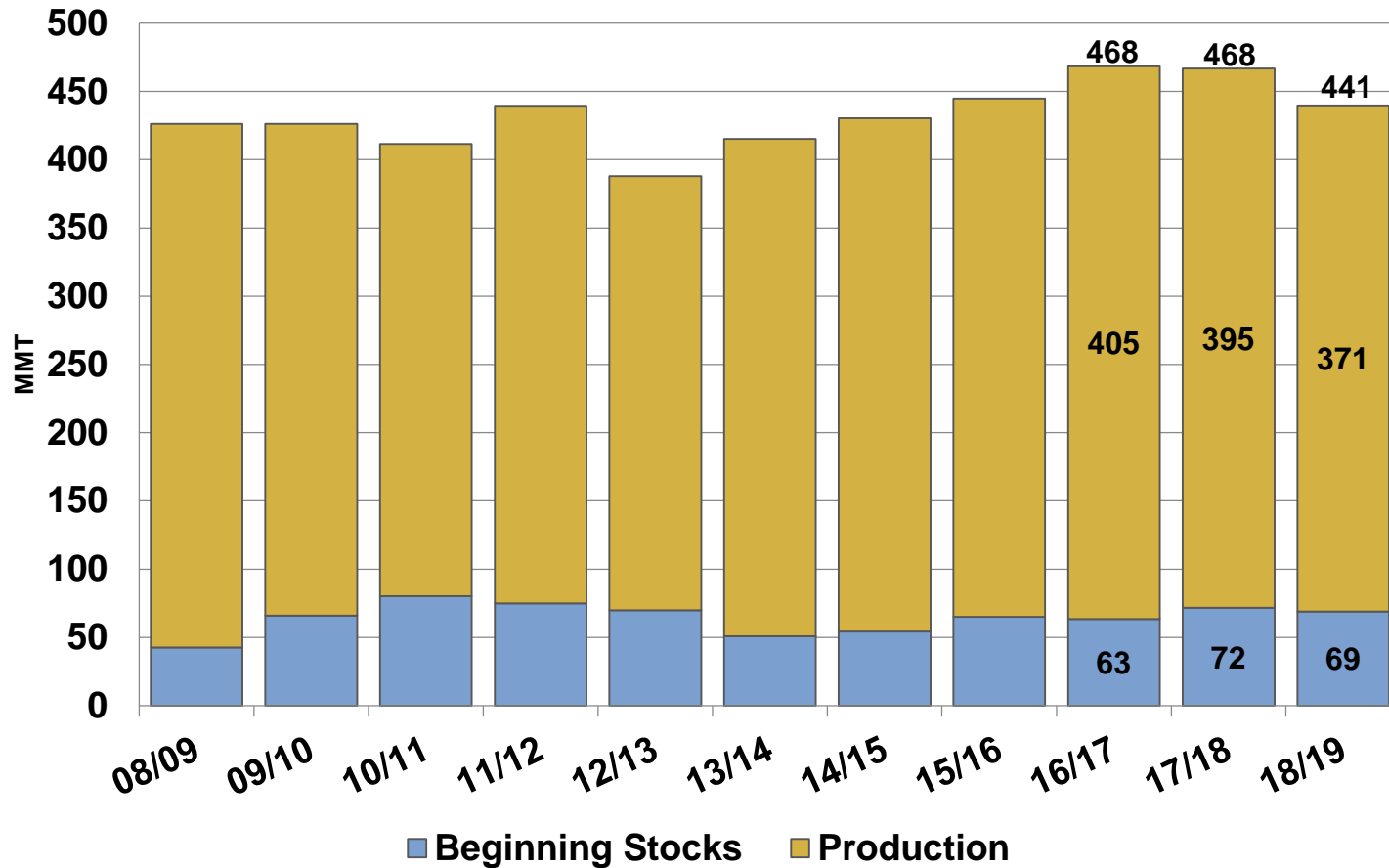


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# World Production and Use



# Supplies in Top Exporting Countries\*



\*Includes U.S., Canada, Australia, Argentina, EU-27, Russia, Ukraine and Kazakhstan

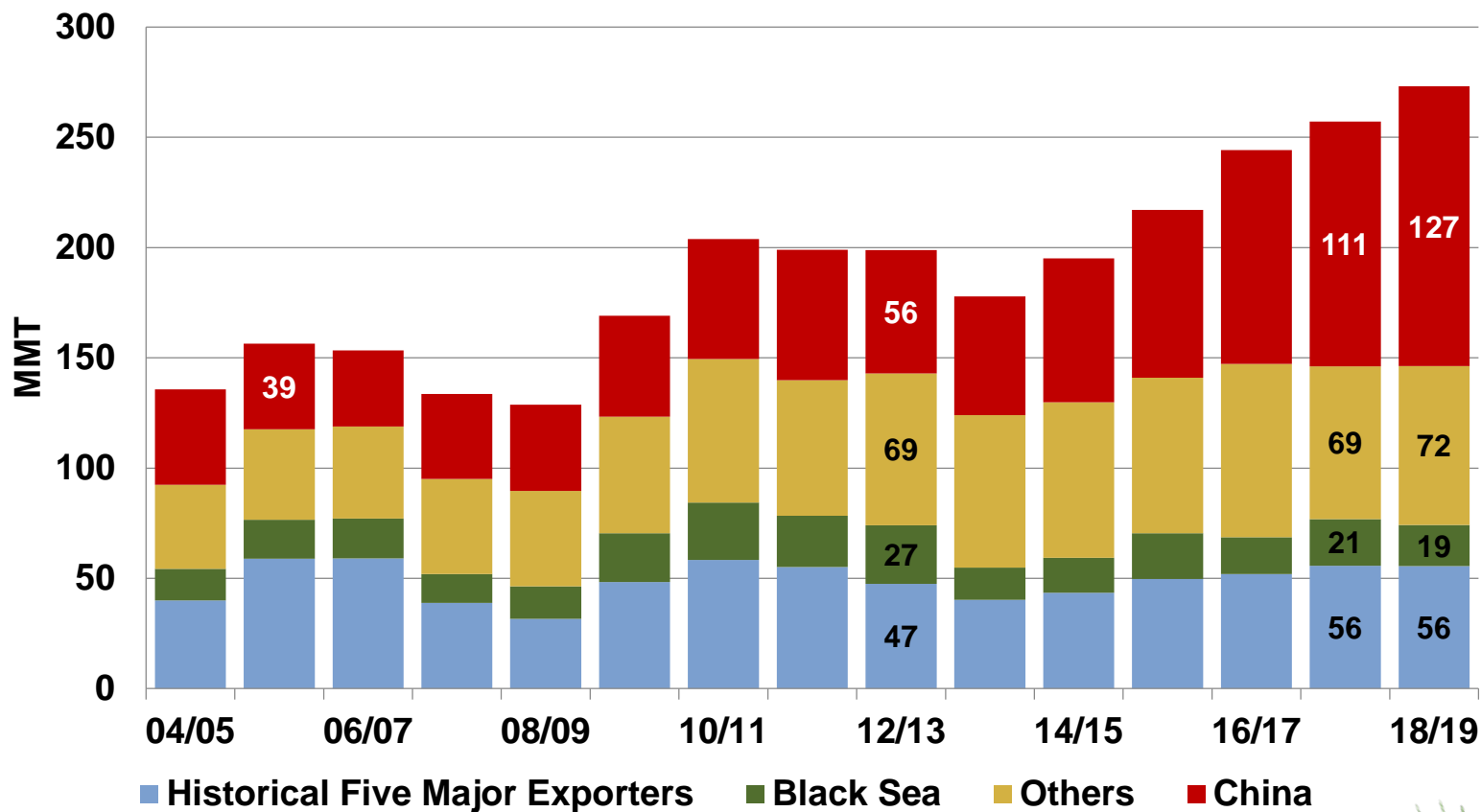
# World Wheat Supply and Demand

		16/17	17/18 <i>MMT</i>	18/19
<b>SUPPLY:</b>	Beginning Stocks	244	257	273
	Production	752	758	730
	Supply Total	996	1015	1003
<b>TRADE:</b>	Exports/Imports	183	183	184
<b>DEMAND</b>	Food & Seed	592	597	605
	Feed & Residual	147	145	138
	Use Total	739	742	744
	<b>ENDING STOCKS:</b>	257	273	259



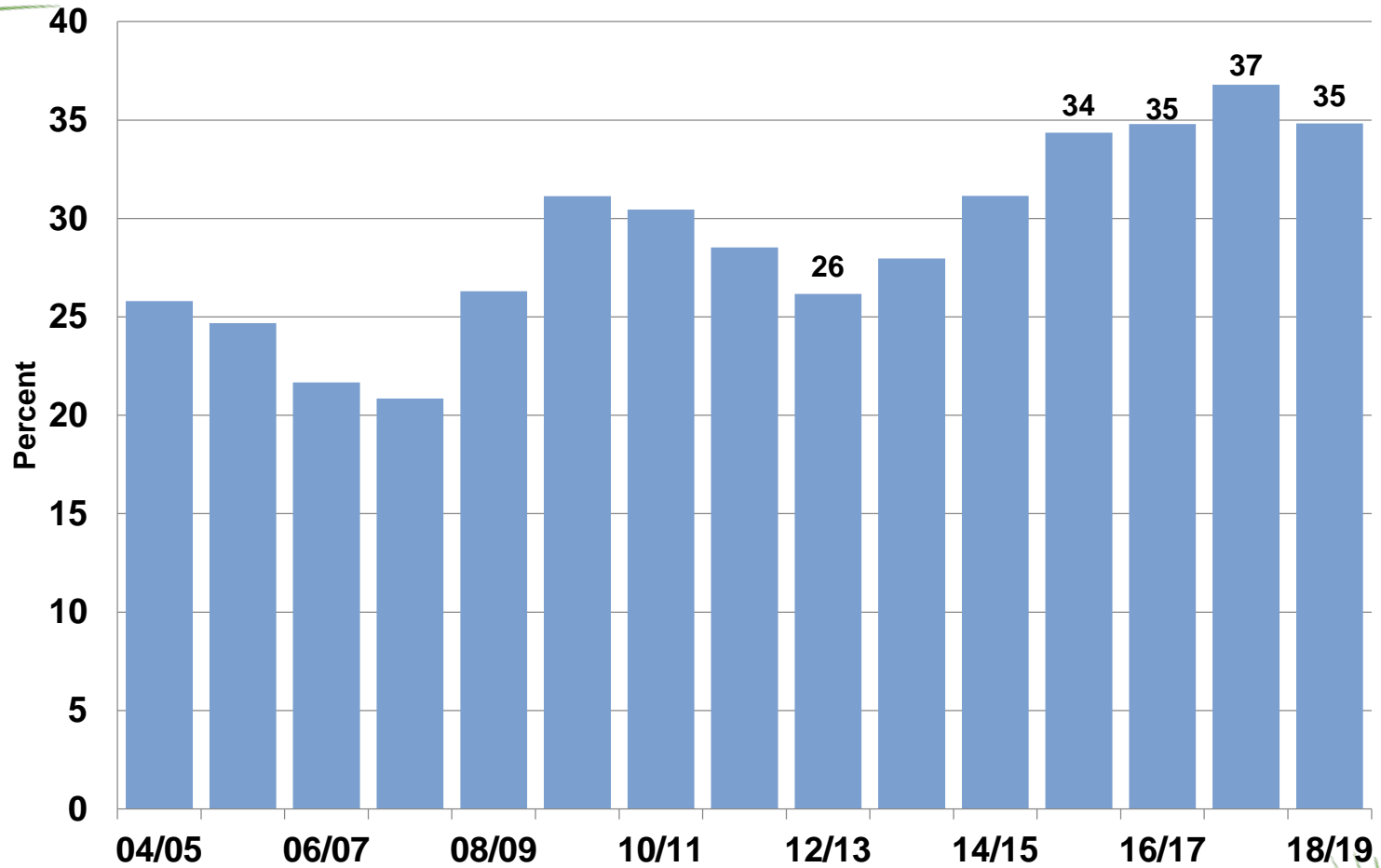
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# World Beginning Stocks



*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.  
Black Sea includes Russia, Ukraine and Kazakhstan.*

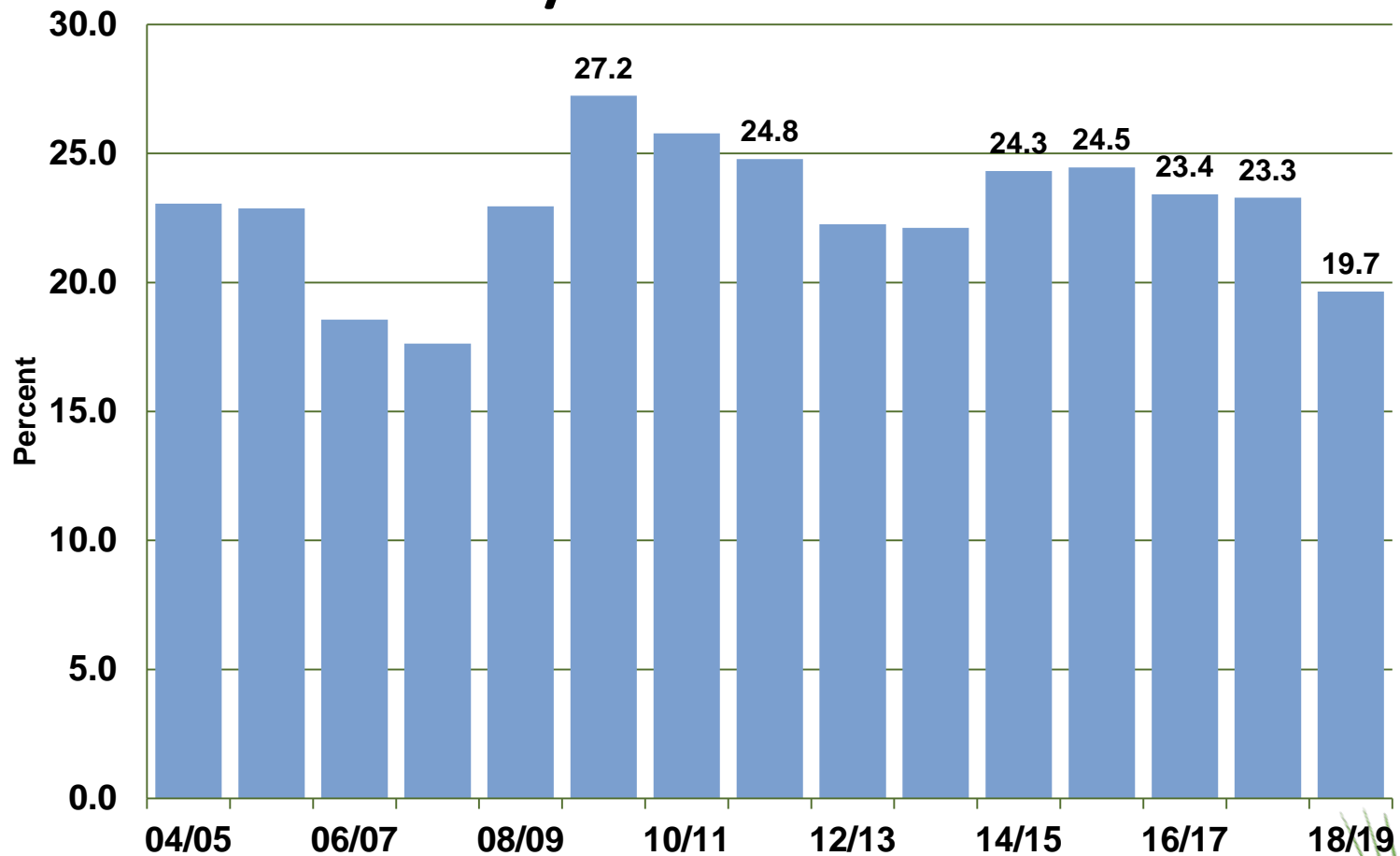
# Global Stocks\*-to-Use Ratio



*\*Ending stocks*

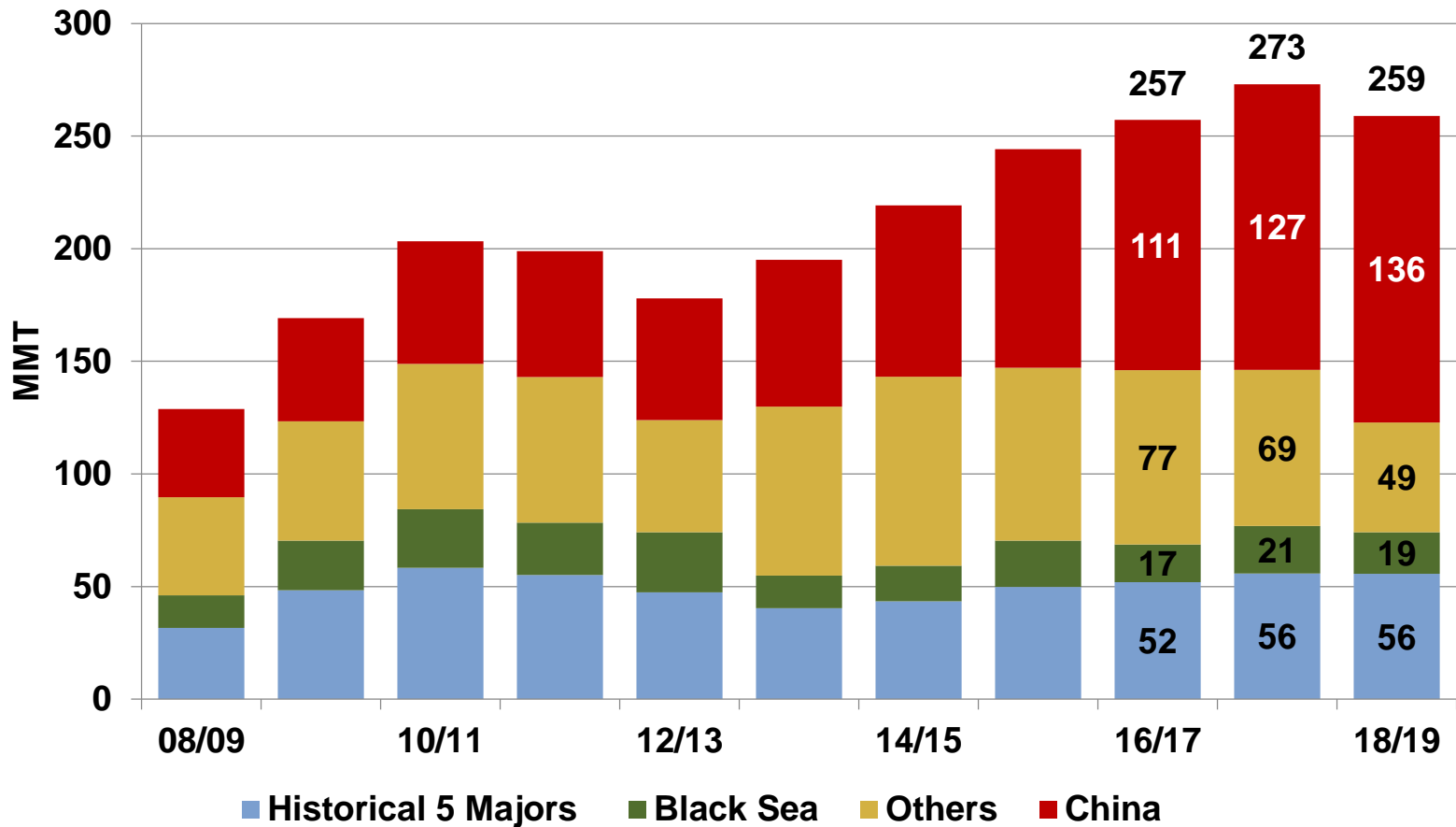


# Global Stocks\*-to-Use Ratio w/o China



\*Ending stocks

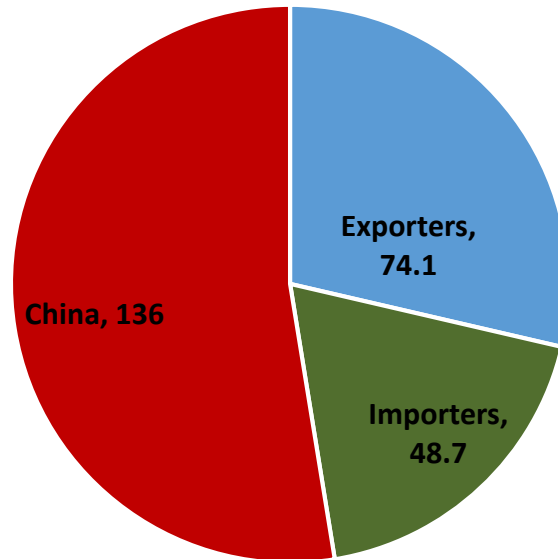
# World Ending Stocks



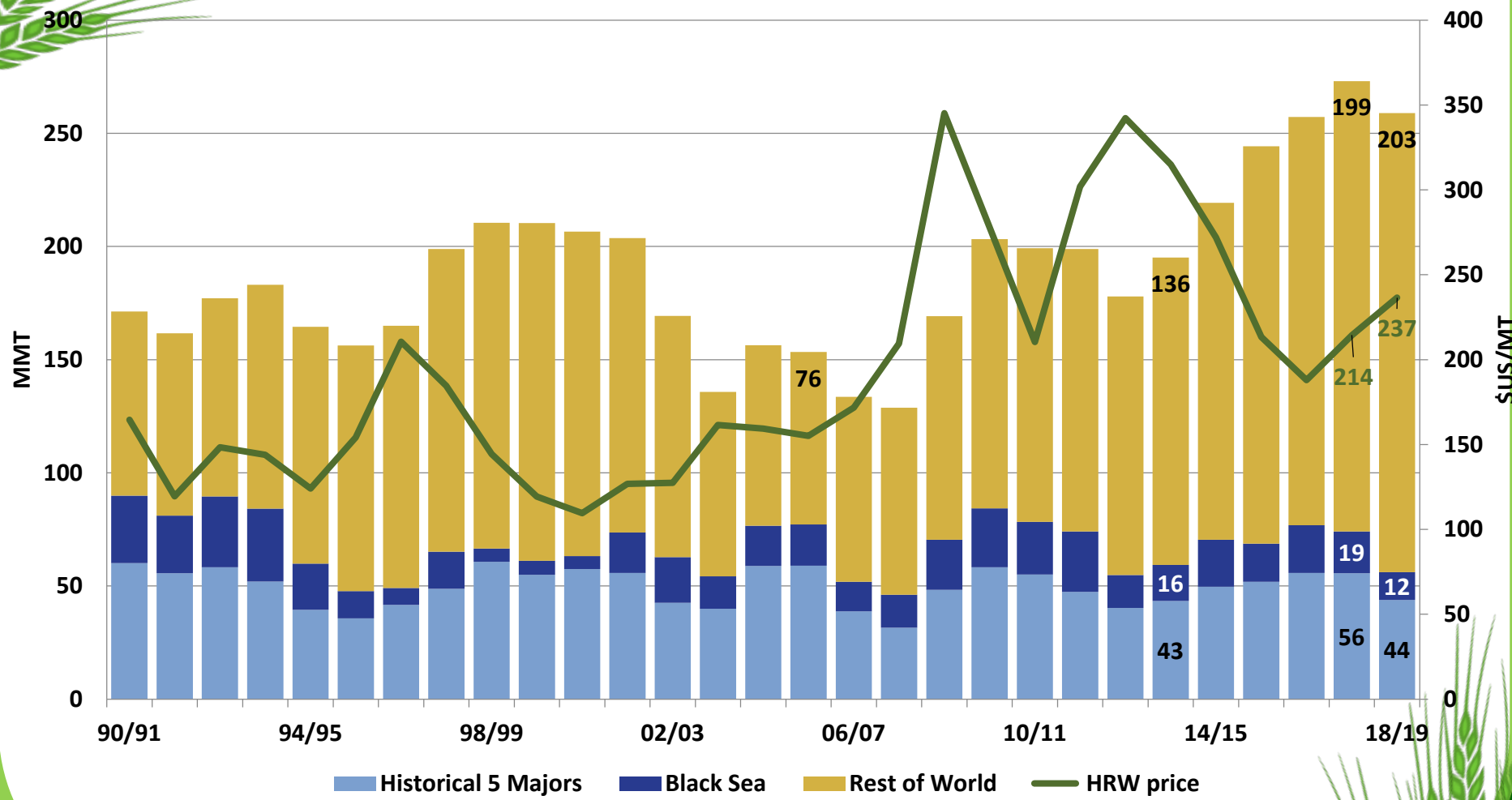
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.  
Black Sea includes Russia, Ukraine and Kazakhstan.*

# World Ending Stocks by Position

(million metric tons)



# Global Ending Stocks and Price

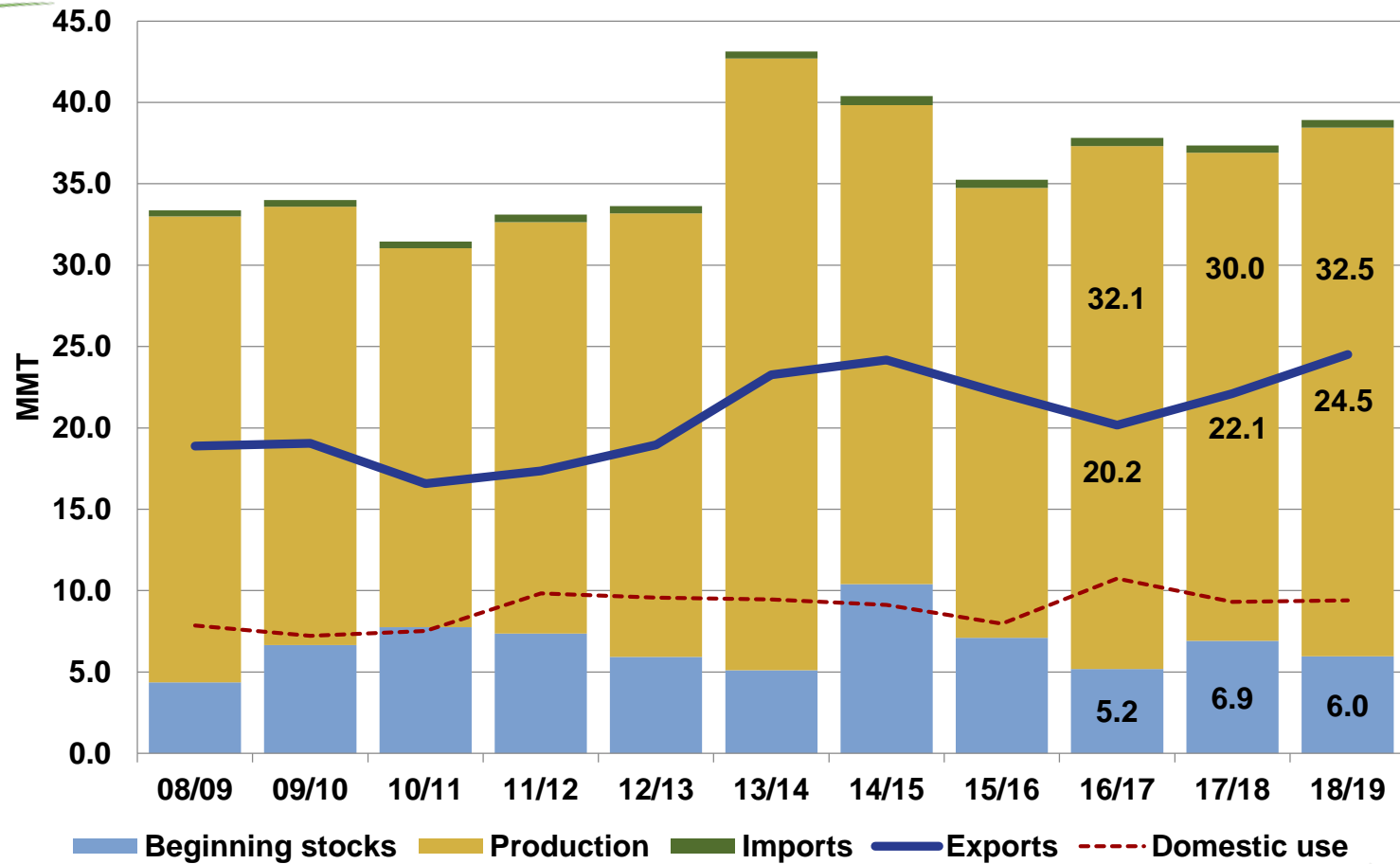


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

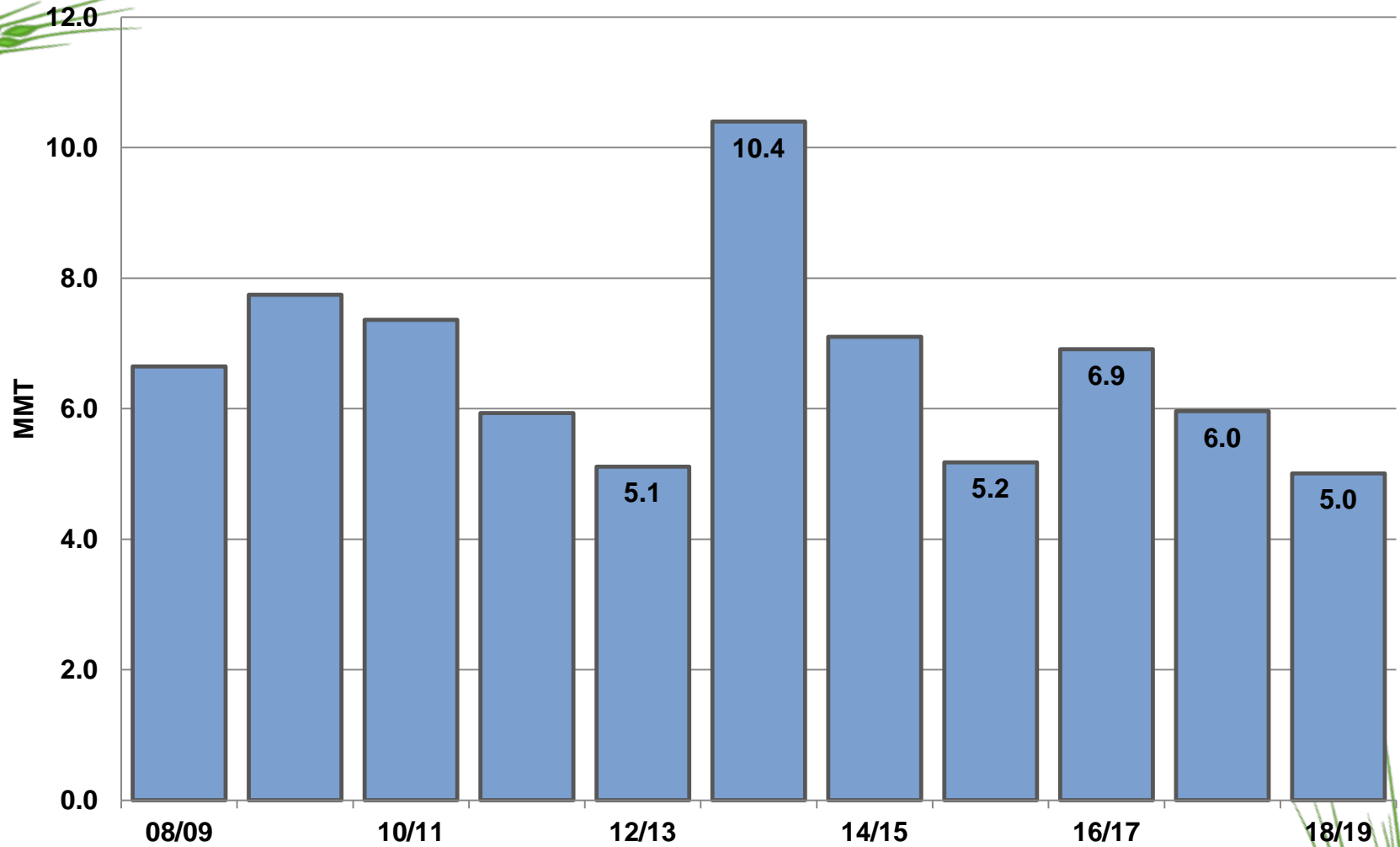


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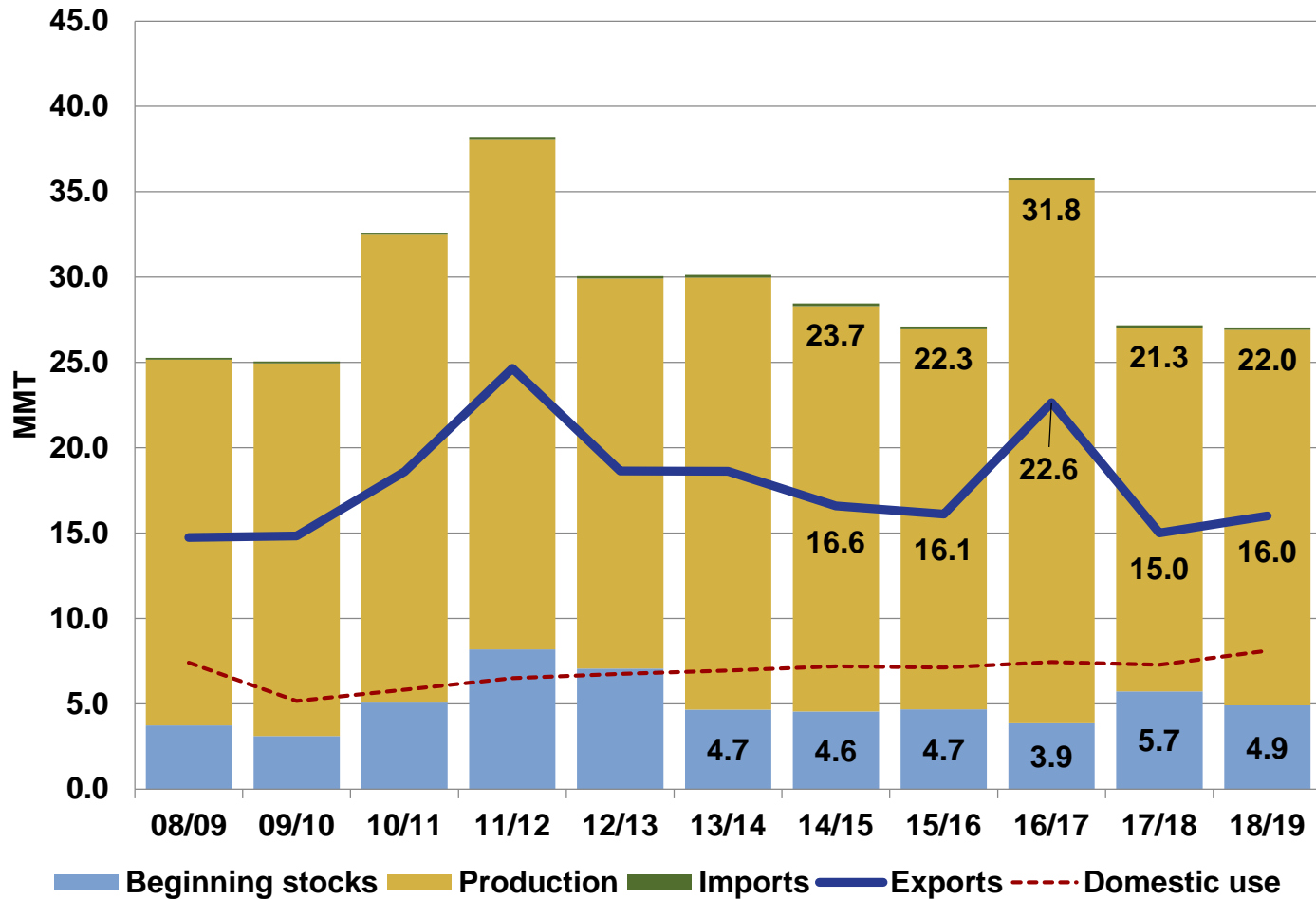
# Canada Situation



# Canada Ending Stocks

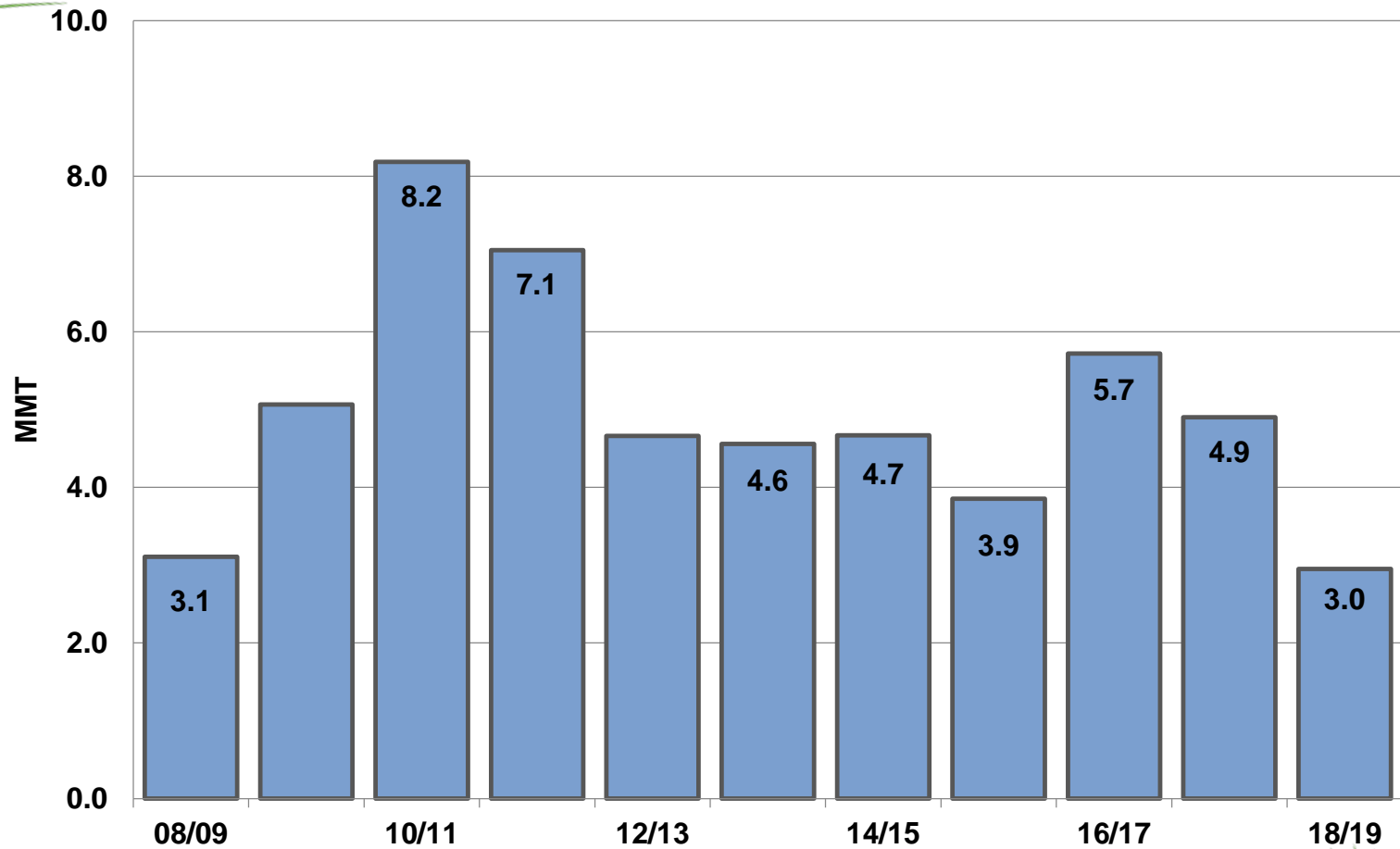


# Australia Situation

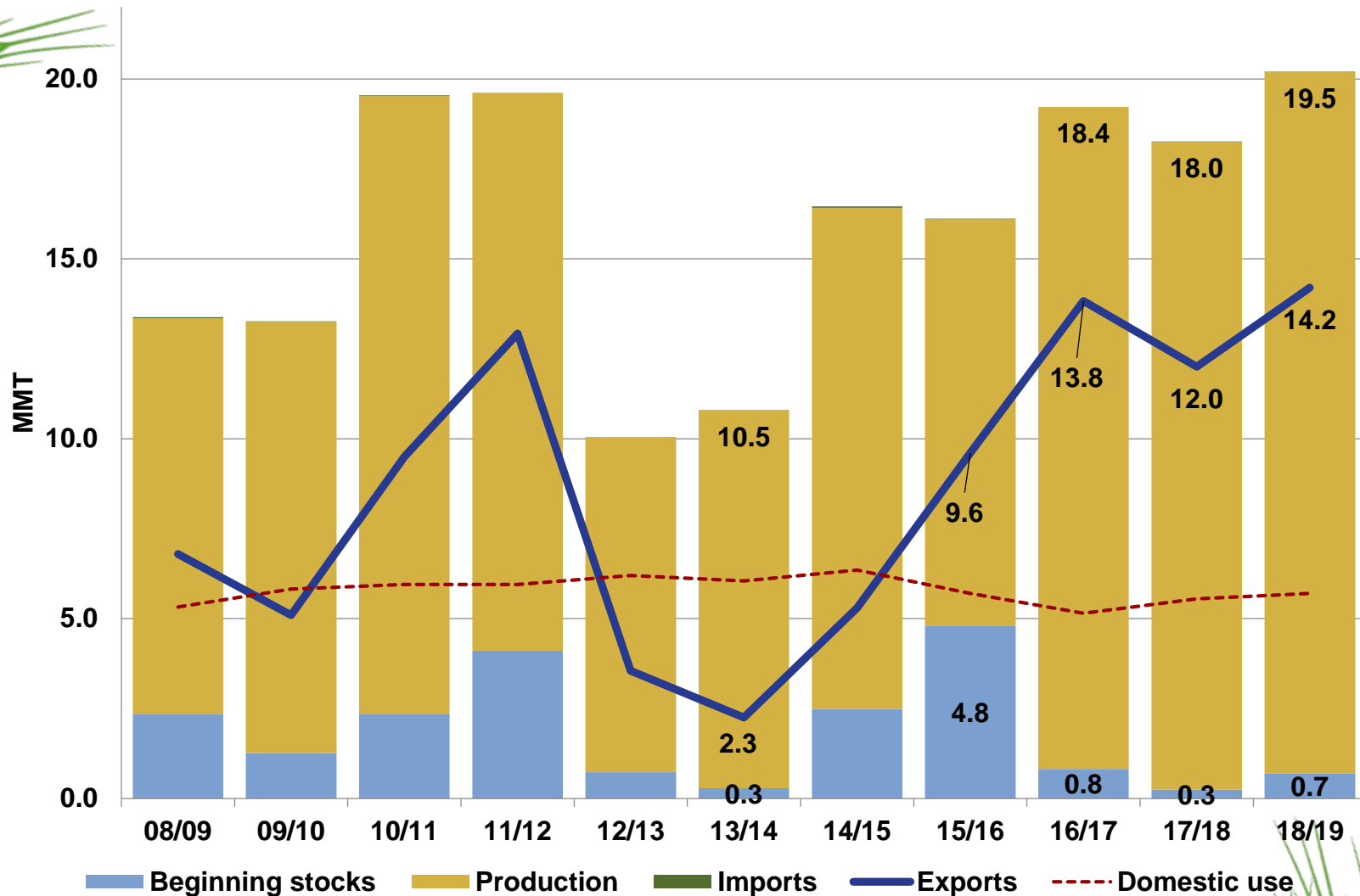




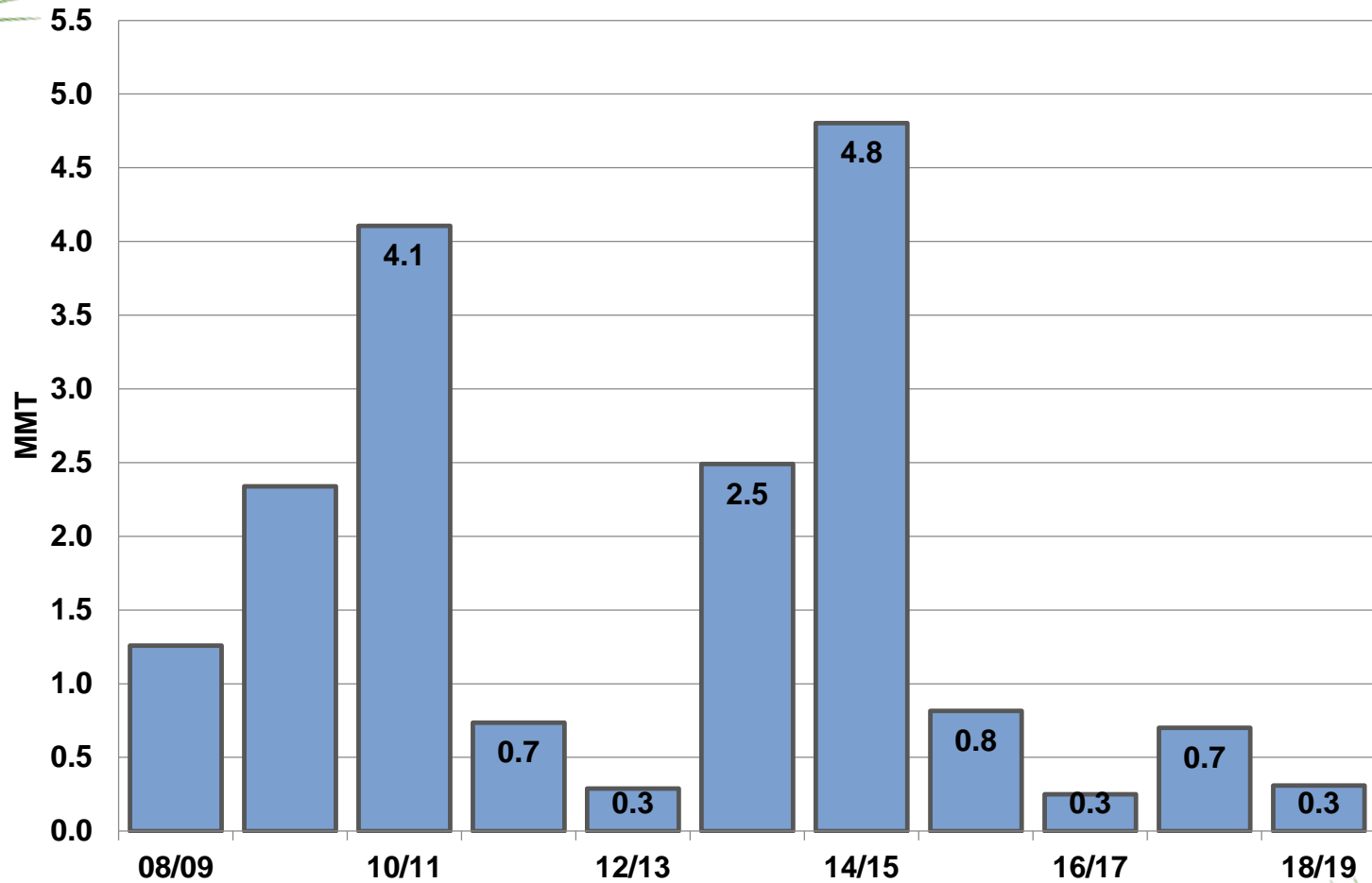
# Australia Ending Stocks



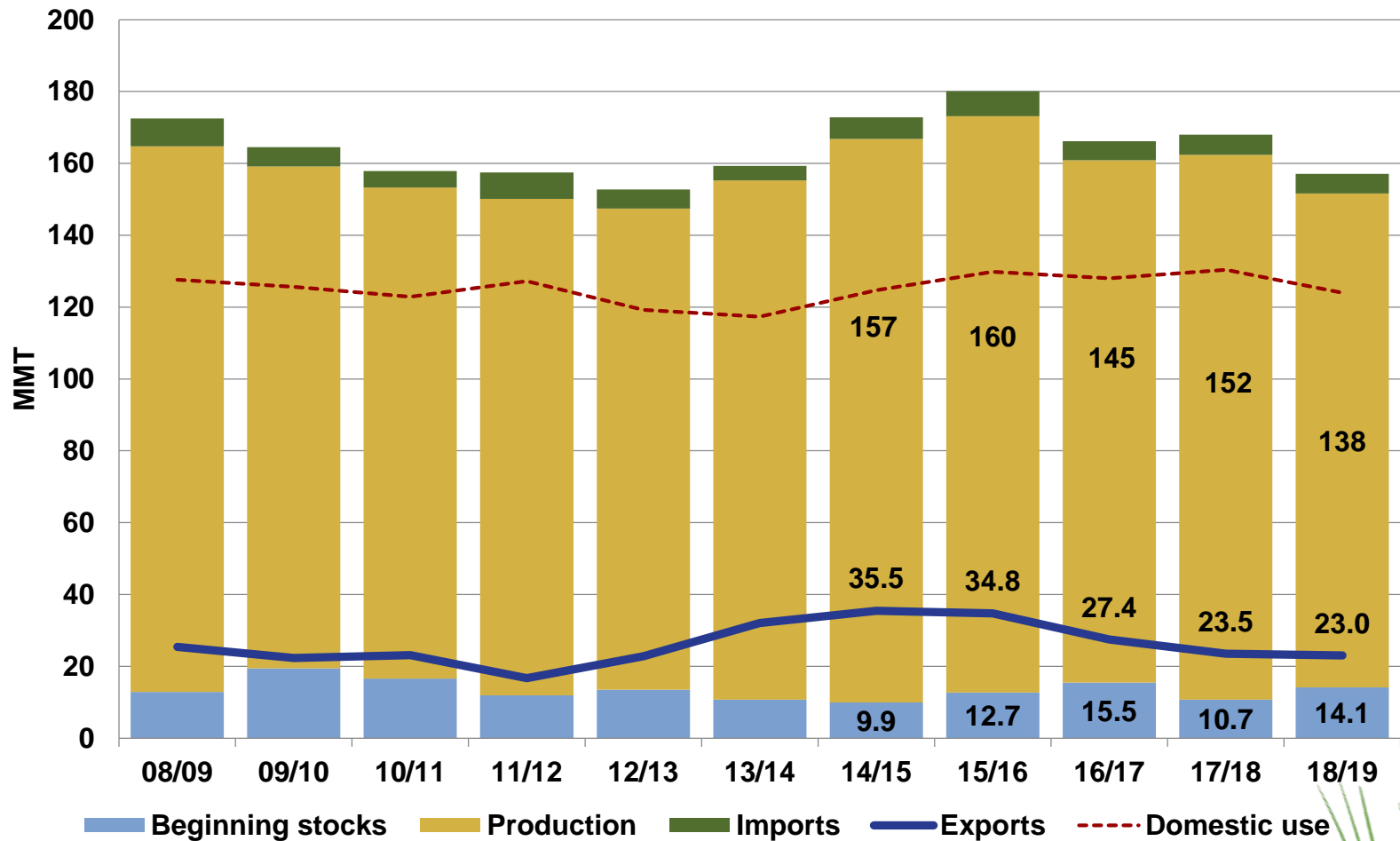
# Argentina Situation



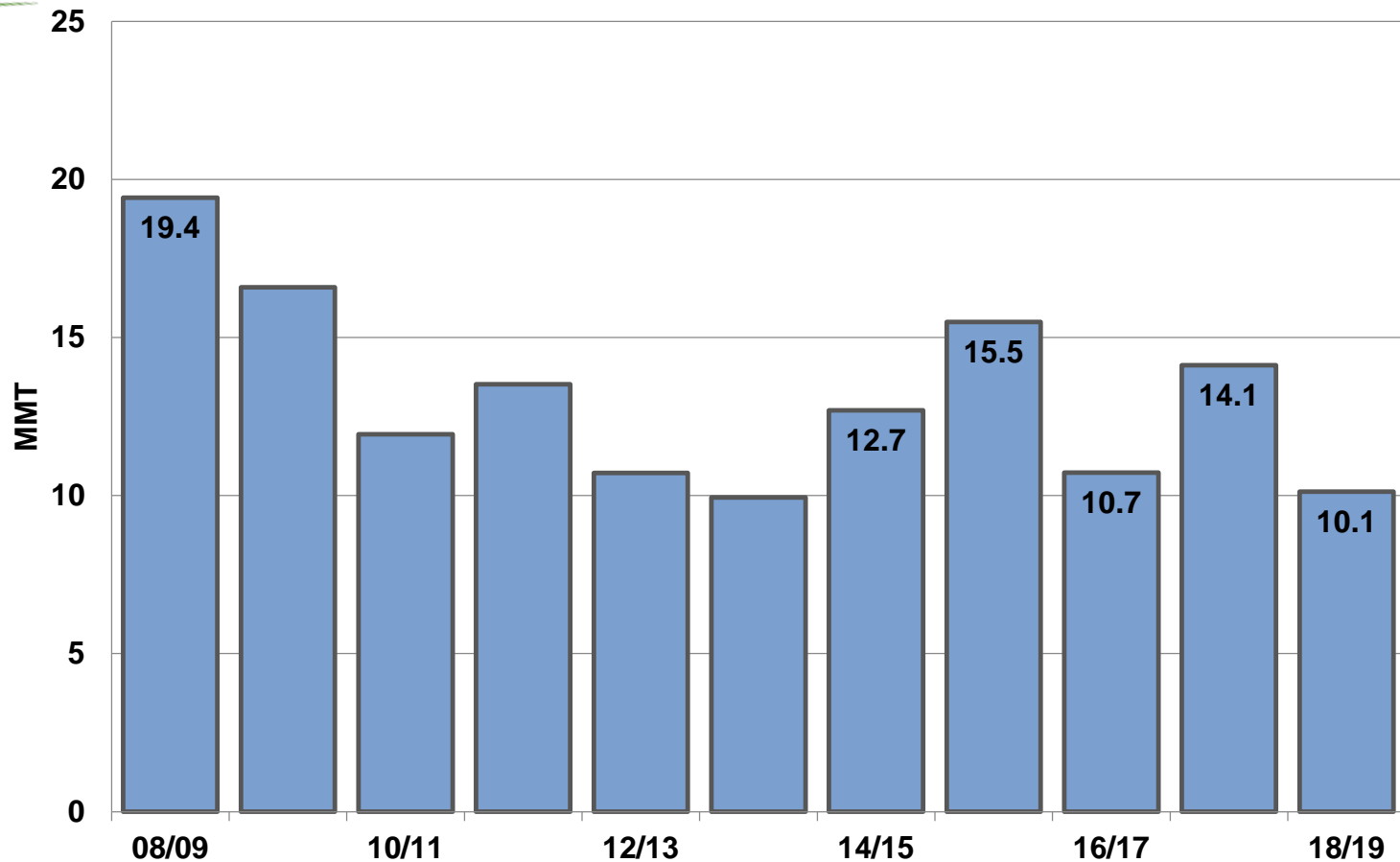
# Argentina Ending Stocks



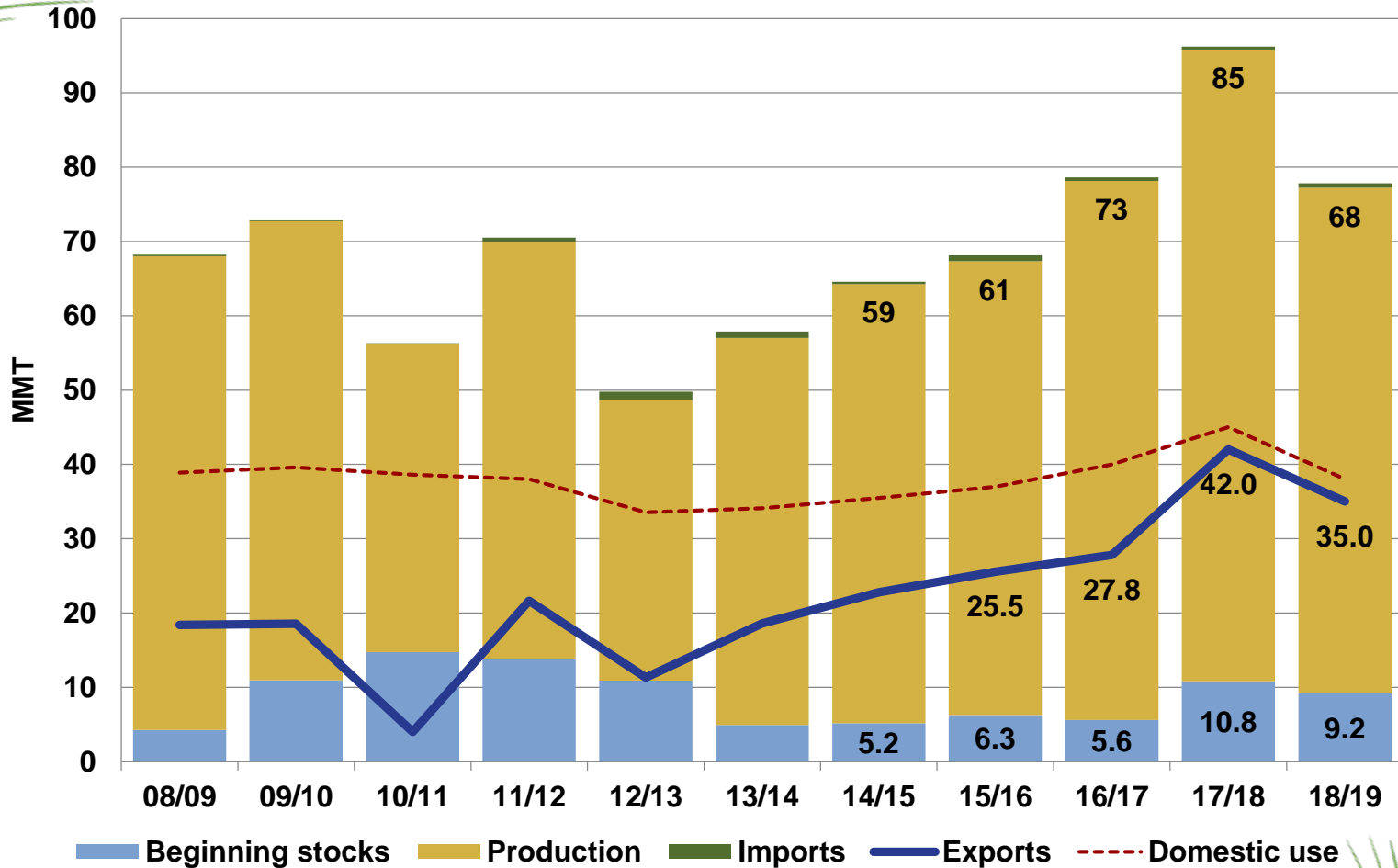
# EU-27 Situation



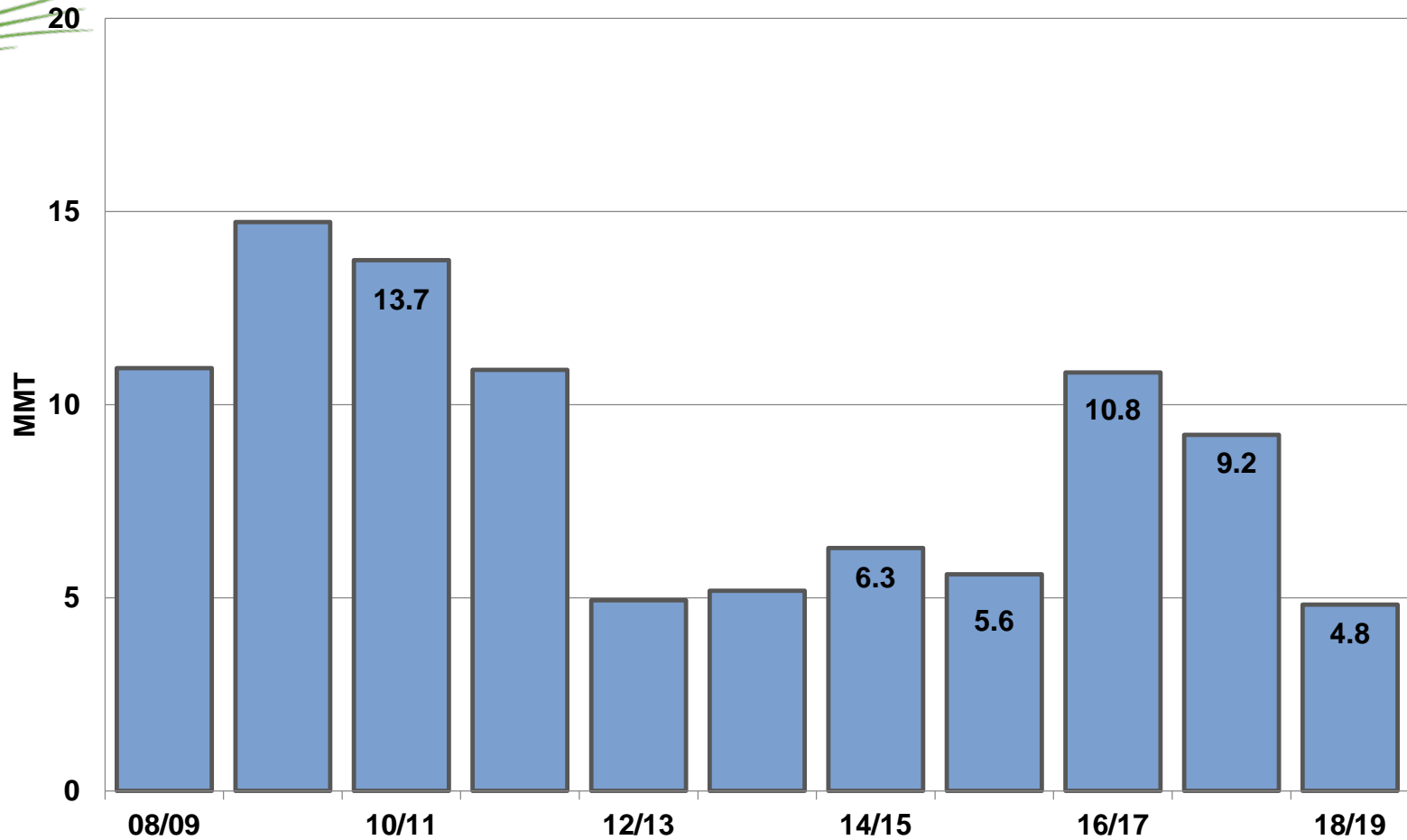
# EU-27 Ending Stocks



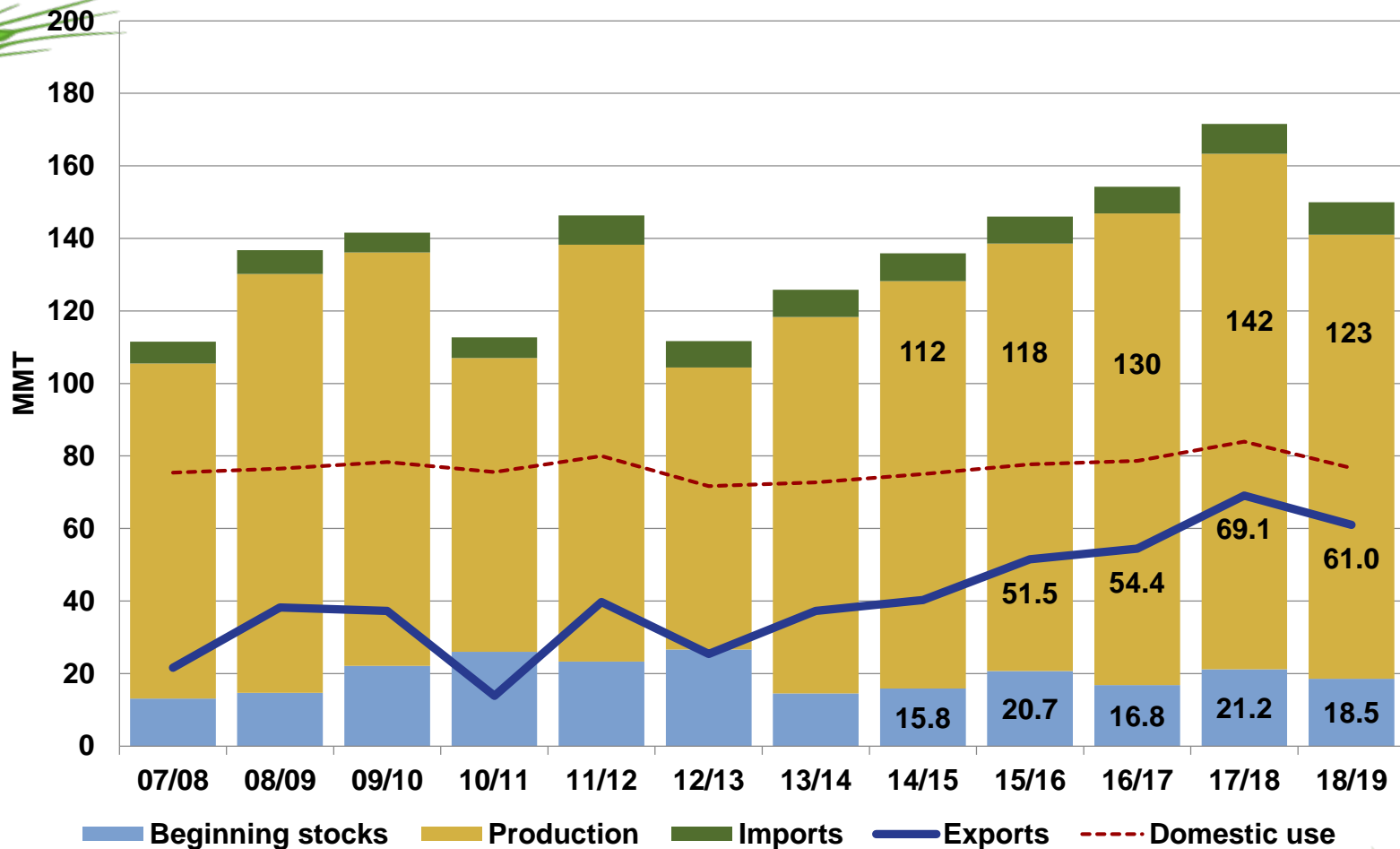
# Russia Situation



# Russia Ending Stocks



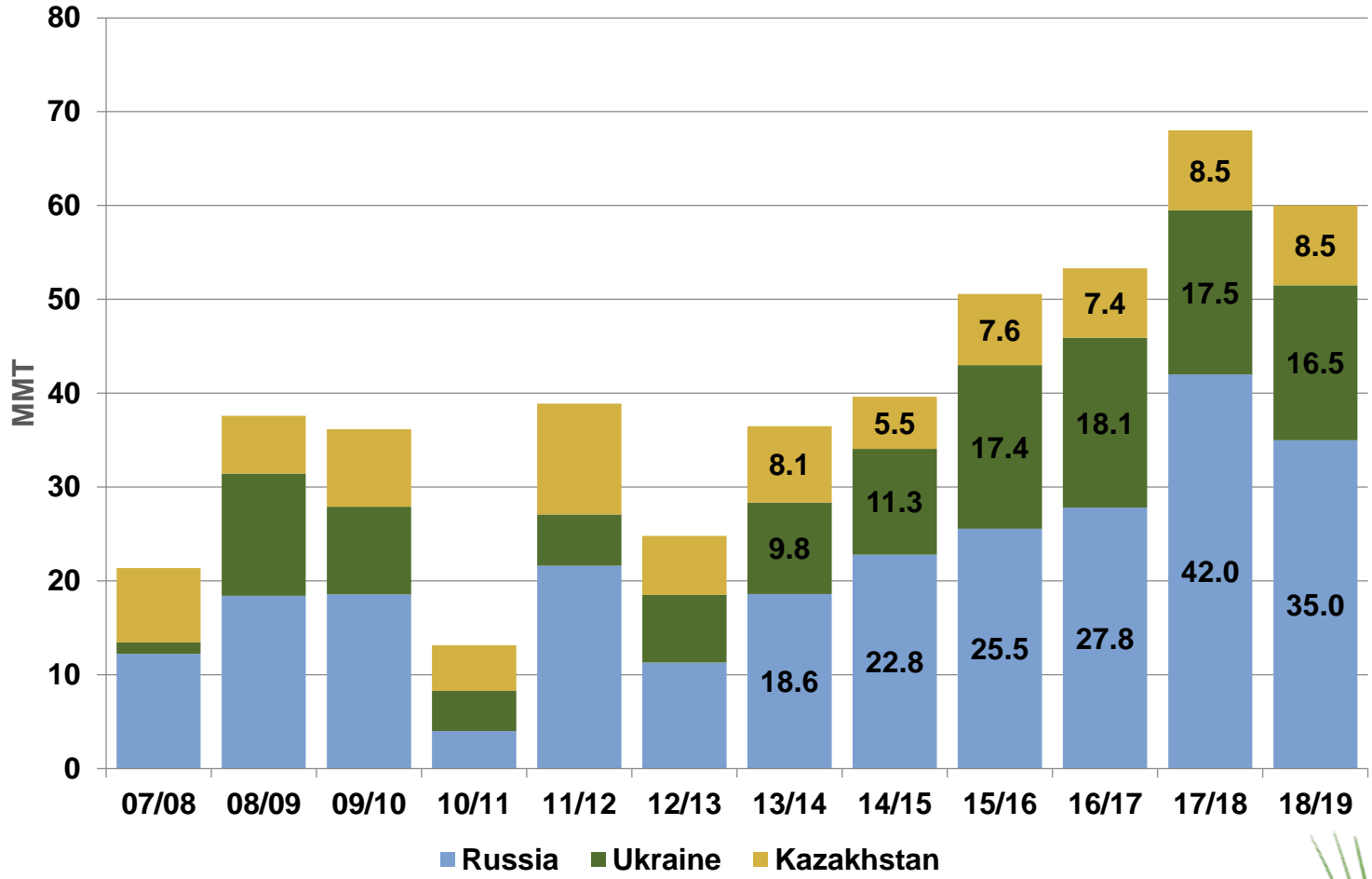
# Black Sea Region Situation



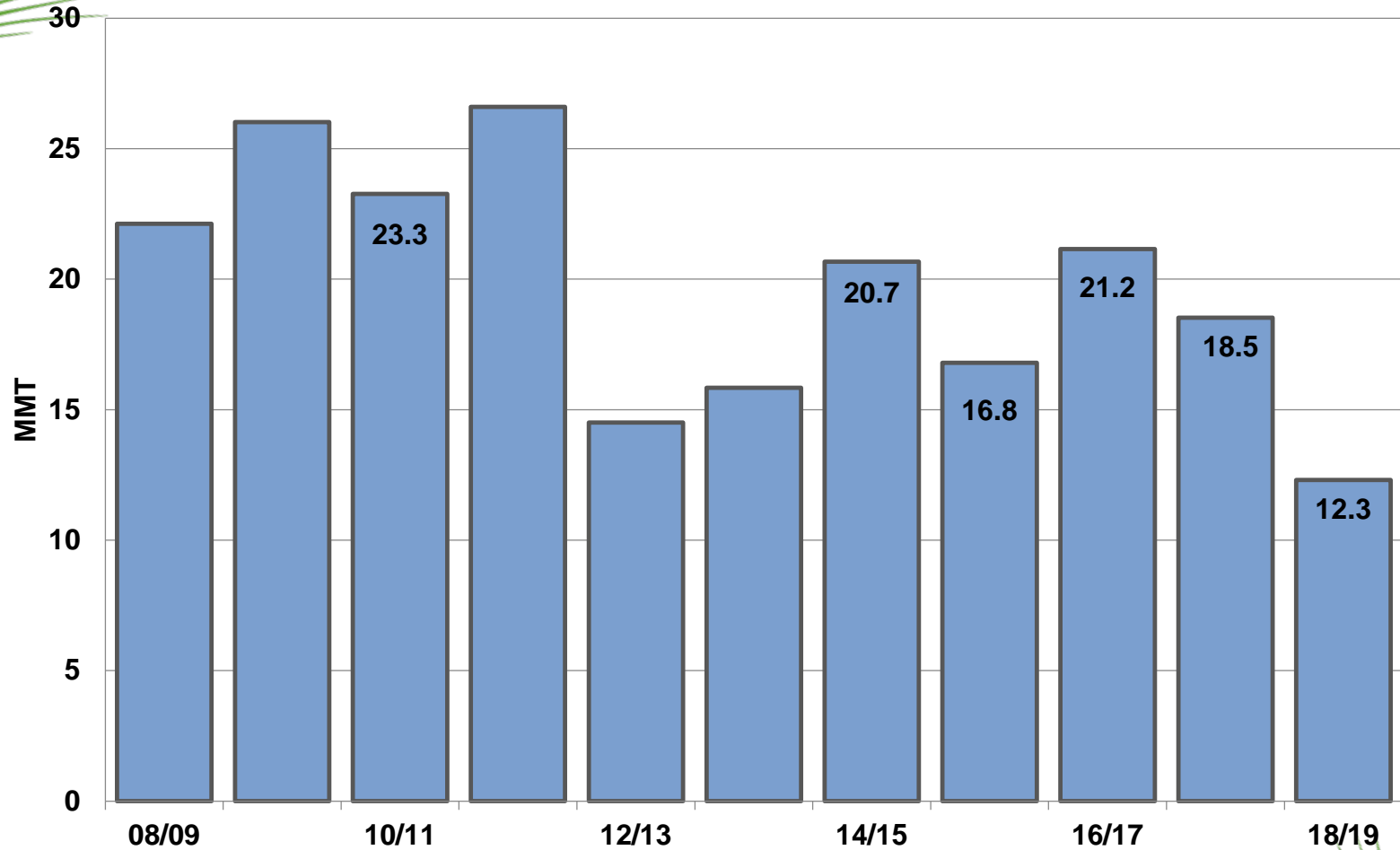
Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.



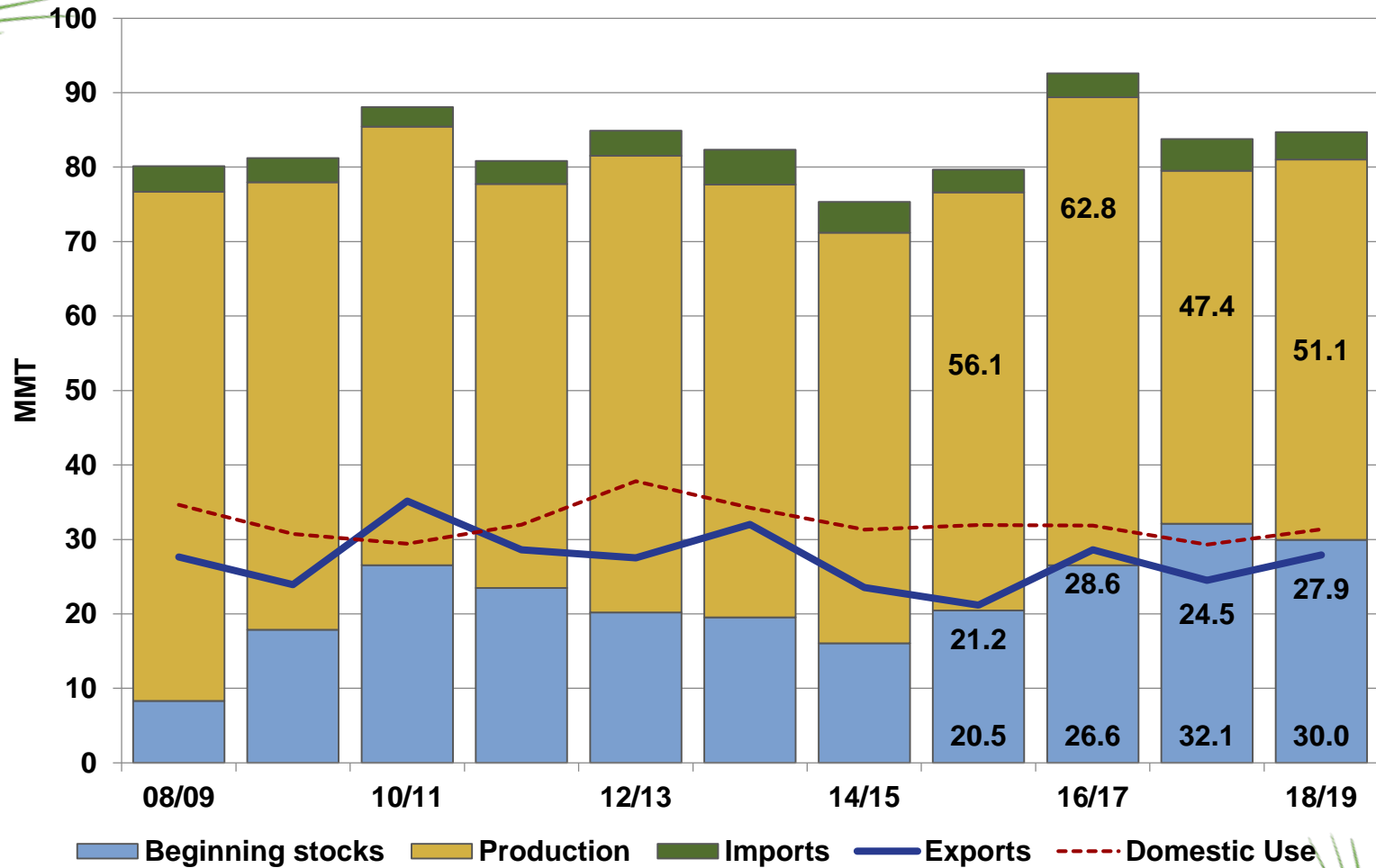
# Black Sea Exports



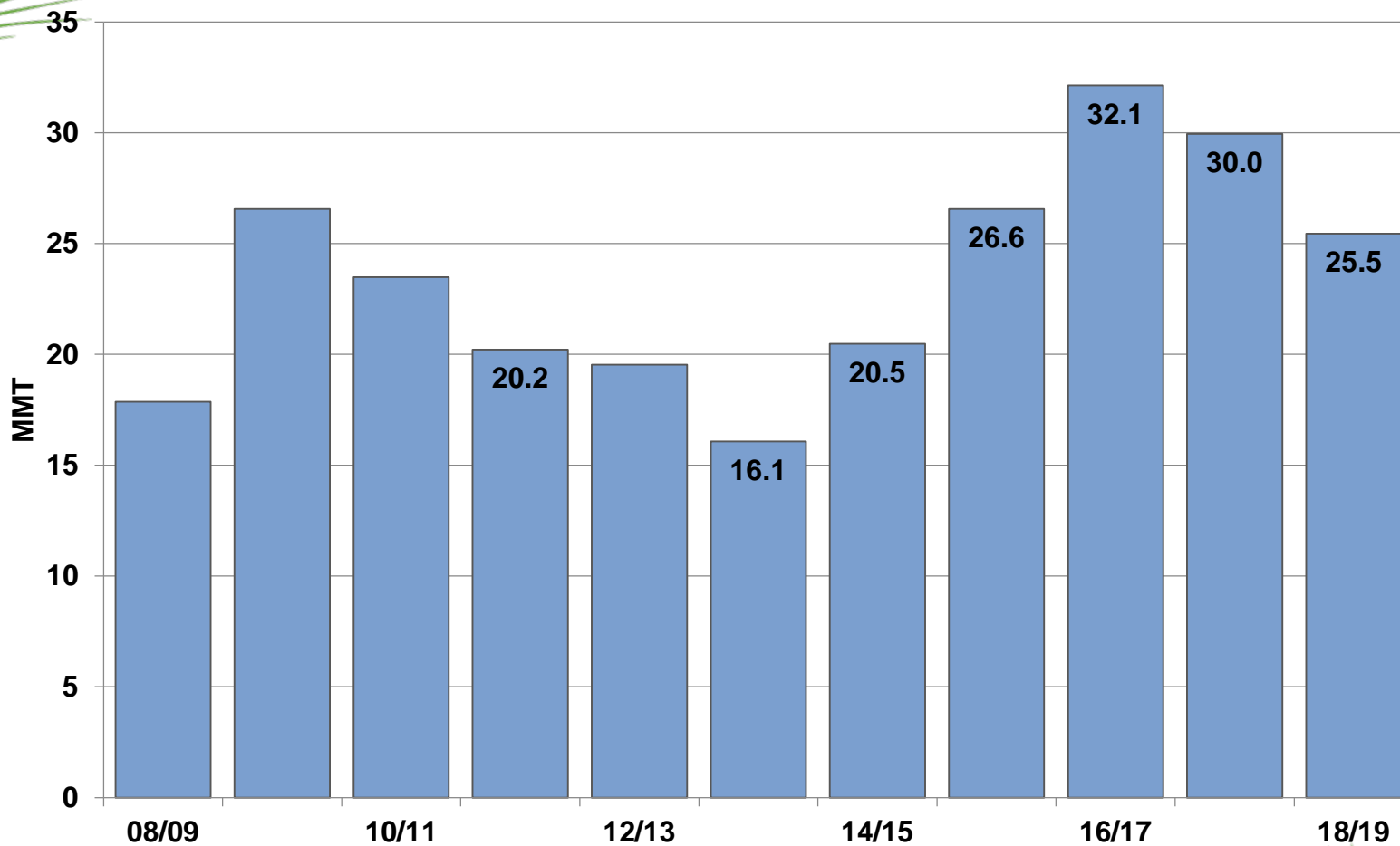
# Black Sea Ending Stocks



# U.S. Situation



# U.S. Ending Stocks



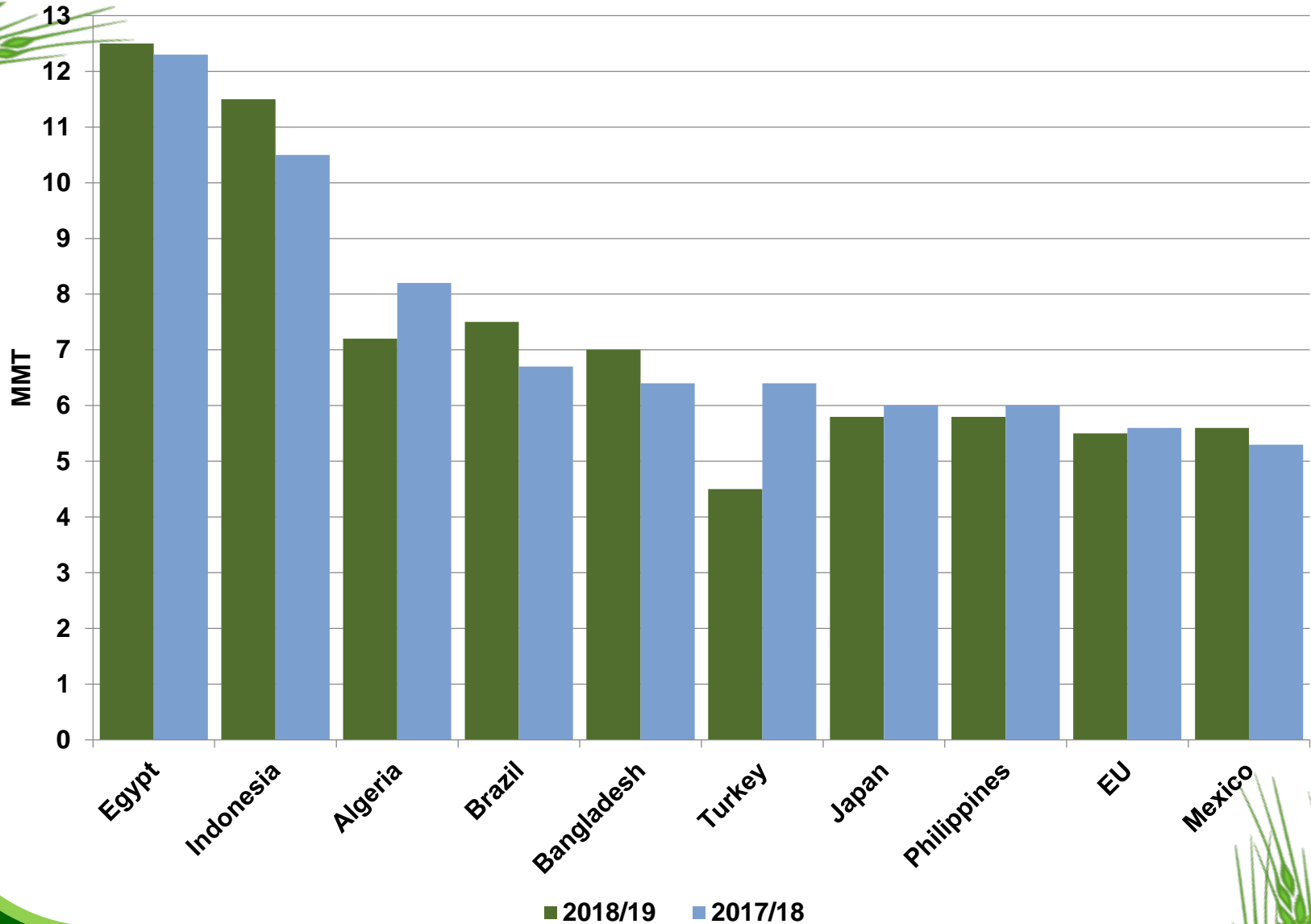
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



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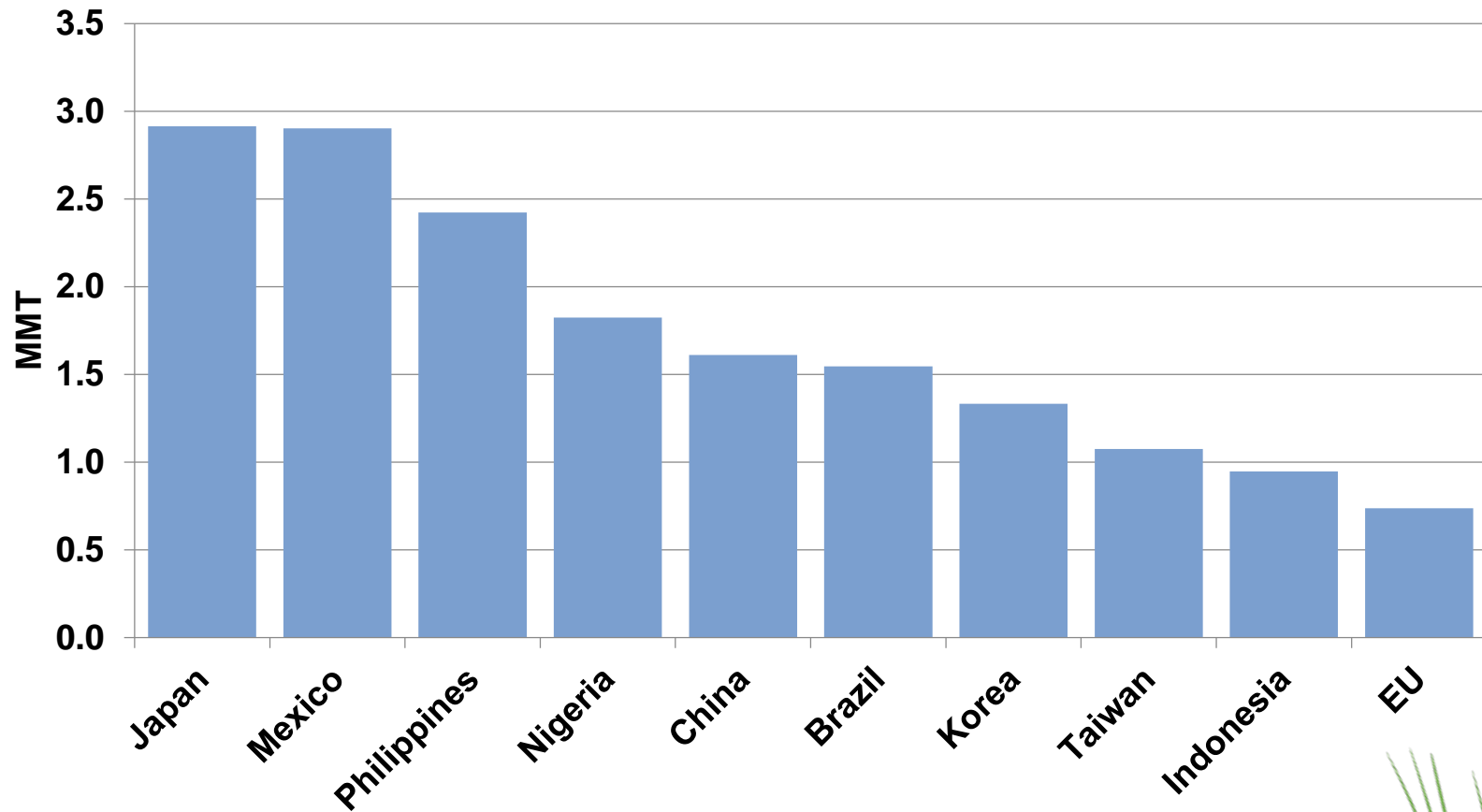
# Major World Wheat Importers

(from all origins)



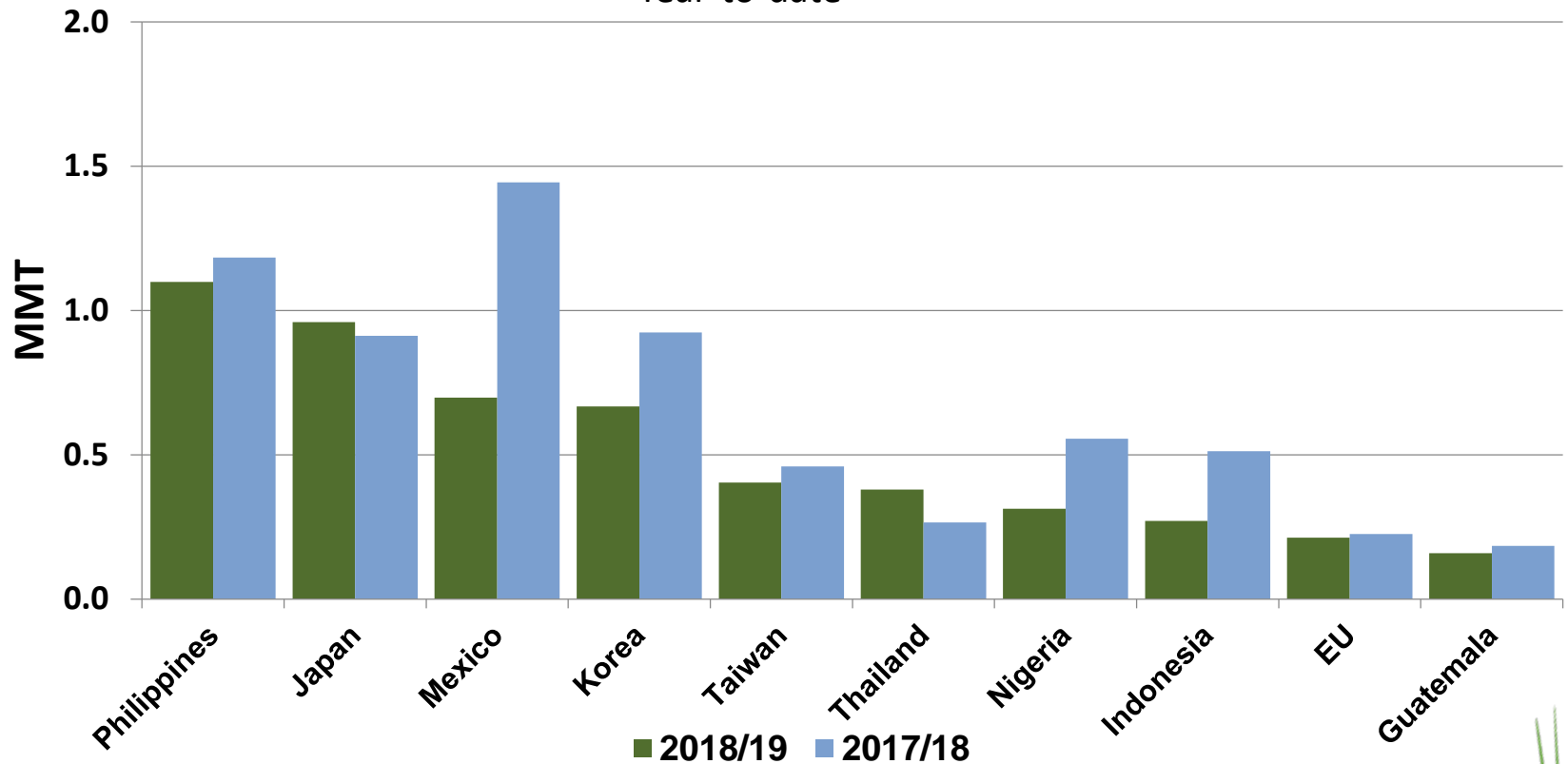
# Top 10 Customers for U.S. Wheat

5-year average



# Top 10 Customers for U.S. Wheat

Year-to-date

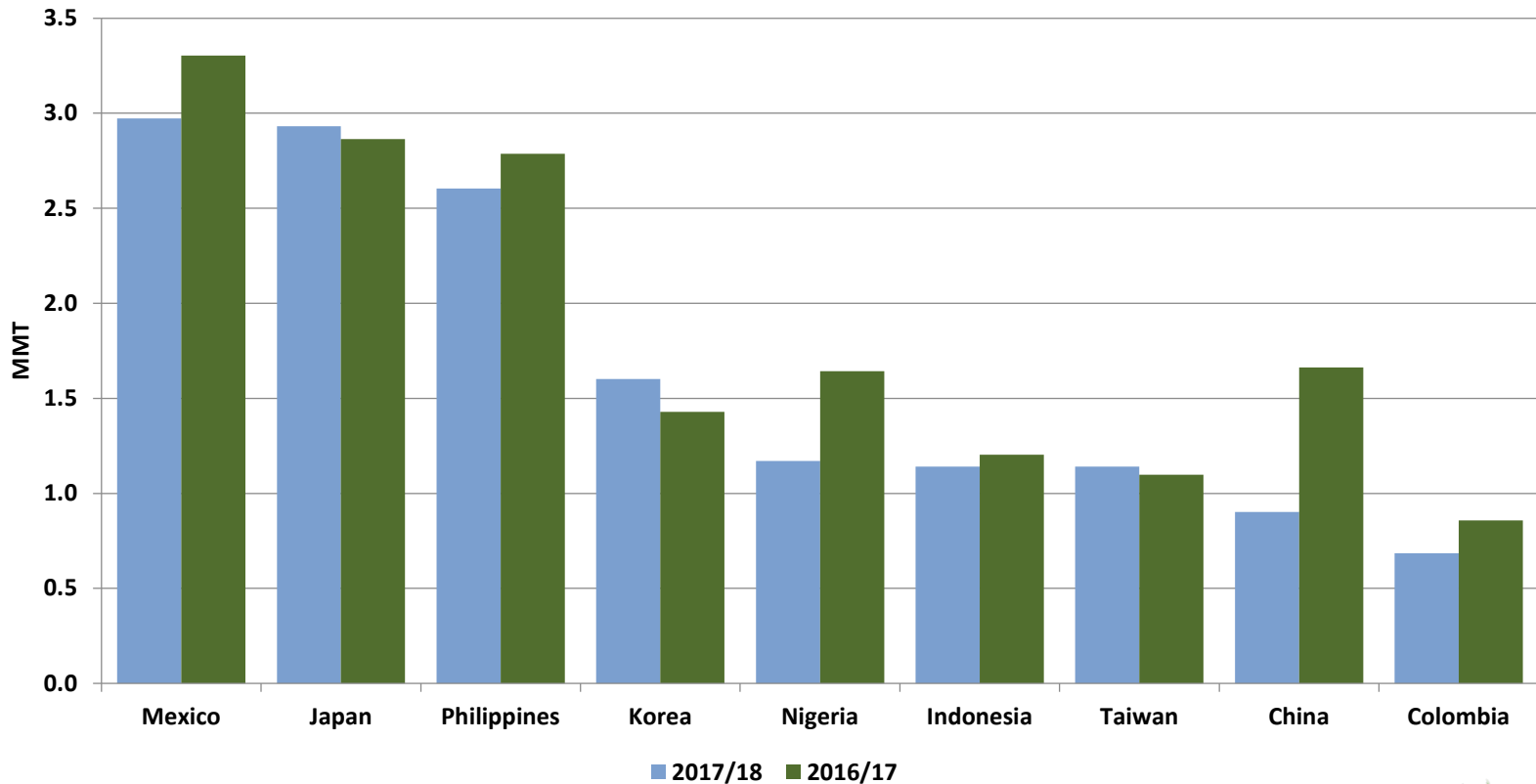


Source: USDA FAS export sales report August 9, 2018.



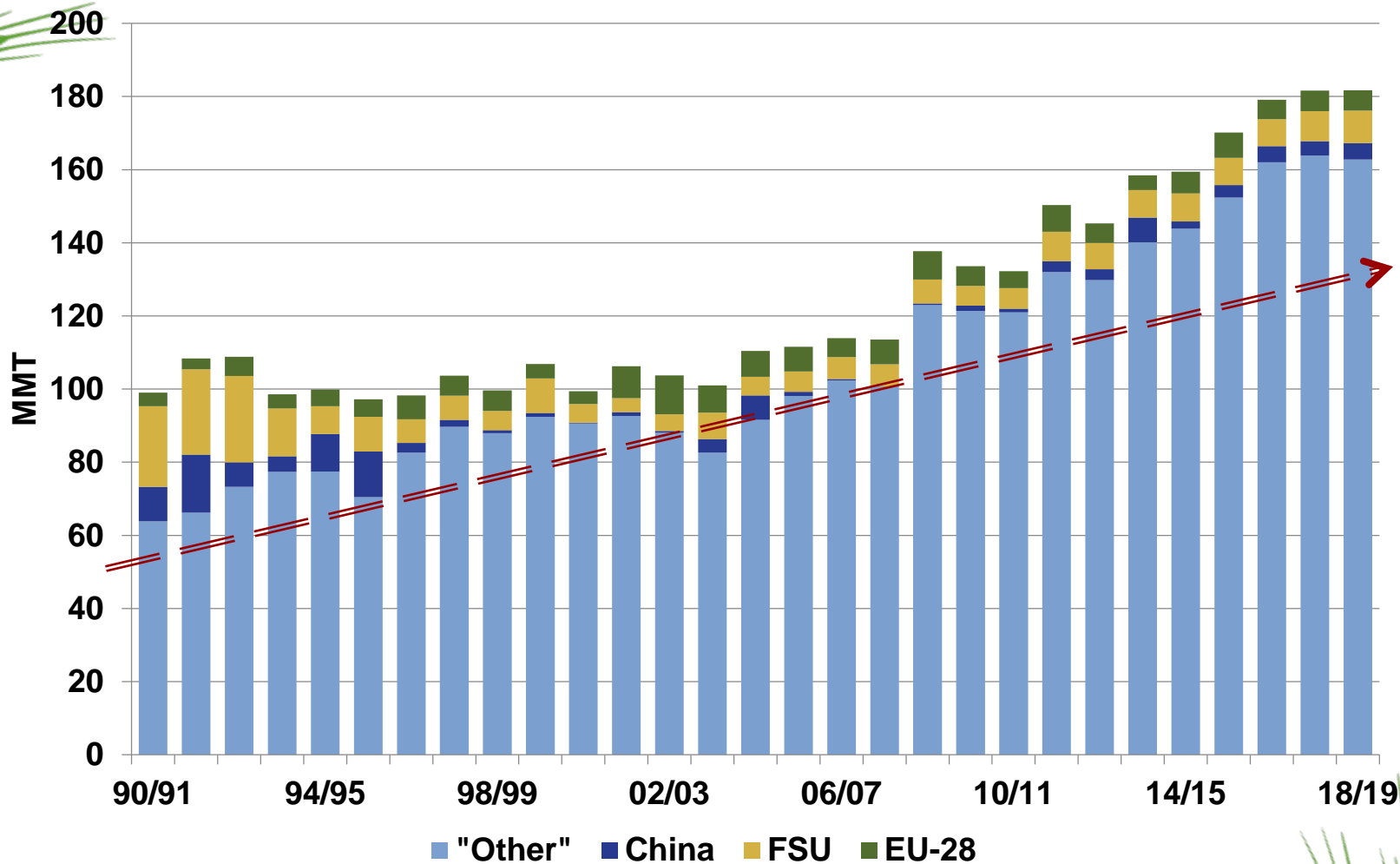
# Top 10 Customers for U.S. Wheat

2017/18 vs. 2016/17



Source: USDA FAS 2017/18 Marketing Year Final export sales report May 31, 2018.

# World Wheat Imports



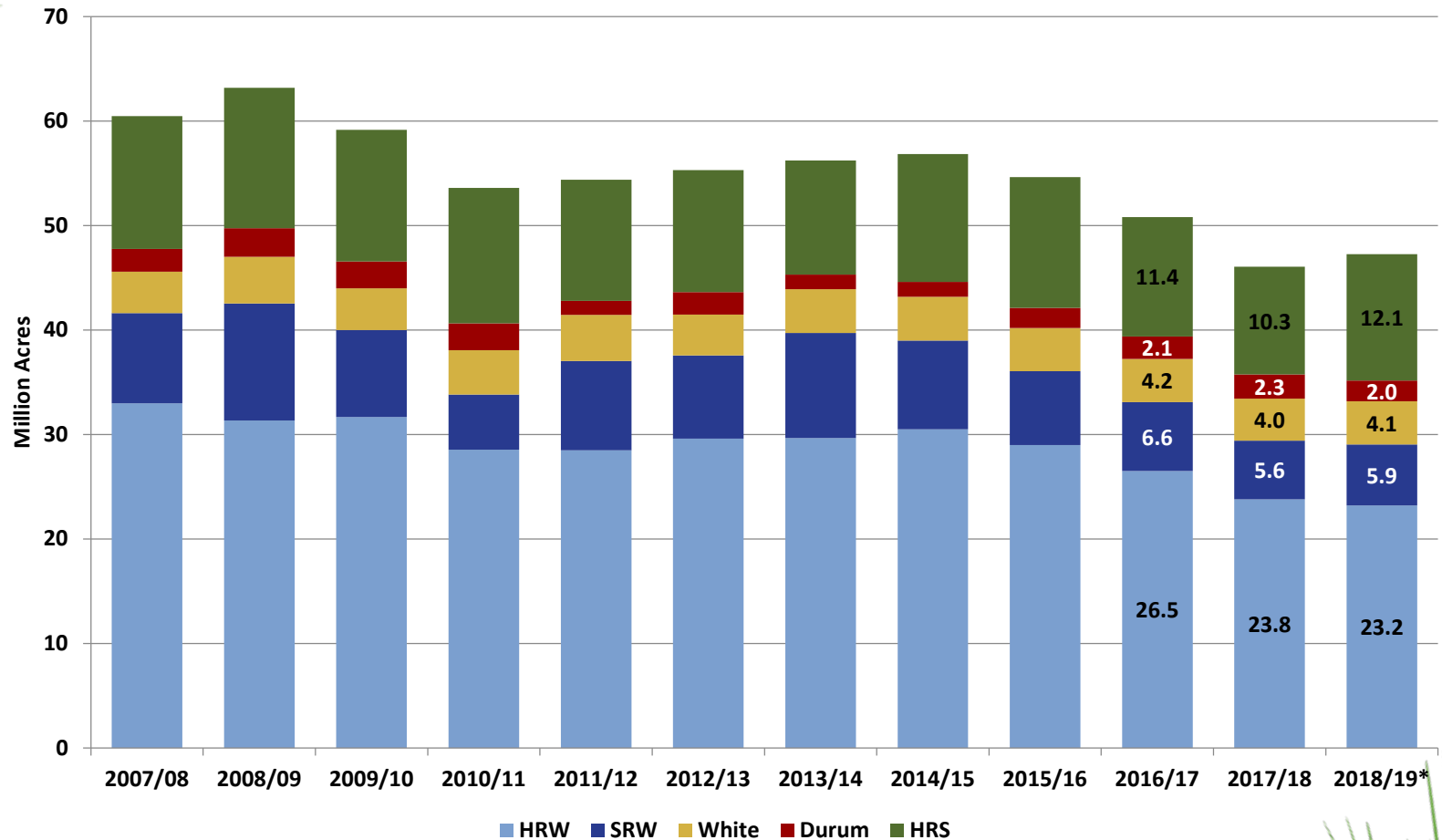
Trend in "other" importers denoted (—▶)

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



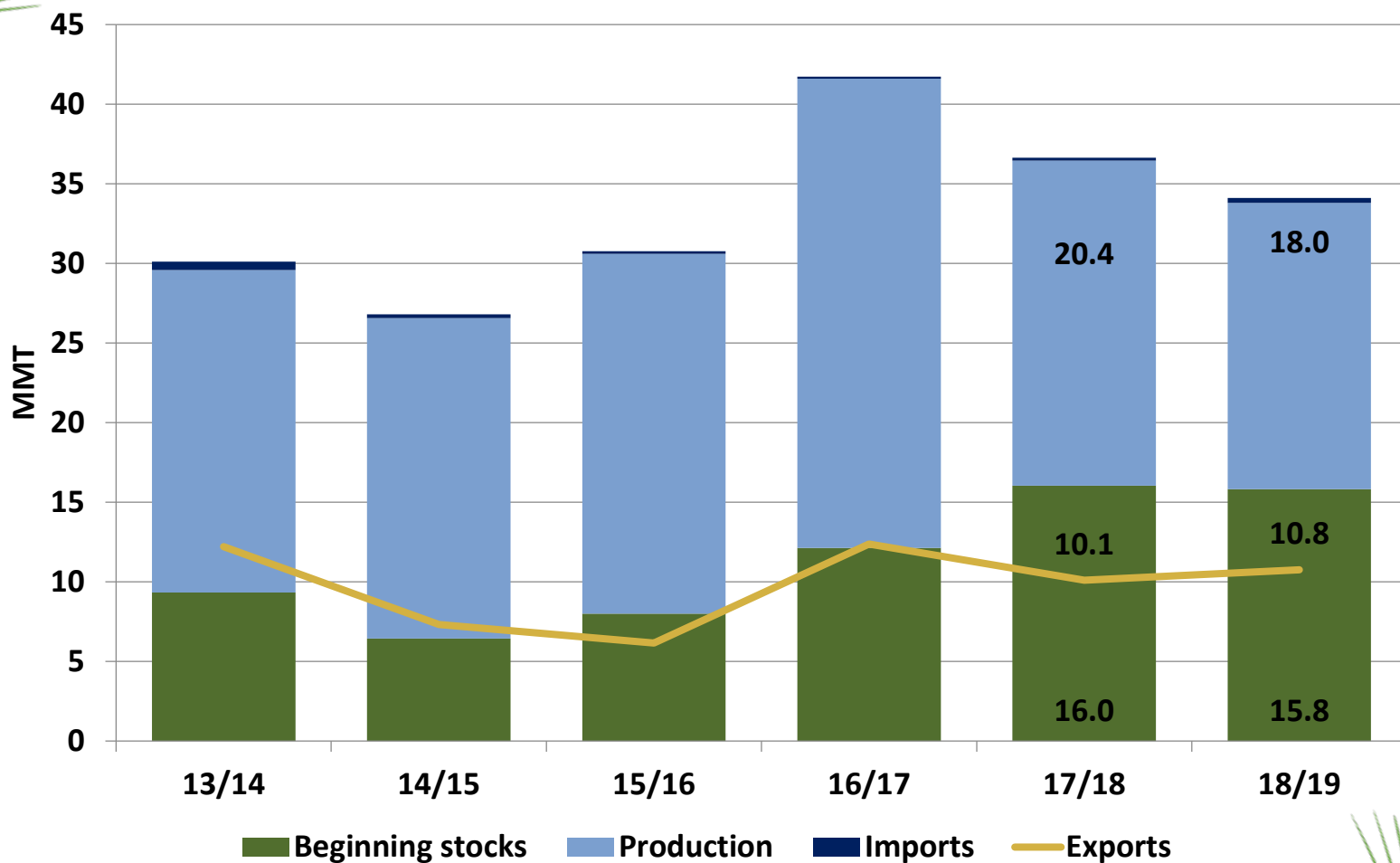
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# U.S. Wheat Plantings by Class

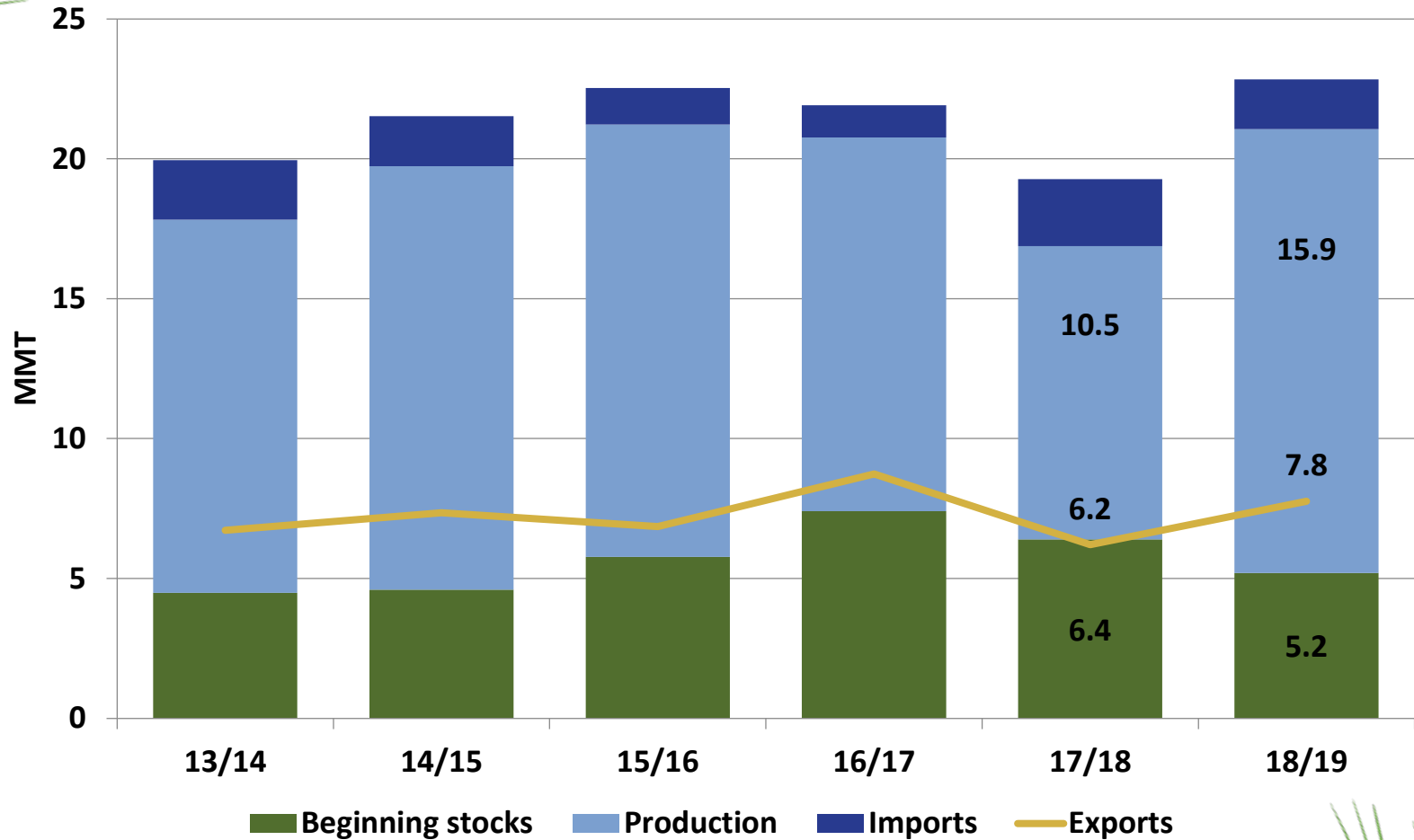


\*Source: USDA Prospective Plantings Report, March 29, 2018

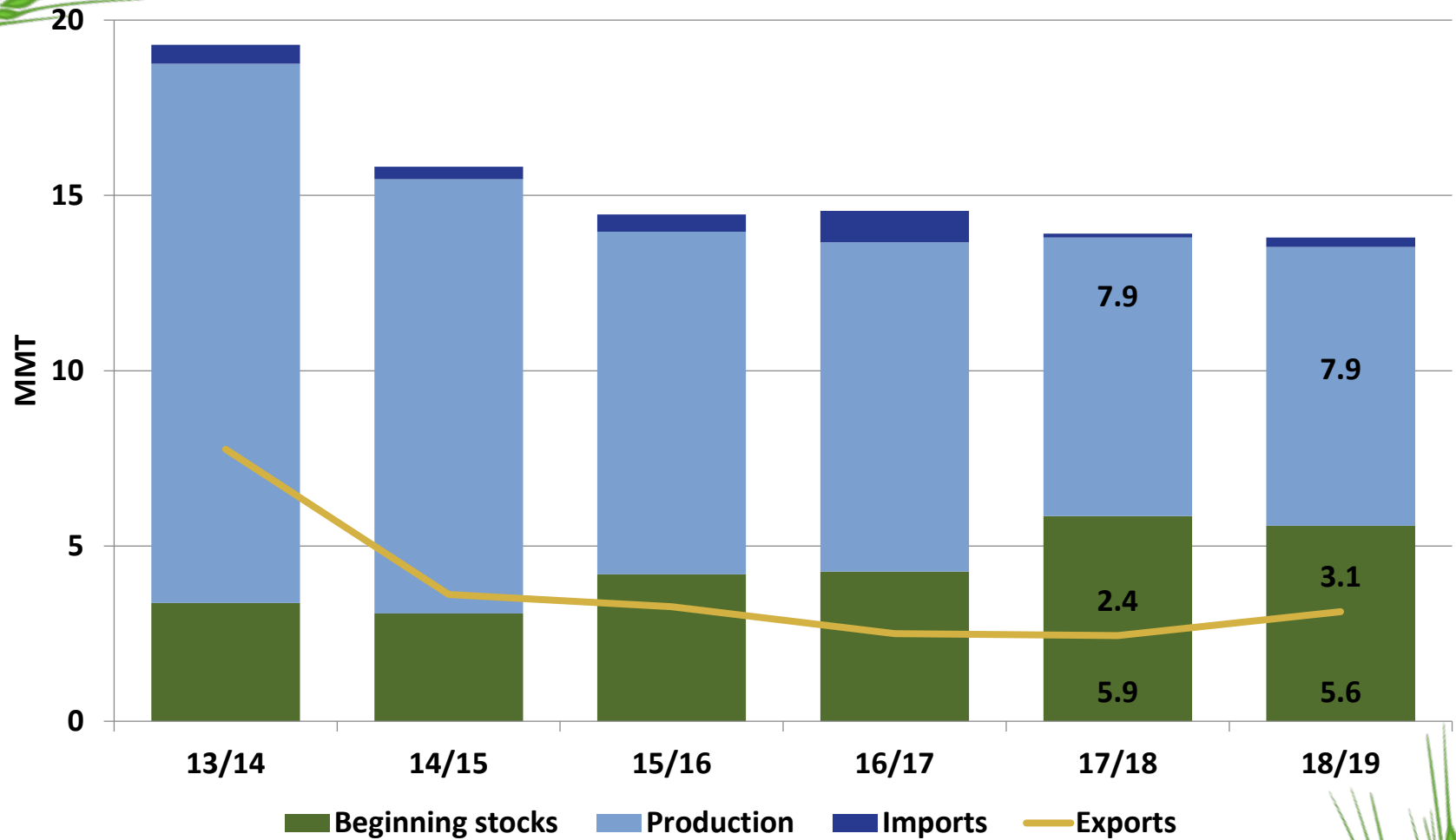
# U.S. Hard Red Winter



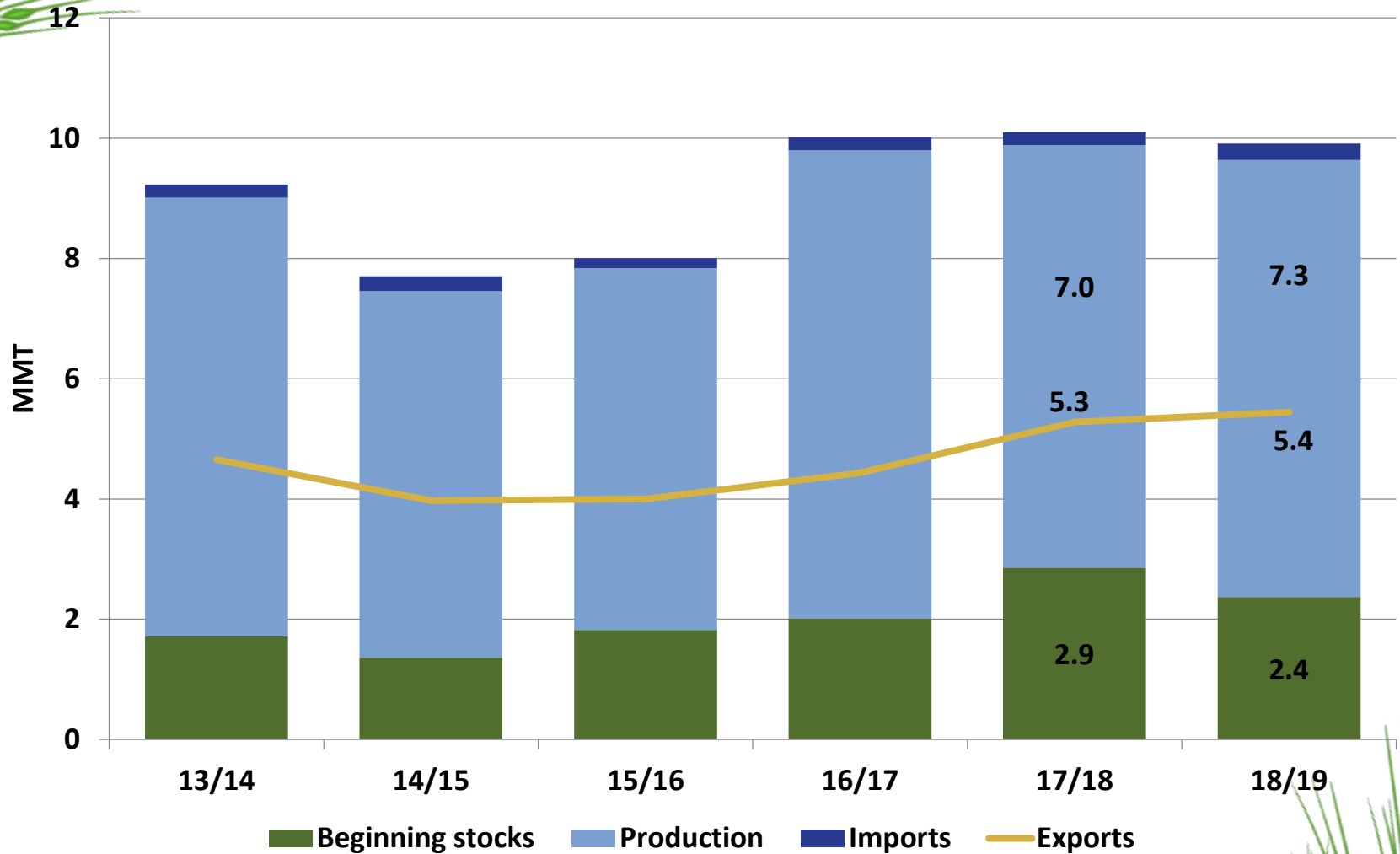
# U.S. Hard Red Spring



# U.S. Soft Red Winter

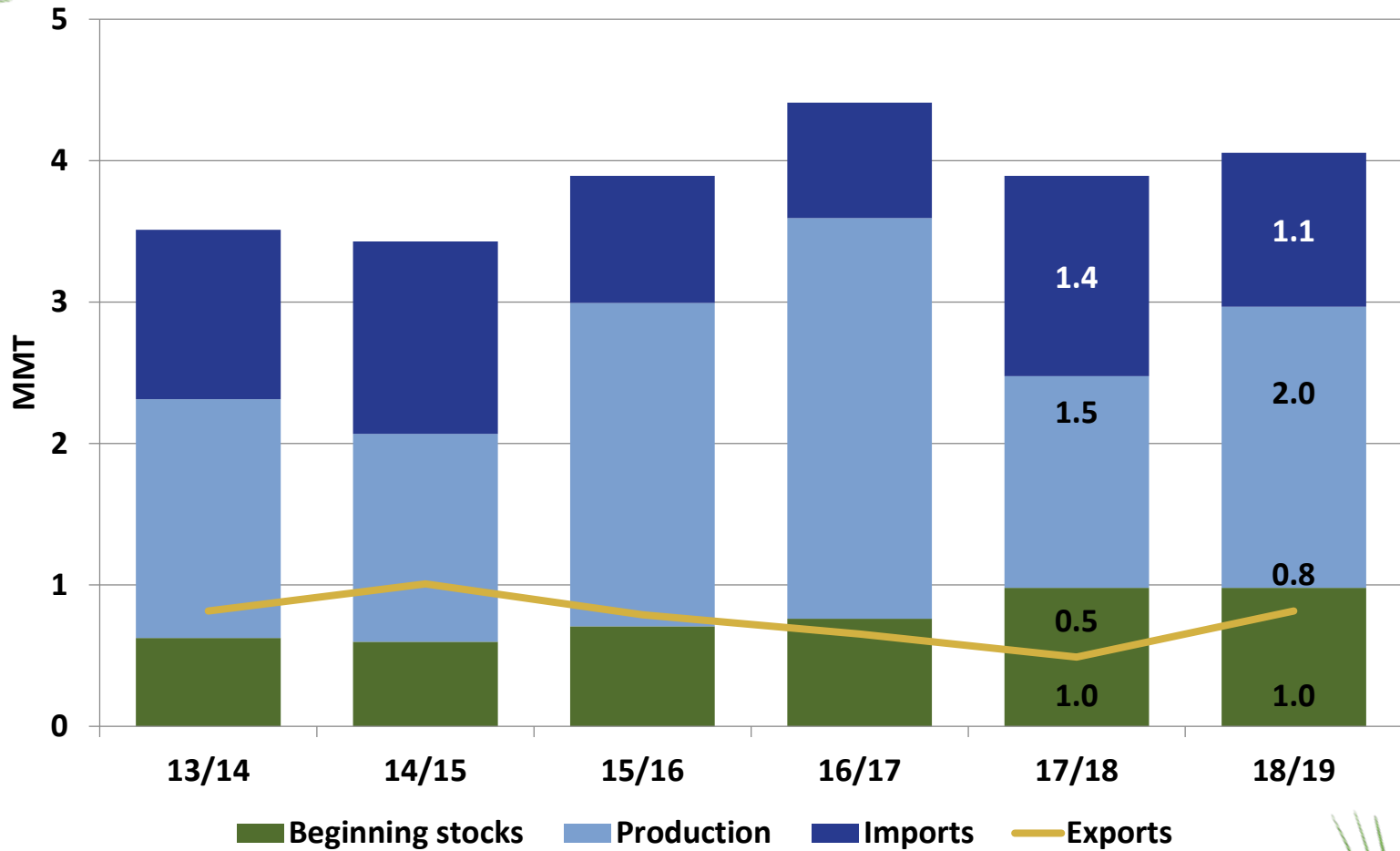


# U.S. White



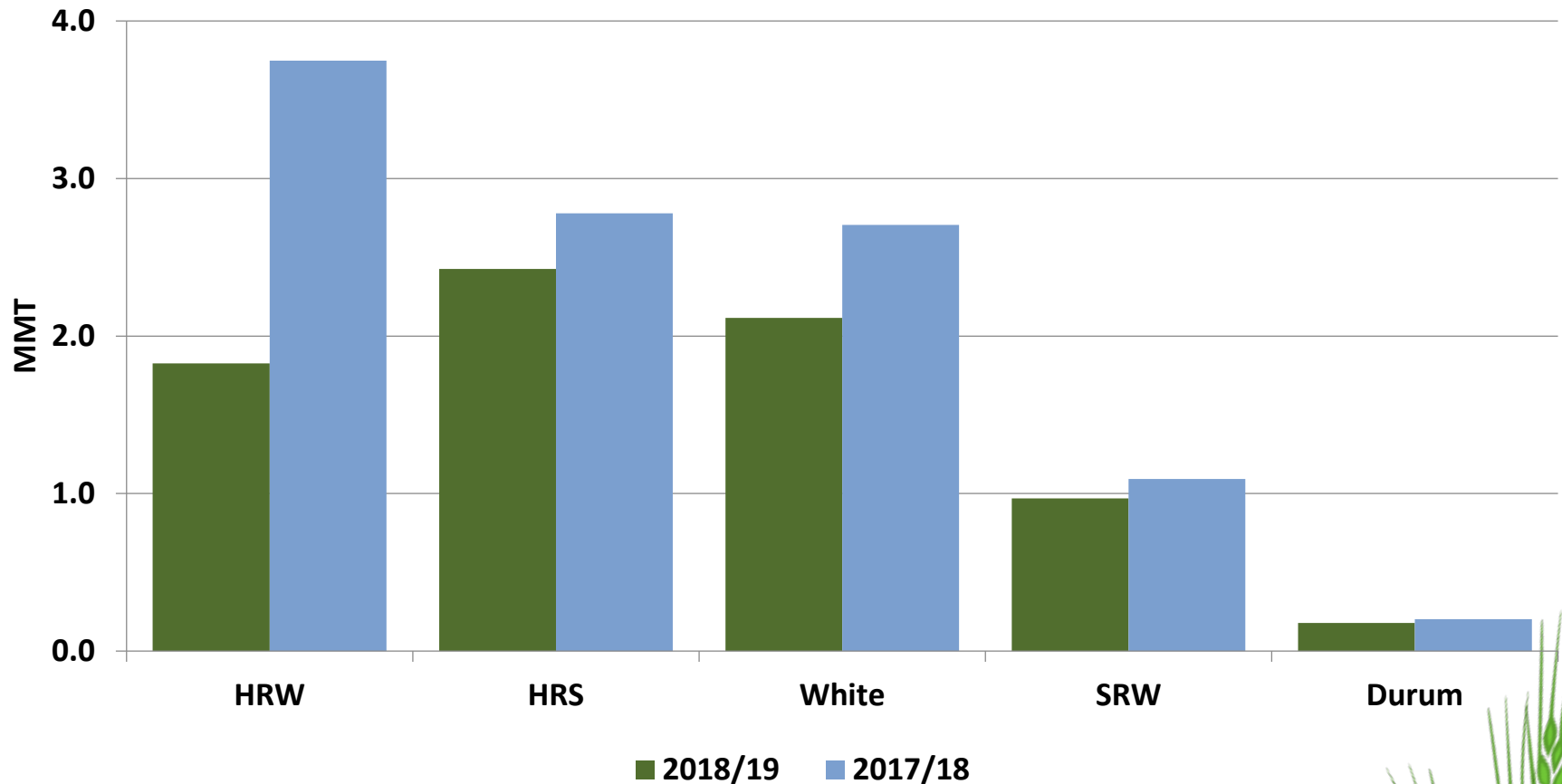


# U.S. Durum



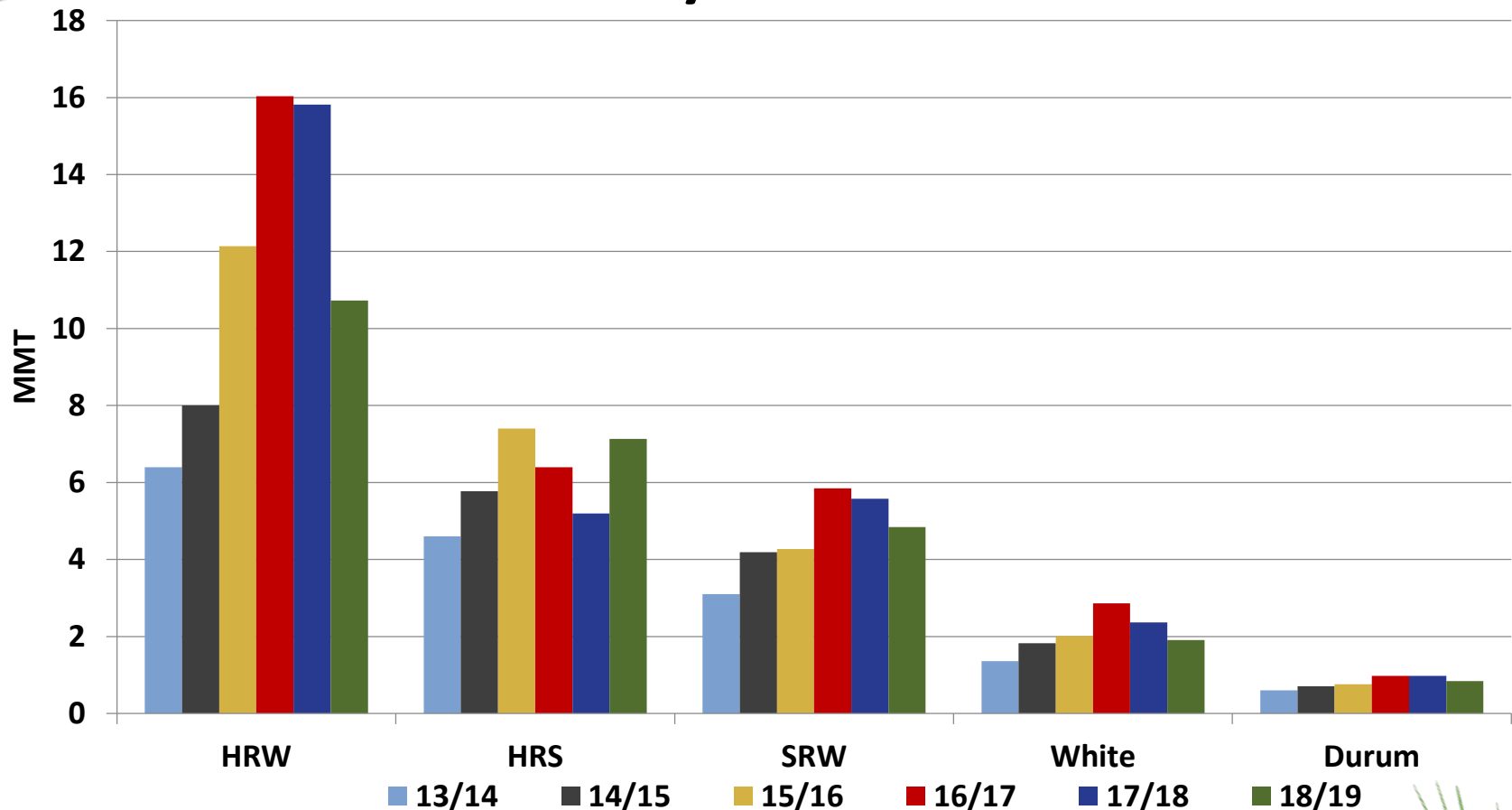
# U.S. Wheat Sales by Class

(year-to-date)



Source: USDA FAS export sales report August 9, 2018.

# U.S. Wheat Ending Stocks by Class



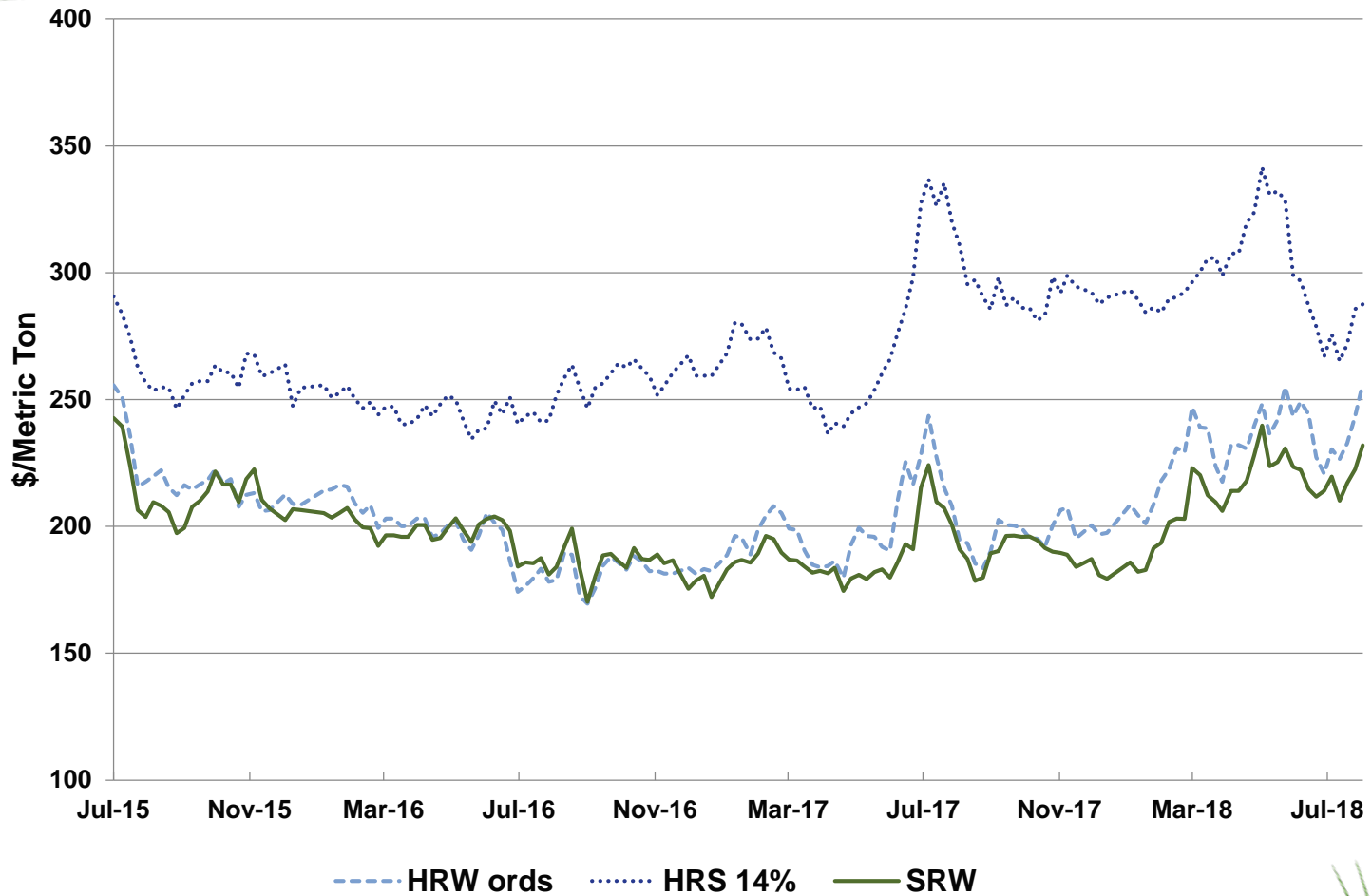
# U.S. Wheat Supply and Demand

	HRW		HRS		SRW	
	17/18	18/19	17/18	18/19	17/18	18/19
	<b>MMT</b>					
Beginning Stocks	16.0	15.8	6.4	5.2	5.9	5.6
Production	20.4	18.0	10.5	15.9	7.9	7.9
Imports	<u>0.2</u>	<u>0.3</u>	<u>2.4</u>	<u>1.8</u>	<u>0.1</u>	<u>0.3</u>
Supply Total	36.6	34.1	19.3	22.8	13.9	13.8
Domestic Use	10.7	12.6	7.8	7.9	5.9	5.8
Exports	<u>10.1</u>	<u>10.8</u>	<u>6.2</u>	<u>7.8</u>	<u>2.4</u>	<u>3.1</u>
Use Total	20.8	23.4	14.1	15.7	8.3	9.0
Ending Stocks	15.8	10.7	5.2	7.1	5.6	4.8
Stocks-to-Use	76%	46%	37%	45%	67%	54%

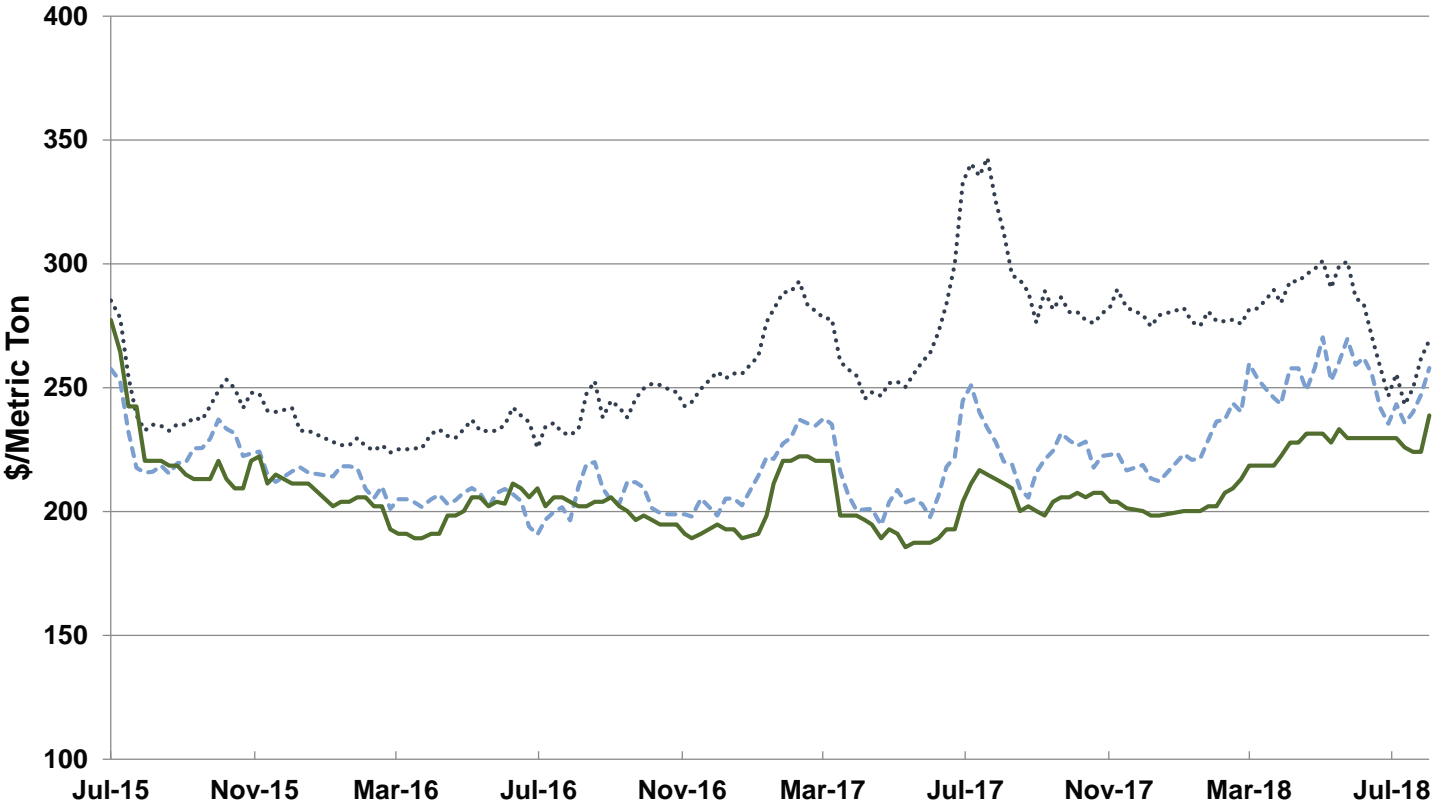
# U.S. Wheat Supply and Demand

	White		Durum		Total	
	17/18	18/19	17/18	18/19	17/18	18/19
	MMT					
Beginning Stocks	2.9	2.4	1.0	1.0	32.1	29.9
Production	7.0	7.3	1.5	2.0	47.4	51.1
Imports	<u>0.2</u>	<u>0.3</u>	<u>1.4</u>	<u>1.1</u>	<u>4.3</u>	<u>3.7</u>
Supply Total	10.1	9.9	3.9	4.1	83.8	84.7
Domestic Use	2.4	2.6	2.4	2.4	29.3	31.4
Exports	<u>5.3</u>	<u>5.4</u>	<u>0.5</u>	<u>0.8</u>	<u>24.5</u>	<u>27.9</u>
Use Total	7.7	8.0	2.9	3.2	53.8	59.3
Ending Stocks	2.4	1.9	1.0	0.8	29.9	25.4
Stocks-to-Use	31%	24%	34%	26%	56%	43%

# U.S. FOB Gulf Prices

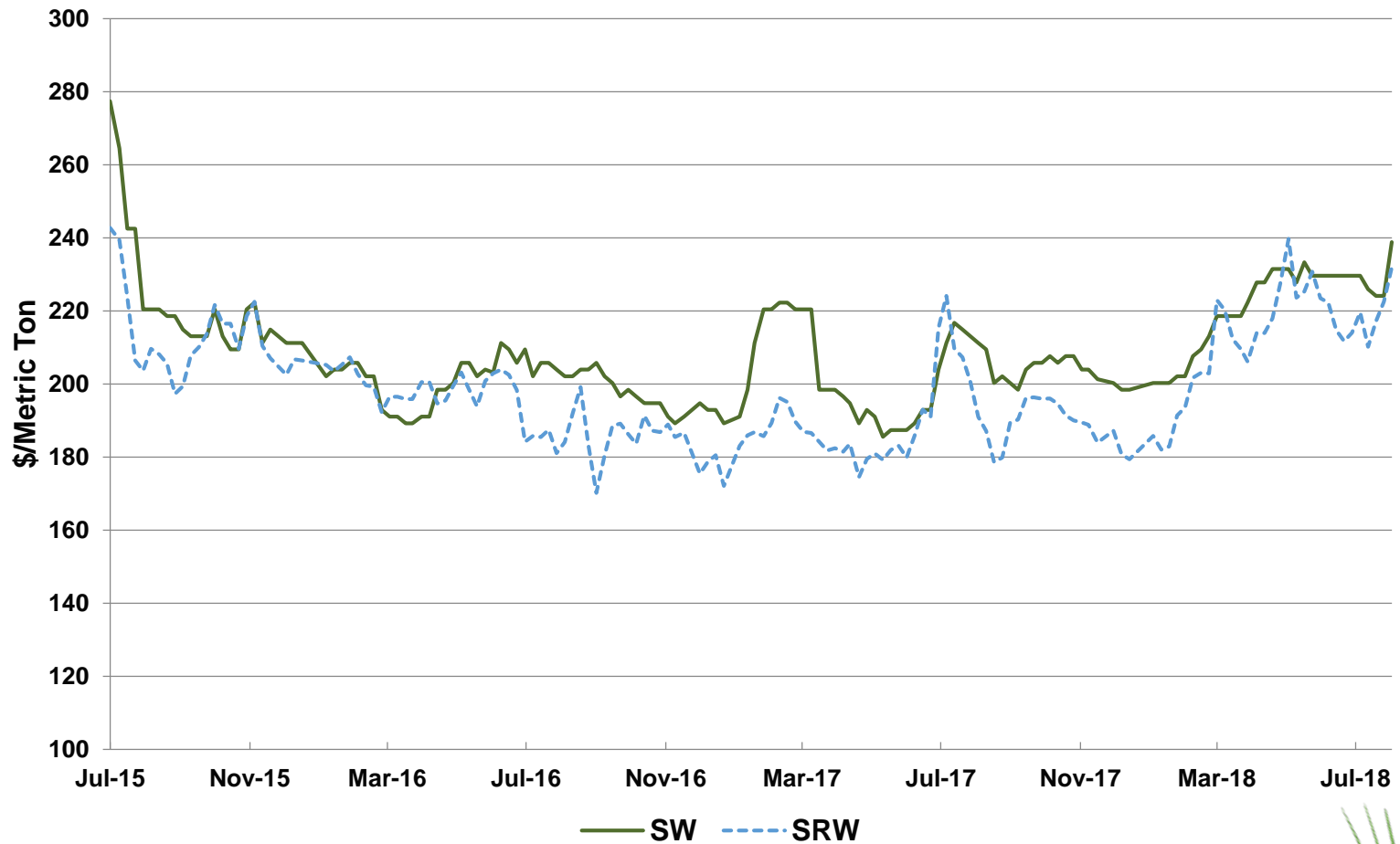


# U.S. FOB PNW Prices



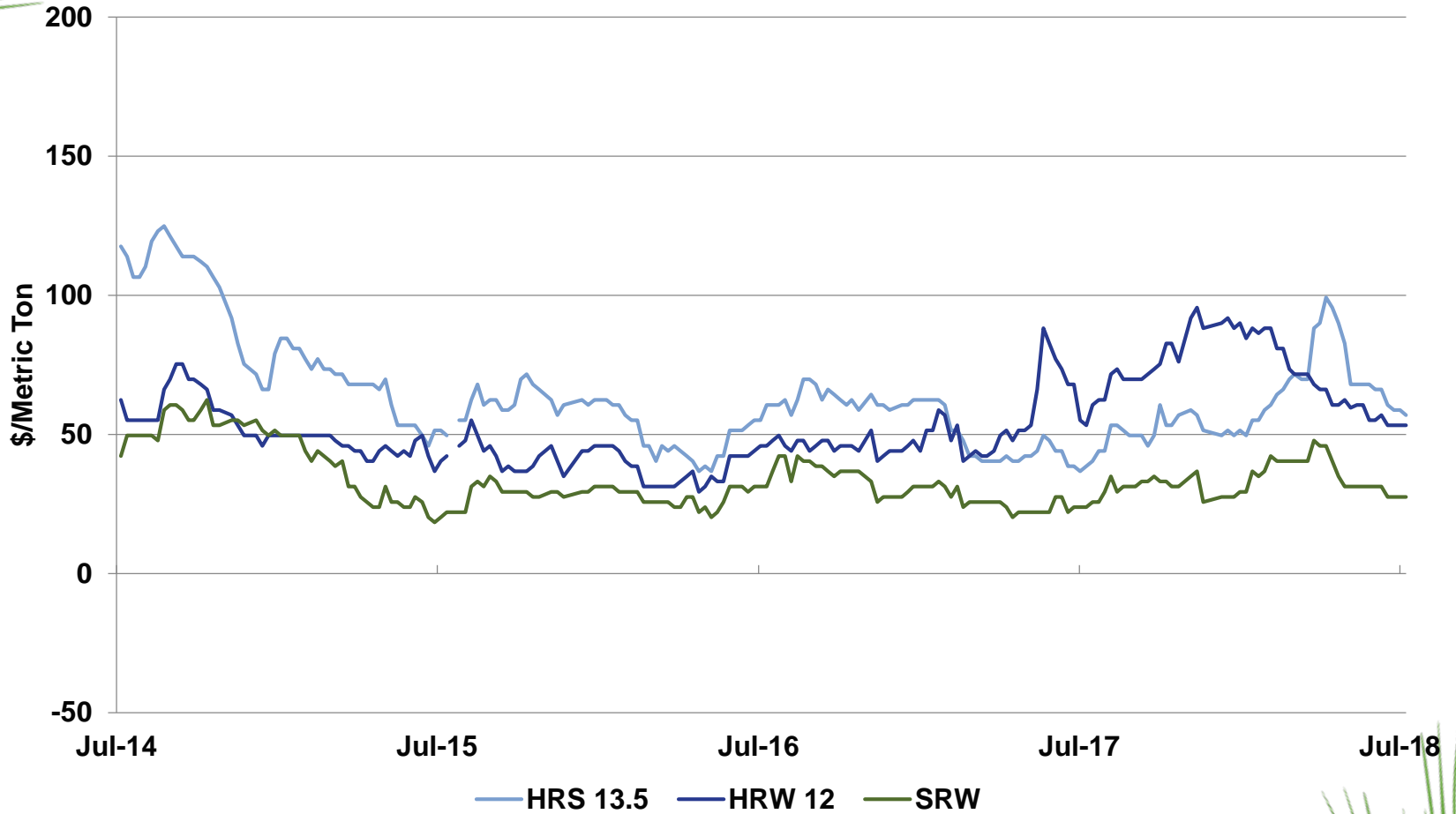
--- HRW 11.5%    ..... HRS 14%    — SW

# SRW and Soft White Prices





# U.S. Gulf Basis Prices



# U.S. PNW Basis Prices

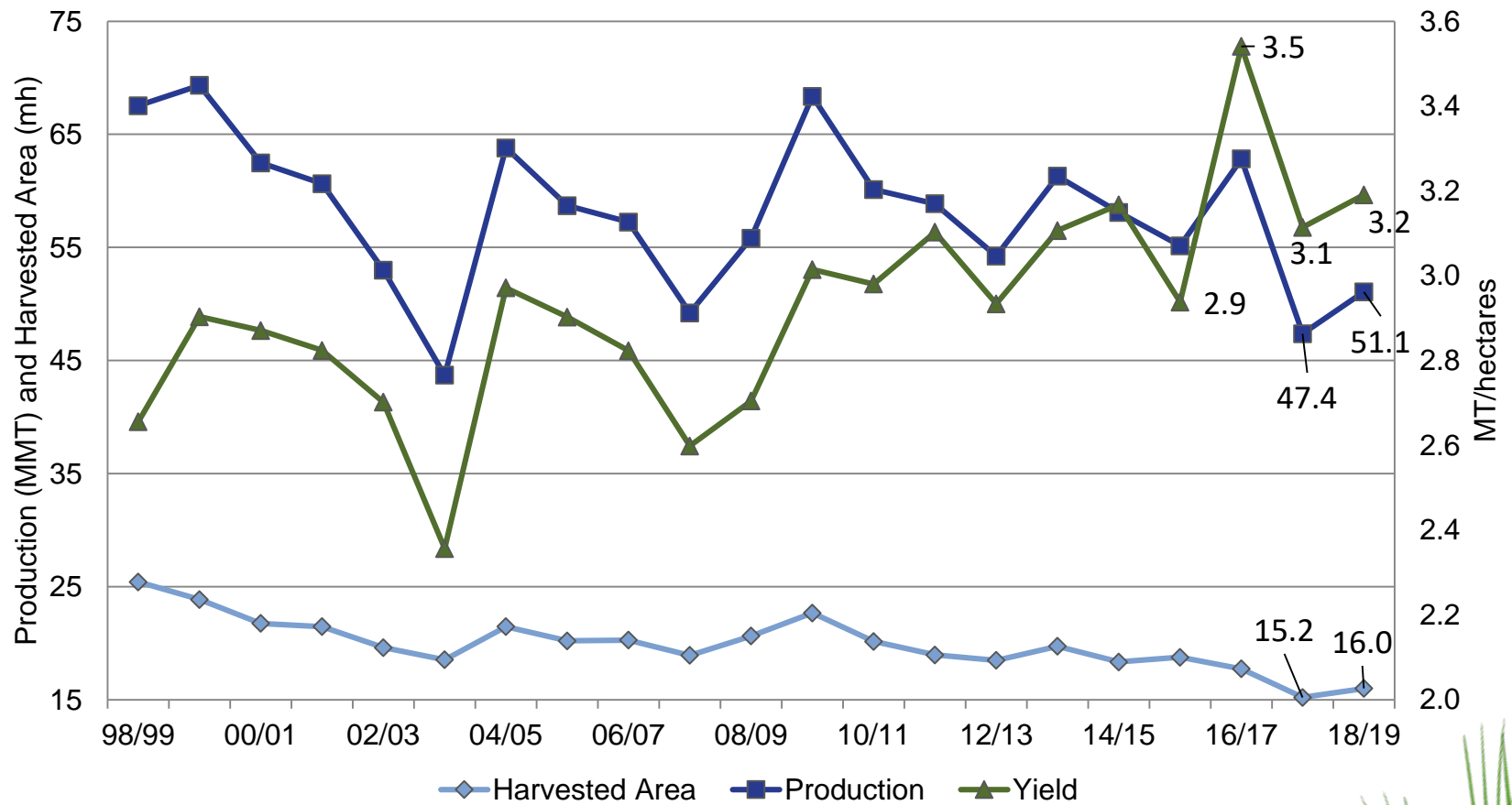


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

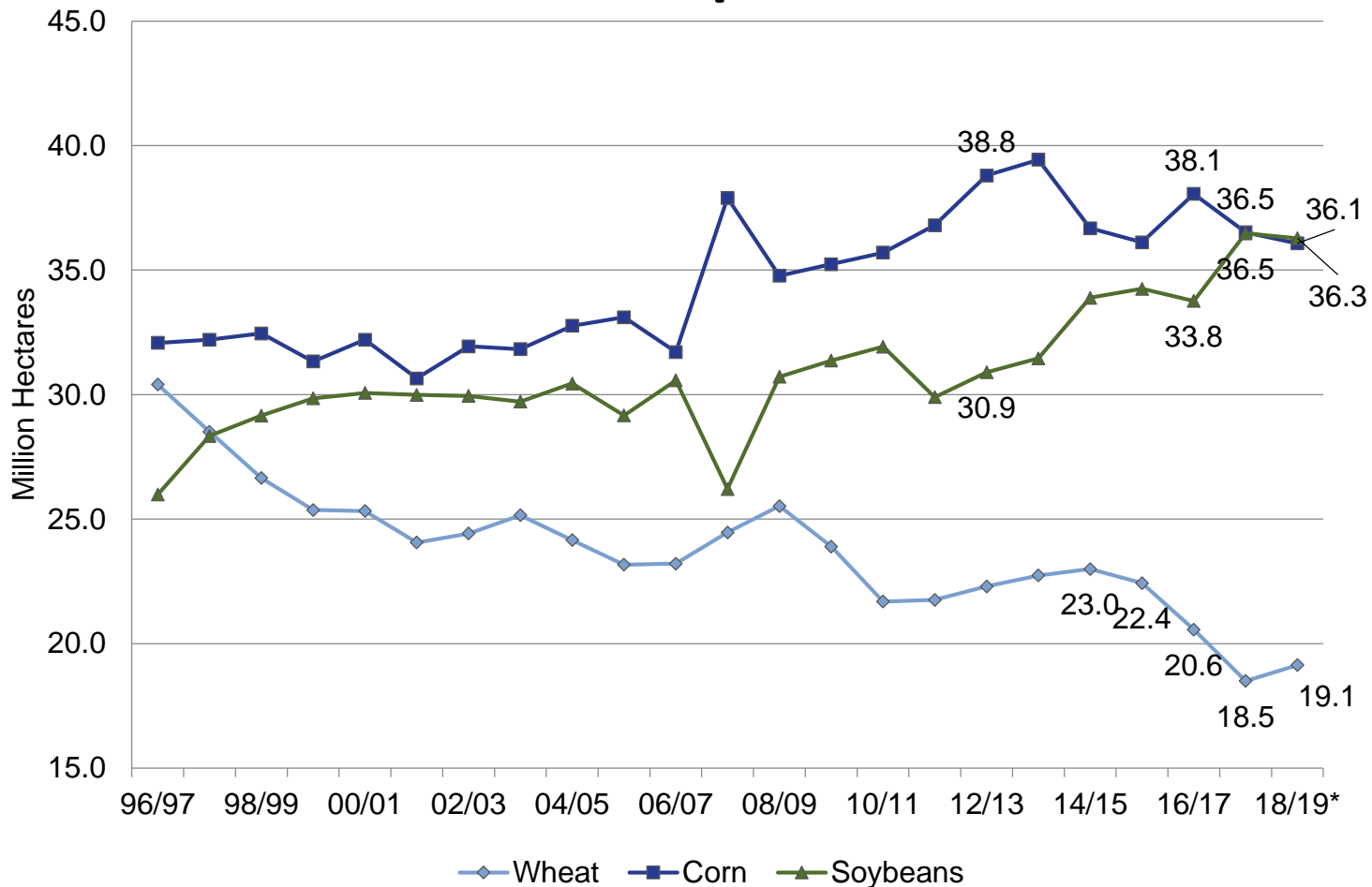


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# U.S. Wheat Area and Production



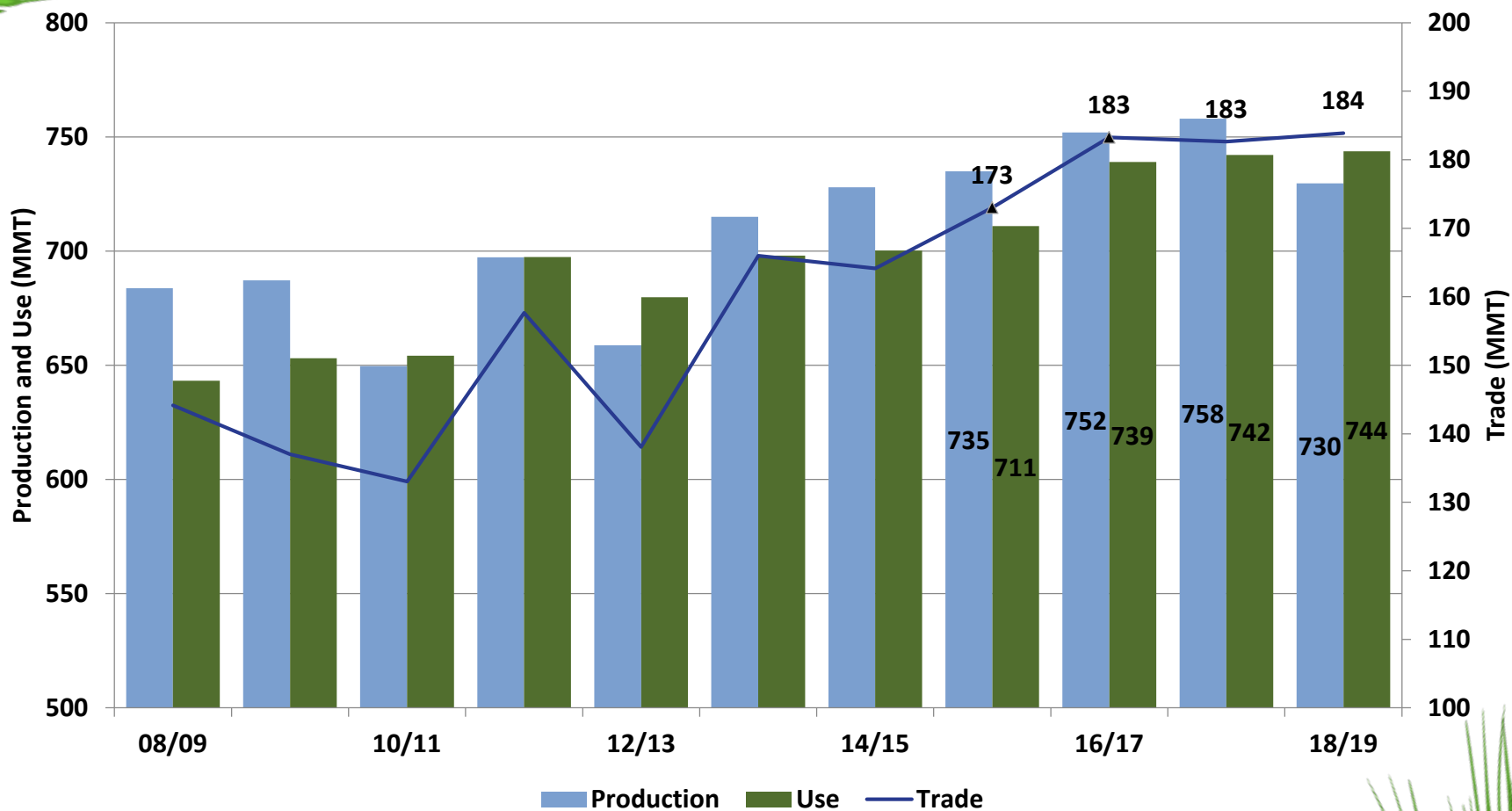
# U.S. Crop Planted Area Comparison



\*Source: USDA Acreage Report June 29, 2018

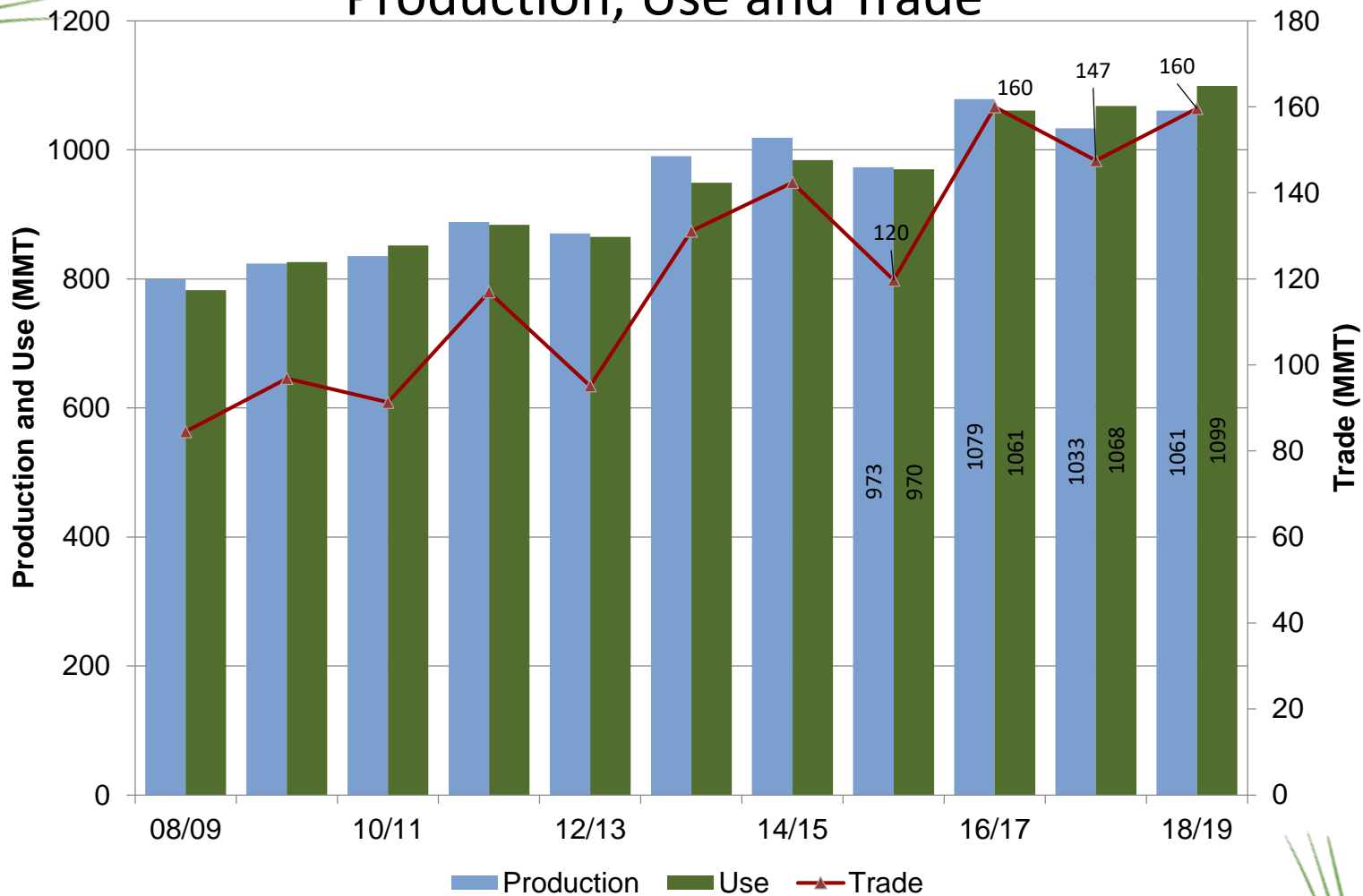
# World Wheat

## Production, Use and Trade



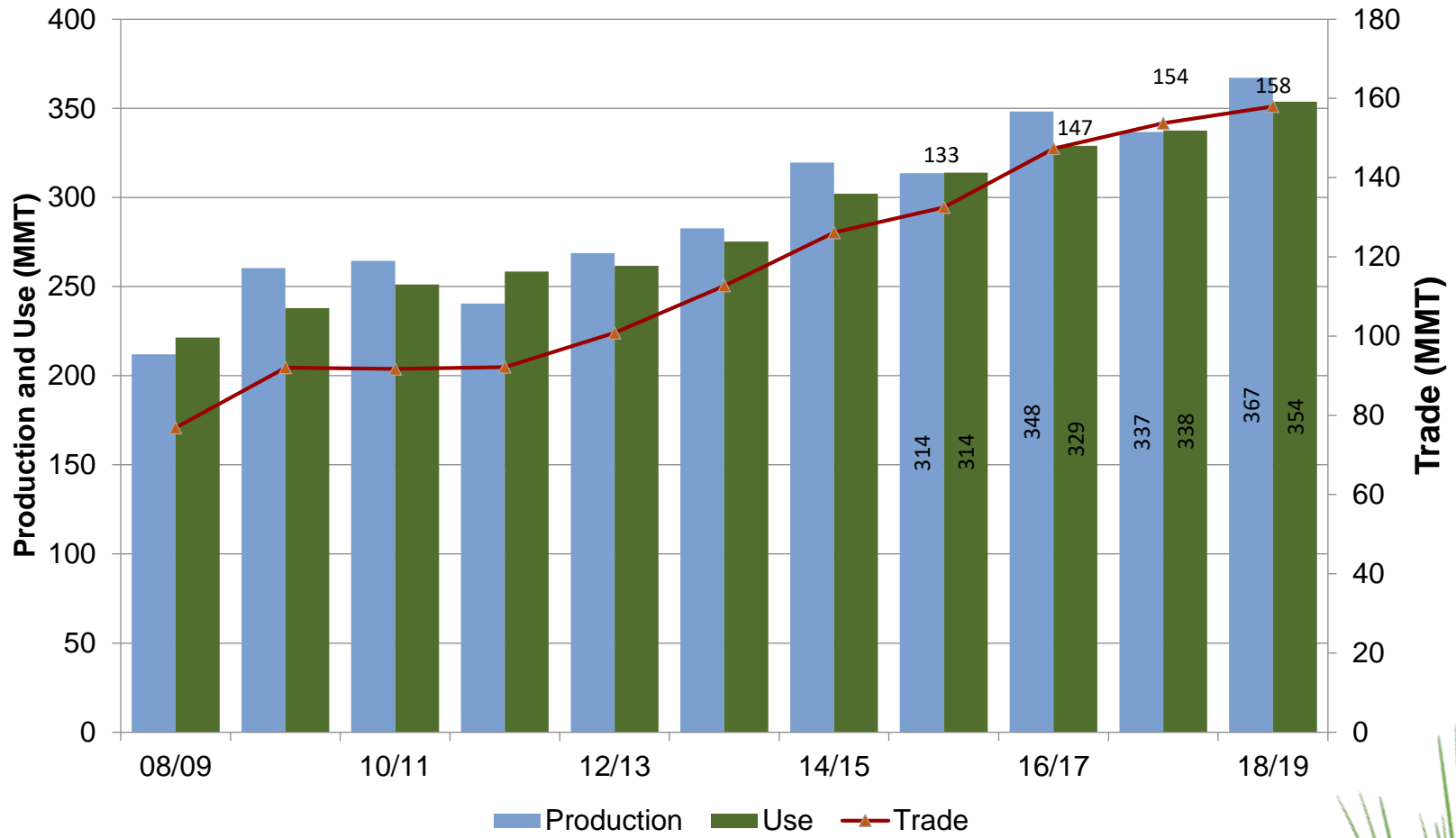
# World Corn

## Production, Use and Trade



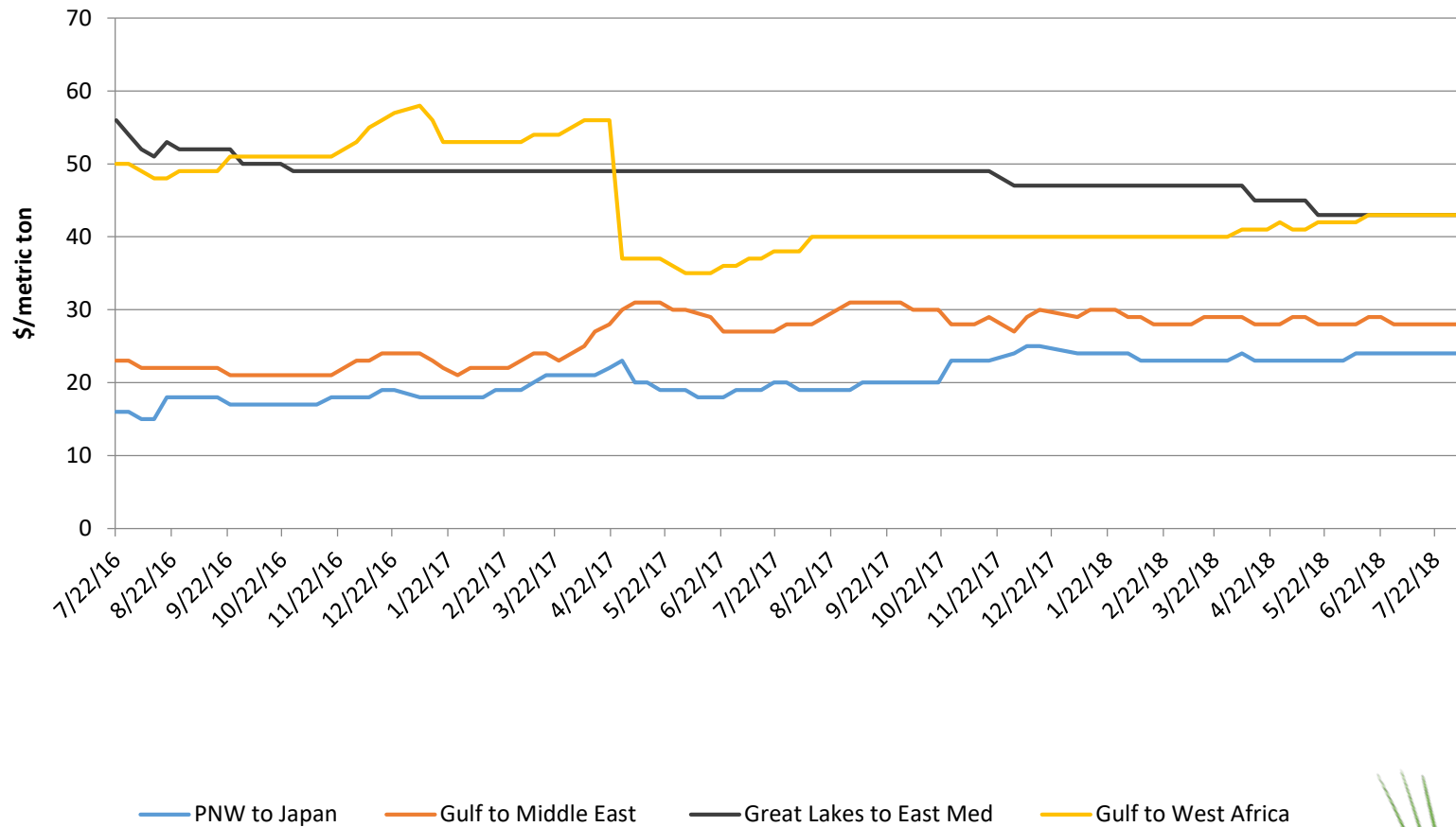
# World Soybeans

## Production, Use and Trade





# Ocean Freight Rates for Grains



# Summary

- **Global production to fall for first time in 5 years**
  - EU wheat production to fall to 138 MMT, 9% below 2017/18
  - Wheat production in the U.S. to reach 51.1 MMT, 9% below the 5-year average
- **Global ending stocks to decline to 259 MMT, still 9% above the 5-year average**
  - Ending stocks in Russia to fall to 4.82 MMT, 35% below the 5-year average, if realized
  - U.S. ending stocks to decrease to 25.4 MMT, down 15% from 2017/18, if realized
- **World consumption and trade expected to hit new records in 2018/19**
  - Algerian 2018/19 wheat imports to fall to 7.20 MMT, down 12% year over year
  - U.S. 2018/19 exports to total 27.9 MMT, 7% above the 5-year average, if realized



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