World Wheat Supply and Demand Situation

June 2019

Major data source: USDA World Agricultural Supply and Demand Estimates released June 11, 2019, unless otherwise indicated. Projections will change over the course of the year depending on weather and other developments.
Highlights of USDA’s 2019/20 Supply and Demand Estimates

• **2019/20 global wheat production to jump to 10-year high of 781 MMT**
  - Wheat production in the European Union (EU) to rebound to 154 MMT, 2% higher than last year
  - Black Sea (Russia, Ukraine and Kazakhstan) production to reach 122 MMT
  - U.S. wheat production estimated at 51.8 MMT, 5% below the 5-year average of 54.5 MMT

• **Global consumption forecast at 763 MMT, the highest since 2009**
  - China’s domestic consumption to reach 128 MMT, 2% above last year, if realized
  - EU domestic consumption to reach 128 MMT, up 4% from 2018/19
  - U.S. domestic consumption to total 32.0 MMT, up 4% from the 5-year average

• **World wheat trade to jump 5% year-over-year to 185 MMT, 4% above the 5-year average of 176 MMT**
  - Exports from the Ukraine to increase 17% over last year to 19.5 MMT in 2019/20
  - Exports from the EU expected to rebound 9% year-over-year to 26.5 MMT
  - U.S. 2018/19 exports to fall slightly below 2018/19 levels to 24.5 MMT
Highlights of USDA’s 2019/20 Supply and Demand Estimates

• **World beginning stocks** to fall 2% year-over-year to 275 MMT, still 13% higher than the 5-year average of 241 MMT
  - China’s beginning stocks expected jump 43% over the 5-year average to 140 MMT
  - U.S. beginning stocks estimated at 30.0 MMT, 20% above the 5-year average of 25.0 MMT

• **Global ending stocks** projected at 294 MMT, 6% higher than last year and 14% higher than the 5-year average
  - Estimated Chinese ending stocks of 146 MMT are up 30% over the 5-year average and account for 50% of total global ending stocks
  - U.S. ending stocks expected to total 29.2 MMT, down 3% from 2018/19 but 5% above the 5-year average of 28.0 MMT

• **U.S. farm gate average price** to fall to $5.10/bu* ($187/MT) in 2019/20
  - Projected average price would fall 2% below the 2018/19 average of $5.20/bu* ($191/MT)

*Average U.S. farm gate price, marketing year weighted average
World Production and Use

Supply and Demand

Production

Use

U.S. WHEAT ASSOCIATES
Supplies in Top Exporting Countries*

*Includes U.S., Canada, Australia, Argentina, EU-2, Russia, Ukraine and Kazakhstan

Supply and Demand
### World Wheat Supply and Demand (MMT)

<table>
<thead>
<tr>
<th></th>
<th>17/18</th>
<th>18/19</th>
<th>19/20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPLY:</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Beginning Stocks</td>
<td>262</td>
<td>281</td>
<td>277</td>
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<tr>
<td>Production</td>
<td>762</td>
<td>732</td>
<td>781</td>
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<tr>
<td>Supply Total</td>
<td>1024</td>
<td>1013</td>
<td>1057</td>
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<tr>
<td>Ending Stocks</td>
<td>281</td>
<td>277</td>
<td>294</td>
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<tr>
<td><strong>TRADE:</strong></td>
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<tr>
<td>Exports/Imports</td>
<td>182</td>
<td>176</td>
<td>185</td>
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<tr>
<td><strong>DEMAND:</strong></td>
<td></td>
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<tr>
<td>Food &amp; Seed</td>
<td>596</td>
<td>597</td>
<td>611</td>
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<tr>
<td>Feed &amp; Residual</td>
<td>147</td>
<td>139</td>
<td>153</td>
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<tr>
<td>Use Total</td>
<td>743</td>
<td>736</td>
<td>763</td>
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</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

Supply and Demand
Global Stocks*-to-Use Ratio w/o China

*Ending stocks

Supply and Demand
Supply and Demand

World Ending Stocks

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

Supplies and demands

- Five Major Exporters
- Black Sea
- Other
- China
World Ending Stocks by Position (MMT)

- Exporters, 70.7
- Importers, 77.4
- China, 146
Global Ending Stocks and Price


*Historical 5 Majors  Black Sea  Rest of World  HRW Price*
Major Exporters

Import Demand

U.S. Situation by Class

Outlook
Exportable Supplies in Top Exporting Countries

09/10 10/11 11/12 12/13 13/14 14/15 15/16 16/17 17/18 18/19 19/20

- Argentina
- Australia
- Canada
- EU-25
- Kazakhstan
- Russia
- Ukraine
- U.S
Canada Ending Stocks

09/10 11/12 13/14 15/16 17/18 19/20

MMT

- 09/10: 7.9
- 11/12: 6.0
- 13/14: 10.1
- 15/16: 6.0
- 17/18: 5.9
- 19/20: 6.2
Australia Ending Stocks

<table>
<thead>
<tr>
<th>Year</th>
<th>MMT</th>
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<tbody>
<tr>
<td>09/10</td>
<td>5.5</td>
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<tr>
<td>11/12</td>
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<tr>
<td>17/18</td>
<td>2.0</td>
</tr>
<tr>
<td>19/20</td>
<td>4.0</td>
</tr>
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</table>

Years: 09/10, 11/12, 13/14, 15/16, 17/18, 19/20
Argentina Ending Stocks
Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.
Black Sea Exports

Russia
Ukraine
Kazakhstan

MMT

09/10 10/11 11/12 12/13 13/14 14/15 15/16 16/17 17/18 18/19 19/20
Black Sea Ending Stocks

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<th>Year</th>
<th>MMT</th>
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<tr>
<td>09/10</td>
<td>25.8</td>
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<tr>
<td>11/12</td>
<td>26.7</td>
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<tr>
<td>13/14</td>
<td>15.6</td>
</tr>
<tr>
<td>15/16</td>
<td>17.5</td>
</tr>
<tr>
<td>17/18</td>
<td>20.7</td>
</tr>
<tr>
<td>19/20</td>
<td>14.5</td>
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Top 10 Customers for U.S. Wheat

5-year average

- Japan
- Mexico
- Philippines
- Nigeria
- China
- Brazil
- Korea
- Taiwan
- Indonesia
- EU
Top 10 Customers for U.S. Wheat

Year-to-date

Source: USDA FAS export sales data as of May 30, 2019
World Wheat Imports

Trend in “other” importers denoted (↑→)
U.S. Wheat Plantings by Class

*Source: USDA Prospective Plantings Report, March 29, 2019

*HRW: Hard Red Winter
*SRW: Soft Red Winter
*White: Wheat
*Durum: Durum Wheat
*HRS: Hard Red Spring

*Note: The diagram shows the estimated planting acres for different classes of wheat from 2009/10 to 2019/20. The colors represent different wheat classes, with specific values indicated for each year.
U.S. Wheat Sales by Class
(year-to-date)

Source: USDA FAS export sales data as of May 30, 2019
U.S. Hard Red Spring

Beginning stocks  Production  Imports  Exports

<table>
<thead>
<tr>
<th>Year</th>
<th>Beginning stocks</th>
<th>Production</th>
<th>Imports</th>
<th>Exports</th>
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<tr>
<td>13/14</td>
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<td>10.5</td>
<td>6.4</td>
<td>7.1</td>
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<td>14/15</td>
<td>6.4</td>
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<td>6.2</td>
<td>7.1</td>
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<tr>
<td>15/16</td>
<td>6.2</td>
<td>10.5</td>
<td>6.4</td>
<td>7.1</td>
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<tr>
<td>16/17</td>
<td>6.2</td>
<td>10.5</td>
<td>6.4</td>
<td>7.1</td>
</tr>
<tr>
<td>17/18</td>
<td>6.2</td>
<td>10.5</td>
<td>6.4</td>
<td>7.1</td>
</tr>
<tr>
<td>18/19</td>
<td>6.2</td>
<td>10.5</td>
<td>6.4</td>
<td>7.1</td>
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U.S. Soft Red Winter

<table>
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<tr>
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<th>Production</th>
<th>Imports</th>
<th>Exports</th>
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</thead>
<tbody>
<tr>
<td>13/14</td>
<td>2.5</td>
<td>8.0</td>
<td>5.9</td>
<td>5.6</td>
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<tr>
<td>14/15</td>
<td>2.5</td>
<td>8.0</td>
<td>5.9</td>
<td>5.6</td>
</tr>
<tr>
<td>15/16</td>
<td>2.5</td>
<td>8.0</td>
<td>5.9</td>
<td>5.6</td>
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<tr>
<td>16/17</td>
<td>2.5</td>
<td>8.0</td>
<td>5.9</td>
<td>5.6</td>
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<tr>
<td>17/18</td>
<td>2.5</td>
<td>8.0</td>
<td>5.9</td>
<td>5.6</td>
</tr>
<tr>
<td>18/19</td>
<td>2.5</td>
<td>8.0</td>
<td>5.9</td>
<td>5.6</td>
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### U.S. Wheat Supply and Demand (MMT)

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<tr>
<th></th>
<th>HRW (17/18)</th>
<th>HRW (18/19)</th>
<th>HRS (17/18)</th>
<th>HRS (18/19)</th>
<th>SRW (17/18)</th>
<th>SRW (18/19)</th>
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<tr>
<td>Beginning Stocks</td>
<td>16.0</td>
<td>15.8</td>
<td>6.40</td>
<td>5.20</td>
<td>5.85</td>
<td>5.58</td>
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<tr>
<td>Production</td>
<td>20.4</td>
<td>18.0</td>
<td>10.5</td>
<td>16.0</td>
<td>7.97</td>
<td>7.78</td>
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<tr>
<td>Supply Total</td>
<td>36.6</td>
<td>34.0</td>
<td>19.2</td>
<td>23.1</td>
<td>13.96</td>
<td>13.50</td>
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<tr>
<td>Domestic Use</td>
<td>10.7</td>
<td>11.5</td>
<td>7.84</td>
<td>7.59</td>
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<td>5.12</td>
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<td>Exports</td>
<td>10.1</td>
<td>9.3</td>
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<td>7.08</td>
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<td>3.54</td>
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<td>14.7</td>
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<td>5.20</td>
<td>8.41</td>
<td>5.58</td>
<td>4.84</td>
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<td>Stocks-to-Use</td>
<td>76%</td>
<td>64%</td>
<td>37%</td>
<td>57%</td>
<td>67%</td>
<td>56%</td>
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## U.S. Wheat Supply and Demand (MMT)

<table>
<thead>
<tr>
<th></th>
<th>White 17/18</th>
<th>White 18/19</th>
<th>Durum 17/18</th>
<th>Durum 18/19</th>
<th>Total 17/18</th>
<th>Total 18/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Stocks</td>
<td>2.86</td>
<td>2.37</td>
<td>0.98</td>
<td>0.95</td>
<td>32.1</td>
<td>29.9</td>
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<tr>
<td>Production</td>
<td>7.05</td>
<td>7.40</td>
<td>1.50</td>
<td>2.10</td>
<td>47.4</td>
<td>51.3</td>
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<tr>
<td>Supply Total</td>
<td>10.1</td>
<td>9.93</td>
<td>3.86</td>
<td>4.55</td>
<td>83.8</td>
<td>85.0</td>
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<tr>
<td>Domestic Use</td>
<td>2.48</td>
<td>2.61</td>
<td>2.45</td>
<td>2.34</td>
<td>29.4</td>
<td>29.2</td>
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<tr>
<td>Exports</td>
<td>5.25</td>
<td>5.44</td>
<td>0.49</td>
<td>0.54</td>
<td>24.5</td>
<td>25.9</td>
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<tr>
<td>Use Total</td>
<td>7.73</td>
<td>8.06</td>
<td>2.91</td>
<td>2.88</td>
<td>53.9</td>
<td>55.0</td>
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<tr>
<td>Ending Stocks</td>
<td>2.37</td>
<td>1.88</td>
<td>0.95</td>
<td>1.66</td>
<td>29.9</td>
<td>30.0</td>
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<tr>
<td>Stocks-to-Use</td>
<td>31%</td>
<td>23%</td>
<td>33%</td>
<td>58%</td>
<td>56%</td>
<td>55%</td>
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U.S. FOB Gulf Prices

*Source: U.S. Wheat Associates Price Report, June 7, 2019
U.S. FOB PNW Prices

$/Metric Ton

Jun-16 Jun-17 Jun-18 Jun-19

HRW 11.5%  HRS 14%  SW

*Source: U.S. Wheat Associates Price Report, June 7, 2019
SRW and Soft White Prices

*Source: U.S. Wheat Associates Price Report, June 7, 2019*
U.S. Gulf Basis Prices

*Source: U.S. Wheat Associates Price Report, June 7, 2019*
U.S. PNW Basis Prices

*Source: U.S. Wheat Associates Price Report, June 7, 2019
Major Exporters
Import Demand
U.S. Situation by Class
Outlook
U.S. Wheat Production, Area and Yield

Production (MMT) and Harvested Area (mh)

- Production
- Harvested Area
- Yield

Harvested Area  Production  Yield

09/10 11/12 13/14 15/16 17/18 19/20

MT/hectare

15 25 35 45 55 65

2.0 2.2 2.4 2.6 2.8 3.0 3.2 3.4 3.6
U.S. Crop Planted Area Comparison

*Source: USDA Prospective Planting Report, March 29, 2019*
World Wheat
Production, Use and Trade

Production and Use (MMT)

- Production
- Use
- Trade

Year: 08/09, 10/11, 12/13, 14/15, 16/17, 18/19

Values: 735, 762, 732, 781, 711, 743, 736, 763, 173, 182, 176, 185
World Corn
Production, Use and Trade
Ocean Freight Rates for Grains

*Source: U.S. Wheat Associates Price Report, June 7, 2019

*PNW to Japan

*Gulf to Middle East

*Gulf to West Africa

*Source: U.S. Wheat Associates Price Report, June 7, 2019
Summary

- **Global production to increase 6% year-over-year to 781 MMT**
  - EU Wheat production to rebound after the 2018/19 drought to 154 MMT
  - Australian wheat production to rally after last year’s devastating drought to 22.5 MMT
  - Black Sea wheat production to reach 122 MMT, 10% higher than 2018/19 levels
  - Wheat production in the United States to total 51.8 MMT, 5% below the 5-year average

- **Global ending stocks to rise to 294 MMT, 6% above 2018/19 levels and 14% higher than the 5-year average of 257 MMT**
  - Estimated Chinese ending stocks of 146 MMT are 4% higher than last year and 30% above the 5-year average of 112 MMT
  - U.S. ending stocks to total 29.2 MMT, slightly lower than last year but 5% above the 5-year average

- **World consumption and trade are both expected to exceed 2018/19 levels**
  - Total global trade to reach 185 MMT, 4% higher than 2018/19 and 5% above the 5-year average
  - Total global consumption to reach its highest level in 10 years at 763 MMT
  - U.S. 2019/20 domestic consumption to increase 9% year-over-year to 32.0 MMT while exports are expected to fall slightly below 2018/19 levels to 24.5 MMT