World Wheat Supply and Demand Situation

January 2020

Major data source: USDA World Agricultural Supply and Demand Estimates released January 10, 2020, 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 record high of 764 MMT**
  - Wheat production in Argentina and Australia to fall to from last year to 19.0 MMT and 15.6 MMT, respectively
  - European Union (EU) wheat production rebounded 11% to 154 MMT after last year’s drought
  - U.S. wheat production rose 2% above last year to 52.3 MMT

• **Global consumption forecast at 754 MMT, the highest on record**
  - Egyptian domestic consumption to reach a record 20.4 MMT, up 4% from the 5-year average
  - Domestic consumption in Indonesia to reach a record 10.7 MMT, up 12% from the 5-year average
  - U.S. domestic consumption to total 31.7 MMT, up 5% year-over-year

• **World wheat trade to jump 4% year-over-year to 181 MMT, 3% above the 5-year average of 175 MMT**
  - Exports from the Ukraine to reach a record 20.5 MMT in 2019/20, 22% higher than last year
  - EU wheat exports to rebound 25% over last year to 31.0 MMT in 2019/20
  - U.S. 2019/20 exports to increase to 26.5 MMT, 4% higher than last year and 8% higher than the 5-year average
Highlights of USDA’s 2019/20 Supply and Demand Estimates

- **World beginning stocks** fell 2% year-over-year to 278 MMT, still 15% higher than the 5-year average of 242 MMT
  - Indian beginning stocks of 17.0 MMT were 22% higher than last year and 17% higher than the 5-year average
  - Major exporter beginning stocks fell 13% from 2018/19 to 67 MMT
  - U.S. 2019/20 beginning stocks of 29.4 MMT were down 2% from last year and accounted for 43% of total major exporter beginning stocks

- **Global ending stocks** projected at 288 MMT, 4% higher than last year and 12% higher than the 5-year average
  - Estimated Chinese ending stocks to reach a record 147 MMT, 51% of total global ending stocks, if realized
  - Australian ending stocks of 4.2 MMT are 18% lower than last year and 15% lower than the 5-year average
  - U.S. ending stocks are expected to fall 12% from last year to 26.3 MMT, the lowest volume in 5 years

- **U.S. average farm gate price** to fall 12% from last year
  - Projected average farm gate price to fall to $4.55/bu* ($167/MT) from last year’s average of $5.16/bu ($190/MT)

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

Supply and Demand
Supplies in Top Exporting Countries*

*Includes U.S., Canada, Australia, Argentina, EU, 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>
<td></td>
</tr>
<tr>
<td>Beginning Stocks</td>
<td>263</td>
<td>283</td>
<td>278</td>
</tr>
<tr>
<td>Production</td>
<td>763</td>
<td>731</td>
<td>764</td>
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<tr>
<td>Supply Total</td>
<td>1026</td>
<td>1015</td>
<td>1042</td>
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<tr>
<td>Ending Stocks</td>
<td>283</td>
<td>278</td>
<td>288</td>
</tr>
<tr>
<td><strong>TRADE:</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Exports/Imports</td>
<td>182</td>
<td>173</td>
<td>181</td>
</tr>
<tr>
<td><strong>DEMAND:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food &amp; Seed</td>
<td>596</td>
<td>597</td>
<td>606</td>
</tr>
<tr>
<td>Feed &amp; Residual</td>
<td>146</td>
<td>139</td>
<td>148</td>
</tr>
<tr>
<td>Use Total</td>
<td>743</td>
<td>736</td>
<td>754</td>
</tr>
</tbody>
</table>
Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU. Black Sea includes Russia, Ukraine and Kazakhstan.
Global Stocks*-to-Use Ratio

*Ending stocks

Percent

05/06 07/08 09/10 11/12 13/14 15/16 17/18 19/20

0 5 10 15 20 25 30 35 40 45

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

*Ending stocks

Supply and Demand
Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU. Black Sea includes Russia, Ukraine and Kazakhstan.
World Ending Stocks by Position (MMT)

- Exporters, 63.9
- Importers, 76.7
- China, 146
Global Ending Stocks and Price


Supply and Demand
Major Exporters
Import Demand
U.S. Situation by Class
Outlook
Exportable Supplies in Top Exporting Countries

Exportable Supplies = (Beginning Stocks + Production) – Domestic Consumption

*Exportable Supplies = (Beginning Stocks + Production) – Domestic Consumption*
Australia Ending Stocks

<table>
<thead>
<tr>
<th>Year</th>
<th>MMT</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/10</td>
<td>5.0</td>
</tr>
<tr>
<td>11/12</td>
<td>5.5</td>
</tr>
<tr>
<td>13/14</td>
<td>4.2</td>
</tr>
<tr>
<td>15/16</td>
<td>4.0</td>
</tr>
<tr>
<td>17/18</td>
<td>5.0</td>
</tr>
<tr>
<td>19/20</td>
<td>4.2</td>
</tr>
</tbody>
</table>
Argentina Situation

Graph showing MMT from 2009/10 to 2019/20, with categories for Beginning stocks, Production, Imports, Exports, and Domestic use.
Argentina Ending Stocks

Year | MMT
---|---
09/10 | 2.2
11/12 | 0.5
13/14 | 2.5
15/16 | 4.5
17/18 | 0.5
19/20 | 1.7

*Note: Data is approximate and may vary.*
EU-28 Ending Stocks

<table>
<thead>
<tr>
<th>Year</th>
<th>MMT</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/10</td>
<td>17</td>
</tr>
<tr>
<td>11/12</td>
<td>14</td>
</tr>
<tr>
<td>13/14</td>
<td>12</td>
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<tr>
<td>15/16</td>
<td>16</td>
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<tr>
<td>17/18</td>
<td>14</td>
</tr>
<tr>
<td>19/20</td>
<td>11</td>
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</tbody>
</table>
Russia Situation

![Graph showing the Russia Situation with data points for Beginning stocks, Production, Imports, Exports, and Domestic use from 2009/10 to 2019/20. The graph indicates trends and changes in these categories over the years.]
Russia Ending Stocks

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

MMT

Values
12.0
7.8
8.3
Ukraine Ending Stocks

Supply and Demand
Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.
Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.
Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.
Major Exporters
Import Demand
U.S. Situation by Class
Outlook
Major World Wheat Importers
(from all origins)

<table>
<thead>
<tr>
<th>Country</th>
<th>2018/19 MMT</th>
<th>2019/20 MMT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>12.5</td>
<td>12.6</td>
</tr>
<tr>
<td>Indonesia</td>
<td>10.8</td>
<td>11.0</td>
</tr>
<tr>
<td>Brazil</td>
<td>7.0</td>
<td>7.5</td>
</tr>
<tr>
<td>Philippines</td>
<td>6.0</td>
<td>6.2</td>
</tr>
<tr>
<td>Algeria</td>
<td>5.5</td>
<td>5.7</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>5.3</td>
<td>5.5</td>
</tr>
<tr>
<td>Turkey</td>
<td>4.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Japan</td>
<td>3.8</td>
<td>4.0</td>
</tr>
<tr>
<td>EU</td>
<td>3.2</td>
<td>3.3</td>
</tr>
<tr>
<td>Mexico</td>
<td>2.5</td>
<td>2.6</td>
</tr>
</tbody>
</table>
Top 10 Customers for U.S. Wheat
5-year average

Source: USDA FAS export sales data as of May 31, 2019
Top 10 Customers for U.S. Wheat

Year-to-date

Source: USDA FAS export sales data as of January 2, 2020
World Wheat Imports

Trend in “other” importers denoted (→)
Major Exporters
Import Demand
U.S. Situation by Class
Outlook
U.S. Wheat Planted Area

U.S. Winter Wheat Planted Area

*Source: USDA January 2020 Winter Wheat Seeding Report*
U.S. Wheat Sales by Class
(year-to-date)

Source: USDA FAS export sales data as of January 2, 2020
U.S. Hard Red Winter

<table>
<thead>
<tr>
<th>Year</th>
<th>Beginning Stocks</th>
<th>Production</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/15</td>
<td>5</td>
<td>20</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>15/16</td>
<td>6</td>
<td>25</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>16/17</td>
<td>8</td>
<td>30</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>17/18</td>
<td>9</td>
<td>15</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>18/19</td>
<td>10</td>
<td>14</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>19/20</td>
<td>12</td>
<td>14</td>
<td>5</td>
<td>7</td>
</tr>
</tbody>
</table>

MMT
U.S. Hard Red Spring

- Beginning stocks
- Production
- Imports
- Exports

Year: 14/15, 15/16, 16/17, 17/18, 18/19, 19/20

- MMT

14/15: 7.2
15/16: 7.2
16/17: 7.2
17/18: 7.1
18/19: 7.1
19/20: 7.2

Graph showing the distribution of MMT across years with different colors for beginning stocks, production, imports, and exports.
U.S. Soft Red Winter

- Beginning stocks
- Production
- Imports
- Exports

MMT

- 14/15: 0.0 MMT
- 15/16: 5.6 MMT
- 16/17: 3.5 MMT
- 17/18: 2.7 MMT
- 18/19: 7.8 MMT
- 19/20: 6.5 MMT
U.S. Durum

Beginning stocks
Production
Imports
Exports
## U.S. Wheat Supply and Demand (MMT)

<table>
<thead>
<tr>
<th></th>
<th>HRW 18/19</th>
<th>HRW 19/20</th>
<th>HRS 18/19</th>
<th>HRS 19/20</th>
<th>SRW 18/19</th>
<th>SRW 19/20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Stocks</strong></td>
<td>15.8</td>
<td>14.0</td>
<td>5.20</td>
<td>7.16</td>
<td>5.58</td>
<td>4.30</td>
</tr>
<tr>
<td><strong>Production</strong></td>
<td>18.0</td>
<td>22.7</td>
<td>16.0</td>
<td>14.2</td>
<td>7.78</td>
<td>6.50</td>
</tr>
<tr>
<td><strong>Supply Total</strong></td>
<td>34.0</td>
<td>36.9</td>
<td>23.0</td>
<td>22.7</td>
<td>13.47</td>
<td>10.9</td>
</tr>
<tr>
<td><strong>Domestic Use</strong></td>
<td>10.9</td>
<td>13.1</td>
<td>8.82</td>
<td>8.46</td>
<td>5.69</td>
<td>5.33</td>
</tr>
<tr>
<td><strong>Exports</strong></td>
<td>9.0</td>
<td>10.5</td>
<td>7.05</td>
<td>7.08</td>
<td>3.48</td>
<td>2.72</td>
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<tr>
<td><strong>Use Total</strong></td>
<td>19.9</td>
<td>23.5</td>
<td>15.9</td>
<td>15.5</td>
<td>9.17</td>
<td>8.06</td>
</tr>
<tr>
<td><strong>Ending Stocks</strong></td>
<td>14.0</td>
<td>13.3</td>
<td>7.16</td>
<td>7.19</td>
<td>4.30</td>
<td>2.88</td>
</tr>
<tr>
<td><strong>Stocks-to-Use</strong></td>
<td>70%</td>
<td>57%</td>
<td>45%</td>
<td>46%</td>
<td>47%</td>
<td>36%</td>
</tr>
</tbody>
</table>
# U.S. Wheat Supply and Demand (MMT)

<table>
<thead>
<tr>
<th></th>
<th>White 18/19</th>
<th>White 19/20</th>
<th>Durum 18/19</th>
<th>Durum 19/20</th>
<th>Total 18/19</th>
<th>Total 19/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Stocks</td>
<td>2.37</td>
<td>2.40</td>
<td>0.95</td>
<td>1.50</td>
<td>29.9</td>
<td>29.4</td>
</tr>
<tr>
<td>Production</td>
<td>7.40</td>
<td>7.40</td>
<td>2.12</td>
<td>1.47</td>
<td>51.3</td>
<td>52.3</td>
</tr>
<tr>
<td>Supply Total</td>
<td>9.9</td>
<td>9.93</td>
<td>4.49</td>
<td>4.06</td>
<td>84.9</td>
<td>84.5</td>
</tr>
<tr>
<td>Domestic Use</td>
<td>2.20</td>
<td>2.45</td>
<td>2.40</td>
<td>2.40</td>
<td>30.0</td>
<td>31.7</td>
</tr>
<tr>
<td>Exports</td>
<td>5.33</td>
<td>5.17</td>
<td>0.60</td>
<td>1.09</td>
<td>25.5</td>
<td>26.5</td>
</tr>
<tr>
<td>Use Total</td>
<td>7.54</td>
<td>7.62</td>
<td>2.99</td>
<td>3.48</td>
<td>55.5</td>
<td>58.2</td>
</tr>
<tr>
<td>Ending Stocks</td>
<td>2.40</td>
<td>2.31</td>
<td>1.50</td>
<td>0.57</td>
<td>29.4</td>
<td>26.3</td>
</tr>
<tr>
<td>Stocks-to-Use</td>
<td>32%</td>
<td>30%</td>
<td>50%</td>
<td>16%</td>
<td>53%</td>
<td>45%</td>
</tr>
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</table>
U.S. FOB Gulf Prices

*Source: U.S. Wheat Associates Price Report, January 10, 2020*
U.S. FOB PNW Prices

*Source: U.S. Wheat Associates Price Report, January 10, 2020*
Soft White and SRW Prices

*Source: U.S. Wheat Associates Price Report, January 10, 2020*
U.S. Gulf Basis Prices

*Source: U.S. Wheat Associates Price Report, January 10, 2020*
U.S. PNW Basis Prices

*Source: U.S. Wheat Associates Price Report, January 10, 2020*
U.S. Wheat Production, Area and Yield

Production (MMT) and Harvested Area (mh)

Harvested Area
Production
Yield

MT/hectare

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

15 25 35 45 55 65

2.0 2.2 2.4 2.6 2.8 3.0 3.2 3.4 3.6

+ Harvested Area  + Production  + Yield

15.2 16.0 15.0

52.3 51.3 3.5
World Wheat
Production, Use and Trade

Production and Use (MMT)

Trade (MMT)

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Use</th>
<th>Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/09</td>
<td>650</td>
<td>730</td>
<td>100</td>
</tr>
<tr>
<td>10/11</td>
<td>620</td>
<td>710</td>
<td>110</td>
</tr>
<tr>
<td>12/13</td>
<td>630</td>
<td>720</td>
<td>120</td>
</tr>
<tr>
<td>14/15</td>
<td>700</td>
<td>740</td>
<td>130</td>
</tr>
<tr>
<td>16/17</td>
<td>735</td>
<td>763</td>
<td>140</td>
</tr>
<tr>
<td>18/19</td>
<td>764</td>
<td>751</td>
<td>150</td>
</tr>
</tbody>
</table>

Production: blue bars
Use: green bars
Trade: red line with markers
World Corn
Production, Use and Trade

Production and Use (MMT)

Trade (MMT)

Production
Use
Trade

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

[Bar chart showing production, use, and trade trends over years 08/09 to 18/19.]
Ocean Freight Rates for Grains

*Source: U.S. Wheat Associates Price Report, January 10, 2020*
Summary

- **Global production to reach a record 764 MMT**
  - EU wheat production rebounded 11% after the 2018/19 drought to 154 MMT in 2019/20
  - Australian wheat production forecast to fall to 15.6 MMT, 11% lower than last year due to prolonged drought
  - Ukrainian wheat production reached a record 29.0 MMT in 2019/20
  - Wheat production in the United States reached 52.3 MMT in 2019/20, 2% higher than last year

- **Global ending stocks to rise to 288 MMT, 4% above 2018/19 and 12% higher than the 5-year average of 258 MMT**
  - Estimated Chinese ending stocks to reach a record 147 MMT, 5% higher than last year
  - U.S. ending stocks to total 26.3 MMT, 12% lower than 2018/19 and 5% below the 5-year average

- **World consumption and trade both expected to exceed 2018/19 levels**
  - Total global wheat consumption to reach an all-time high of 754 MMT, 2% higher than last year and 4% higher than the 5-year average
  - Total global trade to reach 181 MMT, 4% higher than 2018/19 and 3% above the 5-year average
  - U.S. 2019/20 domestic consumption to increase 5% year-over-year to 31.7 MMT and exports to rise 4% above 2018/19 to 26.5 MMT