

# World Wheat Supply and Demand Situation

November 2017

Major data source: USDA World Agricultural Supply and Demand Estimates released November 9 12, 2017. Projections will change over the course of the year depending on weather and other developments.



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# Highlights of USDA's 2017/18 Supply and Demand Estimates

## 1. 2017/18 global wheat production higher still below the 2016/17 record

- Global supplies estimate to grow to 1008 MMT; up 1% from the 2016/17 and a new record
- Wheat production in Brazil to fall to 4.90 MMT, 27% below 2016/17, if realized
- U.S. wheat production estimated at 47.4 MMT, 19% below the 5-year average, if realized

## 2. Consumption forecast at a record 740 MMT, 5% above the 5-year average

- Russian domestic consumption to total 44.0 MMT, 10% above 2016/17, if realized
- Brazil domestic consumption to increase to 12.1 MMT, 7% above the 5-year average
- U.S. domestic consumption to slip 3% year over year to 30.9 MMT due to lower wheat feeding

## 3. World wheat trade projected at 181 MMT, down 1% from 2016/17, but 10% above the 5-year average

- Russian exports to rise to 33.0 MMT, 19% above 2016/17 and 56% above the 5-year average
- Exports from Australia to fall 23% year over year to 17.5 MMT
- U.S. 2017/18 exports to reach 27.2 MMT, down 5% from 2016/17 but 2% above the 5-year average



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# Highlights of USDA's 2017/18 Supply and Demand Estimates

## 4. World beginning stocks estimated at record 256 MMT, up 6% year over year

- Beginning stocks in Kazakhstan to grow to 3.36 MMT, up 30% year over year
- U.S. beginning stocks to climb to an estimated 32.1 MMT, 21% above 2016/17 levels

## 5. Global ending stocks projected at record 268 MMT, 5% higher than 2016/17, if realized

- Estimated Chinese ending stocks of 127 MMT account for 48% of global ending stocks, 58% greater than the 5-year average
- Exporter ending stocks to fall 5% year over year to 74.3 MMT
- Ending stocks in importing countries to fall to 66.0 MMT, 5% below the 5-year average of 70.5 MMT

## 6. U.S. farm gate average price forecast 18% higher in 2017/18

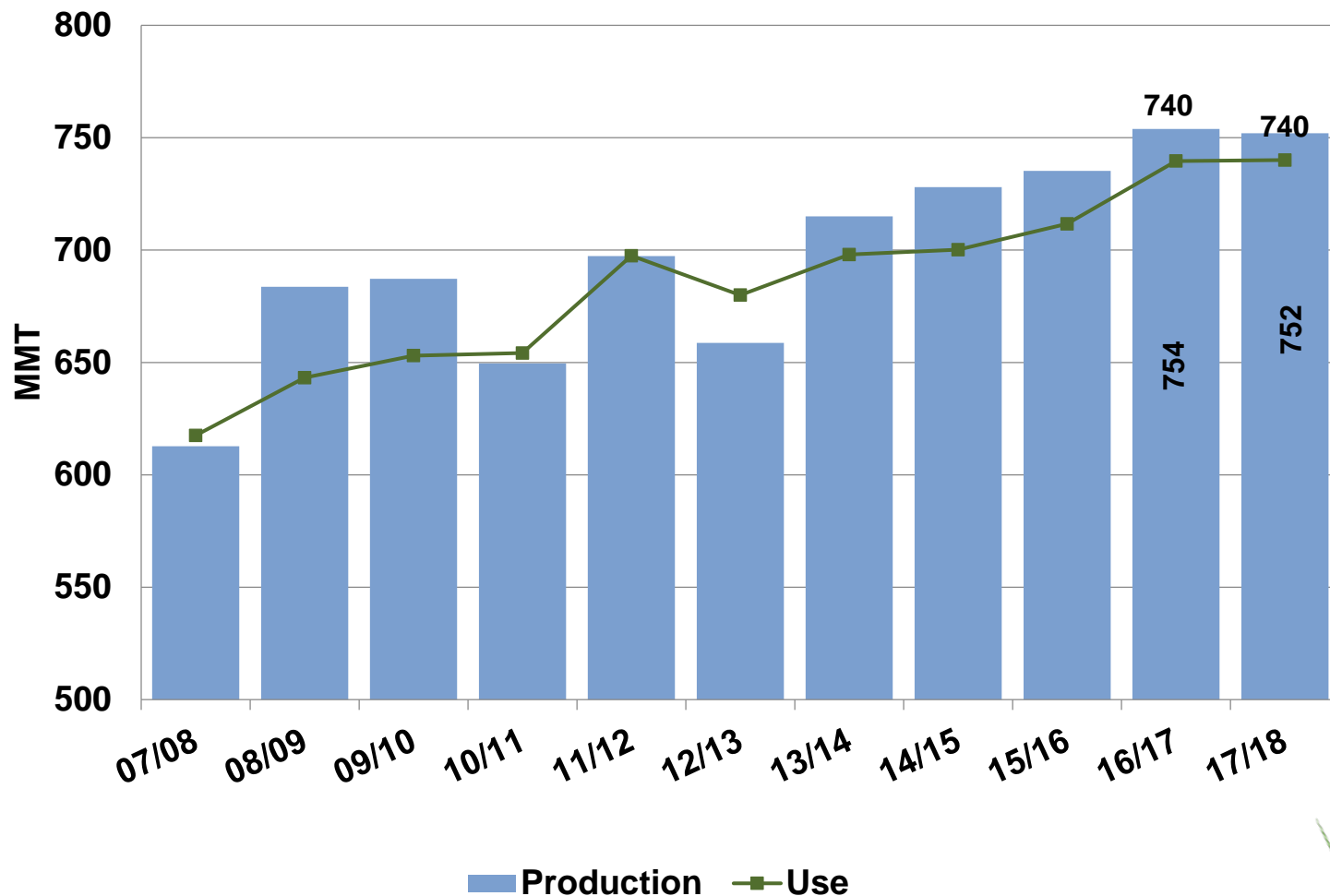
- Projected average range: **\$4.40 to \$4.80/bushel (\$162-\$176/MT)\***

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

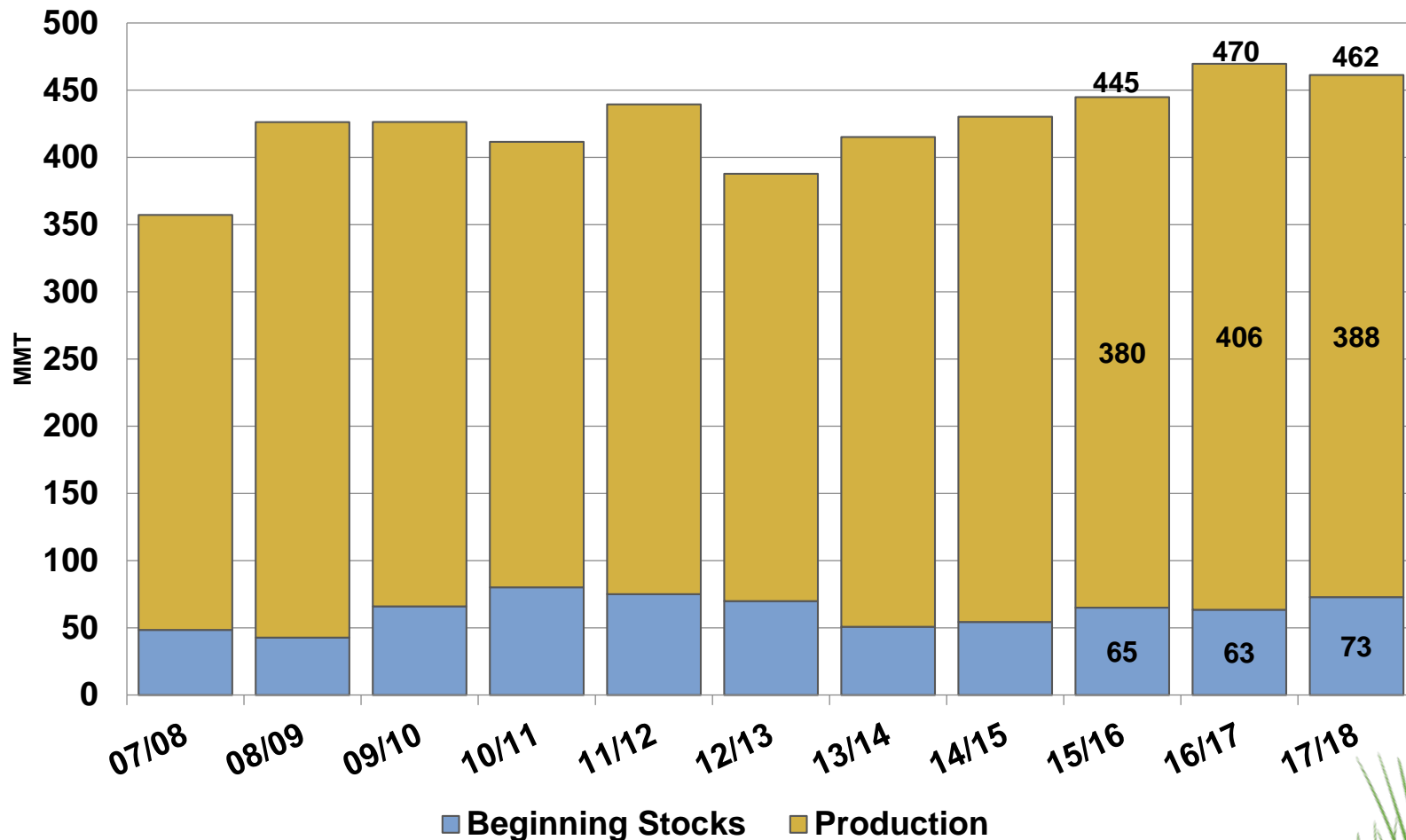


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# World Production and Use



# Supplies in Top Exporting Countries\*



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

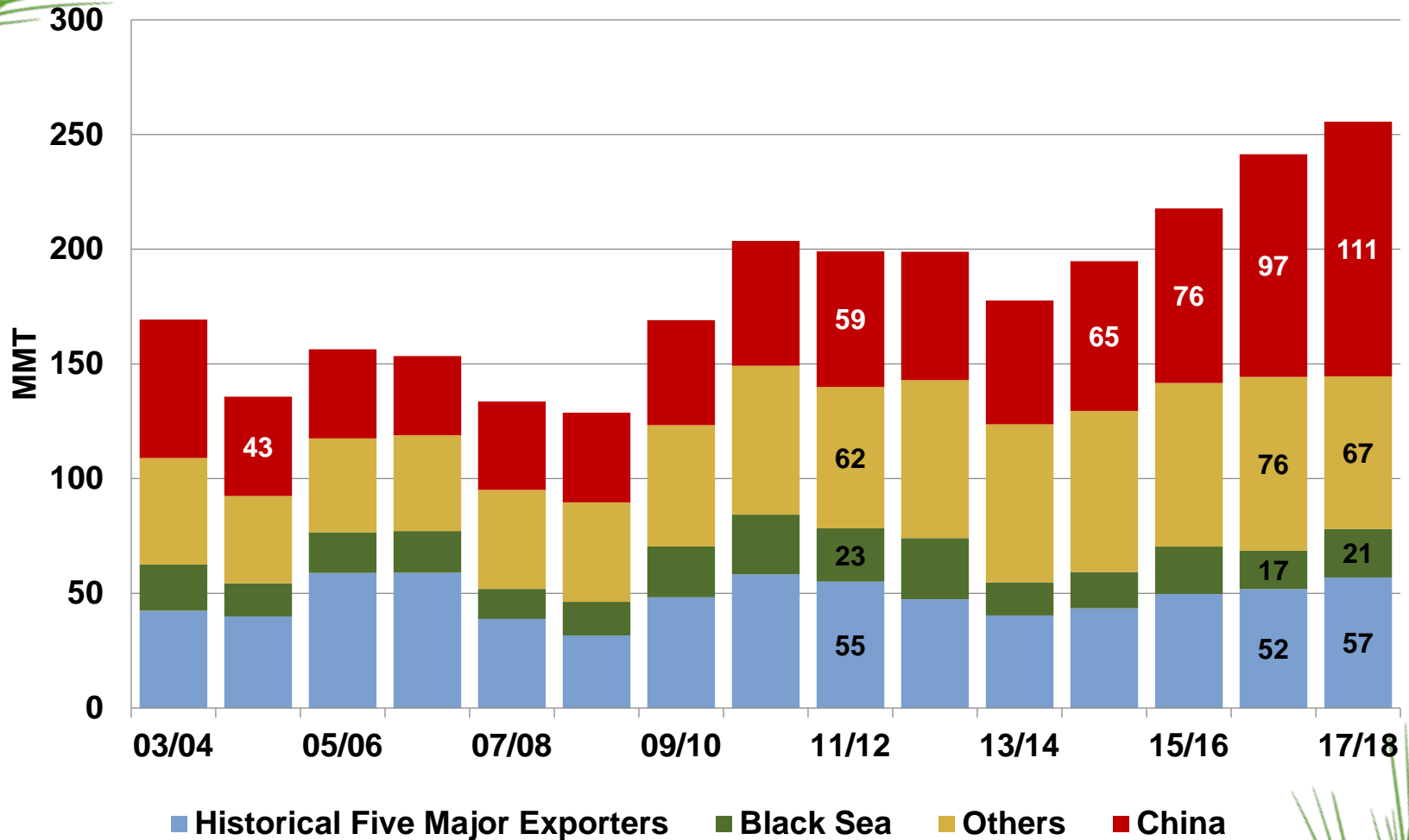
# World Wheat Supply and Demand

		15/16	16/17	17/18
			<i>MMT</i>	
<b>SUPPLY:</b>	Beginning Stocks	218	241	256
	Production	735	754	752
	Supply Total	953	995	1008
<b>TRADE:</b>	Exports/Imports	173	183	181
<b>DEMAND</b>	Food & Seed	575	592	599
	Feed & Residual	137	147	141
	Use Total	712	740	740
	<b>ENDING STOCKS:</b>	241	256	268



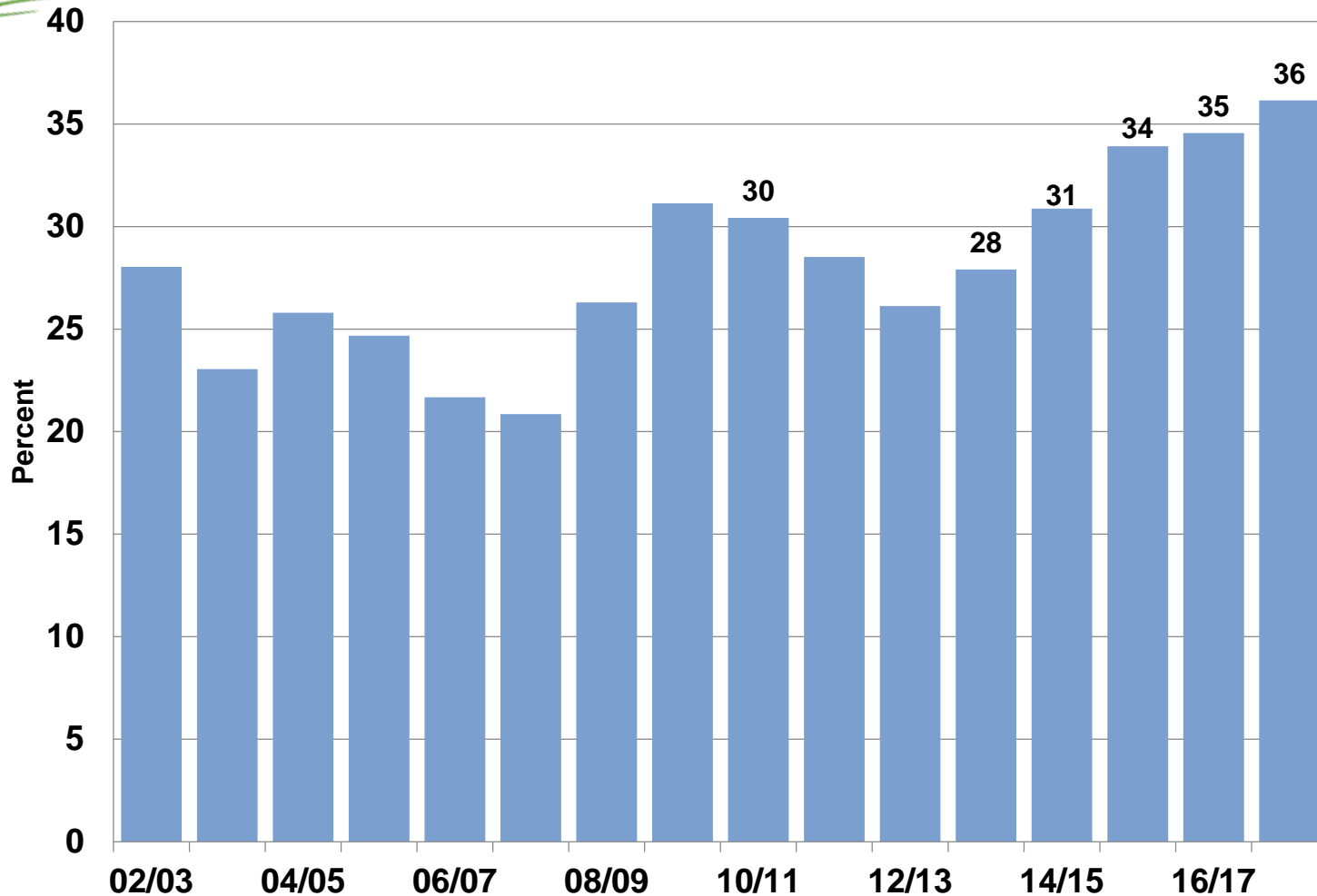
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# World Beginning Stocks



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

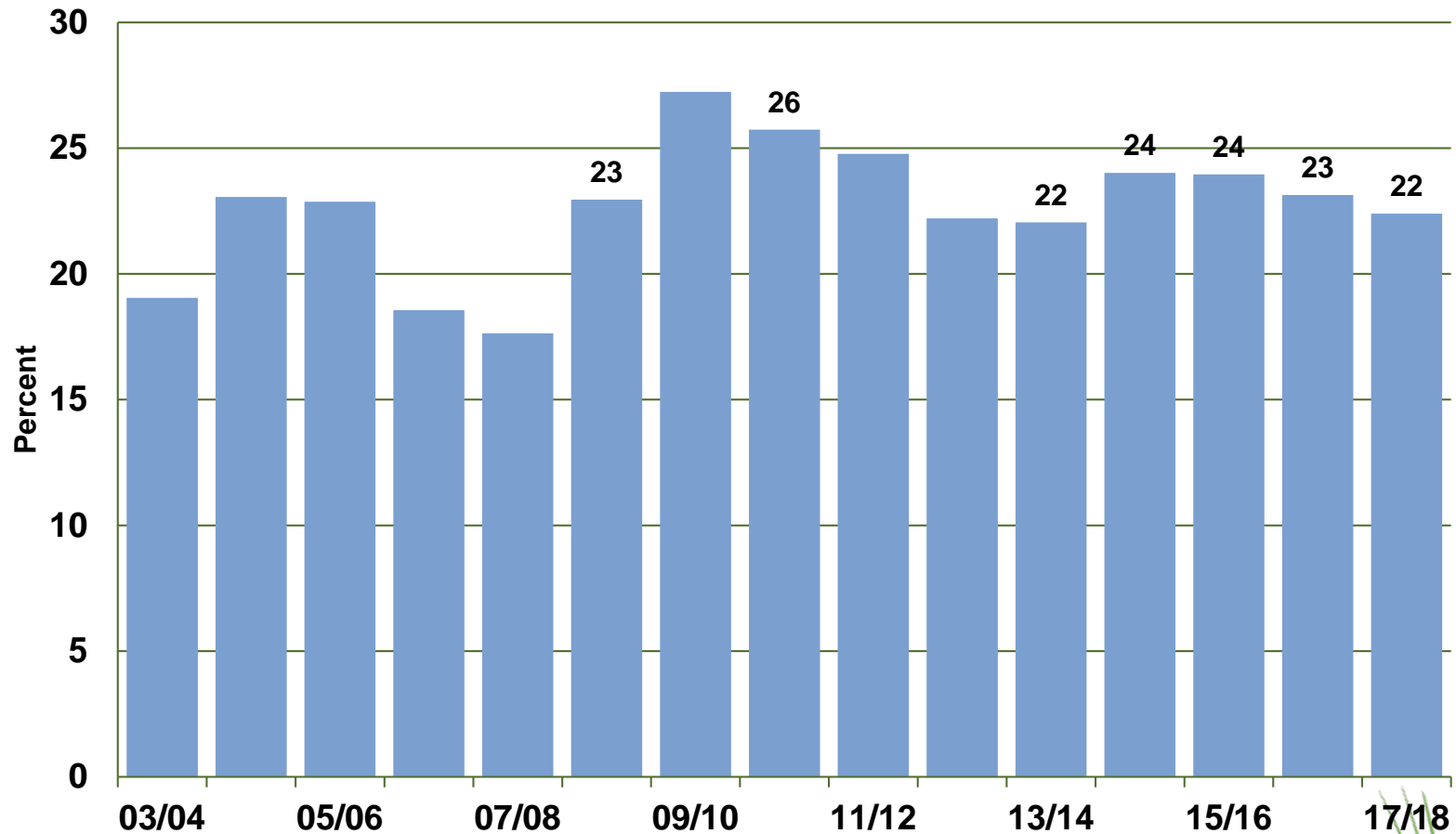
# Global Stocks\*-to-Use Ratio



*\*Ending stocks*

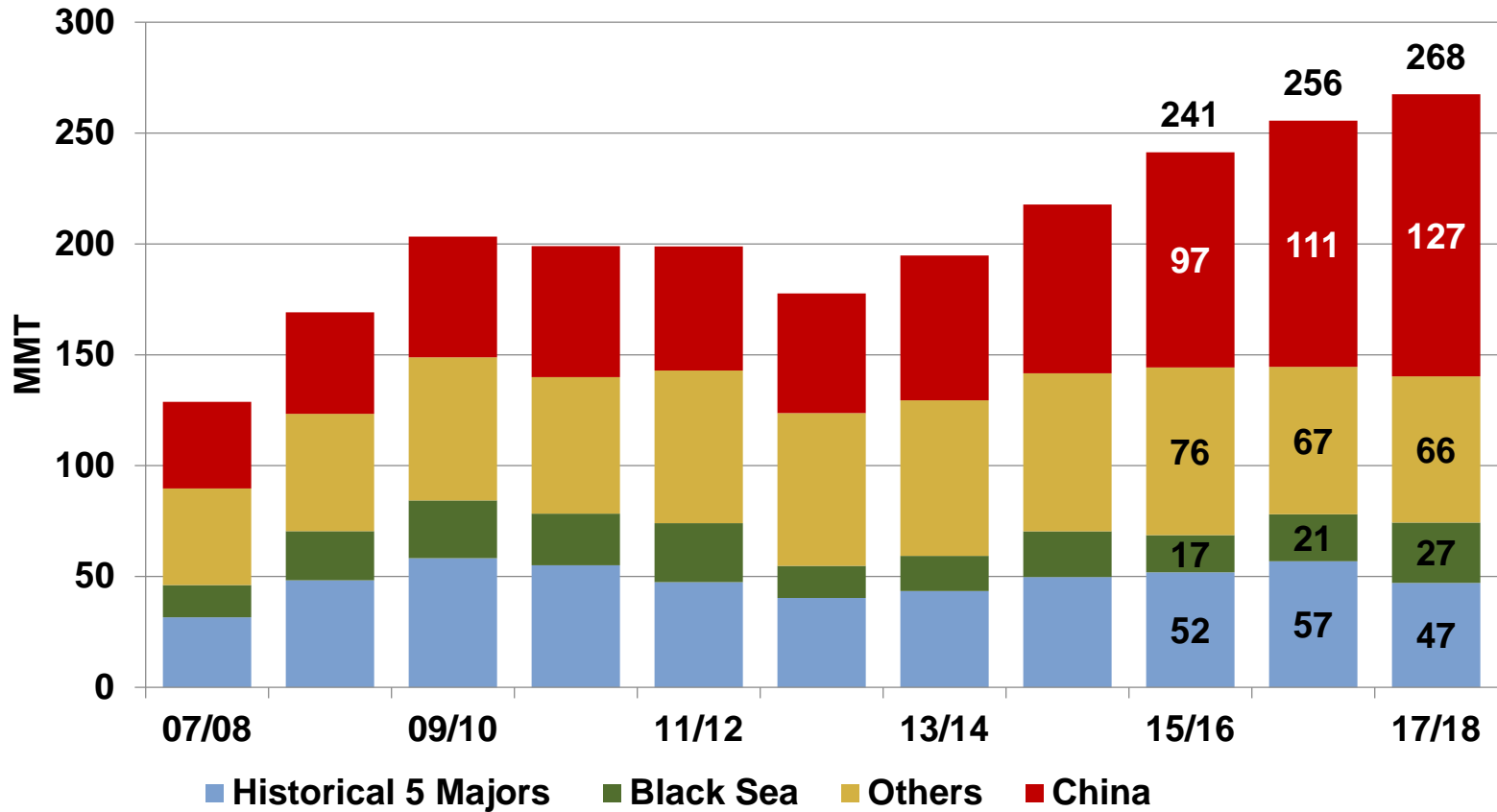


# Global Stocks\*-to-Use Ratio w/o China



\*Ending stocks

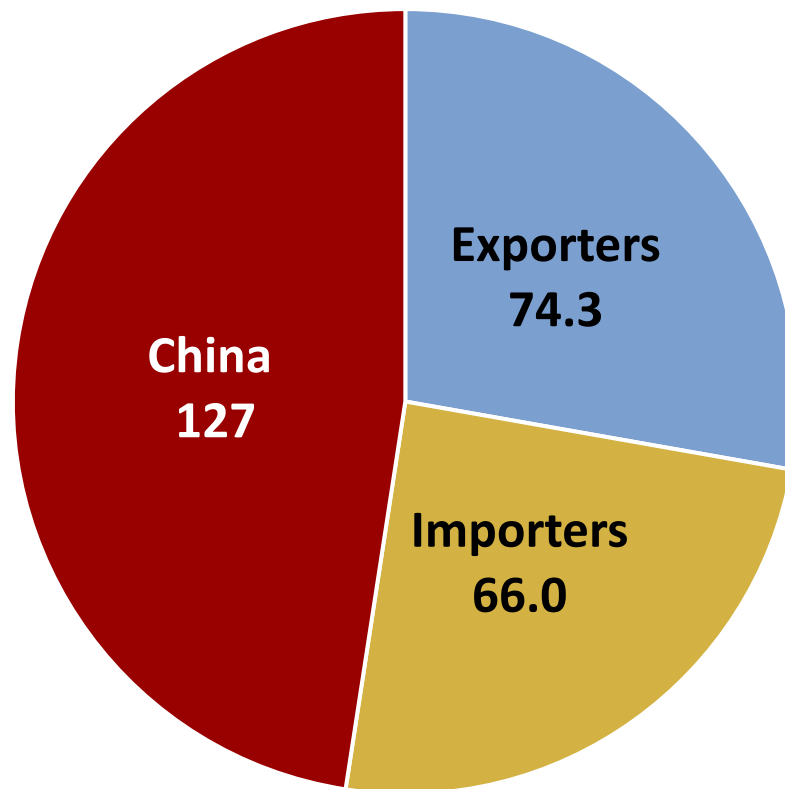
# World Ending Stocks



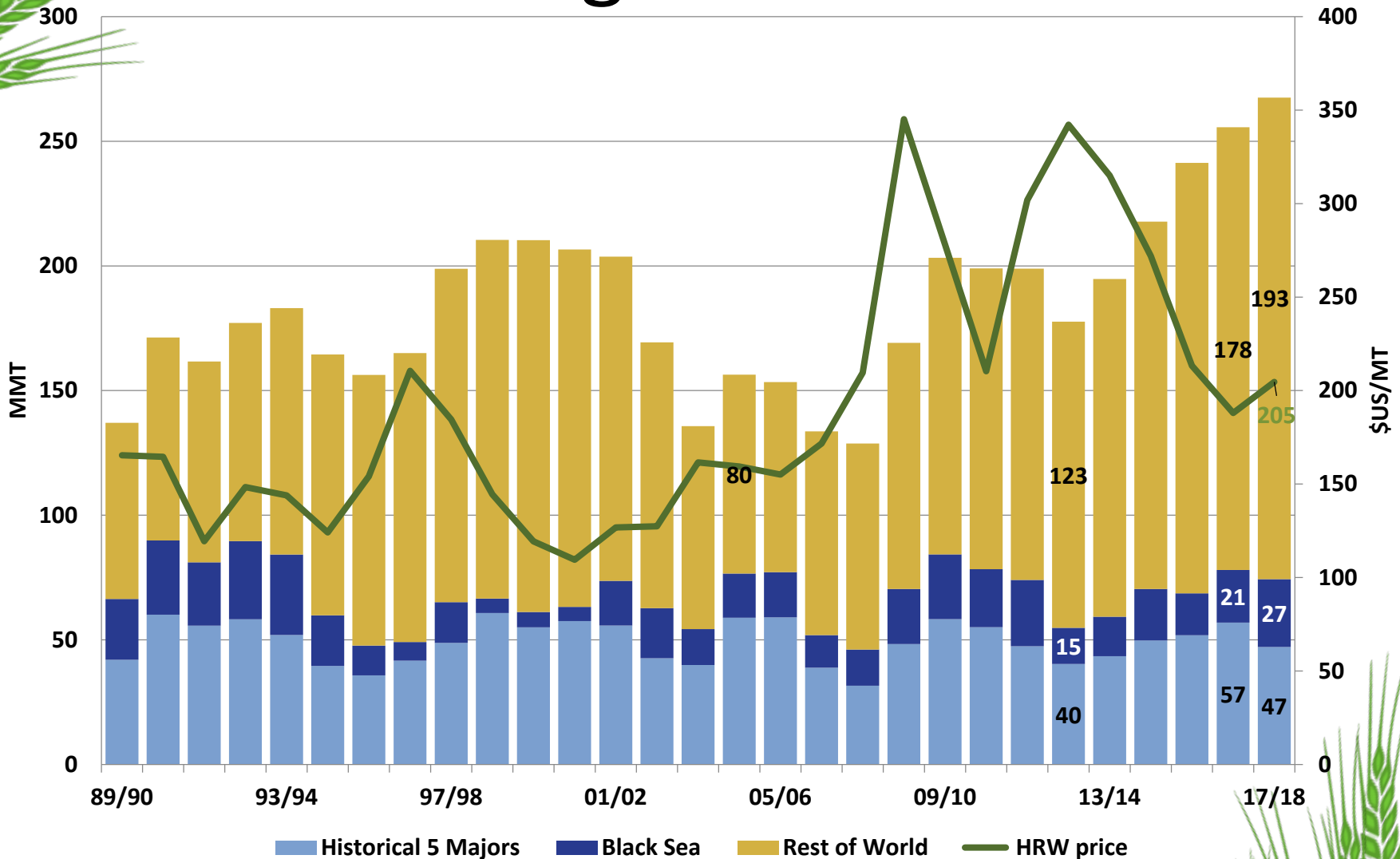
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.  
Black Sea includes Russia, Ukraine and Kazakhstan.*

# World Ending Stocks by Position

(million metric tons)



# Global Ending Stocks and Price

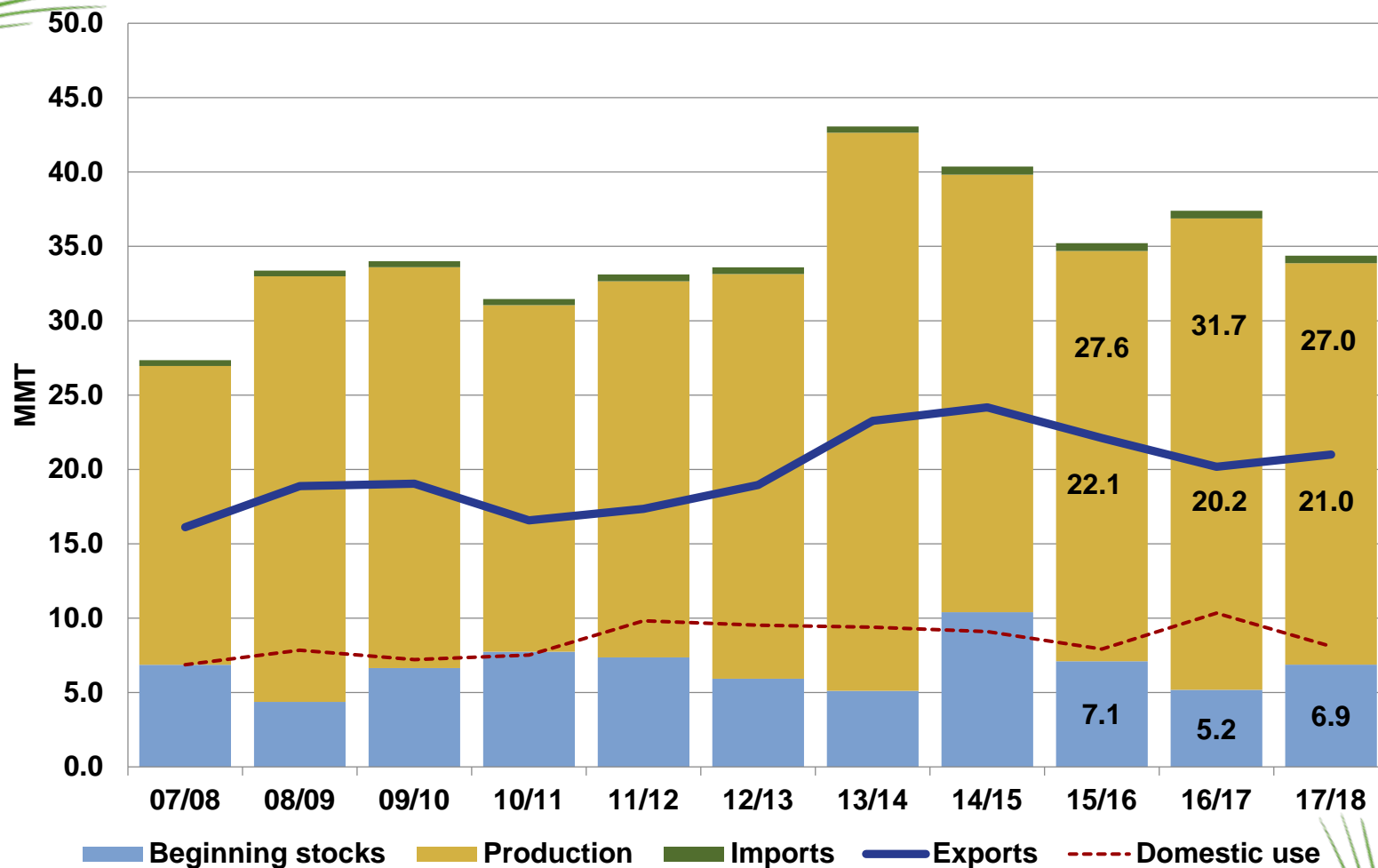


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

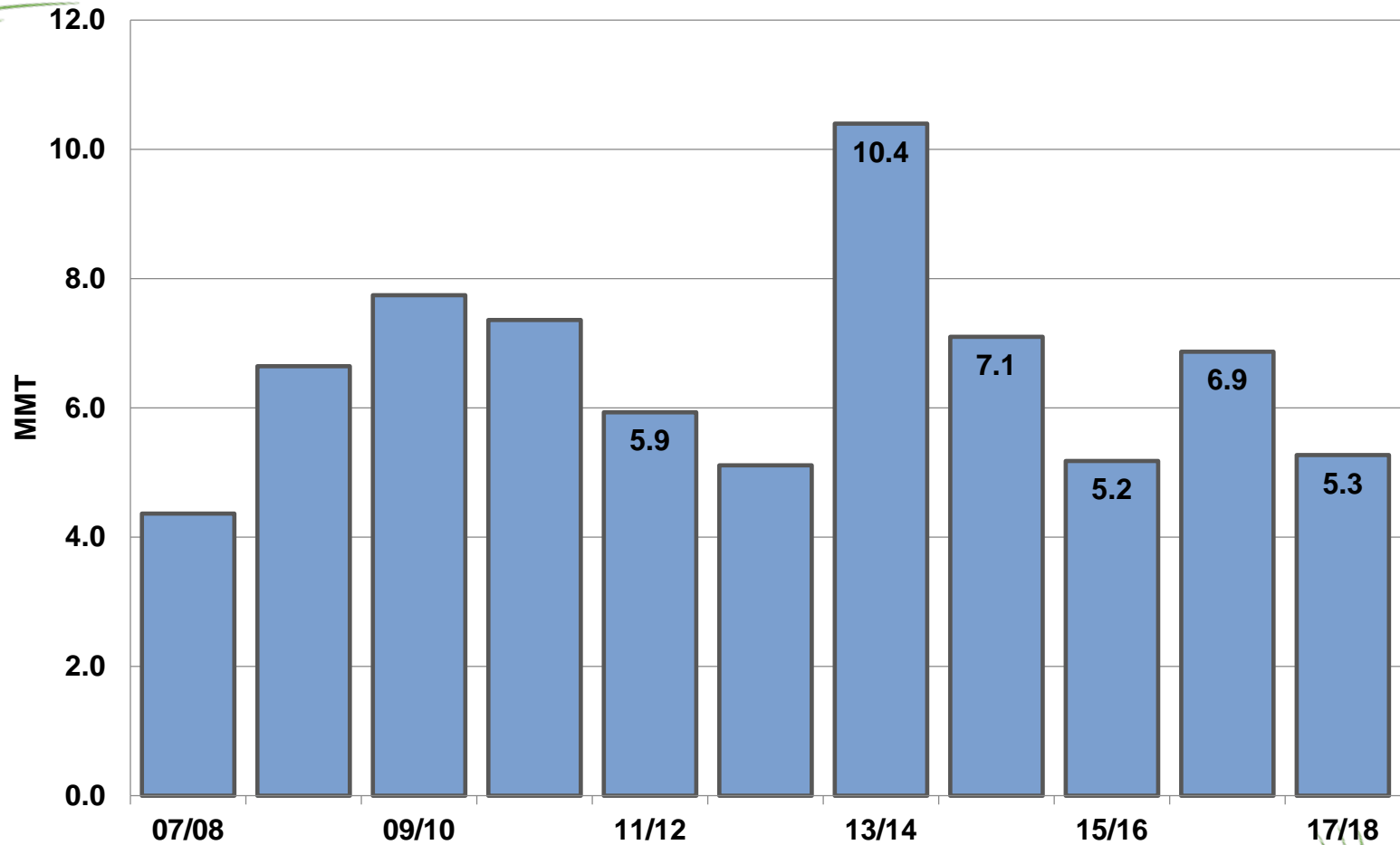


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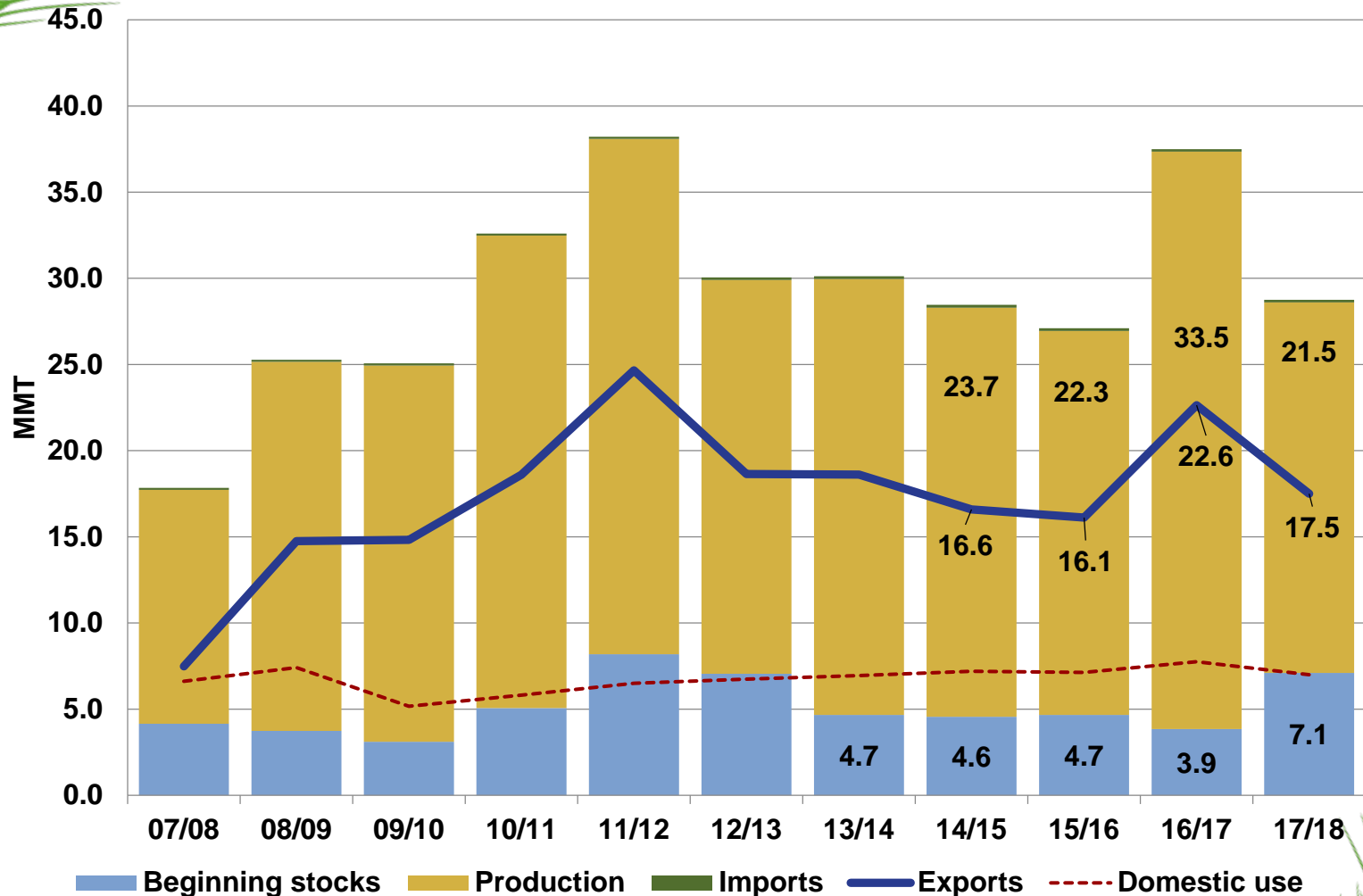
# Canada Situation



# Canada Ending Stocks

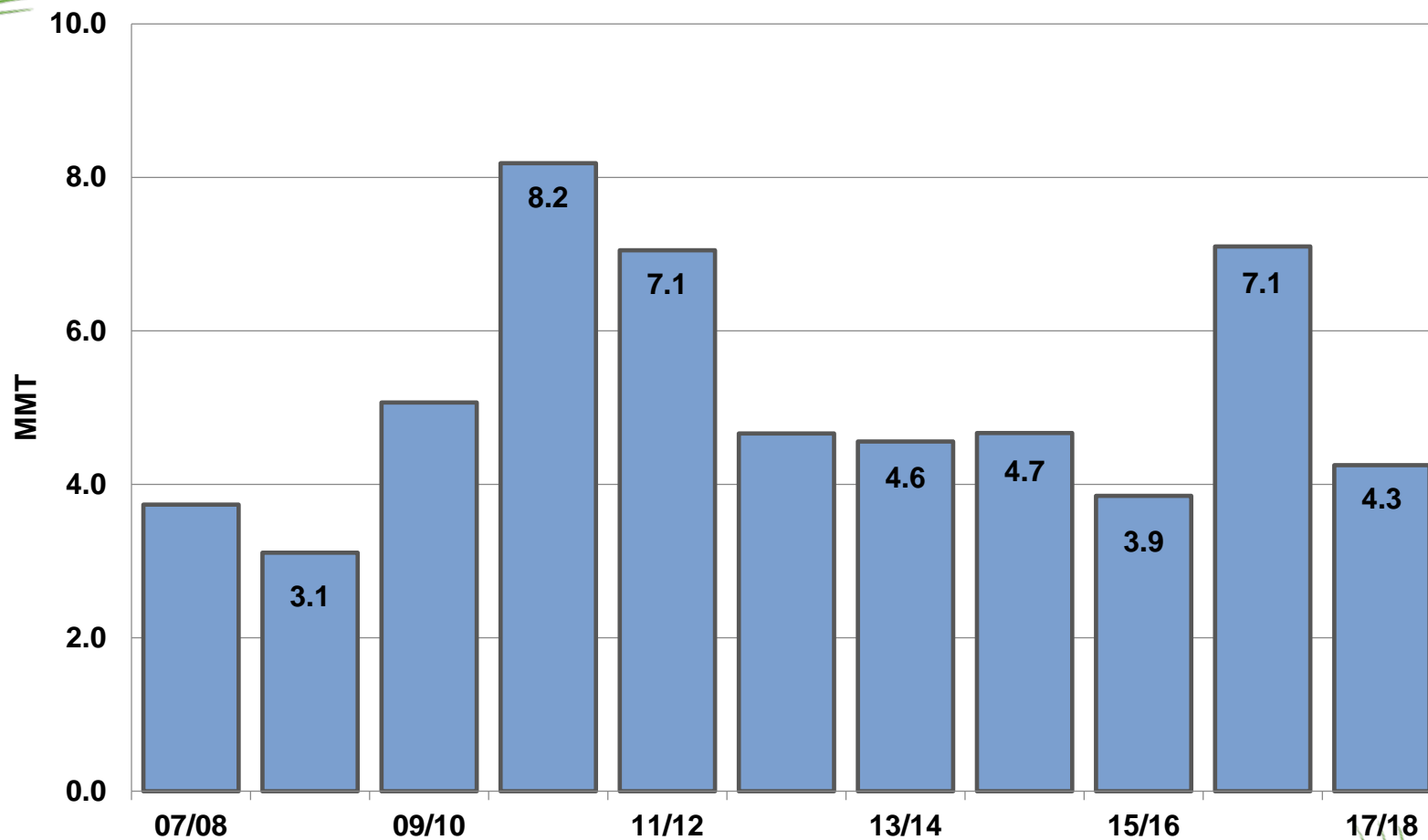


# Australia Situation

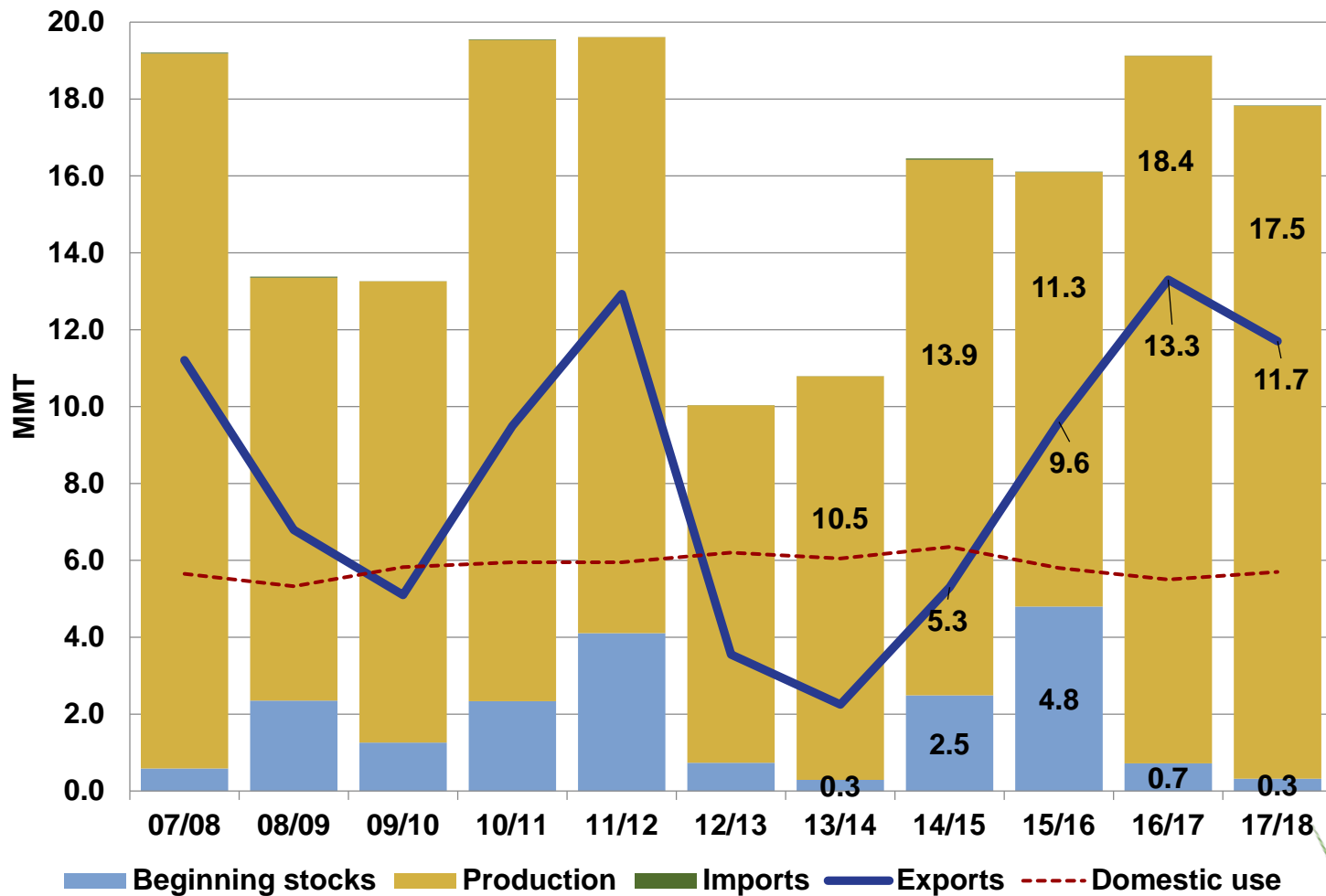




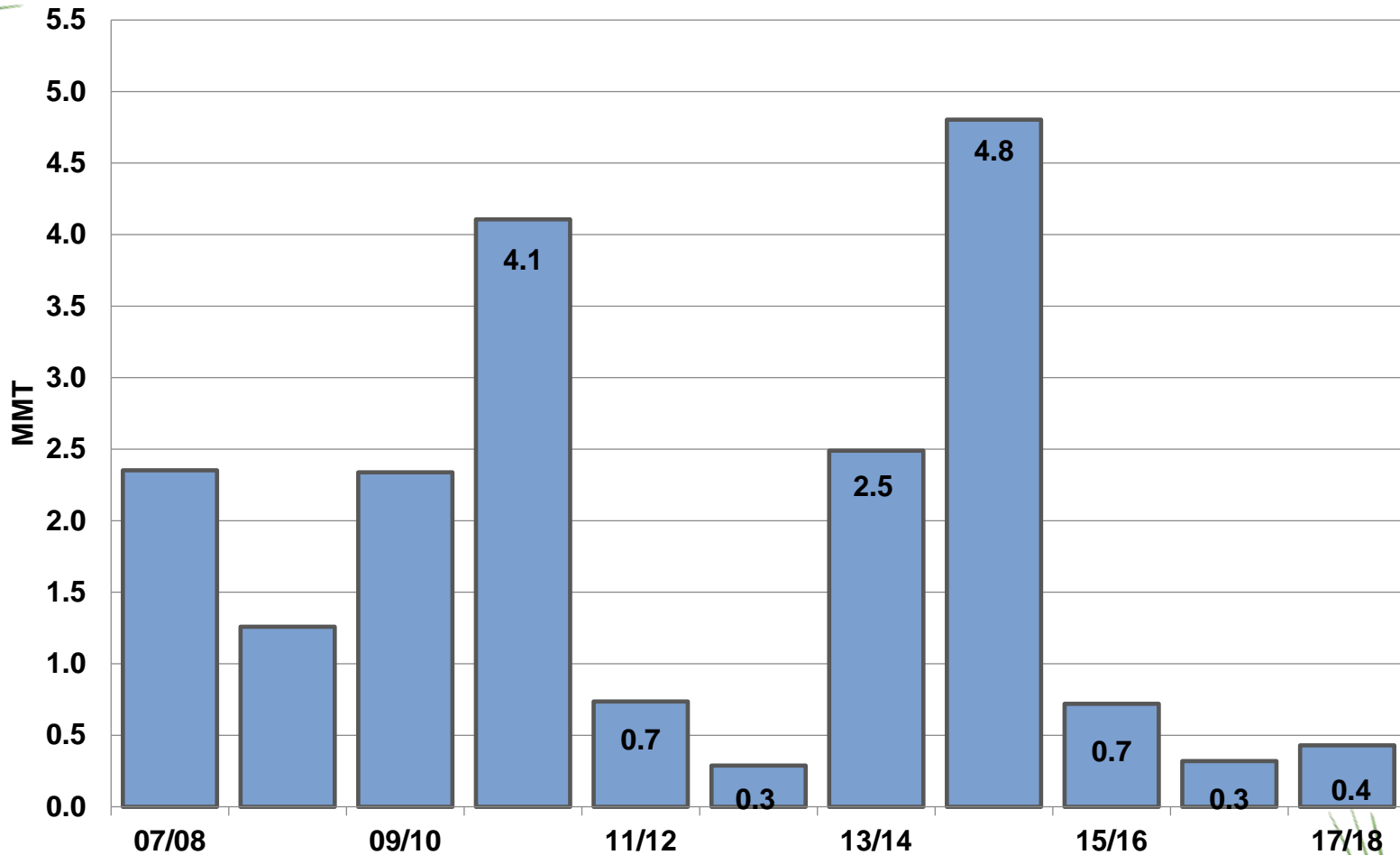
# Australia Ending Stocks



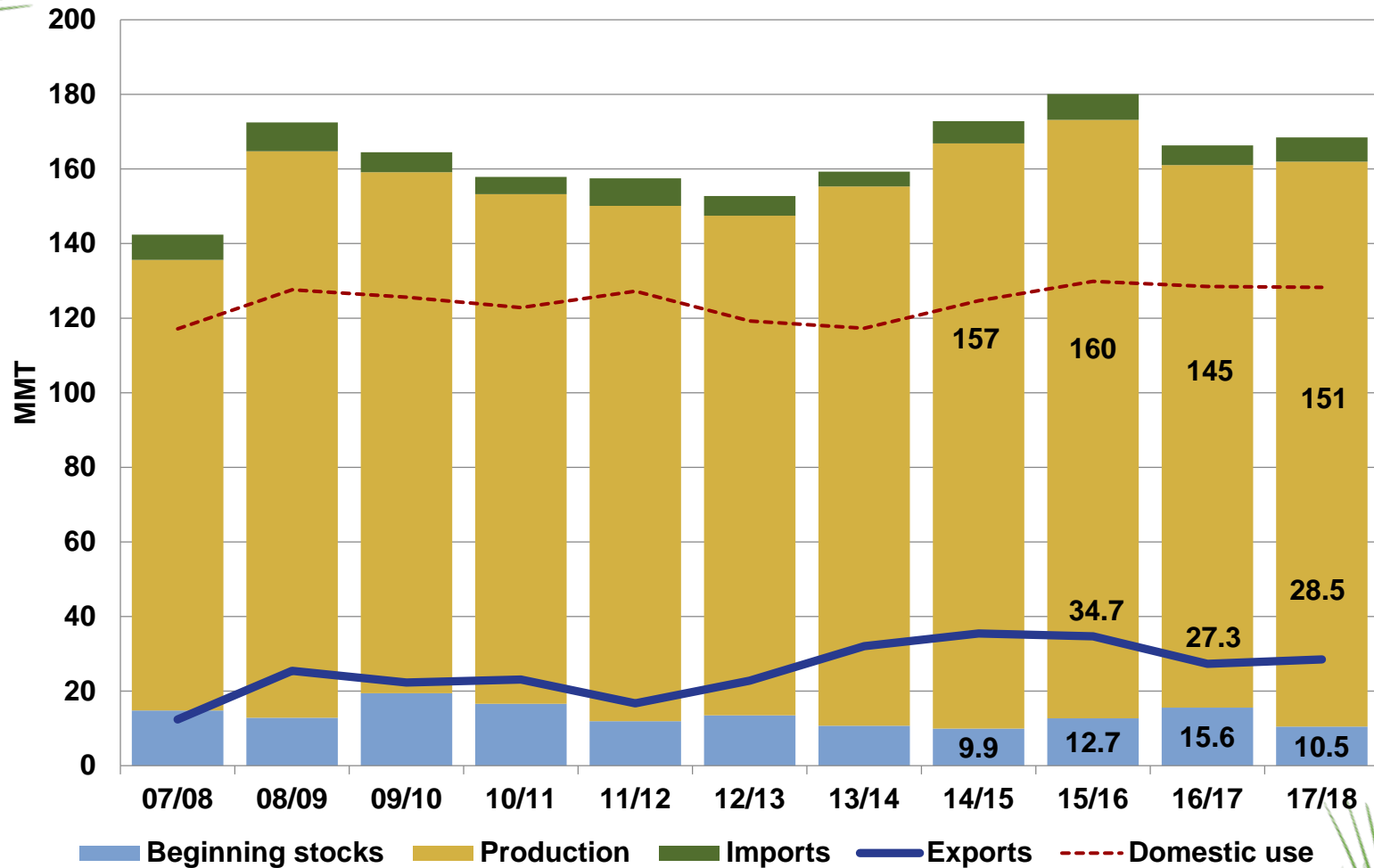
# Argentina Situation



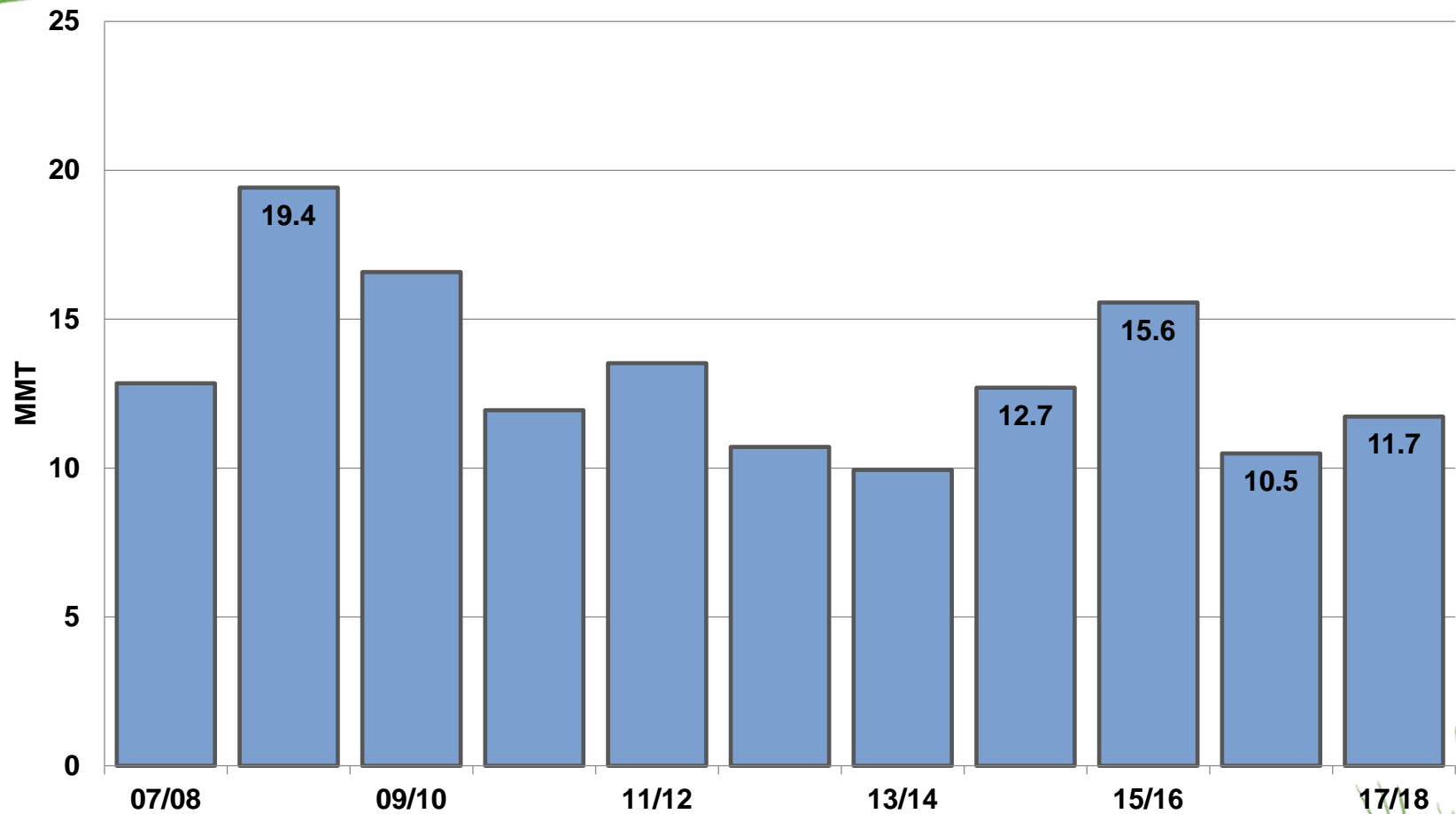
# Argentina Ending Stocks



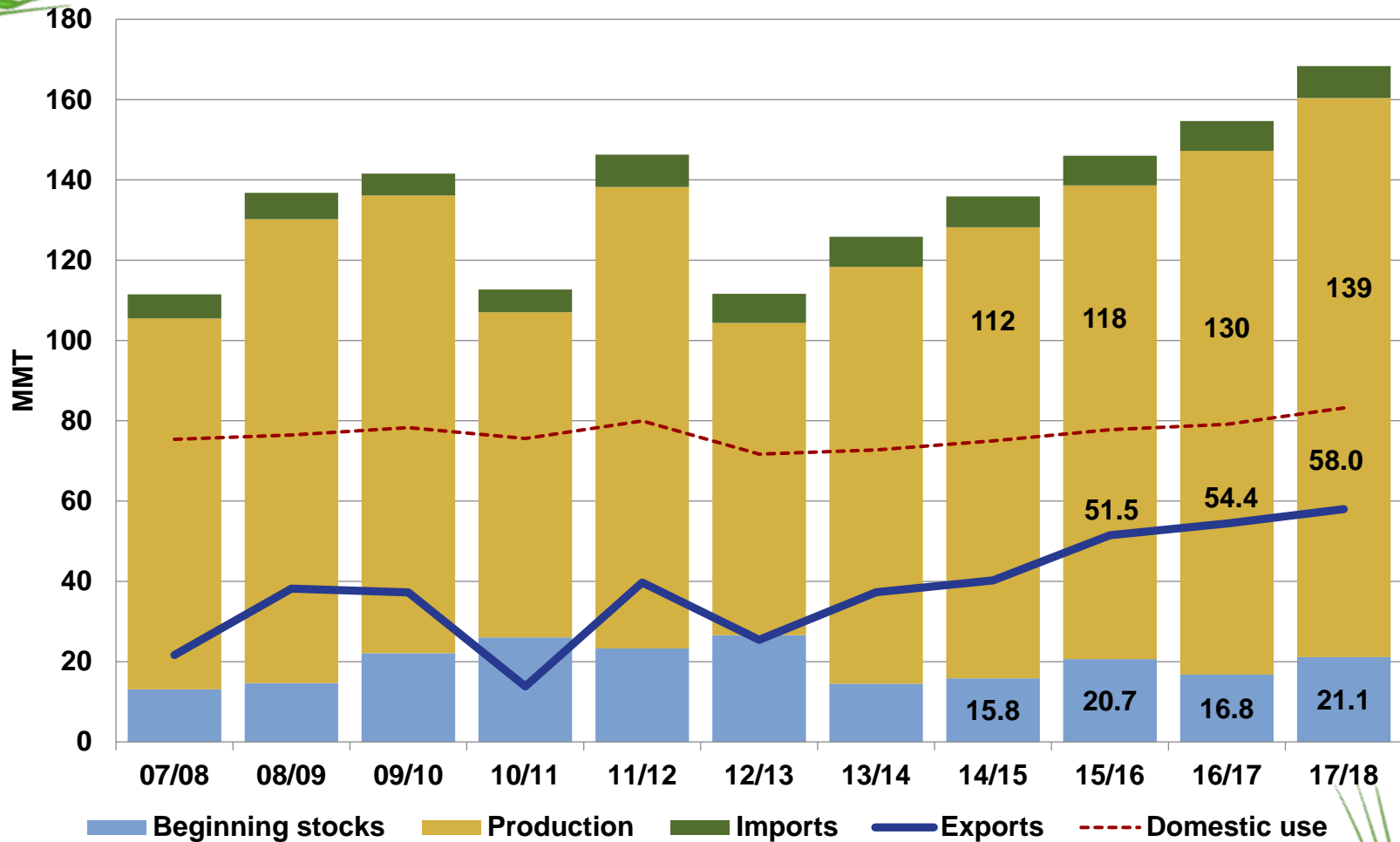
# EU-27 Situation



# EU-27 Ending Stocks

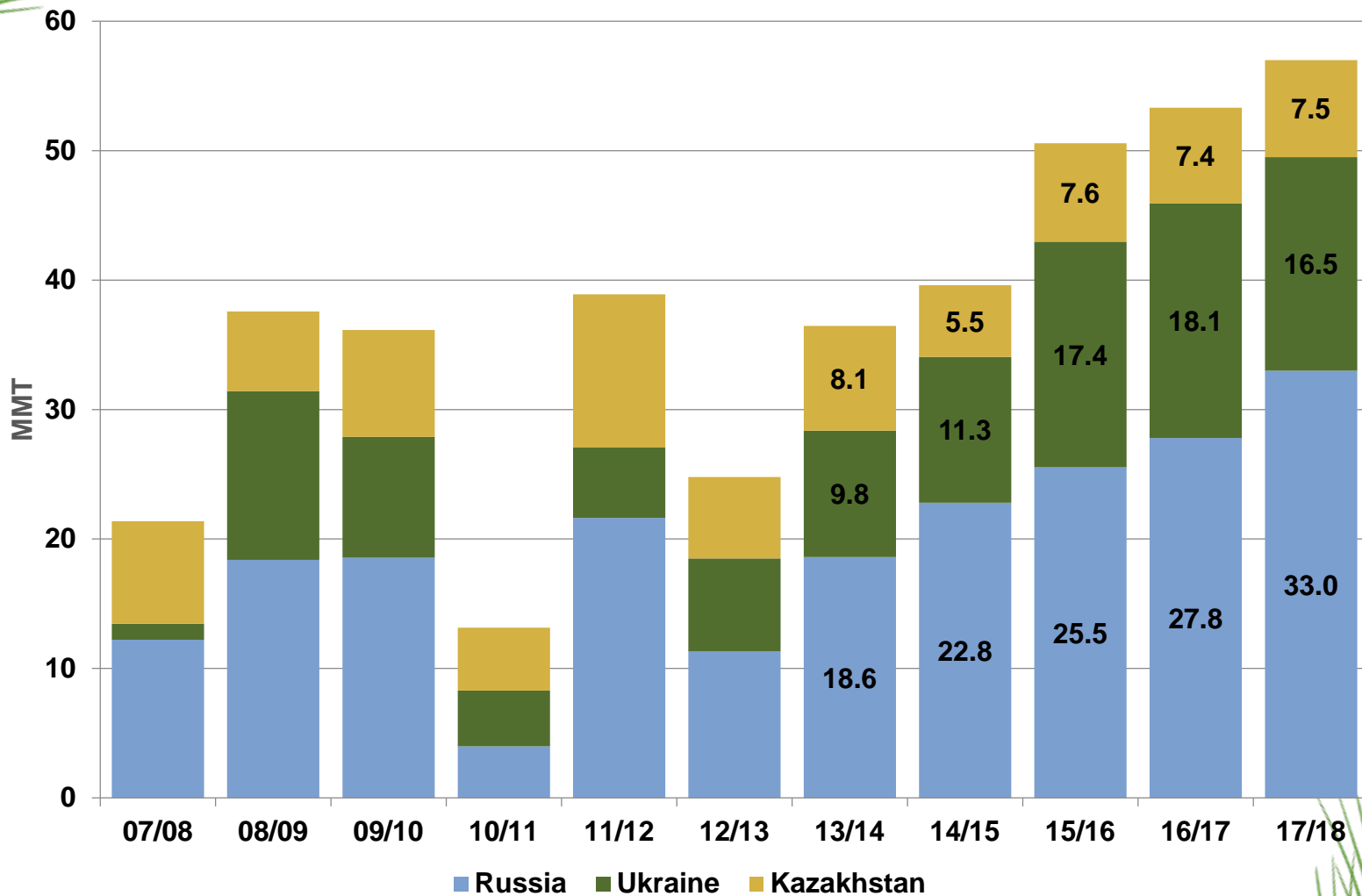


# Black Sea Region Situation

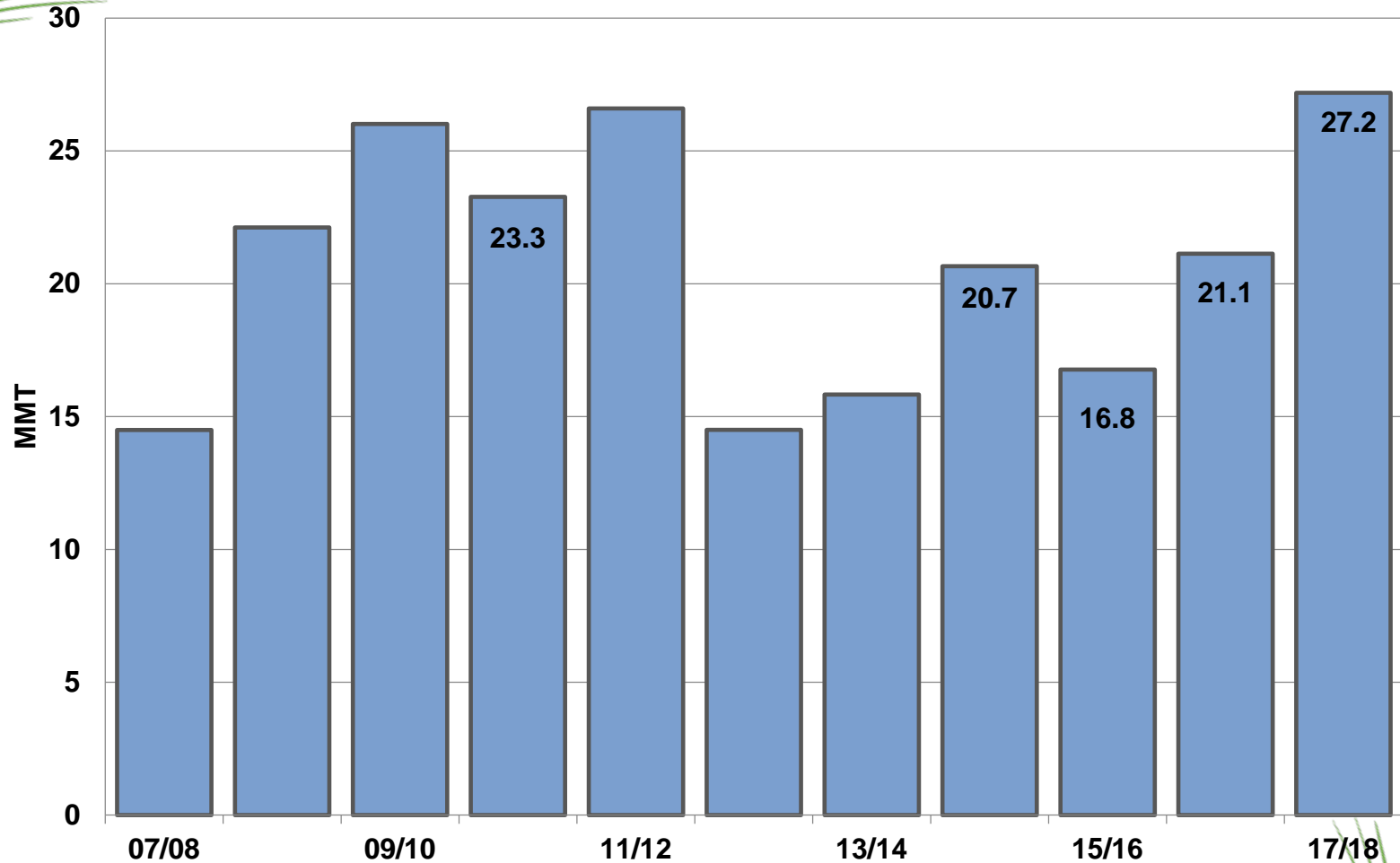


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

# Black Sea Exports



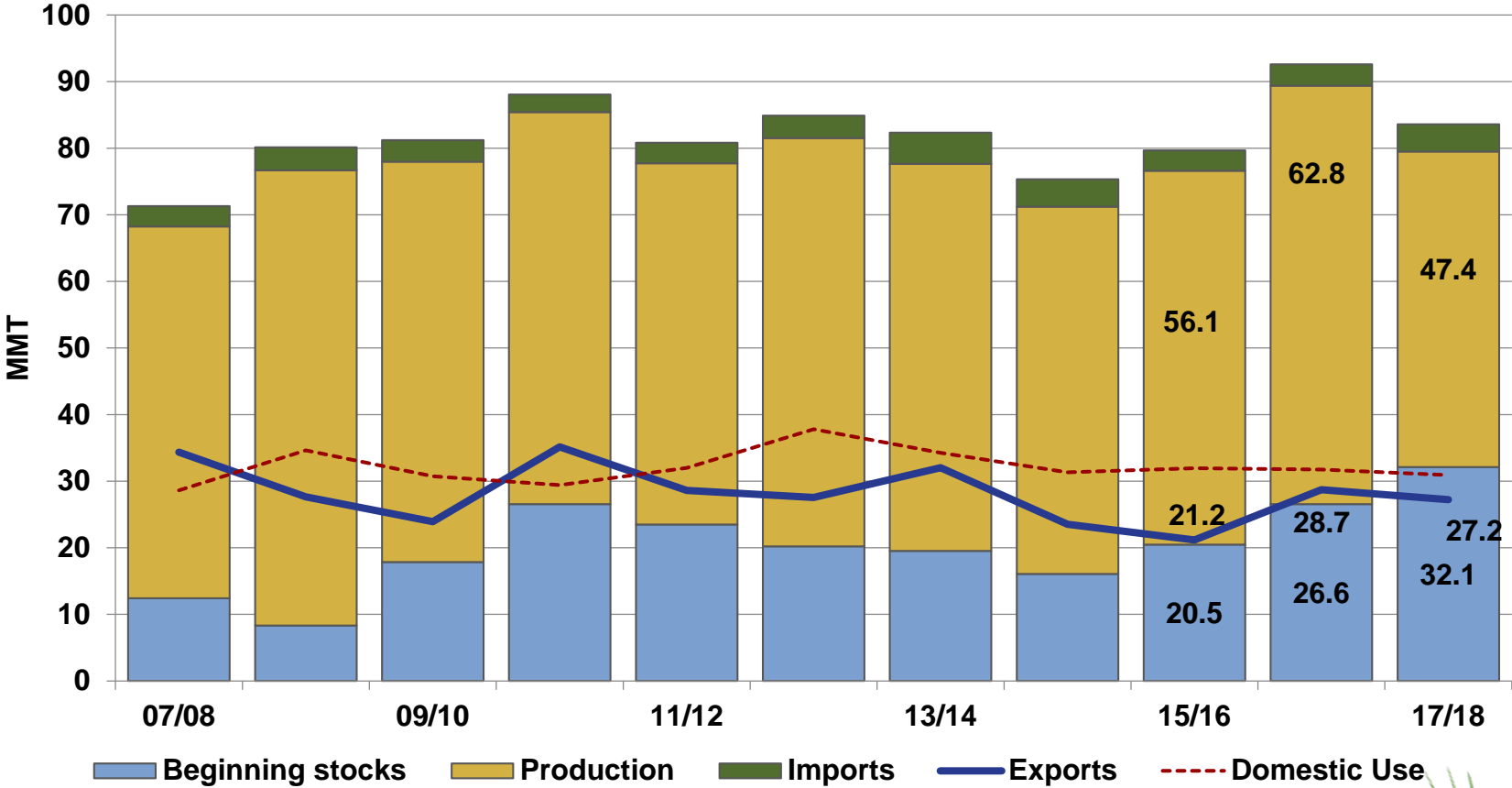
# Black Sea Ending Stocks



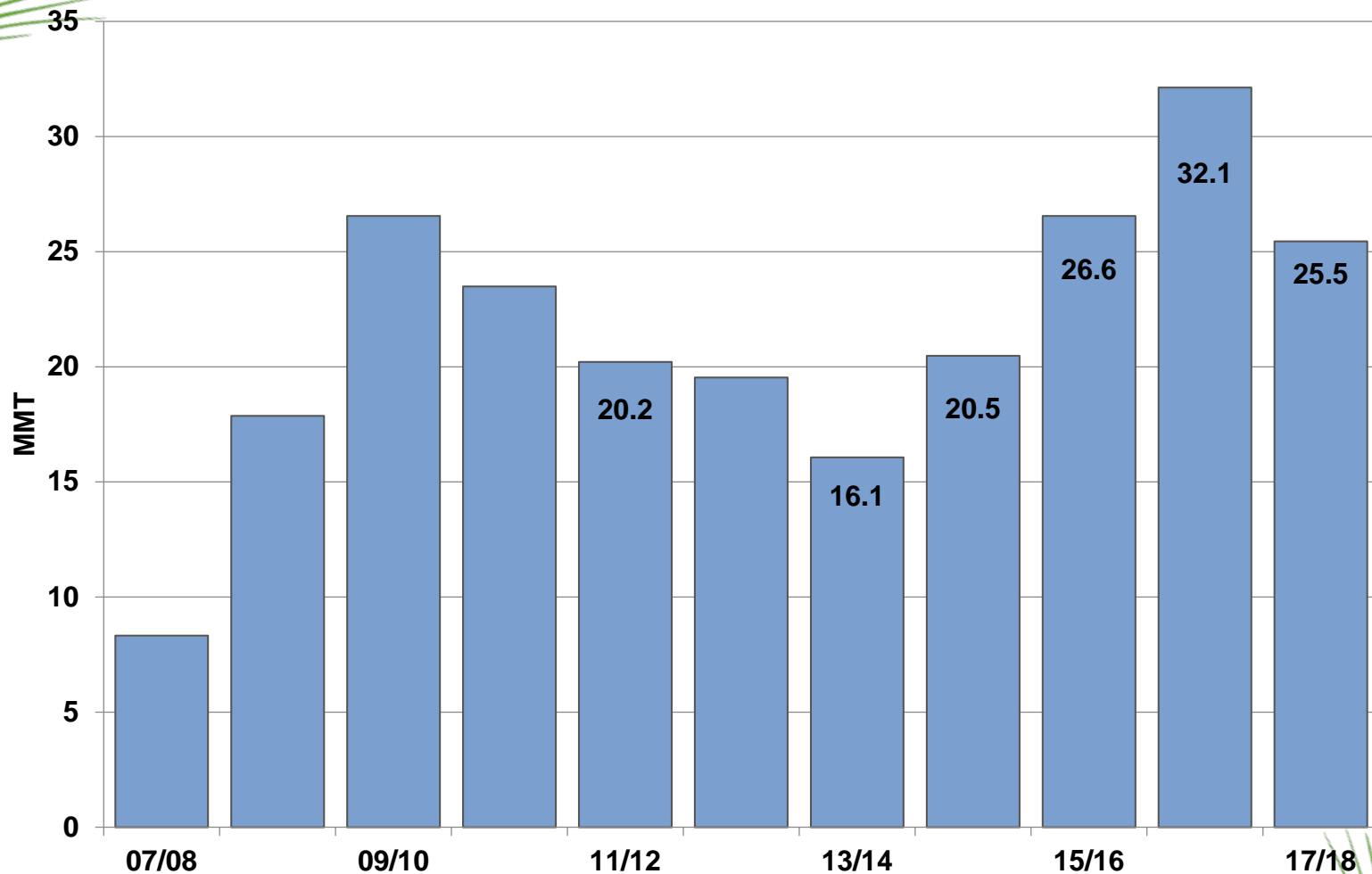


# U.S. Situation

## U.S. Wheat Situation



# U.S. Ending Stocks



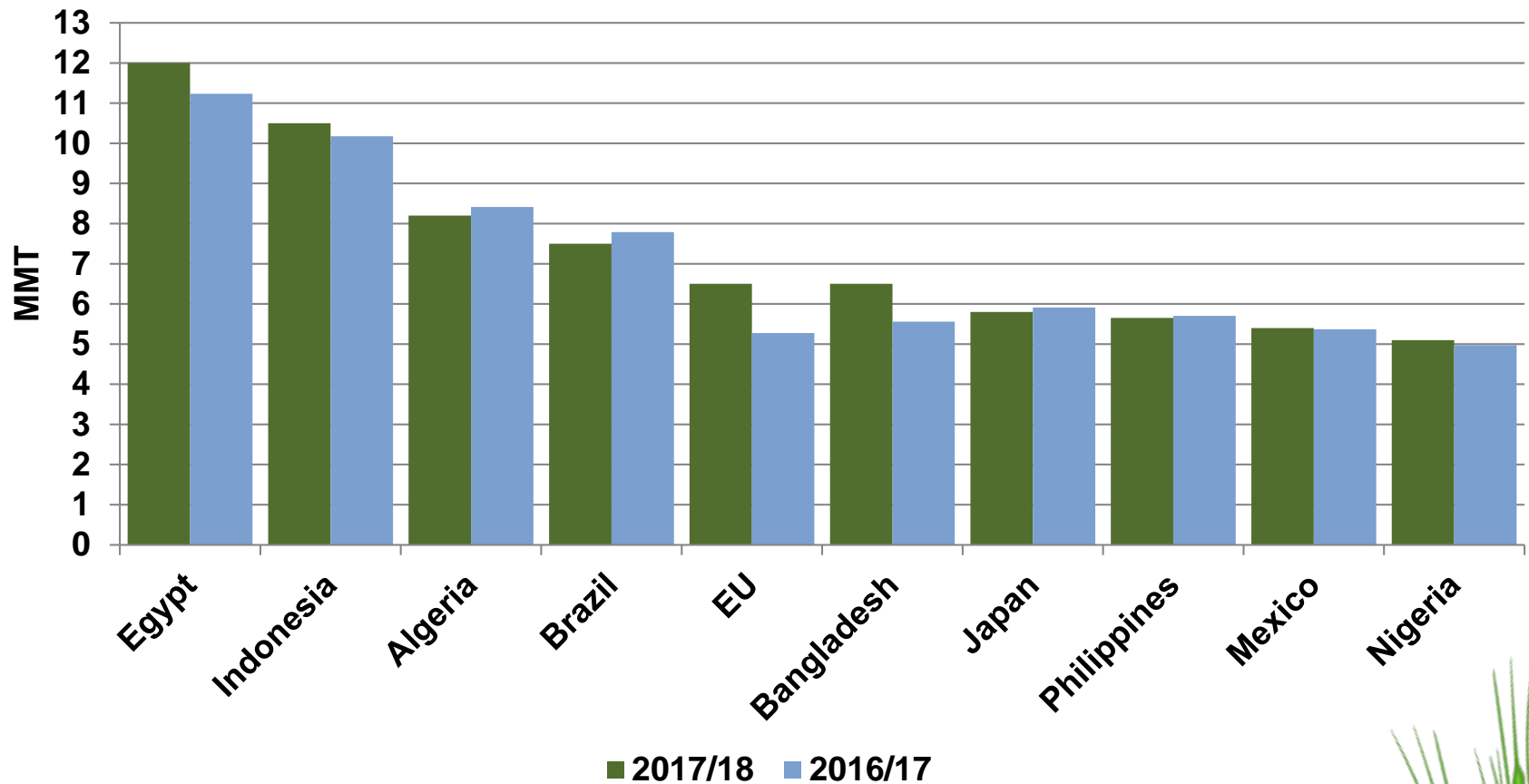
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



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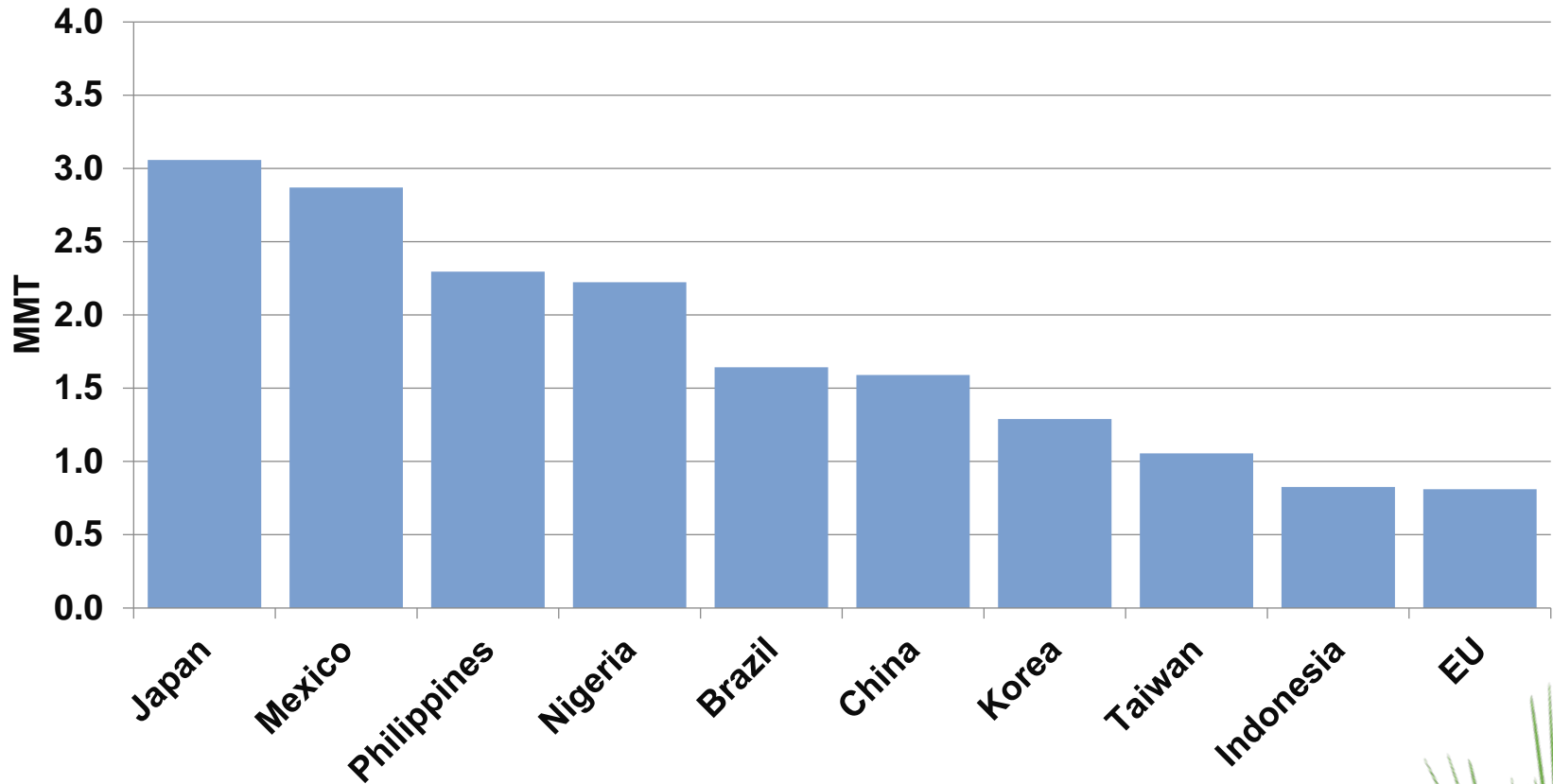
# Major World Wheat Importers

(from all origins)



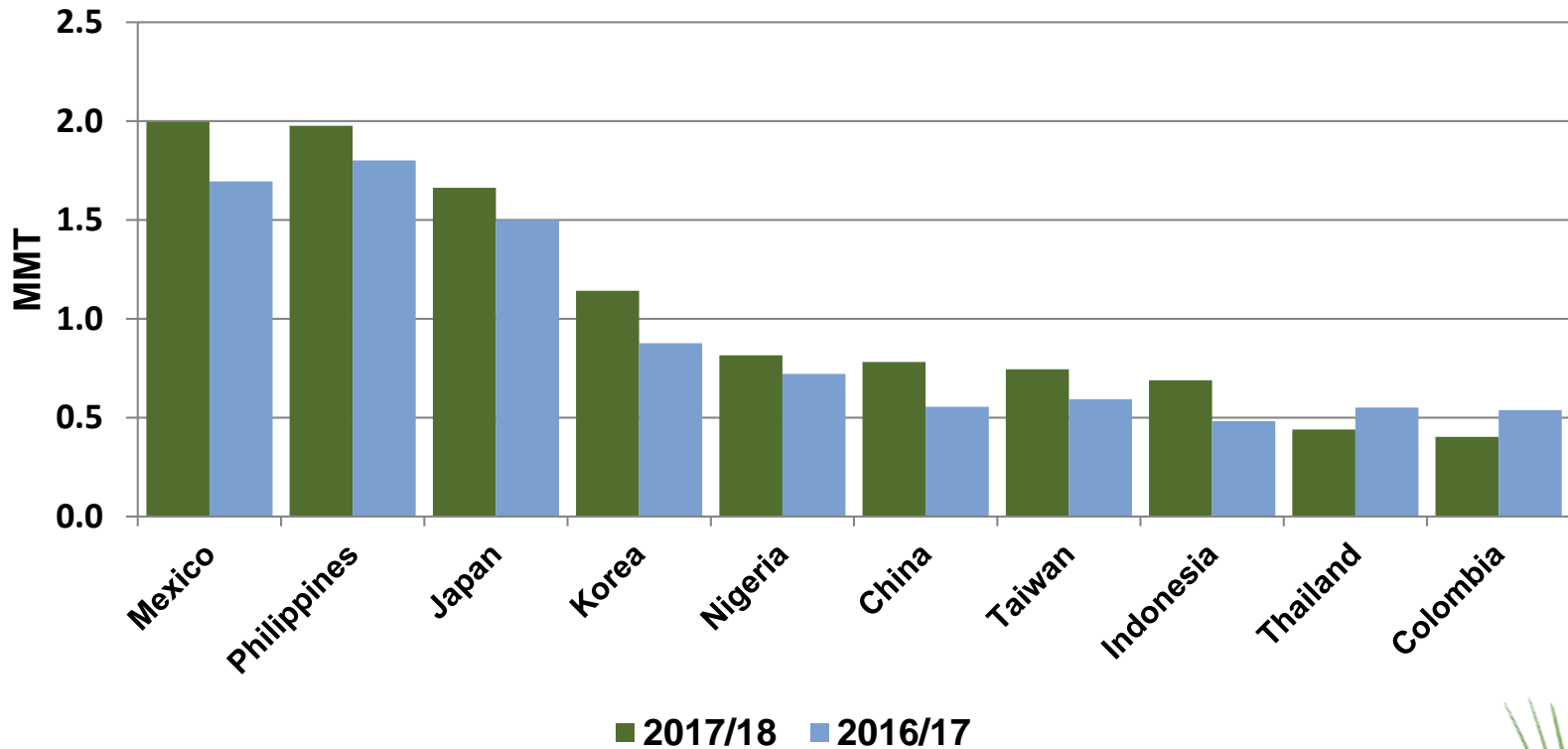
# Top 10 Customers for U.S. Wheat

5-year average



# Top 10 Customers for U.S. Wheat

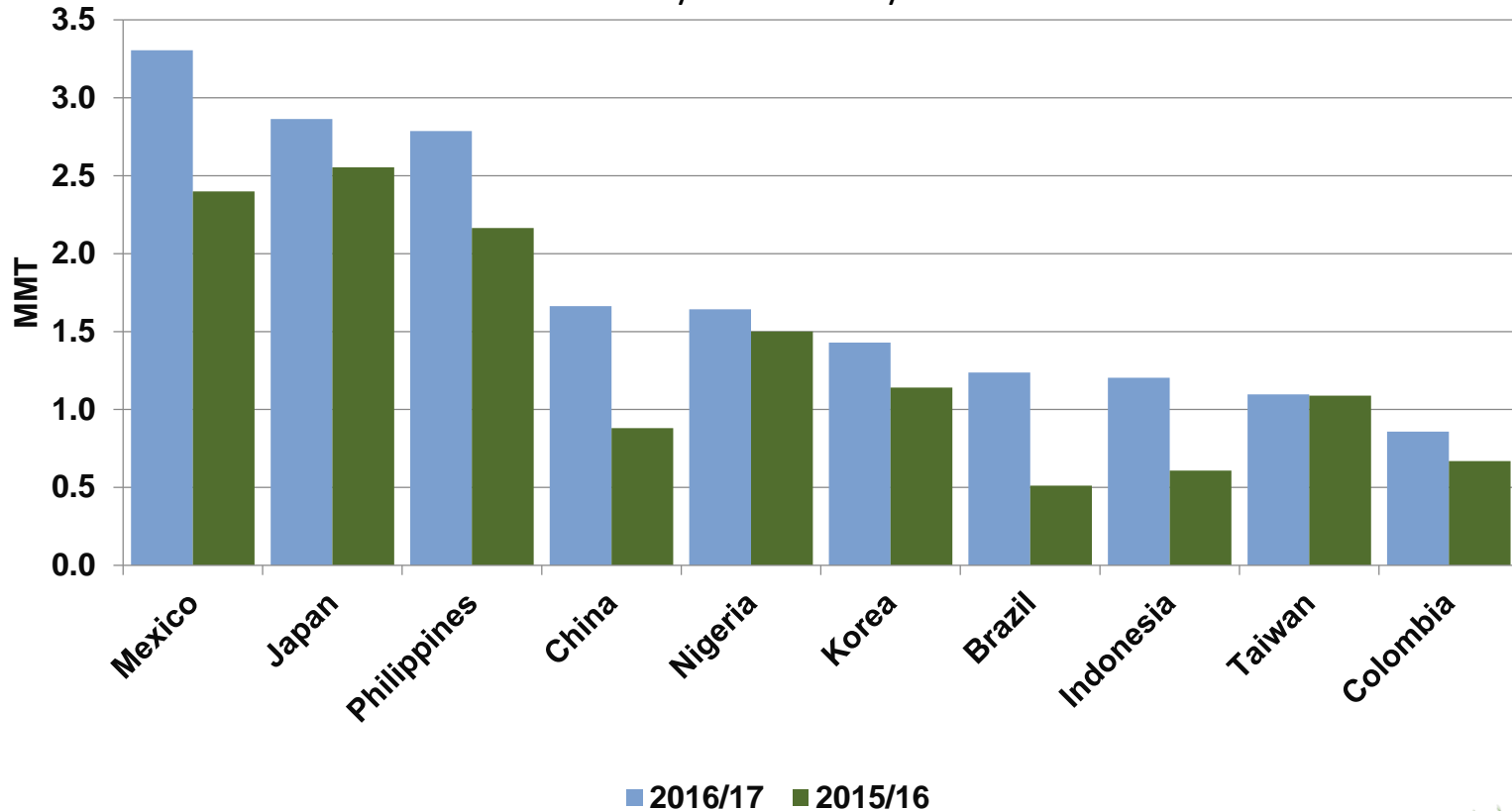
Year-to-date



Source: USDA FAS export sales report November 9, 2017.

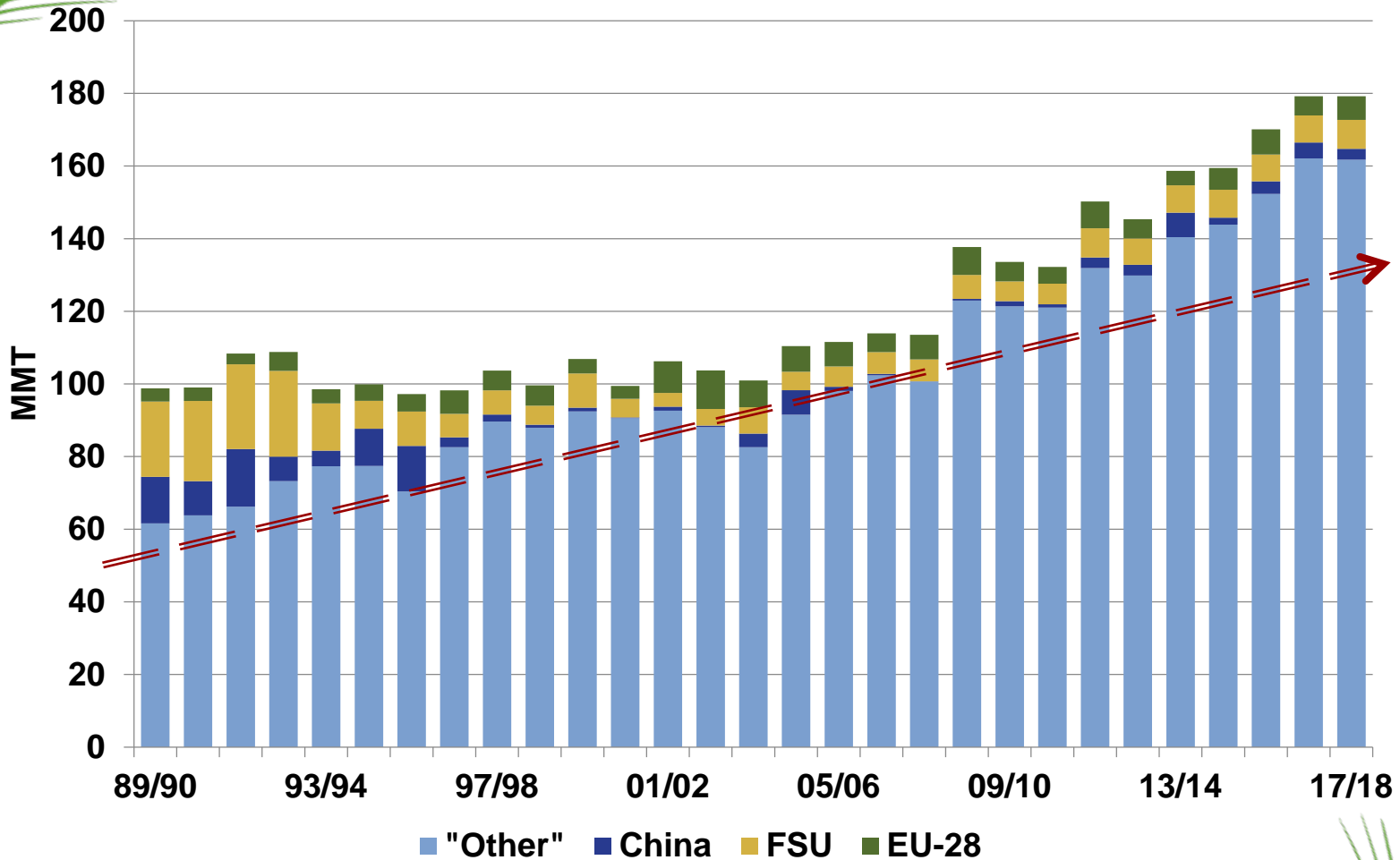
# Top 10 Customers for U.S. Wheat

2016/17 vs. 2015/16



Source: USDA FAS 2016/17 Marketing Year Final export sales report May 31, 2017.

# World Wheat Imports



Trend in "other" importers denoted (—▶)

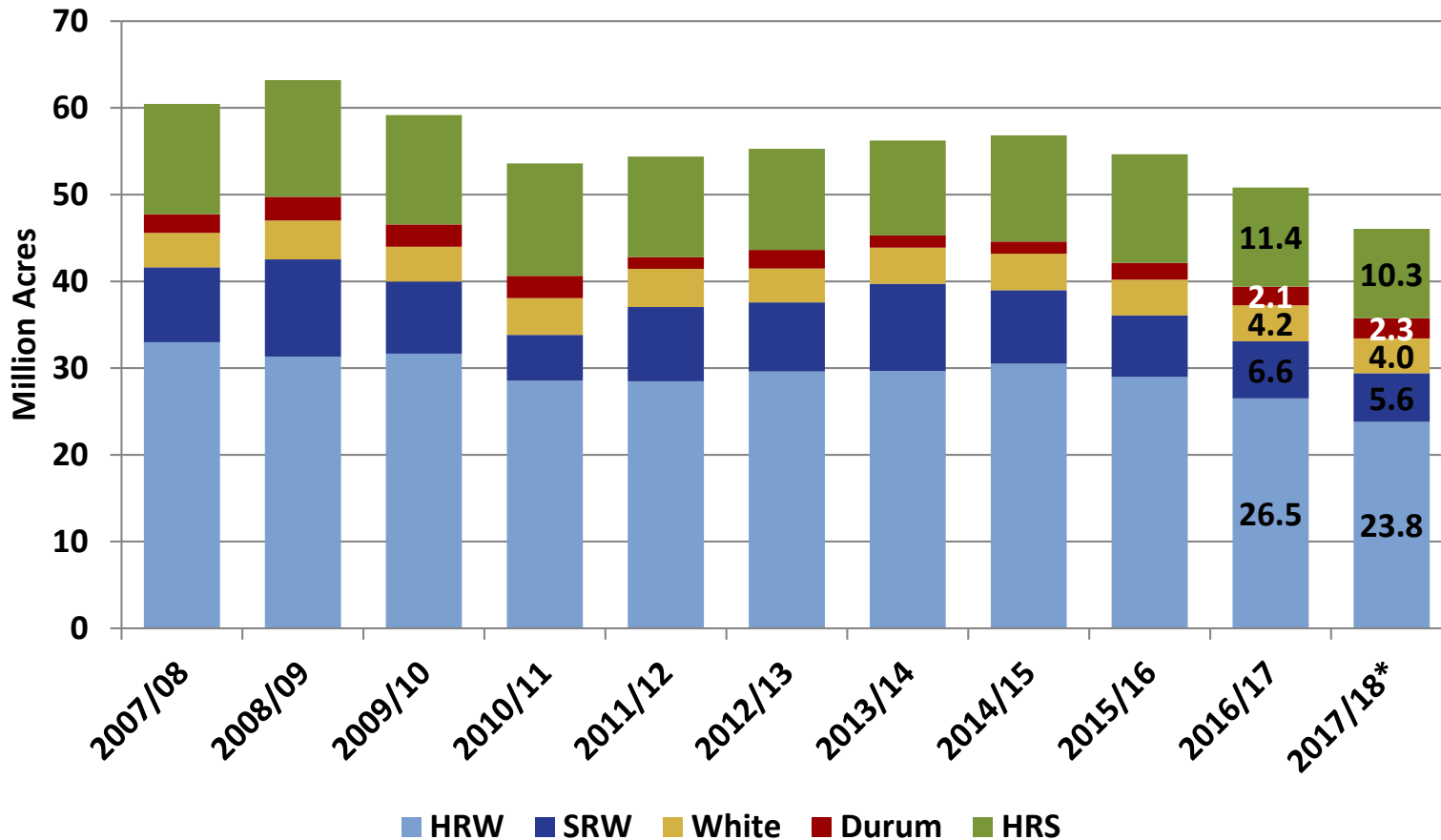


- Major Exporters
- Import Demand
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- Outlook



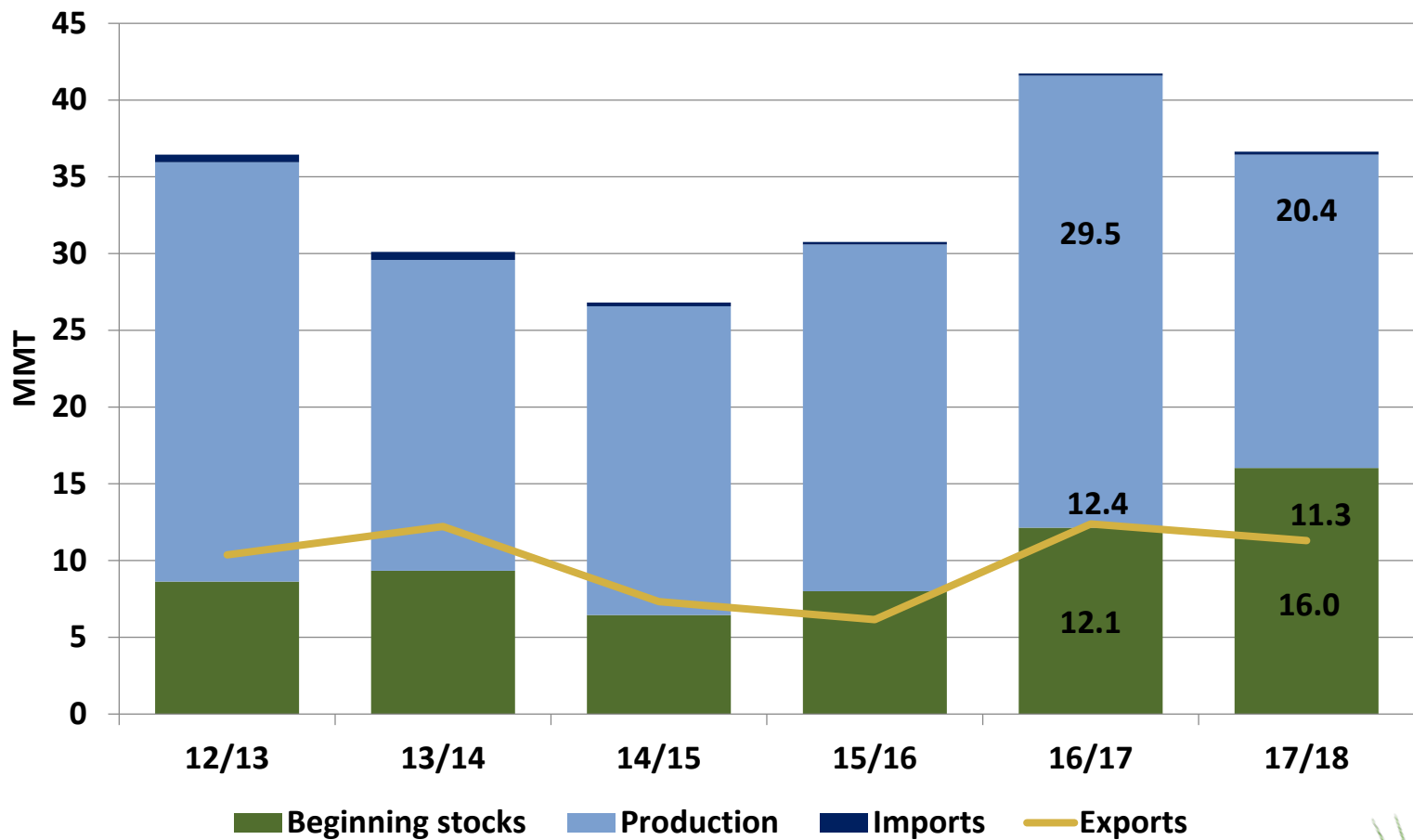
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# U.S. Wheat Plantings by Class

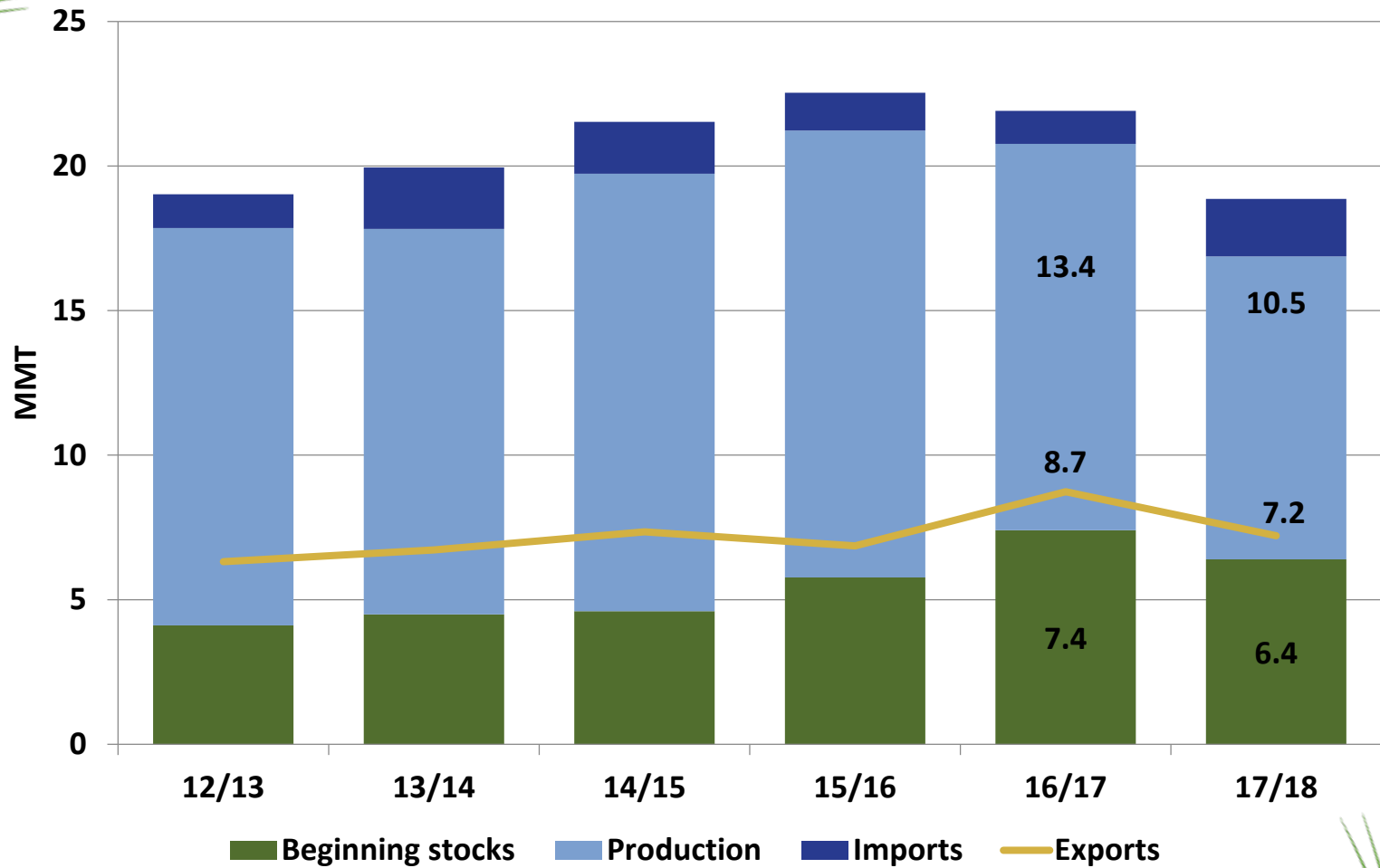


\*Source: USDA Acreage Report, June 30, 2017

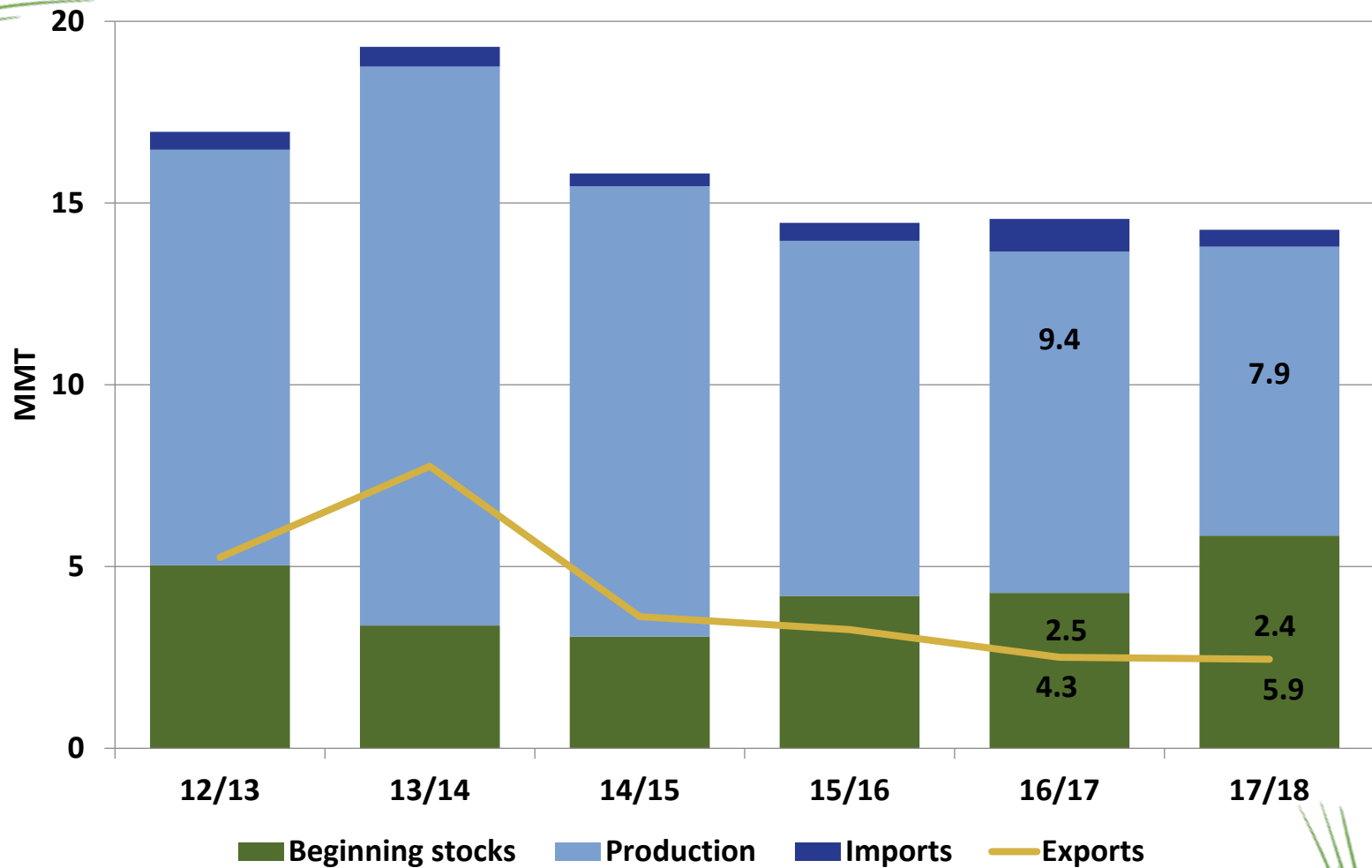
# U.S. Hard Red Winter



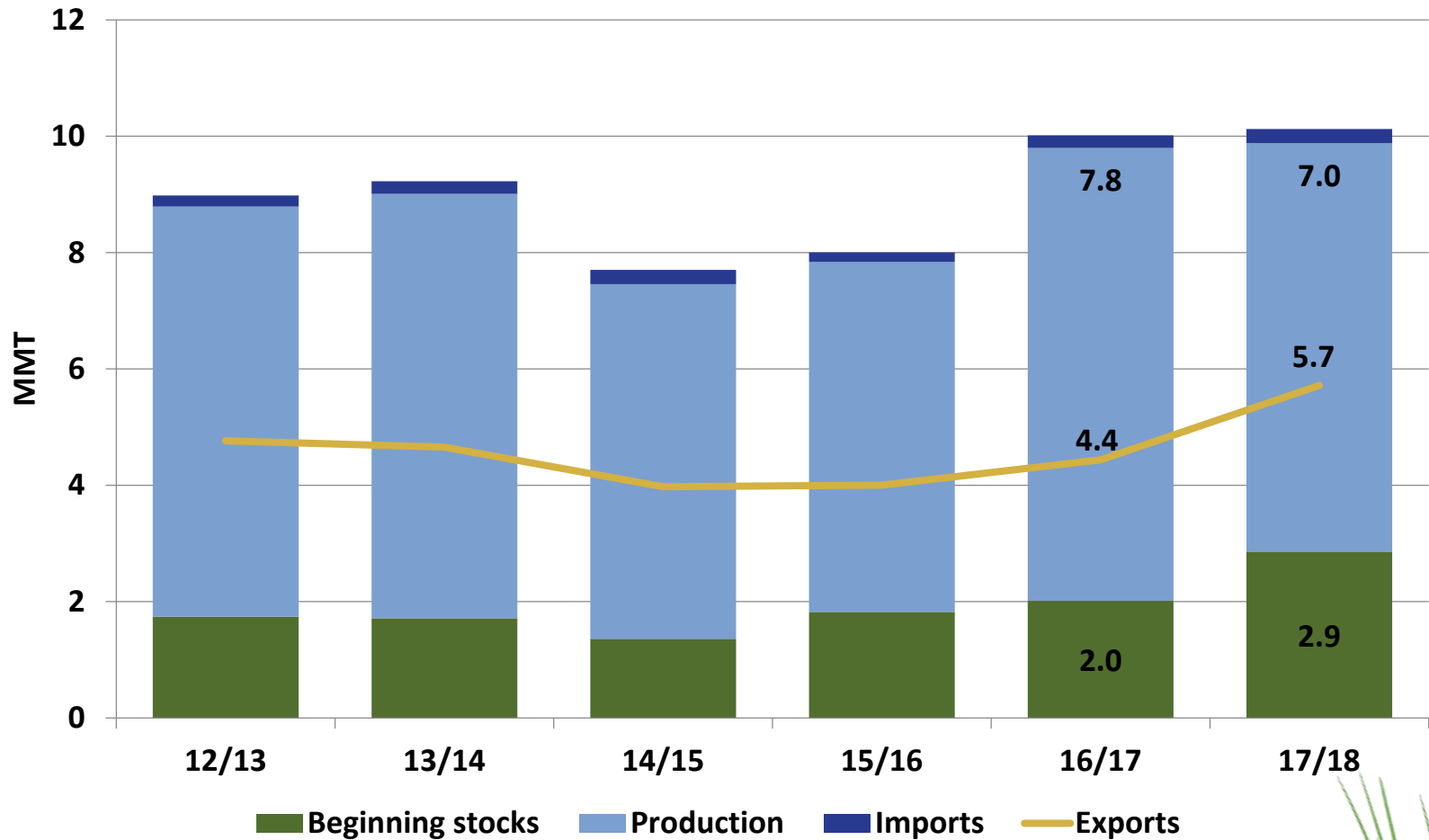
# U.S. Hard Red Spring



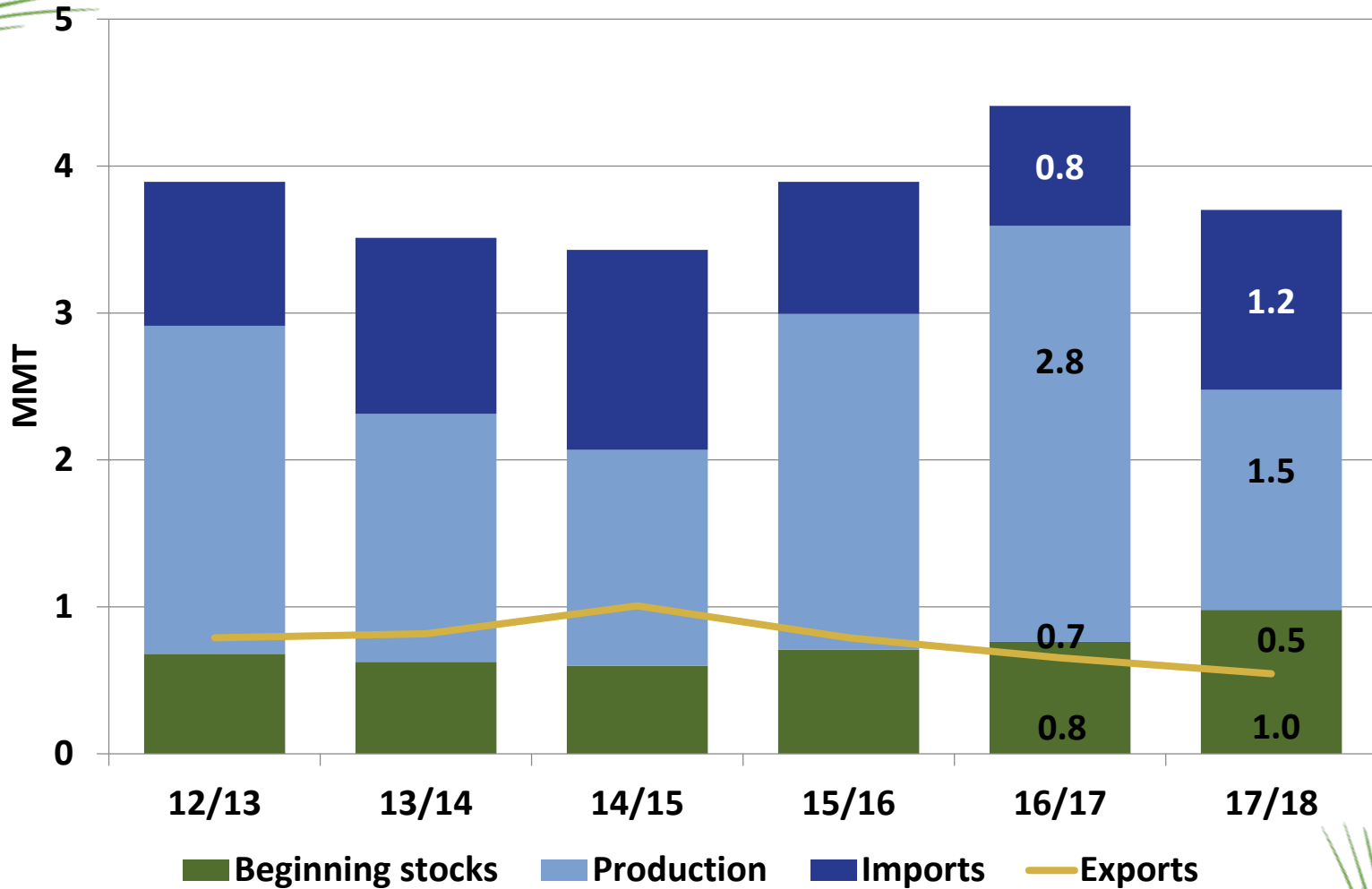
# U.S. Soft Red Winter



# U.S. White

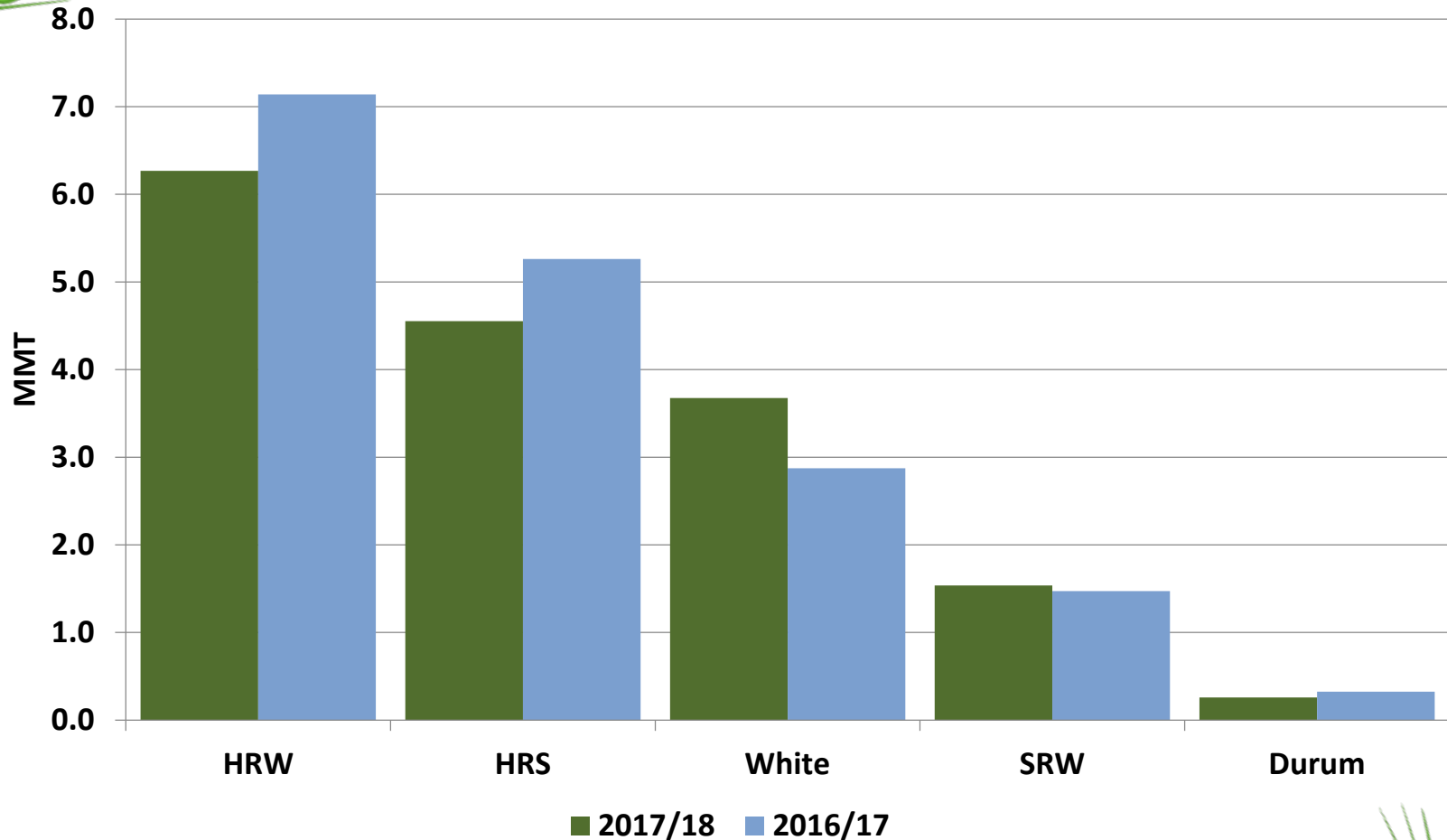


# U.S. Durum



# U.S. Wheat Sales by Class

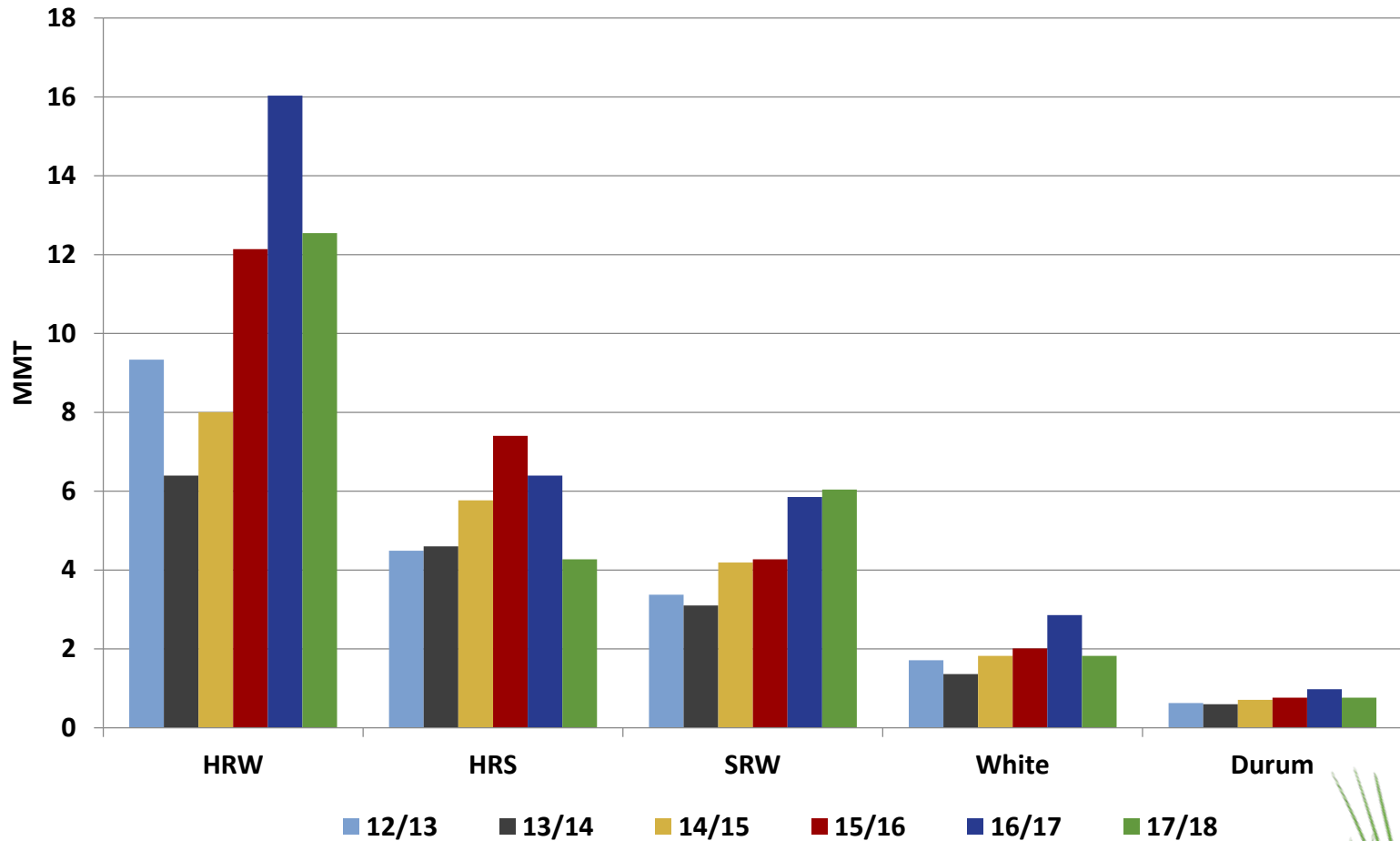
(year-to-date)



Source: USDA FAS export sales report November 9, 2017.



# U.S. Wheat Ending Stocks by Class



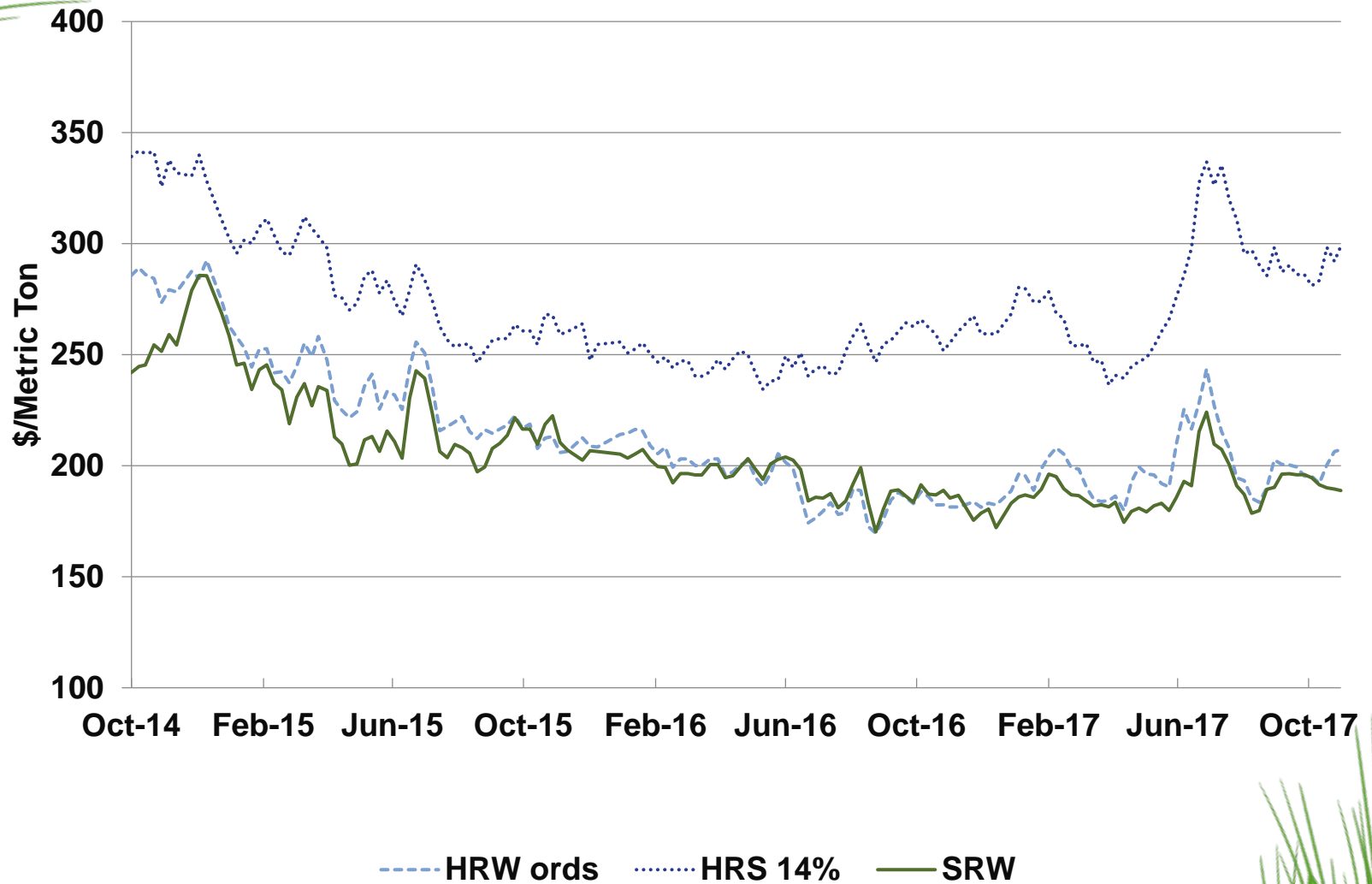
# U.S. Wheat Supply and Demand

	HRW		HRS		SRW	
	16/17	17/18	16/17	17/18	16/17	17/18
	MMT					
Beginning Stocks	12.1	16.0	7.4	6.4	4.3	5.9
Production	29.5	20.4	13.4	10.5	9.4	7.9
Imports	<u>0.1</u>	<u>0.2</u>	<u>1.1</u>	<u>2.0</u>	<u>0.9</u>	<u>0.5</u>
Supply Total	41.7	36.6	21.9	18.9	14.6	14.3
Domestic Use	13.3	12.8	6.8	7.4	6.2	5.8
Exports	<u>12.4</u>	<u>11.3</u>	<u>8.7</u>	<u>7.2</u>	<u>2.5</u>	<u>2.4</u>
Use Total	25.7	24.1	15.5	14.6	8.7	8.2
Ending Stocks	16.0	12.5	6.4	4.3	5.9	6.0
Stocks-to-Use	62%	52%	41%	29%	67%	74%

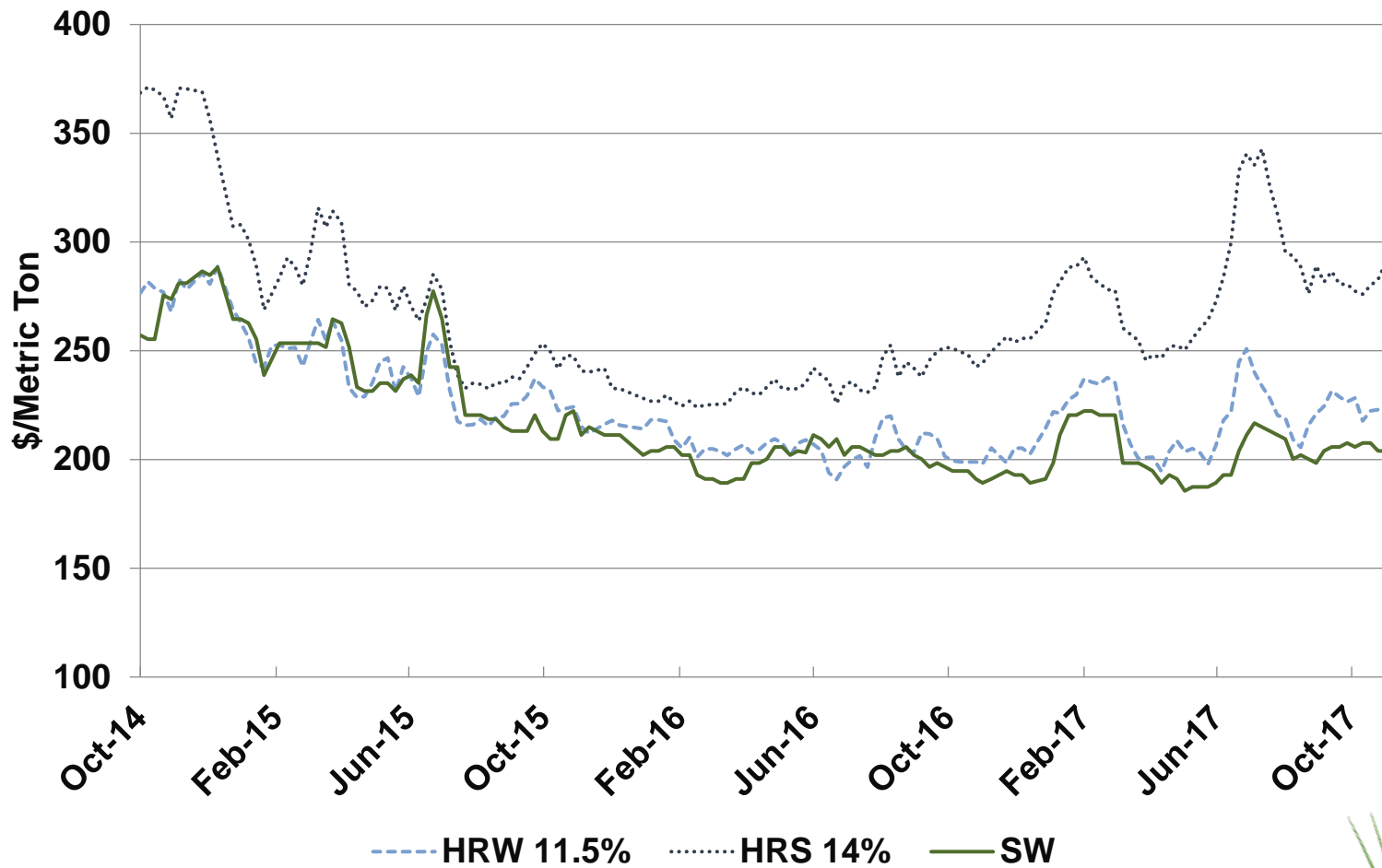
# U.S. Wheat Supply and Demand

	White		Durum		Total	
	16/17	17/18	16/17	17/18	16/17	17/18
	<b>MMT</b>					
Beginning Stocks	2.0	2.9	0.8	1.0	26.6	32.1
Production	7.8	7.0	2.8	1.5	62.8	47.4
Imports	<u>0.2</u>	<u>0.2</u>	<u>0.8</u>	<u>1.2</u>	<u>3.2</u>	<u>4.1</u>
Supply Total	10.0	10.1	4.4	3.7	92.6	83.6
Domestic Use	2.7	2.6	2.7	2.4	31.8	30.9
Exports	<u>4.4</u>	<u>5.7</u>	<u>0.7</u>	<u>0.5</u>	<u>28.7</u>	<u>27.2</u>
Use Total	7.2	8.3	3.4	2.9	60.5	58.1
Ending Stocks	2.9	1.8	1.0	0.8	32.1	25.4
Stocks-to-Use	40%	22%	29%	26%	53%	44%

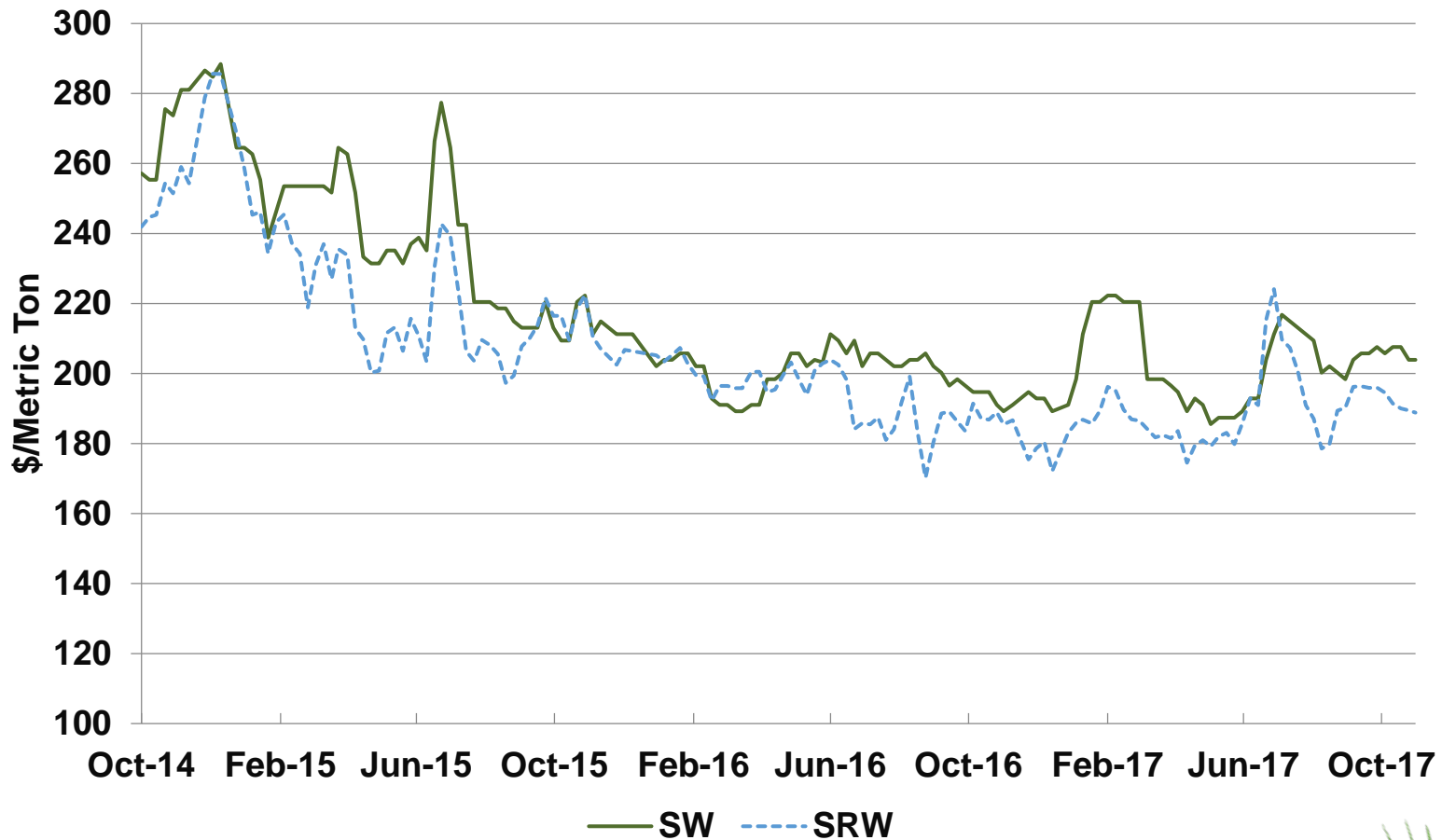
# U.S. FOB Gulf Prices



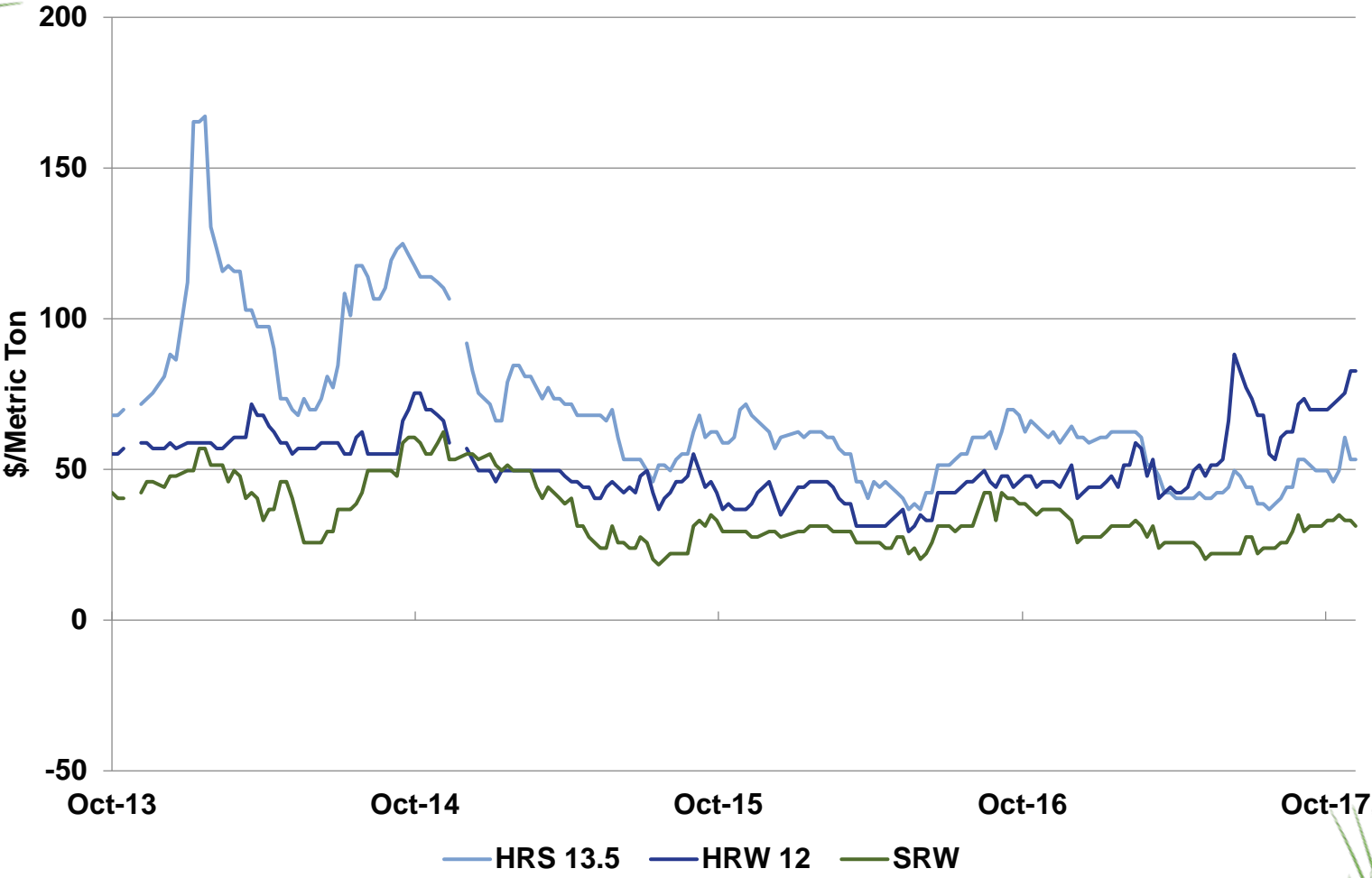
# U.S. FOB PNW Prices



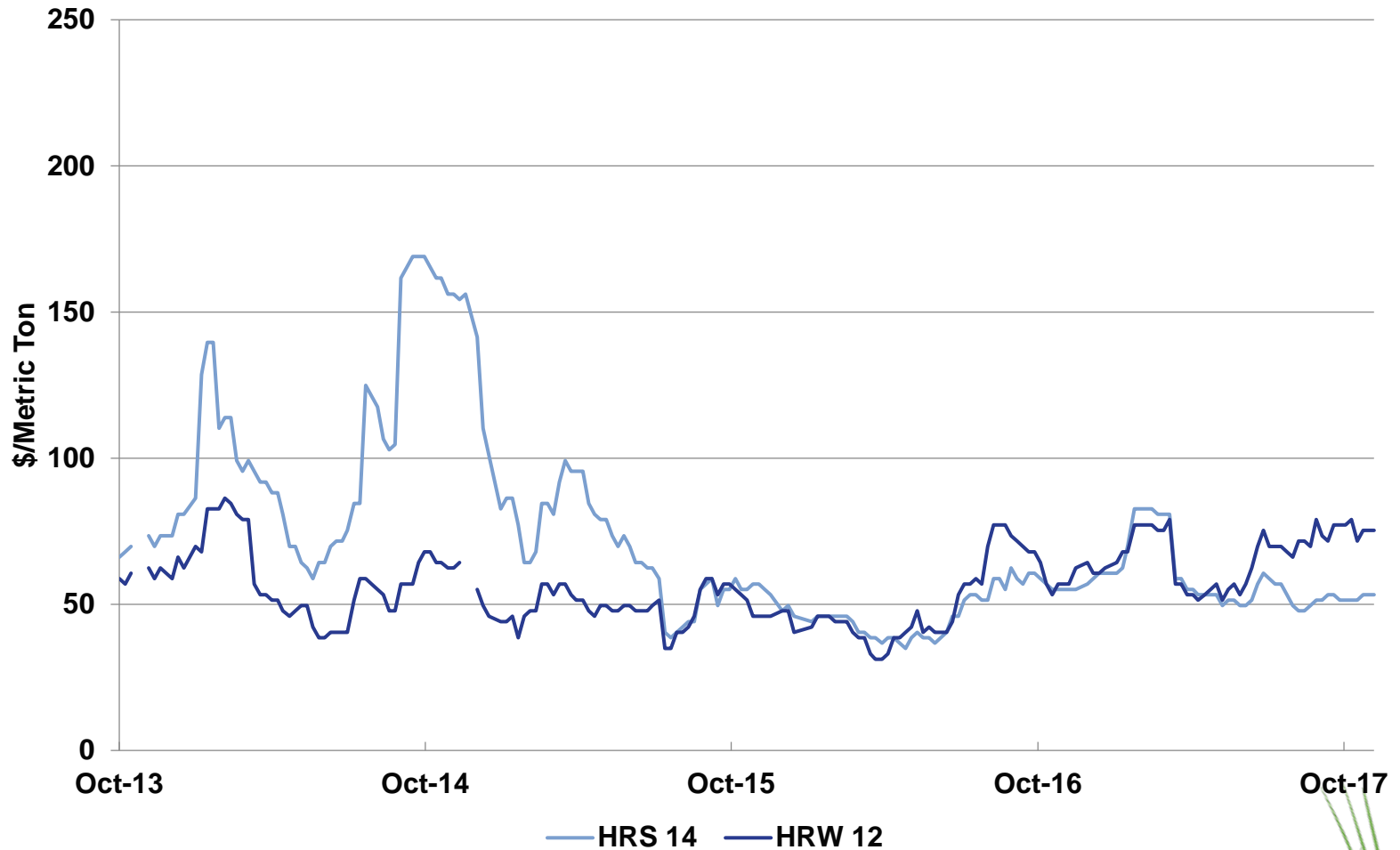
# SRW and Soft White Prices



# U.S. Gulf Basis Prices



# U.S. PNW Basis Prices



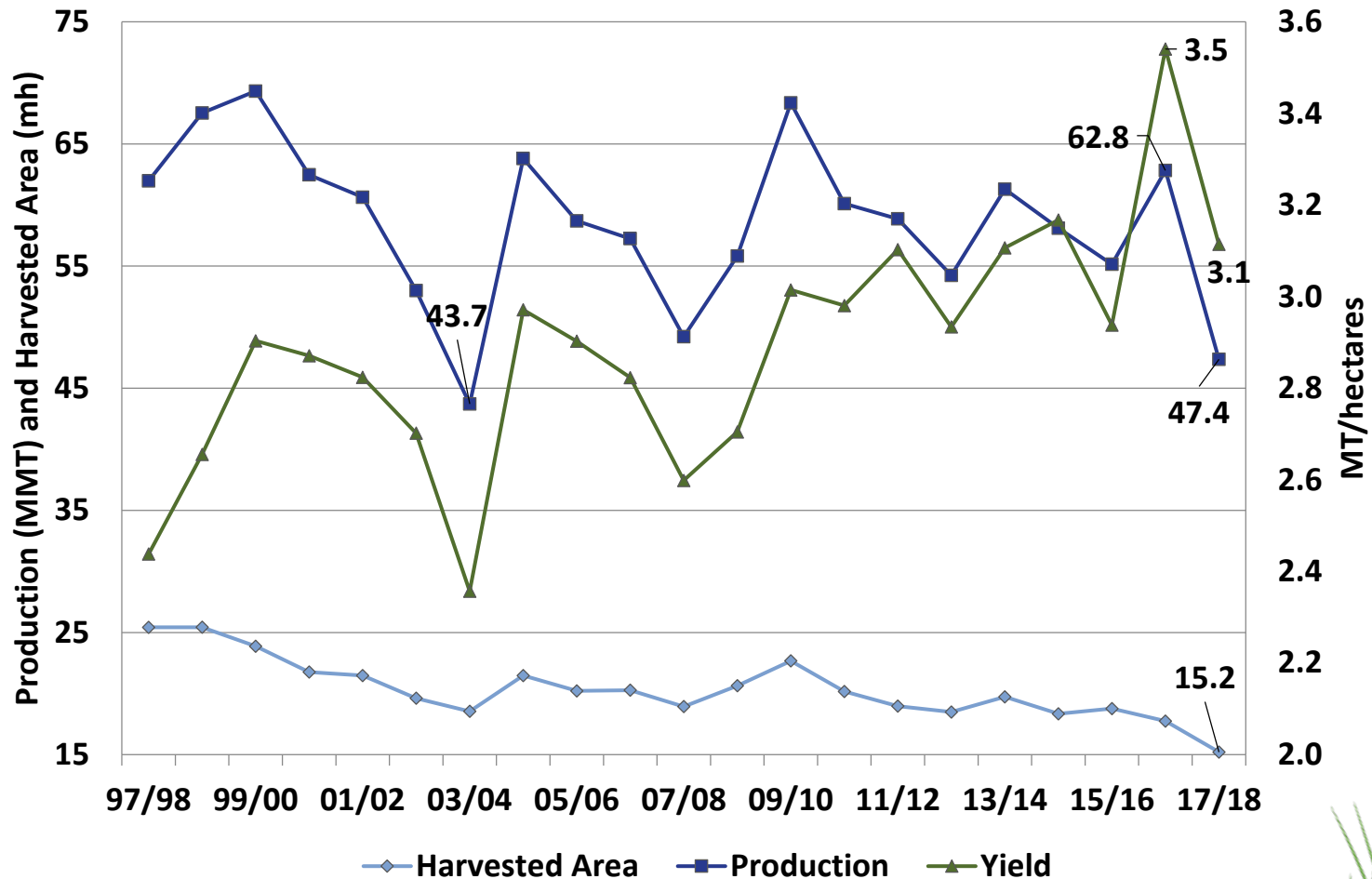


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

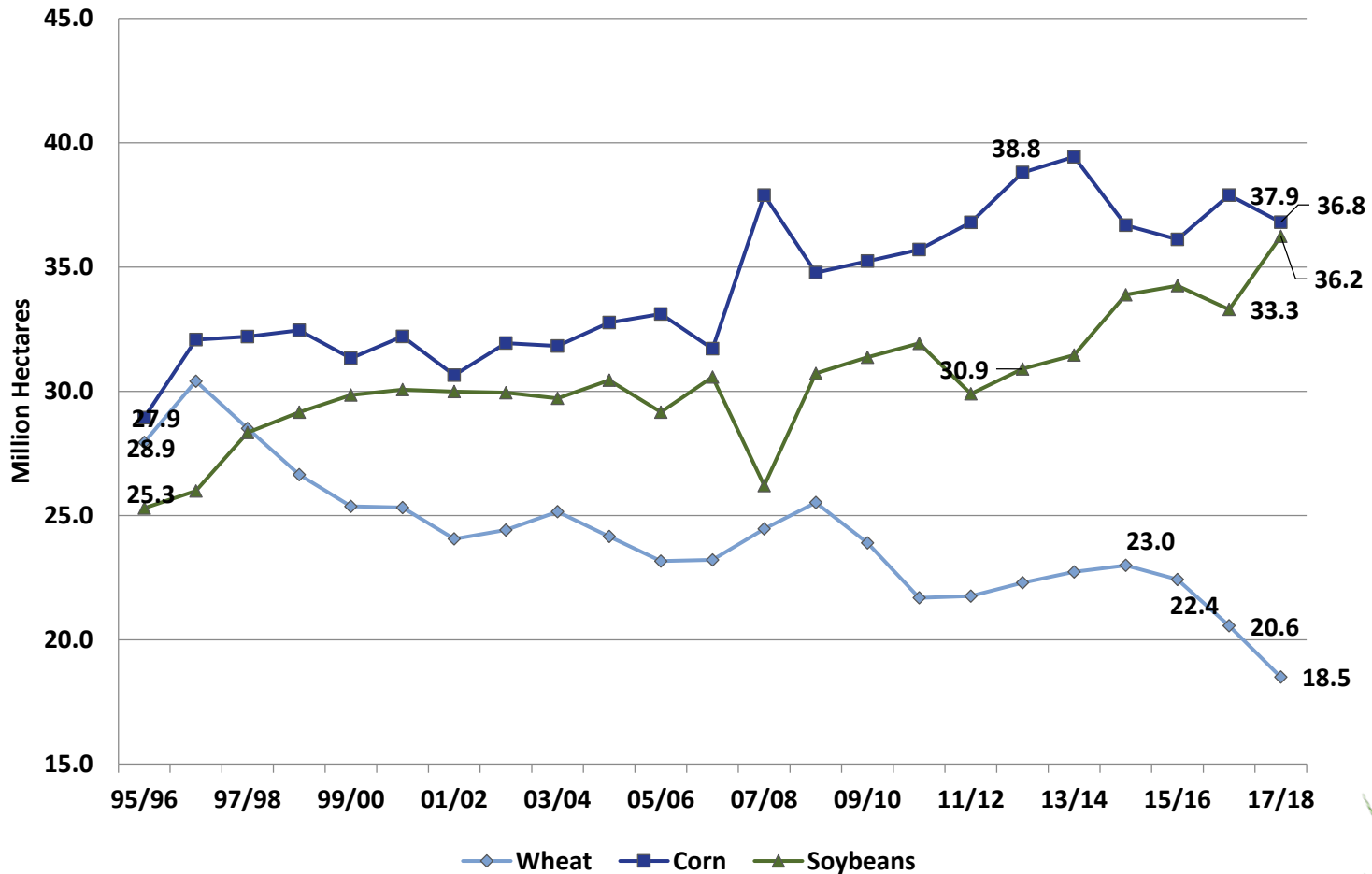


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# U.S. Wheat Area and Production



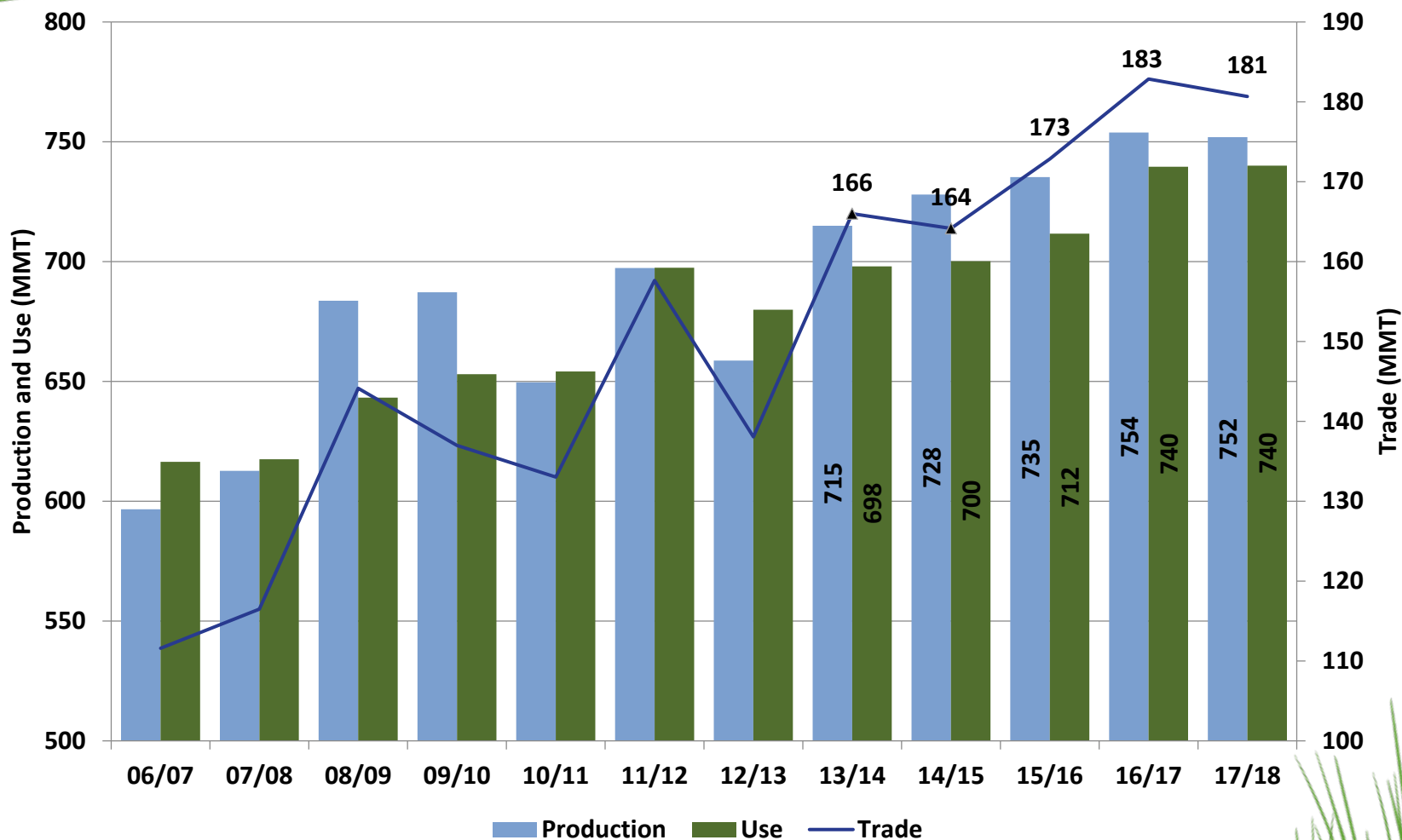
# U.S. Crop Planted Area Comparison



\*Source: USDA Acreage Report June 30, 2017

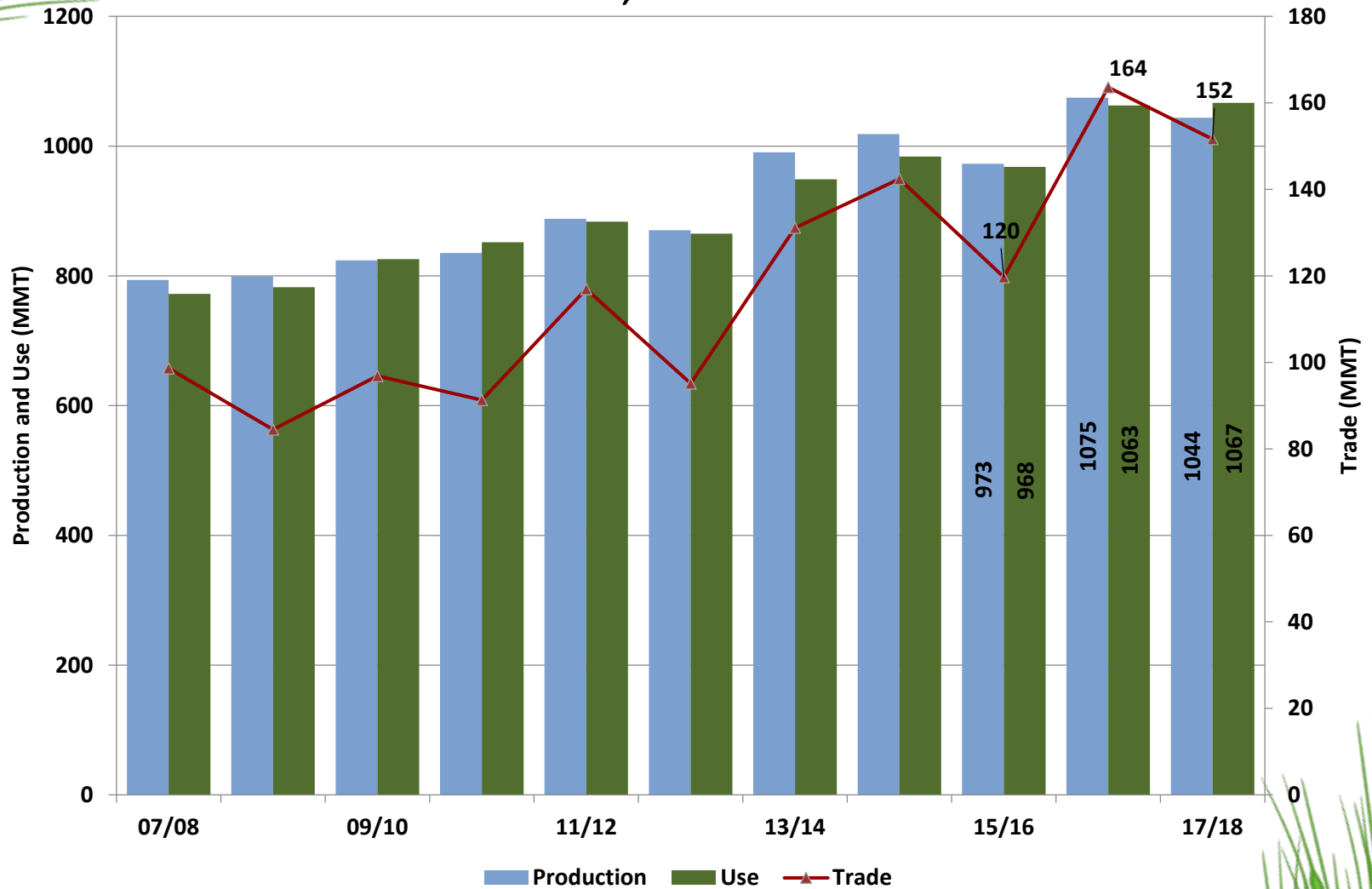
# World Wheat

## Production, Use and Trade



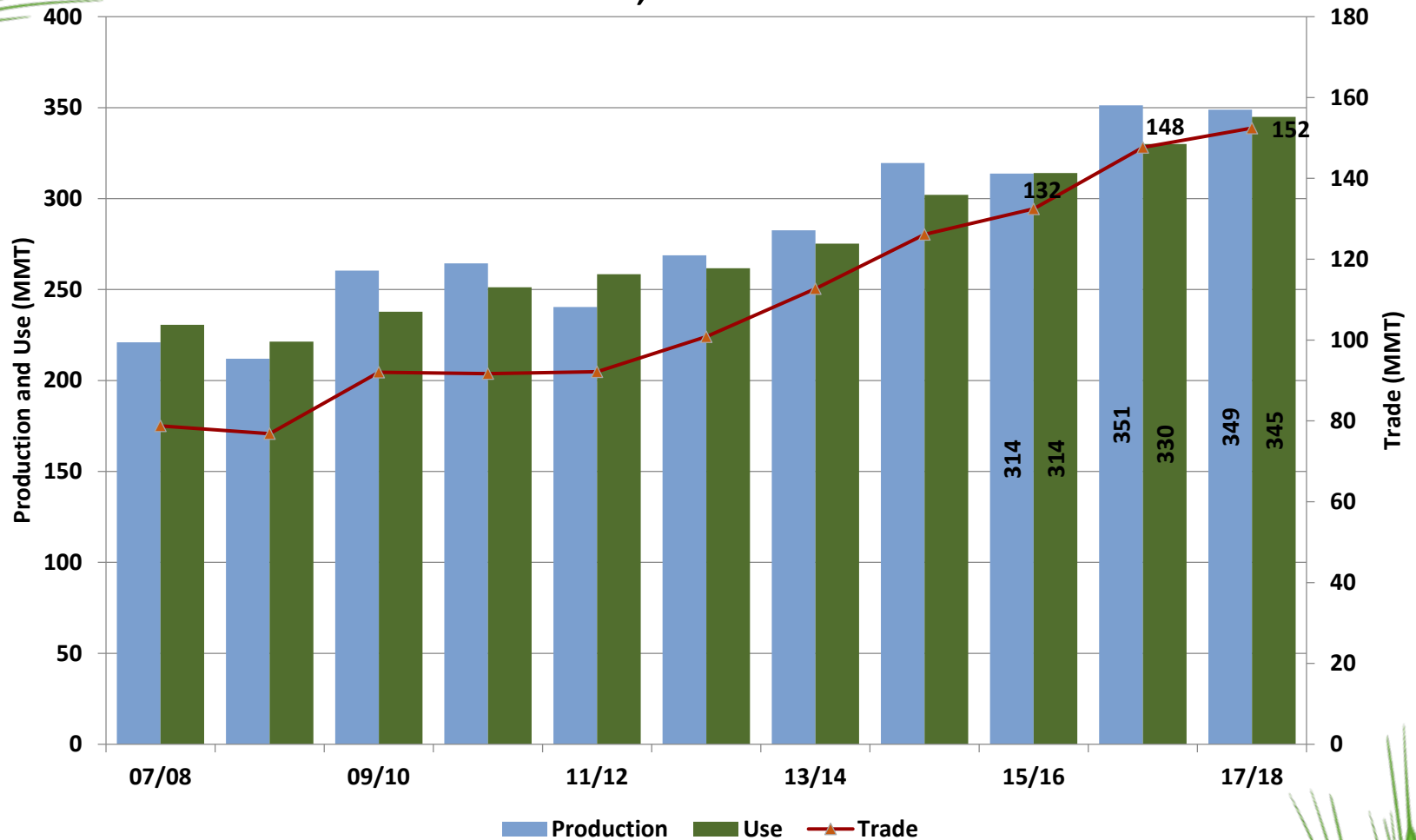
# World Corn

## Production, Use and Trade

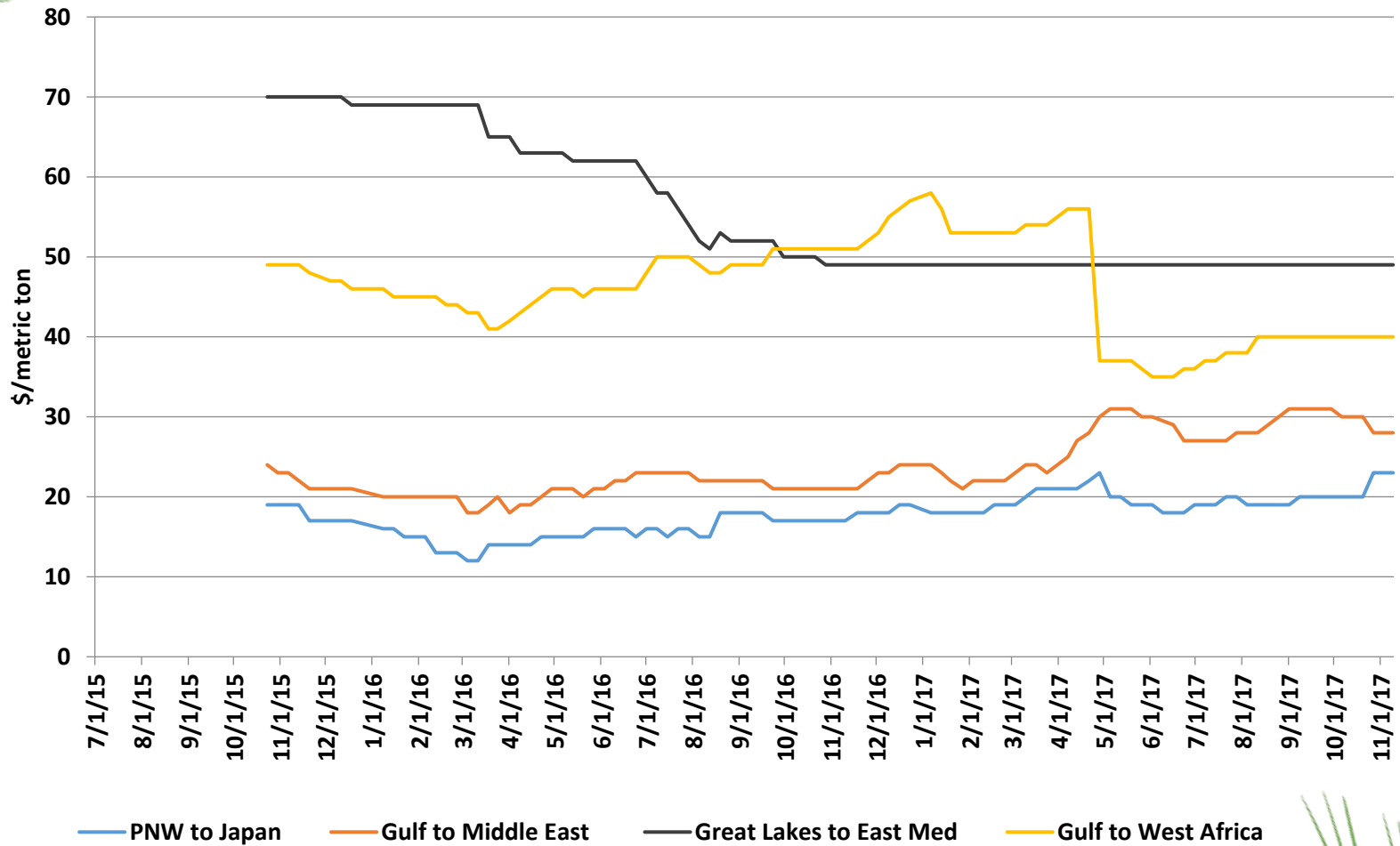


# World Soybeans

## Production, Use and Trade



# Ocean Freight Rates for Grains



# Summary

- **Global production at 752 MMT, down slightly from 2016/17**
  - Russia wheat production to grow to 83.0 MMT, 14% above 2016/17
  - Wheat production in the U.S. expected to fall to 47.4, 19% below the 5-year average
- **Global ending stocks to rise to a record 268 MMT, 23% above the 5-year average**
  - Ending stocks in Australia to fall to 4.25 MMT, 40% lower than 2016/17
  - U.S. ending stocks to decrease to 25.4 MMT, down 21% from 2016/17 if realized
- **World consumption and trade expected to decrease slightly in 2017/18**
  - Black Sea exports estimated at 57.0 MMT, 7% above 2016/17
  - U.S. 2017/18 exports to reach 27.2 MMT, 2% above the 5-year average, if realized



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