

World Wheat Supply and Demand Situation

December 2017

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



U.S. WHEAT
ASSOCIATES

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

1. 2017/18 global wheat production to reach a new record of 755 MMT

- Global supplies estimate to grow to 1010 MMT; up 2% from the 2016/17 and a new record
- Wheat production in Brazil to fall to 4.25 MMT, 37% below 2016/17, if realized
- U.S. wheat production estimated at 47.4 MMT, 19% below the 5-year average

2. Consumption forecast at a record 742 MMT, 5% above the 5-year average

- Philippine domestic consumption to total 5.55 MMT, 26% above the 5-year average, if realized
- EU domestic consumption to increase to 129 MMT, up 1% from 2016/17
- 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 182 MMT, down 1% from 2016/17, but 10% above the 5-year average

- Russian exports to rise to 33.5 MMT, 20% above 2016/17 and 58% above the 5-year average
- Exports from Canada to grow 9% year over year to 22.0 MMT
- U.S. 2017/18 exports to reach 26.5s MMT, down 8% from 2016/17 but in line with the 5-year average



U.S. WHEAT
ASSOCIATES

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

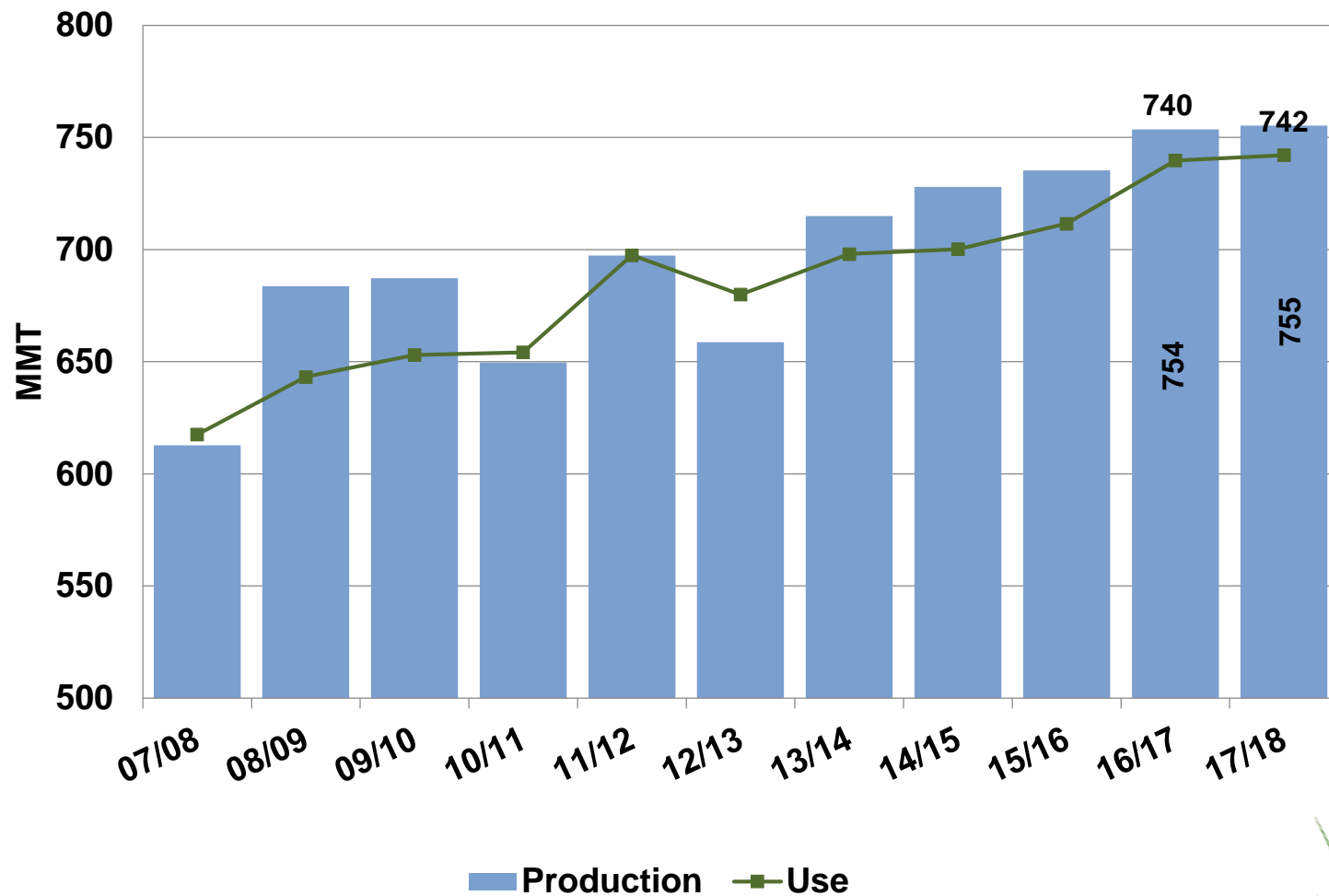
4. **World beginning stocks estimated at record 255 MMT, up 6% year over year**
 - Beginning stocks in the EU fell to 10.8 MMT, down 31% year over year
 - U.S. beginning stocks rose to an estimated 32.1 MMT, 21% above 2016/17 levels
5. **Global ending stocks projected at record 268 MMT, 5% higher than 2016/17, if realized**
 - Estimated Chinese ending stocks of 128 MMT account for 48% of global ending stocks, 58% greater than the 5-year average
 - Exporter ending stocks to fall 3% year over year to 75.9 MMT
 - Ending stocks in importing countries to fall to 64.8 MMT, 8% below the 5-year average of 70.4 MMT
6. **U.S. farm gate average price forecast 18% higher in 2017/18**
 - Projected average range: **\$4.50 to \$4.70/bushel (\$165-\$173/MT)***

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

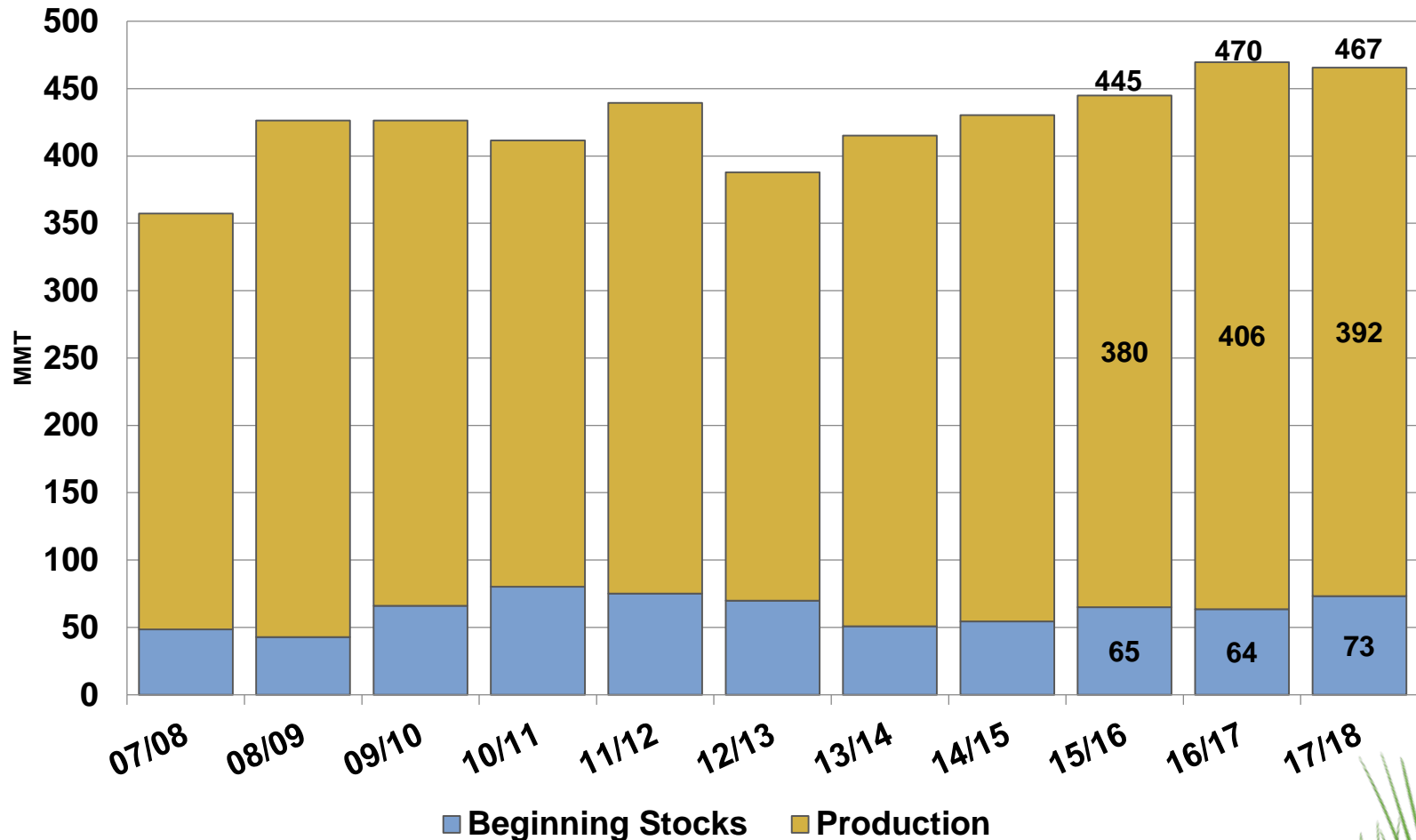


U.S. WHEAT
ASSOCIATES

World Production and Use



Supplies in Top Exporting Countries*



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

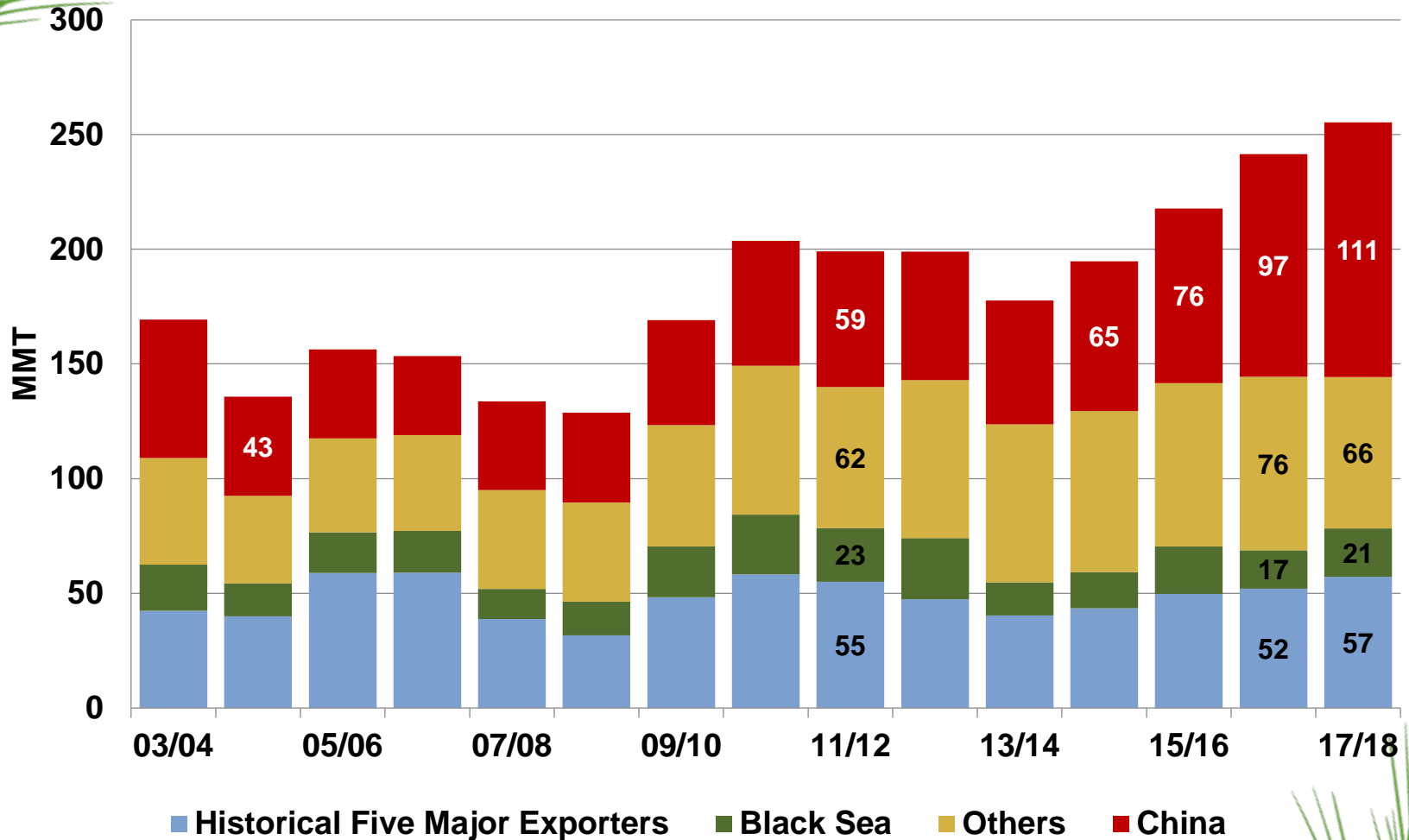
World Wheat Supply and Demand

		15/16	16/17 <i>MMT</i>	17/18
SUPPLY:	Beginning Stocks	218	241	255
	Production	735	754	755
	Supply Total	953	995	1011
TRADE:	Exports/Imports	173	183	182
DEMAND	Food & Seed	575	592	599
	Feed & Residual	137	148	143
	Use Total	712	740	742
	ENDING STOCKS:	241	255	268



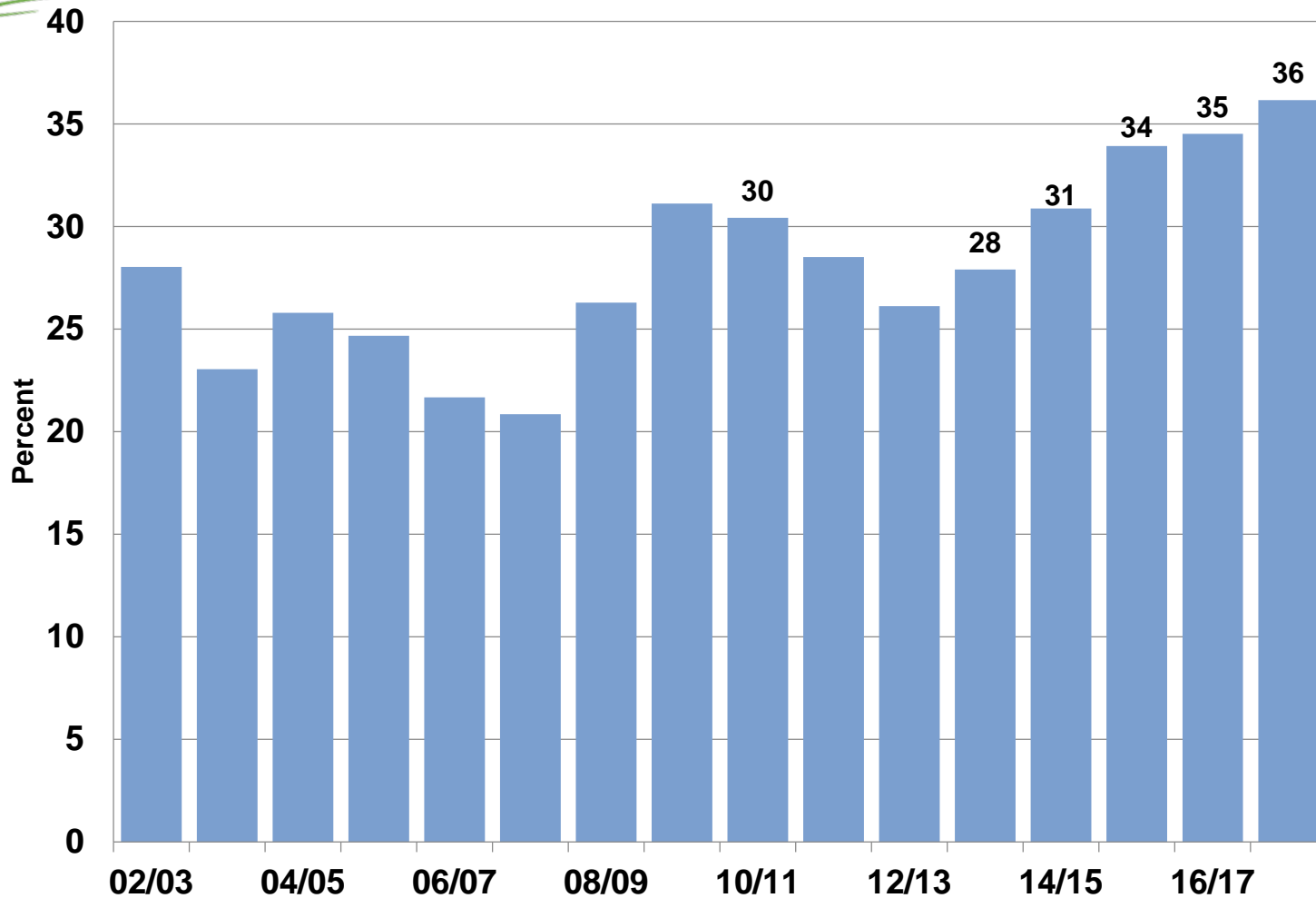
U.S. WHEAT
ASSOCIATES

World Beginning Stocks



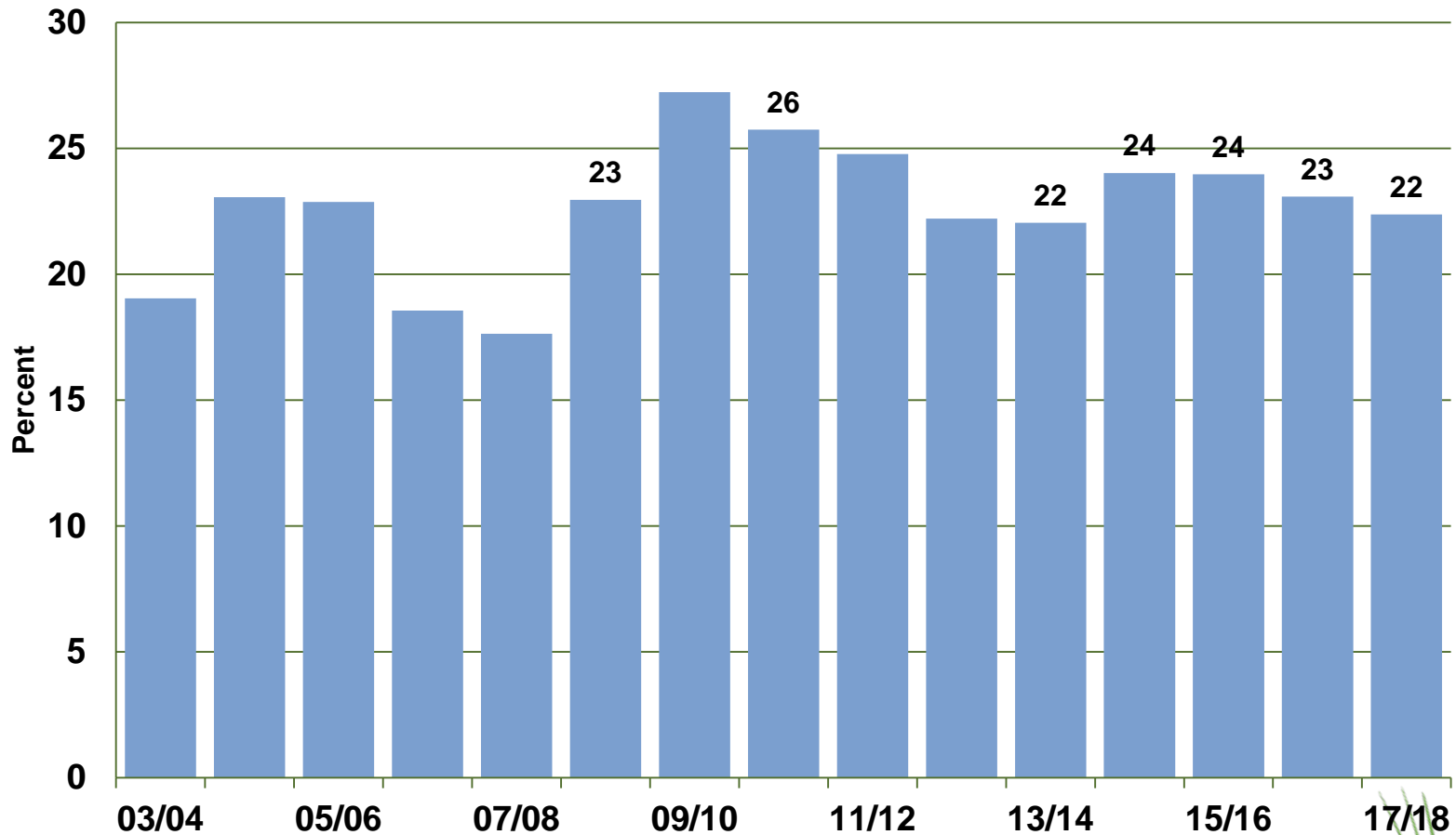
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

Global Stocks*-to-Use Ratio



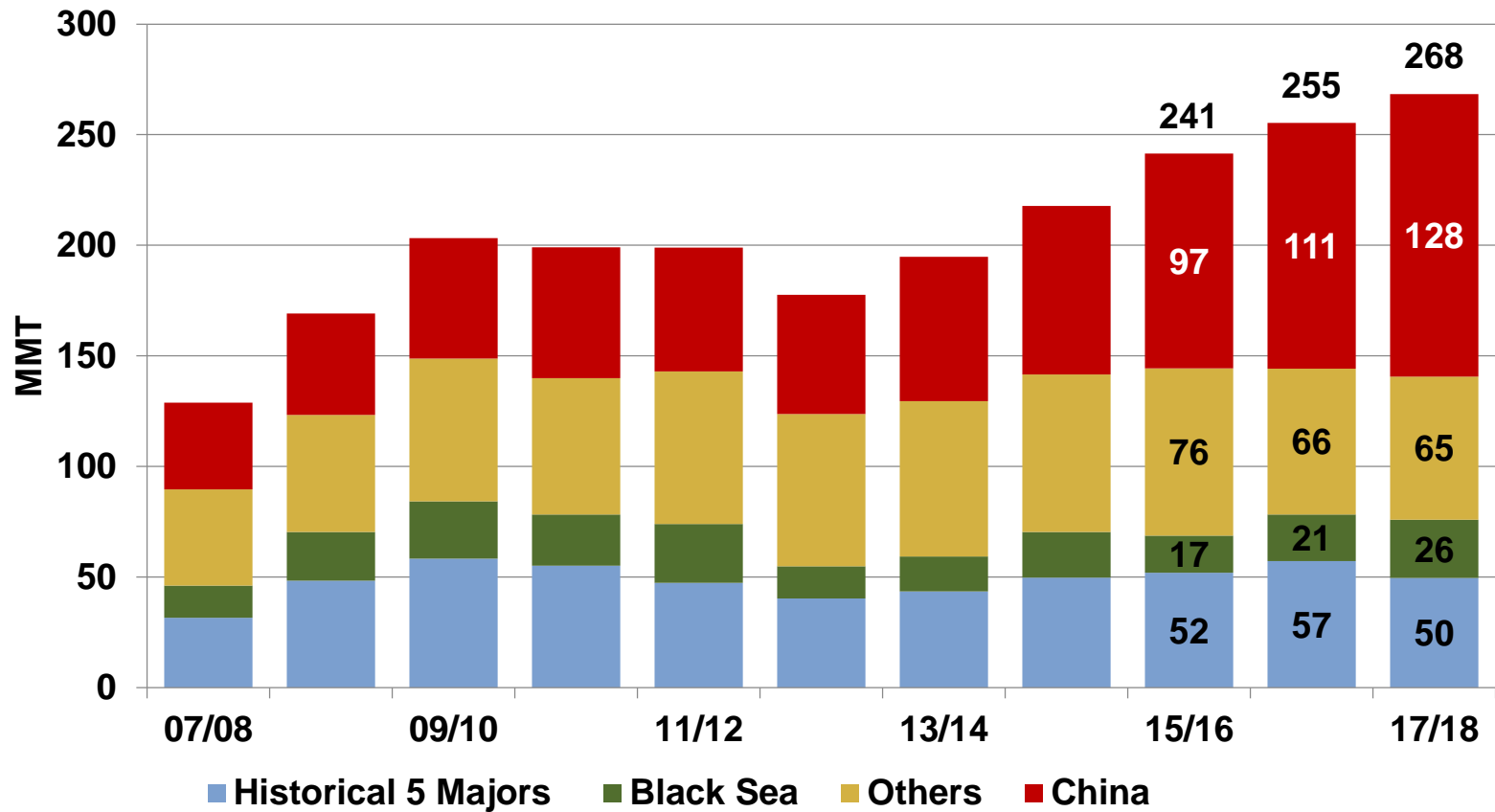
**Ending stocks*

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



*Ending stocks

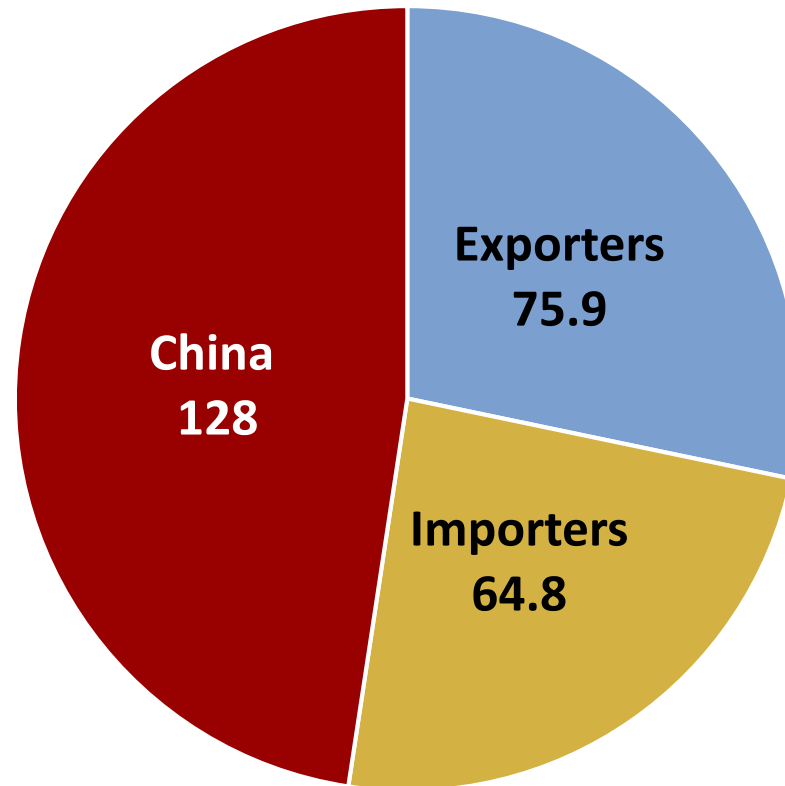
World Ending Stocks



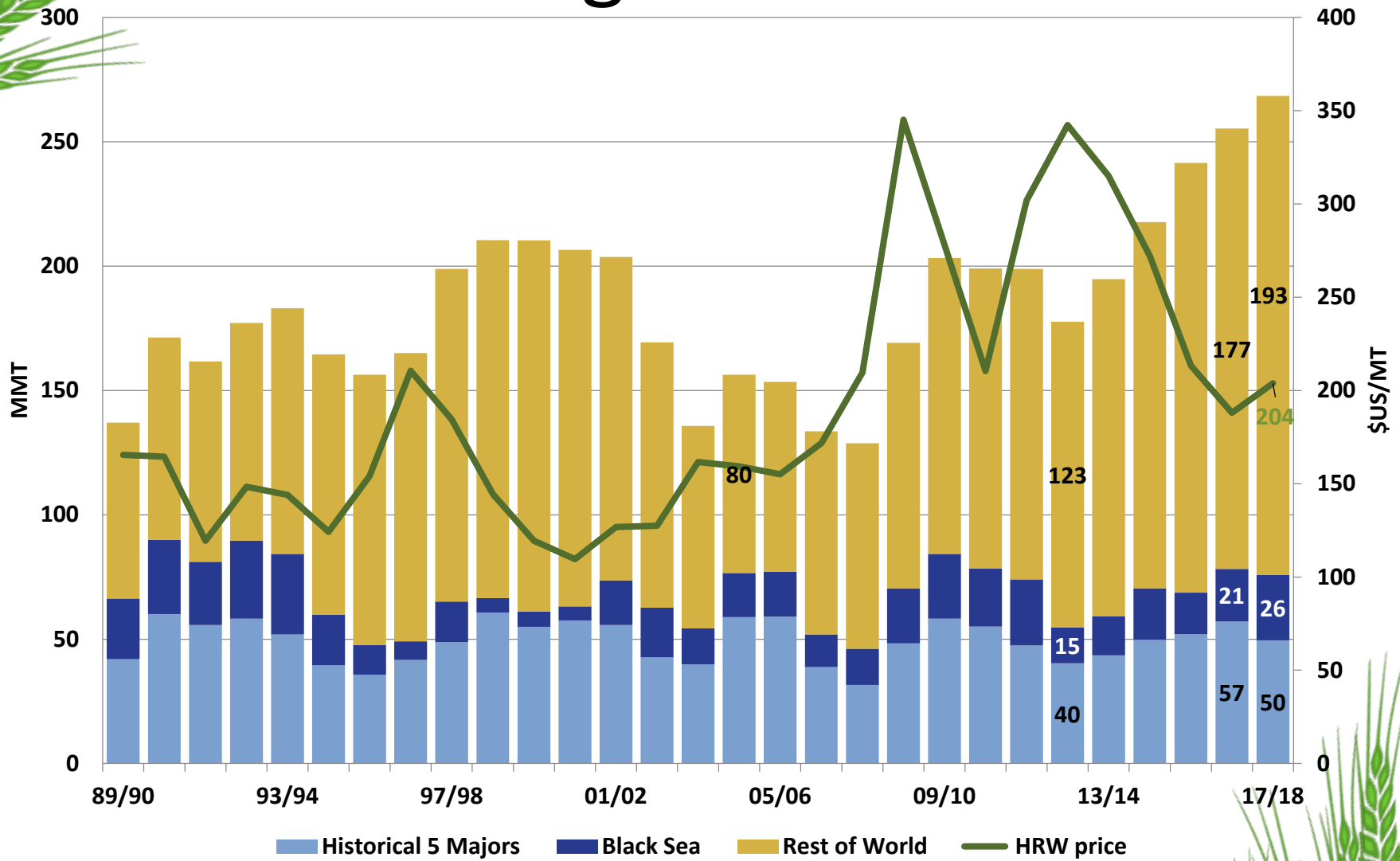
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

World Ending Stocks by Position

(million metric tons)



Global Ending Stocks and Price

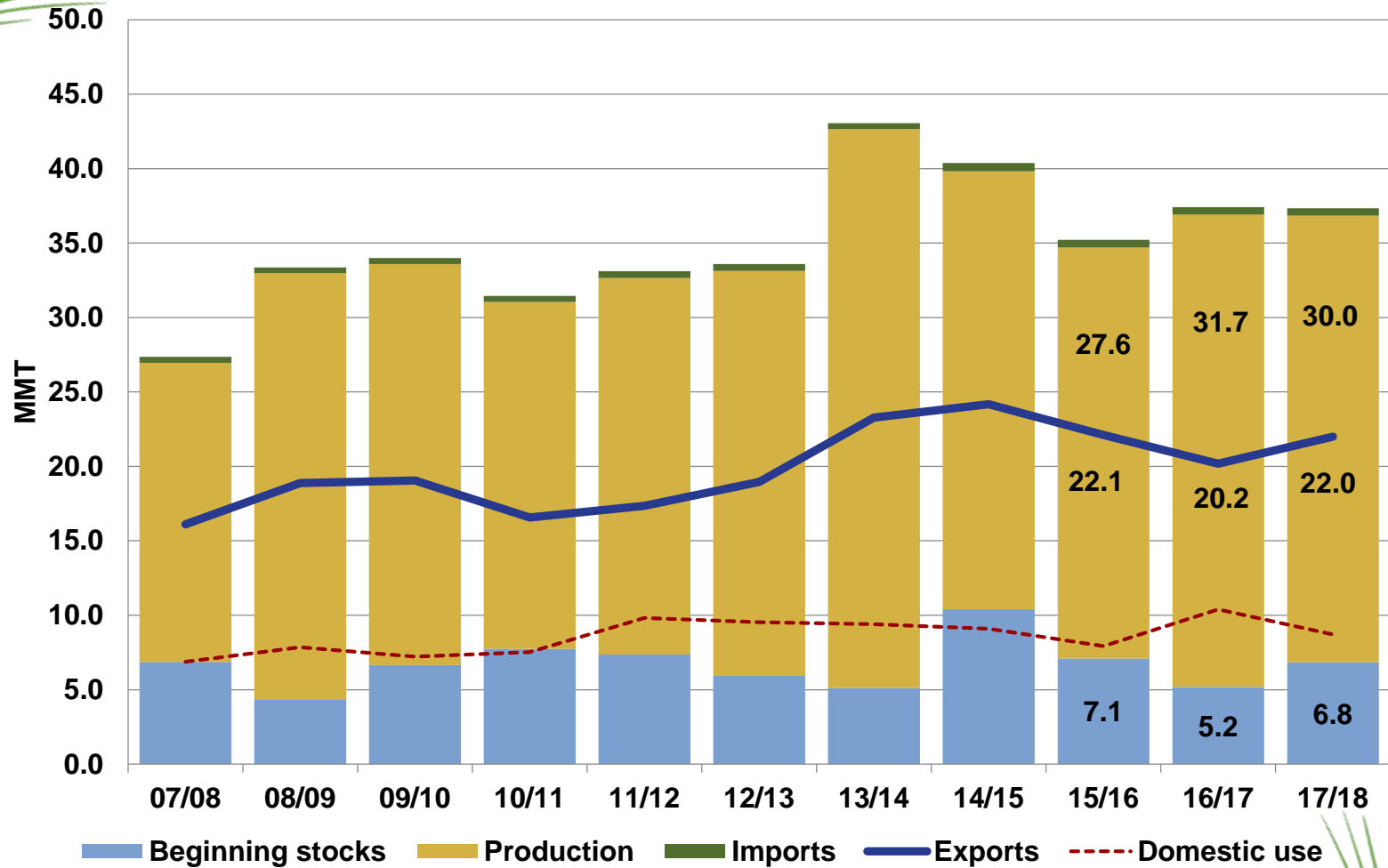


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

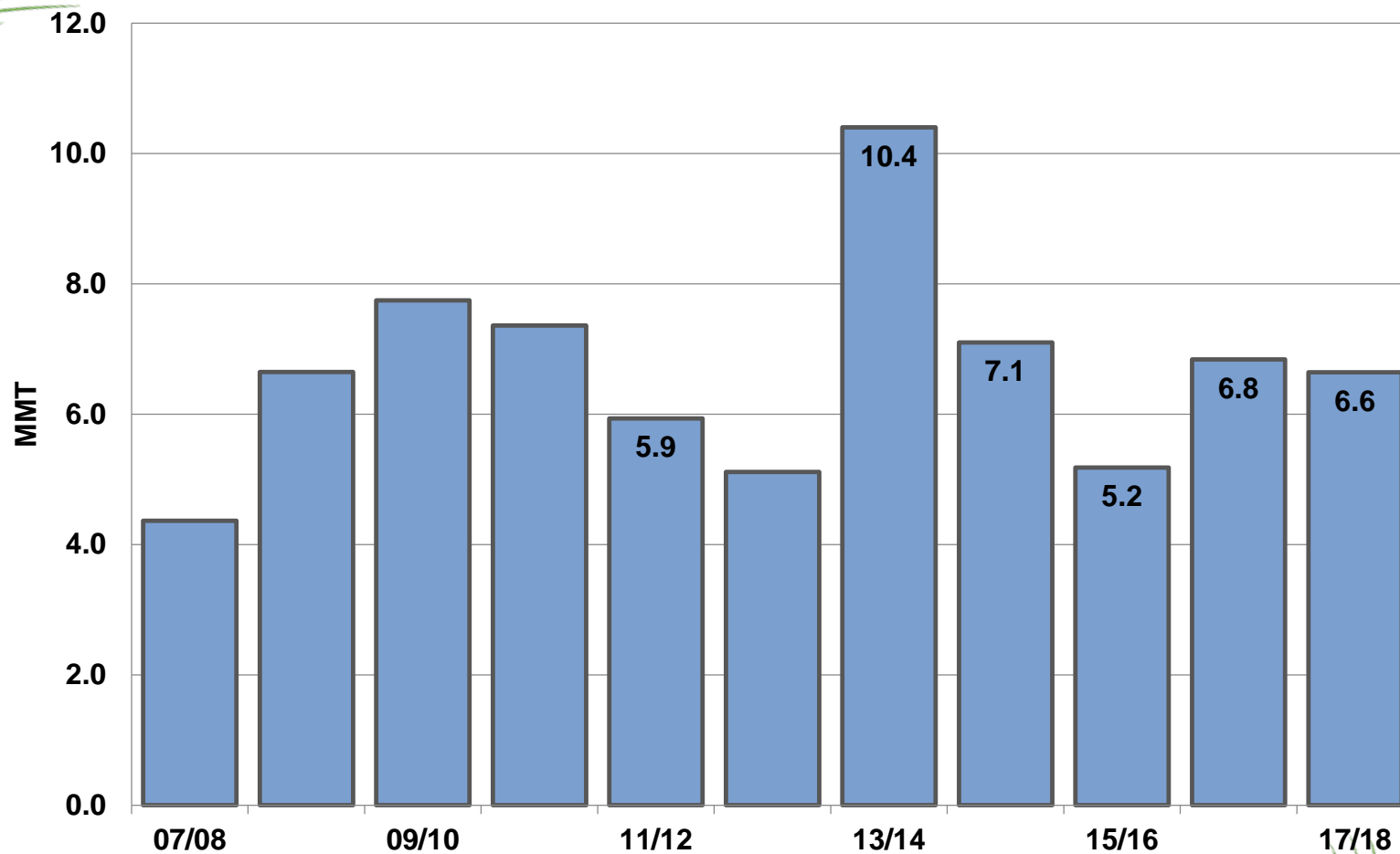


U.S. WHEAT
ASSOCIATES

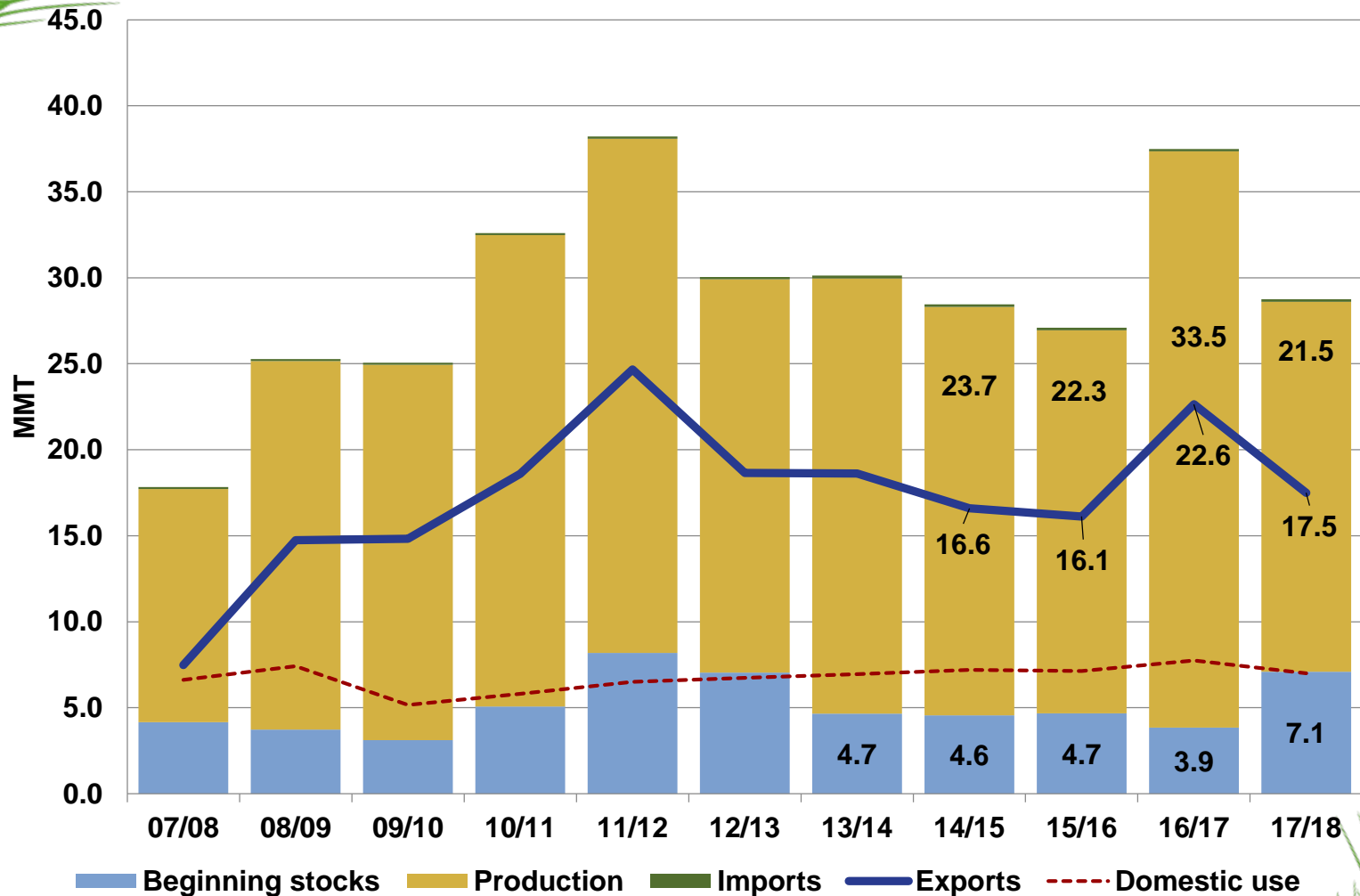
Canada Situation



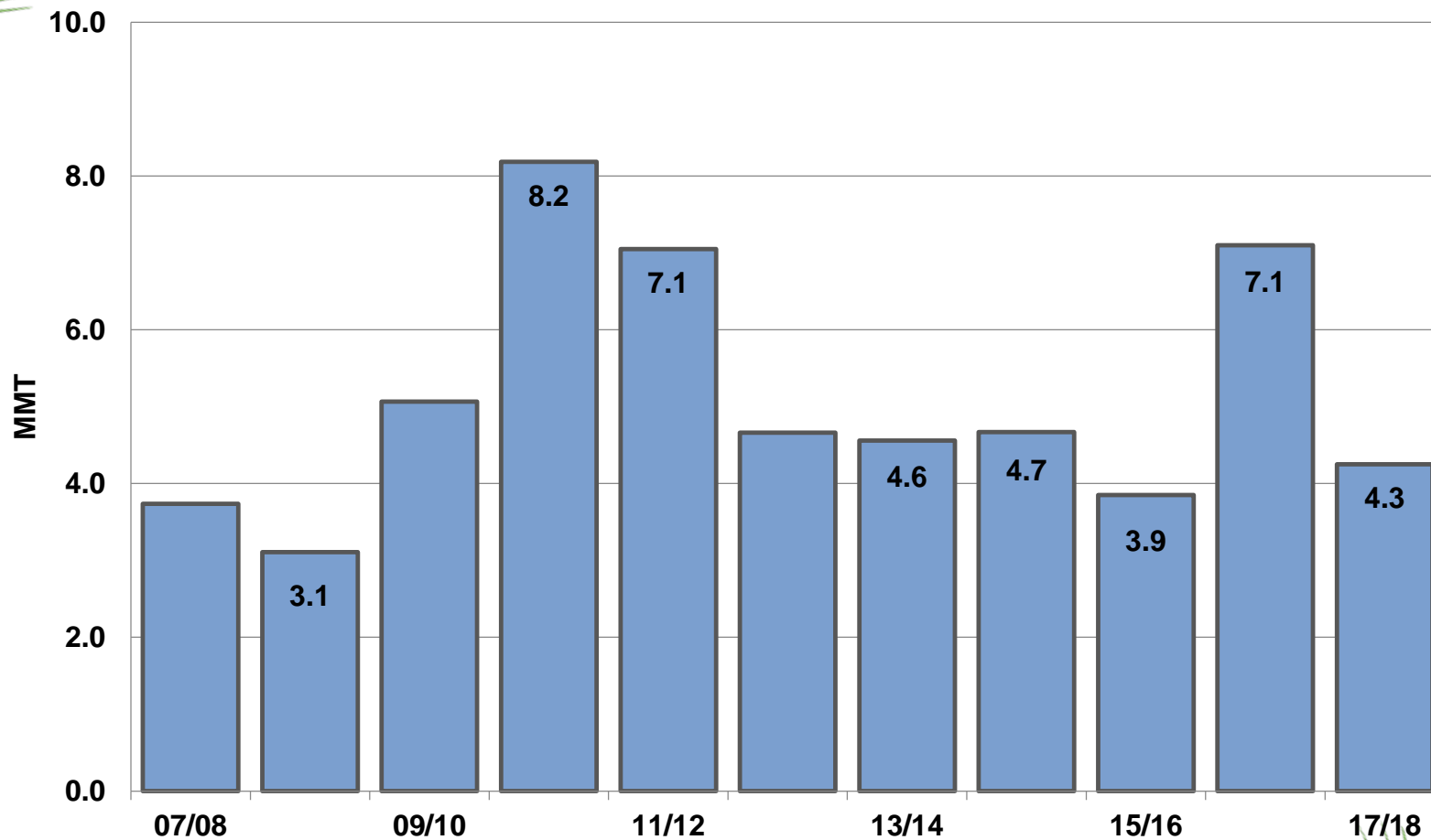
Canada Ending Stocks



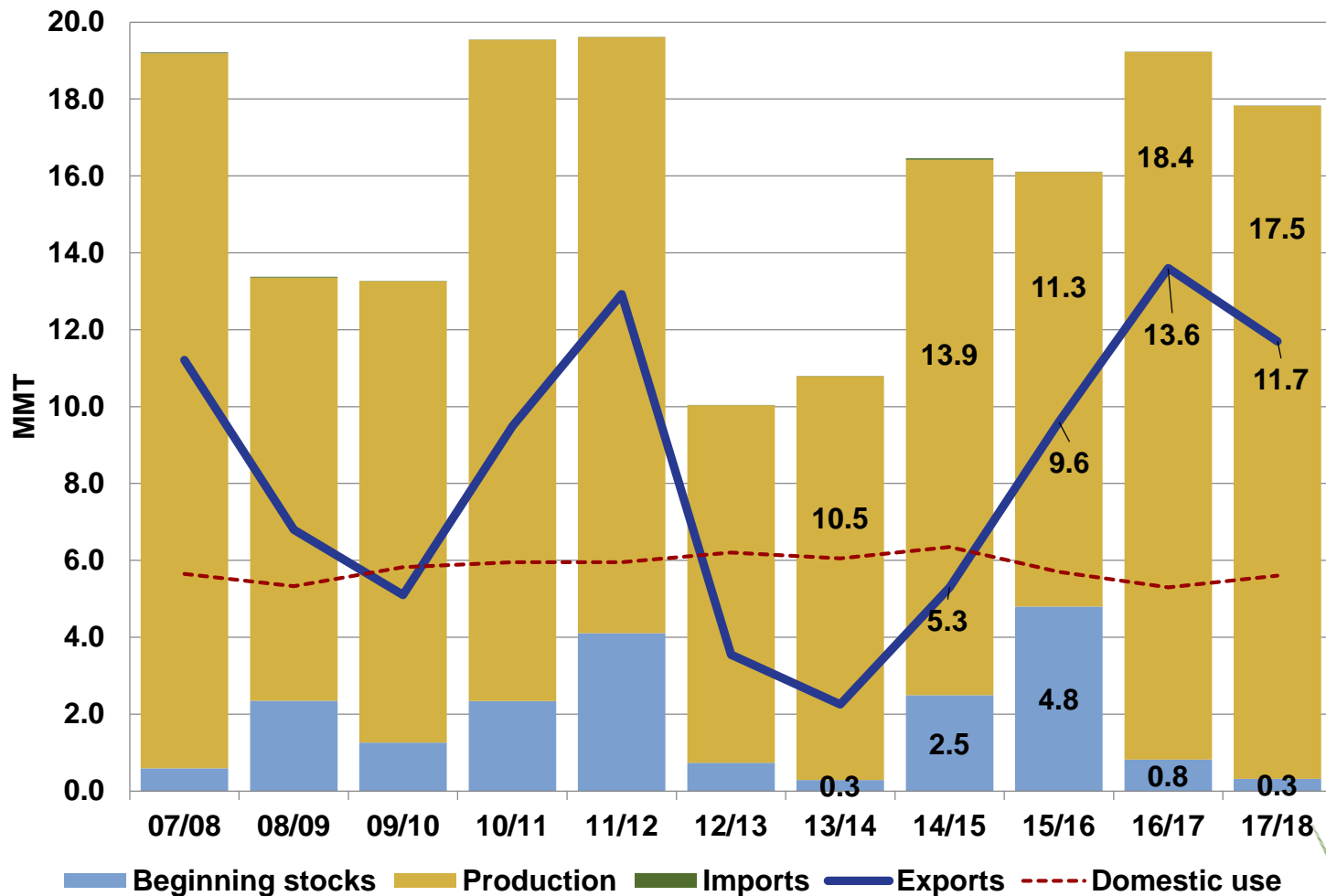
Australia Situation



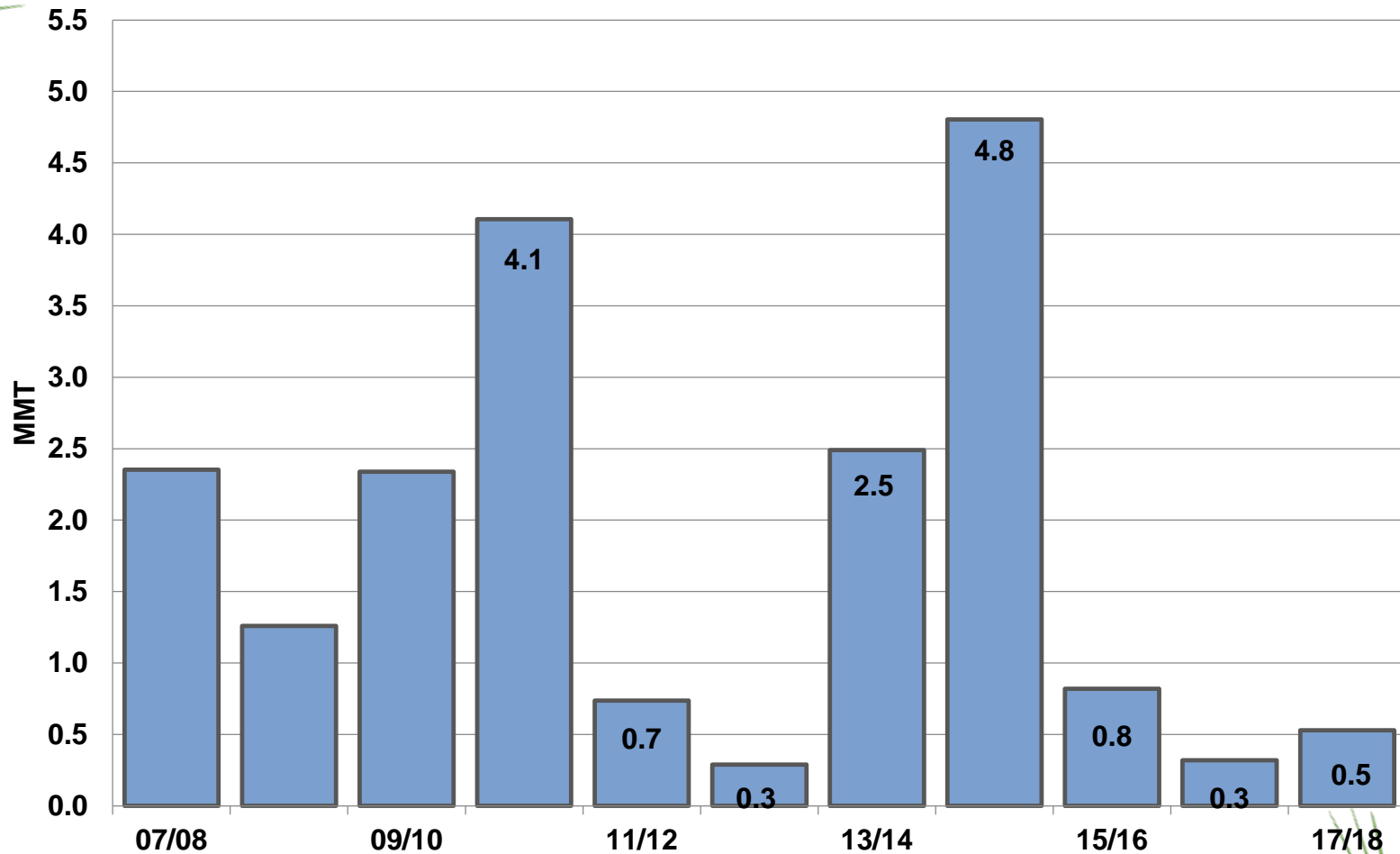
Australia Ending Stocks



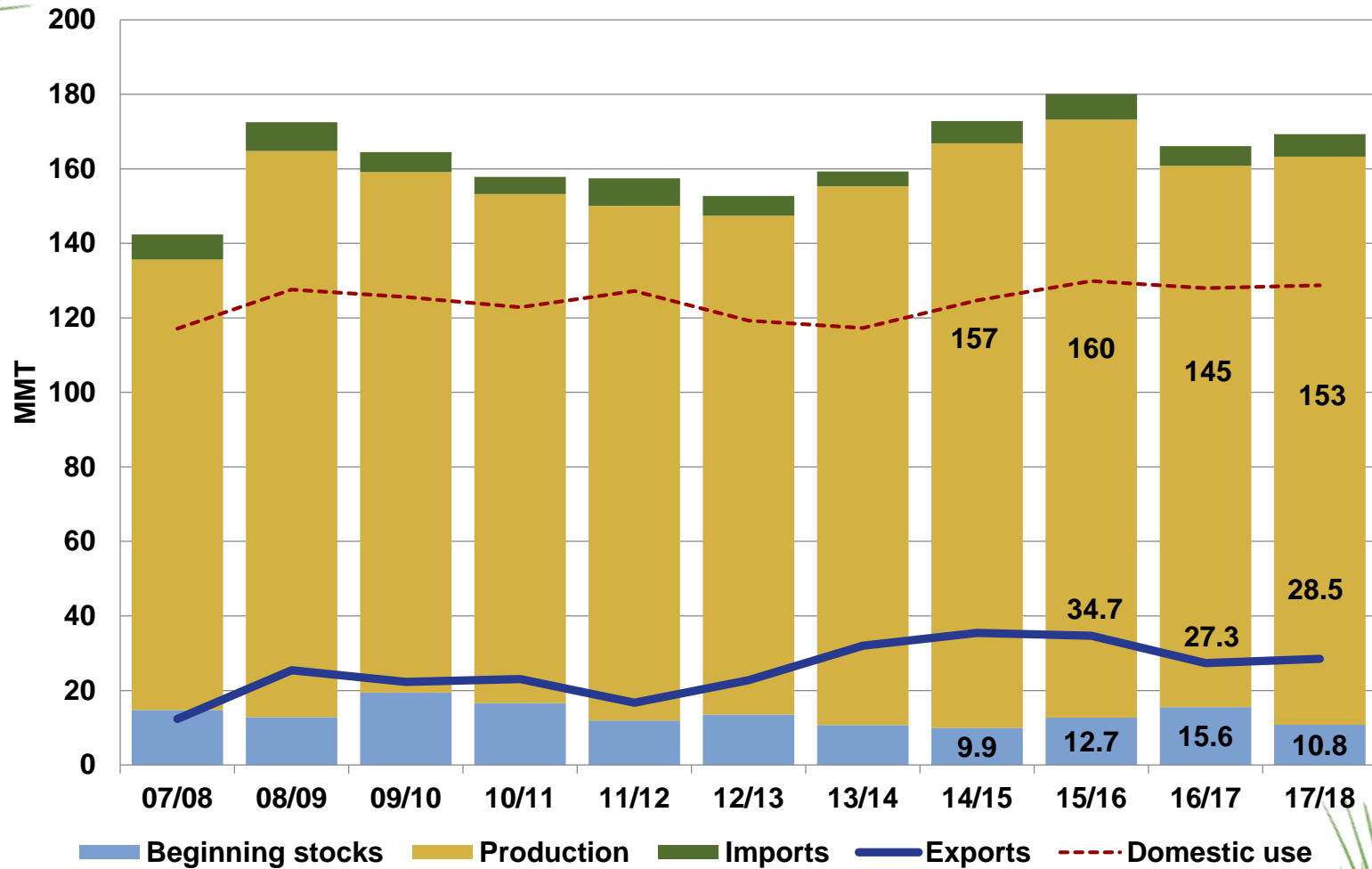
Argentina Situation



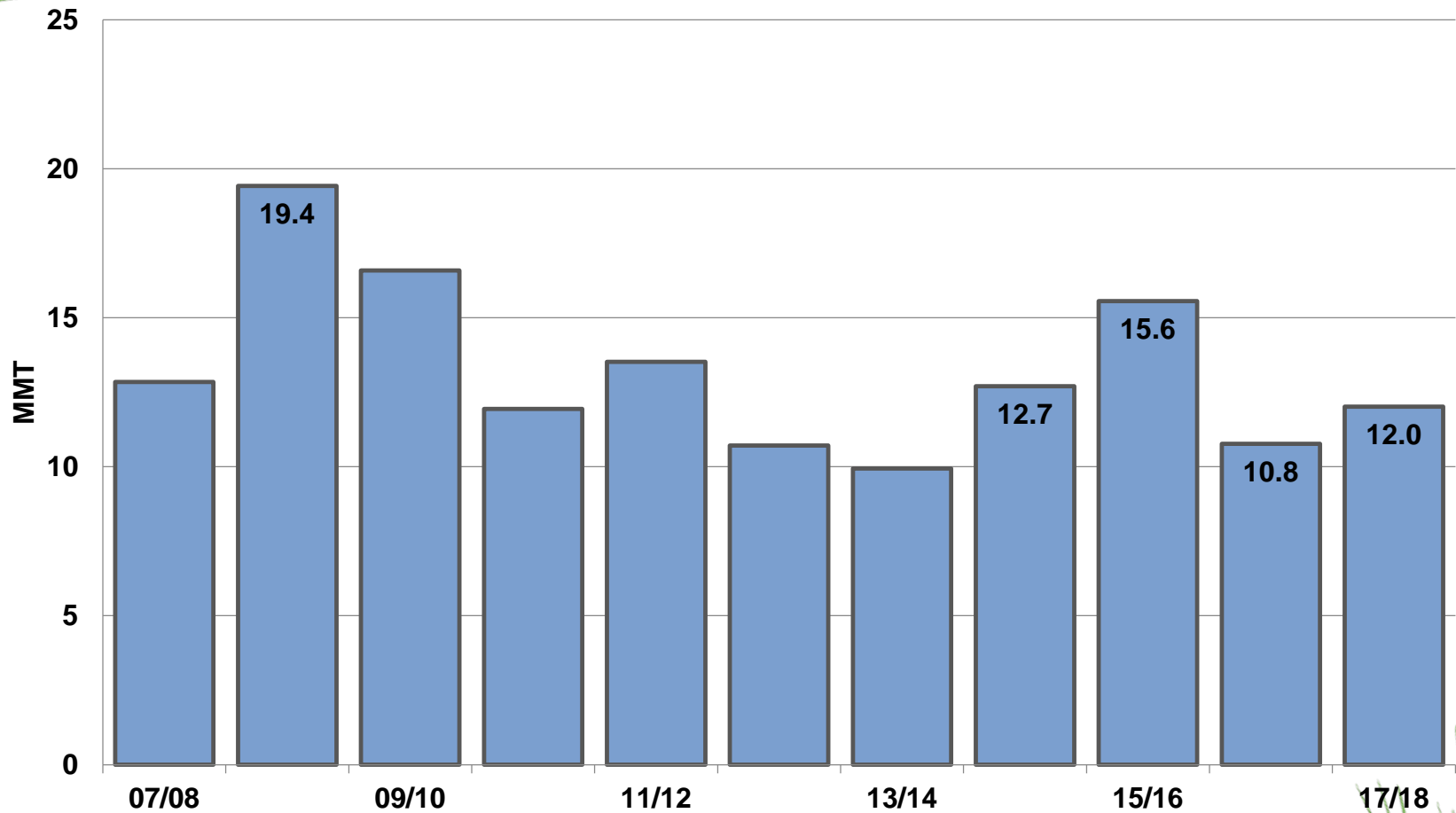
Argentina Ending Stocks



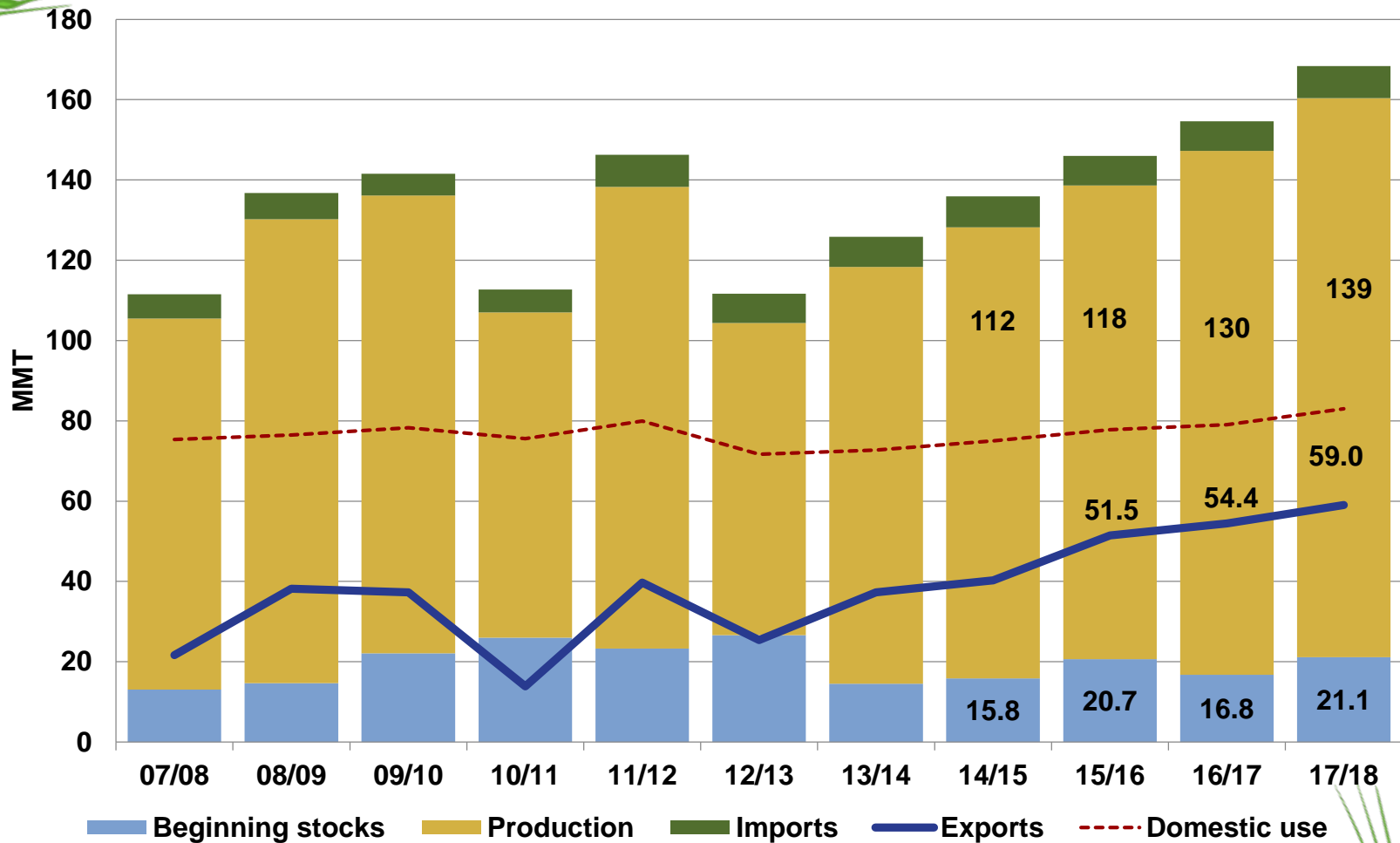
EU-27 Situation



EU-27 Ending Stocks

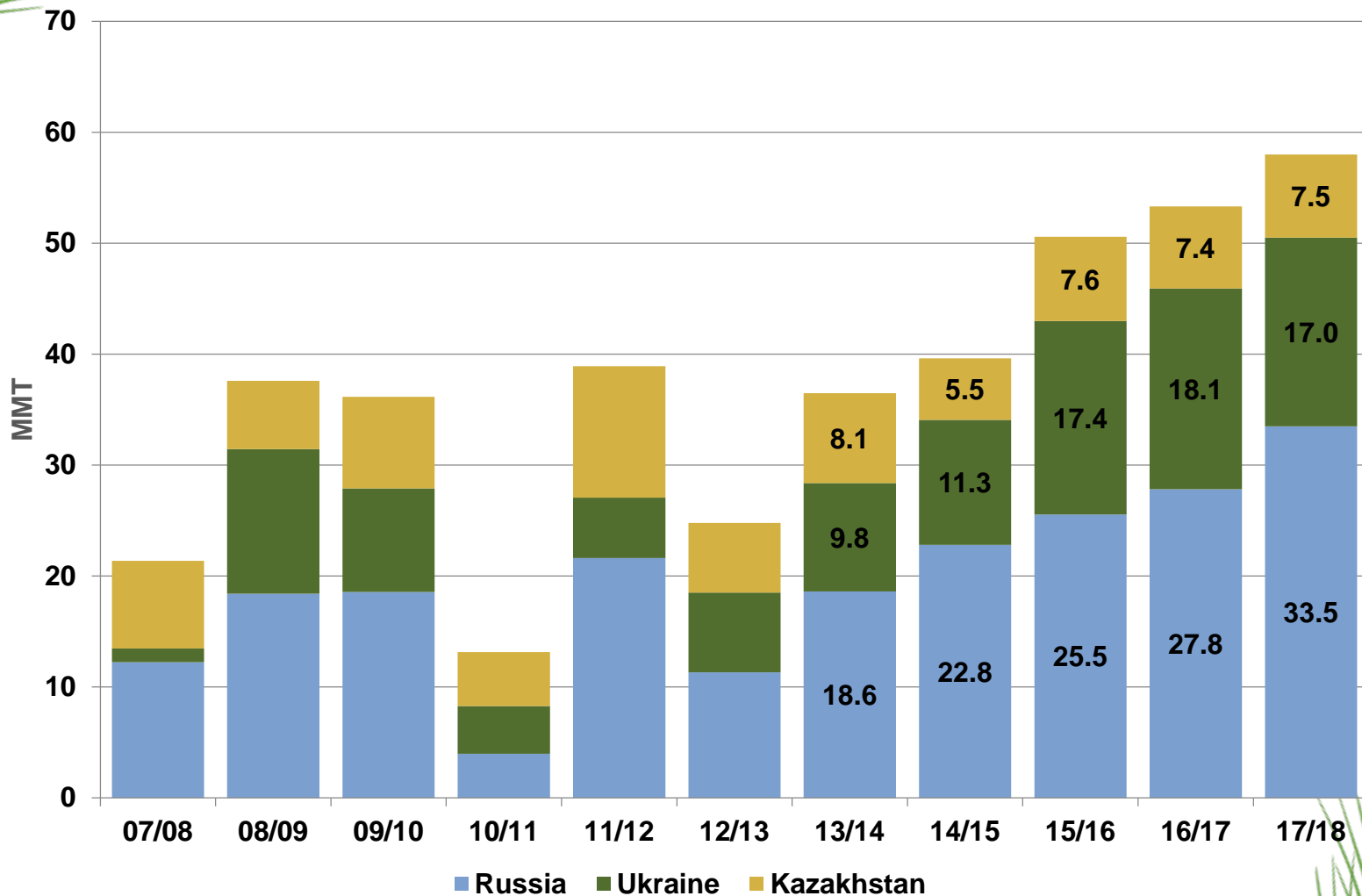


Black Sea Region Situation

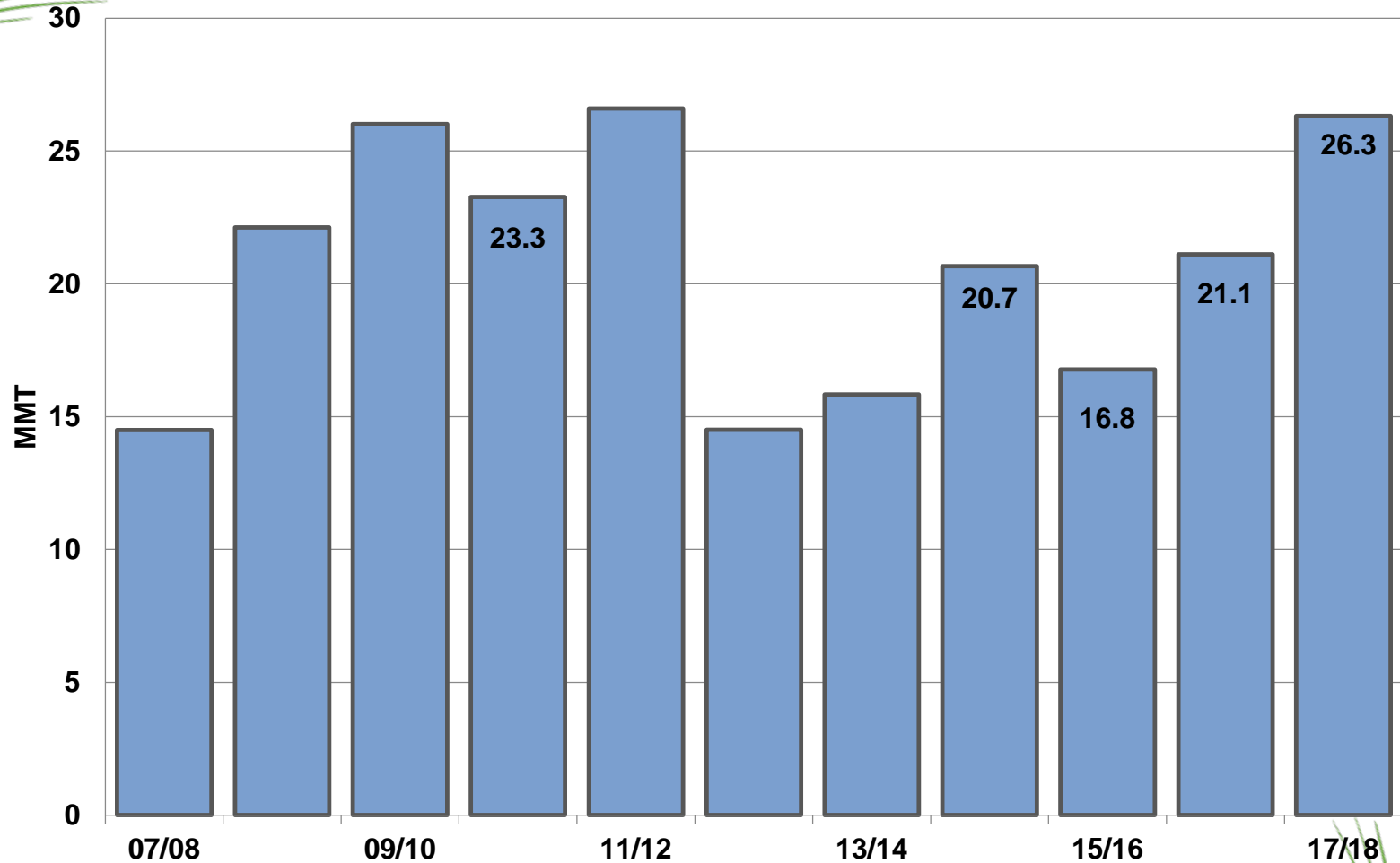


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

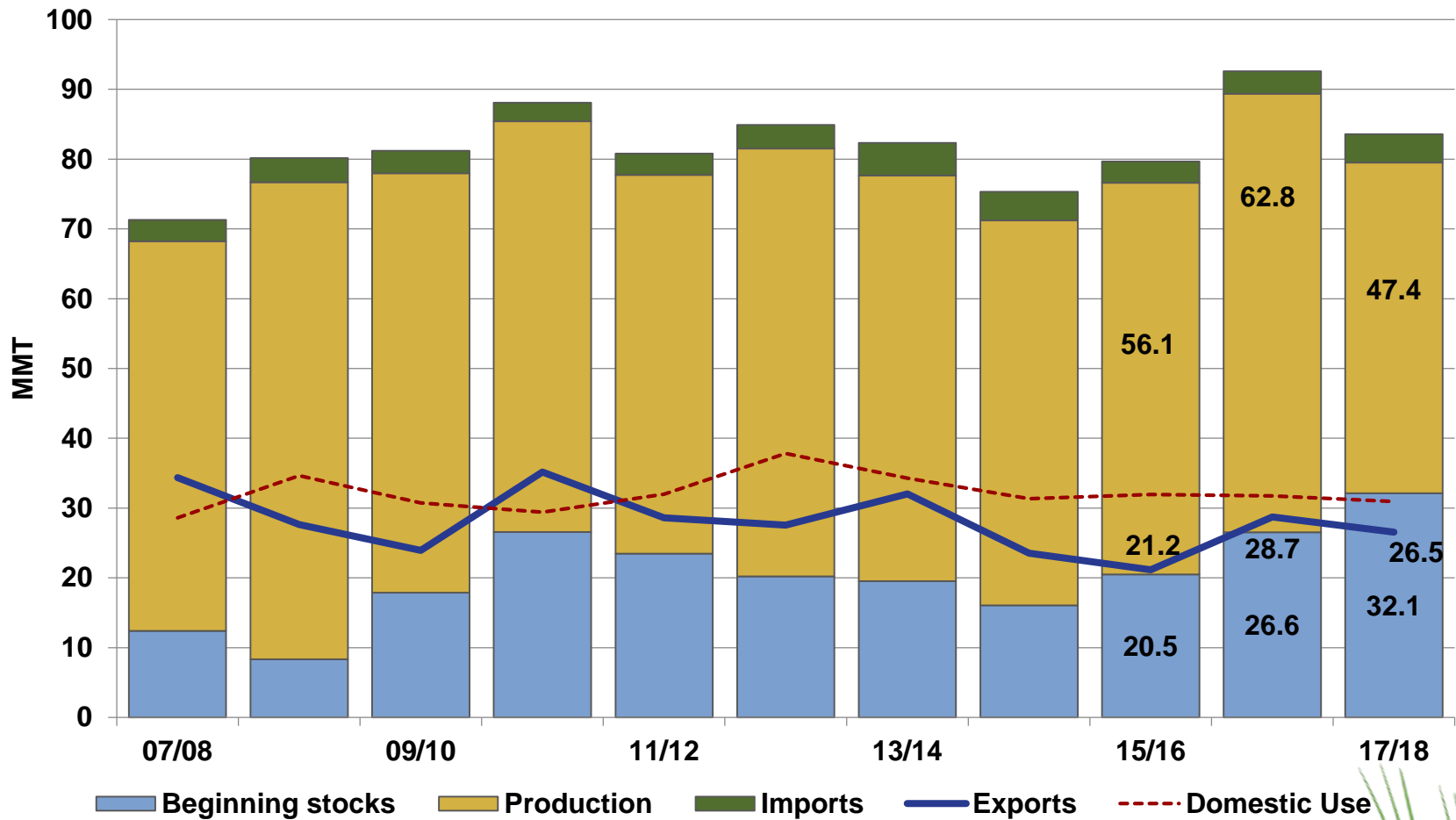
Black Sea Exports



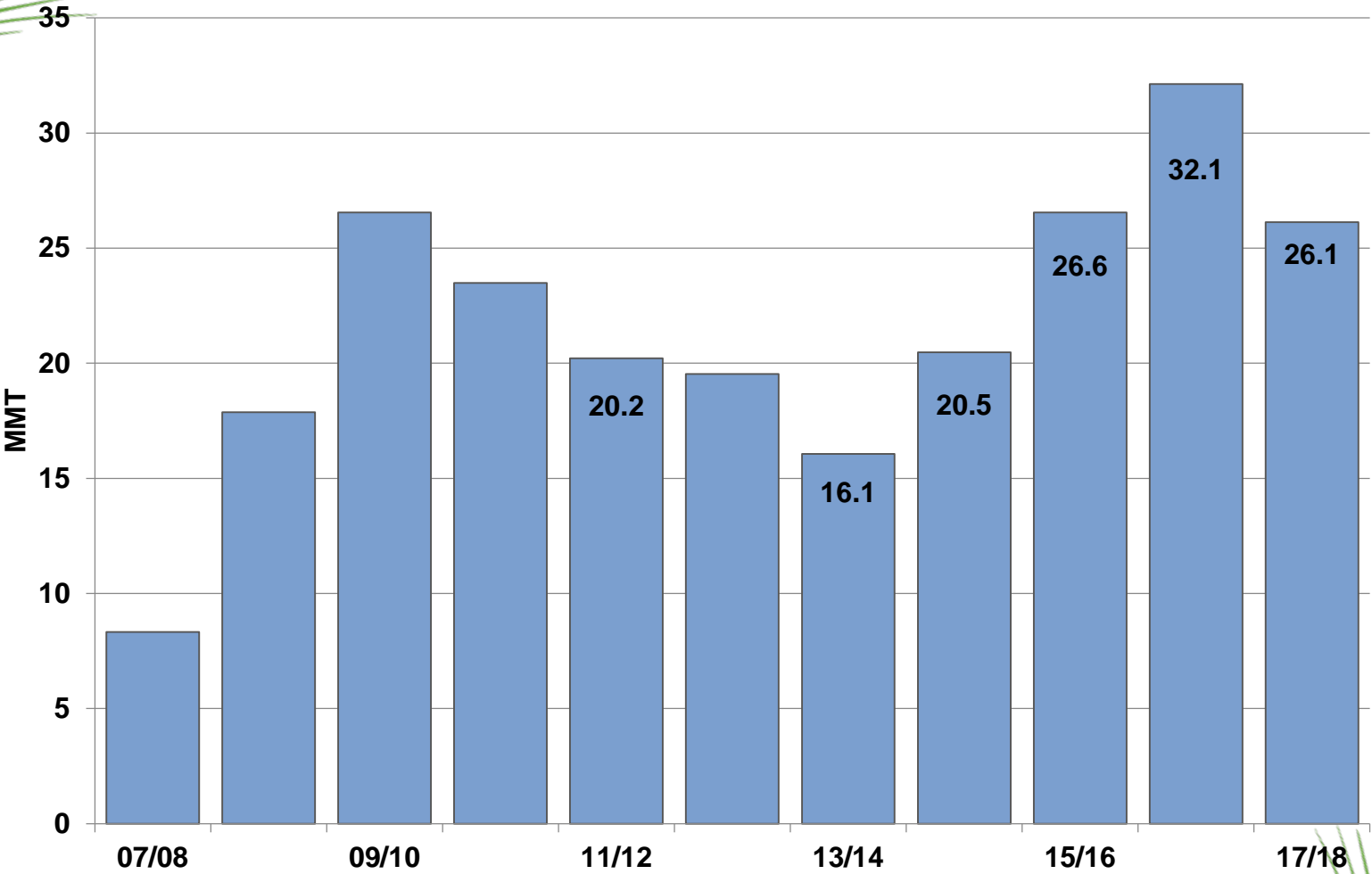
Black Sea Ending Stocks



U.S. Situation



U.S. Ending Stocks



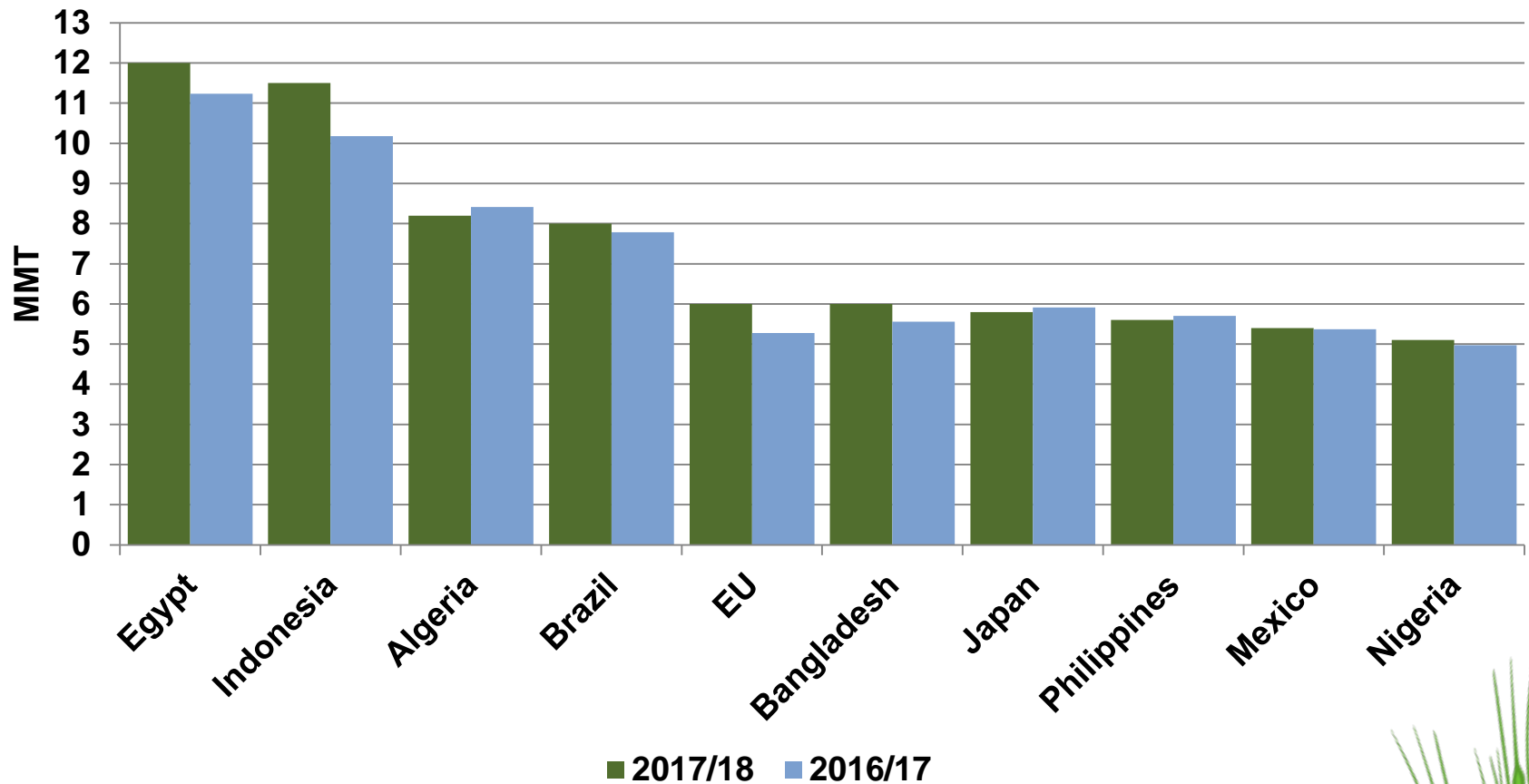
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



U.S. WHEAT
ASSOCIATES

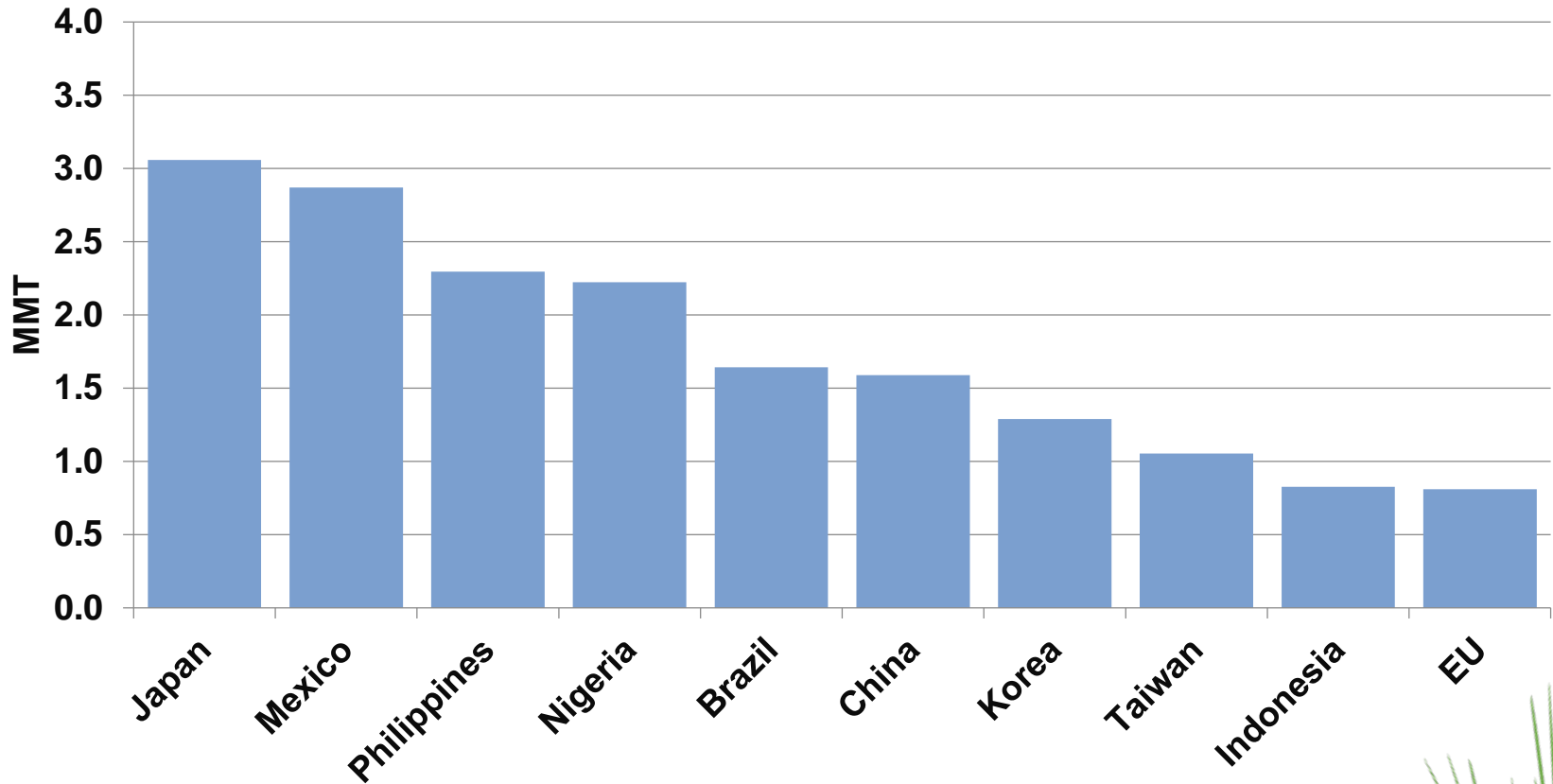
Major World Wheat Importers

(from all origins)



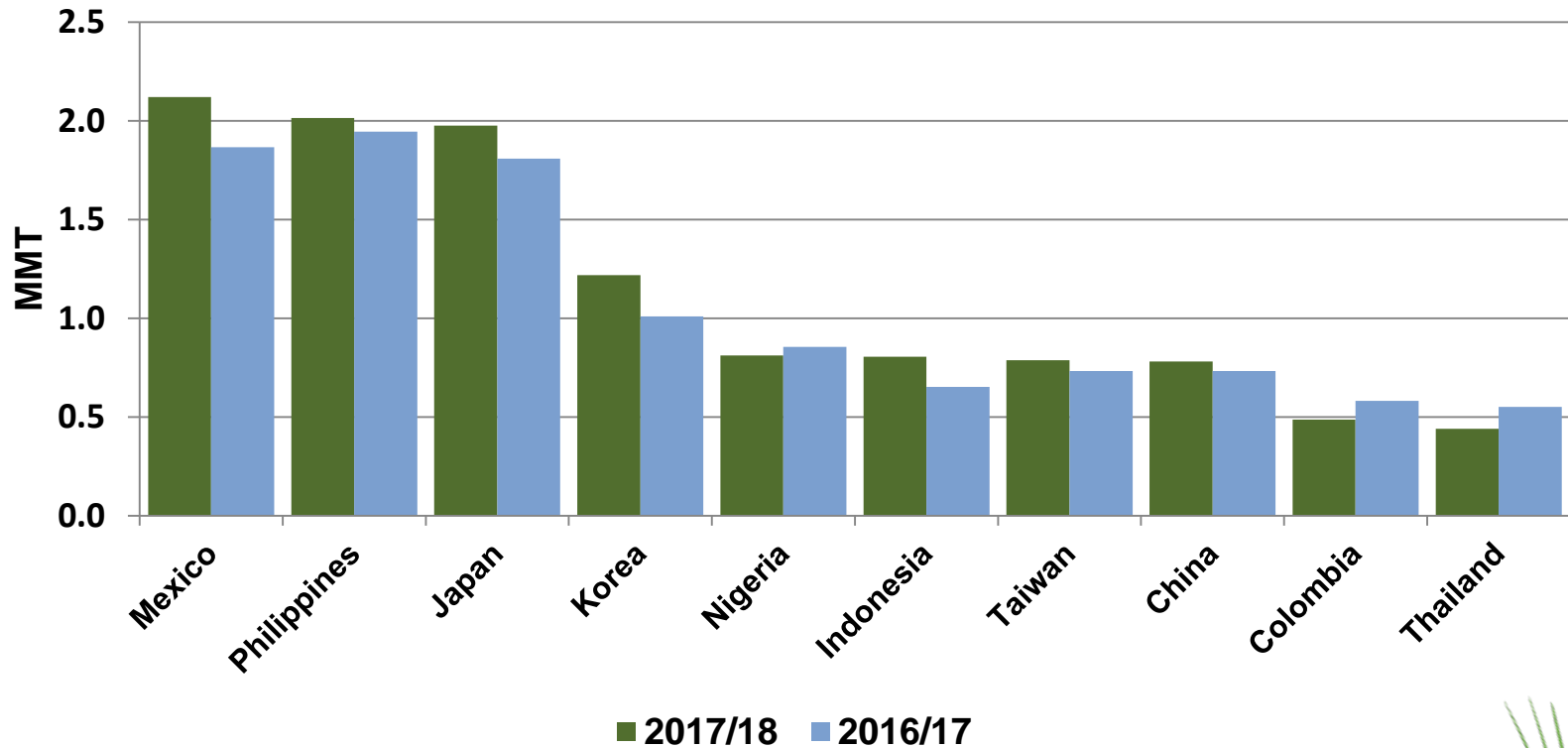
Top 10 Customers for U.S. Wheat

5-year average



Top 10 Customers for U.S. Wheat

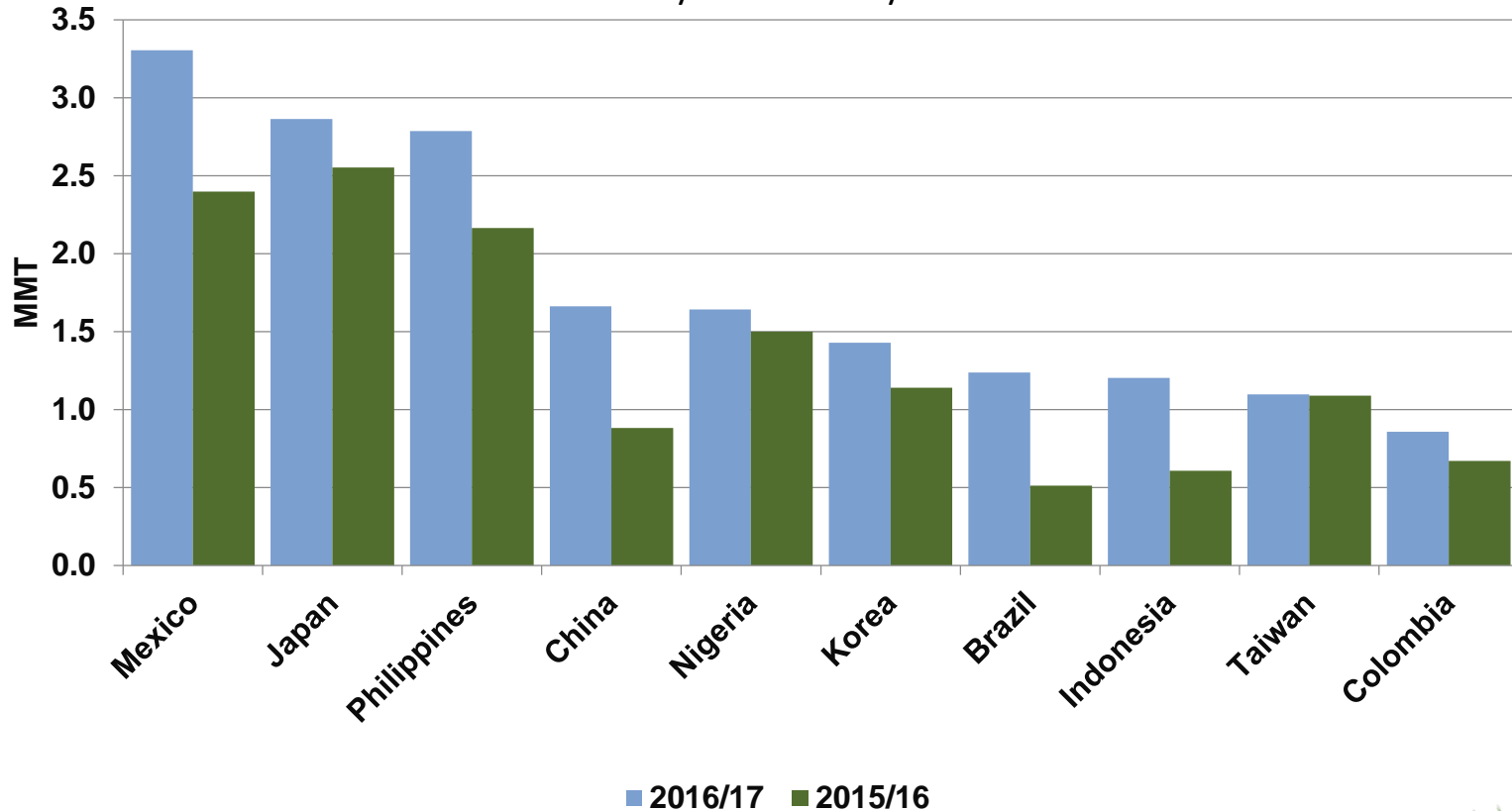
Year-to-date



Source: USDA FAS export sales report December 7, 2017.

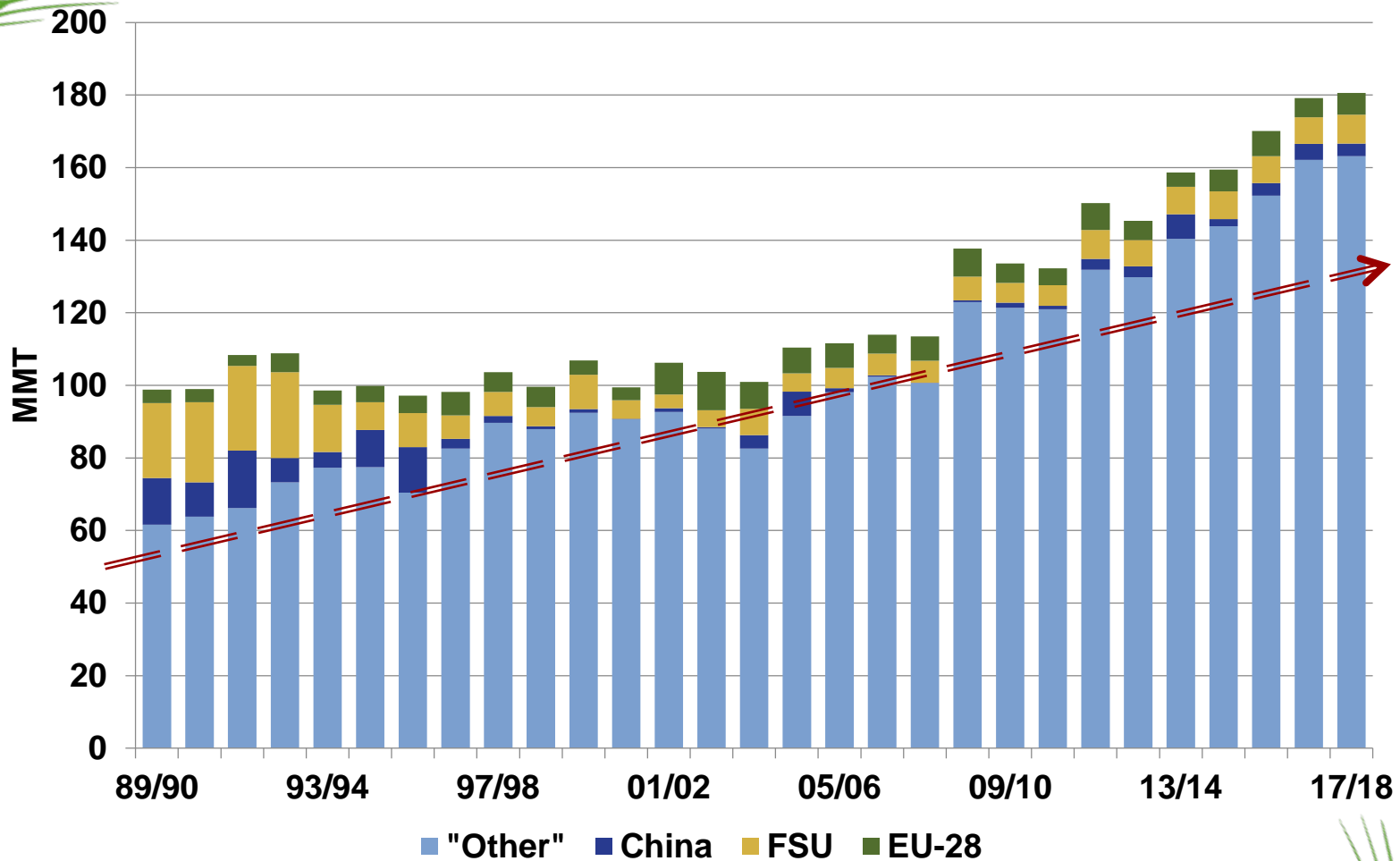
Top 10 Customers for U.S. Wheat

2016/17 vs. 2015/16



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

World Wheat Imports



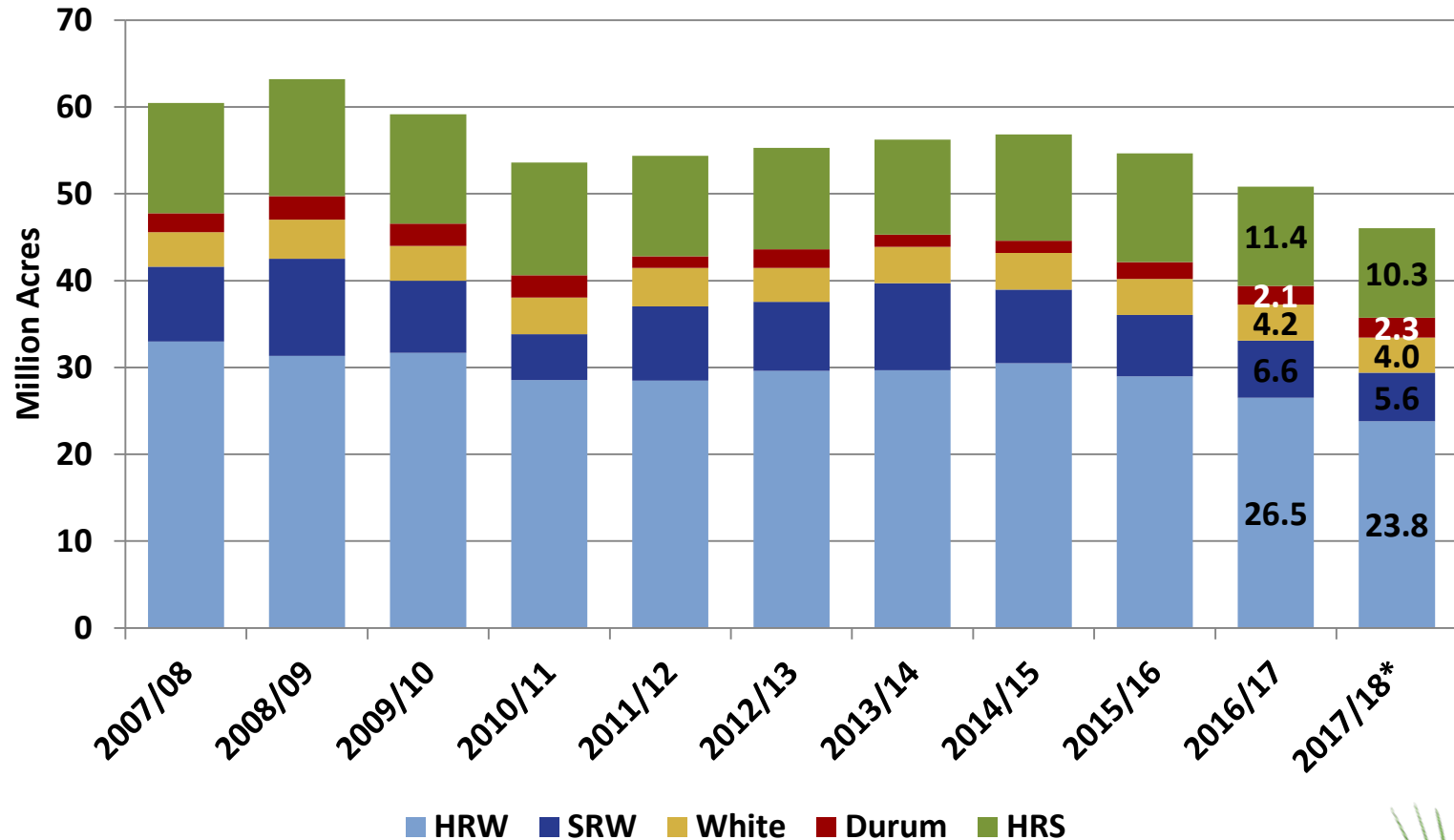
Trend in "other" importers denoted (—▶)

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



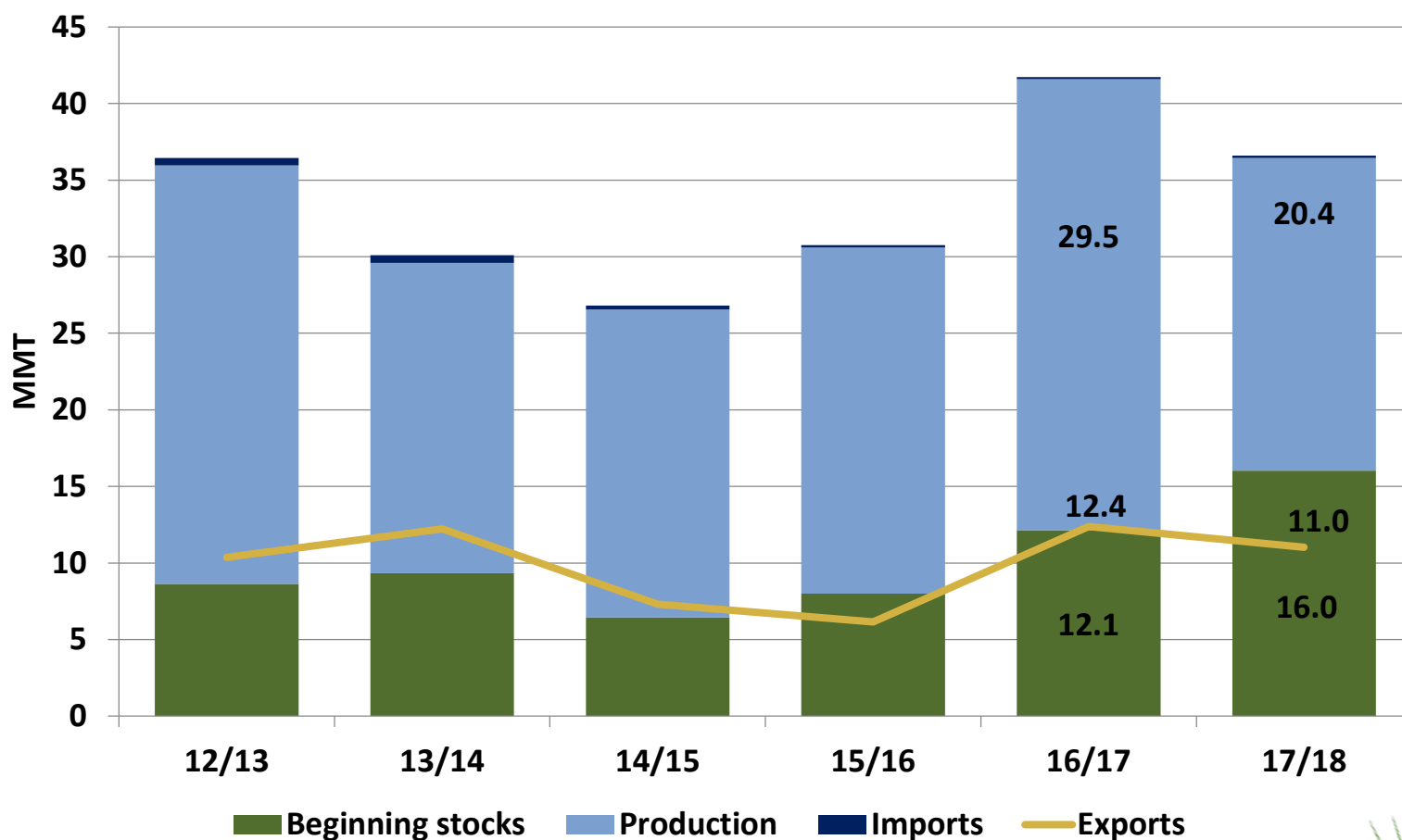
U.S. WHEAT
ASSOCIATES

U.S. Wheat Plantings by Class

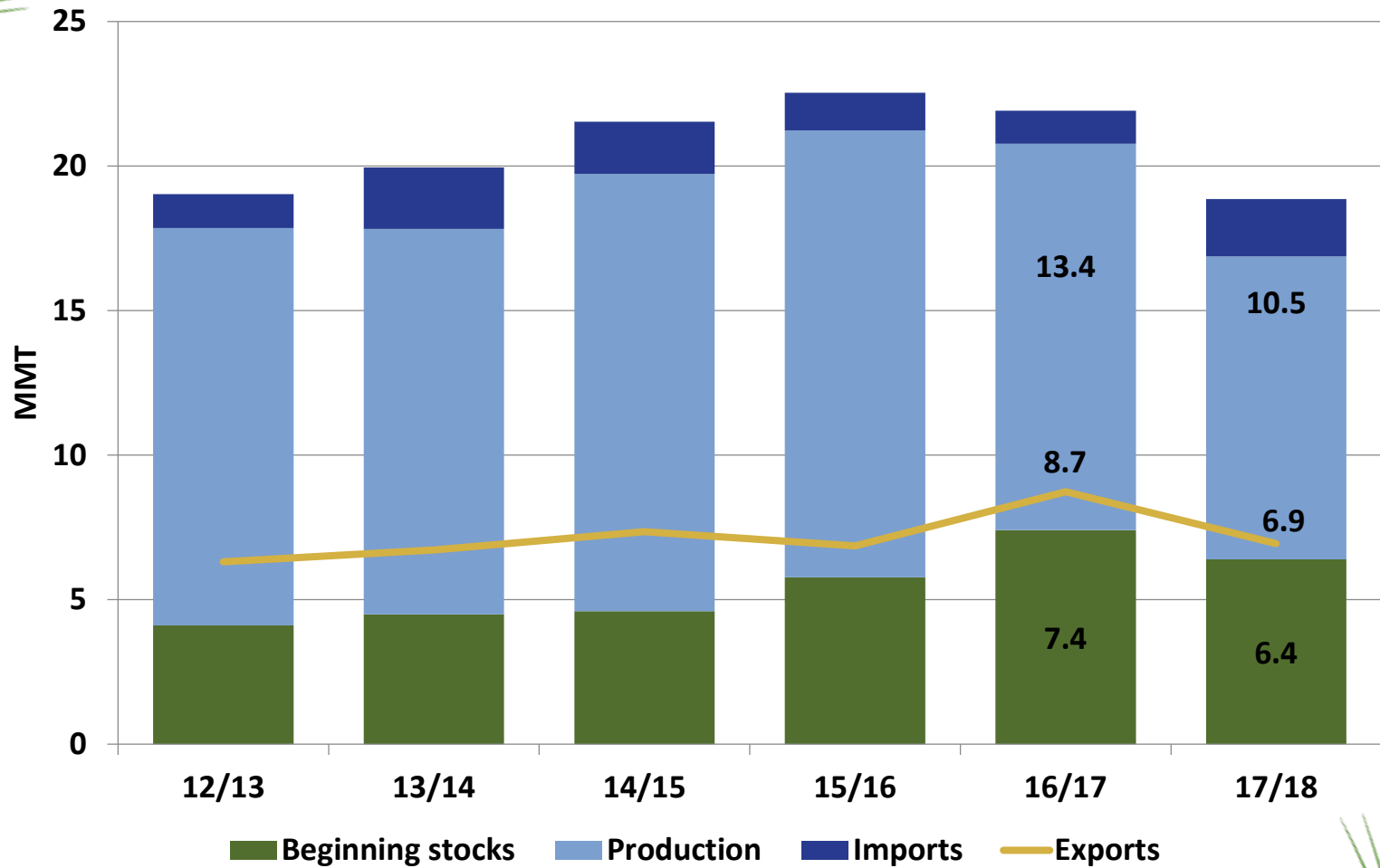


*Source: USDA Acreage Report, June 30, 2017

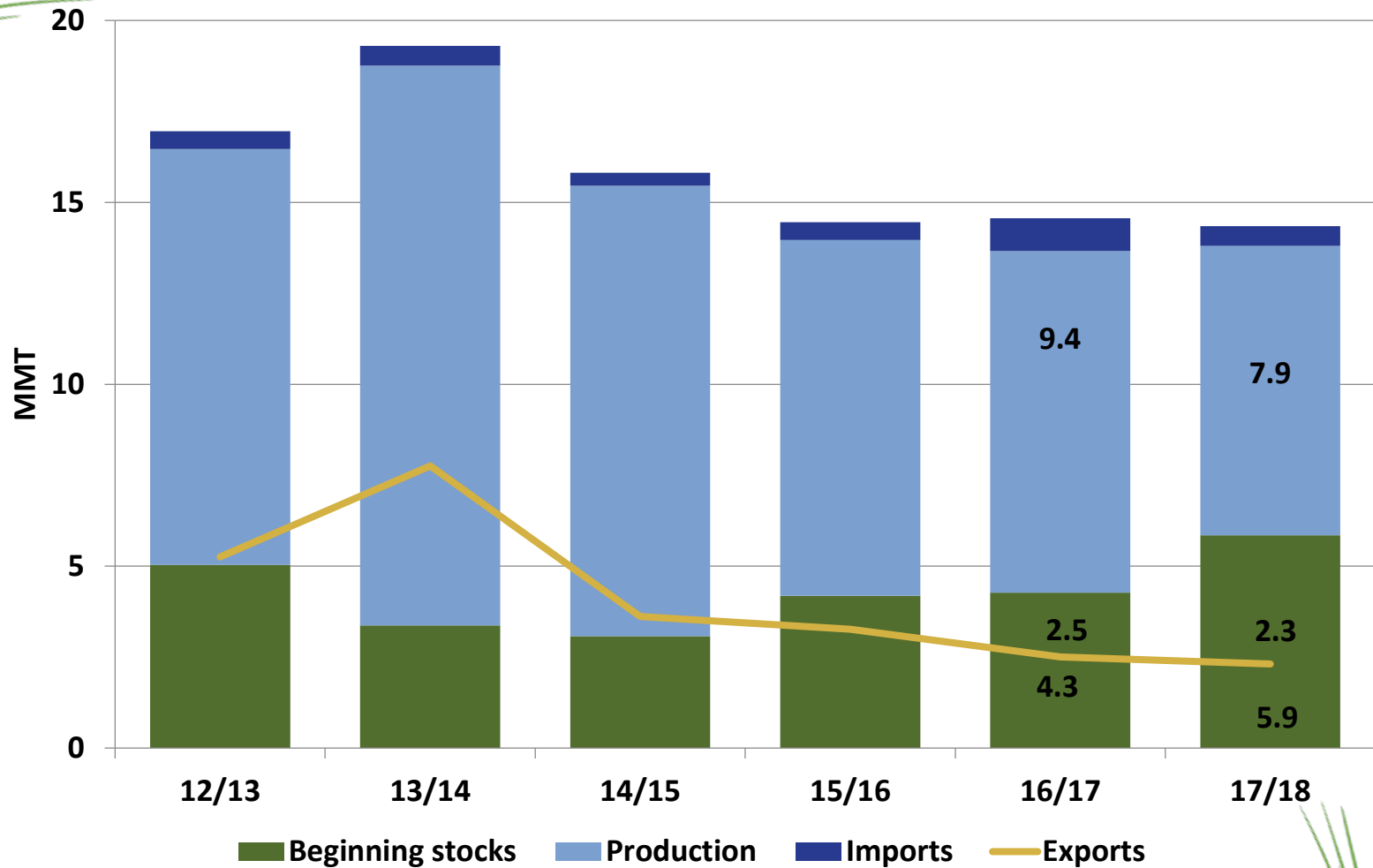
U.S. Hard Red Winter



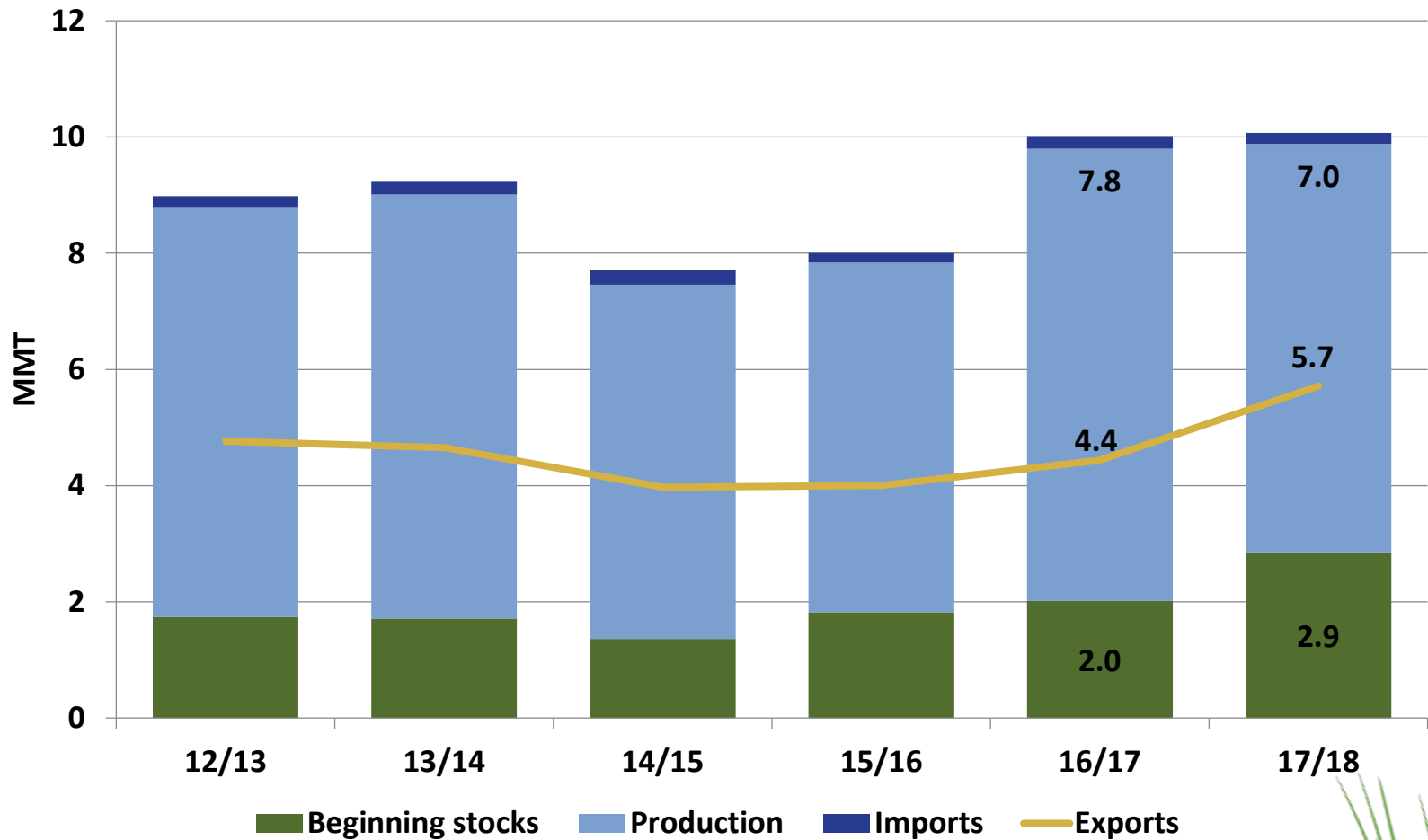
U.S. Hard Red Spring



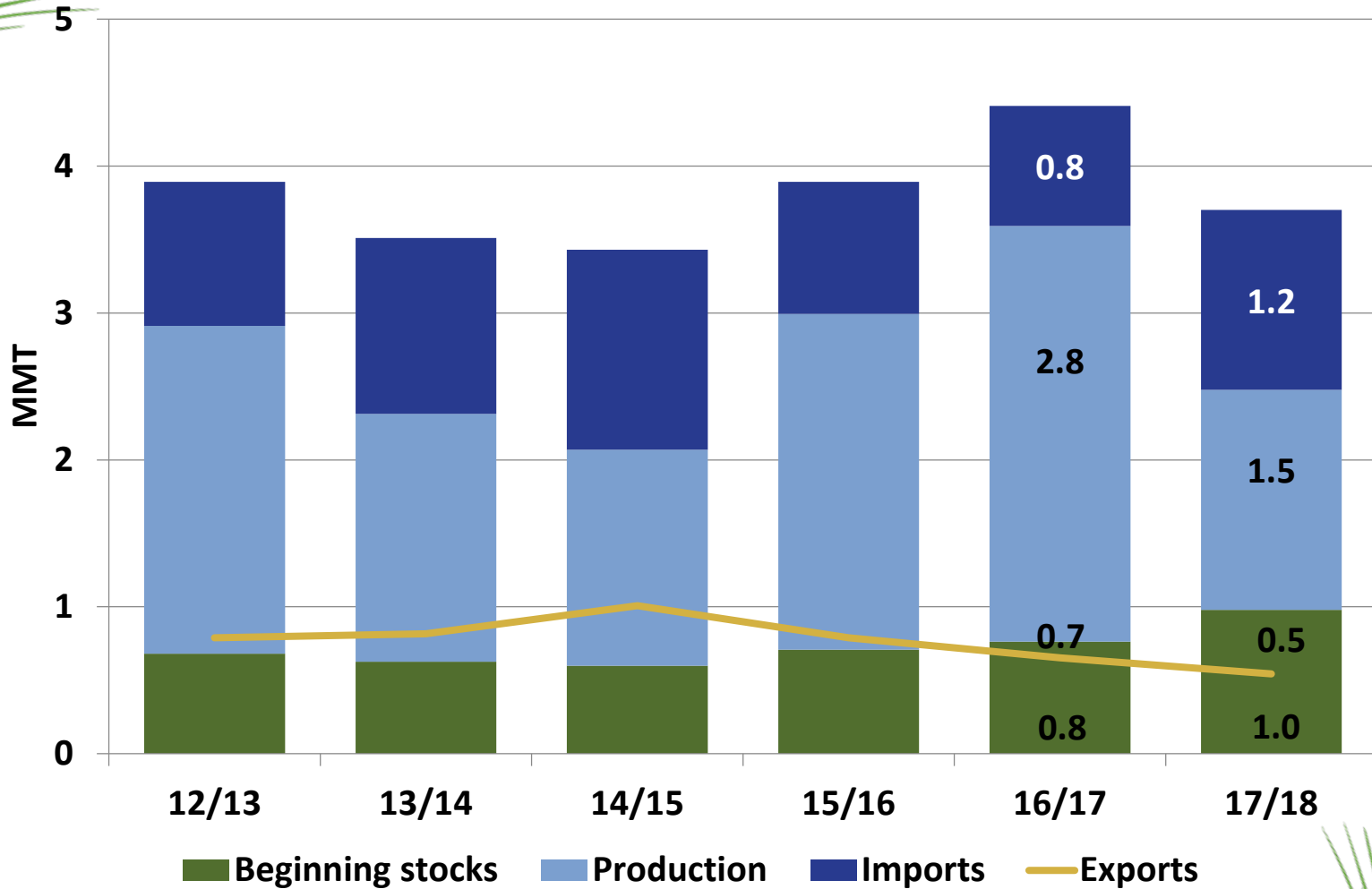
U.S. Soft Red Winter



U.S. White

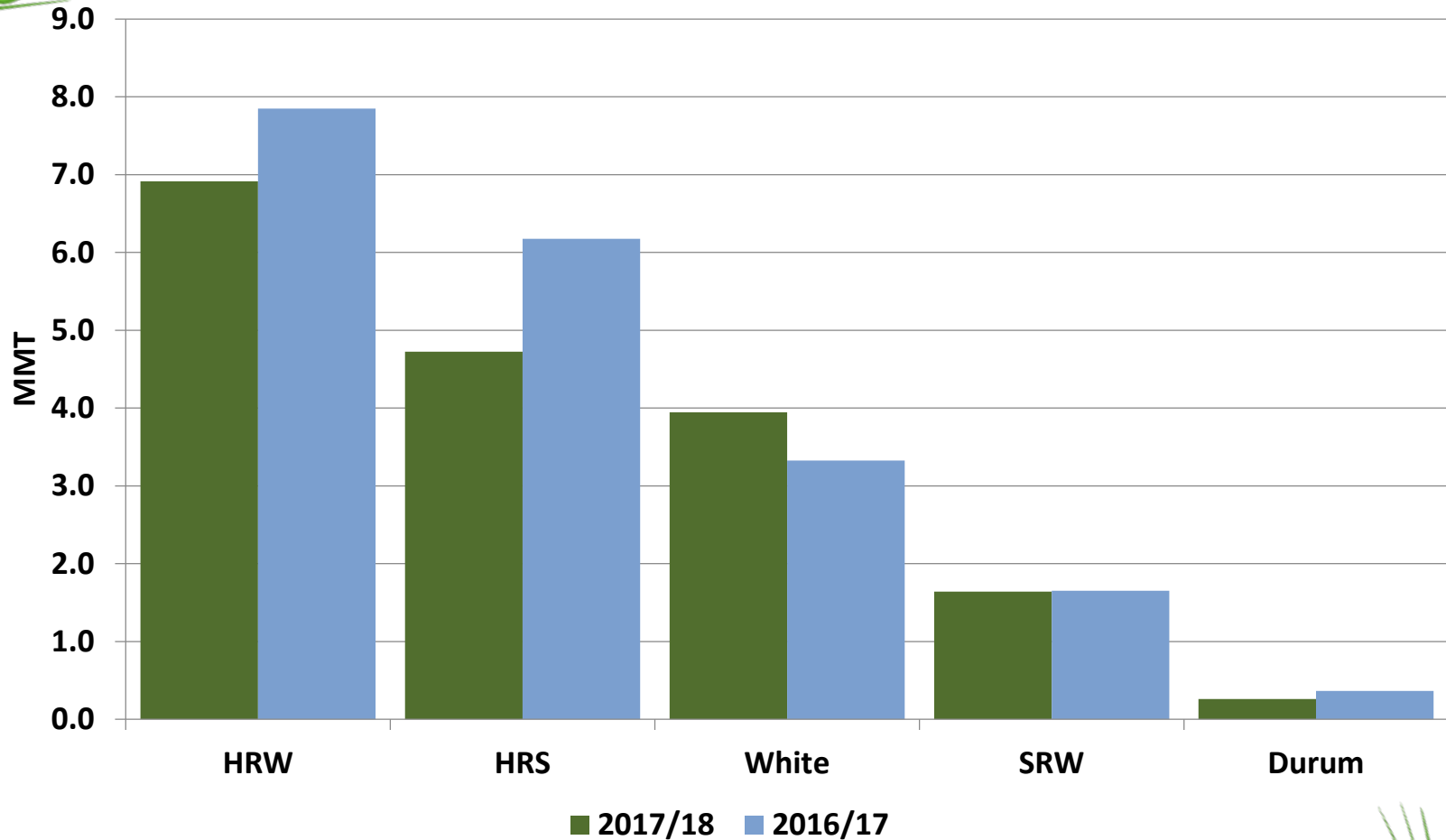


U.S. Durum



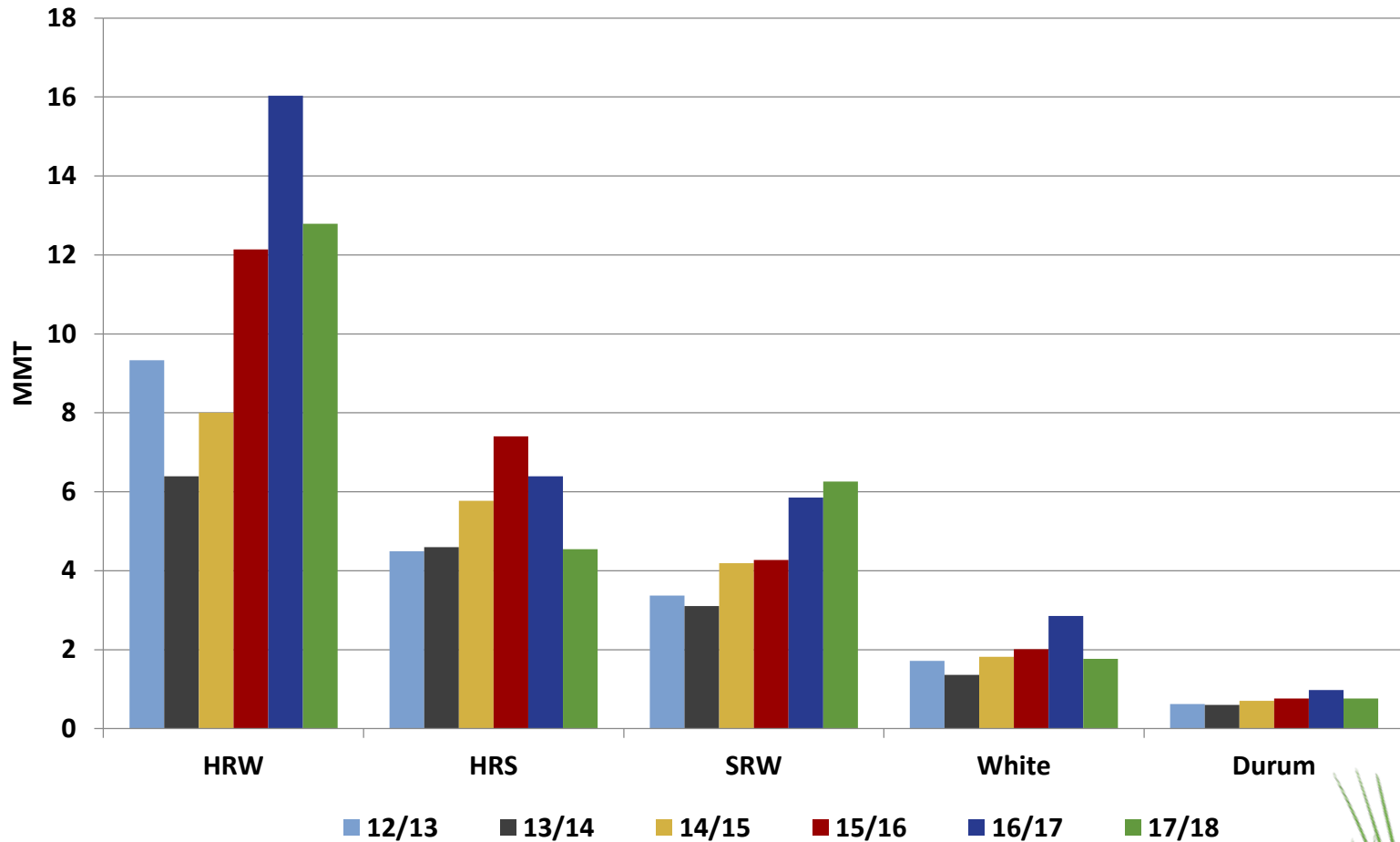
U.S. Wheat Sales by Class

(year-to-date)



Source: USDA FAS export sales report December 12, 2017.

U.S. Wheat Ending Stocks by Class



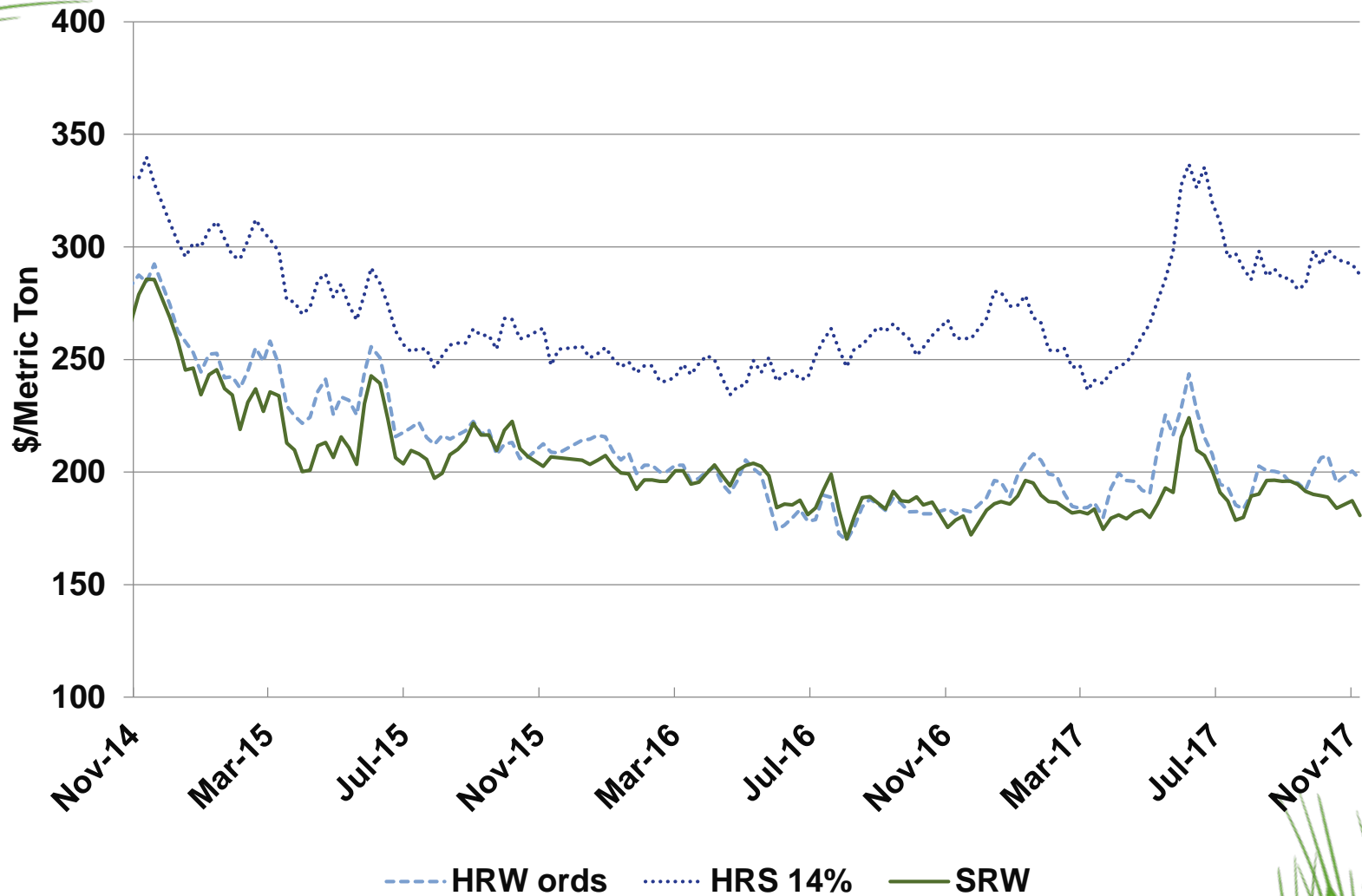
U.S. Wheat Supply and Demand

	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>11.0</u>	<u>8.7</u>	<u>6.9</u>	<u>2.5</u>	<u>2.3</u>
Use Total	25.7	23.8	15.5	14.3	8.7	8.1
Ending Stocks	16.0	12.8	6.4	4.5	5.9	6.3
Stocks-to-Use	62%	54%	41%	32%	67%	77%

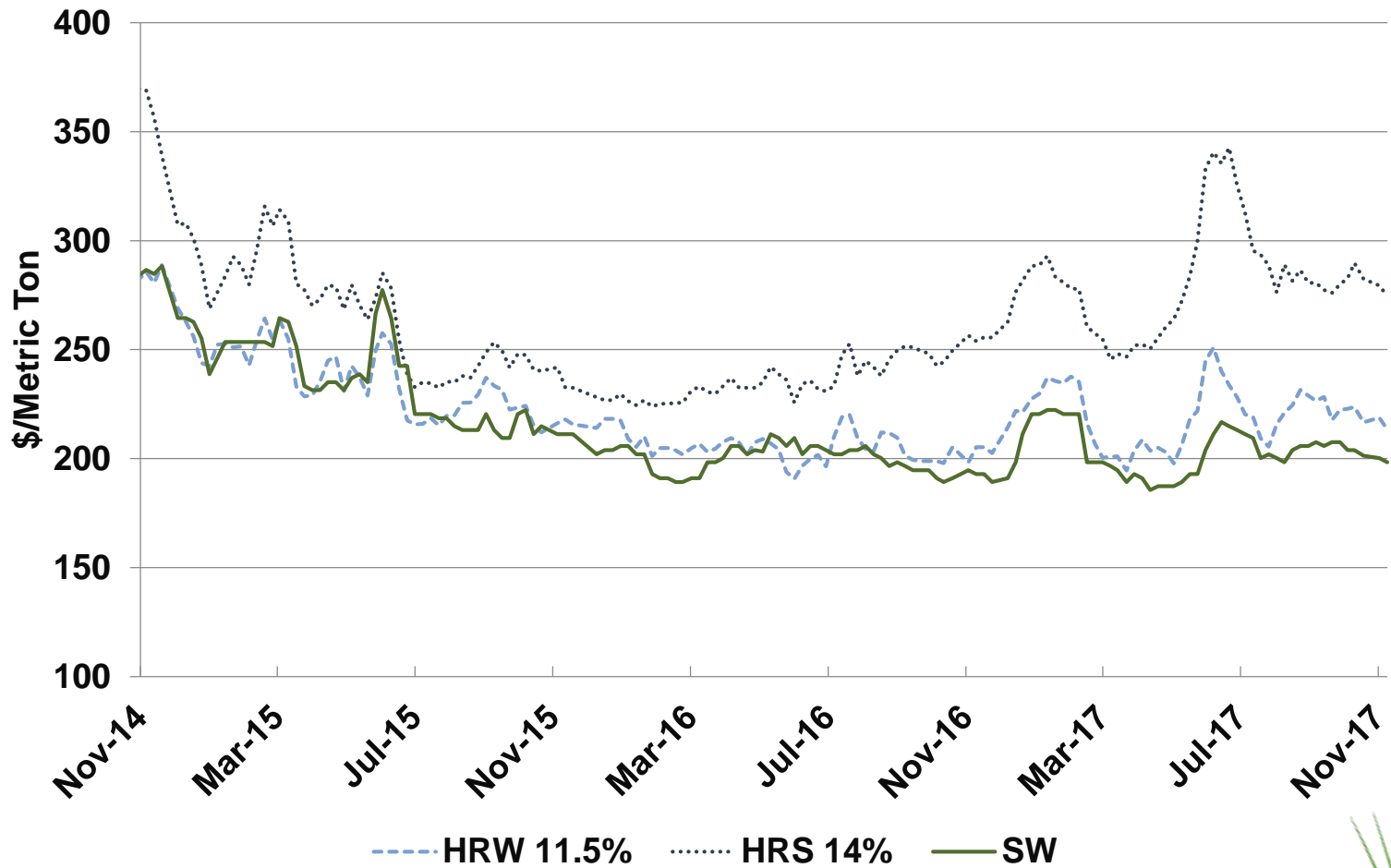
U.S. Wheat Supply and Demand

	White		Durum		Total	
	16/17	17/18	16/17	17/18	16/17	17/18
	MMT					
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>26.5</u>
Use Total	7.2	8.3	3.4	2.9	60.5	57.5
Ending Stocks	2.9	1.8	1.0	0.8	32.1	26.1
Stocks-to-Use	40%	21%	29%	26%	53%	45%

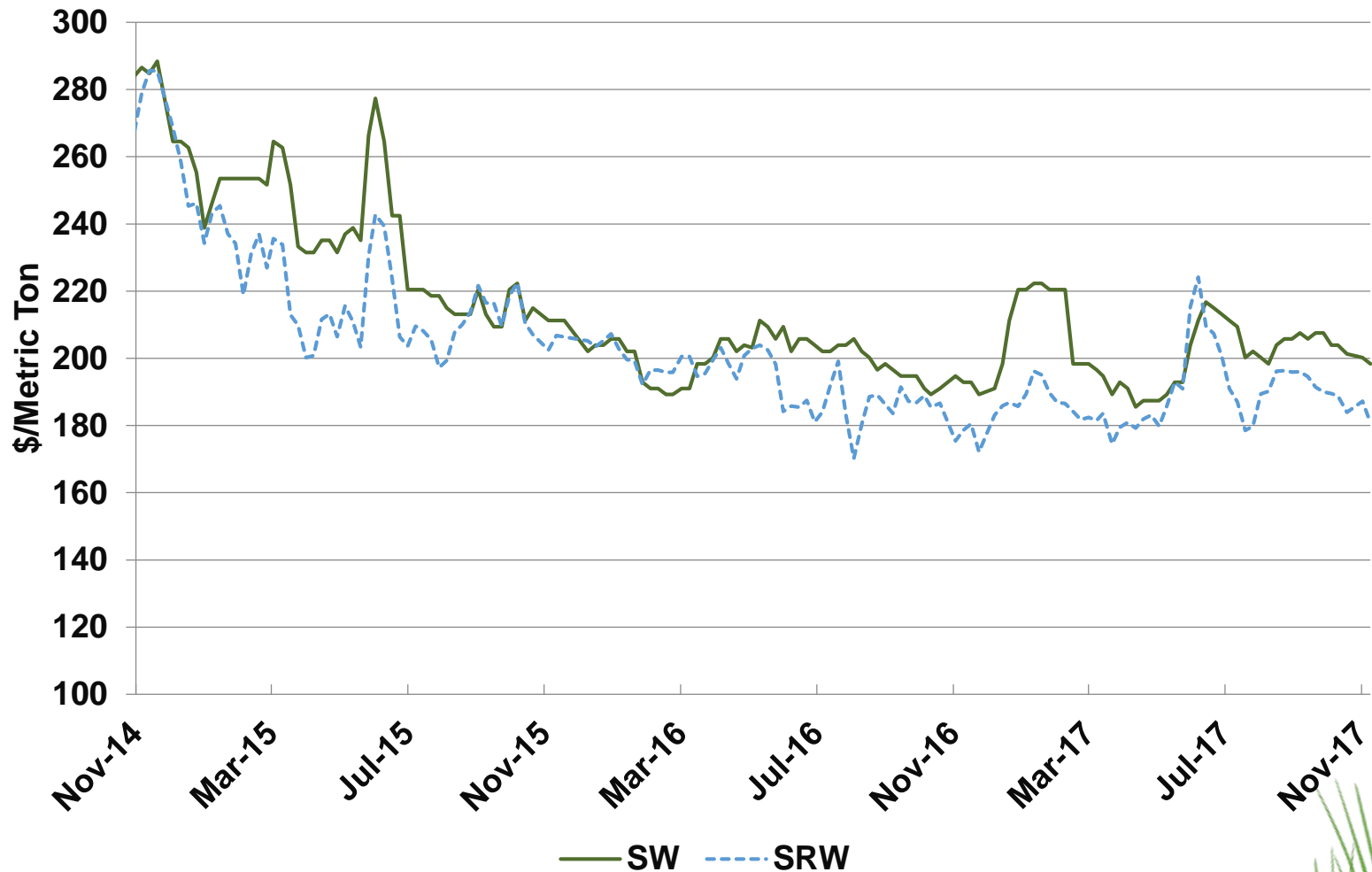
U.S. FOB Gulf Prices



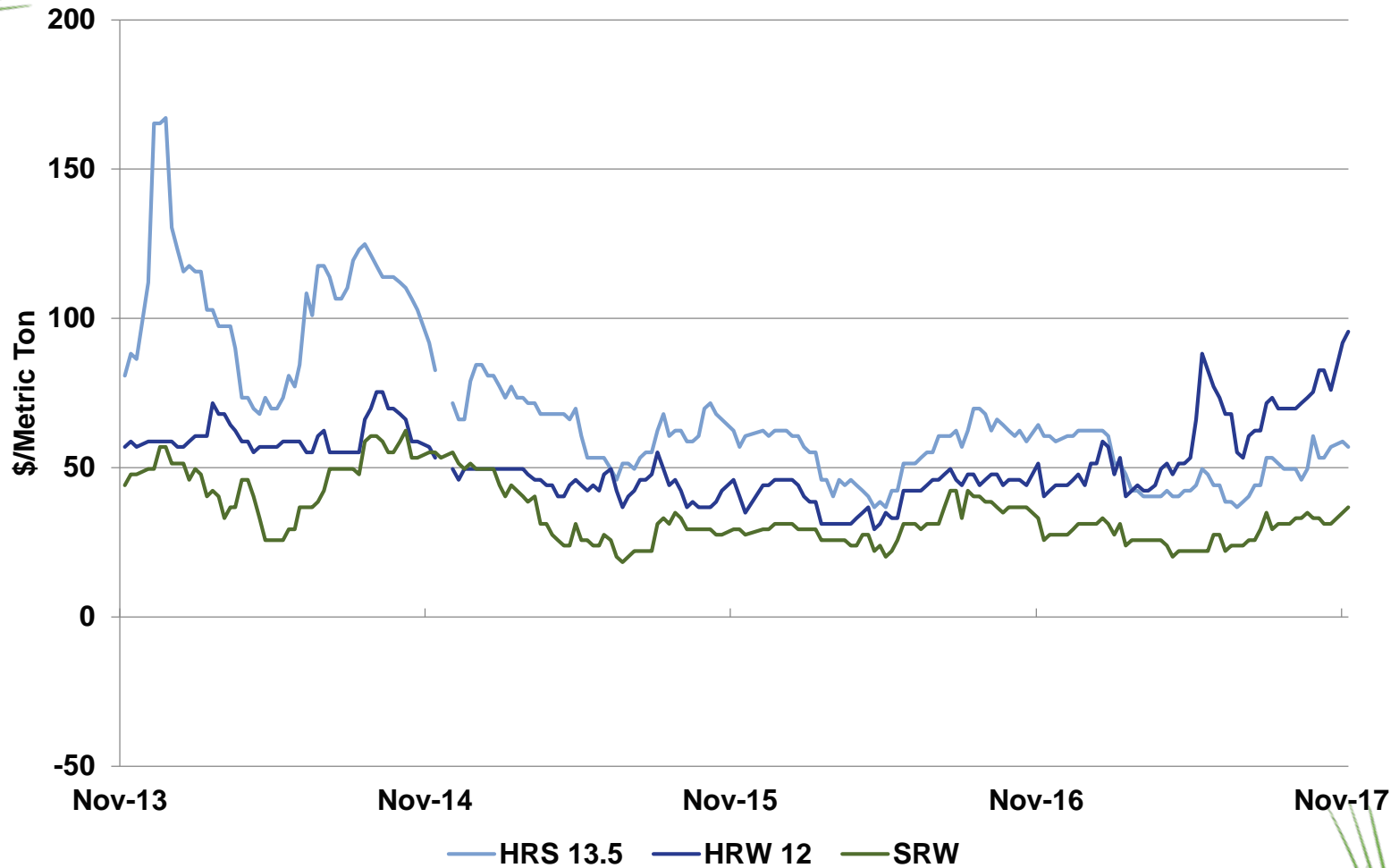
U.S. FOB PNW Prices



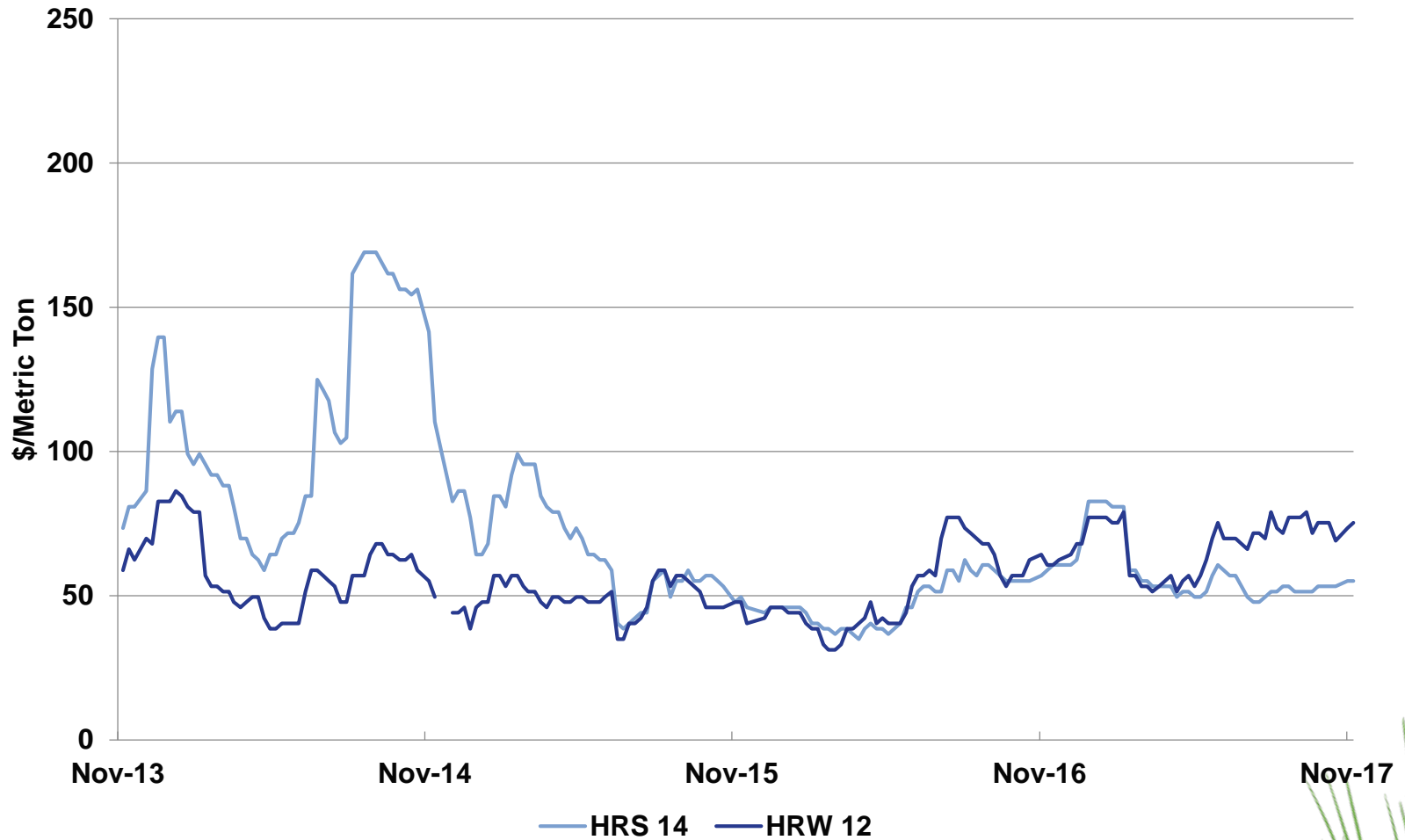
SRW and Soft White Prices



U.S. Gulf Basis Prices



U.S. PNW Basis Prices

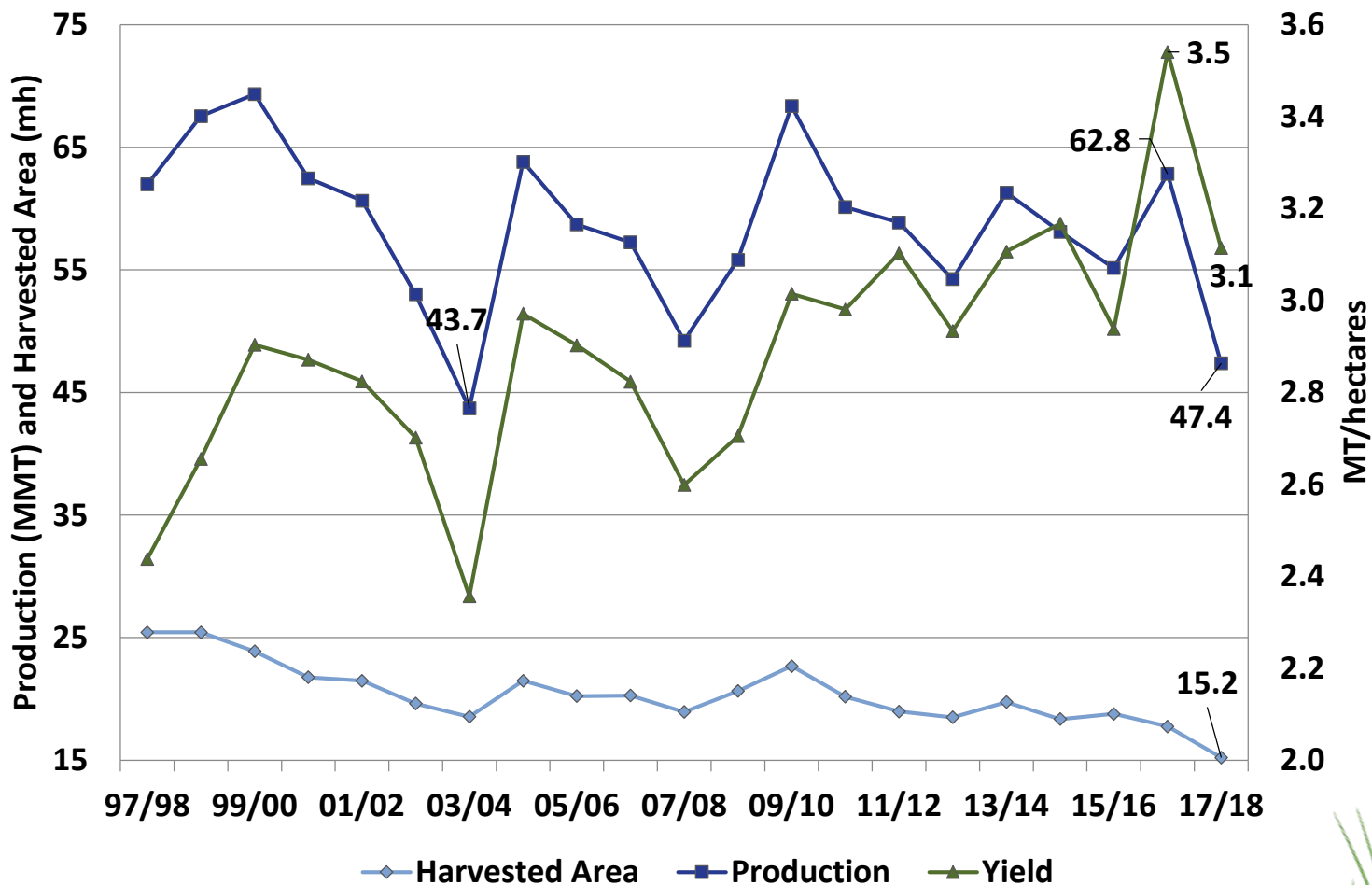


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

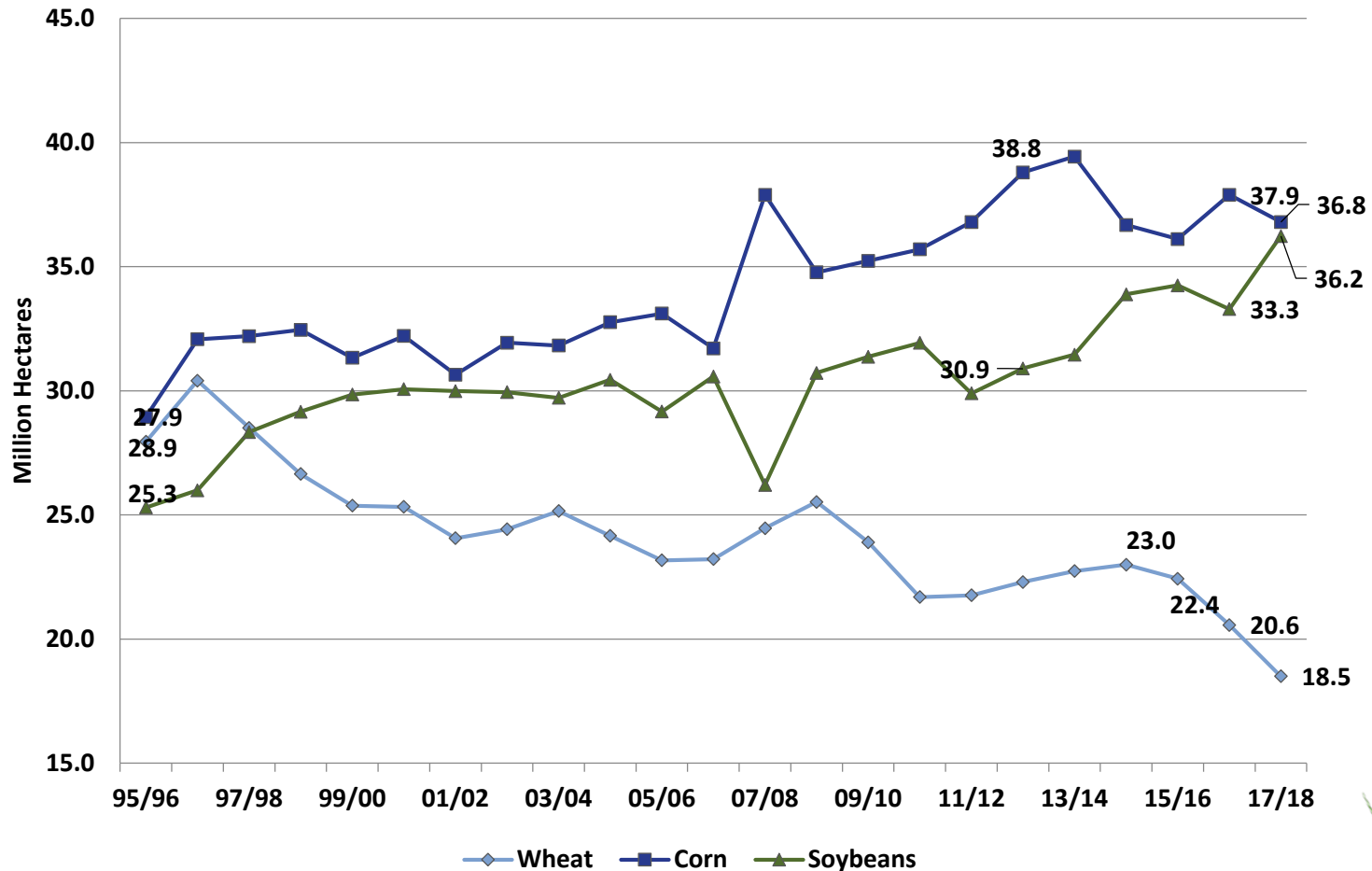


U.S. WHEAT
ASSOCIATES

U.S. Wheat Area and Production



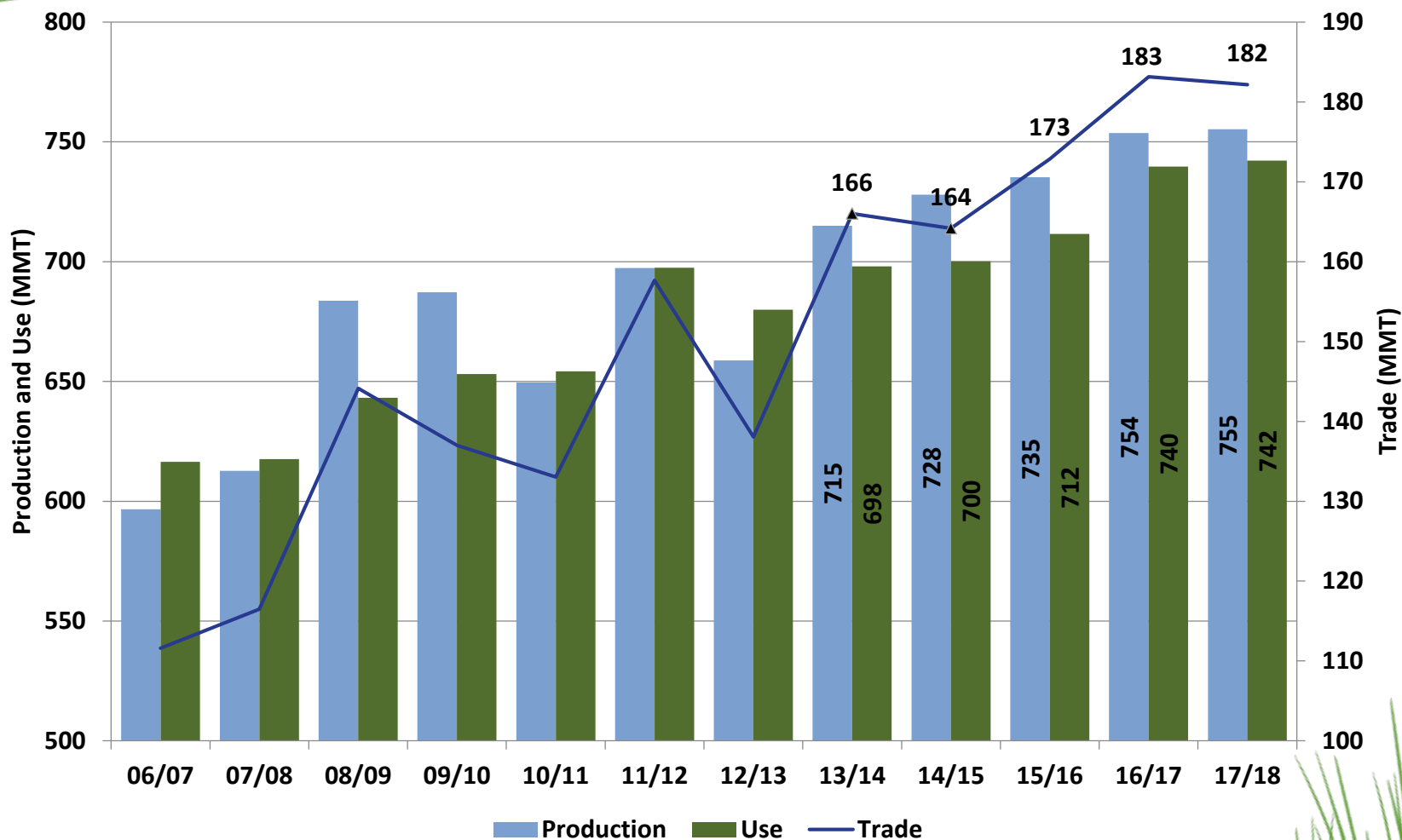
U.S. Crop Planted Area Comparison



*Source: USDA Acreage Report June 30, 2017

World Wheat

Production, Use and Trade



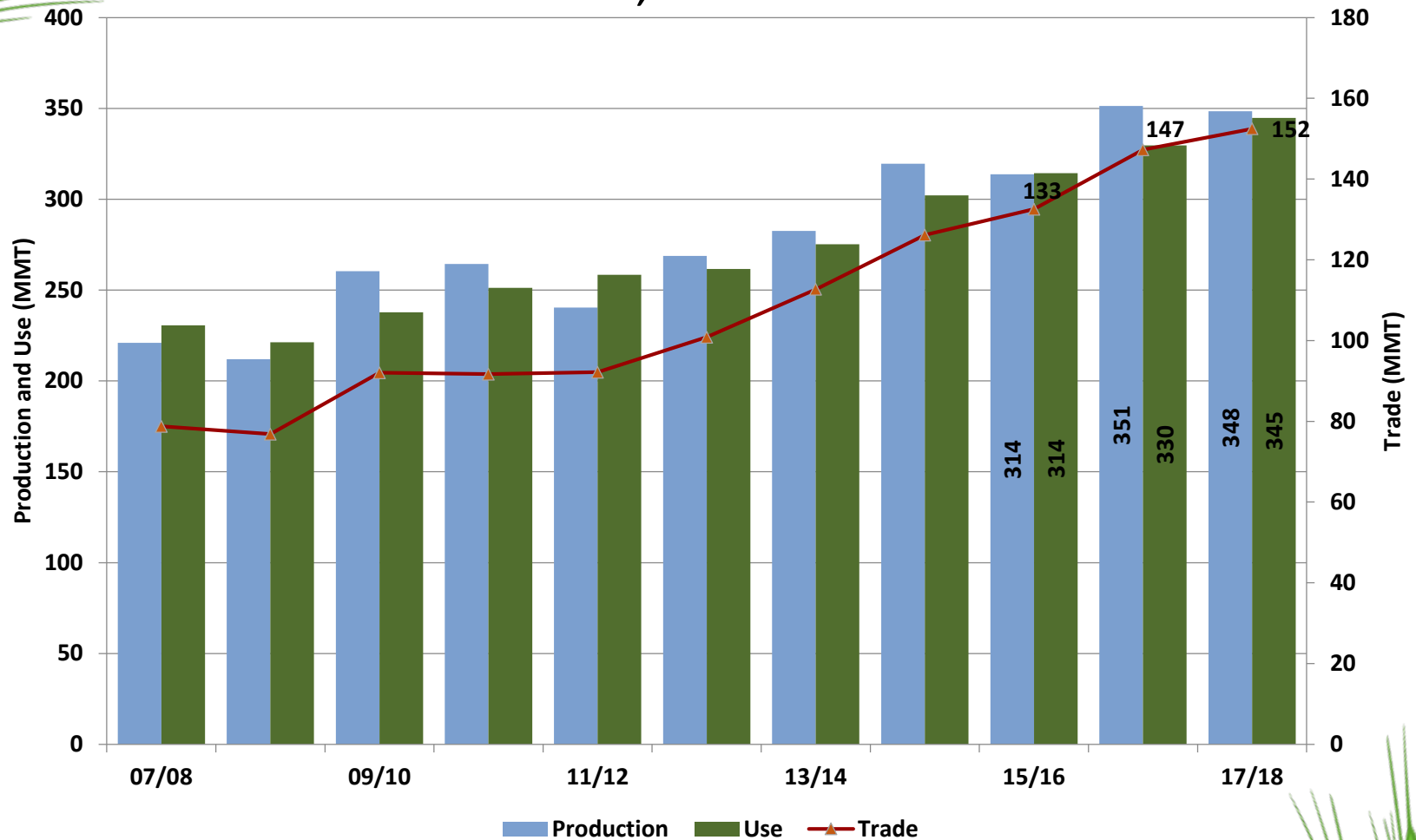
World Corn

Production, Use and Trade

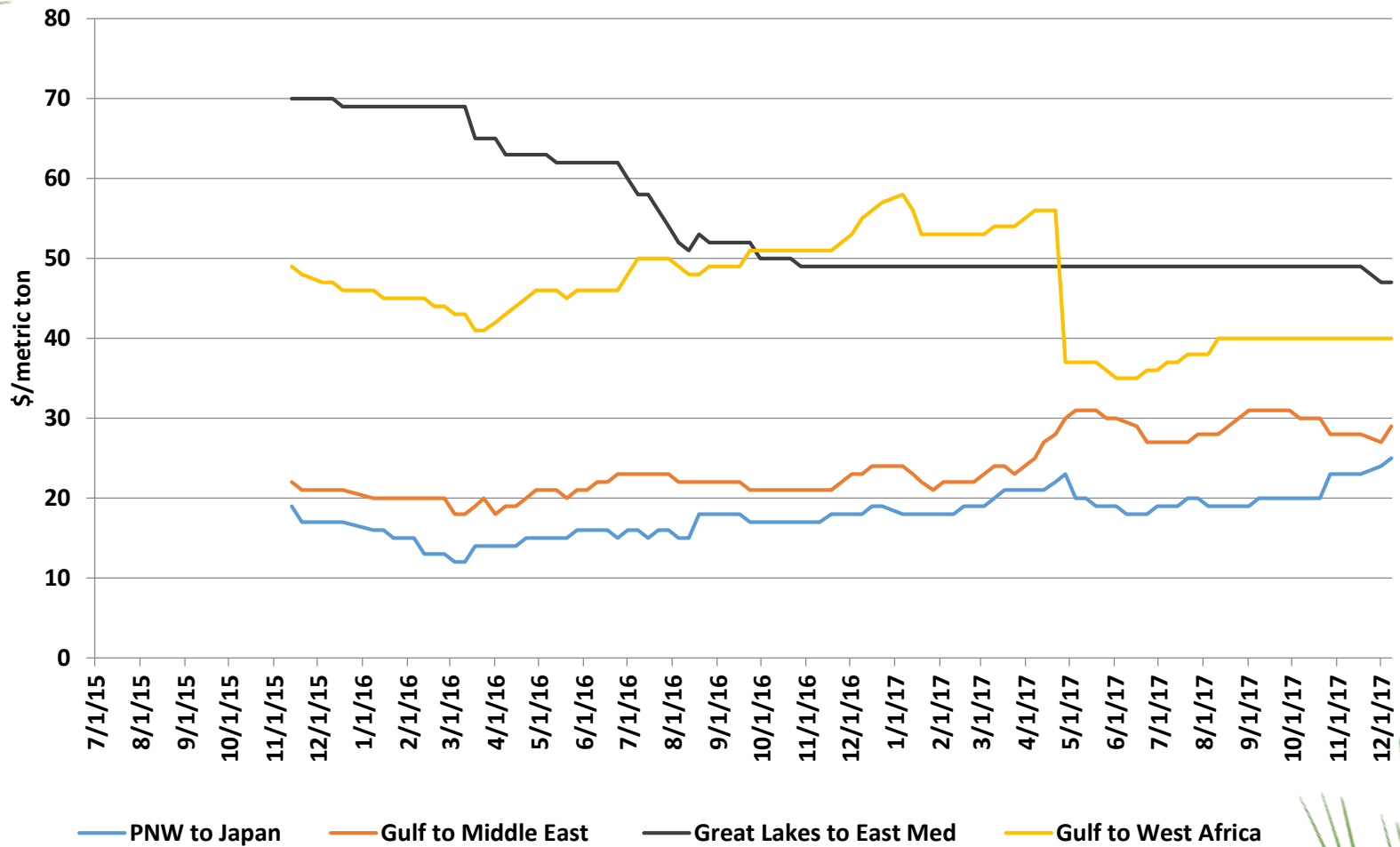


World Soybeans

Production, Use and Trade



Ocean Freight Rates for Grains



Summary

- **Global production at a record 755 MMT, up slightly from 2016/17**
 - Canadian wheat production to fall to 30.0 MMT, 5% above 2016/17
 - Wheat production in the U.S. totaled 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 Russia to grow to 16.8 MMT, 55% higher than 2016/17
 - U.S. ending stocks to decrease to 26.1 MMT, down 19% from 2016/17 if realized
- **World consumption and trade expected to decrease slightly in 2017/18**
 - Black Sea exports estimated at 58.0 MMT, 9% above 2016/17
 - U.S. 2017/18 exports to total 26.5 MMT, in line with the 5-year average, if realized



U.S. WHEAT
ASSOCIATES