

World Wheat Supply and Demand Situation

February 2018

Major data source: USDA World Agricultural Supply and Demand Estimates released February 8, 2018. 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 to reach a new record of 758 MMT

- Global supplies estimate to grow to 1011 MMT; up 2% from the 2016/17 and a new record
- Wheat production in Argentina to fell to 18.0 MMT, 2% below 2016/17
- U.S. wheat production estimated at 47.4 MMT, 19% below the 5-year average

2. Consumption forecast at a record 745 MMT, 5% above the 5-year average

- Chinese domestic consumption to total 117 MMT, 1% below the 5-year average, if realized
- U.S. domestic consumption to slip 4% year over year to 30.4 MMT due to lower wheat feeding and seed usage

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 36.0 MMT, 29% above 2016/17 and 70% above the 5-year average
- Exports from the EU to fall 5% year over year to 26.0 MMT
- U.S. 2017/18 exports to decrease to 25.9 MMT, down 10% from 2016/17



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

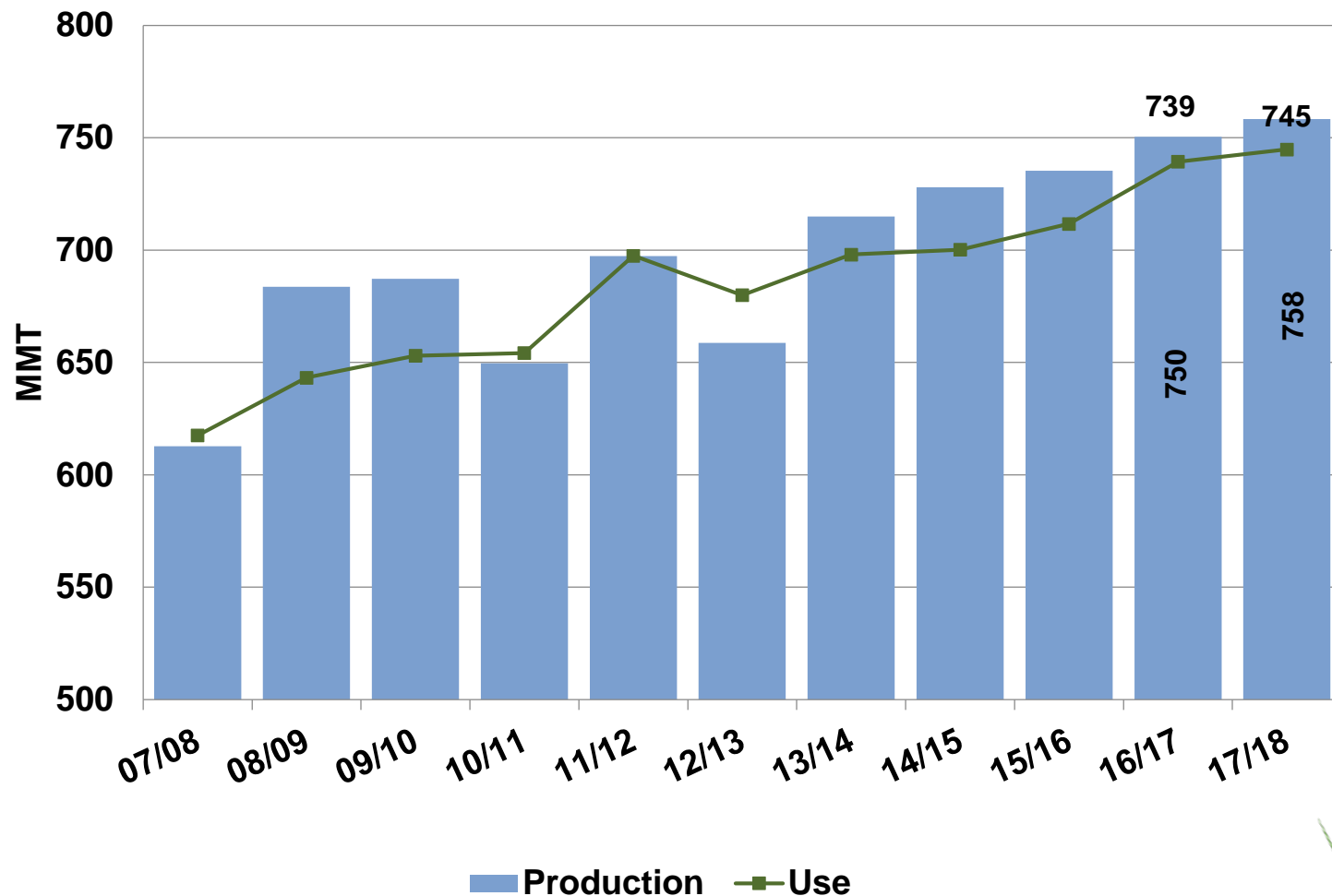
4. **World beginning stocks estimated at record 253 MMT, up 5% year over year**
 - Beginning stocks in India totaled 9.80 MMT, 48% below the 5-year average
 - U.S. beginning stocks rose to an estimated 32.1 MMT, 21% above 2016/17 levels
5. **Global ending stocks projected at record 266 MMT, 5% higher than 2016/17, if realized**
 - Estimated Chinese ending stocks of 127 MMT account for 48% of global ending stocks, 57% greater than the 5-year average
 - Exporter ending stocks forecast at 75.6 MMT, unchanged year over year
 - Ending stocks in importing countries to fall to 63.4 MMT, 10% below the 5-year average of 70.6 MMT
6. **U.S. farm gate average price forecast 18% higher in 2017/18**
 - Projected average range: **\$4.55 to \$4.65/bushel (\$167-\$171/MT)***

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

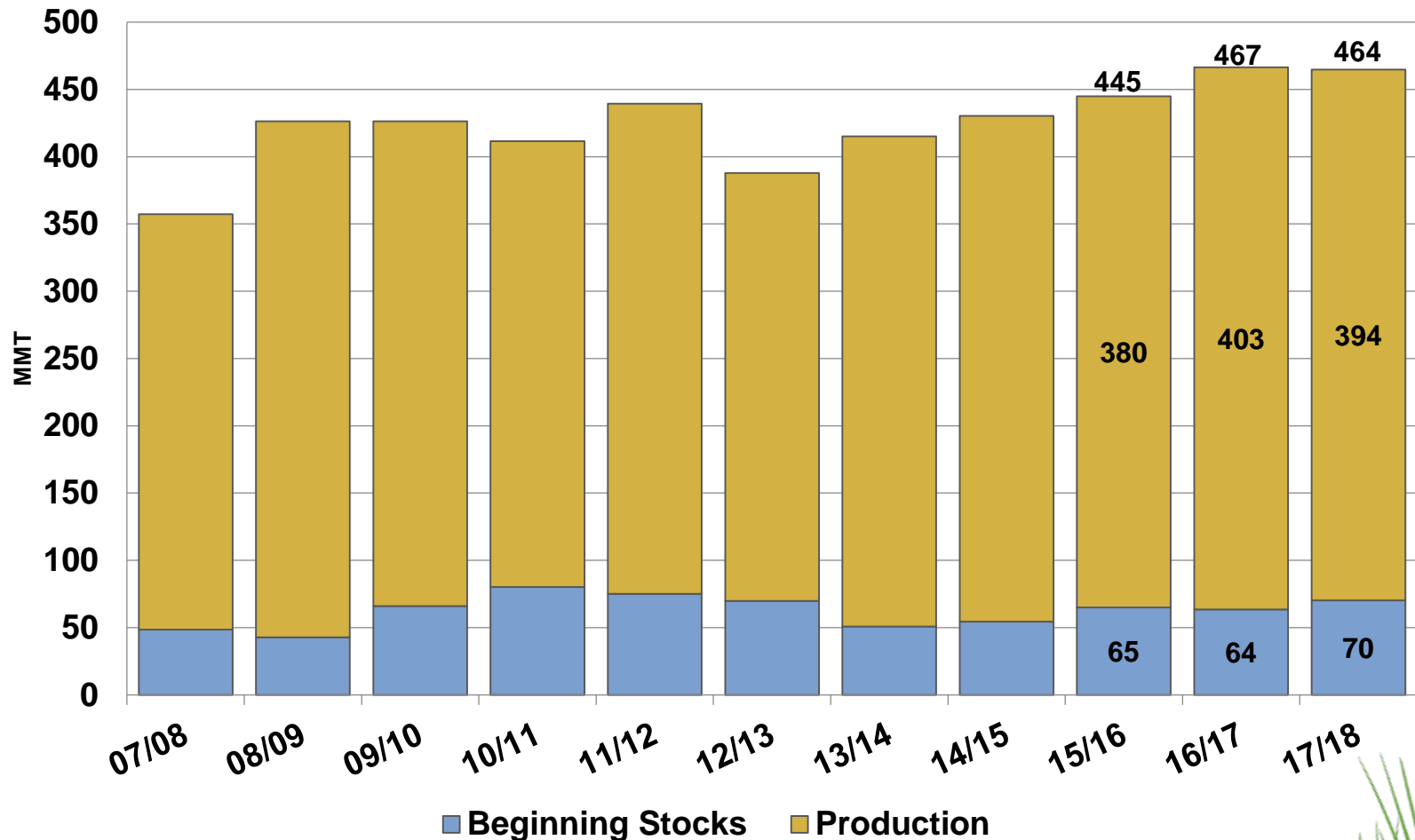


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World Production and Use



Supplies in Top Exporting Countries*



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

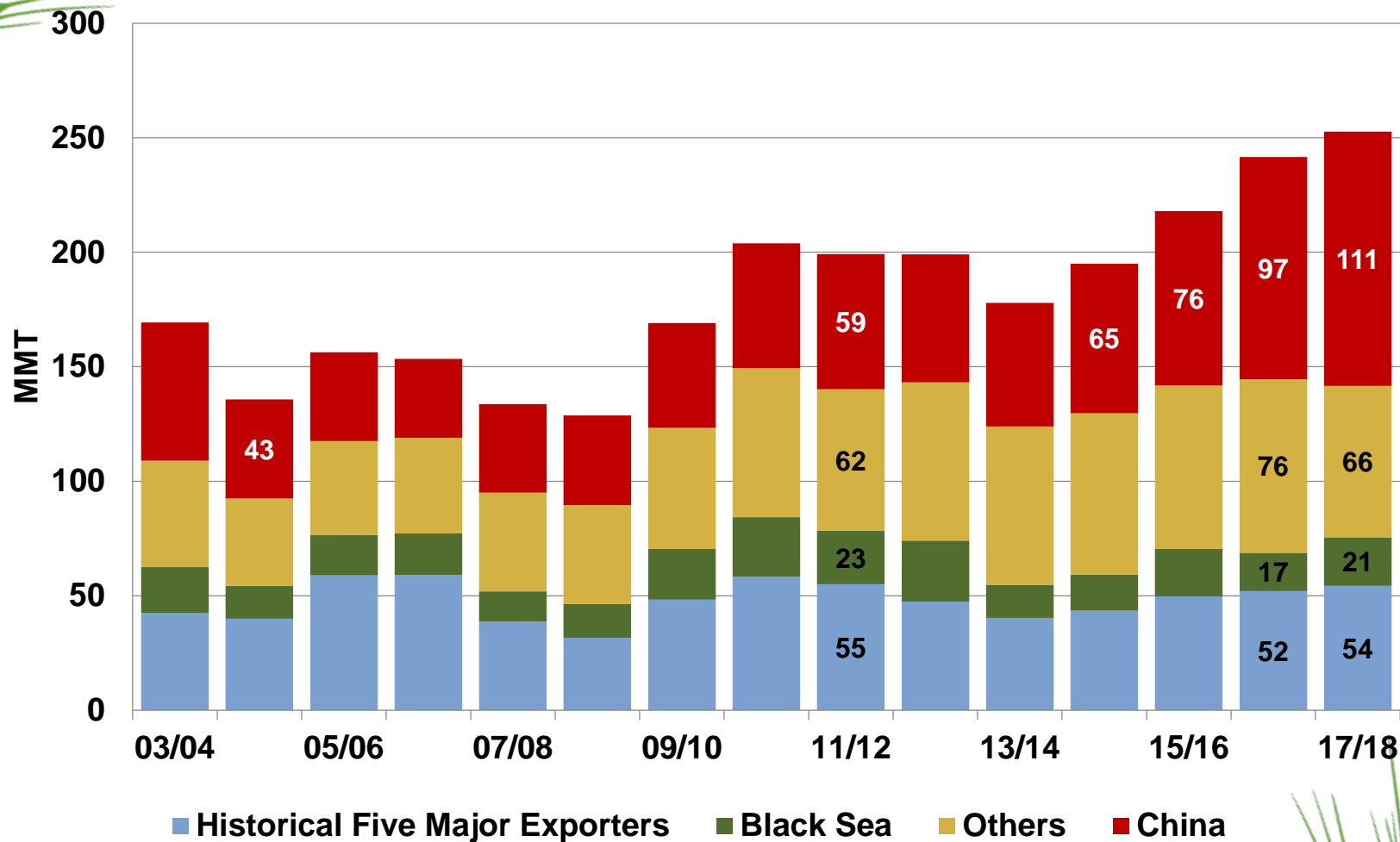
World Wheat Supply and Demand

		15/16	16/17 <i>MMT</i>	17/18
SUPPLY:	Beginning Stocks	218	242	253
	Production	735	750	758
	Supply Total	953	992	1011
TRADE:	Exports/Imports	173	183	182
DEMAND	Food & Seed	575	592	600
	Feed & Residual	137	147	145
	Use Total	712	739	745
	ENDING STOCKS:	242	253	266



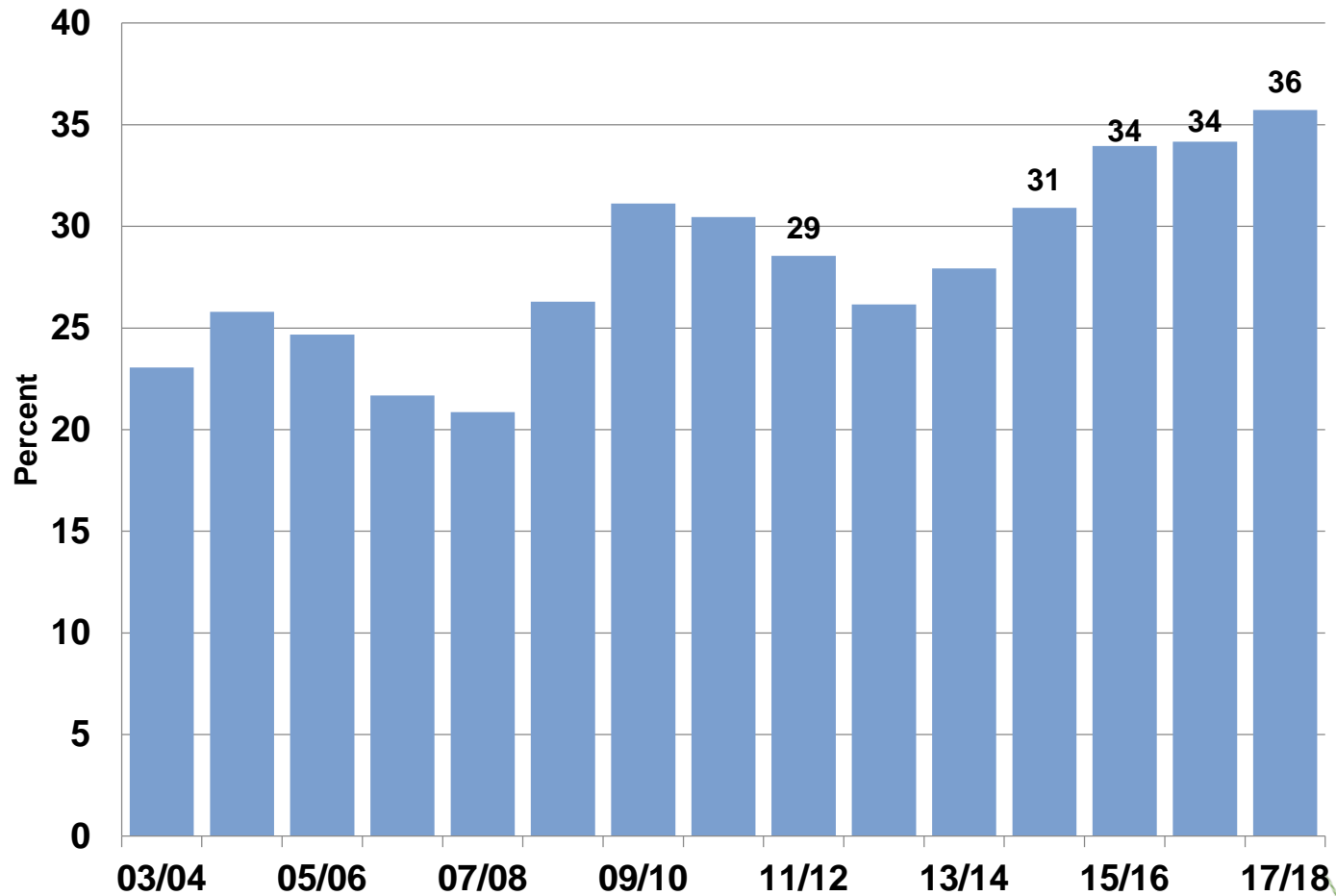
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World Beginning Stocks



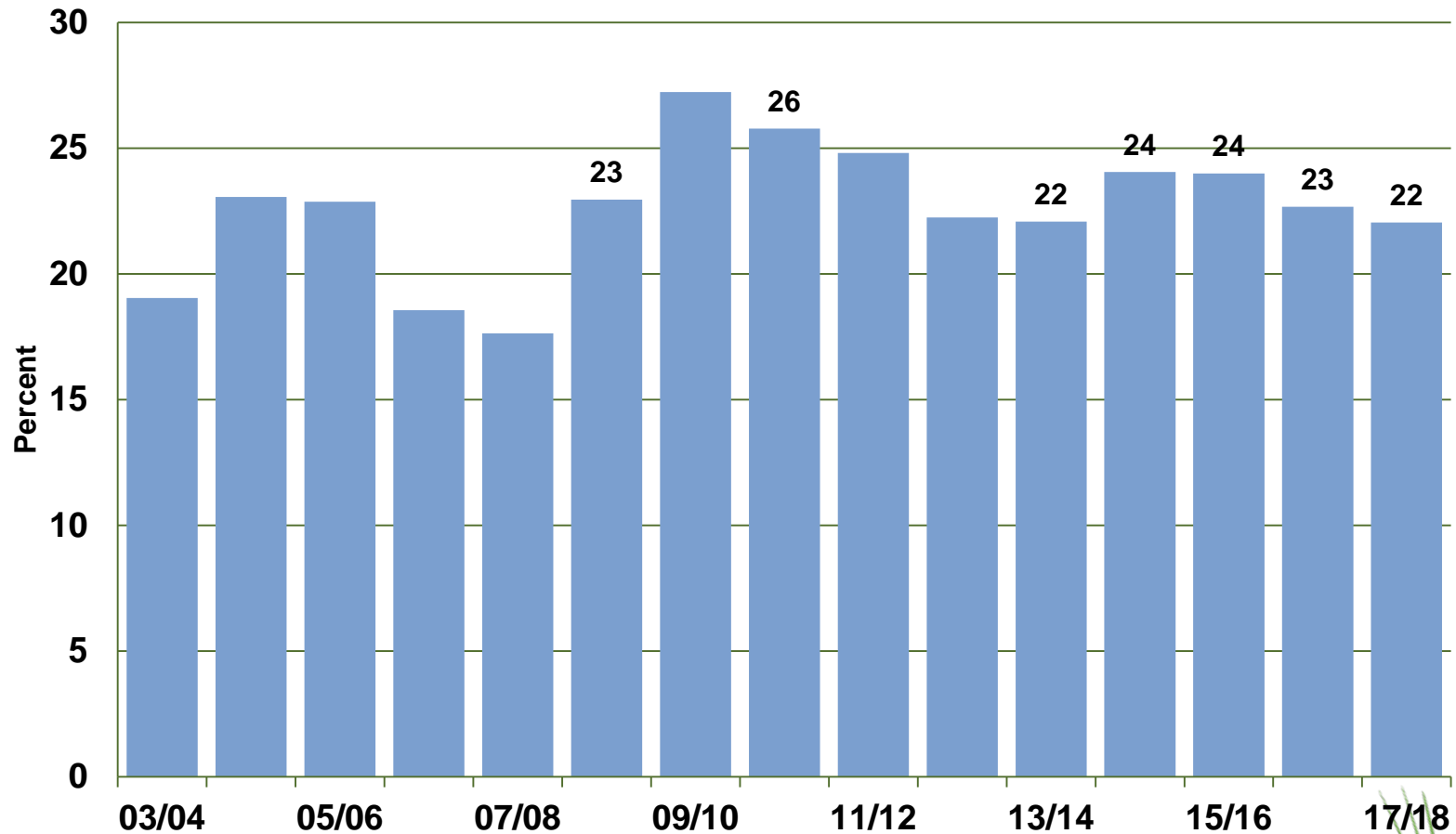
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

Global Stocks*-to-Use Ratio



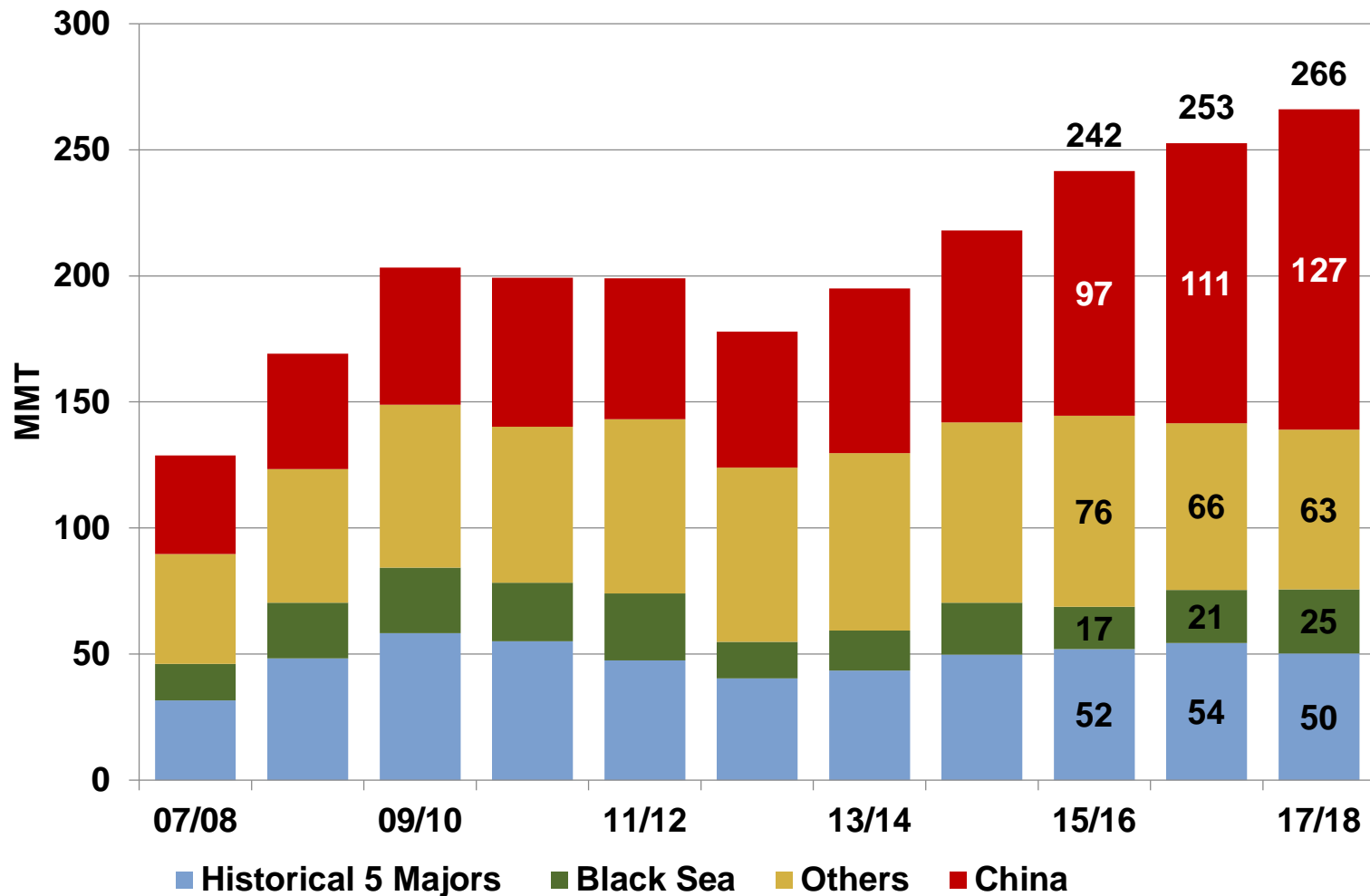
**Ending stocks*

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



*Ending stocks

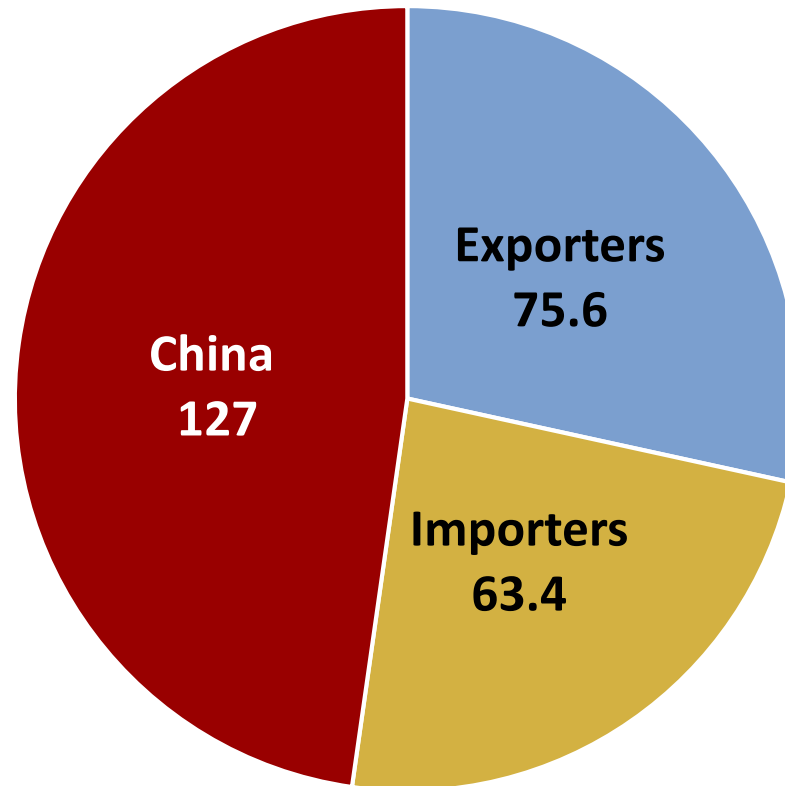
World Ending Stocks



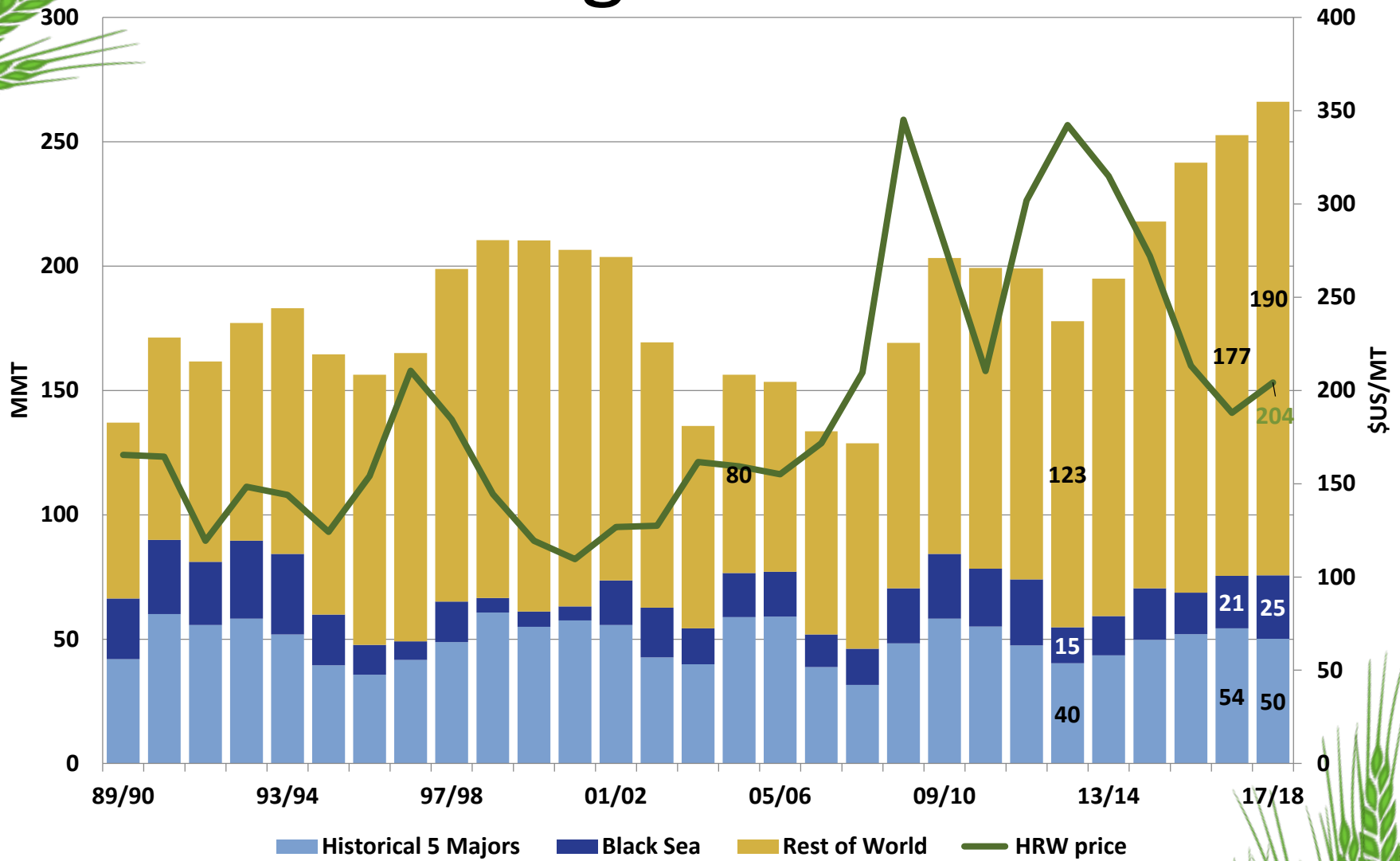
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Black Sea includes Russia, Ukraine and Kazakhstan.*

World Ending Stocks by Position

(million metric tons)



Global Ending Stocks and Price

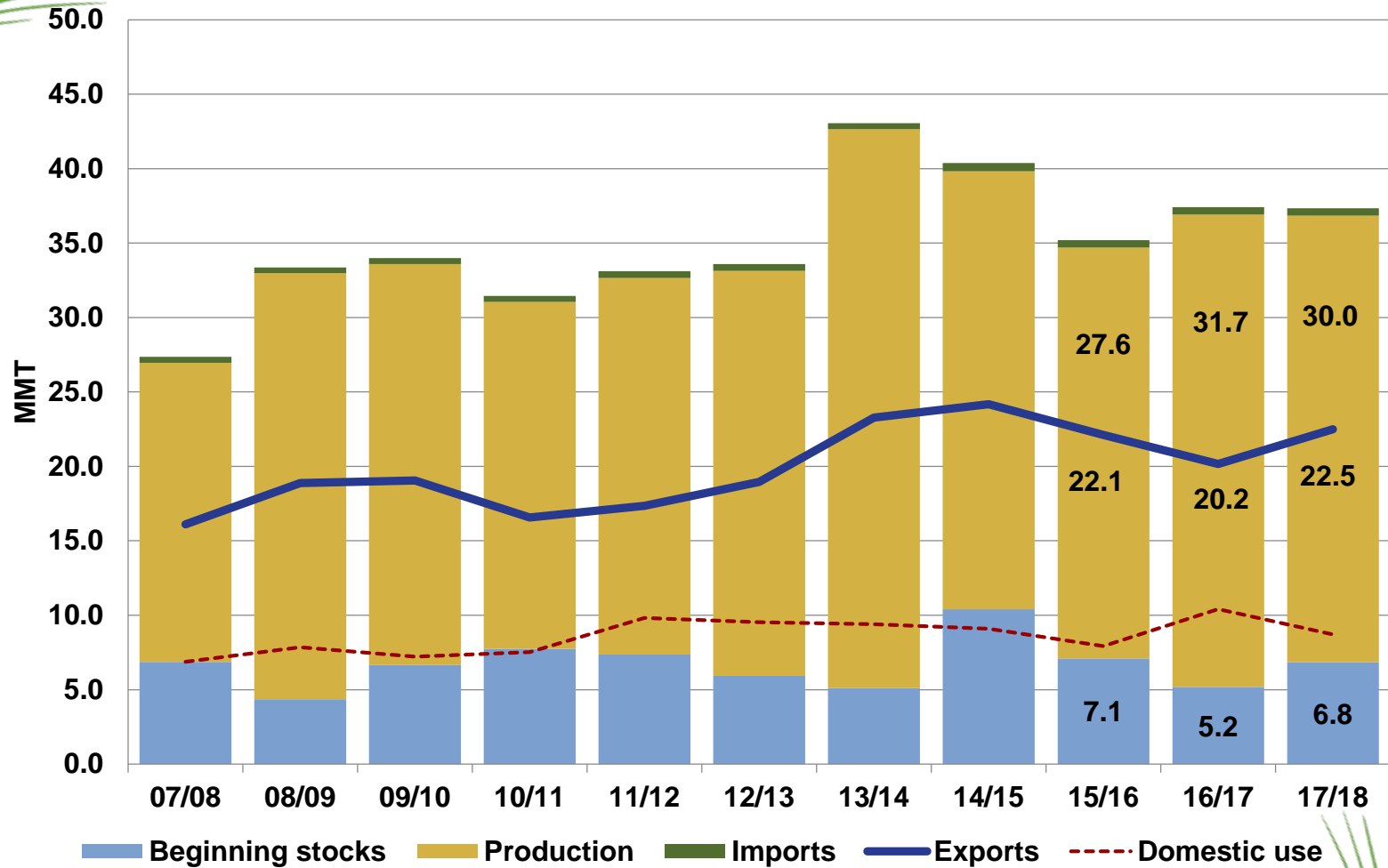


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

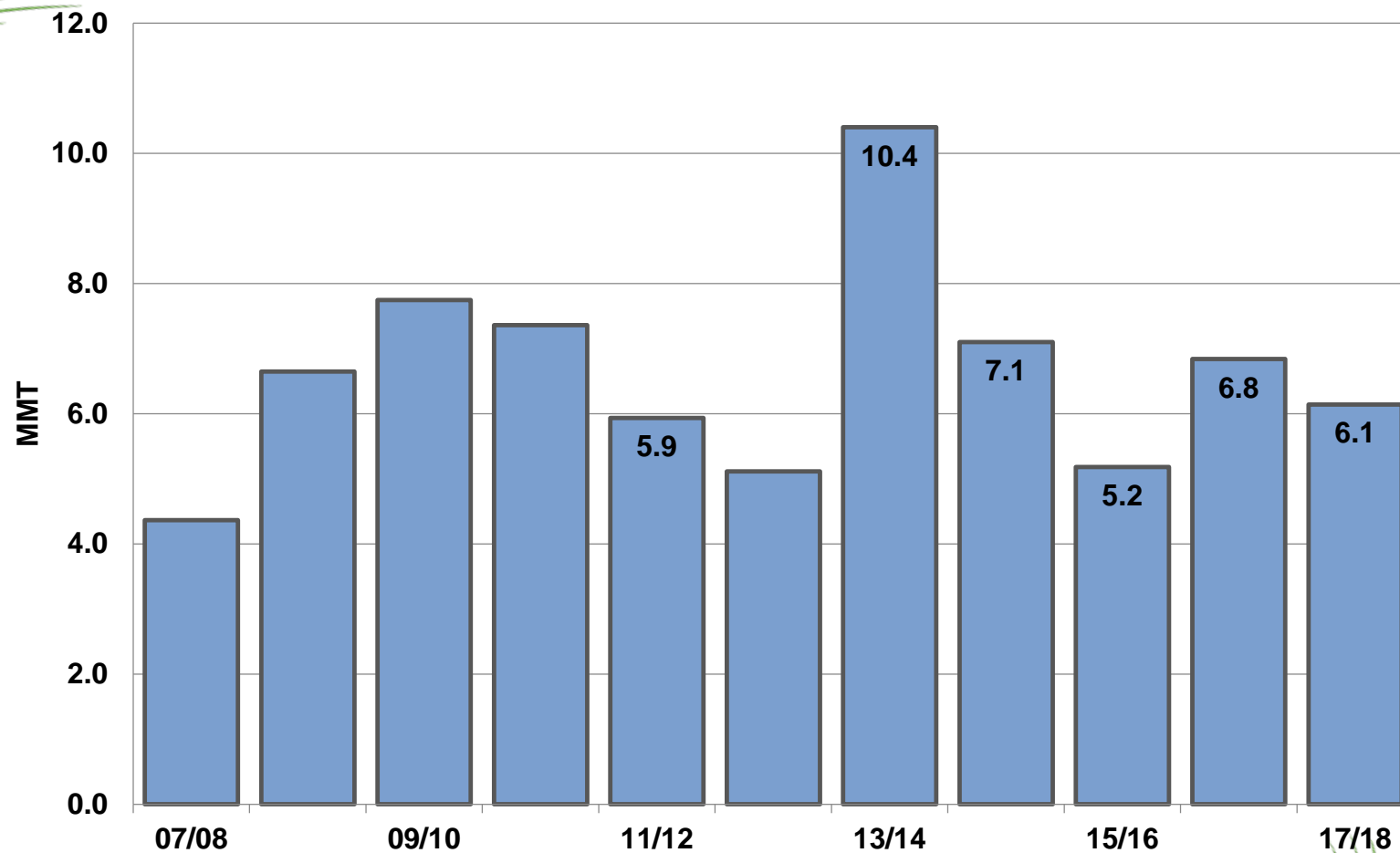


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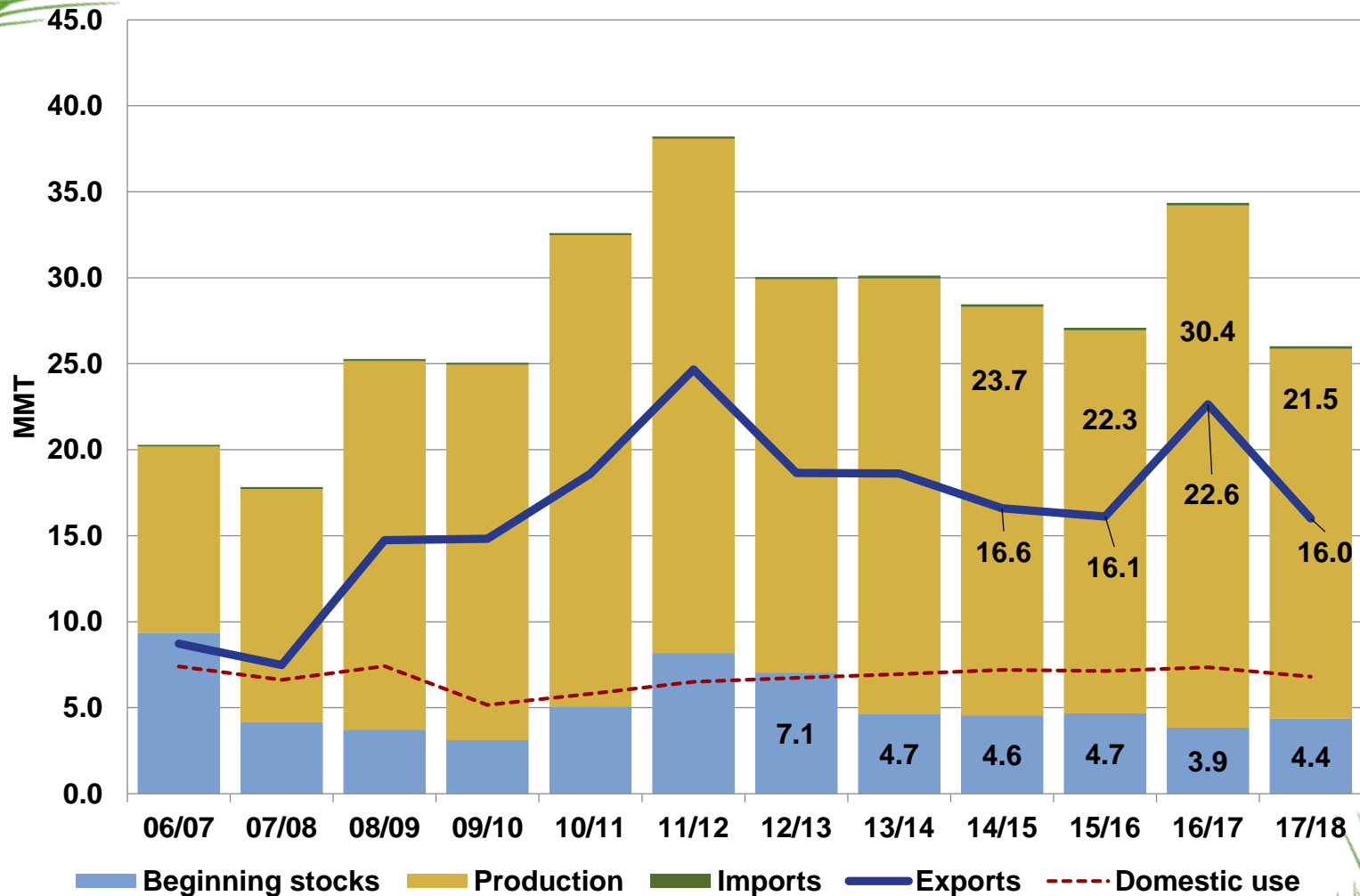
Canada Situation



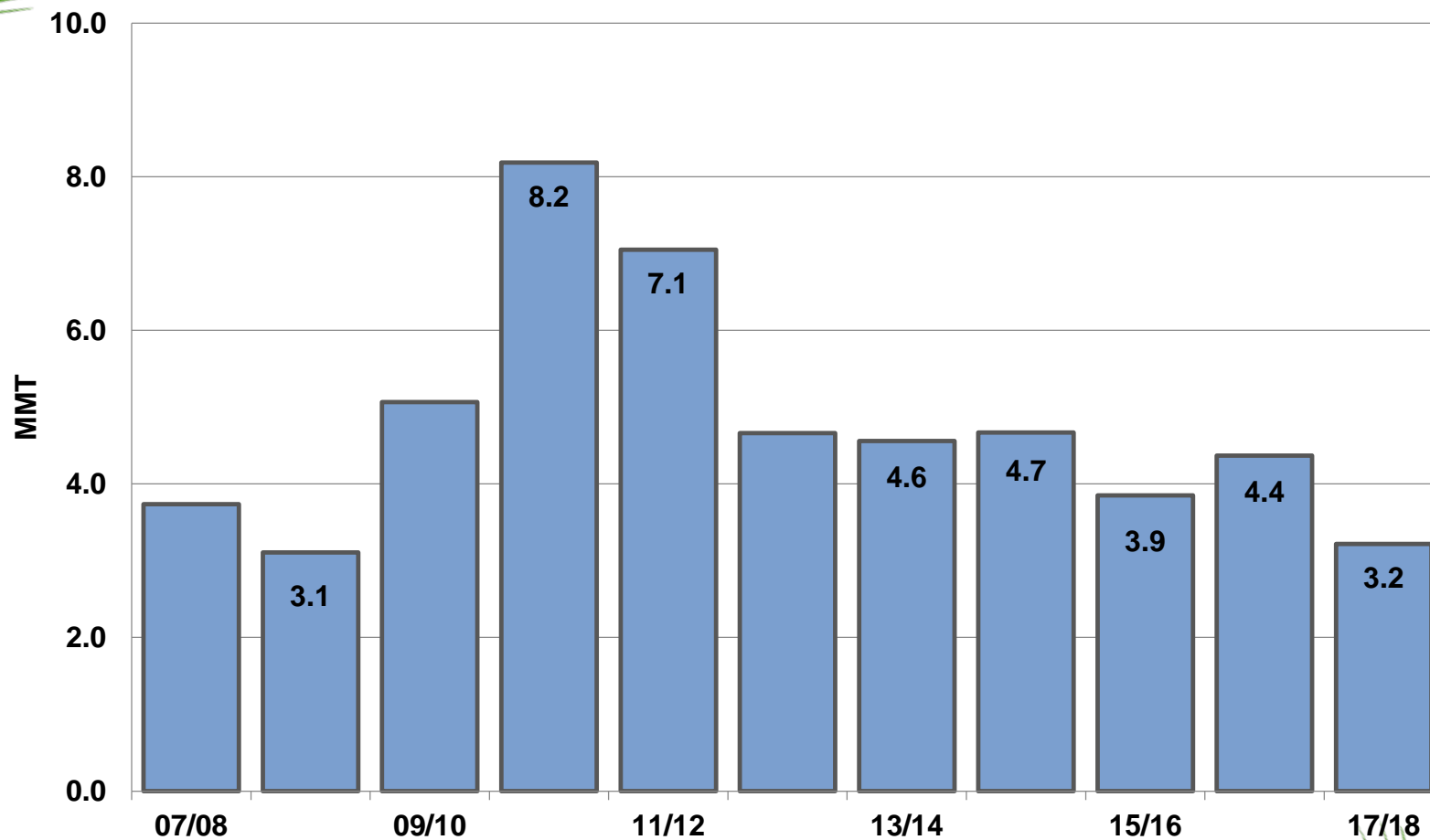
Canada Ending Stocks



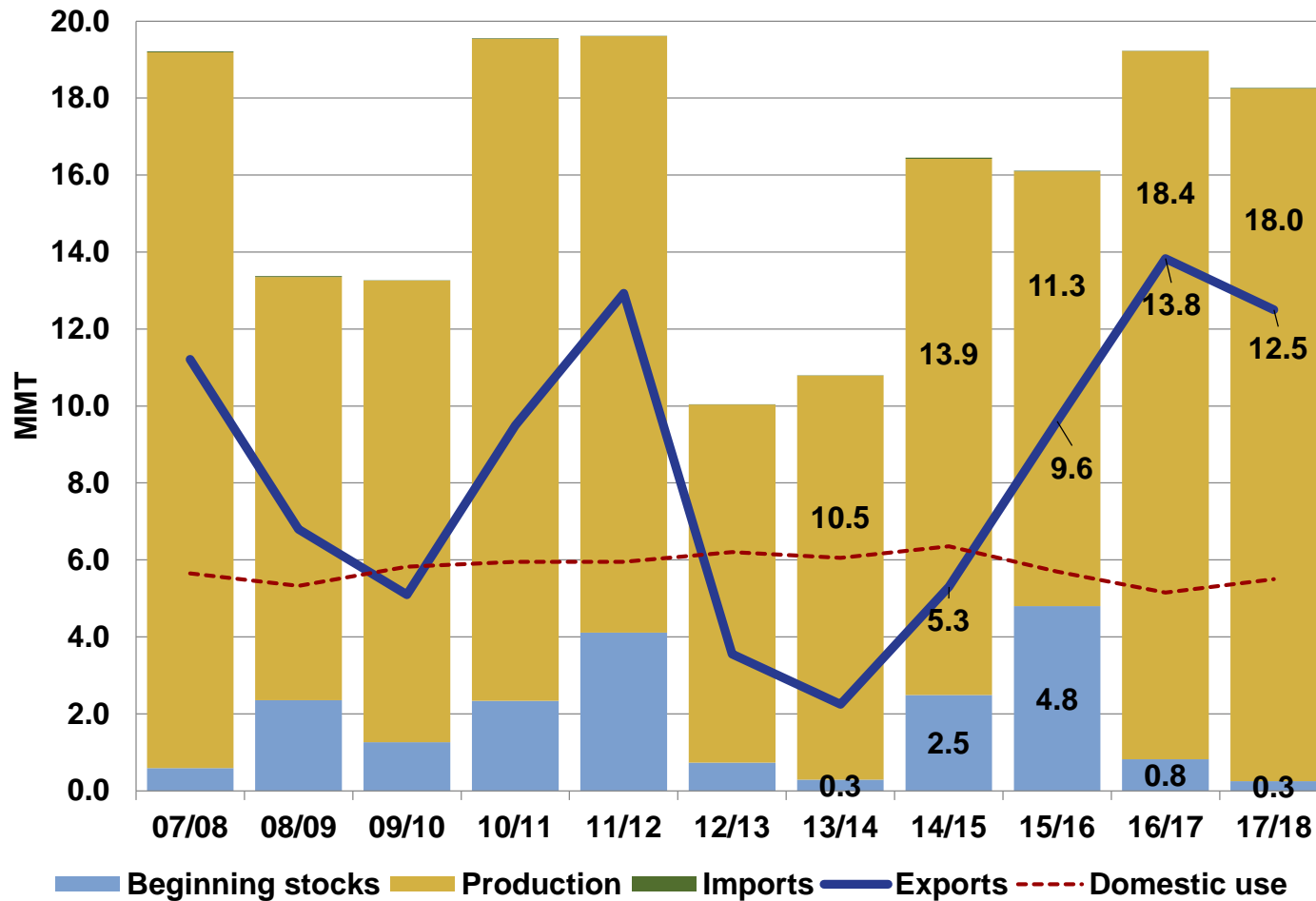
Australia Situation



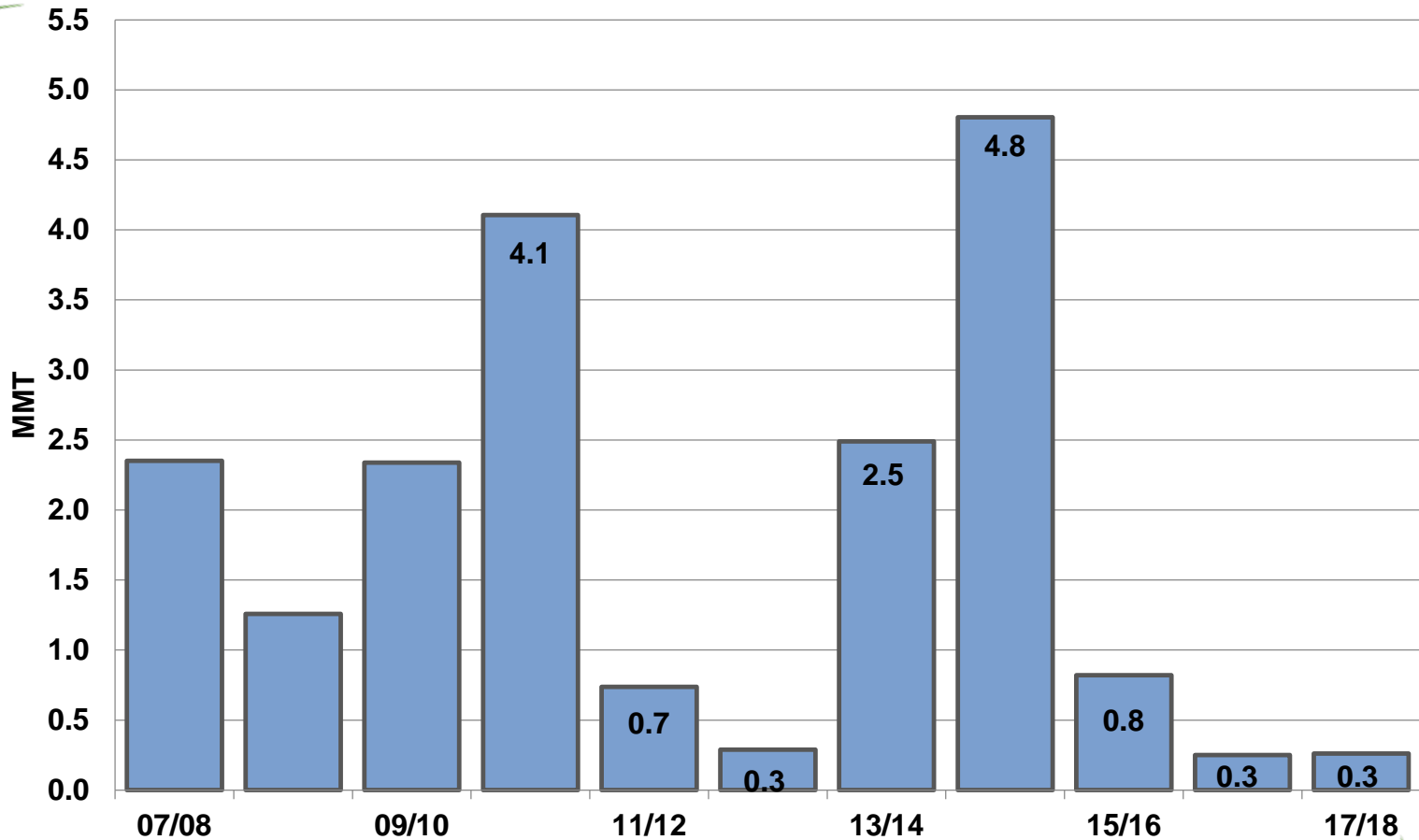
Australia Ending Stocks



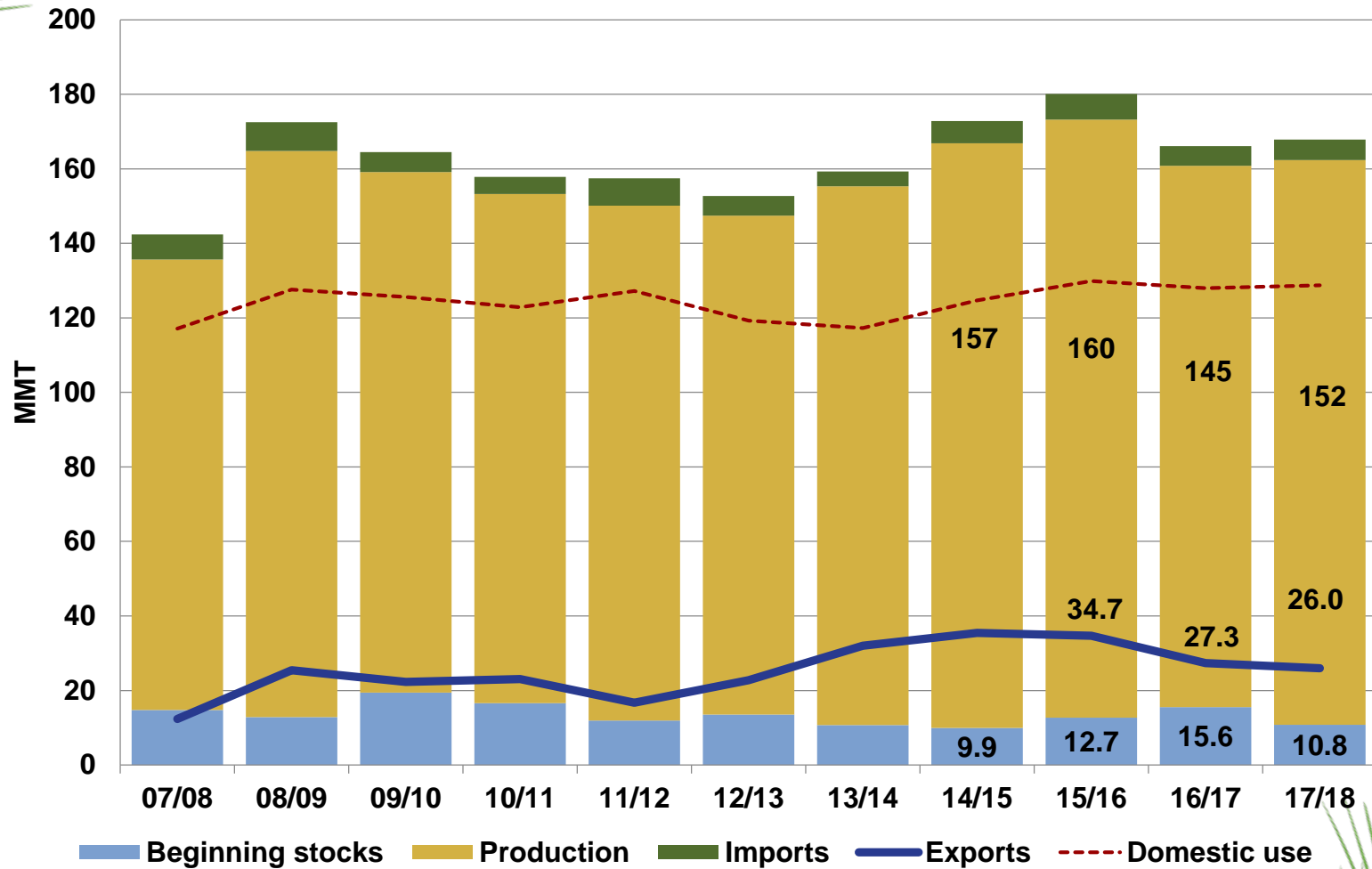
Argentina Situation



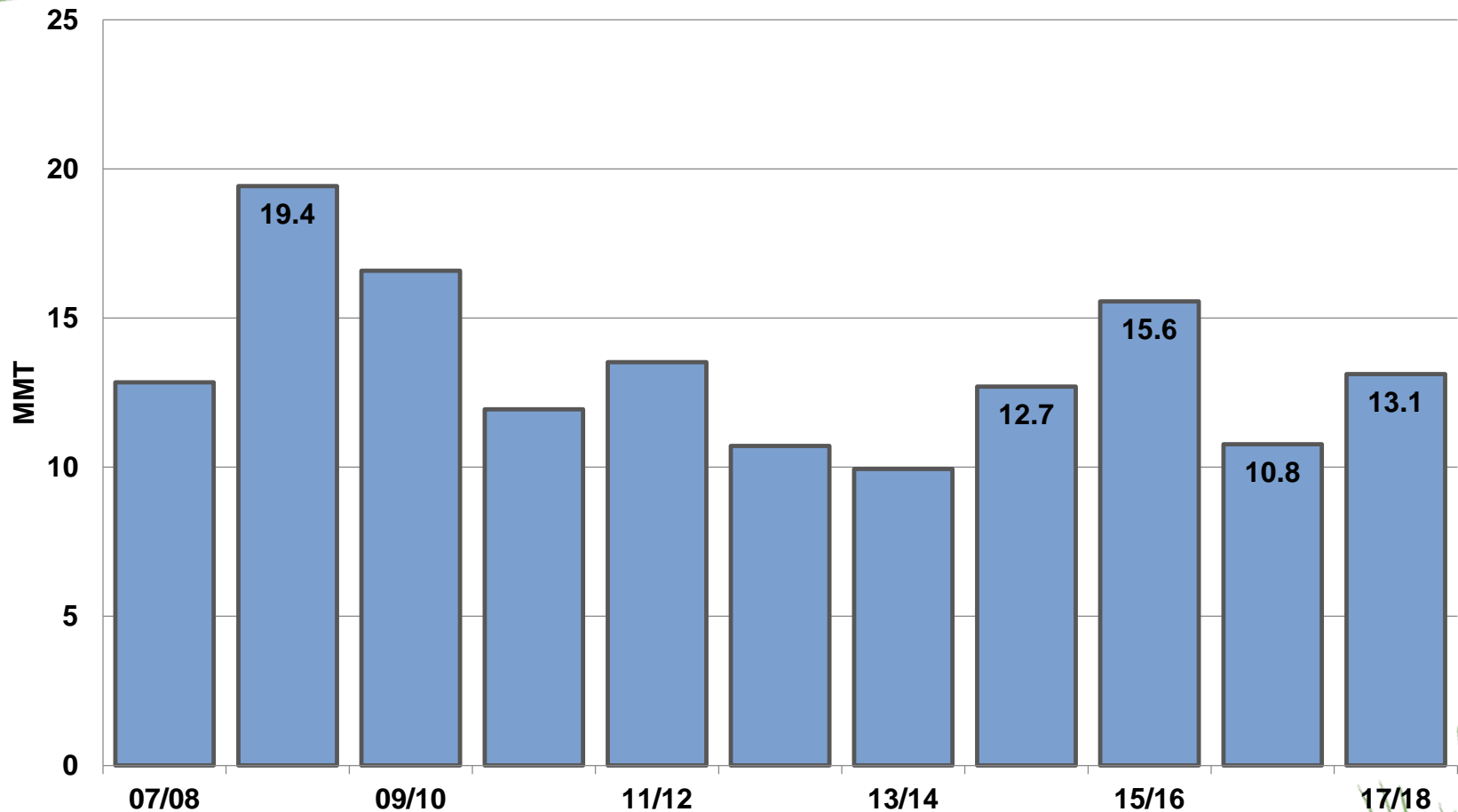
Argentina Ending Stocks



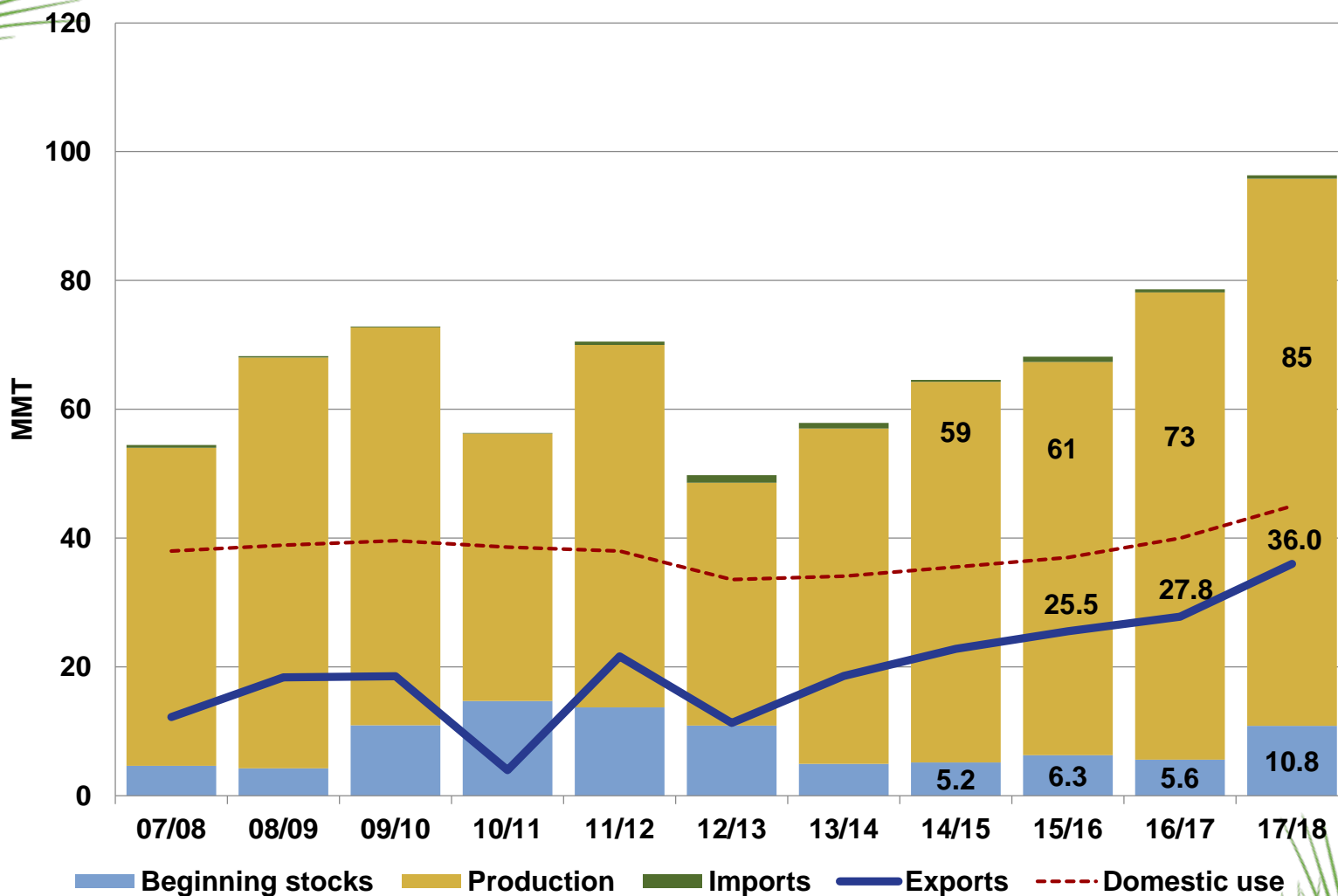
EU-27 Situation



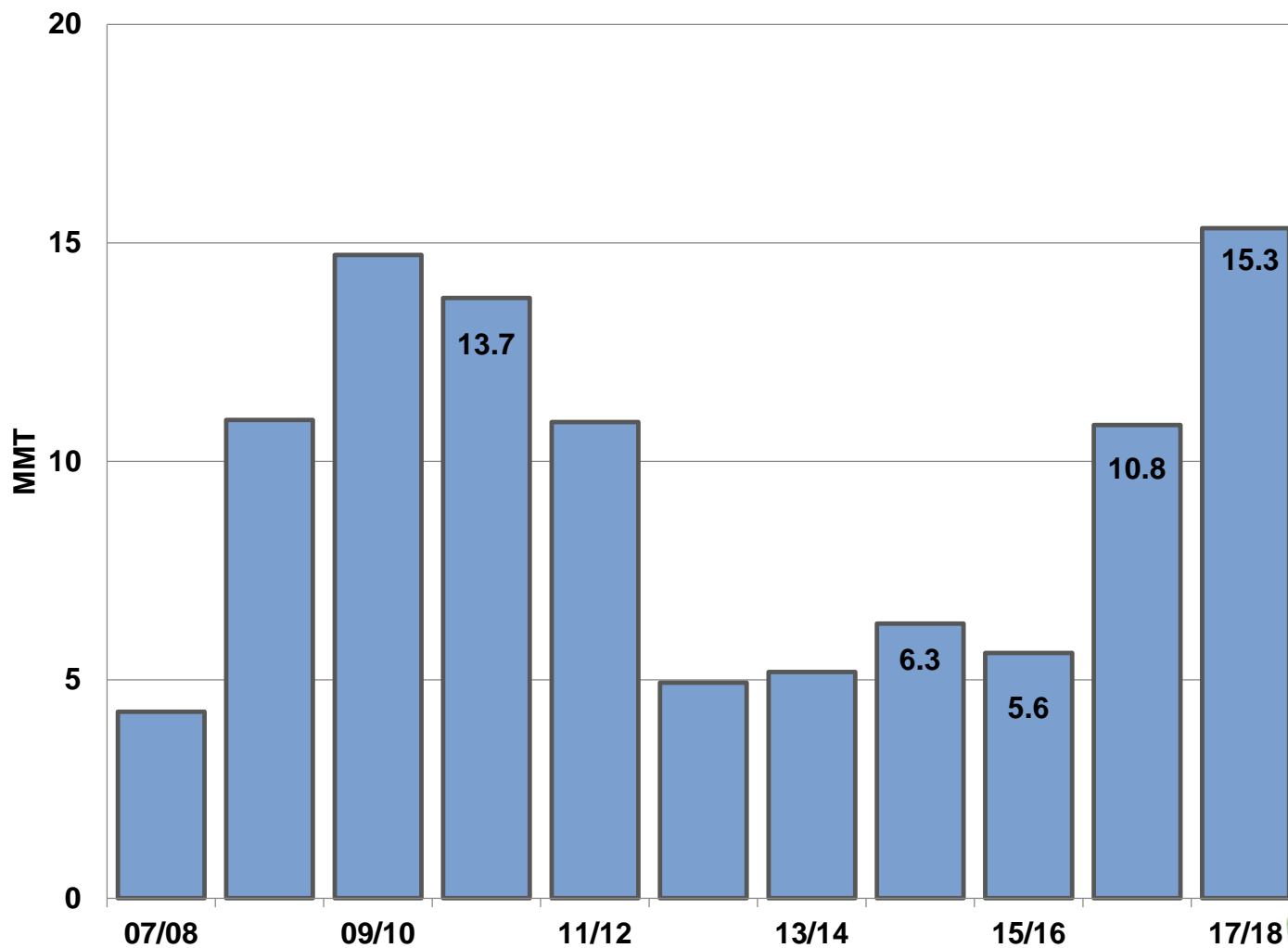
EU-27 Ending Stocks



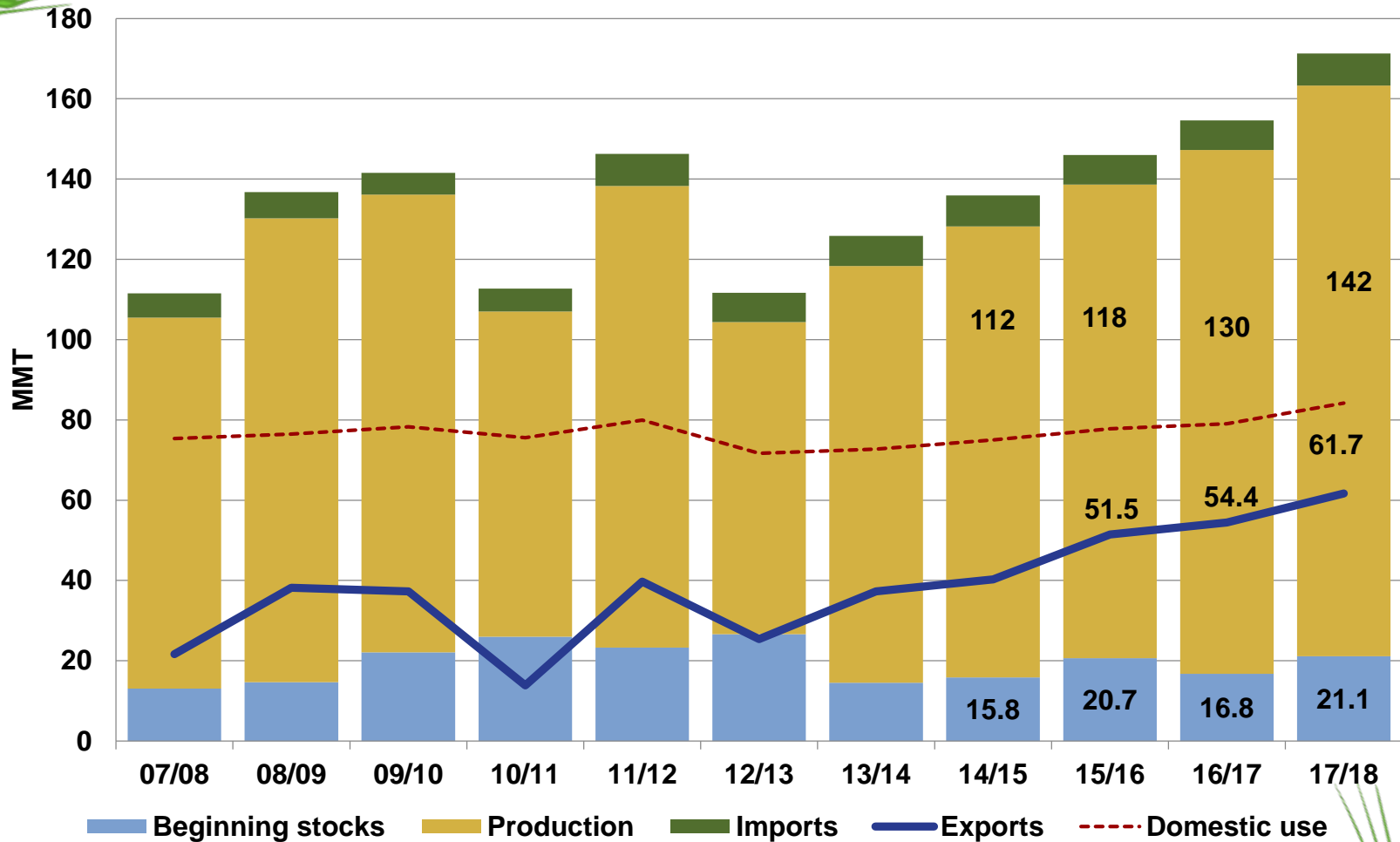
Russia Situation



Russia Ending Stocks

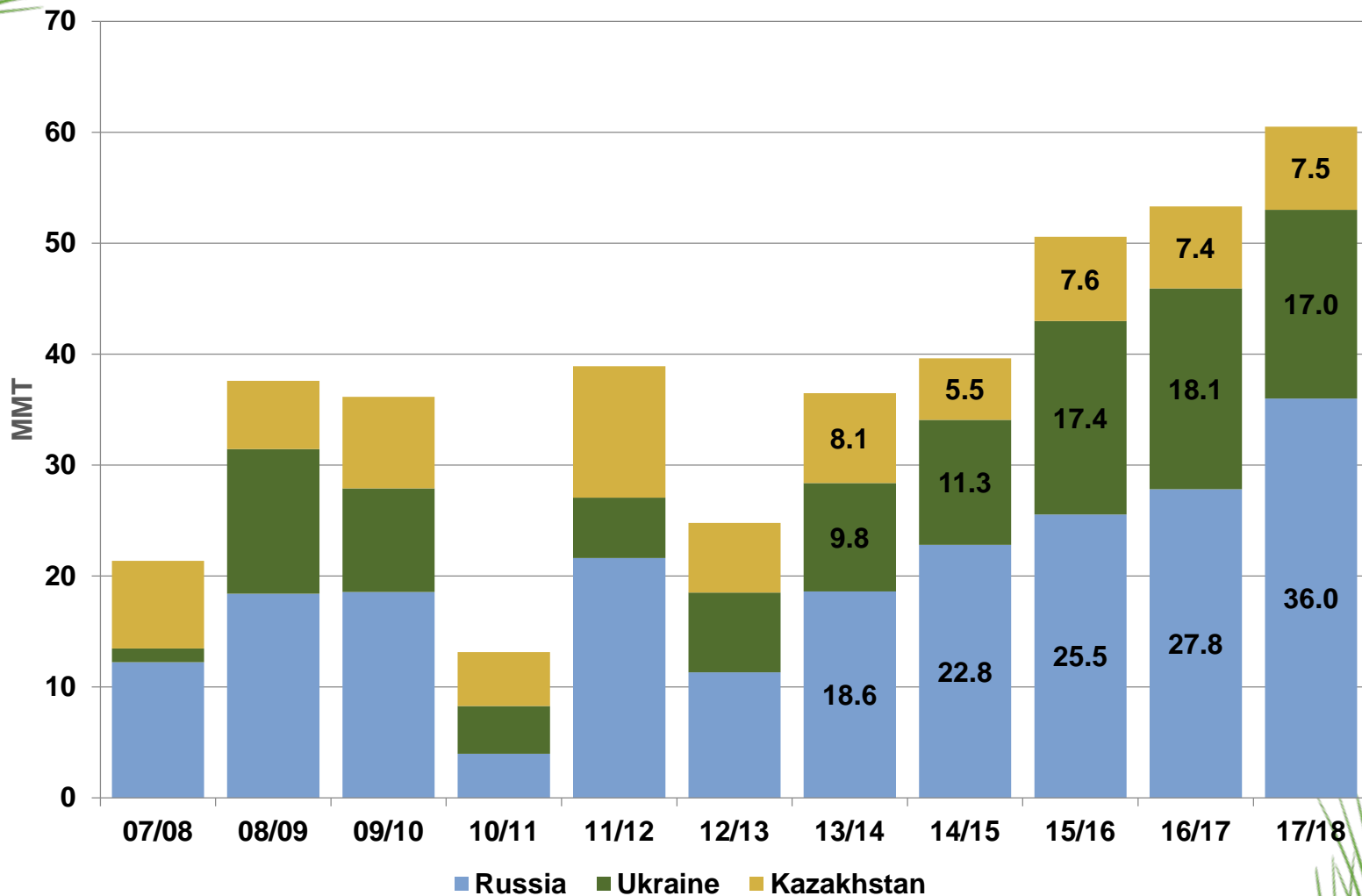


Black Sea Region Situation

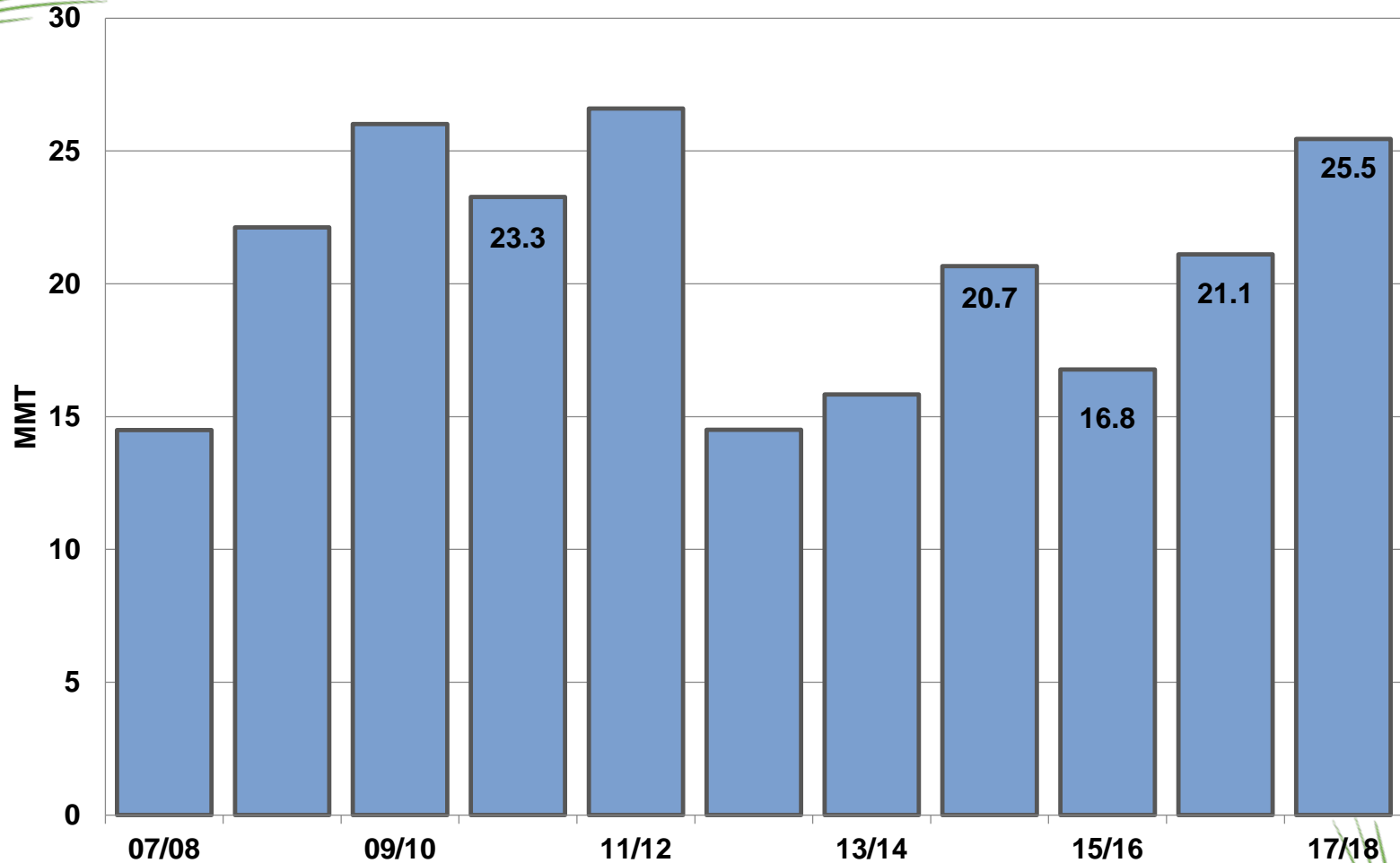


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

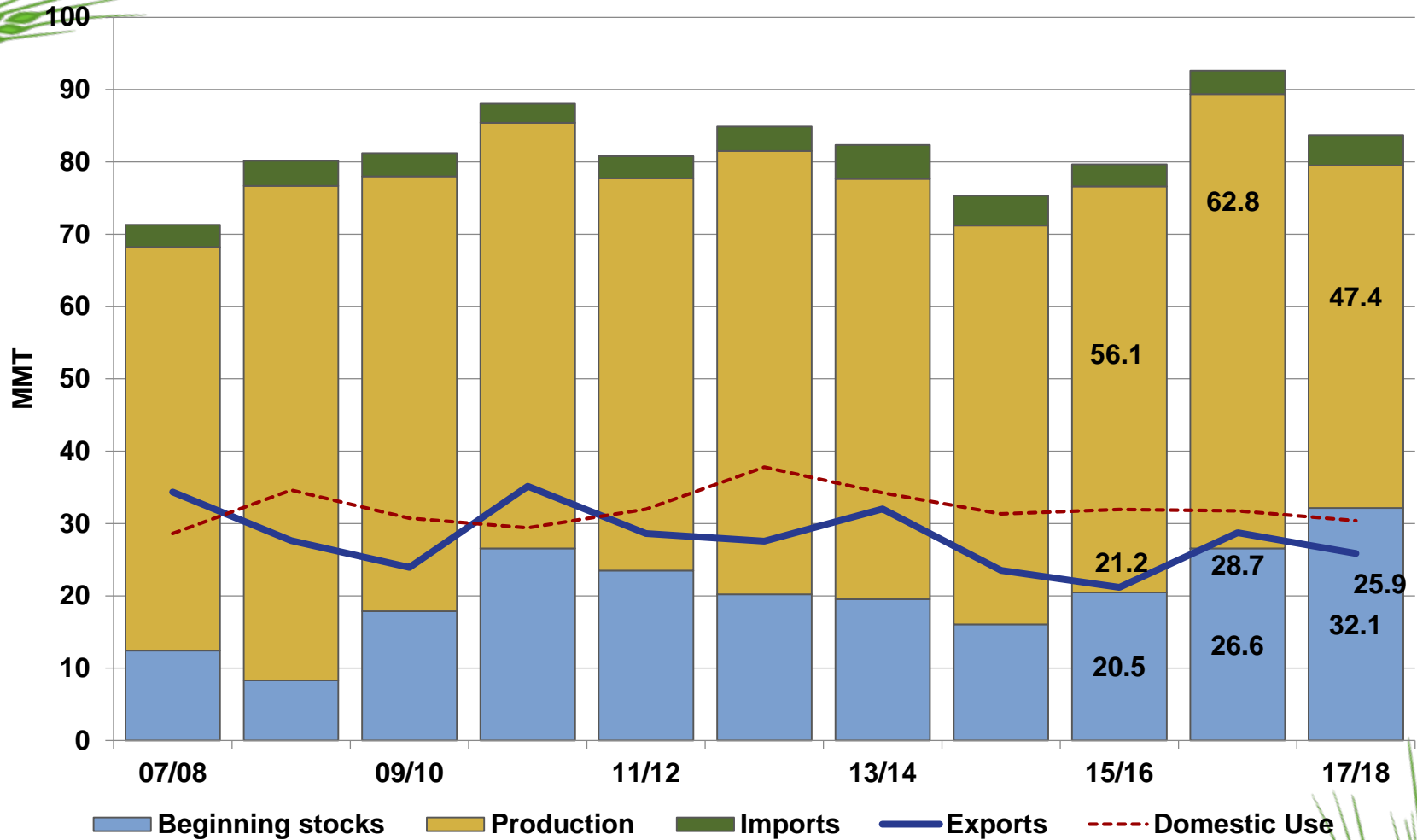
Black Sea Exports



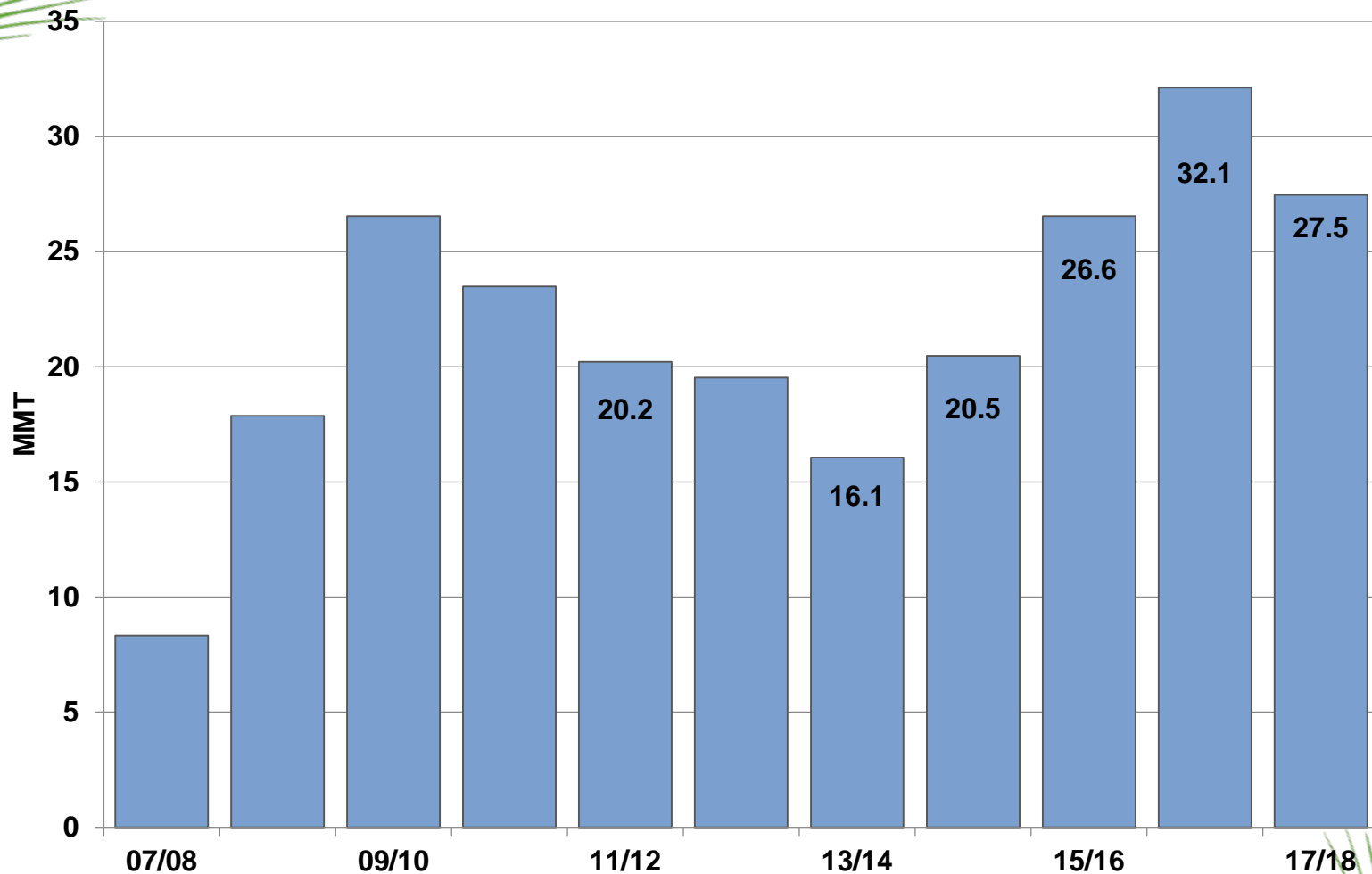
Black Sea Ending Stocks



U.S. Situation



U.S. Ending Stocks



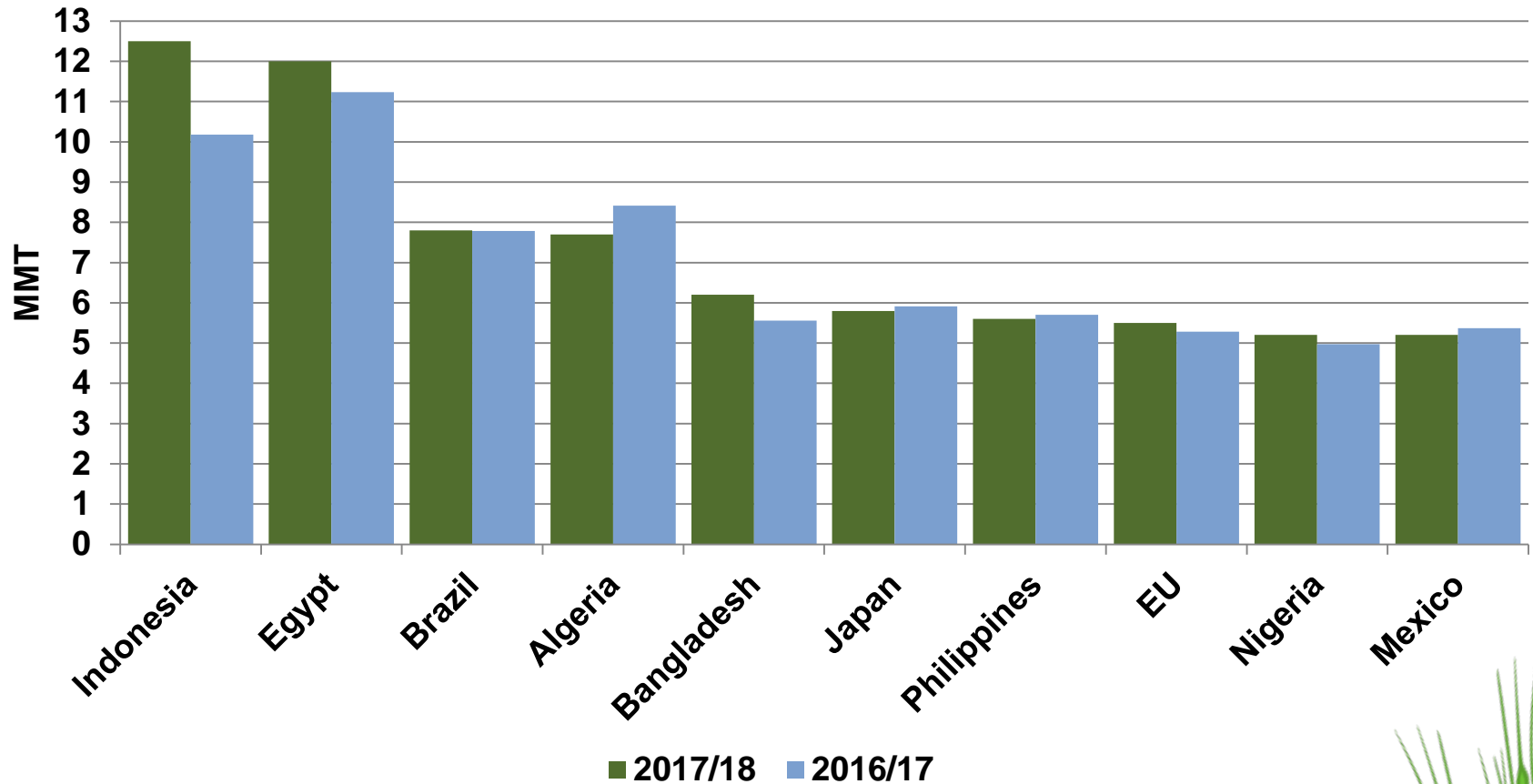
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



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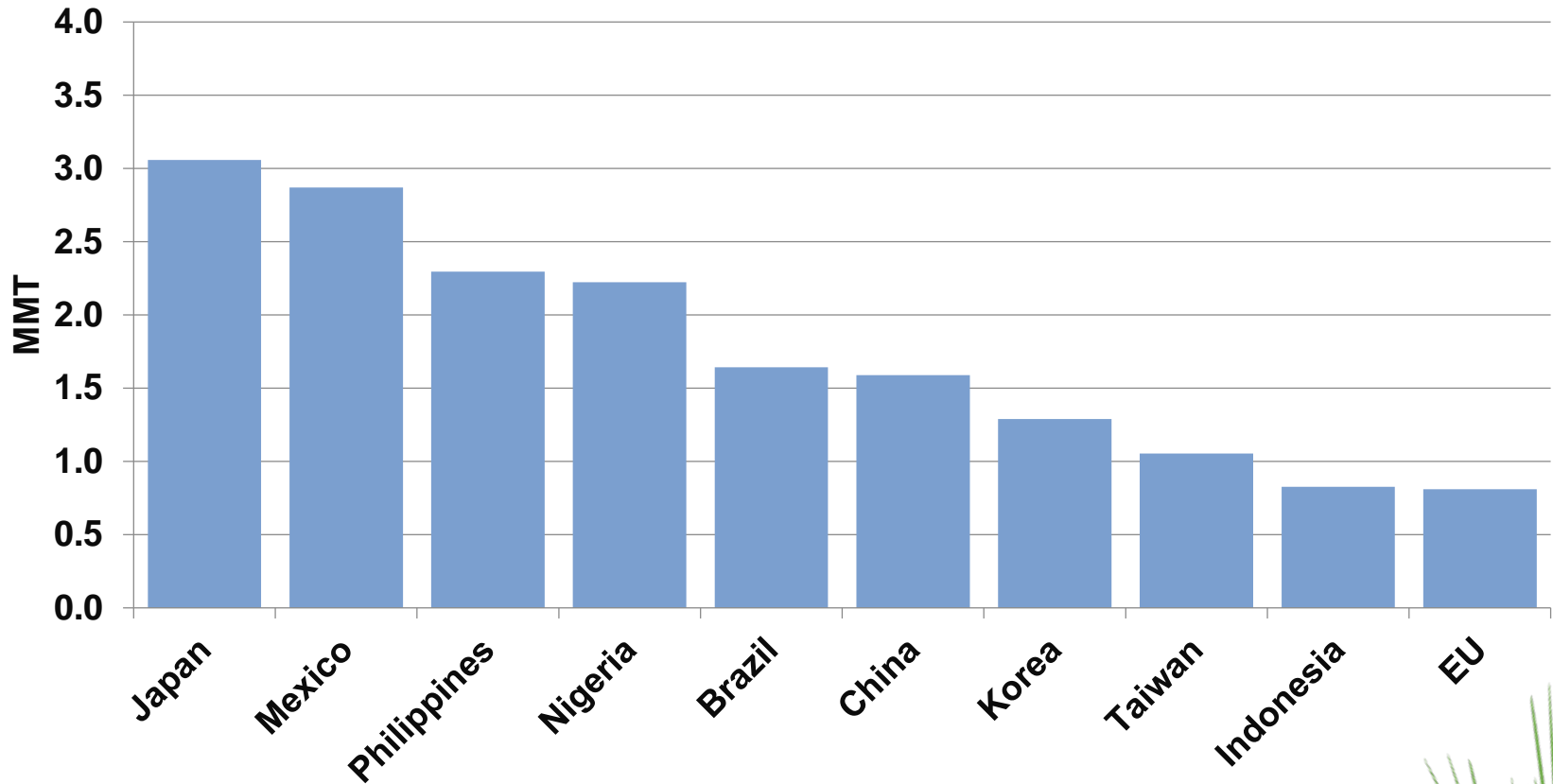
Major World Wheat Importers

(from all origins)



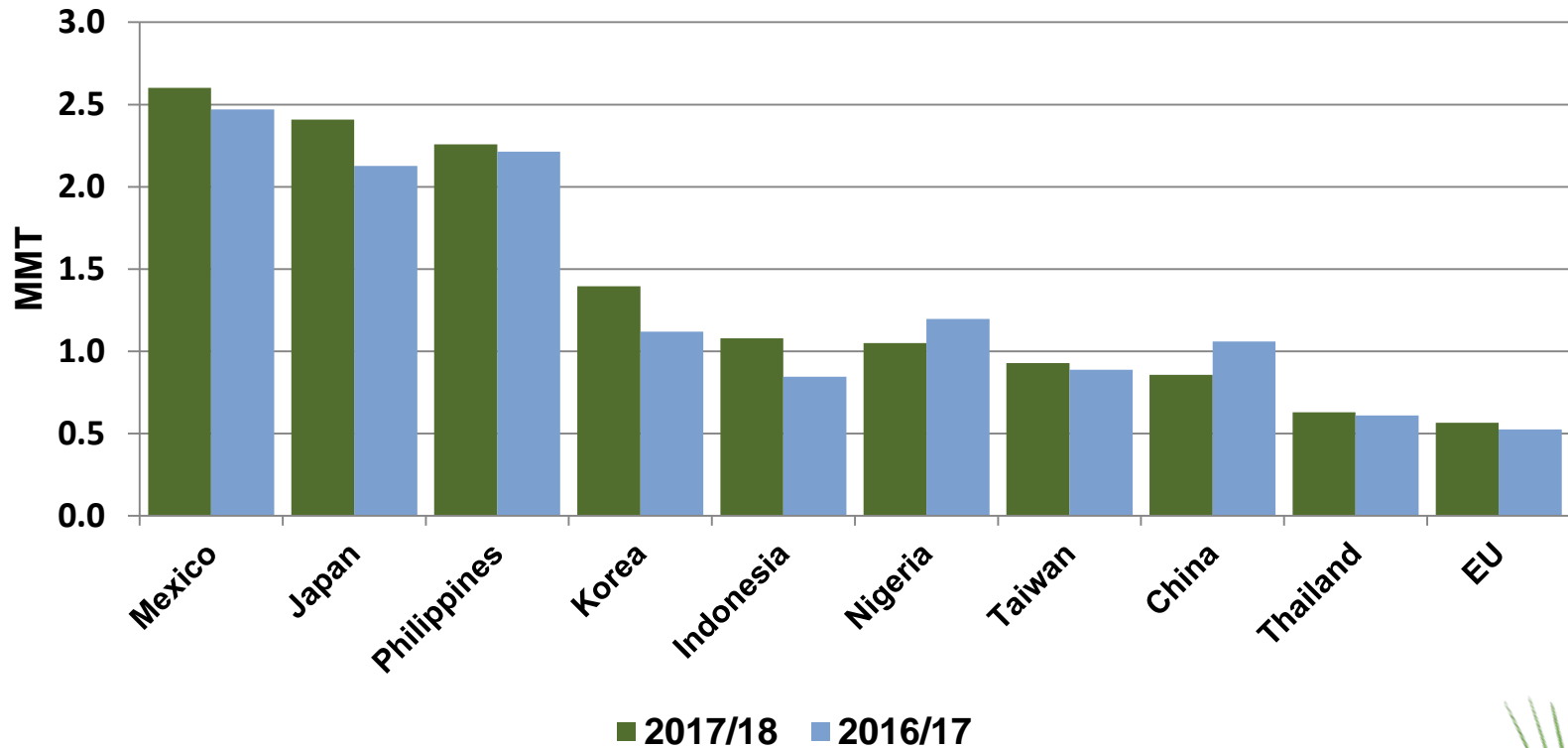
Top 10 Customers for U.S. Wheat

5-year average



Top 10 Customers for U.S. Wheat

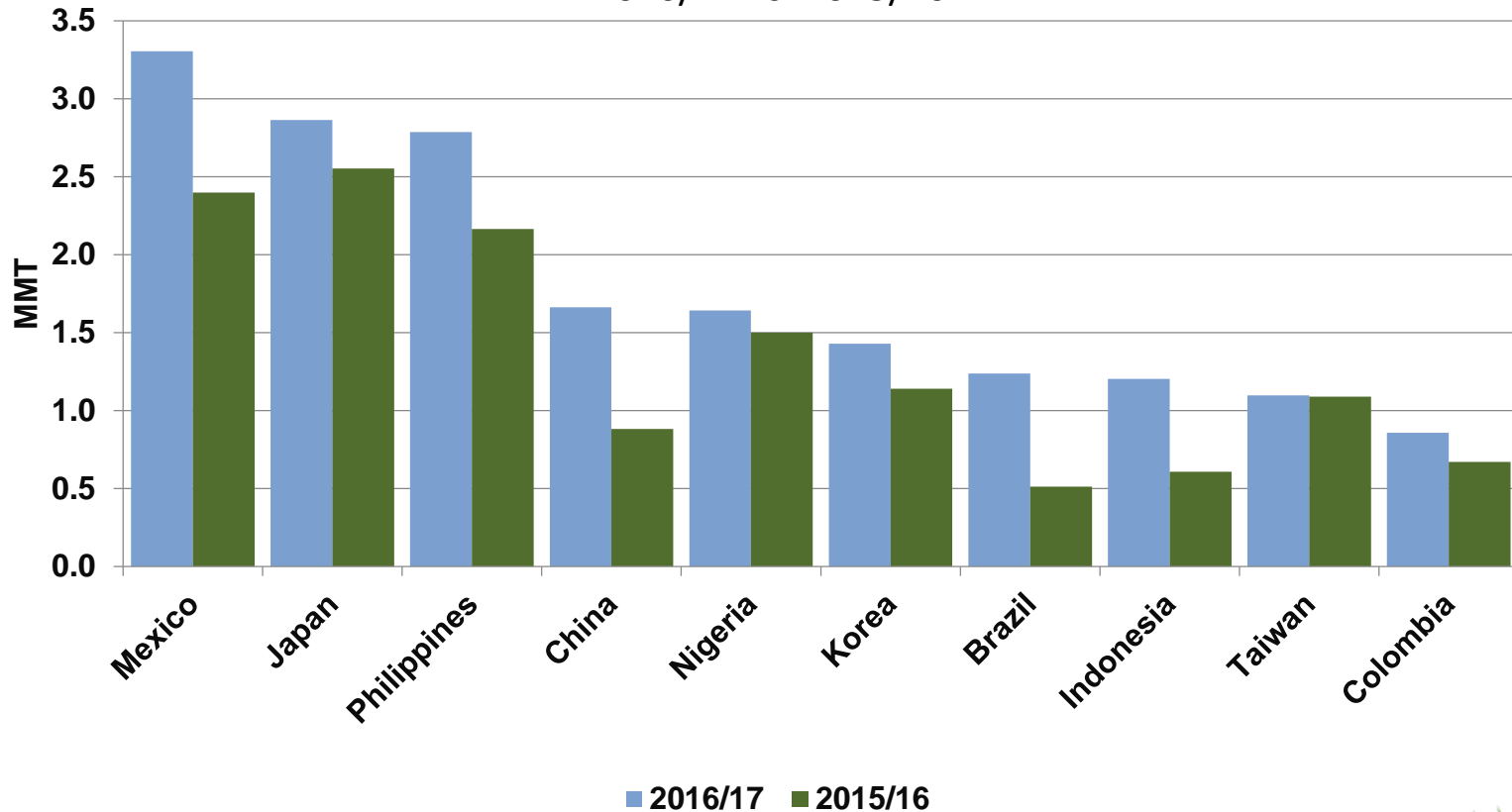
Year-to-date



Source: USDA FAS export sales report February 8, 2018.

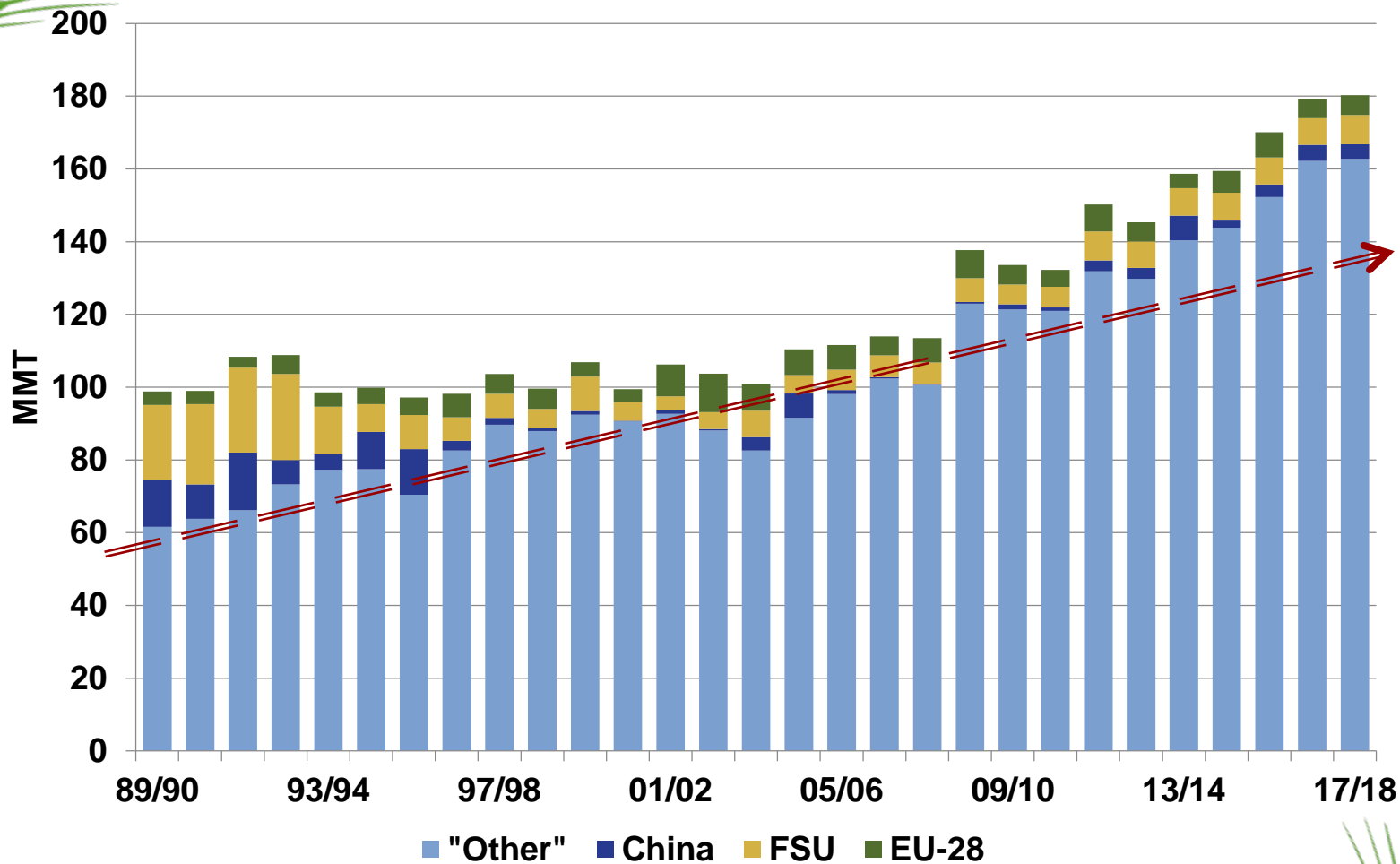
Top 10 Customers for U.S. Wheat

2016/17 vs. 2015/16



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

World Wheat Imports



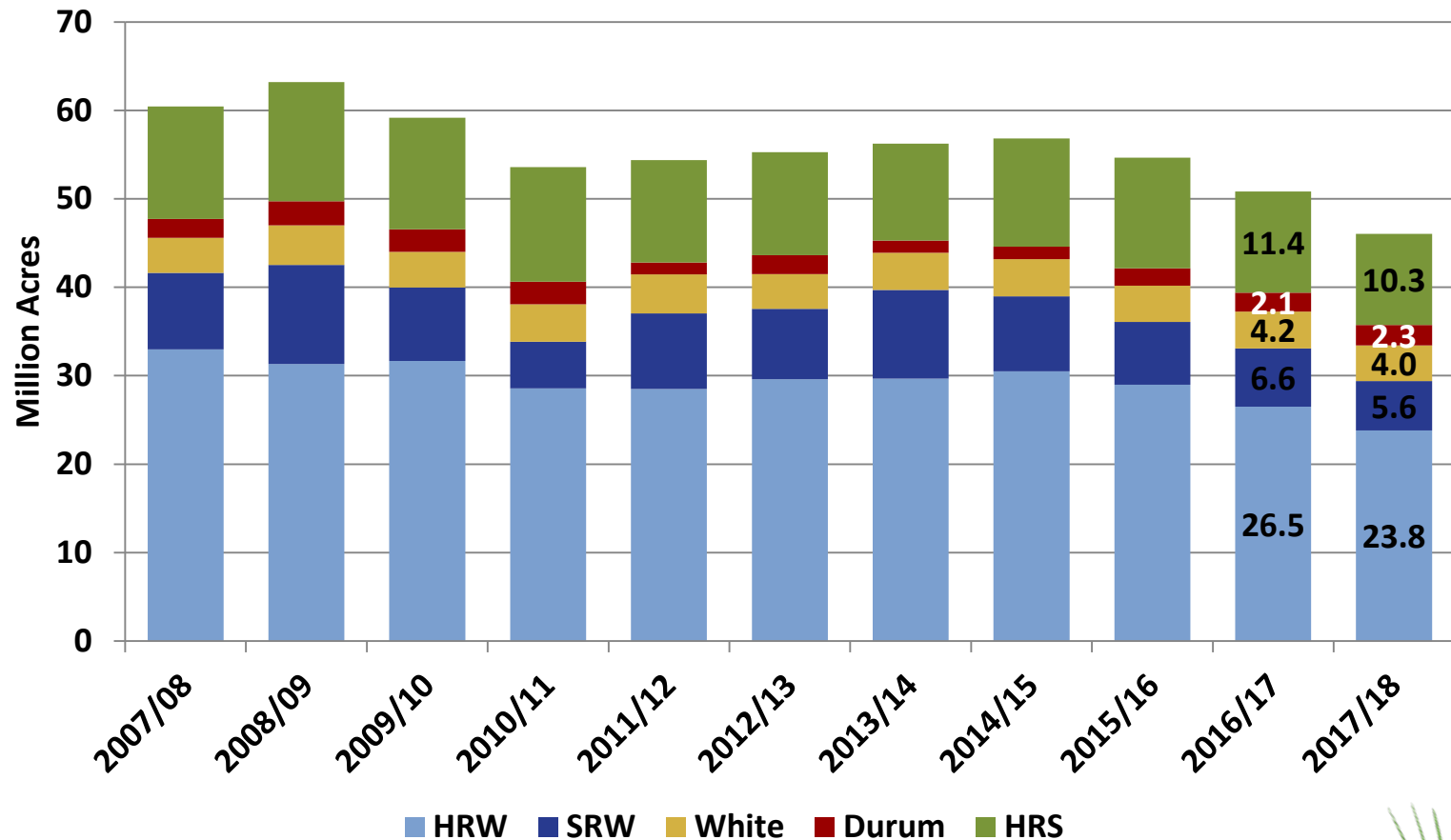
Trend in "other" importers denoted (—▶)

- Major Exporters
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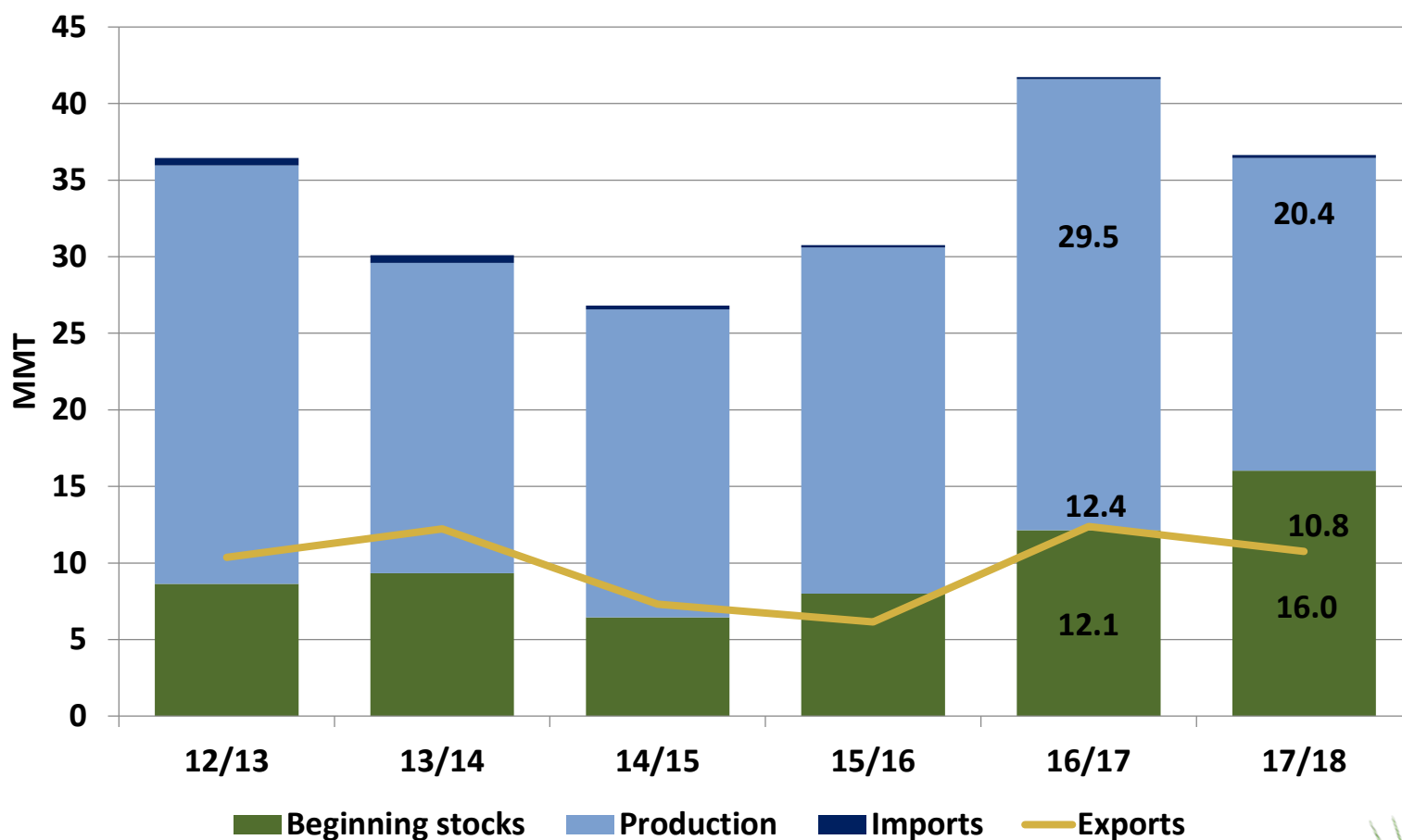
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U.S. Wheat Plantings by Class

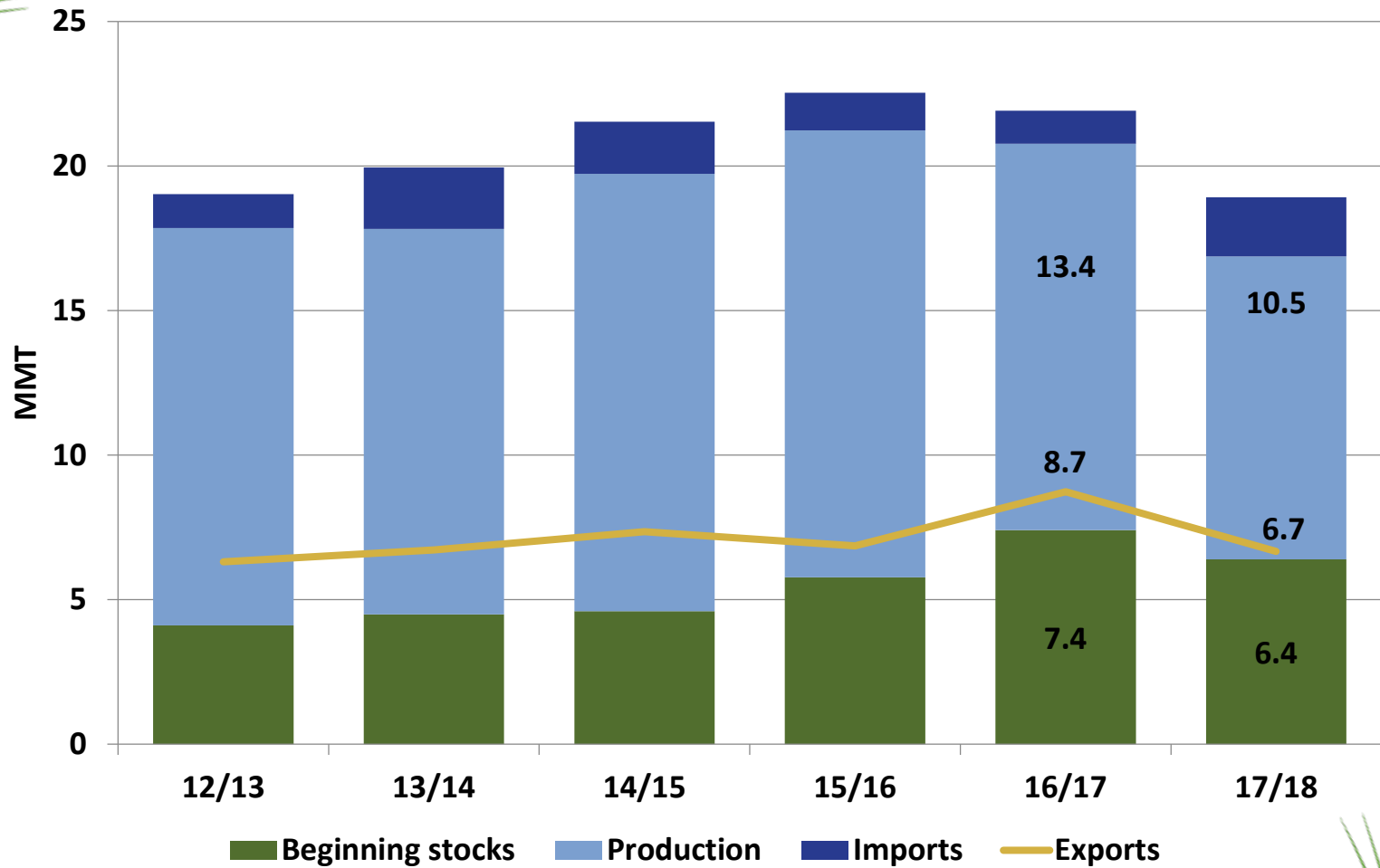


*Source: USDA Acreage Report, June 30, 2017

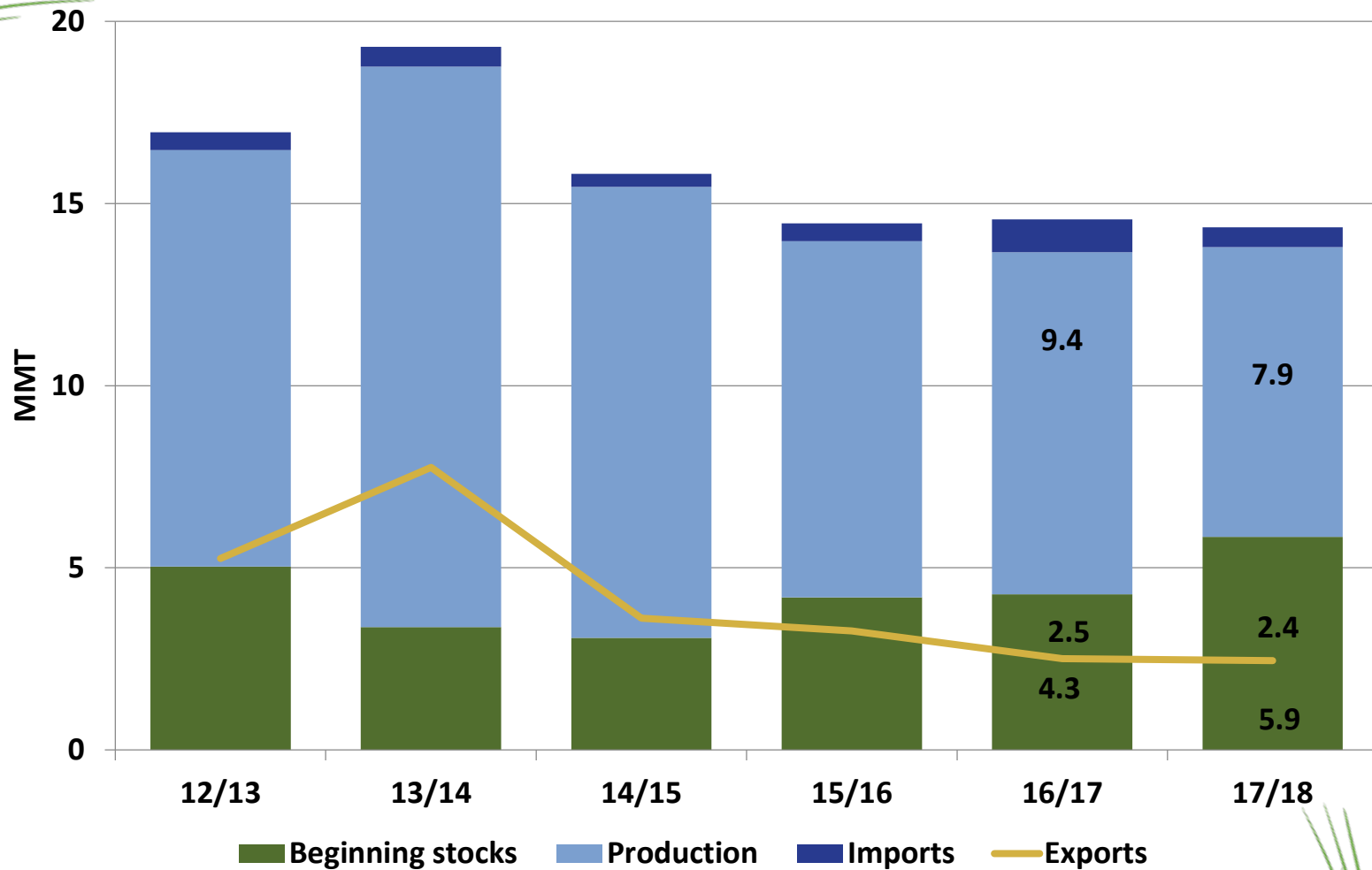
U.S. Hard Red Winter



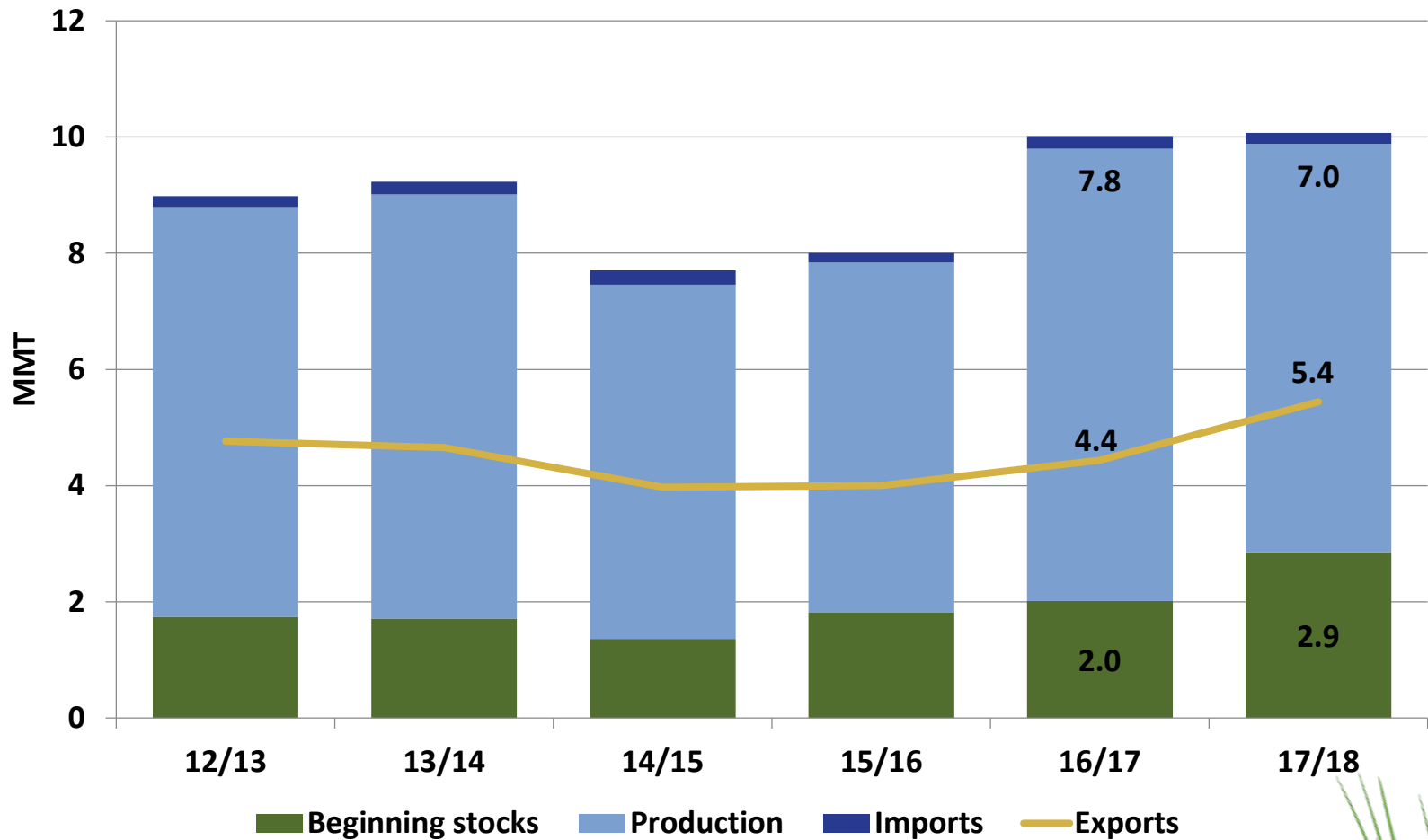
U.S. Hard Red Spring



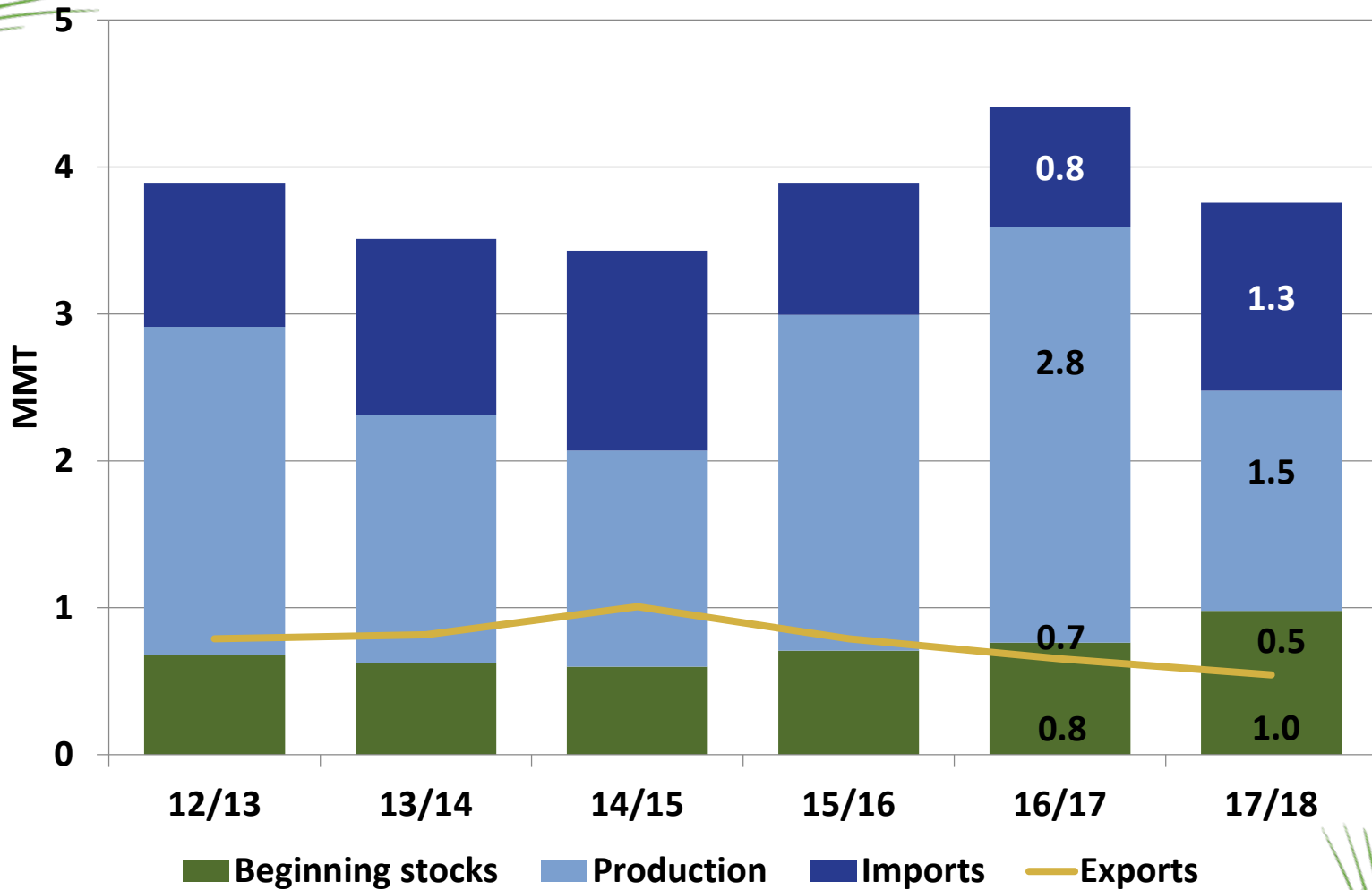
U.S. Soft Red Winter



U.S. White

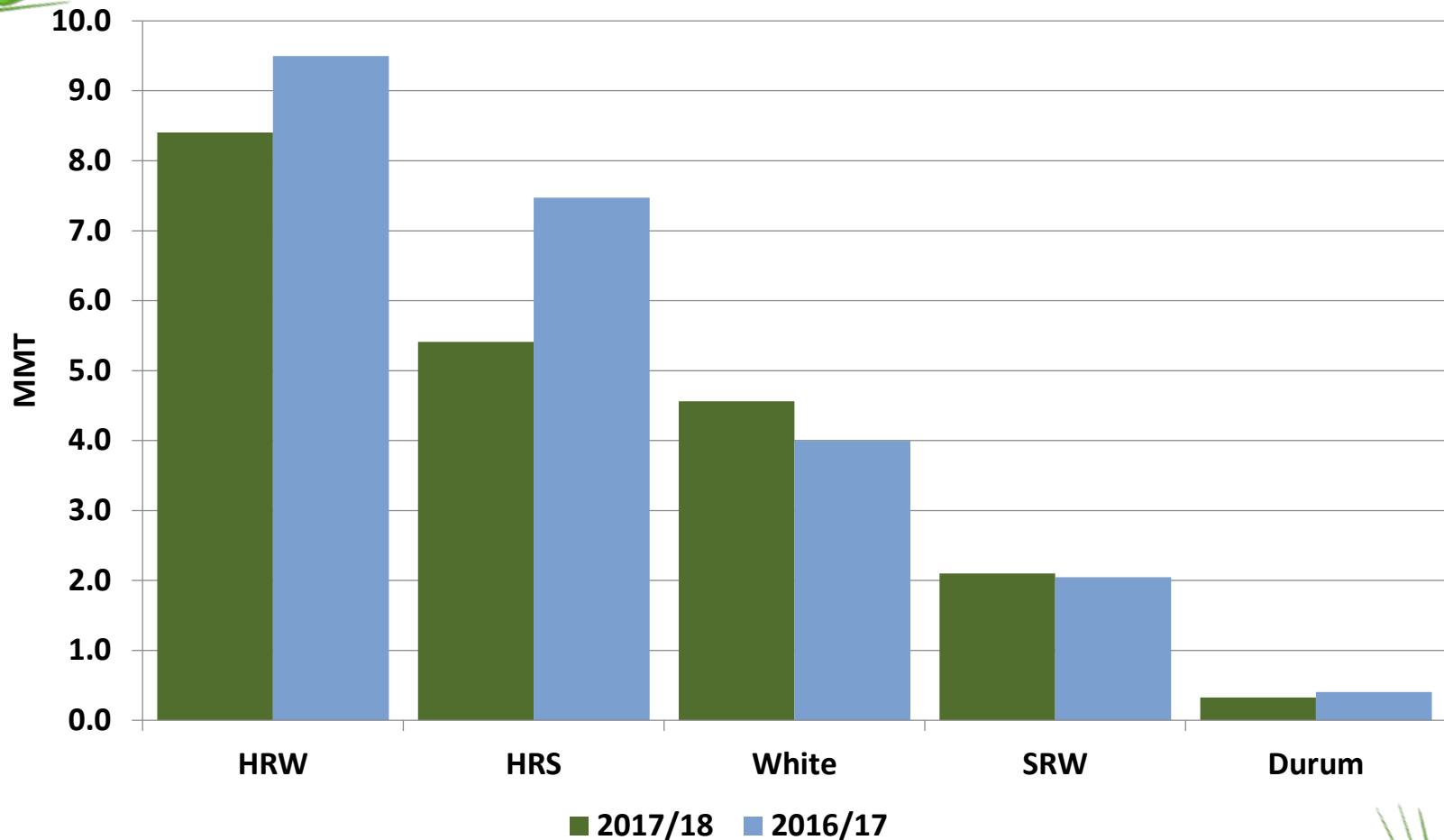


U.S. Durum



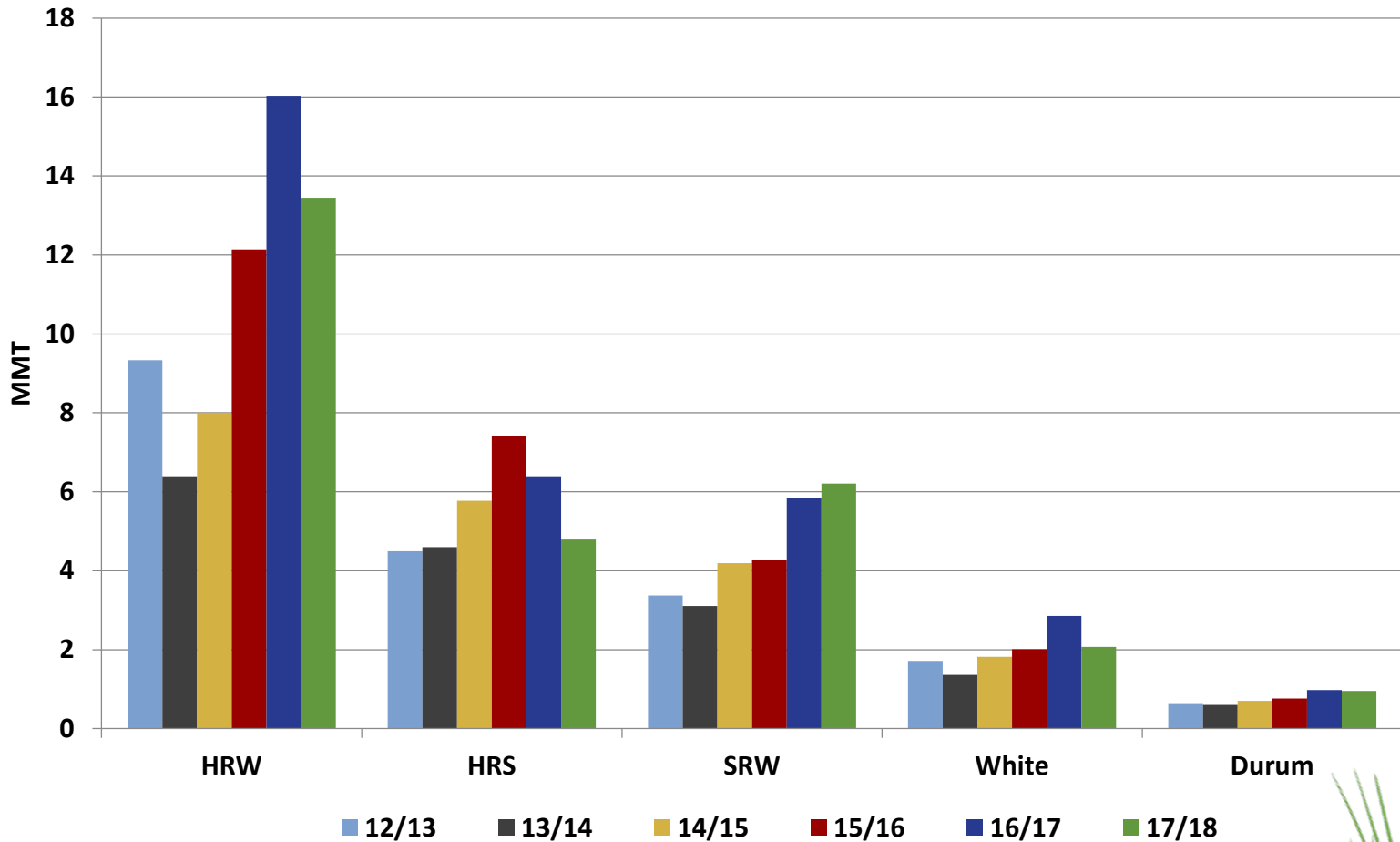
U.S. Wheat Sales by Class

(year-to-date)



Source: USDA FAS export sales report February 8, 2018.

U.S. Wheat Ending Stocks by Class



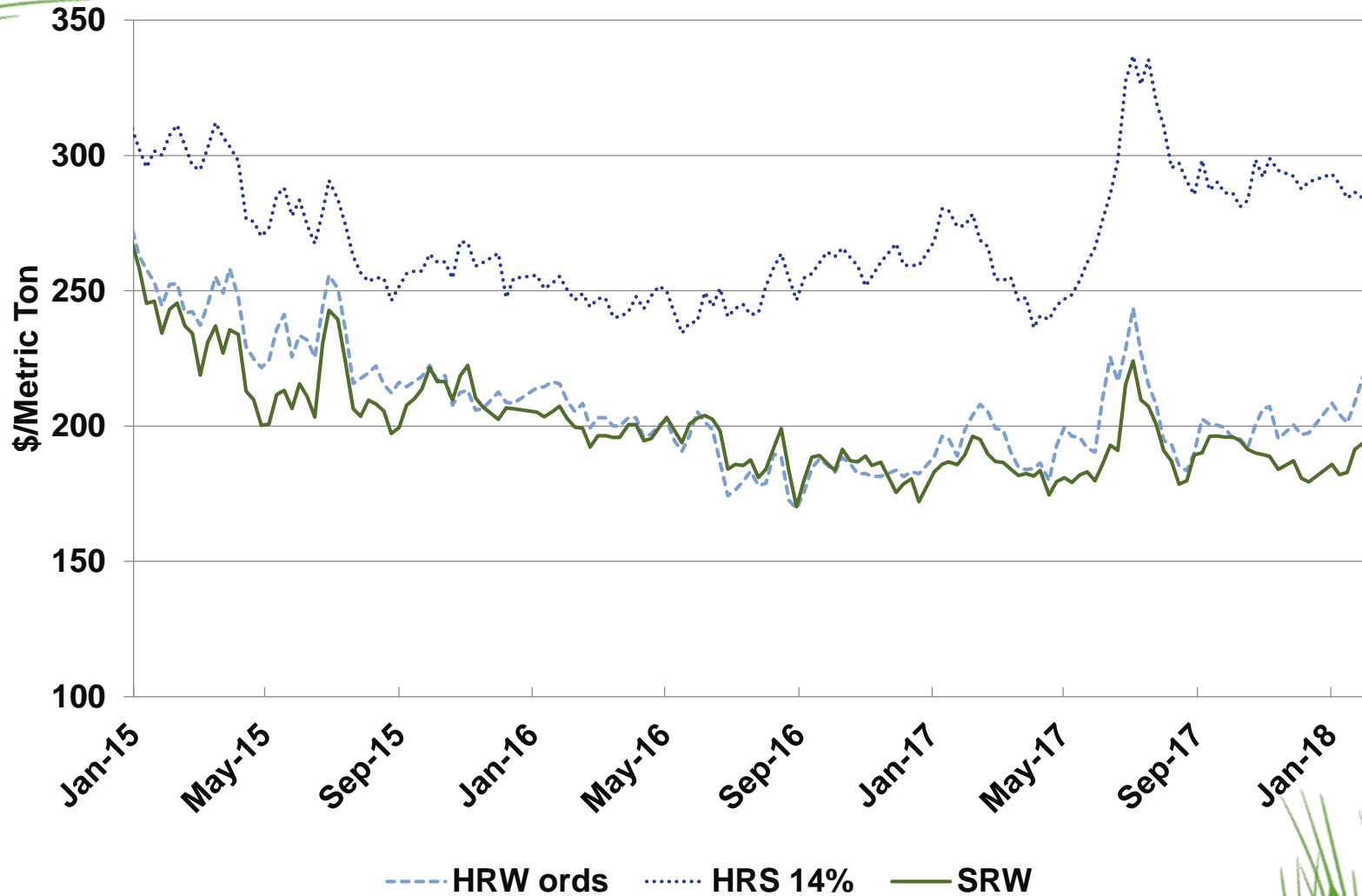
U.S. Wheat Supply and Demand

	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	12.4	6.8	7.5	6.2	5.7
Exports	<u>12.4</u>	<u>10.8</u>	<u>8.7</u>	<u>6.7</u>	<u>2.5</u>	<u>2.4</u>
Use Total	25.7	23.2	15.5	14.1	8.7	8.1
Ending Stocks	16.0	13.4	6.4	4.8	5.9	6.2
Stocks-to-Use	62%	58%	41%	34%	67%	76%

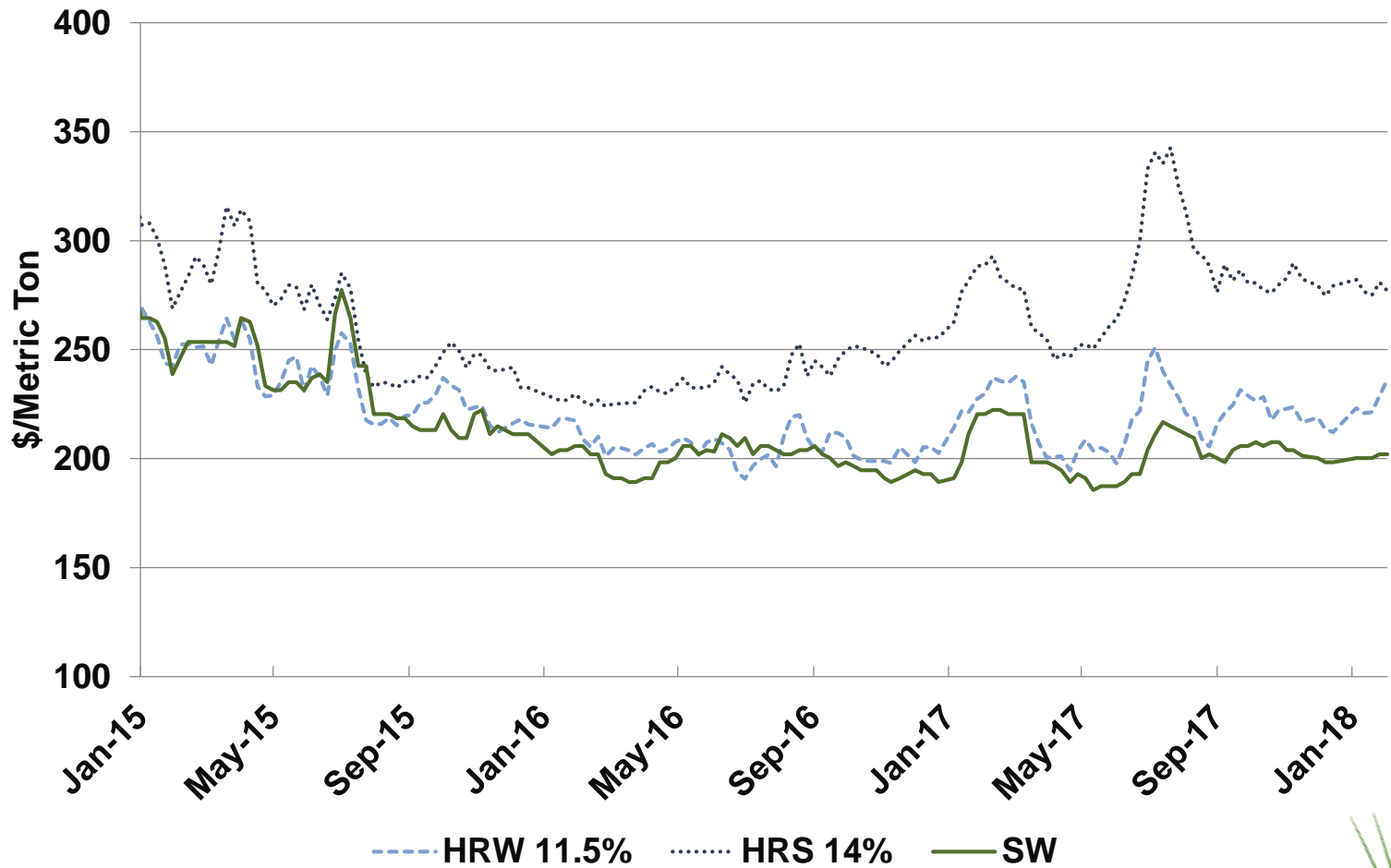
U.S. Wheat Supply and Demand

	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>1.3</u>	<u>3.2</u>	<u>4.2</u>
Supply Total	10.0	10.1	4.4	3.8	92.6	83.7
Domestic Use	2.7	2.6	2.7	2.3	31.8	30.4
Exports	<u>4.4</u>	<u>5.4</u>	<u>0.7</u>	<u>0.5</u>	<u>28.7</u>	<u>25.9</u>
Use Total	7.2	8.0	3.4	2.8	60.5	56.3
Ending Stocks	2.9	2.1	1.0	1.0	32.1	27.5
Stocks-to-Use	40%	26%	29%	34%	53%	49%

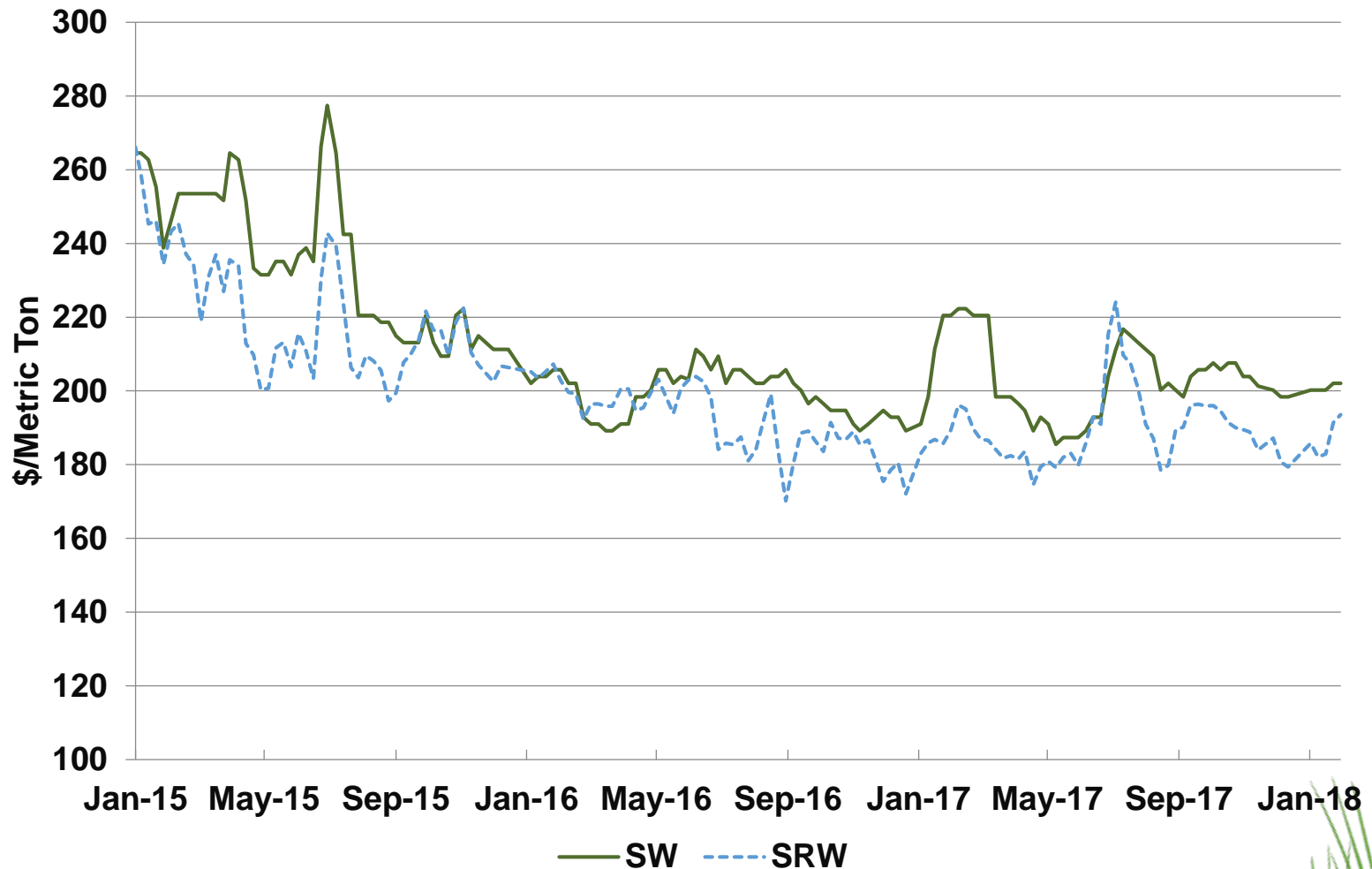
U.S. FOB Gulf Prices



U.S. FOB PNW Prices



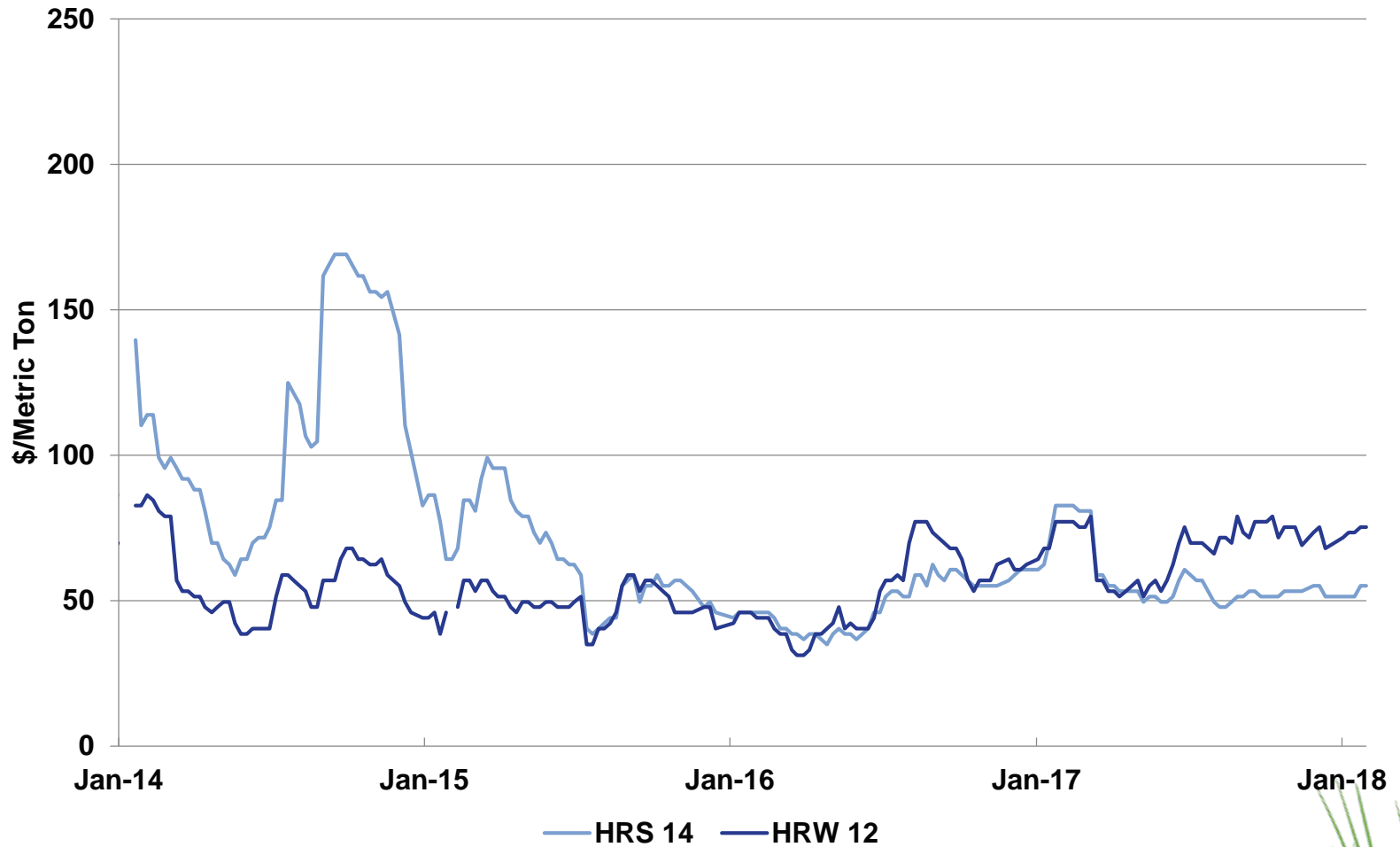
SRW and Soft White Prices



U.S. Gulf Basis Prices



U.S. PNW Basis Prices

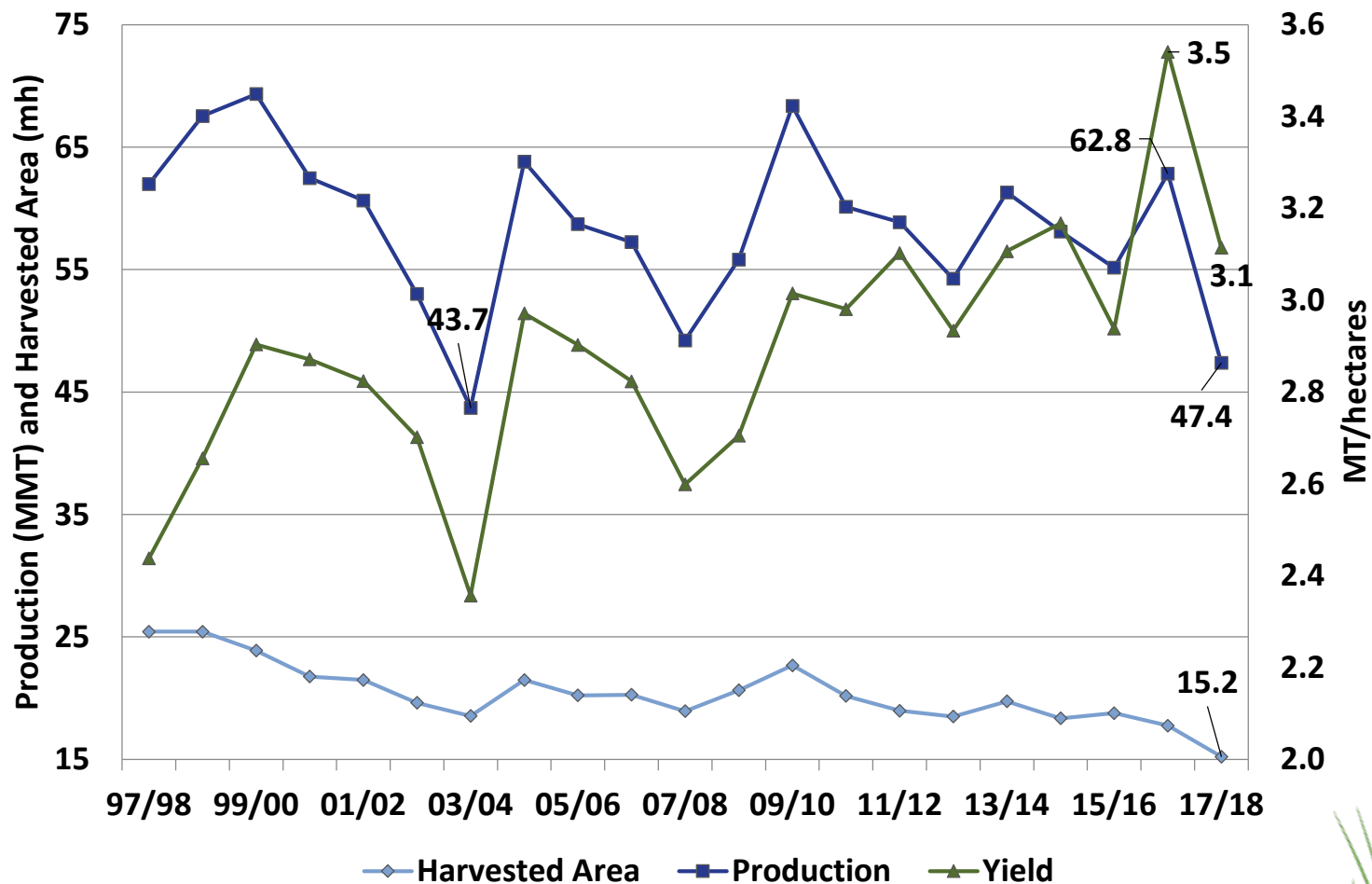


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

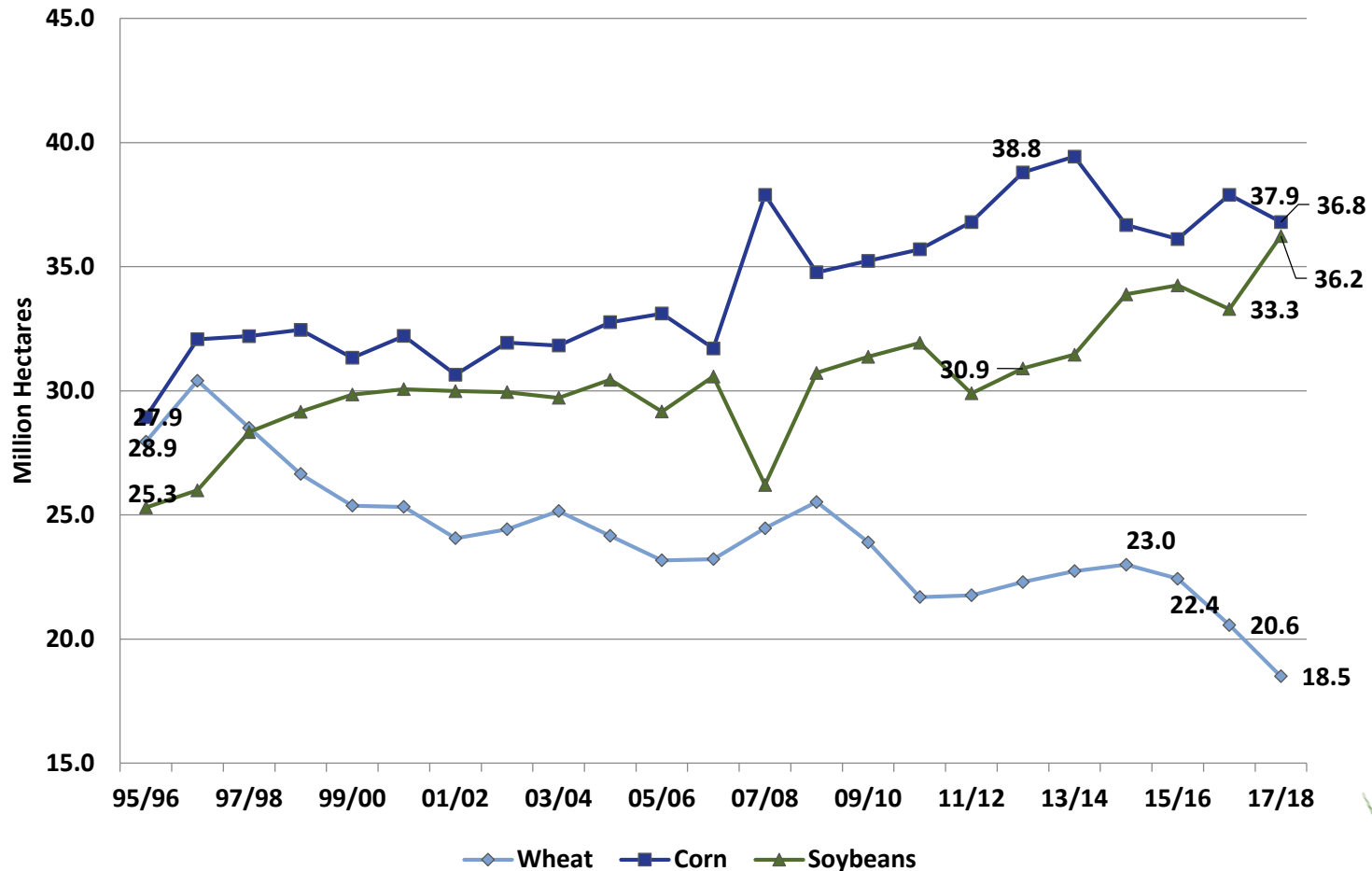


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U.S. Wheat Area and Production



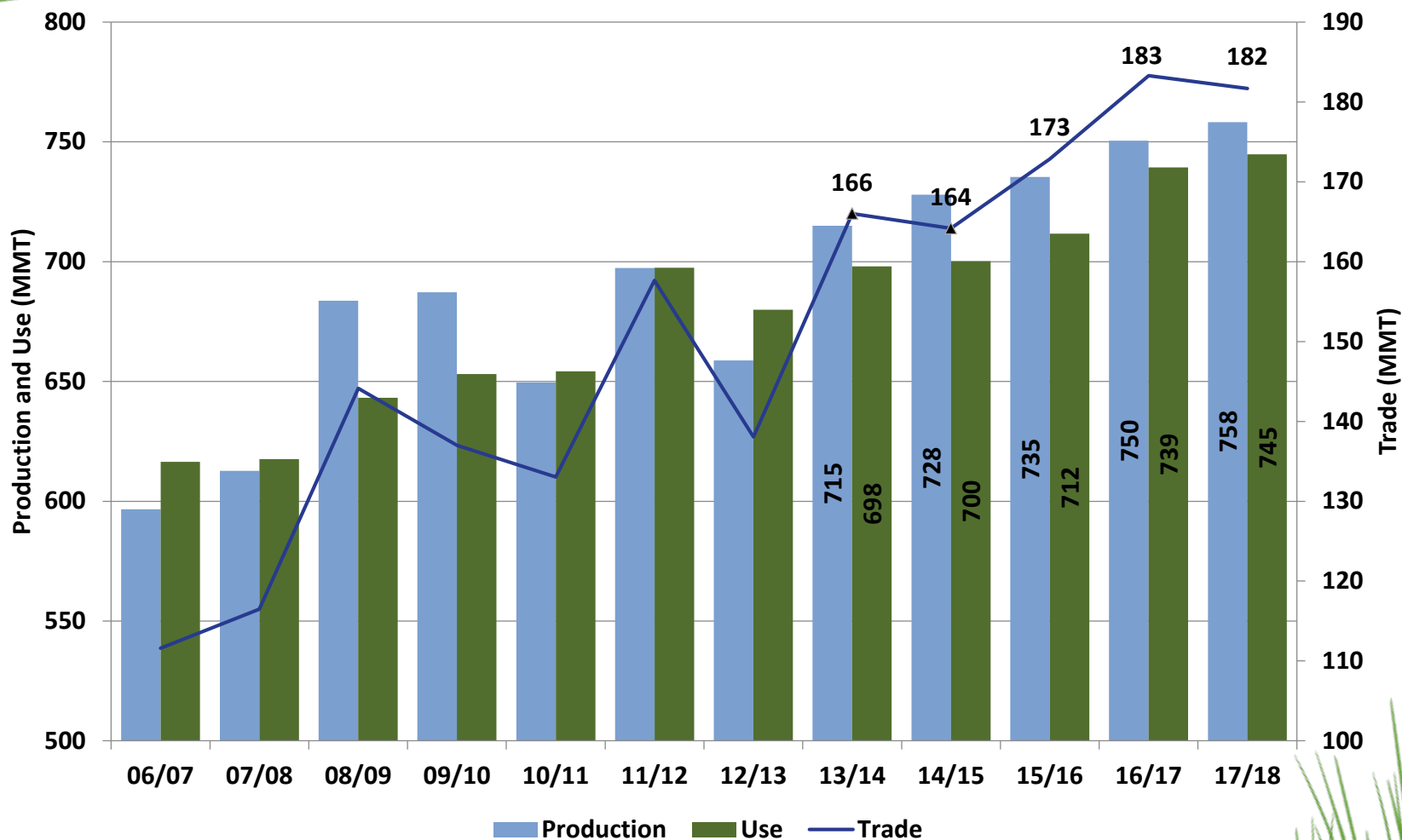
U.S. Crop Planted Area Comparison



*Source: USDA Acreage Report June 30, 2017

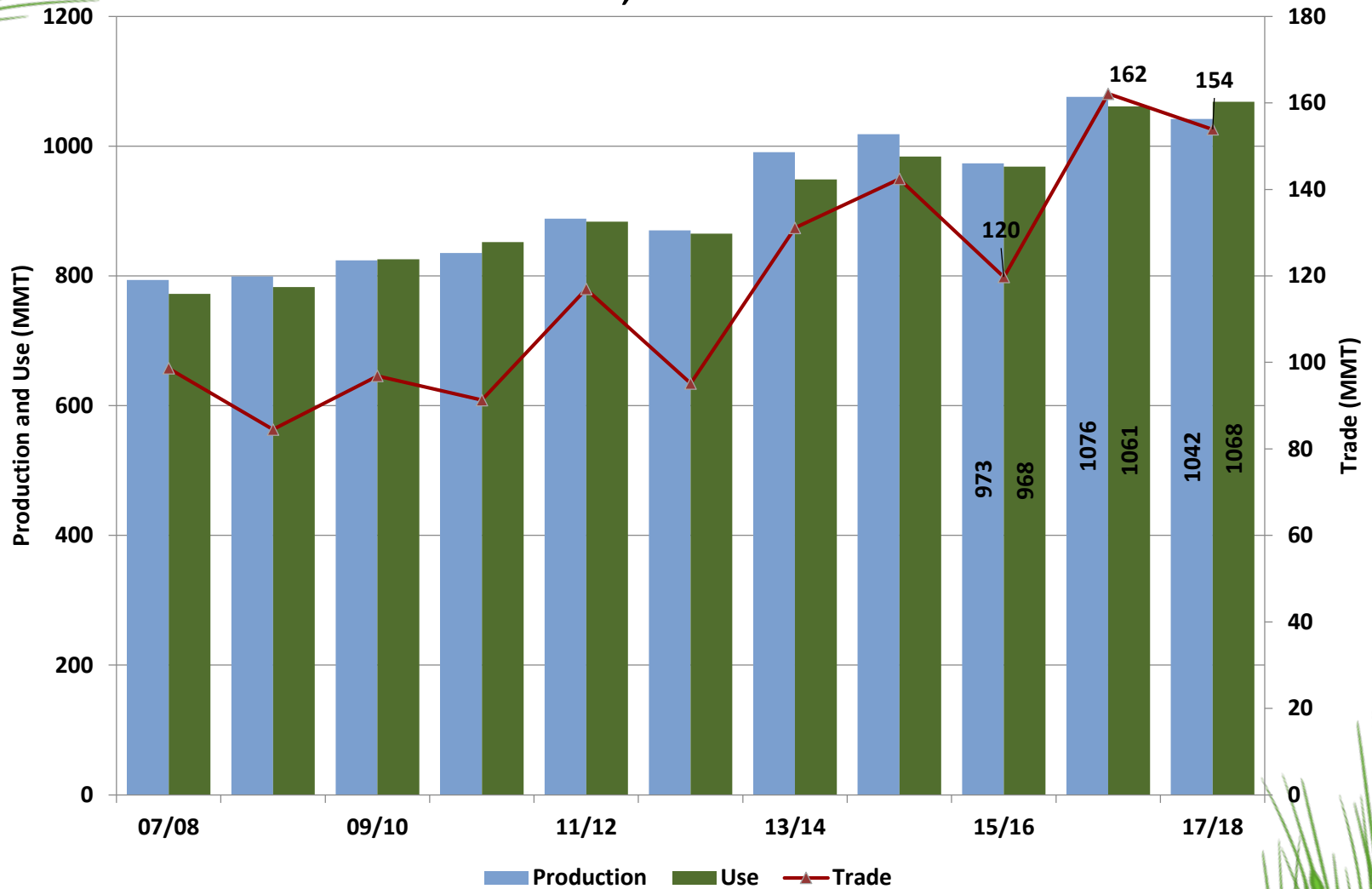
World Wheat

Production, Use and Trade



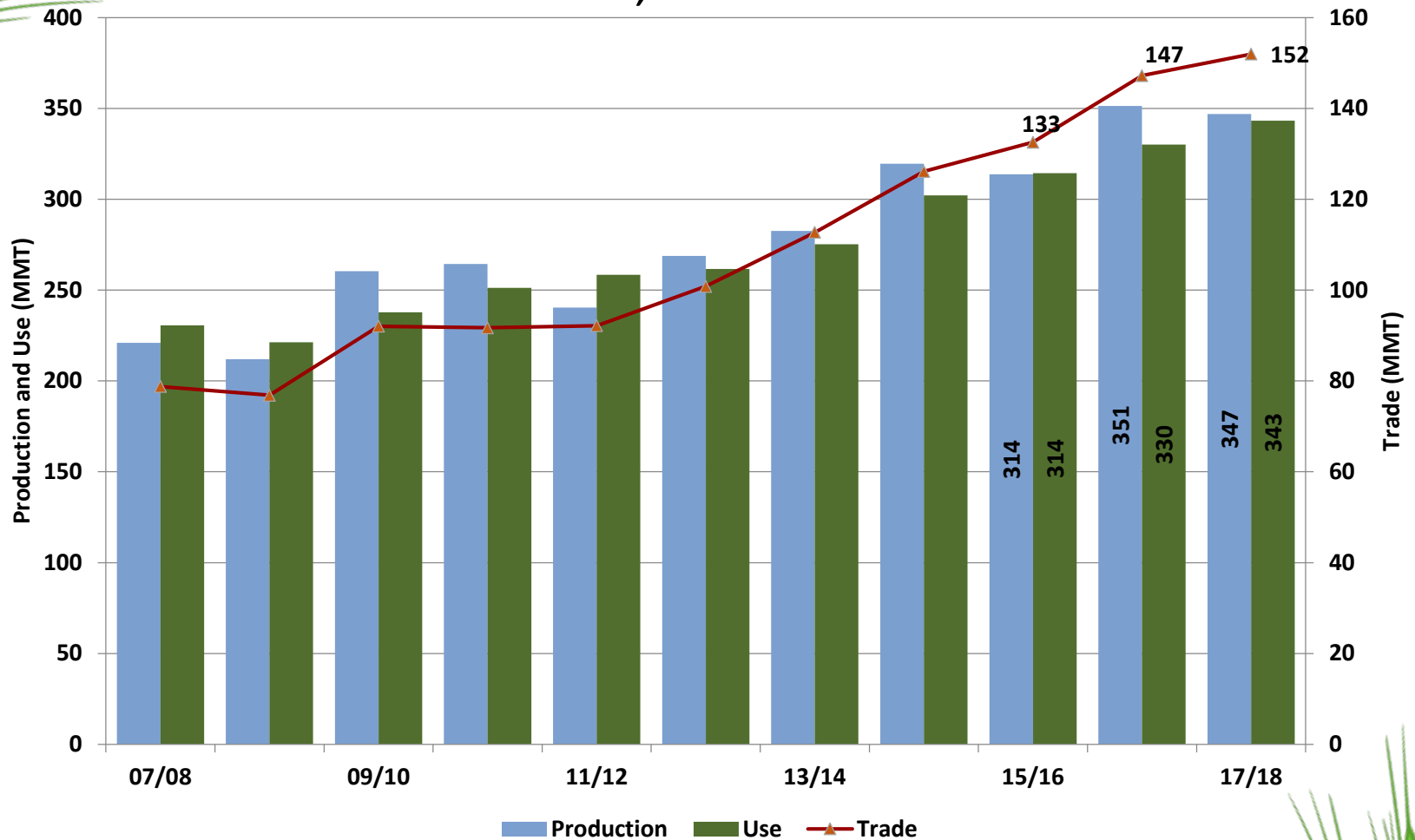
World Corn

Production, Use and Trade

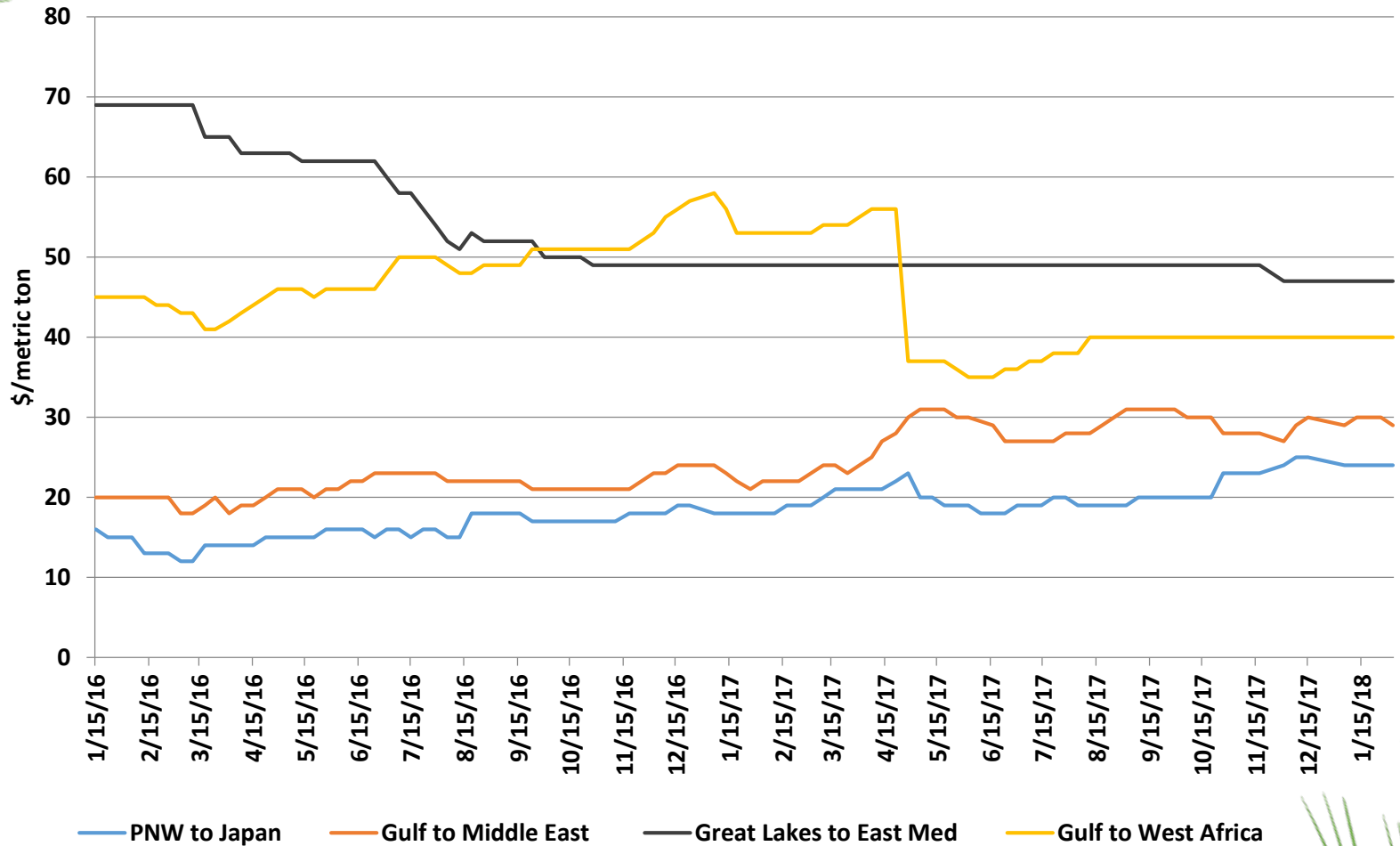


World Soybeans

Production, Use and Trade



Ocean Freight Rates for Grains



Summary

- **Global production at a record 758 MMT, up 1% from 2016/17**
 - Ukrainian wheat production reached 27.0 MMT, 1% below 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 266 MMT, 23% above the 5-year average**
 - Ending stocks in Canada to fall to 6.14 MMT, 10% below 2016/17
 - U.S. ending stocks to decrease to 27.5 MMT, down 14% from 2016/17, if realized
- **World consumption expected to increase 1% in 2017/18, trade down slightly**
 - Indonesia expected to be the largest wheat importer at 12.5 MMT, 23% above 2016/17
 - U.S. 2017/18 exports to total 25.9 MMT, 3% behind the 5-year average, if realized



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