

World Wheat Supply and Demand Situation

May 2018

Major data source: USDA World Agricultural Supply and Demand Estimates released May 10, 2018. Projections will change over the course of the year depending on weather and other developments.



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Highlights of USDA's 2018/19 Supply and Demand Estimates

1. 2018/19 global wheat production to fall for first time in 5 years

- Global supplies estimate to grow to 1018 MMT; up slightly from the 2017/18 and a new record
- Wheat production in Russia to fall to 72.0 MMT, down 15% year over year, if realized
- U.S. wheat production estimated at 49.6 MMT, 5% above 2017/18, if realized

2. Consumption forecast at a record 754 MMT, 5% above the 5-year average

- Chinese domestic consumption to total 120 MMT, 3% above the 5-year average, if realized
- U.S. domestic consumption to grow 5% year over year to 31.2 MMT

3. World wheat trade projected at a record 188 MMT, 8% above the 5-year average

- Russian exports to drop to 36.5 MMT, 8% above 2017/18, still 36% above the 5-year average
- Exports from the EU to climb 21% year over year to 29.0 MMT
- U.S. 2018/19 exports to increase to 25.2 MMT, down 2% from the 2017/18 estimate of 24.8 MMT



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Highlights of USDA's 2018/19 Supply and Demand Estimates

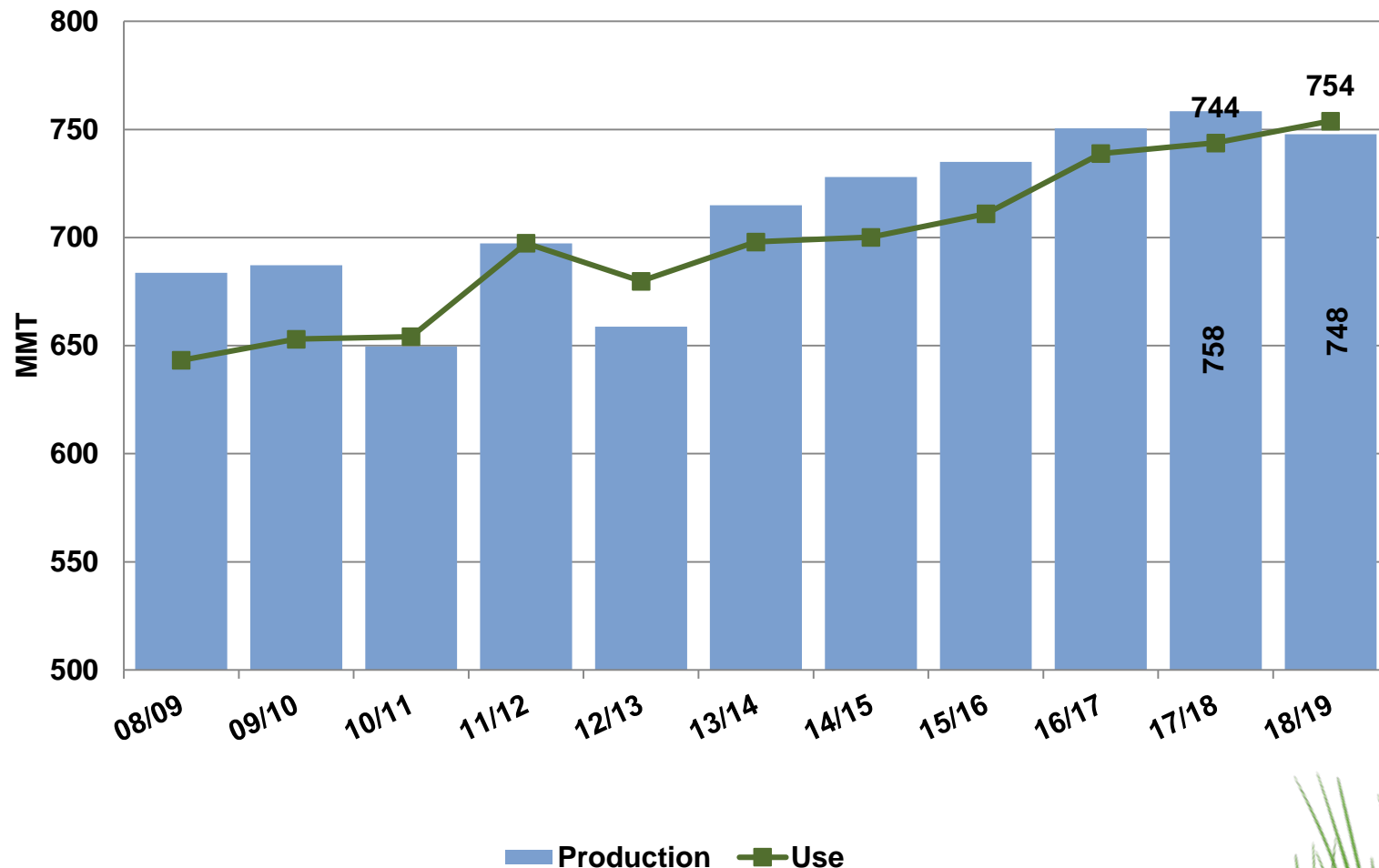
4. **World beginning stocks estimated at record 270 MMT, up 6% year over year**
 - Beginning stocks in the EU forecast at 13.1 MMT, 9% above the 5-year average
 - U.S. beginning stocks will fall to an estimated 29.1 MMT, 9% below 2017/18 levels
5. **Global ending stocks projected at 264 MMT, 2% below the record 2017/18 level, if realized**
 - Estimated Chinese ending stocks of 139 MMT account for 52% of global ending stocks, 45% greater than the 5-year average
 - Exporter ending stocks forecast at 65.8 MMT, down 13% year over year
 - Ending stocks in importing countries to fall to 59.9 MMT, 20% below the 5-year average of 75.1 MMT
6. **U.S. farm gate average price forecast 6% higher in 2018/19**
 - Projected average range: **\$4.50 to \$5.50/bushel (\$165-\$202/MT)***

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

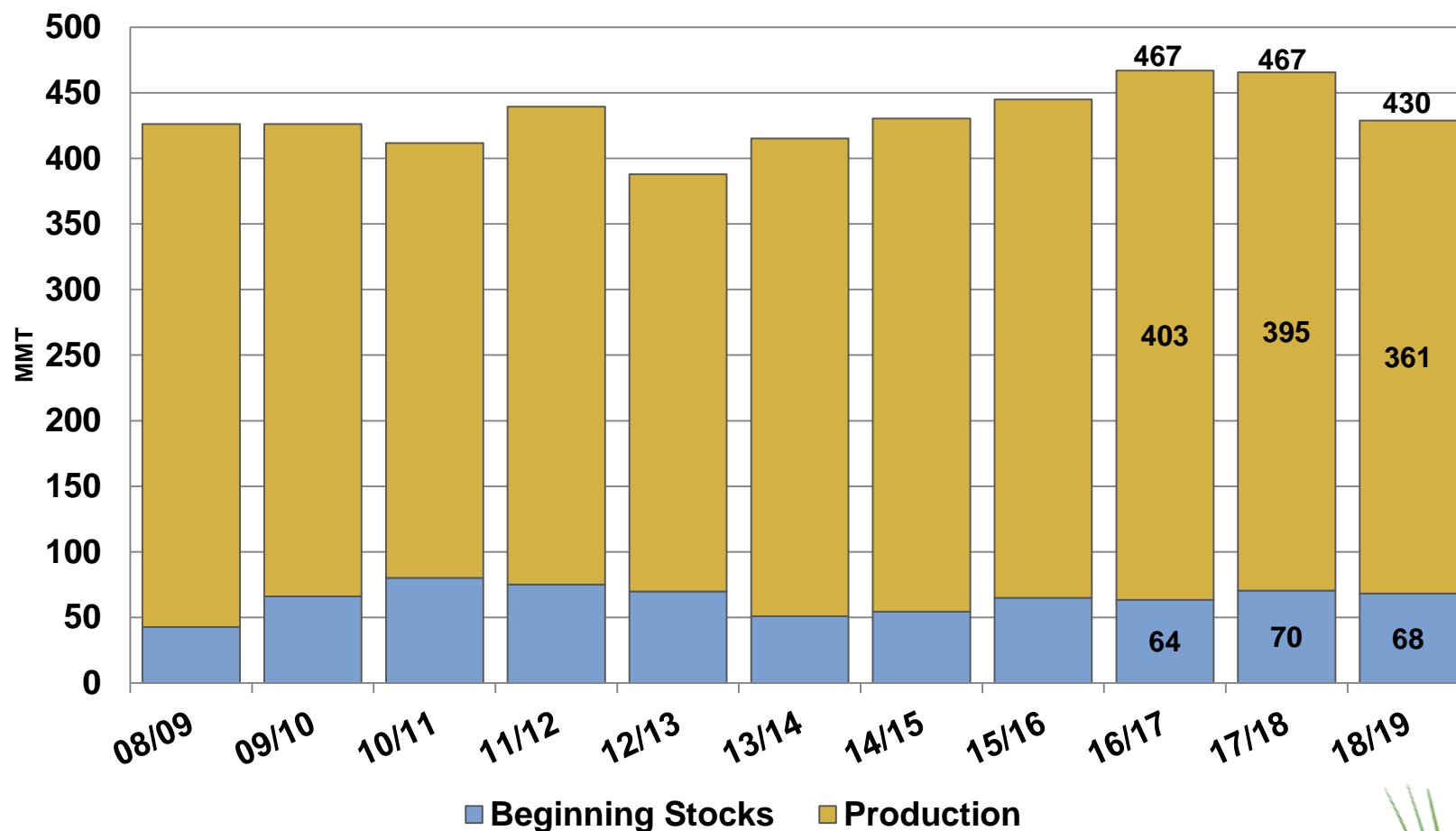


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World Production and Use



Supplies in Top Exporting Countries*



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

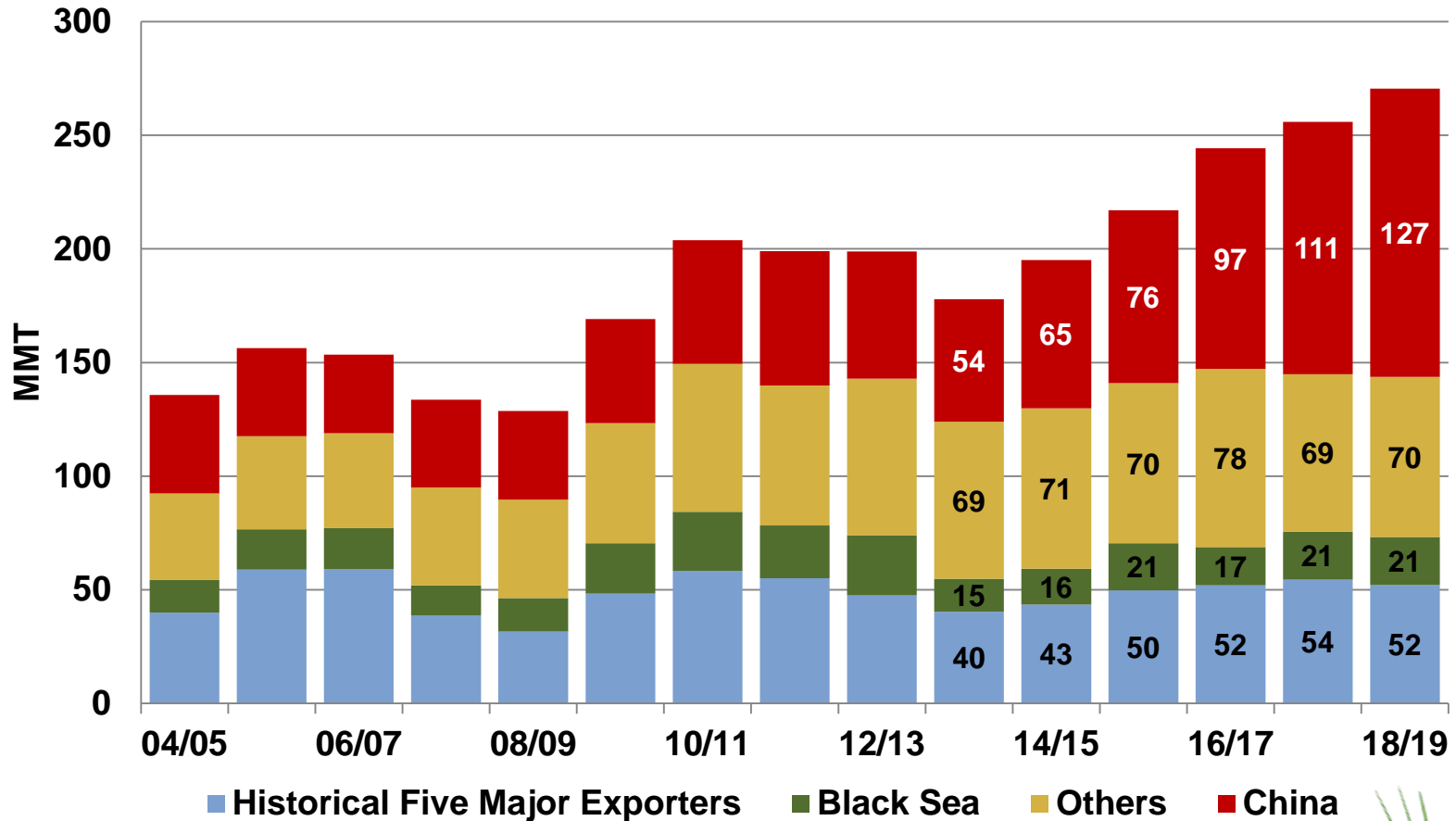
World Wheat Supply and Demand

		16/17	17//18 <i>MMT</i>	18/19
SUPPLY:	Beginning Stocks	244	256	270
	Production	750	758	748
	Supply Total	995	1014	1018
TRADE:	Exports/Imports	183	182	188
DEMAND	Food & Seed	592	598	608
	Feed & Residual	147	145	146
	Use Total	739	744	754
	ENDING STOCKS:	256	270	264



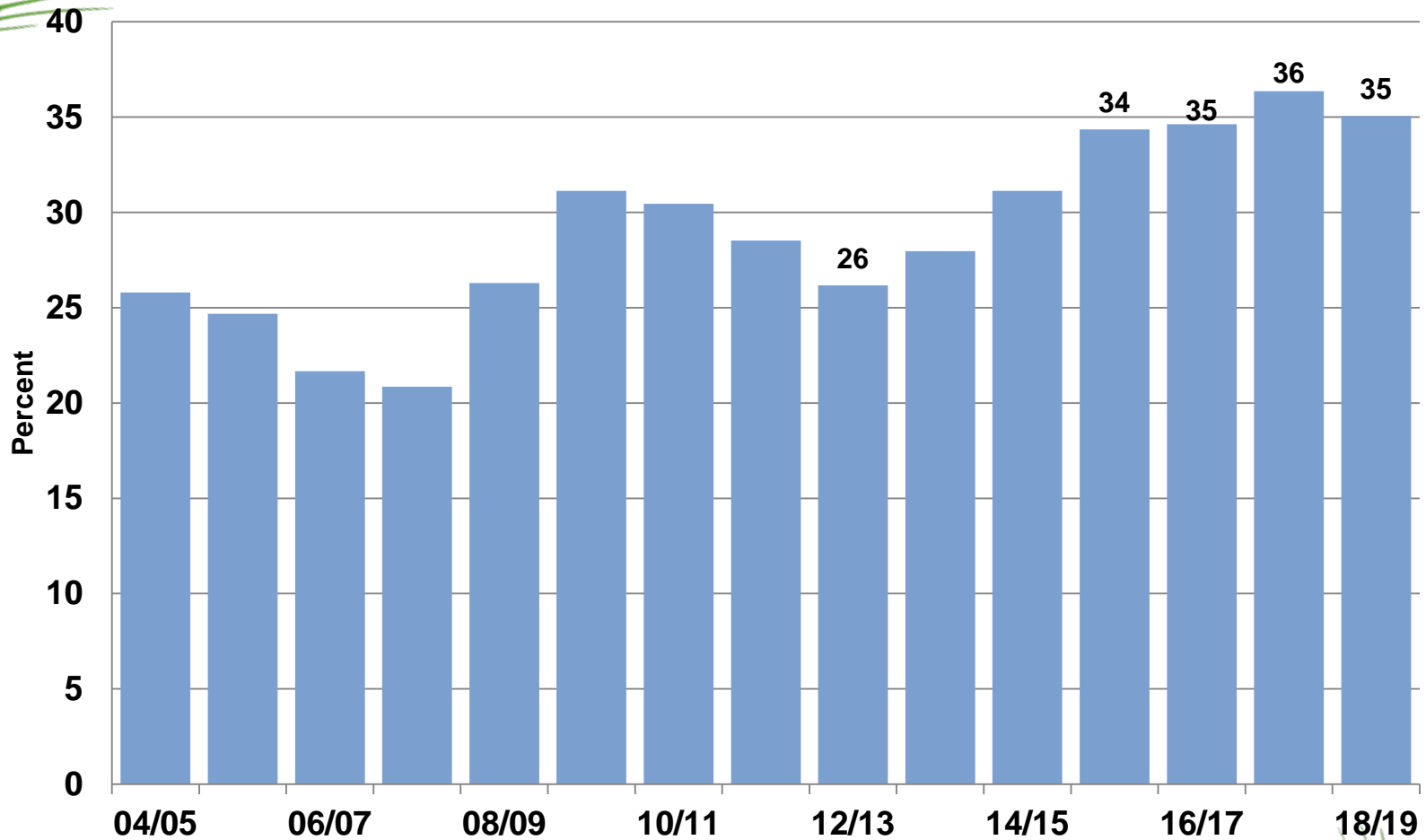
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World Beginning Stocks



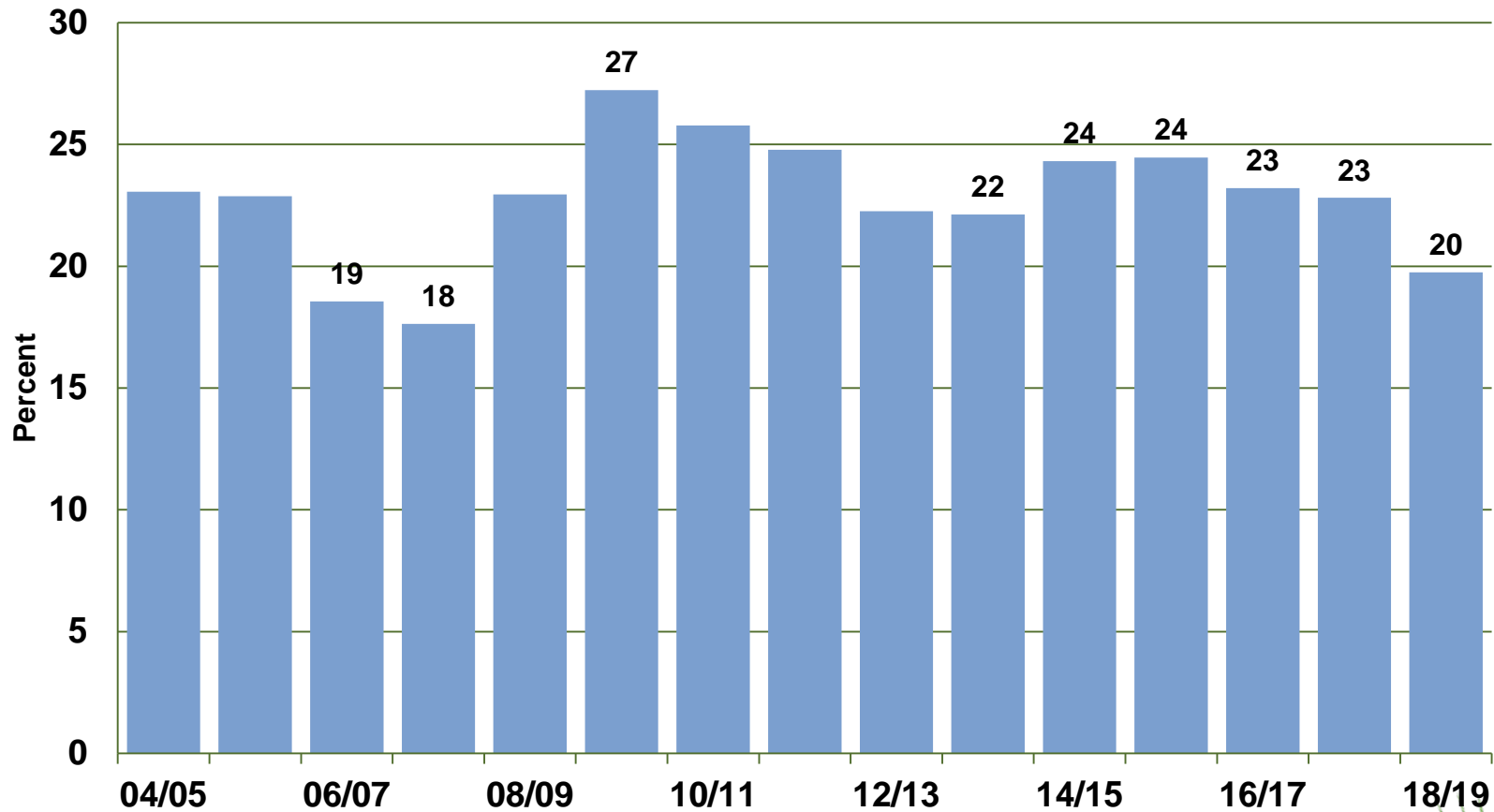
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

Global Stocks*-to-Use Ratio



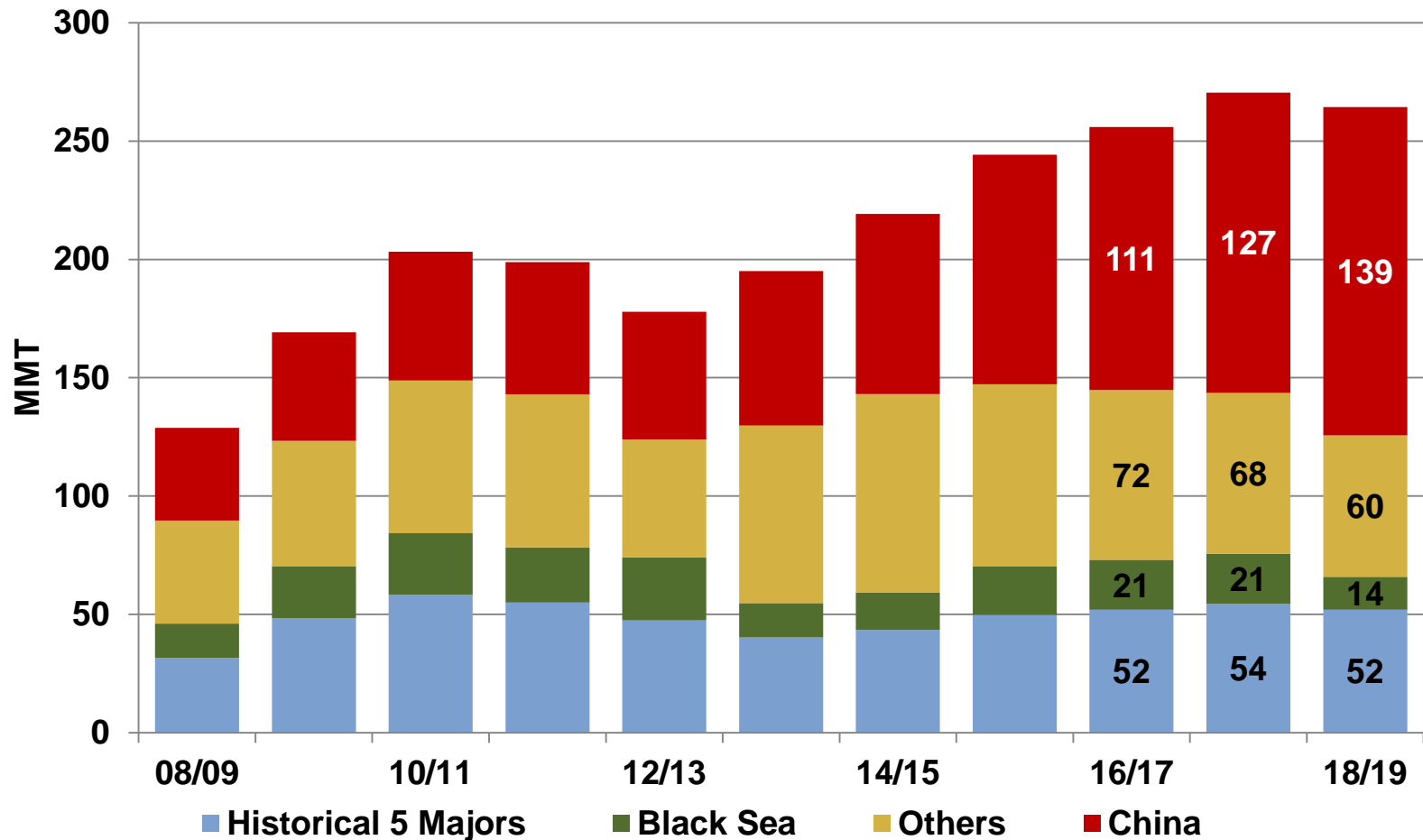
**Ending stocks*

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



**Ending stocks*

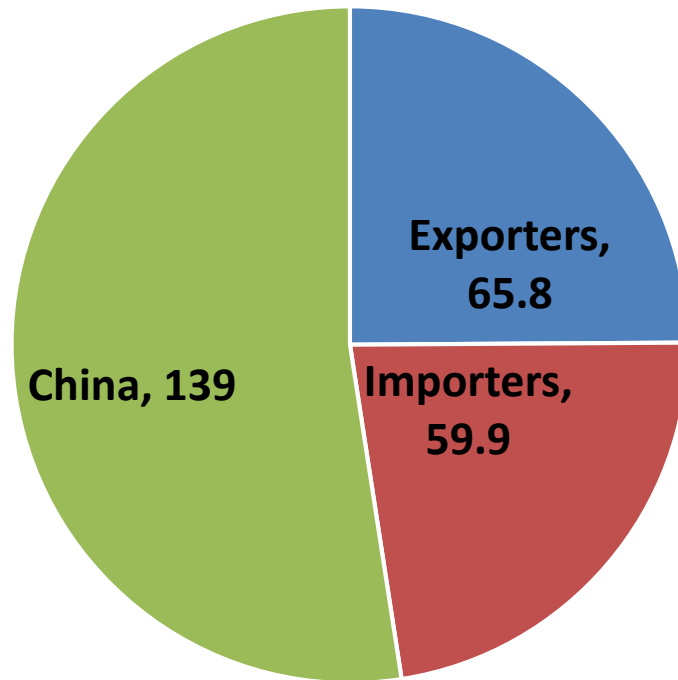
World Ending Stocks



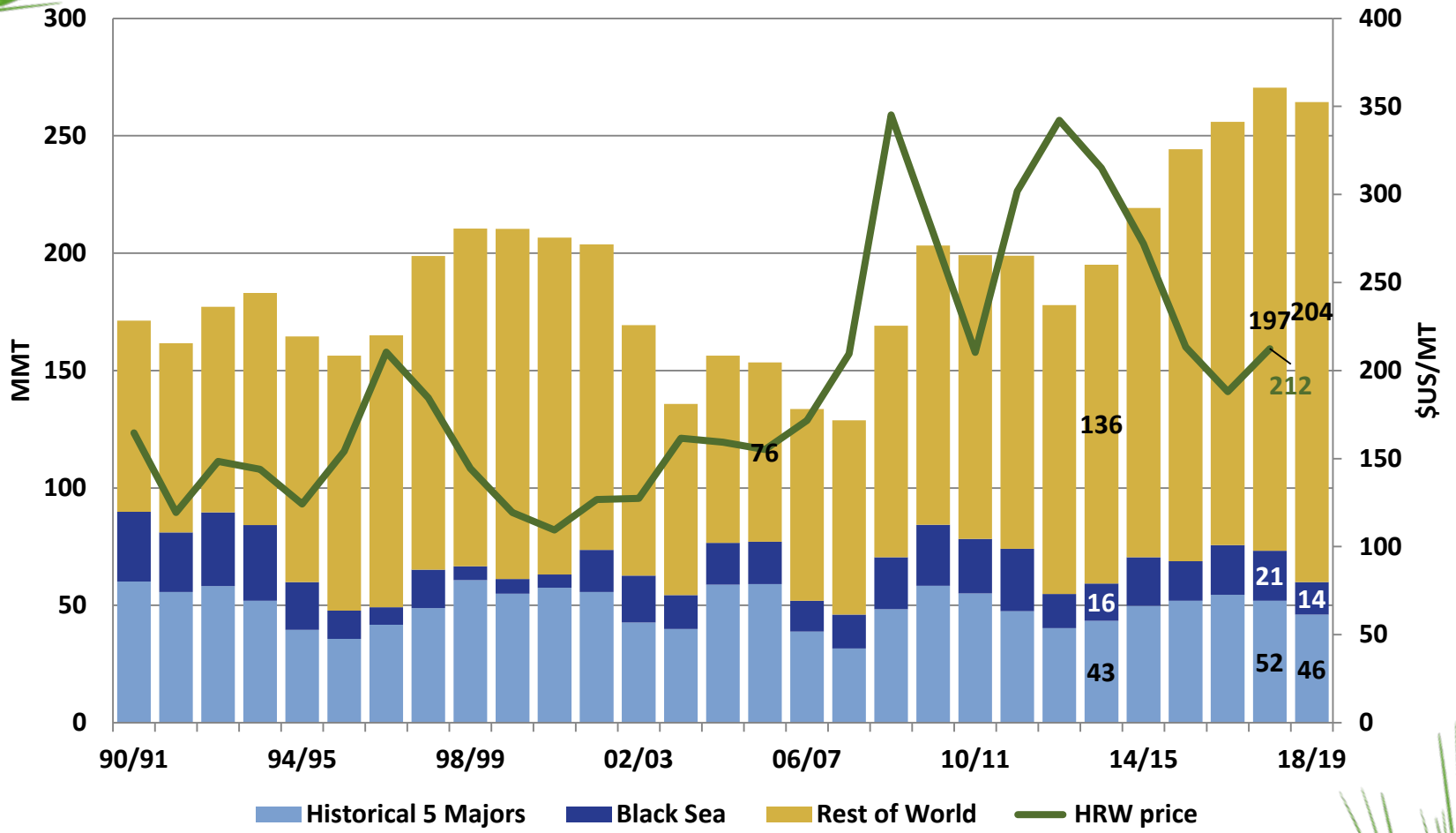
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Black Sea includes Russia, Ukraine and Kazakhstan.*

World Ending Stocks by Position

(million metric tons)



Global Ending Stocks and Price

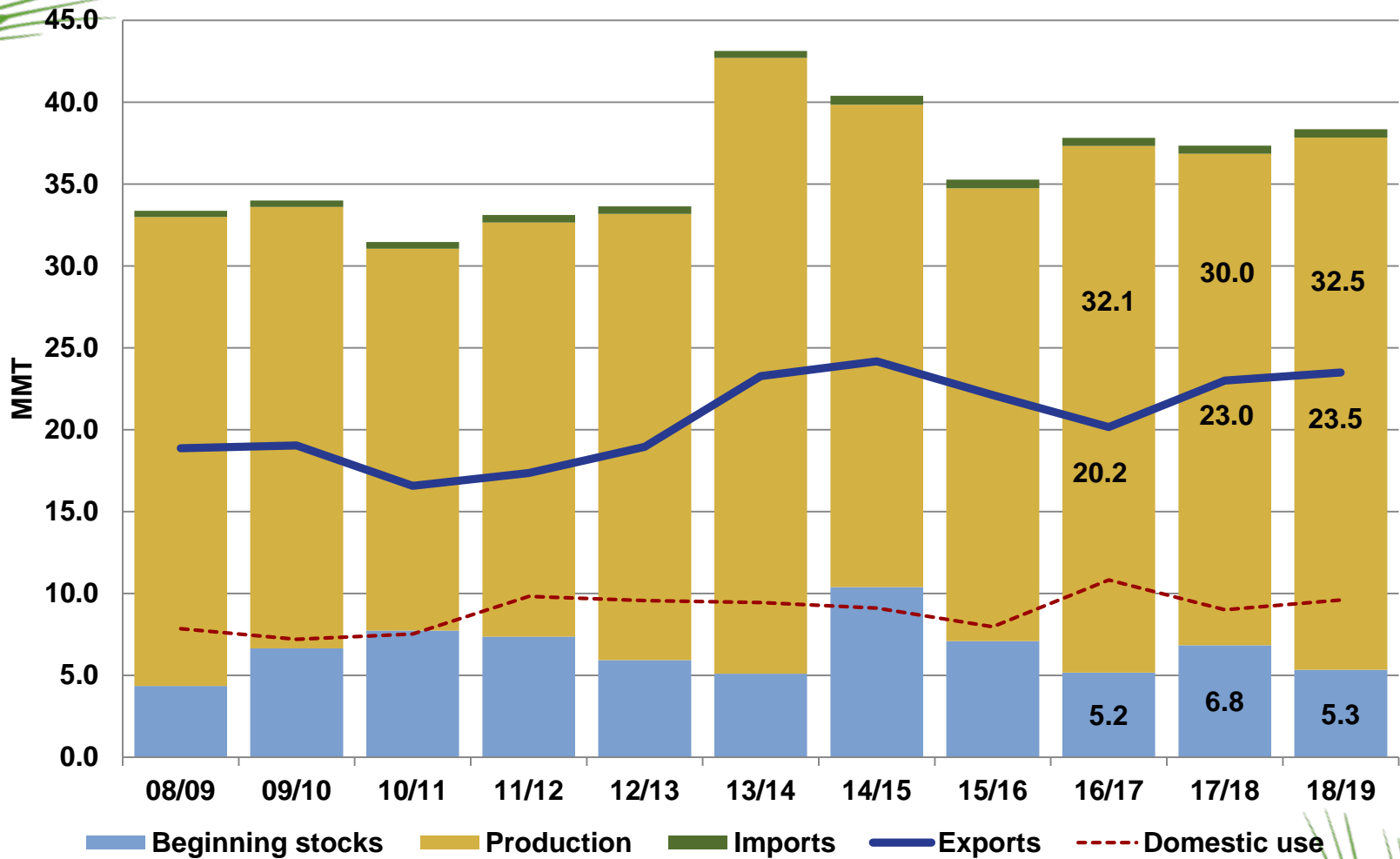


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

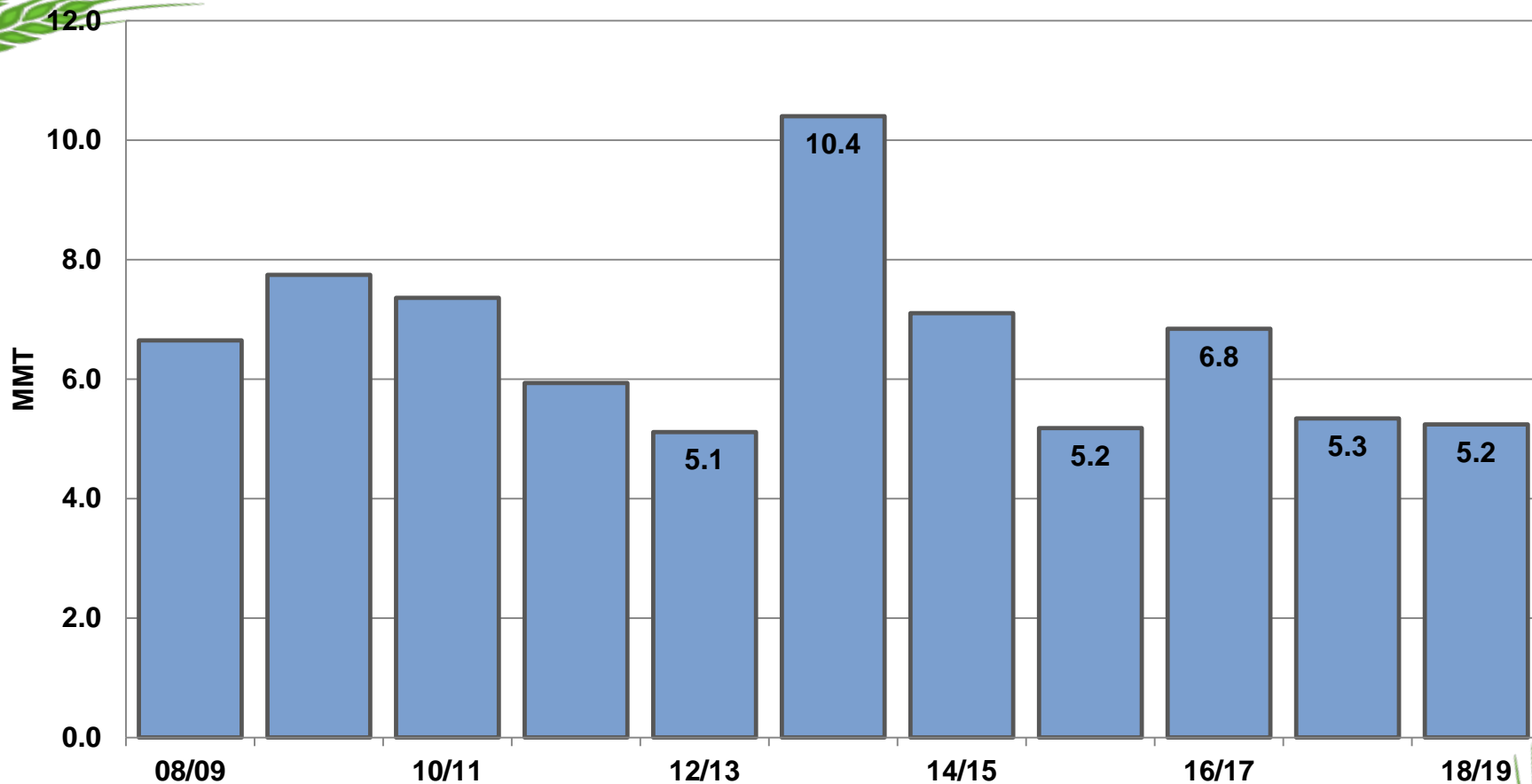


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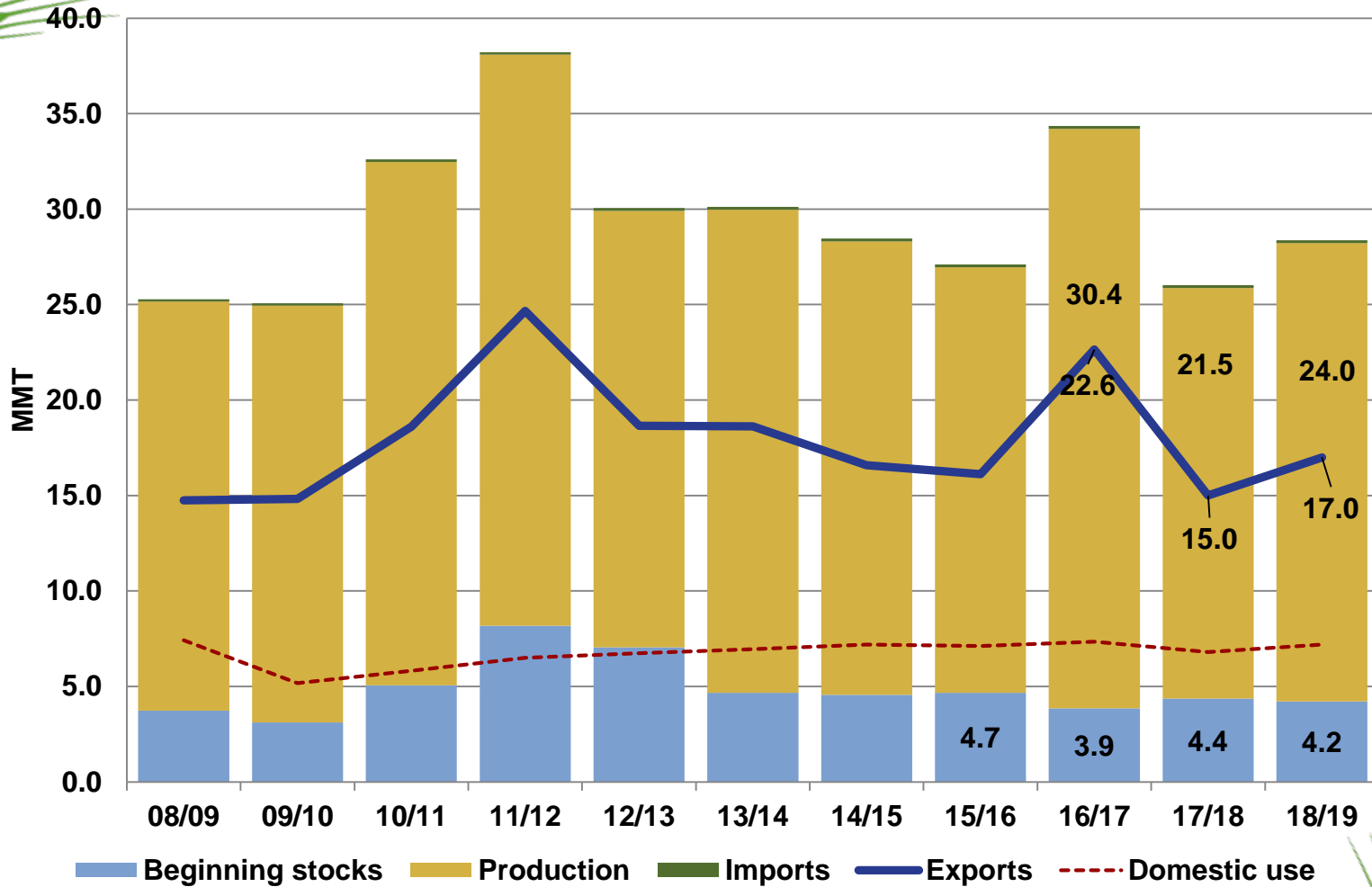
Canada Situation



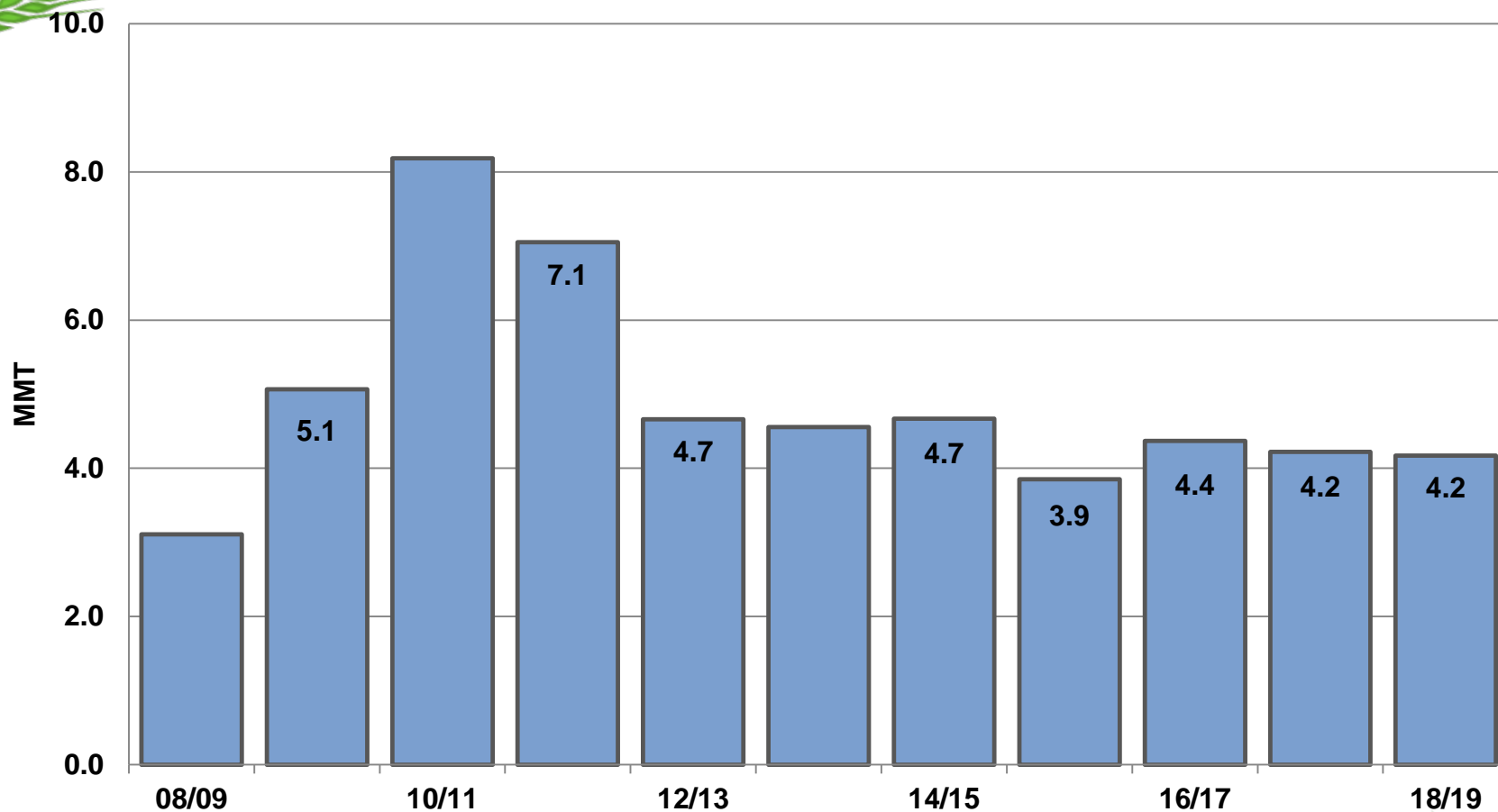
Canada Ending Stocks



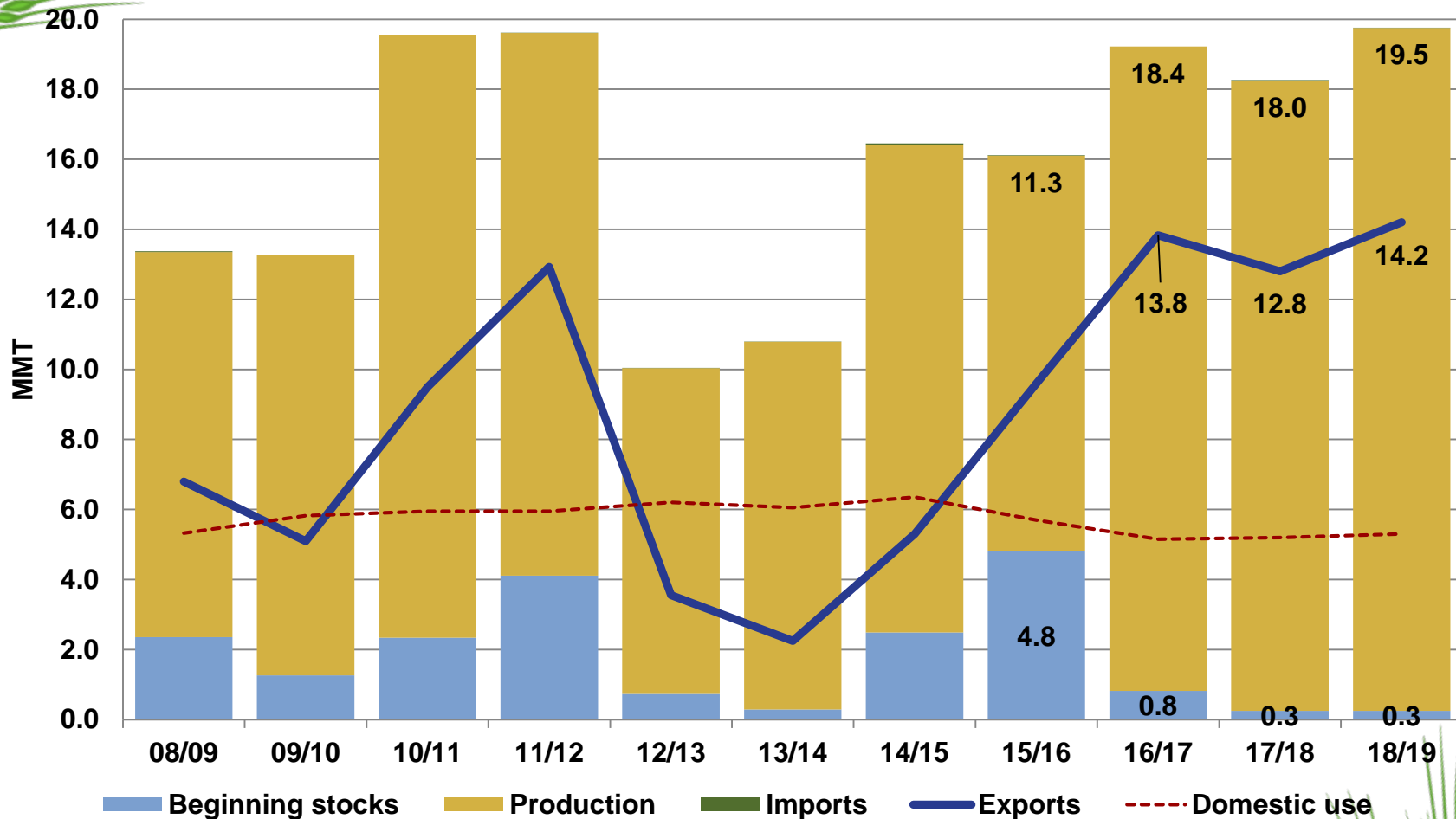
Australia Situation



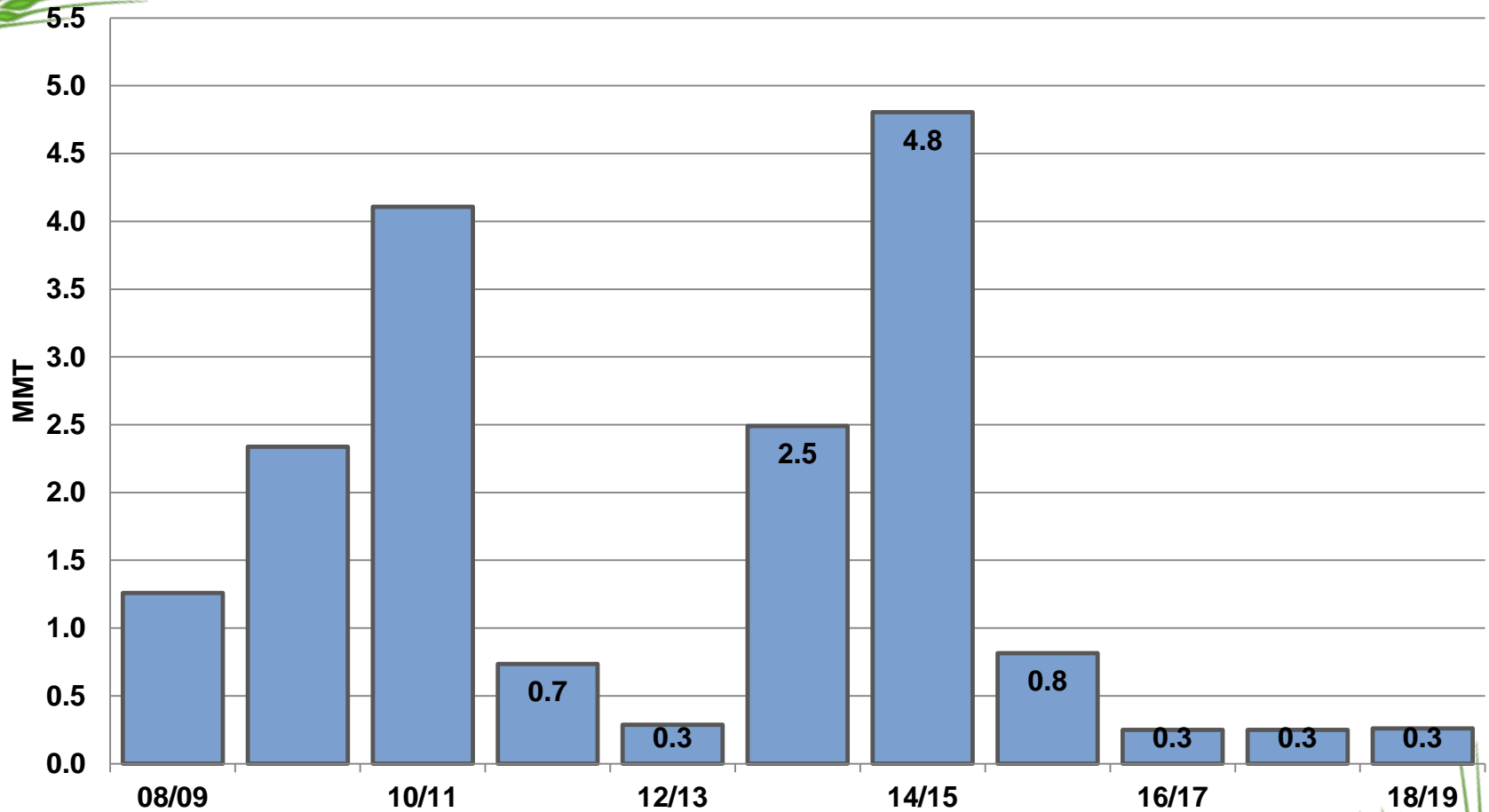
Australia Ending Stocks



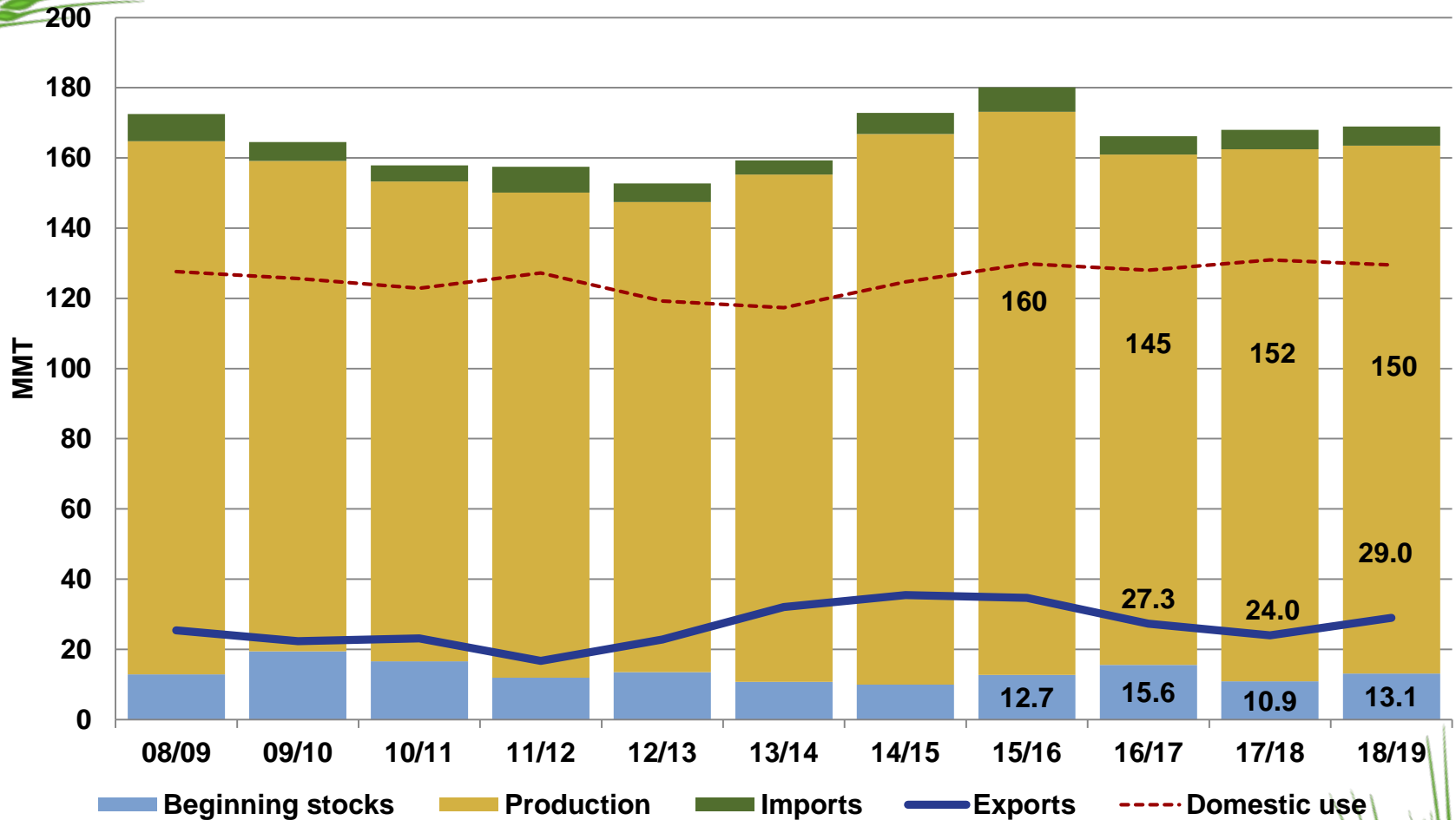
Argentina Situation



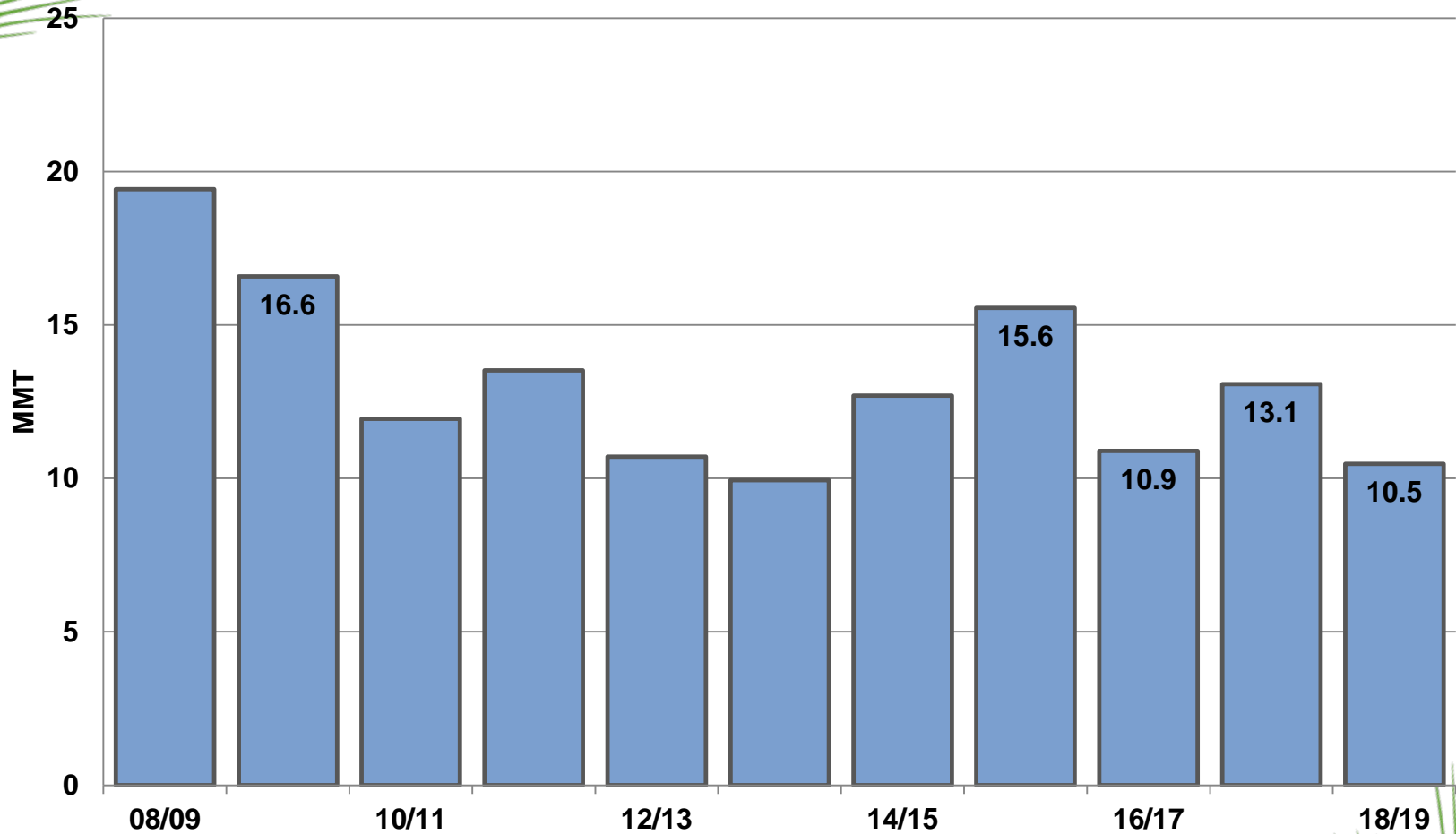
Argentina Ending Stocks



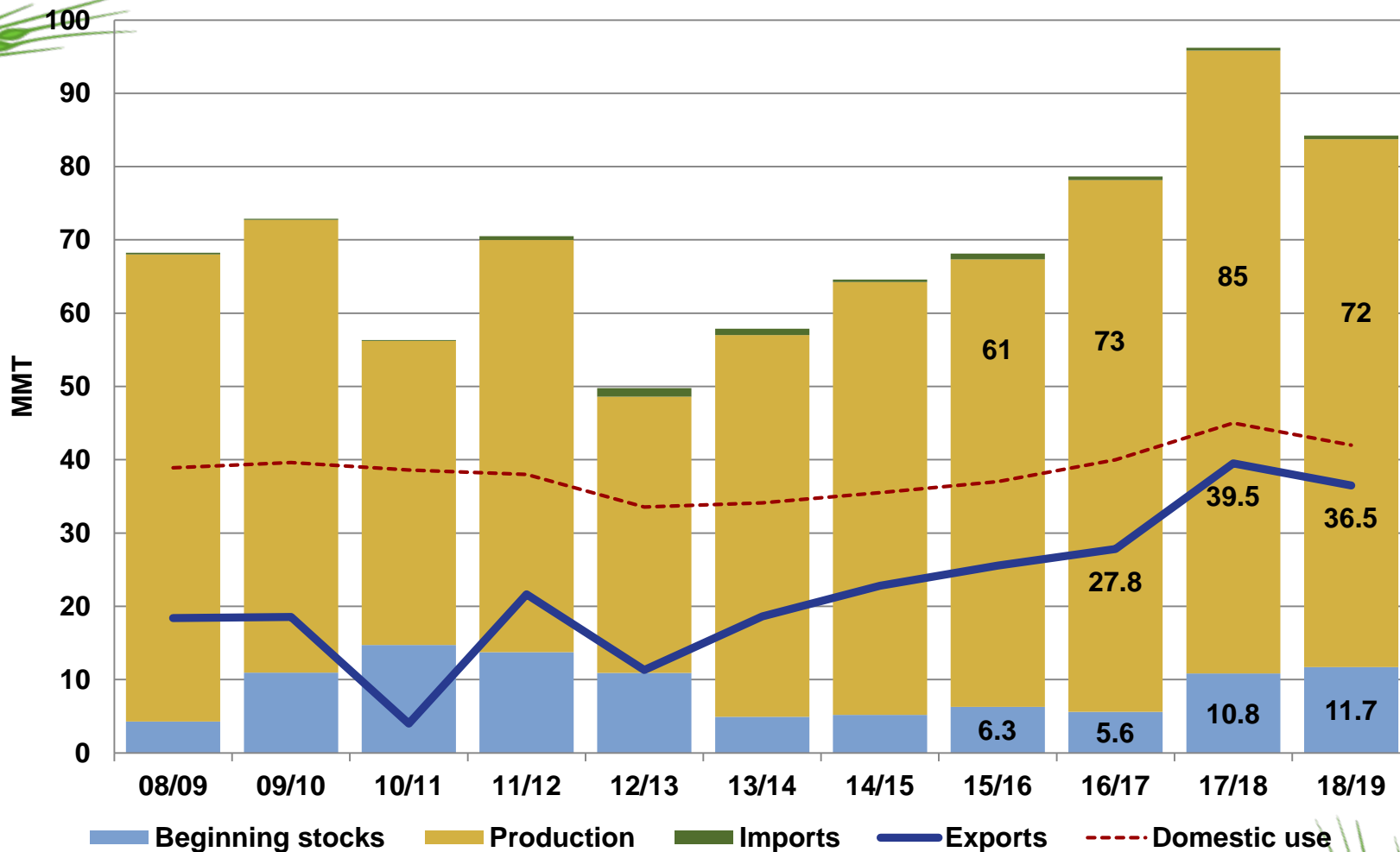
EU-27 Situation



EU-27 Ending Stocks

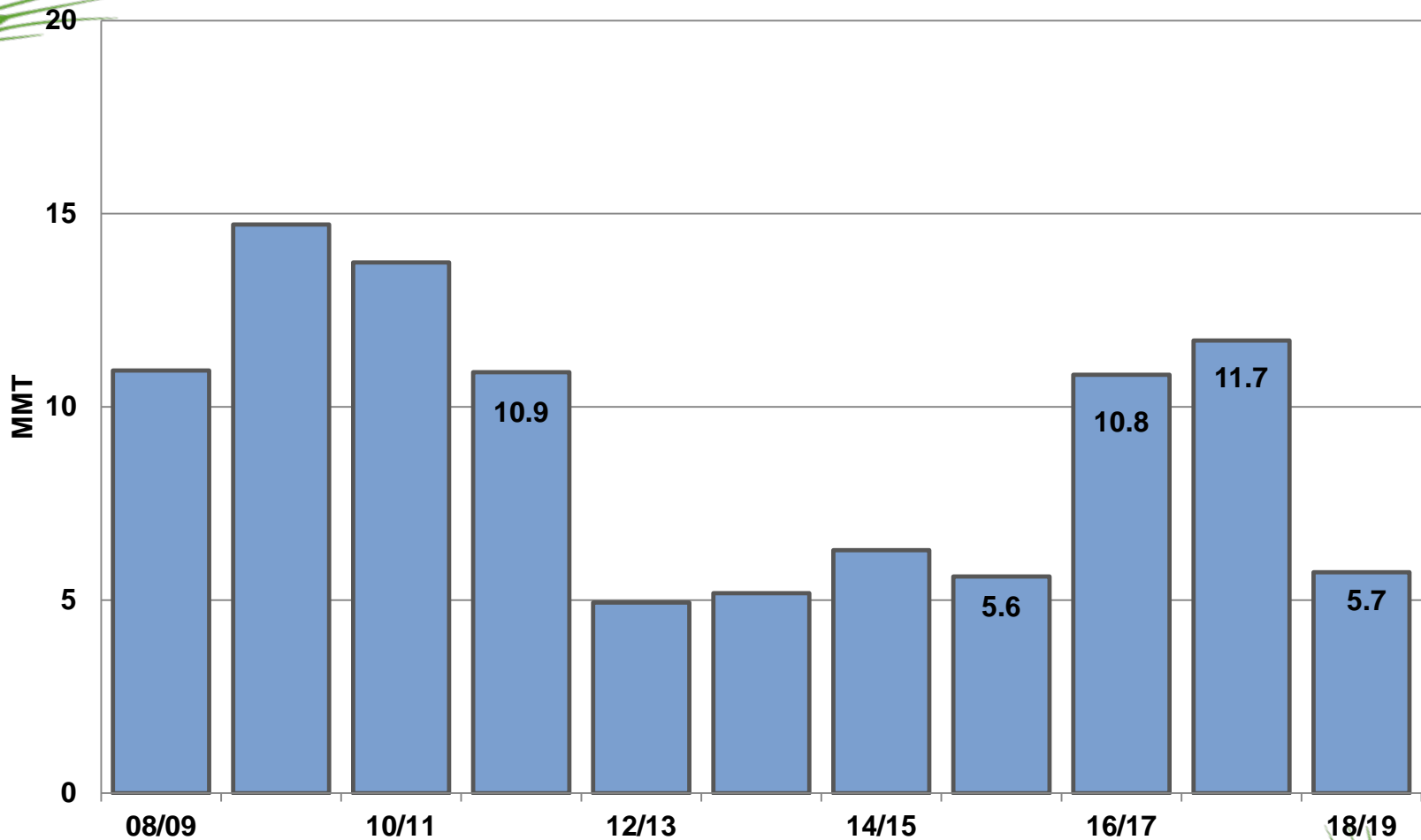


Russia Situation

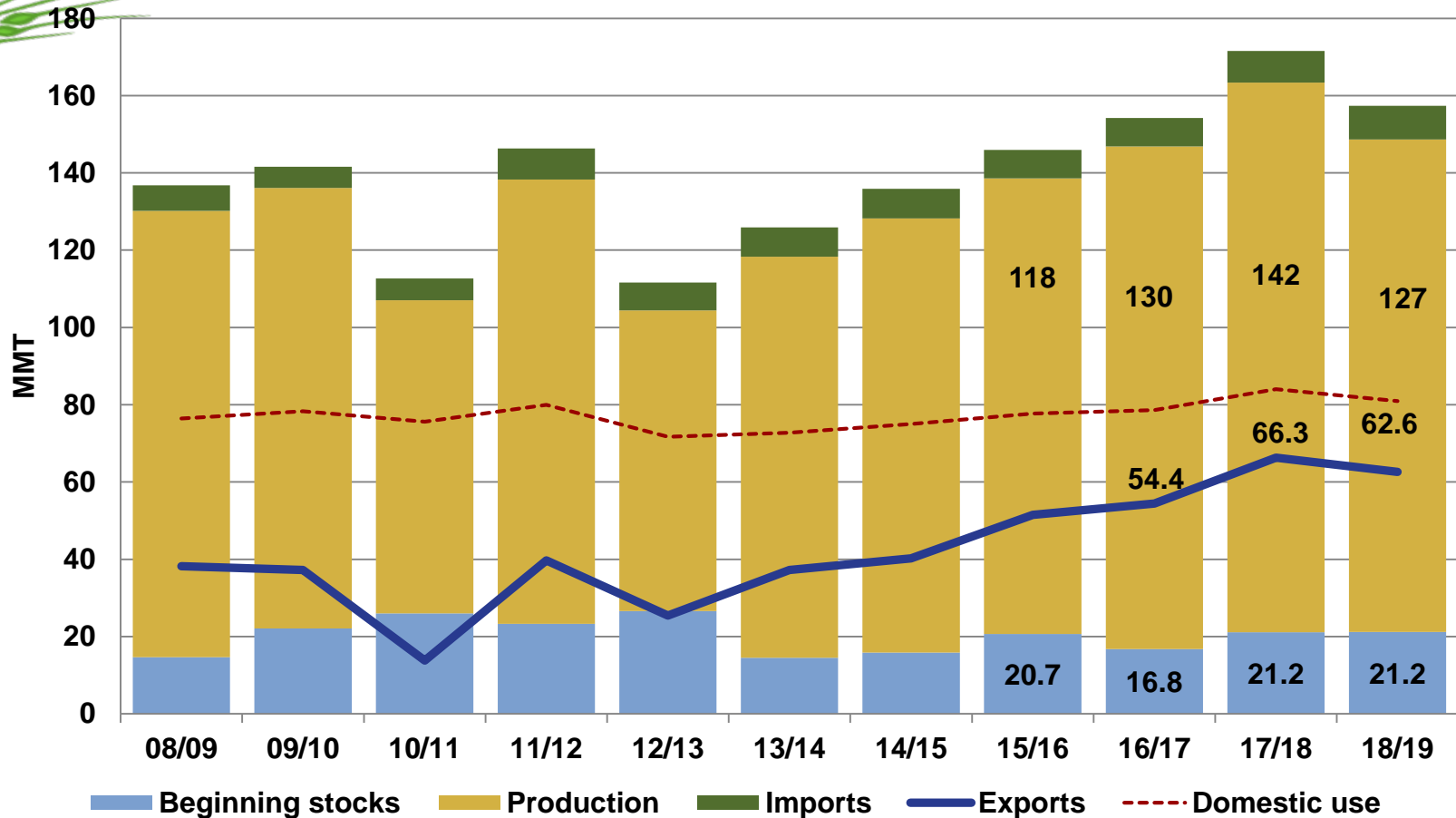


■ Beginning stocks ■ Production ■ Imports — Exports - - - Domestic use

Russia Ending Stocks

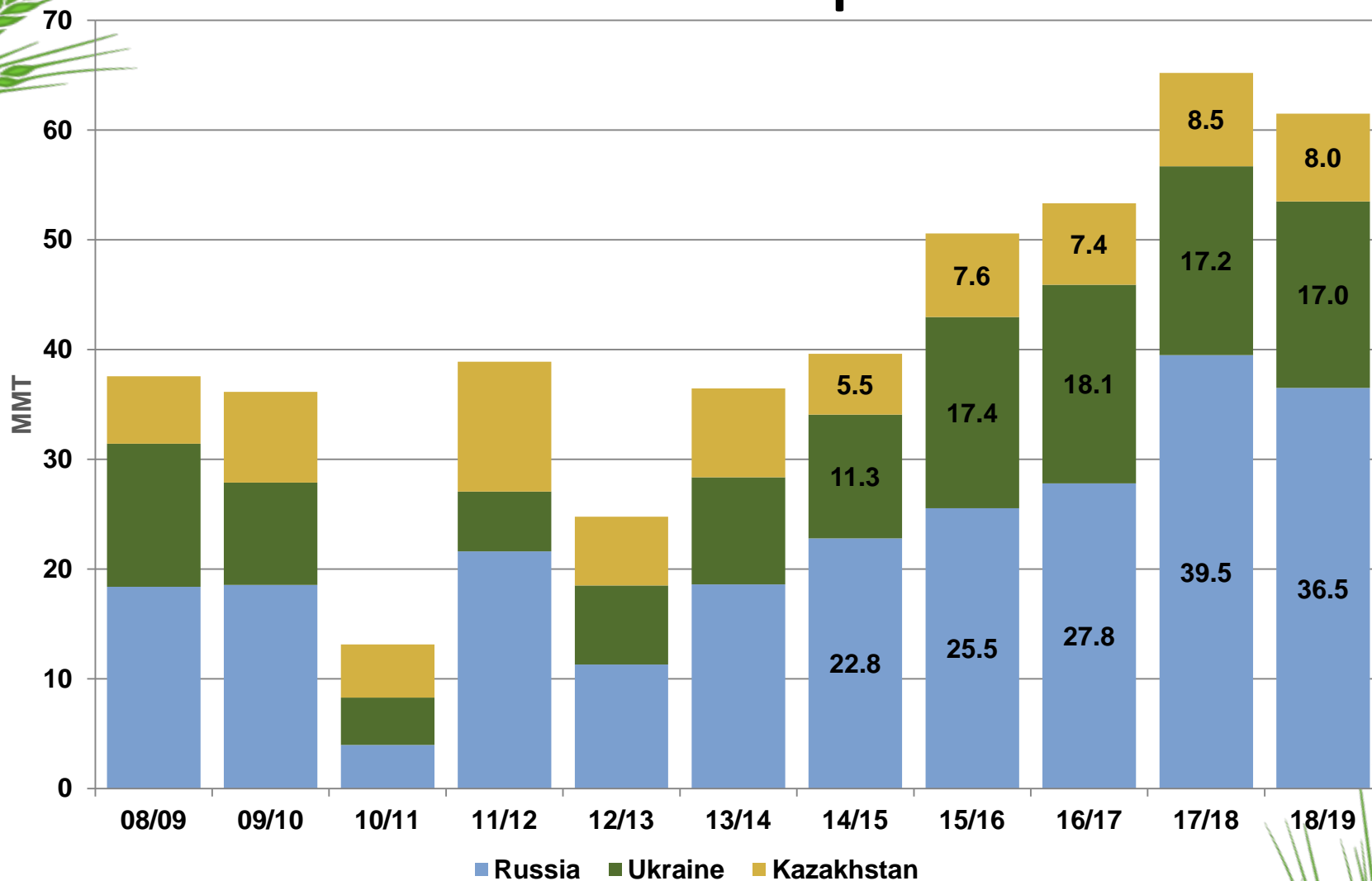


Black Sea Region Situation



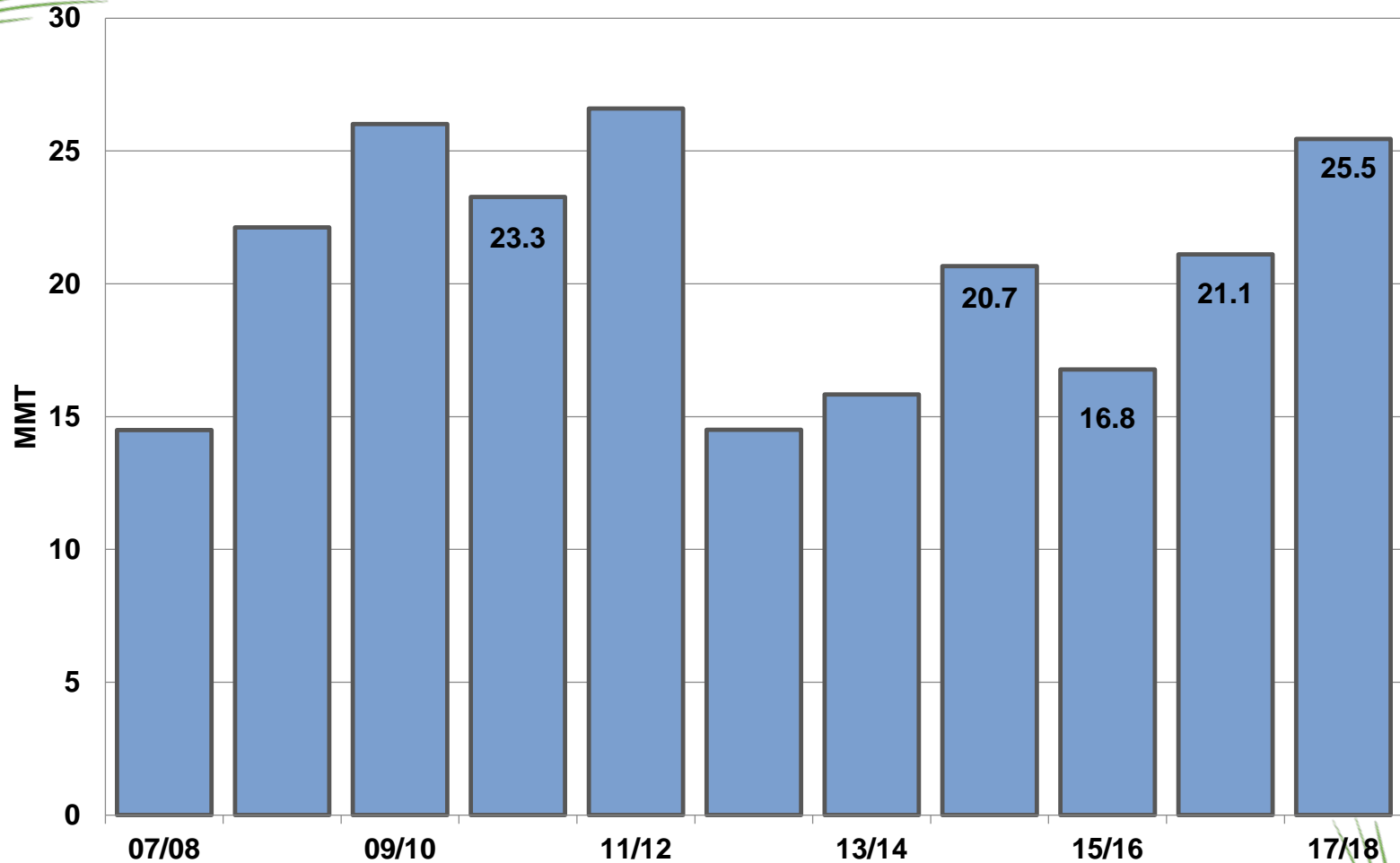
Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

Black Sea Exports



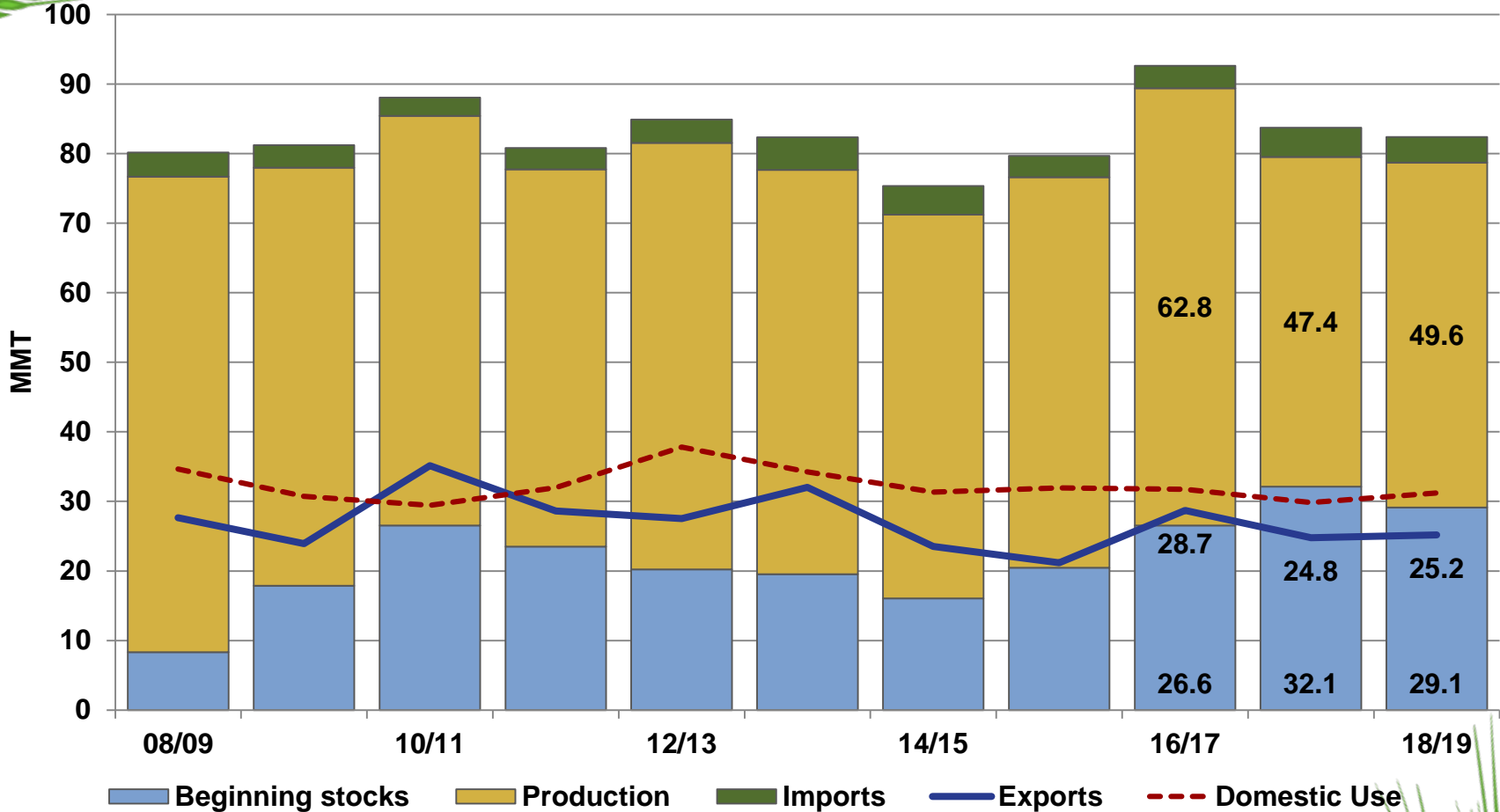
■ Russia ■ Ukraine ■ Kazakhstan

Black Sea Ending Stocks

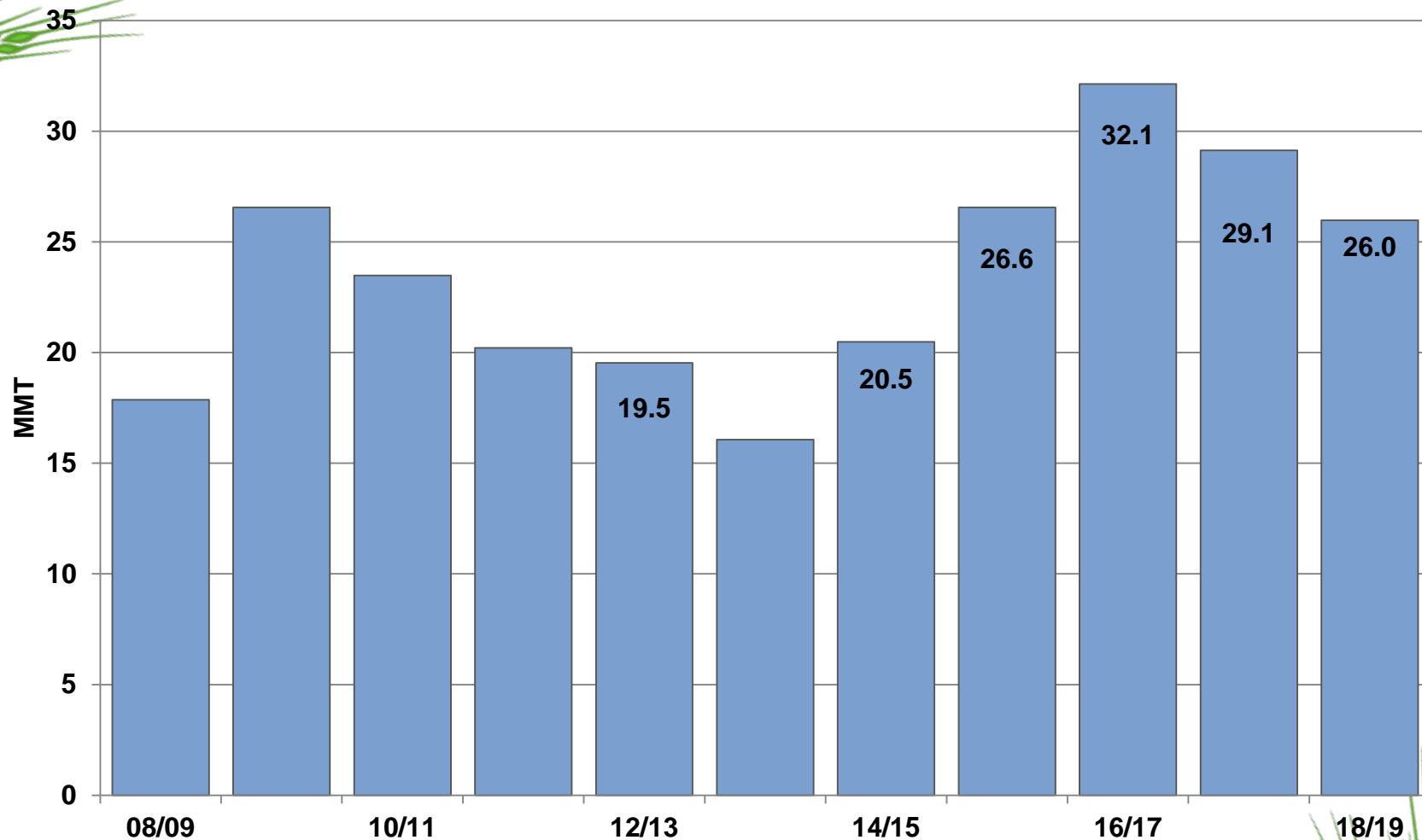


U.S. Situation

U.S. Wheat Situation



U.S. Ending Stocks



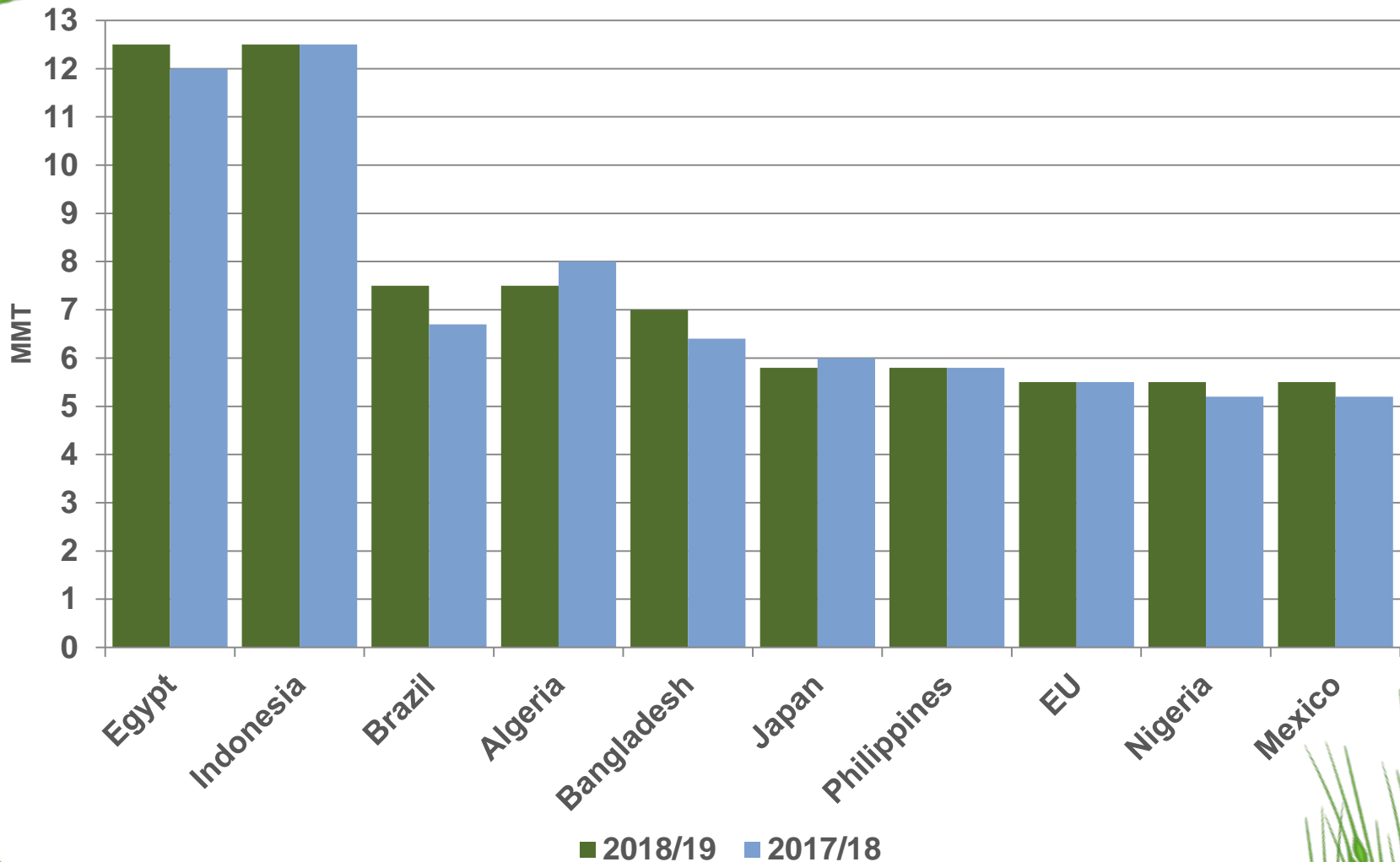
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



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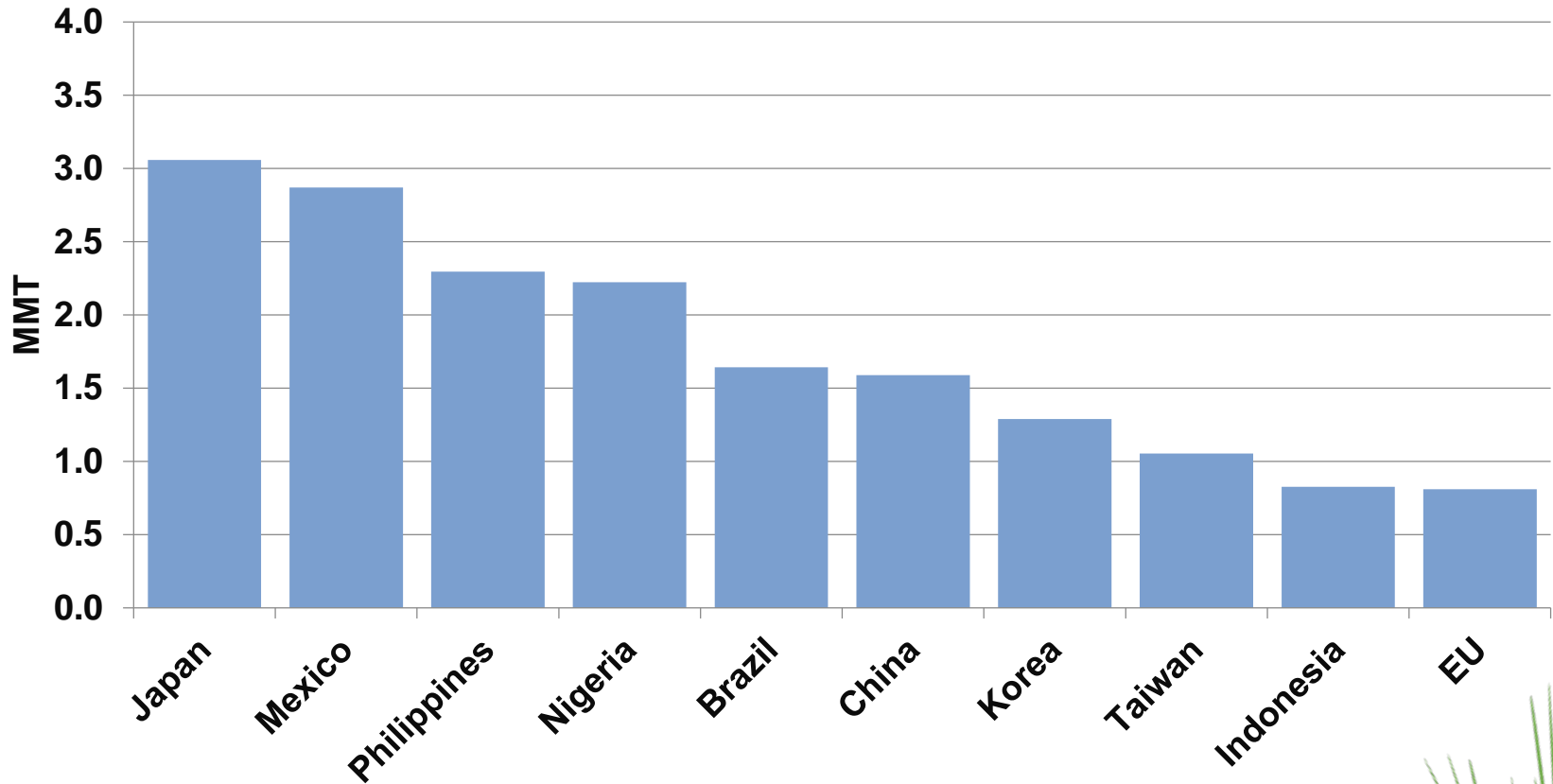
Major World Wheat Importers

(from all origins)



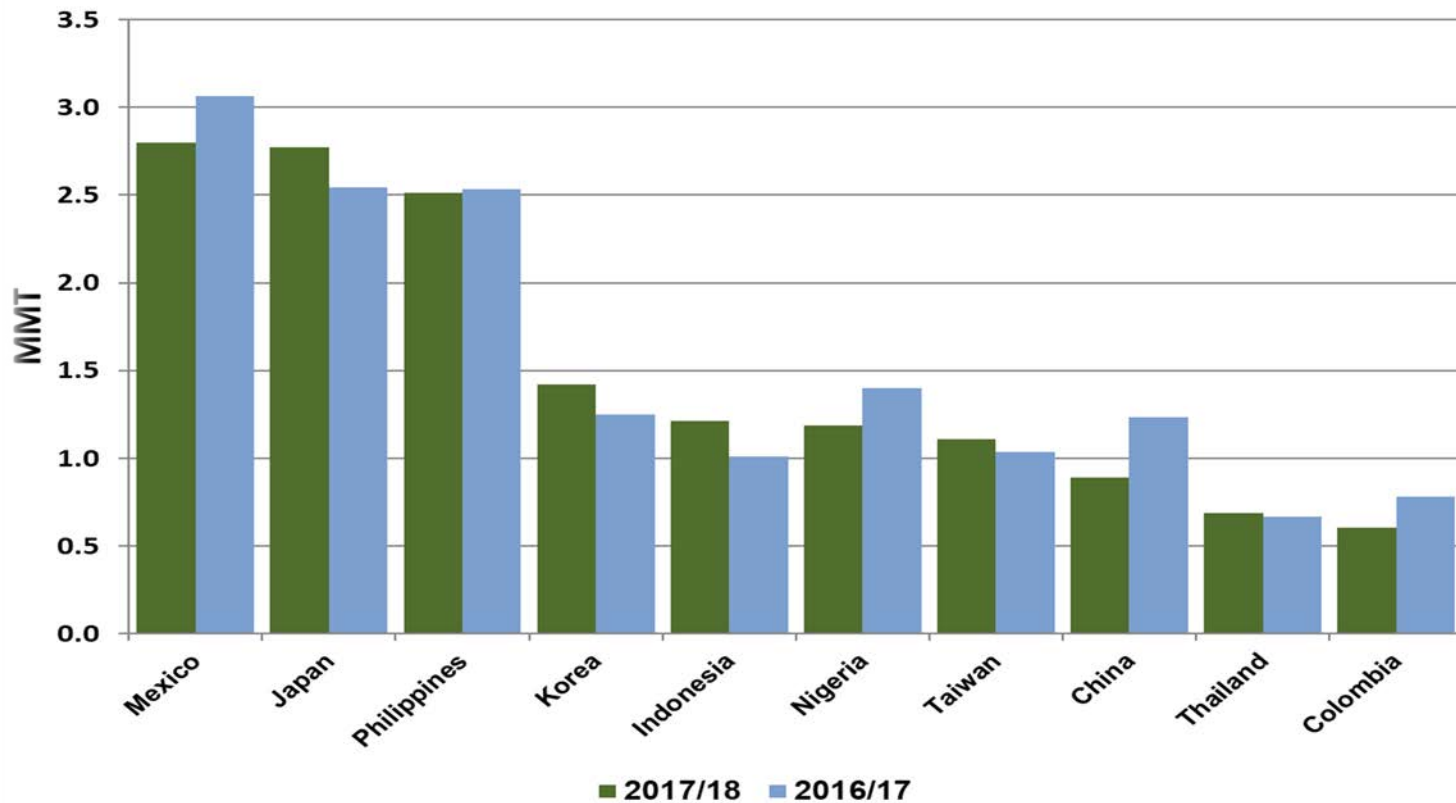
Top 10 Customers for U.S. Wheat

5-year average



Top 10 Customers for U.S. Wheat

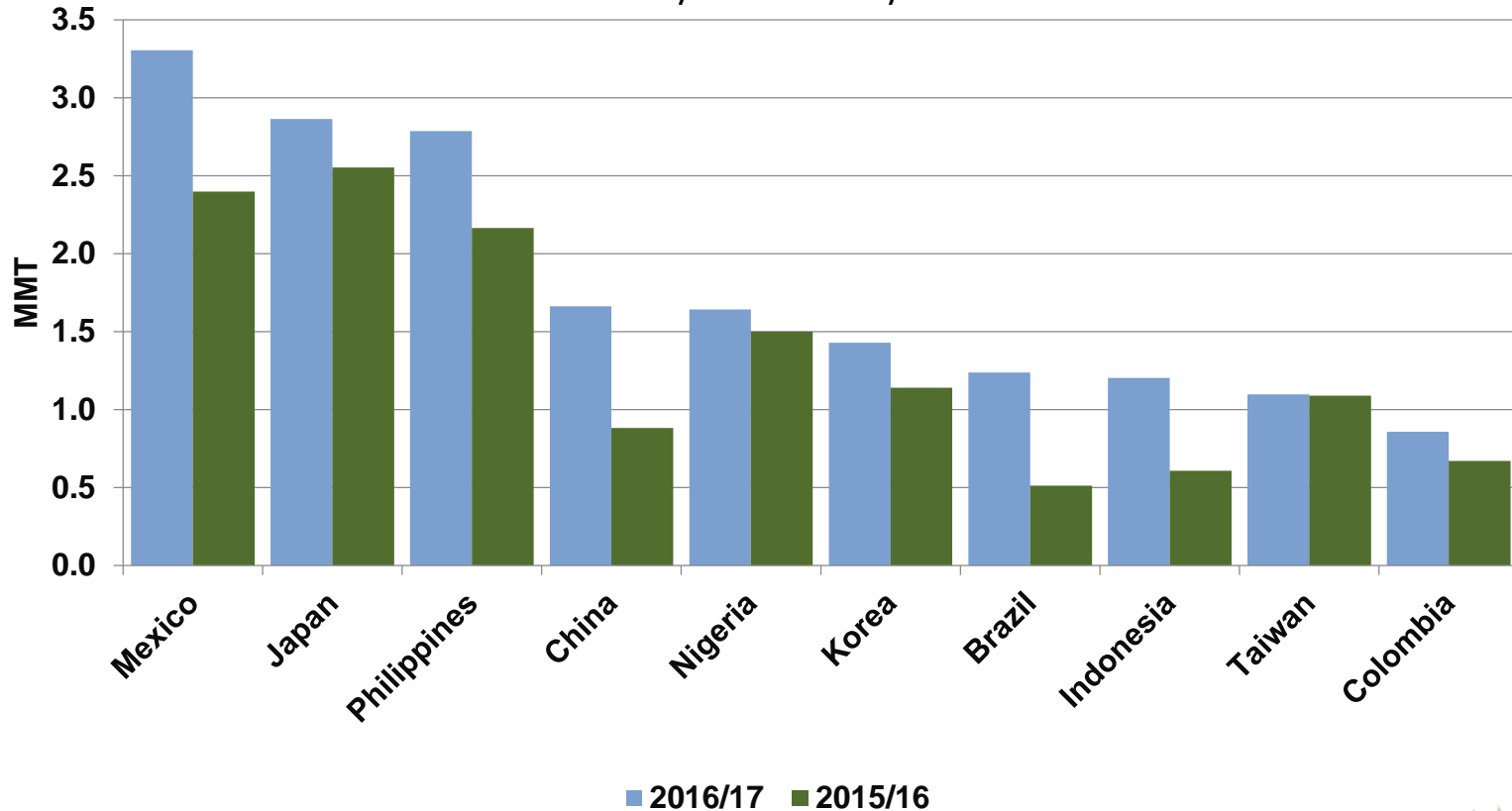
Year-to-date



Source: USDA FAS export sales report May 10, 2018.

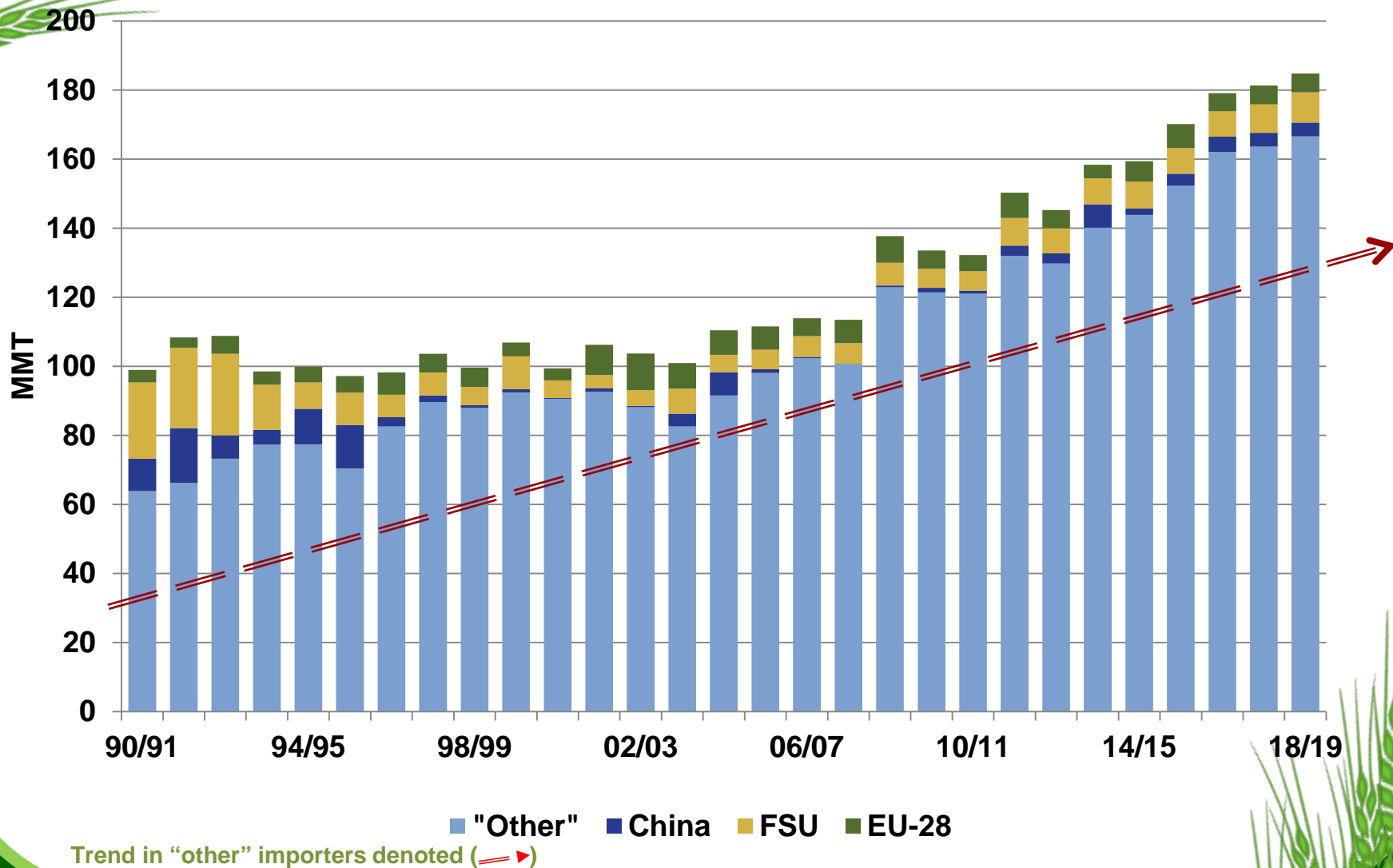
Top 10 Customers for U.S. Wheat

2016/17 vs. 2015/16



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

World Wheat Imports



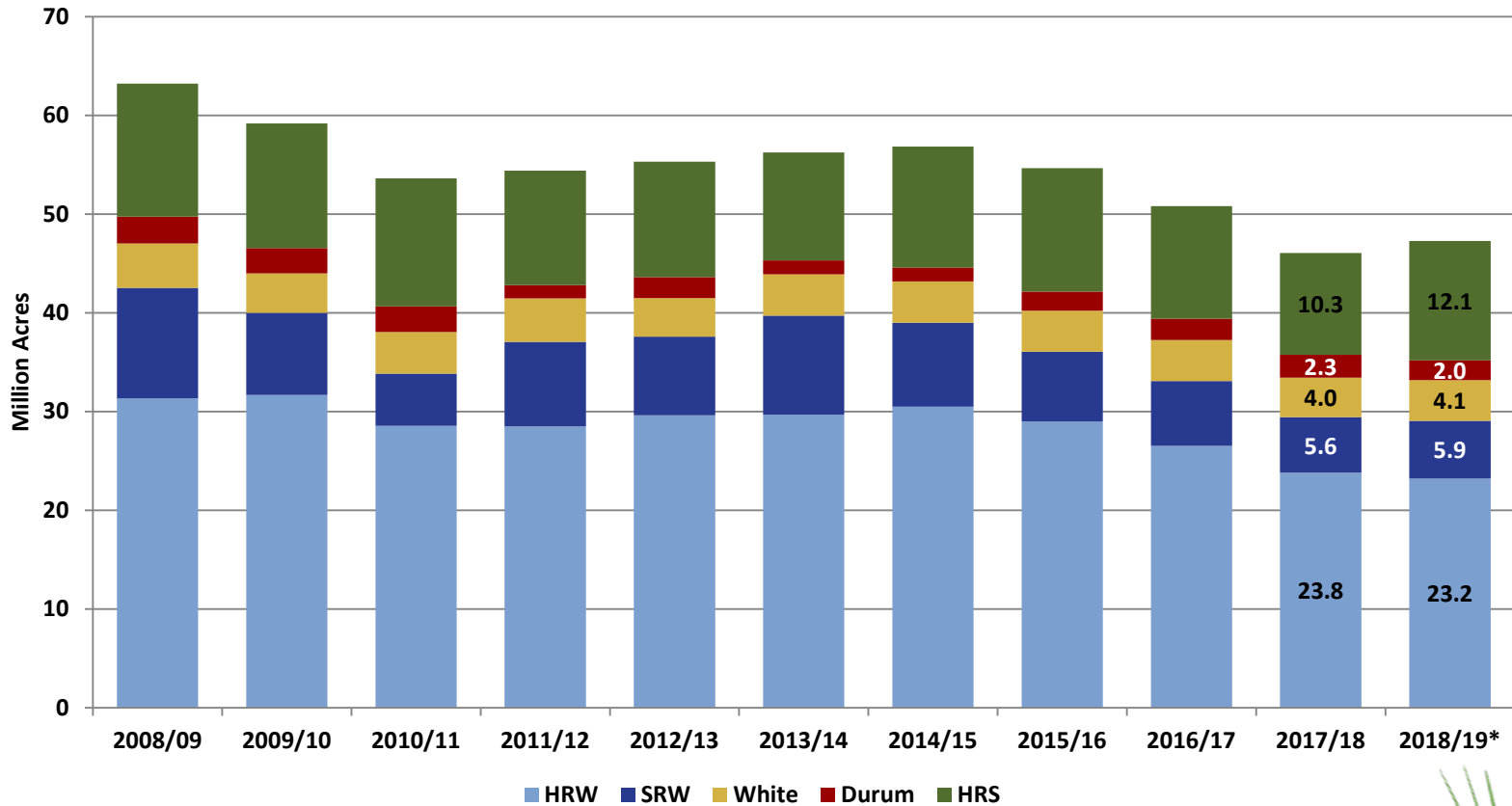
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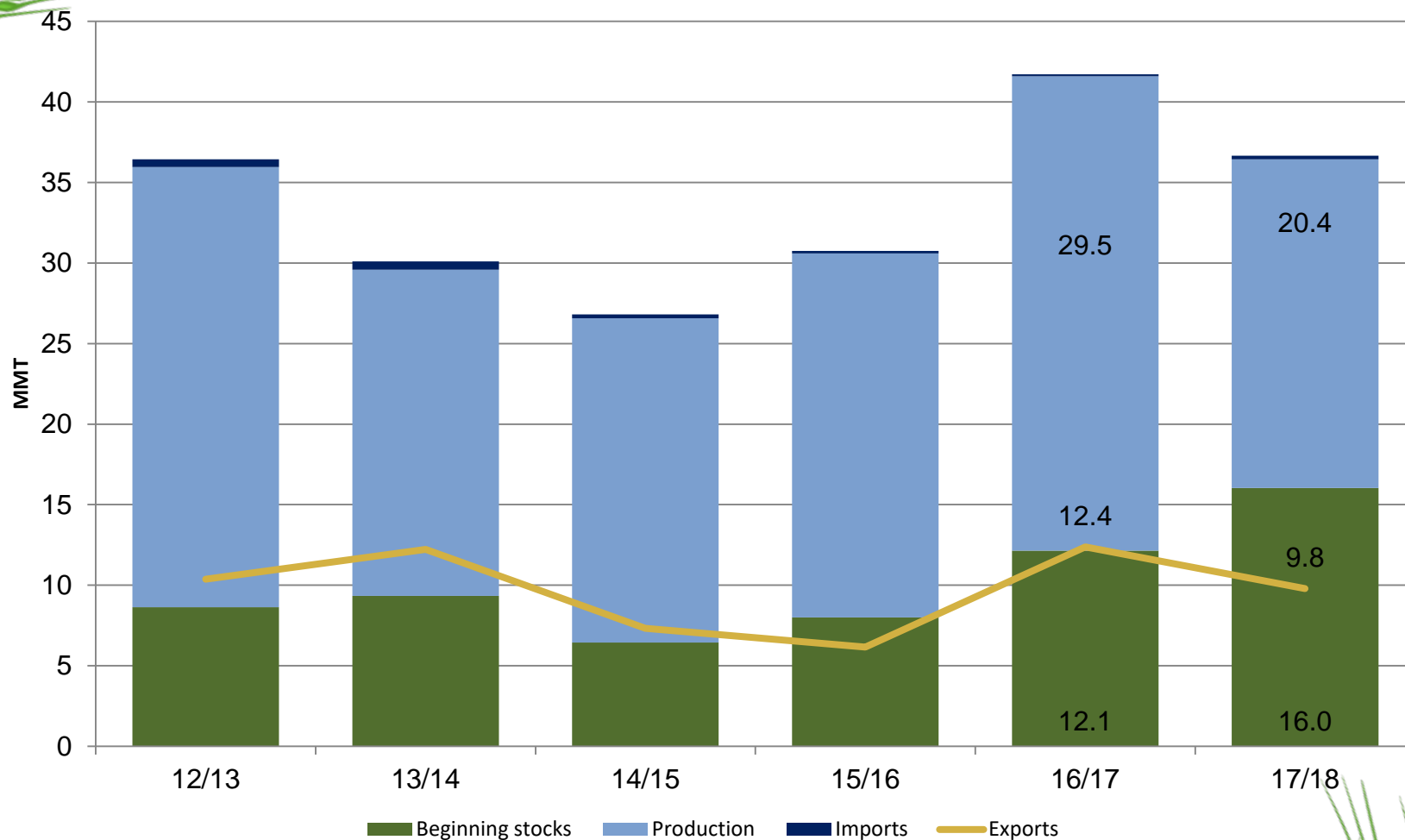
U.S. Wheat Plantings by Class

U.S. Wheat Planted Area by Class

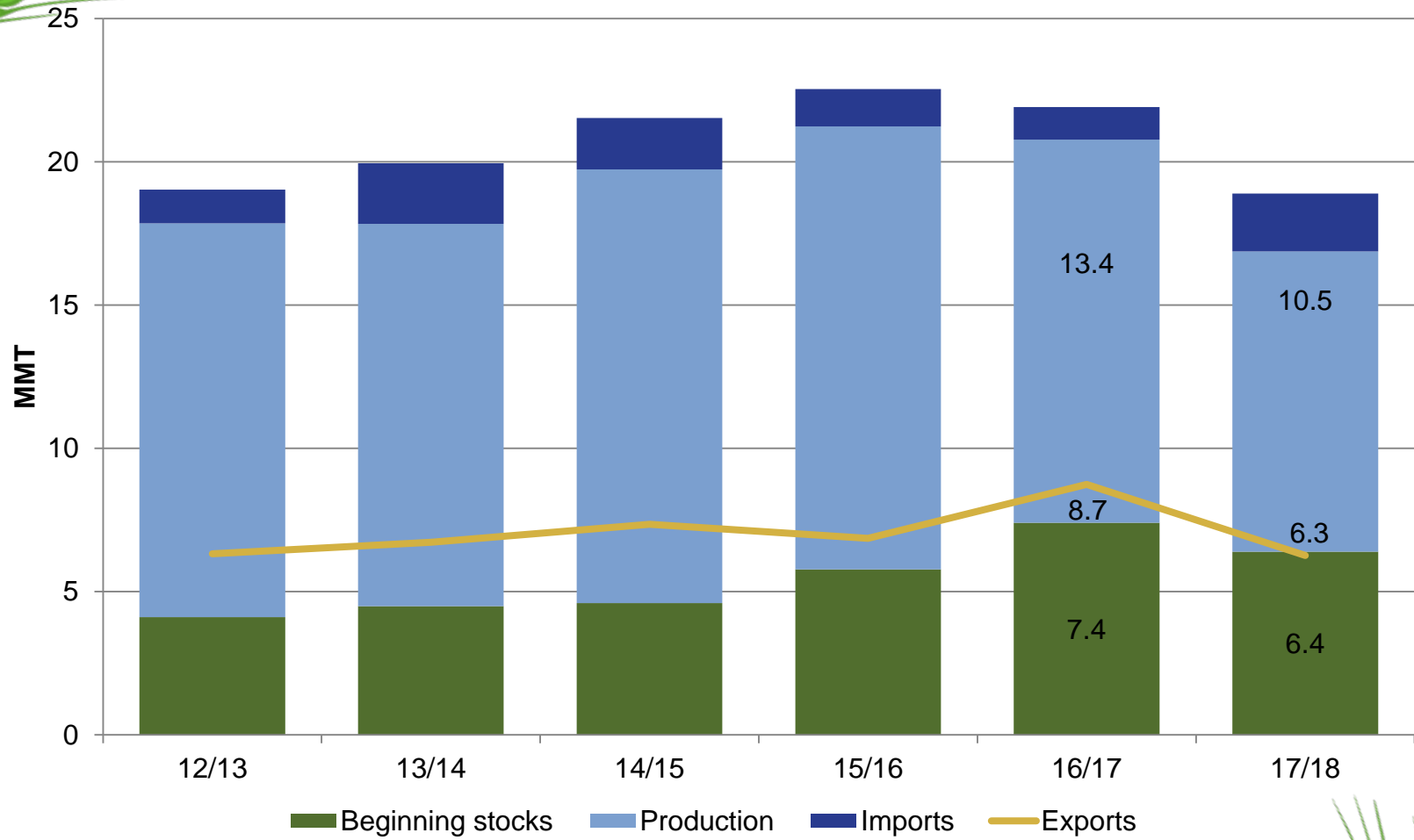


*Source: USDA Prospective Plantings Report, March 29, 2018

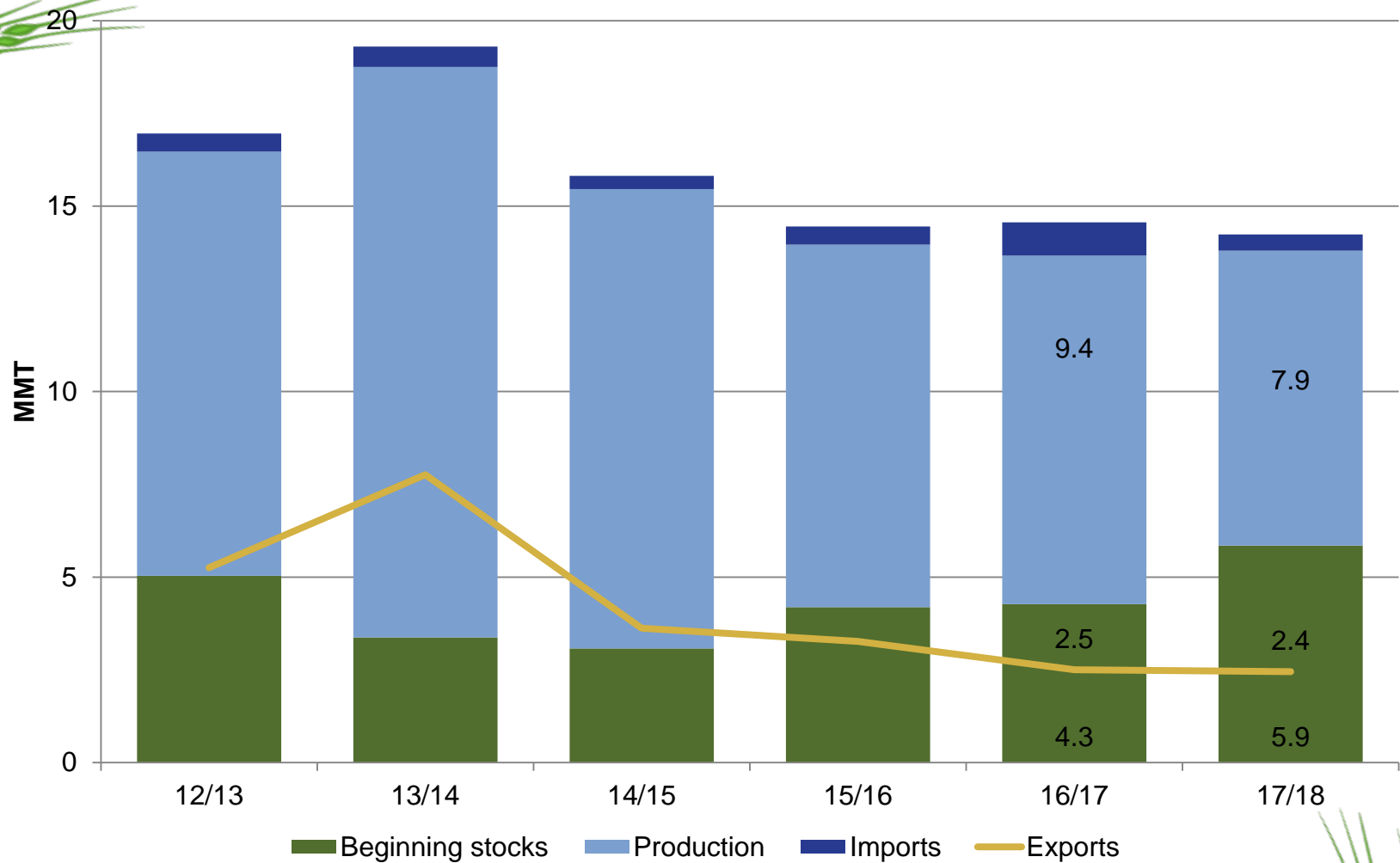
U.S. Hard Red Winter



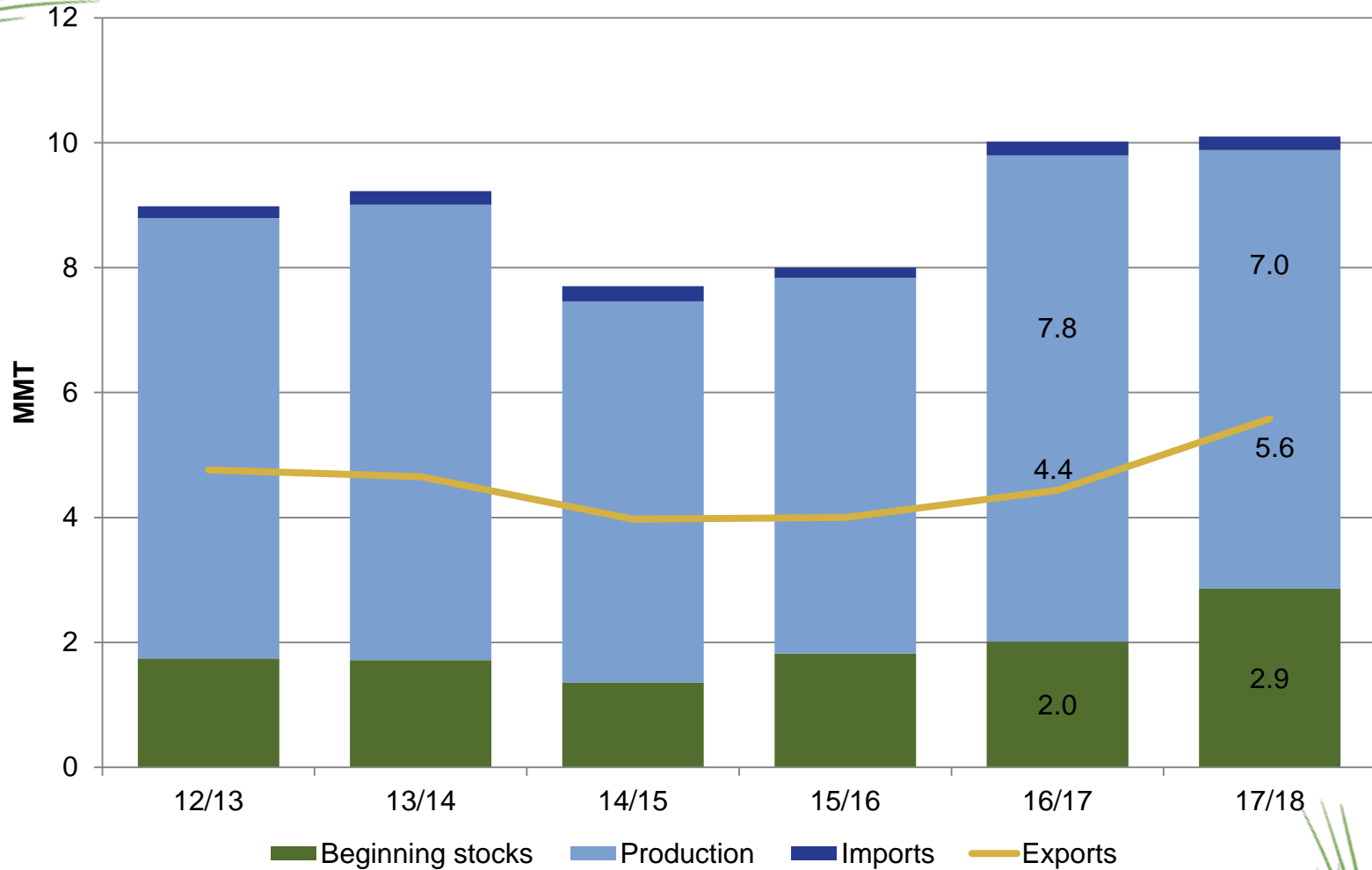
U.S. Hard Red Spring



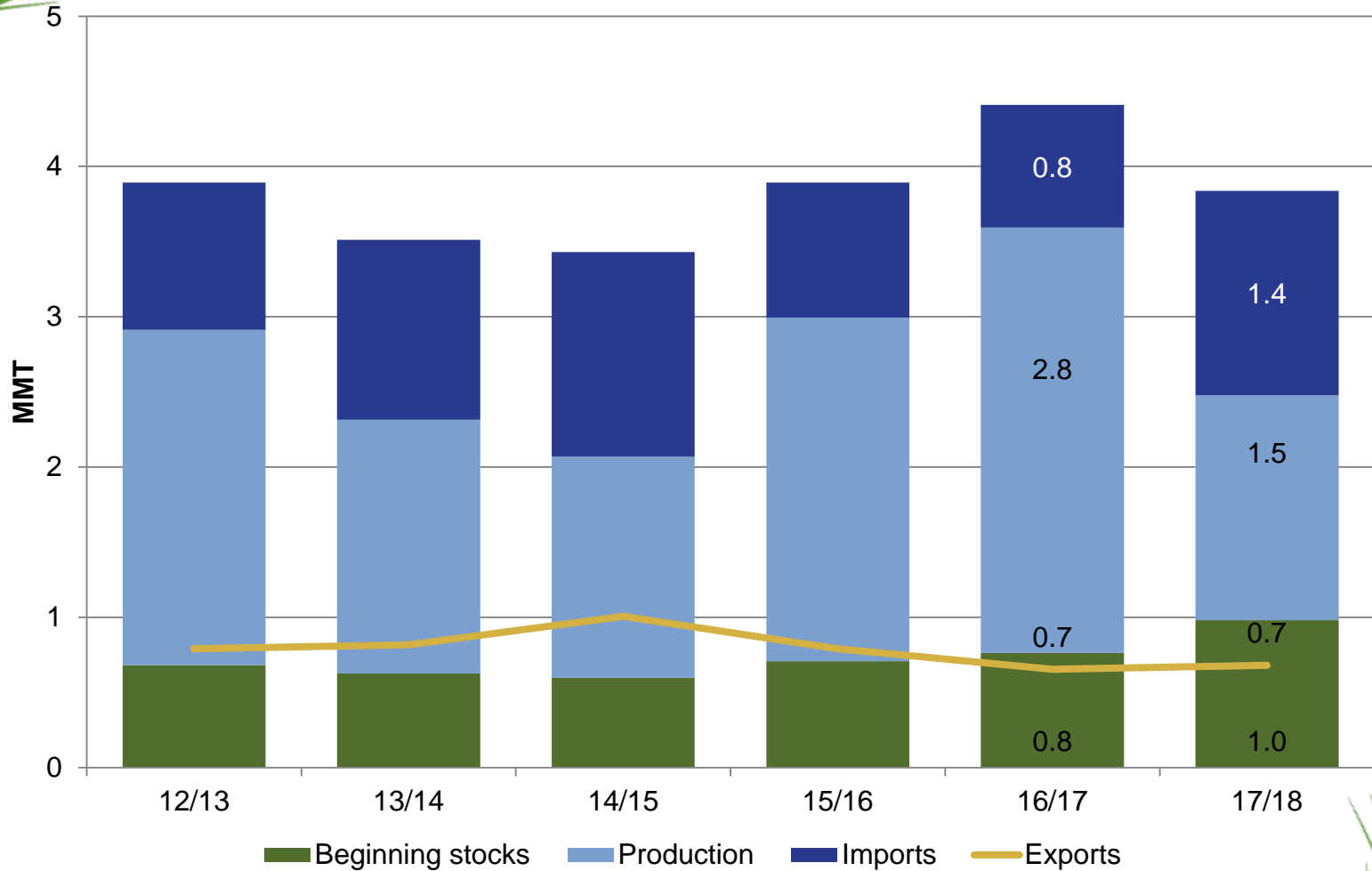
U.S. Soft Red Winter



U.S. White

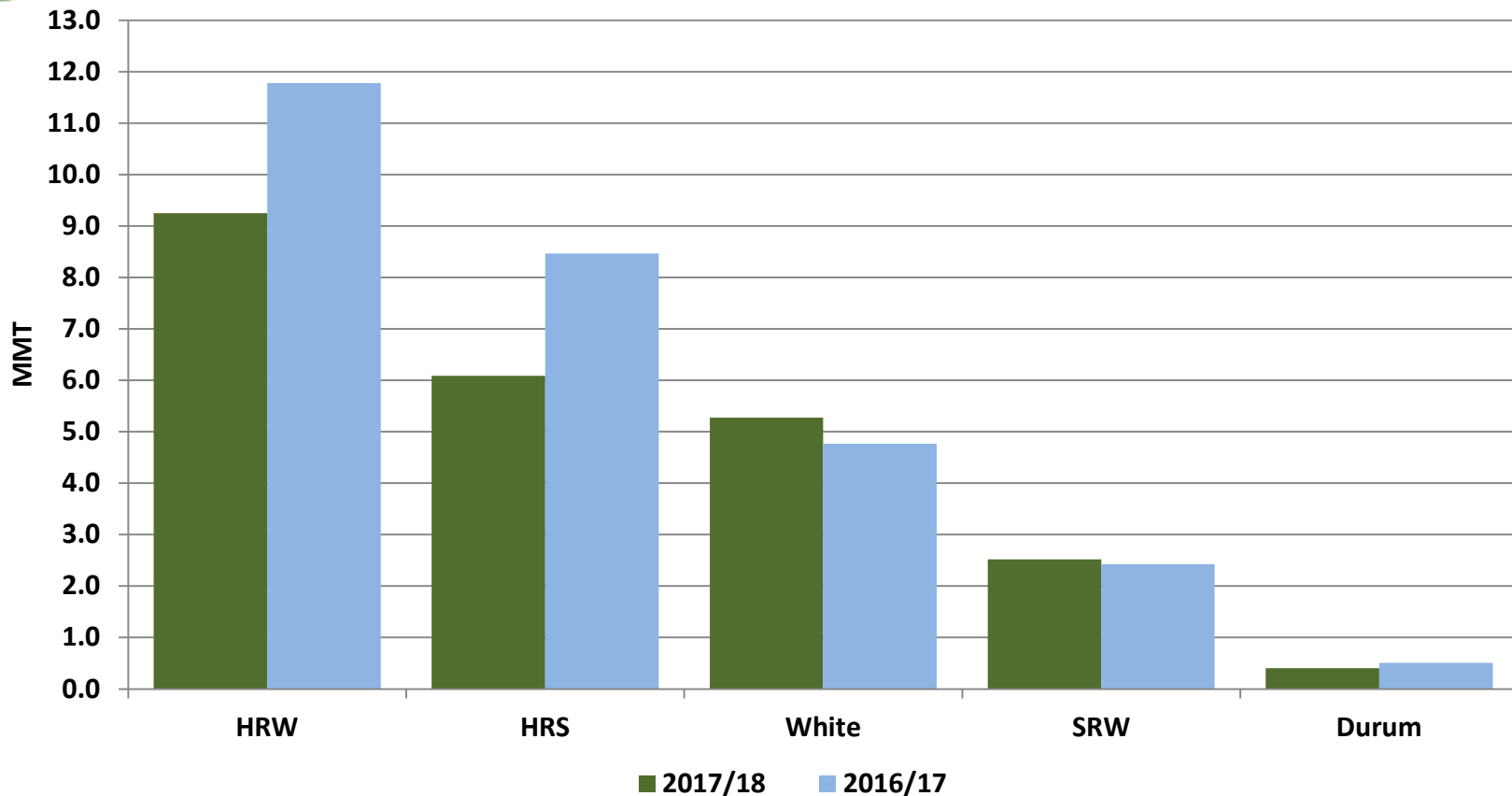


U.S. Durum



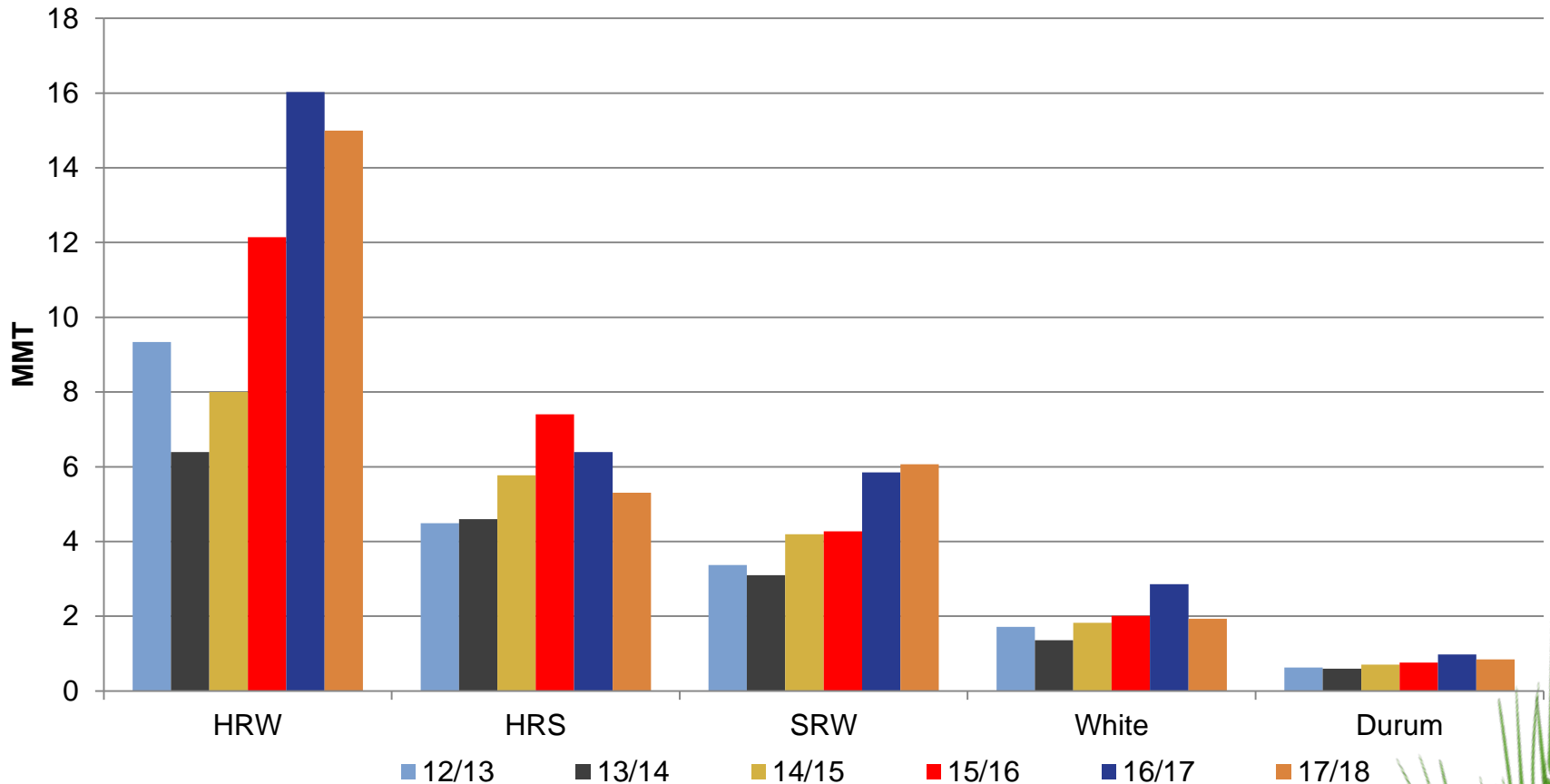
U.S. Wheat Sales by Class

(year-to-date)



Source: USDA FAS export sales report May 10, 2018.

U.S. Wheat Ending Stocks by Class



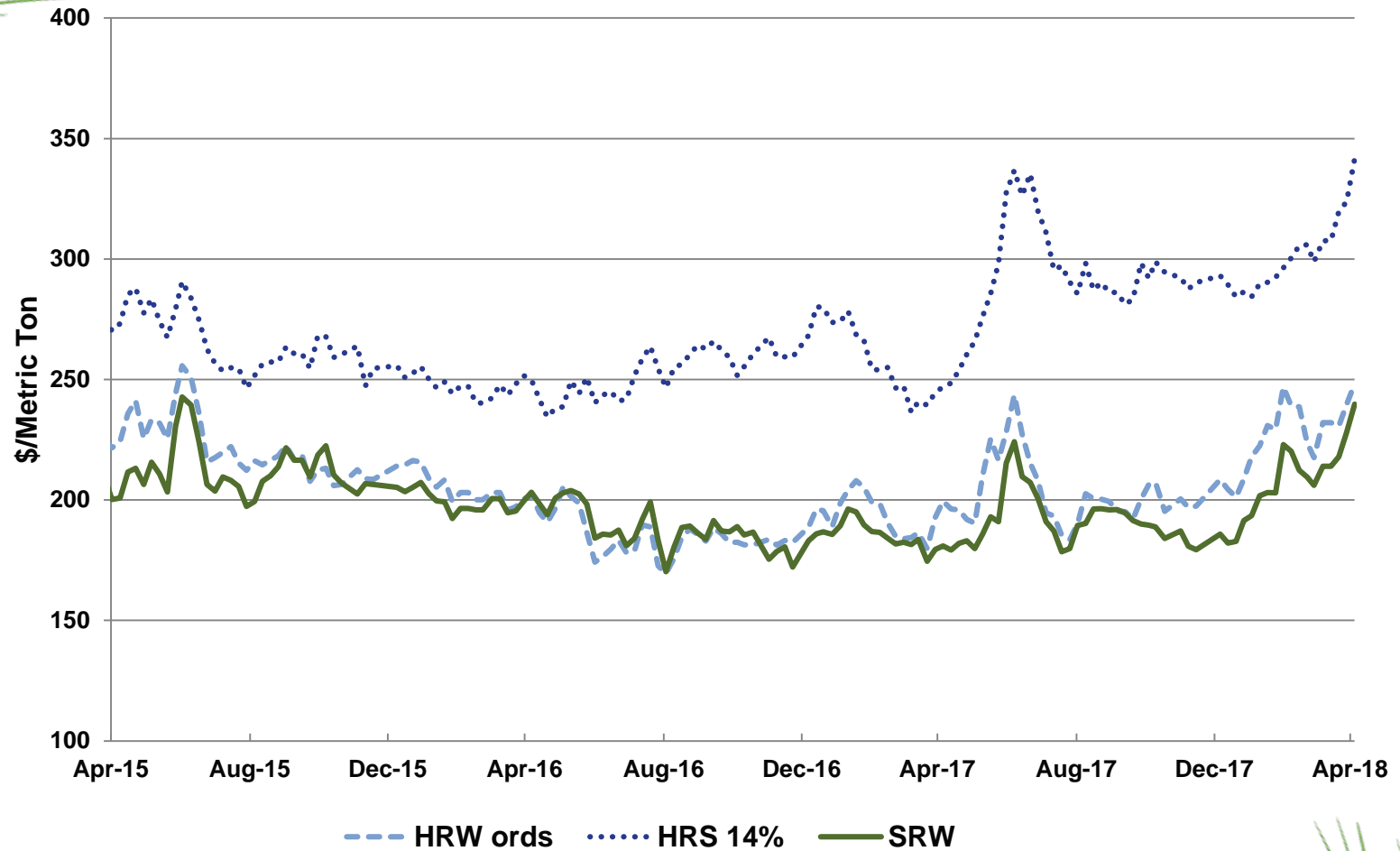
U.S. Wheat Supply and Demand

	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>0.4</u>
Supply Total	41.7	36.7	21.9	18.9	14.6	14.2
Domestic Use	13.3	11.9	6.8	7.3	6.2	5.7
Exports	<u>12.4</u>	<u>9.8</u>	<u>8.7</u>	<u>6.3</u>	<u>2.5</u>	<u>2.4</u>
Use Total	25.7	21.7	15.5	13.6	8.7	8.2
Ending Stocks	16.0	15.0	6.4	5.3	5.9	6.1
Stocks-to-Use	62%	69%	41%	39%	67%	74%

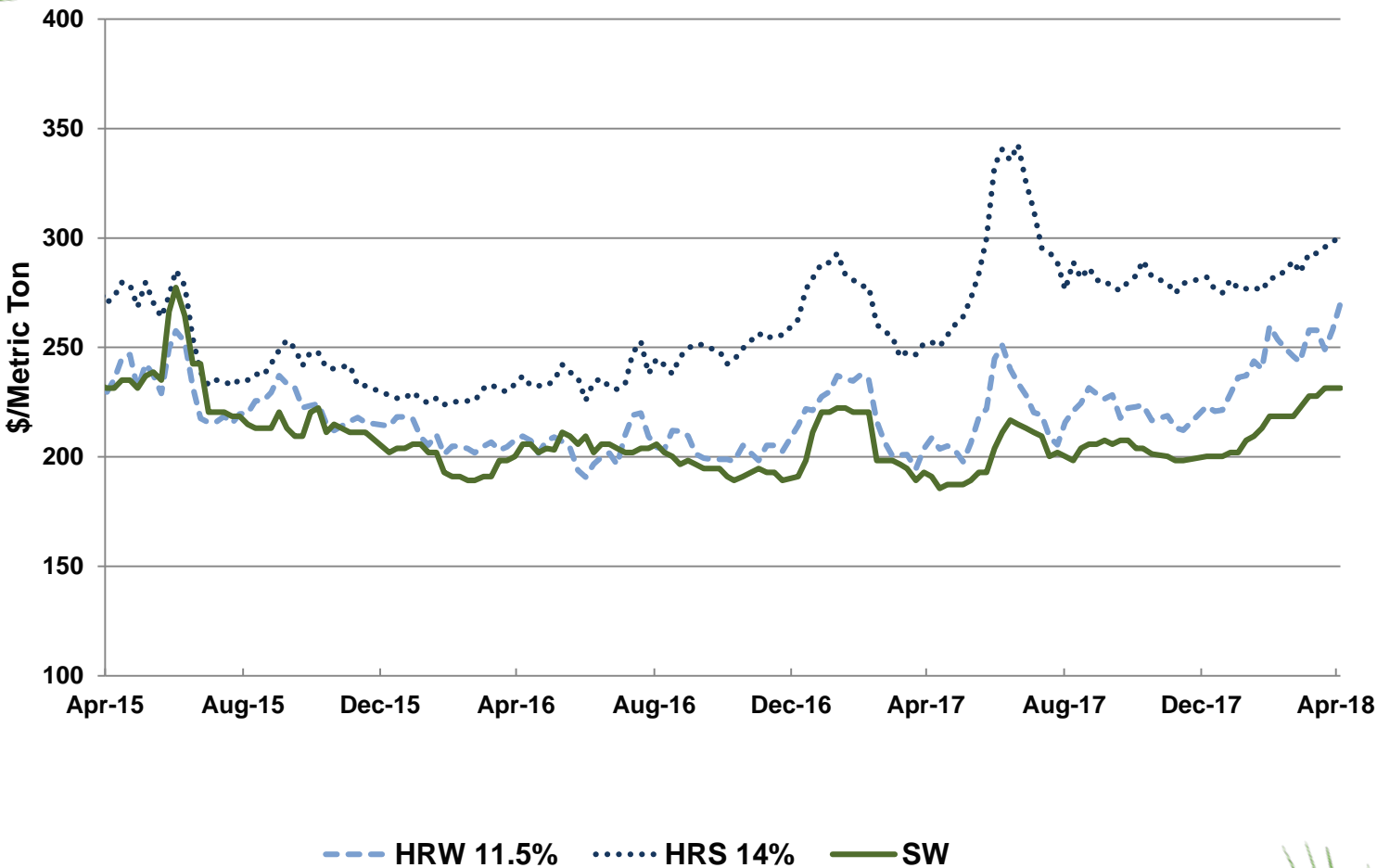
U.S. Wheat Supply and Demand

	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>1.4</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	29.9
Exports	<u>4.4</u>	<u>5.6</u>	<u>0.7</u>	<u>0.7</u>	<u>28.7</u>	<u>24.8</u>
Use Total	7.2	8.2	3.4	3.0	60.5	54.6
Ending Stocks	2.9	1.9	1.0	0.8	32.1	29.2
Stocks-to-Use	40%	24%	29%	28%	53%	53%

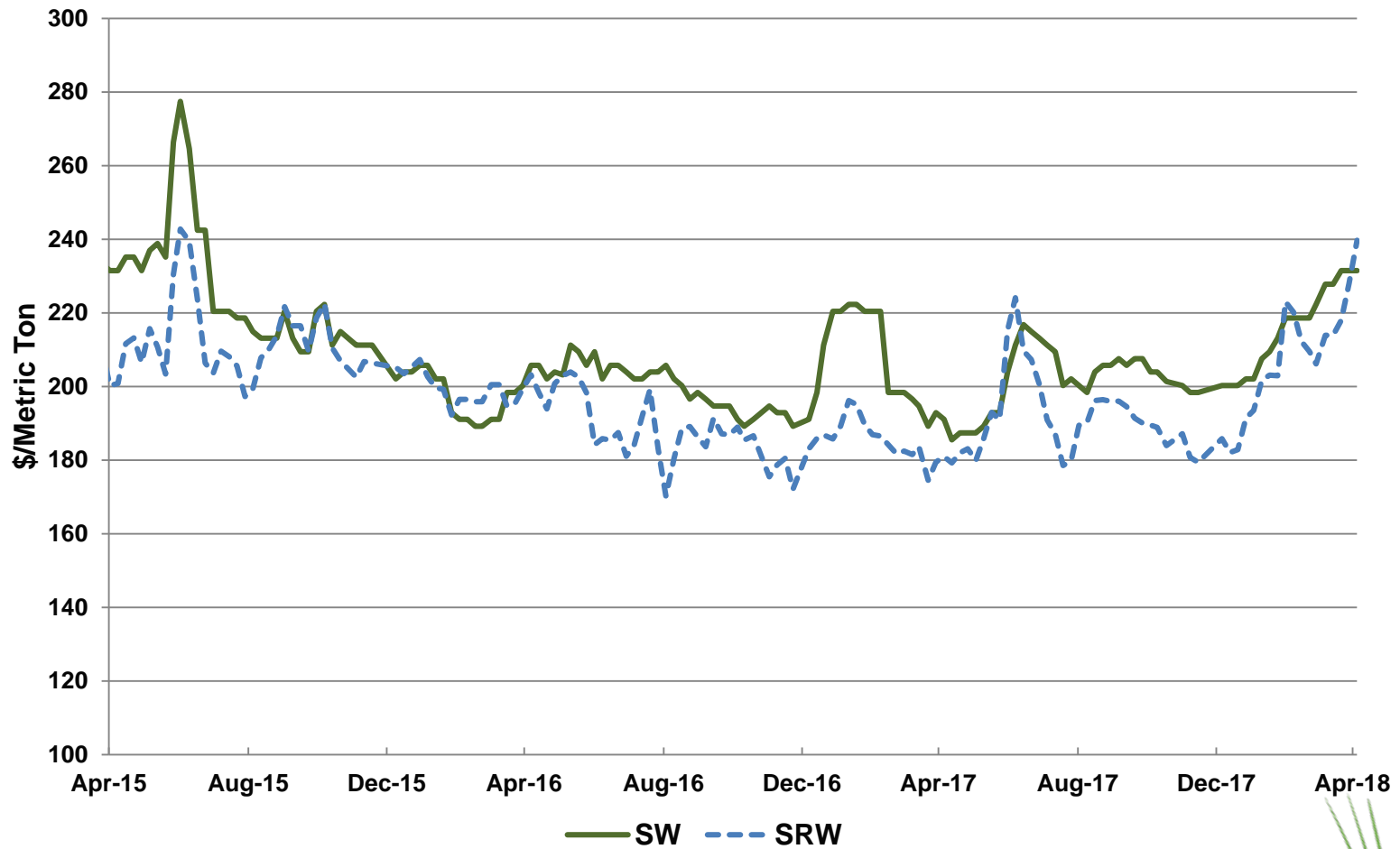
U.S. FOB Gulf Prices



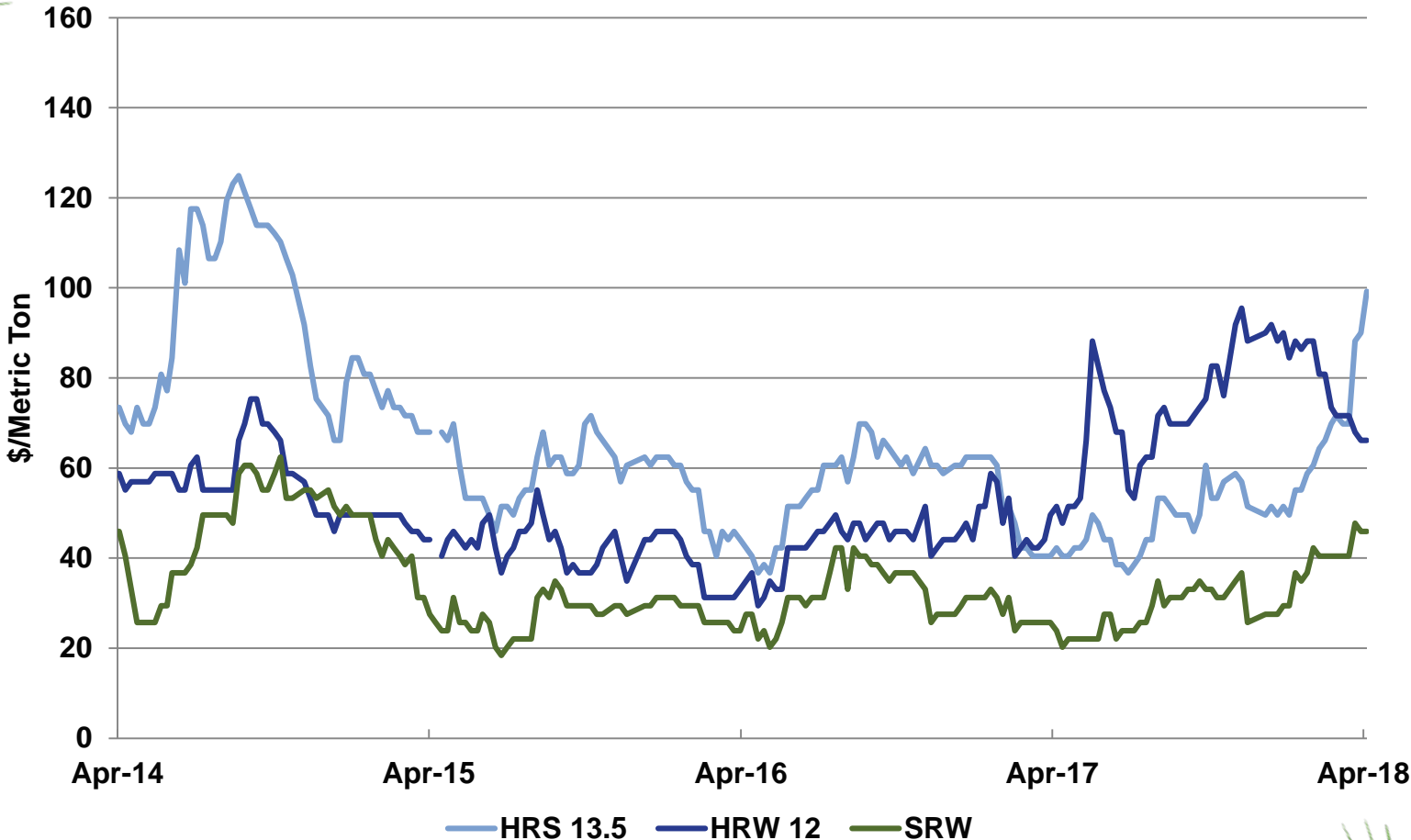
U.S. FOB PNW Prices



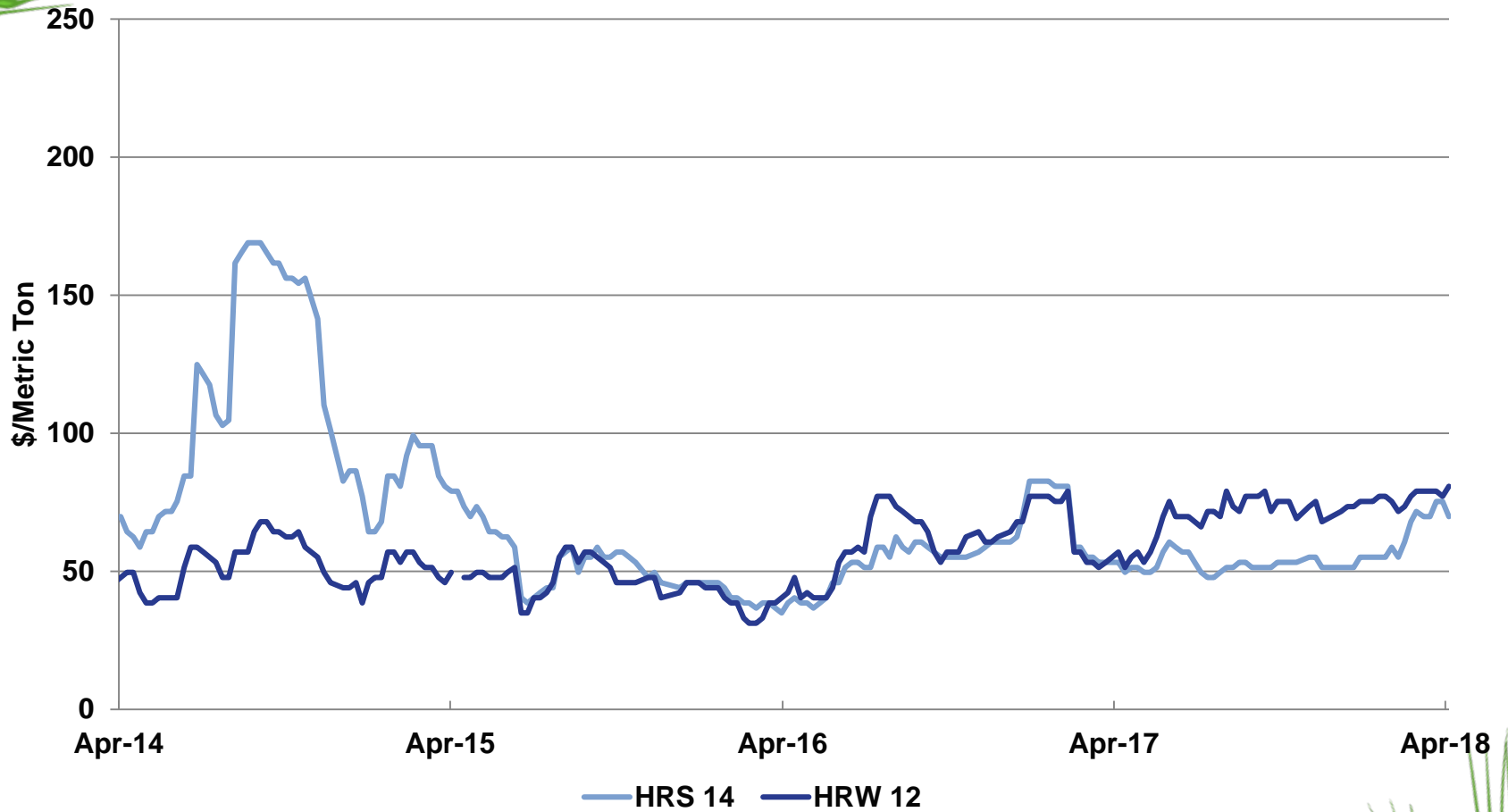
SRW and Soft White Prices



U.S. Gulf Basis Prices



U.S. PNW Basis Prices

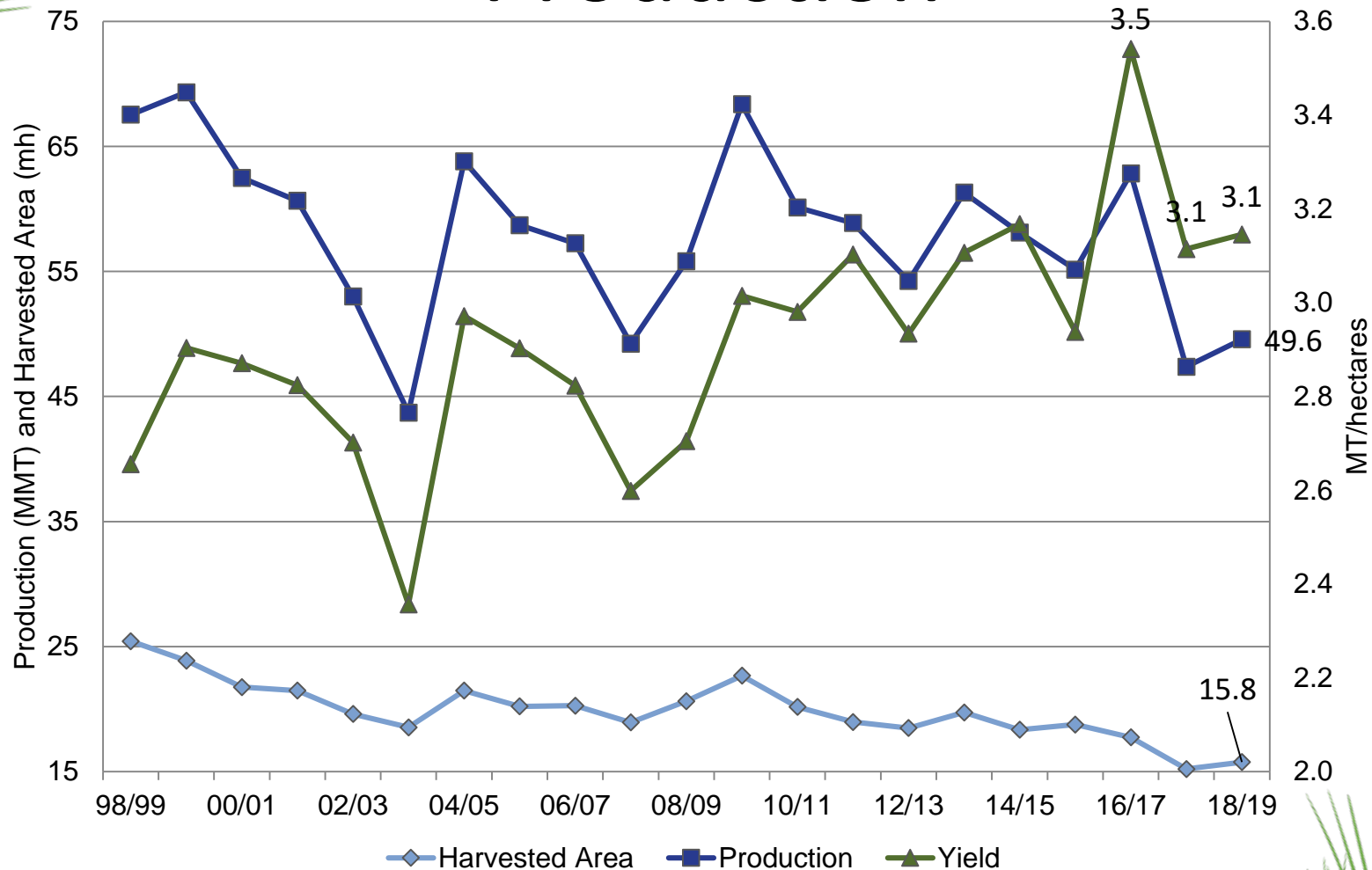


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

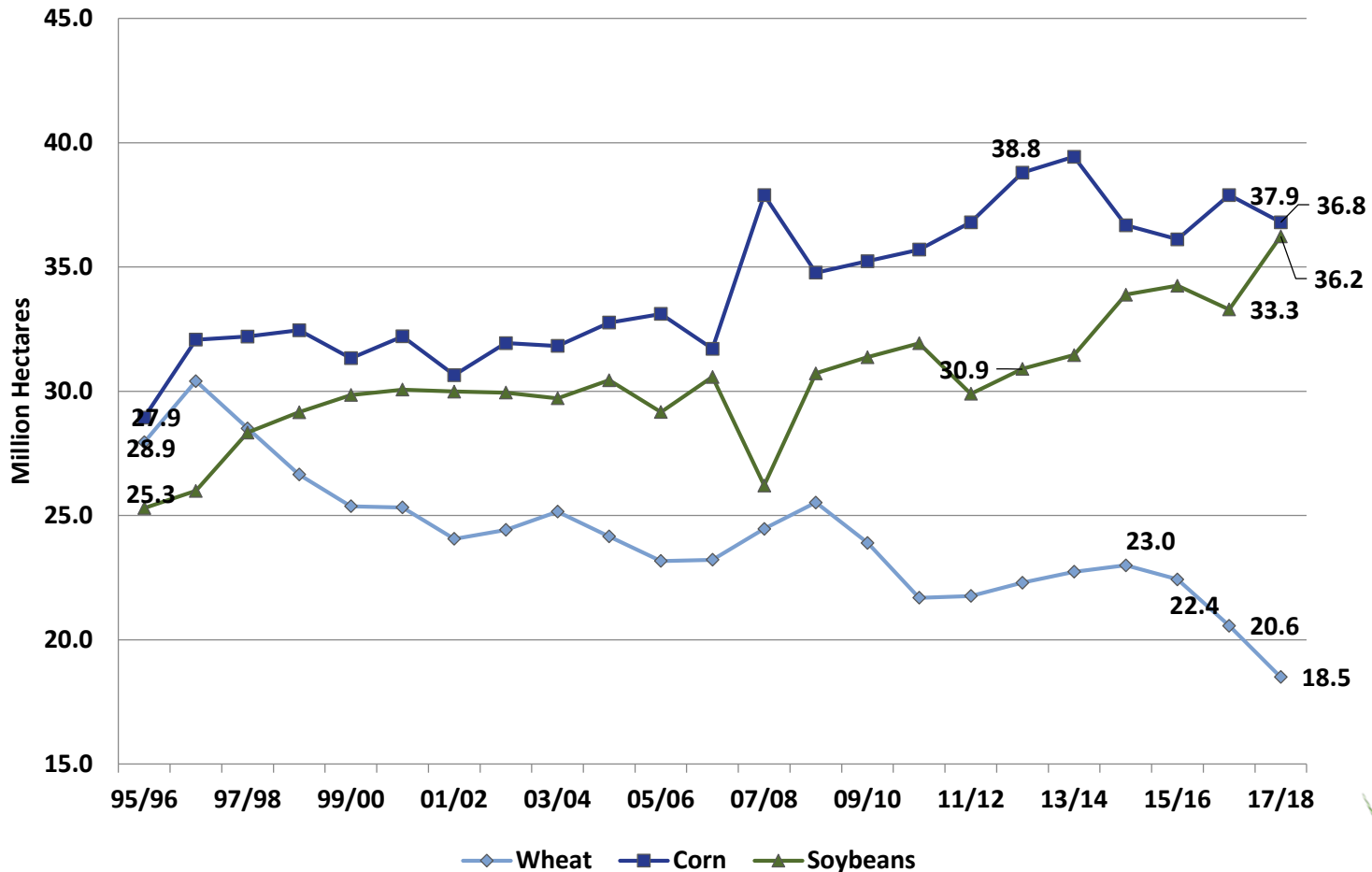


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U.S. Wheat Area and Production



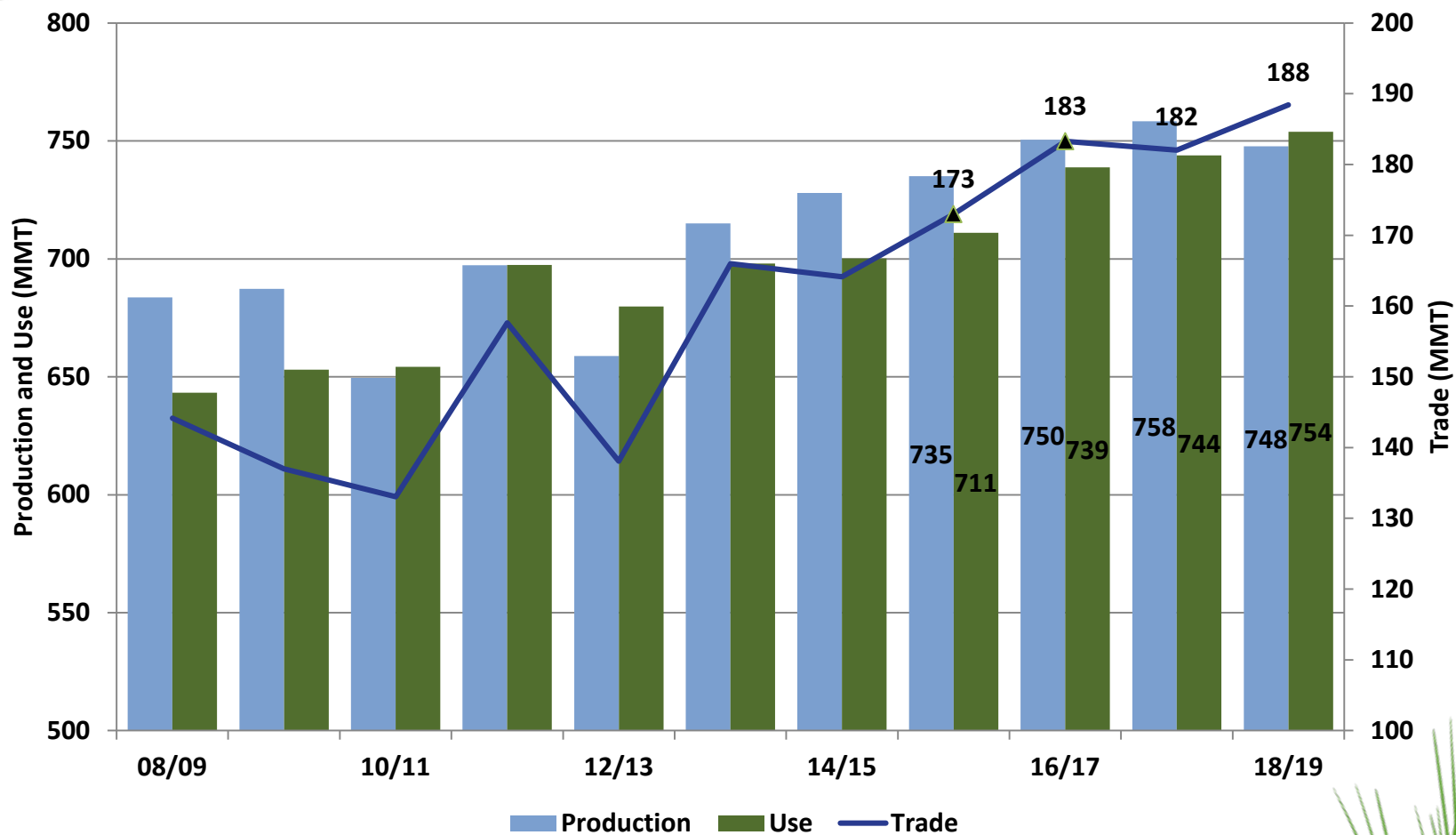
U.S. Crop Planted Area Comparison



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

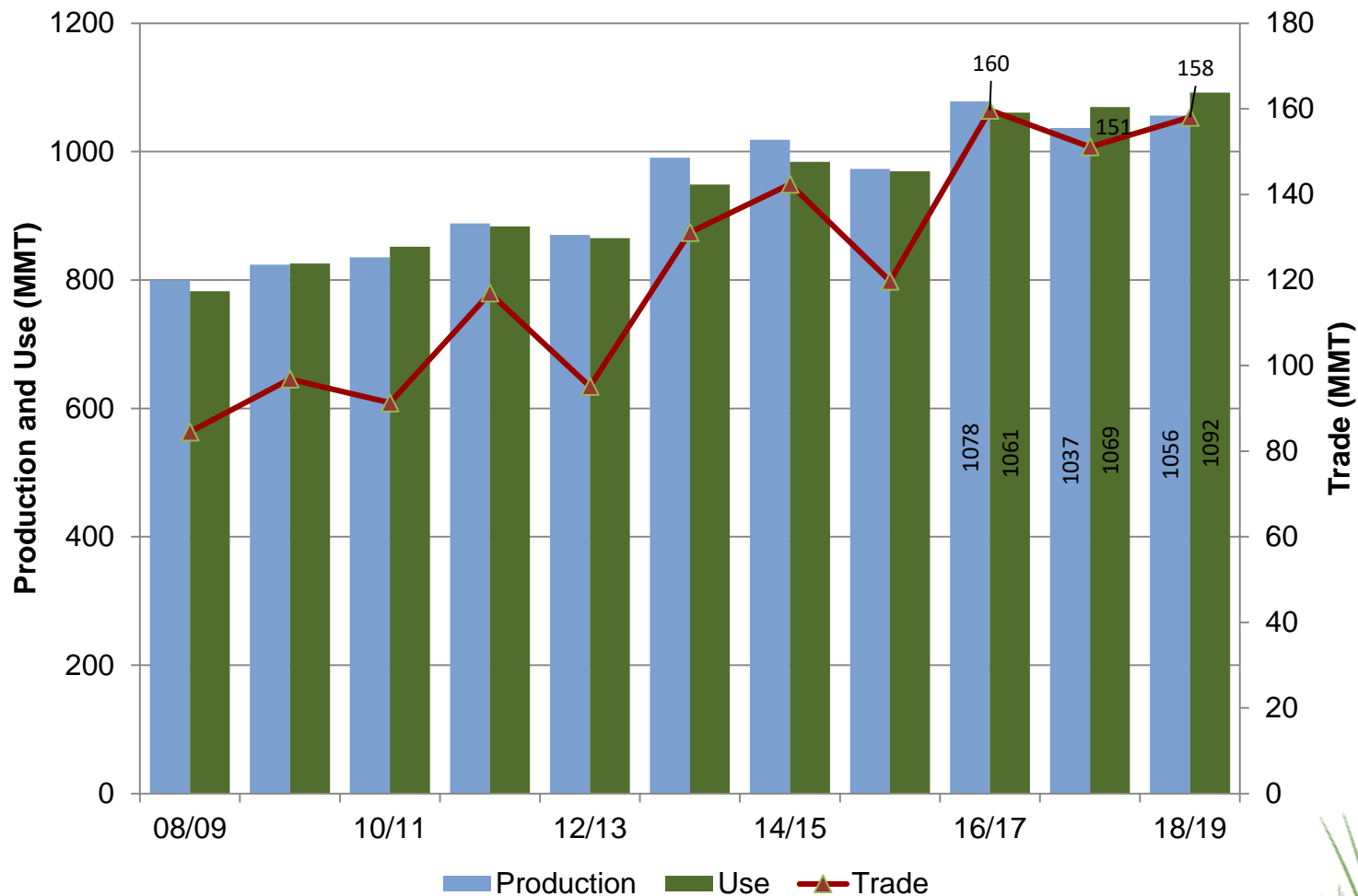
World Wheat

Production, Use and Trade



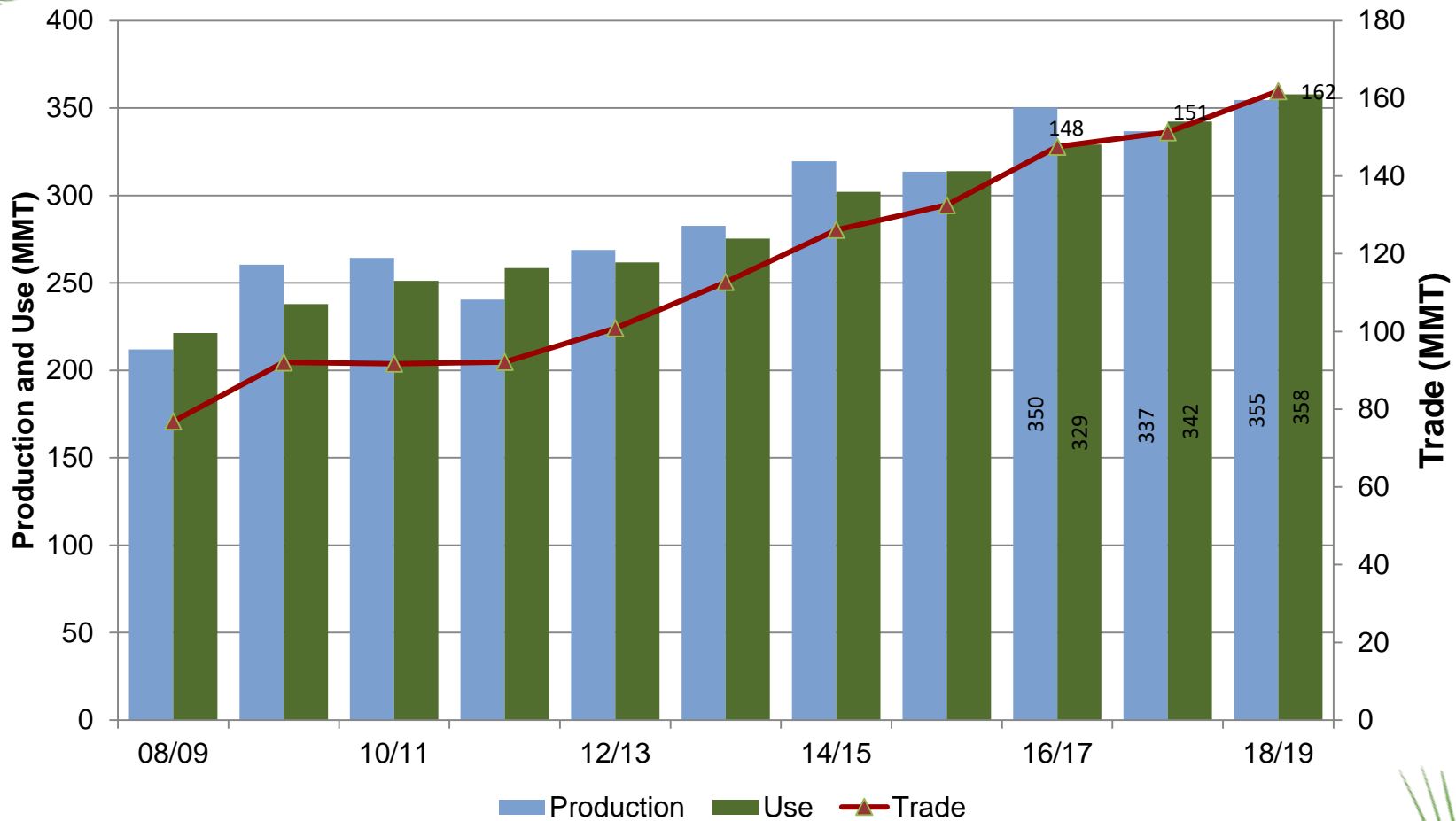
World Corn

Production, Use and Trade

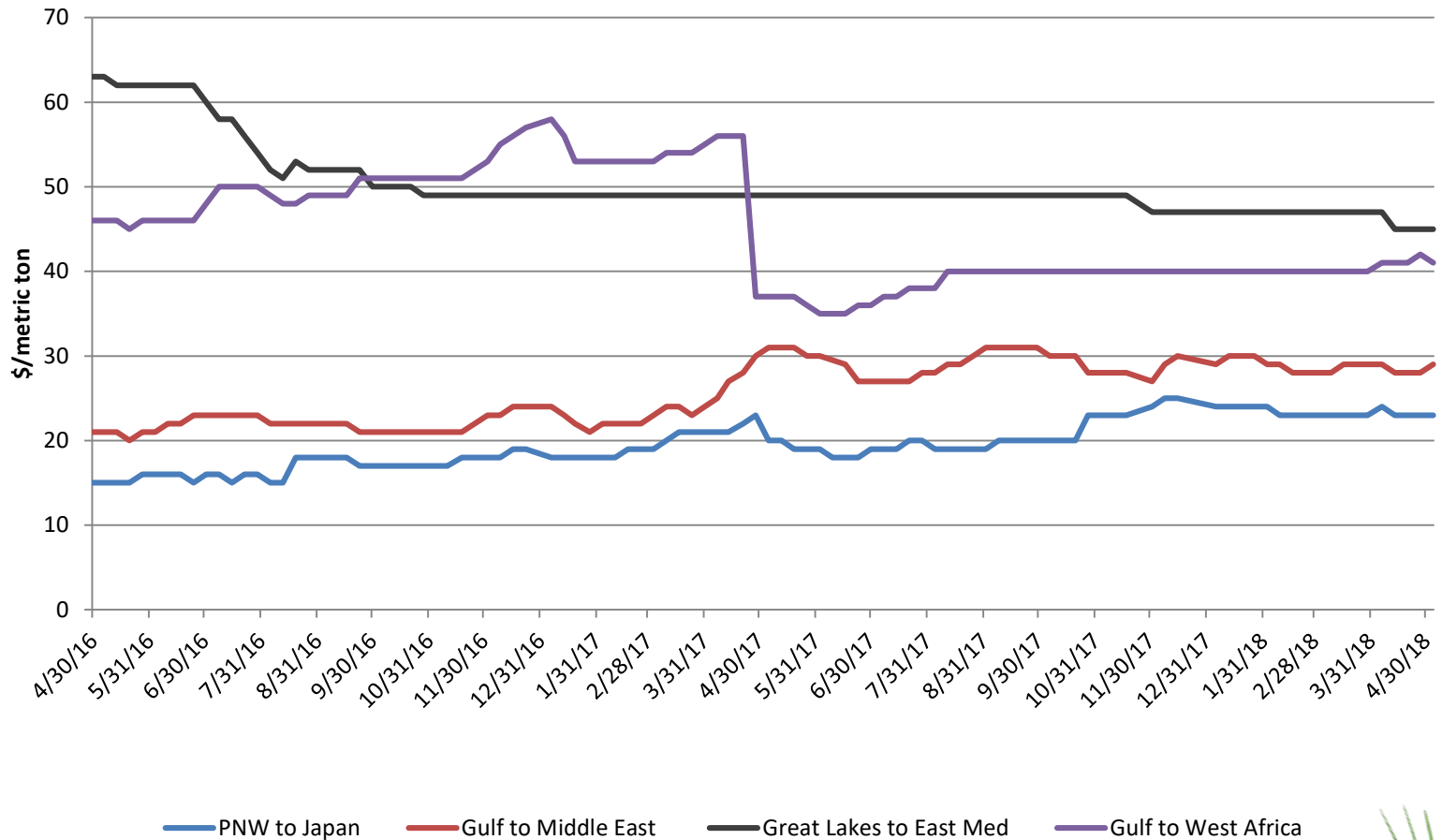


World Soybeans

Production, Use and Trade



Ocean Freight Rates for Grains



Summary

- **Global production to fall for first time in 5 years**
 - Indian wheat production to fall to 95.0 MMT, 4% below 2017/18
 - Wheat production in the U.S. to reach 49.6 MMT, 11% below the 5-year average
- **Global ending stocks to decline to 264 MMT, still 11% above the 5-year average**
 - Ending stocks in Canada to fall to 5.23 MMT, 25% below the 5-year average, if realized
 - U.S. ending stocks to decrease to 26.0 MMT, down 11% from 2017/18, if realized
- **World consumption and trade expected to hit new records in 2018/19**
 - For the first time, two countries— Egypt and Indonesia— expected to import 12.0 MMT in 2018/19
 - U.S. 2018/19 exports to total 25.2 MMT, 3% behind the 5-year average, if realized



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