

World Wheat Supply and Demand Situation

October 2018

Major data source: USDA World Agricultural Supply and Demand Estimates released October 12, 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 fall to 1006 MMT; down 1% from the 2017/18 record
- Wheat production in Australia to fall to 18.5 MMT, 26% below the 5-year average
- U.S. wheat production estimated at 51.3 MMT, 8% above 2017/18, if realized

2. Consumption forecast at a record 746 MMT, 4% above the 5-year average

- Chinese domestic consumption expected to reach 122 MMT, 5% above the 5-year average
- U.S. domestic consumption to grow 6% year over year to 31.1 MMT

3. World wheat trade projected at 180 MMT, 4% above the 5-year average

- Australian exports to drop to 13.0 MMT, 10% below 2017/18 , and the lowest level since 2007/08
- Exports from Russia to fall 15% year over year 35.0 MMT, still 28% above the 5-year average
- U.S. 2018/19 exports to increase to 27.9 MMT, up 14% from 2017/18, if realized



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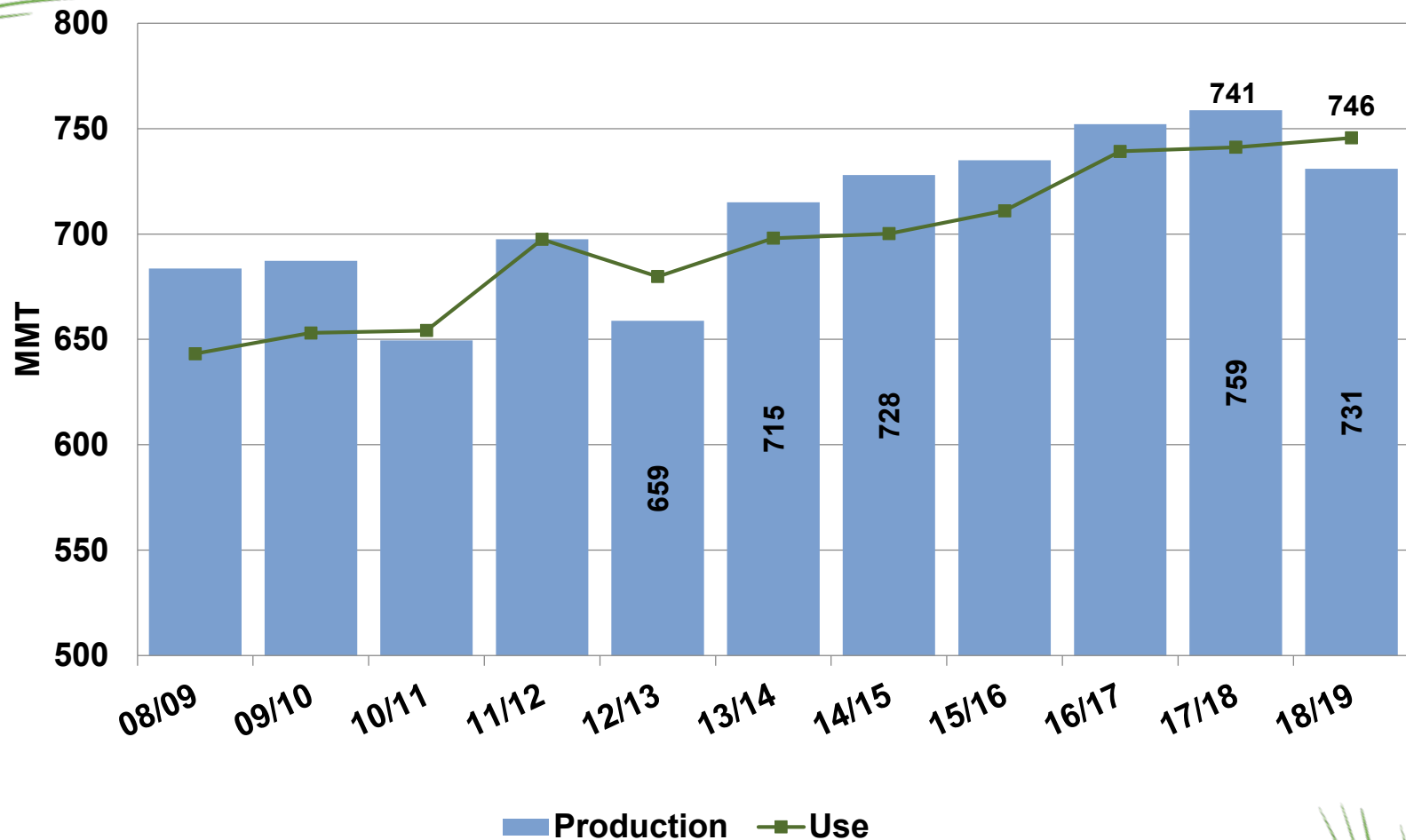
Highlights of USDA's 2018/19 Supply and Demand Estimates

4. **World beginning stocks estimated at record 275 MMT, up 7% year over year**
 - Beginning stocks in Argentina forecast at 1.00 MMT, down 42% the 5-year average
 - U.S. beginning stocks will fall to an estimated 29.9 MMT, 7% below 2017/18 levels
5. **Global ending stocks projected at 260 MMT, 5% below the record 2017/18 level, if realized**
 - Estimated Chinese ending stocks of 136 MMT account for 52% of global ending stocks
 - Exporter ending stocks forecast at 77.3 MMT, up slightly year over year
 - Ending stocks in importing countries to fall to 46.8 MMT, 39% below the 5-year average of 76.8 MMT
6. **U.S. farm gate average price forecast 8% higher in 2018/19**
 - Projected average range: **\$4.80 to \$5.40/bushel (\$176-\$198/MT)***
**Average U.S. farm gate price, marketing year weighted average*

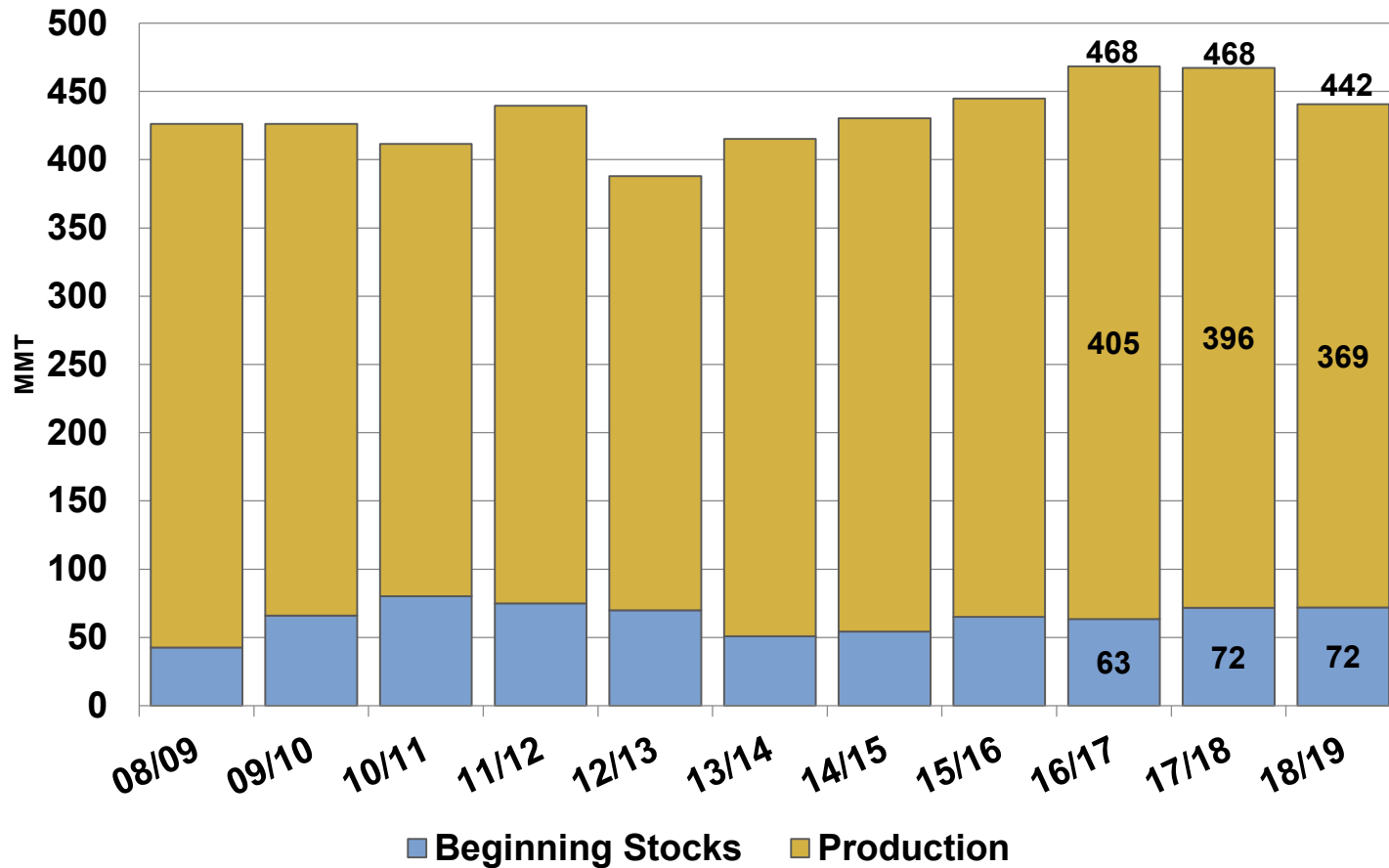


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World Production and Use



Supplies in Top Exporting Countries*



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

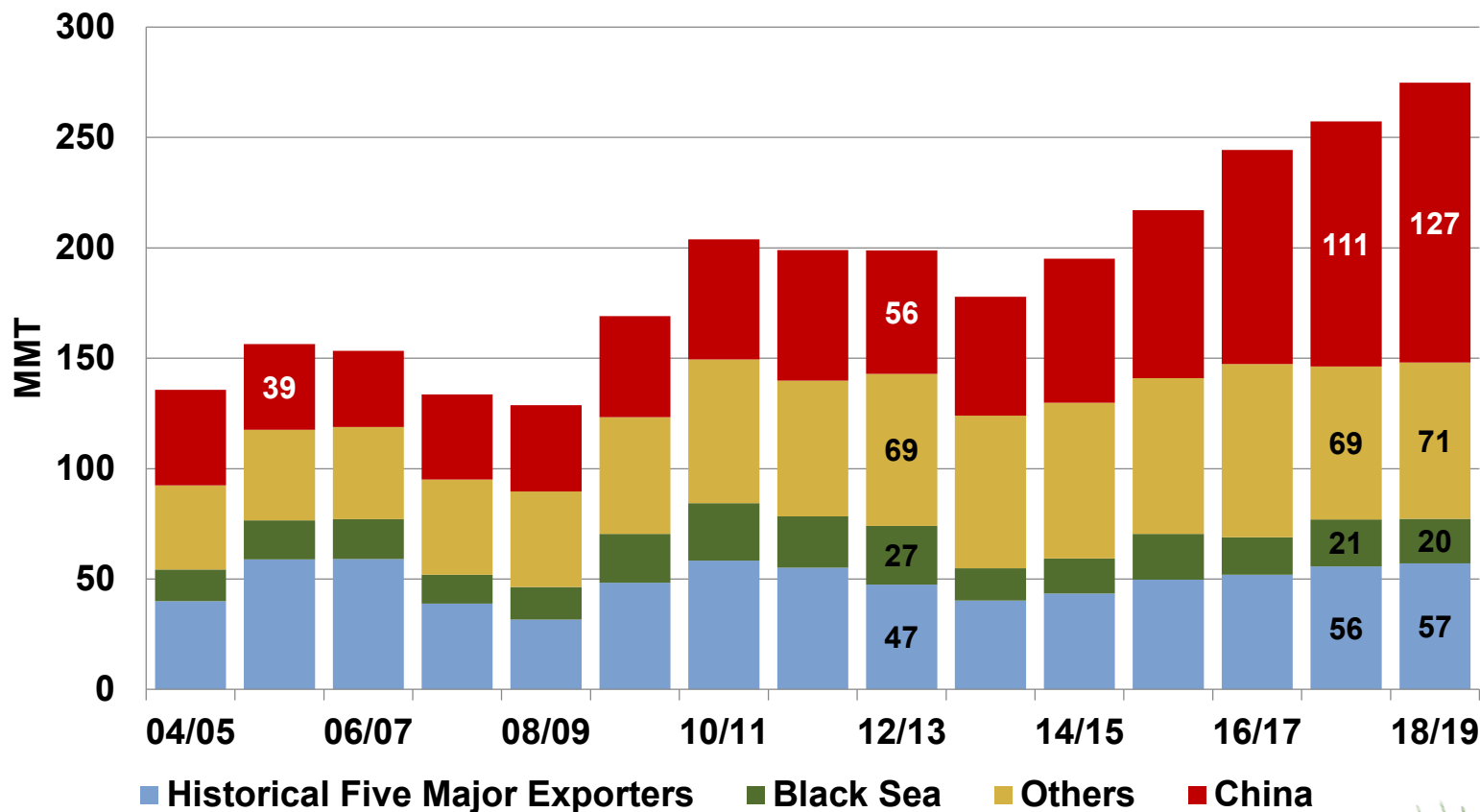
World Wheat Supply and Demand

		16/17	17/18 <i>MMT</i>	18/19
SUPPLY:	Beginning Stocks	244	257	275
	Production	752	759	731
	Supply Total	996	1016	1006
TRADE:	Exports/Imports	183	181	180
DEMAND	Food & Seed	592	597	605
	Feed & Residual	147	144	140
	Use Total	739	741	746
	ENDING STOCKS:	257	275	260



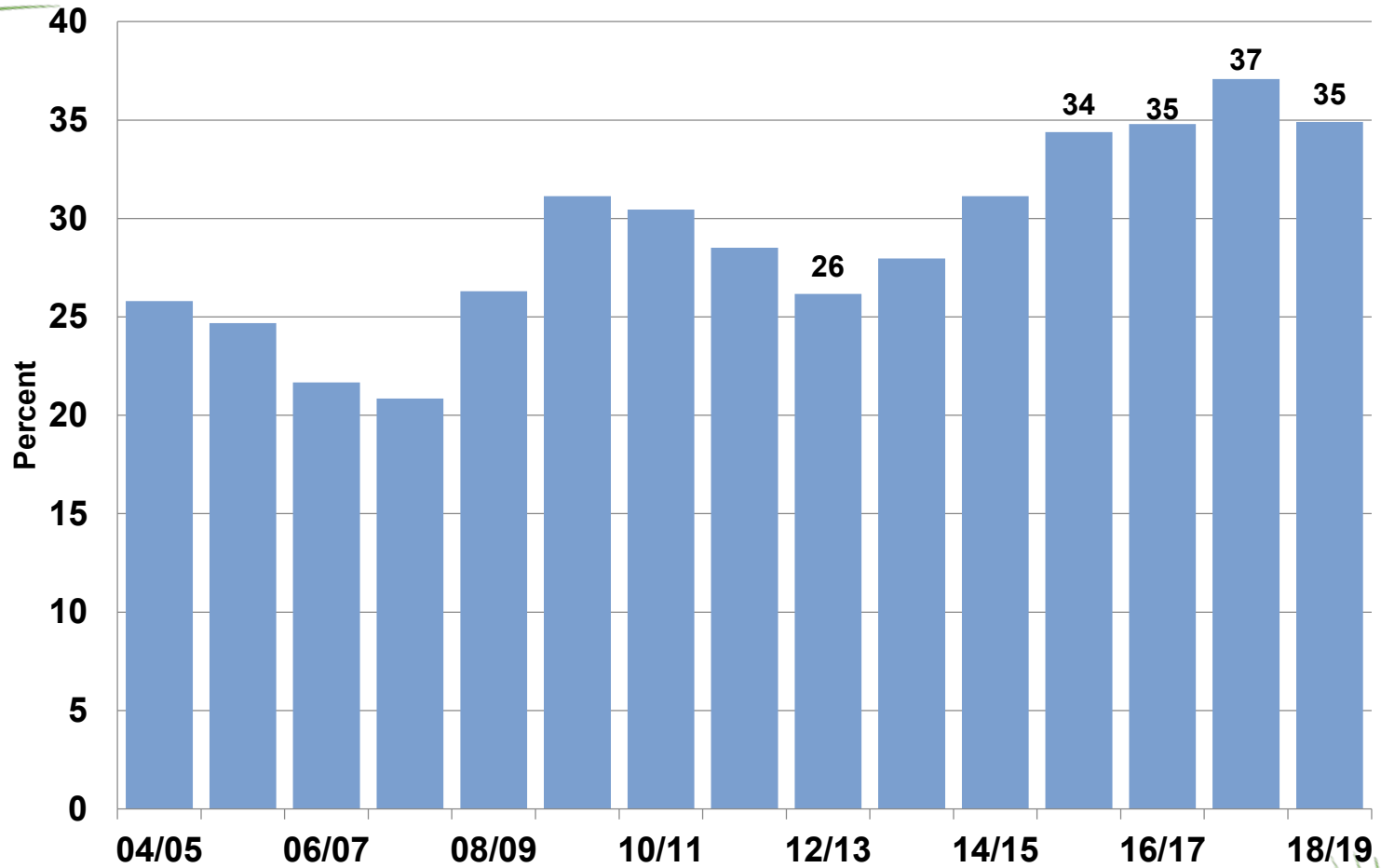
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World Beginning Stocks



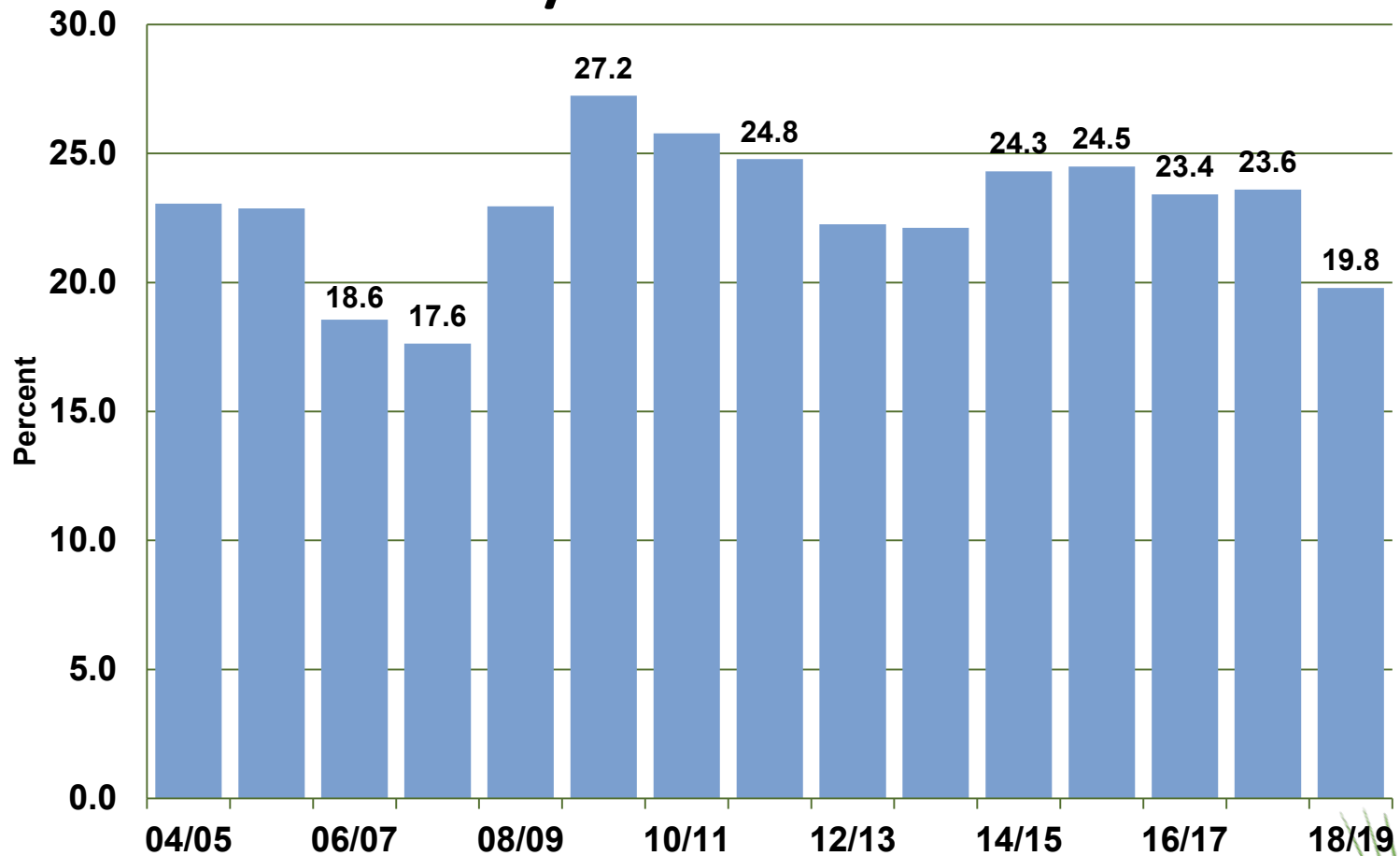
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

Global Stocks*-to-Use Ratio



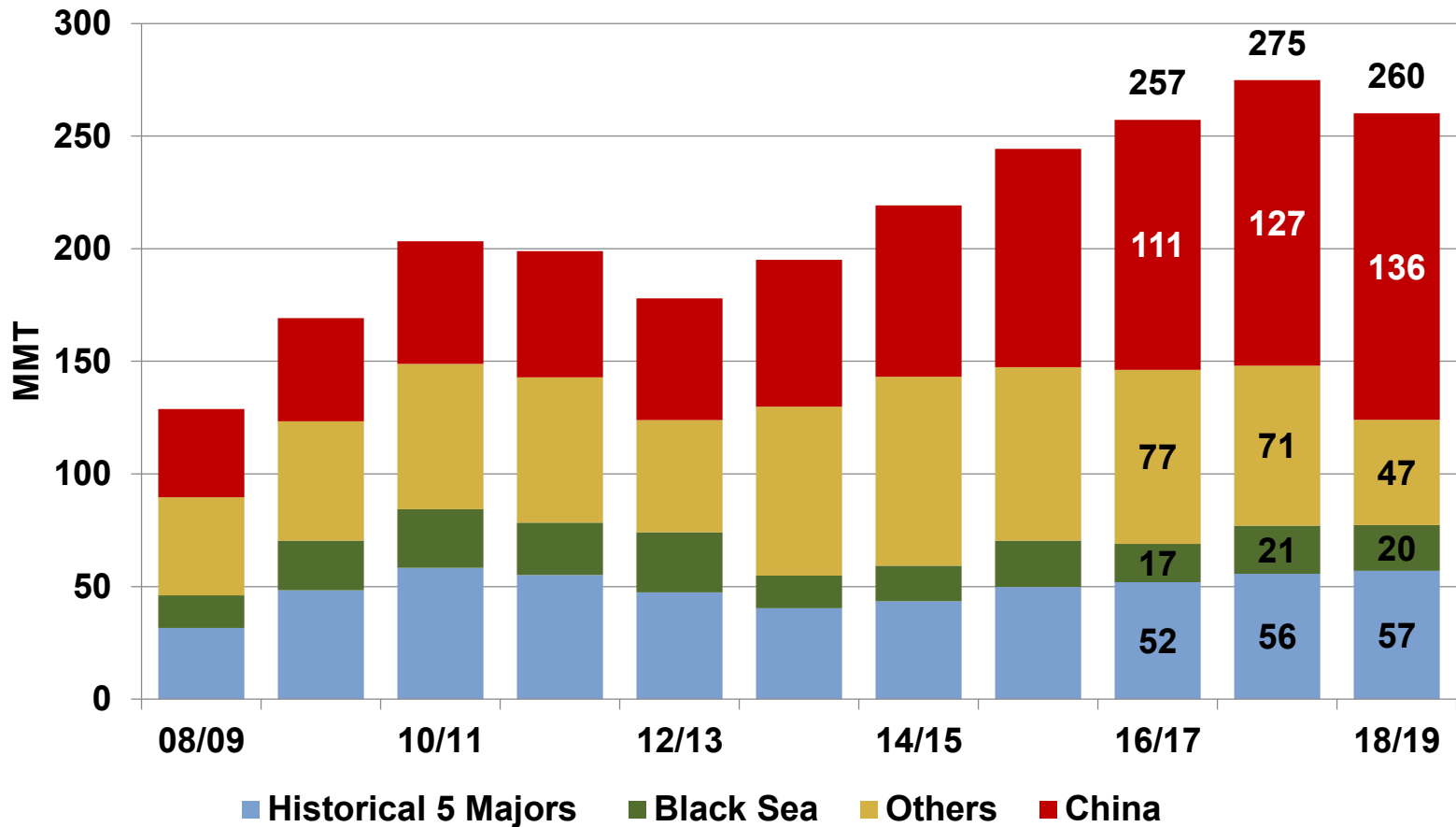
**Ending stocks*

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



*Ending stocks

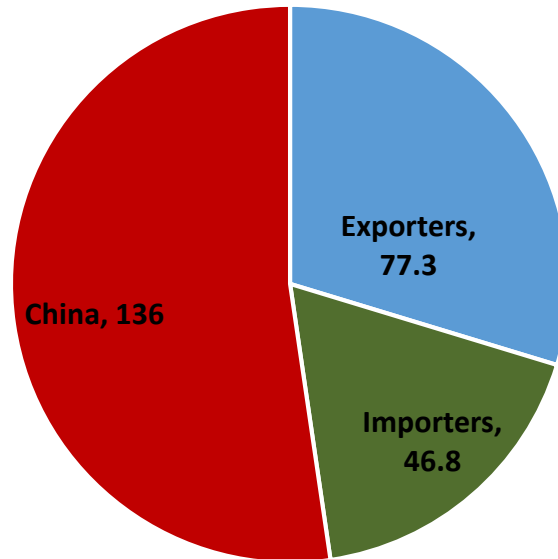
World Ending Stocks



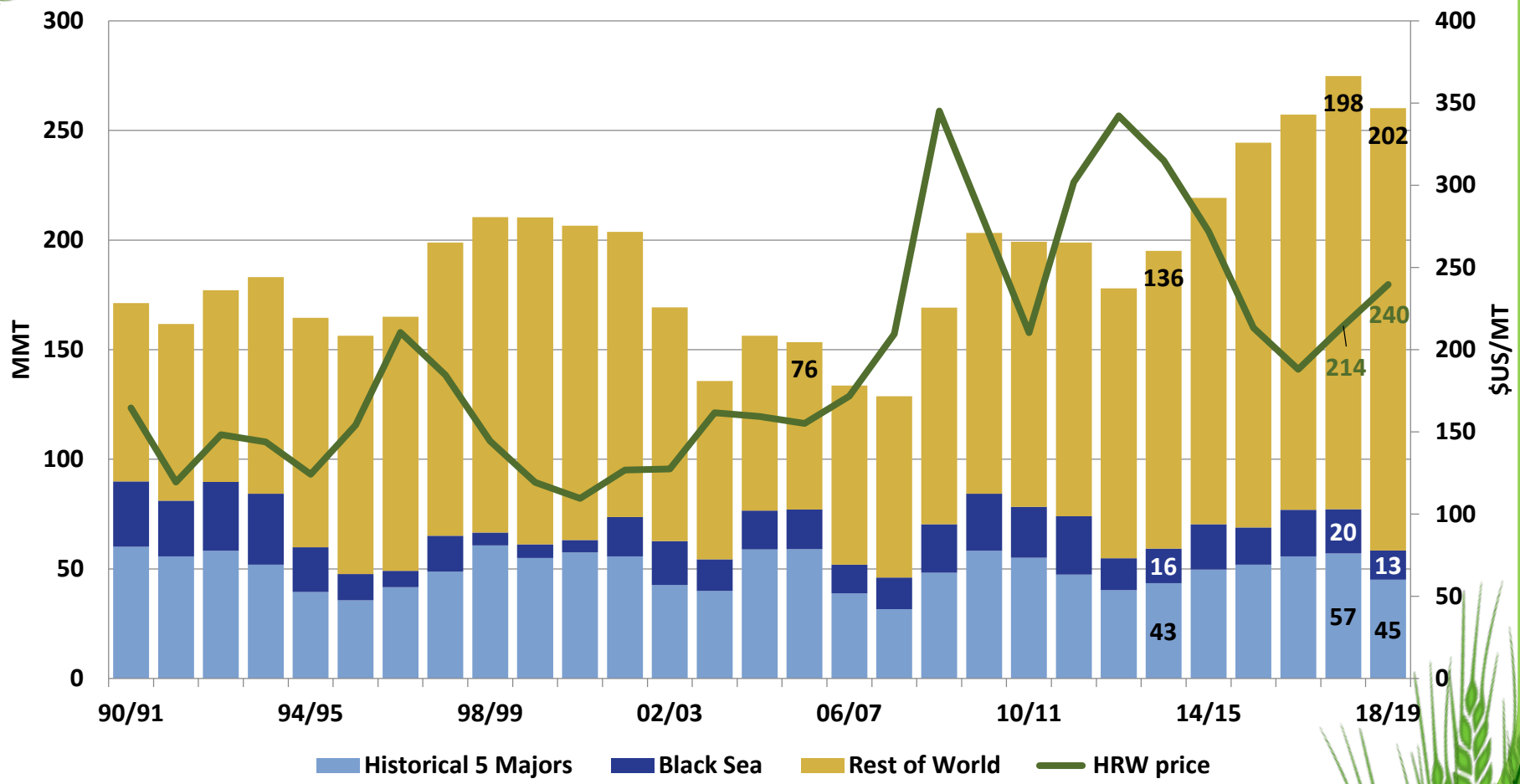
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

World Ending Stocks by Position

(million metric tons)



Global Ending Stocks and Price

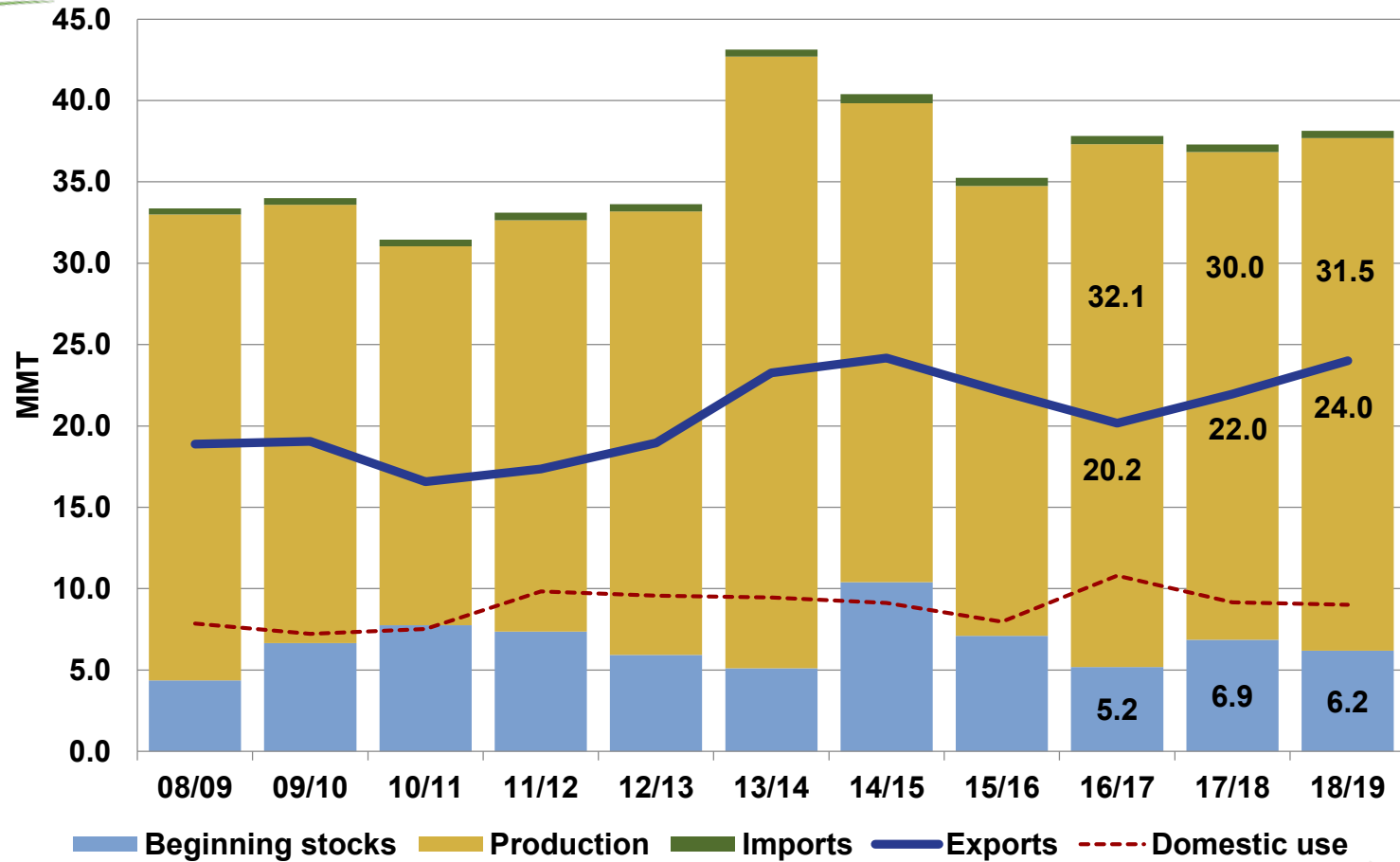


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

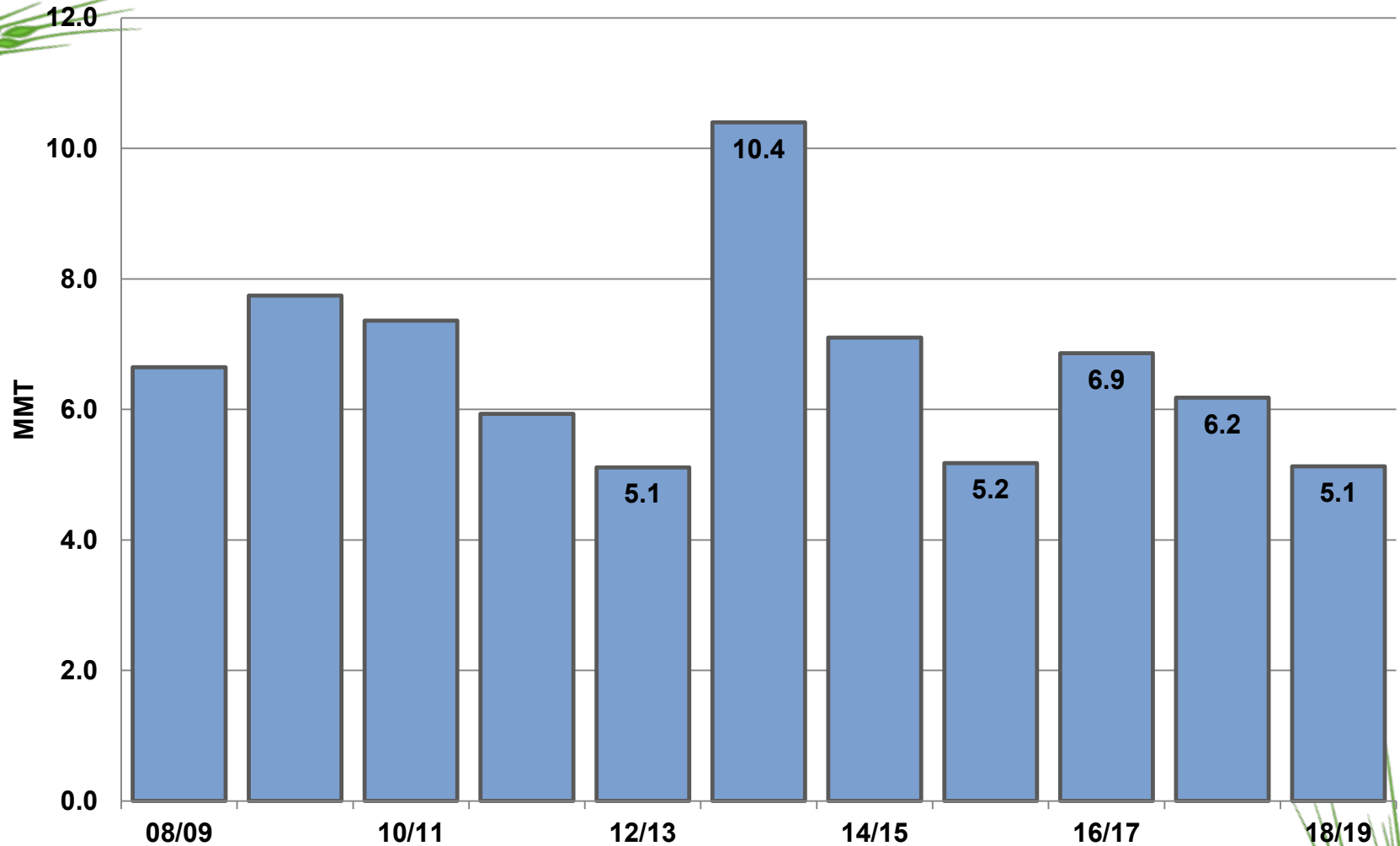


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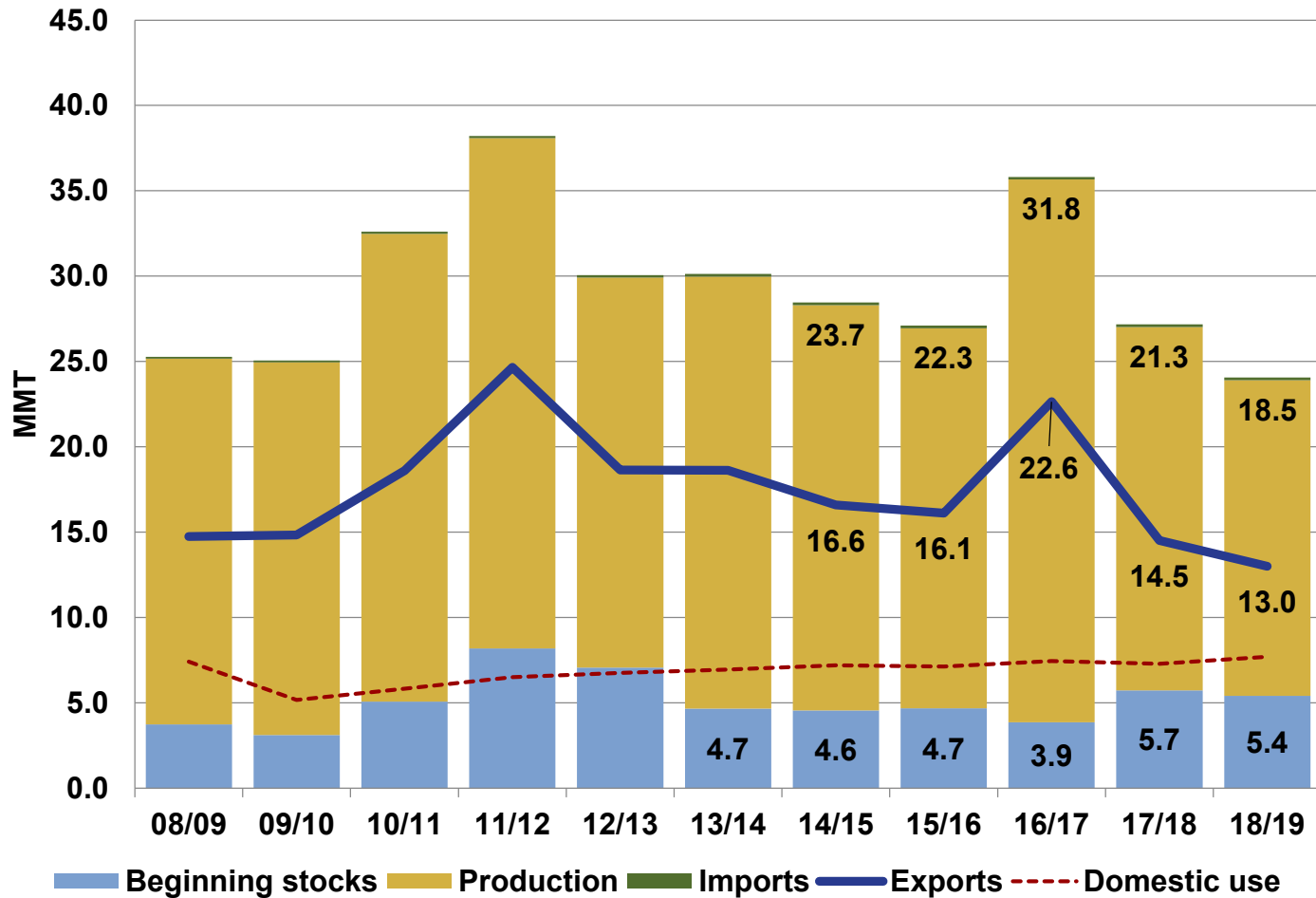
Canada Situation



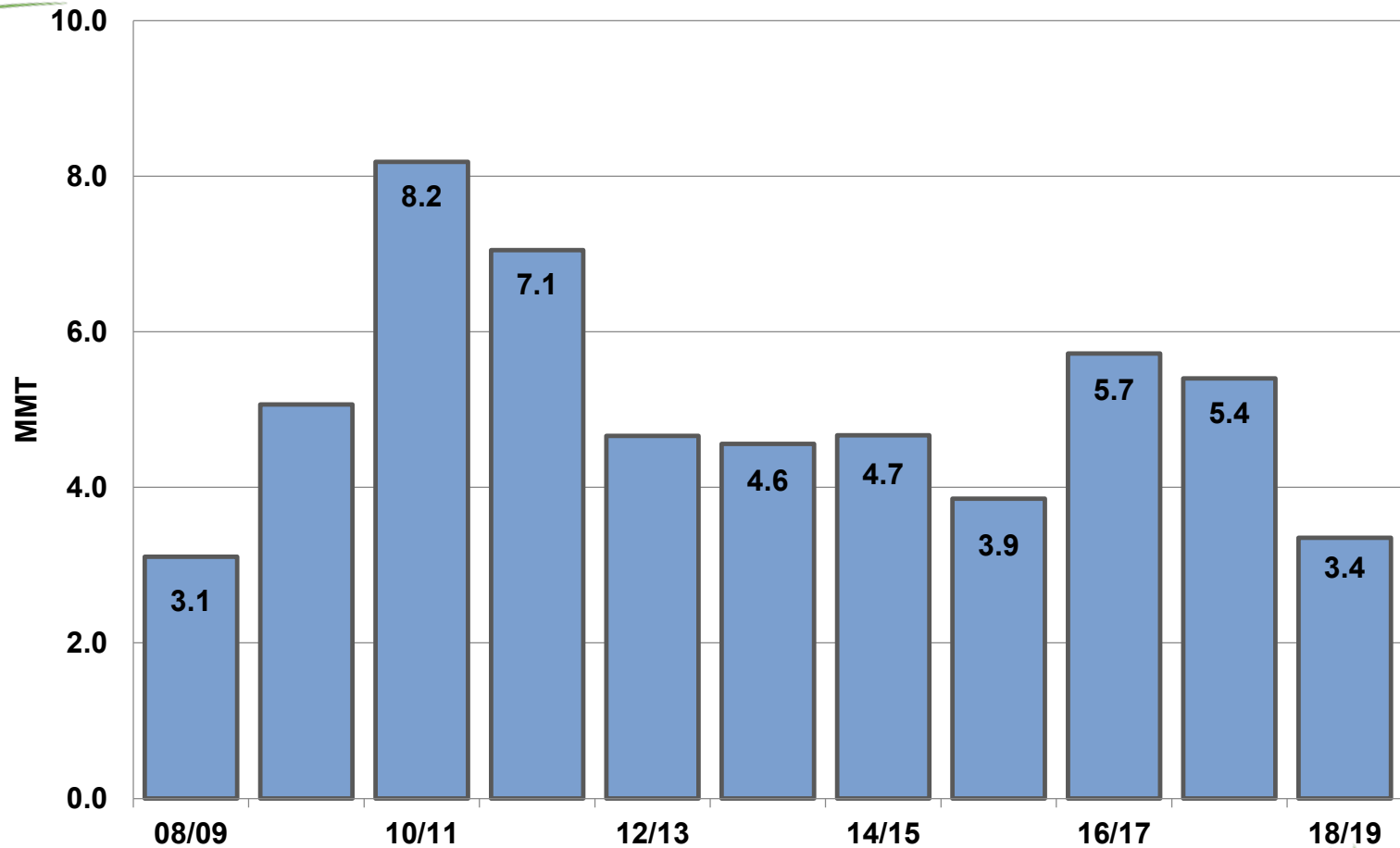
Canada Ending Stocks



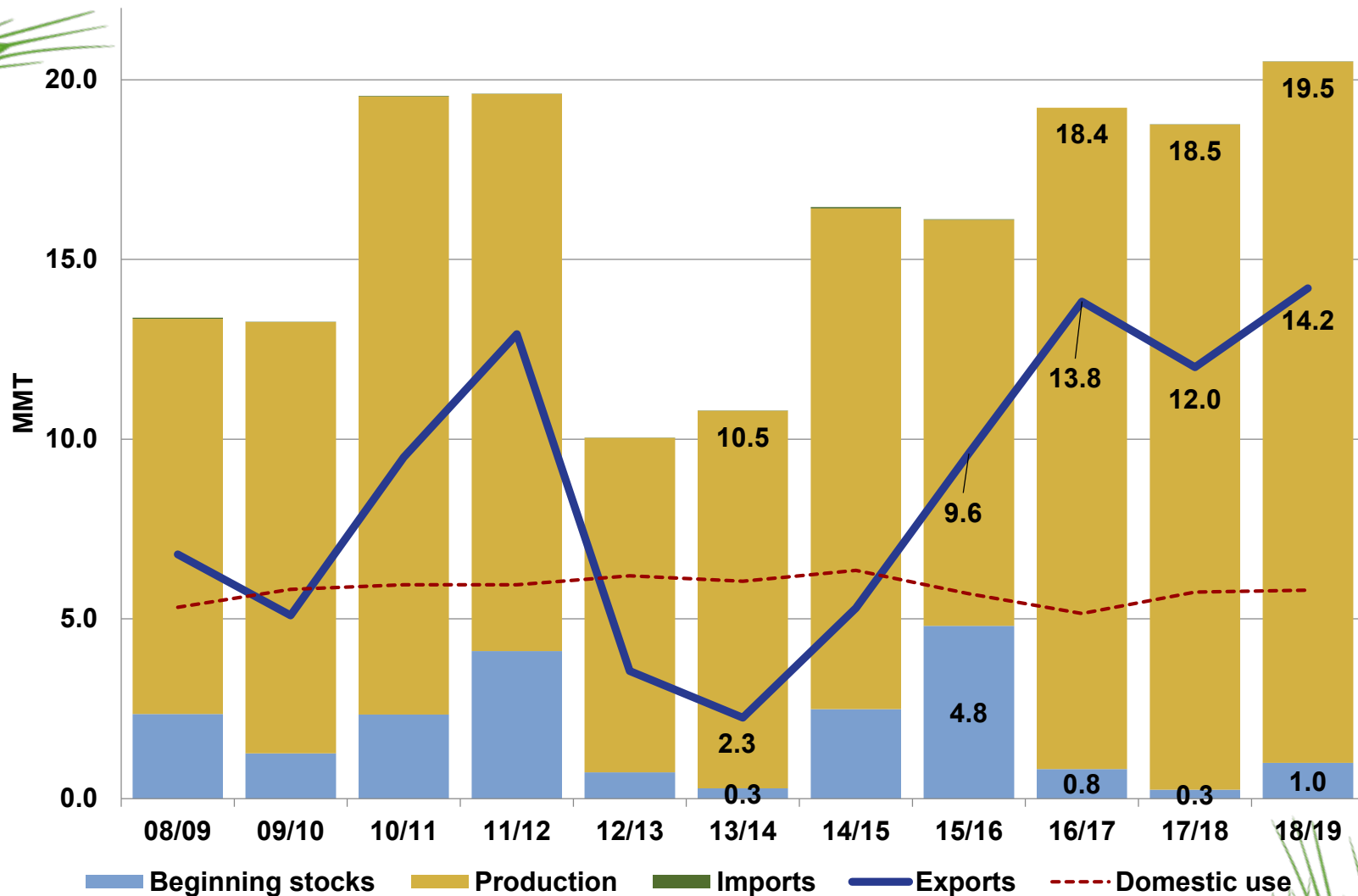
Australia Situation



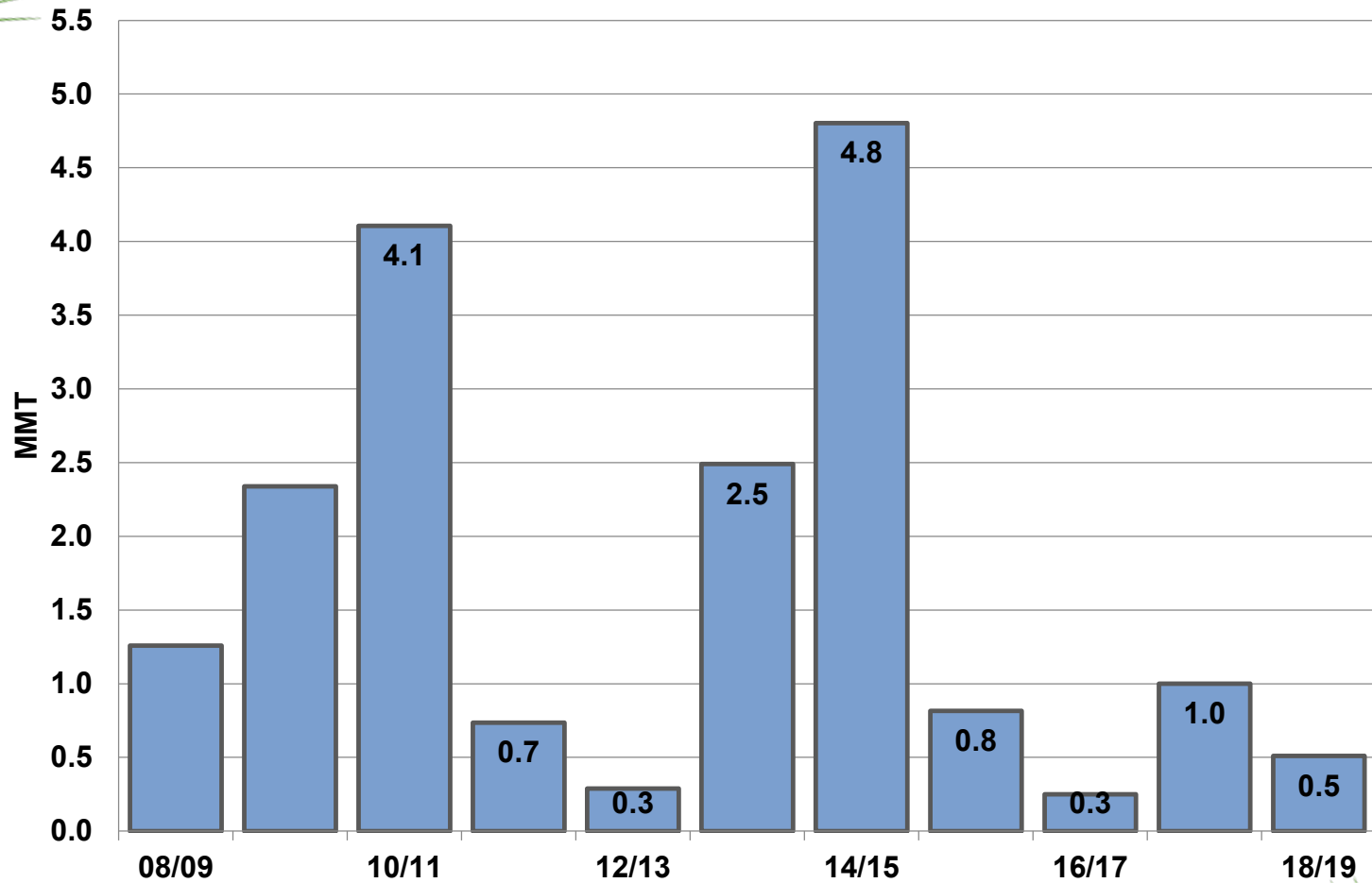
Australia Ending Stocks



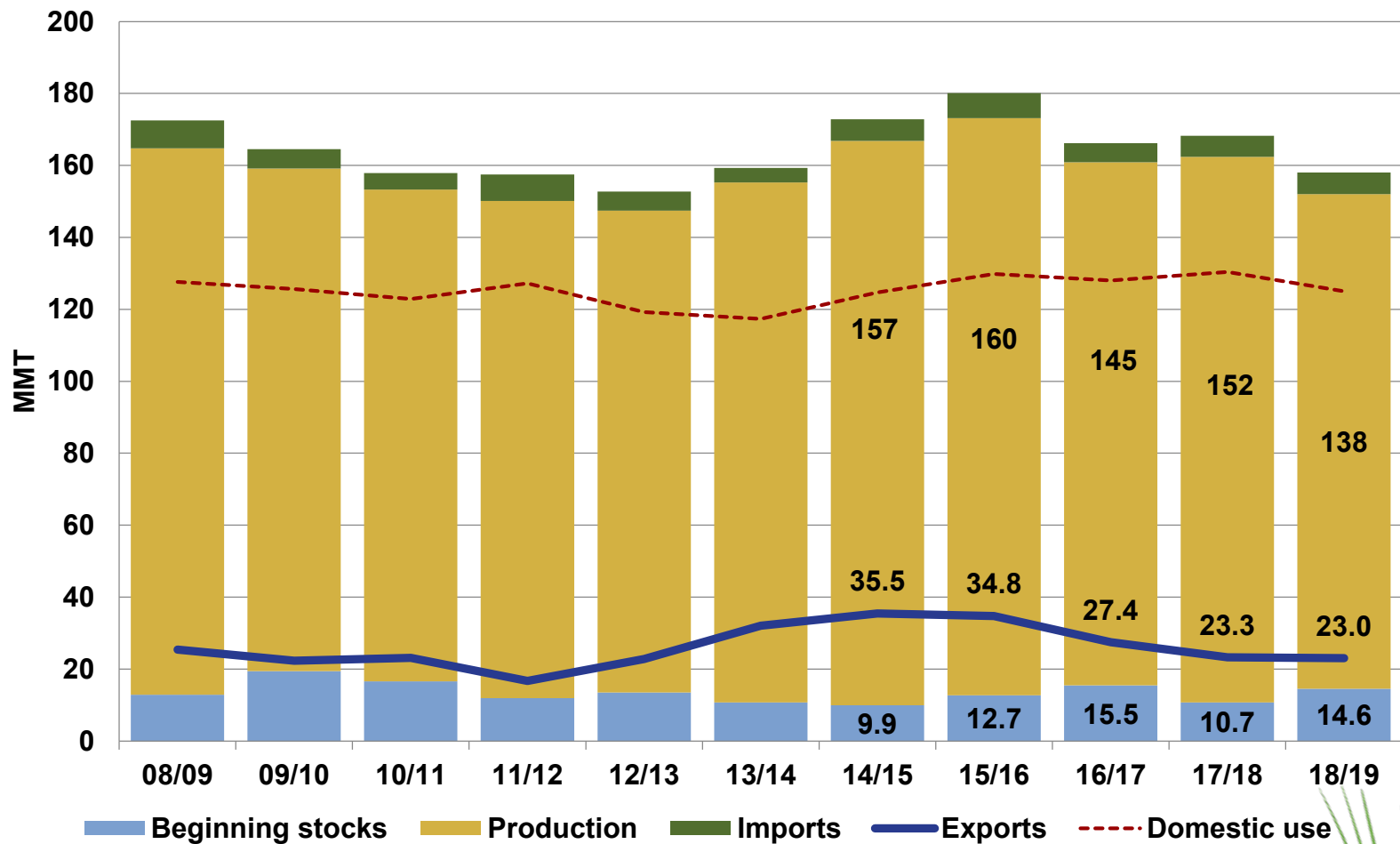
Argentina Situation



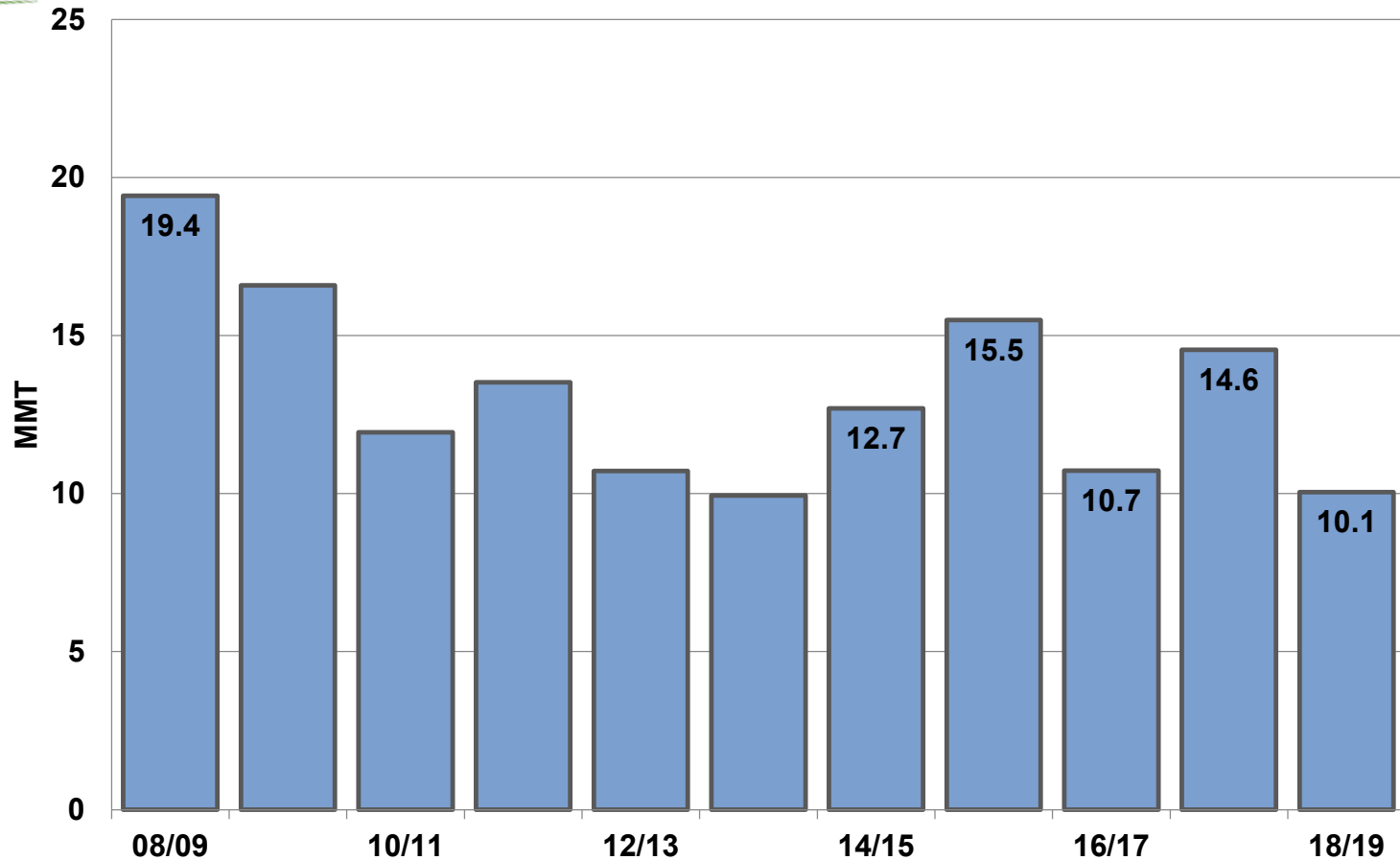
Argentina Ending Stocks



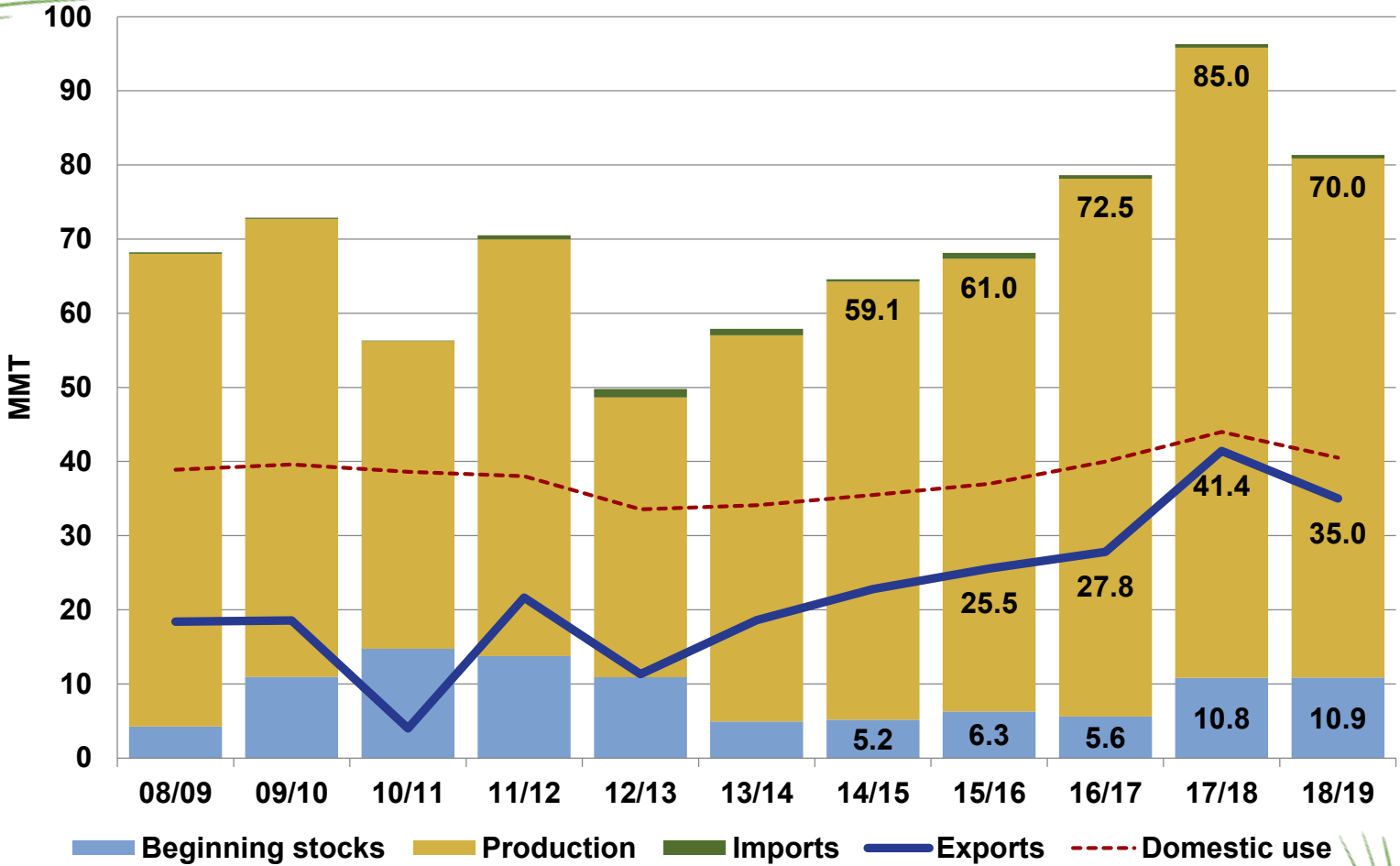
European Union Situation



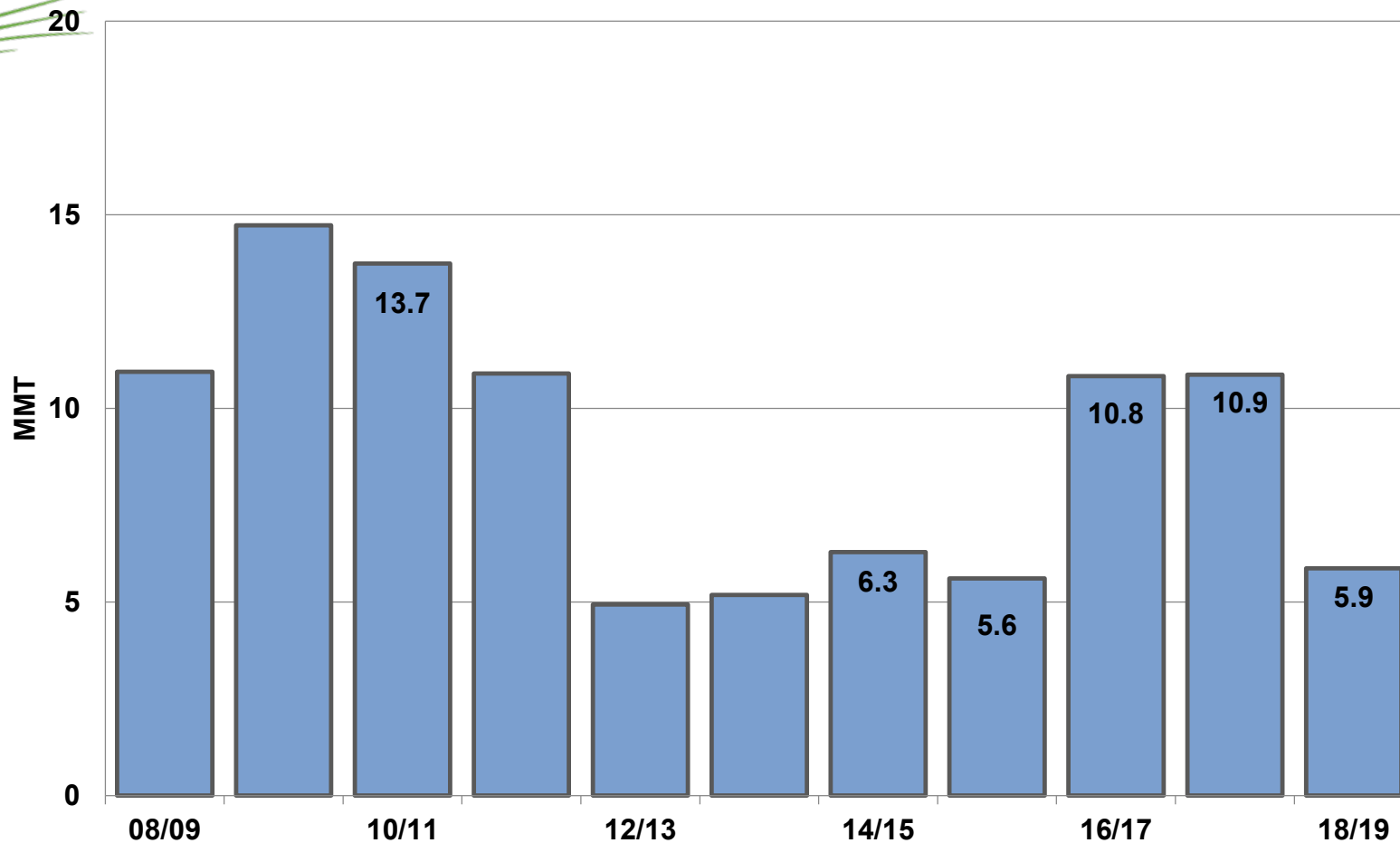
EU-27 Ending Stocks



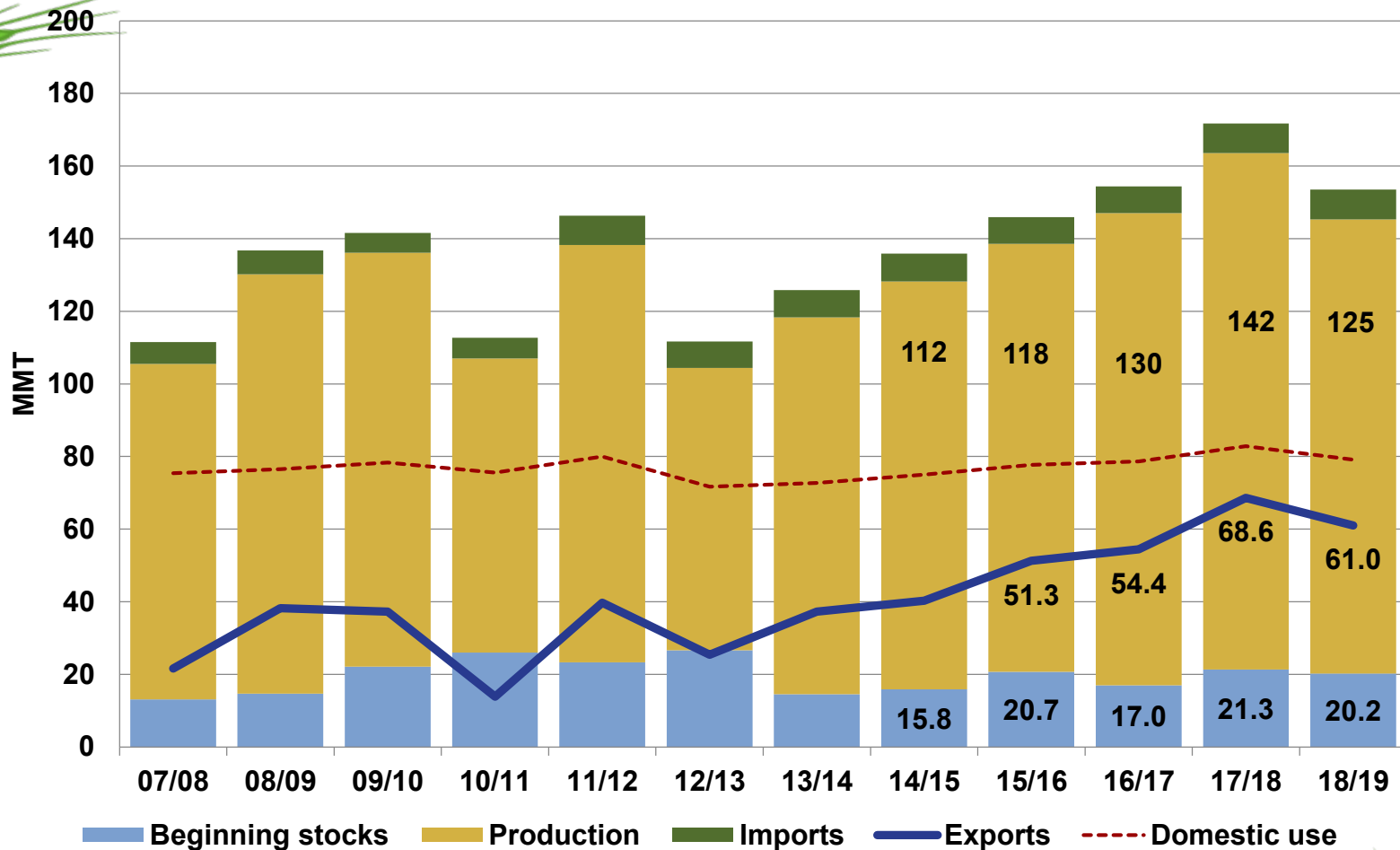
Russia Situation



Russia Ending Stocks

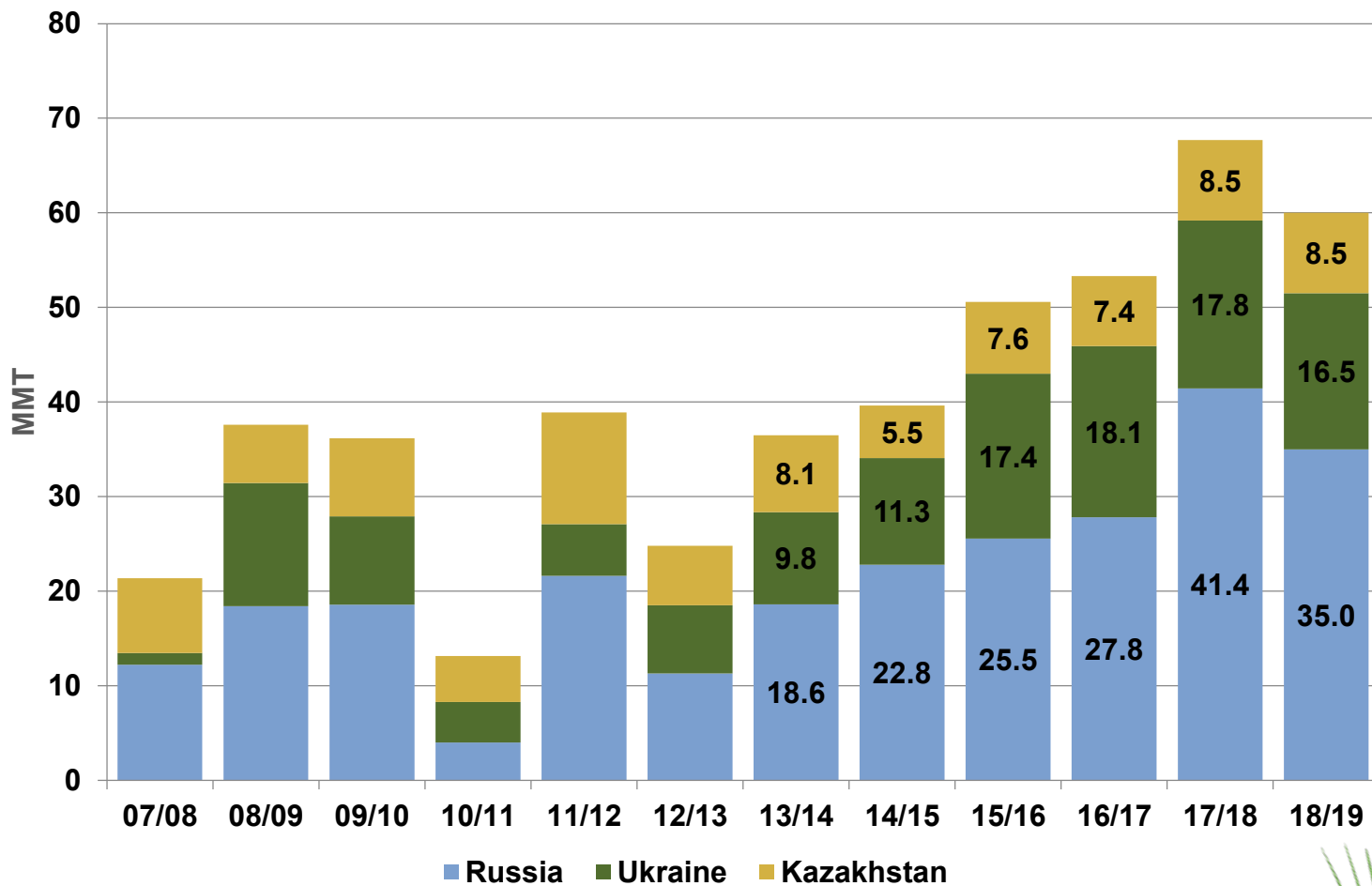


Black Sea Region Situation

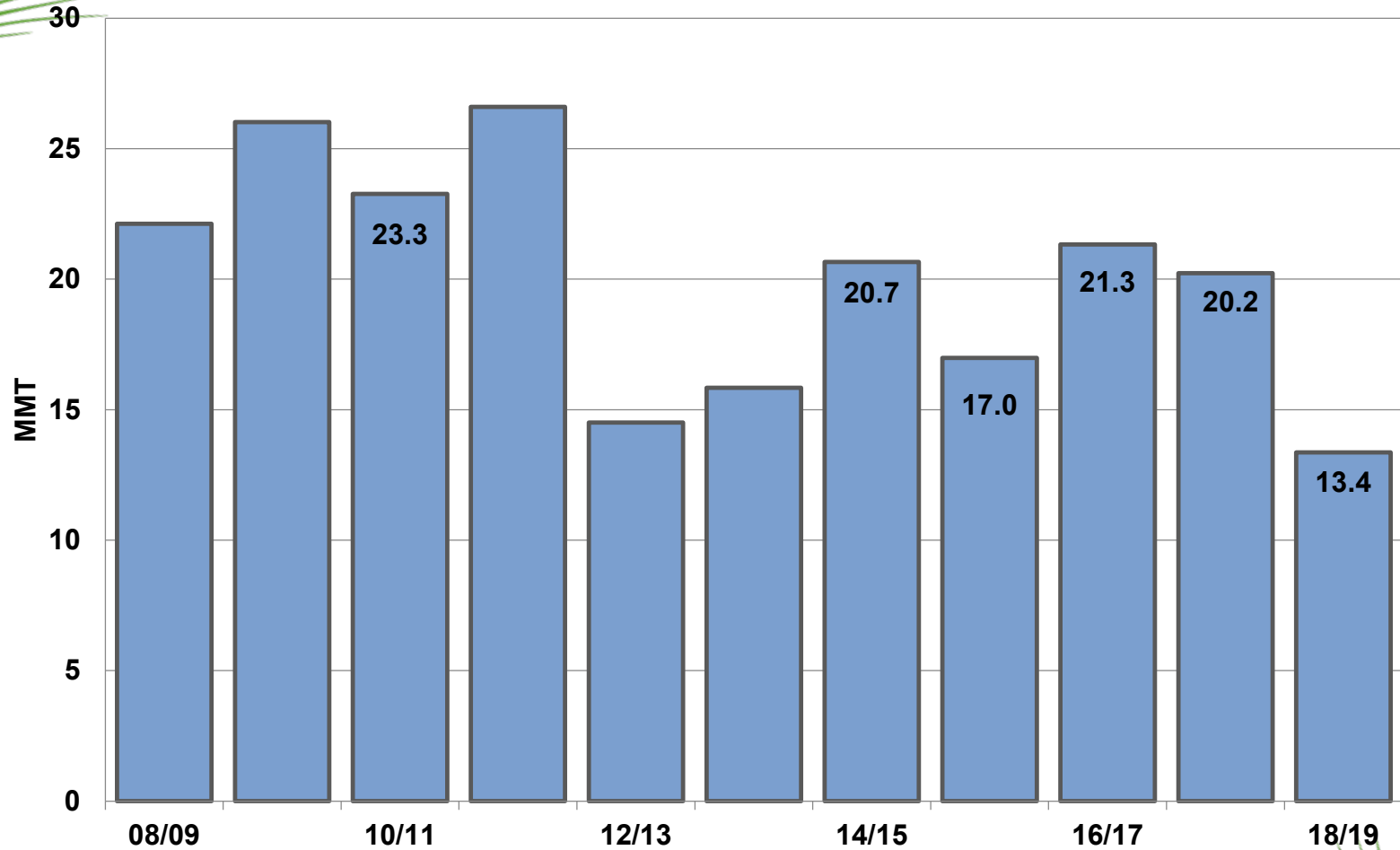


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

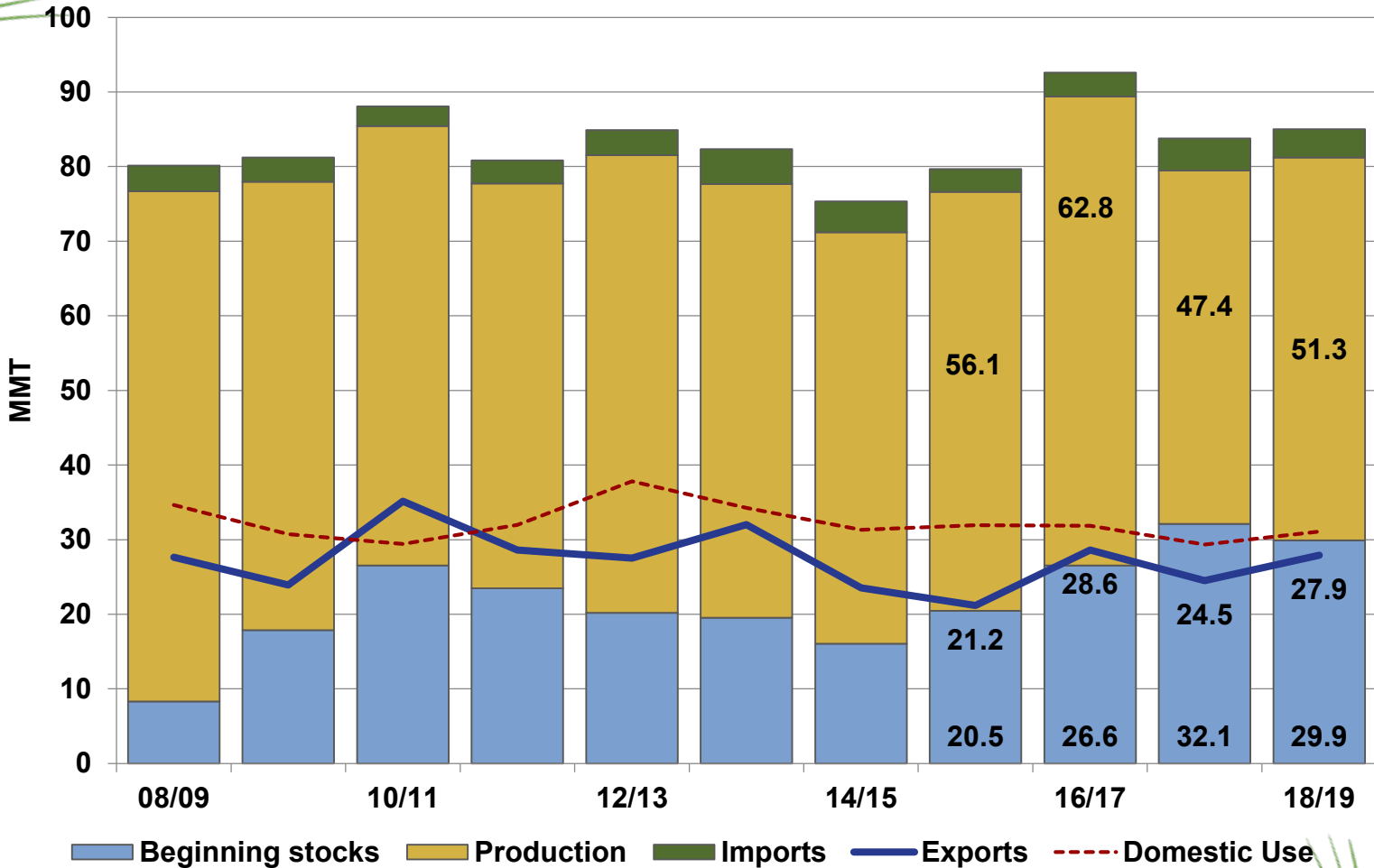
Black Sea Exports



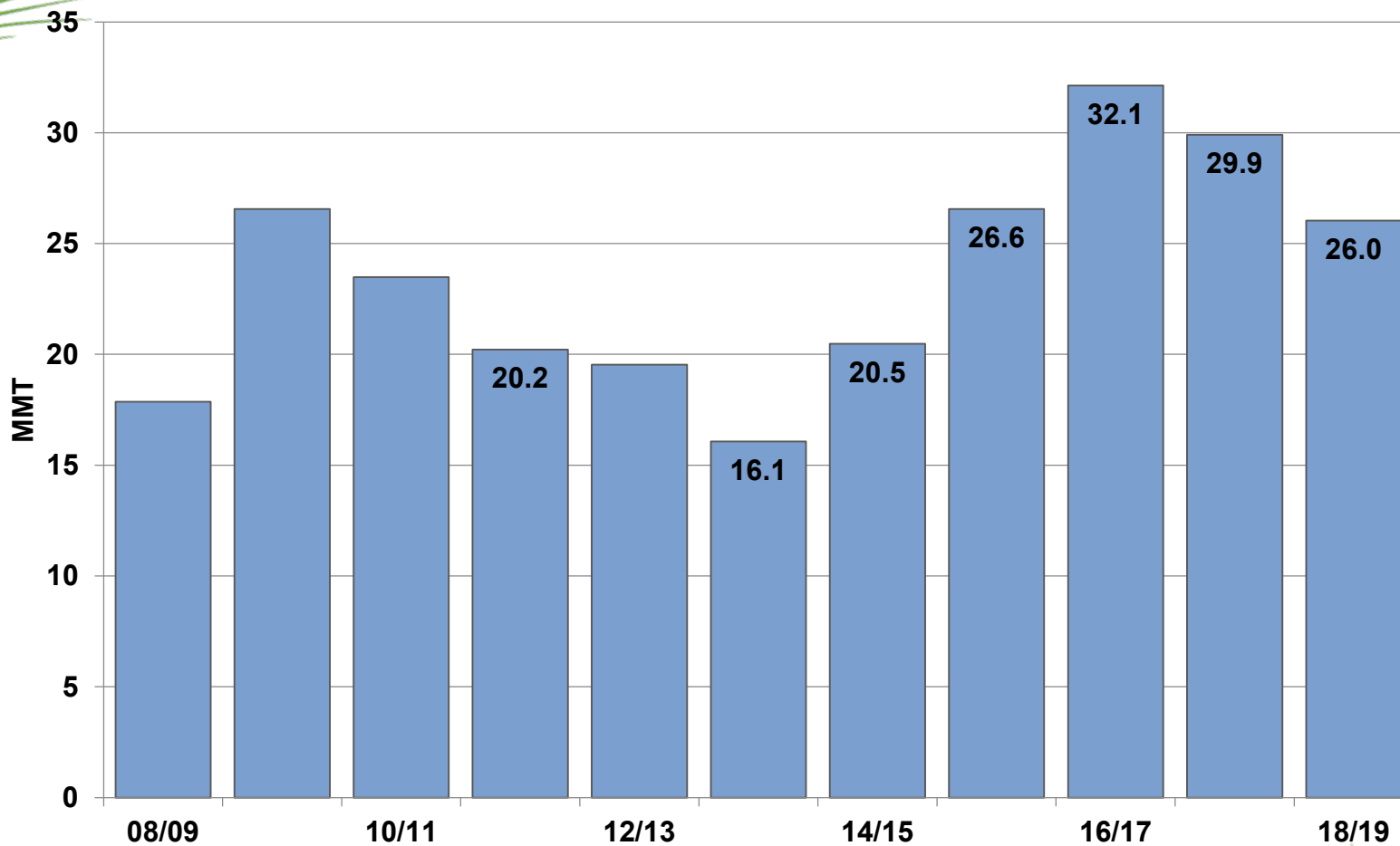
Black Sea Ending Stocks



U.S. Situation



U.S. Ending Stocks



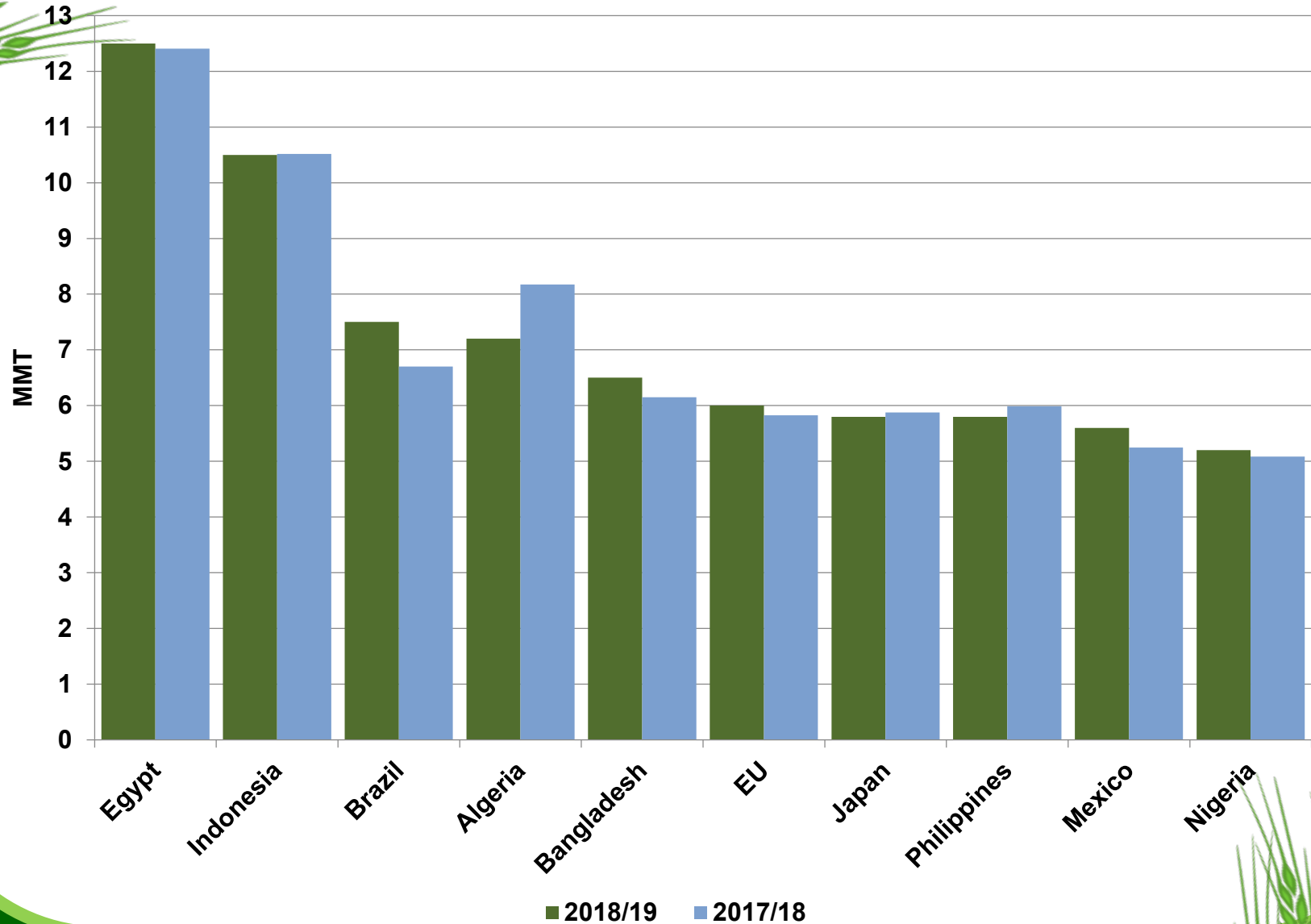
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



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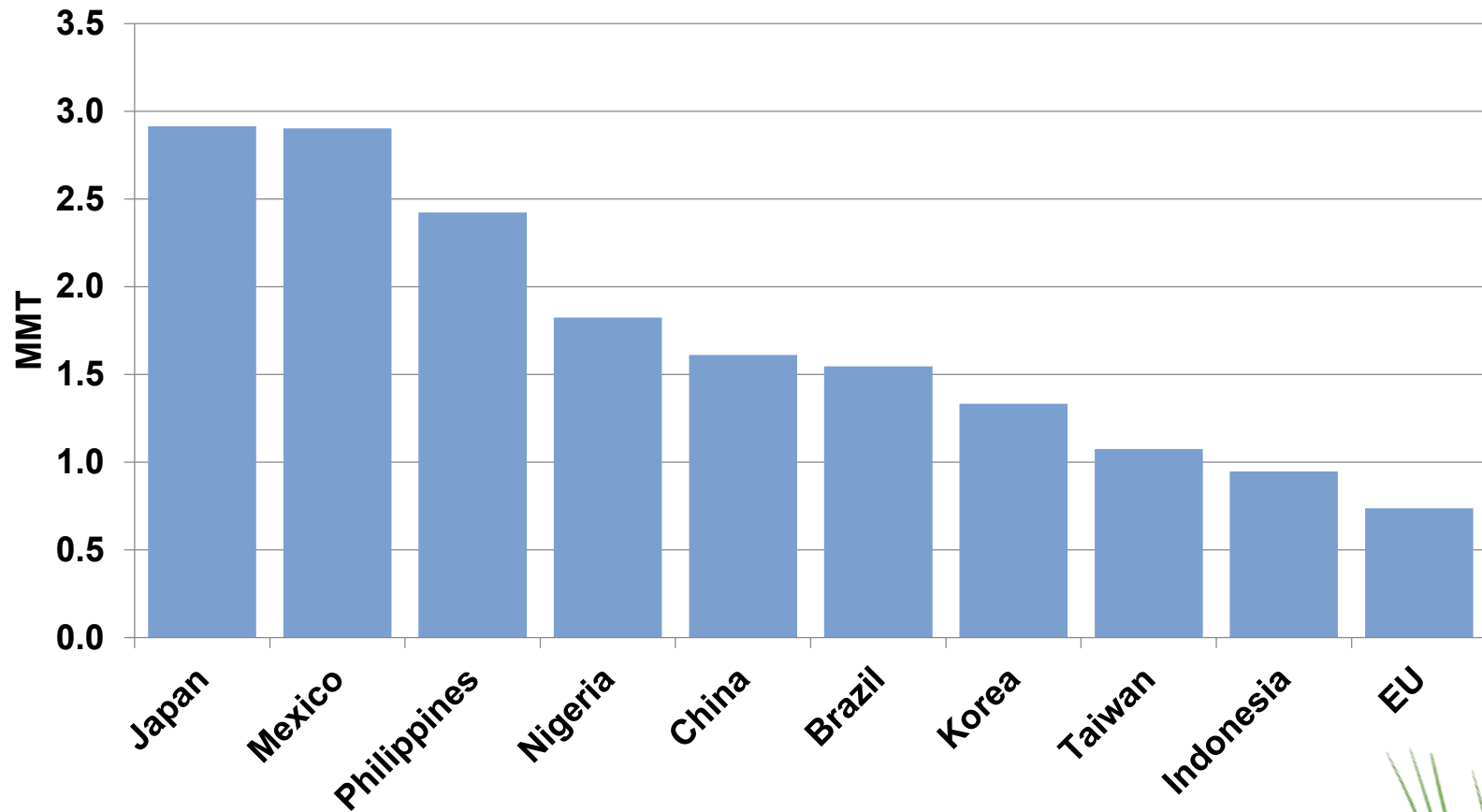
Major World Wheat Importers

(from all origins)



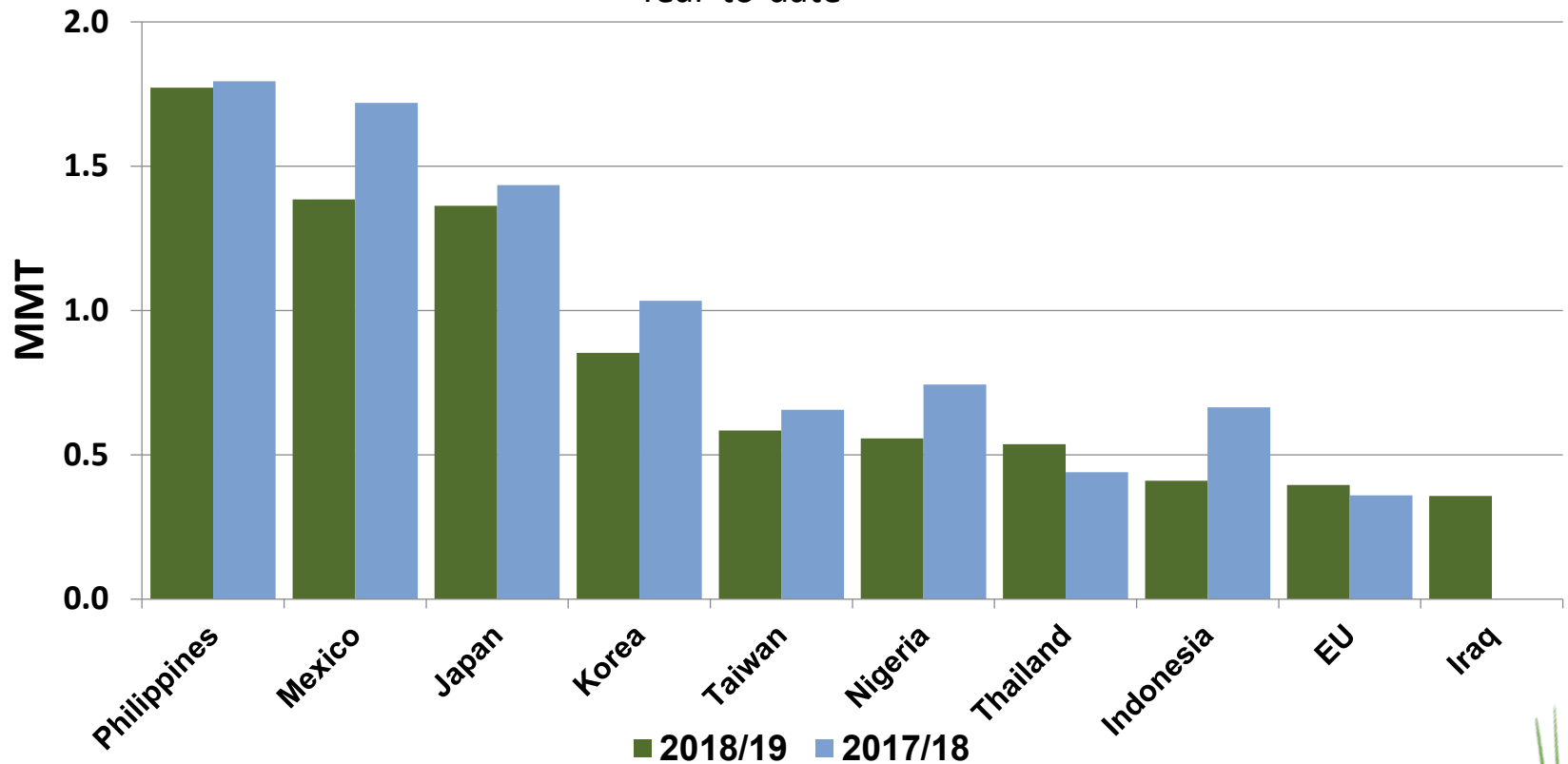
Top 10 Customers for U.S. Wheat

5-year average



Top 10 Customers for U.S. Wheat

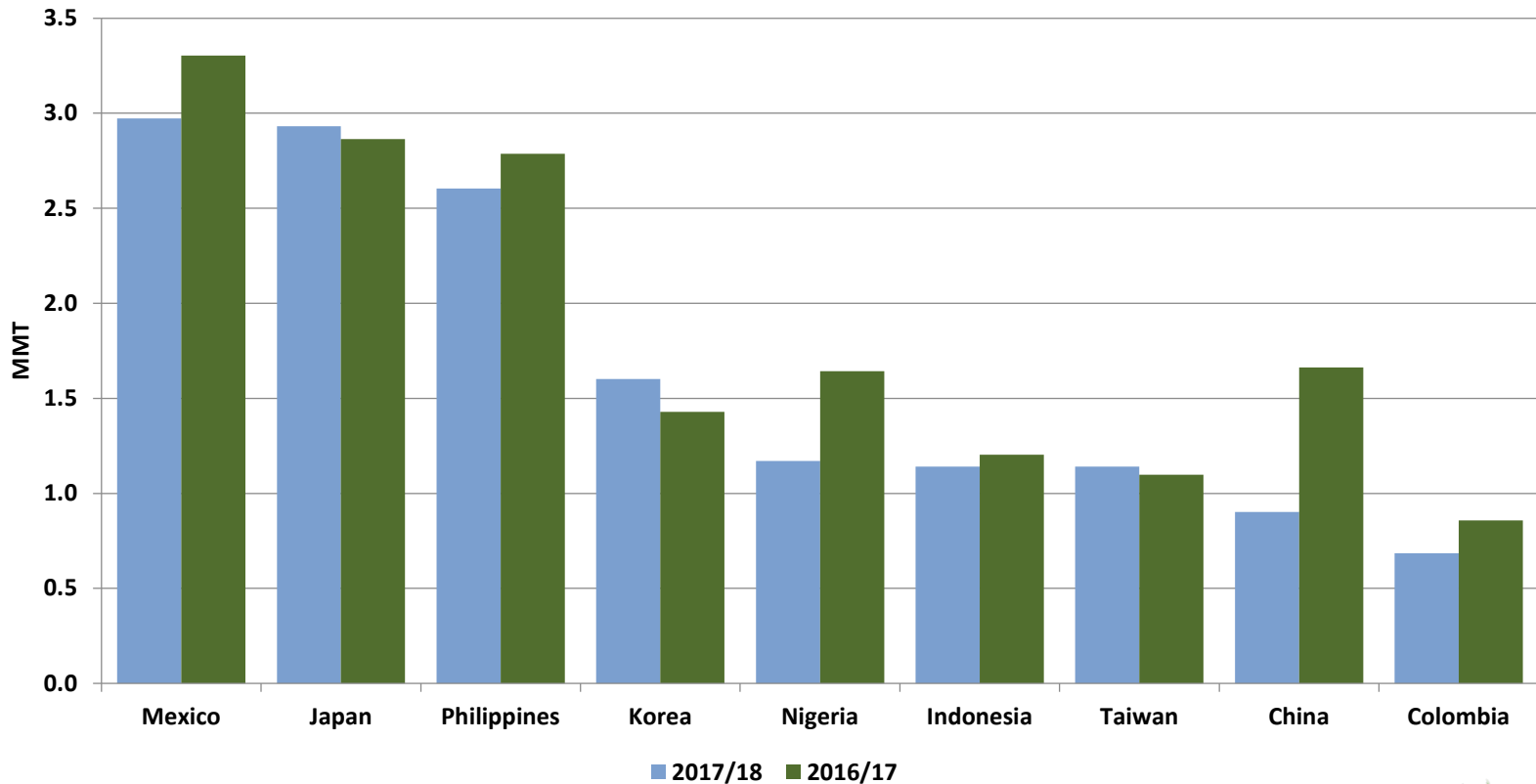
Year-to-date



Source: USDA FAS export sales report October 11, 2018.

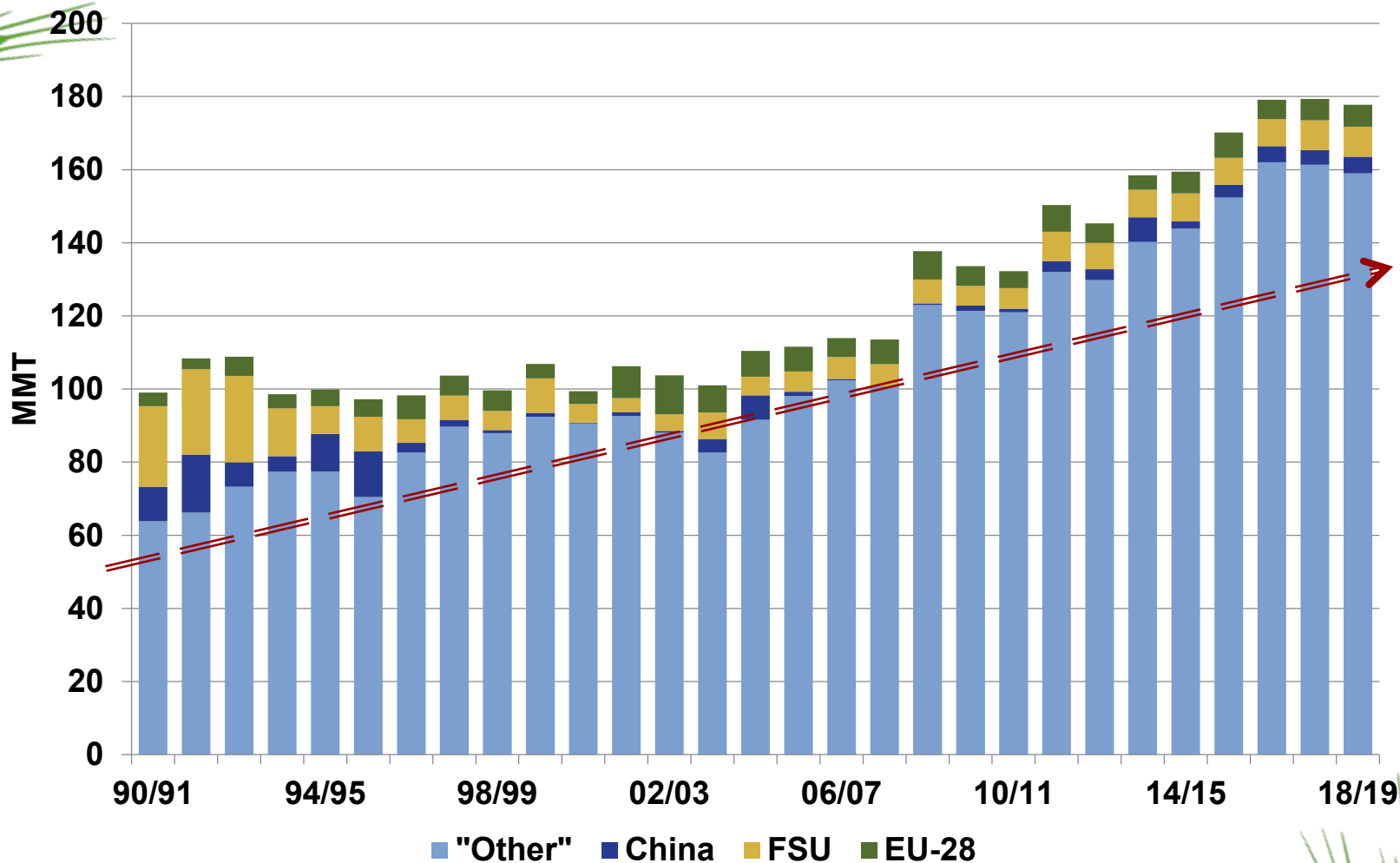
Top 10 Customers for U.S. Wheat

2017/18 vs. 2016/17



Source: USDA FAS 2017/18 Marketing Year Final export sales report May 31, 2018.

World Wheat Imports



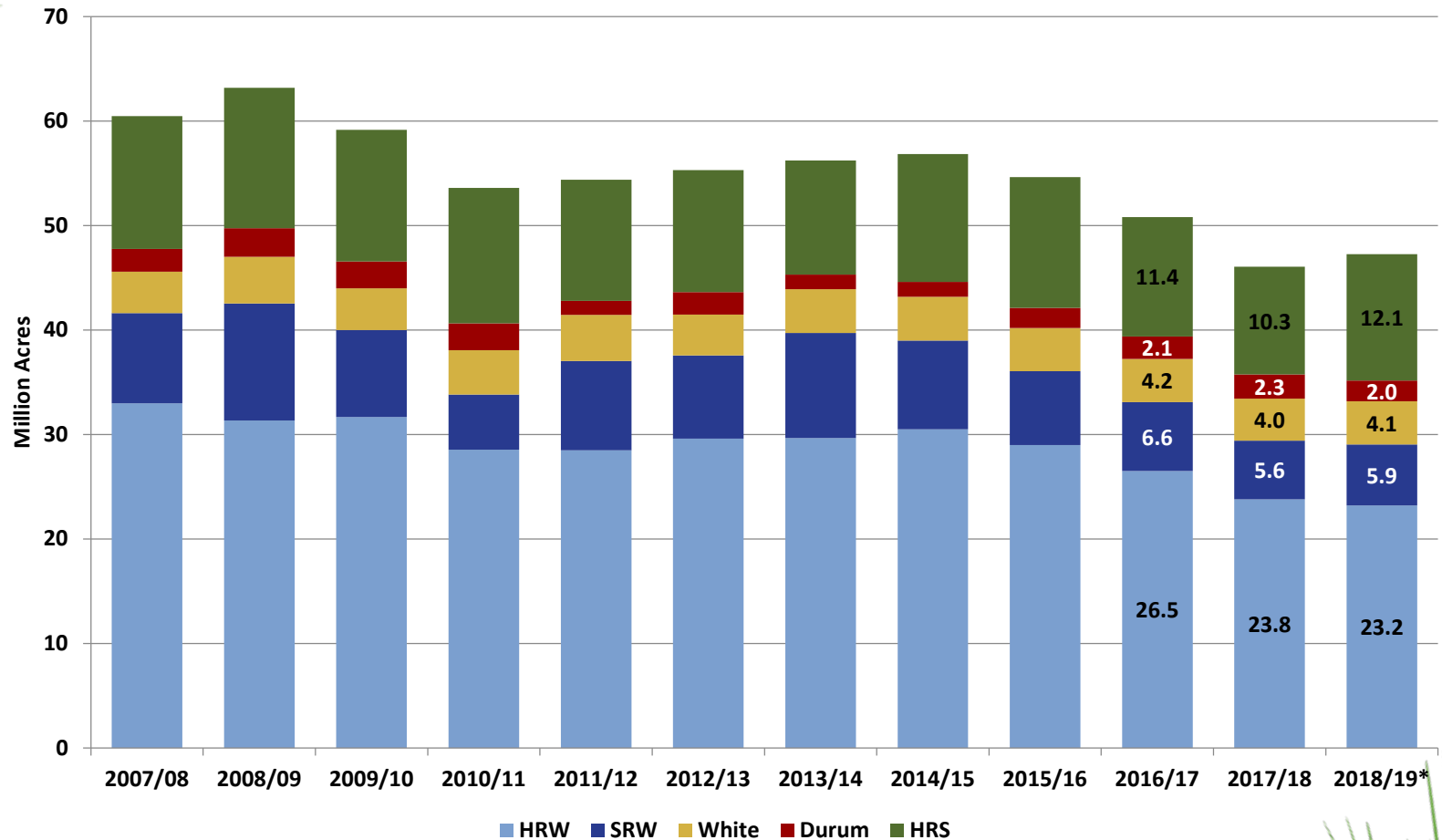
Trend in "other" importers denoted (—▶)

- Major Exporters
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- Outlook



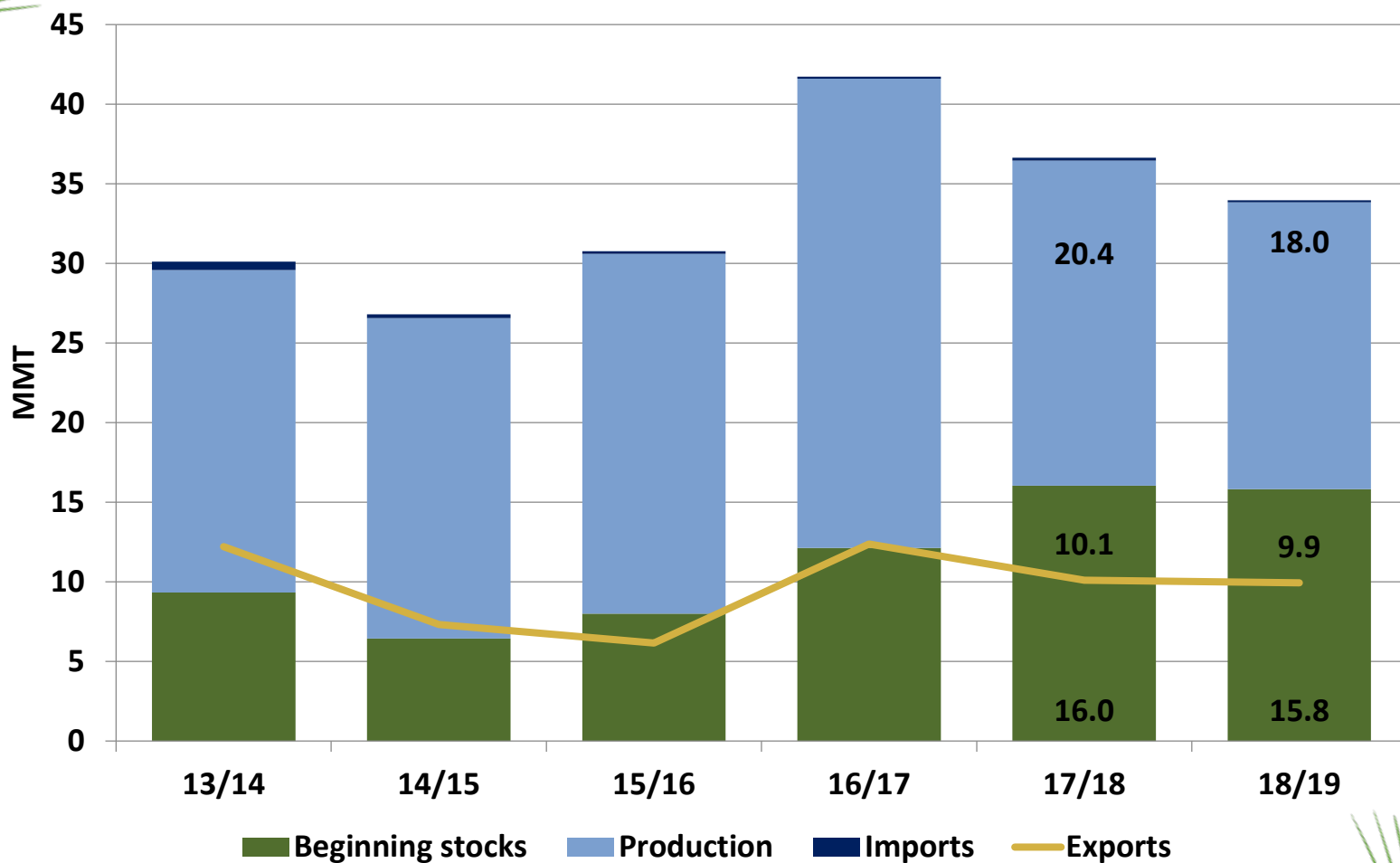
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U.S. Wheat Plantings by Class

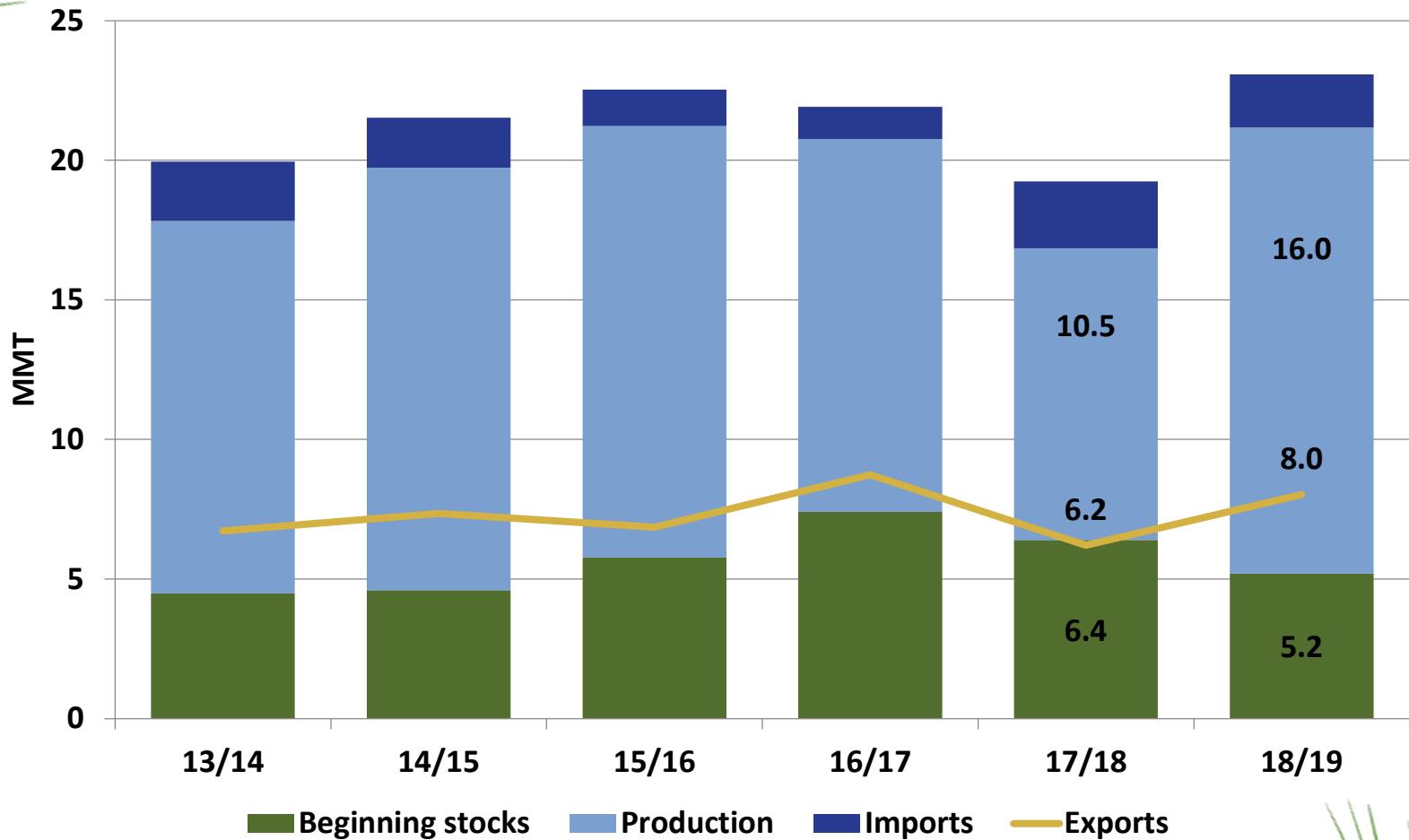


*Source: USDA Prospective Plantings Report, March 29, 2018

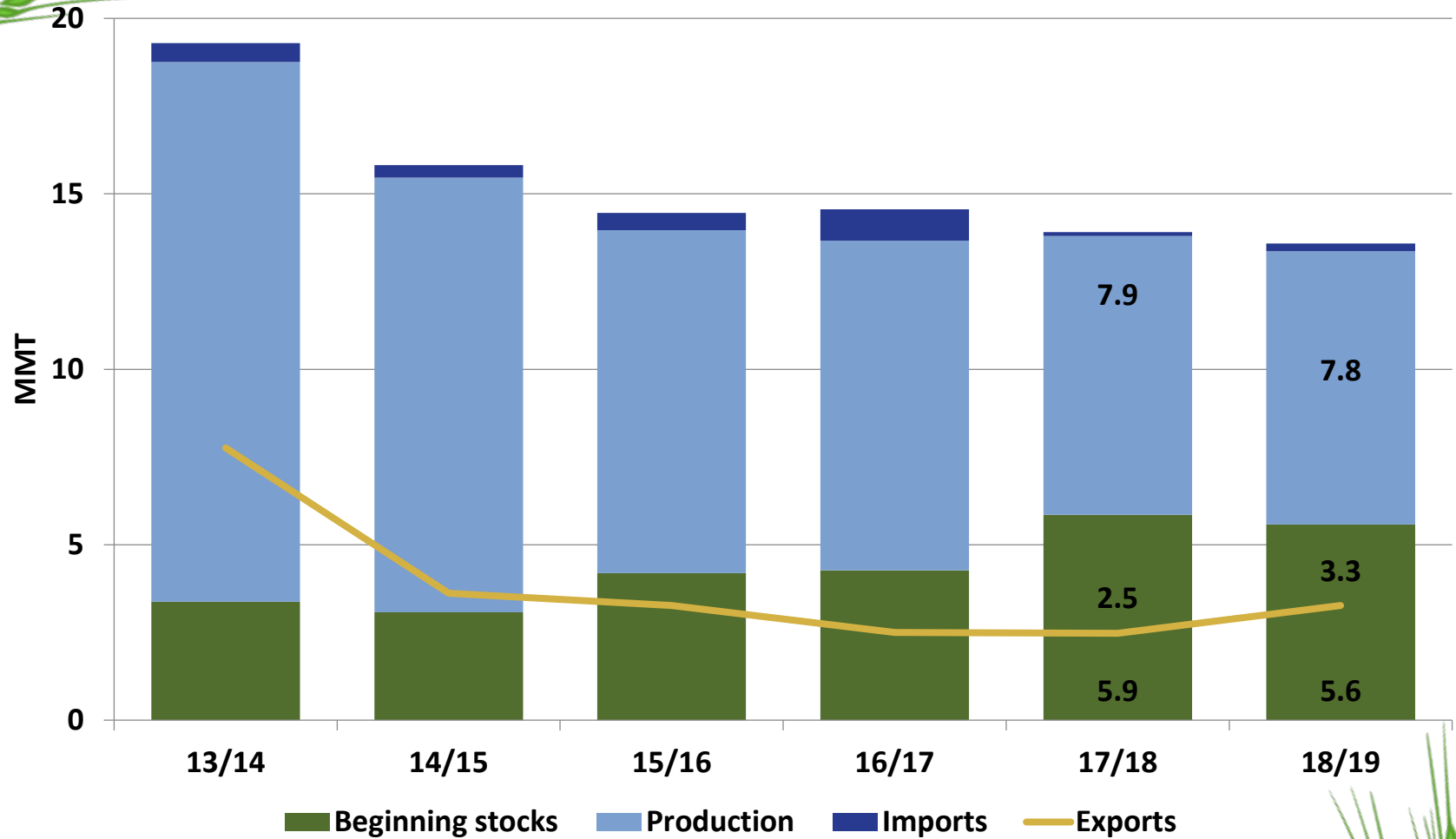
U.S. Hard Red Winter



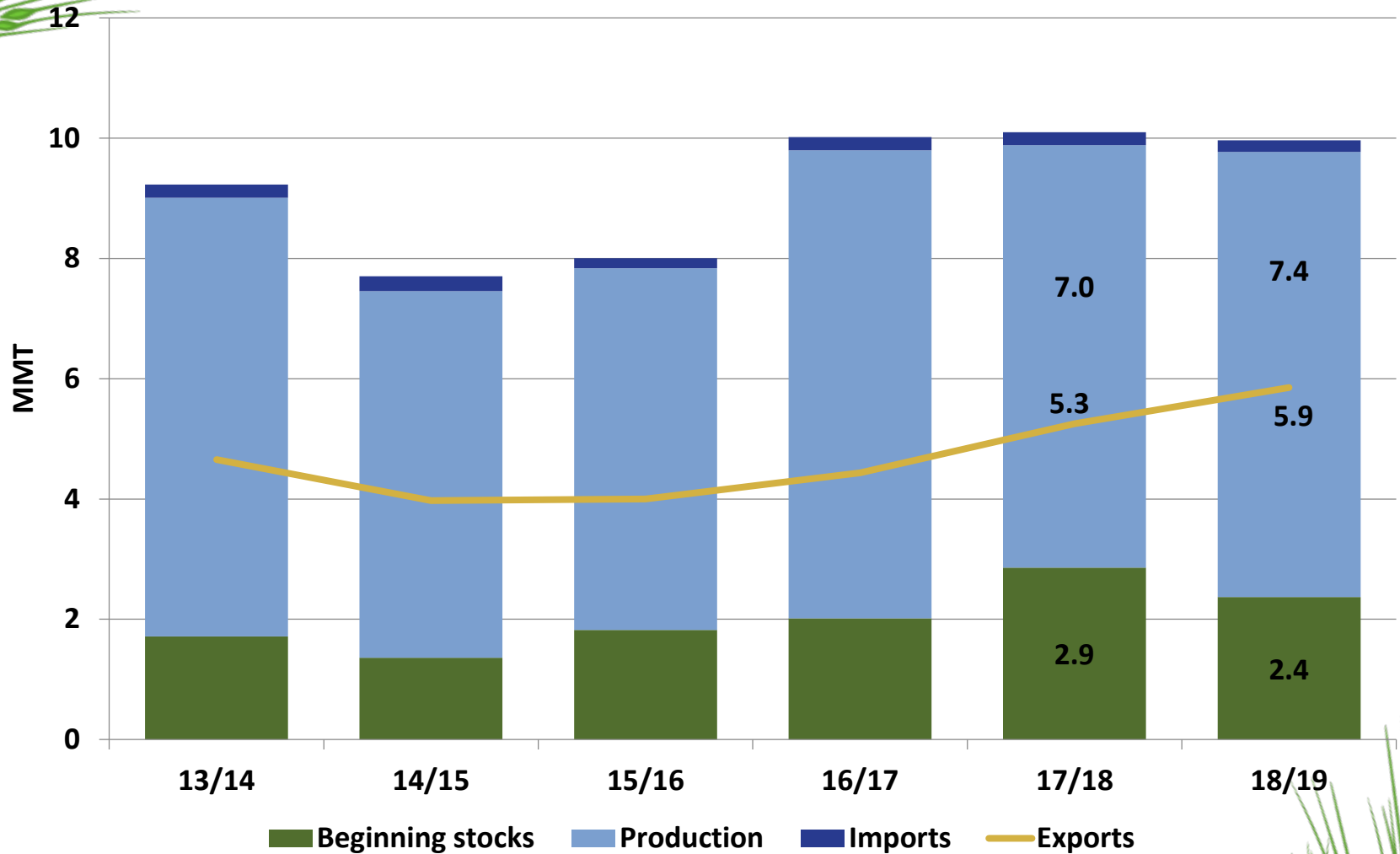
U.S. Hard Red Spring



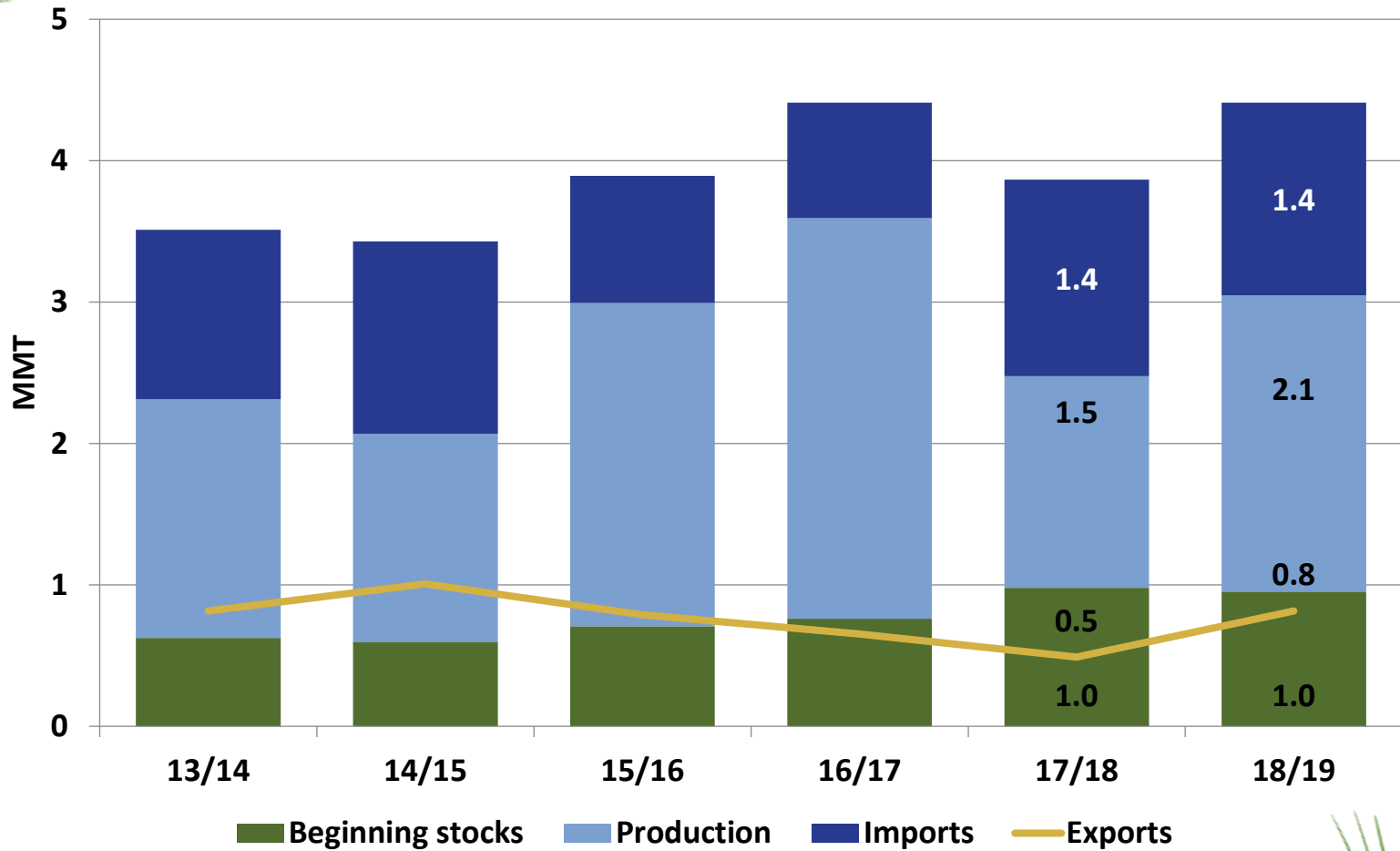
U.S. Soft Red Winter



U.S. White

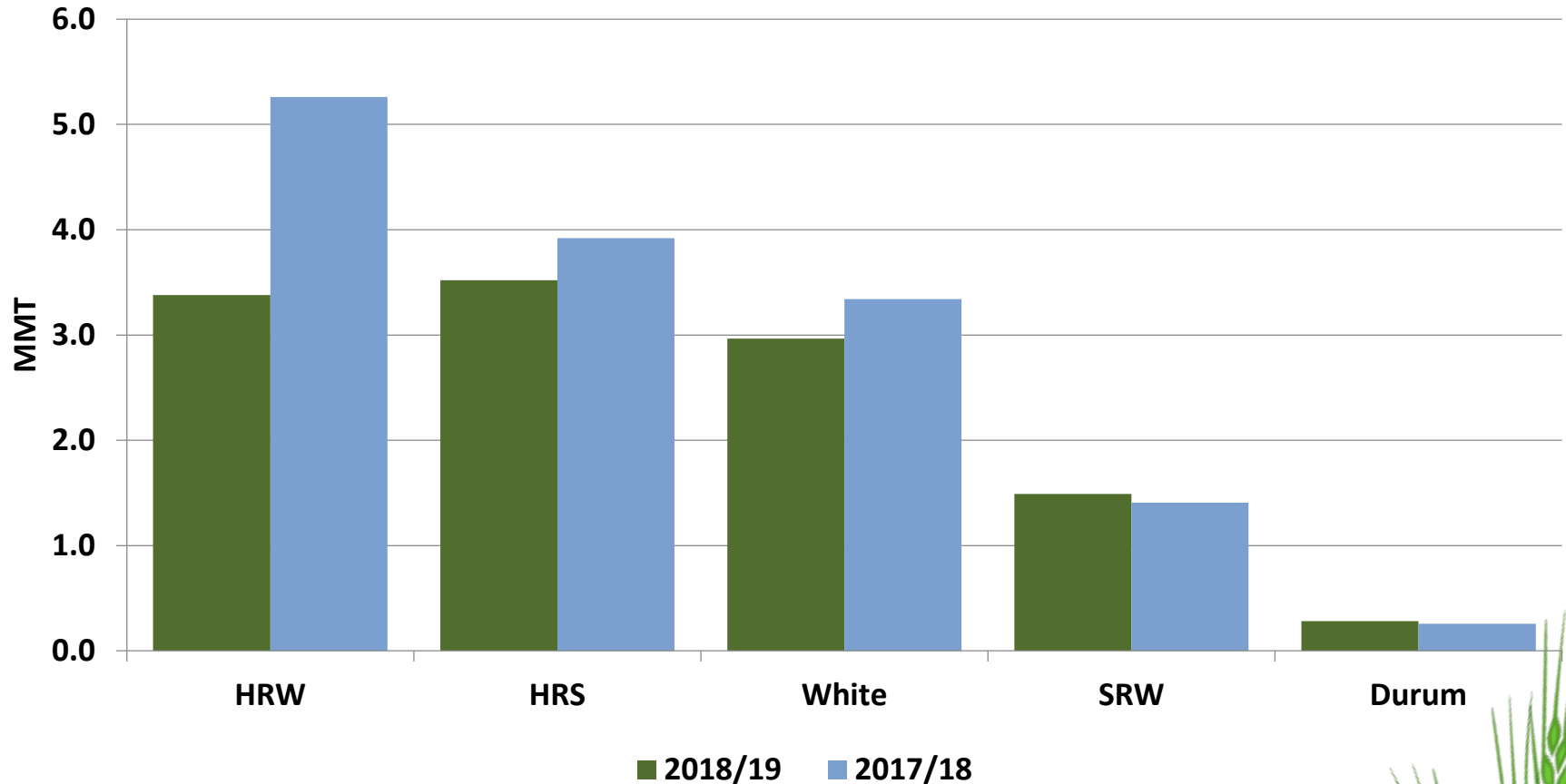


U.S. Durum



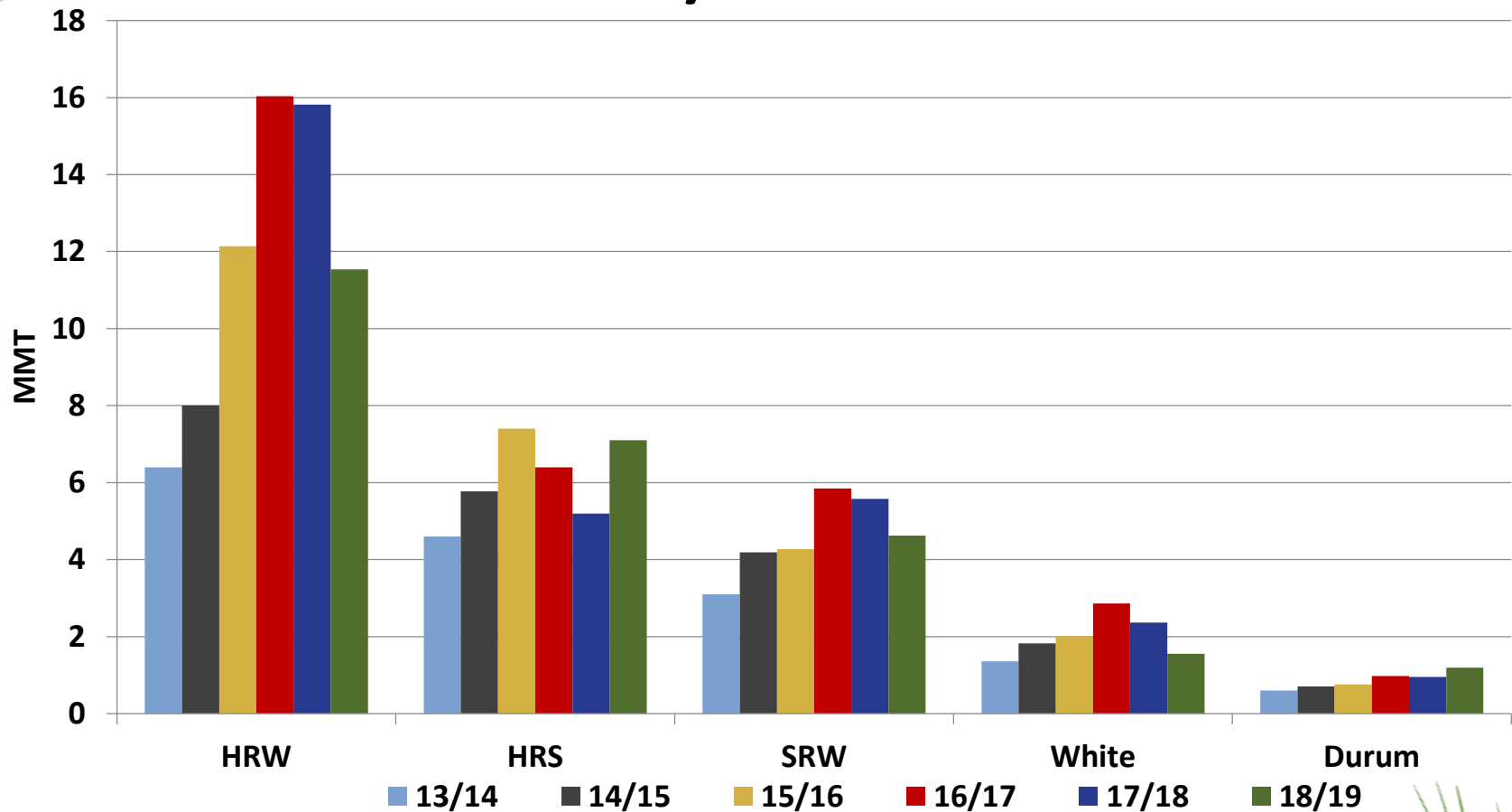
U.S. Wheat Sales by Class

(year-to-date)



Source: *USDA FAS export sales report October 11, 2018.*

U.S. Wheat Ending Stocks by Class



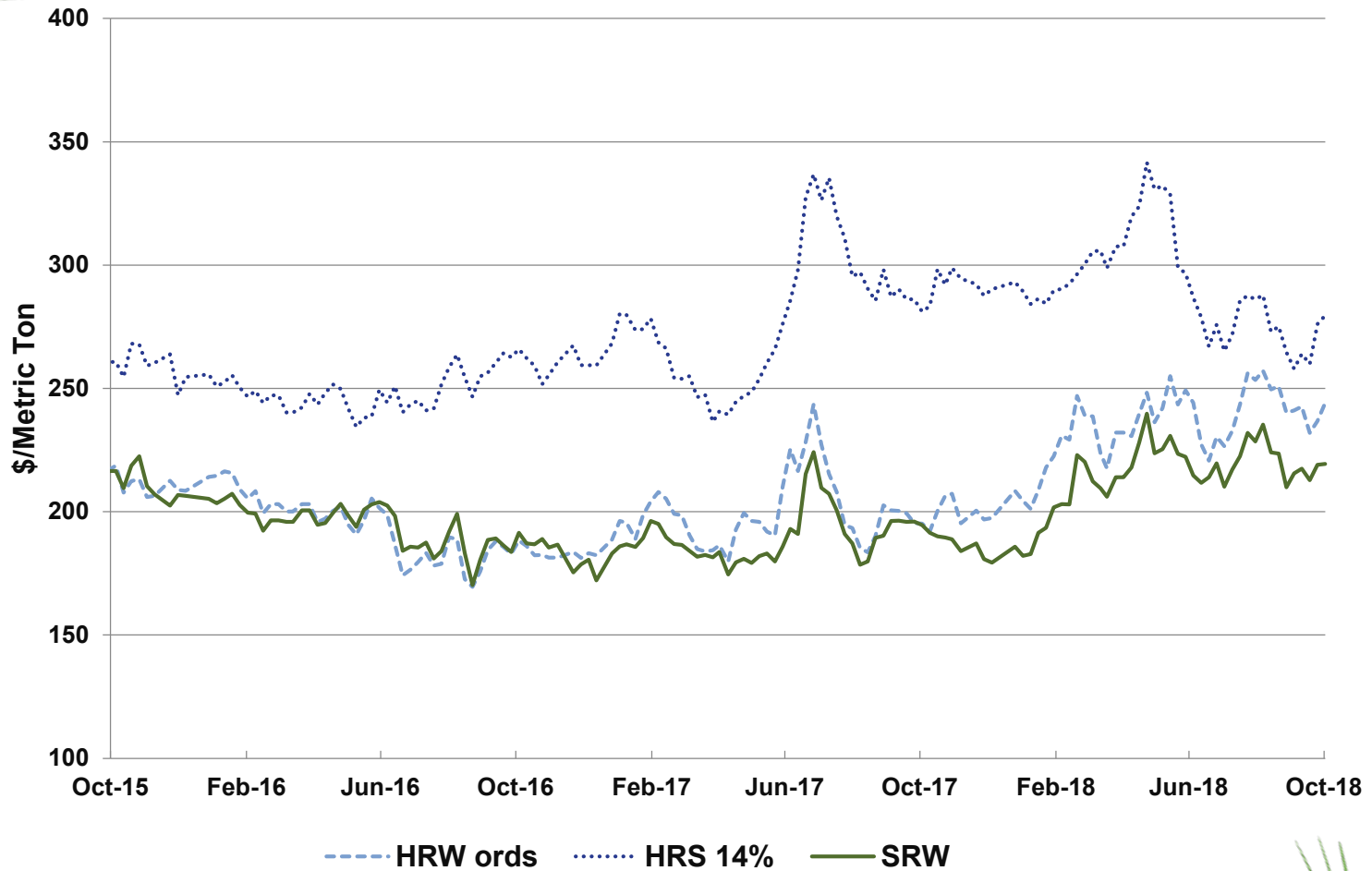
U.S. Wheat Supply and Demand

	HRW		HRS		SRW	
	17/18	18/19	17/18	18/19	17/18	18/19
	MMT					
Beginning Stocks	16.0	15.8	6.4	5.2	5.9	5.6
Production	20.4	18.0	10.5	16.0	7.9	7.8
Imports	<u>0.2</u>	<u>0.1</u>	<u>2.4</u>	<u>1.9</u>	<u>0.1</u>	<u>0.2</u>
Supply Total	36.6	34.0	19.2	23.1	13.9	13.6
Domestic Use	10.7	12.5	7.8	7.9	5.9	5.7
Exports	<u>10.1</u>	<u>9.9</u>	<u>6.2</u>	<u>8.0</u>	<u>2.5</u>	<u>3.3</u>
Use Total	20.8	22.4	14.0	16.0	8.3	9.0
Ending Stocks	15.8	11.5	5.2	7.1	5.6	4.6
Stocks-to-Use	76%	51%	37%	44%	67%	52%

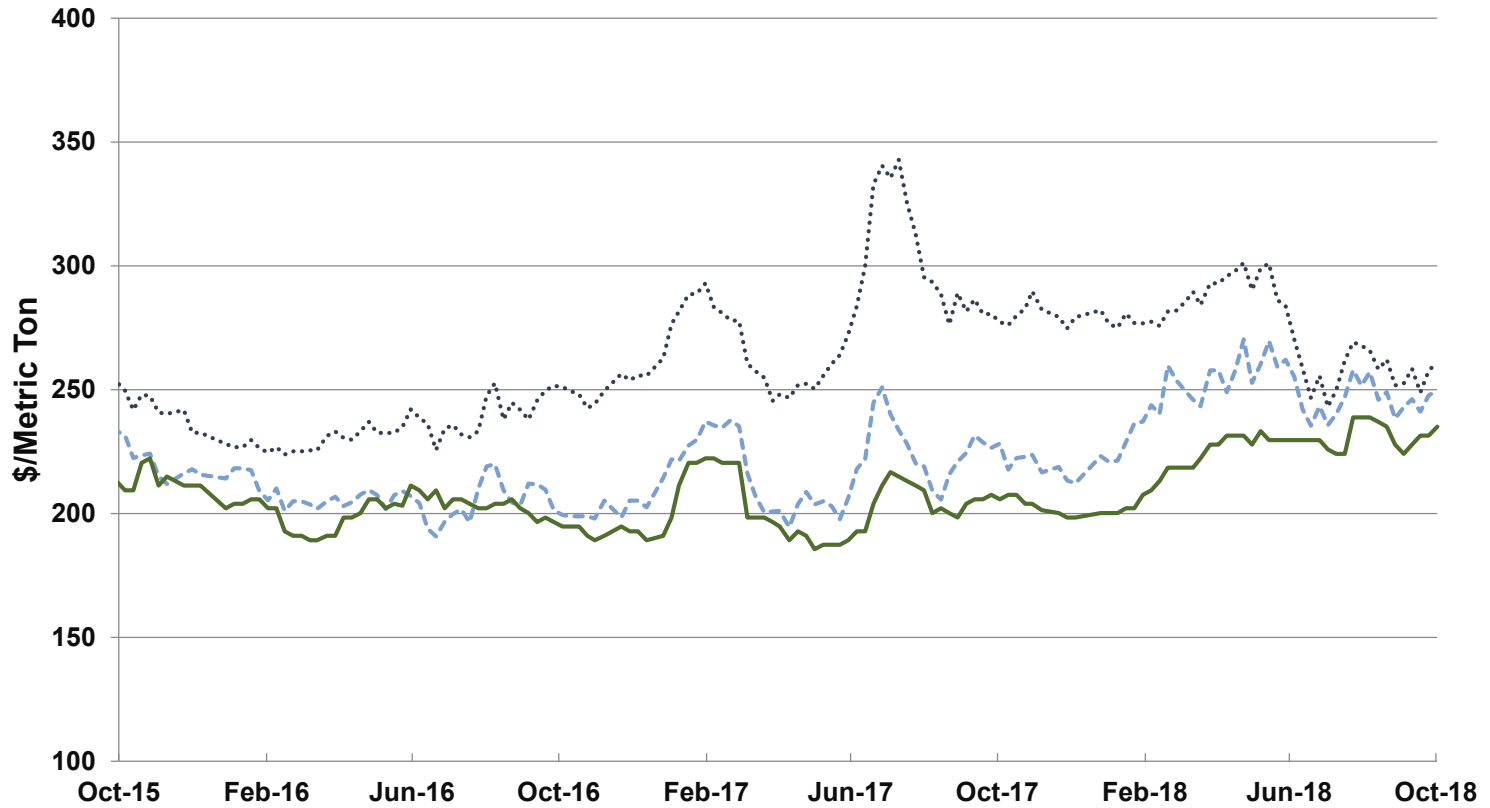
U.S. Wheat Supply and Demand

	White		Durum		Total	
	17/18	18/19	17/18	18/19	17/18	18/19
	MMT					
Beginning Stocks	2.9	2.4	1.0	1.0	32.1	29.9
Production	7.0	7.4	1.5	2.1	47.4	51.3
Imports	<u>0.2</u>	<u>0.2</u>	<u>1.4</u>	<u>1.4</u>	<u>4.3</u>	<u>3.8</u>
Supply Total	10.1	10.0	3.9	4.4	83.8	85.0
Domestic Use	2.4	2.6	2.4	2.4	29.3	31.1
Exports	<u>5.3</u>	<u>5.9</u>	<u>0.5</u>	<u>0.8</u>	<u>24.5</u>	<u>27.9</u>
Use Total	7.7	8.4	2.9	3.2	53.9	59.0
Ending Stocks	2.4	1.6	1.0	1.2	29.9	26.0
Stocks-to-Use	31%	18%	33%	37%	56%	44%

U.S. FOB Gulf Prices

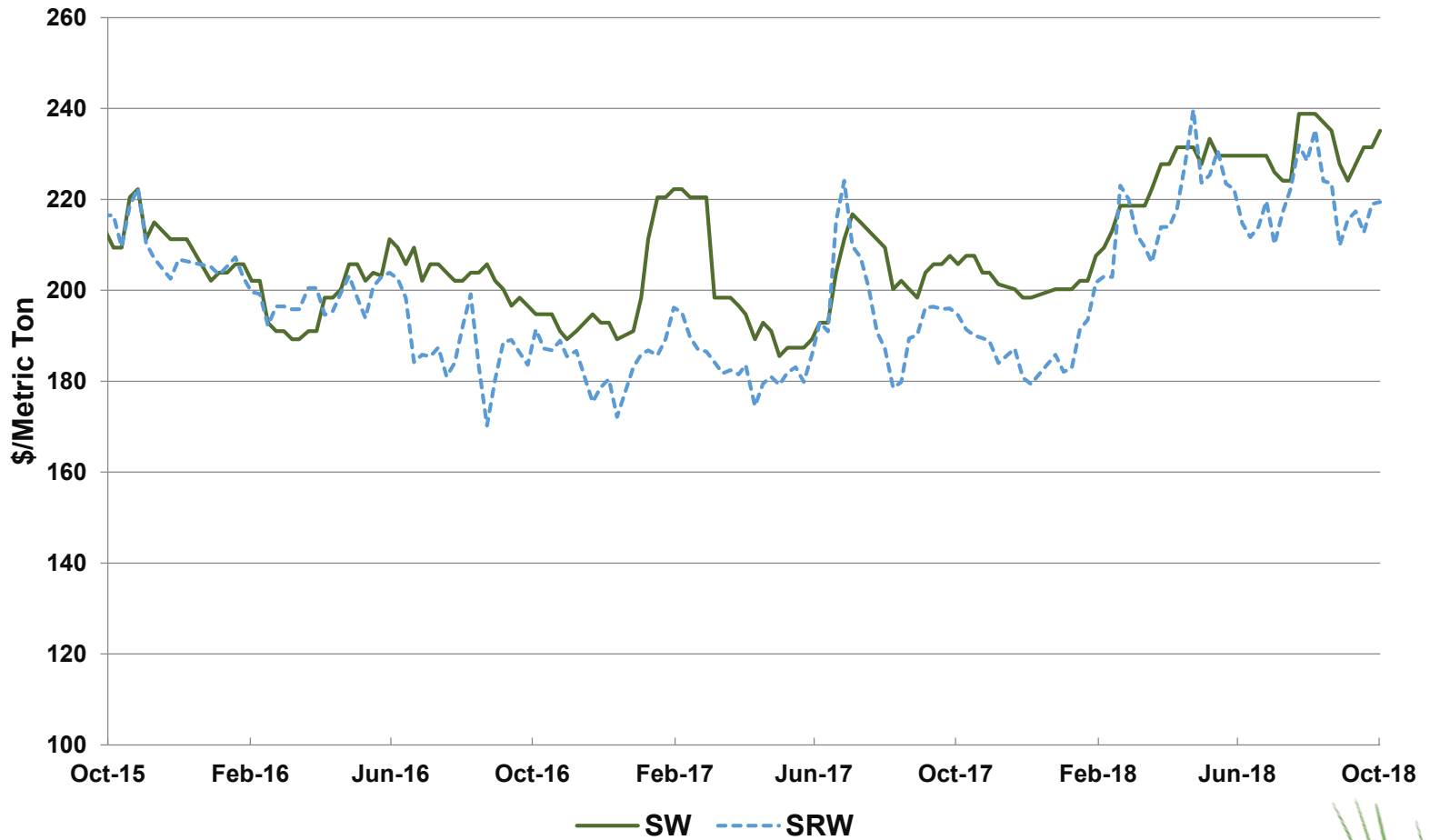


U.S. FOB PNW Prices

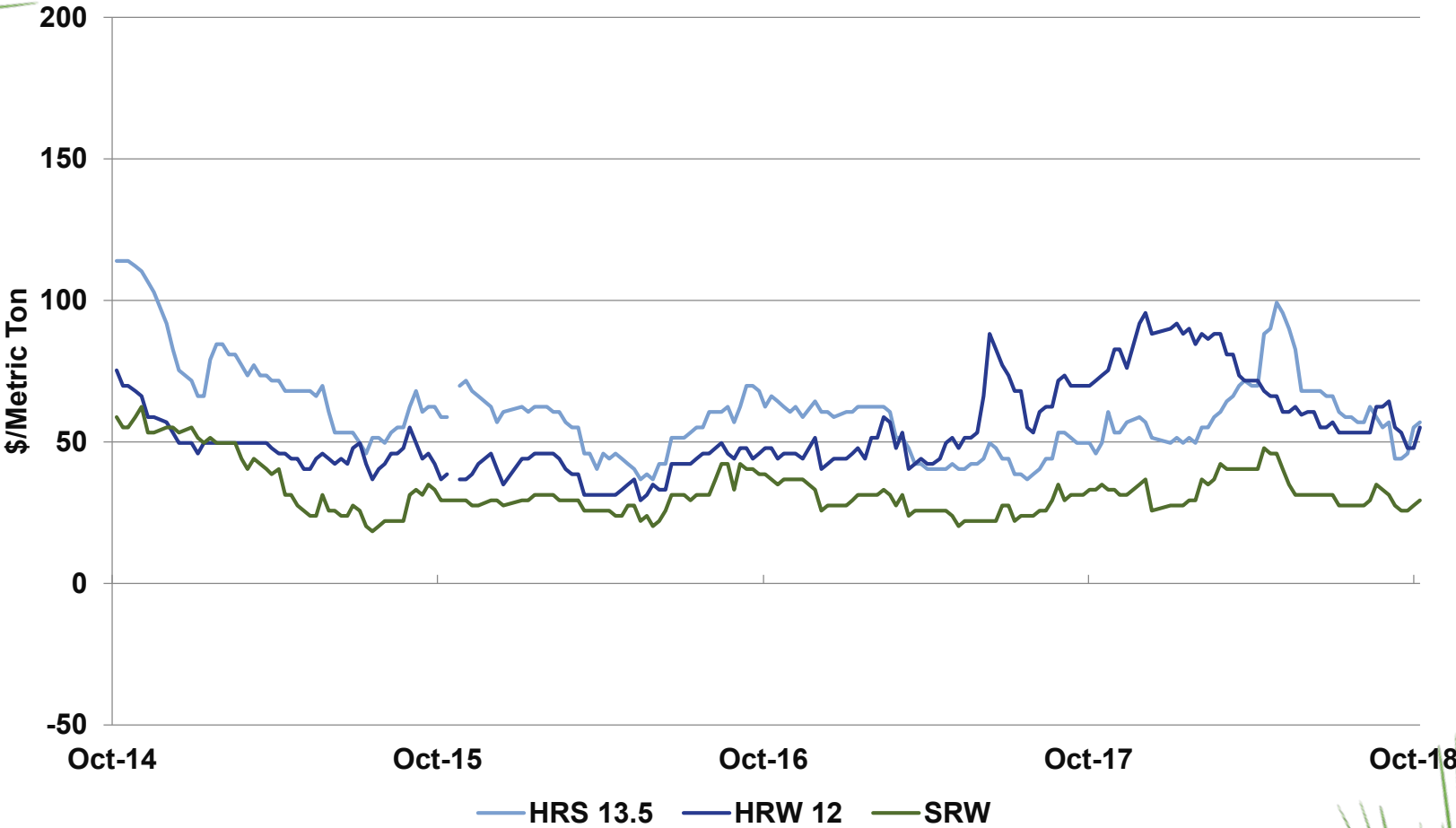


--- HRW 11.5% HRS 14% — SW

SRW and Soft White Prices



U.S. Gulf Basis Prices



U.S. PNW Basis Prices

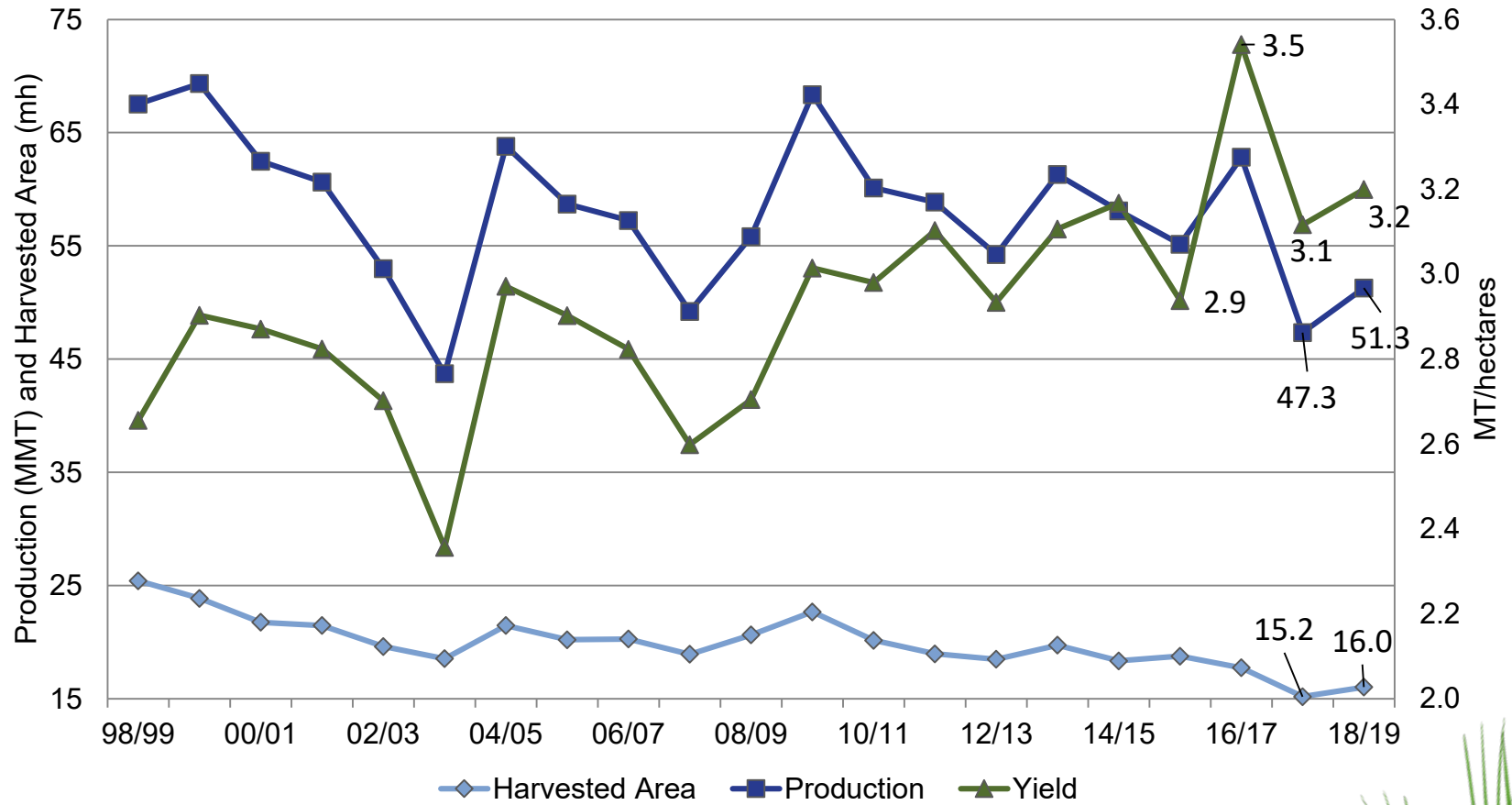


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

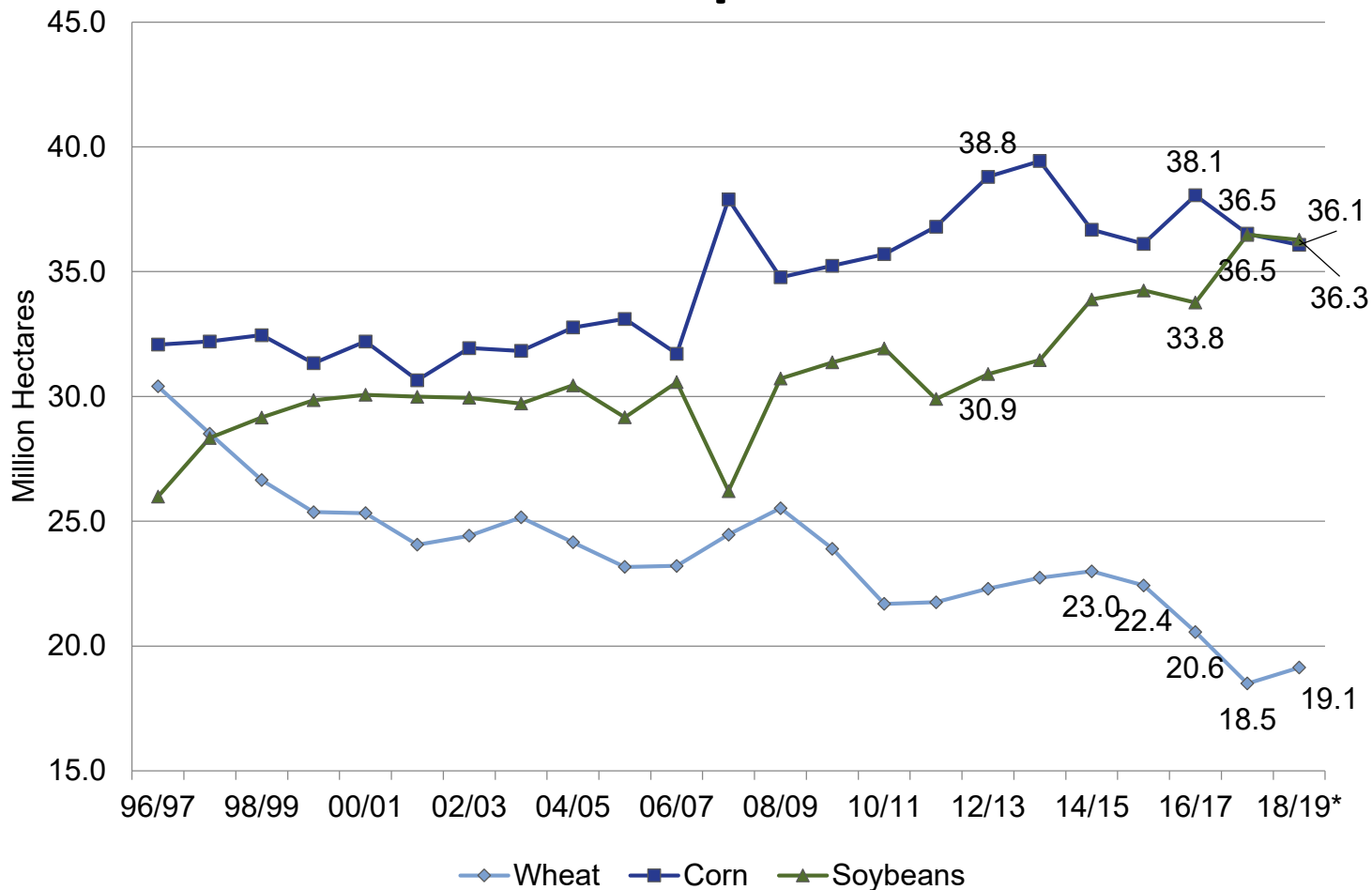


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U.S. Wheat Area and Production



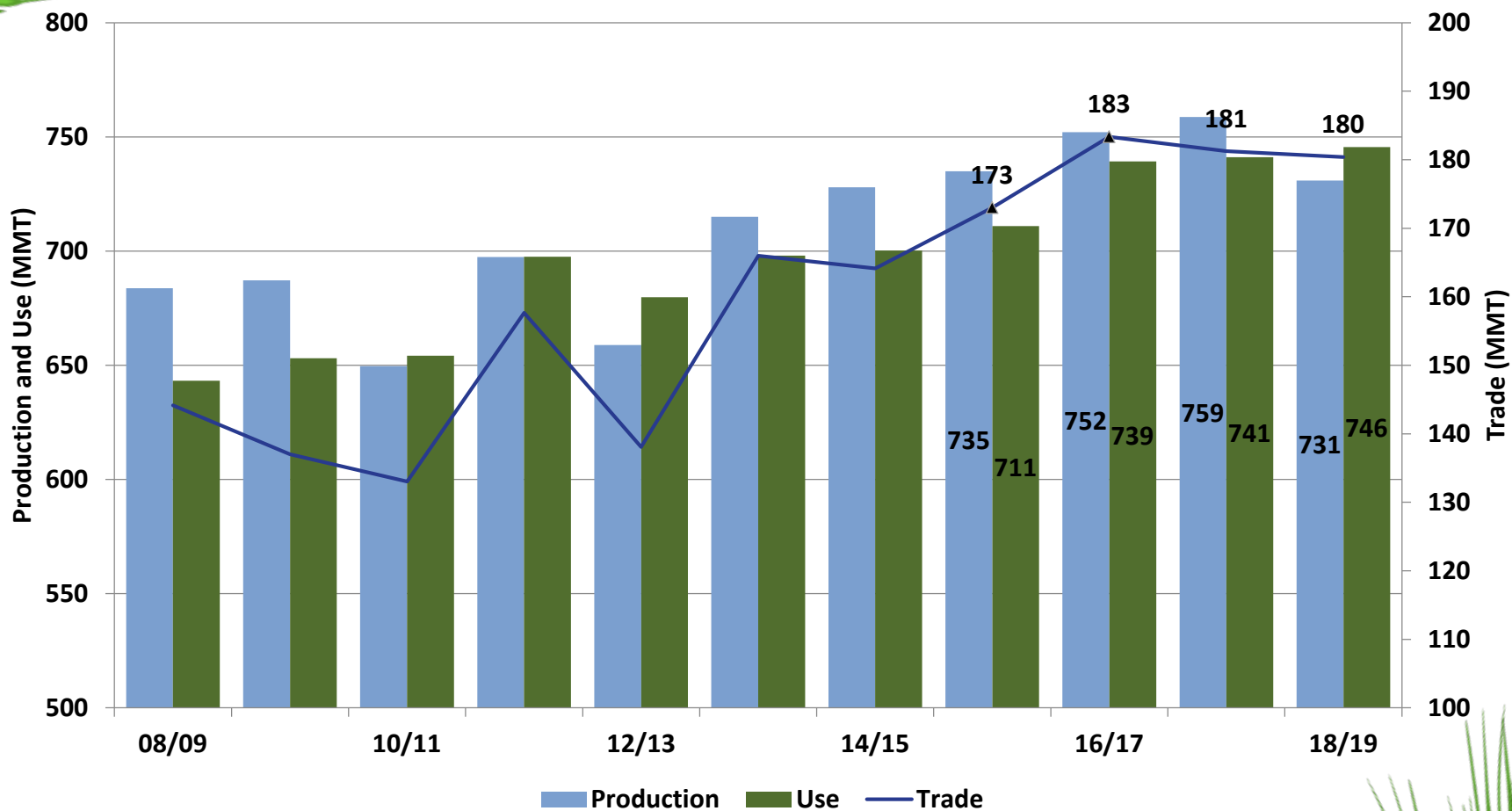
U.S. Crop Planted Area Comparison



*Source: USDA Acreage Report June 29, 2018

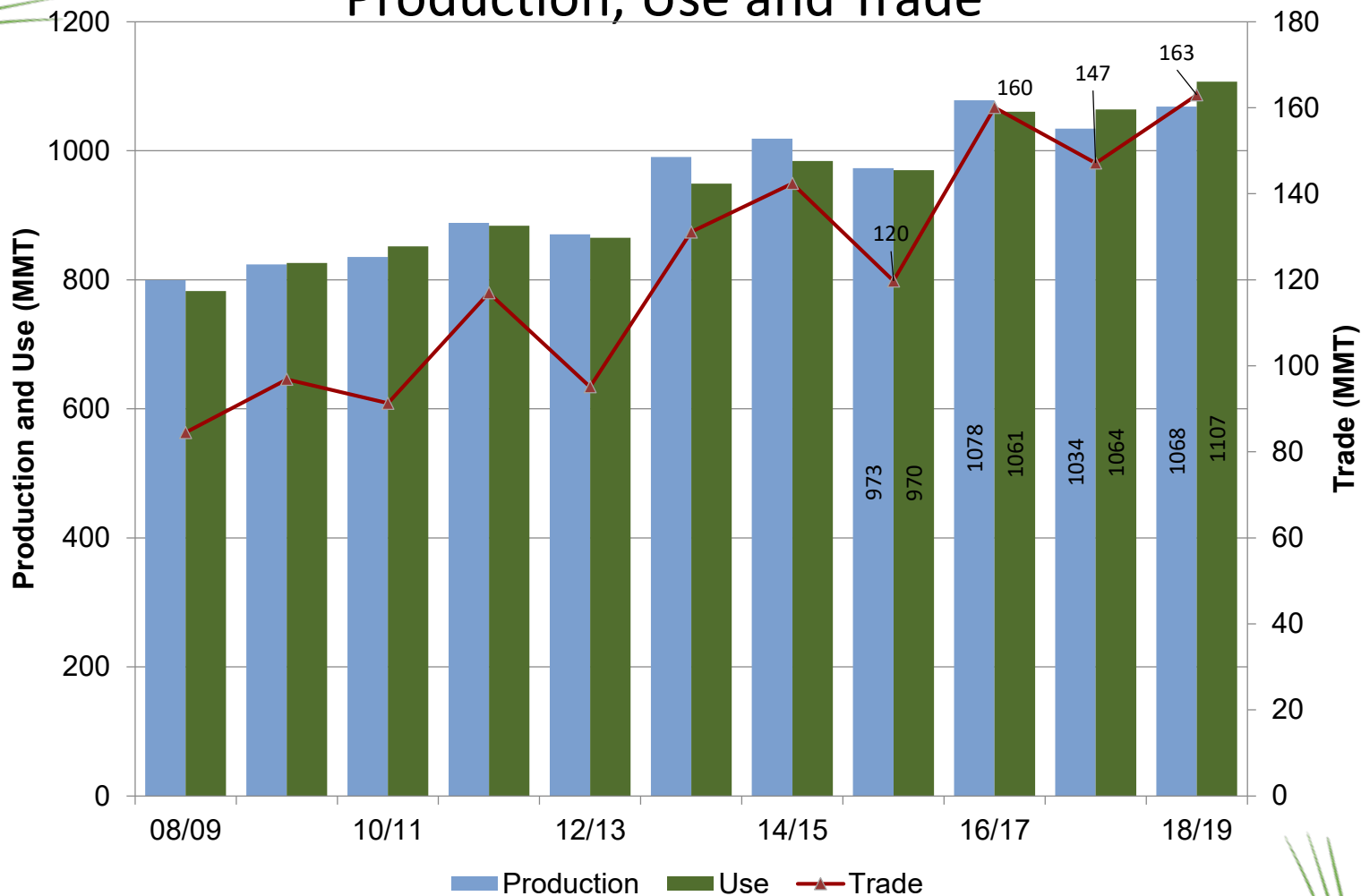
World Wheat

Production, Use and Trade



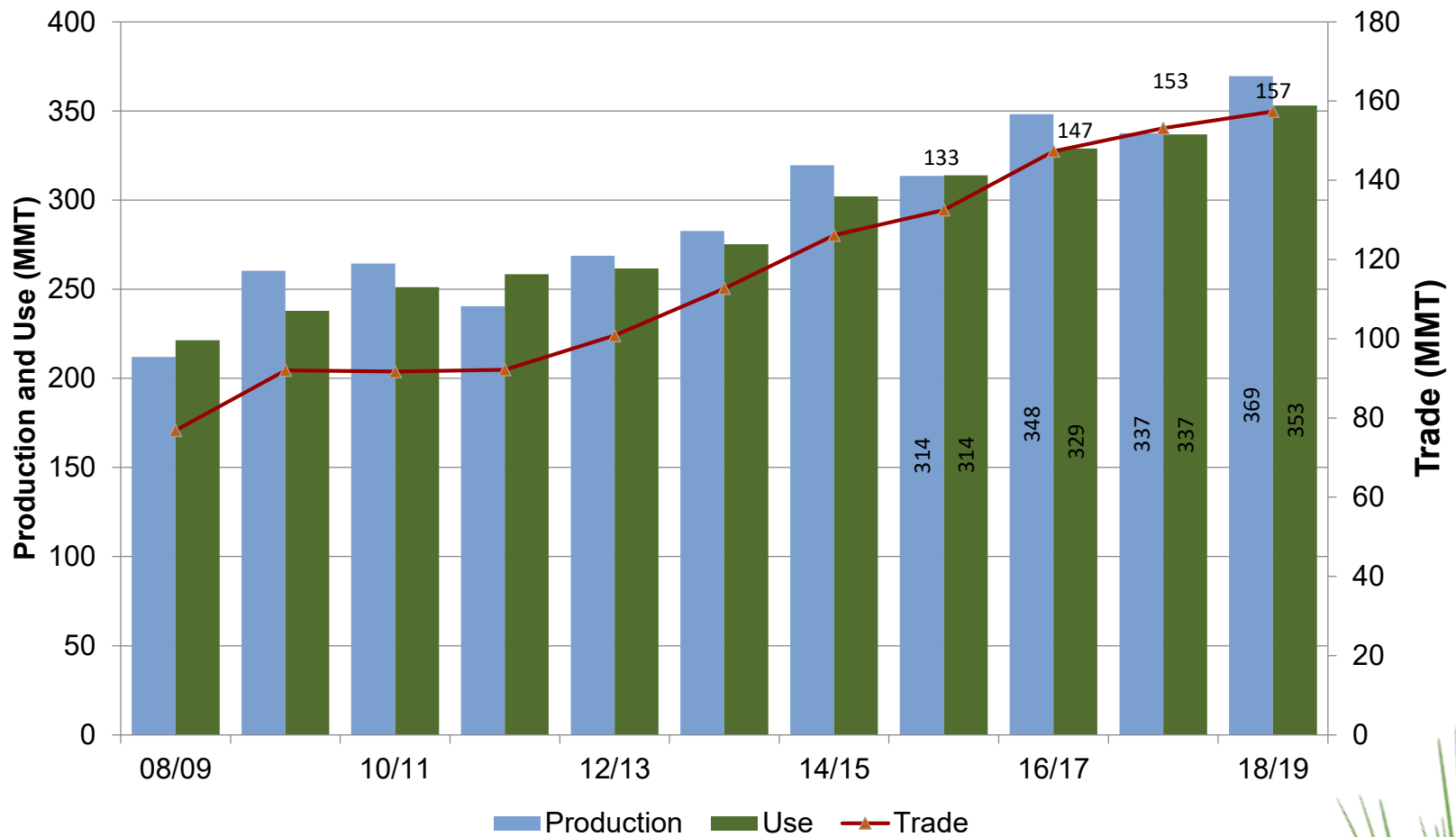
World Corn

Production, Use and Trade

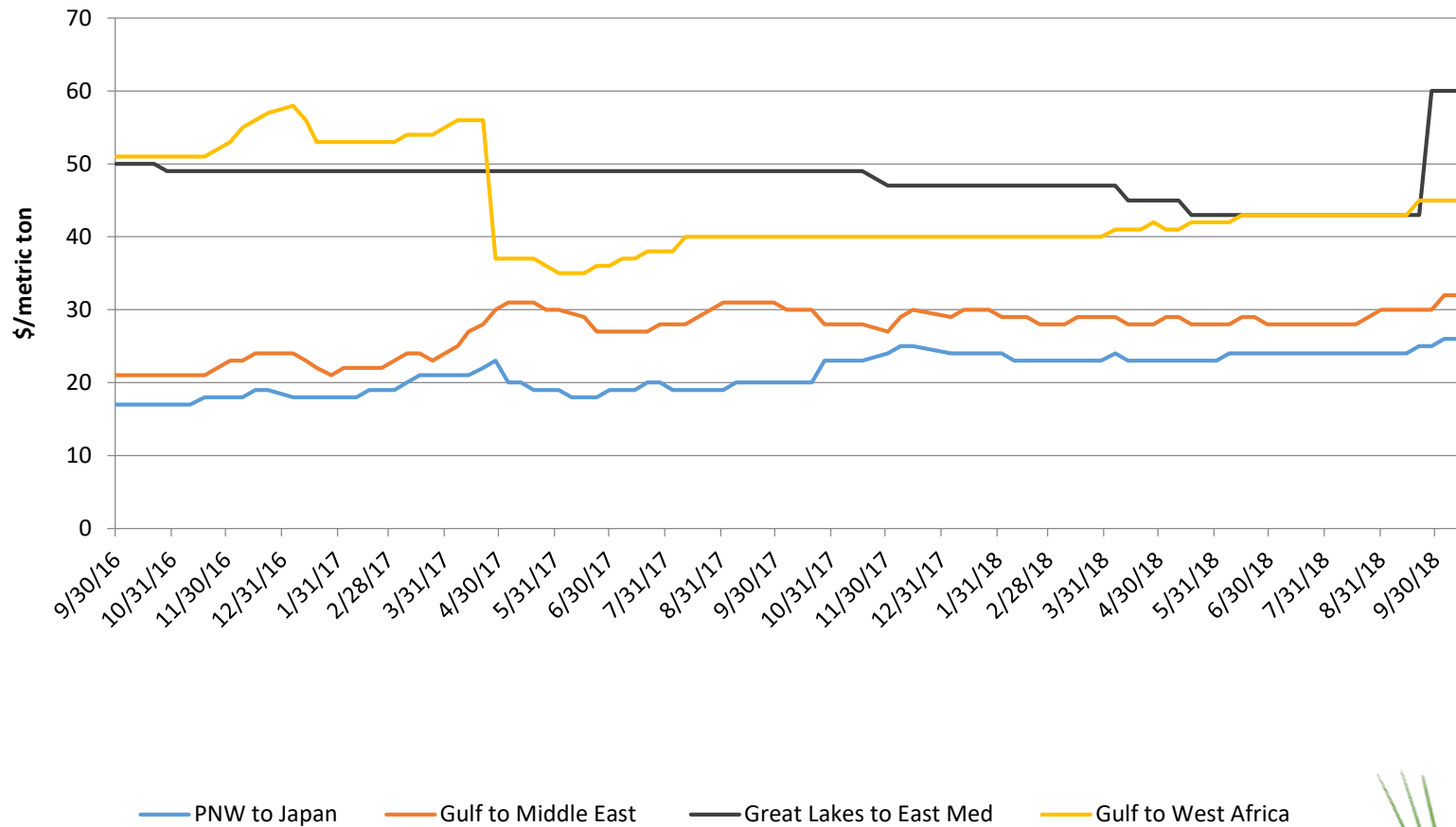


World Soybeans

Production, Use and Trade



Ocean Freight Rates for Grains



Summary

- **Global production to fall for first time in 5 years**
 - Russian wheat production to fall to 70.0 MMT, 18% below 2017/18
 - Wheat production in the U.S. to reach 51.3 MMT, 8% below the 5-year average
- **Global ending stocks to decline to 260 MMT, still 9% above the 5-year average**
 - Ending stocks in the EU to fall to 10.1 MMT, 31% below the year prior, if realized
 - U.S. ending stocks to decrease to 26.0 MMT, down 13% from 2017/18, if realized
- **World consumption expected to hit new record in 2018/19; world trade to remain near record high**
 - Indonesian 2018/19 wheat imports to remain stable at 10.5 MMT, still 15% above the 5-year average
 - U.S. 2018/19 exports to total 27.9 MMT, 7% above the 5-year average, if realized



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