

# World Wheat Supply and Demand Situation

November 2019

Major data source: USDA World Agricultural Supply and Demand Estimates released November 8, 2019, unless otherwise indicated. Projections will change over the course of the year depending on weather and other developments.



# Highlights of USDA's 2019/20 Supply and Demand Estimates

- **2019/20 global wheat production to reach a record high of 766 MMT**
  - Wheat production in Russia to rise 3% year-over-year to 74.0 MMT
  - Australian production forecast at 17.2 MMT, in line with 2018/19, but 26% below the 5-year average, if realized
  - U.S. wheat production to rise 2% above 2018/19 levels to 52.3 MMT in 2019/20
- **Global consumption forecast at 755 MMT, the highest on record**
  - Domestic wheat consumption in Egypt to reach a record 20.4 MMT in 2019/20
  - Indonesian domestic consumption to reach a record 10.7 MMT, up 12% from the 5-year average
  - U.S. domestic consumption to total 31.5 MMT, up 5% year-over-year
- **World wheat trade to jump 4% year-over-year to 181 MMT, 3% above the 5-year average of 175 MMT**
  - Exports from the Ukraine to reach a record 20 MMT in 2019/20, 20% higher than last year
  - European Union (EU) wheat exports to rebound 20% over last year to 29.0 MMT in 2019/20
  - U.S. 2019/20 exports to increase to 25.9 MMT, 5% higher than the 5-year average, if realized



# Highlights of USDA's 2019/20 Supply and Demand Estimates

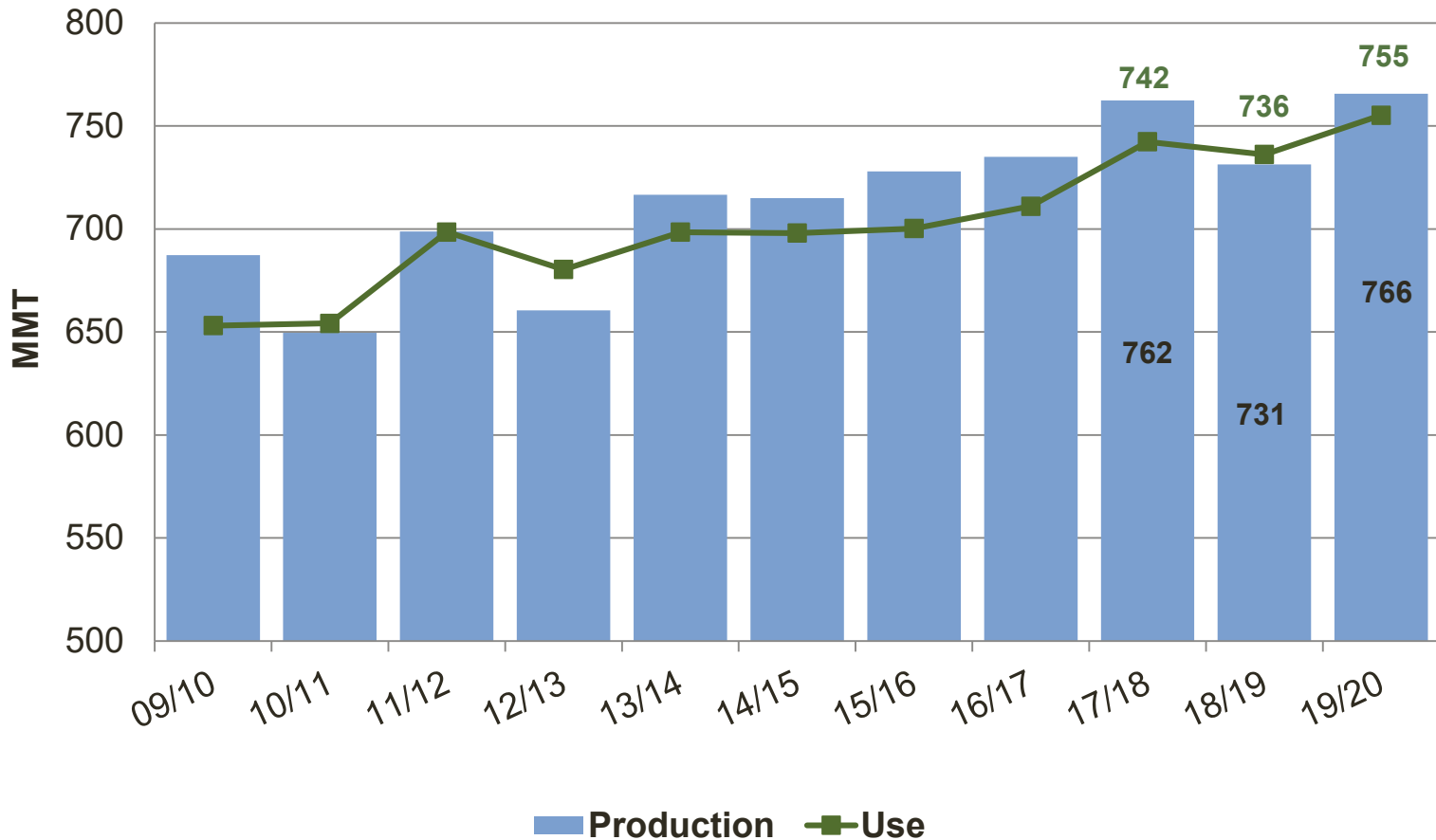
- **World beginning stocks fell 2% year-over-year to 278 MMT, still 15% higher than the 5-year average of 242 MMT**
  - Major exporter beginning stocks fell 13% from 2018/19 to 67 MMT
  - U.S. 2019/20 beginning stocks of 29.4 MMT are down 2% from last year and account for 43% of total major exporter beginning stocks
- **Global ending stocks projected at 288 MMT, 3% higher than last year and 11% higher than the 5-year average**
  - Estimated Indian ending stocks of 20.7 MMT are 18% higher than 2018/19 and 44% higher than the 5-year average, if realized
  - U.S. ending stocks are expected to total 27.6 MMT, down 7% from 2018/19 but in line with the 5-year average
- **U.S. farm gate average price to fall 11% from 2018/19 average price**
  - Projected average farm gate price to fall to \$4.60/bu\* (\$169/MT) from last year's average of \$5.16/bu (\$190/MT)

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

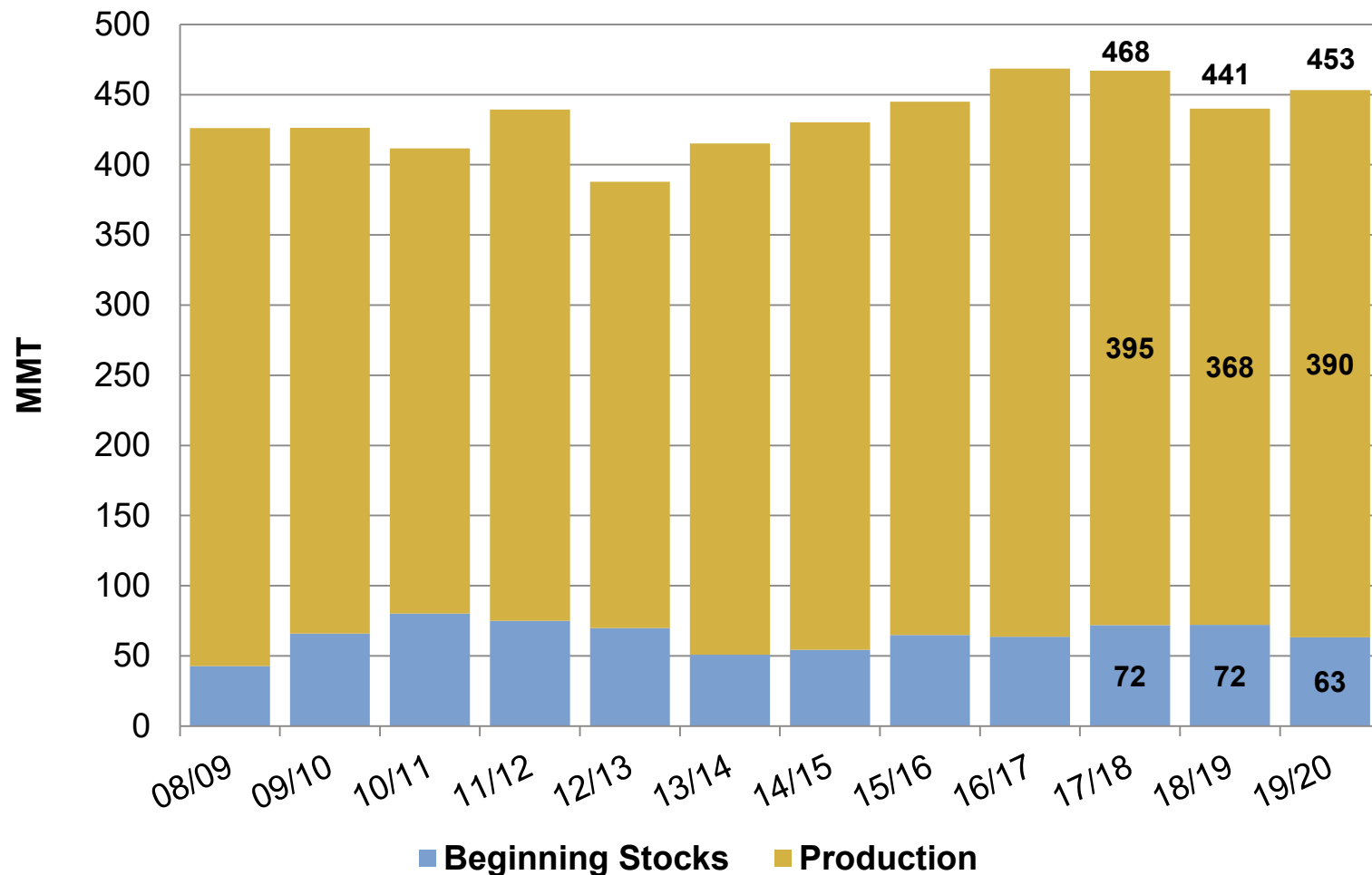


# World Production and Use

## World Production and Use



# Supplies in Top Exporting Countries\*



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

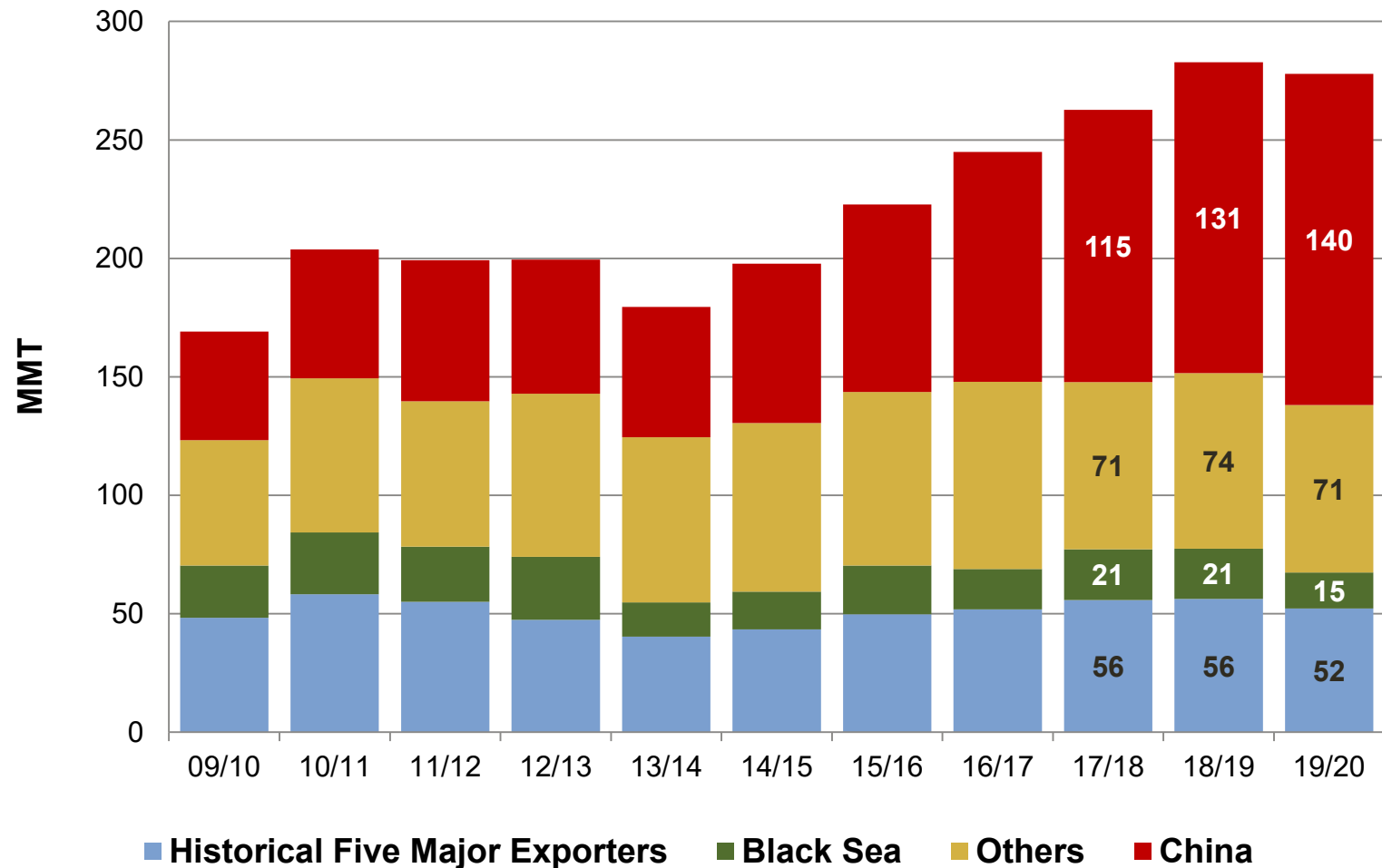
# World Wheat Supply and Demand (MMT)

	<u>17/18</u>	<u>18/19</u>	<u>19/20</u>
<b>SUPPLY:</b>			
Beginning Stock	263	283	278
Production	762	731	766
Supply Total	1025	1014	1043
Ending Stocks	283	278	288
<b>TRADE:</b>			
Exports/Imports	182	173	181
<b>DEMAND:</b>			
Food & Seed	596	596	607
Feed & Residual	147	140	148
Use Total	742	736	755



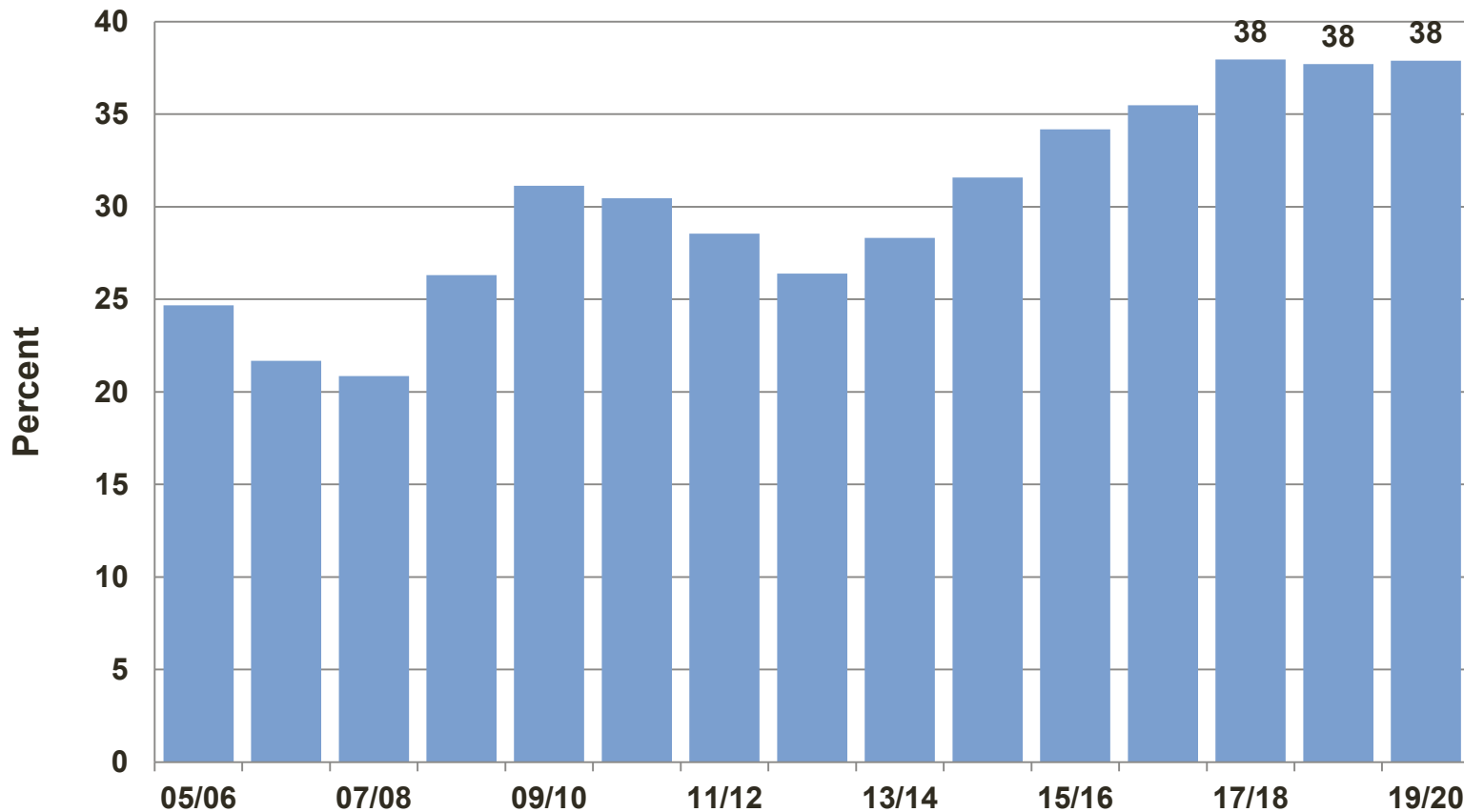
U.S. WHEAT  
ASSOCIATES

# World Beginning Stocks



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

# Global Stocks\*-to-Use Ratio



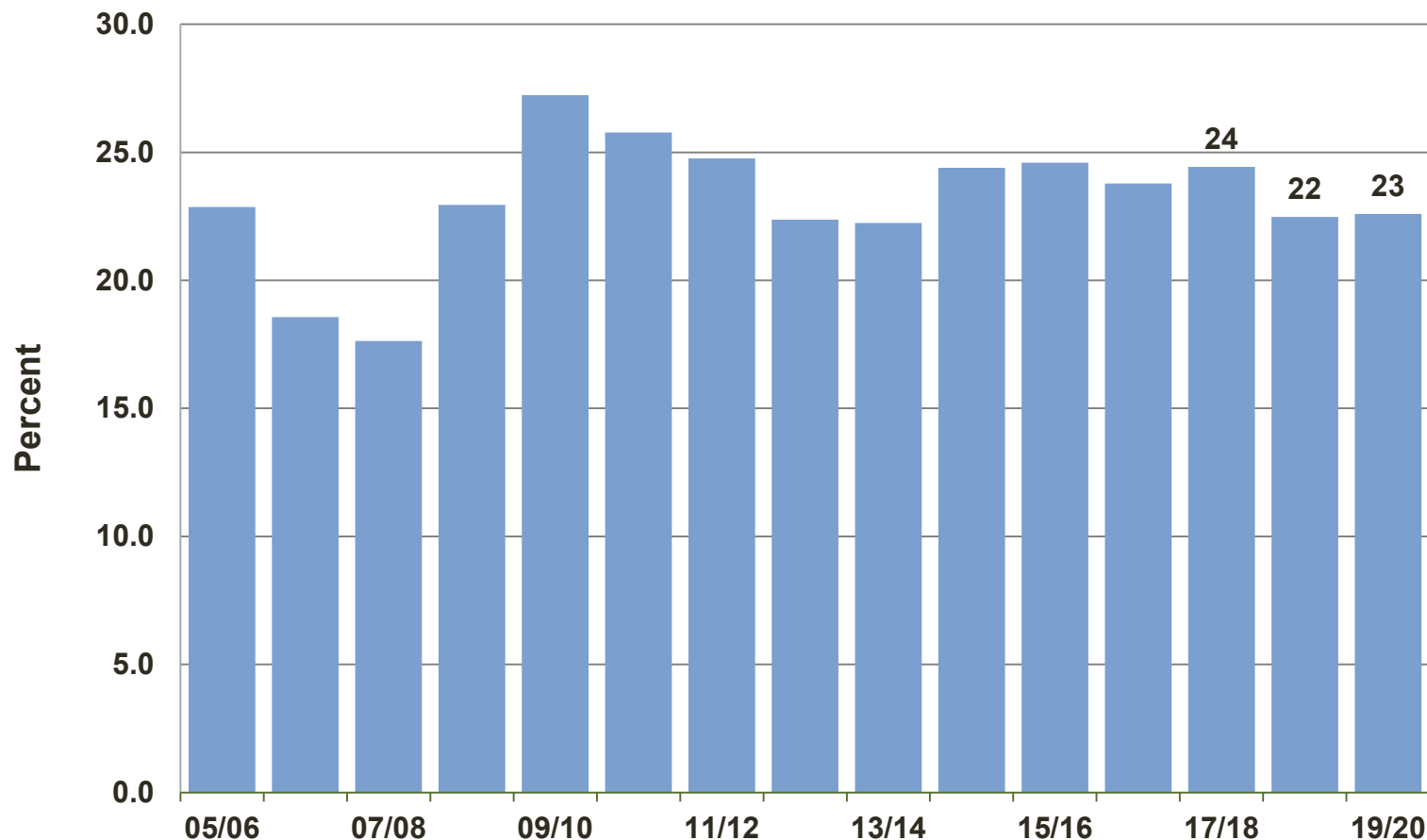
*\*Ending stocks*

Supply and Demand



U.S. WHEAT  
ASSOCIATES

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



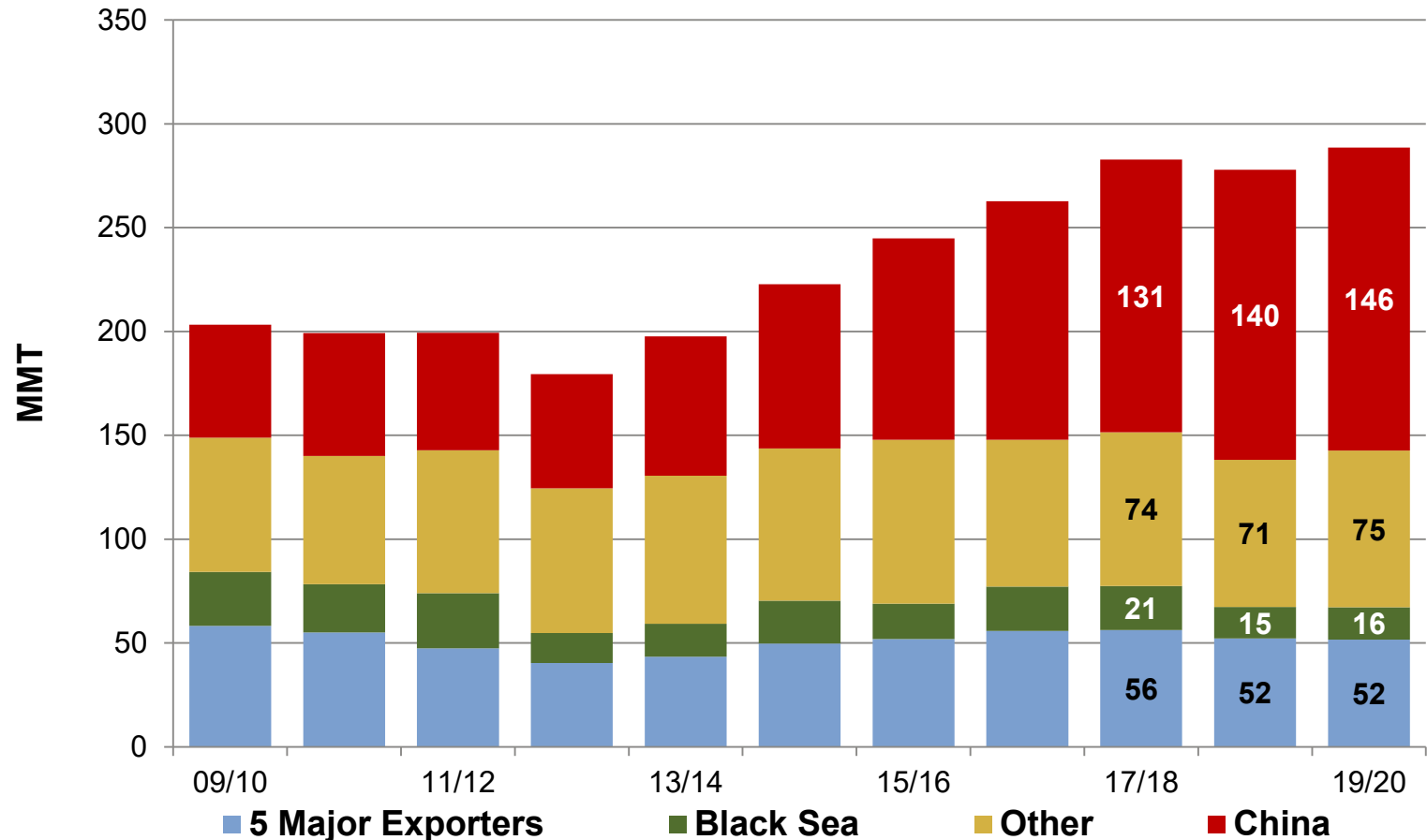
*\*Ending stocks*

Supply and Demand



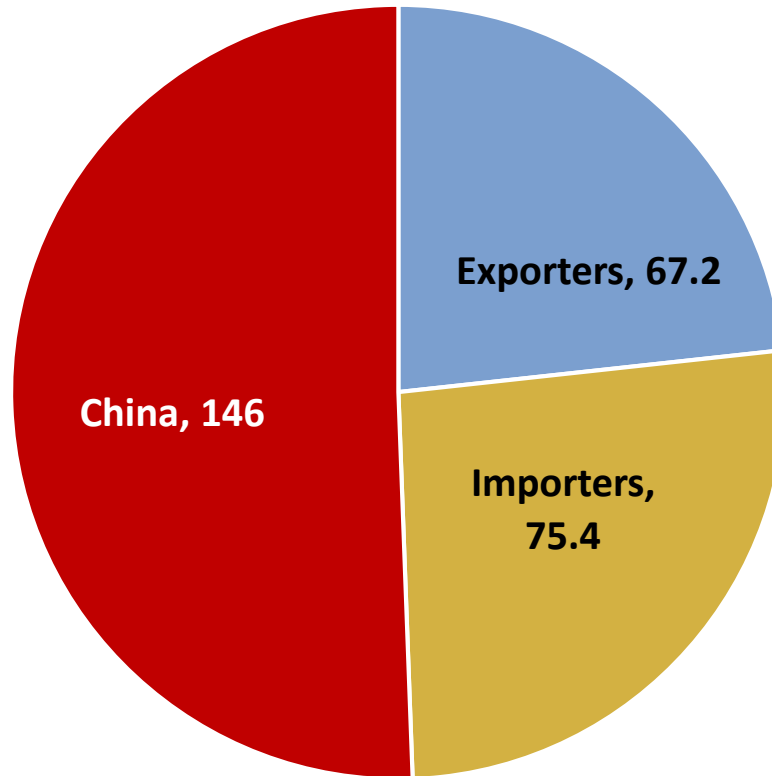
U.S. WHEAT  
ASSOCIATES

# World Ending Stocks

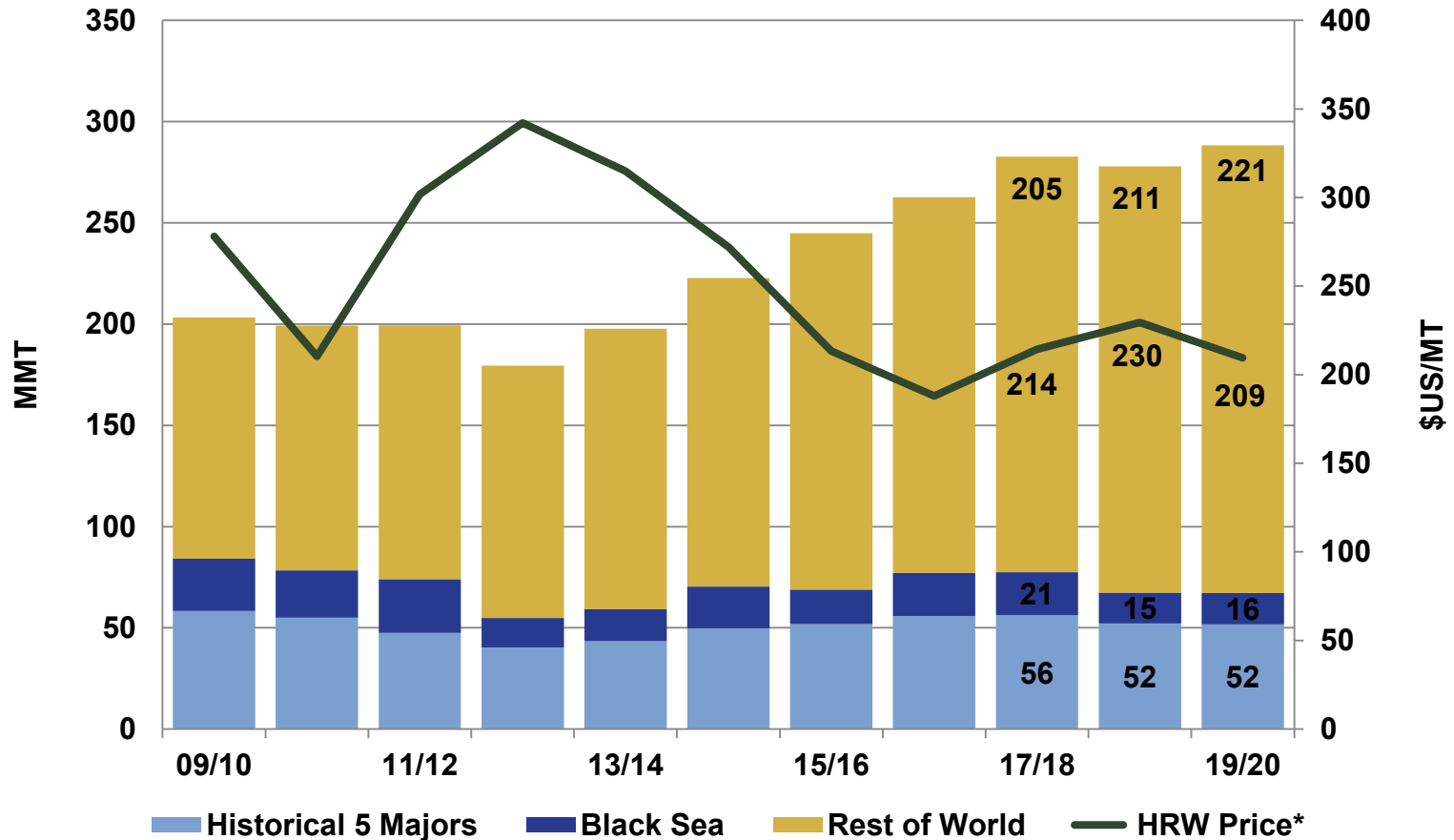


*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU. Black Sea includes Russia, Ukraine and Kazakhstan.*

# World Ending Stocks by Position (MMT)



# Global Ending Stocks and Price



\*Source: U.S. Wheat Associates Price Report, November 8, 2019



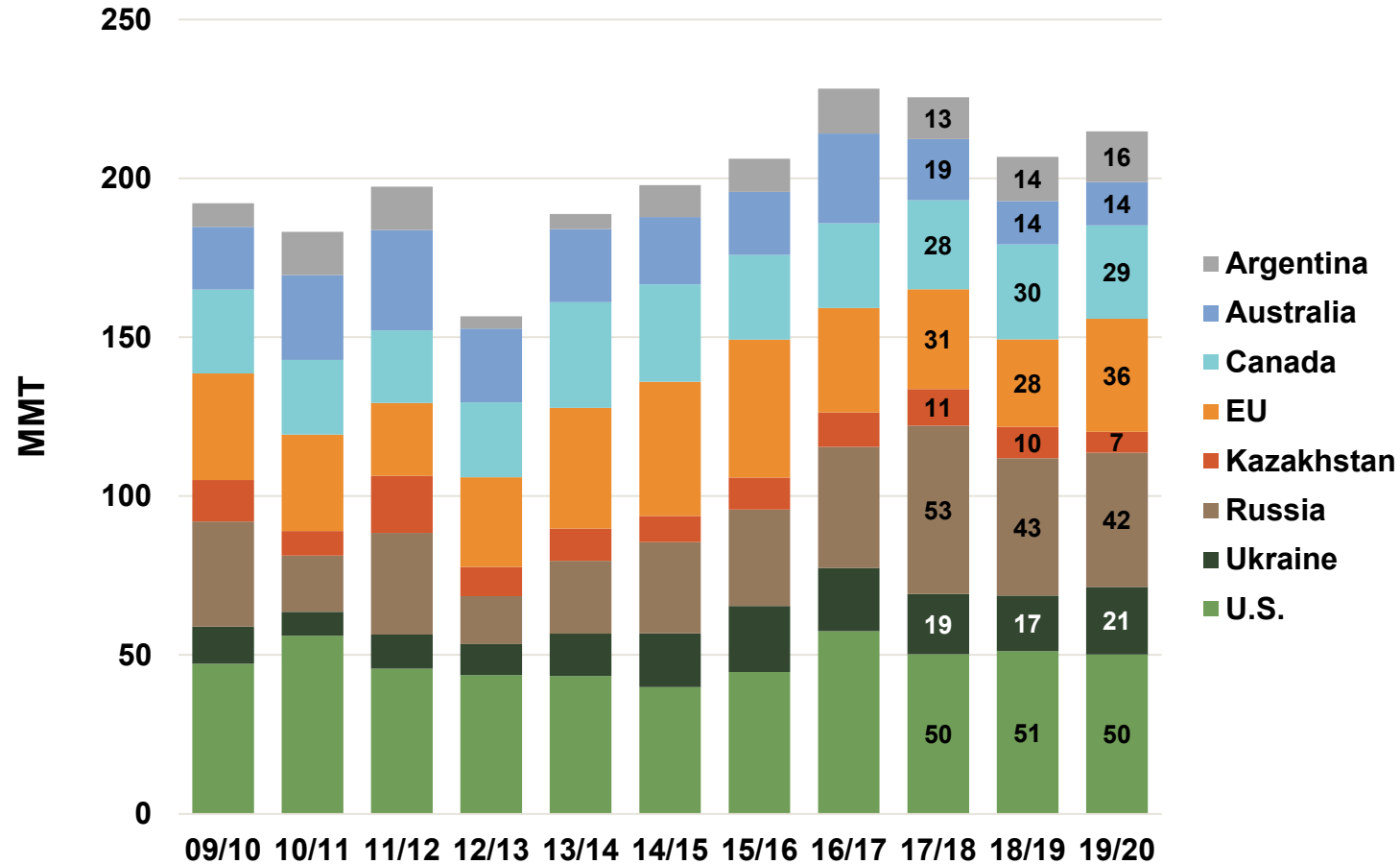
## Major Exporters

Import Demand

U.S. Situation by Class

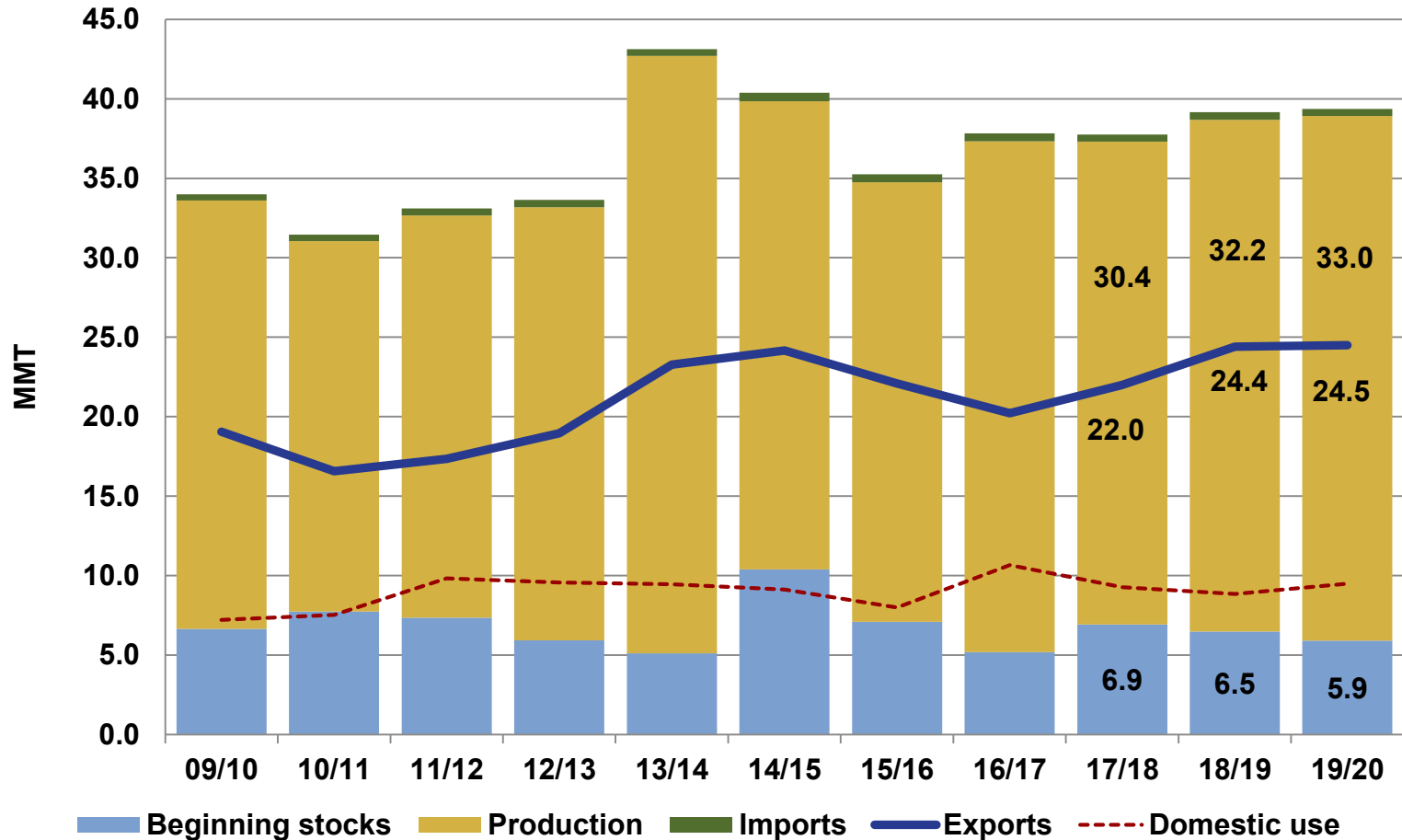
Outlook

# Exportable Supplies in Top Exporting Countries

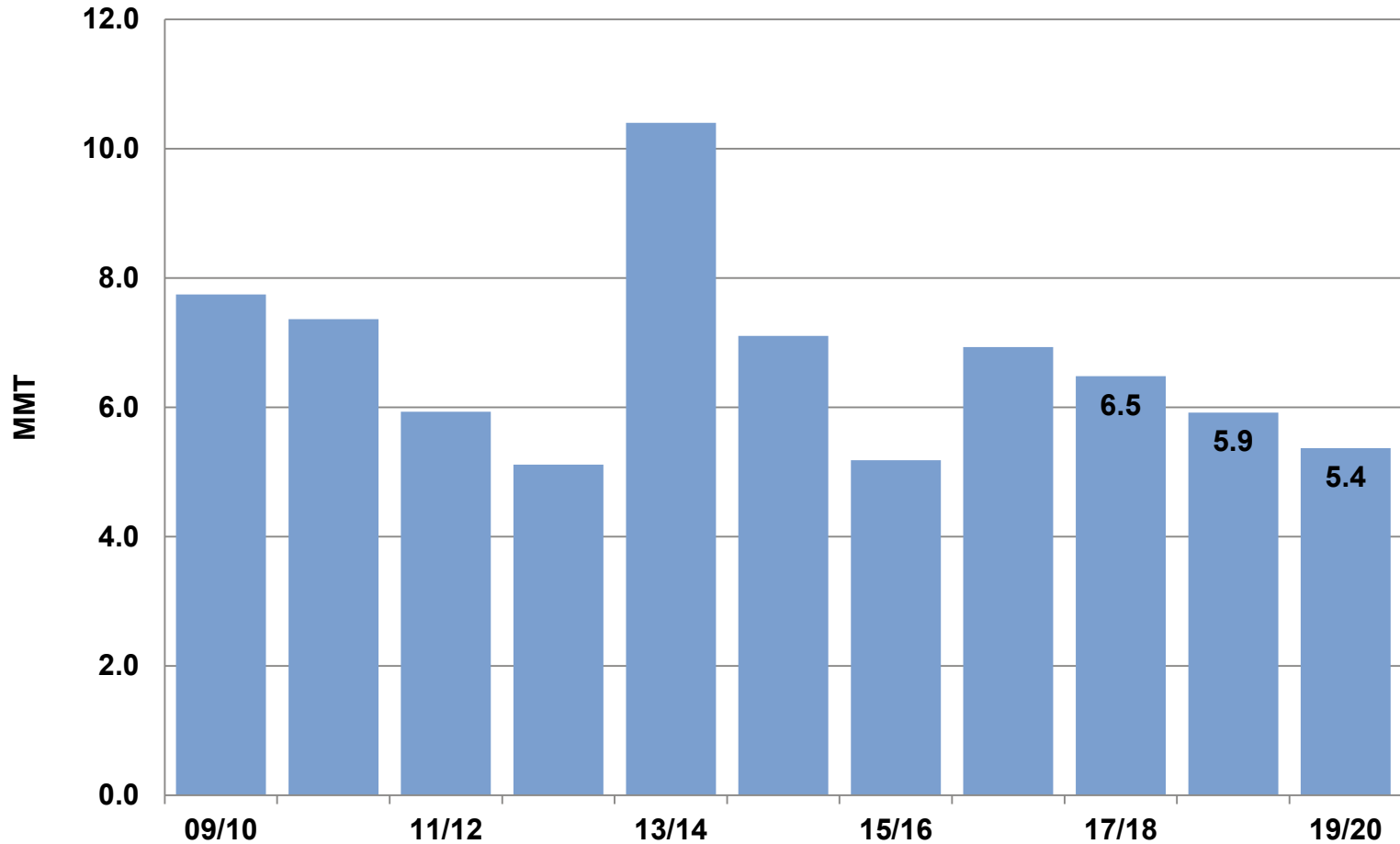


*\*Exportable Supplies = (Beginning Stocks + Production) – Domestic Consumption*

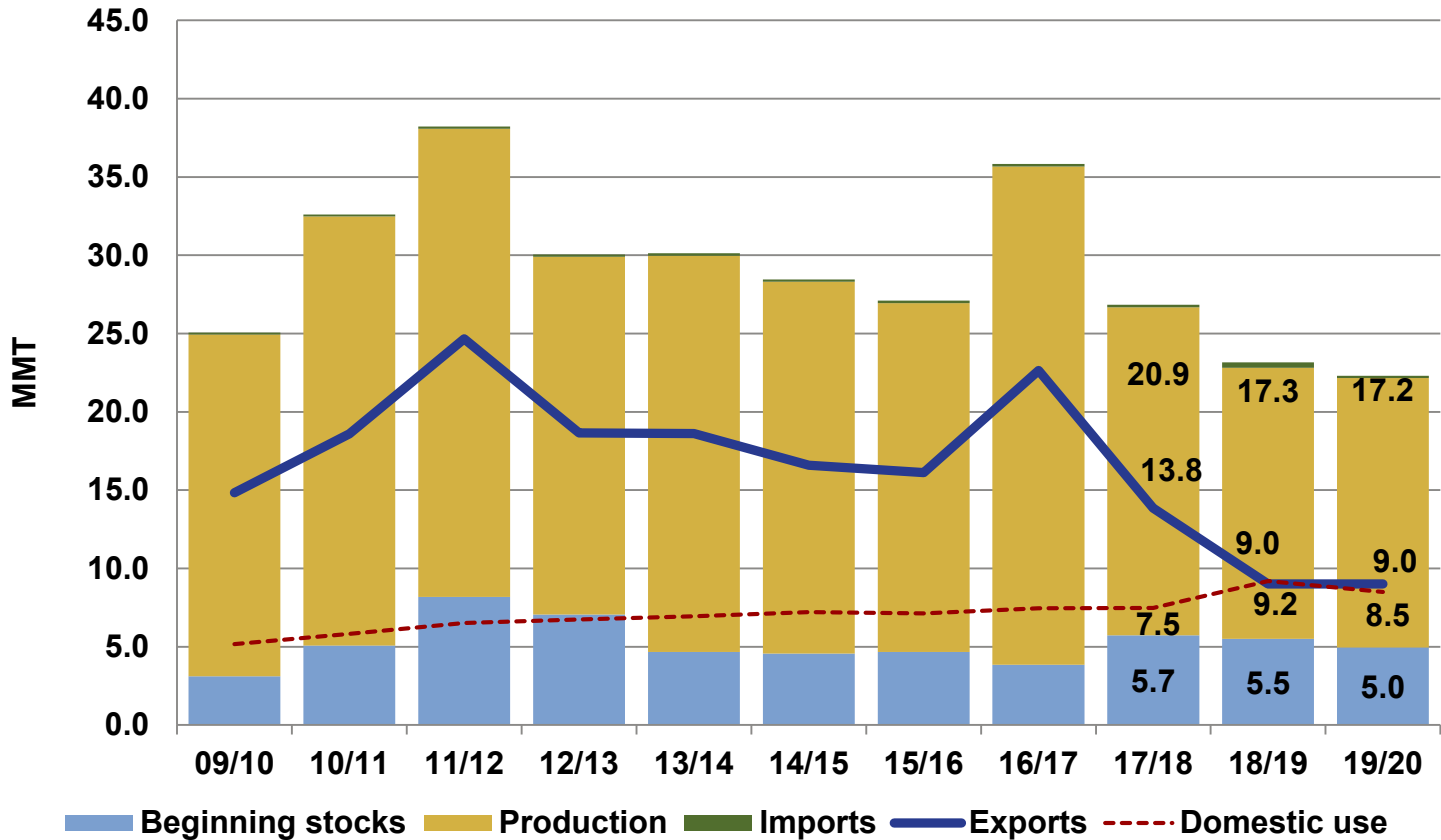
# Canada Situation



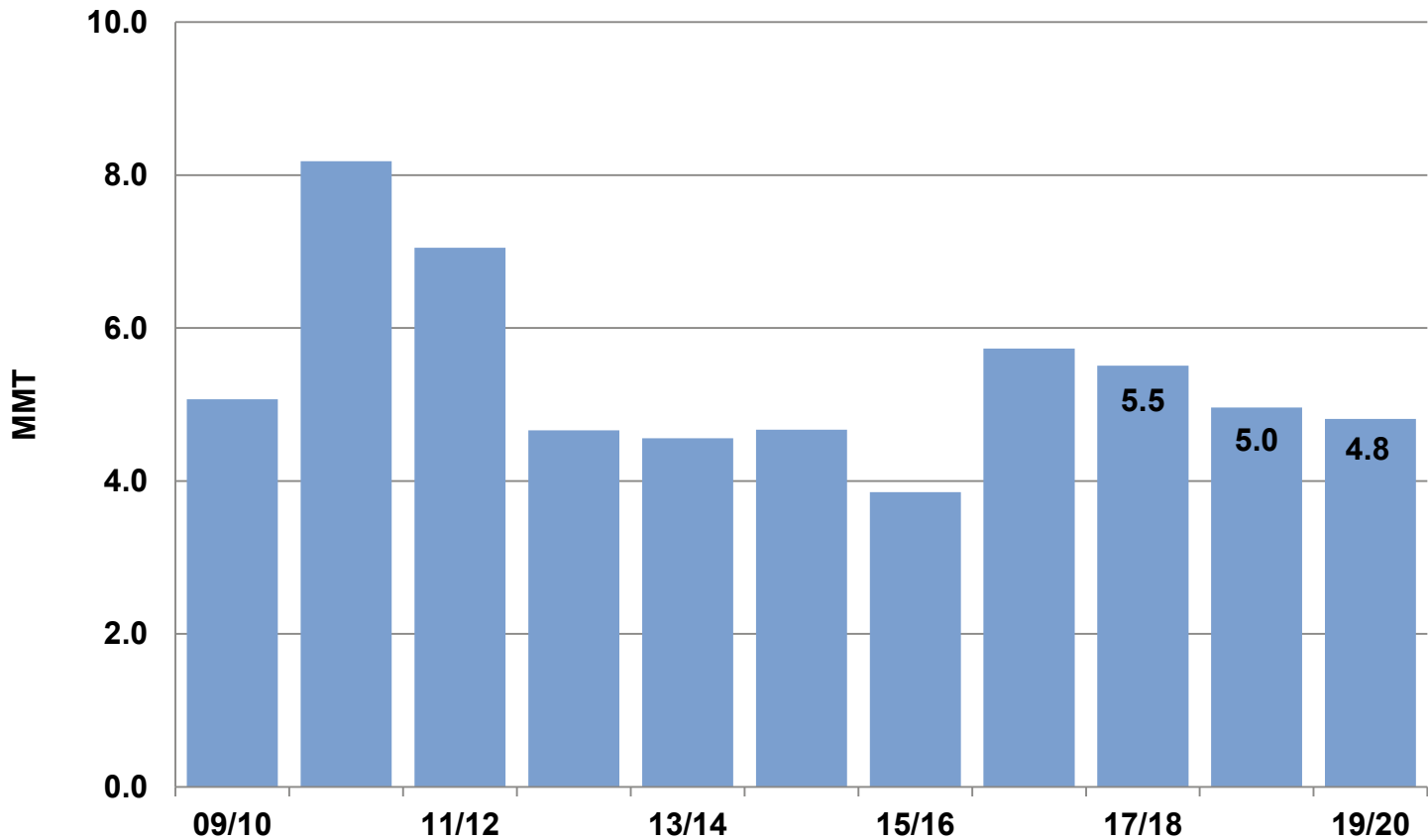
# Canada Ending Stocks



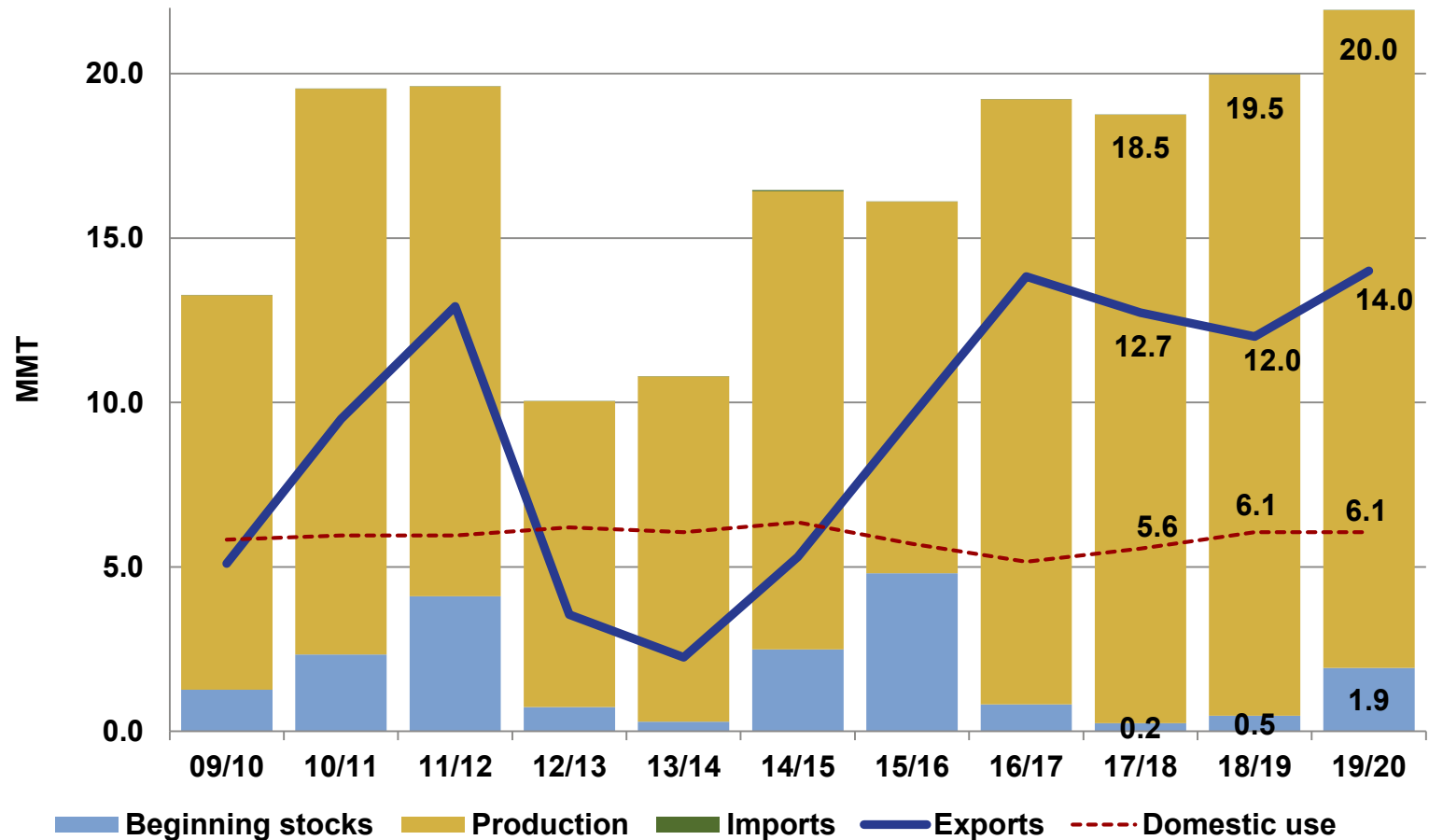
# Australia Situation



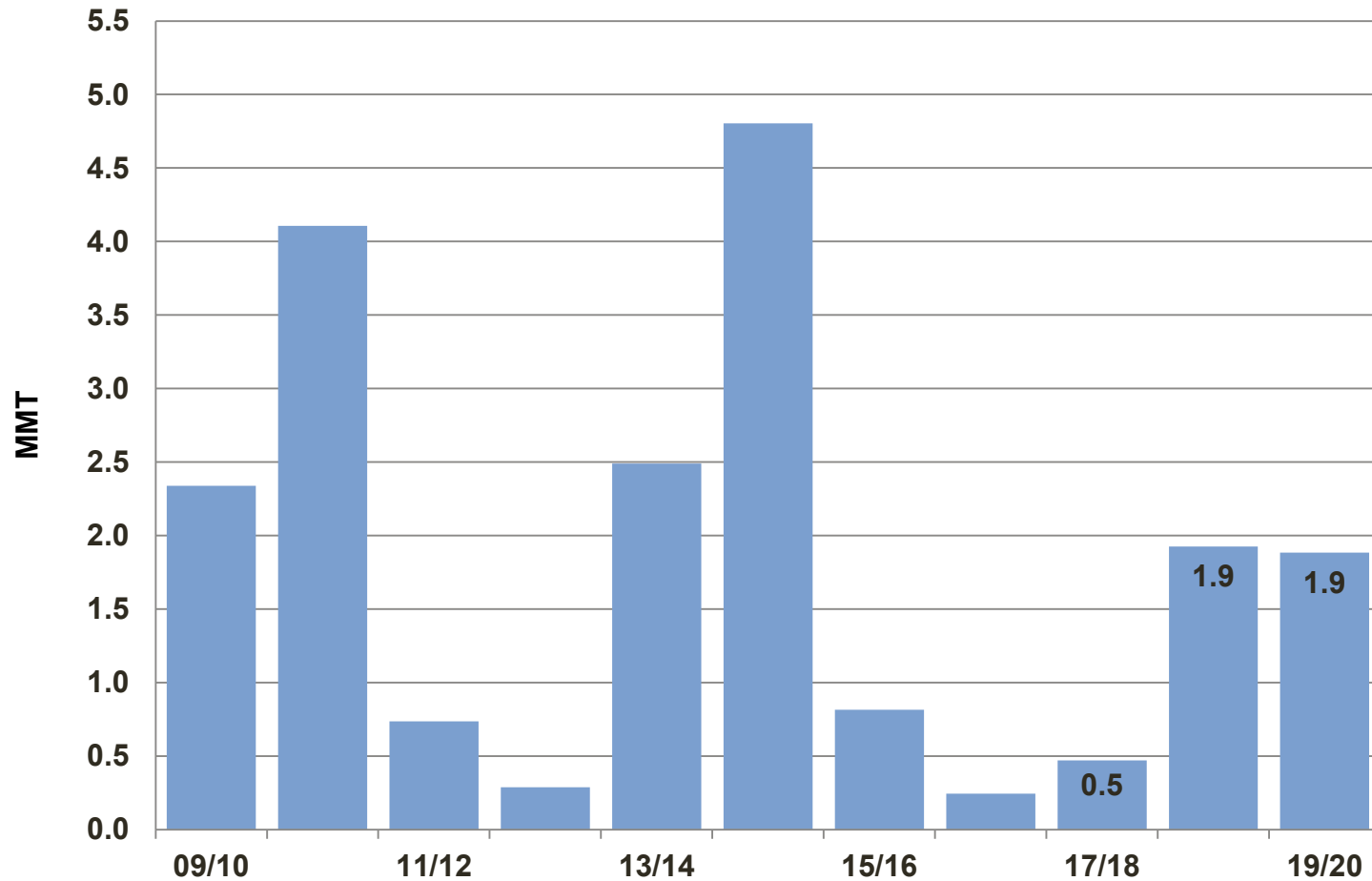
# Australia Ending Stocks



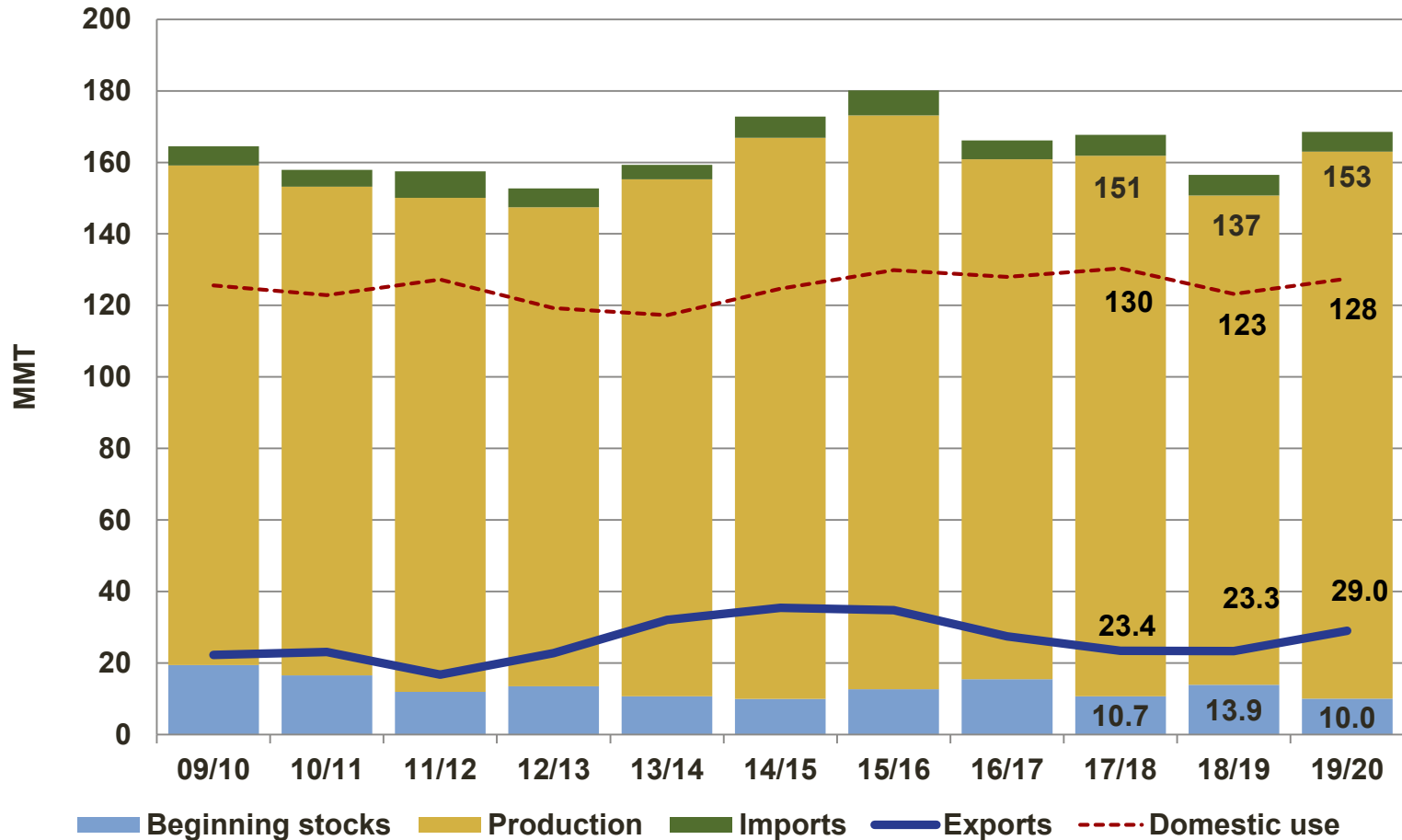
# Argentina Situation



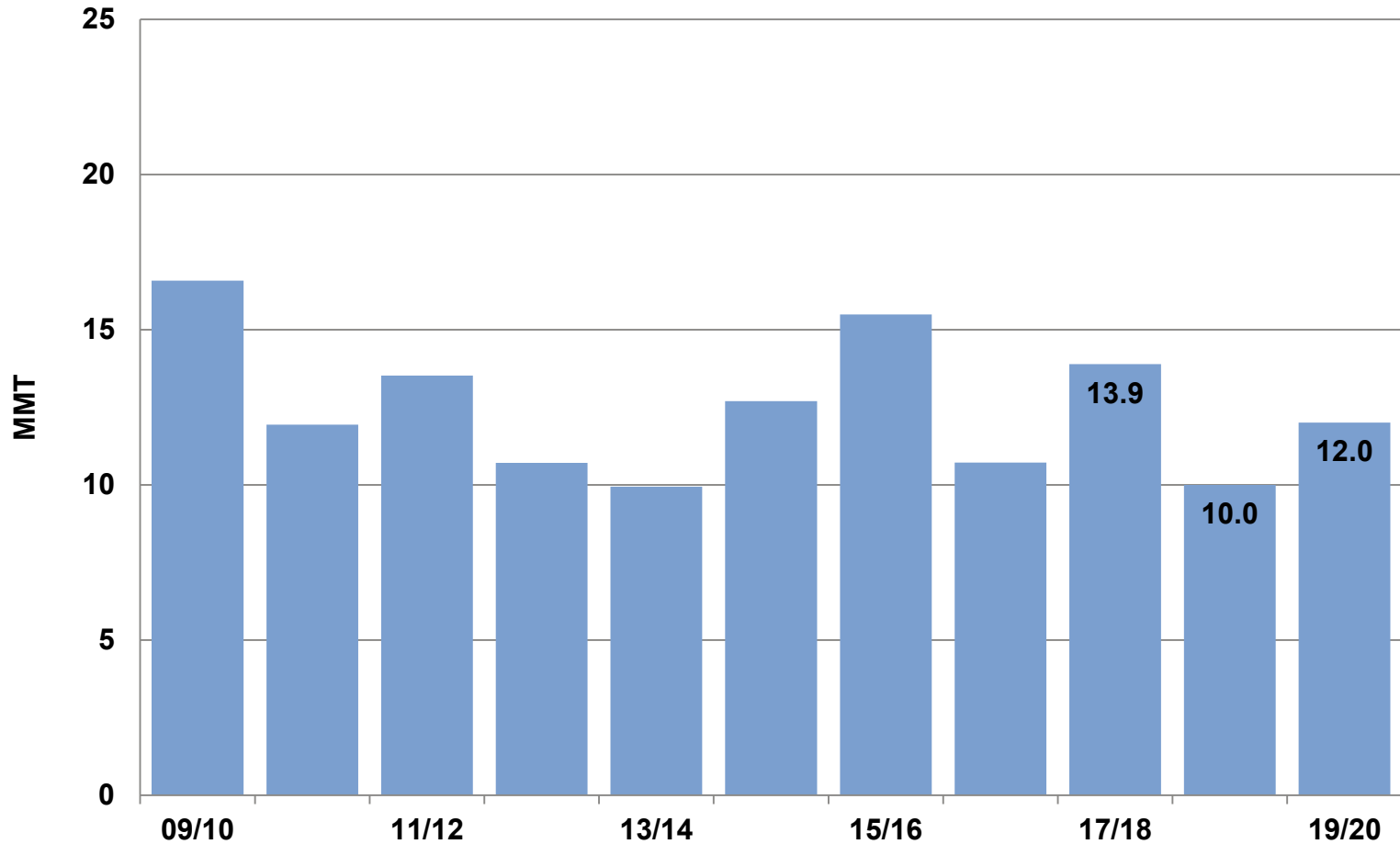
# Argentina Ending Stocks



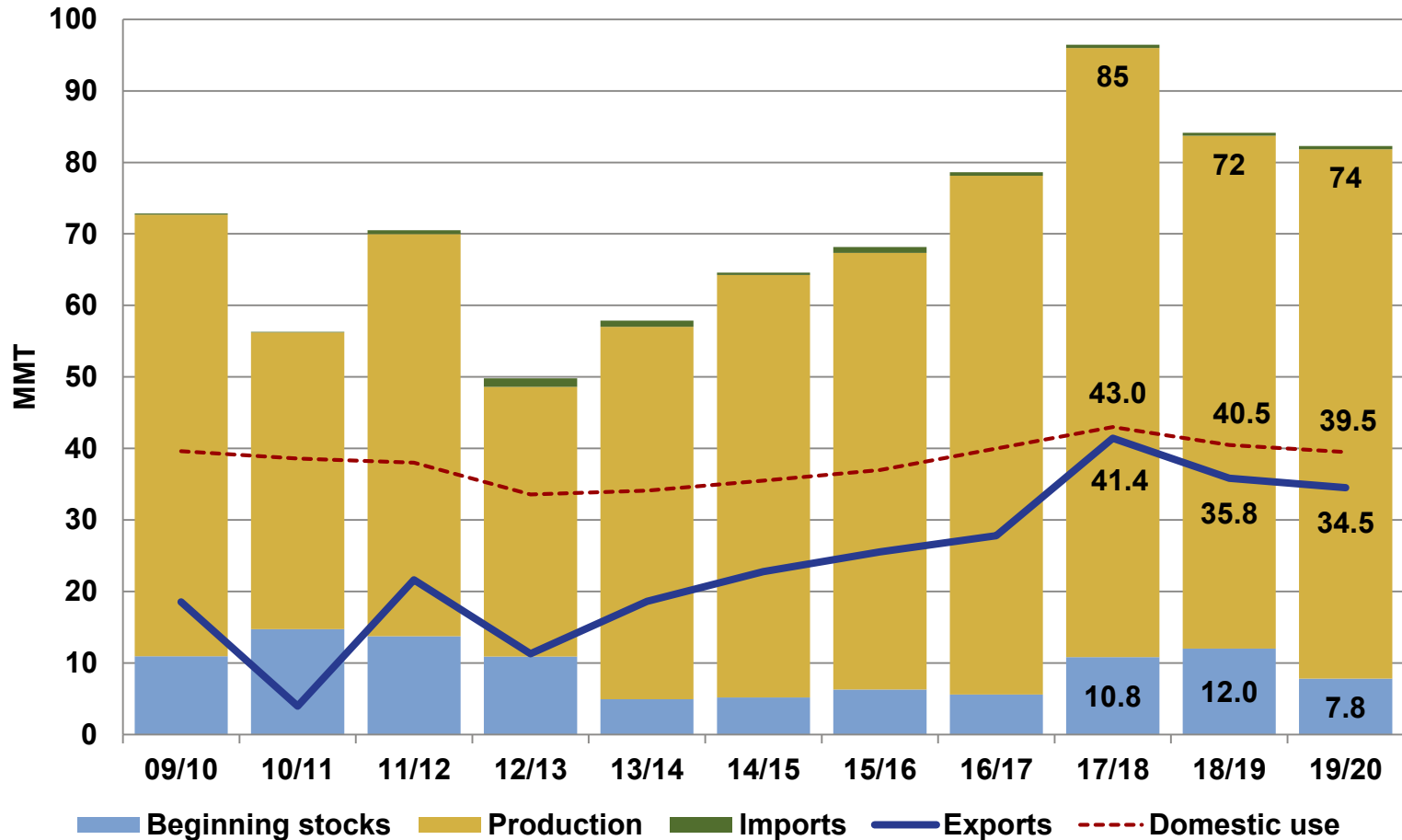
# EU- 28 Situation



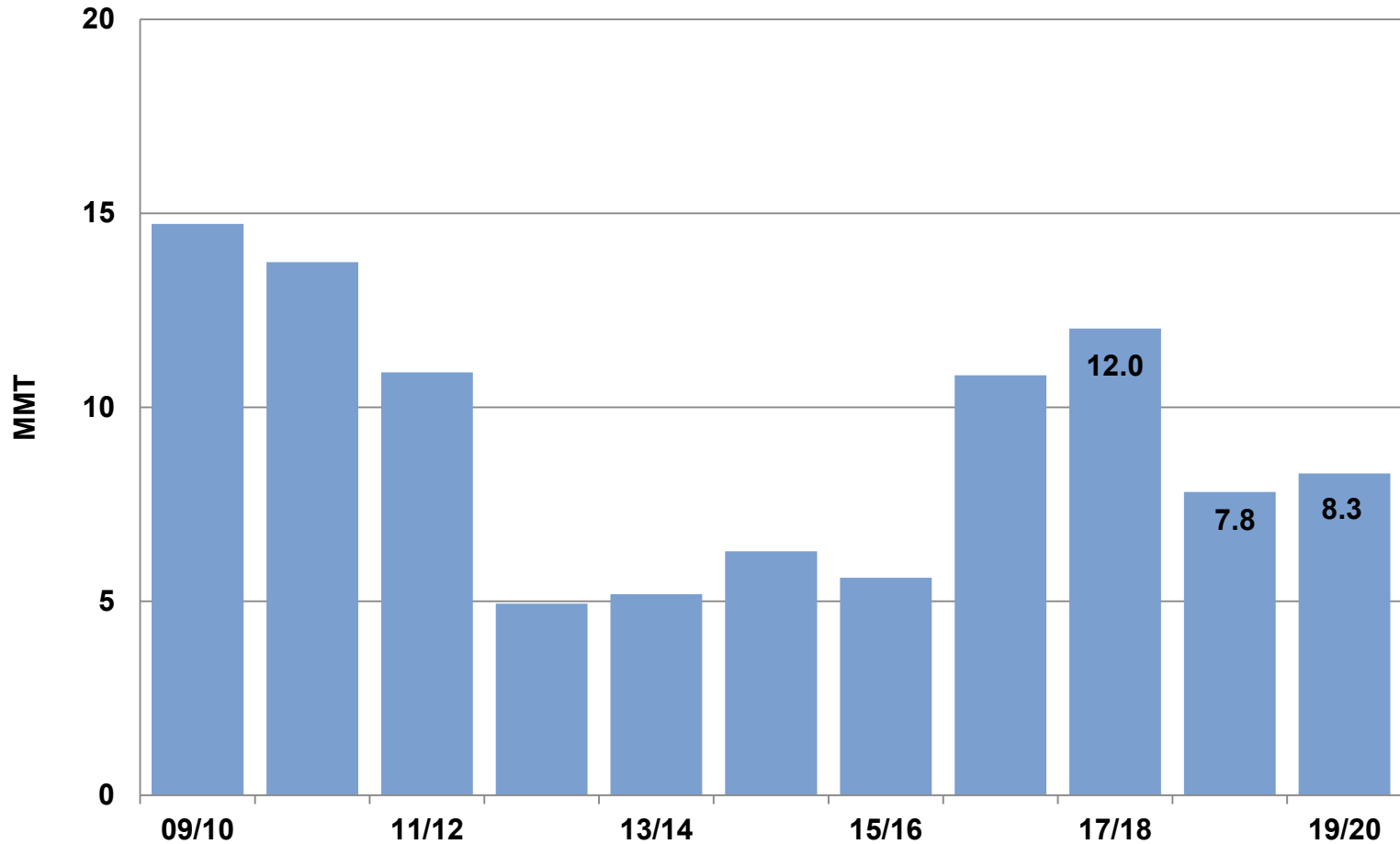
# EU-28 Ending Stocks



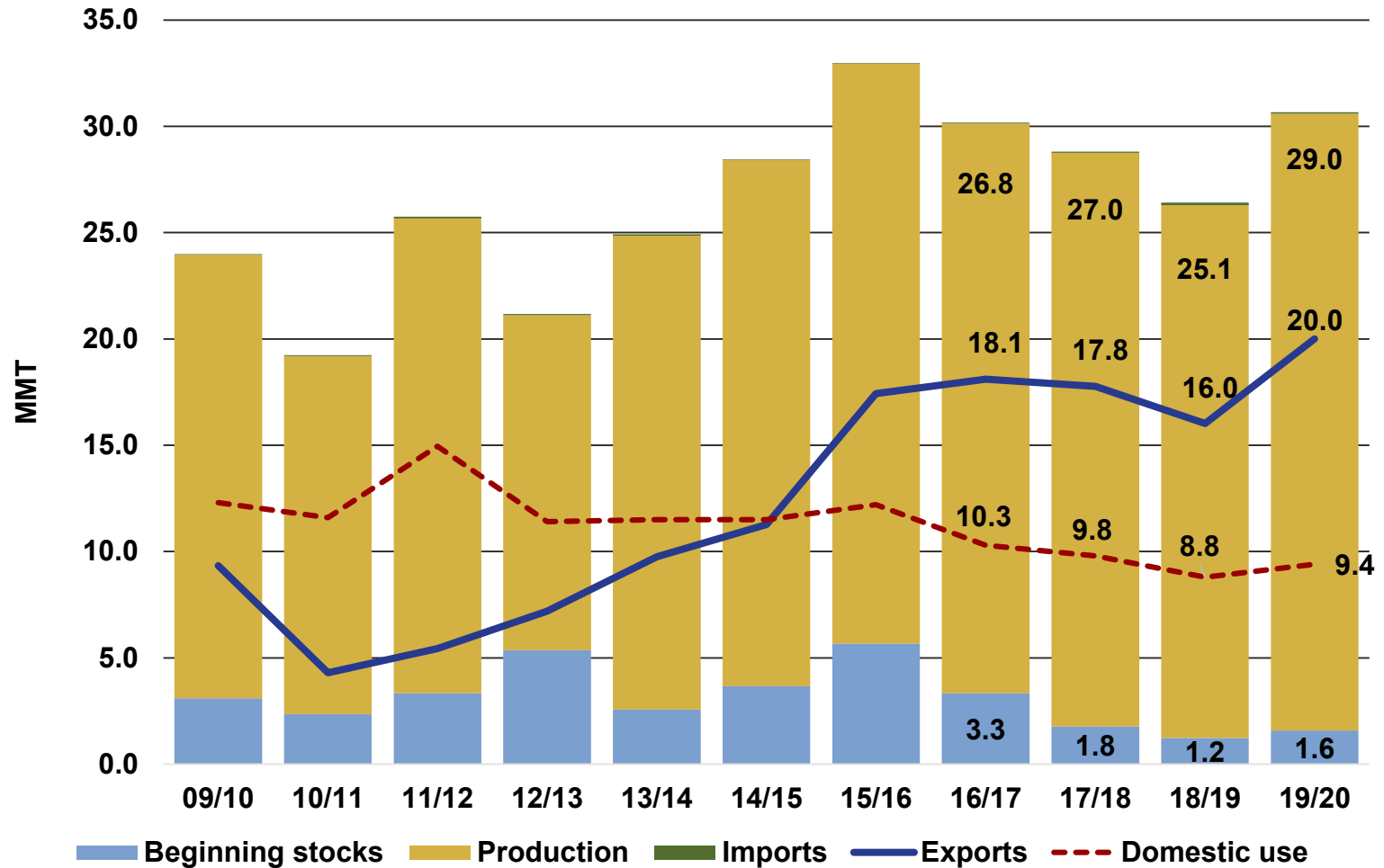
# Russia Situation



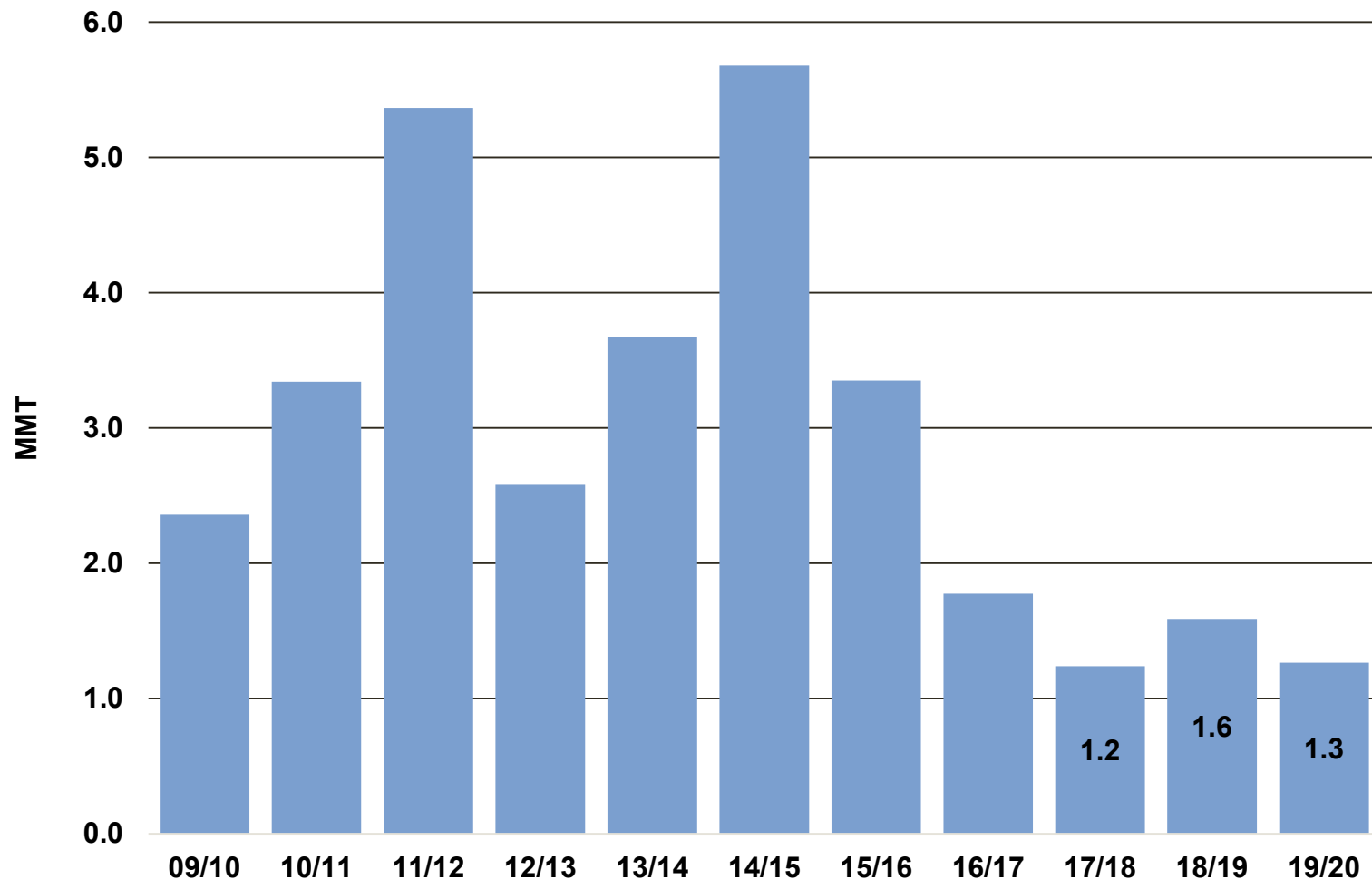
# Russia Ending Stocks



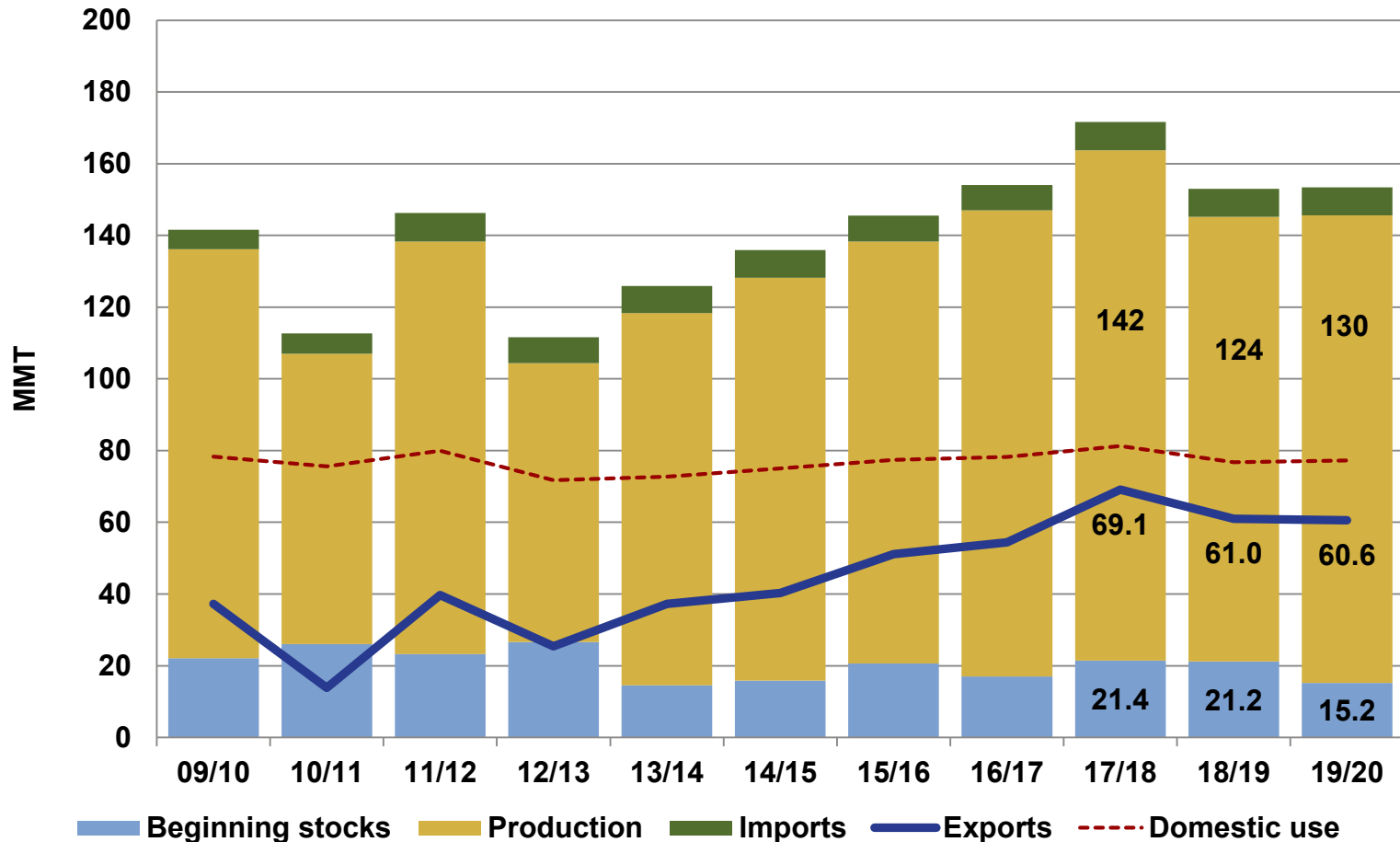
# Ukraine Situation



# Ukraine Ending Stocks

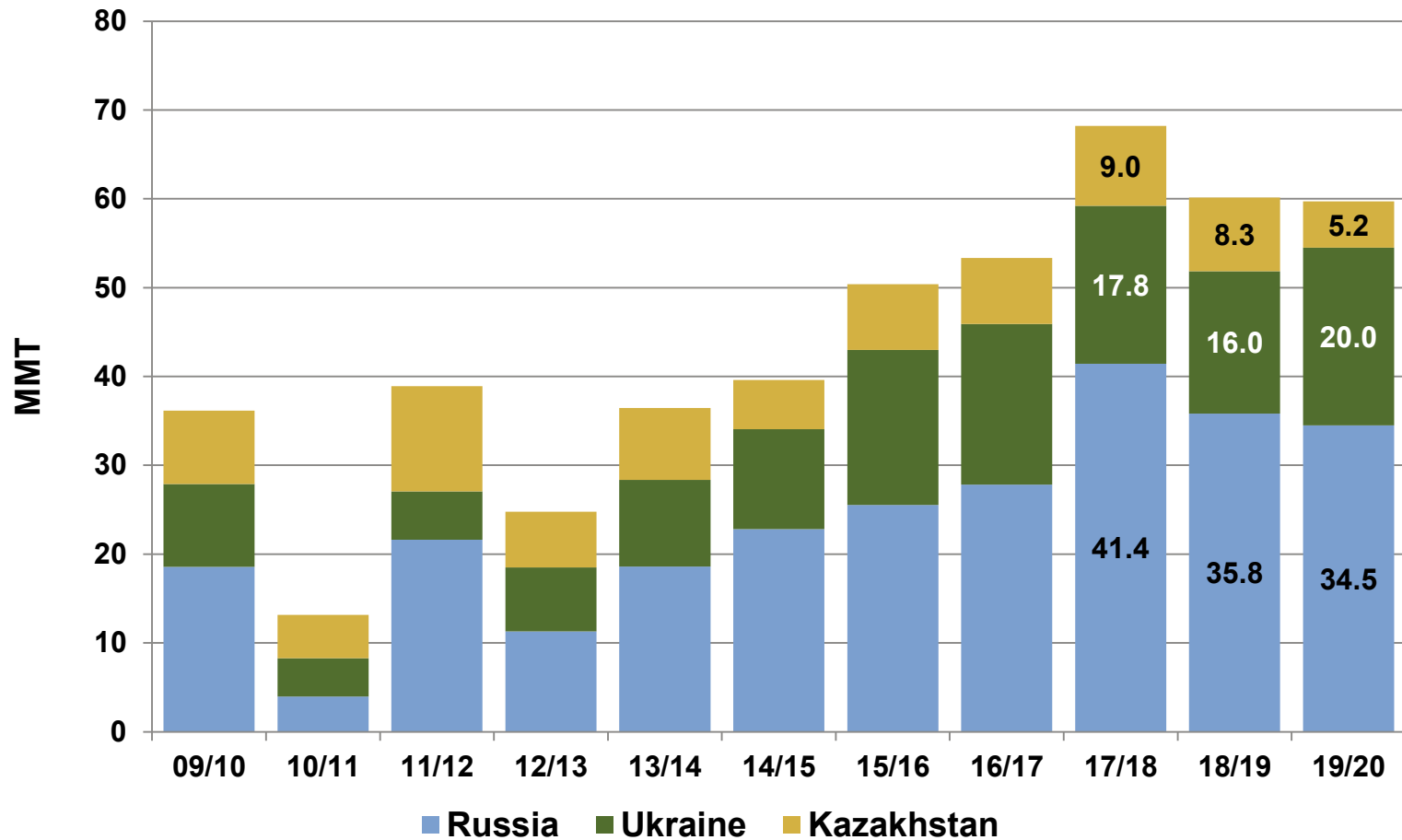


# Black Sea Region Situation

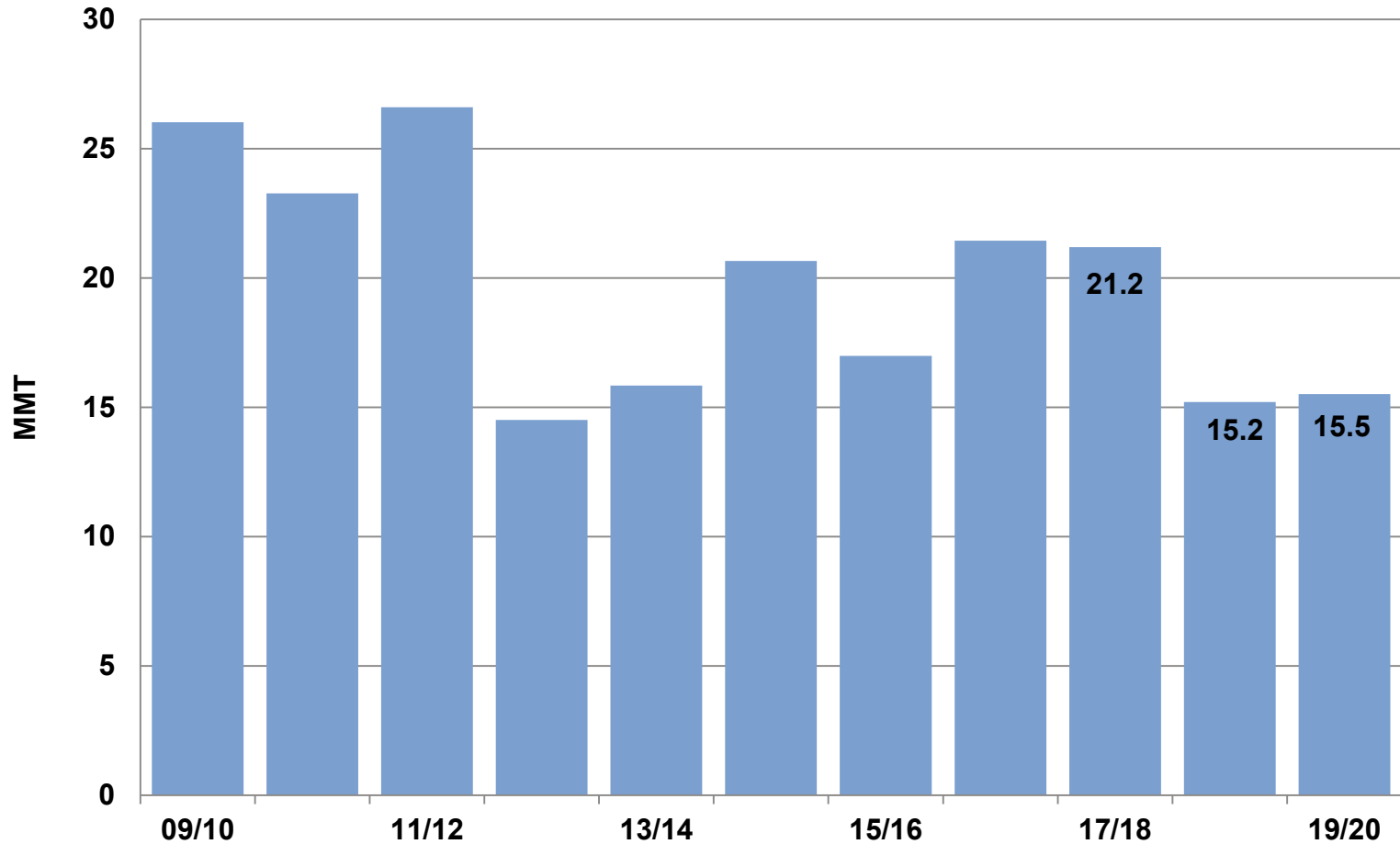


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

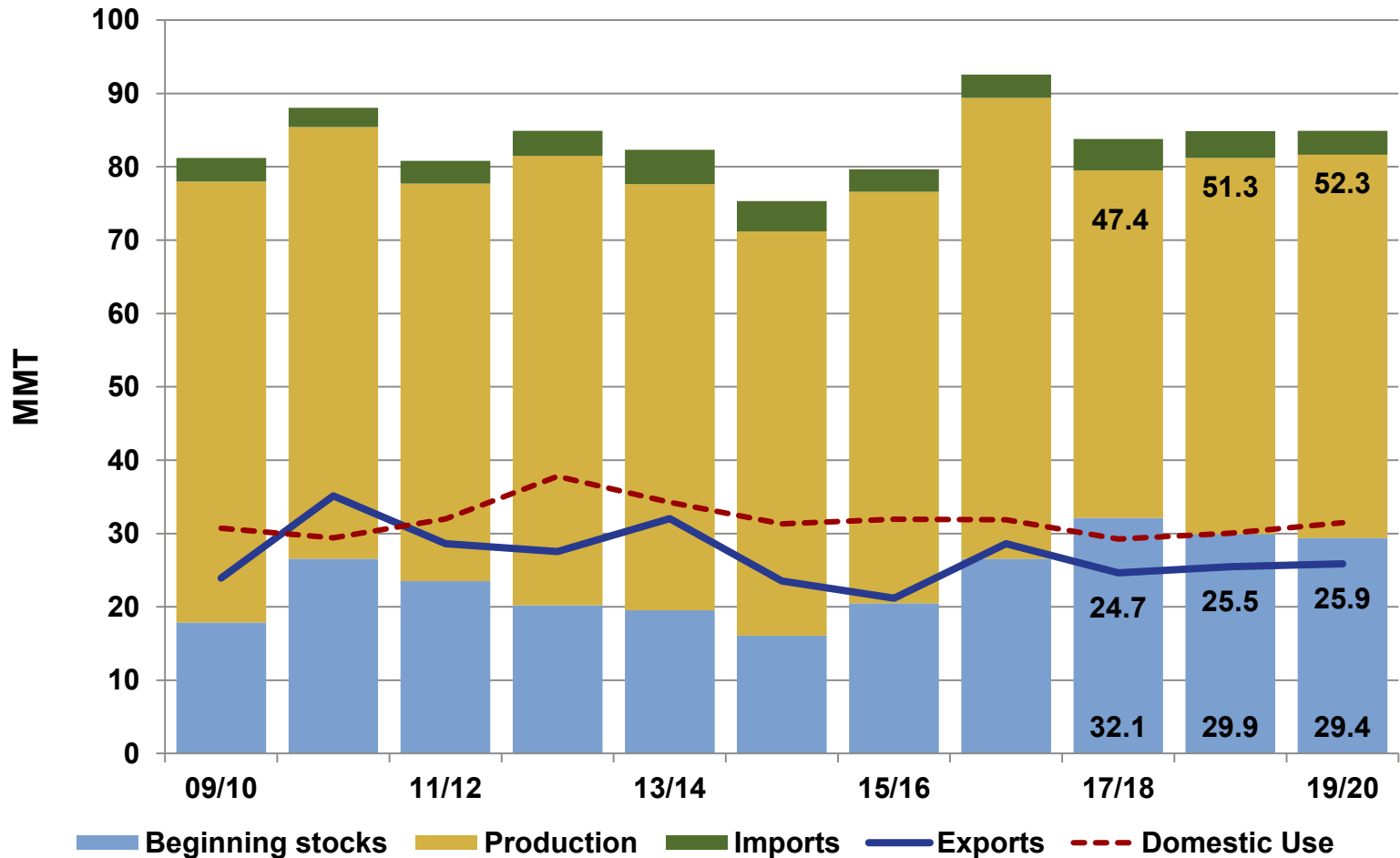
# Black Sea Exports



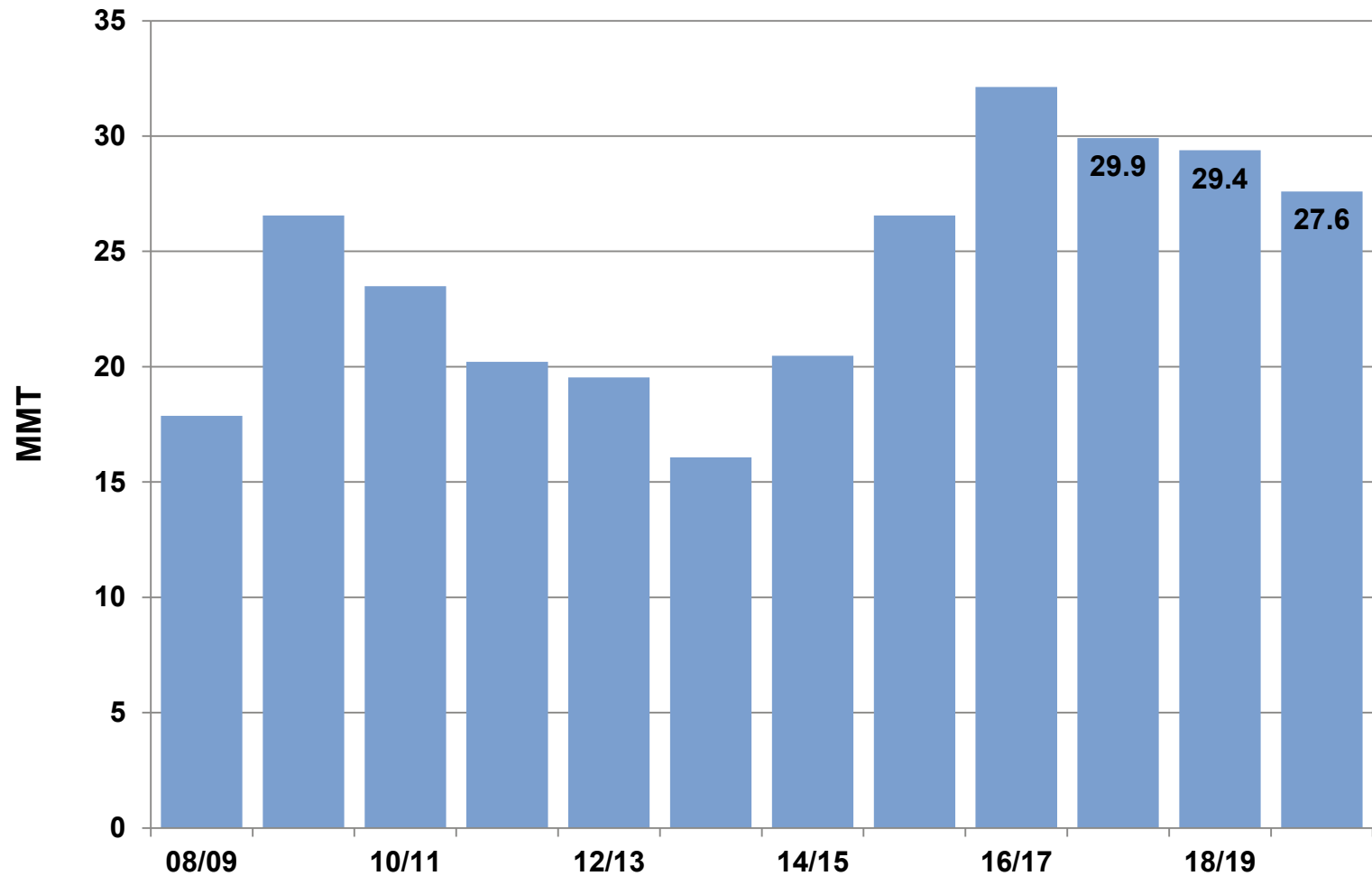
# Black Sea Ending Stocks



# U.S. Situation



# U.S. Ending Stocks





Major Exporters

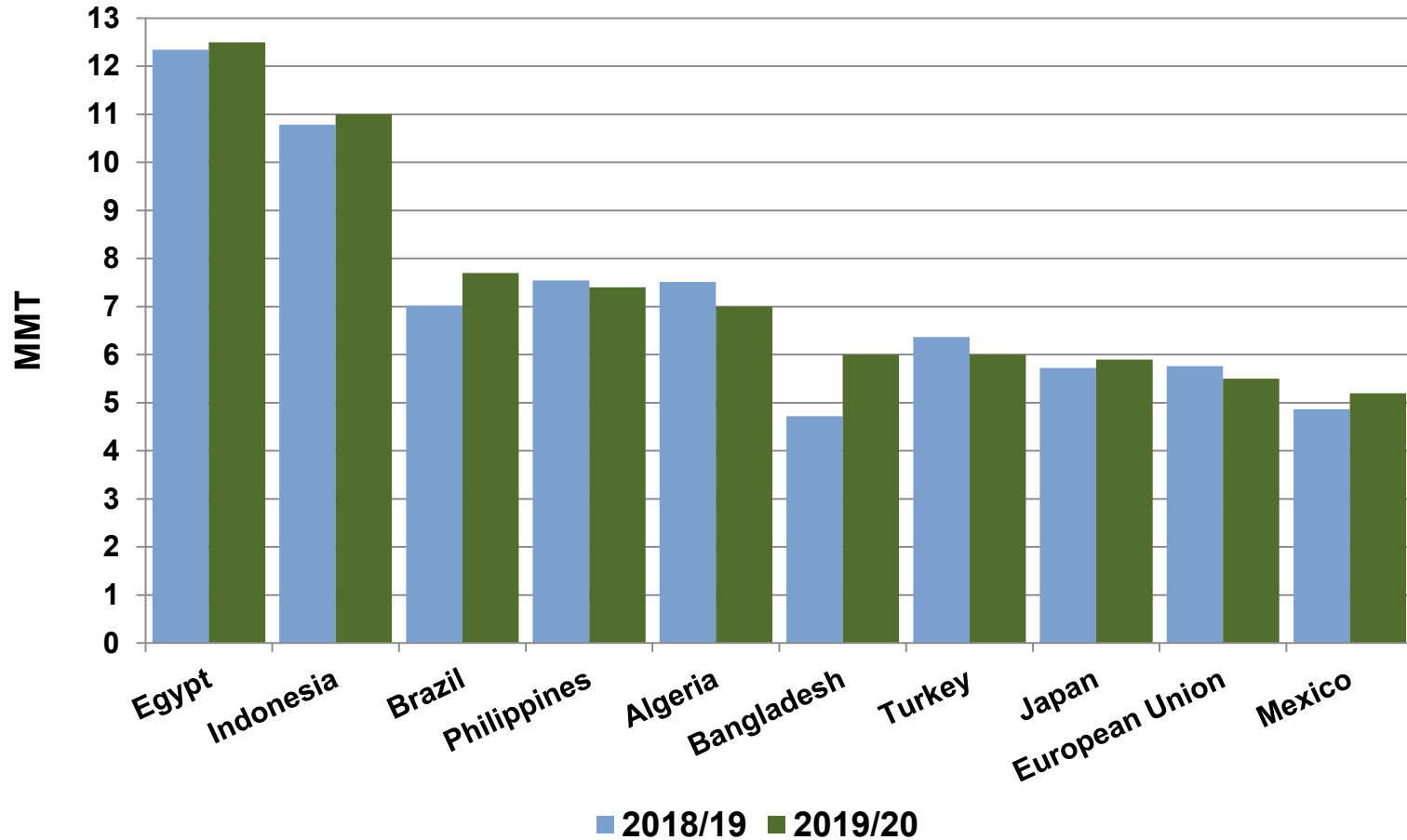
Import Demand

U.S. Situation by Class

Outlook

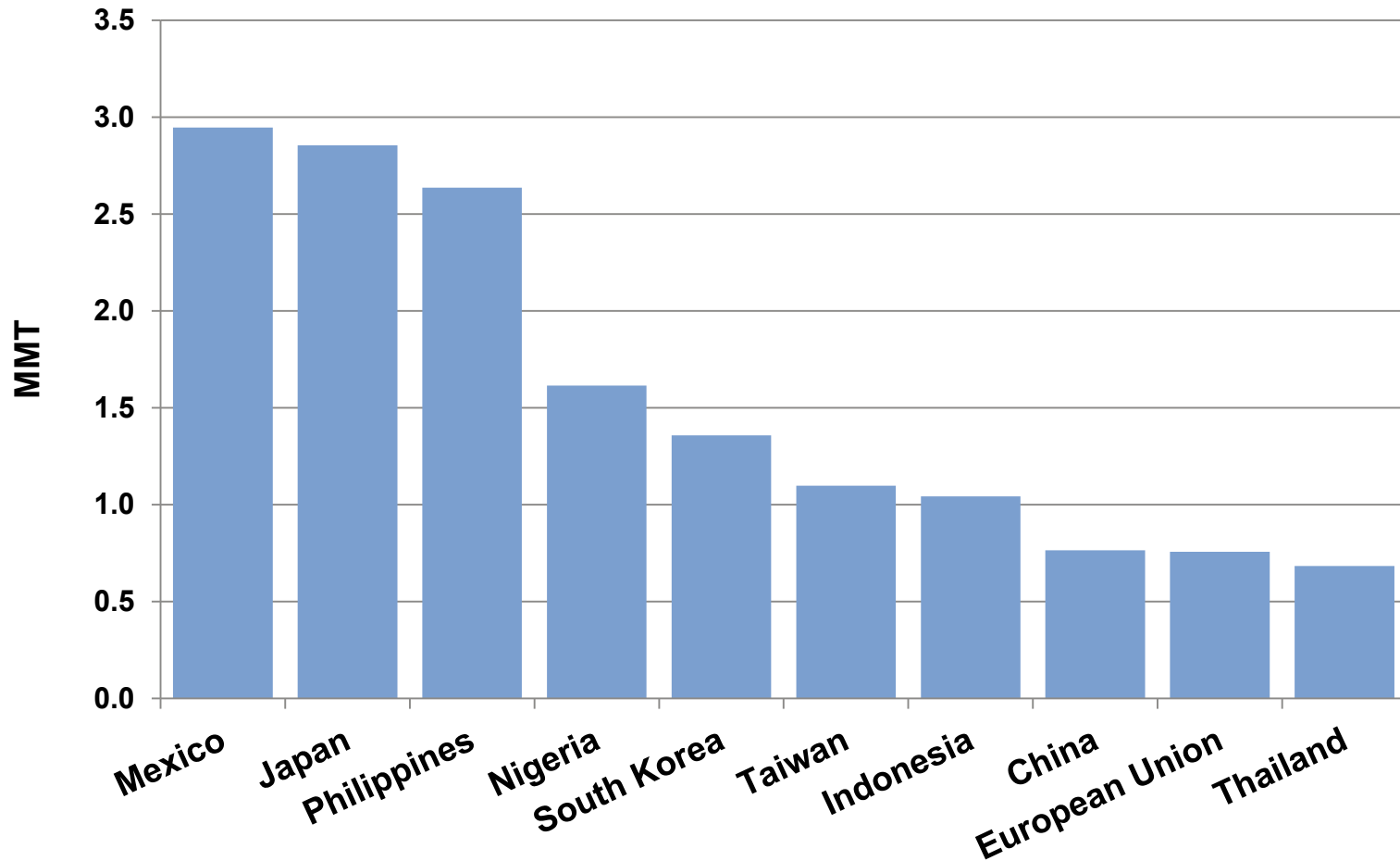
# Major World Wheat Importers

(from all origins)



# Top 10 Customers for U.S. Wheat

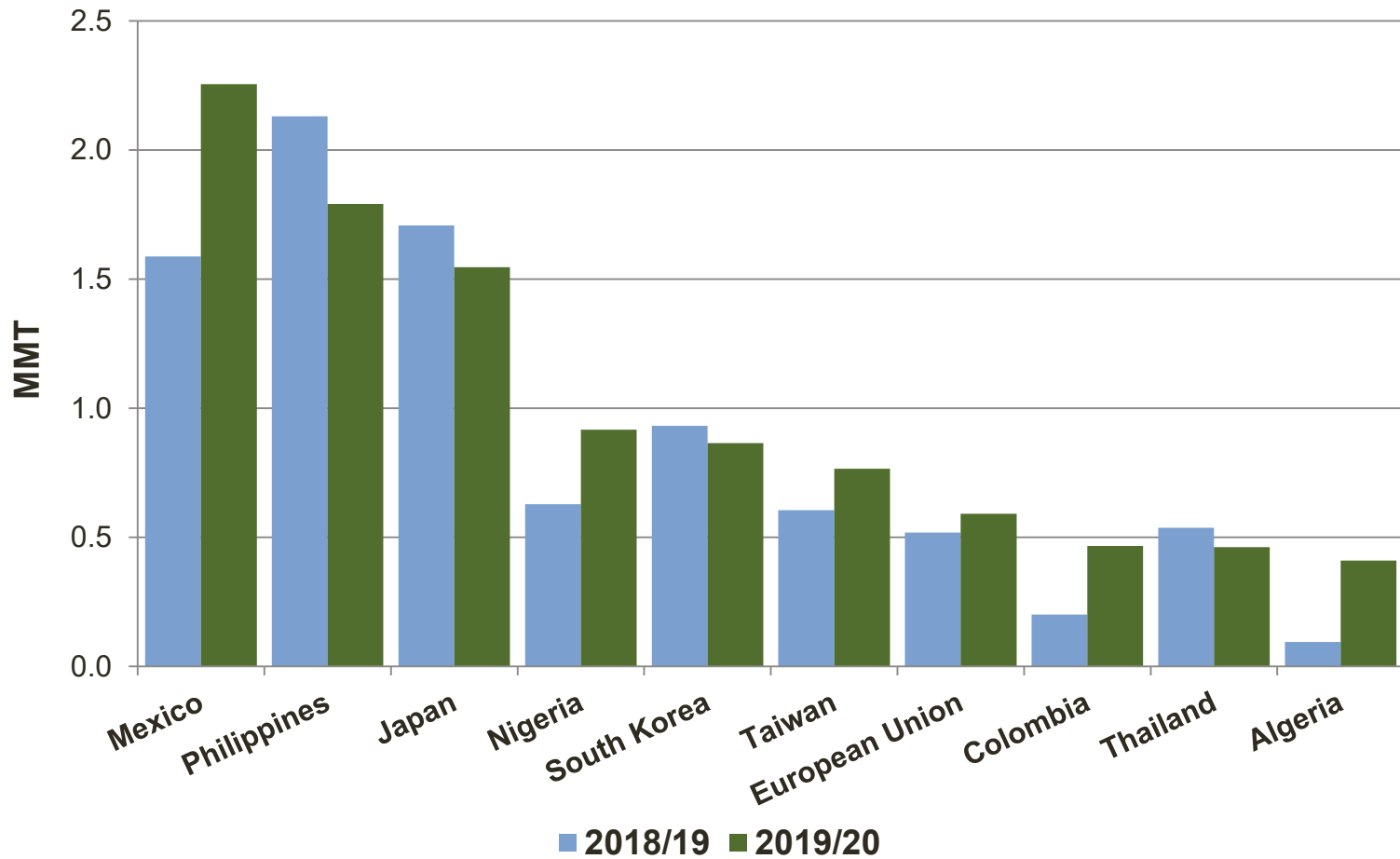
5-year average



Source: USDA FAS export sales data as of May 31, 2019

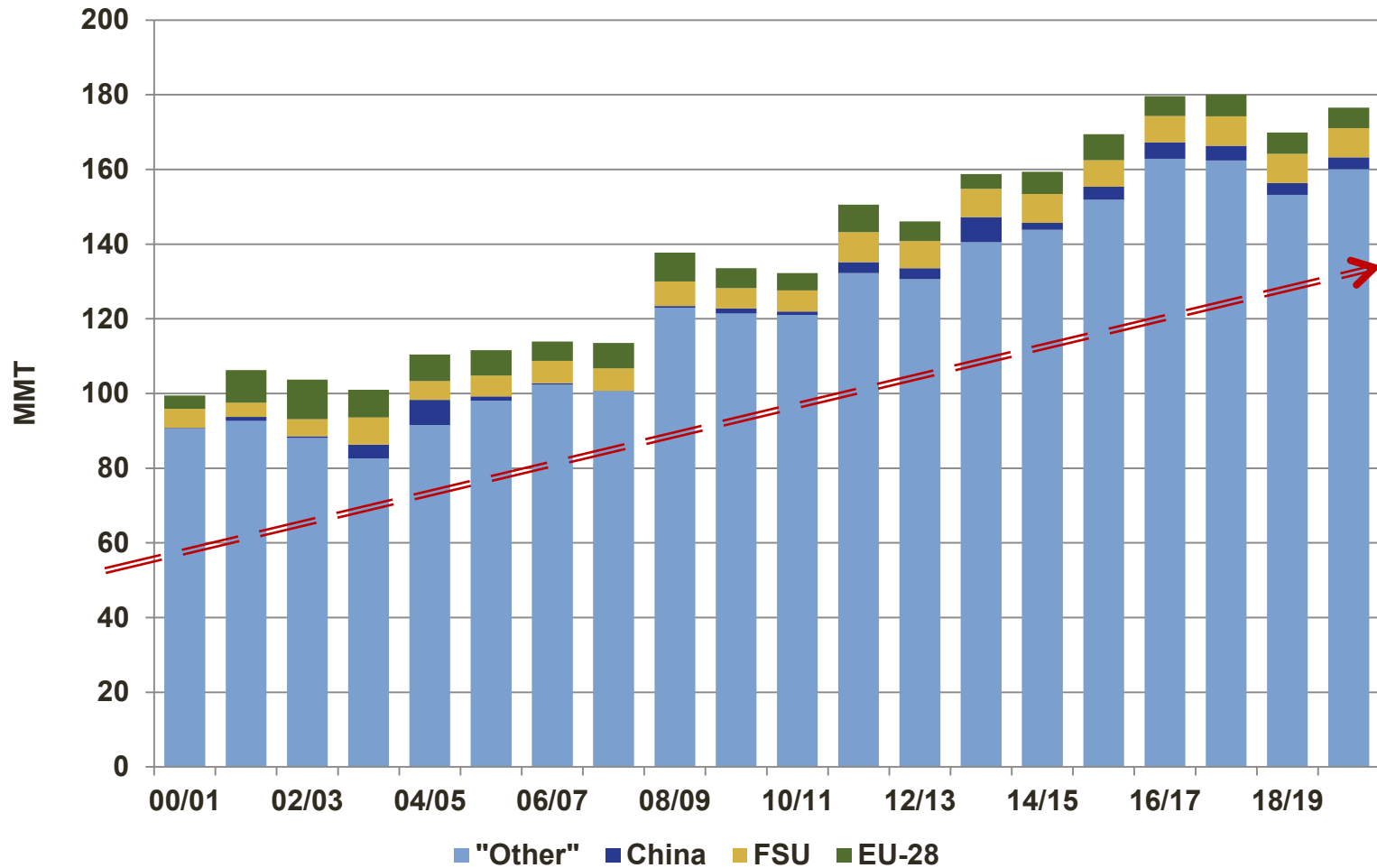
# Top 10 Customers for U.S. Wheat

Year-to-date



Source: USDA FAS export sales data as of October 31, 2019

# World Wheat Imports



Trend in "other" importers denoted ( —> )



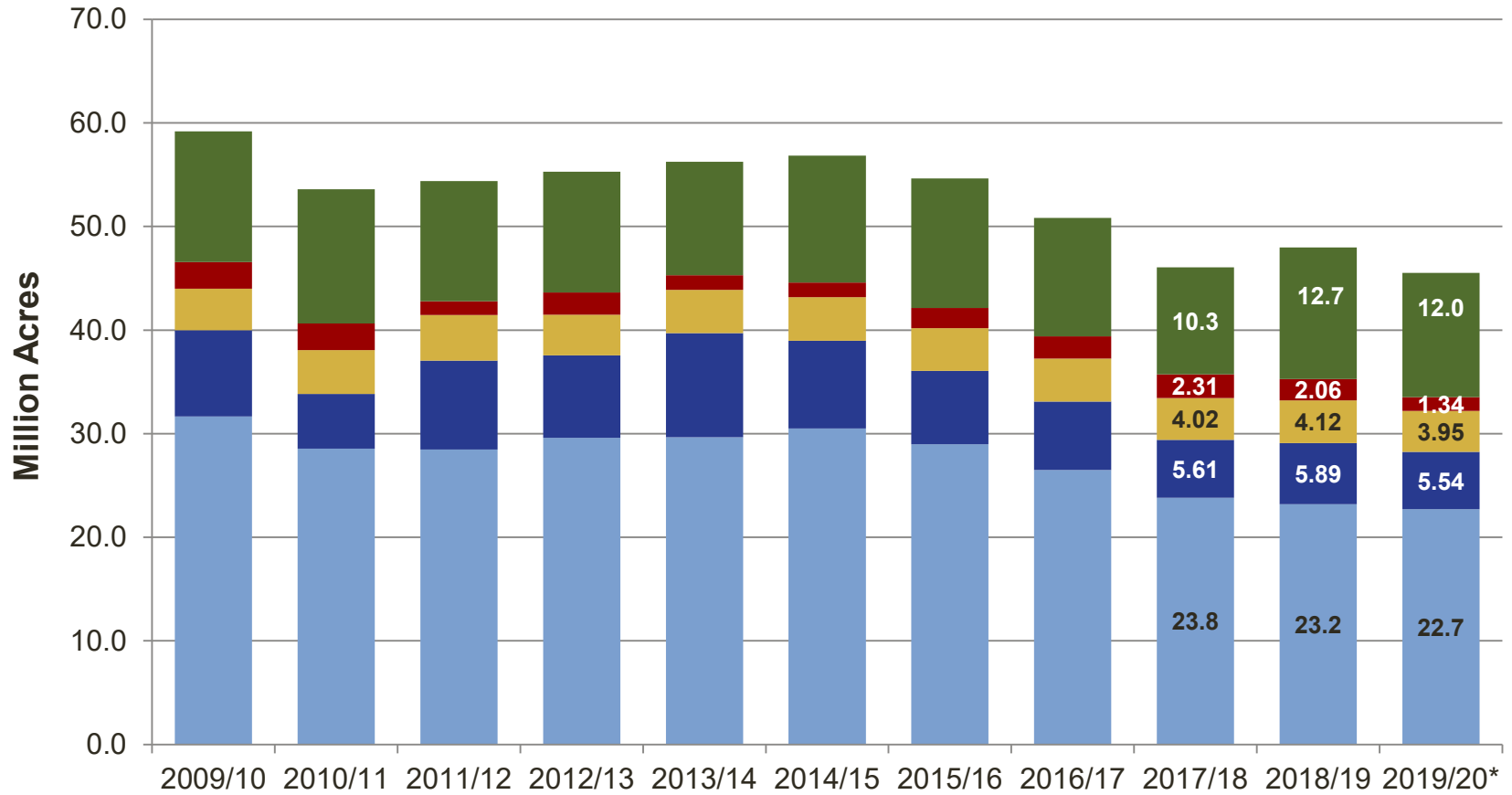
Major Exporters

Import Demand

U.S. Situation by Class

Outlook

# U.S. Wheat Plantings by Class

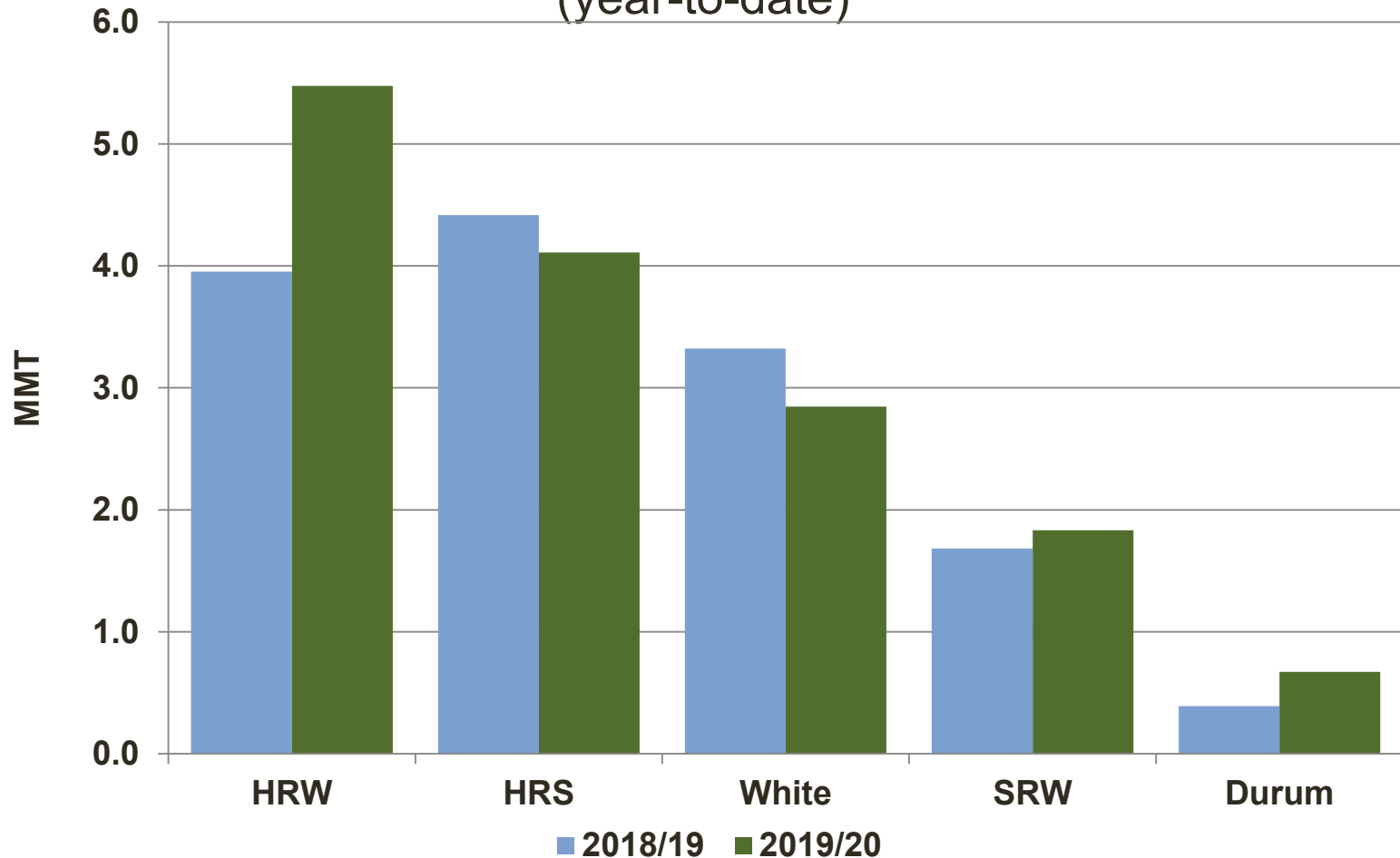


■ HRW ■ SRW ■ White ■ Durum ■ HRS

\*Source: USDA Acreage Report, June 28, 2019 and USDA Small Grains Summary, September 30, 2019

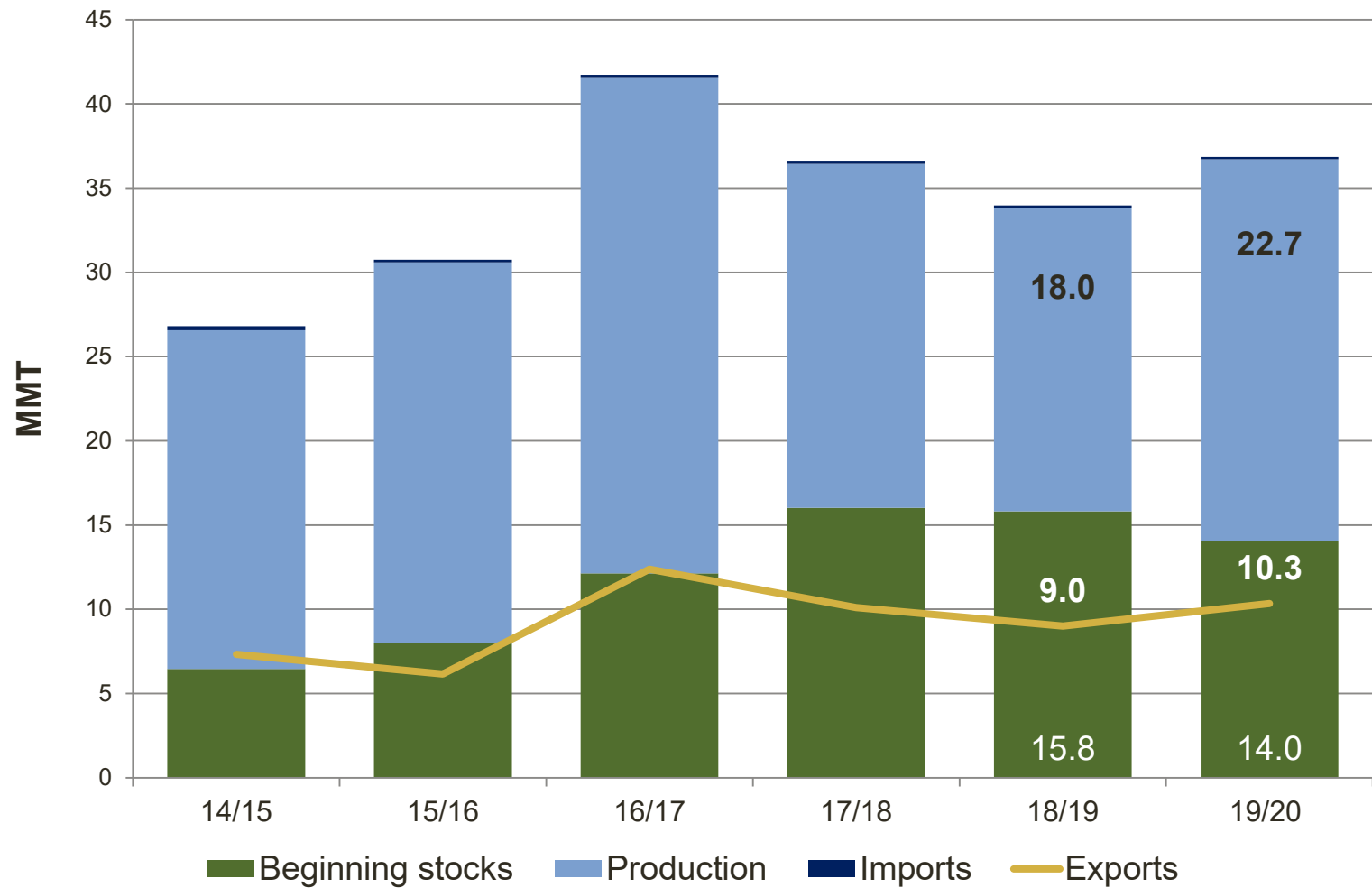
# U.S. Wheat Sales by Class

(year-to-date)

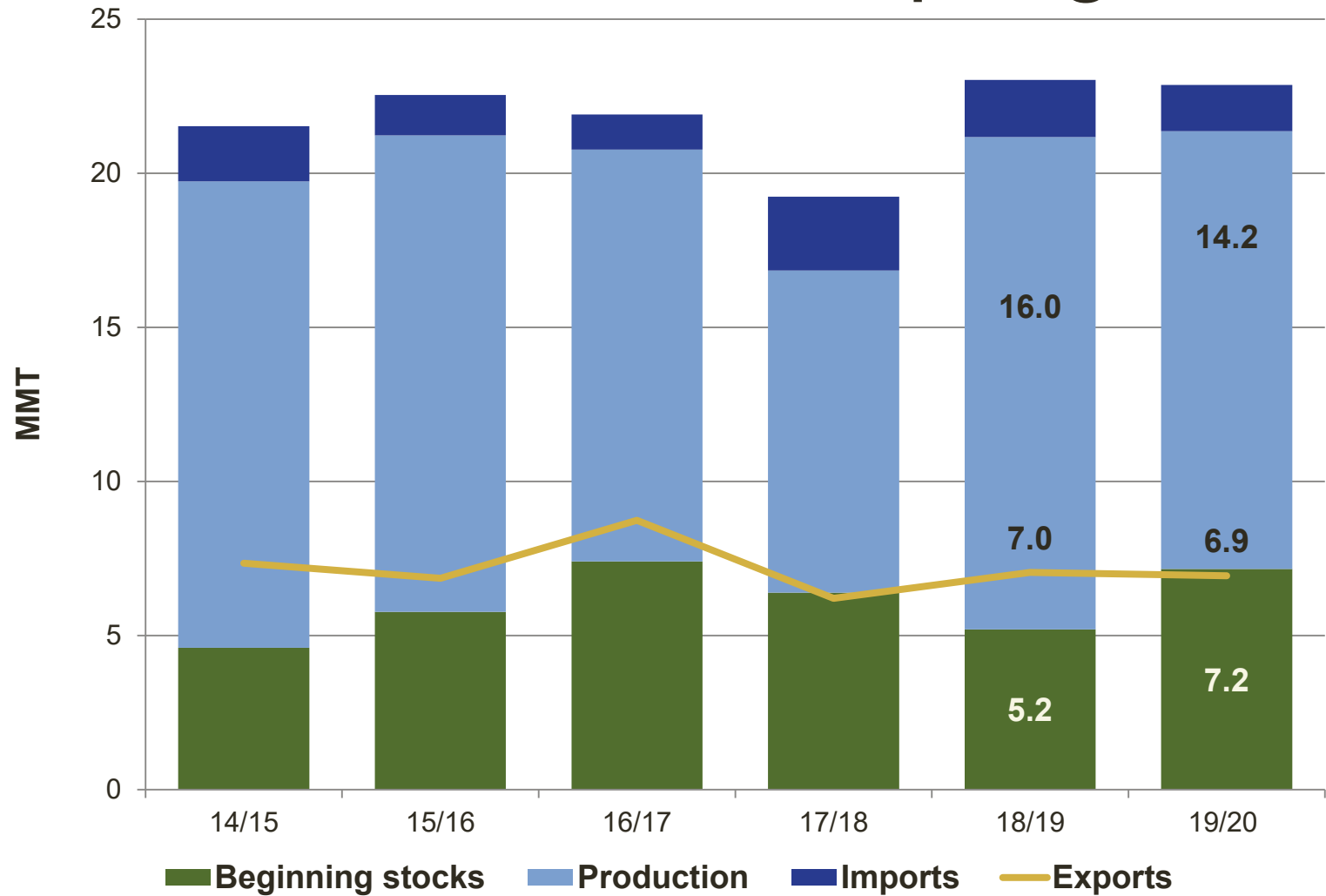


Source: USDA FAS export sales data as of October 31, 2019

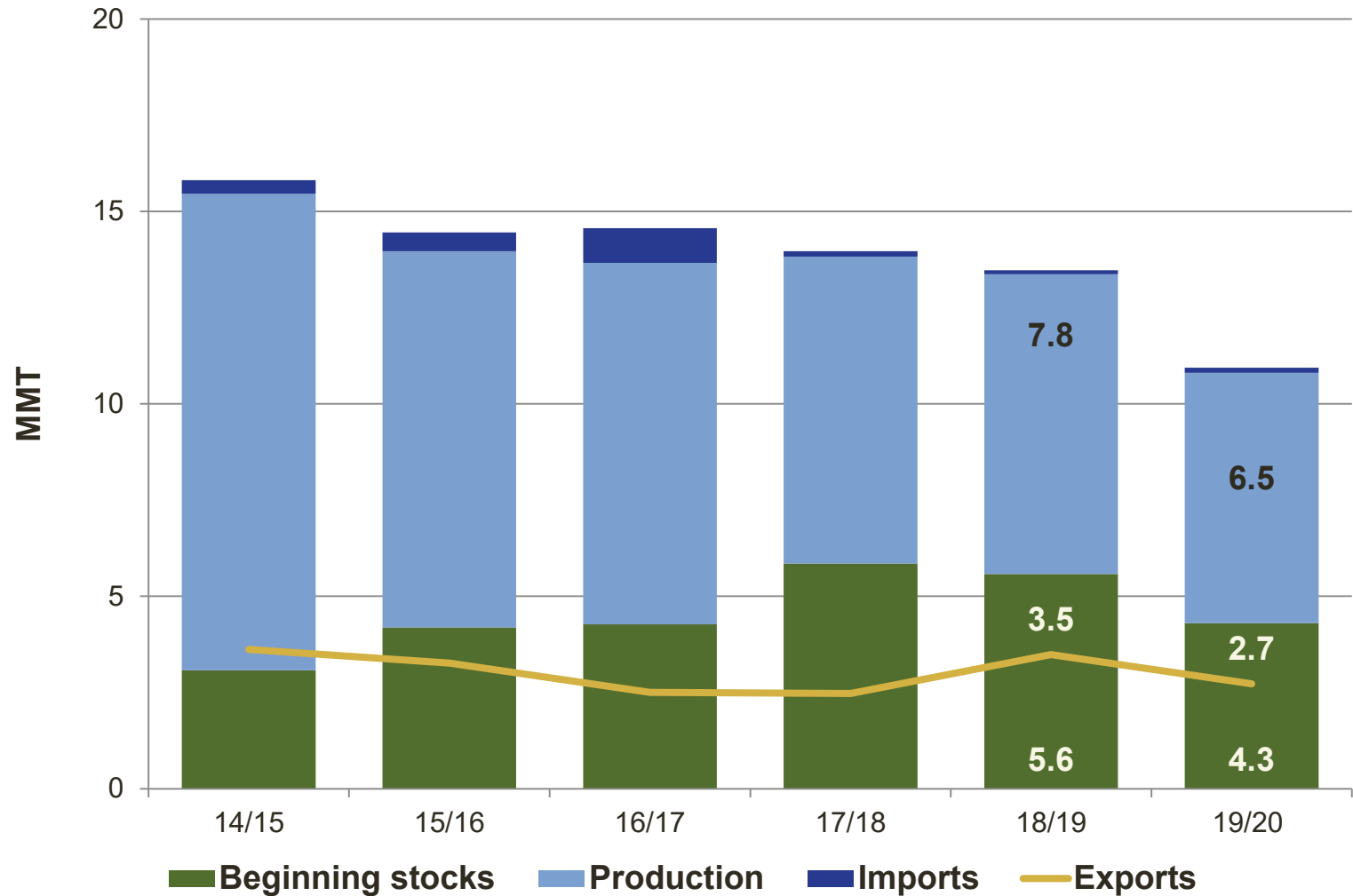
# U.S. Hard Red Winter



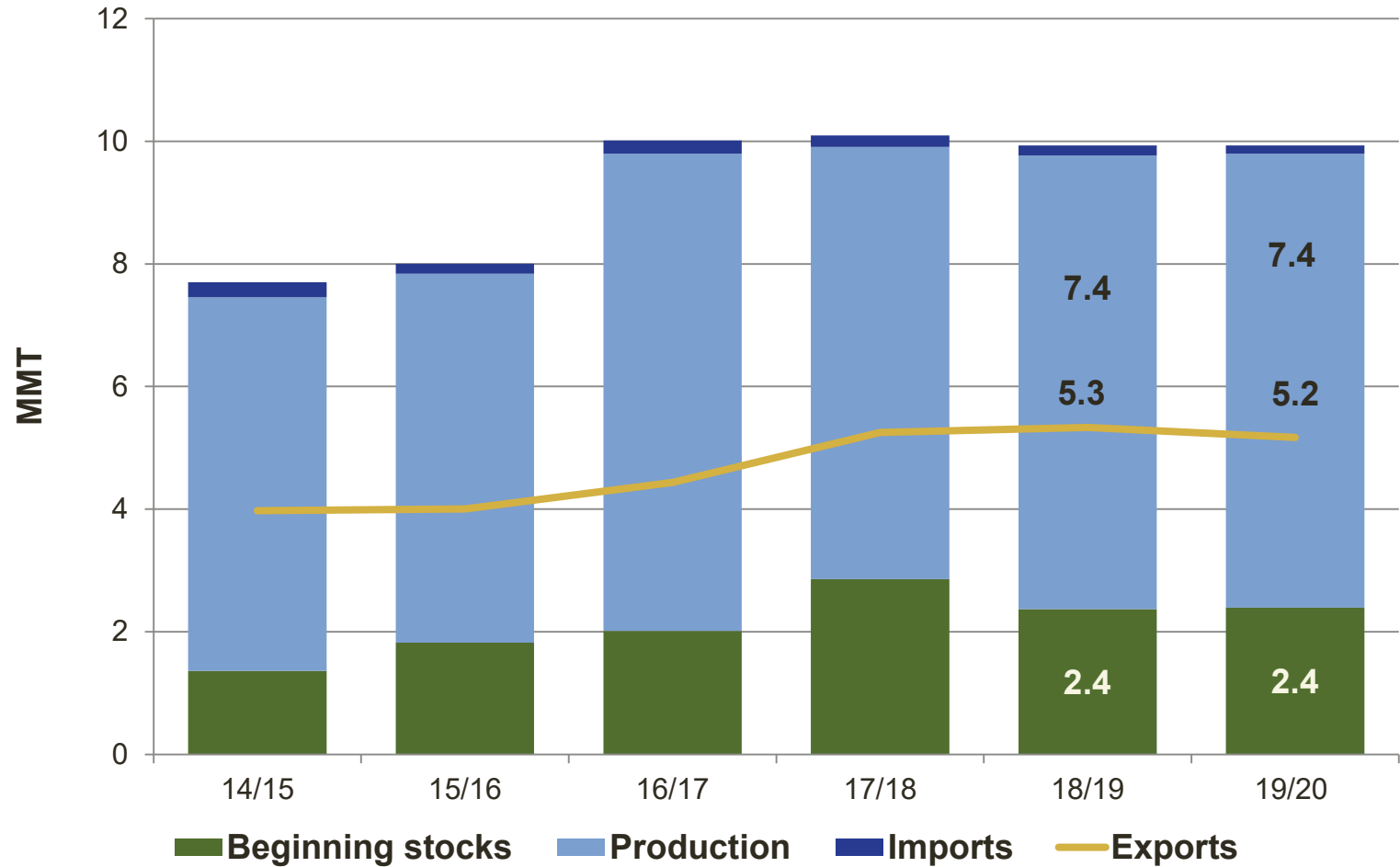
# U.S. Hard Red Spring



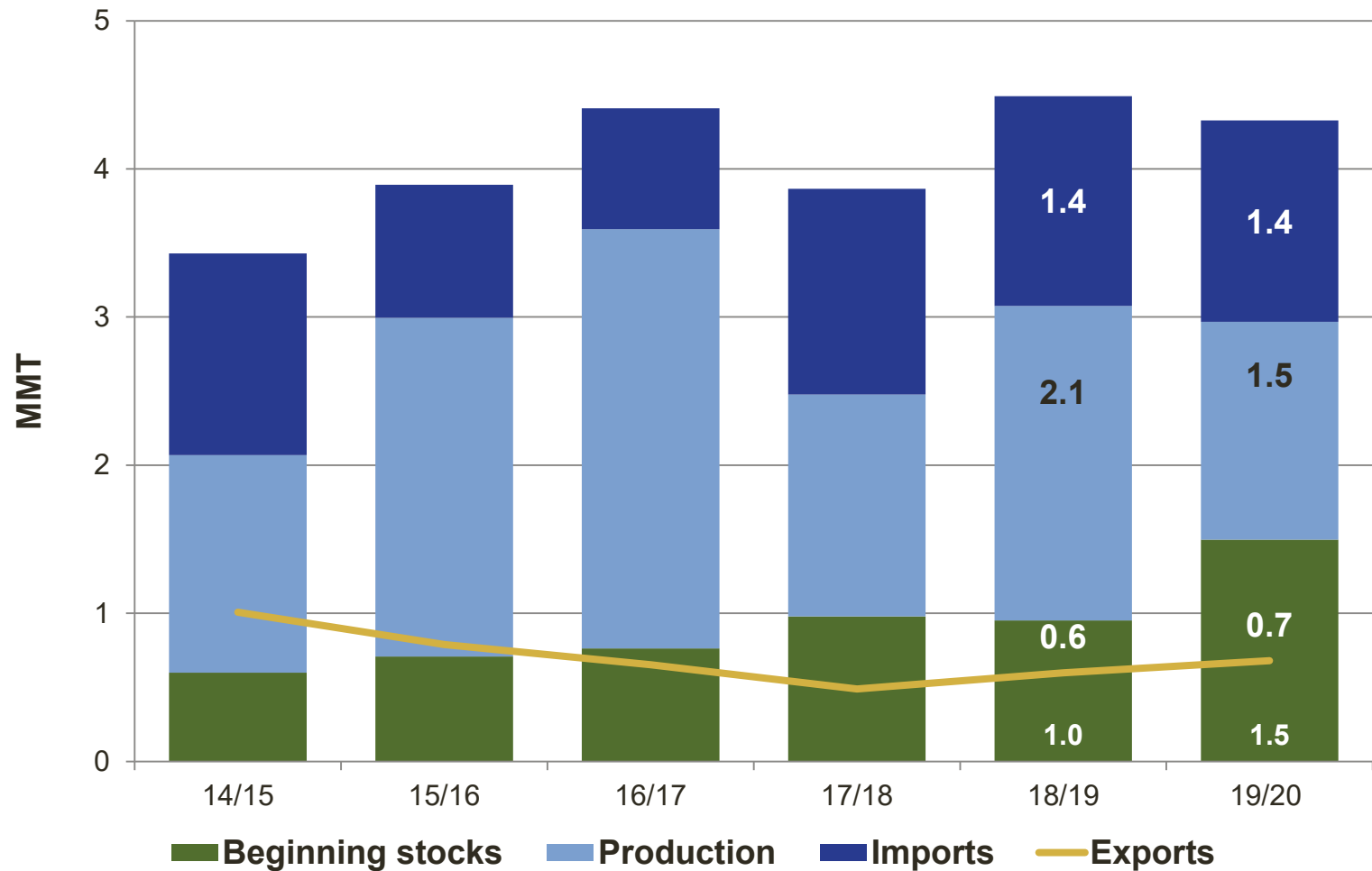
# U.S. Soft Red Winter



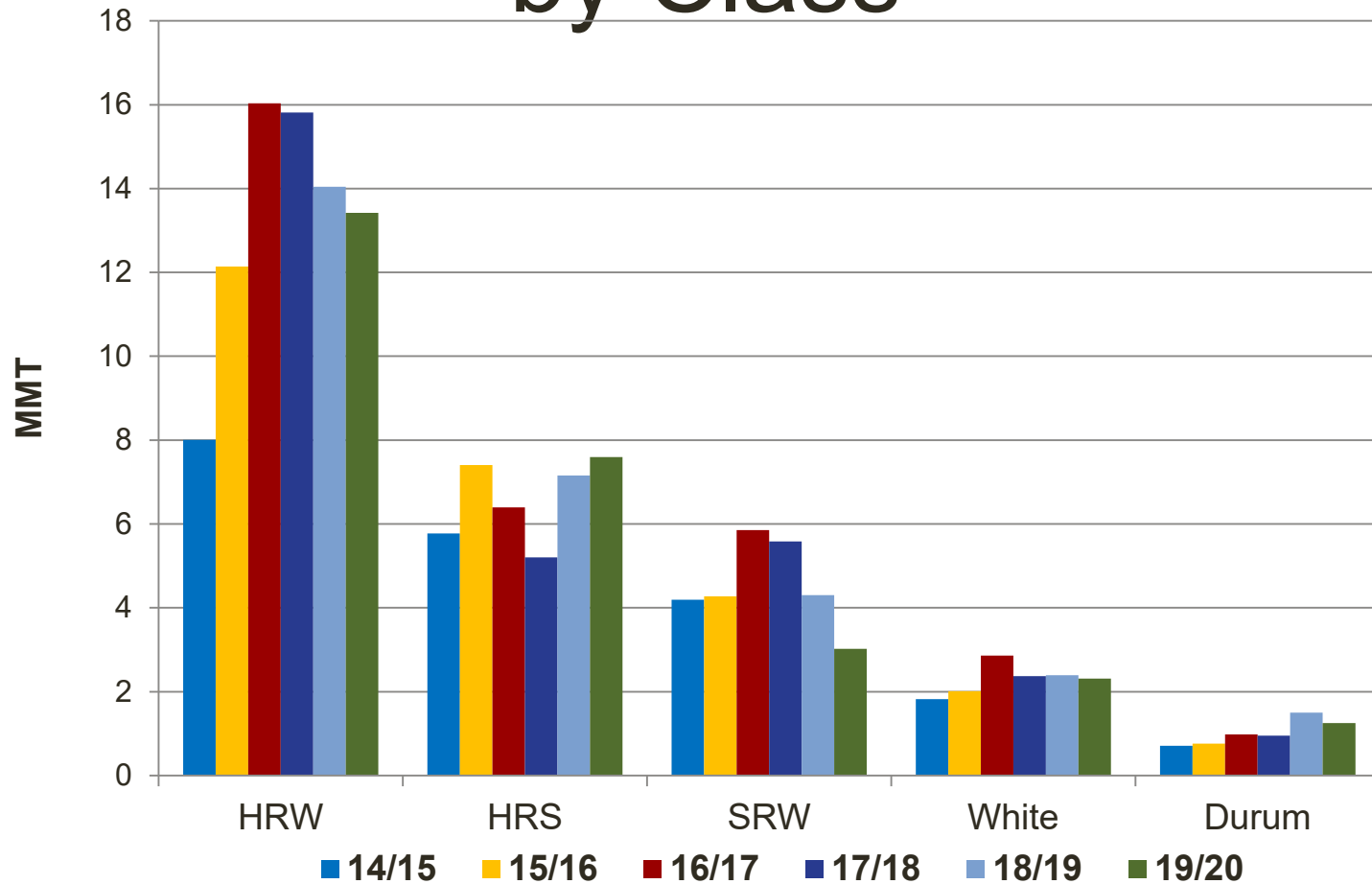
# U.S. White



# U.S. Durum



# U.S. Wheat Ending Stocks by Class



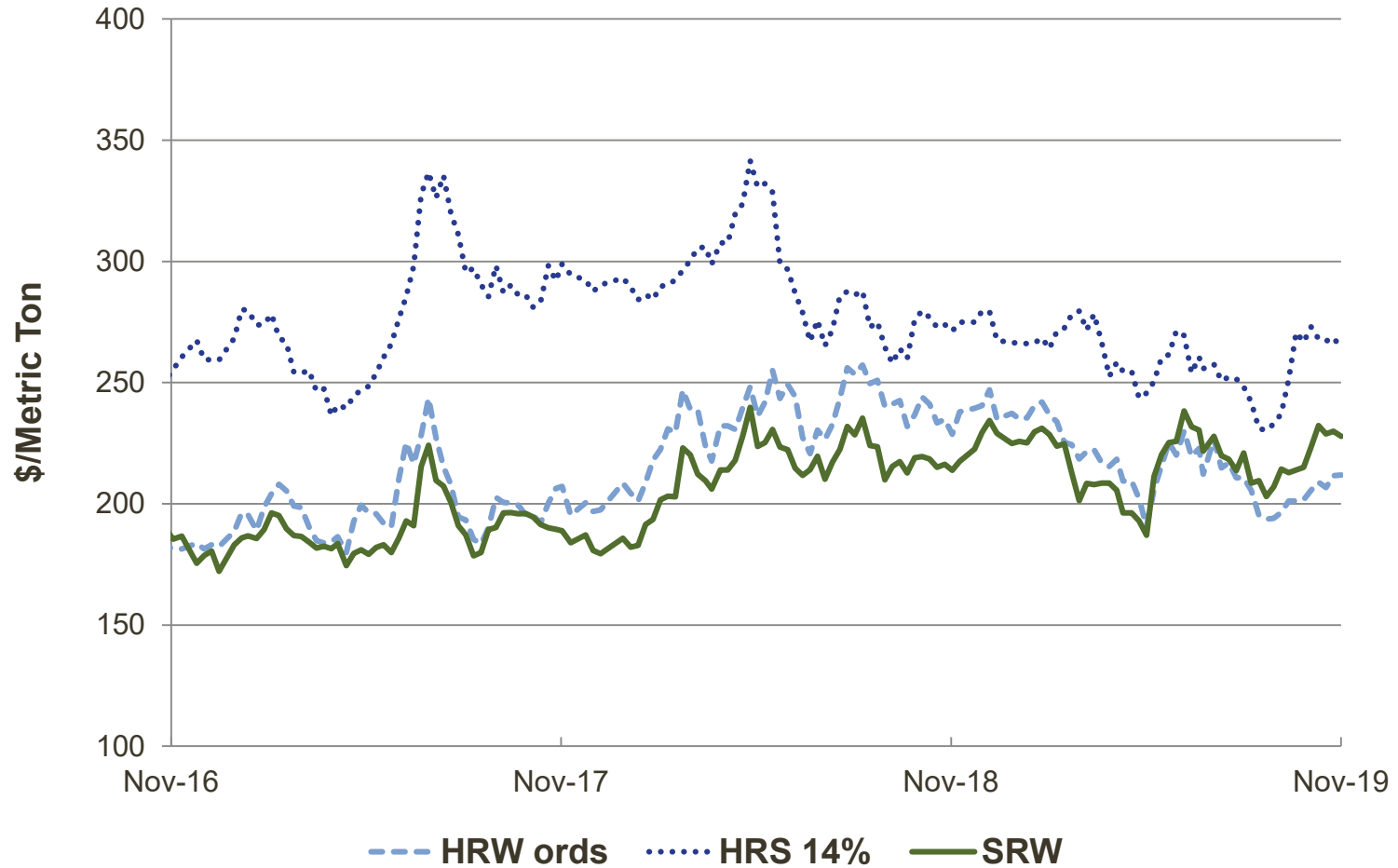
# U.S. Wheat Supply and Demand (MMT)

	HRW		HRS		SRW	
	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>
<b>Beginning Stocks</b>	15.8	14.0	5.20	7.16	5.58	4.30
<b>Production</b>	18.0	22.7	16.0	14.2	7.78	6.50
<b>Supply Total</b>	34.0	36.9	23.0	22.9	13.47	10.94
<b>Domestic Use</b>	10.9	13.1	8.82	8.33	5.69	5.20
<b>Exports</b>	9.0	10.3	7.05	6.94	3.48	2.72
<b>Use Total</b>	19.9	23.4	15.9	15.3	9.17	7.92
<b>Ending Stocks</b>	14.0	13.4	7.16	7.59	4.30	3.02
<b>Stocks-to-Use</b>	70%	57%	45%	50%	47%	38%

# U.S. Wheat Supply and Demand (MMT)

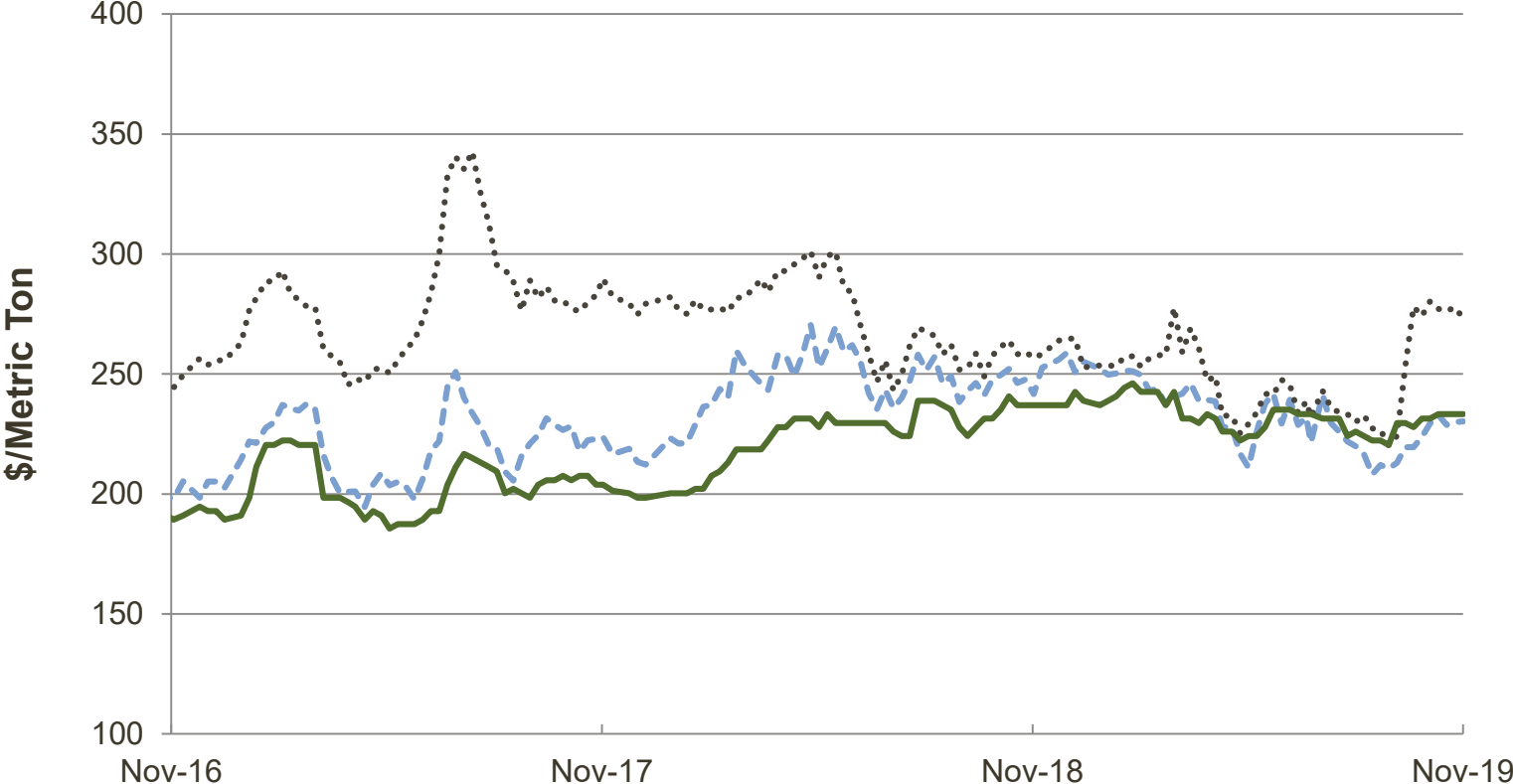
	White		Durum		Total	
	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>
<b>Beginning Stocks</b>	2.37	2.40	0.95	1.50	29.9	29.4
<b>Production</b>	7.40	7.40	2.12	1.47	51.3	52.3
<b>Supply Total</b>	9.9	9.93	4.49	4.33	84.9	84.9
<b>Domestic Use</b>	2.20	2.45	2.40	2.40	30.0	31.5
<b>Exports</b>	5.33	5.17	0.60	0.68	25.5	25.9
<b>Use Total</b>	7.54	7.62	2.99	3.08	55.5	57.3
<b>Ending Stocks</b>	2.40	2.31	1.50	1.25	29.4	27.6
<b>Stocks-to-Use</b>	32%	30%	50%	41%	53%	48%

# U.S. FOB Gulf Prices



*\*Source: U.S. Wheat Associates Price Report, November 8, 2019*

# U.S. FOB PNW Prices



--- HRW 11.5%    ..... HRS 14%    — SW

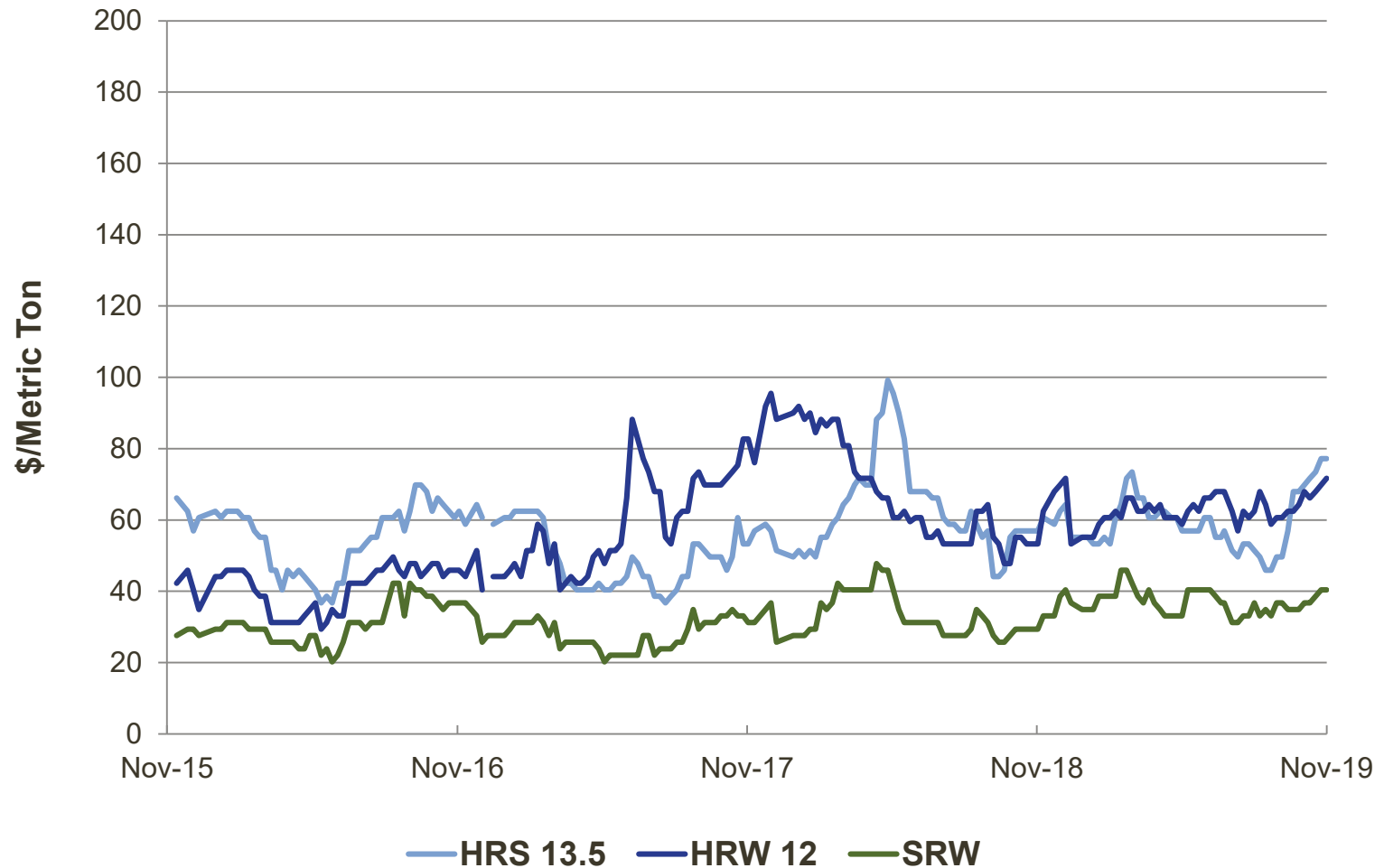
\*Source: U.S. Wheat Associates Price Report, November 8, 2019

# Soft White and SRW Prices



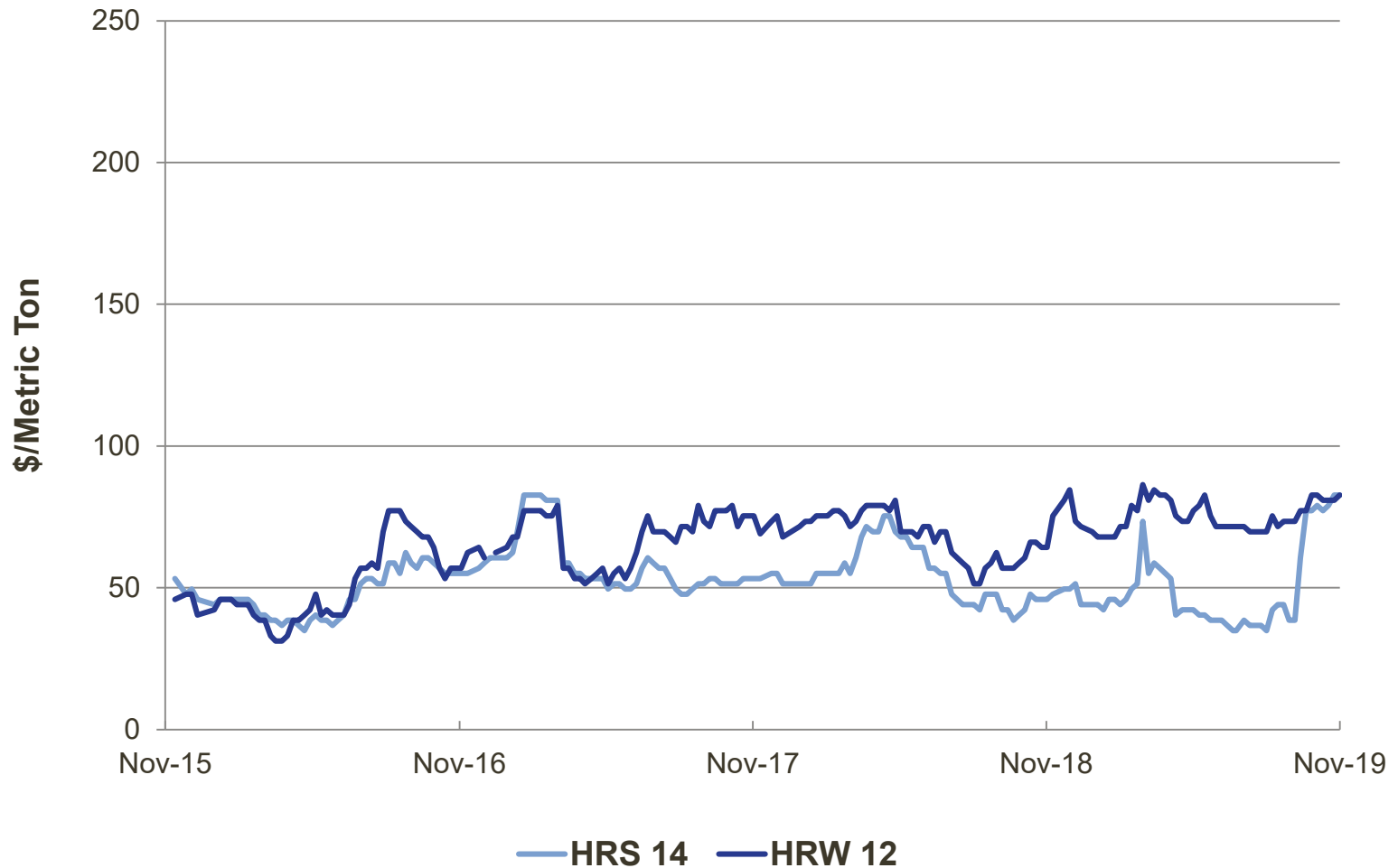
*\*Source: U.S. Wheat Associates Price Report, November 8, 2019*

# U.S. Gulf Basis Prices



*\*Source: U.S. Wheat Associates Price Report, November 8, 2019*

# U.S. PNW Basis Prices



*\*Source: U.S. Wheat Associates Price Report, November 8, 2019*



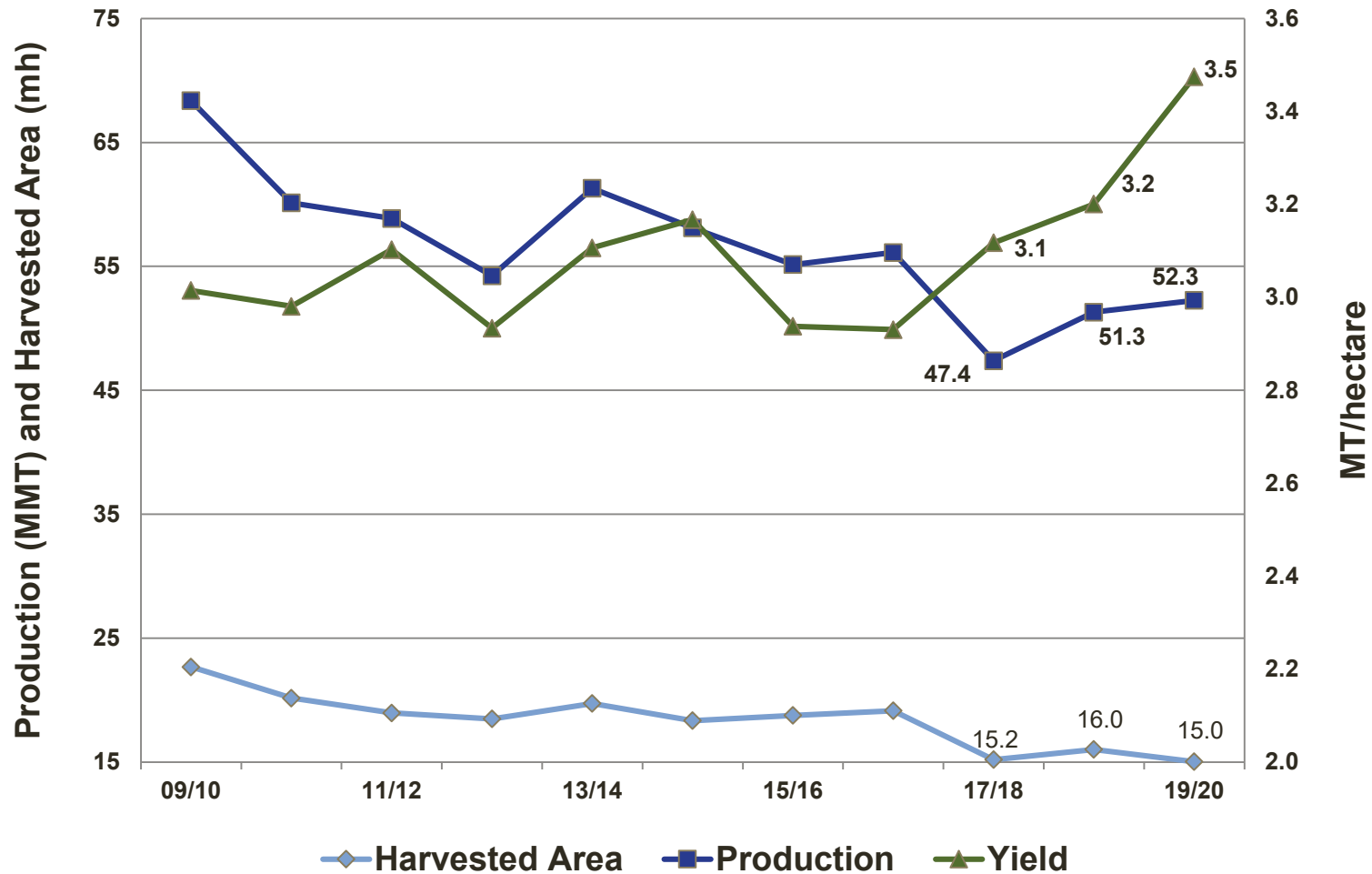
Major Exporters

Import Demand

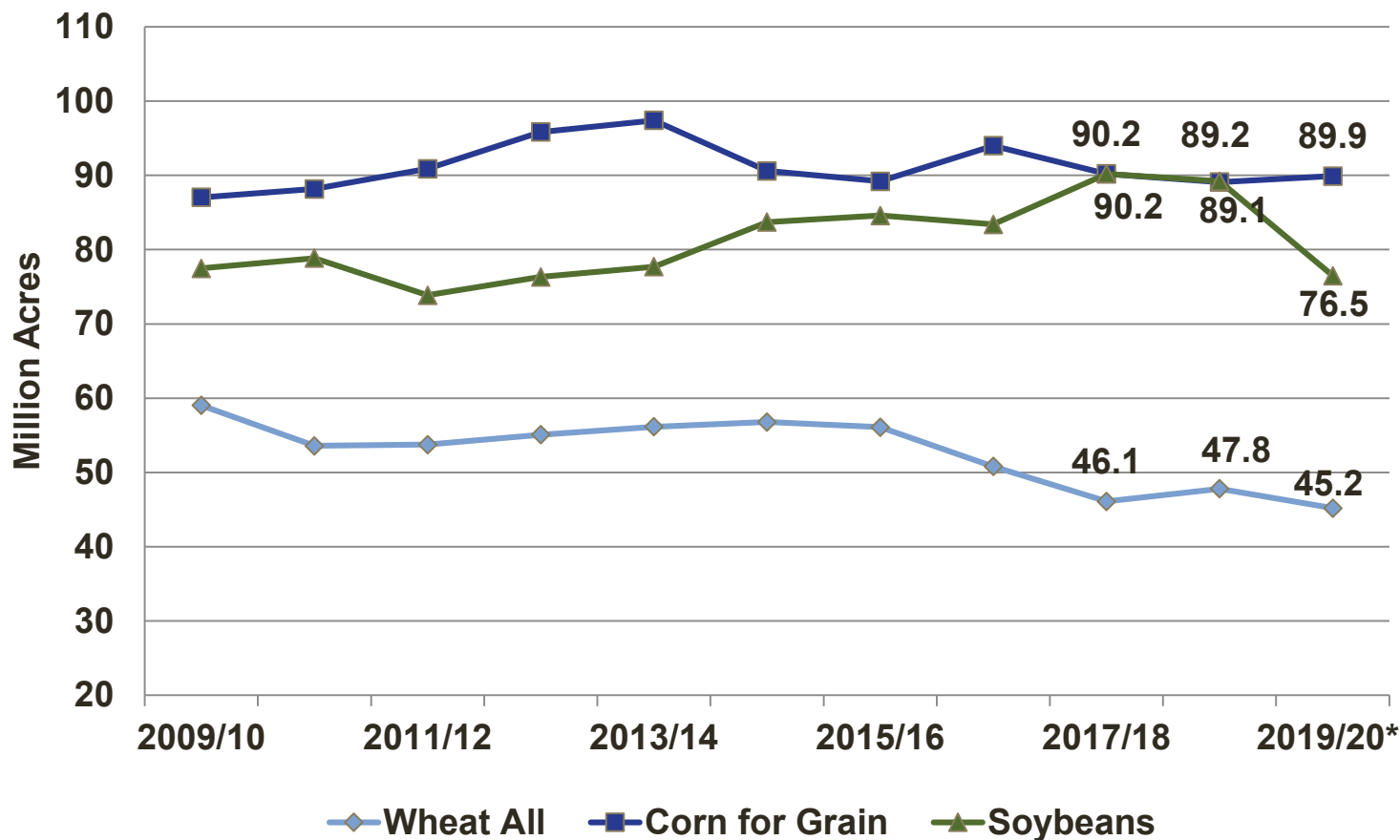
U.S. Situation by Class

Outlook

# U.S. Wheat Production, Area and Yield

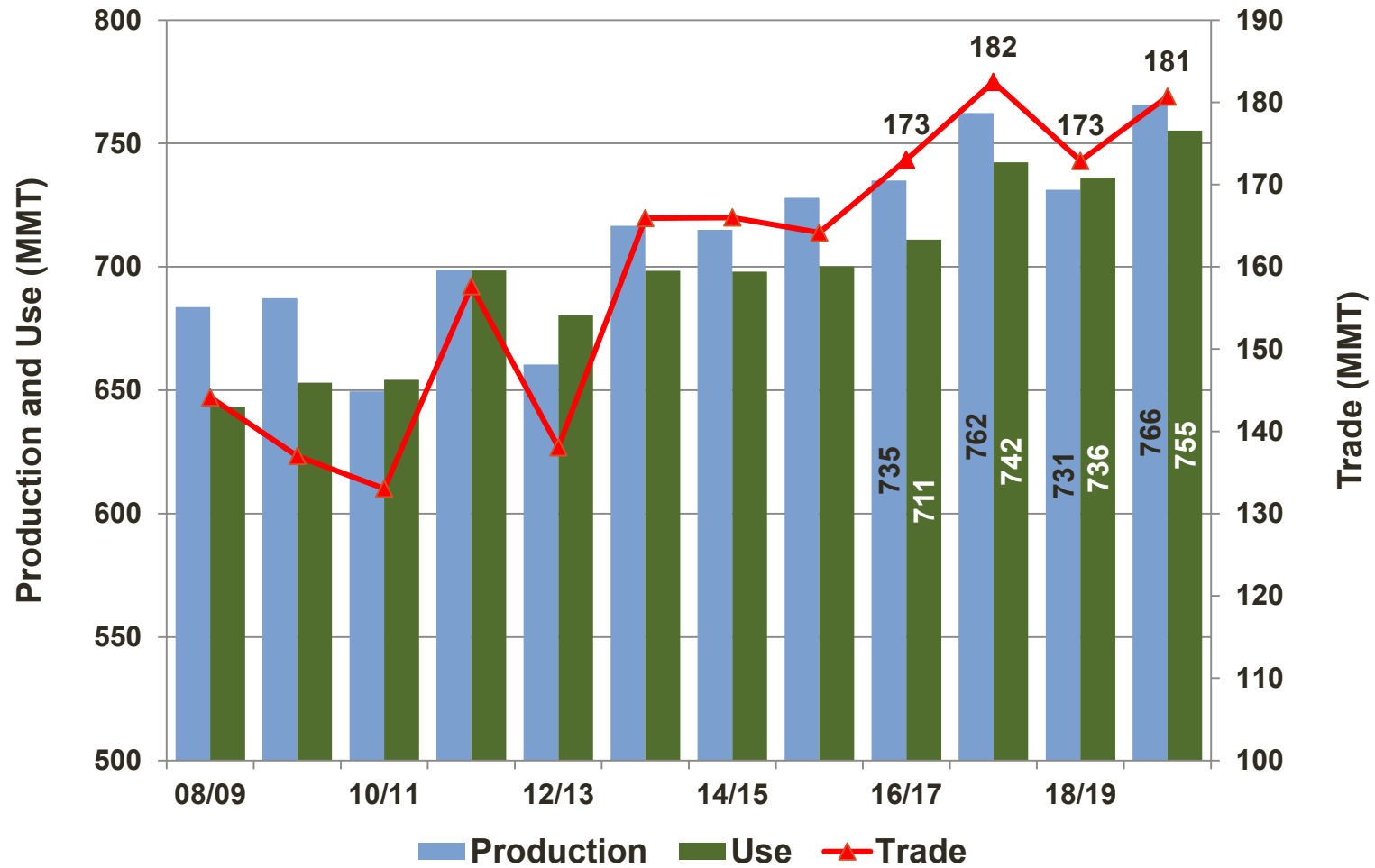


# U.S. Crop Planted Area Comparison



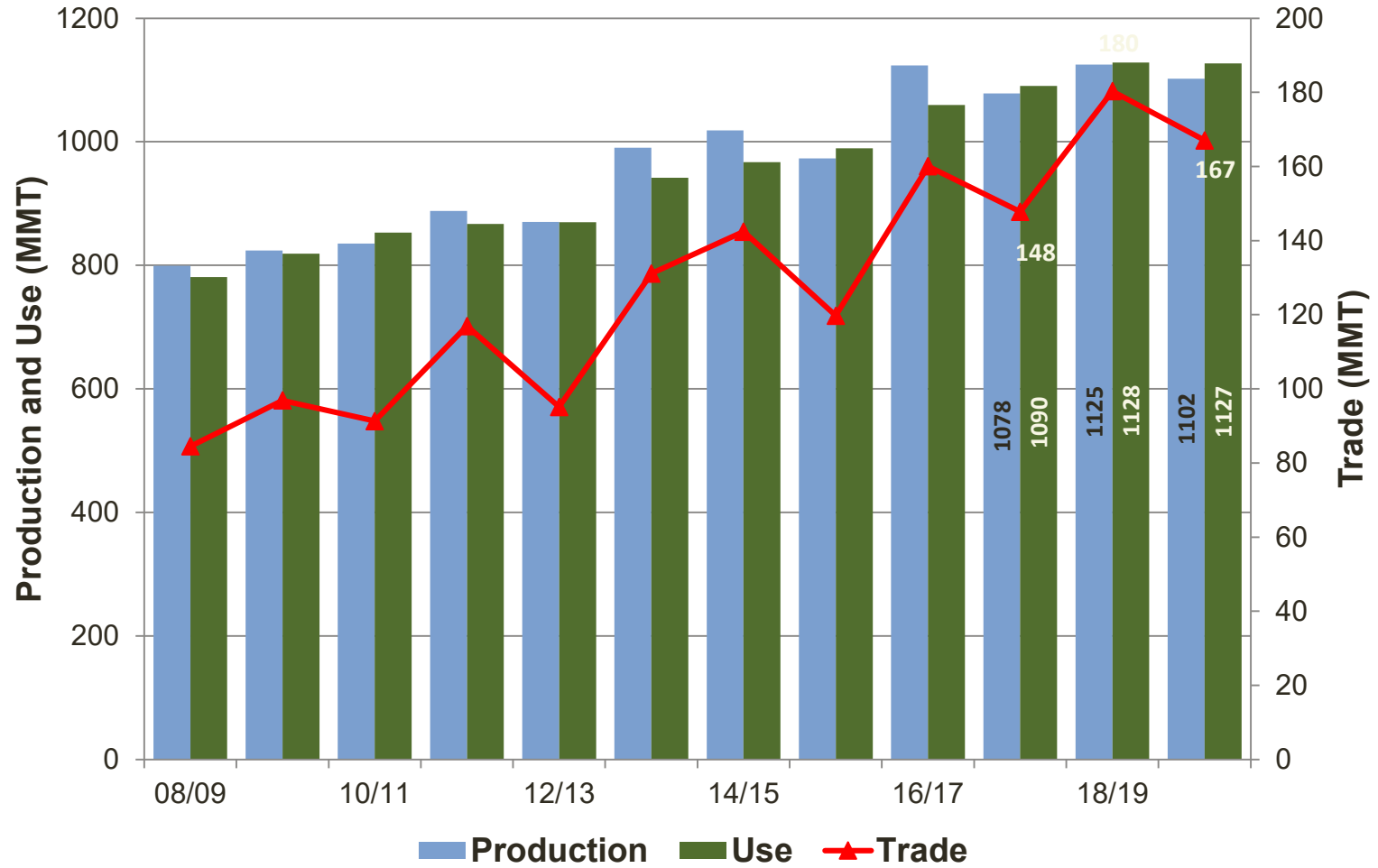
# World Wheat

## Production, Use and Trade



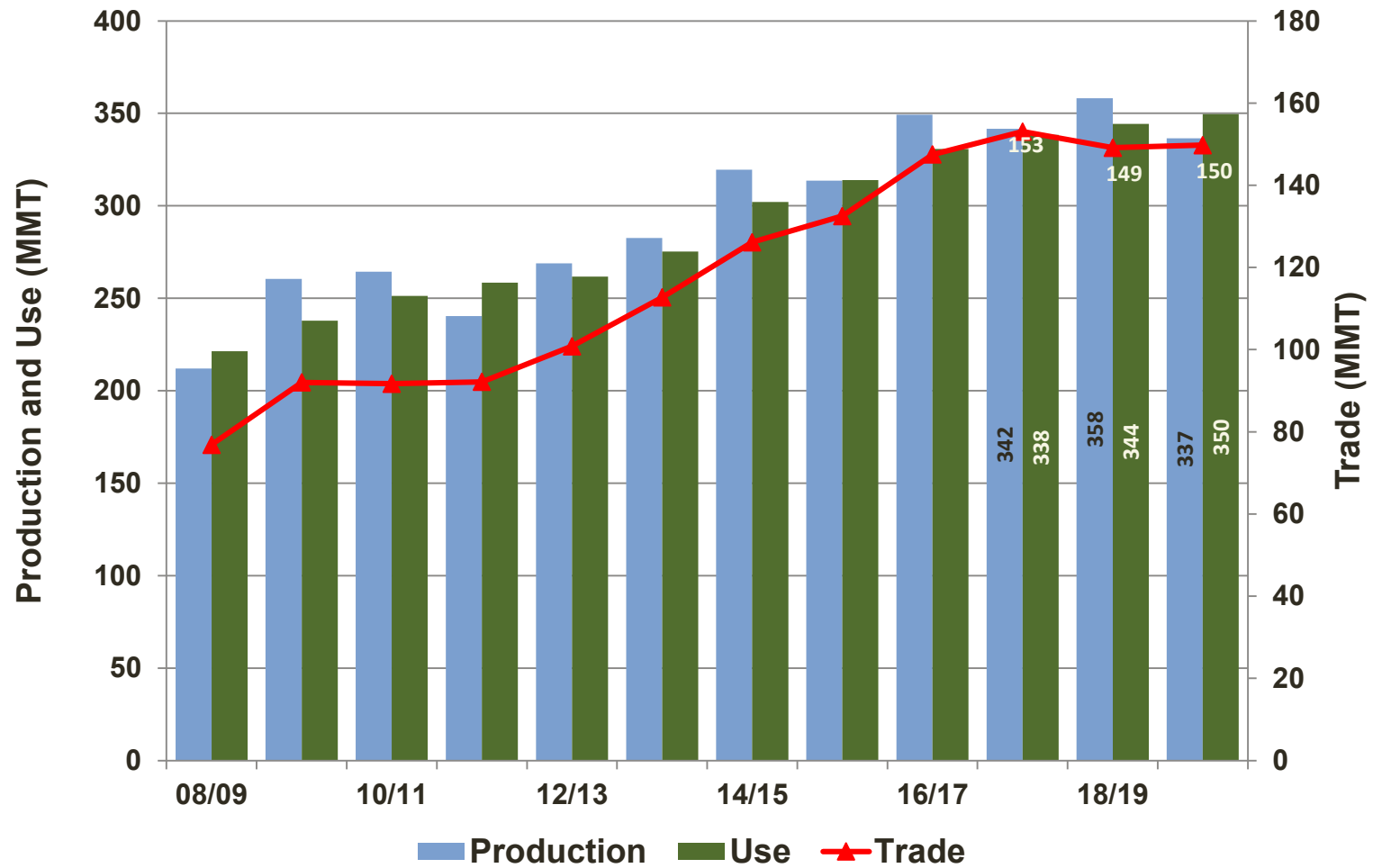
# World Corn

## Production, Use and Trade

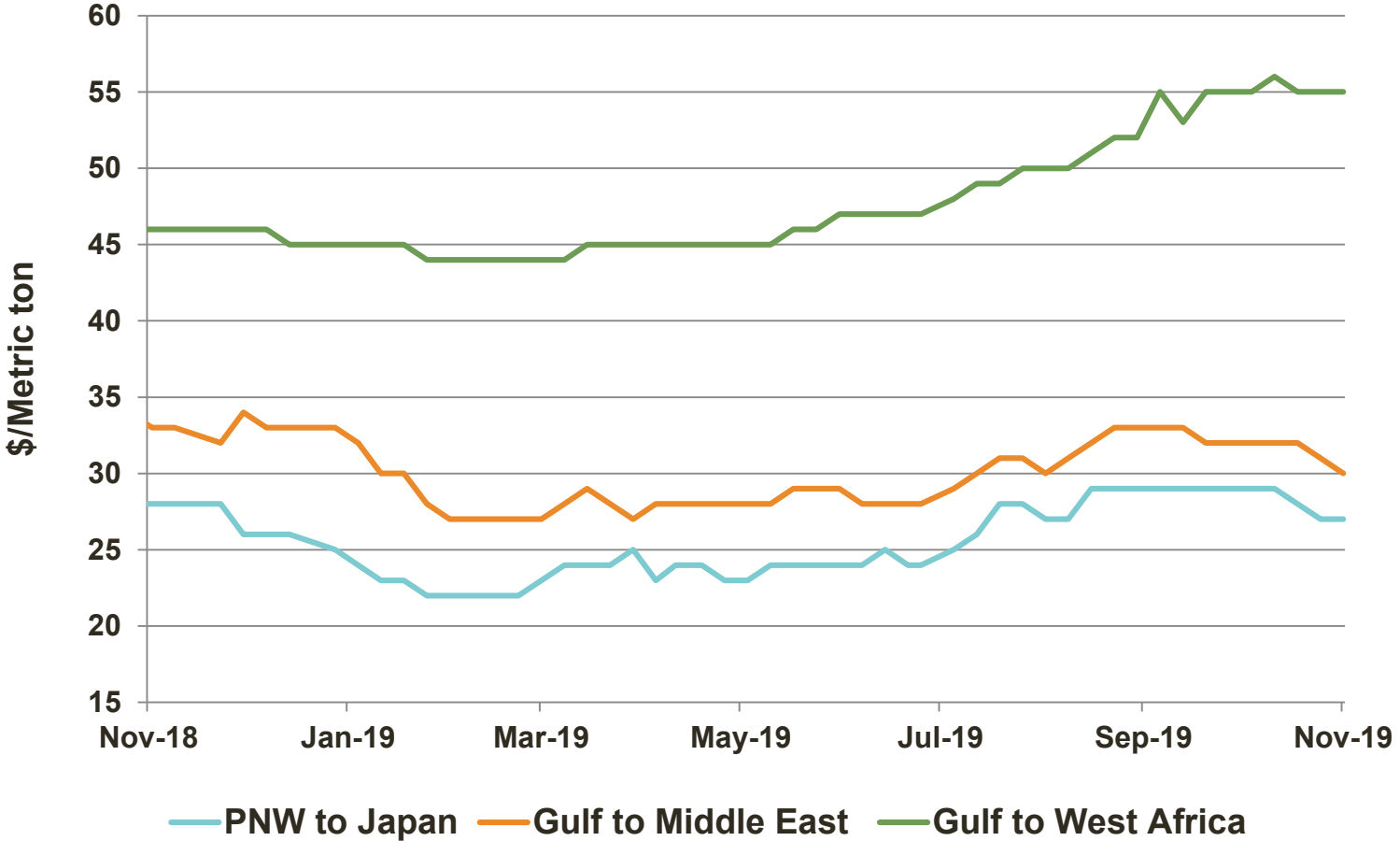


# World Soybeans

## Production, Use and Trade



# Ocean Freight Rates for Grains



*\*Source: U.S. Wheat Associates Price Report, November 8, 2019*

# Summary

- **Global production to increase 5% year-over-year to 766 MMT**
  - EU wheat production to rebound 11% after the 2018/19 drought to 153 MMT in 2019/20
  - Australian wheat production forecast at 17.2 MMT, in line with last year due to prolonged drought
  - Ukrainian wheat production to reach record of 29.0 MMT in 2019/20
  - Wheat production in the United States to total 52.3 MMT, 2% above last year
- **Global ending stocks to rise to 288 MMT, 3% above 2018/19 levels and 11% higher than the 5-year average of 258 MMT**
  - Estimated Chinese ending stocks of 146 MMT are 4% higher than last year and make up 51% of total global ending stocks
  - U.S. ending stocks to total 27.6 MMT, 7% lower than 2018/19, but in line with the 5-year average
- **World consumption and trade both expected to exceed 2018/19 levels**
  - Total global wheat consumption to reach an all-time high of 755 MMT, 4% higher than the 5-year average
  - Total global trade to reach 181 MMT, 4% higher than 2018/19 and 3% above the 5-year average
  - U.S. 2019/20 domestic consumption to increase 5% year-over-year to 31.5 MMT and exports to rise 1% above 2018/19 levels to 25.9 MMT