

World Wheat Supply and Demand Situation

May 2017

Major data source: USDA World Agricultural Supply and Demand Estimates released May 10, 2017. 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 fall for first time since 2012/13

- Global supplies estimate to fall to 993 MMT; down 2% from the 2016/17 record
- Wheat production in the EU to grow to 151 MMT, 2% above the 5-year average, if realized
- U.S. wheat production estimated at 49.5 MMT, 21% below 2016/17, if realized

2. Consumption forecast at 735 MMT, down 1% from the 2016/17 record

- Canadian domestic consumption to fall 14% year over year to 8.80 MMT
- China feed wheat usage to decrease to 13.0 MMT, down 21% from 2016/17, if realized
- U.S. domestic consumption to slip 1% year over year to 32.4 MMT

3. World wheat trade projected at 178 MMT, down 1% from 2016/17, but 9% above the 5-year average

- Russian exports to rise to 29.0 MMT, 4% above 2016/17
- Exports from Ukraine will fall 16% year over year to 14.5 MMT
- U.S. 2017/18 exports to reach 27.2 MMT, down 3% from the 2016/17 projection of 28.2 MMT



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Highlights of USDA's 2016/17 Supply and Demand Estimates

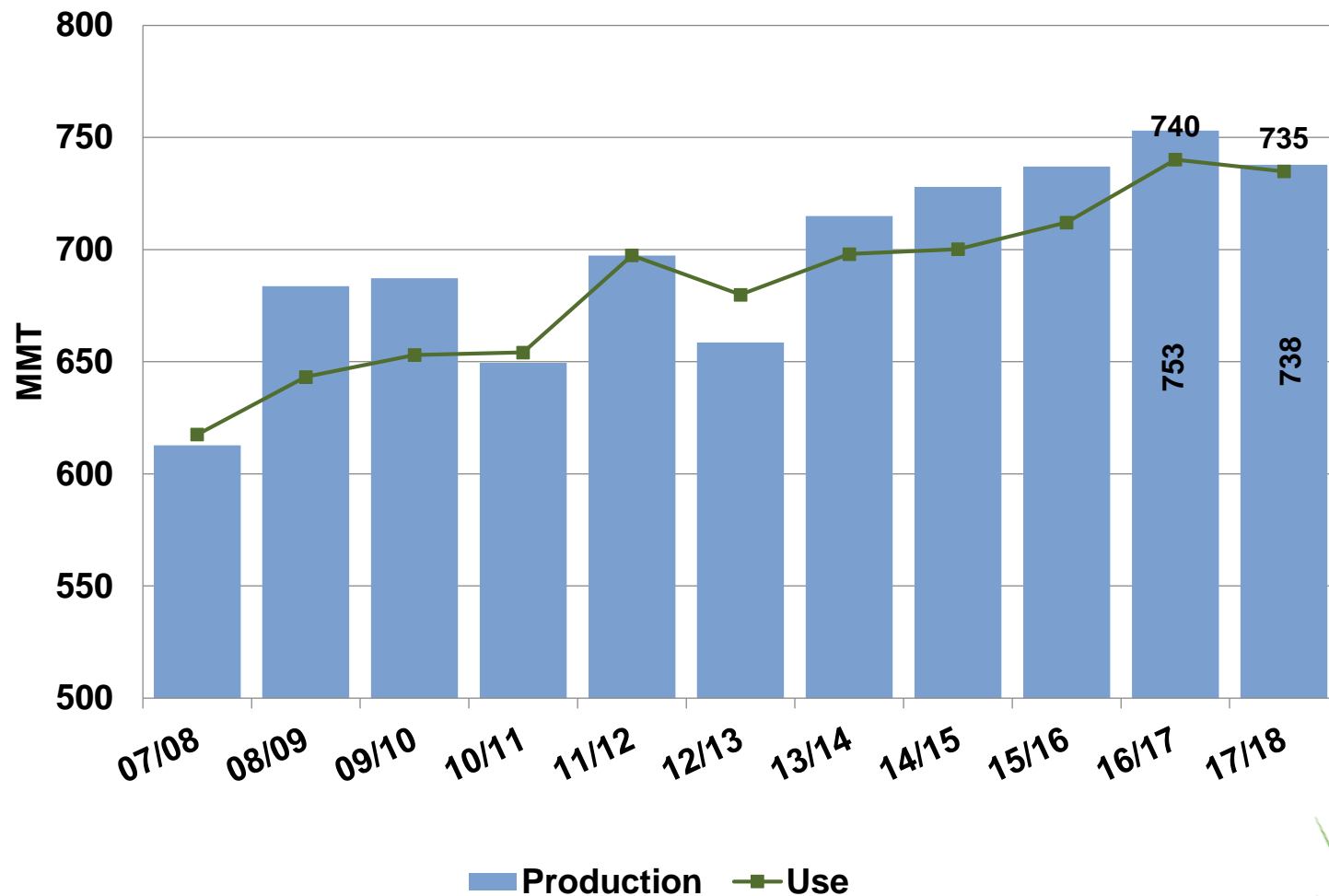
4. **World beginning stocks estimated at record 255 MMT, up 5% year over year**
 - Beginning stocks in the Russia to rise to 10.6 MMT, up 90% year over year
 - U.S. beginning stocks to climb to an estimated 31.5 MMT, 19% above 2016/17 levels
5. **Global ending stocks projected at record 258 MMT, 1% higher than 2016/17, if realized**
 - Estimated Chinese ending stocks of 128 MMT account for 50% of global ending stocks, 59% greater than the 5-year average
 - Exporter ending stocks to fall 15% year over year to 68.0 MMT
 - Ending stocks in importing countries to fall to 63.0 MMT, 10% below the 5-year average of 70.0 MMT
6. **U.S. farm gate average price forecast 9% higher in 2017/18**
 - Projected average range: **\$3.85 to \$4.65/bushel (\$141-\$171/MT)***

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

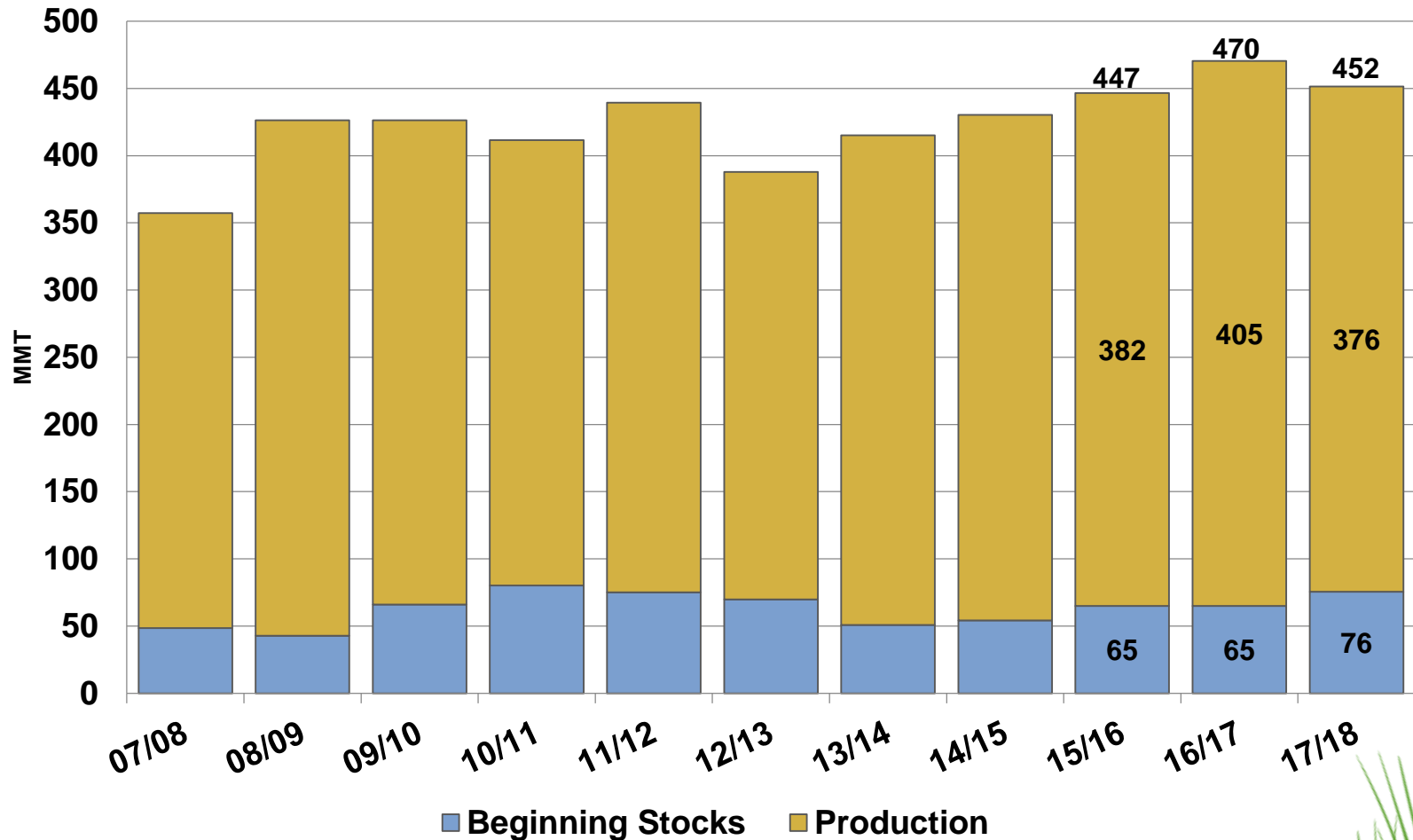


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World Production and Use



Supplies in Top Exporting Countries*



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

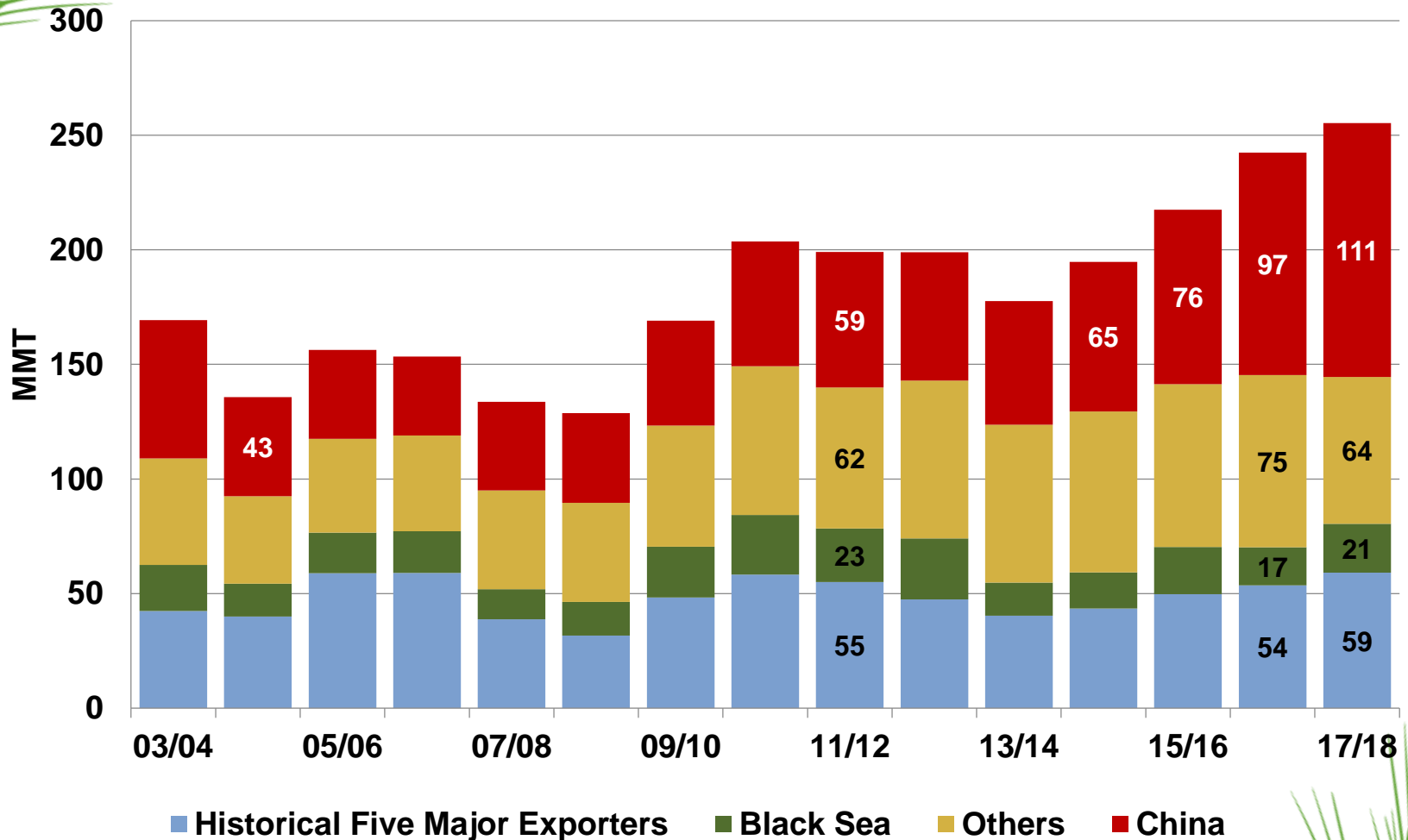
World Wheat Supply and Demand

| | | 15/16 | 16/17 <i>MMT</i> | 17/18 |
|----------------|-----------------------|-------|---------------------|-------|
| SUPPLY: | Beginning Stocks | 218 | 242 | 255 |
| | Production | 737 | 753 | 738 |
| | Supply Total | 955 | 996 | 993 |
| TRADE: | Exports/Imports | 173 | 180 | 178 |
| DEMAND | Food & Seed | 576 | 593 | 596 |
| | Feed & Residual | 137 | 148 | 139 |
| | Use Total | 712 | 740 | 735 |
| | ENDING STOCKS: | 242 | 255 | 258 |



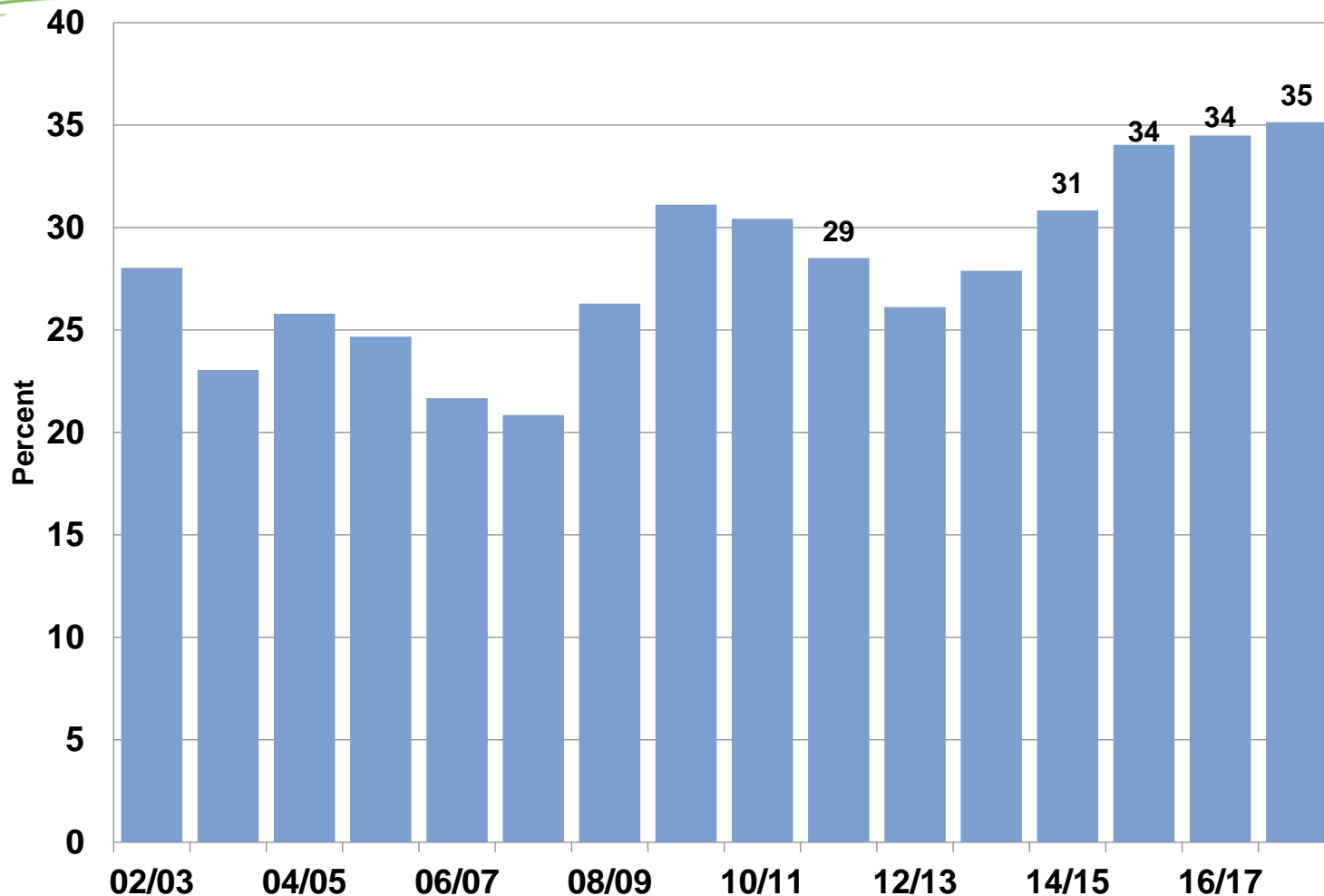
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World Beginning Stocks



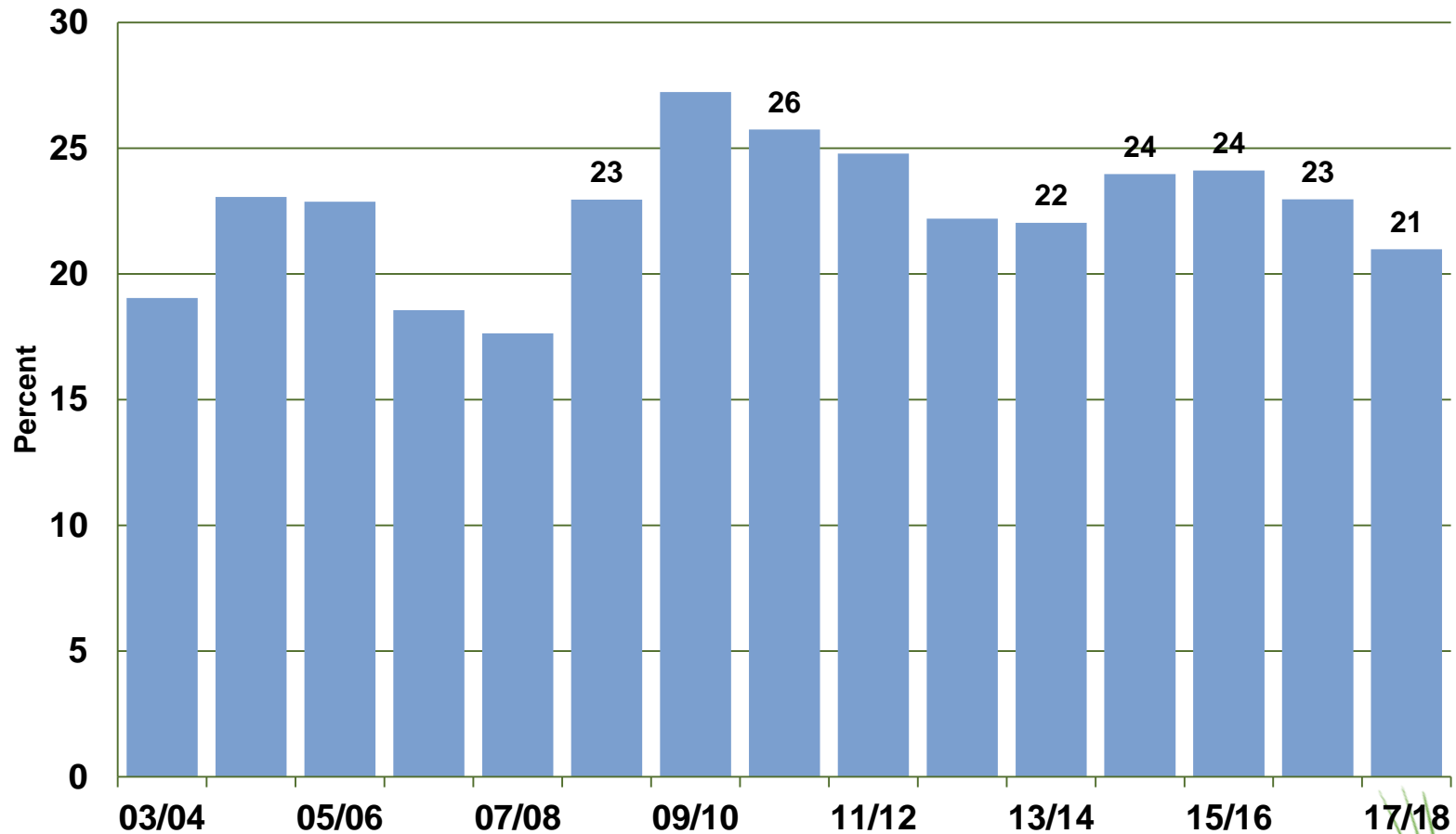
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

Global Stocks*-to-Use Ratio



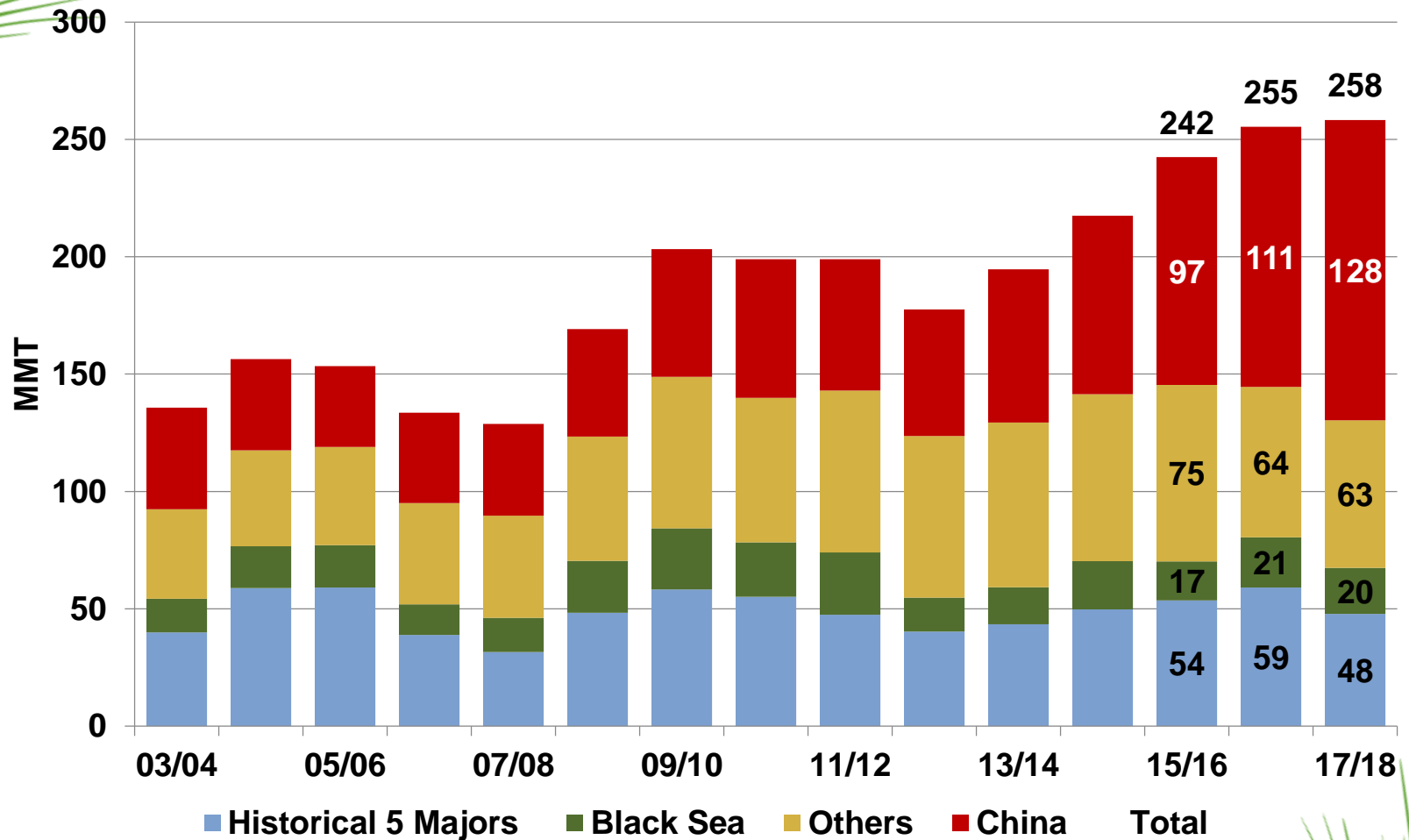
**Ending stocks*

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



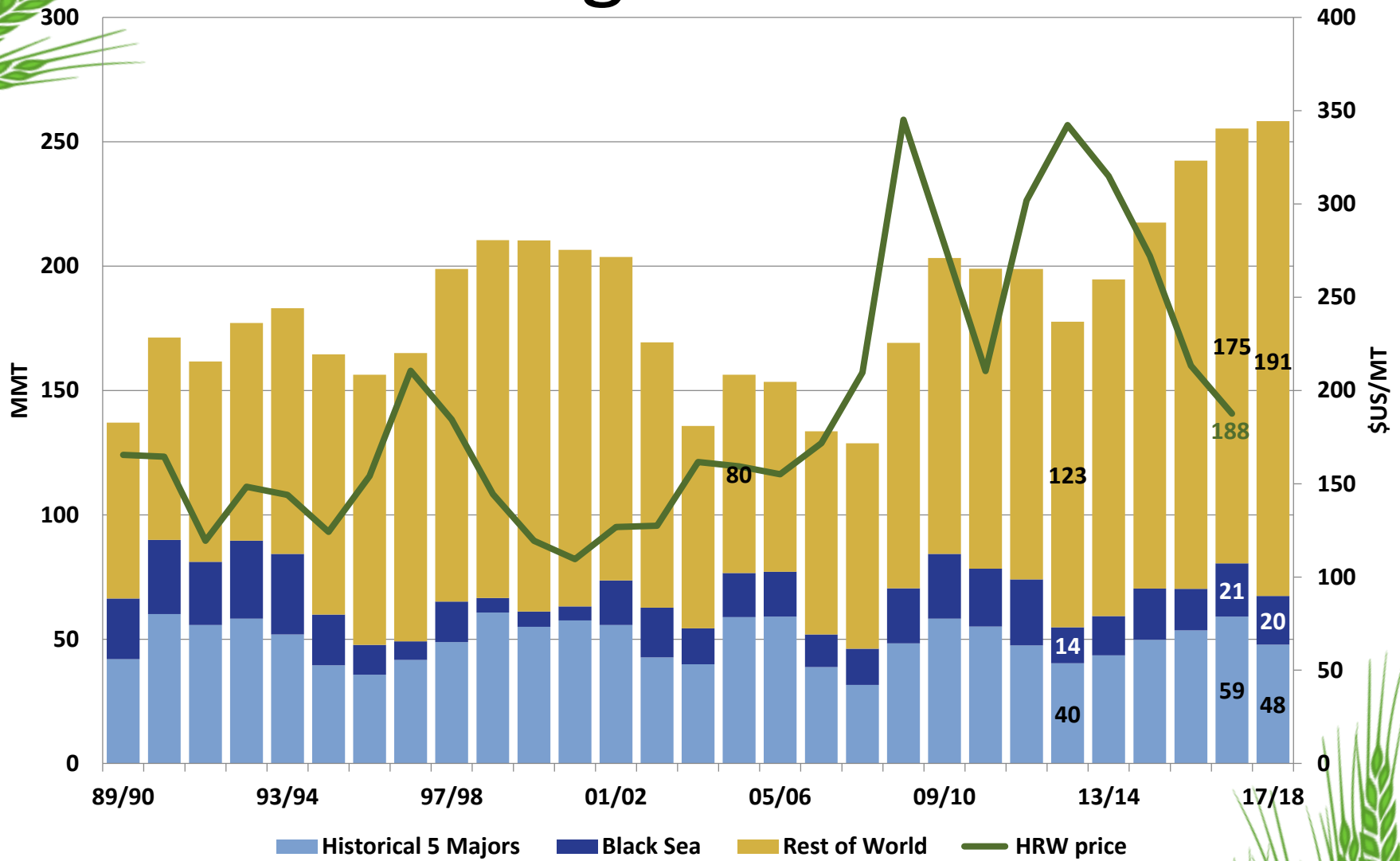
*Ending stocks

World Ending Stocks



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

Global Ending Stocks and Price

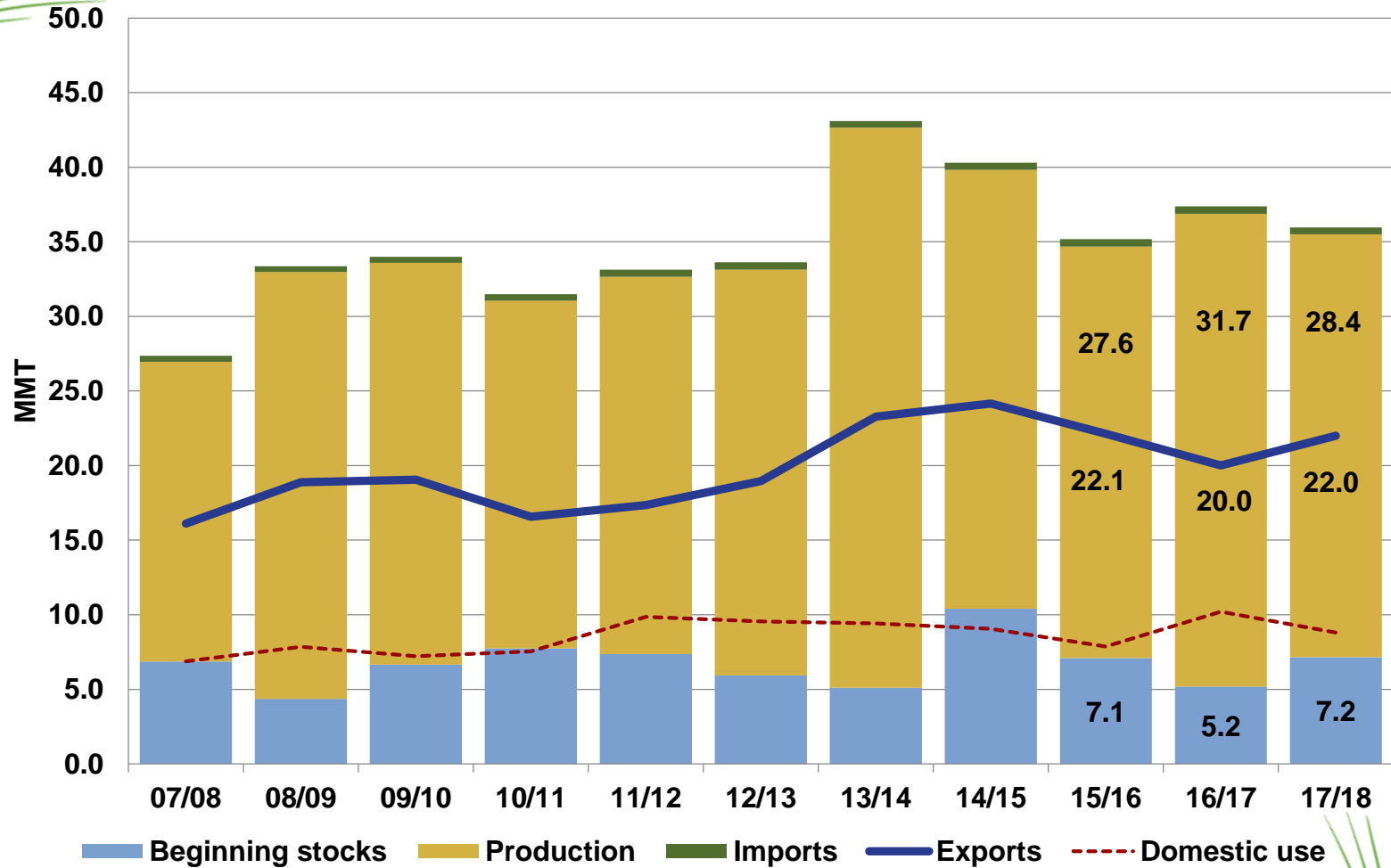


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

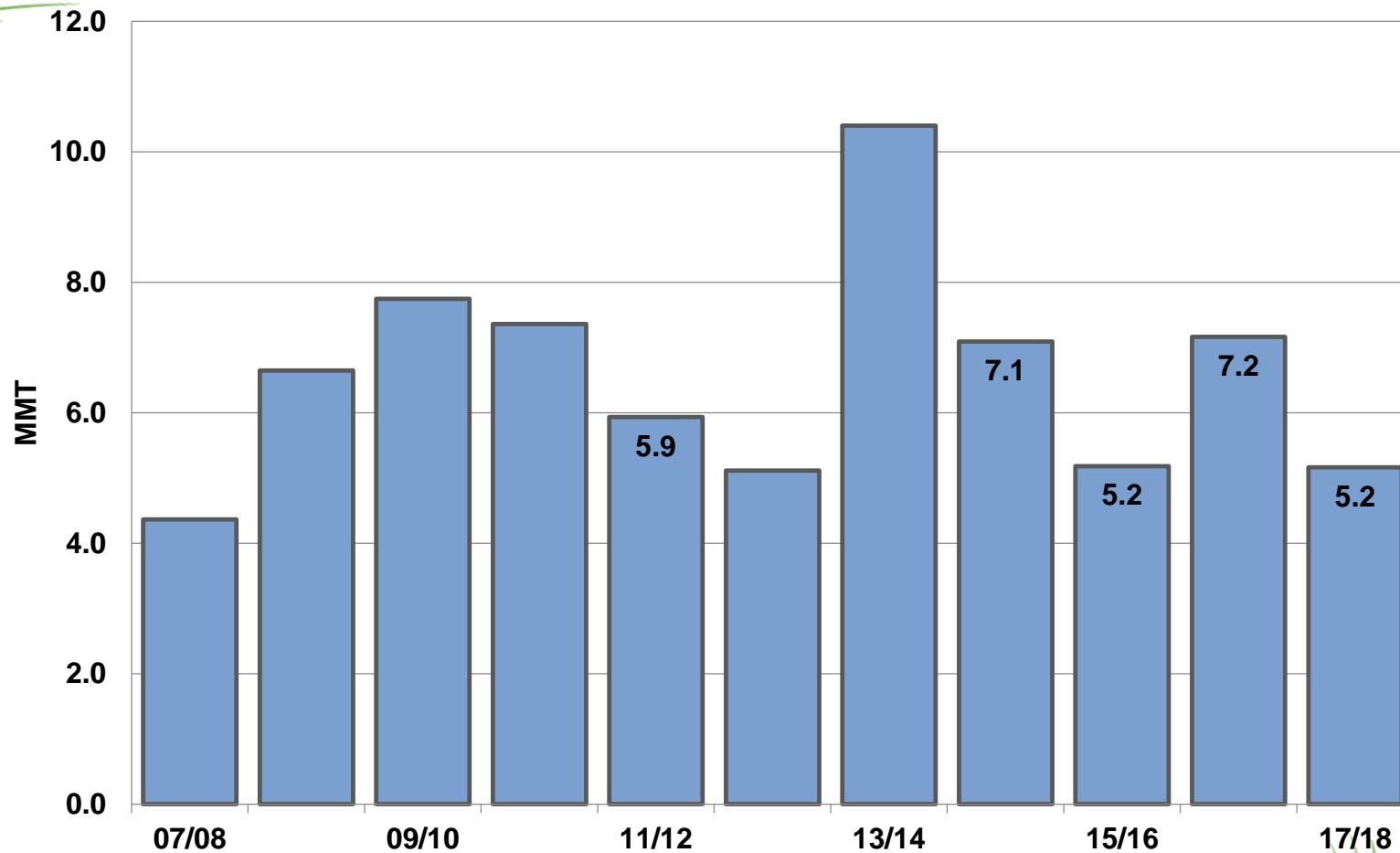


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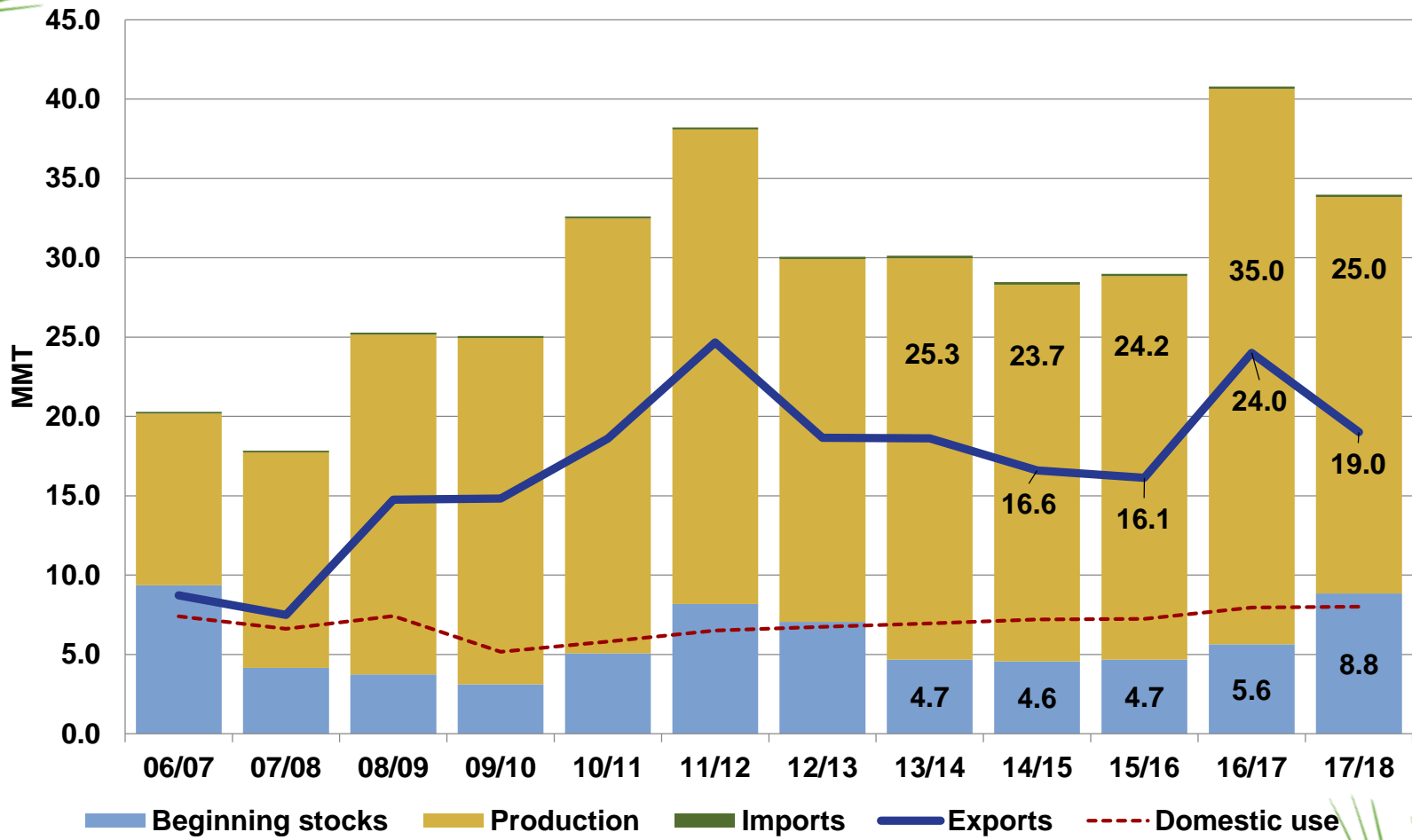
Canada Situation



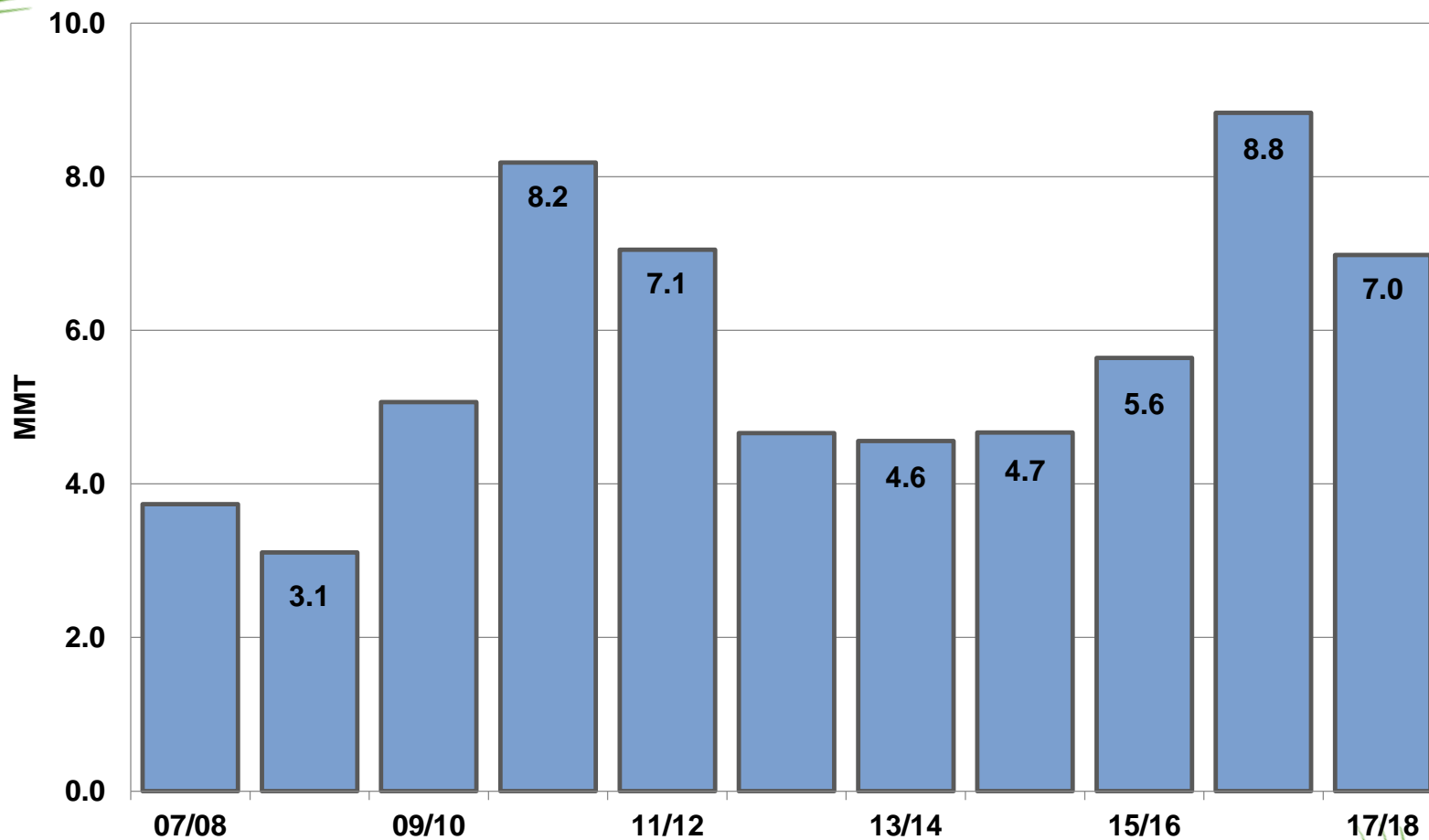
Canada Ending Stocks



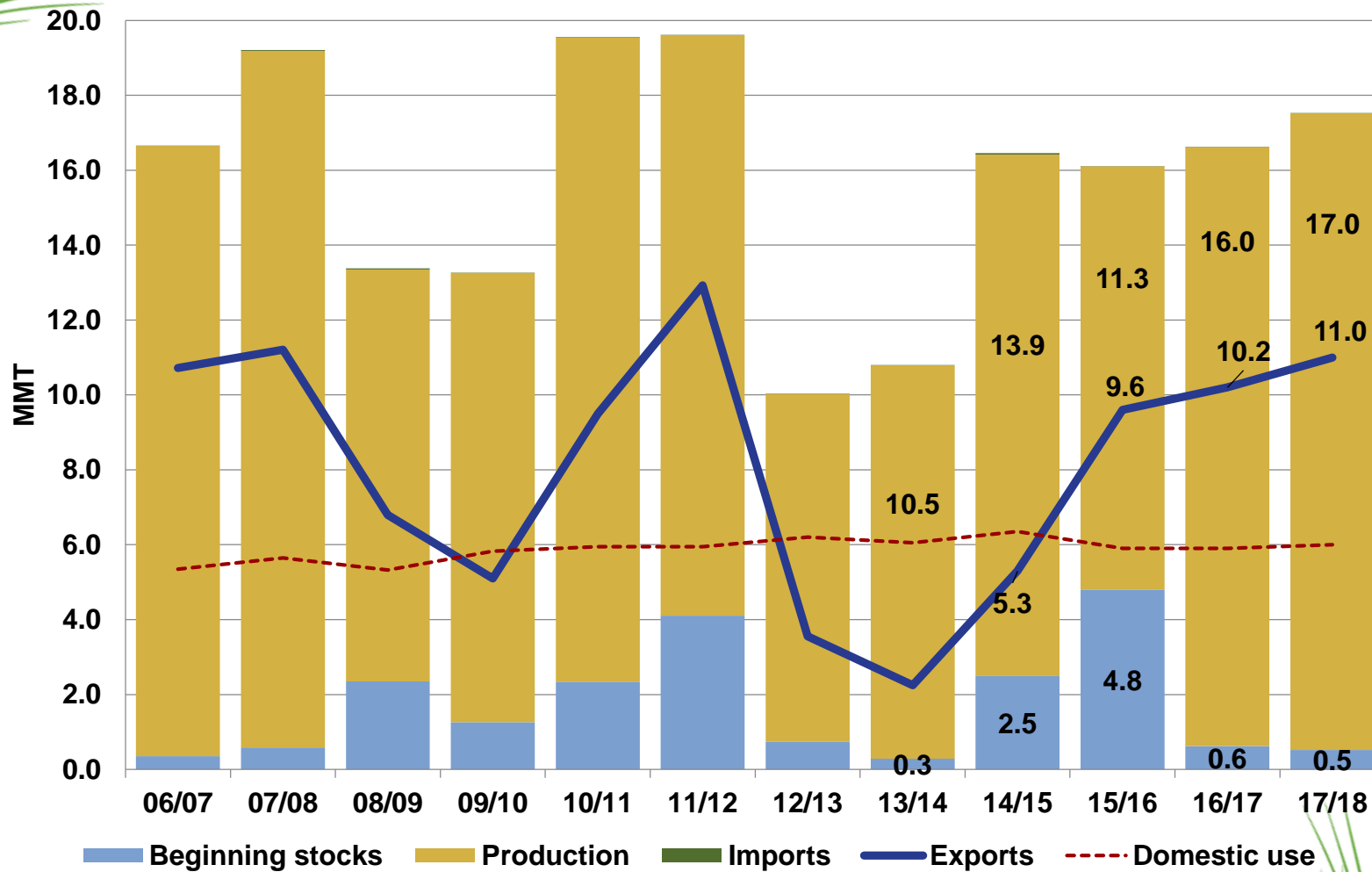
Australia Situation



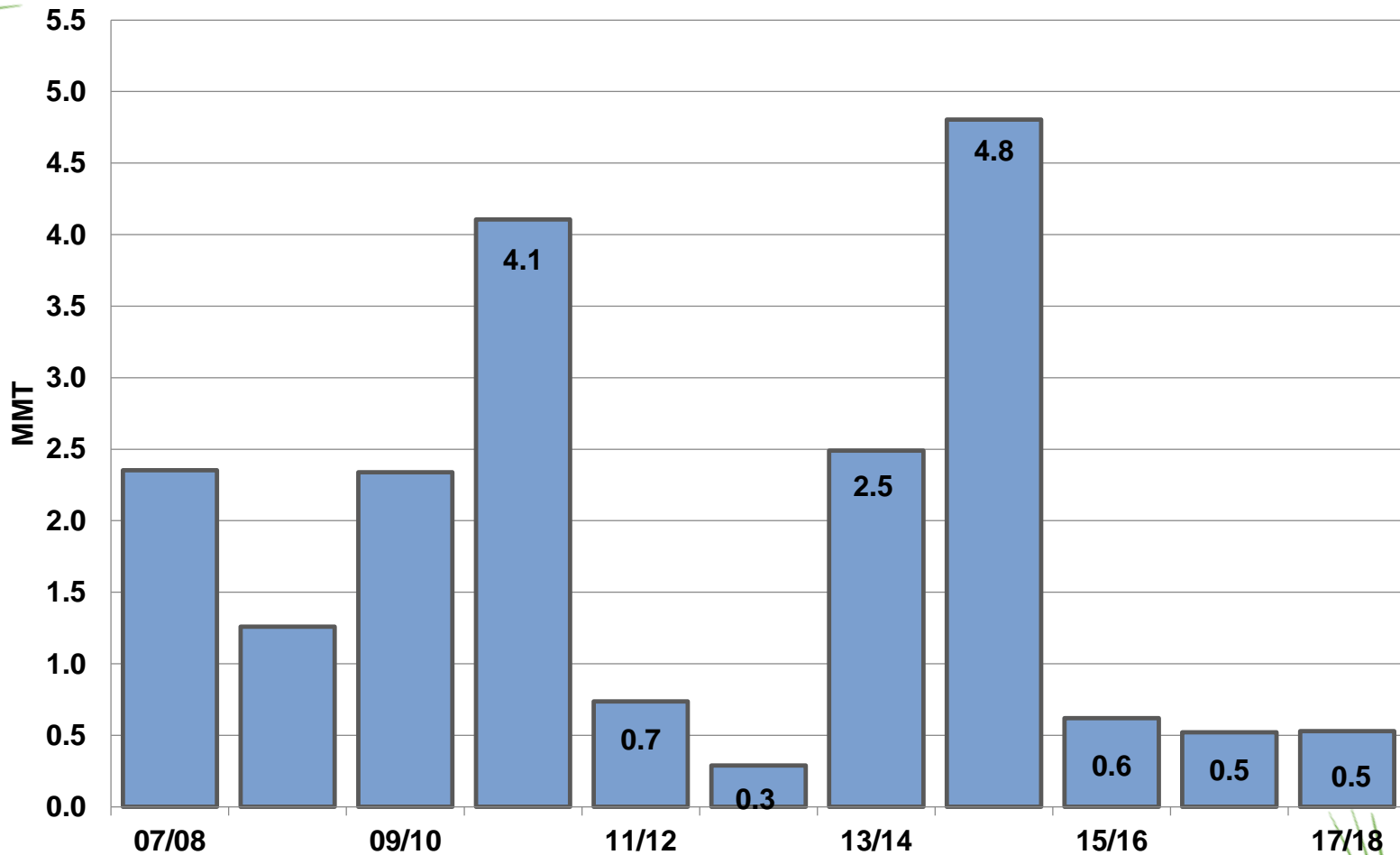
Australia Ending Stocks



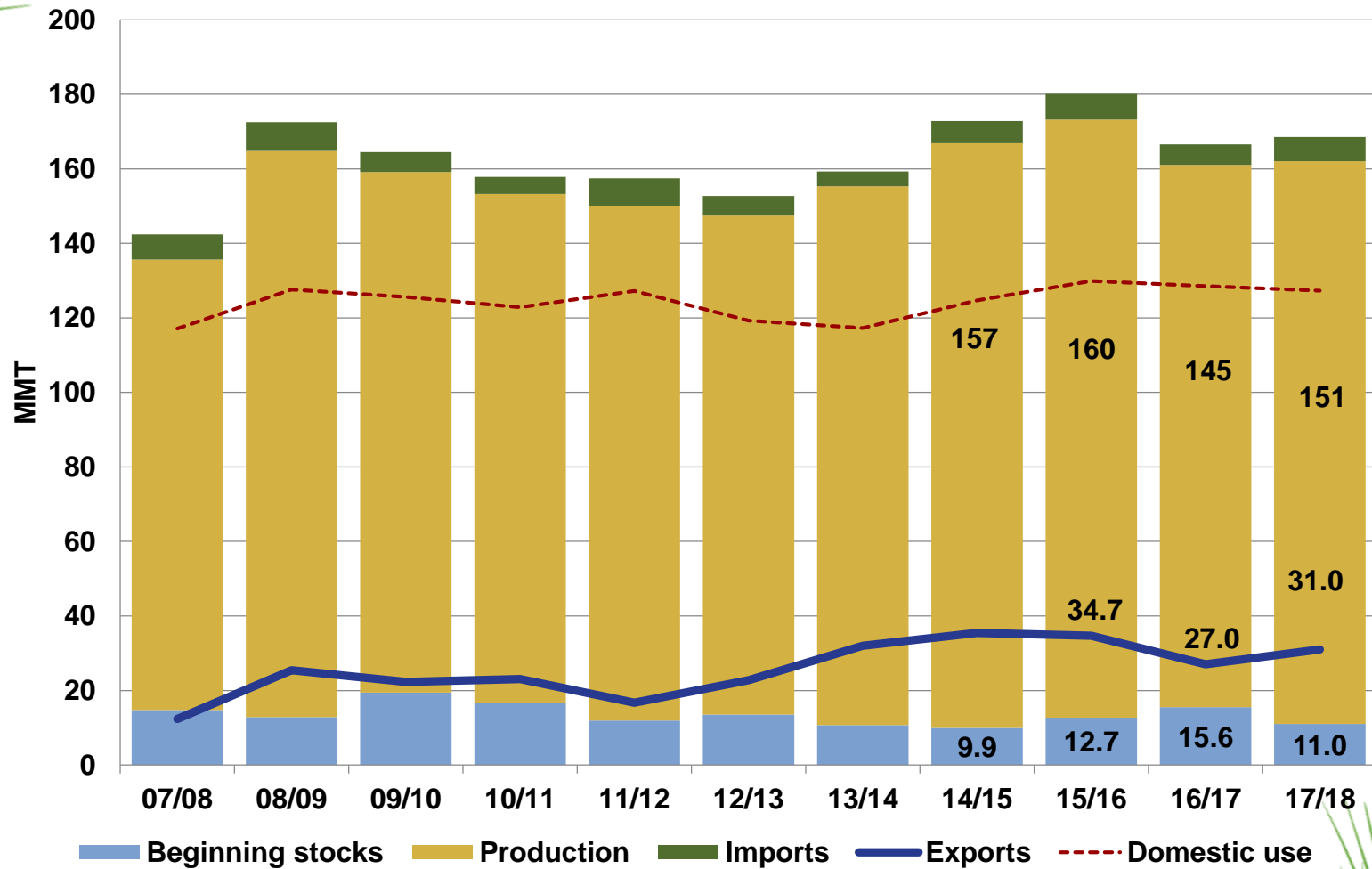
Argentina Situation



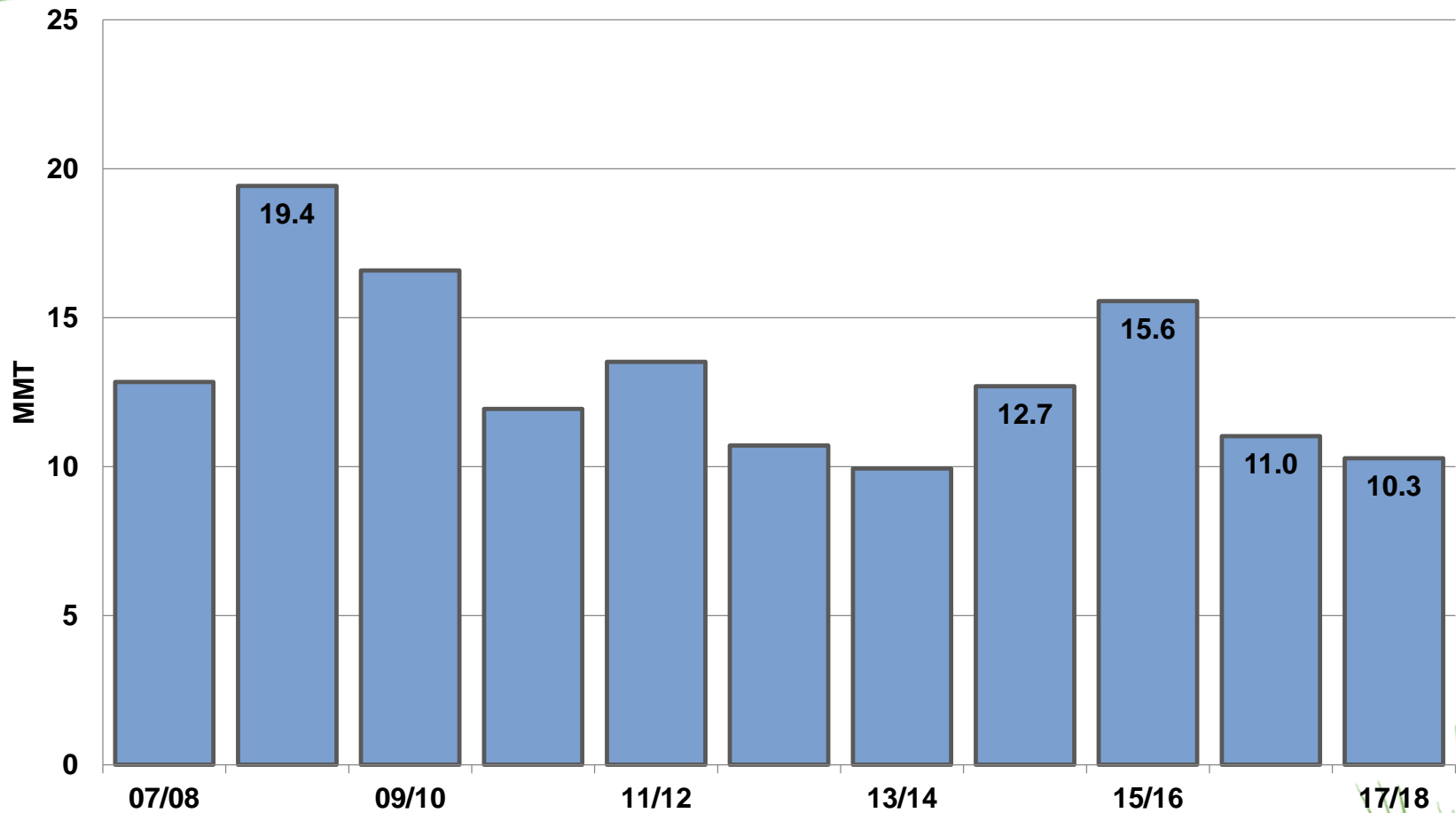
Argentina Ending Stocks



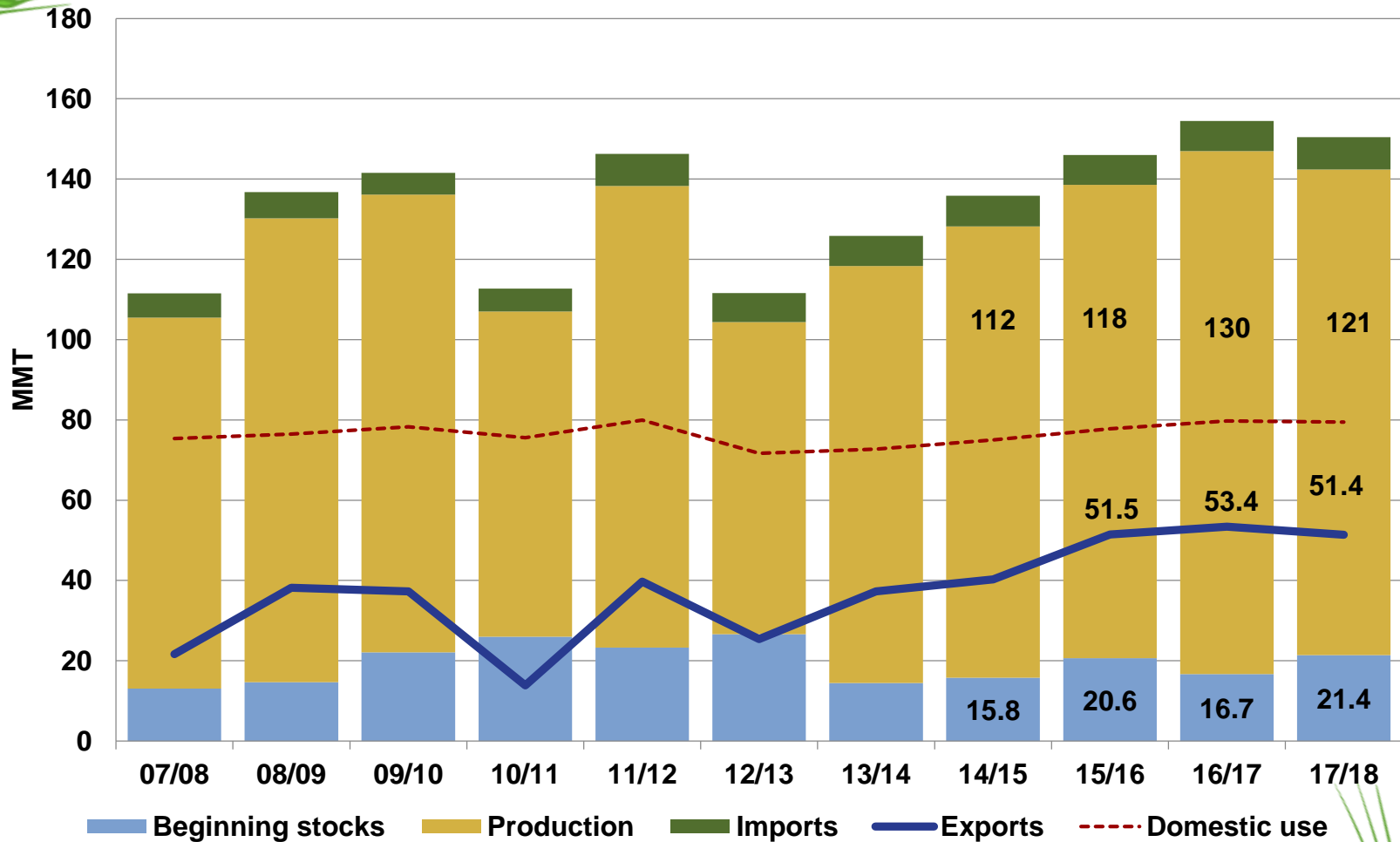
EU-27 Situation



EU-27 Ending Stocks

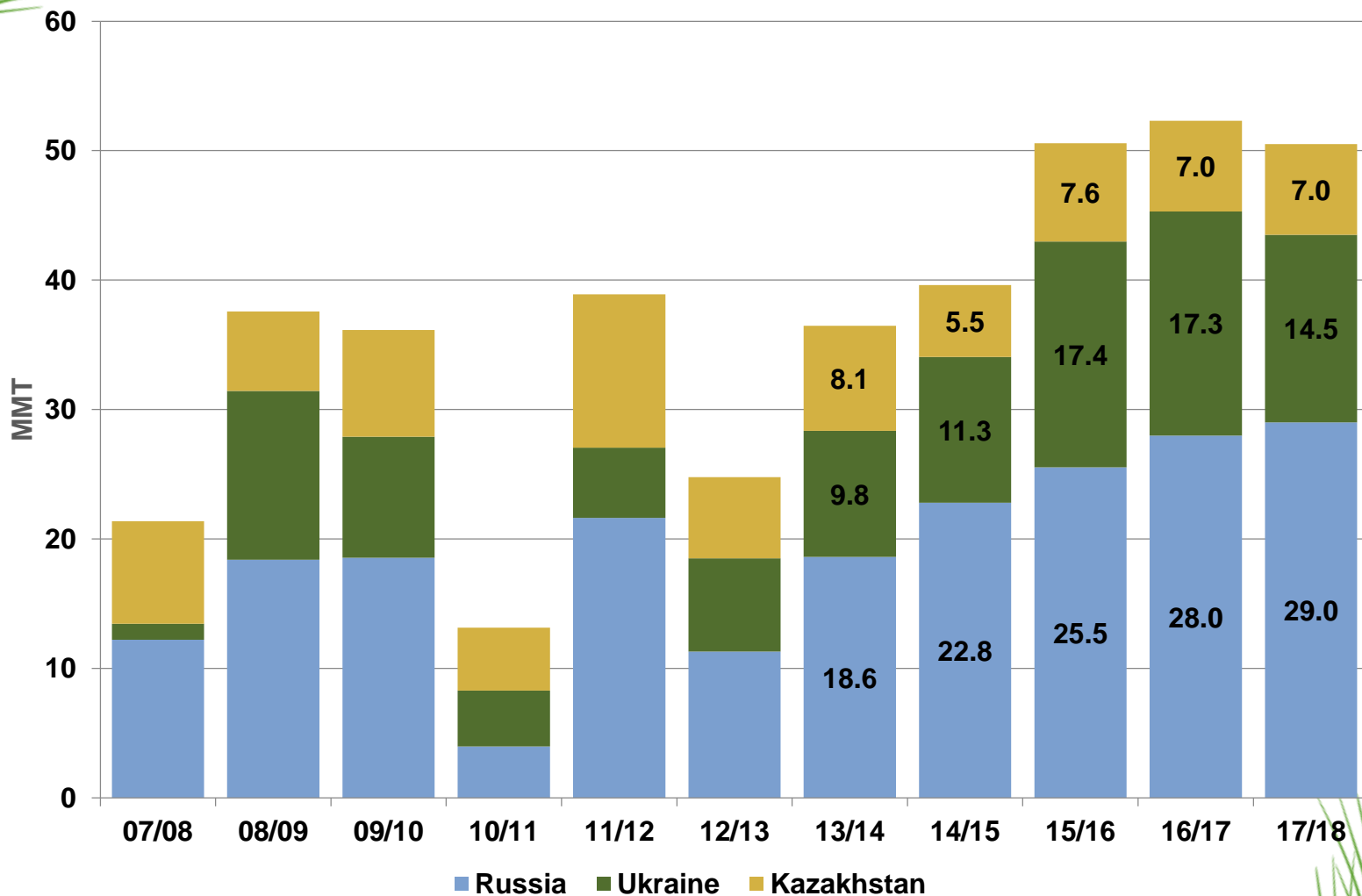


Black Sea Region Situation

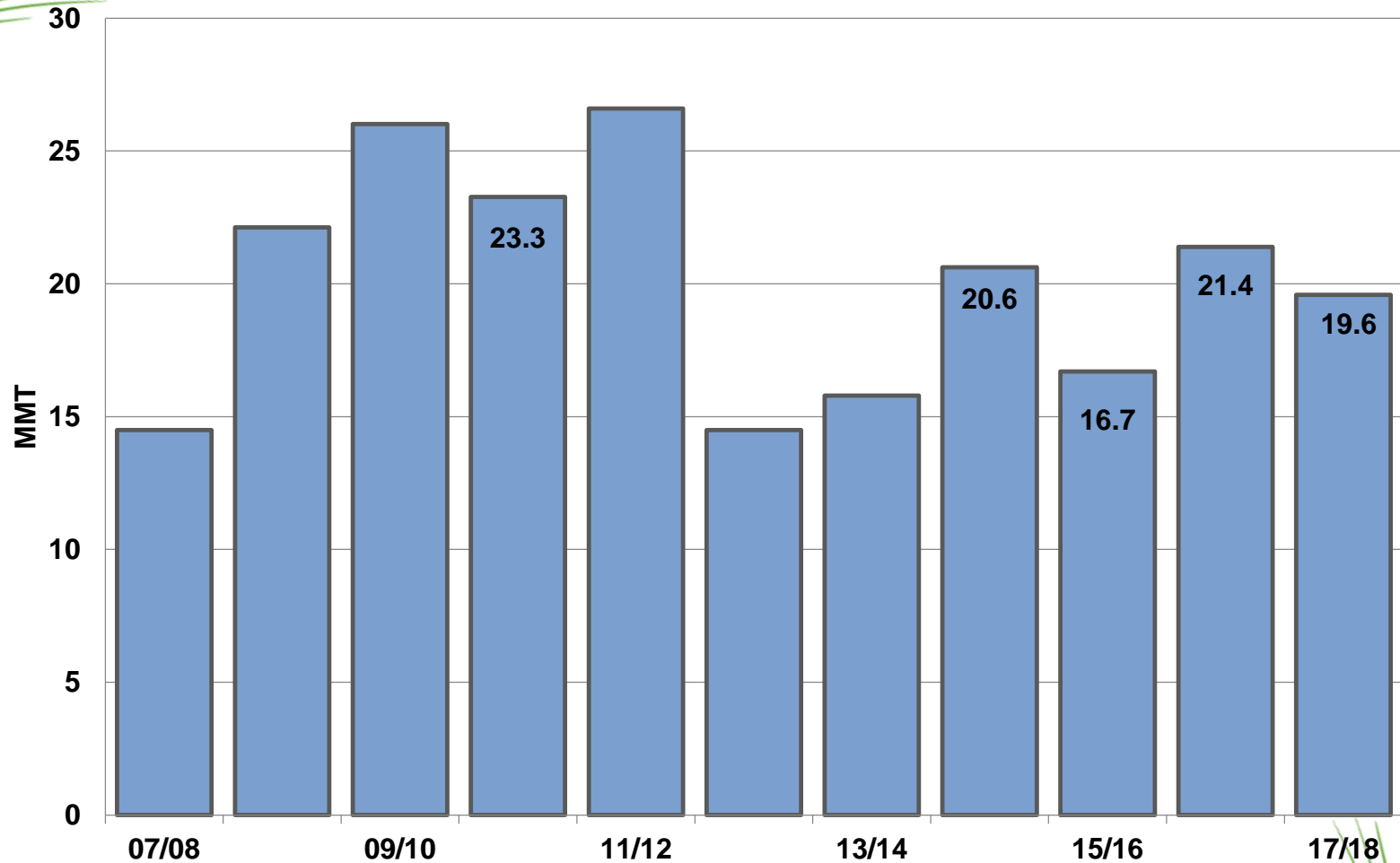


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

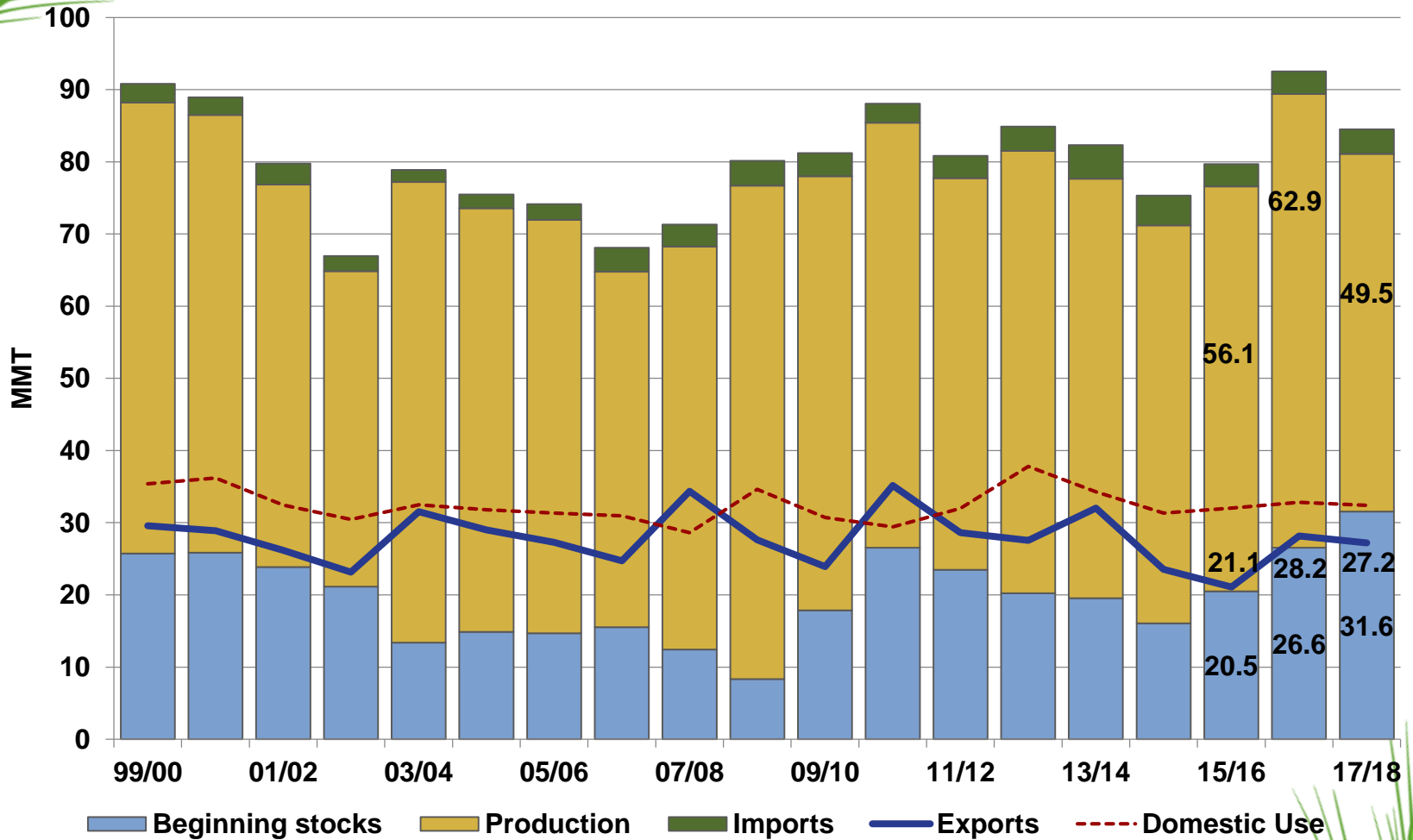
Black Sea Exports



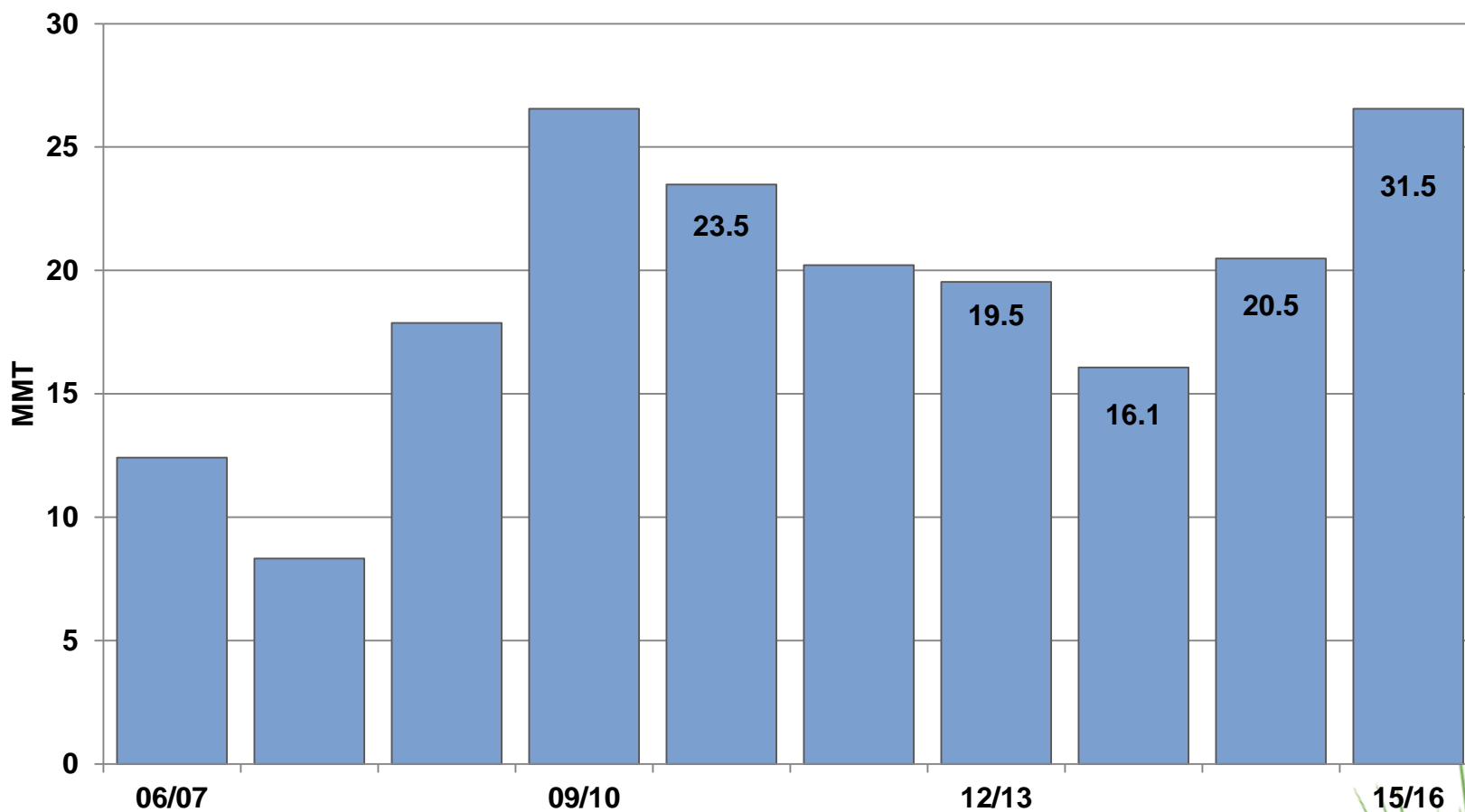
Black Sea Ending Stocks



U.S. Situation



U.S. Ending Stocks



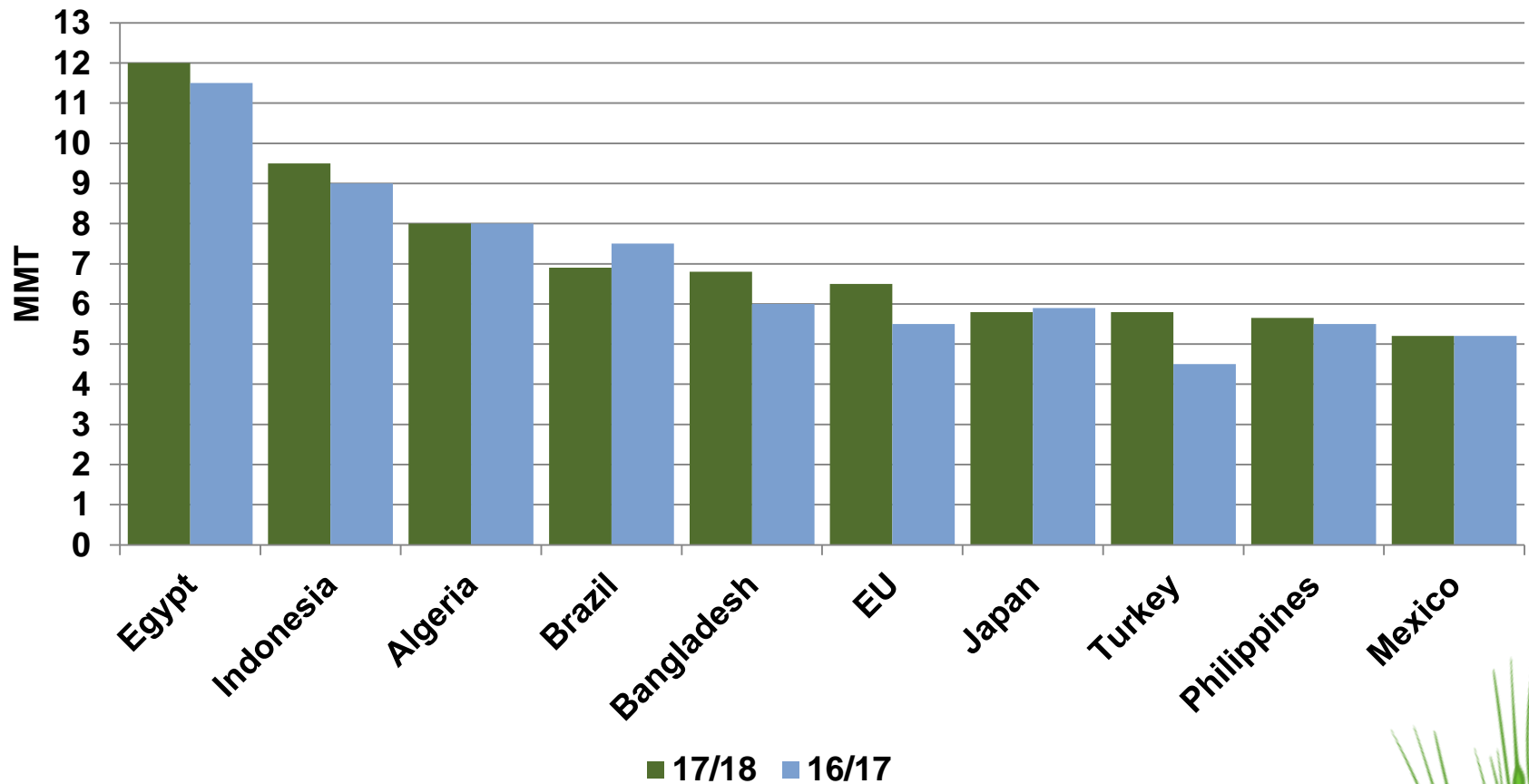
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



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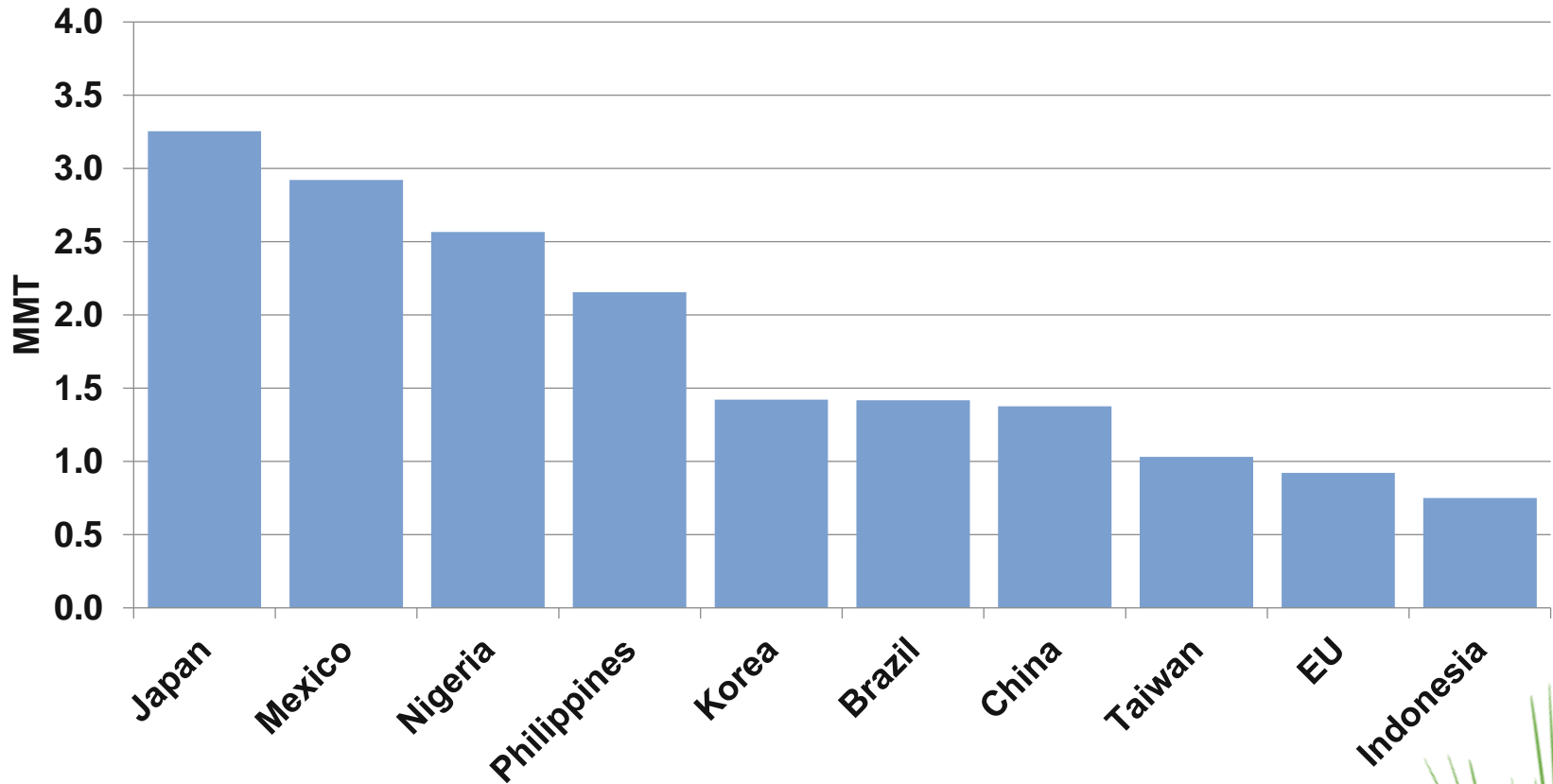
Major World Wheat Importers

(from all origins)



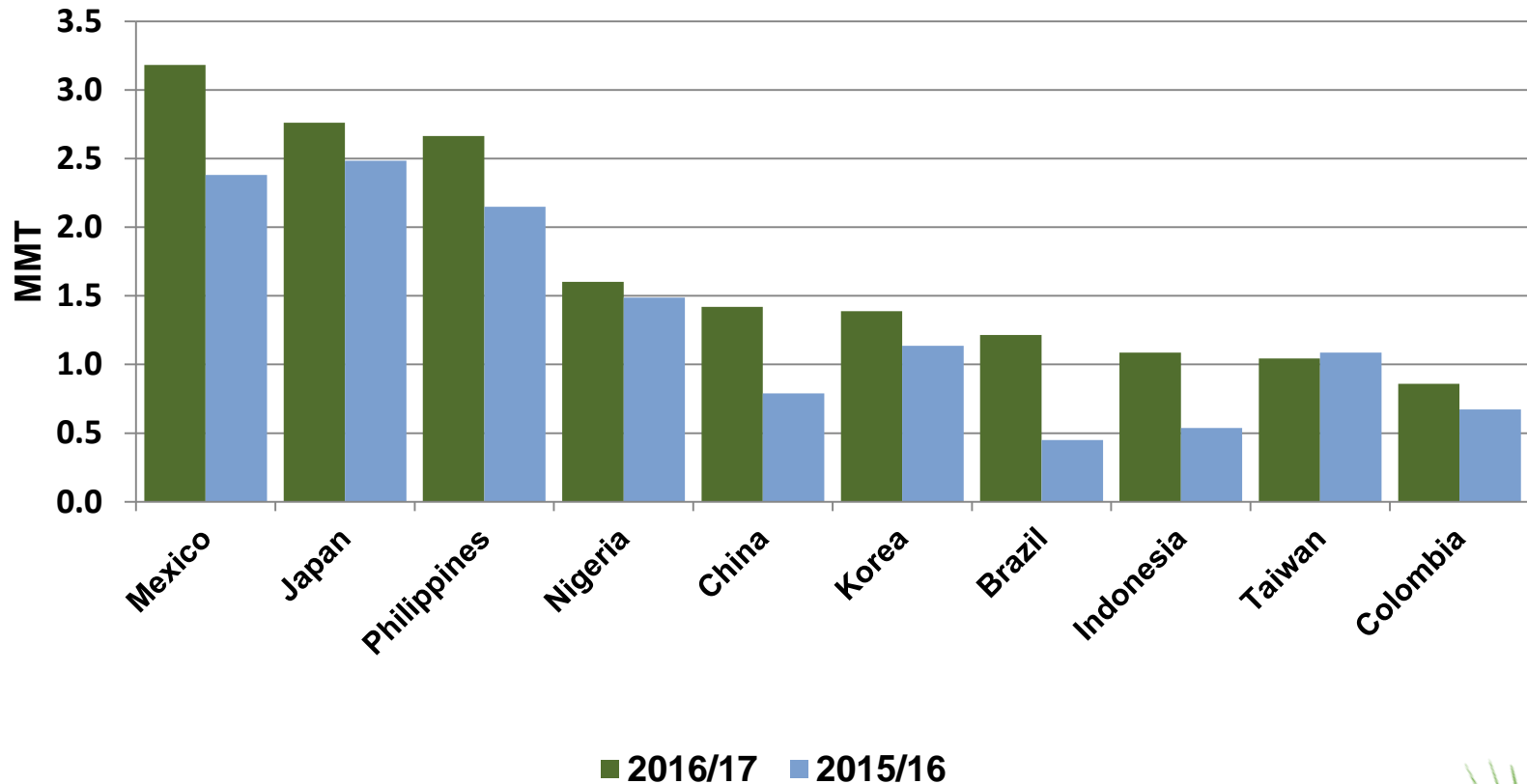
Top 10 Customers for U.S. Wheat

5-year average



Top 10 Customers for U.S. Wheat

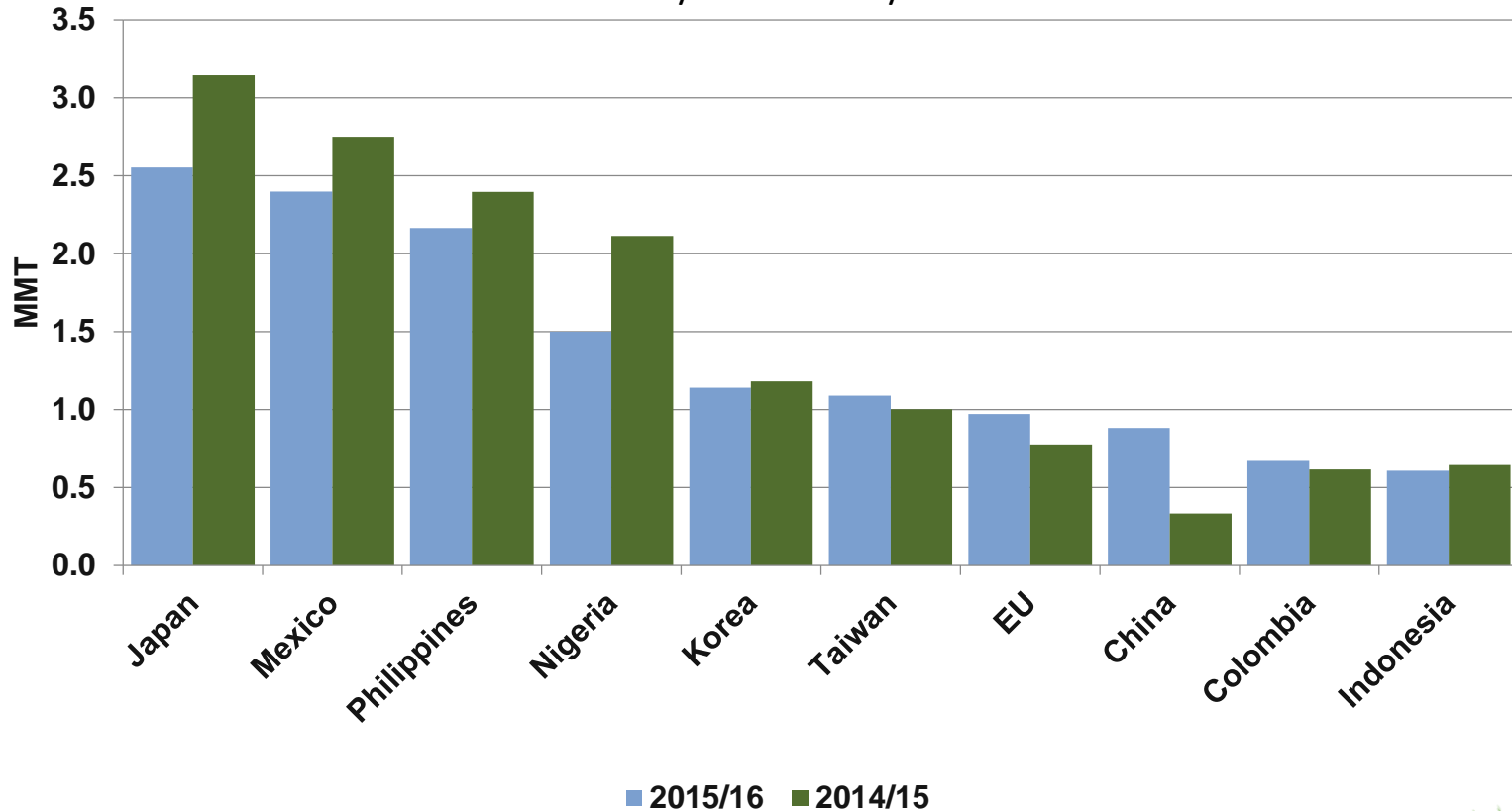
2016/17 vs. 2015/16



Source: USDA FAS export sales report May 4, 2017.

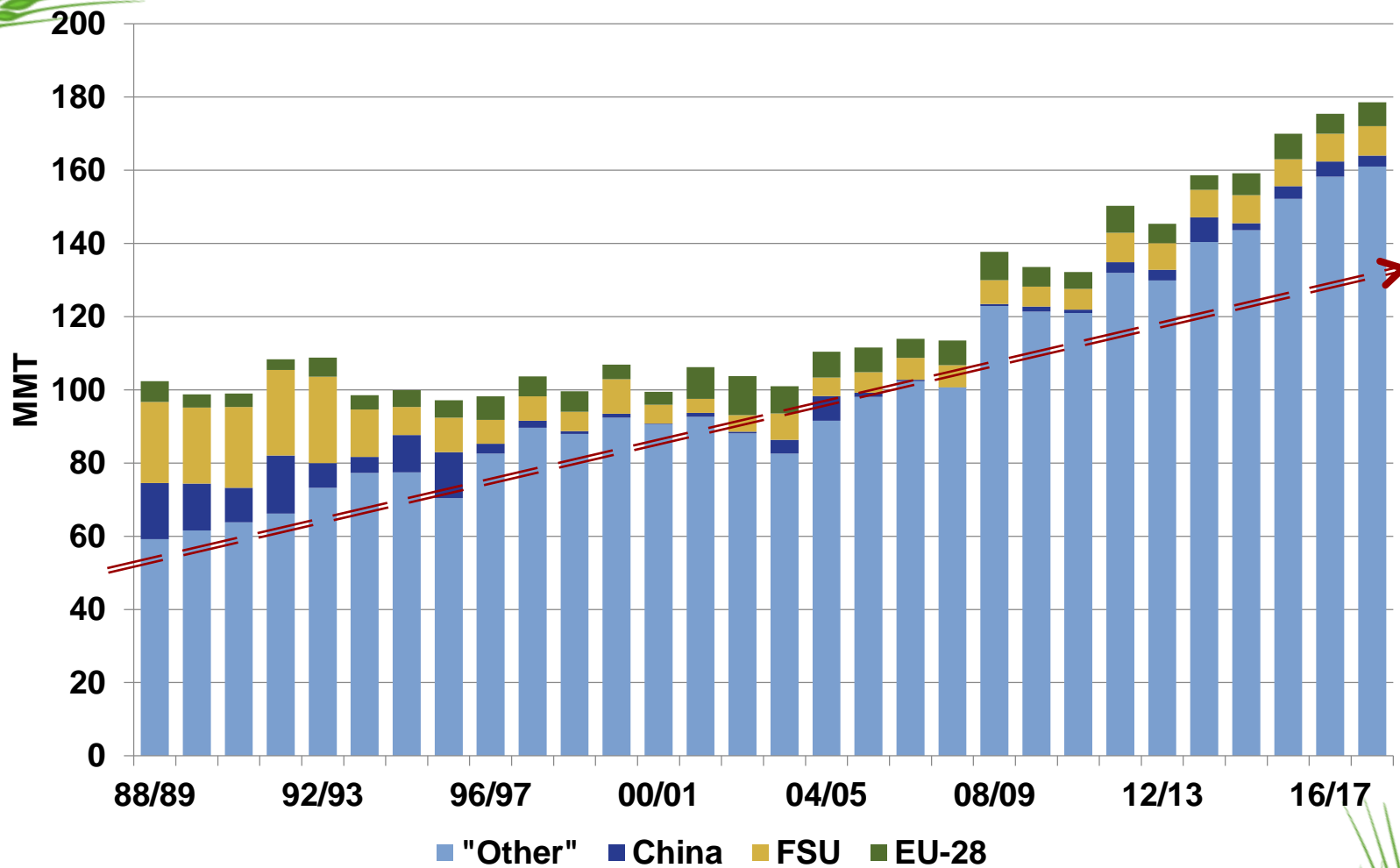
Top 10 Customers for U.S. Wheat

2015/16 vs. 2014/15



Source: USDA FAS export sales report May 4, 2017.

World Wheat Imports



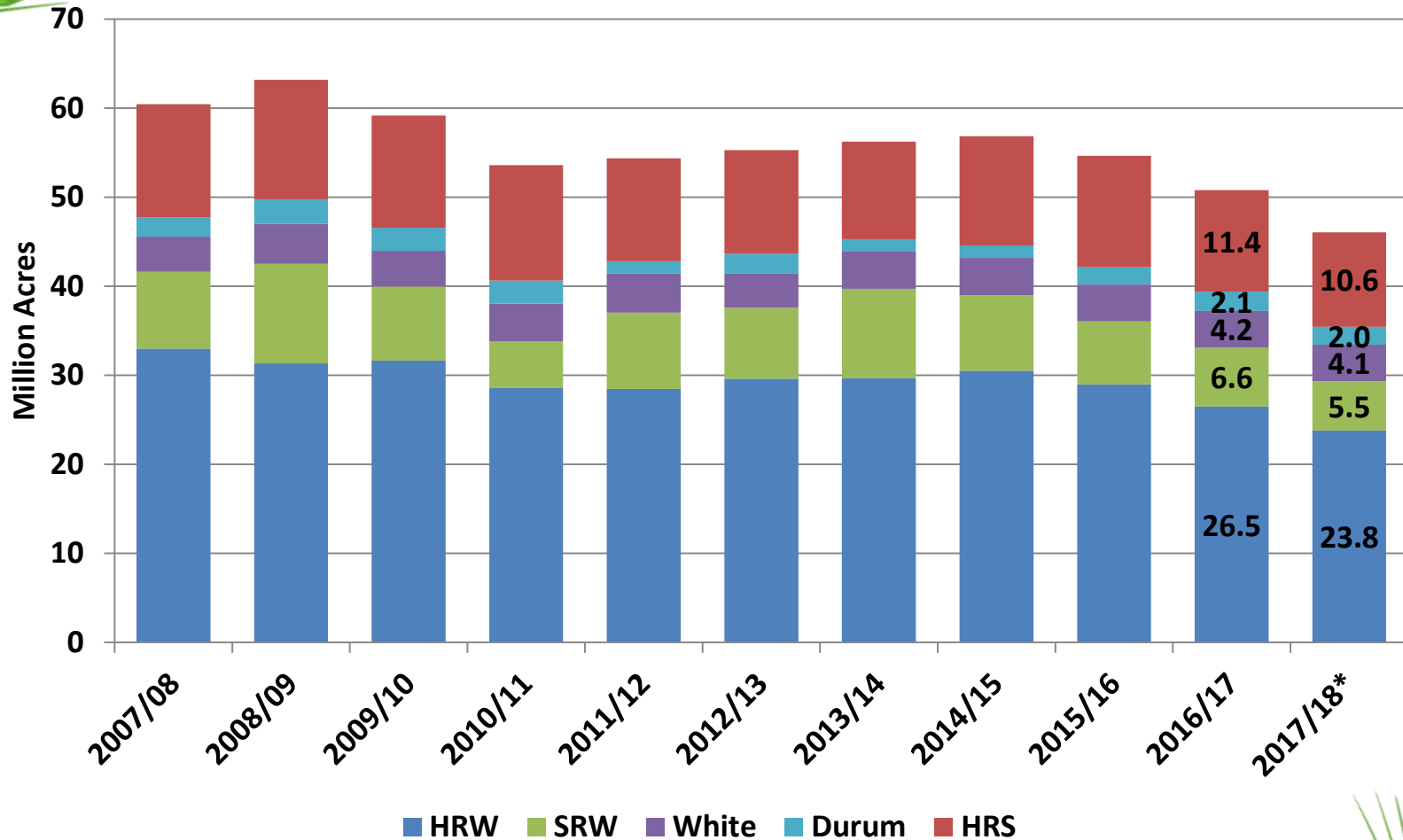
Trend in "other" importers denoted (—▶)

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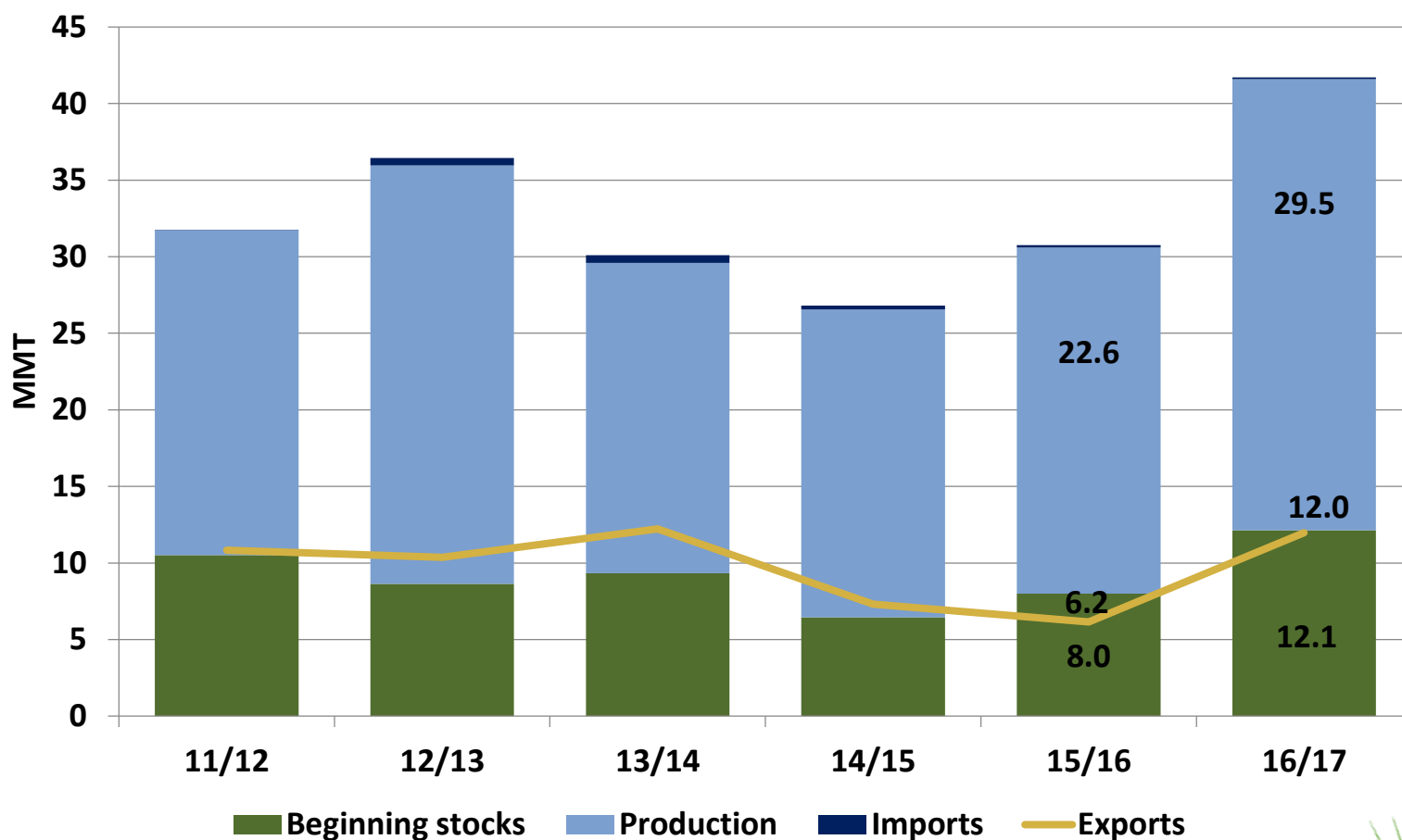
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U.S. Wheat Plantings by Class



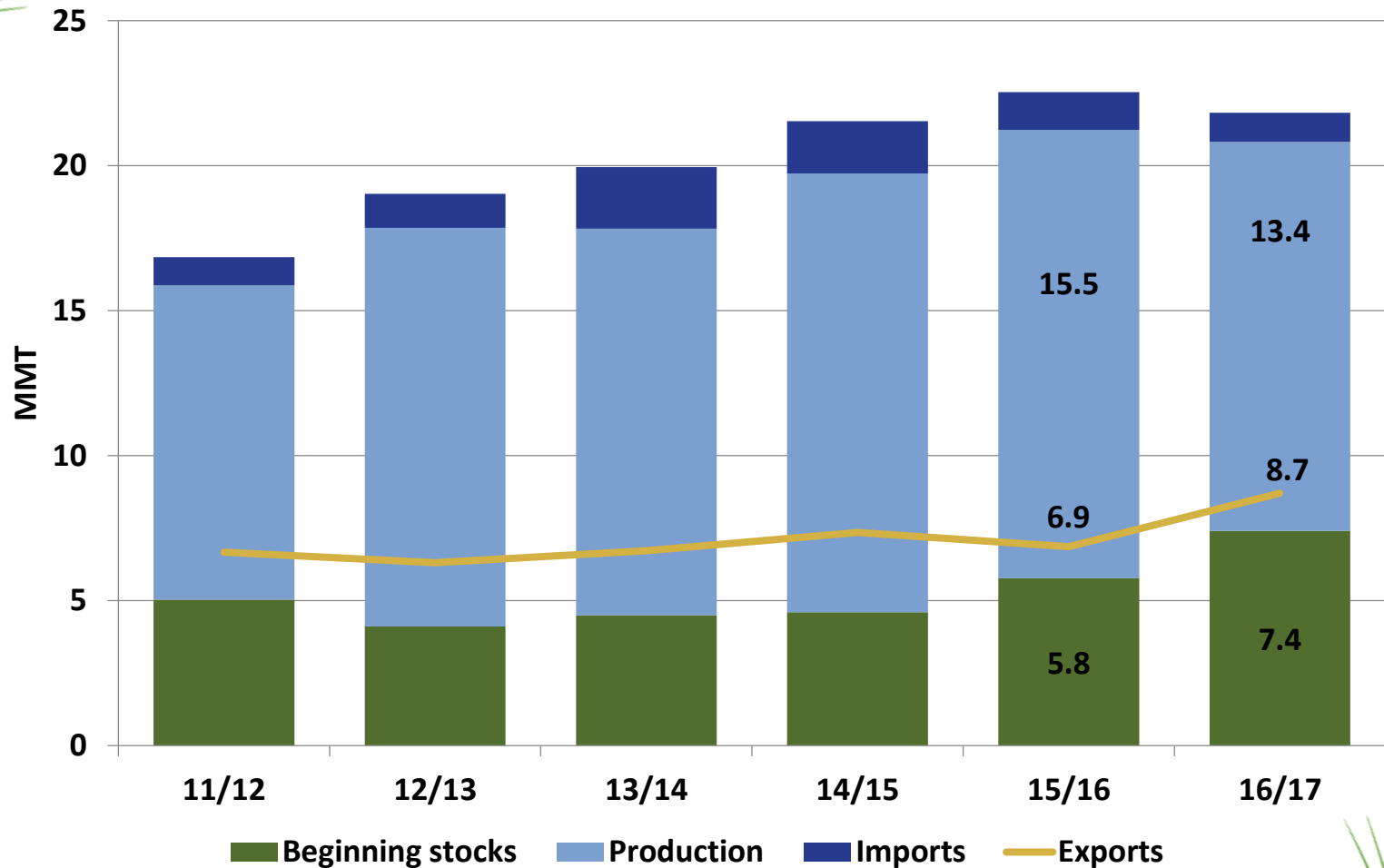
*Source: USDA Prospective Plantings Report, March 31, 2017

U.S. Hard Red Winter



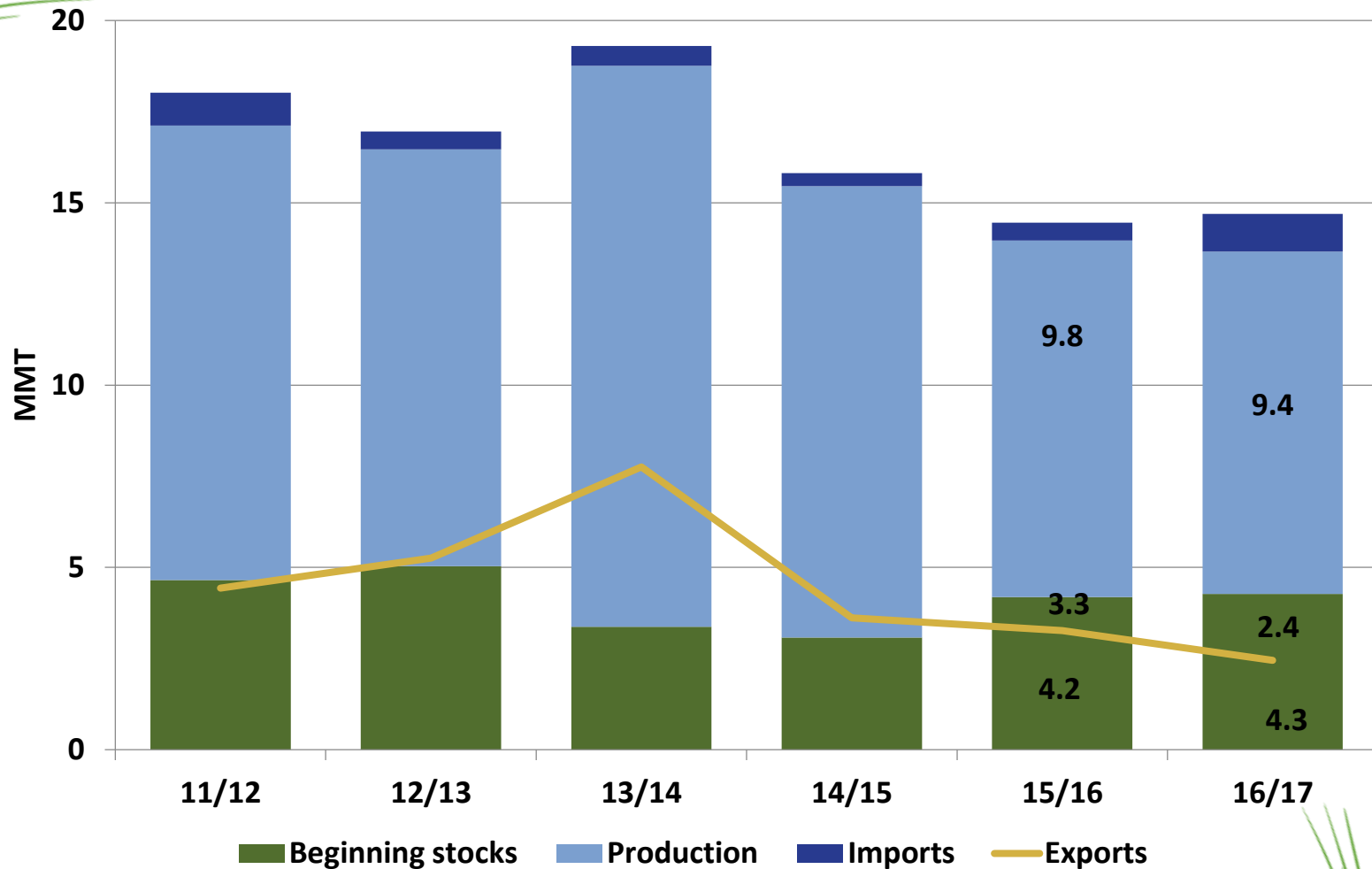
USDA will release wheat by class projections for 2017/18 in the July 12, 2017 WASDE.

U.S. Hard Red Spring



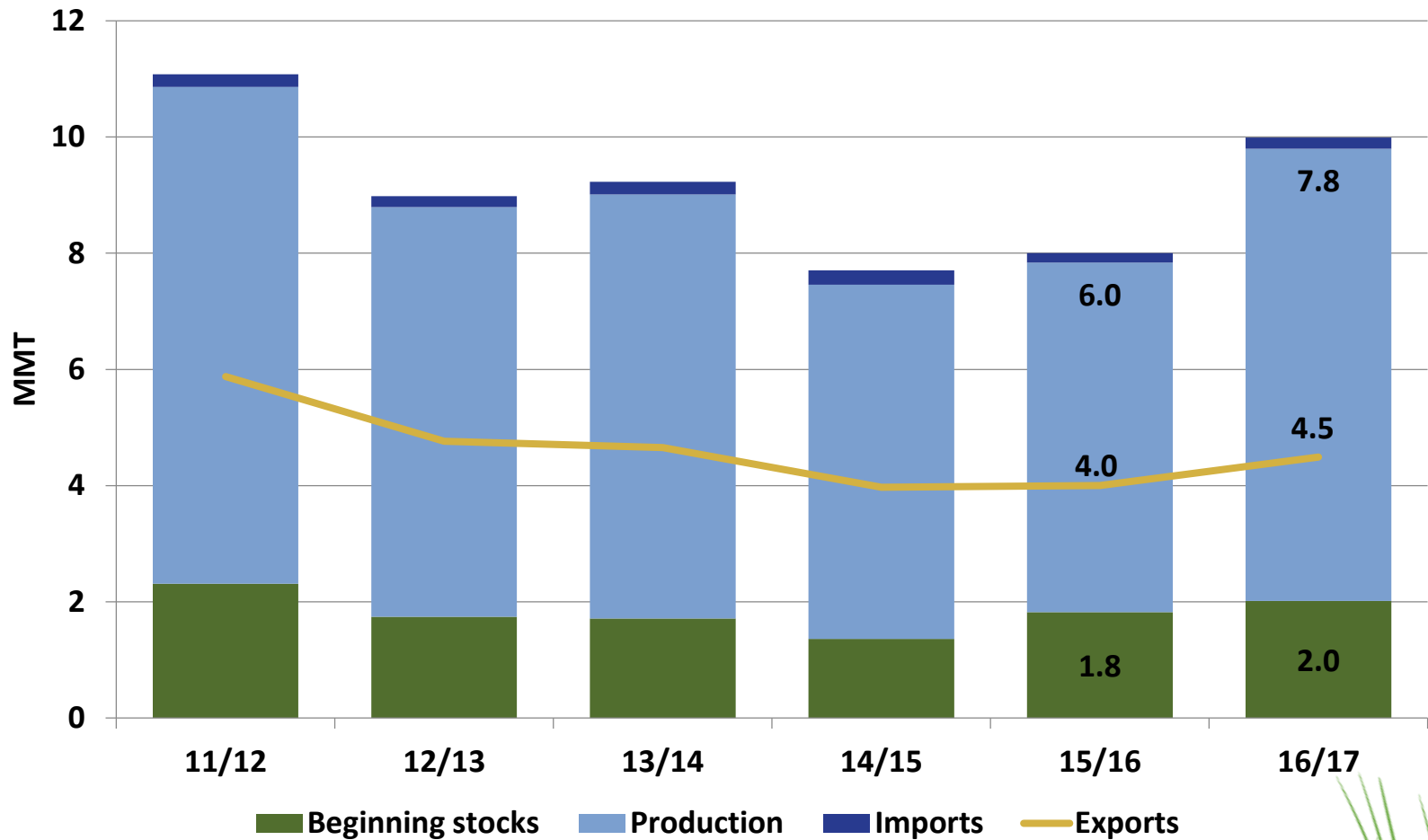
USDA will release wheat by class projections for 2017/18 in the July 12, 2017 WASDE.

U.S. Soft Red Winter



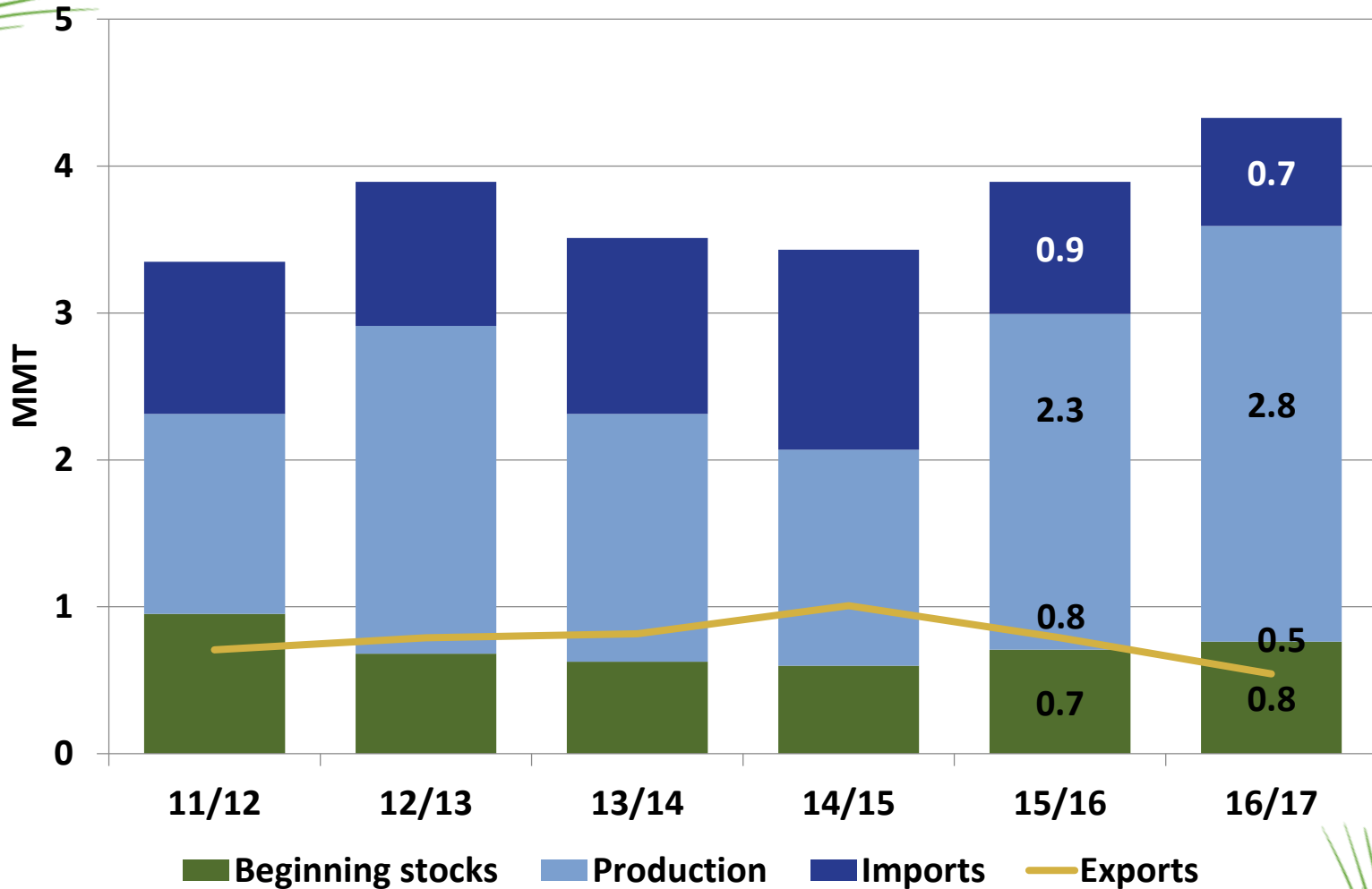
USDA will release wheat by class projections for 2017/18 in the July 12, 2017 WASDE.

U.S. White



USDA will release wheat by class projections for 2017/18 in the July 12, 2017 WASDE.

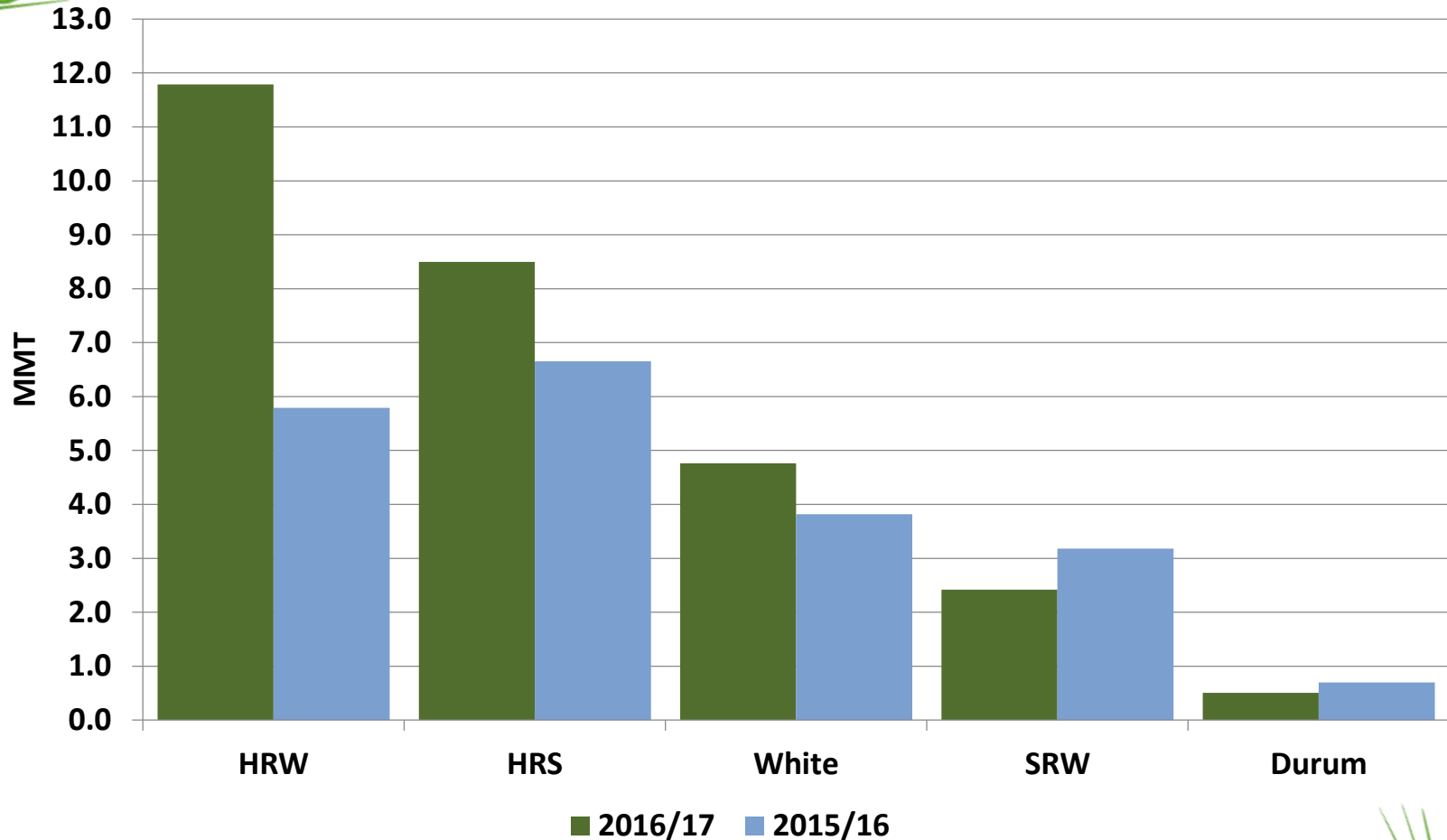
U.S. Durum



USDA will release wheat by class projections for 2017/18 in the July 12, 2017 WASDE.

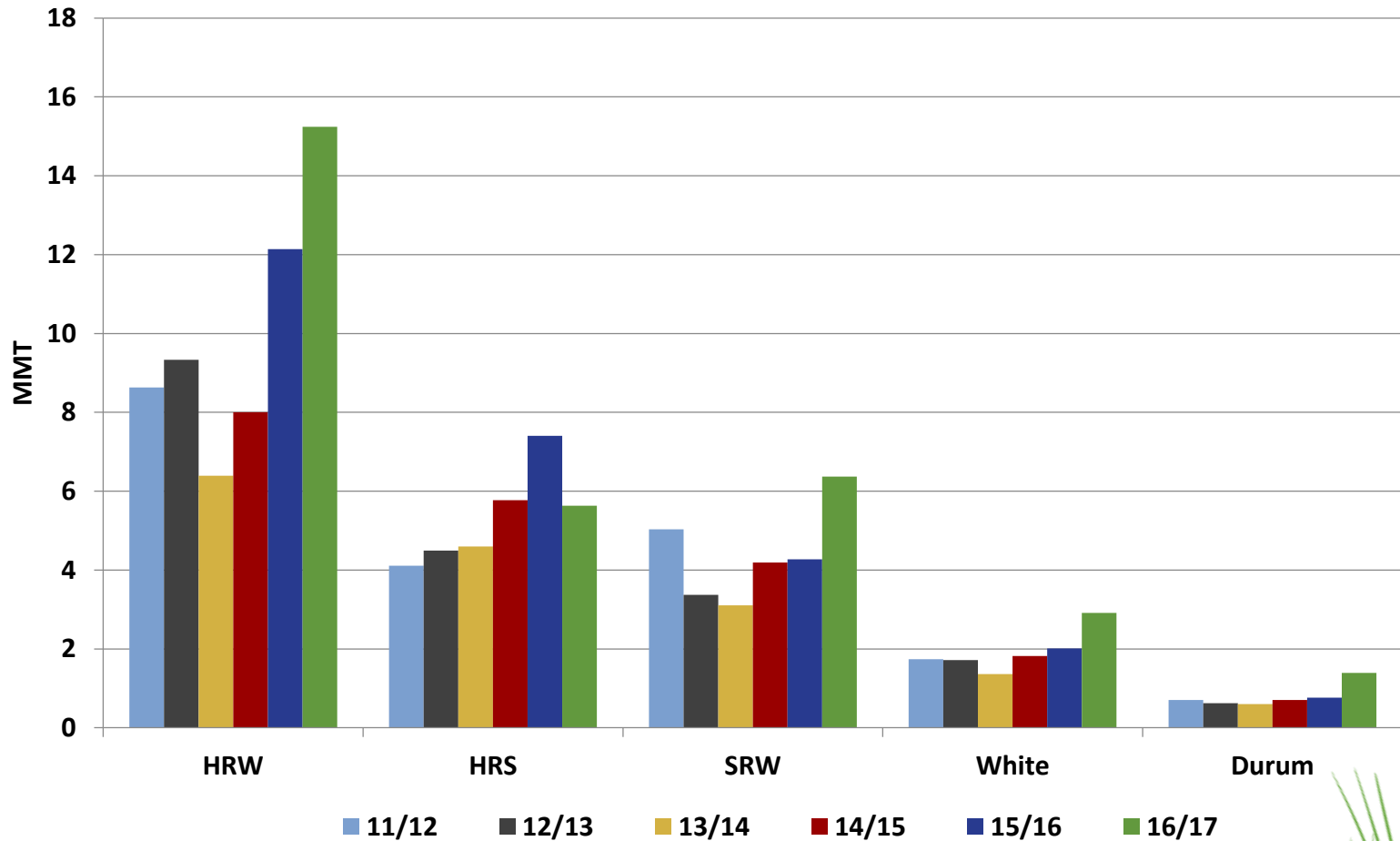
U.S. Wheat Sales by Class

(year-to-date)



Source: USDA FAS export sales report May 4, 2017.

U.S. Wheat Ending Stocks by Class



U.S. Wheat Supply and Demand

| | HRW | | HRS | | SRW | |
|------------------|------------|-------------|------------|------------|------------|------------|
| | 15/16 | 16/17 | 15/16 | 16/17 | 15/16 | 16/17 |
| | MMT | | | | | |
| Beginning Stocks | 8.0 | 12.1 | 5.8 | 7.4 | 4.2 | 4.3 |
| Production | 22.6 | 29.5 | 15.5 | 13.4 | 9.8 | 9.4 |
| Imports | <u>0.2</u> | <u>0.1</u> | <u>1.3</u> | <u>1.0</u> | <u>0.5</u> | <u>1.0</u> |
| Supply Total | 30.8 | 41.7 | 22.5 | 21.8 | 14.5 | 14.7 |
| Domestic Use | 12.5 | 14.5 | 8.3 | 7.5 | 6.9 | 5.9 |
| Exports | <u>6.2</u> | <u>12.0</u> | <u>6.9</u> | <u>8.7</u> | <u>3.3</u> | <u>2.4</u> |
| Use Total | 18.6 | 26.5 | 15.1 | 16.2 | 10.2 | 8.3 |
| Ending Stocks | 12.1 | 15.2 | 7.4 | 5.6 | 4.3 | 6.4 |
| Stocks-to-Use | 65% | 58% | 49% | 35% | 42% | 76% |

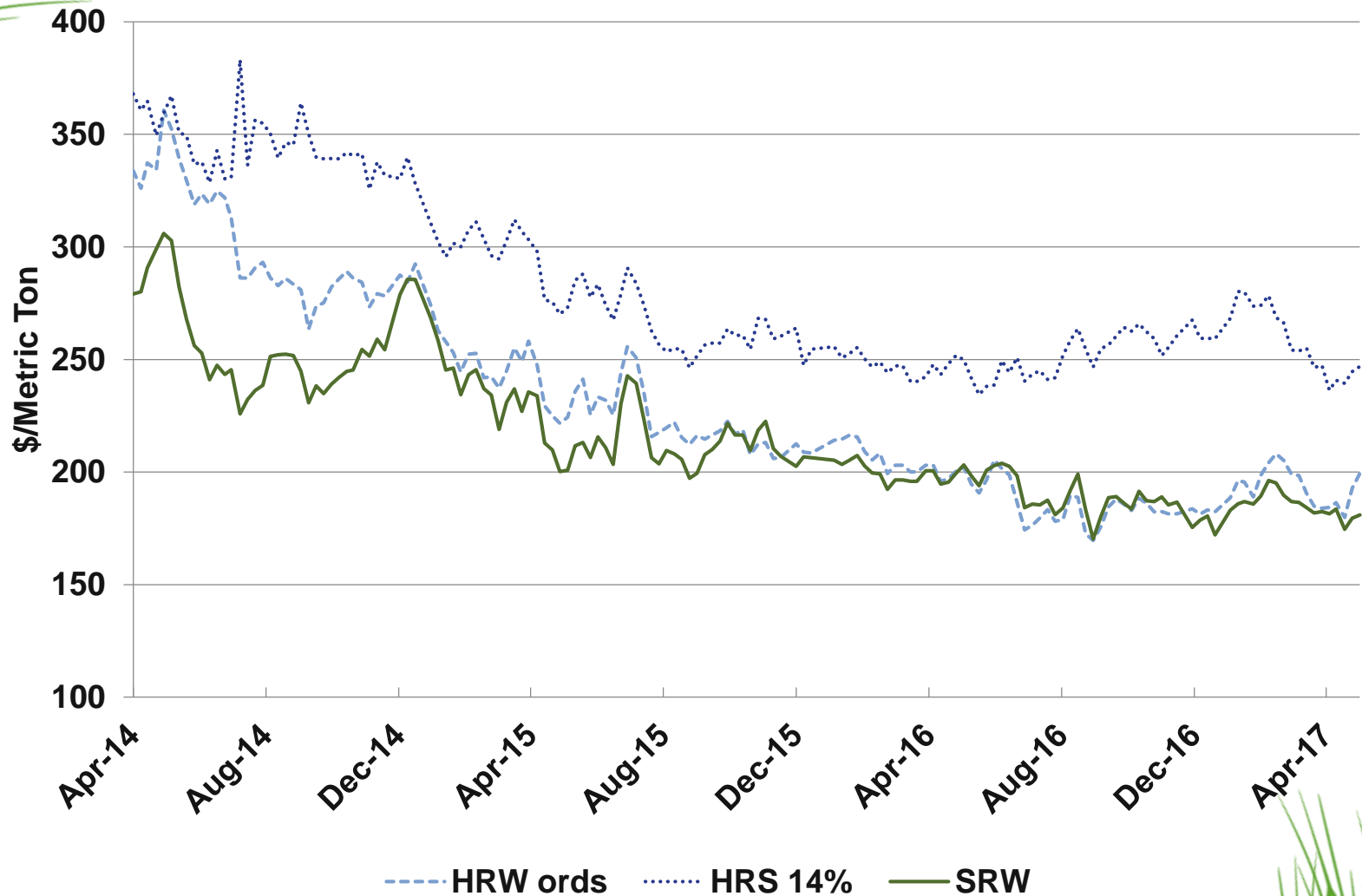
USDA will release wheat by class projections for 2017/18 in the July 12, 2017 WASDE.

U.S. Wheat Supply and Demand

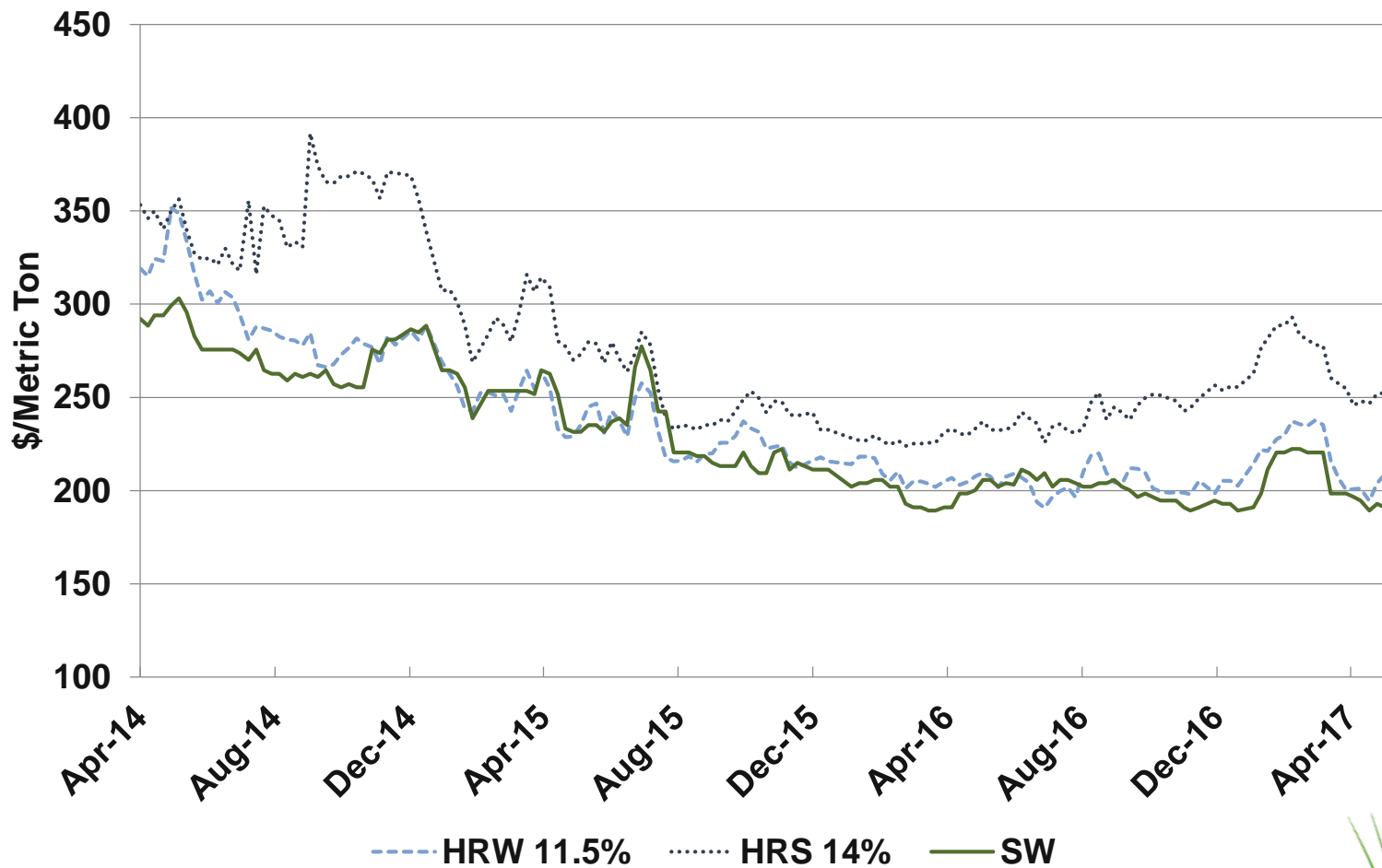
| | White | | Durum | | Total | |
|------------------|------------|------------|------------|------------|-------------|-------------|
| | 15/16 | 16/17 | 15/16 | 16/17 | 15/16 | 16/17 |
| | MMT | | | | | |
| Beginning Stocks | 1.8 | 2.0 | 0.7 | 0.8 | 20.5 | 26.6 |
| Production | 6.0 | 7.8 | 2.3 | 2.8 | 56.1 | 62.9 |
| Imports | <u>0.2</u> | <u>0.2</u> | <u>0.9</u> | <u>0.7</u> | <u>3.1</u> | <u>3.1</u> |
| Supply Total | 8.0 | 10.0 | 3.9 | 4.3 | 79.7 | 92.5 |
| Domestic Use | 2.0 | 2.6 | 2.3 | 2.4 | 32.0 | 32.8 |
| Exports | <u>4.0</u> | <u>4.5</u> | <u>0.8</u> | <u>0.5</u> | <u>21.1</u> | <u>28.2</u> |
| Use Total | 6.0 | 7.1 | 3.2 | 2.9 | 53.1 | 61.0 |
| Ending Stocks | 2.0 | 2.9 | 0.8 | 1.4 | 26.6 | 31.5 |
| Stocks-to-Use | 34% | 41% | 24% | 47% | 50% | 52% |

USDA will release wheat by class projections for 2017/18 in the July 12, 2017 WASDE.

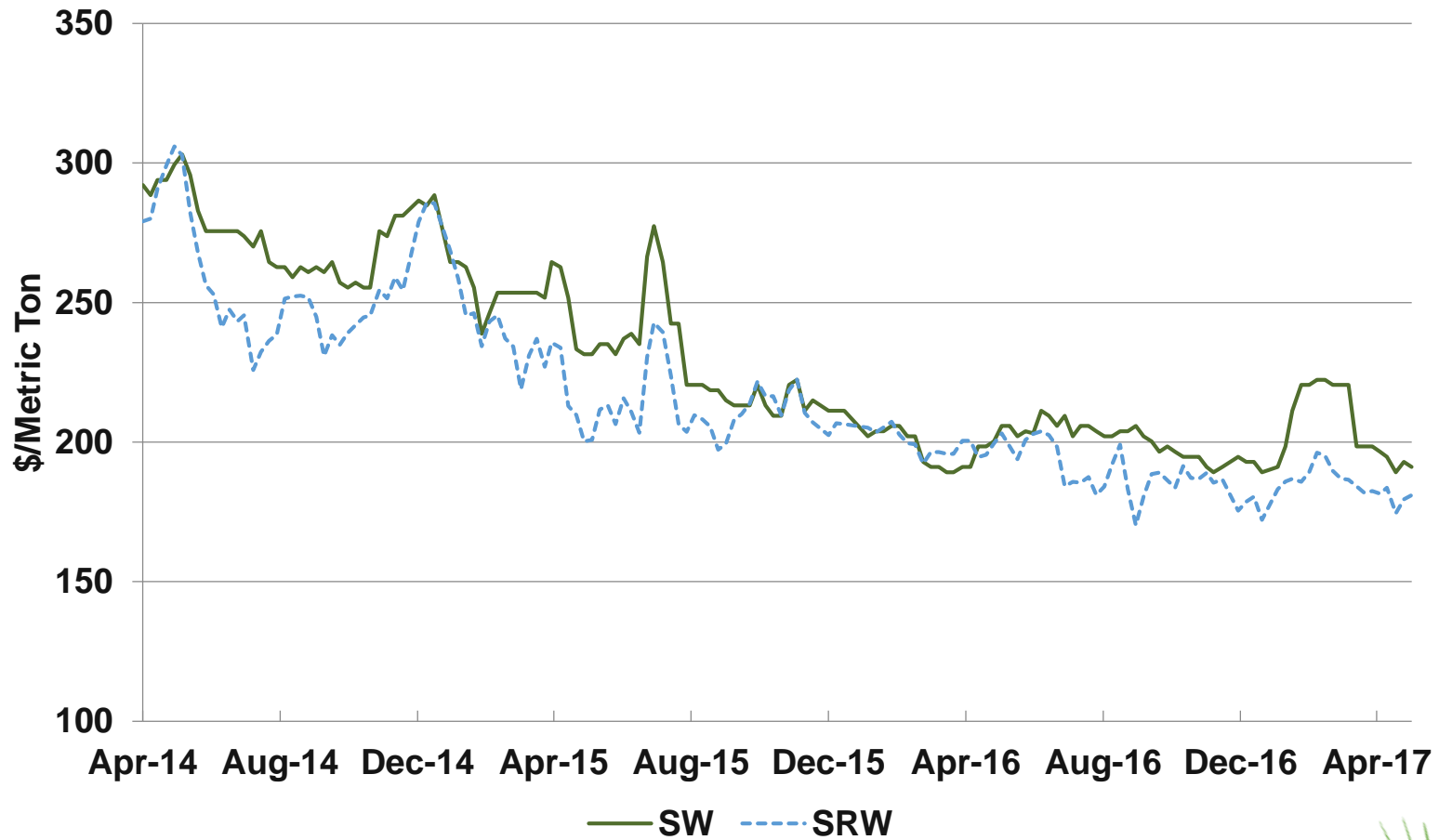
U.S. FOB Gulf Prices



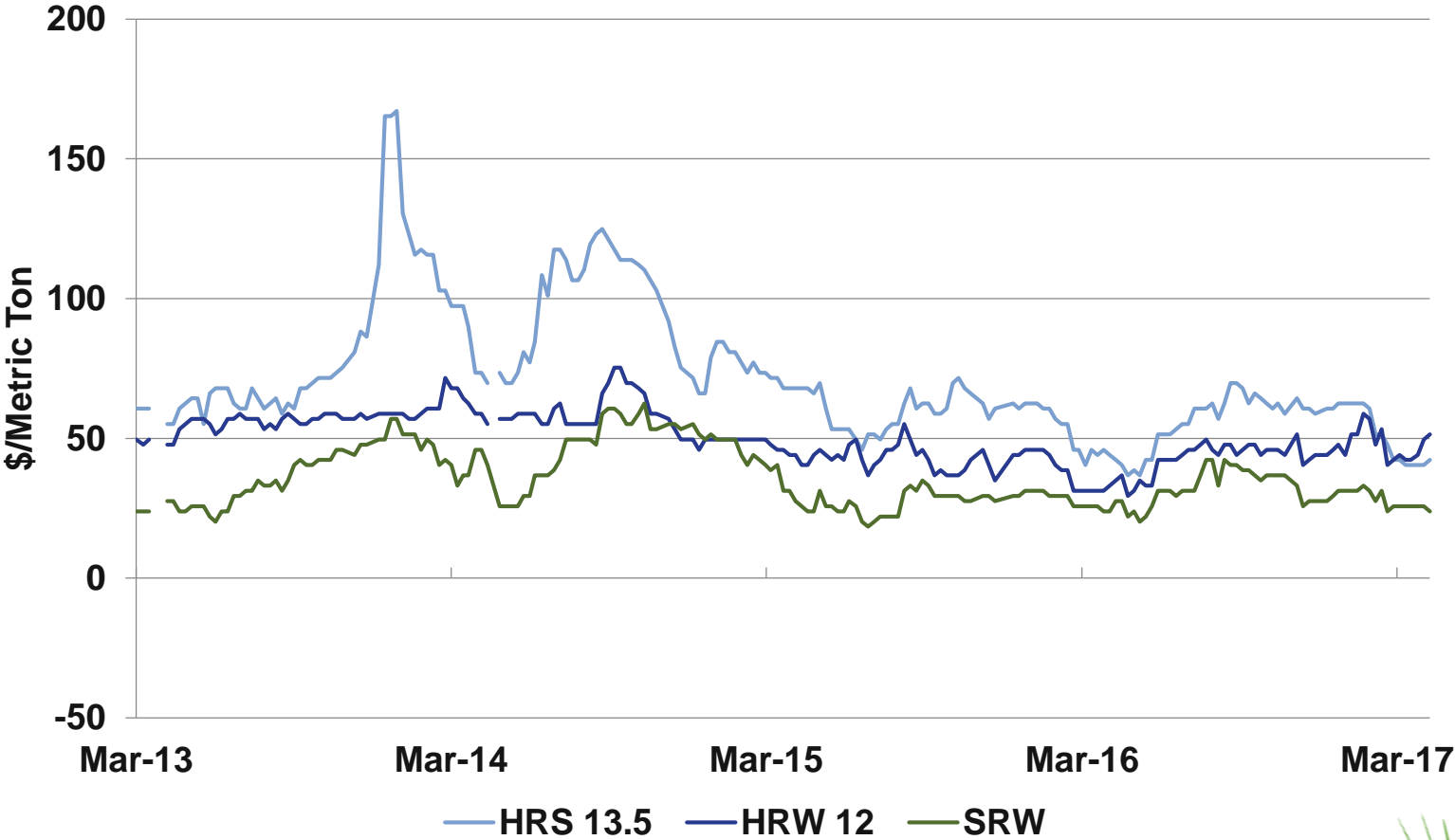
U.S. FOB PNW Prices



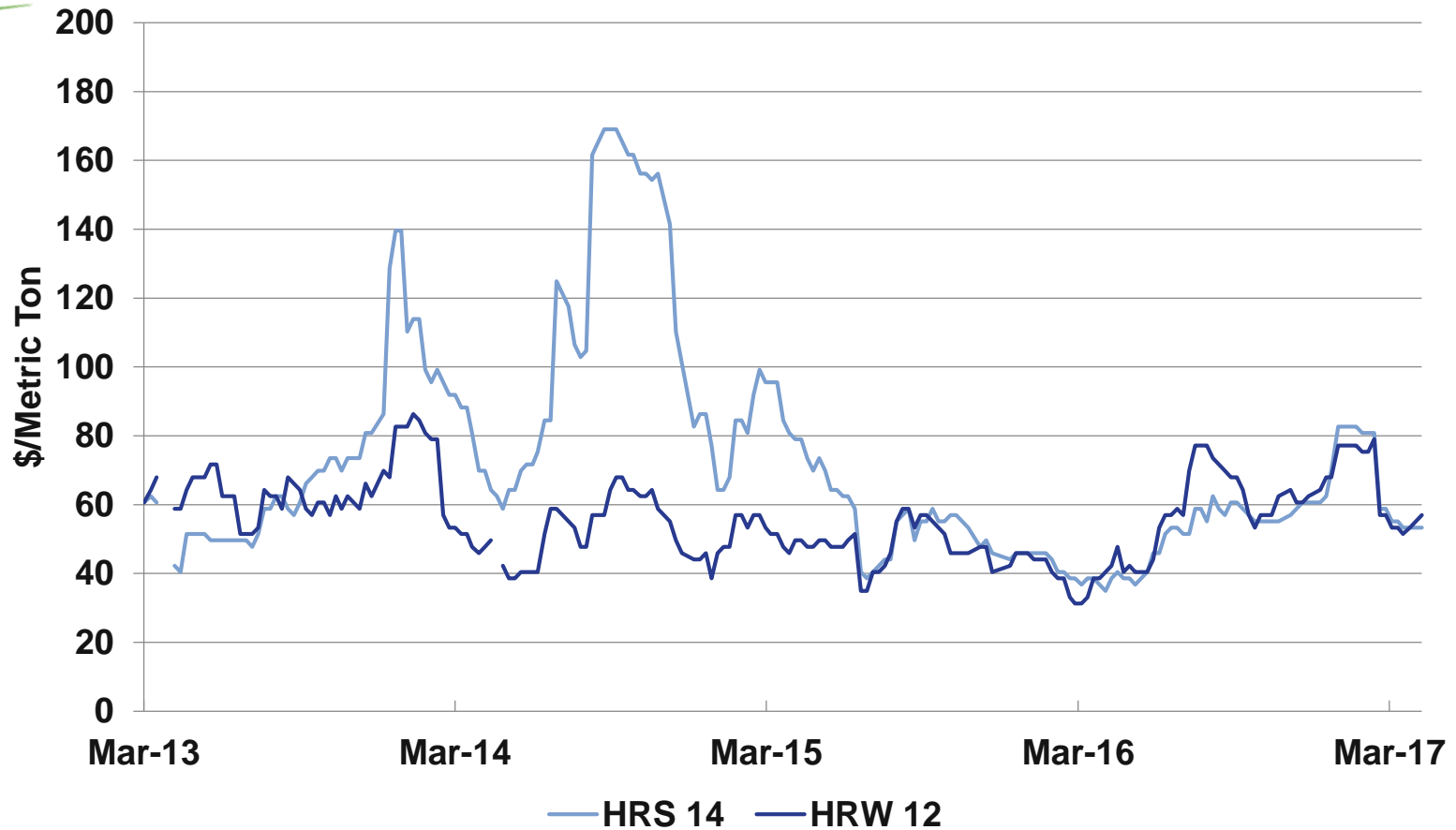
SRW and Soft White Prices



U.S. Gulf Basis Prices



U.S. PNW Basis Prices

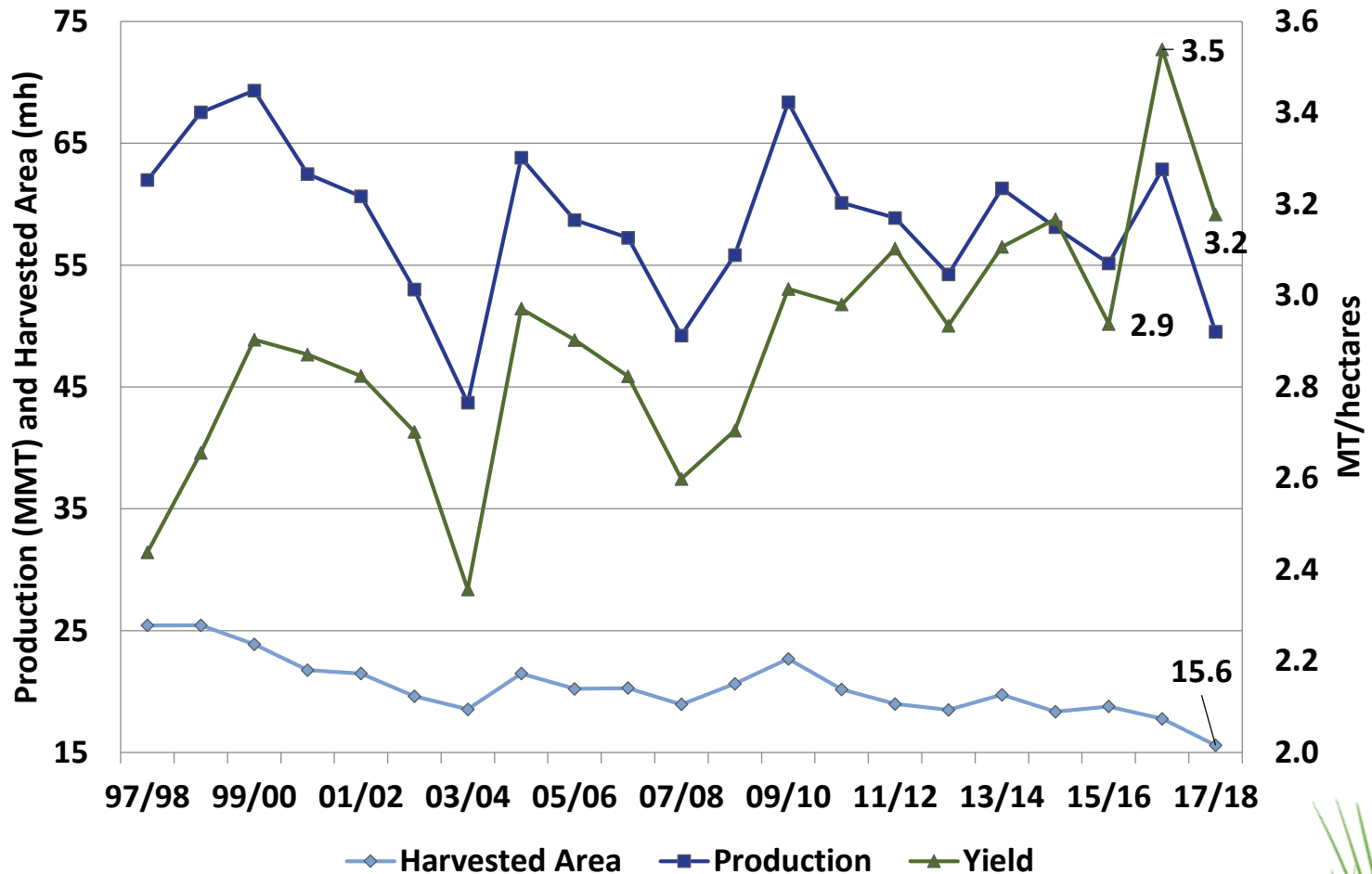


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

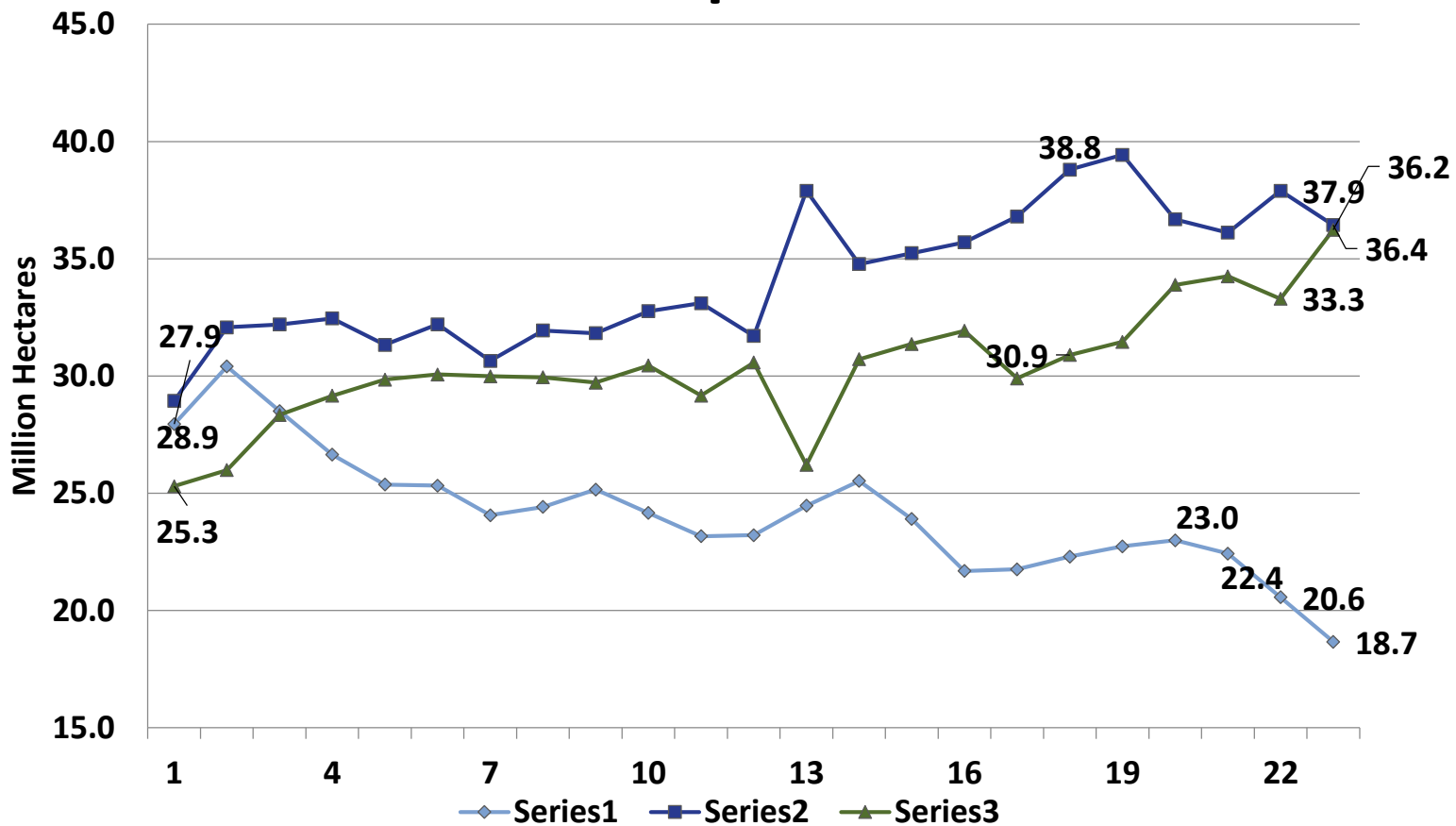


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U.S. Wheat Area and Production



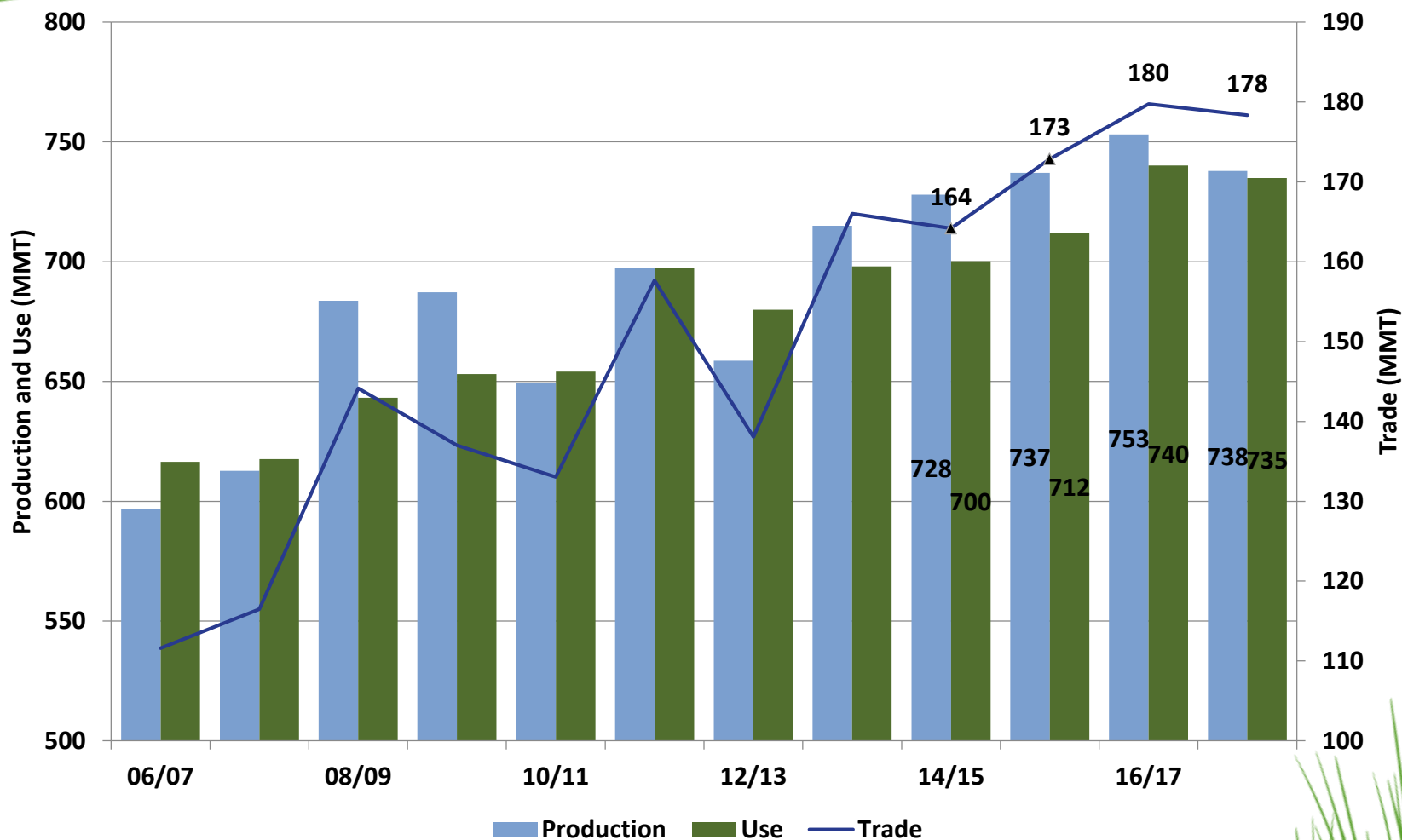
U.S. Crop Planted Area Comparison



*Source: USDA Prospective Plantings report, March 31, 2017

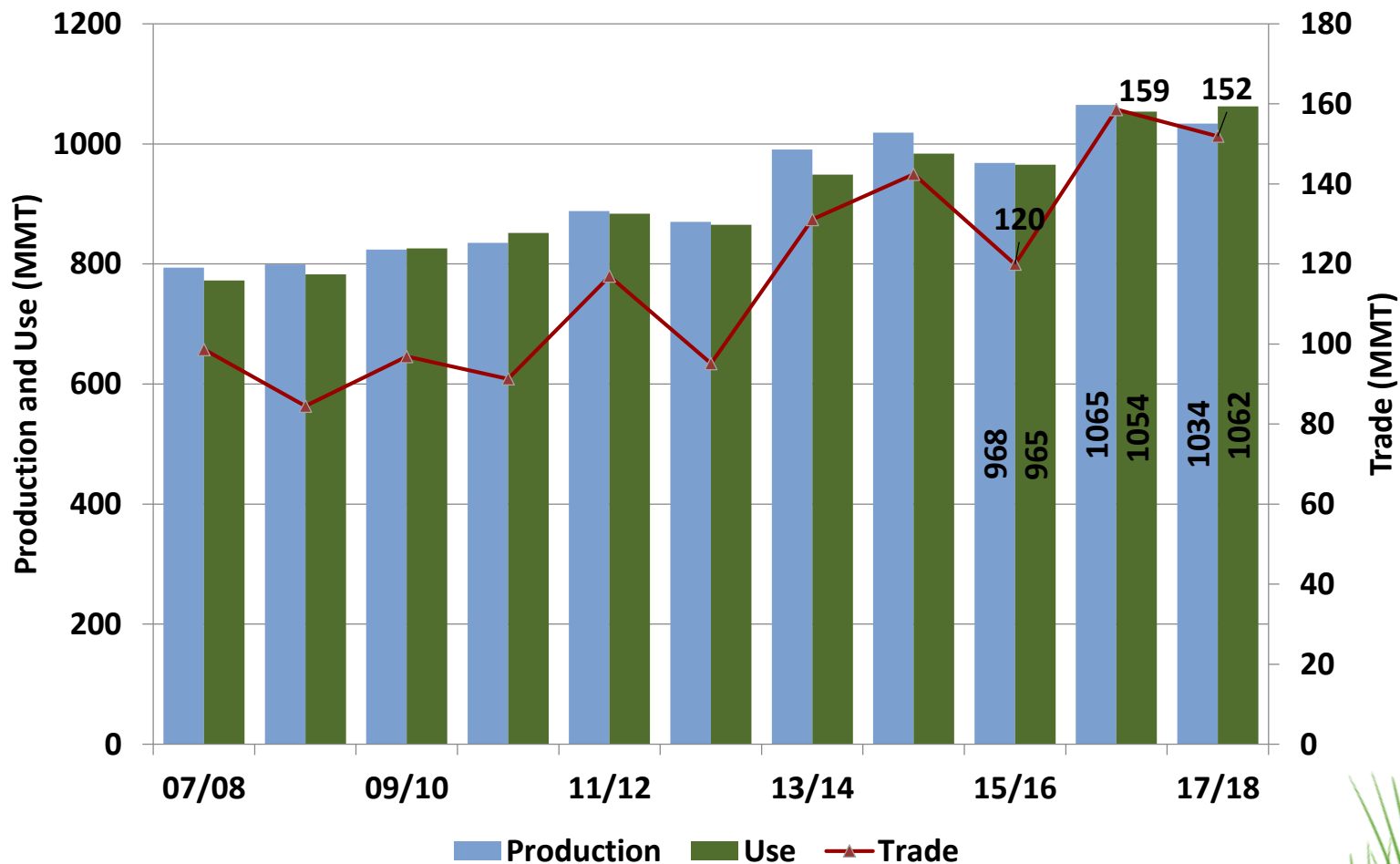
World Wheat

Production, Use and Trade



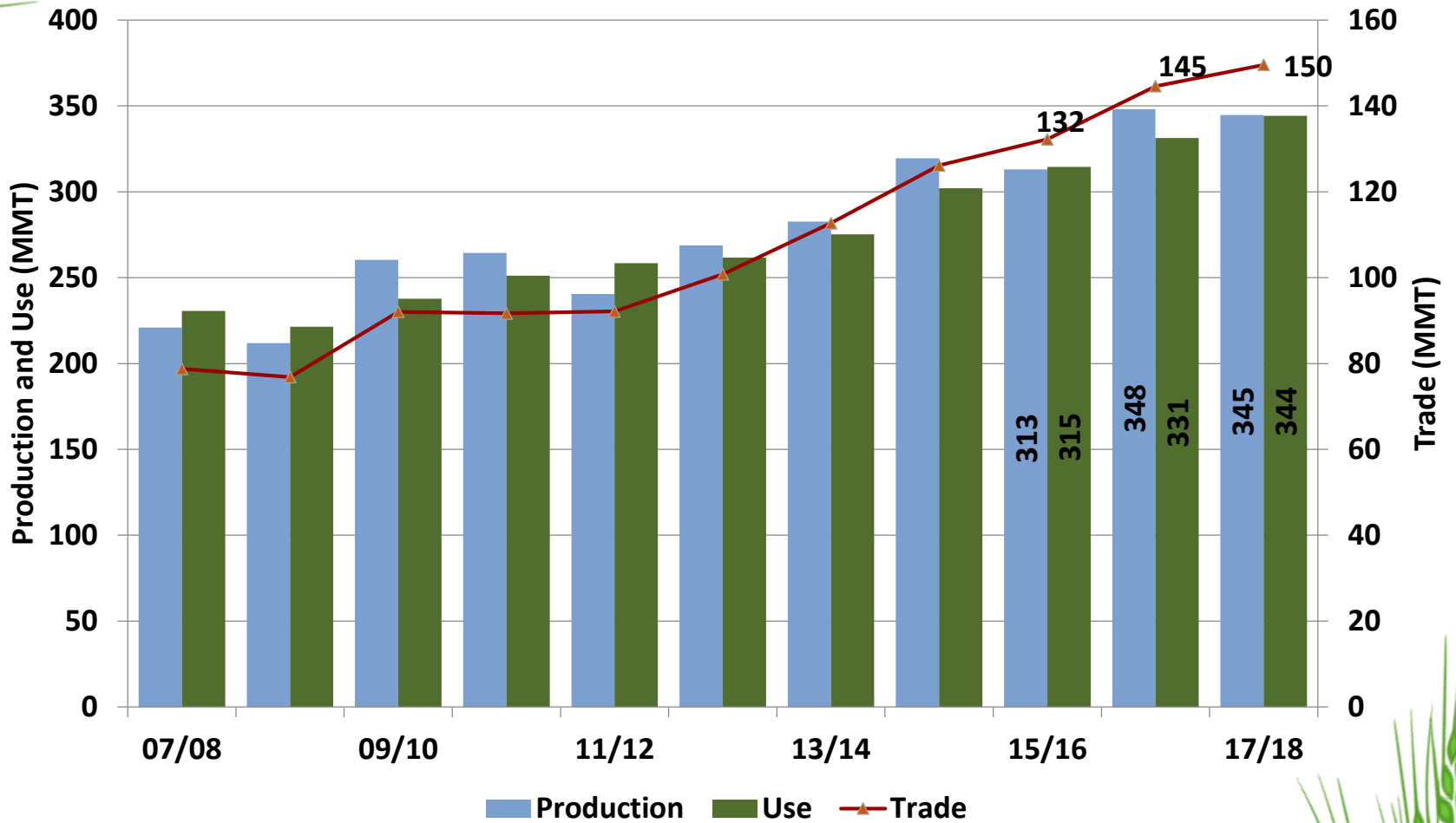
World Corn

Production, Use and Trade

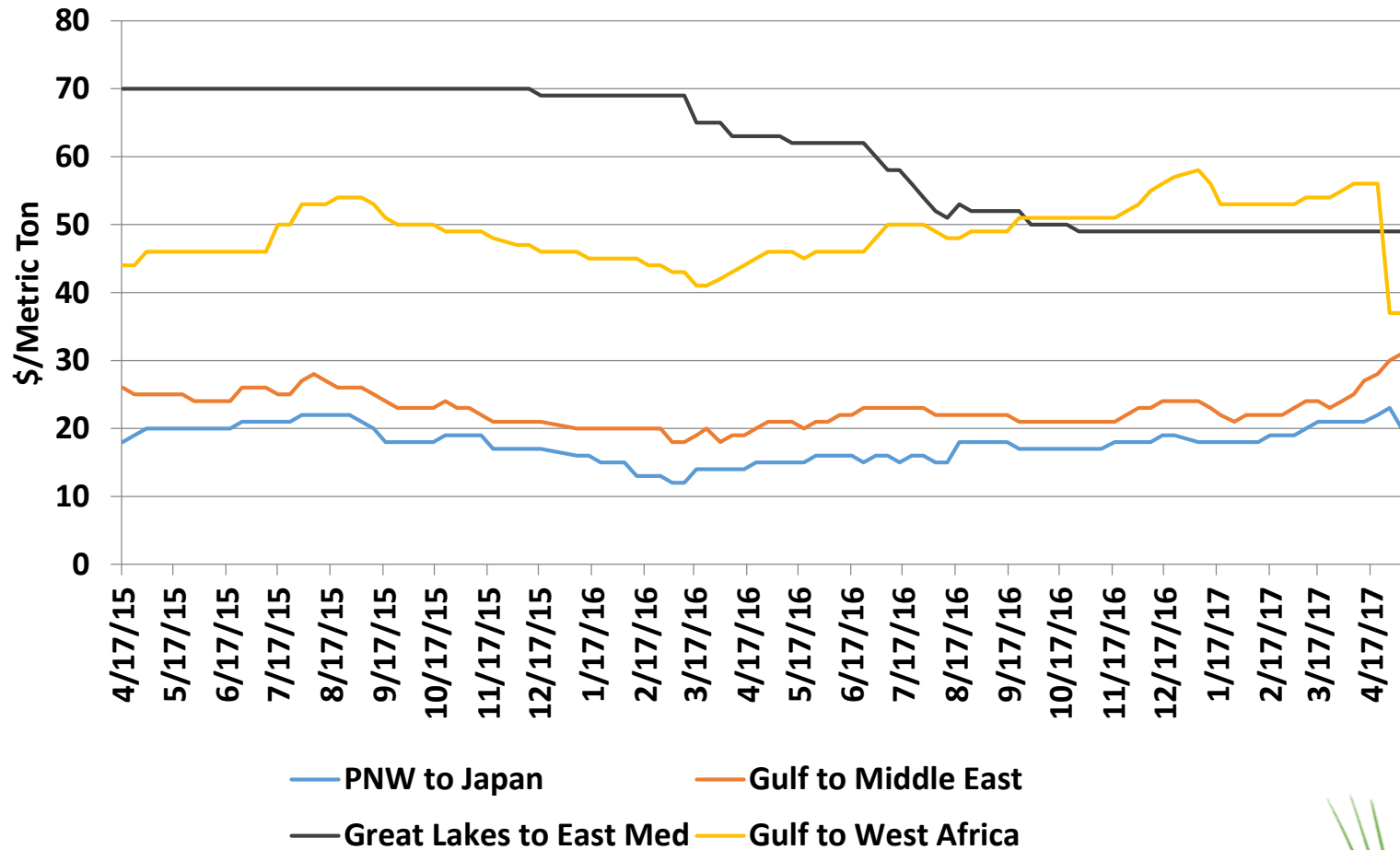


World Soybeans

Production, Use and Trade



Ocean Freight Rates for Grains



Summary

- **Global production at 738 MMT, down 2% from 2016/17**
 - Russian wheat production to fall to 67.0 MMT, 8% below 2016/17
 - Wheat production in the U.S. expected to fall to 49.5, 16% below the 5-year average
- **Global ending stocks to rise to a record 258 MMT, 19% above the 5-year average**
 - Ending stocks in Canada to fall to 5.16 MMT, 26% below the 5-year average
 - U.S. ending stocks to decrease to 24.9 MMT, down 21% from 2016/17 if realized
- **World consumption and trade expected to decrease slightly in 2017/18**
 - EU exports estimated at 31.0 MMT, 2% above the 5-year average
 - U.S. 2017/18 exports to reach 27.2 MMT, up 3% from the 5-year average of 26.5 MMT



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