

World Wheat Supply and Demand Situation

May 2017

Major data source: USDA World Agricultural Supply and Demand Estimates released June 9, 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 996 MMT; down slightly 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 49.6 MMT, 21% below 2016/17, if realized

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

- Indian domestic consumption to grow 1% year over year to 99.0 MMT
- Russia feed wheat usage to total 17.0 MMT, 24% above the 5-year average, if realized
- U.S. domestic consumption to slip 1% year over year to 32.4 MMT

3. World wheat trade projected at 179 MMT, down 1% from 2016/17, but 9% above the 5-year average

- Argentine exports to rise to 11.5 MMT, 3% above 2016/17 and 80% greater than the 5-year average
- Exports from Kazakhstan to grow 2% year over year to 7.00 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

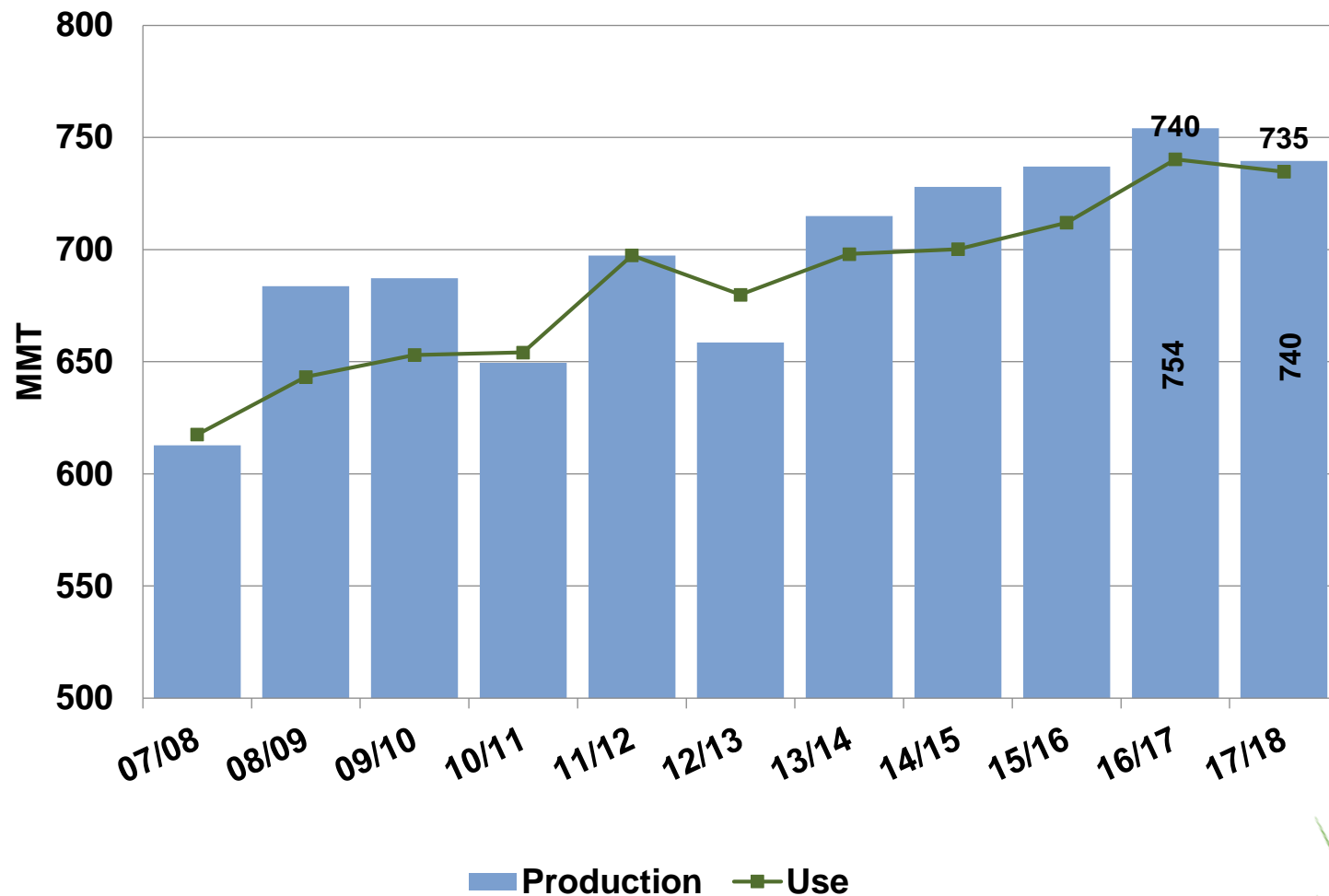
4. **World beginning stocks estimated at record 256 MMT, up 6% year over year**
 - Beginning stocks in the Russia to rise to 11.1 MMT, up 99% year over year
 - U.S. beginning stocks to climb to an estimated 31.6 MMT, 19% above 2016/17 levels
5. **Global ending stocks projected at record 261 MMT, 2% higher than 2016/17, if realized**
 - Estimated Chinese ending stocks of 128 MMT account for 49% of global ending stocks, 59% greater than the 5-year average
 - Exporter ending stocks to fall 14% year over year to 70.1 MMT
 - Ending stocks in importing countries to fall to 63.1 MMT, 10% below the 5-year average of 70.0 MMT
6. **U.S. farm gate average price forecast 10% higher in 2017/18**
 - Projected average range: **\$3.90 to \$4.70/bushel (\$143-\$173/MT)***

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

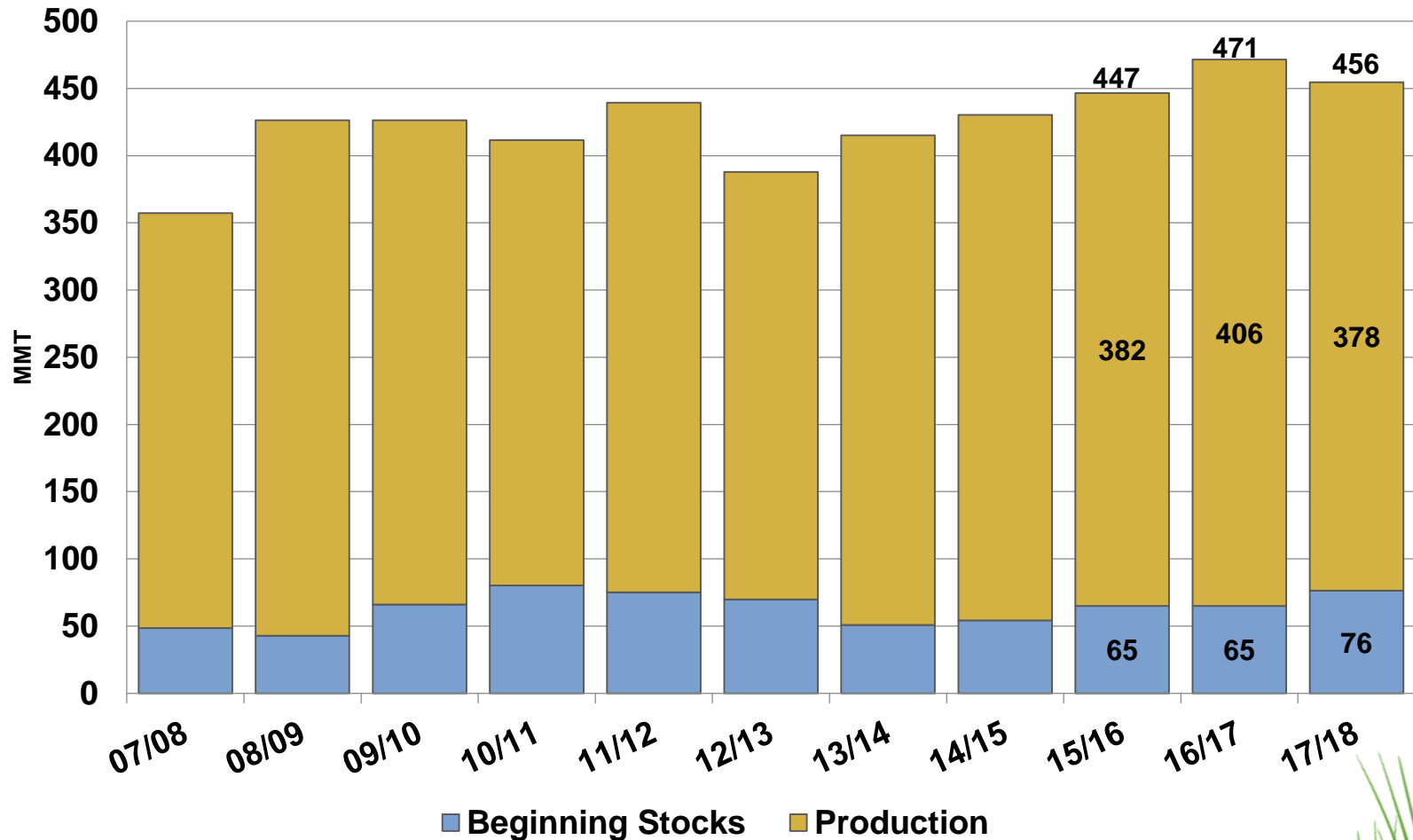


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World Production and Use



Supplies in Top Exporting Countries*



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

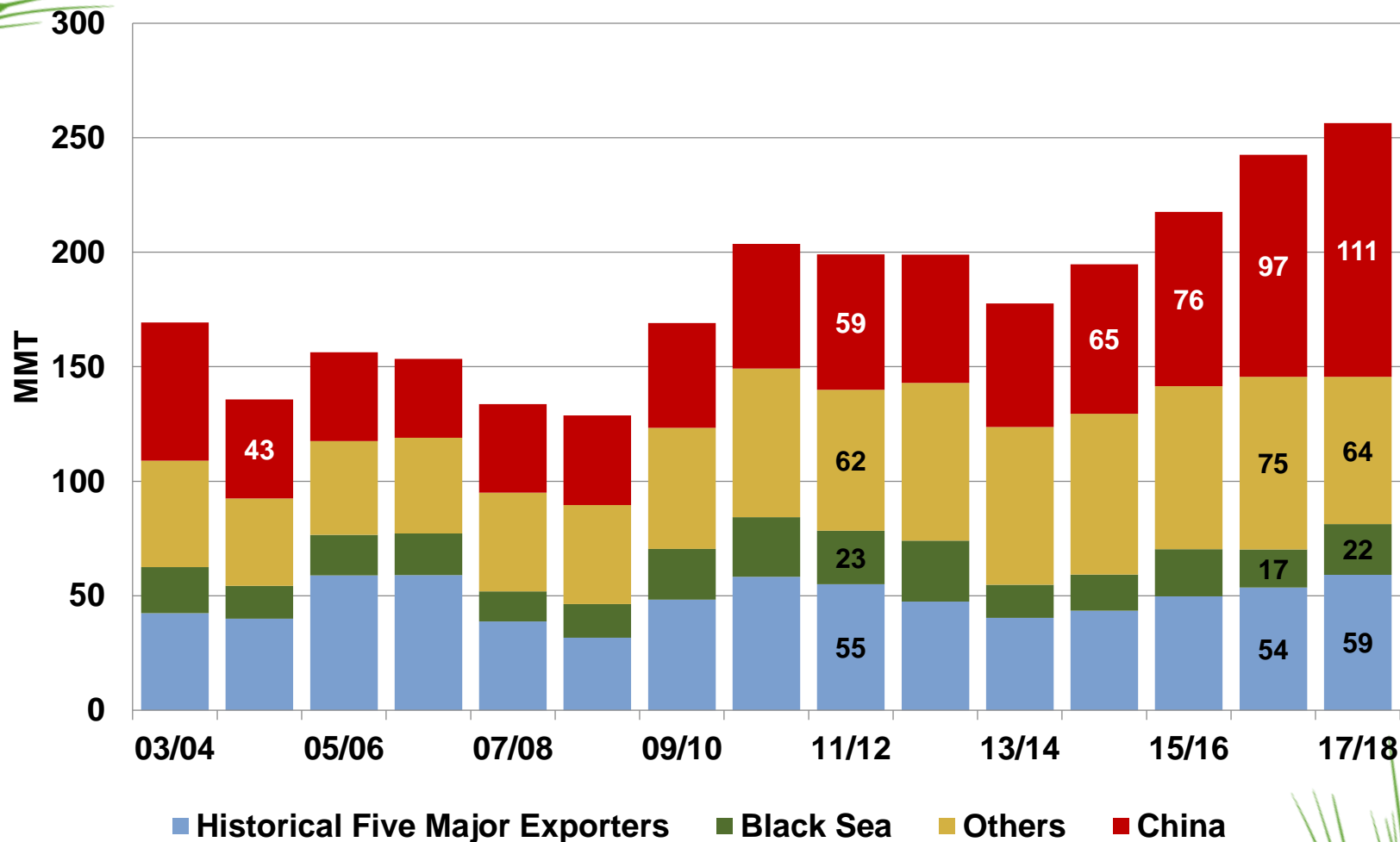
World Wheat Supply and Demand

		15/16	16/17 <i>MMT</i>	17/18
SUPPLY:	Beginning Stocks	218	243	256
	Production	737	754	740
	Supply Total	955	997	996
TRADE:	Exports/Imports	173	180	179
DEMAND	Food & Seed	576	593	596
	Feed & Residual	137	147	139
	Use Total	712	740	735
	ENDING STOCKS:	243	256	261



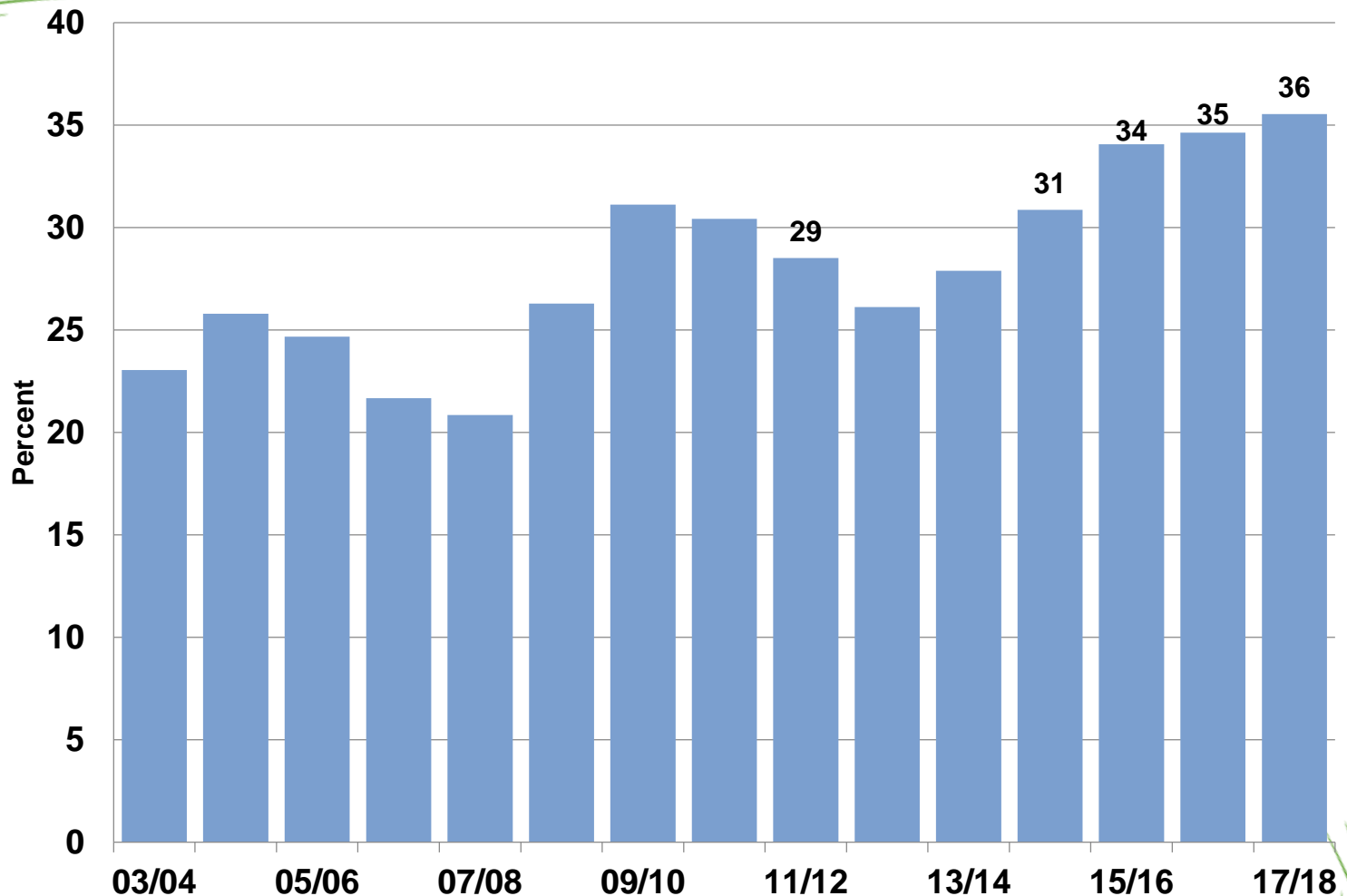
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World Beginning Stocks



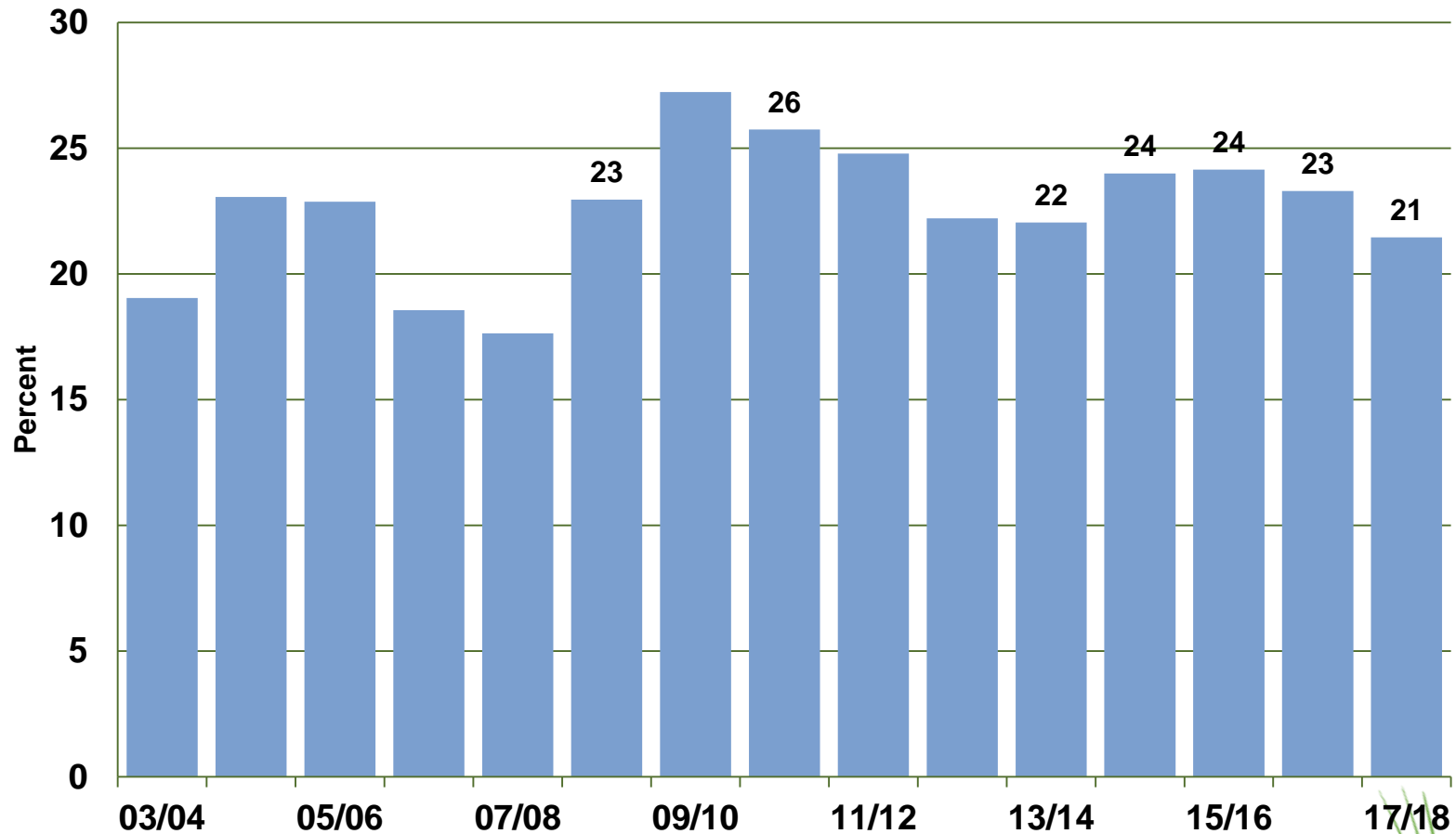
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

Global Stocks*-to-Use Ratio



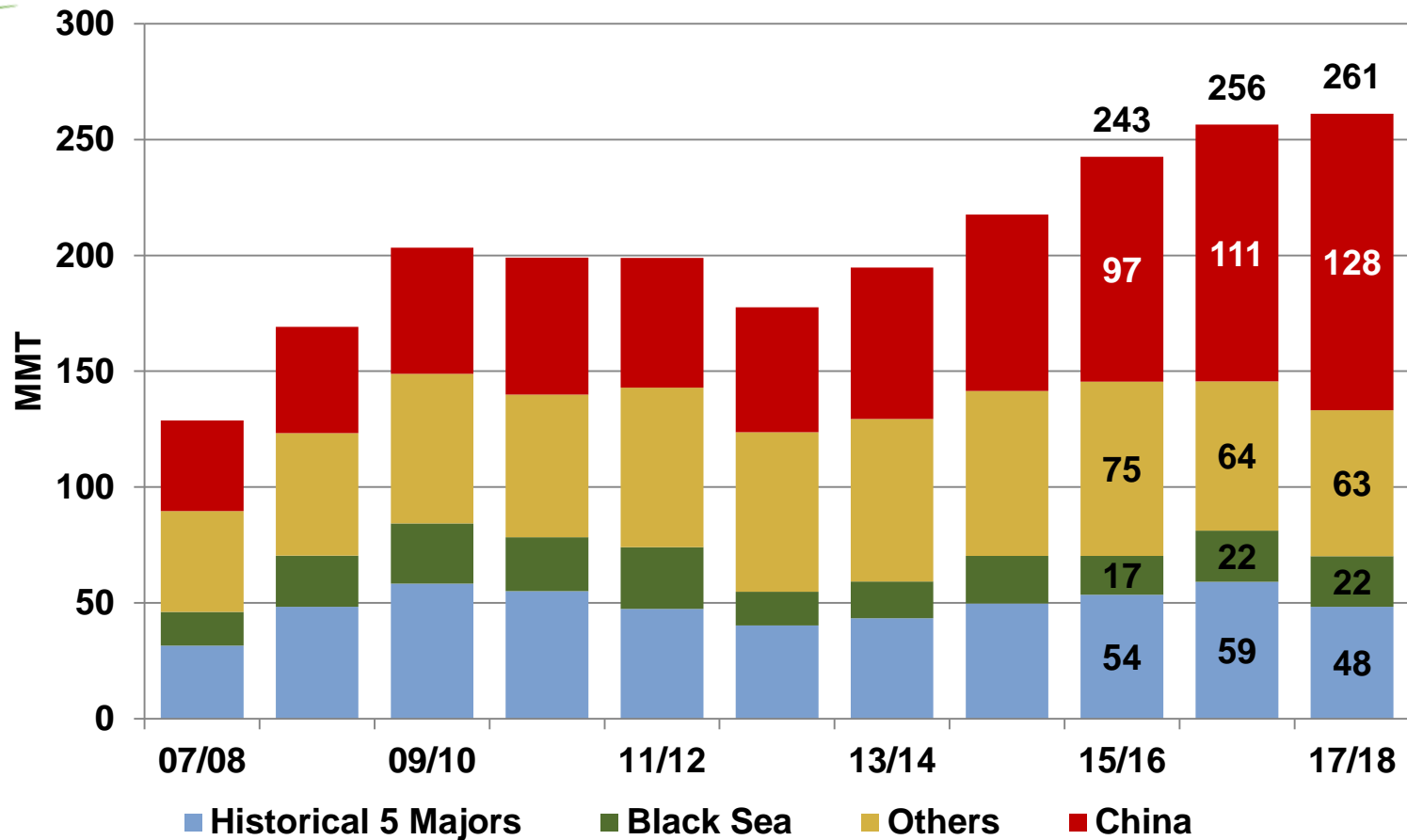
**Ending stocks*

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



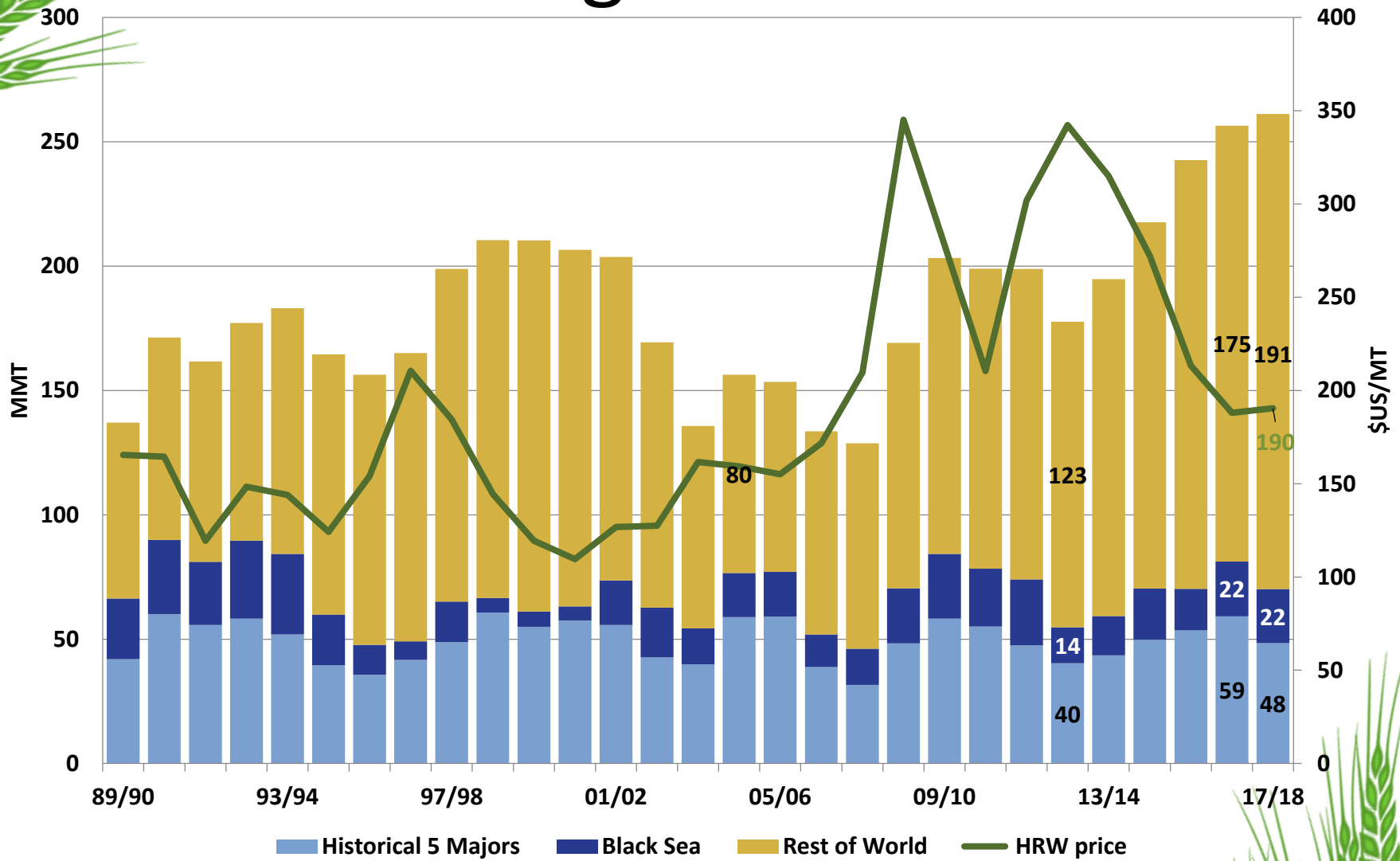
*Ending stocks

World Ending Stocks



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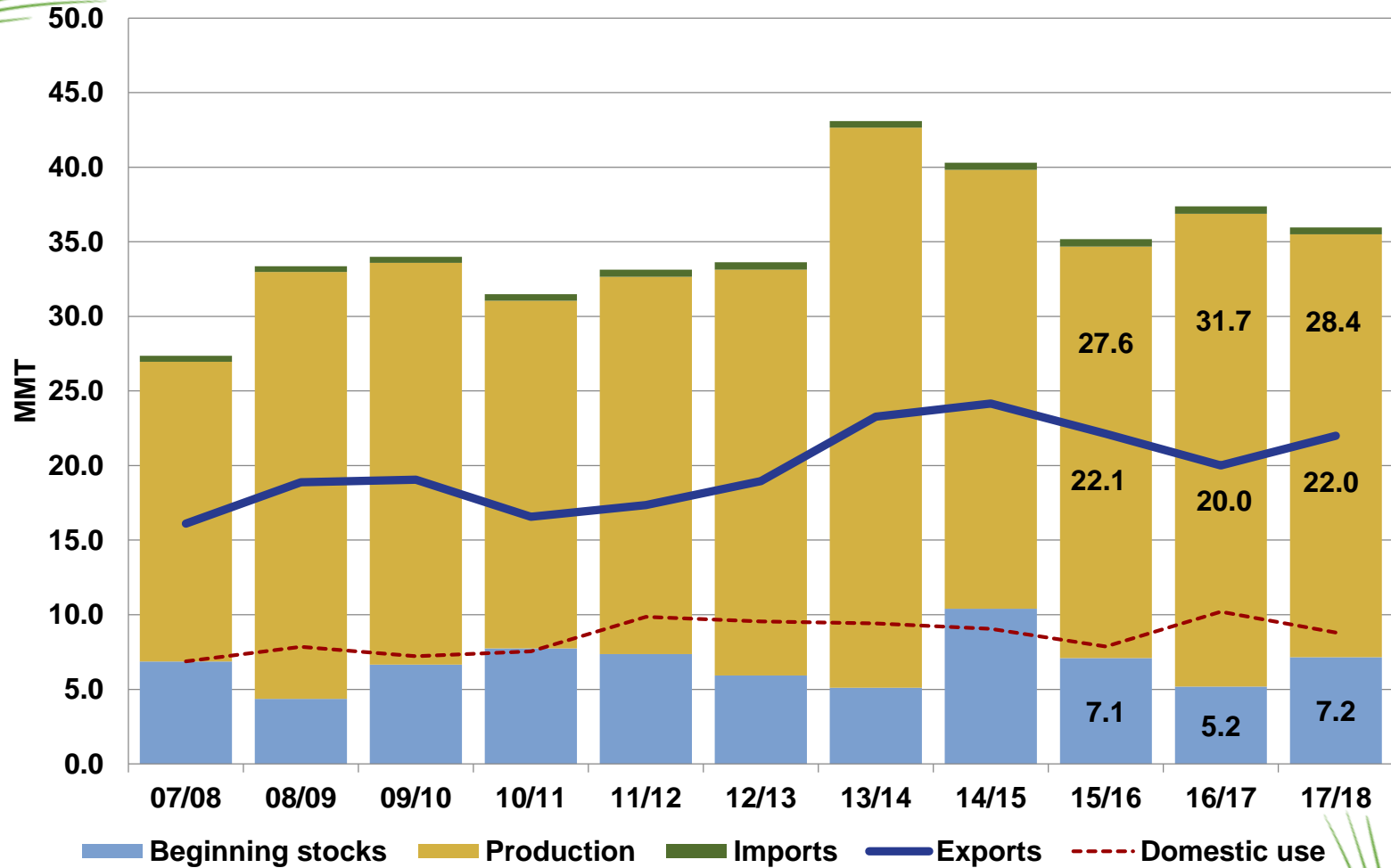
Global Ending Stocks and Price



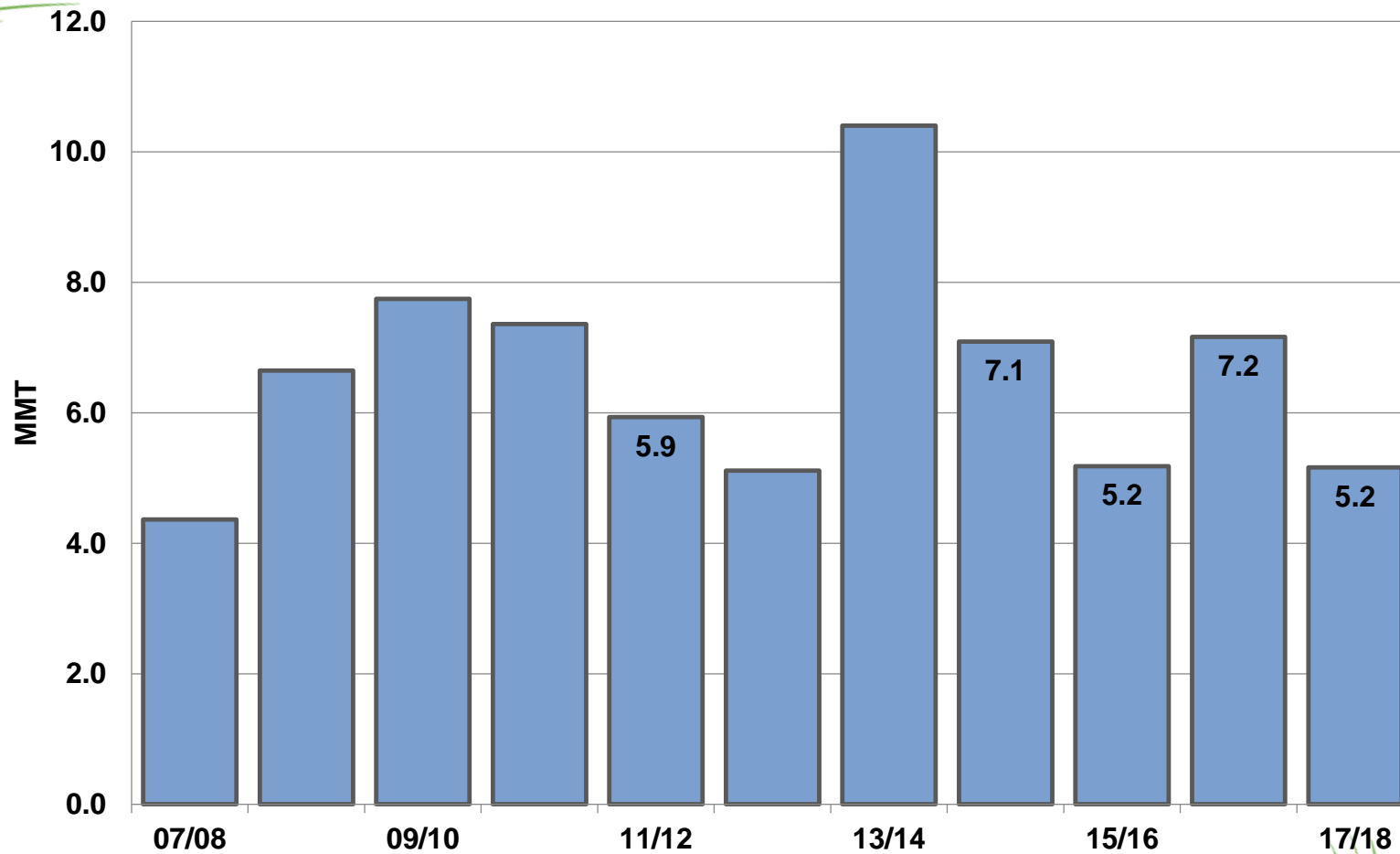
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



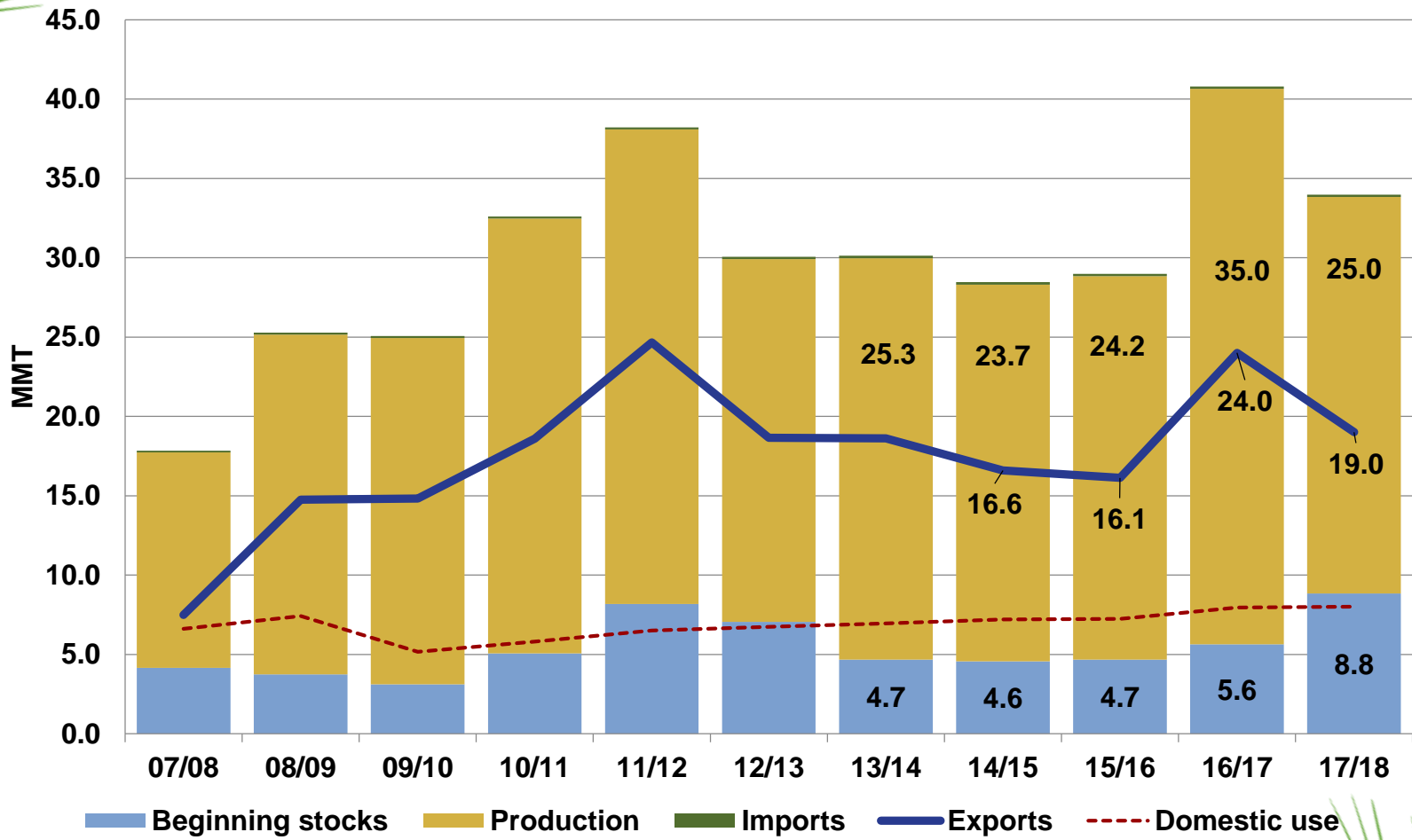
Canada Situation



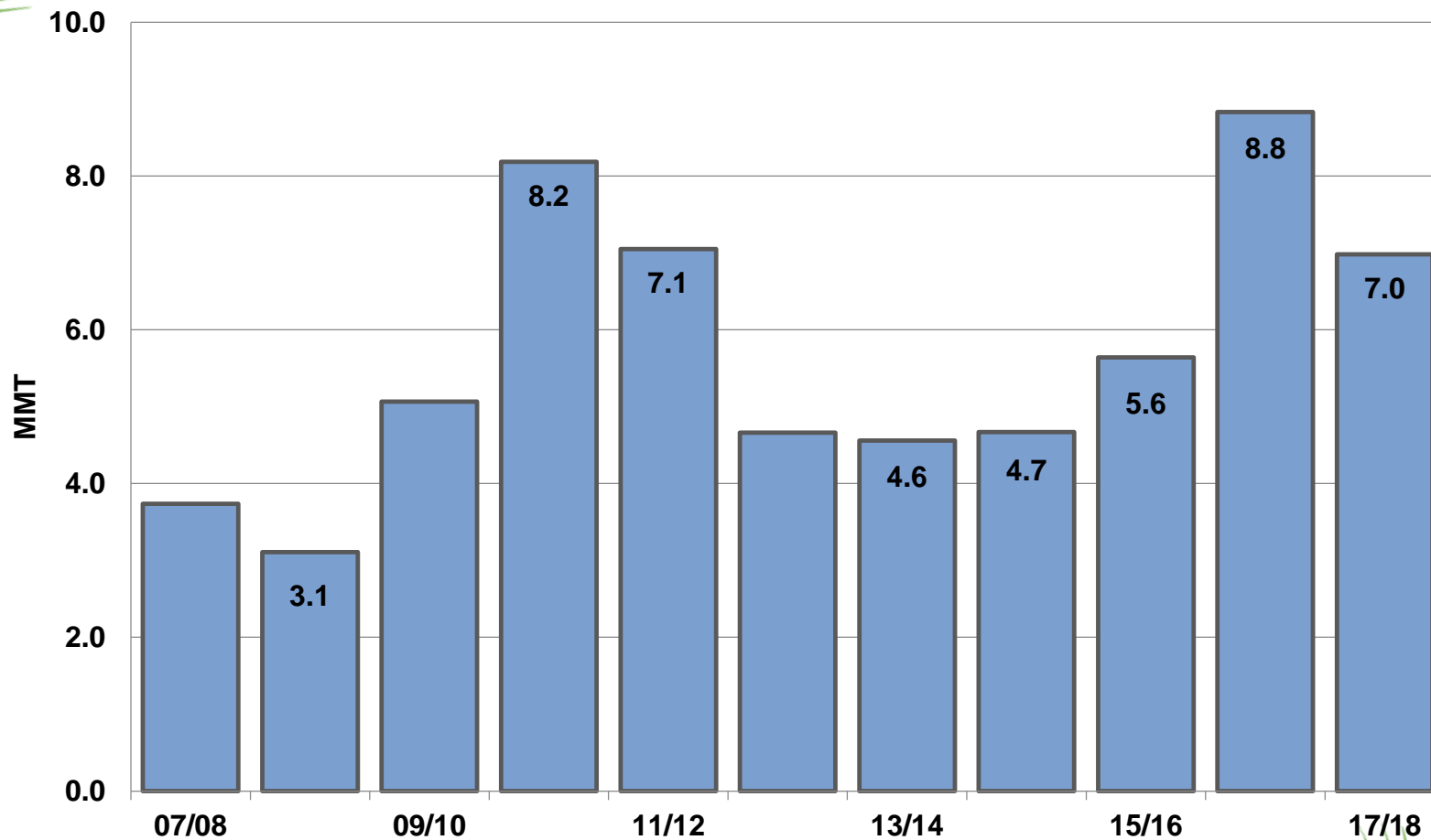
Canada Ending Stocks



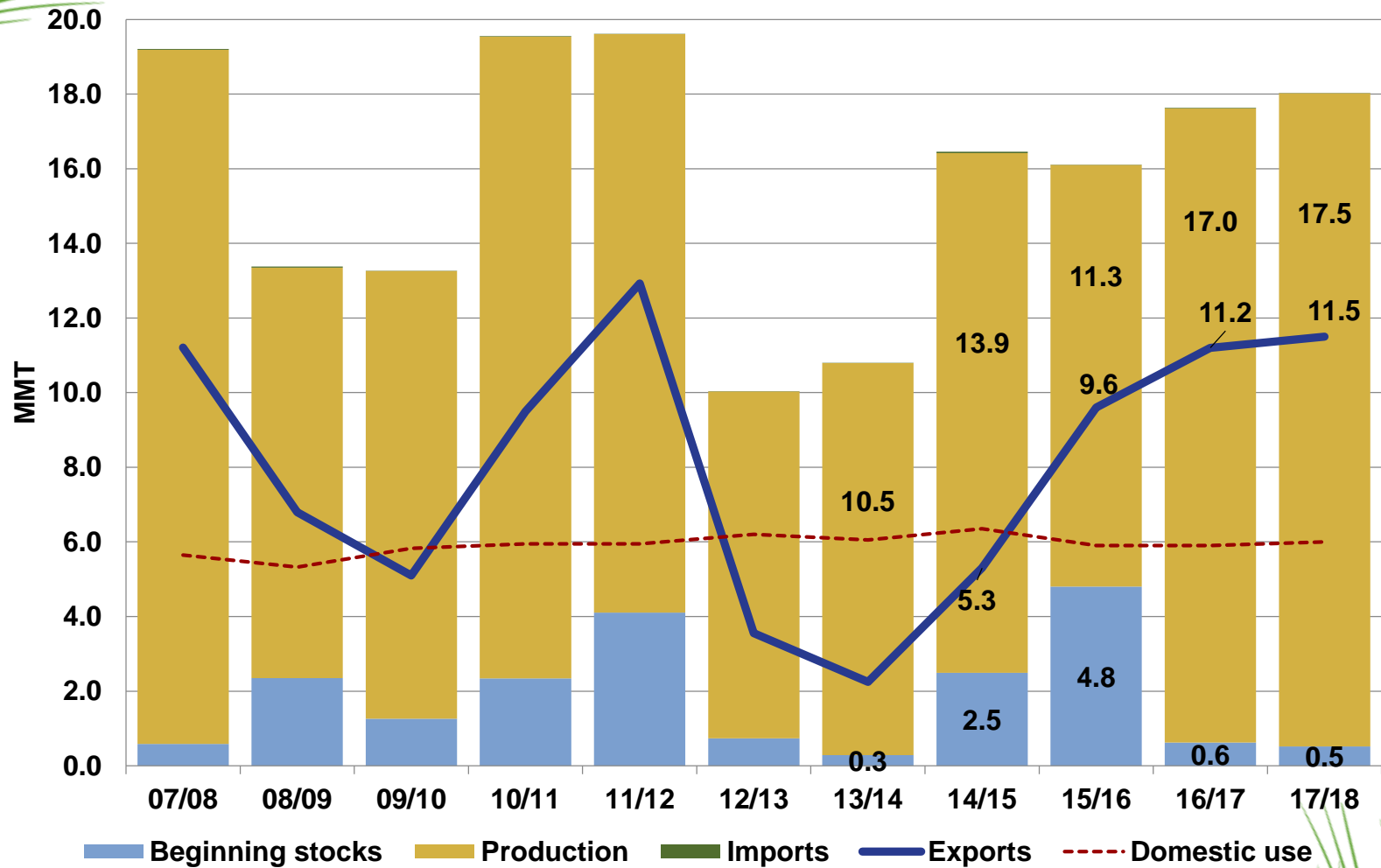
Australia Situation



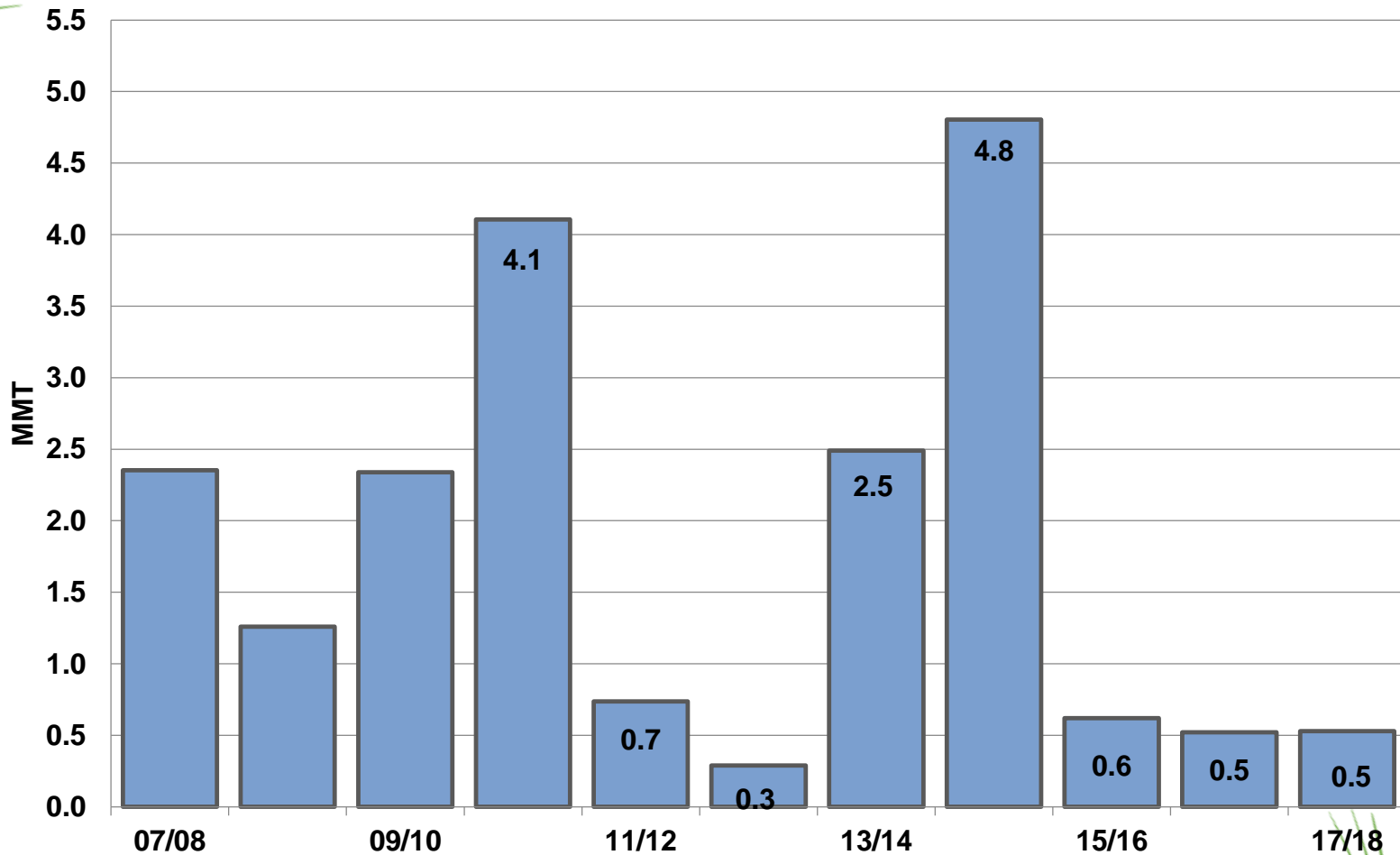
Australia Ending Stocks



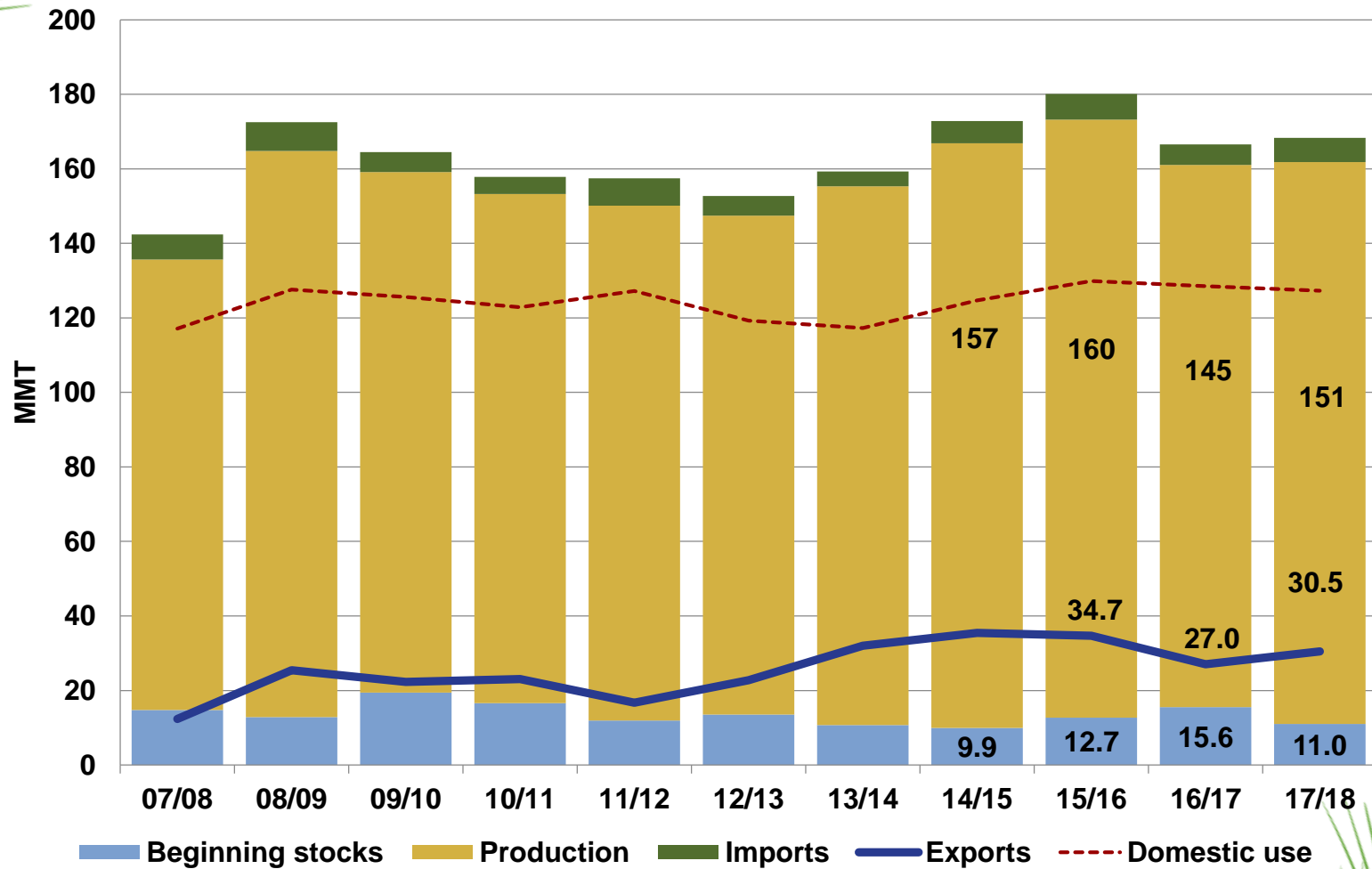
Argentina Situation



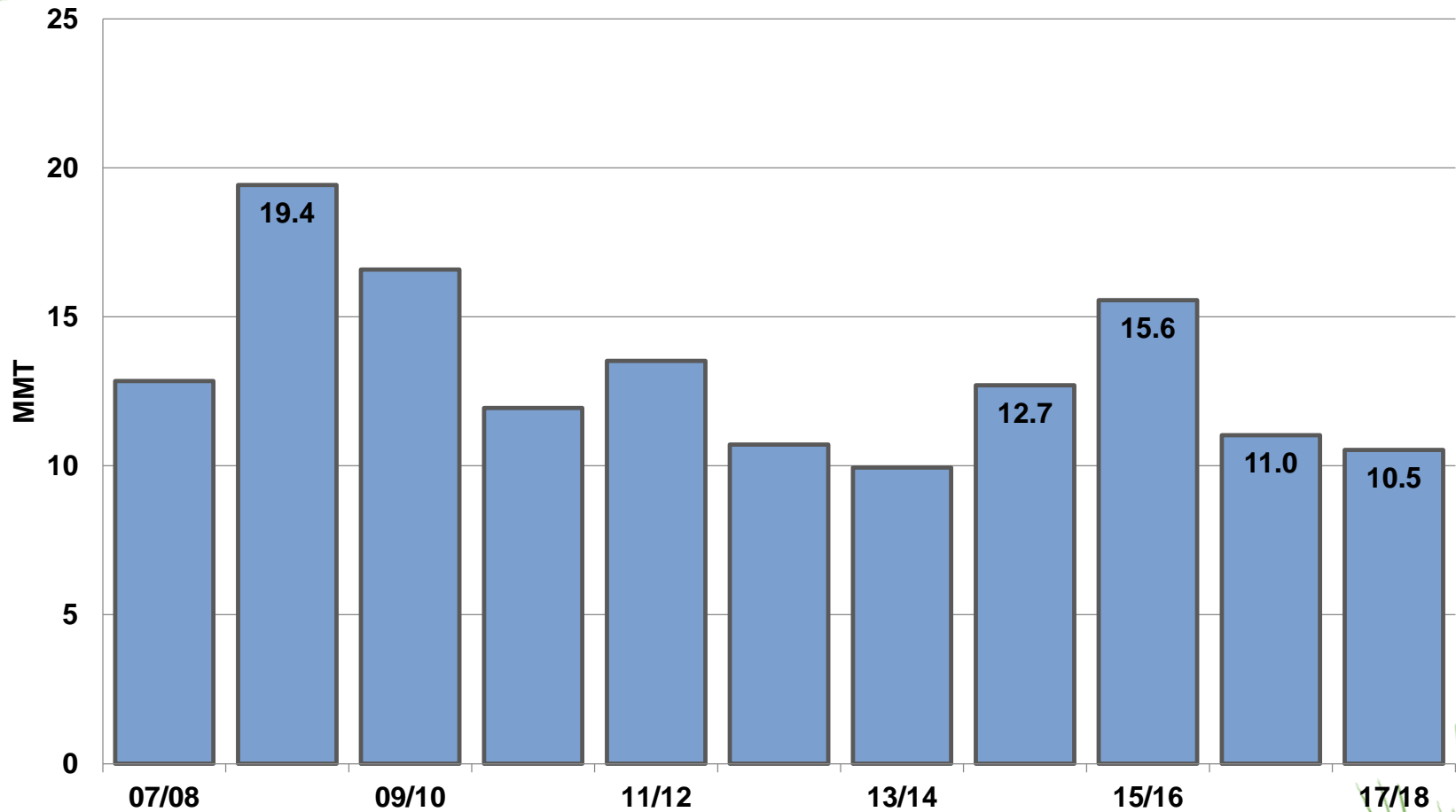
Argentina Ending Stocks



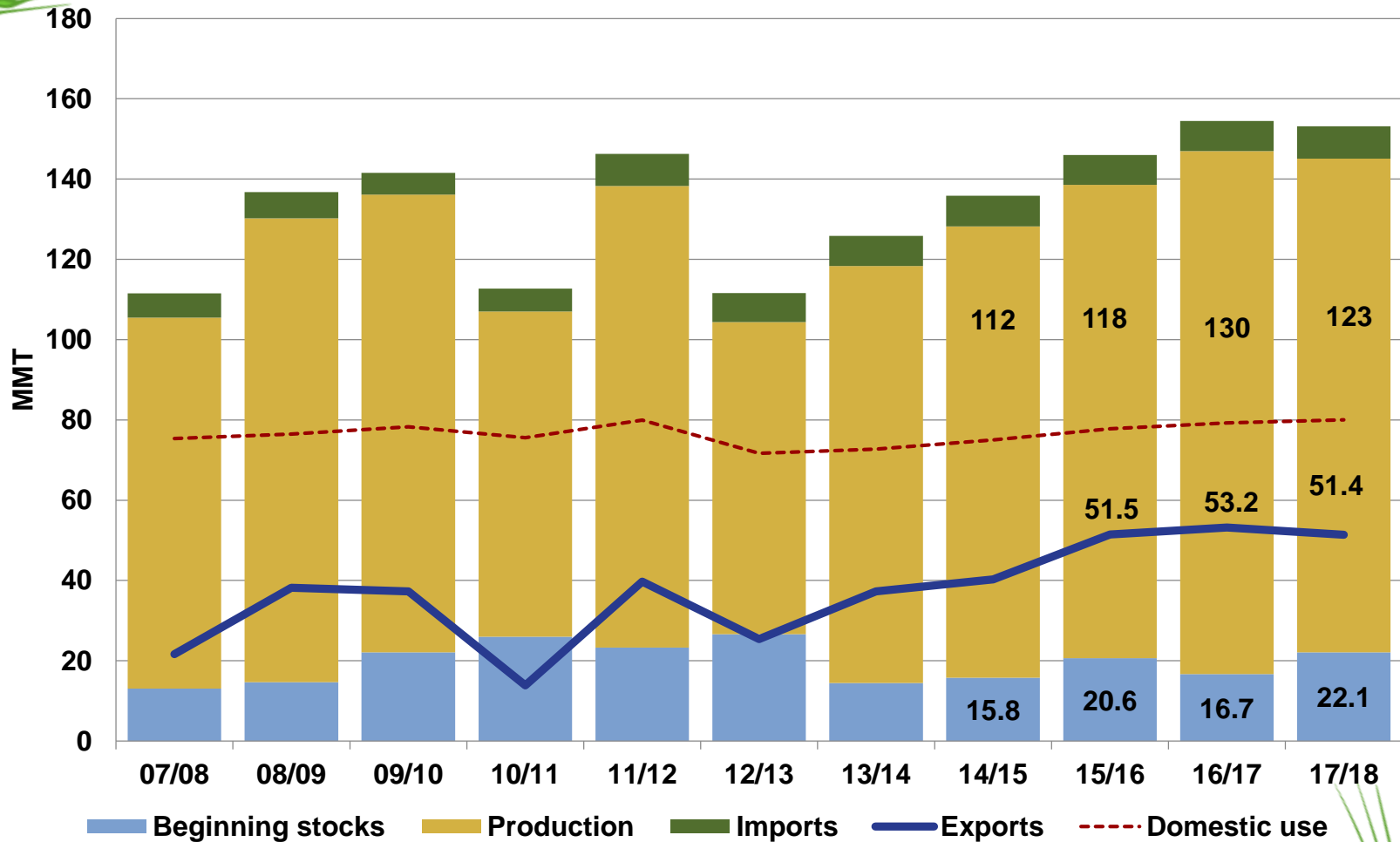
EU-27 Situation



EU-27 Ending Stocks

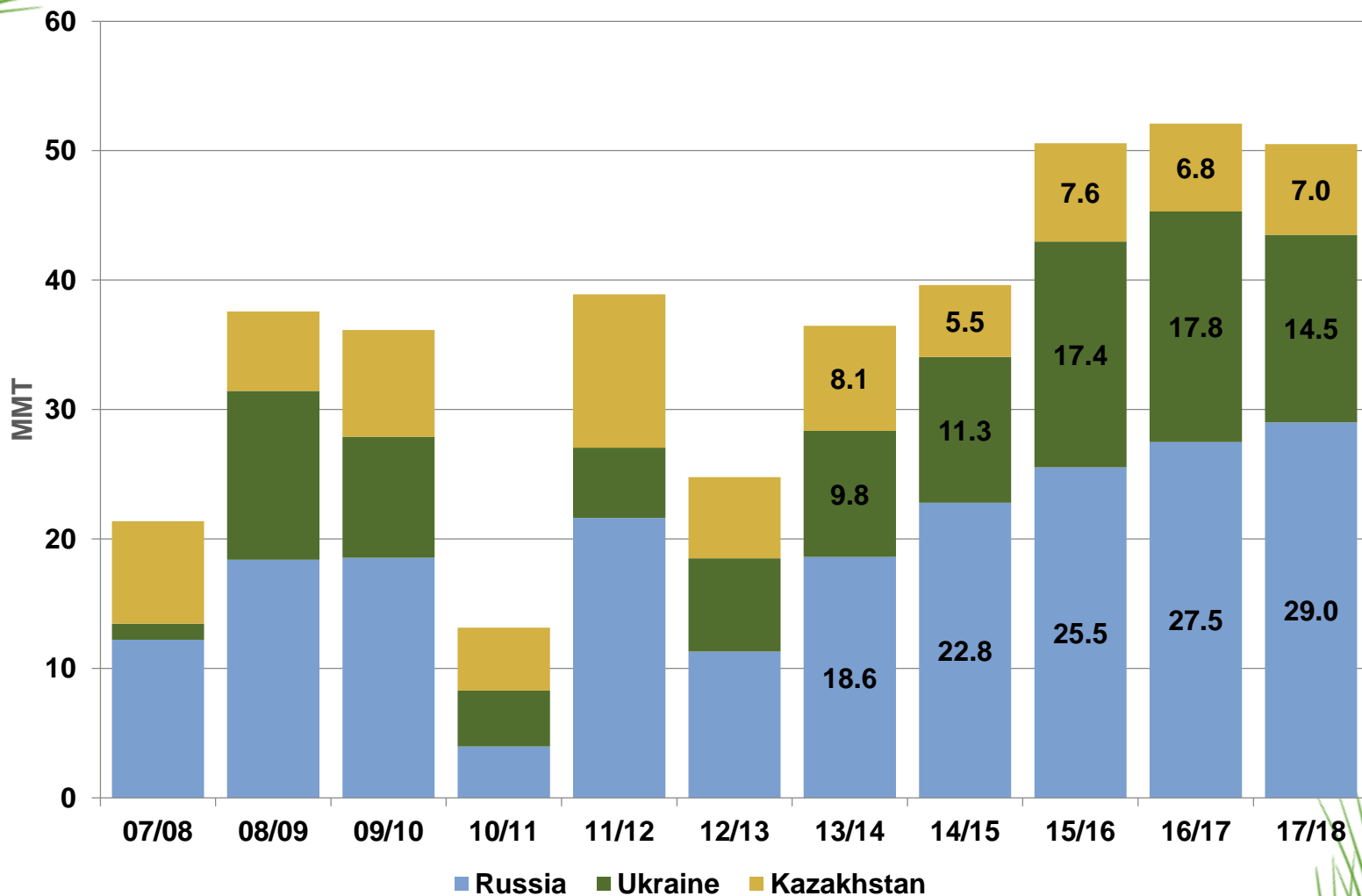


Black Sea Region Situation

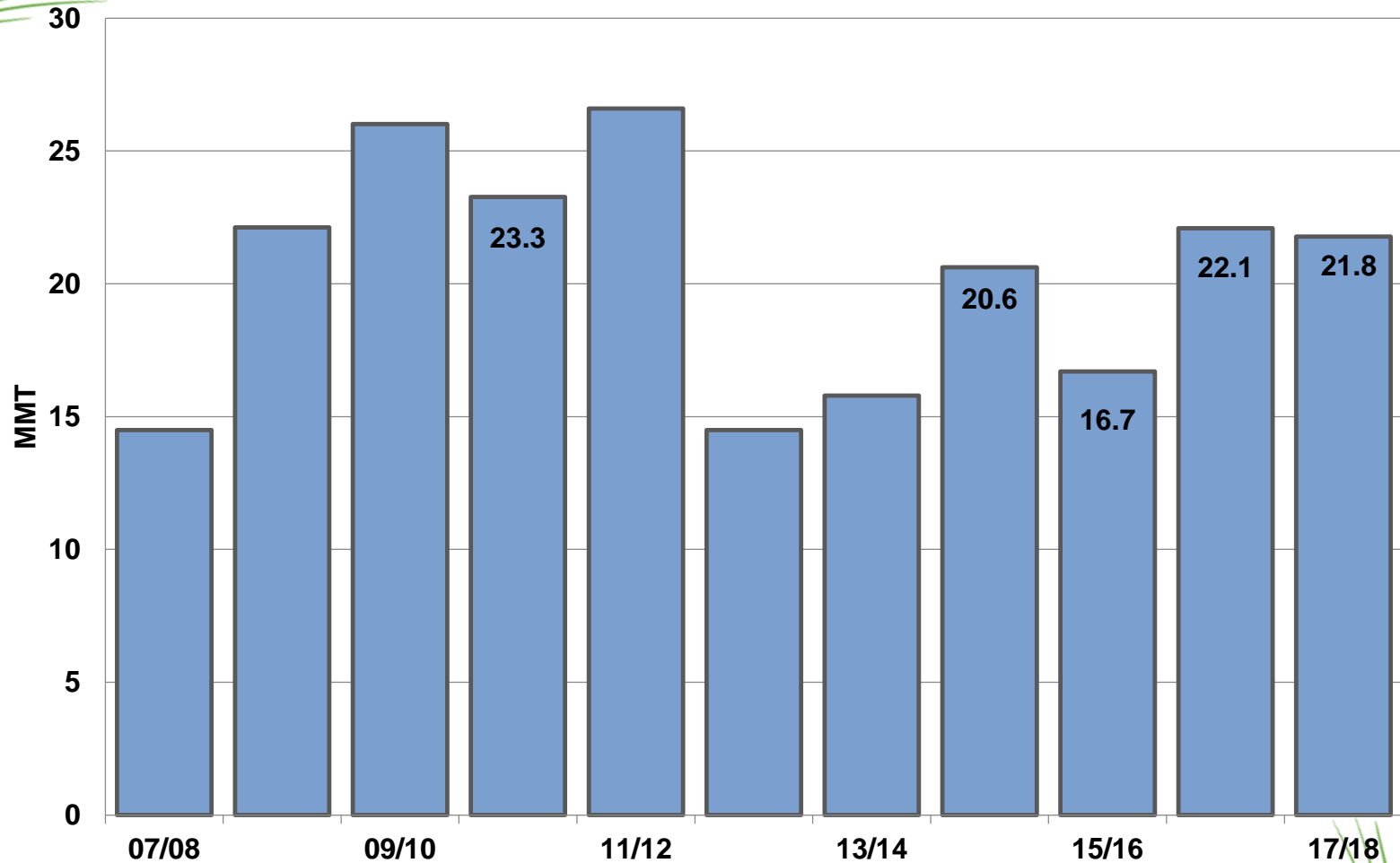


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

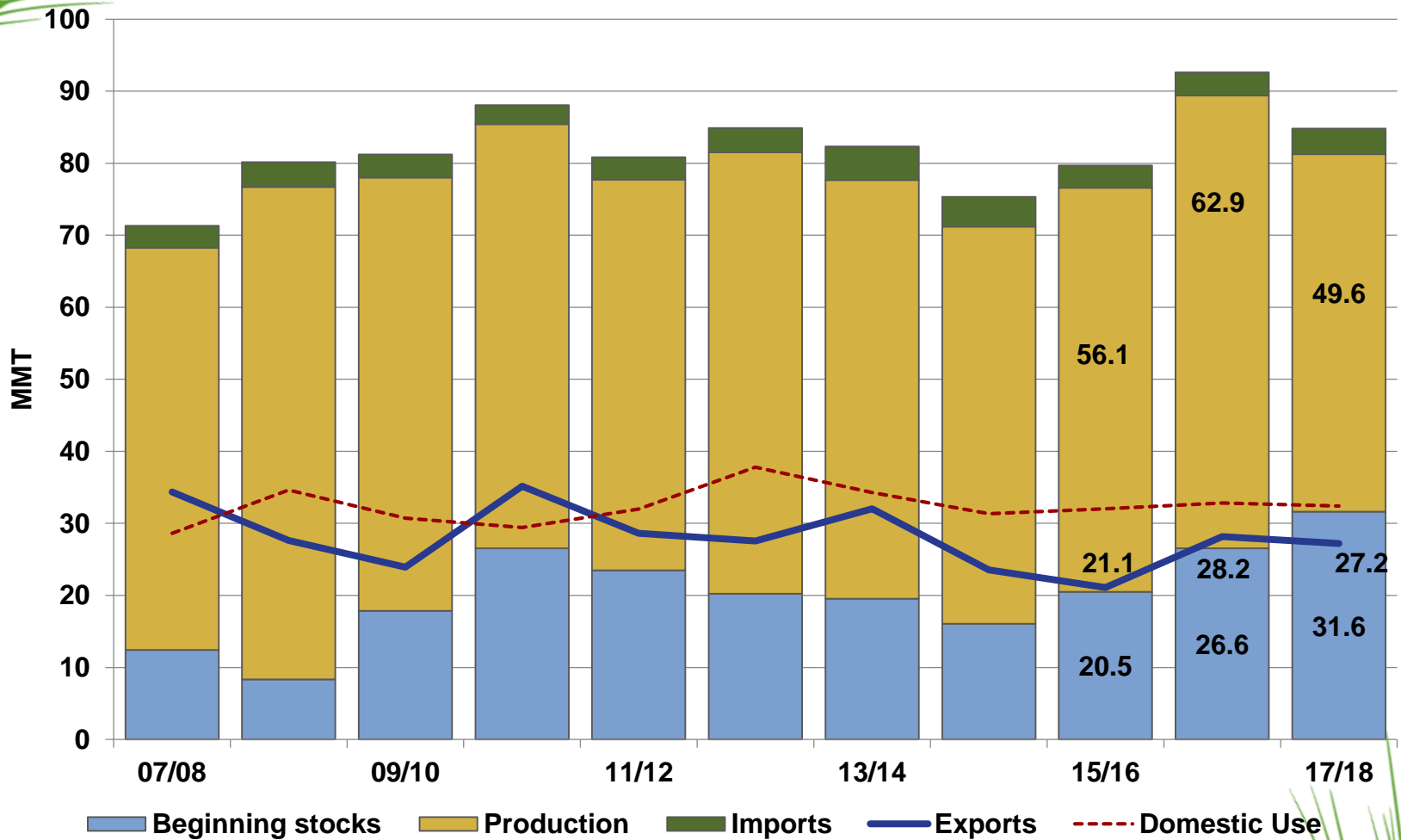
Black Sea Exports



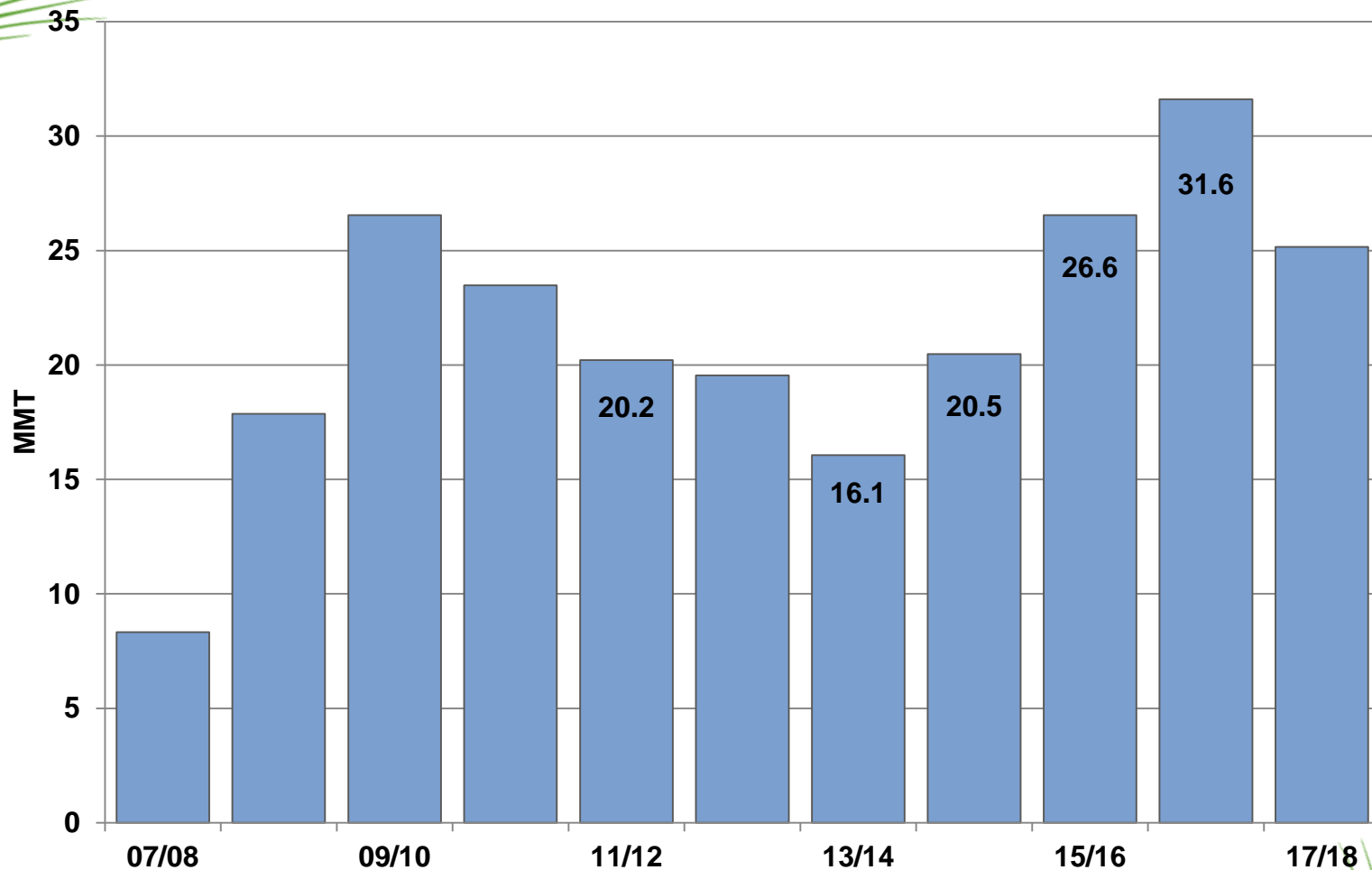
Black Sea Ending Stocks



U.S. Situation



U.S. Ending Stocks



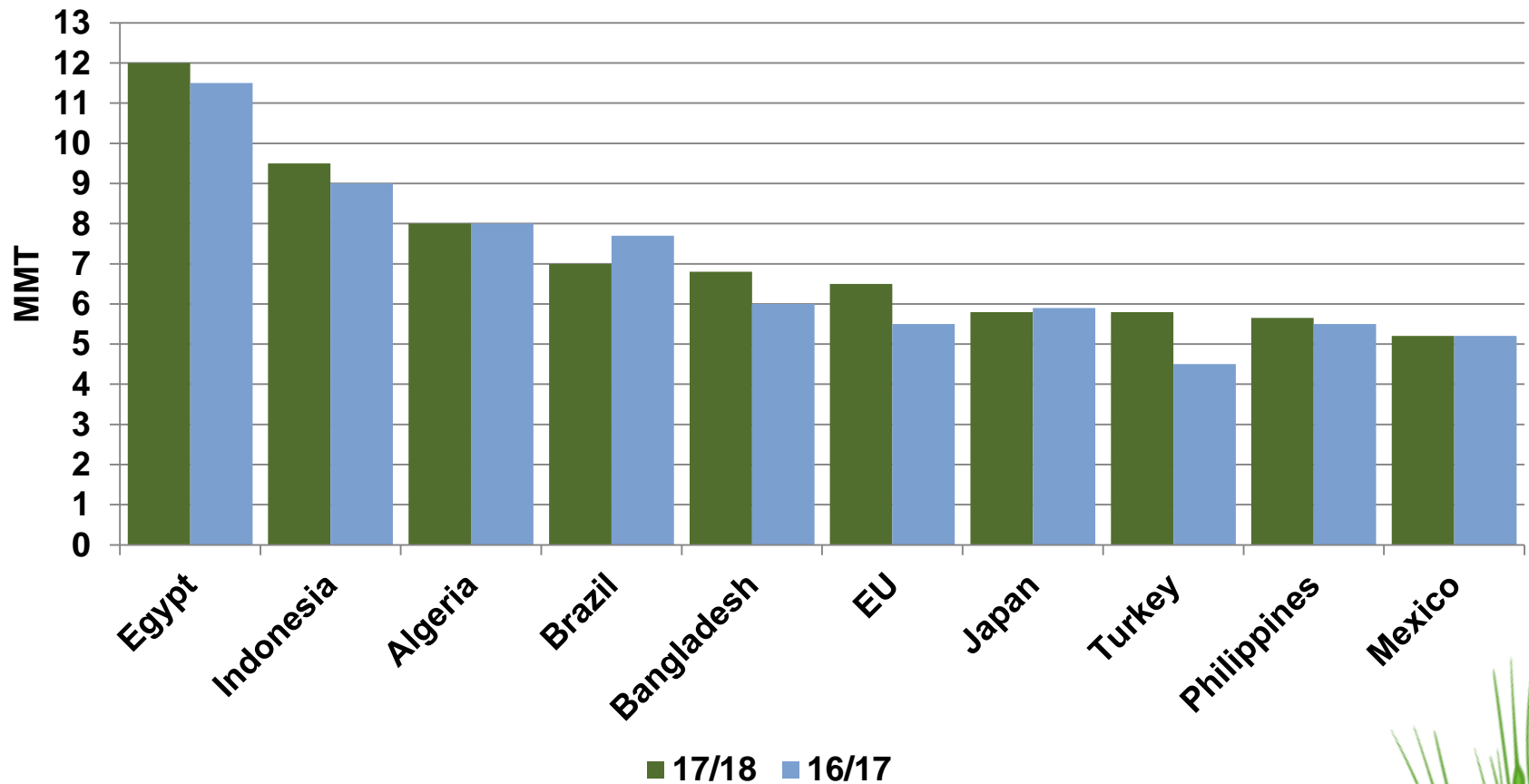
- Major Exporters
- Import Demand
- U.S. Situation by Class
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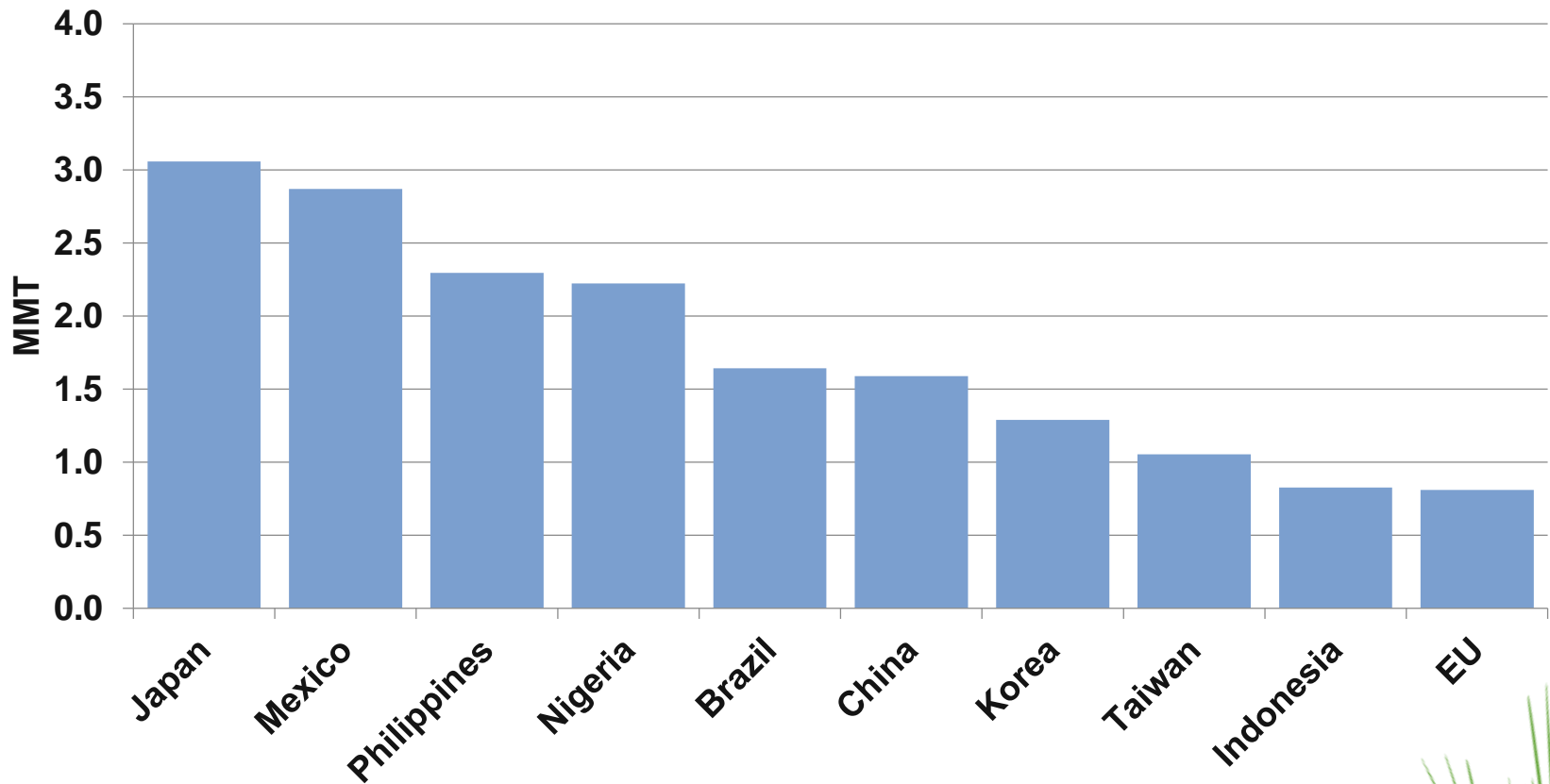
Major World Wheat Importers

(from all origins)



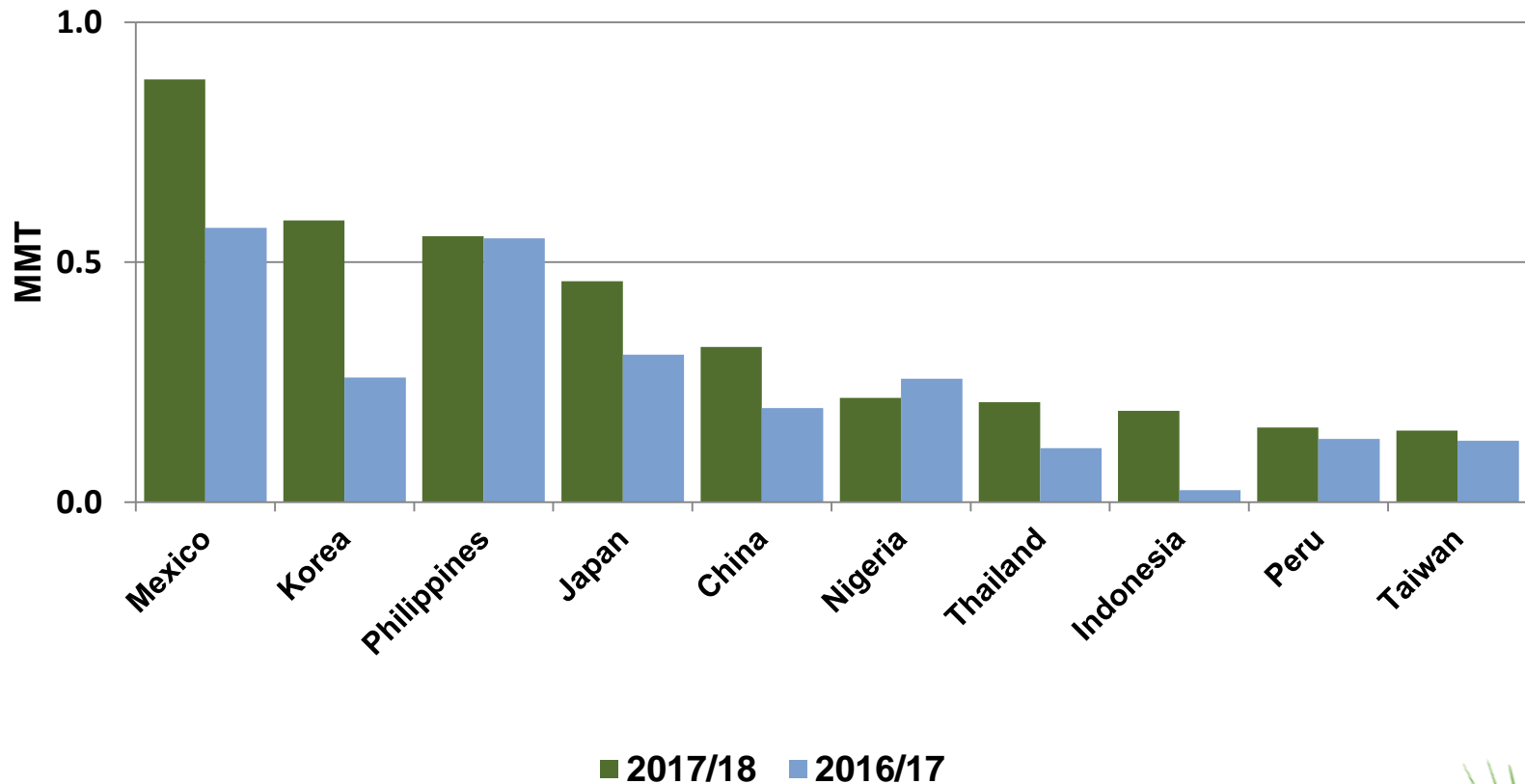
Top 10 Customers for U.S. Wheat

5-year average



Top 10 Customers for U.S. Wheat

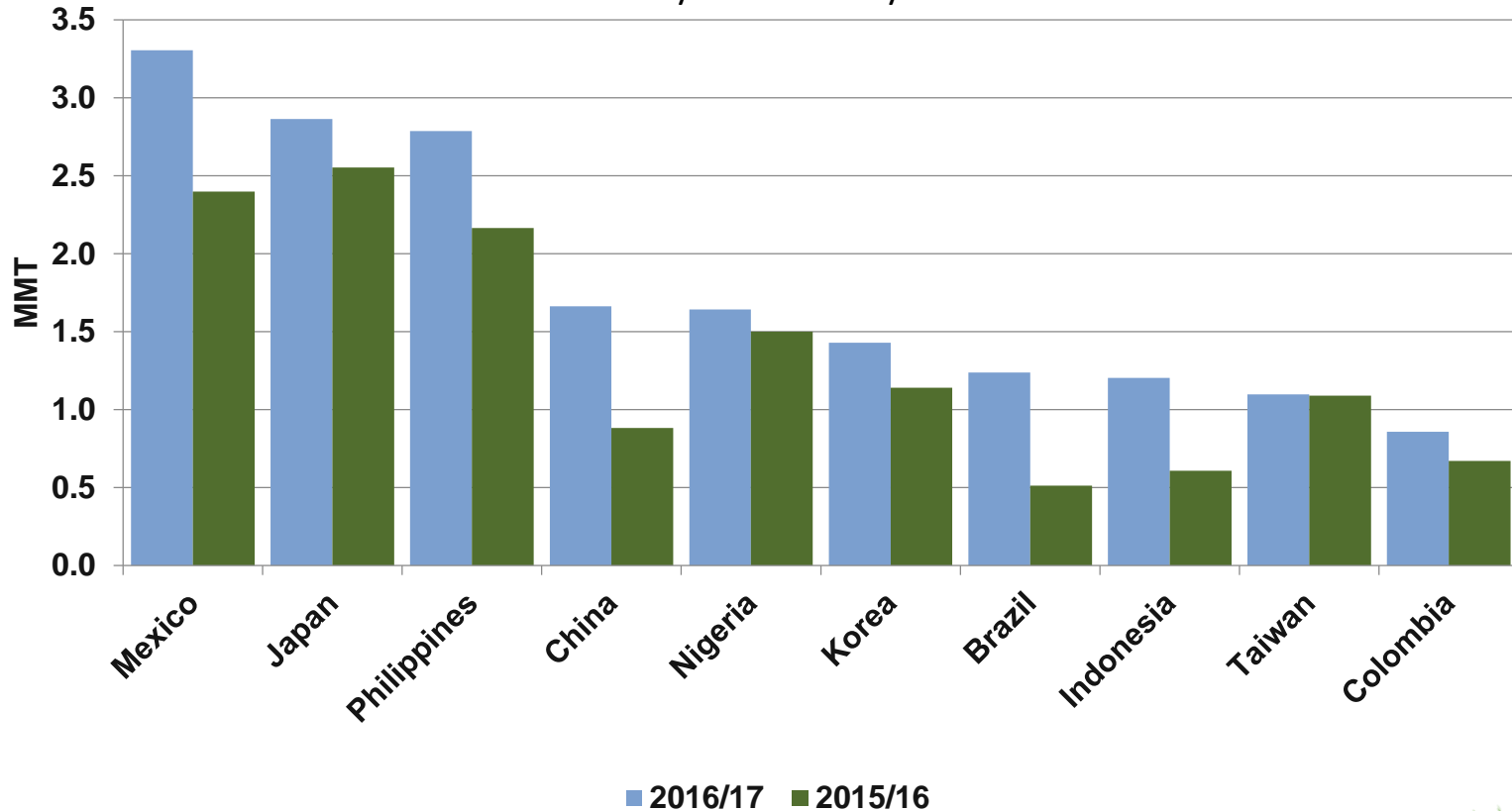
2017/18 vs. 2016/17



Source: USDA FAS export sales report June 8, 2017.

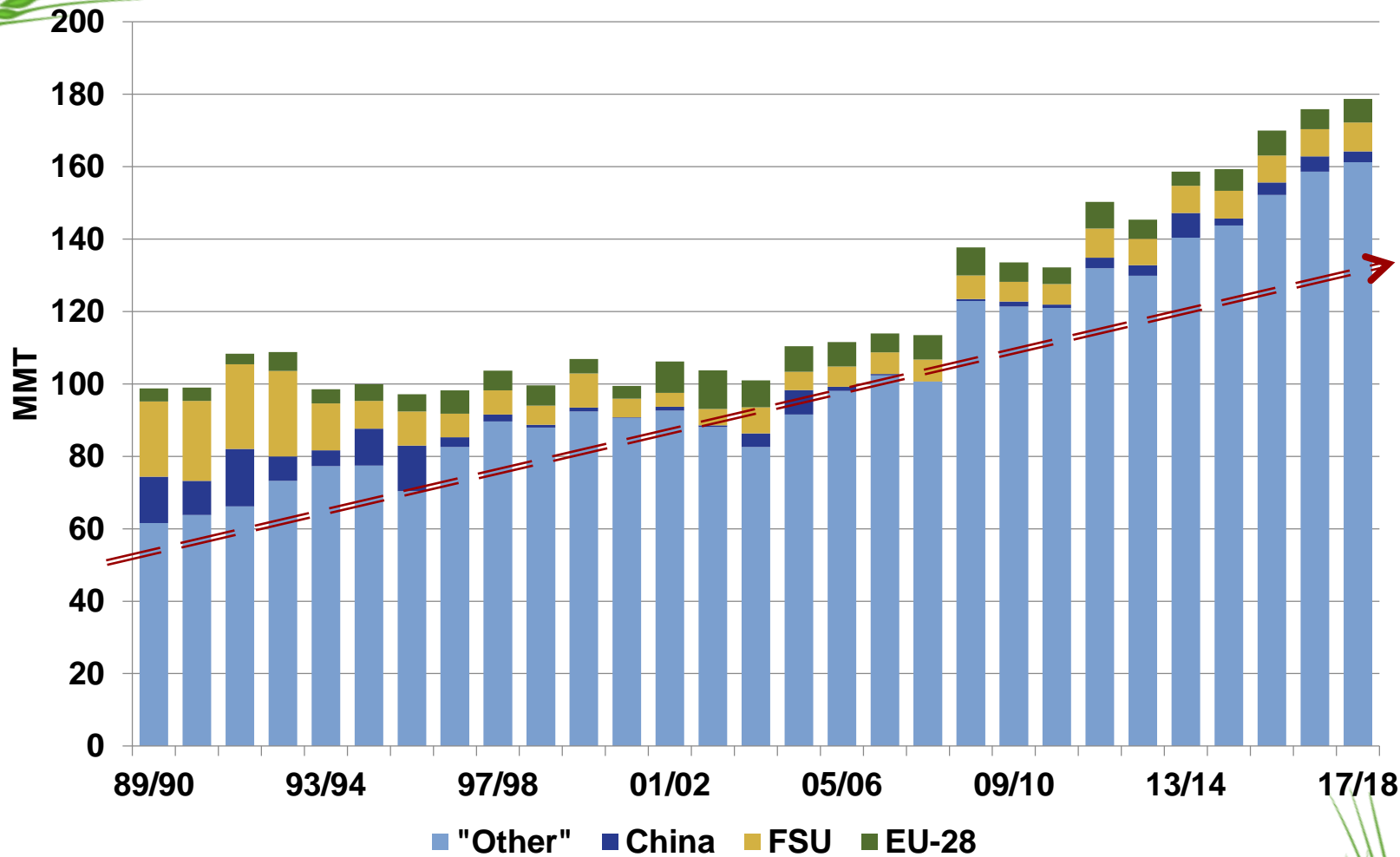
Top 10 Customers for U.S. Wheat

2016/17 vs. 2015/16



Source: USDA FAS export sales report June 8, 2017.

World Wheat Imports

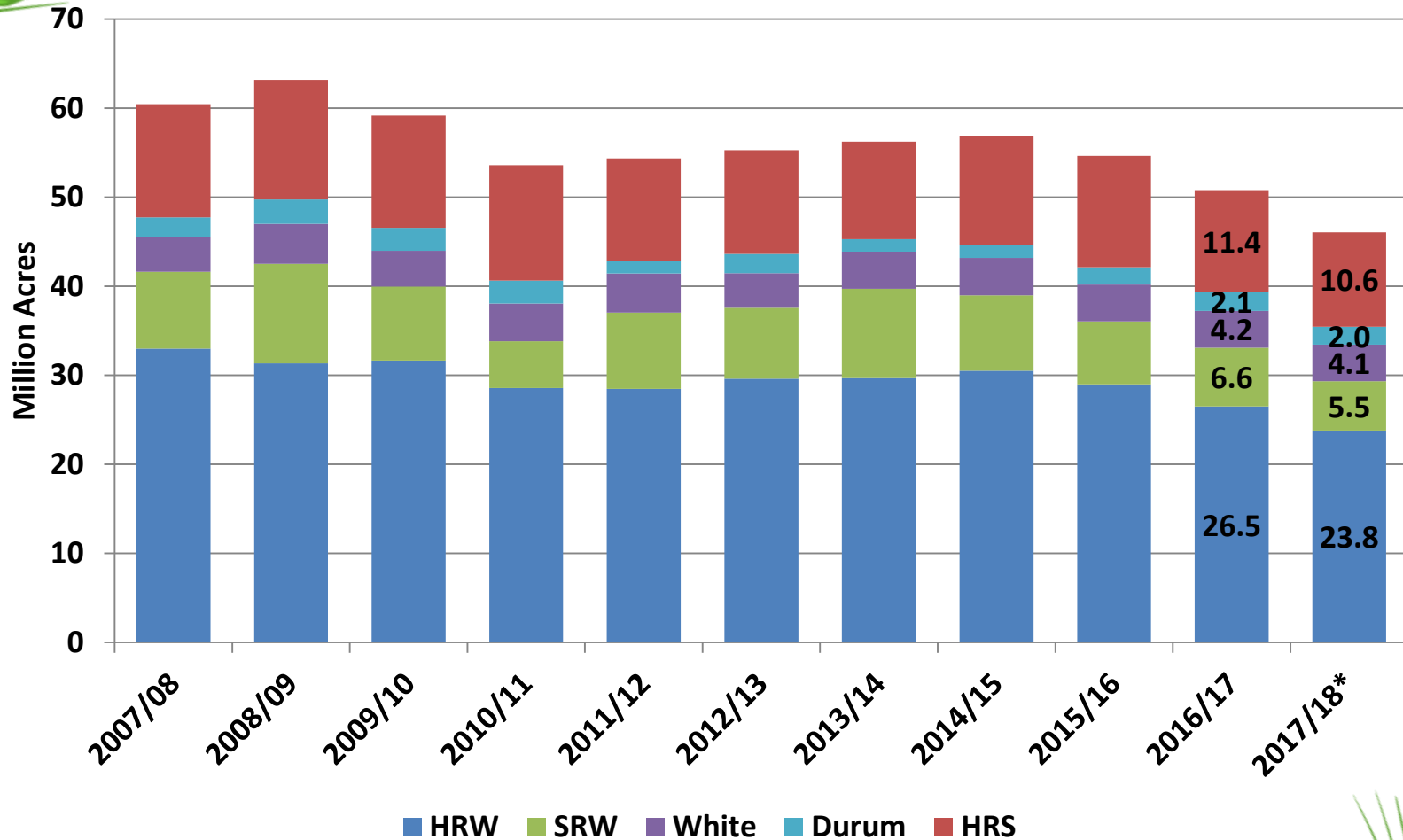


Trend in "other" importers denoted (—▶)

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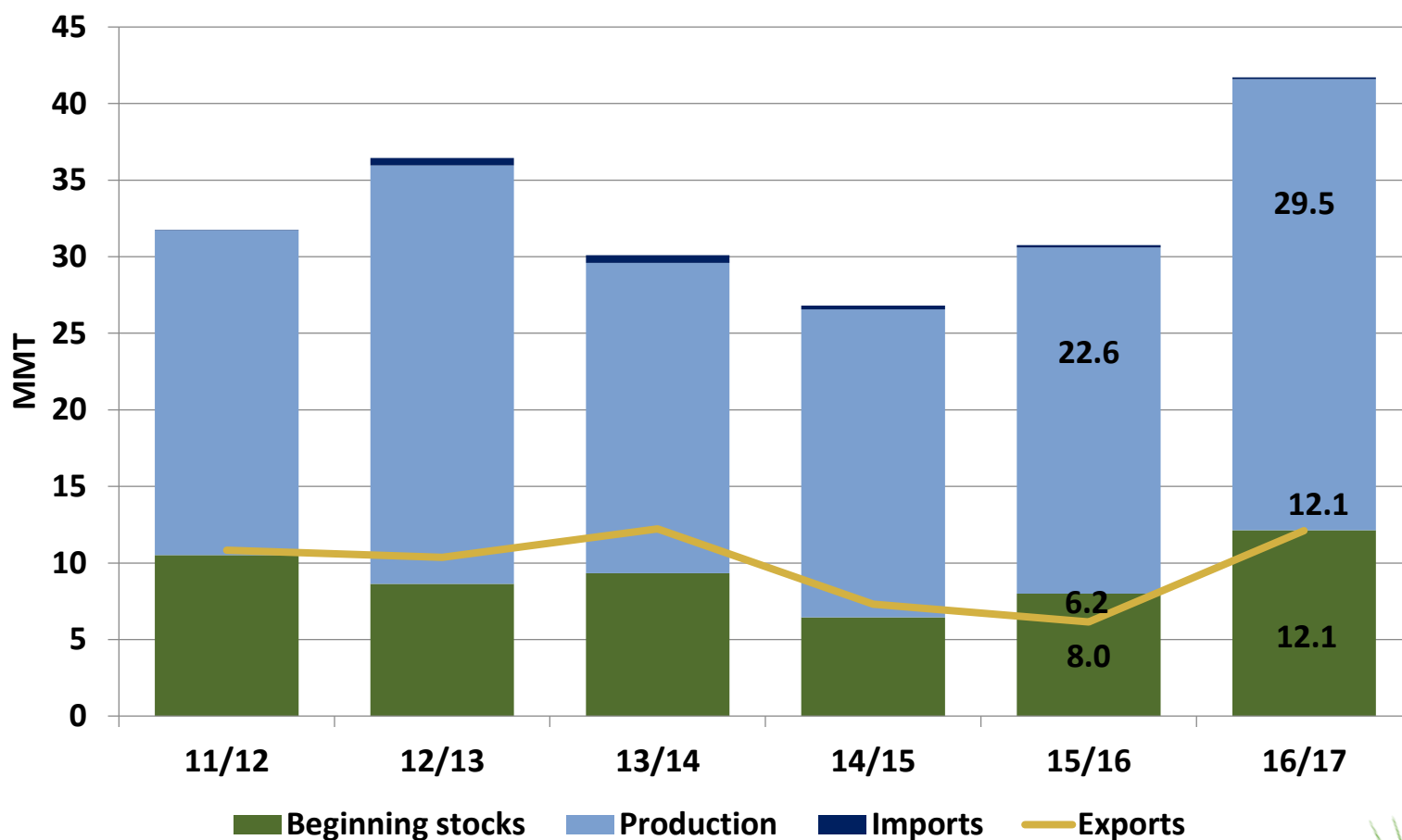


U.S. Wheat Plantings by Class



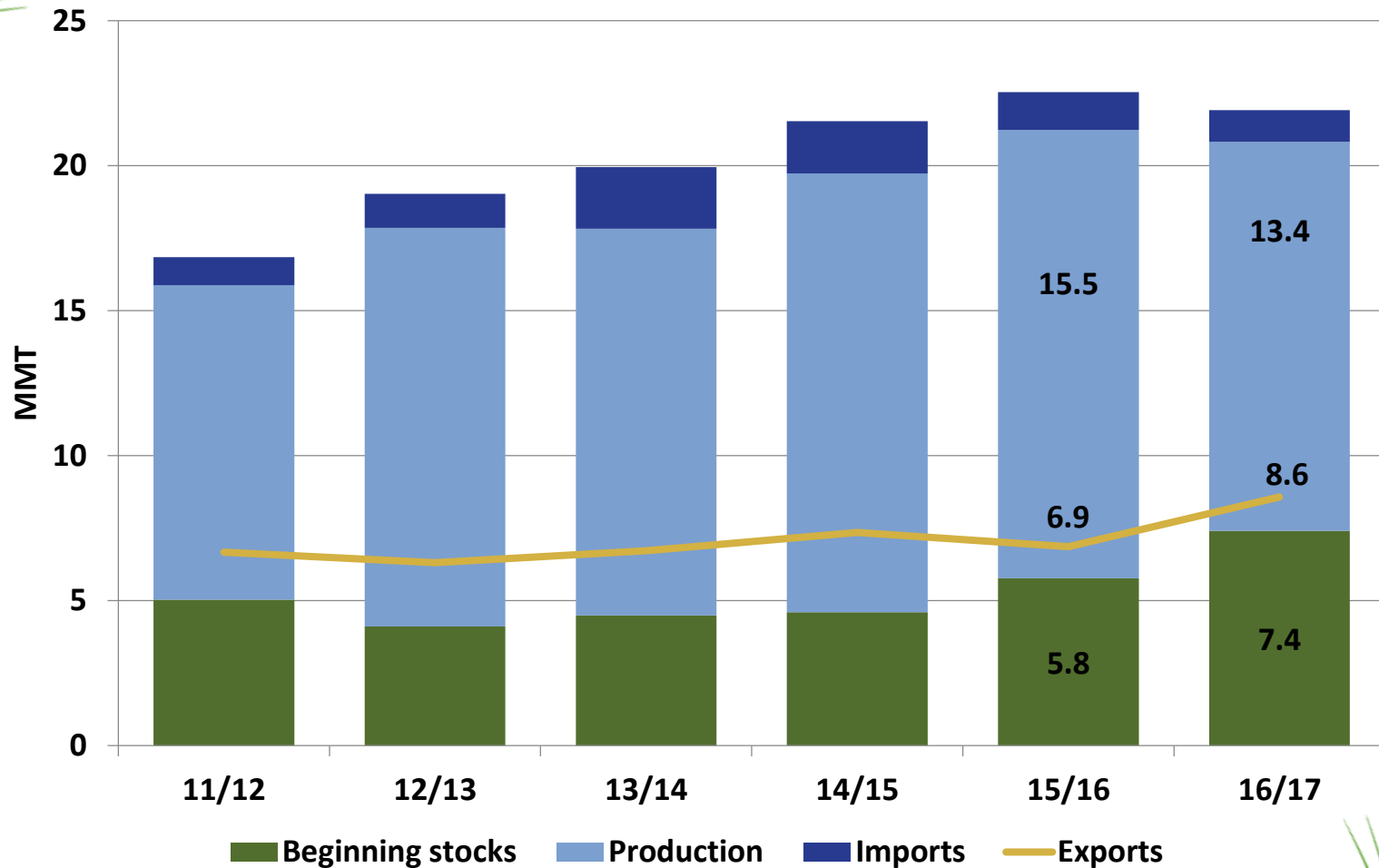
*Source: USDA Prospective Plantings Report, March 31, 2017

U.S. Hard Red Winter



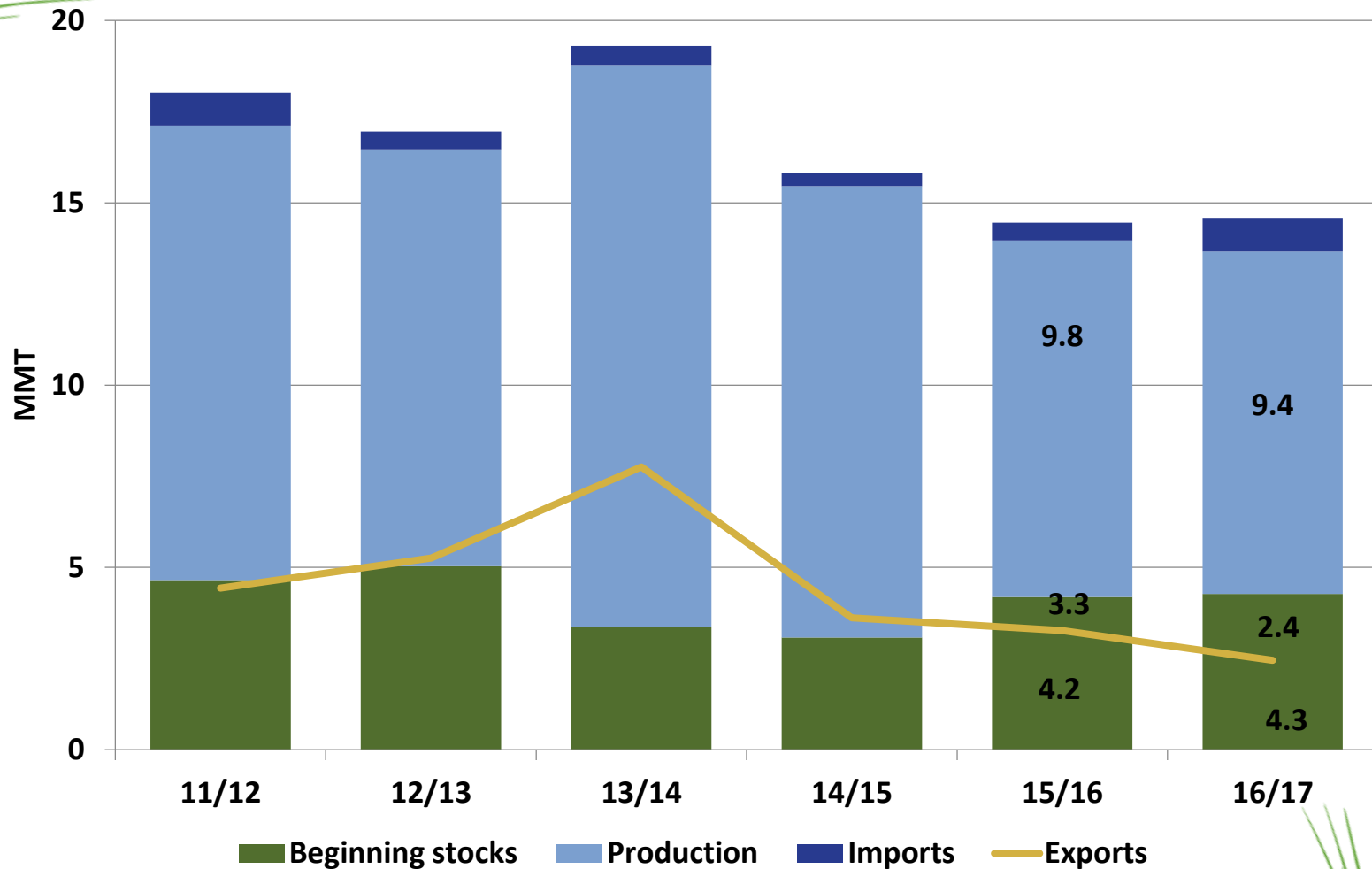
USDA will release wheat by class projections for 2017/18 in the July 12, 2017 WASDE.

U.S. Hard Red Spring



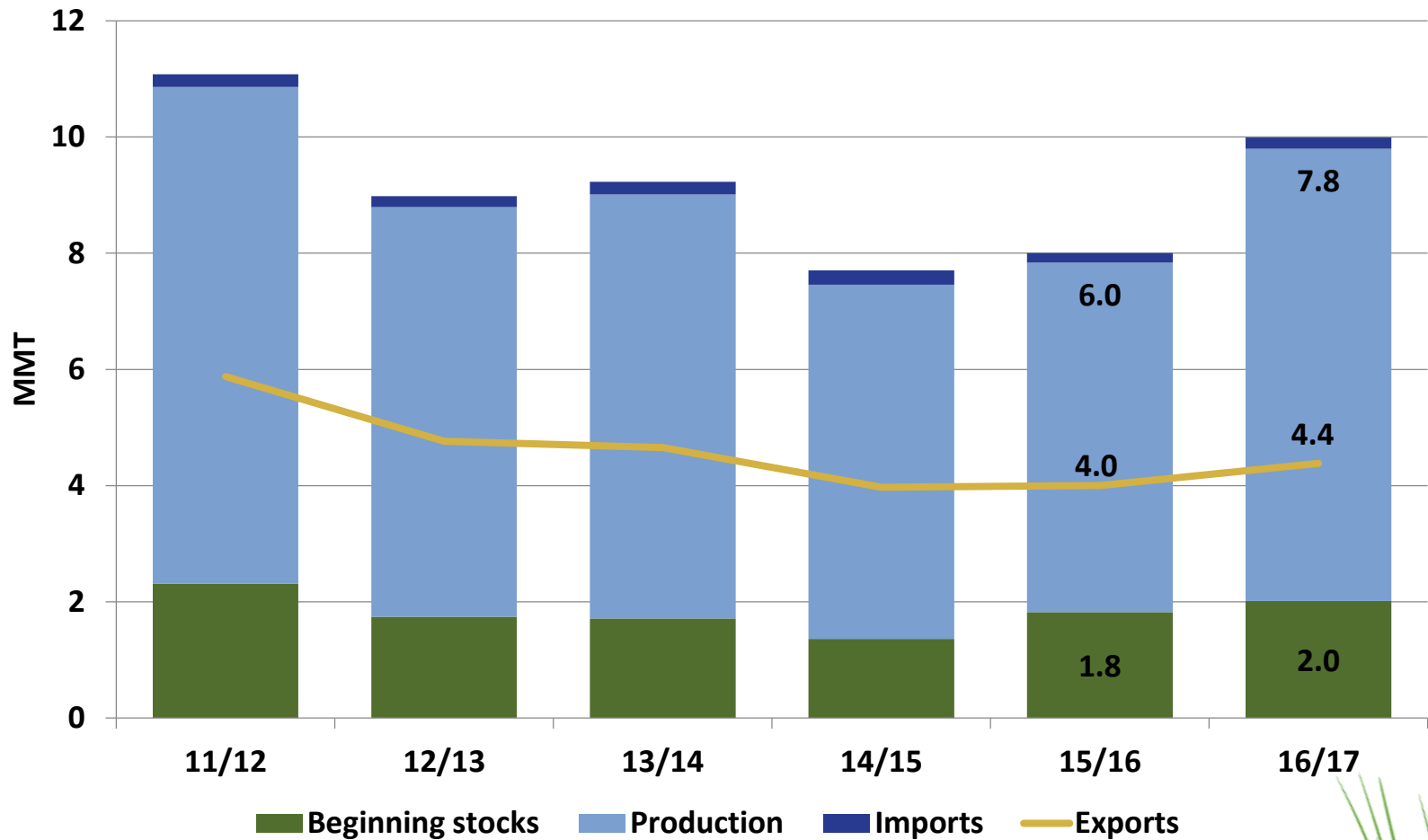
USDA will release wheat by class projections for 2017/18 in the July 12, 2017 WASDE.

U.S. Soft Red Winter



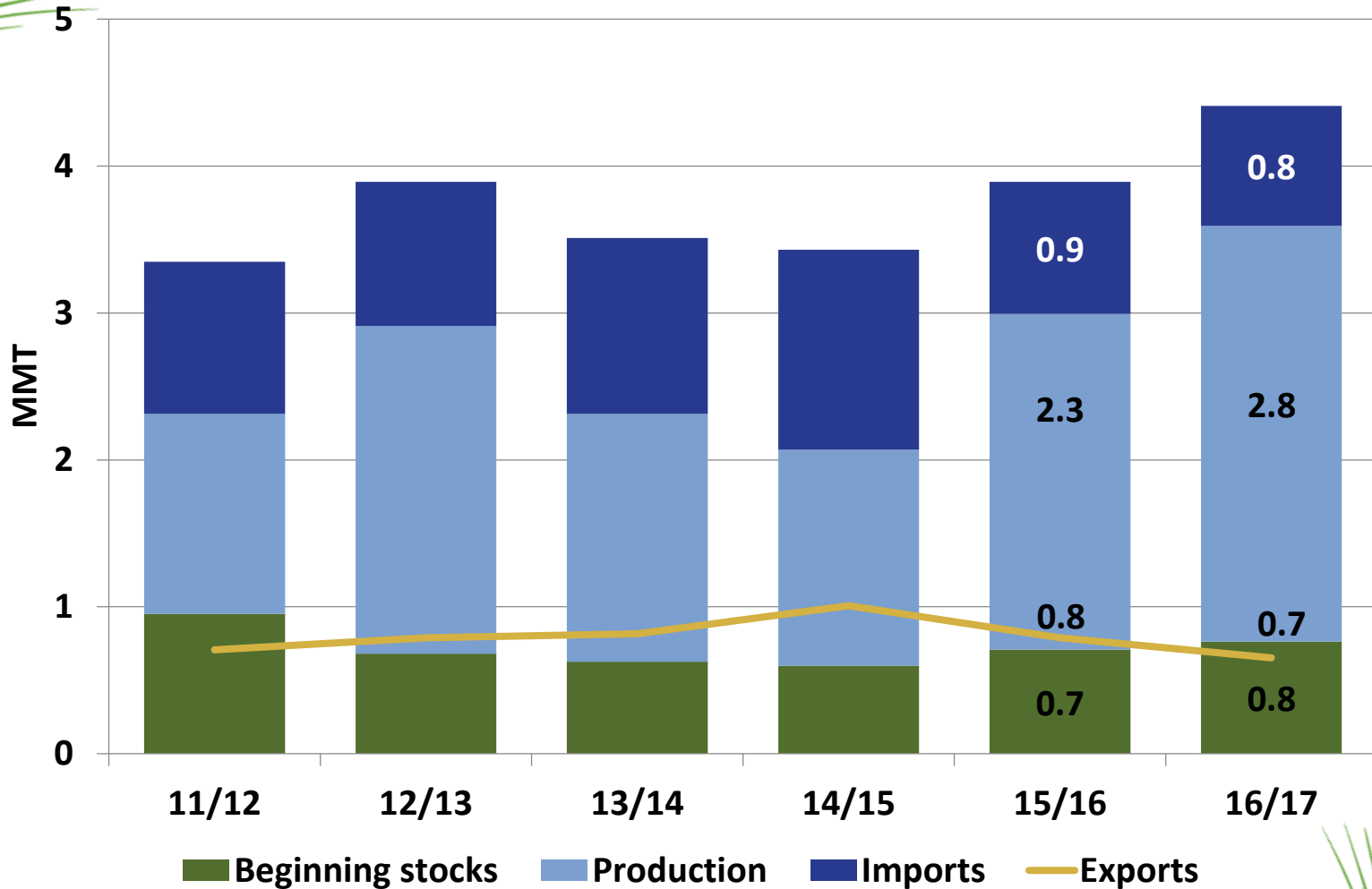
USDA will release wheat by class projections for 2017/18 in the July 12, 2017 WASDE.

U.S. White



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

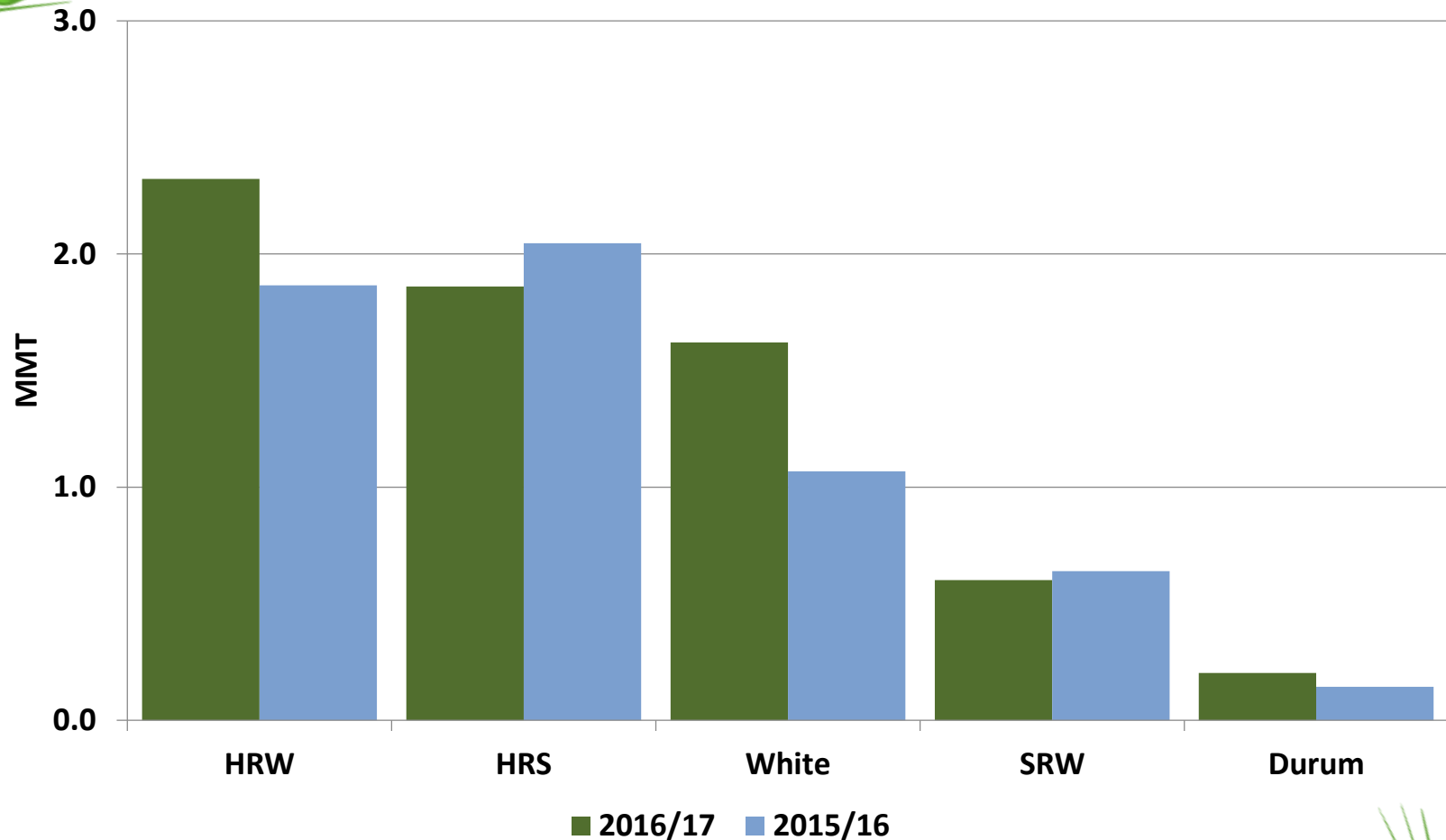
U.S. Durum



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

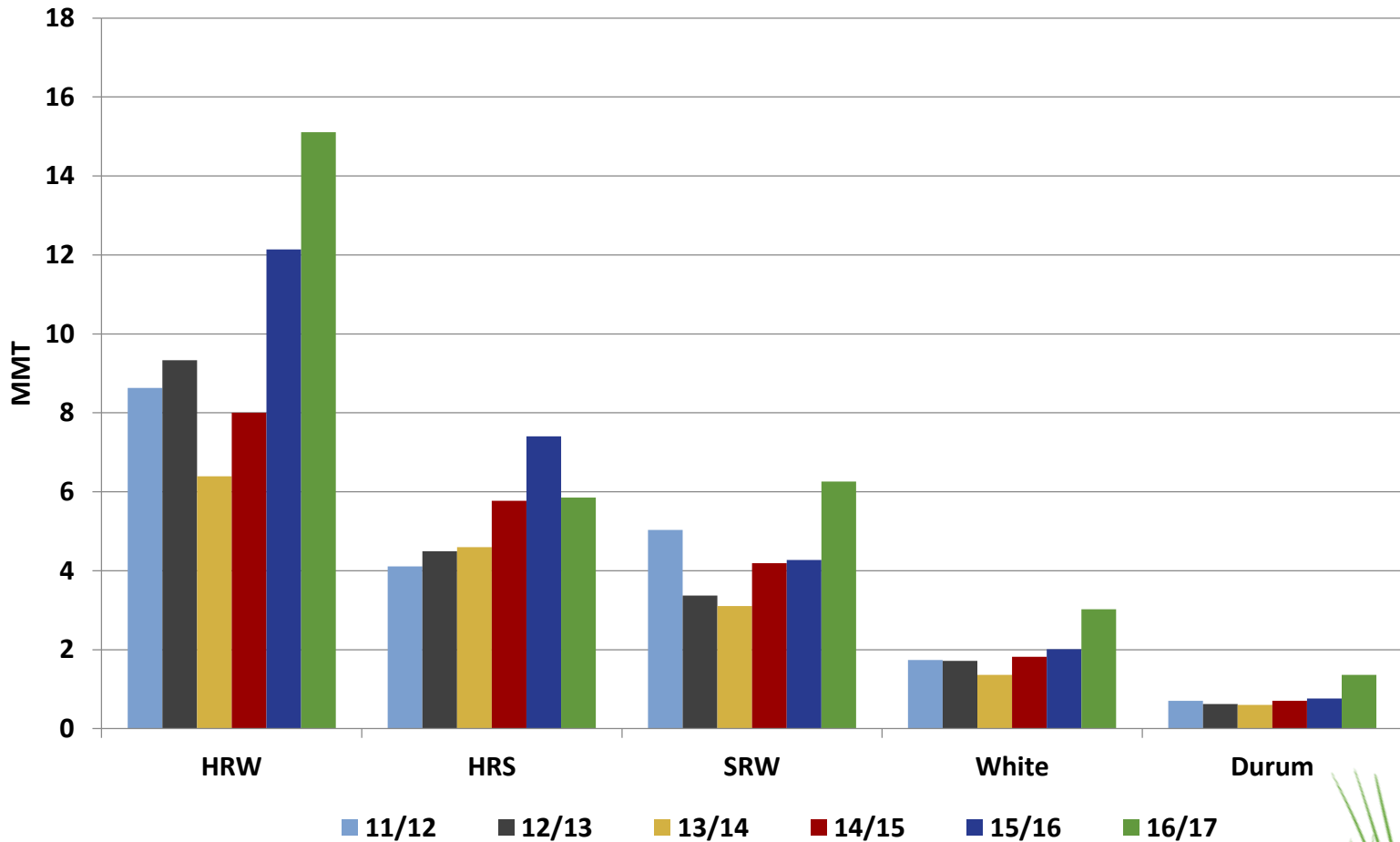
U.S. Wheat Sales by Class

(year-to-date)



Source: USDA FAS export sales report June 9, 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>1.1</u>	<u>0.5</u>	<u>0.9</u>
Supply Total	30.8	41.7	22.5	21.9	14.5	14.6
Domestic Use	12.5	14.5	8.3	7.5	6.9	5.9
Exports	<u>6.2</u>	<u>12.1</u>	<u>6.9</u>	<u>8.6</u>	<u>3.3</u>	<u>2.4</u>
Use Total	18.6	26.6	15.1	16.1	10.2	8.3
Ending Stocks	12.1	15.1	7.4	5.9	4.3	6.3
Stocks-to-Use	65%	57%	49%	36%	42%	75%

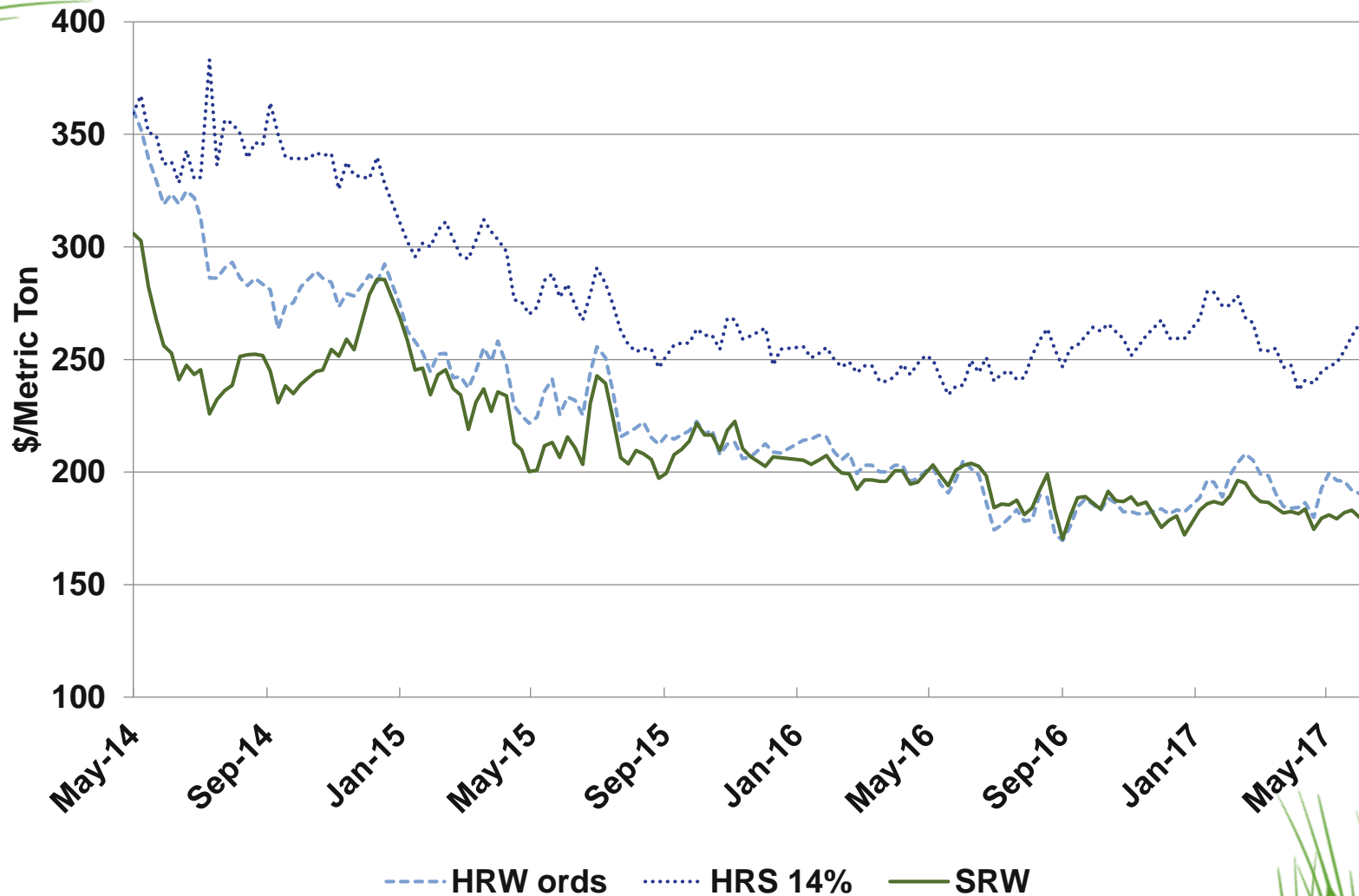
USDA will release wheat by class projections for 2017/18 in the July 12, 2017 WASDE.

U.S. Wheat Supply and Demand

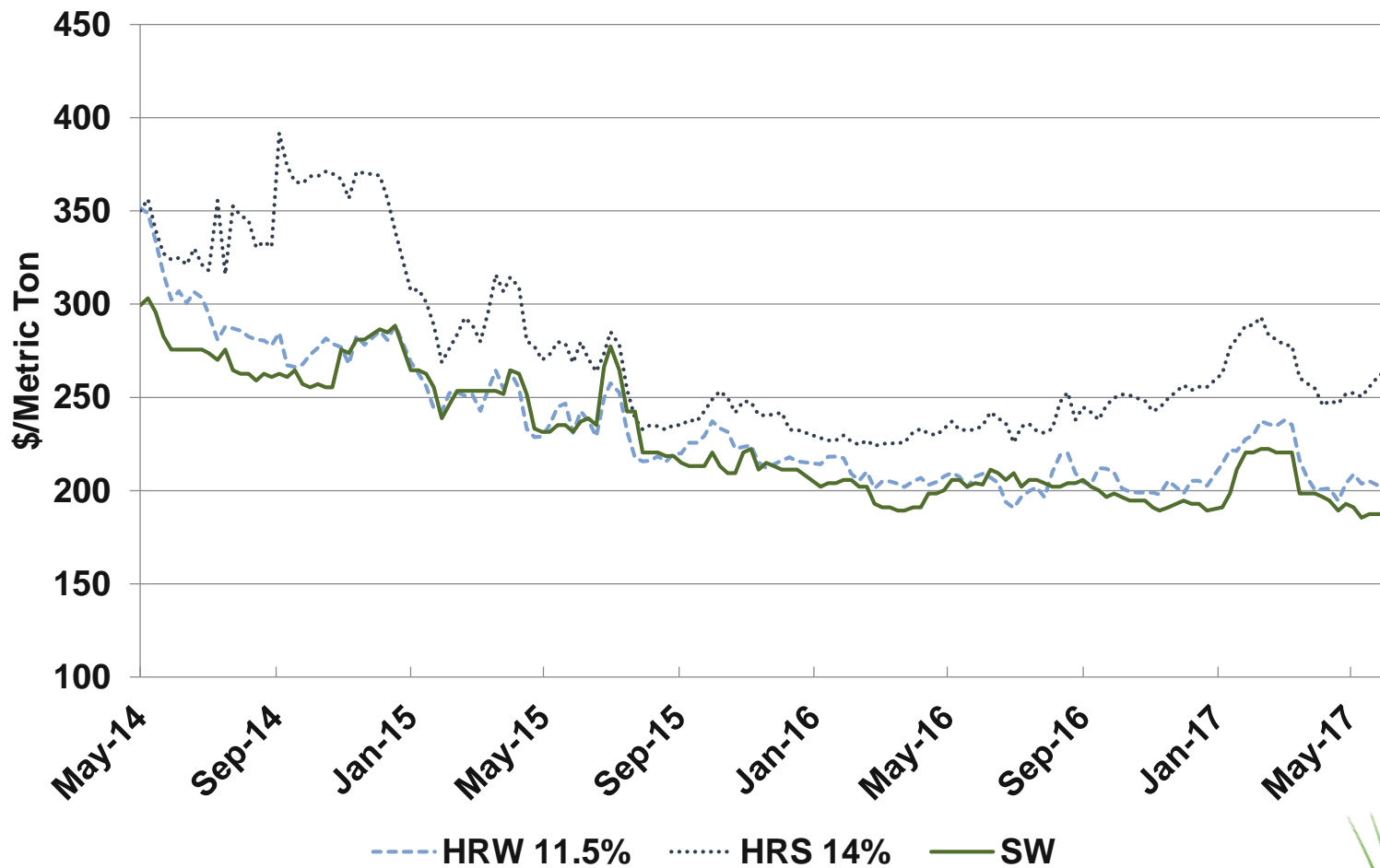
	White		Durum		Total	
	15/16	16/17	15/16	16/17	15/16	16/17
	MMT					
Beginning Stocks	1.8	2.0	0.7	0.8	20.5	26.6
Production	6.0	7.8	2.3	2.8	56.1	62.9
Imports	<u>0.2</u>	<u>0.2</u>	<u>0.9</u>	<u>0.8</u>	<u>3.1</u>	<u>3.1</u>
Supply Total	8.0	10.0	3.9	4.4	79.7	92.6
Domestic Use	2.0	2.6	2.3	2.4	32.0	32.8
Exports	<u>4.0</u>	<u>4.4</u>	<u>0.8</u>	<u>0.7</u>	<u>21.1</u>	<u>28.2</u>
Use Total	6.0	7.0	3.2	3.0	53.1	61.0
Ending Stocks	2.0	3.0	0.8	1.4	26.6	31.6
Stocks-to-Use	34%	43%	24%	45%	50%	52%

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

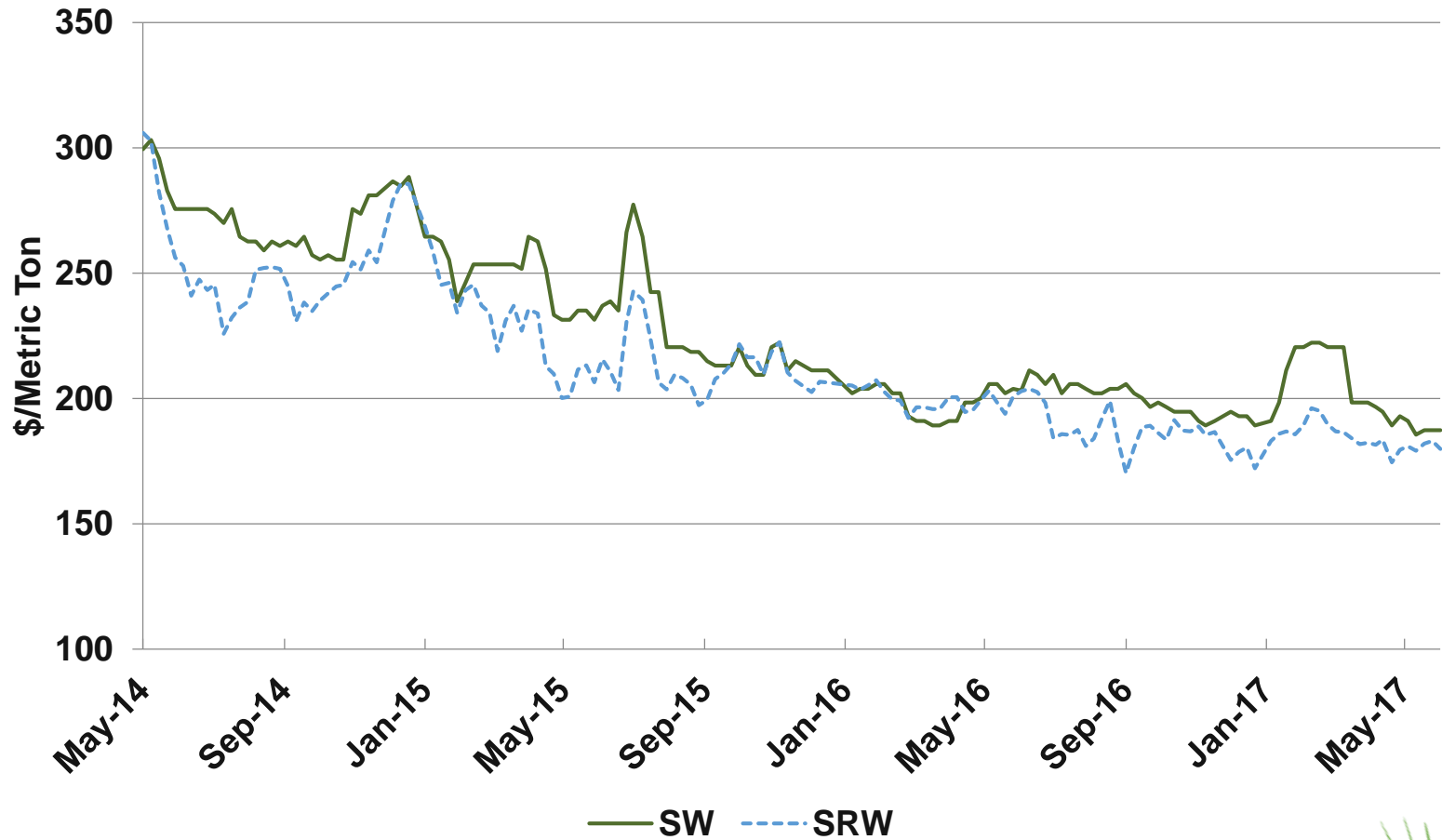
U.S. FOB Gulf Prices



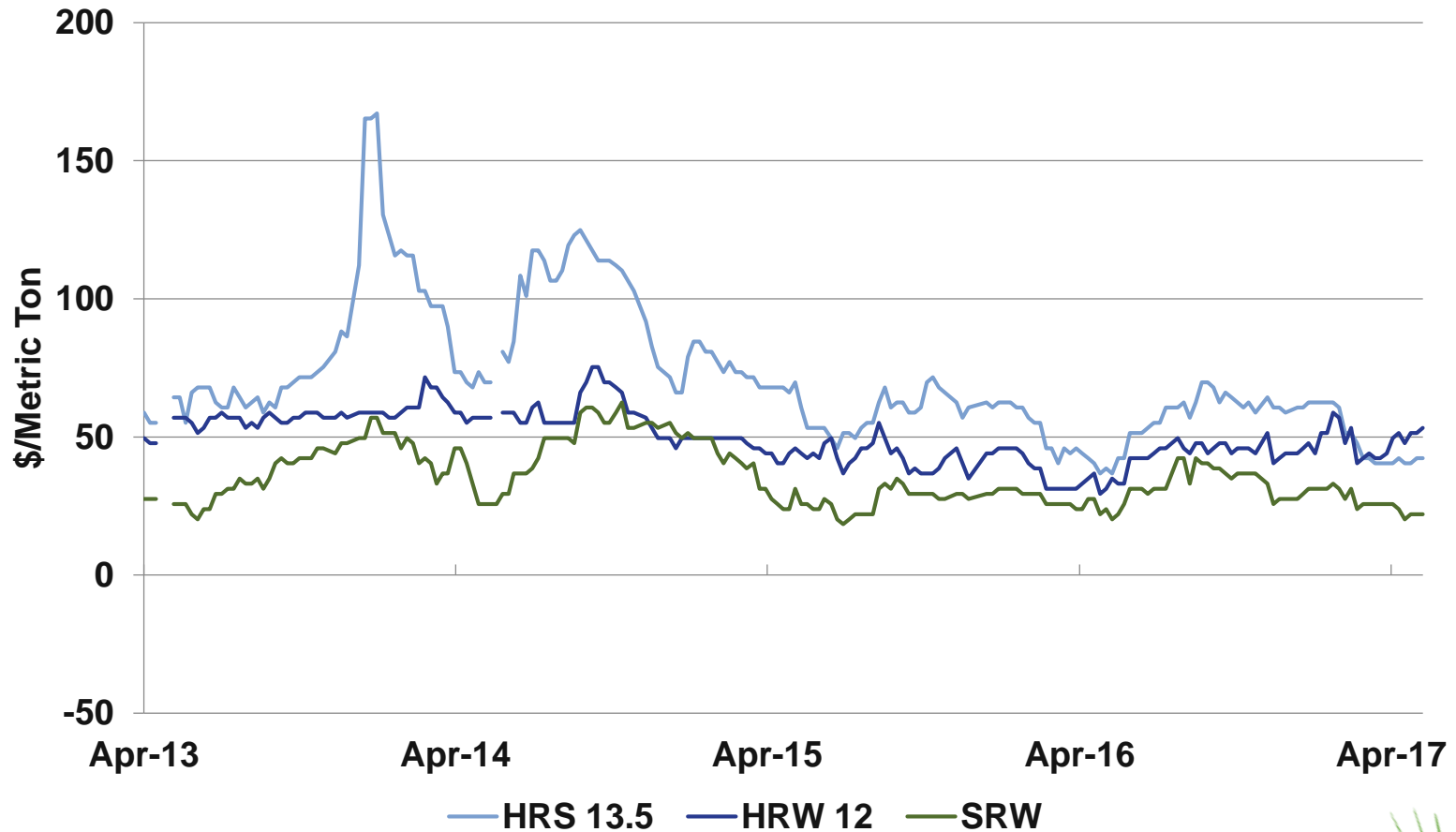
U.S. FOB PNW Prices



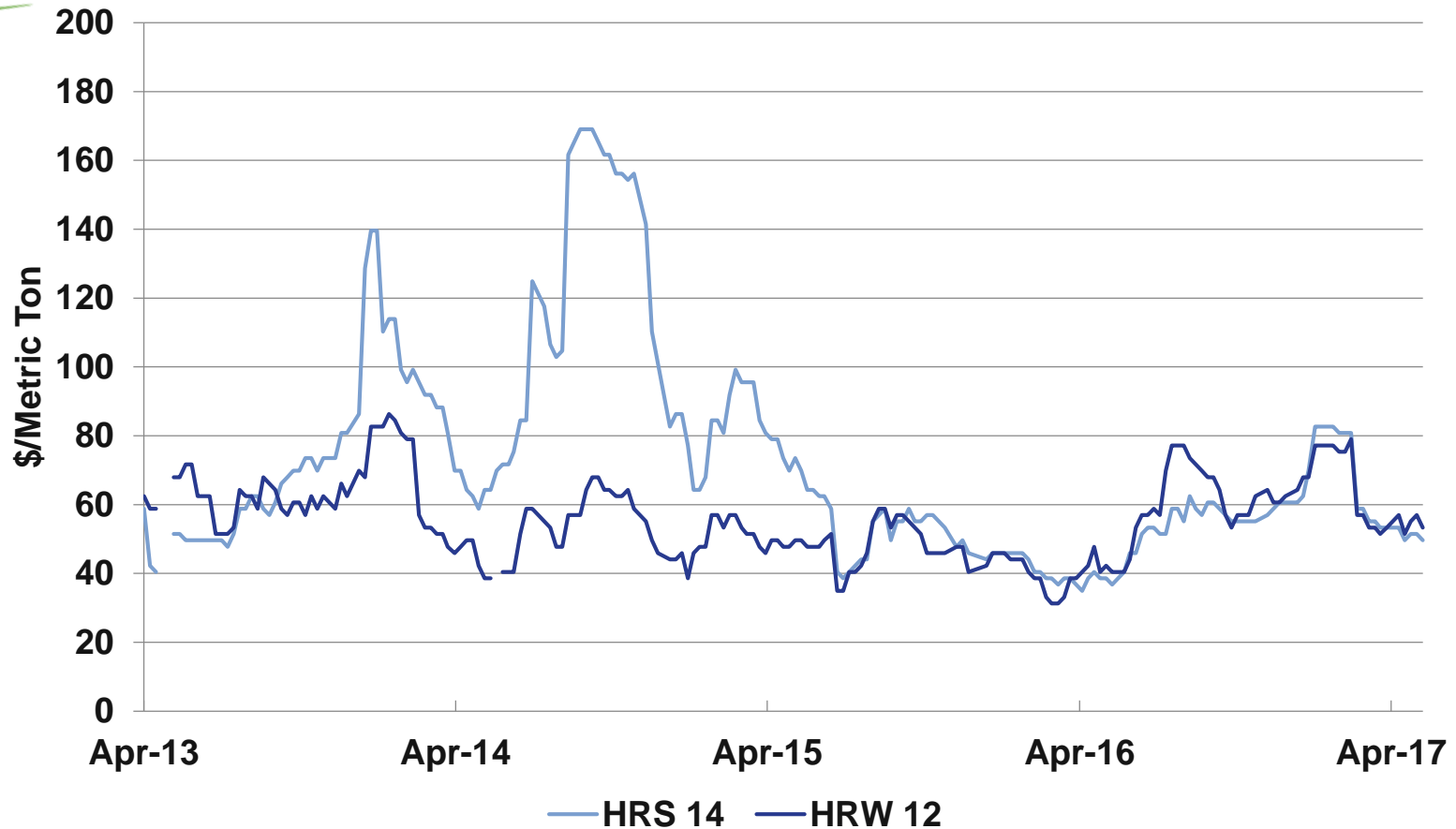
SRW and Soft White Prices



U.S. Gulf Basis Prices



U.S. PNW Basis Prices

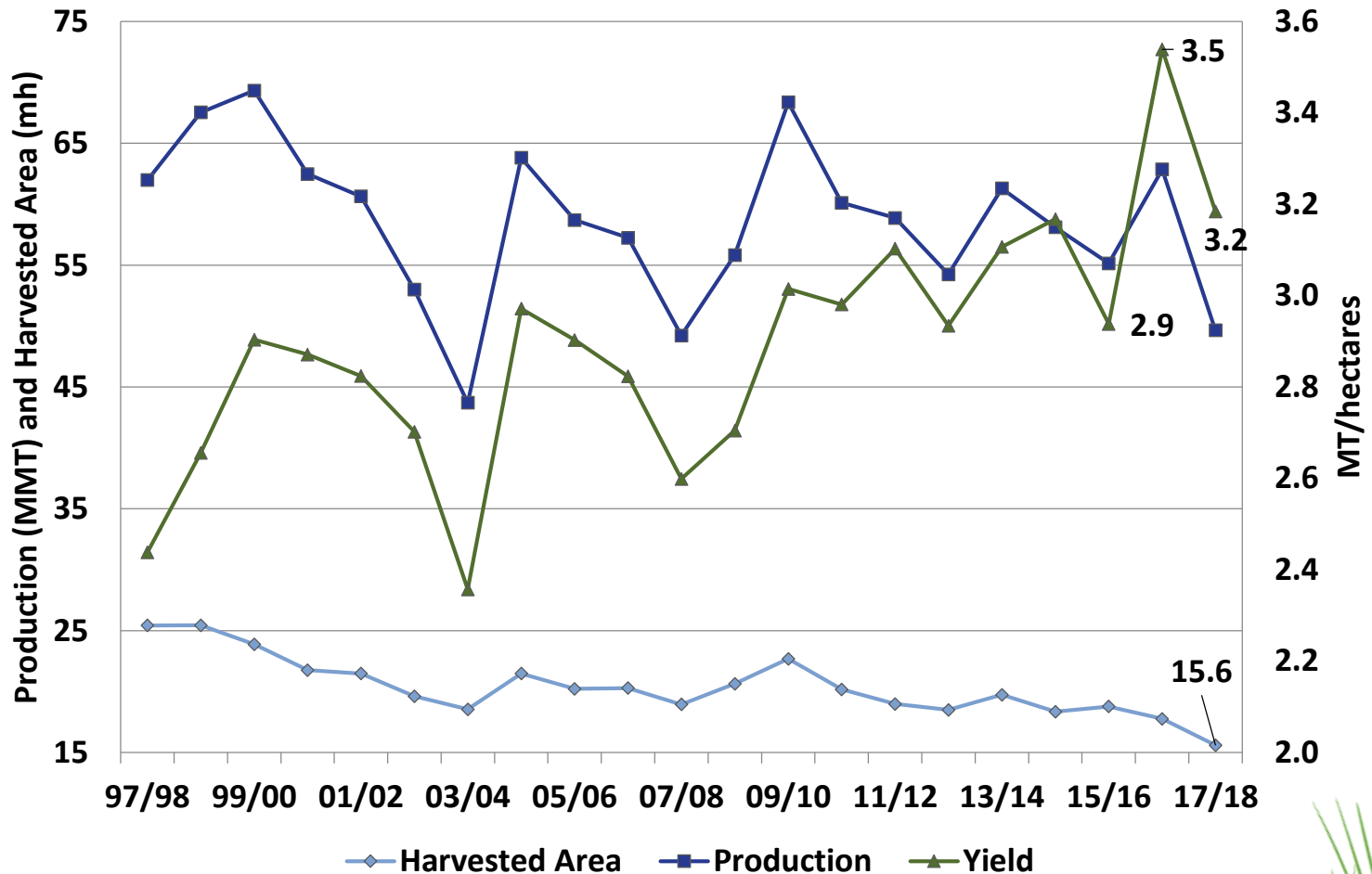


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

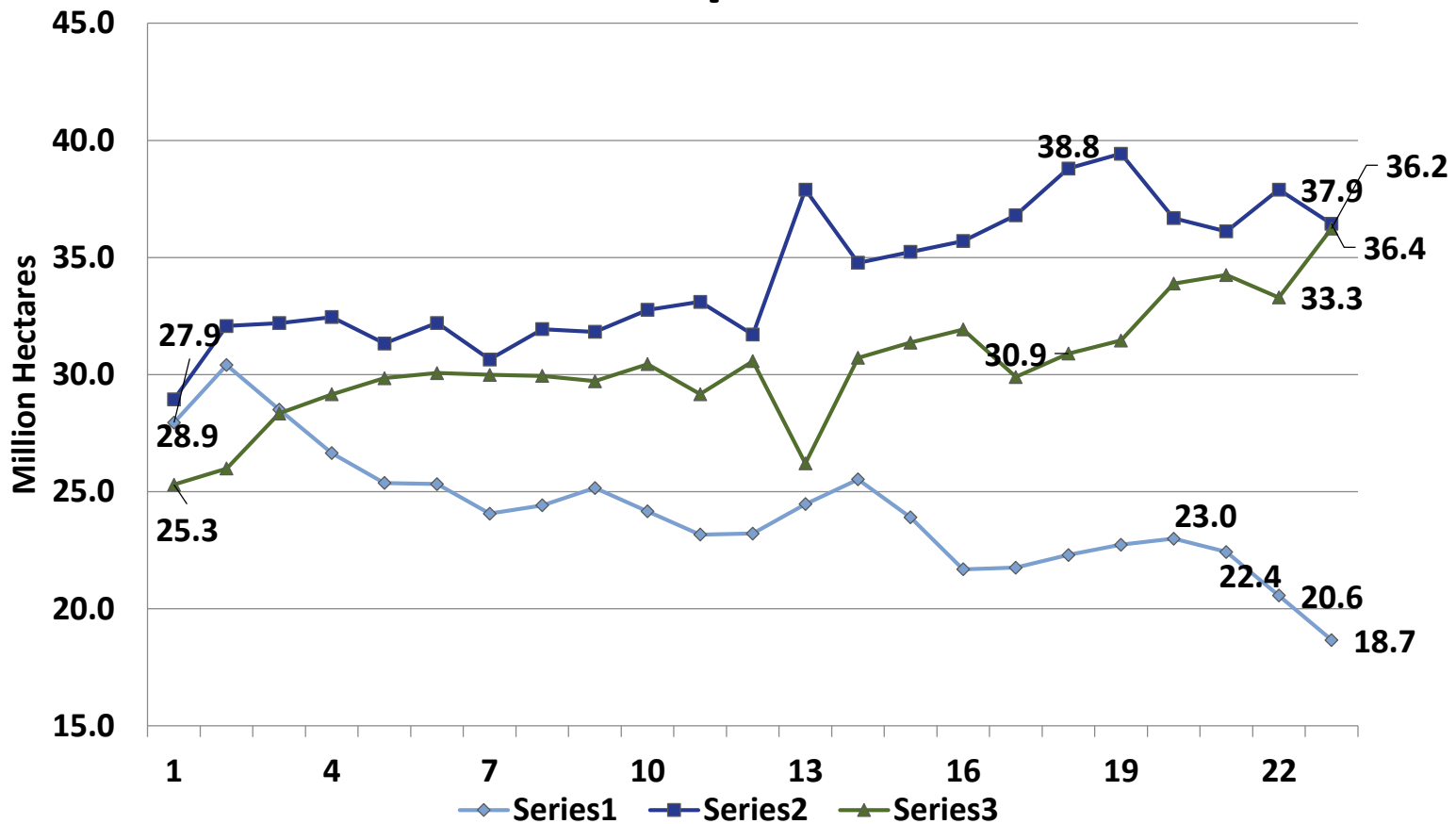


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U.S. Wheat Area and Production



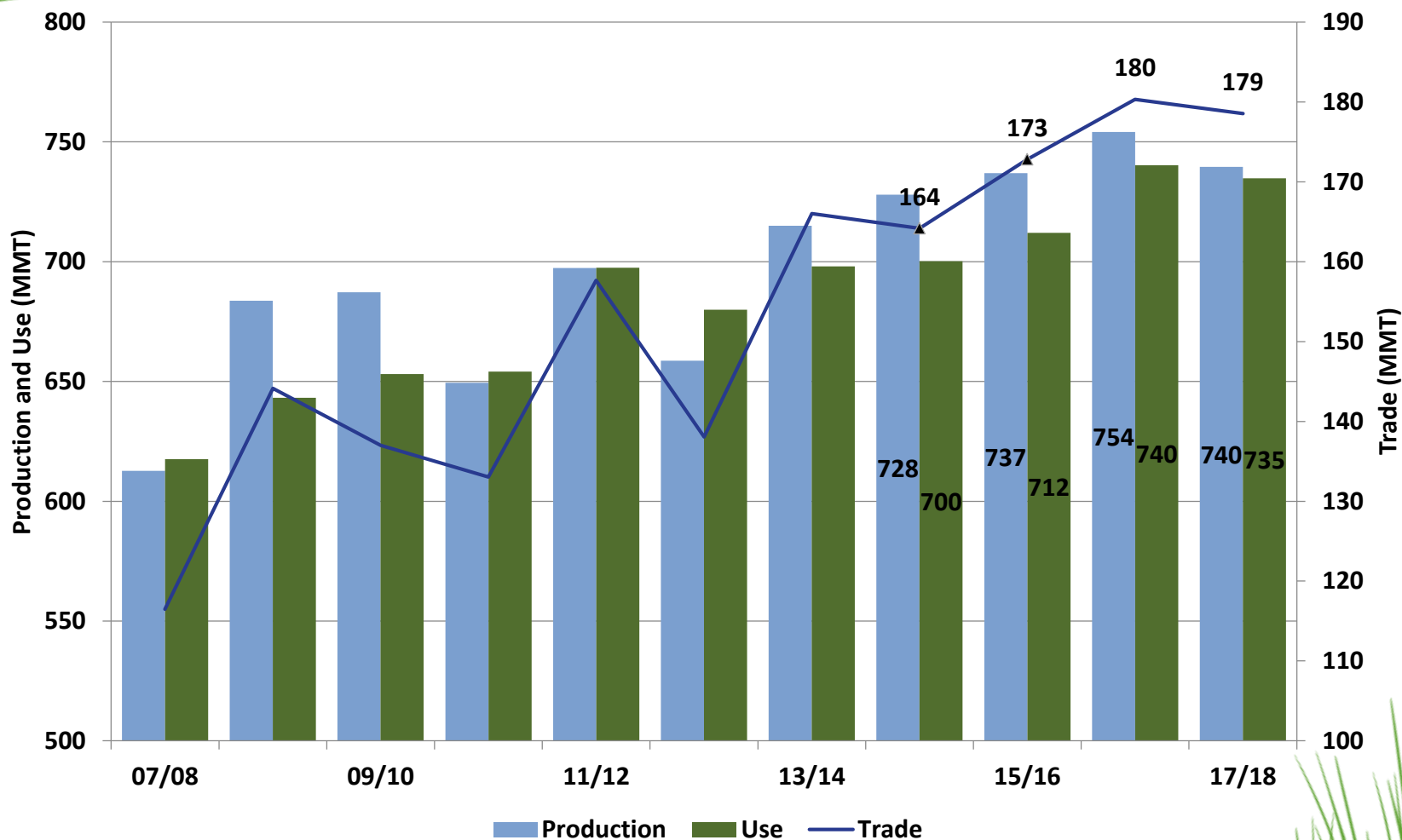
U.S. Crop Planted Area Comparison



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

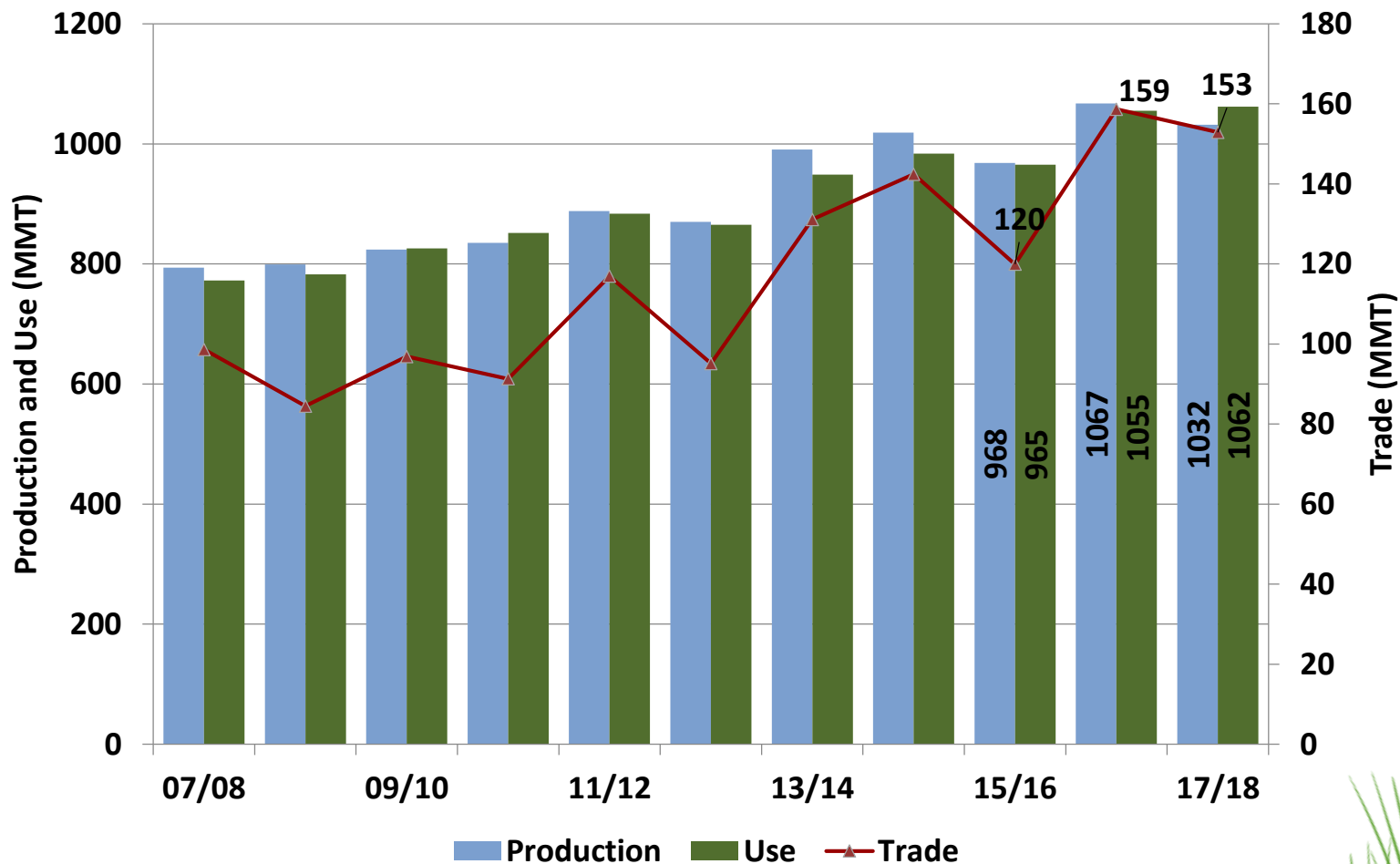
World Wheat

Production, Use and Trade



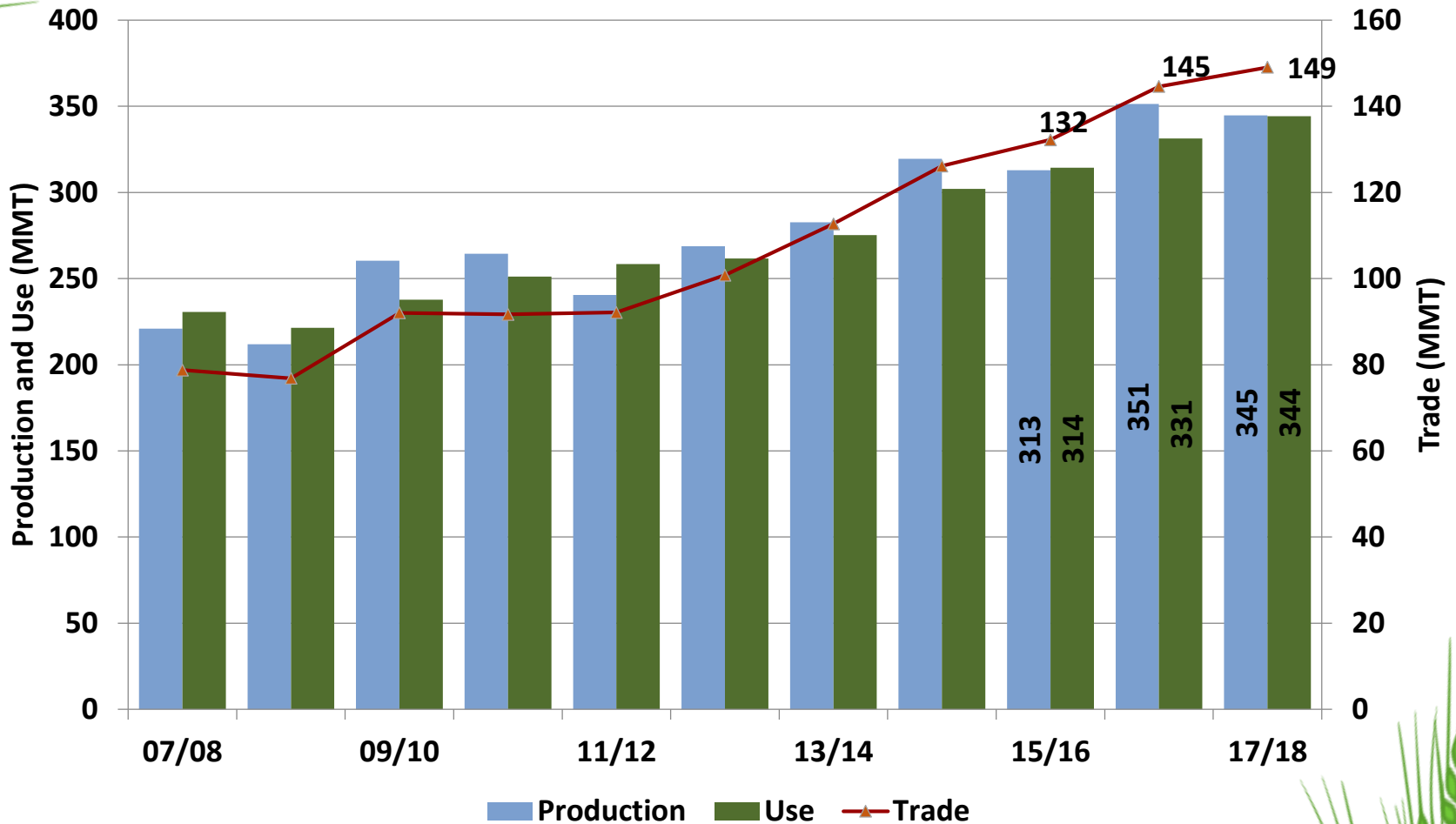
World Corn

Production, Use and Trade

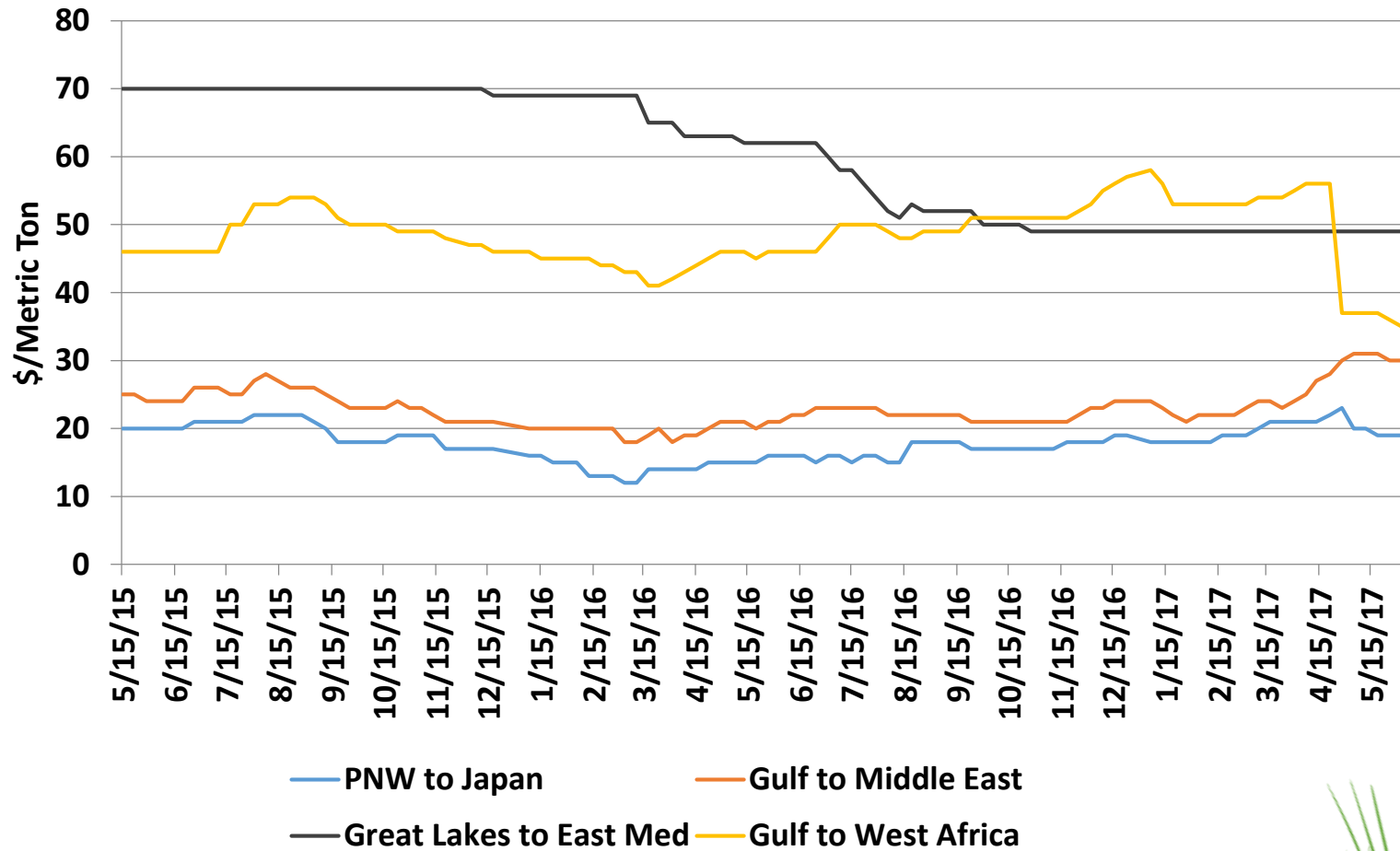


World Soybeans

Production, Use and Trade



Ocean Freight Rates for Grains



Summary

- **Global production at 740 MMT, down 2% from 2016/17**
 - Argentina wheat production to rise to 17.5 MMT, 3% above 2016/17
 - Wheat production in the U.S. expected to fall to 49.6, 15% below the 5-year average
- **Global ending stocks to rise to a record 261 MMT, 20% above the 5-year average**
 - Ending stocks in Kazakhstan to fall to 3.08 MMT, 22% lower than 2016/17
 - U.S. ending stocks to decrease to 25.2 MMT, down 20% from 2016/17 if realized
- **World consumption and trade expected to decrease slightly in 2017/18**
 - EU exports estimated at 30.5 MMT, 13% above 2016/17
 - 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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