

# World Wheat Supply and Demand Situation

July 2017

Major data source: USDA World Agricultural Supply and Demand Estimates released July 12, 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 Australia to fall to 23.5 MMT, 10% below the 5-year average, if realized
- U.S. wheat production estimated at 47.9 MMT, 24% below 2016/17, if realized

## 2. Consumption forecast at a record 735 MMT, 4% above the 5-year average

- Russia feed wheat usage to total 18.0 MMT, 32% above the 5-year average, if realized
- U.S. domestic consumption to slip 1% year over year to 31.9 MMT

## 3. World wheat trade projected at 178 MMT, down 2% from 2016/17, but 8% above the 5-year average

- EU exports to rise to 30.0 MMT, 11% above 2016/17, but 1% below the 5-year average
- Exports from Ukraine to fall 22% year over year to 14.0 MMT
- U.S. 2017/18 exports to reach 26.5 MMT, down 8% from the 2016/17 projection of 28.7 MMT



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# Highlights of USDA's 2017/18 Supply and Demand Estimates

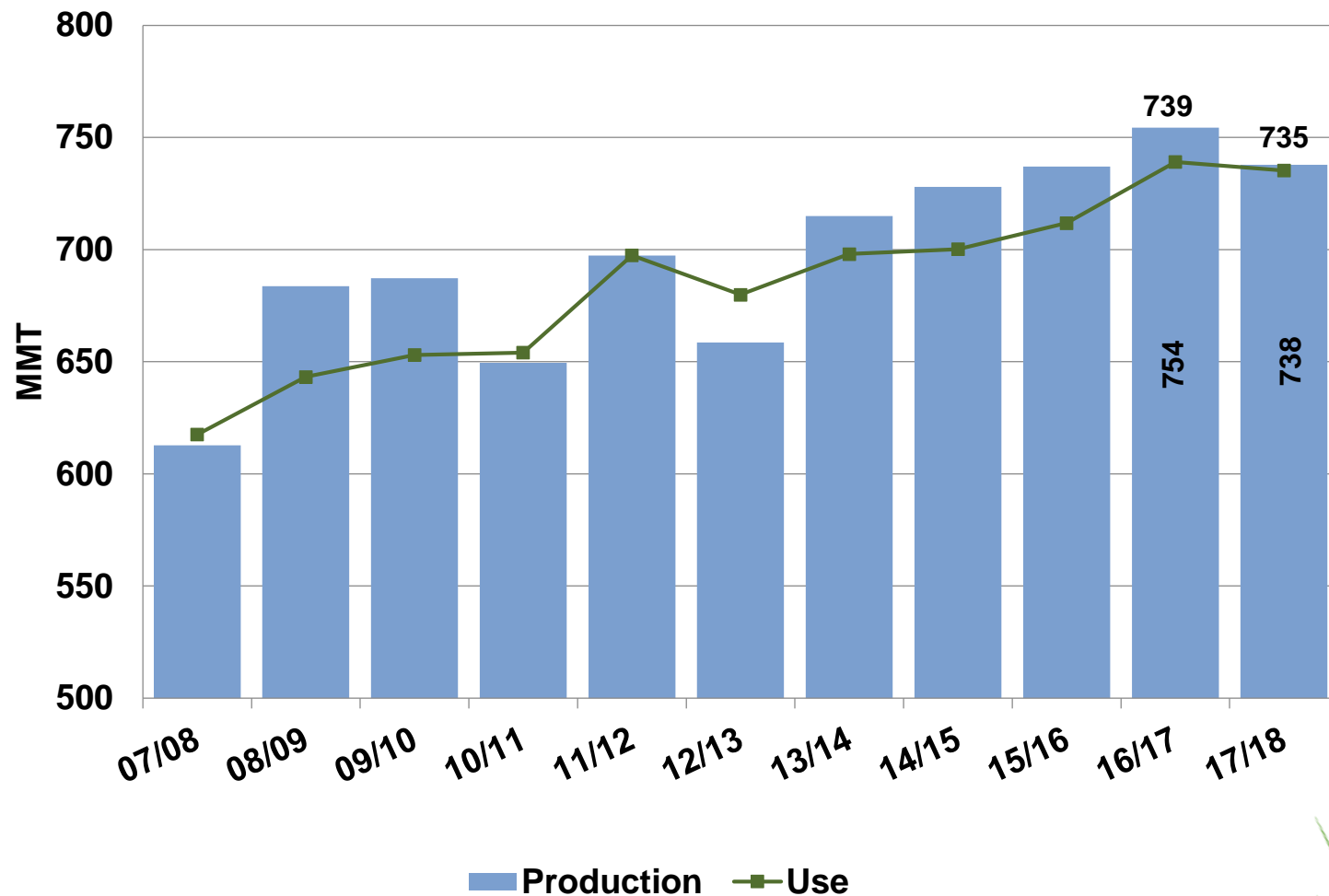
4. **World beginning stocks estimated at record 258 MMT, up 6% year over year**
  - Beginning stocks in the Russia to rise to 10.8 MMT, up 93% year over year
  - U.S. beginning stocks to climb to an estimated 32.2 MMT, 21% above 2016/17 levels
5. **Global ending stocks projected at record 261 MMT, 1% 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 16% year over year to 68.8 MMT
  - Ending stocks in importing countries to fall to 64.5 MMT, 8% below the 5-year average of 70.3 MMT
6. **U.S. farm gate average price forecast 23% higher in 2017/18**
  - Projected average range: **\$4.40 to \$5.20/bushel (\$162-\$191/MT)\***

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

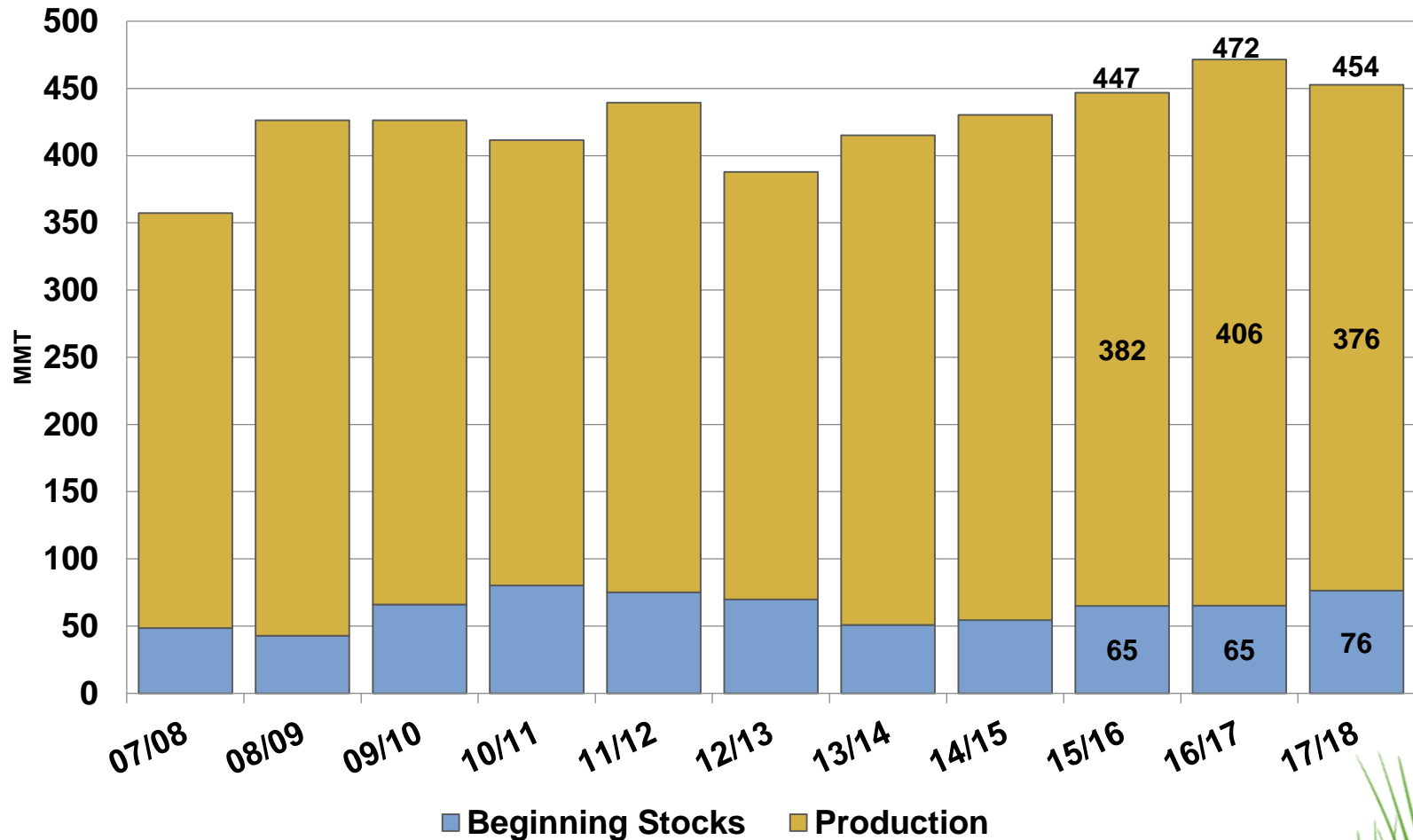


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# World Production and Use



# Supplies in Top Exporting Countries\*



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

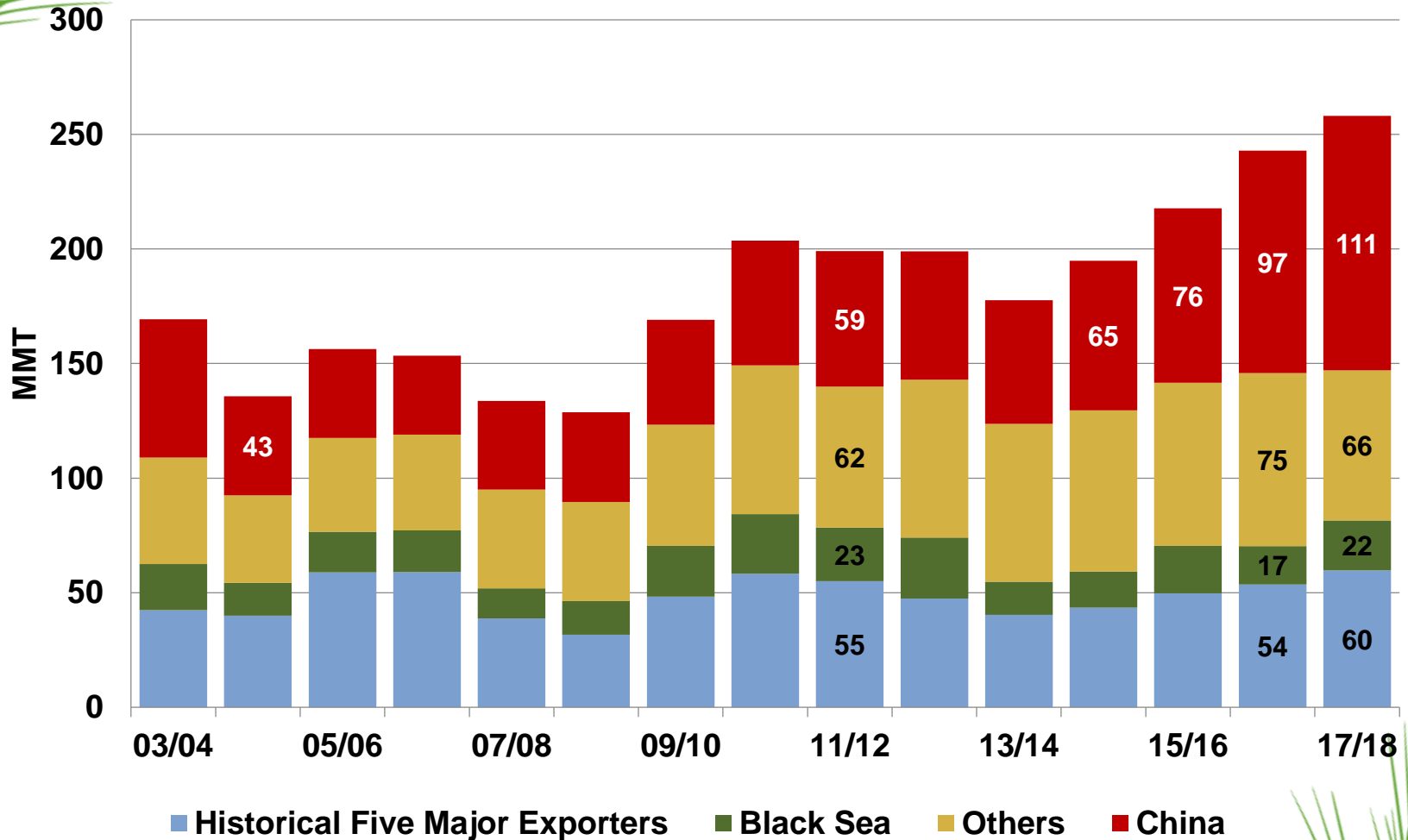
# World Wheat Supply and Demand

		15/16	16/17 <i>MMT</i>	17/18
<b>SUPPLY:</b>	Beginning Stocks	218	243	258
	Production	737	754	738
	Supply Total	955	997	996
<b>TRADE:</b>	Exports/Imports	173	182	178
<b>DEMAND</b>	Food & Seed	575	593	596
	Feed & Residual	136	146	139
	Use Total	712	739	735
	<b>ENDING STOCKS:</b>	243	258	261



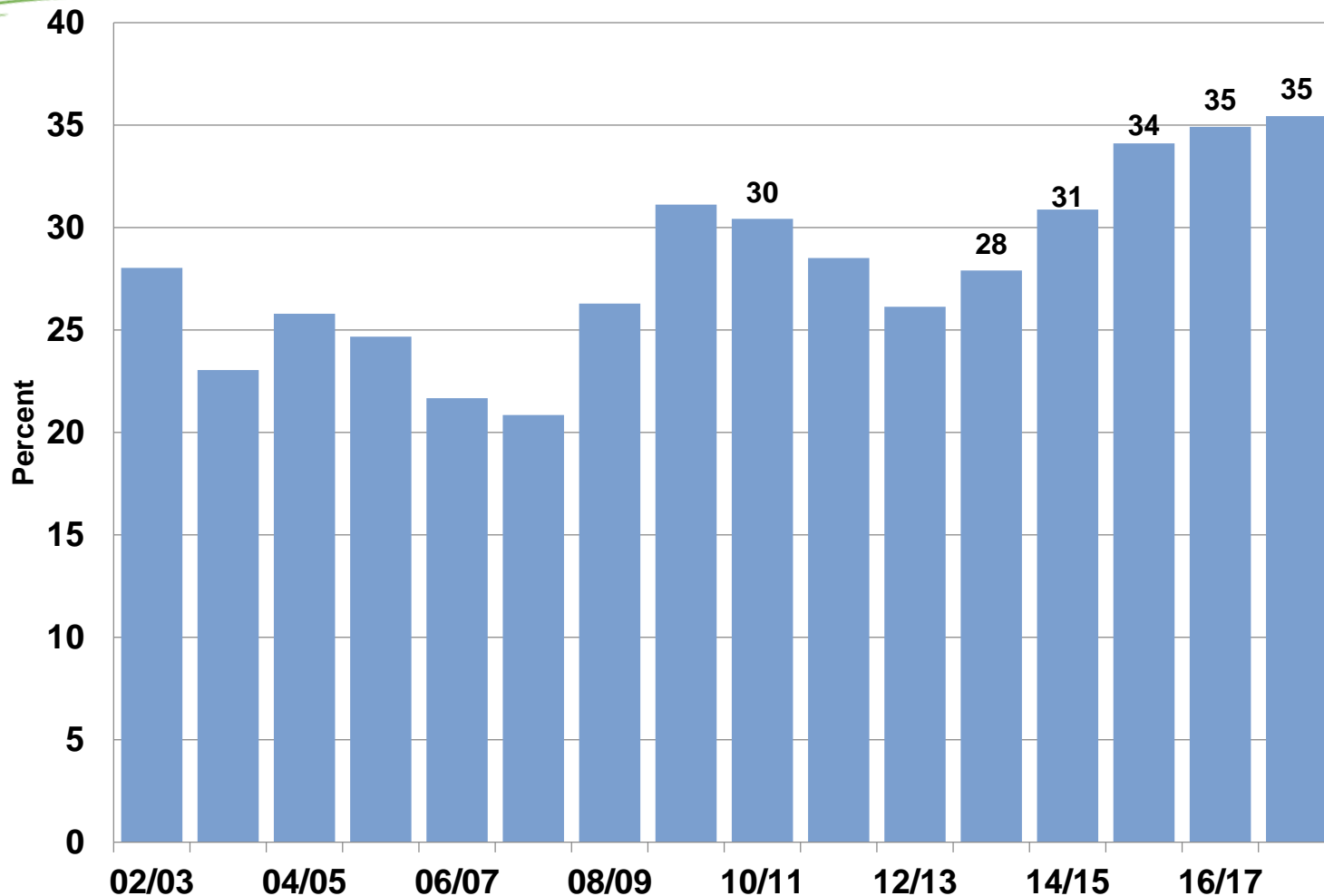
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# World Beginning Stocks



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

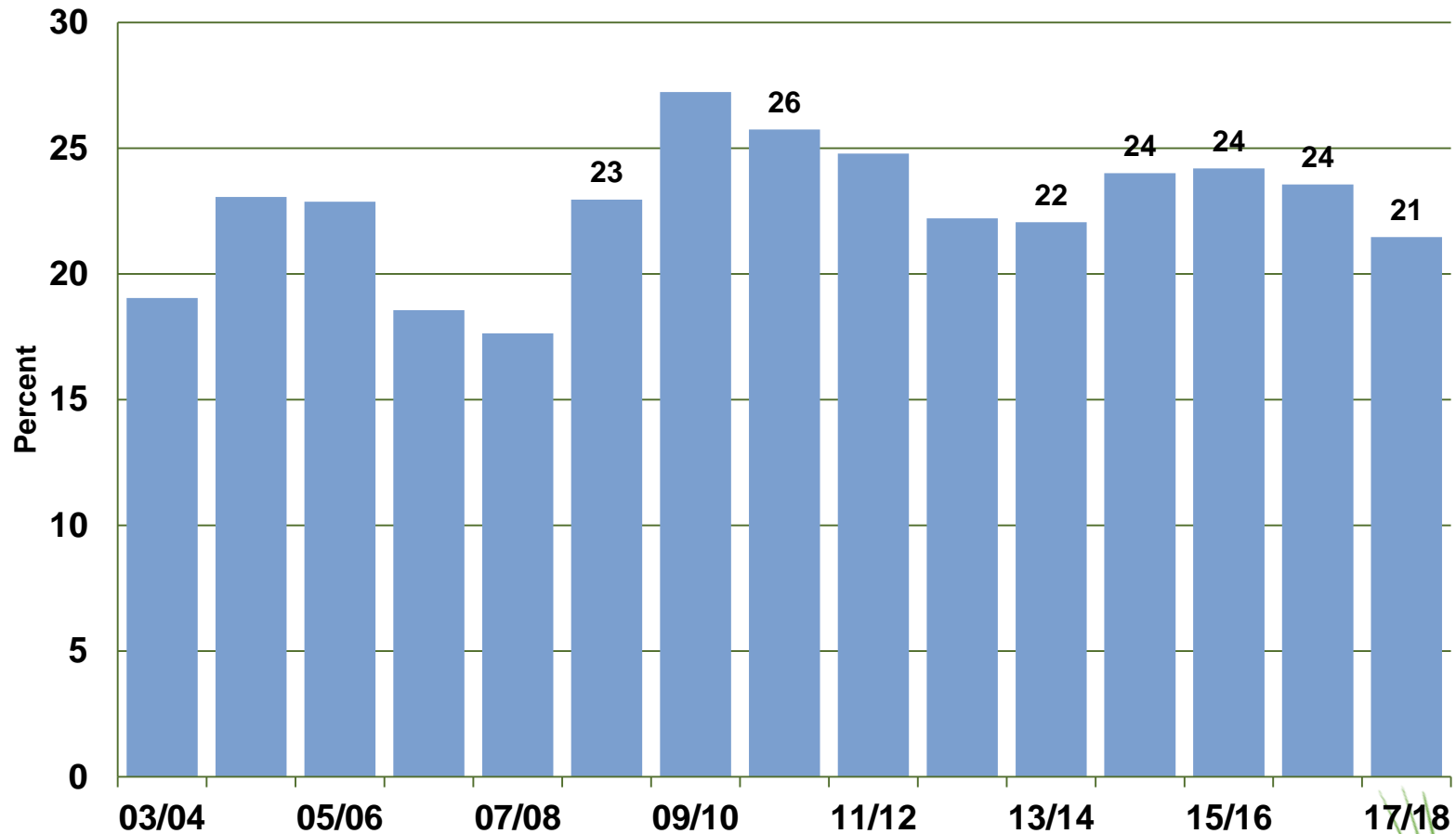
# Global Stocks\*-to-Use Ratio



*\*Ending stocks*

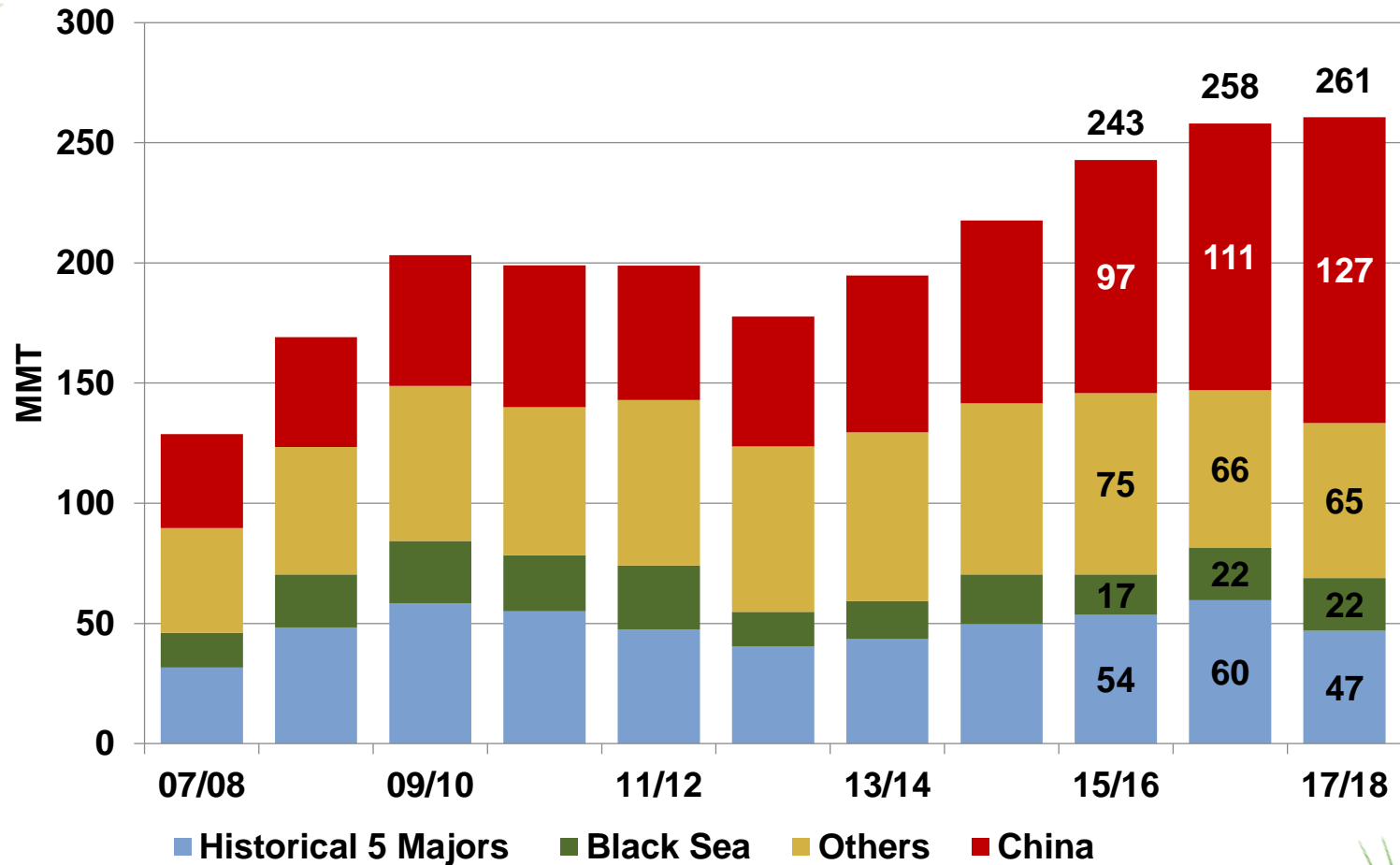


# Global Stocks\*-to-Use Ratio w/o China



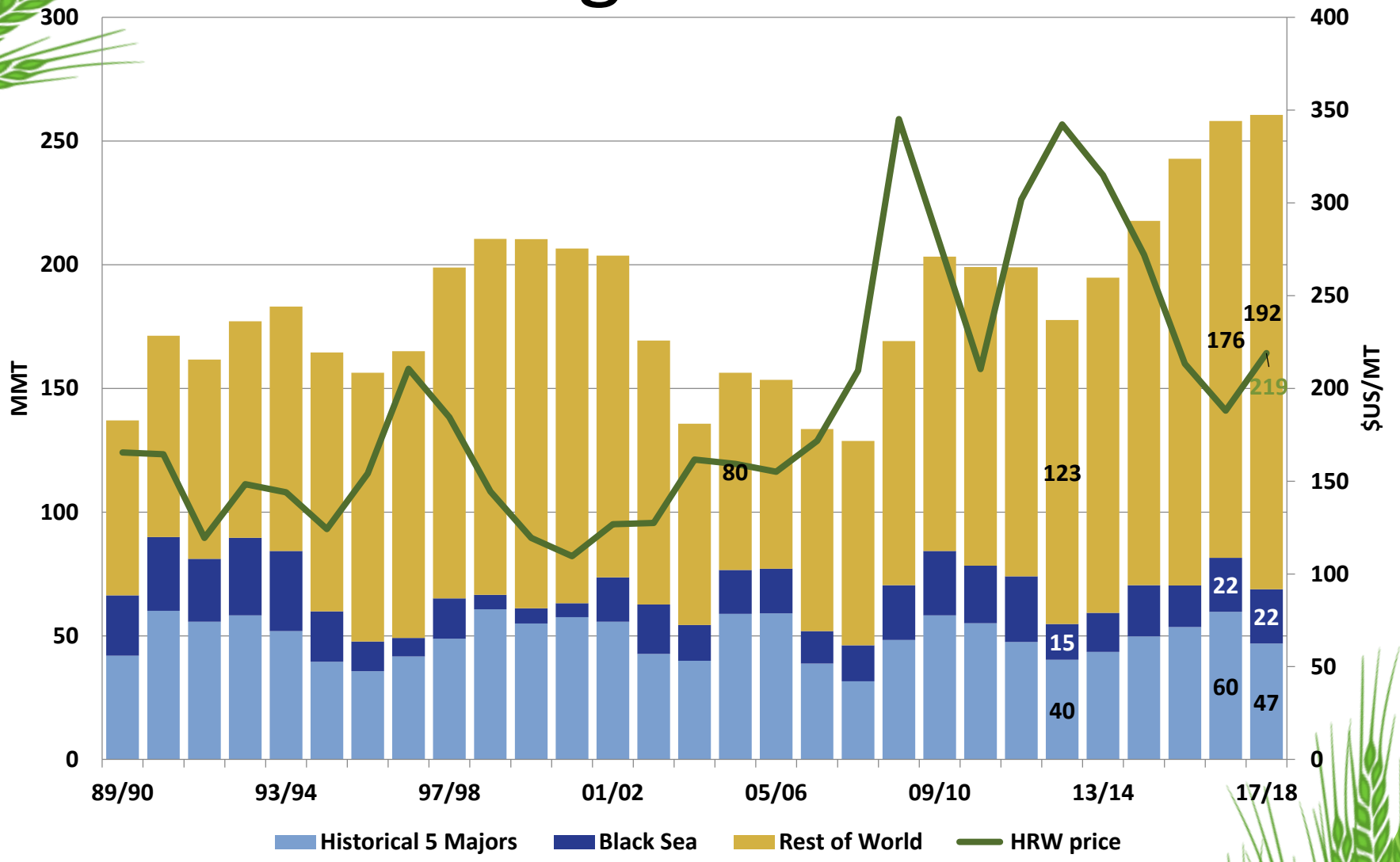
\*Ending stocks

# World Ending Stocks



*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.  
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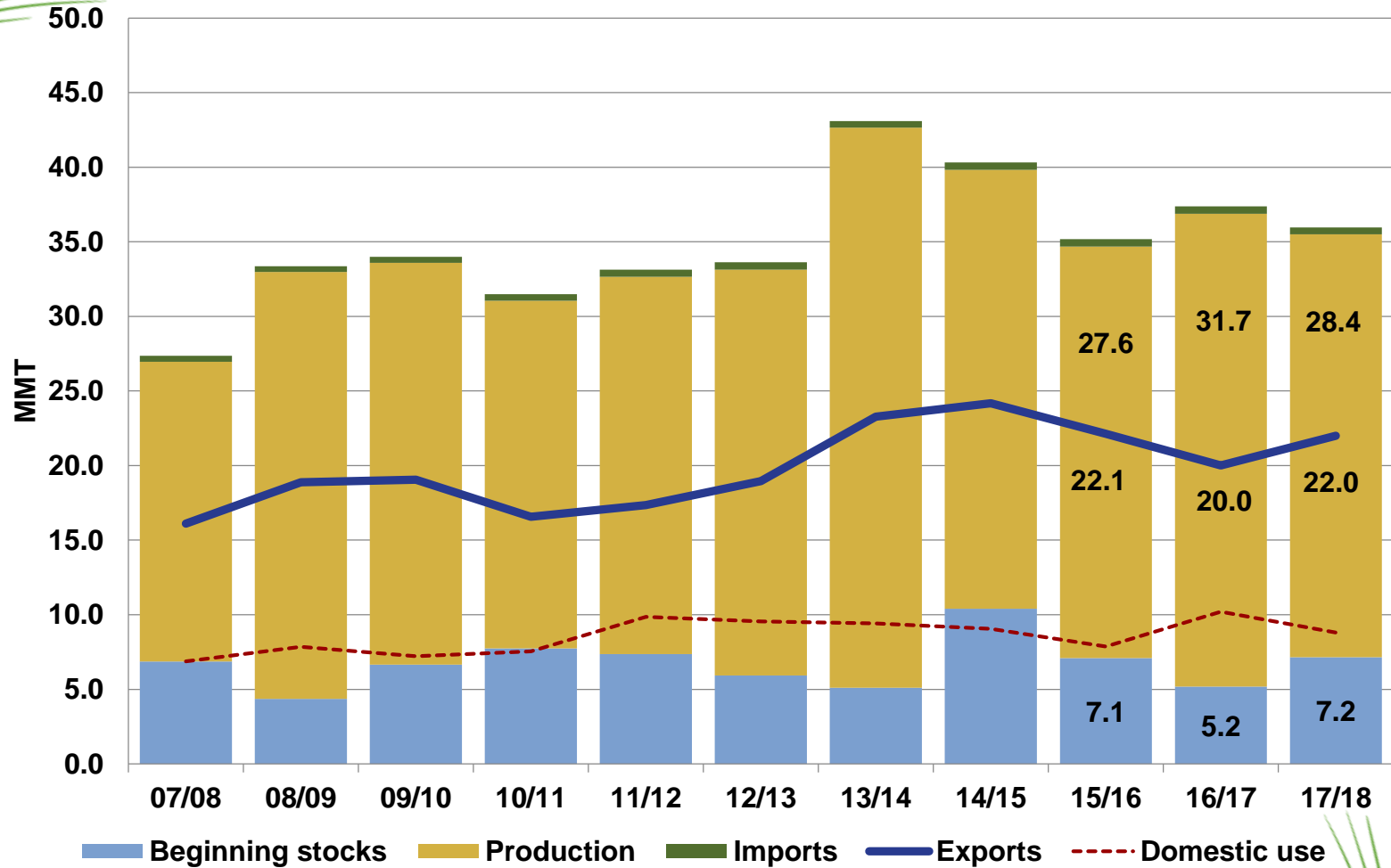
# Global Ending Stocks and Price



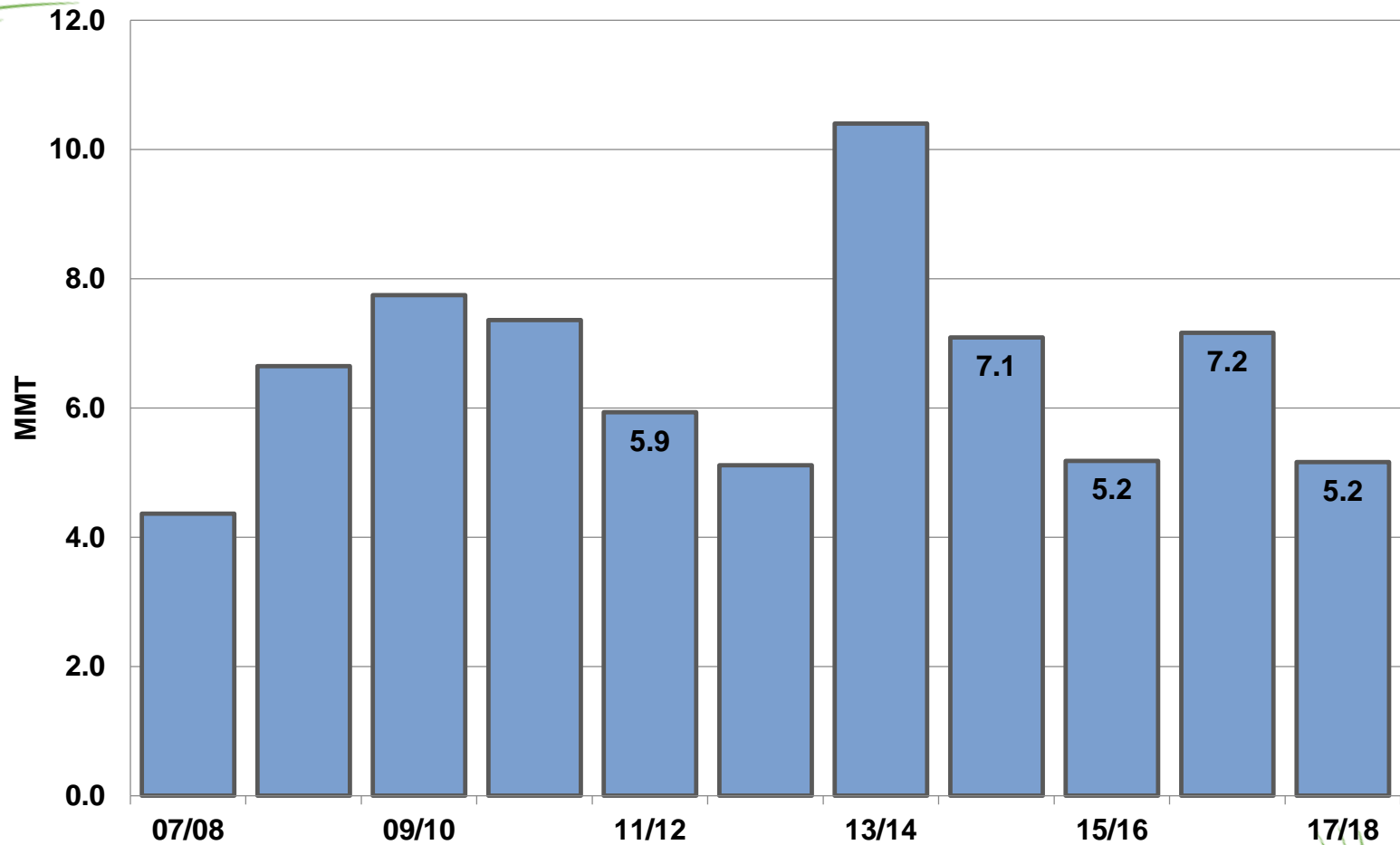
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



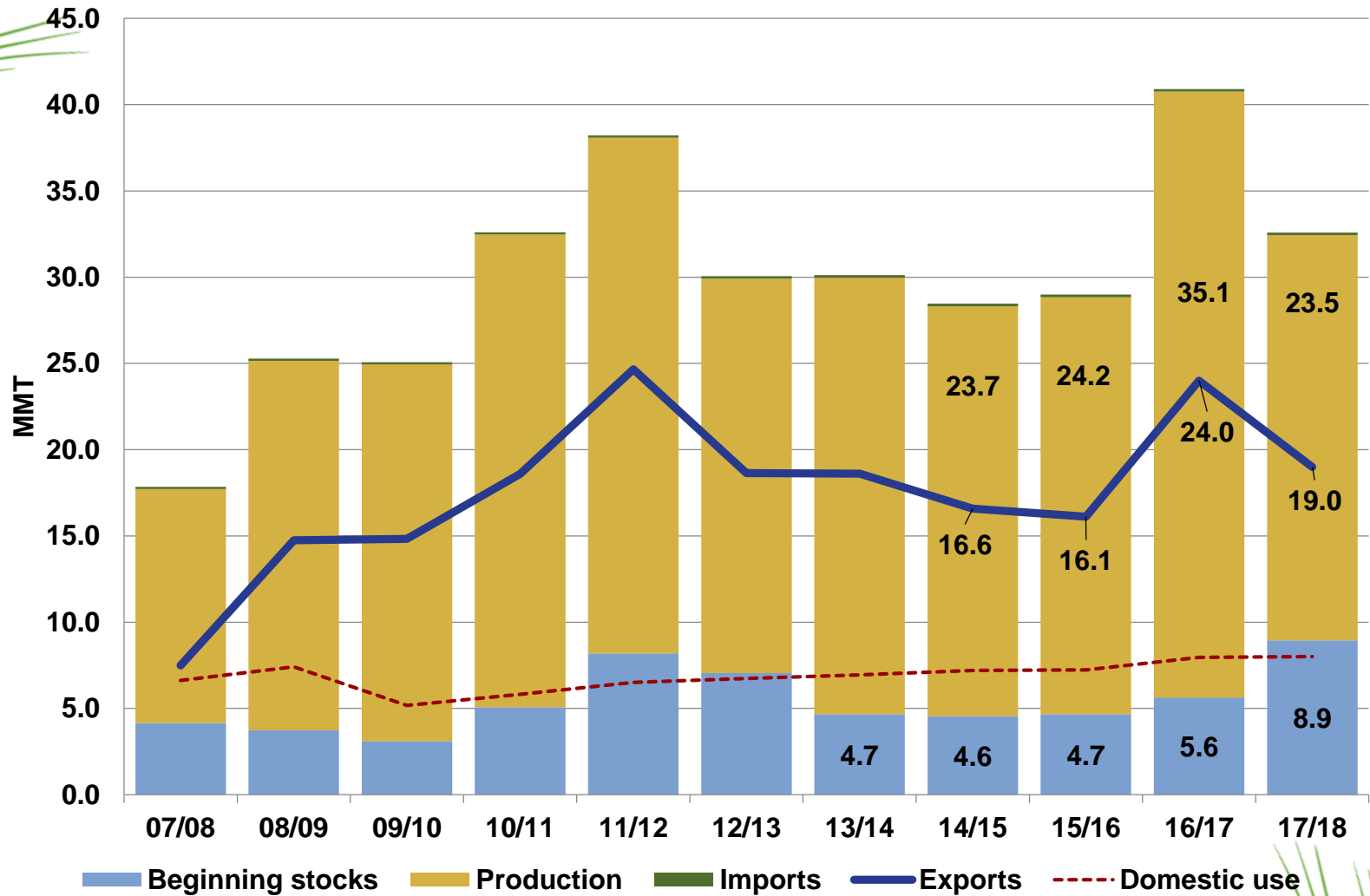
# Canada Situation



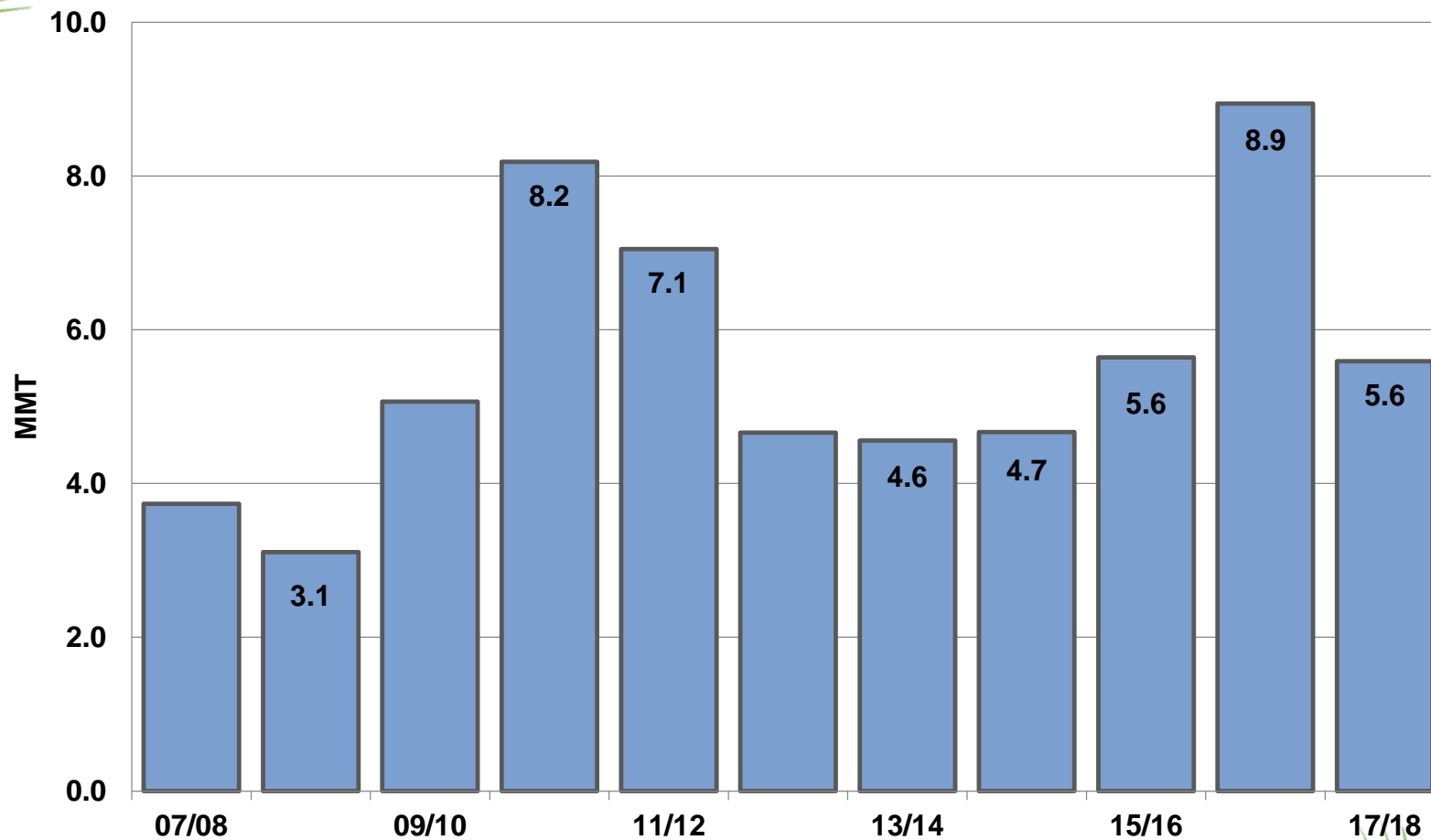
# Canada Ending Stocks



# Australia Situation

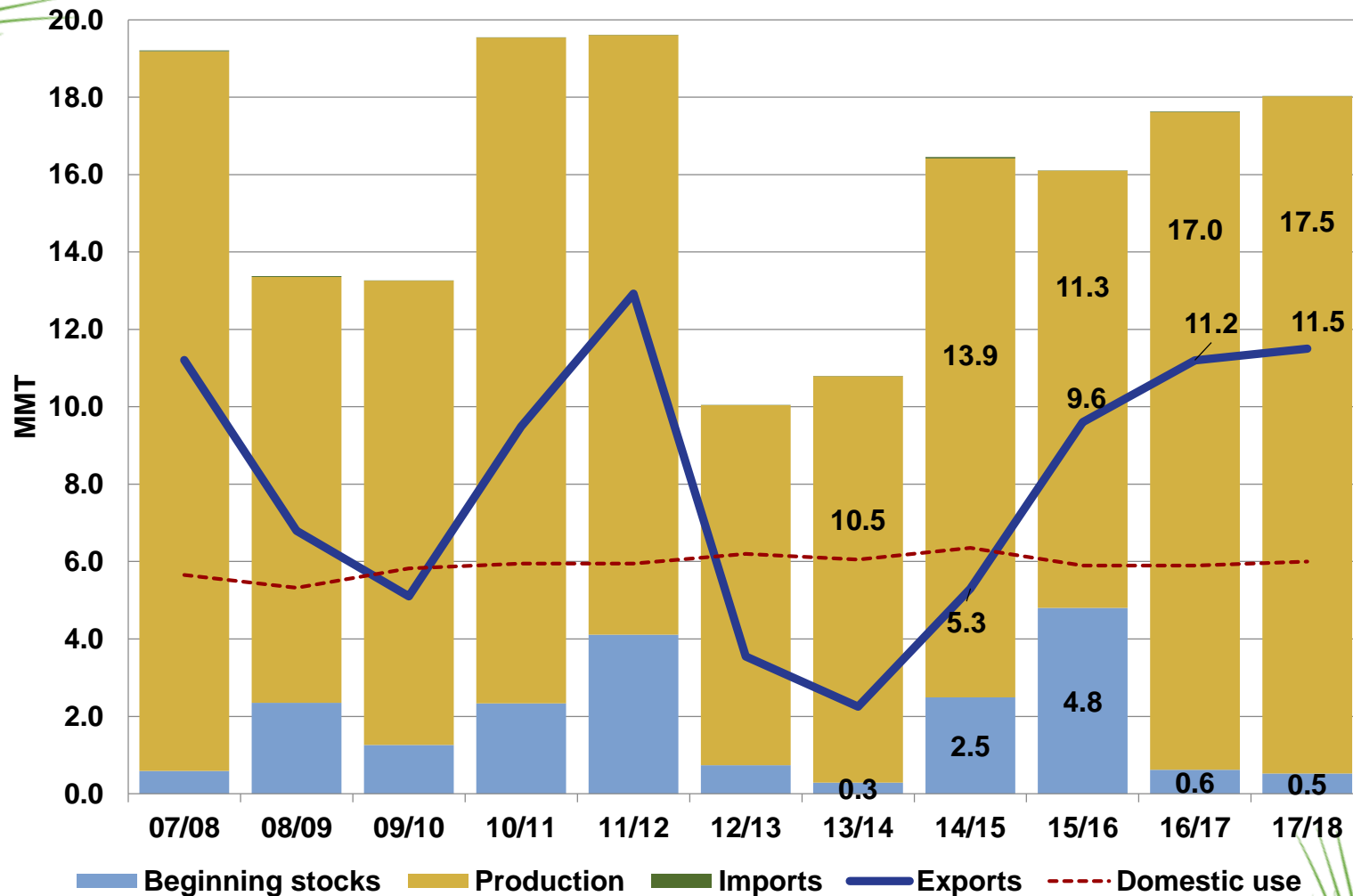


# Australia Ending Stocks

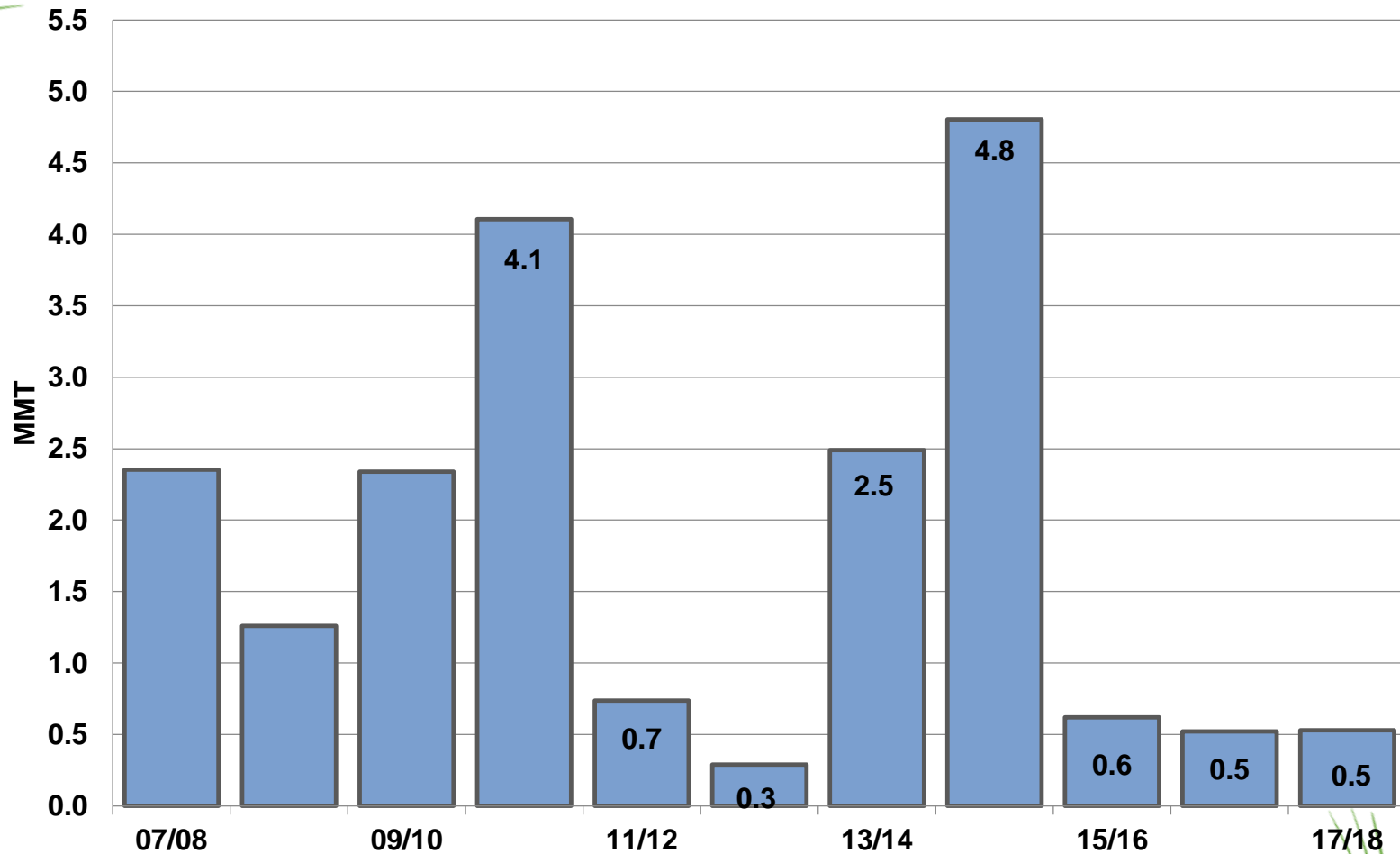




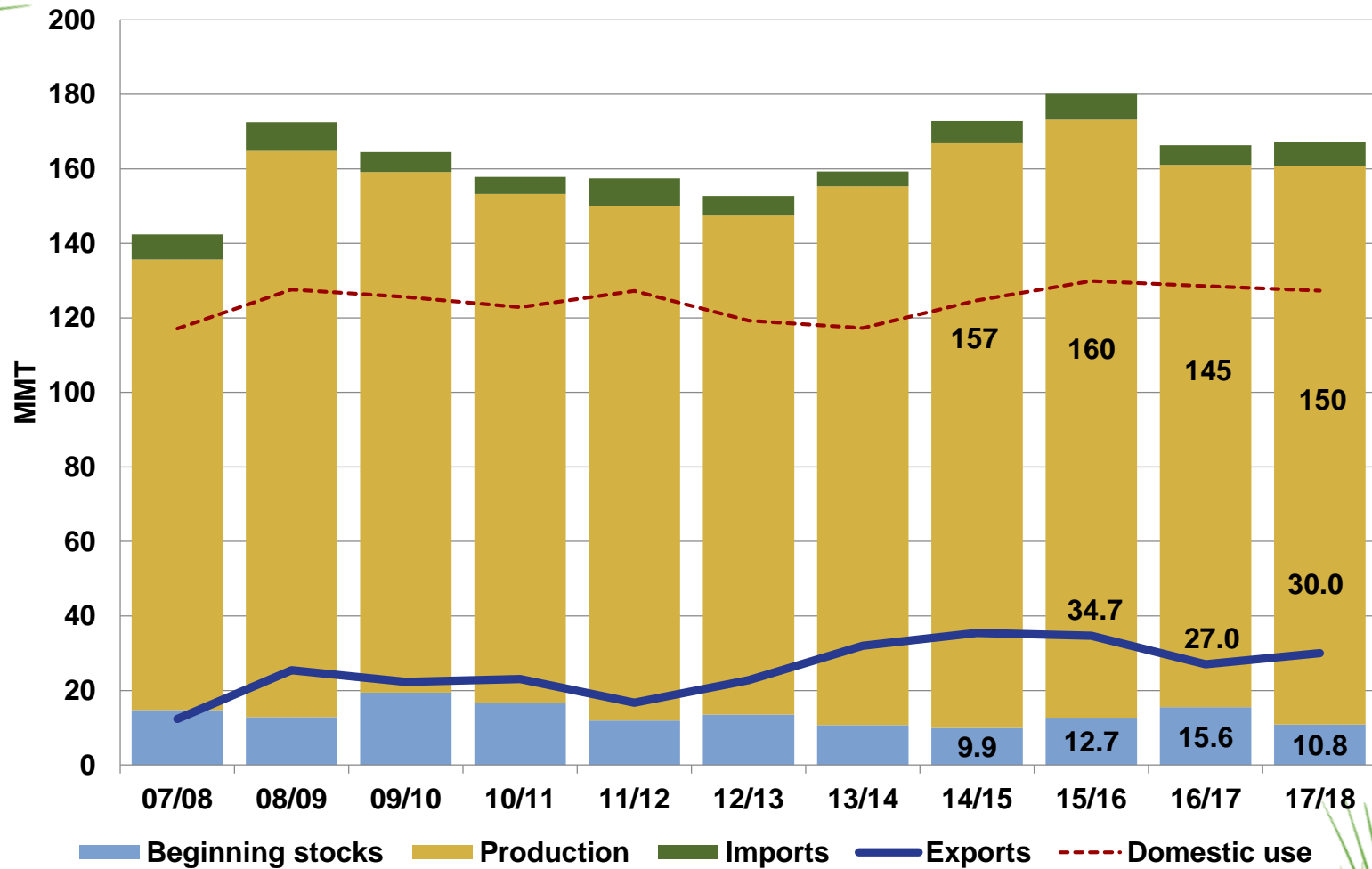
# Argentina Situation



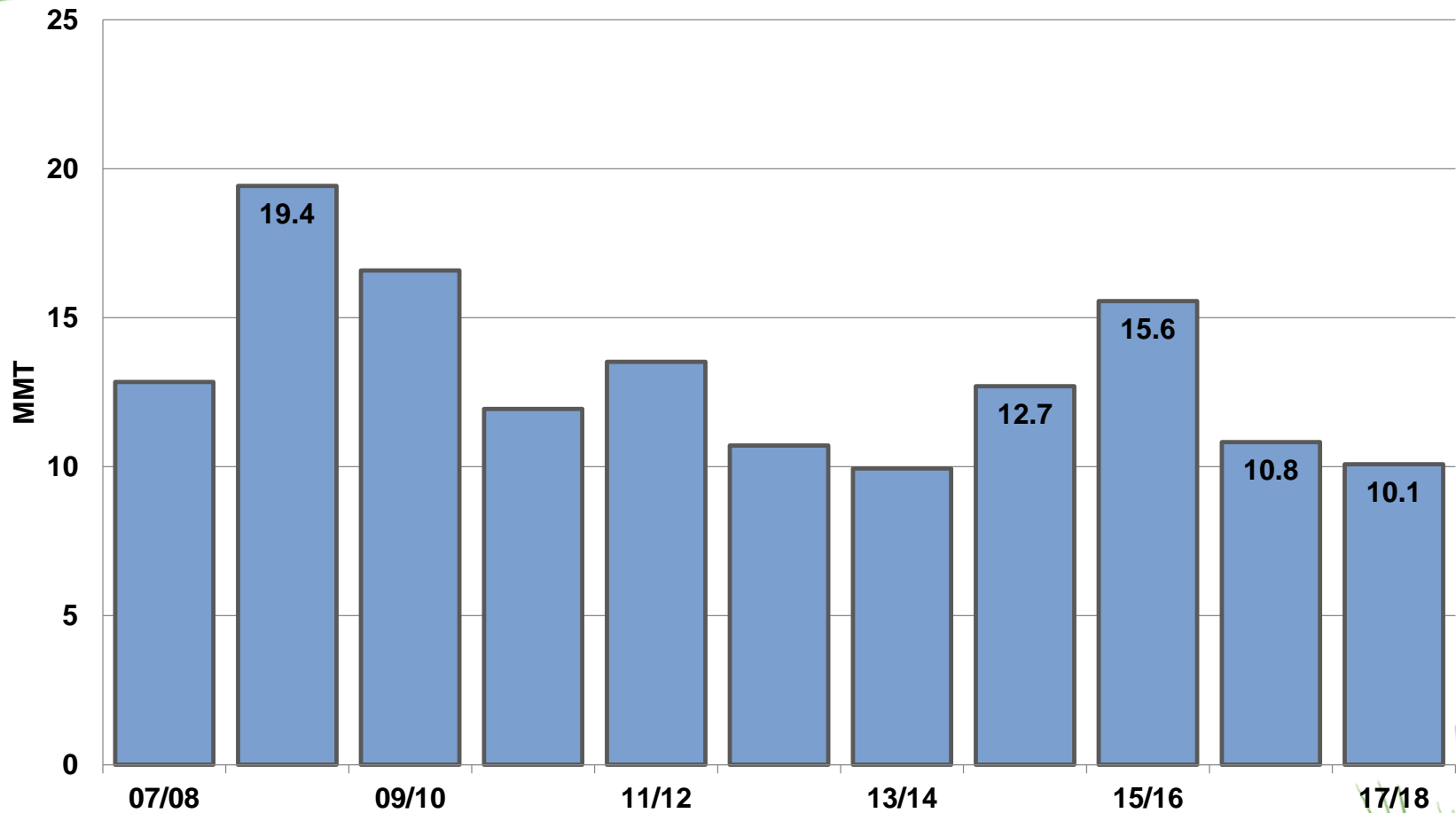
# Argentina Ending Stocks



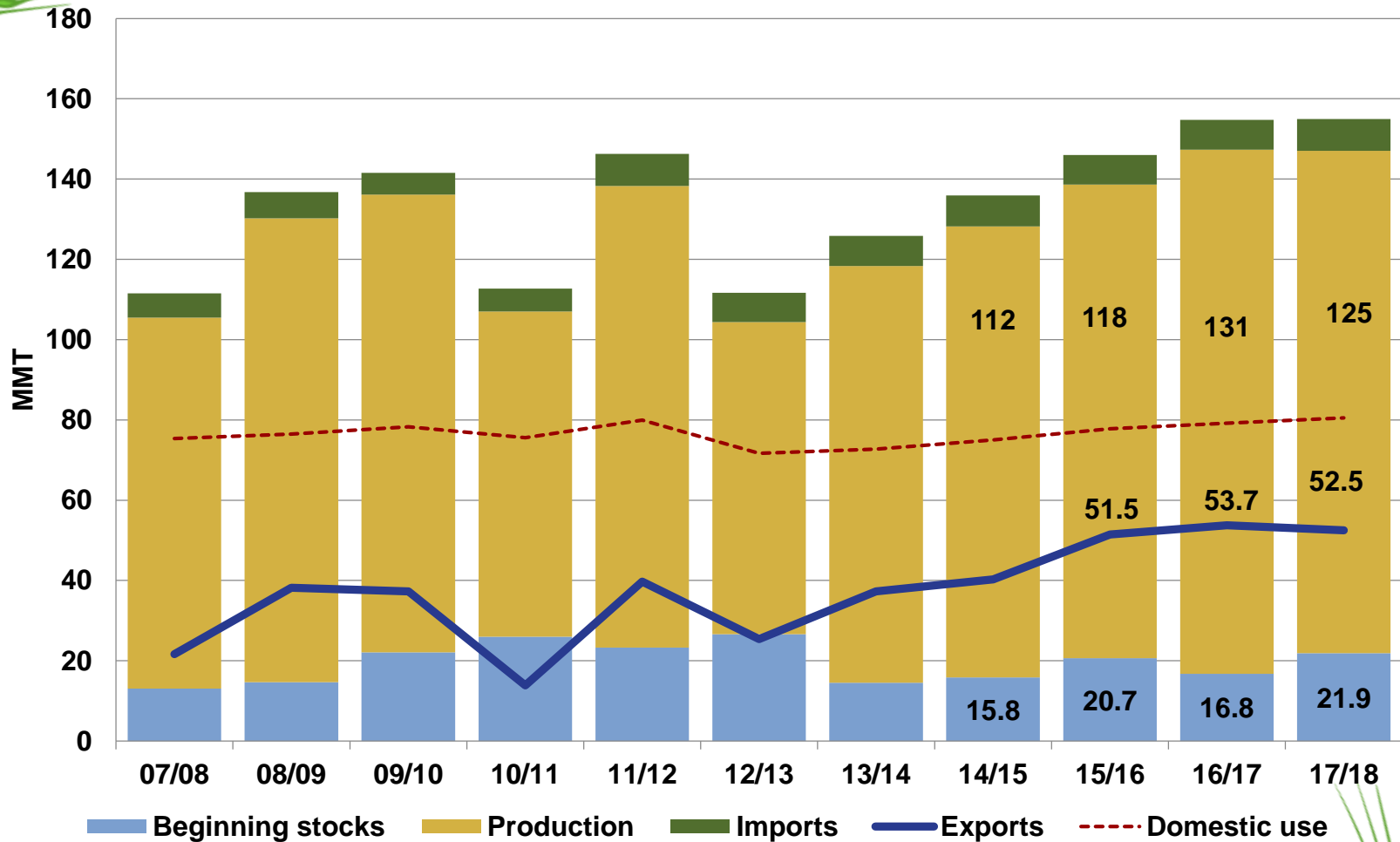
# EU-27 Situation



# EU-27 Ending Stocks

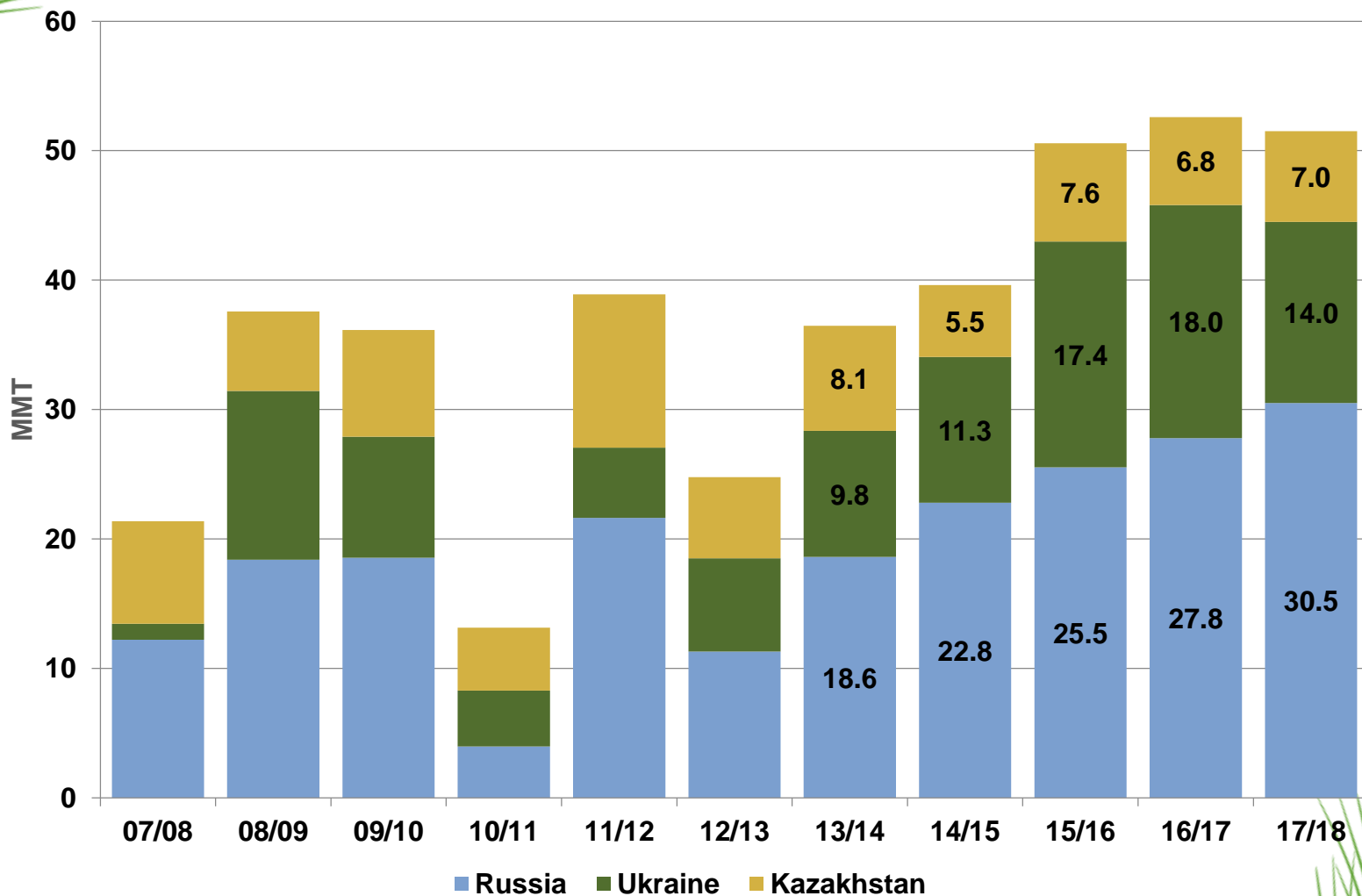


# Black Sea Region Situation

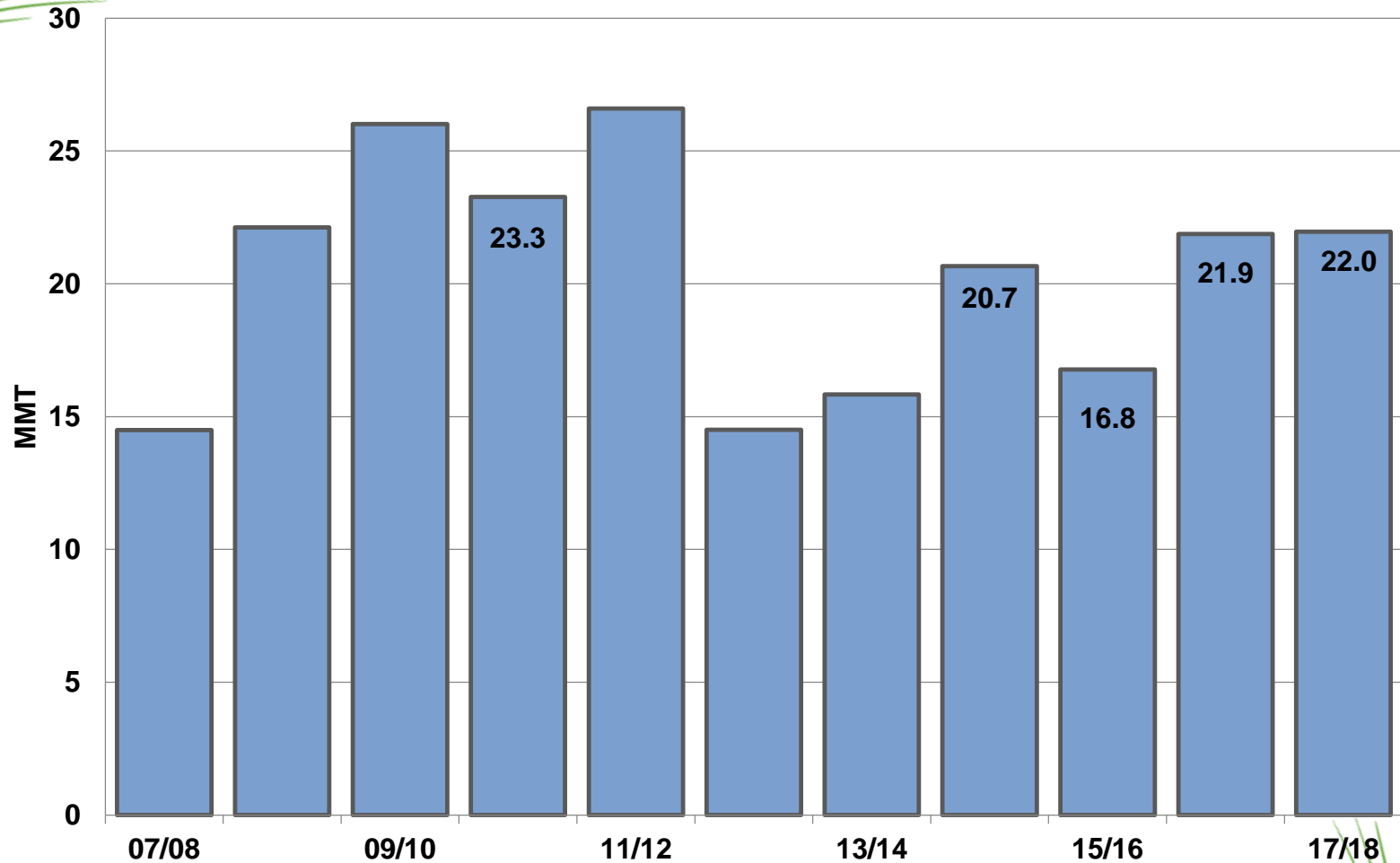


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

# Black Sea Exports

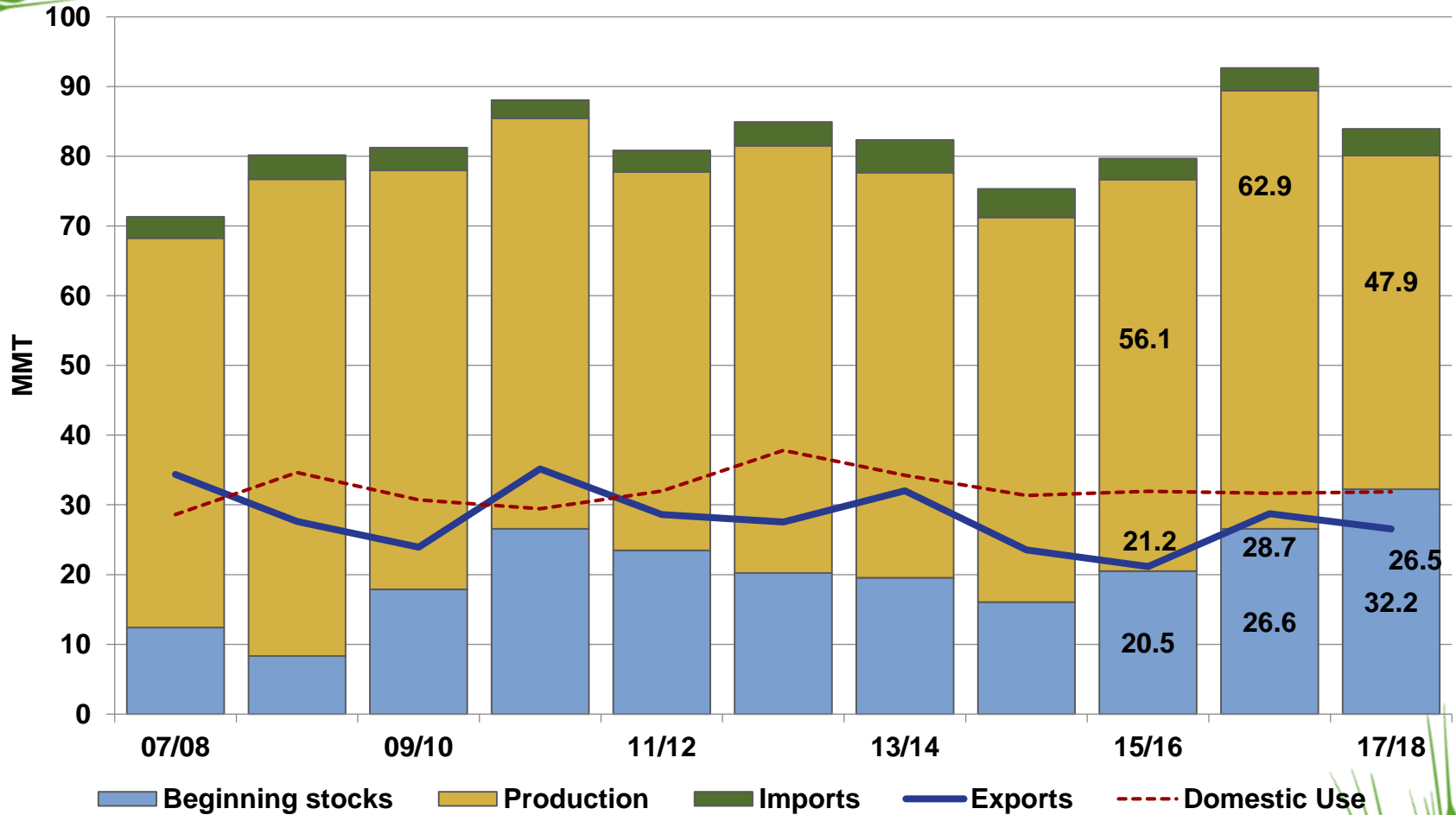


# Black Sea Ending Stocks



# U.S. Situation

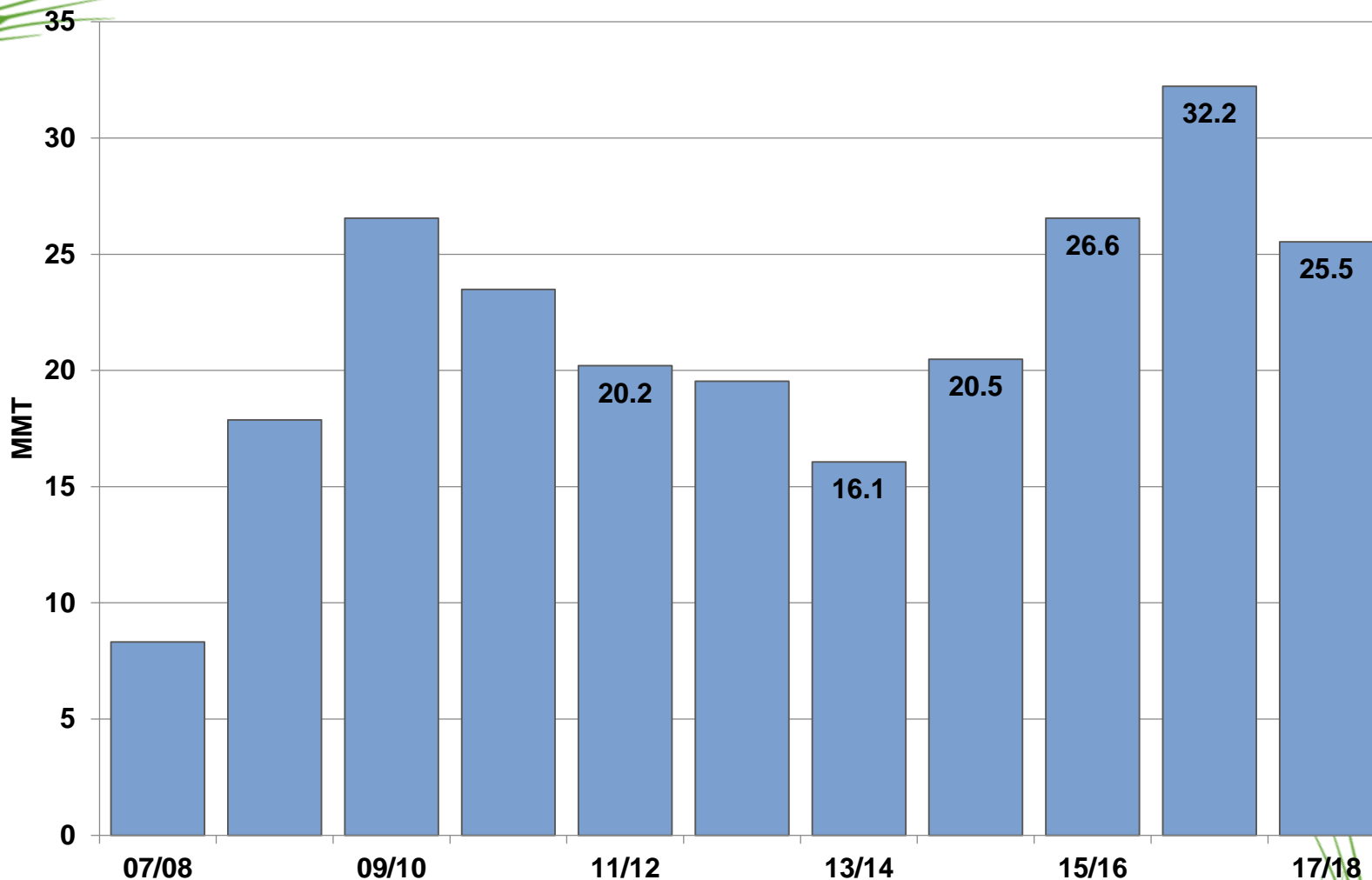
## U.S. Wheat Situation



Beginning stocks    Production    Imports    Exports    Domestic Use



# U.S. Ending Stocks



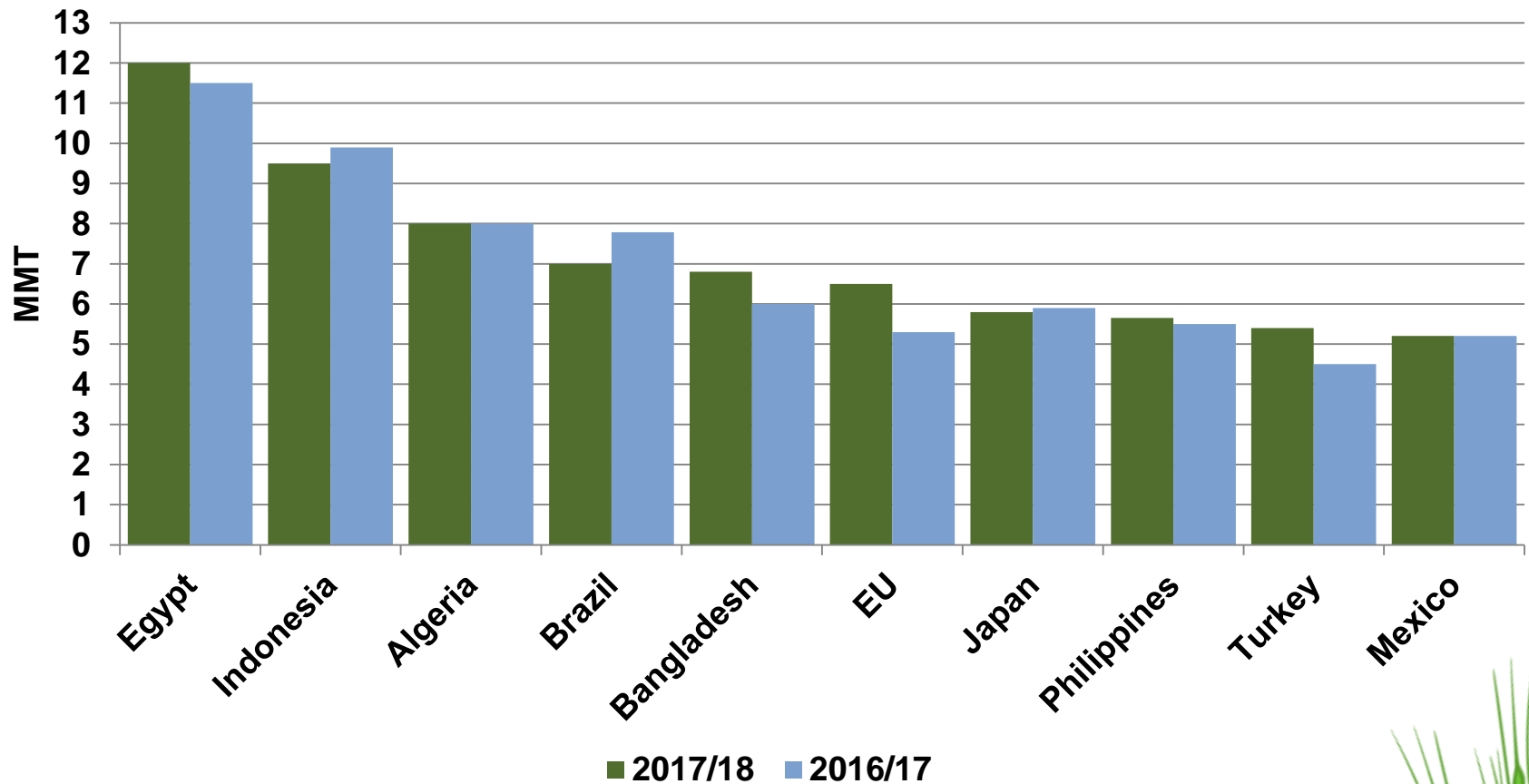
- Major Exporters
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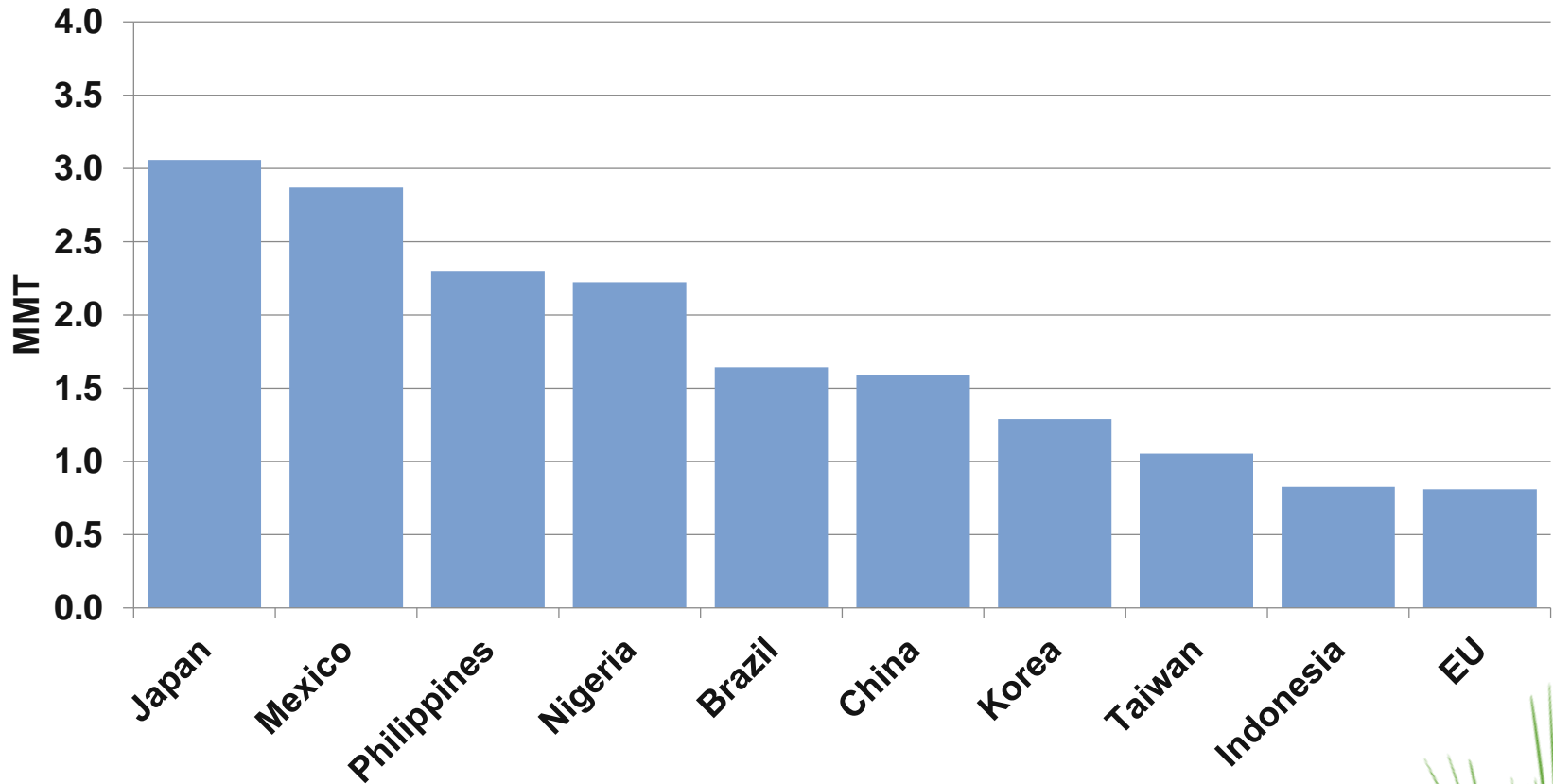
# Major World Wheat Importers

(from all origins)



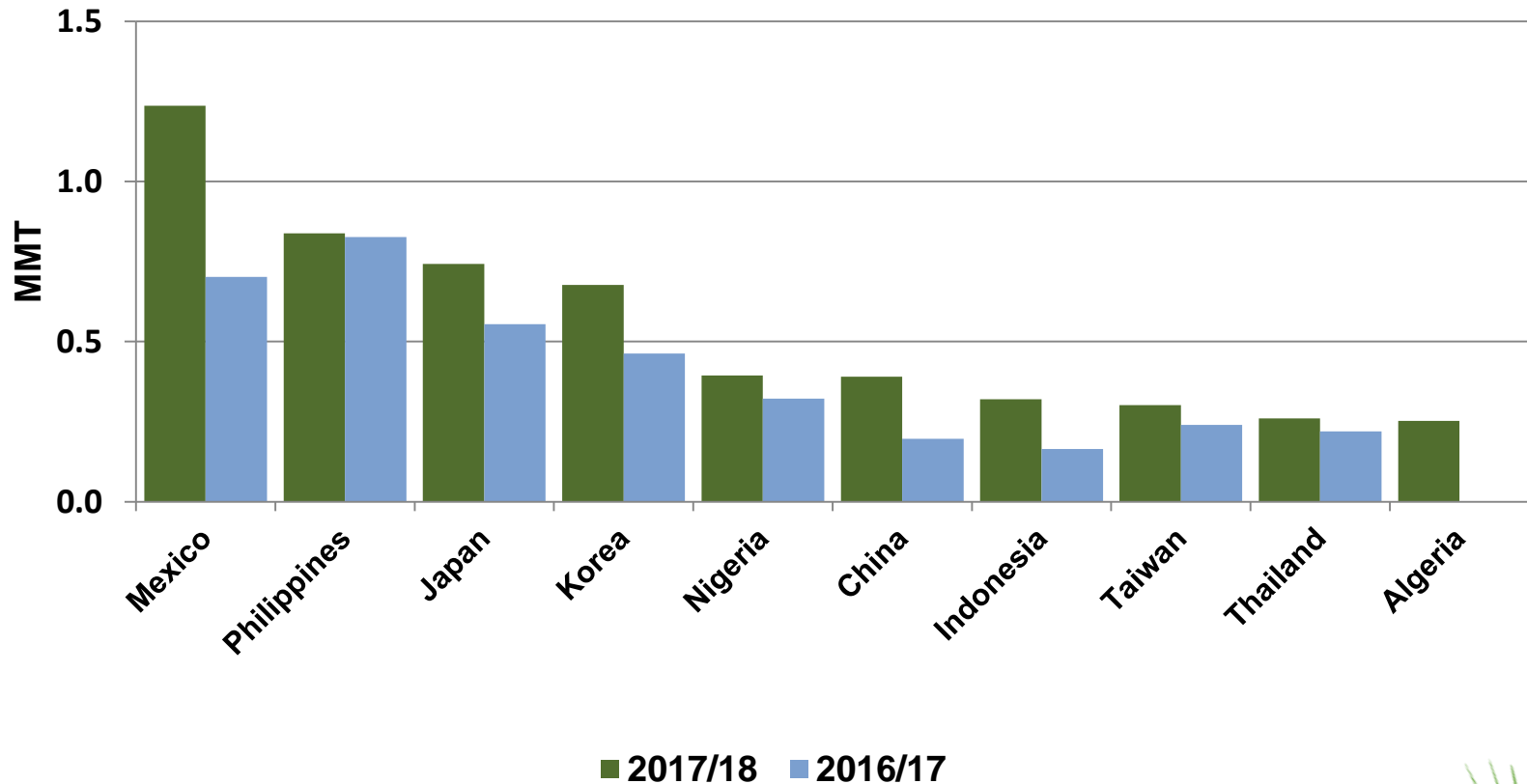
# Top 10 Customers for U.S. Wheat

5-year average



# Top 10 Customers for U.S. Wheat

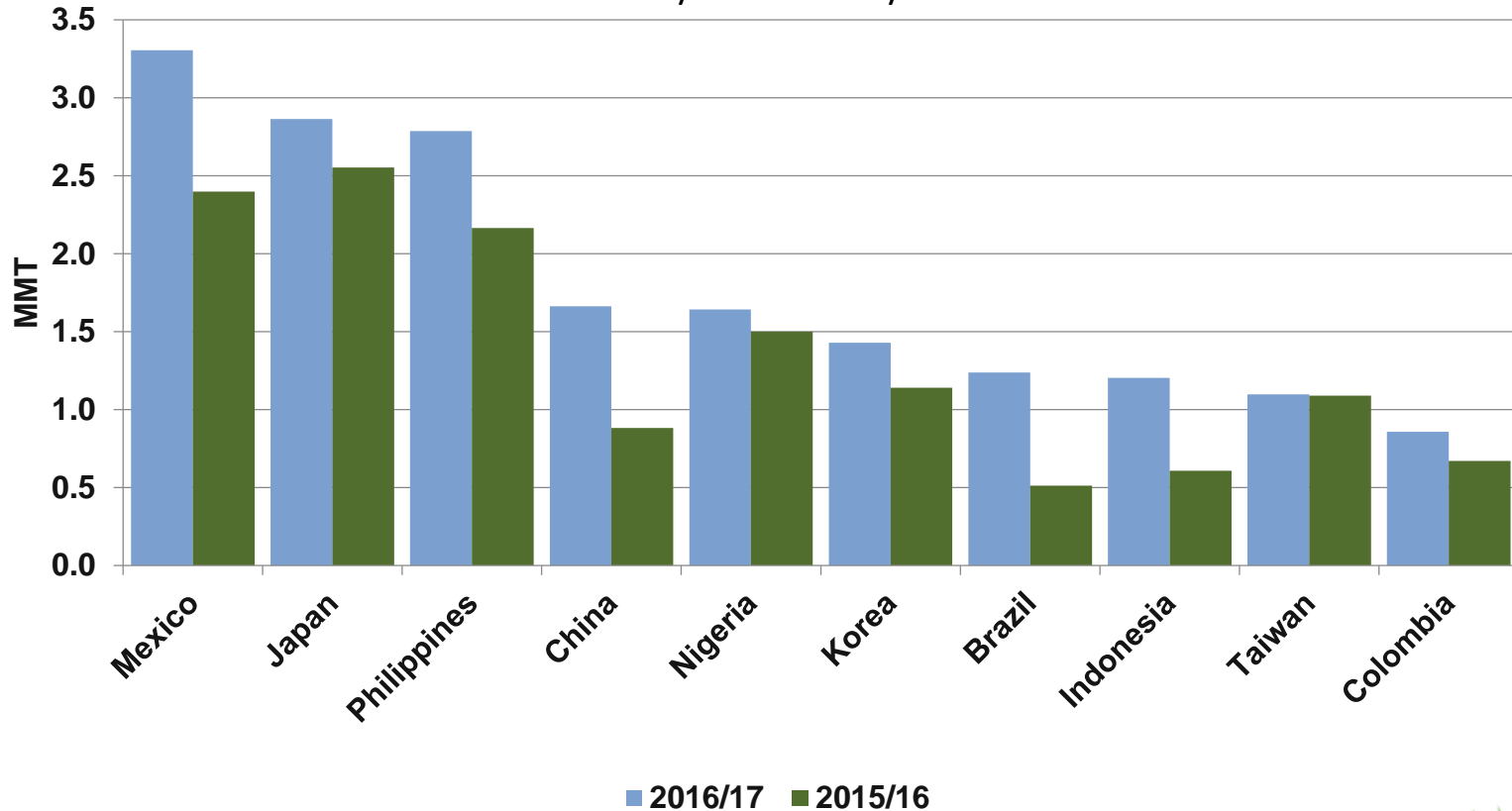
2017/18 vs. 2016/17



Source: USDA FAS export sales report July 7, 2017.

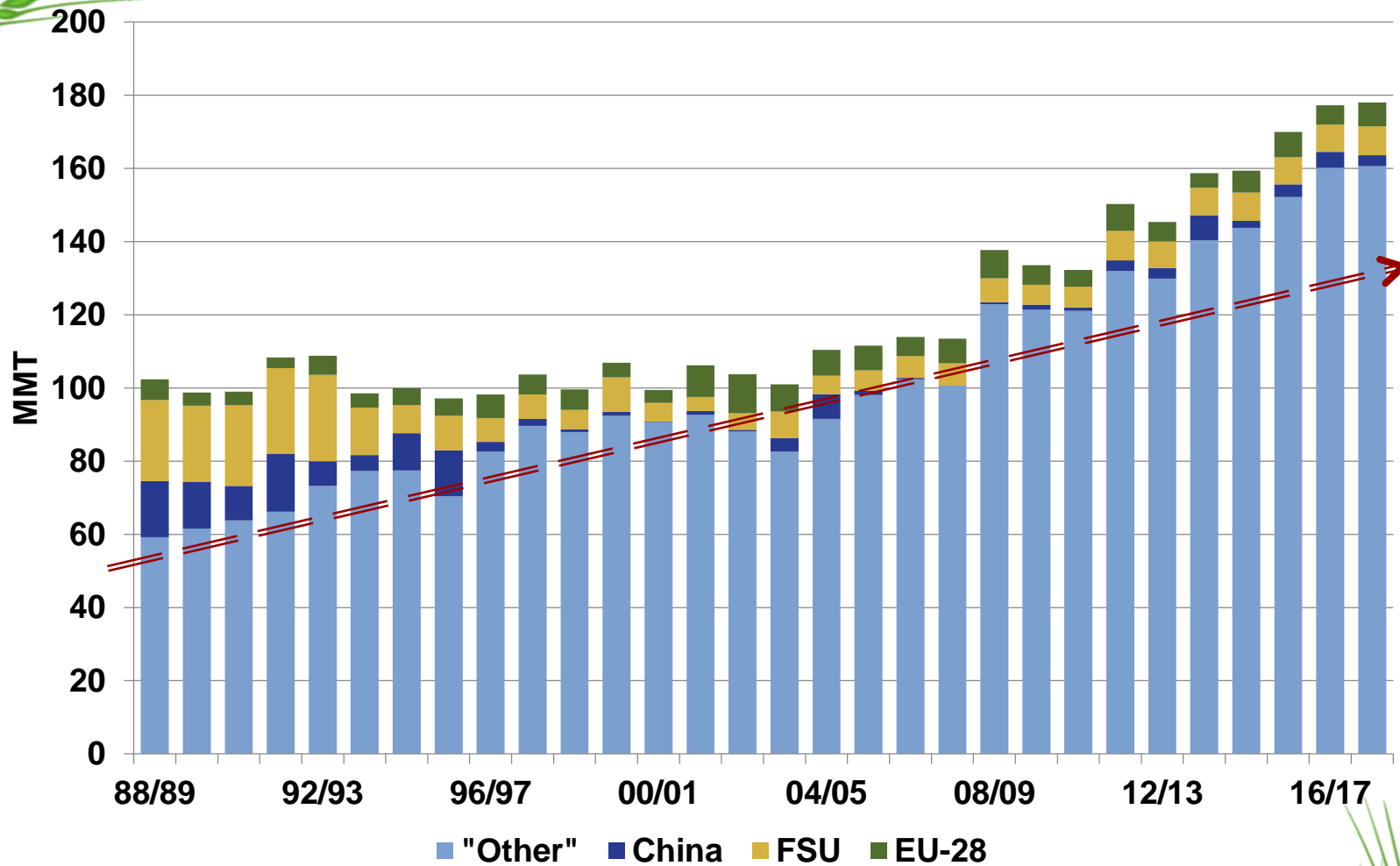
# Top 10 Customers for U.S. Wheat

2016/17 vs. 2015/16



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

# World Wheat Imports



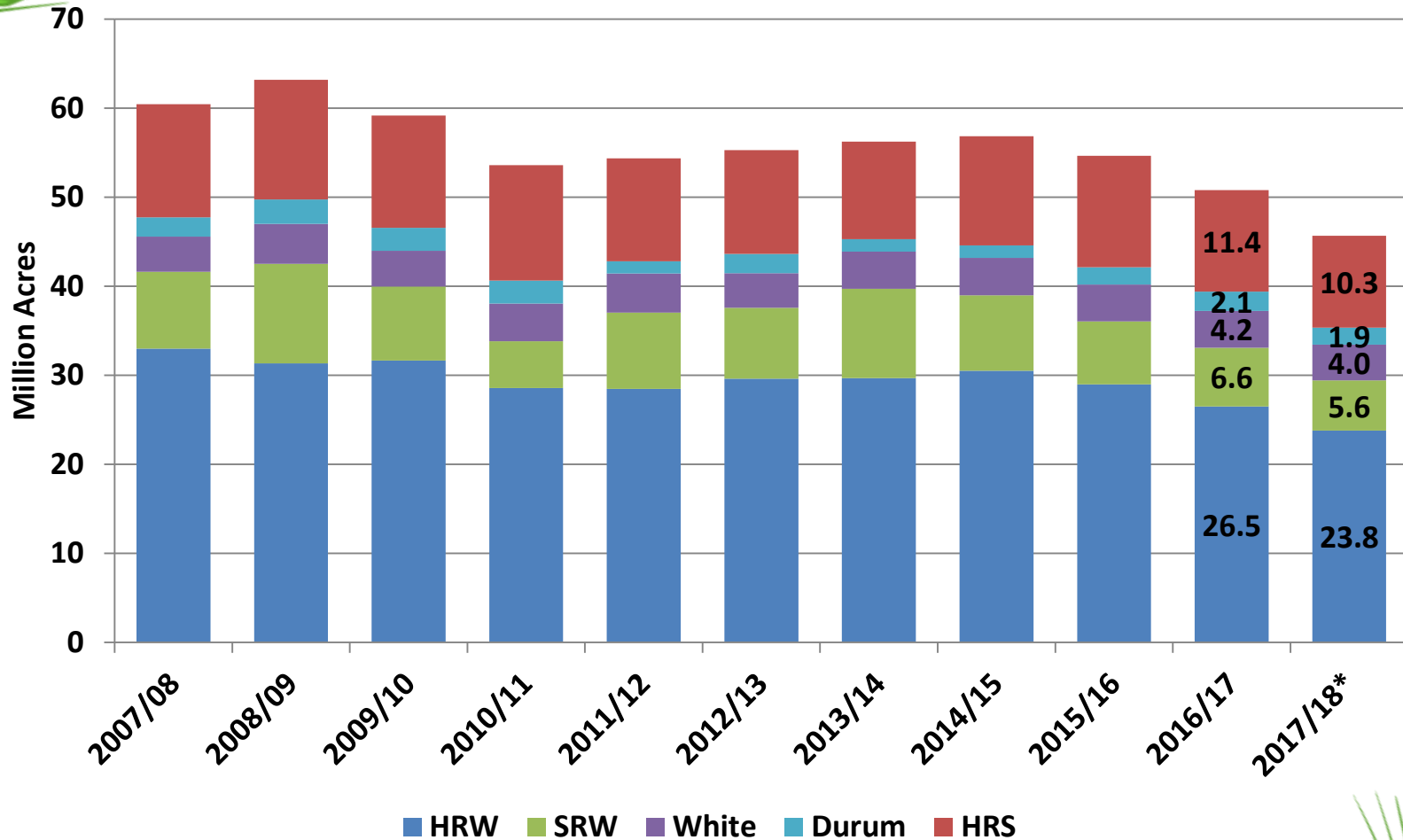
Trend in "other" importers denoted (—▶)

- Major Exporters
- Import Demand
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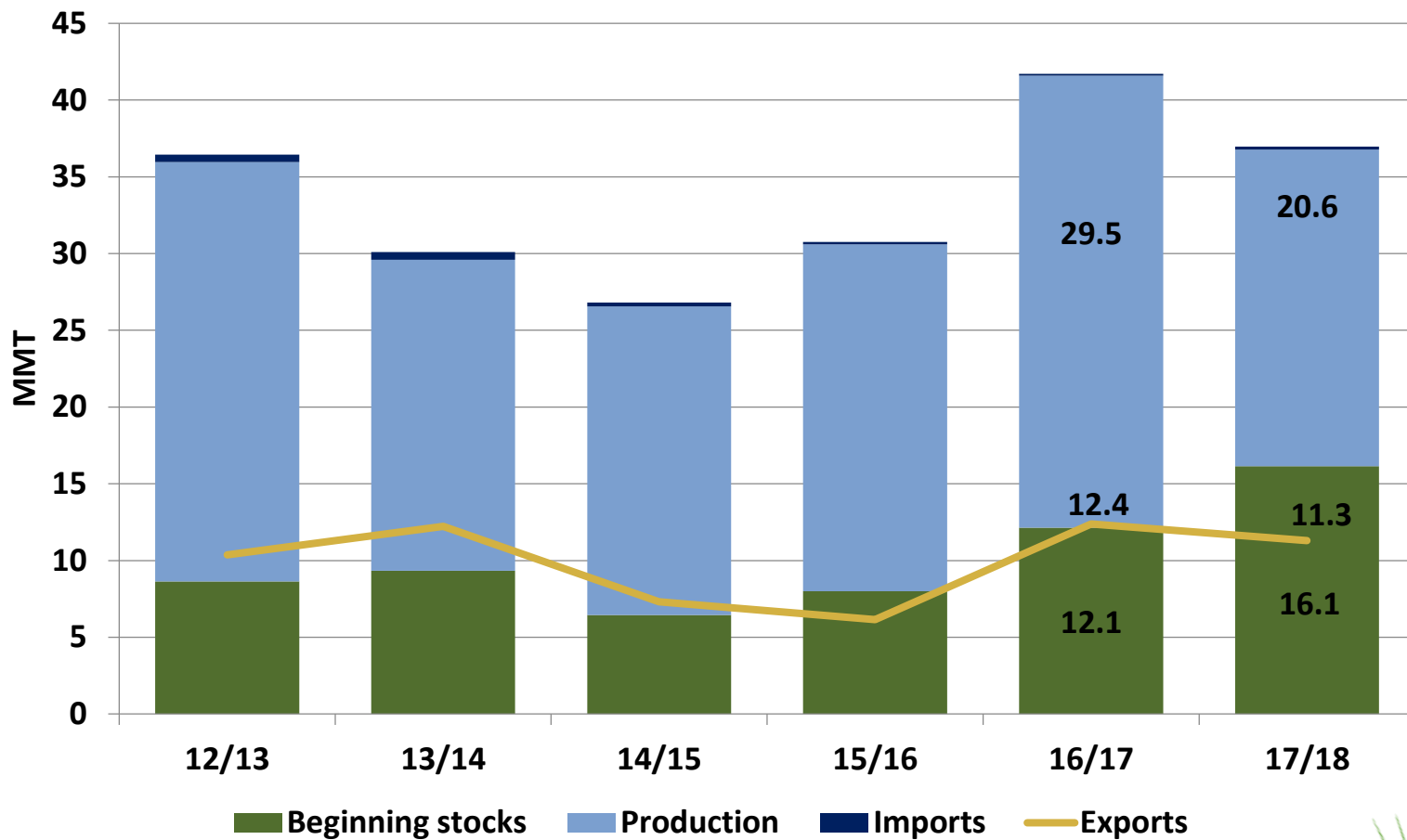


# U.S. Wheat Plantings by Class

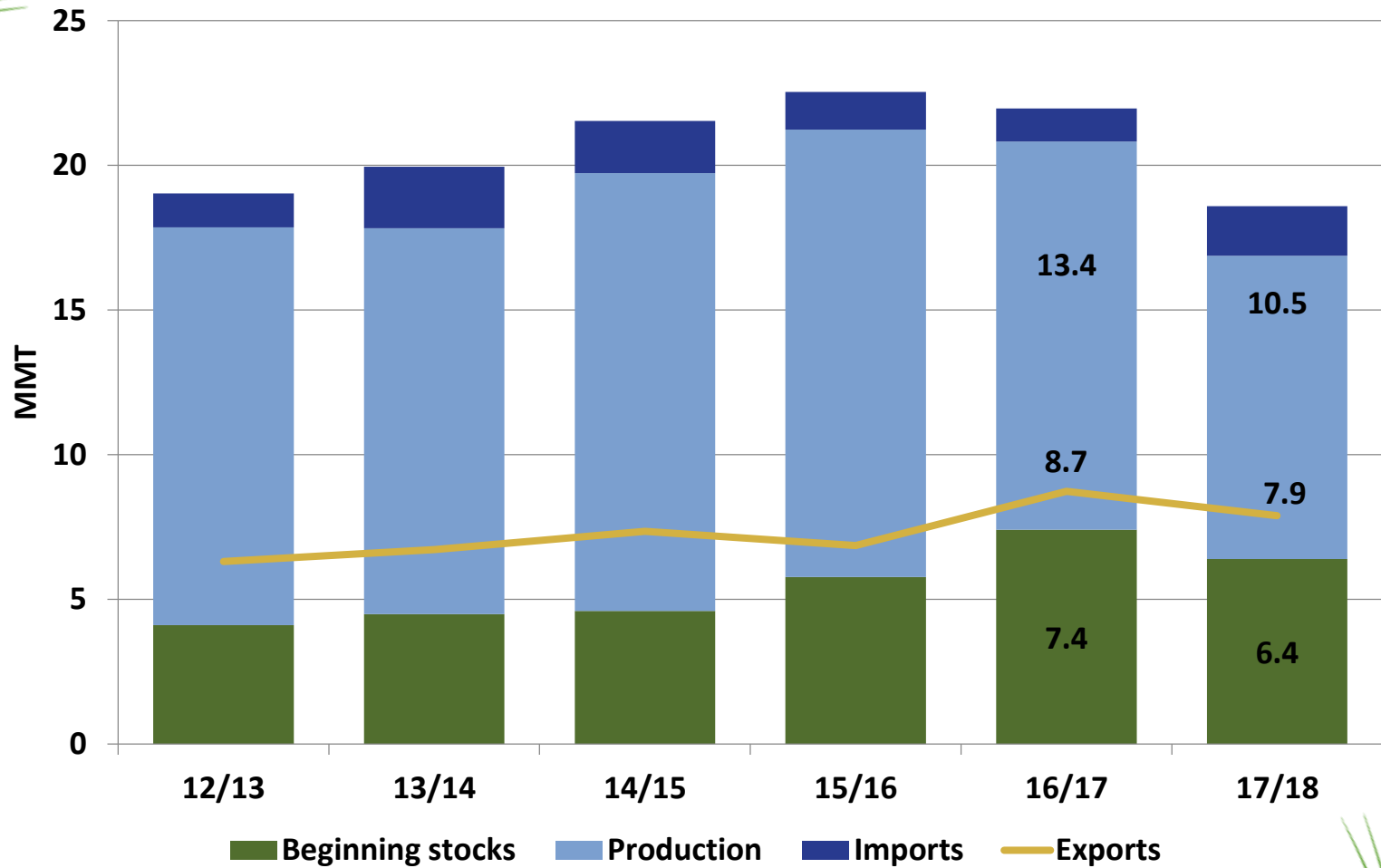


\*Source: USDA Acreage Report, June 30, 2017

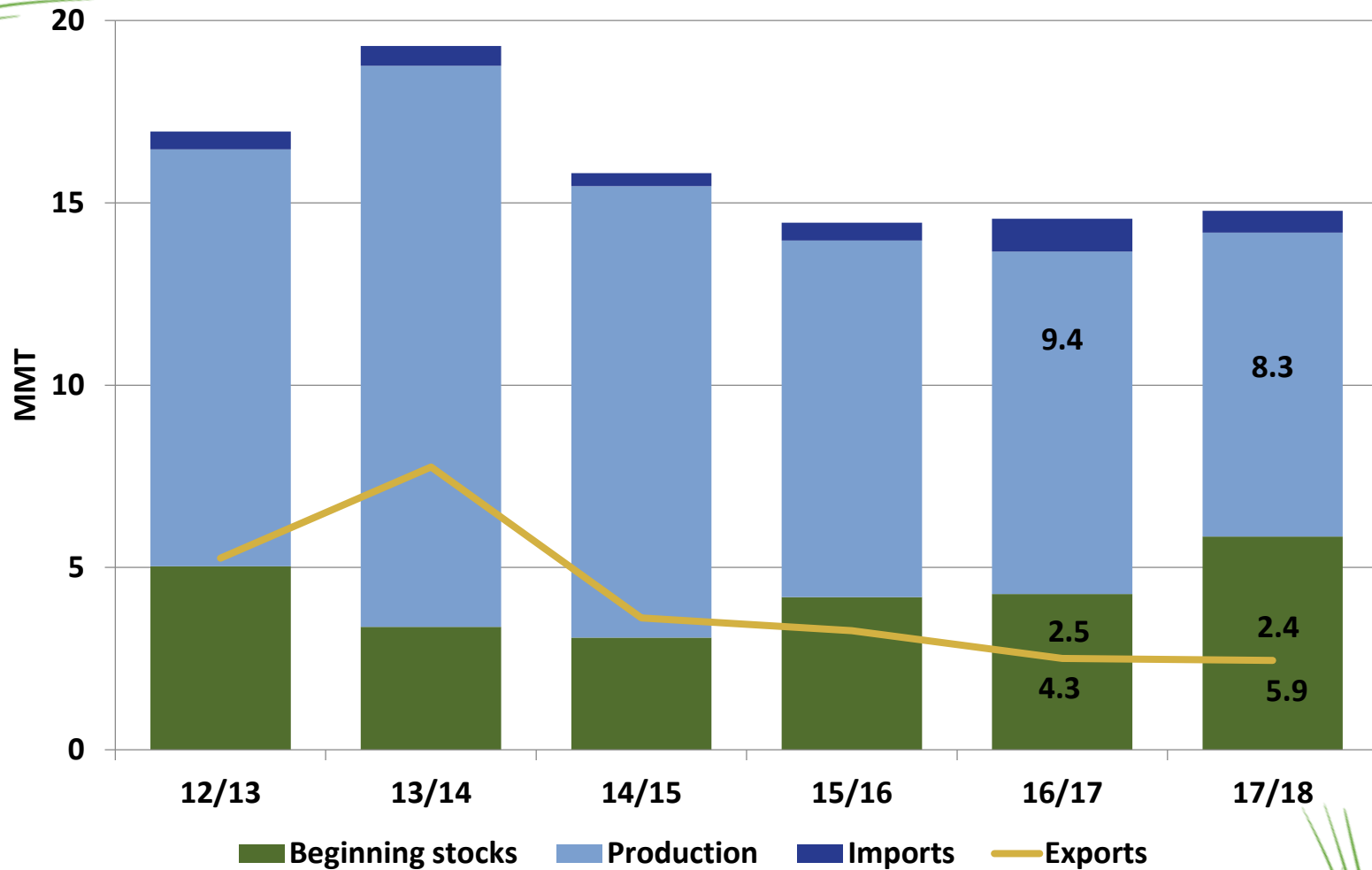
# U.S. Hard Red Winter



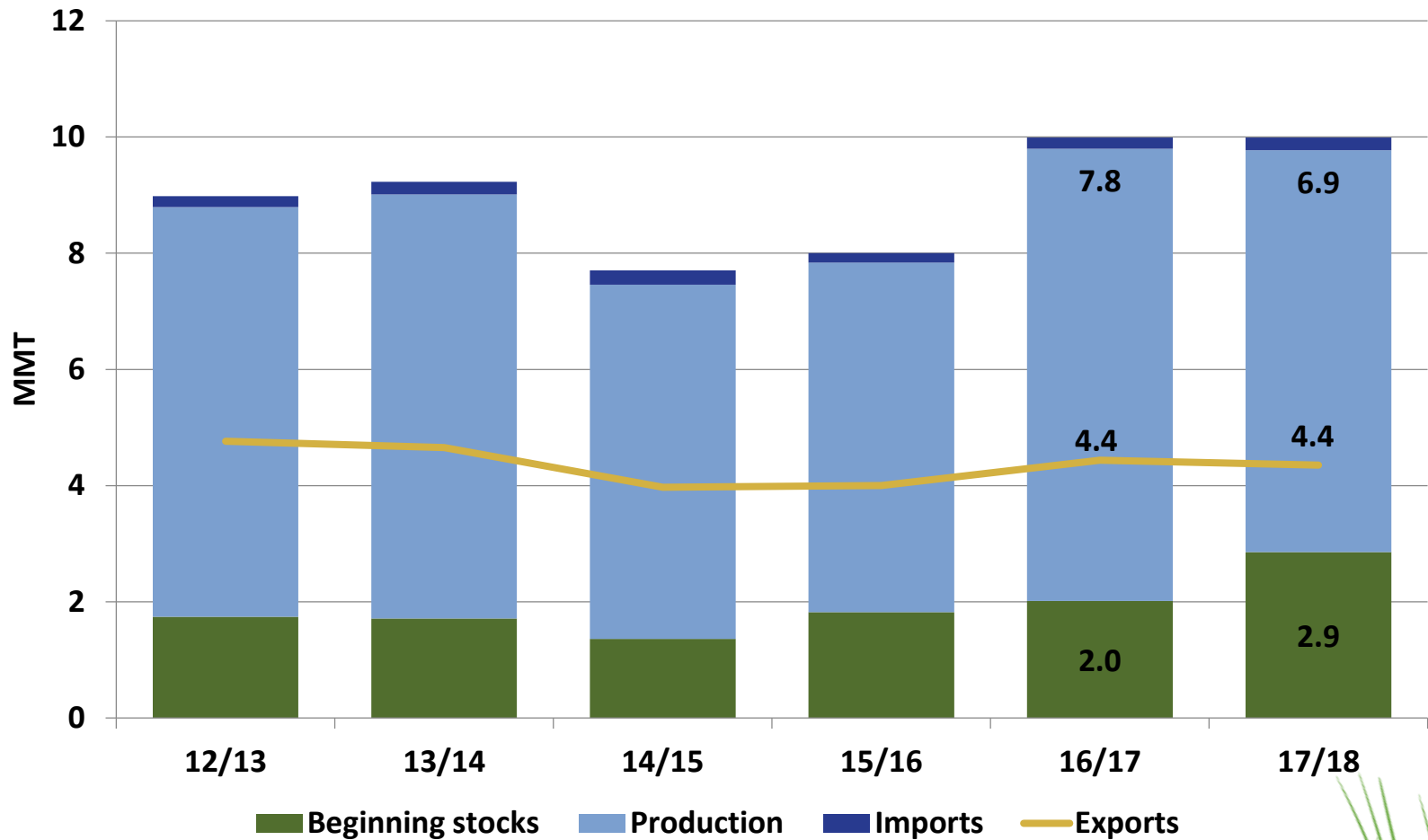
# U.S. Hard Red Spring



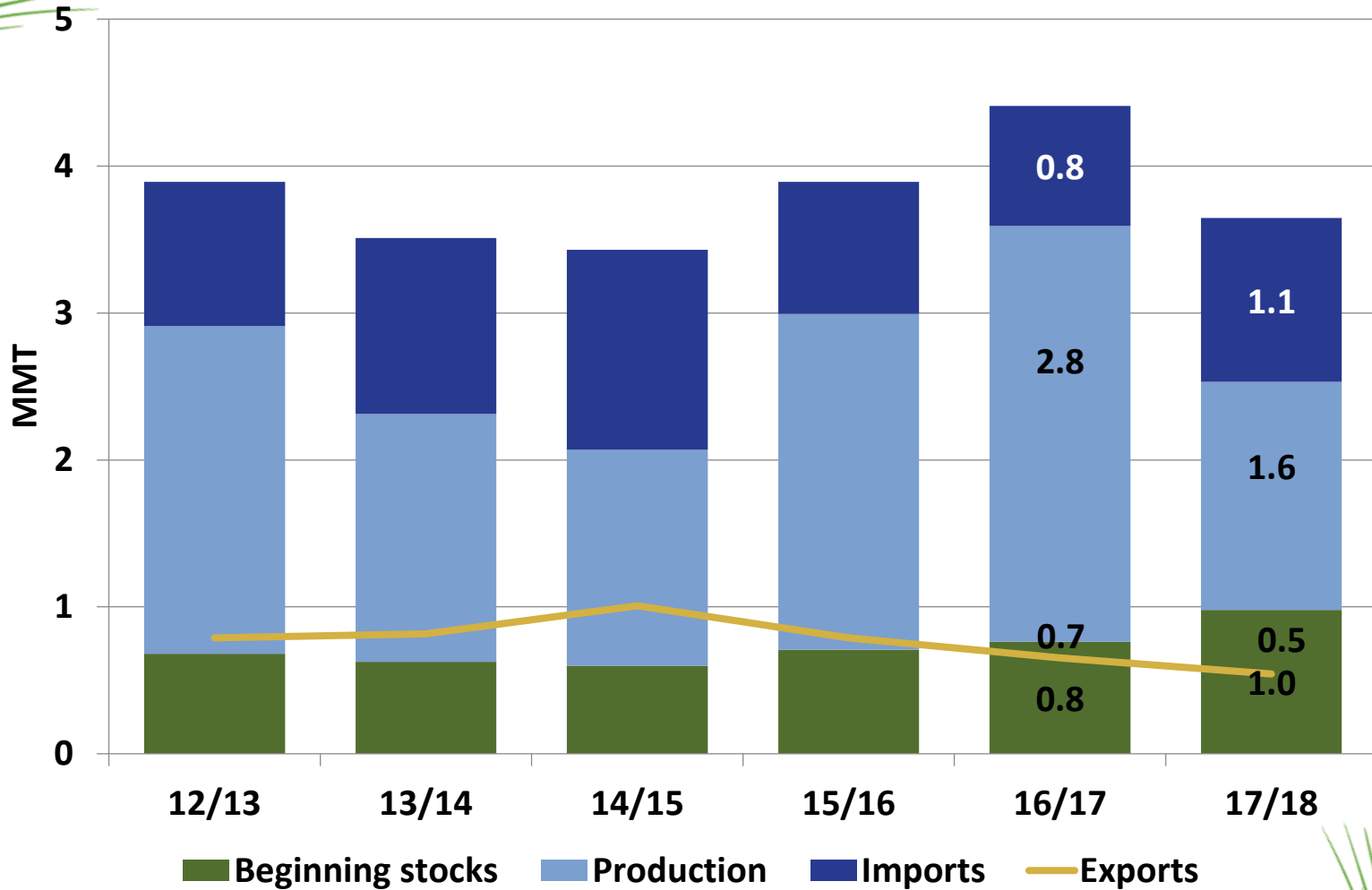
# U.S. Soft Red Winter



# U.S. White

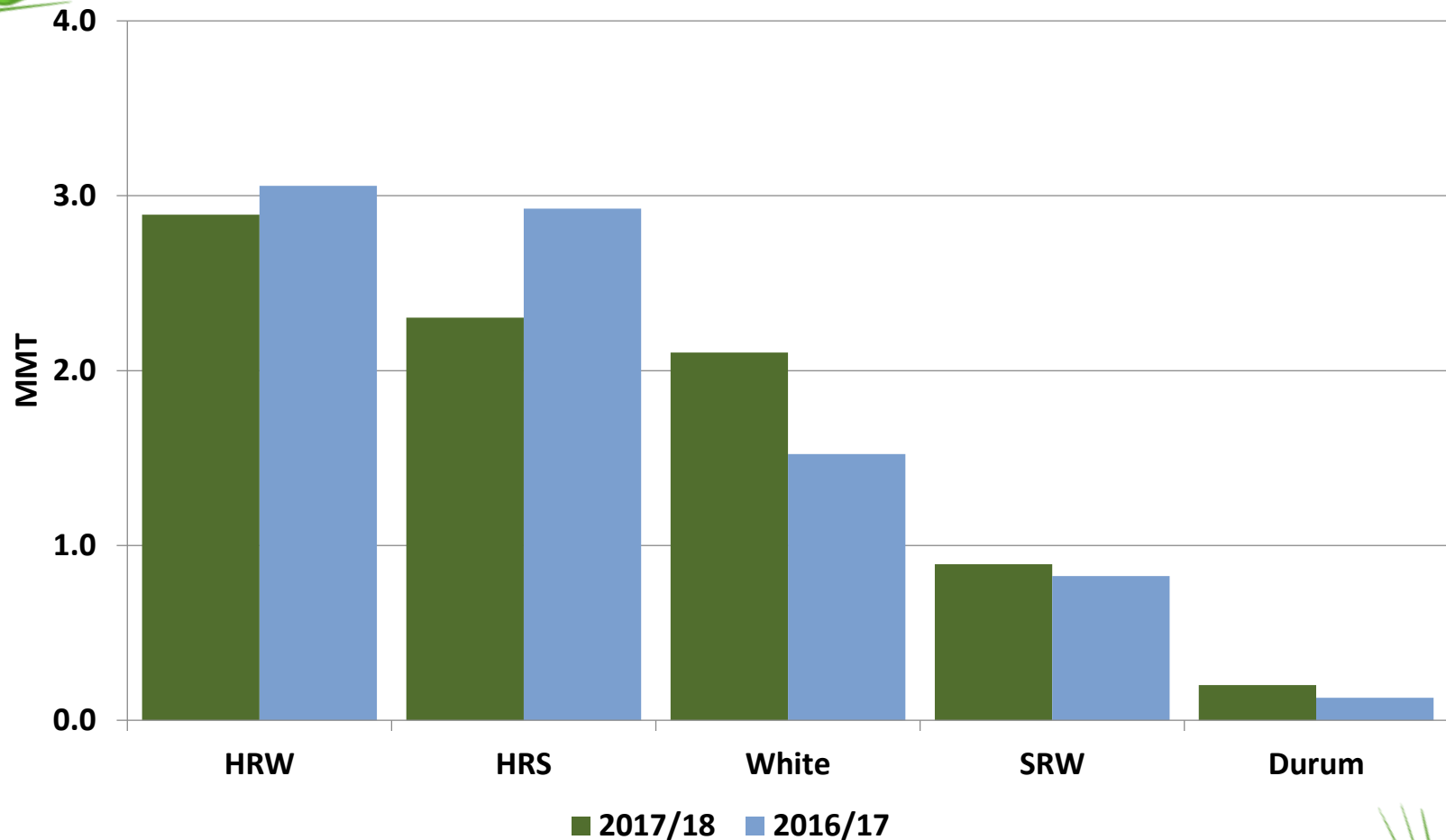


# U.S. Durum



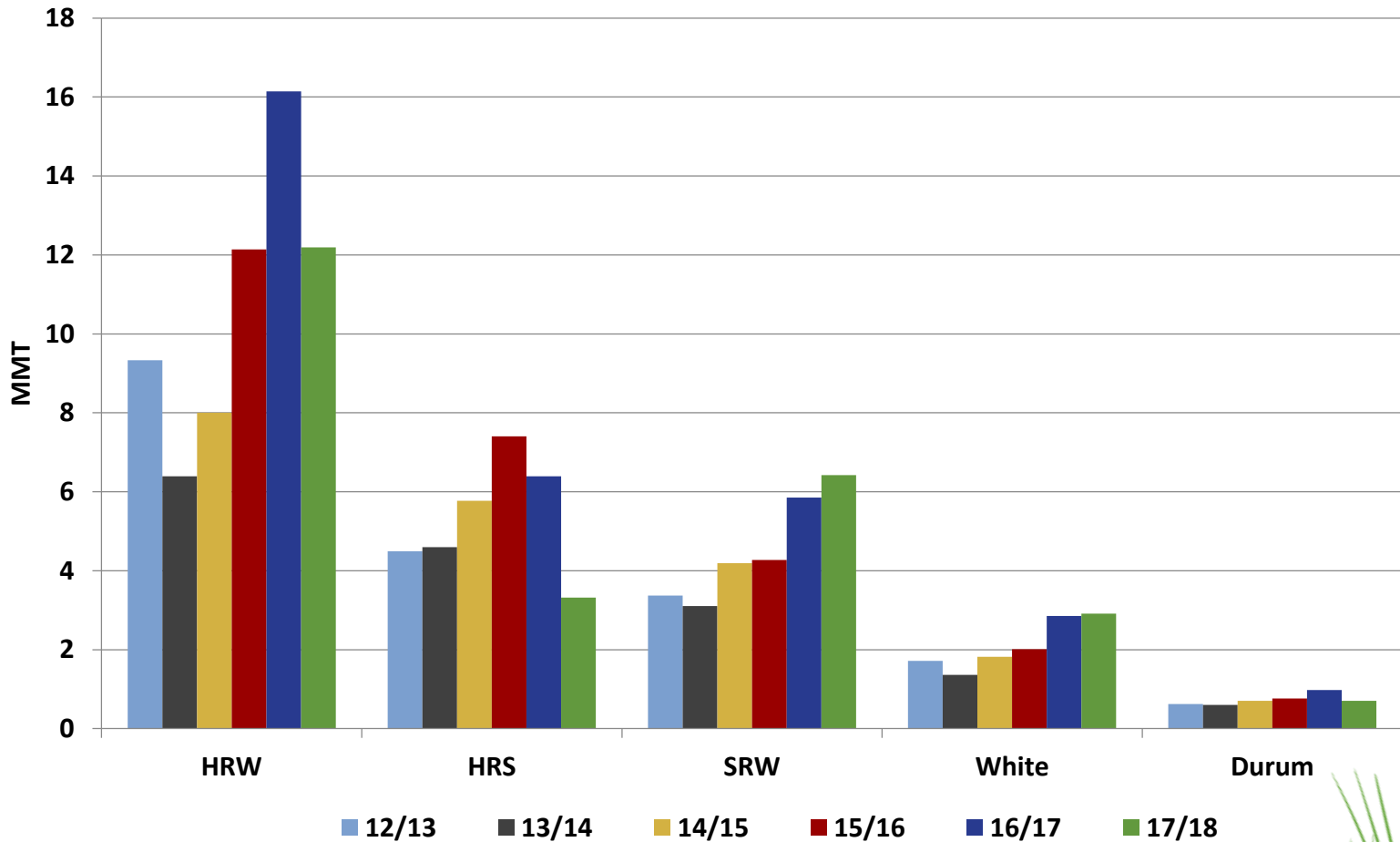
# U.S. Wheat Sales by Class

(year-to-date)



Source: USDA FAS export sales report July 7, 2017.

# U.S. Wheat Ending Stocks by Class





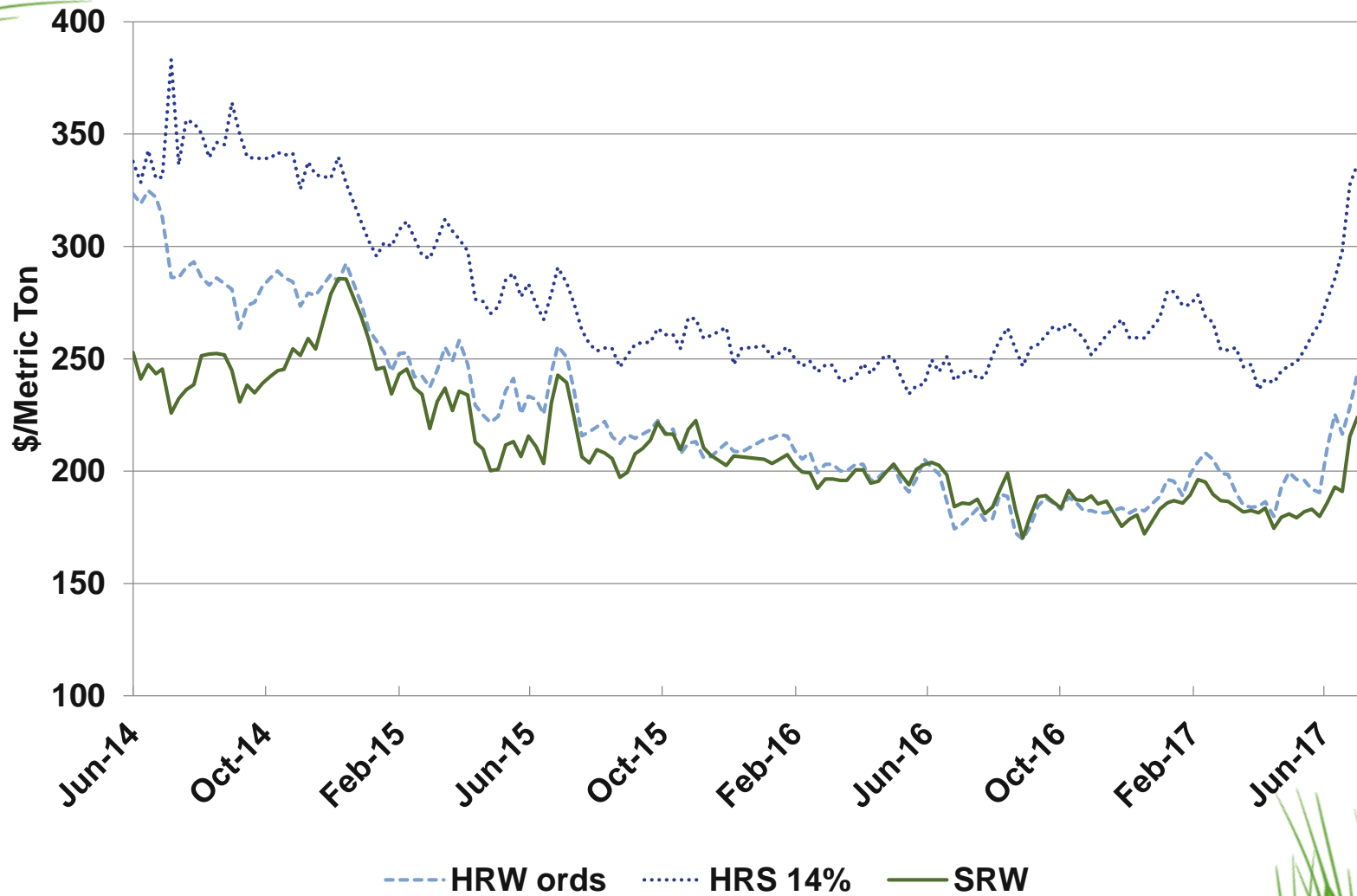
# U.S. Wheat Supply and Demand

	HRW		HRS		SRW	
	16/17	17/18	16/17	17/18	16/17	17/18
	MMT					
Beginning Stocks	12.1	16.1	7.4	6.4	4.3	5.9
Production	29.5	20.6	13.4	10.5	9.4	8.3
Imports	<u>0.1</u>	<u>0.2</u>	<u>1.1</u>	<u>1.7</u>	<u>0.9</u>	<u>0.6</u>
Supply Total	41.7	37.0	22.0	18.6	14.6	14.8
Domestic Use	13.2	13.5	6.8	7.4	6.2	5.9
Exports	<u>12.4</u>	<u>11.3</u>	<u>8.7</u>	<u>7.9</u>	<u>2.5</u>	<u>2.4</u>
Use Total	25.6	24.8	15.6	15.3	8.7	8.4
Ending Stocks	16.1	12.2	6.4	3.3	5.9	6.4
Stocks-to-Use	63%	49%	41%	22%	67%	77%

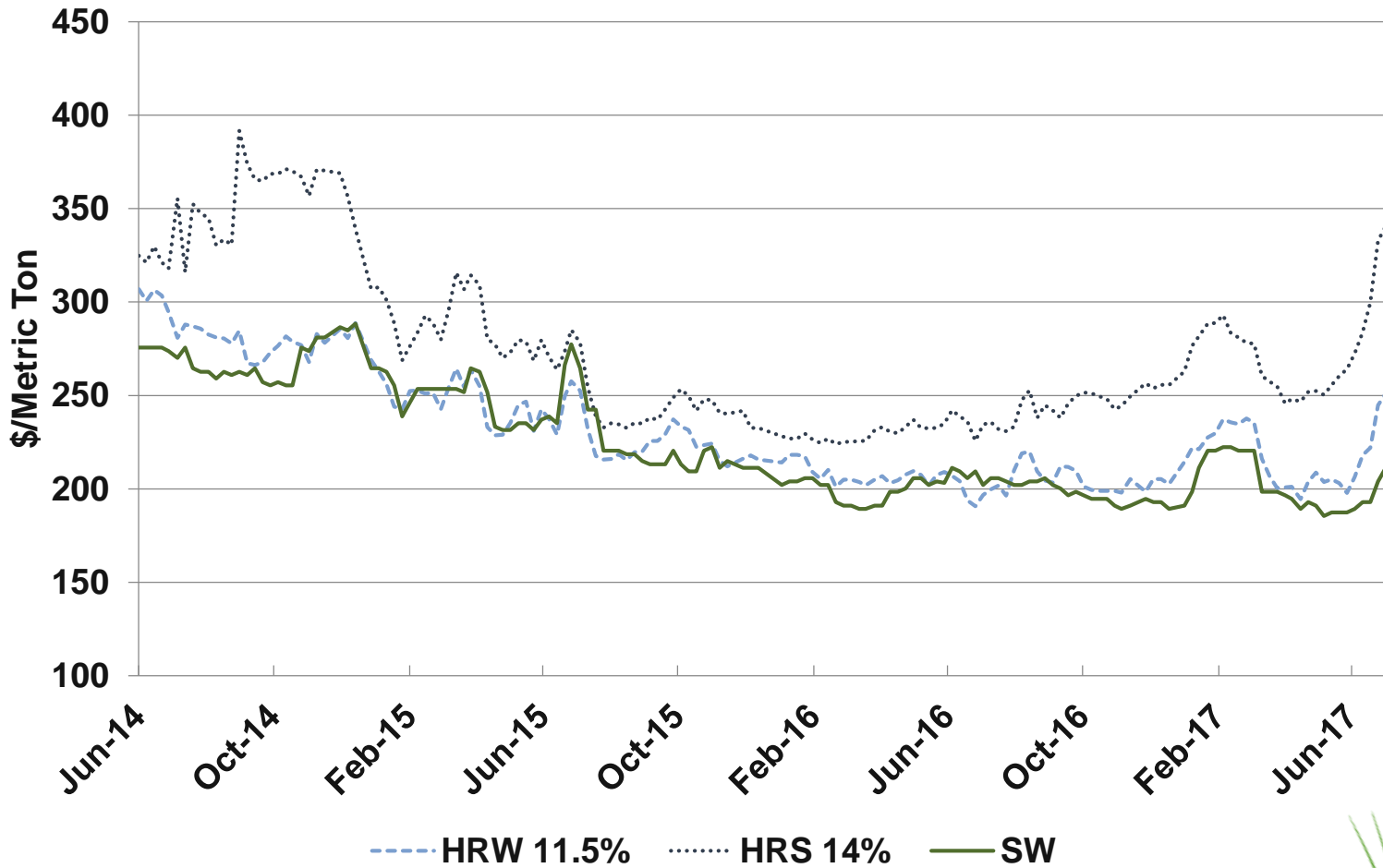
# U.S. Wheat Supply and Demand

	White		Durum		Total	
	16/17	17/18	16/17	17/18	16/17	17/18
	<b>MMT</b>					
Beginning Stocks	2.0	2.9	0.8	1.0	26.6	32.2
Production	7.8	6.9	2.8	1.6	62.9	47.9
Imports	<u>0.2</u>	<u>0.2</u>	<u>0.8</u>	<u>1.1</u>	<u>3.2</u>	<u>3.8</u>
Supply Total	10.0	10.0	4.4	3.6	92.6	84.0
Domestic Use	2.7	2.7	2.8	2.4	31.7	31.9
Exports	<u>4.4</u>	<u>4.4</u>	<u>0.7</u>	<u>0.5</u>	<u>28.7</u>	<u>26.5</u>
Use Total	7.1	7.1	3.4	2.9	60.4	58.4
Ending Stocks	2.9	2.9	1.0	0.7	32.2	25.6
Stocks-to-Use	40%	41%	29%	24%	53%	44%

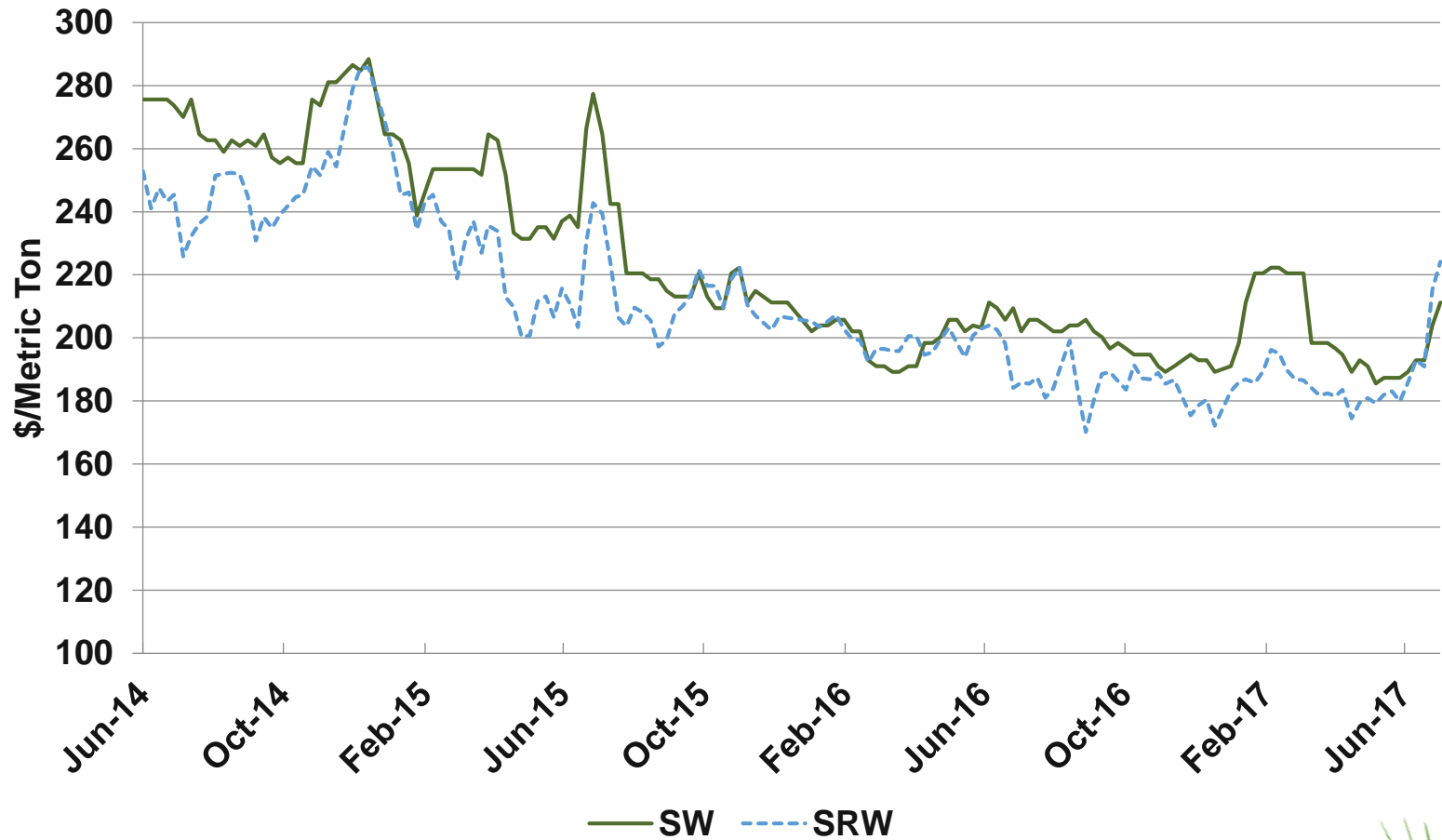
# U.S. FOB Gulf Prices



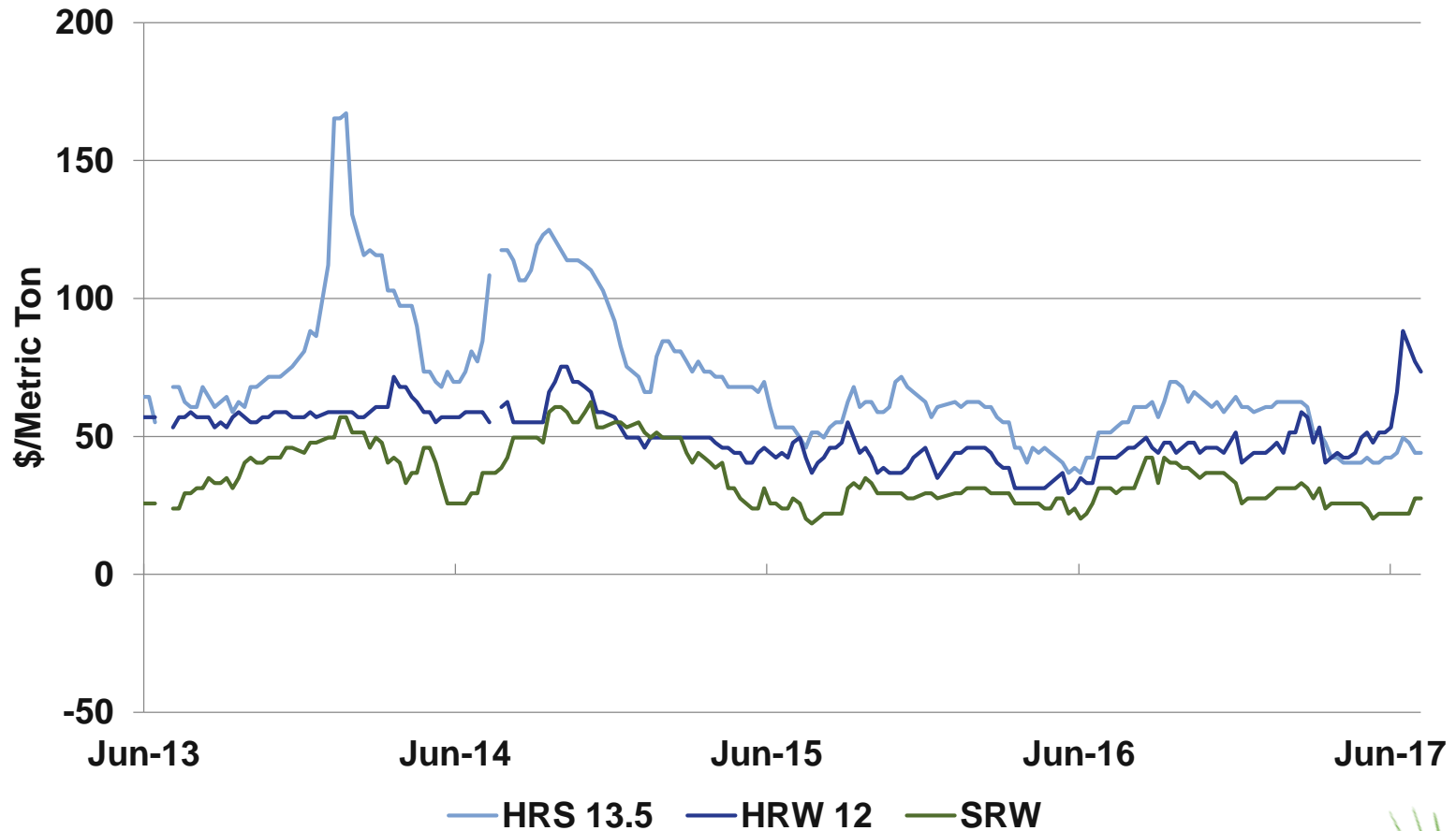
# U.S. FOB PNW Prices



# SRW and Soft White Prices



# U.S. Gulf Basis Prices



# U.S. PNW Basis Prices



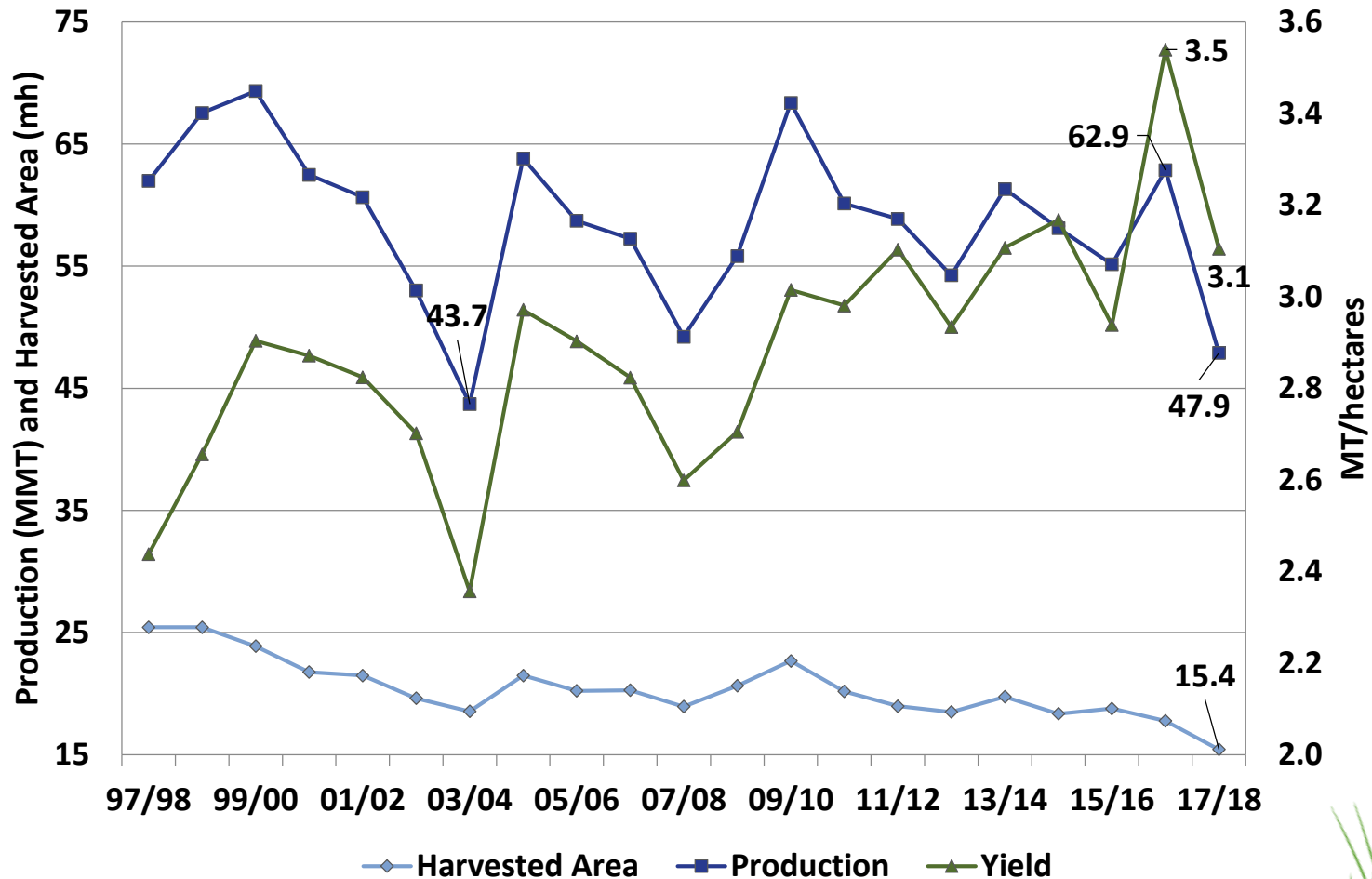
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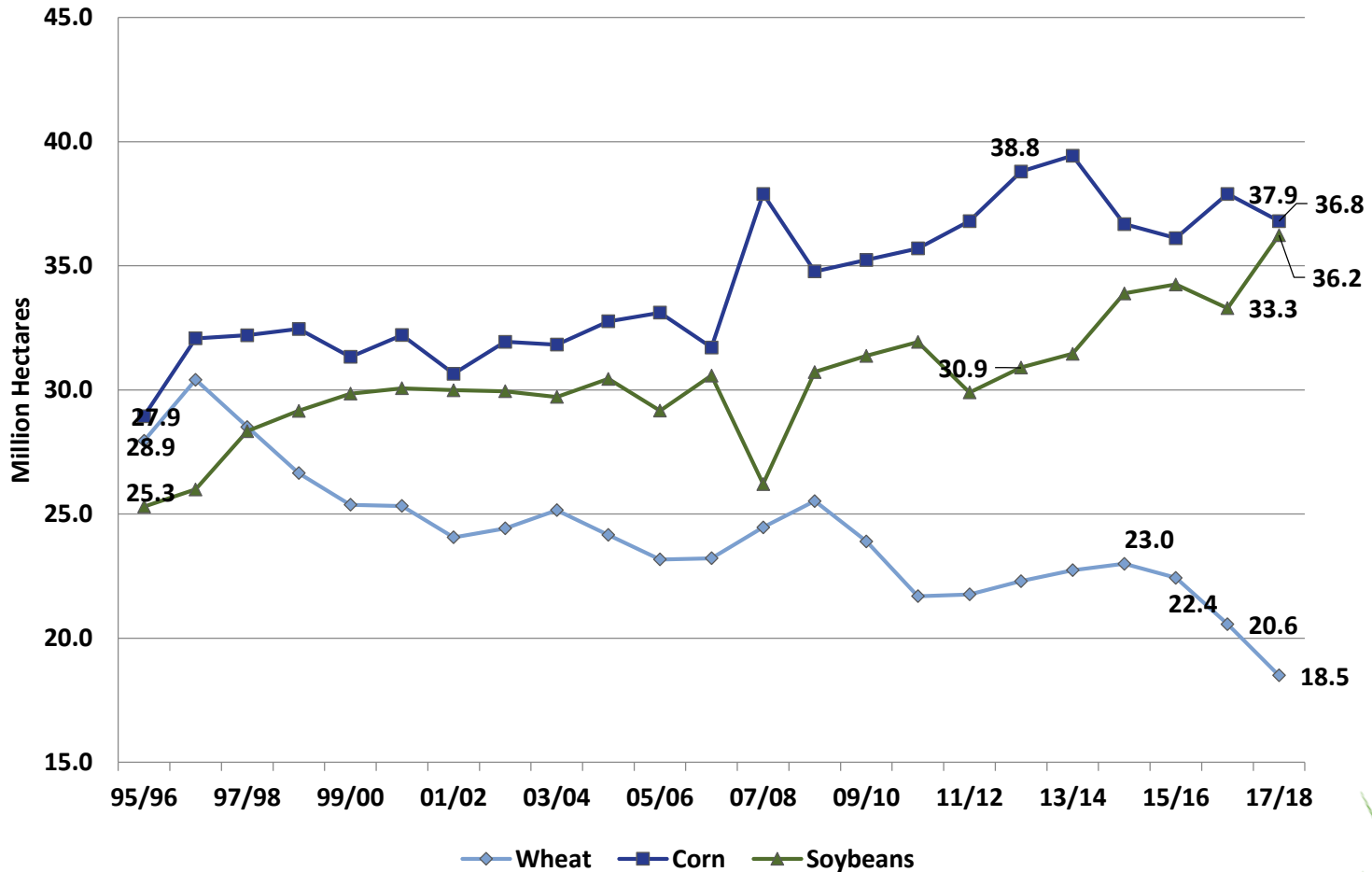
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# U.S. Wheat Area and Production



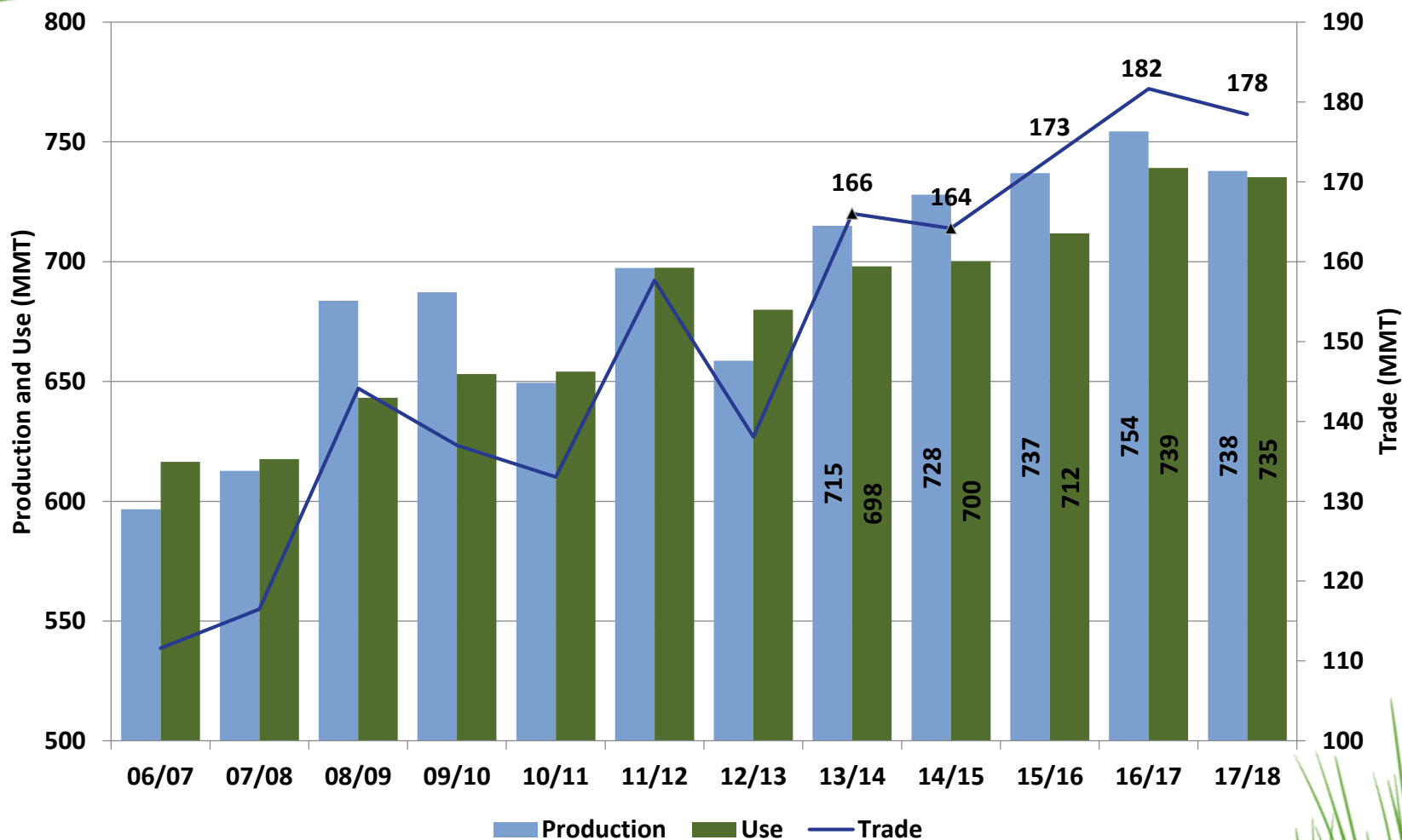
# U.S. Crop Planted Area Comparison



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

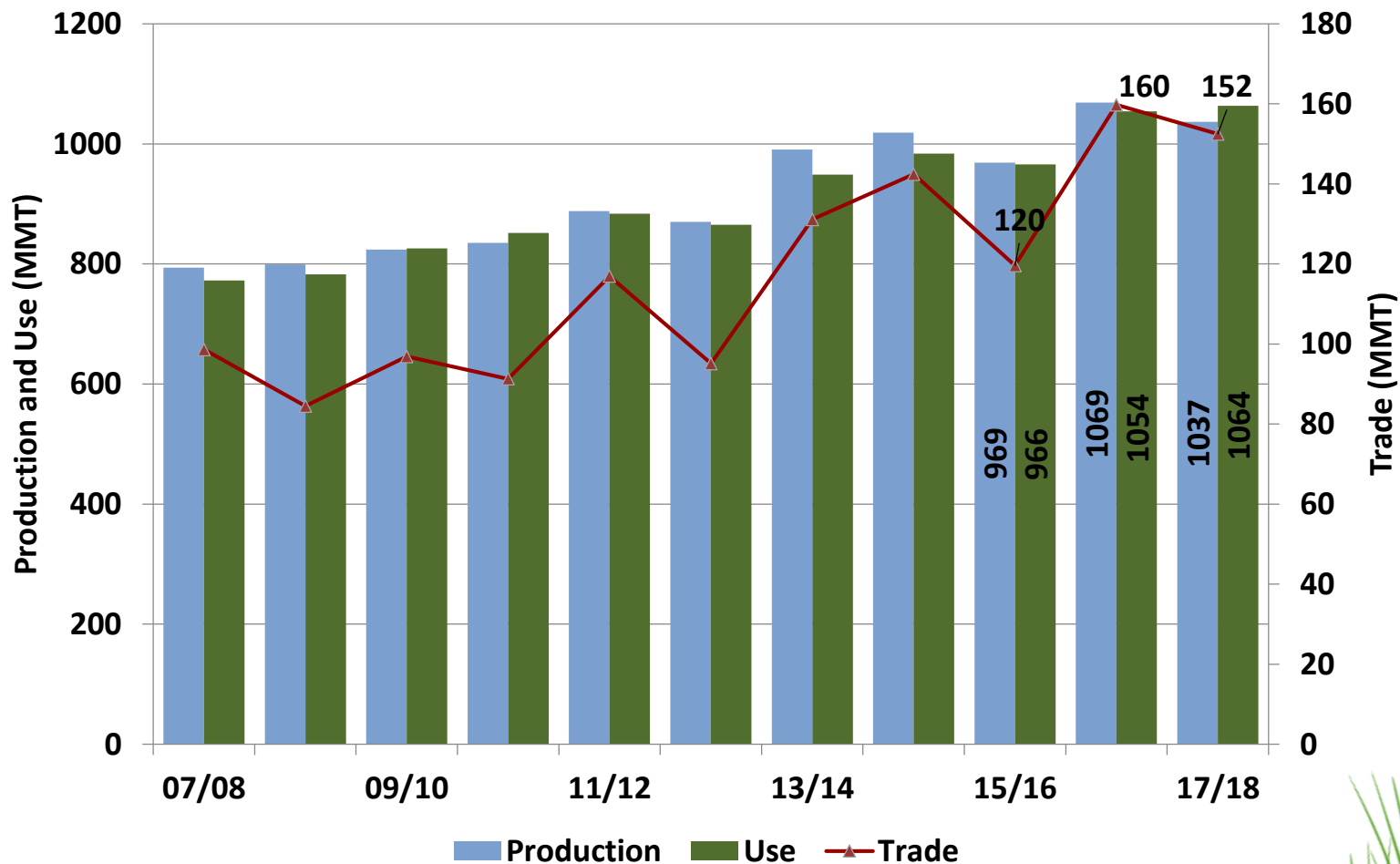
# World Wheat

## Production, Use and Trade



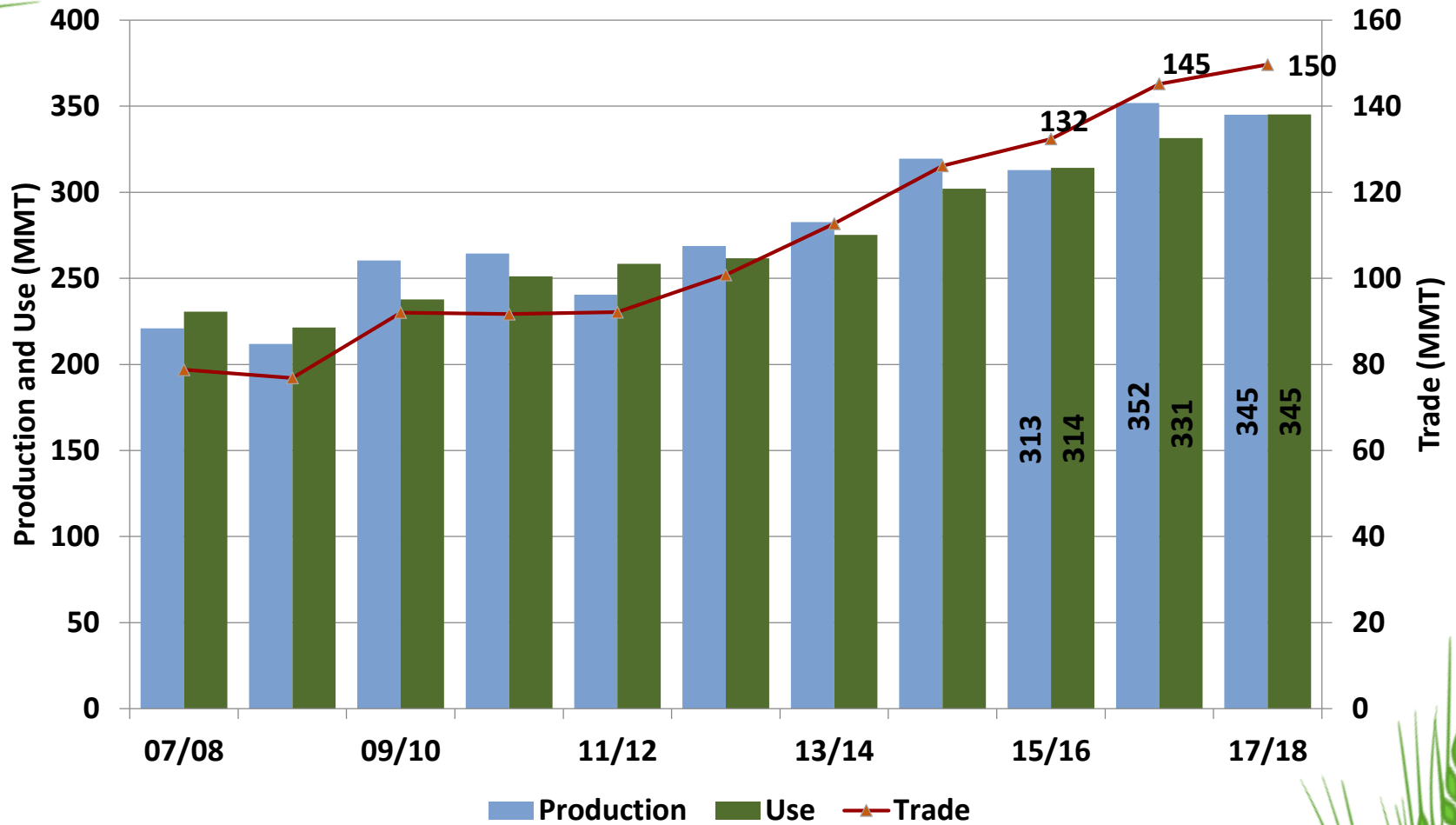
# World Corn

## Production, Use and Trade

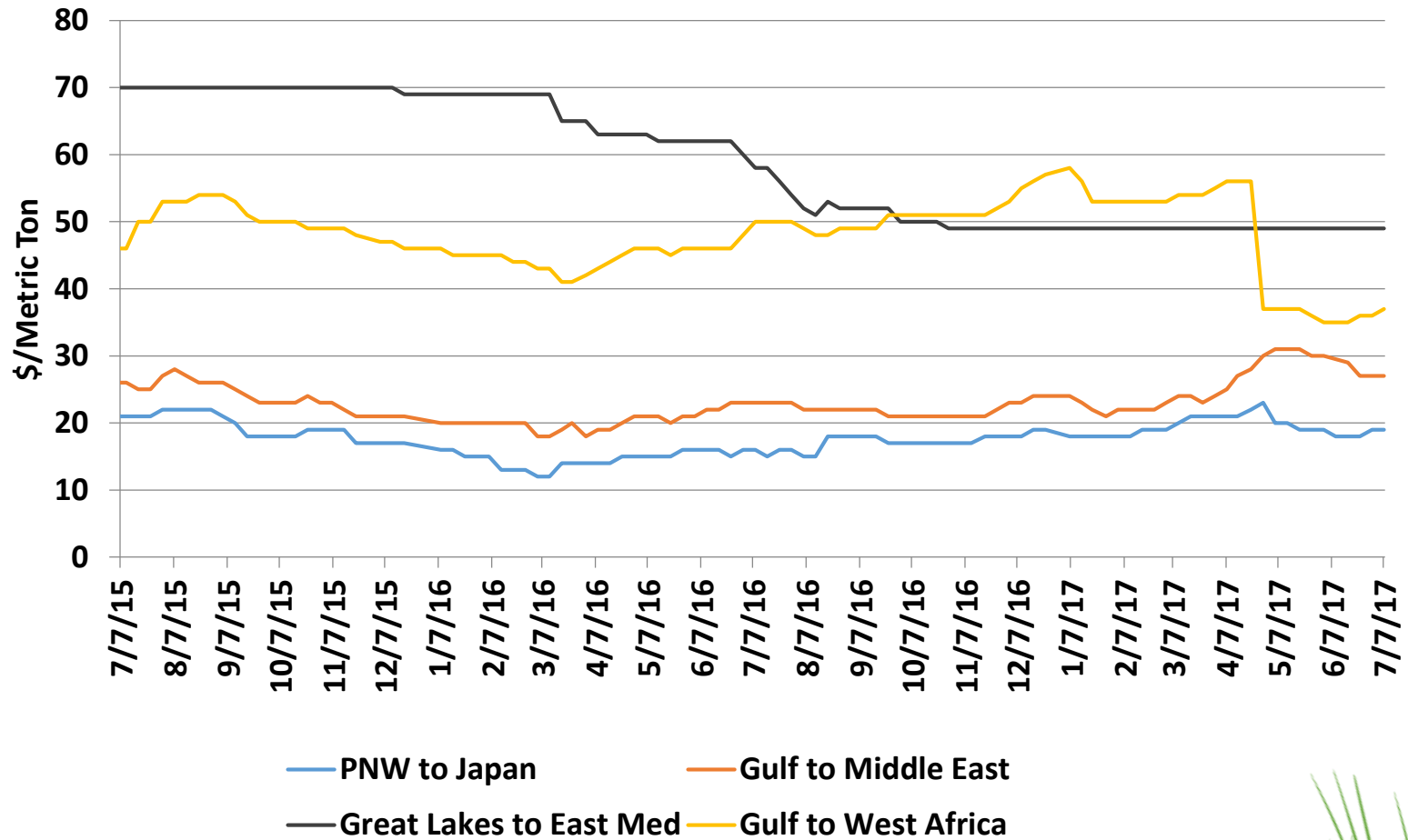


# World Soybeans

## Production, Use and Trade



# Ocean Freight Rates for Grains



# Summary

- **Global production at 738 MMT, down 2% from 2016/17**
  - Russia wheat production to fall to 72.0 MMT, 1% below 2016/17
  - Wheat production in the U.S. expected to fall to 47.9, 18% below the 5-year average
- **Global ending stocks to rise to a record 261 MMT, 19% above the 5-year average**
  - Ending stocks in Ukraine to fall to 1.71 MMT, 9% lower than 2016/17
  - U.S. ending stocks to decrease to 25.5 MMT, down 21% from 2016/17 if realized
- **World consumption and trade expected to decrease slightly in 2017/18**
  - Russia exports estimated at 30.5 MMT, 10% above 2016/17
  - U.S. 2017/18 exports to reach 26.5 MMT, in line with the 5-year average



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