

# World Wheat Supply and Demand Situation

August 2017

Major data source: USDA World Agricultural Supply and Demand Estimates released August 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 higher still below the 2016/17 record

- Global supplies estimate to grow to 1001 MMT; up slightly from the 2016/17 and a new record
- Wheat production in Canada to fall to 26.5 MMT, 14% below the 5-year average, if realized
- U.S. wheat production estimated at 47.3 MMT, 25% below 2016/17, if realized

## 2. Consumption forecast at a record 737 MMT, 4% above the 5-year average

- Russian domestic consumption to total 42.0 MMT, 17% above the 5-year average, if realized
- Philippine domestic consumption to increase to 5.55 MMT, up 4% from 2016/17
- U.S. domestic consumption to remain stable year over year at 31.7 MMT

## 3. World wheat trade projected at 180 MMT, down 1% from 2016/17, but 9% above the 5-year average

- Russian exports to rise to 31.5 MMT, 13% above 2016/17 and 48% above the 5-year average
- Exports from Ukraine to fall 11% year over year to 16.0 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

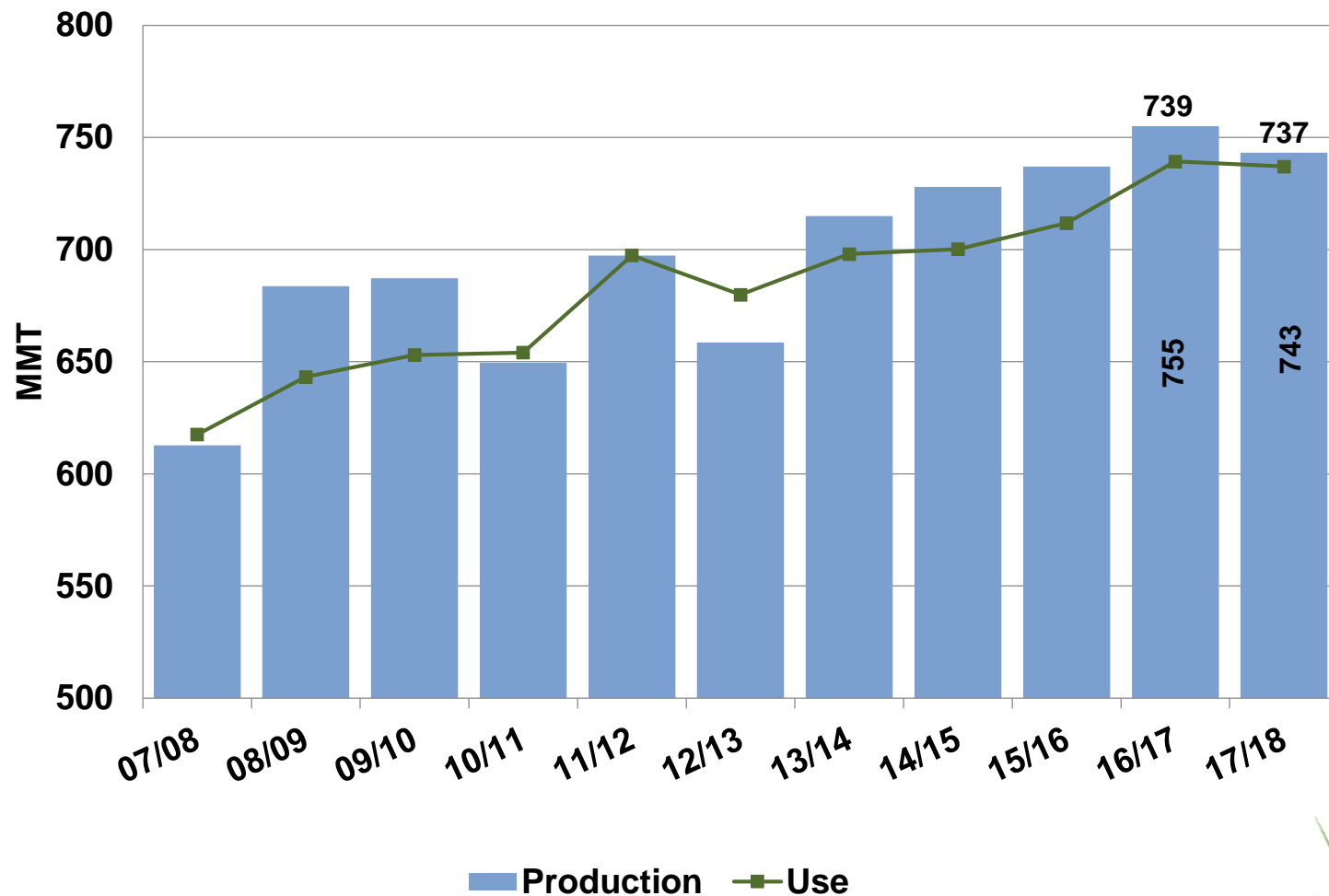
4. **World beginning stocks estimated at record 259 MMT, up 6% year over year**
  - Beginning stocks in Canada to climb to 6.91 MMT, up 33% year over year
  - U.S. beginning stocks to climb to an estimated 32.2 MMT, 21% above 2016/17 levels
5. **Global ending stocks projected at record 265 MMT, 2% higher than 2016/17, if realized**
  - Estimated Chinese ending stocks of 128 MMT account for 48% of global ending stocks, 58% greater than the 5-year average
  - Exporter ending stocks to fall 10% year over year to 73.0 MMT
  - Ending stocks in importing countries to fall to 64.1 MMT, 9% 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*

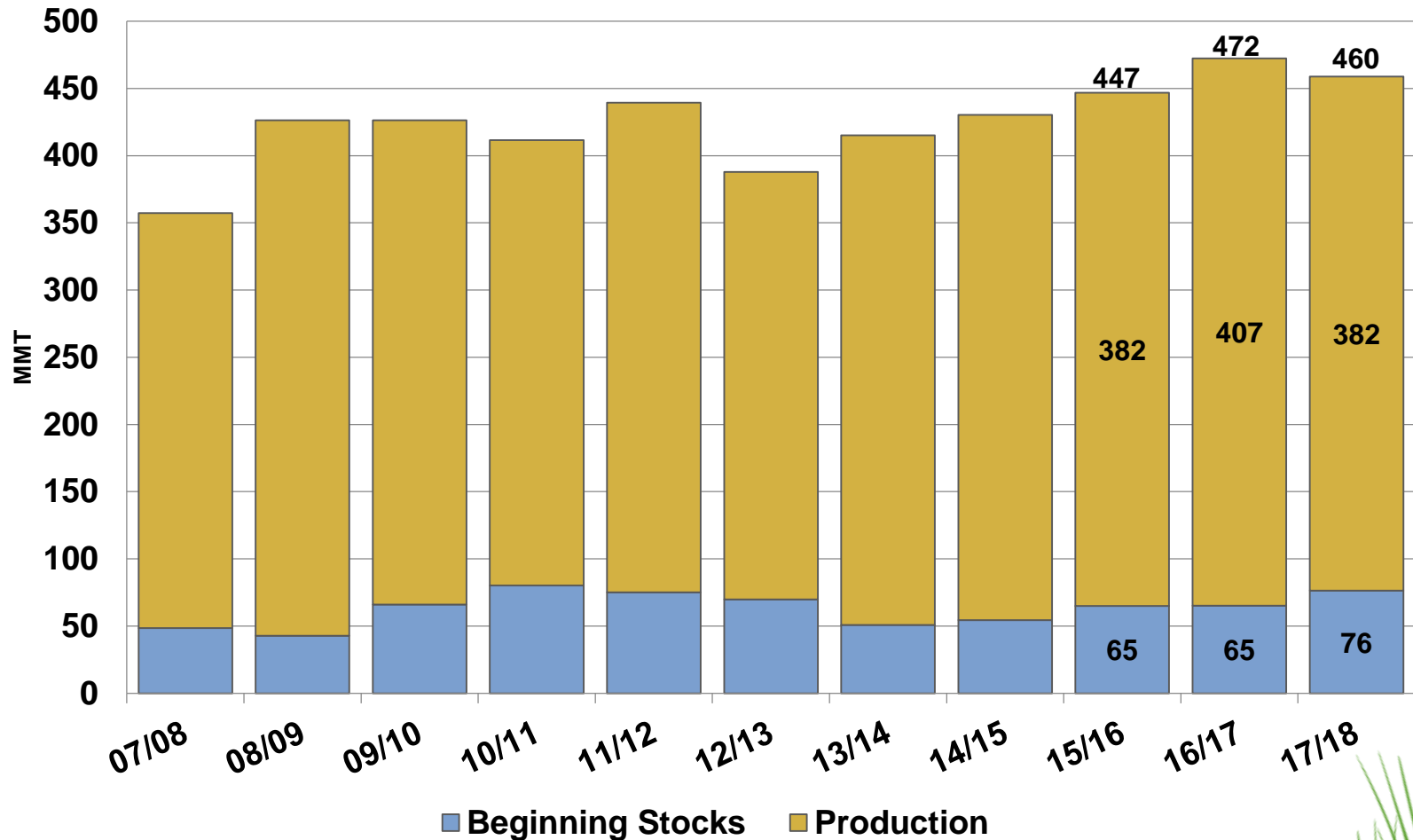


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# World Production and Use



# Supplies in Top Exporting Countries\*



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

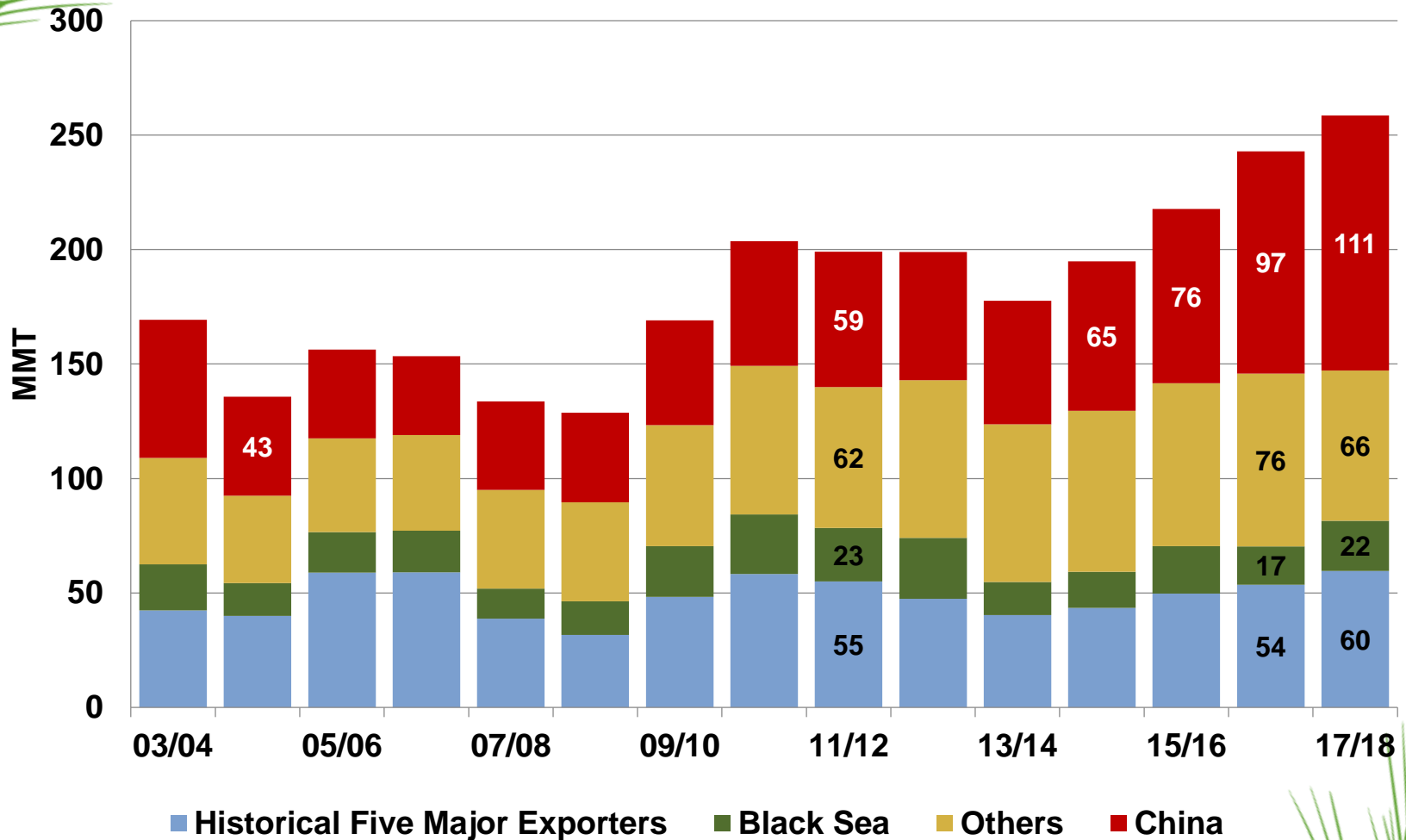
# World Wheat Supply and Demand

		15/16	16/17 <i>MMT</i>	17/18
<b>SUPPLY:</b>	Beginning Stocks	218	243	259
	Production	737	755	743
	Supply Total	955	998	1002
<b>TRADE:</b>	Exports/Imports	173	182	180
<b>DEMAND</b>	Food & Seed	575	592	596
	Feed & Residual	136	147	141
	Use Total	712	739	737
	<b>ENDING STOCKS:</b>	243	259	265



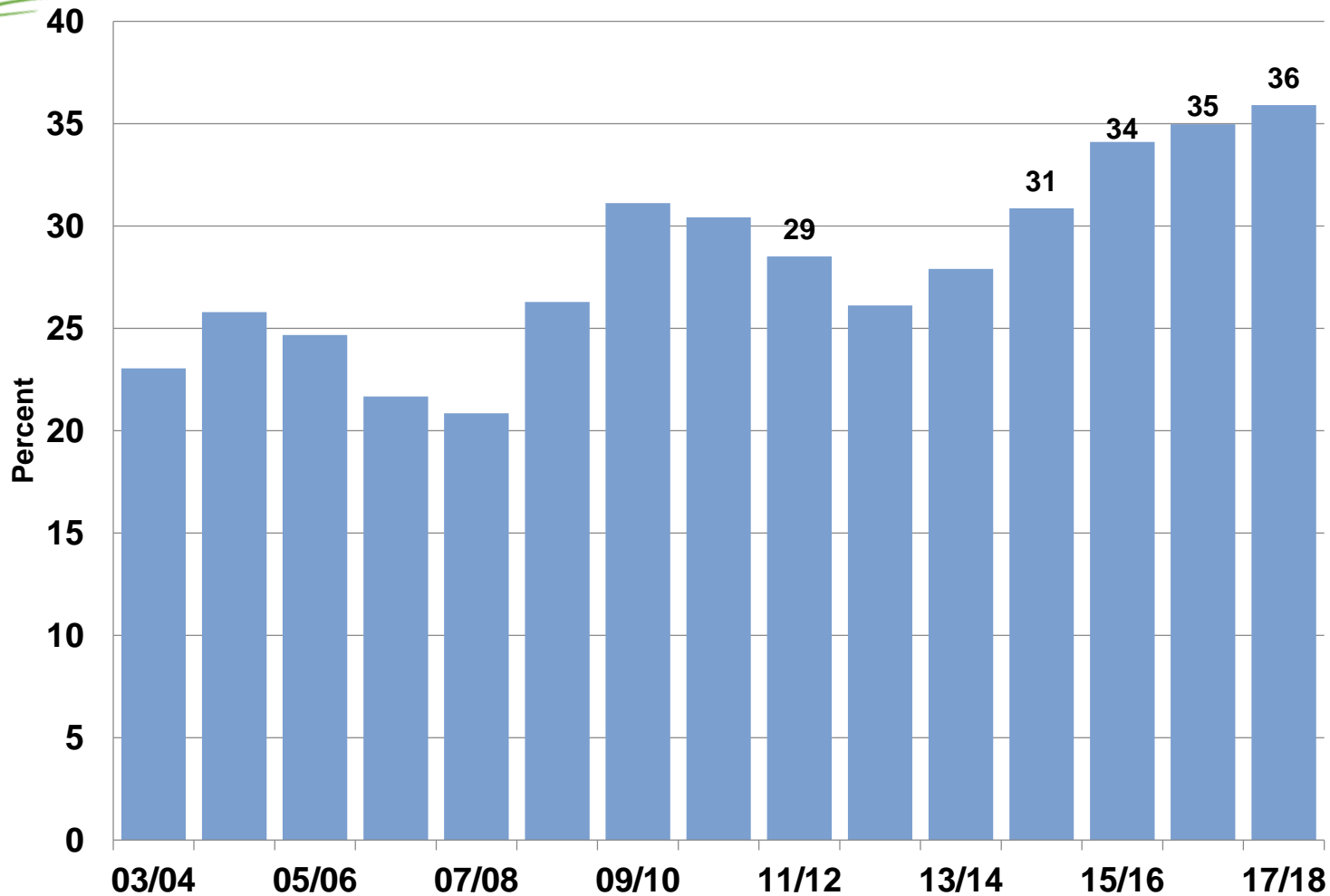
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# World Beginning Stocks



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

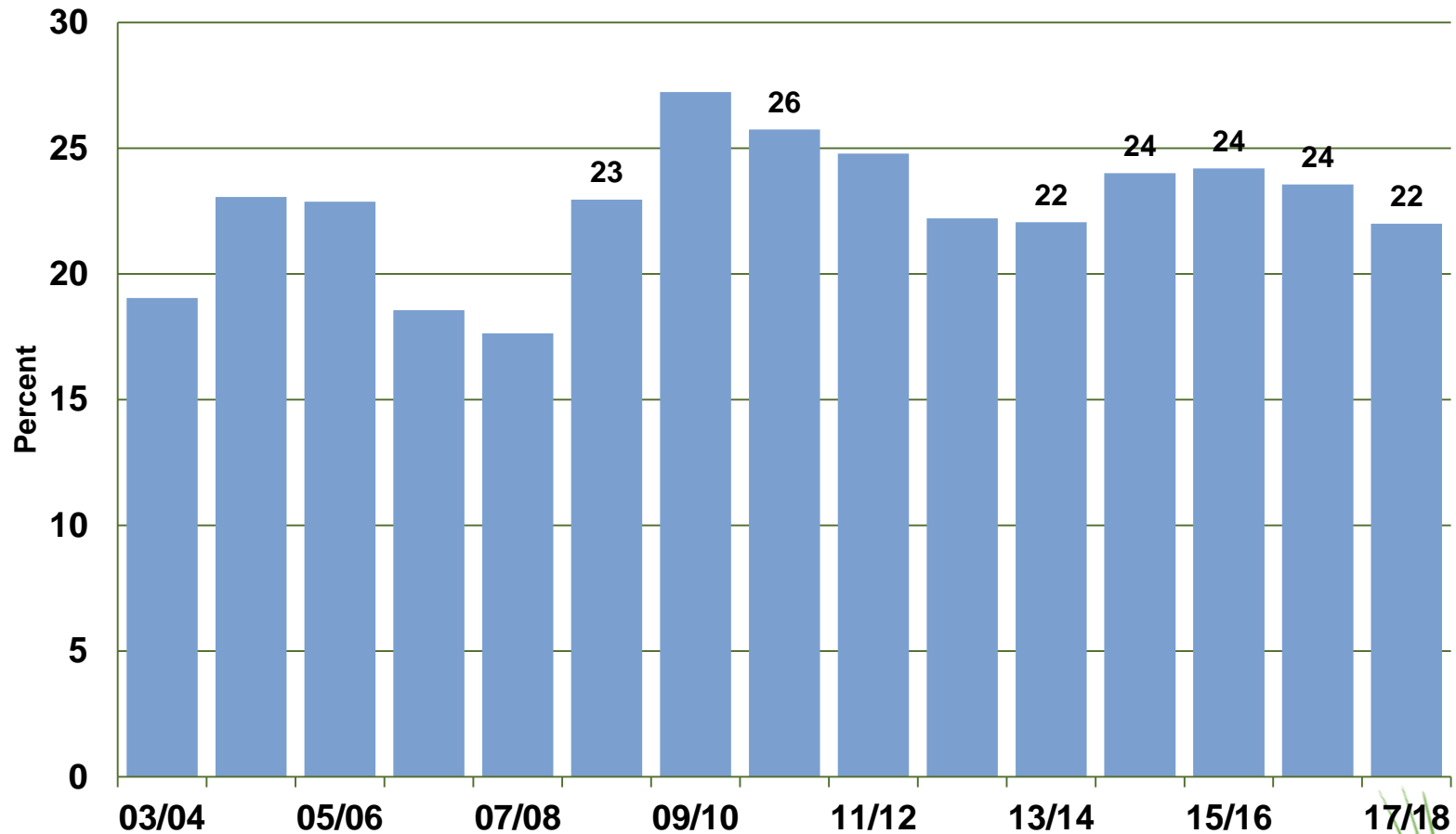
# Global Stocks\*-to-Use Ratio



*\*Ending stocks*

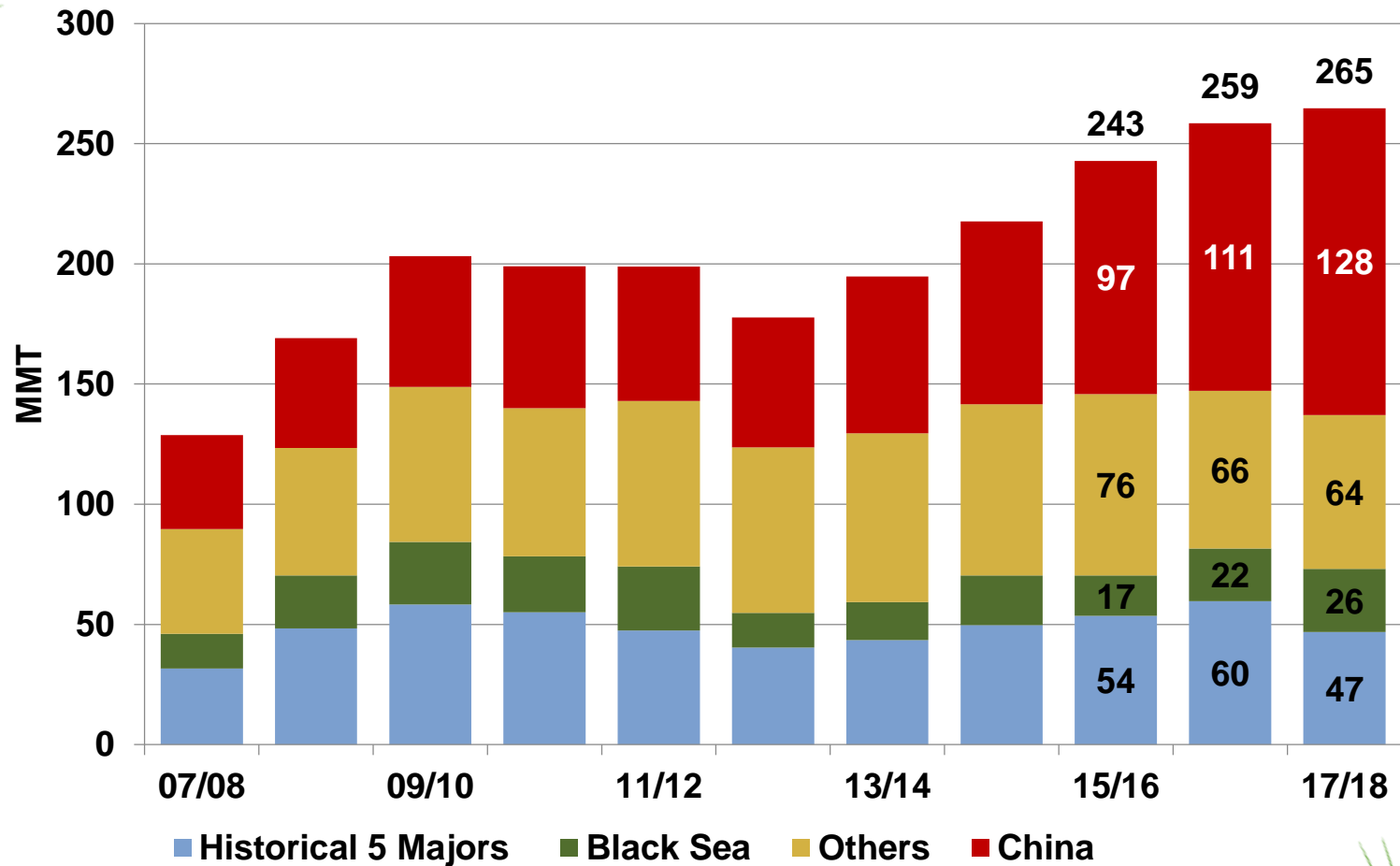


# Global Stocks\*-to-Use Ratio w/o China



\*Ending stocks

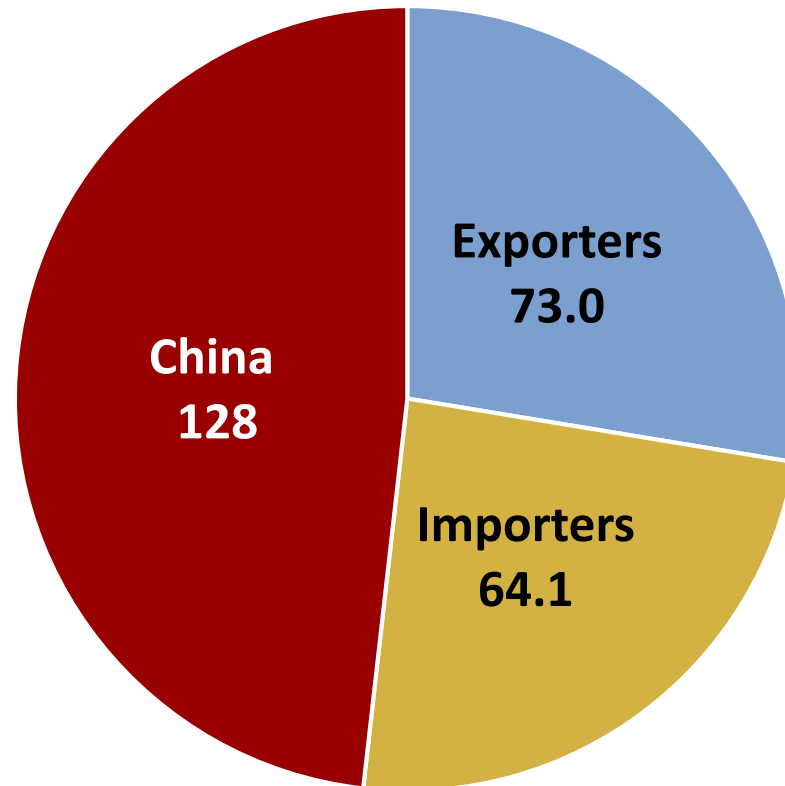
# World Ending Stocks



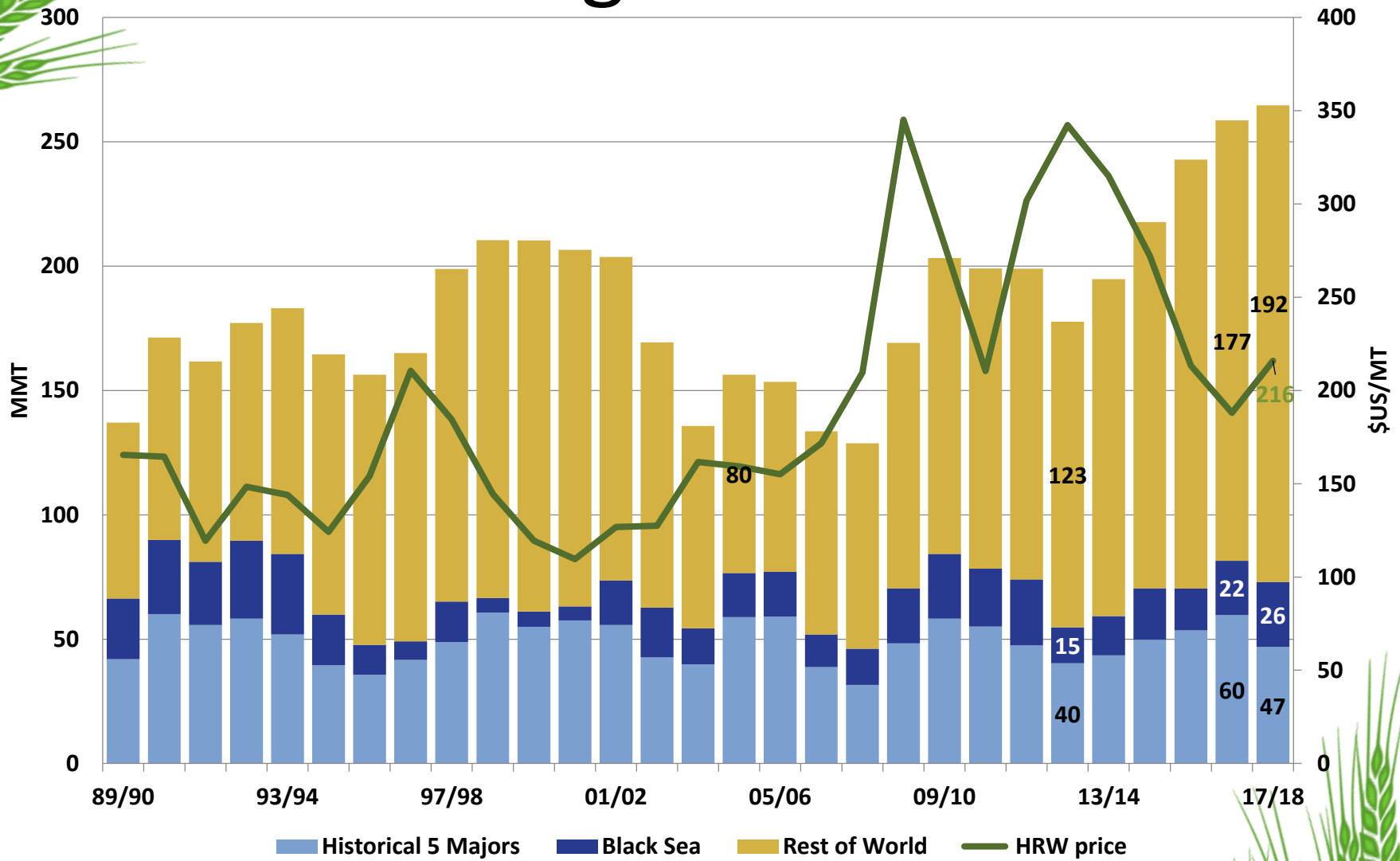
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# World Ending Stocks by Position

(million metric tons)



# Global Ending Stocks and Price

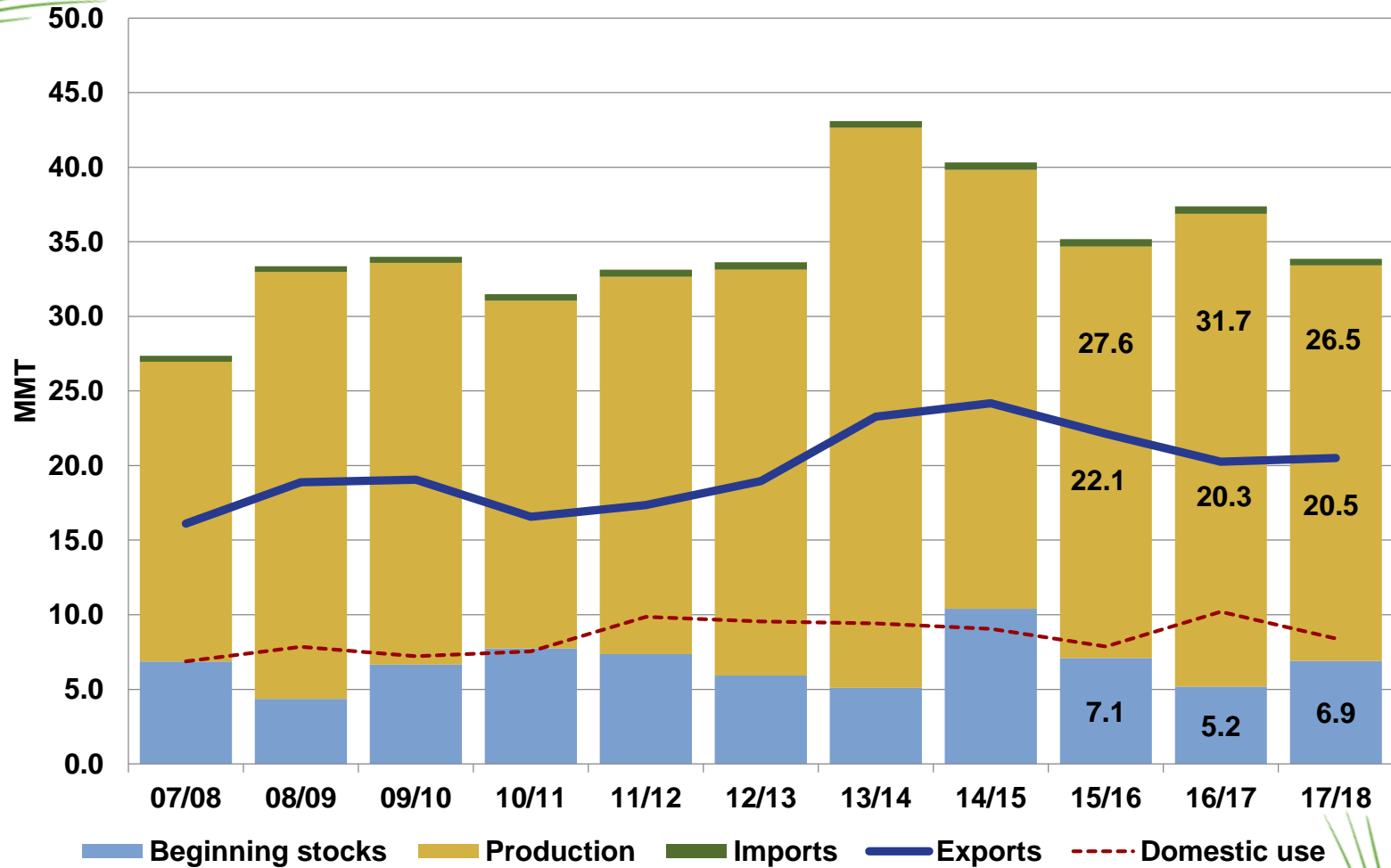


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

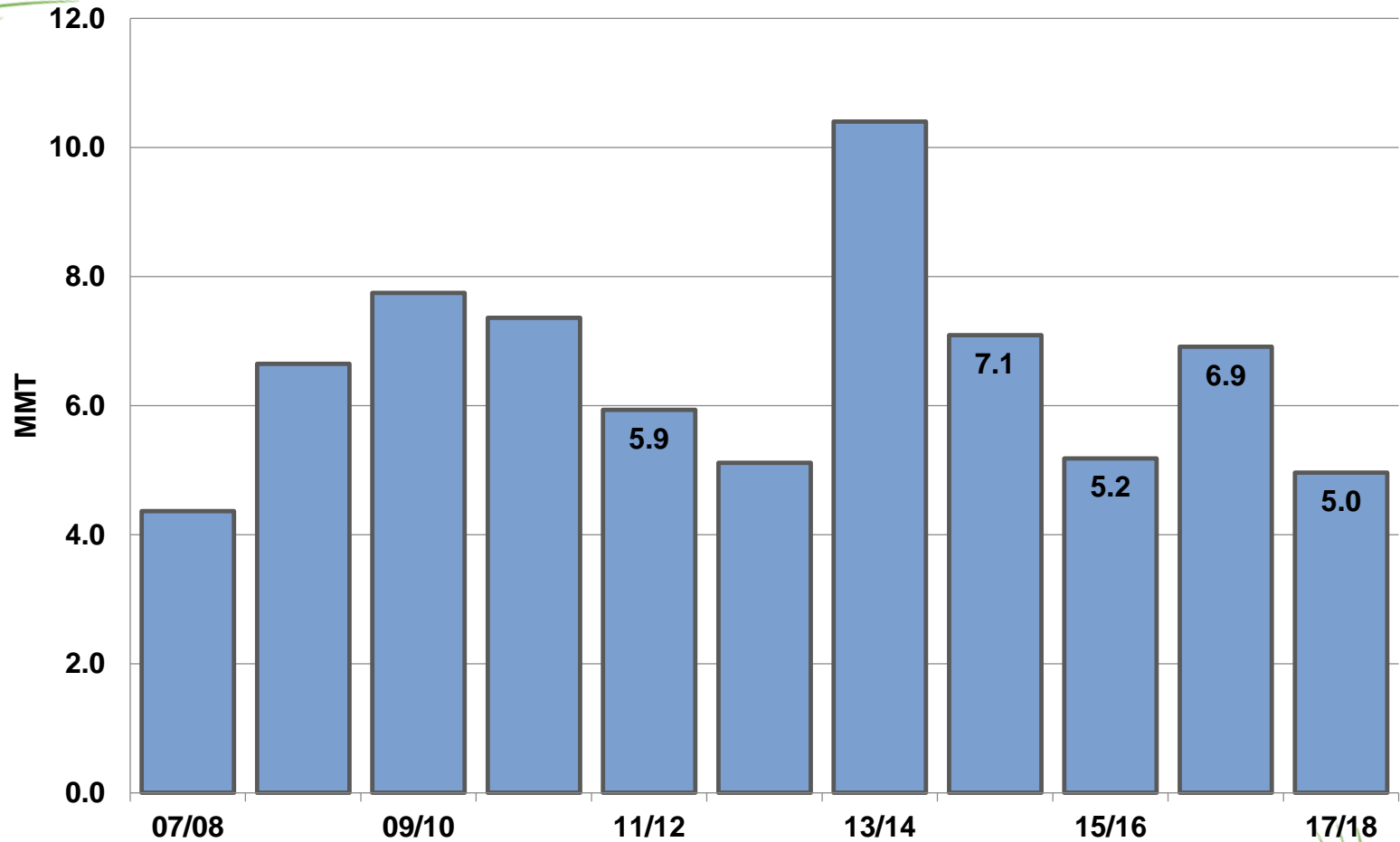


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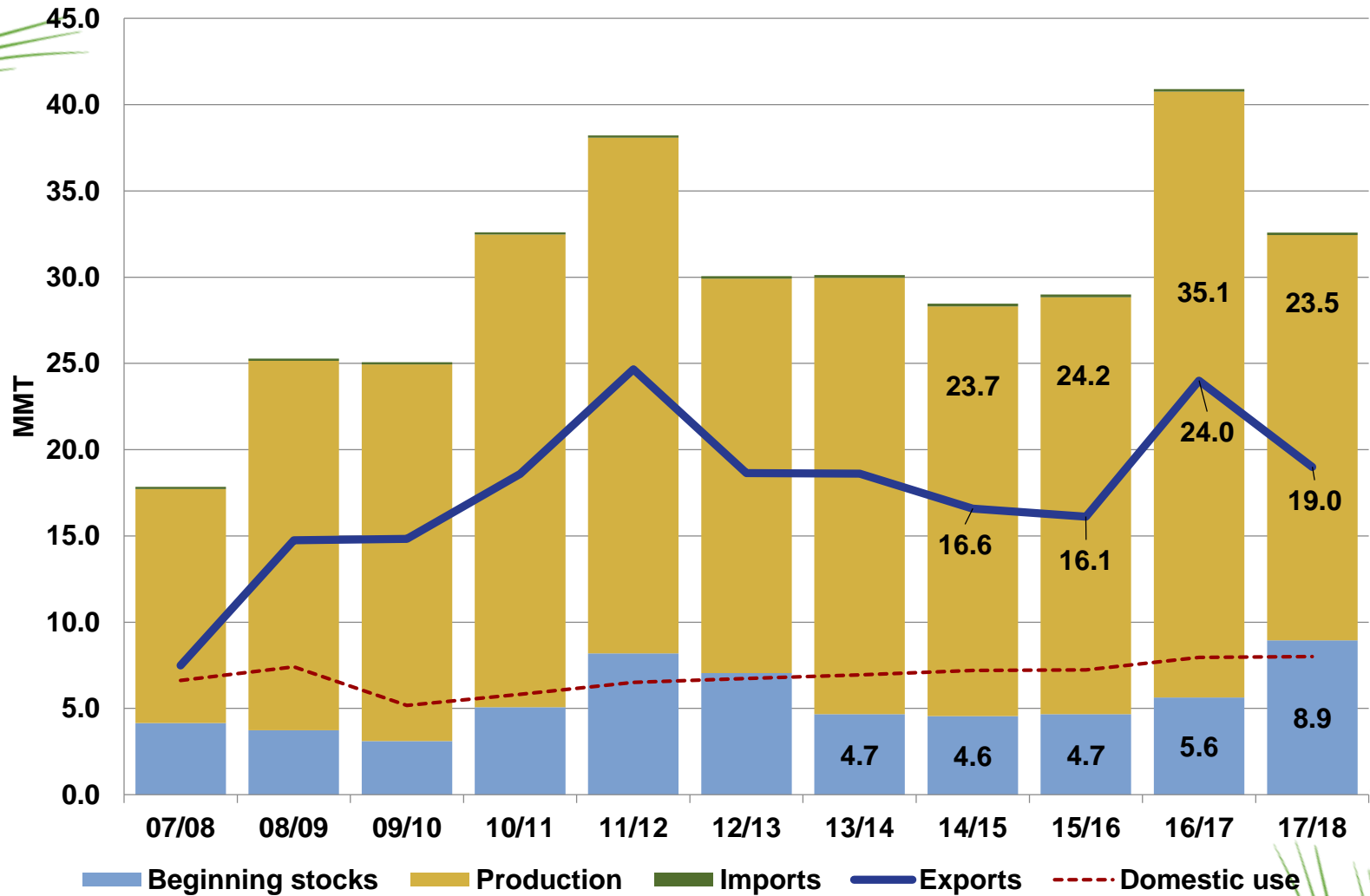
# Canada Situation



# Canada Ending Stocks

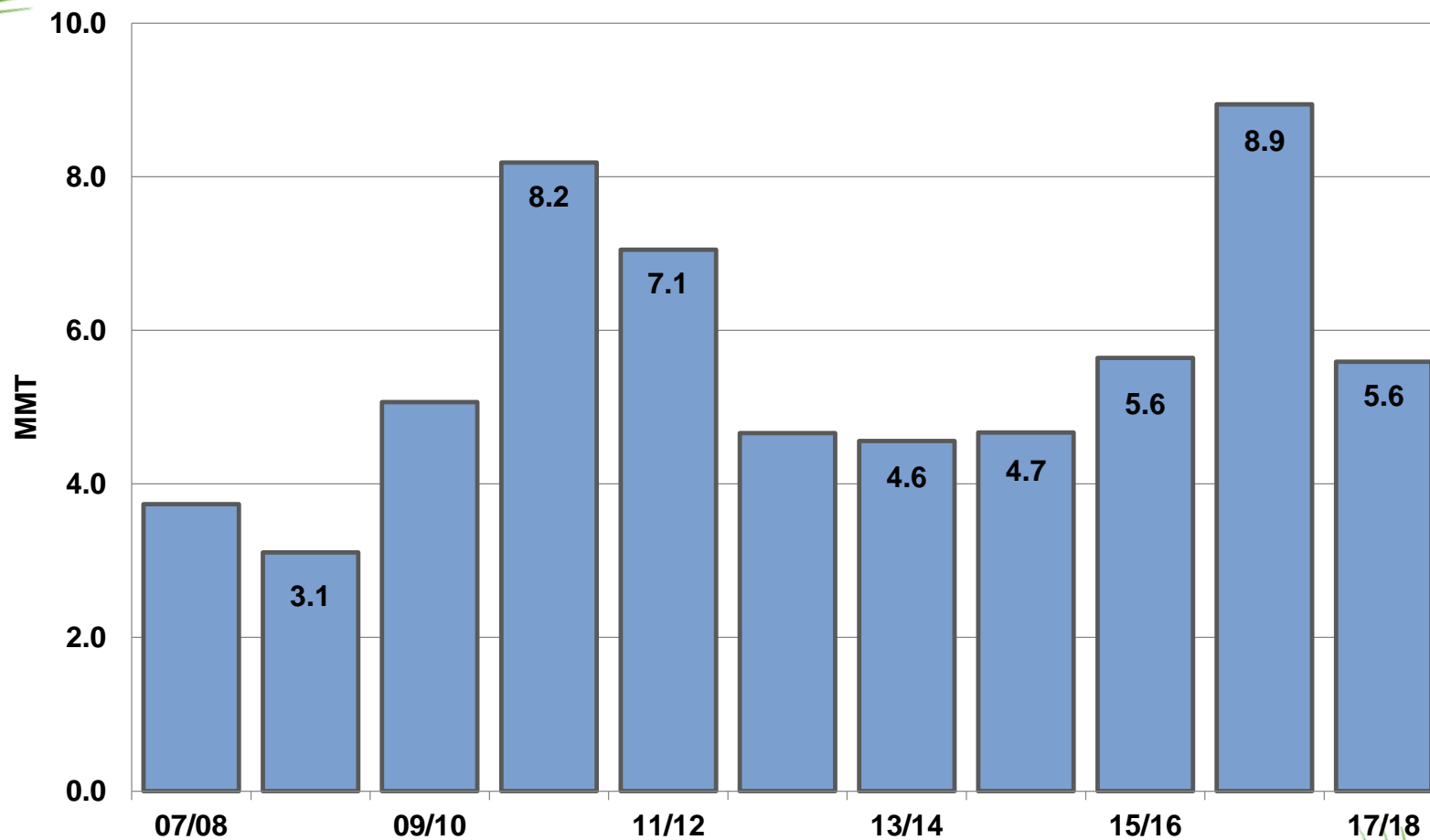


# Australia Situation

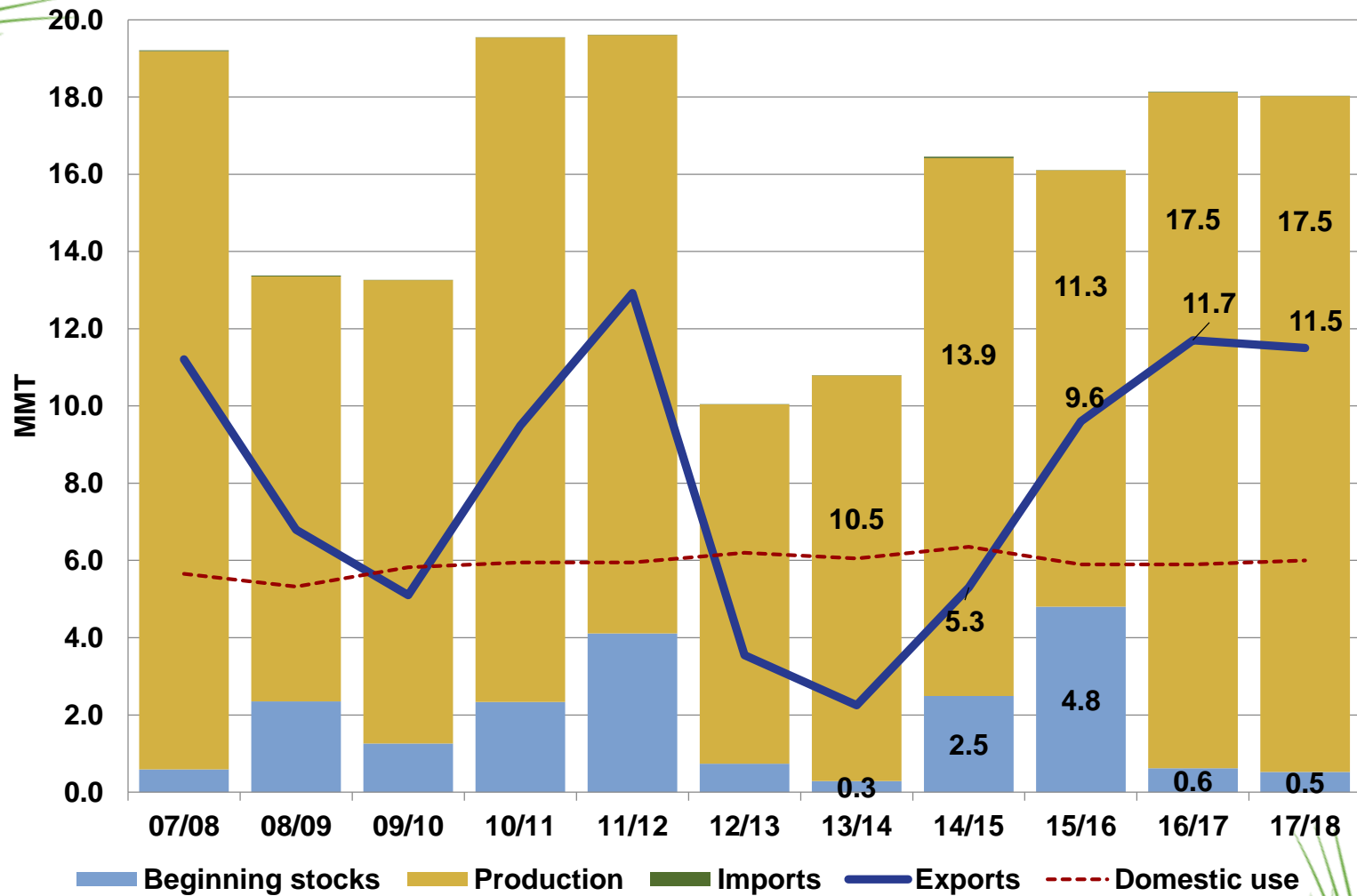




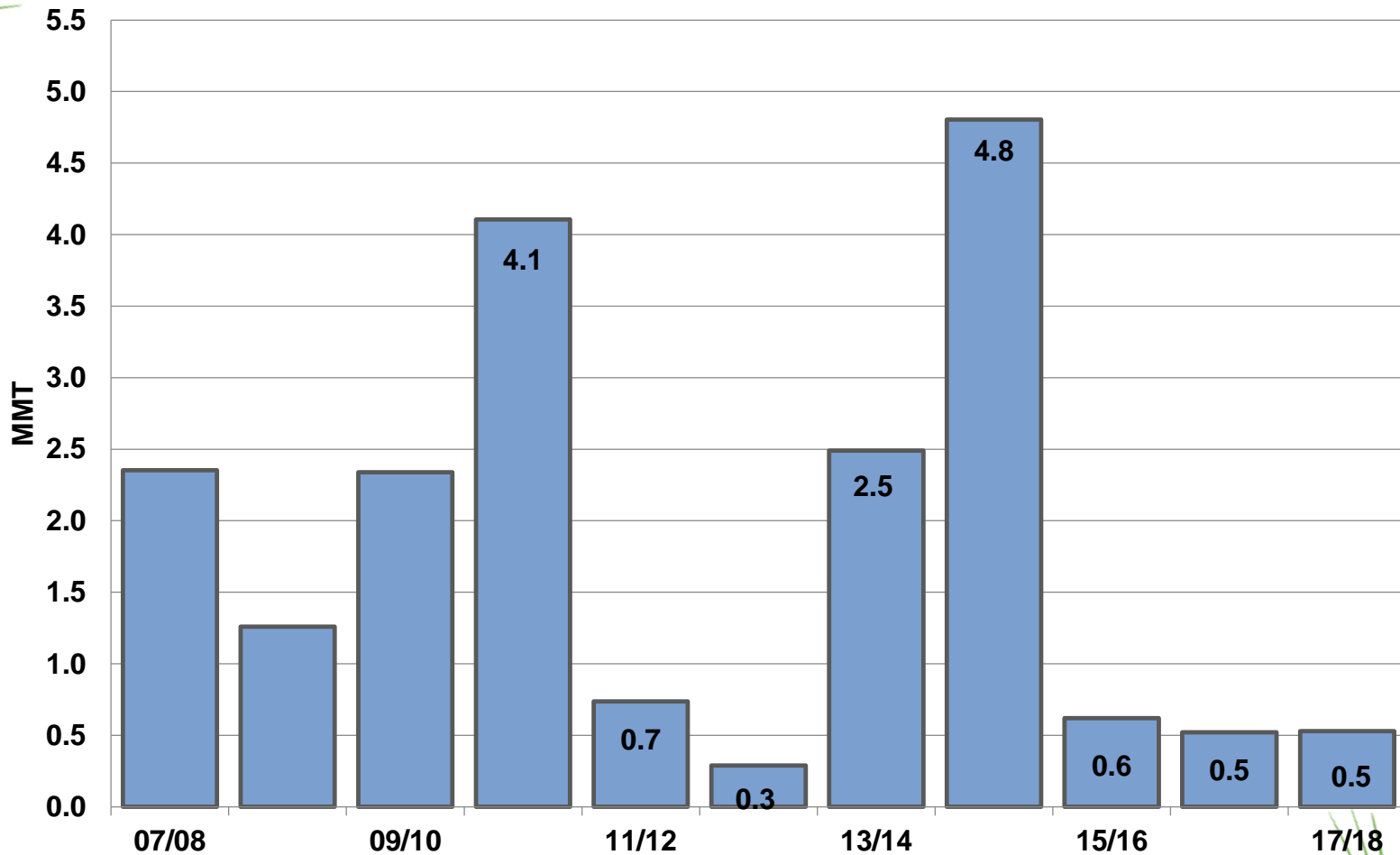
# Australia Ending Stocks



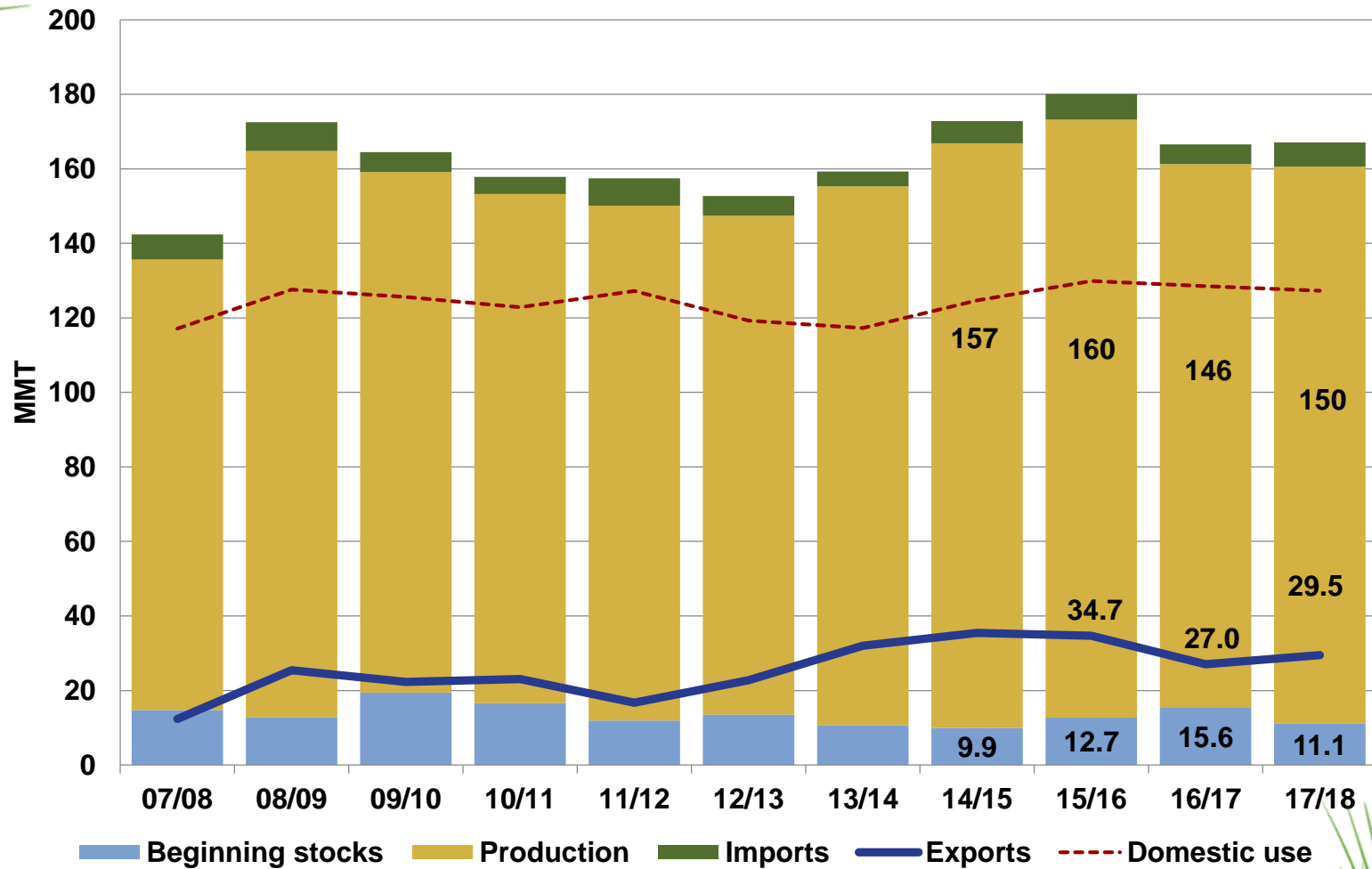
# Argentina Situation



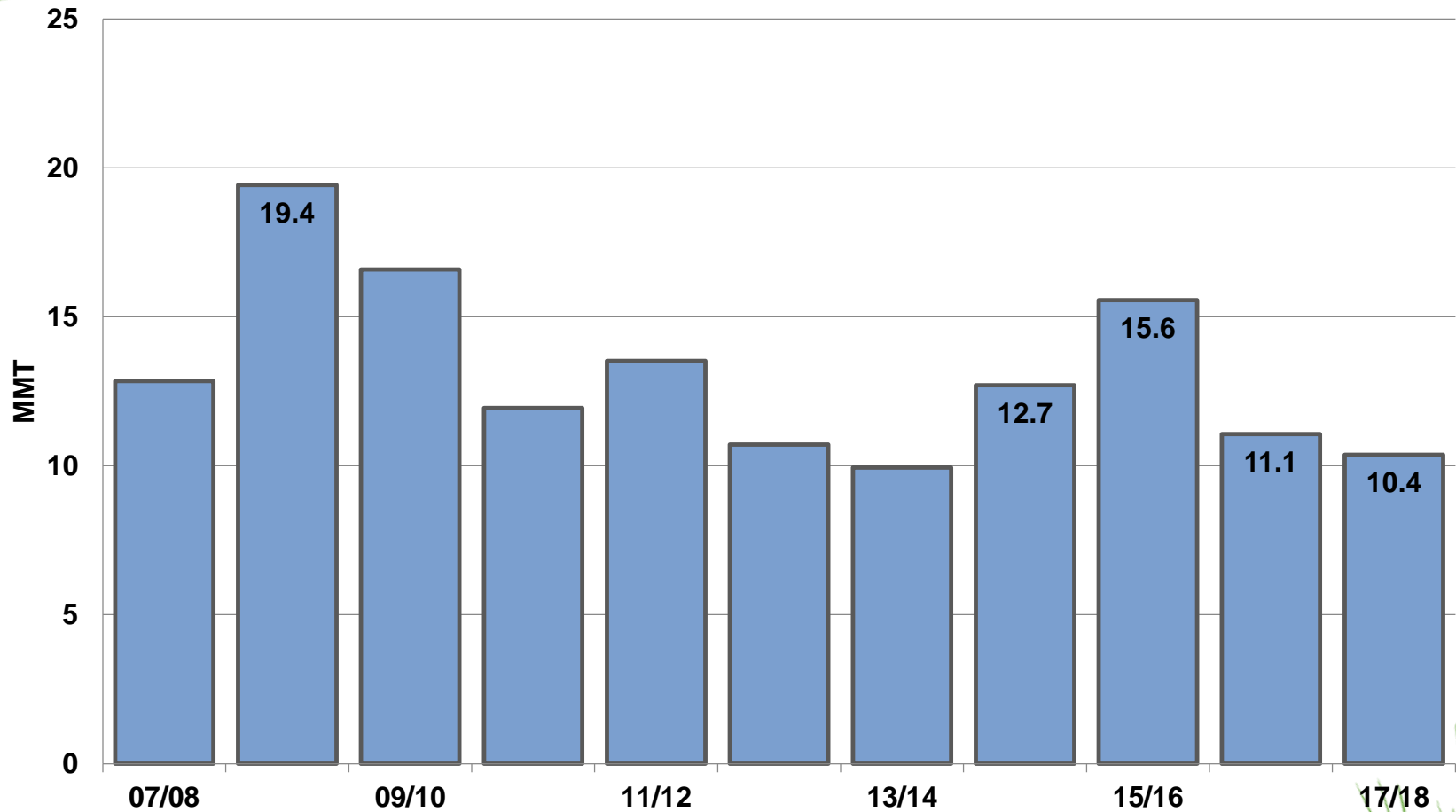
# Argentina Ending Stocks



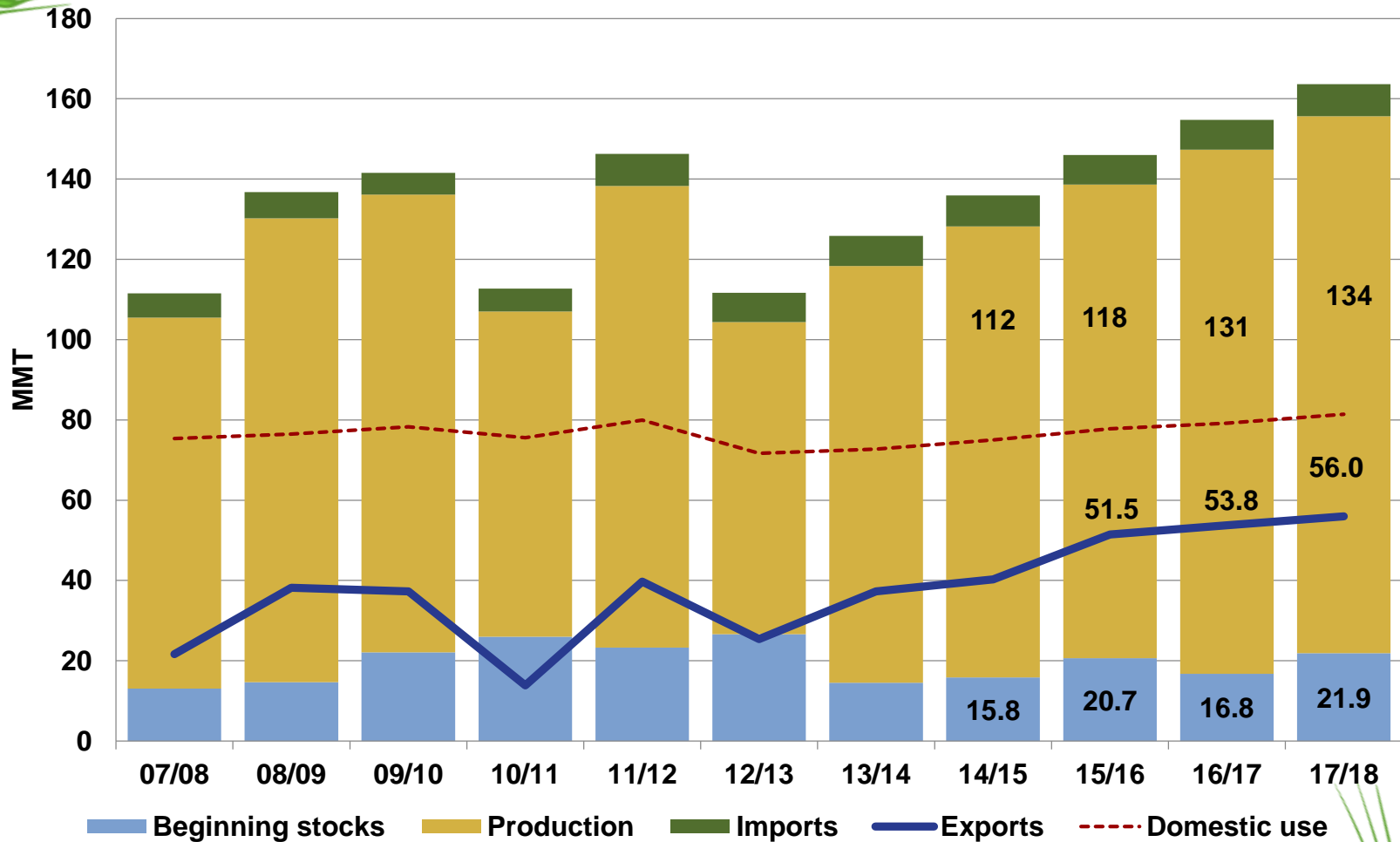
# EU-27 Situation



# EU-27 Ending Stocks

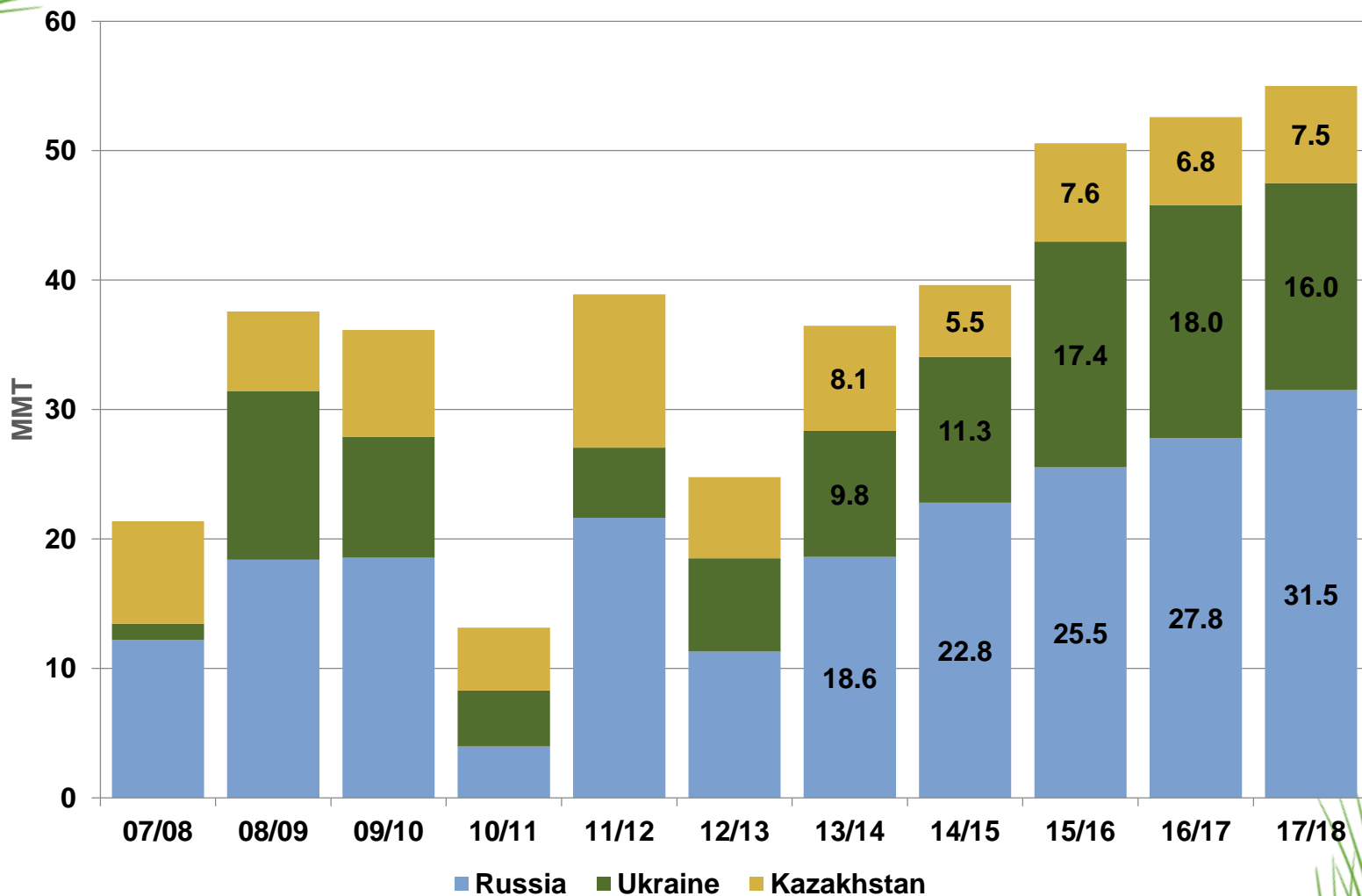


# Black Sea Region Situation

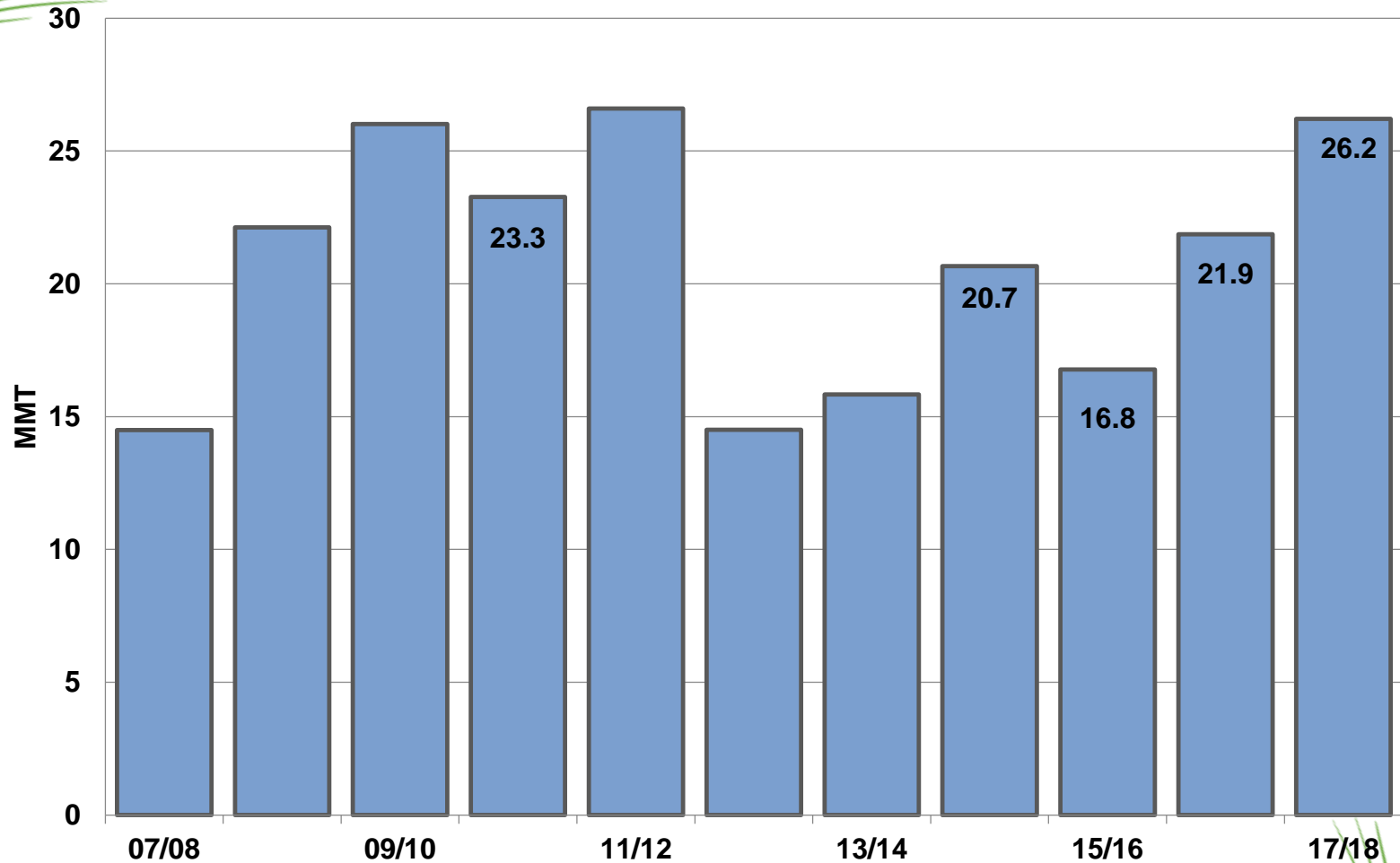


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

# Black Sea Exports



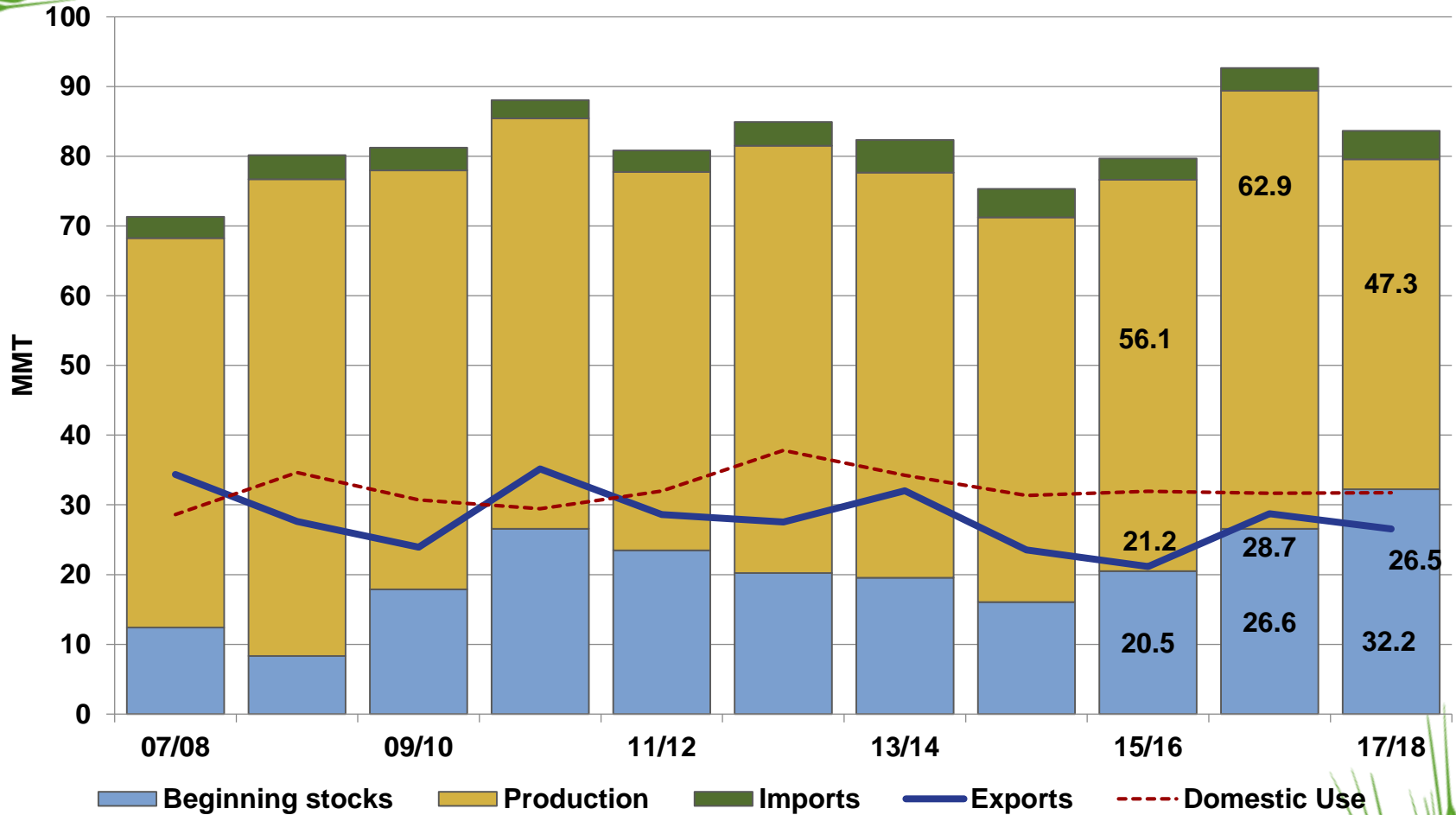
# Black Sea Ending Stocks





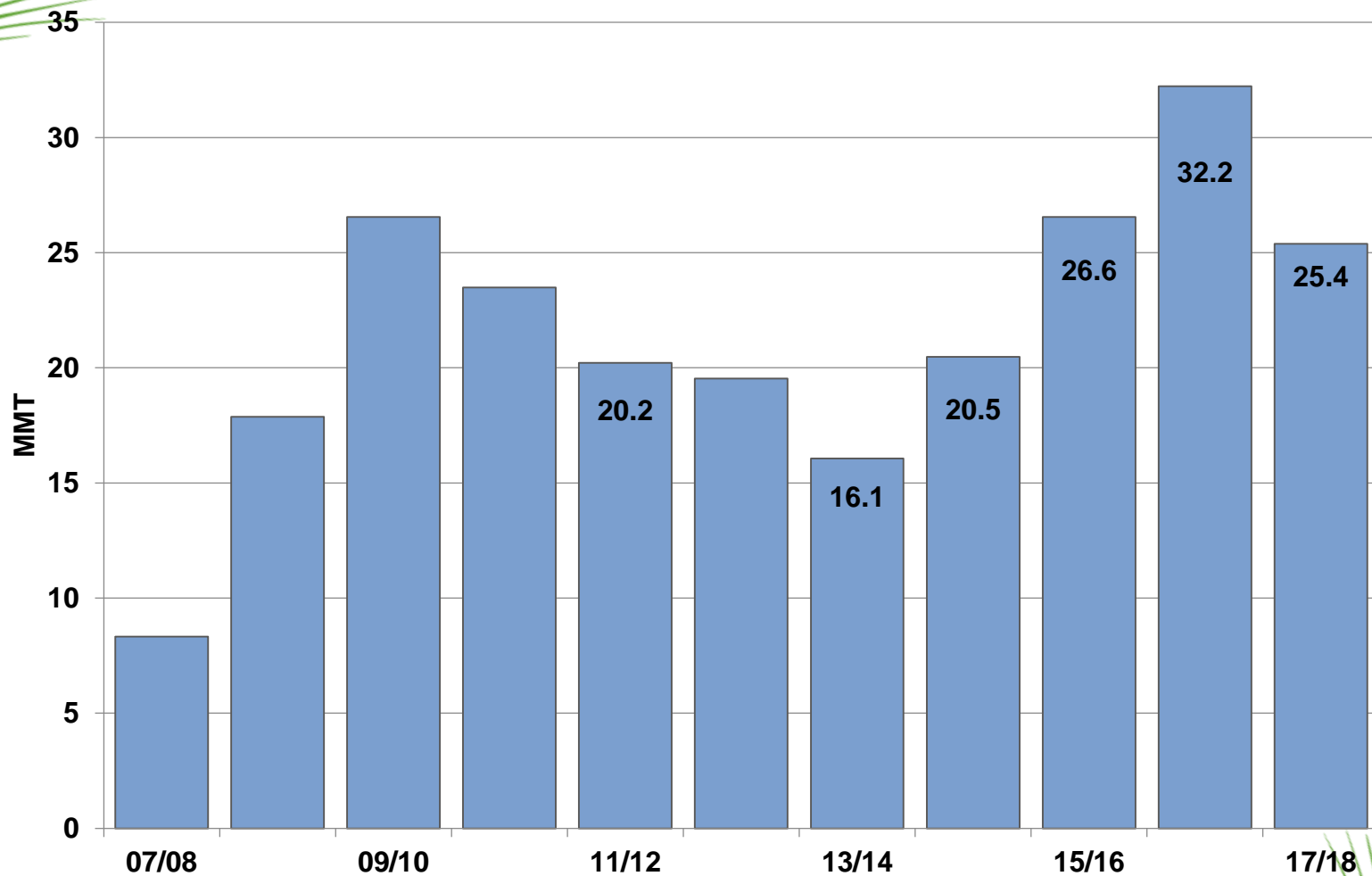
# U.S. Situation

## U.S. Wheat Situation



Beginning stocks    Production    Imports    Exports    Domestic Use

# U.S. Ending Stocks



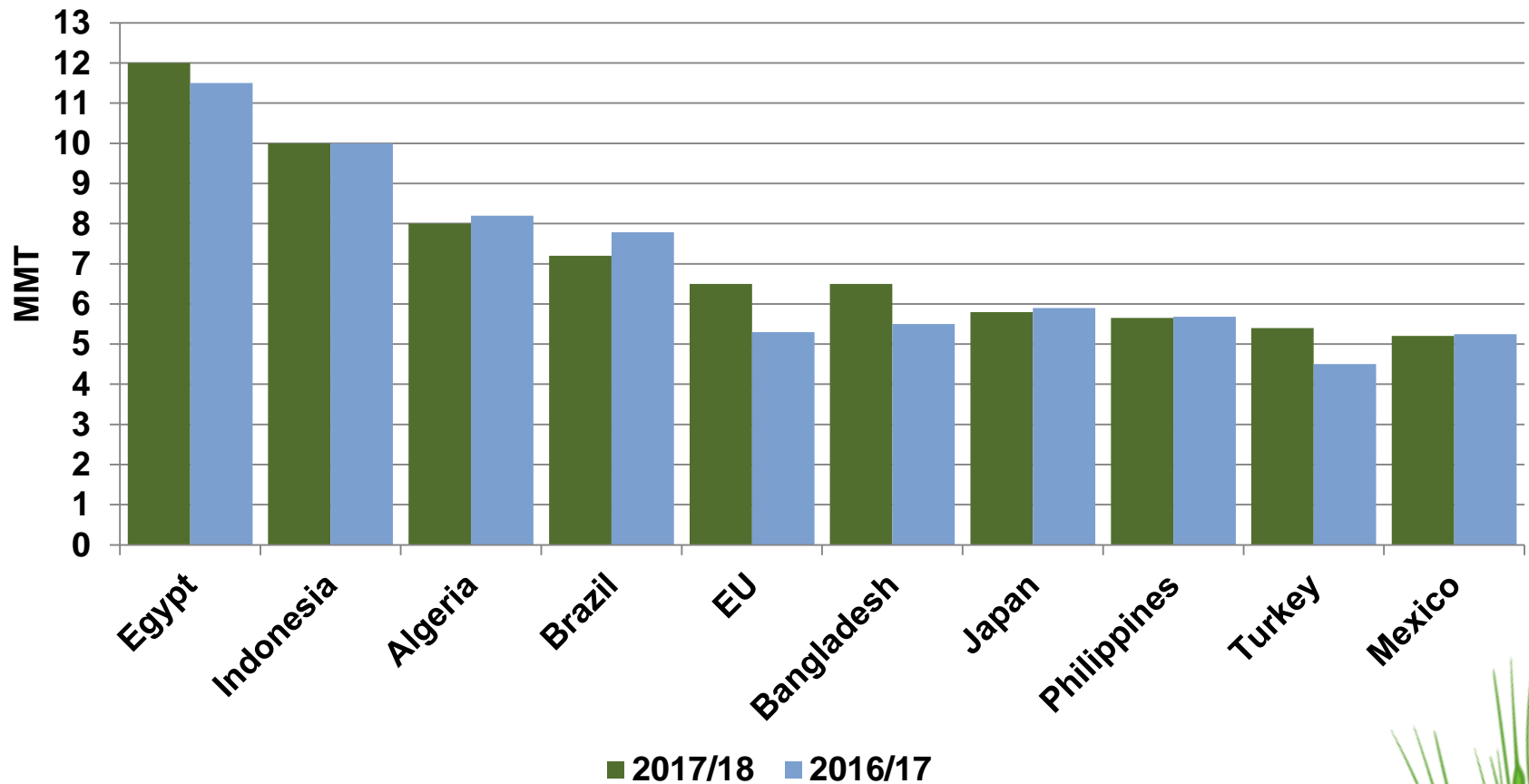
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



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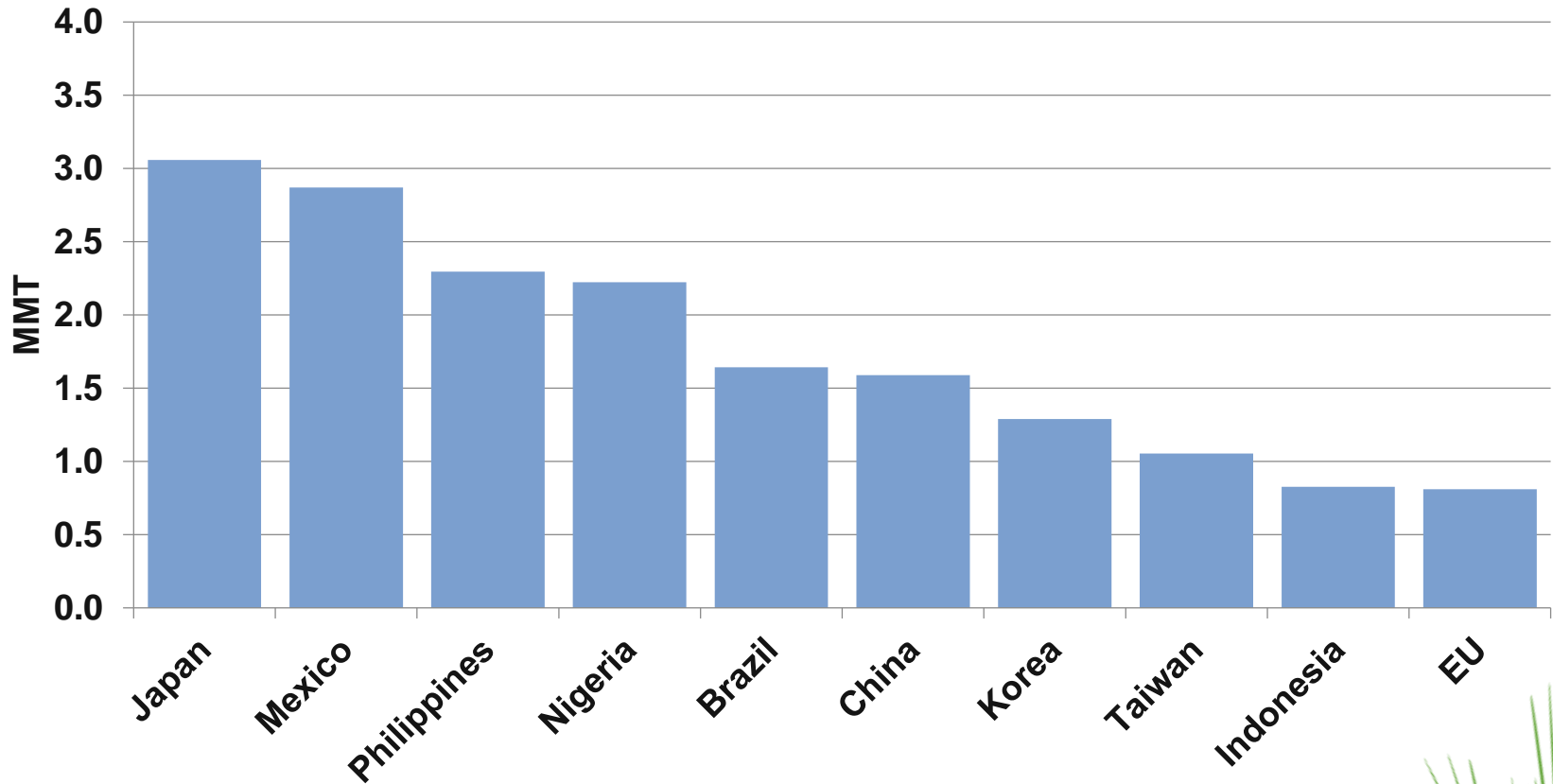
# Major World Wheat Importers

(from all origins)



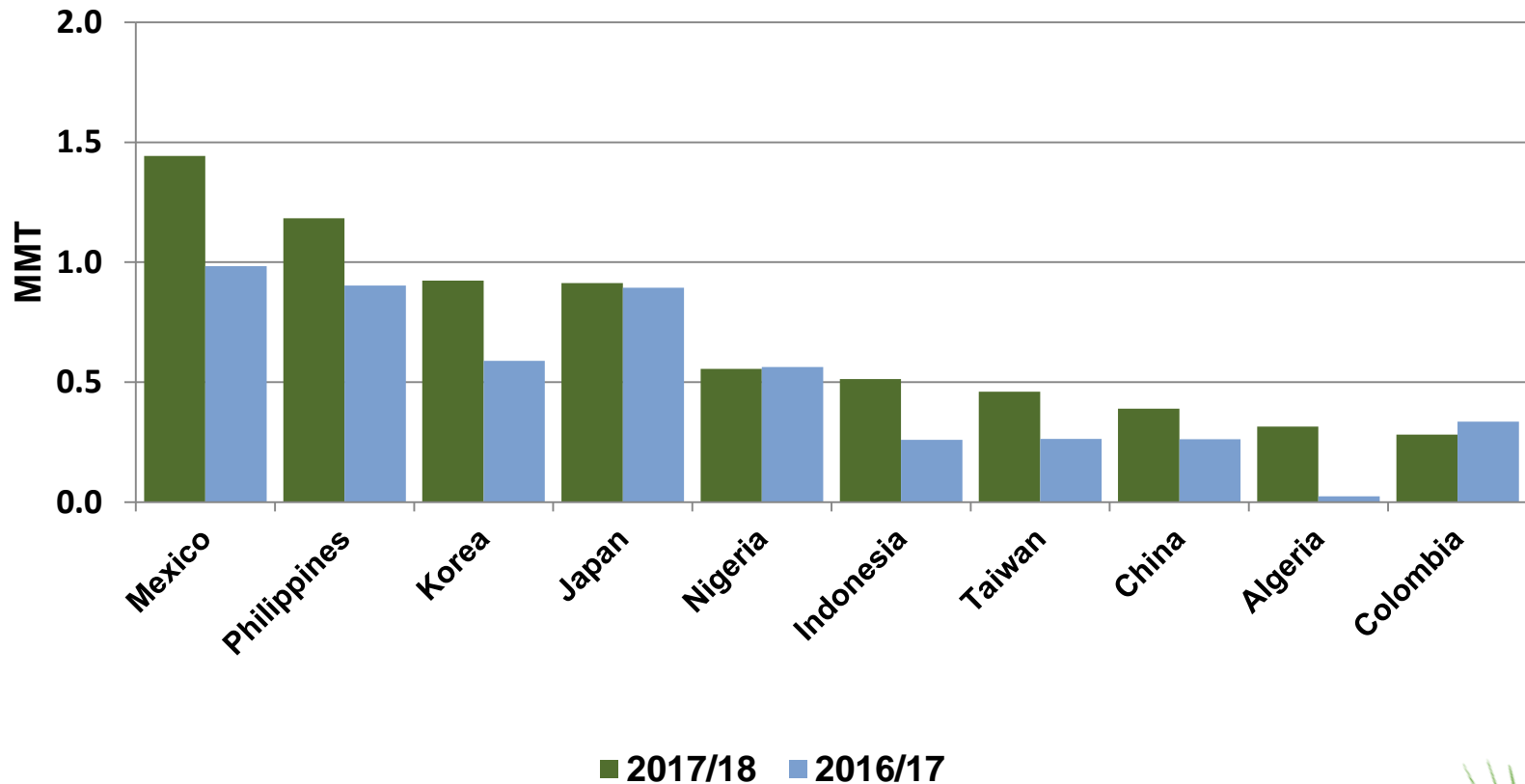
# Top 10 Customers for U.S. Wheat

5-year average



# Top 10 Customers for U.S. Wheat

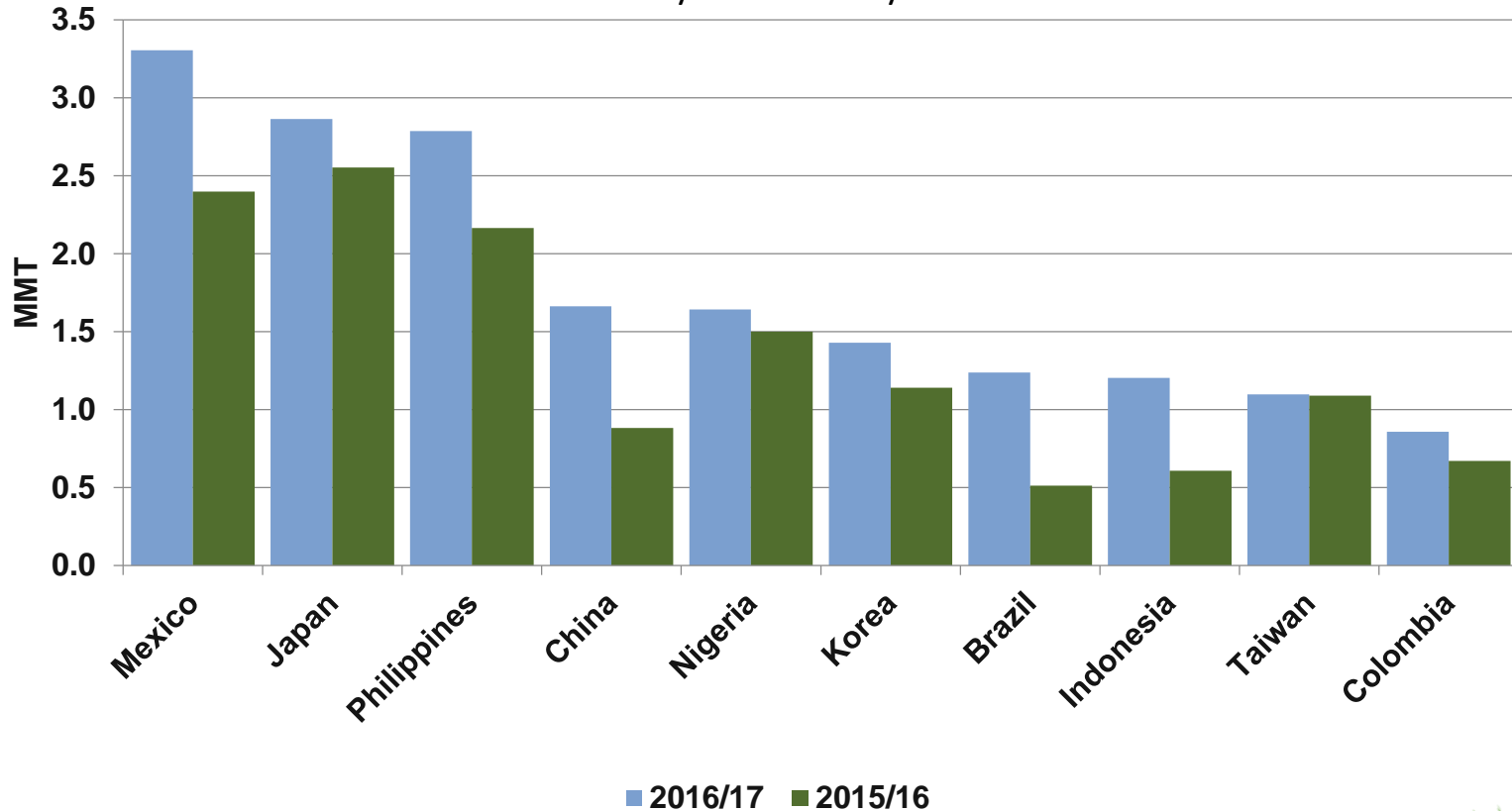
2017/18 vs. 2016/17



Source: USDA FAS export sales report August 10, 2017.

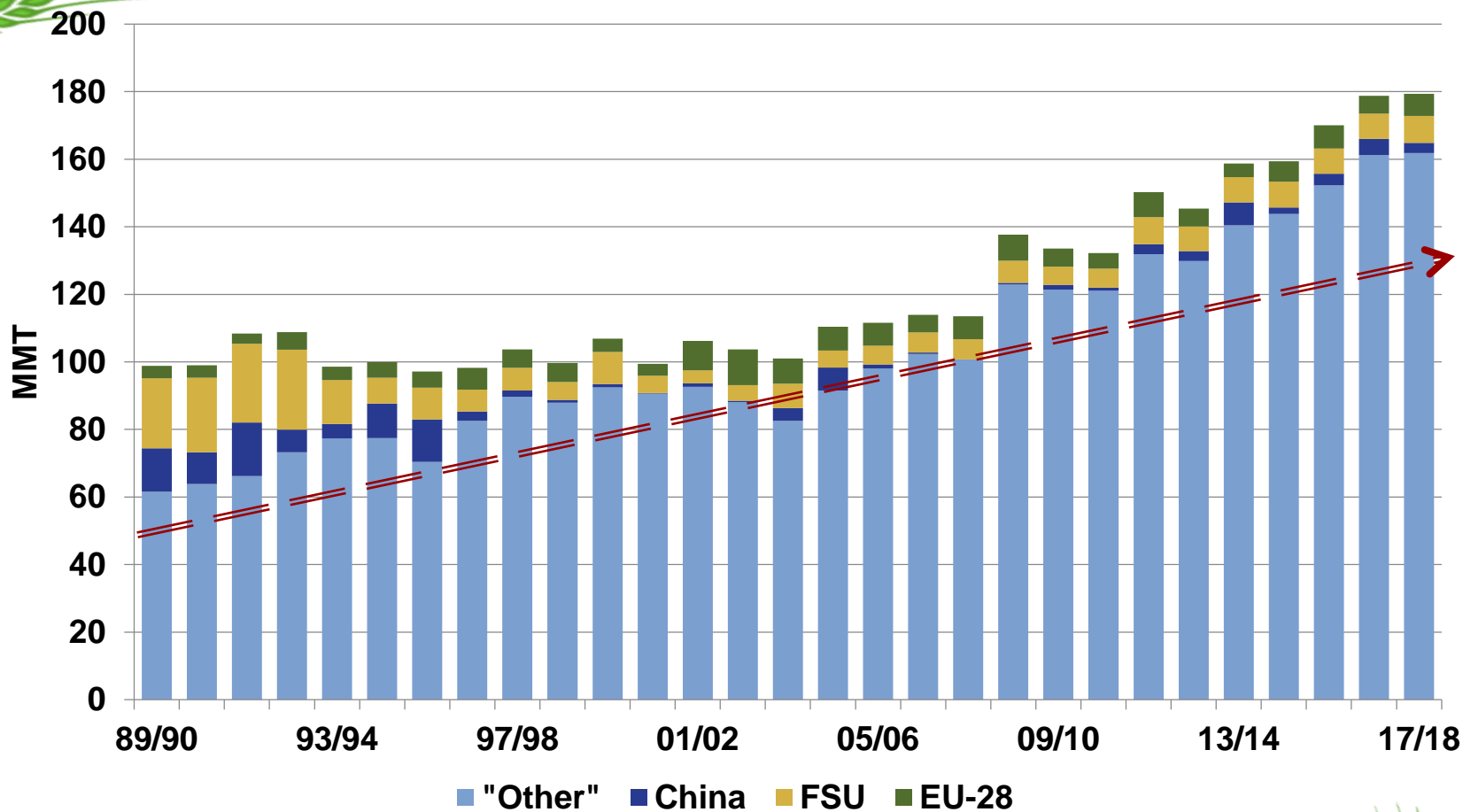
# Top 10 Customers for U.S. Wheat

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 (—▶)

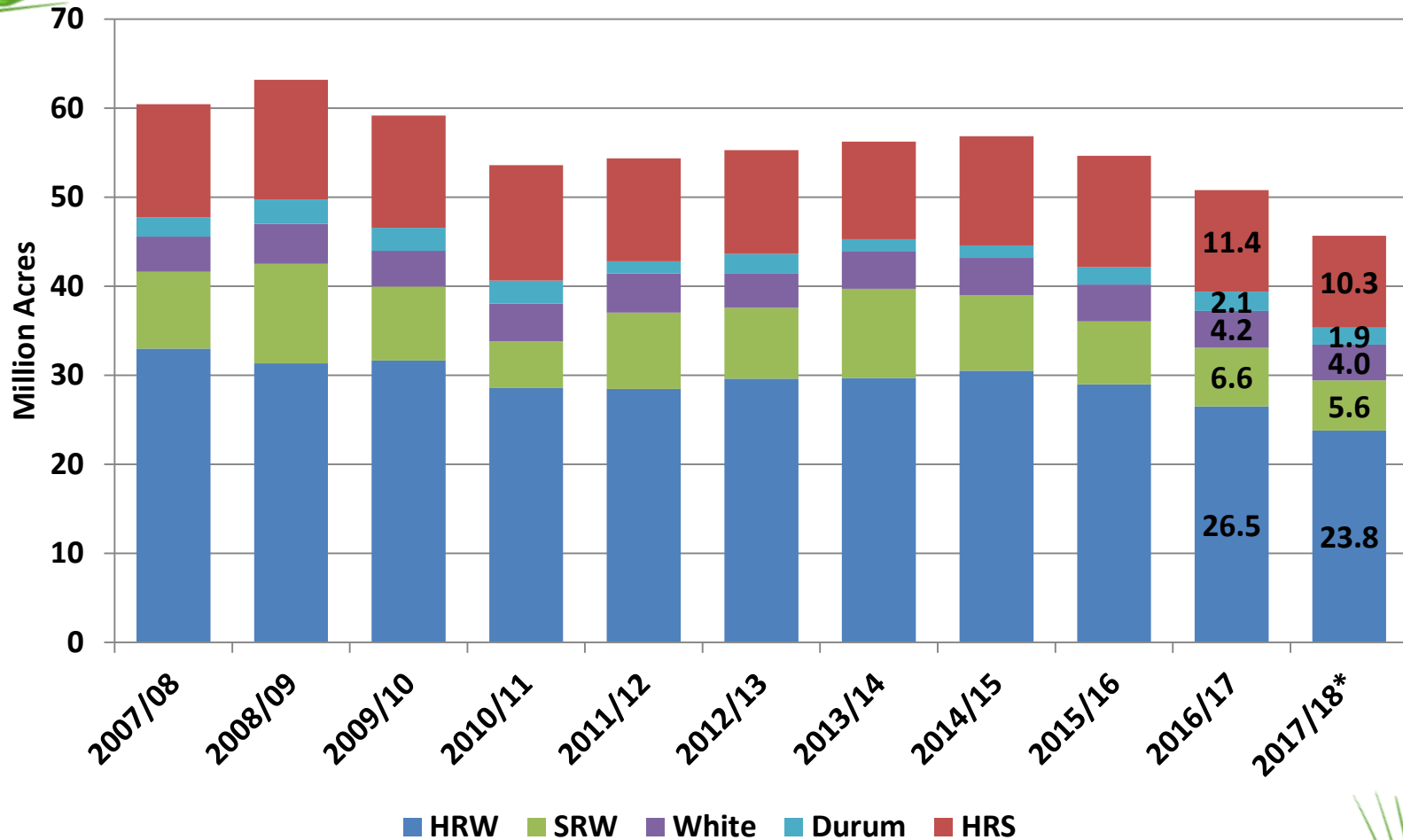


- Major Exporters
- Import Demand
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- Outlook



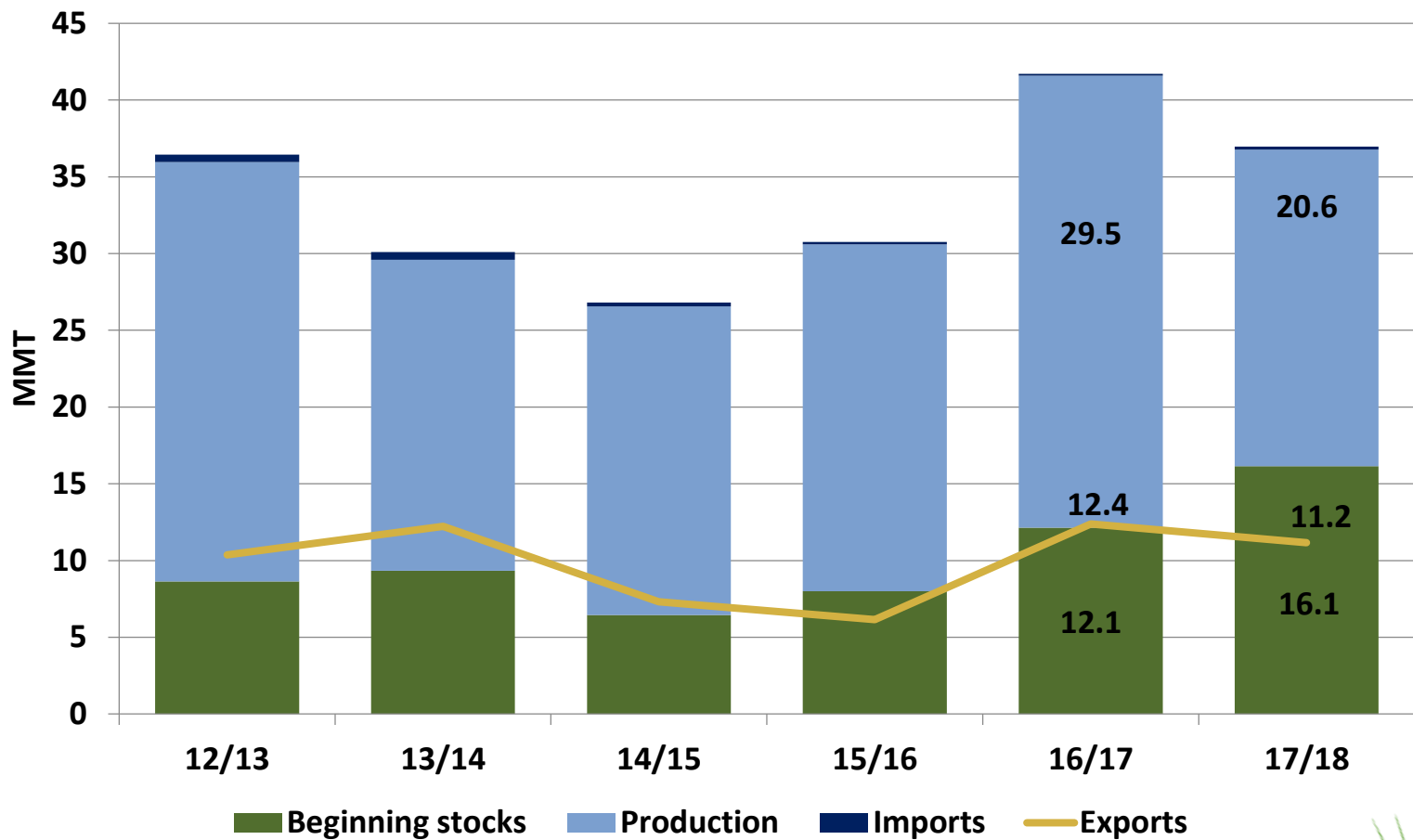
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# U.S. Wheat Plantings by Class

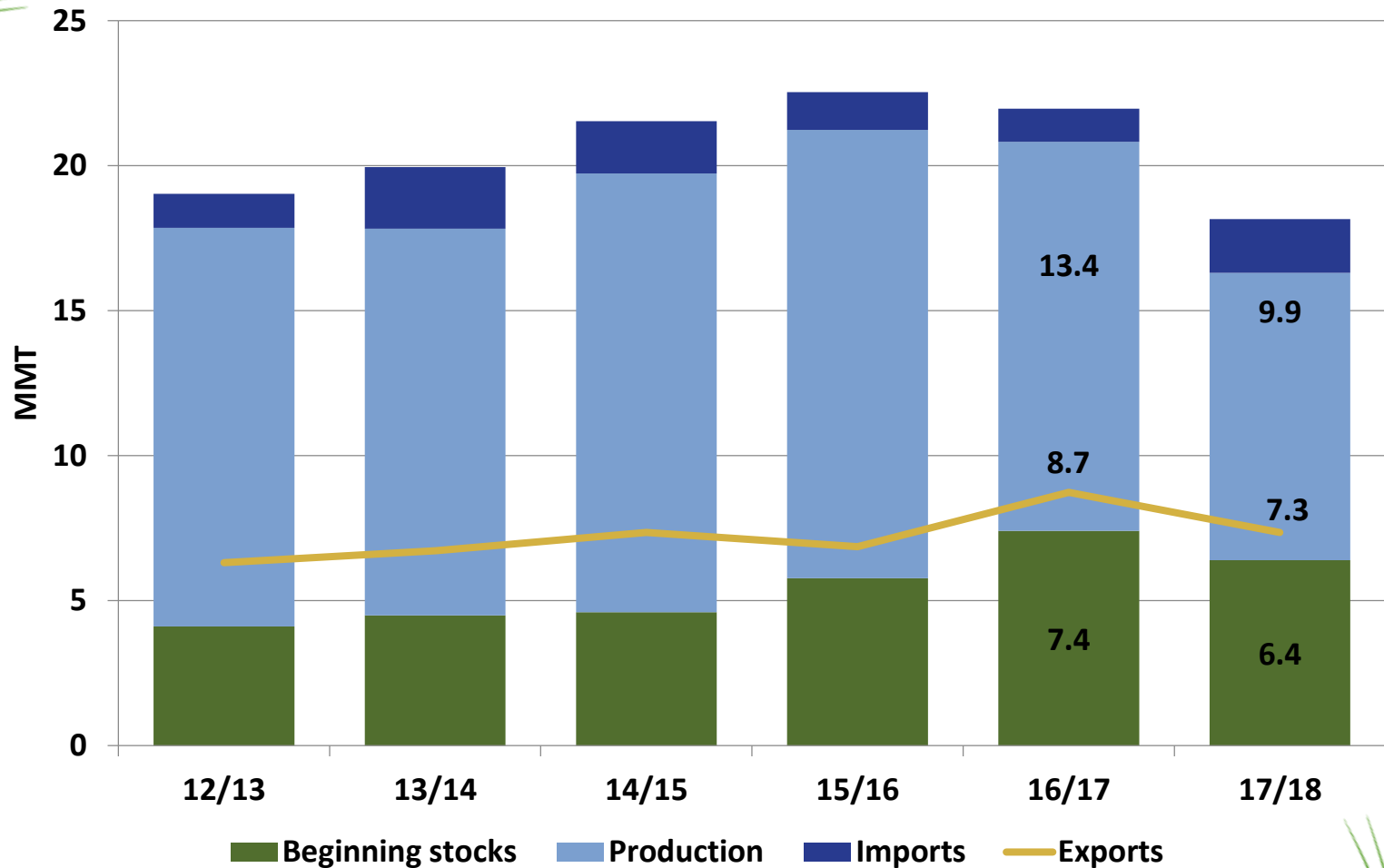


\*Source: USDA Acreage Report, June 30, 2017

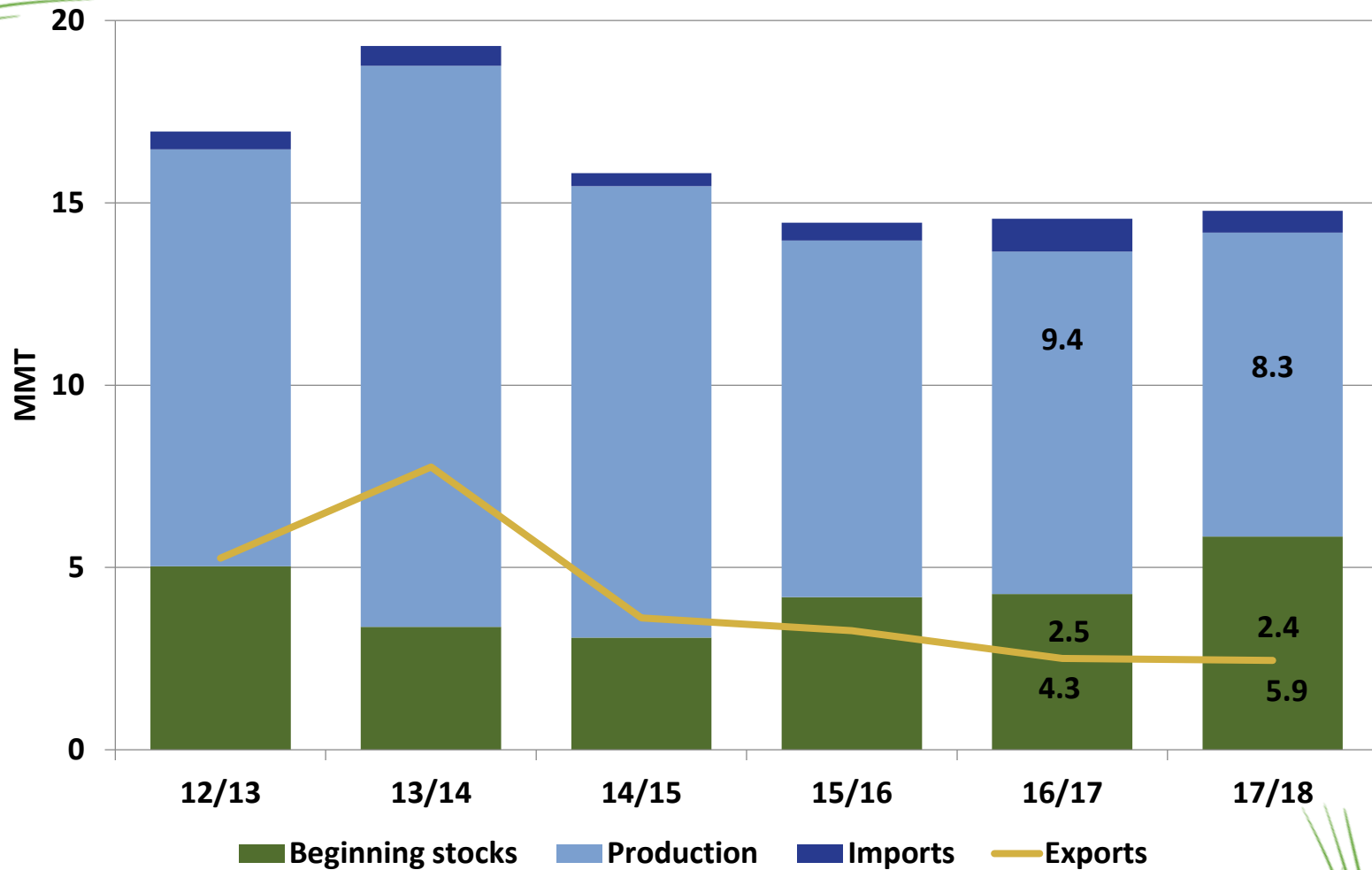
# U.S. Hard Red Winter



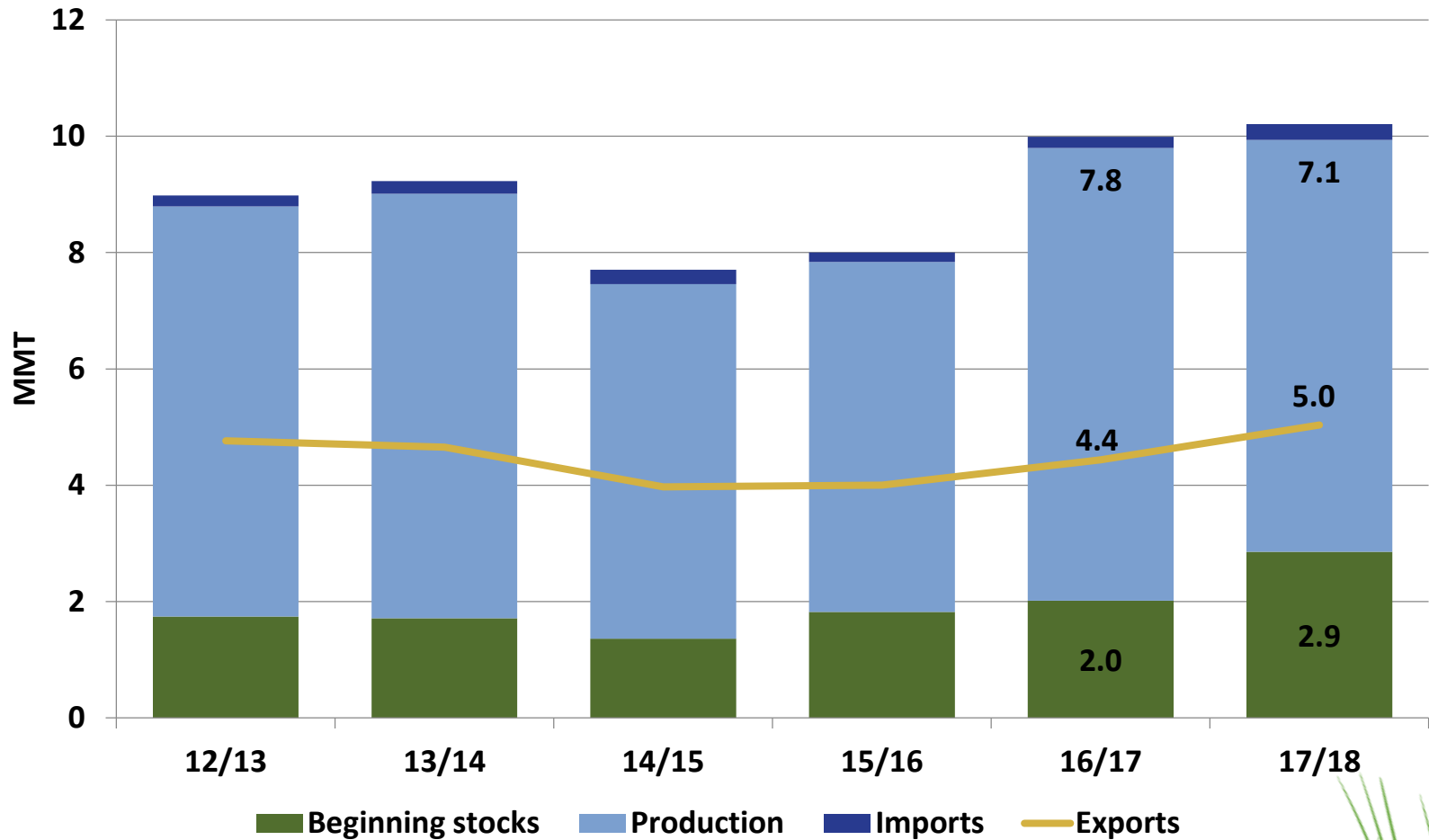
# U.S. Hard Red Spring



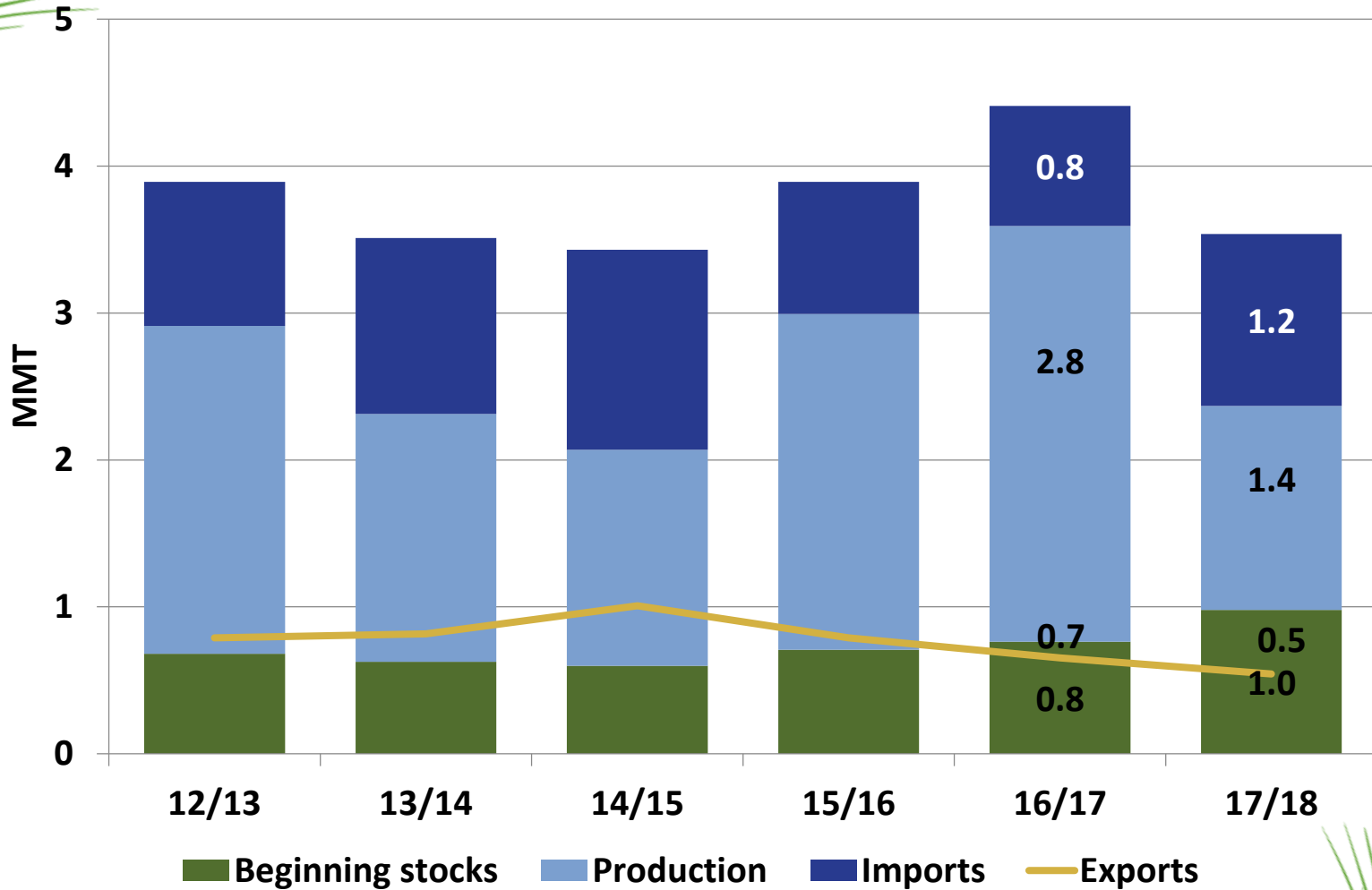
# U.S. Soft Red Winter



# U.S. White

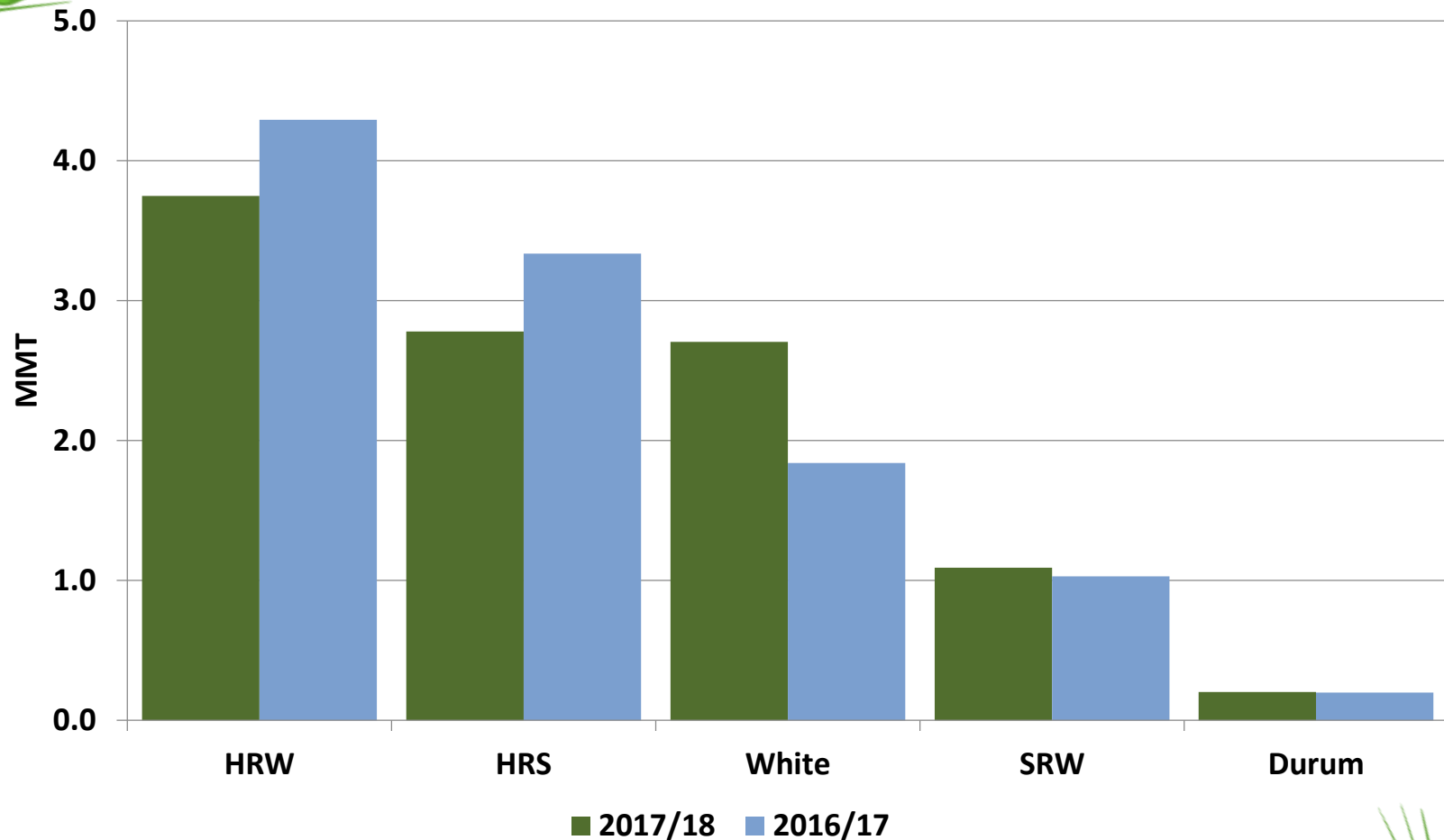


# U.S. Durum



# U.S. Wheat Sales by Class

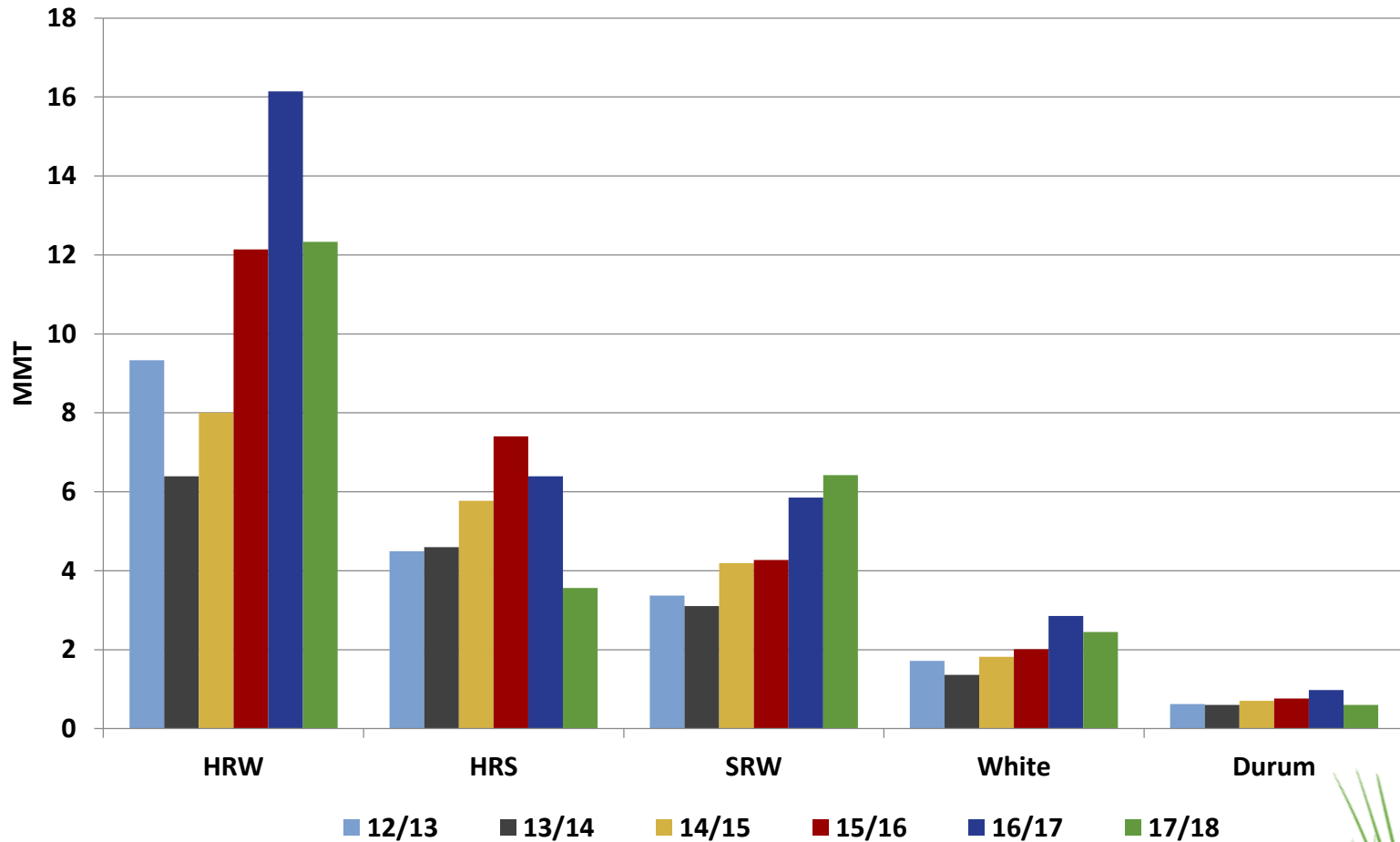
(year-to-date)



Source: USDA FAS export sales report August 10, 2017.



# U.S. Wheat Ending Stocks by Class



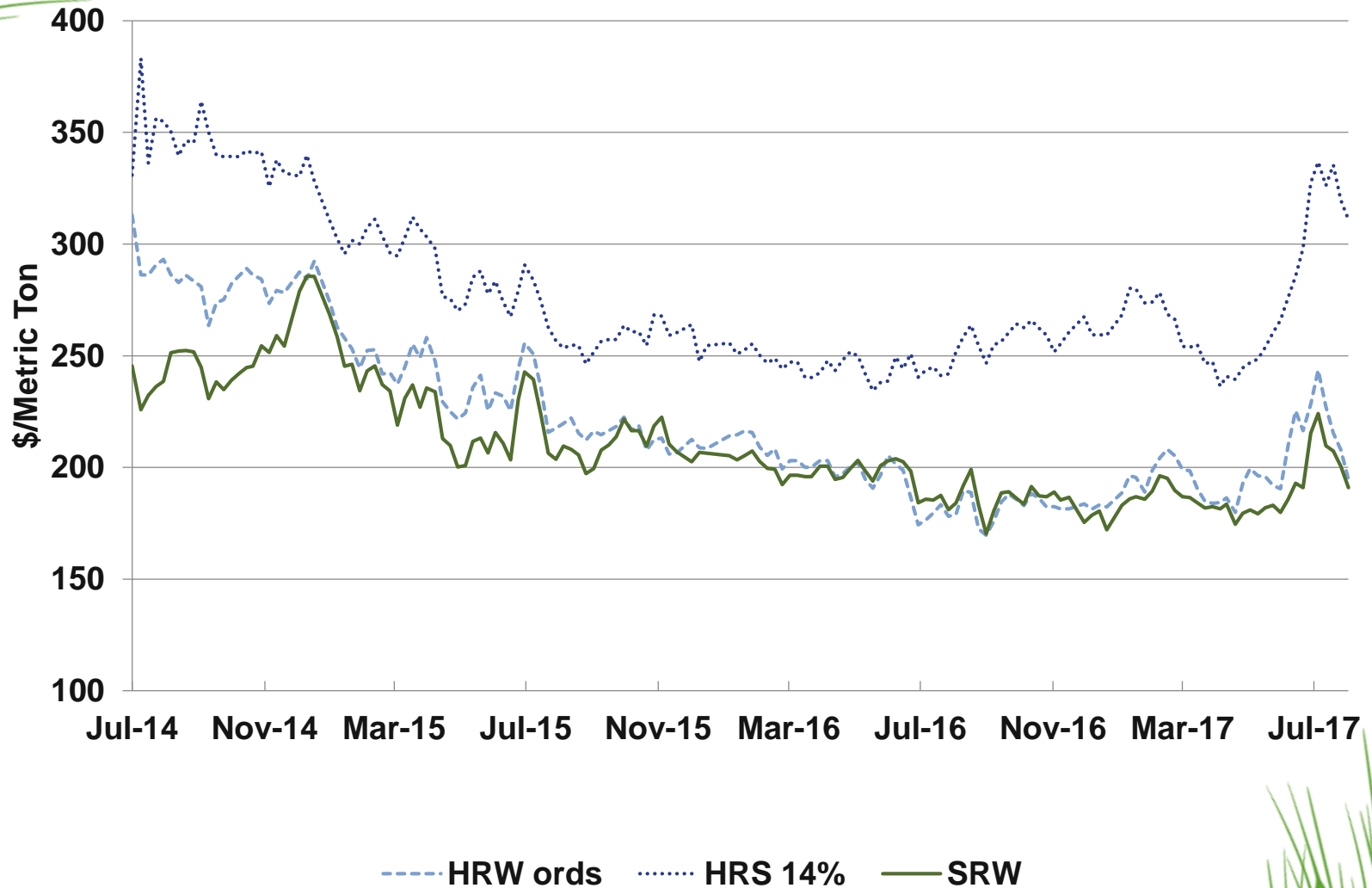
# U.S. Wheat Supply and Demand

	HRW		HRS		SRW	
	16/17	17/18	16/17	17/18	16/17	17/18
	<b>MMT</b>					
Beginning Stocks	12.1	16.1	7.4	6.4	4.3	5.9
Production	29.5	20.6	13.4	9.9	9.4	8.3
Imports	<u>0.1</u>	<u>0.2</u>	<u>1.1</u>	<u>1.9</u>	<u>0.9</u>	<u>0.6</u>
Supply Total	41.7	37.0	22.0	18.2	14.6	14.8
Domestic Use	13.2	13.5	6.8	7.2	6.2	5.9
Exports	<u>12.4</u>	<u>11.2</u>	<u>8.7</u>	<u>7.3</u>	<u>2.5</u>	<u>2.4</u>
Use Total	25.6	24.6	15.6	14.6	8.7	8.4
Ending Stocks	16.1	12.3	6.4	3.6	5.9	6.4
Stocks-to-Use	63%	50%	41%	24%	67%	77%

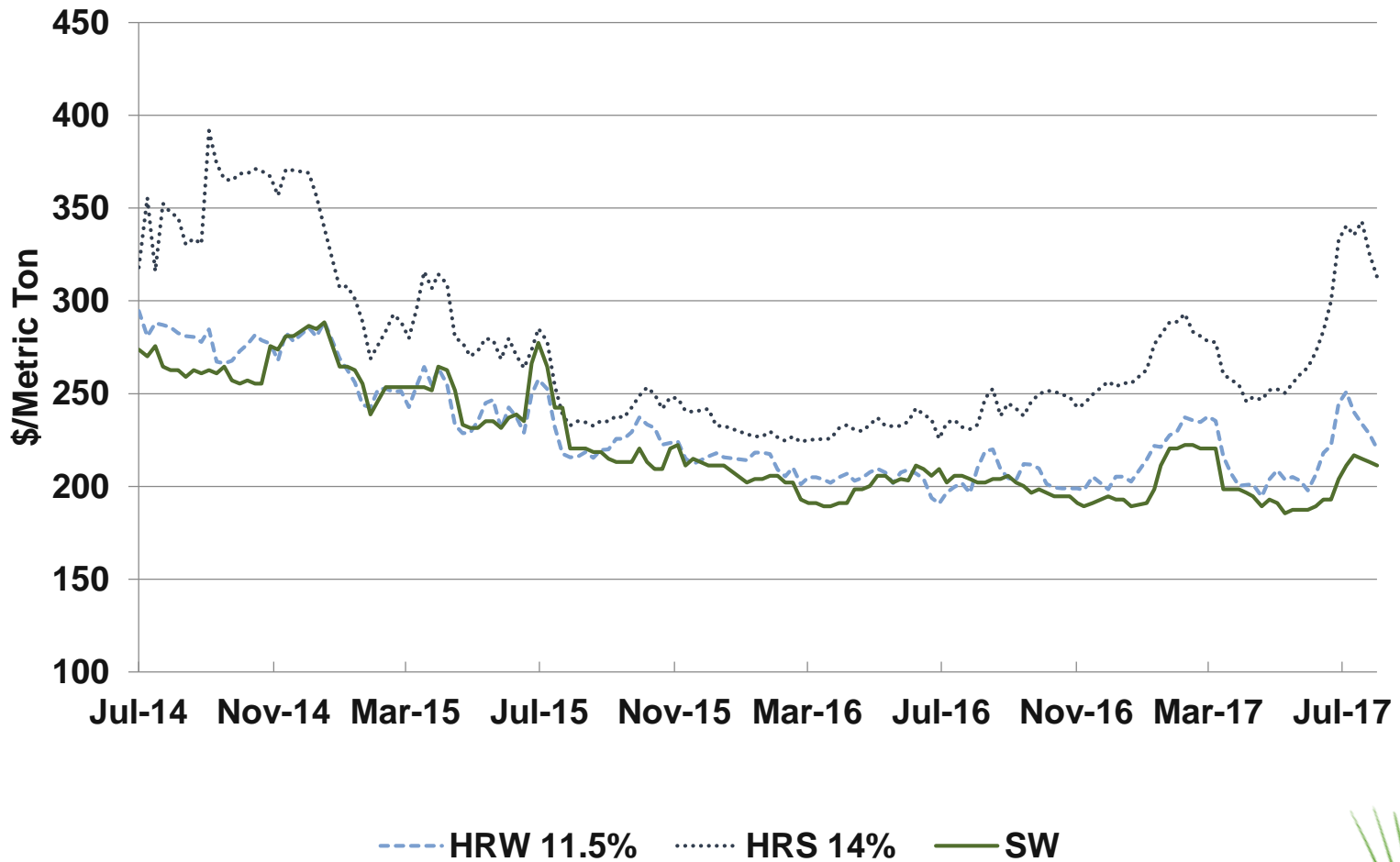
# U.S. Wheat Supply and Demand

	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	7.1	2.8	1.4	62.9	47.3
Imports	<u>0.2</u>	<u>0.3</u>	<u>0.8</u>	<u>1.2</u>	<u>3.2</u>	<u>4.1</u>
Supply Total	10.0	10.2	4.4	3.5	92.6	83.6
Domestic Use	2.7	2.7	2.8	2.4	31.7	31.7
Exports	<u>4.4</u>	<u>5.0</u>	<u>0.7</u>	<u>0.5</u>	<u>28.7</u>	<u>26.5</u>
Use Total	7.1	7.8	3.4	2.9	60.4	58.3
Ending Stocks	2.9	2.4	1.0	0.6	32.2	25.4
Stocks-to-Use	40%	32%	29%	20%	53%	44%

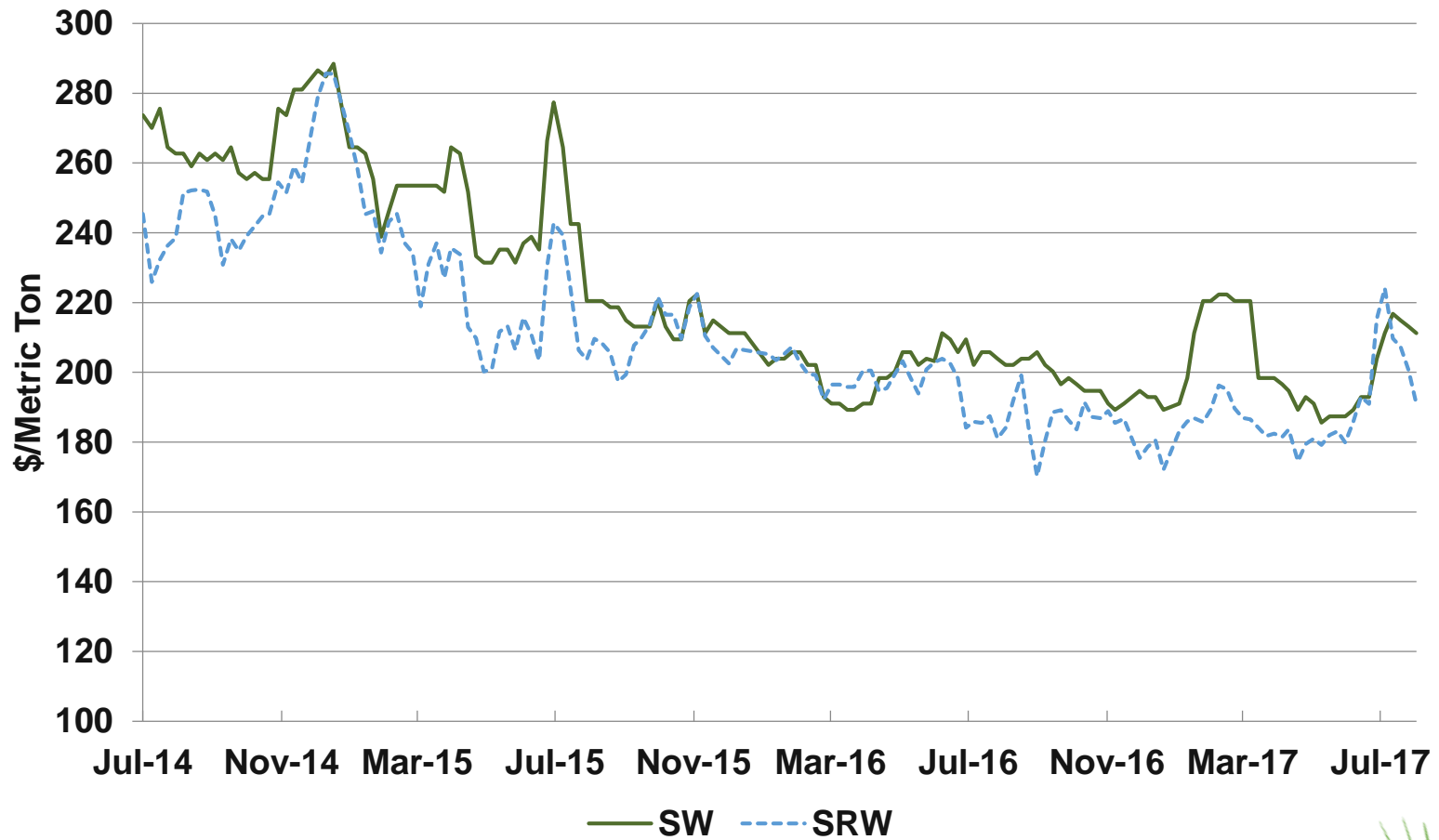
# U.S. FOB Gulf Prices



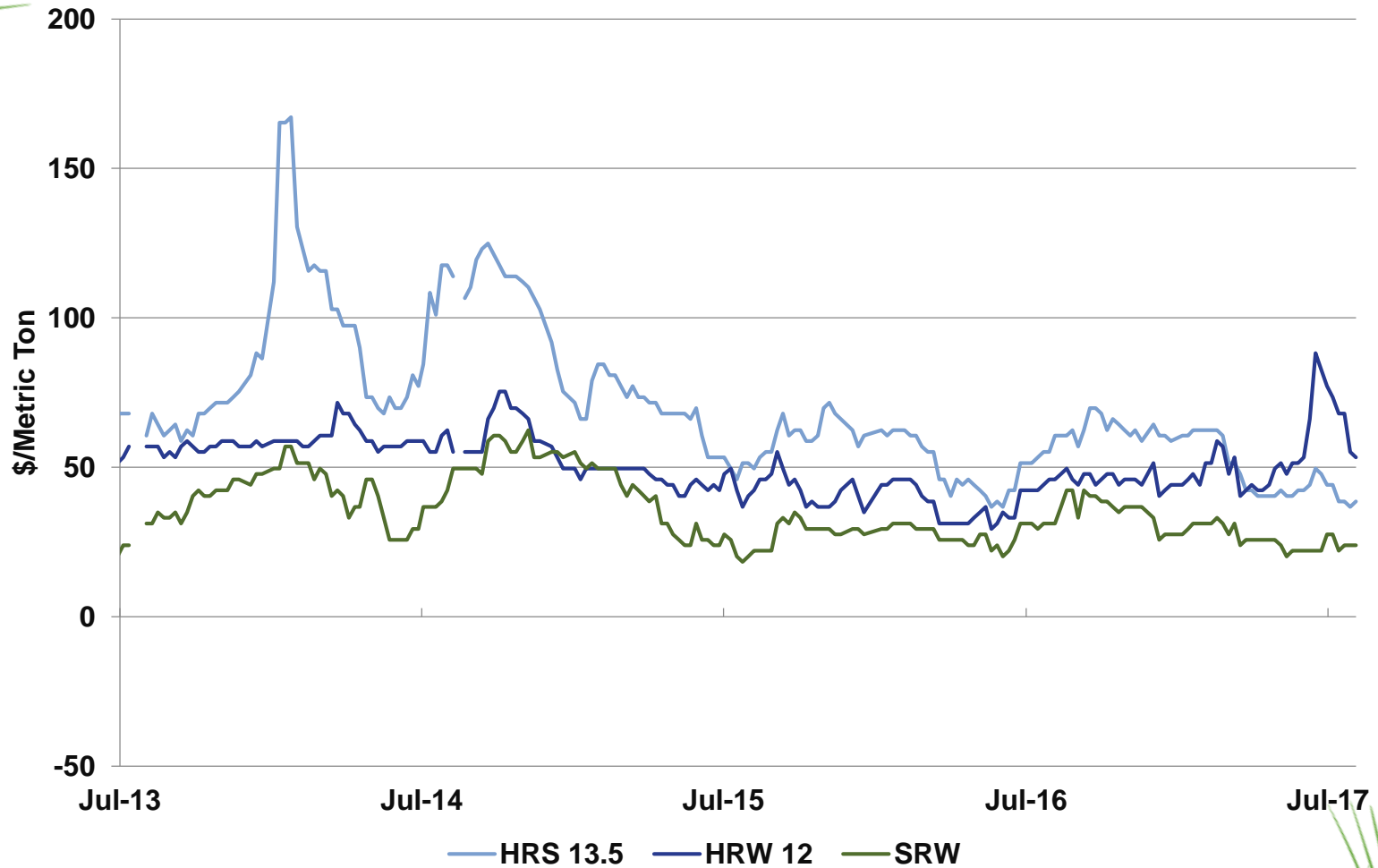
# U.S. FOB PNW Prices



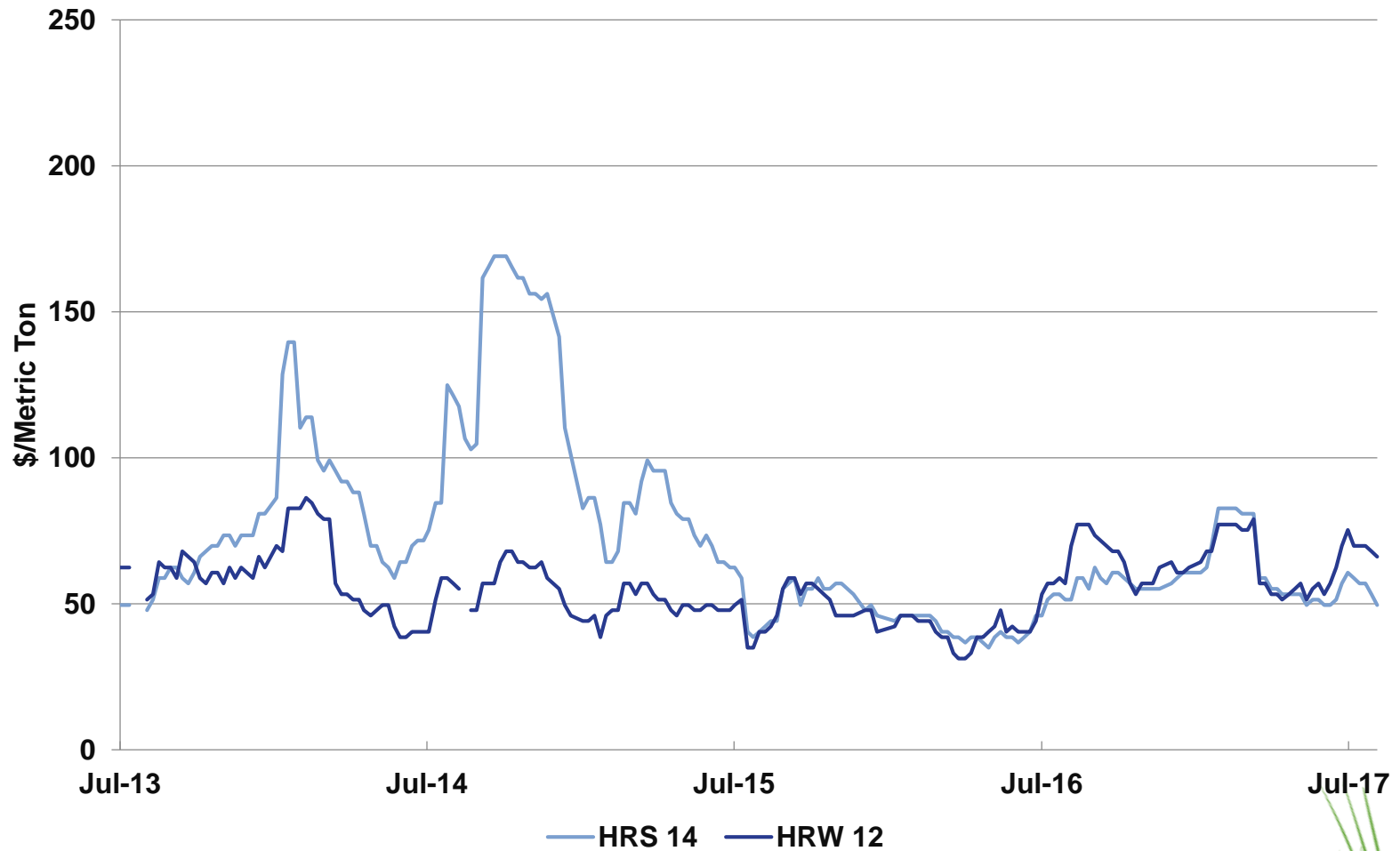
# SRW and Soft White Prices



# U.S. Gulf Basis Prices



# U.S. PNW Basis Prices



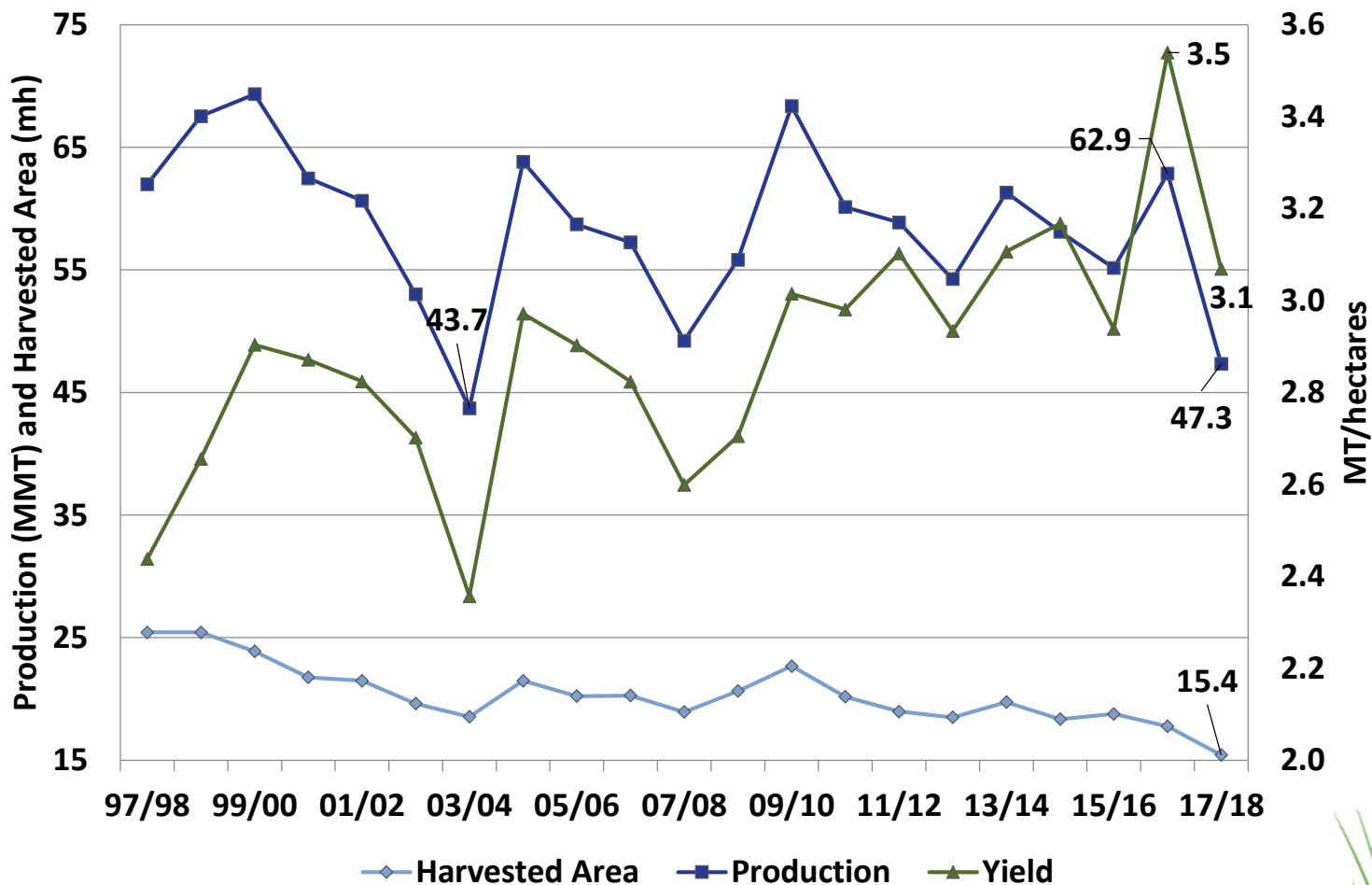


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

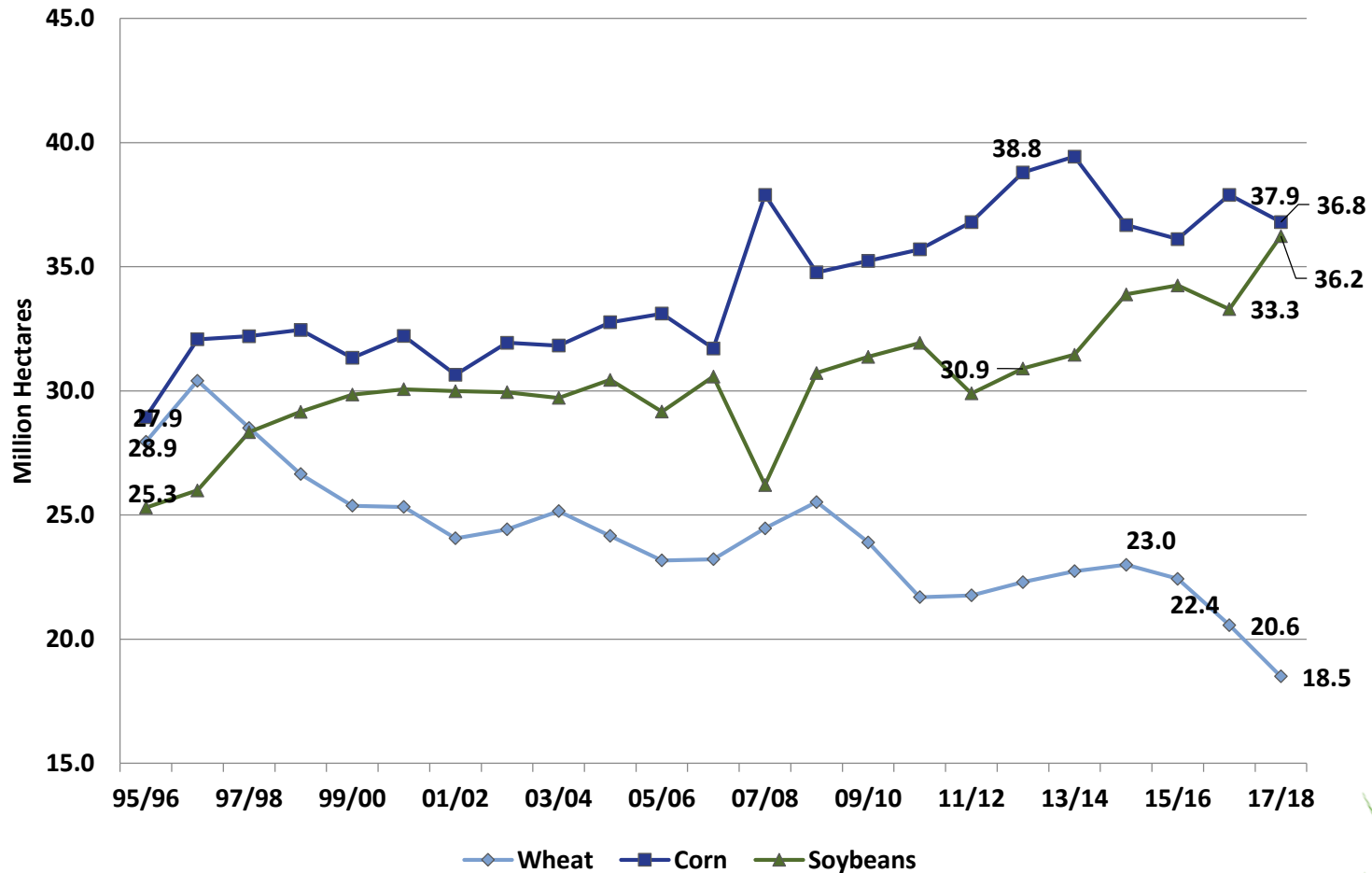


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# U.S. Wheat Area and Production



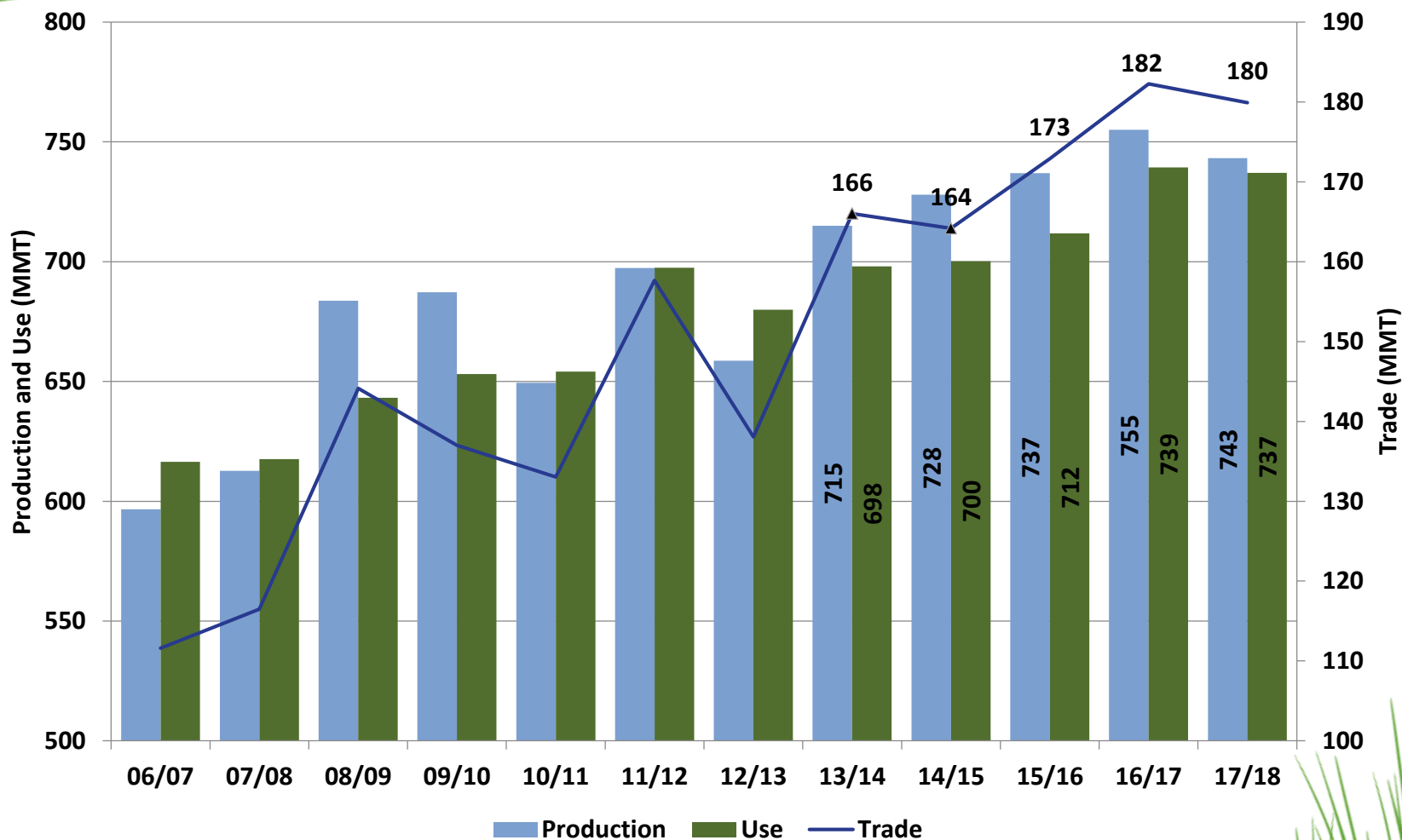
# U.S. Crop Planted Area Comparison



\*Source: USDA Acreage Report June 30, 2017

# World Wheat

## Production, Use and Trade



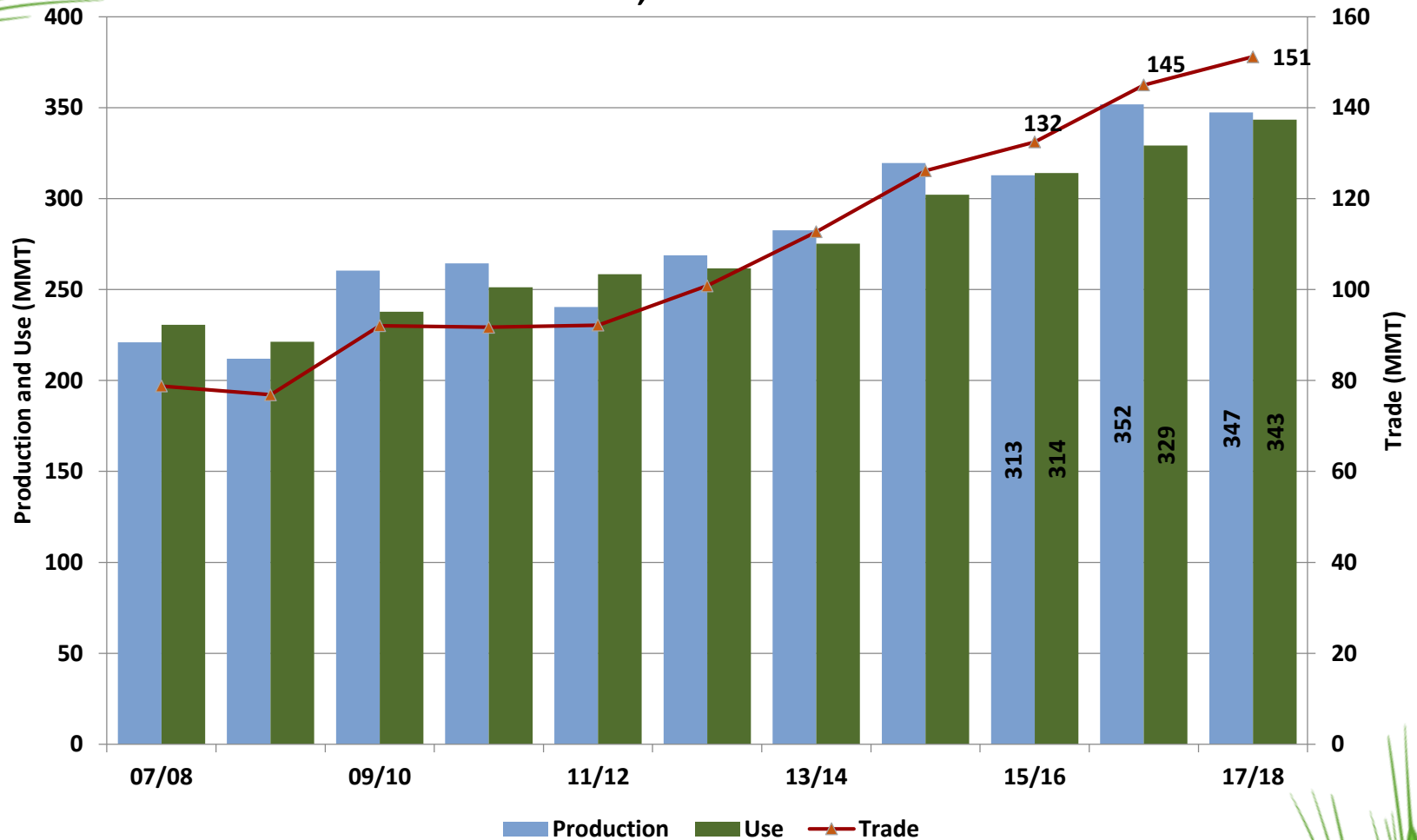
# World Corn

## Production, Use and Trade

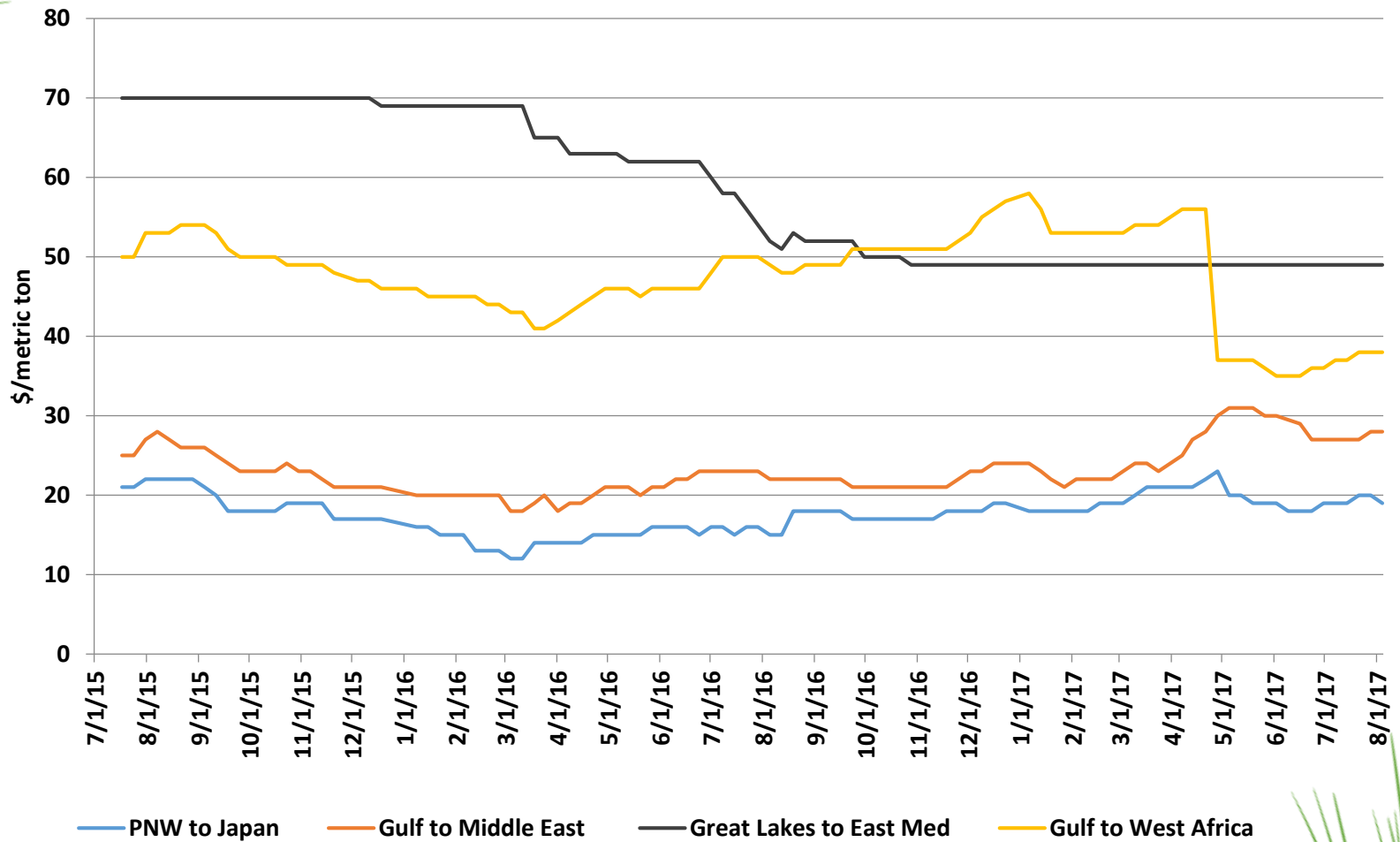


# World Soybeans

## Production, Use and Trade



# Ocean Freight Rates for Grains



# Summary

- **Global production at 743 MMT, down 2% from 2016/17**
  - Russia wheat production to grow to 77.5 MMT, 7% above 2016/17
  - Wheat production in the U.S. expected to fall to 47.3, 19% below the 5-year average
- **Global ending stocks to rise to a record 265 MMT, 21% above the 5-year average**
  - Ending stocks in Canada to fall to 4.96 MMT, 28% lower than 2016/17
  - U.S. ending stocks to decrease to 25.4 MMT, down 21% from 2016/17 if realized
- **World consumption and trade expected to decrease slightly in 2017/18**
  - Russia exports estimated at 31.5 MMT, 13% above 2016/17
  - U.S. 2017/18 exports to reach 26.5 MMT, in line with the 5-year average



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