

World Wheat Supply and Demand Situation

September 2017

Major data source: USDA World Agricultural Supply and Demand Estimates released September 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 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 Australia to fall to 22.5 MMT, 12% 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 738 MMT, 5% above the 5-year average

- Russian domestic consumption to total 43.0 MMT, 19% above the 5-year average, if realized
- Indonesia domestic consumption to increase to 9.70 MMT, up 2% 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 32.5 MMT, 17% above 2016/17 and 53% above the 5-year average
- Exports from the European Union (EU) to grow 4% year over year to 28.5 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

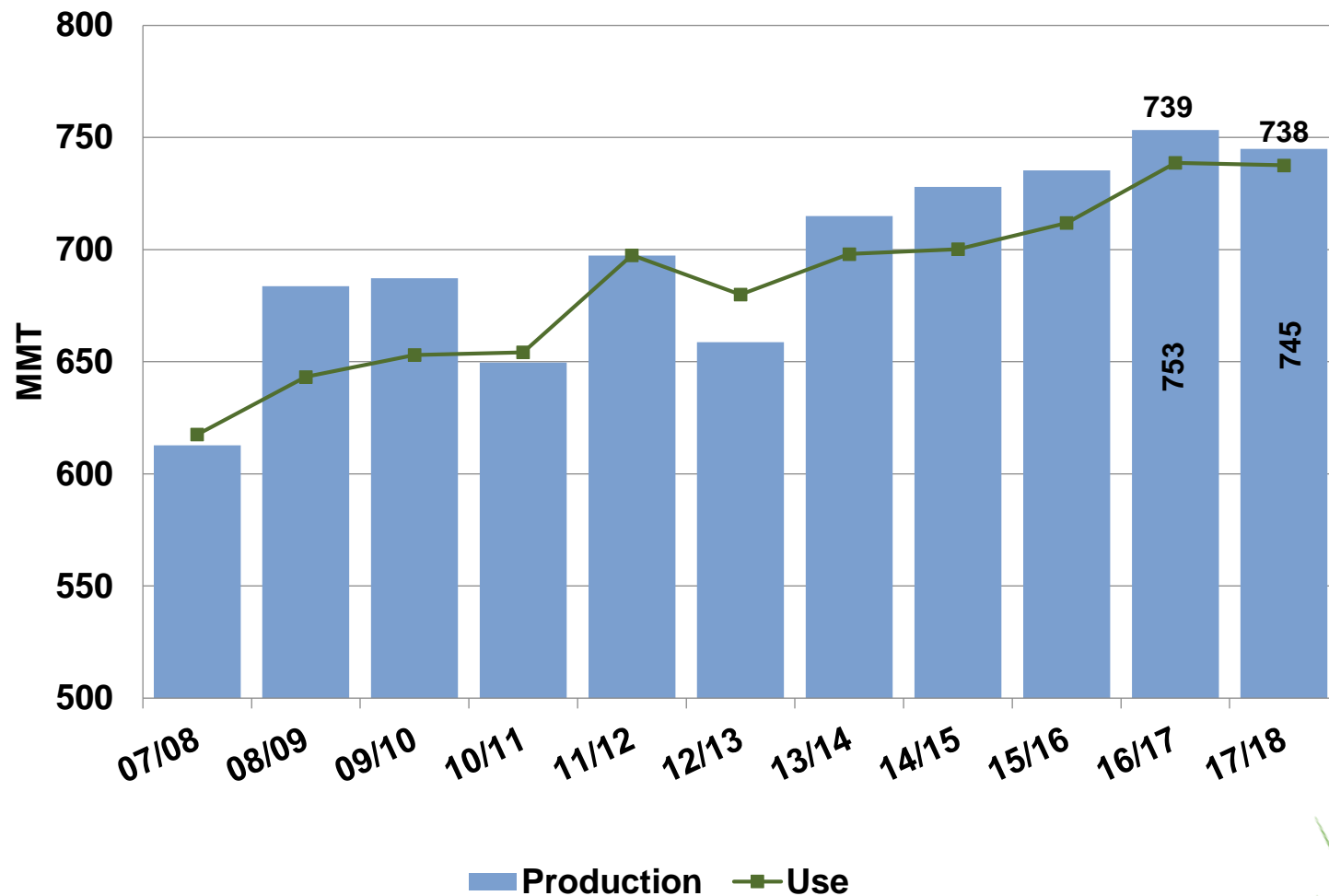
4. **World beginning stocks estimated at record 256 MMT, up 6% year over year**
 - Beginning stocks in the EU to fall to 10.4 MMT, down 33% year over year
 - U.S. beginning stocks to climb to an estimated 32.2 MMT, 21% above 2016/17 levels
5. **Global ending stocks projected at record 263 MMT, 3% higher than 2016/17, if realized**
 - Estimated Chinese ending stocks of 127 MMT account for 48% of global ending stocks, 58% greater than the 5-year average
 - Exporter ending stocks to fall 8% year over year to 72.2 MMT
 - Ending stocks in importing countries to fall to 63.7 MMT, 10% below the 5-year average of 70.5 MMT
6. **U.S. farm gate average price forecast 18% higher in 2017/18**
 - Projected average range: **\$4.30 to \$4.90/bushel (\$158-\$180/MT)***

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

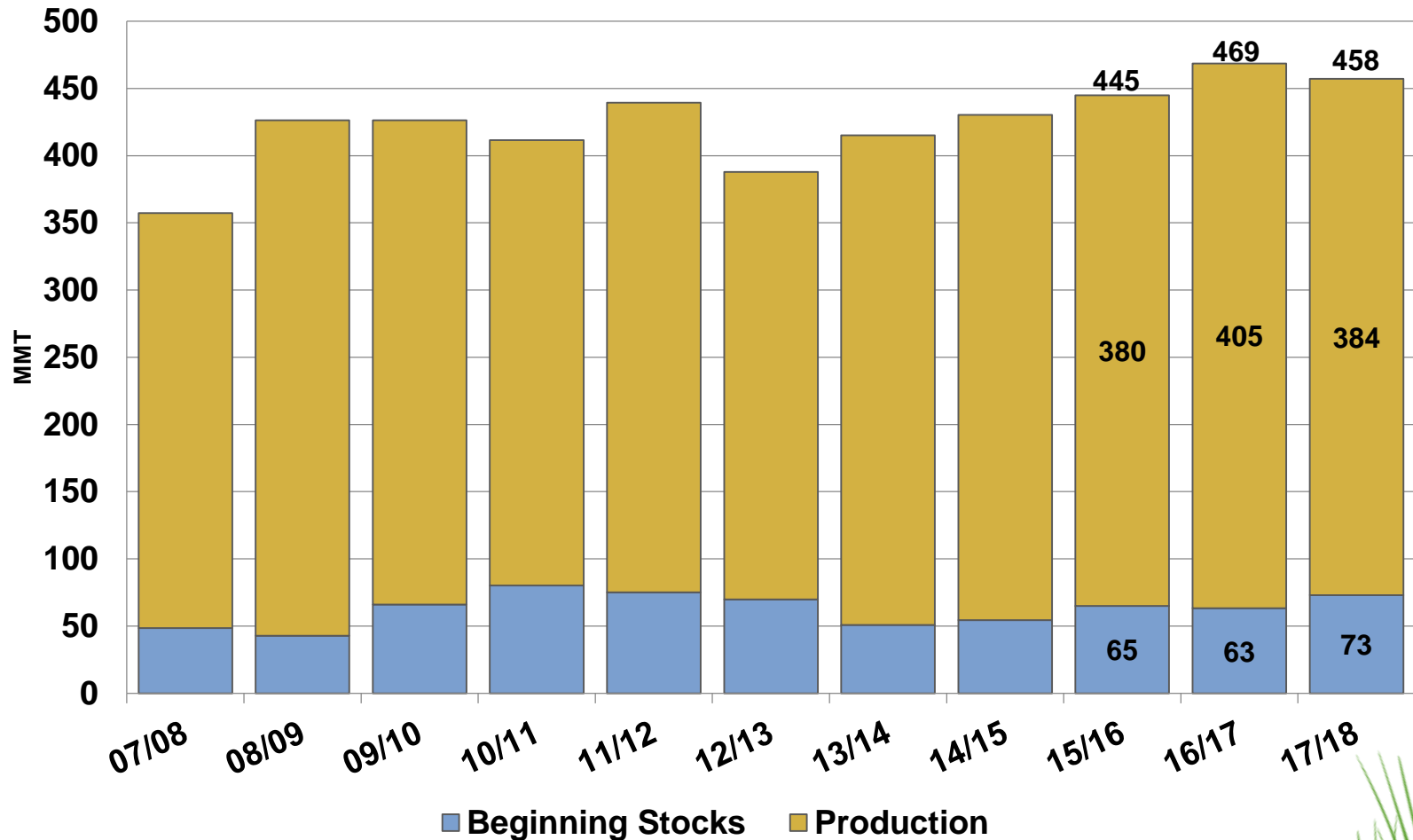


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World Production and Use



Supplies in Top Exporting Countries*



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

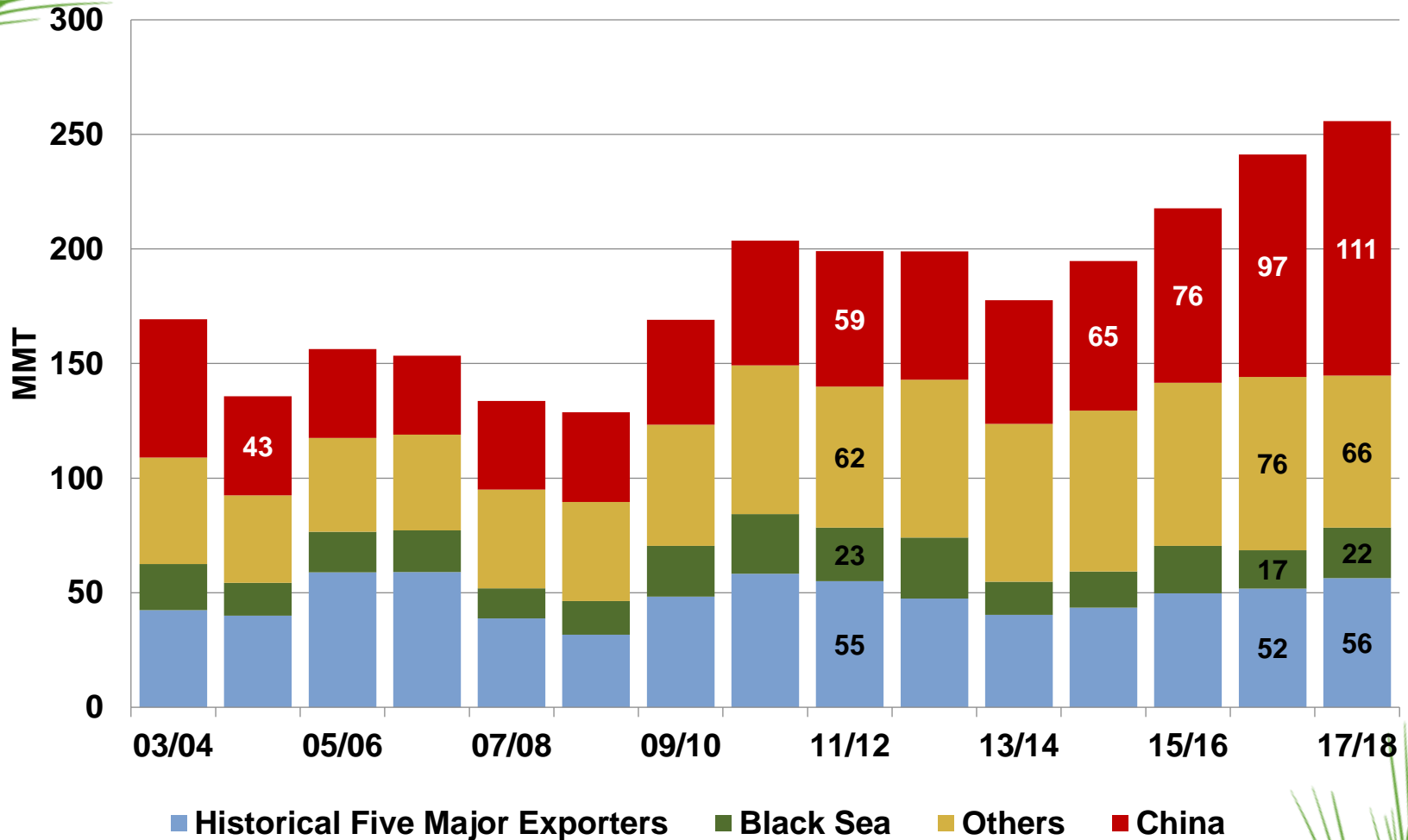
World Wheat Supply and Demand

		15/16	16/17 <i>MMT</i>	17/18
SUPPLY:	Beginning Stocks	218	241	256
	Production	735	753	745
	Supply Total	953	995	1001
TRADE:	Exports/Imports	173	182	180
DEMAND	Food & Seed	575	592	597
	Feed & Residual	136	147	141
	Use Total	712	739	738
	ENDING STOCKS:	241	256	263



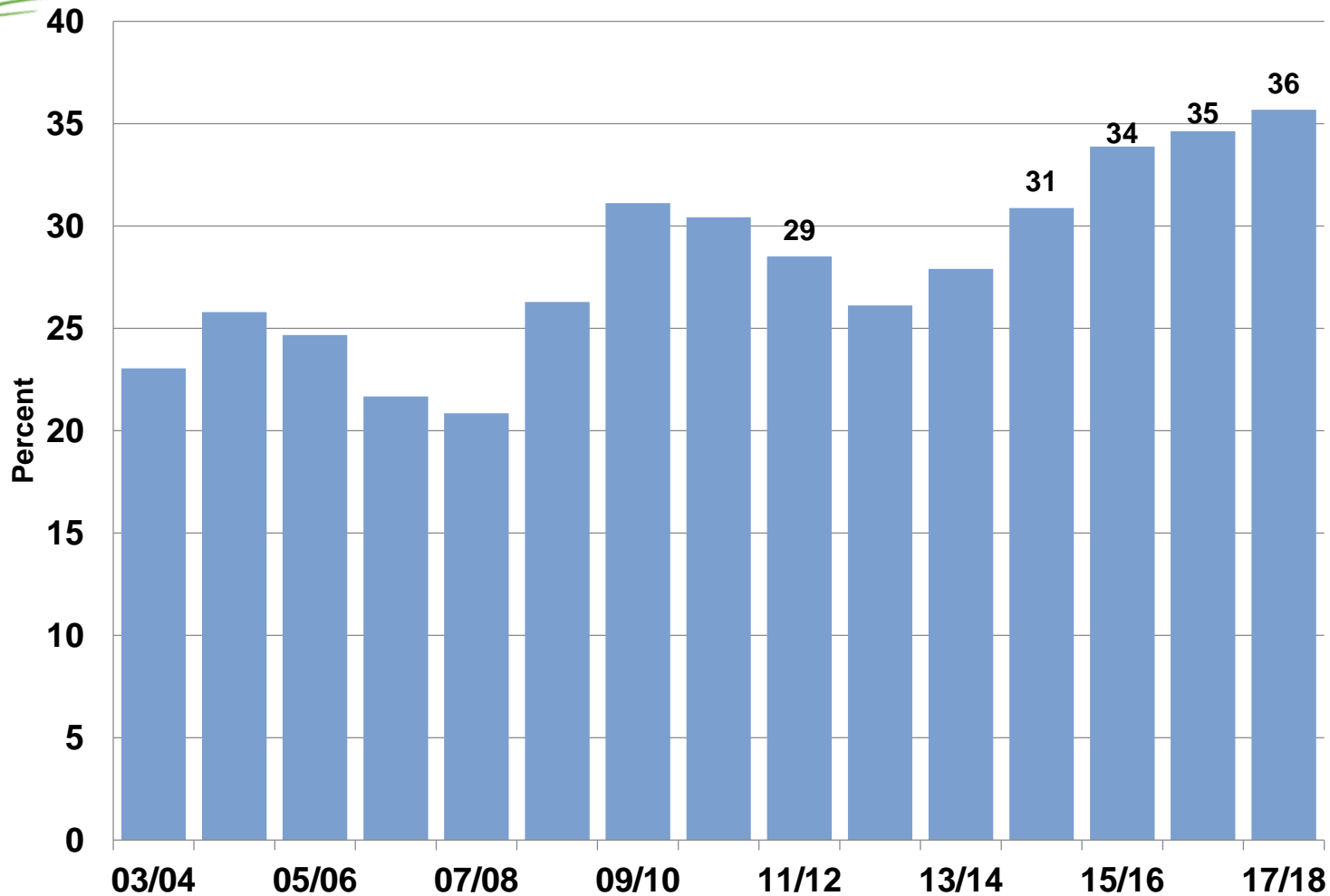
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World Beginning Stocks



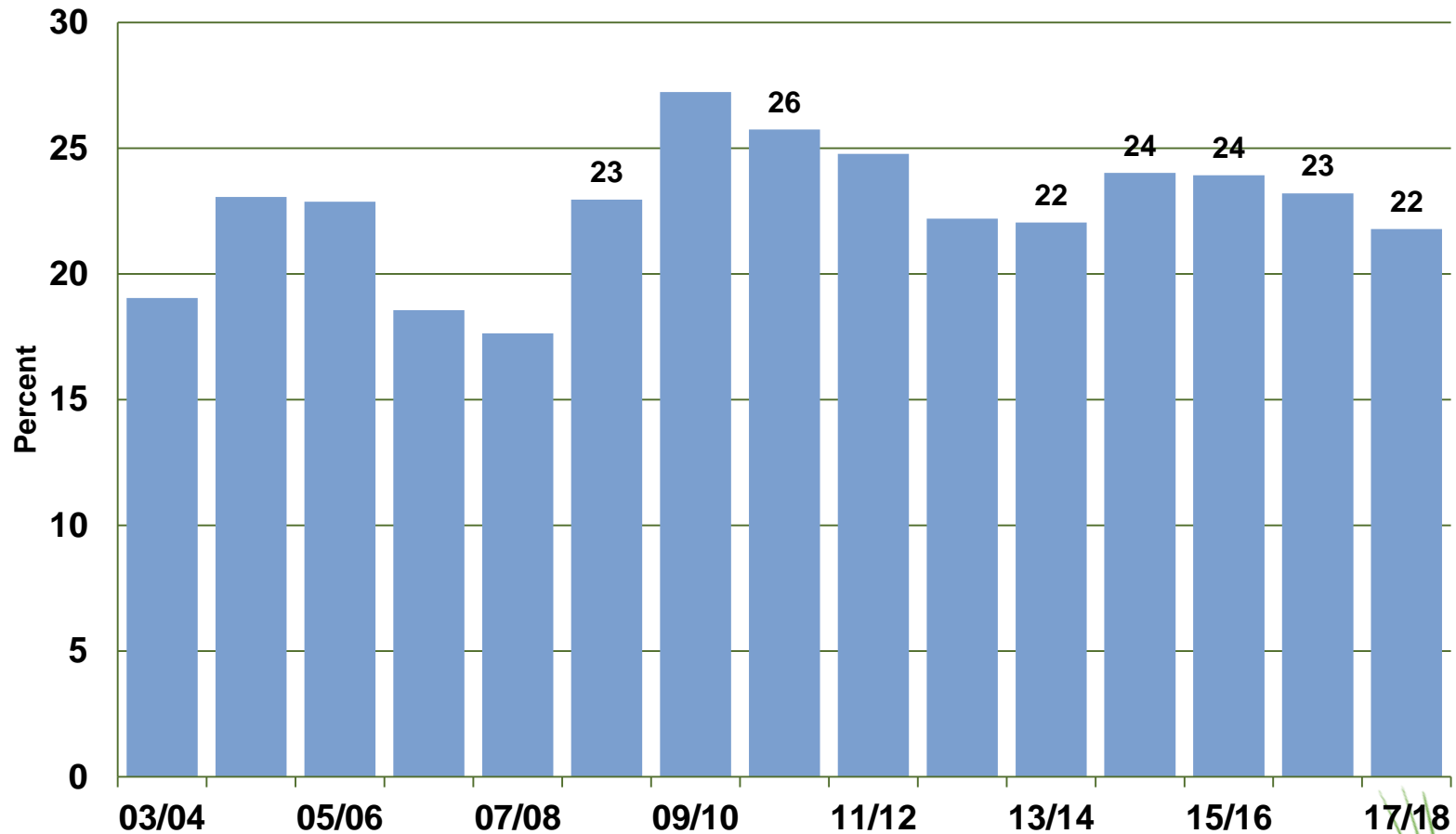
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

Global Stocks*-to-Use Ratio



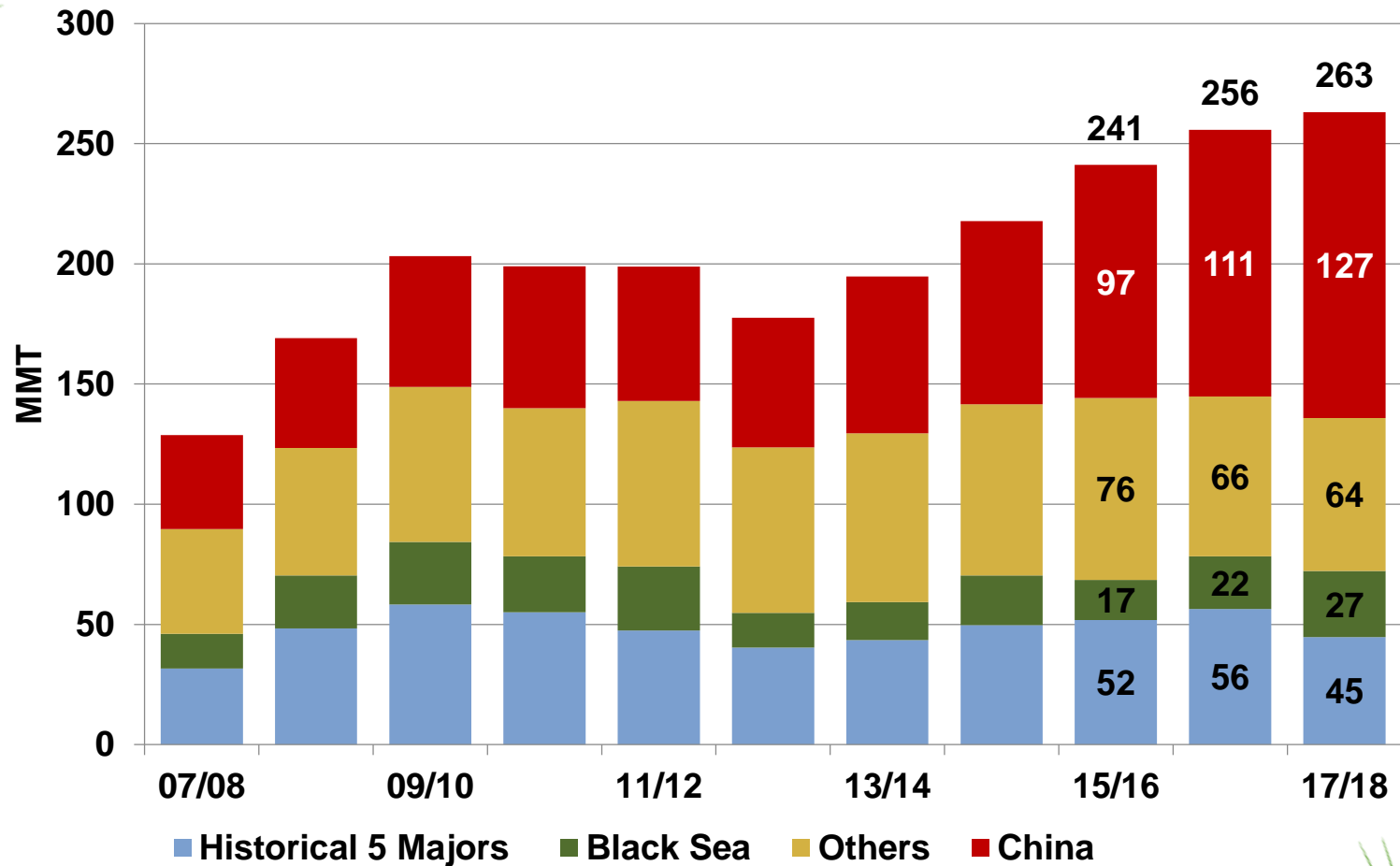
**Ending stocks*

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



*Ending stocks

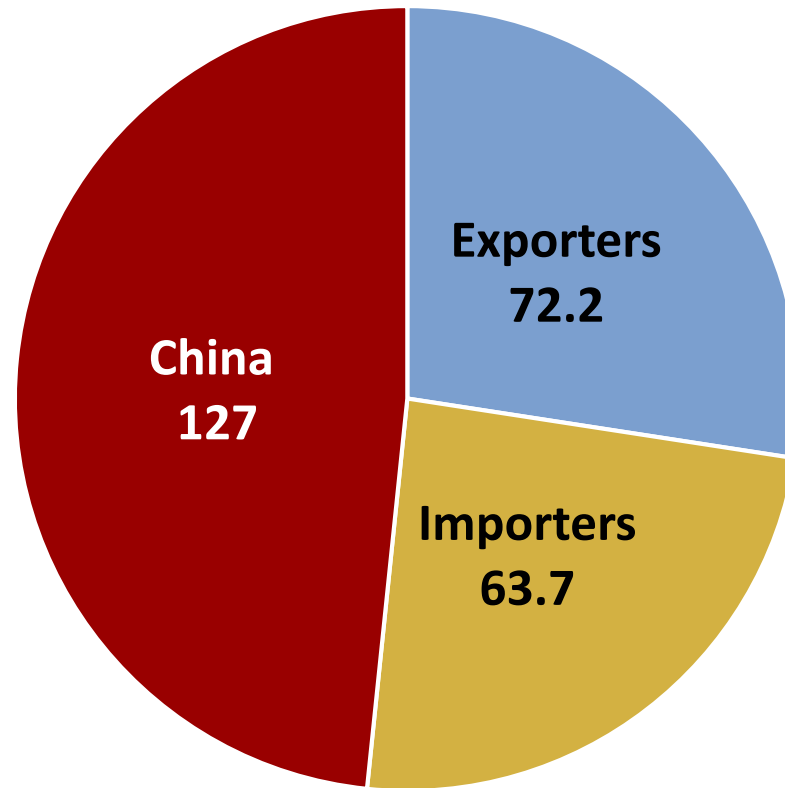
World Ending Stocks



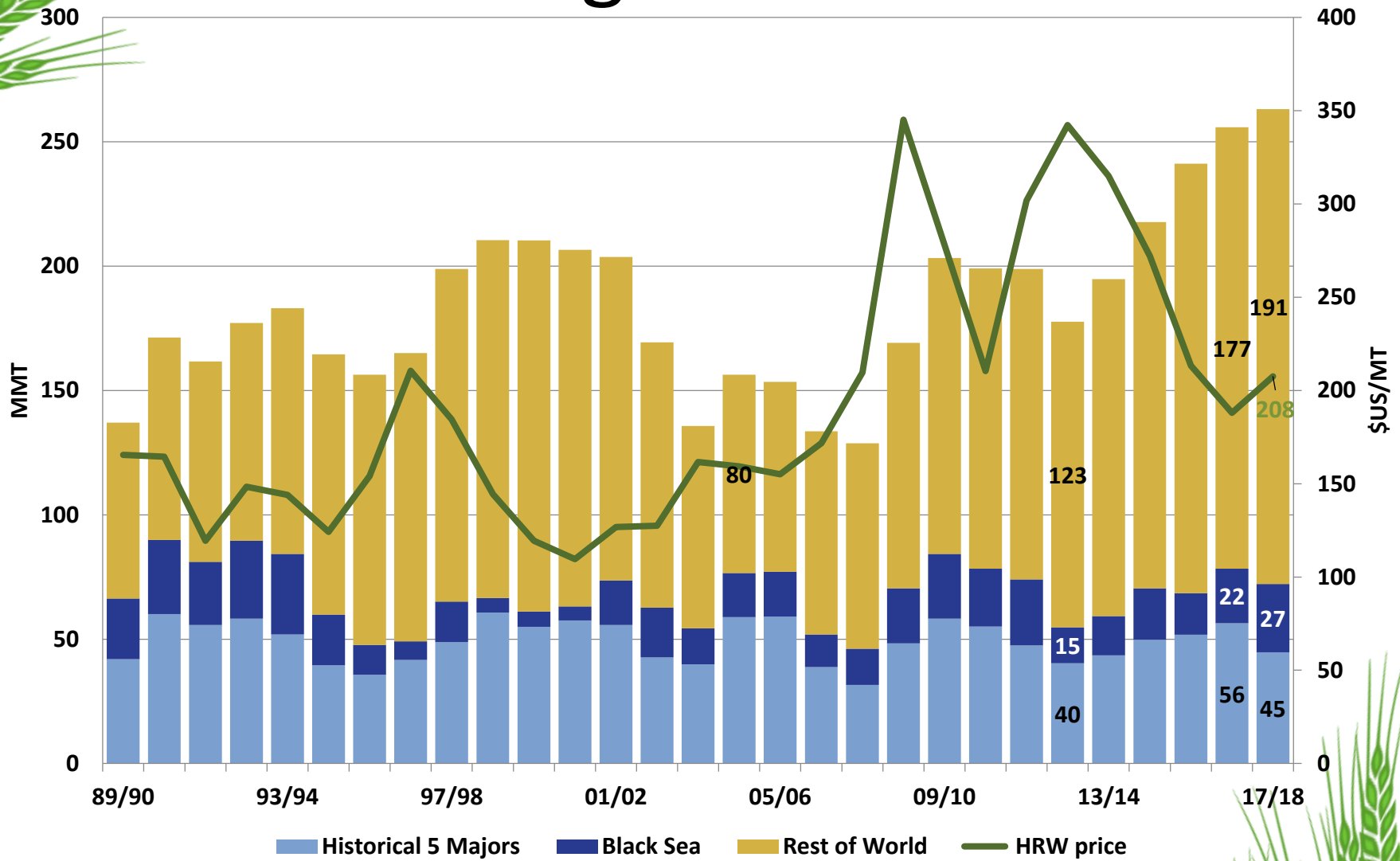
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

World Ending Stocks by Position

(million metric tons)



Global Ending Stocks and Price



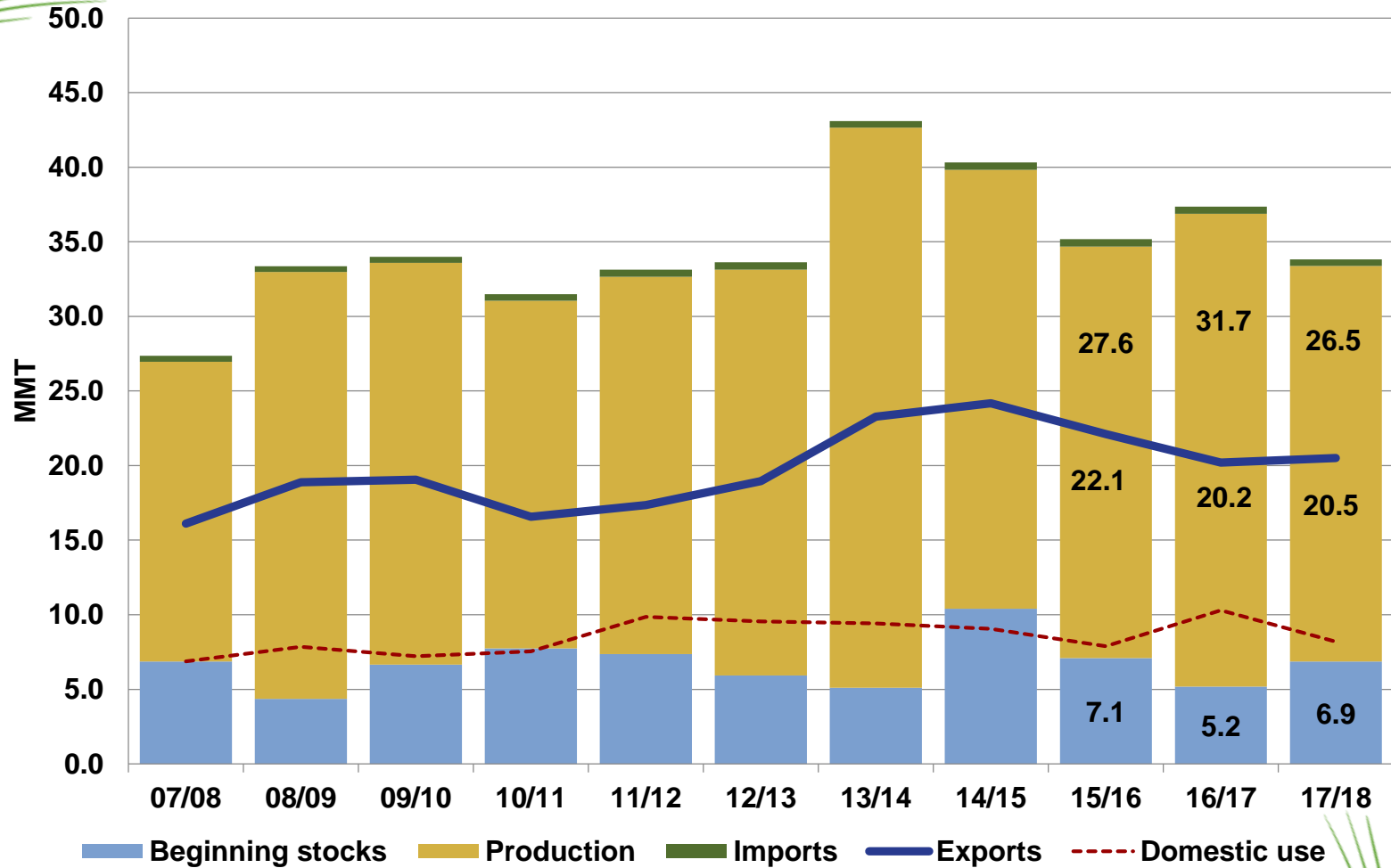
■ Historical 5 Majors
 ■ Black Sea
 ■ Rest of World
 — HRW price

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

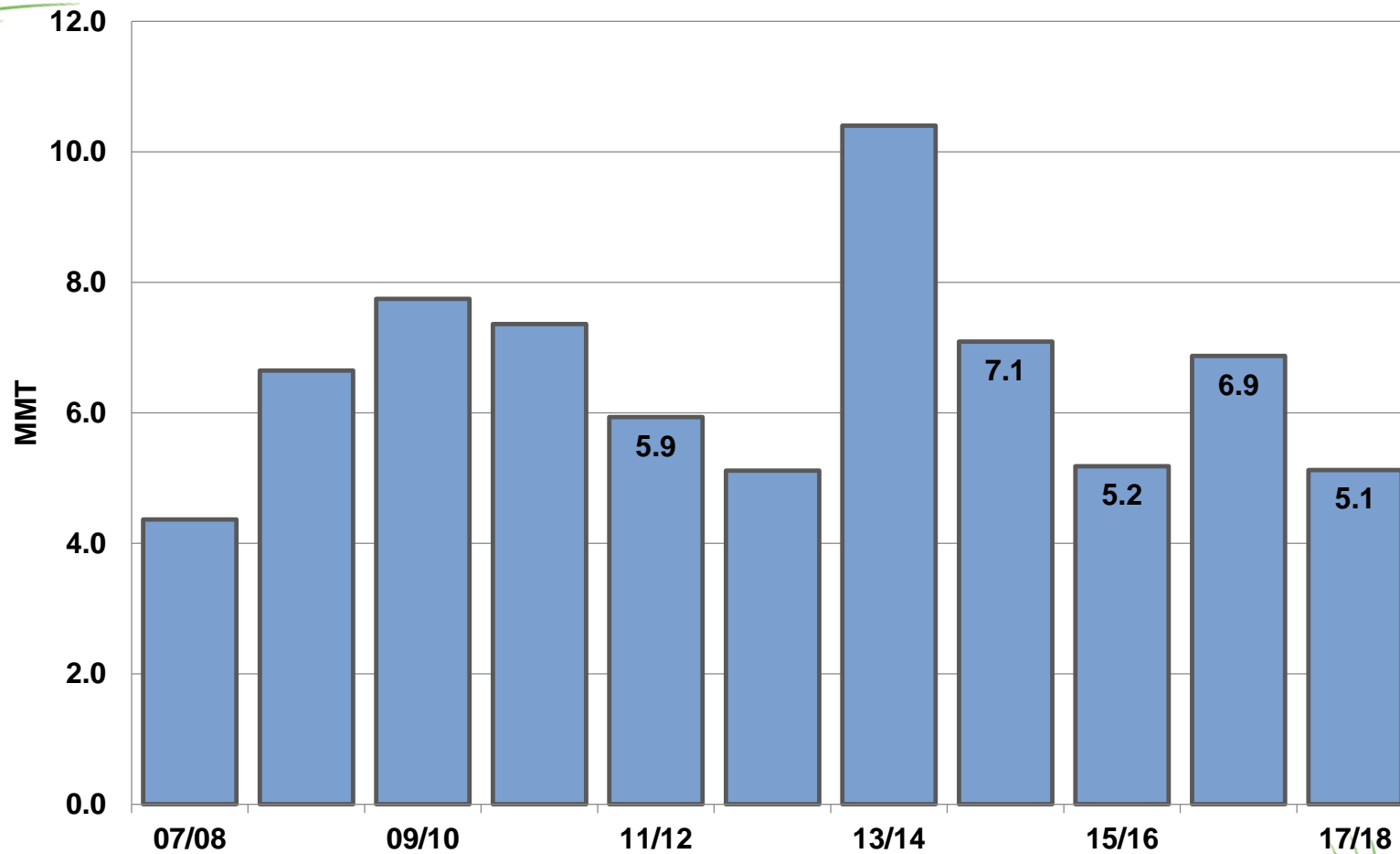


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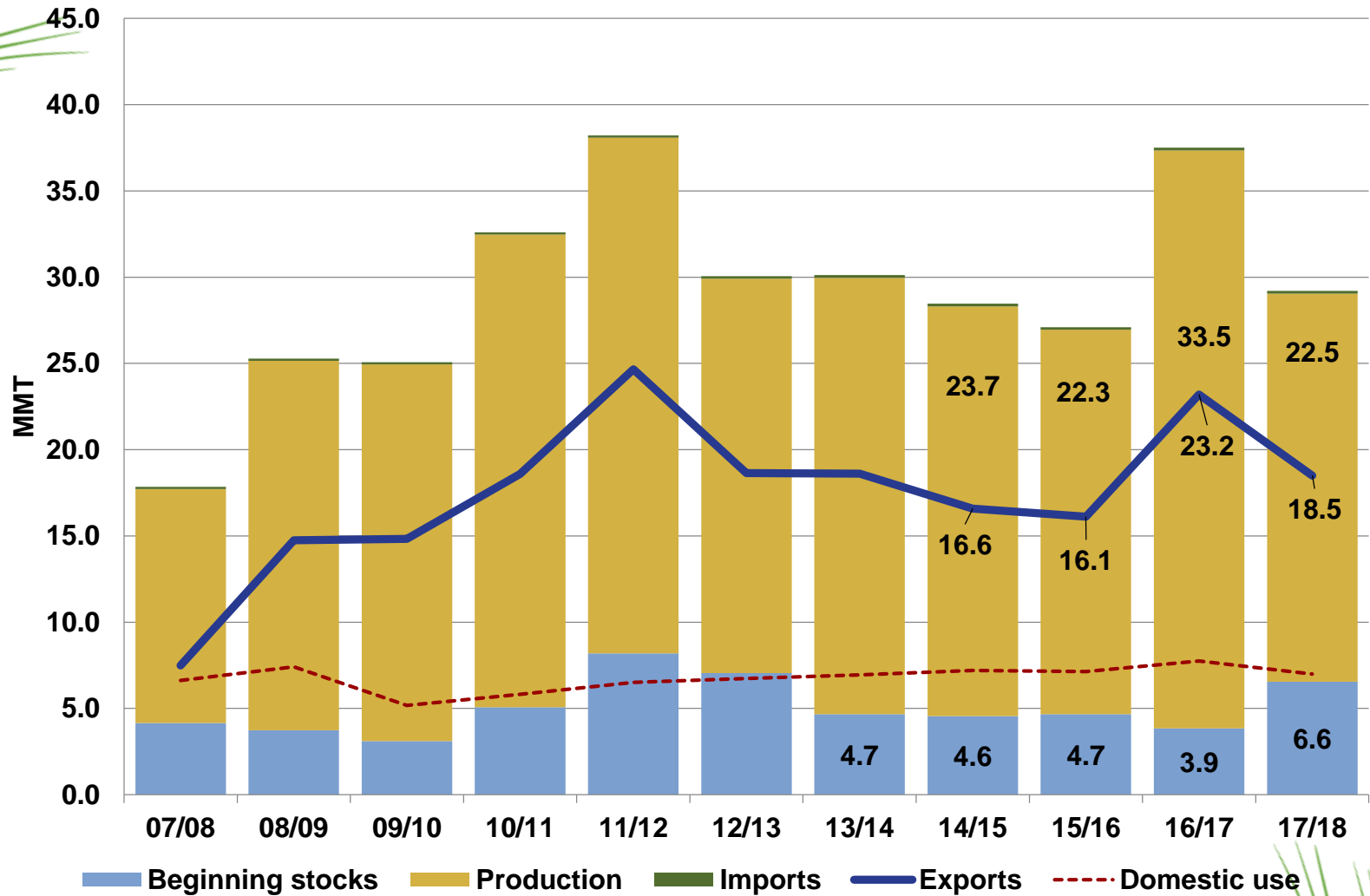
Canada Situation



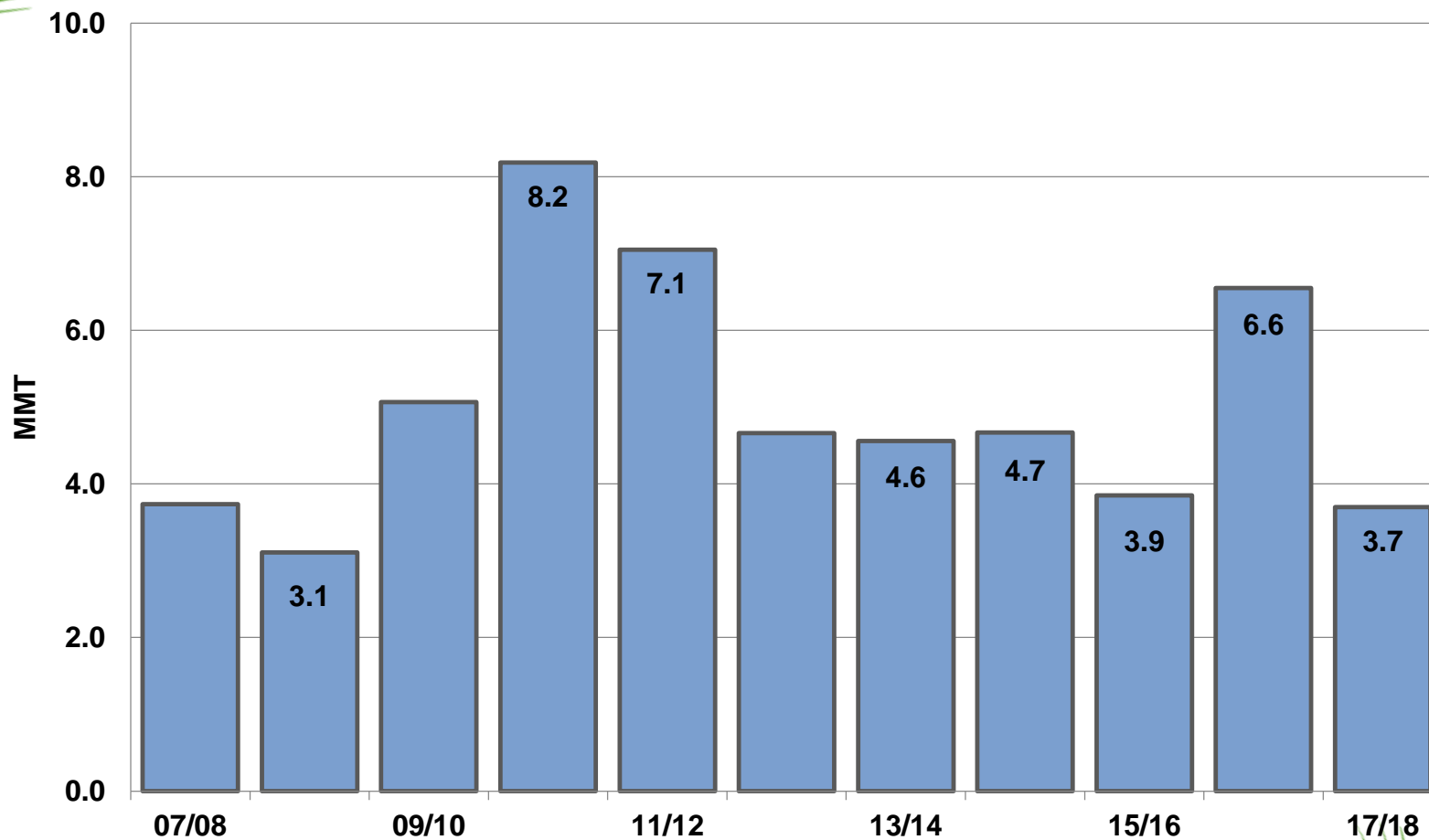
Canada Ending Stocks



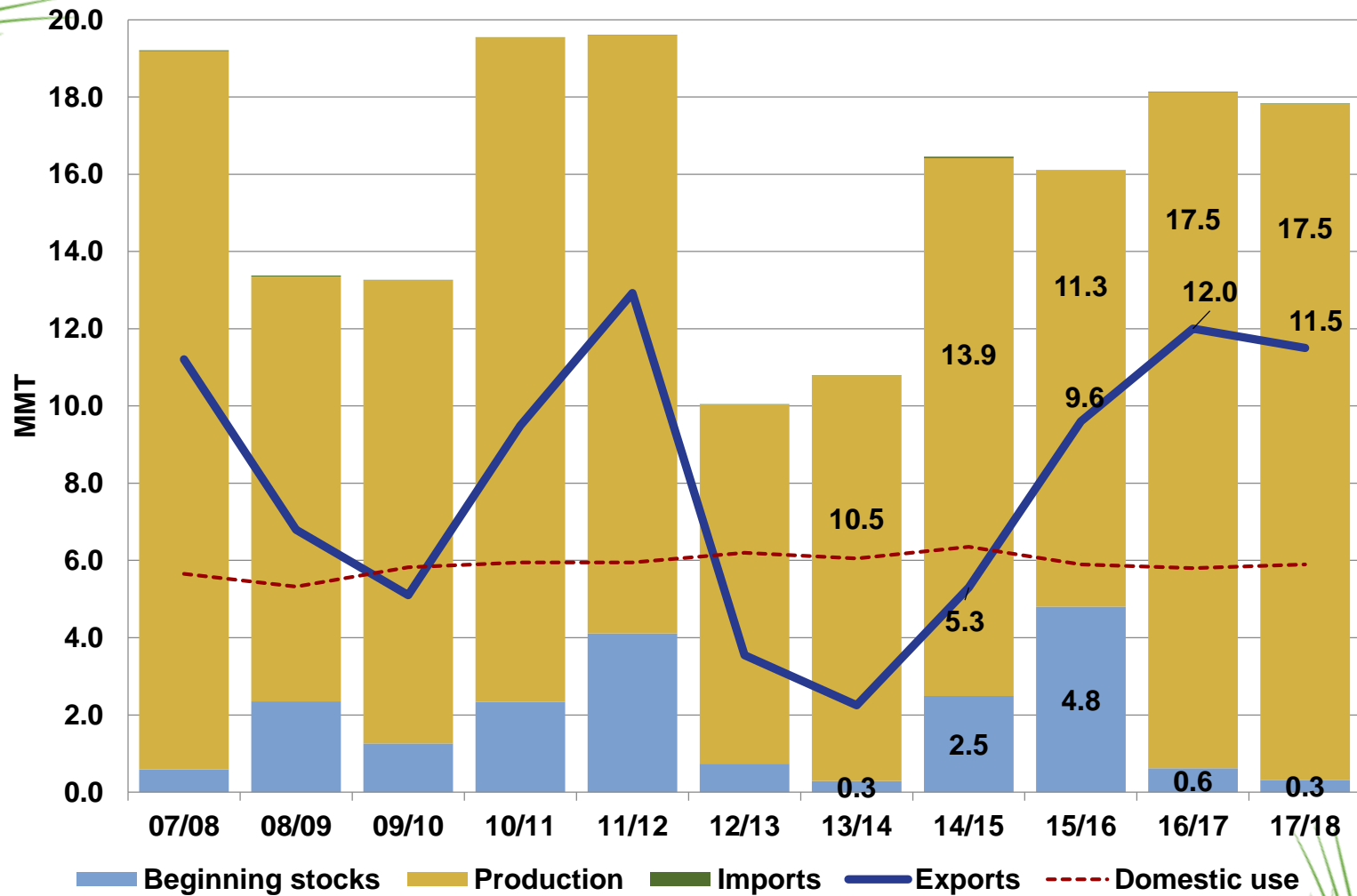
Australia Situation



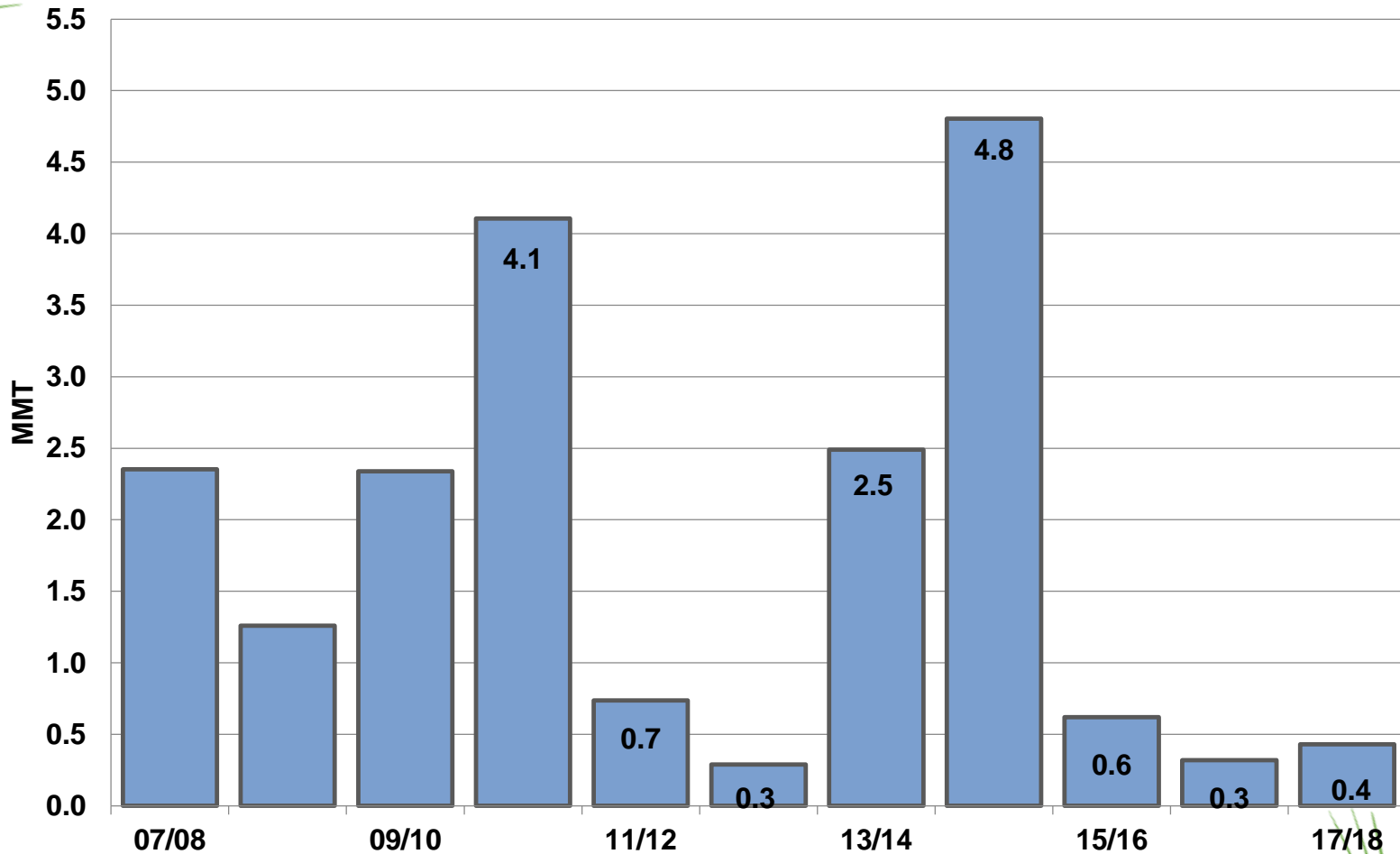
Australia Ending Stocks



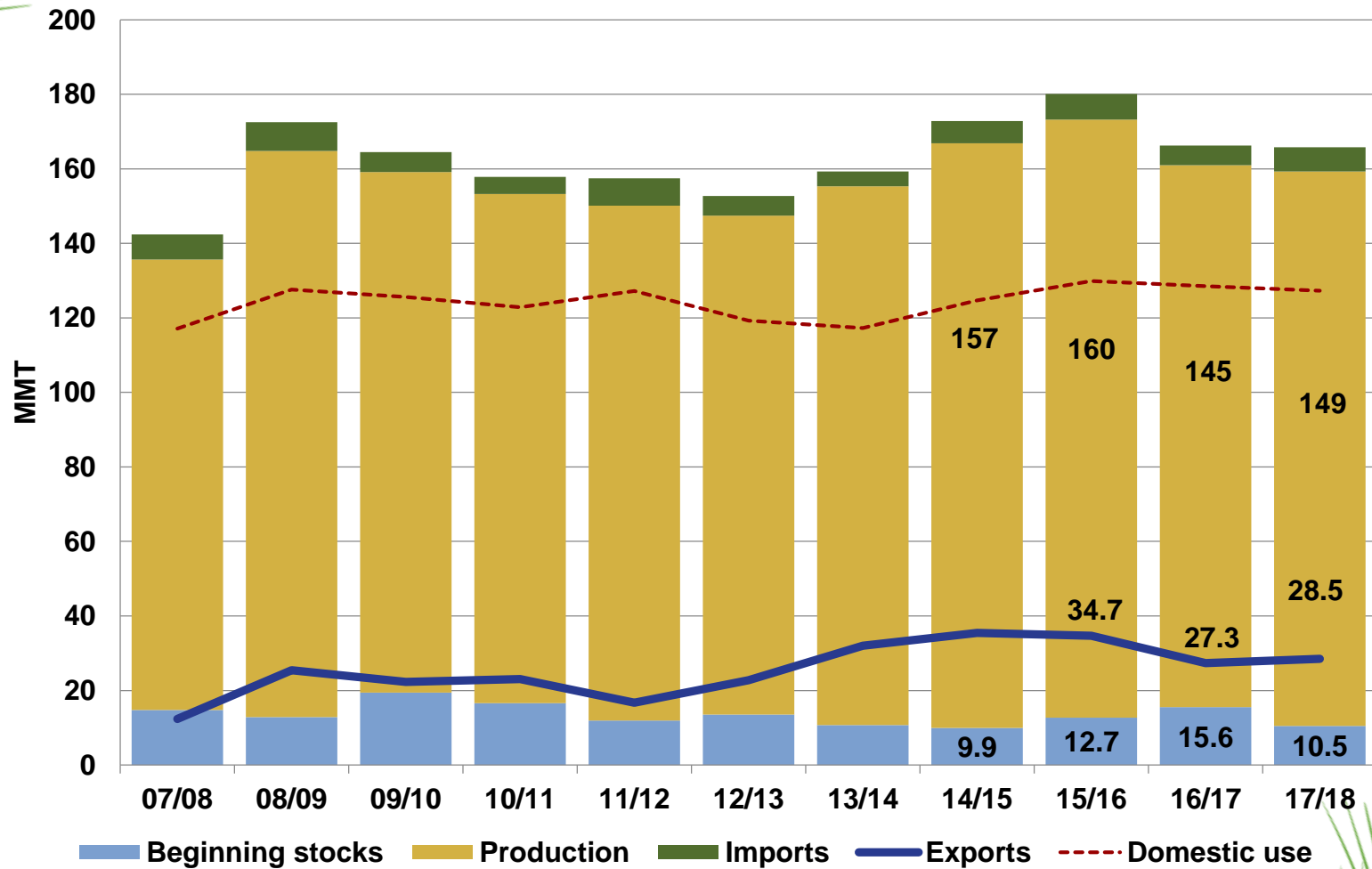
Argentina Situation



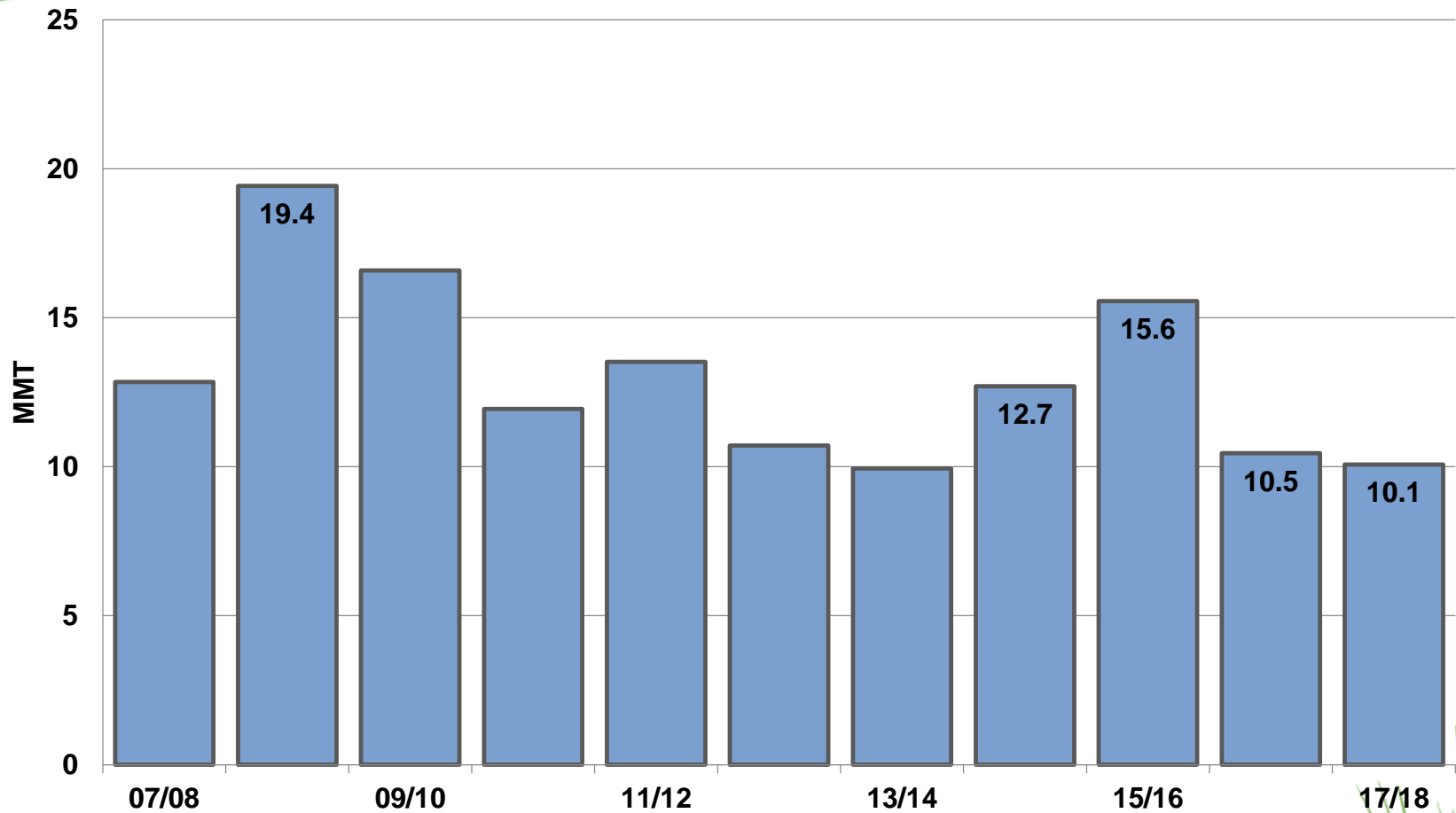
Argentina Ending Stocks



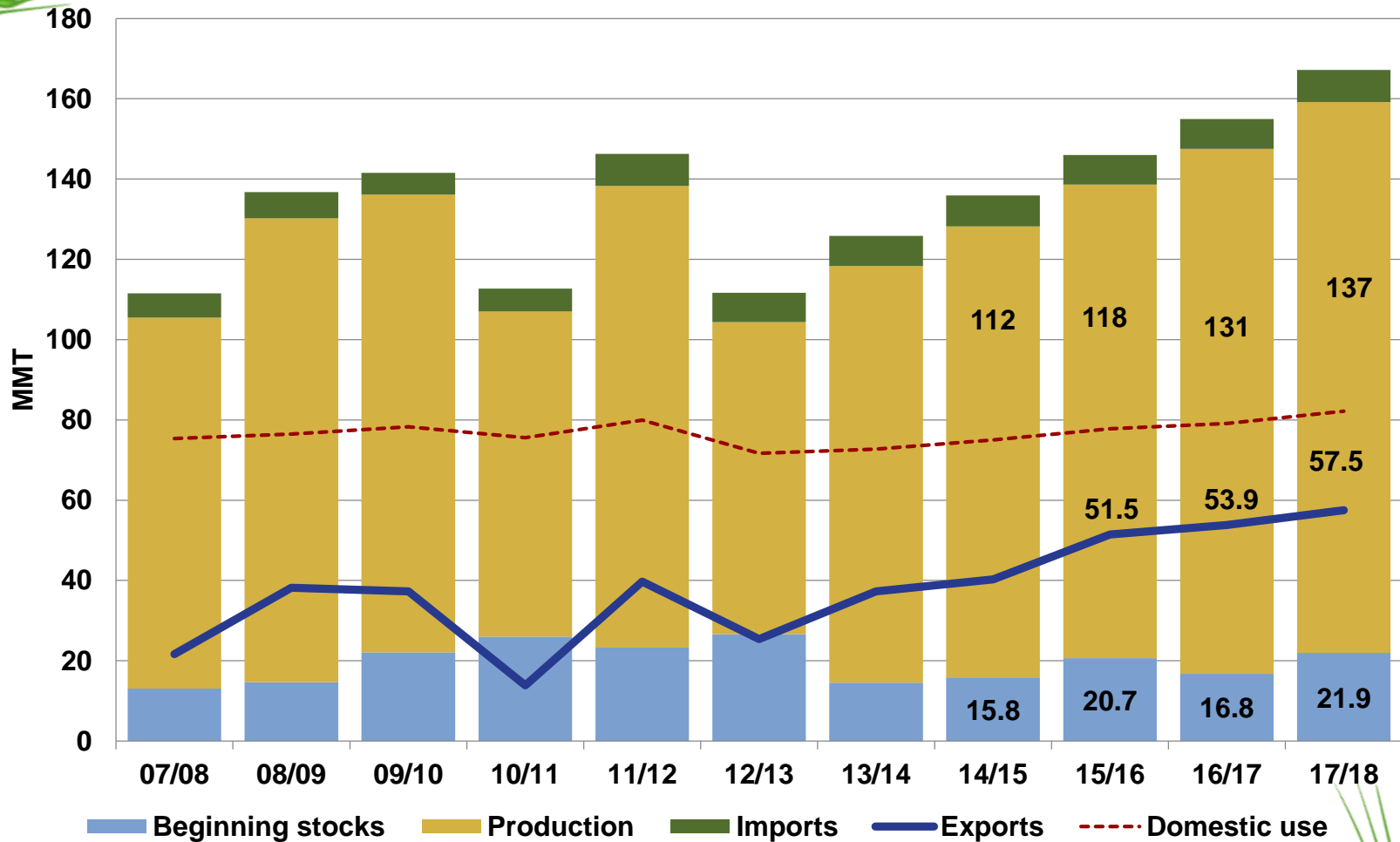
EU-27 Situation



EU-27 Ending Stocks

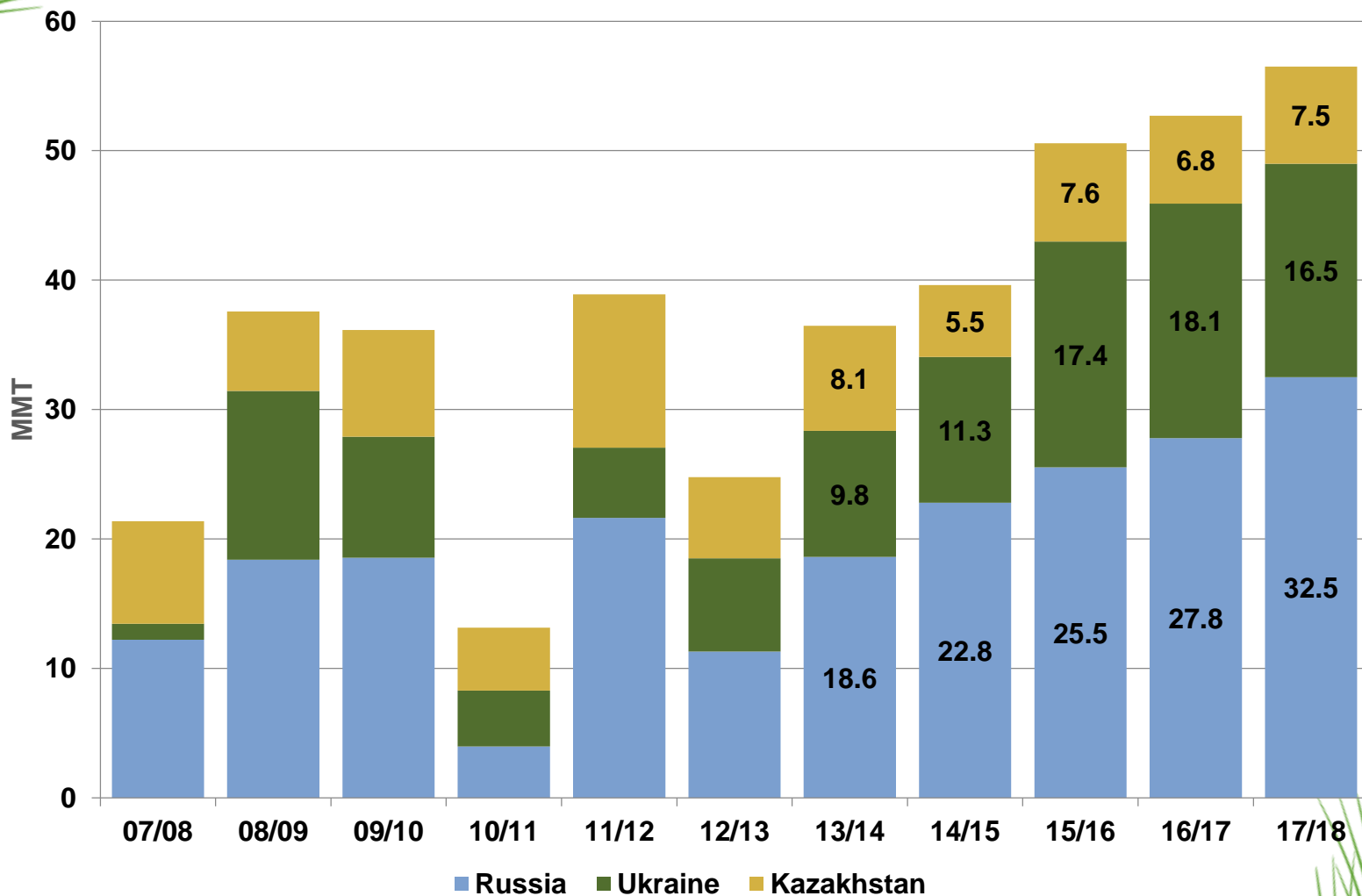


Black Sea Region Situation

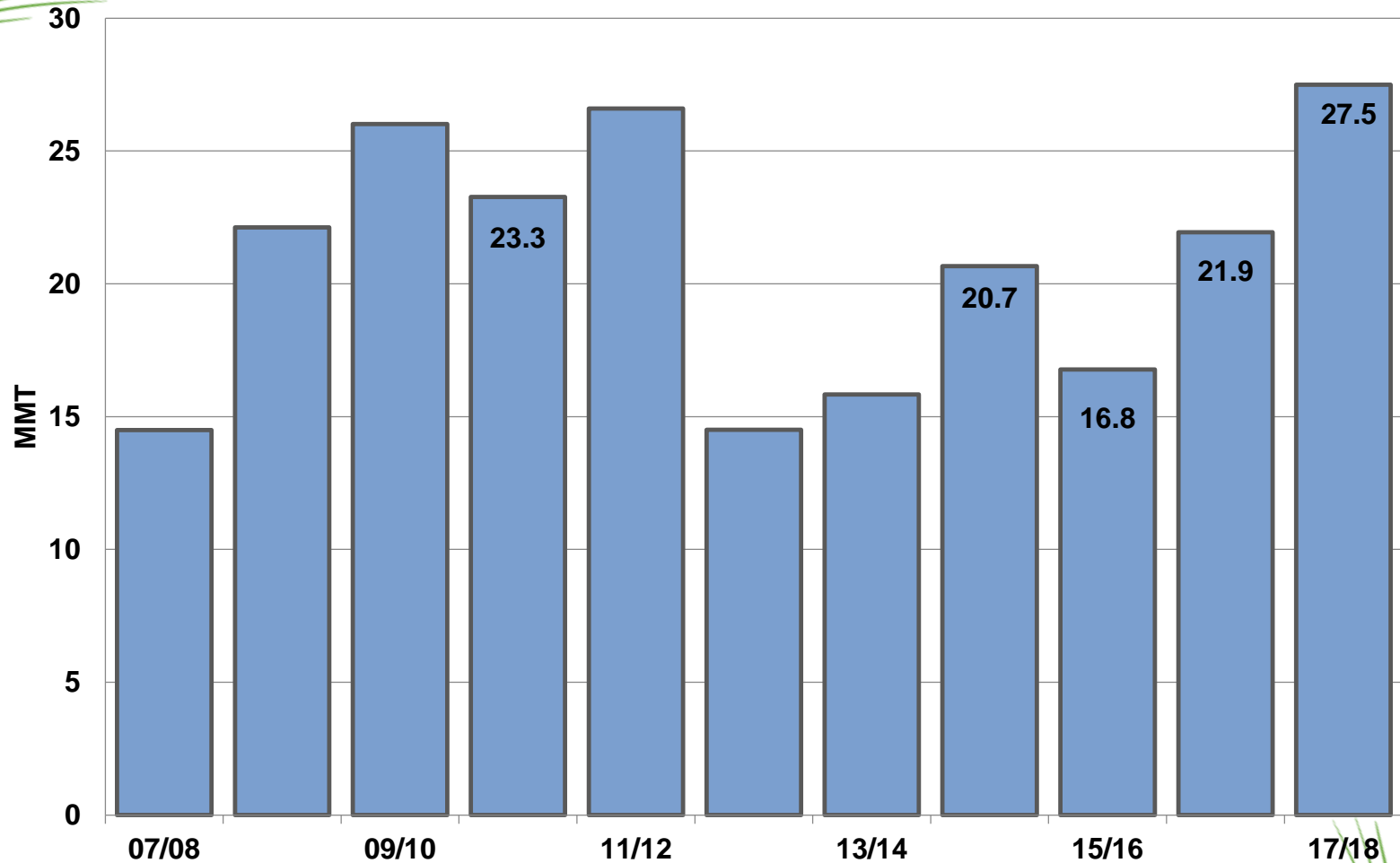


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

Black Sea Exports

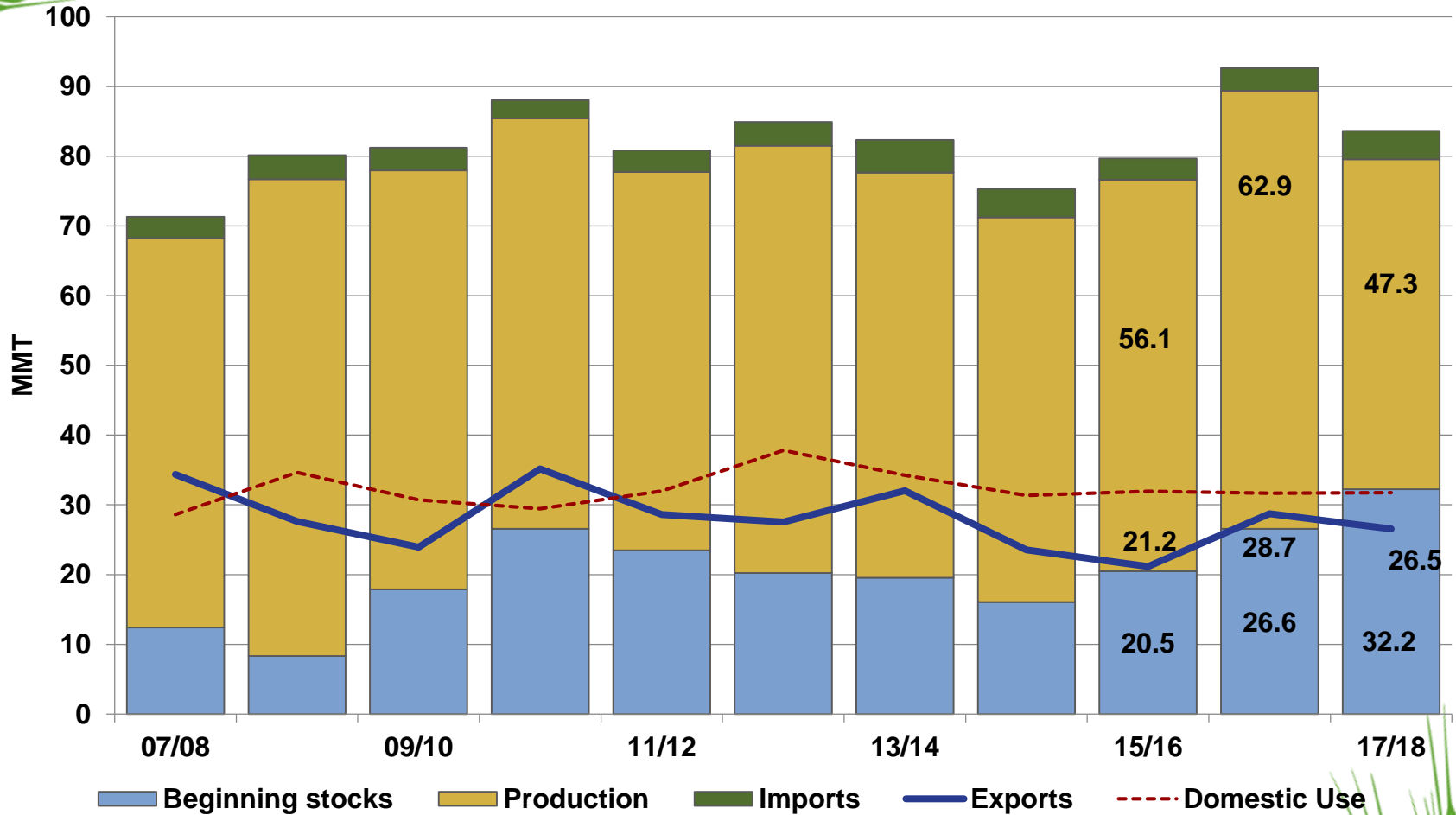


Black Sea Ending Stocks



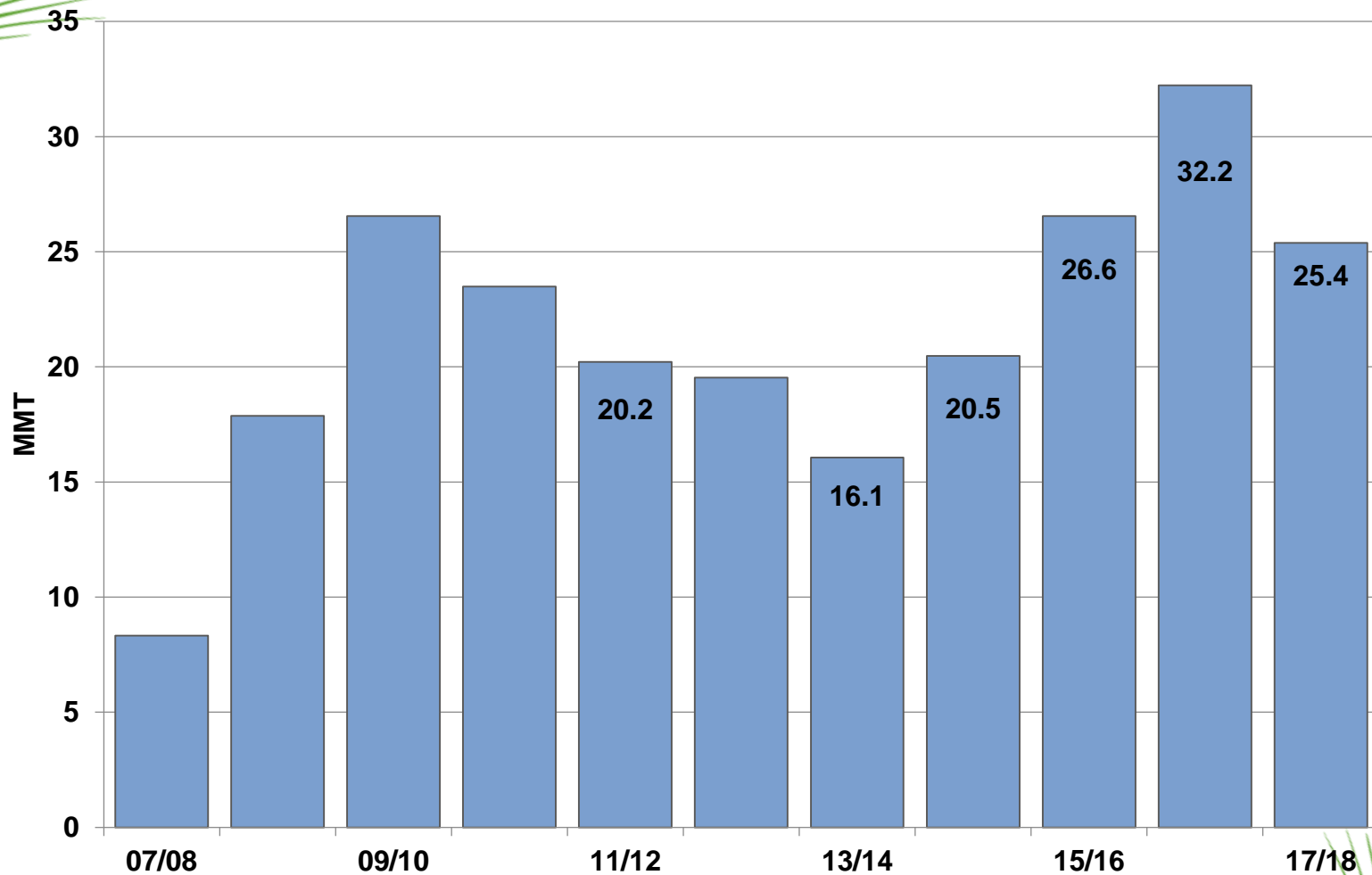
U.S. Situation

U.S. Wheat Situation



Beginning stocks Production Imports Exports Domestic Use

U.S. Ending Stocks



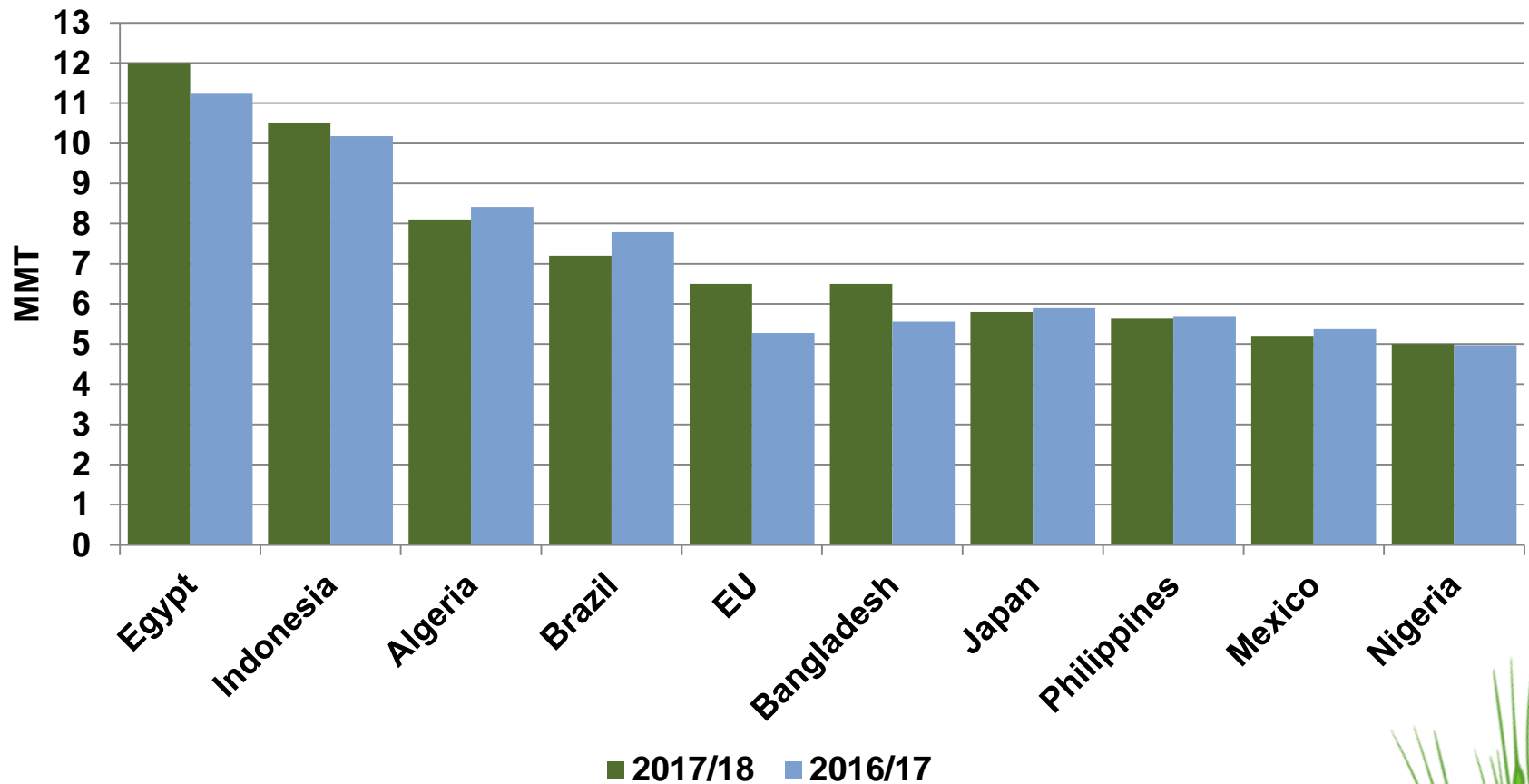
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



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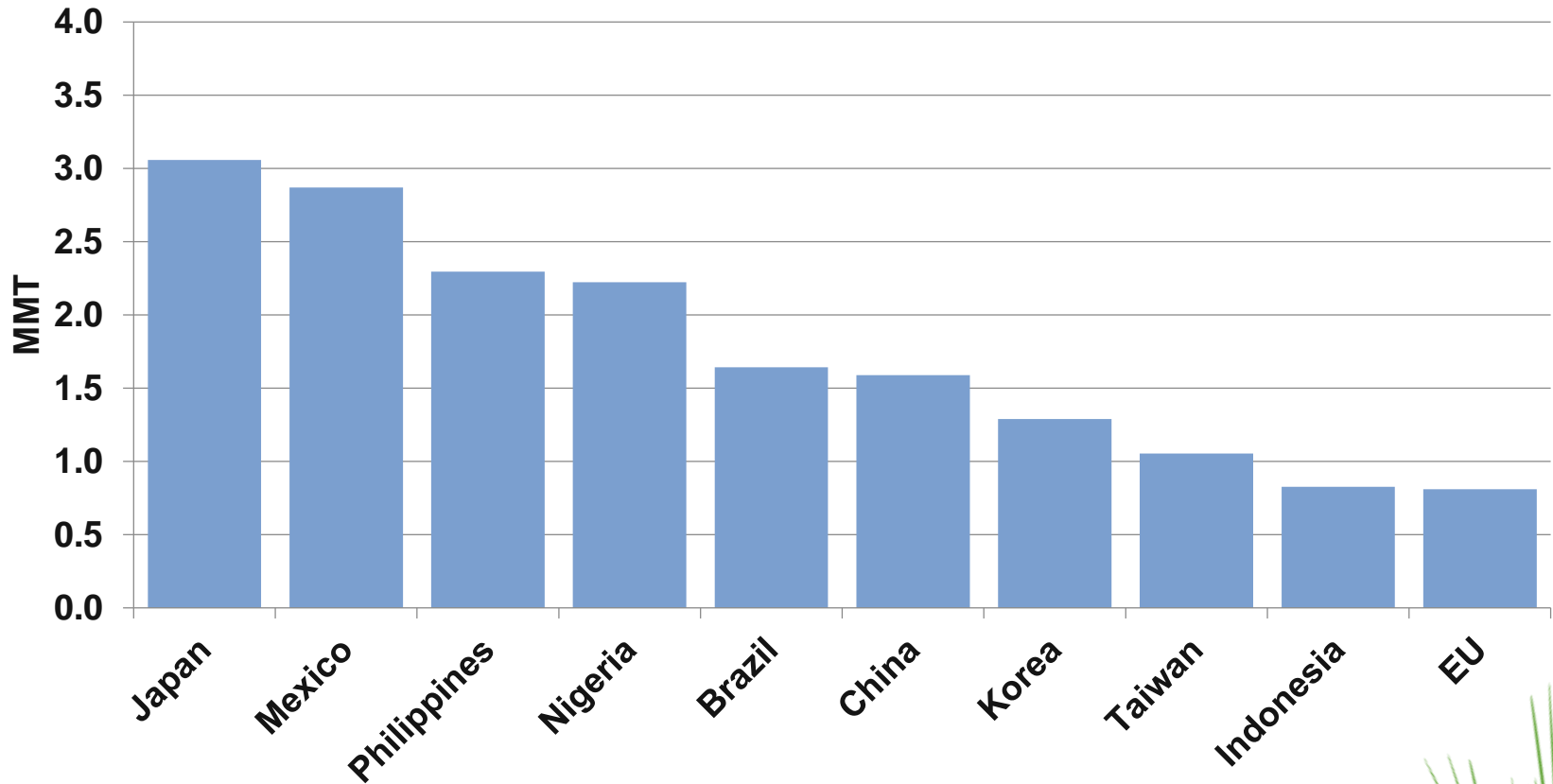
Major World Wheat Importers

(from all origins)



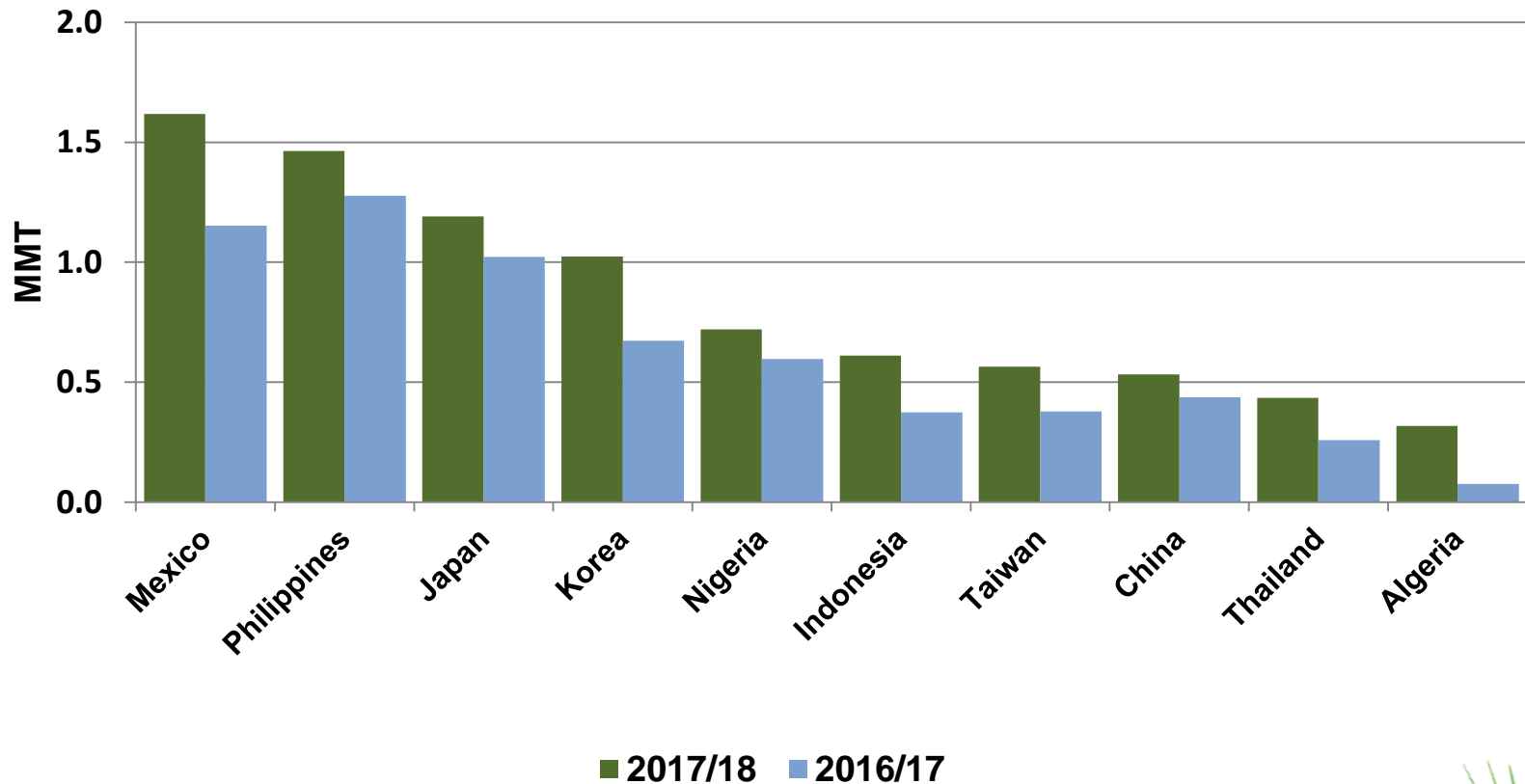
Top 10 Customers for U.S. Wheat

5-year average



Top 10 Customers for U.S. Wheat

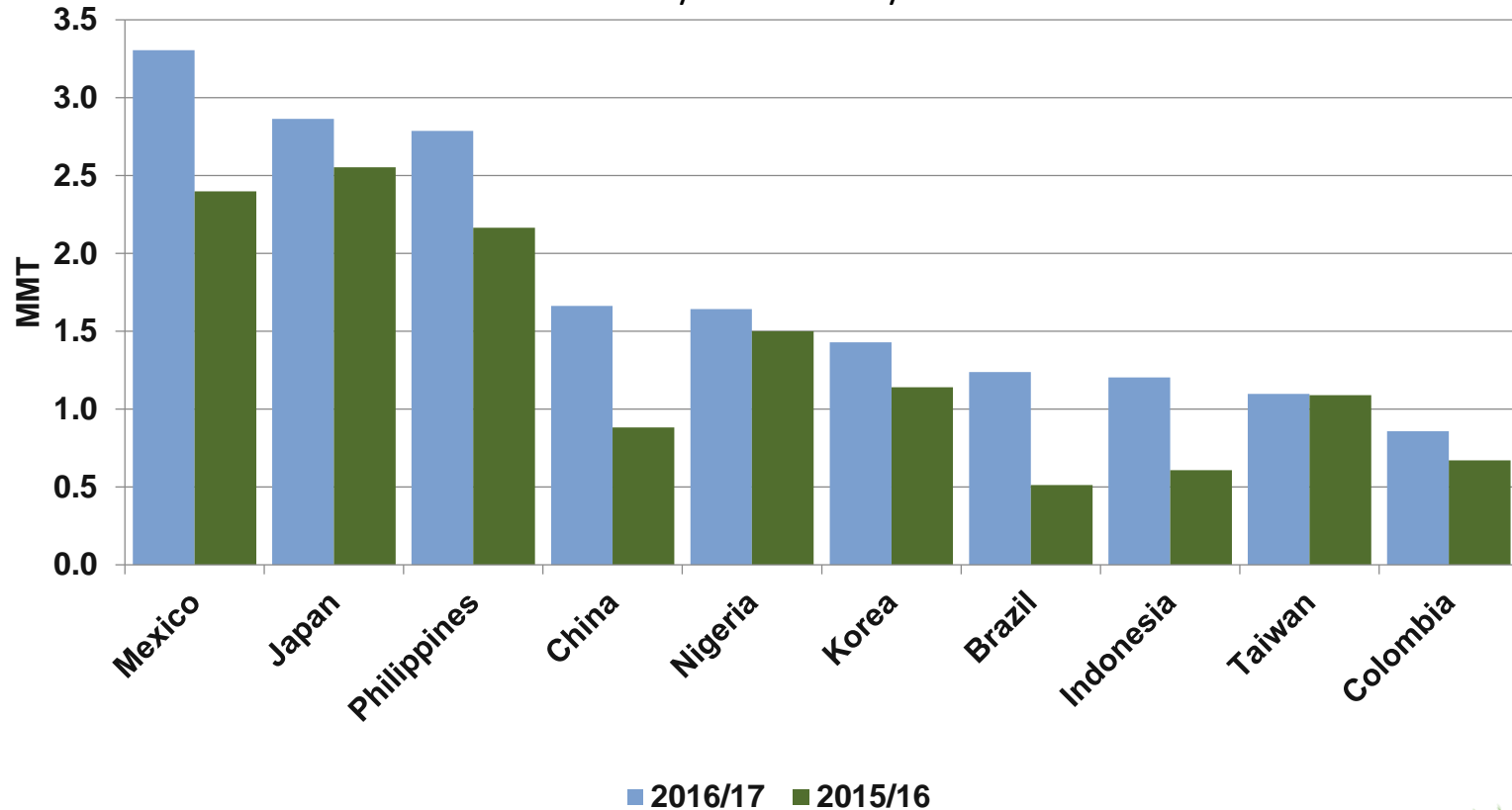
2017/18 vs. 2016/17



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

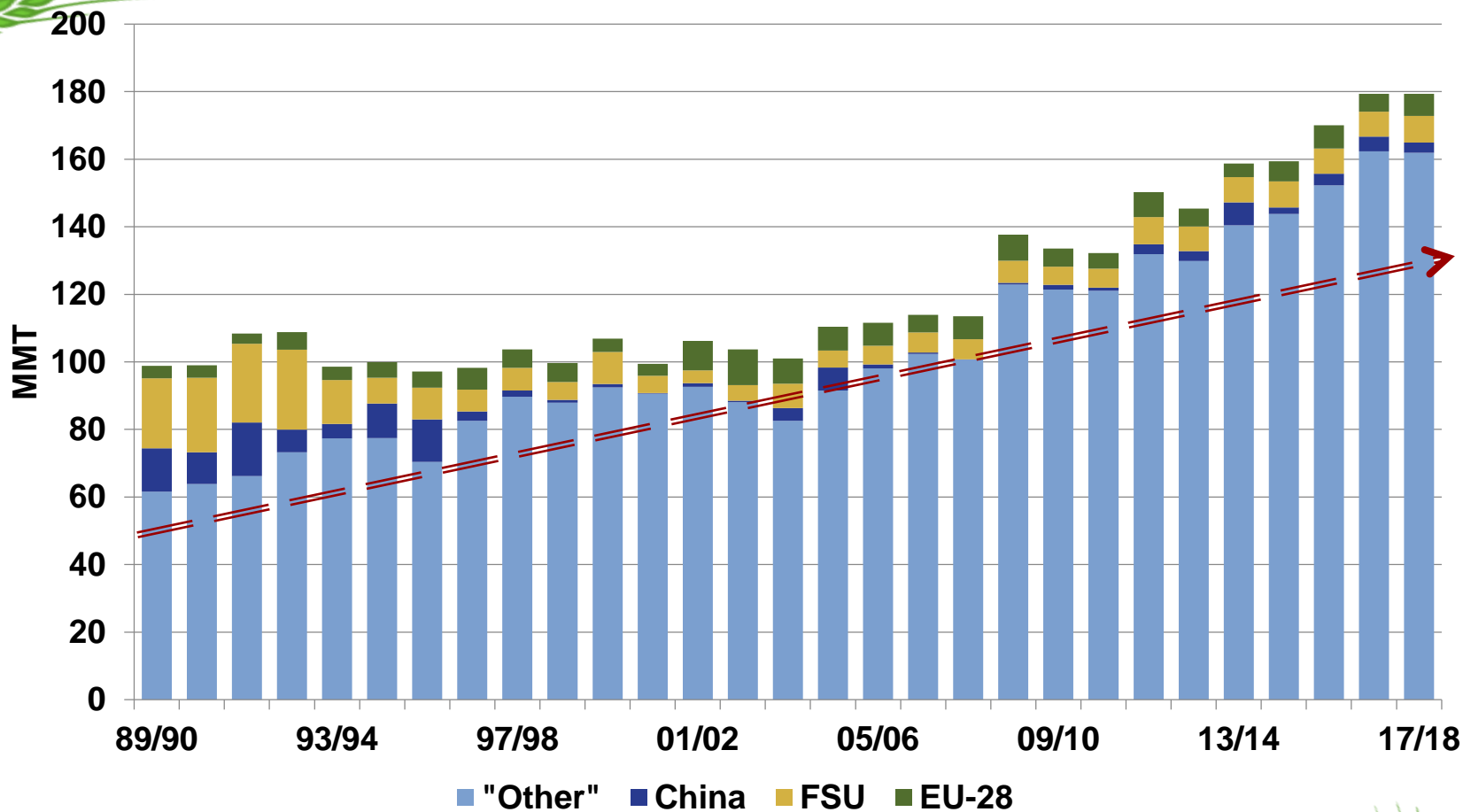
Top 10 Customers for U.S. Wheat

2016/17 vs. 2015/16



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

World Wheat Imports



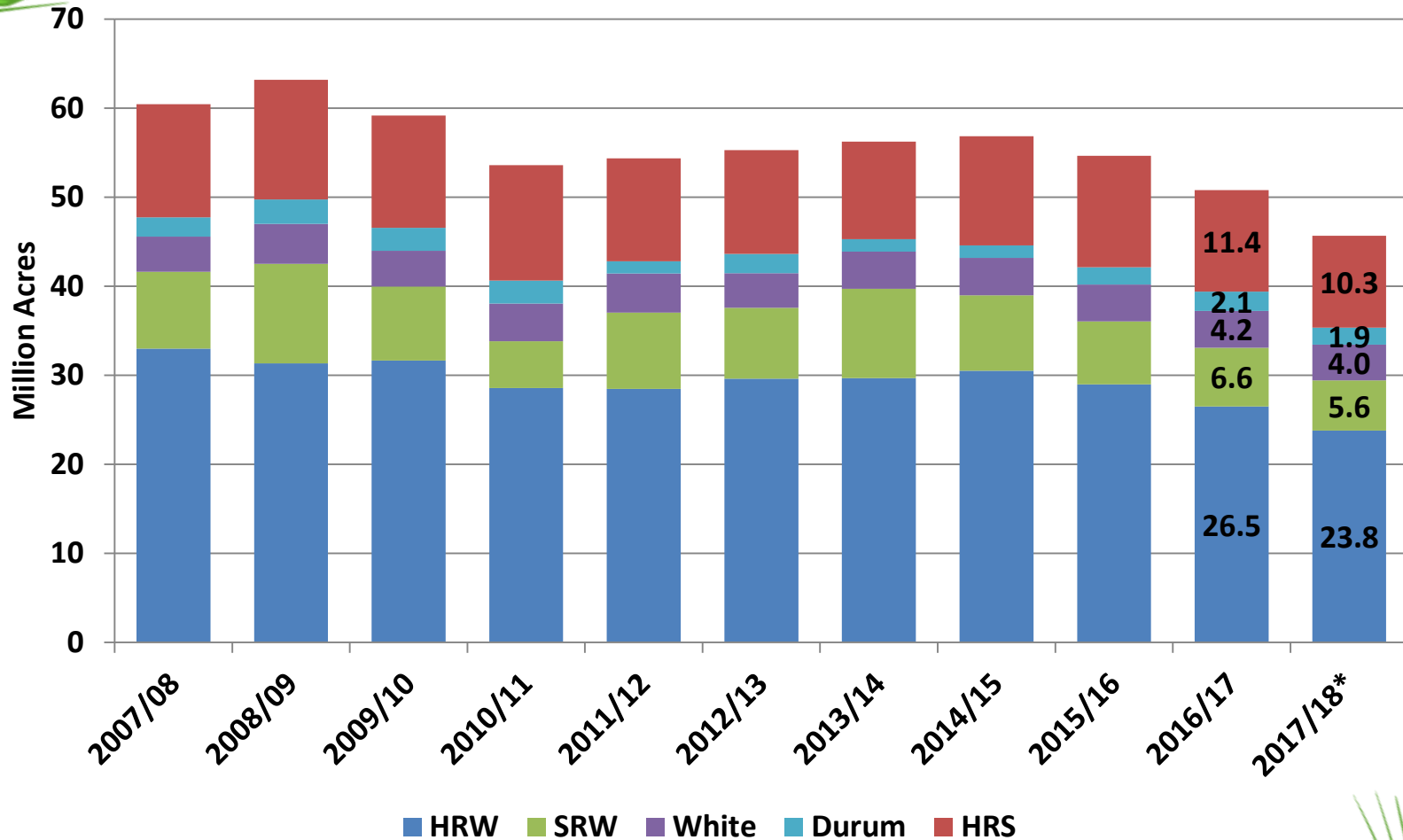
Trend in "other" importers denoted (—▶)

- Major Exporters
- Import Demand
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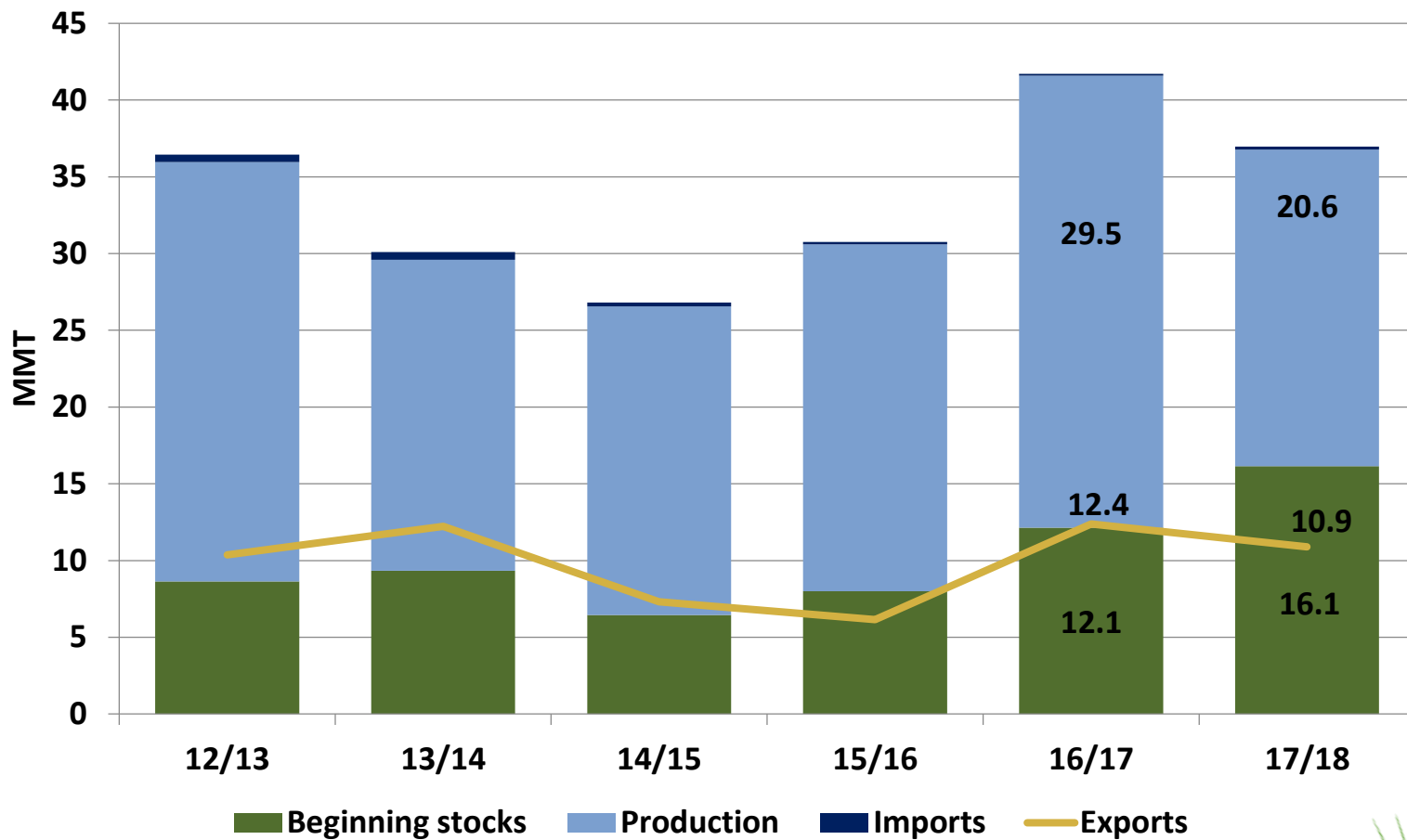
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U.S. Wheat Plantings by Class

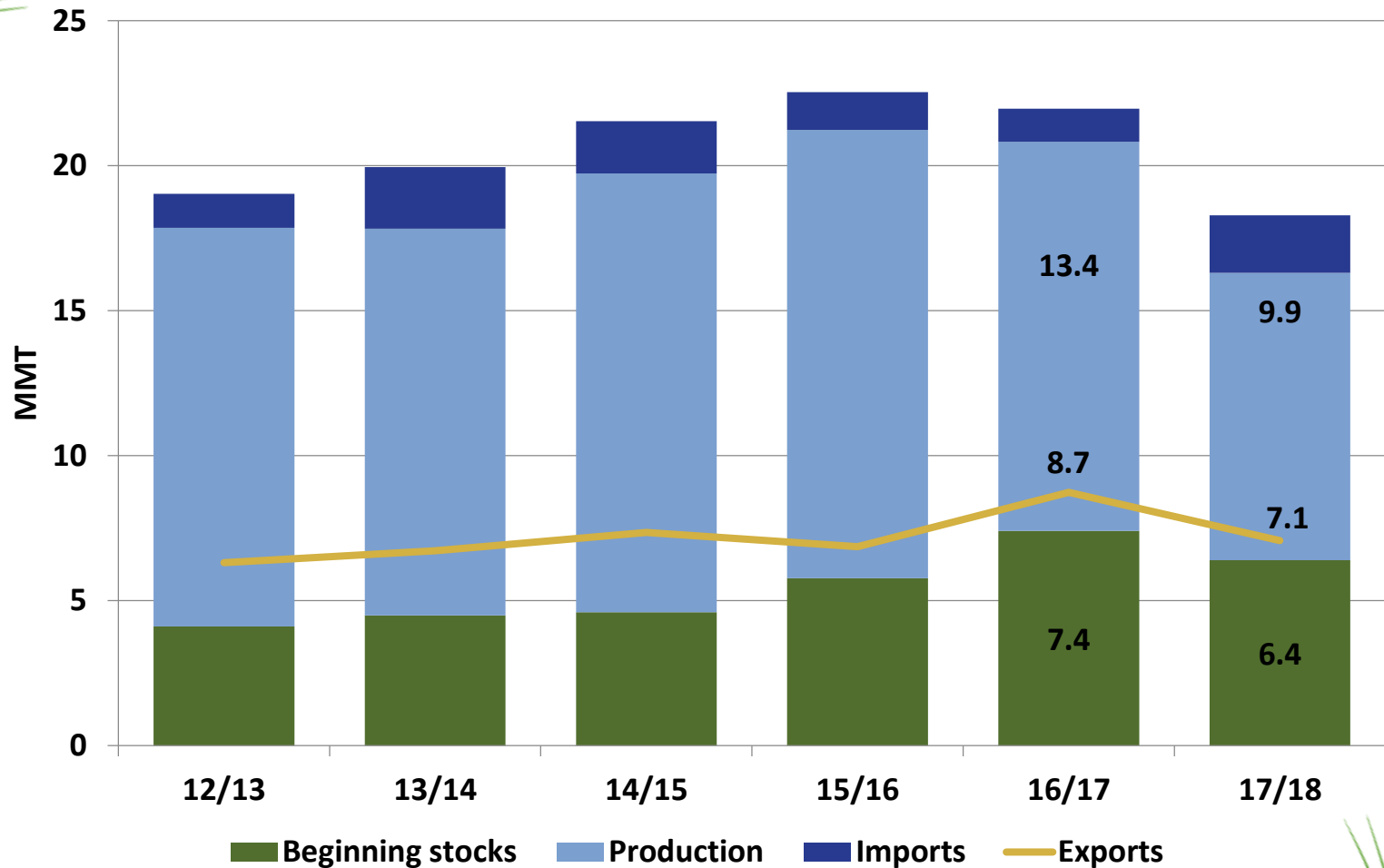


*Source: USDA Acreage Report, June 30, 2017

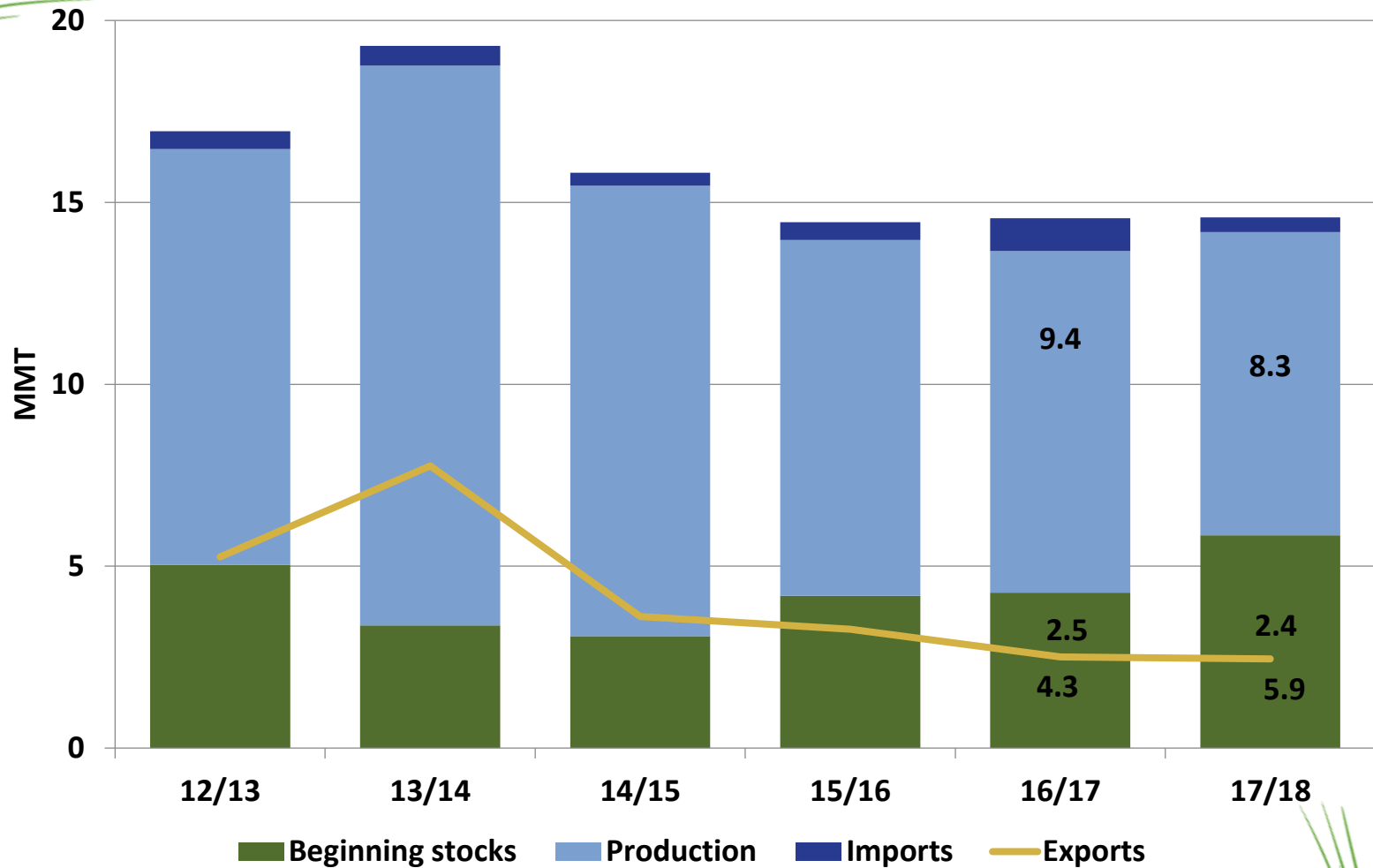
U.S. Hard Red Winter



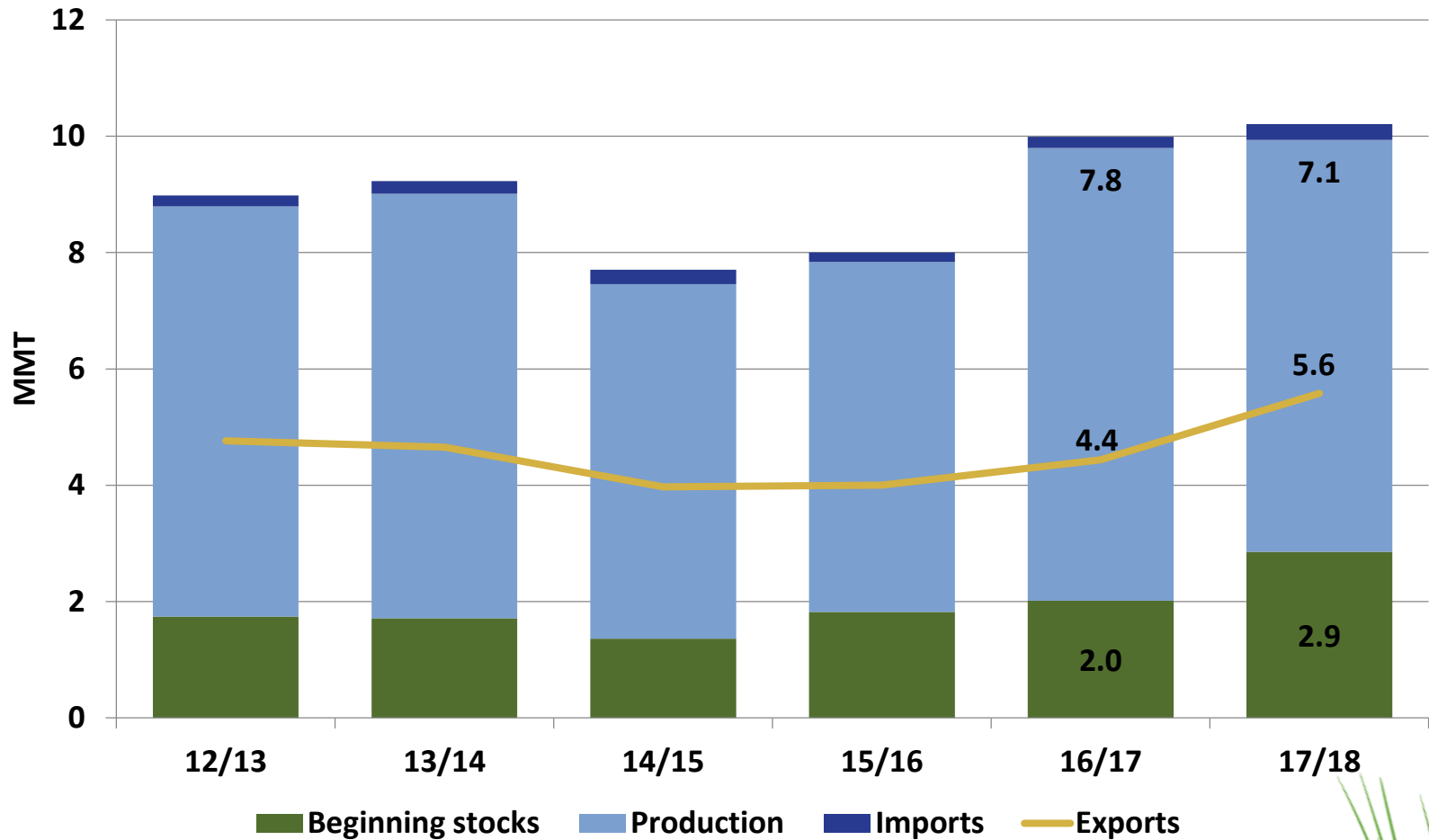
U.S. Hard Red Spring



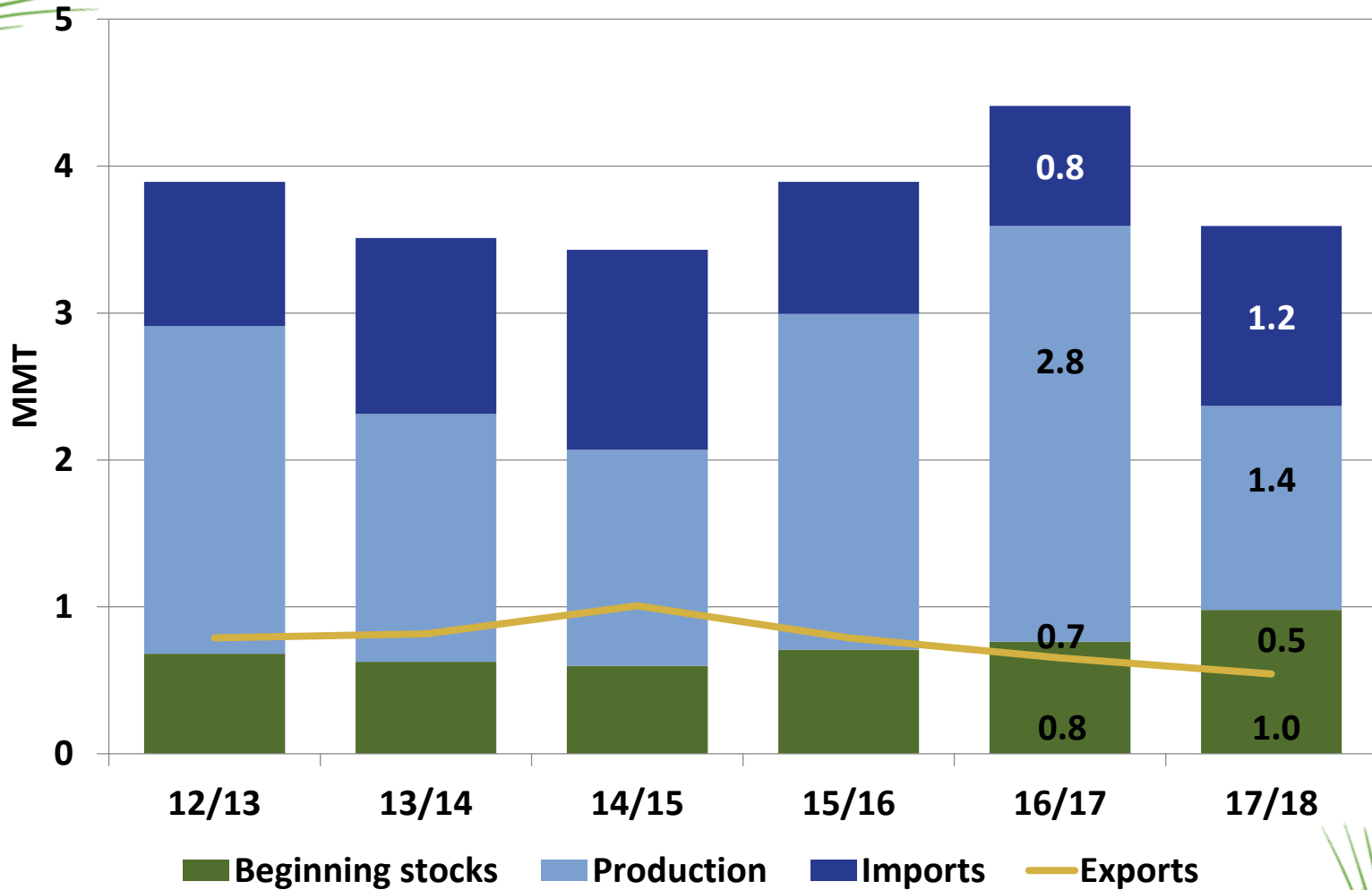
U.S. Soft Red Winter



U.S. White

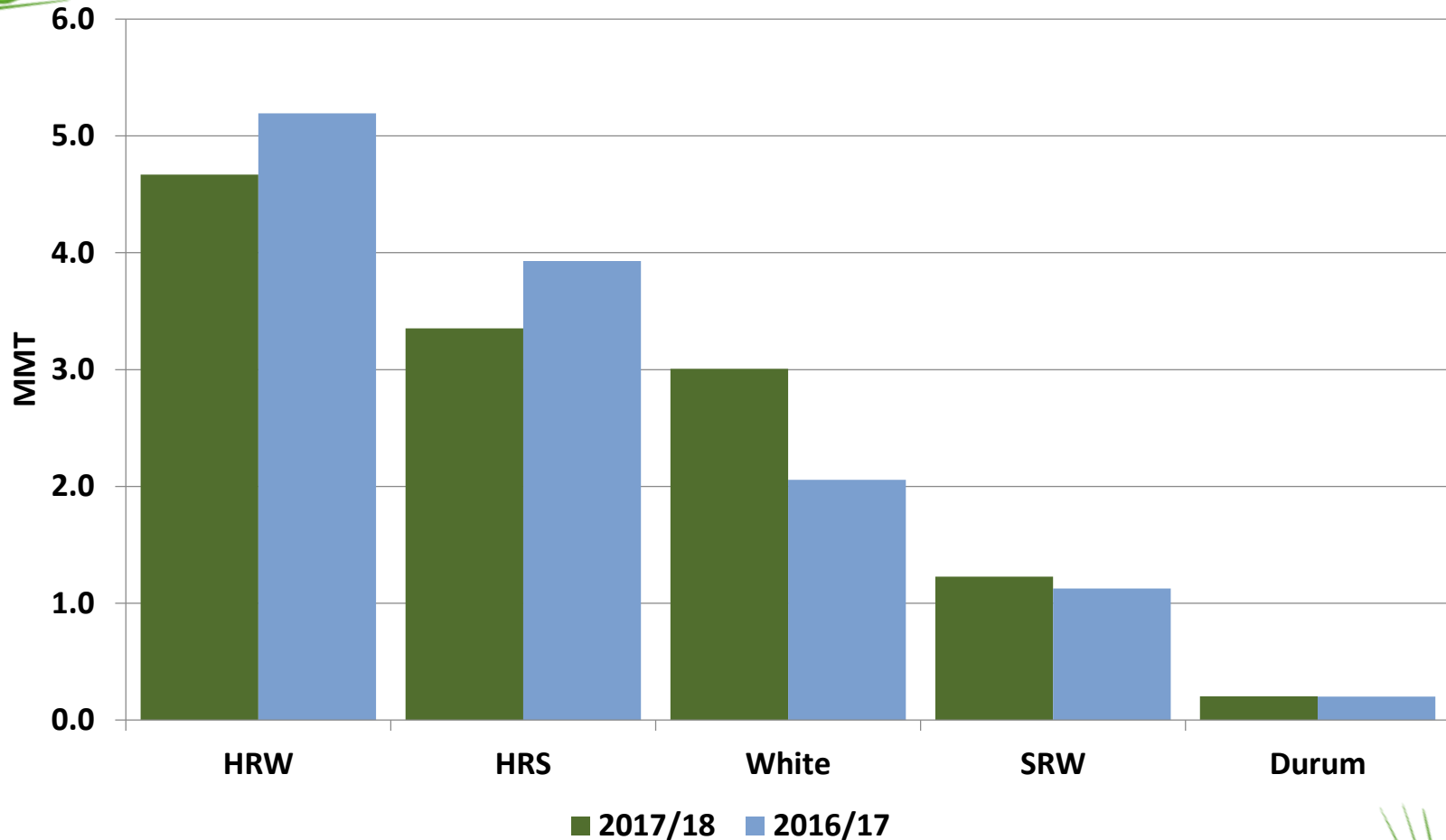


U.S. Durum



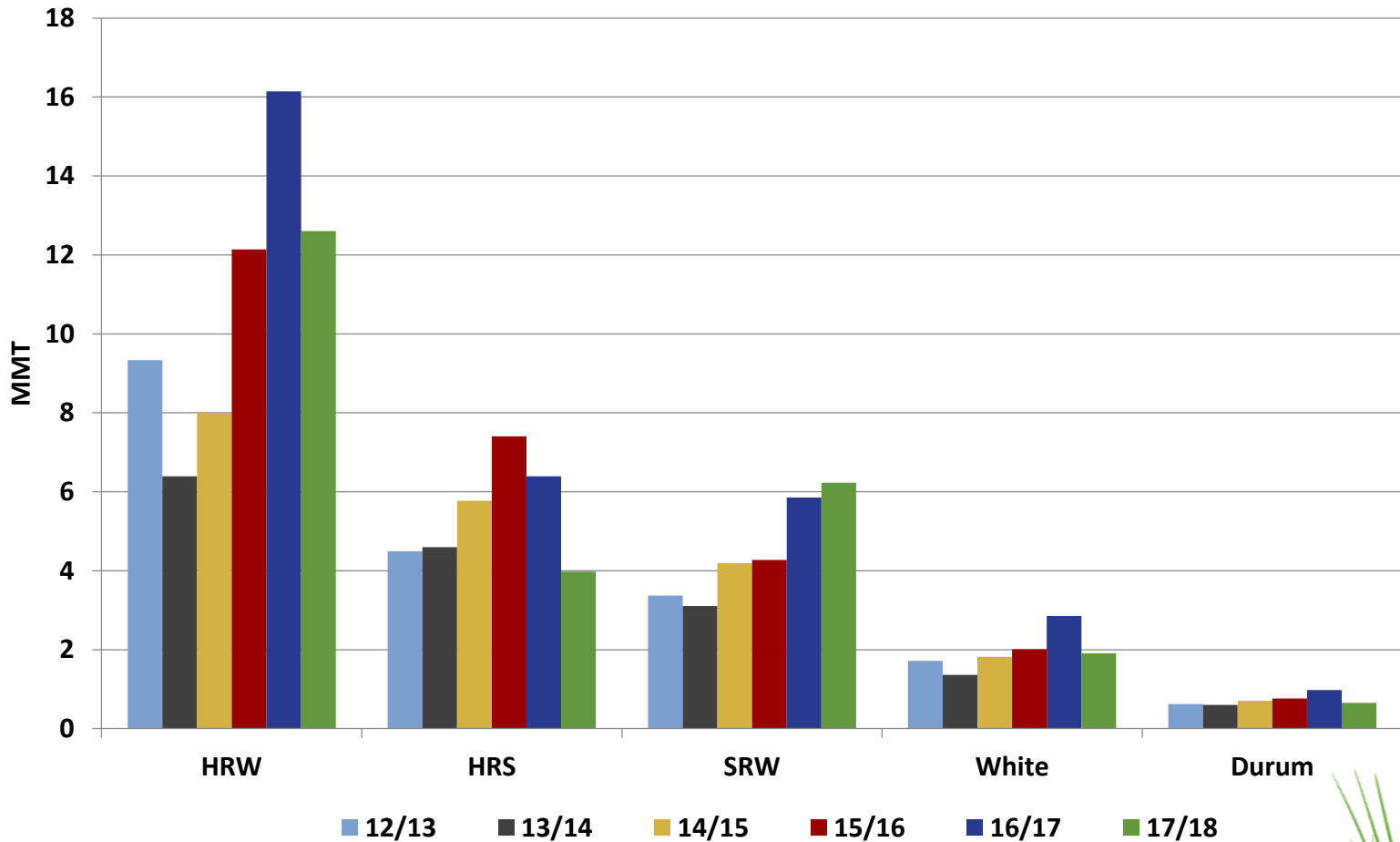
U.S. Wheat Sales by Class

(year-to-date)



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

U.S. Wheat Ending Stocks by Class



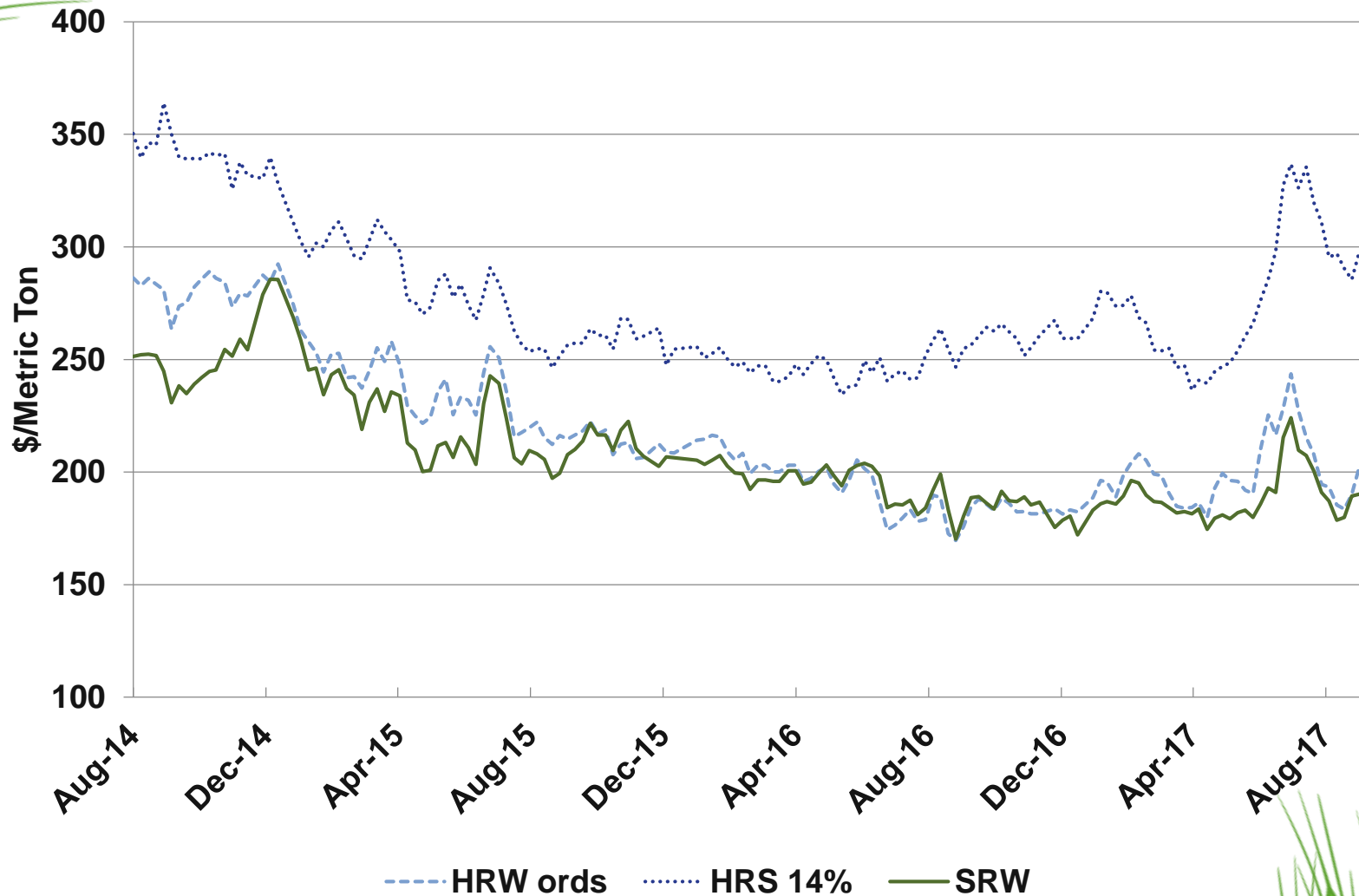
U.S. Wheat Supply and Demand

	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	9.9	9.4	8.3
Imports	<u>0.1</u>	<u>0.2</u>	<u>1.1</u>	<u>2.0</u>	<u>0.9</u>	<u>0.4</u>
Supply Total	41.7	37.0	22.0	18.3	14.6	14.6
Domestic Use	13.2	13.5	6.8	7.2	6.2	5.9
Exports	<u>12.4</u>	<u>10.9</u>	<u>8.7</u>	<u>7.1</u>	<u>2.5</u>	<u>2.4</u>
Use Total	25.6	24.4	15.6	14.3	8.7	8.4
Ending Stocks	16.1	12.6	6.4	4.0	5.9	6.2
Stocks-to-Use	63%	52%	41%	28%	67%	75%

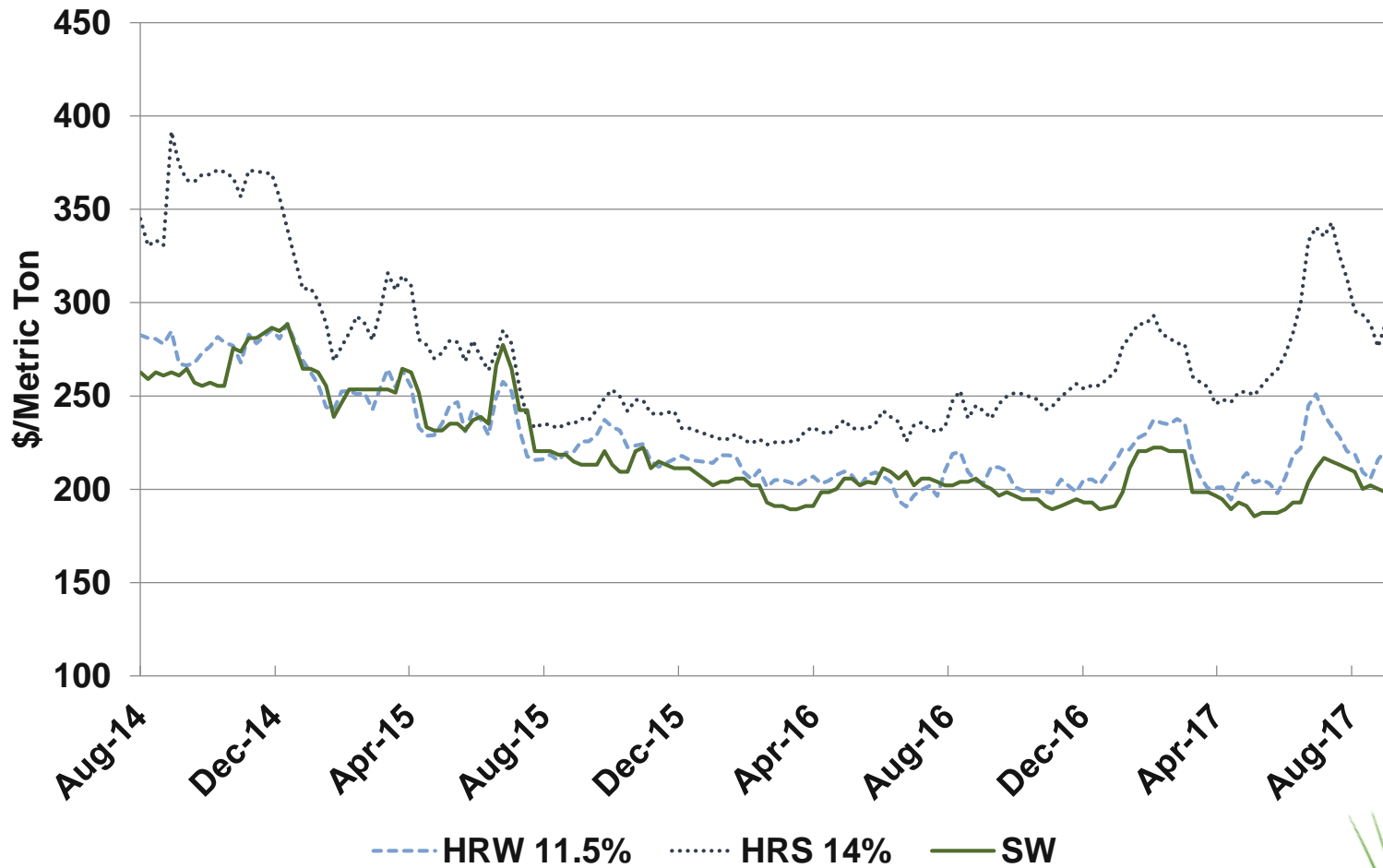
U.S. Wheat Supply and Demand

	White		Durum		Total	
	16/17	17/18	16/17	17/18	16/17	17/18
	MMT					
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	3.6	92.6	83.6
Domestic Use	2.7	2.7	2.8	2.4	31.7	31.7
Exports	<u>4.4</u>	<u>5.6</u>	<u>0.7</u>	<u>0.5</u>	<u>28.7</u>	<u>26.5</u>
Use Total	7.1	8.3	3.4	2.9	60.4	58.3
Ending Stocks	2.9	1.9	1.0	0.7	32.2	25.4
Stocks-to-Use	40%	23%	29%	22%	53%	44%

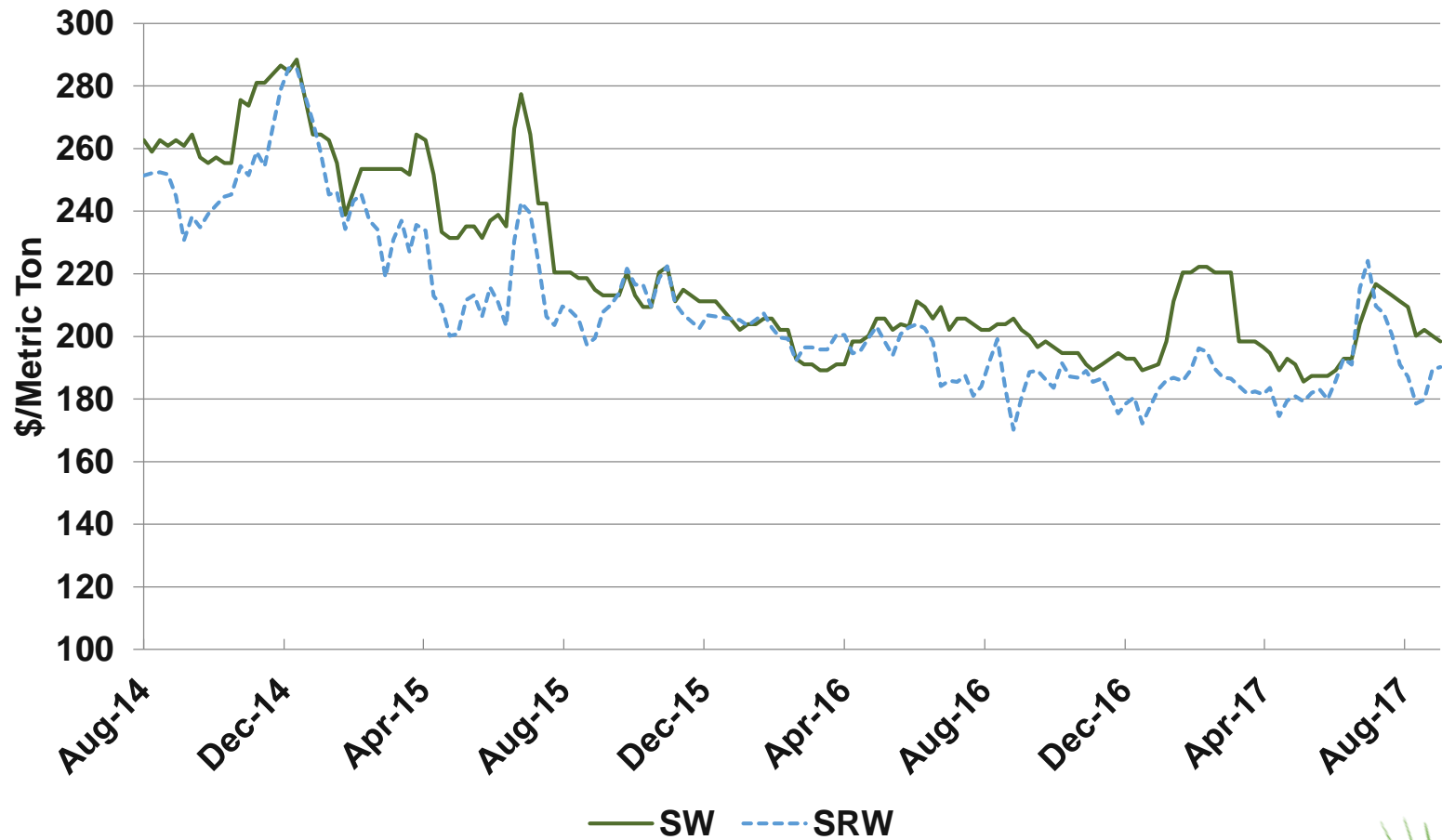
U.S. FOB Gulf Prices



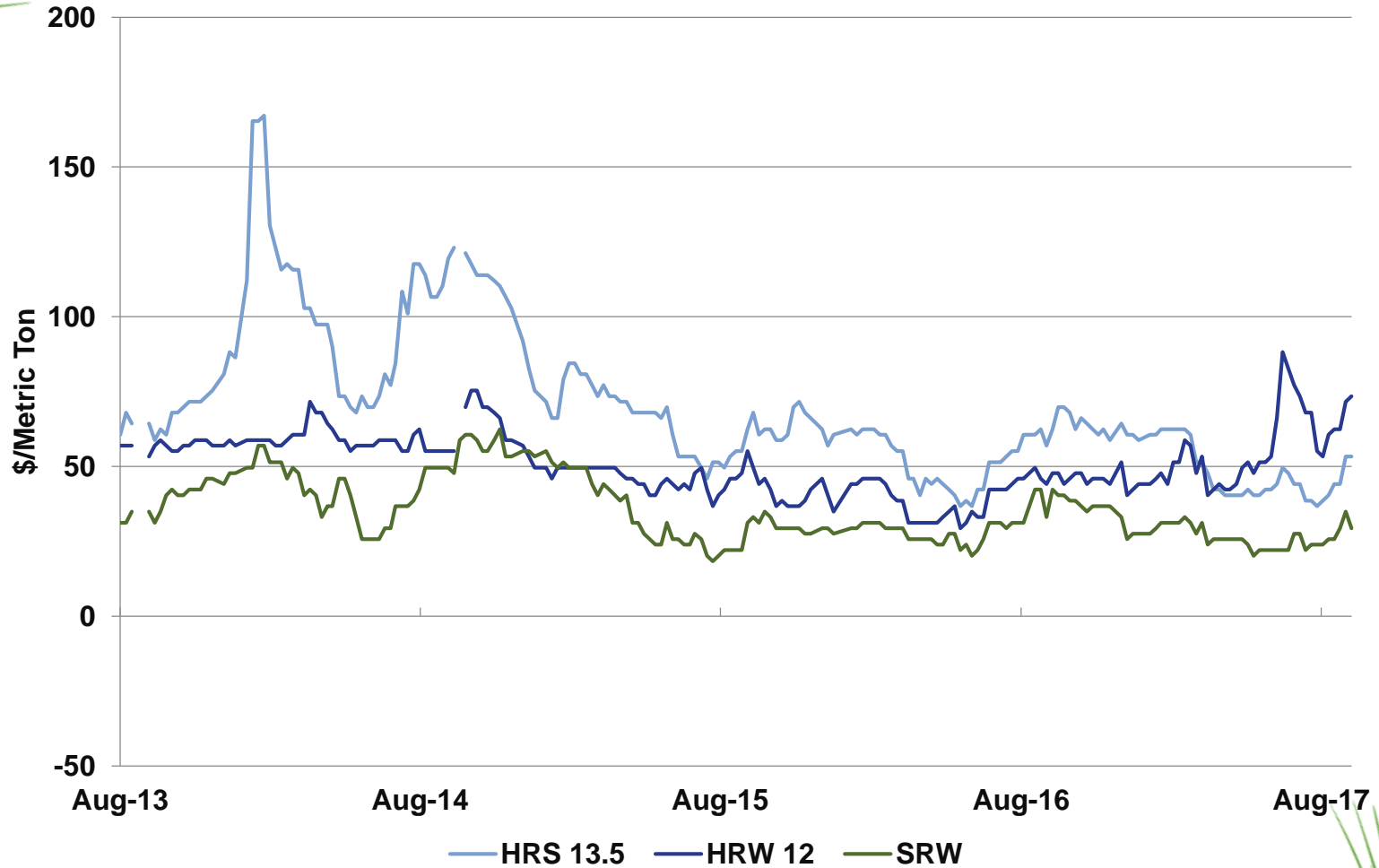
U.S. FOB PNW Prices



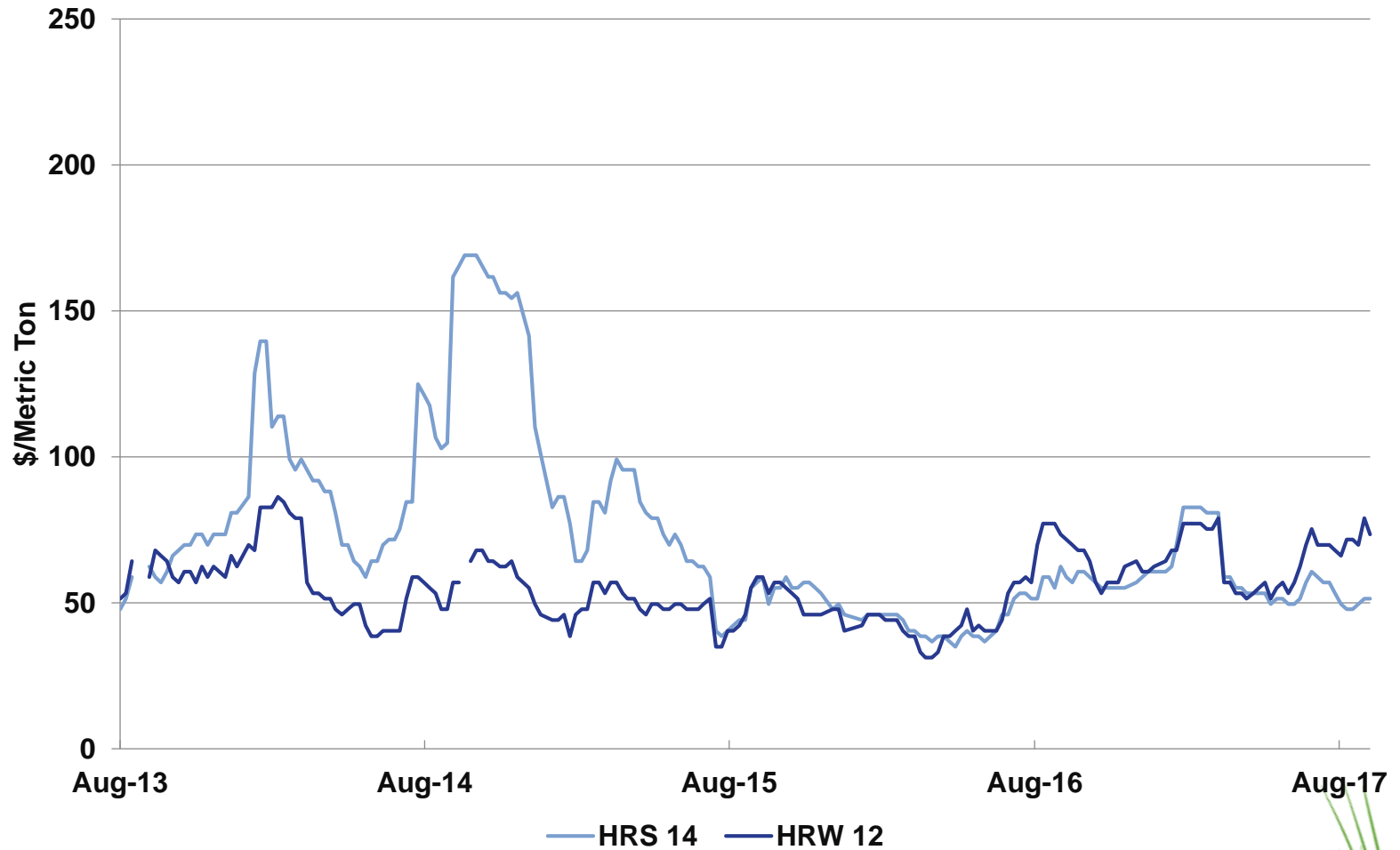
SRW and Soft White Prices



U.S. Gulf Basis Prices



U.S. PNW Basis Prices

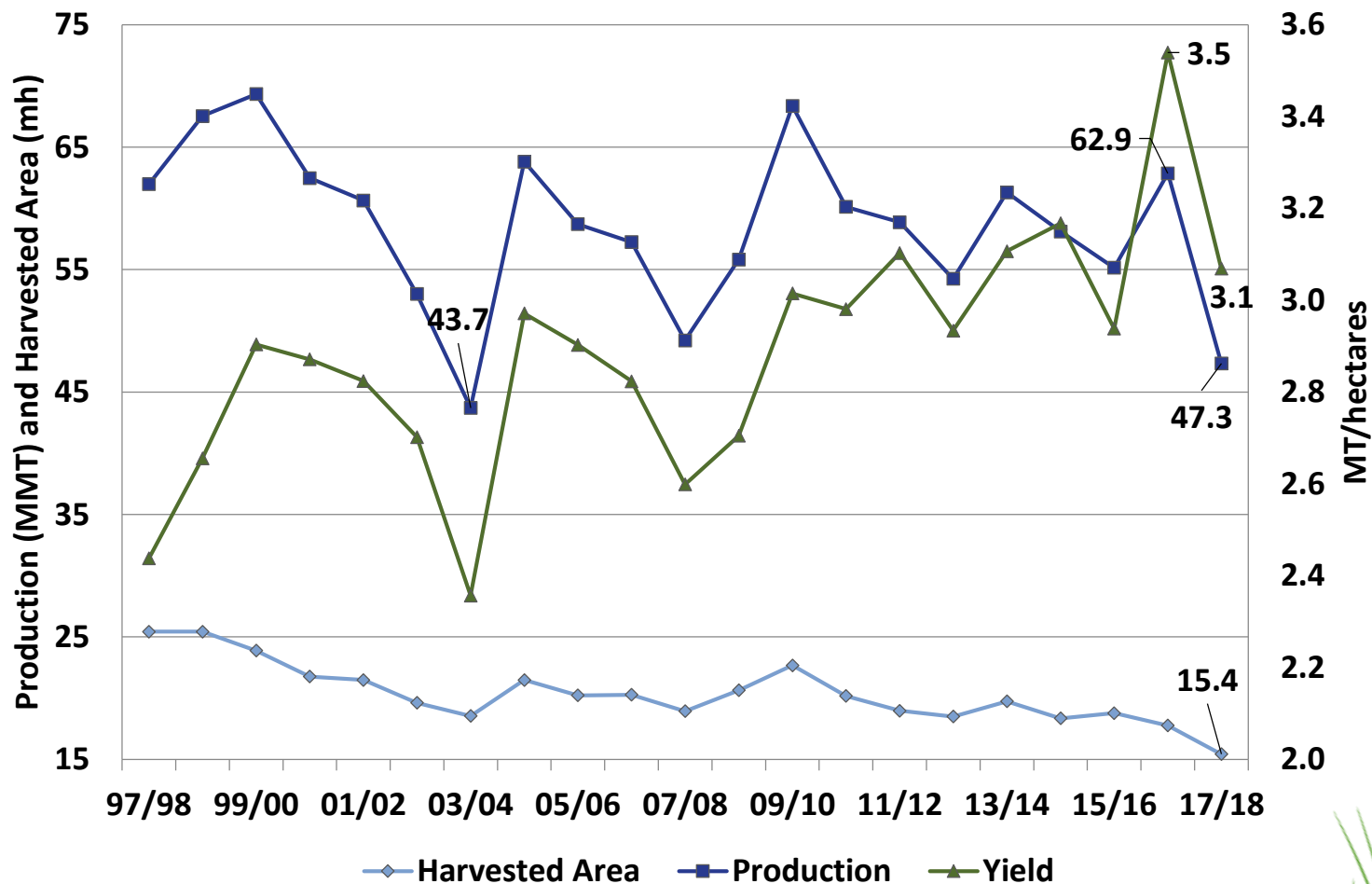


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

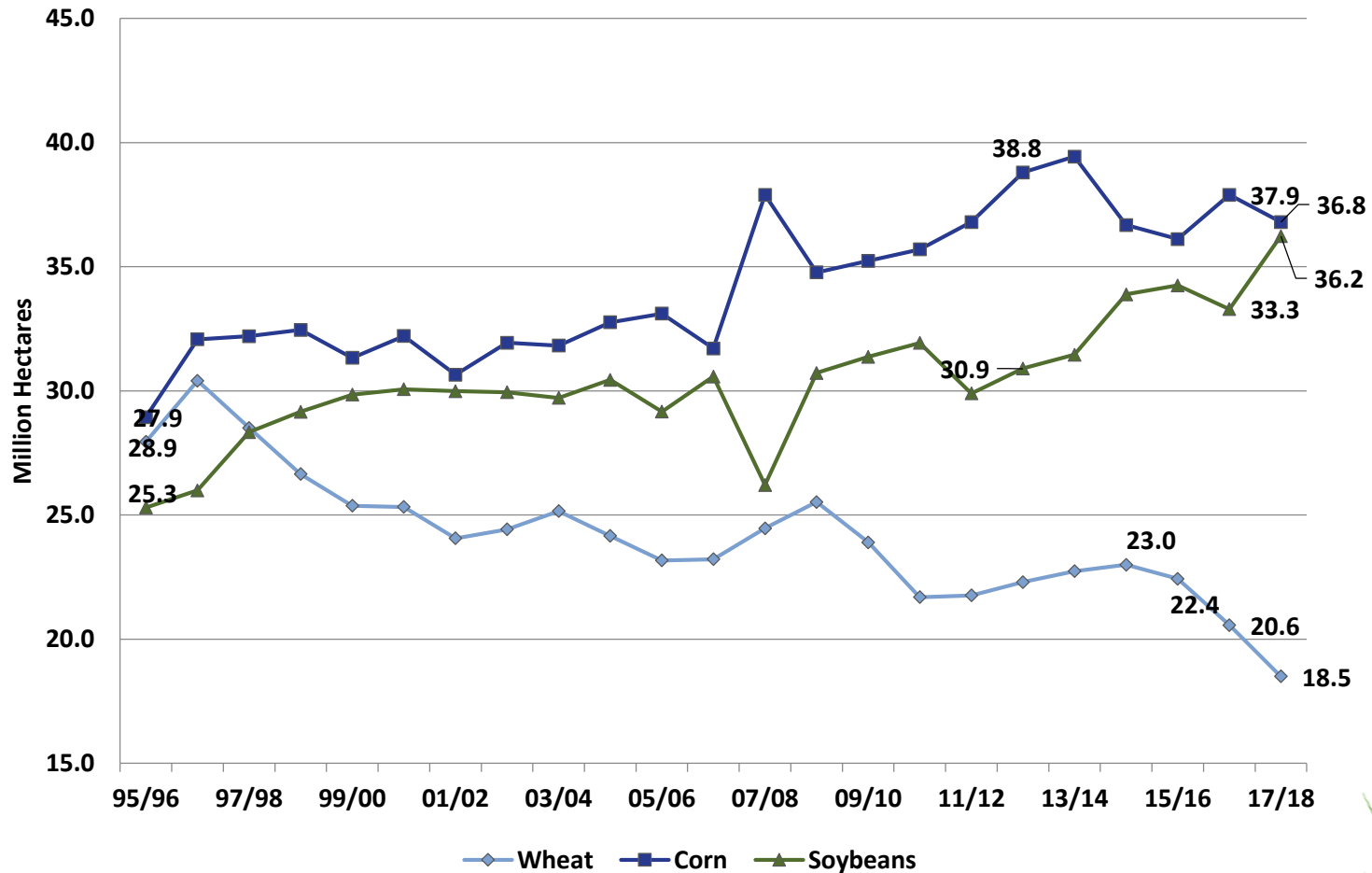


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U.S. Wheat Area and Production



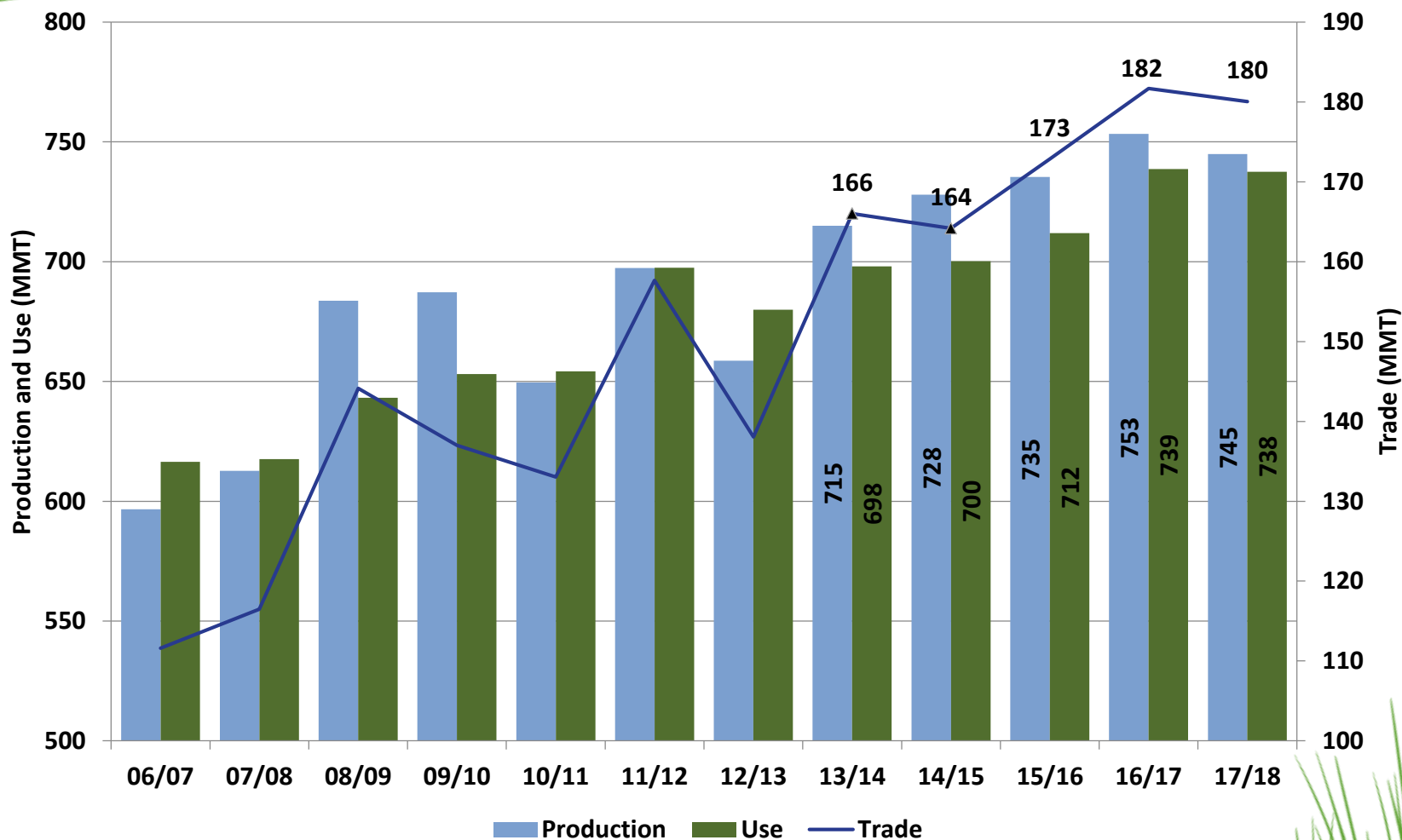
U.S. Crop Planted Area Comparison



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

World Wheat

Production, Use and Trade



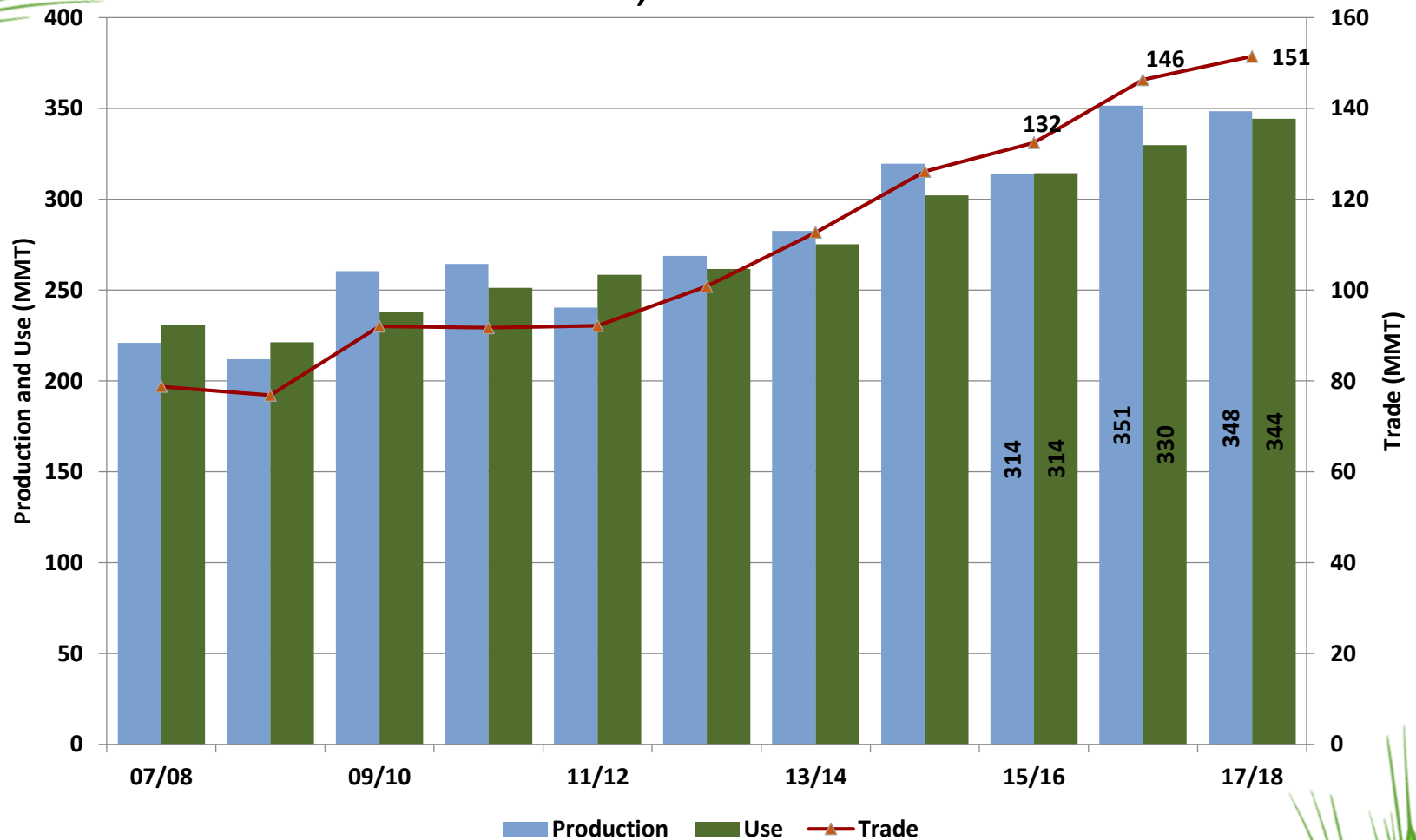
World Corn

Production, Use and Trade

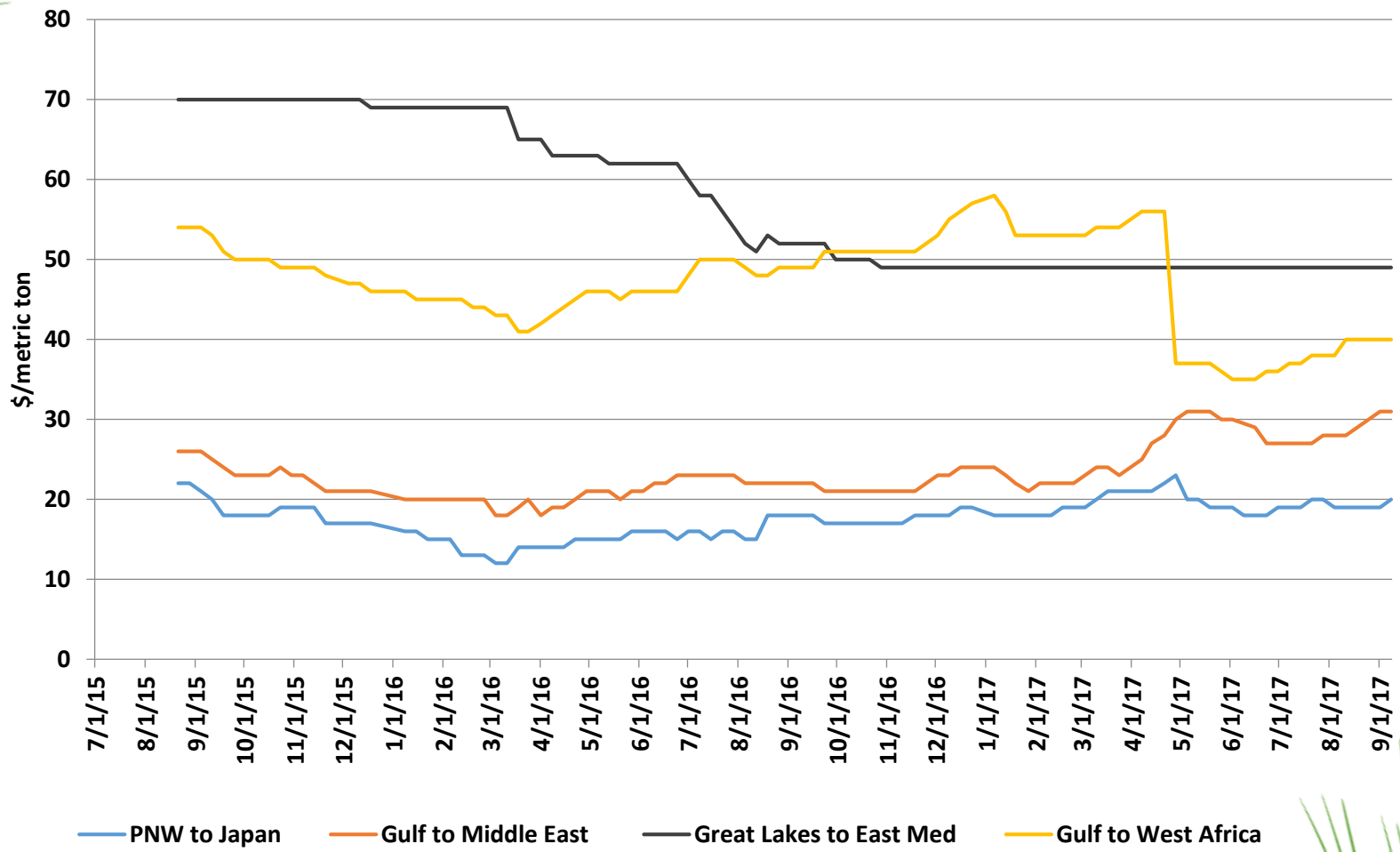


World Soybeans

Production, Use and Trade



Ocean Freight Rates for Grains



Summary

- **Global production at 745 MMT, down 1% from 2016/17**
 - Russia wheat production to grow to 81.0 MMT, 12% 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 263 MMT, 21% above the 5-year average**
 - Ending stocks in Australia to fall to 3.70 MMT, 43% 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 32.5 MMT, 17% above 2016/17
 - U.S. 2017/18 exports to reach 26.5 MMT, in line with the 5-year average



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