

World Wheat Supply and Demand Situation

October 2017

Major data source: USDA World Agricultural Supply and Demand Estimates released October 12, 2017. Projections will change over the course of the year depending on weather and other developments.



U.S. WHEAT
ASSOCIATES

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 1008 MMT; up 1% from the 2016/17 and a new record
- Wheat production in Australia to fall to 21.5 MMT, 16% below the 5-year average, if realized
- U.S. wheat production estimated at 47.4 MMT, 25% below 2016/17, if realized

2. Consumption forecast at a record 740 MMT, 5% above the 5-year average

- Russian domestic consumption to total 43.5 MMT, 21% above the 5-year average, if realized
- India domestic consumption to increase to 100 MMT, up 3% from 2016/17
- U.S. domestic consumption to slip 3% year over year to 30.9 MMT due to lower wheat feeding

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 Australia to fall 22% year over year to 18.0 MMT
- U.S. 2017/18 exports to reach 26.5 MMT, down 8% from the 2016/17 projection of 28.7 MMT



U.S. WHEAT
ASSOCIATES

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

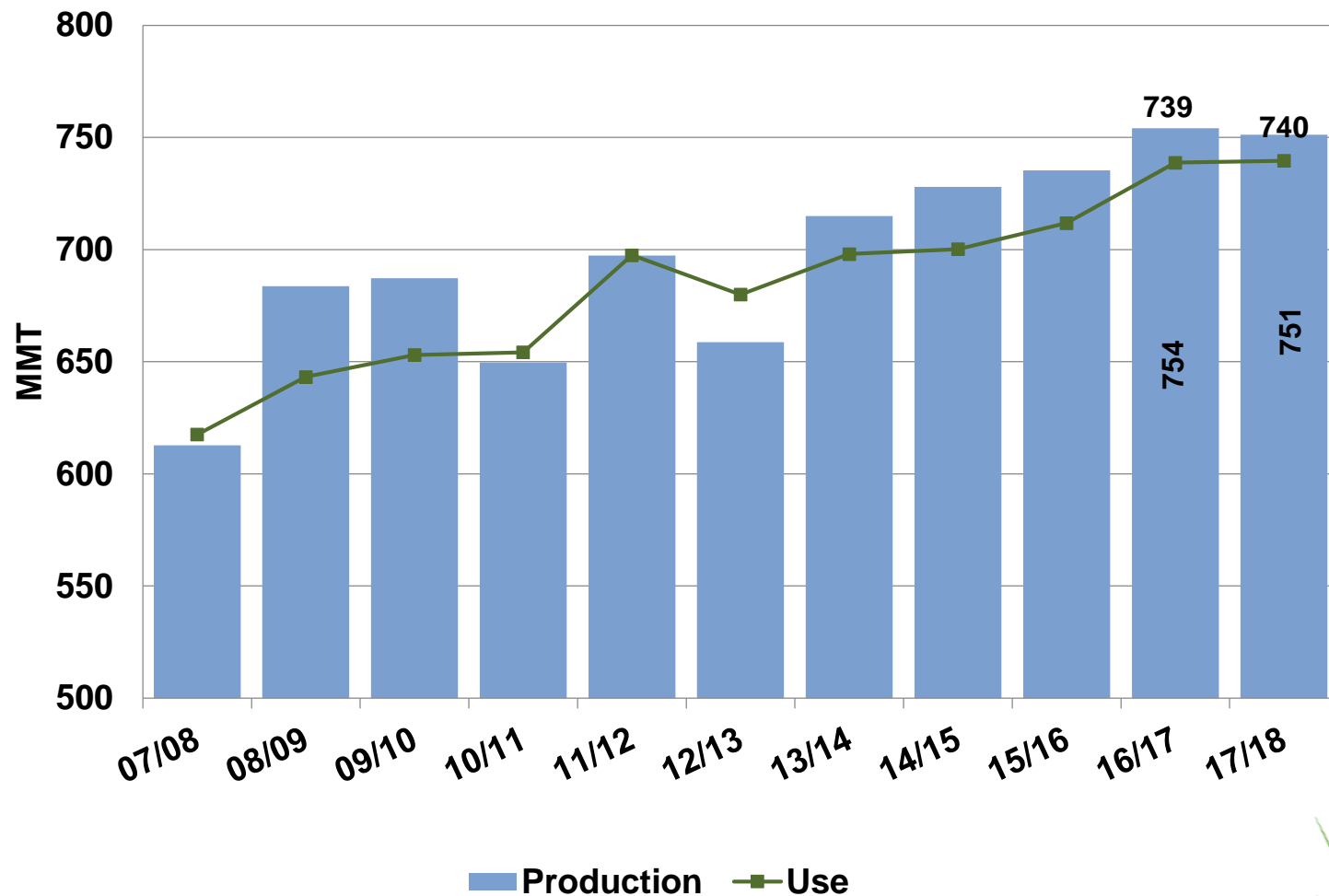
4. **World beginning stocks estimated at record 257 MMT, up 6% year over year**
 - Beginning stocks in the EU to fall to 10.5 MMT, down 33% year over year
 - U.S. beginning stocks to climb to an estimated 32.1 MMT, 21% above 2016/17 levels
5. **Global ending stocks projected at record 268 MMT, 4% higher than 2016/17, if realized**
 - Estimated Chinese ending stocks of 127 MMT account for 47% of global ending stocks, 58% greater than the 5-year average
 - Exporter ending stocks to fall 5% year over year to 74.3 MMT
 - Ending stocks in importing countries to fall to 66.5 MMT, 6% below the 5-year average of 70.6 MMT
6. **U.S. farm gate average price forecast 18% higher in 2017/18**
 - Projected average range: **\$4.40 to \$4.80/bushel (\$162-\$176/MT)***

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

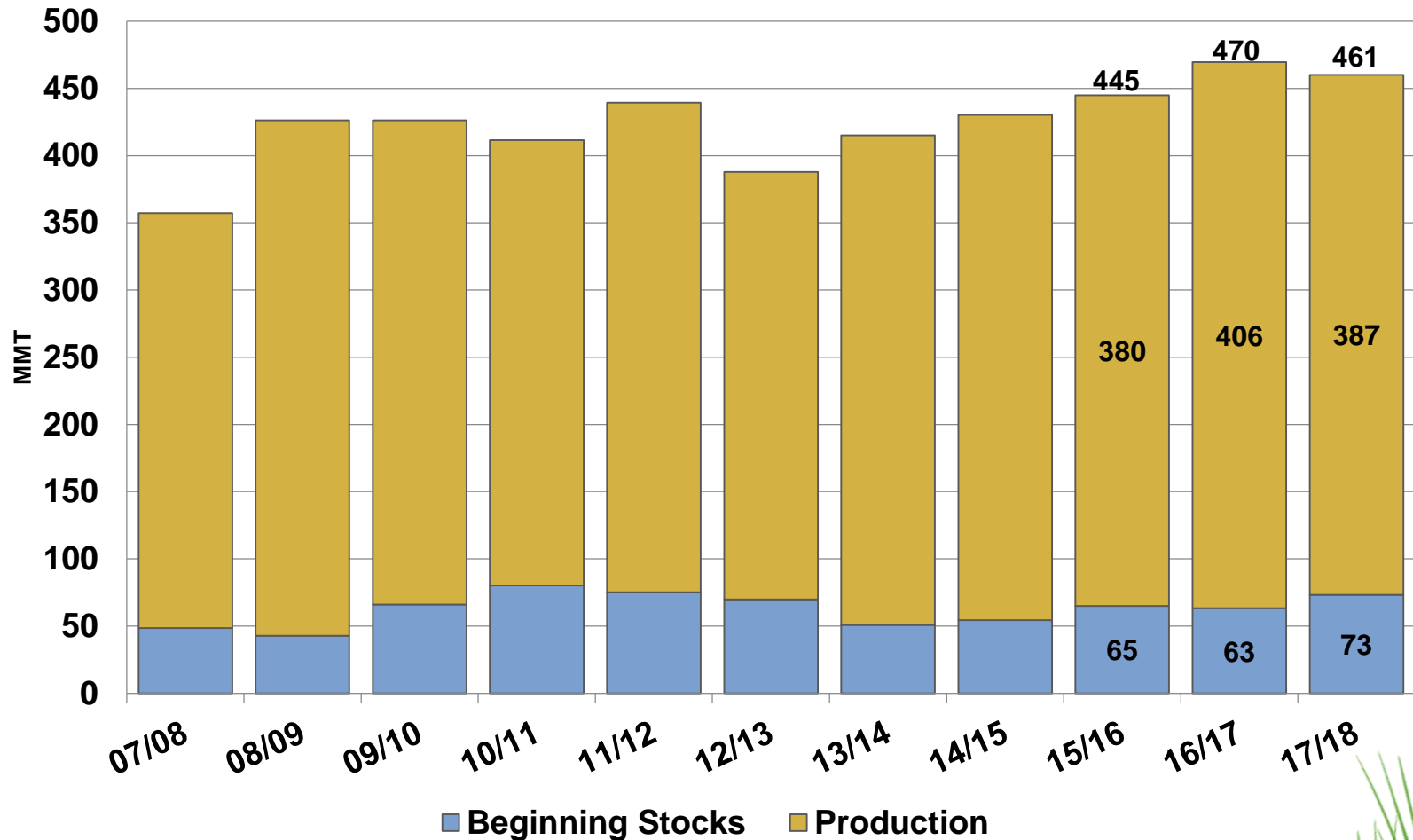


U.S. WHEAT
ASSOCIATES

World Production and Use



Supplies in Top Exporting Countries*



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

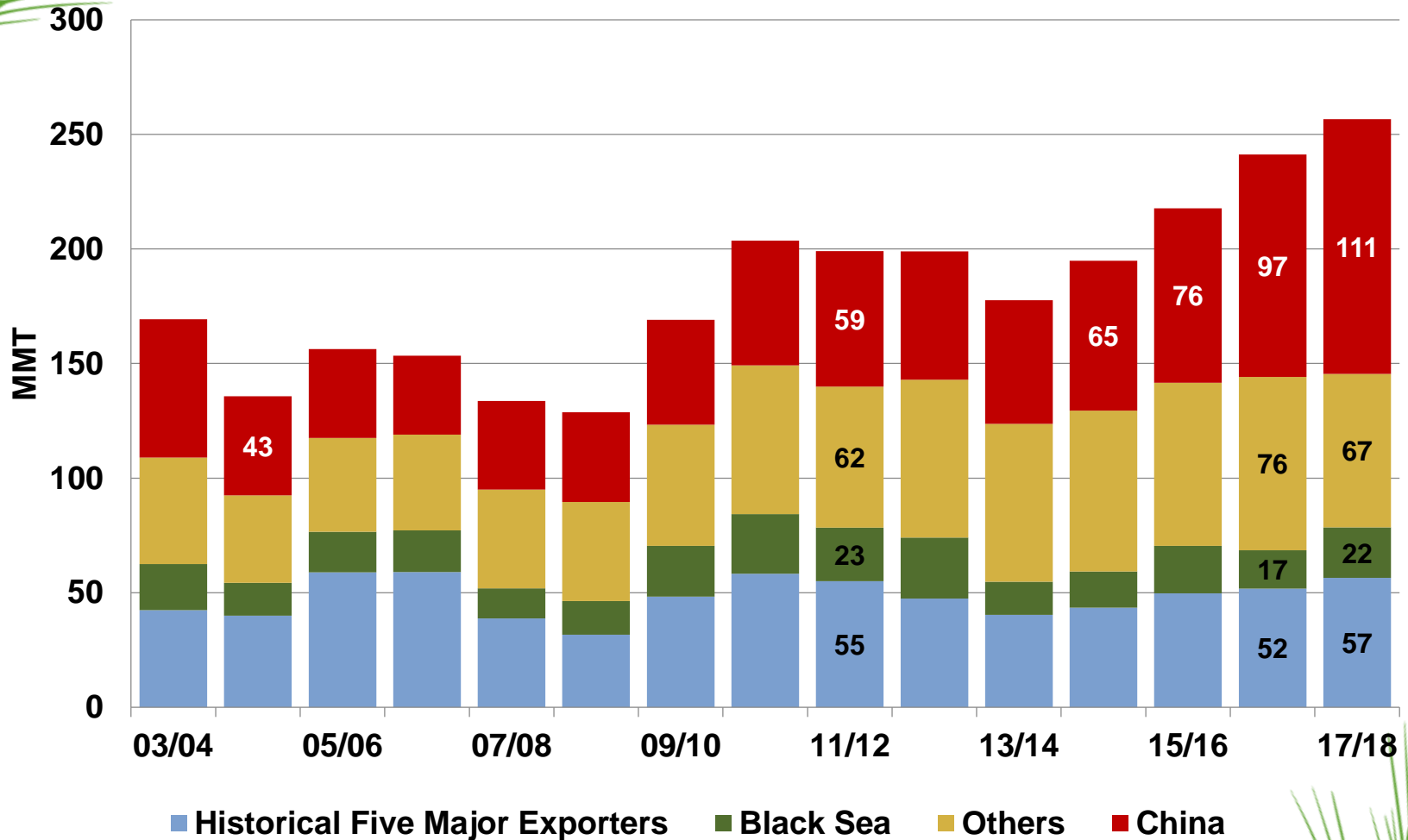
World Wheat Supply and Demand

		15/16	16/17 <i>MMT</i>	17/18
SUPPLY:	Beginning Stocks	218	241	257
	Production	735	754	751
	Supply Total	953	995	1008
TRADE:	Exports/Imports	173	182	180
DEMAND	Food & Seed	575	592	598
	Feed & Residual	136	147	141
	Use Total	712	739	740
	ENDING STOCKS:	241	257	268



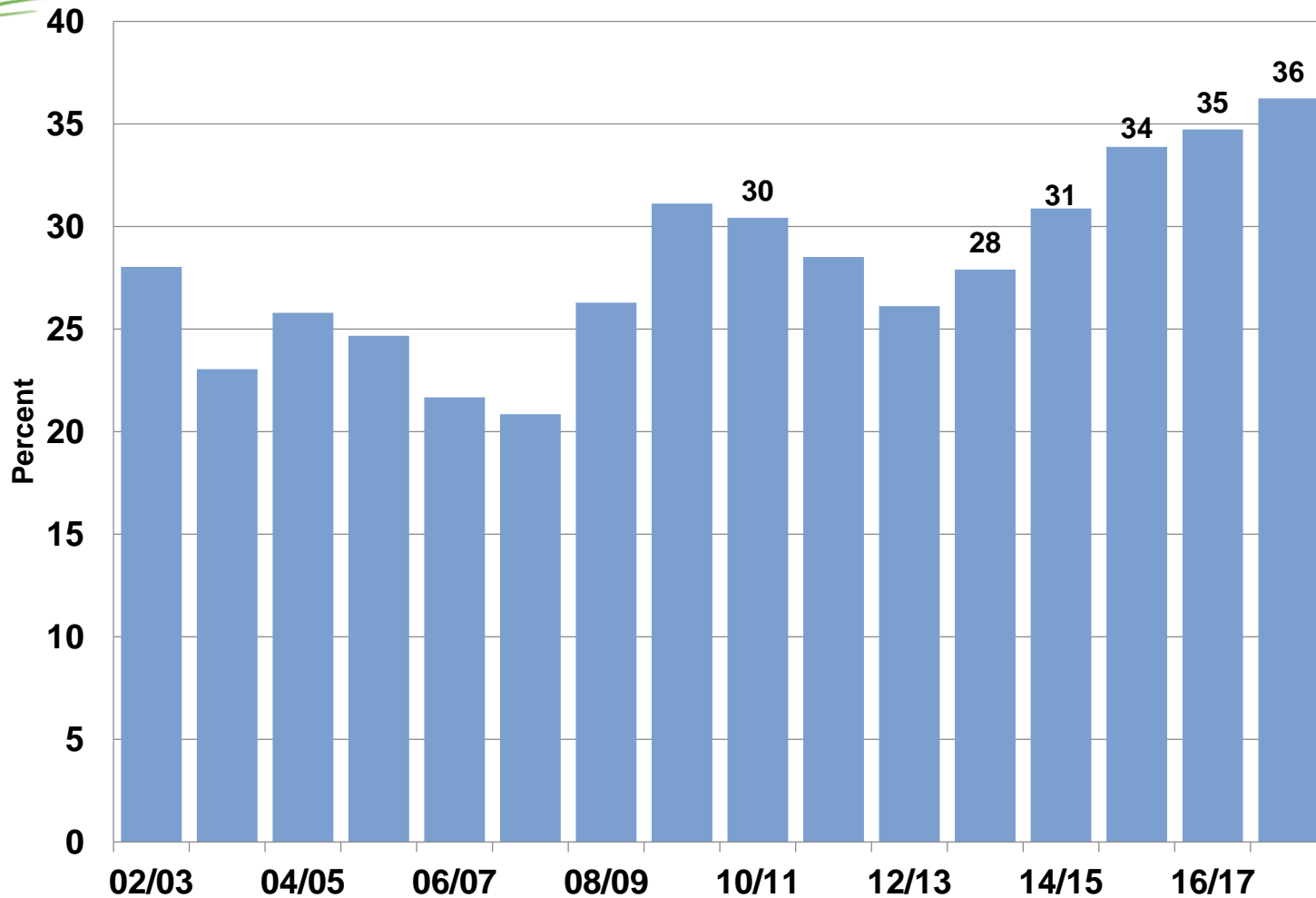
U.S. WHEAT
ASSOCIATES

World Beginning Stocks



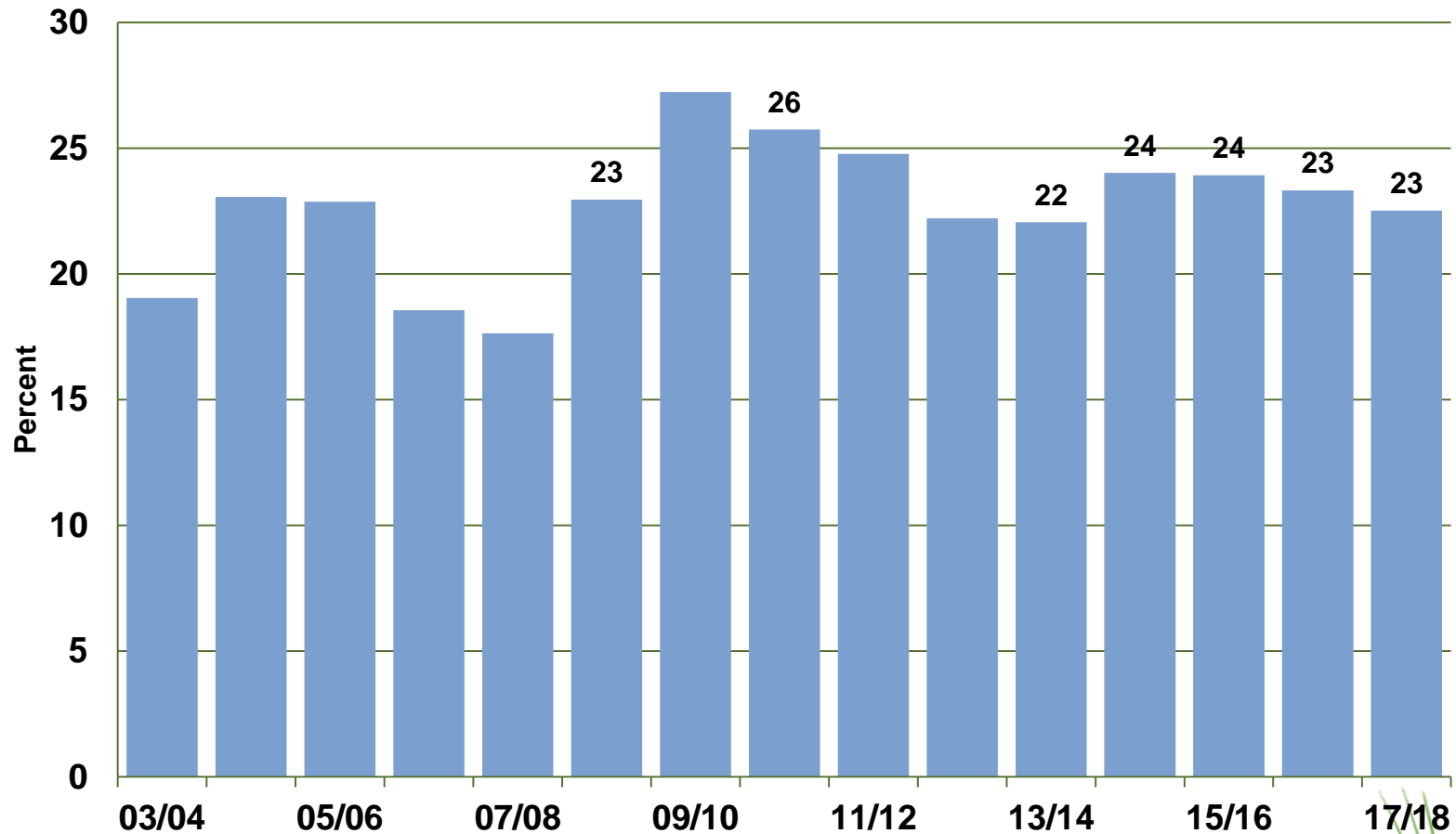
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

Global Stocks*-to-Use Ratio



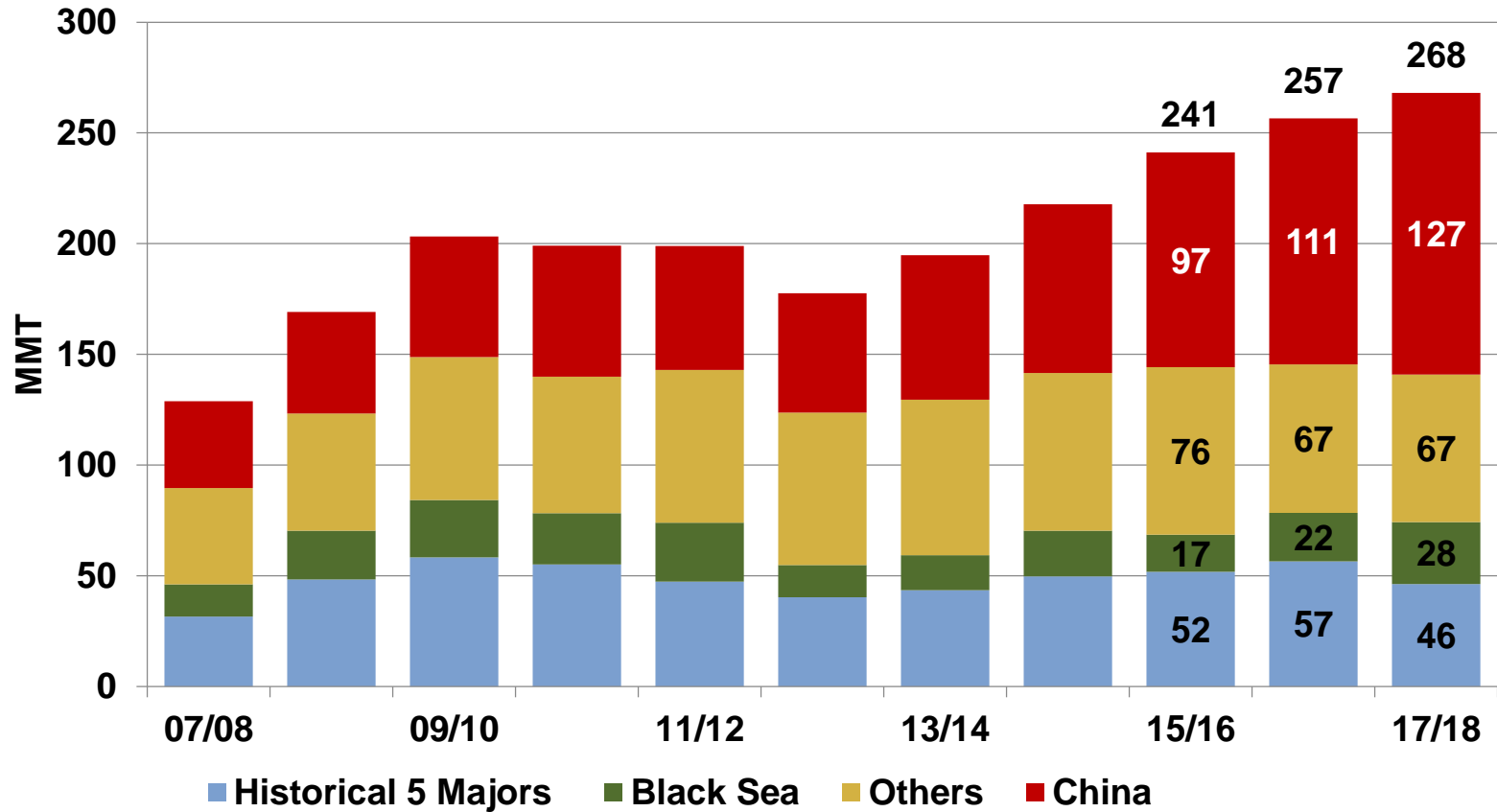
**Ending stocks*

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



*Ending stocks

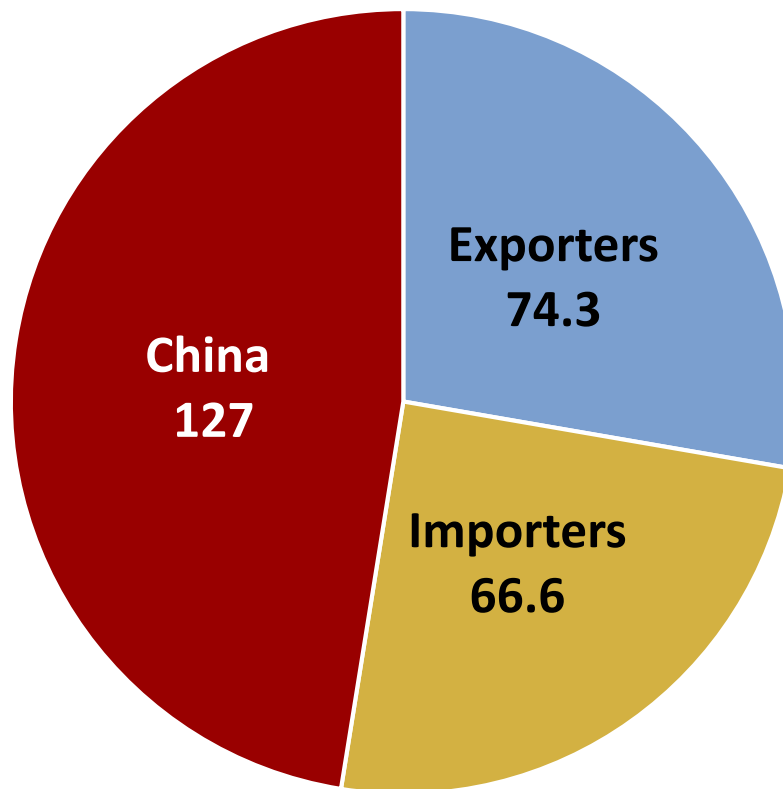
World Ending Stocks



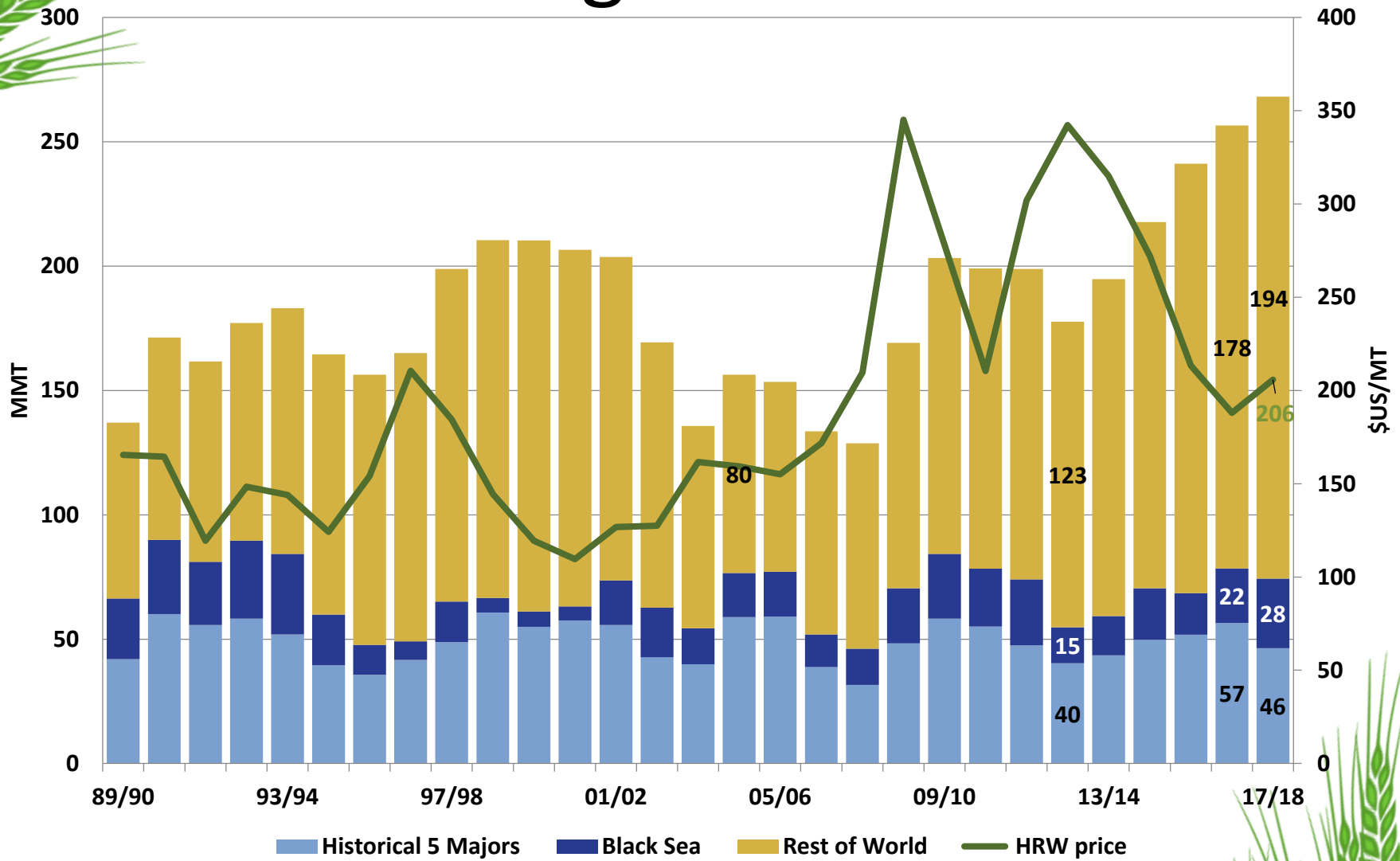
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

World Ending Stocks by Position

(million metric tons)



Global Ending Stocks and Price

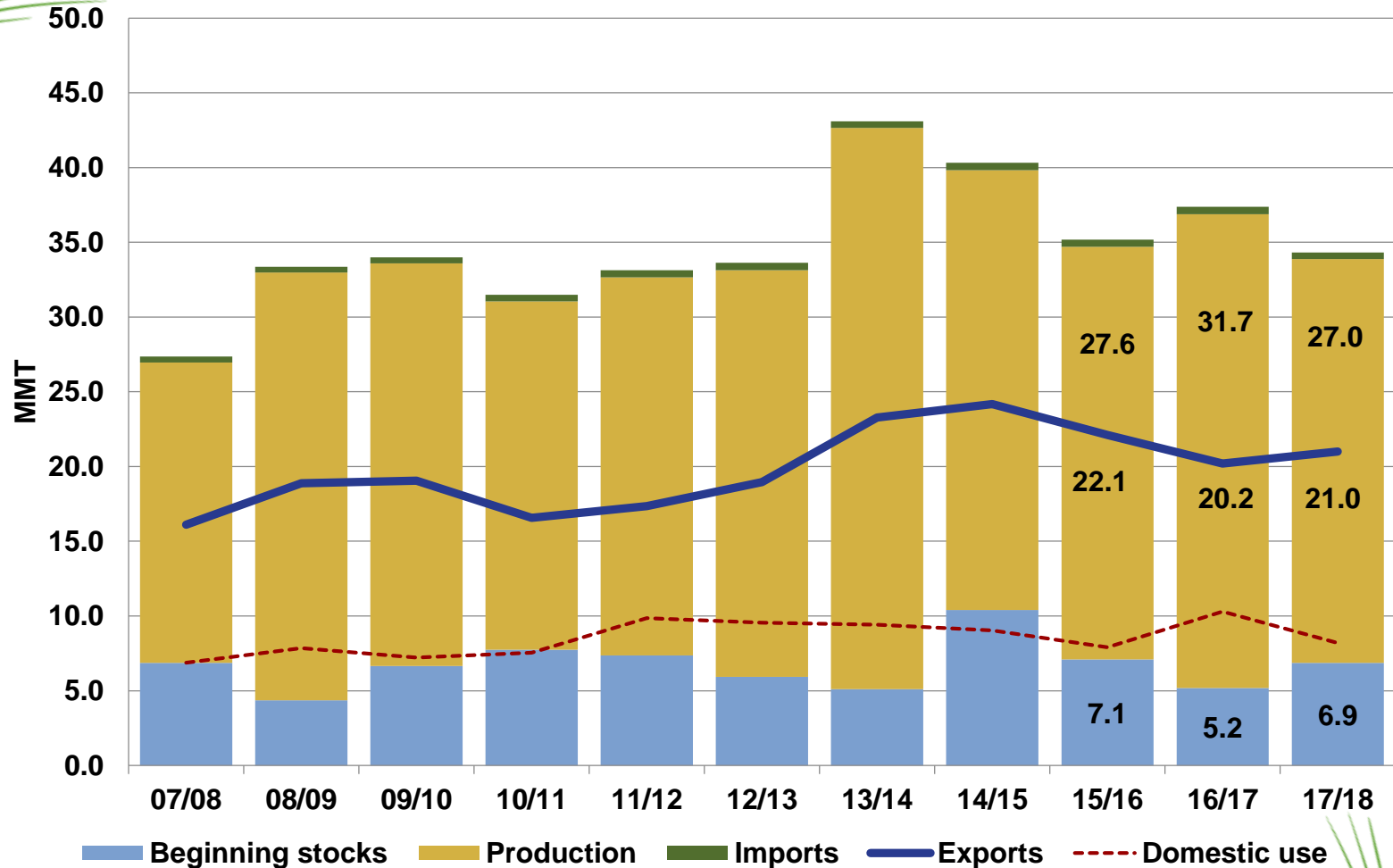


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

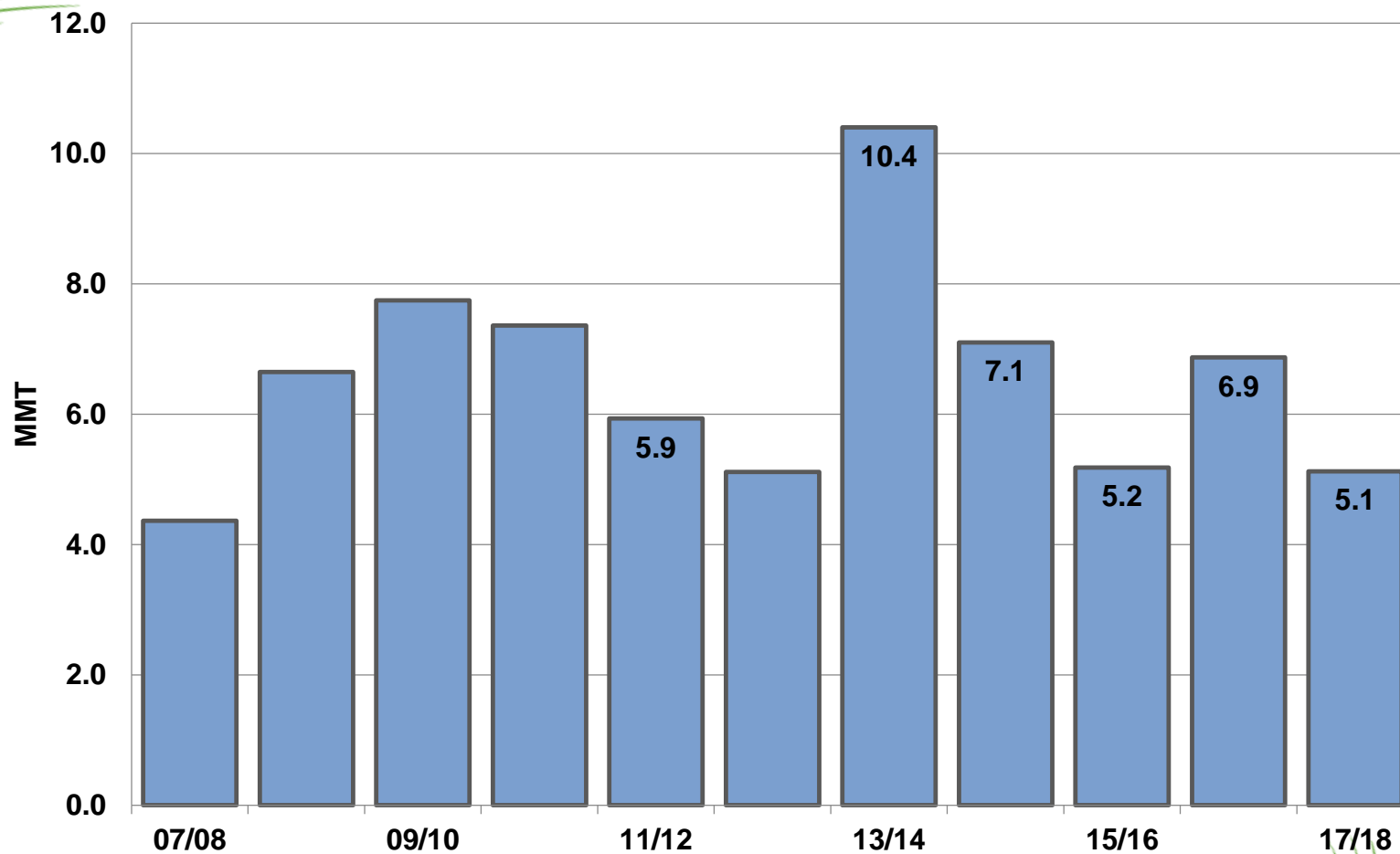


U.S. WHEAT
ASSOCIATES

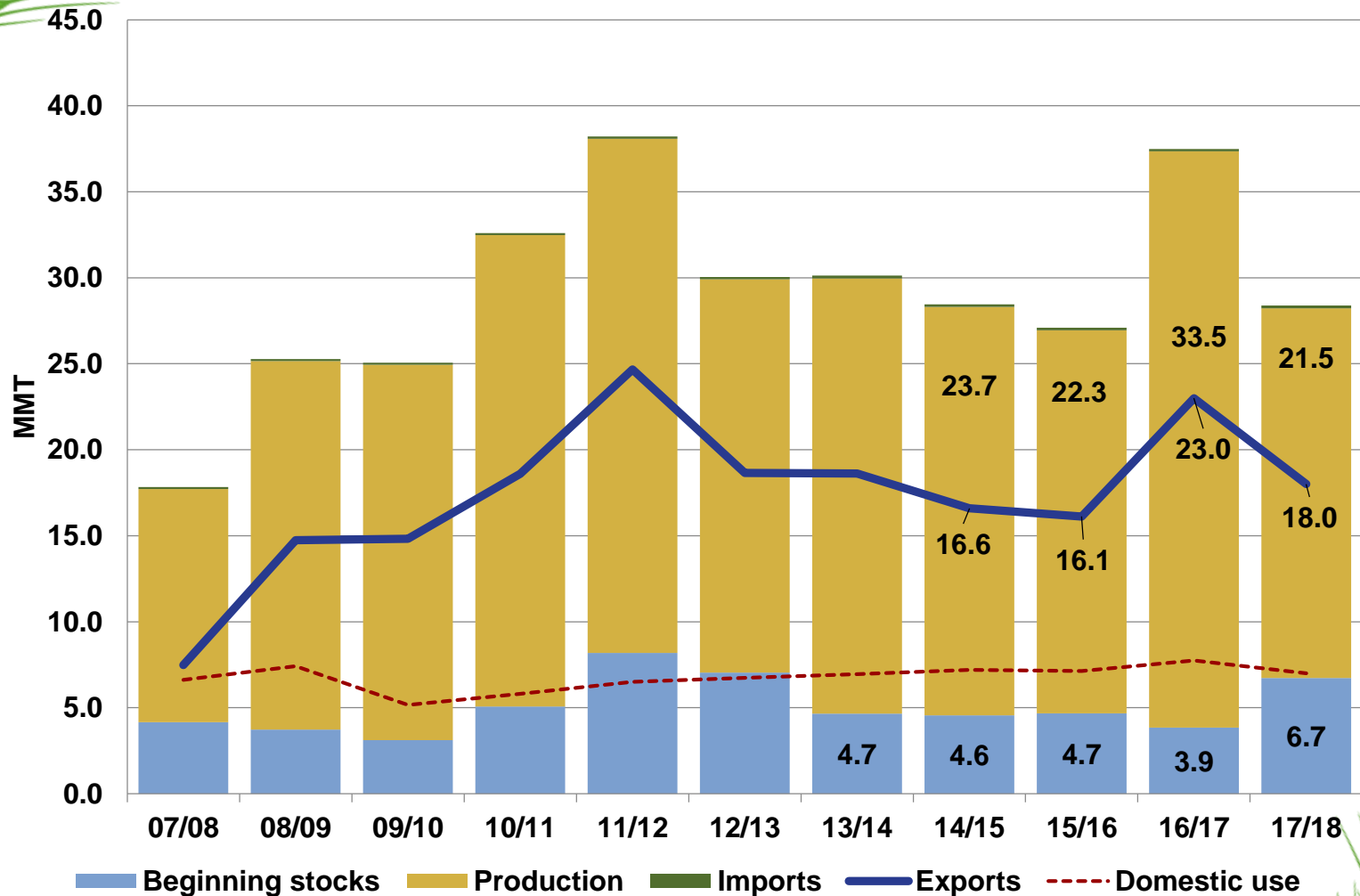
Canada Situation



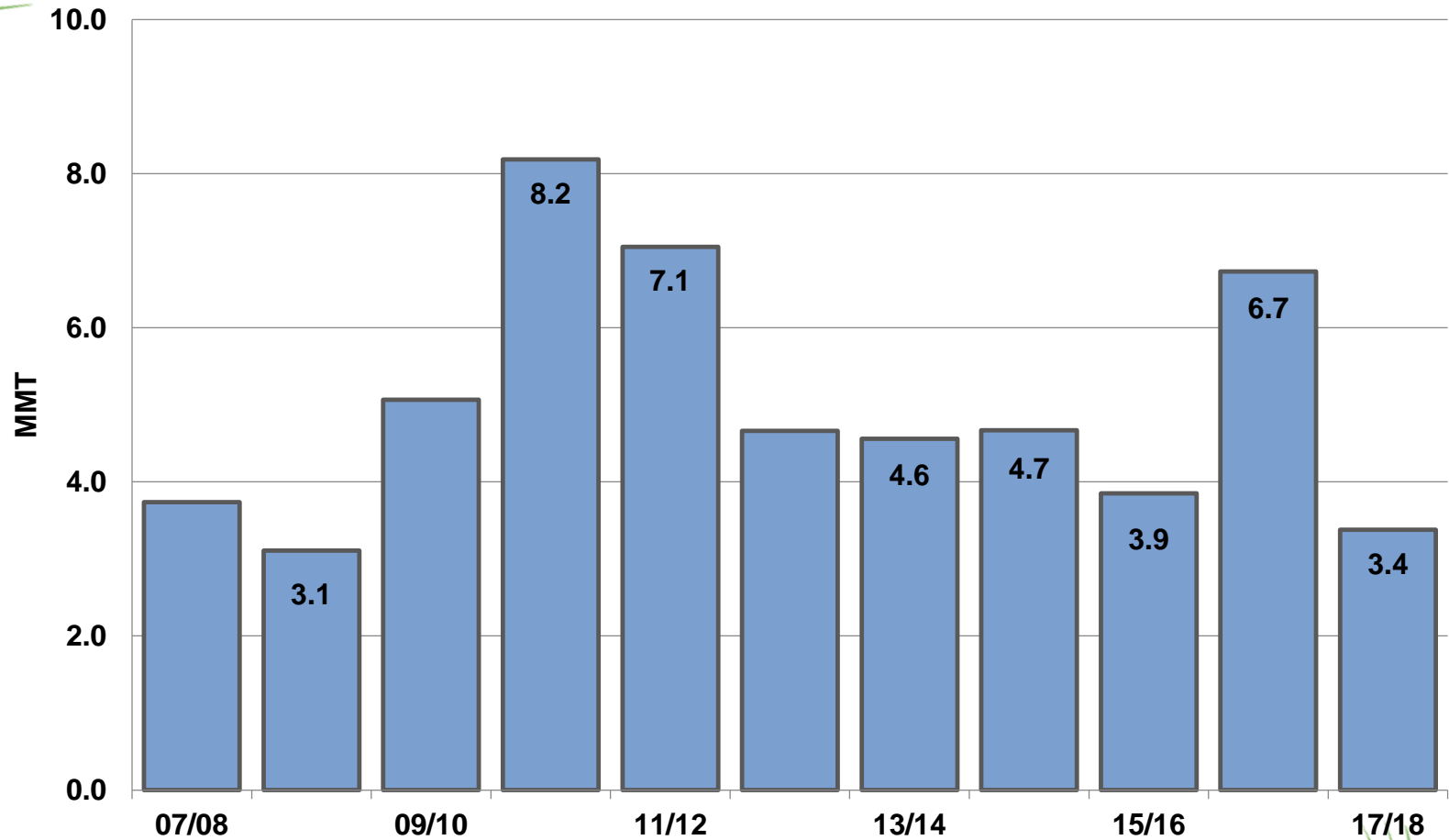
Canada Ending Stocks



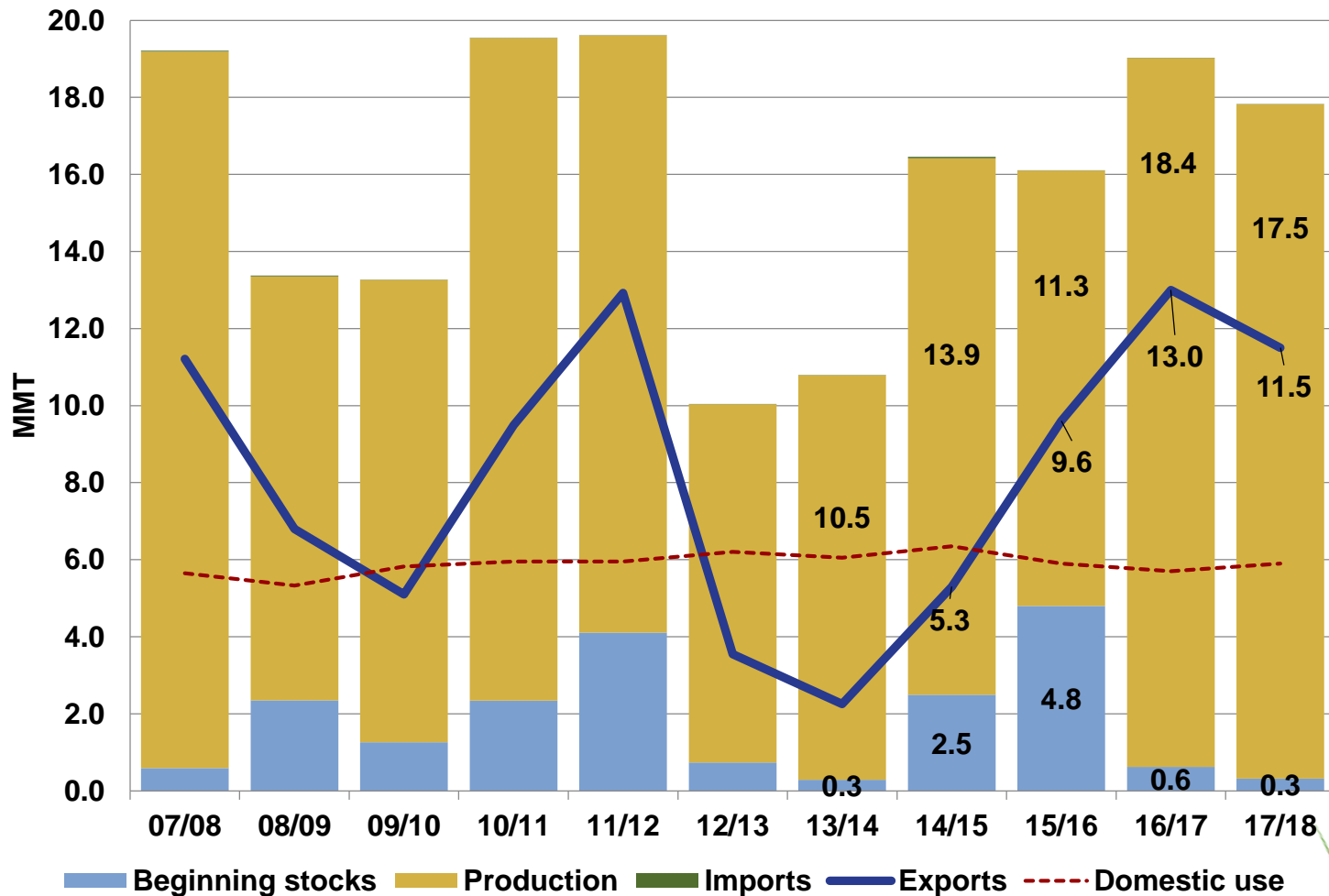
Australia Situation



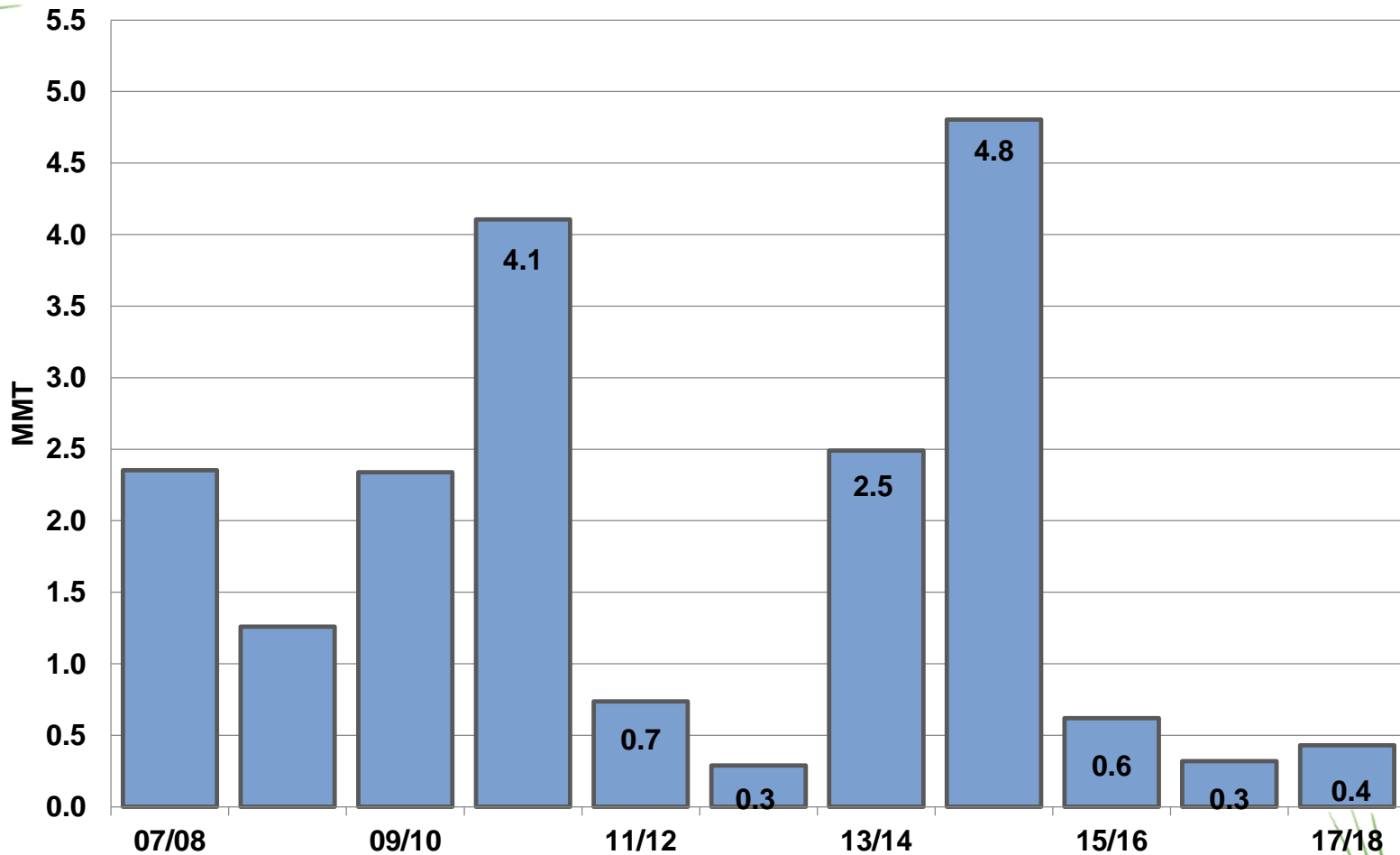
Australia Ending Stocks



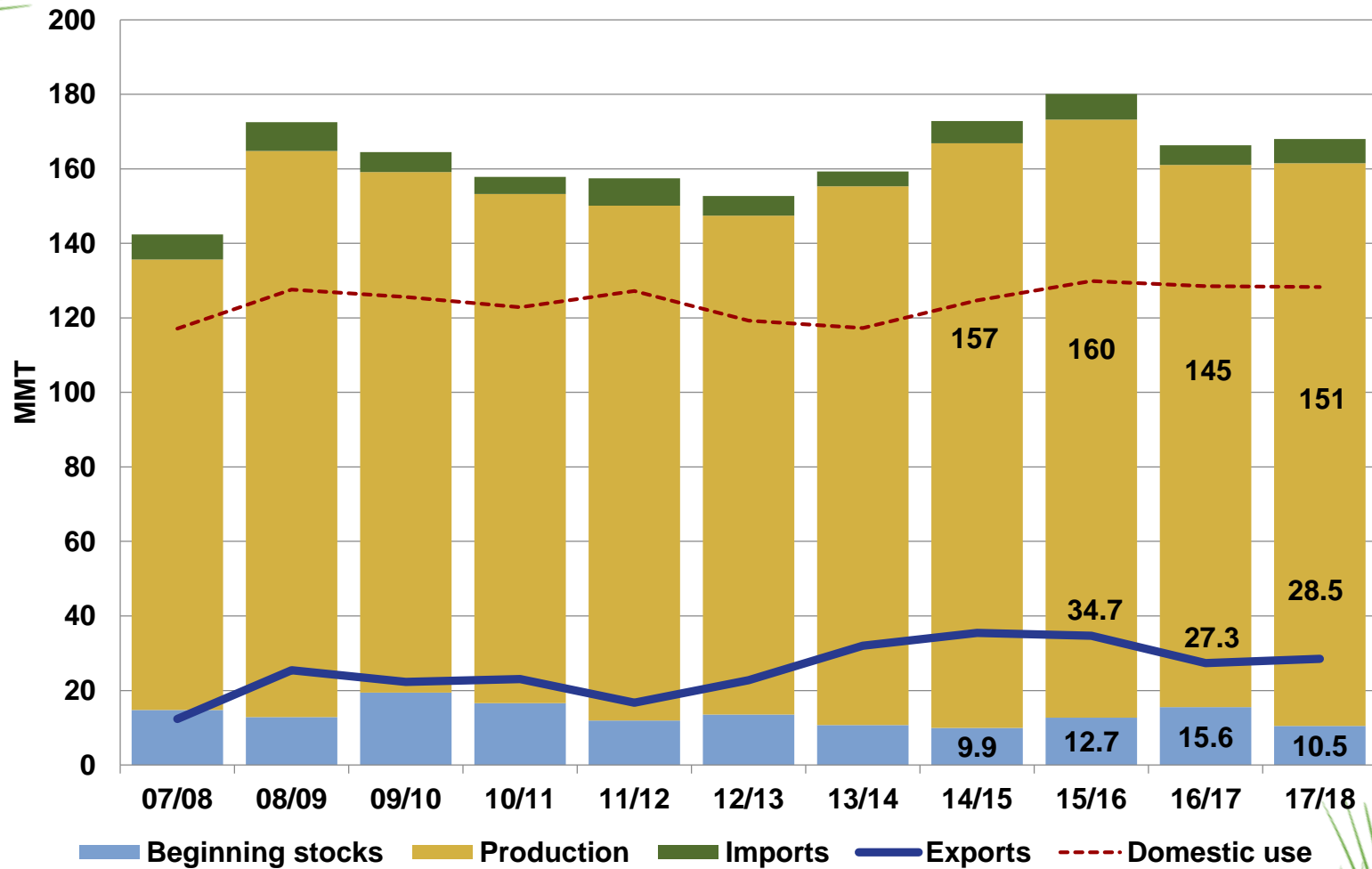
Argentina Situation



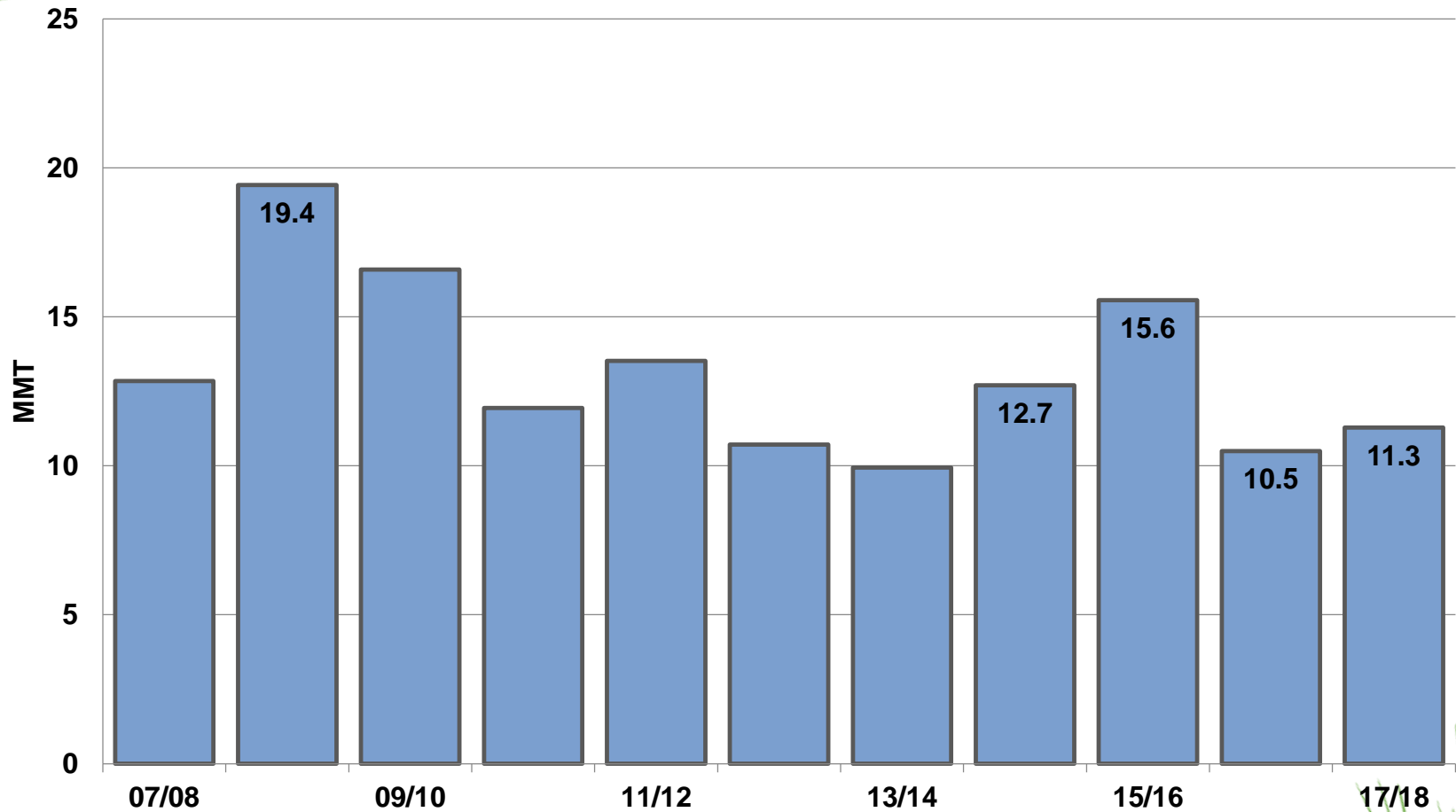
Argentina Ending Stocks



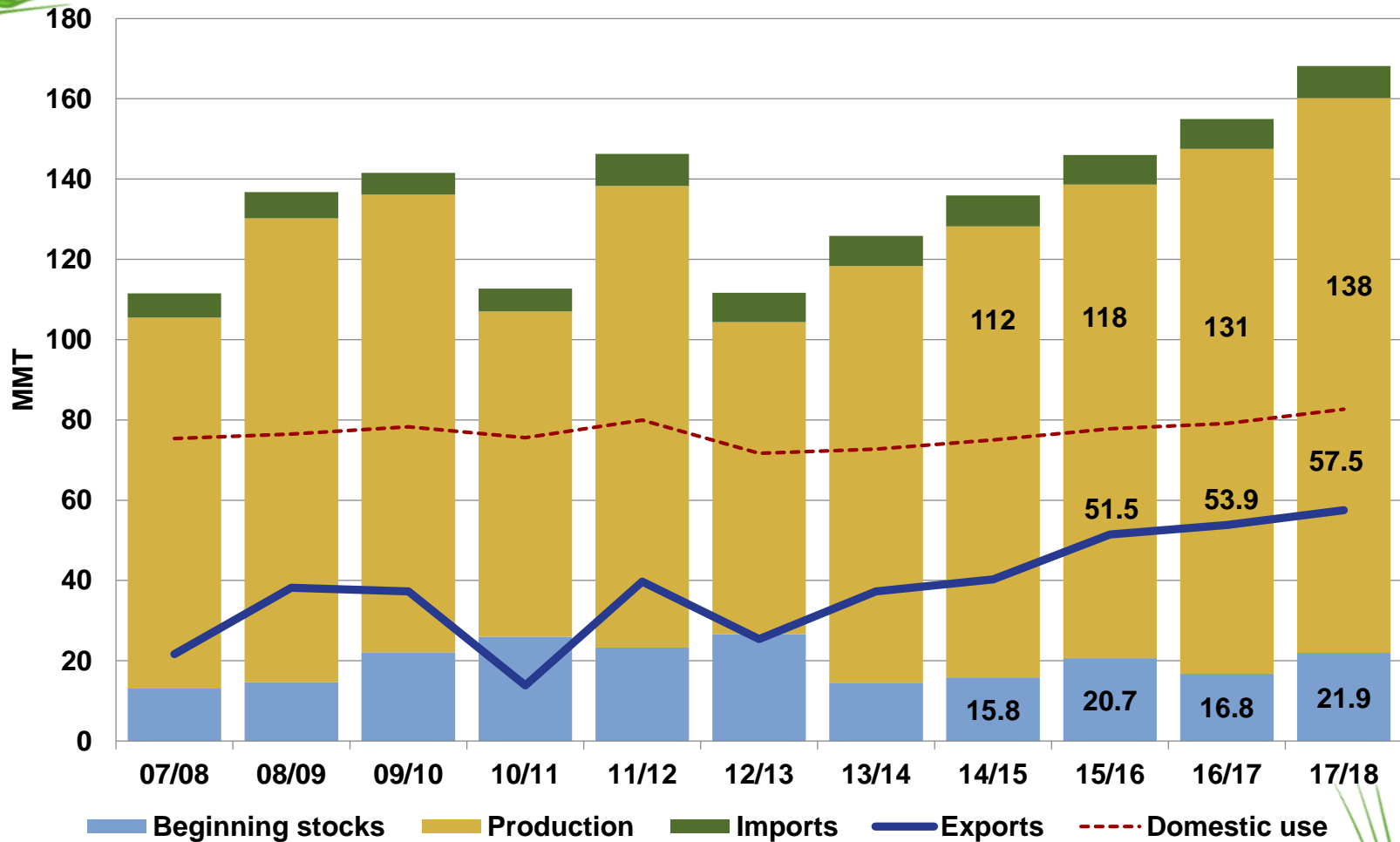
EU-27 Situation



EU-27 Ending Stocks

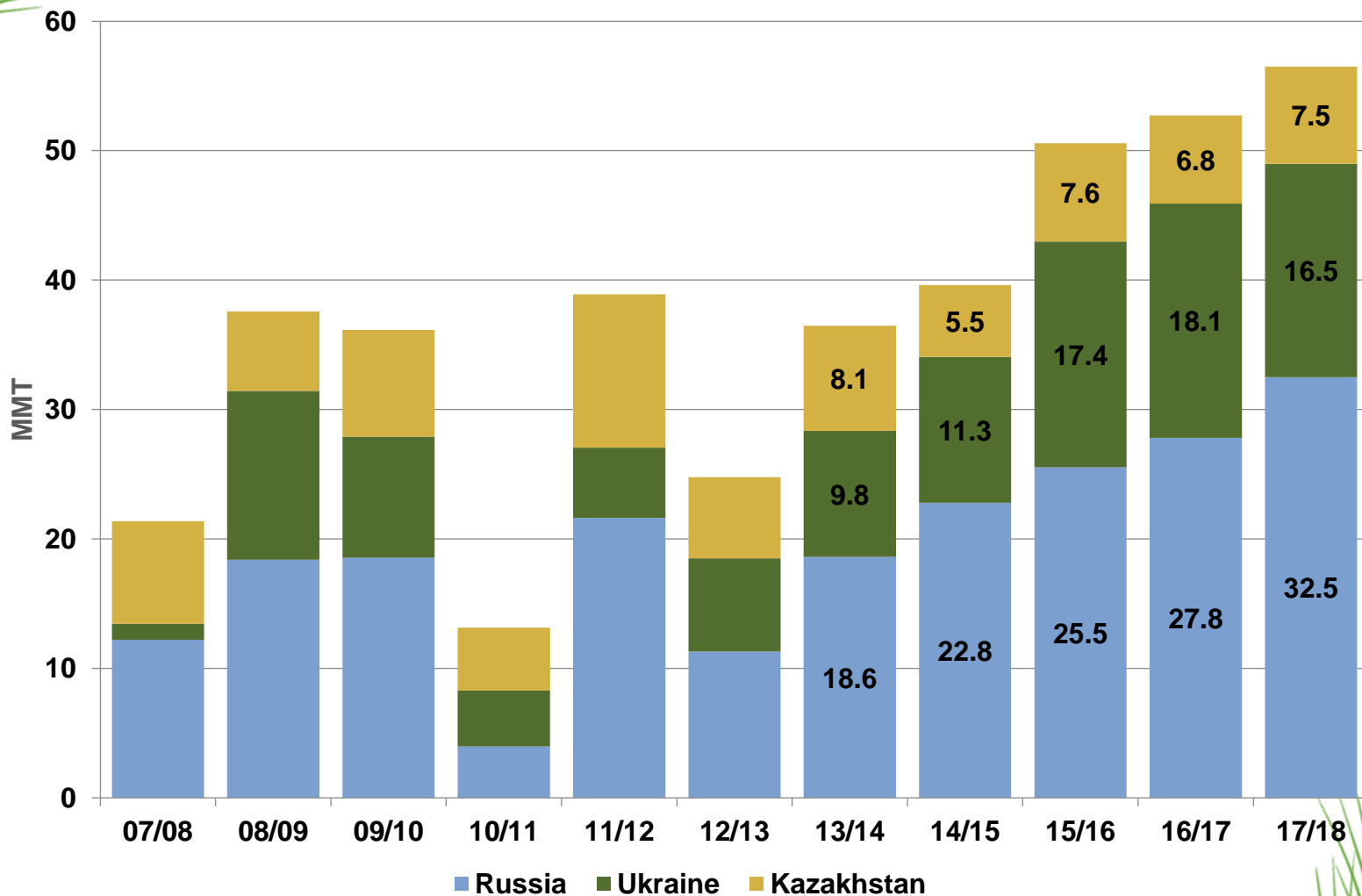


Black Sea Region Situation

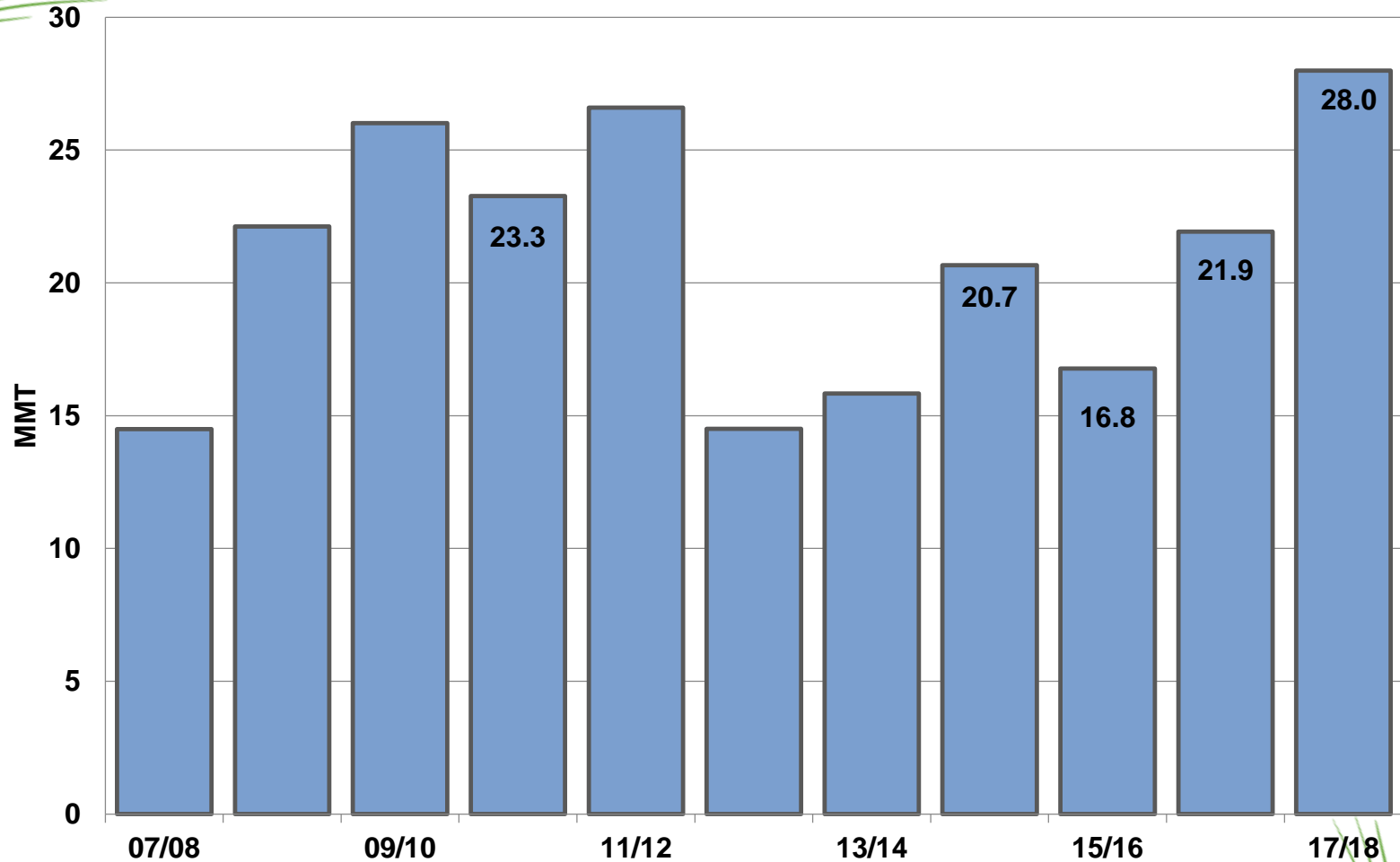


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

Black Sea Exports

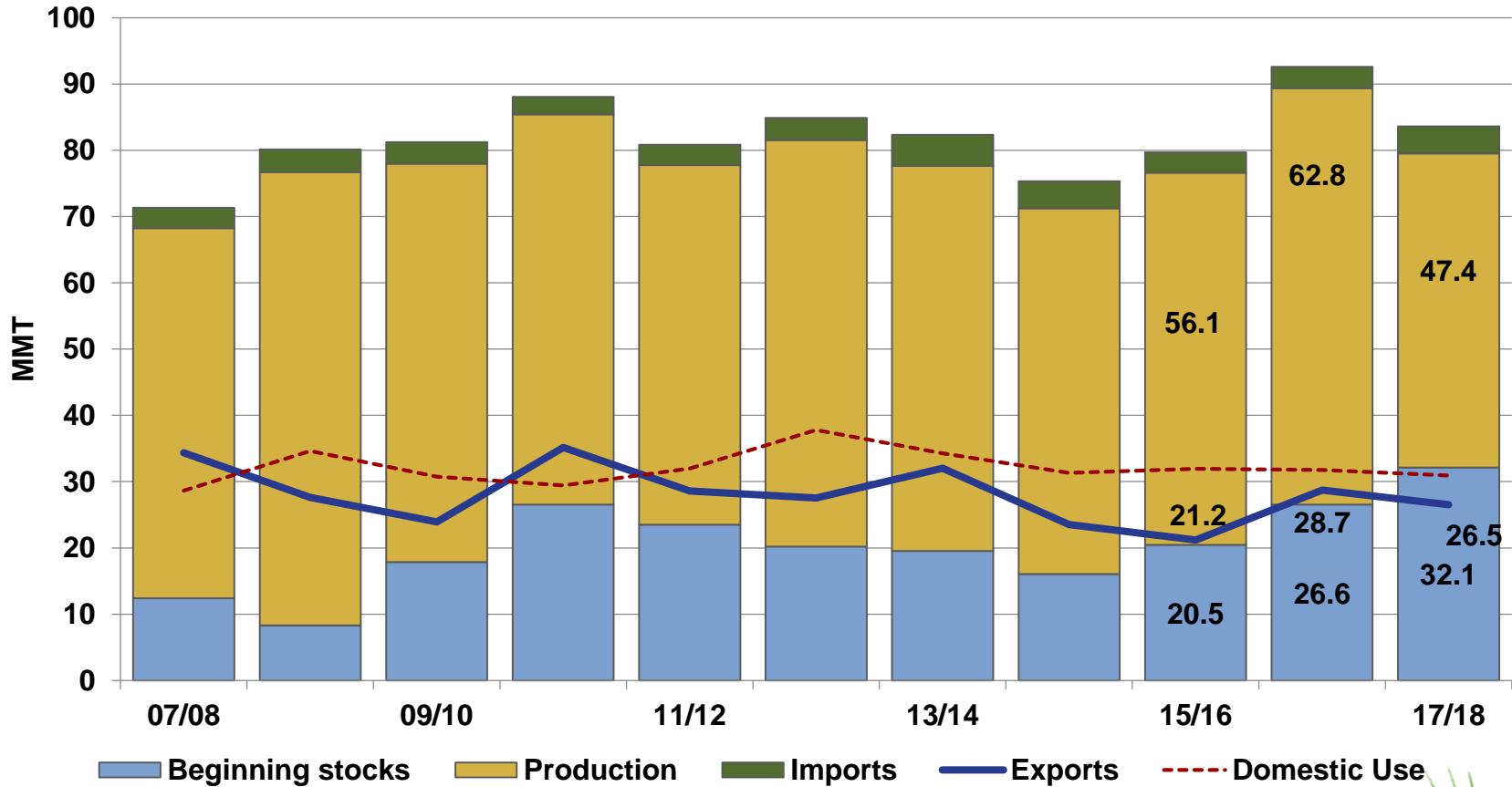


Black Sea Ending Stocks

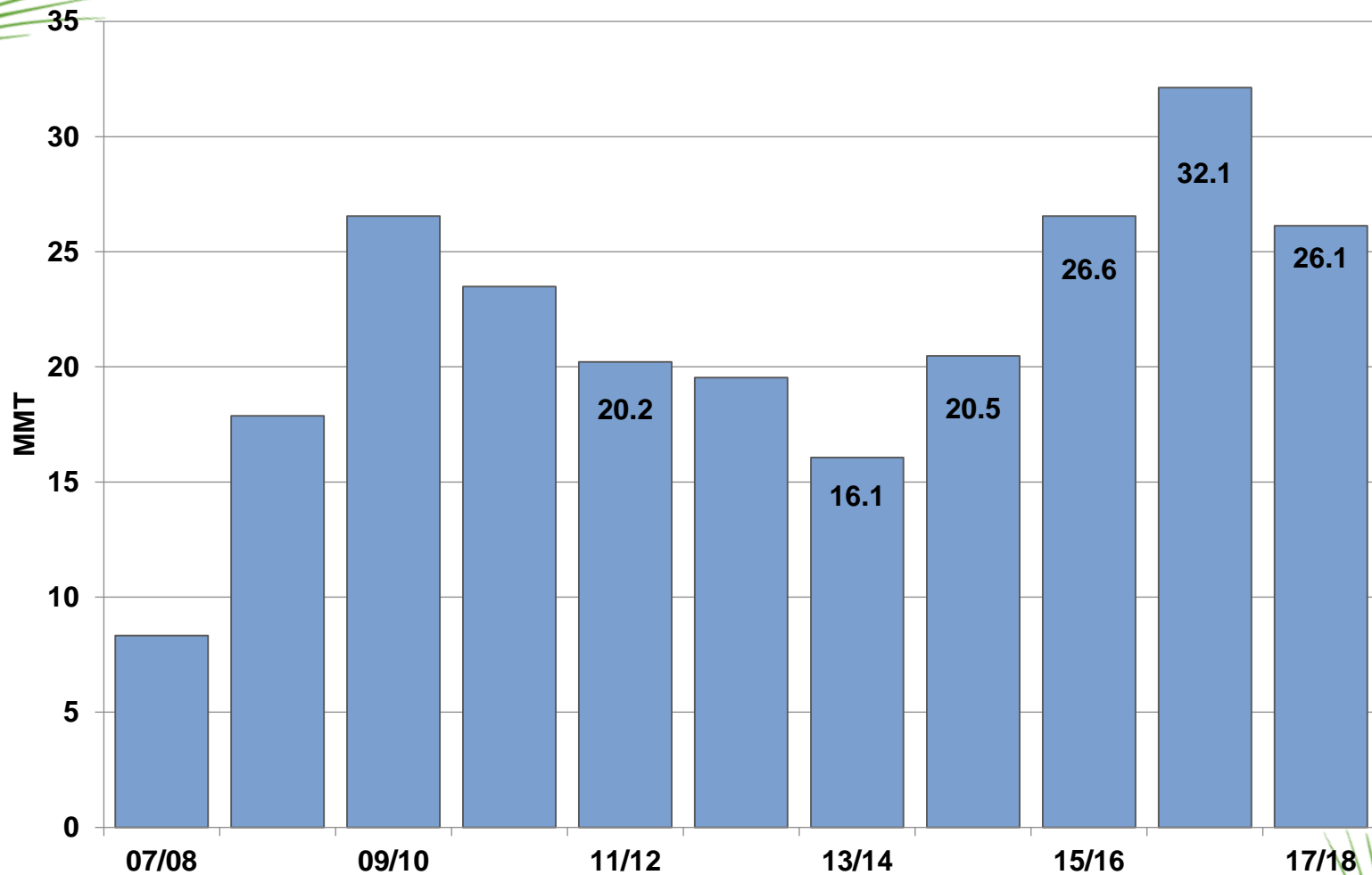


U.S. Situation

U.S. Wheat Situation



U.S. Ending Stocks



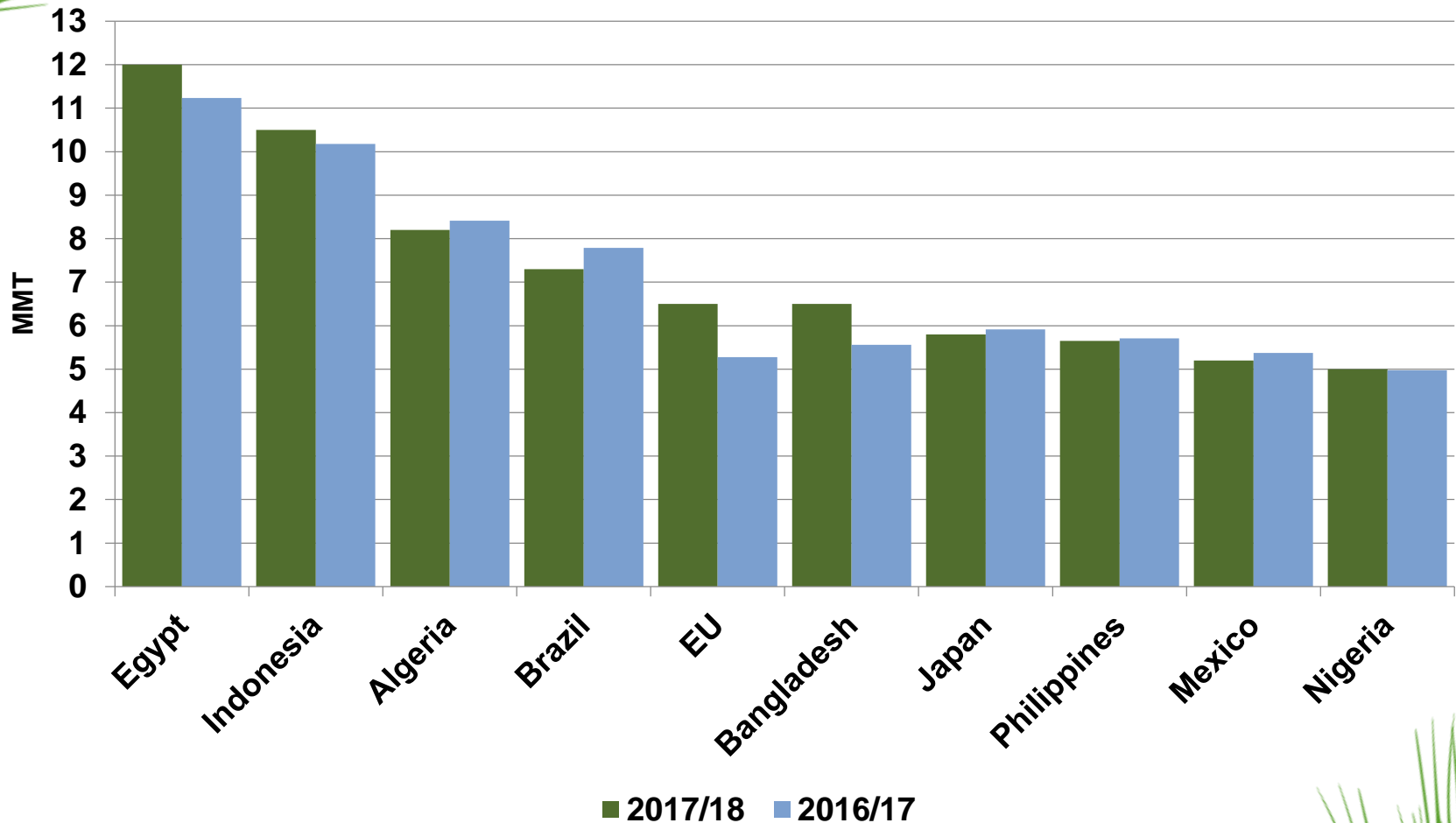
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



U.S. WHEAT
ASSOCIATES

Major World Wheat Importers

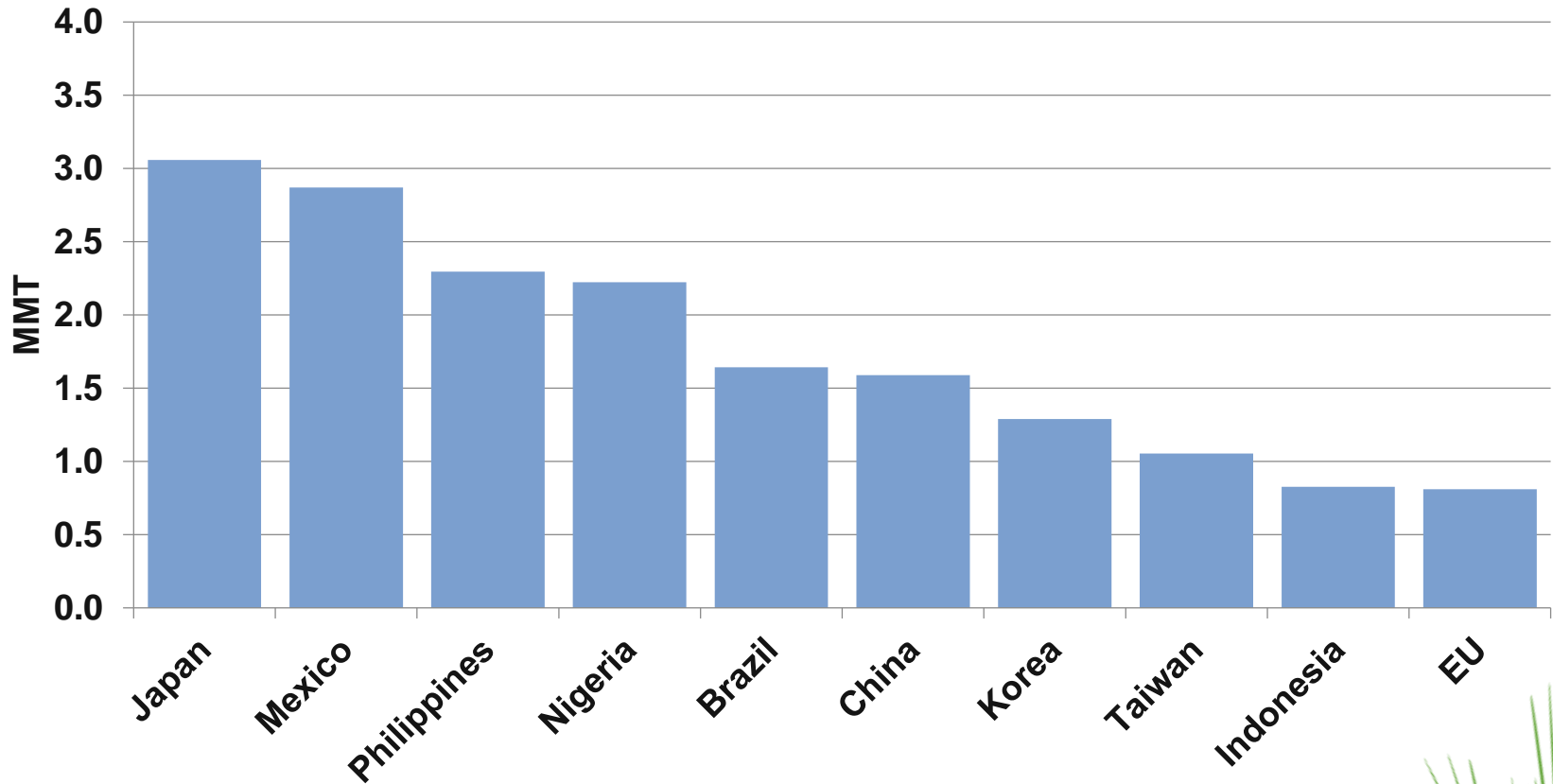
(from all origins)



Source: USDA World Agricultural Supply and Demand Estimates
Released October 12, 2017

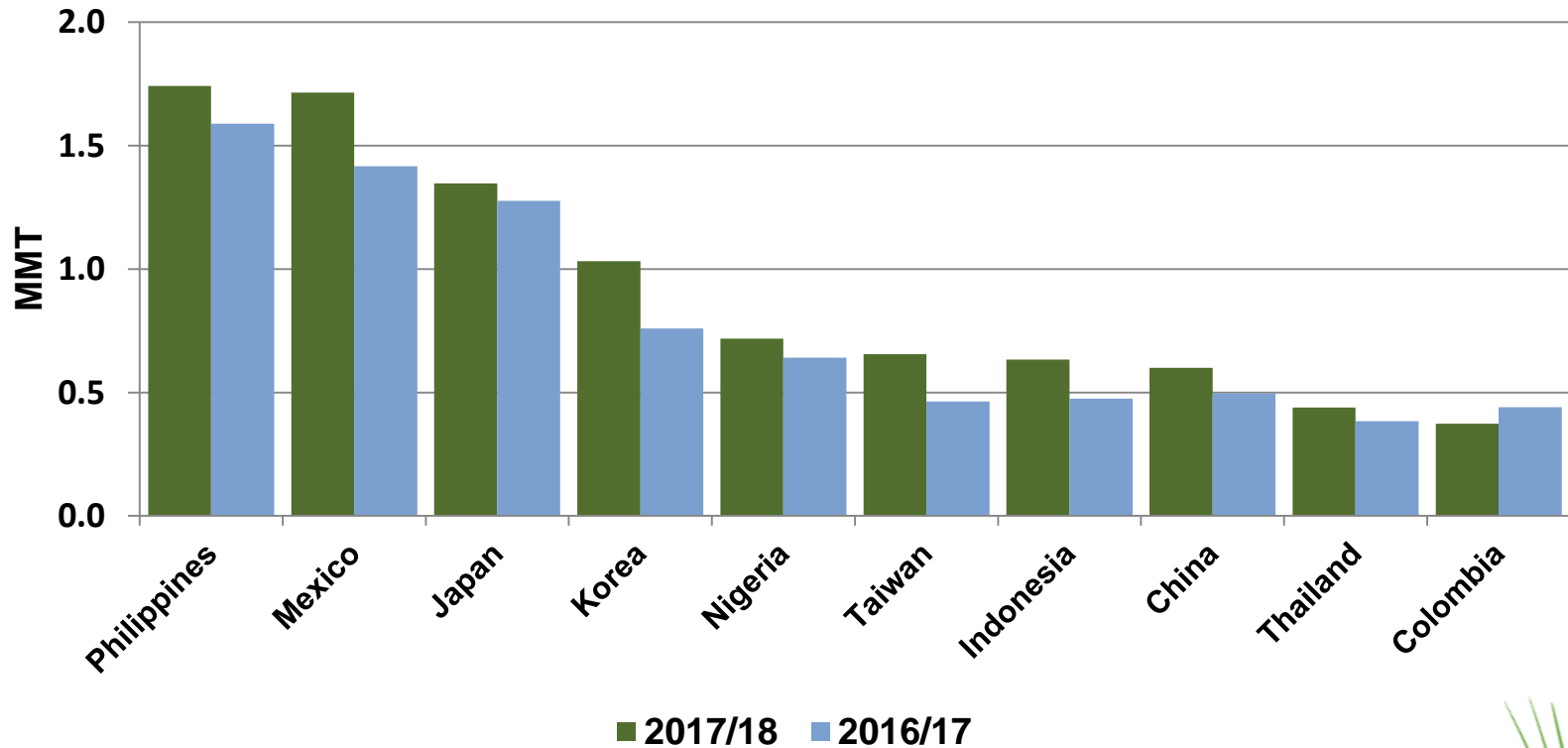
Top 10 Customers for U.S. Wheat

5-year average



Top 10 Customers for U.S. Wheat

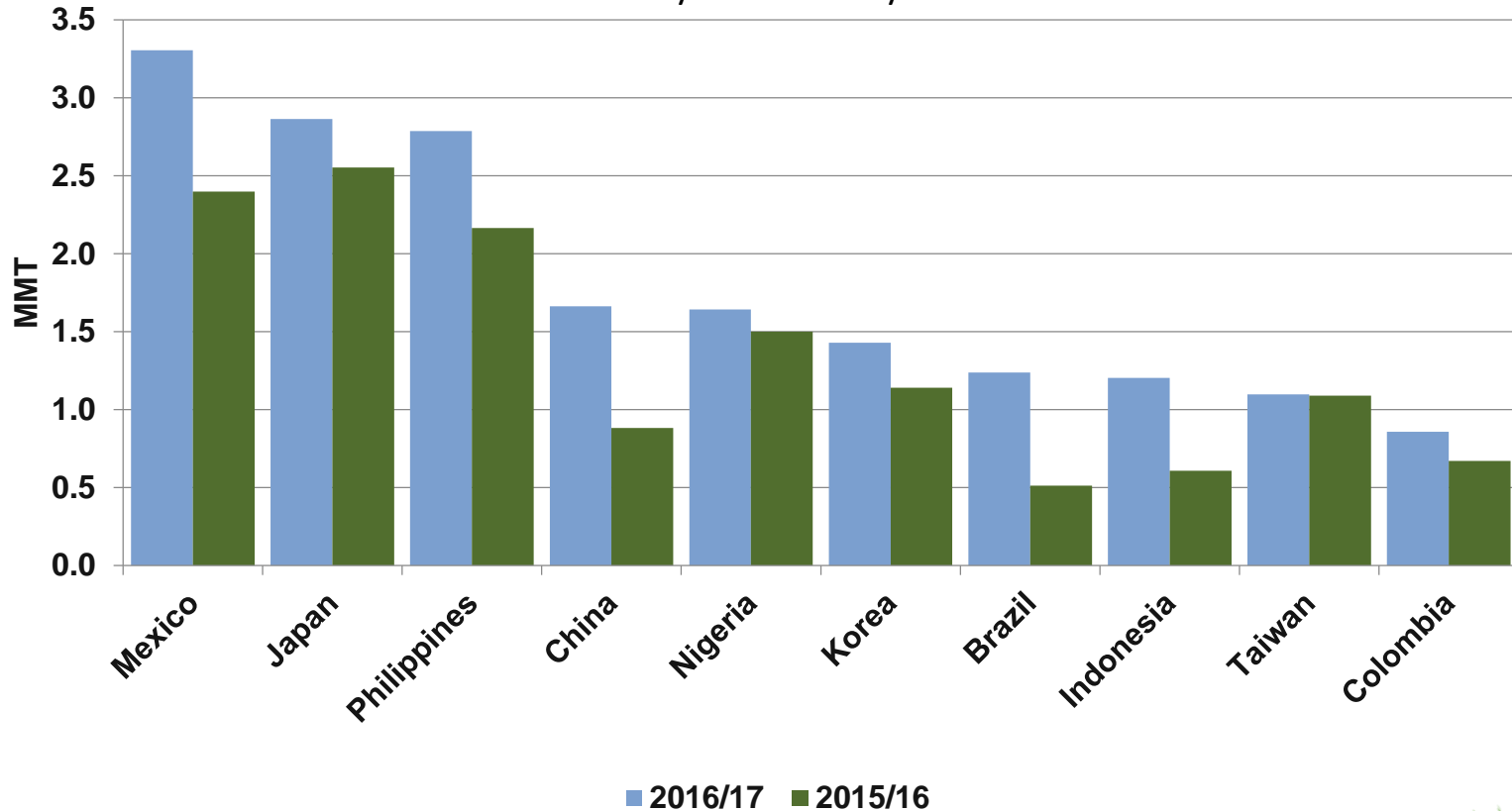
Year-to-date



Source: USDA FAS export sales report October 5, 2017.

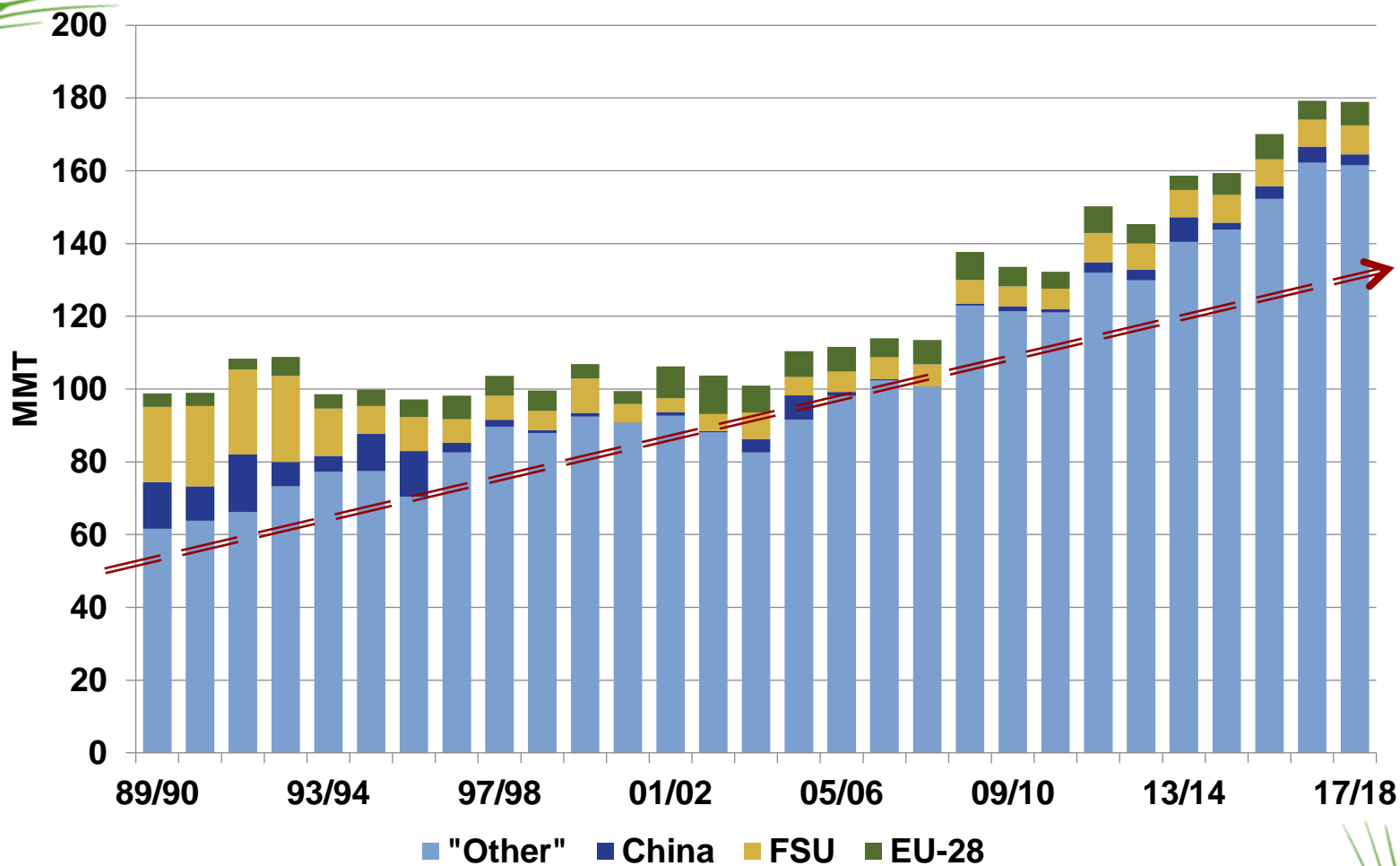
Top 10 Customers for U.S. Wheat

2016/17 vs. 2015/16



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

World Wheat Imports



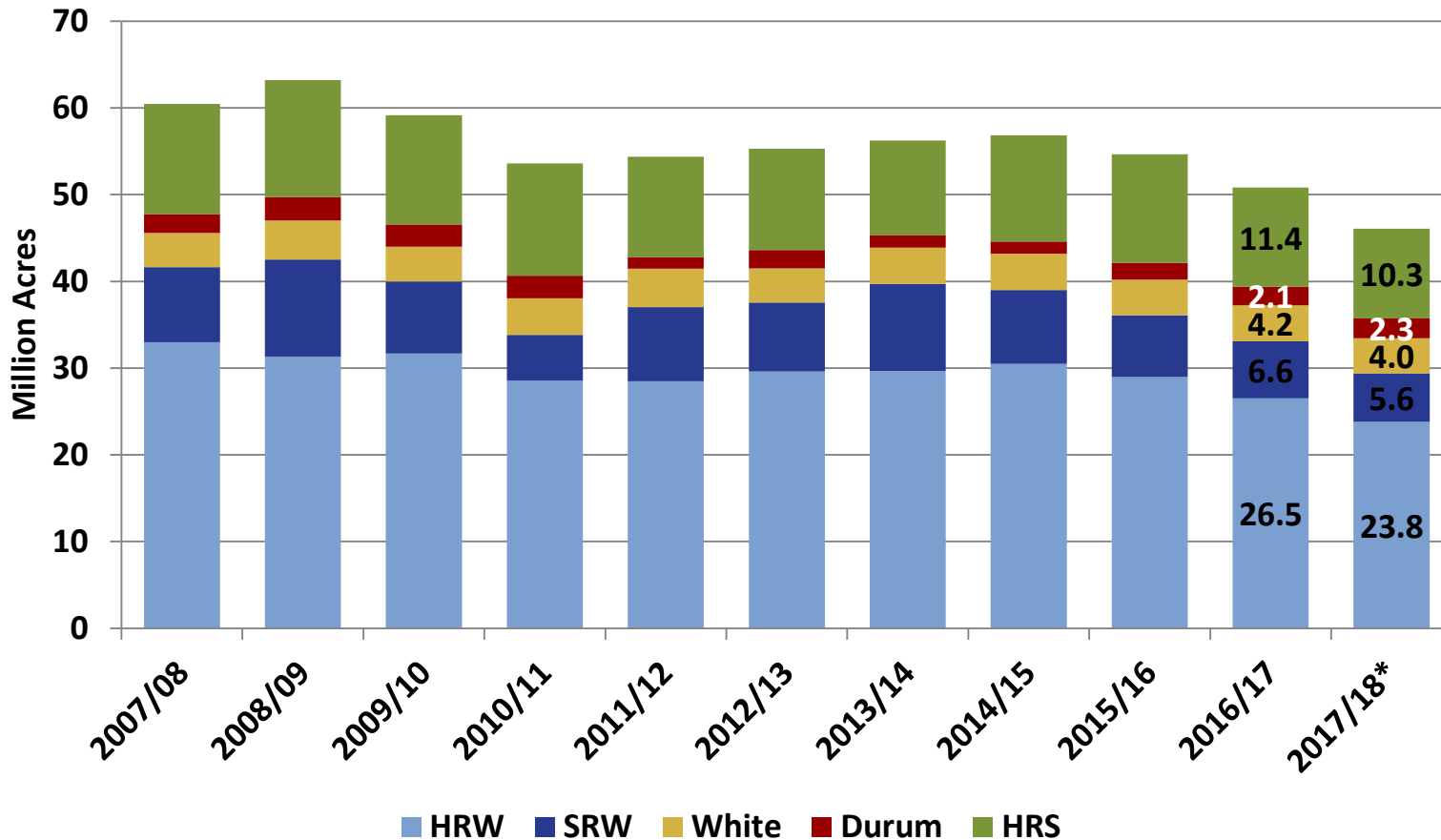
Trend in "other" importers denoted (—▶)

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



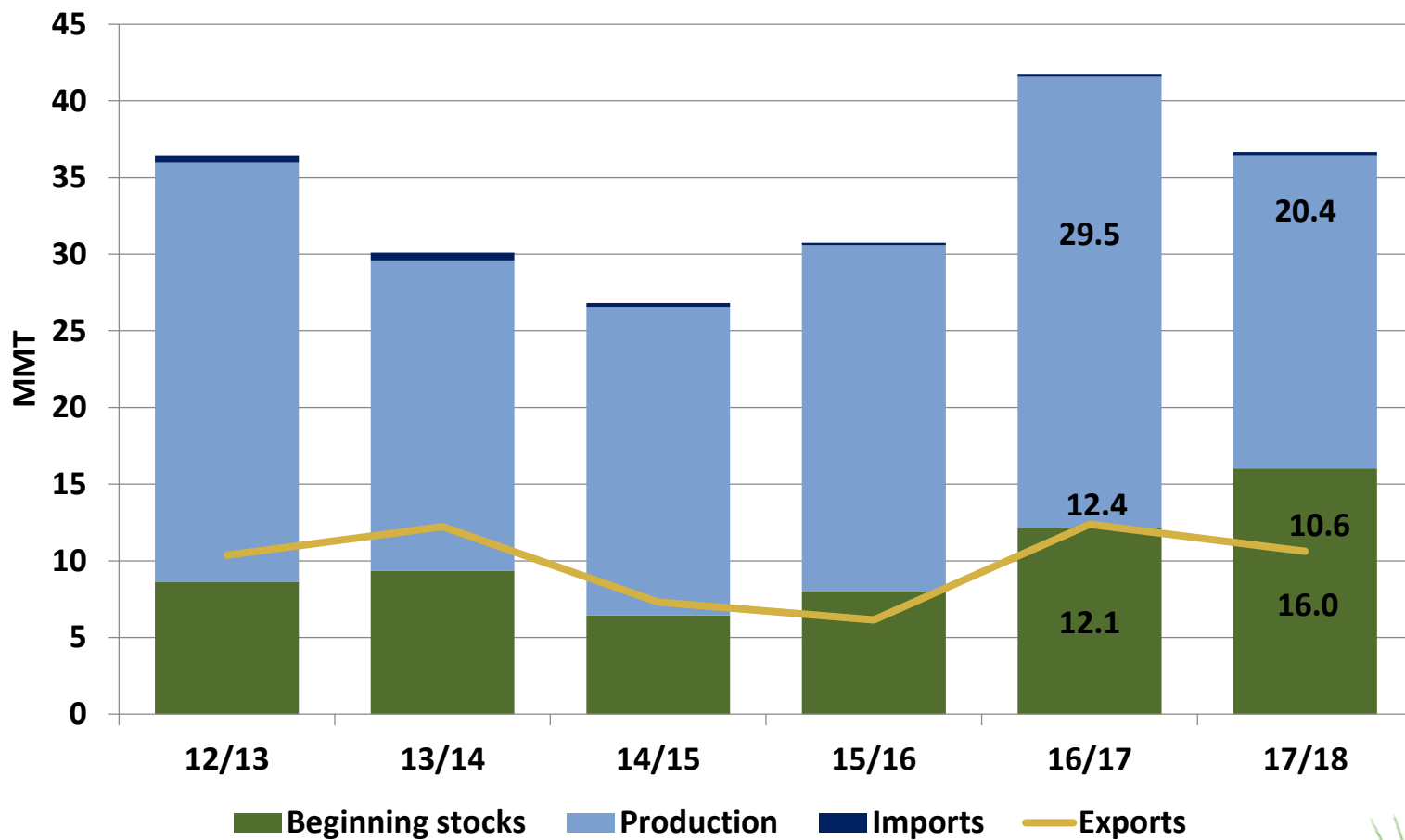
U.S. WHEAT
ASSOCIATES

U.S. Wheat Plantings by Class

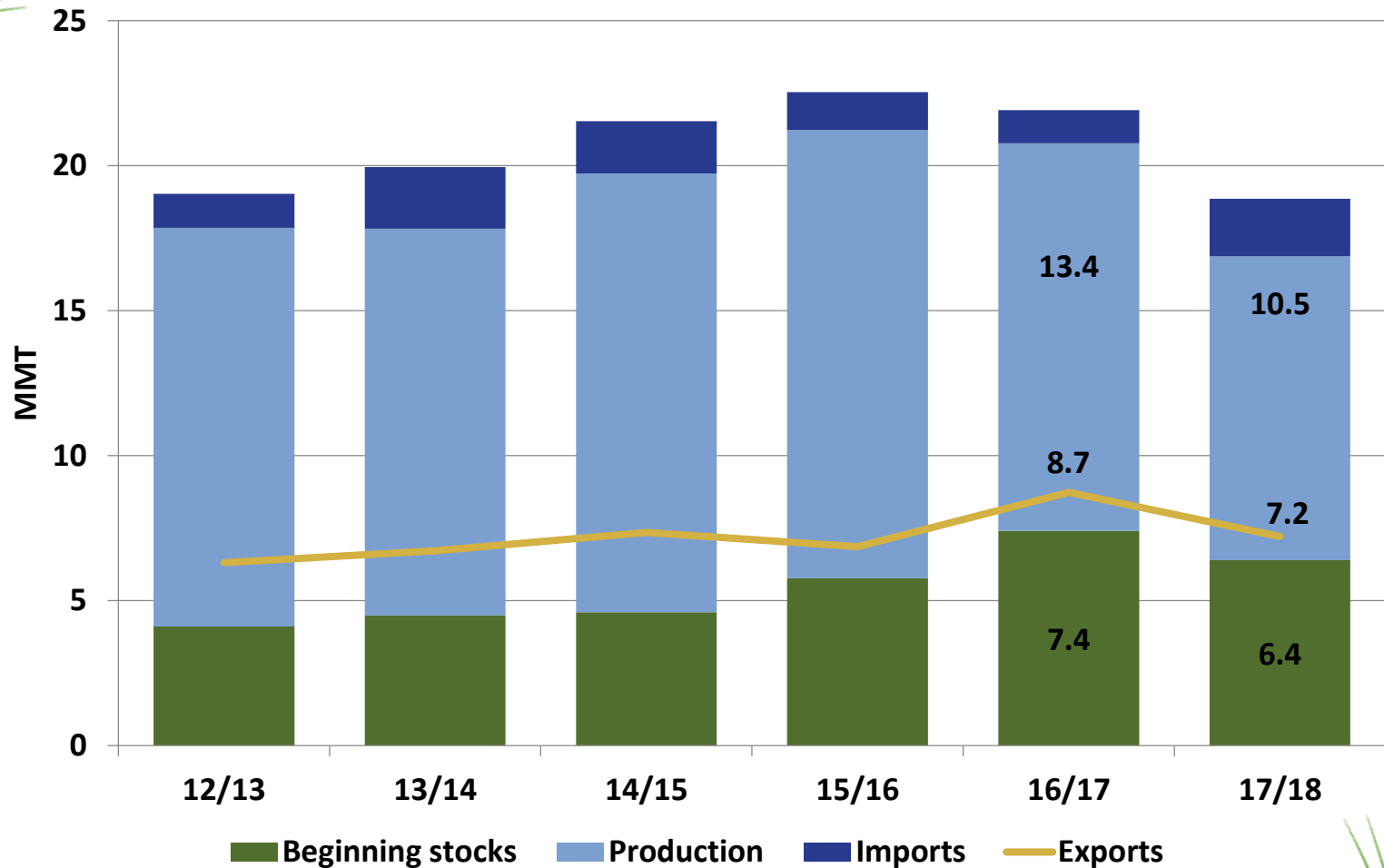


*Source: USDA Acreage Report, June 30, 2017

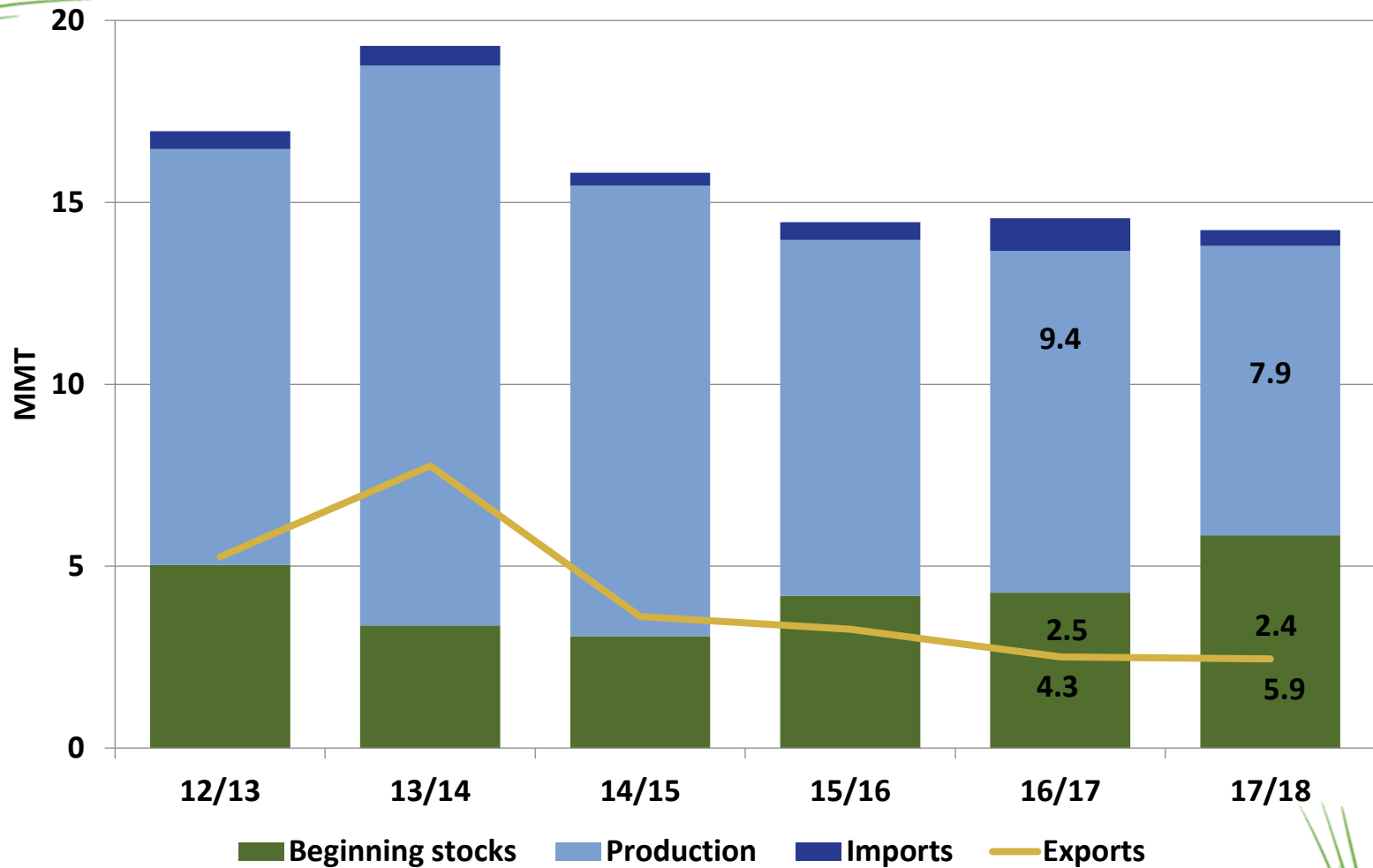
U.S. Hard Red Winter



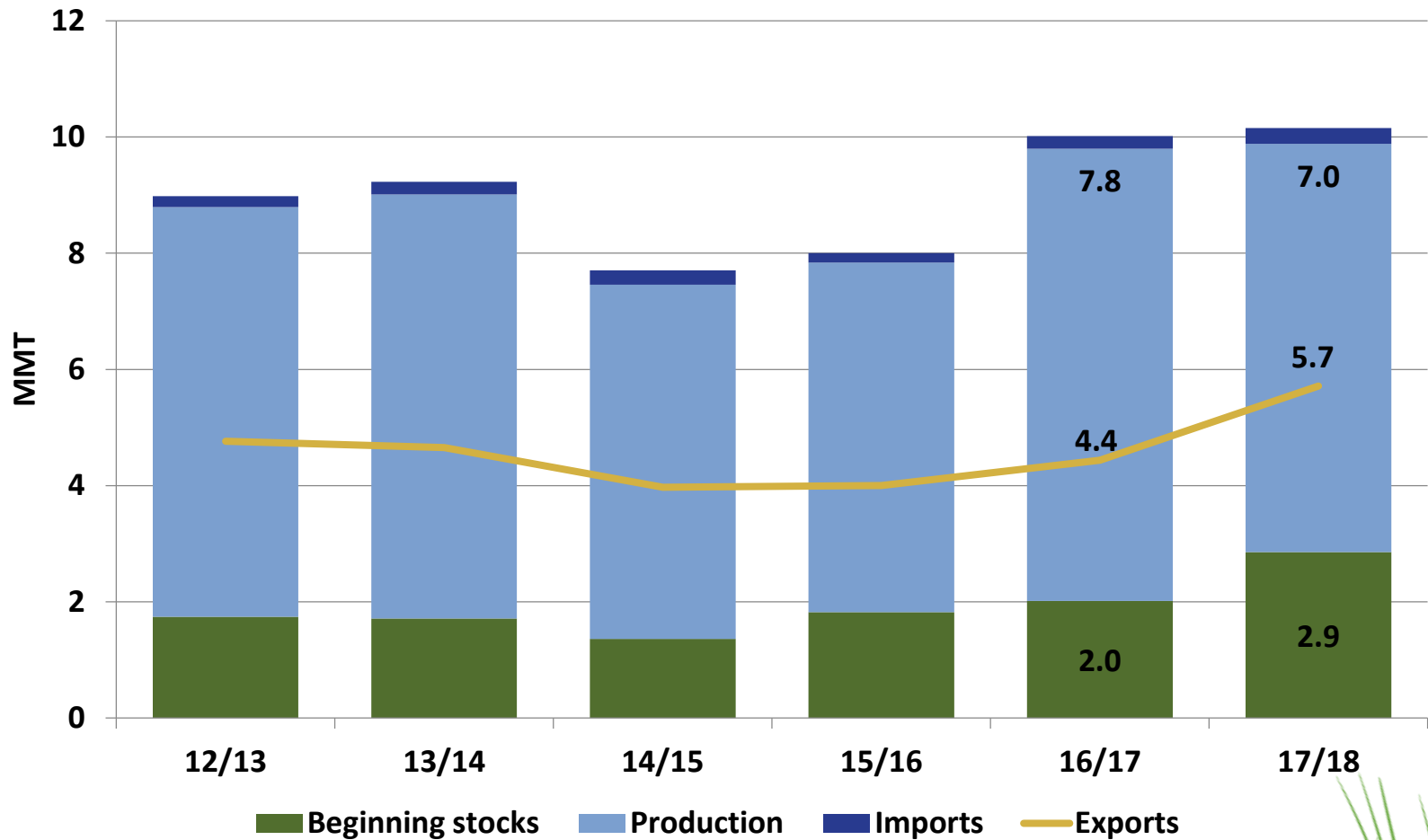
U.S. Hard Red Spring



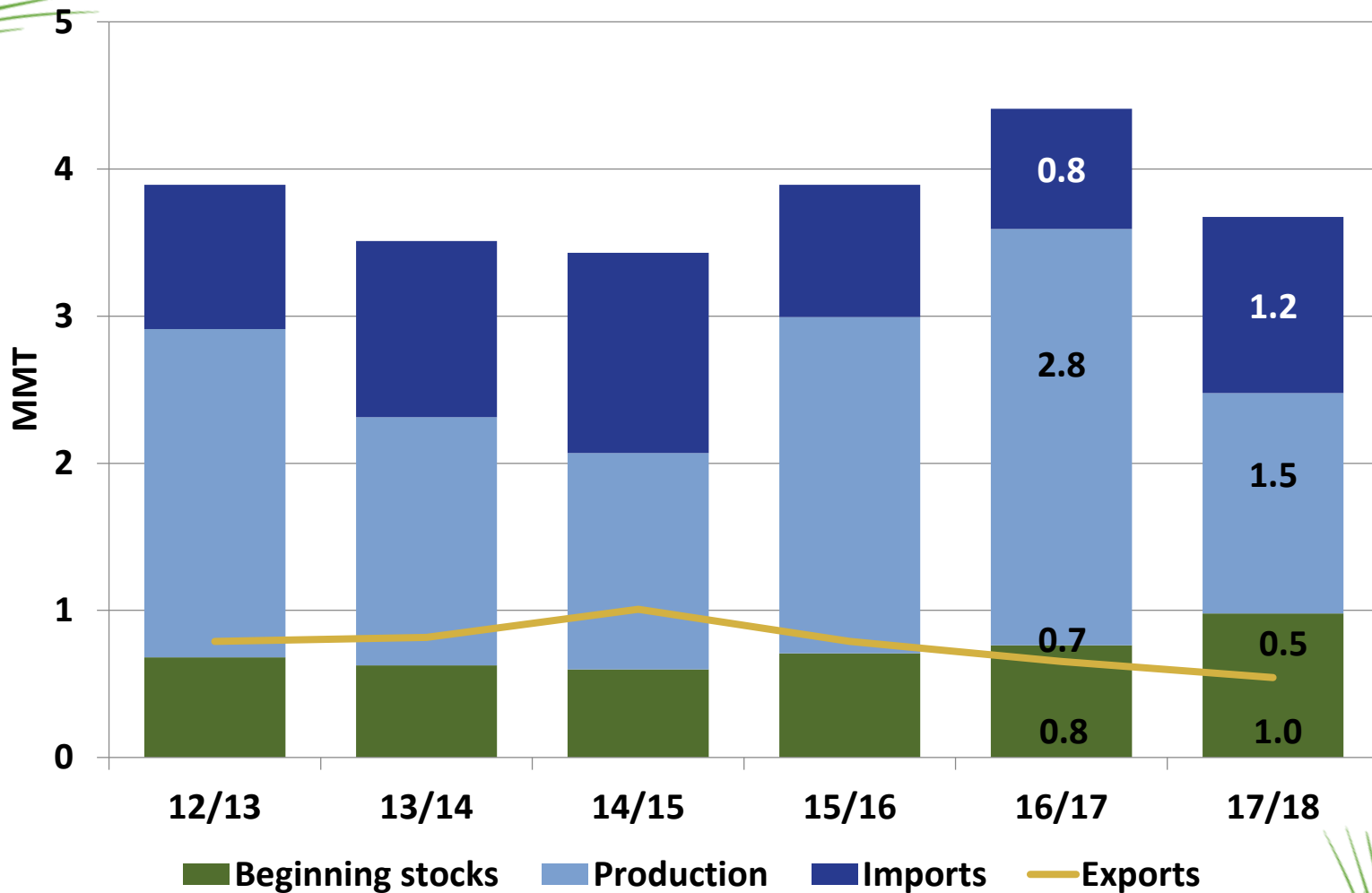
U.S. Soft Red Winter



U.S. White

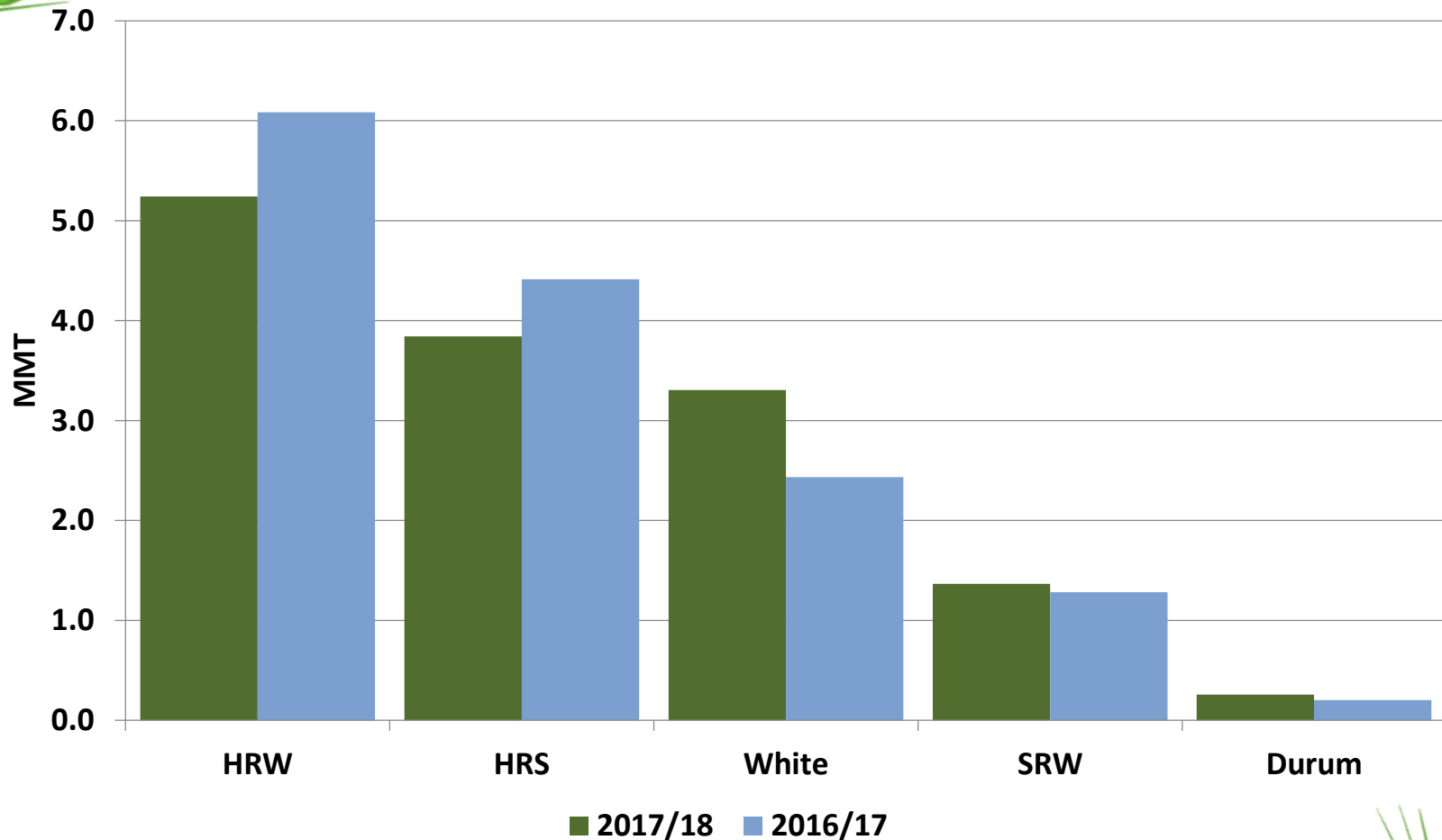


U.S. Durum



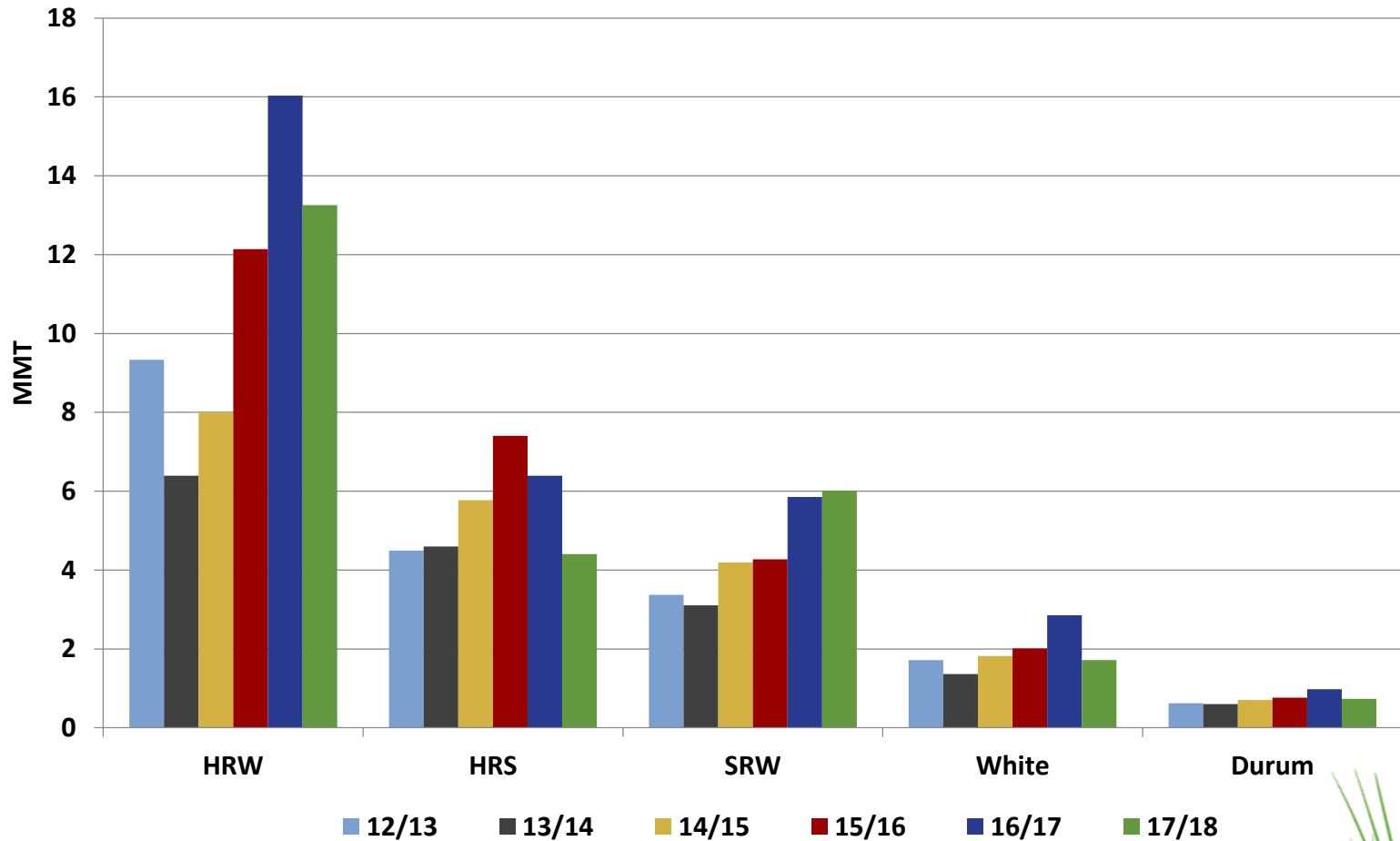
U.S. Wheat Sales by Class

(year-to-date)



Source: USDA FAS export sales report October 5, 2017.

U.S. Wheat Ending Stocks by Class



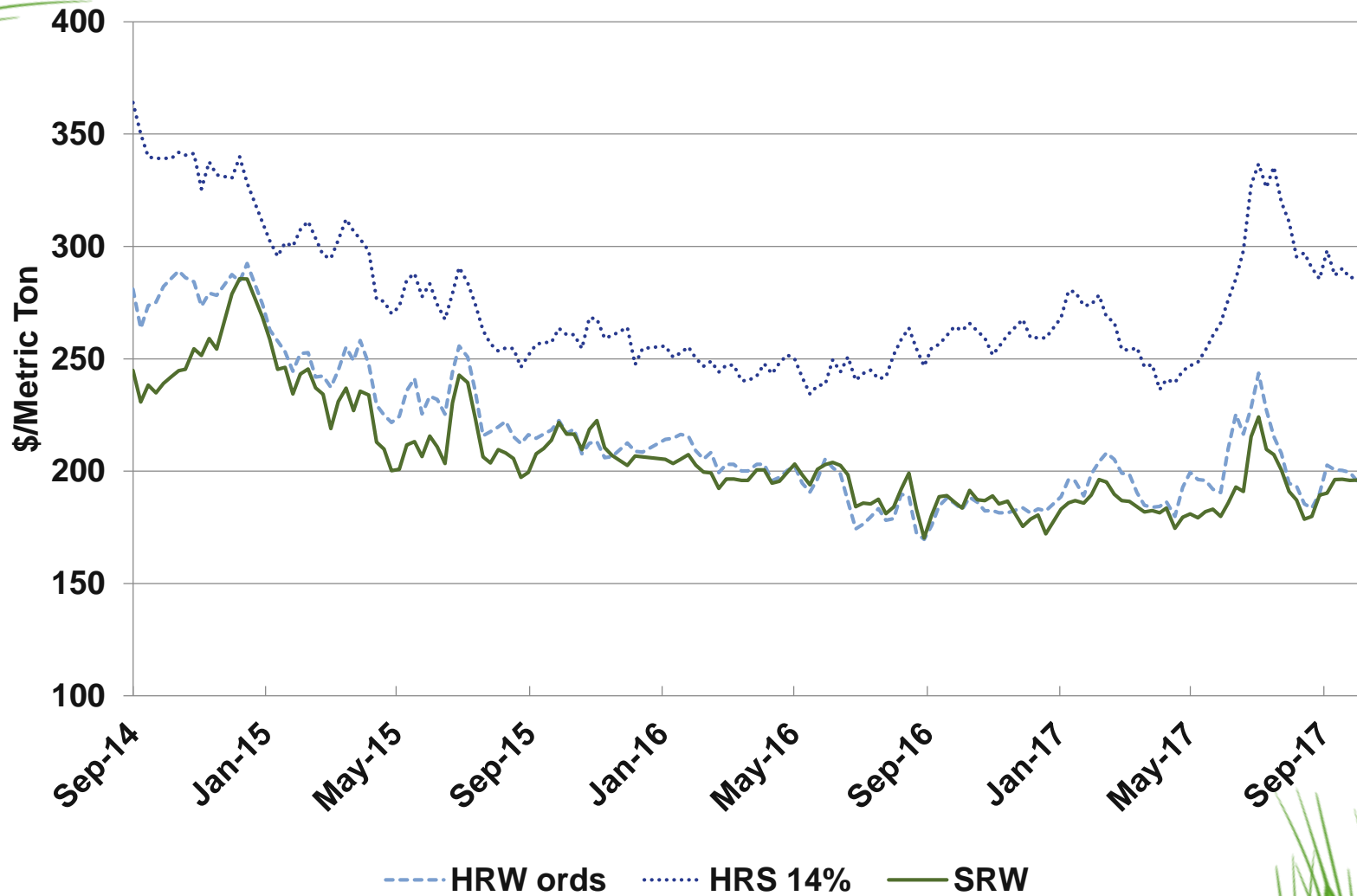
U.S. Wheat Supply and Demand

	HRW		HRS		SRW	
	16/17	17/18	16/17	17/18	16/17	17/18
	MMT					
Beginning Stocks	12.1	16.0	7.4	6.4	4.3	5.9
Production	29.5	20.4	13.4	10.5	9.4	7.9
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	36.7	21.9	18.9	14.6	14.2
Domestic Use	13.3	12.8	6.8	7.2	6.2	5.8
Exports	<u>12.4</u>	<u>10.6</u>	<u>8.7</u>	<u>7.2</u>	<u>2.5</u>	<u>2.4</u>
Use Total	25.7	23.4	15.5	14.5	8.7	8.2
Ending Stocks	16.0	13.3	6.4	4.4	5.9	6.0
Stocks-to-Use	62%	57%	41%	31%	67%	73%

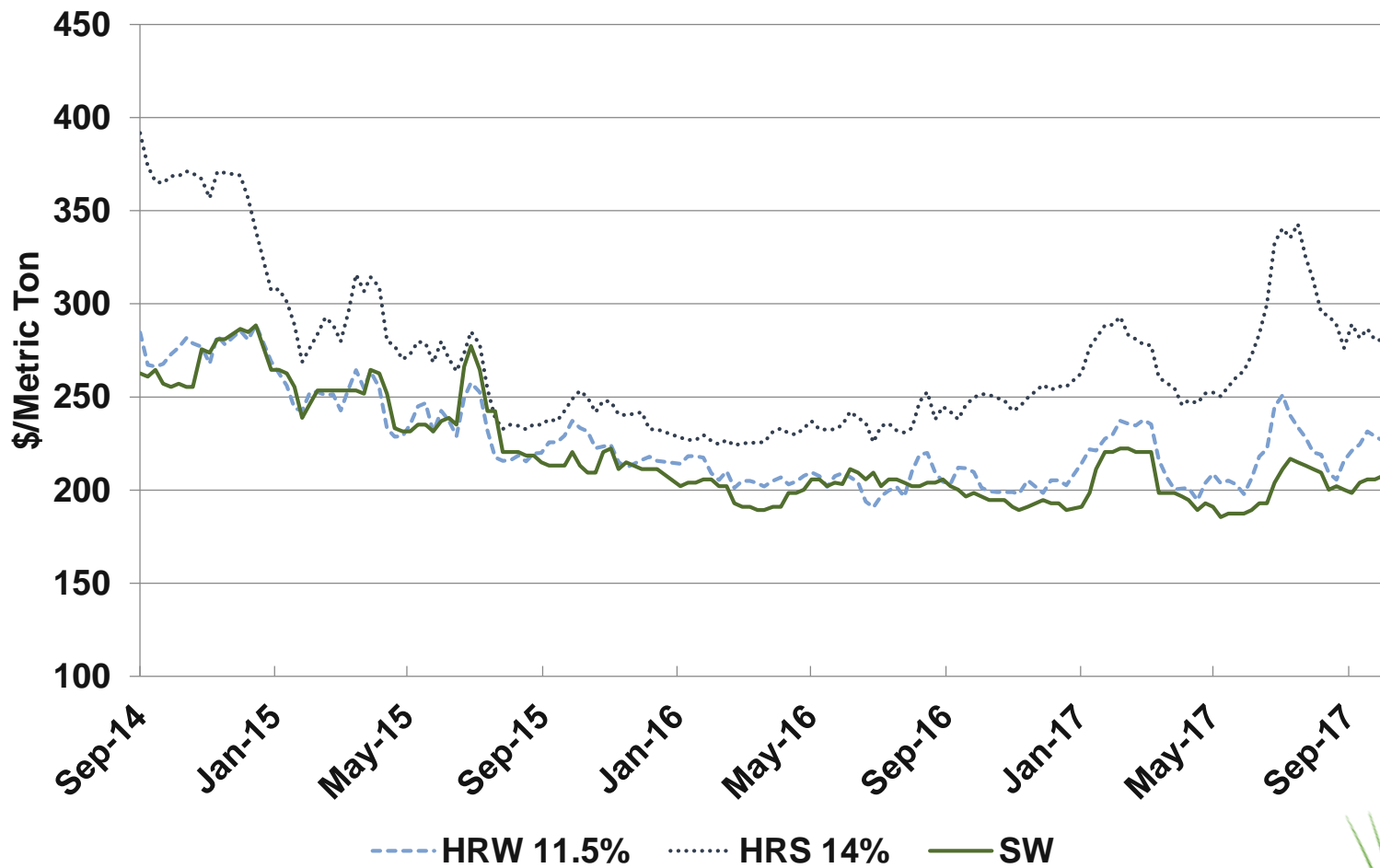
U.S. Wheat Supply and Demand

	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	32.1
Production	7.8	7.0	2.8	1.5	62.8	47.4
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	3.7	92.6	83.6
Domestic Use	2.7	2.7	2.7	2.4	31.8	30.9
Exports	<u>4.4</u>	<u>5.7</u>	<u>0.7</u>	<u>0.5</u>	<u>28.7</u>	<u>26.5</u>
Use Total	7.2	8.4	3.4	2.9	60.5	57.5
Ending Stocks	2.9	1.7	1.0	0.7	32.1	26.1
Stocks-to-Use	40%	20%	29%	25%	53%	45%

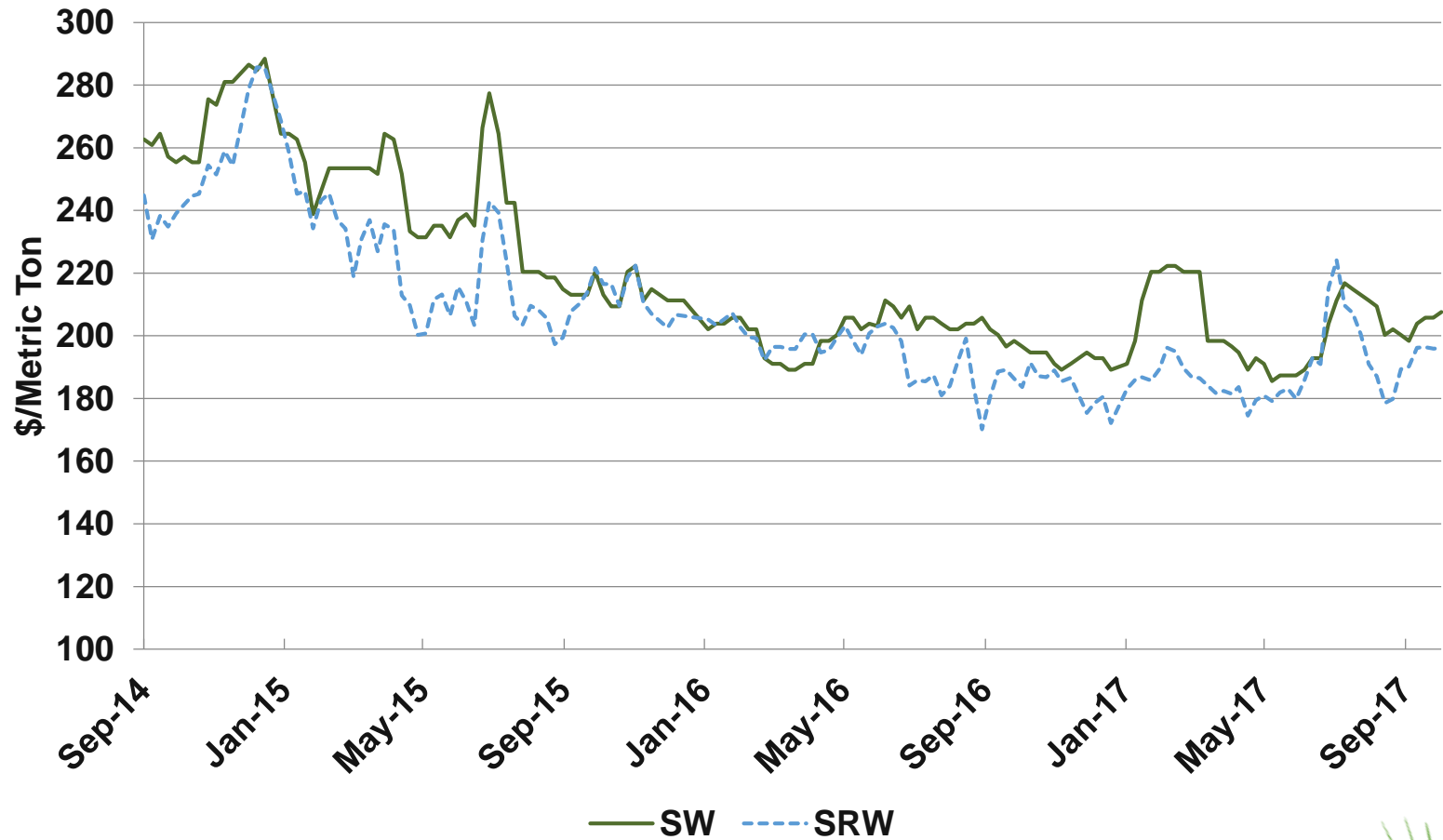
U.S. FOB Gulf Prices



U.S. FOB PNW Prices



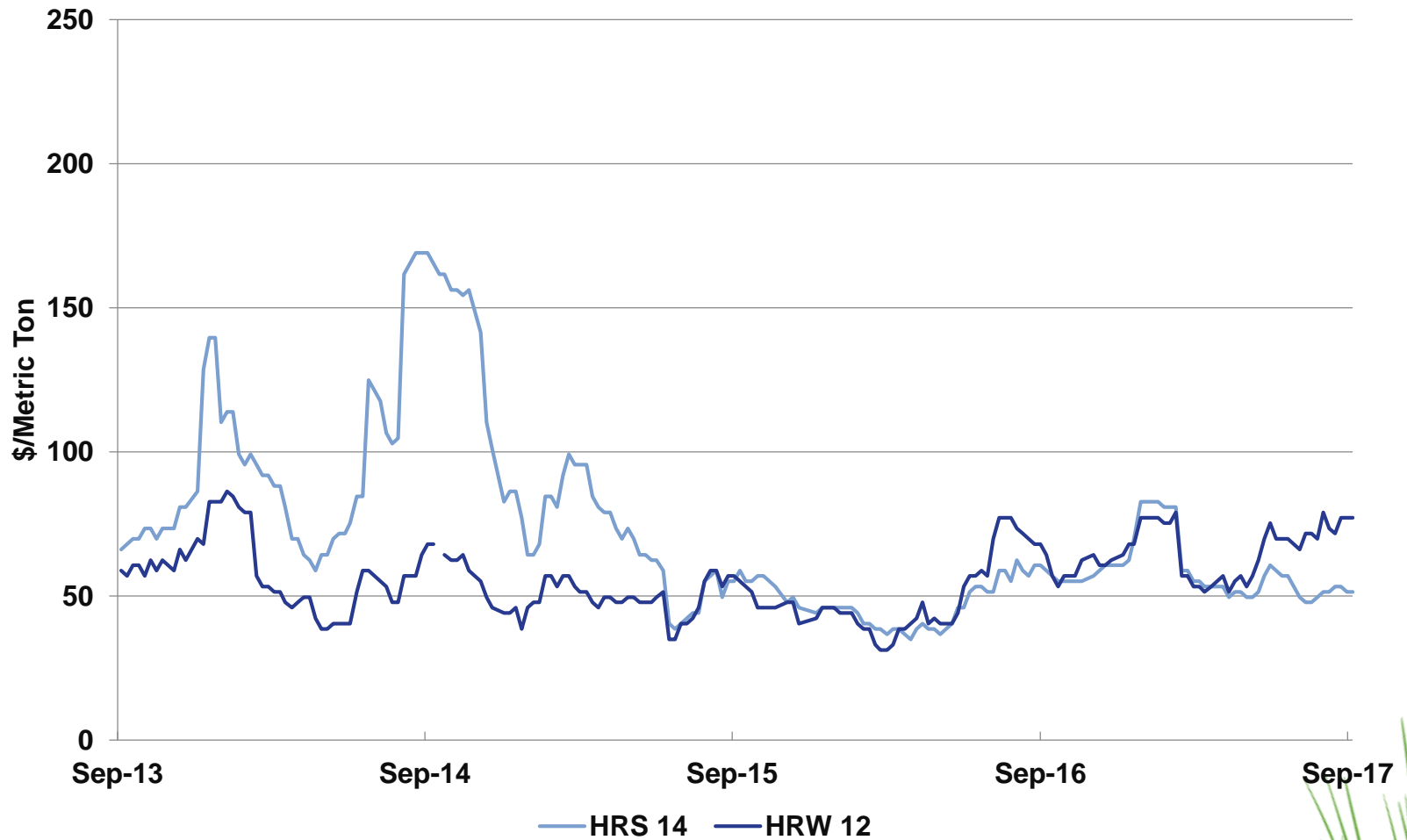
SRW and Soft White Prices



U.S. Gulf Basis Prices



U.S. PNW Basis Prices

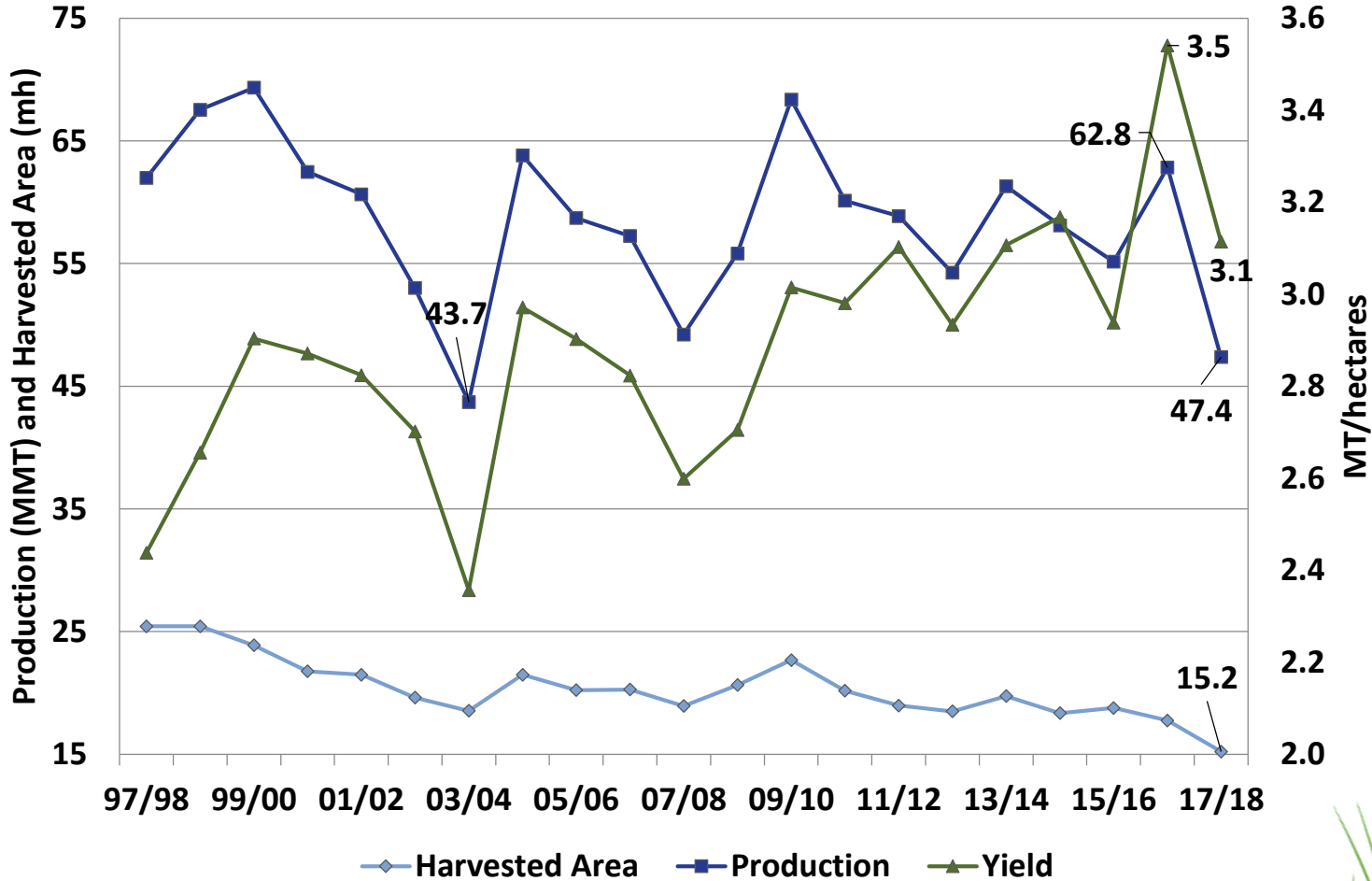


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

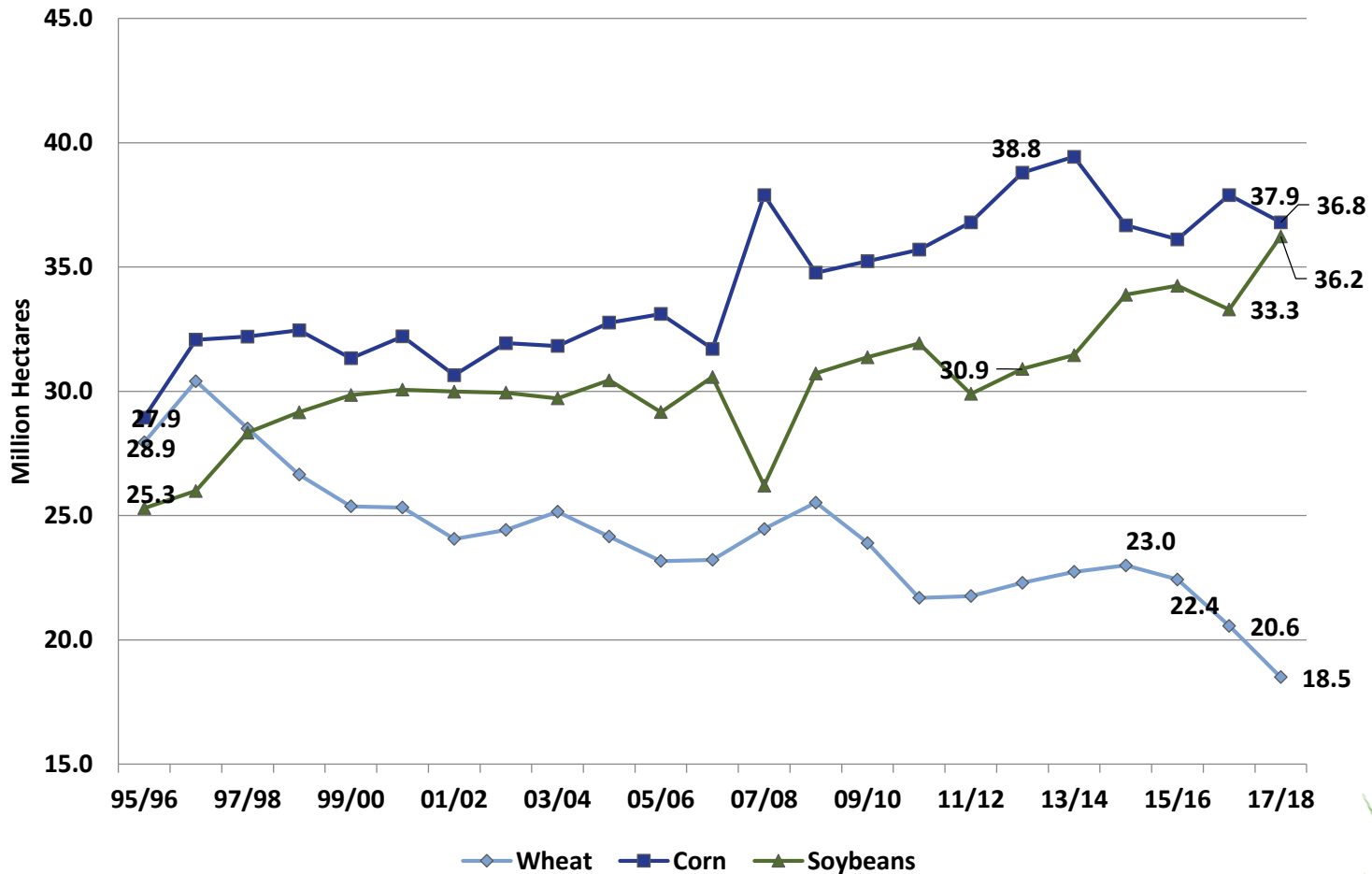


U.S. WHEAT
ASSOCIATES

U.S. Wheat Area and Production



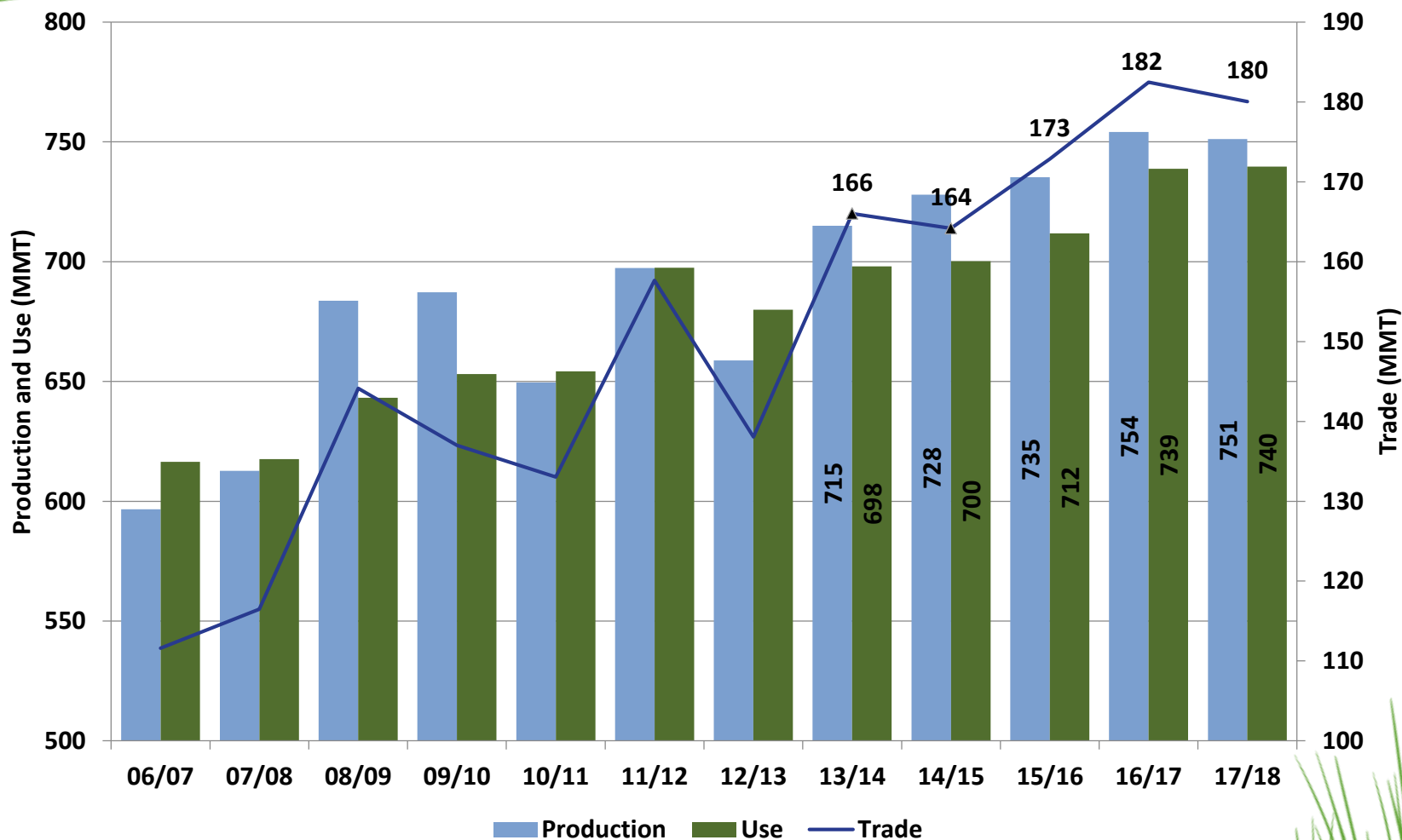
U.S. Crop Planted Area Comparison



*Source: USDA Acreage Report June 30, 2017

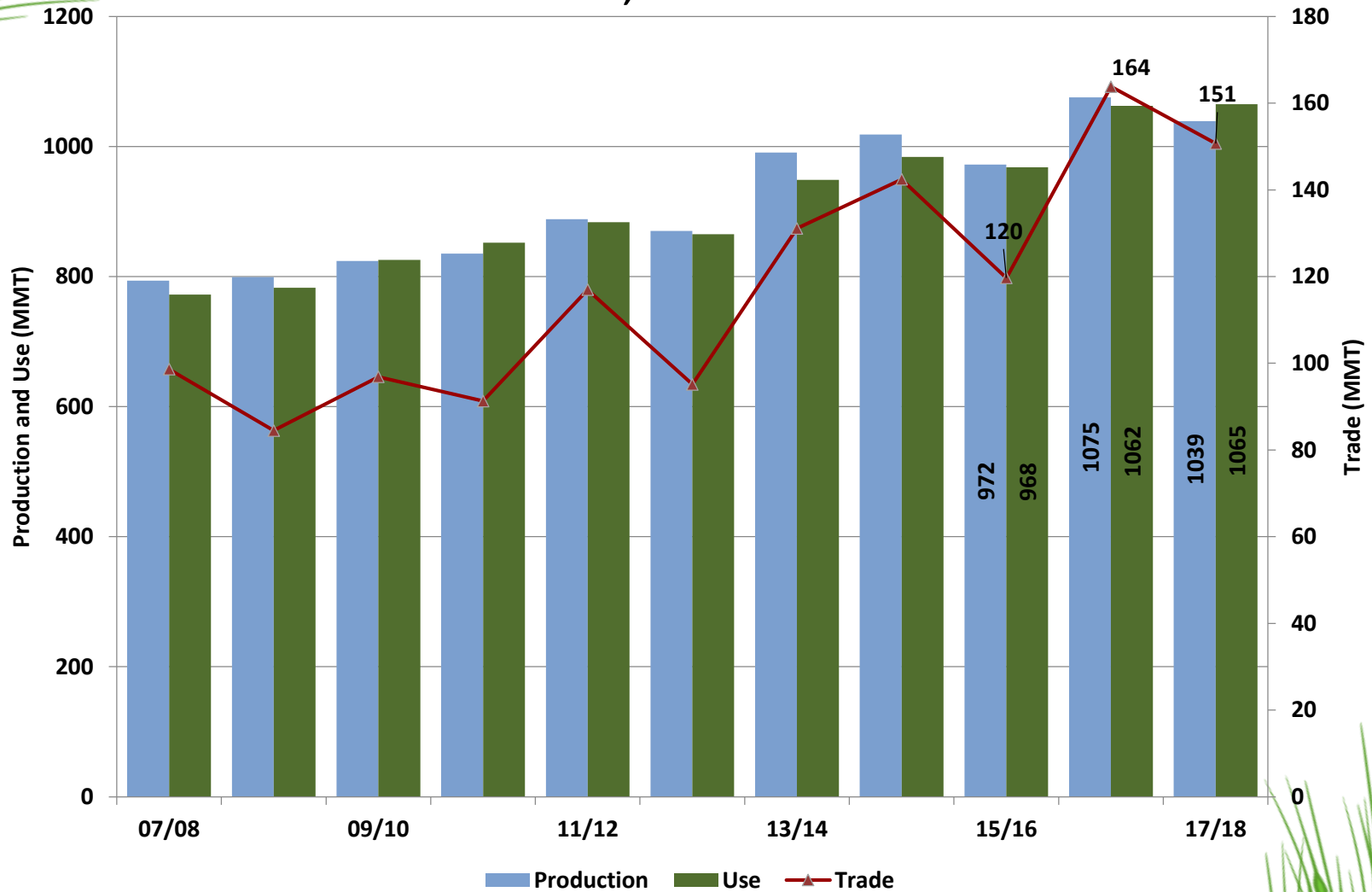
World Wheat

Production, Use and Trade



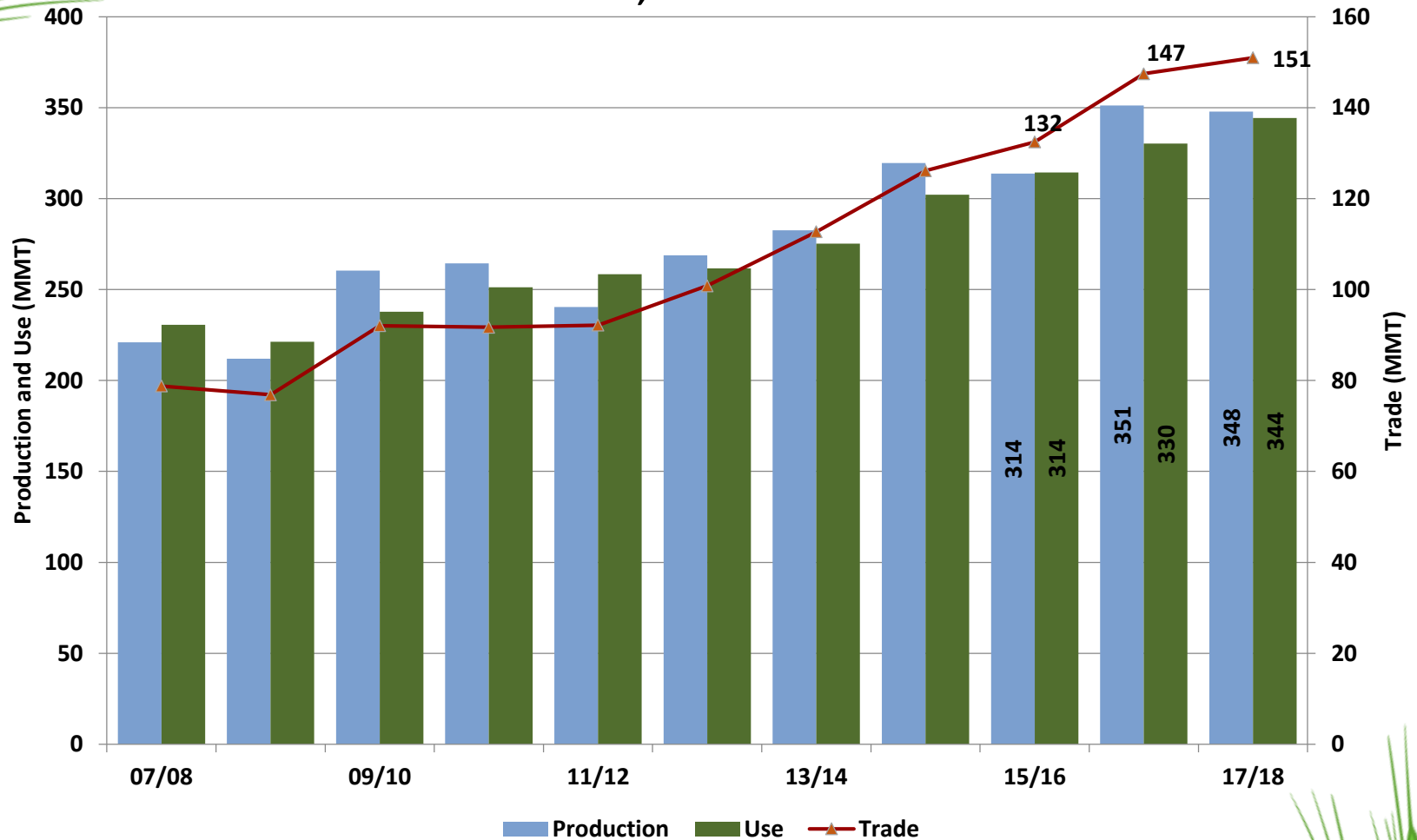
World Corn

Production, Use and Trade

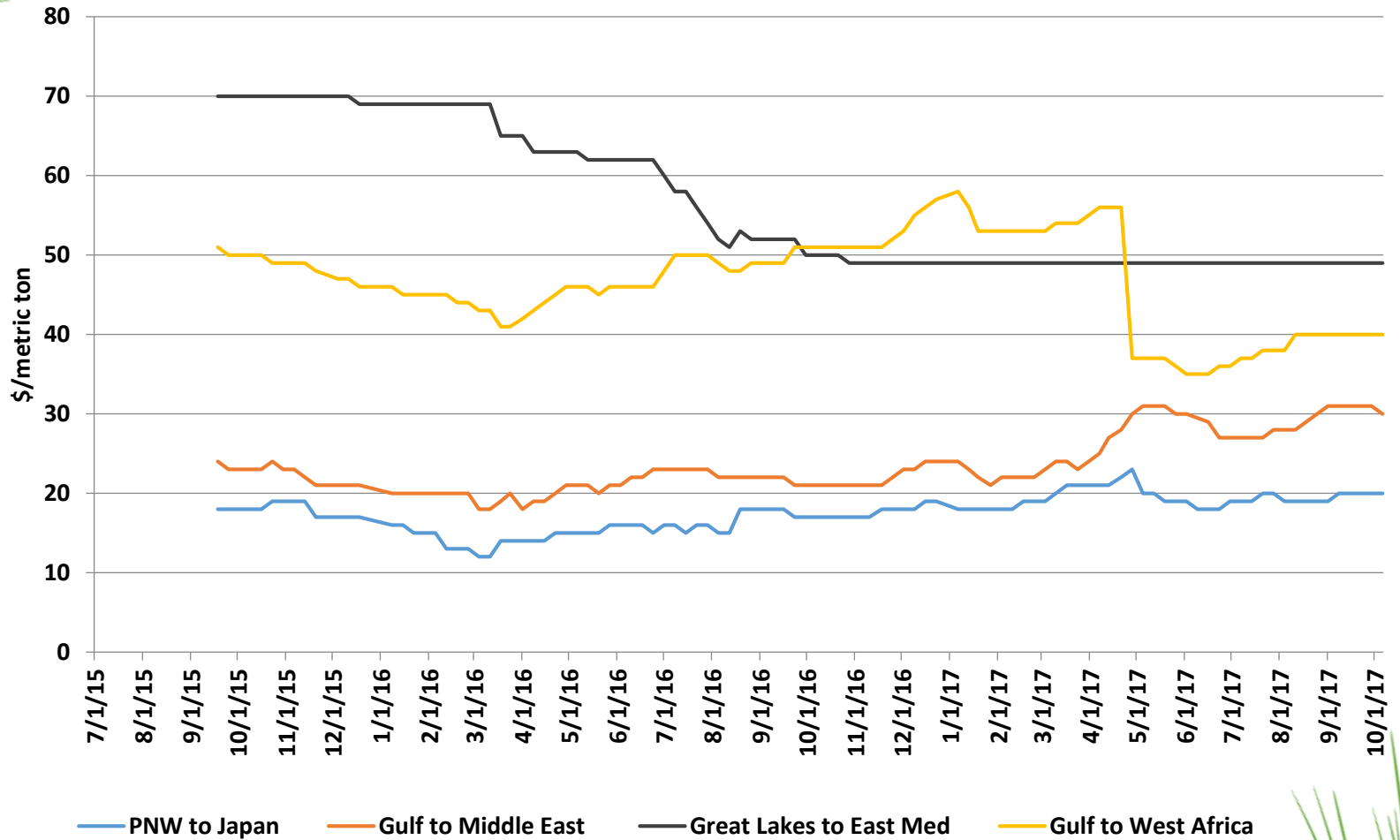


World Soybeans

Production, Use and Trade



Ocean Freight Rates for Grains



Summary

- **Global production at 751 MMT, down slightly from 2016/17**
 - Russia wheat production to grow to 82.0 MMT, 13% above 2016/17
 - Wheat production in the U.S. expected to fall to 47.4, 19% below the 5-year average
- **Global ending stocks to rise to a record 268 MMT, 23% above the 5-year average**
 - Ending stocks in Australia to fall to 3.38 MMT, 50% lower than 2016/17
 - U.S. ending stocks to decrease to 26.1 MMT, down 19% from 2016/17 if realized
- **World consumption and trade expected to decrease slightly in 2017/18**
 - Black Sea exports estimated at 56.5 MMT, 7% above 2016/17
 - U.S. 2017/18 exports to reach 26.5 MMT, in line with the 5-year average



U.S. WHEAT
ASSOCIATES