

World Wheat Supply and Demand Situation

June 2018

Major data source: USDA World Agricultural Supply and Demand Estimates released June 12, 2018. Projections will change over the course of the year depending on weather and other developments.



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Highlights of USDA's 2018/19 Supply and Demand Estimates

1. 2018/19 global wheat production to fall for first time in 5 years

- Global supplies estimate to grow to 1017 MMT; up slightly from the 2017/18 and a new record
- Wheat production in Russia to fall to 68.5 MMT, down 19% year over year, if realized
- U.S. wheat production estimated at 49.7 MMT, 5% above 2017/18, if realized

2. Consumption forecast at a record 751 MMT, 4% above the 5-year average

- Russian domestic consumption to decline to 39.5 MMT, 12% below 2017/18, if realized
- U.S. domestic consumption to grow 5% year over year to 31.2 MMT

3. World wheat trade projected at a record 187 MMT, 8% above the 5-year average

- Russian exports to drop to 35.0 MMT, 14% below 2017/18, still 29% above the 5-year average
- Exports from the EU to climb 21% year over year to 29.0 MMT
- U.S. 2018/19 exports to increase to 25.9 MMT, up 6% from 2017/18, if realized



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Highlights of USDA's 2018/19 Supply and Demand Estimates

4. World beginning stocks estimated at record 272 MMT, up 6% year over year

- Beginning stocks in Russia forecast at 10.7 MMT, down slightly from 2017/18, still 63% above the 5-year average
- U.S. beginning stocks will fall to an estimated 29.4 MMT, 9% below 2017/18 levels

5. Global ending stocks projected at 266 MMT, 2% below the record 2017/18 level, if realized

- Estimated Chinese ending stocks of 139 MMT account for 52% of global ending stocks, 45% greater than the 5-year average
- Exporter ending stocks forecast at 73.4 MMT, down 5% year over year
- Ending stocks in importing countries to fall to 54.1 MMT, 29% below the 5-year average of 76.3 MMT

6. U.S. farm gate average price forecast 7% higher in 2018/19

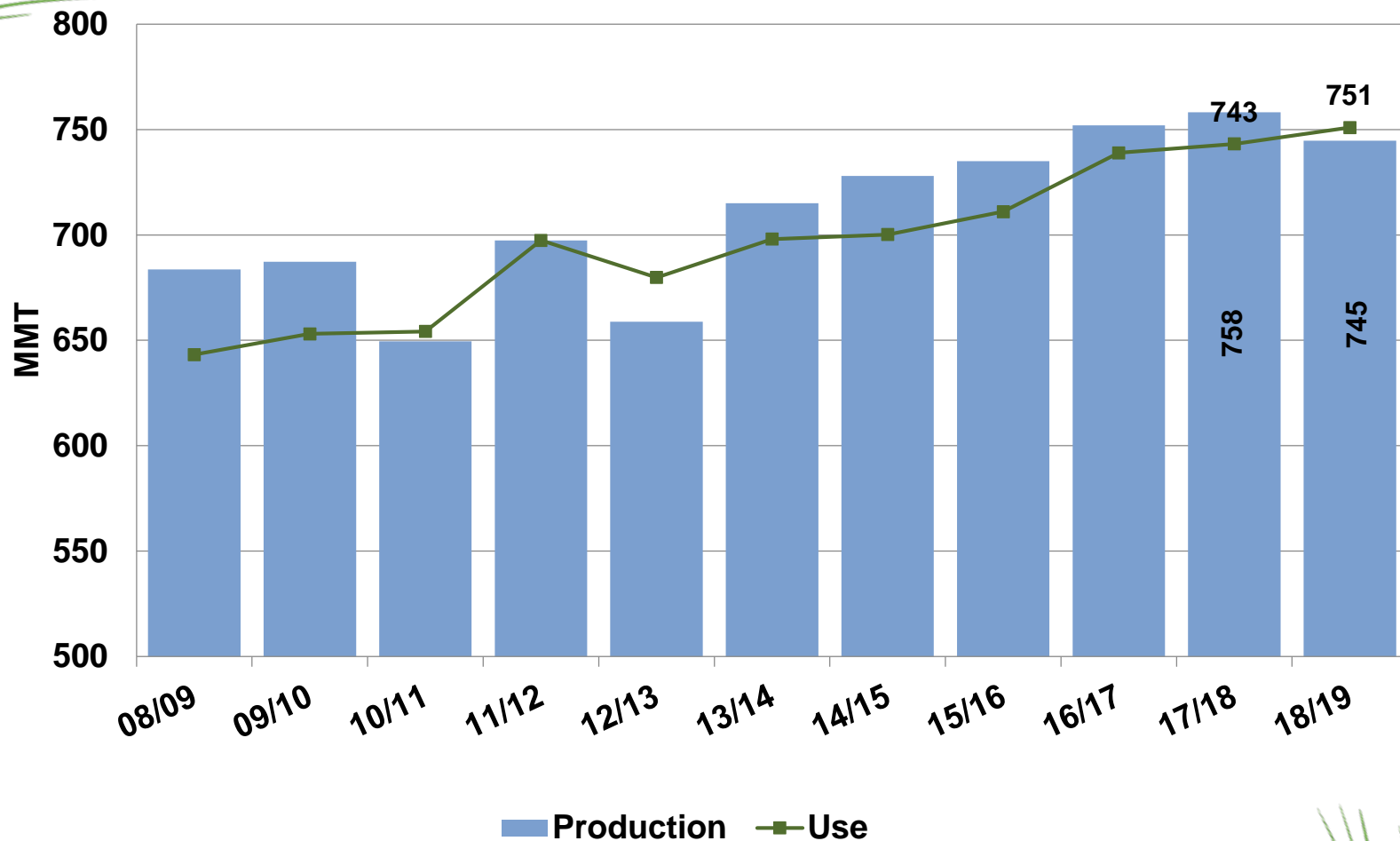
- Projected average range: \$4.60 to \$5.60/bushel (\$169-\$206/MT)*

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

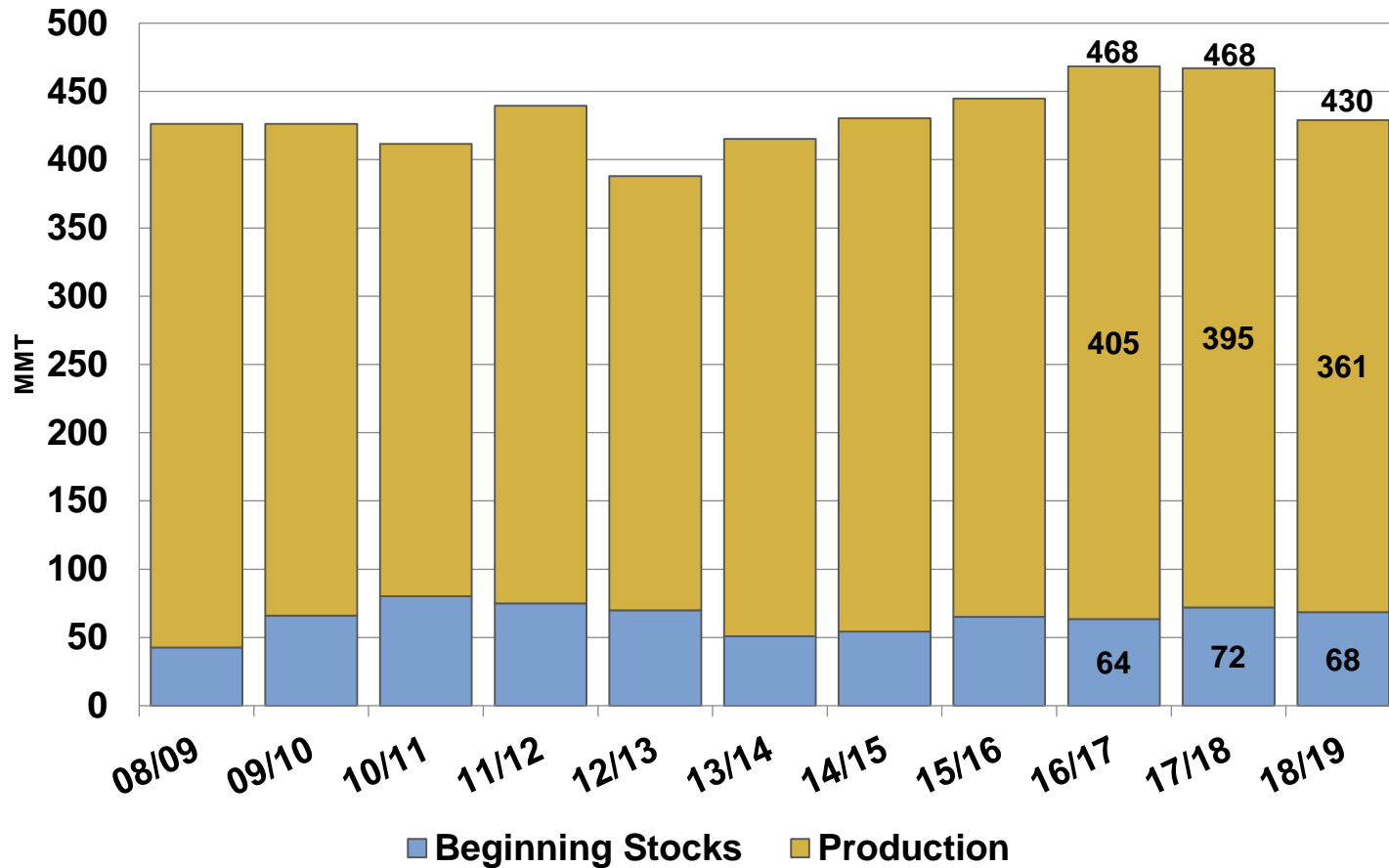


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World Production and Use



Supplies in Top Exporting Countries*



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

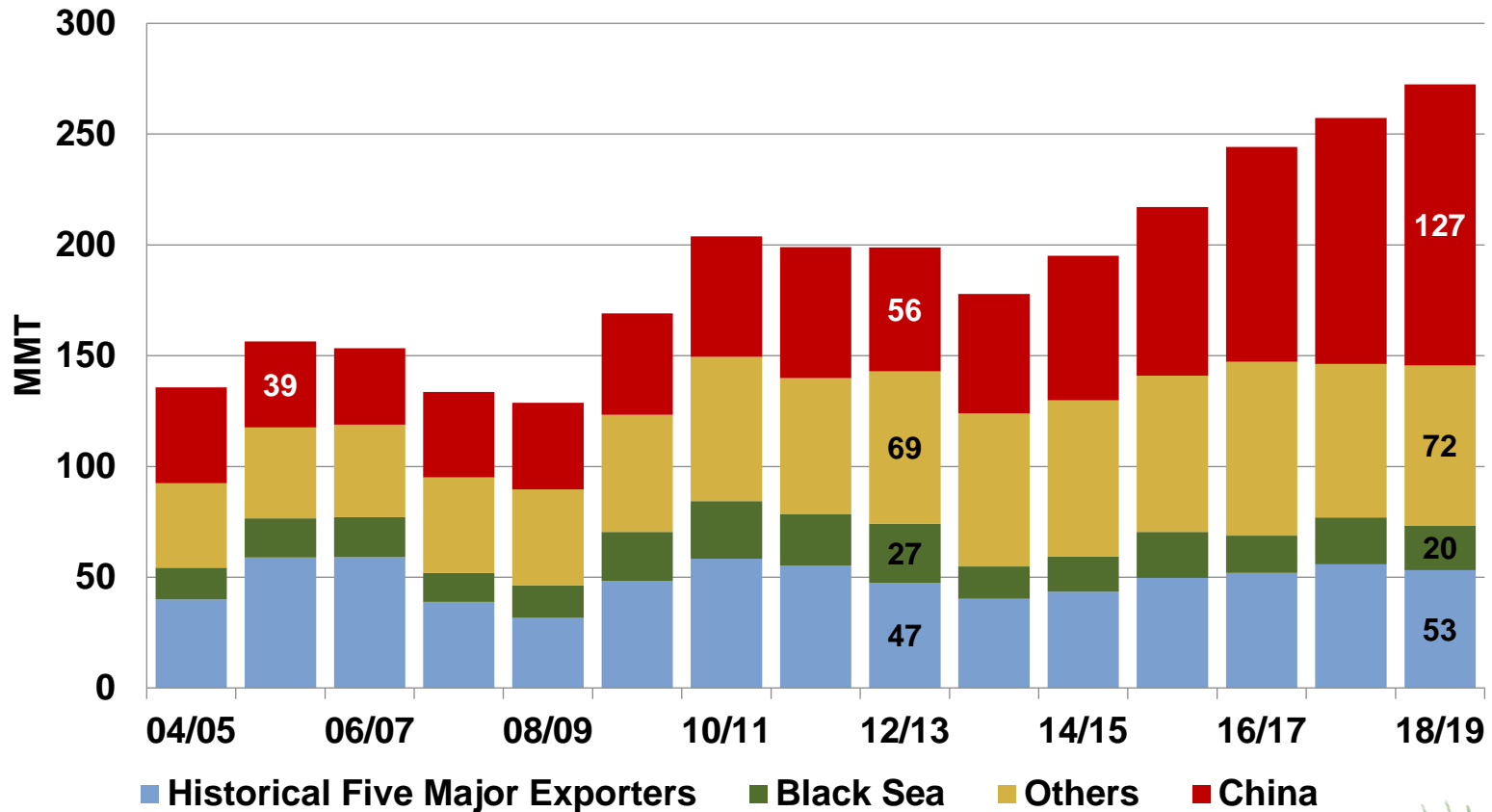
World Wheat Supply and Demand

		16/17	17//18 <i>MMT</i>	18/19
SUPPLY:	Beginning Stocks	244	257	272
	Production	752	758	745
	Supply Total	996	1016	1017
TRADE:	Exports/Imports	183	183	187
DEMAND	Food & Seed	592	598	608
	Feed & Residual	147	145	143
	Use Total	739	743	751
	ENDING STOCKS:	257	272	266



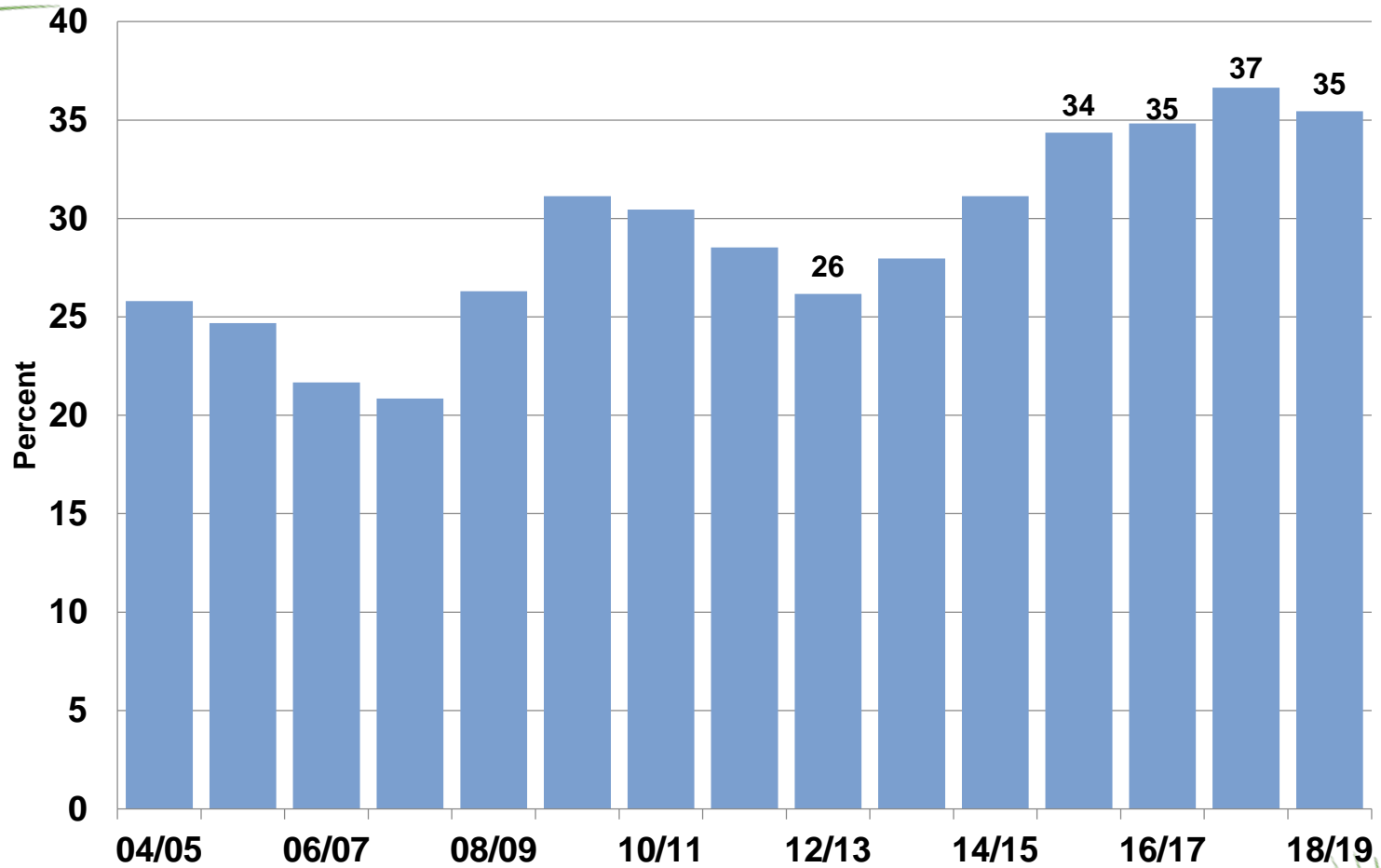
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World Beginning Stocks



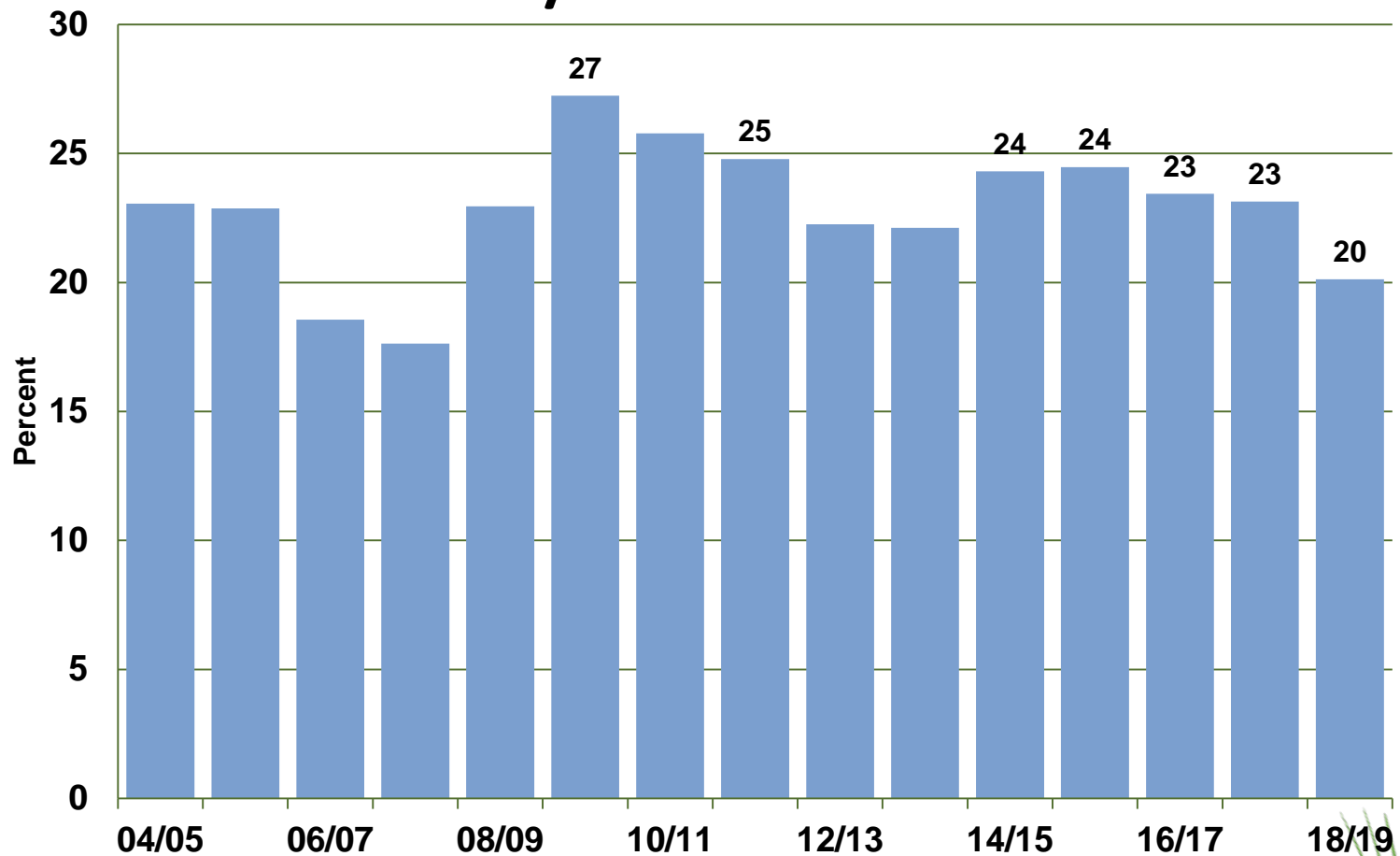
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

Global Stocks*-to-Use Ratio



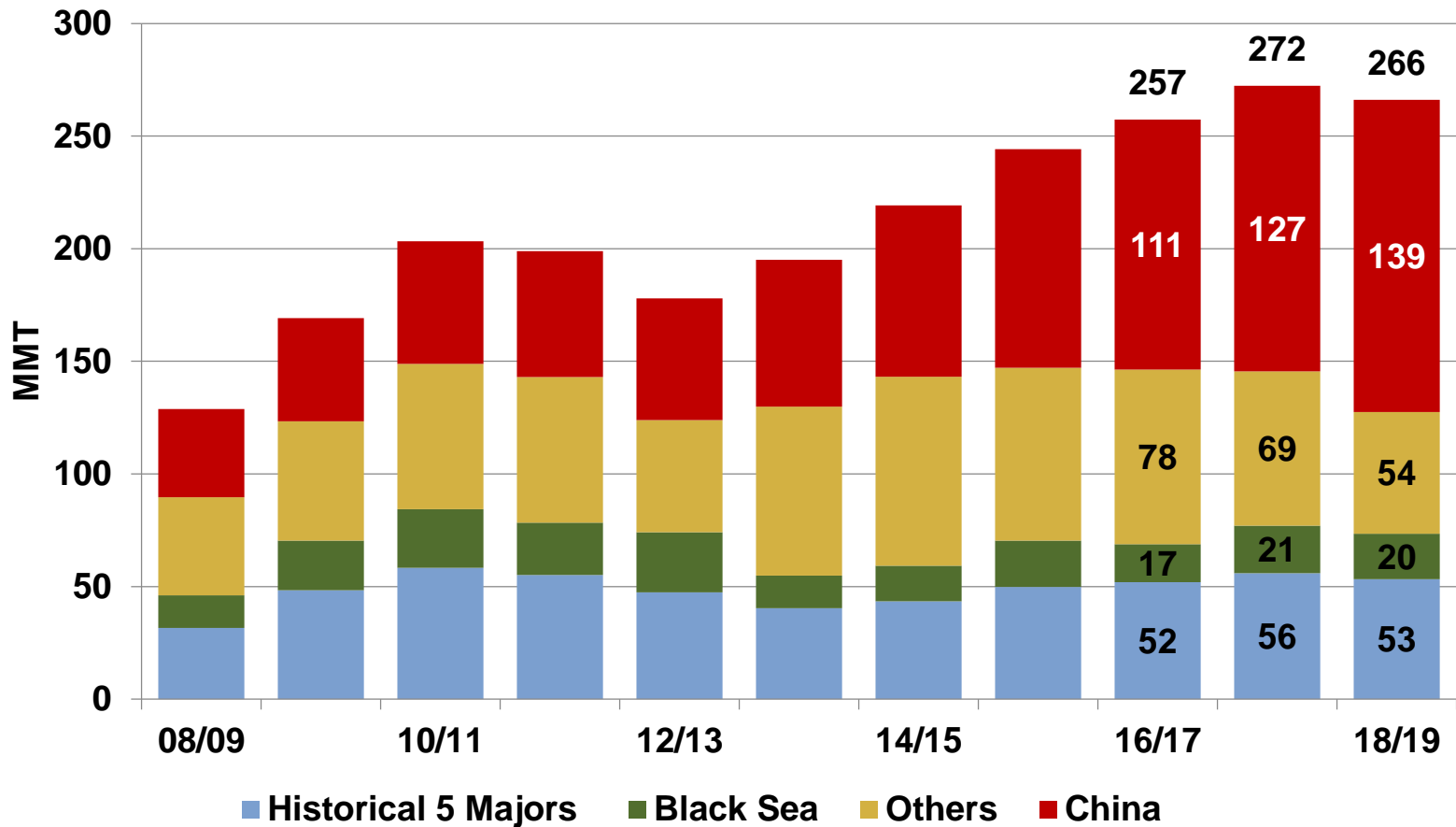
**Ending stocks*

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



**Ending stocks*

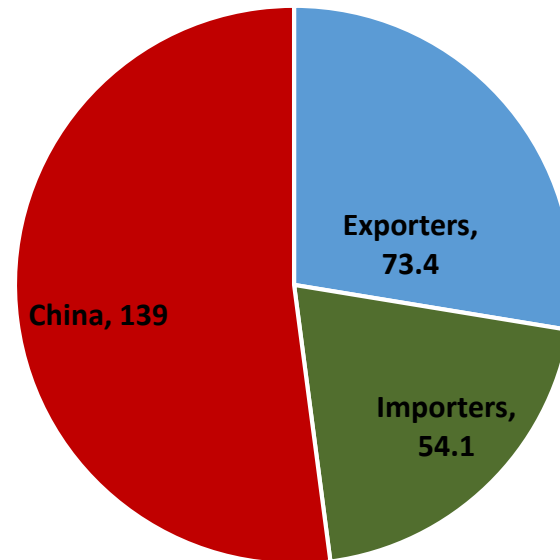
World Ending Stocks



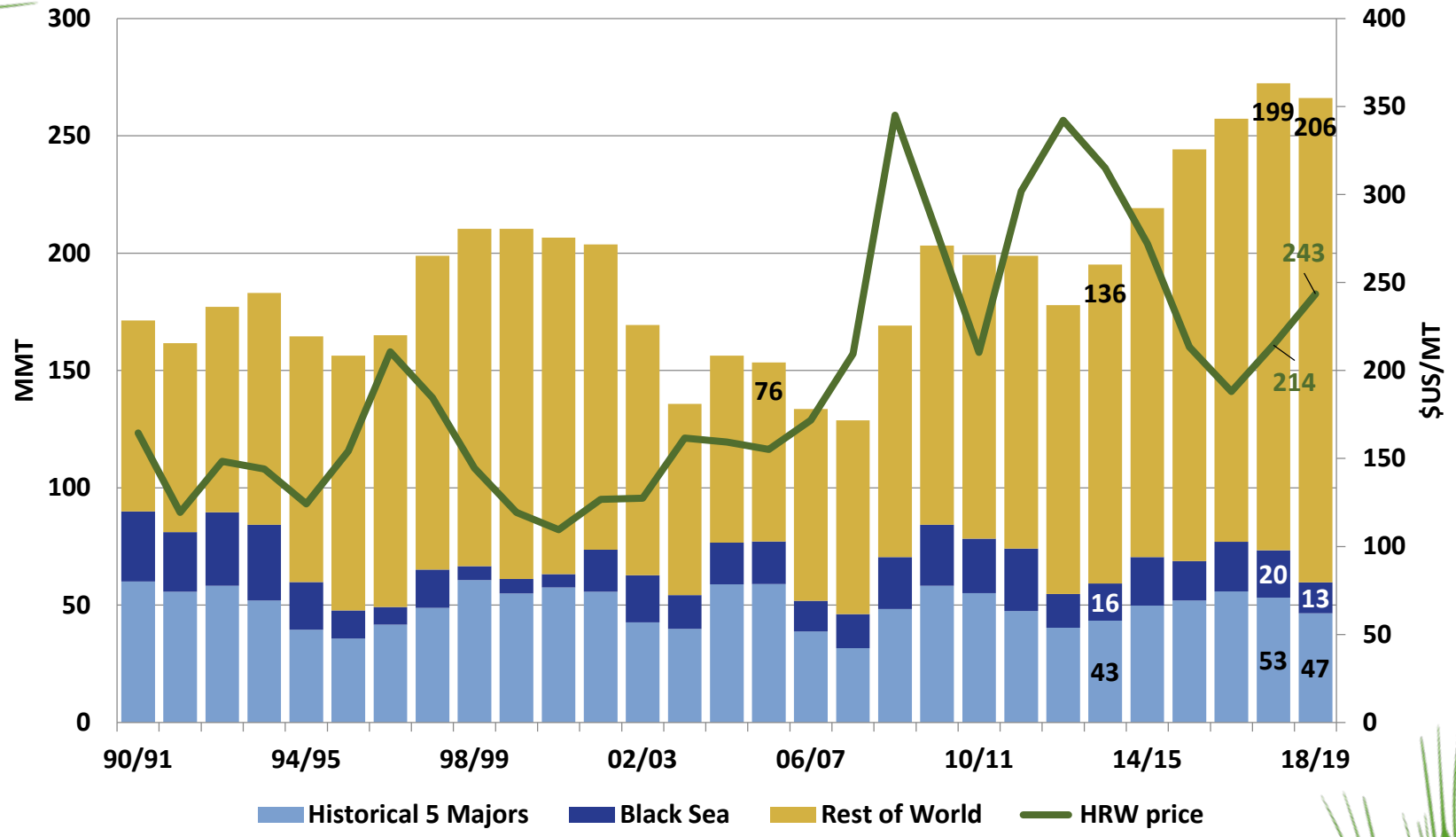
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.
Black Sea includes Russia, Ukraine and Kazakhstan.*

World Ending Stocks by Position

(million metric tons)



Global Ending Stocks and Price

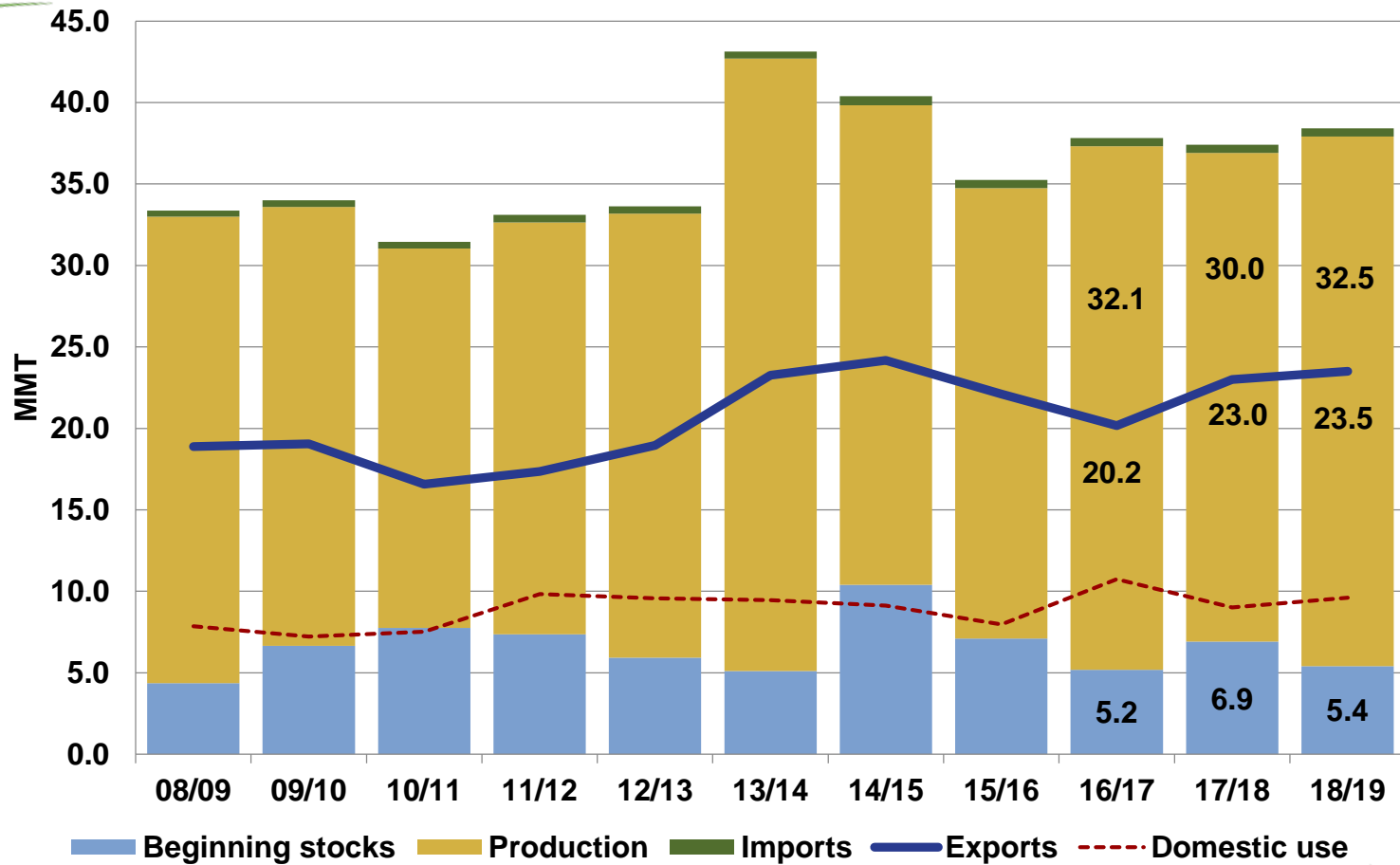


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

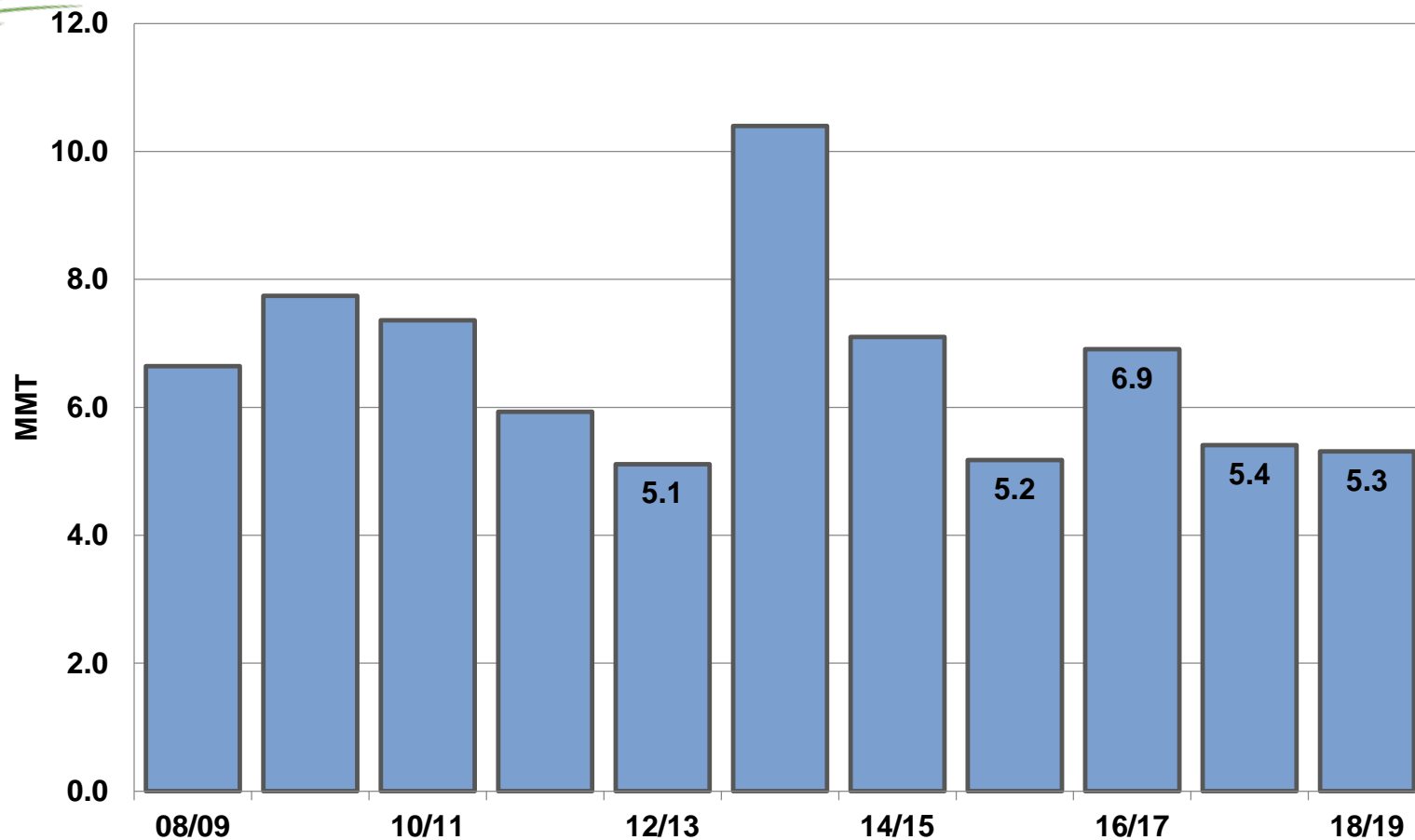


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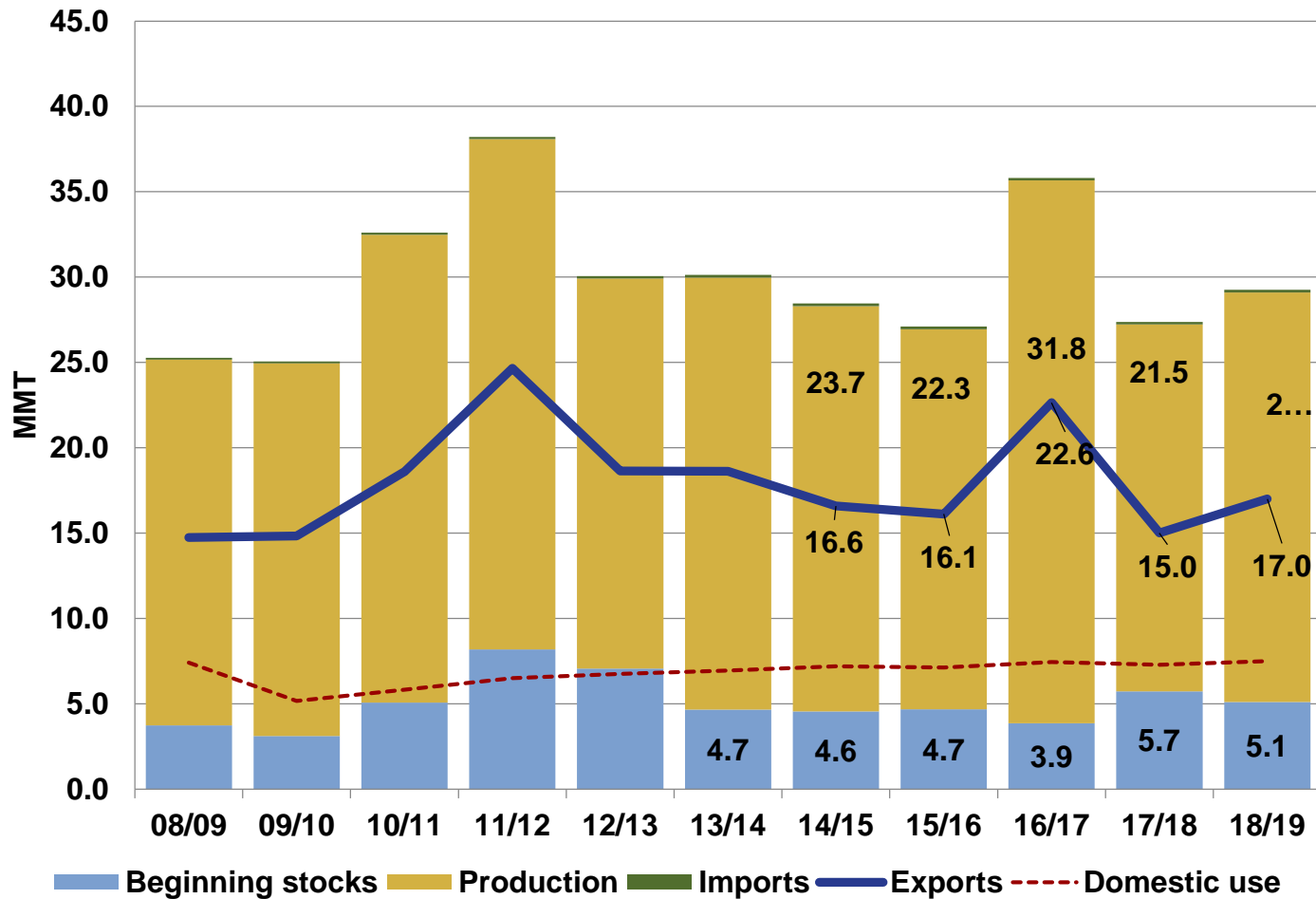
Canada Situation



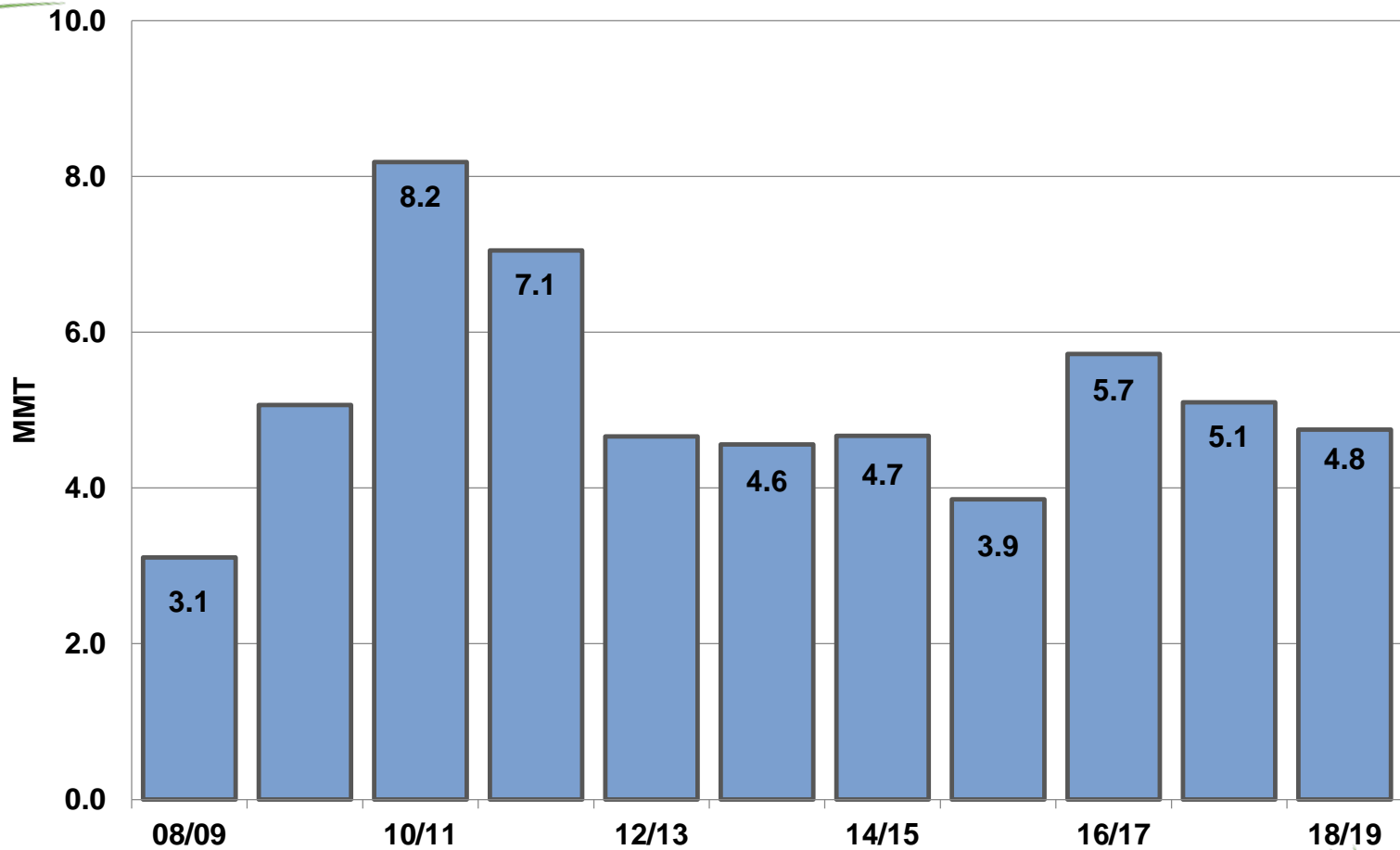
Canada Ending Stocks



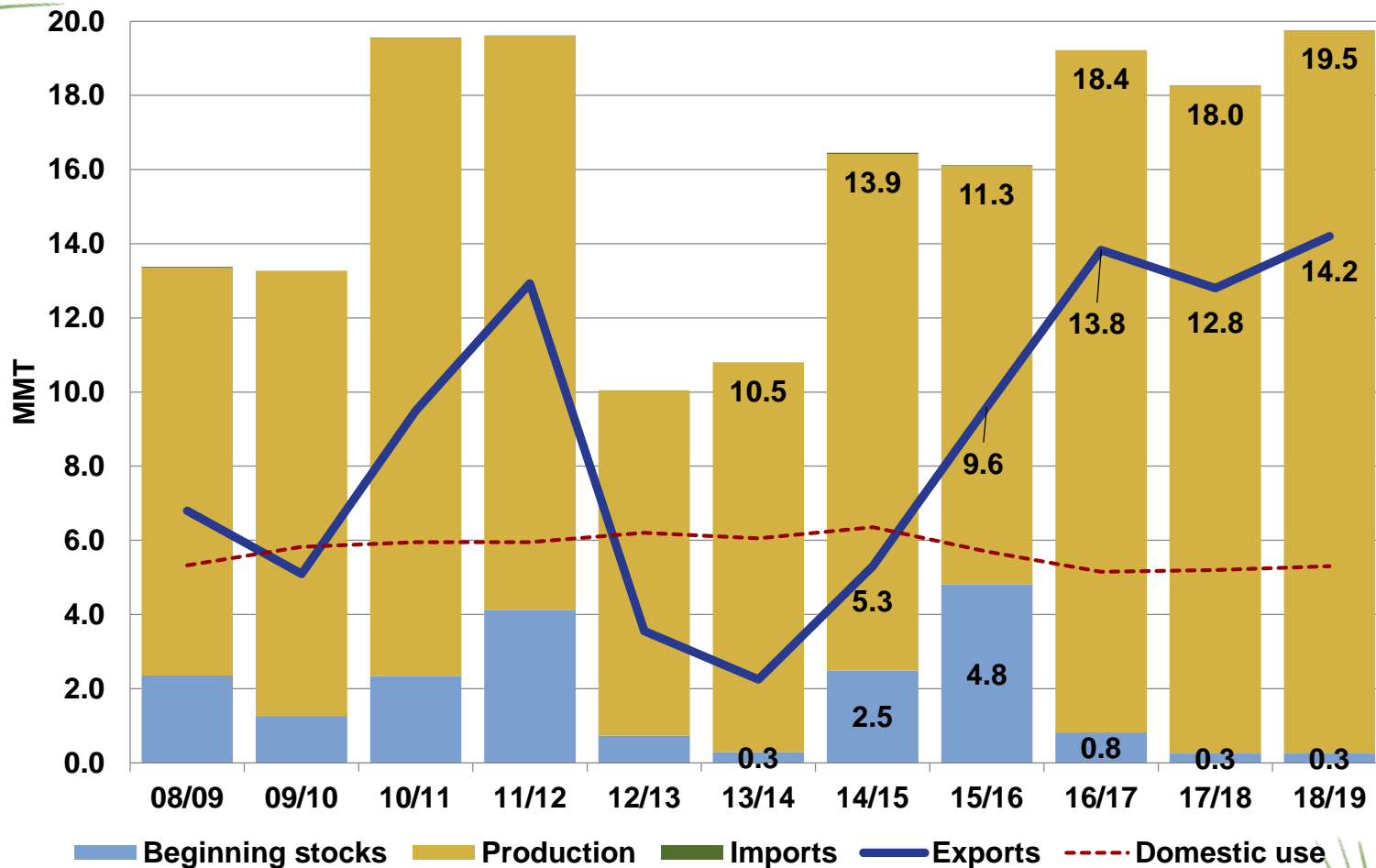
Australia Situation



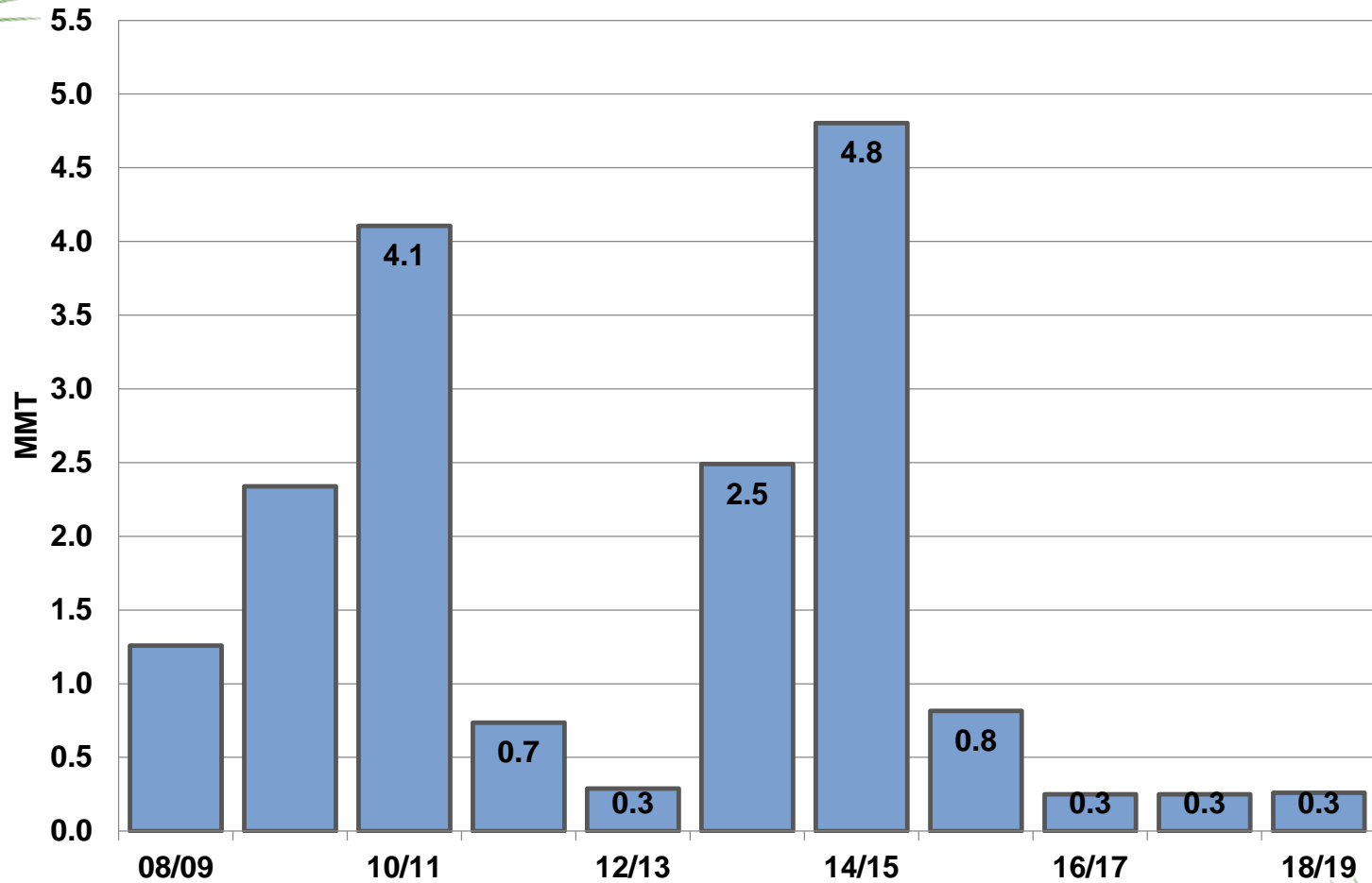
Australia Ending Stocks



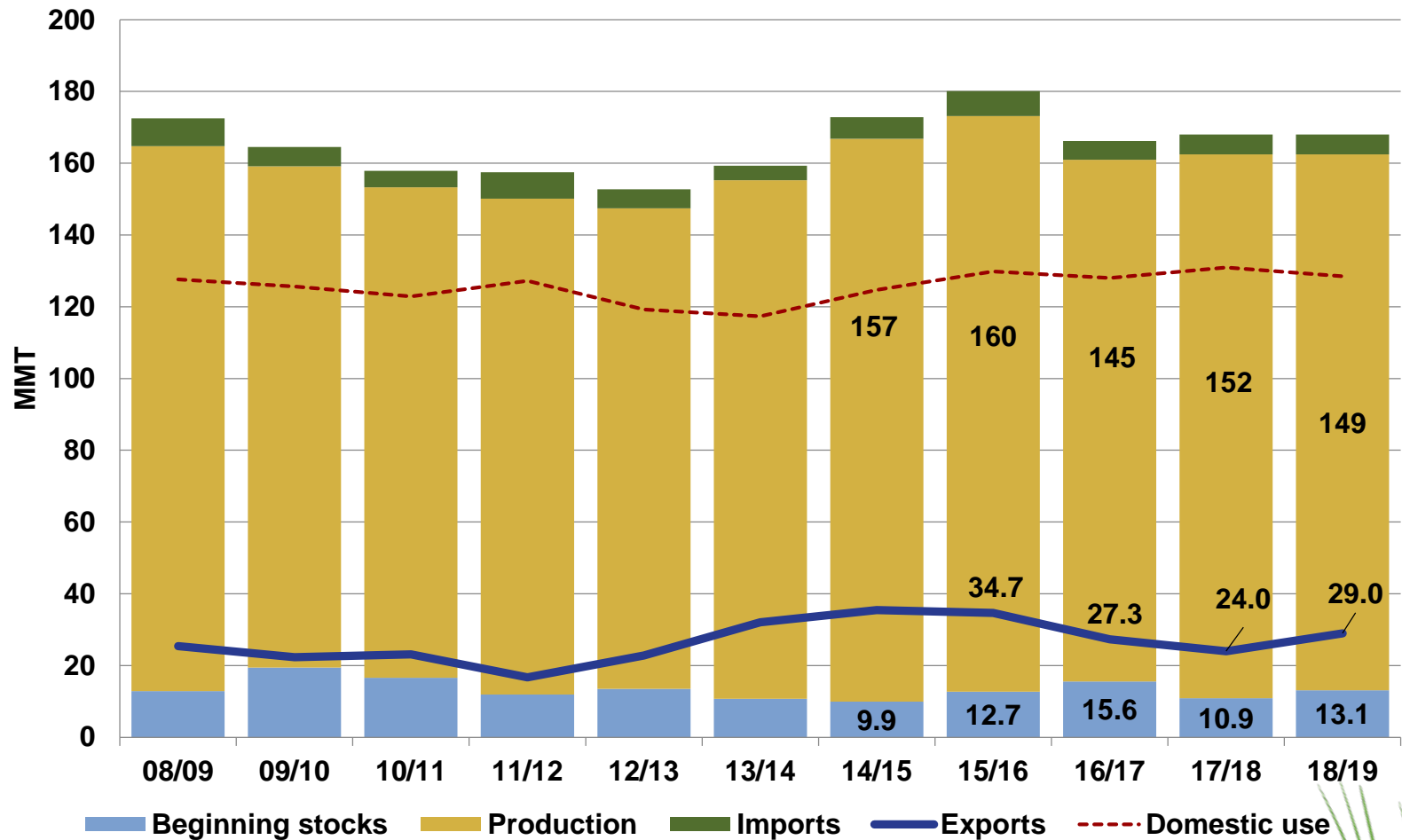
Argentina Situation



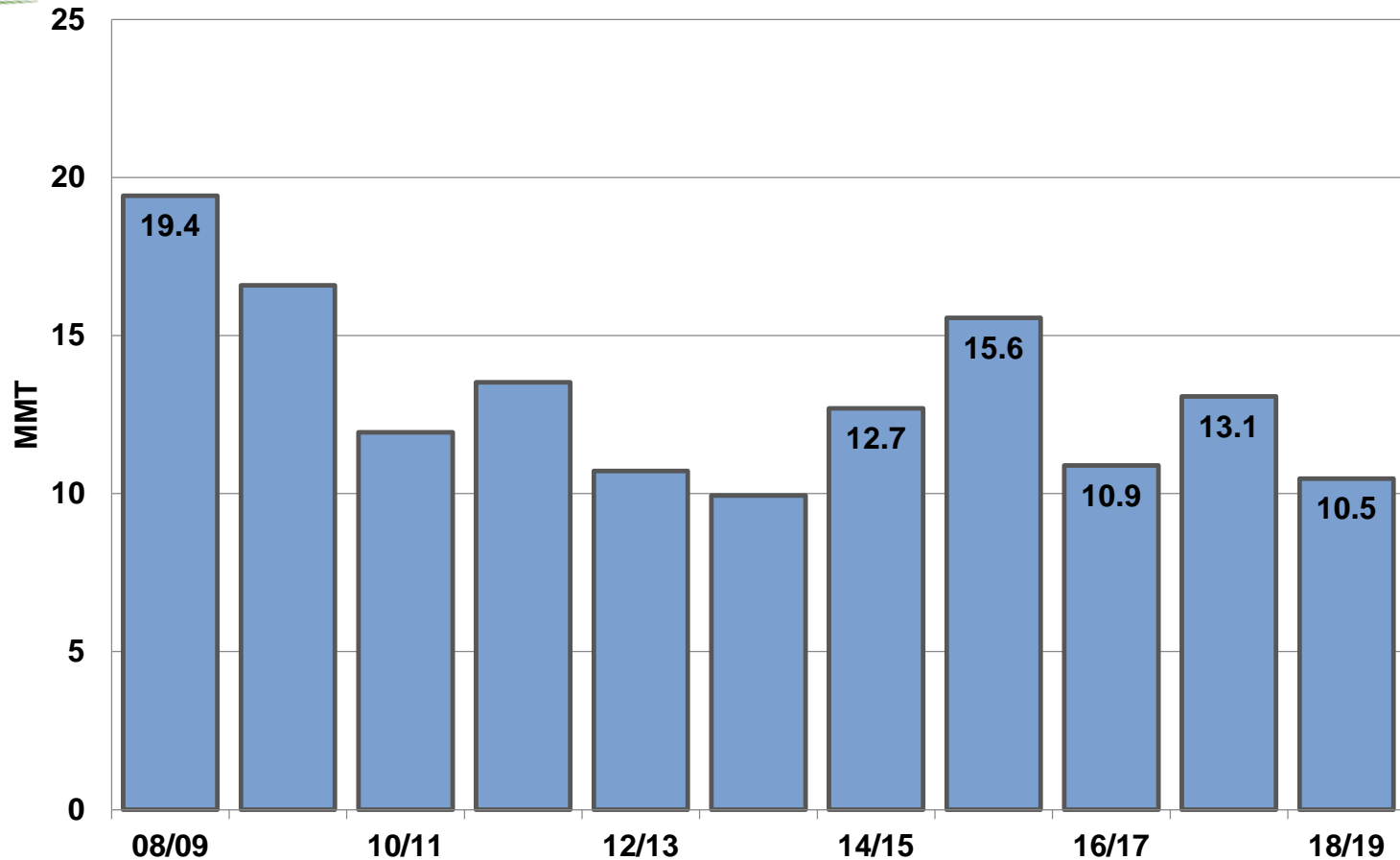
Argentina Ending Stocks



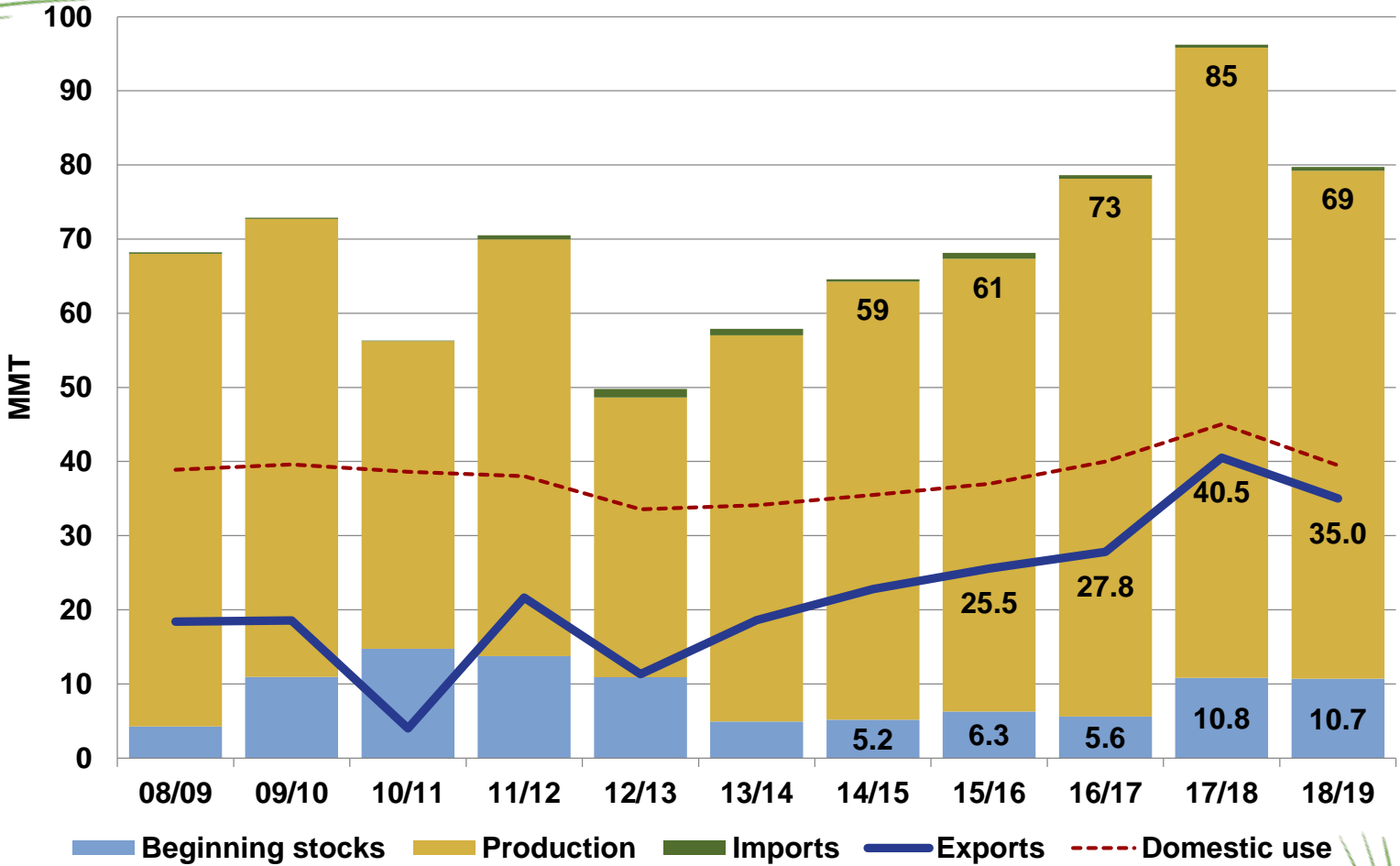
EU-27 Situation



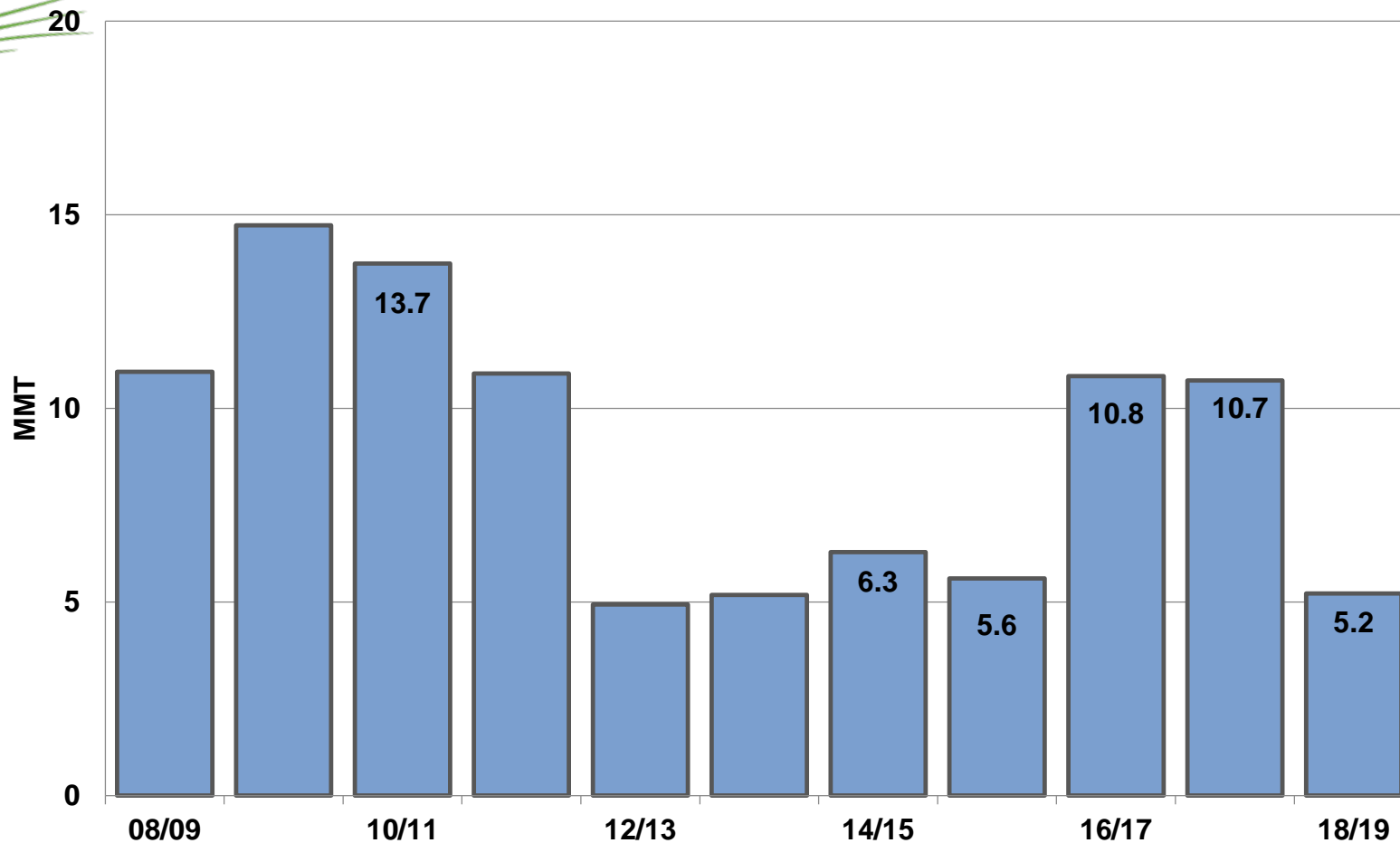
EU-27 Ending Stocks



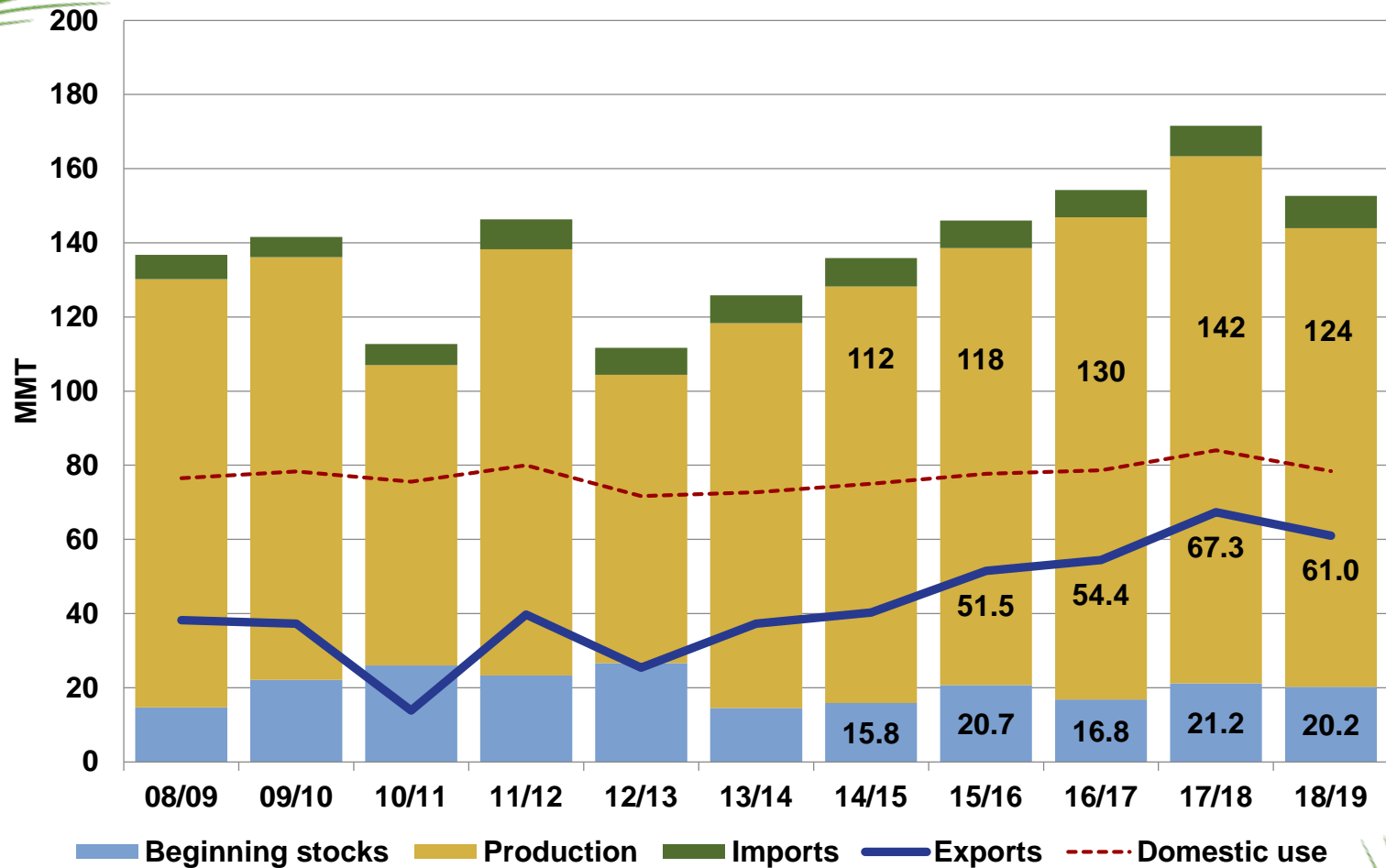
Russia Situation



Russia Ending Stocks

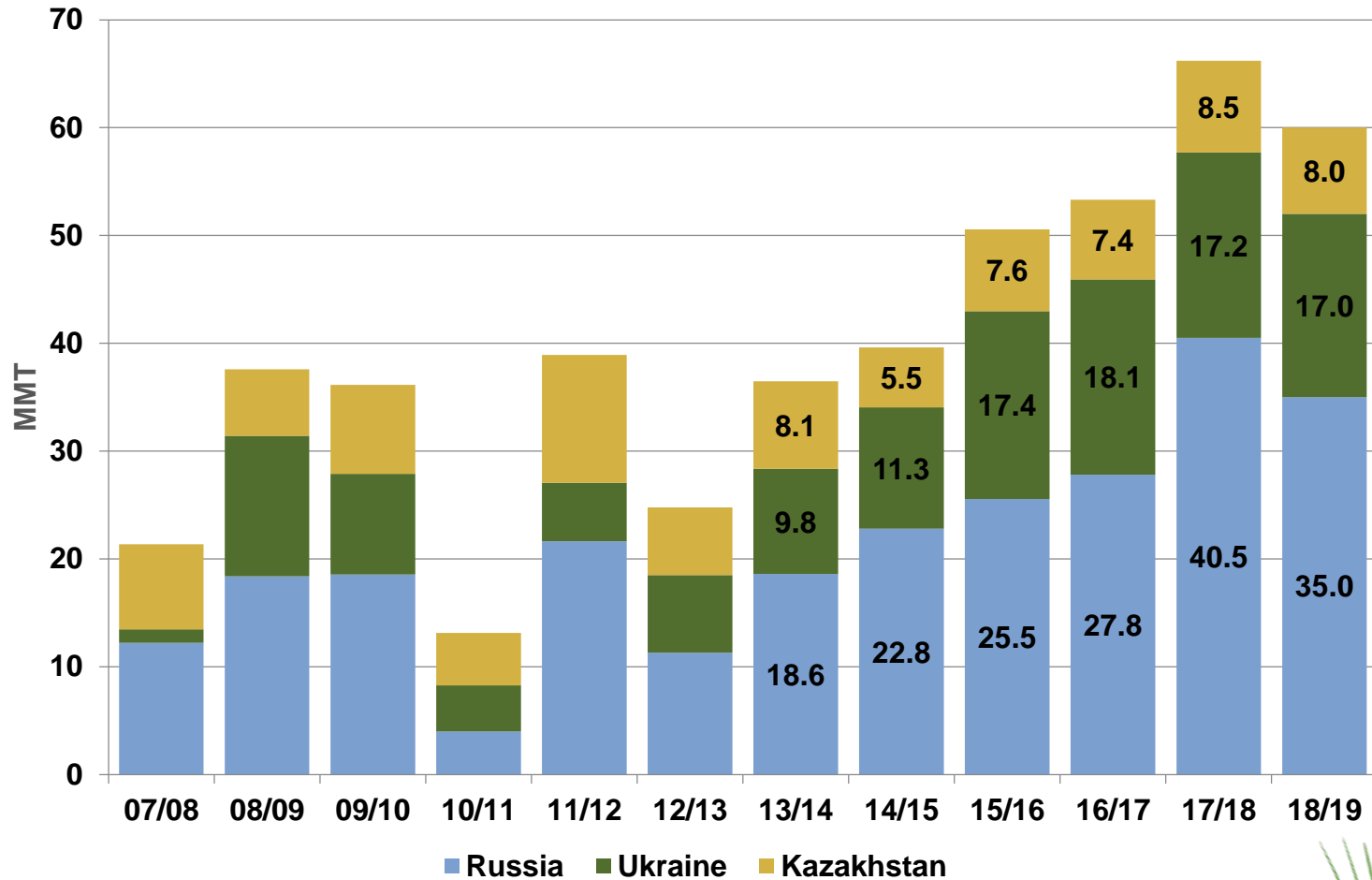


Black Sea Region Situation

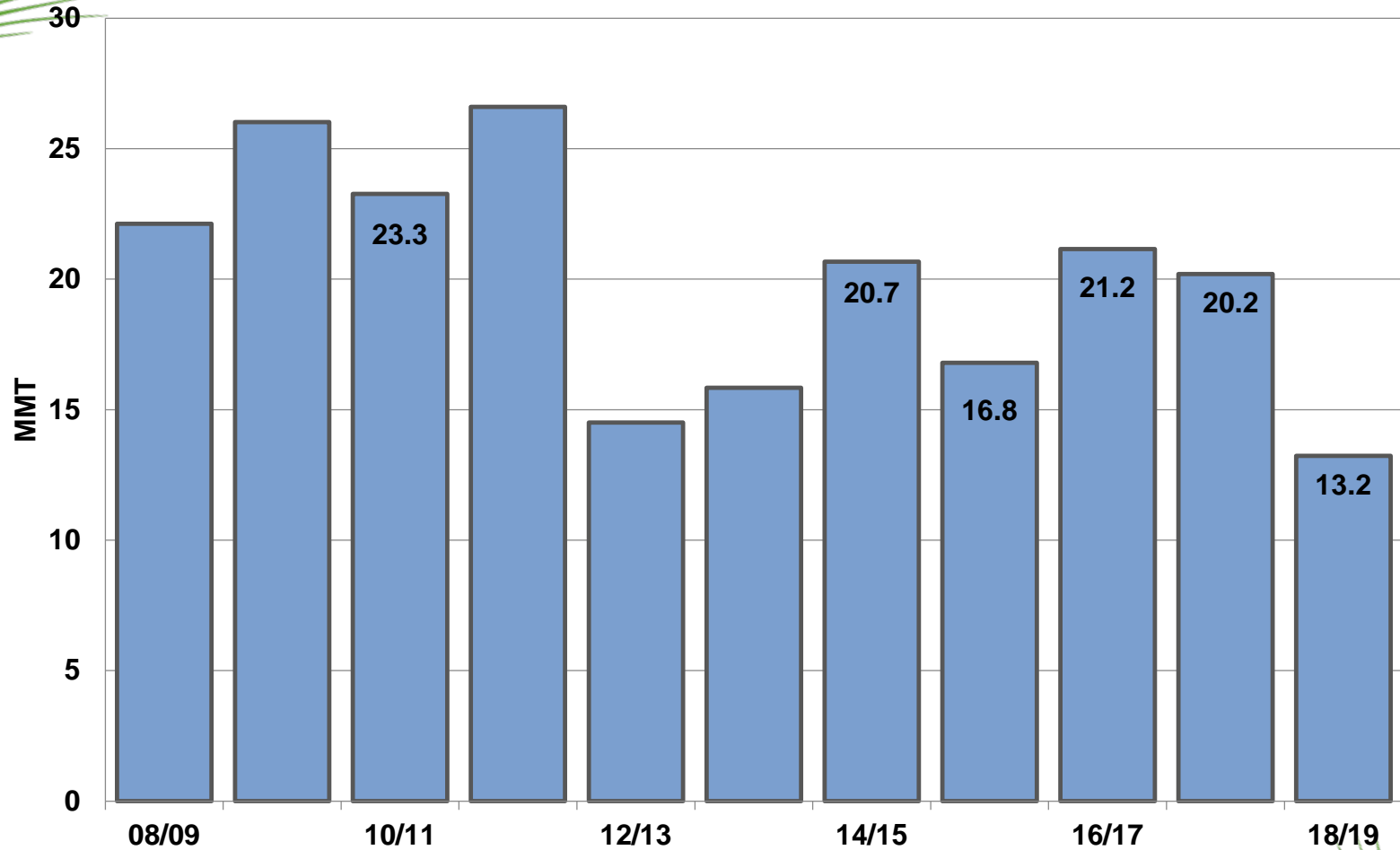


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

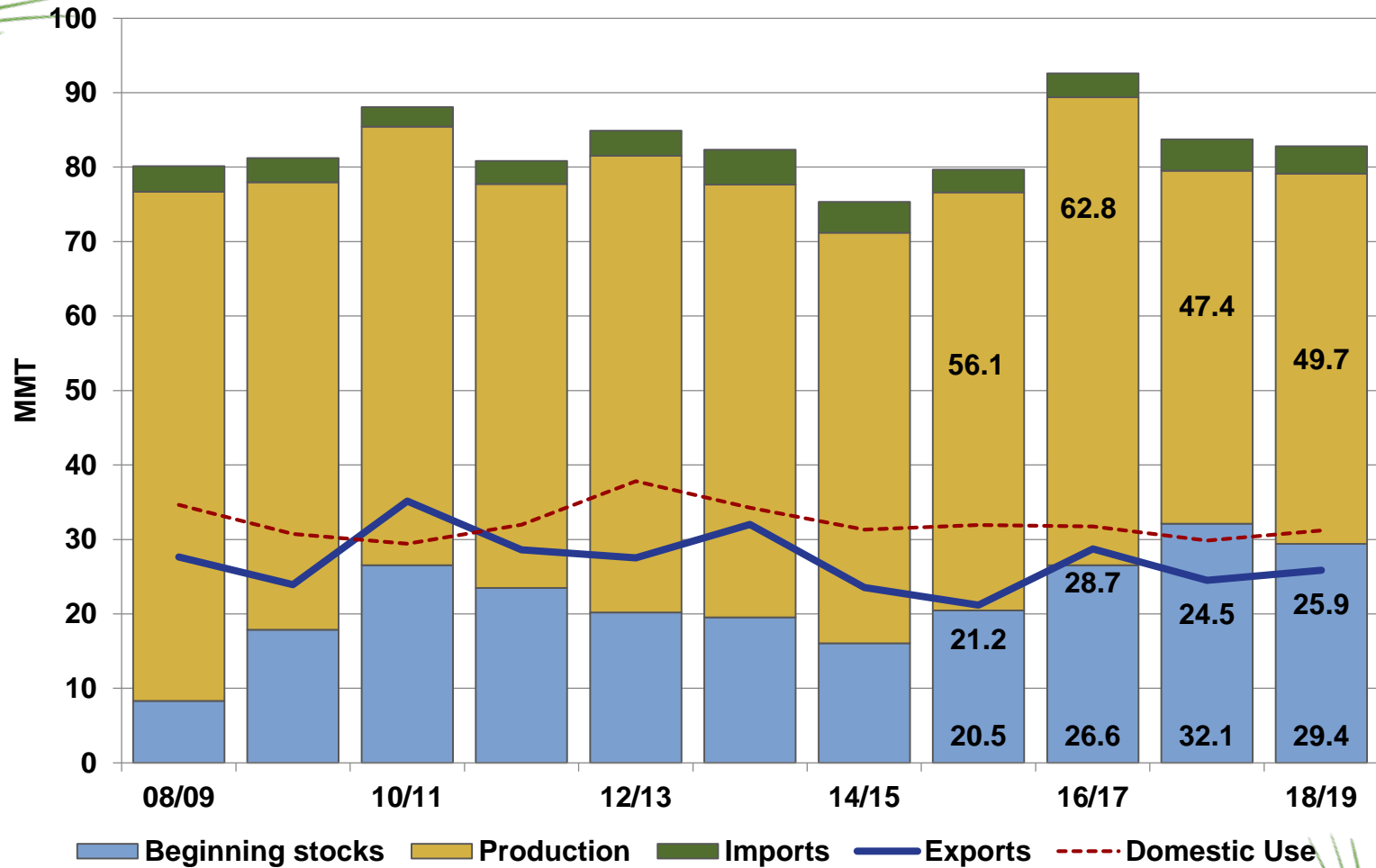
Black Sea Exports



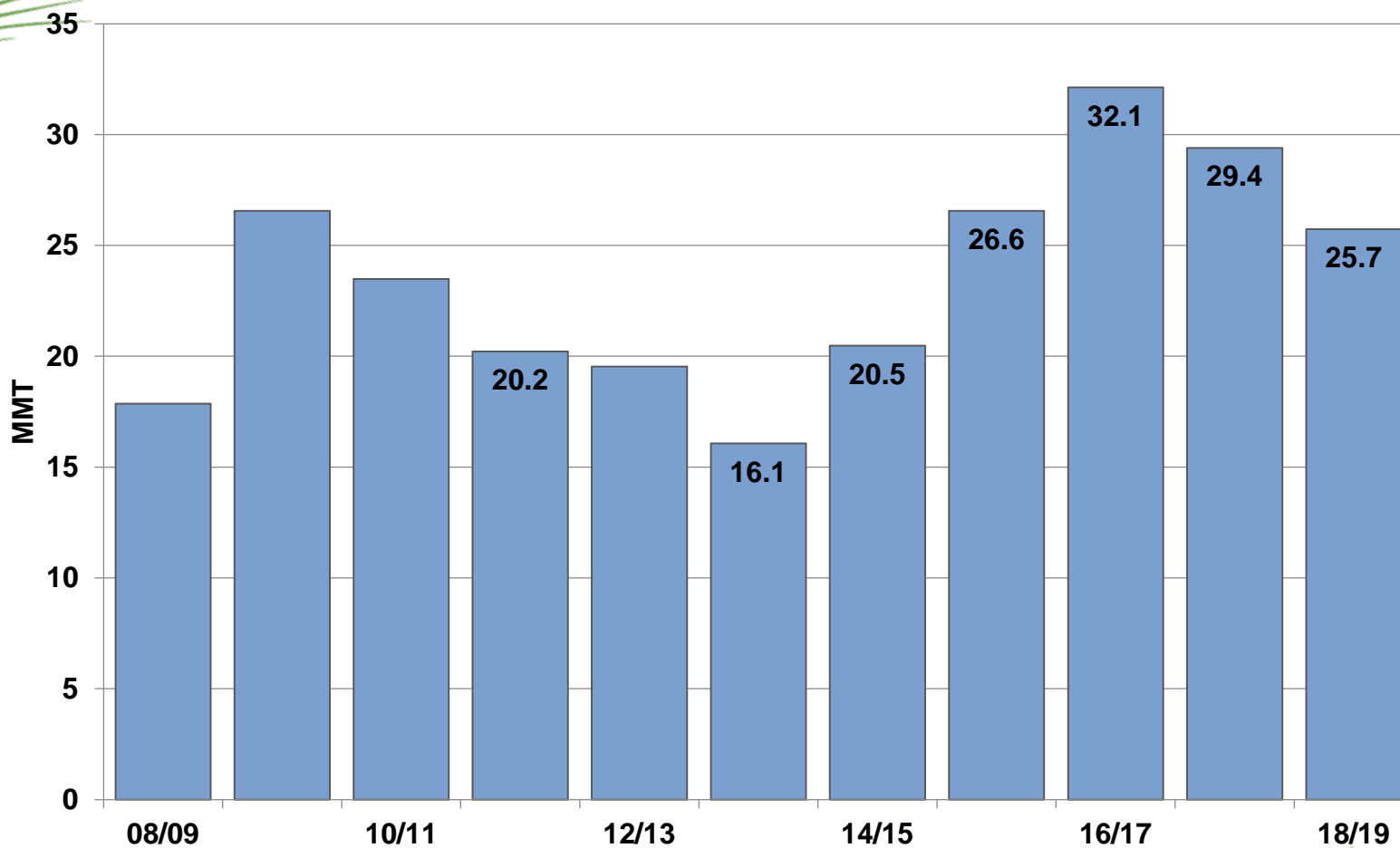
Black Sea Ending Stocks



U.S. Situation



U.S. Ending Stocks



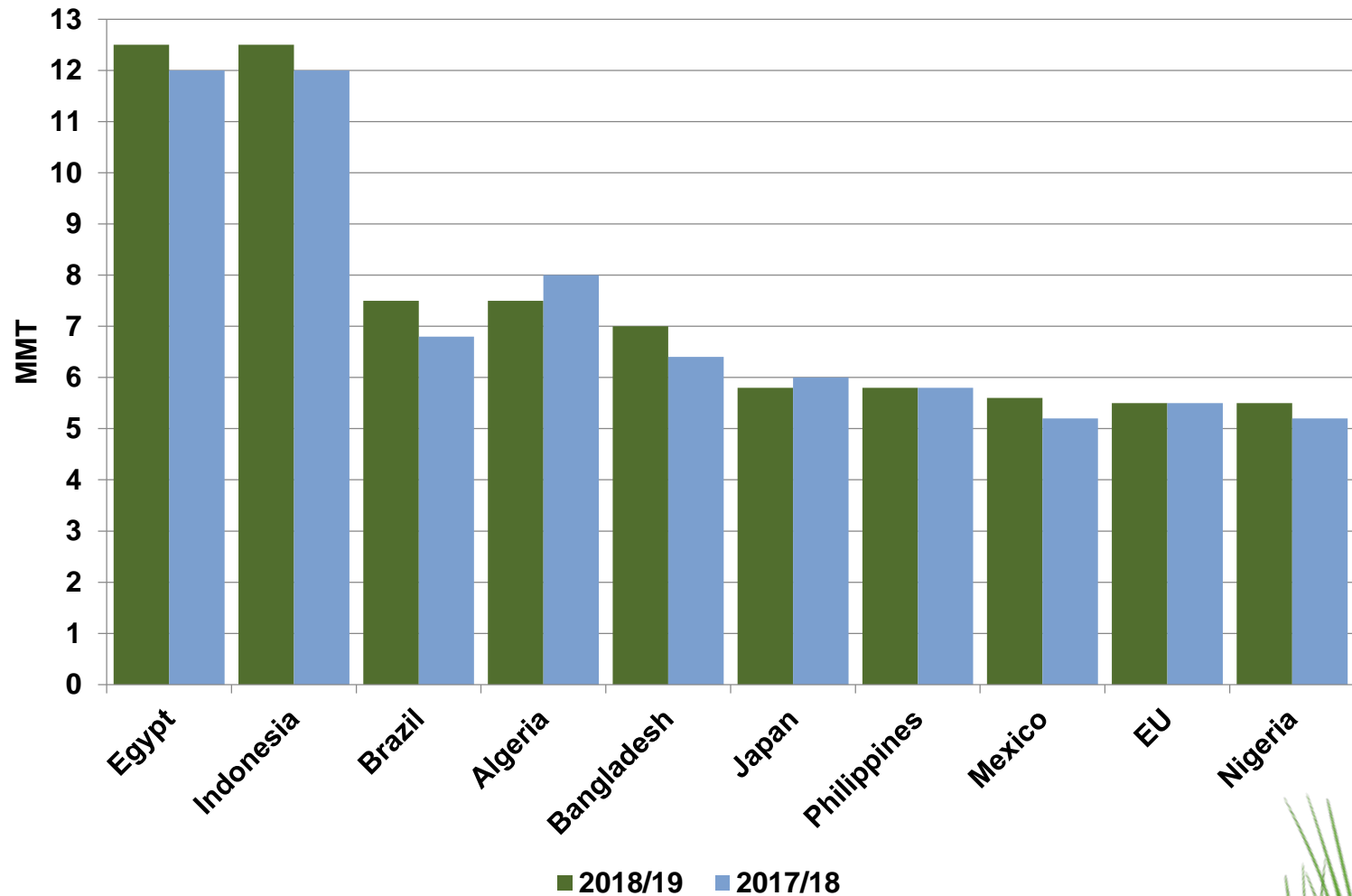
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



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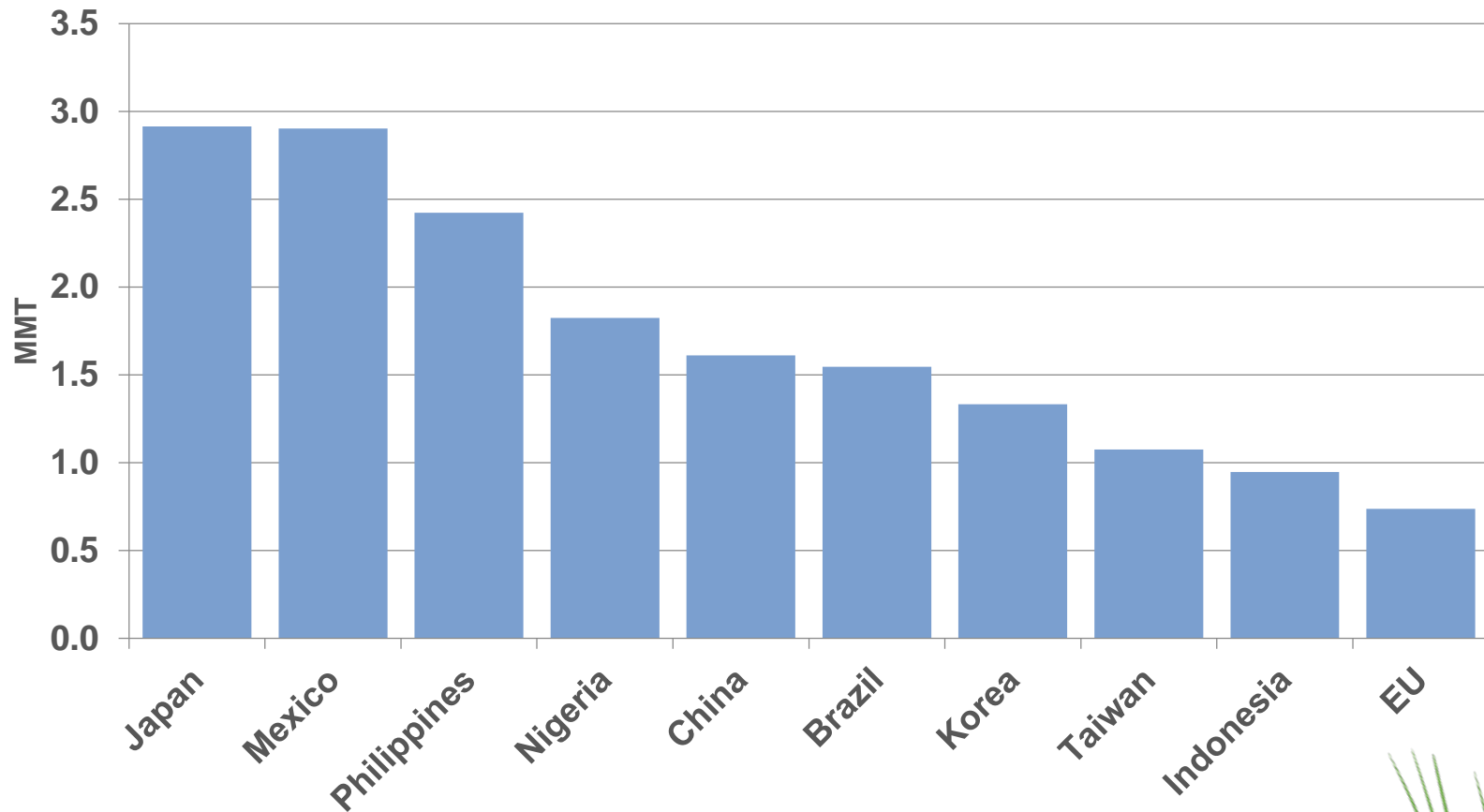
Major World Wheat Importers

(from all origins)



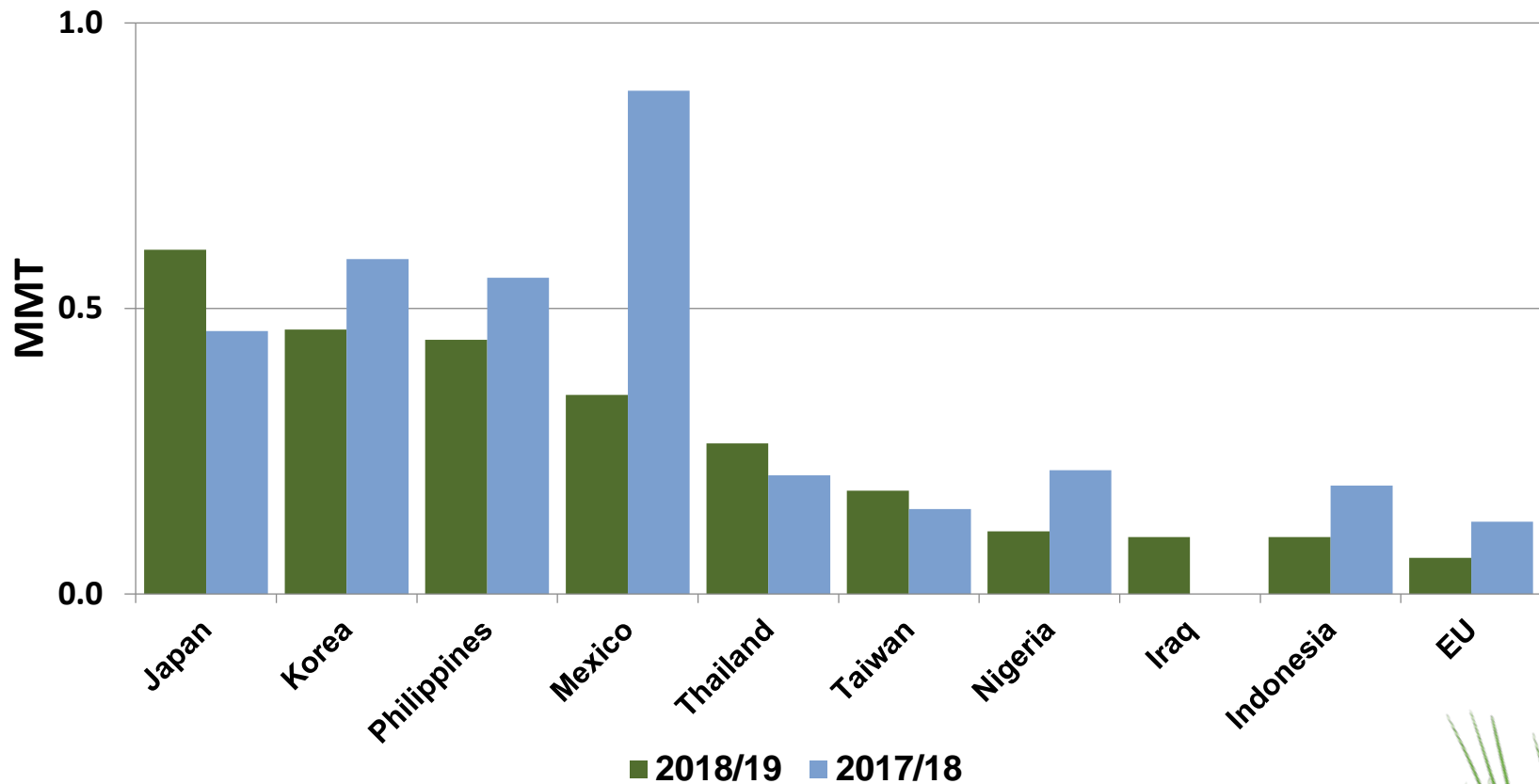
Top 10 Customers for U.S. Wheat

5-year average



Top 10 Customers for U.S. Wheat

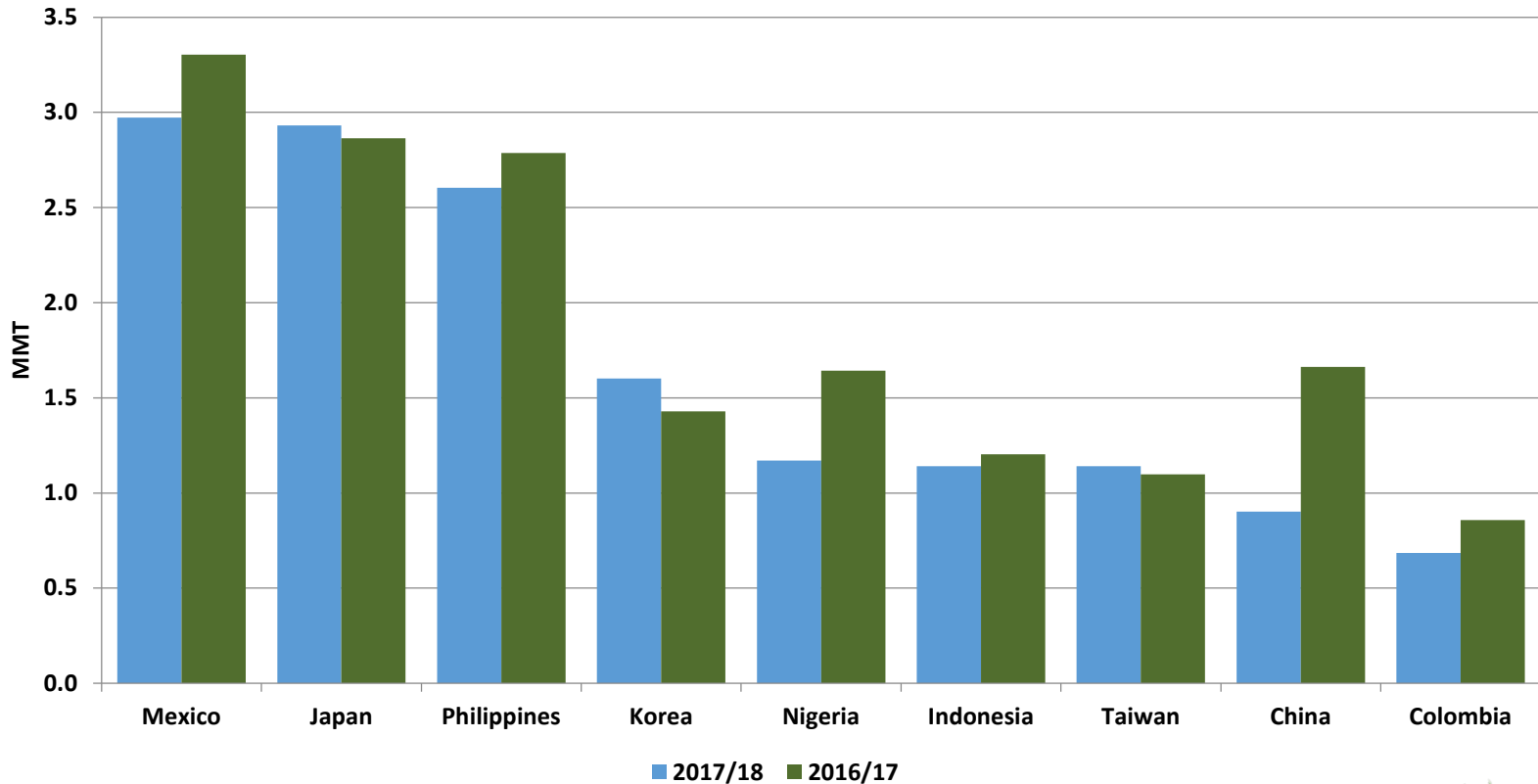
Year-to-date



Source: USDA FAS export sales report June 7, 2018.

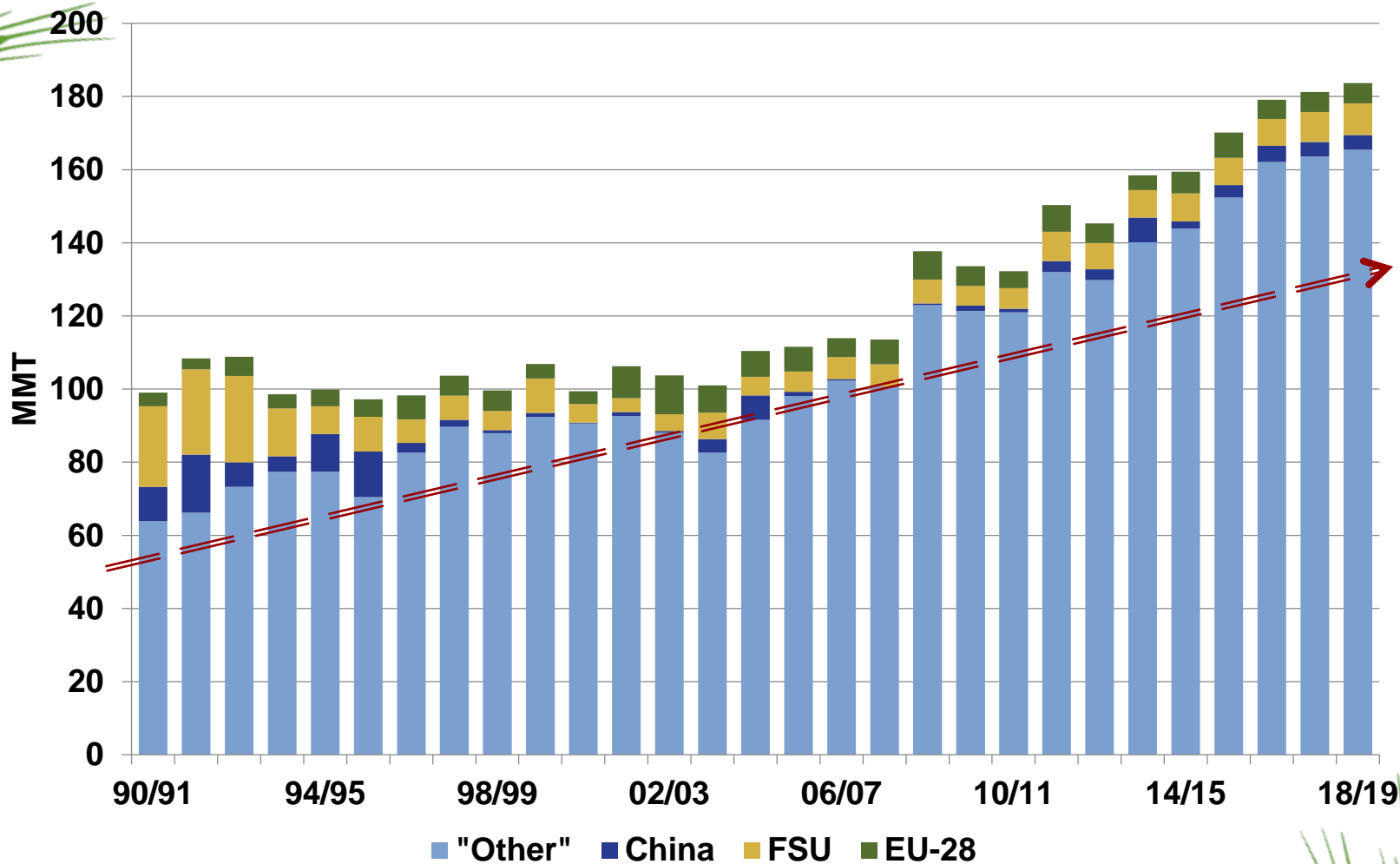
Top 10 Customers for U.S. Wheat

2017/18 vs. 2016/17



Source: USDA FAS 2017/18 Marketing Year Final export sales report May 31, 2018.

World Wheat Imports



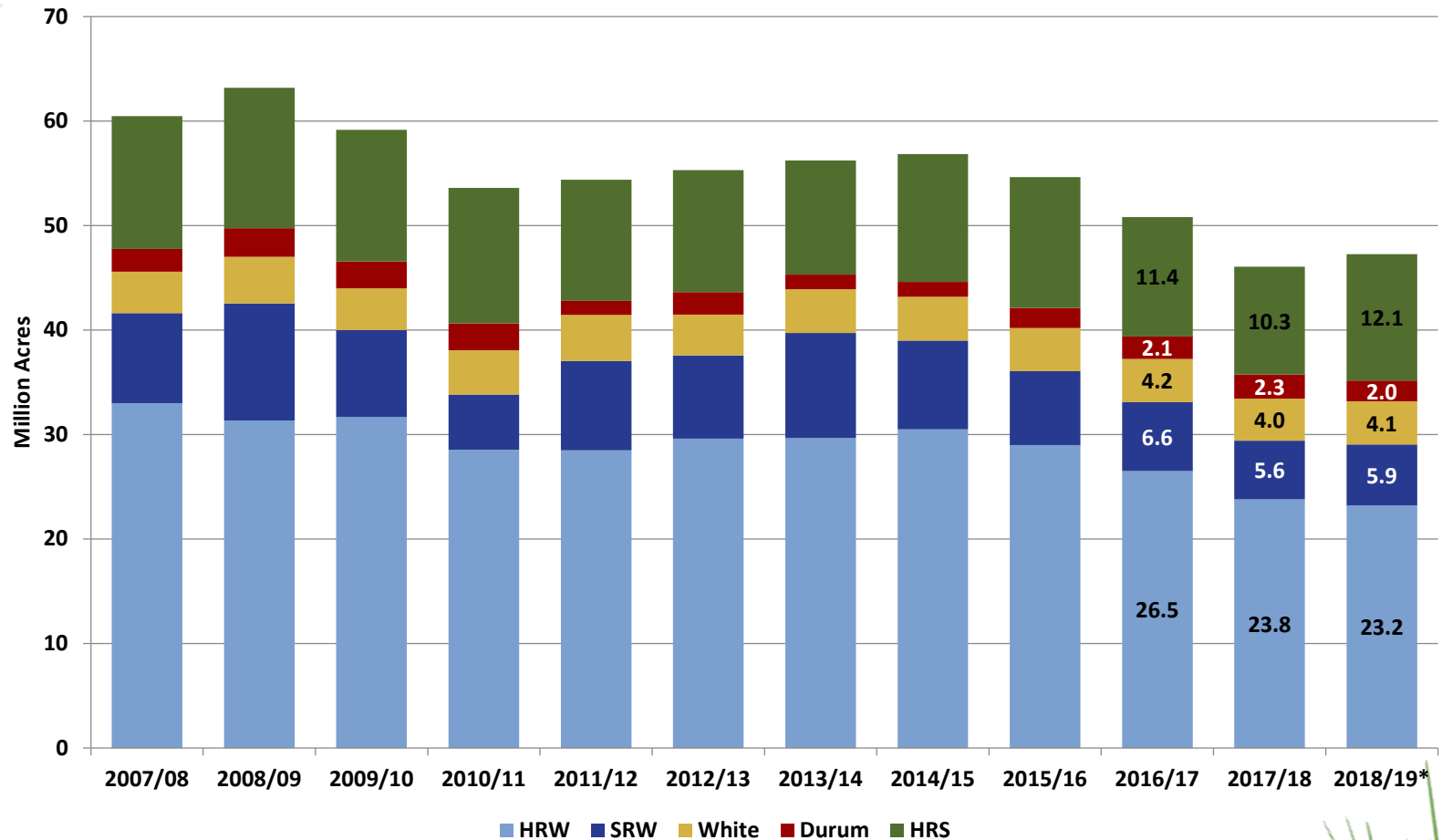
Trend in "other" importers denoted (—▶)

- Major Exporters
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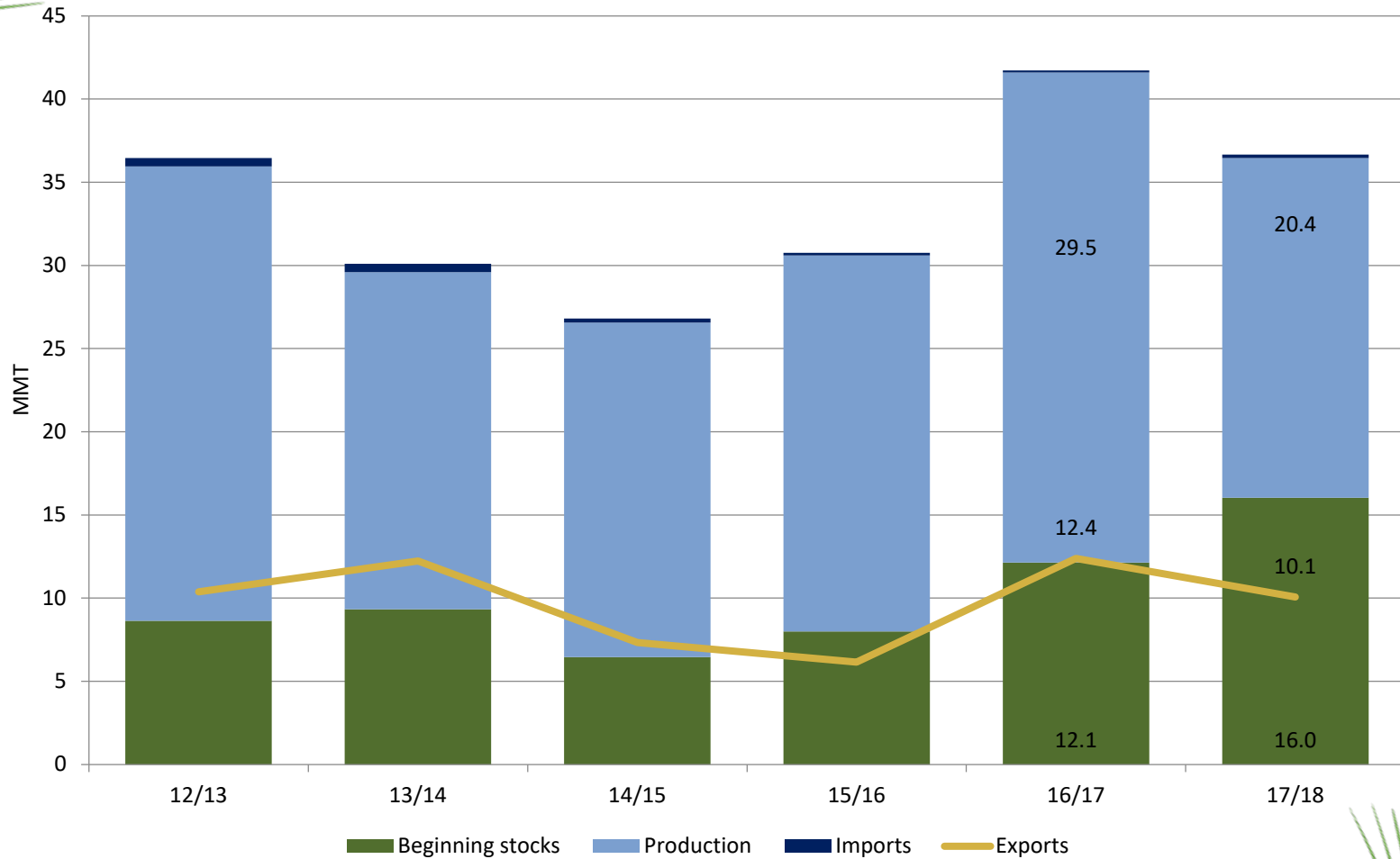
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U.S. Wheat Plantings by Class

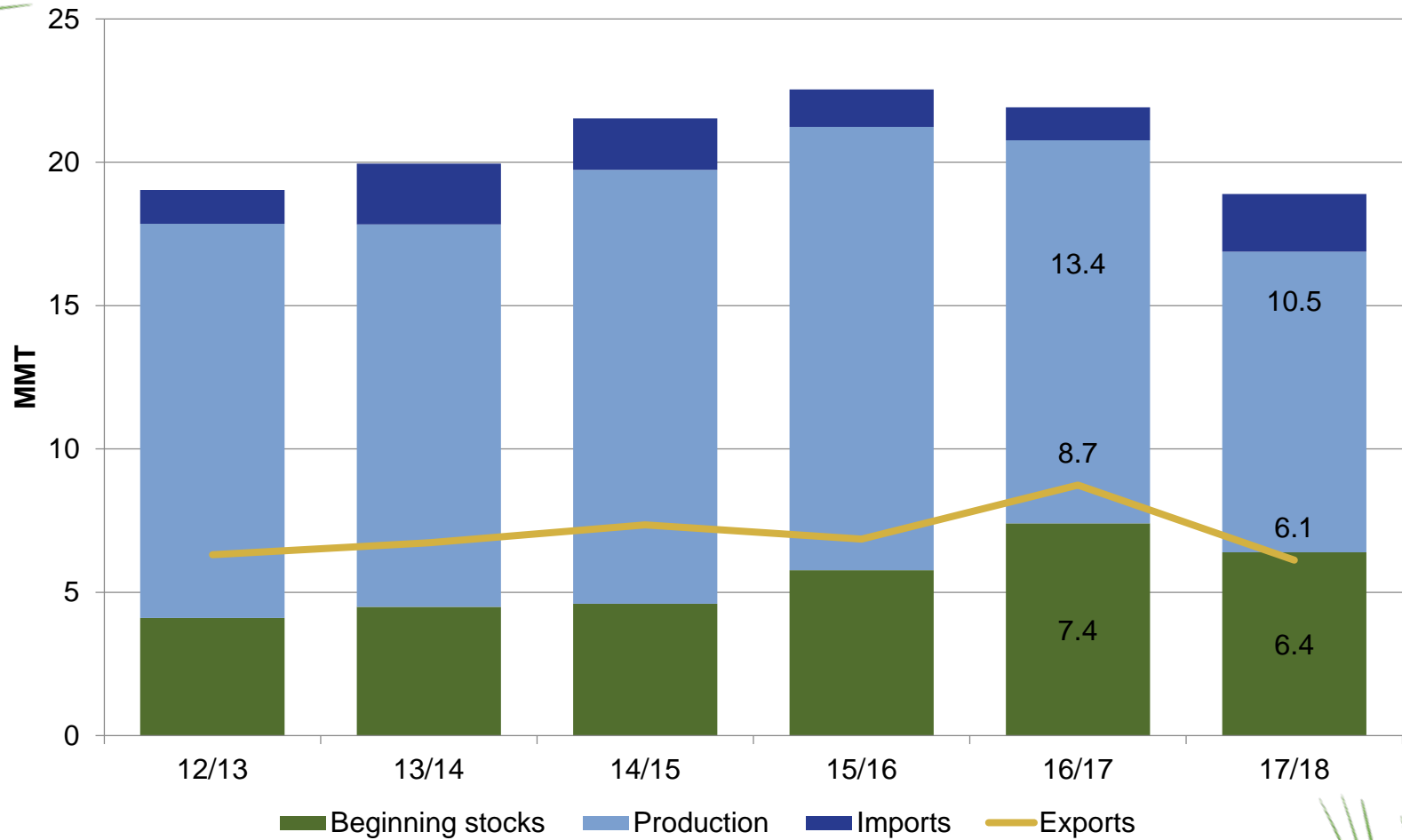


*Source: USDA Prospective Plantings Report, March 29, 2018

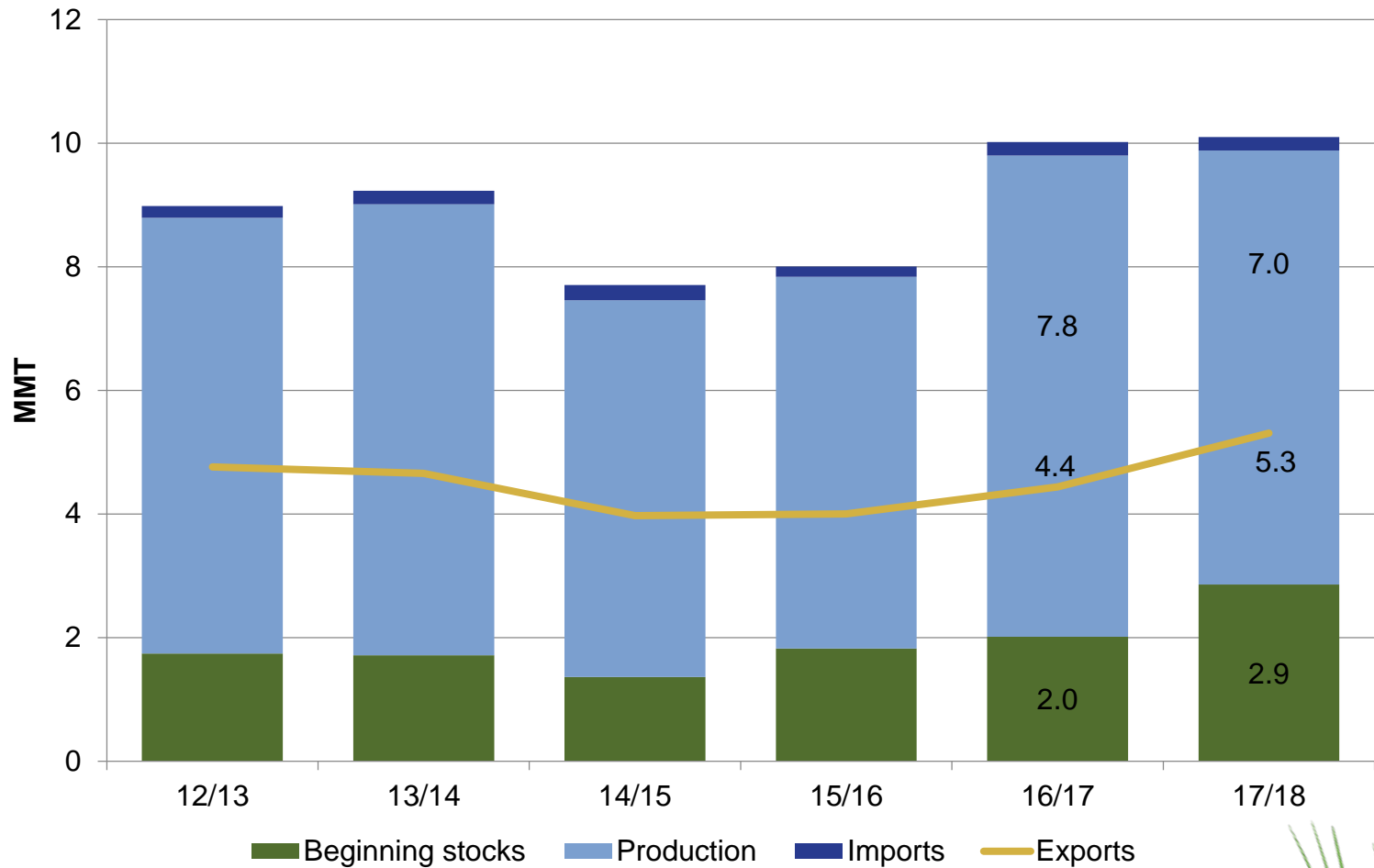
U.S. Hard Red Winter



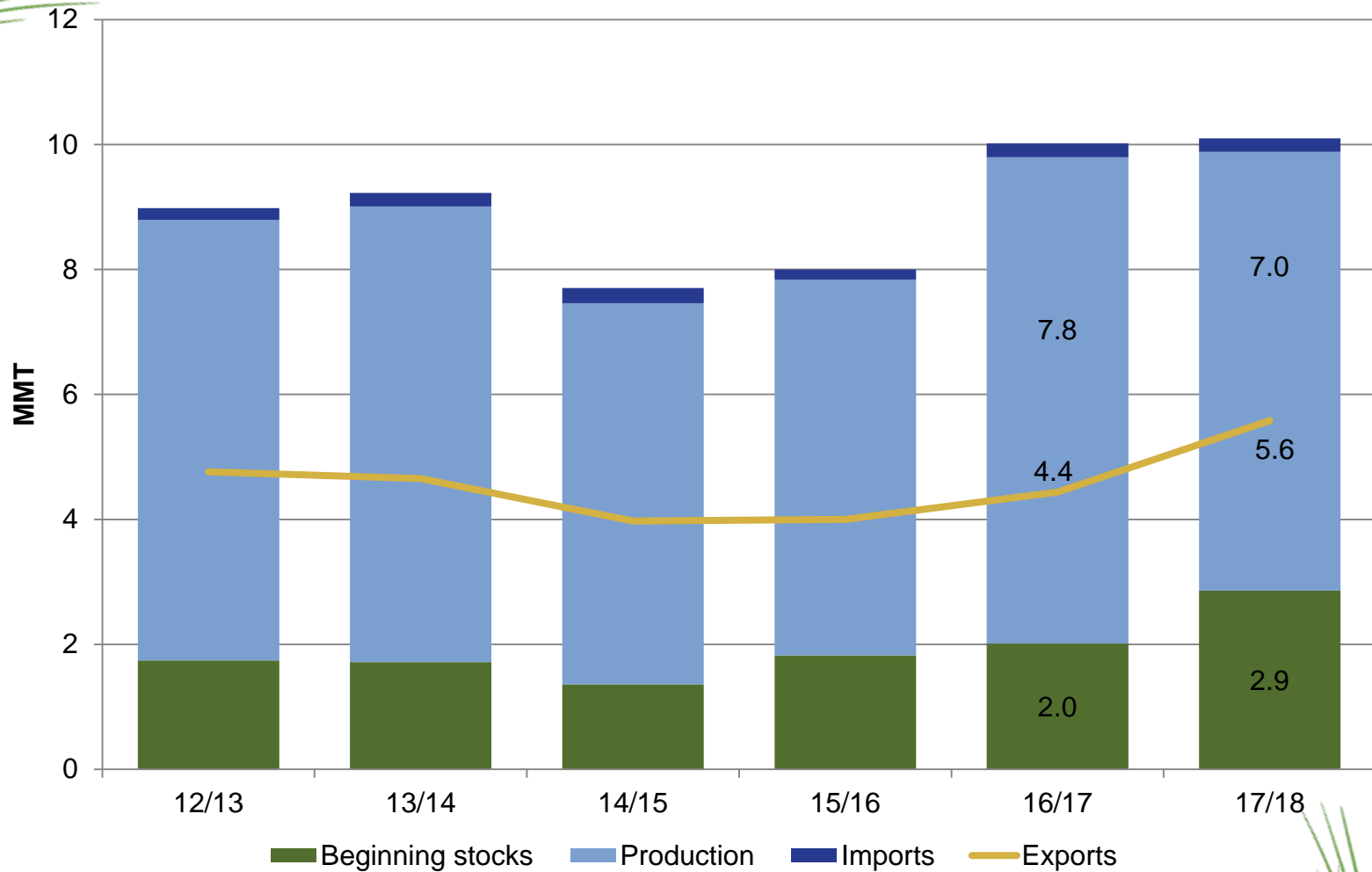
U.S. Hard Red Spring



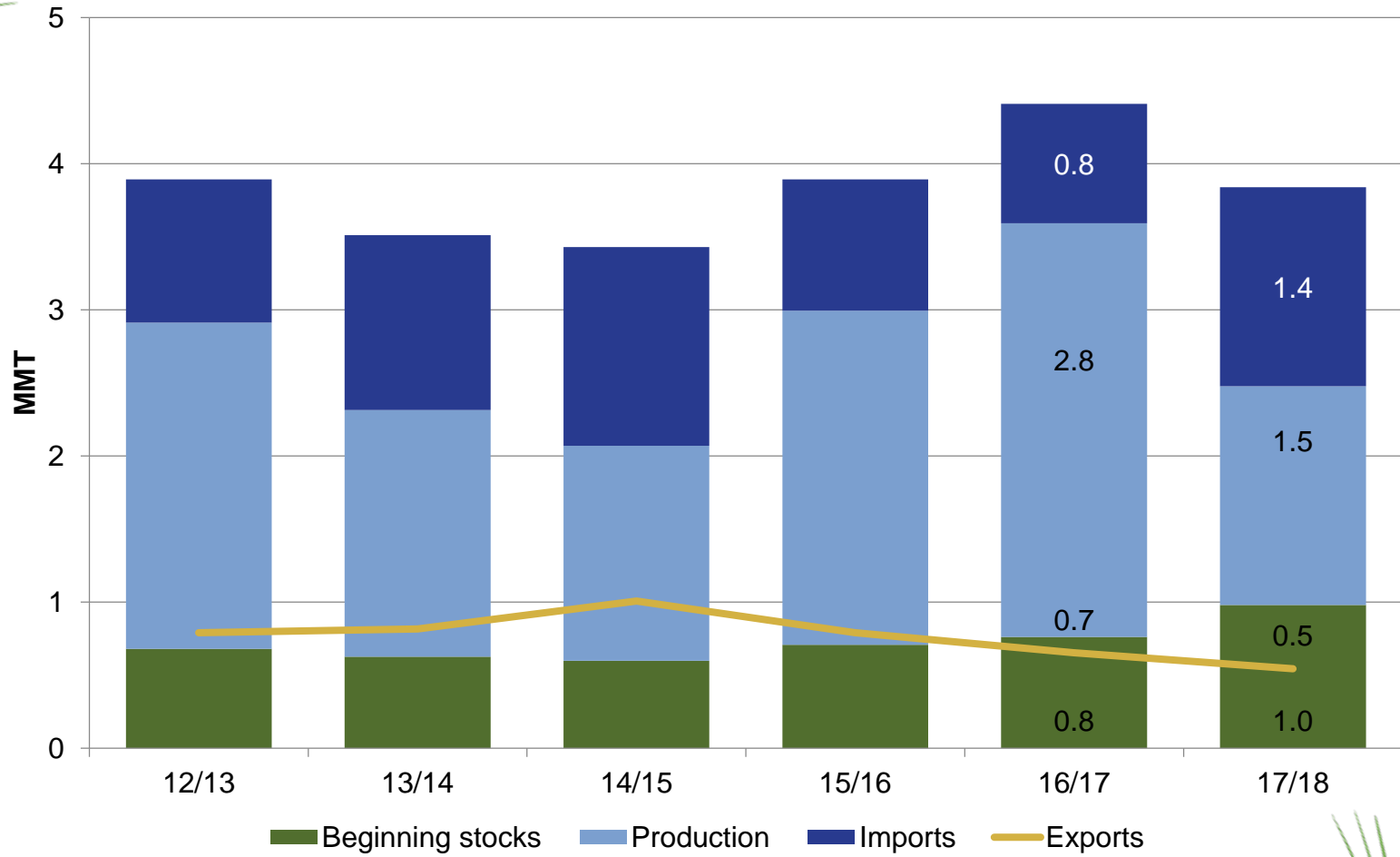
U.S. Soft Red Winter



U.S. White

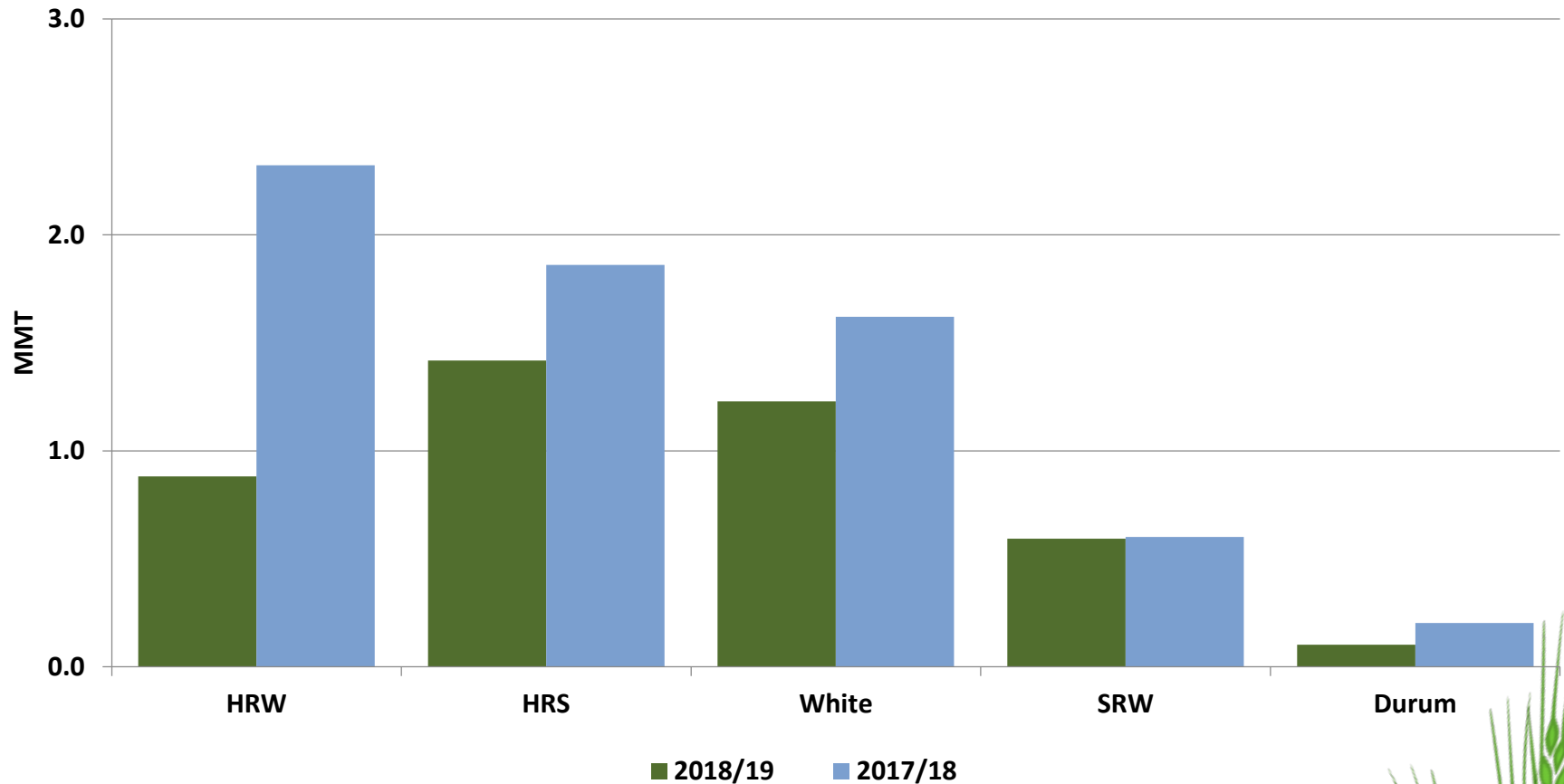


U.S. Durum



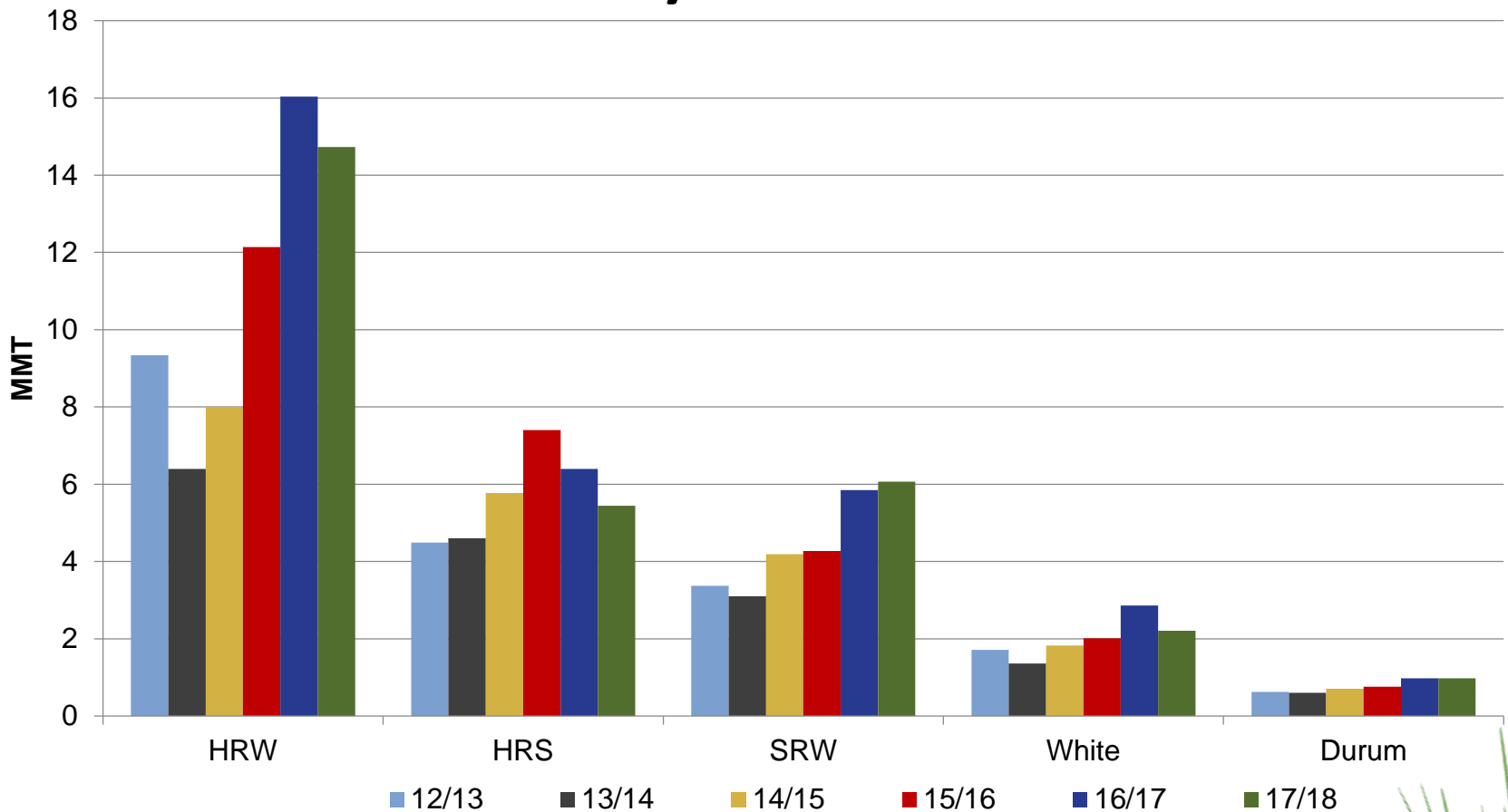
U.S. Wheat Sales by Class

(year-to-date)



Source: USDA FAS export sales report June 7, 2018.

U.S. Wheat Ending Stocks by Class



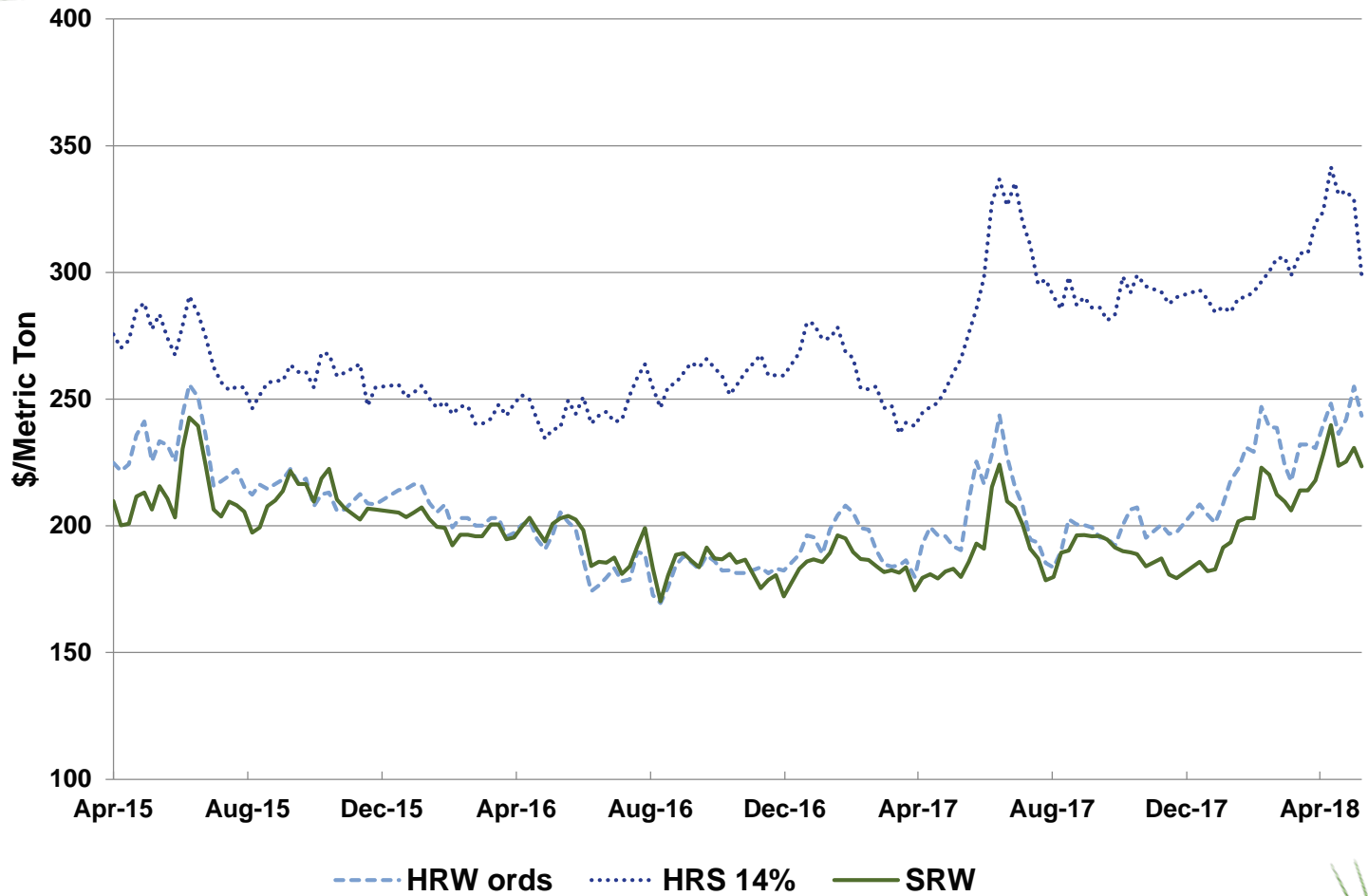
U.S. Wheat Supply and Demand

	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	11.9	6.8	7.3	6.2	5.7
Exports	<u>12.4</u>	<u>10.1</u>	<u>8.7</u>	<u>6.1</u>	<u>2.5</u>	<u>2.4</u>
Use Total	25.7	21.9	15.5	13.4	8.7	8.2
Ending Stocks	16.0	14.7	6.4	5.4	5.9	6.1
Stocks-to-Use	62%	67%	41%	40%	67%	74%

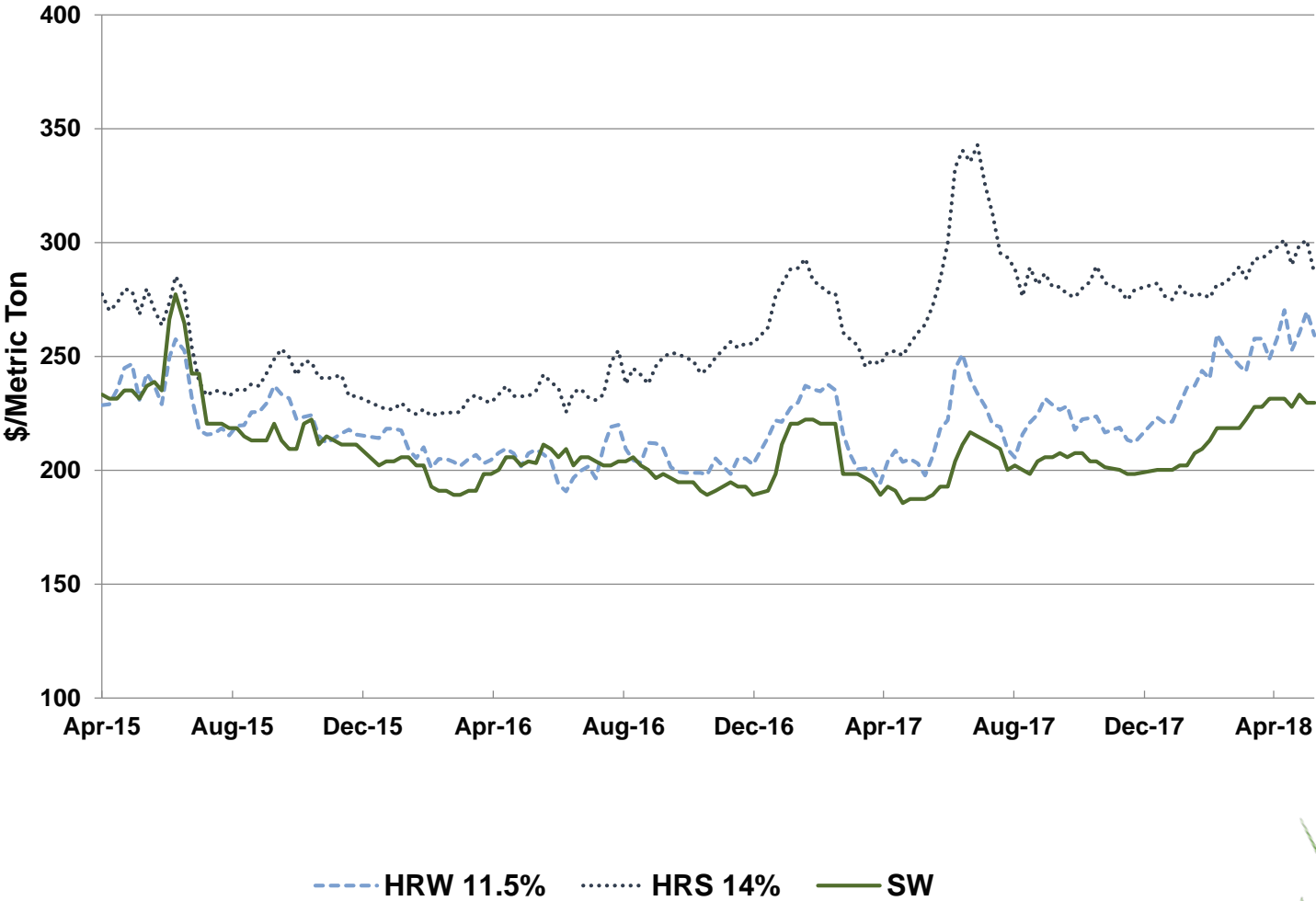
U.S. Wheat Supply and Demand

	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>0.2</u>	<u>0.8</u>	<u>1.4</u>	<u>3.2</u>	<u>4.2</u>
Supply Total	10.0	10.1	4.4	3.8	92.6	83.7
Domestic Use	2.7	2.6	2.7	2.3	31.8	29.9
Exports	<u>4.4</u>	<u>5.3</u>	<u>0.7</u>	<u>0.5</u>	<u>28.7</u>	<u>24.5</u>
Use Total	7.2	7.9	3.4	2.9	60.5	54.4
Ending Stocks	2.9	2.2	1.0	1.0	32.1	29.4
Stocks-to-Use	40%	28%	29%	34%	53%	54%

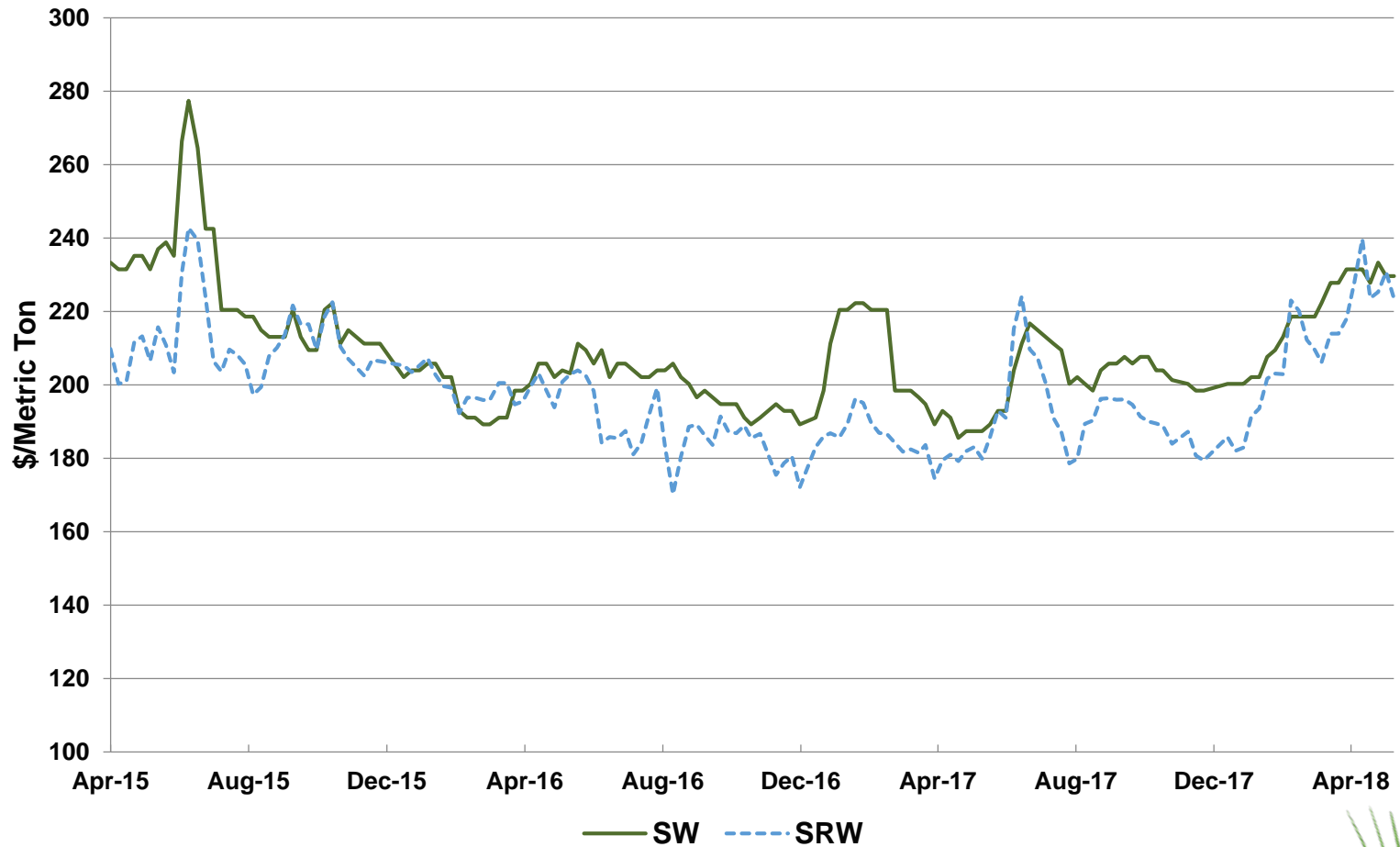
U.S. FOB Gulf Prices



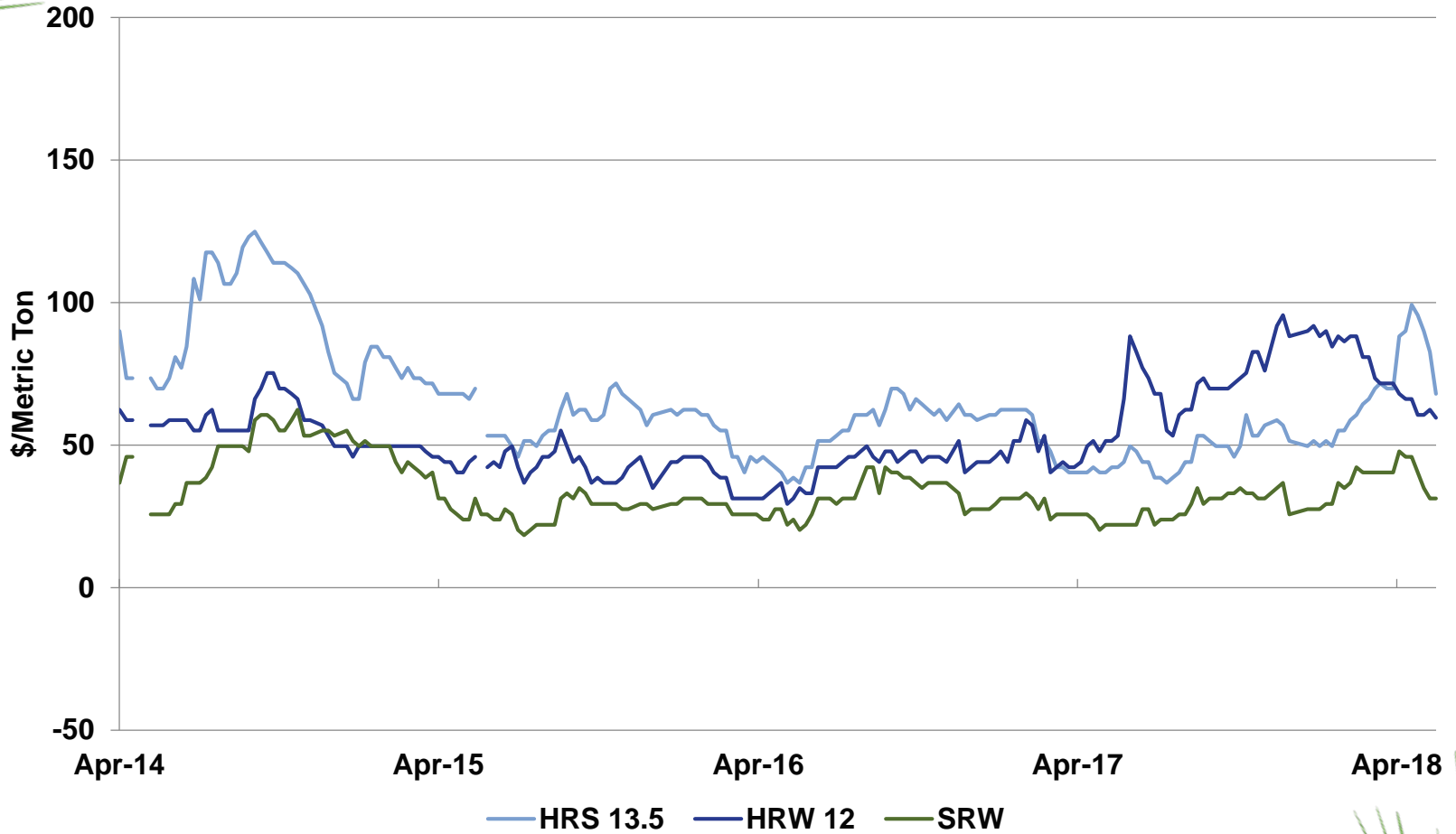
U.S. FOB PNW Prices



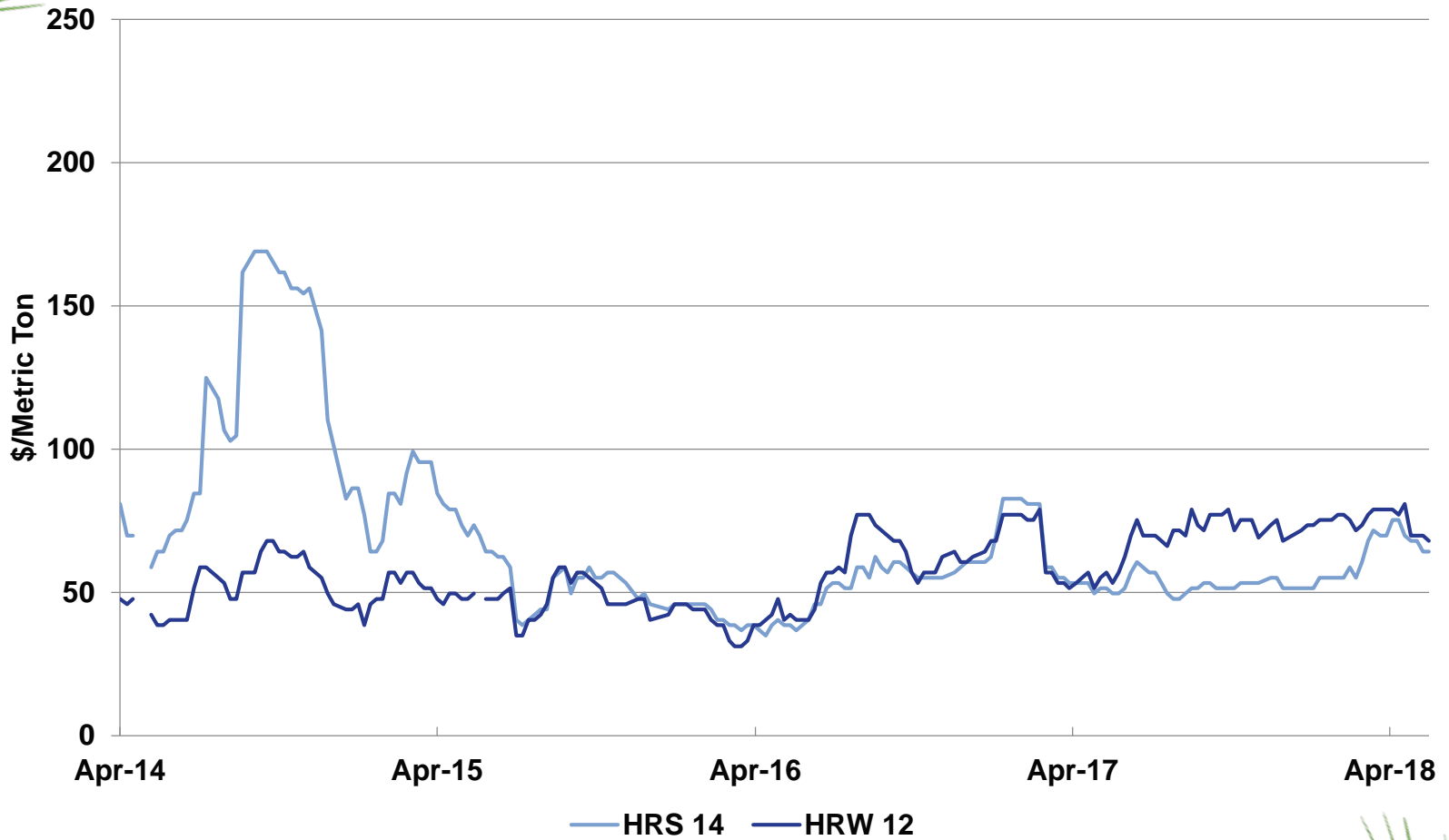
SRW and Soft White Prices



U.S. Gulf Basis Prices



U.S. PNW Basis Prices

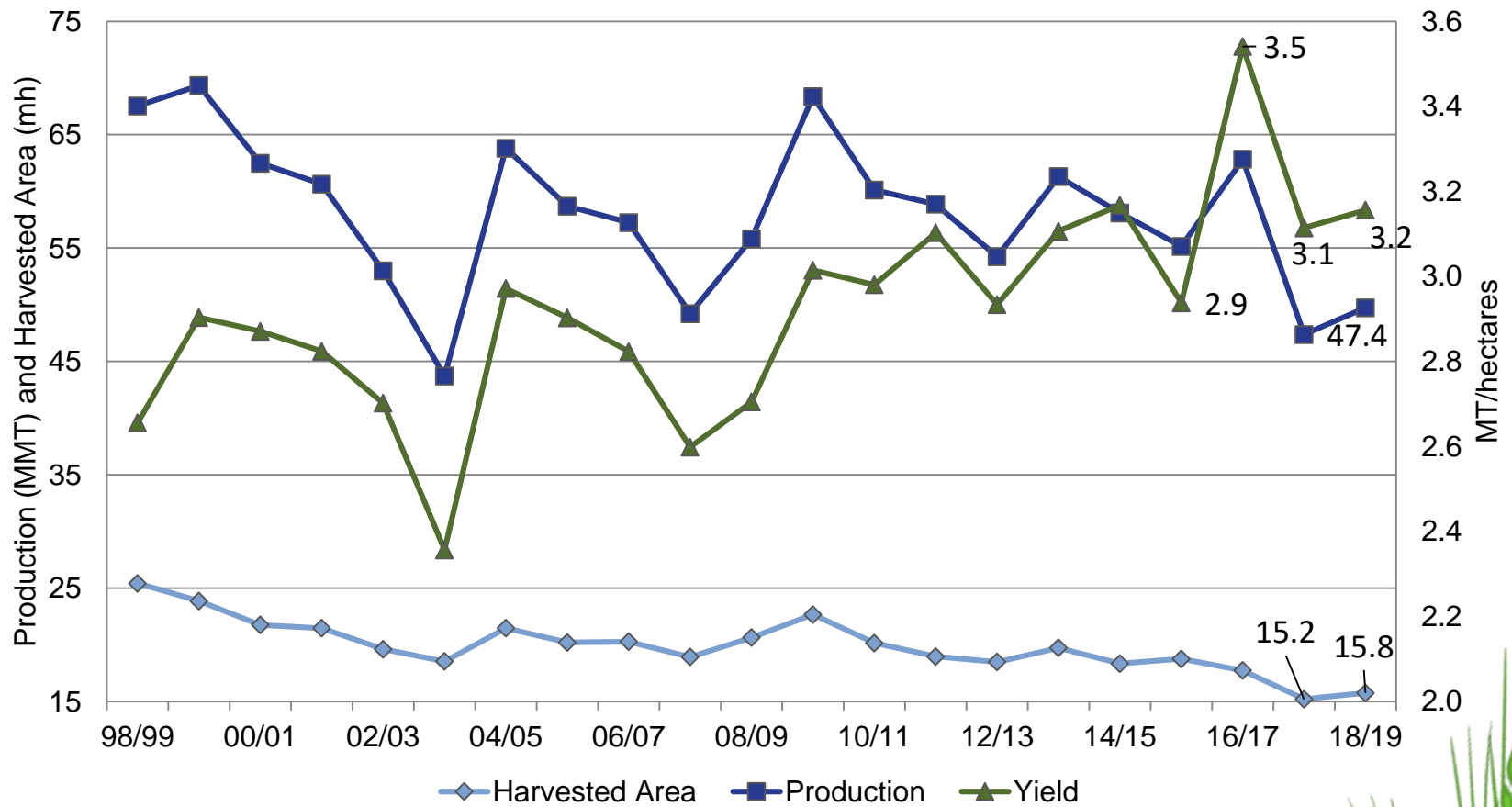


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

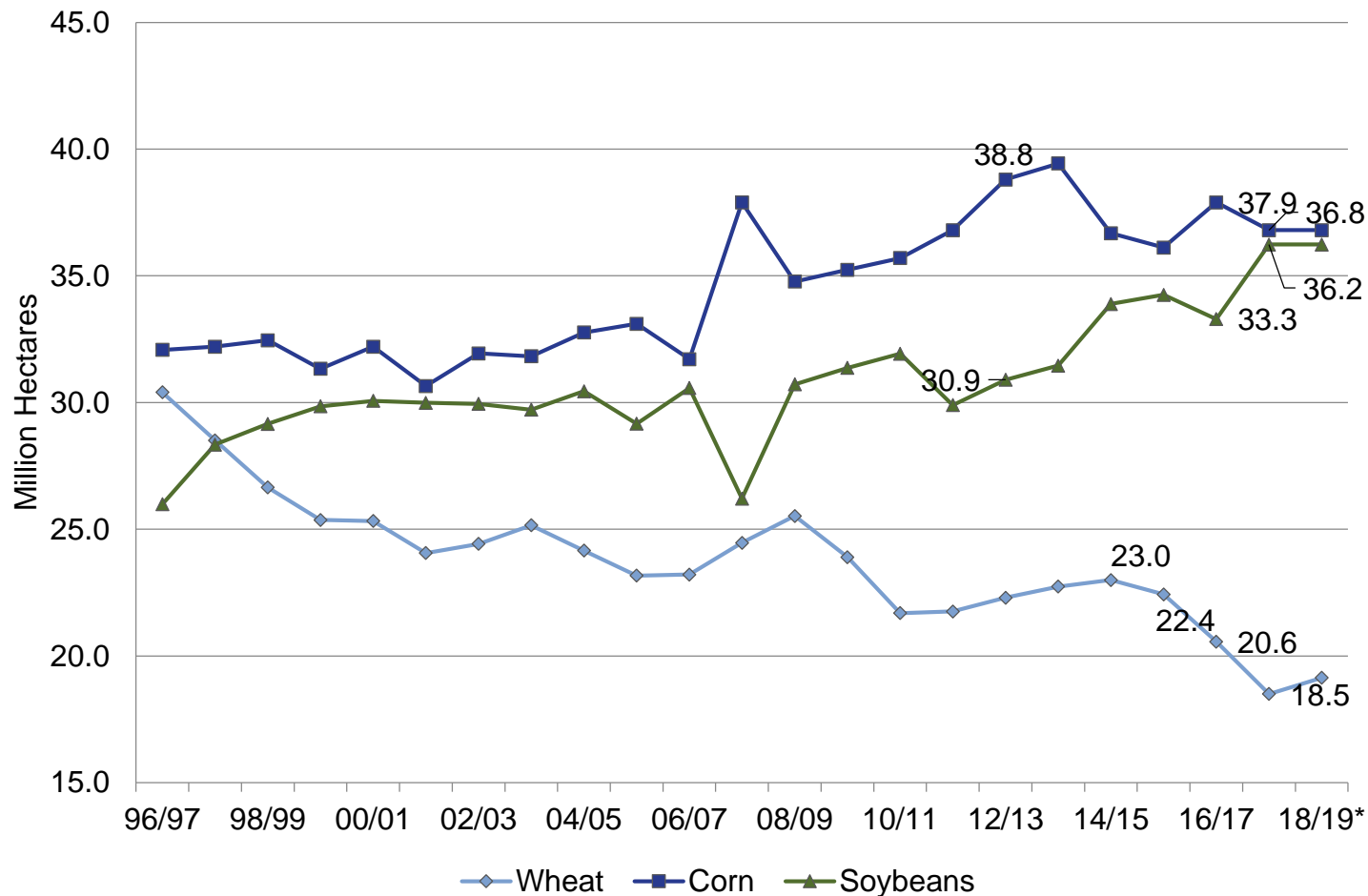


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U.S. Wheat Area and Production



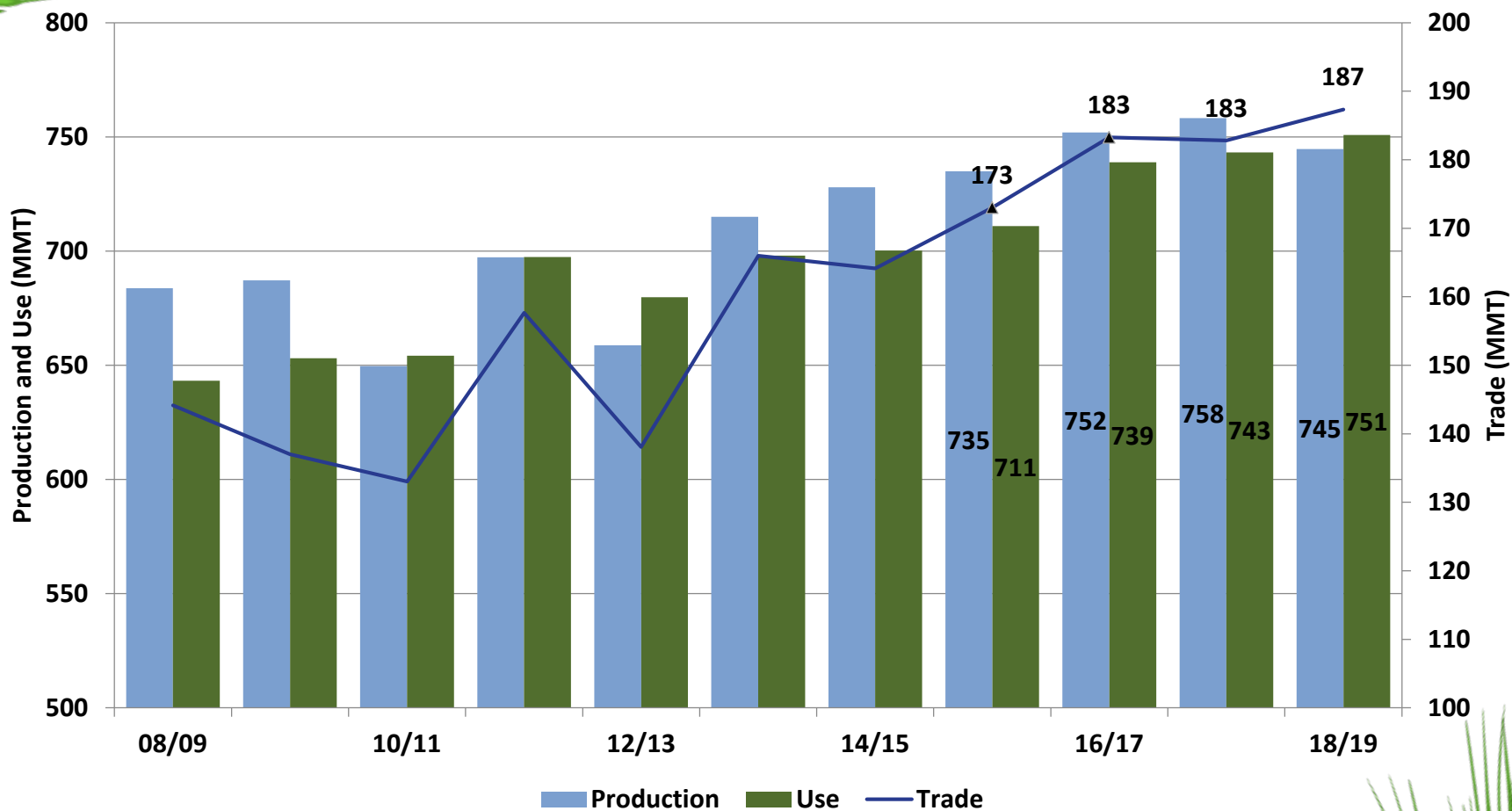
U.S. Crop Planted Area Comparison



*Source: USDA Prospective Plantings Report, March 29, 2018

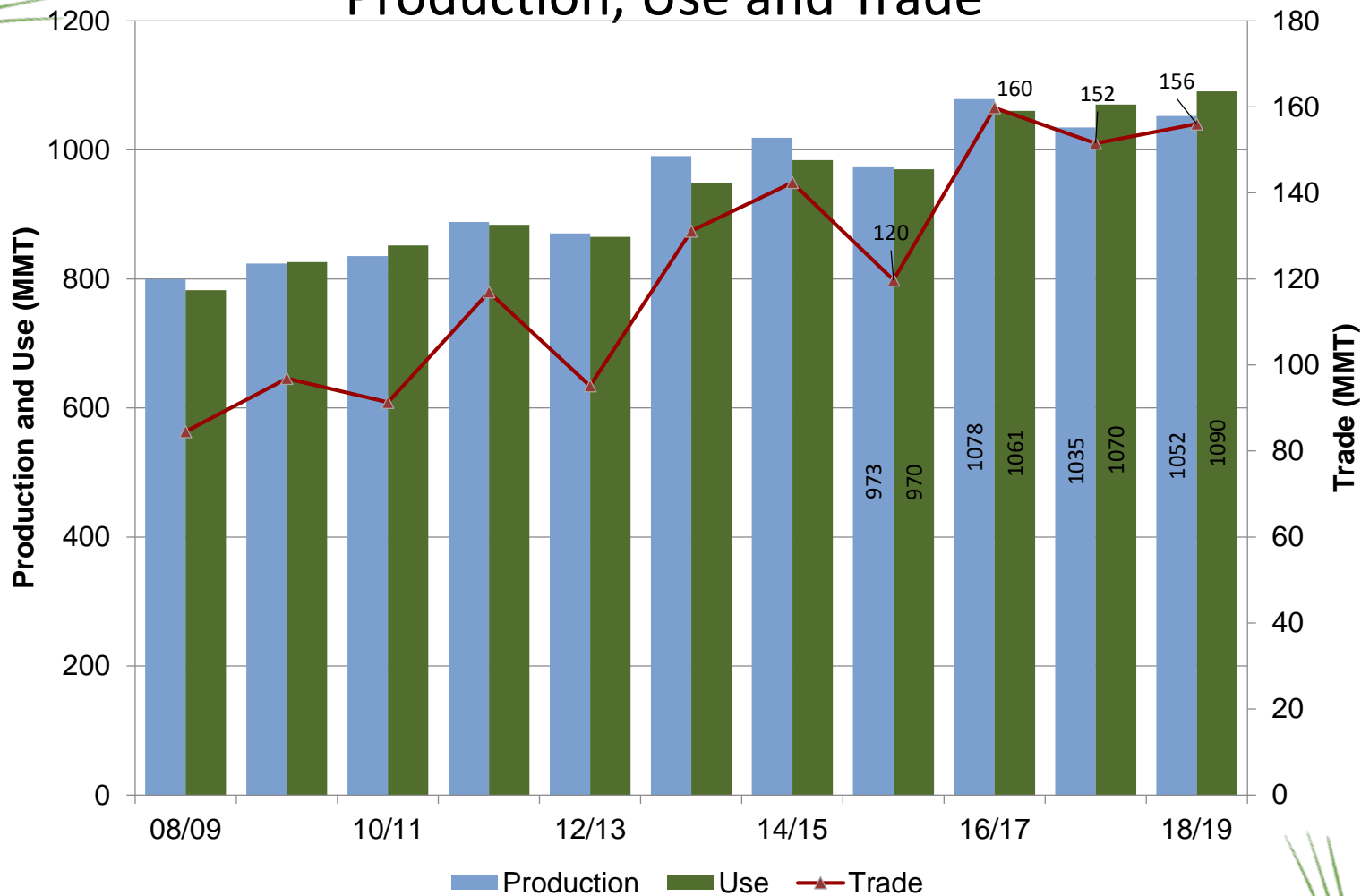
World Wheat

Production, Use and Trade



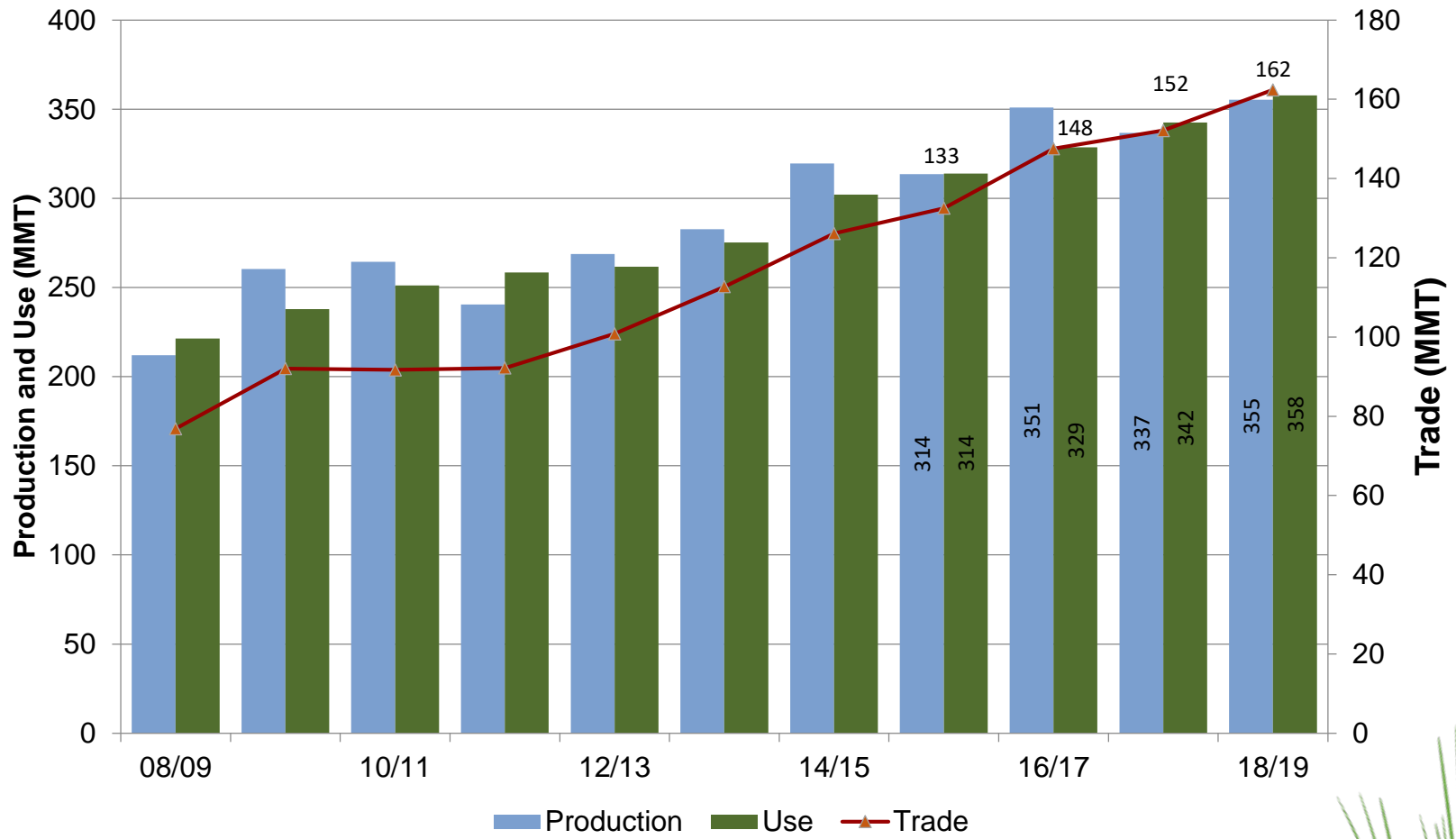
World Corn

Production, Use and Trade

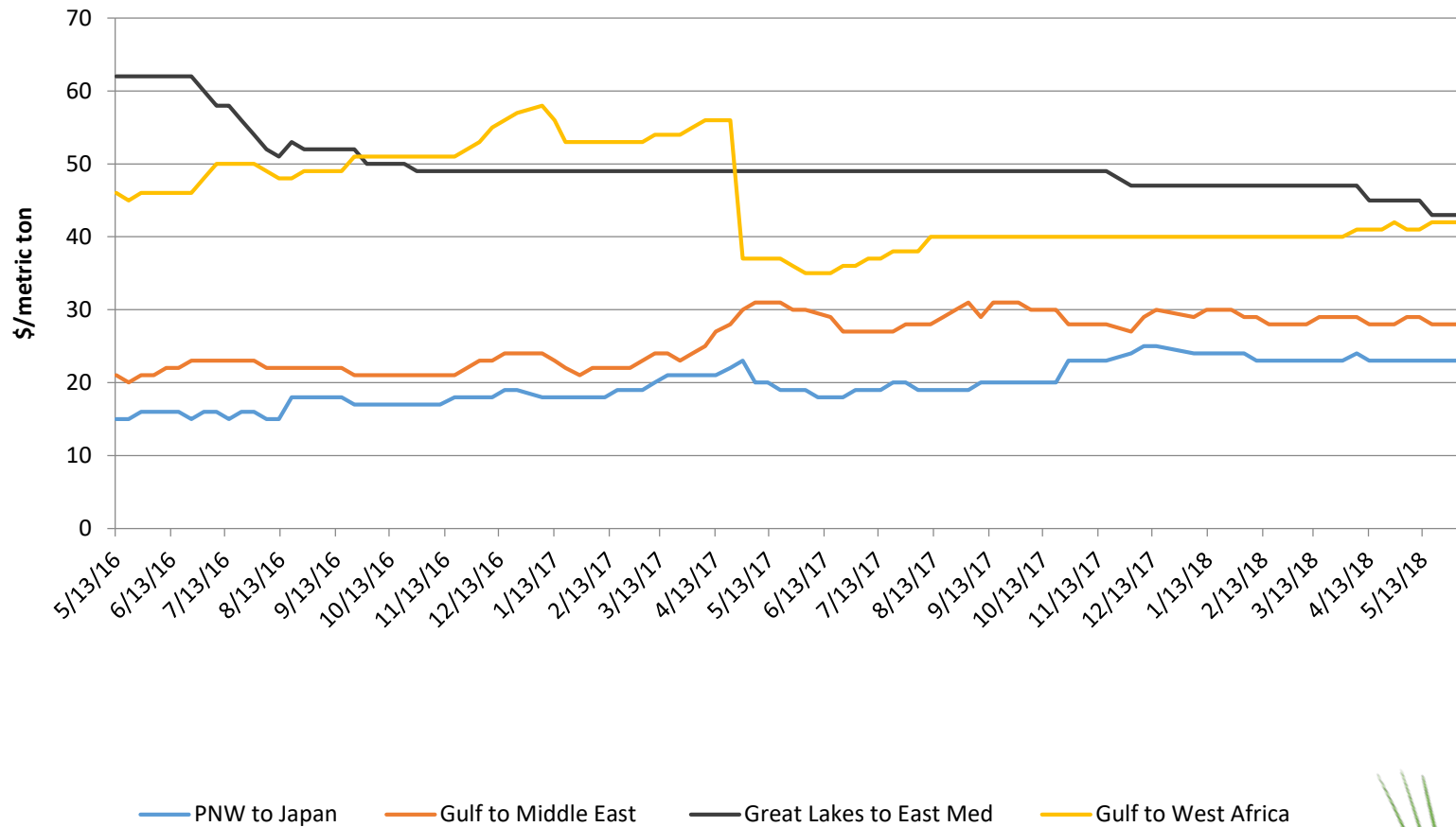


World Soybeans

Production, Use and Trade



Ocean Freight Rates for Grains



Summary

- **Global production to fall for first time in 5 years**
 - EU wheat production to fall to 149 MMT, 1% below 2017/18
 - Wheat production in the U.S. to reach 49.7, 11% below the 5-year average
- **Global ending stocks to decline to 266 MMT, still 12% above the 5-year average**
 - Ending stocks in Russia to fall to 5.22 MMT, 32% below the 5-year average, if realized
 - U.S. ending stocks to decrease to 25.7 MMT, down 12% from 2017/18, if realized
- **World consumption and trade expected to hit new records in 2018/19**
 - For the first time, two countries— Egypt and Indonesia— expected to import 12.5 MMT in 2018/19
 - U.S. 2018/19 exports to total 25.9 MMT, in line with the 5-year average, if realized



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