

# World Wheat Supply and Demand Situation

July 2018

Major data source: USDA World Agricultural Supply and Demand Estimates released July 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 1010 MMT; down slightly from the 2017/18 record
- Wheat production in Russia to fall to 67.0 MMT, down 21% year over year, if realized
- U.S. wheat production estimated at 51.2 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 8% year over year to 31.2 MMT

## 3. World wheat trade projected at a record 185 MMT, 7% above the 5-year average

- Russian exports to drop to 34.0 MMT, 17% below 2017/18, still 25% above the 5-year average
- Exports from the EU to climb 18% year over year to 27.5 MMT
- U.S. 2018/19 exports to increase to 26.5 MMT, up 8% 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 10.2 MMT, down 6% from 2017/18, still 56% above the 5-year average
- U.S. beginning stocks will fall to an estimated 29.9 MMT, 7% below 2017/18 levels

## 5. Global ending stocks projected at 261 MMT, 5% below the record 2017/18 level, if realized

- Estimated Chinese ending stocks of 136 MMT account for 52% of global ending stocks
- Exporter ending stocks forecast at 74.9 MMT, down 3% year over year
- Ending stocks in importing countries to fall to 49.8 MMT, 35% below the 5-year average of 76.6 MMT

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

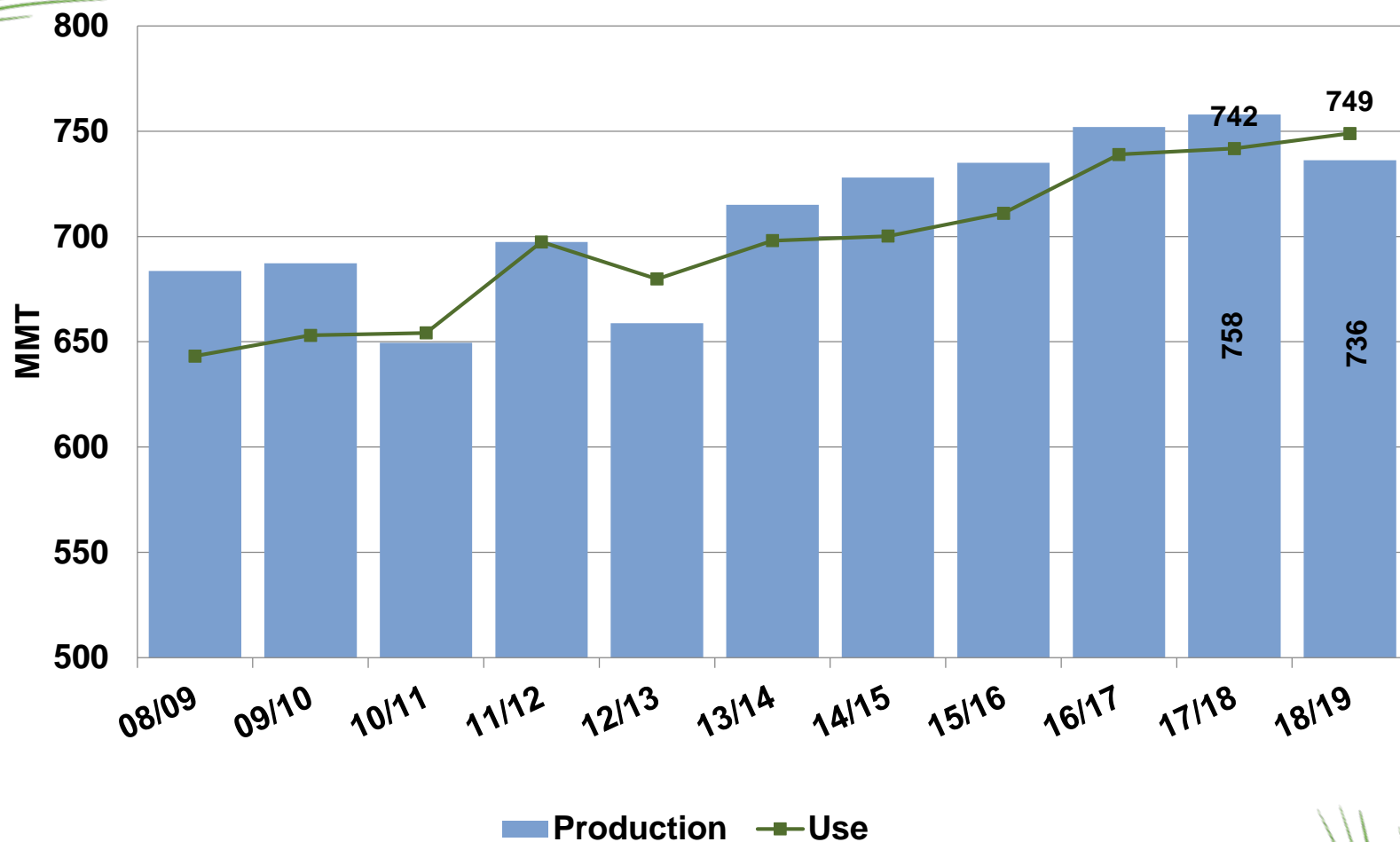
- Projected average range: \$4.50 to \$5.50/bushel (\$165-\$202/MT)\*

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

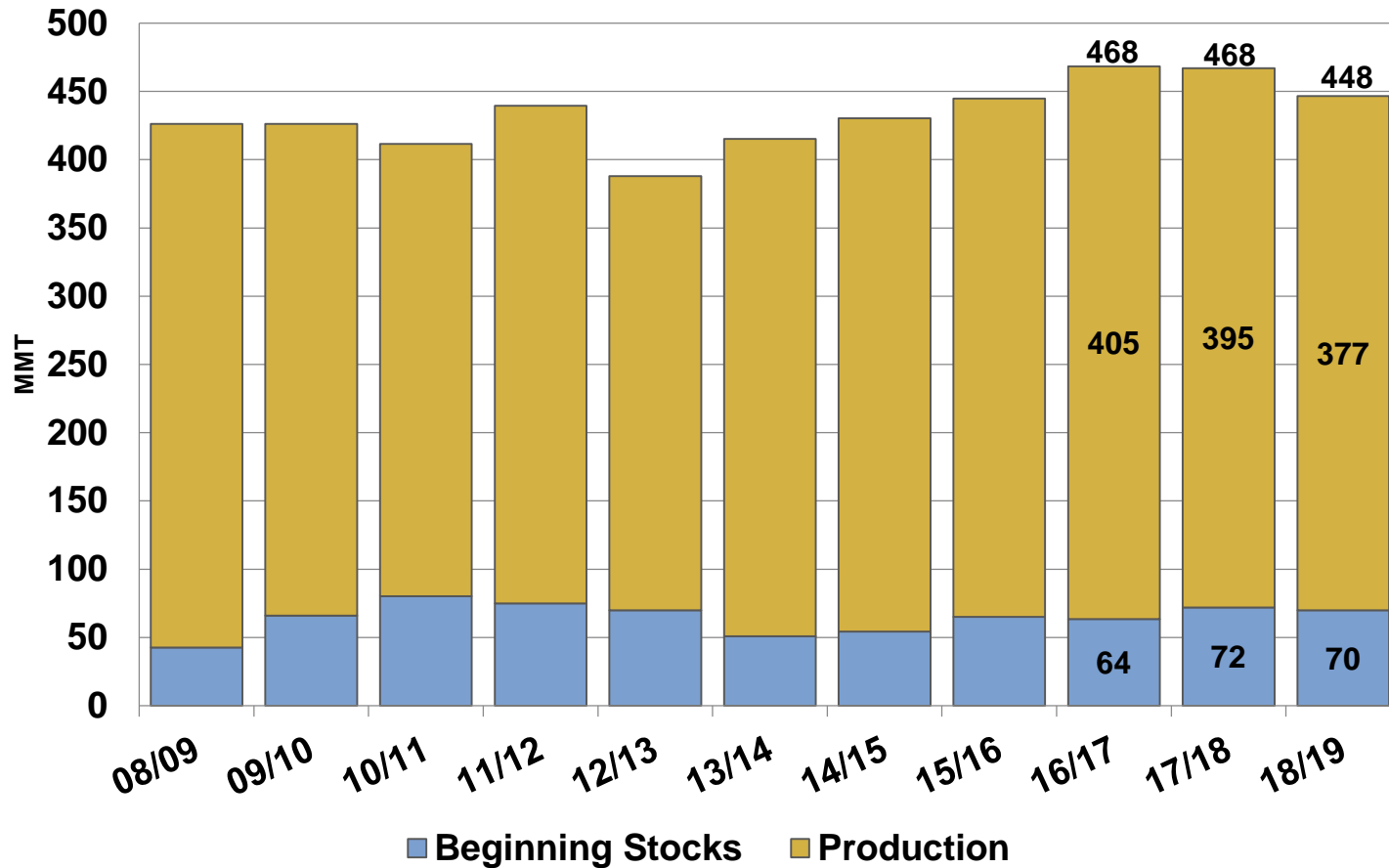


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# World Production and Use



# Supplies in Top Exporting Countries\*



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

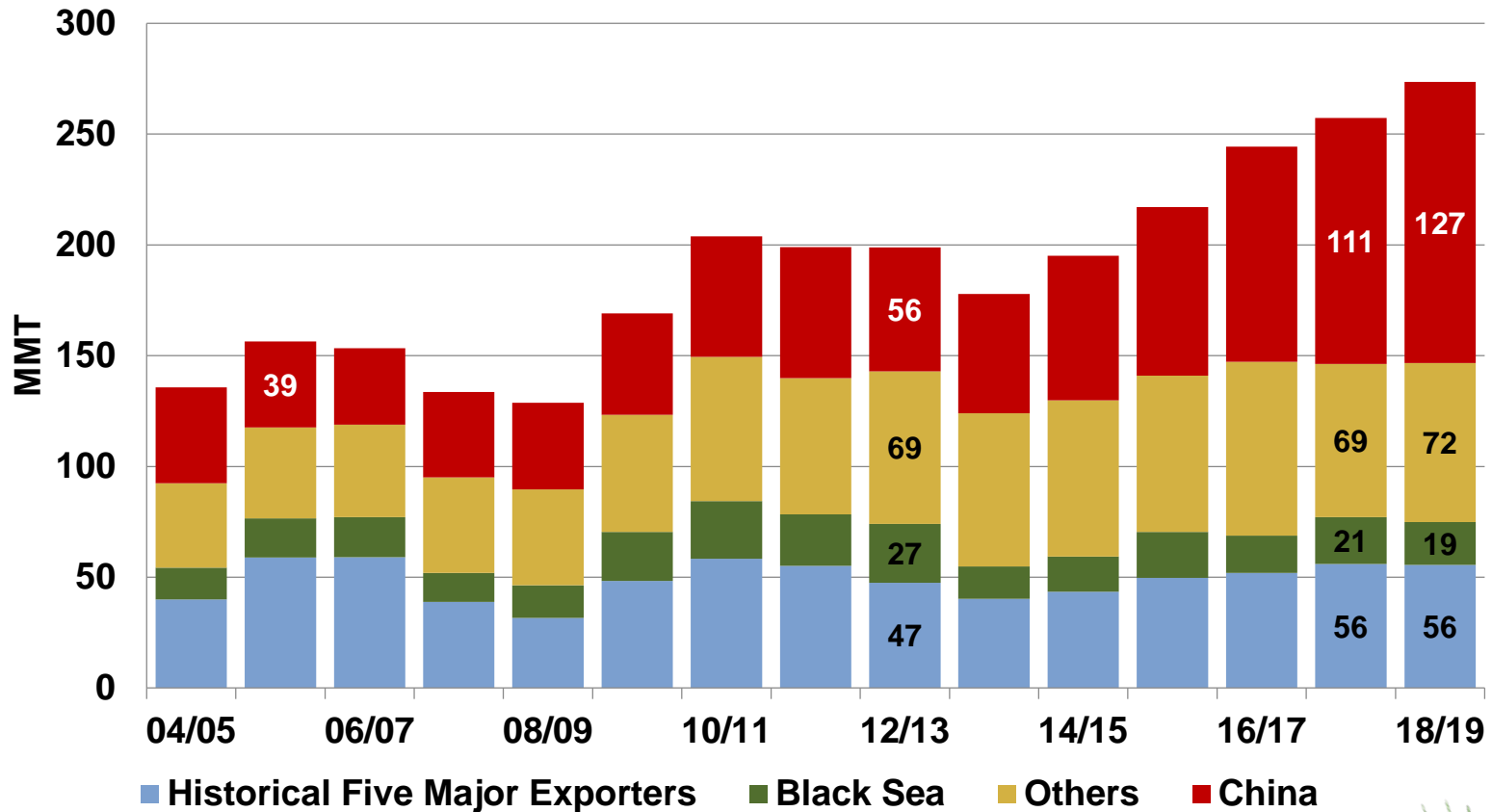
# World Wheat Supply and Demand

		16/17	17/18 <i>MMT</i>	18/19
<b>SUPPLY:</b>	Beginning Stocks	244	257	274
	Production	752	758	736
	Supply Total	996	1015	1010
<b>TRADE:</b>	Exports/Imports	183	182	185
<b>DEMAND</b>	Food & Seed	592	597	607
	Feed & Residual	147	145	142
	Use Total	739	742	749
	<b>ENDING STOCKS:</b>	257	274	261



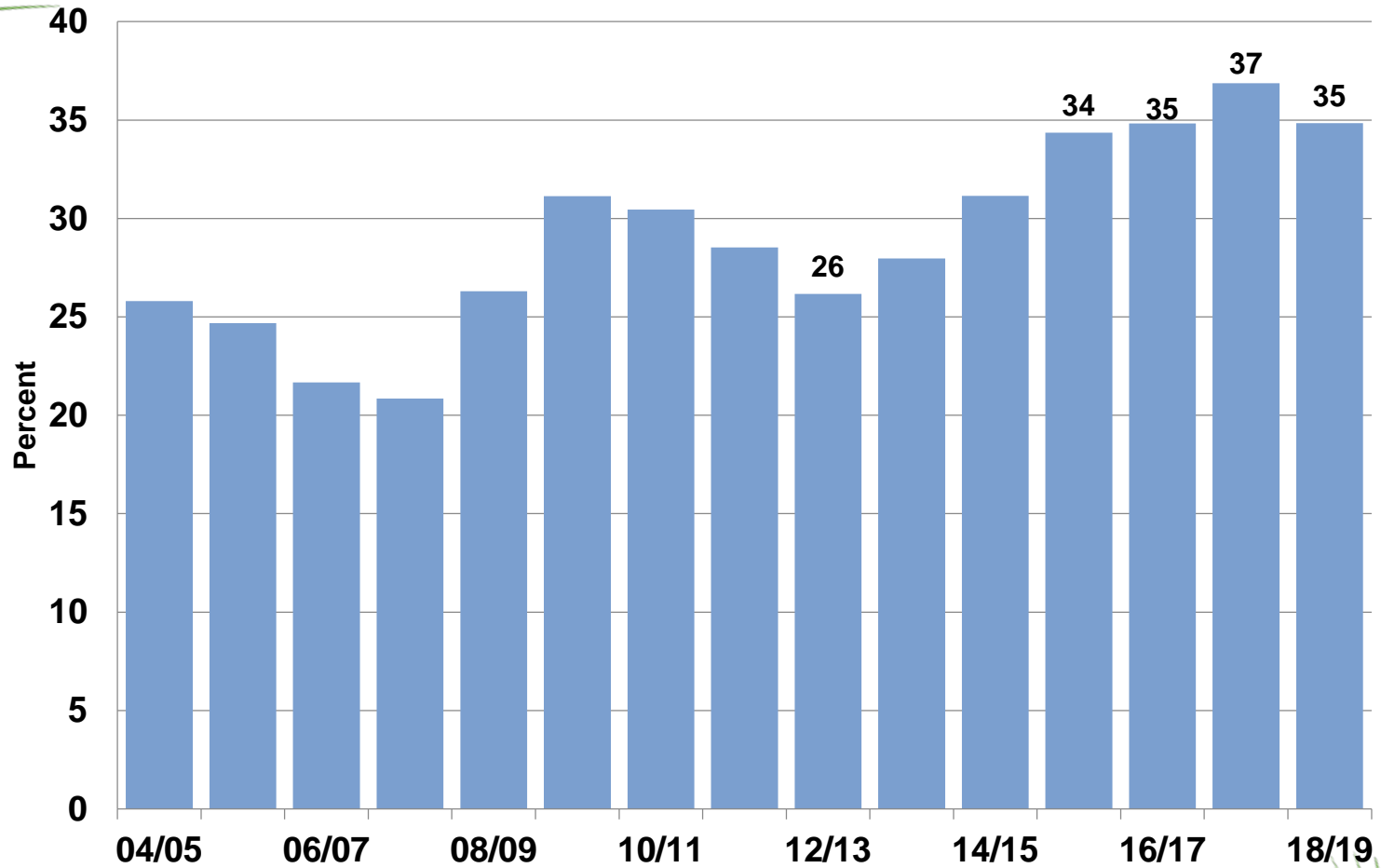
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# World Beginning Stocks



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

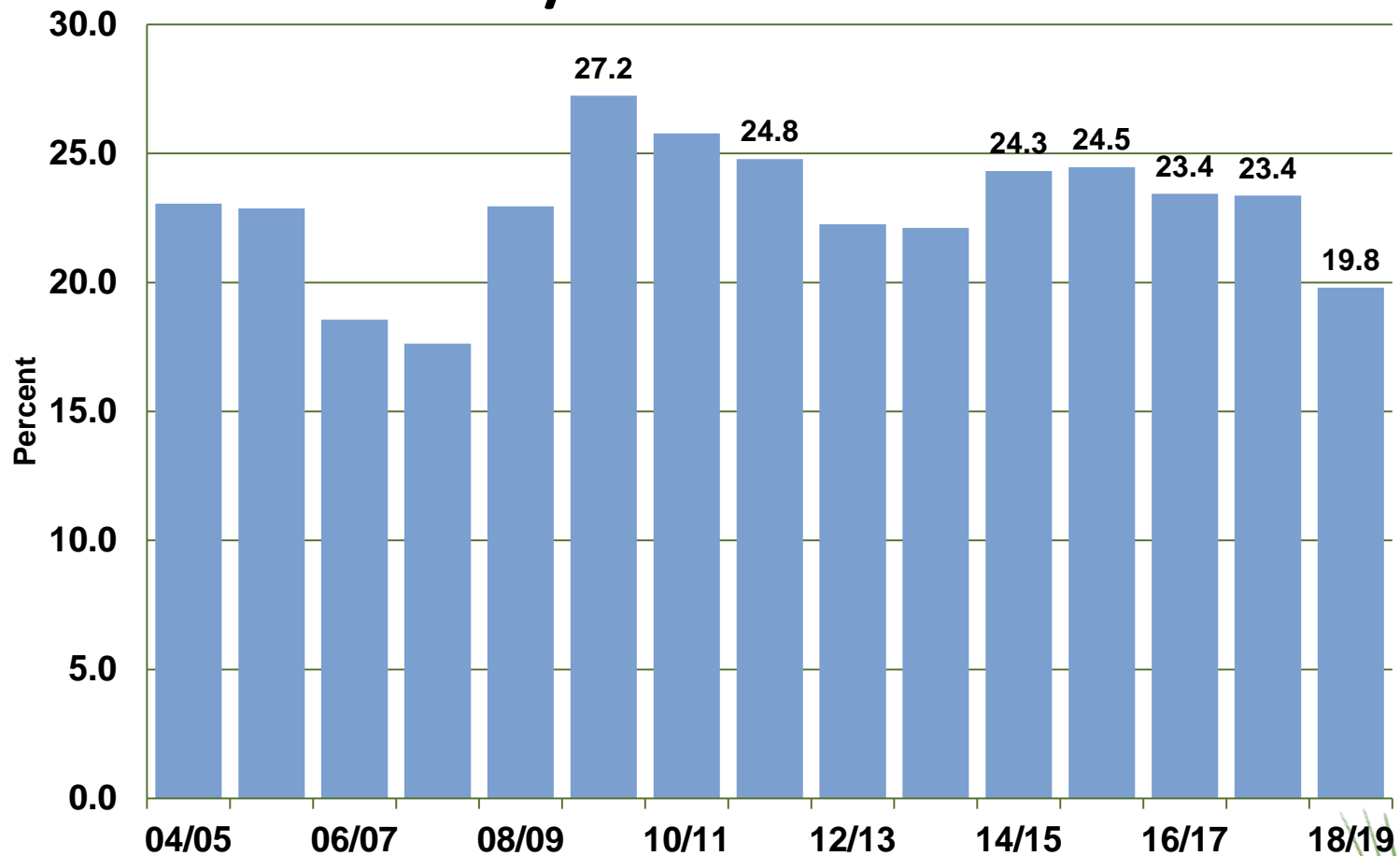
# Global Stocks\*-to-Use Ratio



*\*Ending stocks*

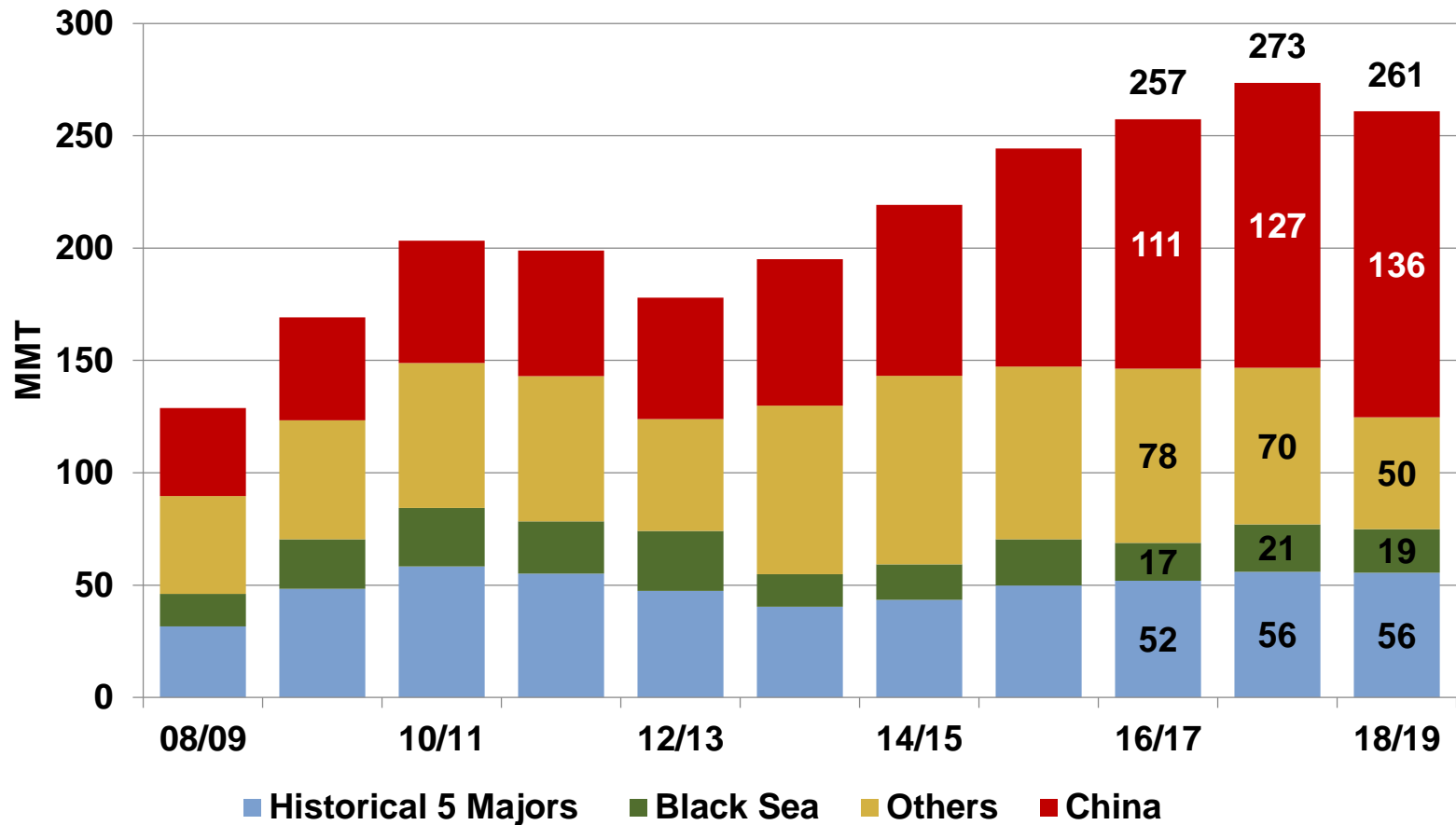


# Global Stocks\*-to-Use Ratio w/o China



\*Ending stocks

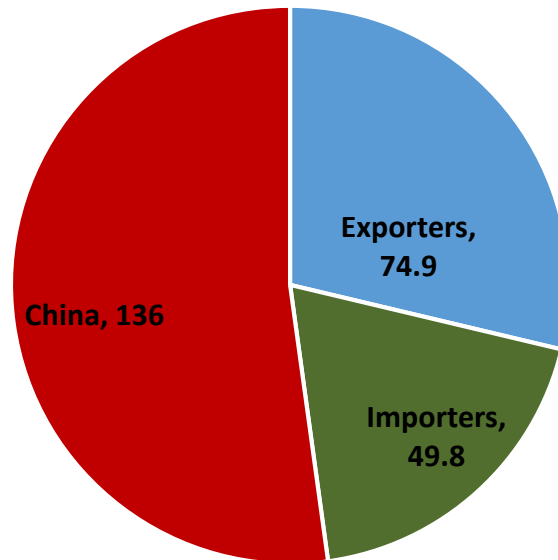
# World Ending Stocks



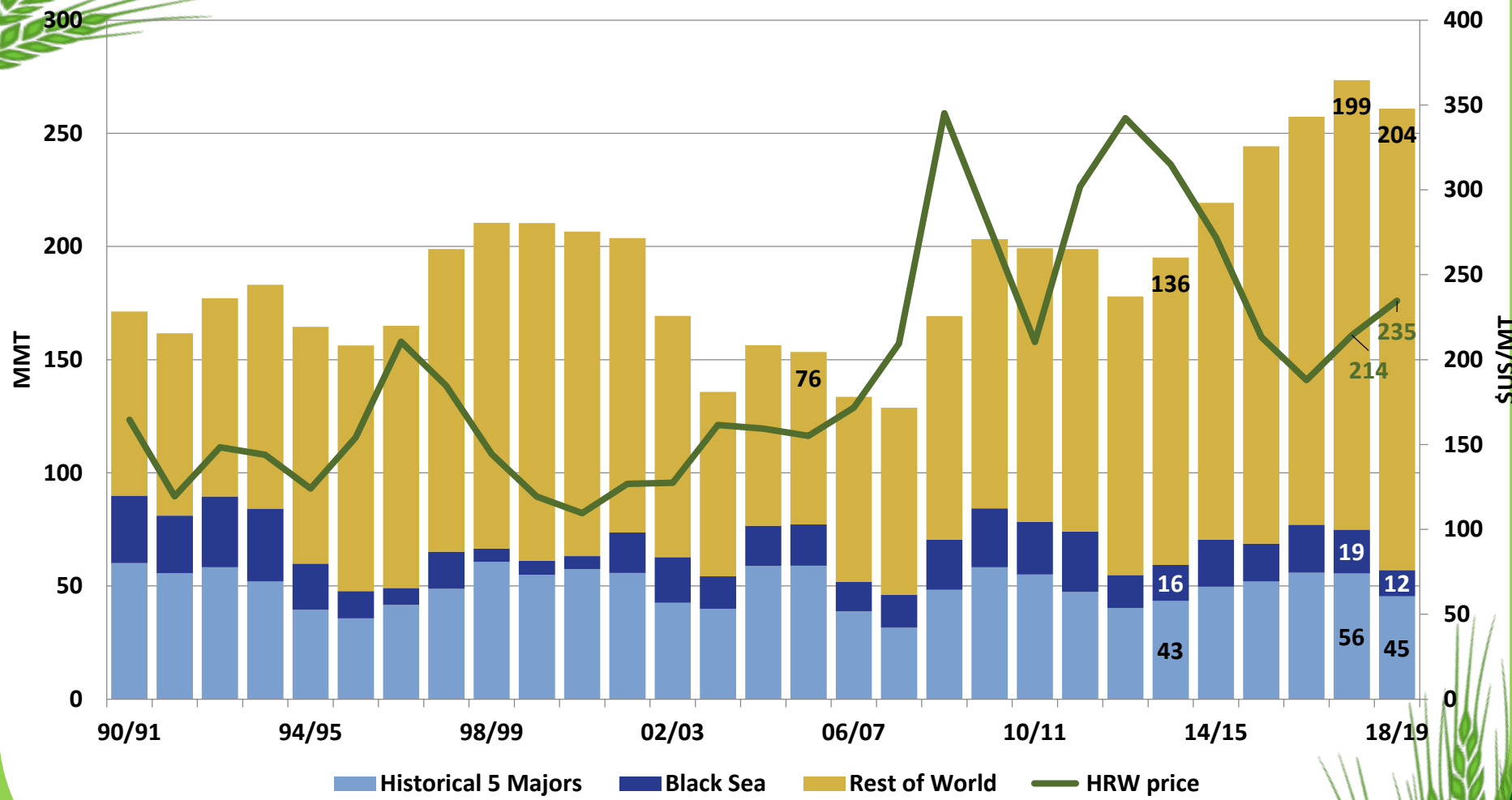
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.  
Black Sea includes Russia, Ukraine and Kazakhstan.*

# World Ending Stocks by Position

(million metric tons)



# Global Ending Stocks and Price

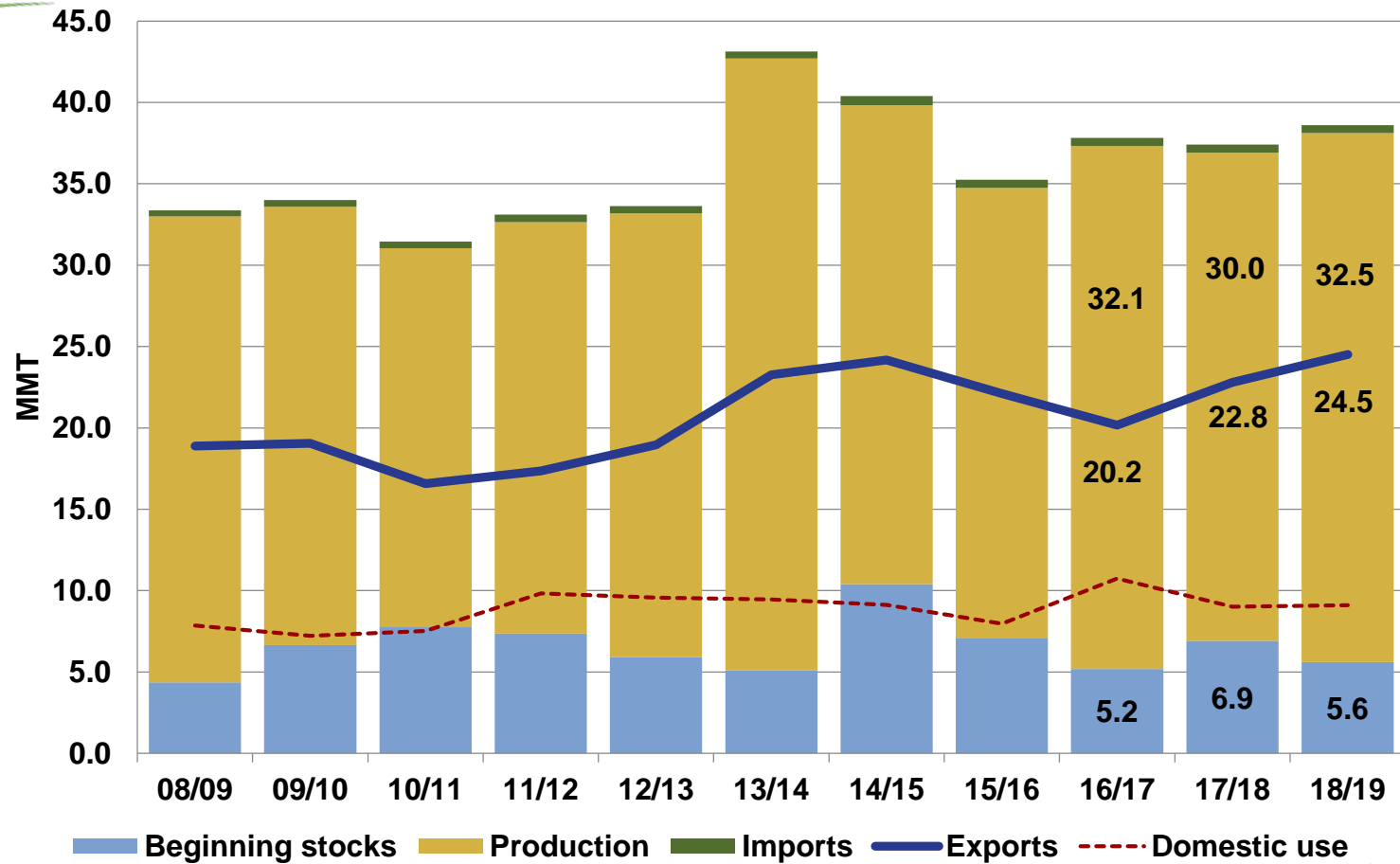


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

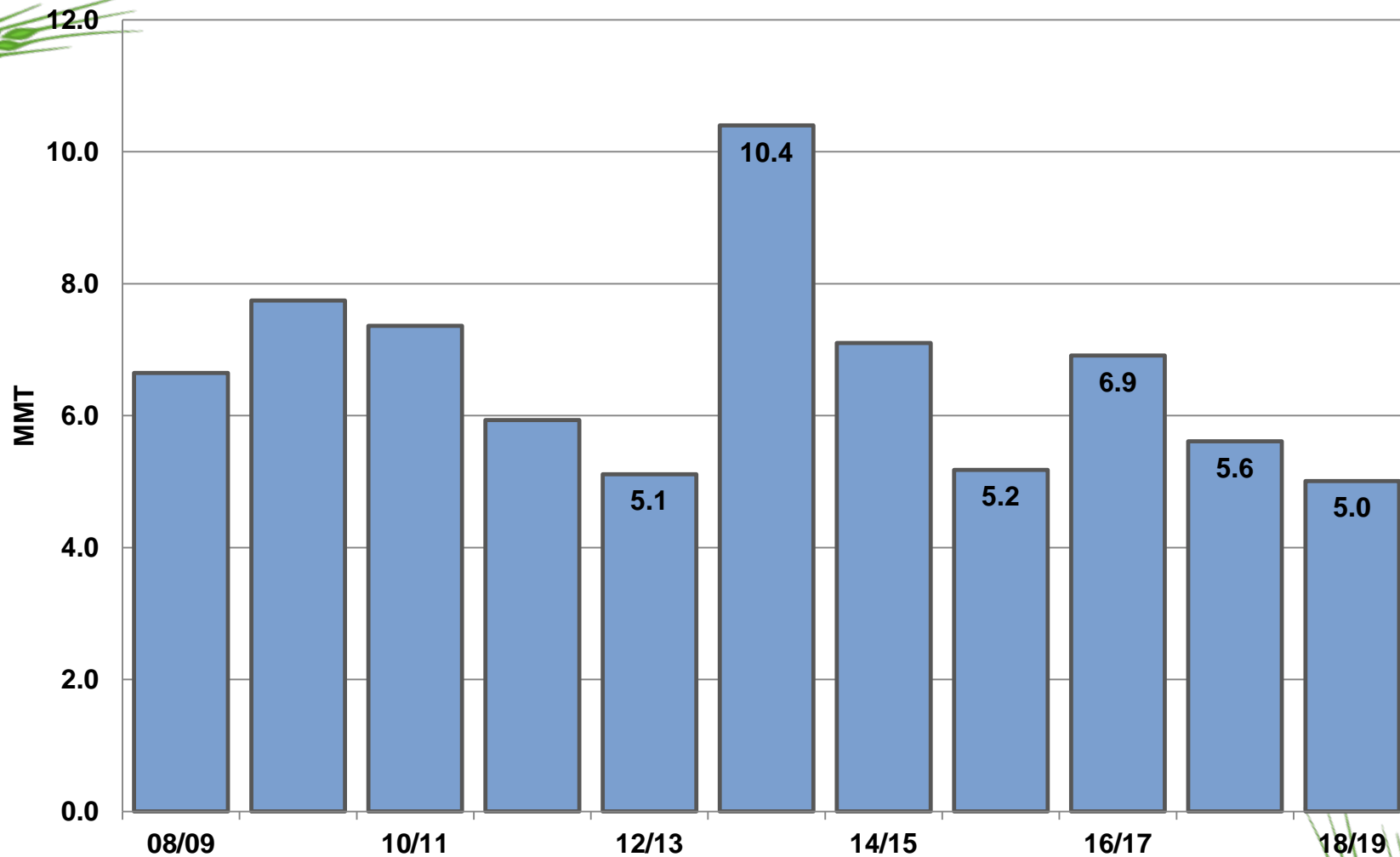


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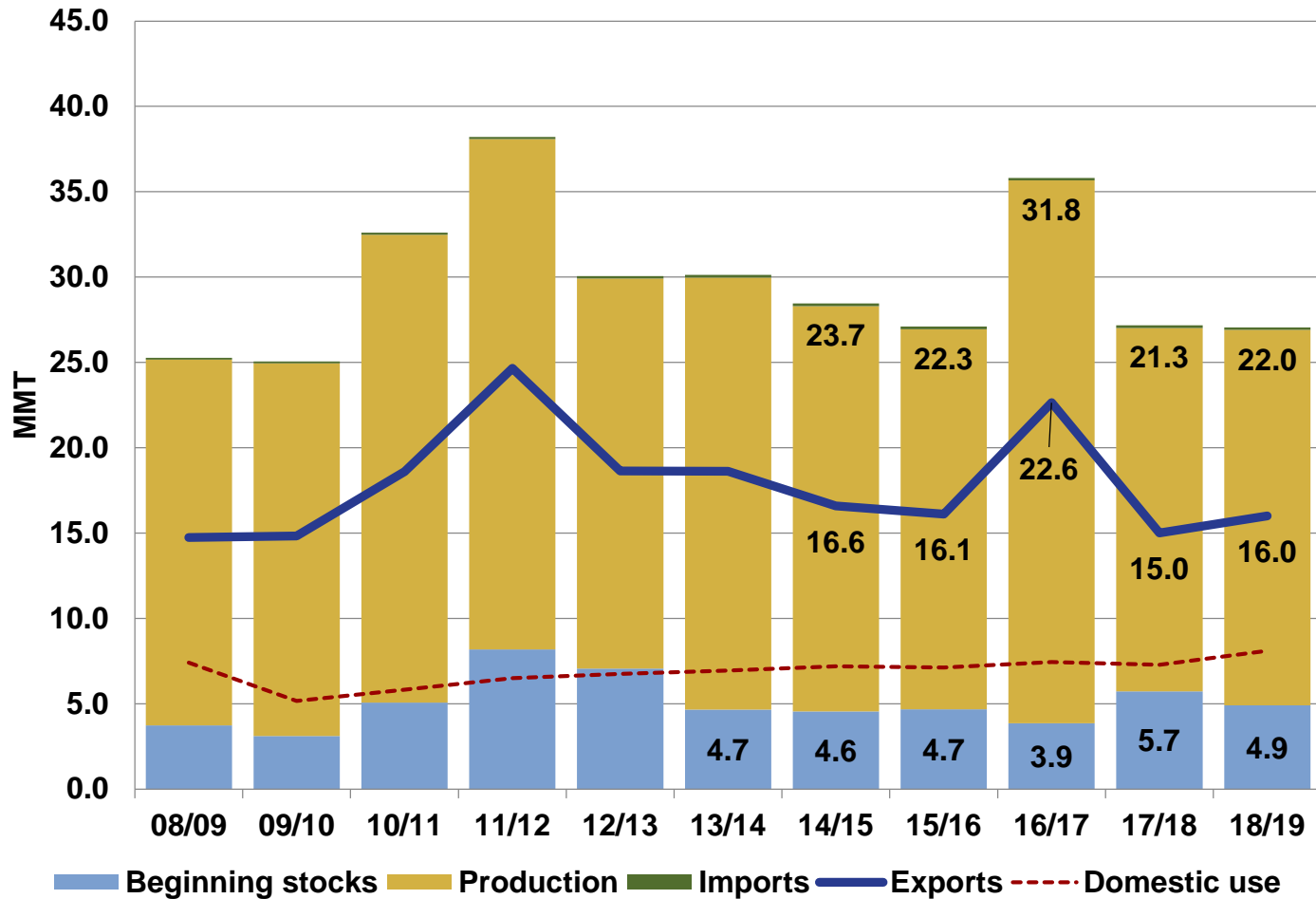
# Canada Situation



# Canada Ending Stocks

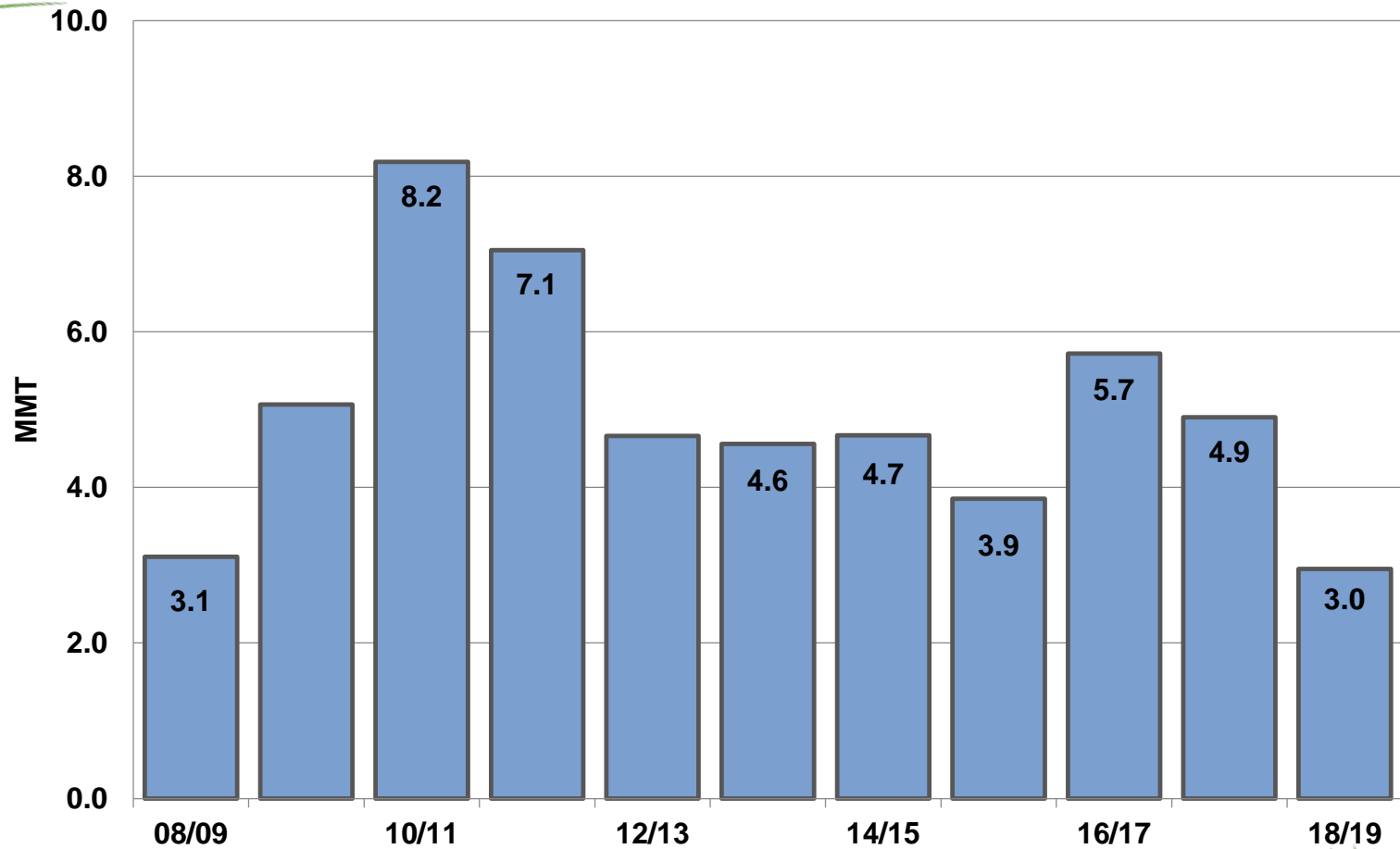


# Australia Situation

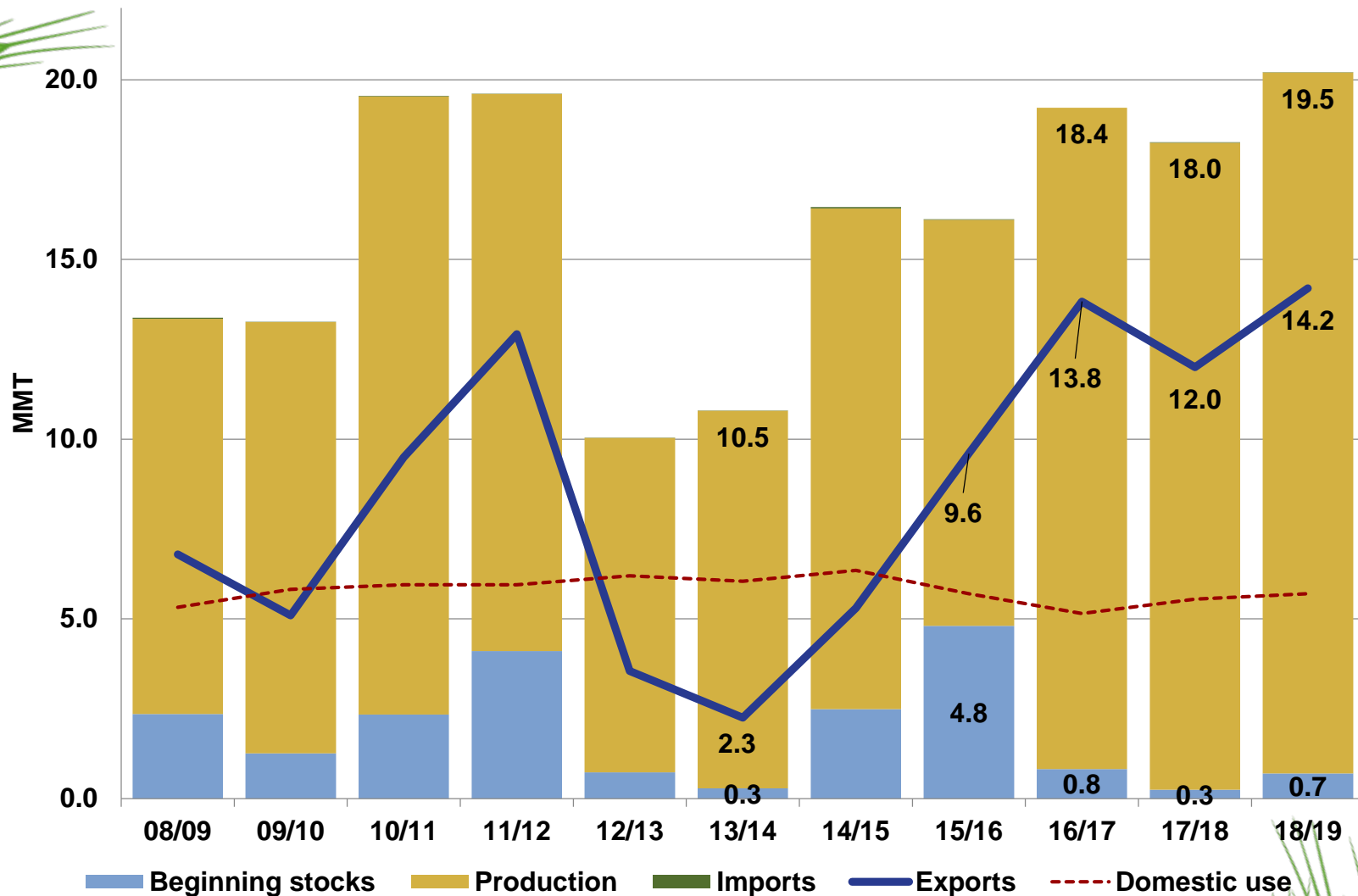




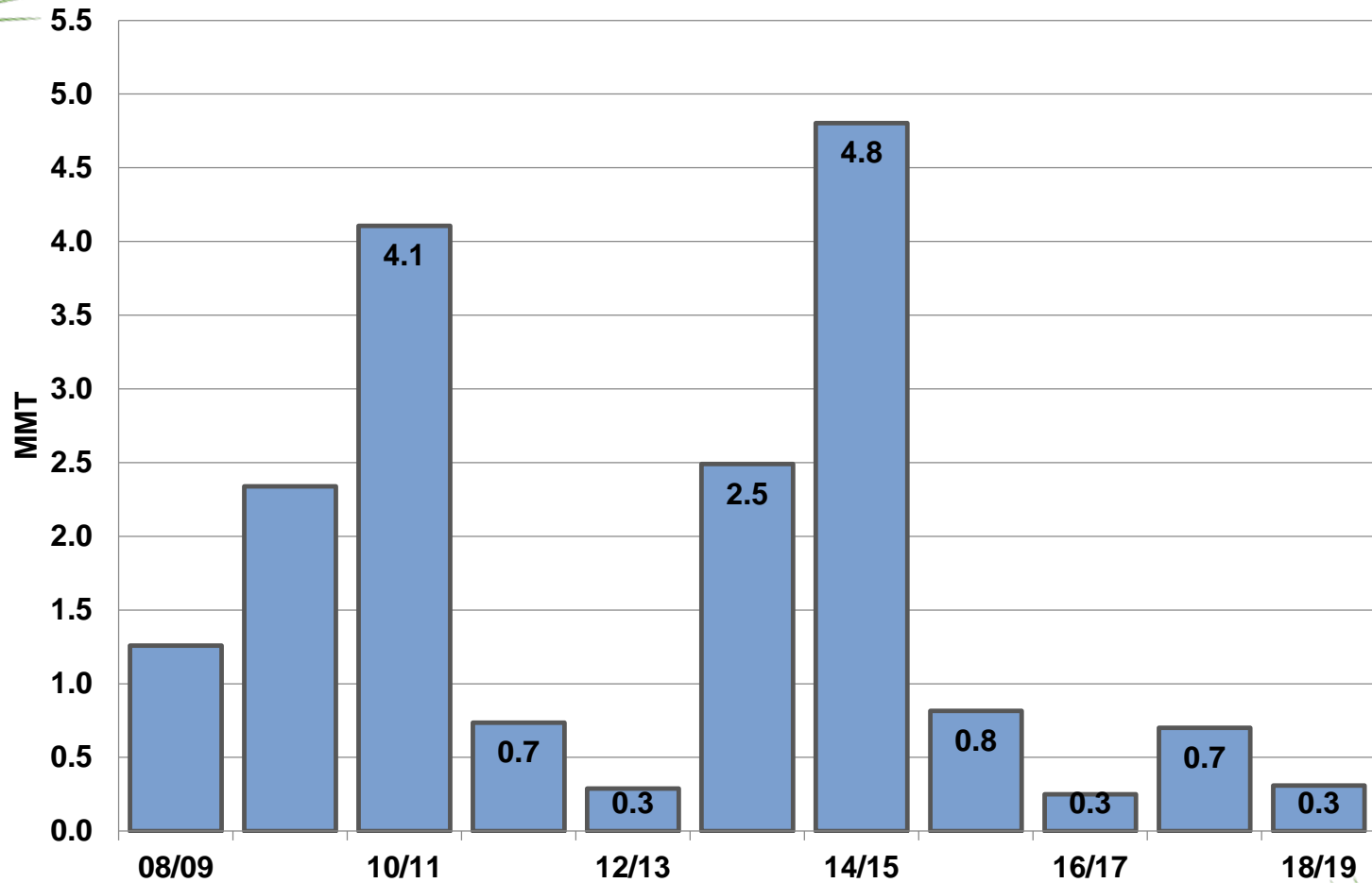
# Australia Ending Stocks



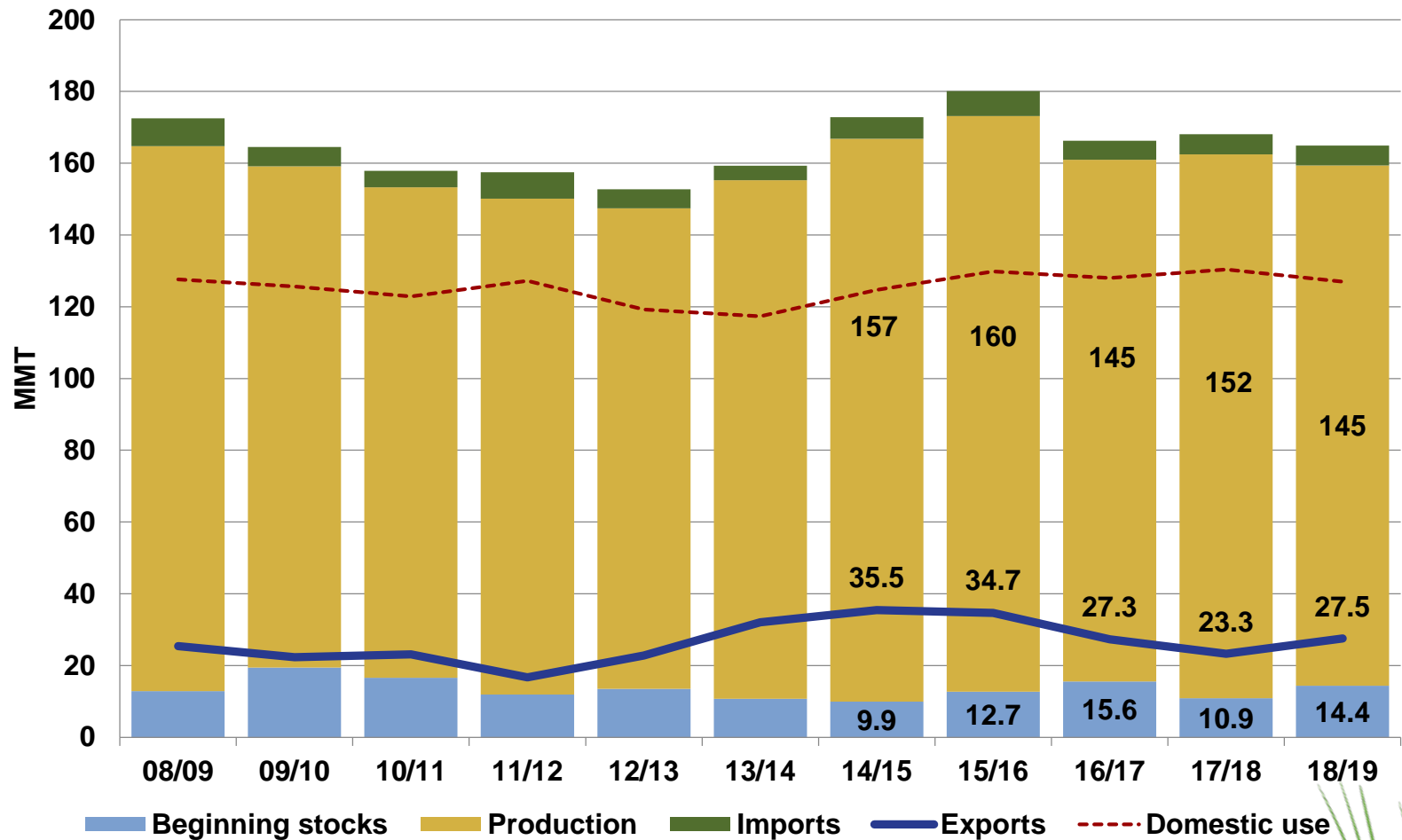
# Argentina Situation



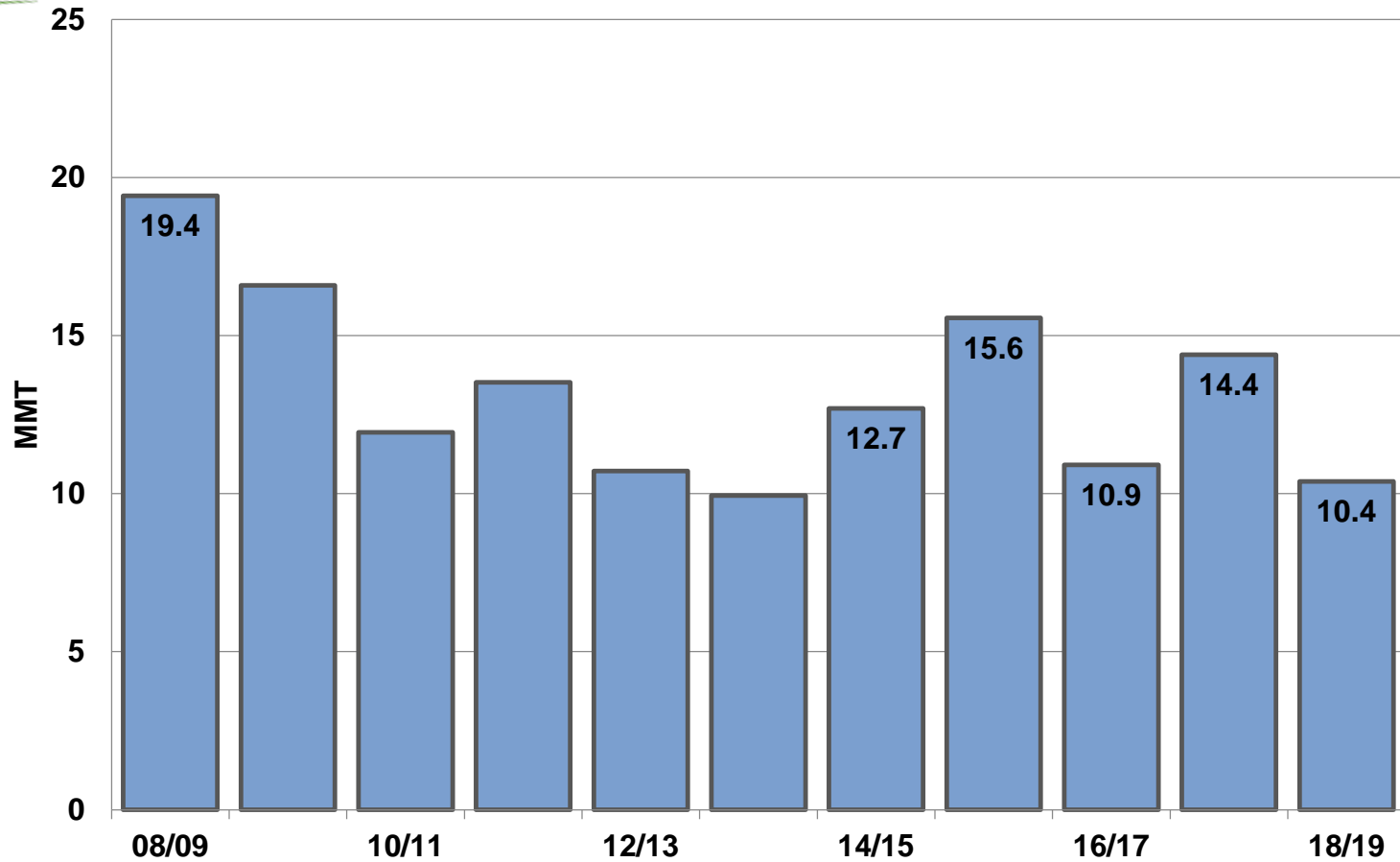
# Argentina Ending Stocks



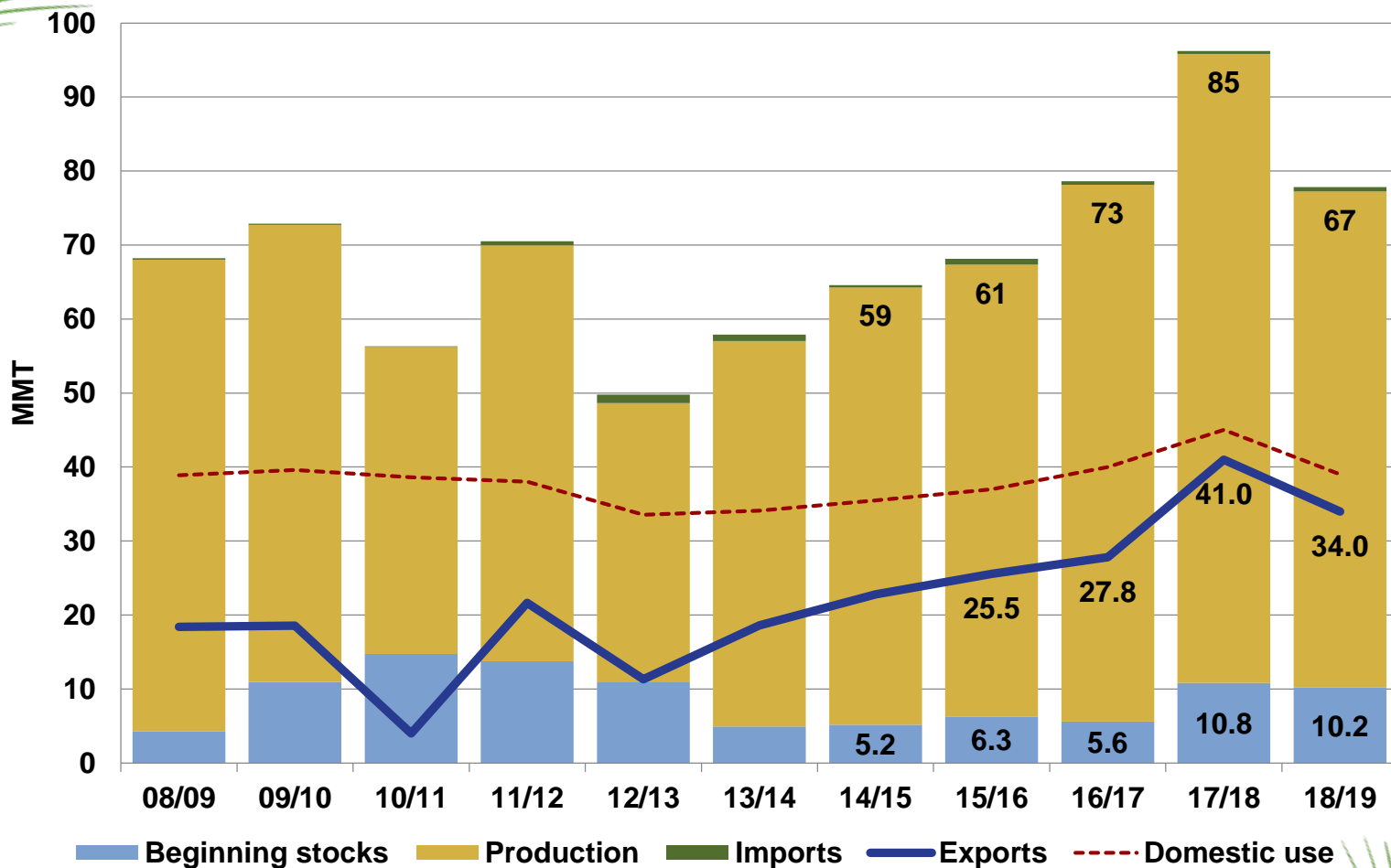
# EU-27 Situation



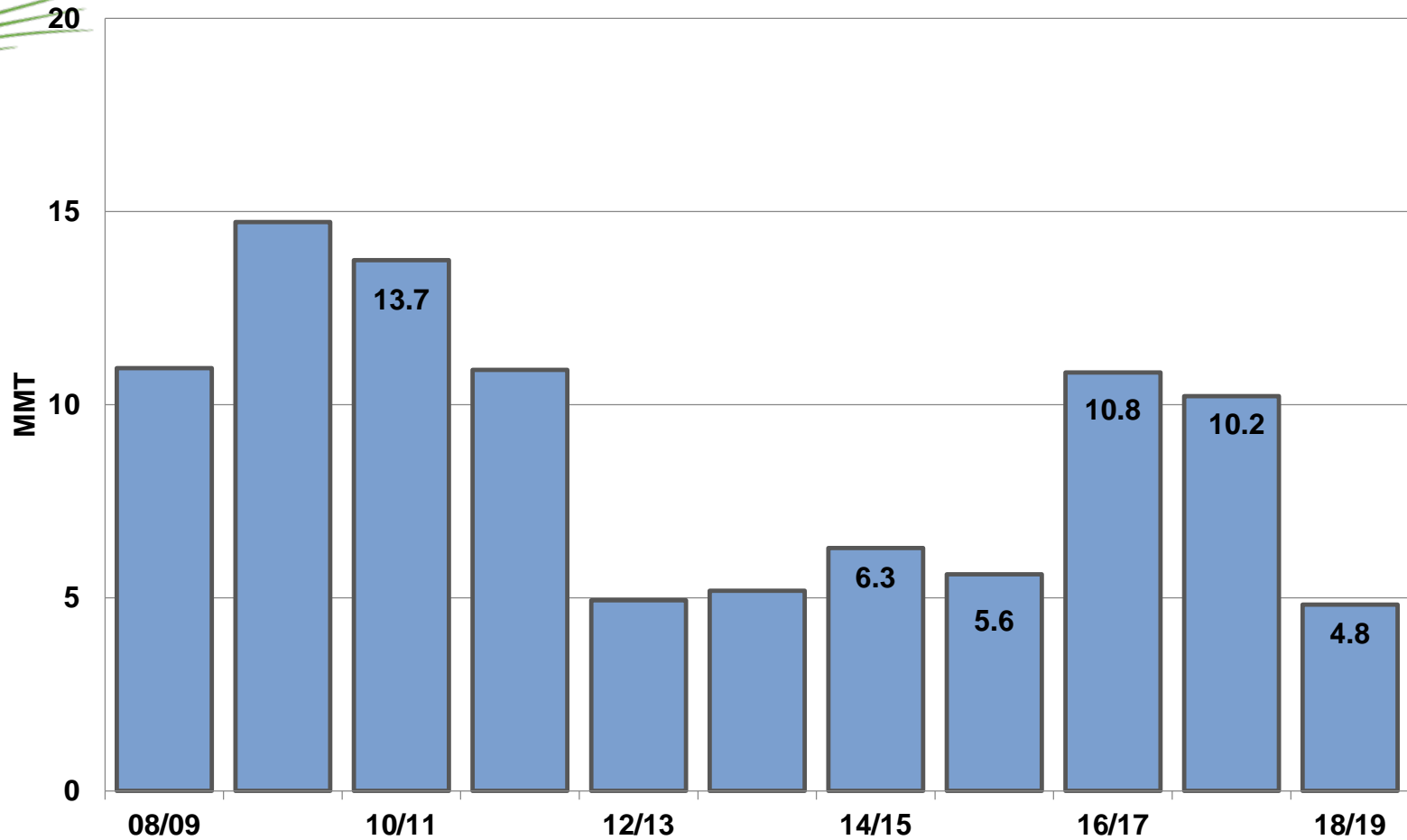
# EU-27 Ending Stocks



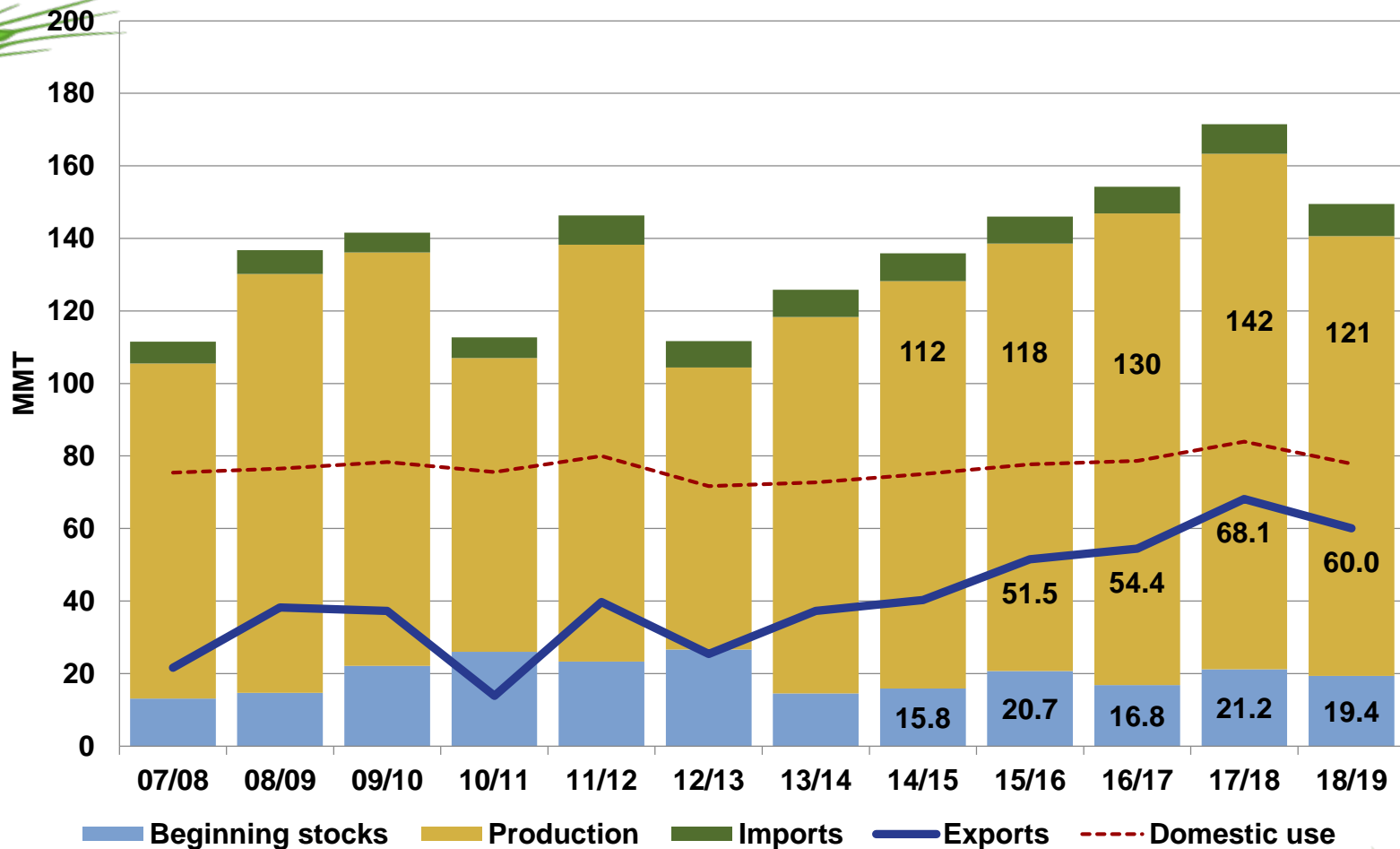
# Russia Situation



# Russia Ending Stocks



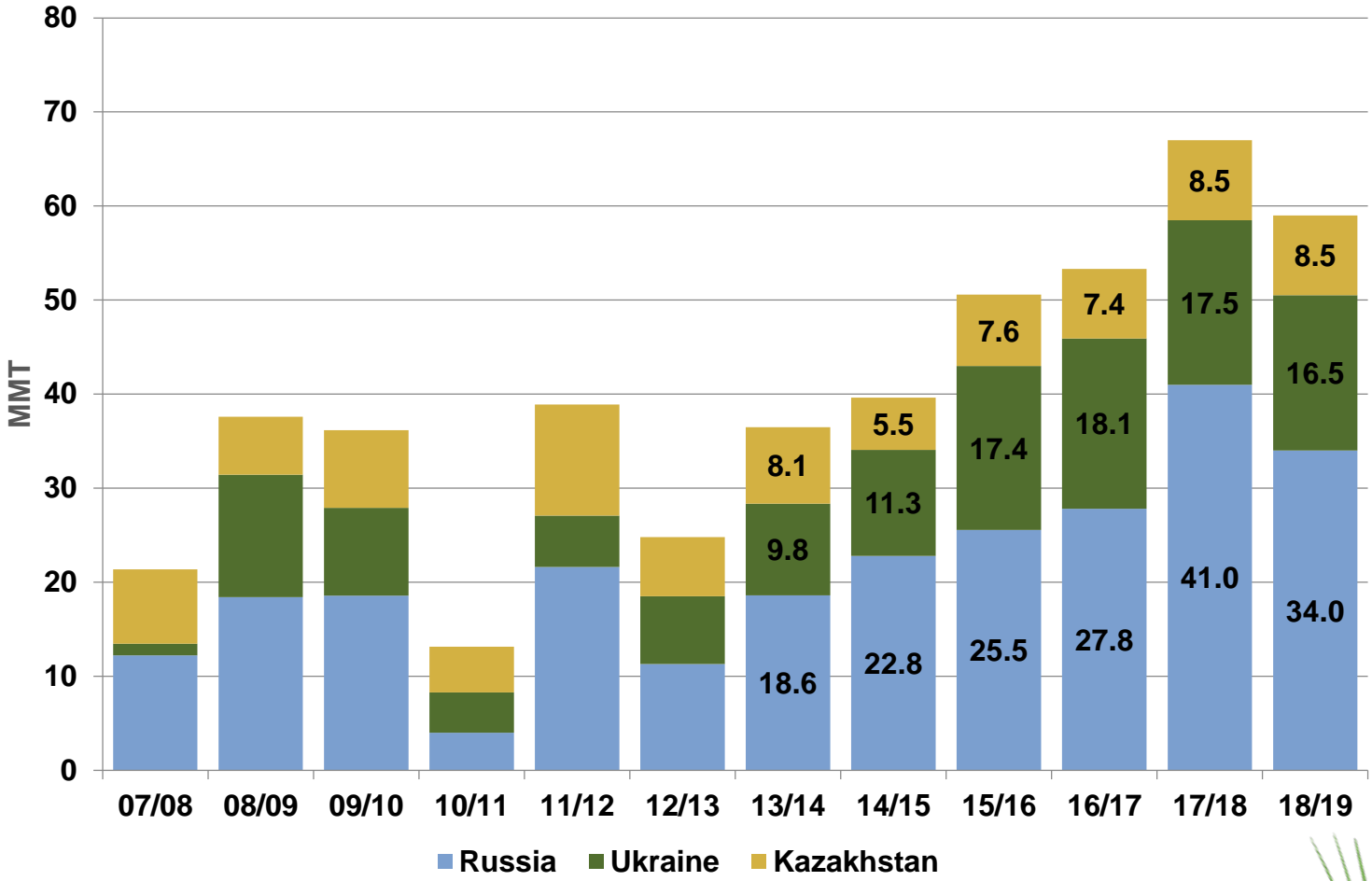
# Black Sea Region Situation



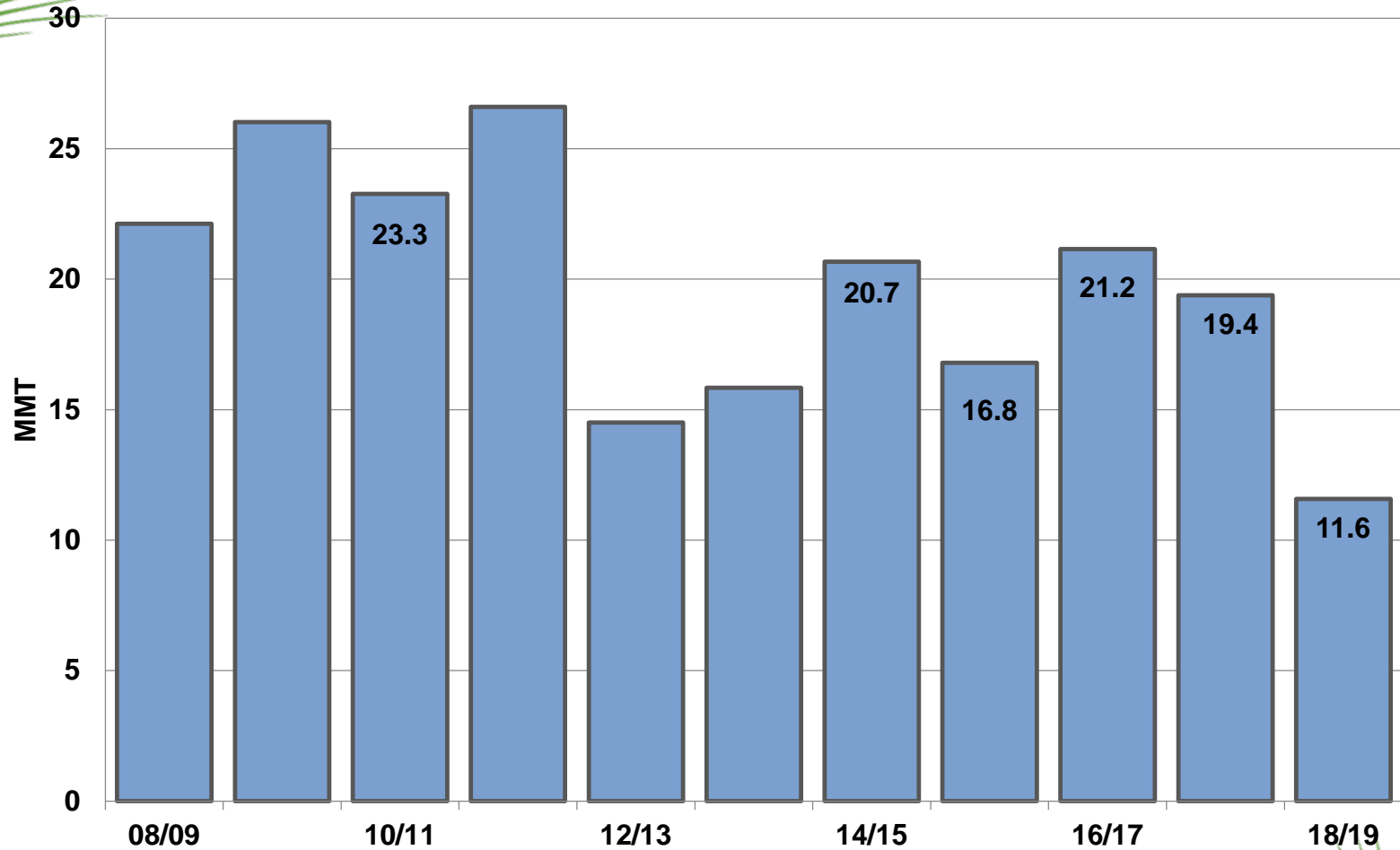
Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.



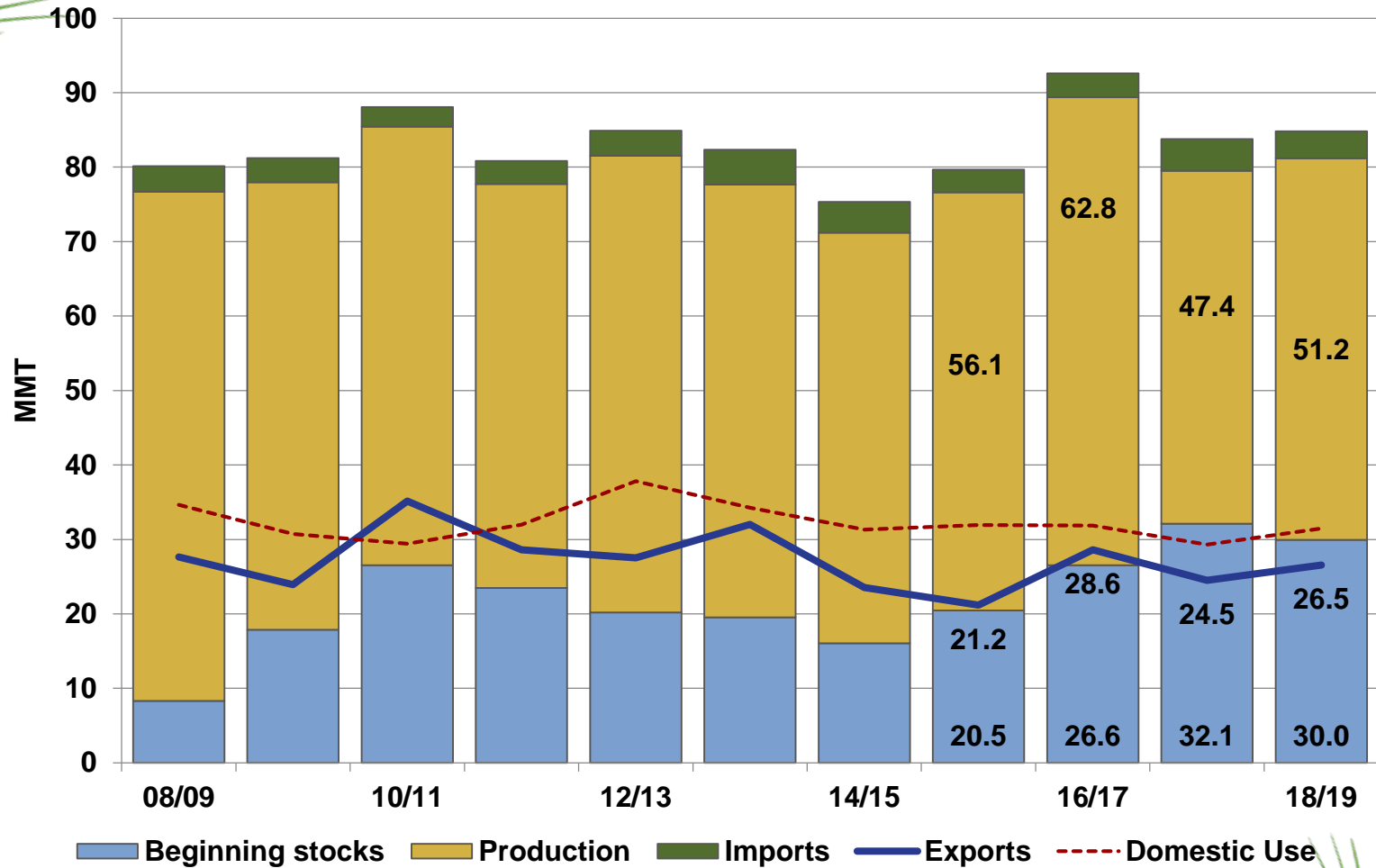
# Black Sea Exports



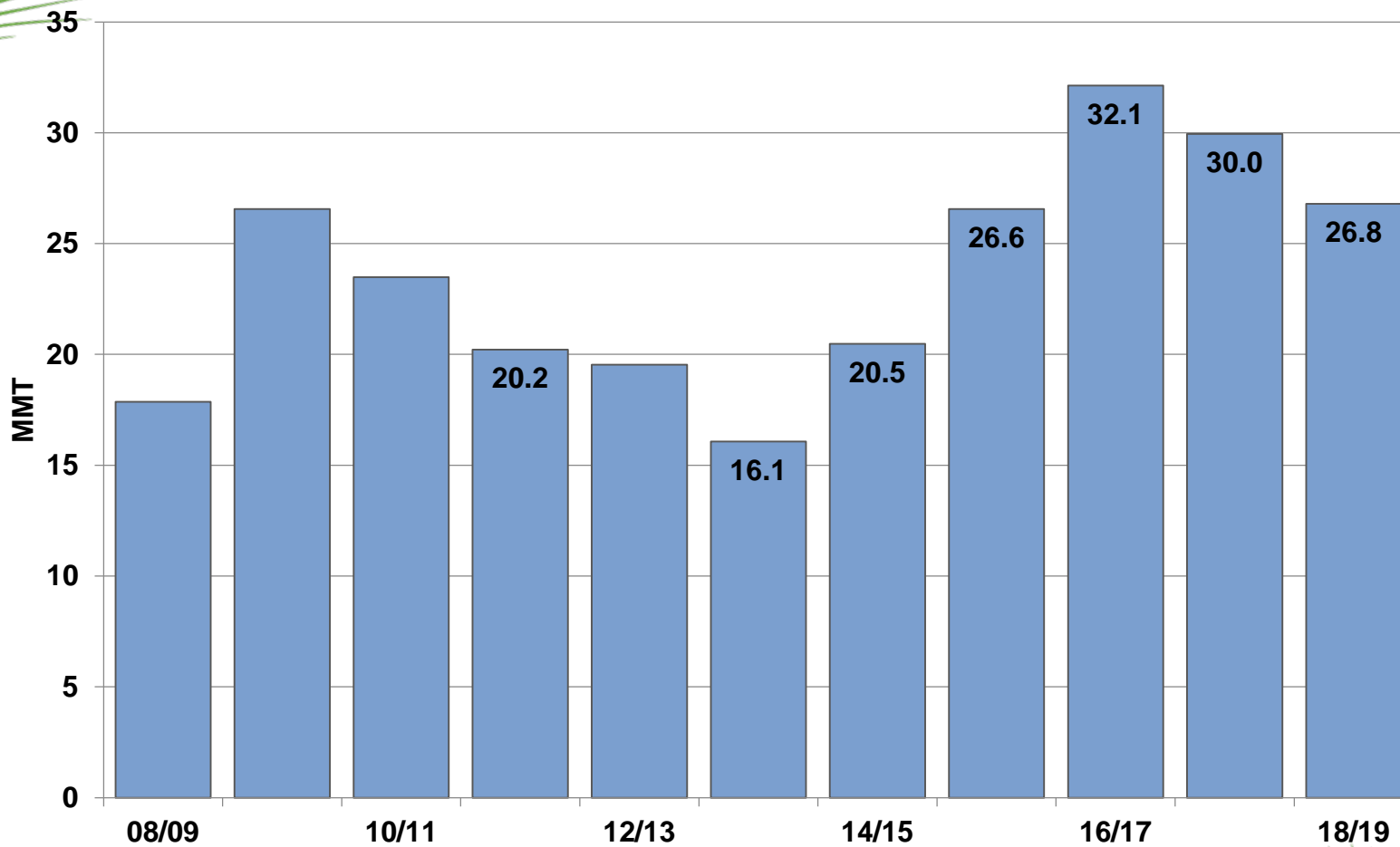
# Black Sea Ending Stocks



# U.S. Situation



# U.S. Ending Stocks

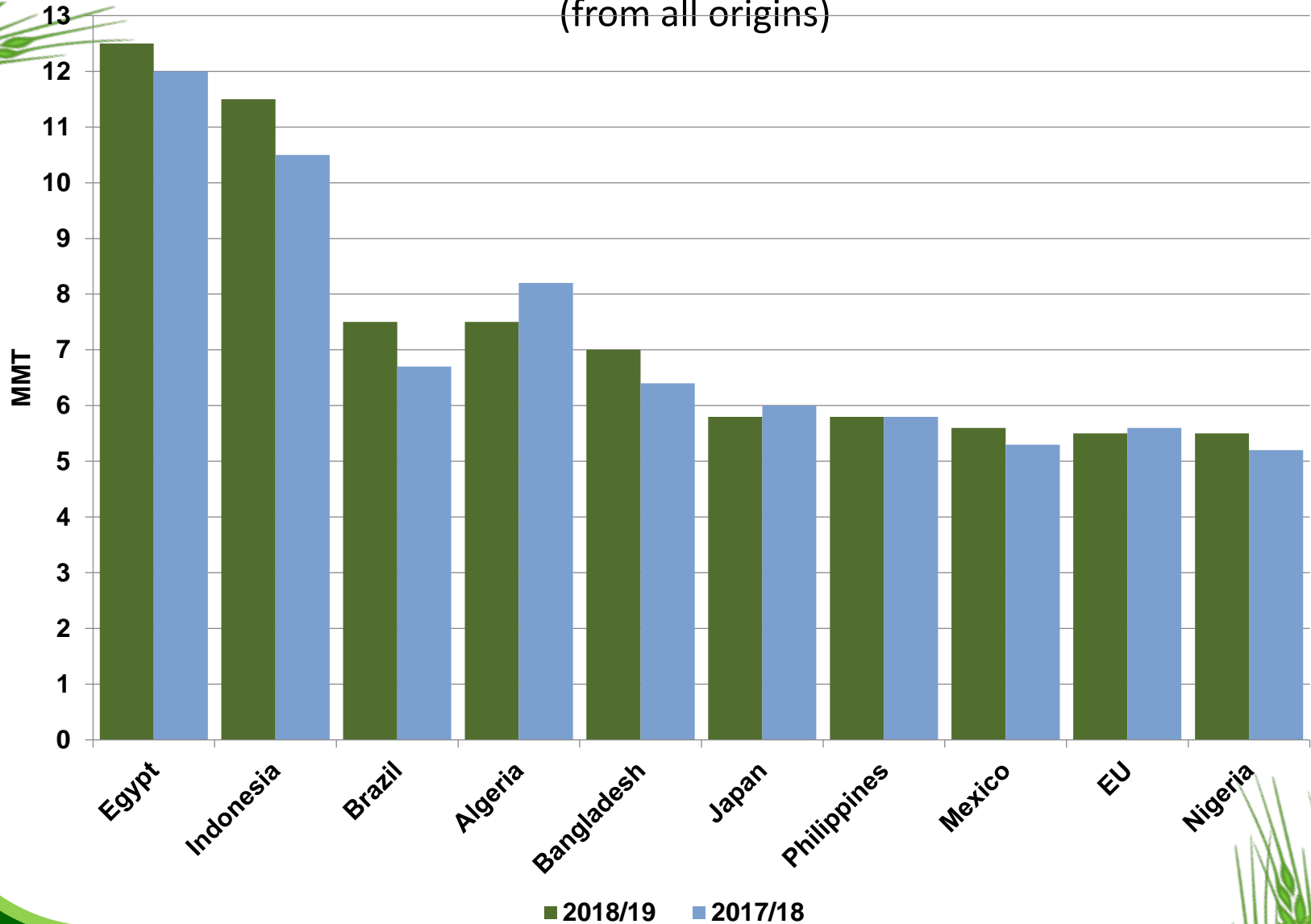


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



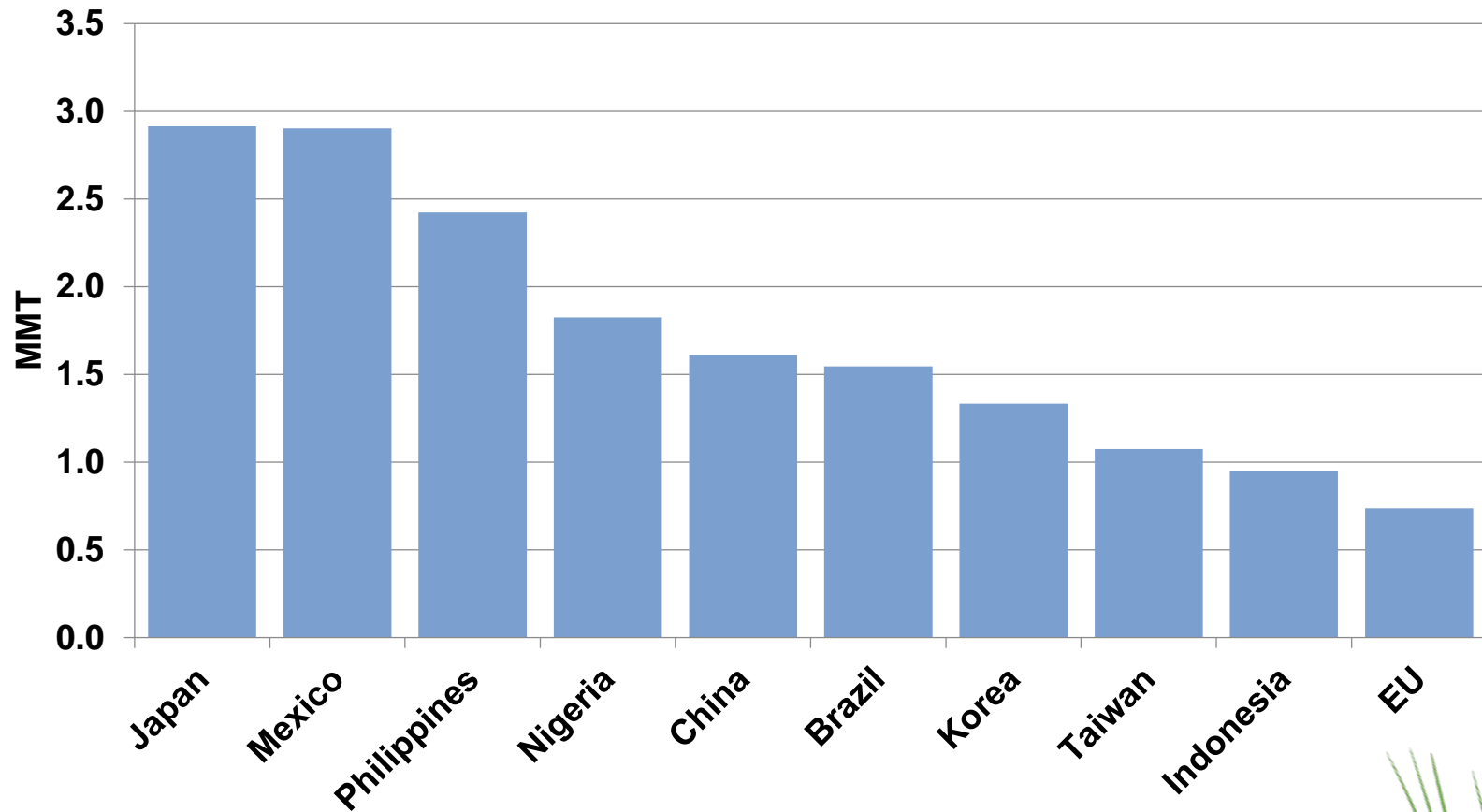
# Major World Wheat Importers

(from all origins)

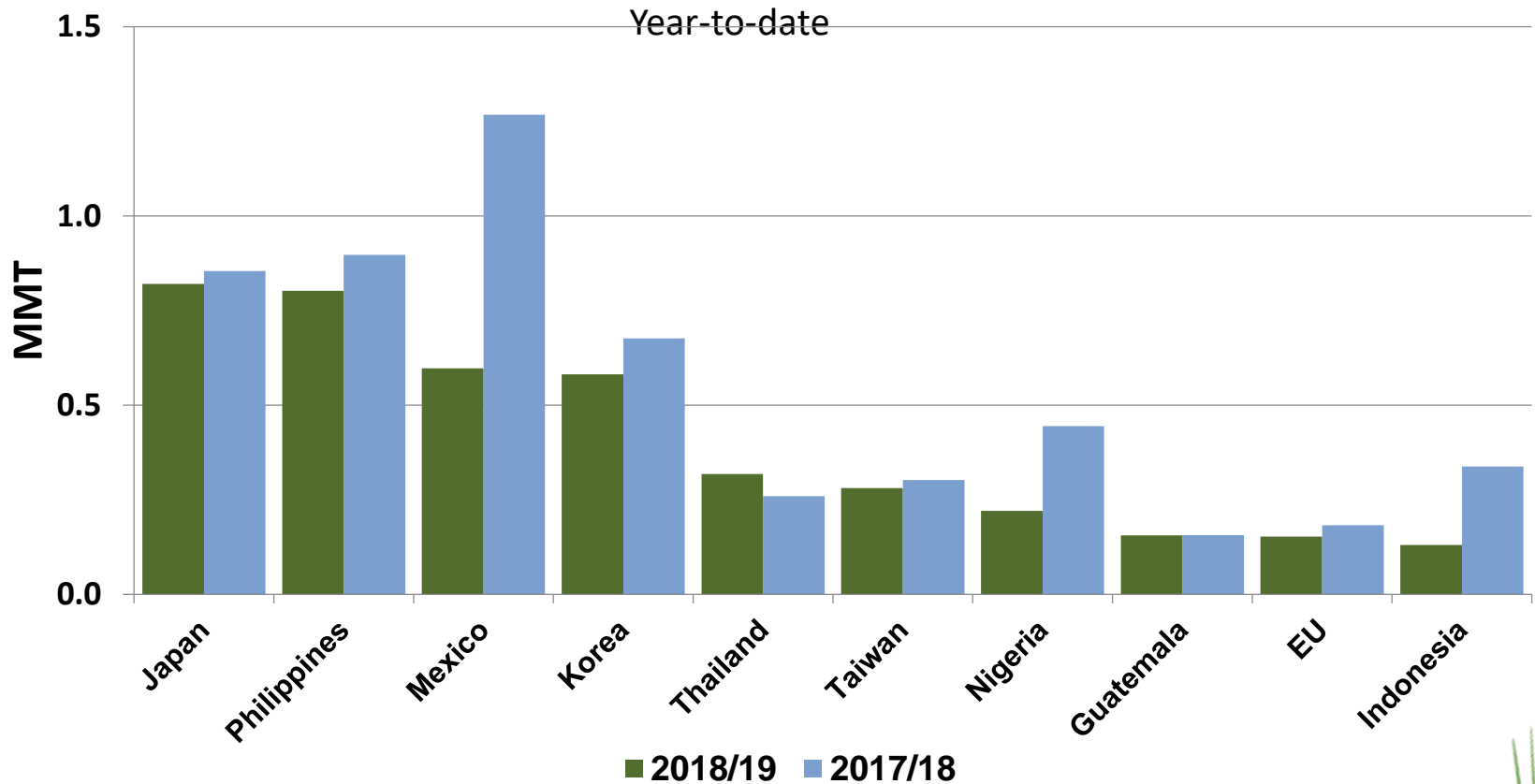


# Top 10 Customers for U.S. Wheat

5-year average



# Top 10 Customers for U.S. Wheat

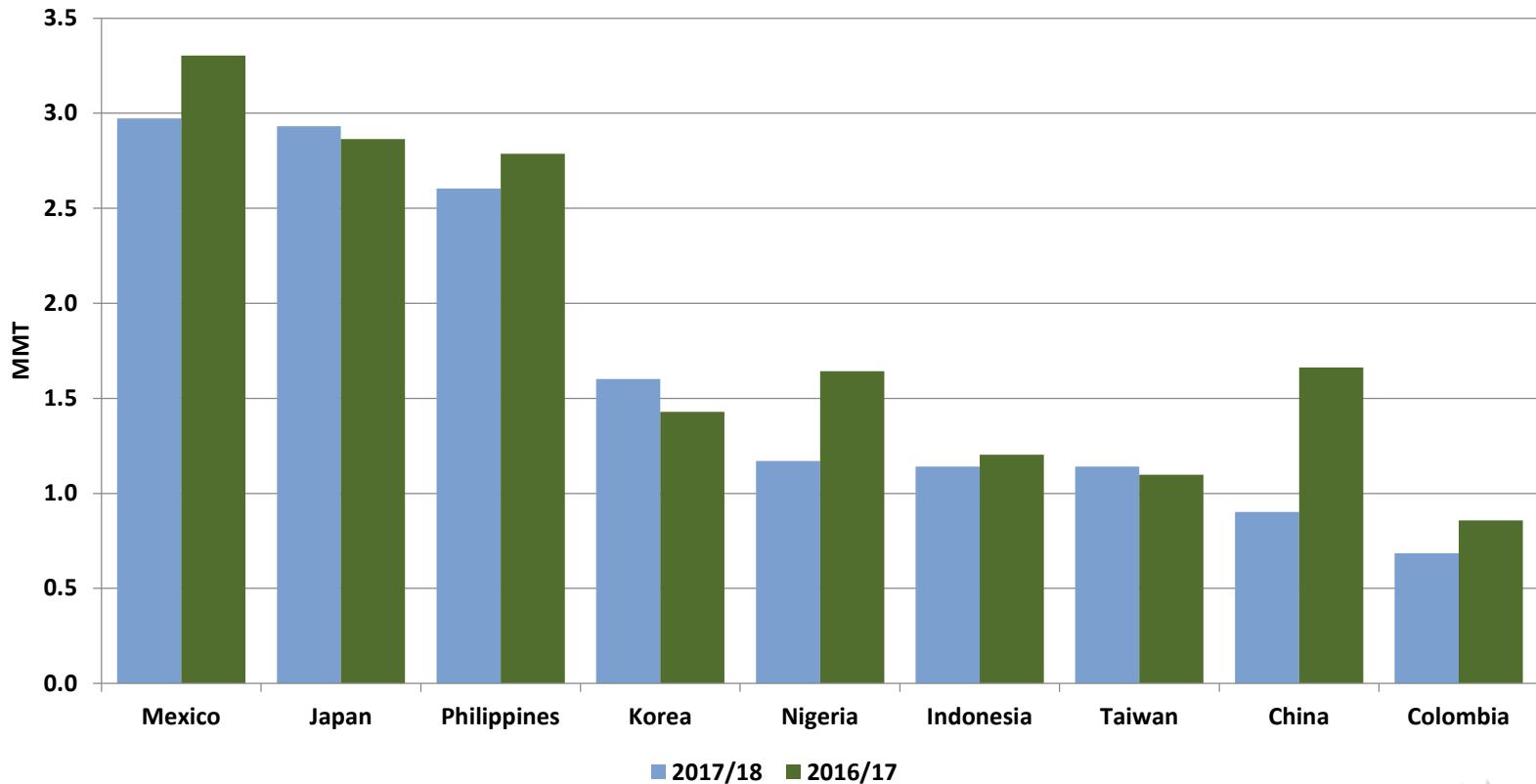


Source: USDA FAS export sales report July 12, 2018.



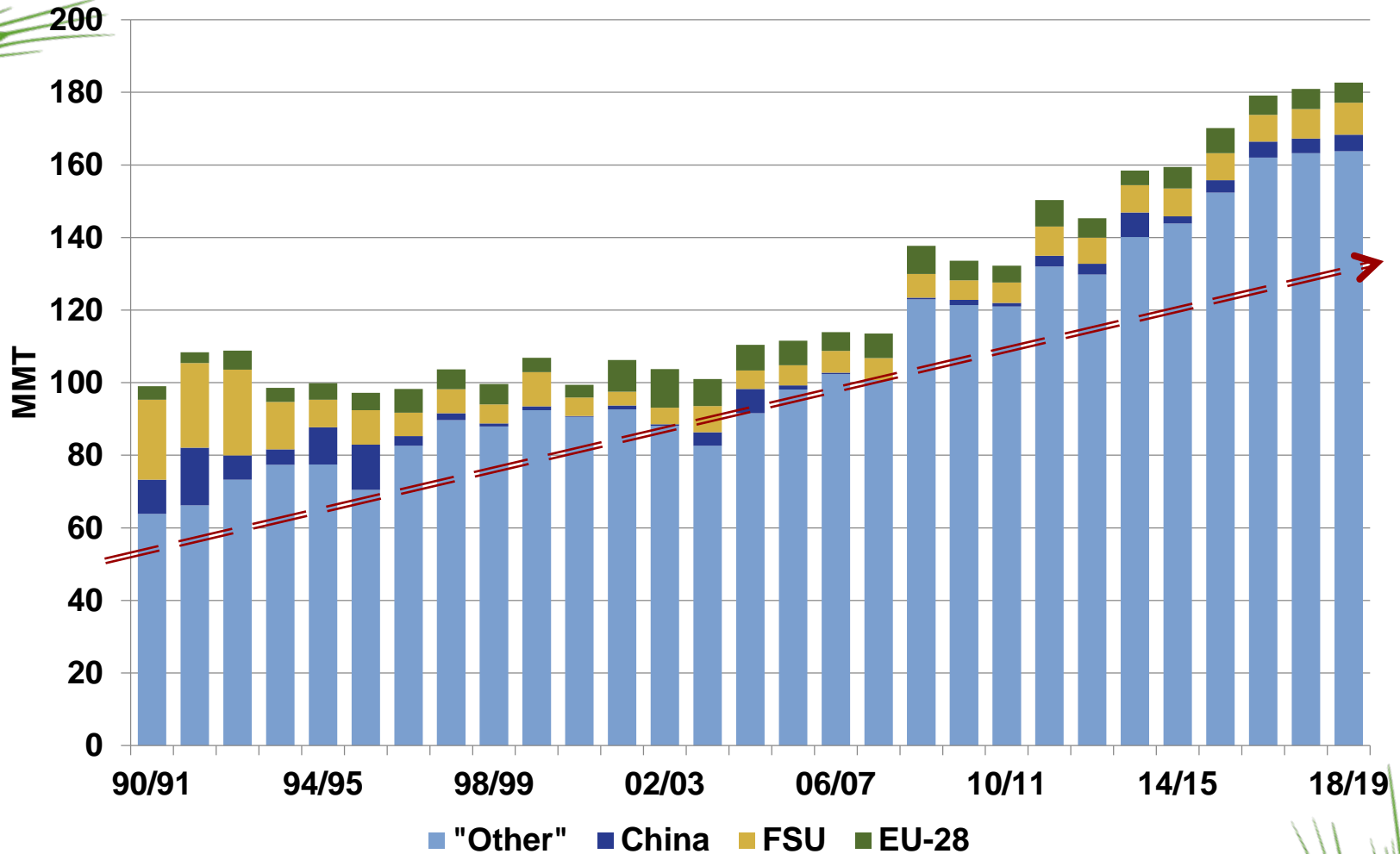
# Top 10 Customers for U.S. Wheat

2017/18 vs. 2016/17



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

# World Wheat Imports



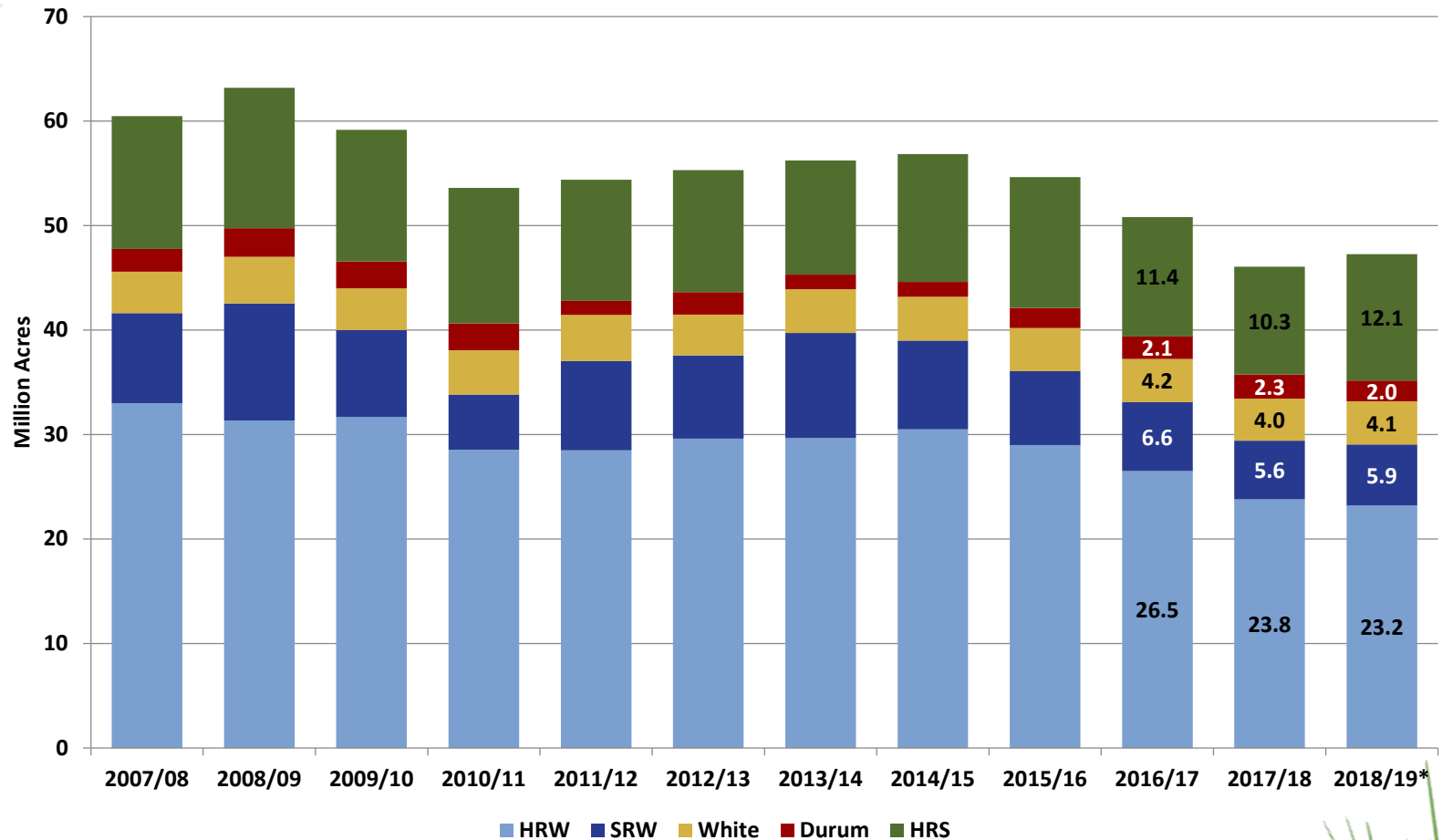
Trend in "other" importers denoted (—▶)

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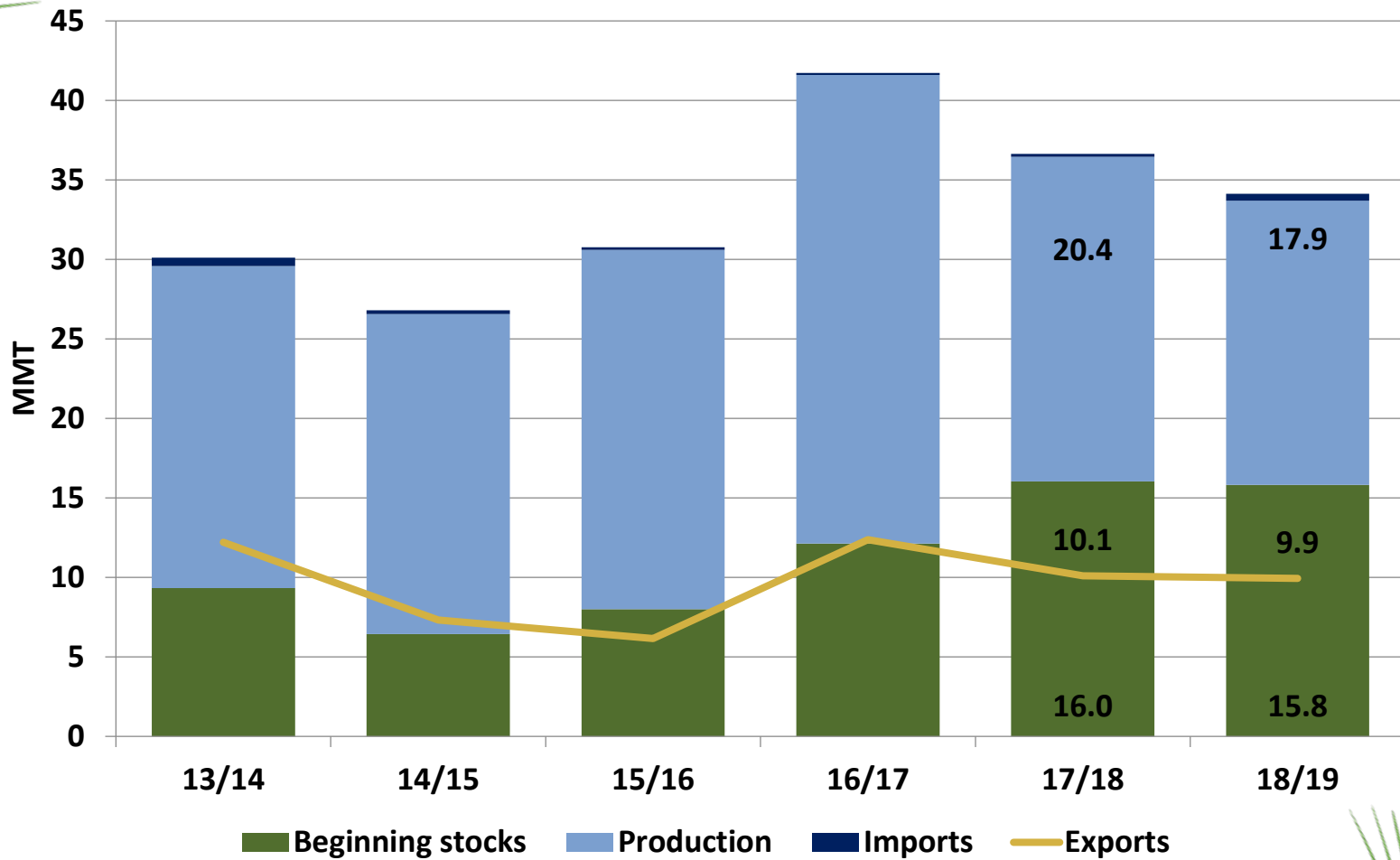
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# U.S. Wheat Plantings by Class

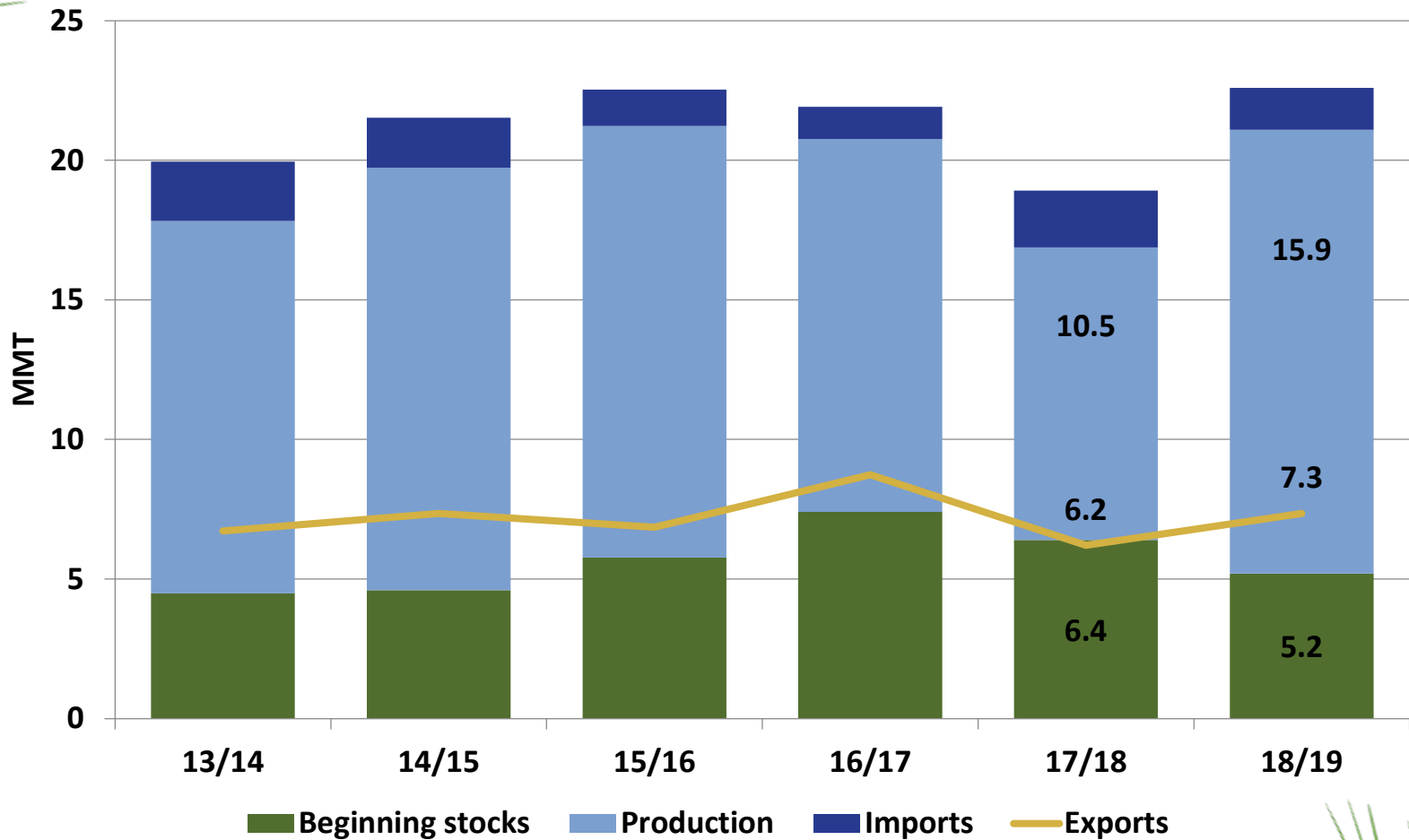


\*Source: USDA Prospective Plantings Report, March 29, 2018

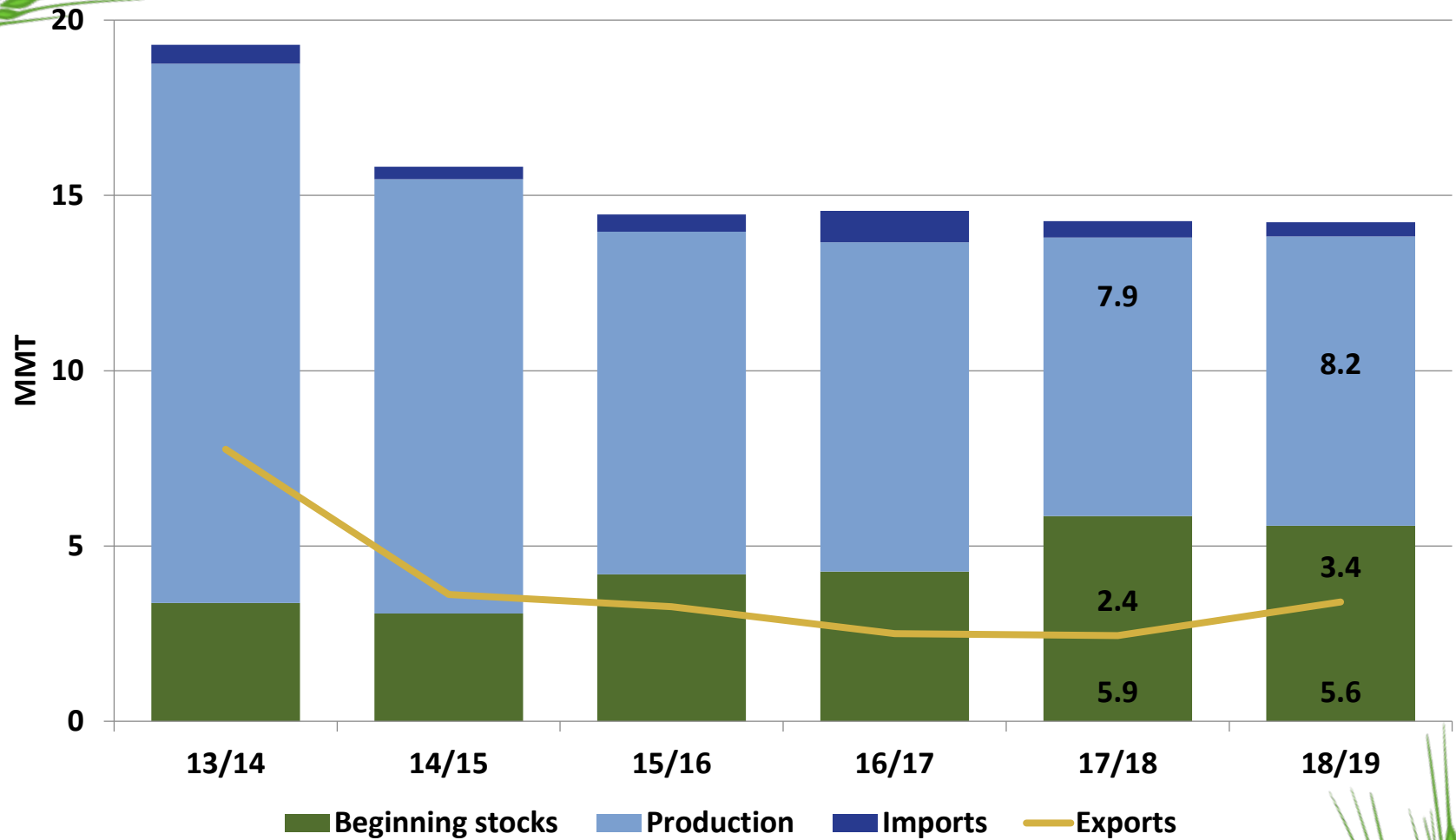
# U.S. Hard Red Winter



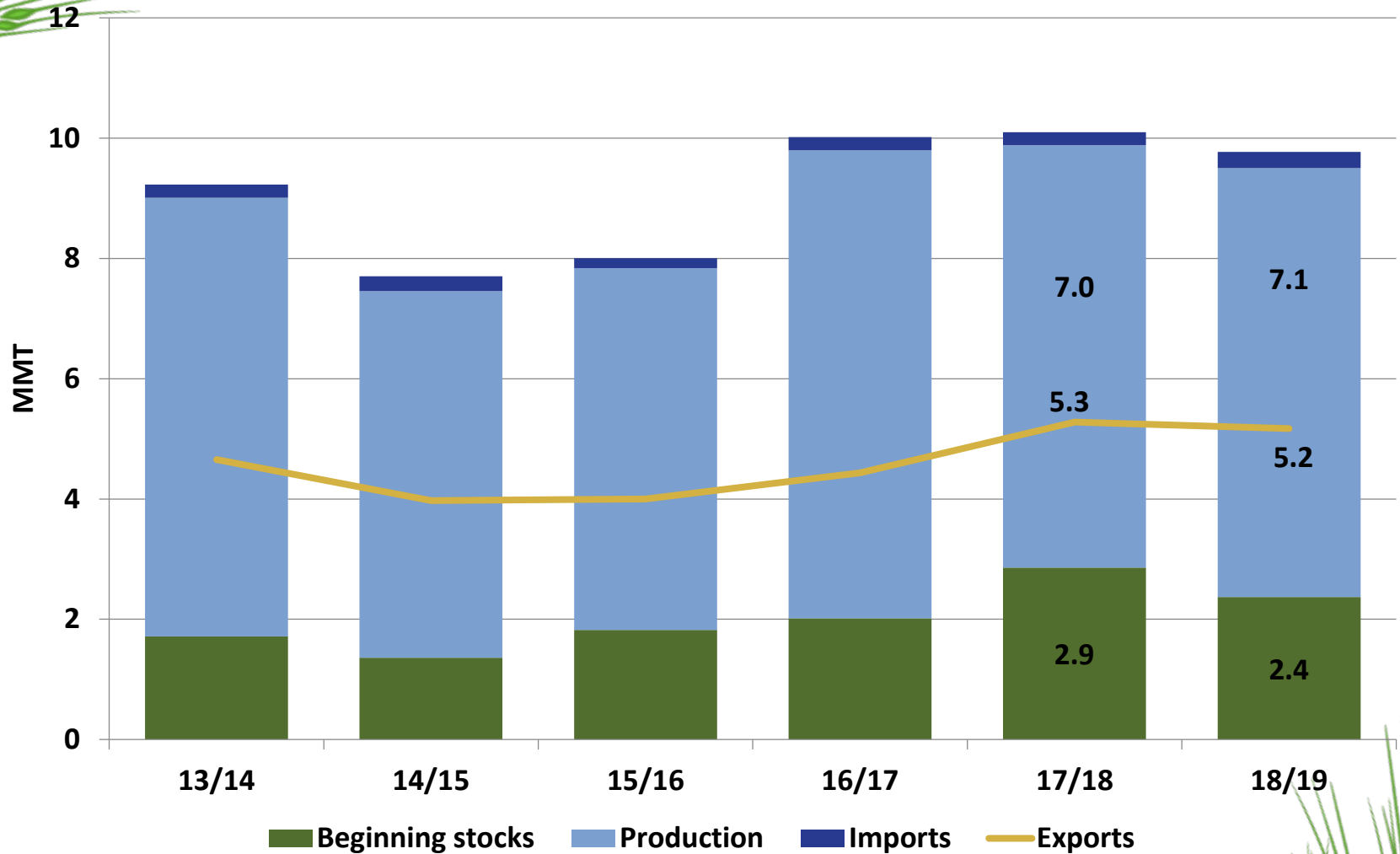
# U.S. Hard Red Spring



# U.S. Soft Red Winter

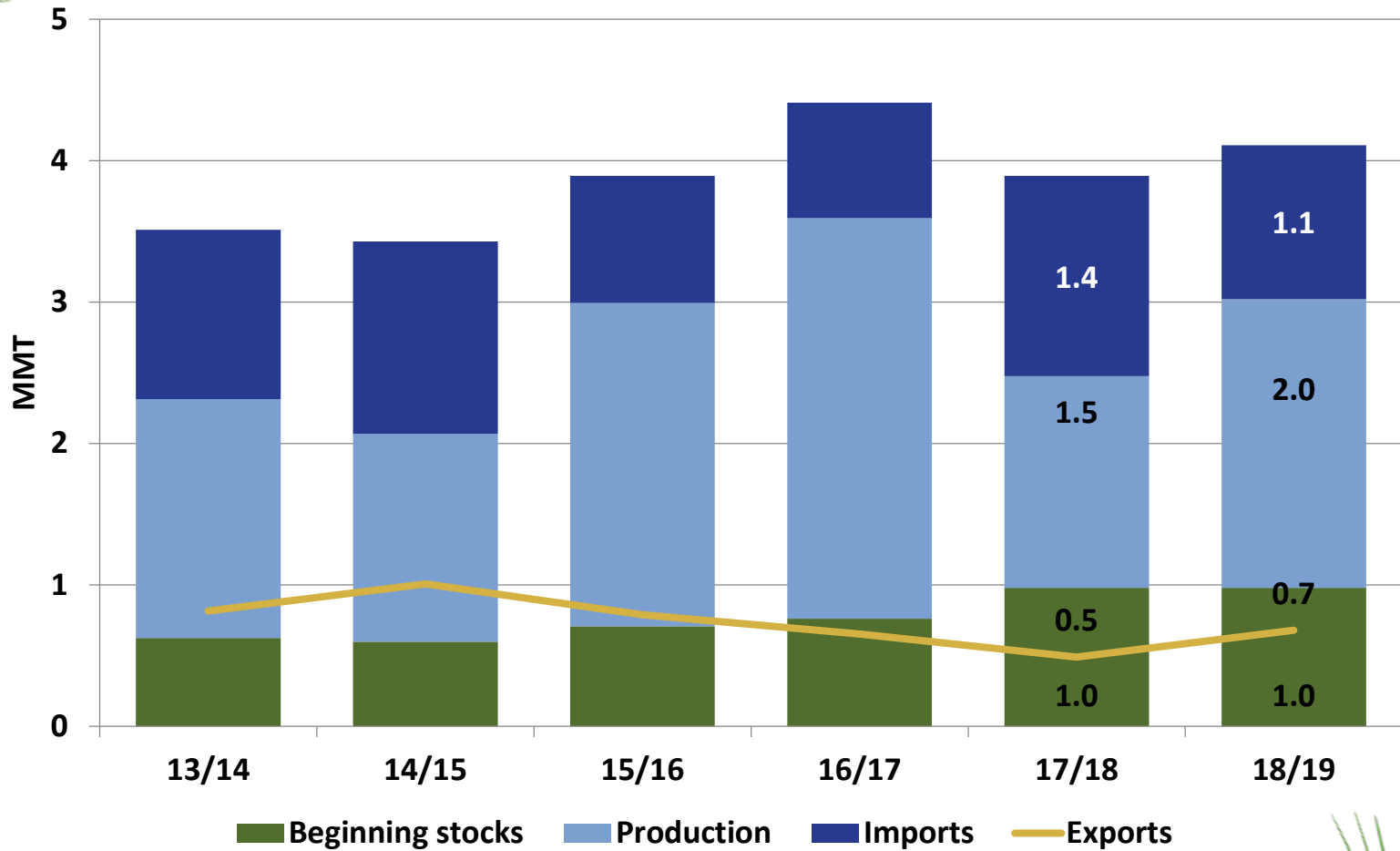


# U.S. White



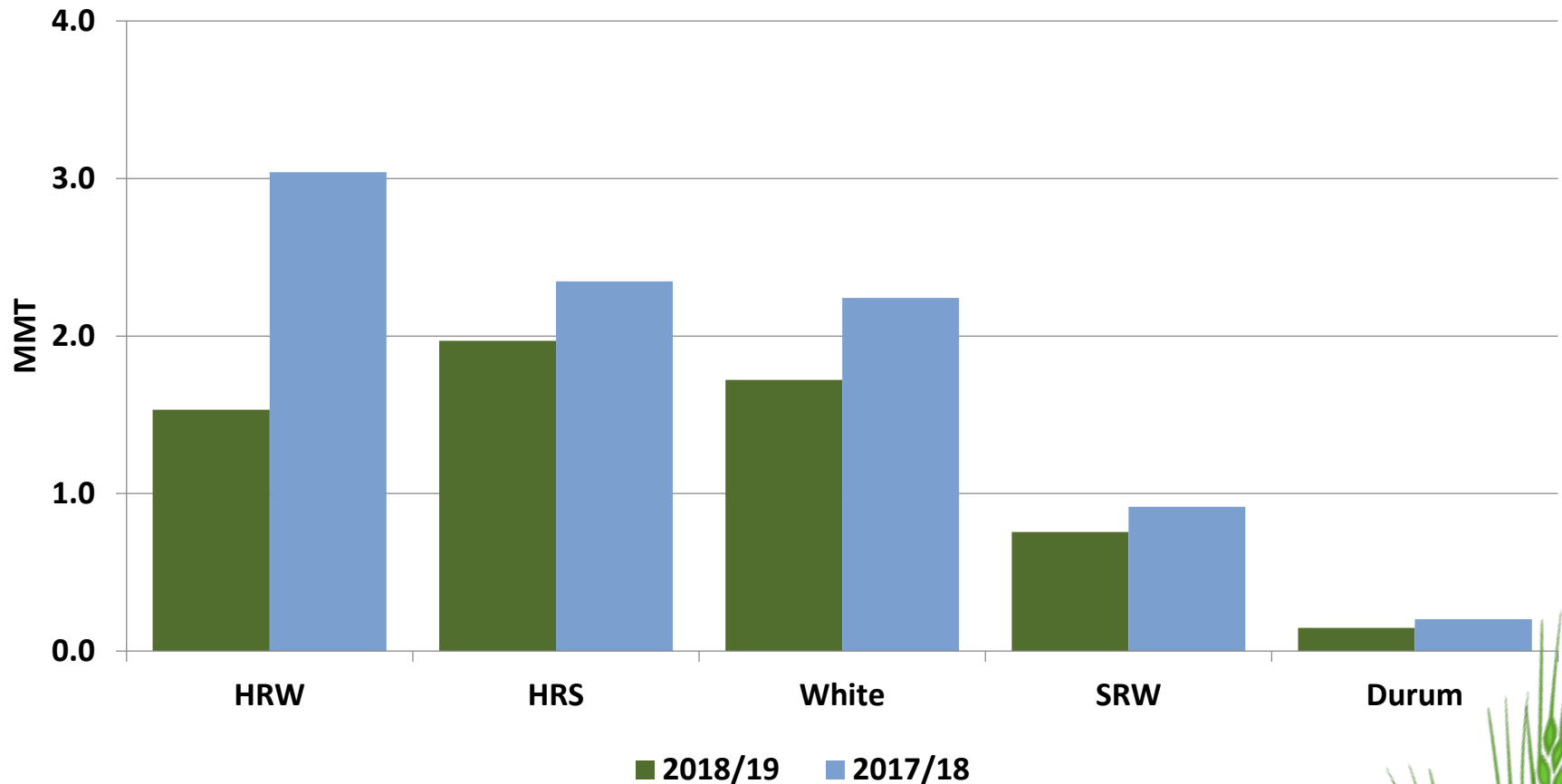


# U.S. Durum



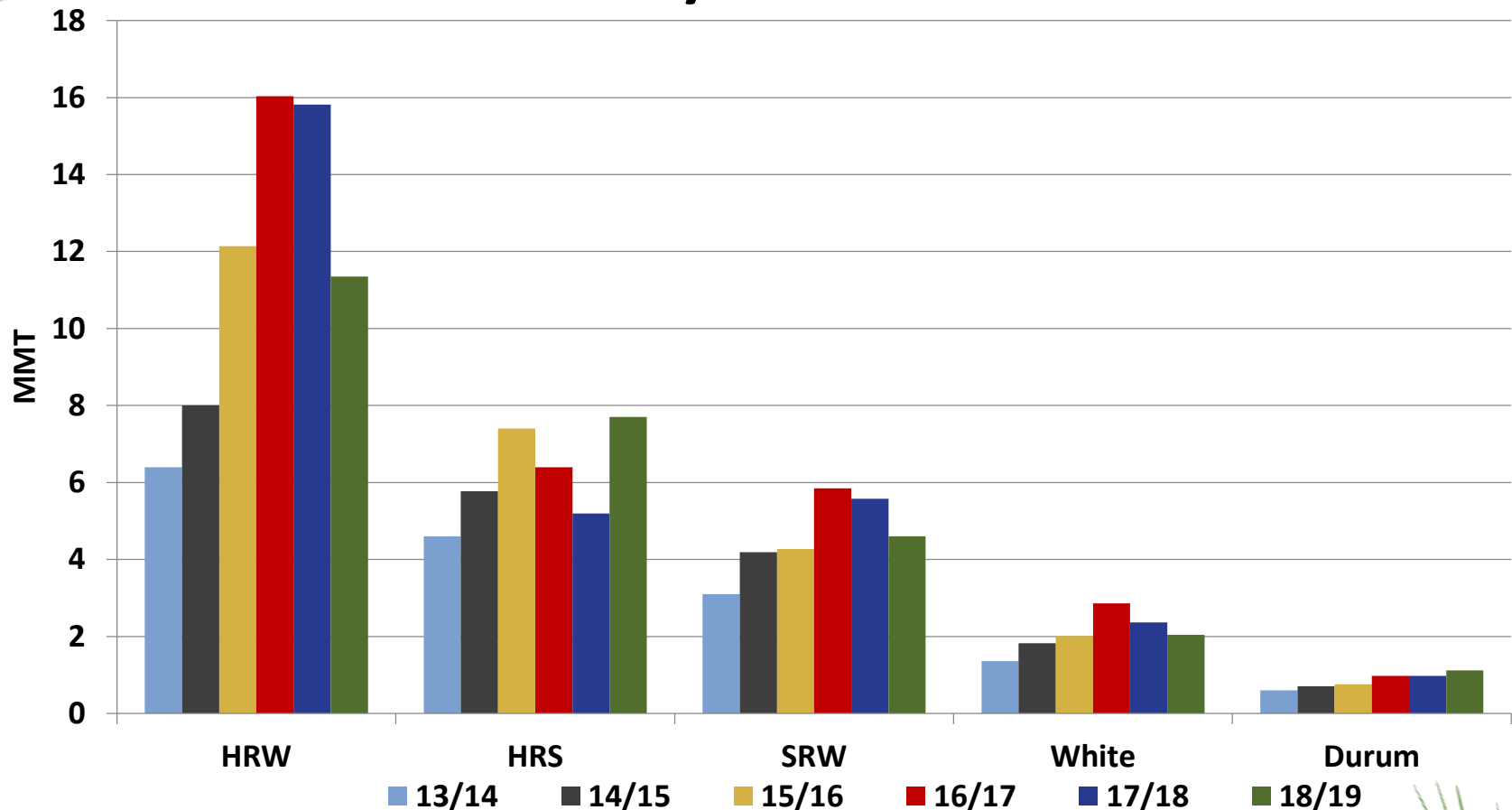
# U.S. Wheat Sales by Class

(year-to-date)



Source: USDA FAS export sales report July 12, 2018.

# U.S. Wheat Ending Stocks by Class



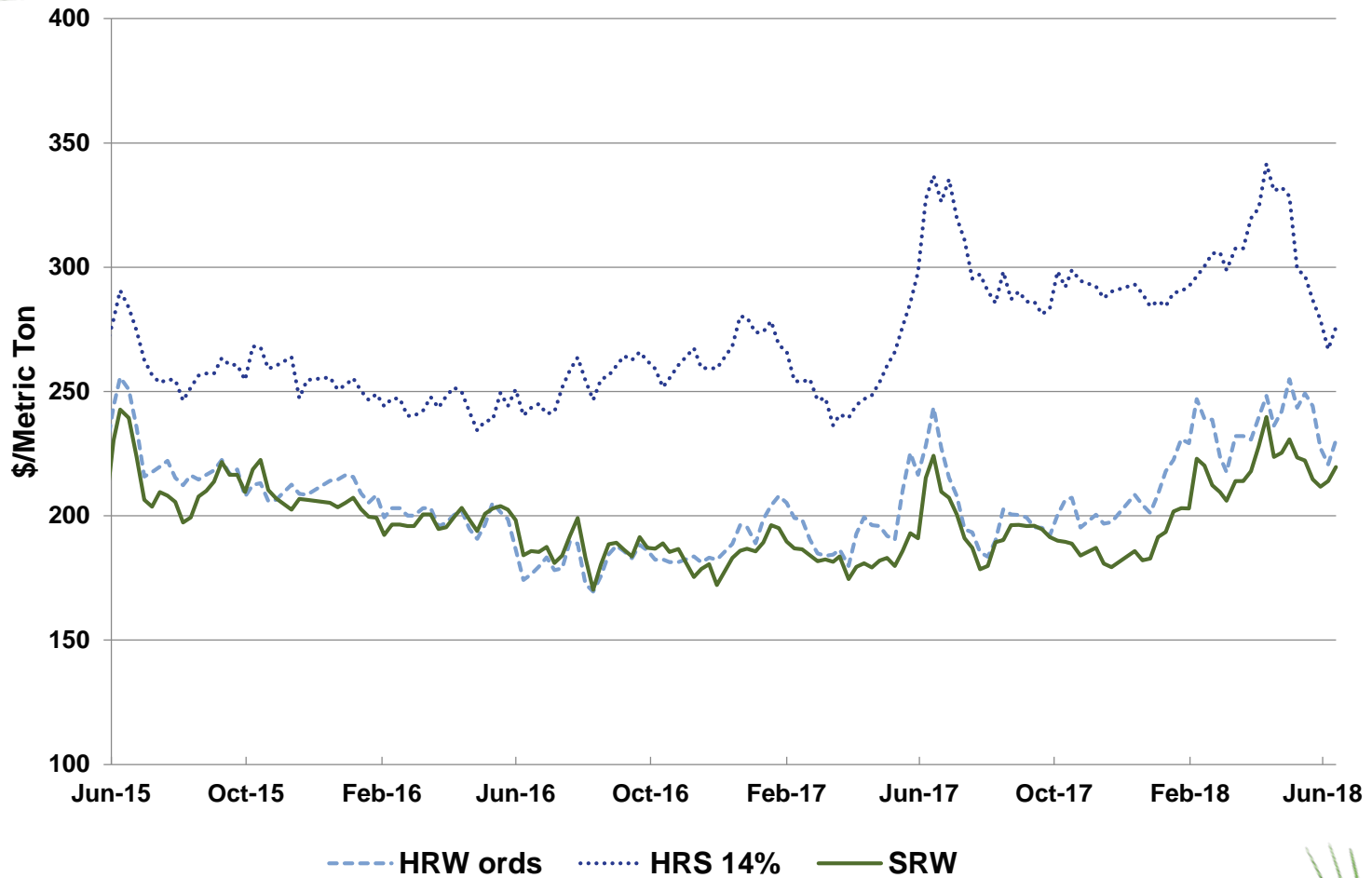
# U.S. Wheat Supply and Demand

	HRW		HRS		SRW	
	17/18	18/19	17/18	18/19	17/18	18/19
	MMT					
Beginning Stocks	16.0	15.8	6.4	5.2	5.9	5.6
Production	20.4	17.9	10.5	15.9	7.9	8.2
Imports	<u>0.2</u>	<u>0.4</u>	<u>2.0</u>	<u>1.5</u>	<u>0.5</u>	<u>0.4</u>
Supply Total	36.6	34.1	18.9	22.6	14.3	14.2
Domestic Use	10.7	12.8	7.5	7.5	6.2	6.2
Exports	<u>10.1</u>	<u>9.9</u>	<u>6.2</u>	<u>7.3</u>	<u>2.4</u>	<u>3.4</u>
Use Total	20.8	22.8	13.7	14.9	8.7	9.6
Ending Stocks	15.8	11.4	5.2	7.7	5.6	4.6
Stocks-to-Use	76%	50%	38%	52%	64%	48%

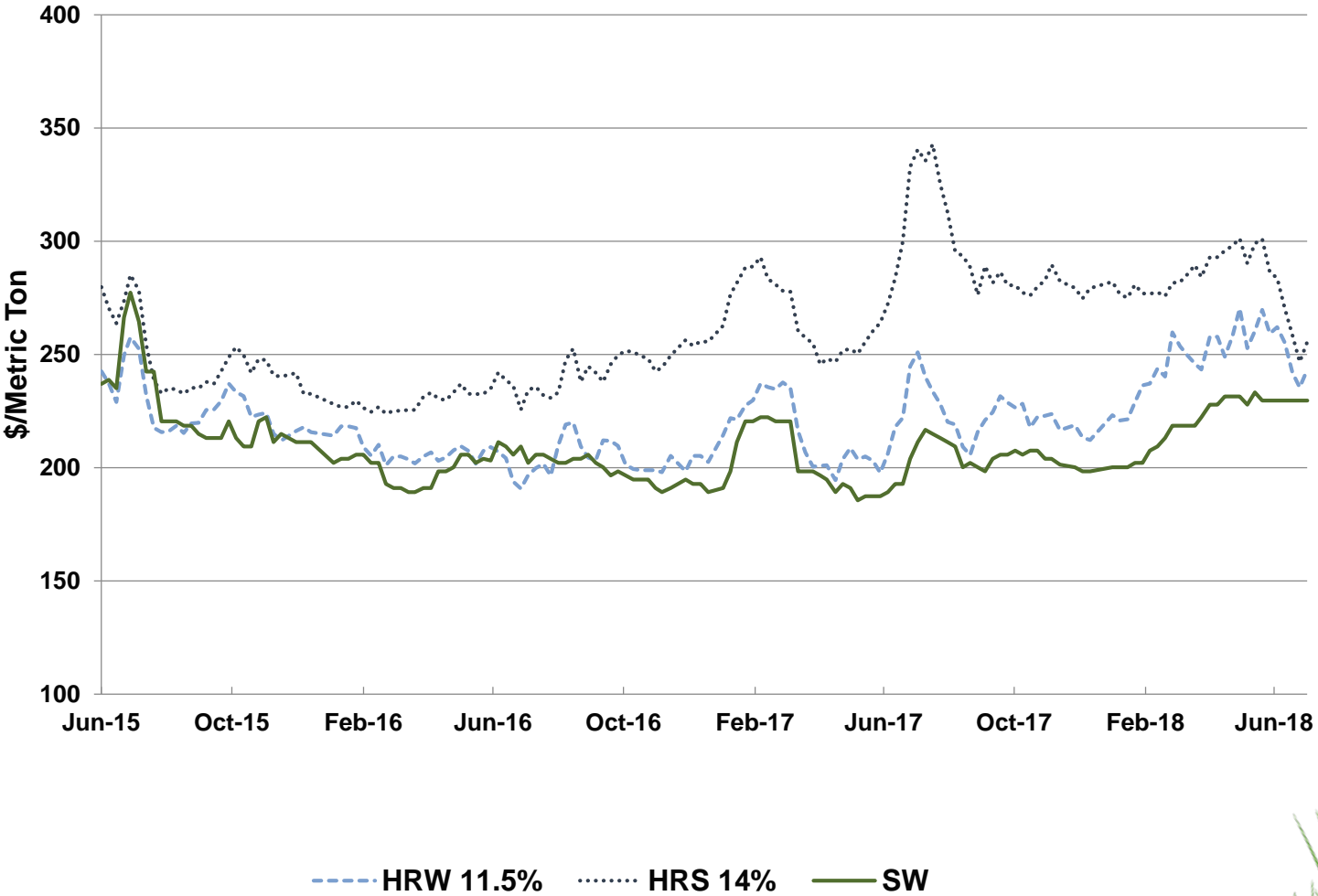
# U.S. Wheat Supply and Demand

	White		Durum		Total	
	17/18	18/19	17/18	18/19	17/18	18/19
	<b>MMT</b>					
Beginning Stocks	2.9	2.4	1.0	1.0	32.1	29.9
Production	7.0	7.1	1.5	2.0	47.4	51.2
Imports	<u>0.2</u>	<u>0.3</u>	<u>1.4</u>	<u>1.1</u>	<u>4.3</u>	<u>3.7</u>
Supply Total	10.1	9.8	3.9	4.1	83.8	84.8
Domestic Use	2.4	2.6	2.4	2.3	29.3	31.5
Exports	<u>5.3</u>	<u>5.2</u>	<u>0.5</u>	<u>0.7</u>	<u>24.5</u>	<u>26.5</u>
Use Total	7.7	7.7	2.9	3.0	53.8	58.0
Ending Stocks	2.4	2.0	1.0	1.1	29.9	26.8
Stocks-to-Use	31%	26%	34%	37%	56%	46%

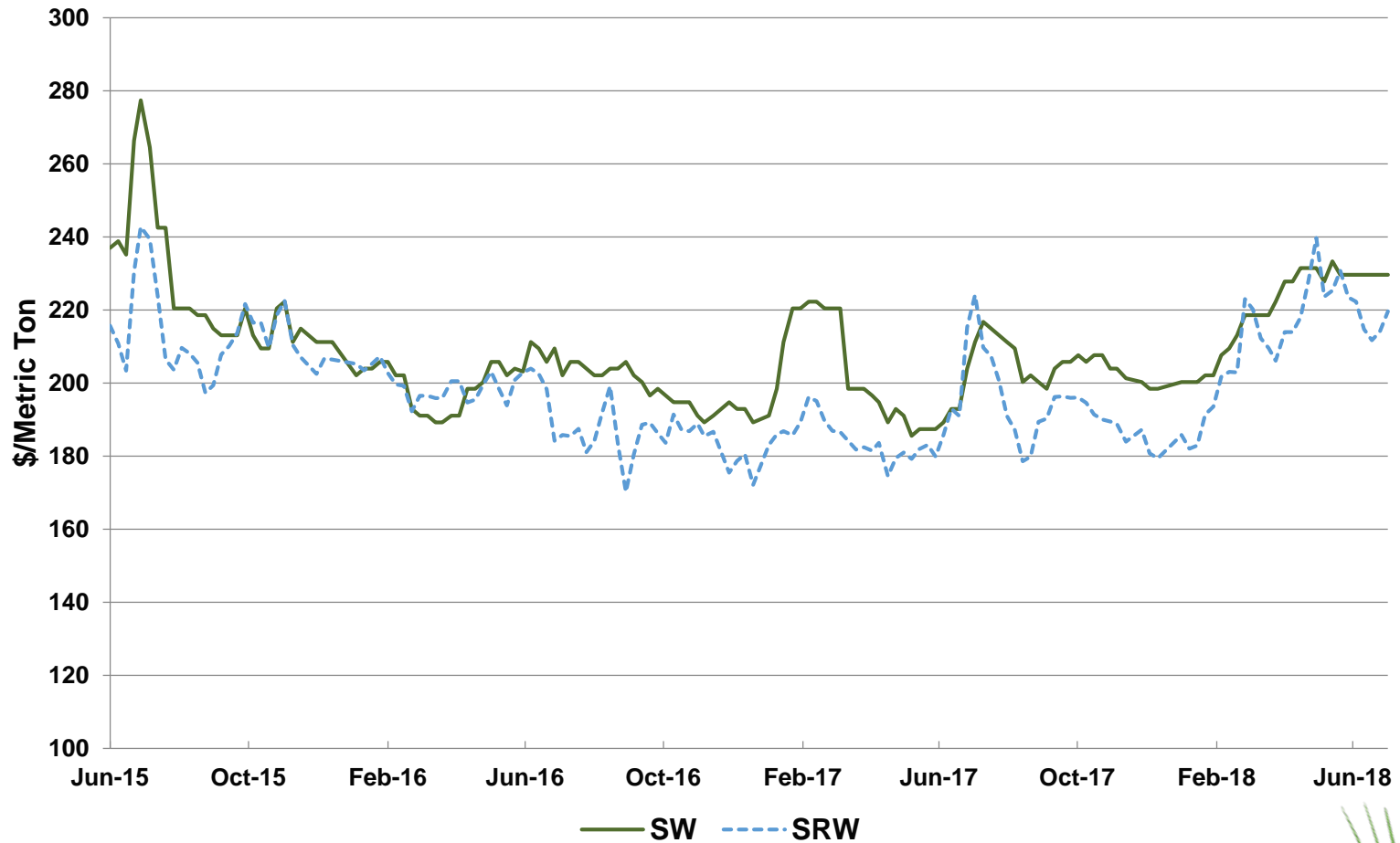
# U.S. FOB Gulf Prices



# U.S. FOB PNW Prices

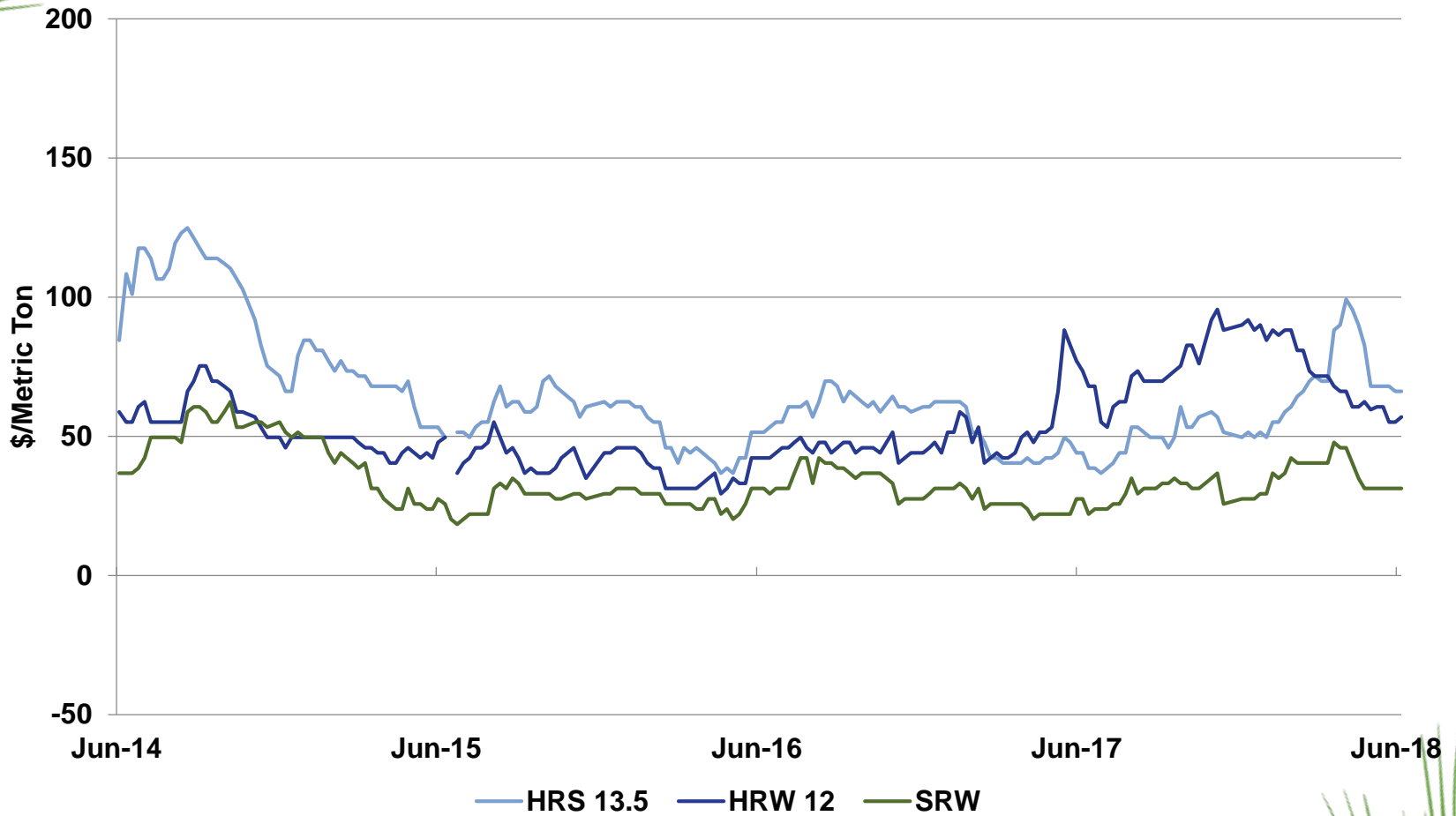


# SRW and Soft White Prices

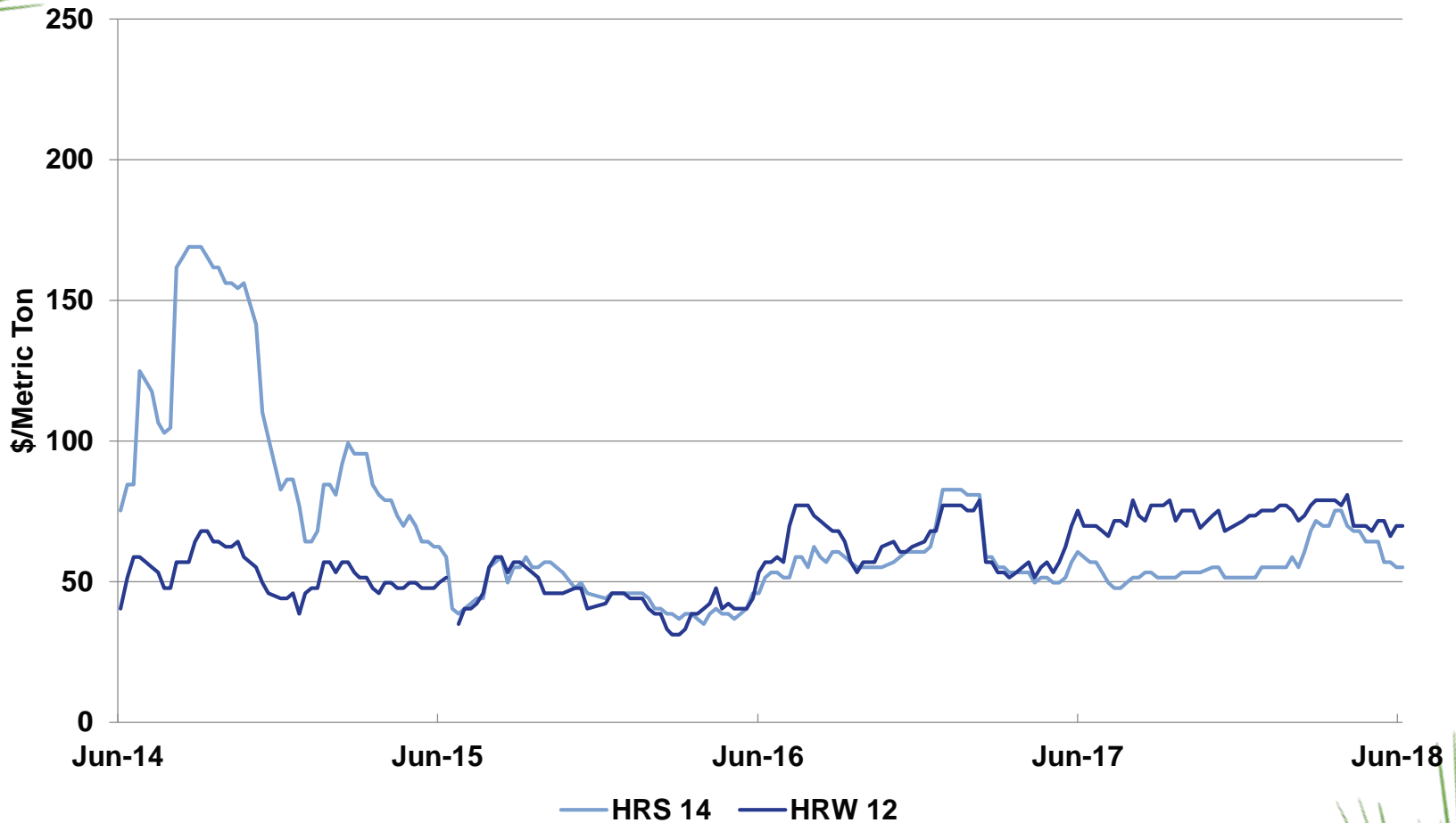




# U.S. Gulf Basis Prices



# U.S. PNW Basis Prices

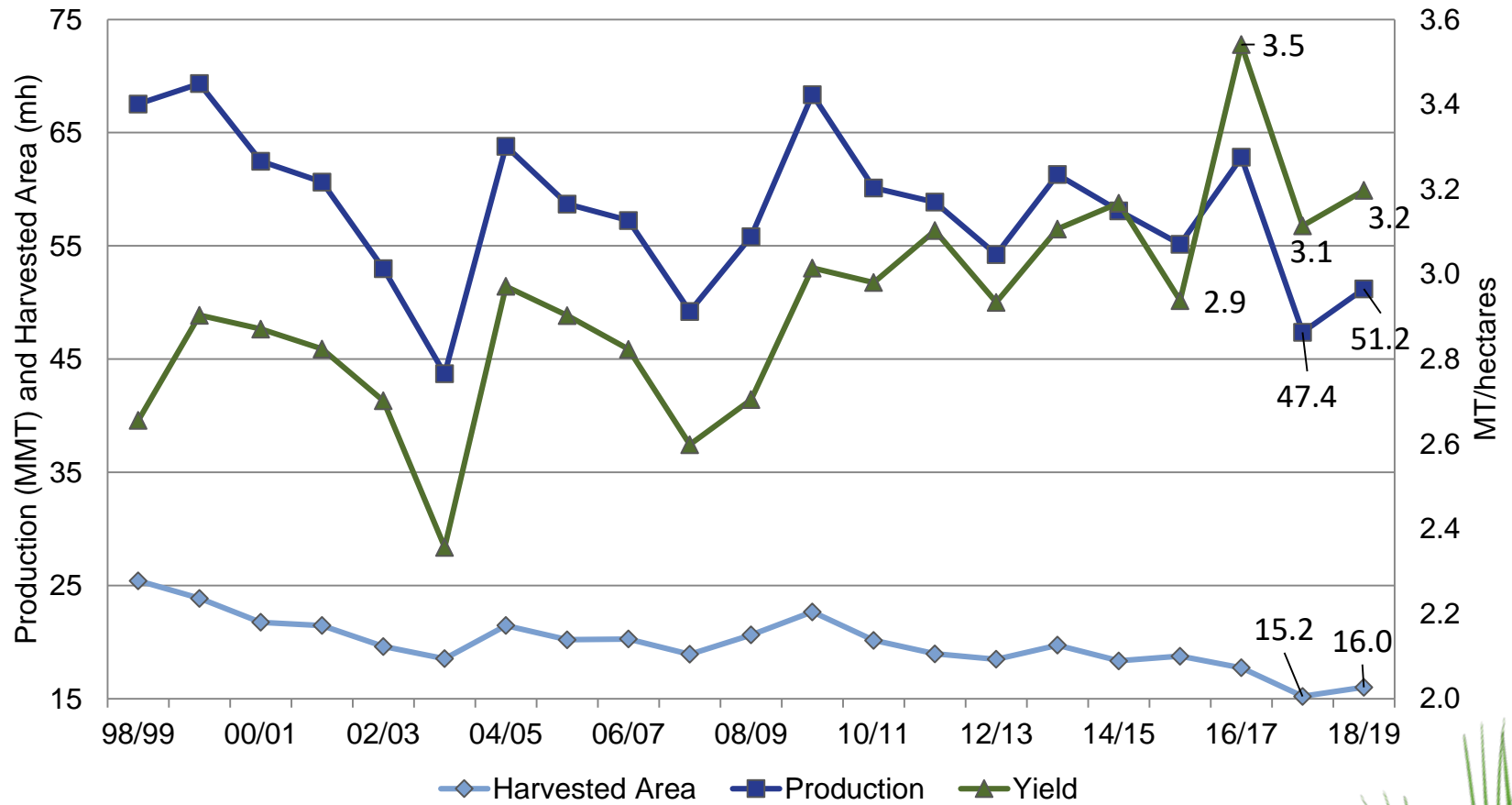


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

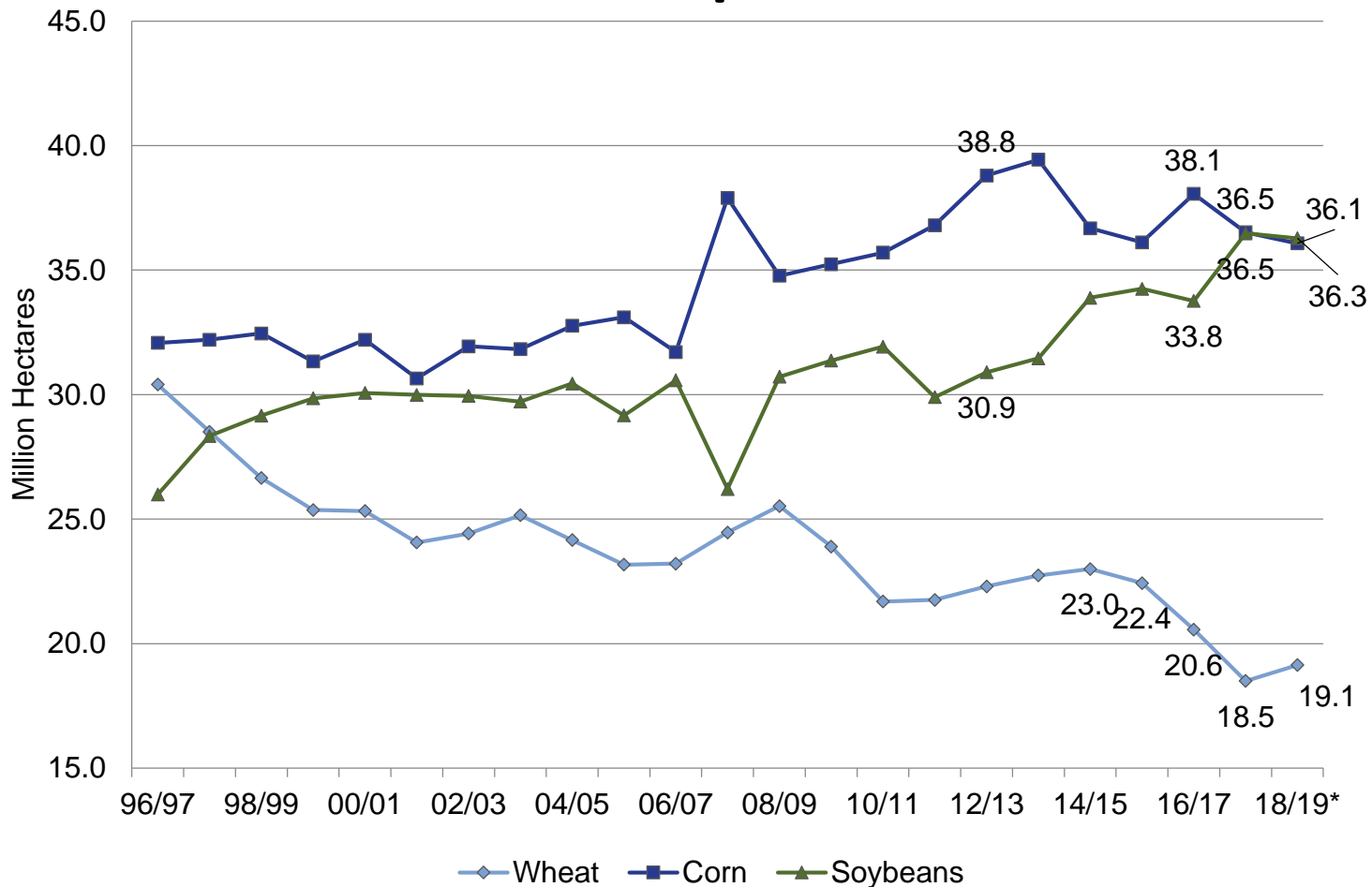


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# U.S. Wheat Area and Production



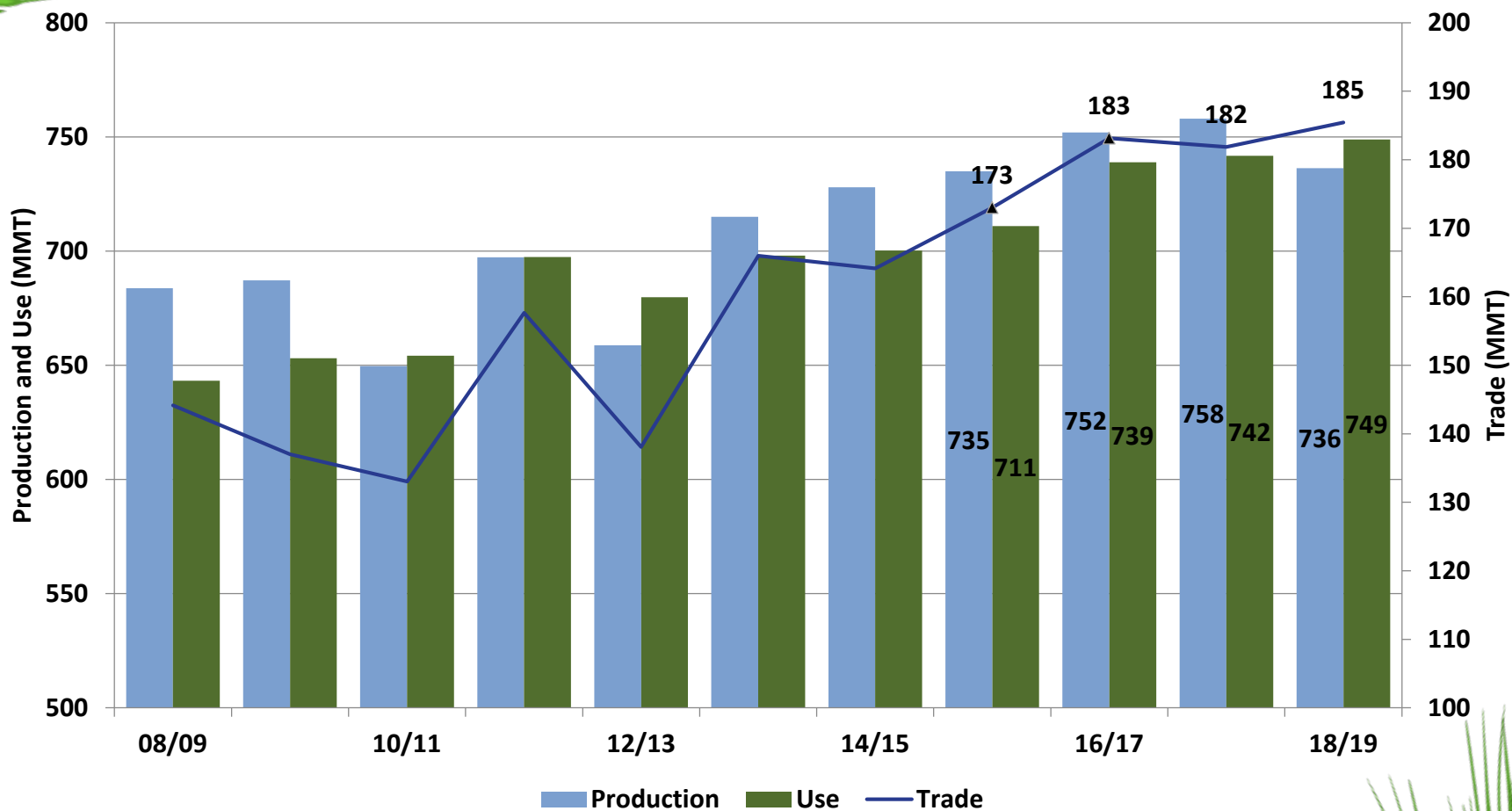
# U.S. Crop Planted Area Comparison



\*Source: USDA Acreage Report June 29, 2018

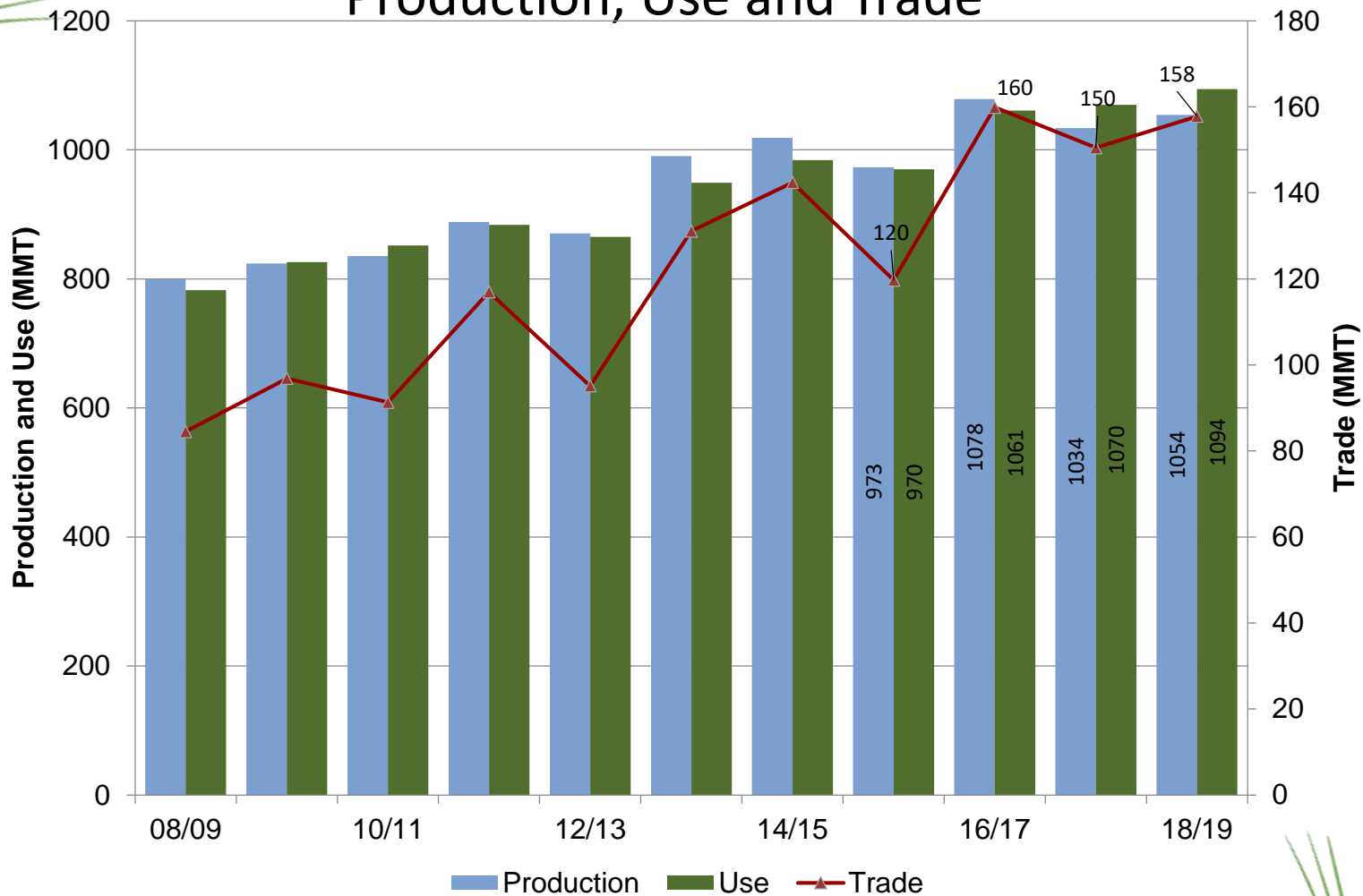
# World Wheat

## Production, Use and Trade



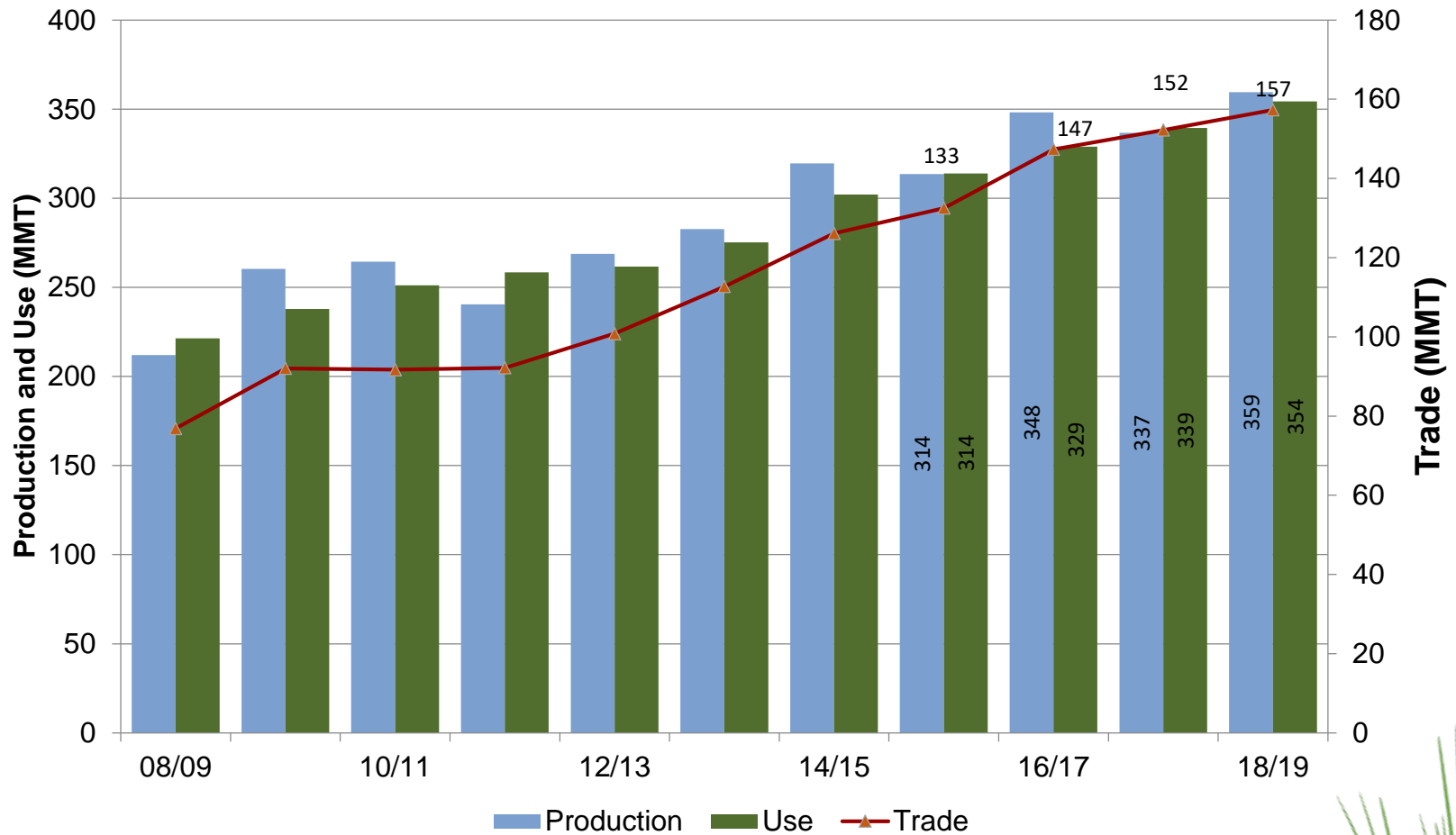
# World Corn

## Production, Use and Trade



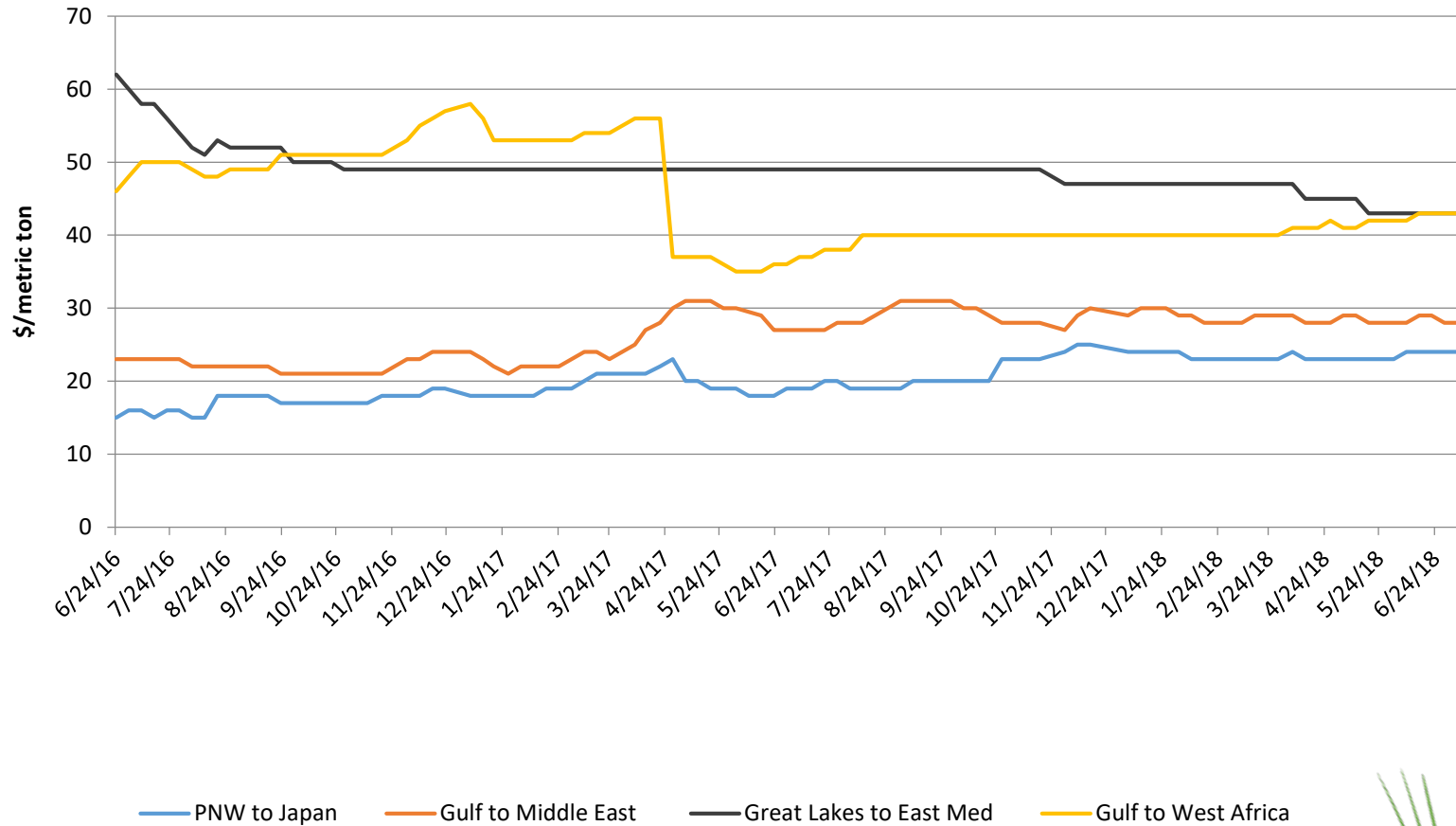
# World Soybeans

## 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 145 MMT, 4% below 2017/18
  - Wheat production in the U.S. to reach 51.2 MMT, 8% below the 5-year average
- **Global ending stocks to decline to 261 MMT, still 10% above the 5-year average**
  - Ending stocks in Russia to fall to 4.82 MMT, 37% below the 5-year average, if realized
  - U.S. ending stocks to decrease to 26.8 MMT, down 10% from 2017/18, if realized
- **World consumption and trade expected to hit new records in 2018/19**
  - Canadian 2018/19 wheat exports to reach 24.5 MMT, up 7% year over year
  - U.S. 2018/19 exports to total 26.5 MMT, 2% above the 5-year average, if realized



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