

World Wheat Supply and Demand Situation

July 2019

Major data source: USDA World Agricultural Supply and Demand Estimates released July 11, 2019, unless otherwise indicated. Projections will change over the course of the year depending on weather and other developments.



Highlights of USDA's 2019/20 Supply and Demand Estimates

- **2019/20 global wheat production to jump to all-time high of 771 MMT**
 - Wheat production in the European Union (EU) to rebound to 151 MMT, 9% higher than last year
 - Black Sea (Russia, Ukraine and Kazakhstan) production to reach 117 MMT
 - U.S. wheat production estimated at 52.3 MMT, 2% above last year
- **Global consumption forecast at 760 MMT, the highest on record**
 - China's domestic consumption to reach 128 MMT, 2% above last year, if realized
 - EU domestic consumption to reach 128 MMT, up 4% from 2018/19
 - U.S. domestic consumption to total 32.2 MMT, up 4% from the 5-year average
 - U.S. feed wheat consumption to reach 4.08 MMT, 64% higher than 2018/19
- **World wheat trade to jump 4% year-over-year to 183 MMT, 4% above the 5-year average of 176 MMT**
 - Exports from the Australia to increase 28% over last year to 12.5 MMT in 2019/20
 - Exports from Russia to fall 4% from last year to 34.5 MMT
 - U.S. 2018/19 exports to increase slightly above 2018/19 levels to 25.9 MMT



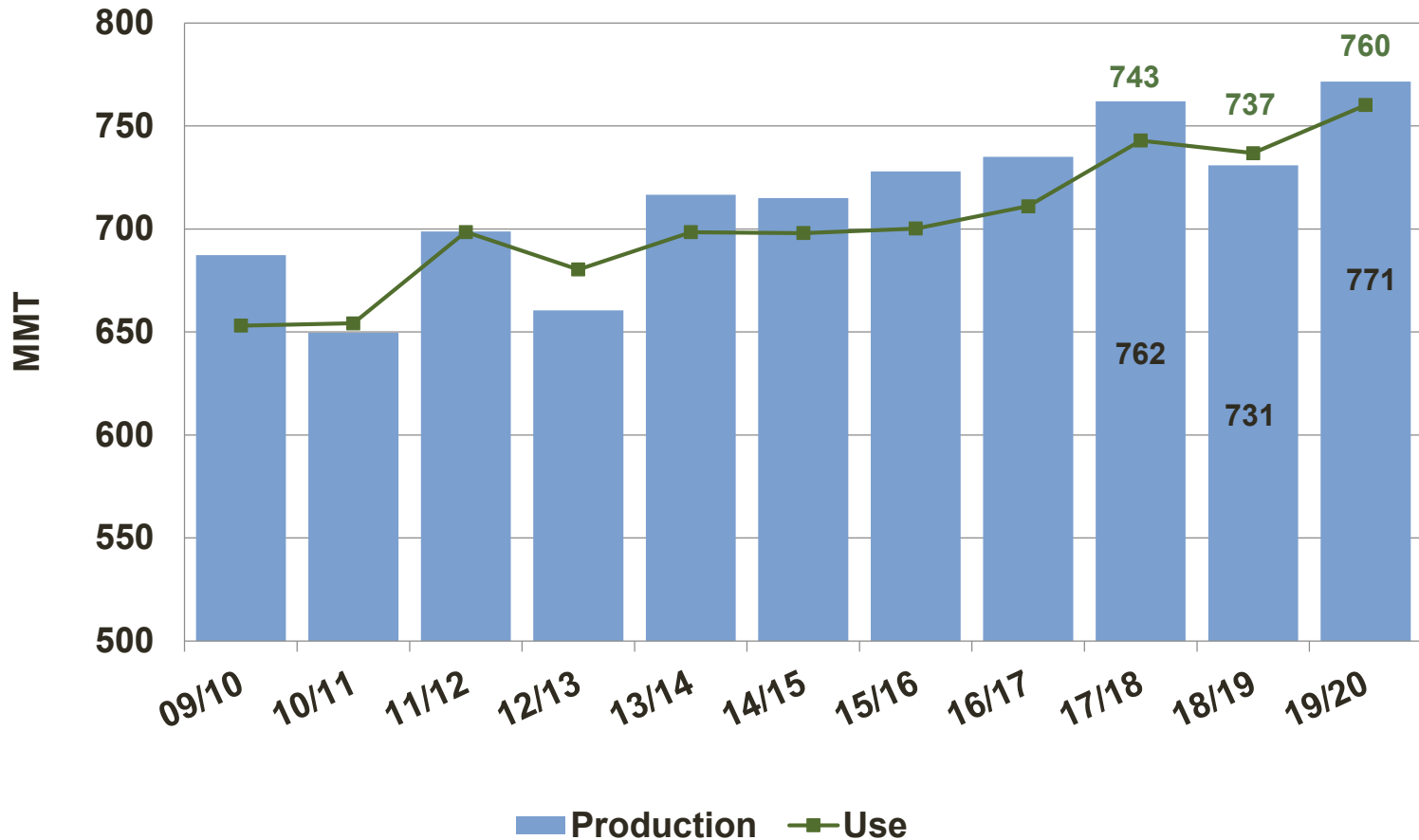
Highlights of USDA's 2019/20 Supply and Demand Estimates

- **World beginning stocks fell 2% year-over-year to 275 MMT, still 13% higher than the 5-year average of 241 MMT**
 - China's beginning stocks expected jump 43% over the 5-year average to 140 MMT
 - U.S. beginning stocks estimated at 29.2 MMT, 16% above the 5-year average of 25.0 MMT
- **Global ending stocks projected at 286 MMT, 4% higher than last year and 11% higher than the 5-year average**
 - Estimated Chinese ending stocks of 146 MMT are up 30% over the 5-year average and account for 50% of total global ending stocks
 - U.S. ending stocks expected to total 27.2 MMT, down 7% from 2018/19 and 2% below the 5-year average of 27.6 MMT
- **U.S. farm gate average price to remain steady at \$5.20/bu* (\$191/MT)**
 - Projected average is in line with the 2018/19 average of \$5.20/bu* (\$191/MT)

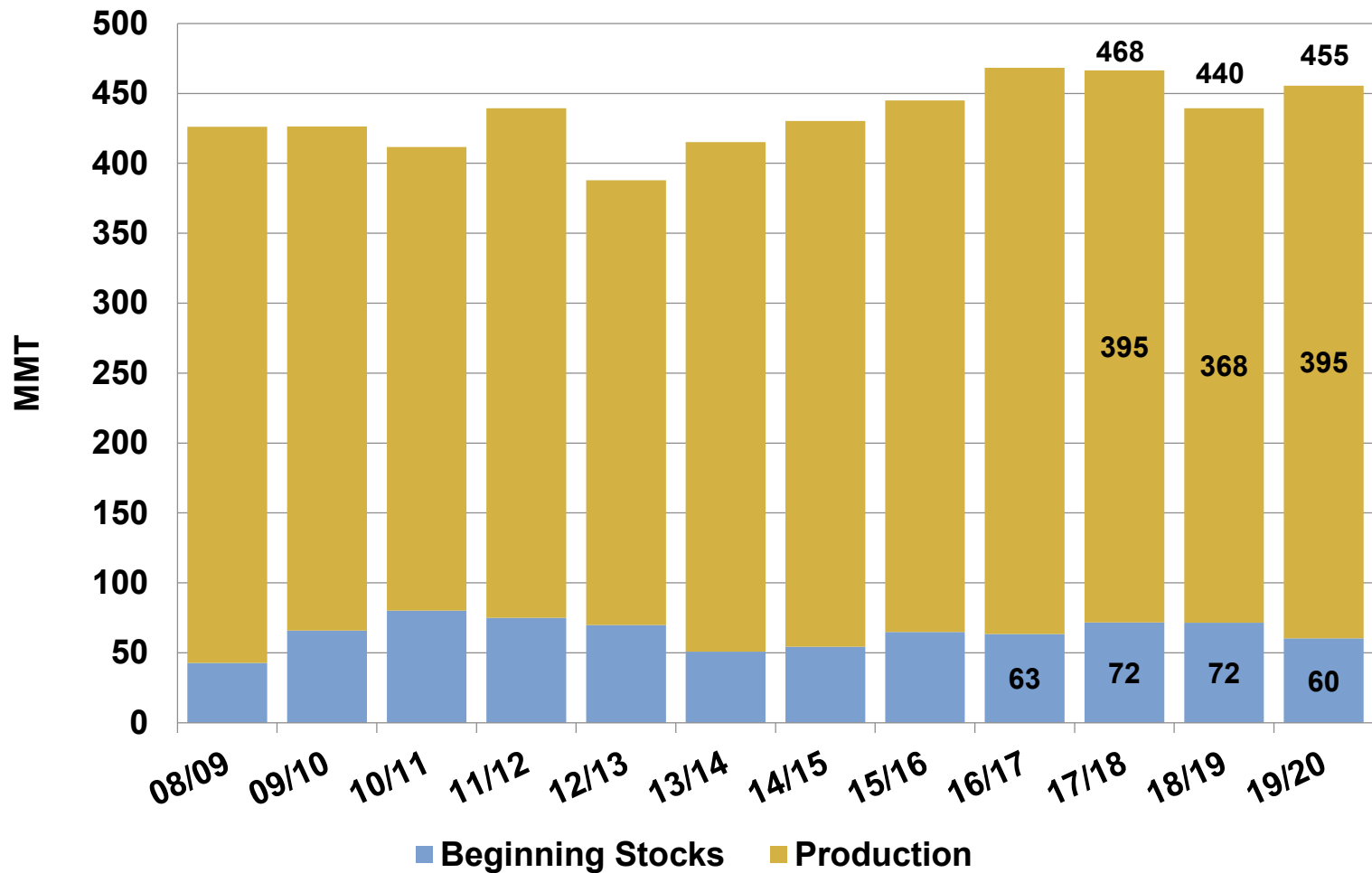
**Average U.S. farm gate price, marketing year weighted average*



World Production and Use



Supplies in Top Exporting Countries*



*Includes U.S., Canada, Australia, Argentina, EU-2, Russia, Ukraine and Kazakhstan



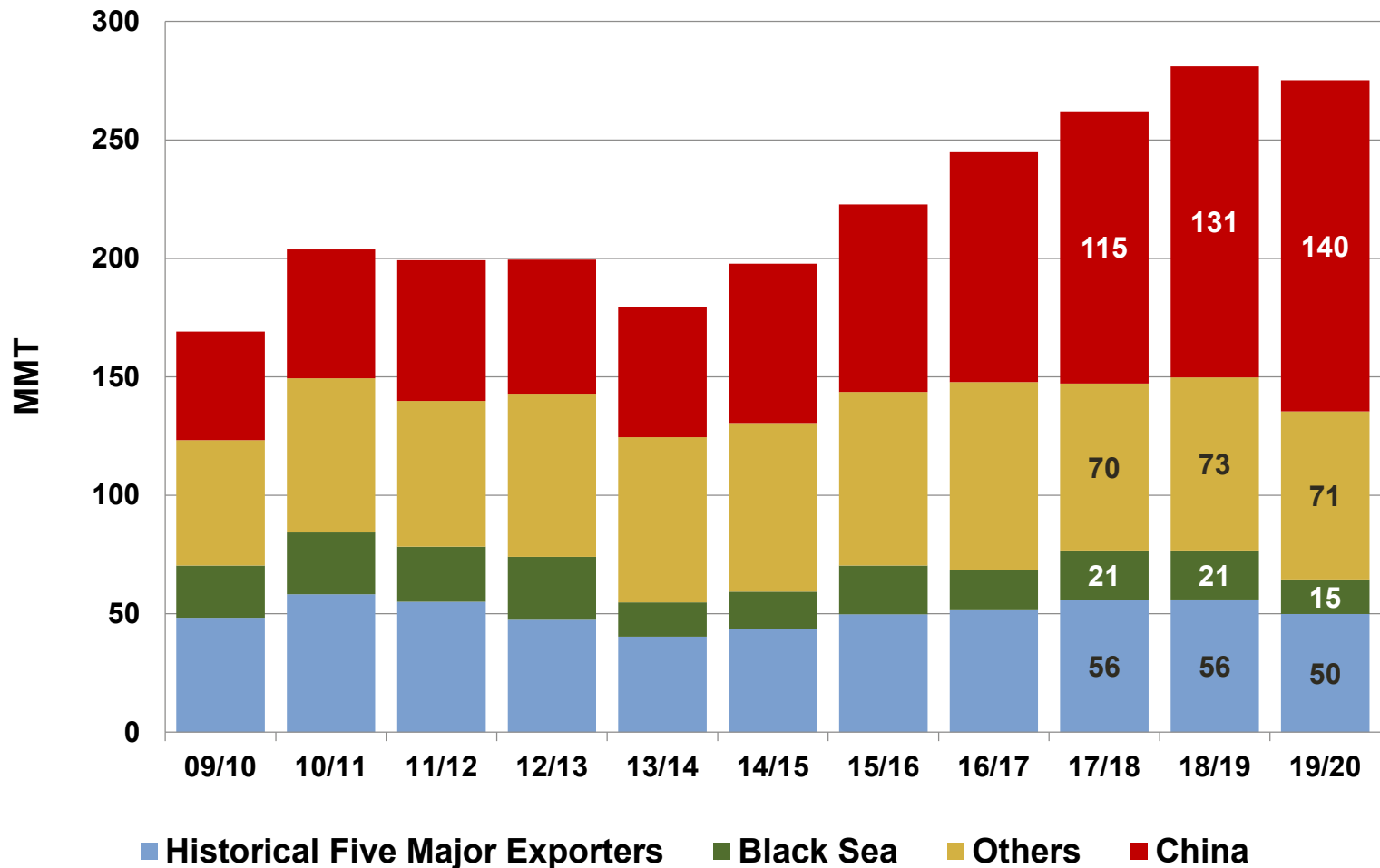
World Wheat Supply and Demand (MMT)

	<u>17/18</u>	<u>18/19</u>	<u>19/20</u>
SUPPLY:			
Beginning Stocks	262	281	275
Production	762	731	771
Supply Total	1024	1012	1047
Ending Stocks	281	275	286
TRADE:			
Exports/Imports	182	175	183
DEMAND:			
Food & Seed	596	597	609
Feed & Residual	147	140	151
Use Total	743	737	760



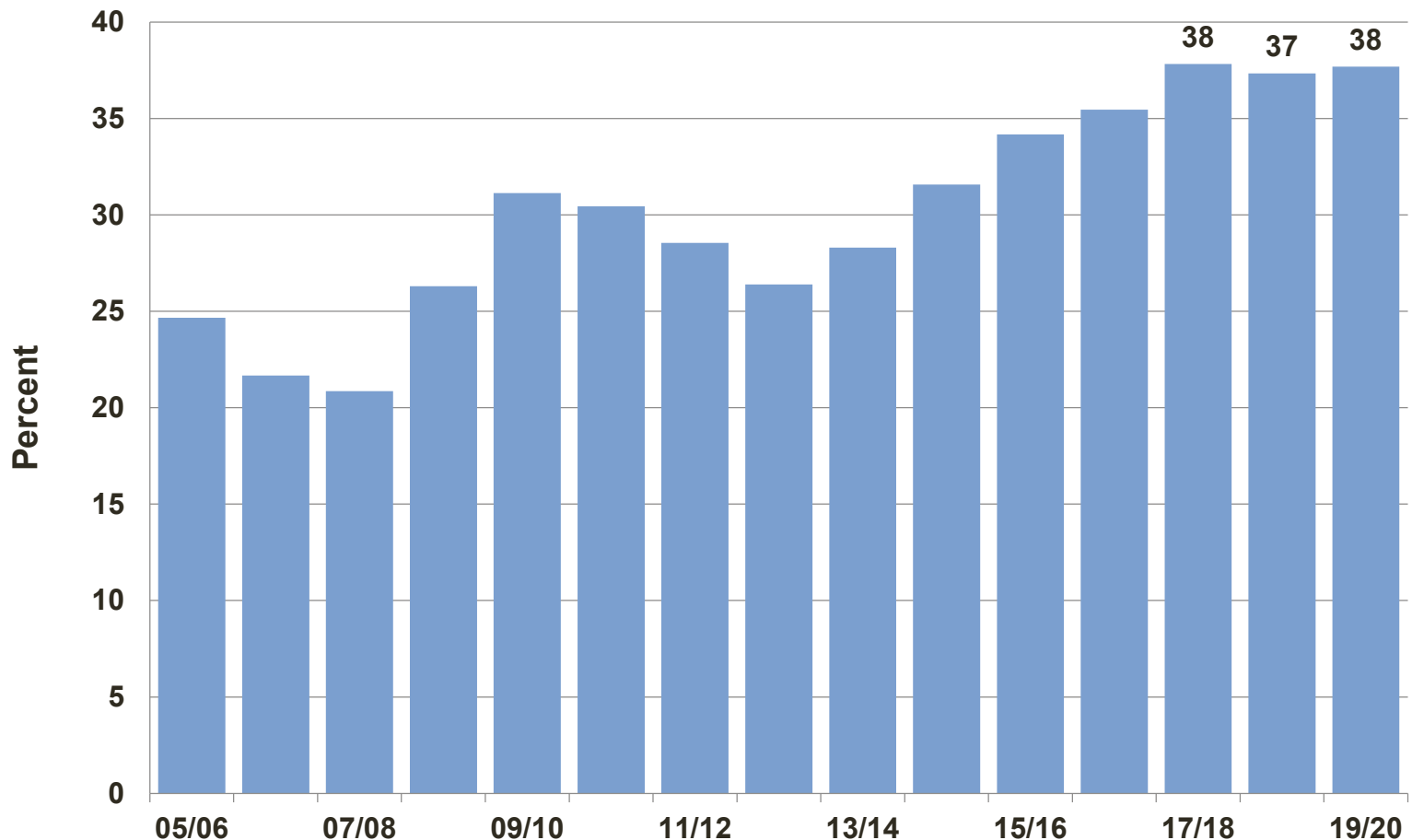
U.S. WHEAT
ASSOCIATES

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



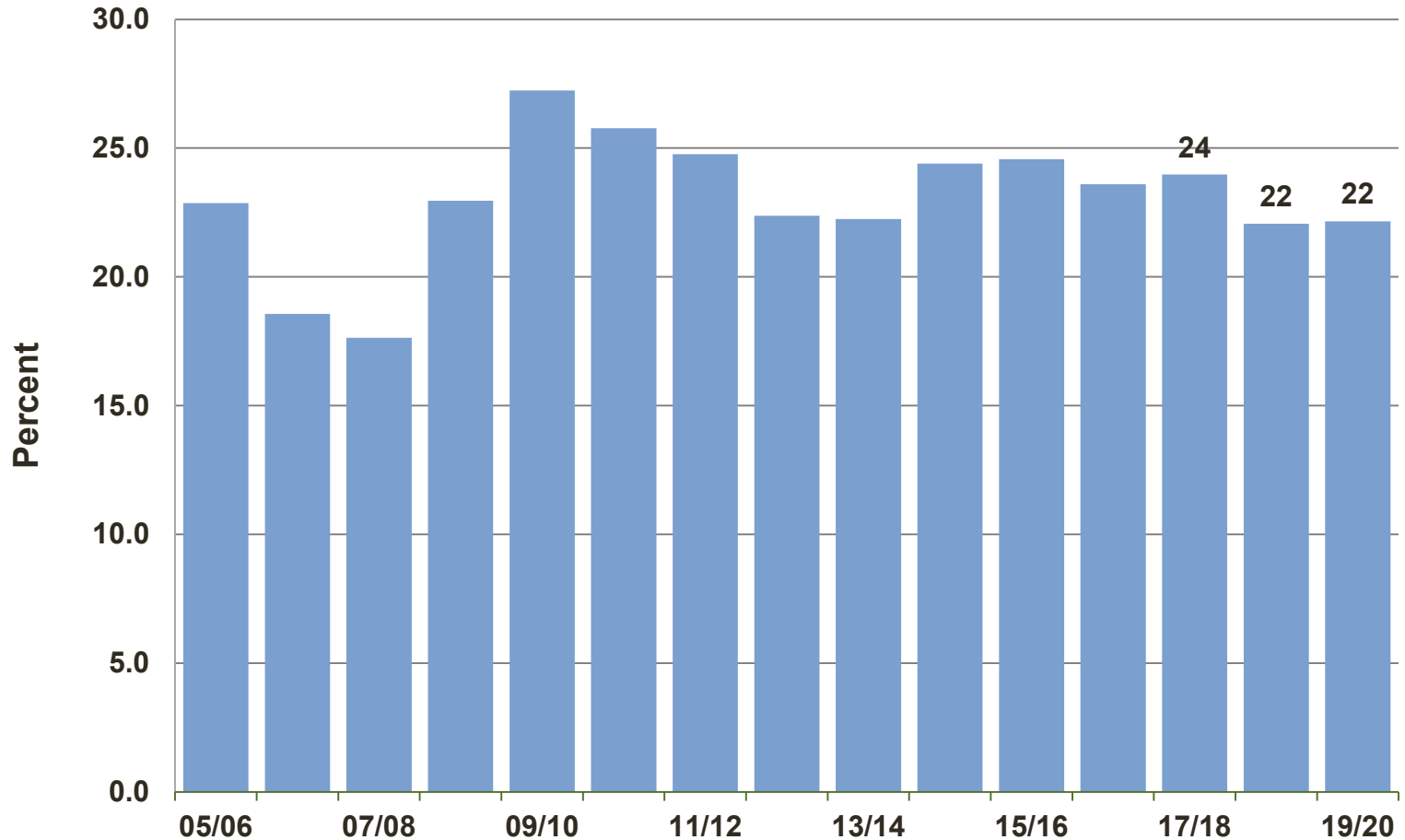
**Ending stocks*

Supply and Demand



U.S. WHEAT
ASSOCIATES

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



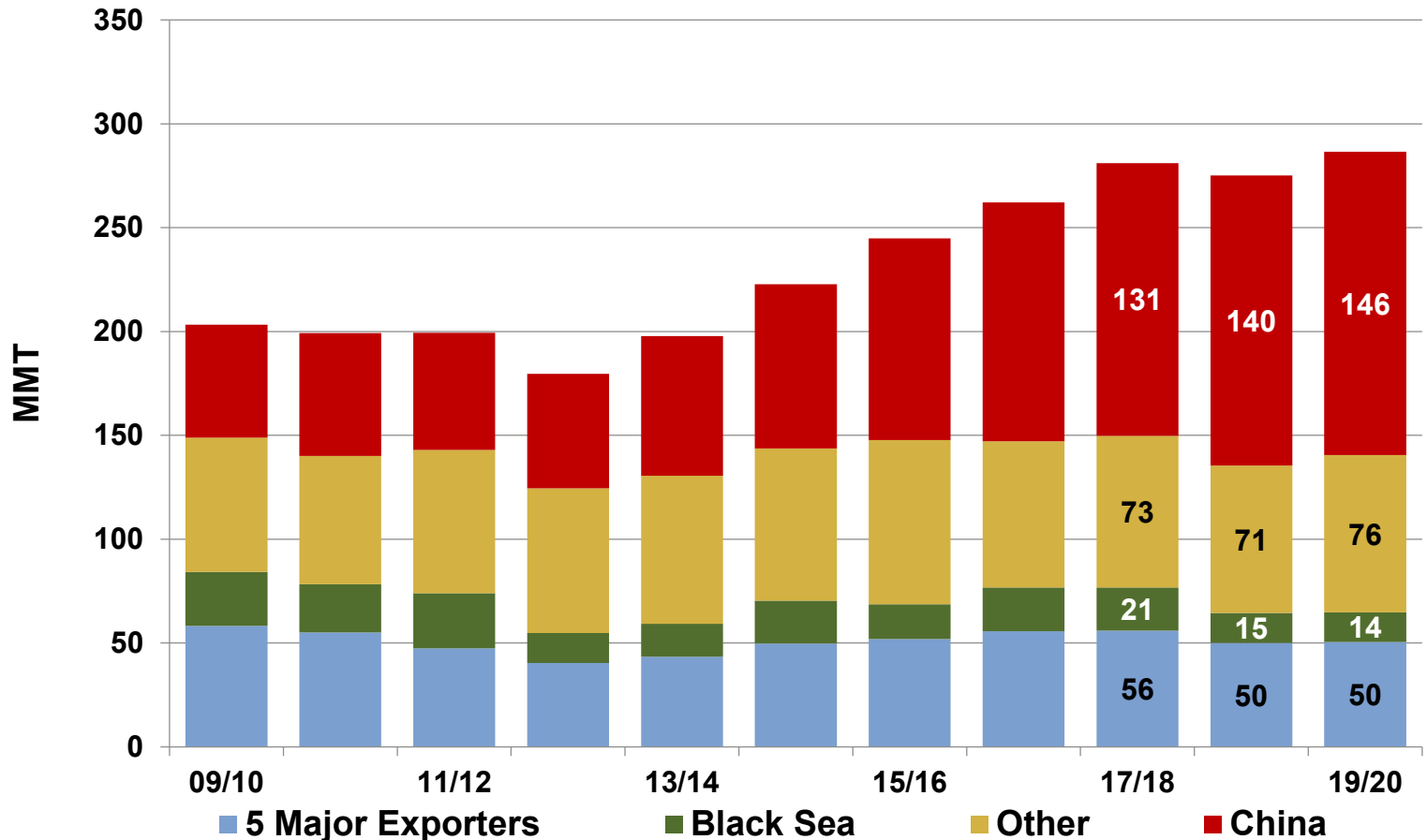
**Ending stocks*

Supply and Demand



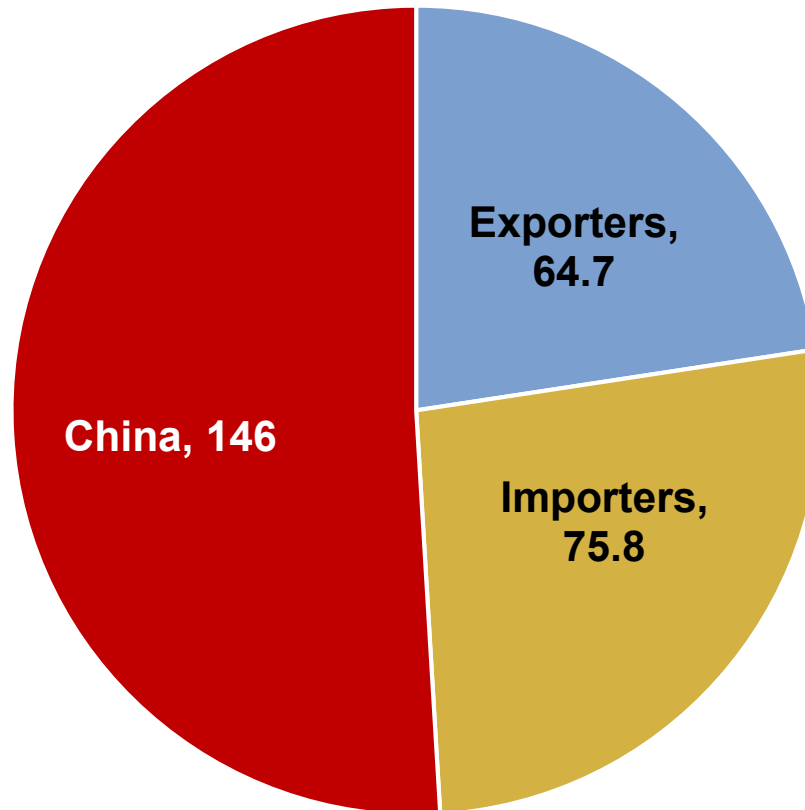
U.S. WHEAT
ASSOCIATES

World Ending Stocks

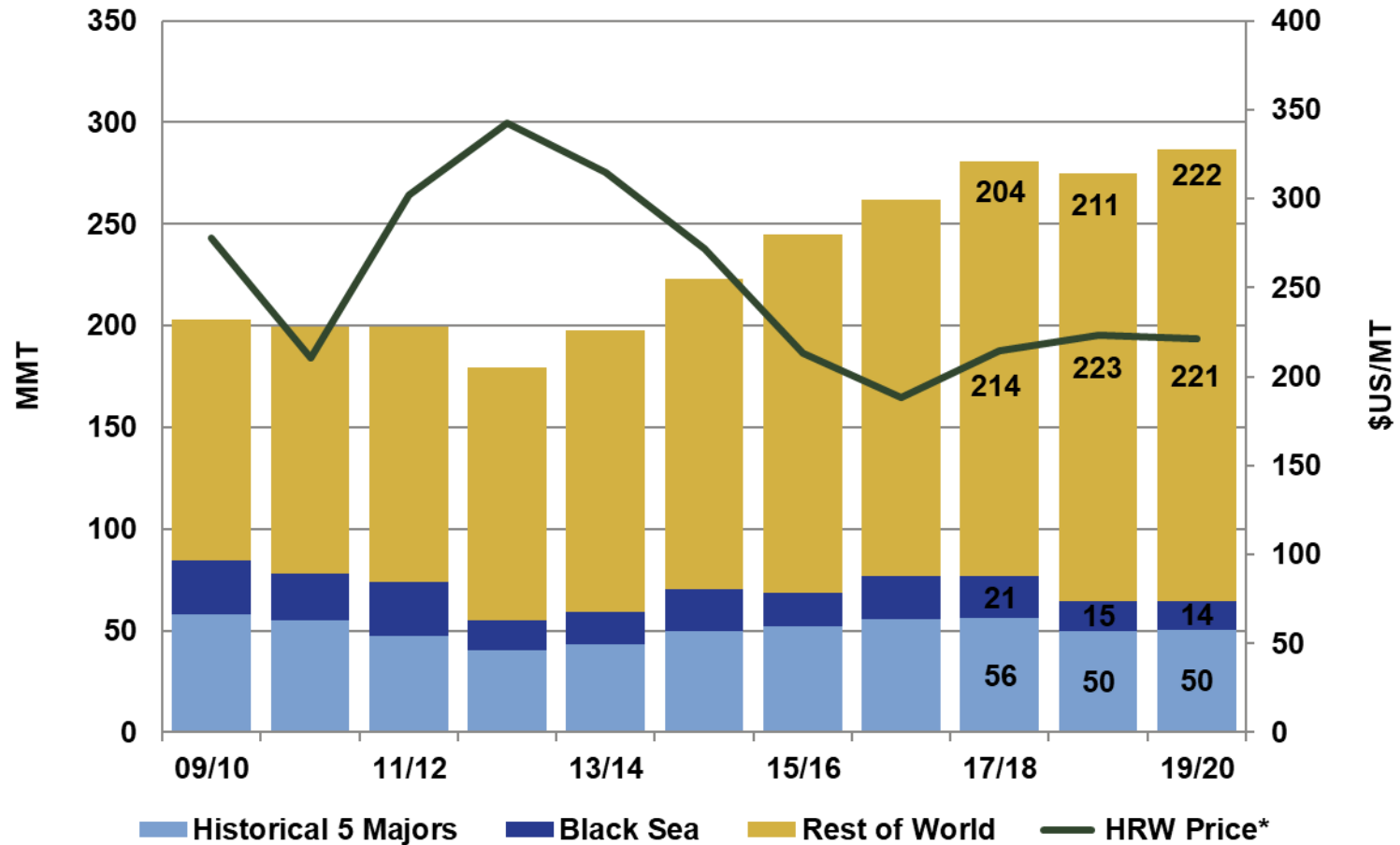


Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27. Black Sea includes Russia, Ukraine and Kazakhstan.

World Ending Stocks by Position (MMT)



Global Ending Stocks and Price



*Source: U.S. Wheat Associates Price Report, July 2, 2019



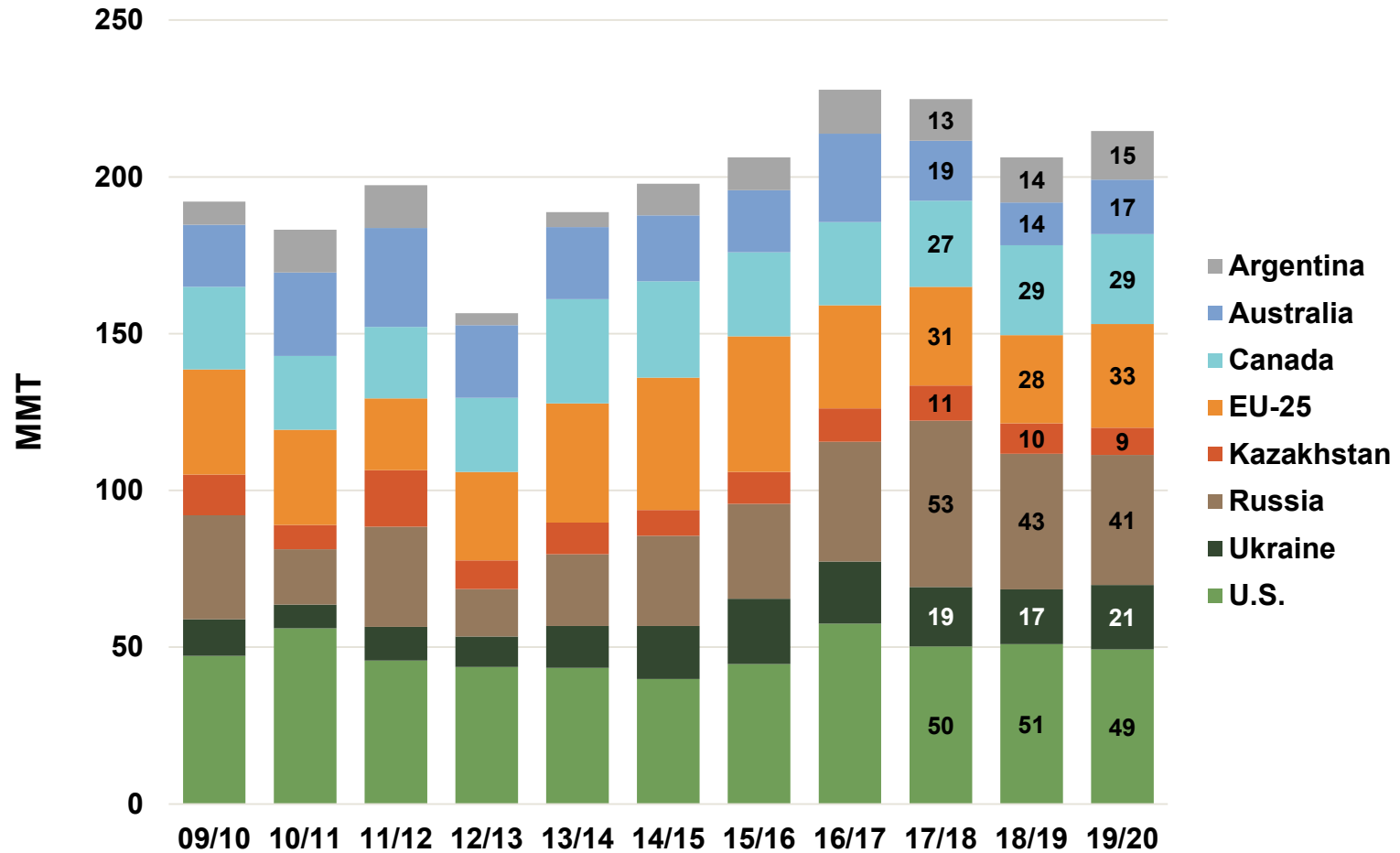
Major Exporters

Import Demand

U.S. Situation by Class

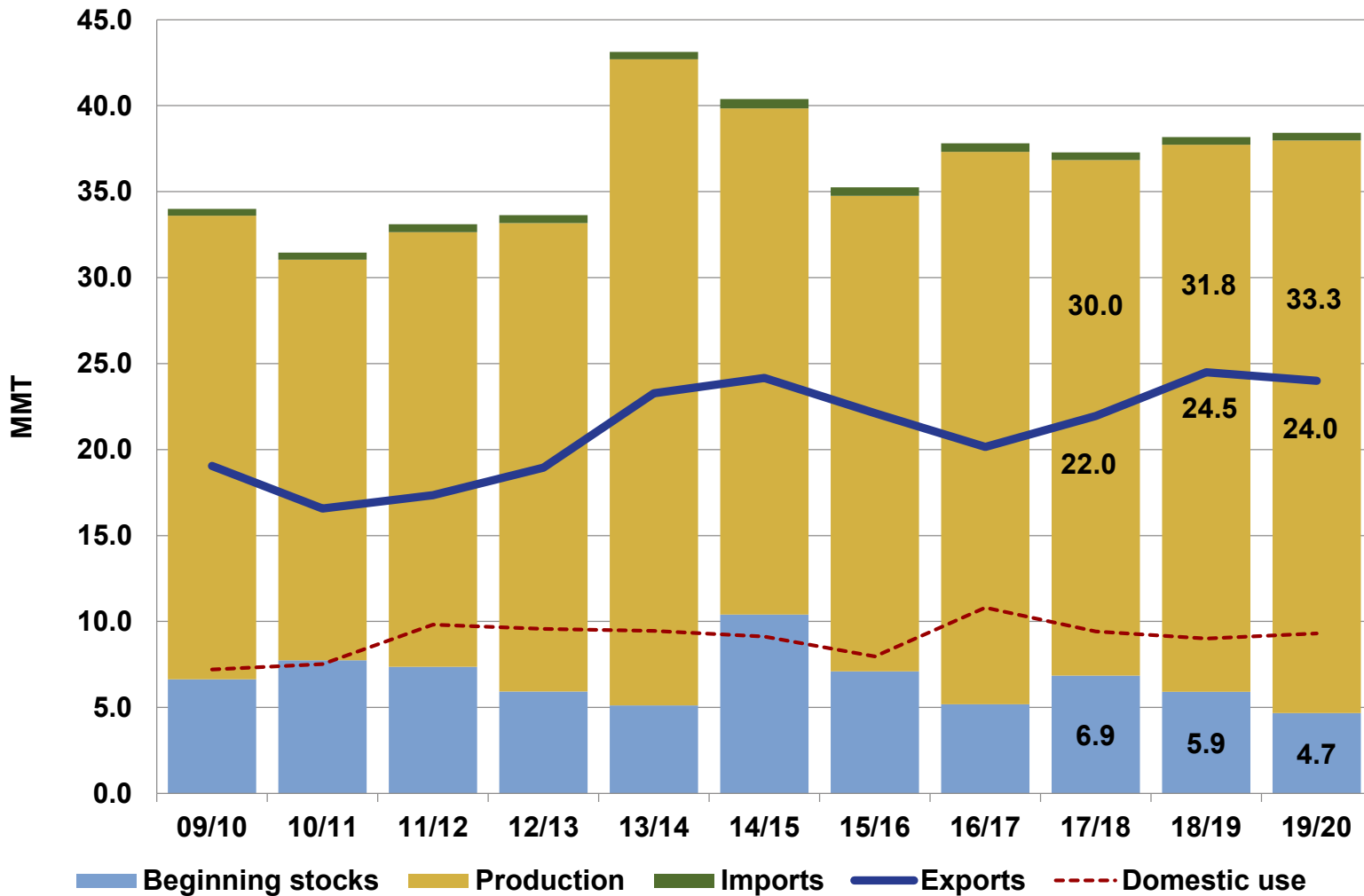
Outlook

Exportable Supplies in Top Exporting Countries

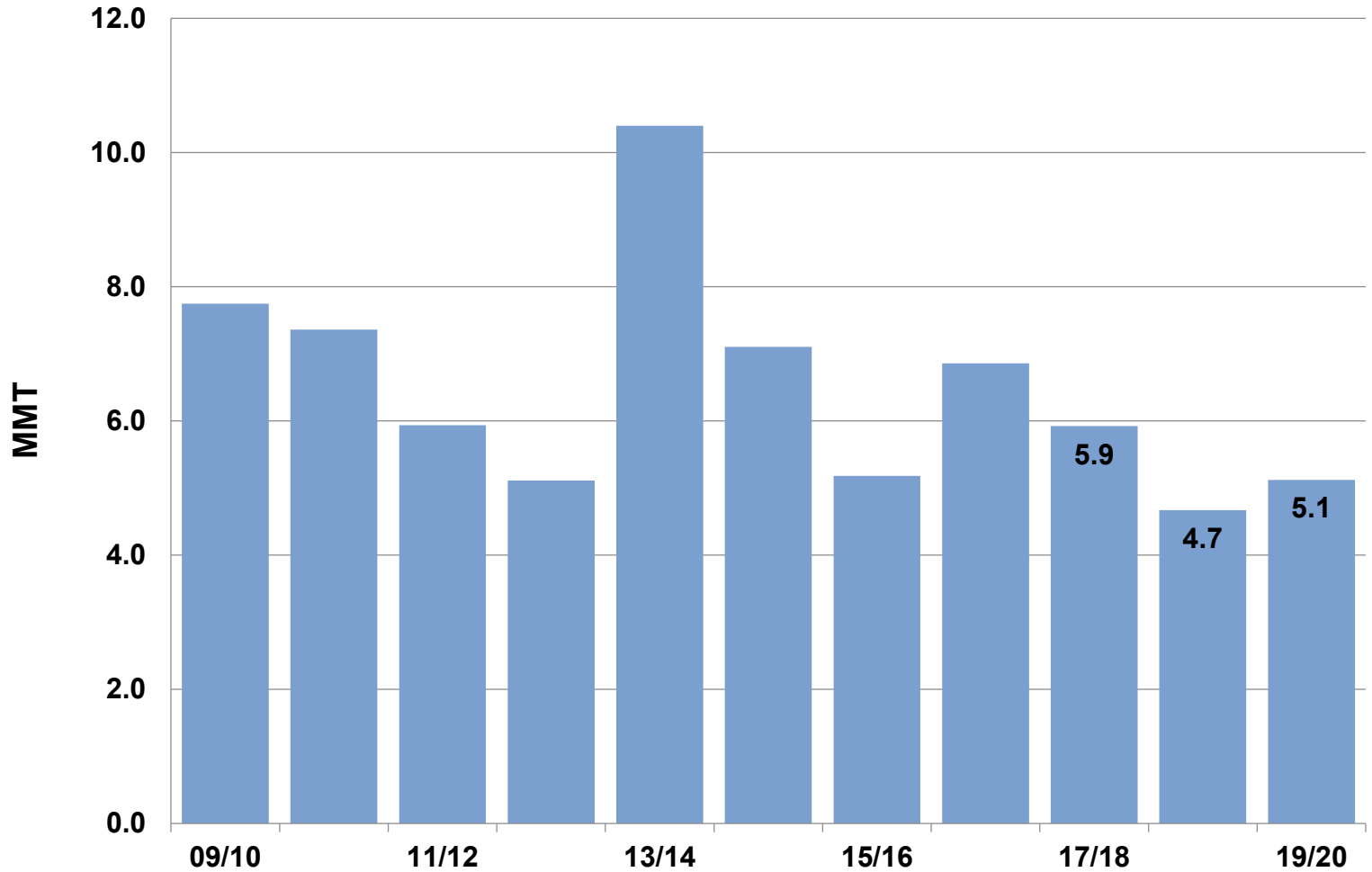


**Exportable Supplies = (Beginning Stocks + Production) – Domestic Consumption*

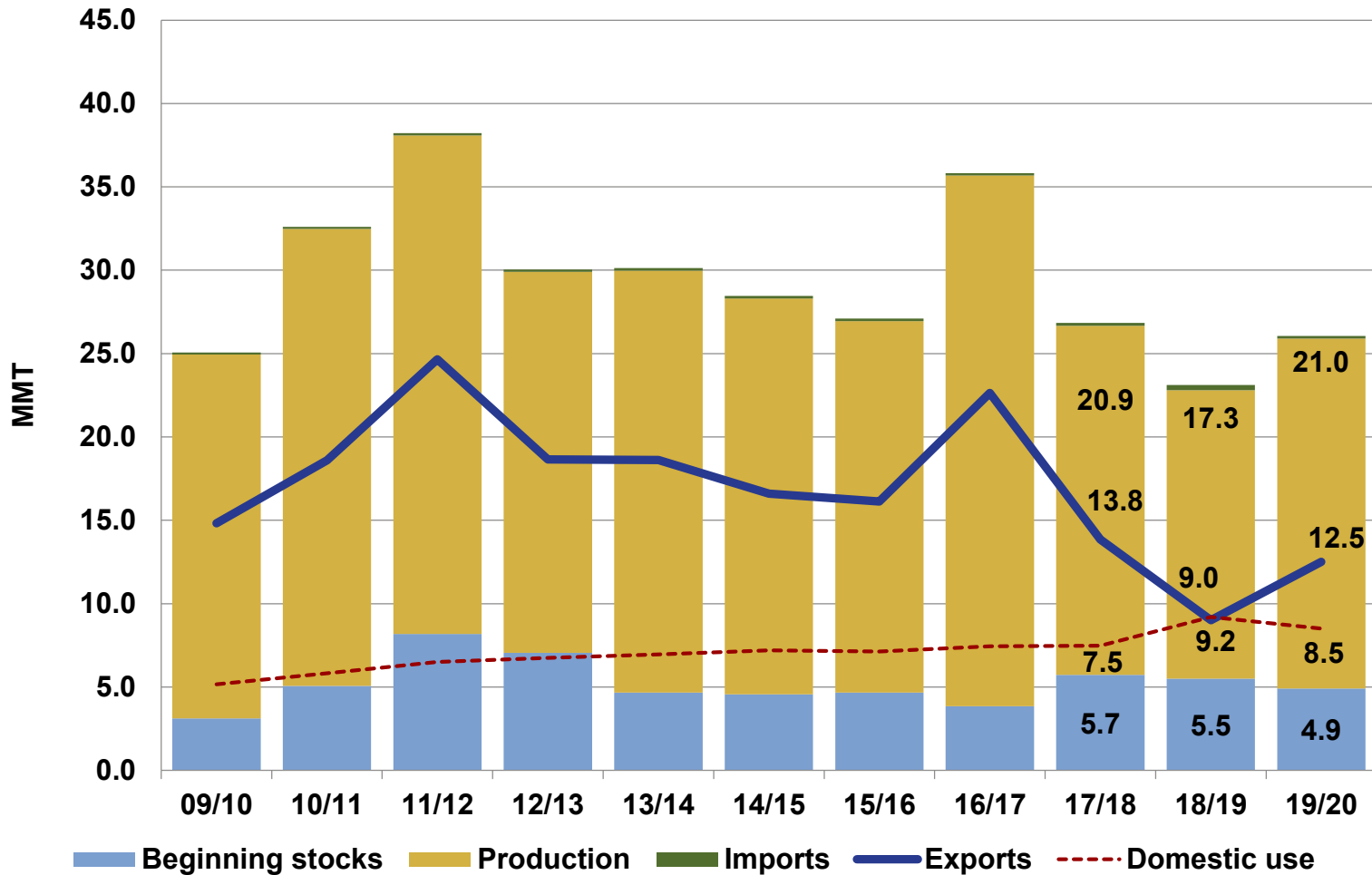
Canada Situation



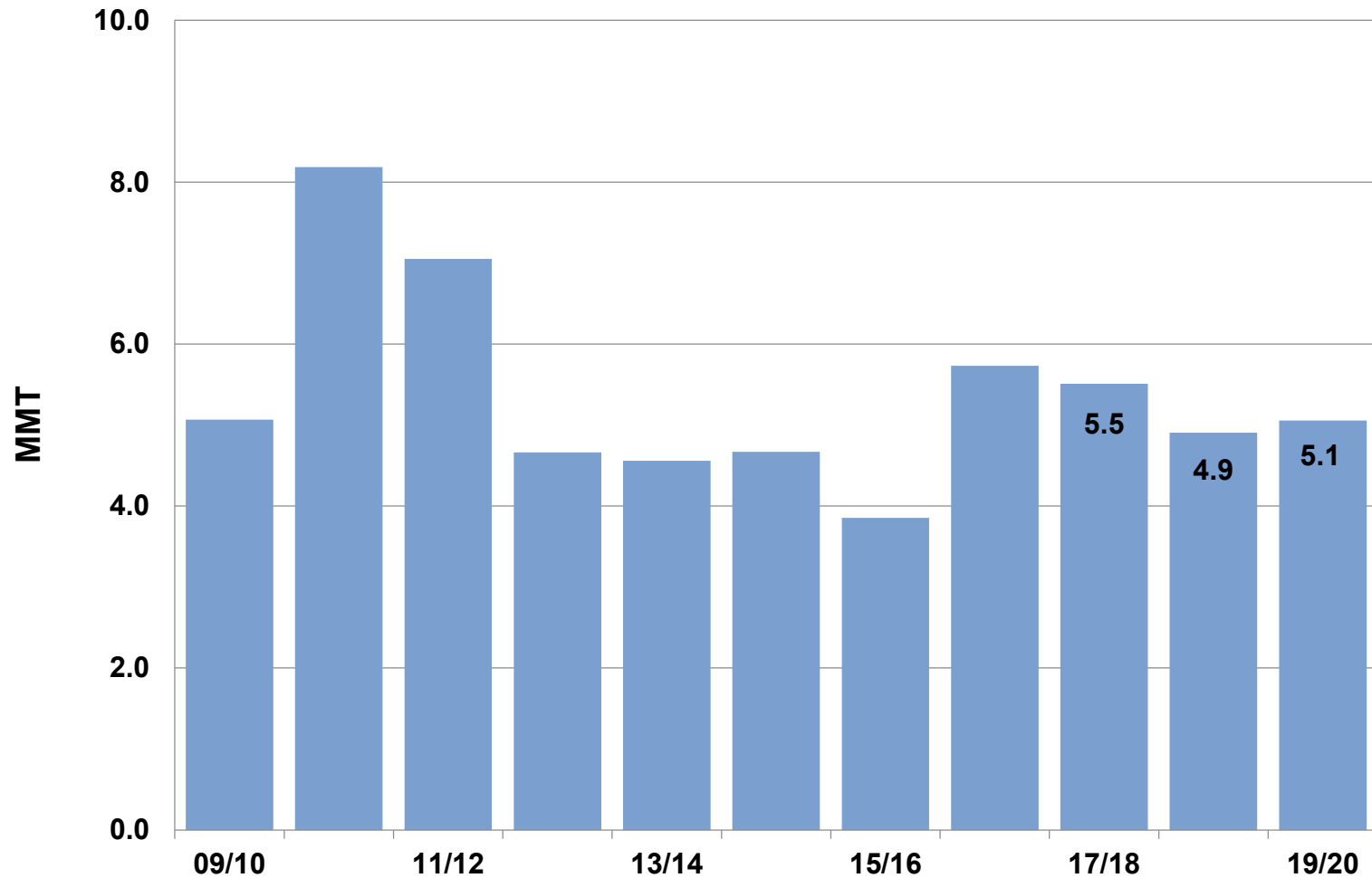
Canada Ending Stocks



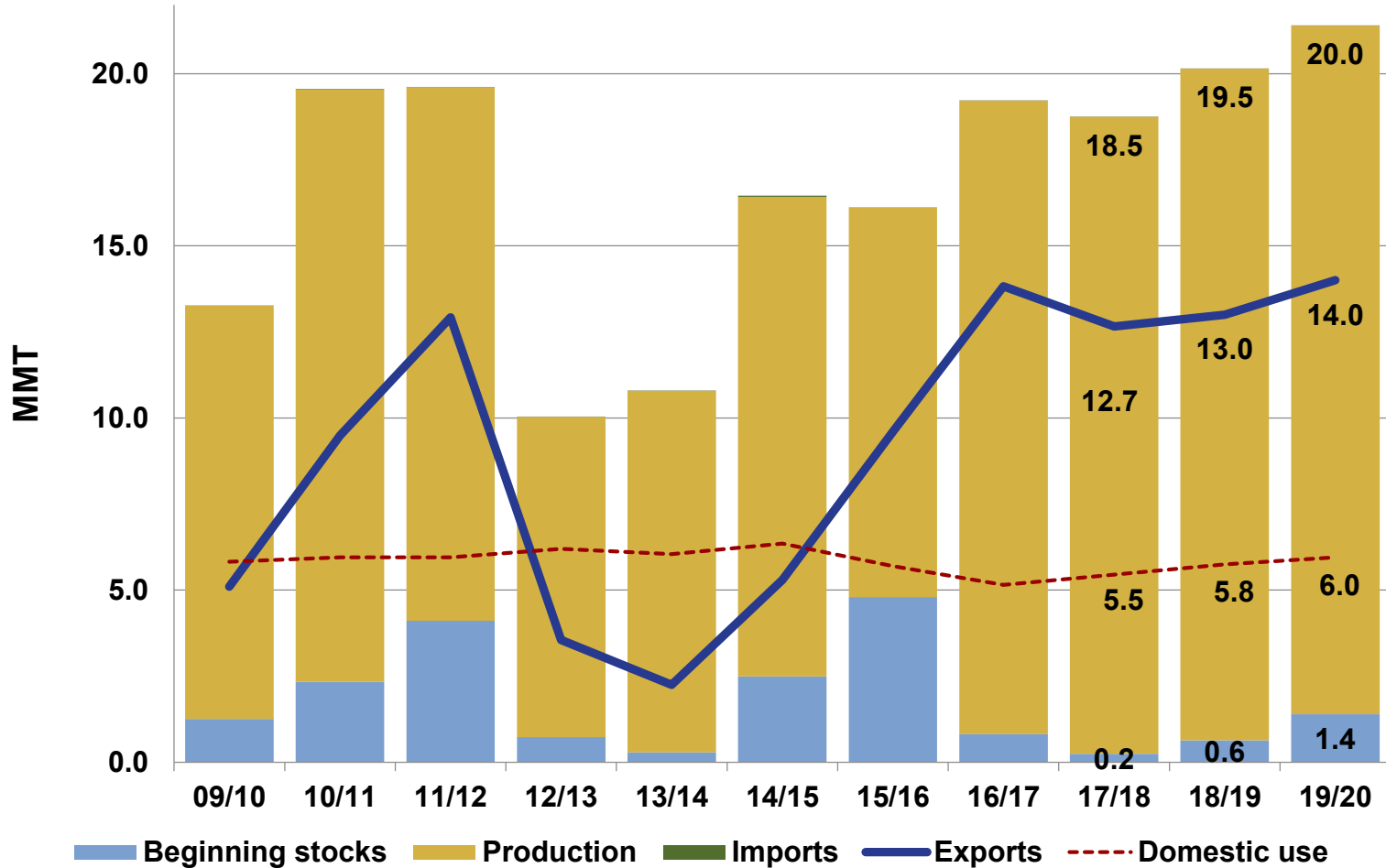
Australia Situation



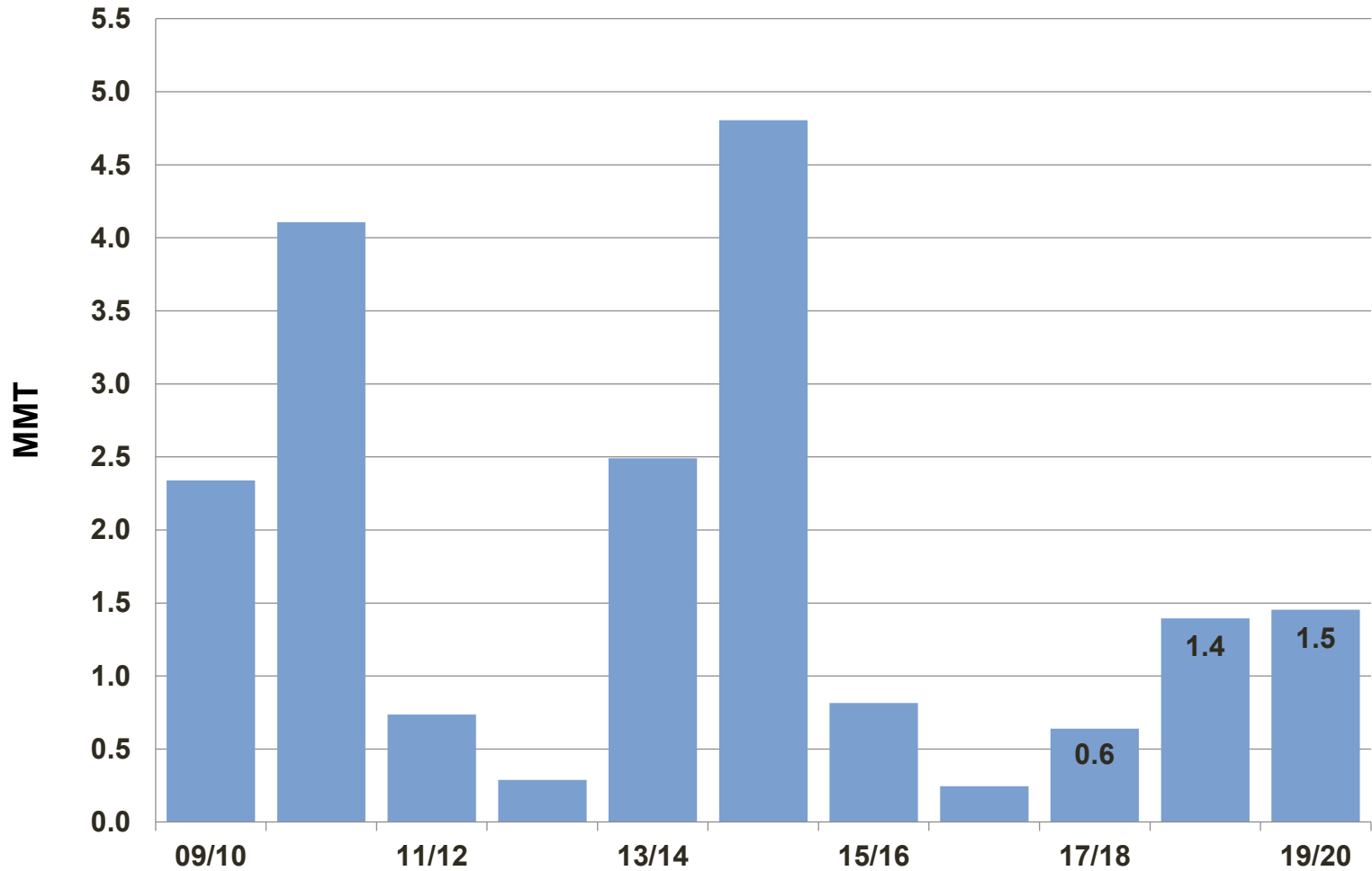
Australia Ending Stocks



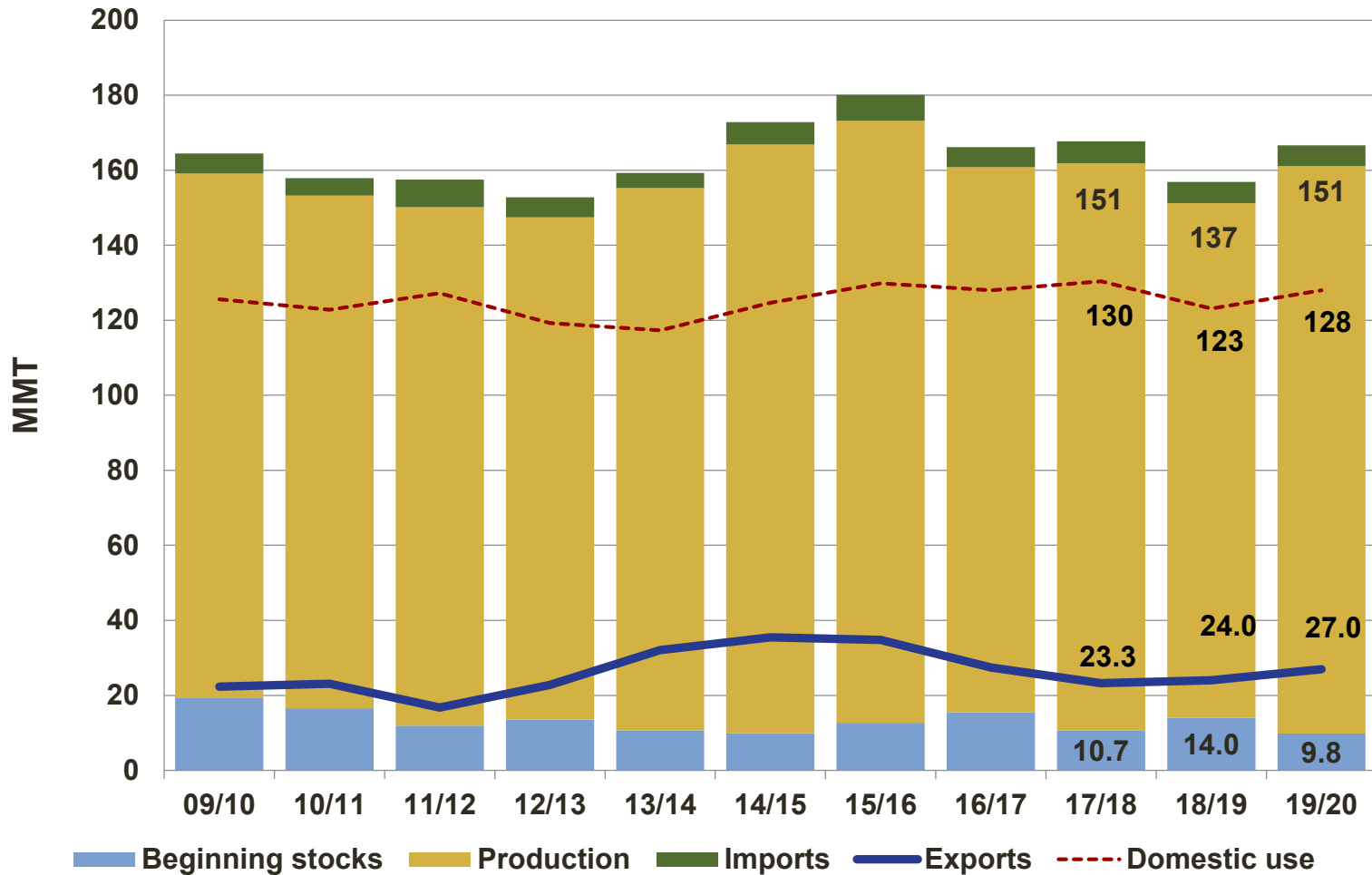
Argentina Situation



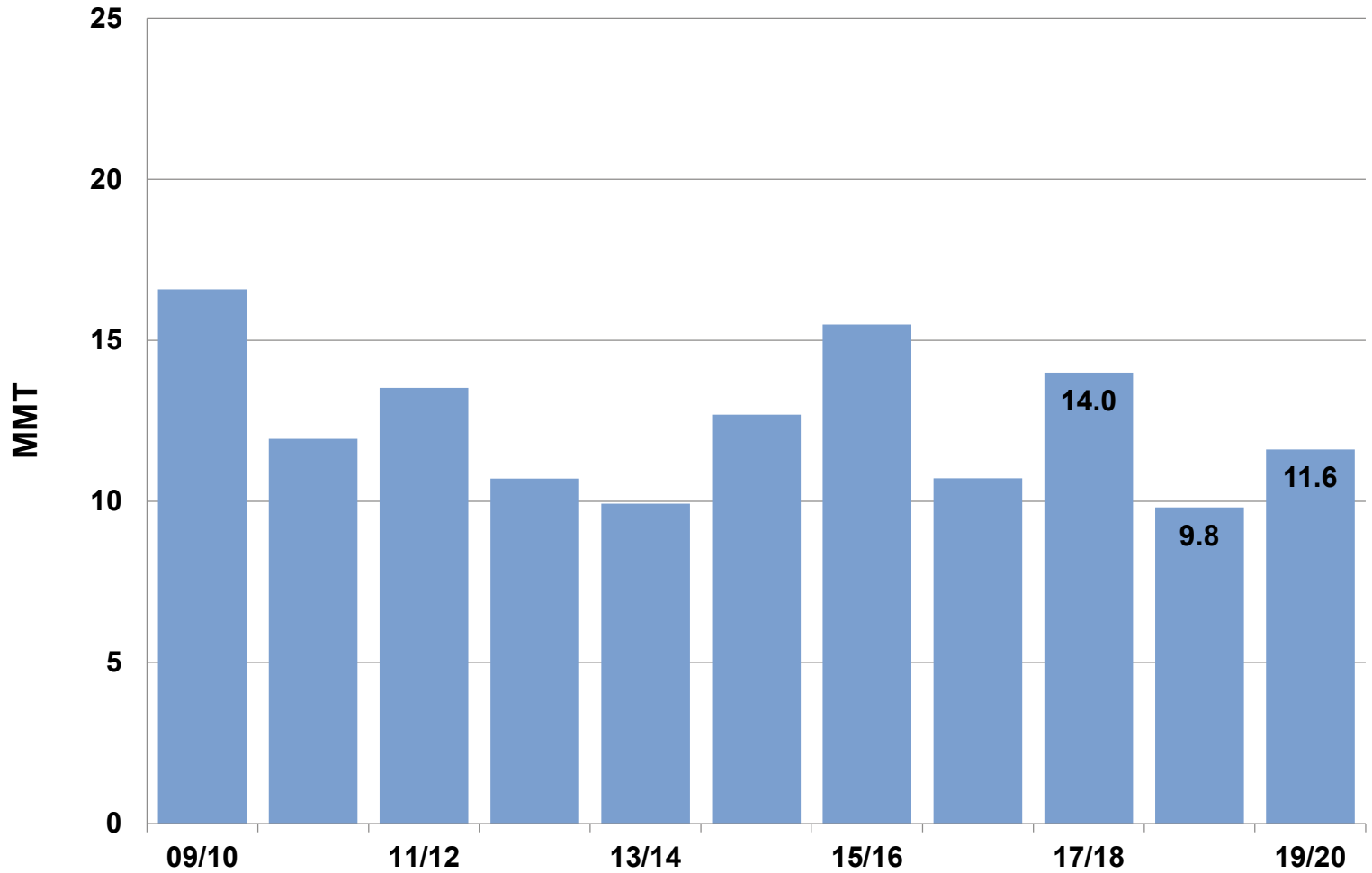
Argentina Ending Stocks



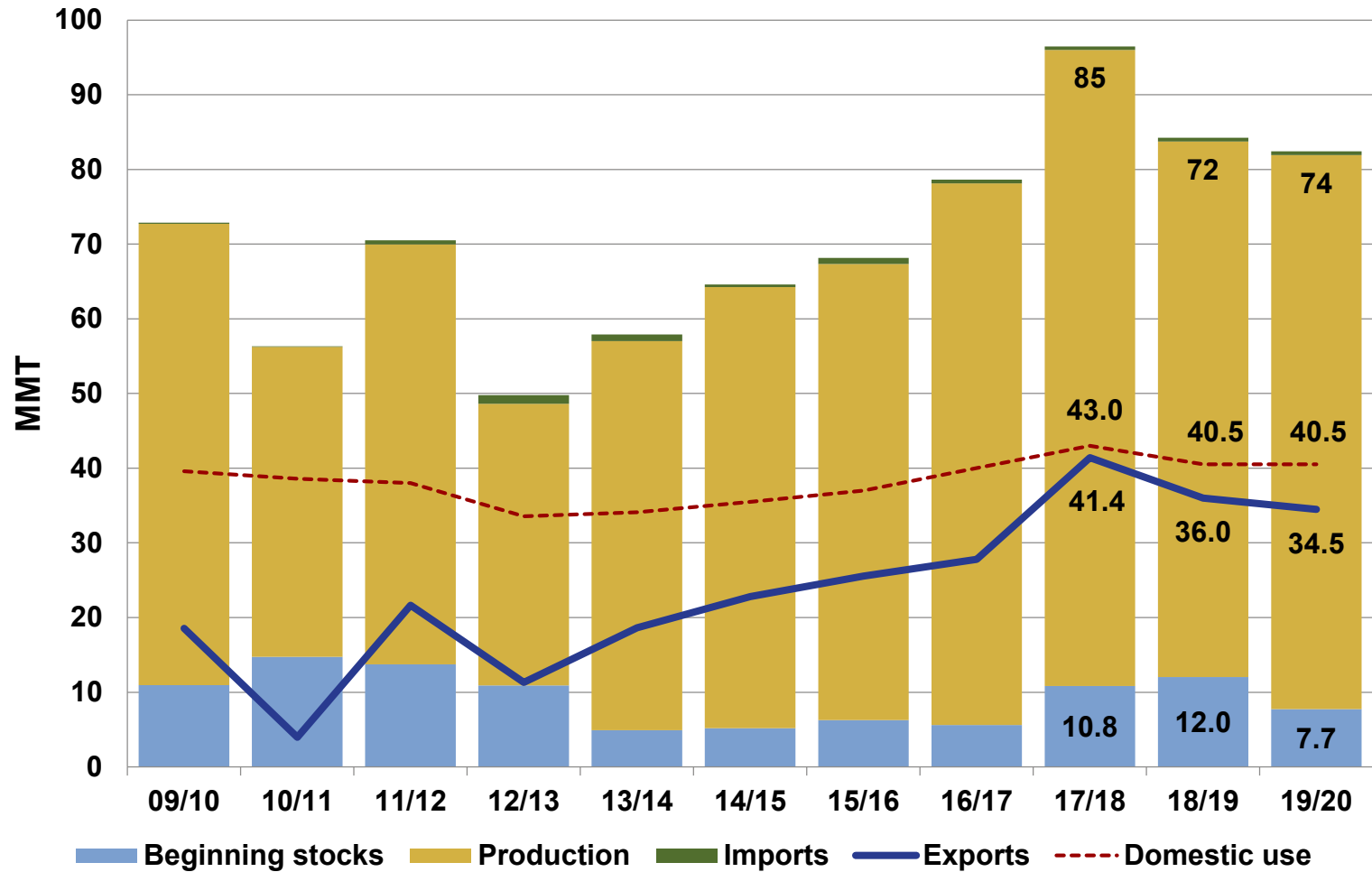
EU- 28 Situation



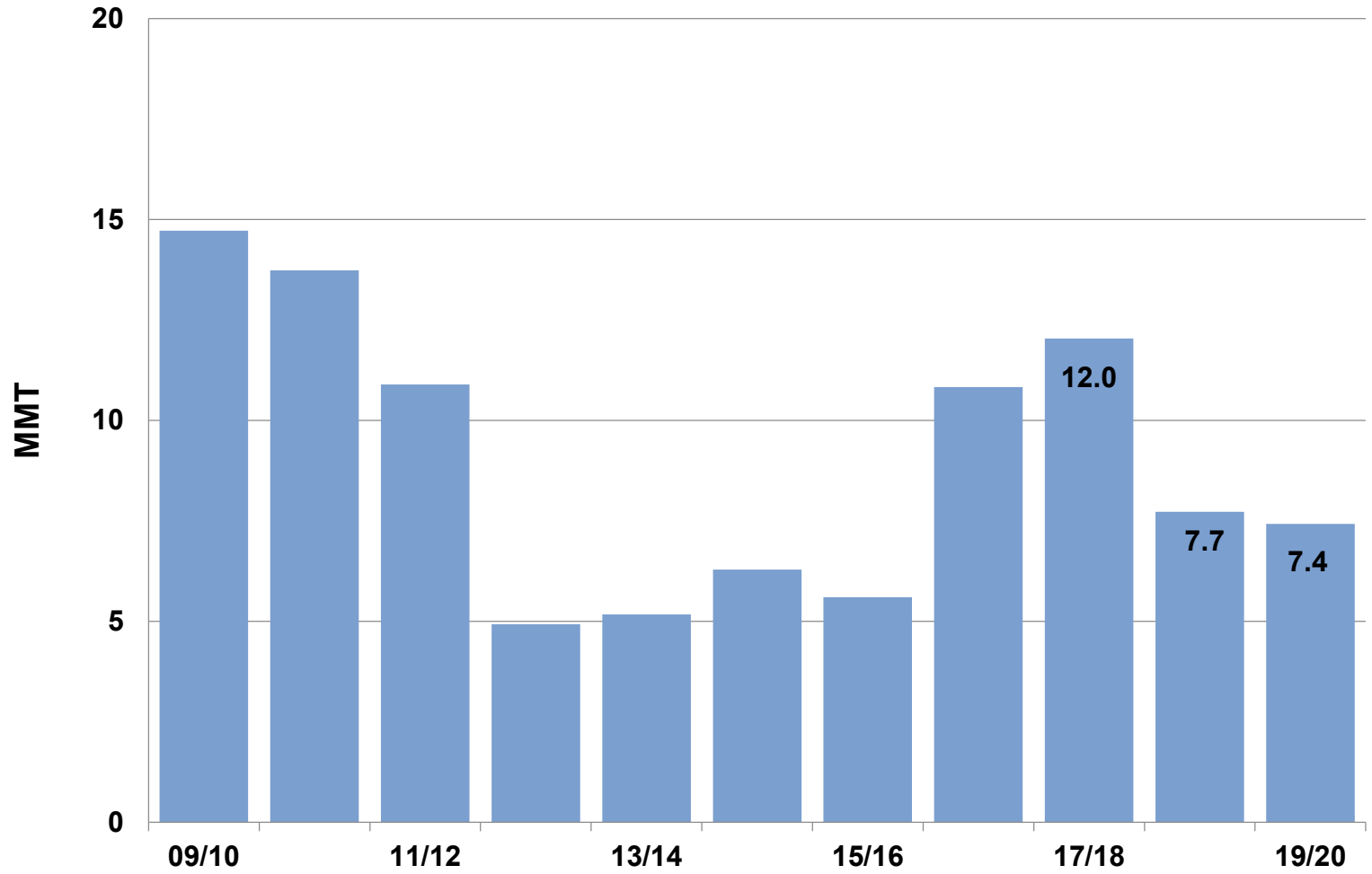
EU-28 Ending Stocks



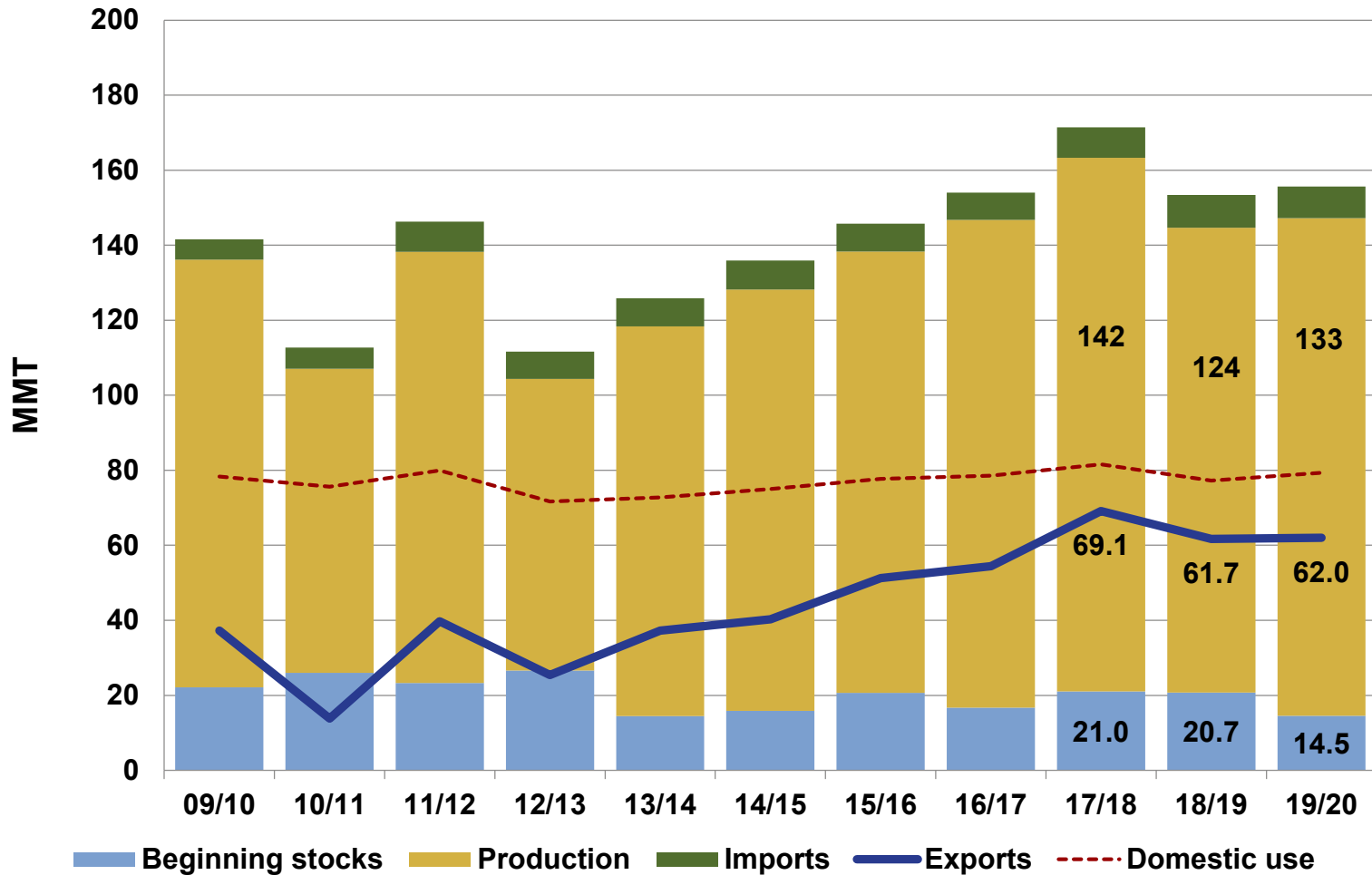
Russia Situation



Russia Ending Stocks

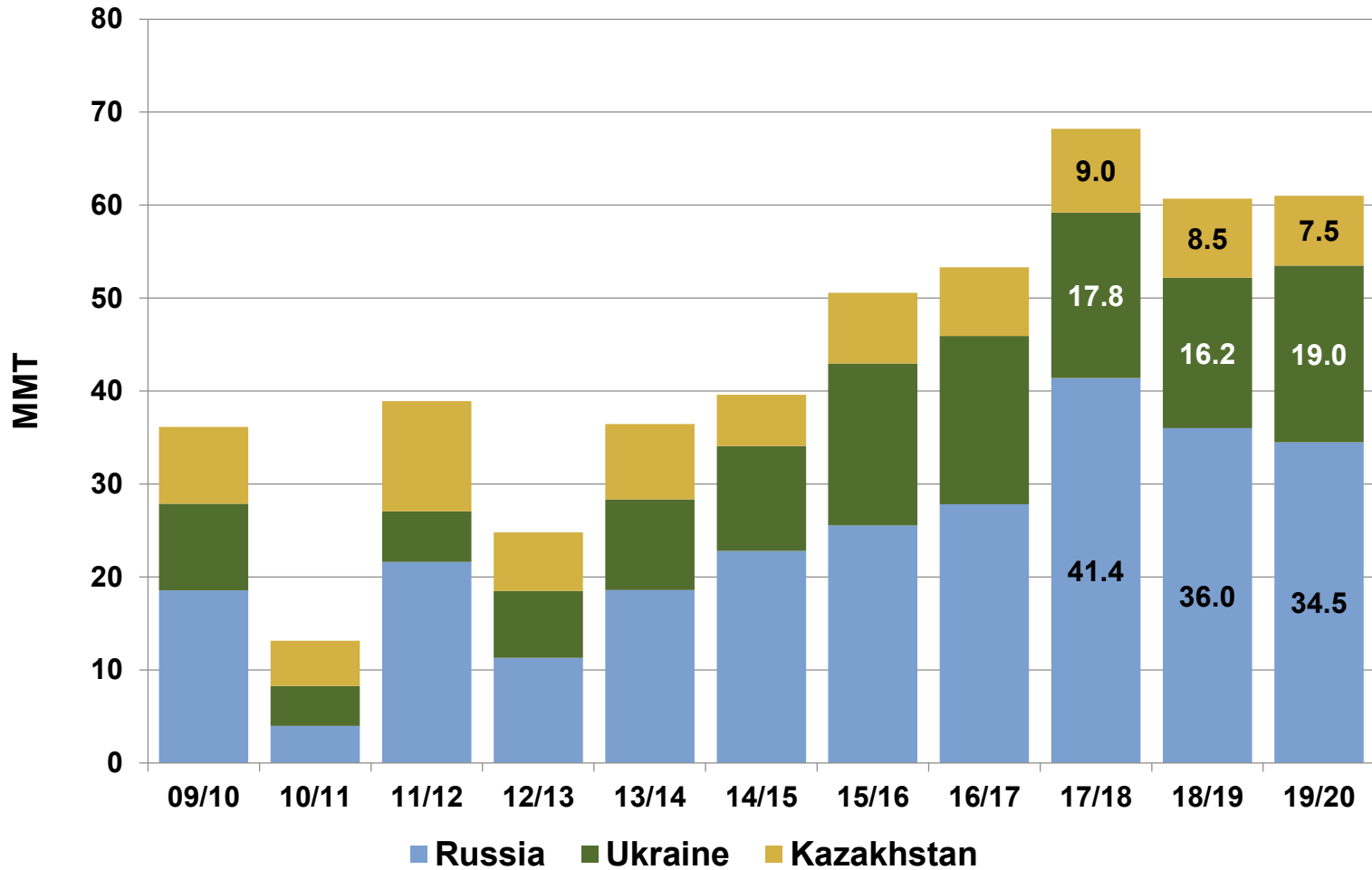


Black Sea Region Situation

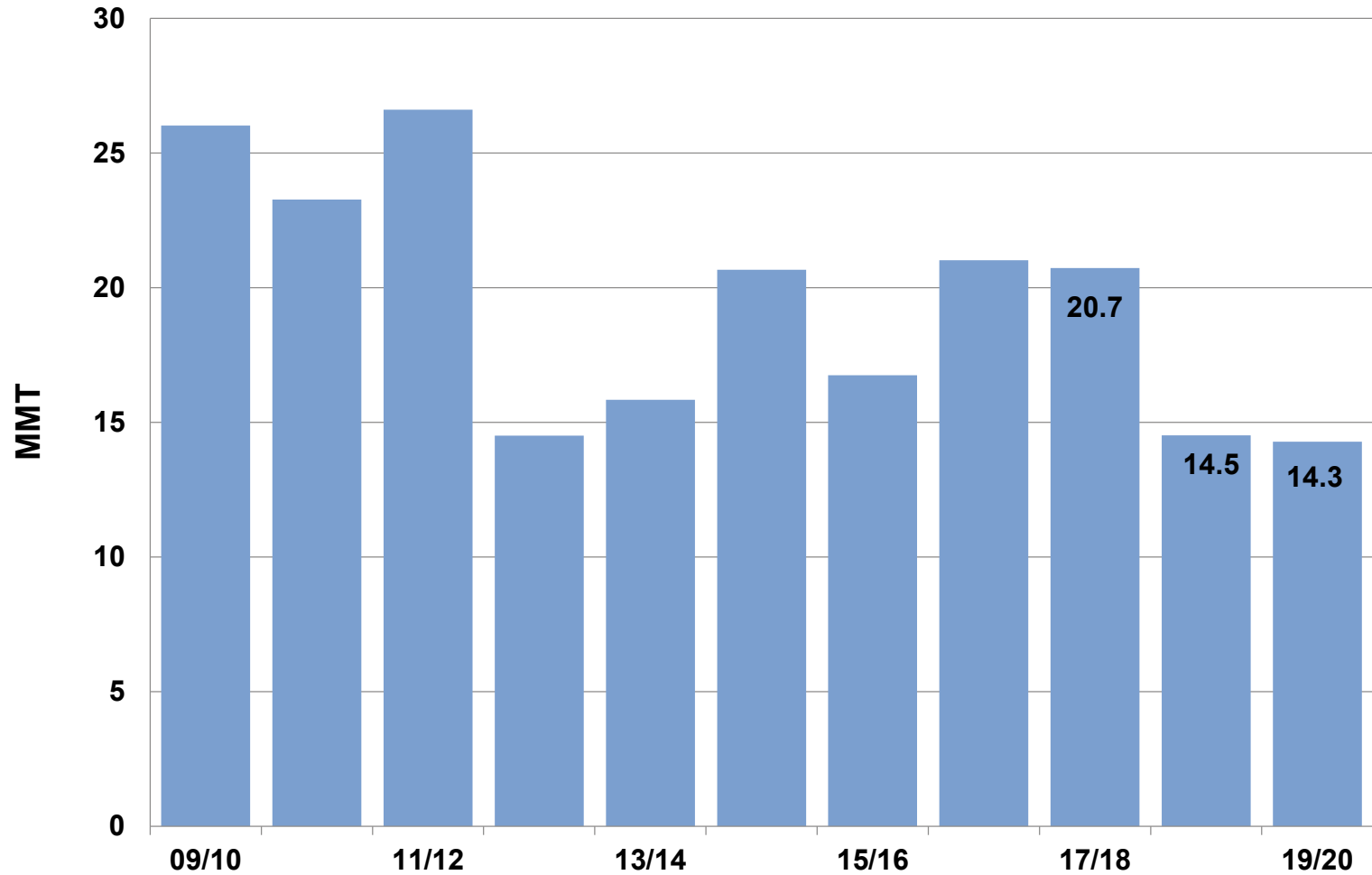


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

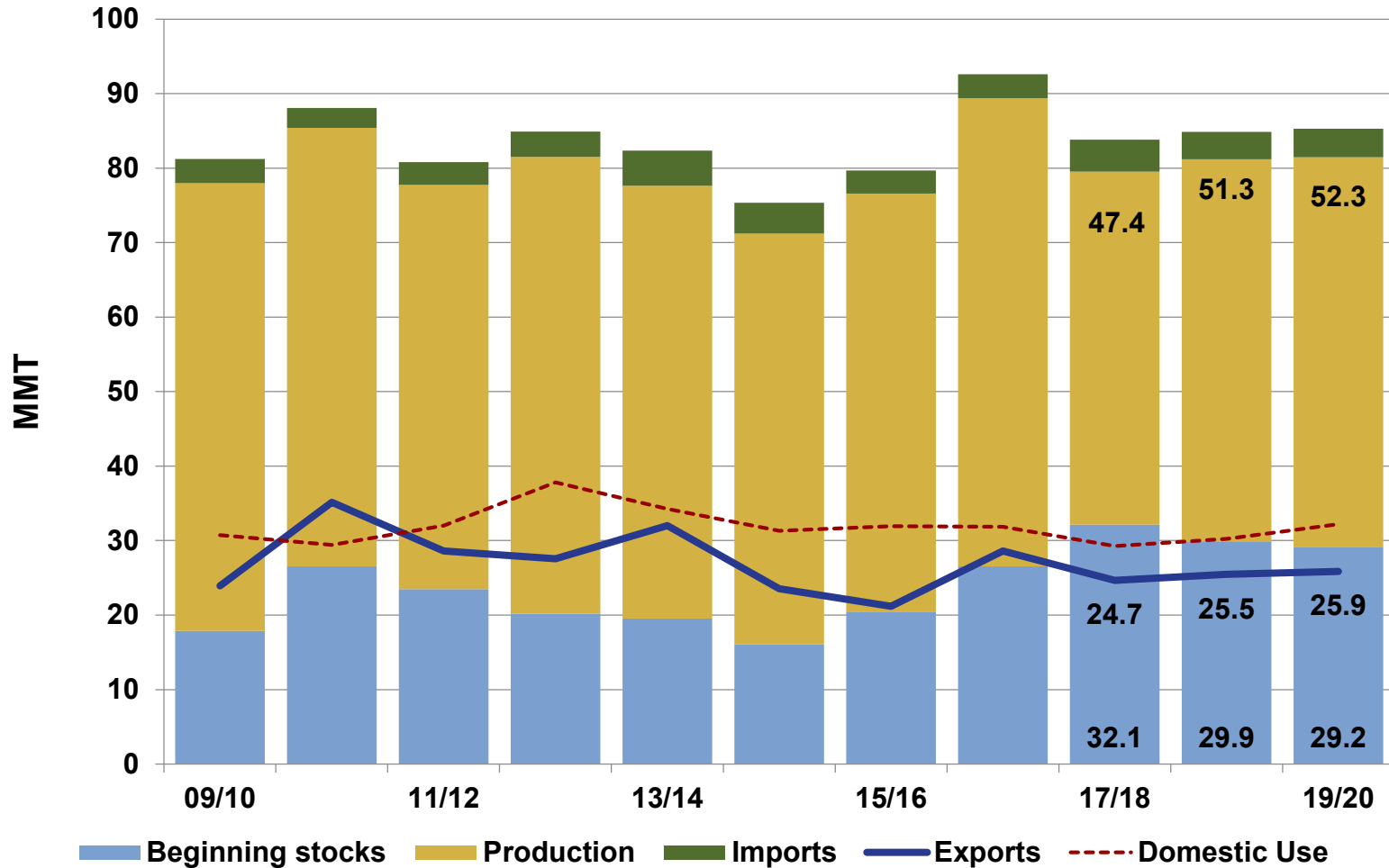
Black Sea Exports



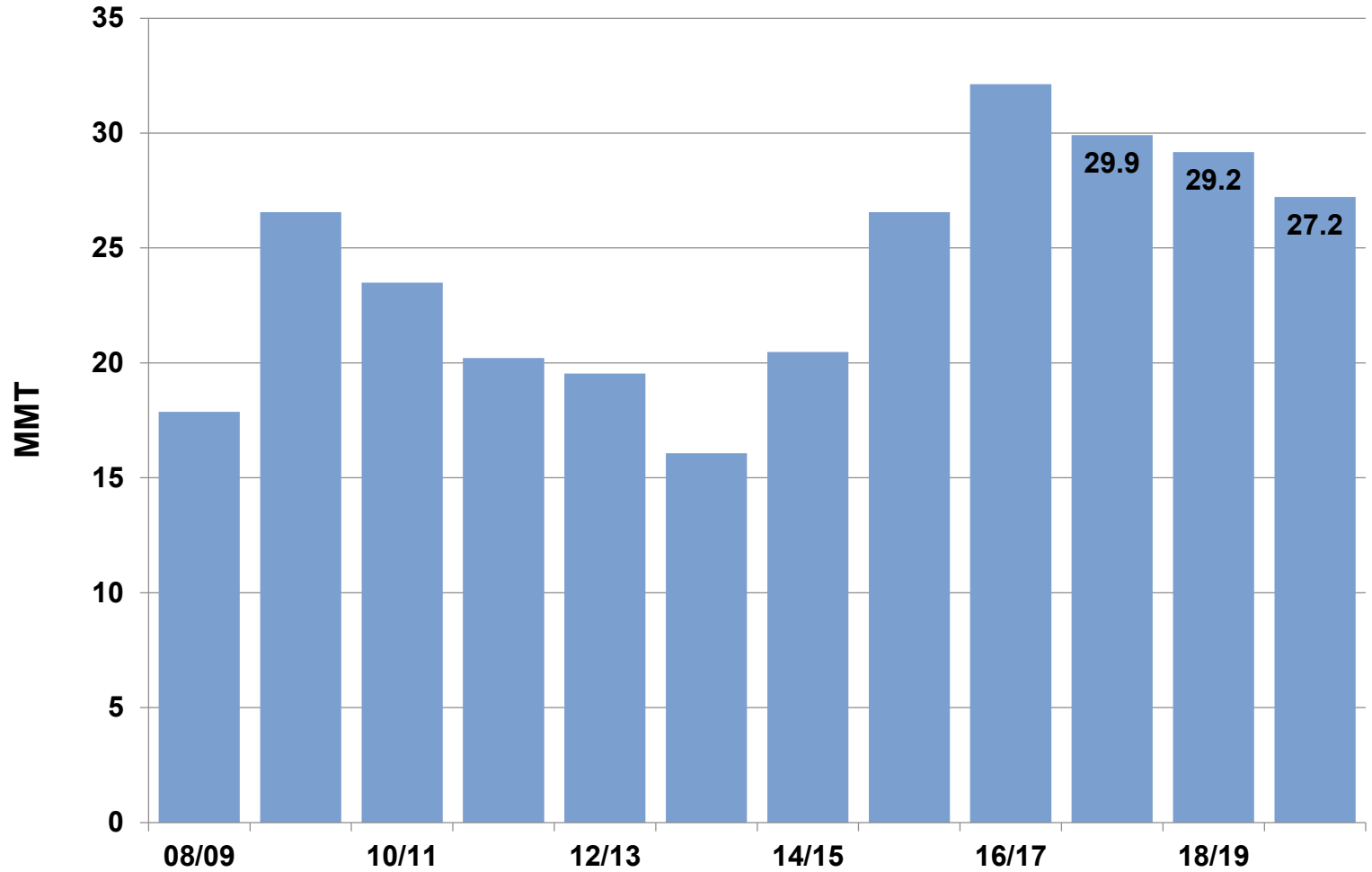
Black Sea Ending Stocks



U.S. Situation



U.S. Ending Stocks





Major Exporters

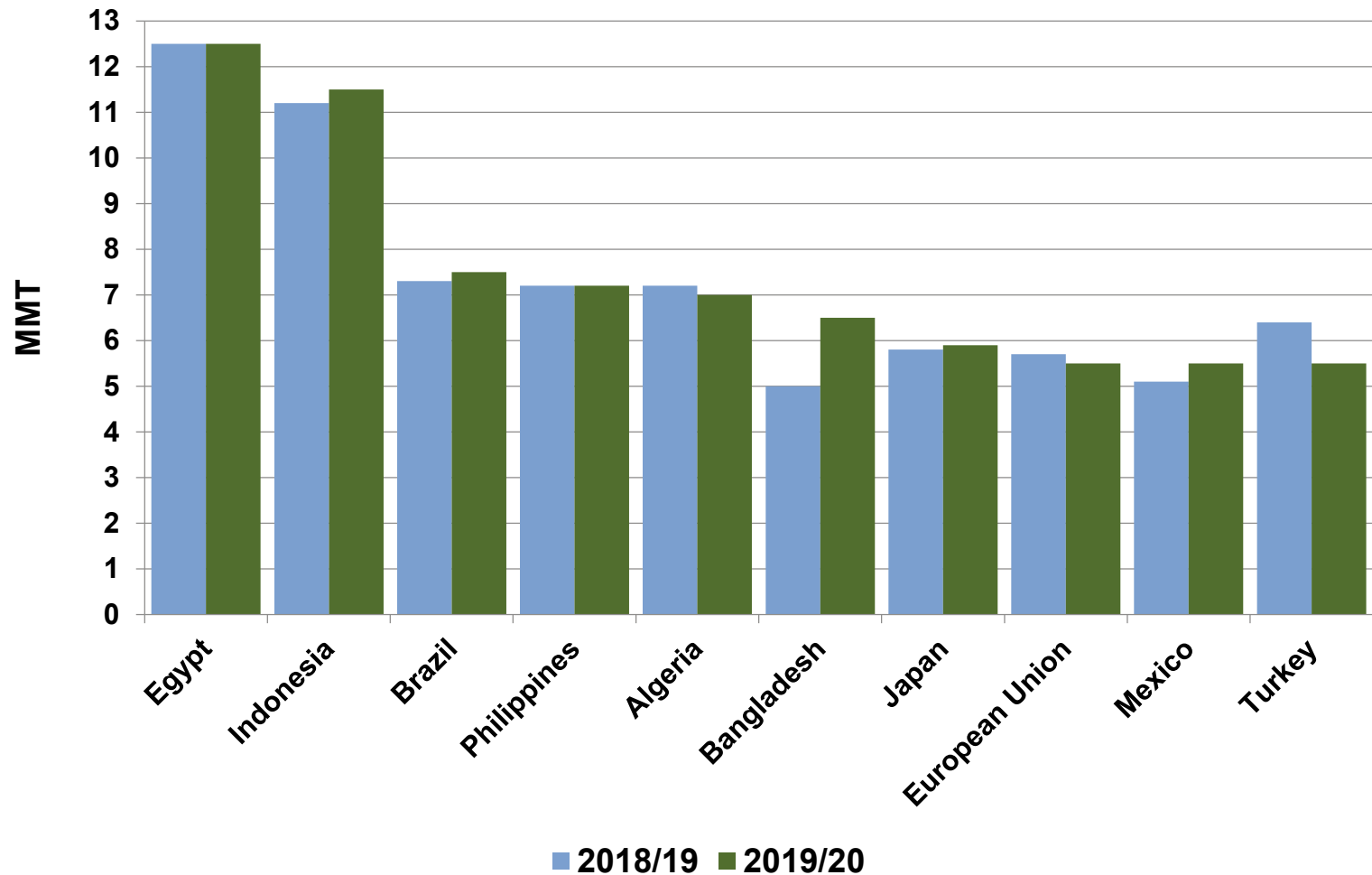
Import Demand

U.S. Situation by Class

Outlook

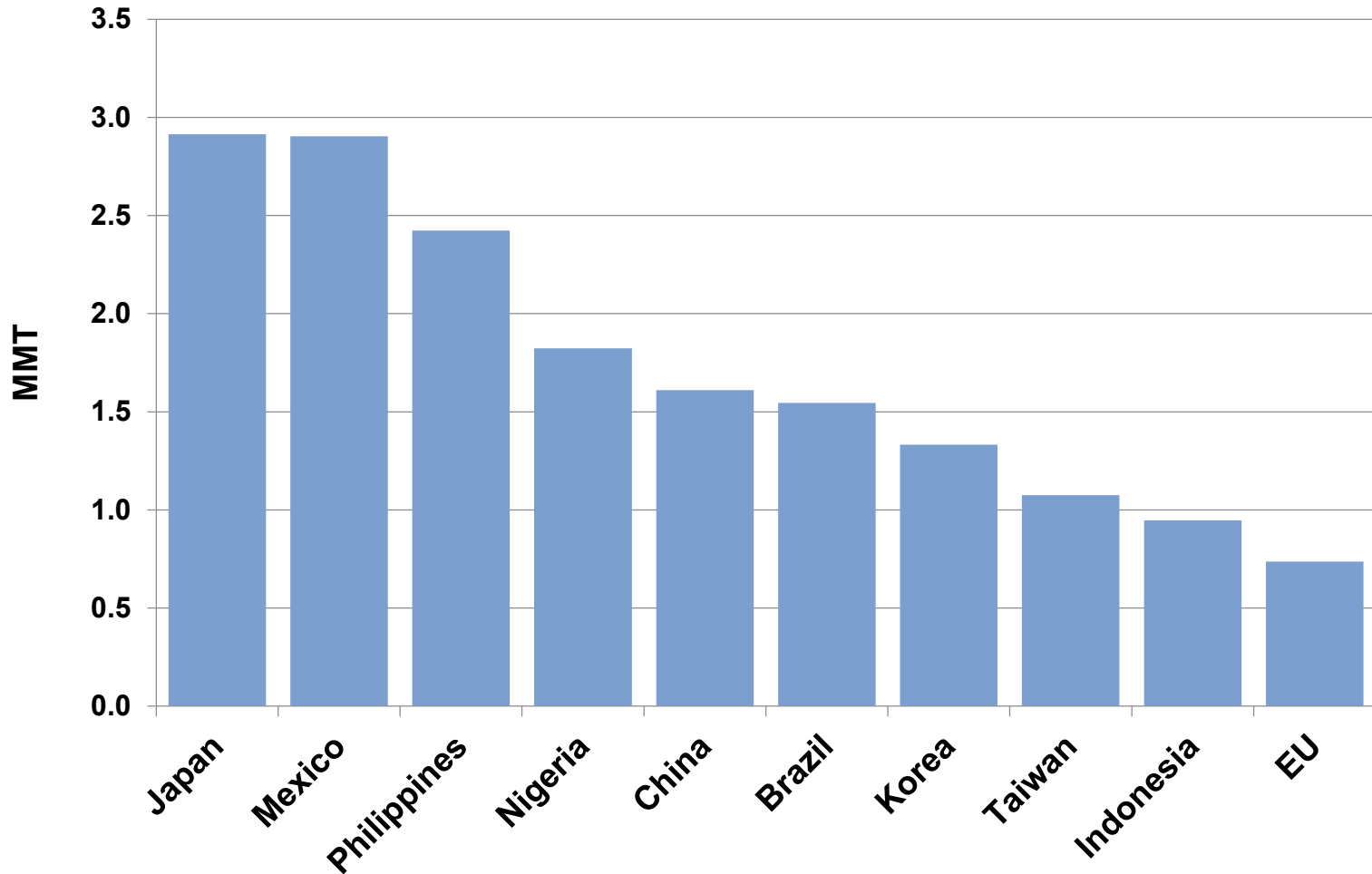
Major World Wheat Importers

(from all origins)



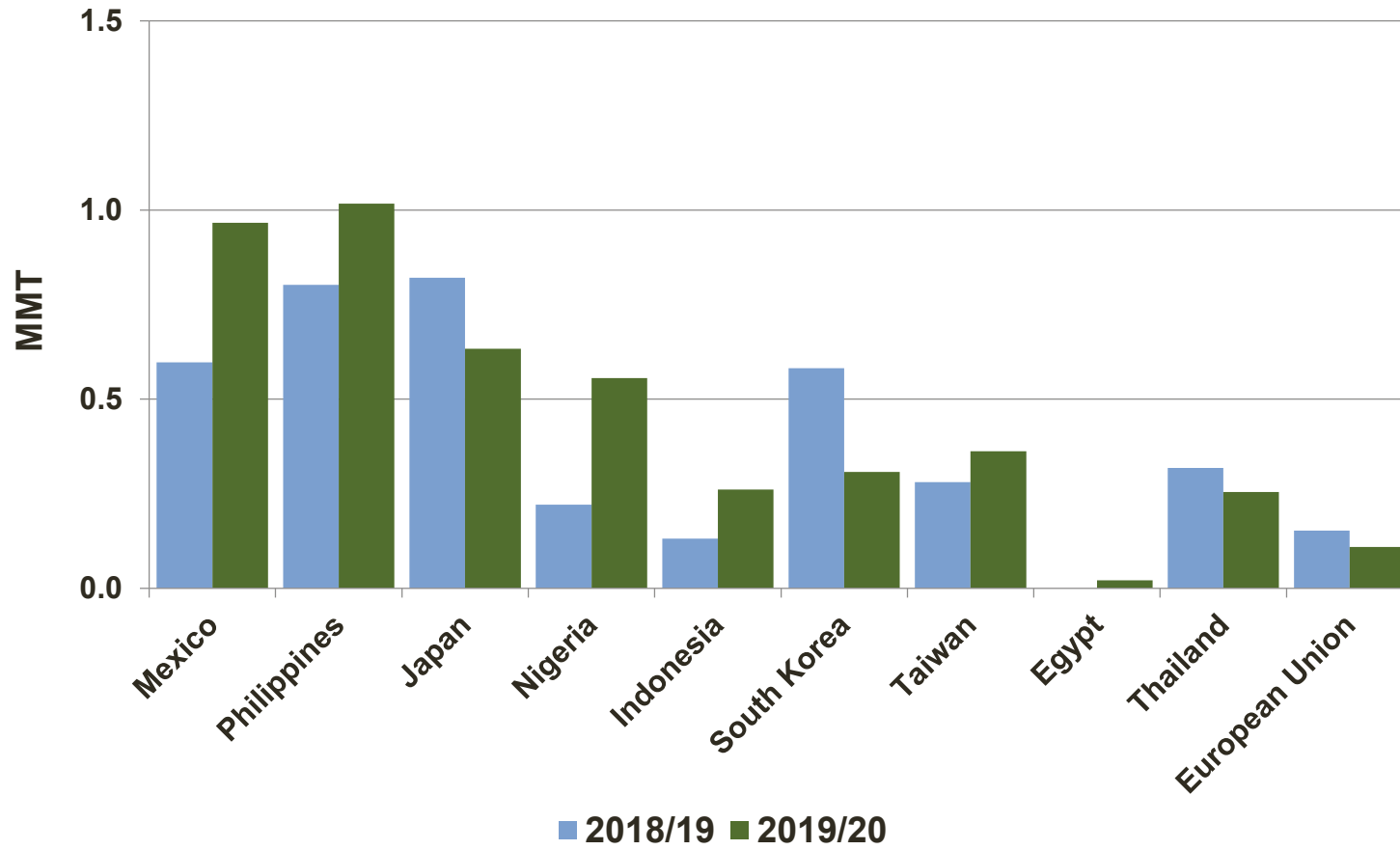
Top 10 Customers for U.S. Wheat

5-year average



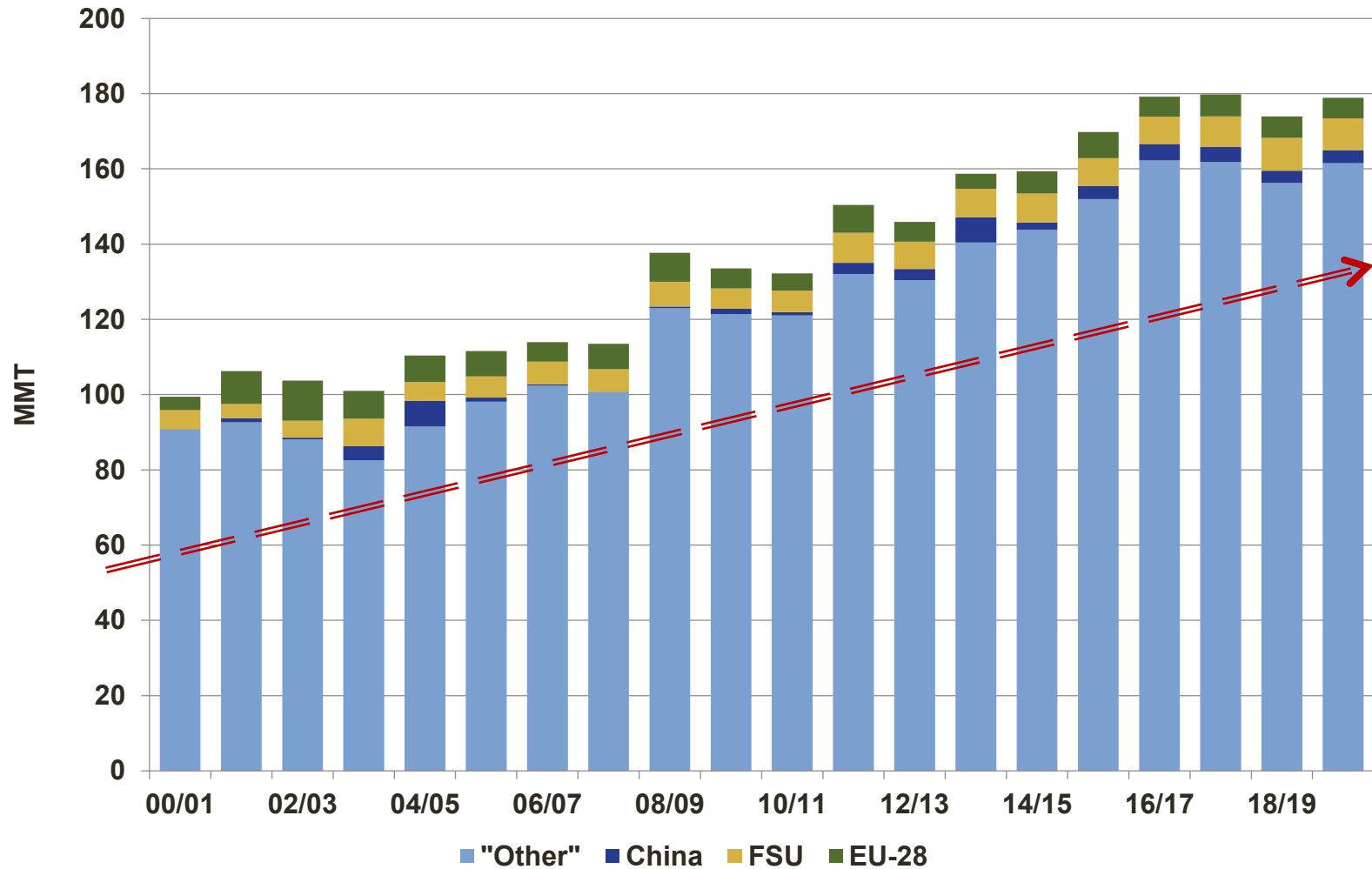
Top 10 Customers for U.S. Wheat

Year-to-date



Source: USDA FAS export sales data as of July 4, 2019

World Wheat Imports



Trend in "other" importers denoted (—>)



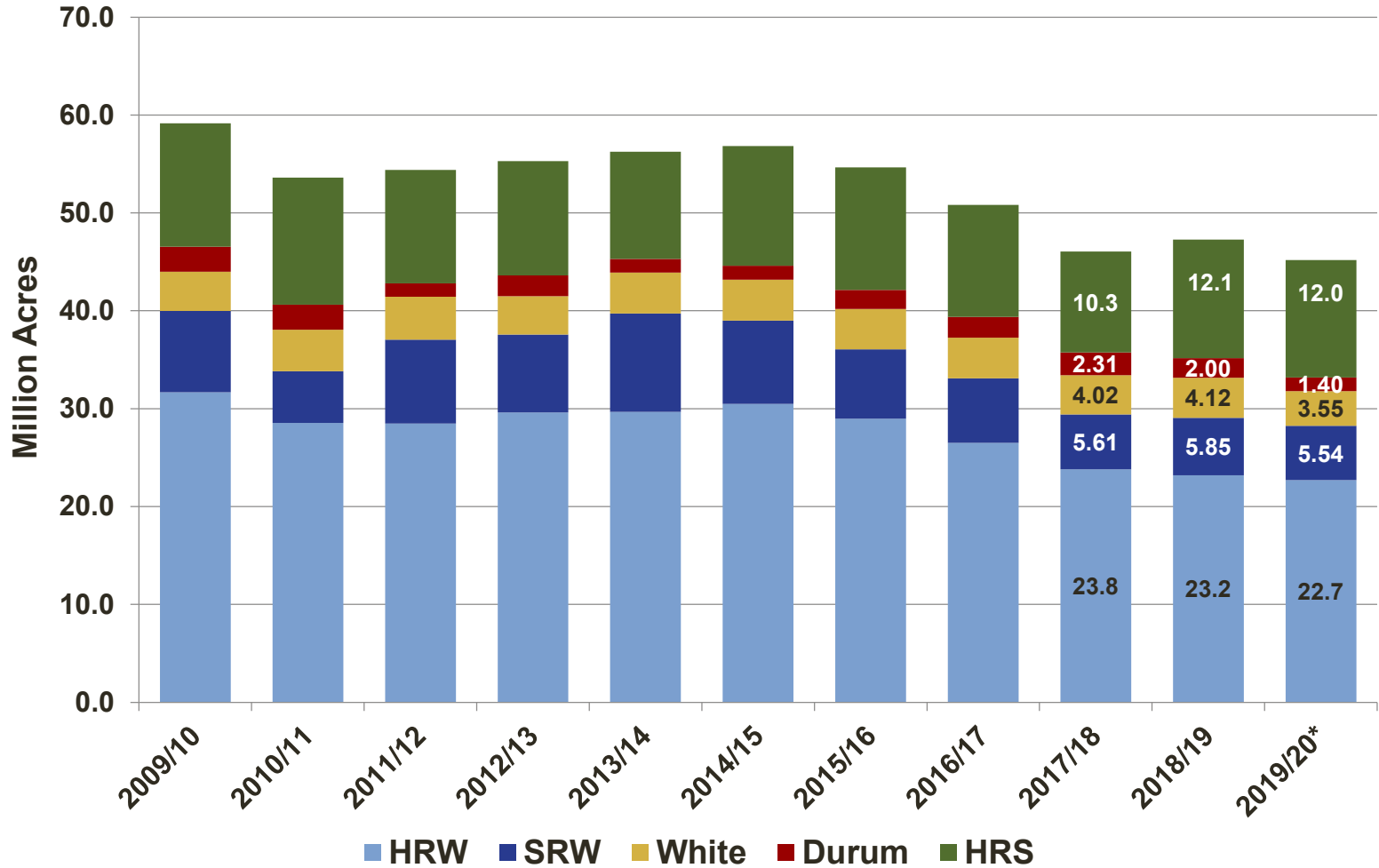
Major Exporters

Import Demand

U.S. Situation by Class

Outlook

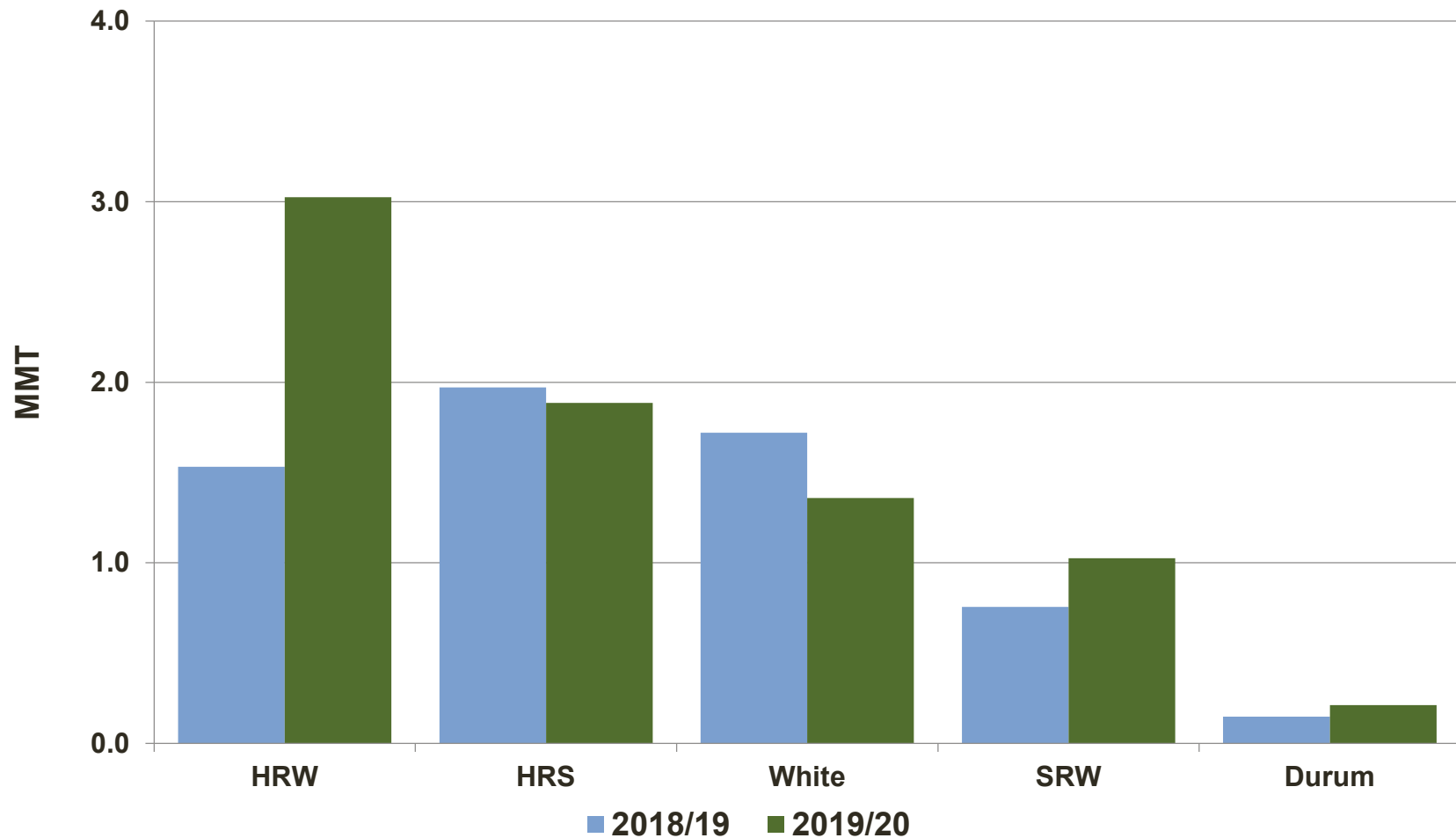
U.S. Wheat Plantings by Class



*Source: USDA Acreage Report, June 28, 2019

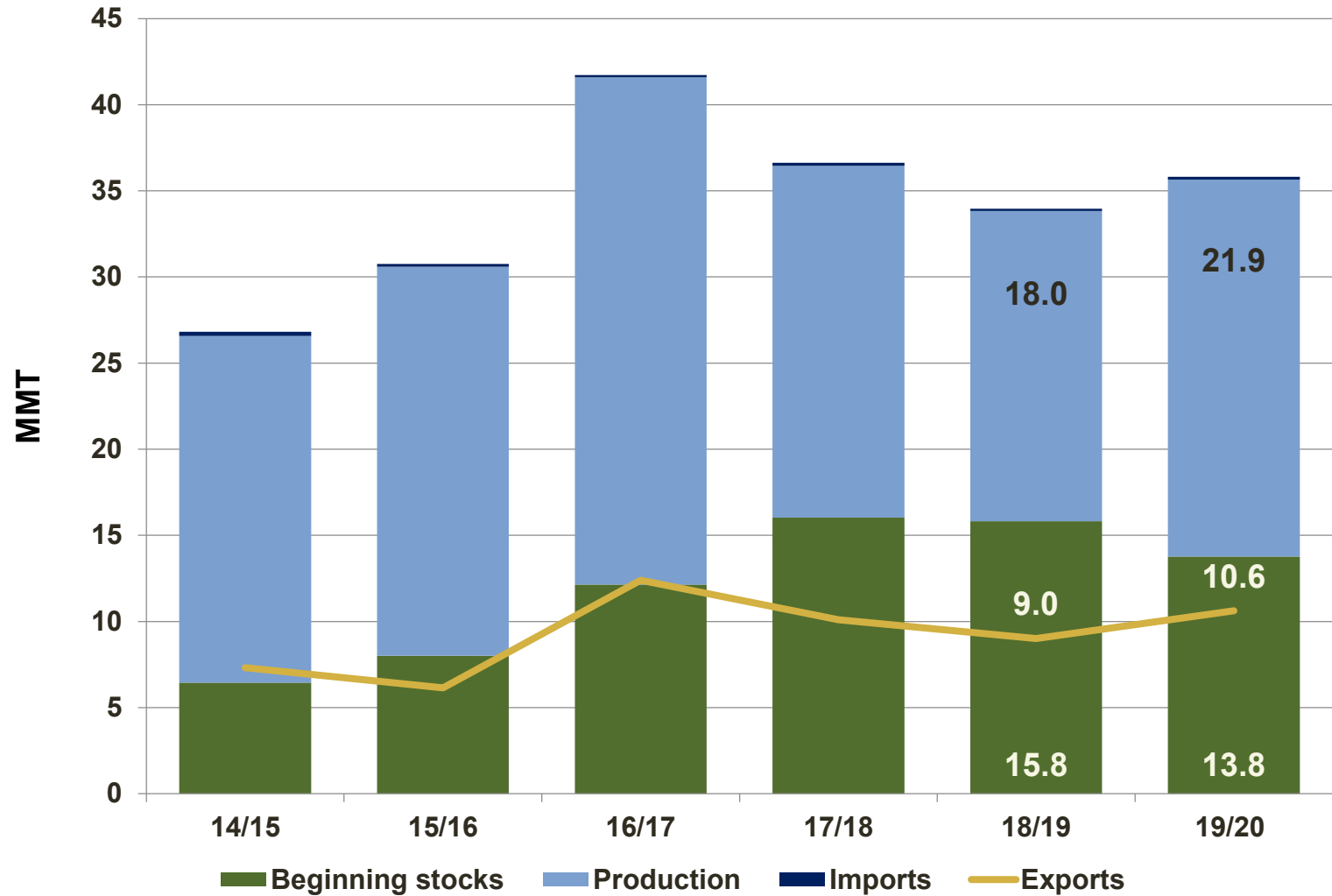
U.S. Wheat Sales by Class

(year-to-date)

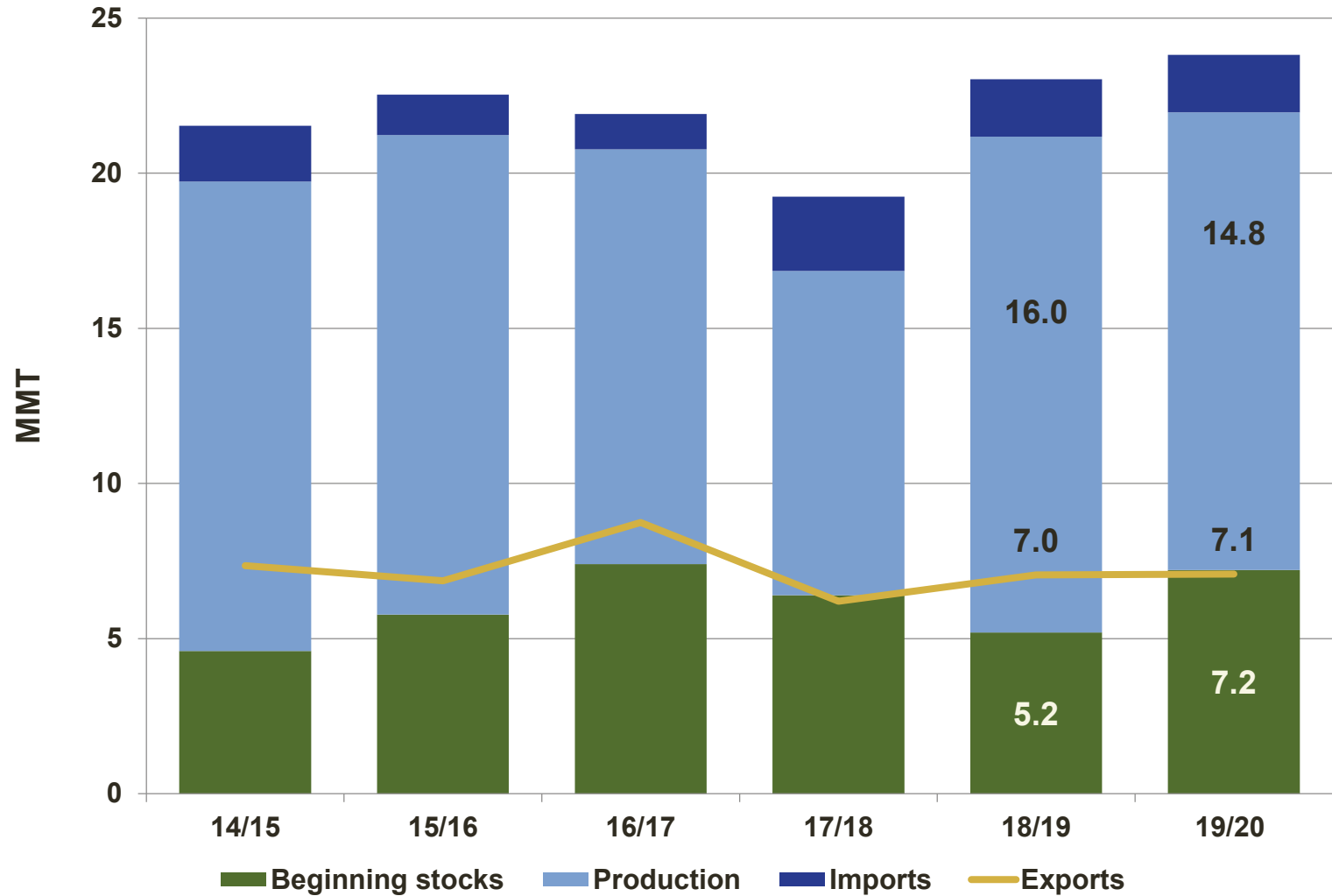


Source: USDA FAS export sales data as of July 4, 2019

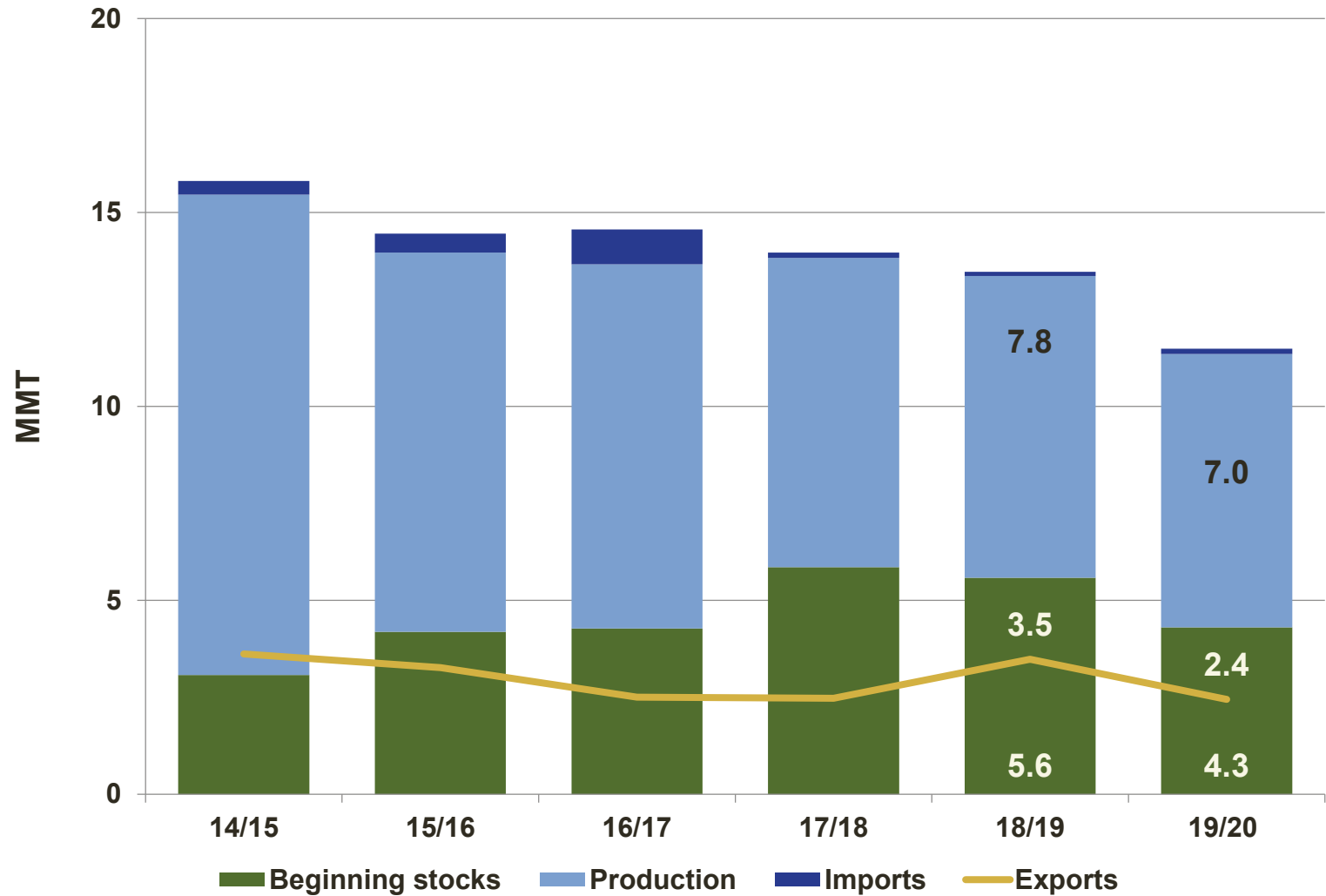
U.S. Hard Red Winter



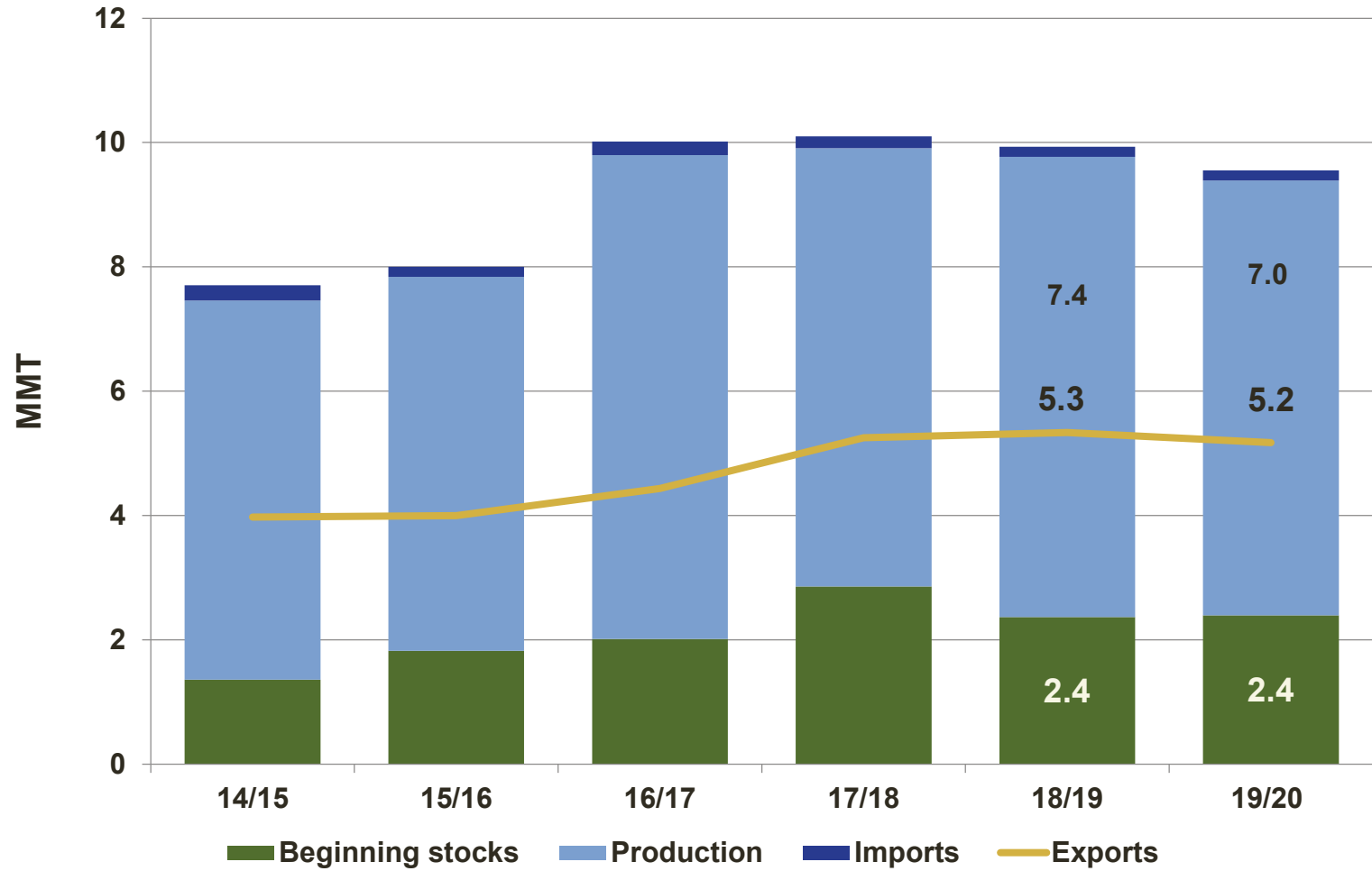
U.S. Hard Red Spring



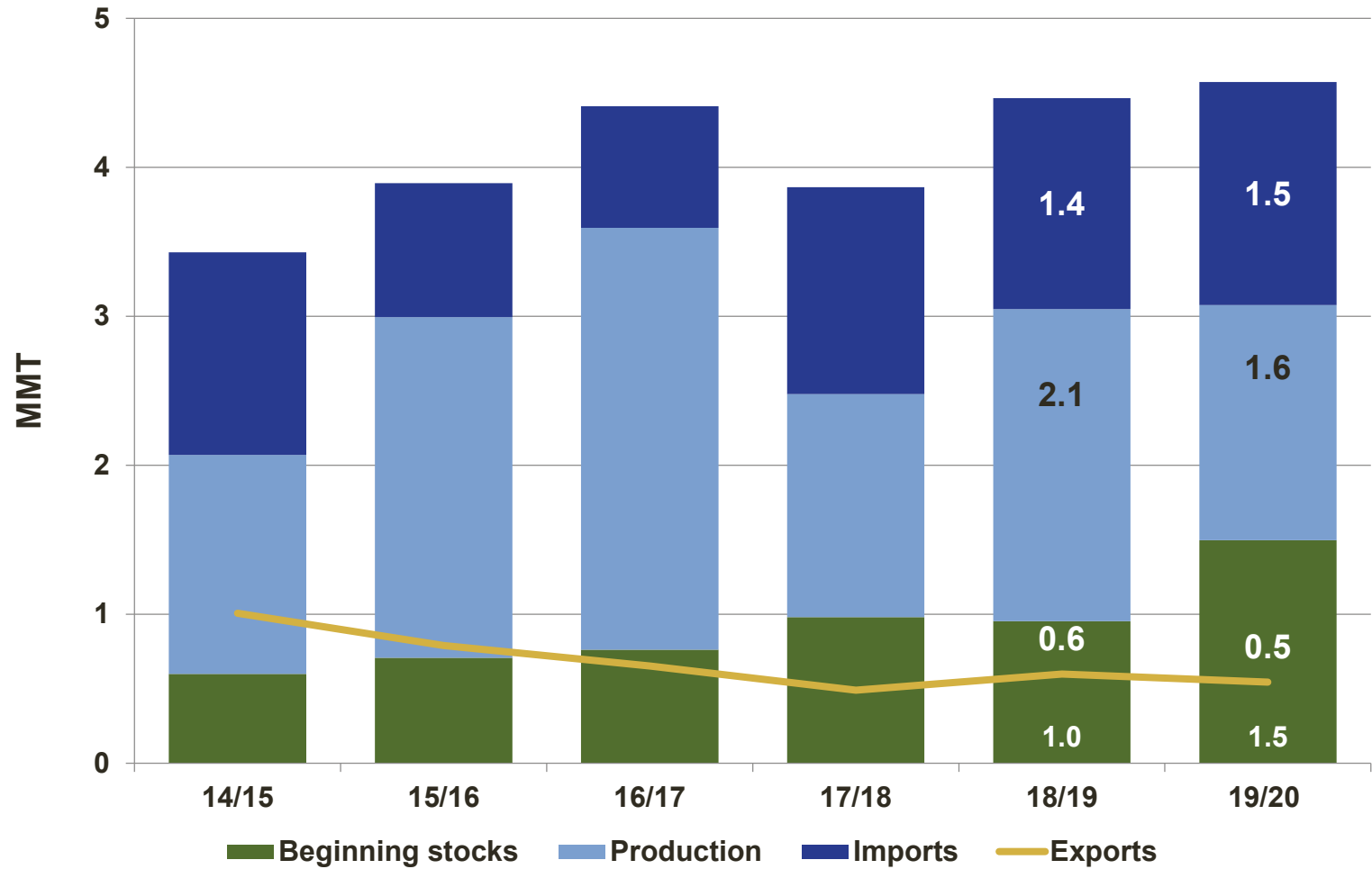
U.S. Soft Red Winter



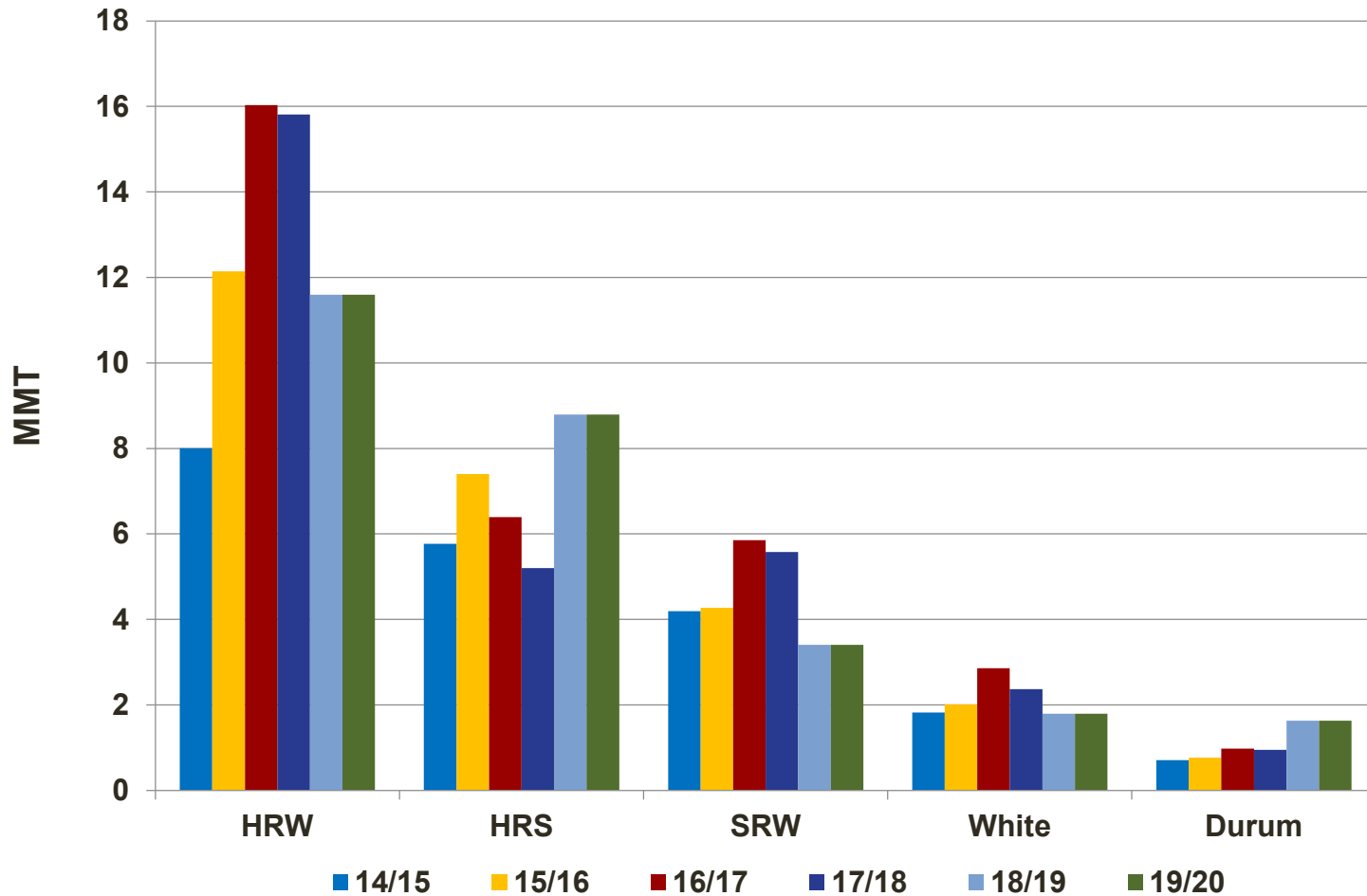
U.S. White



U.S. Durum



U.S. Wheat Ending Stocks by Class



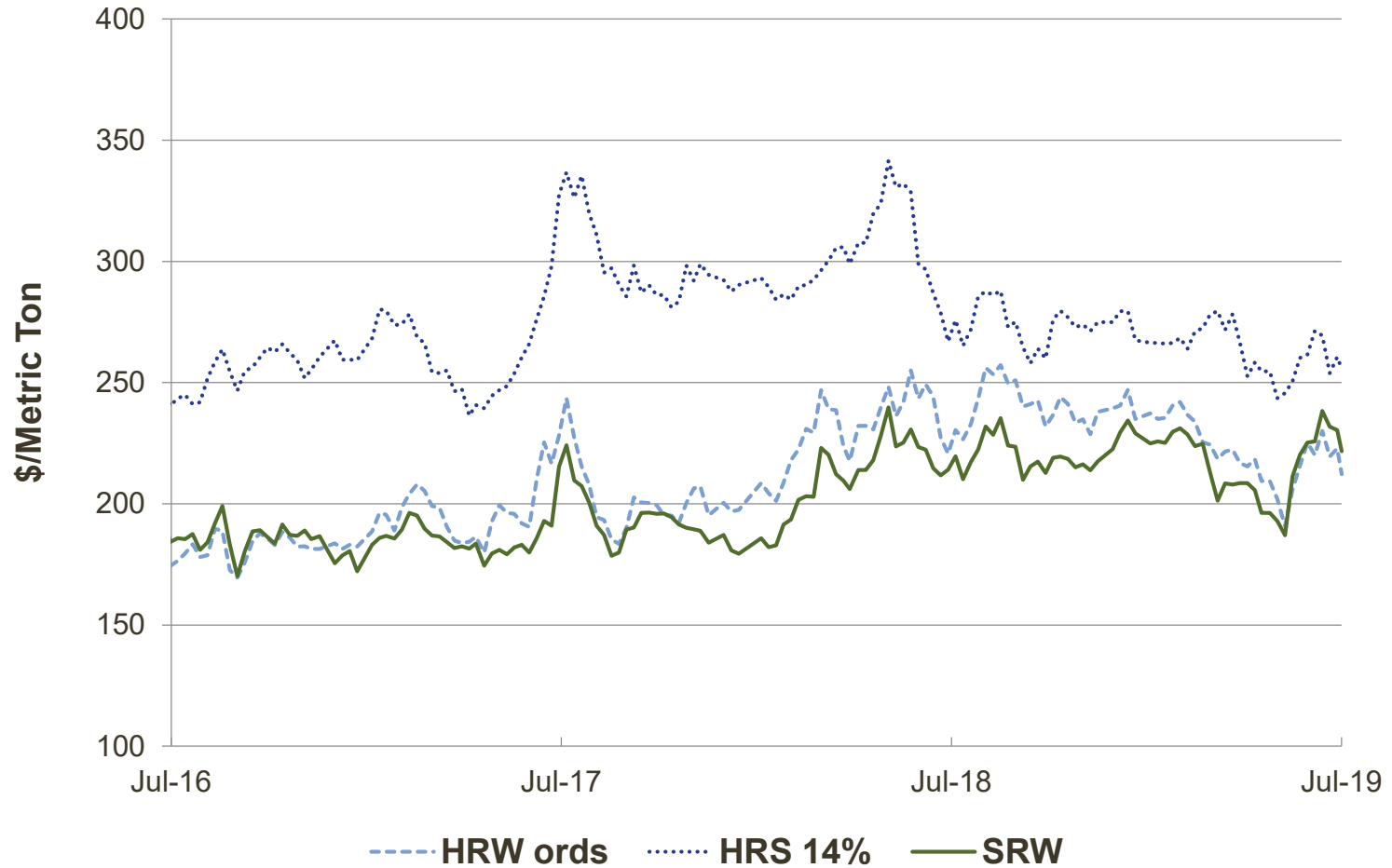
U.S. Wheat Supply and Demand (MMT)

	HRW		HRS		SRW	
	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>
Beginning Stocks	15.8	13.8	5.20	7.21	5.58	4.30
Production	18.0	21.9	16.0	14.8	7.78	7.05
Supply Total	34.0	35.8	23.0	23.8	13.47	11.49
Domestic Use	11.2	13.6	8.76	7.95	5.69	5.63
Exports	9.0	10.6	7.05	7.08	3.48	2.45
Use Total	20.2	24.2	15.8	15.0	9.17	8.08
Ending Stocks	13.8	11.6	7.21	8.79	4.30	3.40
Stocks-to-Use	68%	48%	46%	59%	47%	42%

U.S. Wheat Supply and Demand (MMT)

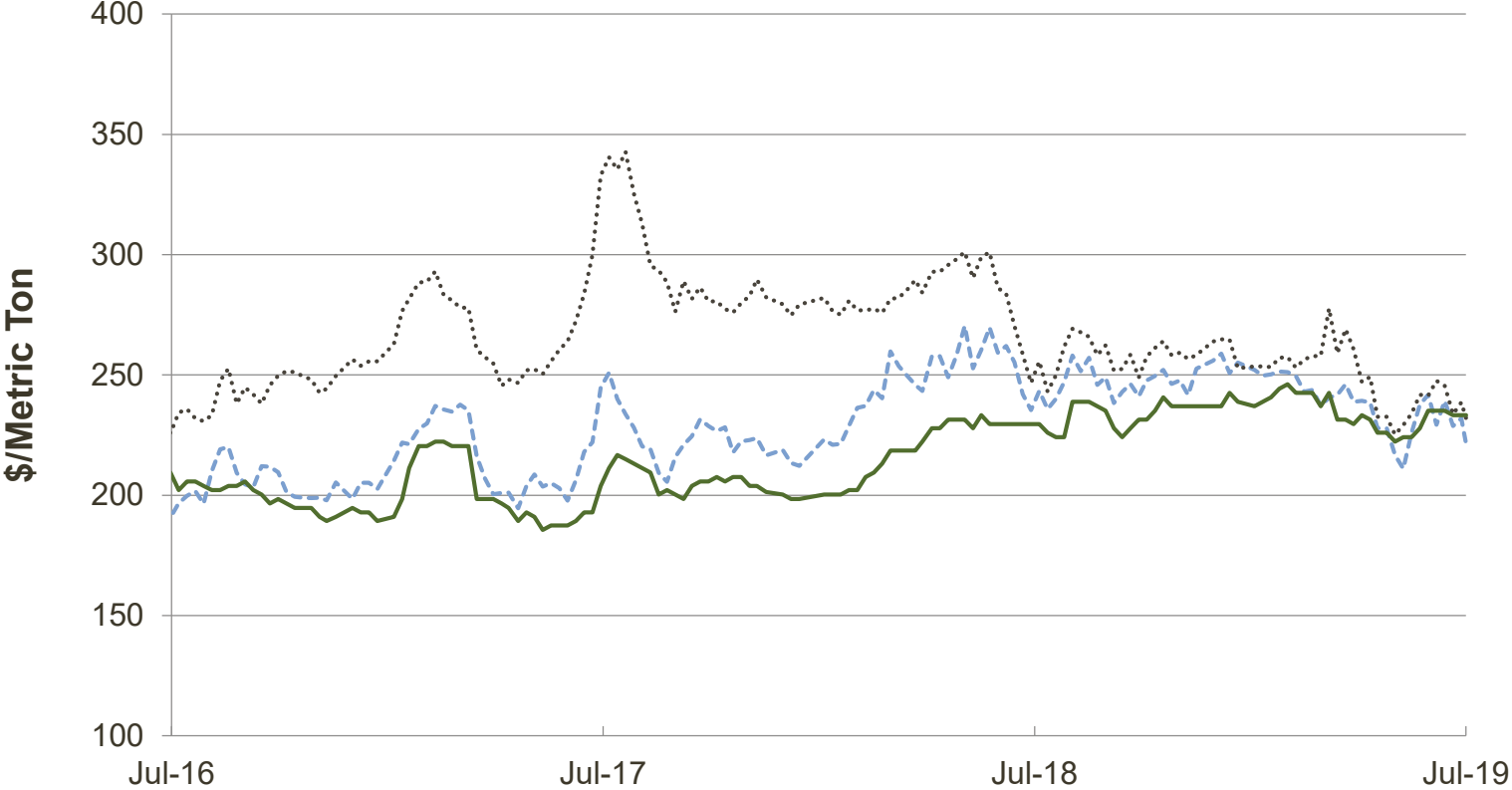
	White		Durum		Total	
	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>
Beginning Stocks	2.37	2.40	0.95	1.50	29.9	29.2
Production	7.40	6.99	2.10	1.58	51.3	52.3
Supply Total	9.9	9.55	4.46	4.57	84.9	85.3
Domestic Use	2.20	2.61	2.37	2.40	30.2	32.2
Exports	5.33	5.17	0.60	0.54	25.5	25.9
Use Total	7.54	7.78	2.97	2.94	55.7	58.1
Ending Stocks	2.40	1.80	1.50	1.63	29.2	27.2
Stocks-to-Use	32%	23%	50%	56%	52%	47%

U.S. FOB Gulf Prices



**Source: U.S. Wheat Associates Price Report, July 2, 2019*

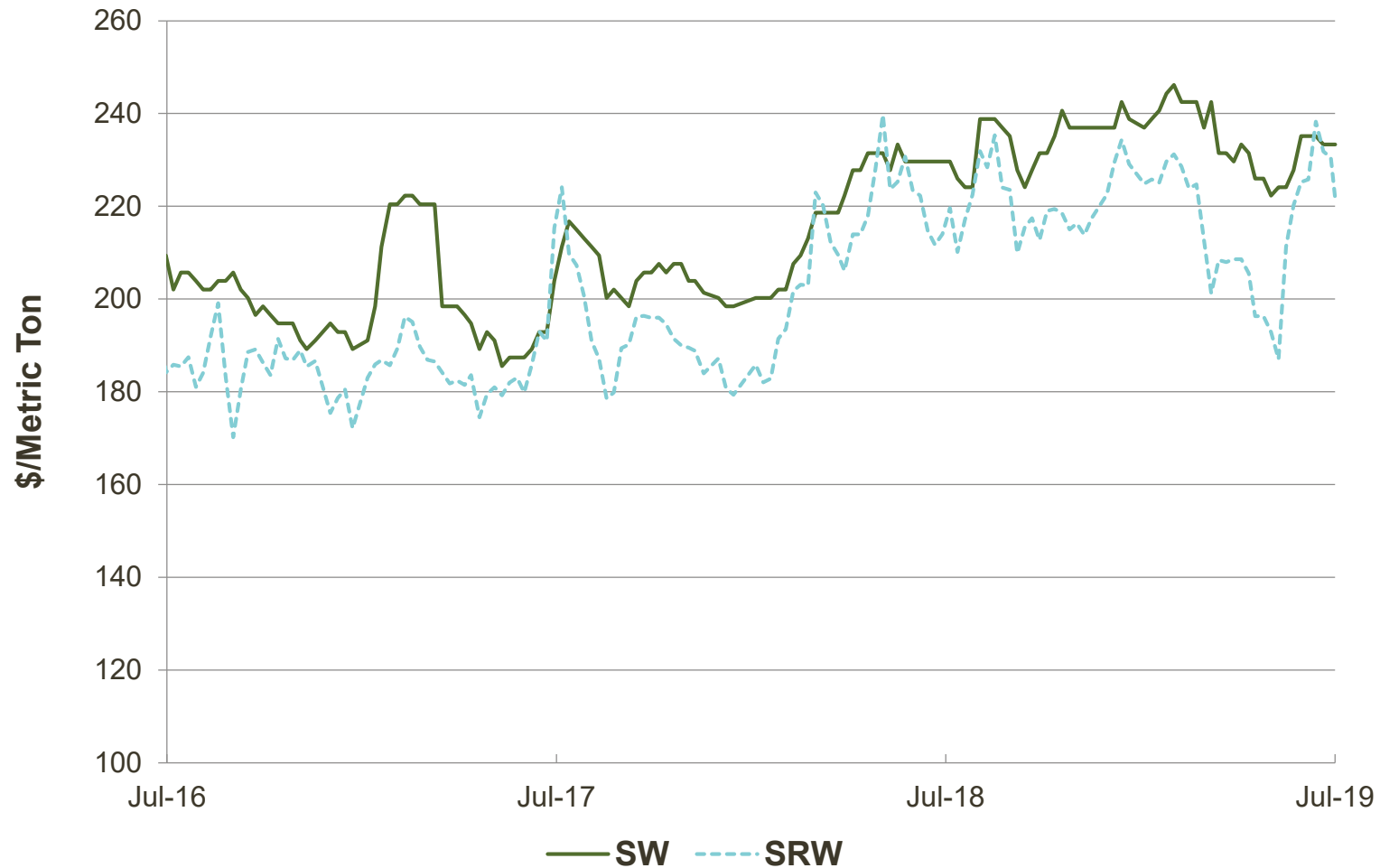
U.S. FOB PNW Prices



--- HRW 11.5% HRS 14% — SW

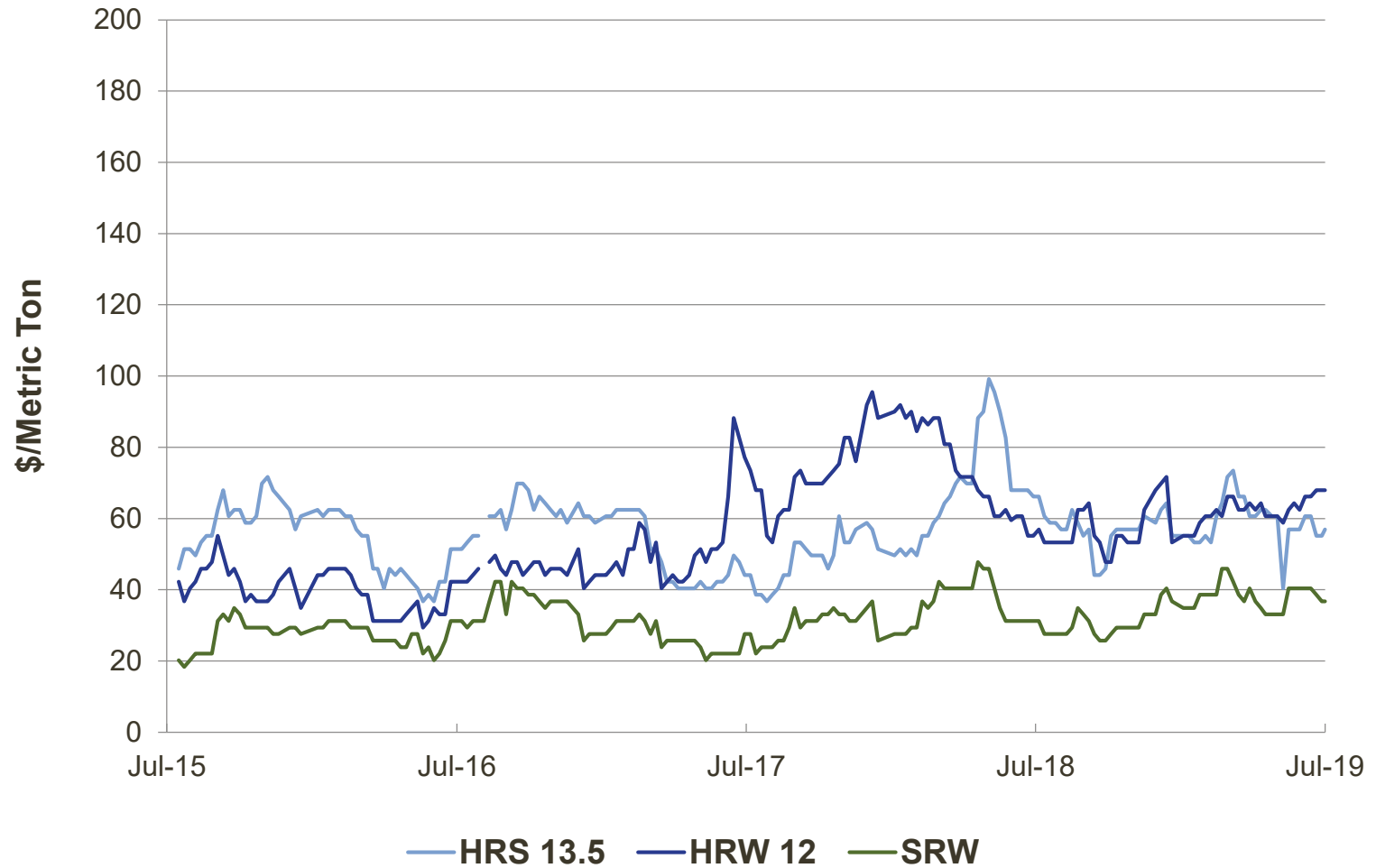
*Source: U.S. Wheat Associates Price Report, July 2, 2019

SRW and Soft White Prices



**Source: U.S. Wheat Associates Price Report, July 2, 2019*

U.S. Gulf Basis Prices



**Source: U.S. Wheat Associates Price Report, July 2, 2019*

U.S. PNW Basis Prices



**Source: U.S. Wheat Associates Price Report, July 2, 2019*



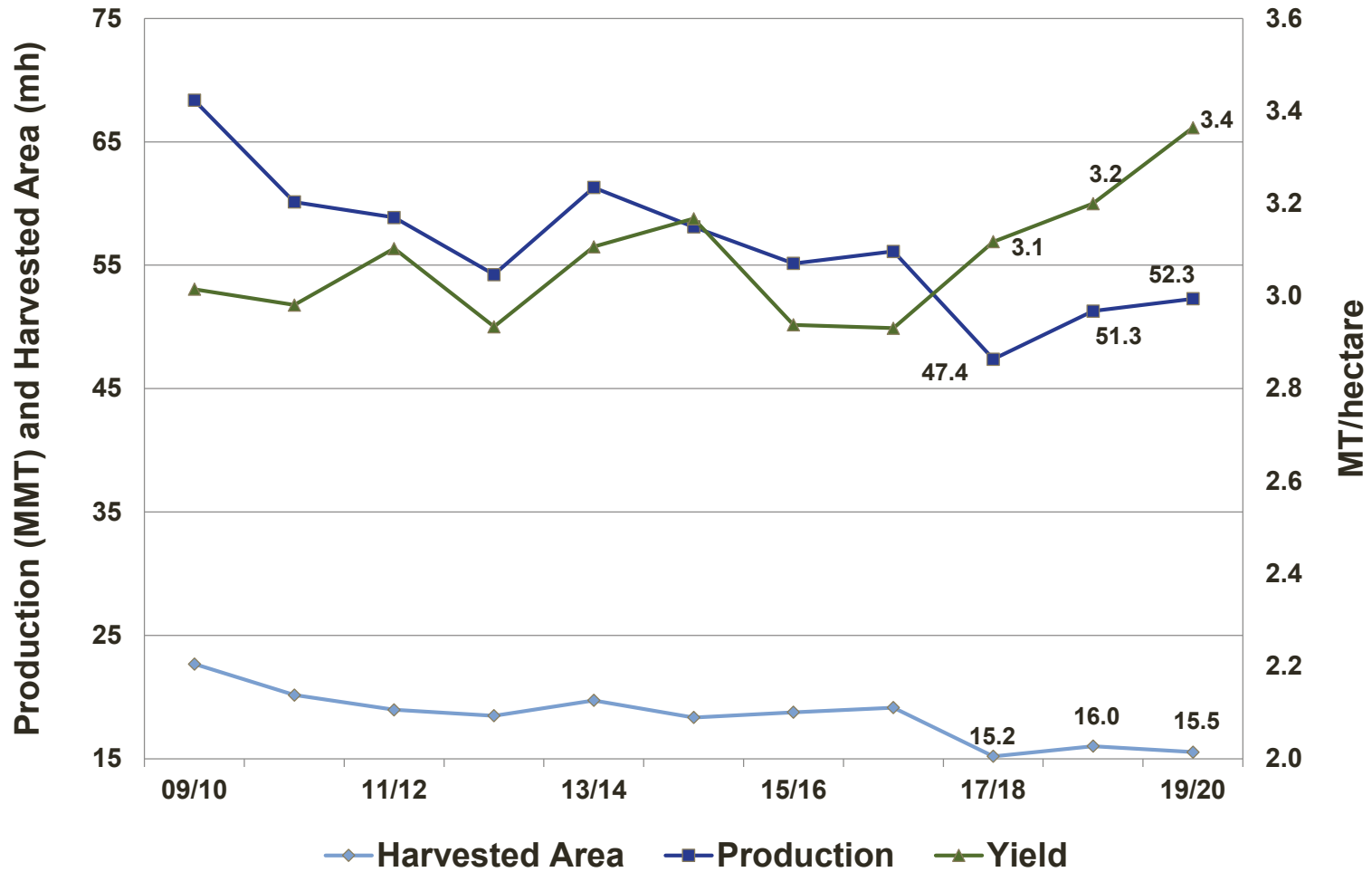
Major Exporters

Import Demand

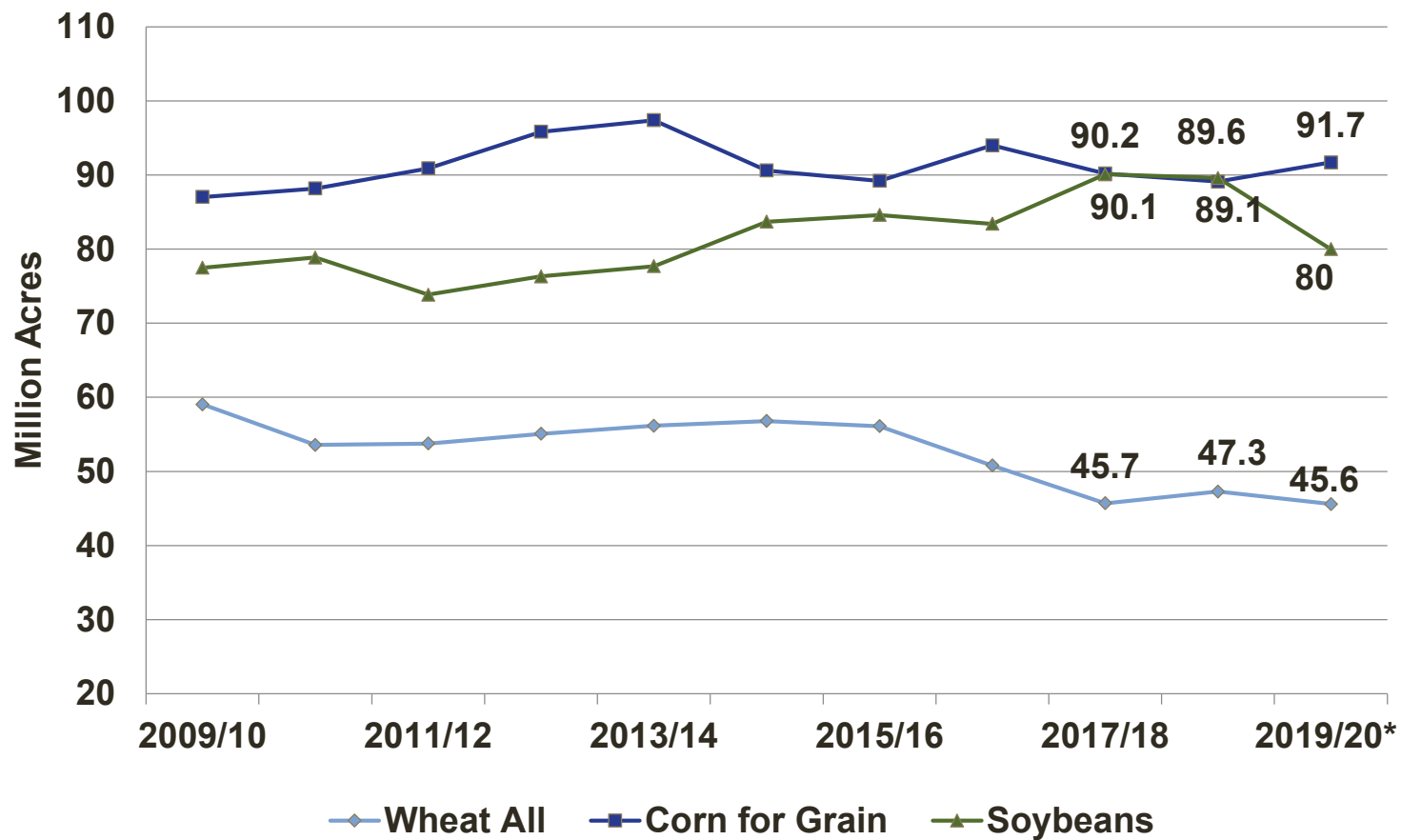
U.S. Situation by Class

Outlook

U.S. Wheat Production, Area and Yield



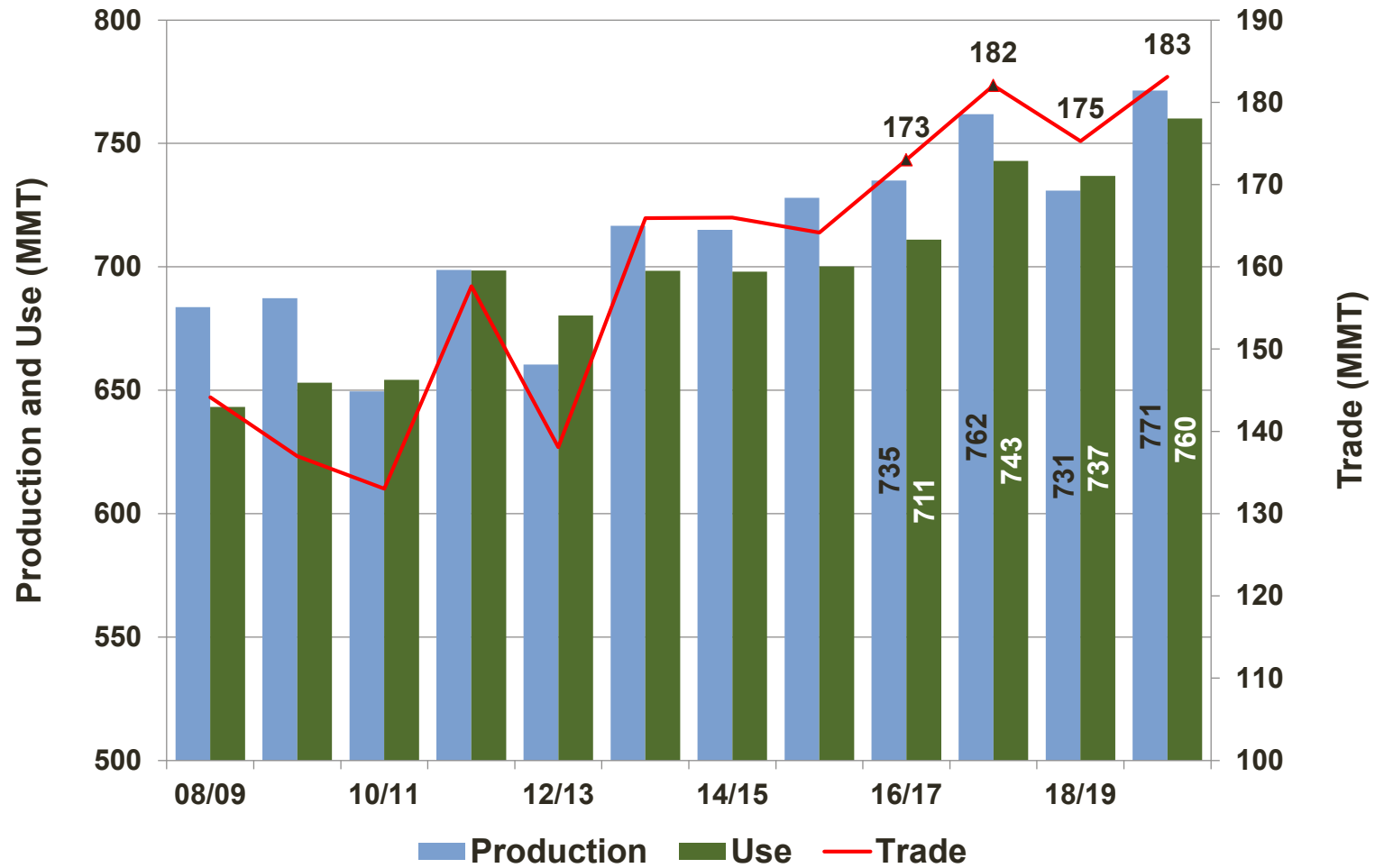
U.S. Crop Planted Area Comparison



*Source: USDA Acreage Report, June 28, 2019

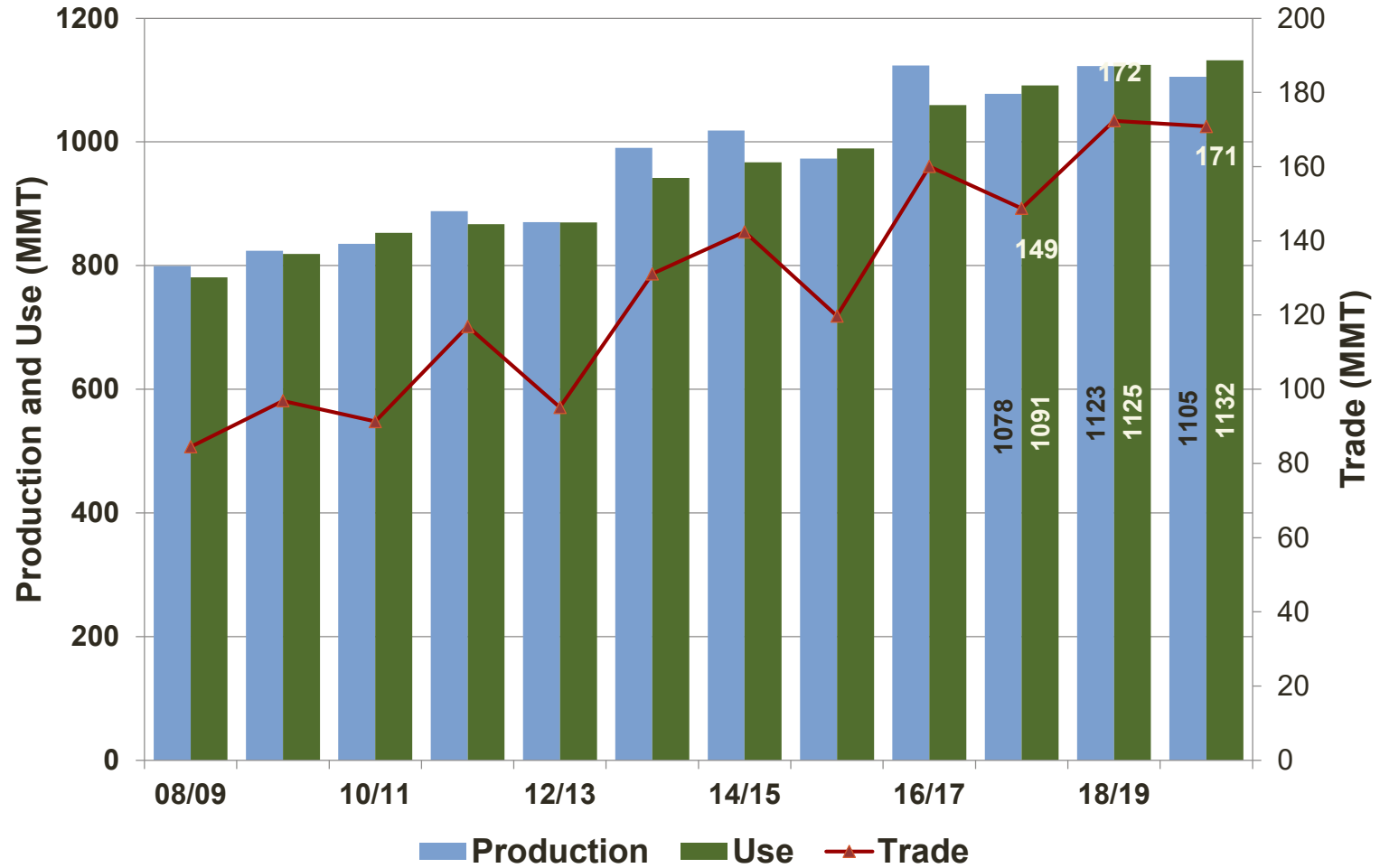
World Wheat

Production, Use and Trade



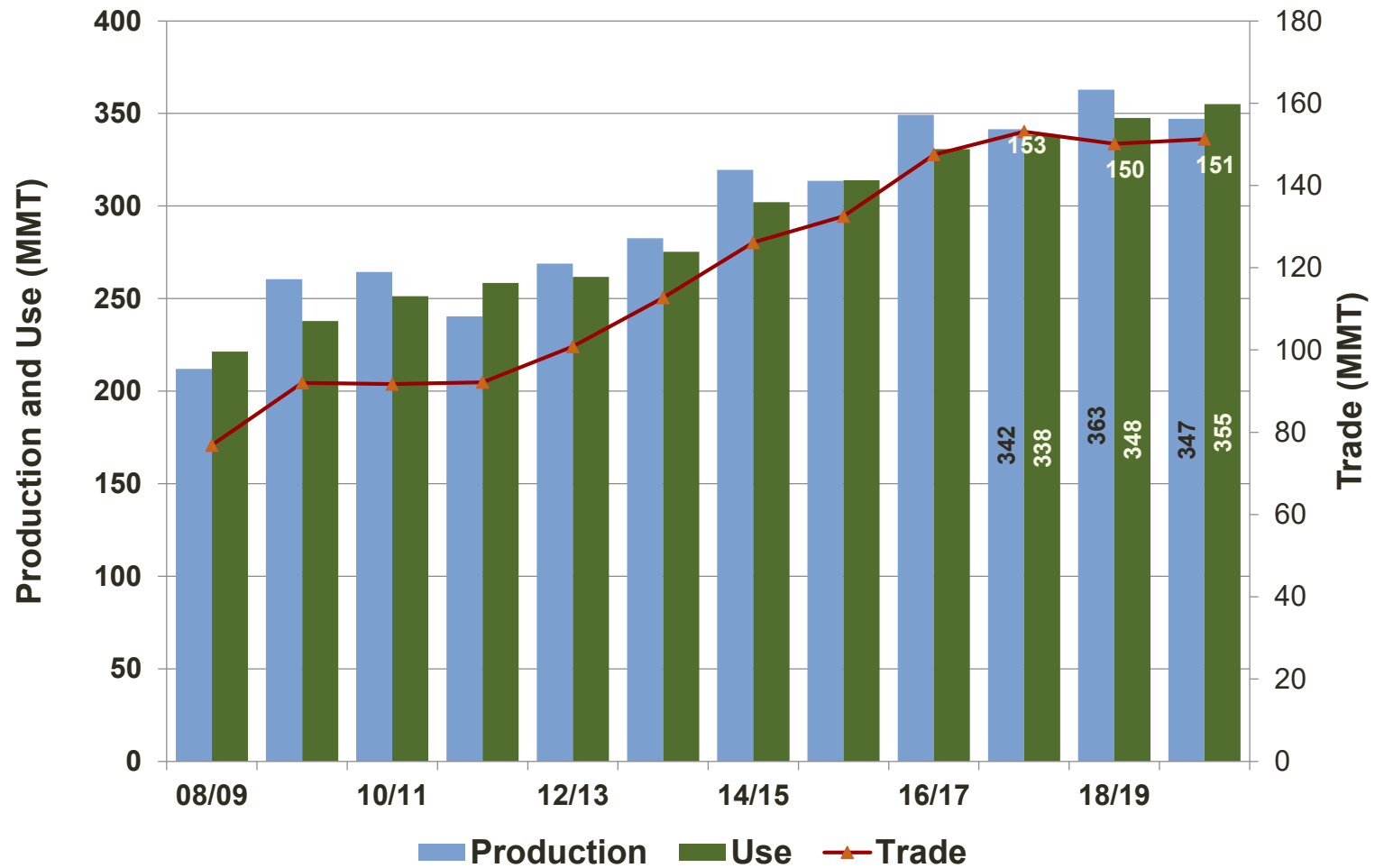
World Corn

Production, Use and Trade

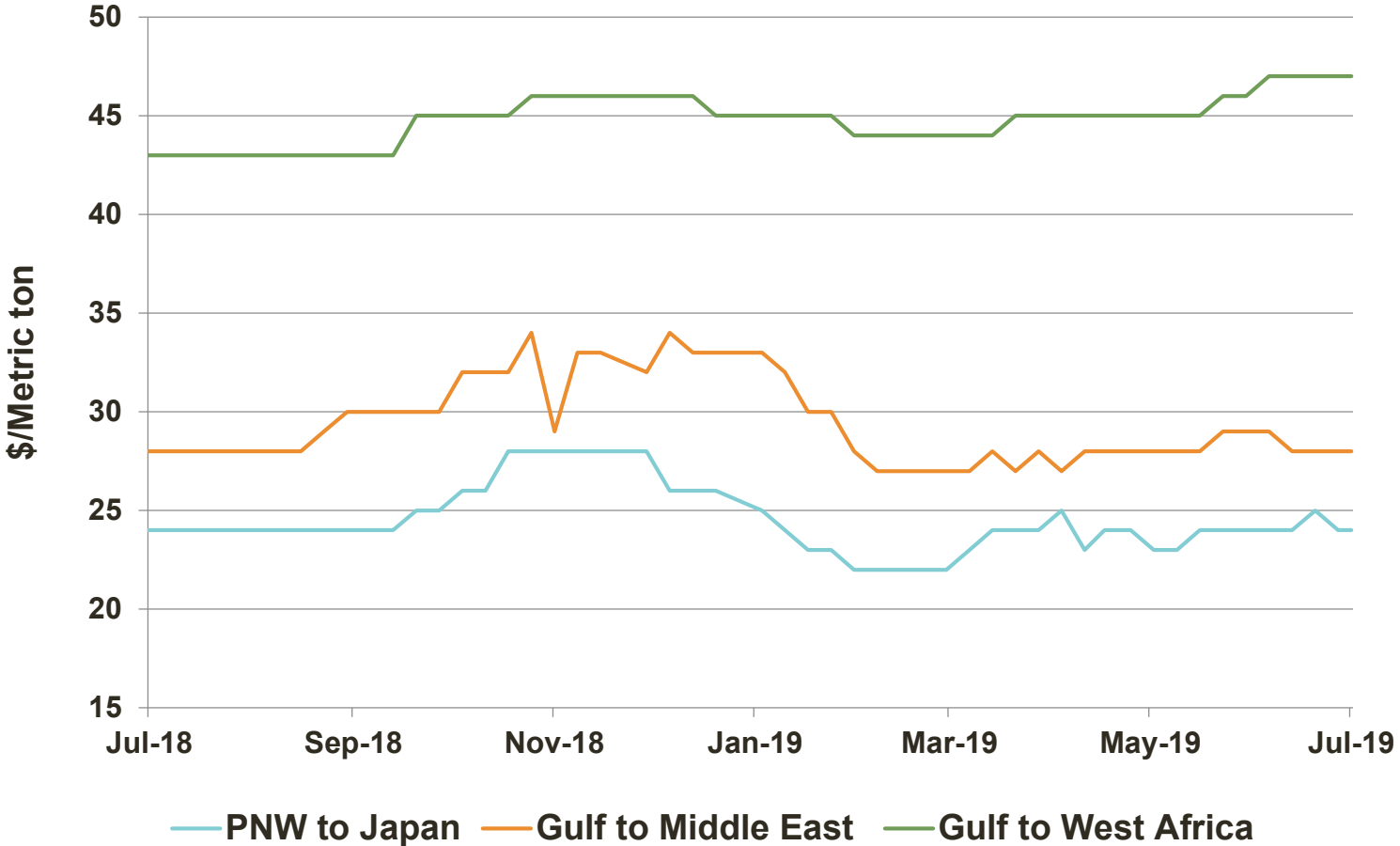


World Soybeans

Production, Use and Trade



Ocean Freight Rates for Grains



*Source: U.S. Wheat Associates Price Report, July 2, 2019

Summary

- **Global production to increase 6% year-over-year to 781 MMT**
 - EU Wheat production to rebound after the 2018/19 drought to 151 MMT
 - Australian wheat production to rally after last year's devastating drought to 21.0 MMT
 - Black Sea wheat production to reach 117 MMT, 5% higher than 2018/19 levels
 - Wheat production in the United States to total 52.3 MMT, 4% below the 5-year average
- **Global ending stocks to rise to 286 MMT, 4% above 2018/19 levels and 11% higher than the 5-year average of 257 MMT**
 - Estimated Chinese ending stocks of 146 MMT are 4% higher than last year and 30% above the 5-year average of 112 MMT
 - U.S. ending stocks to total 27.2 MMT, 7% lower than last year and 2% below the 5-year average
- **World consumption and trade are both expected to exceed 2018/19 levels**
 - Total global trade to reach 183 MMT, 4% higher than 2018/19 and 4% above the 5-year average
 - Total global consumption to reach its highest level in 10 years at 760 MMT
 - U.S. 2019/20 domestic consumption to increase 6% year-over-year to 32.2 MMT and exports are rise slightly above 2018/19 levels to 25.9 MMT