



World Wheat Supply and Demand Situation

February 2019

Major data source: USDA World
Agricultural Supply and Demand
Estimates released February 8, 2019.
Projections will change over the course
of the year depending on weather and
other developments.

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 wheat production to fall to 735 MMT, down 4% from 2017/18
- Wheat production in Australia to fall to 17.0 MMT, its lowest output since 2007/08
- U.S. wheat production estimated at 51.3 MMT, 8% above 2017/18 levels

2. Consumption forecast at a record 747 MMT, 4% above the 5-year average

- Australian feed wheat consumption expected to reach 5 MMT, up 20% year over year
- China's domestic consumption to increase by 4 MMT to 125 MMT, 6% above the 5-year average, if realized
- U.S. domestic consumption to grow 7% from last year's 29.3 MMT to 31.3 MMT

3. World wheat trade projected at 179 MMT, 7% above the 5-year average

- Australian exports to drop to 10 MMT, 43% below the 5-year average, and the lowest level since 2007/08
- Exports from Russia to fall 10% year over year to 37 MMT, still 36% above the 5-year average
- U.S. 2018/19 exports to increase to 27.2 MMT, up 11% from 2017/18, if realized

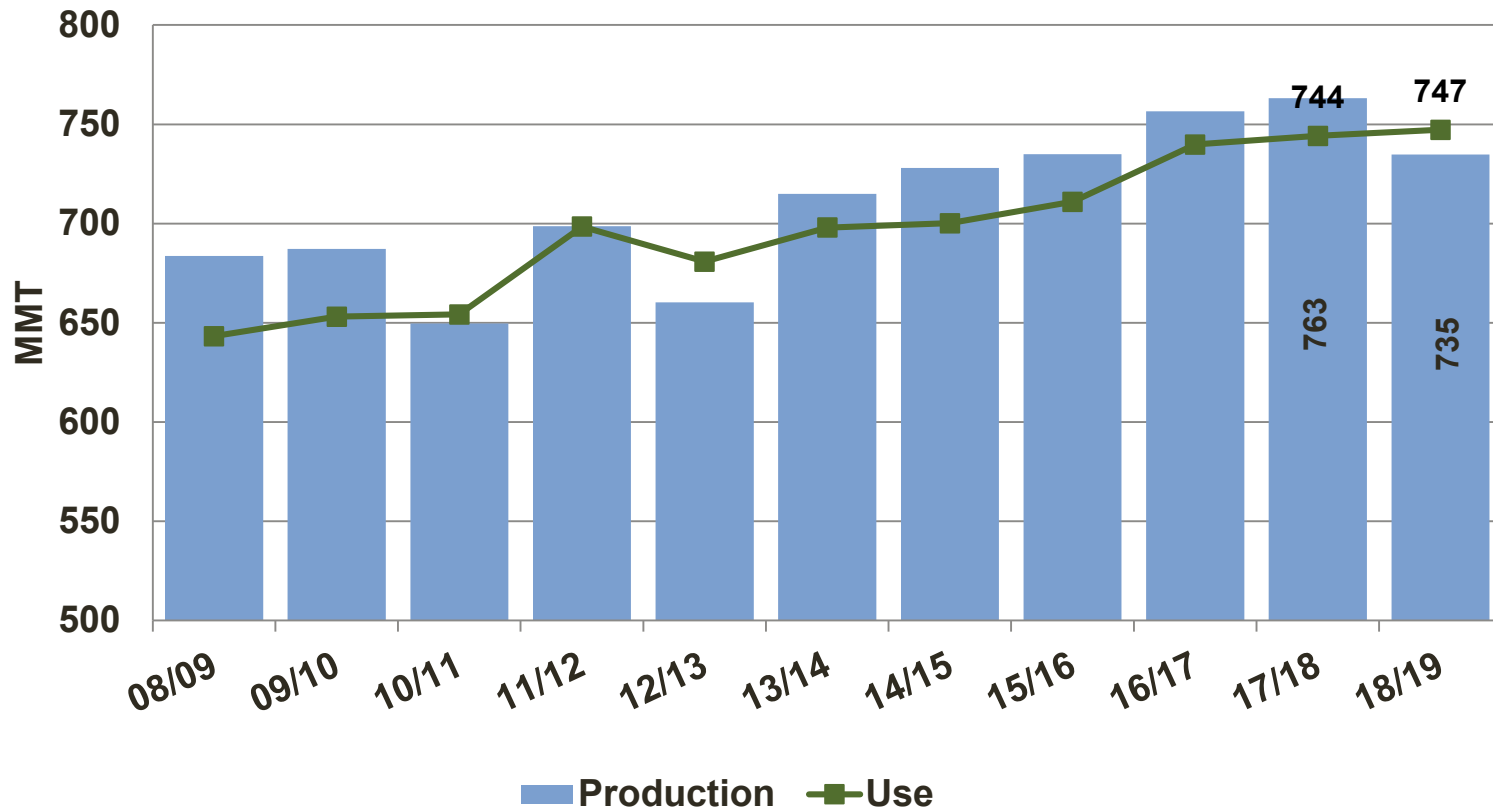


Highlights of USDA's 2018/19 Supply and Demand Estimates

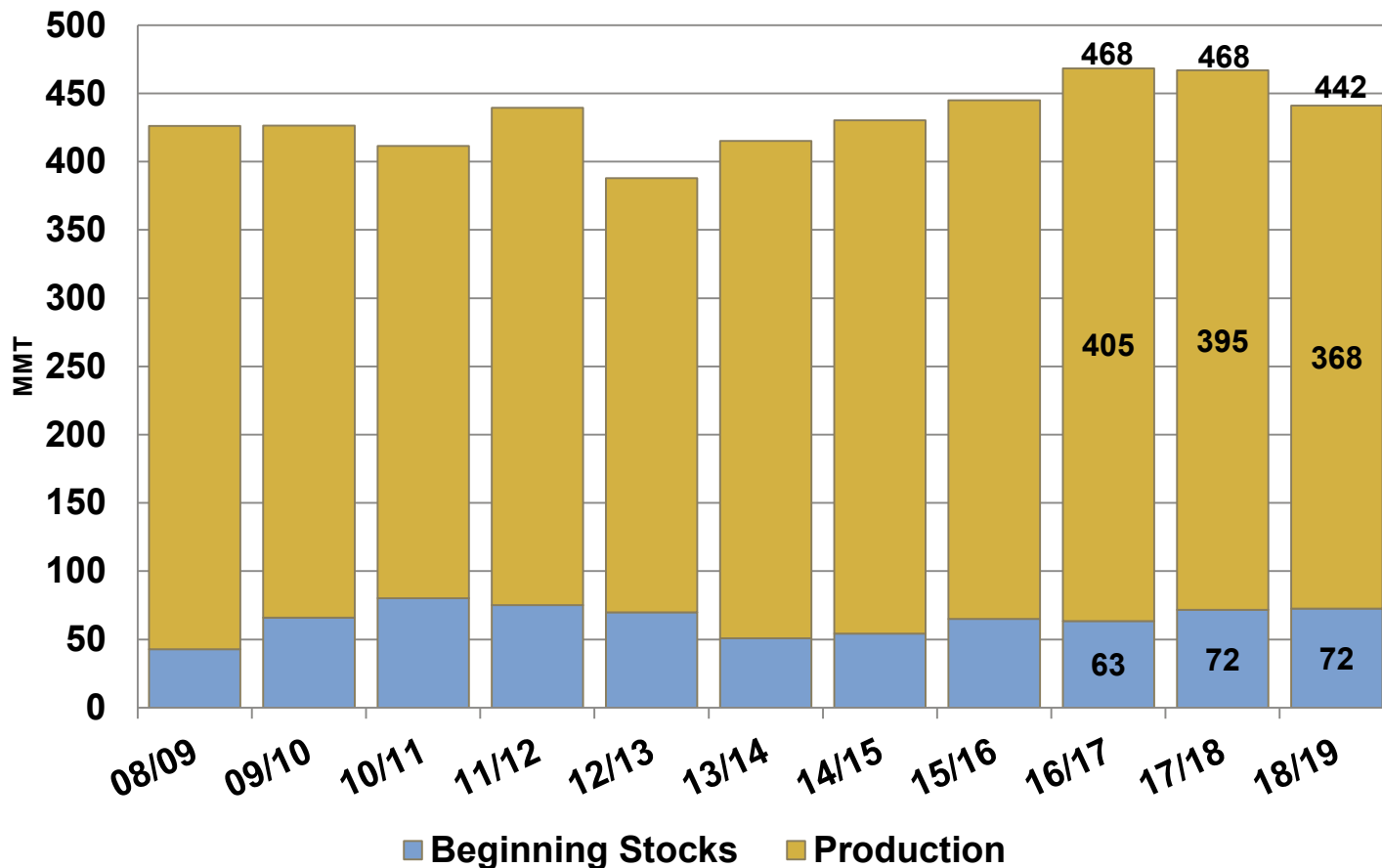
4. World beginning stocks estimated at record 280 MMT, 7% higher than last year and 27% higher than the 5-year average
 - Chinese beginning stocks increased to 131 MMT, the highest level in 10 years
 - U.S. beginning stocks will fall to an estimated 29.9 MMT, 7% below 2017/18 levels
5. Global ending stocks projected at 268 MMT, 4% below the record 2017/18 level, if realized
 - Estimated Chinese ending stocks of 140 MMT account for 52% of global ending stocks, 7% higher than last year and 43% greater than the 5-year average
 - Australian ending stocks projected at 4 MMT, down 32% year over year and 20% below the 5-year average
 - U.S. ending stocks to fall to 26.6 MMT, down 11% from last year
6. U.S. farm gate average price forecast 9% higher in 2018/19
 - Projected average range: **\$5.05 to \$5.25/bushel (\$186-\$193/MT)***
**Average U.S. farm gate price, marketing year weighted average*



World Production and Use



Supplies in Top Exporting Countries*



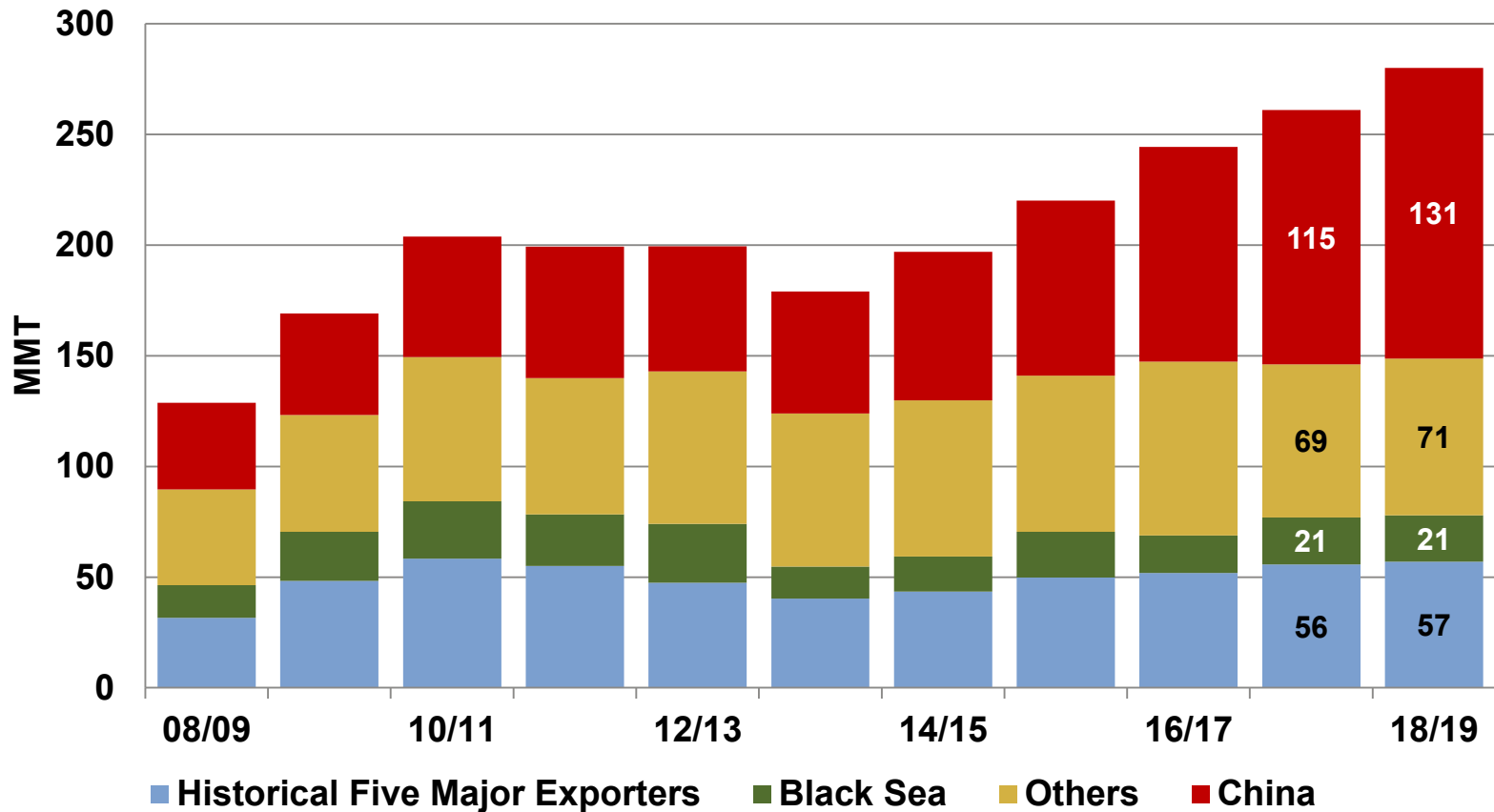
**Includes U.S., Canada, Australia, Argentina, EU-27, Russia, Ukraine and Kazakhstan*

World Wheat Supply and Demand

		16/17	17/18	18/19
			<i>MMT</i>	
SUPPLY:	Beginning Stocks	244	261	280
	Production	757	763	735
	Supply Total	1001	1024	1015
TRADE:	Exports/Imports	183	181	179
DEMAND	Food & Seed	592	597	604
	Feed & Residual	148	148	143
	Use Total	740	744	747
	ENDING STOCKS:	261	280	268



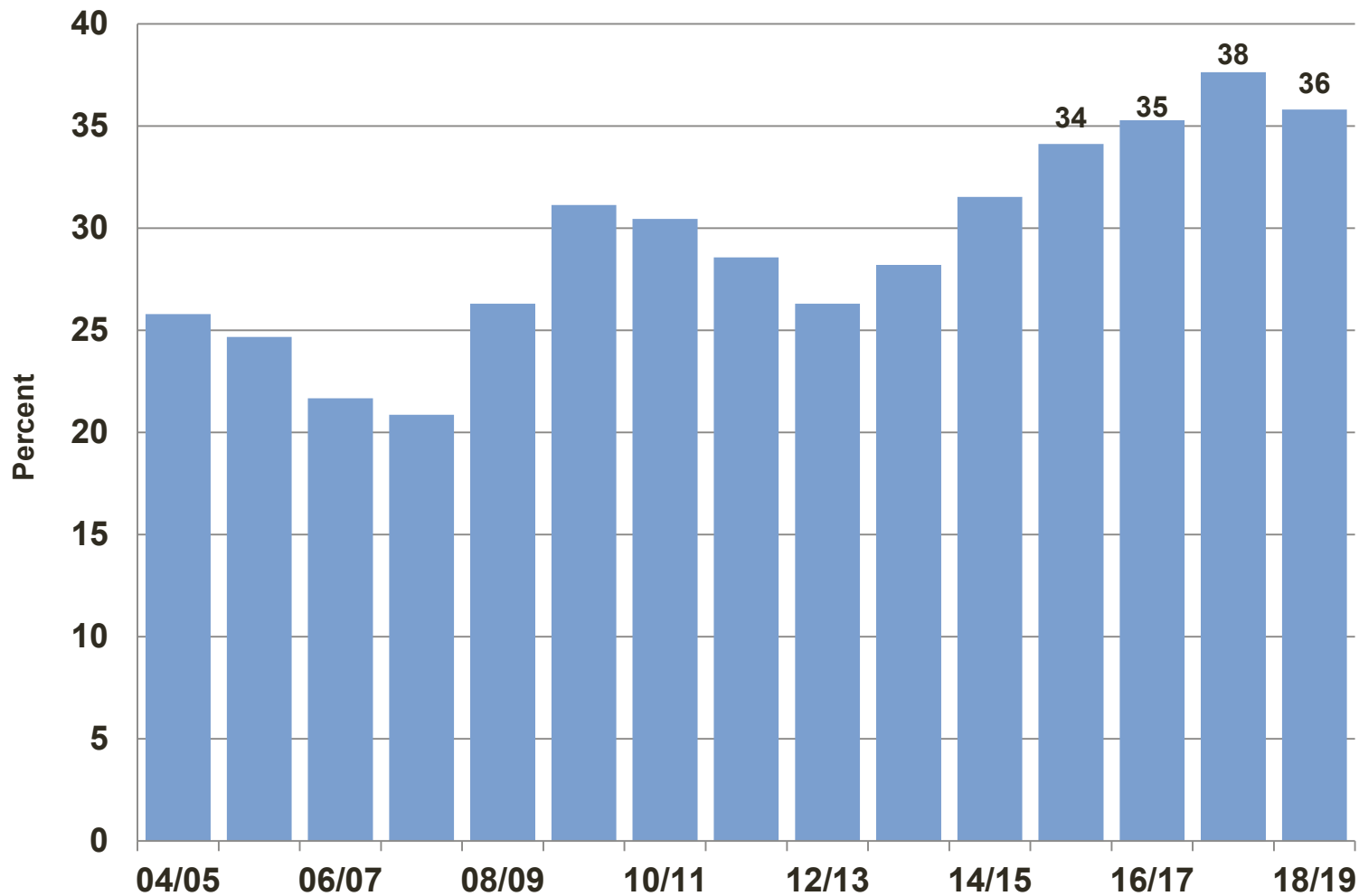
World Beginning Stocks



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



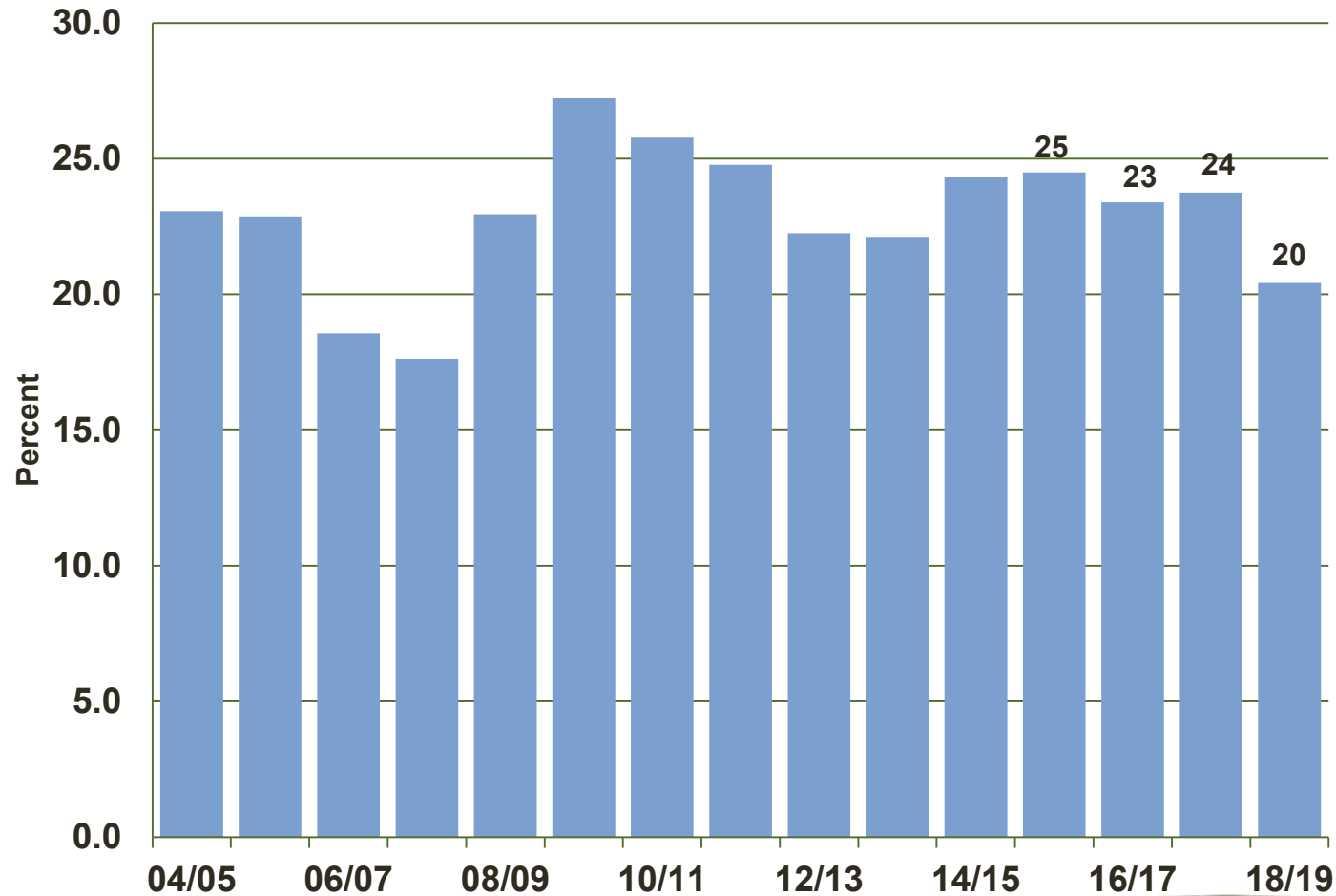
**Ending stocks*

Supply and Demand



U.S. WHEAT
ASSOCIATES

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



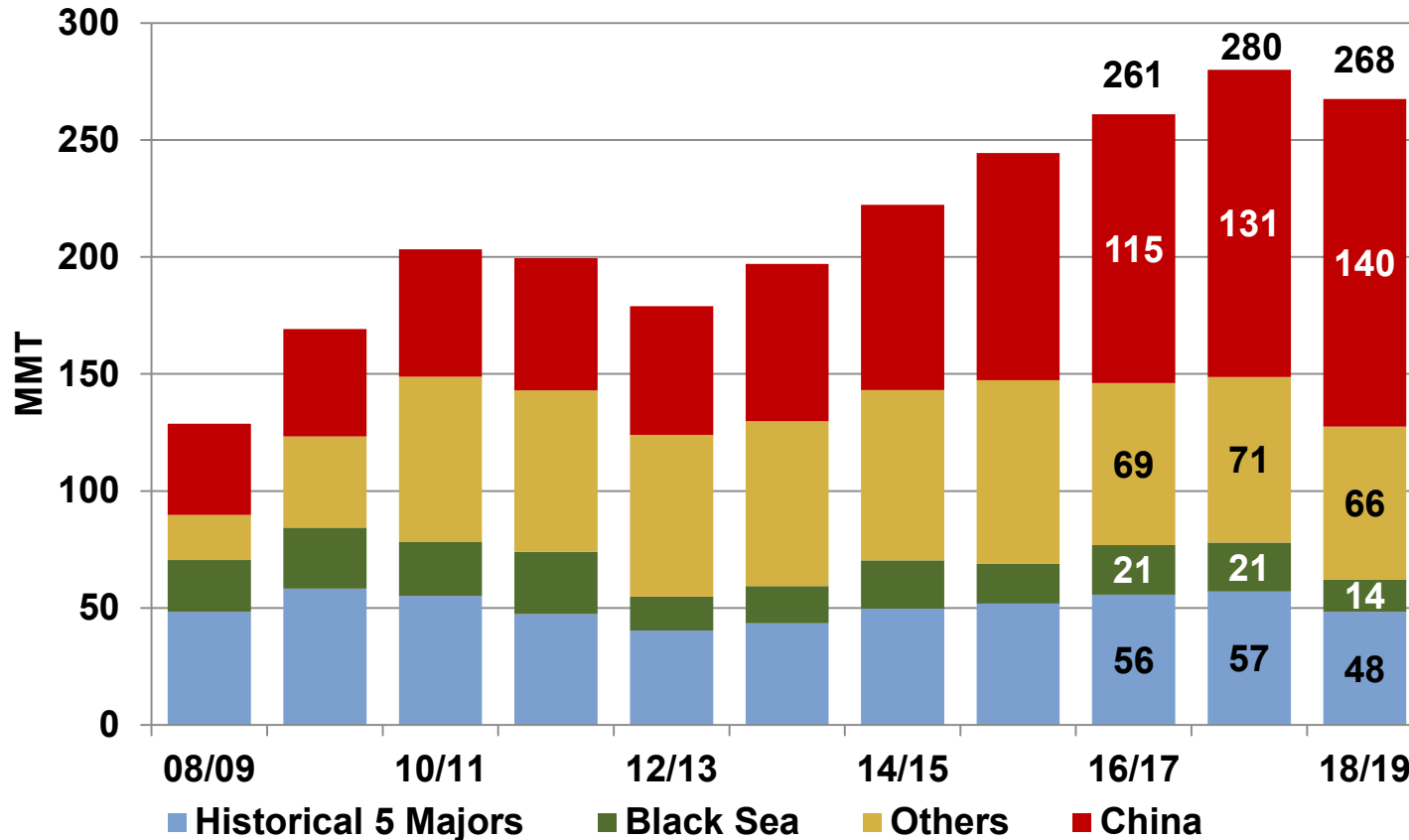
**Ending stocks*

Supply and Demand



U.S. WHEAT
ASSOCIATES

World Ending Stocks

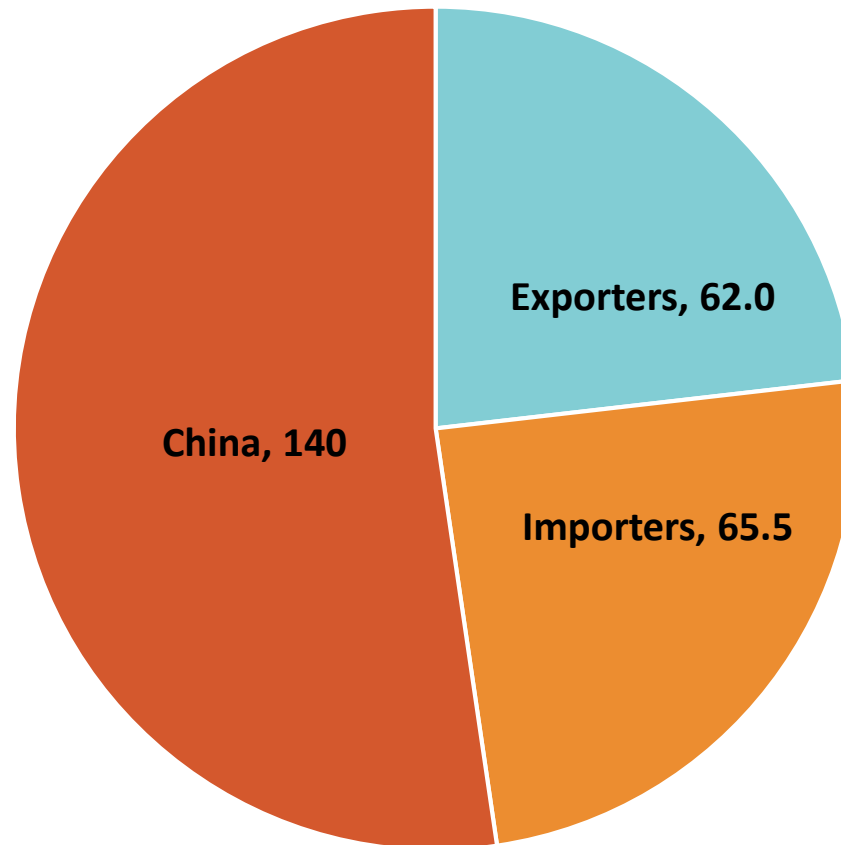


Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27. Black Sea includes Russia, Ukraine and Kazakhstan.

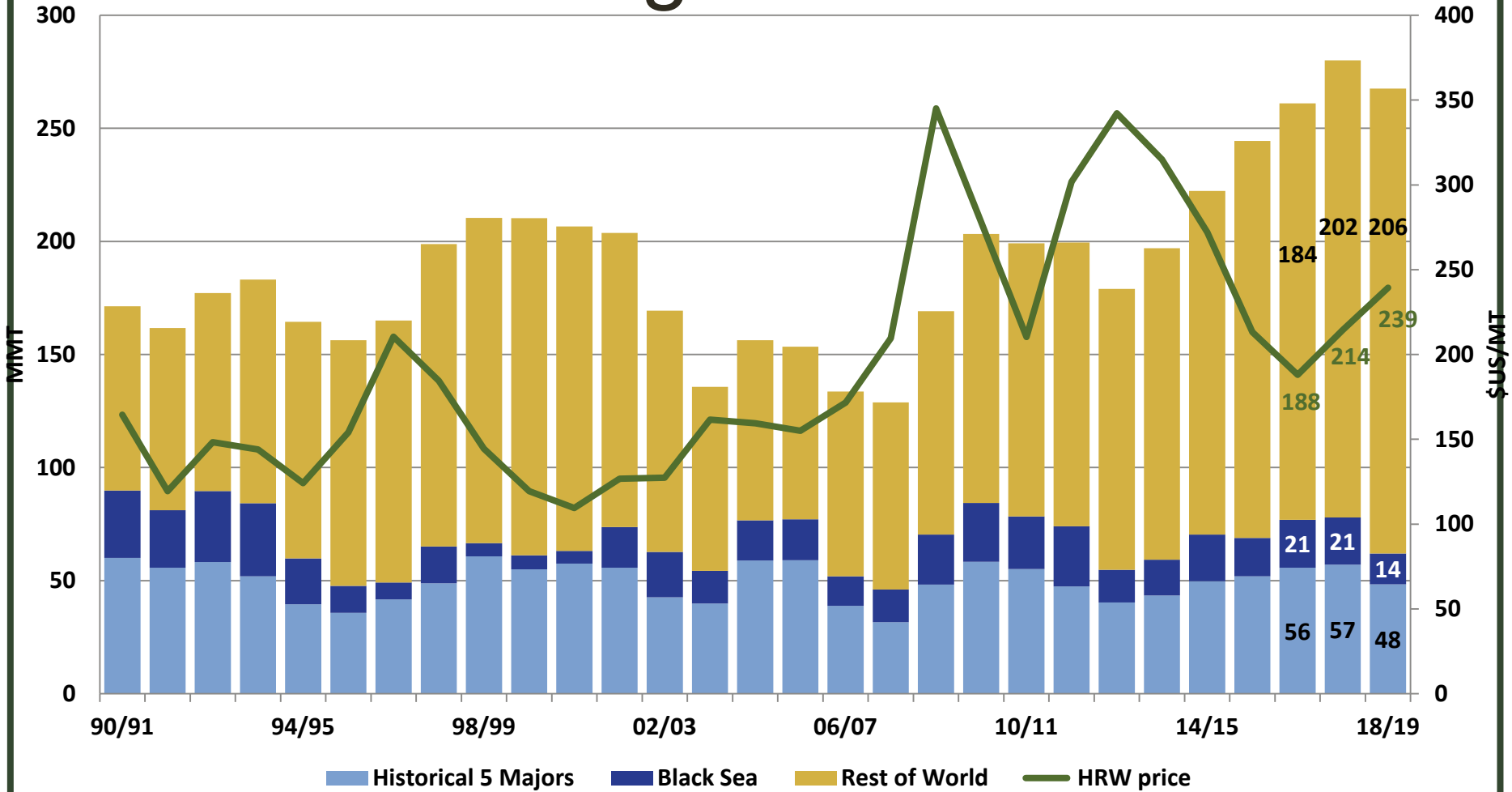


World Ending Stocks by Position

(million metric tons)



Global Ending Stocks and Price





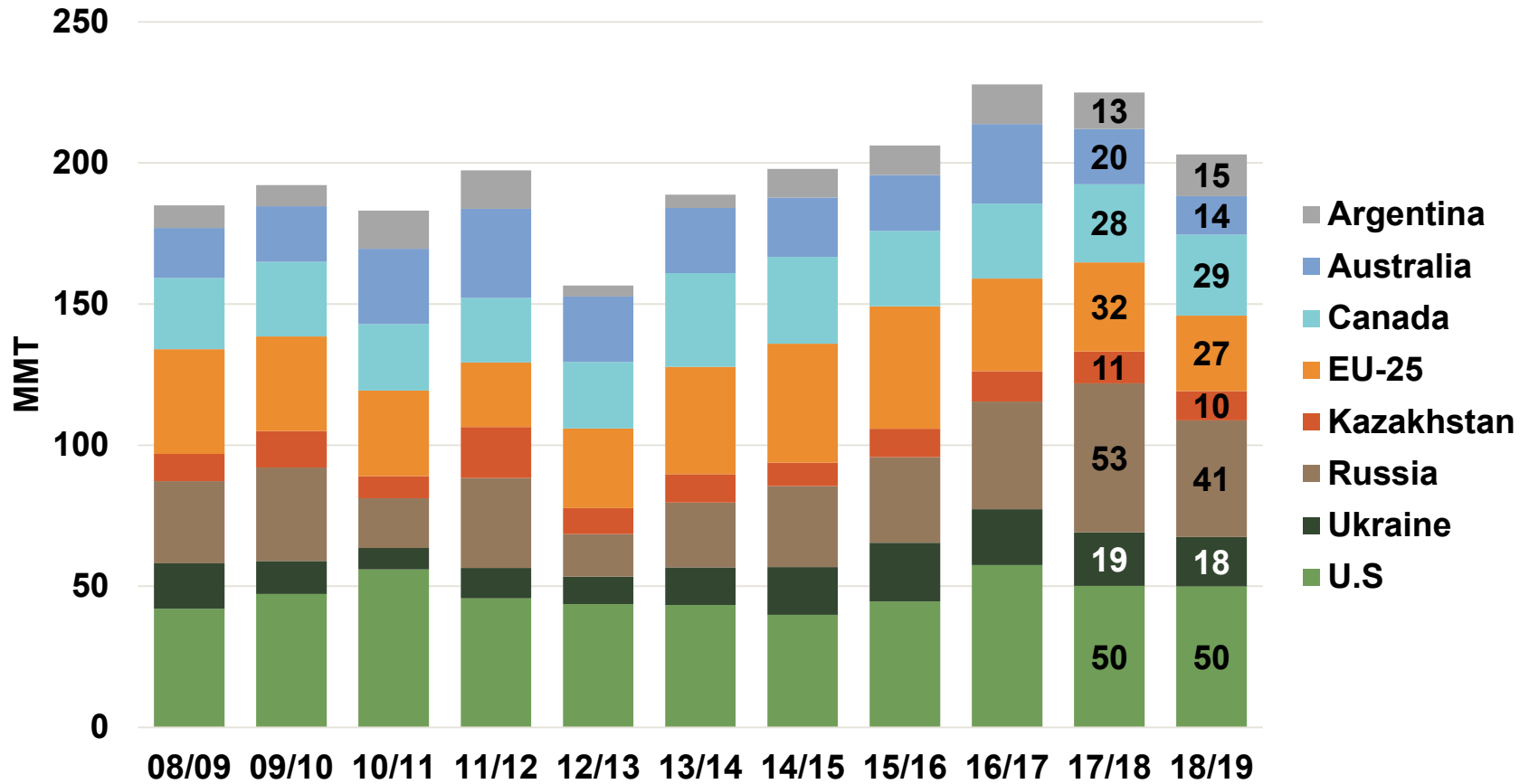
Major Exporters

Import Demand

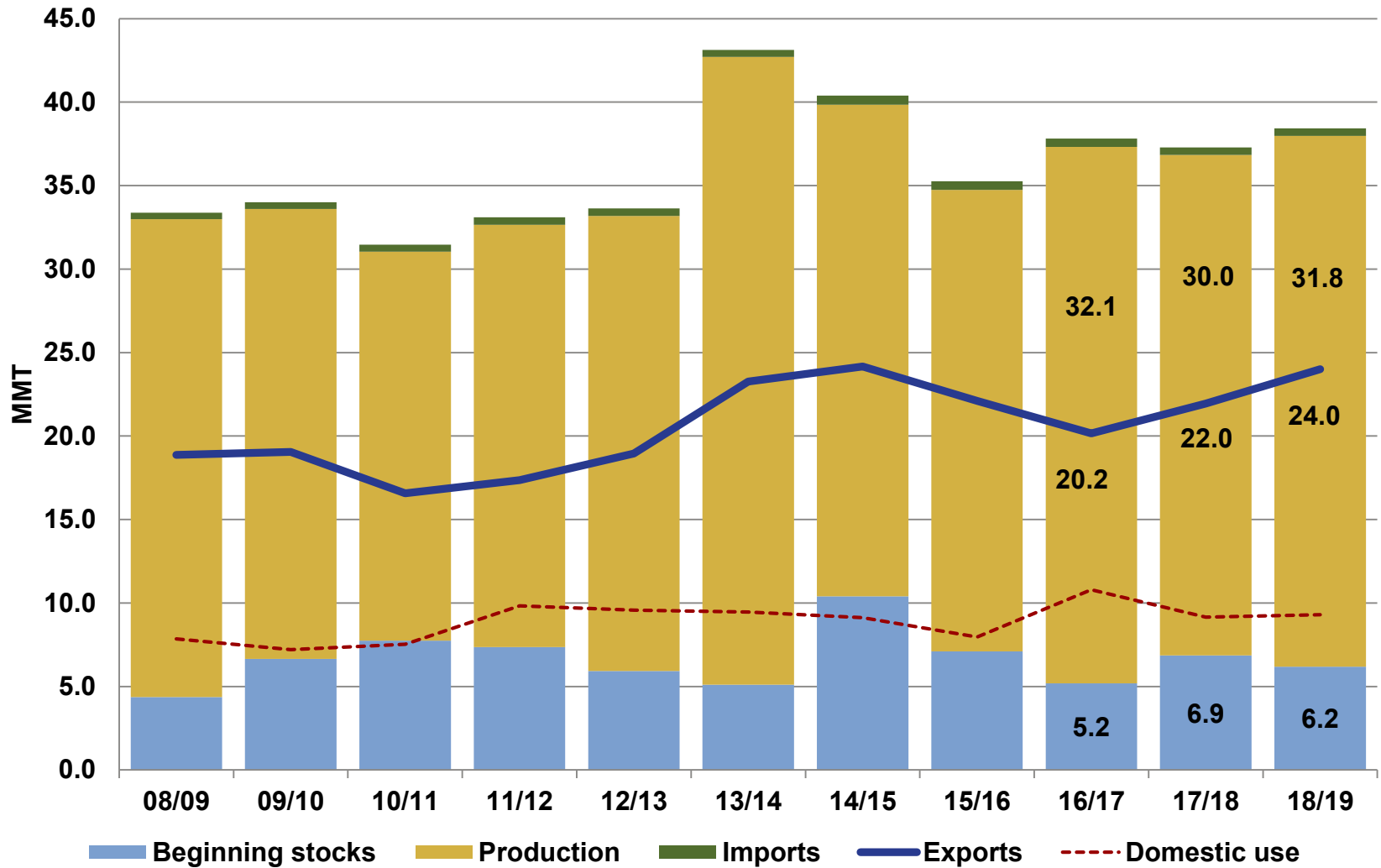
U.S. Situation by Class

Outlook

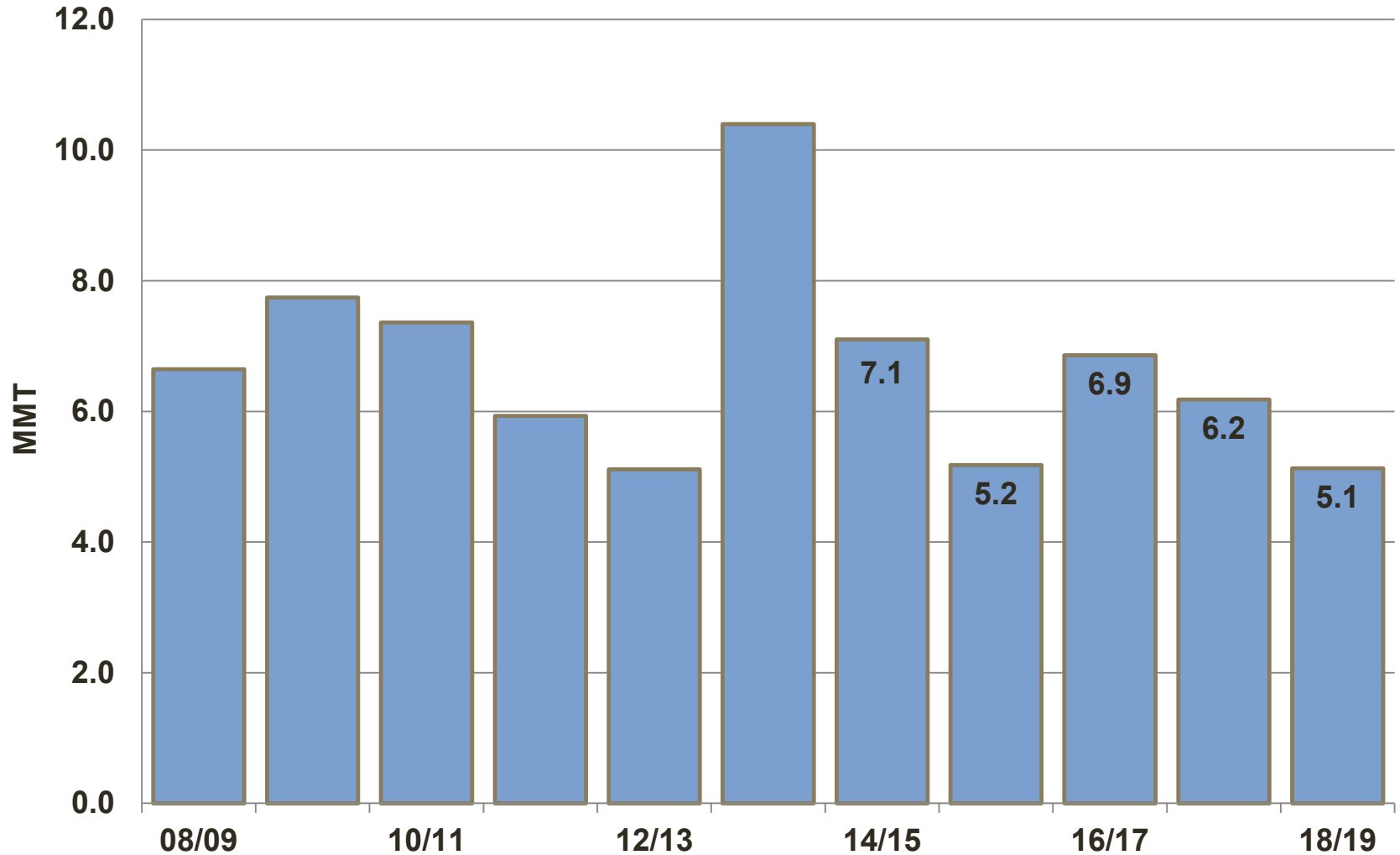
Exportable Supplies in Top Exporting Countries



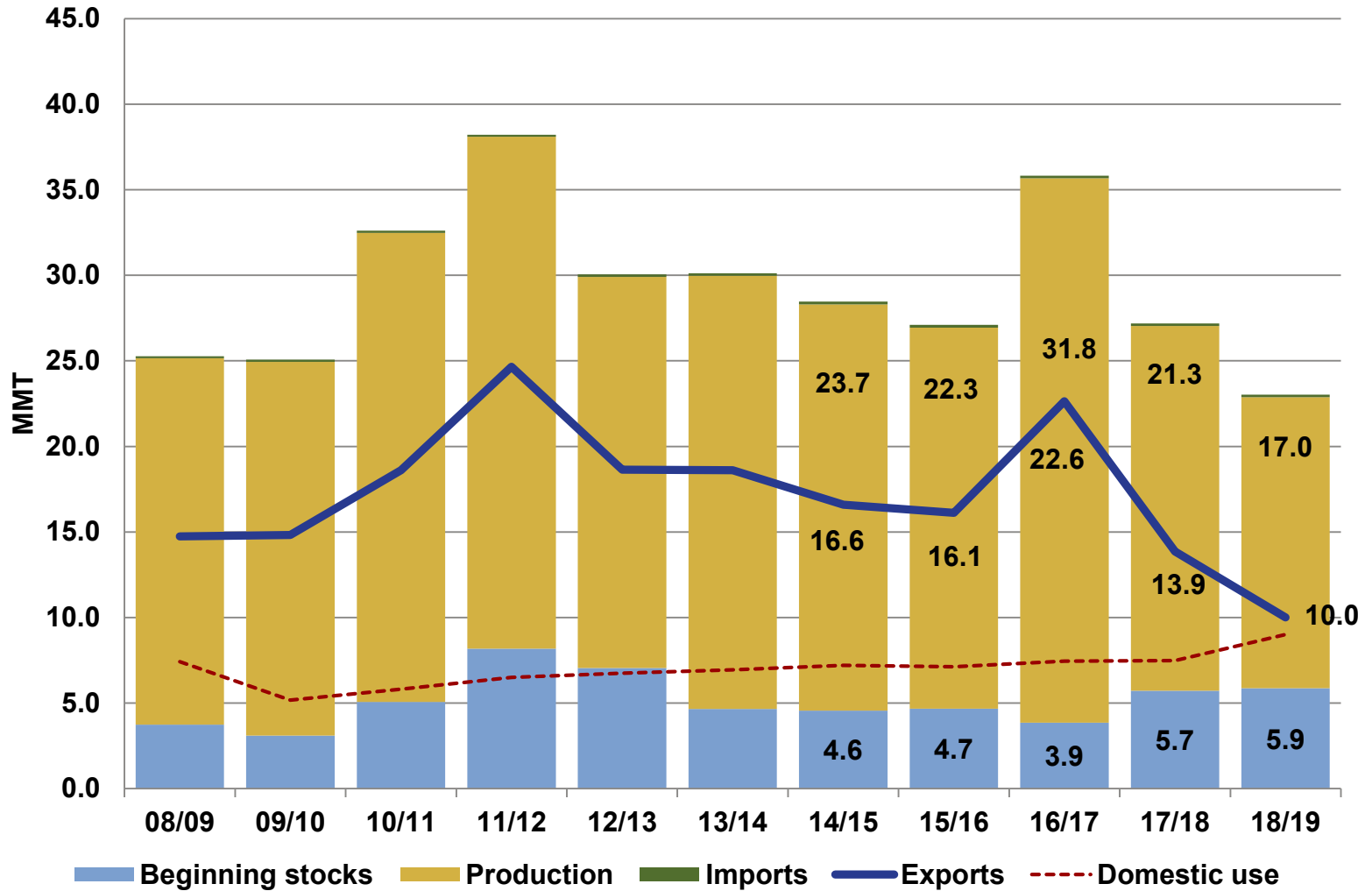
Canada Situation



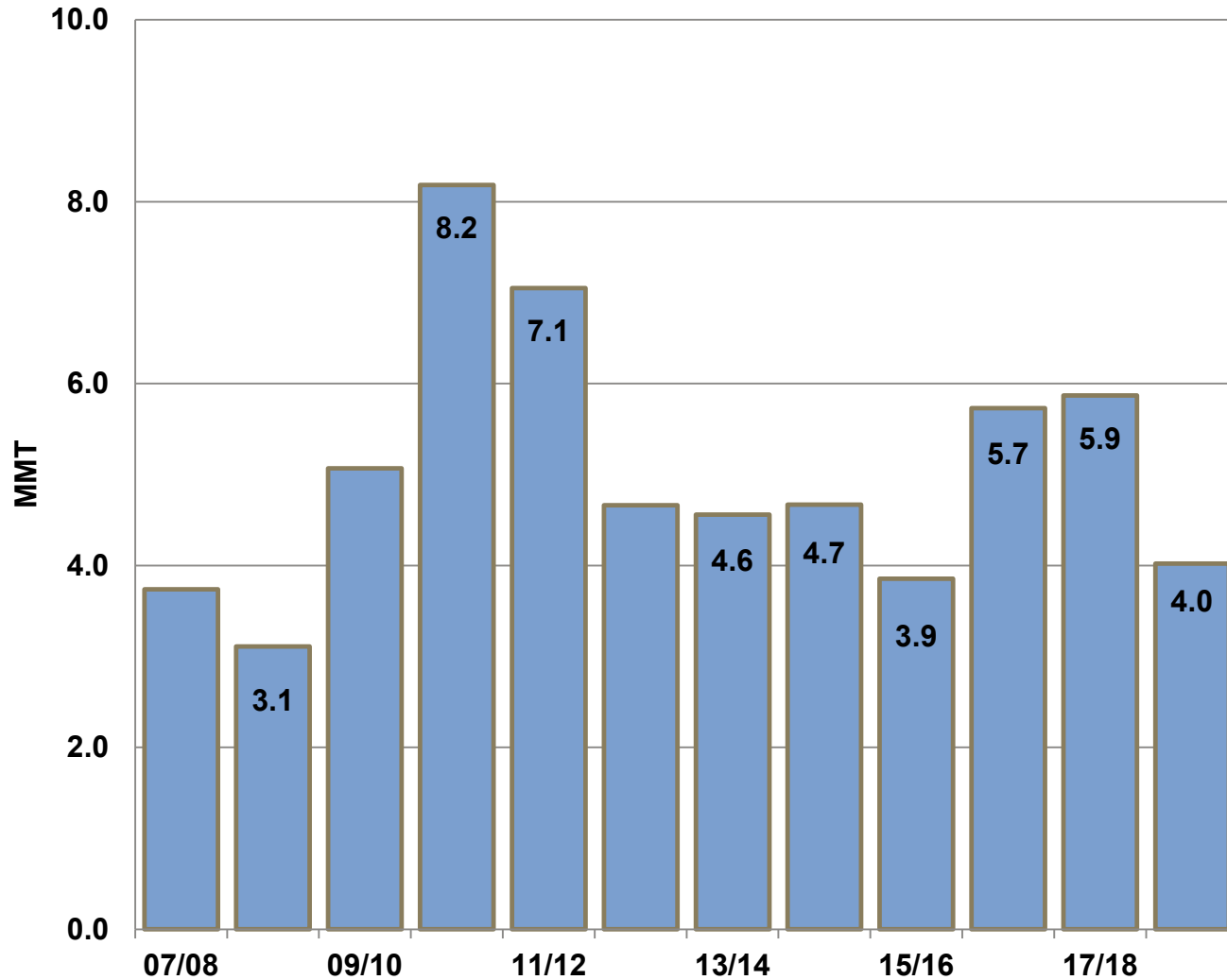
Canada Ending Stocks



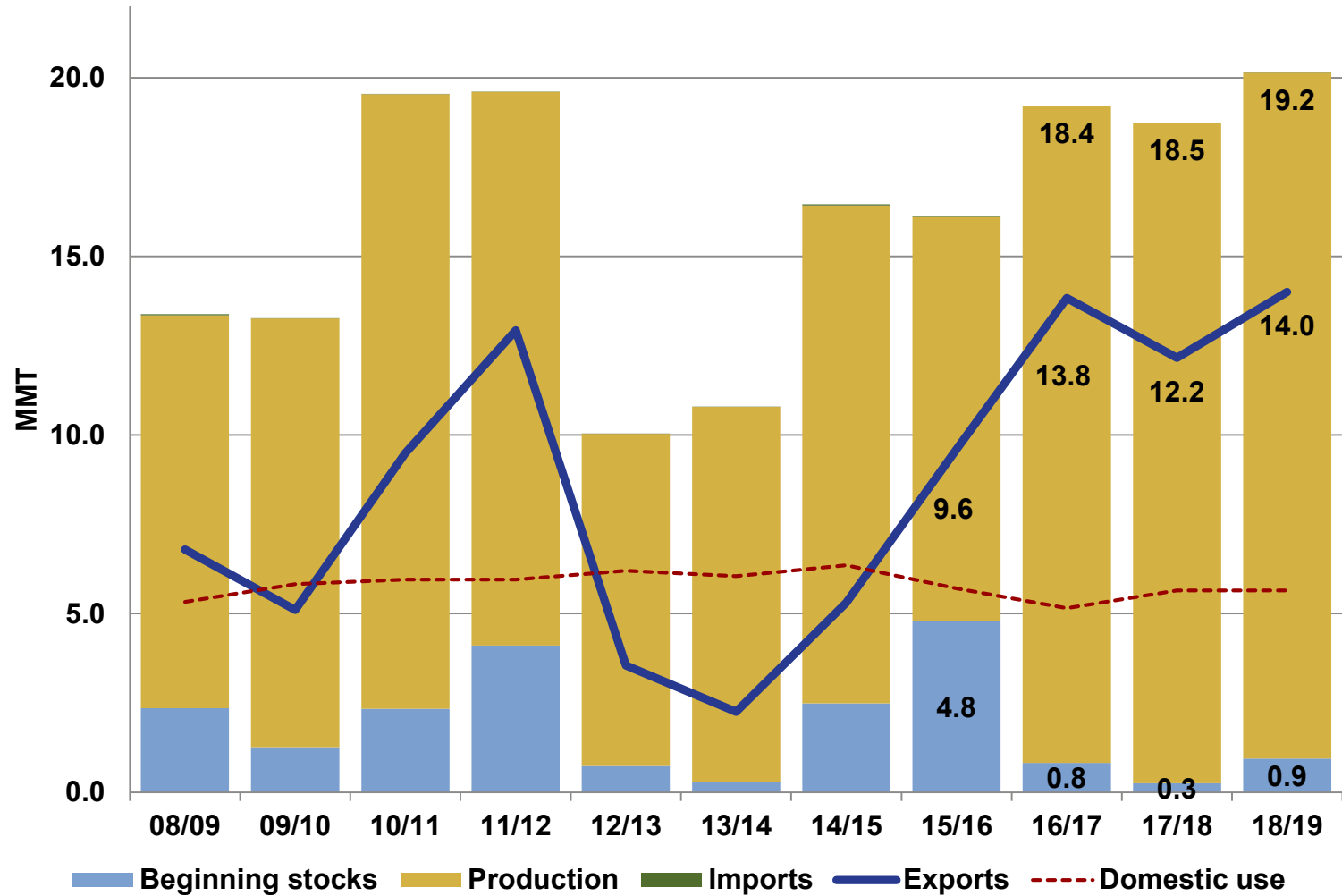
Australia Situation



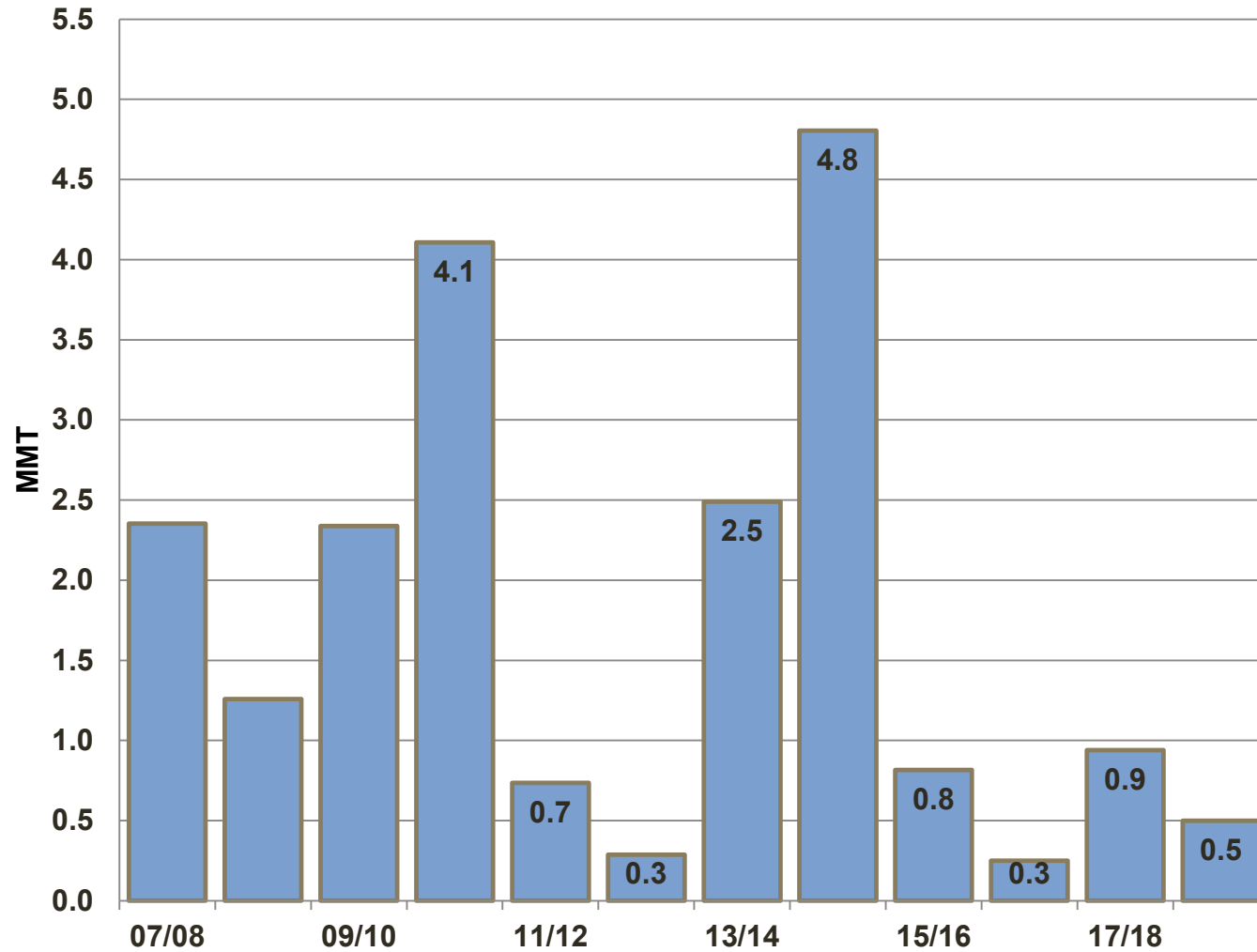
Australia Ending Stocks



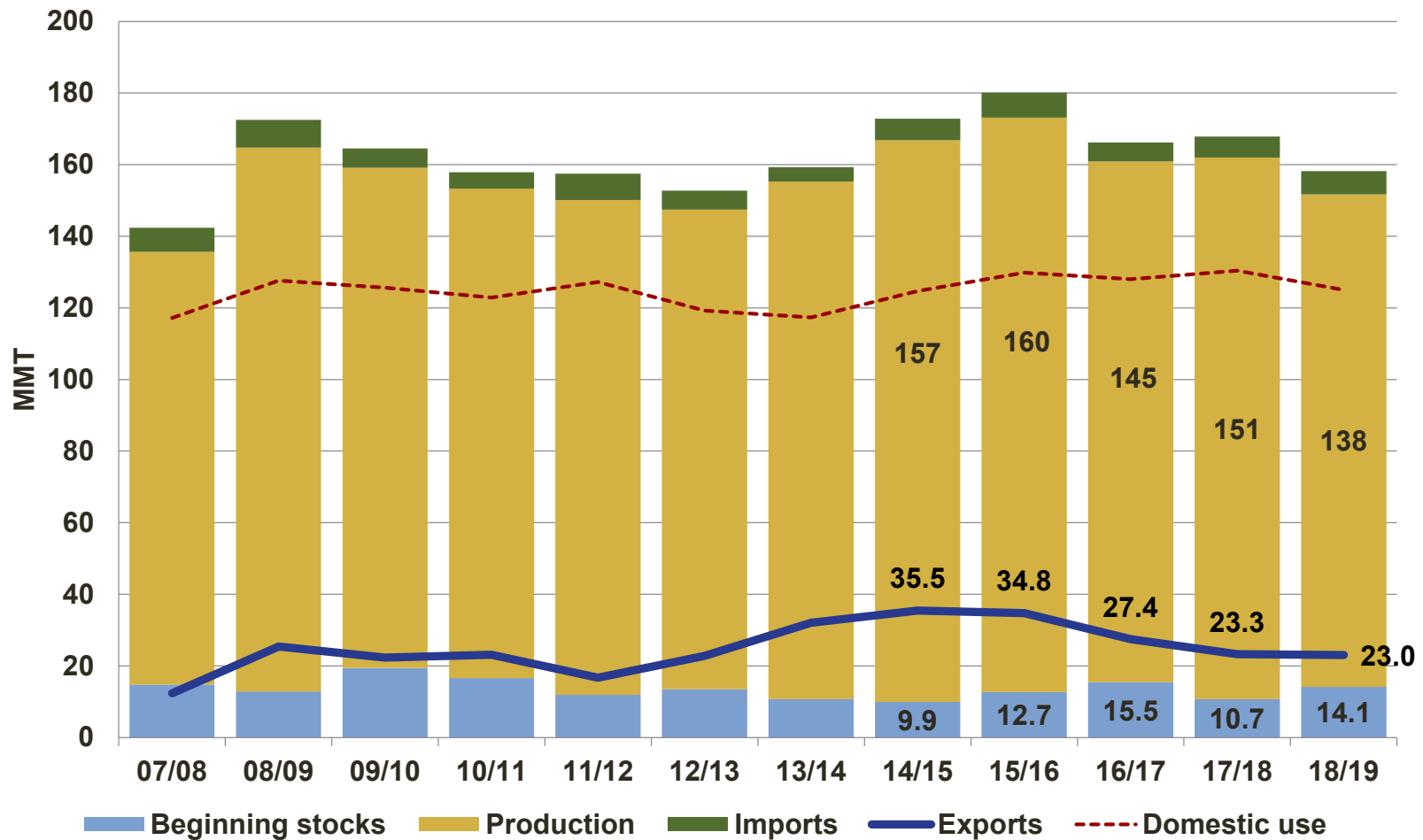
Argentina Situation



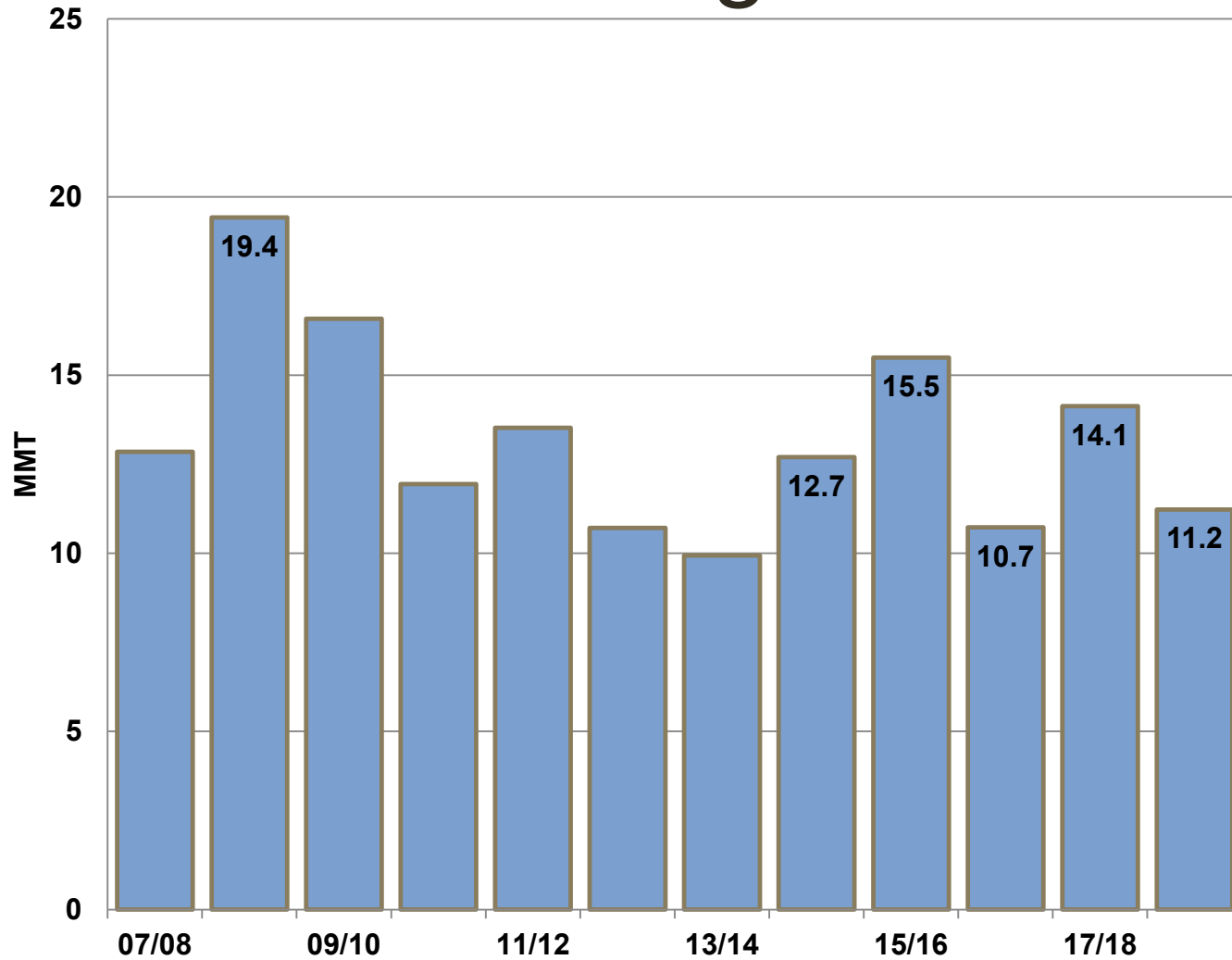
Argentina Ending Stocks



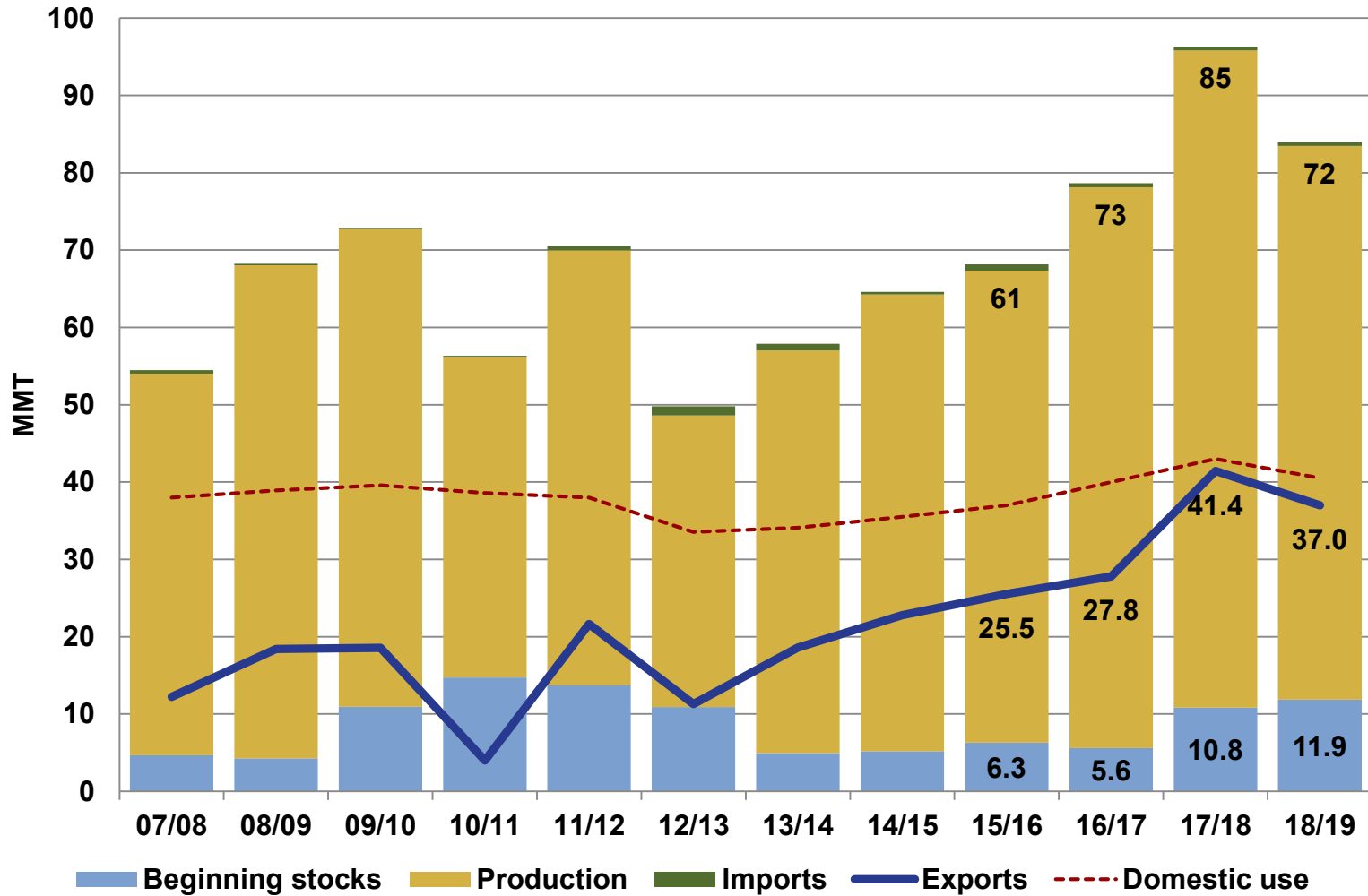
European Union Situation



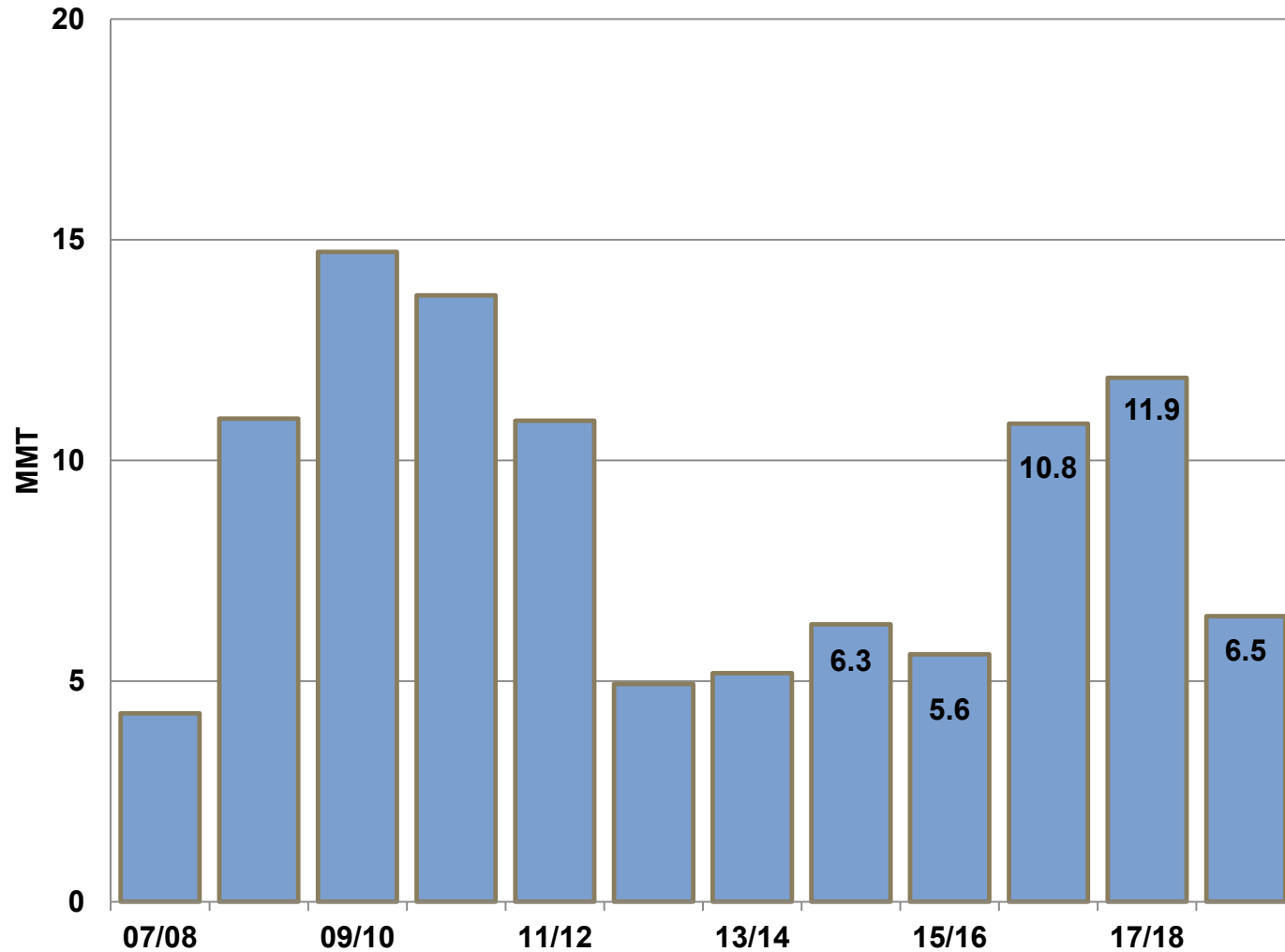
EU-27 Ending Stocks



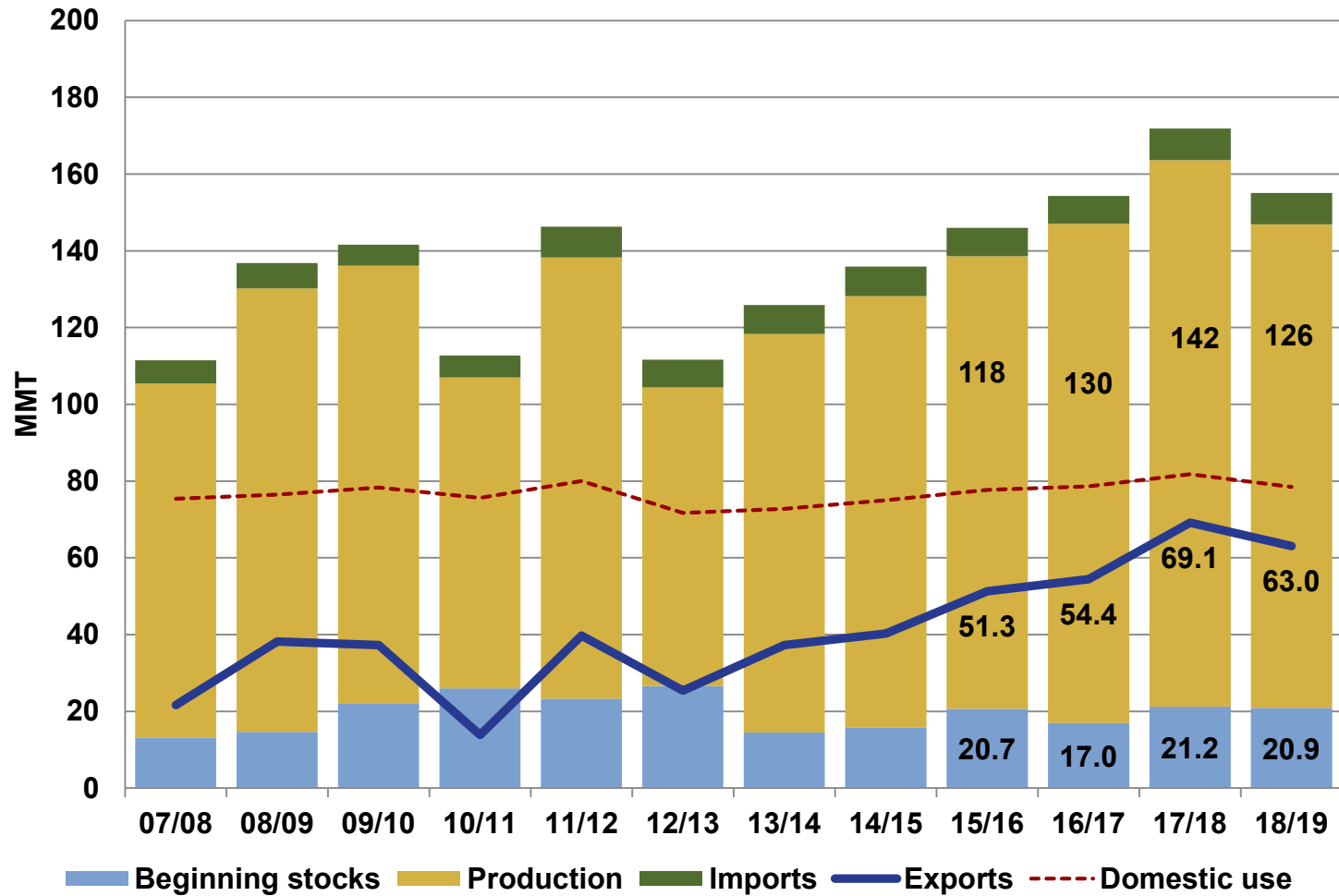
Russia Situation



Russia Ending Stocks

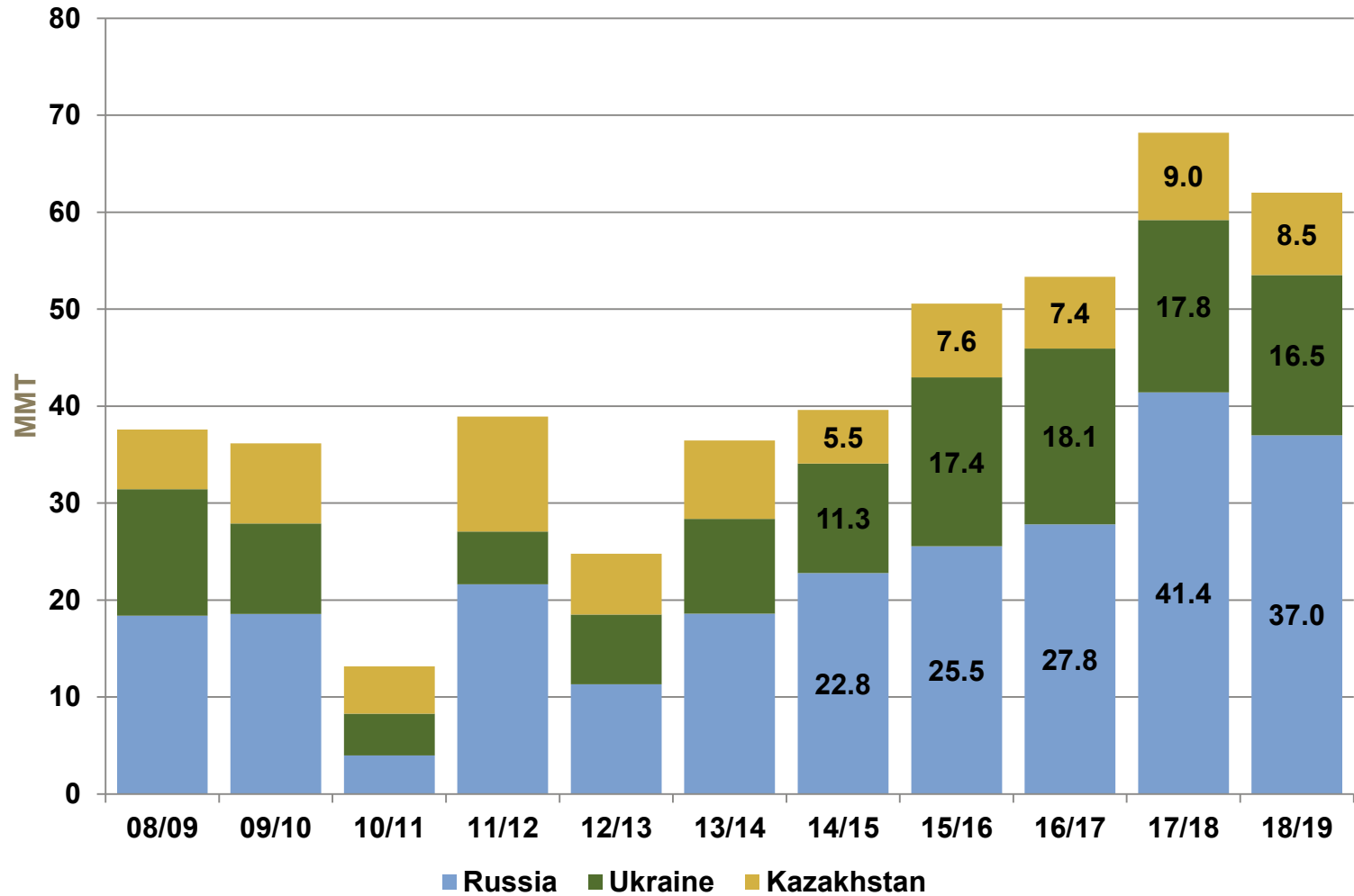


Black Sea Region Situation

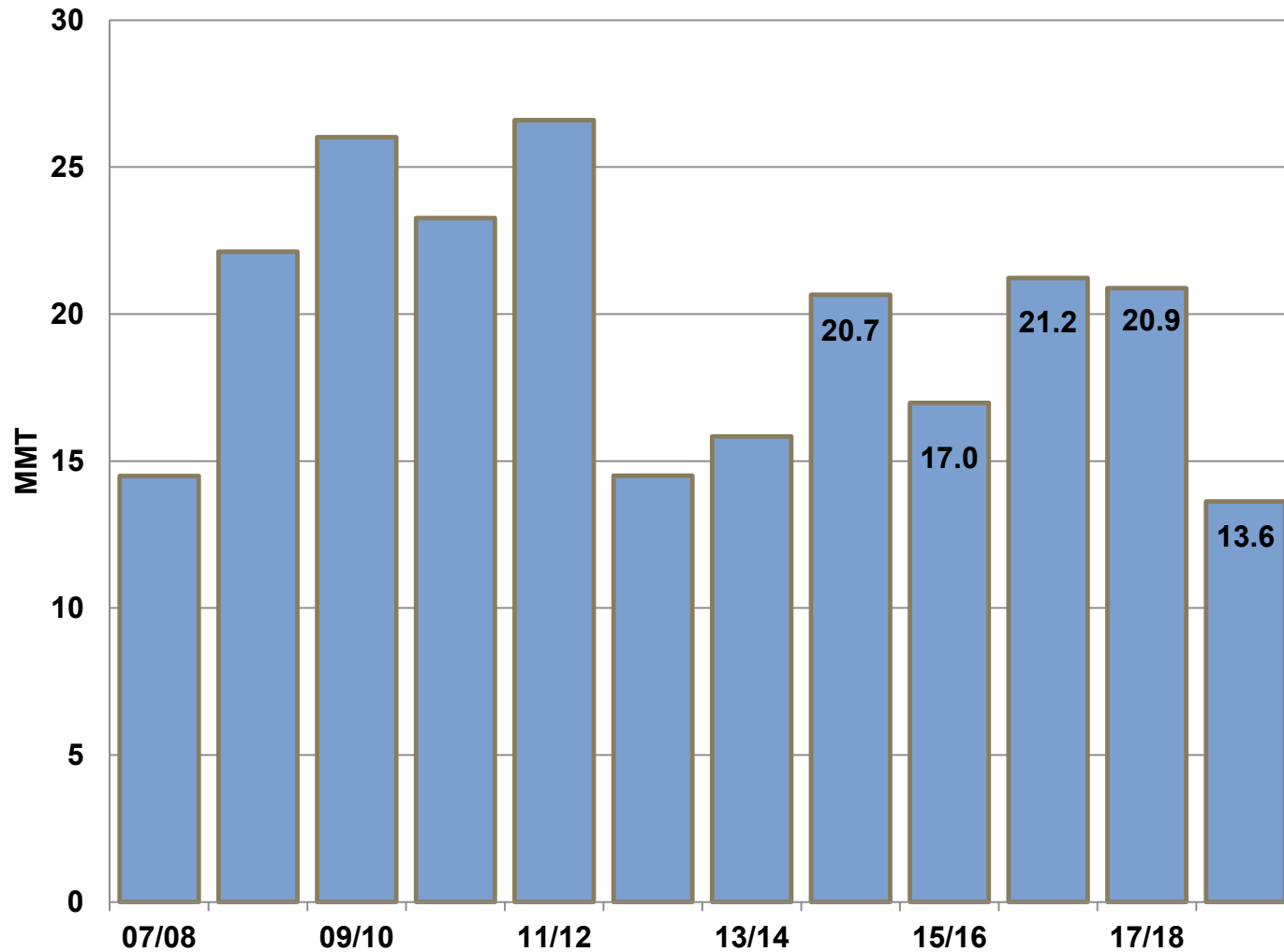


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

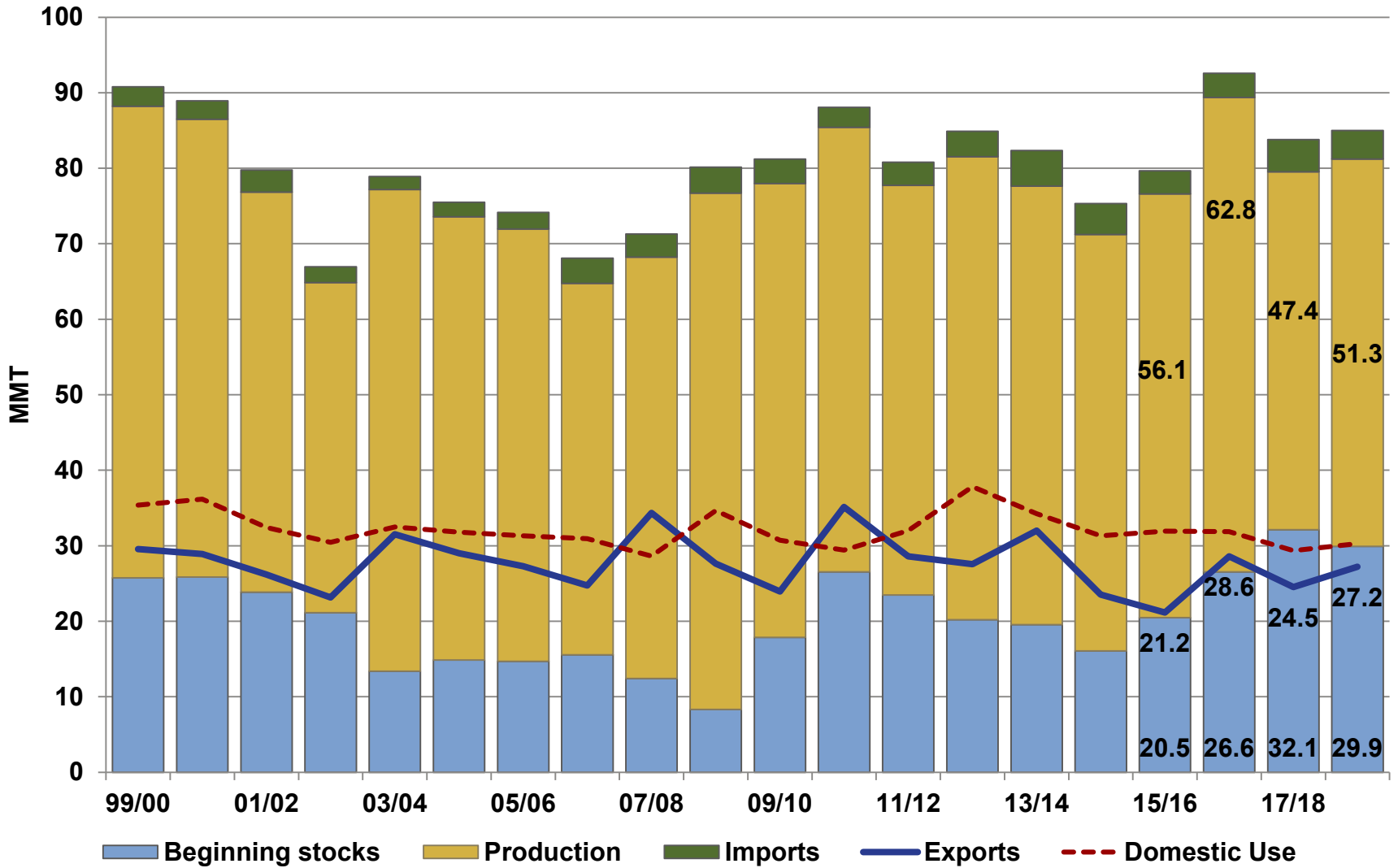
Black Sea Exports



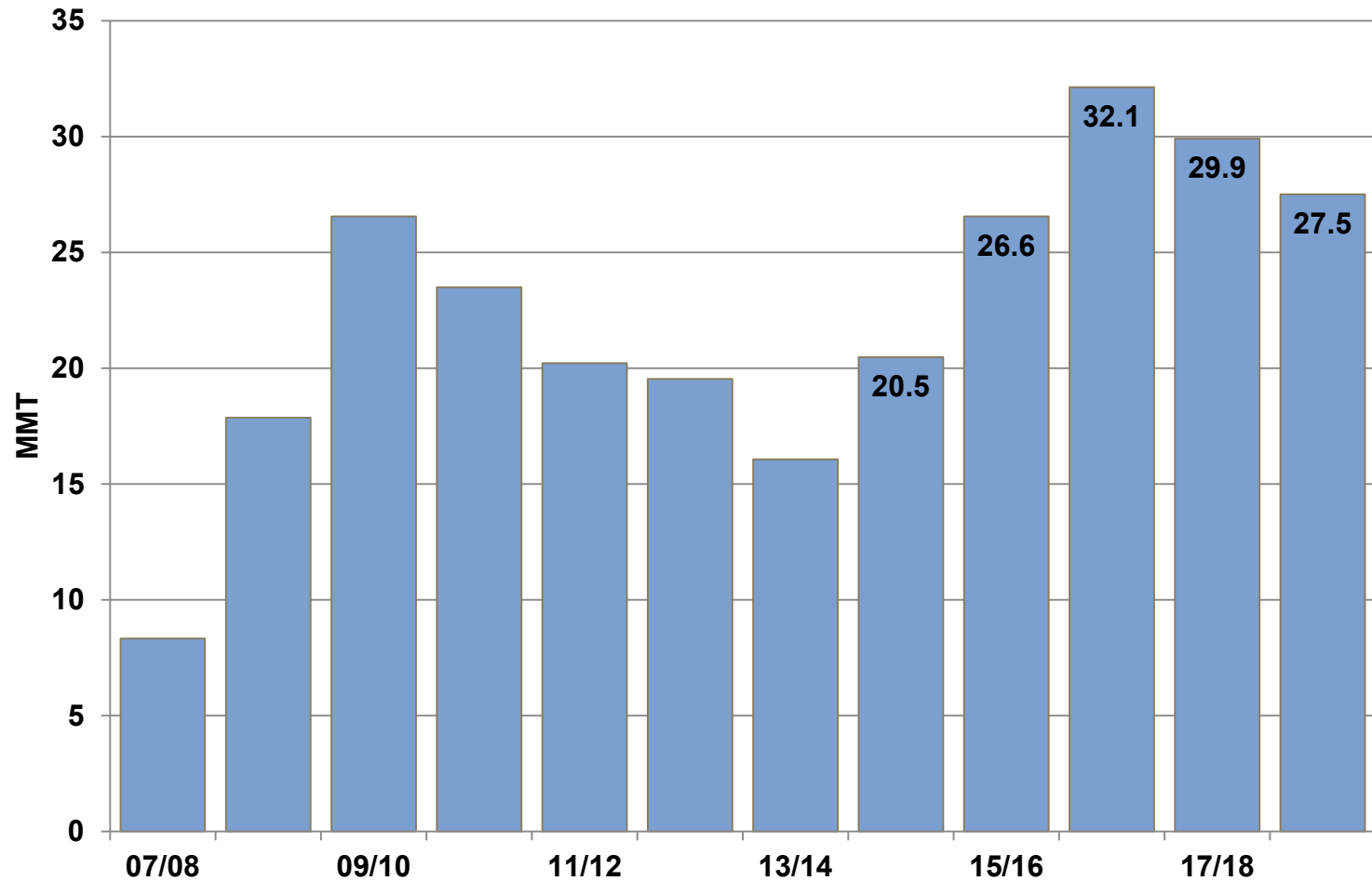
Black Sea Ending Stocks



U.S. Situation



U.S. Ending Stocks





Major Exporters

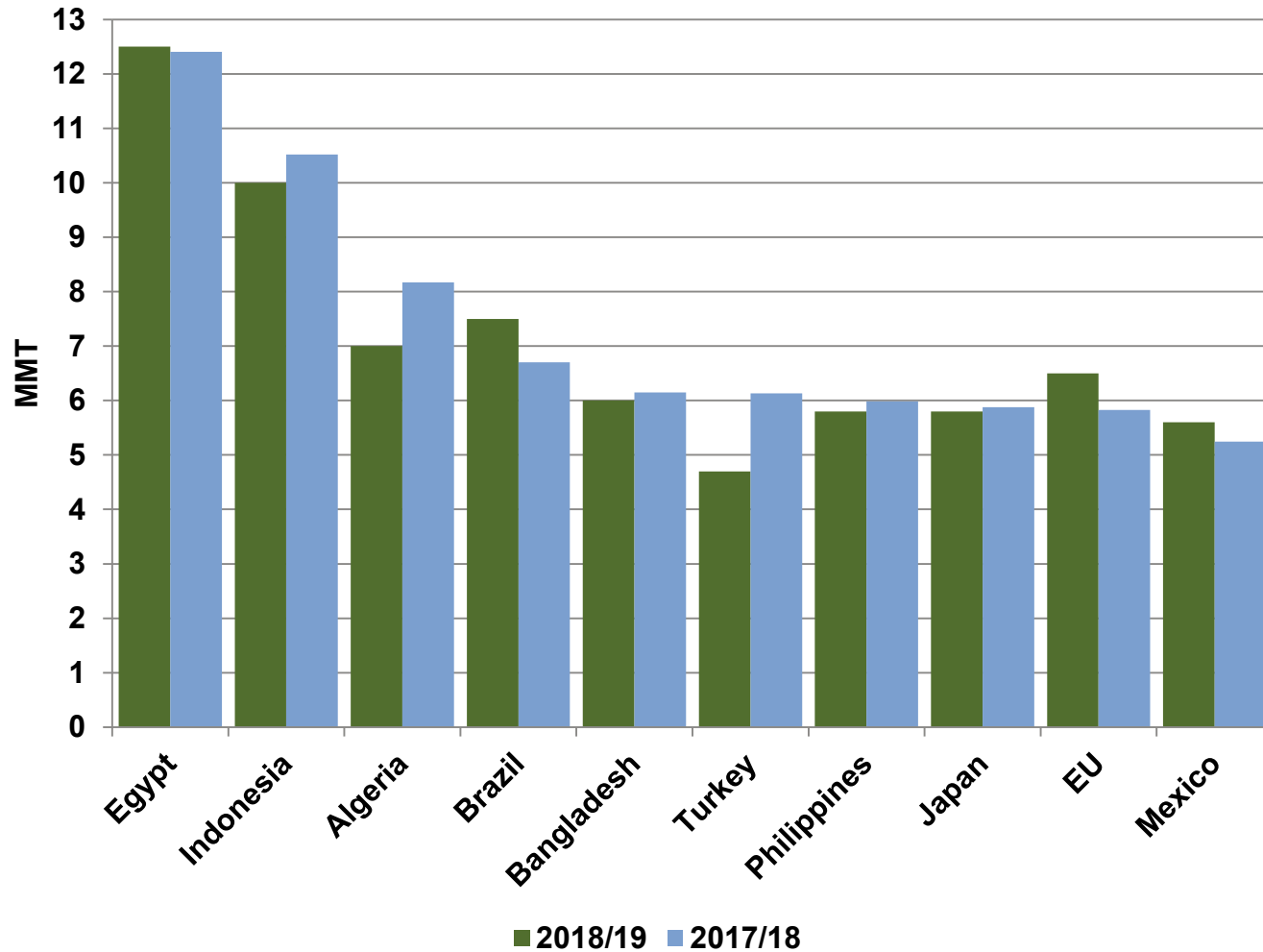
Import Demand

U.S. Situation by Class

Outlook

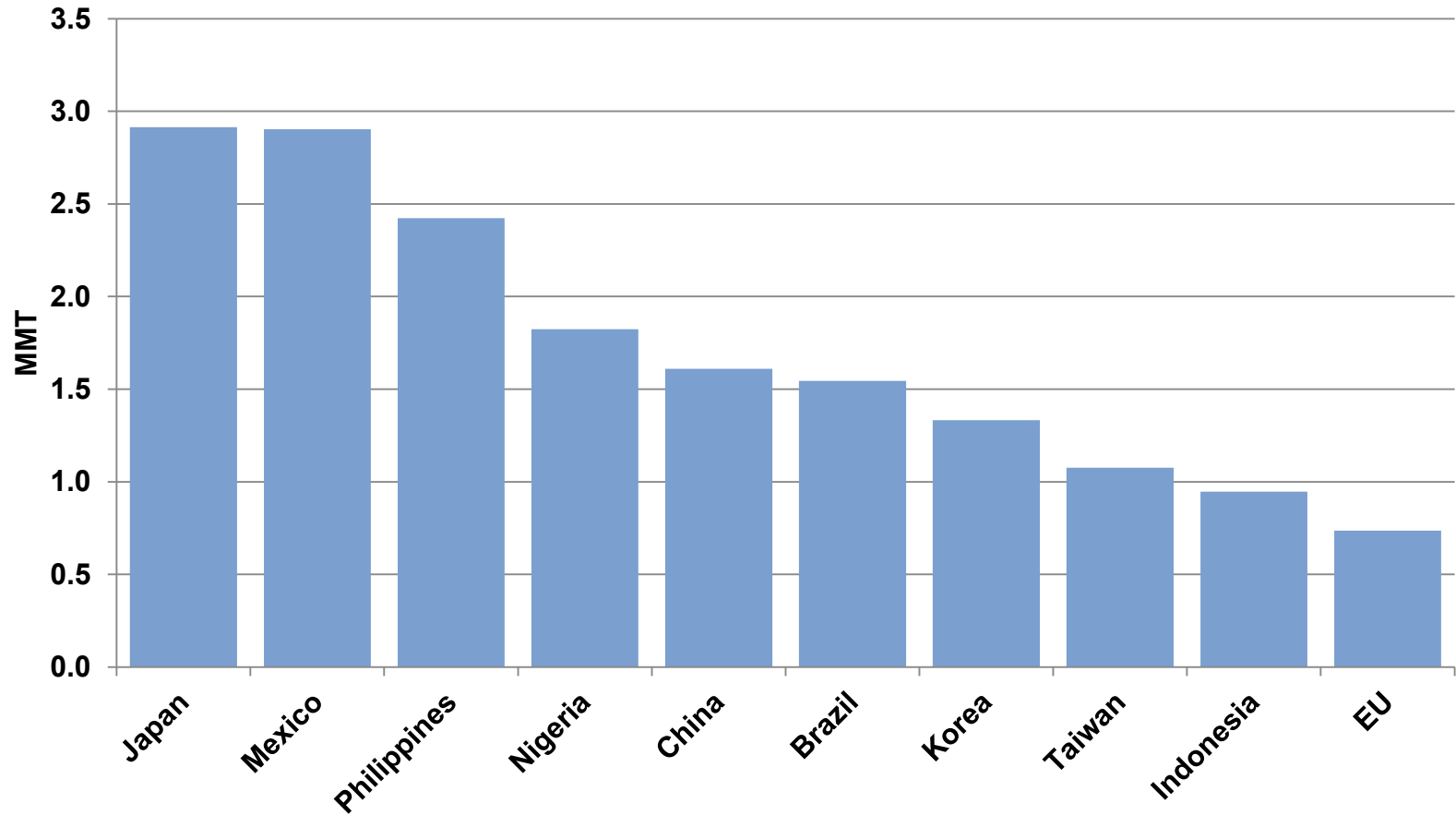
Major World Wheat Importers

(from all origins)



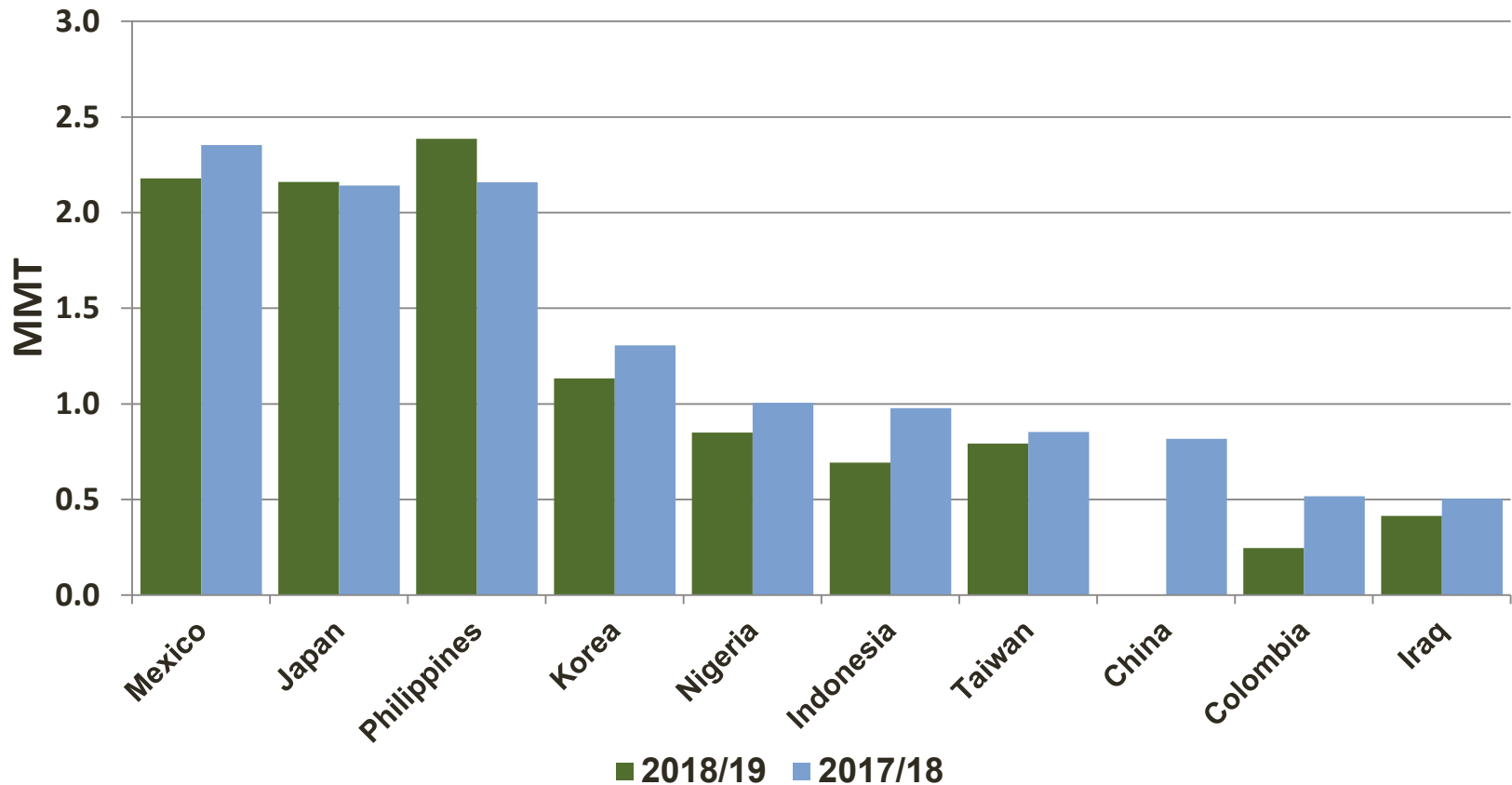
Top 10 Customers for U.S. Wheat

5-year average



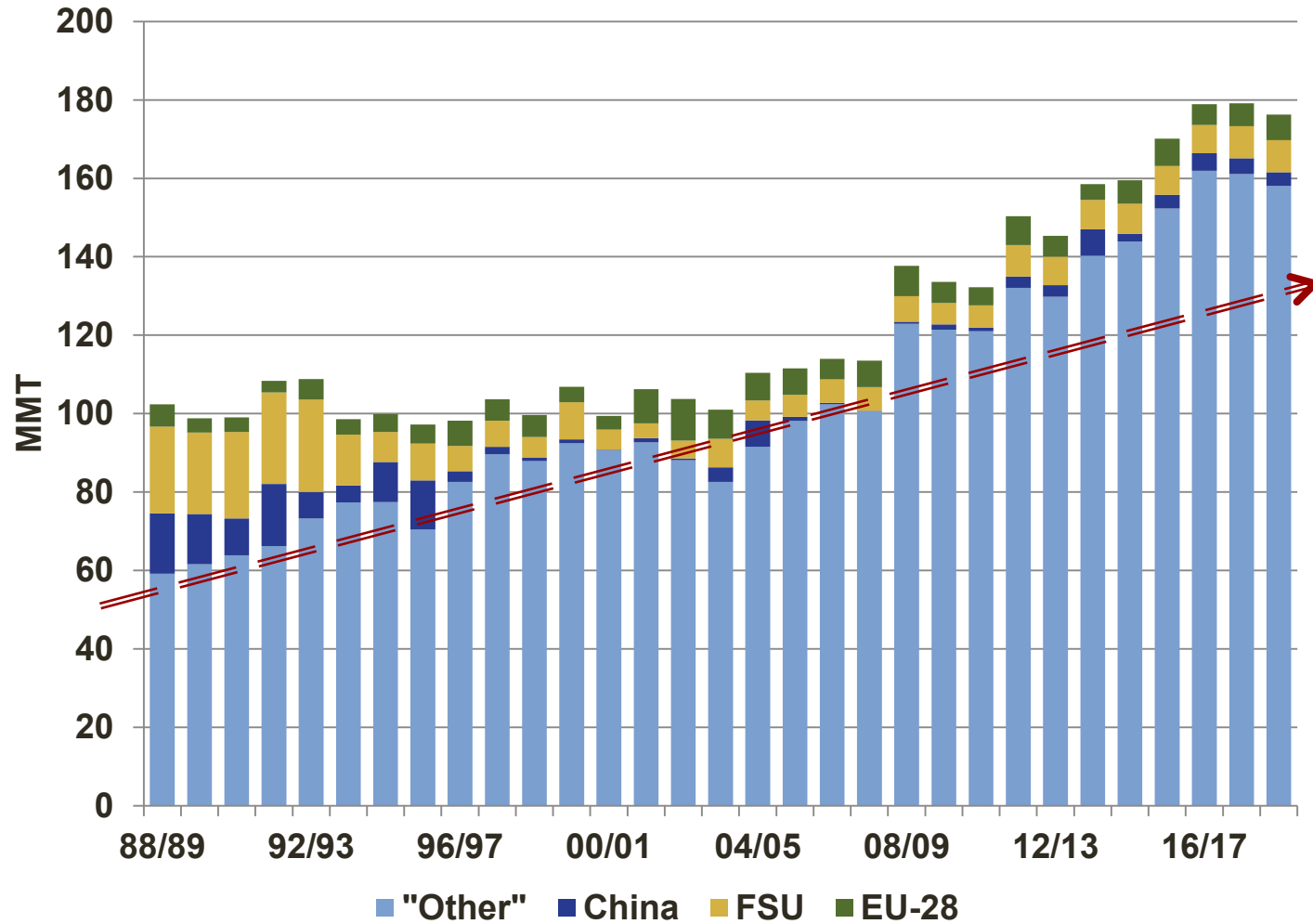
Top 10 Customers for U.S. Wheat

Year-to-date



Source: USDA FAS export sales report December 27, 2018.

World Wheat Imports



Trend in "other" importers denoted (—▶)



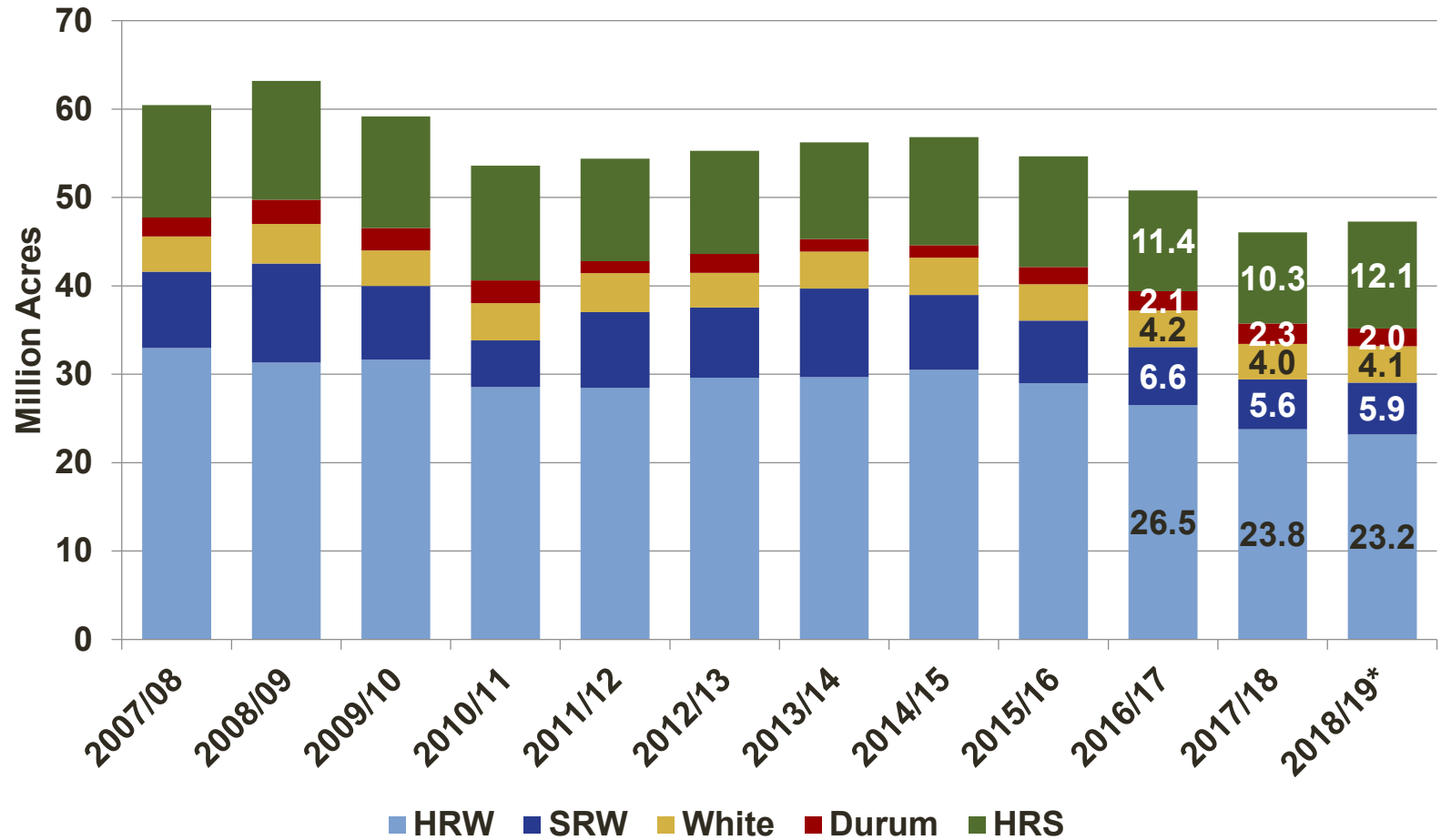
Major Exporters

Import Demand

U.S. Situation by Class

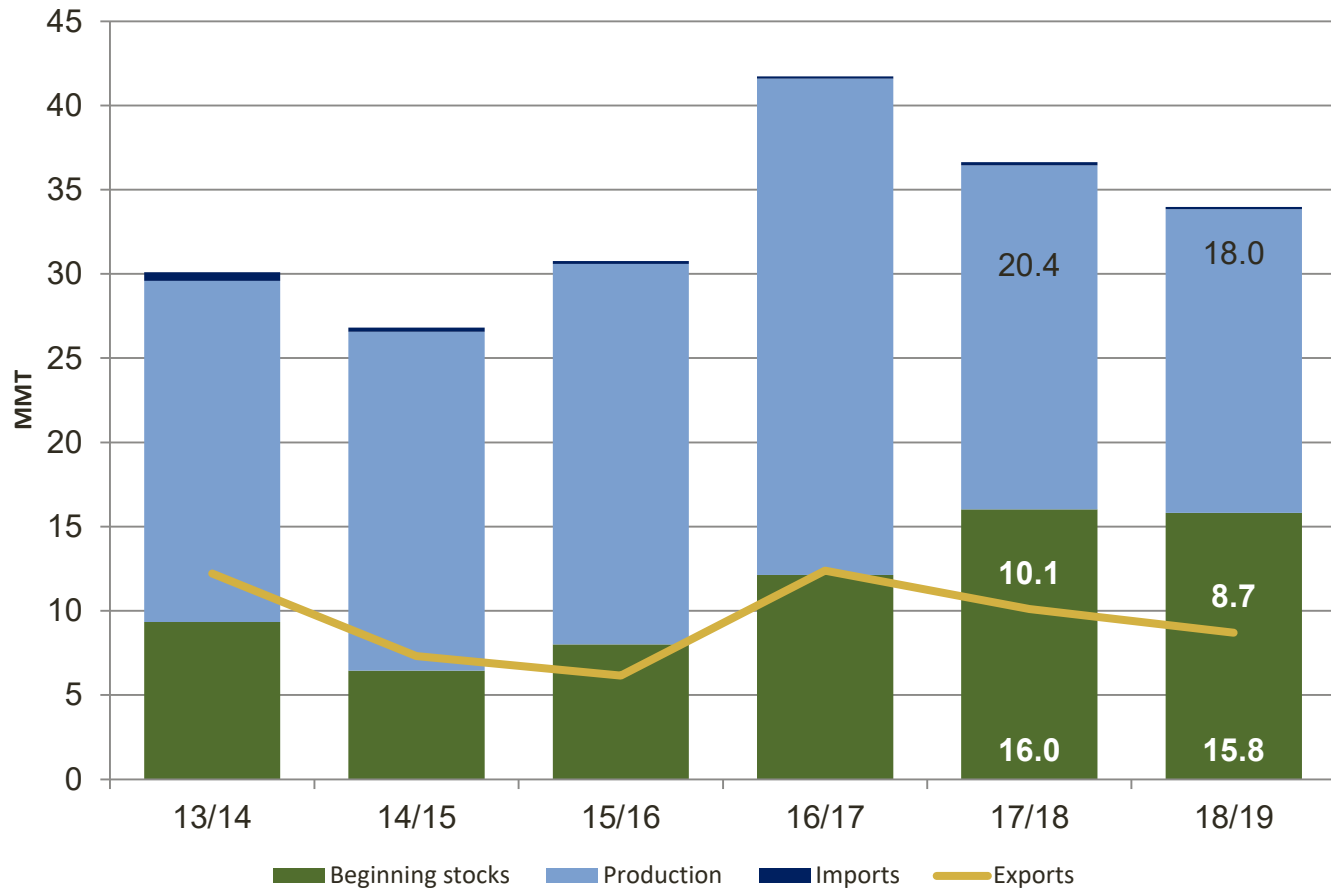
Outlook

U.S. Wheat Plantings by Class

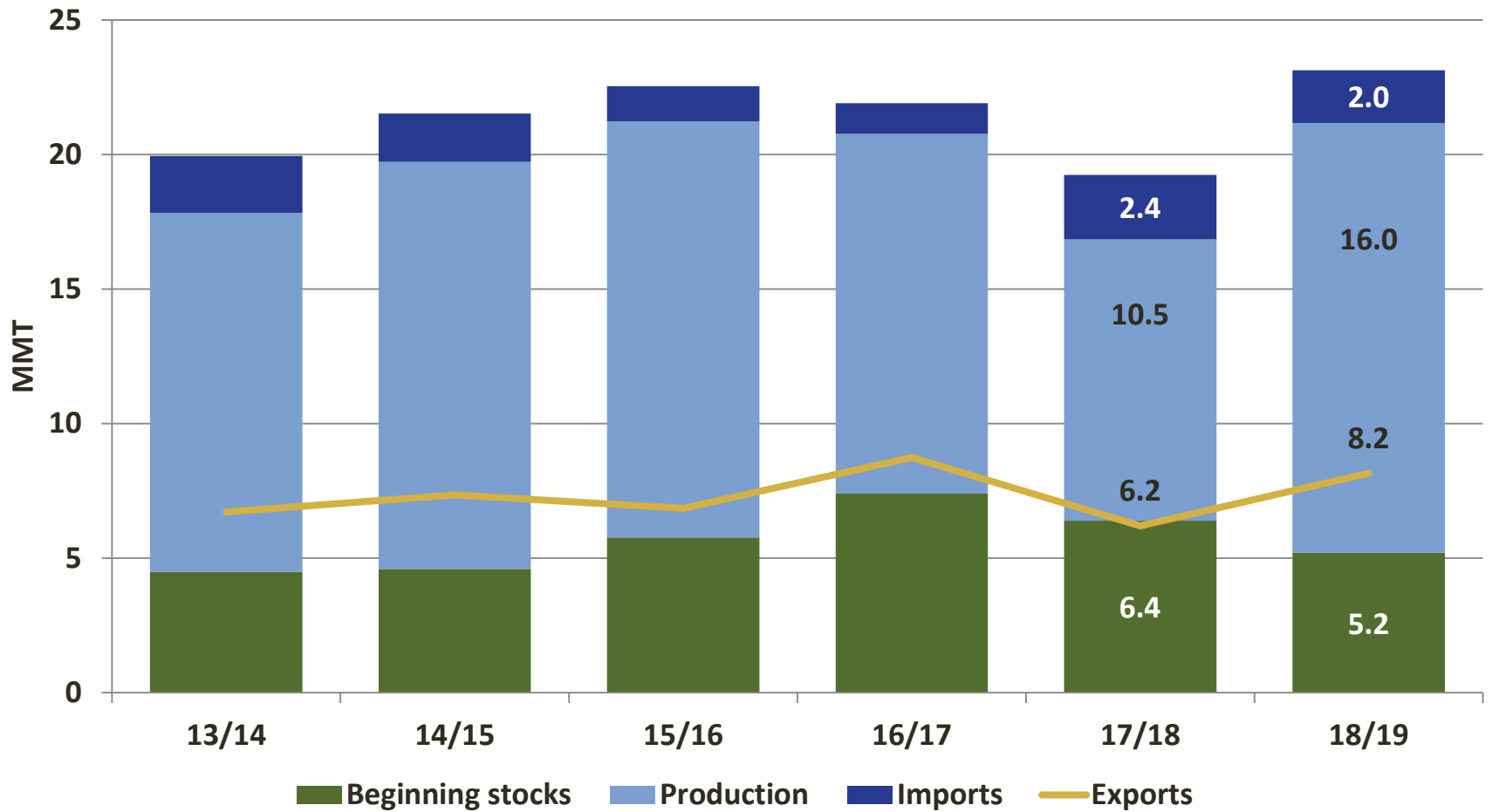


*Source: USDA Prospective Plantings Report, March 29, 2018

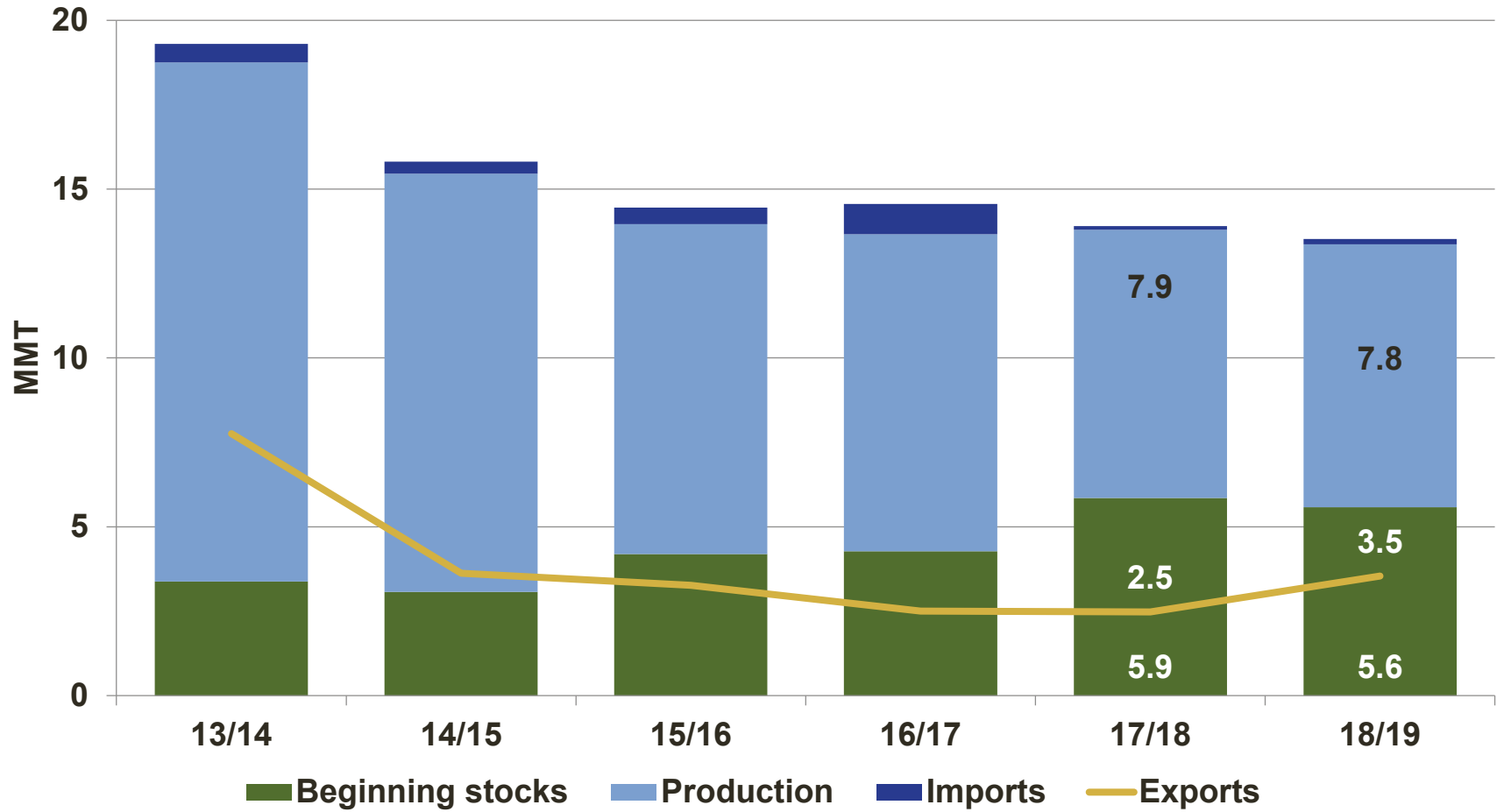
U.S. Hard Red Winter



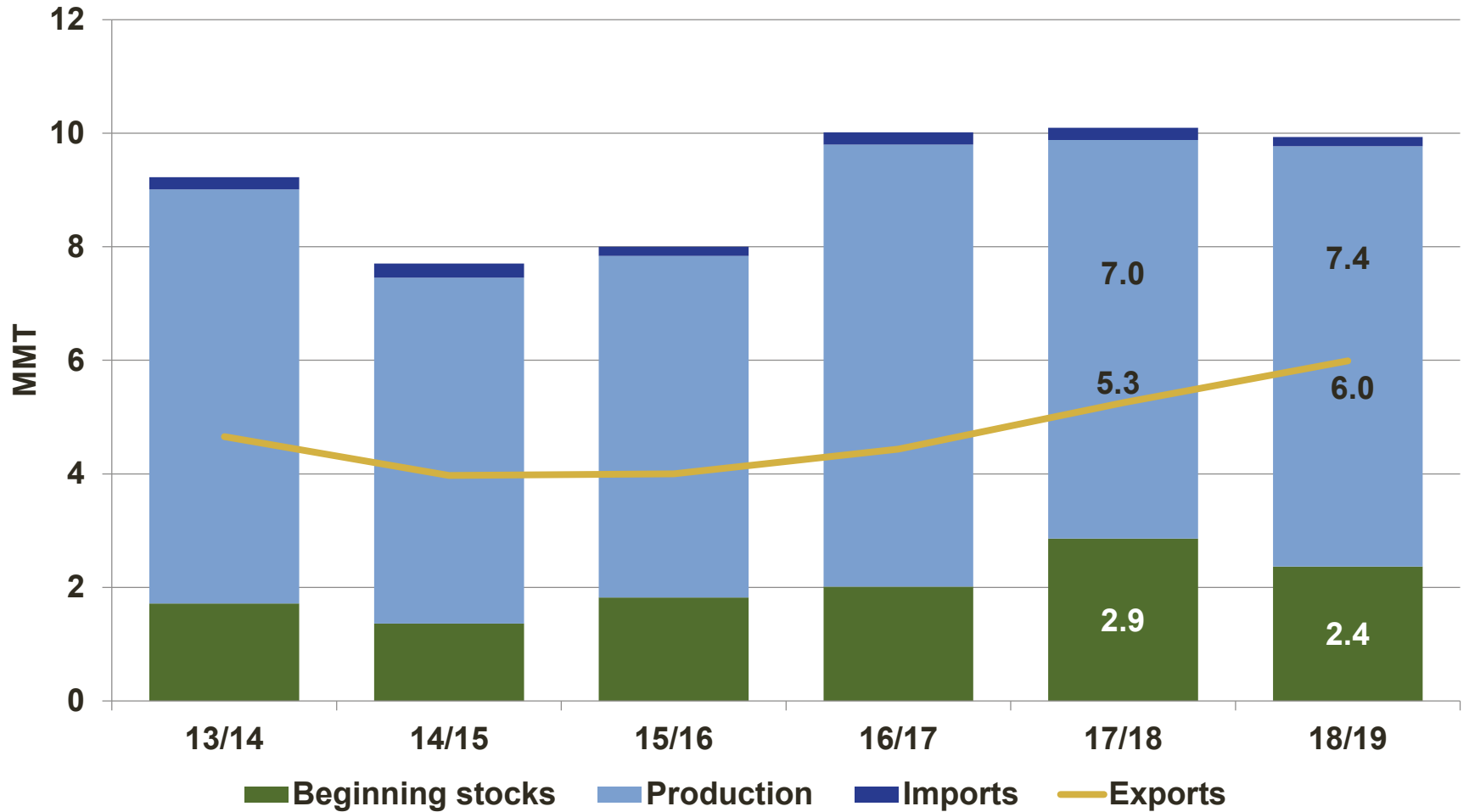
U.S. Hard Red Spring



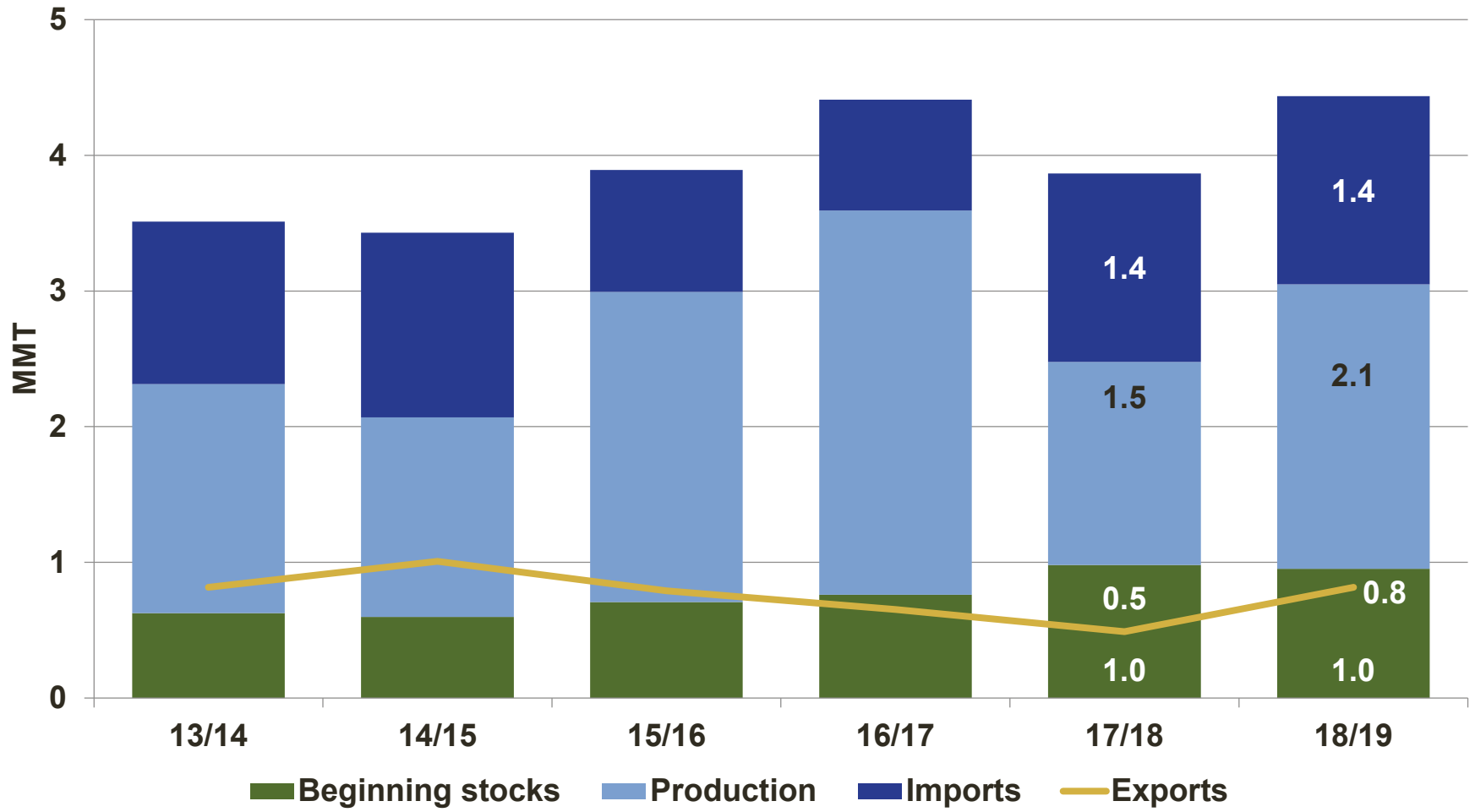
U.S. Soft Red Winter



U.S. White

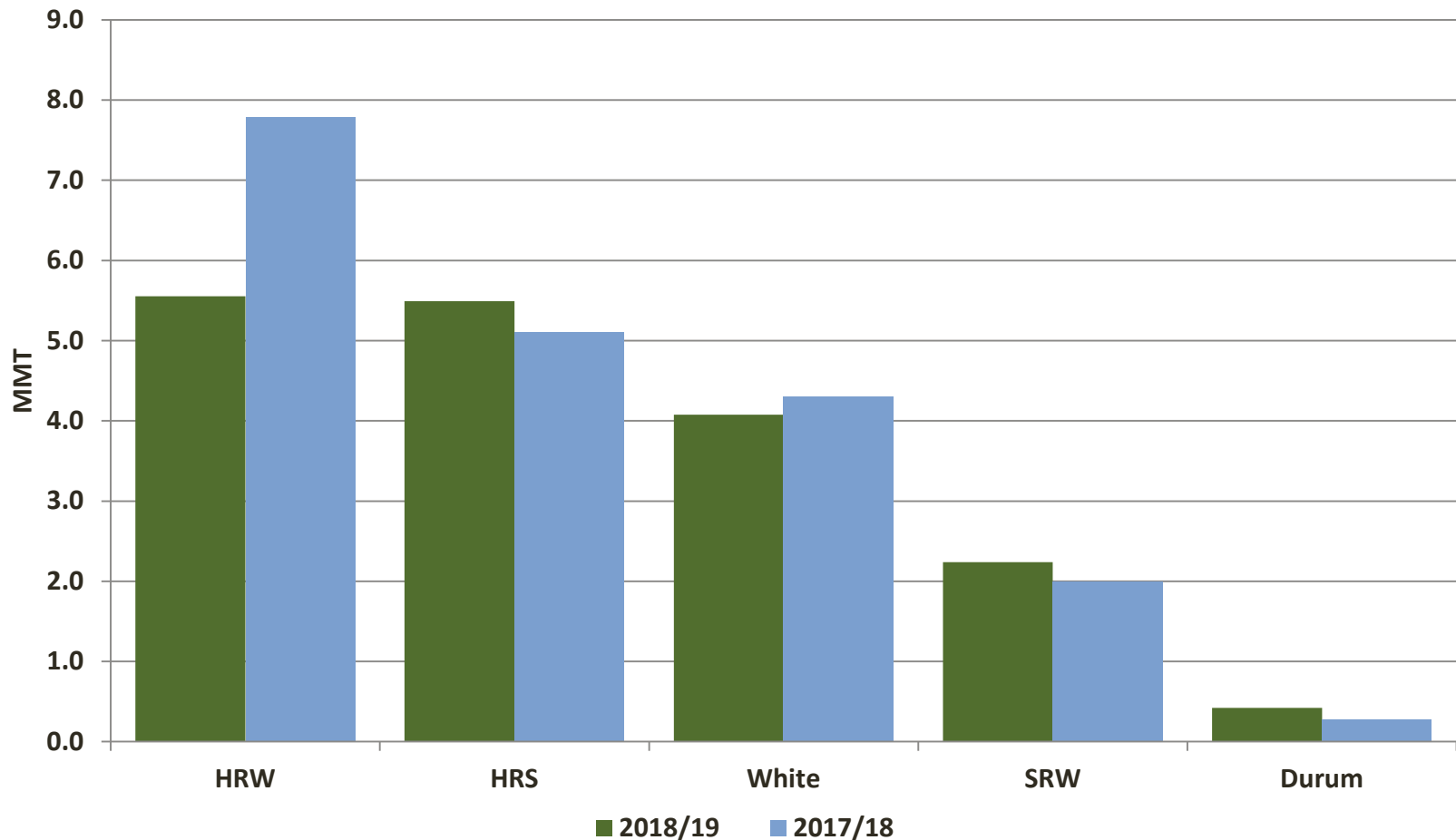


U.S. Durum



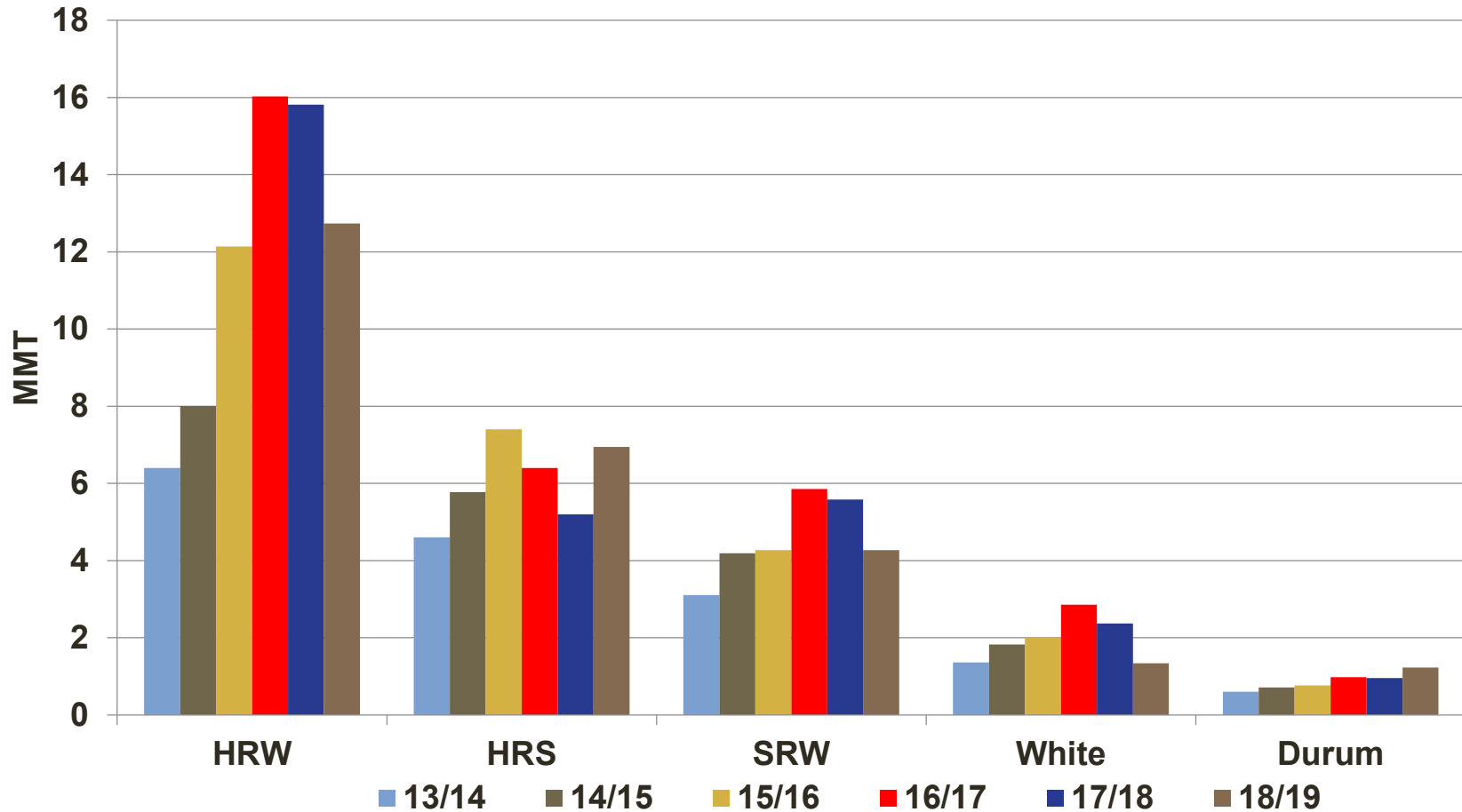
U.S. Wheat Sales by Class

(year-to-date)



Source: USDA FAS export sales report December 27, 2018.

U.S. Wheat Ending Stocks by Class



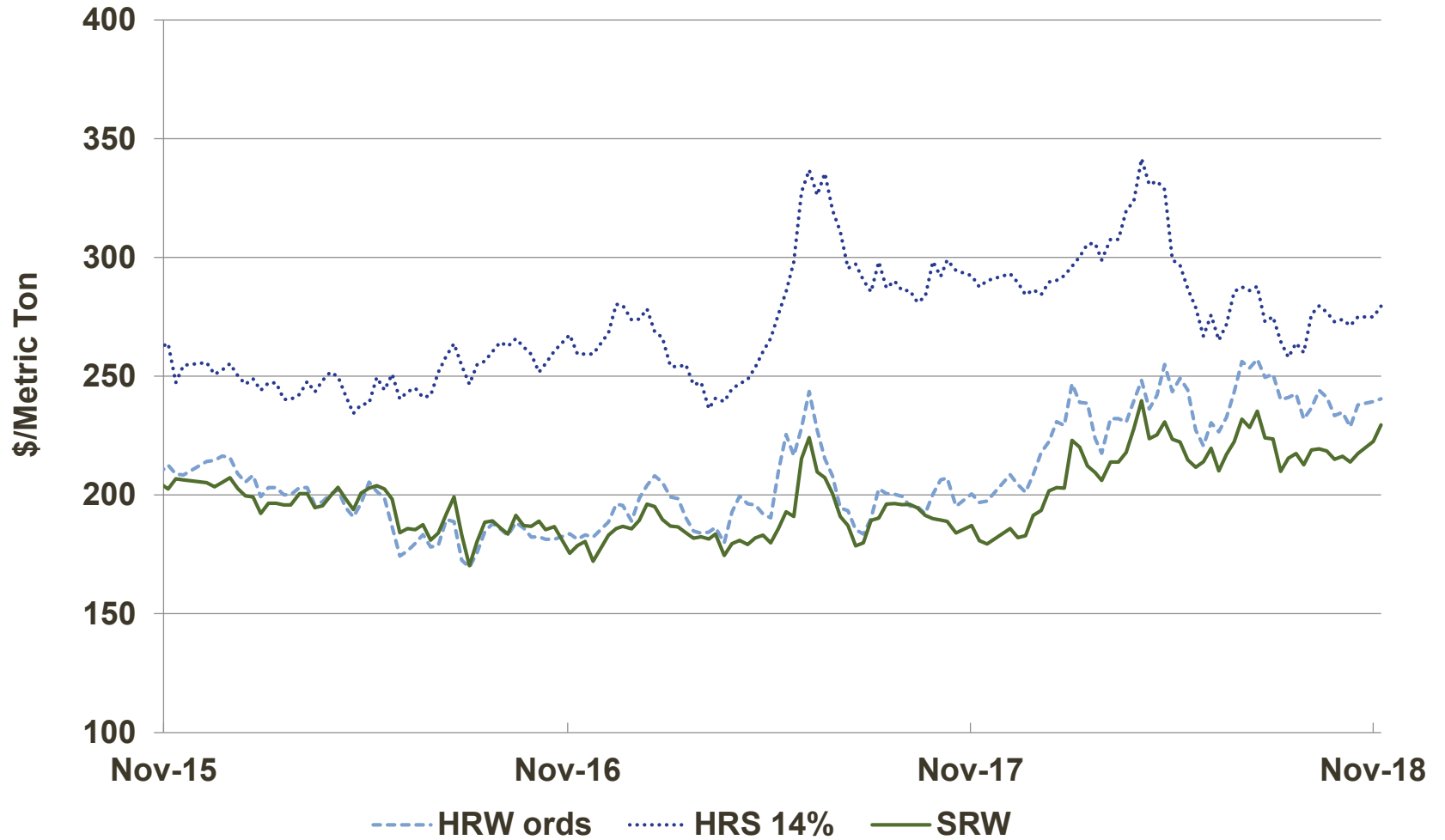
U.S. Wheat Supply and Demand

	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	18.0	10.5	16.0	8.0	7.8
Imports	<u>0.2</u>	<u>0.1</u>	<u>2.4</u>	<u>2.0</u>	<u>0.1</u>	<u>0.2</u>
Supply Total	36.6	34.0	19.2	23.1	14.0	13.5
Domestic Use	10.7	11.9	7.8	7.8	5.9	5.6
Exports	<u>10.1</u>	<u>8.7</u>	<u>6.2</u>	<u>8.2</u>	<u>2.5</u>	<u>3.5</u>
Use Total	20.8	20.6	14.0	16.0	8.4	9.1
Ending Stocks	15.8	13.4	5.2	7.1	5.6	4.4
Stocks-to-Use	76%	65%	37%	45%	67%	49%

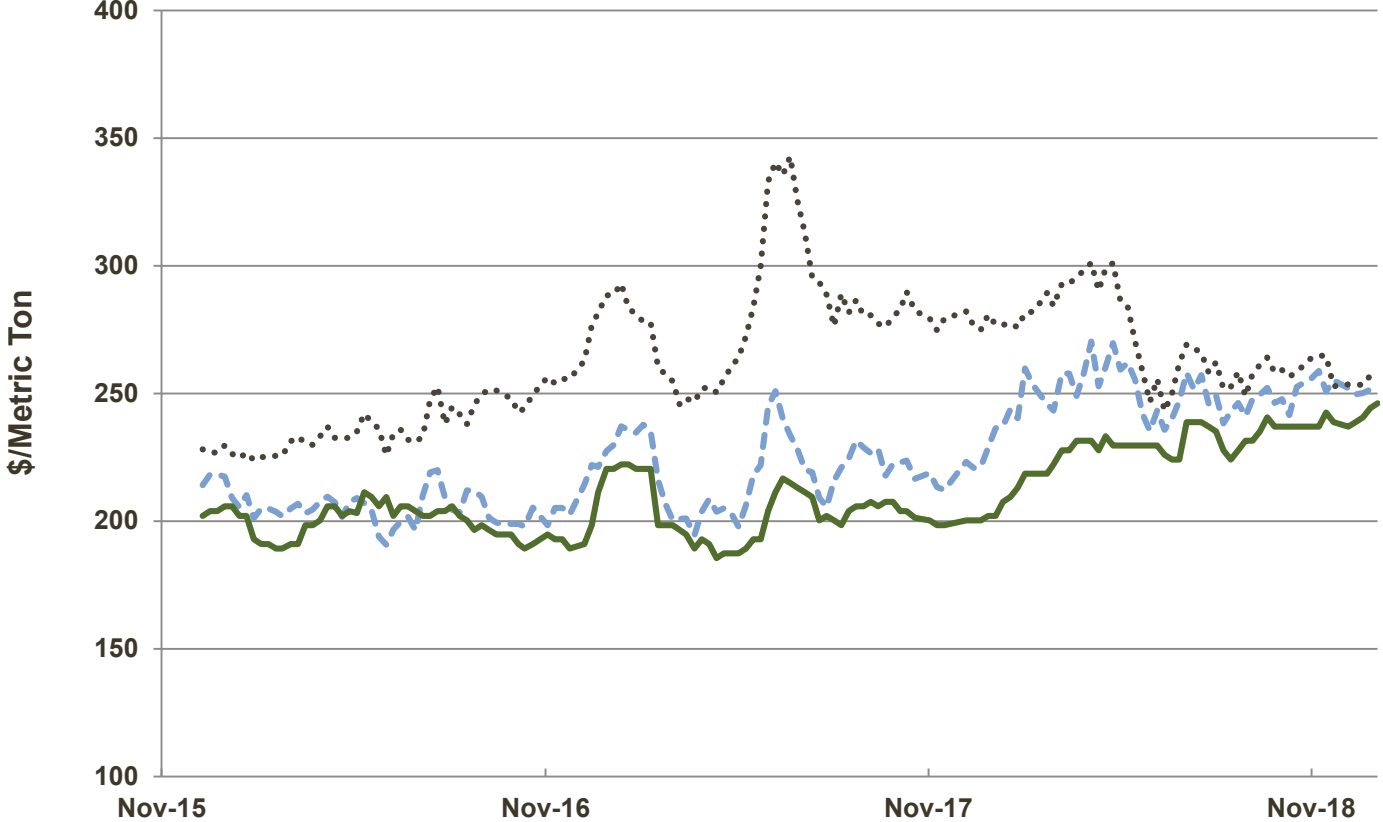
U.S. Wheat Supply and Demand

	White		Durum		Total	
	17/18	18/19	17/18	18/19	17/18	18/19
	MMT					
Beginning Stocks	2.9	2.4	1.0	1.0	32.1	29.9
Production	7.0	7.4	1.5	2.1	47.4	51.3
Imports	<u>0.2</u>	<u>0.2</u>	<u>1.4</u>	<u>1.4</u>	<u>4.3</u>	<u>3.8</u>
Supply Total	10.1	9.9	3.9	4.4	83.8	85.0
Domestic Use	2.5	2.6	2.4	2.4	29.4	30.3
Exports	<u>5.3</u>	<u>6.0</u>	<u>0.5</u>	<u>0.8</u>	<u>24.5</u>	<u>27.2</u>
Use Total	7.7	8.6	2.9	3.2	53.9	57.5
Ending Stocks	2.4	1.3	1.0	1.2	29.9	27.5
Stocks-to-Use	31%	16%	33%	38%	56%	48%

U.S. FOB Gulf Prices

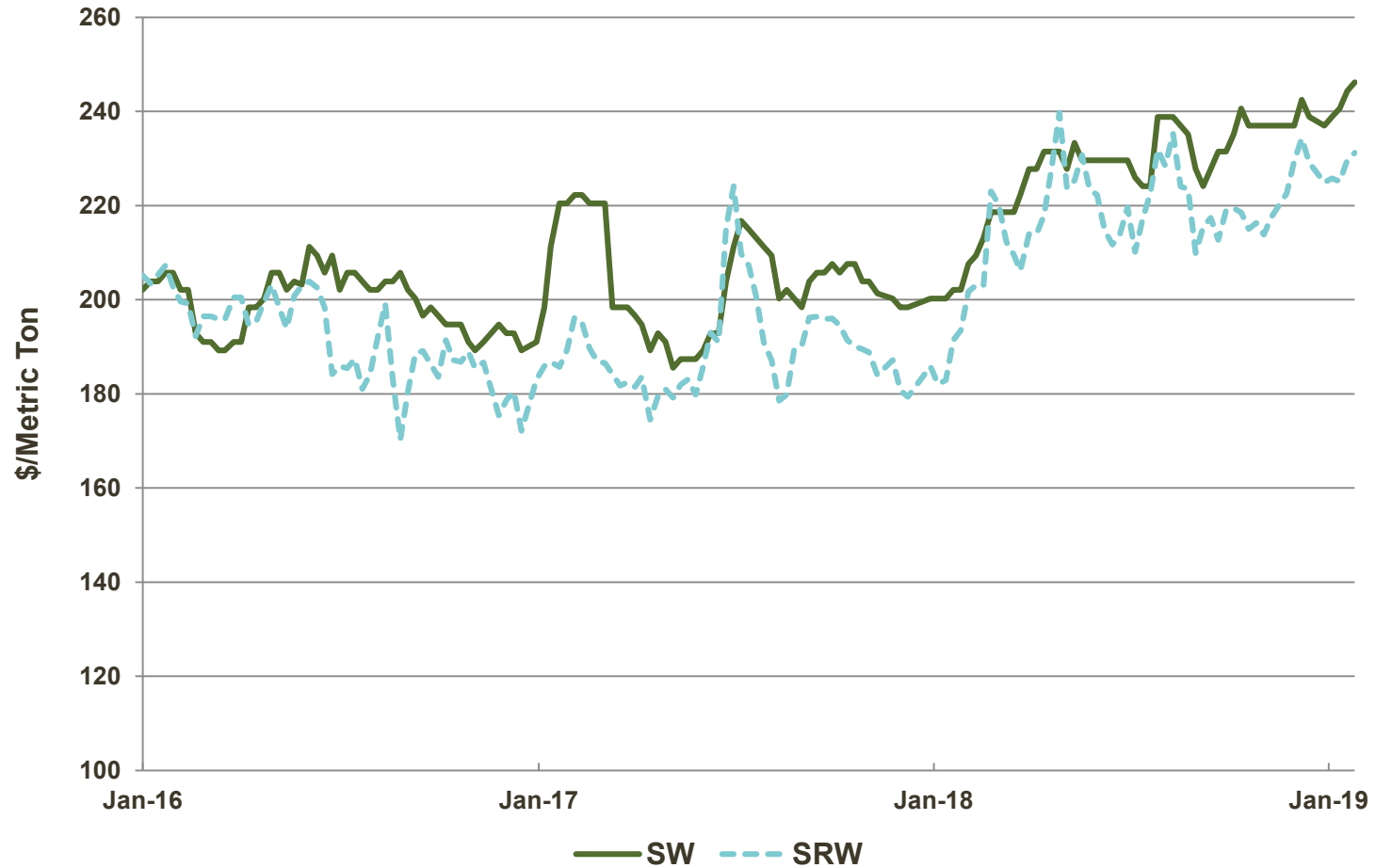


U.S. FOB PNW Prices



--- HRW 11.5% HRS 14% — SW

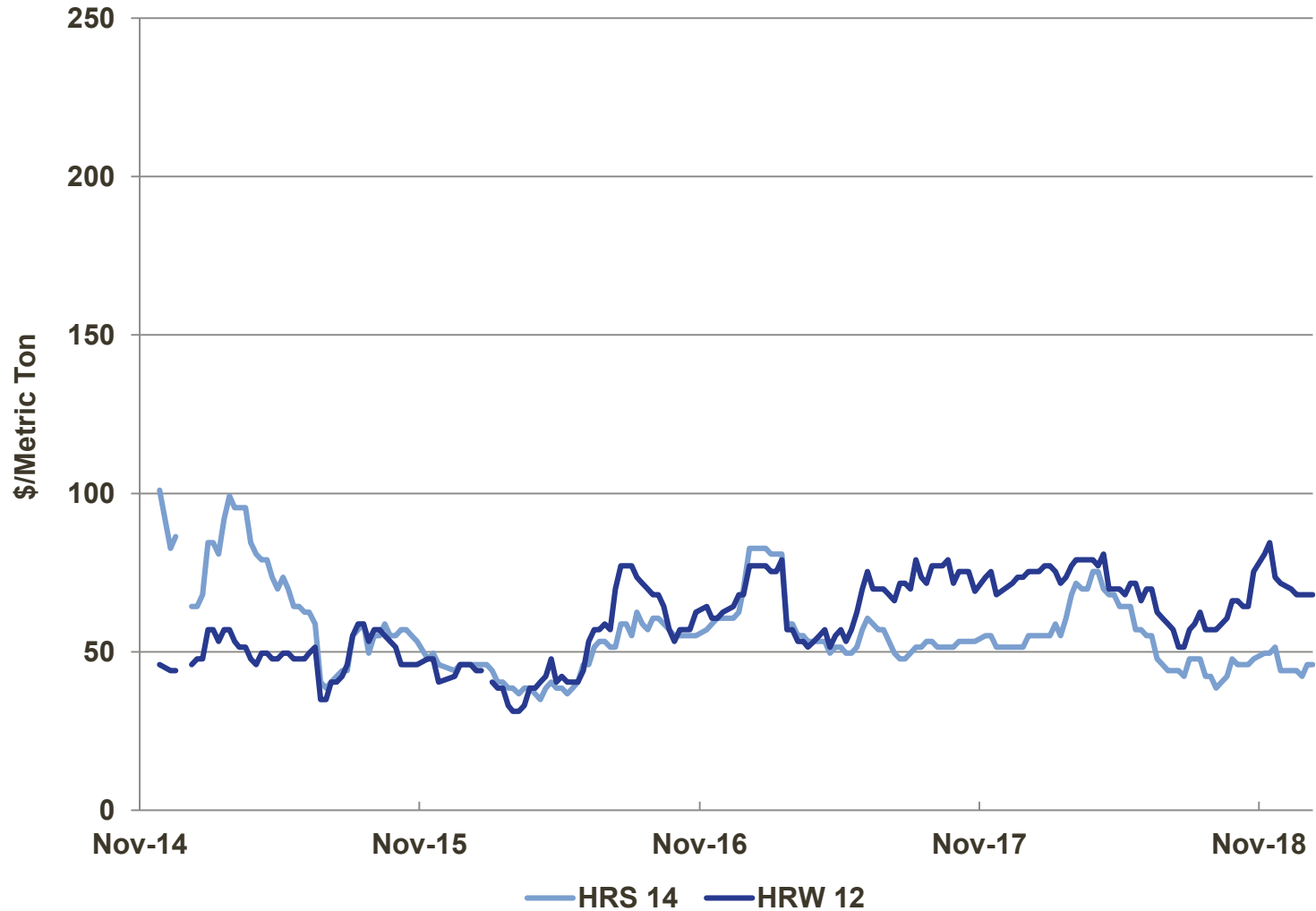
SRW and Soft White Prices



U.S. Gulf Basis Prices



U.S. PNW Basis Prices





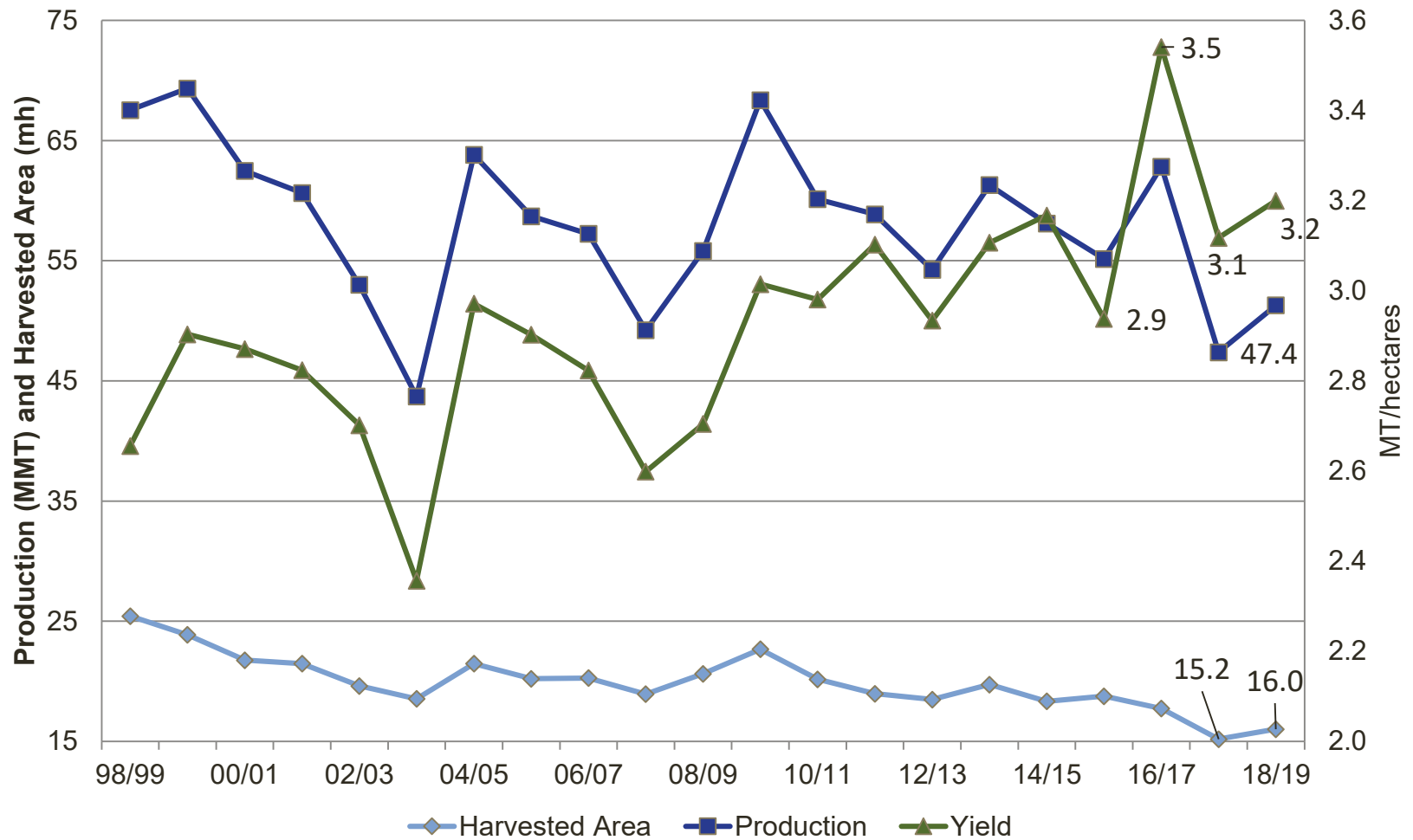
Major Exporters

Import Demand

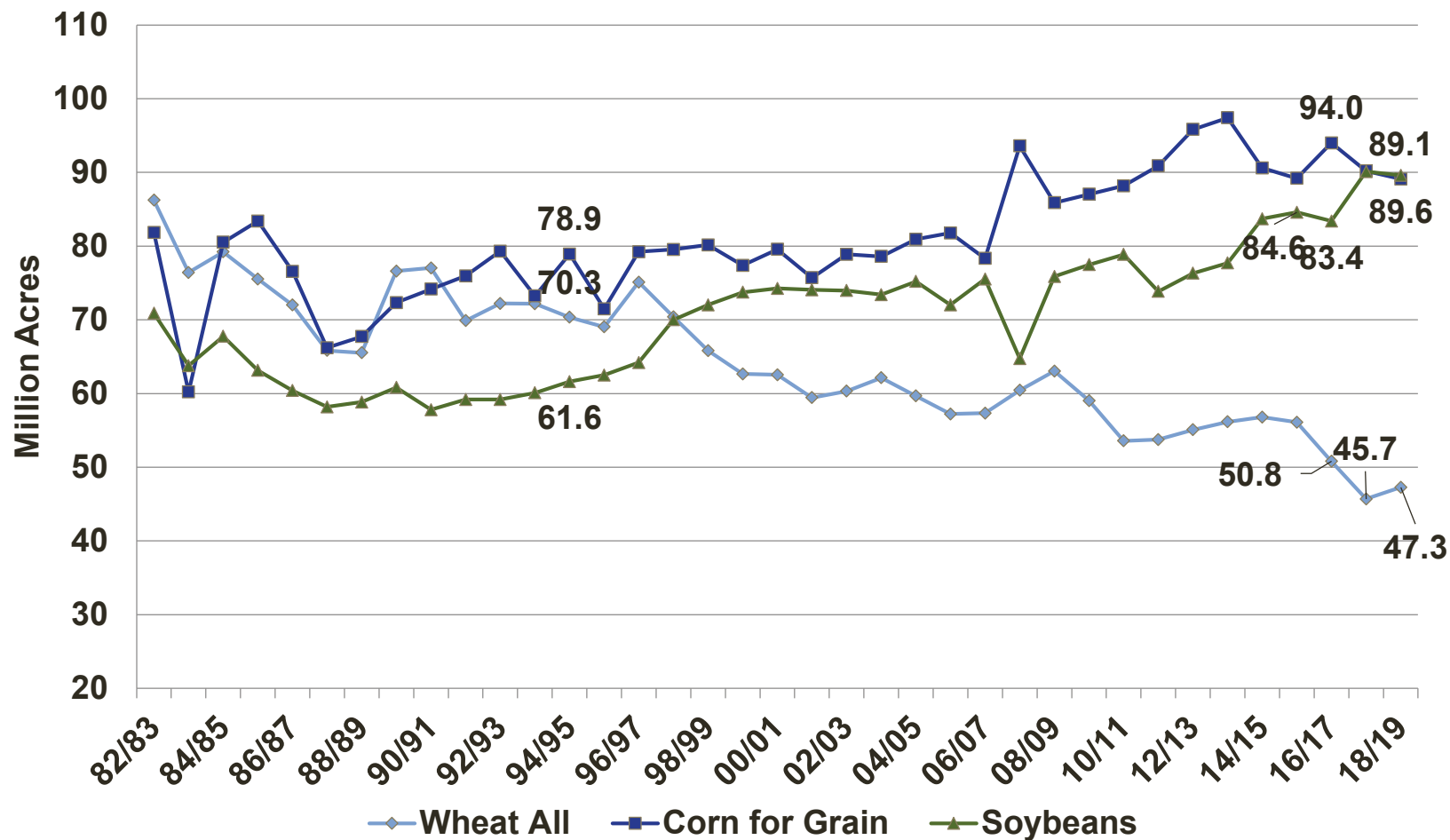
U.S. Situation by Class

Outlook

U.S. Wheat Area and Production



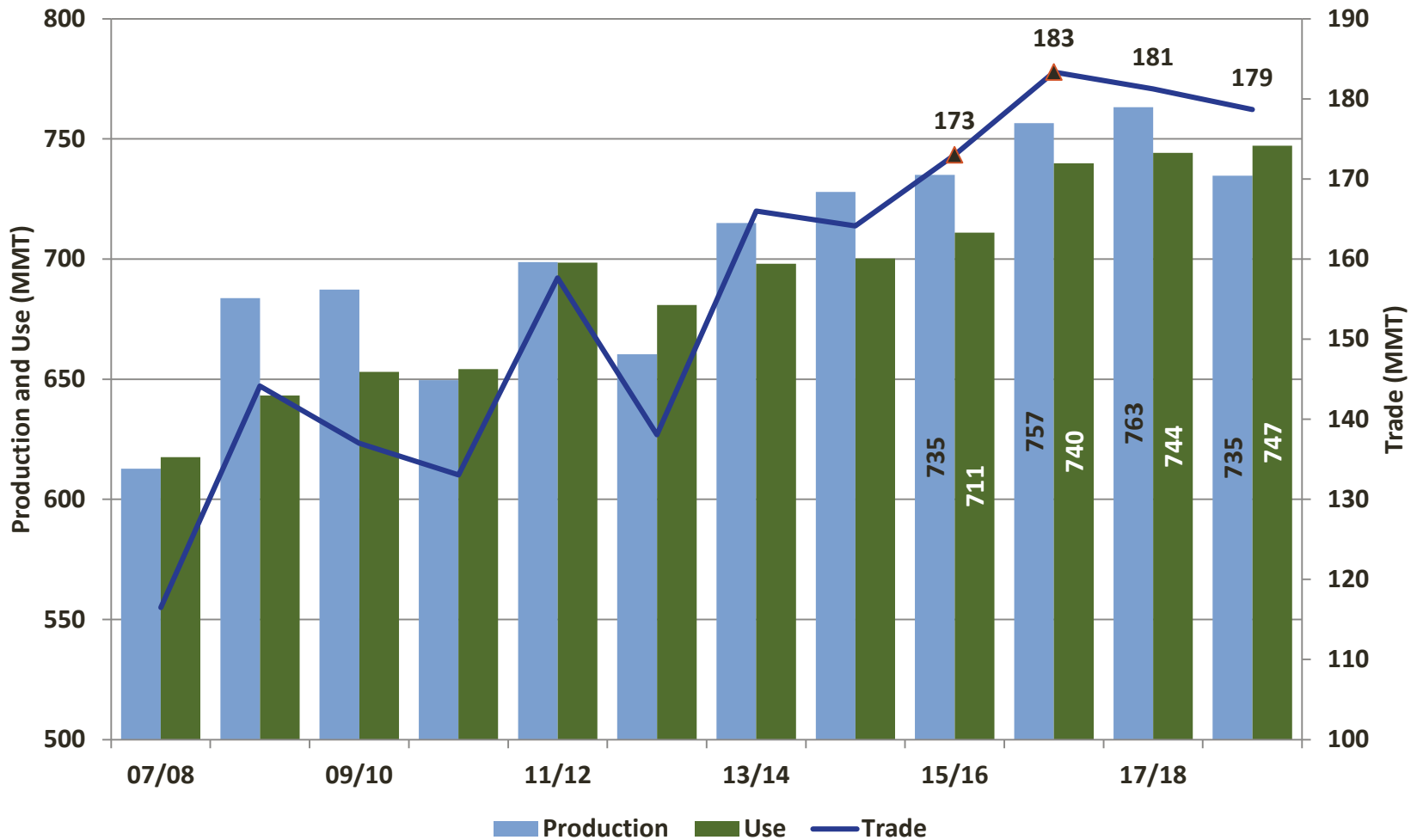
U.S. Crop Planted Area Comparison



*Source: USDA Acreage Report June 29, 2018

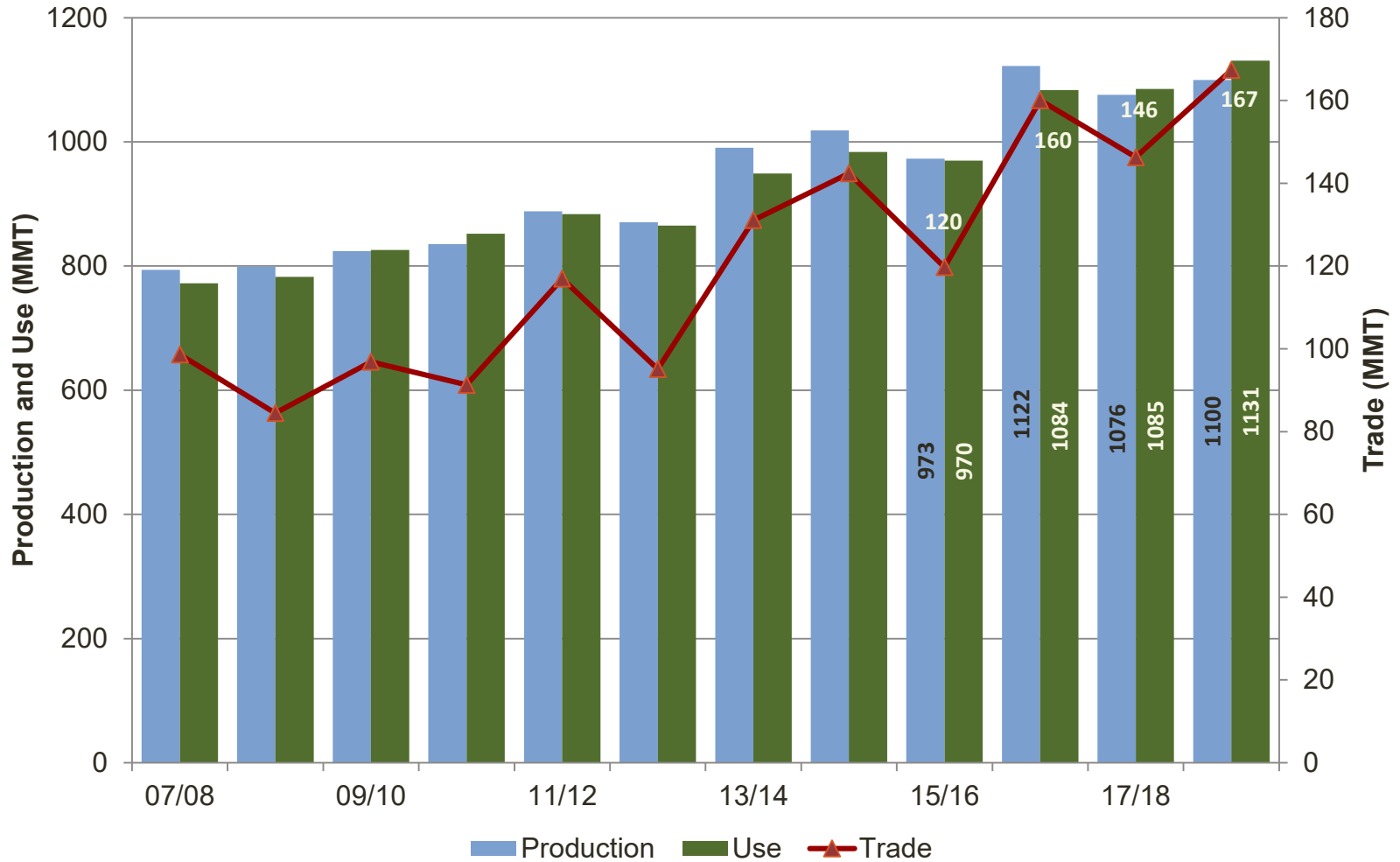
World Wheat

Production, Use and Trade



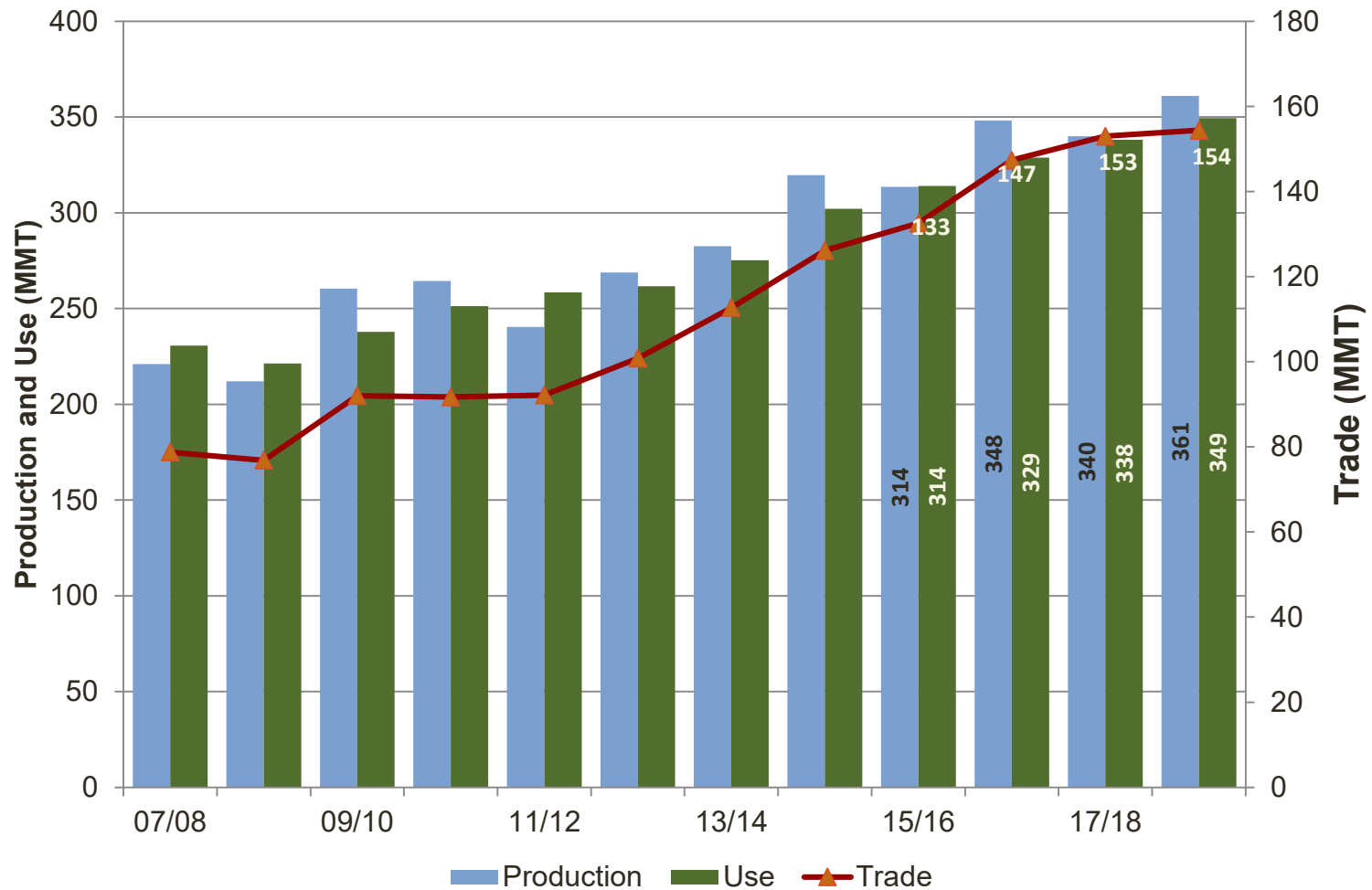
World Corn

Production, Use and Trade

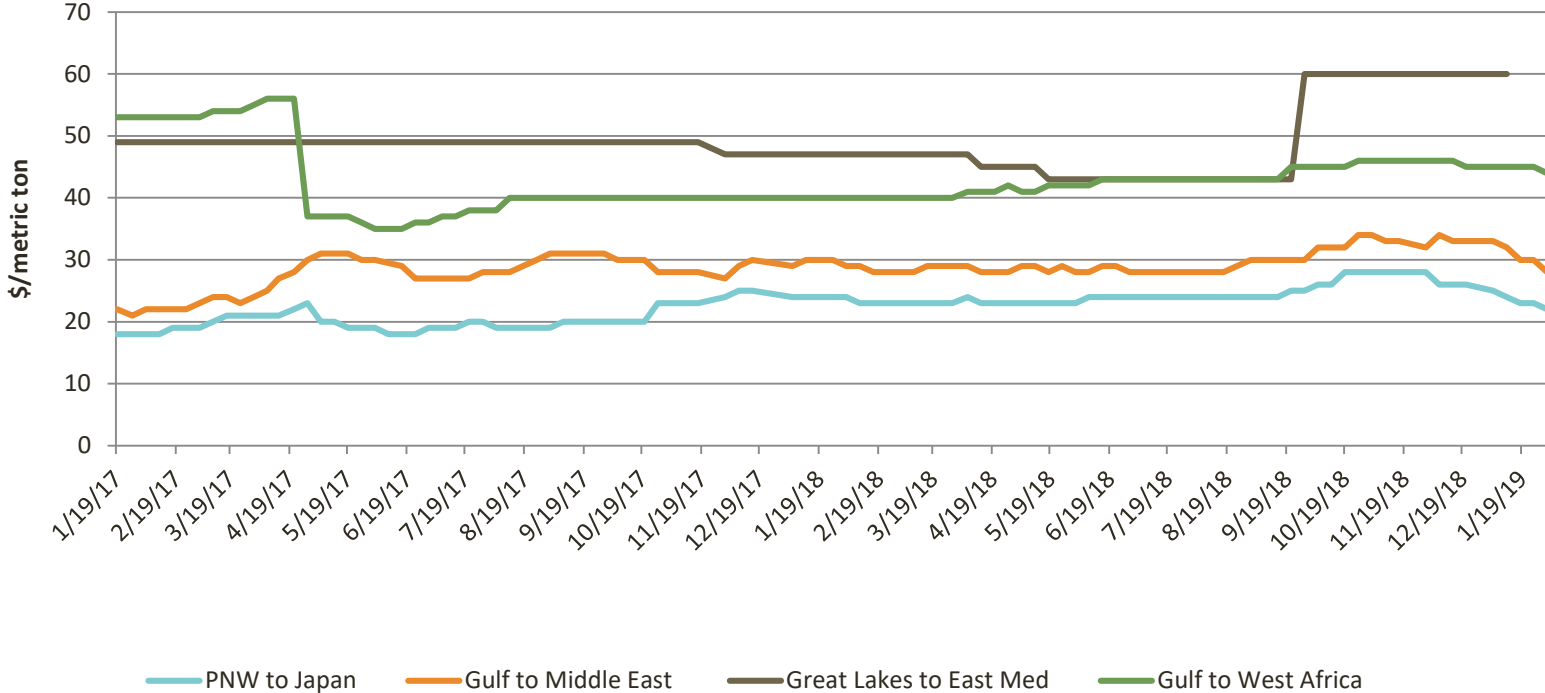


World Soybeans

Production, Use and Trade



Ocean Freight Rates for Grains



Summary

- **Global production to fall for first time in 5 years**
 - Australian wheat production to fall to 17.0 MMT, 20% below 2017/18
 - Russian wheat production to fall to 72 MMT, 10% below last year
 - European Union wheat production to fall 11% from last year to 136 MMT
 - Wheat production in the U.S. to reach 51.3 MMT, 8% below the 5-year average
- **Global ending stocks to decline to 268 MMT, still 11% above the 5-year average**
 - Ending stocks in Russia to fall to 6.5 MMT, 45% below the year prior and 19% the 5-year average, if realized
 - U.S. ending stocks to decrease to 26.5 MMT, down 13% from 2017/18, if realized
- **World consumption expected to hit new record in 2018/19; world trade to remain near record high**
 - Indonesian 2018/19 imports estimated at 10 MMT, 10% above the 5-year average
 - U.S. 2018/19 exports to total 27.2 MMT, up 11% year over year, if realized