

# World Wheat Supply and Demand Situation

October 2019

Major data source: USDA World Agricultural Supply and Demand Estimates released October 10, 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 an all-time high of 765 MMT**
  - Wheat production in Ukraine to jump 13% to an all-time high of 28.7 MMT in 2019/20
  - Australian production forecast at 18.0 MMT, 4% higher than the 2018/19 total, but 23% below the 5-year average, if realized
  - U.S. wheat production to rise 4% above 2018/19 levels to 53.4 MMT in 2019/20
- **Global consumption forecast at 755 MMT, the highest on record**
  - Domestic wheat consumption in the Philippines to reach 7.30 MMT in 2019/20, 4% higher than last year's record of 7.0 MMT
  - Egyptian domestic consumption to reach a record 20.4 MMT, up 4% from the 5-year average
  - U.S. domestic consumption to total 31.8 MMT, up 5% year-over-year
- **World wheat trade to jump 4% year-over-year to 180 MMT, 3% above the 5-year average of 175 MMT**
  - Exports from the Ukraine to reach a record 19.5 MMT in 2019/20, 18% higher than last year
  - European Union (EU) wheat exports to rebound 17% over last year to 28.0 MMT in 2019/20
  - U.S. 2019/20 exports to increase to 25.9 MMT, 5% higher than the 5-year average, if realized



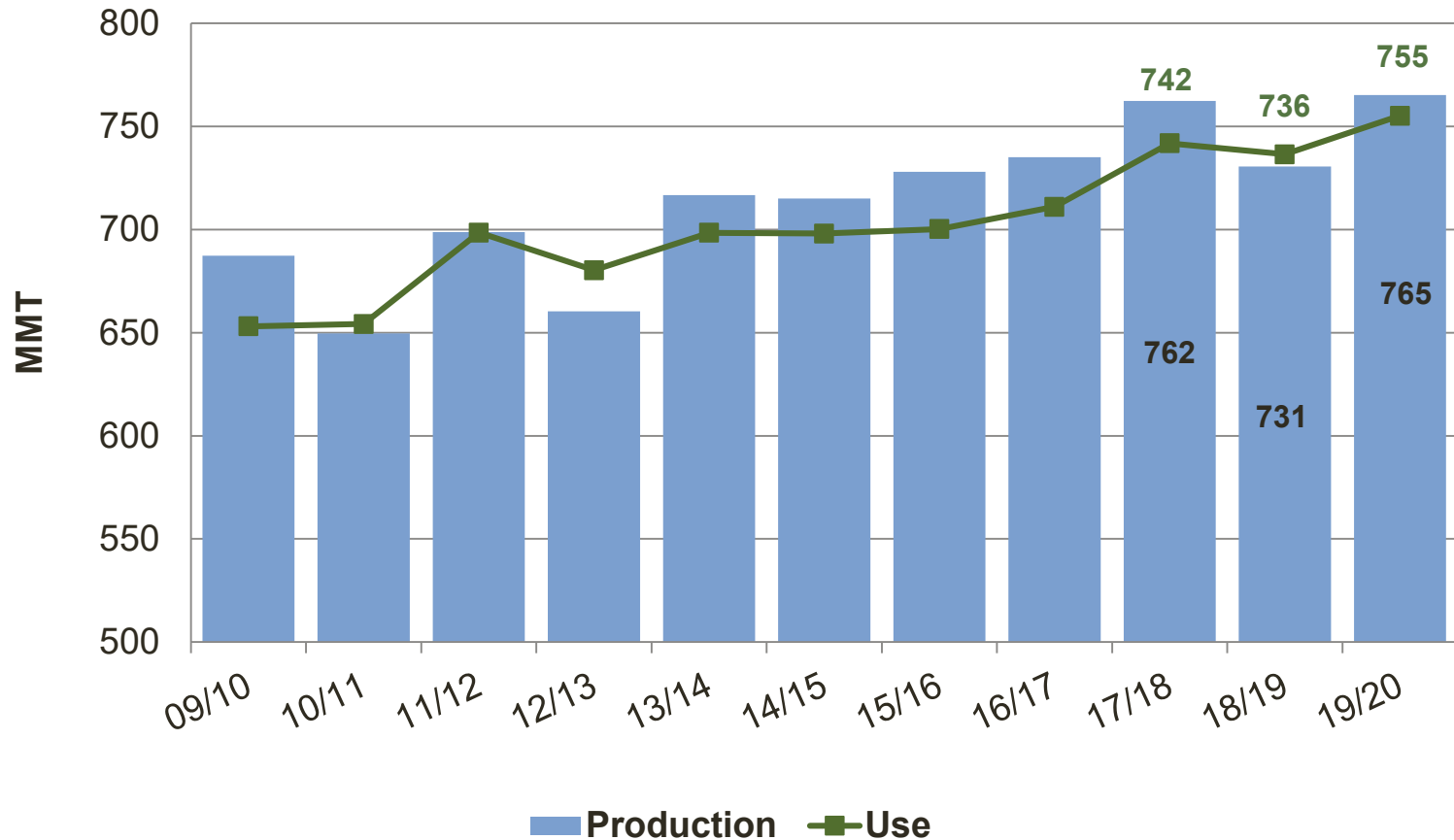
# Highlights of USDA's 2019/20 Supply and Demand Estimates

- **World beginning stocks fell 2% year-over-year to 278 MMT, still 15% higher than the 5-year average of 242 MMT**
  - India's 2019/20 beginning stocks jumped 22% over 2018/19 to 17.1 MMT
  - U.S. 2019/20 beginning stocks estimated at 29.4 MMT, 2% lower than last year but 17% higher than the 5-year average of 25.0 MMT
- **Global ending stocks projected at 288 MMT, 3% higher than last year and 11% higher than the 5-year average**
  - Estimated Chinese ending stocks of 146 MMT are up 4% from last year and account for 51% of total global ending stocks
  - U.S. ending stocks are expected to total 28.4 MMT, down 3% from 2018/19 but 3% higher than the 5-year average
- **U.S. farm gate average price to fall 9% from 2018/19 average price**
  - Projected average farm gate price to fall to \$4.70/bu\* (\$173/MT) from last year's average of \$5.16/bu (\$190/MT)

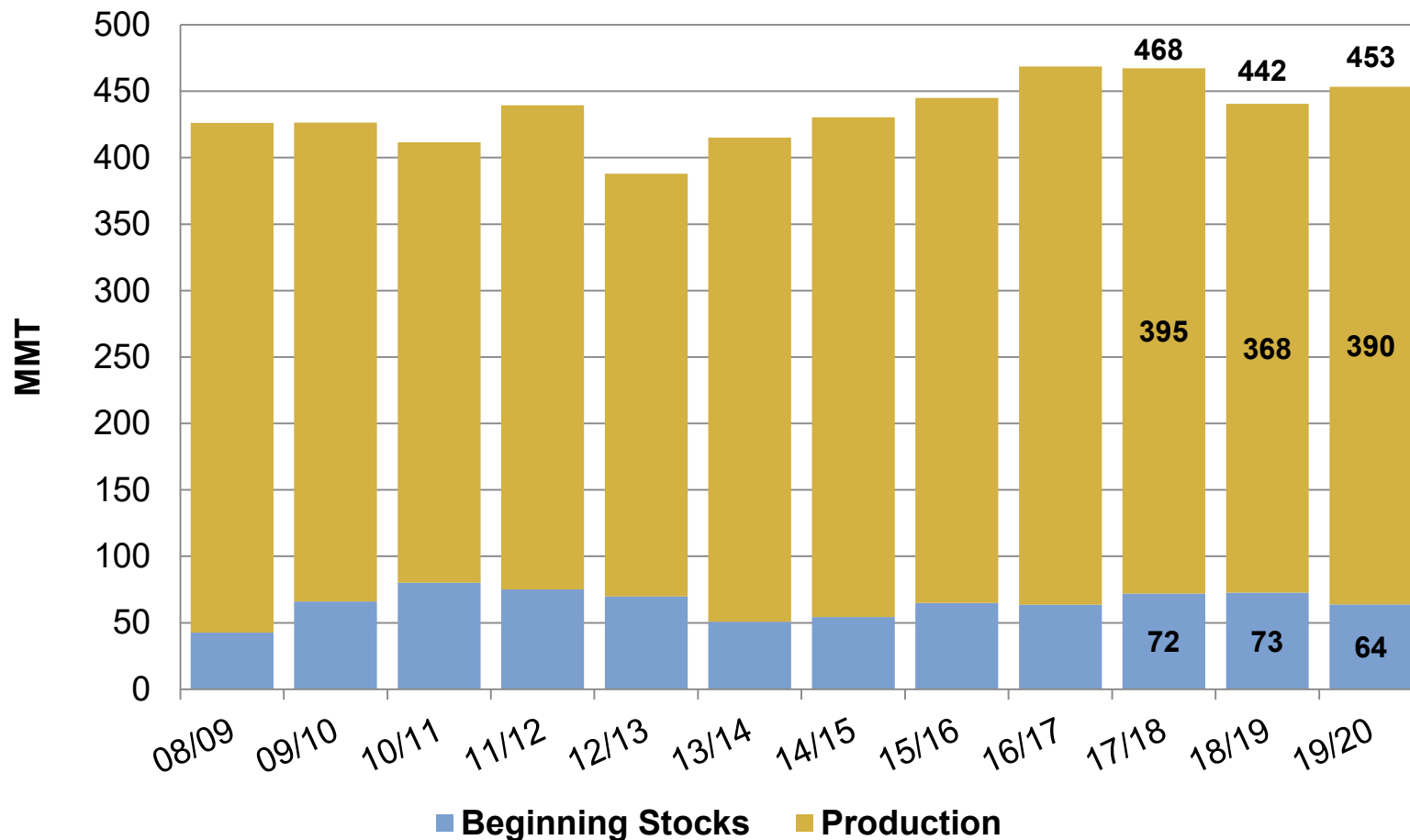
*\*Average U.S. farm gate price, marketing year weighted average*



# World Production and Use



# Supplies in Top Exporting Countries\*



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

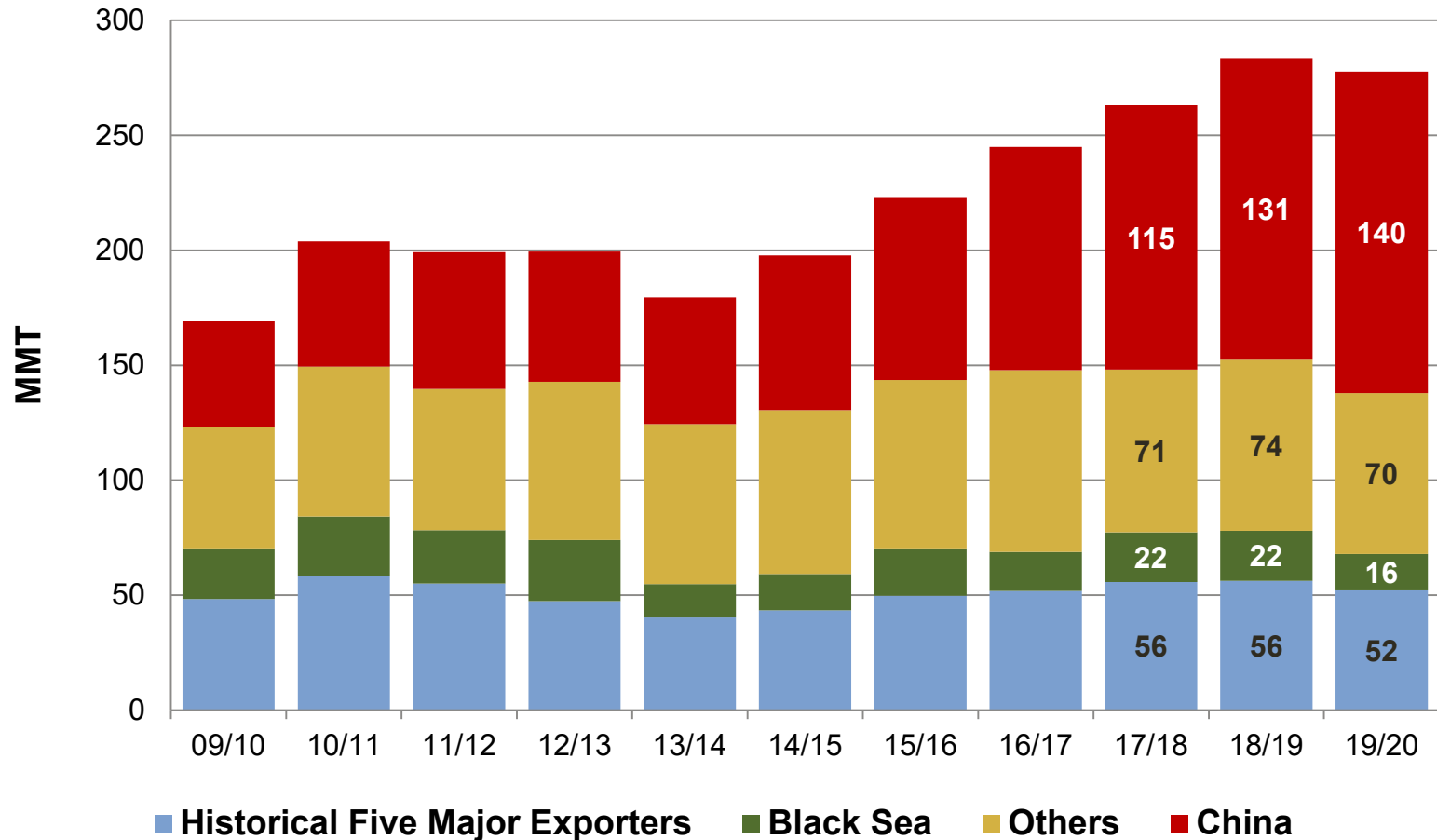
# World Wheat Supply and Demand (MMT)

		<u>17/18</u>	<u>18/19</u>	<u>19/20</u>
<b>SUPPLY:</b>	<b>Beginning Stocks</b>	263	284	278
	<b>Production</b>	762	731	765
	<b>Supply Total</b>	1025	1014	1043
	<b>Ending Stocks</b>	284	278	288
<b>TRADE:</b>	<b>Exports/Imports</b>	182	173	180
<b>DEMAND:</b>	<b>Food &amp; Seed</b>	595	597	607
	<b>Feed &amp; Residual</b>	147	140	148
	<b>Use Total</b>	742	736	755



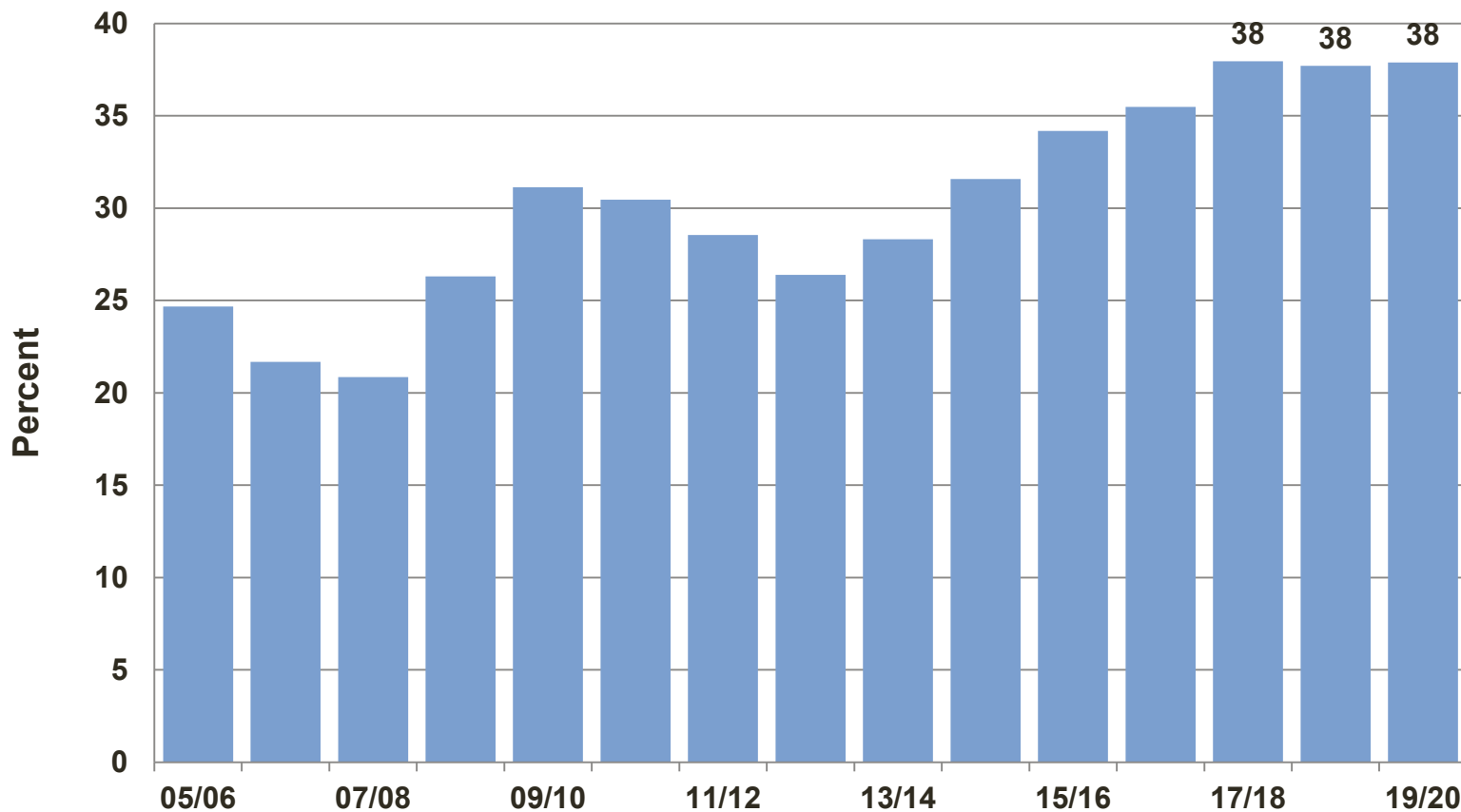


# World Beginning Stocks



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

# Global Stocks\*-to-Use Ratio



*\*Ending stocks*

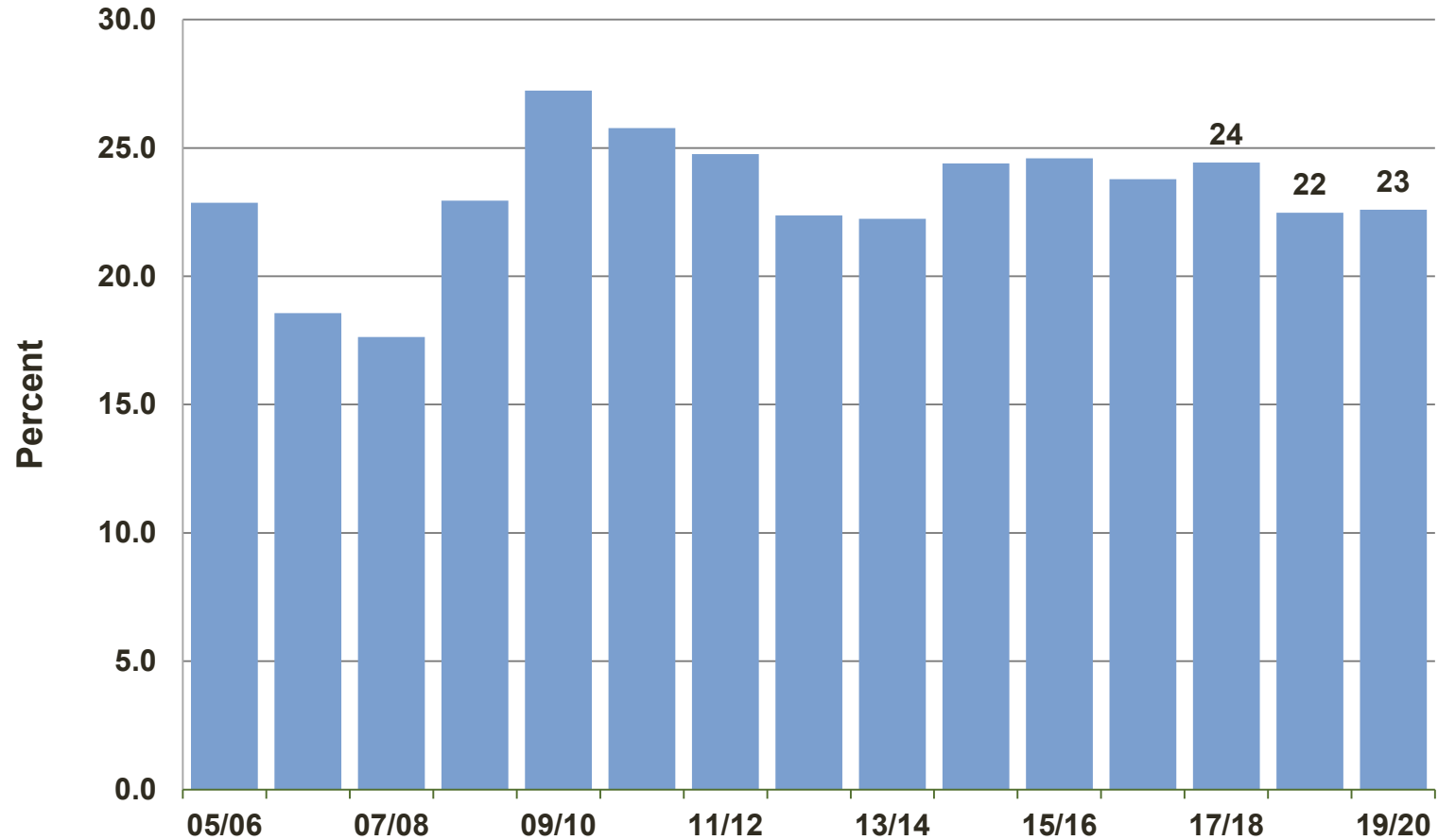
Supply and Demand



U.S. WHEAT  
ASSOCIATES



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



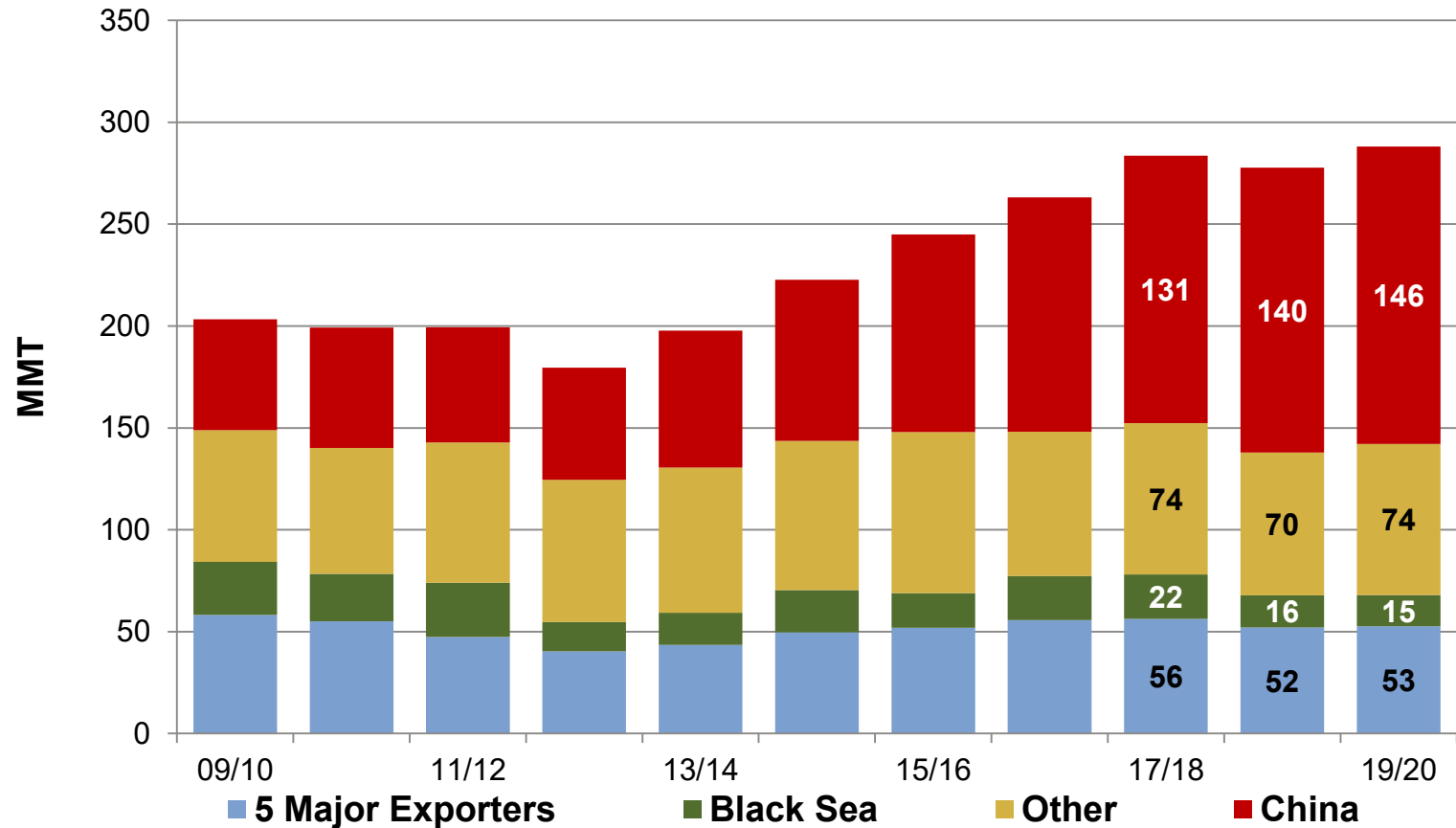
*\*Ending stocks*

Supply and Demand



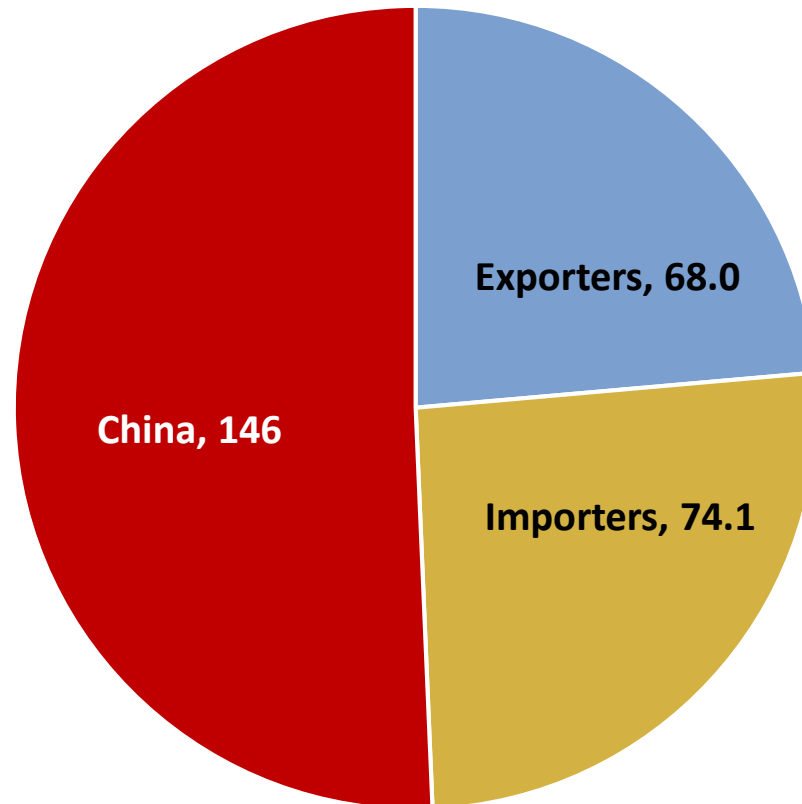
U.S. WHEAT  
ASSOCIATES

# World Ending Stocks

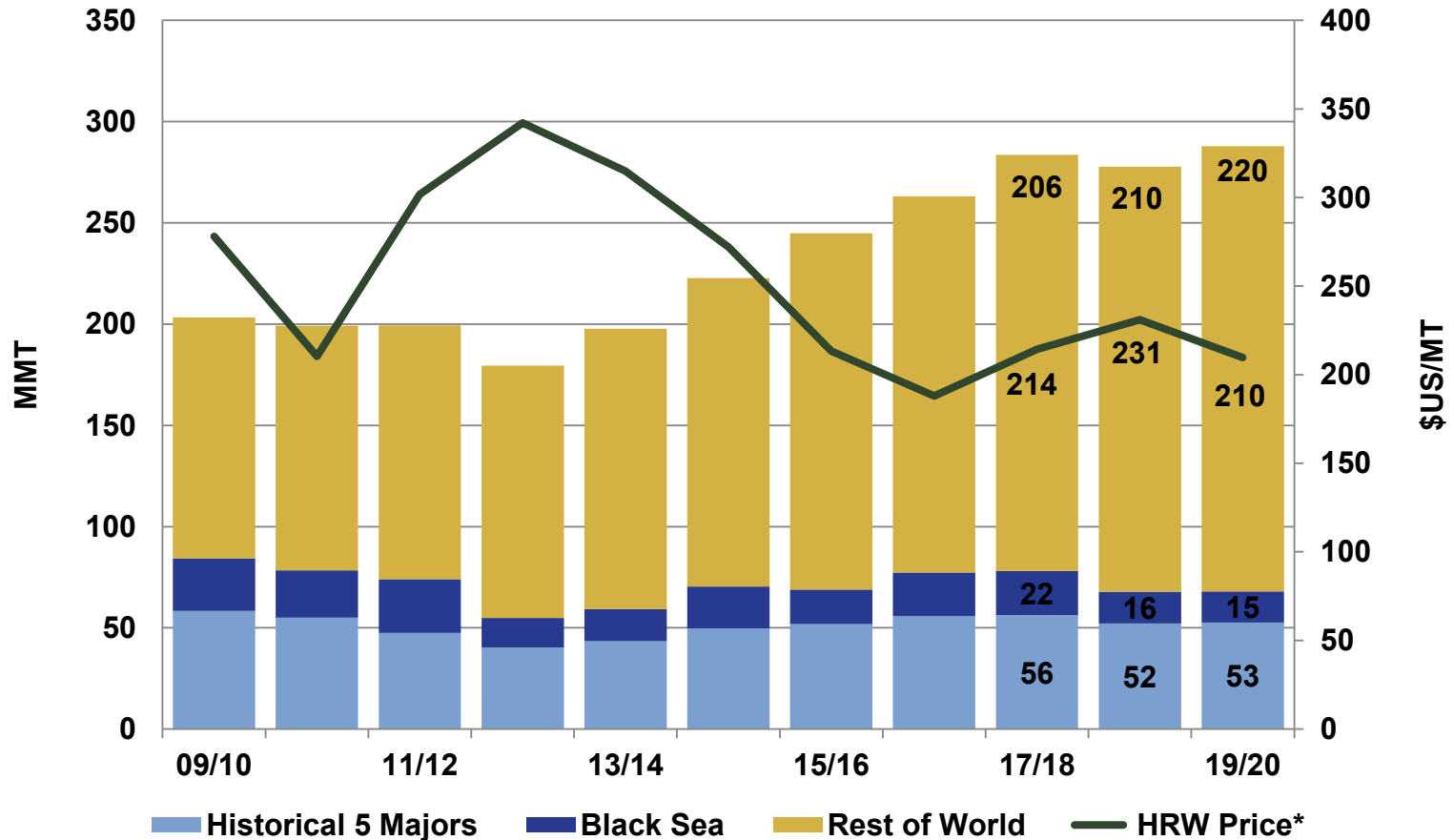


*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU. Black Sea includes Russia, Ukraine and Kazakhstan.*

# World Ending Stocks by Position (MMT)



# Global Ending Stocks and Price



\*Source: U.S. Wheat Associates Price Report, October 4, 2019



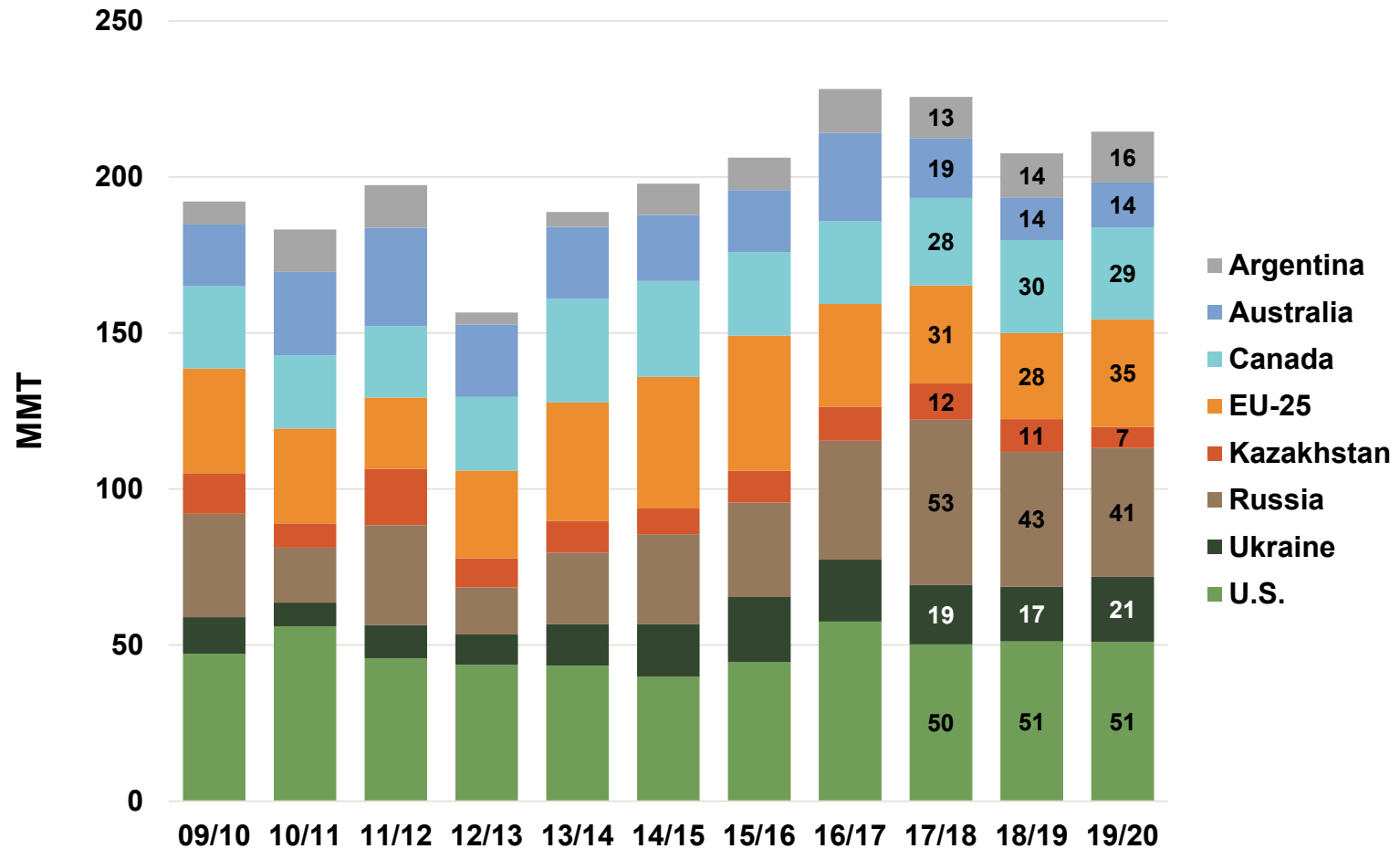
## Major Exporters

Import Demand

U.S. Situation by Class

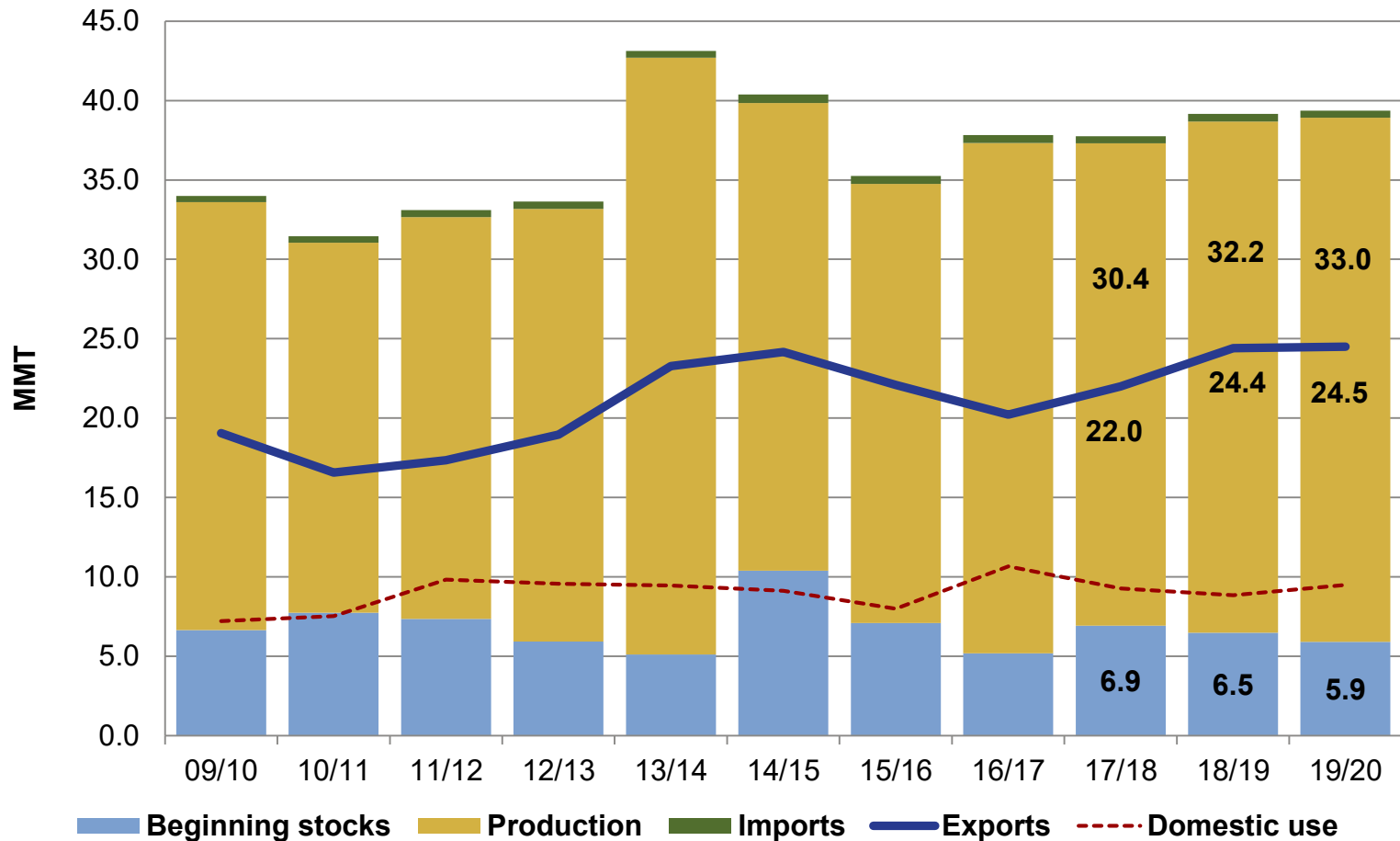
Outlook

# Exportable Supplies in Top Exporting Countries



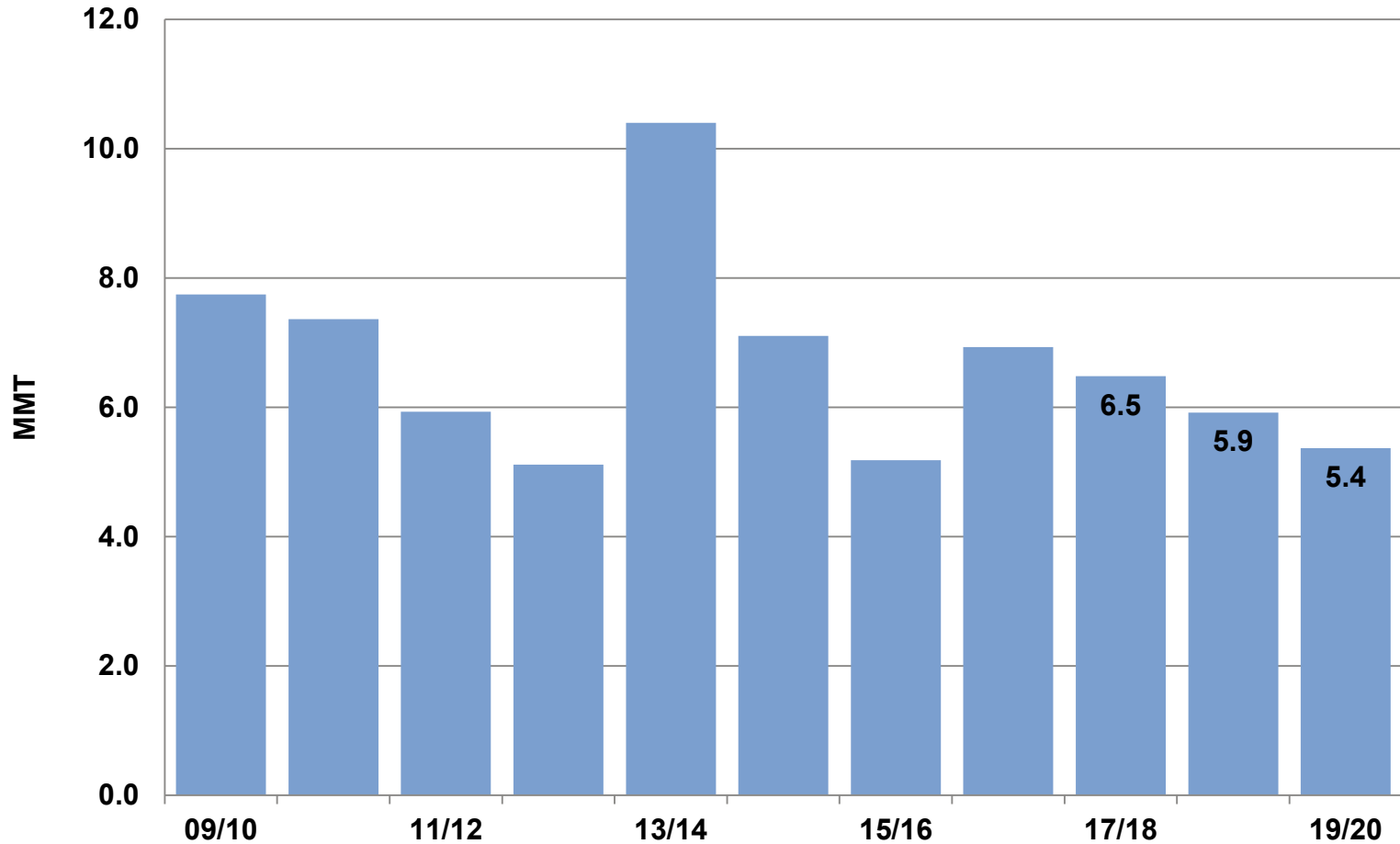
*\*Exportable Supplies = (Beginning Stocks + Production) – Domestic Consumption*

# Canada Situation

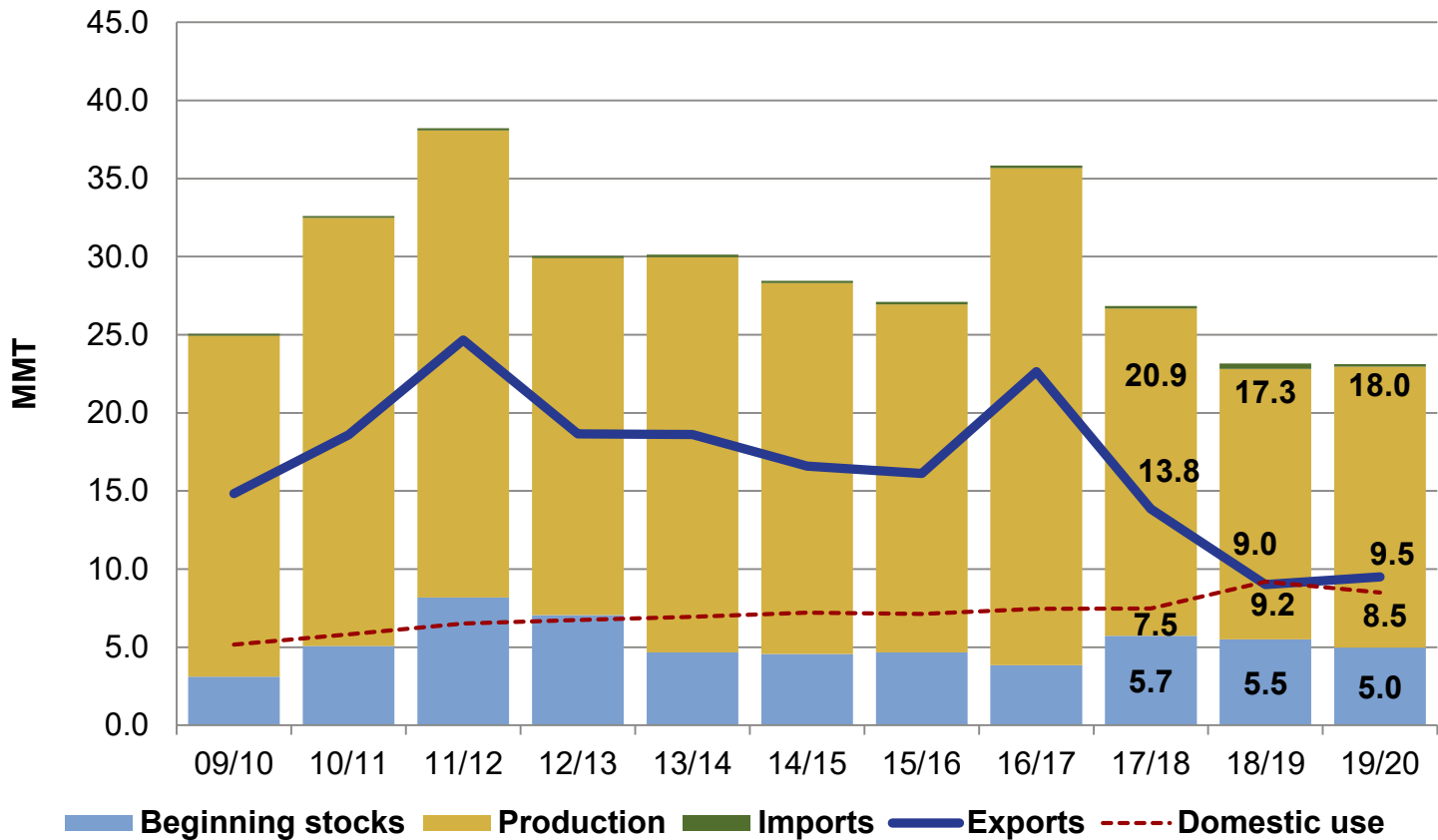




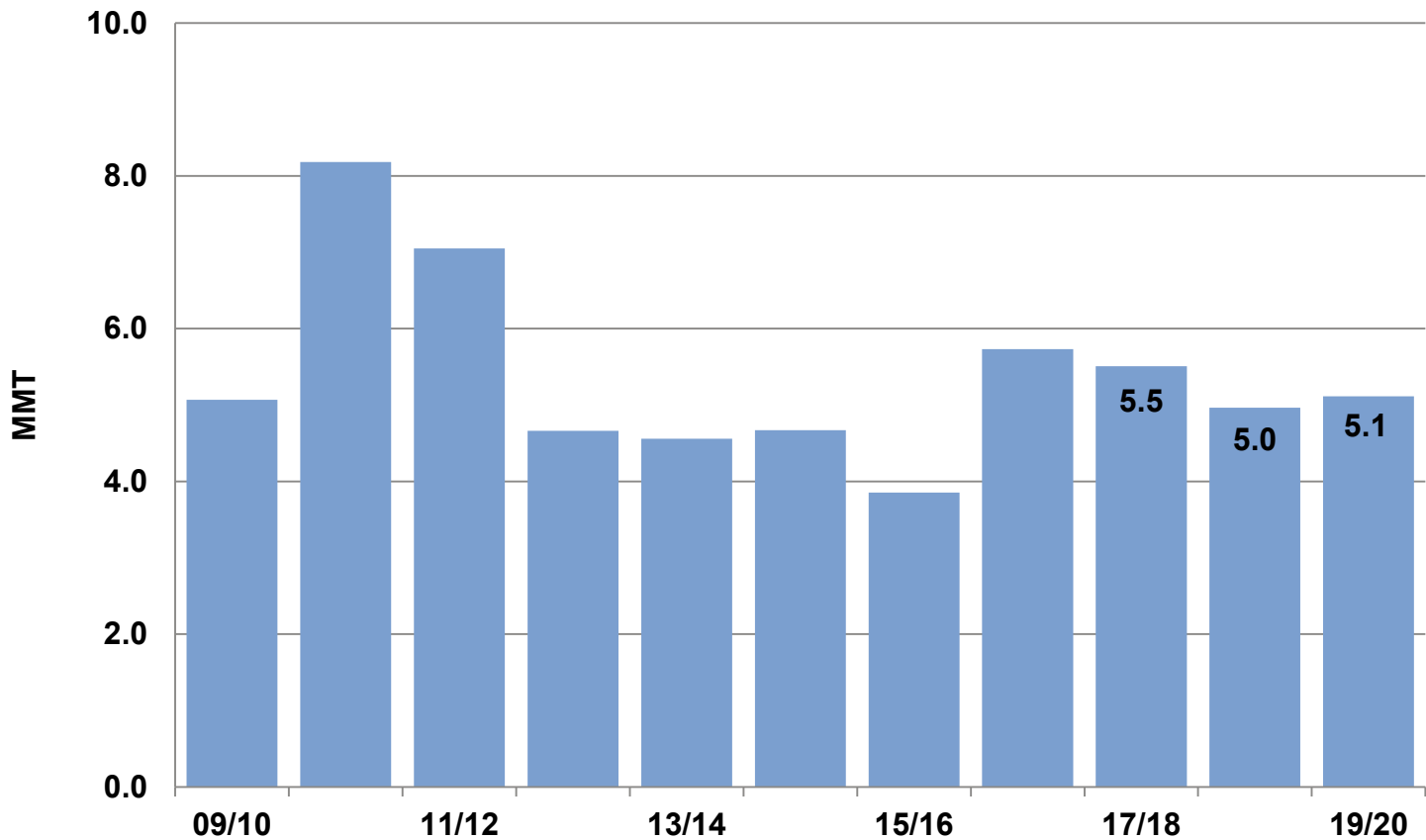
# Canada Ending Stocks



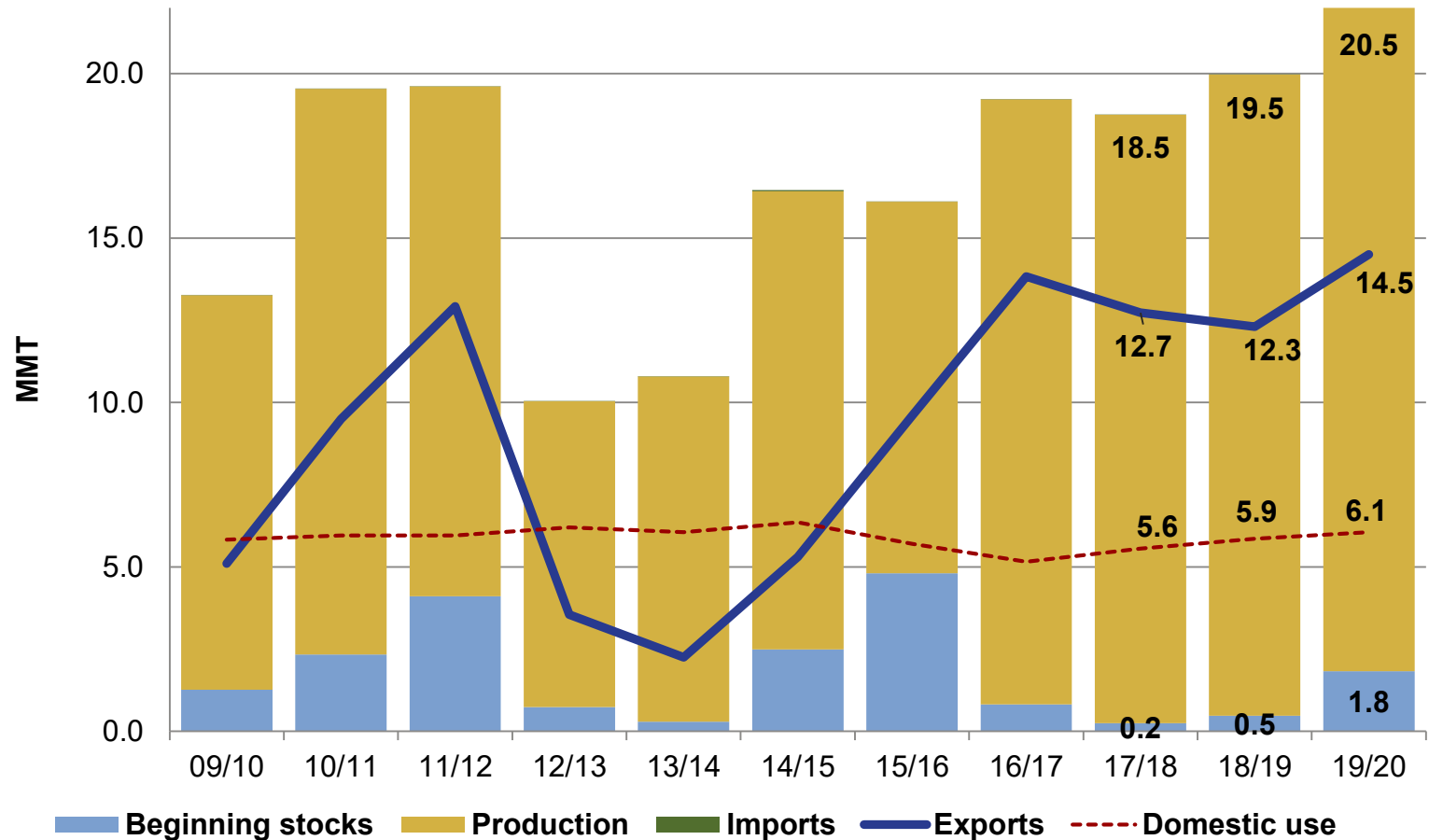
# Australia Situation



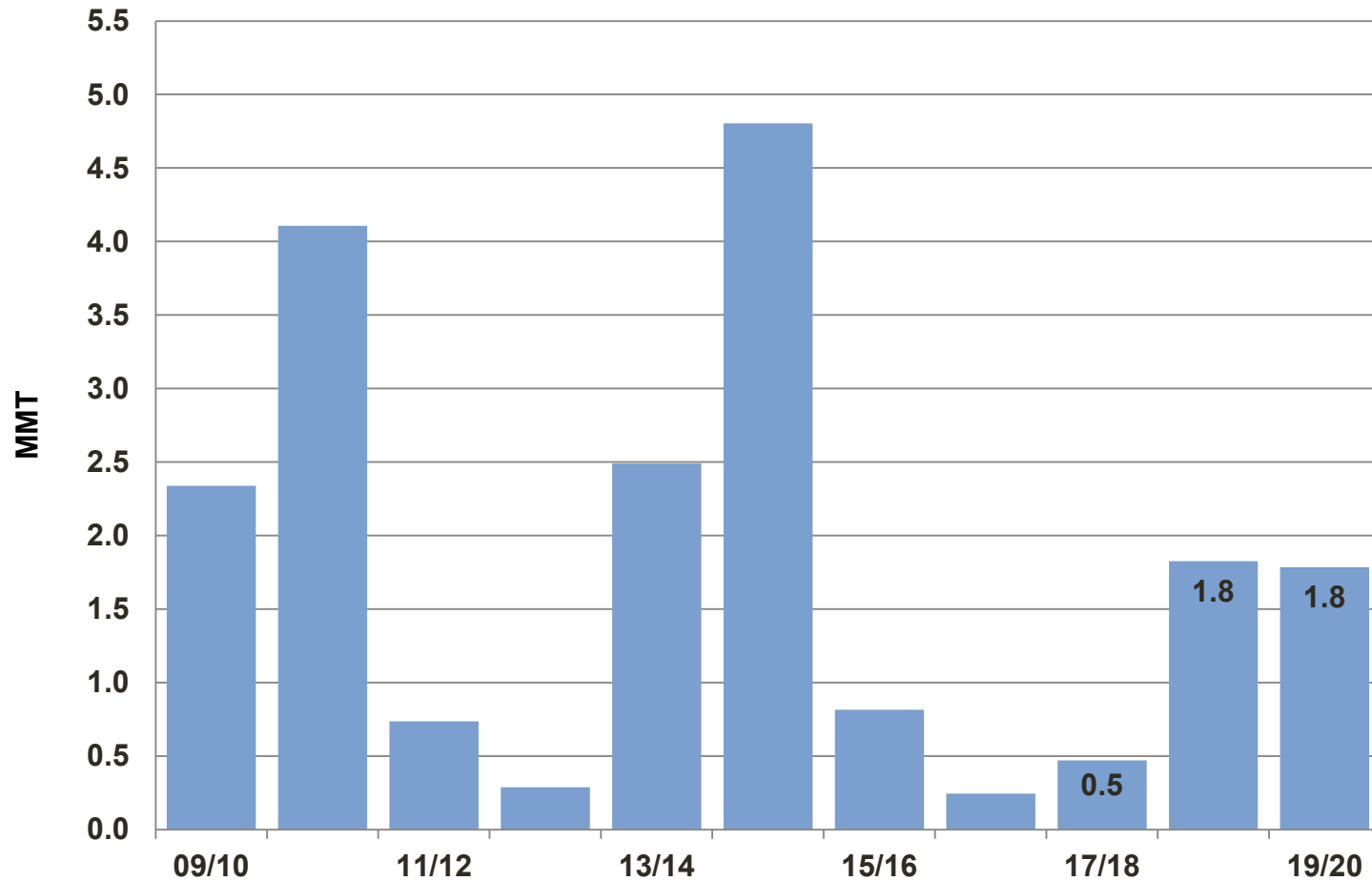
# Australia Ending Stocks



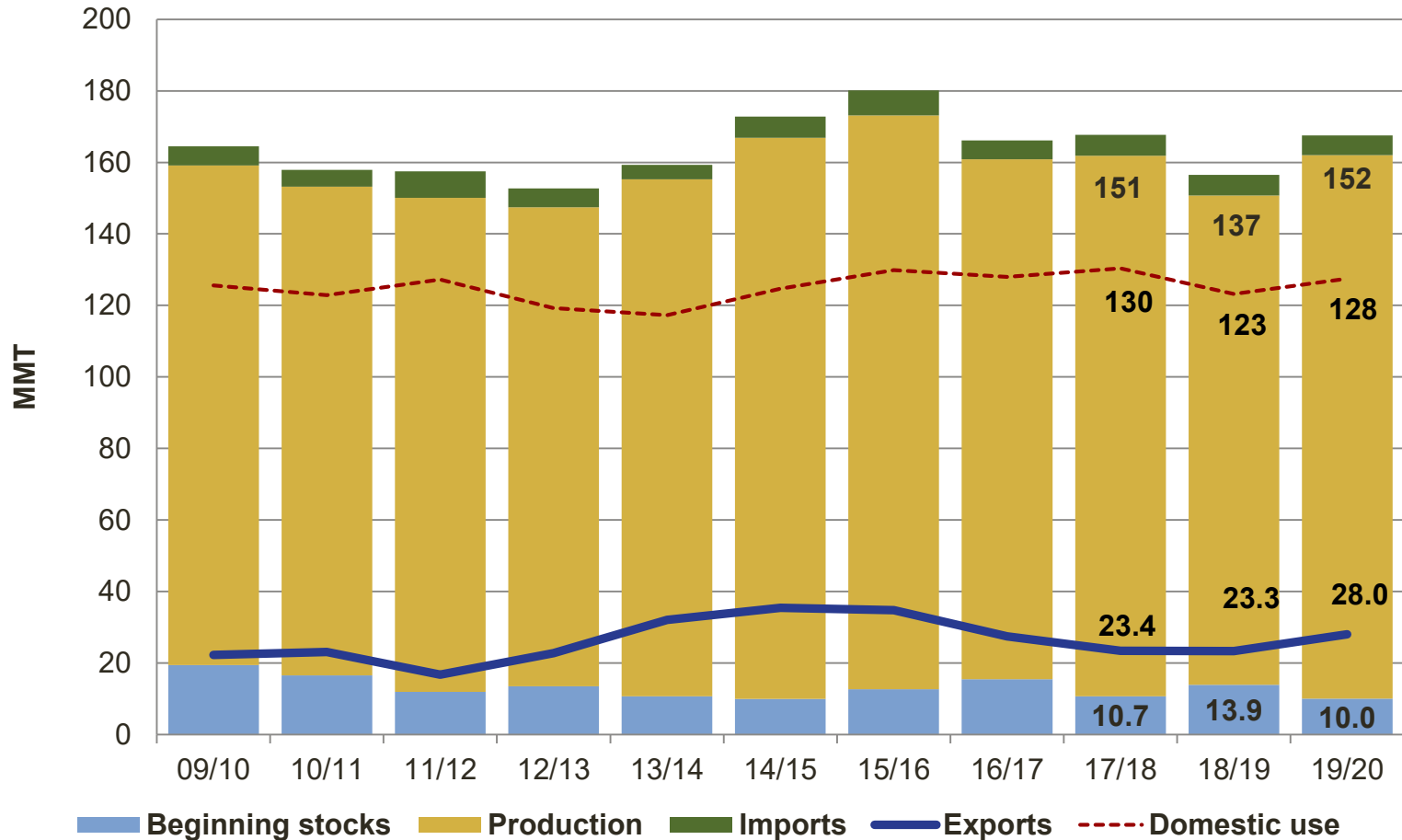
# Argentina Situation



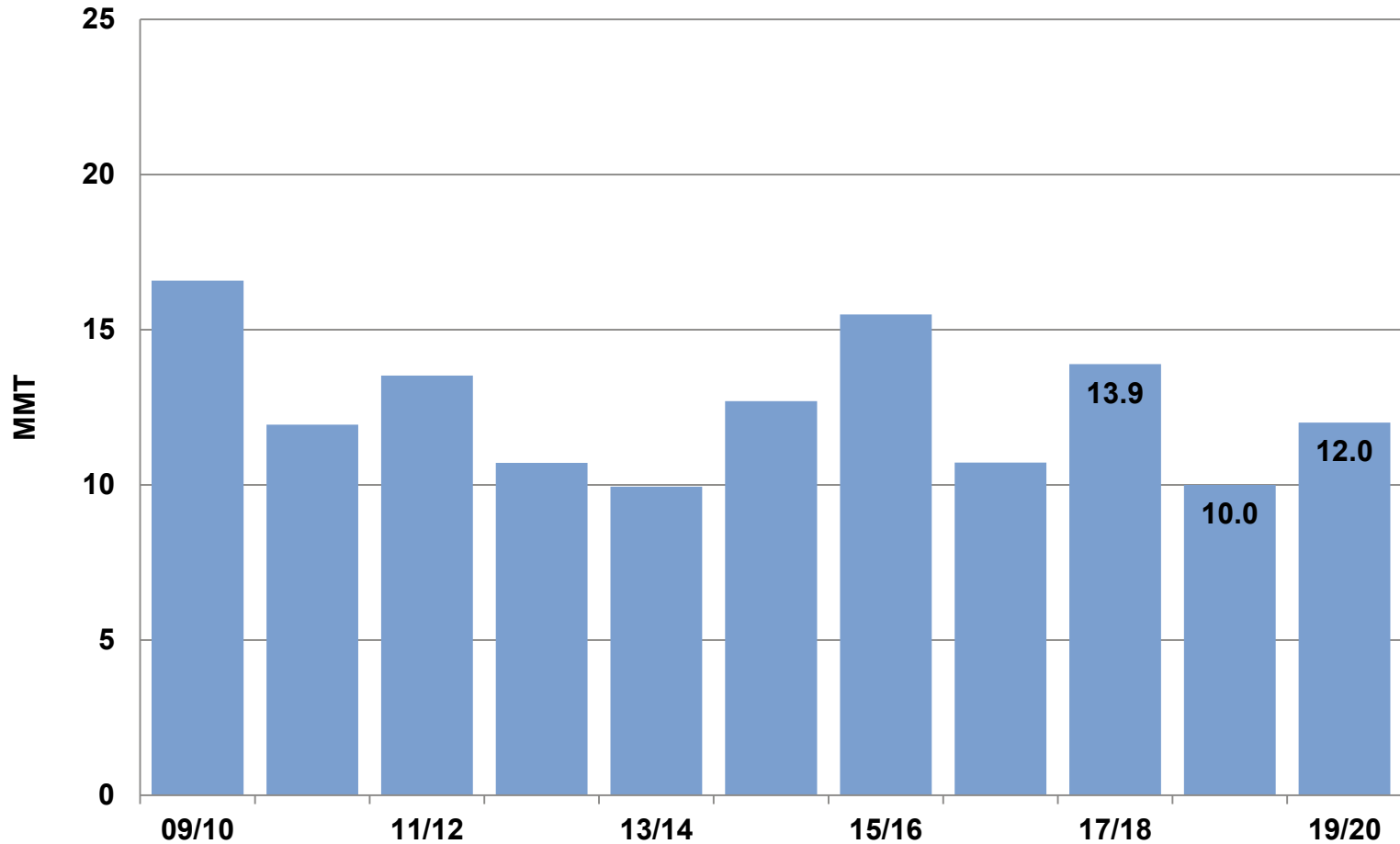
# Argentina Ending Stocks



# EU- 28 Situation

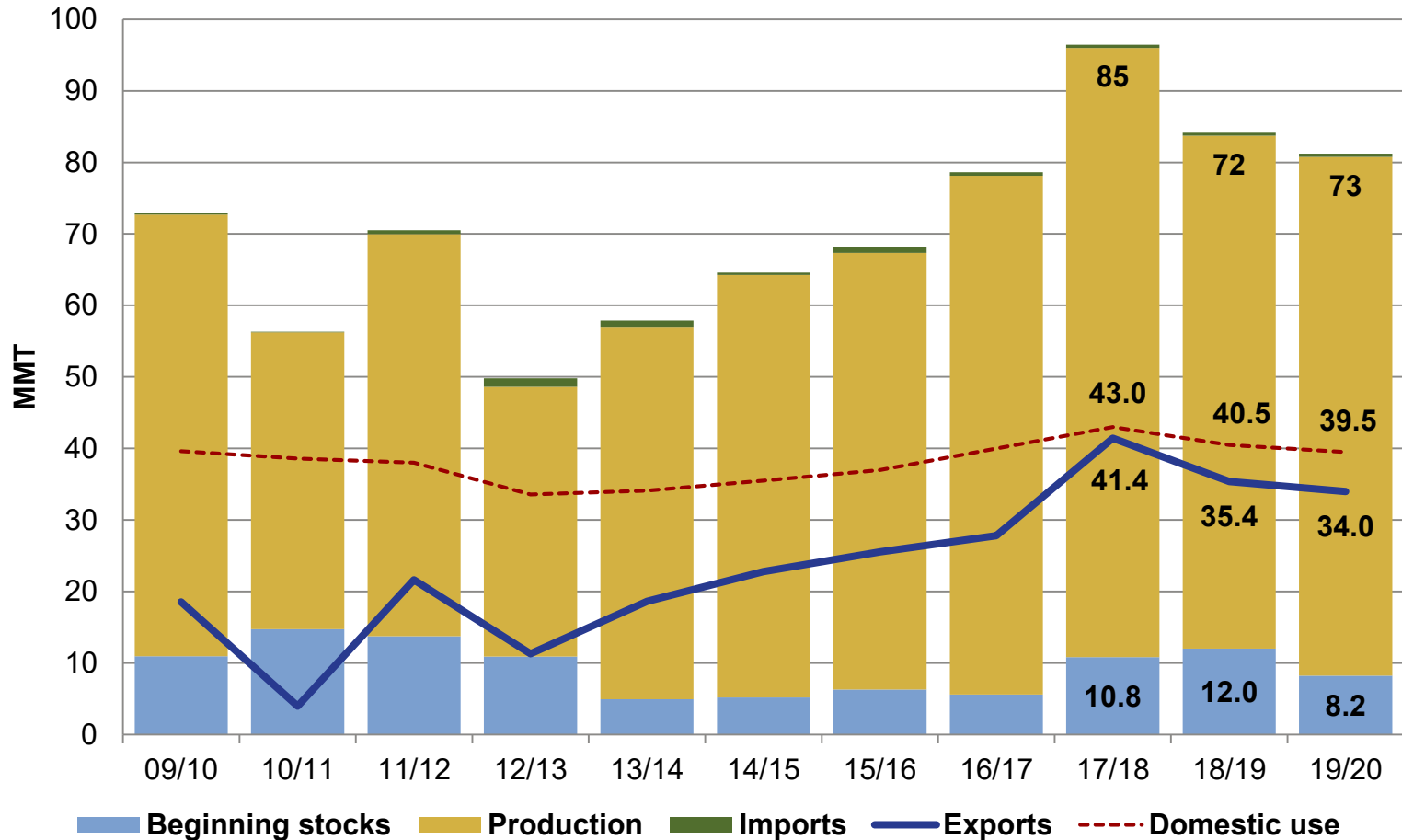


# EU-28 Ending Stocks

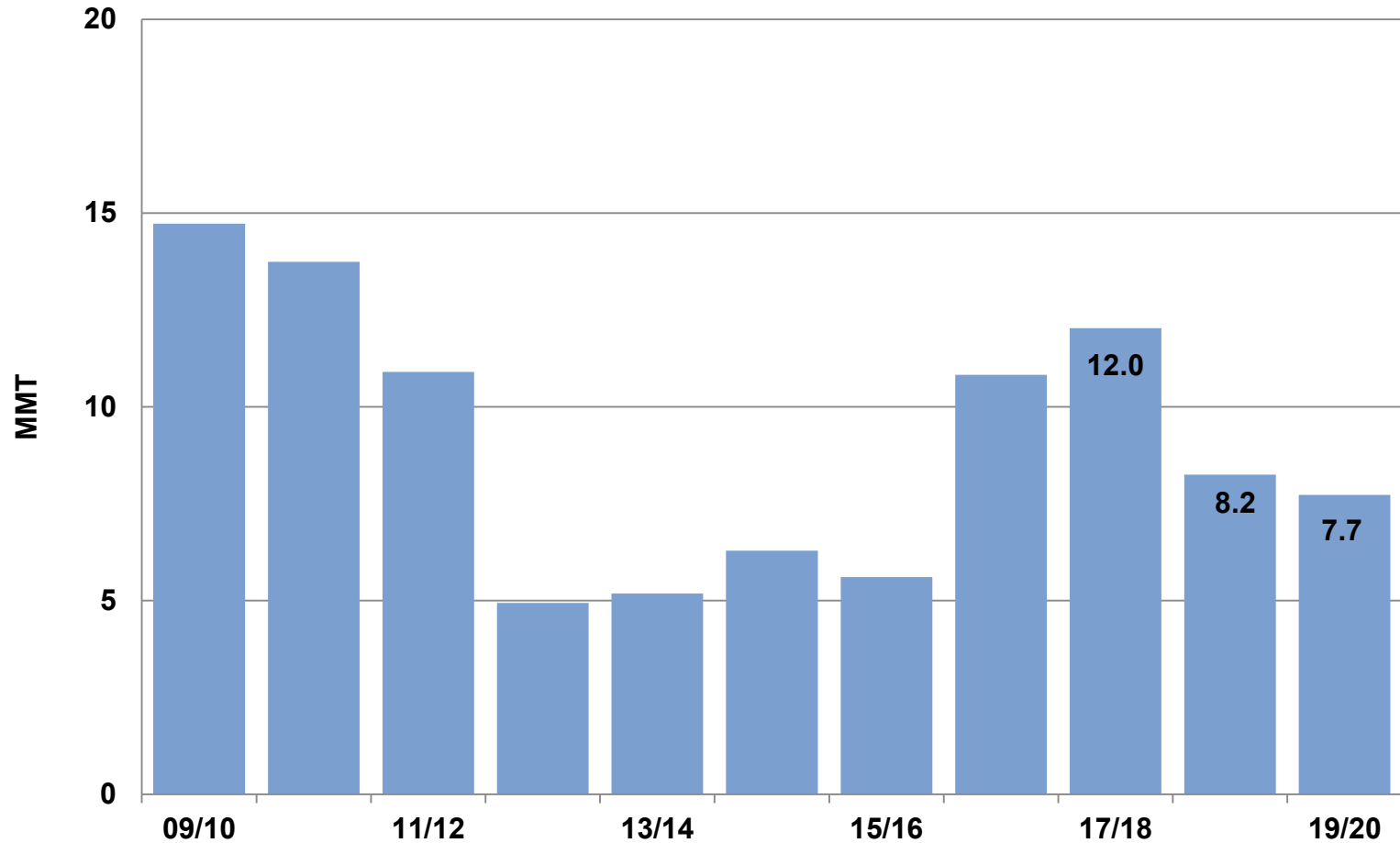




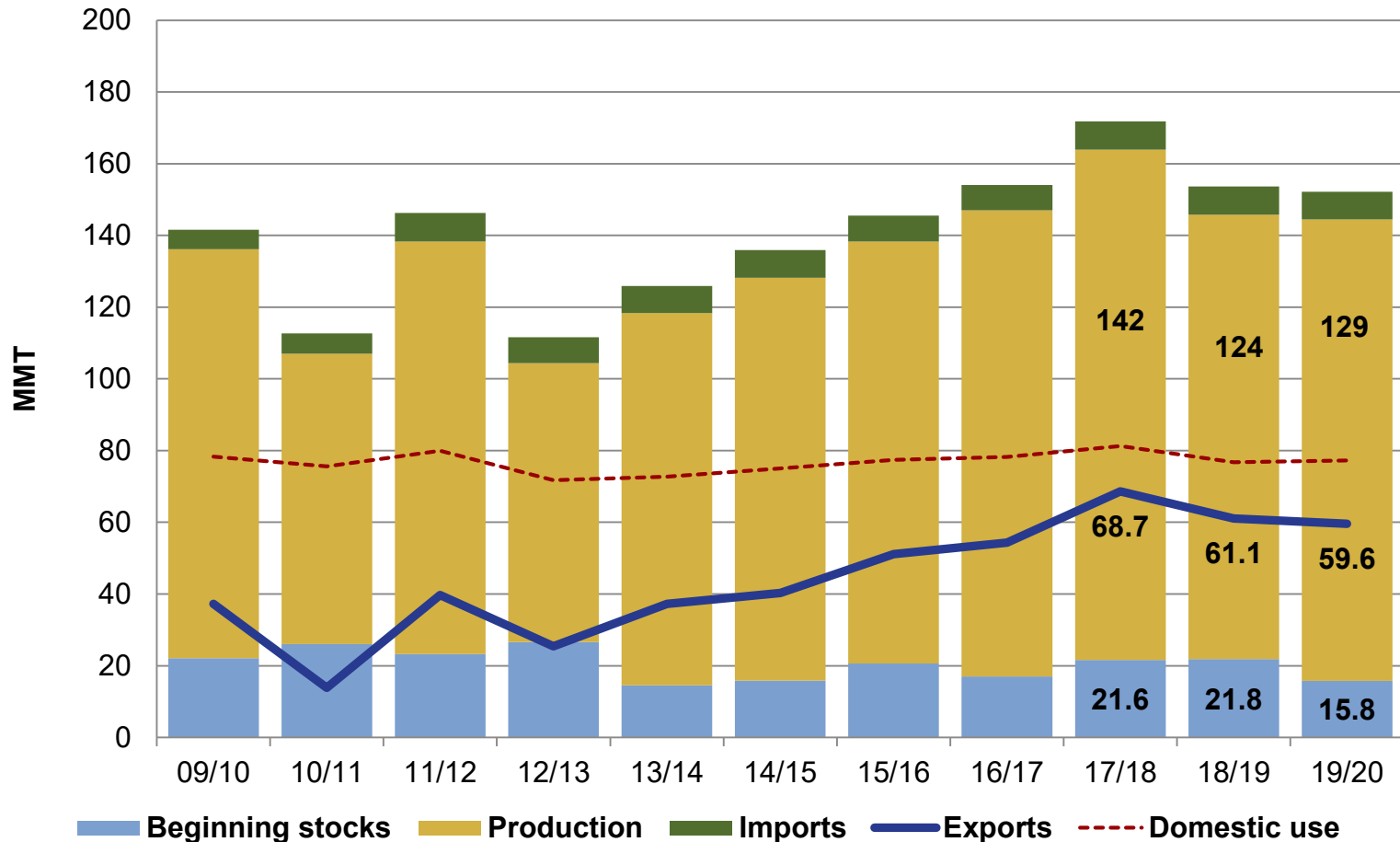
# Russia Situation



# Russia Ending Stocks

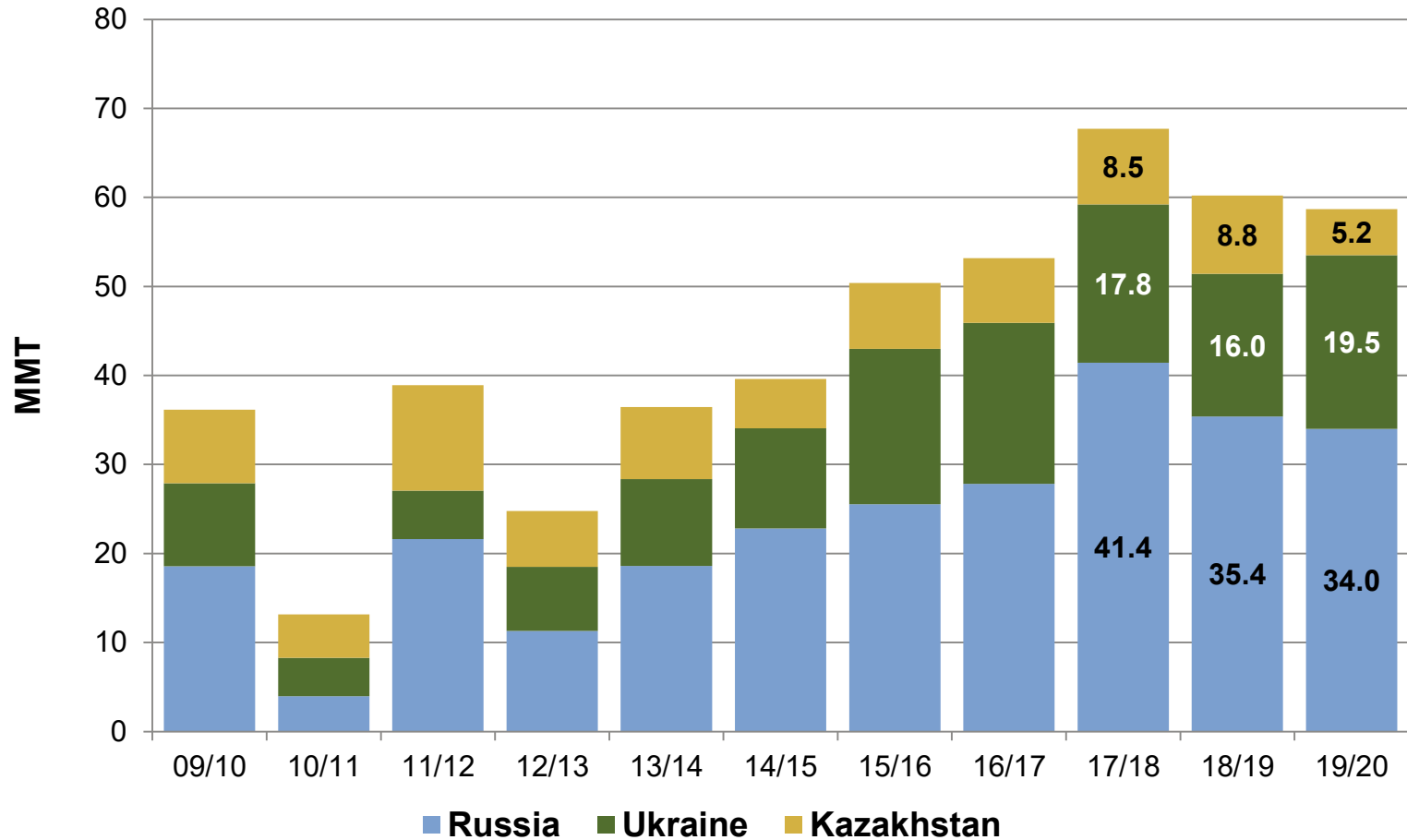


# Black Sea Region Situation

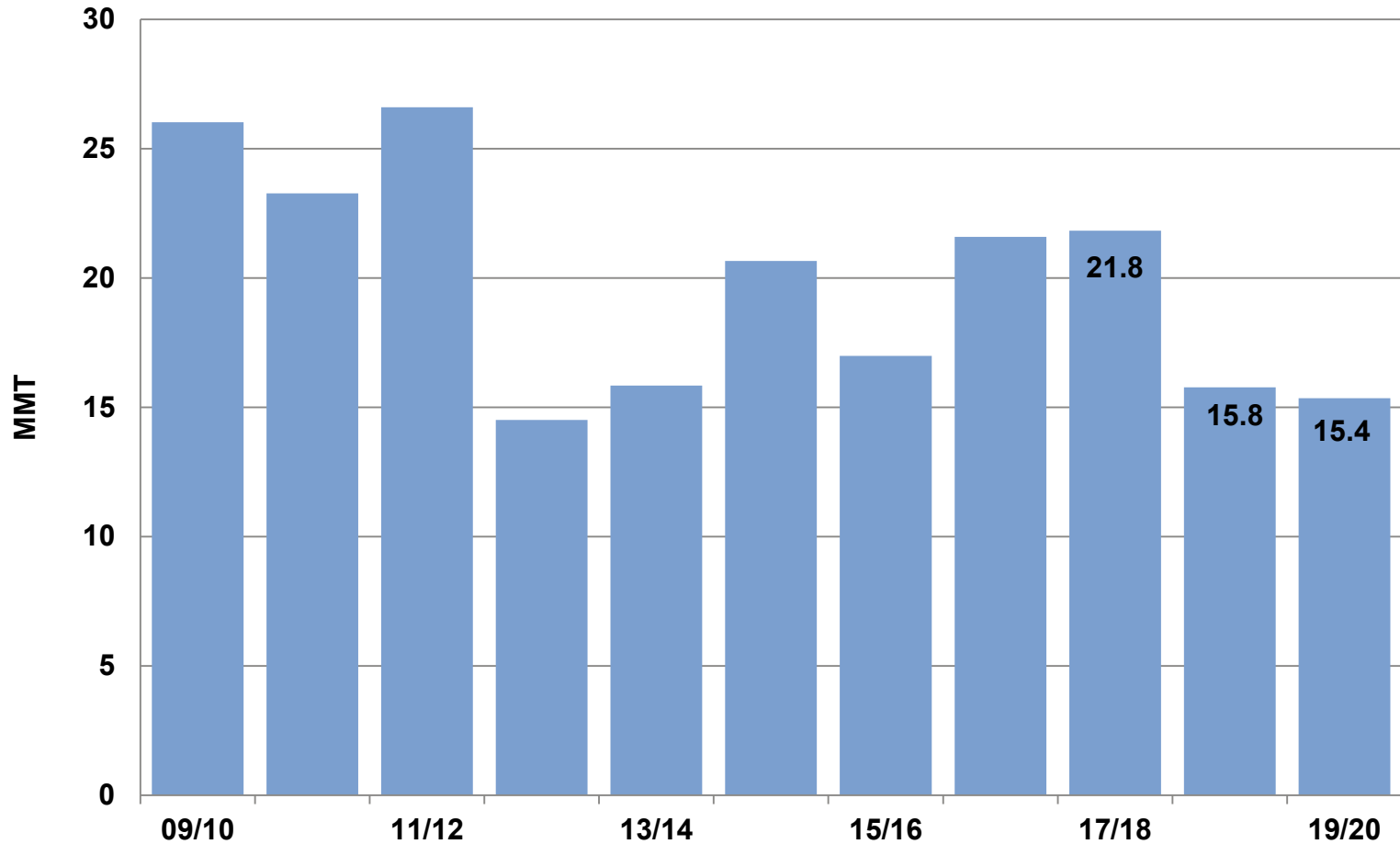


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

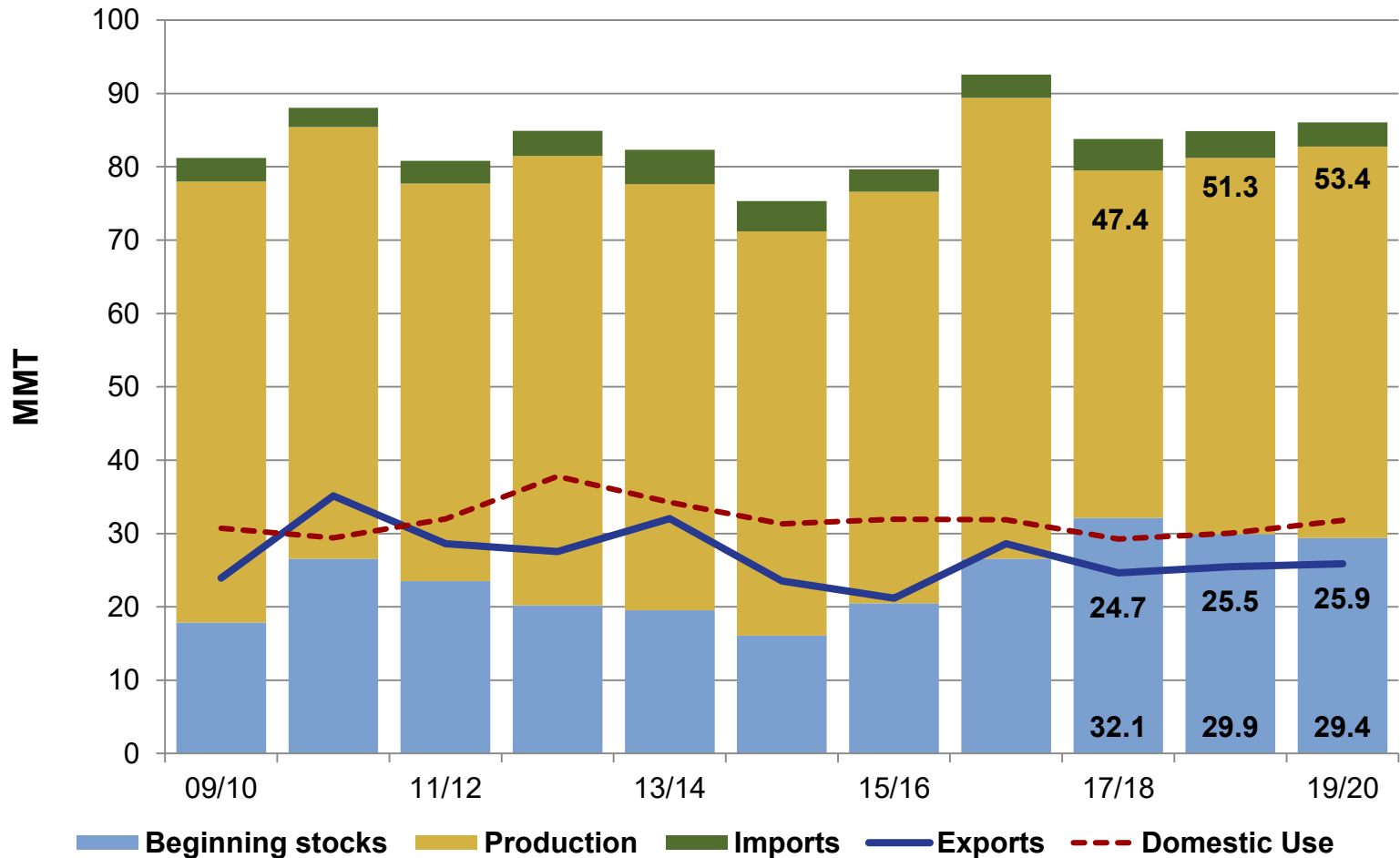
# Black Sea Exports



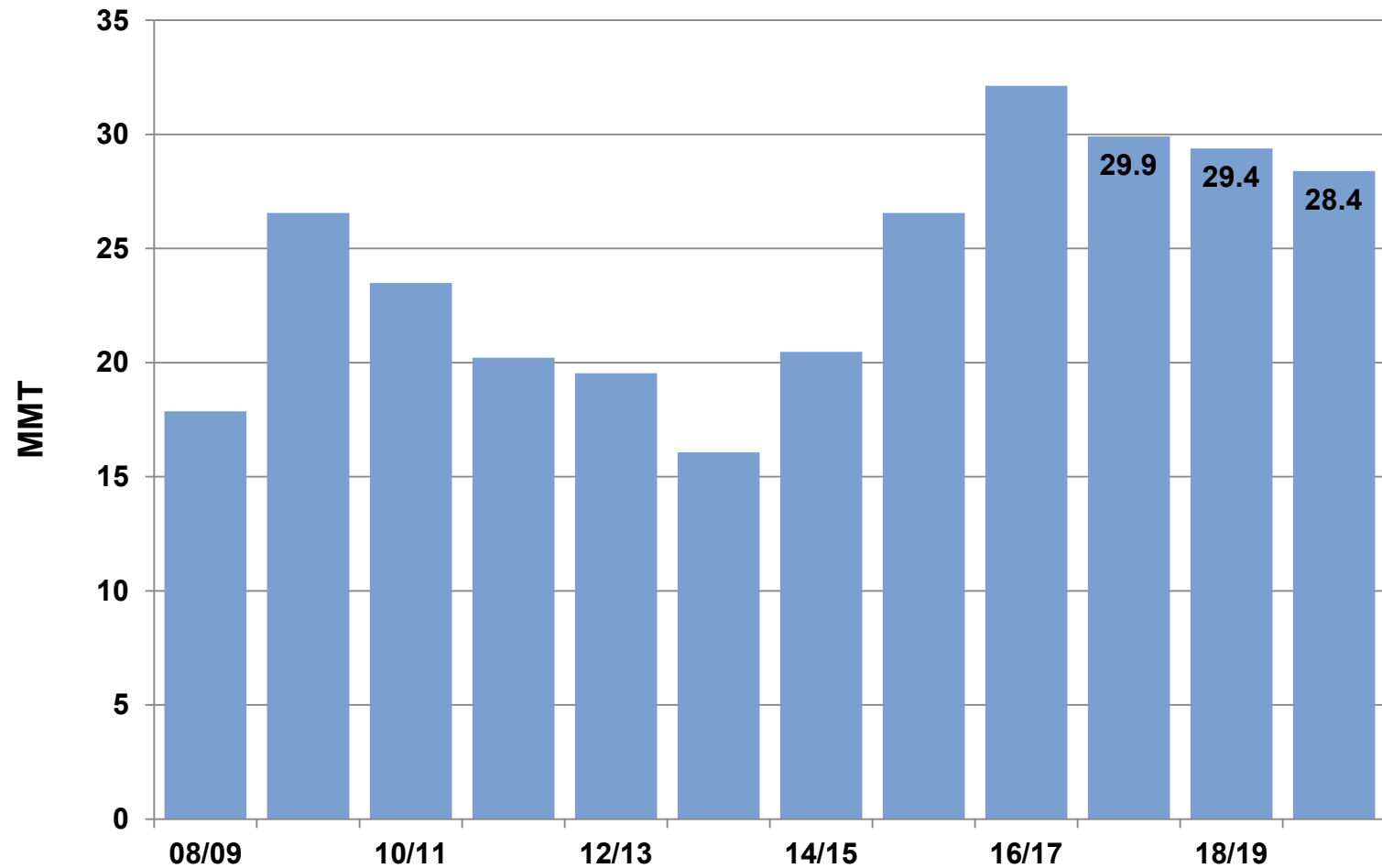
# Black Sea Ending Stocks



# U.S. Situation



# U.S. Ending Stocks







Major Exporters

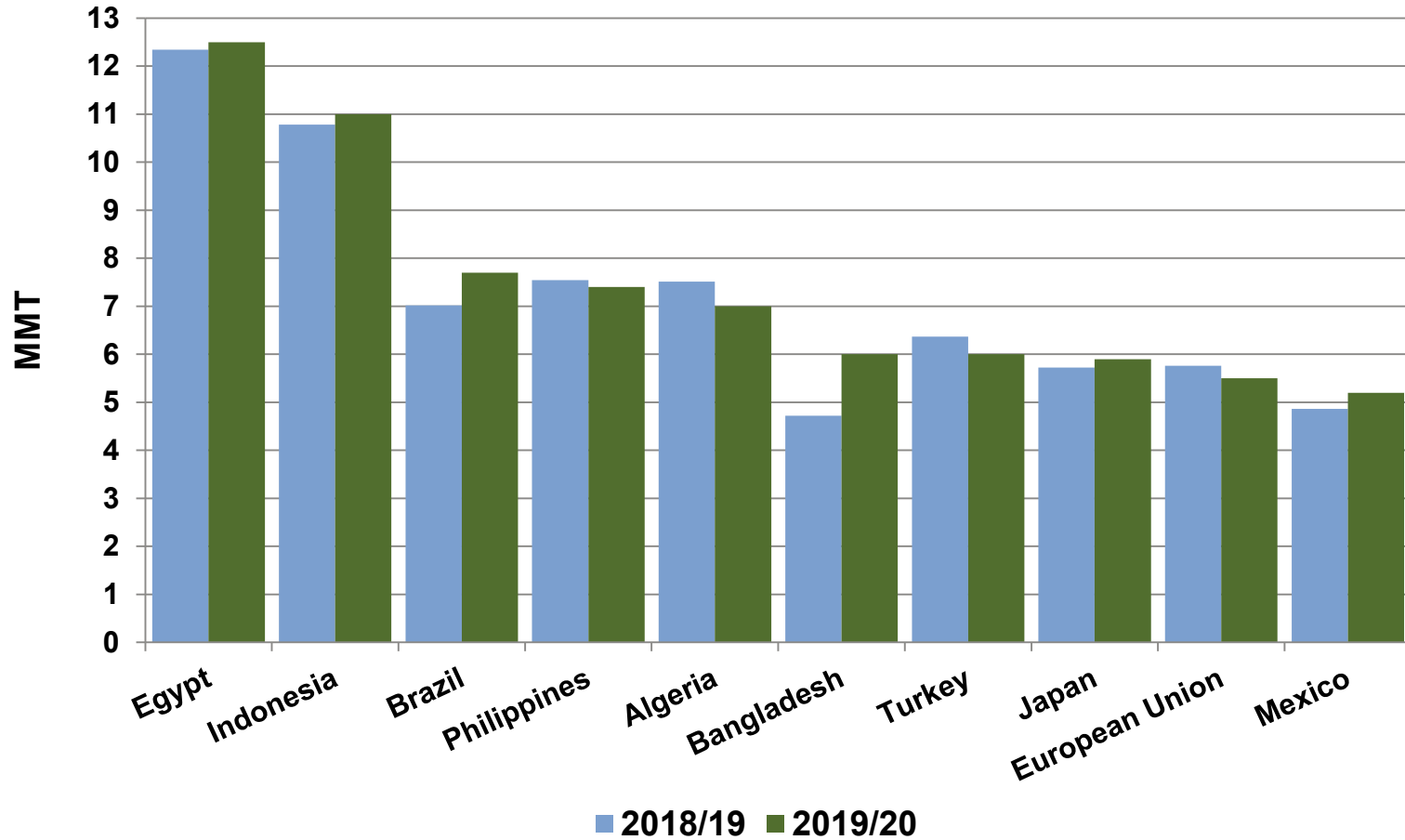
Import Demand

U.S. Situation by Class

Outlook

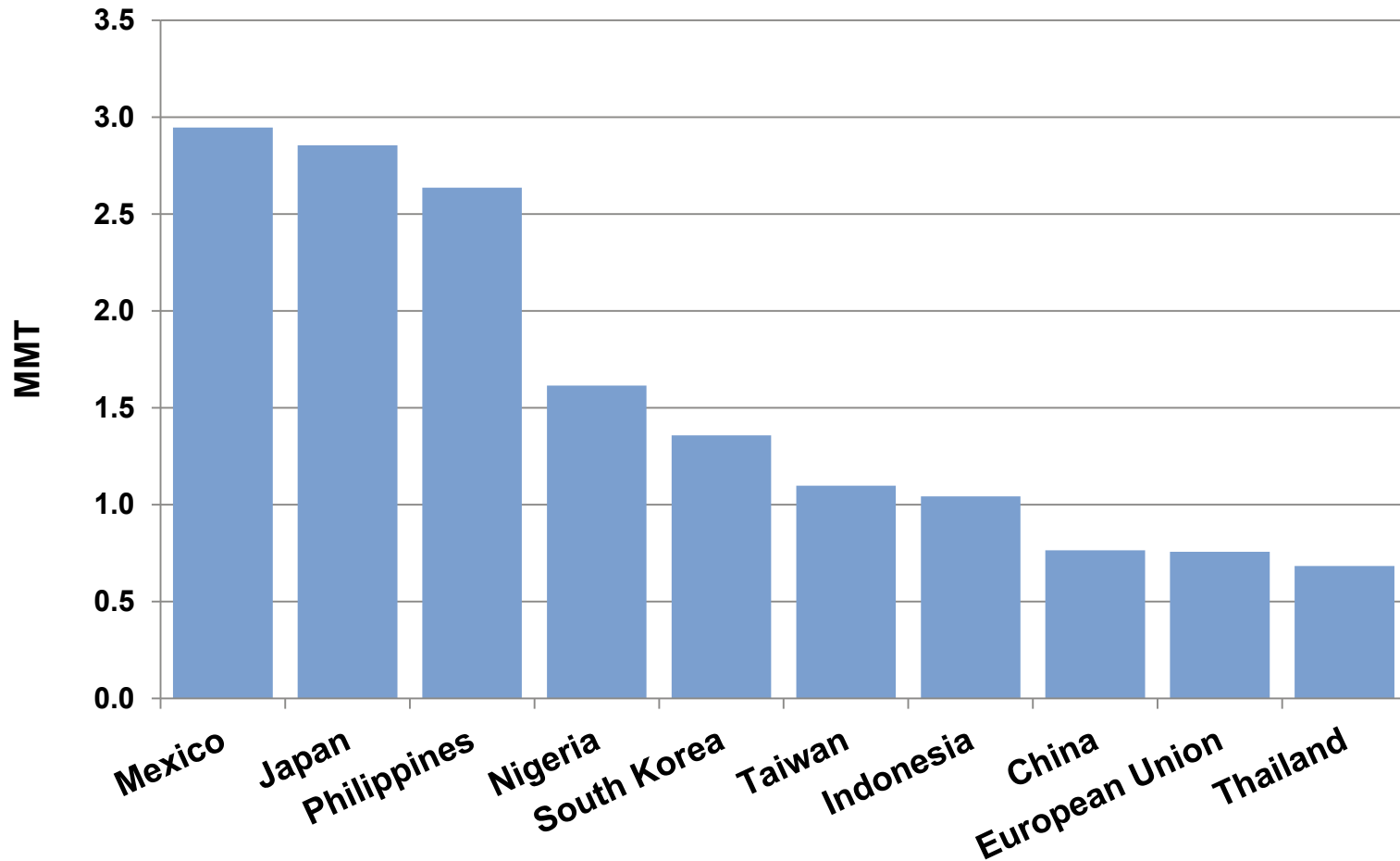
# Major World Wheat Importers

(from all origins)



# Top 10 Customers for U.S. Wheat

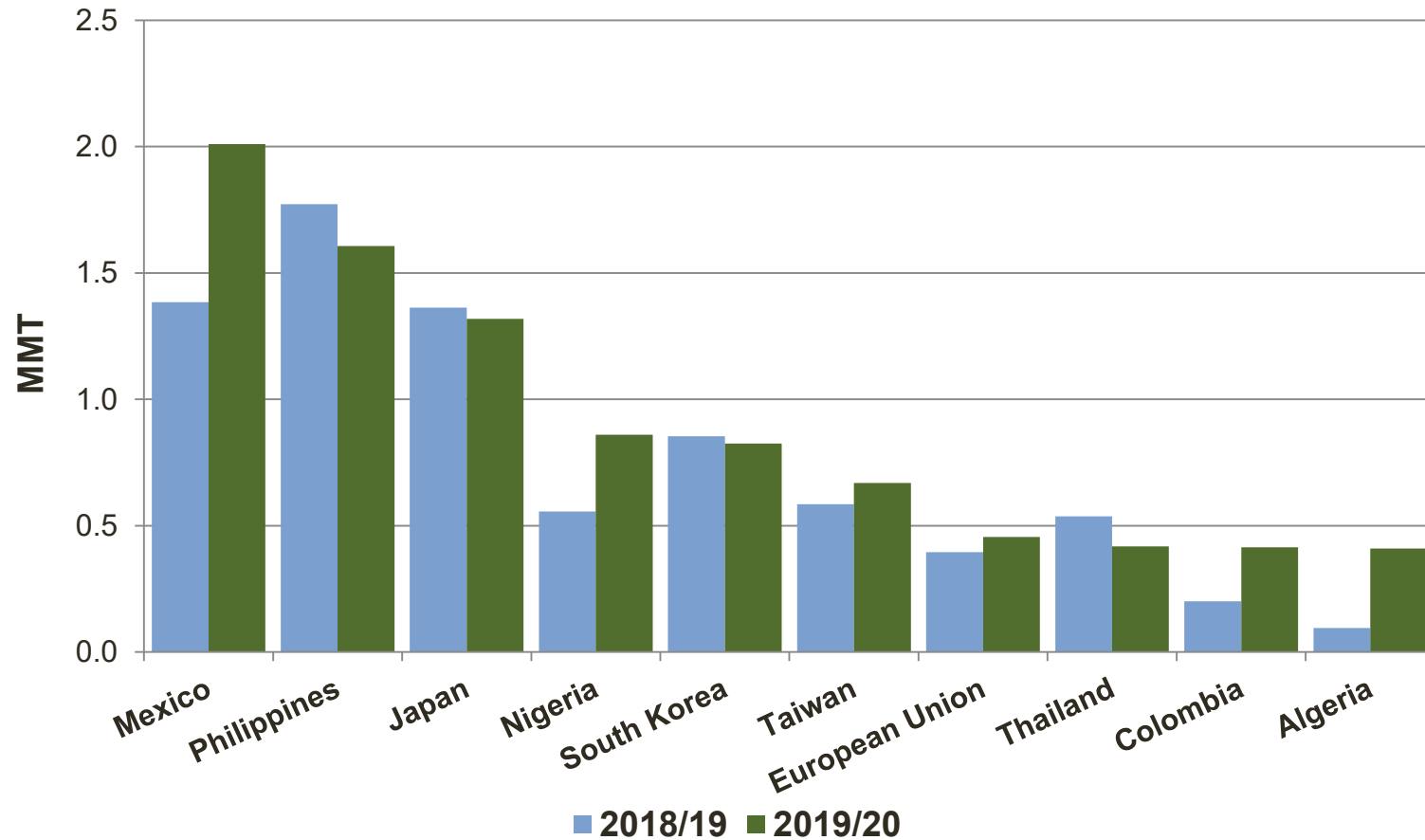
5-year average



Source: USDA FAS export sales data as of May 31, 2019

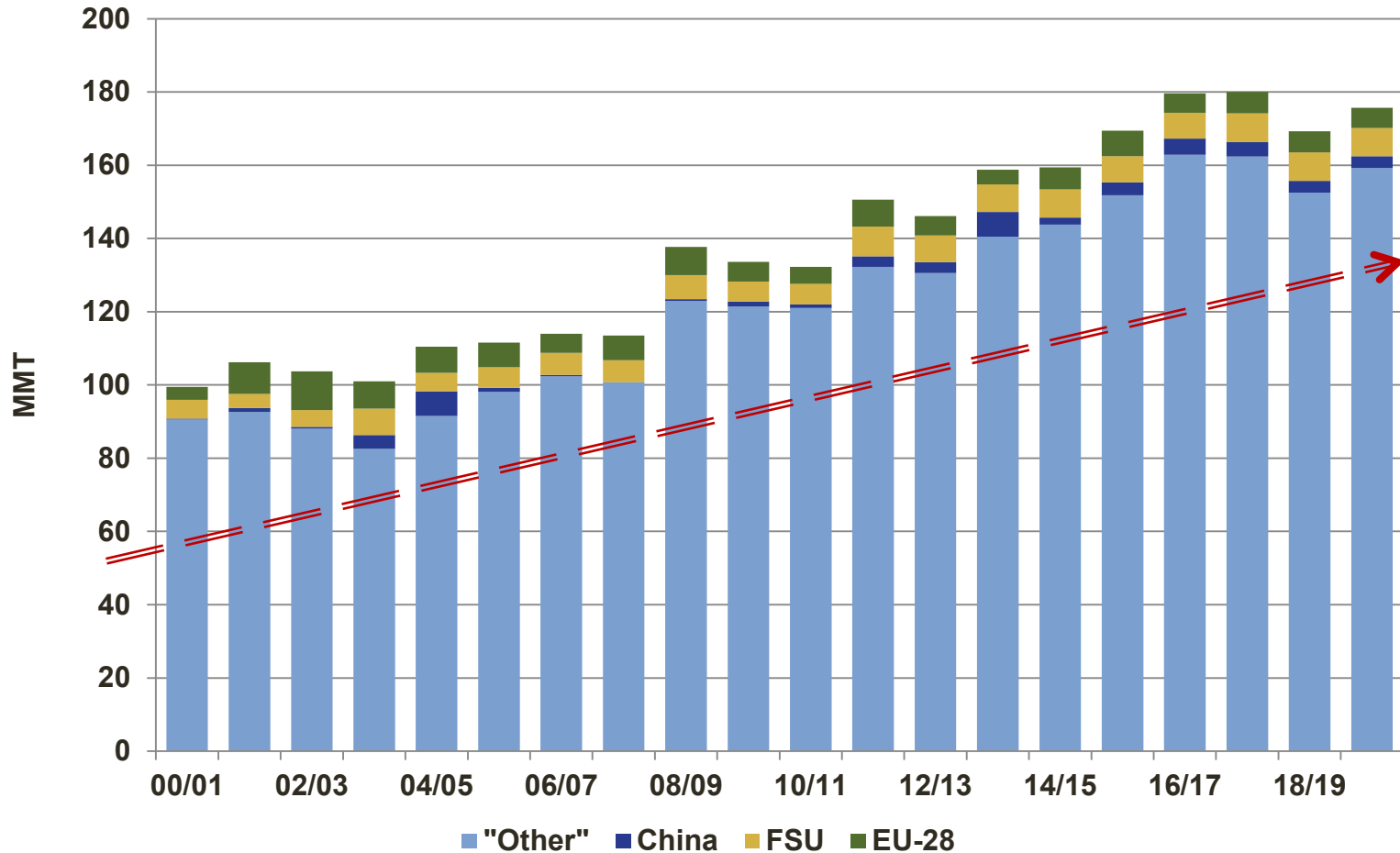
# Top 10 Customers for U.S. Wheat

Year-to-date



Source: USDA FAS export sales data as of October 3, 2019

# World Wheat Imports



Trend in "other" importers denoted ( —> )



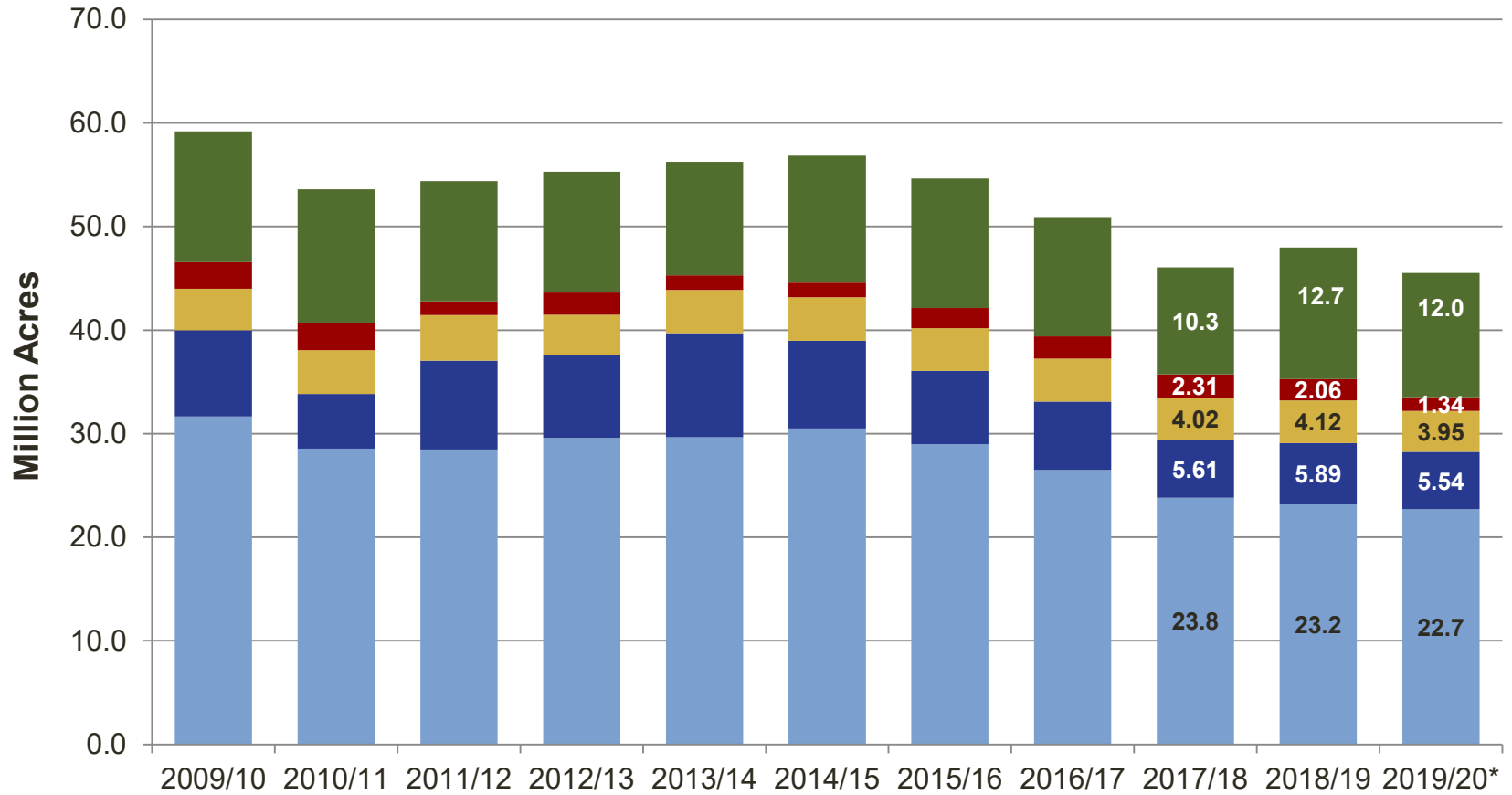
Major Exporters

Import Demand

U.S. Situation by Class

Outlook

# U.S. Wheat Plantings by Class



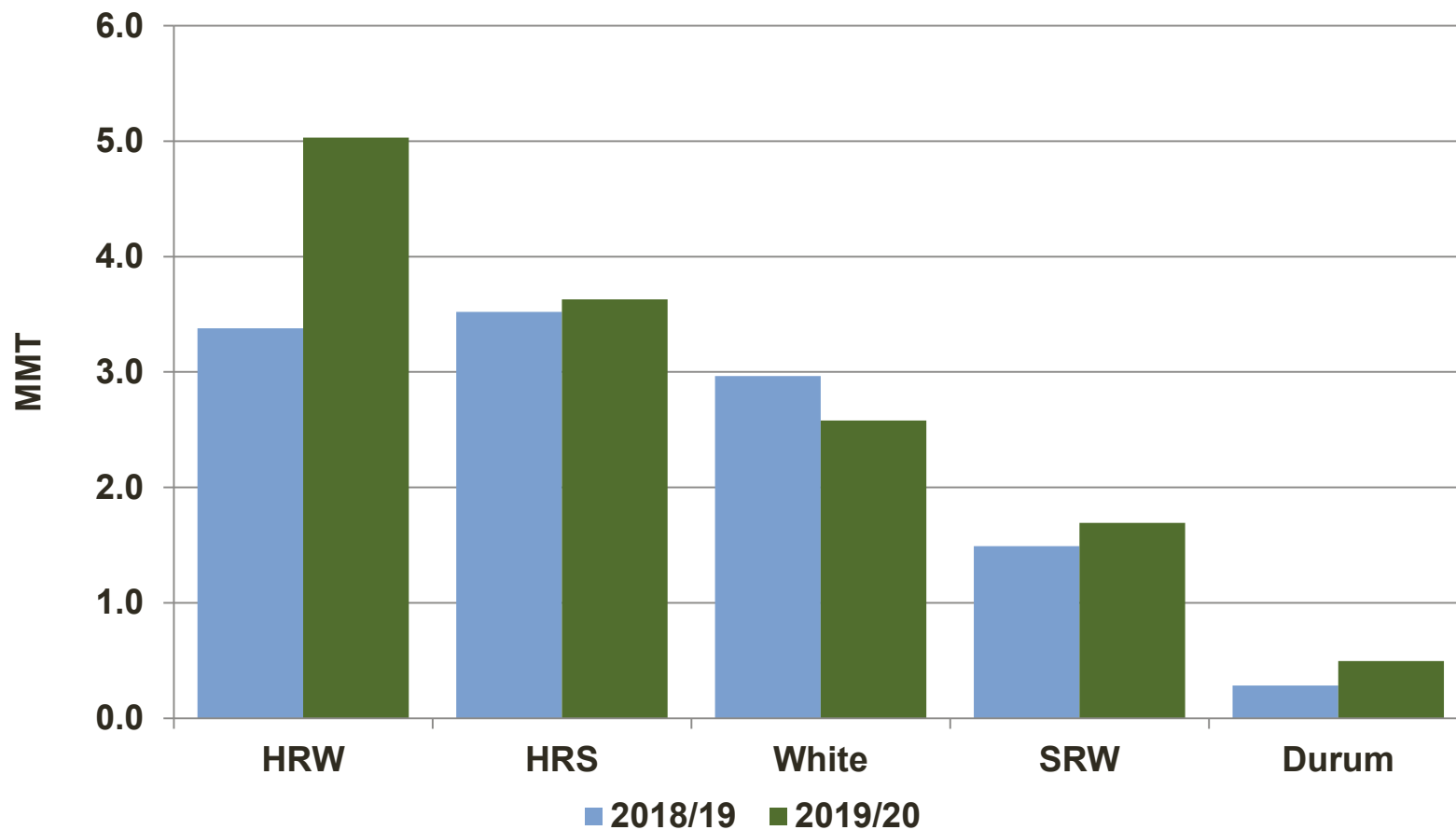
■ HRW ■ SRW ■ White ■ Durum ■ HRS

\*Source: USDA Acreage Report, June 28, 2019 and USDA Small Grains Summary, September 30, 2019



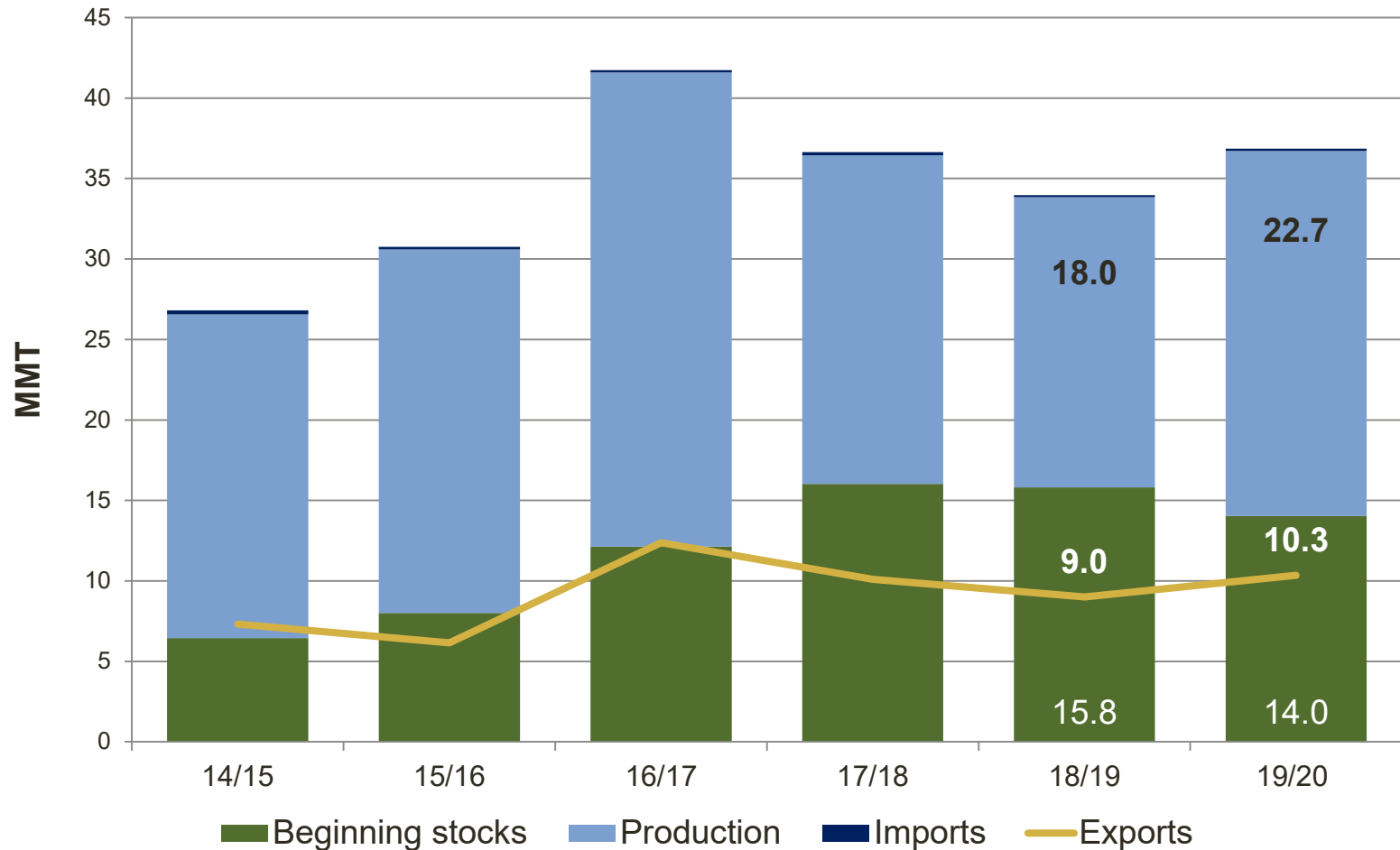
# U.S. Wheat Sales by Class

(year-to-date)

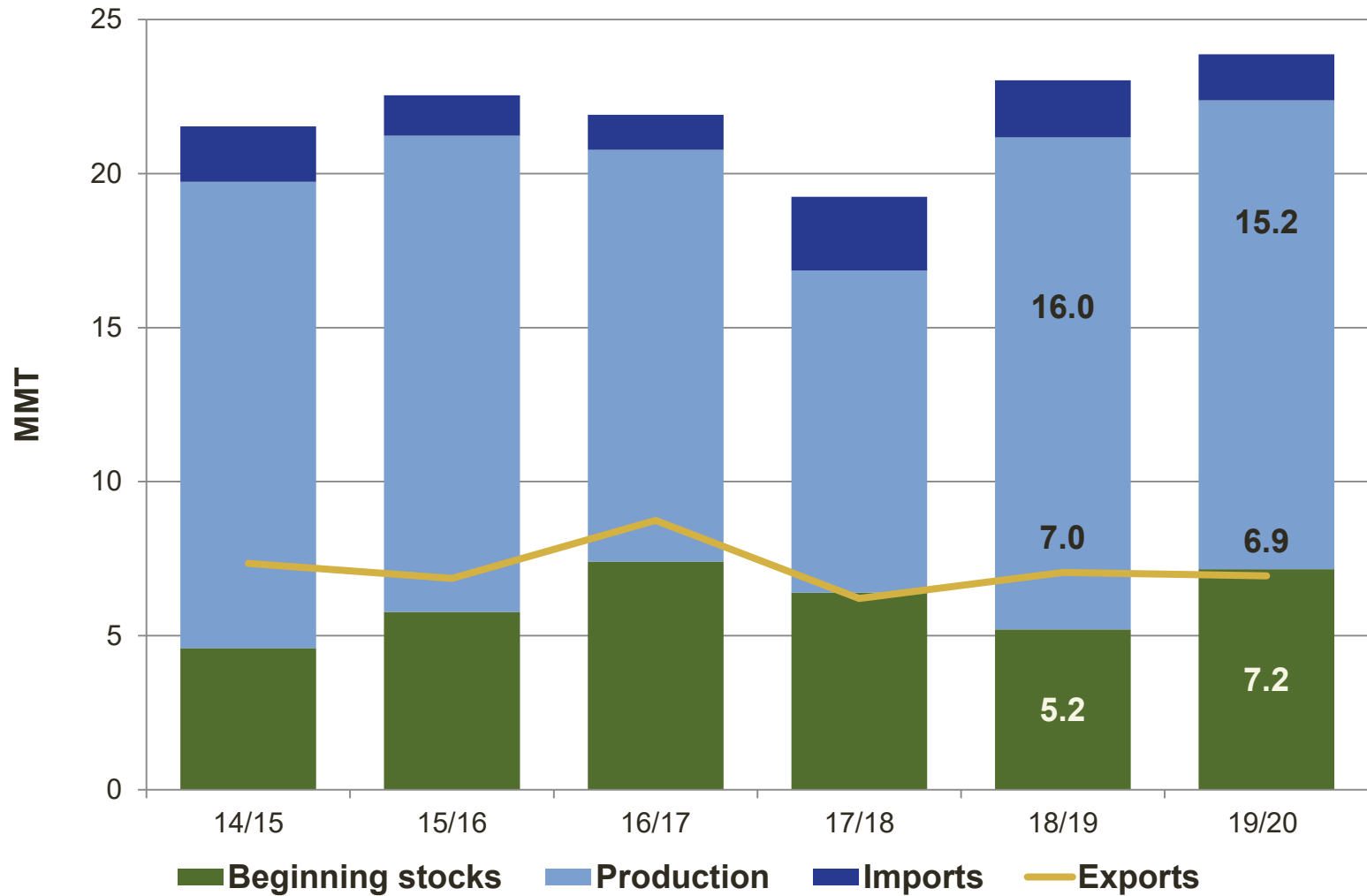


Source: USDA FAS export sales data as of October 3, 2019

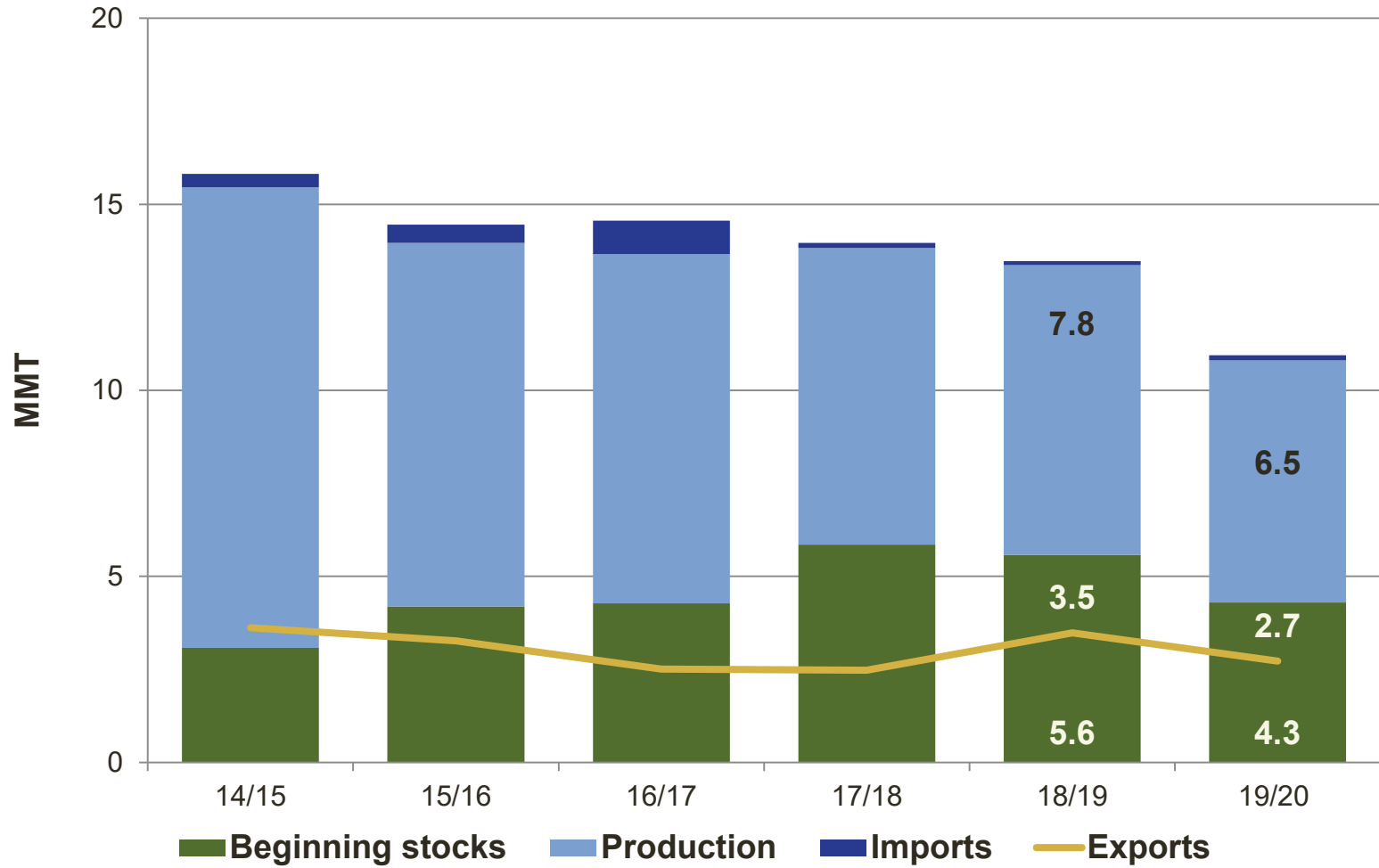
# U.S. Hard Red Winter



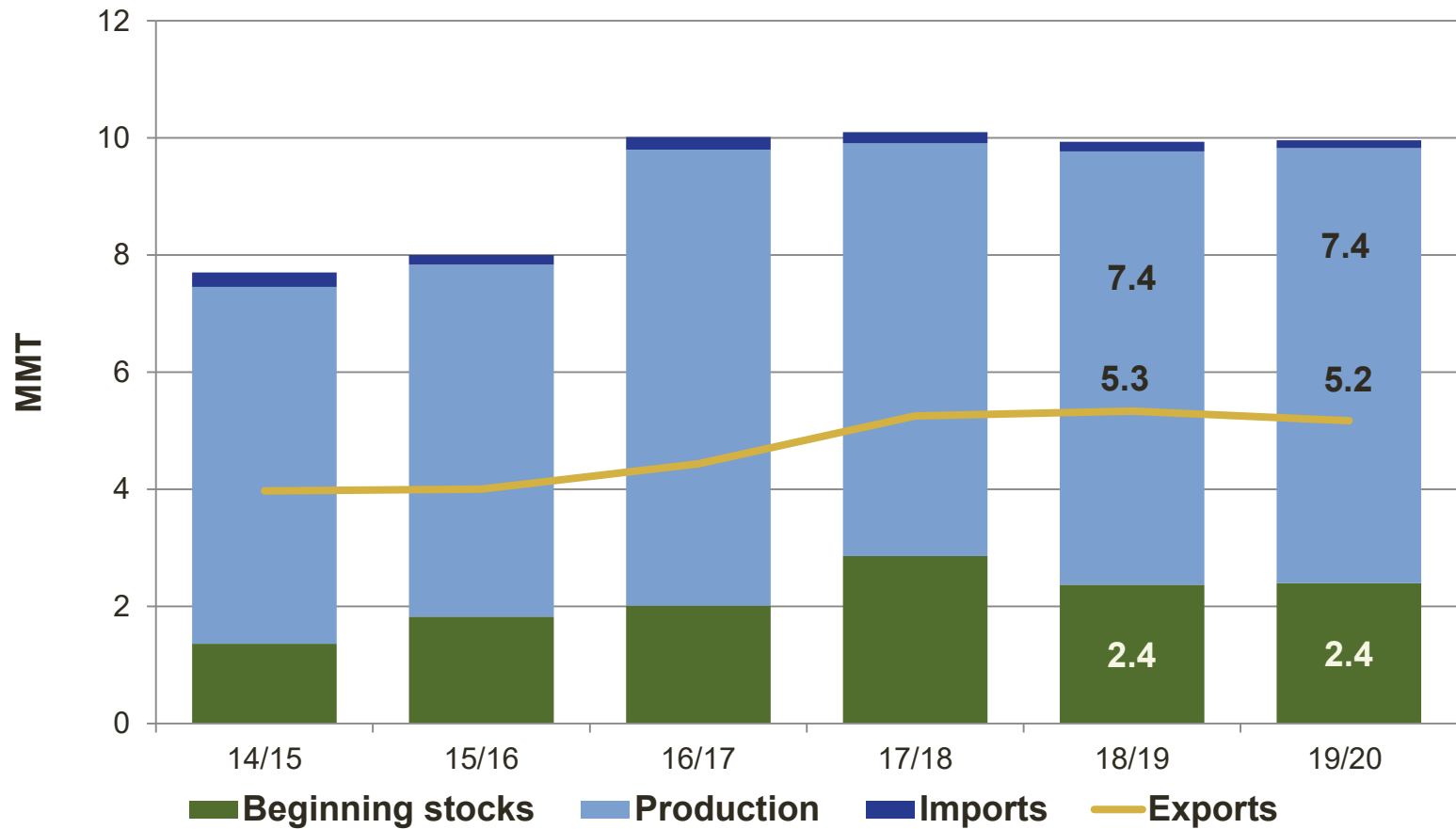
# U.S. Hard Red Spring



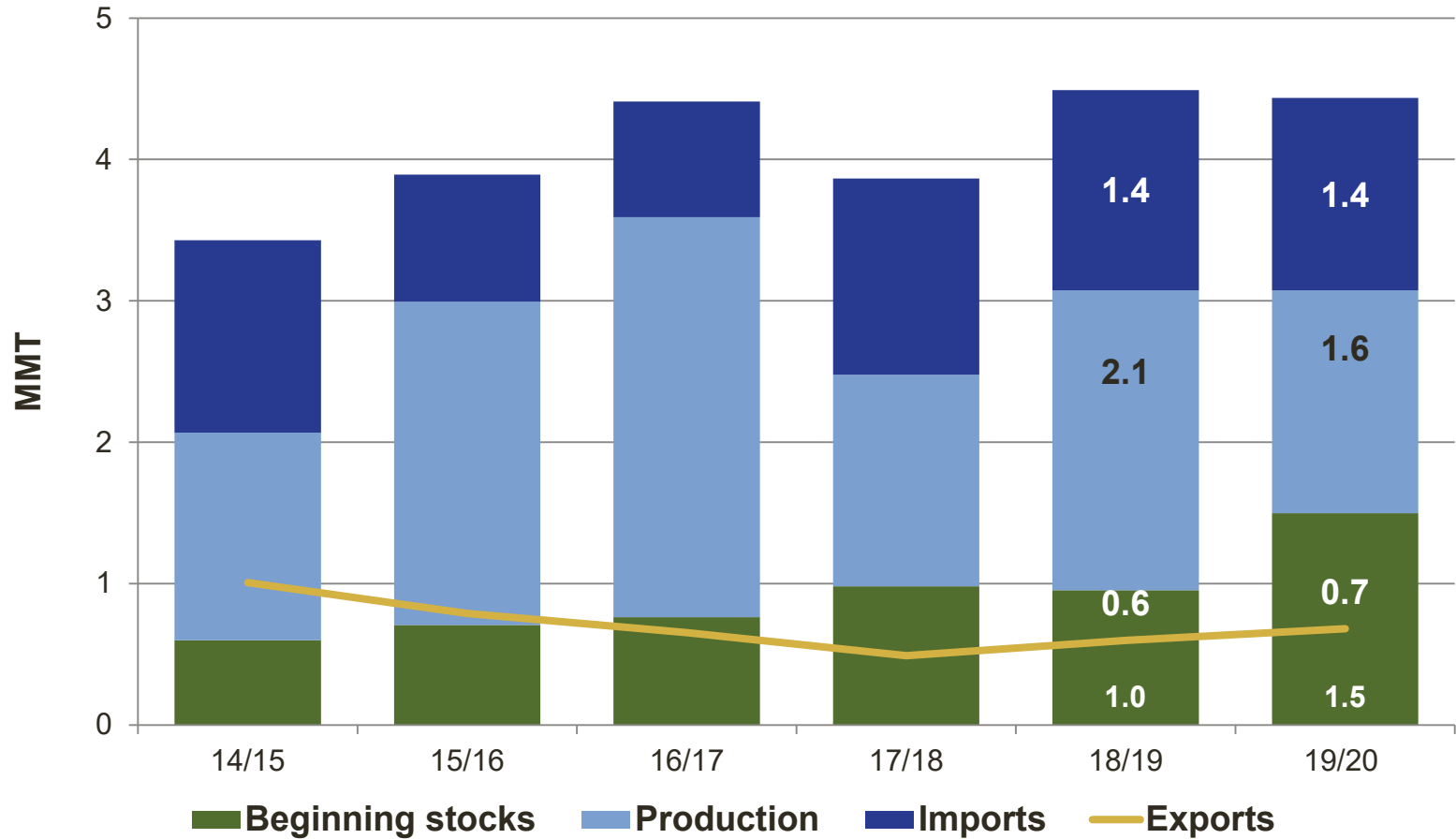
# U.S. Soft Red Winter



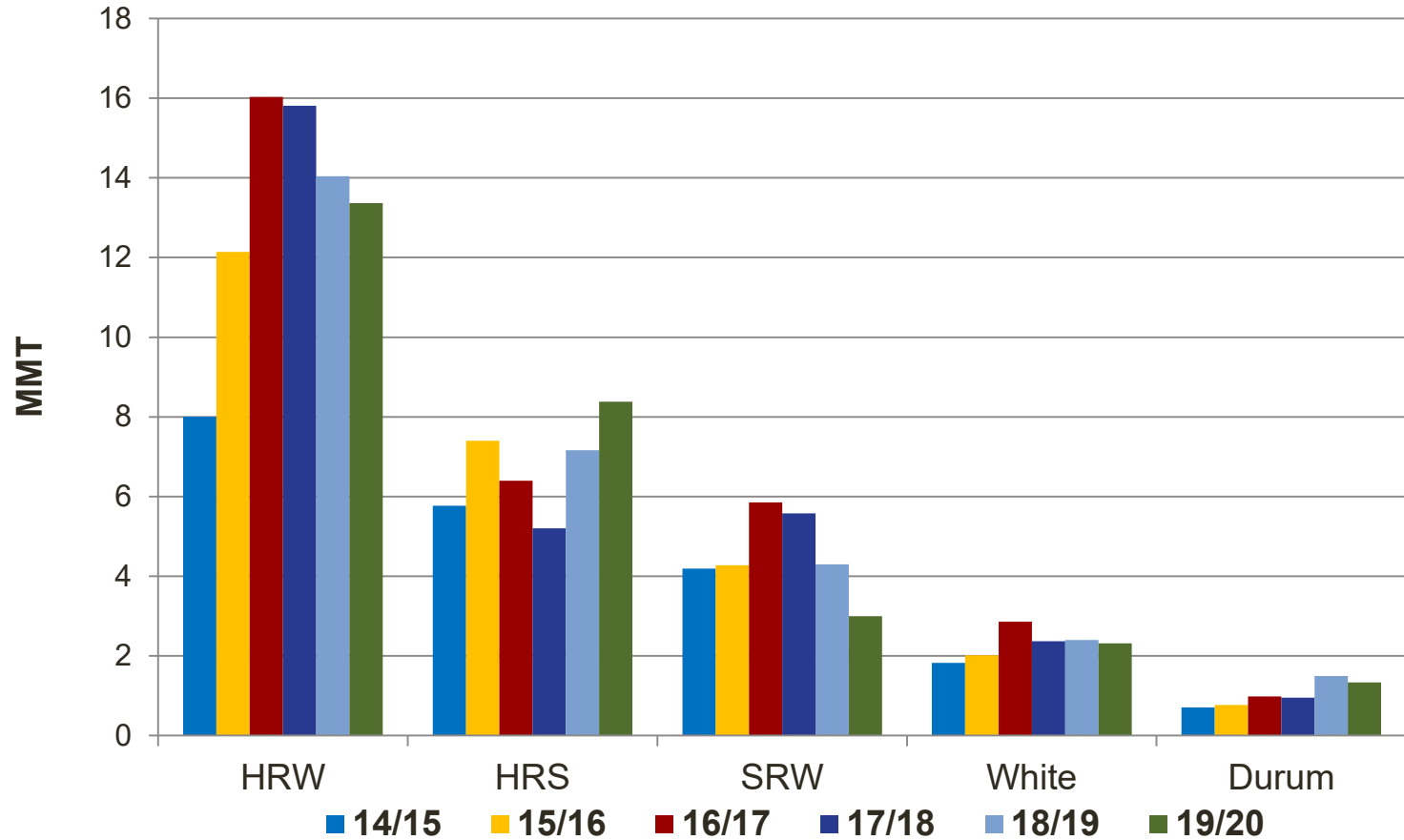
# U.S. White



# U.S. Durum



# U.S. Wheat Ending Stocks by Class



# U.S. Wheat Supply and Demand (MMT)

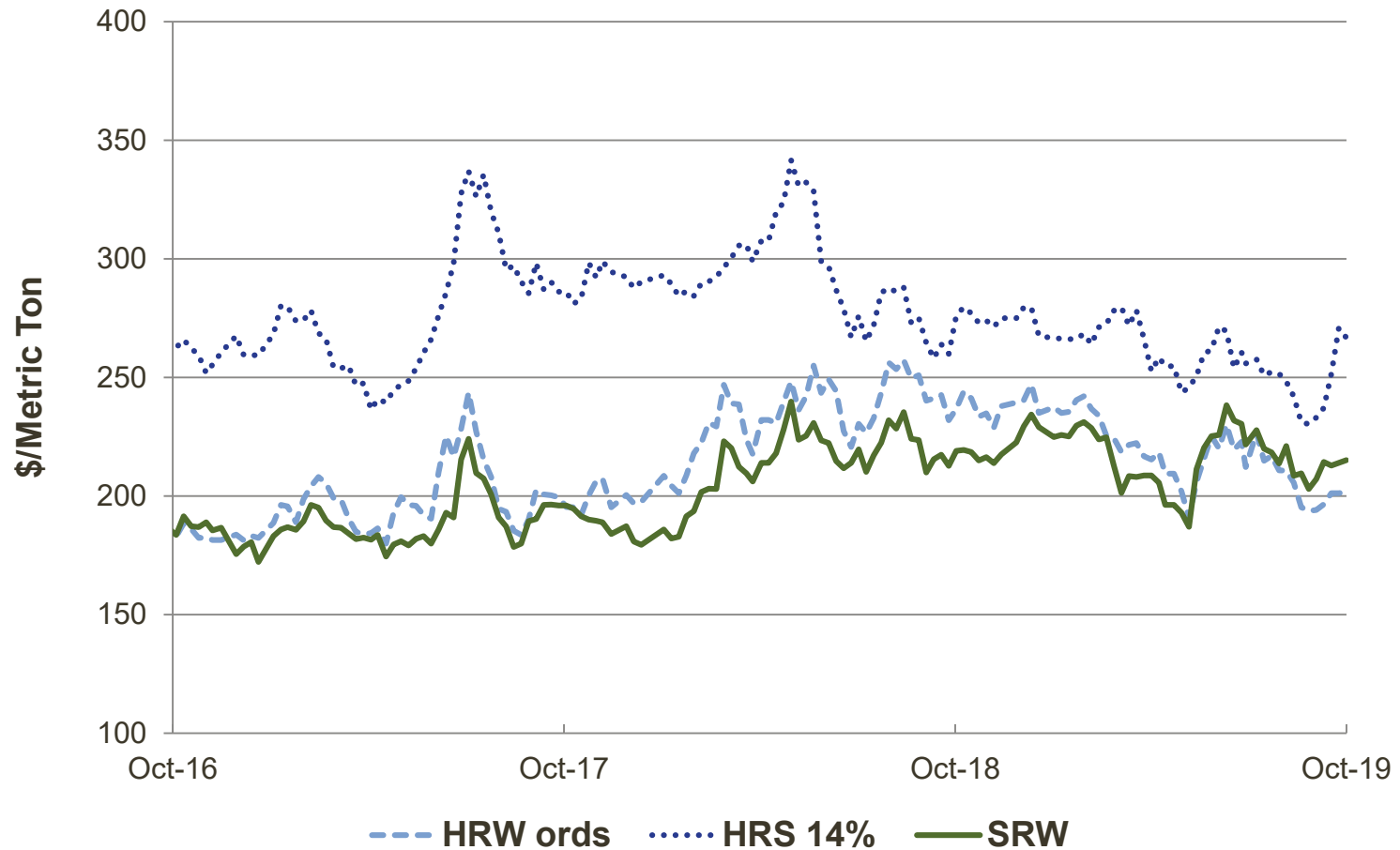
	HRW		HRS		SRW	
	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>
<b>Beginning Stocks</b>	15.8	14.0	5.20	7.16	5.58	4.30
<b>Production</b>	18.0	22.7	16.0	15.2	7.78	6.50
<b>Supply Total</b>	34.0	36.9	23.0	23.9	13.47	10.94
<b>Domestic Use</b>	10.9	13.1	8.82	8.55	5.69	5.23
<b>Exports</b>	9.0	10.3	7.05	6.94	3.48	2.72
<b>Use Total</b>	19.9	23.5	15.9	15.5	9.17	7.95
<b>Ending Stocks</b>	14.0	13.4	7.16	8.38	4.30	2.99
<b>Stocks-to-Use</b>	70%	57%	45%	54%	47%	38%



# U.S. Wheat Supply and Demand (MMT)

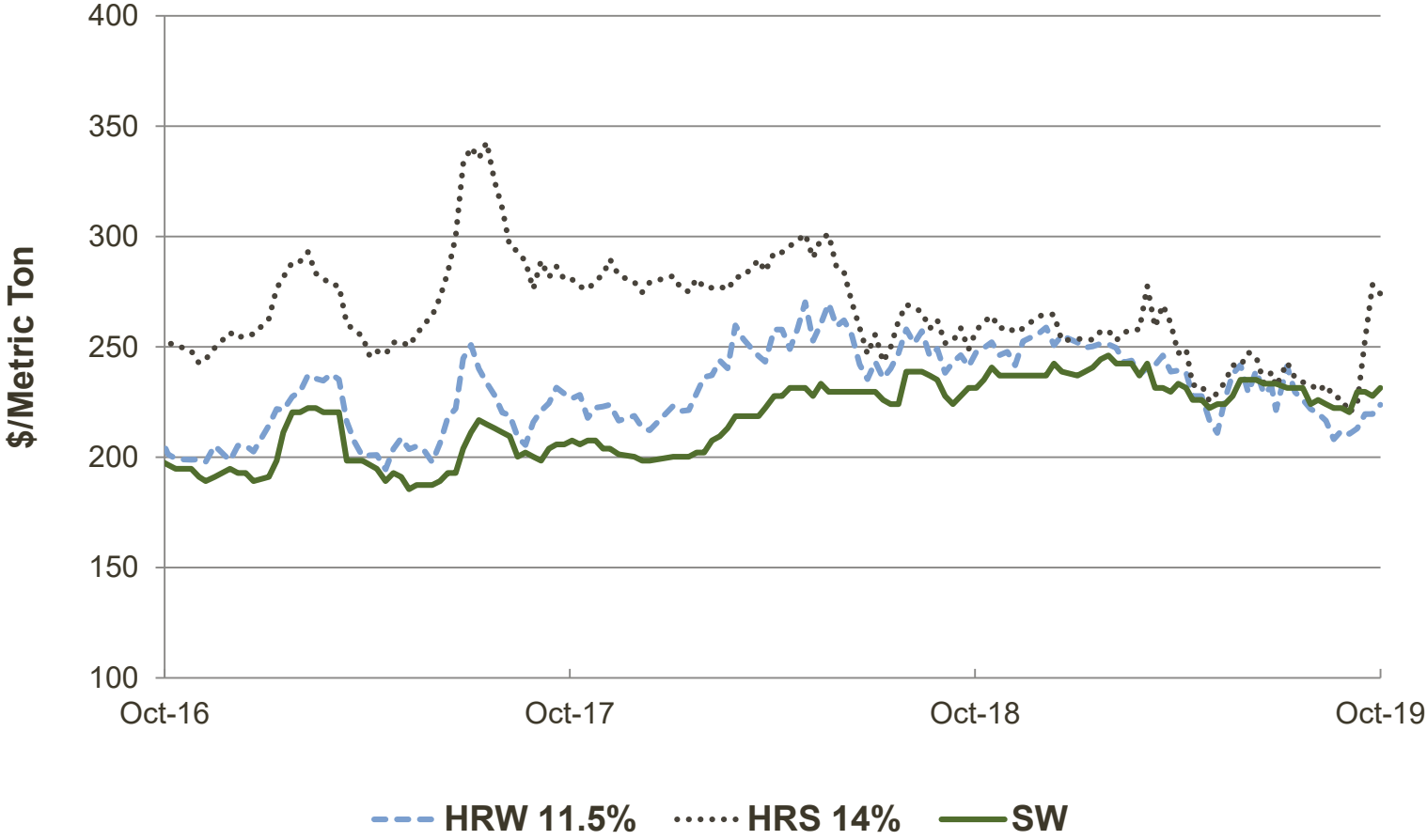
	White		Durum		Total	
	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>
Beginning Stocks	2.37	2.40	0.95	1.50	29.9	29.4
Production	7.40	7.43	2.12	1.58	51.3	53.4
Supply Total	9.9	9.96	4.49	4.44	84.9	86.0
Domestic Use	2.20	2.48	2.40	2.40	30.0	31.8
Exports	5.33	5.17	0.60	0.68	25.5	25.9
Use Total	7.54	7.65	2.99	3.08	55.5	57.6
Ending Stocks	2.40	2.31	1.50	1.33	29.4	28.4
Stocks-to-Use	32%	30%	50%	43%	53%	49%

# U.S. FOB Gulf Prices



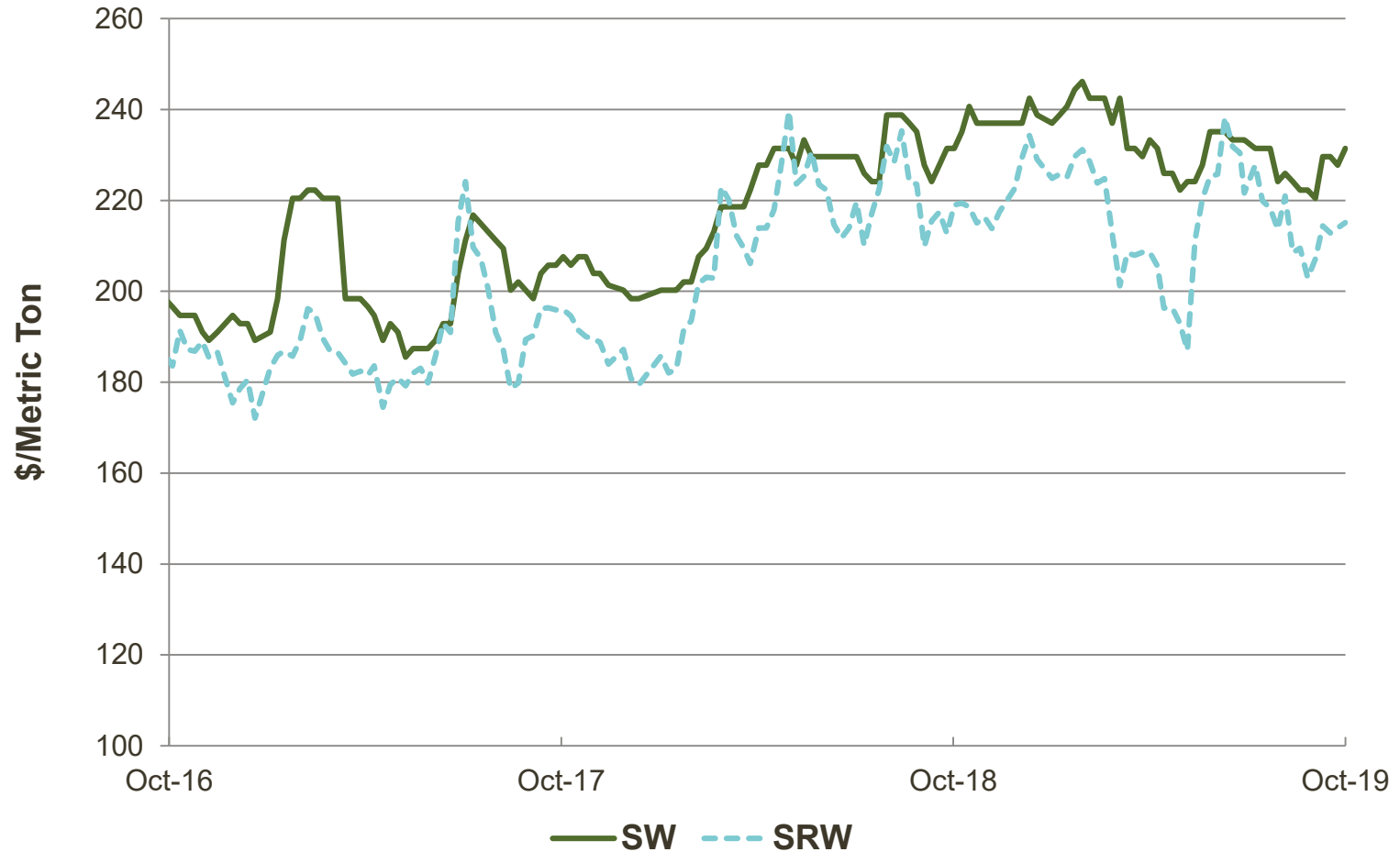
*\*Source: U.S. Wheat Associates Price Report, October 4, 2019*

# U.S. FOB PNW Prices



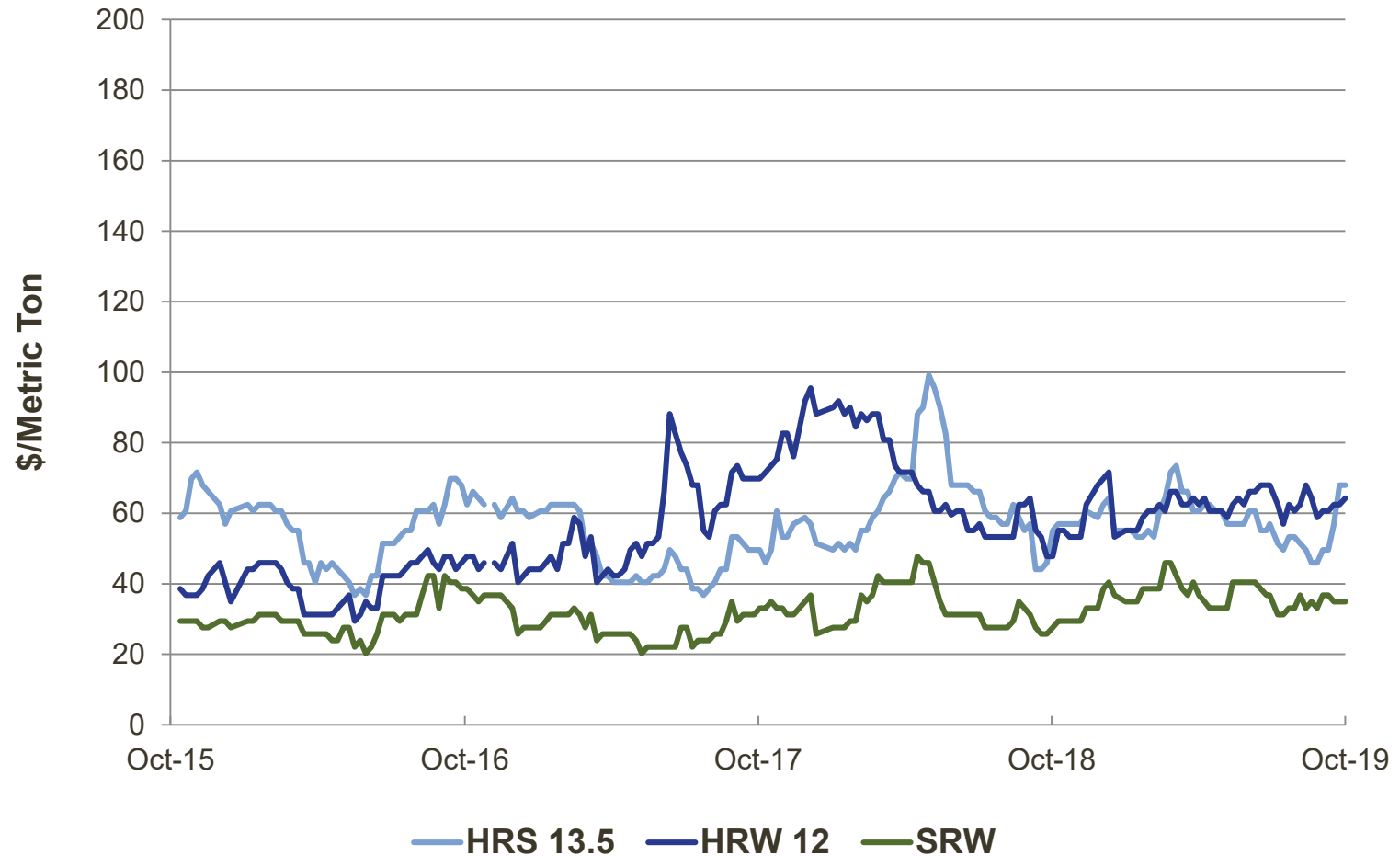
\*Source: U.S. Wheat Associates Price Report, October 4, 2019

# SRW and Soft White Prices



*\*Source: U.S. Wheat Associates Price Report, October 4, 2019*

# U.S. Gulf Basis Prices



\*Source: U.S. Wheat Associates Price Report, October 4, 2019

# U.S. PNW Basis Prices



*\*Source: U.S. Wheat Associates Price Report, October 4, 2019*



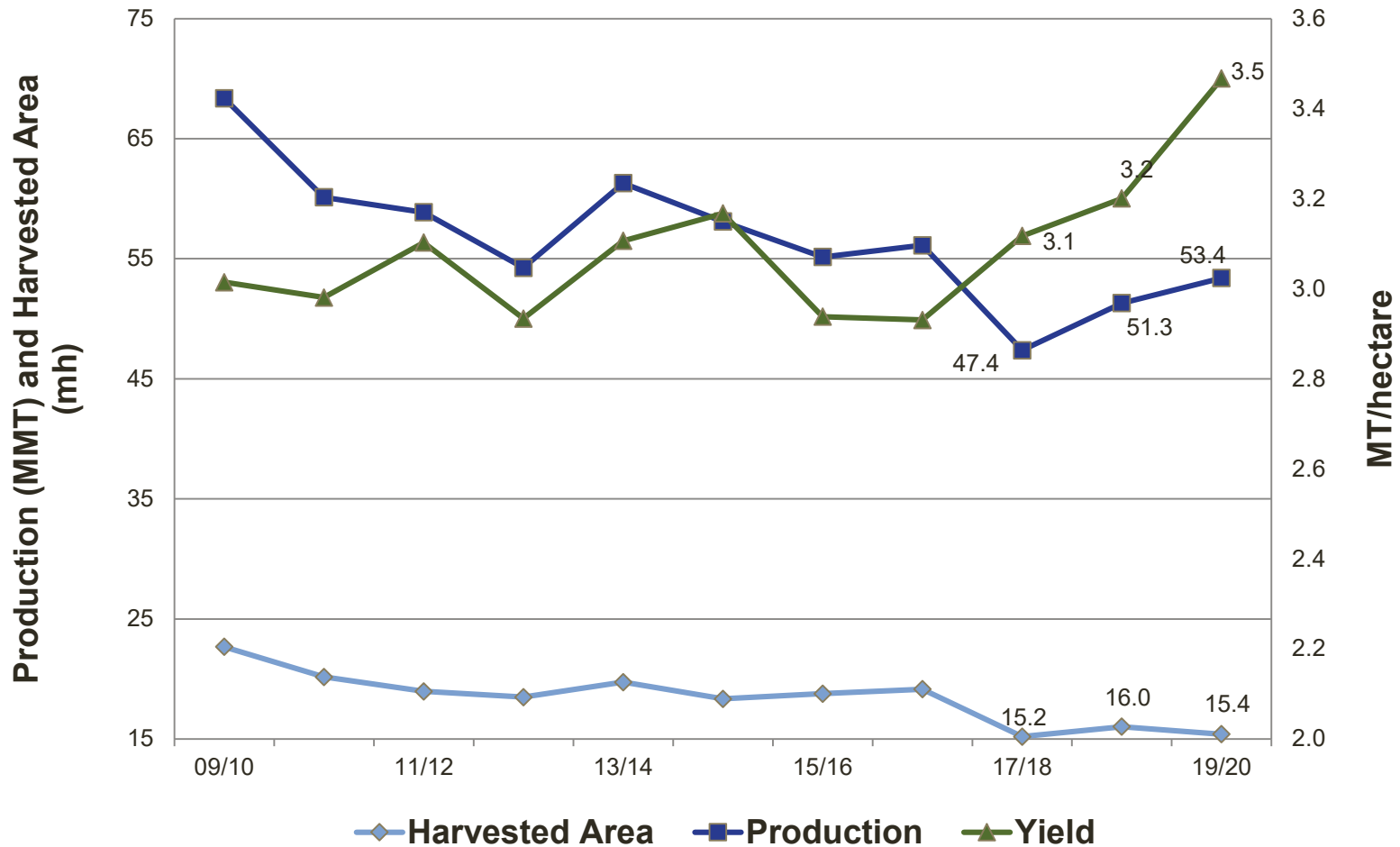
Major Exporters

Import Demand

U.S. Situation by Class

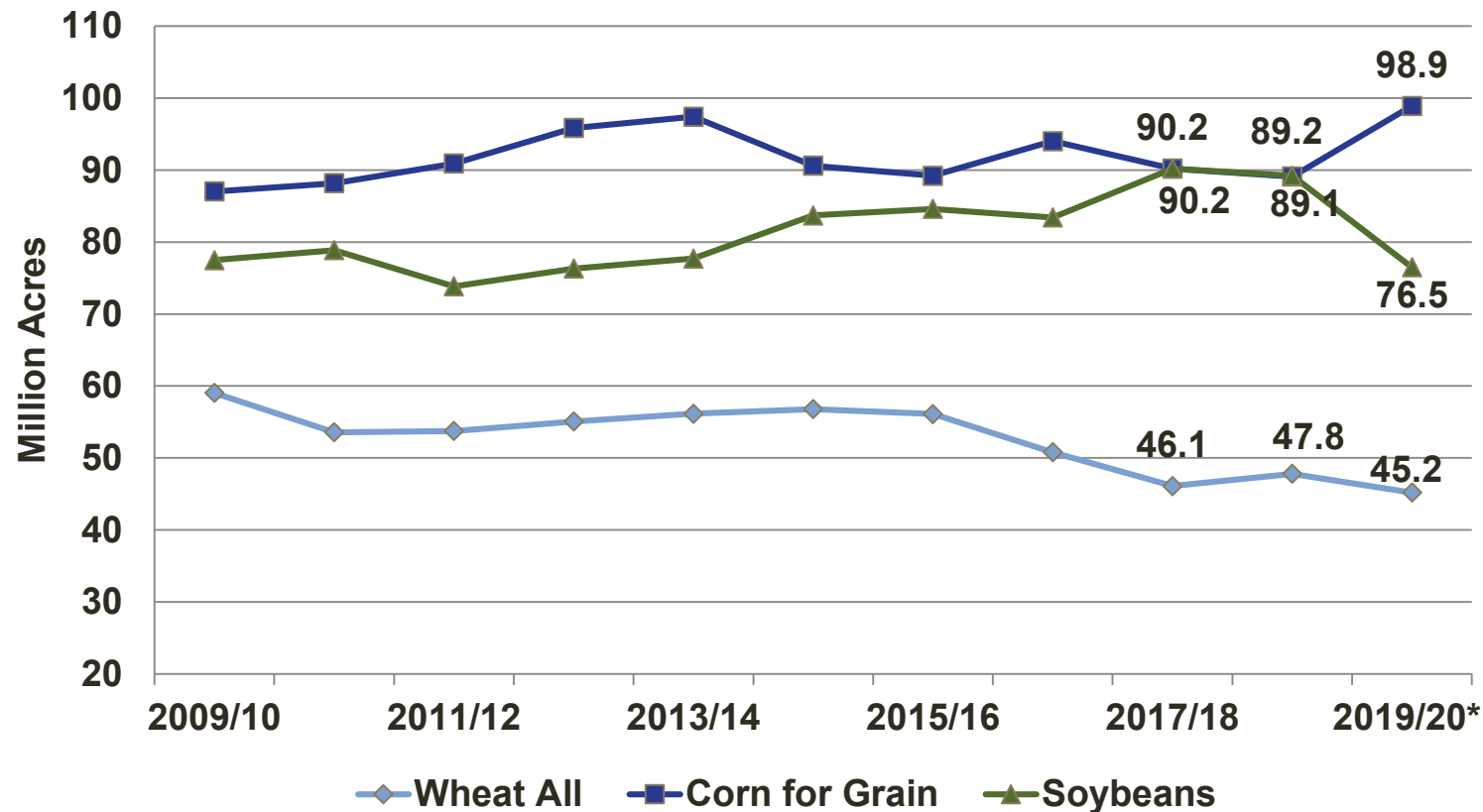
Outlook

# U.S. Wheat Production, Area and Yield



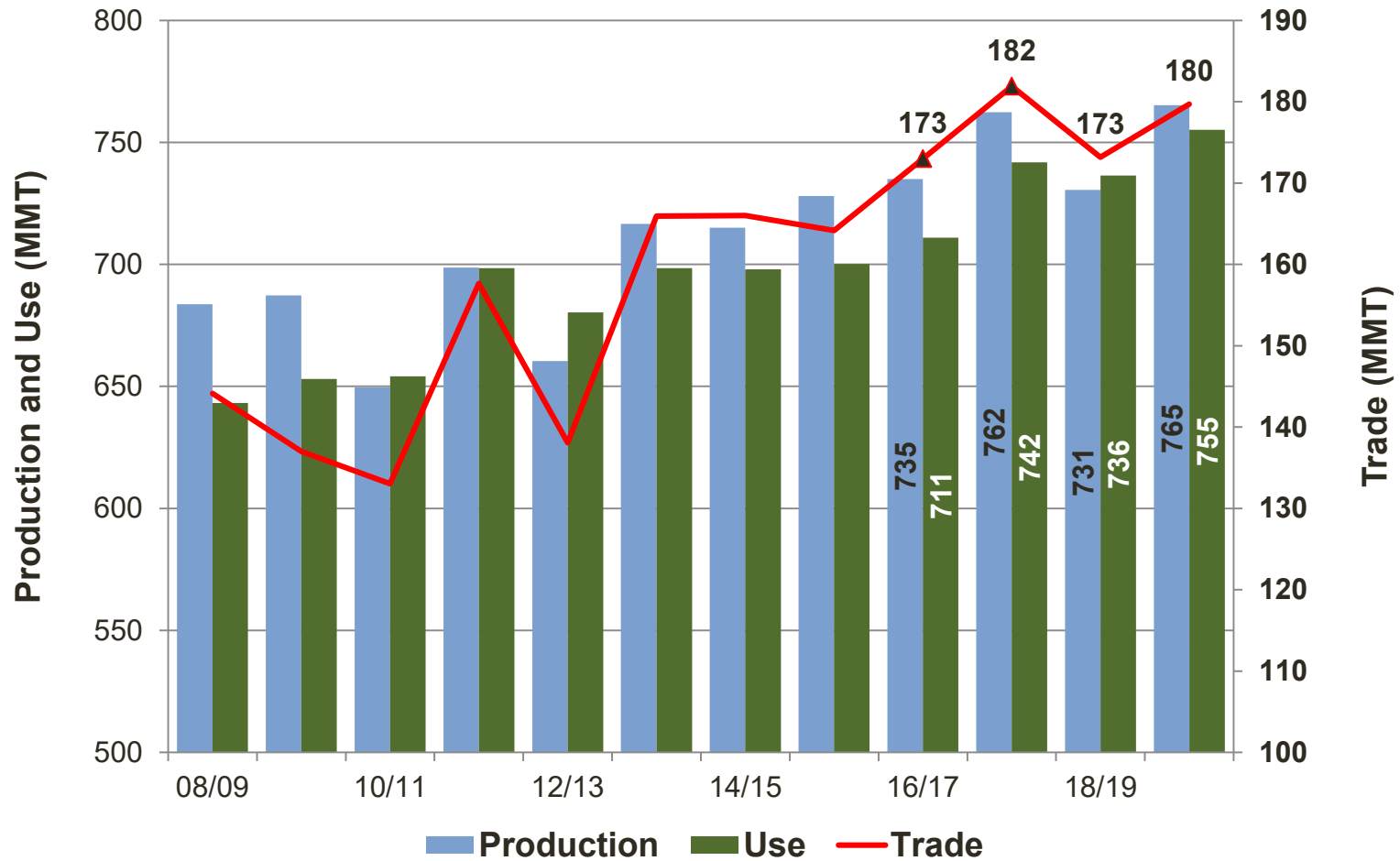


# U.S. Crop Planted Area Comparison



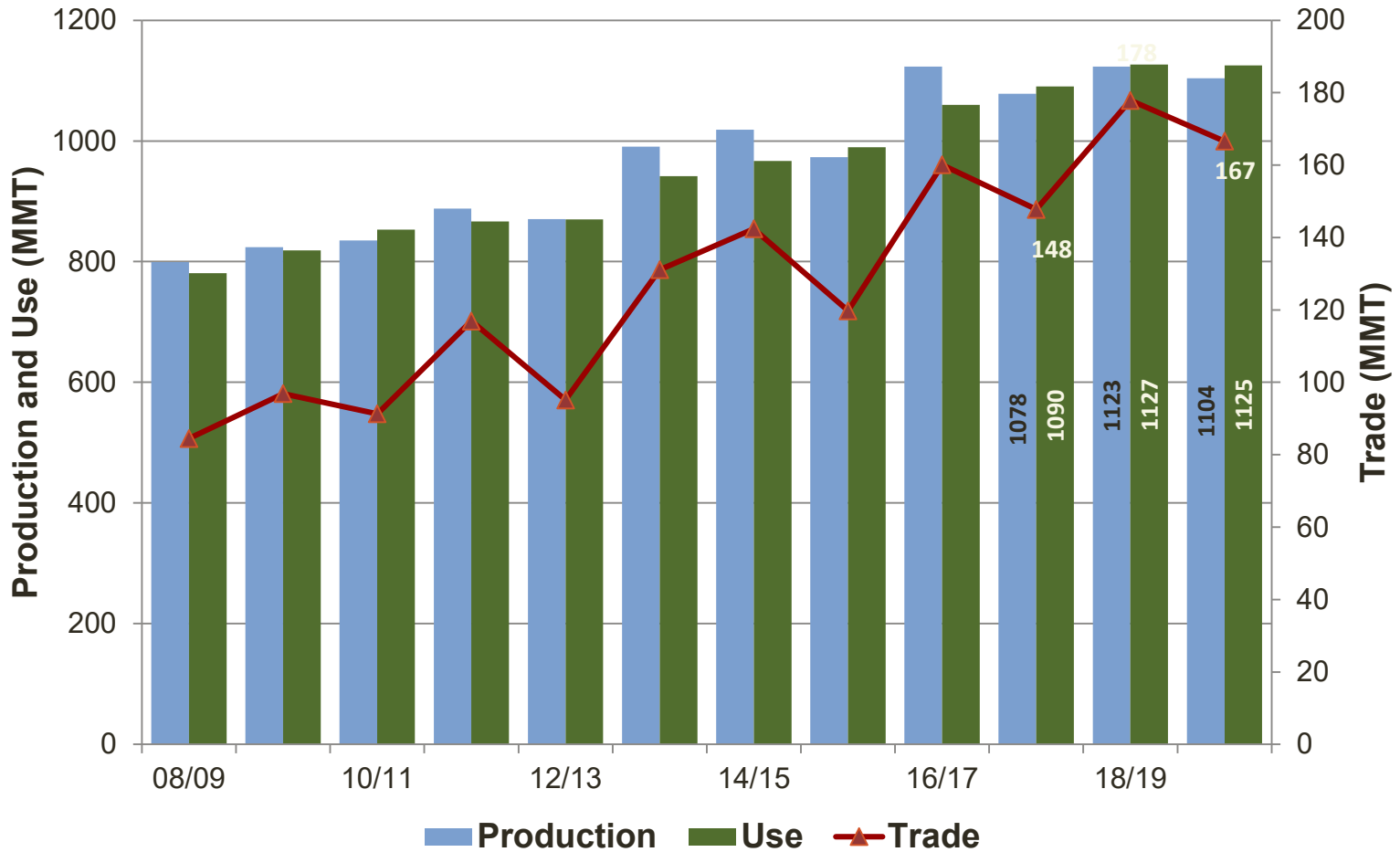
# World Wheat

## Production, Use and Trade



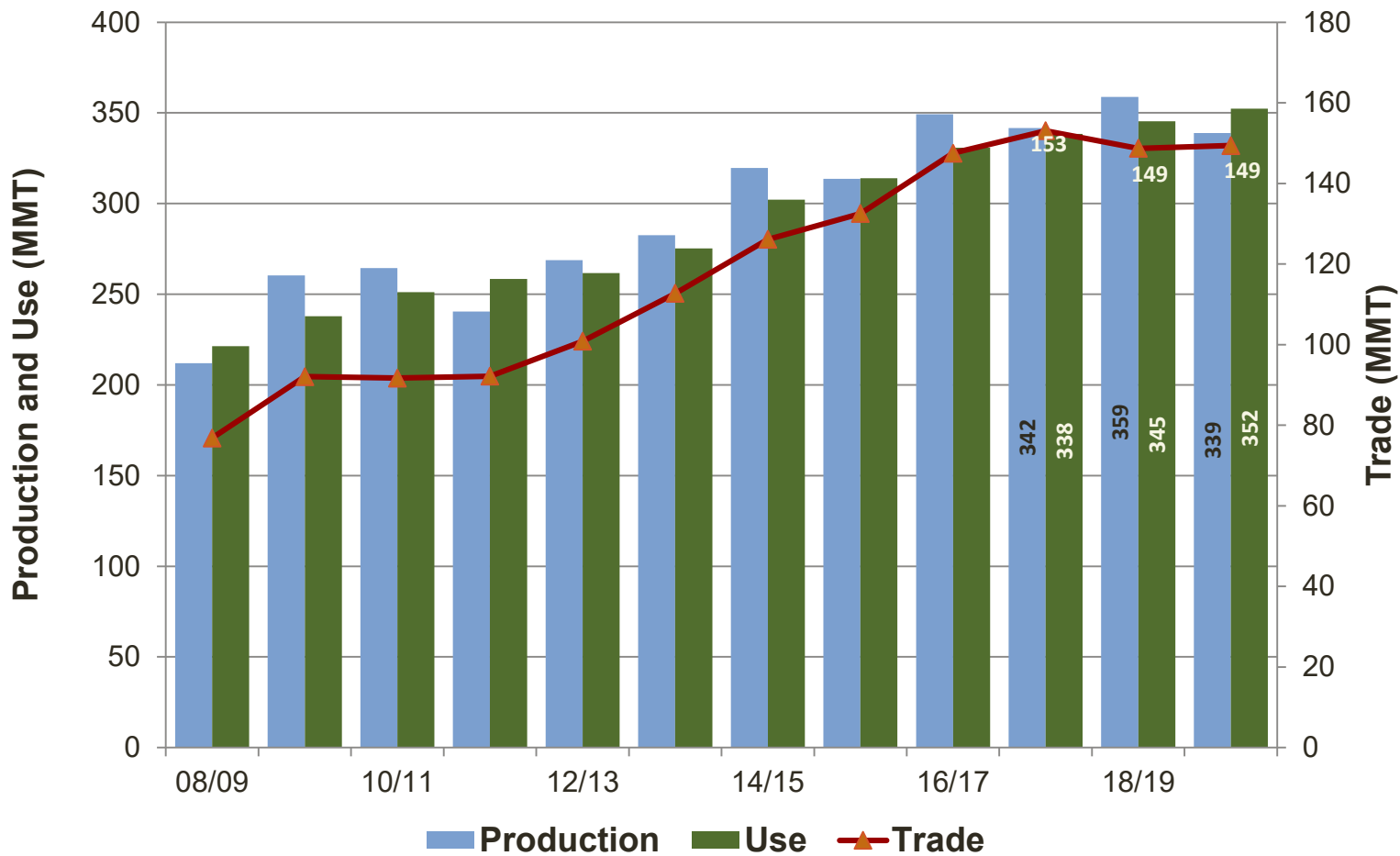
# World Corn

## Production, Use and Trade

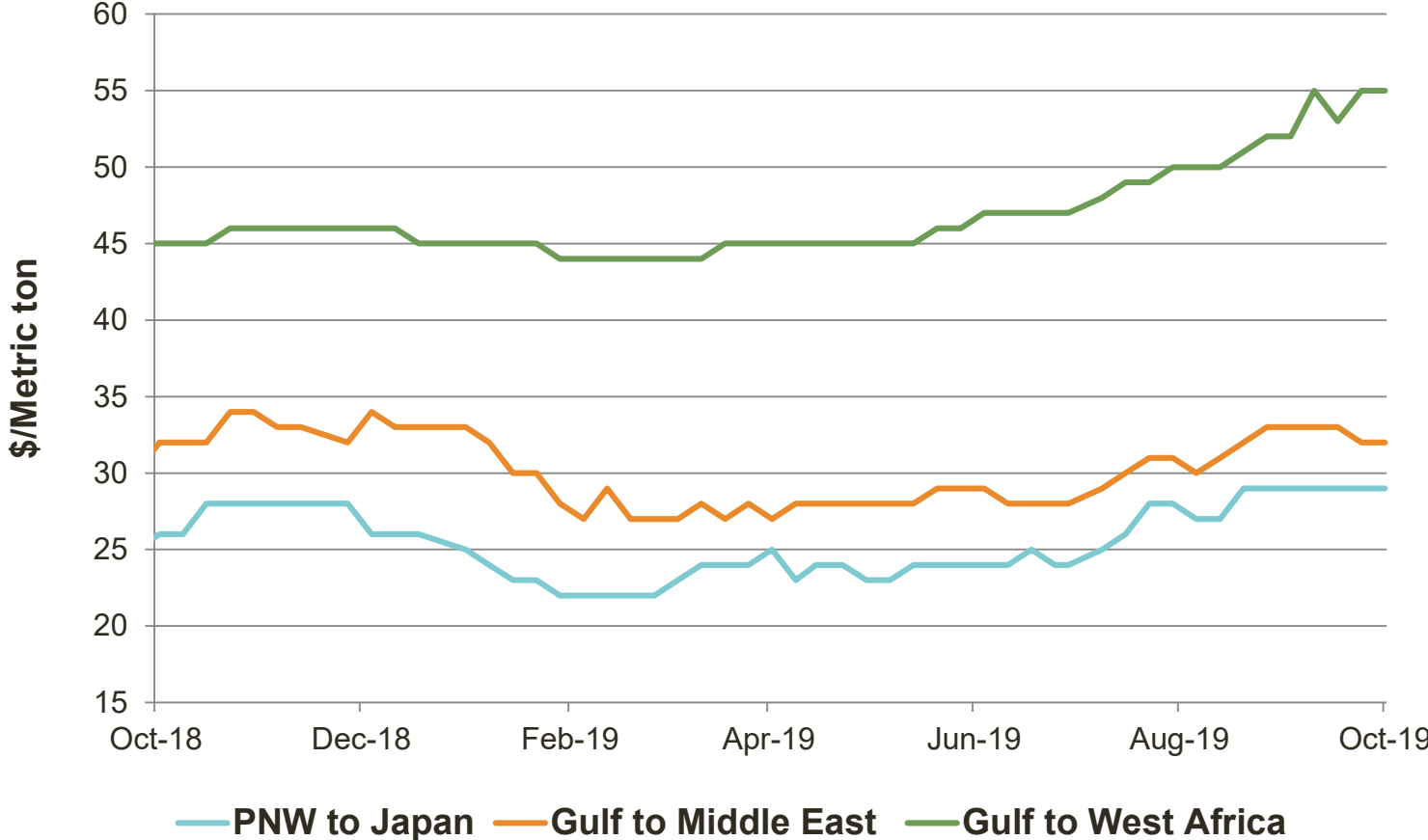


# World Soybeans

## Production, Use and Trade



# Ocean Freight Rates for Grains



\*Source: U.S. Wheat Associates Price Report, October 4, 2019

# Summary

- **Global production to increase 5% year-over-year to 765 MMT**
  - EU wheat production to rebound 10% after the 2018/19 drought to 152 MMT in 2019/20
  - Australian wheat production to rally 4% after last year's drought to 18.0 MMT in 2019/20
  - Ukrainian wheat production to jump 13% over 2018/19 levels to a record 28.7 MMT
  - Wheat production in the United States to total 53.4 MMT, 4% above last year
- **Global ending stocks to rise to 288 MMT, 3% above 2018/19 levels and 11% higher than the 5-year average of 258 MMT**
  - Estimated Indian ending stocks of 20.8 MMT are 18% higher than last year and 44% above the 5-year average of 14.4 MMT
  - U.S. ending stocks to total 28.4 MMT, 3% lower than last year but 3% higher than the 5-year average
- **World consumption and trade both expected to exceed 2018/19 levels**
  - Total global wheat consumption to reach an all-time high of 755 MMT, 4% higher than the 5-year average
  - Total global trade to reach 180 MMT, 4% higher than 2018/19 and 3% above the 5-year average
  - U.S. 2019/20 domestic consumption to increase 5% year-over-year to 31.8 MMT and exports to rise 1% above 2018/19 levels to 25.9 MMT