

World Wheat Supply and Demand Situation

December 2019

Major data source: USDA World
Agricultural Supply and Demand
Estimates released December 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 record high of 765 MMT**
 - Wheat production in Argentina and Australia to fall to from last year to 19.0 MMT and 16.1 MMT, respectively
 - European Union (EU) and Russian wheat production to rebound over last year to 154 MMT and 74.5 MMT, respectively
 - U.S. wheat production to rise 2% above 2018/19 levels to 52.3 MMT in 2019/20
- **Global consumption forecast at 754 MMT, the highest on record**
 - Indonesian domestic consumption to reach a record 10.7 MMT, up 12% from the 5-year average
 - Domestic consumption in Brazil to tie the 2016/17 record of 12.2 MMT
 - U.S. domestic consumption to total 31.5 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 20 MMT in 2019/20, 20% higher than last year
 - European Union (EU) wheat exports to rebound 20% over last year to 29.0 MMT in 2019/20
 - U.S. 2019/20 exports to increase to 26.5 MMT, 4% higher than last year and 8% higher than the 5-year average



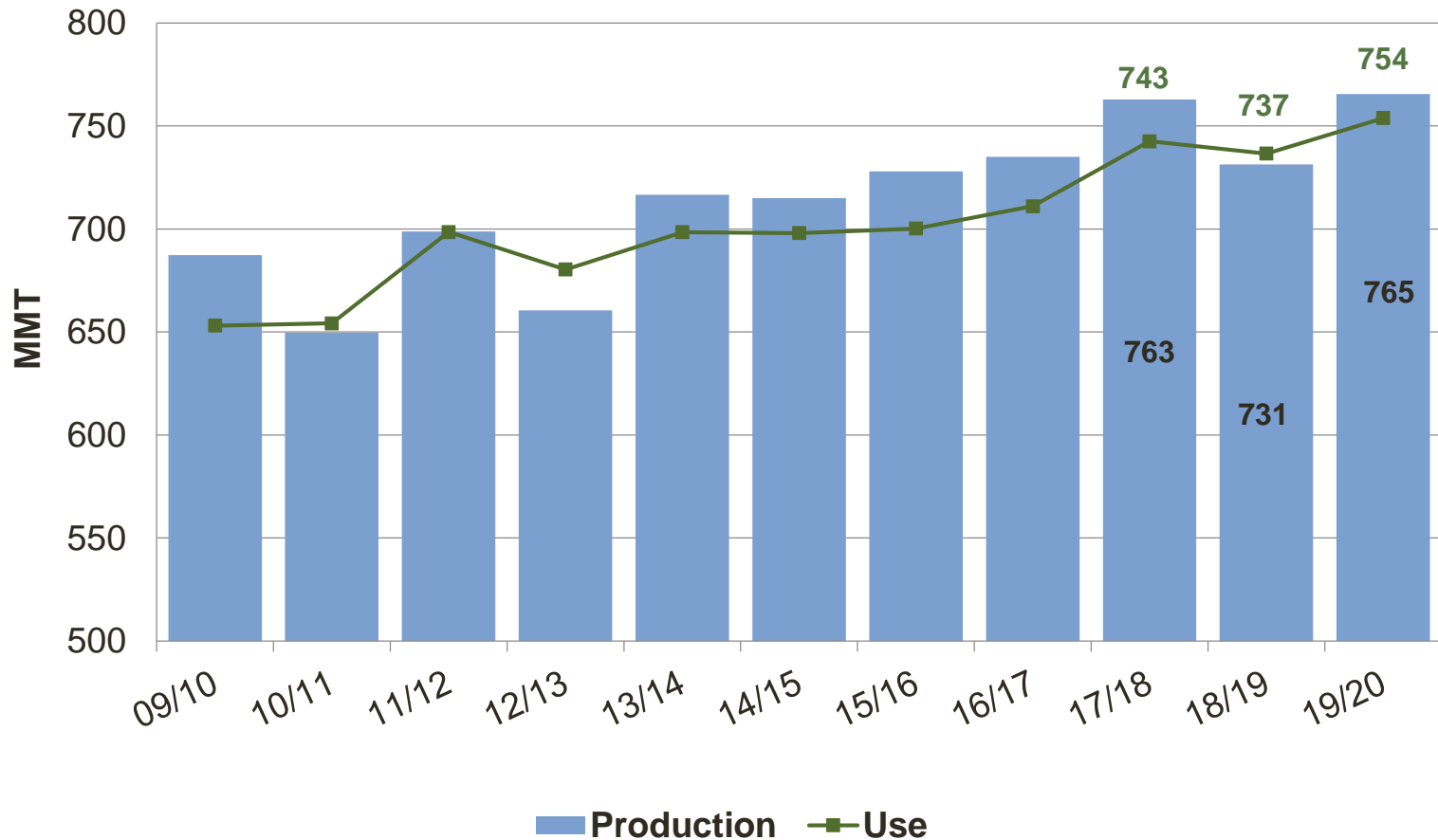
Highlights of USDA's 2019/20 Supply and Demand Estimates

- **World beginning stocks fell 2% year-over-year to 278 MMT, still 15% higher than the 5-year average of 242 MMT**
 - Major exporter beginning stocks fell 13% from 2018/19 to 67 MMT
 - U.S. 2019/20 beginning stocks of 29.4 MMT are down 2% from last year and account for 43% of total major exporter beginning stocks
- **Global ending stocks projected at 290 MMT, 4% higher than last year and 12% higher than the 5-year average**
 - Estimated Chinese ending stocks of 147 MMT are 5% higher than last year , 31% higher than the 5-year average and account for 51% of the world total
 - U.S. ending stocks are expected to total 26.5 MMT in 2019/20, the lowest in 5 years
- **U.S. farm gate average price to fall 12% from 2018/19 average price**
 - Projected average farm gate price to fall to \$4.55/bu* (\$167/MT) from last year's average of \$5.16/bu (\$190/MT)

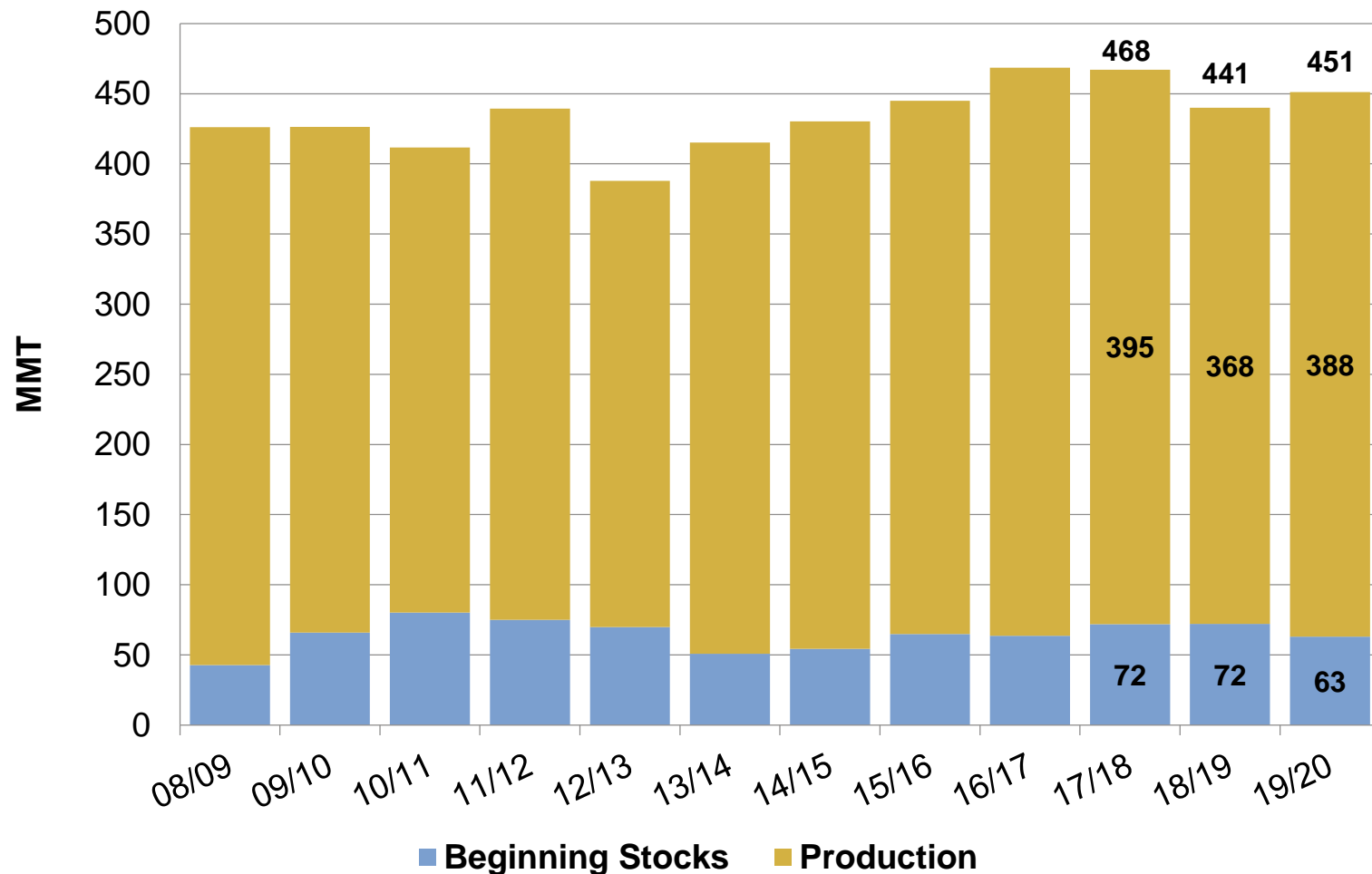
**Average U.S. farm gate price, marketing year weighted average*



World Production and Use



Supplies in Top Exporting Countries*



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

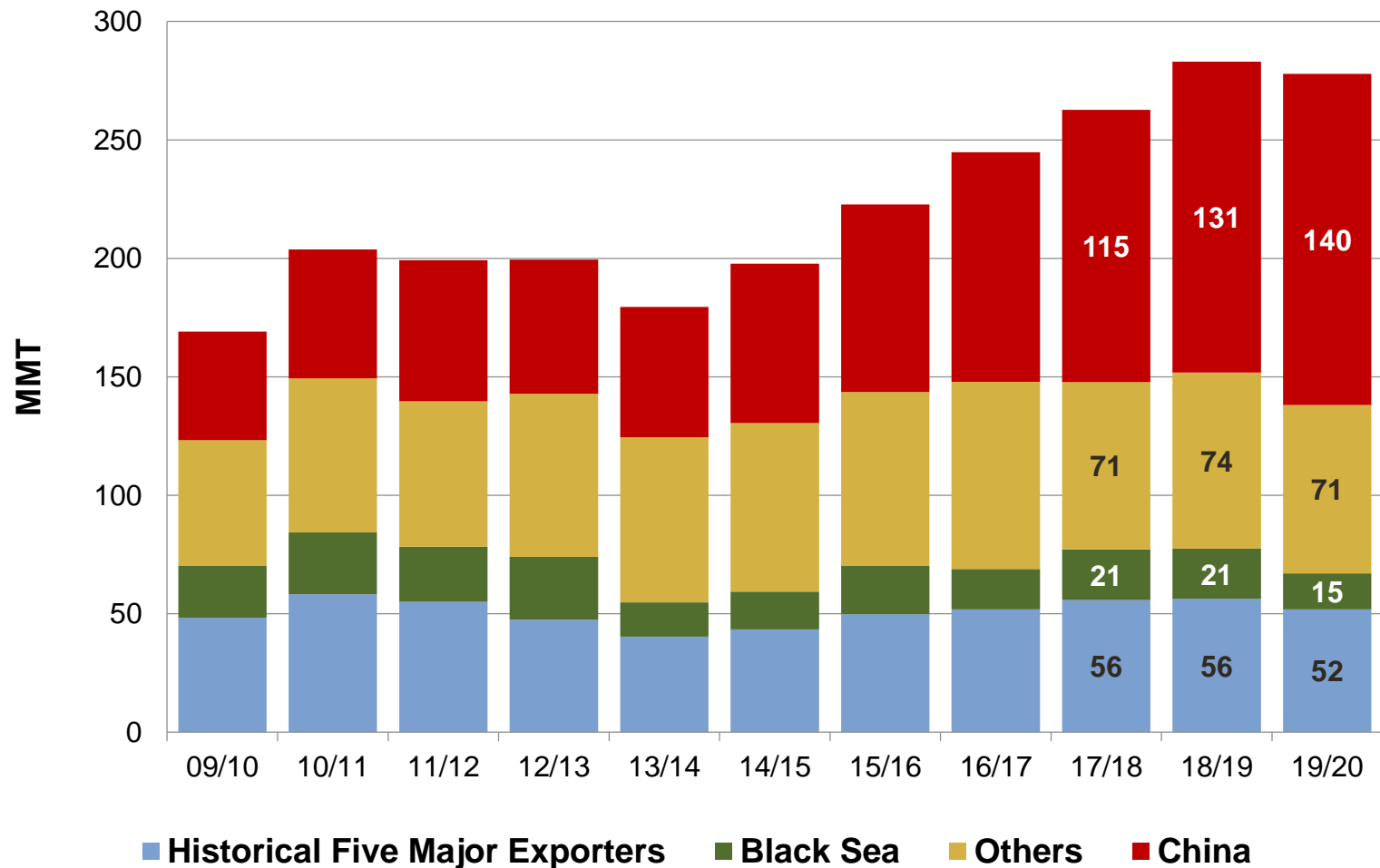
World Wheat Supply and Demand (MMT)

	<u>17/18</u>	<u>18/19</u>	<u>19/20</u>
SUPPLY:			
Beginning Stocks	263	283	278
Production	763	731	765
Supply Total	1026	1014	1043
Ending Stocks	283	278	290
TRADE:			
Exports/Imports	182	173	180
DEMAND:			
Food & Seed	596	597	605
Feed & Residual	146	139	149
Use Total	743	737	754



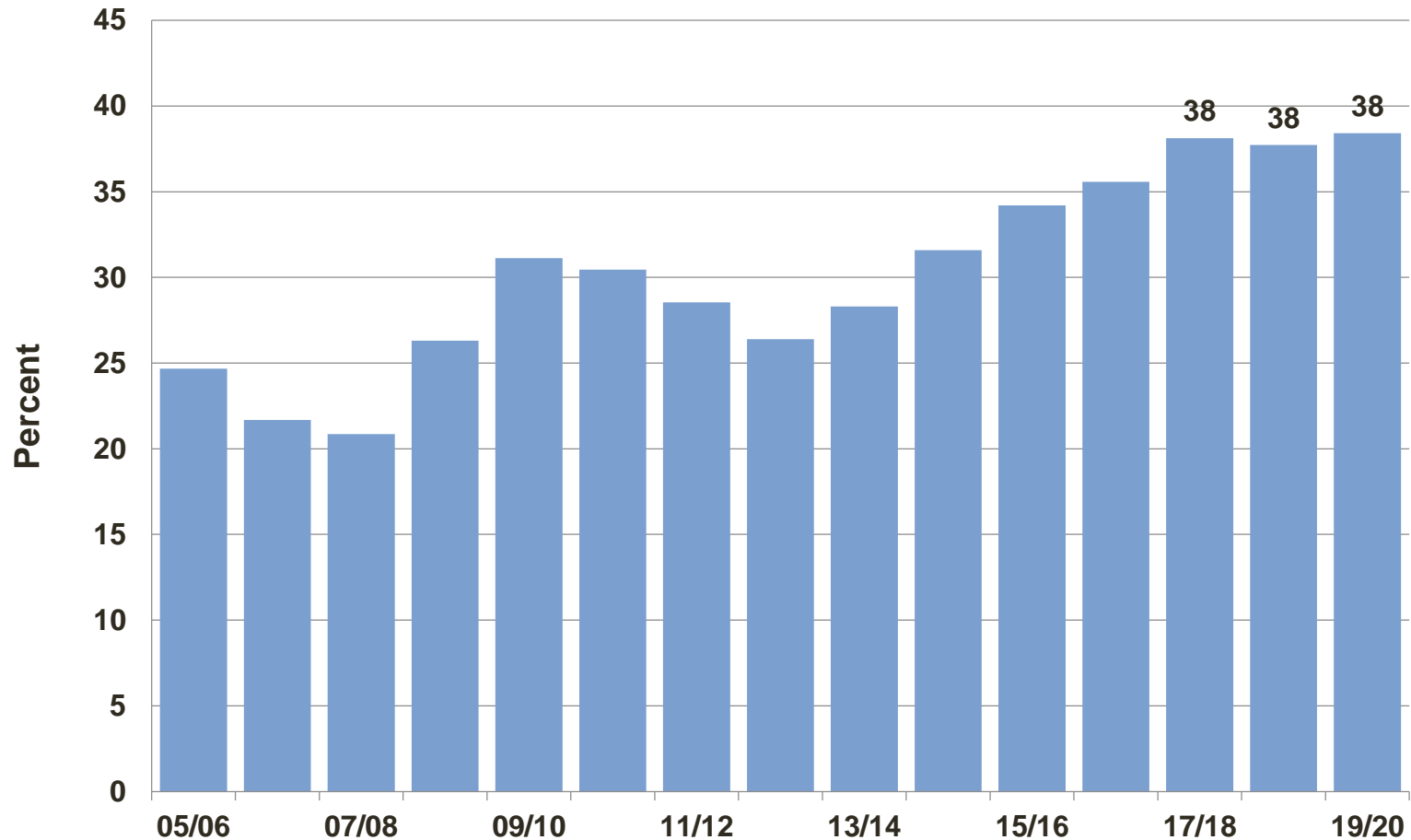
U.S. WHEAT
ASSOCIATES

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



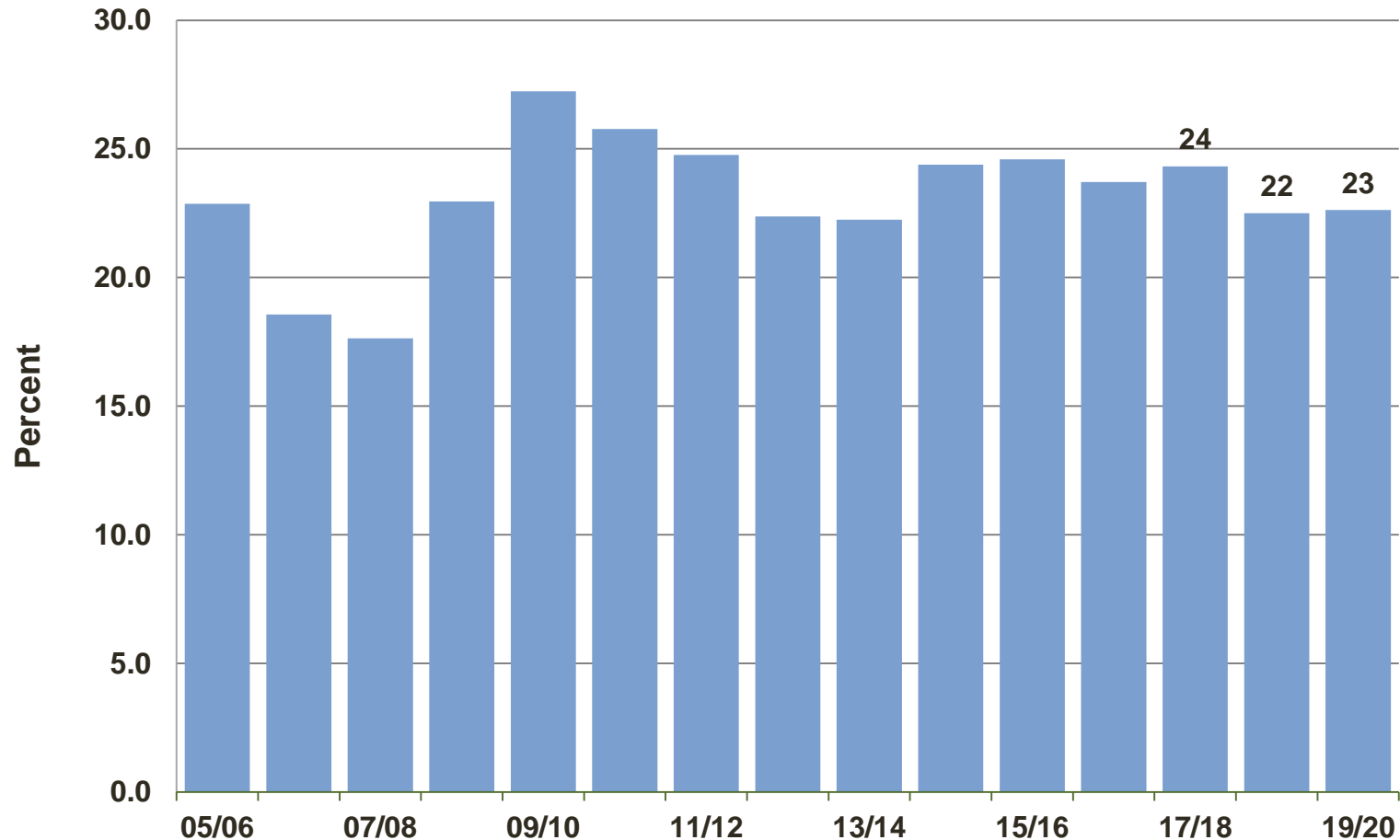
**Ending stocks*

Supply and Demand



U.S. WHEAT
ASSOCIATES

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



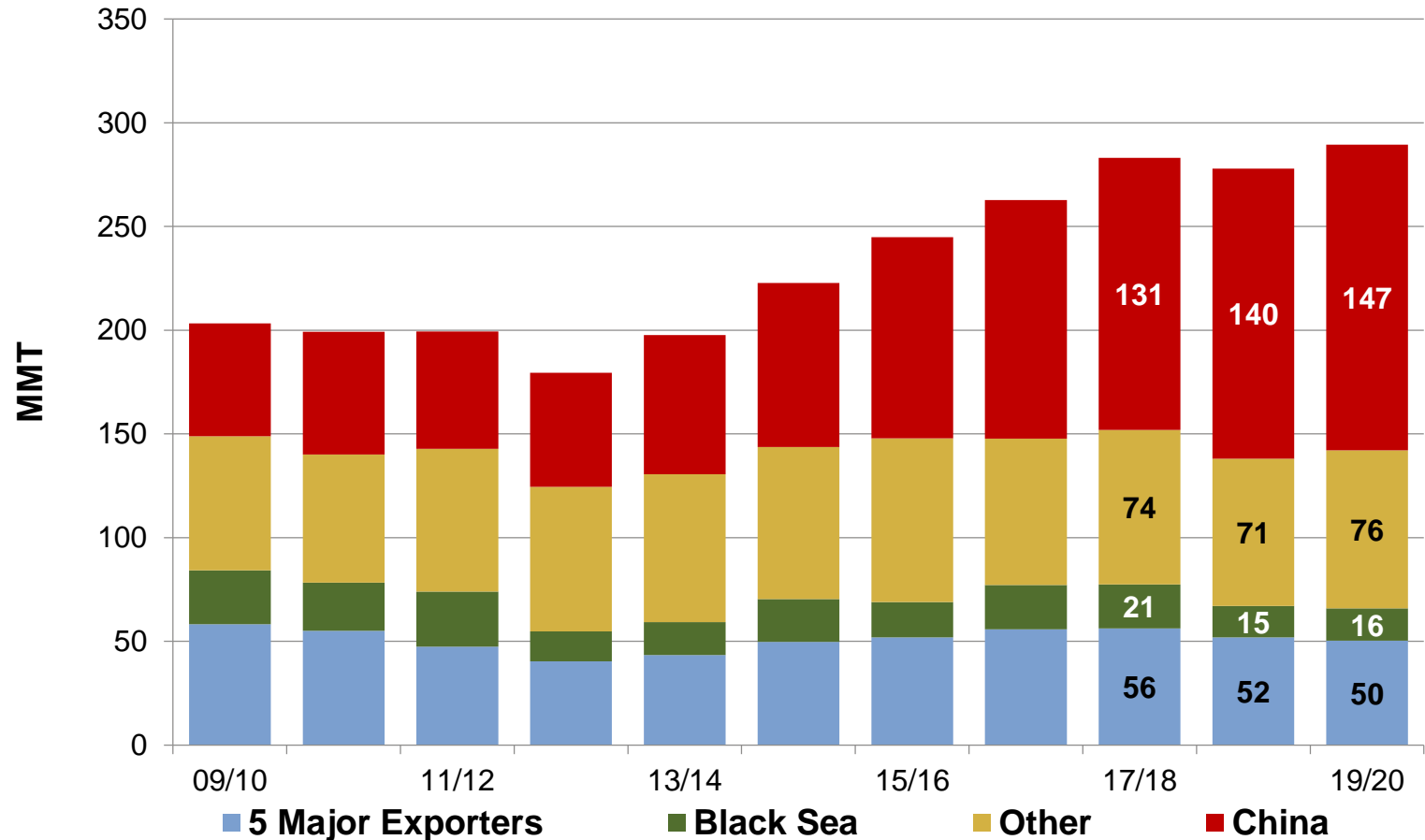
**Ending stocks*

Supply and Demand



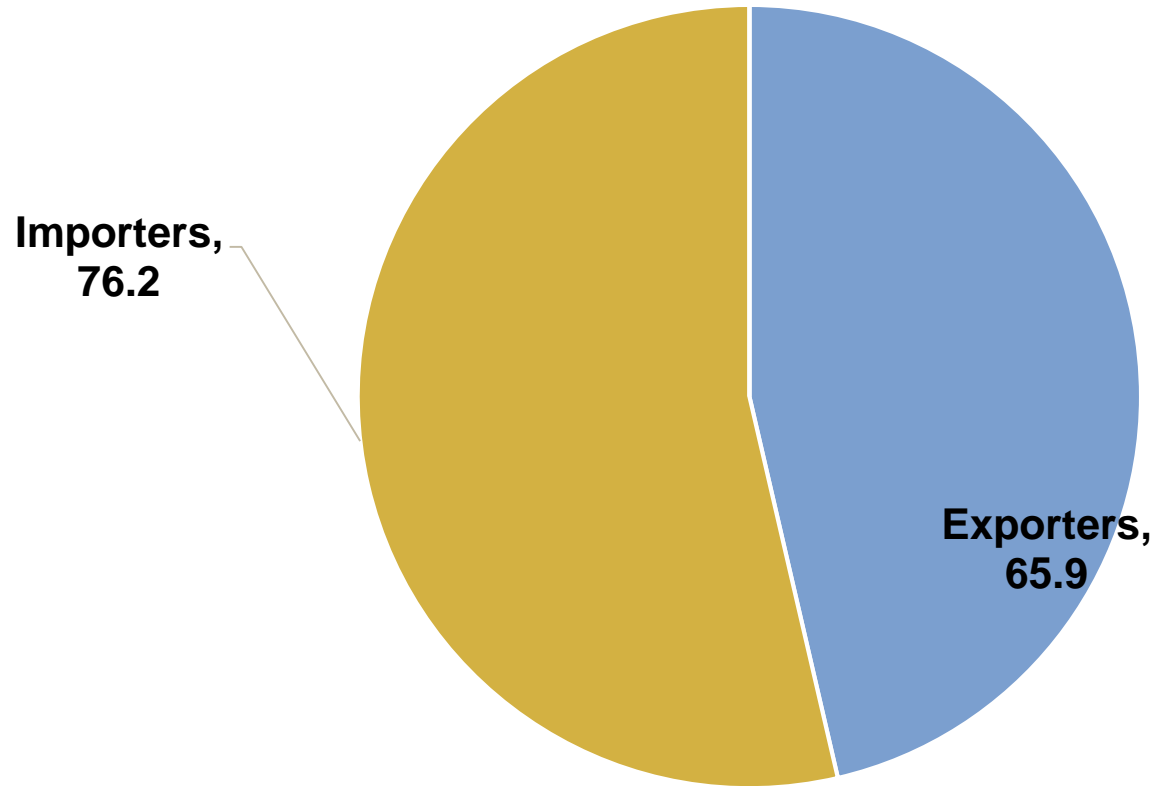
U.S. WHEAT
ASSOCIATES

World Ending Stocks

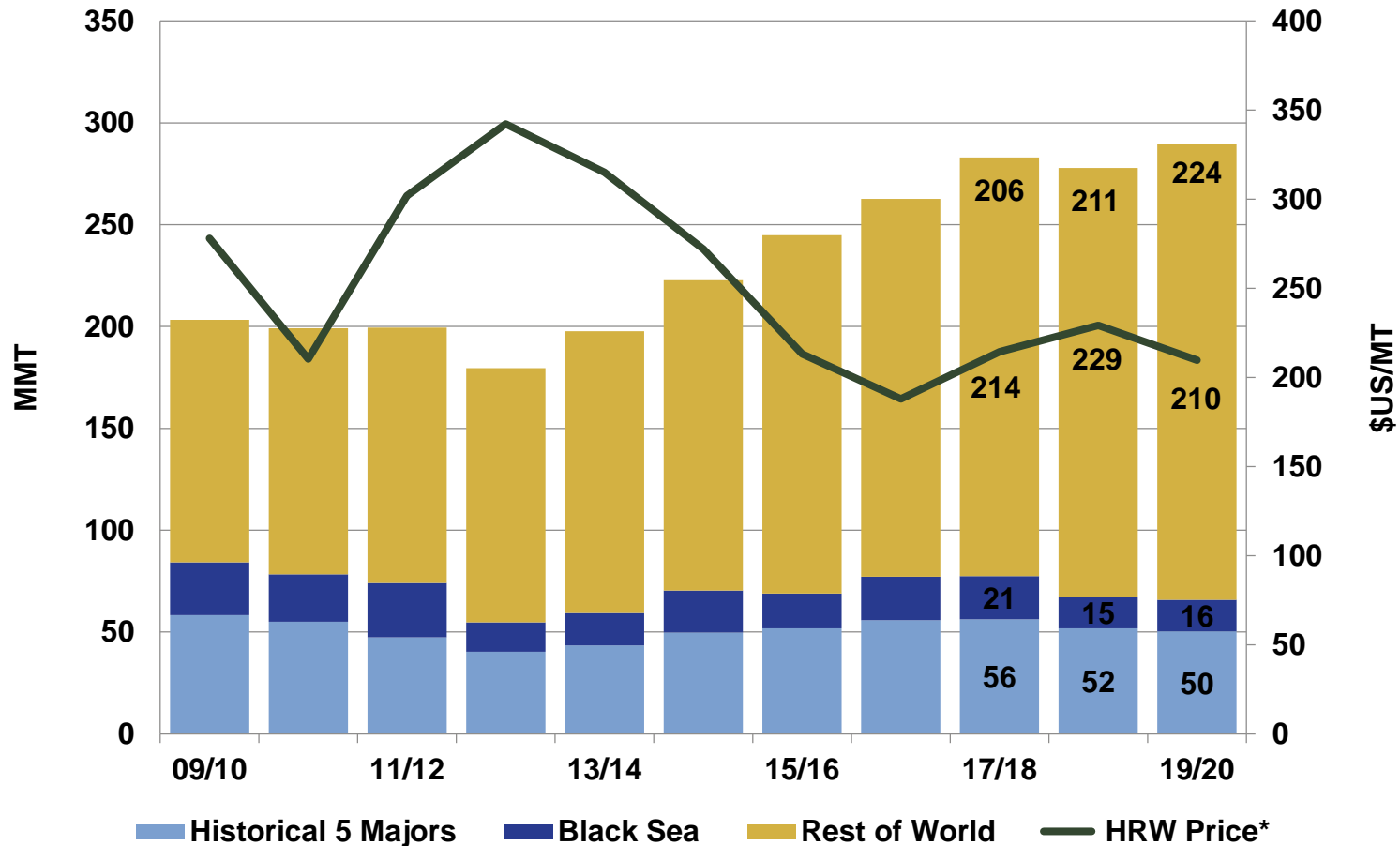


Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU. Black Sea includes Russia, Ukraine and Kazakhstan.

World Ending Stocks by Position (MMT)



Global Ending Stocks and Price



*Source: U.S. Wheat Associates Price Report, December 6, 2019

Supply and Demand





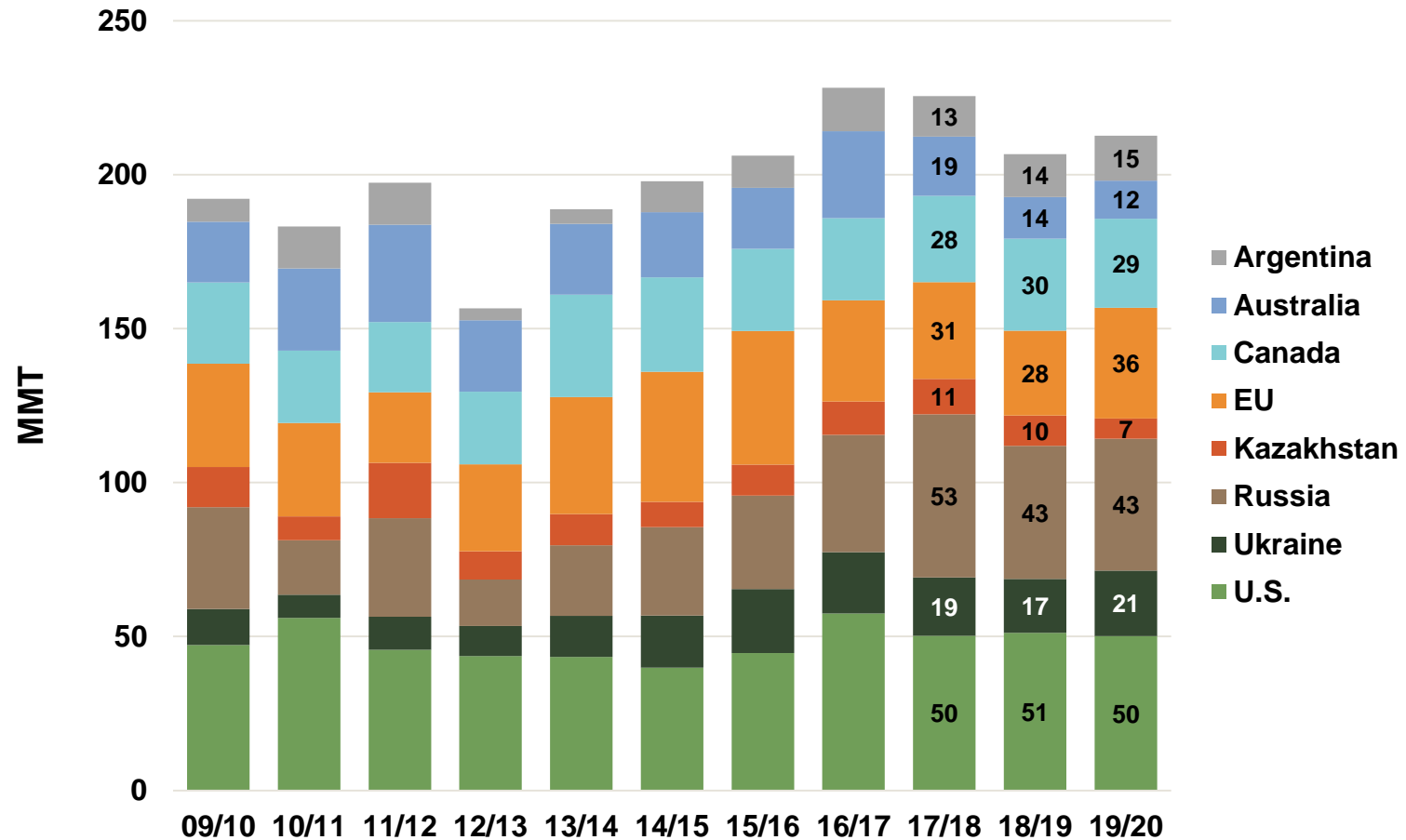
Major Exporters

Import Demand

U.S. Situation by Class

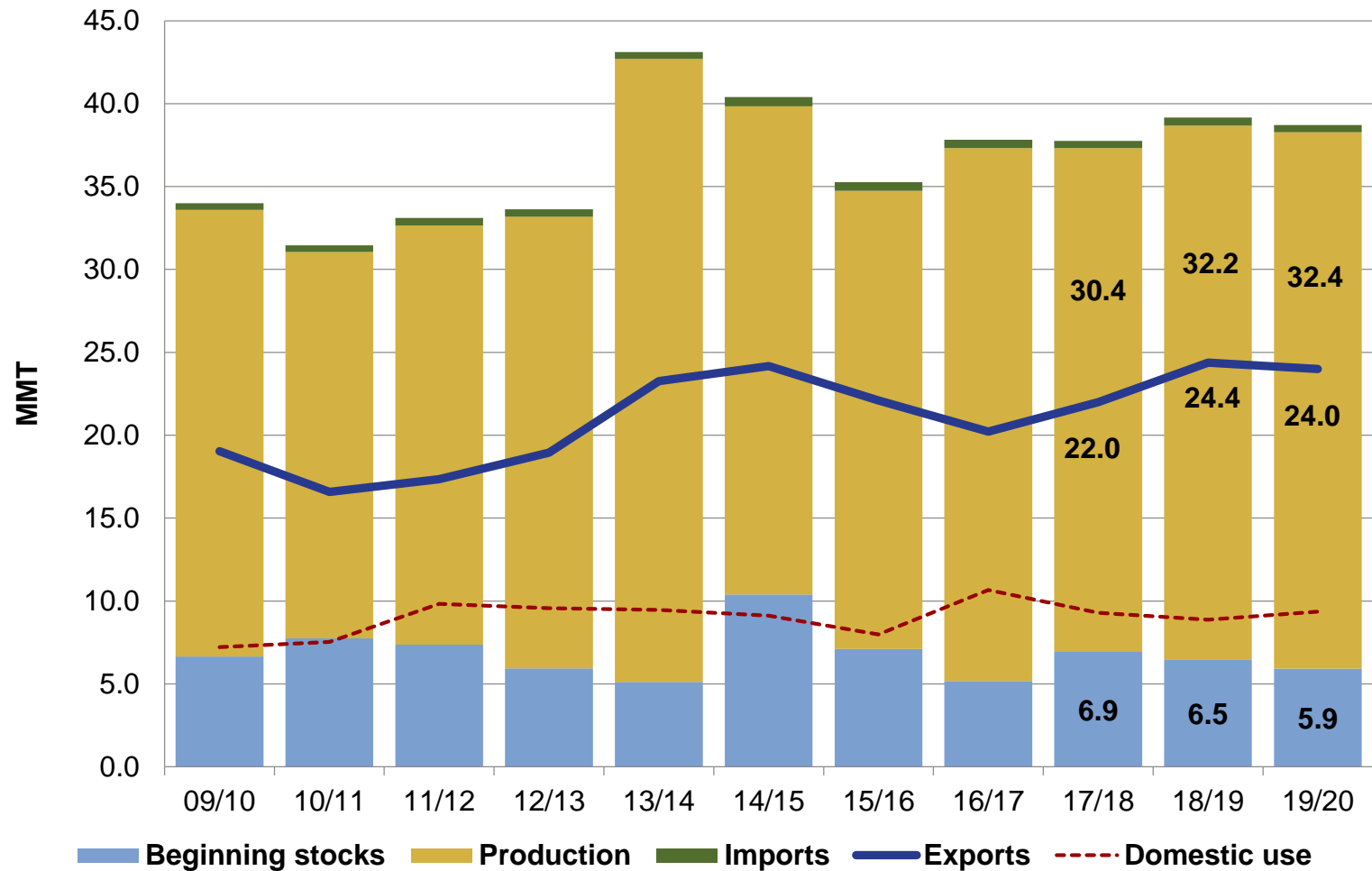
Outlook

Exportable Supplies in Top Exporting Countries

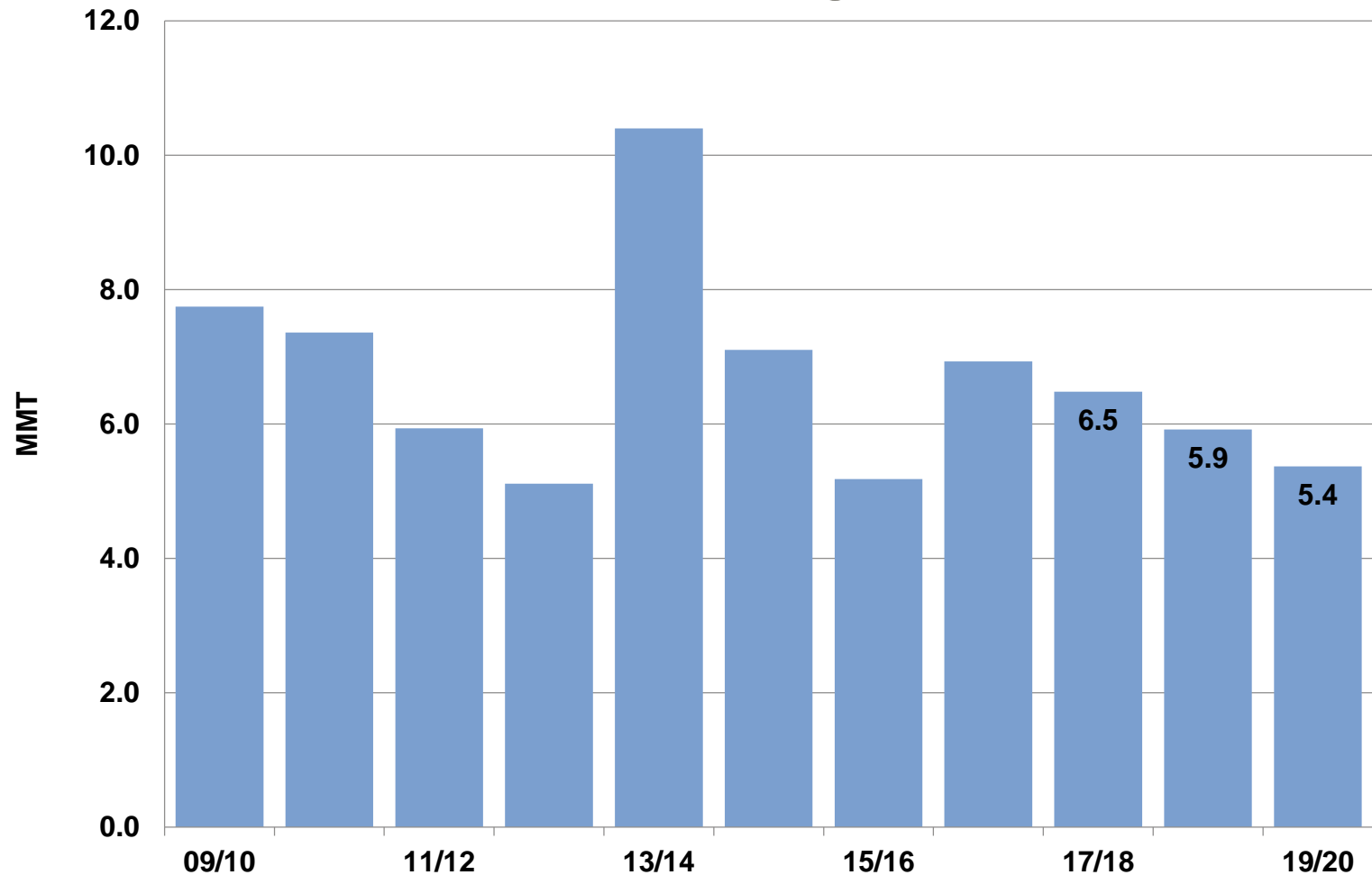


**Exportable Supplies = (Beginning Stocks + Production) – Domestic Consumption*

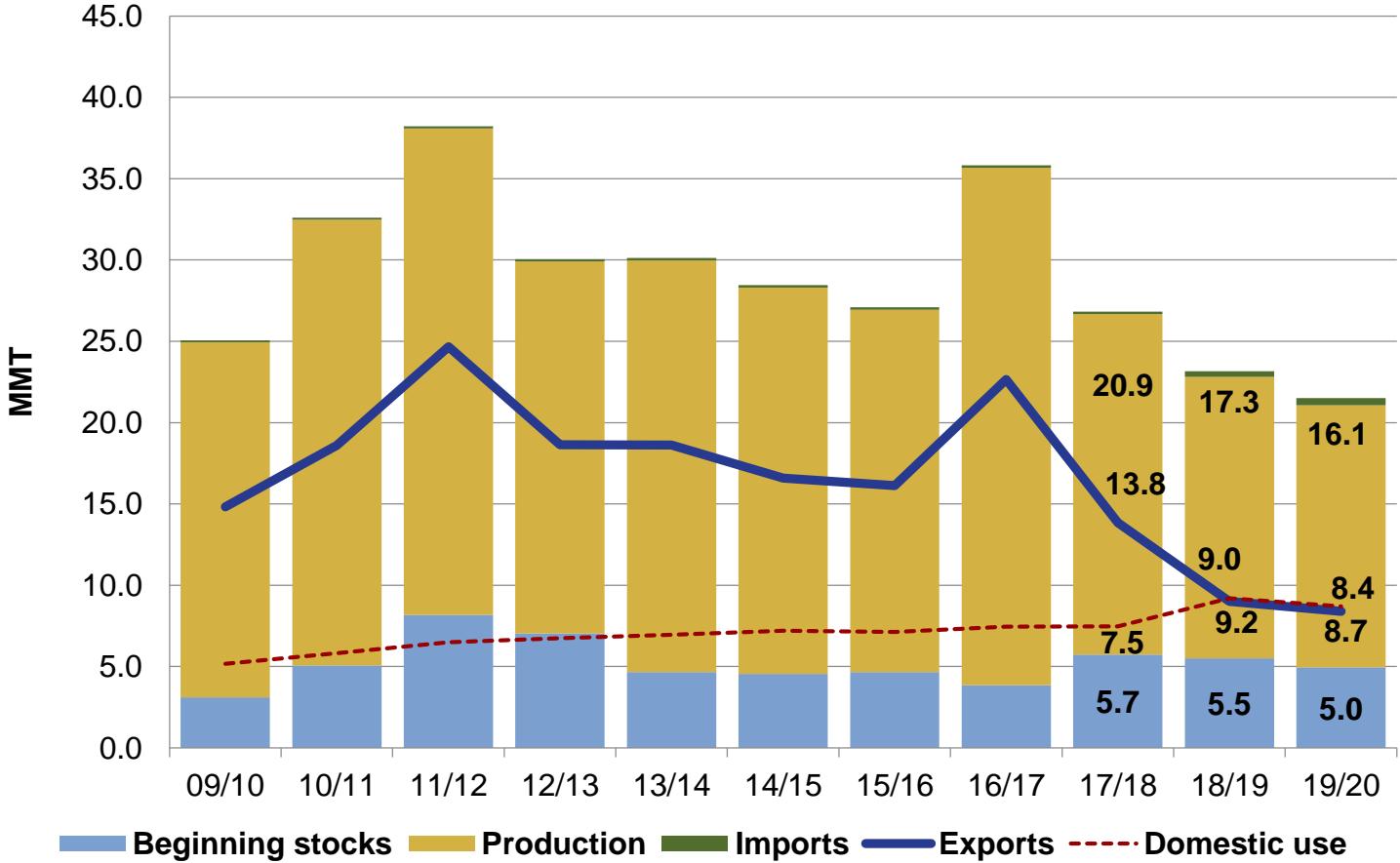
Canada Situation



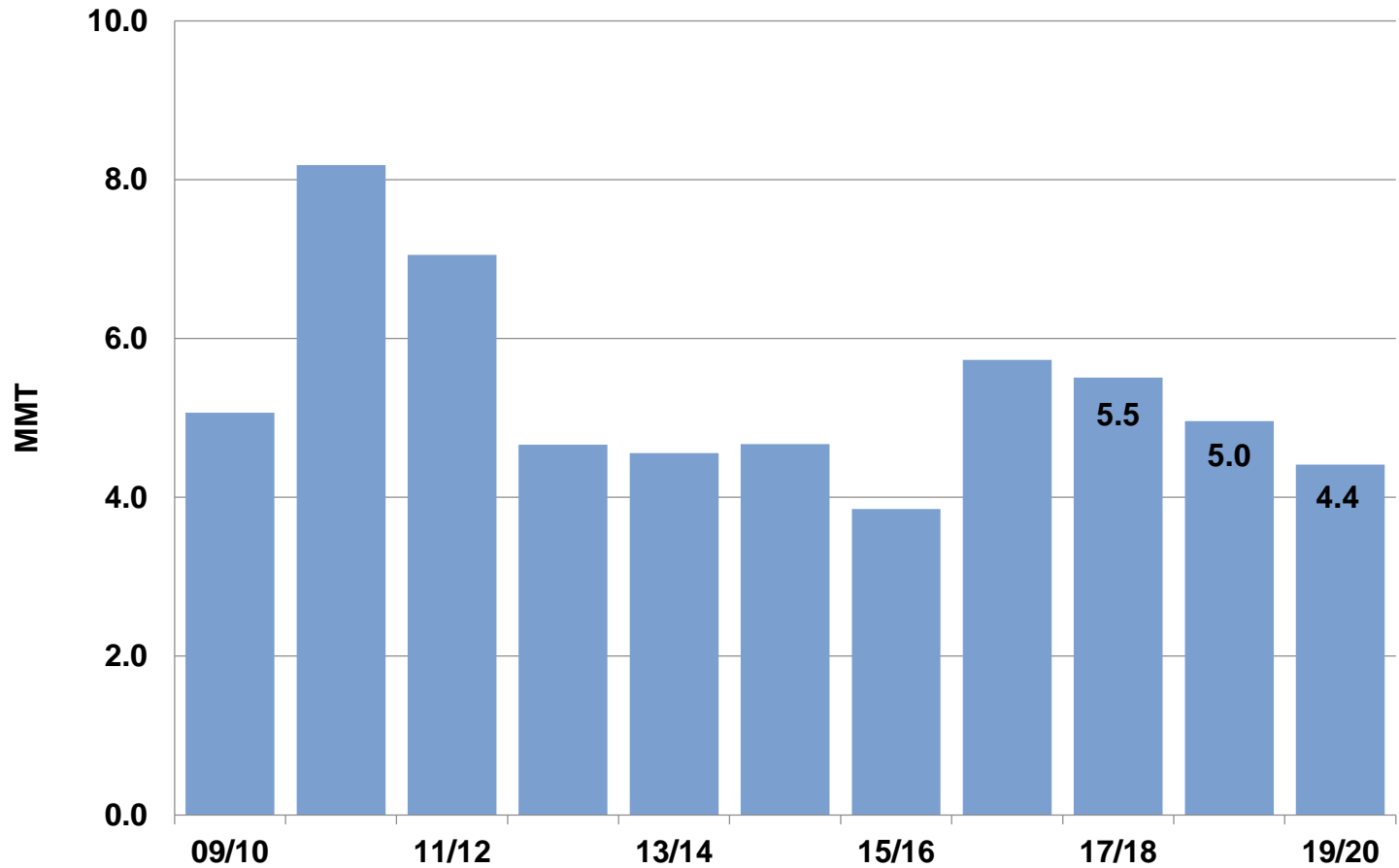
Canada Ending Stocks



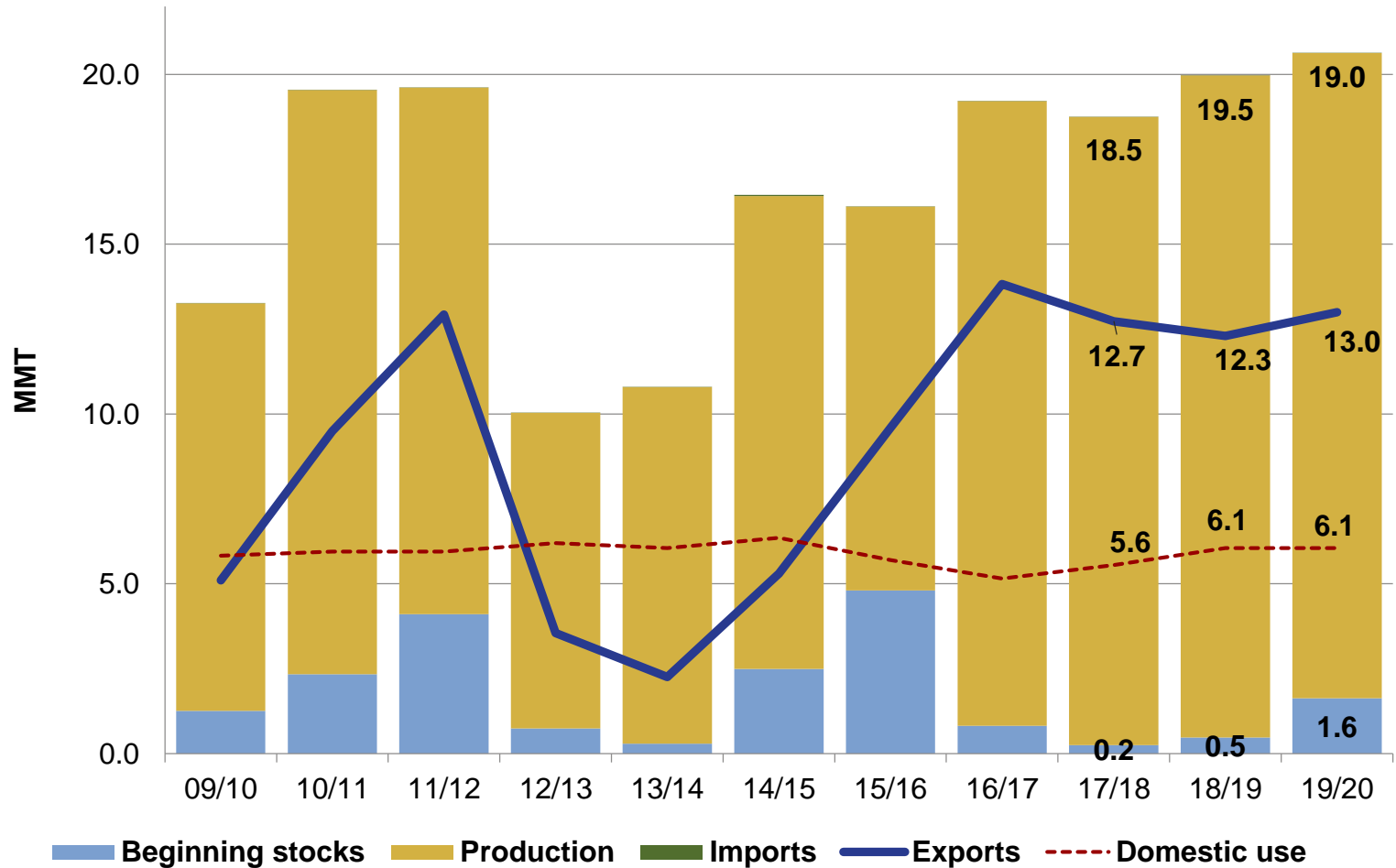
Australia Situation



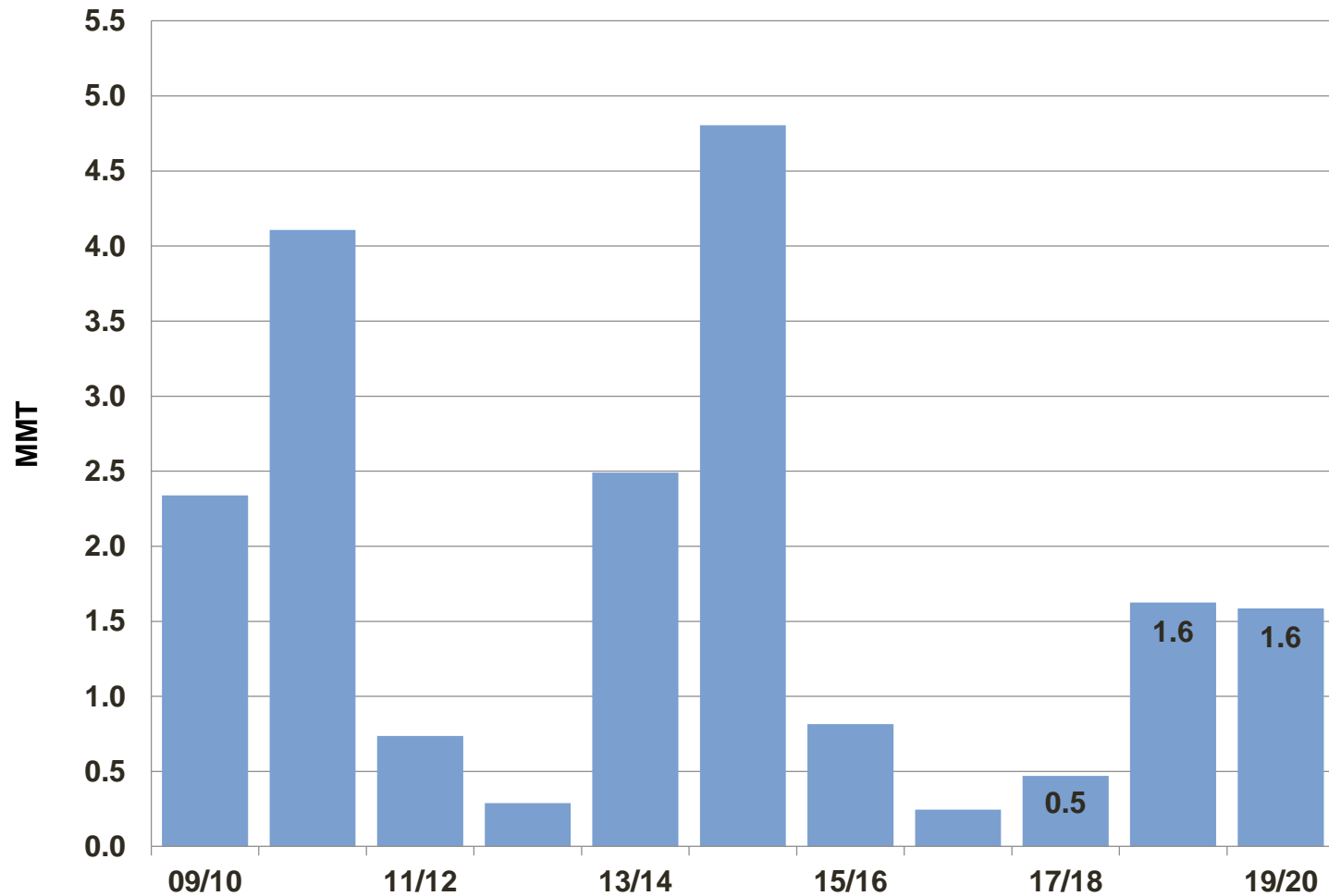
Australia Ending Stocks



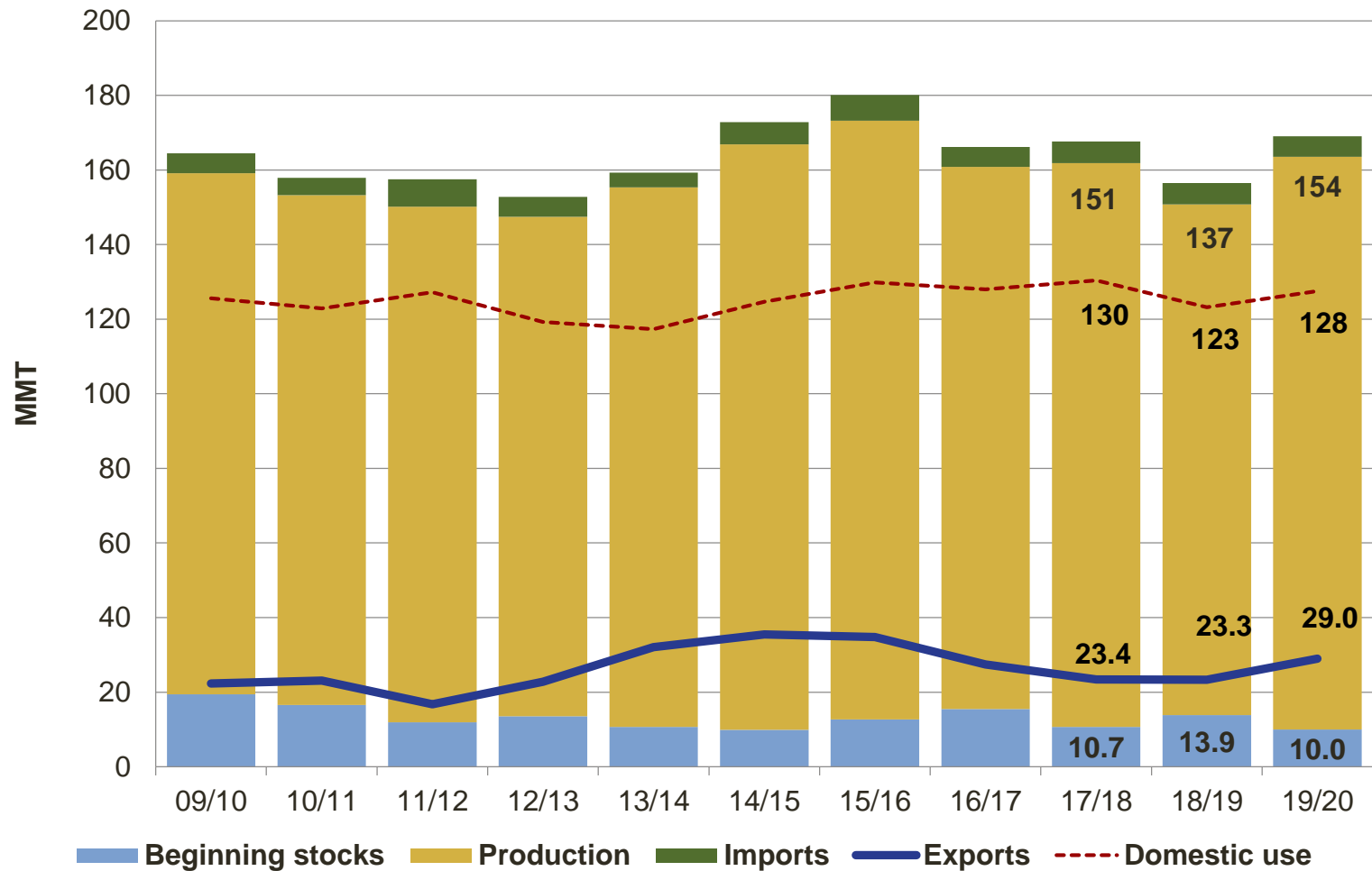
Argentina Situation



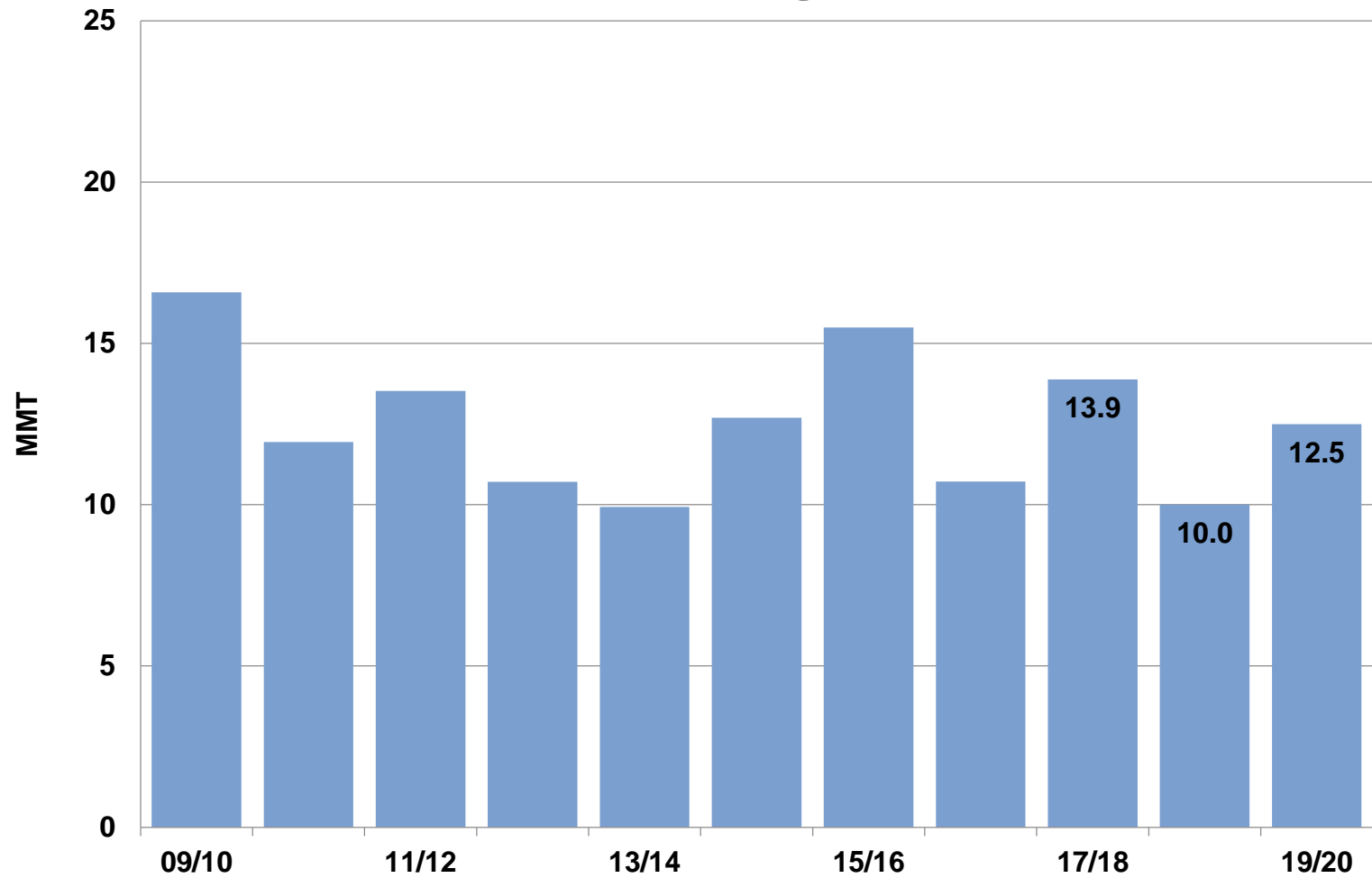
Argentina Ending Stocks



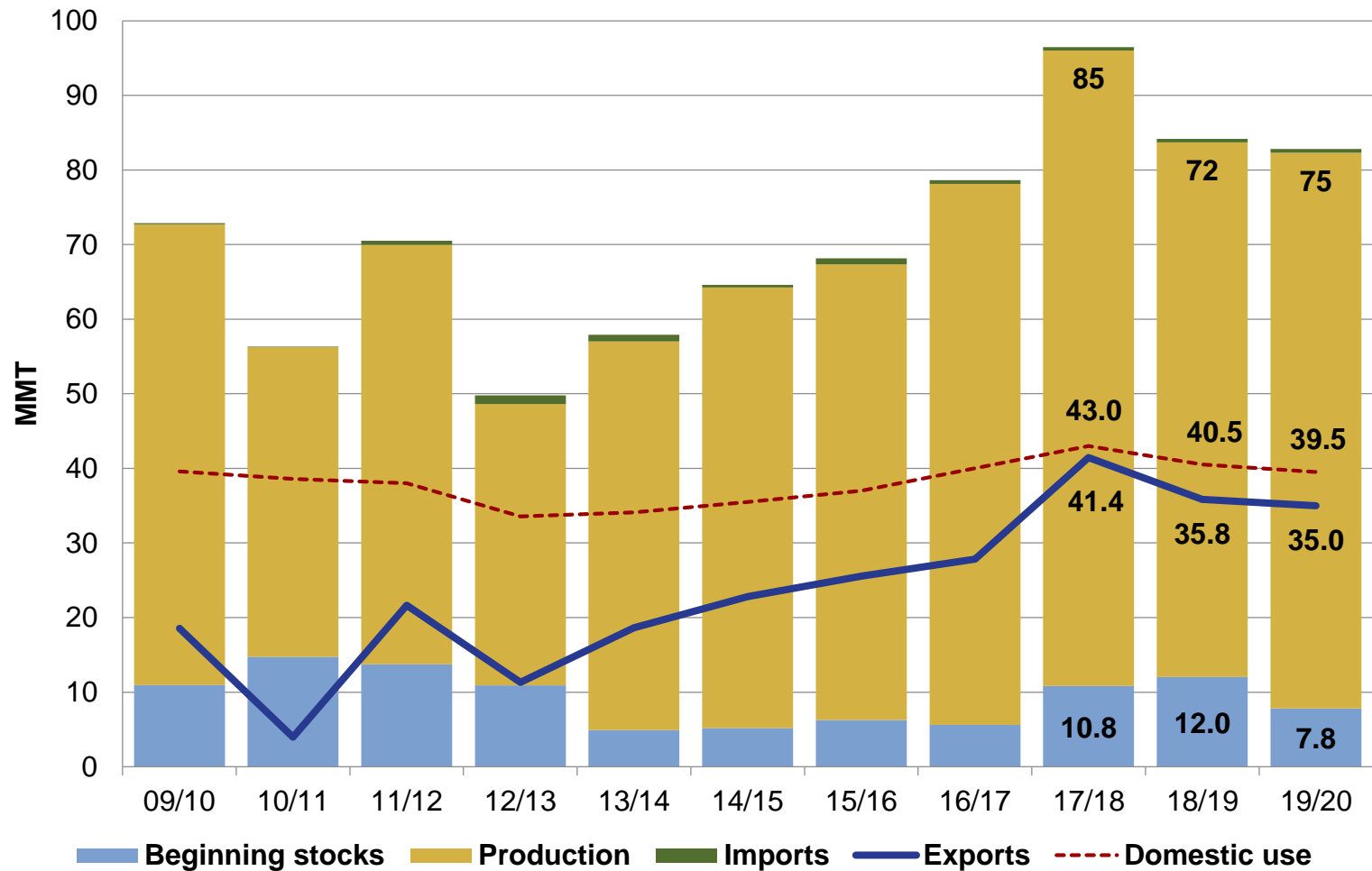
EU- 28 Situation



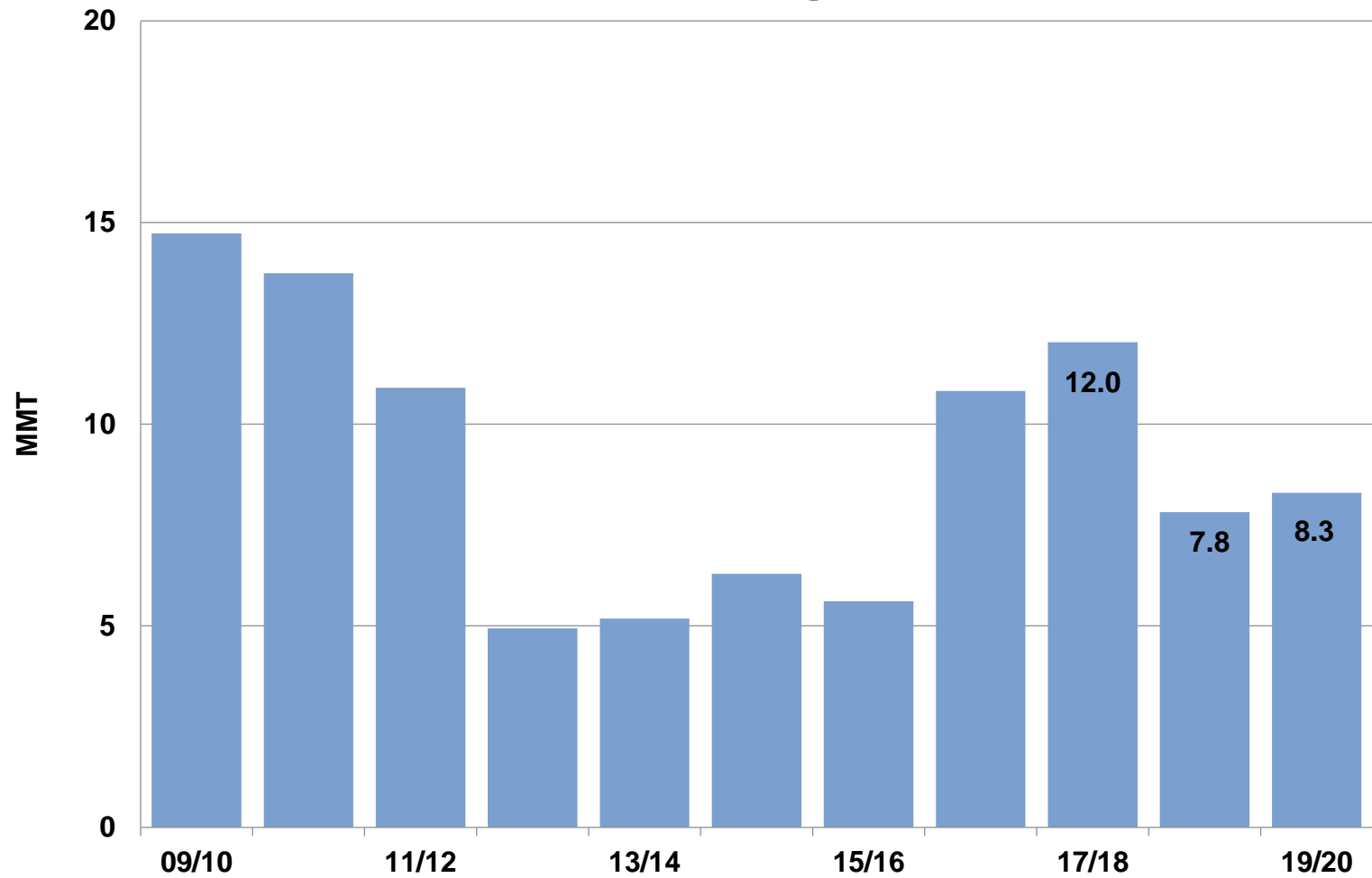
EU-28 Ending Stocks



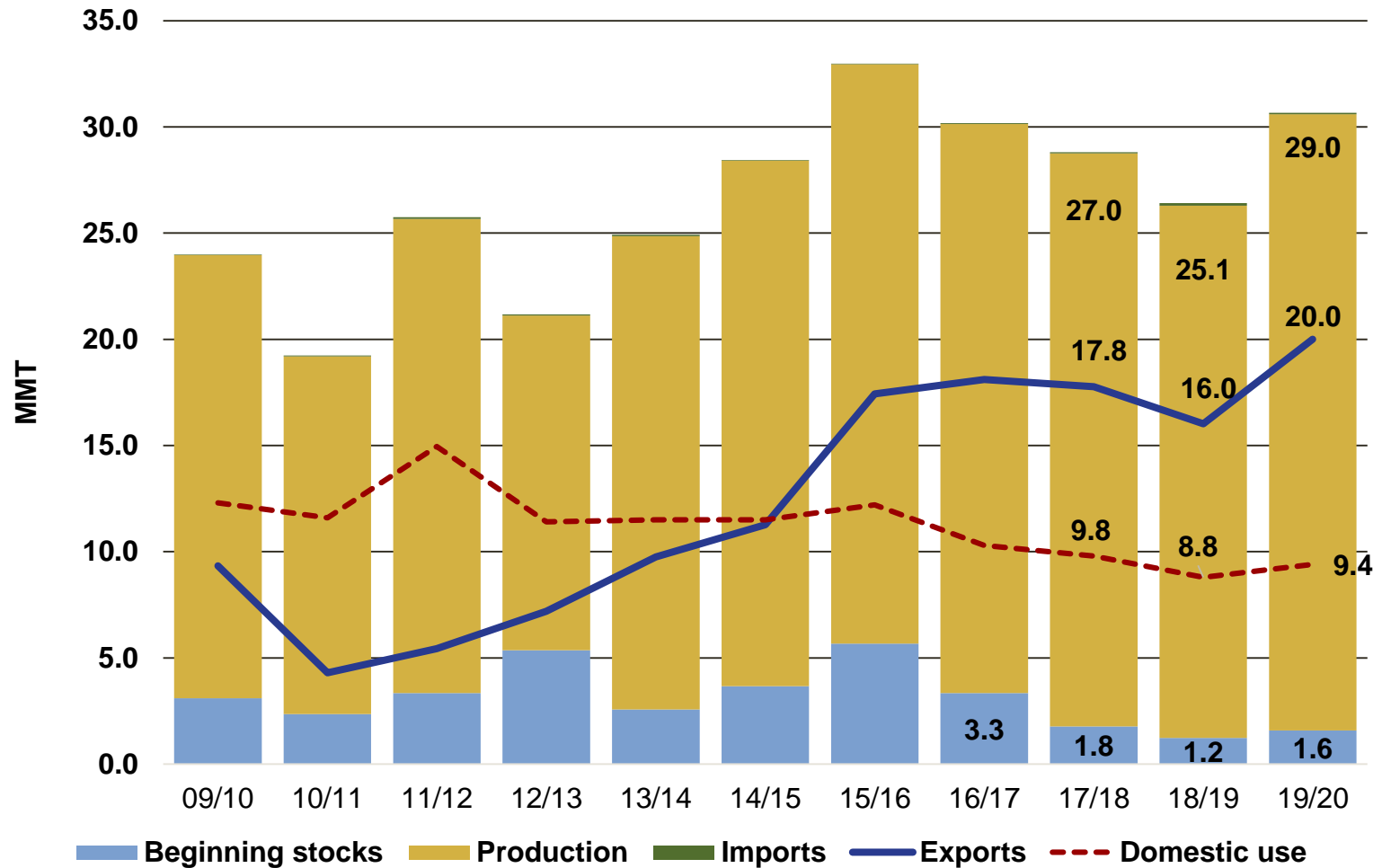
Russia Situation



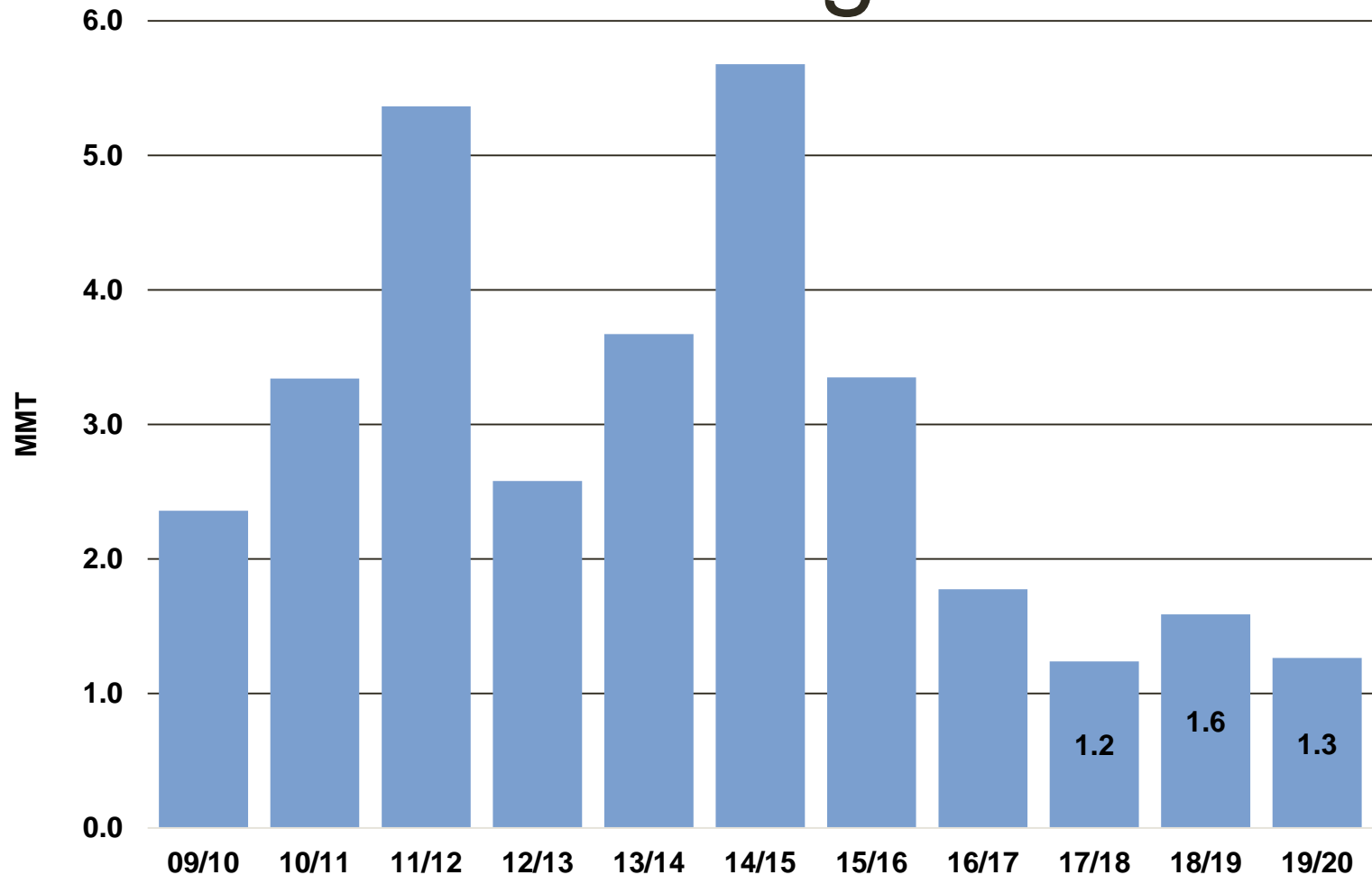
Russia Ending Stocks



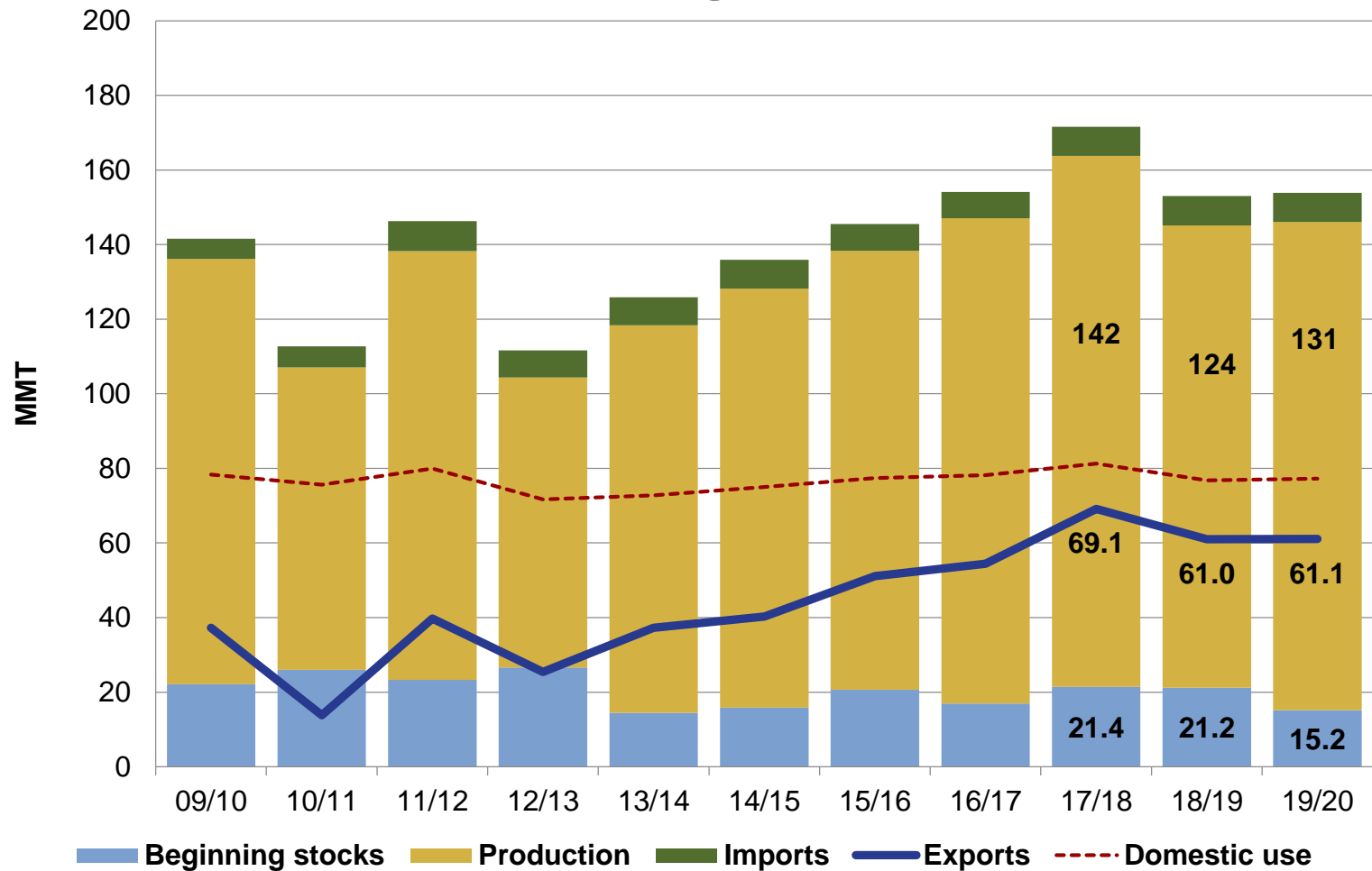
Ukraine Situation



Ukraine Ending Stocks

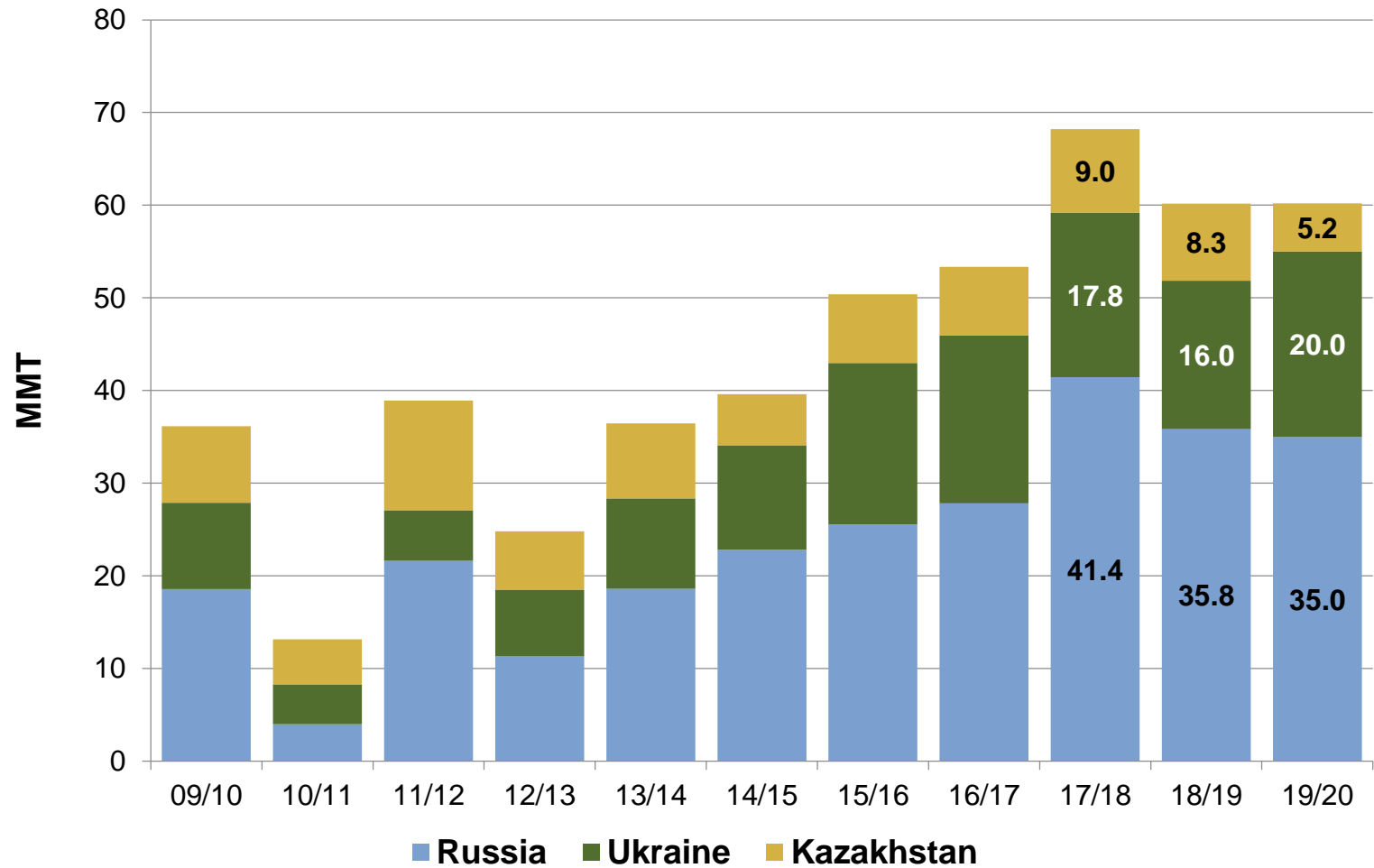


Black Sea Region Situation

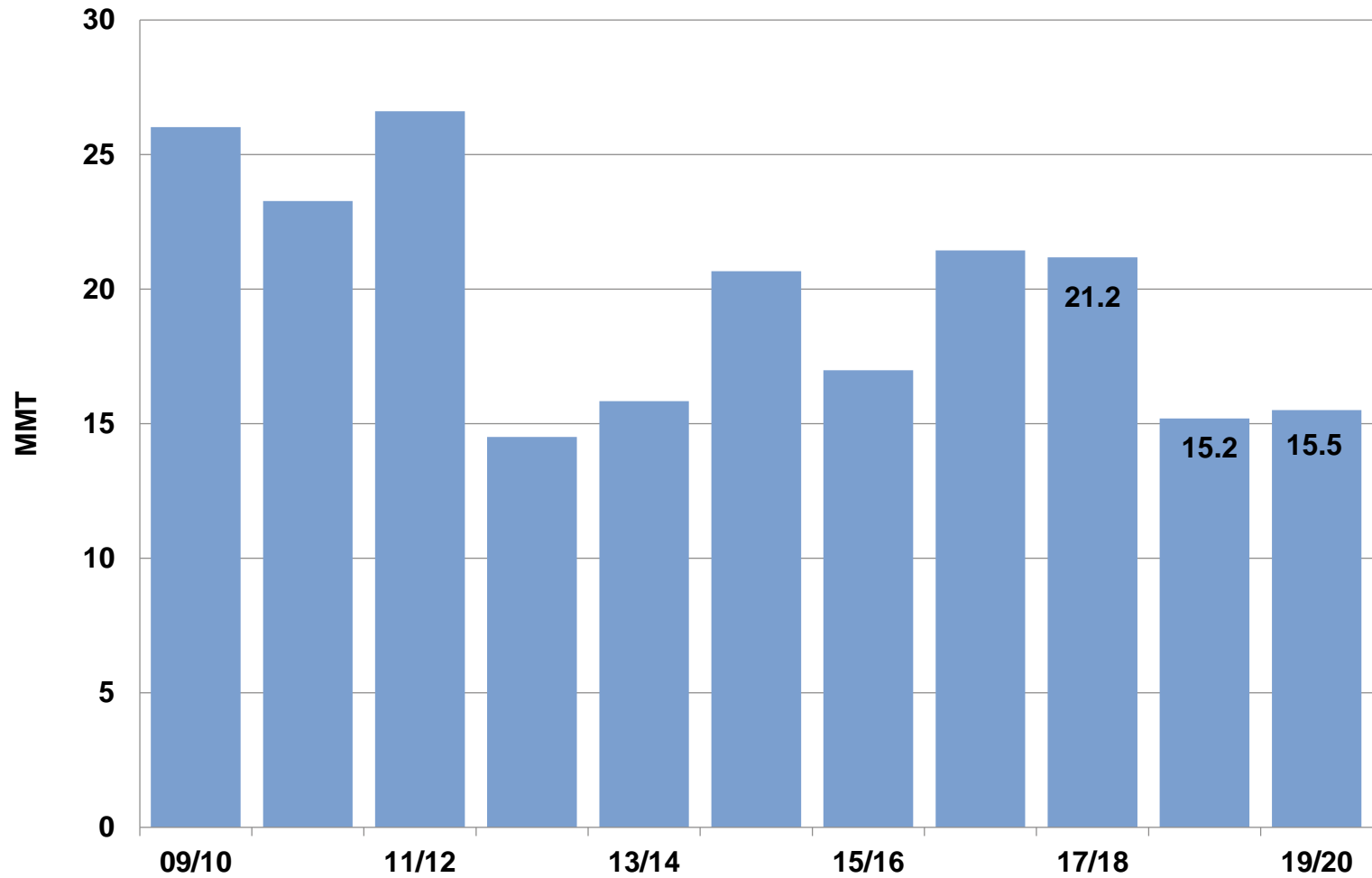


Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.

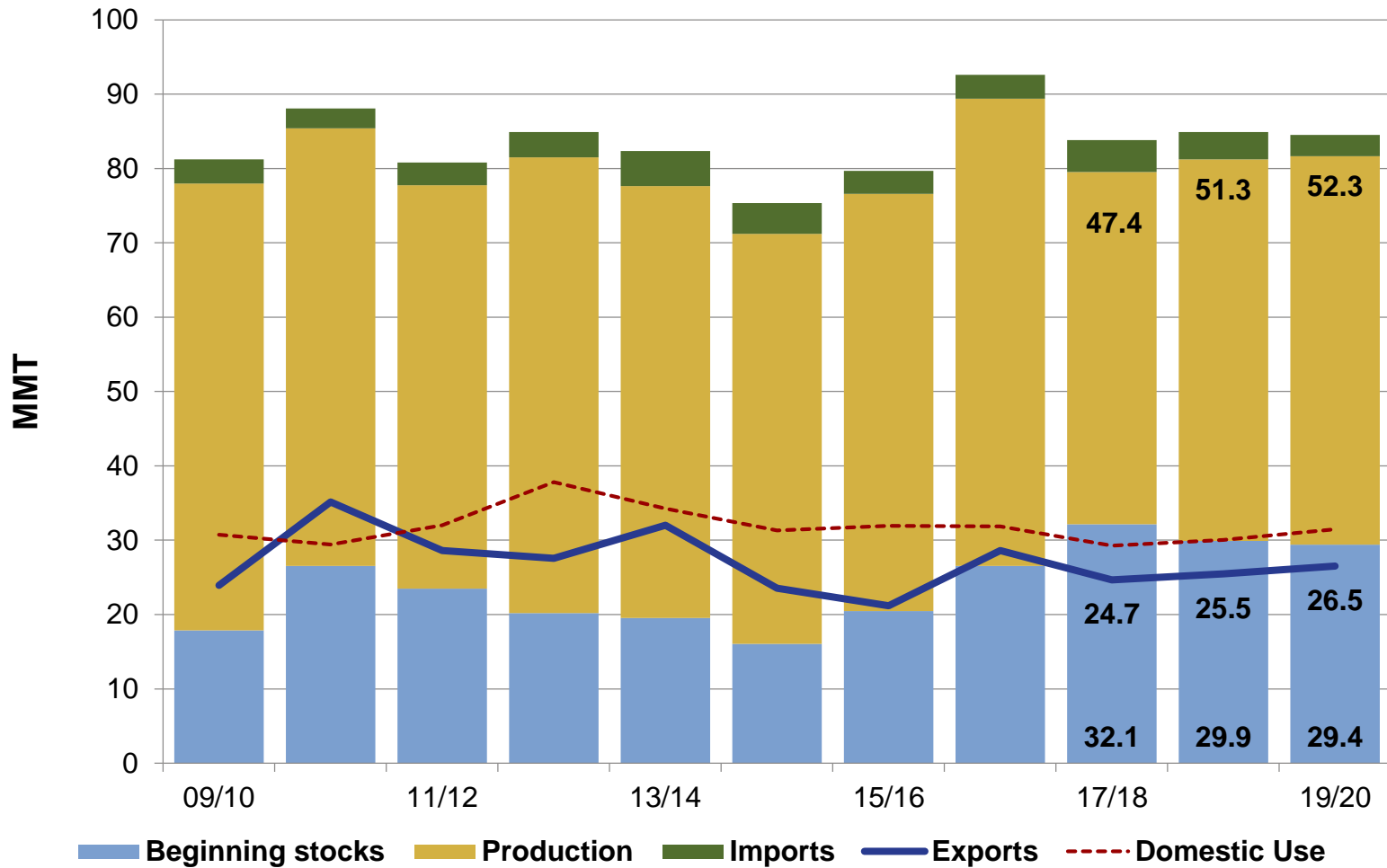
Black Sea Exports



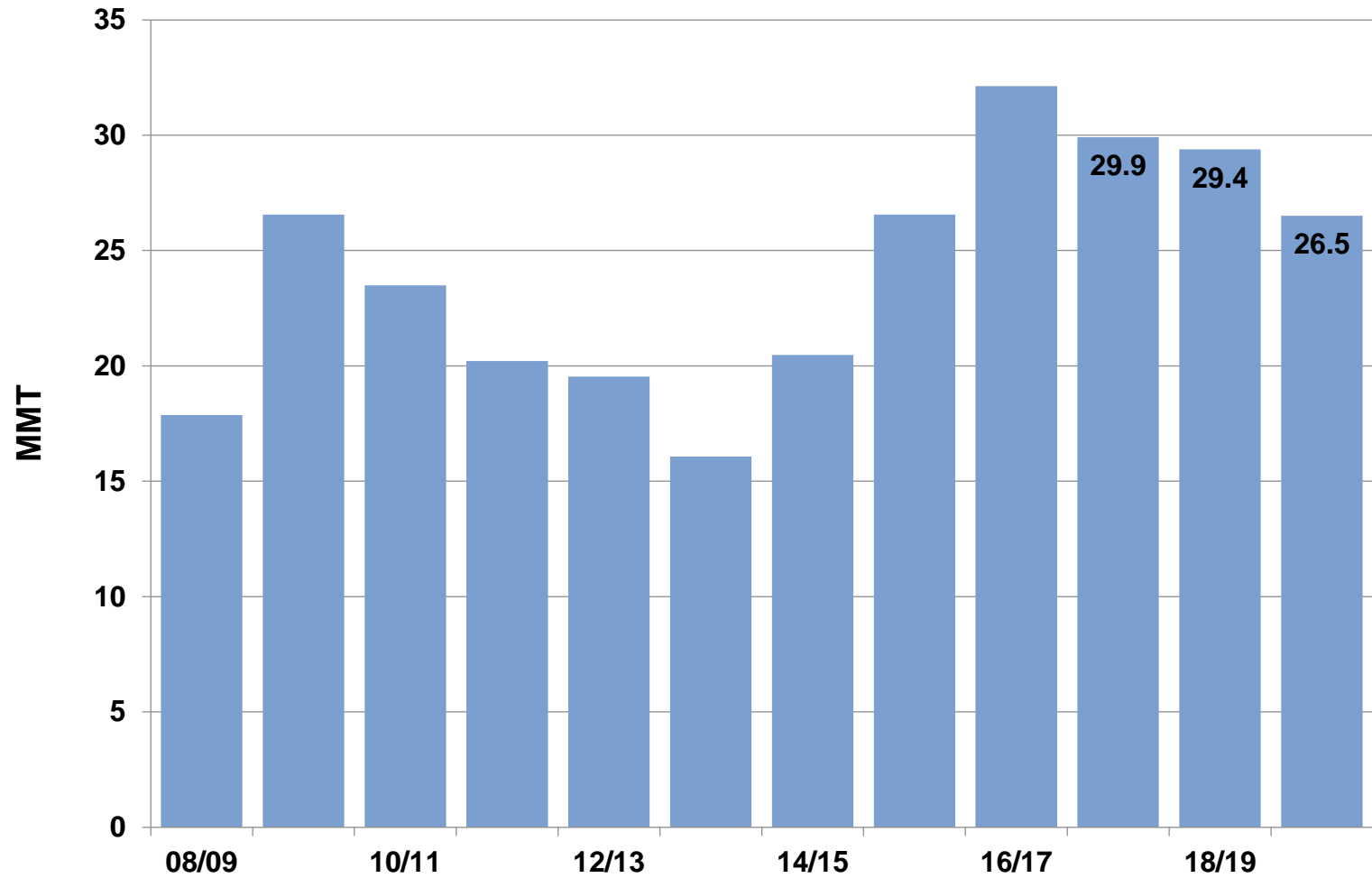
Black Sea Ending Stocks



U.S. Situation



U.S. Ending Stocks





Major Exporters

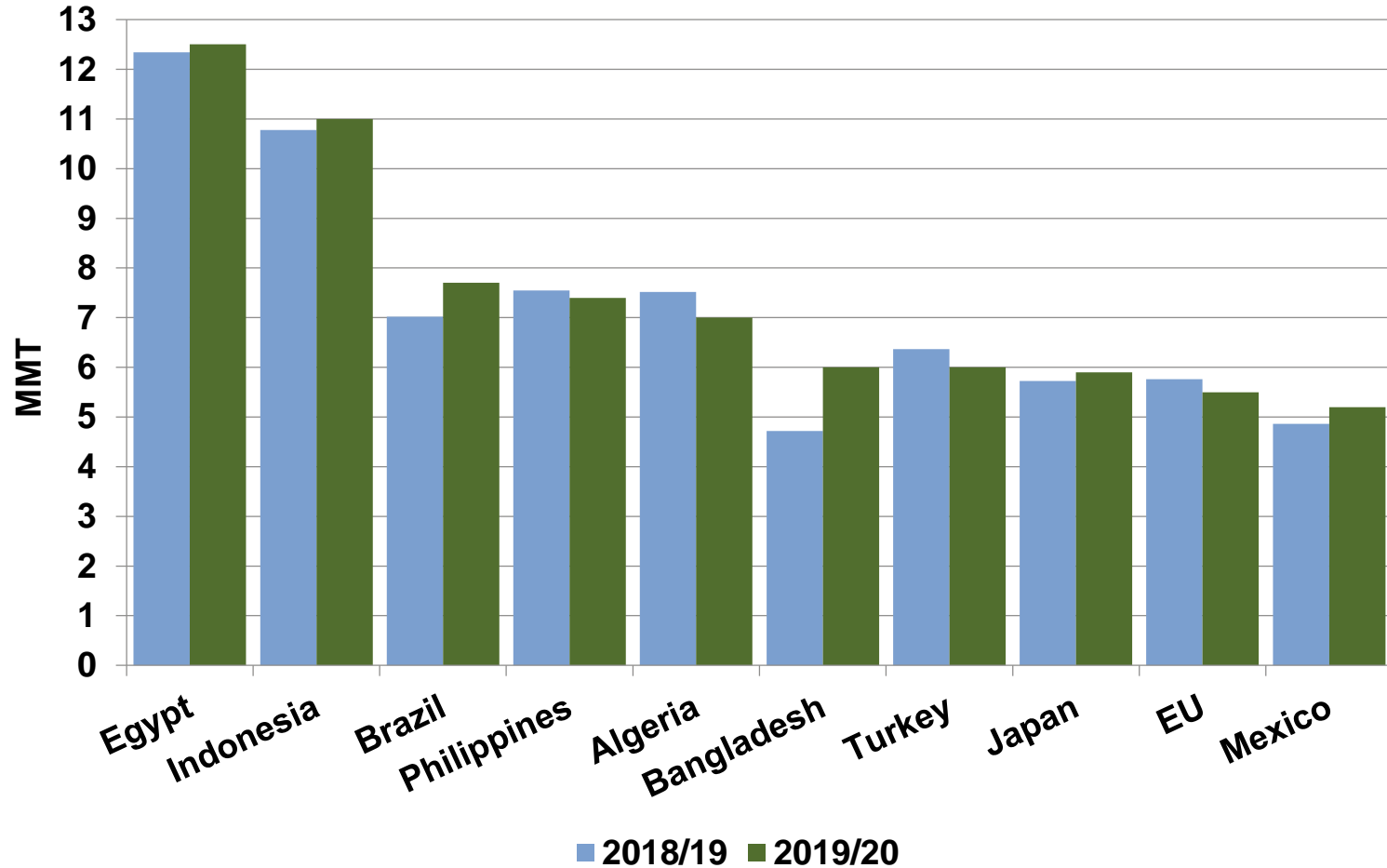
Import Demand

U.S. Situation by Class

Outlook

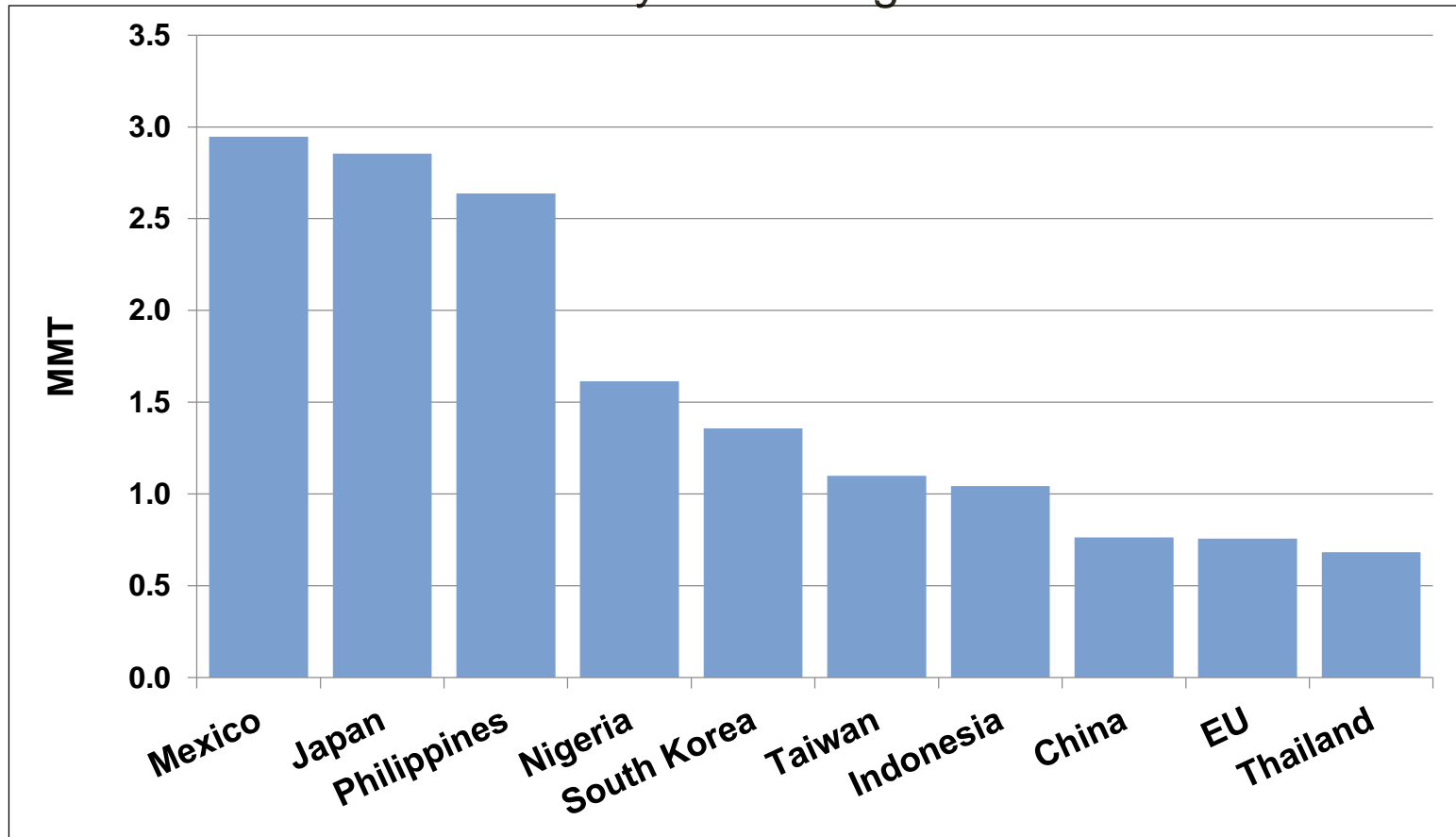
Major World Wheat Importers

(from all origins)



Top 10 Customers for U.S. Wheat

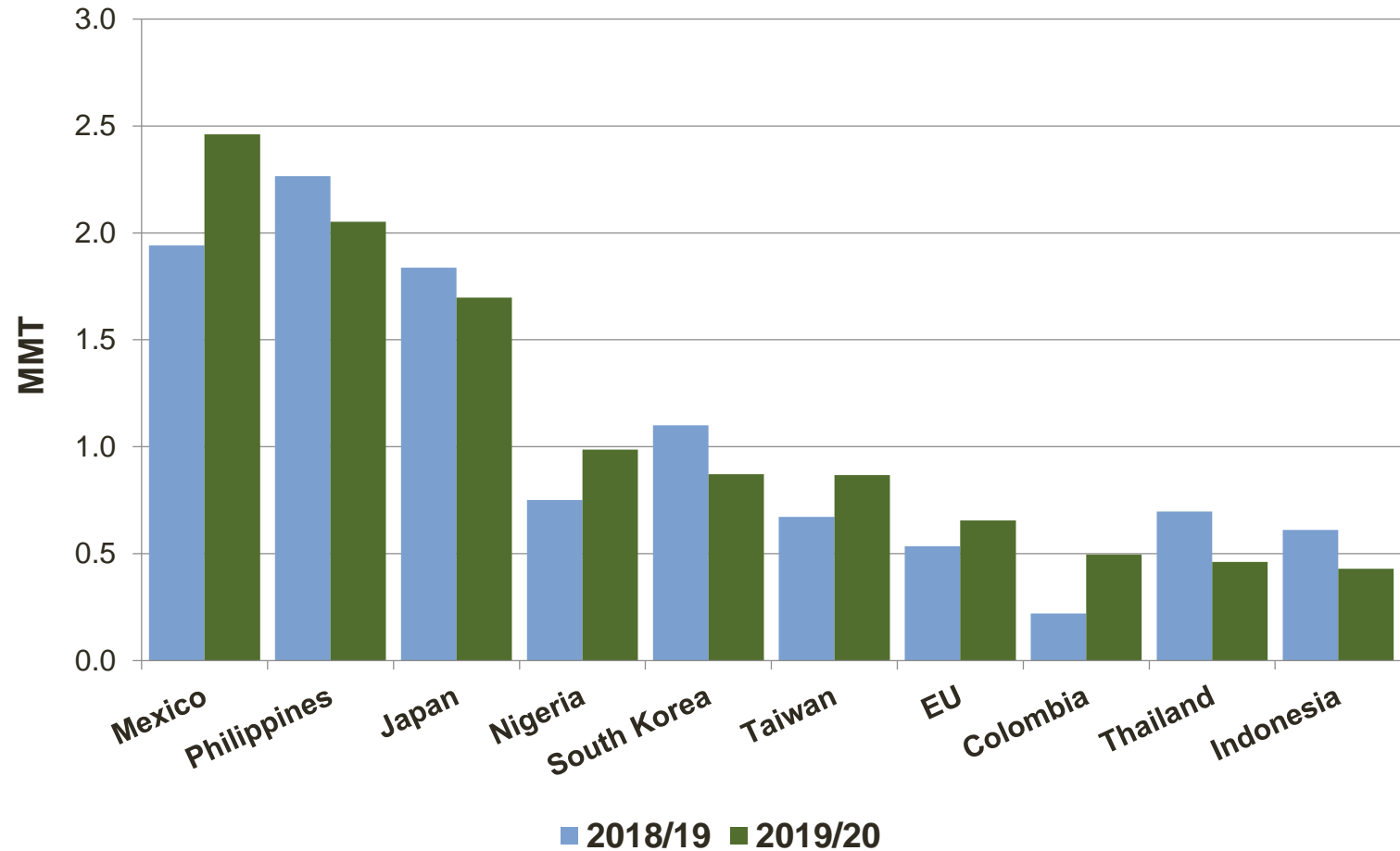
5-year average



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

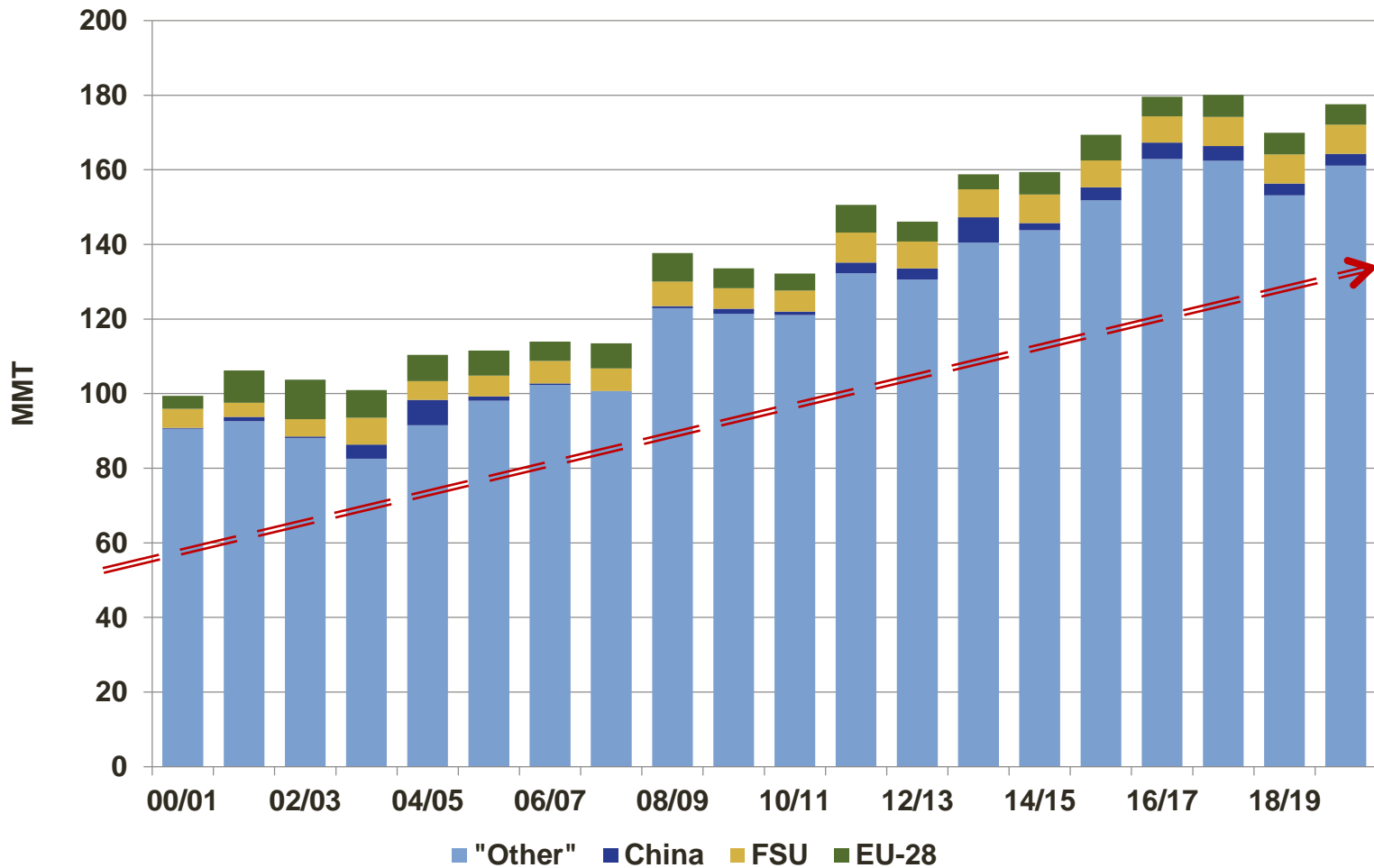
Top 10 Customers for U.S. Wheat

Year-to-date



Source: USDA FAS export sales data as of November 28, 2019

World Wheat Imports



Trend in "other" importers denoted (—>)



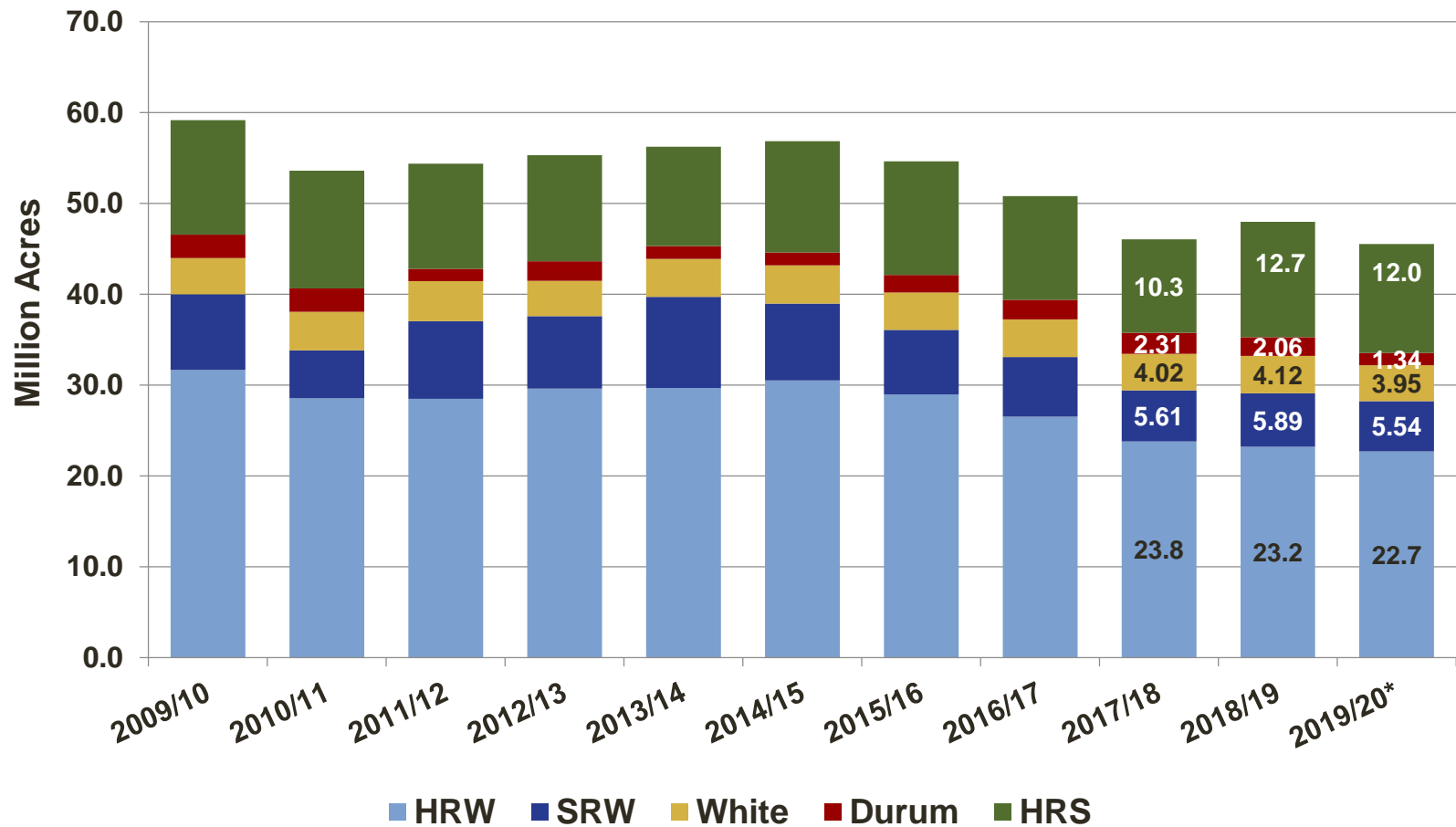
Major Exporters

Import Demand

U.S. Situation by Class

Outlook

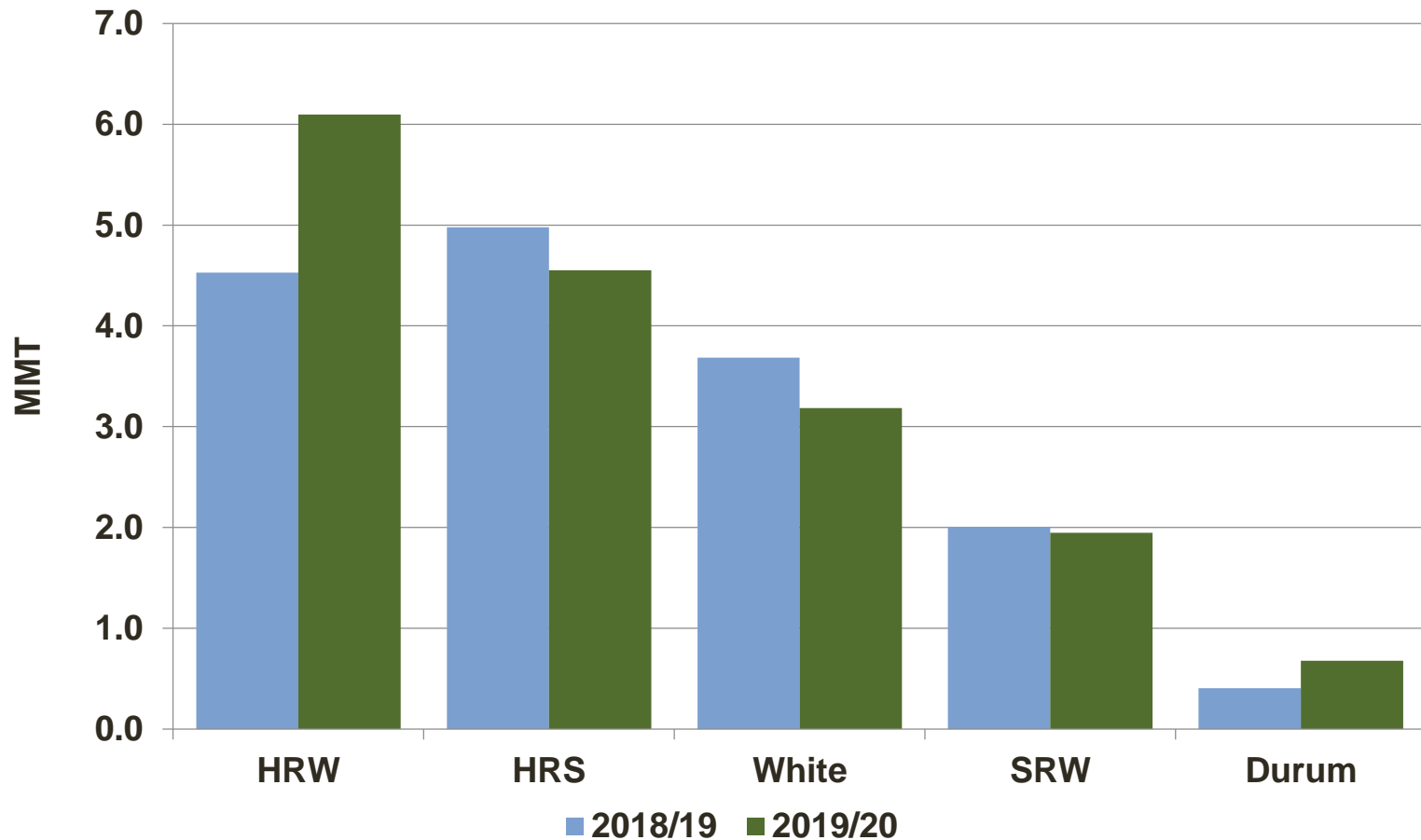
U.S. Wheat Plantings by Class



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

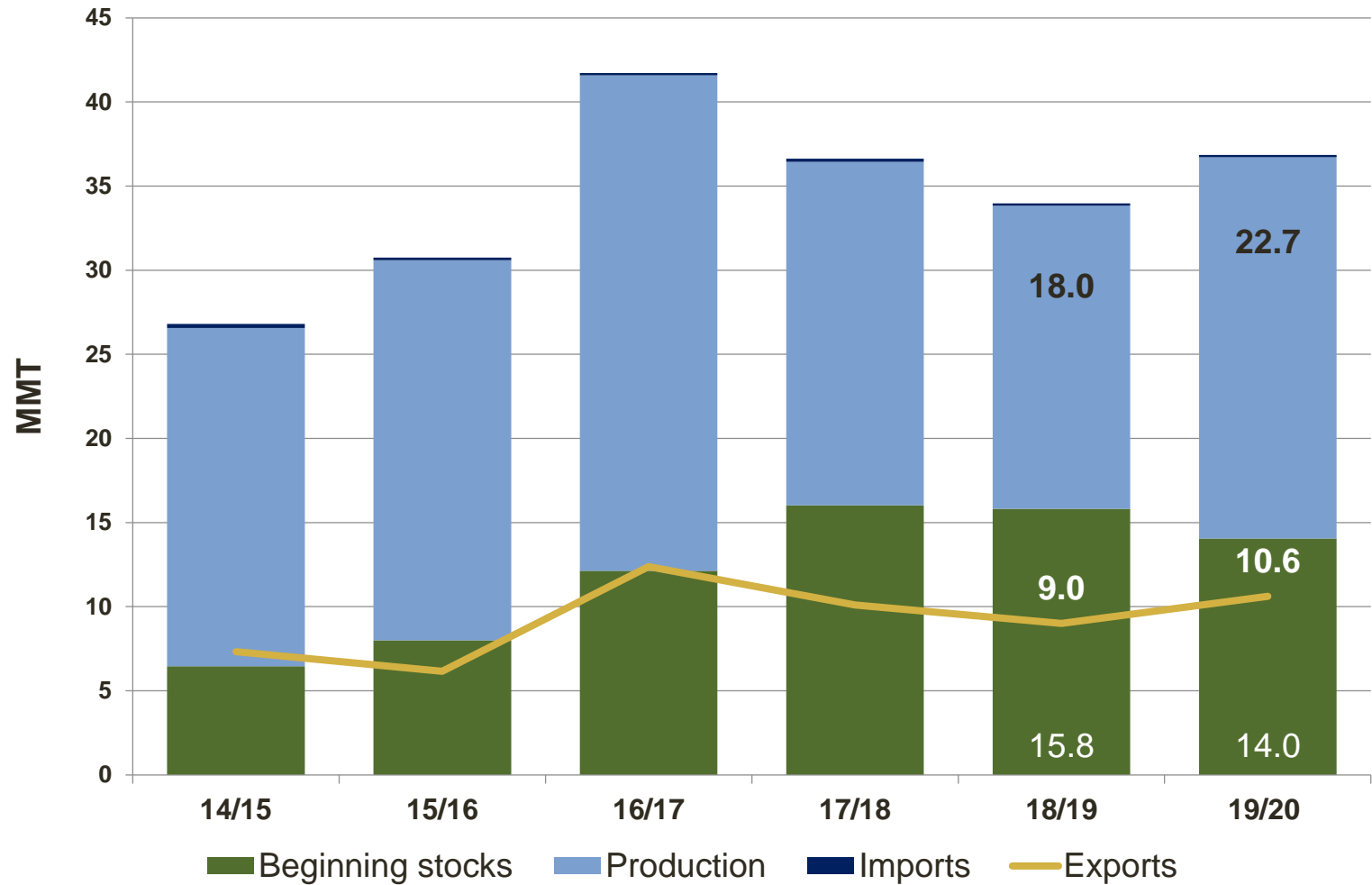
U.S. Wheat Sales by Class

(year-to-date)

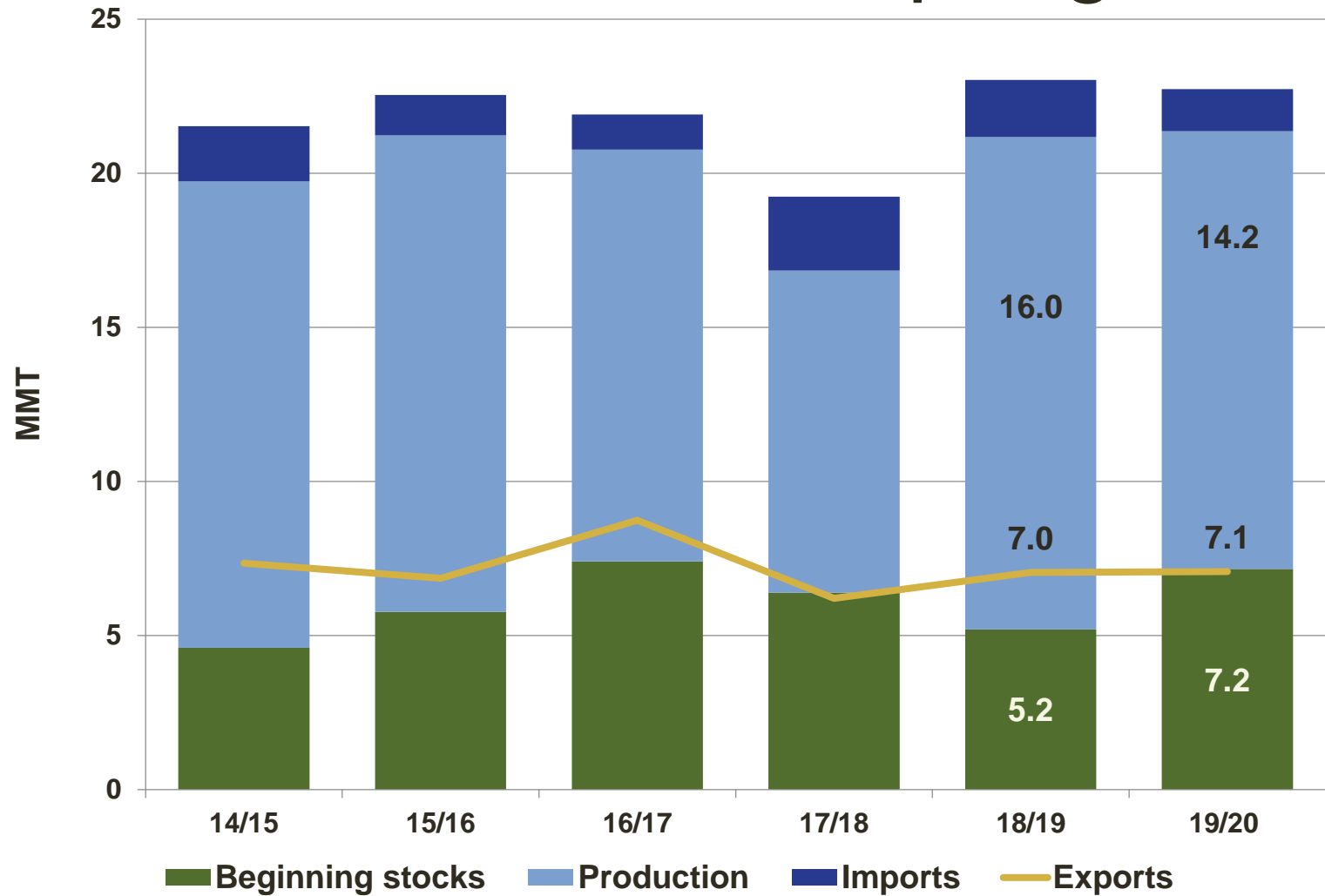


Source: USDA FAS export sales data as of November 28, 2019

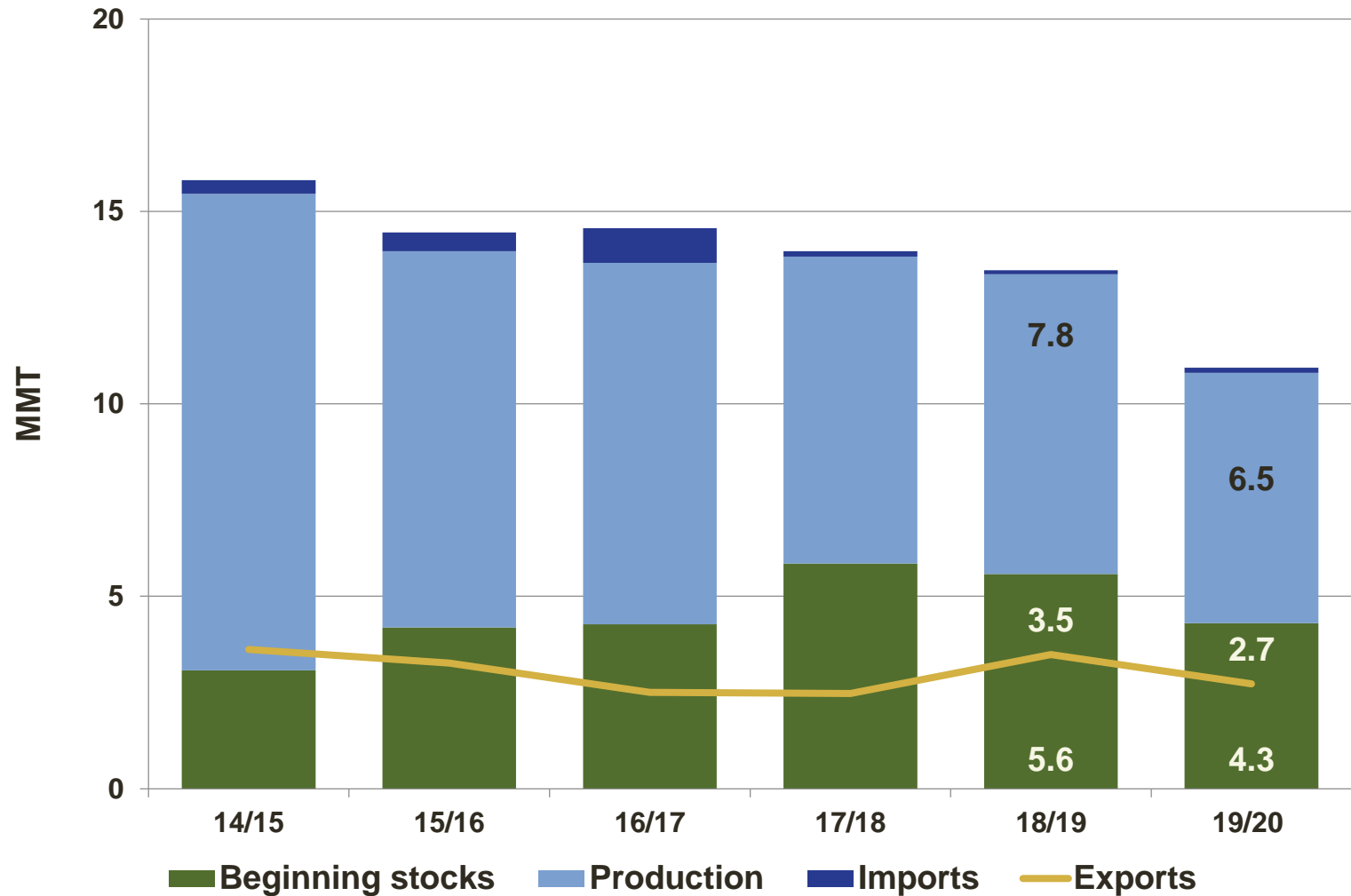
U.S. Hard Red Winter



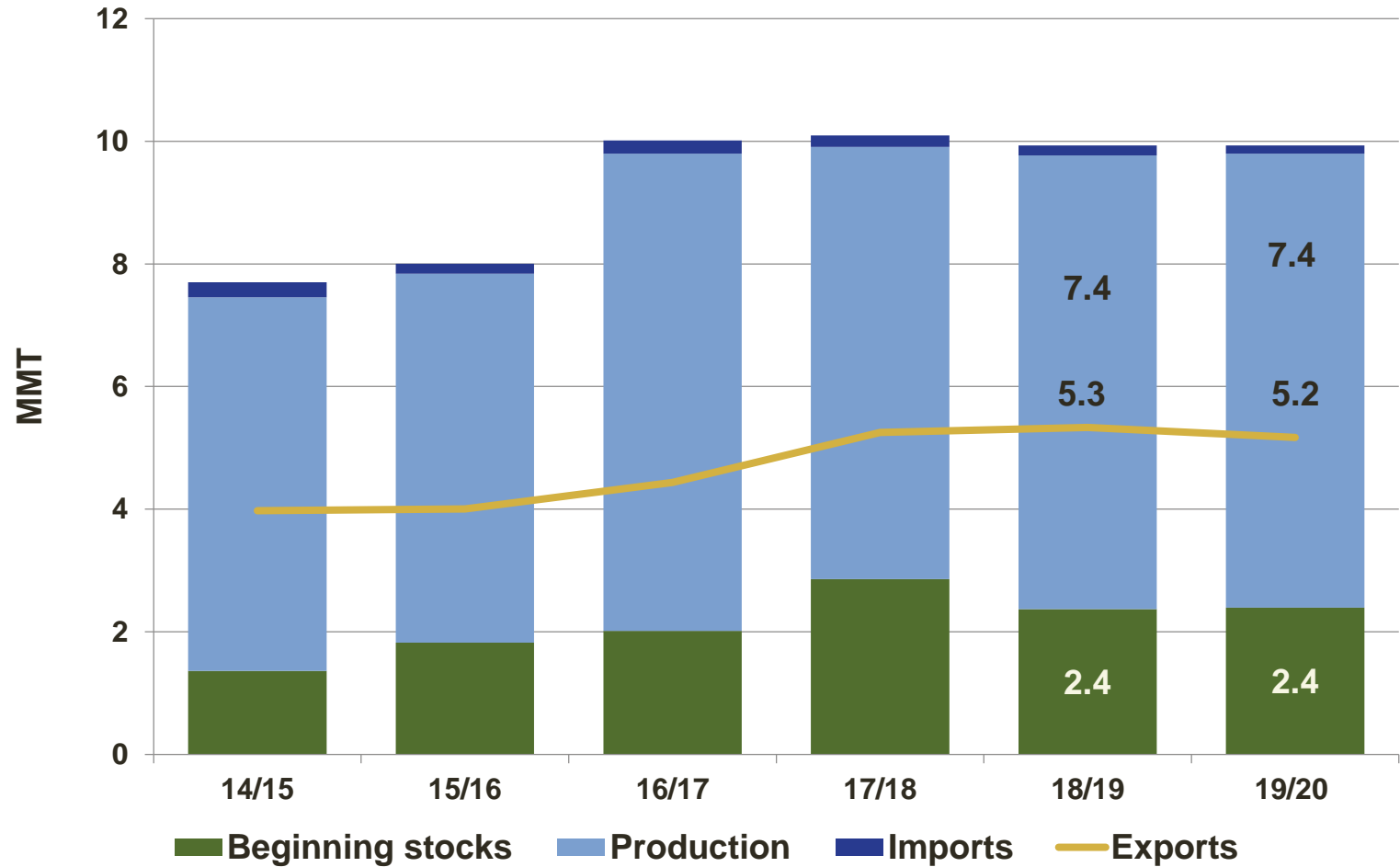
U.S. Hard Red Spring



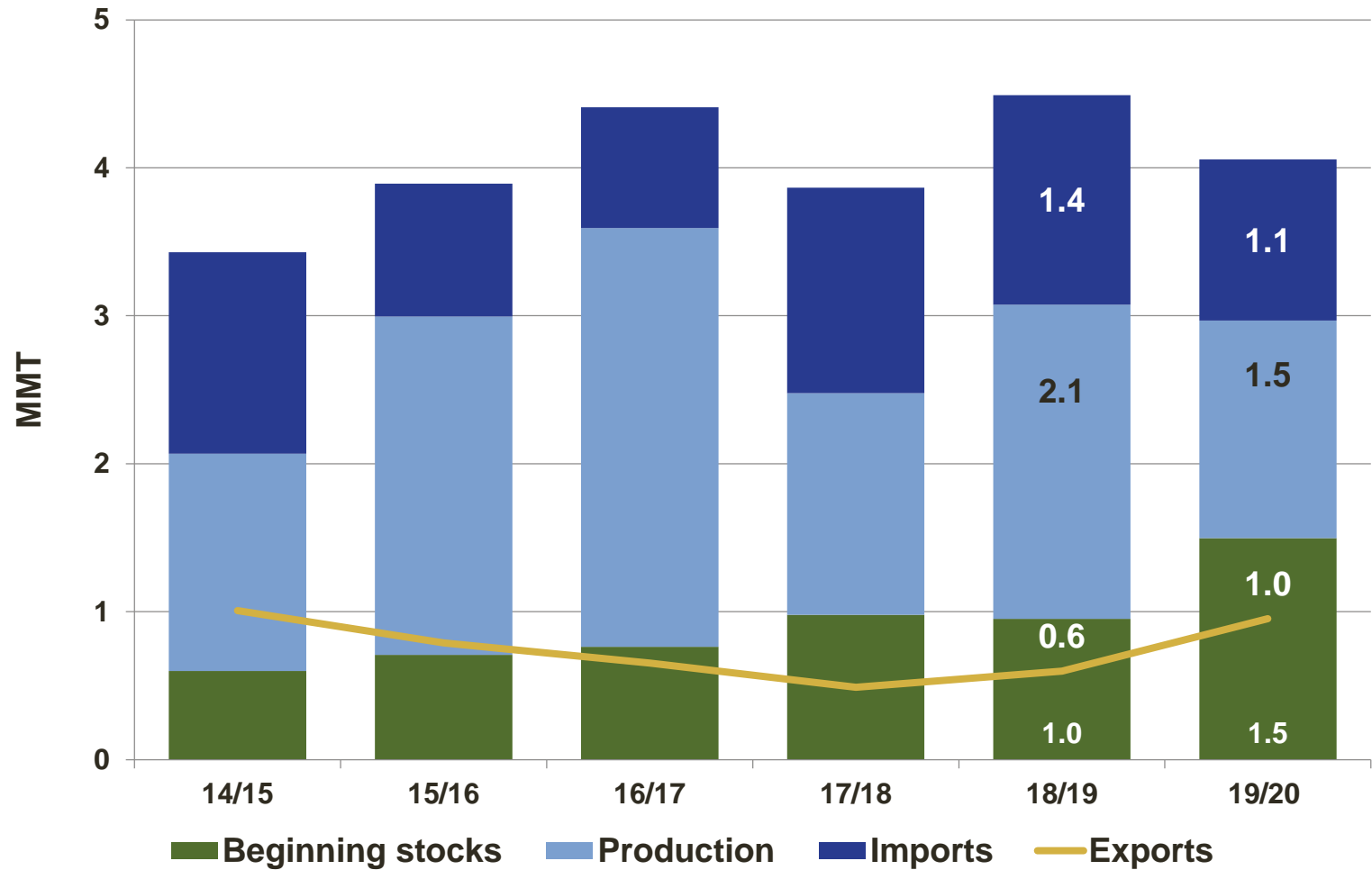
U.S. Soft Red Winter



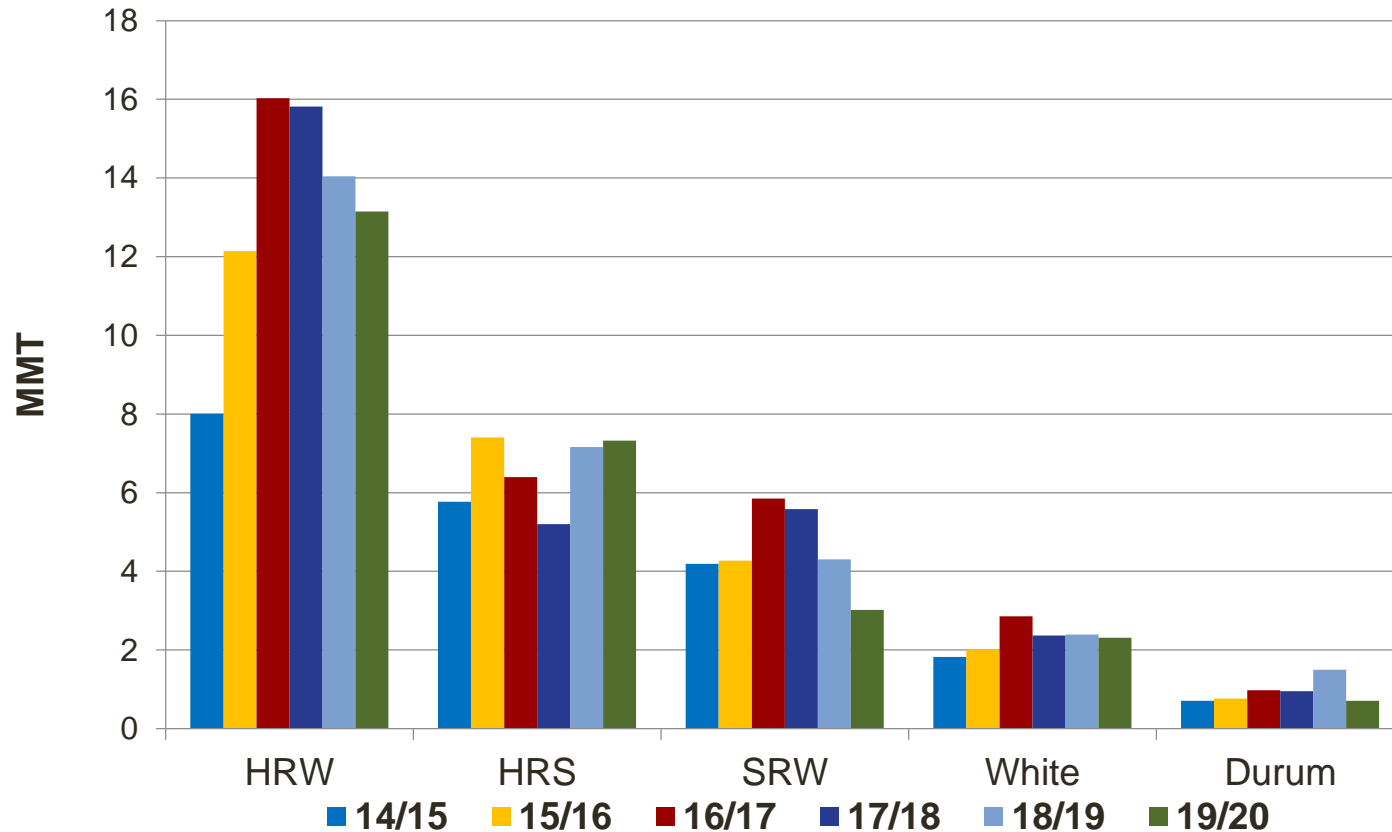
U.S. White



U.S. Durum



U.S. Wheat Ending Stocks by Class



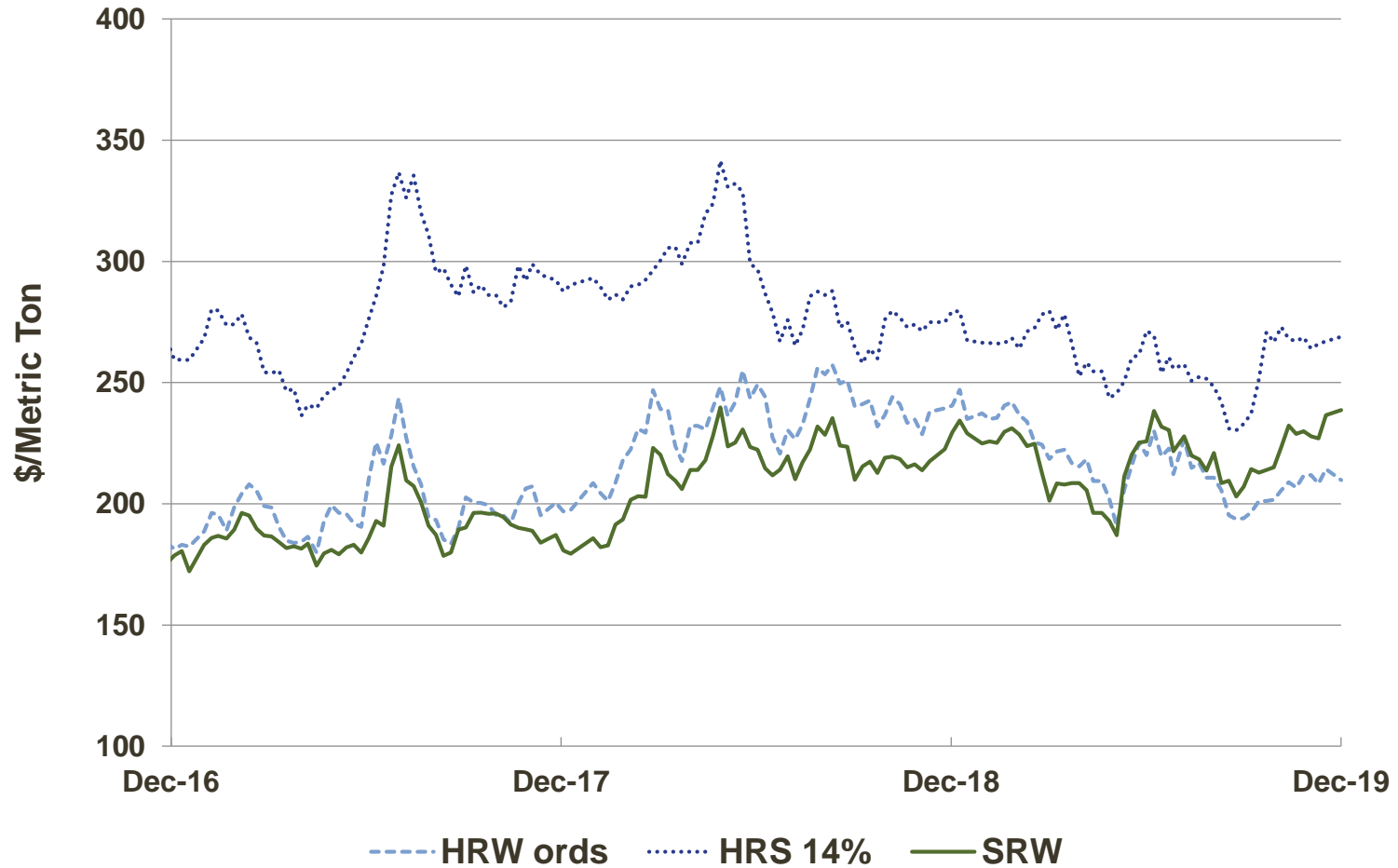
U.S. Wheat Supply and Demand (MMT)

	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	14.0	5.20	7.16	5.58	4.30
Production	18.0	22.7	16.0	14.2	7.78	6.50
Supply Total	34.0	36.9	23.0	22.7	13.47	10.94
Domestic Use	10.9	13.1	8.82	8.33	5.69	5.20
Exports	9.0	10.6	7.05	7.08	3.48	2.72
Use Total	19.9	23.7	15.9	15.4	9.17	7.92
Ending Stocks	14.0	13.1	7.16	7.32	4.30	3.02
Stocks-to-Use	70%	55%	45%	48%	47%	38%

U.S. Wheat Supply and Demand (MMT)

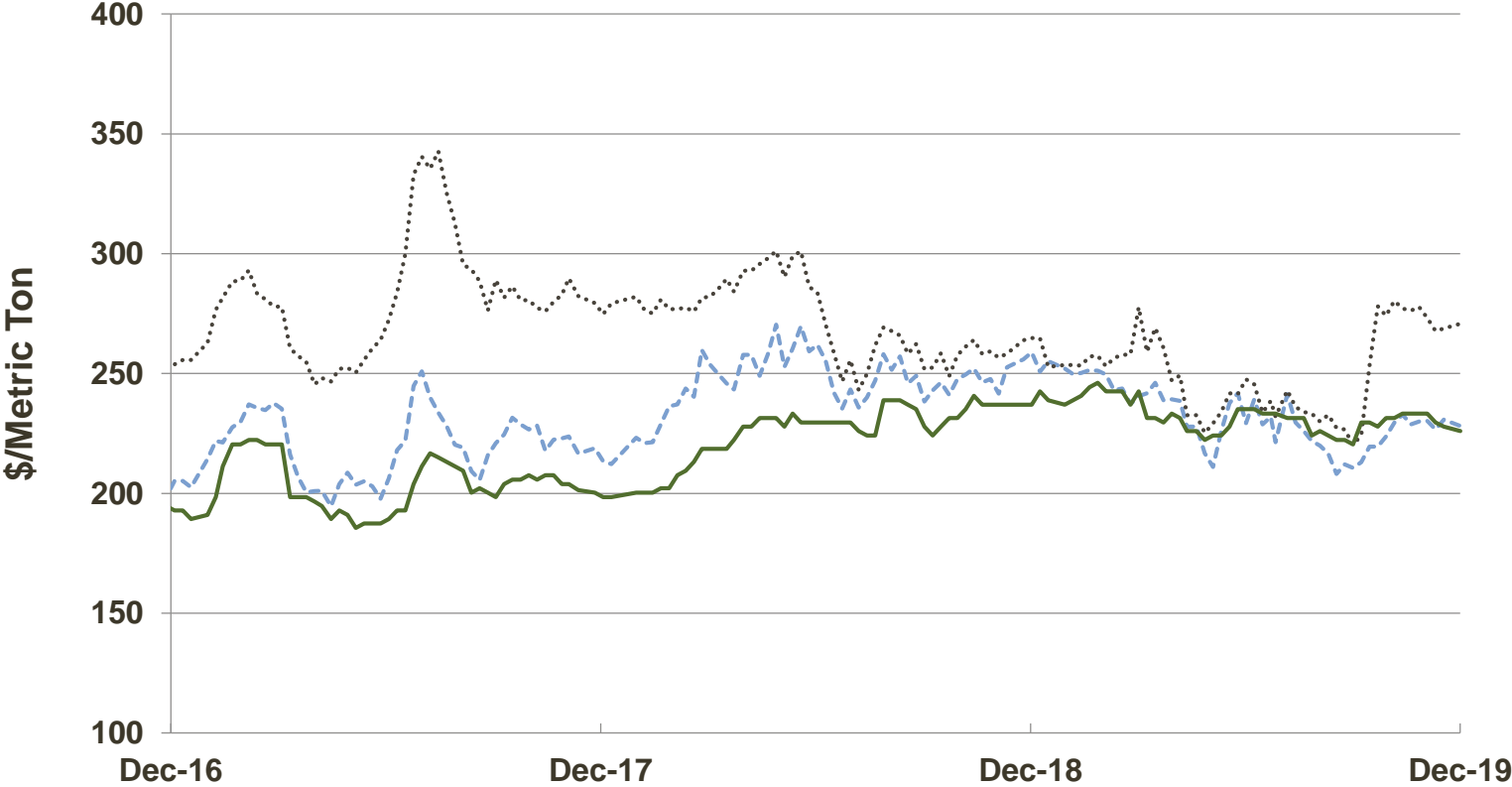
	White		Durum		Total	
	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>	<u>18/19</u>	<u>19/20</u>
Beginning Stocks	2.37	2.40	0.95	1.50	29.9	29.4
Production	7.40	7.40	2.12	1.47	51.3	52.3
Supply Total	9.9	9.93	4.49	4.06	84.9	84.5
Domestic Use	2.20	2.45	2.40	2.40	30.0	31.5
Exports	5.33	5.17	0.60	0.95	25.5	26.5
Use Total	7.54	7.62	2.99	3.35	55.5	58.0
Ending Stocks	2.40	2.31	1.50	0.71	29.4	26.5
Stocks-to-Use	32%	30%	50%	21%	53%	46%

U.S. FOB Gulf Prices



**Source: U.S. Wheat Associates Price Report, December 6, 2019*

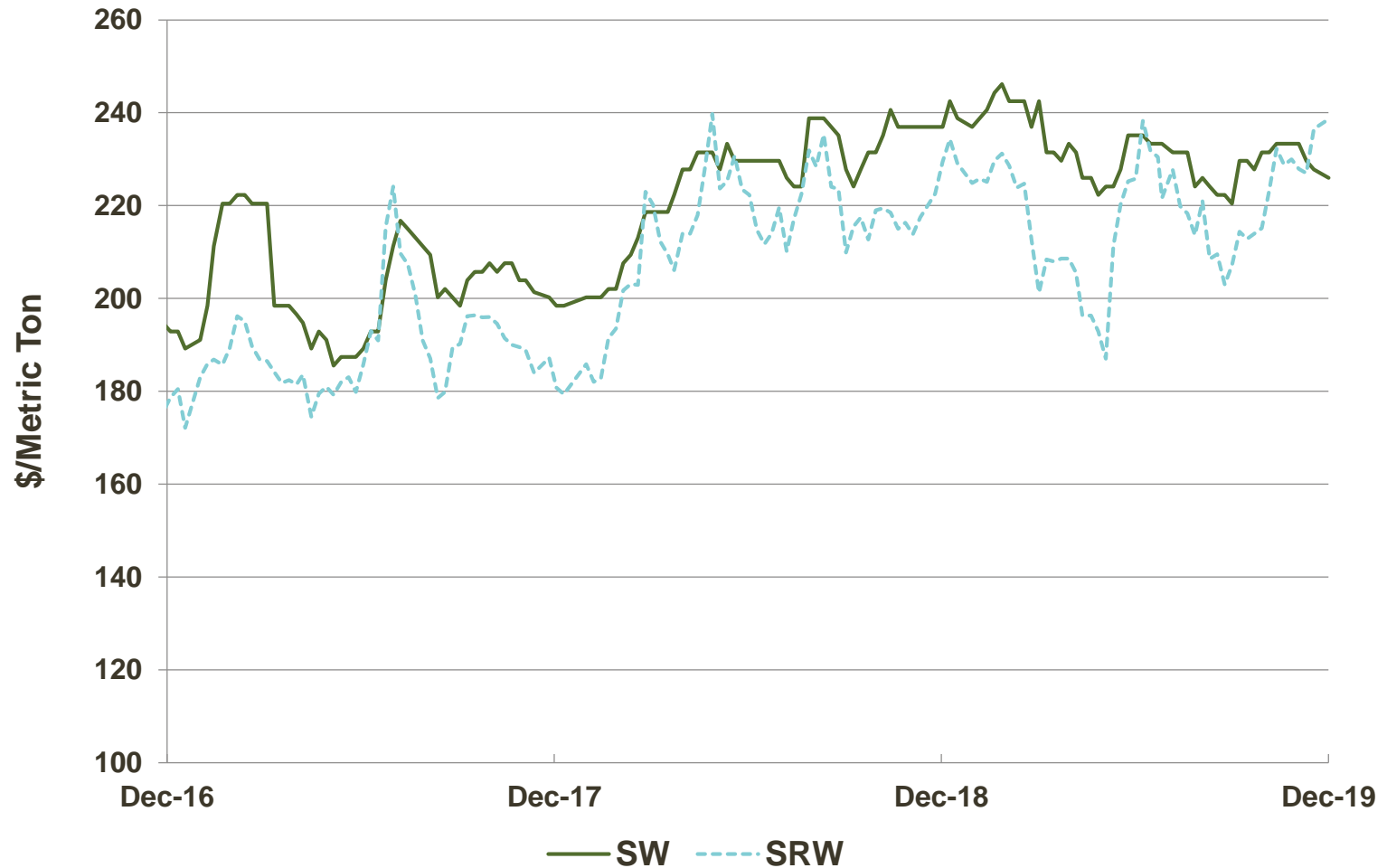
U.S. FOB PNW Prices



--- HRW 11.5% HRS 14% — SW

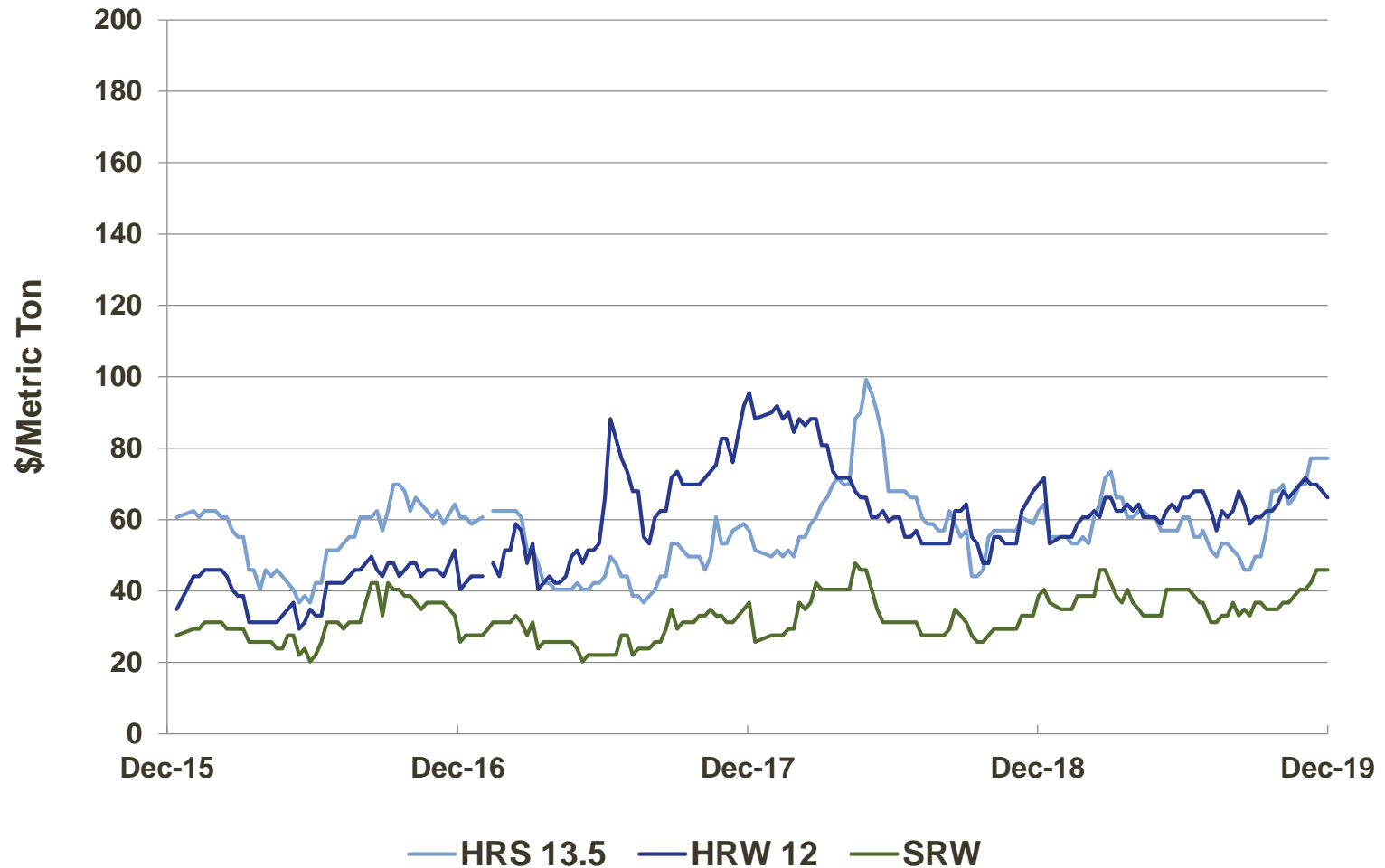
*Source: U.S. Wheat Associates Price Report, December 6, 2019

Soft White and SRW Prices



**Source: U.S. Wheat Associates Price Report, December 6, 2019*

U.S. Gulf Basis Prices



**Source: U.S. Wheat Associates Price Report, December 6, 2019*

U.S. PNW Basis Prices



*Source: U.S. Wheat Associates Price Report, December 6, 2019



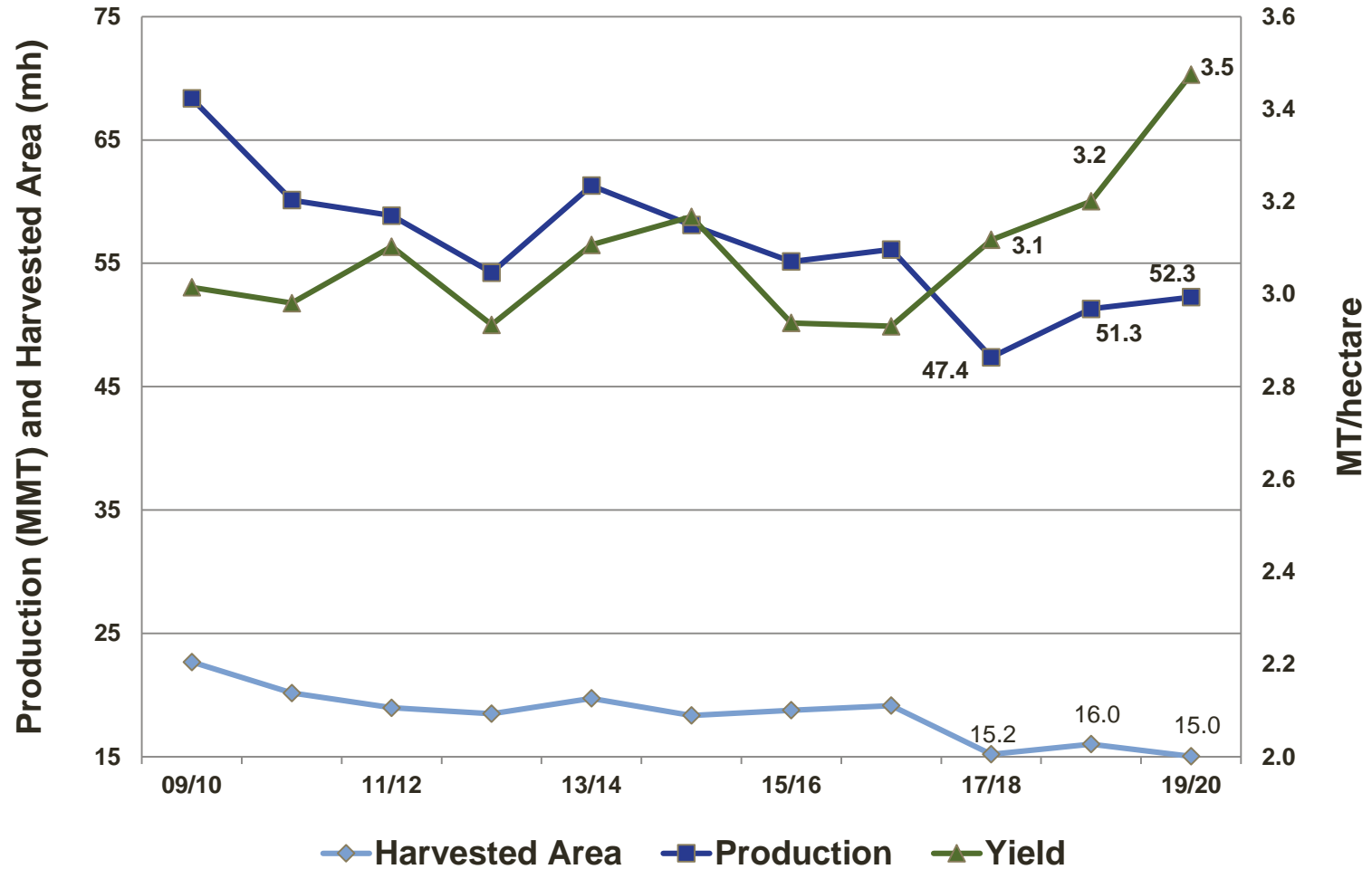
Major Exporters

Import Demand

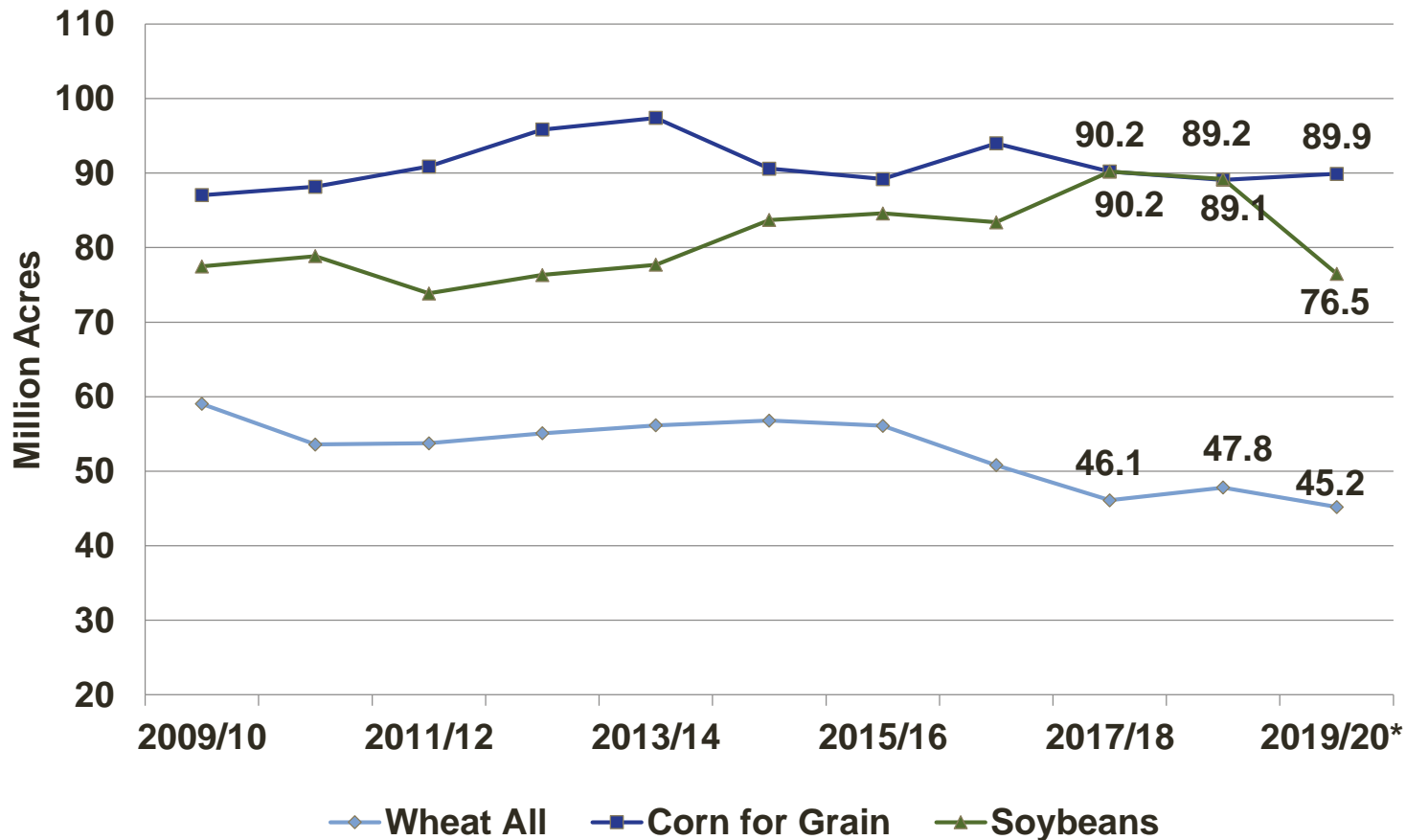
U.S. Situation by Class

Outlook

U.S. Wheat Production, Area and Yield

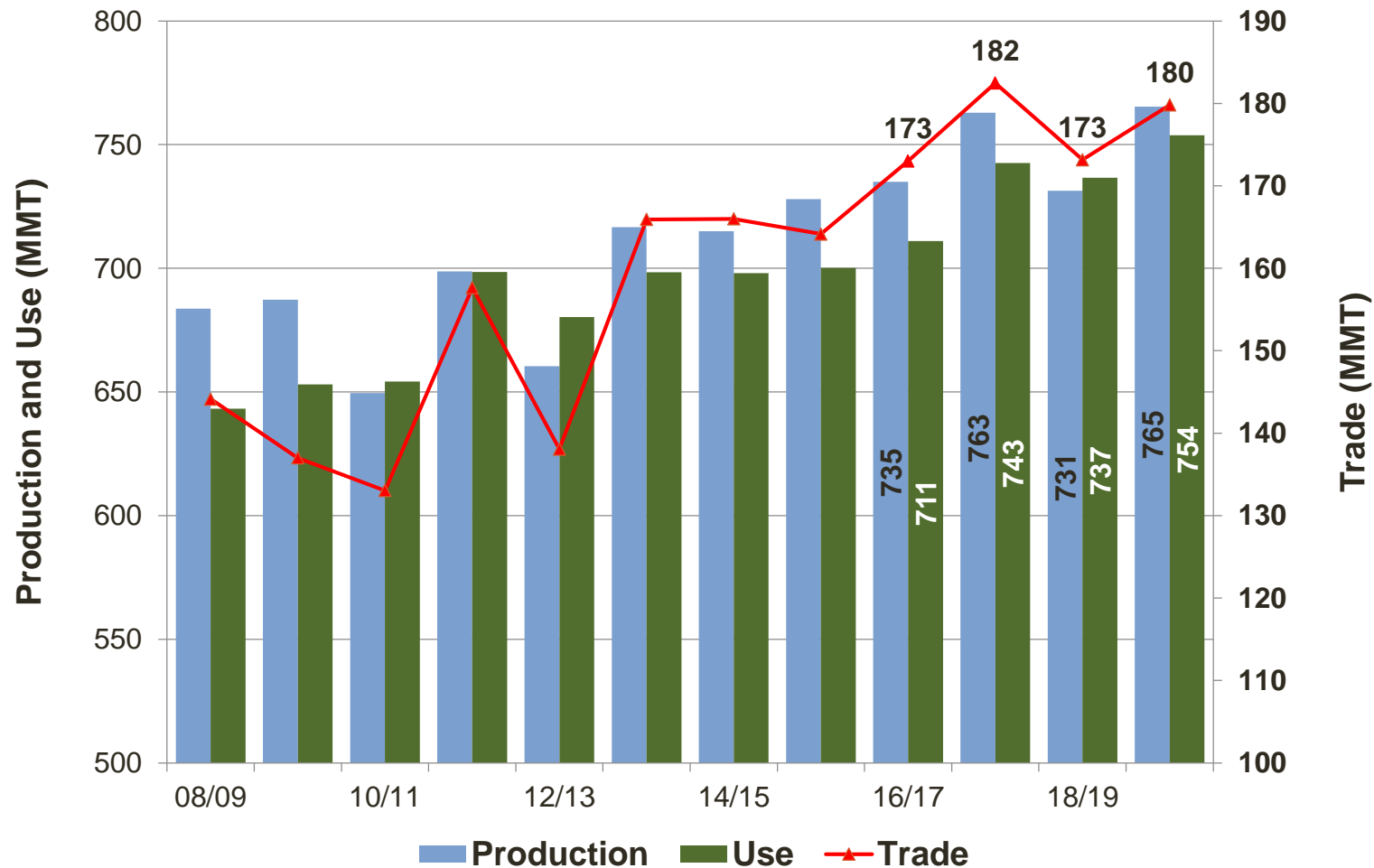


U.S. Crop Planted Area Comparison



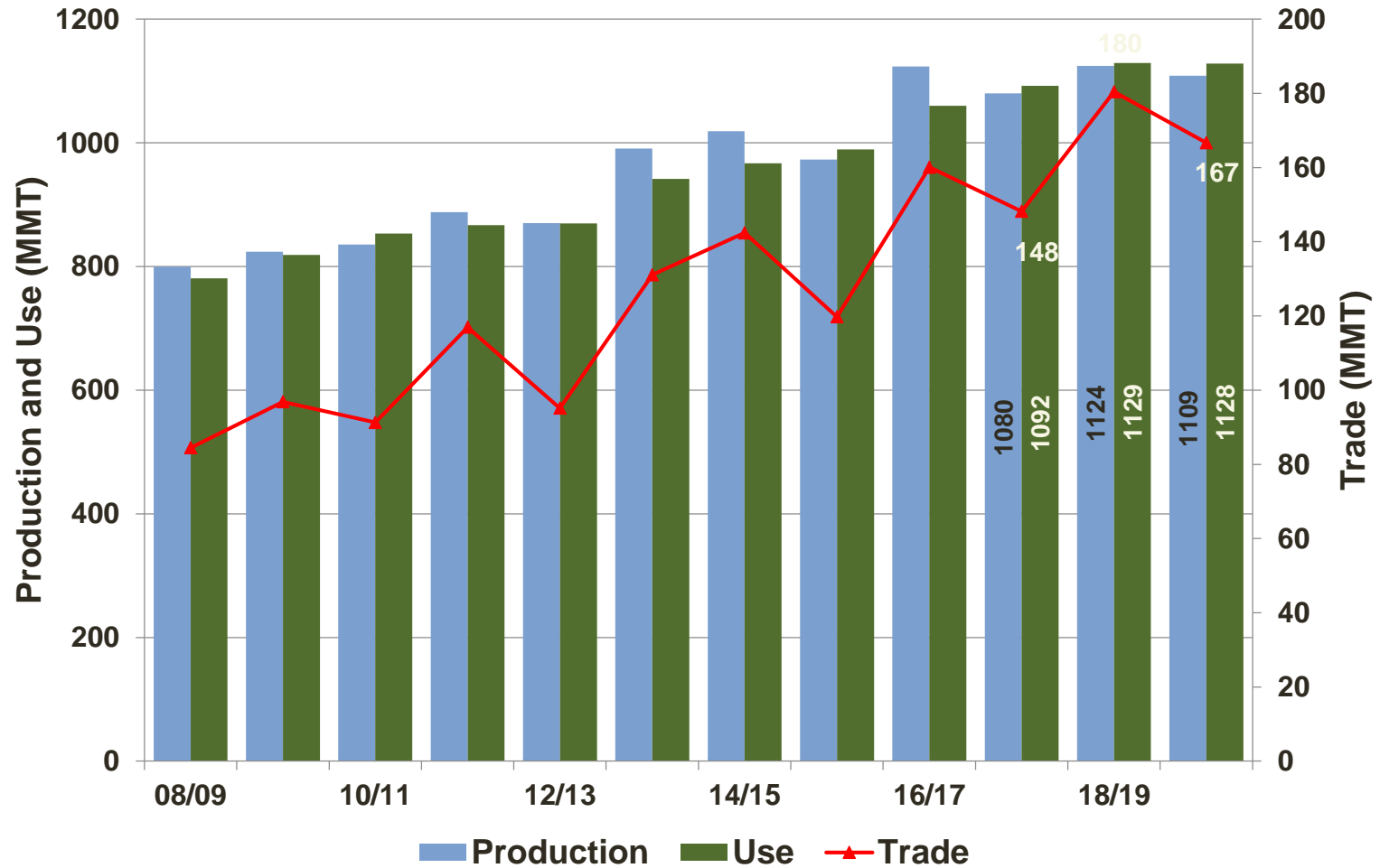
World Wheat

Production, Use and Trade



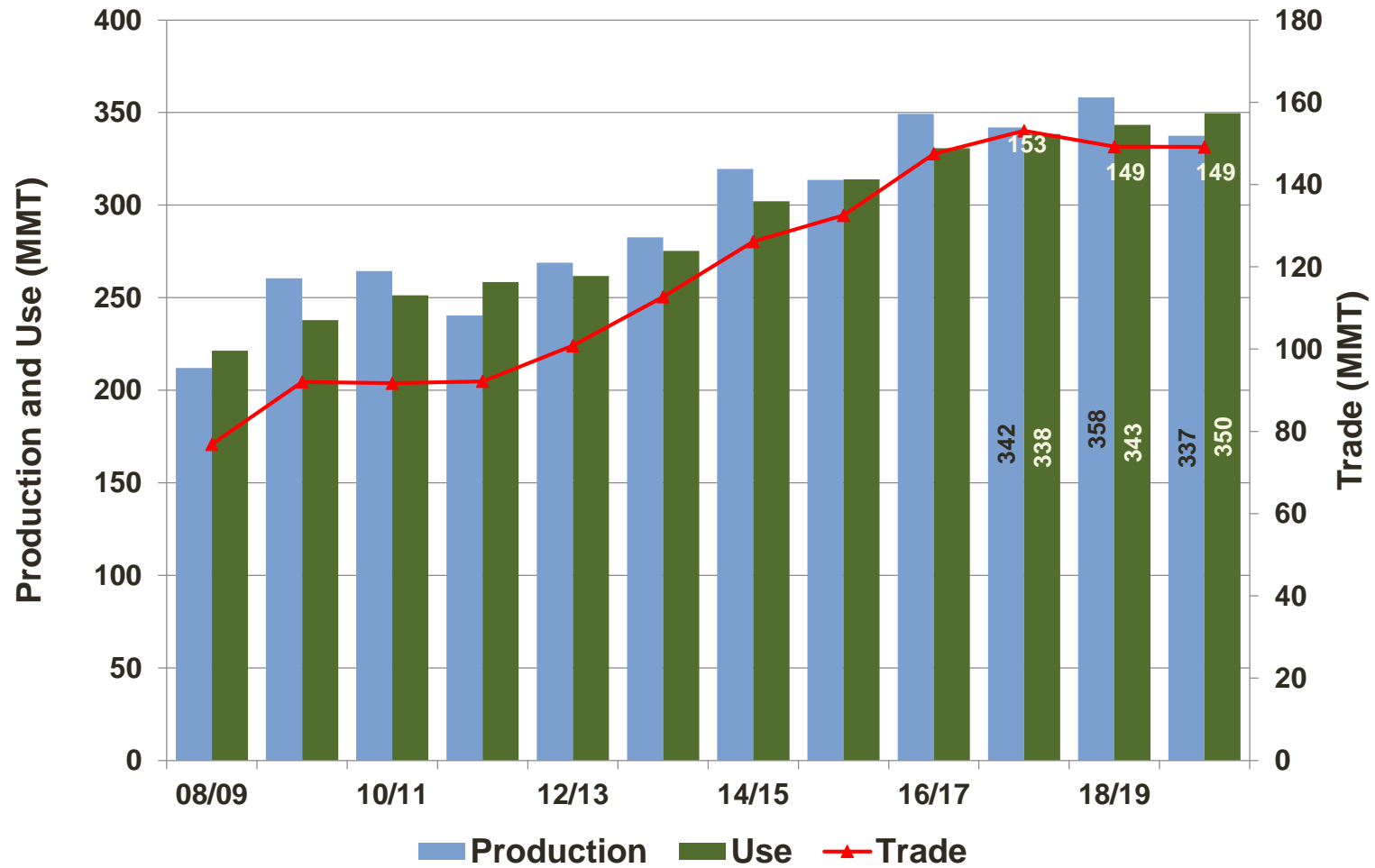
World Corn

Production, Use and Trade

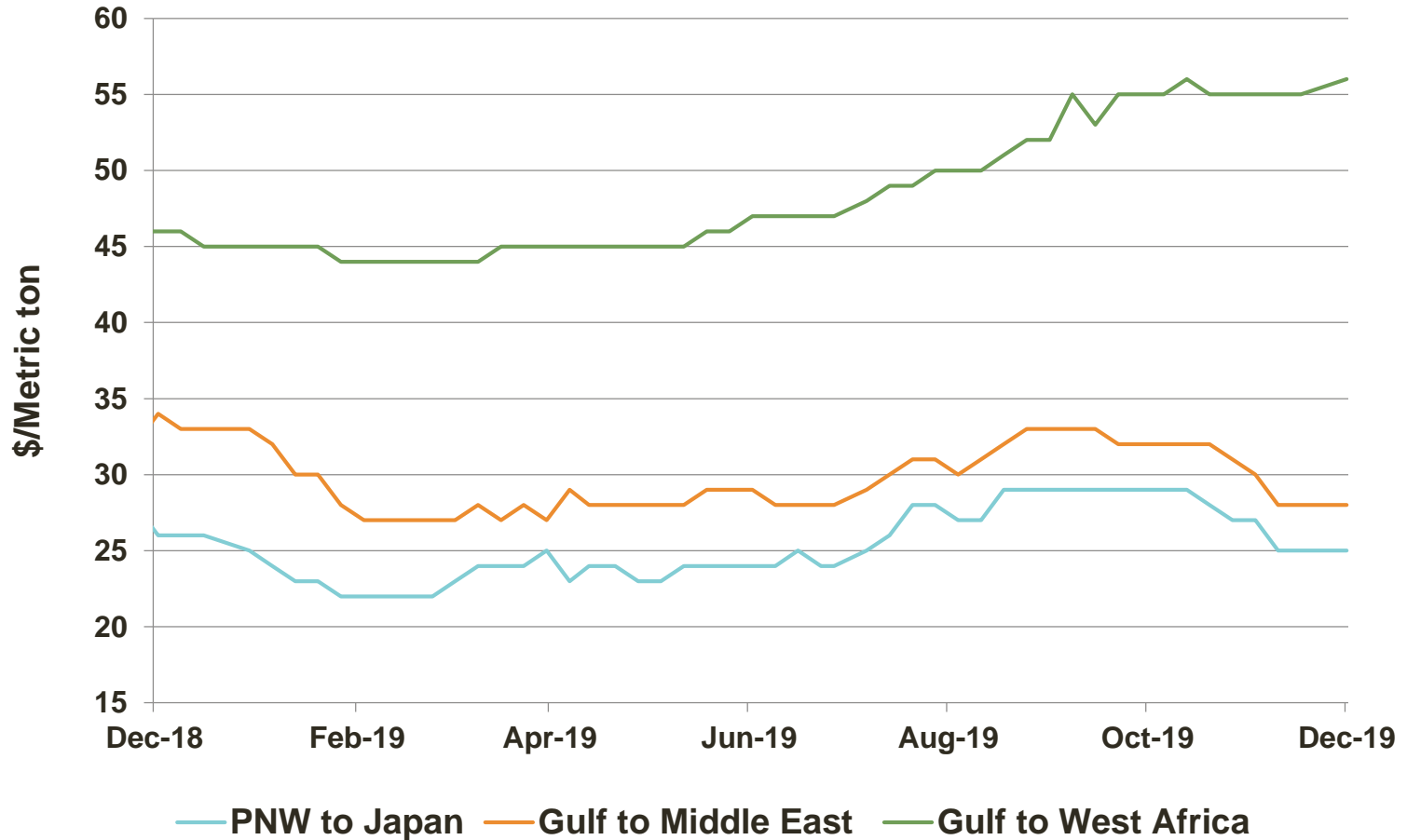


World Soybeans

Production, Use and Trade



Ocean Freight Rates for Grains



**Source: U.S. Wheat Associates Price Report, December 6, 2019*

Summary

- **Global production to increase 5% year-over-year to 765 MMT**
 - EU wheat production to rebound 11% after the 2018/19 drought to 154 MMT in 2019/20
 - Australian wheat production forecast at 16.1 MMT, 7% lower than last year due to prolonged drought
 - Ukrainian wheat production to reach record of 29.0 MMT in 2019/20
 - Wheat production in the United States to total 52.3 MMT, 2% higher than last year
- **Global ending stocks to rise to 290 MMT, 4% above 2018/19 levels and 12% higher than the 5-year average of 258 MMT**
 - Estimated Chinese ending stocks of 147 MMT are 5% higher than last year and make up 51% of total global ending stocks
 - U.S. ending stocks to total 26.5 MMT, 11% lower than 2018/19 and 4% below 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 754 MMT, 2% higher than last year and 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 31.5 MMT and exports to rise 4% above 2018/19 to 26.5 MMT