

# World Wheat Supply and Demand Situation

September 2018

Major data source: USDA World Agricultural Supply and Demand Estimates released September 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 fall to 1007 MMT; down 1% from the 2017/18 record
- Wheat production in Australia to fall to 20.0 MMT, down 6% year over year, if realized
- U.S. wheat production estimated at 51.1 MMT, 8% above 2017/18, if realized

## **2. Consumption forecast at a record 746 MMT, 4% above the 5-year average**

- Russian domestic consumption to decline to 40.5 MMT, 8% below 2017/18, if realized
- U.S. domestic consumption to grow 7% year over year to 31.3 MMT

## **3. World wheat trade projected at a record 181 MMT, 4% above the 5-year average**

- Australian exports to drop to 14.0 MMT, 3% below 2017/18, and 21% below the 5-year average
- Exports from Kazakhstan to stable year over year at 8.50 MMT, 14% above the 5-year average
- U.S. 2018/19 exports to increase to 27.9 MMT, up 14% from 2017/18, if realized



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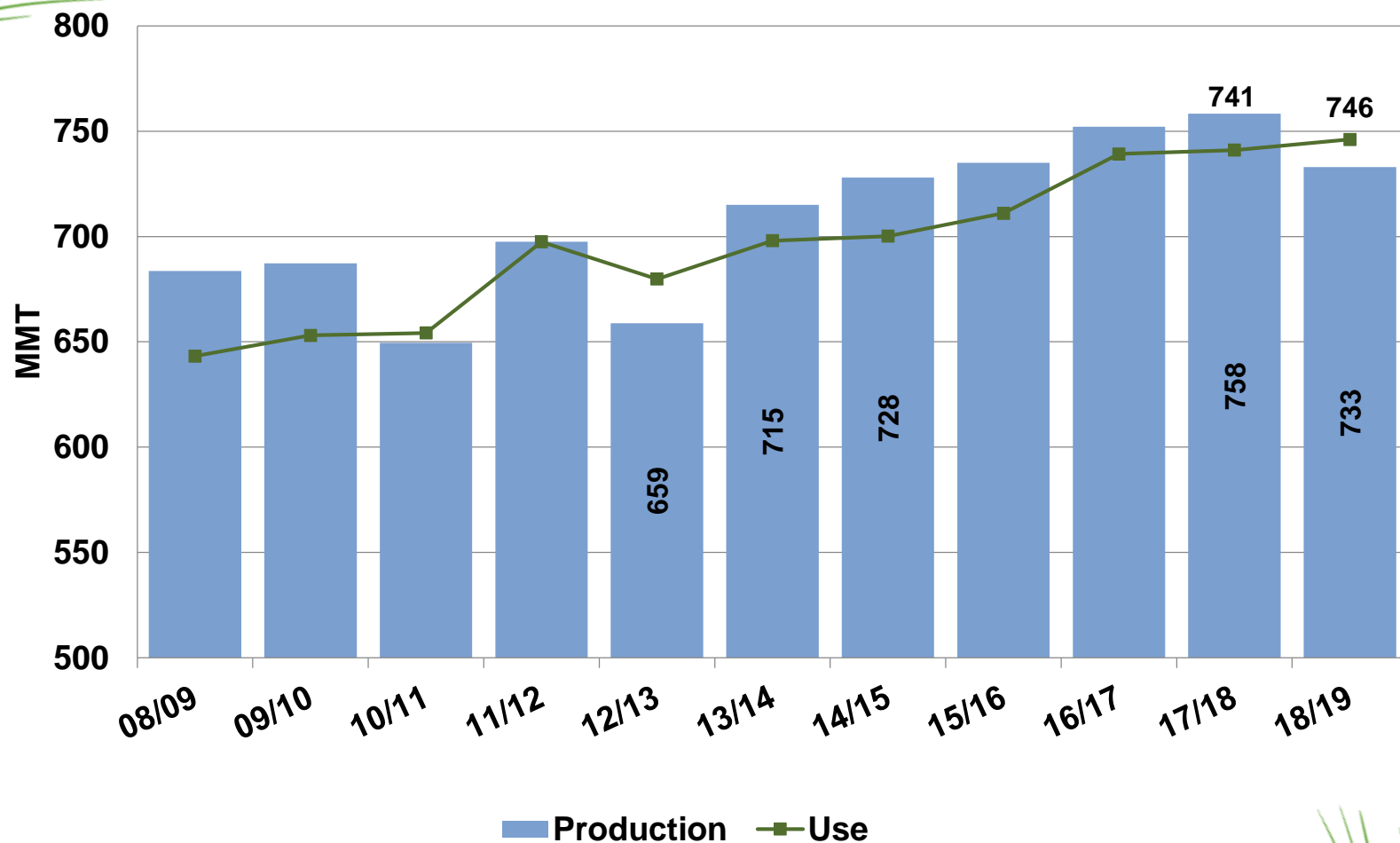
# Highlights of USDA's 2018/19 Supply and Demand Estimates

4. **World beginning stocks estimated at record 273 MMT, up 6% year over year**
  - Beginning stocks in Canada forecast at 6.18 MMT, down 10% from 2017/18
  - U.S. beginning stocks will fall to an estimated 29.9 MMT, 7% below 2017/18 levels
5. **Global ending stocks projected at 259 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 76.7 MMT, down slightly year over year
  - Ending stocks in importing countries to fall to 48.4 MMT, 37% below the 5-year average of 76.7 MMT
6. **U.S. farm gate average price forecast 8% higher in 2018/19**
  - Projected average range: **\$4.70 to \$5.50/bushel (\$173-\$202/MT)\***  
*\*Average U.S. farm gate price, marketing year weighted average*

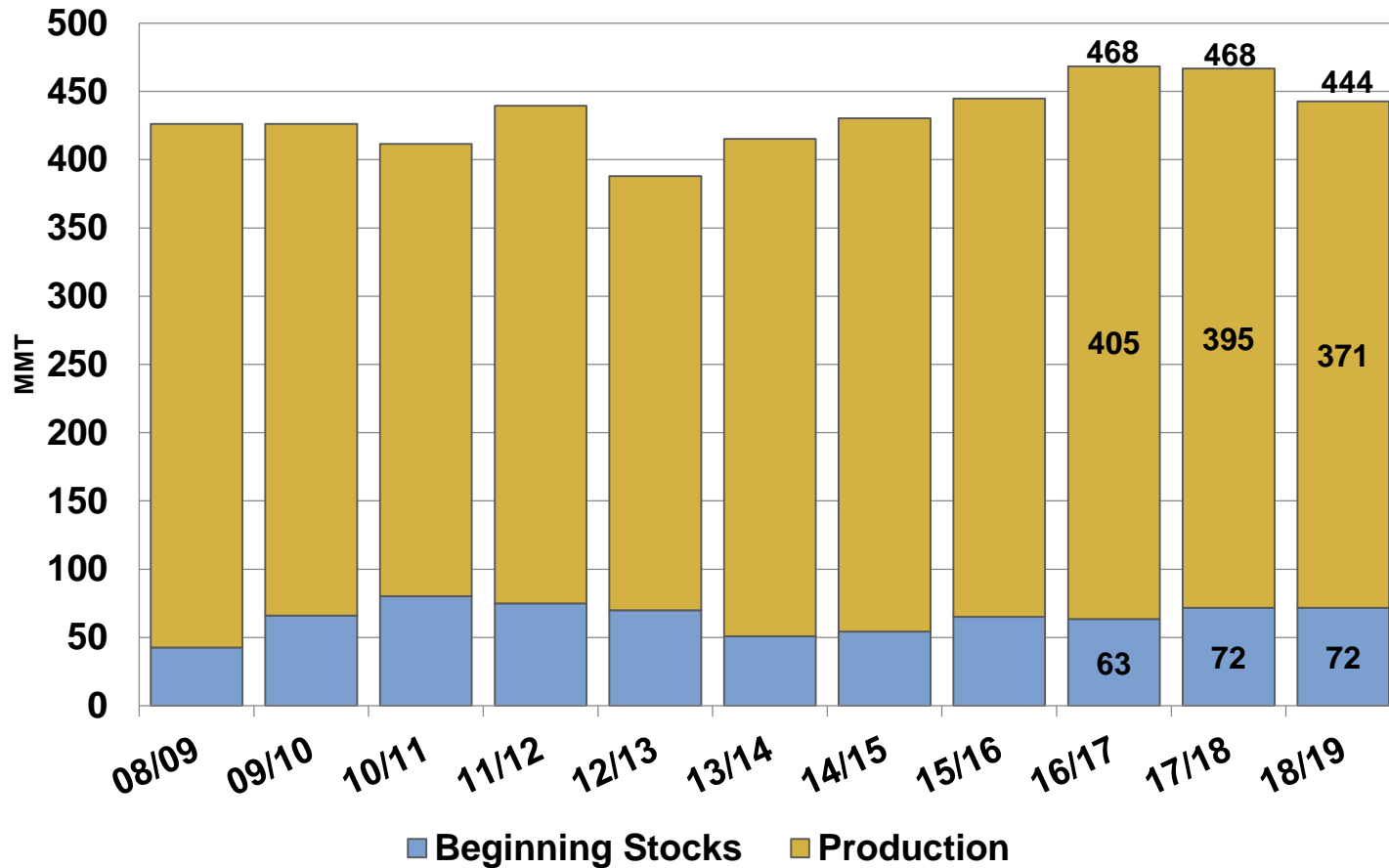


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# World Production and Use



# Supplies in Top Exporting Countries\*



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

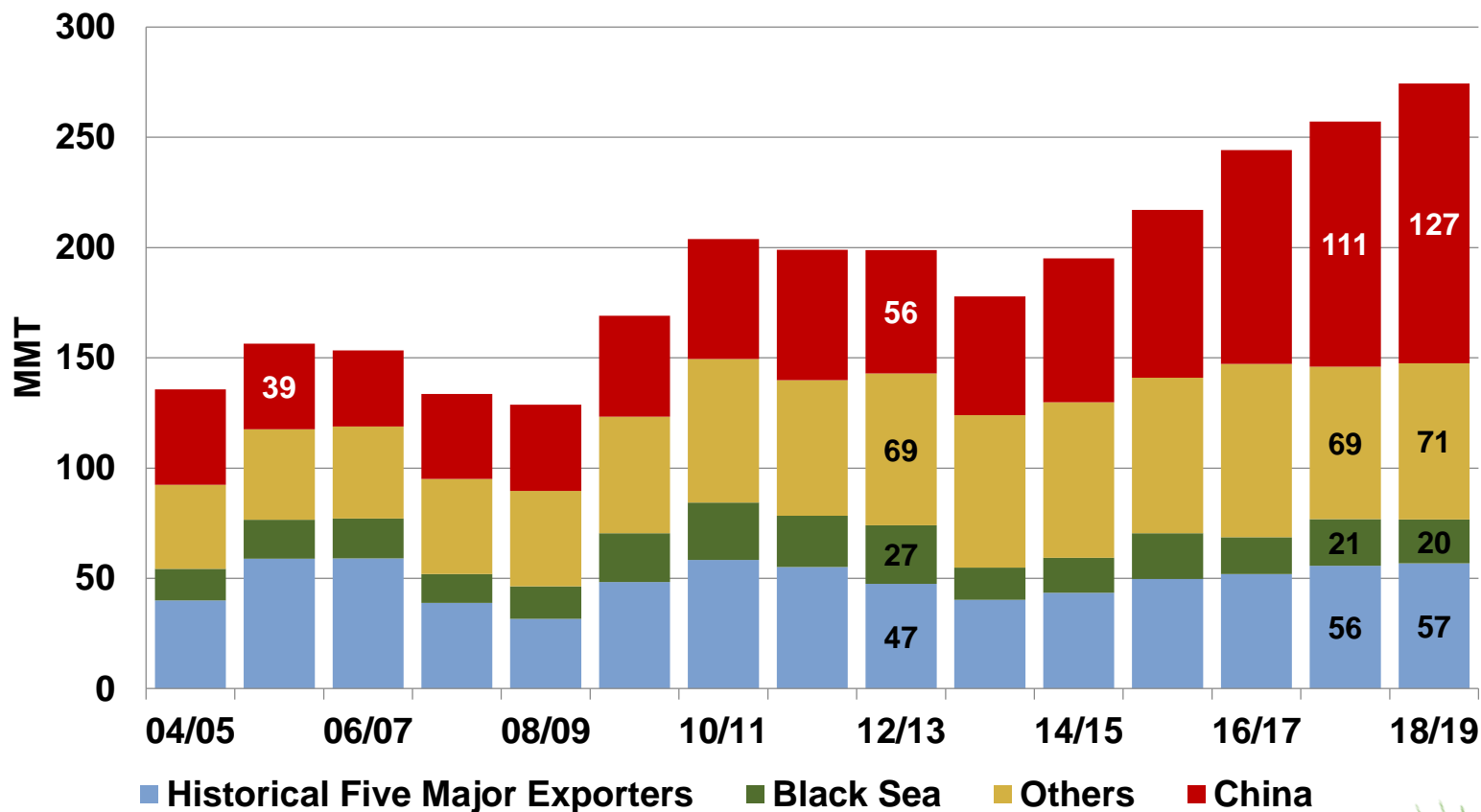
# World Wheat Supply and Demand

		16/17	17/18 <i>MMT</i>	18/19
<b>SUPPLY:</b>	Beginning Stocks	244	257	274
	Production	752	758	733
	Supply Total	996	1015	1007
<b>TRADE:</b>	Exports/Imports	183	181	181
<b>DEMAND</b>	Food & Seed	592	597	605
	Feed & Residual	147	144	141
	Use Total	739	741	746
	<b>ENDING STOCKS:</b>	257	274	261



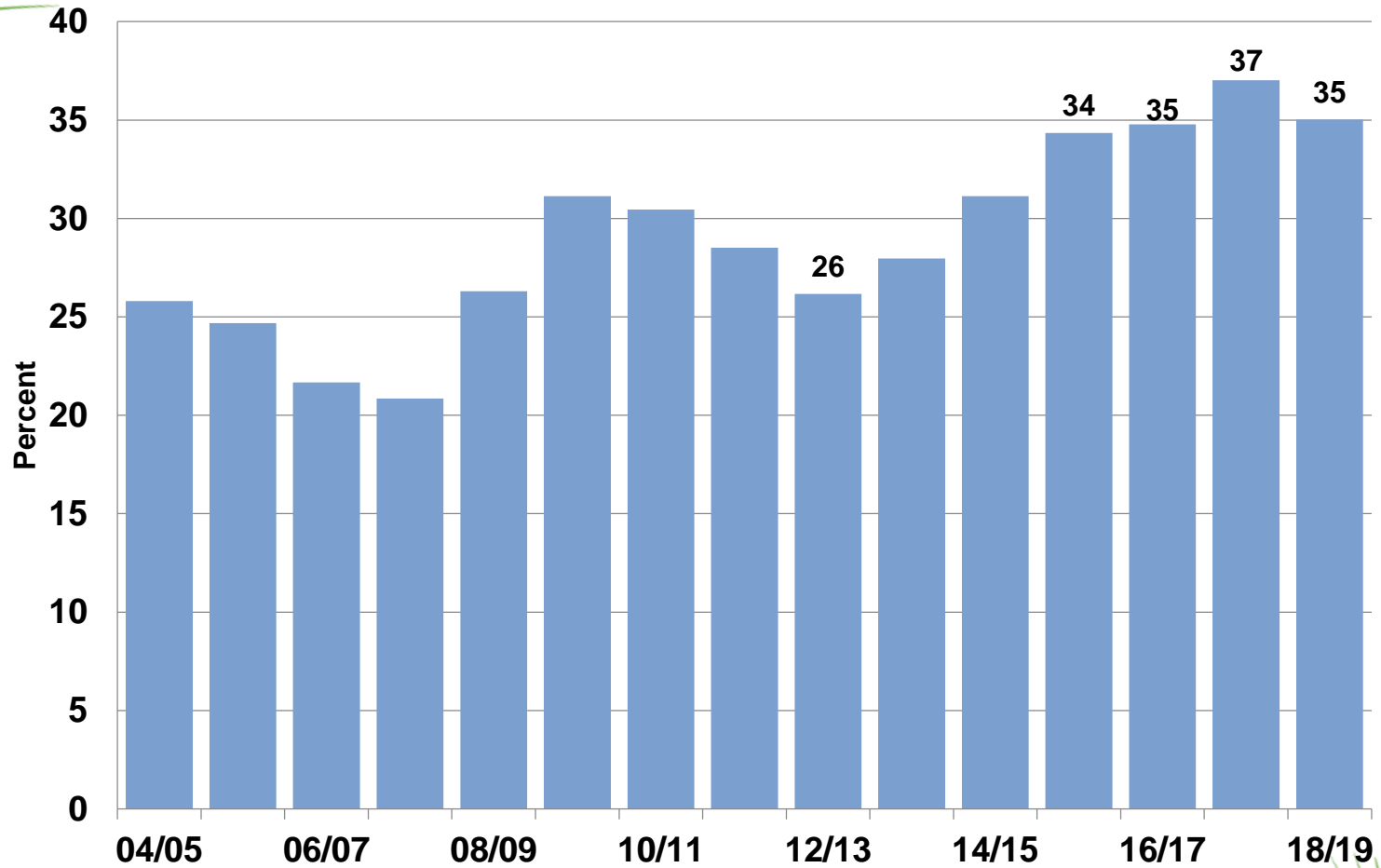
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# World Beginning Stocks



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

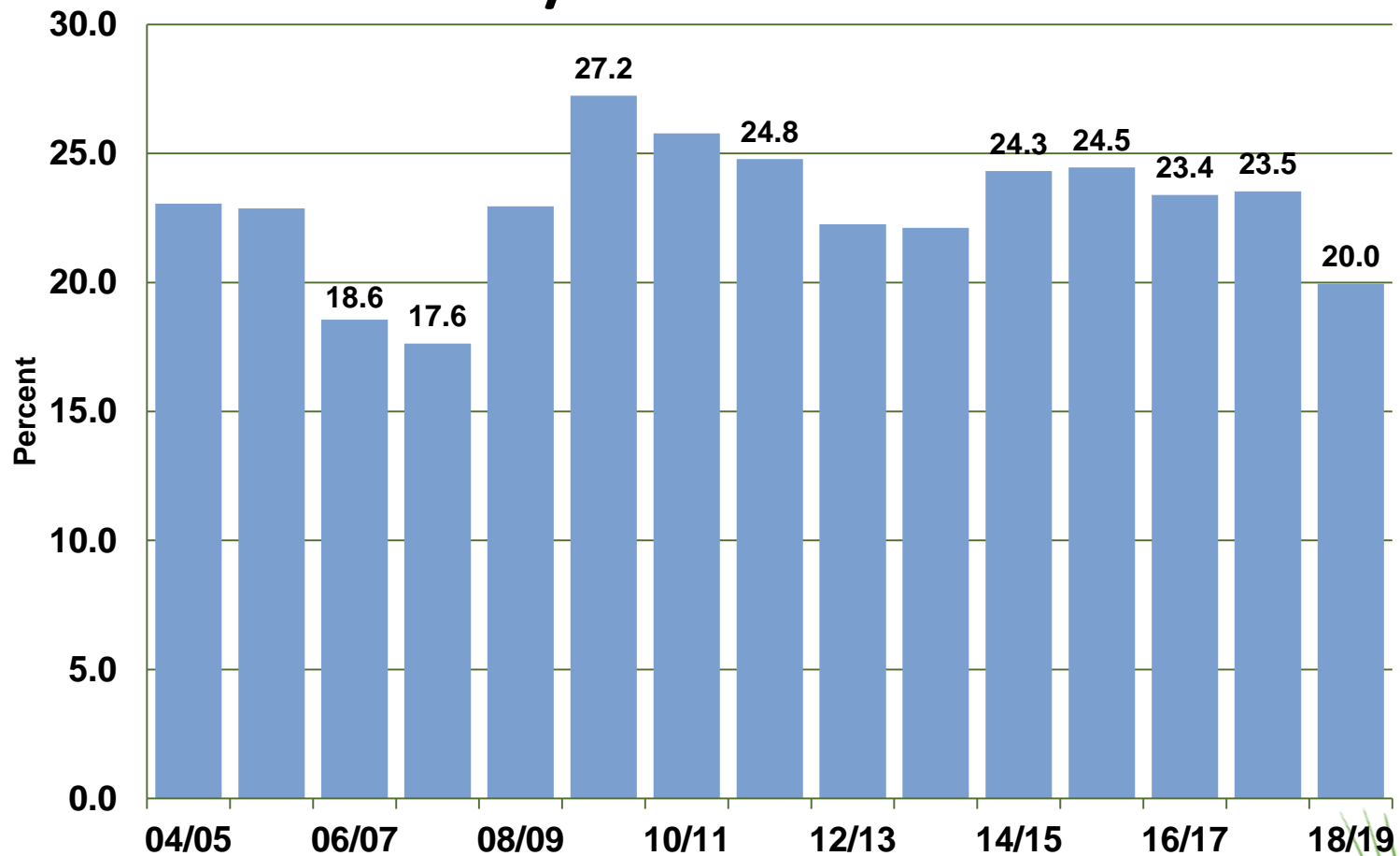
# Global Stocks\*-to-Use Ratio



*\*Ending stocks*

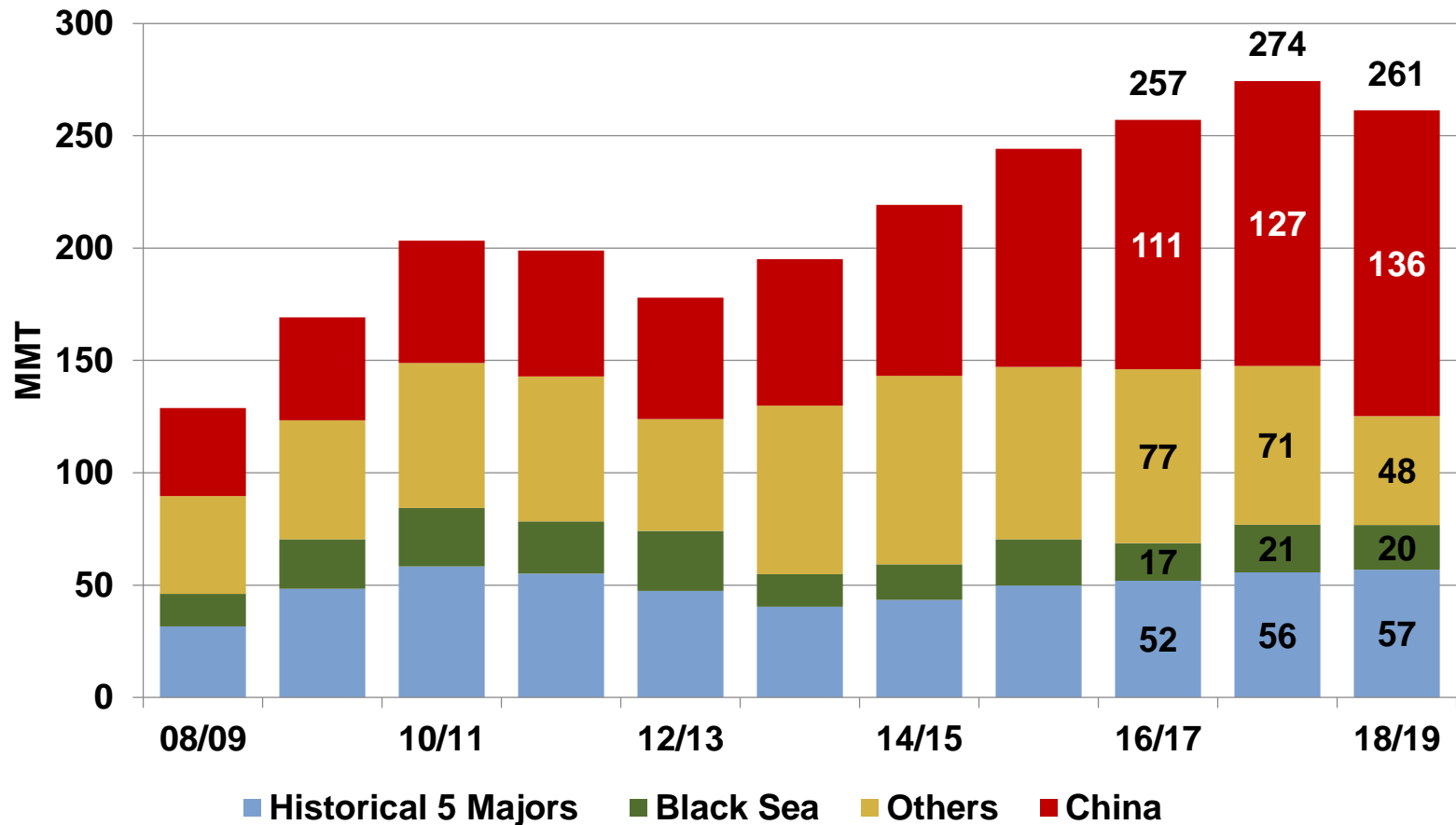


# Global Stocks\*-to-Use Ratio w/o China



\*Ending stocks

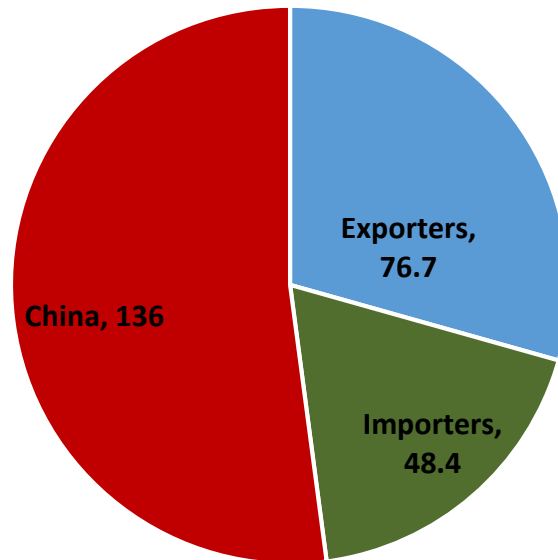
# World Ending Stocks



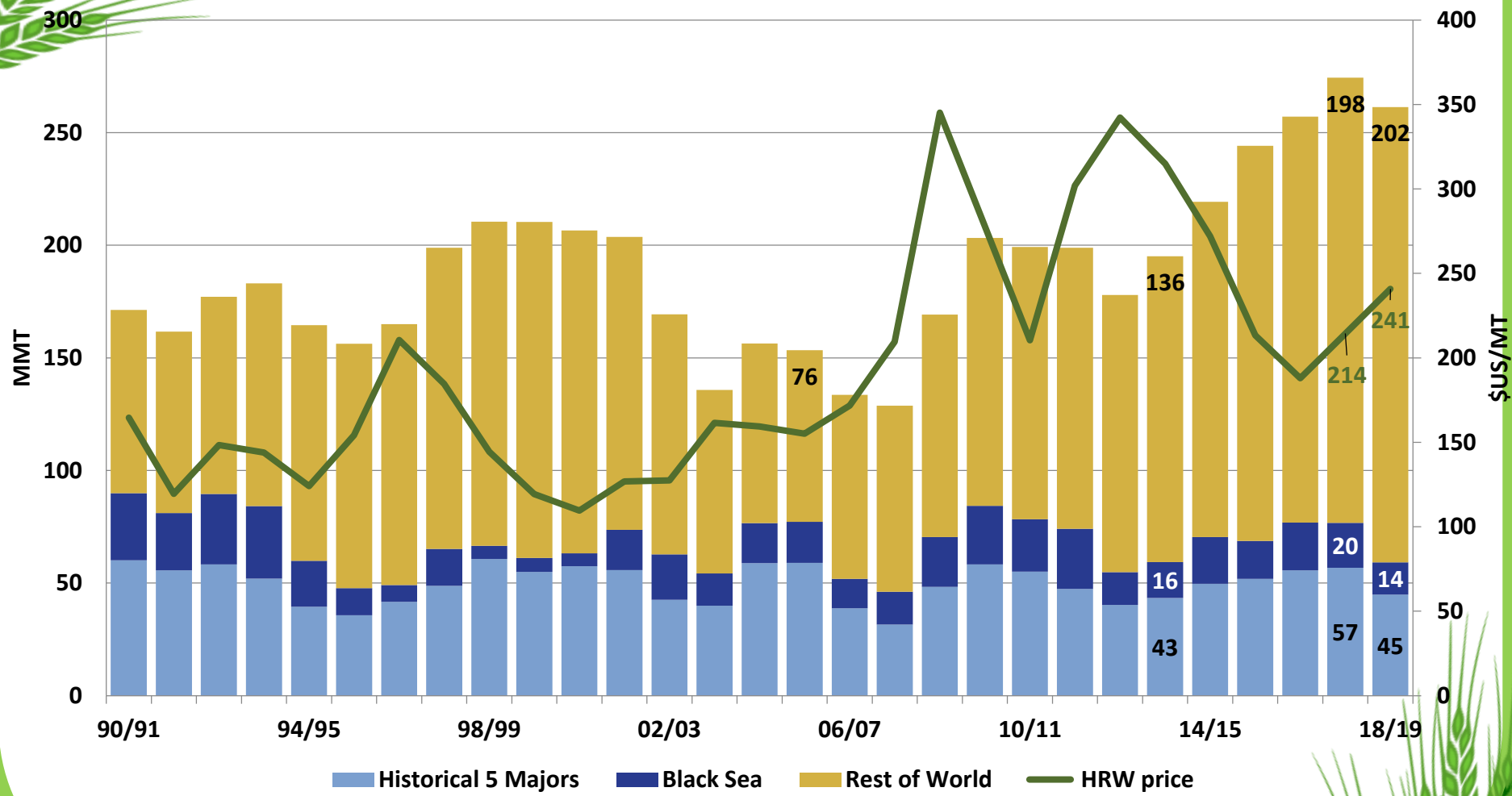
*Historical Five Major Exporters include U.S., Canada, Australia, Argentina and EU-27.  
Black Sea includes Russia, Ukraine and Kazakhstan.*

# World Ending Stocks by Position

(million metric tons)



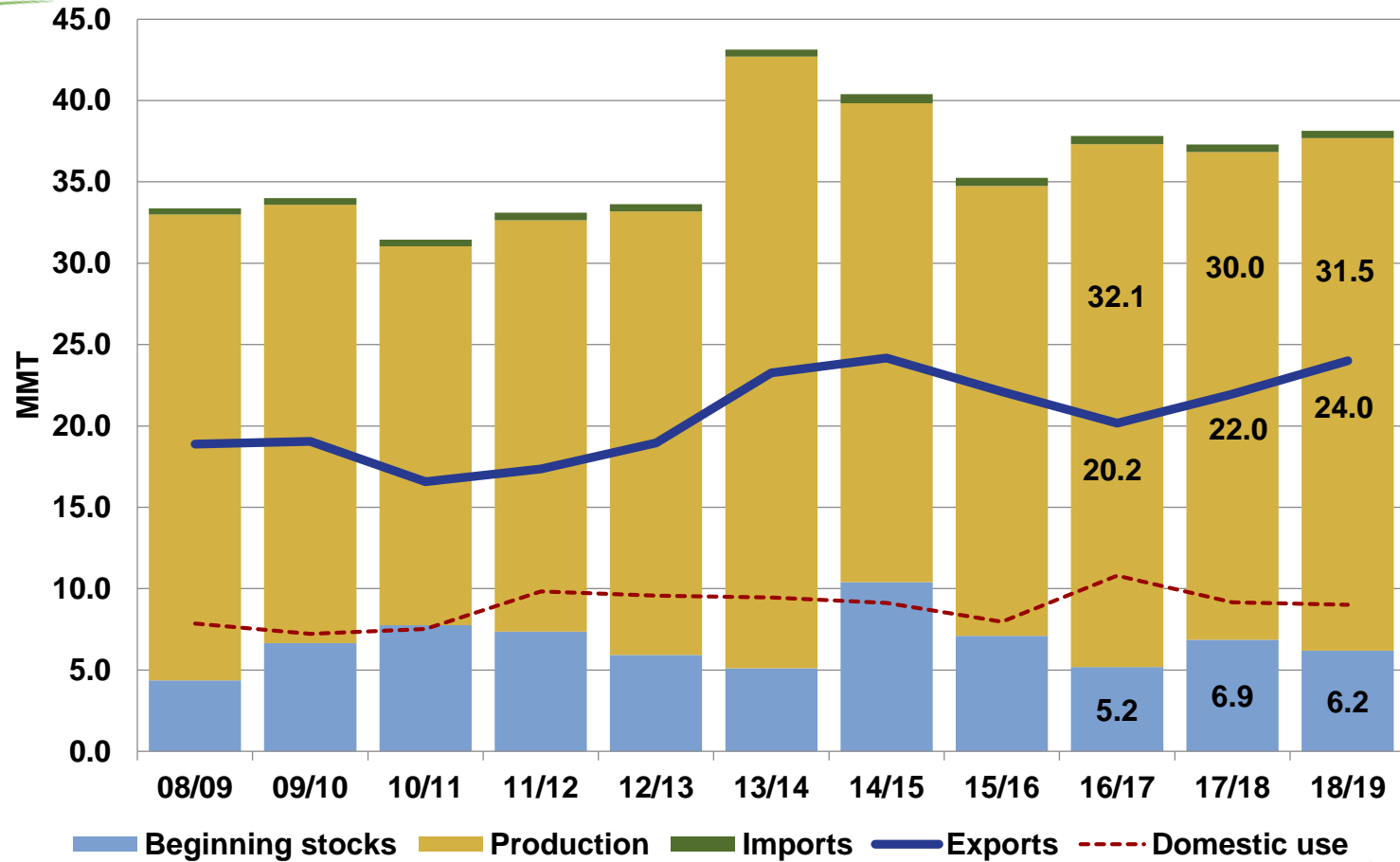
# Global Ending Stocks and Price



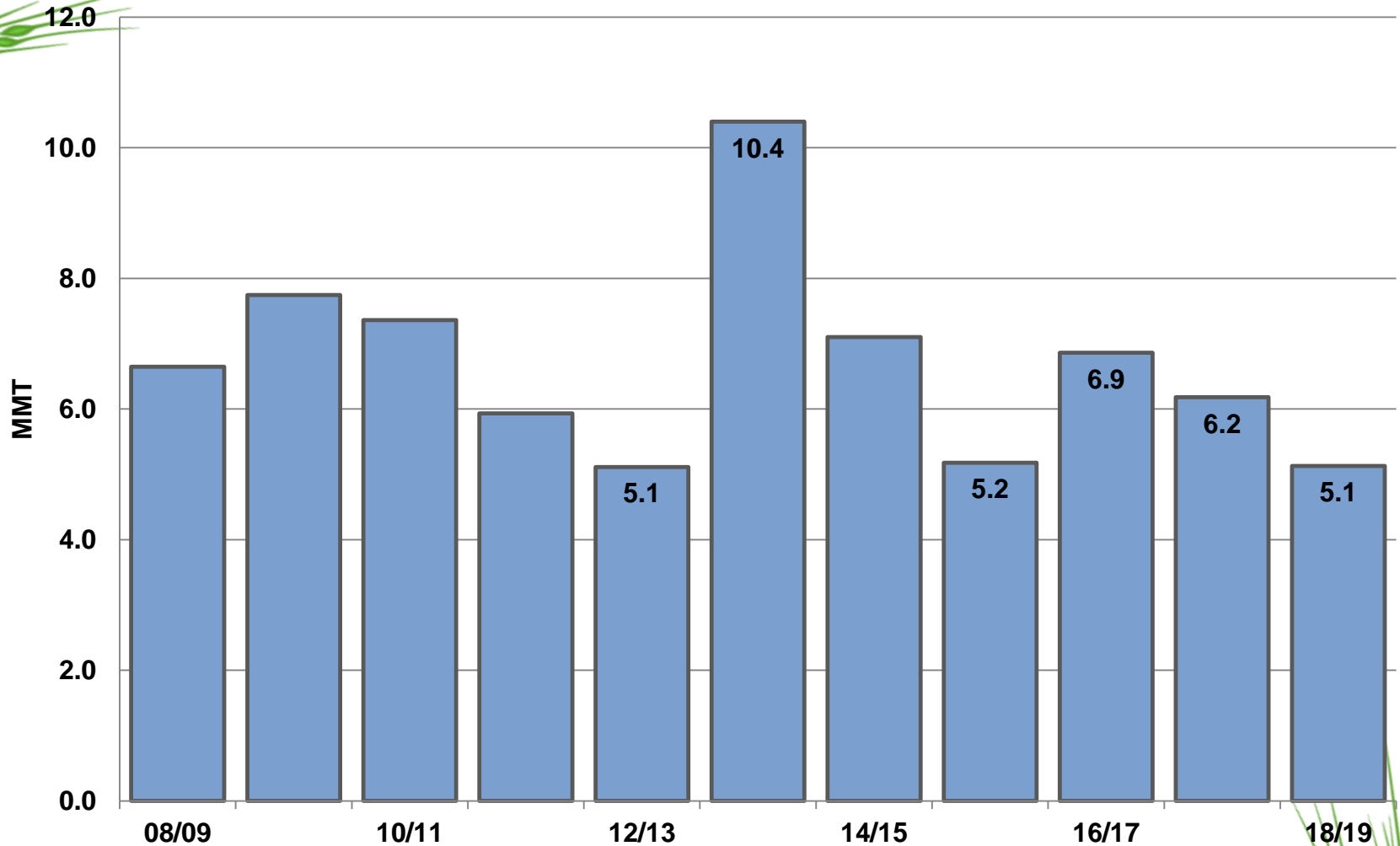
- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



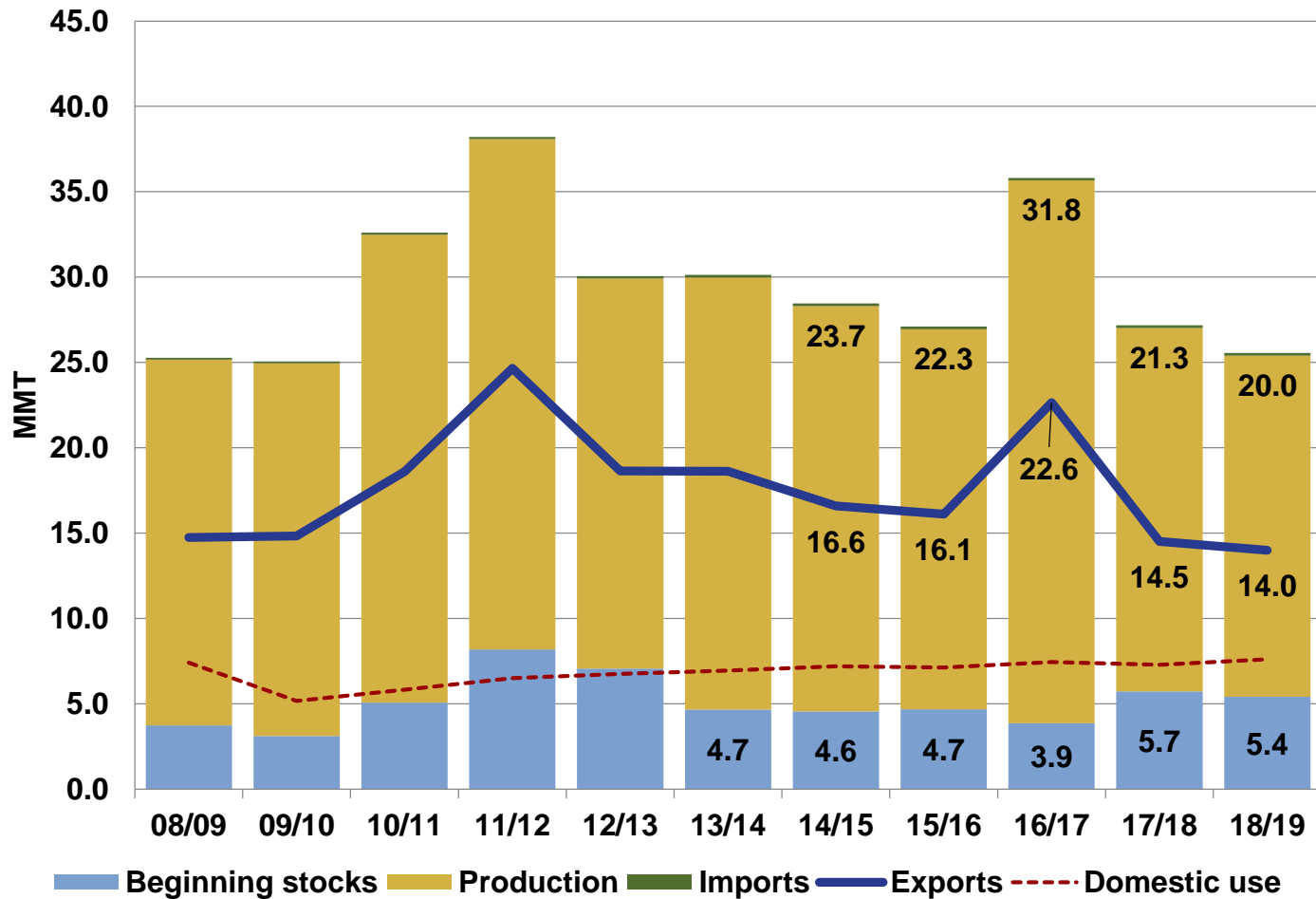
# Canada Situation



# Canada Ending Stocks

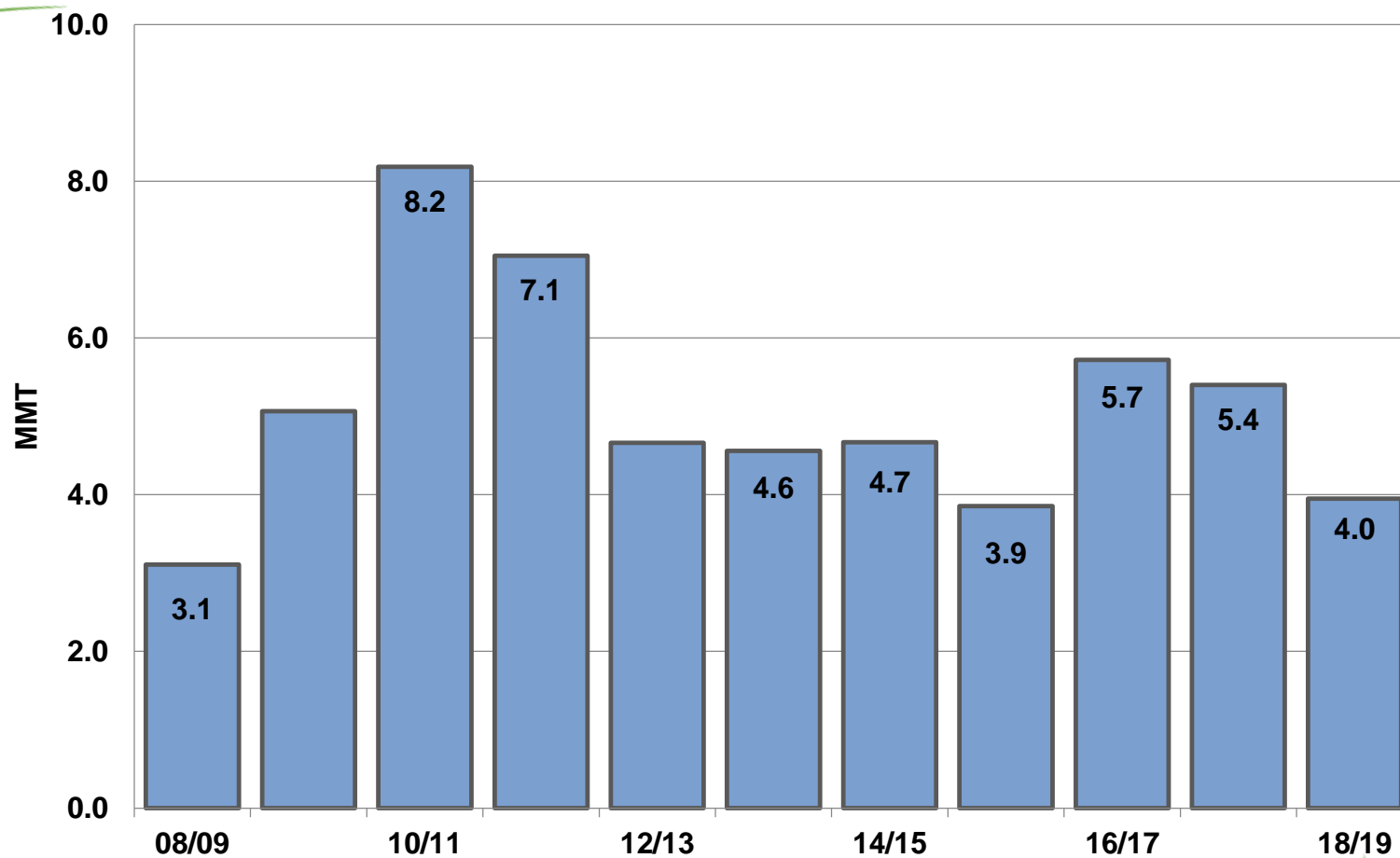


# Australia Situation

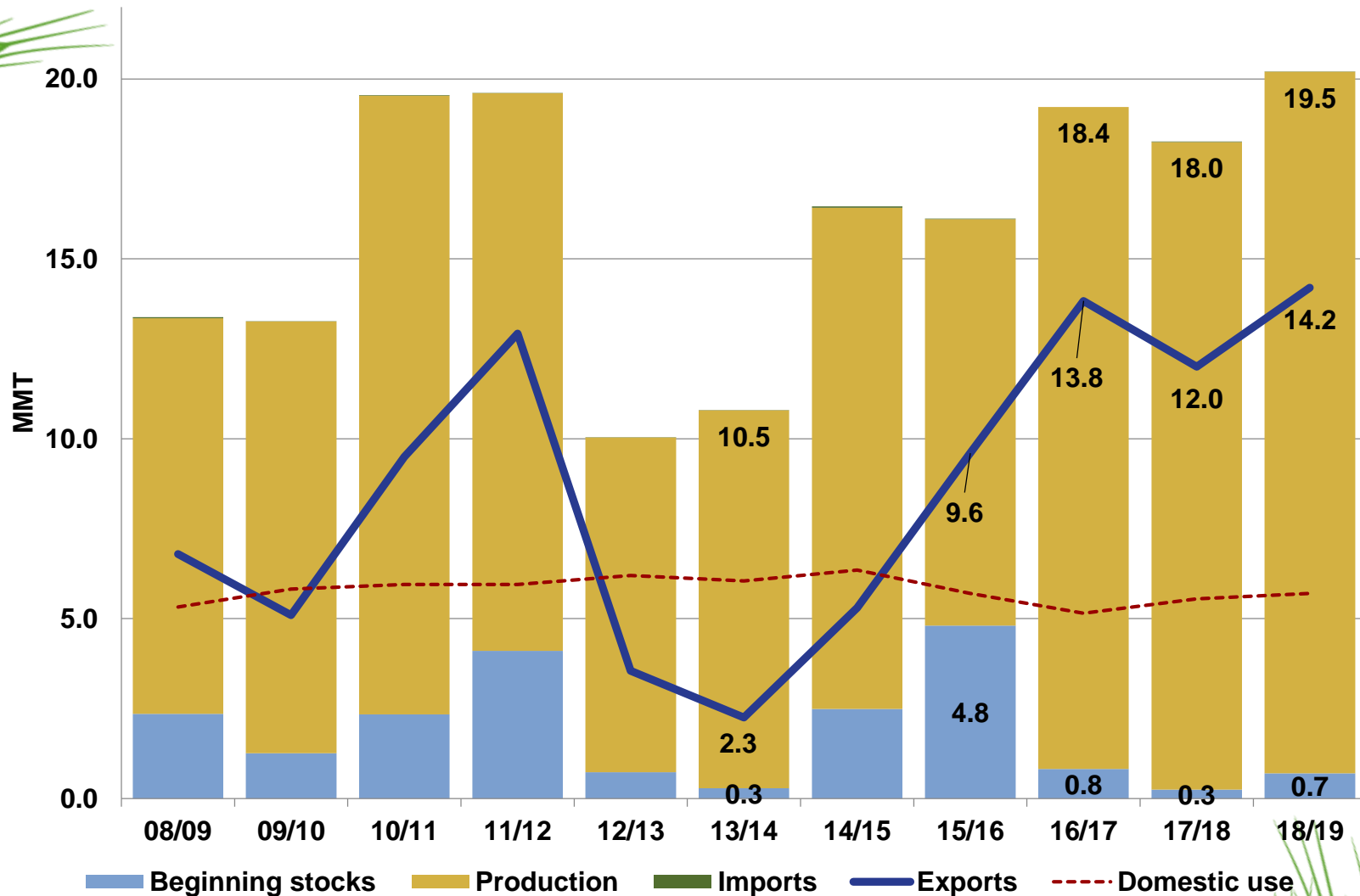




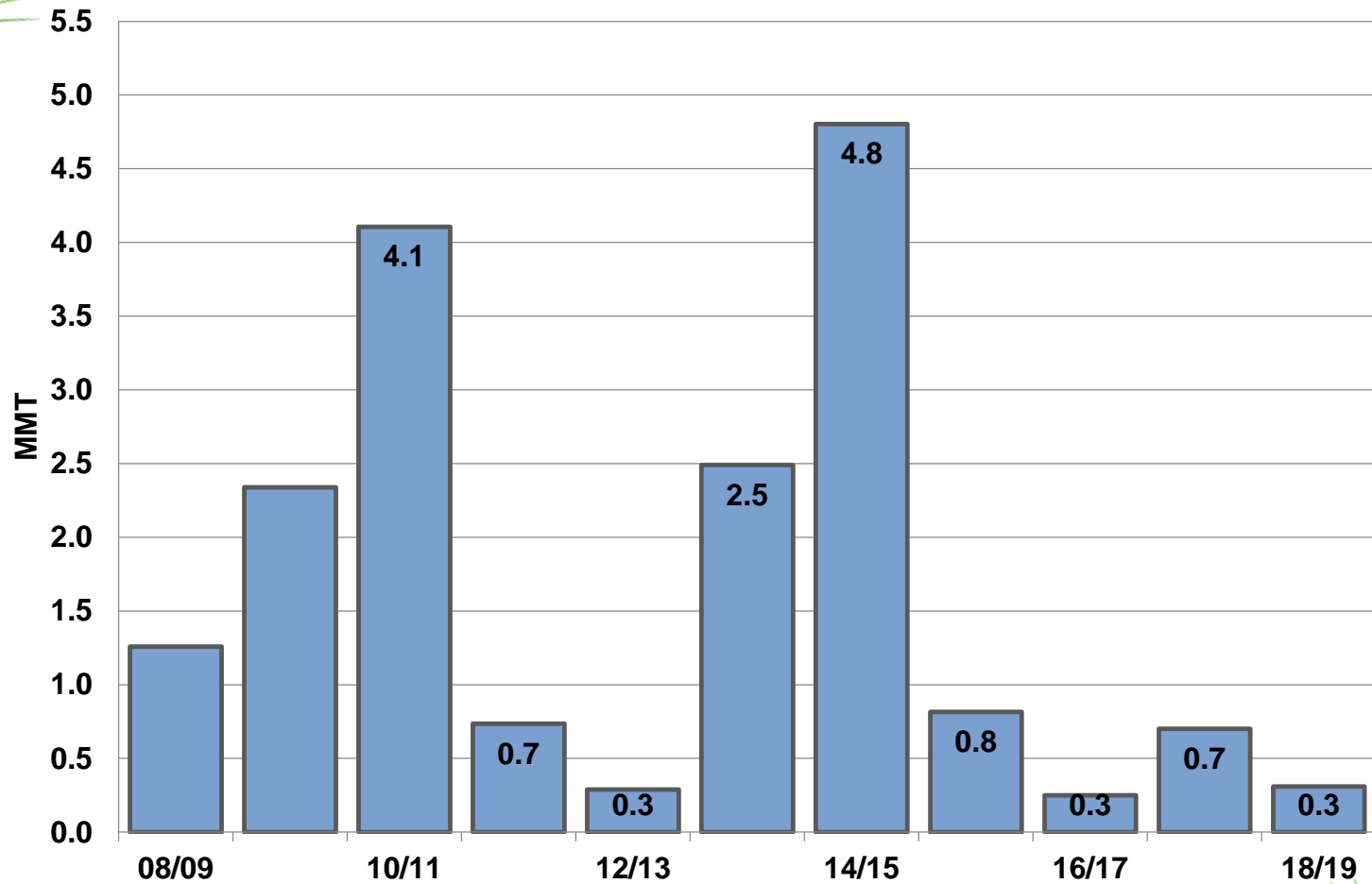
# Australia Ending Stocks



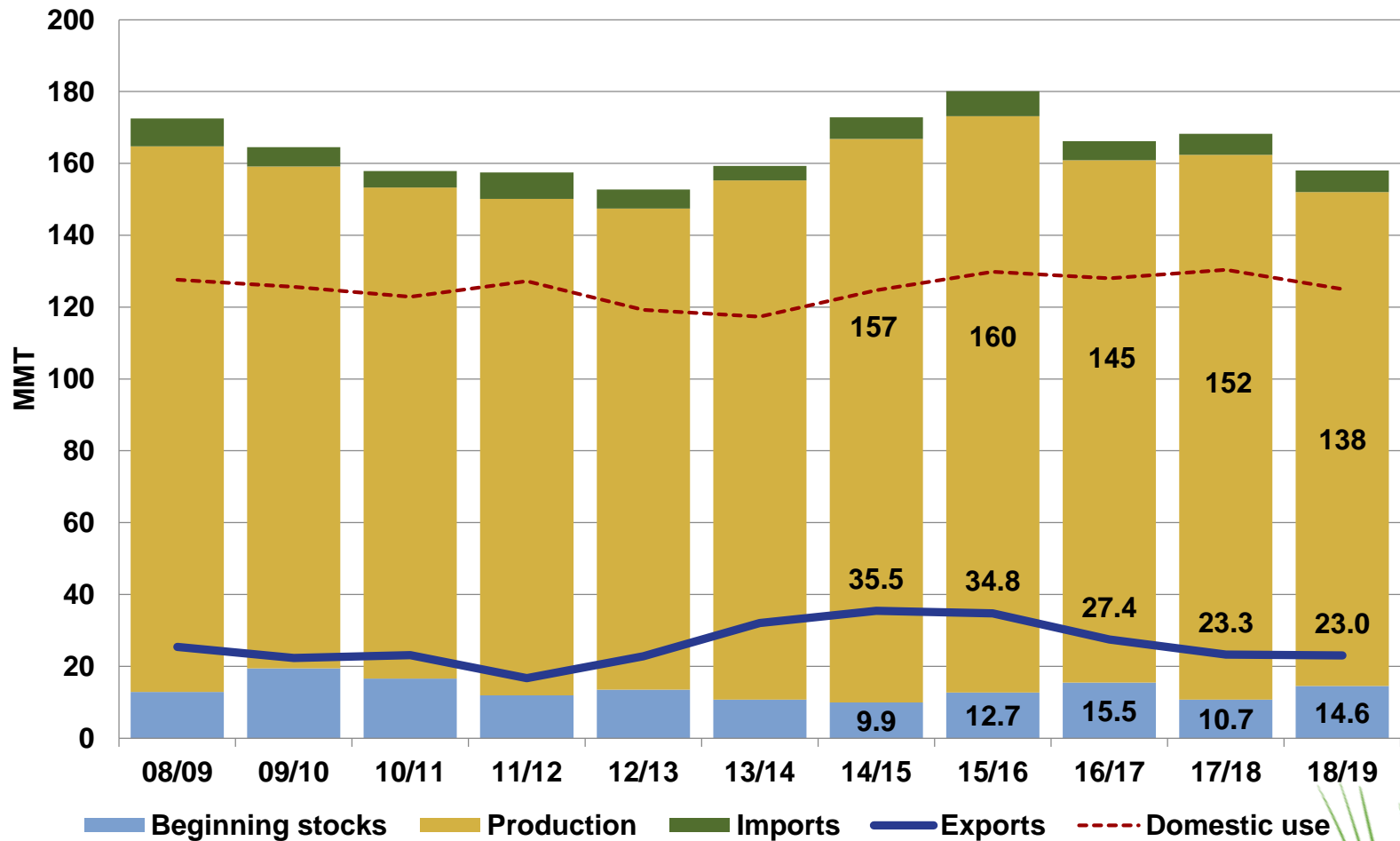
# Argentina Situation



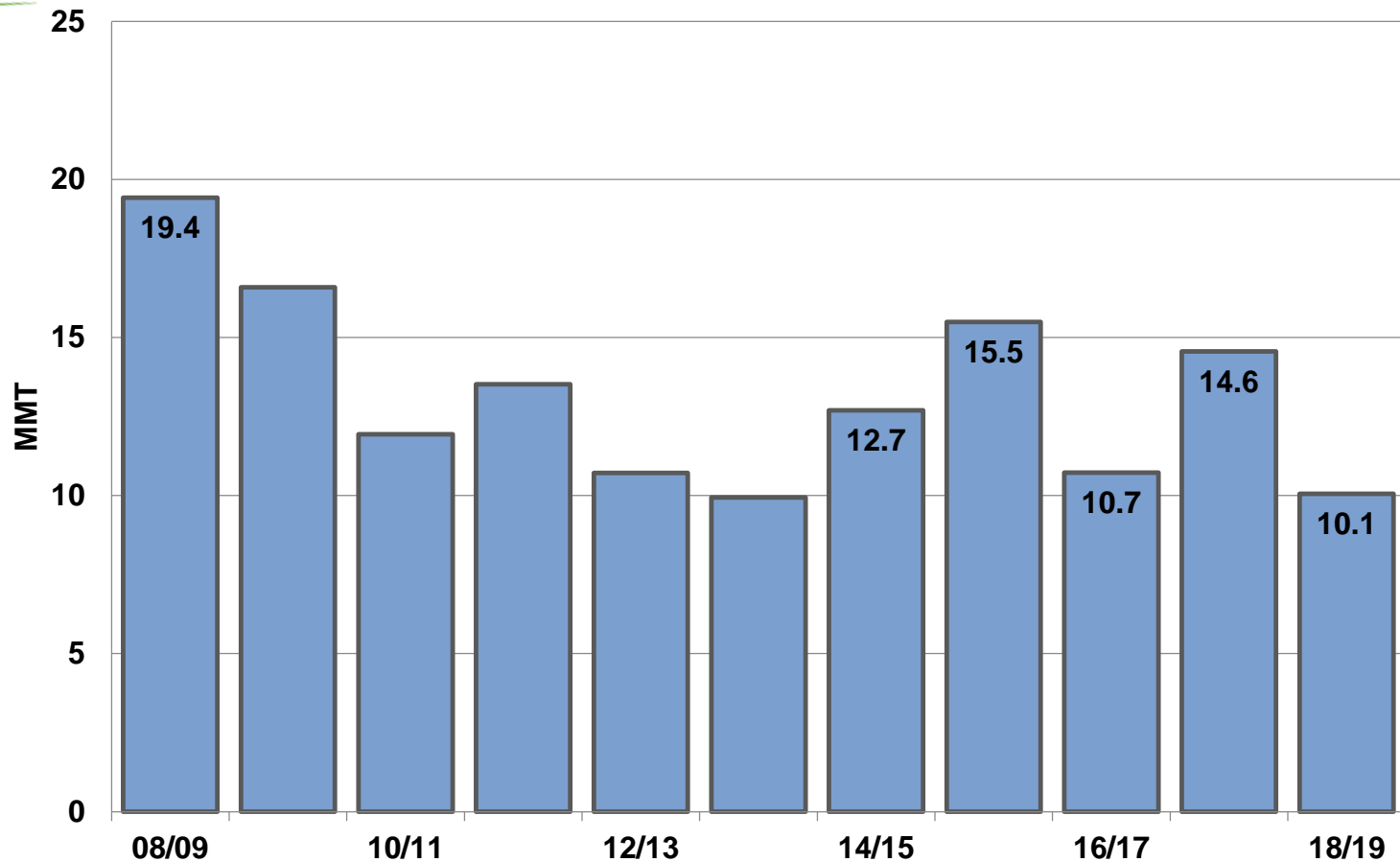
# Argentina Ending Stocks



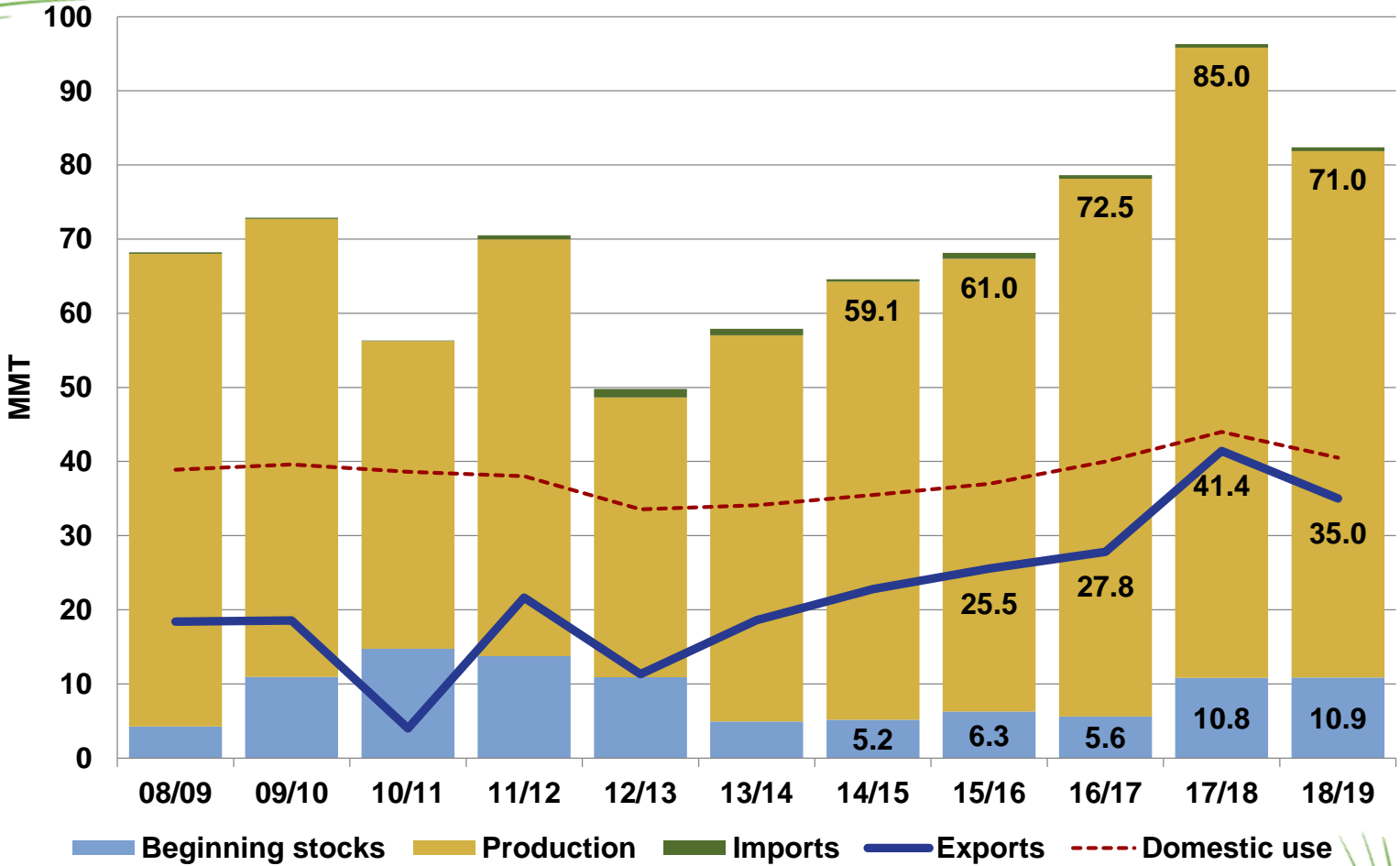
# European Union Situation



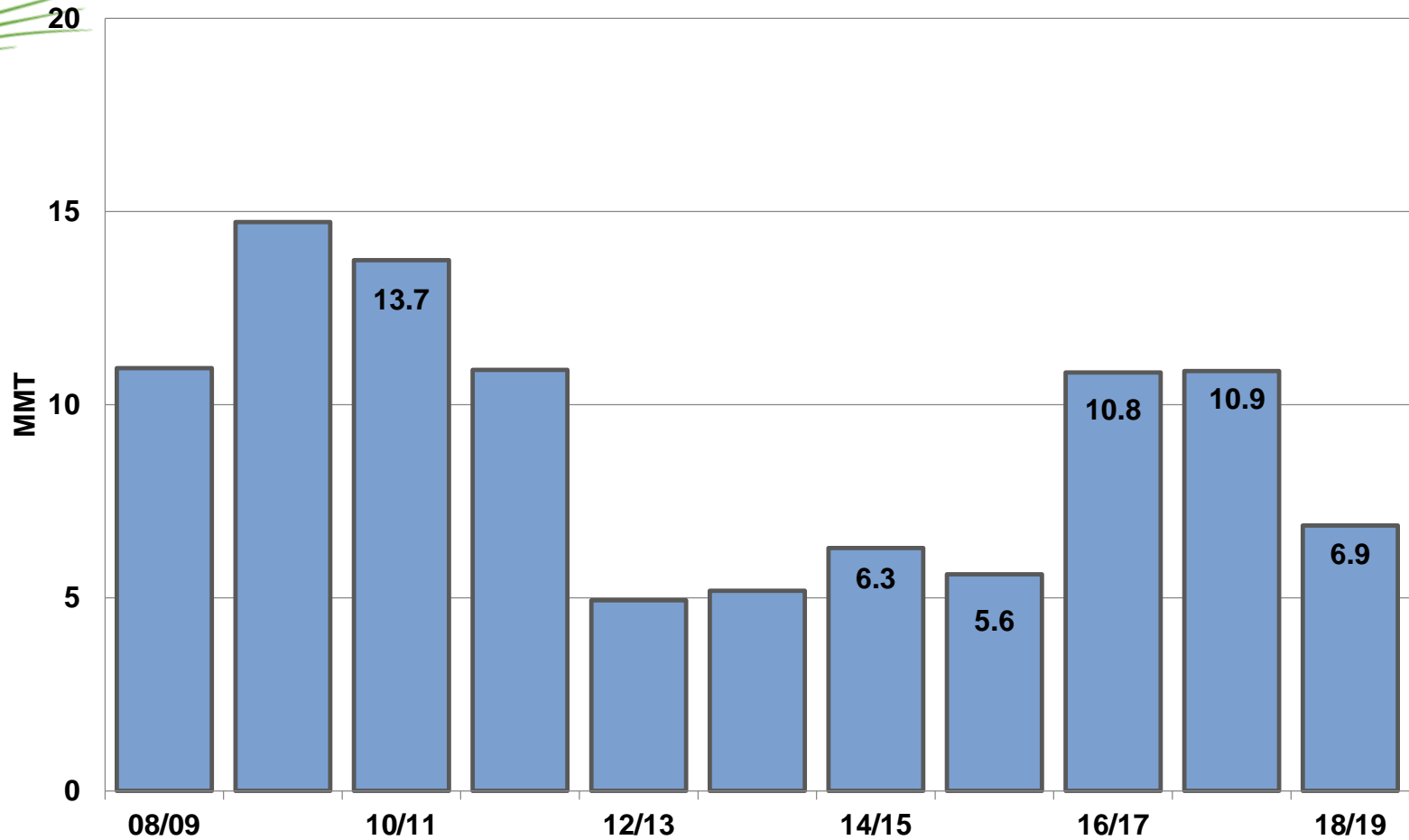
# EU-27 Ending Stocks



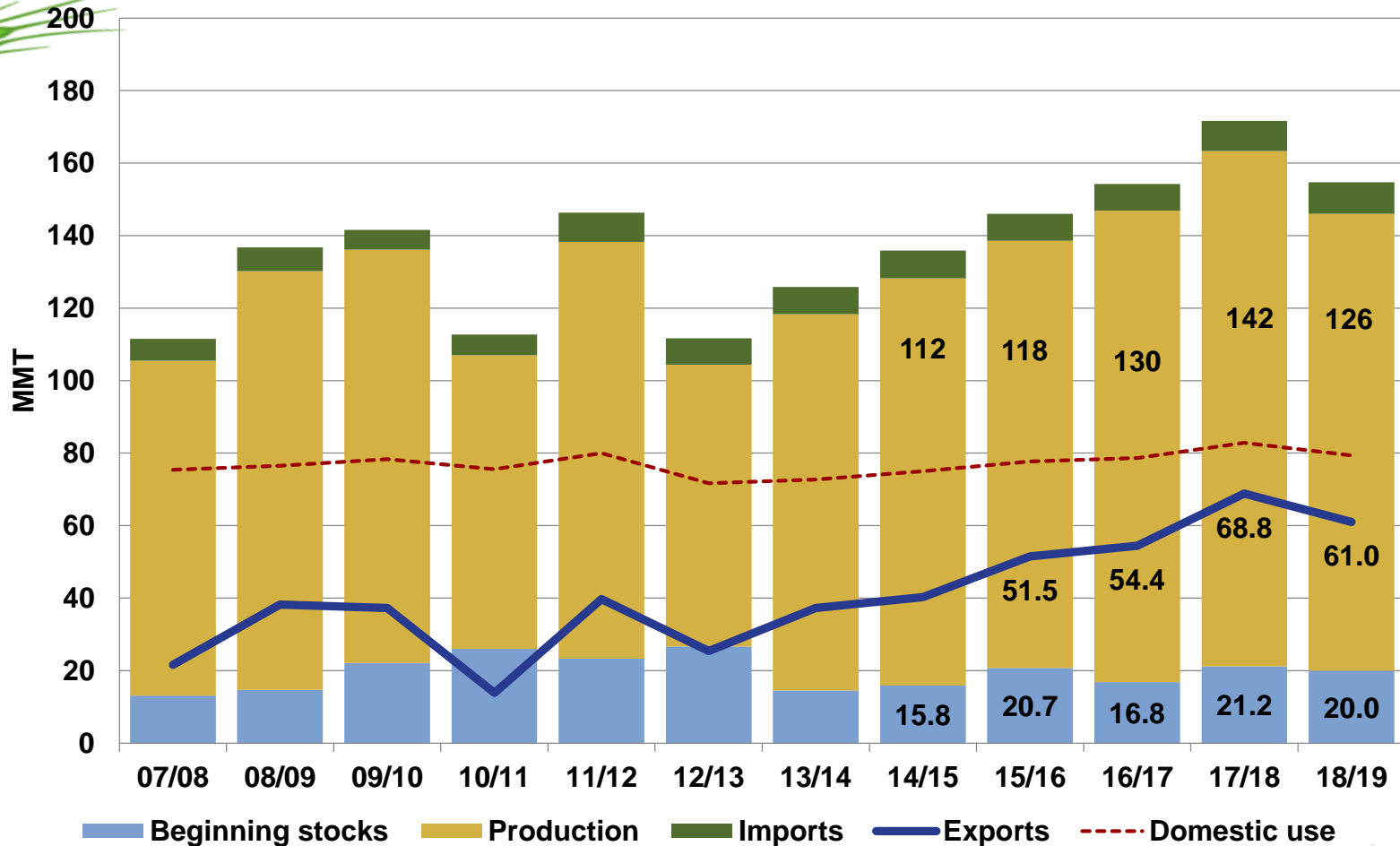
# Russia Situation



# Russia Ending Stocks



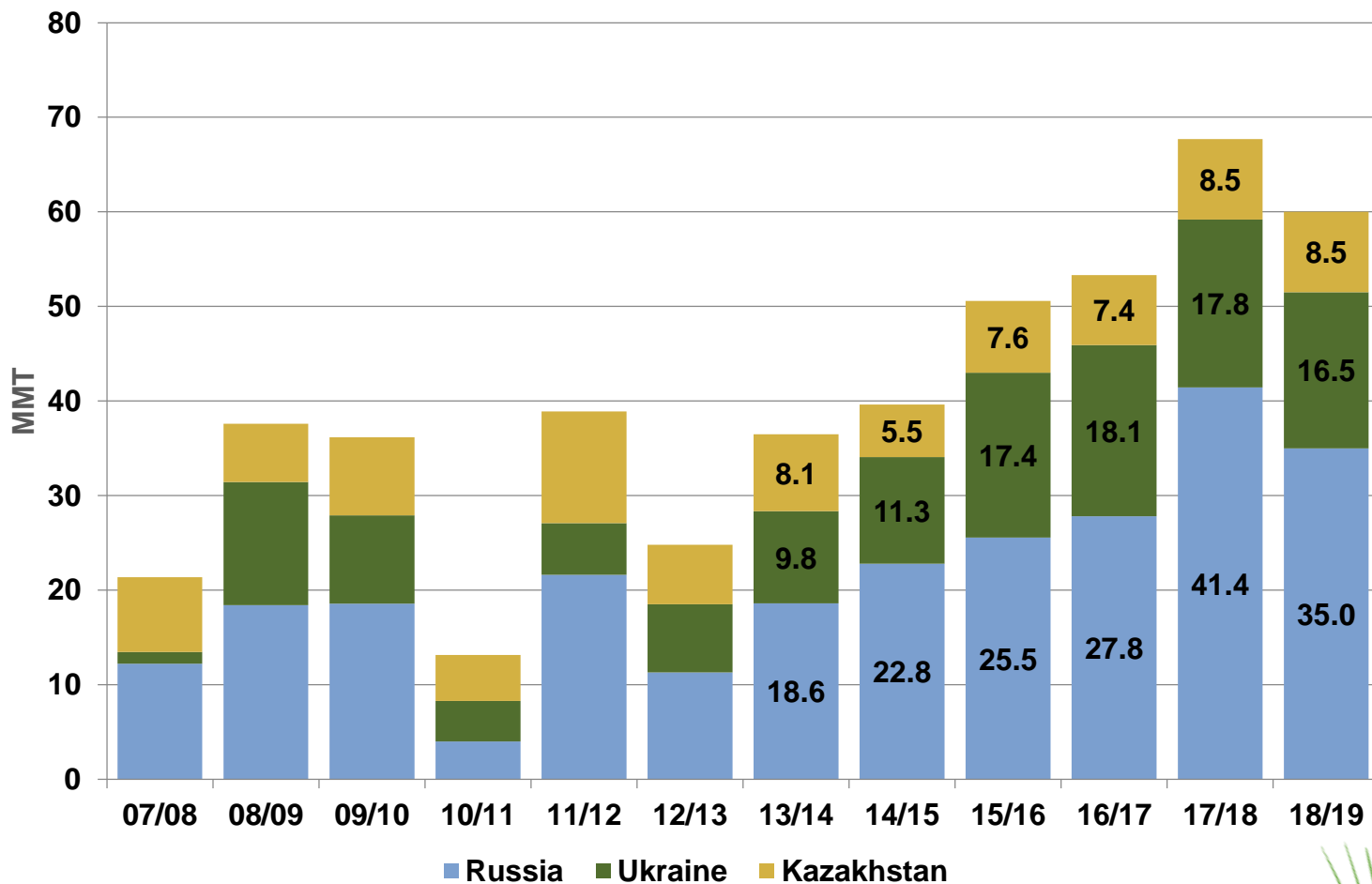
# Black Sea Region Situation



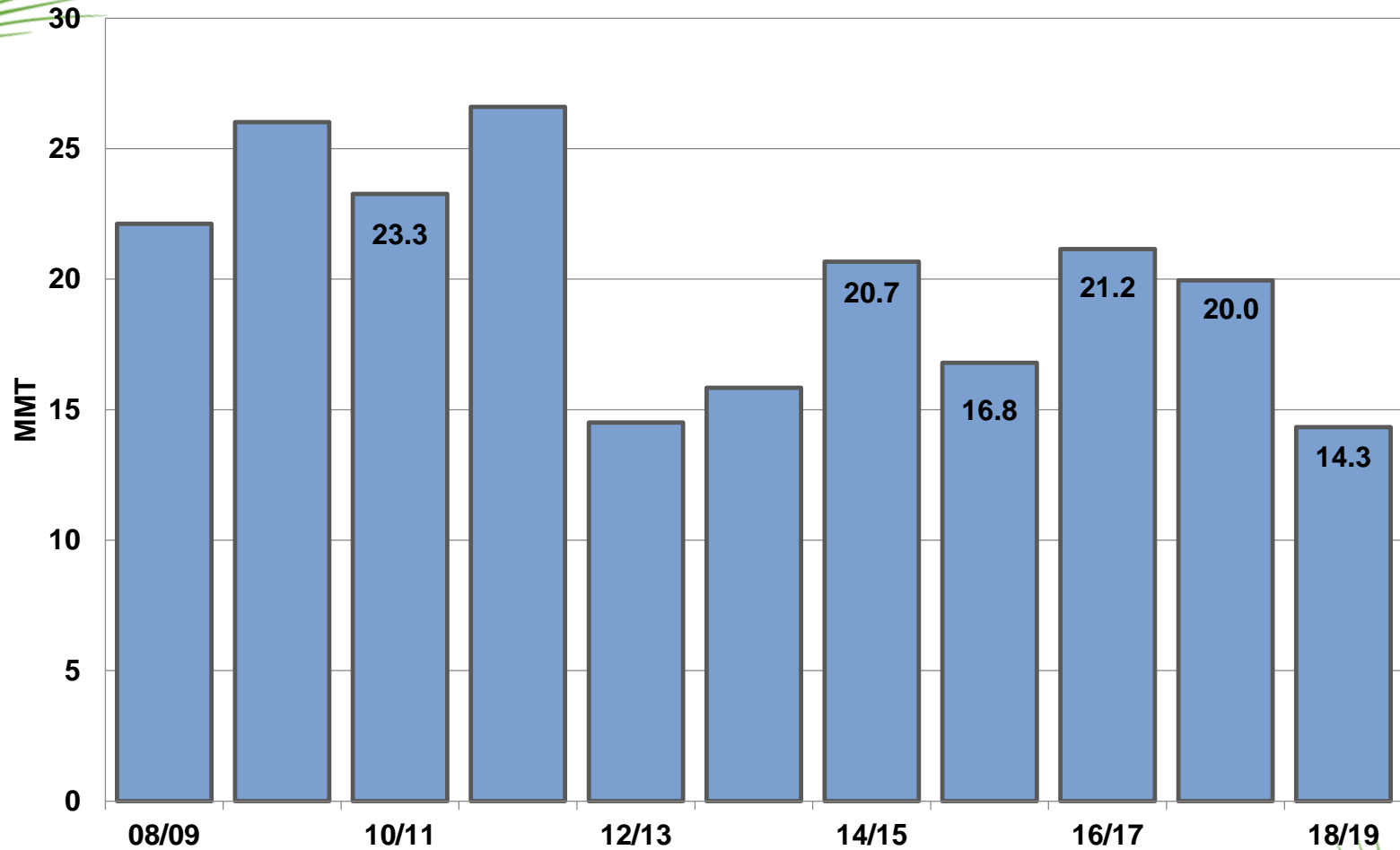
Russia, Ukraine and Kazakhstan are the most important wheat producers in the Black Sea Region.



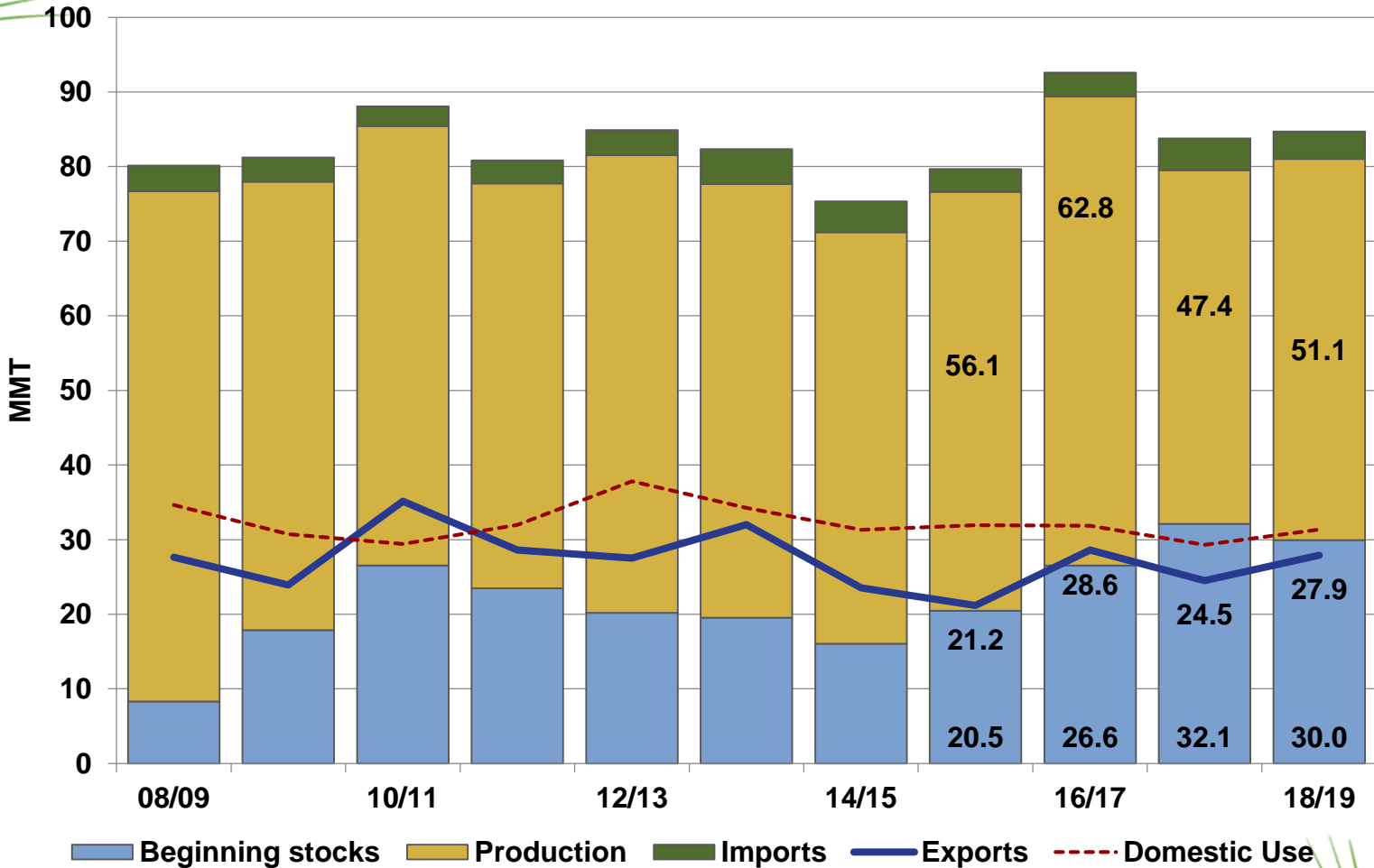
# Black Sea Exports



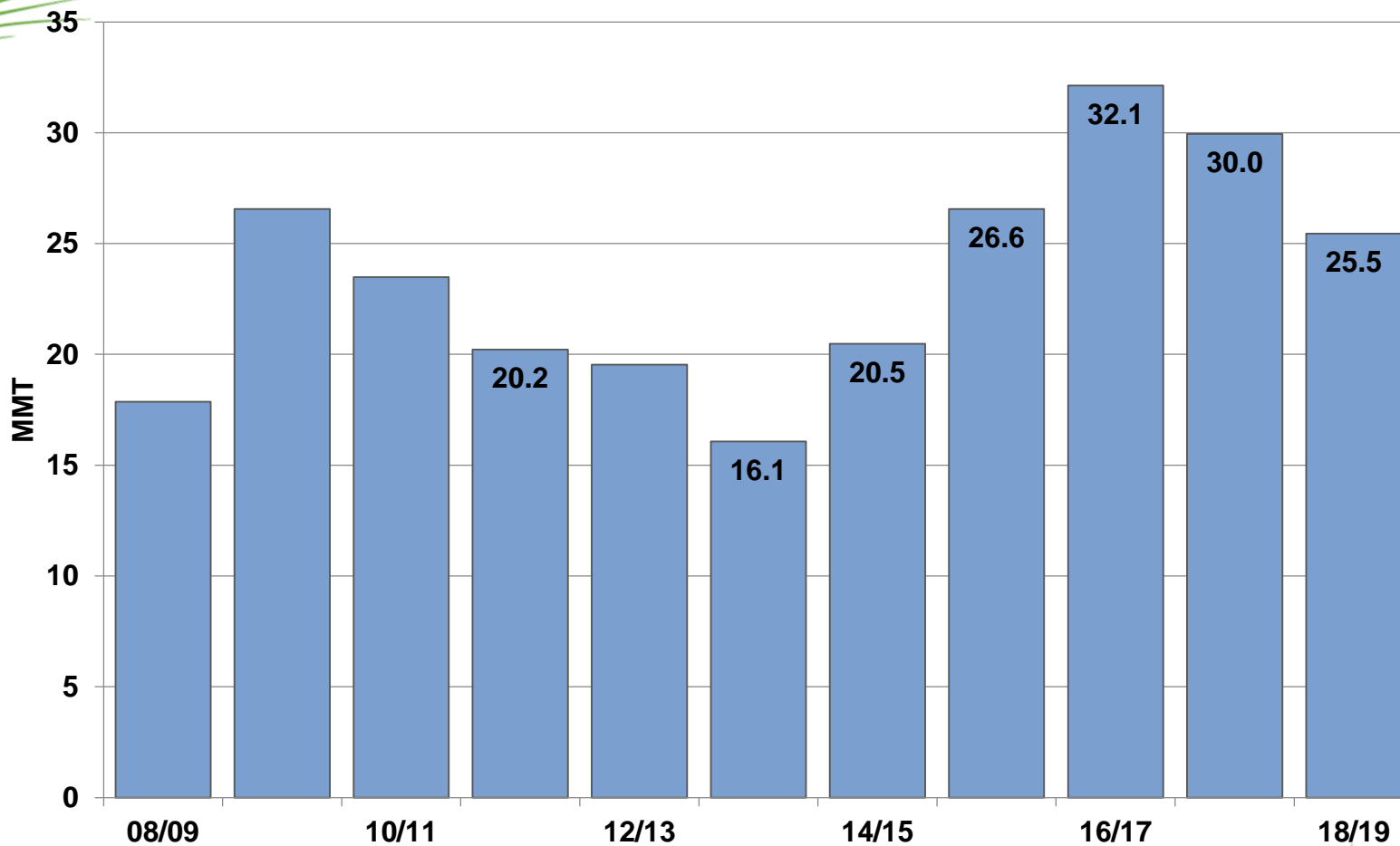
# Black Sea Ending Stocks



# U.S. Situation



# U.S. Ending Stocks

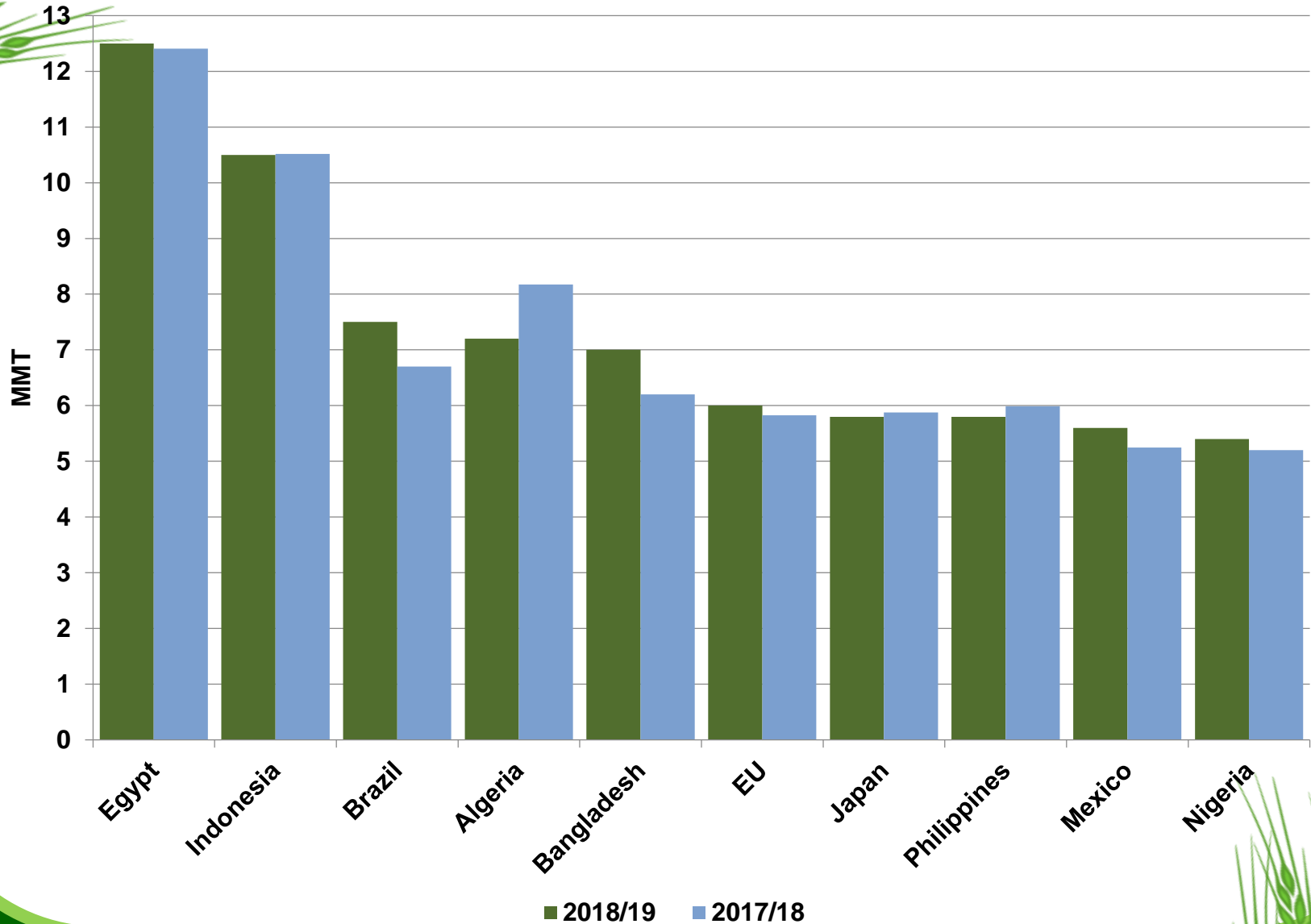


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook



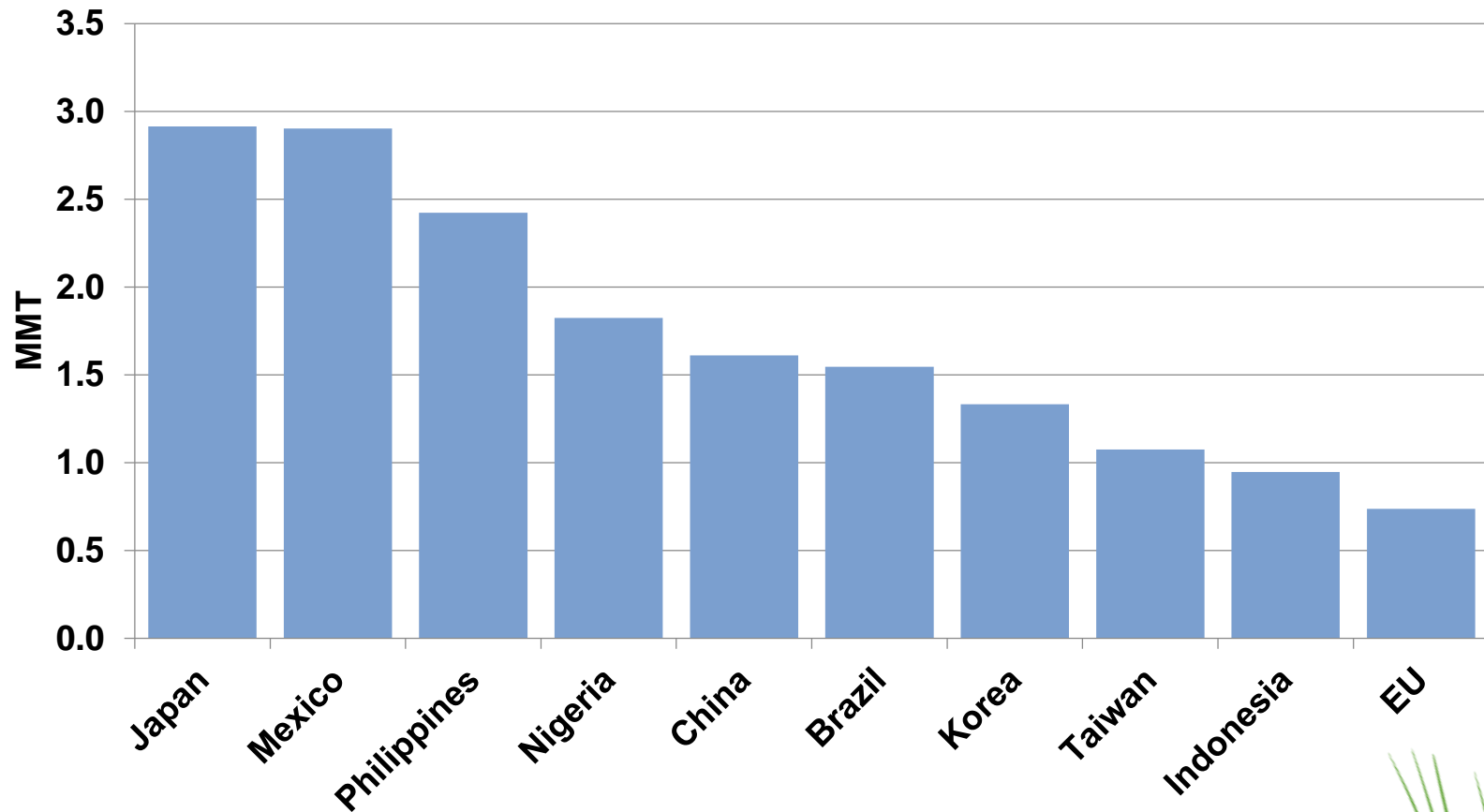
# Major World Wheat Importers

(from all origins)



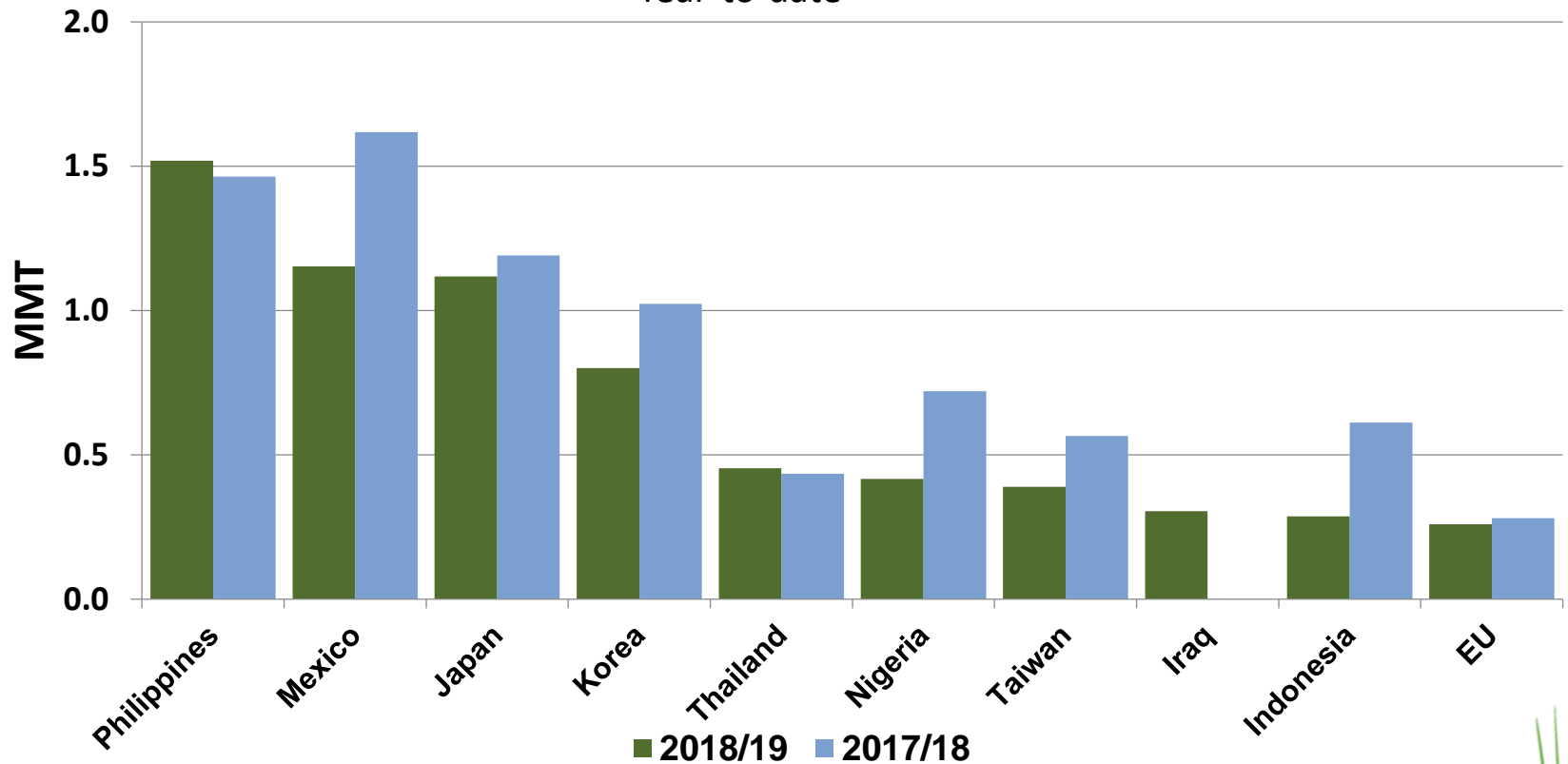
# Top 10 Customers for U.S. Wheat

5-year average



# Top 10 Customers for U.S. Wheat

Year-to-date

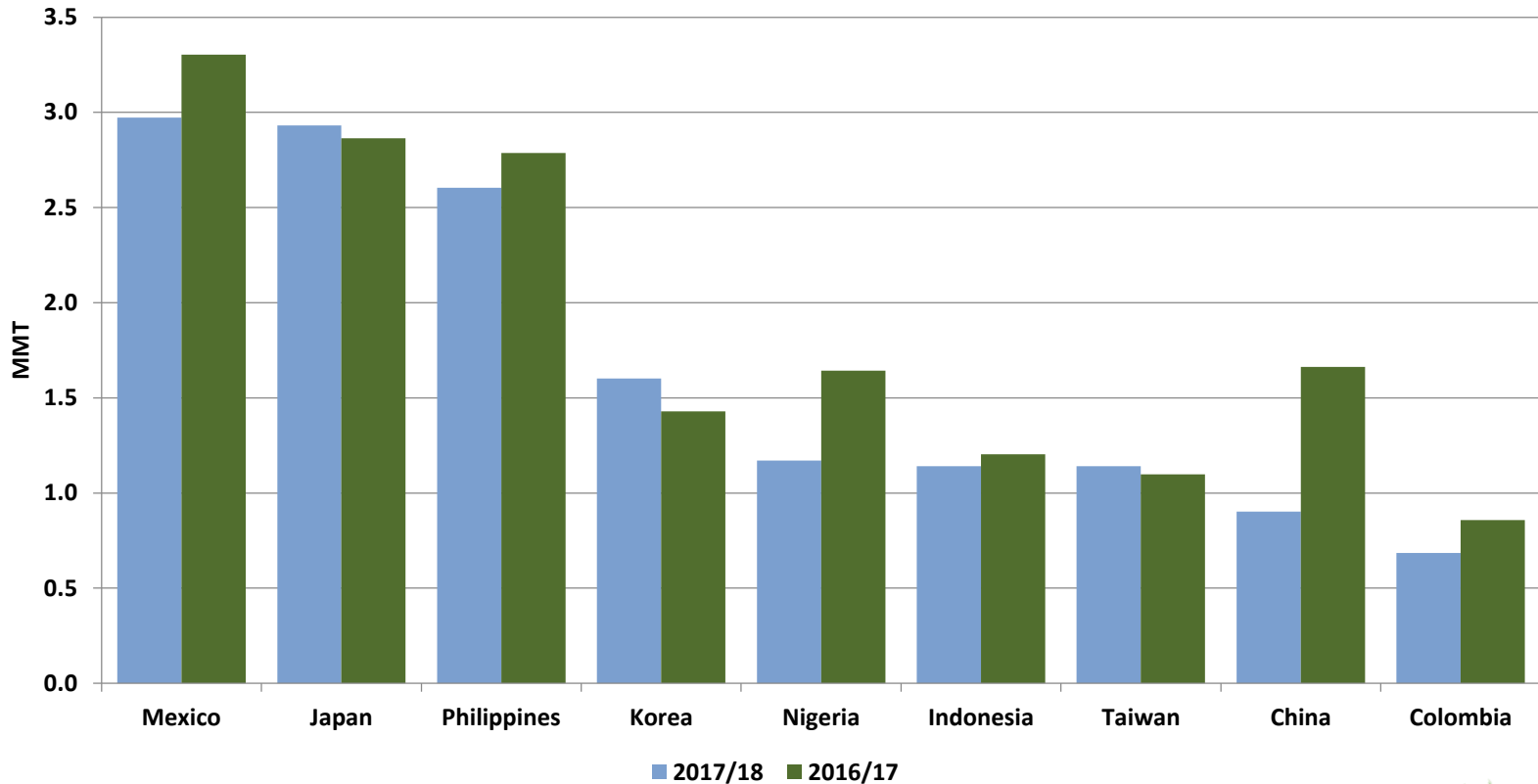


Source: USDA FAS export sales report September 7, 2018.



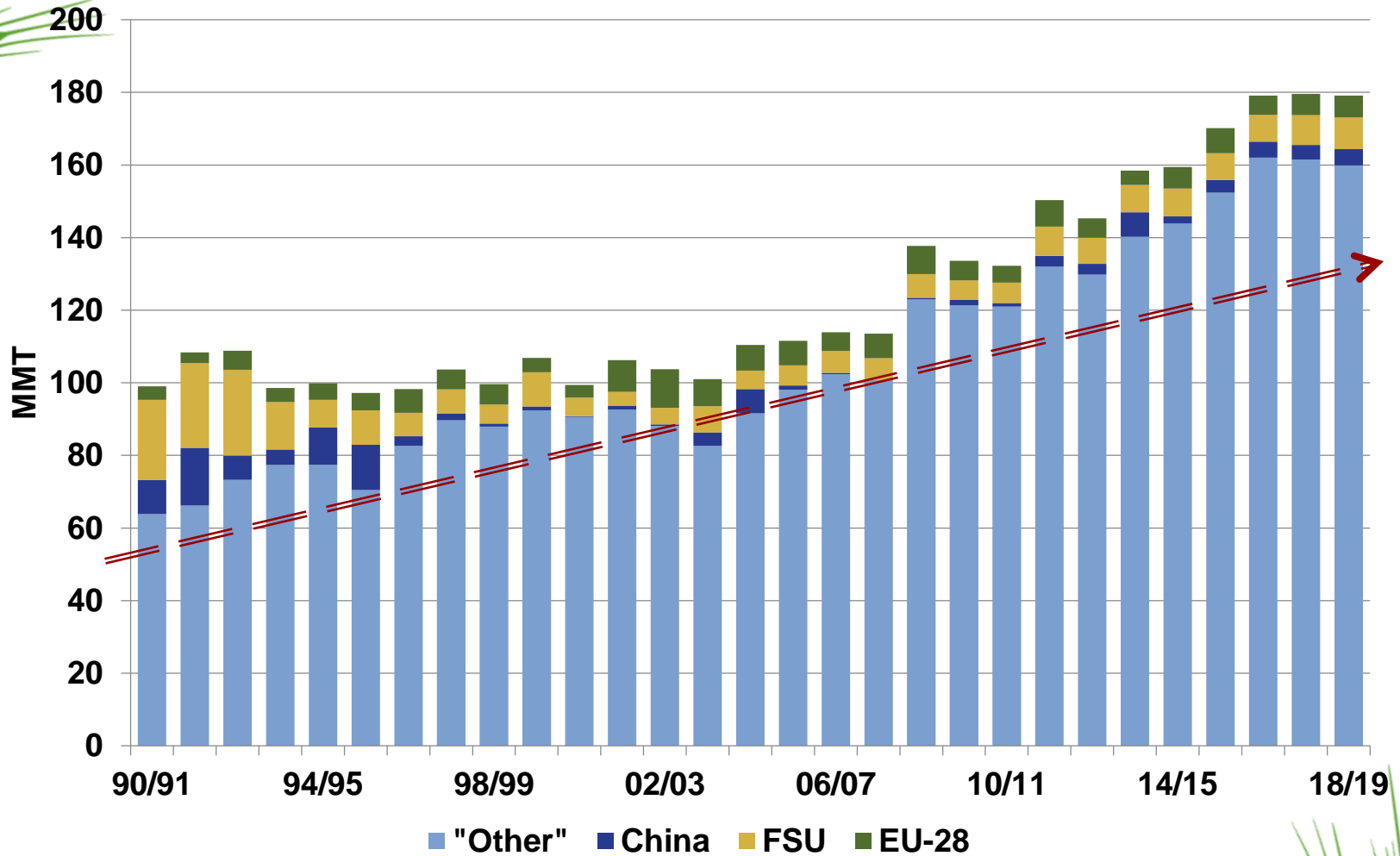
# Top 10 Customers for U.S. Wheat

2017/18 vs. 2016/17



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

# World Wheat Imports



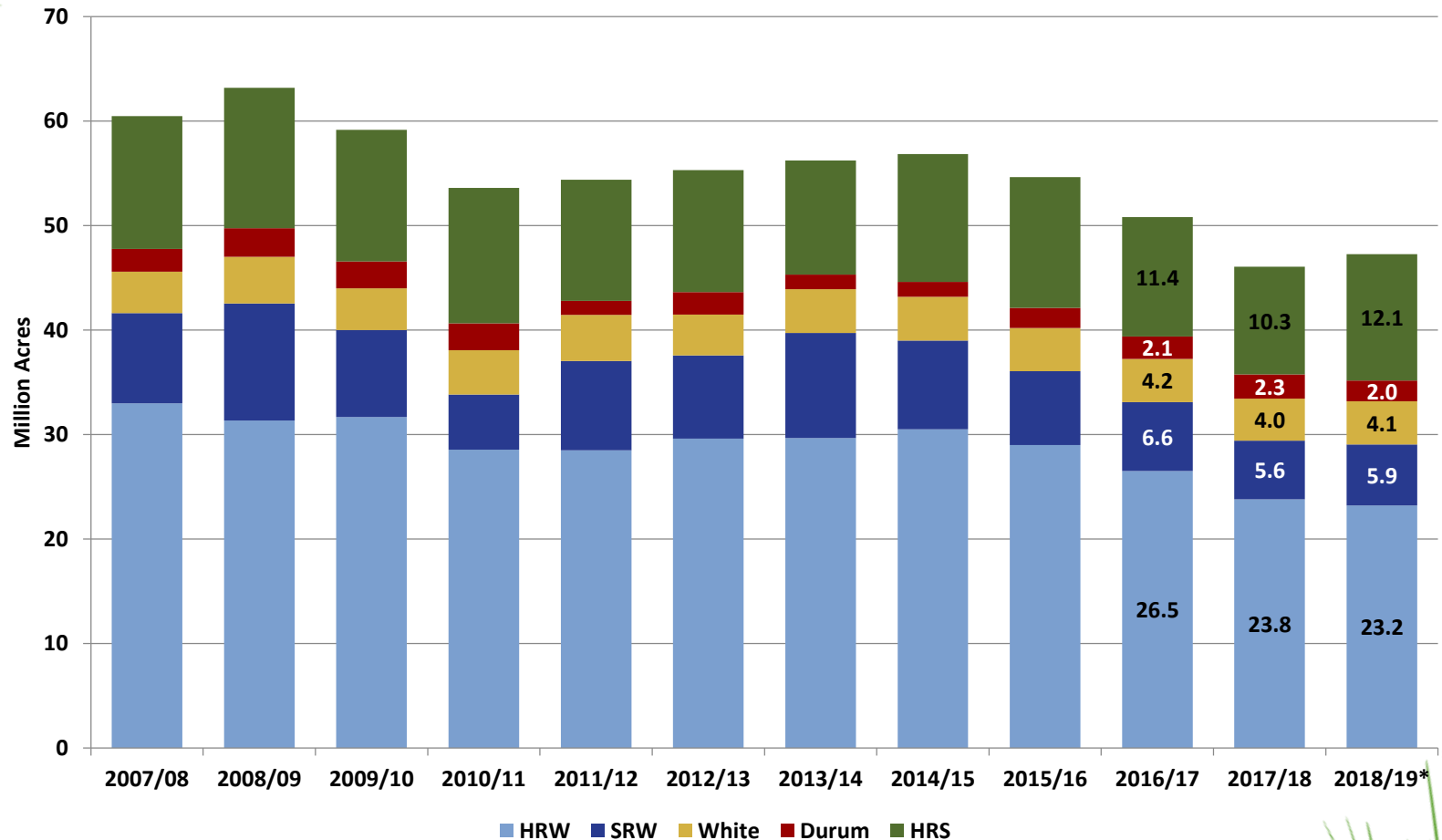
Trend in "other" importers denoted (—▶)

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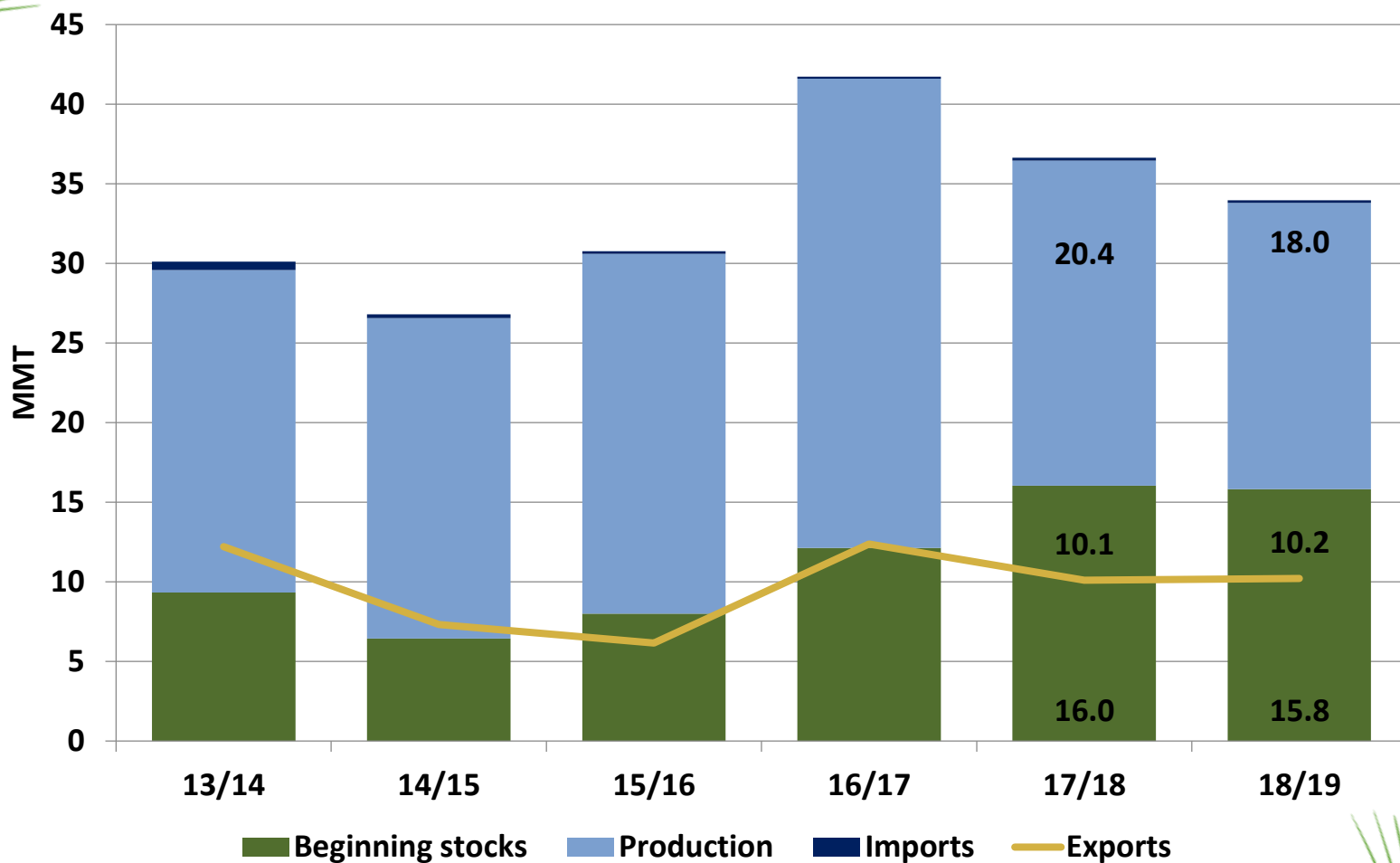
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# U.S. Wheat Plantings by Class

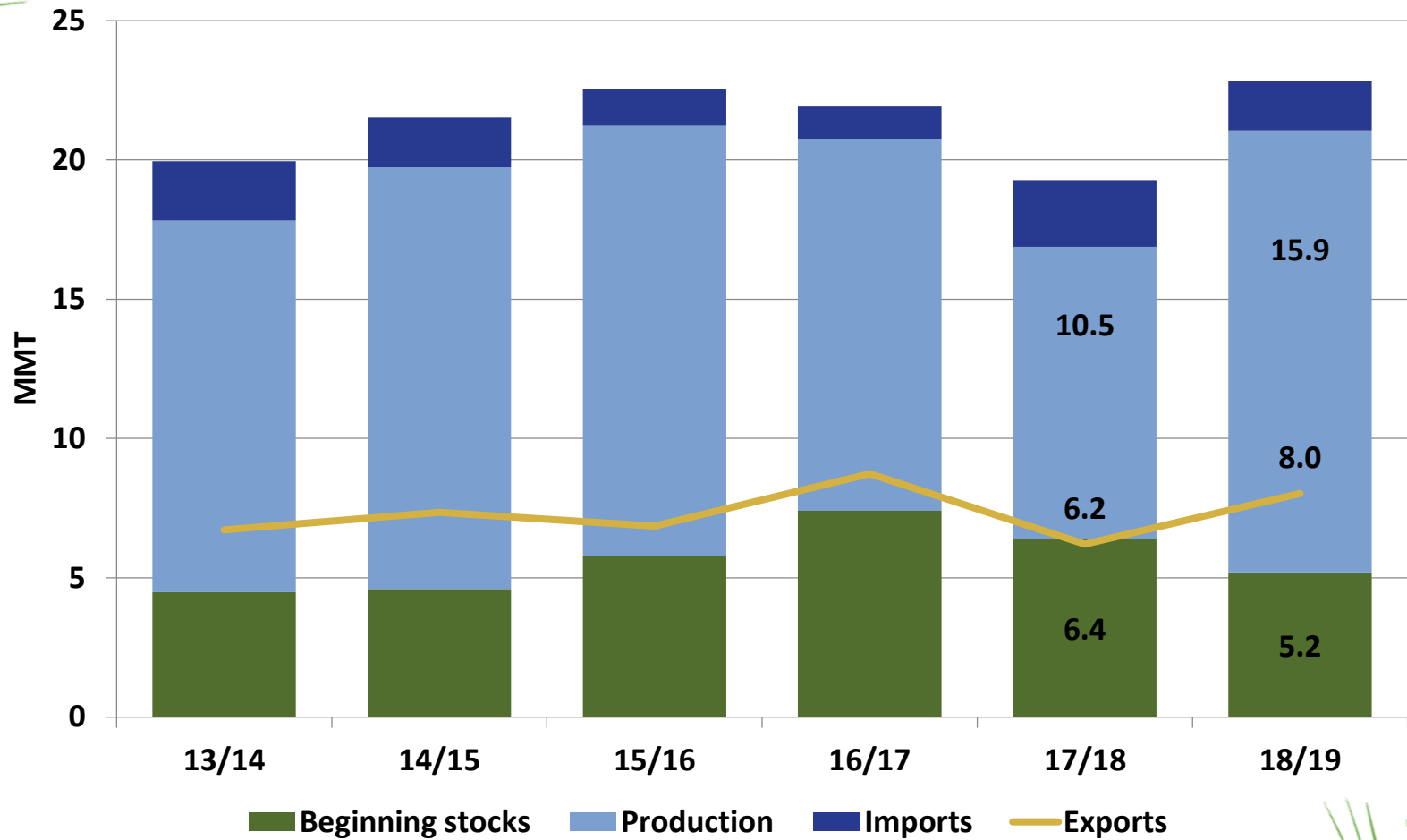


\*Source: USDA Prospective Plantings Report, March 29, 2018

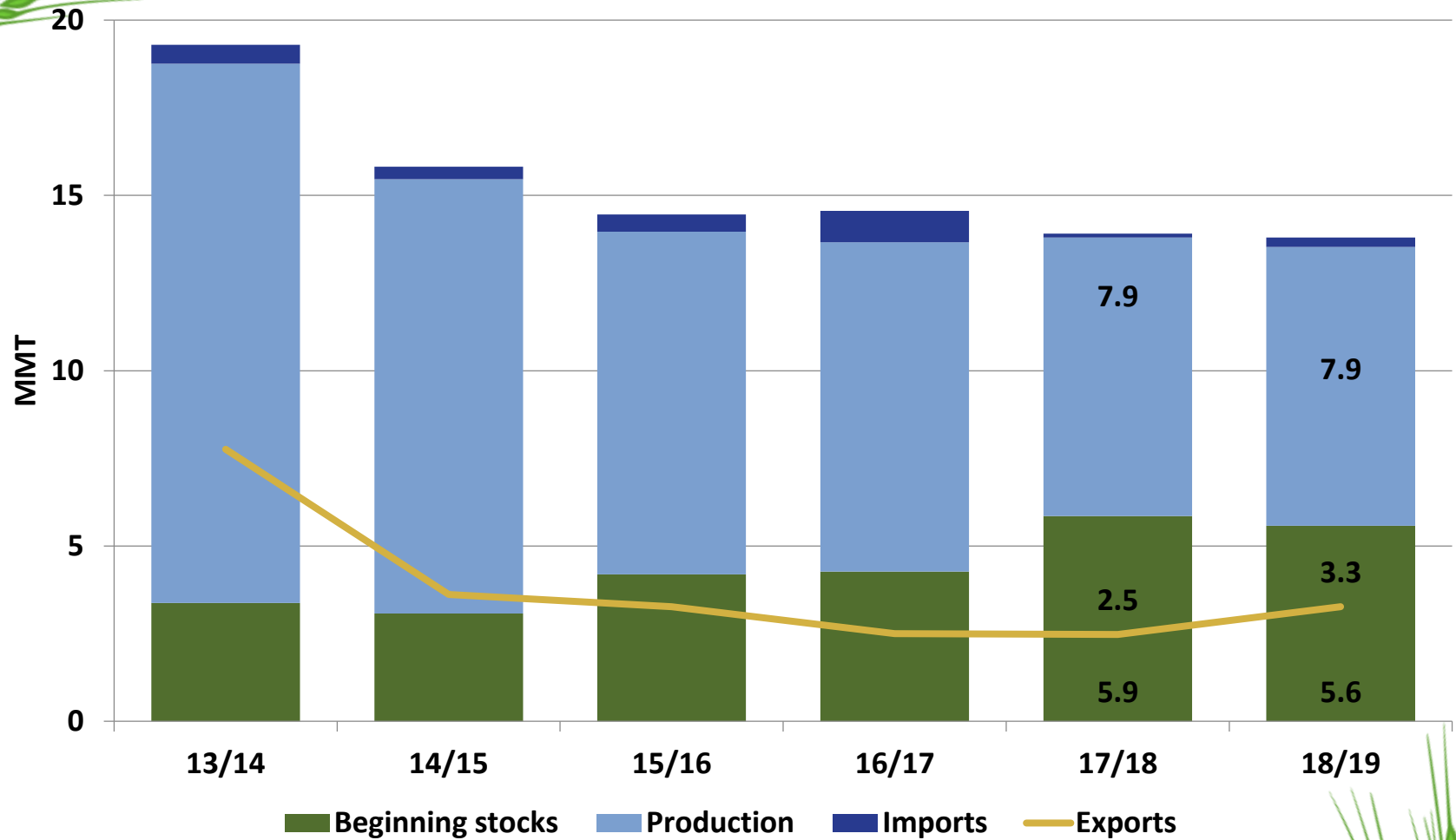
# U.S. Hard Red Winter



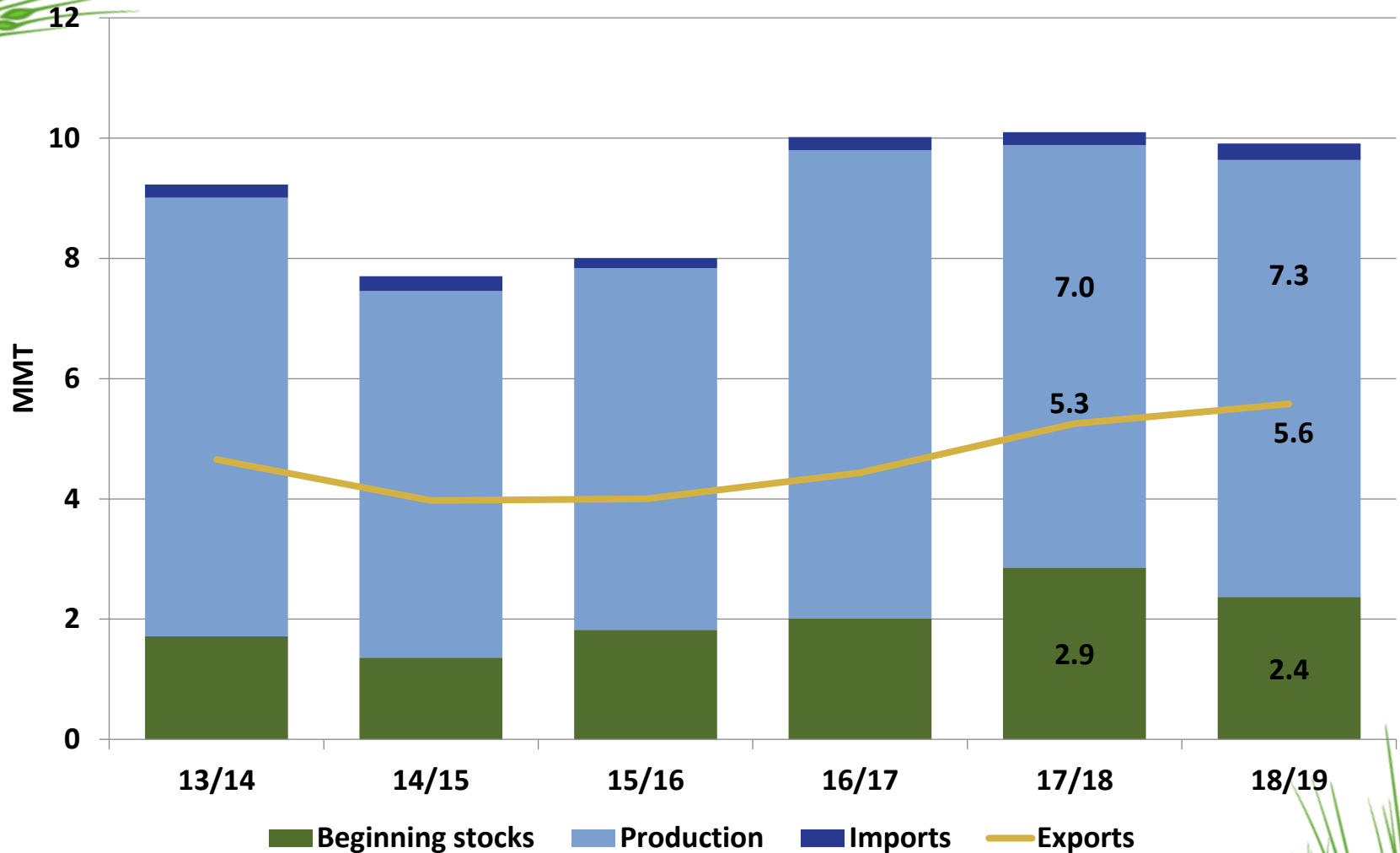
# U.S. Hard Red Spring



# U.S. Soft Red Winter

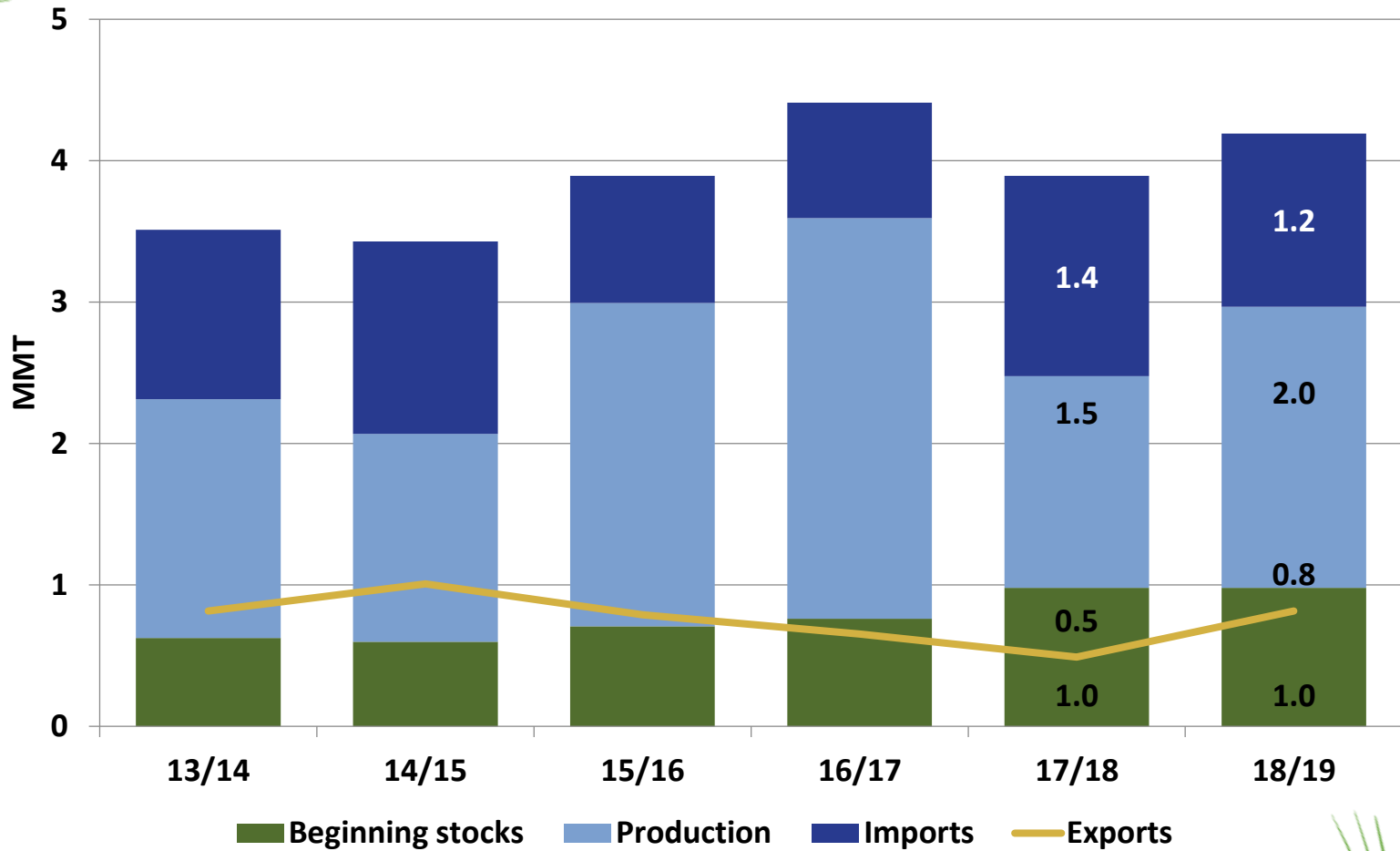


# U.S. White



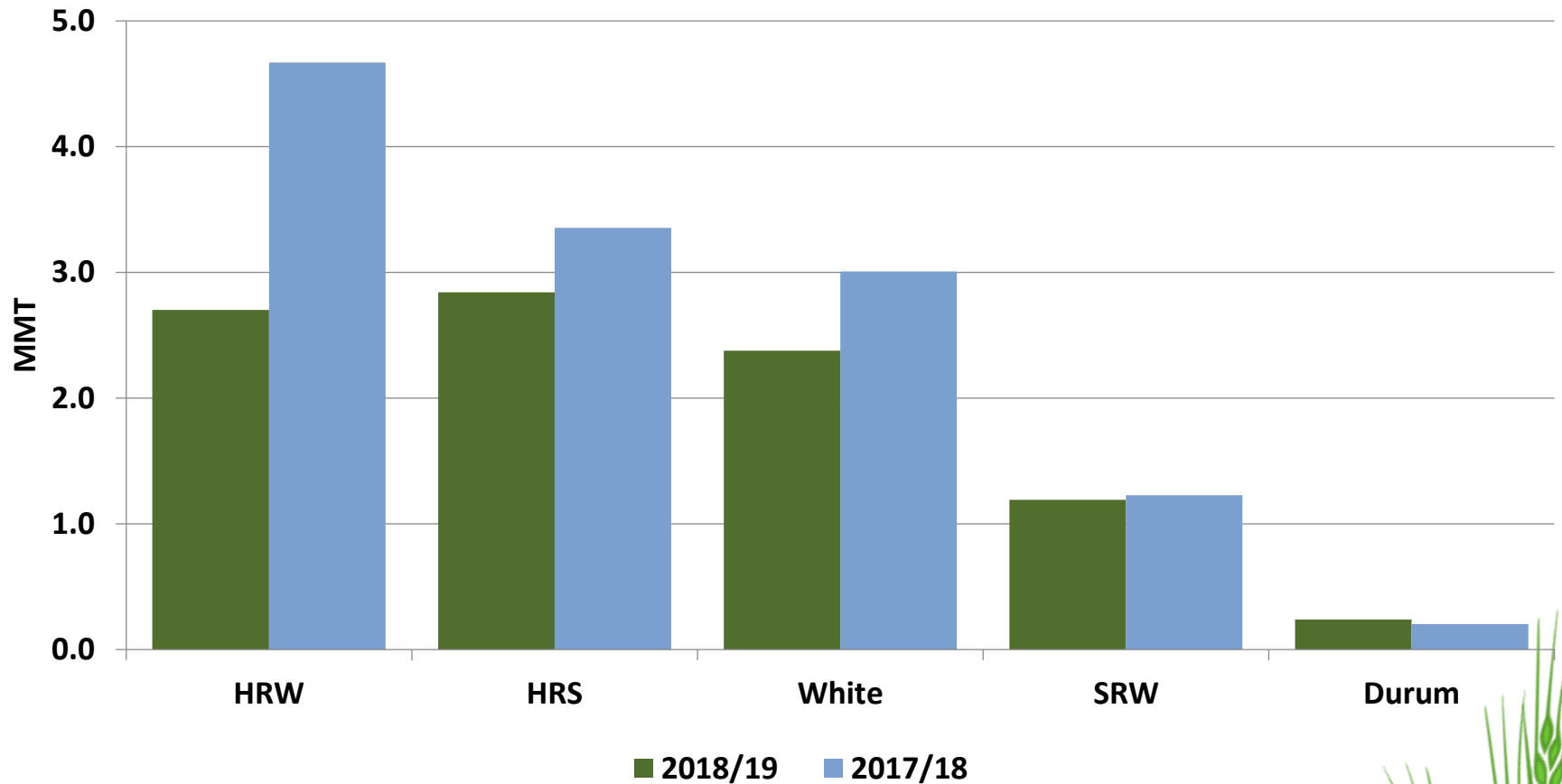


# U.S. Durum



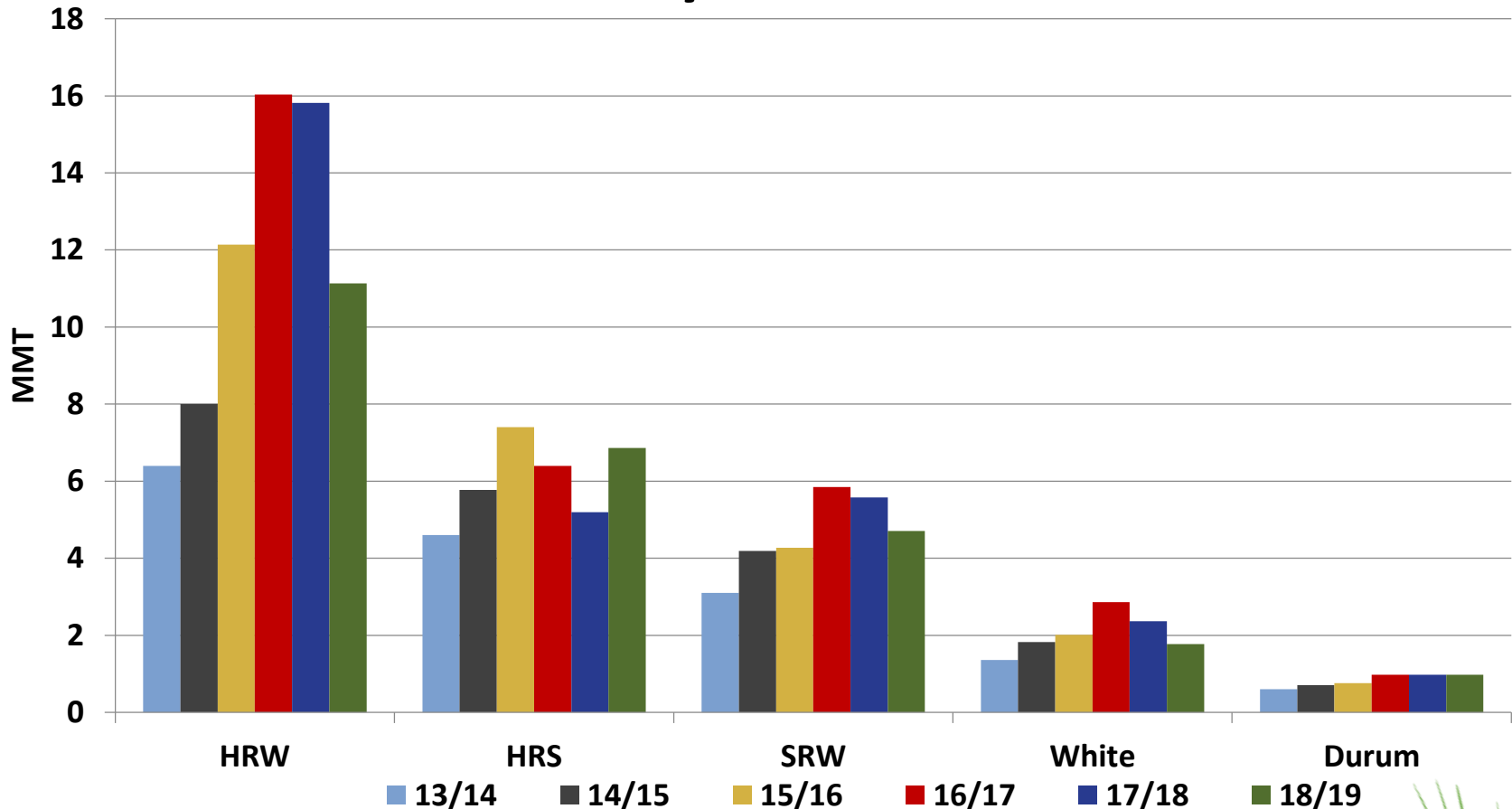
# U.S. Wheat Sales by Class

(year-to-date)



Source: USDA FAS export sales report September 7, 2018.

# U.S. Wheat Ending Stocks by Class



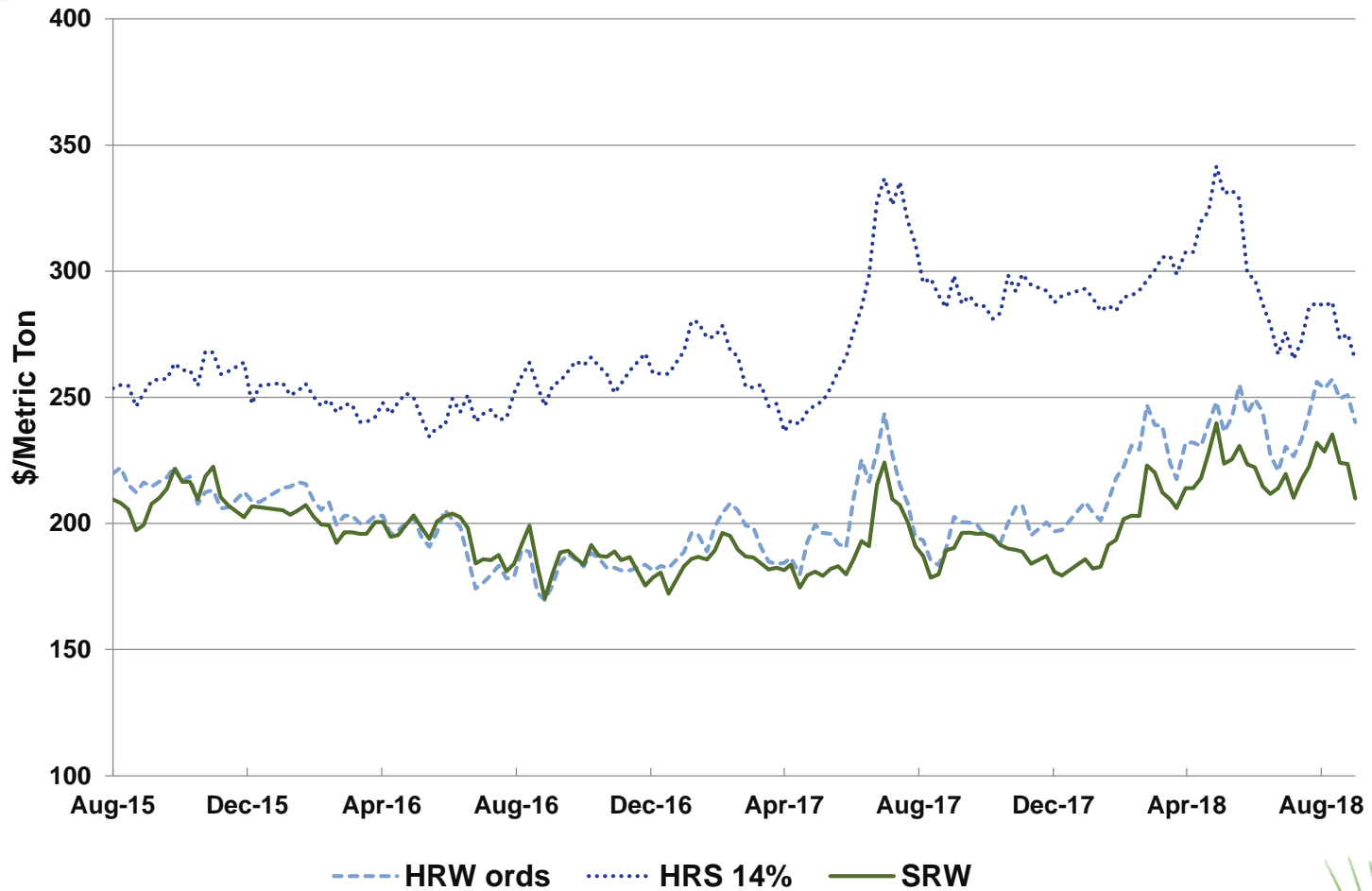
# U.S. Wheat Supply and Demand

	HRW		HRS		SRW	
	17/18	18/19	17/18	18/19	17/18	18/19
	<b>MMT</b>					
Beginning Stocks	16.0	15.8	6.4	5.2	5.9	5.6
Production	20.4	18.0	10.5	15.9	7.9	7.9
Imports	<u>0.2</u>	<u>0.2</u>	<u>2.4</u>	<u>1.8</u>	<u>0.1</u>	<u>0.3</u>
Supply Total	36.6	34.0	19.3	22.8	13.9	13.8
Domestic Use	10.7	12.6	7.8	7.9	5.9	5.8
Exports	<u>10.1</u>	<u>10.2</u>	<u>6.2</u>	<u>8.0</u>	<u>2.5</u>	<u>3.3</u>
Use Total	20.8	22.8	14.1	16.0	8.3	9.1
Ending Stocks	15.8	11.1	5.2	6.9	5.6	4.7
Stocks-to-Use	76%	49%	37%	43%	67%	52%

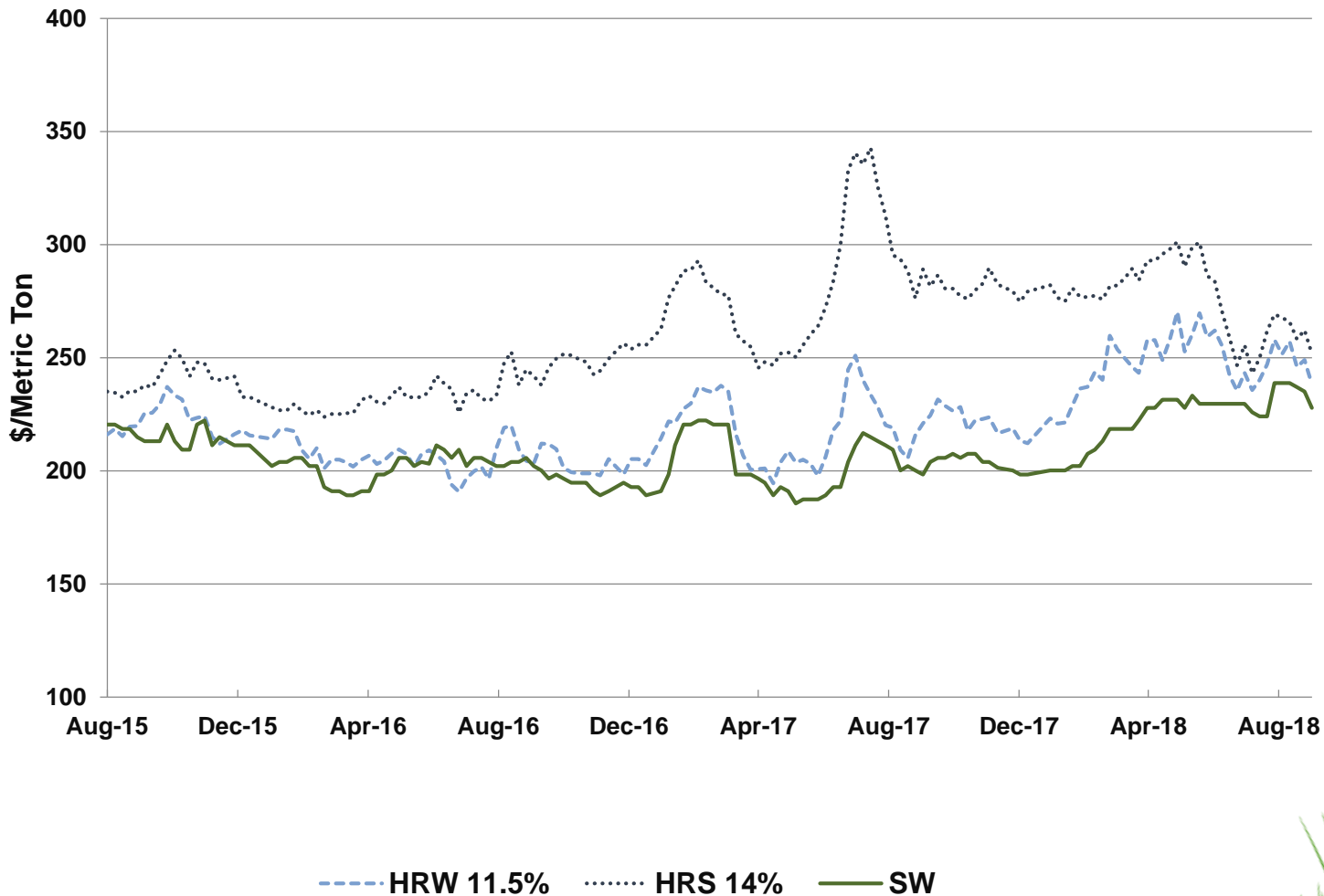
# U.S. Wheat Supply and Demand

	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	7.3	1.5	2.0	47.4	51.1
Imports	<u>0.2</u>	<u>0.3</u>	<u>1.4</u>	<u>1.2</u>	<u>4.3</u>	<u>3.7</u>
Supply Total	10.1	9.9	3.9	4.2	83.8	84.7
Domestic Use	2.4	2.6	2.4	2.4	29.3	31.4
Exports	<u>5.3</u>	<u>5.6</u>	<u>0.5</u>	<u>0.8</u>	<u>24.5</u>	<u>27.9</u>
Use Total	7.7	8.1	2.9	3.2	53.8	59.3
Ending Stocks	2.4	1.8	1.0	1.0	29.9	25.4
Stocks-to-Use	31%	22%	34%	31%	56%	43%

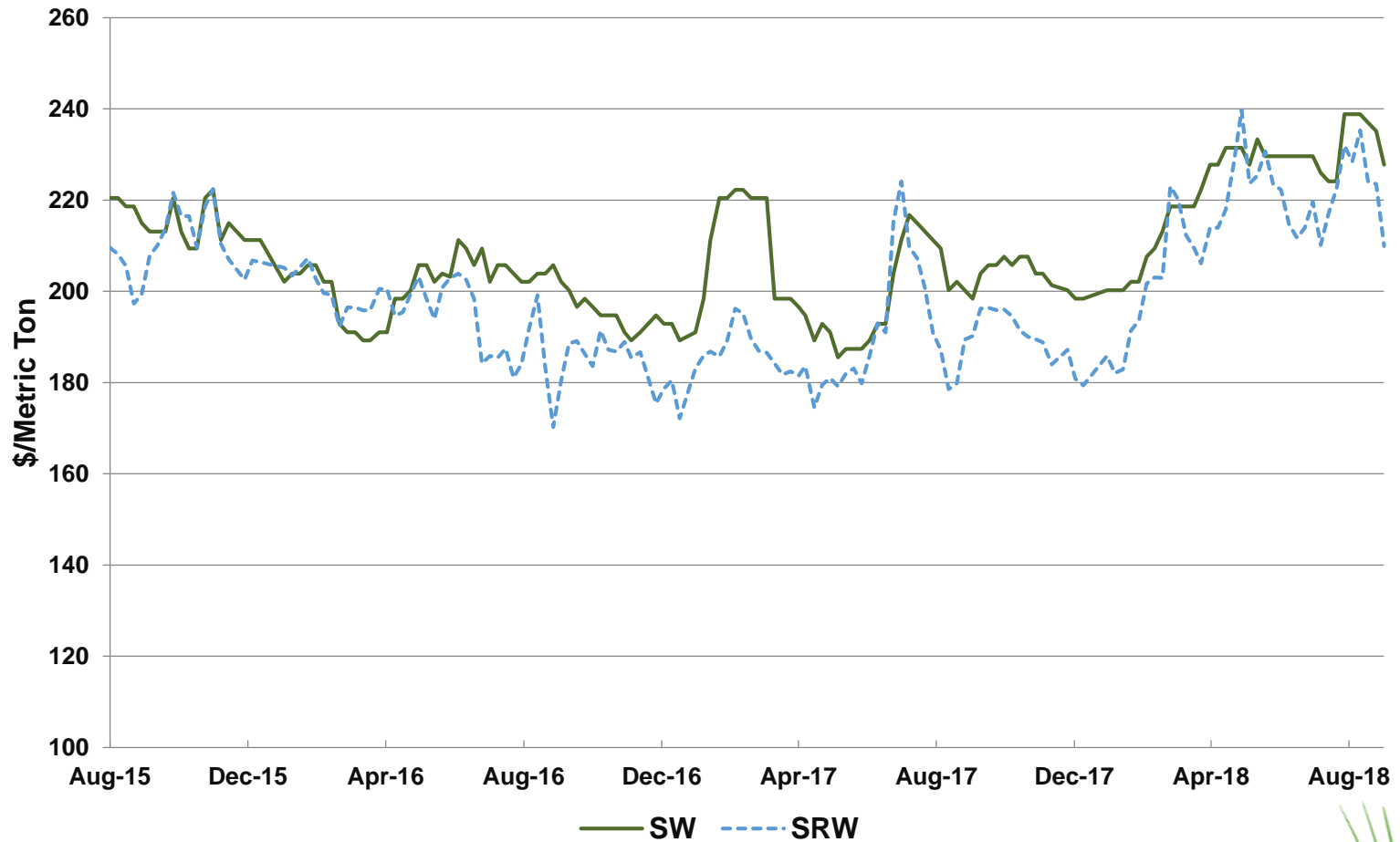
# U.S. FOB Gulf Prices



# U.S. FOB PNW Prices

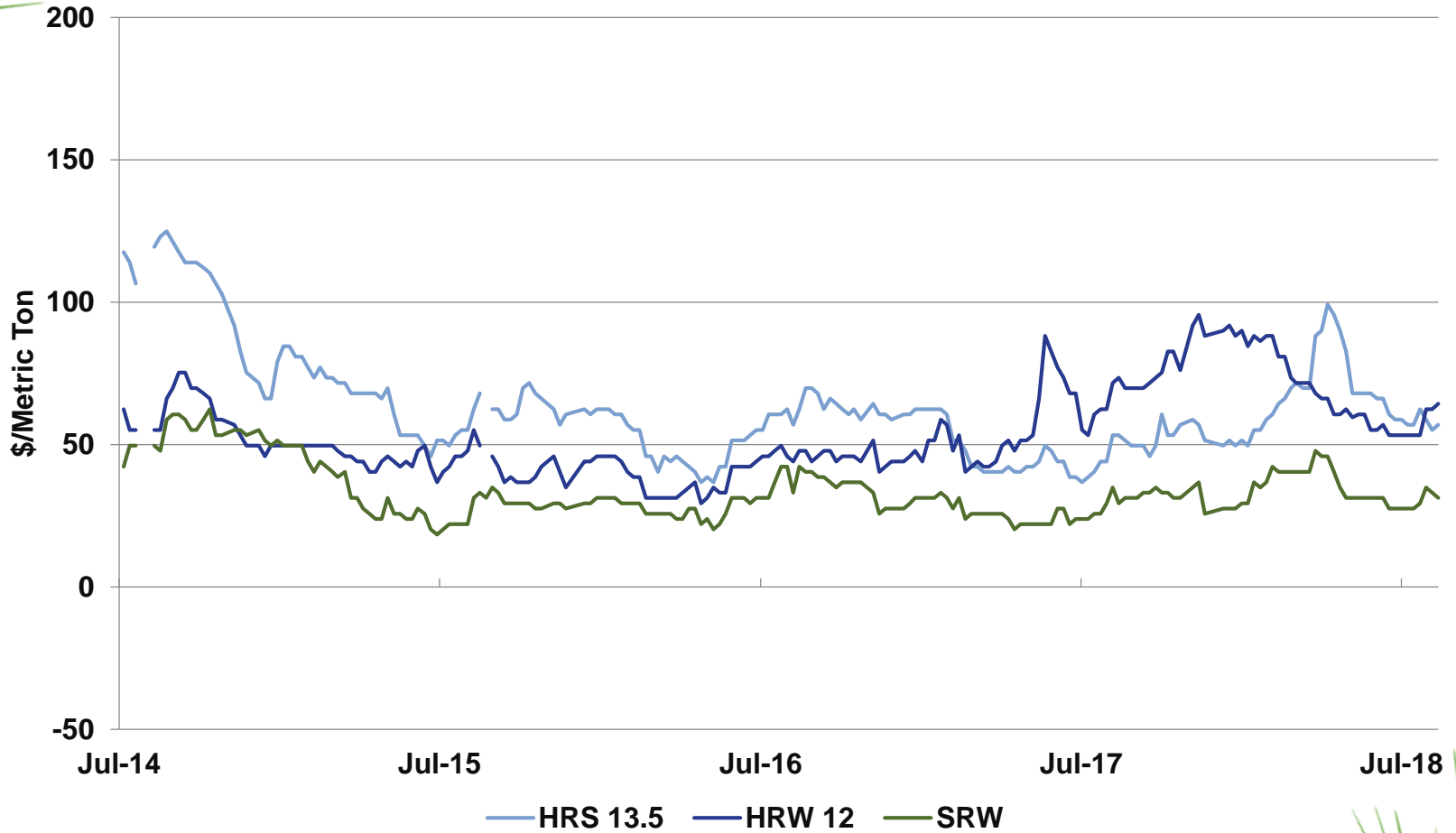


# SRW and Soft White Prices





# U.S. Gulf Basis Prices



# U.S. PNW Basis Prices

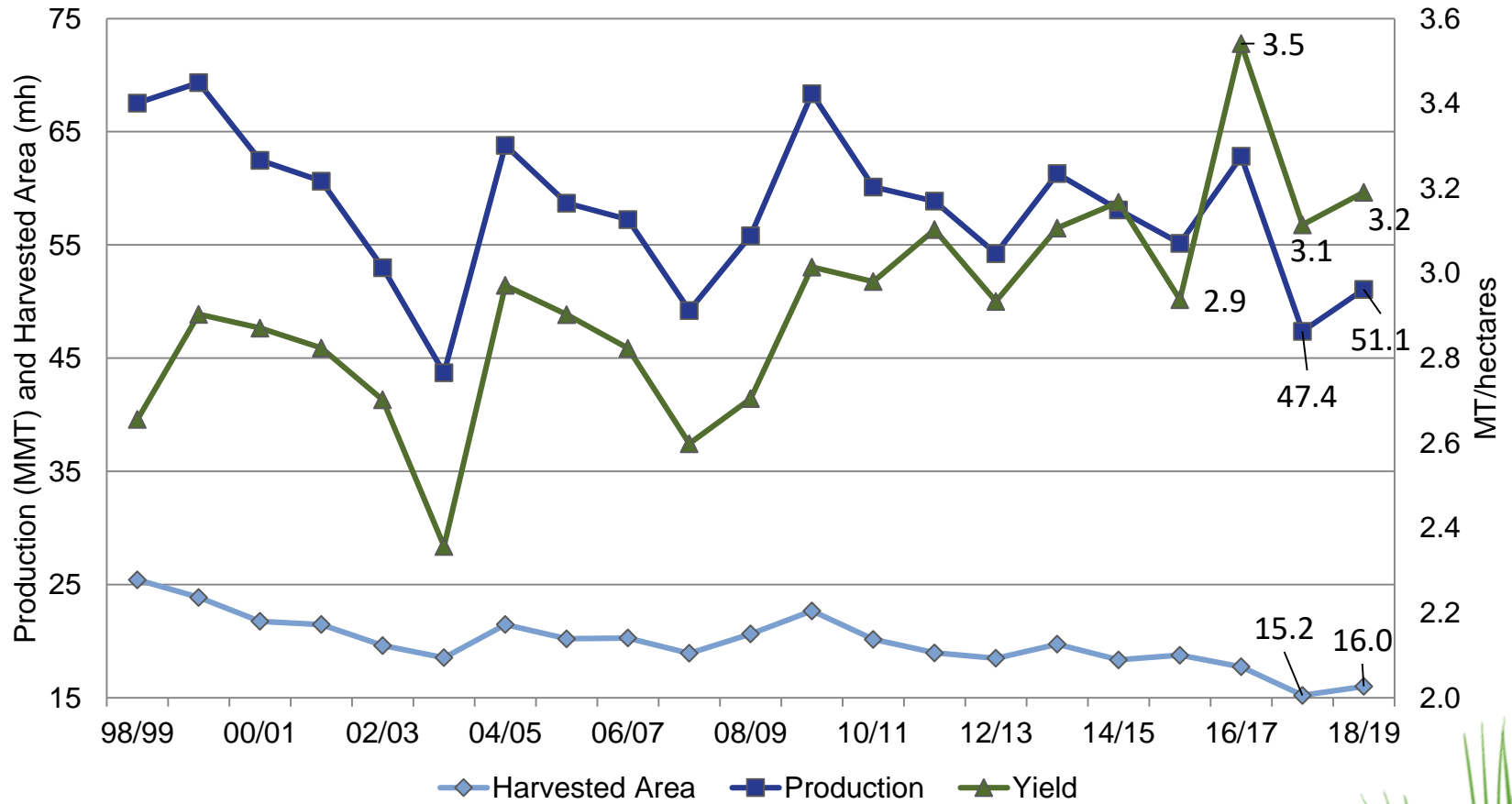


- Major Exporters
- Import Demand
- U.S. Situation by Class
- Outlook

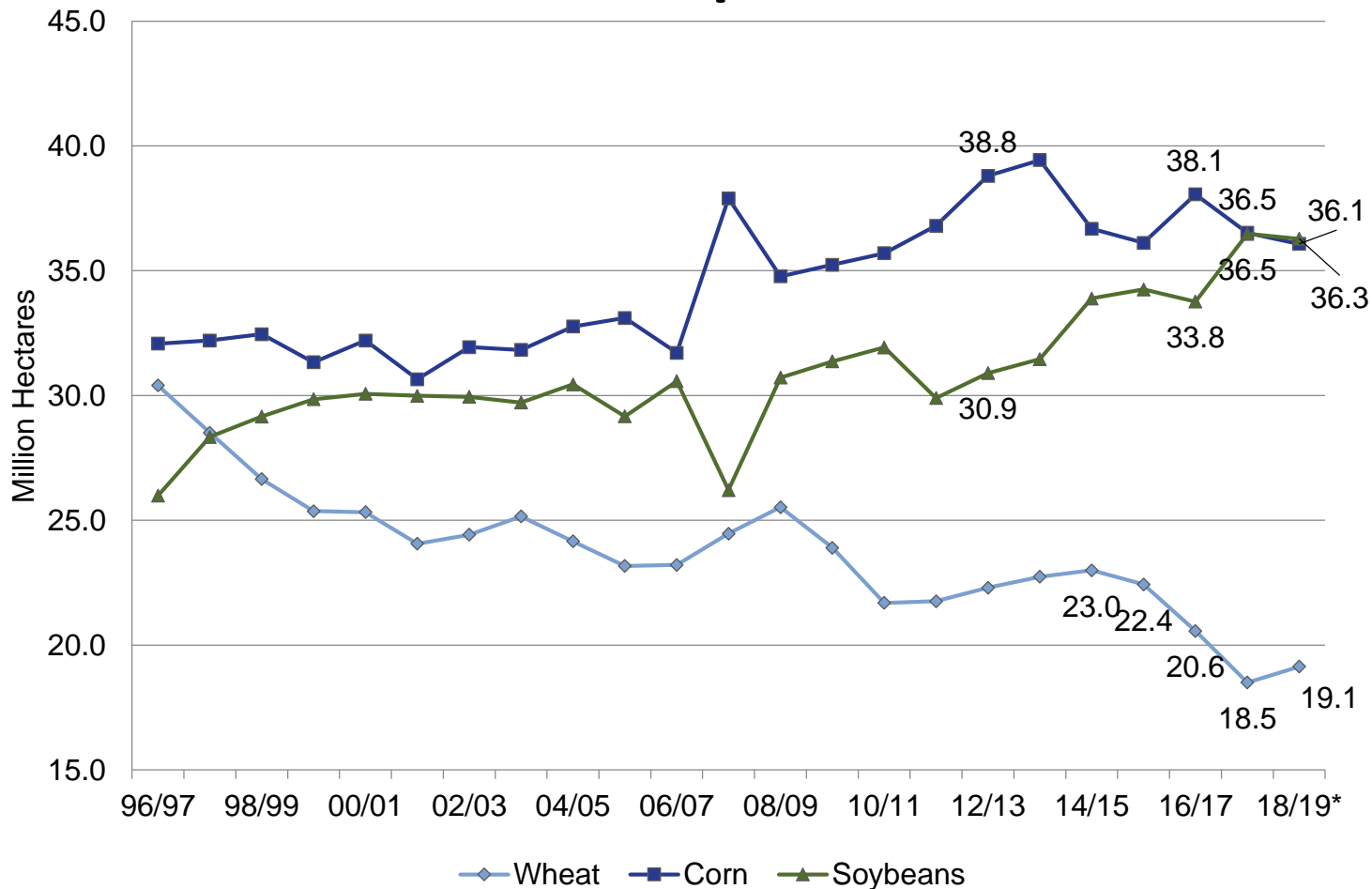


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# U.S. Wheat Area and Production



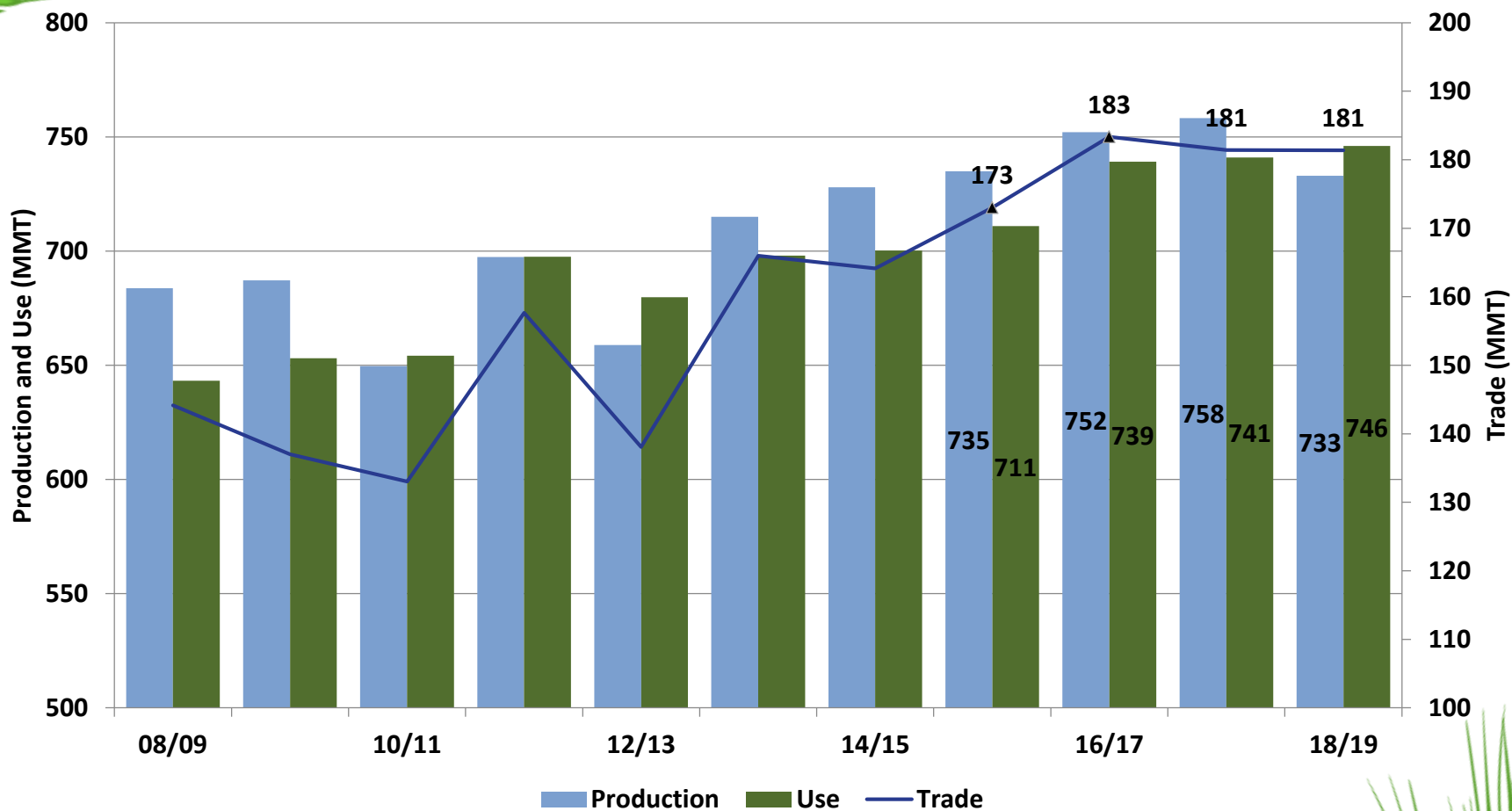
# U.S. Crop Planted Area Comparison



\*Source: USDA Acreage Report June 29, 2018

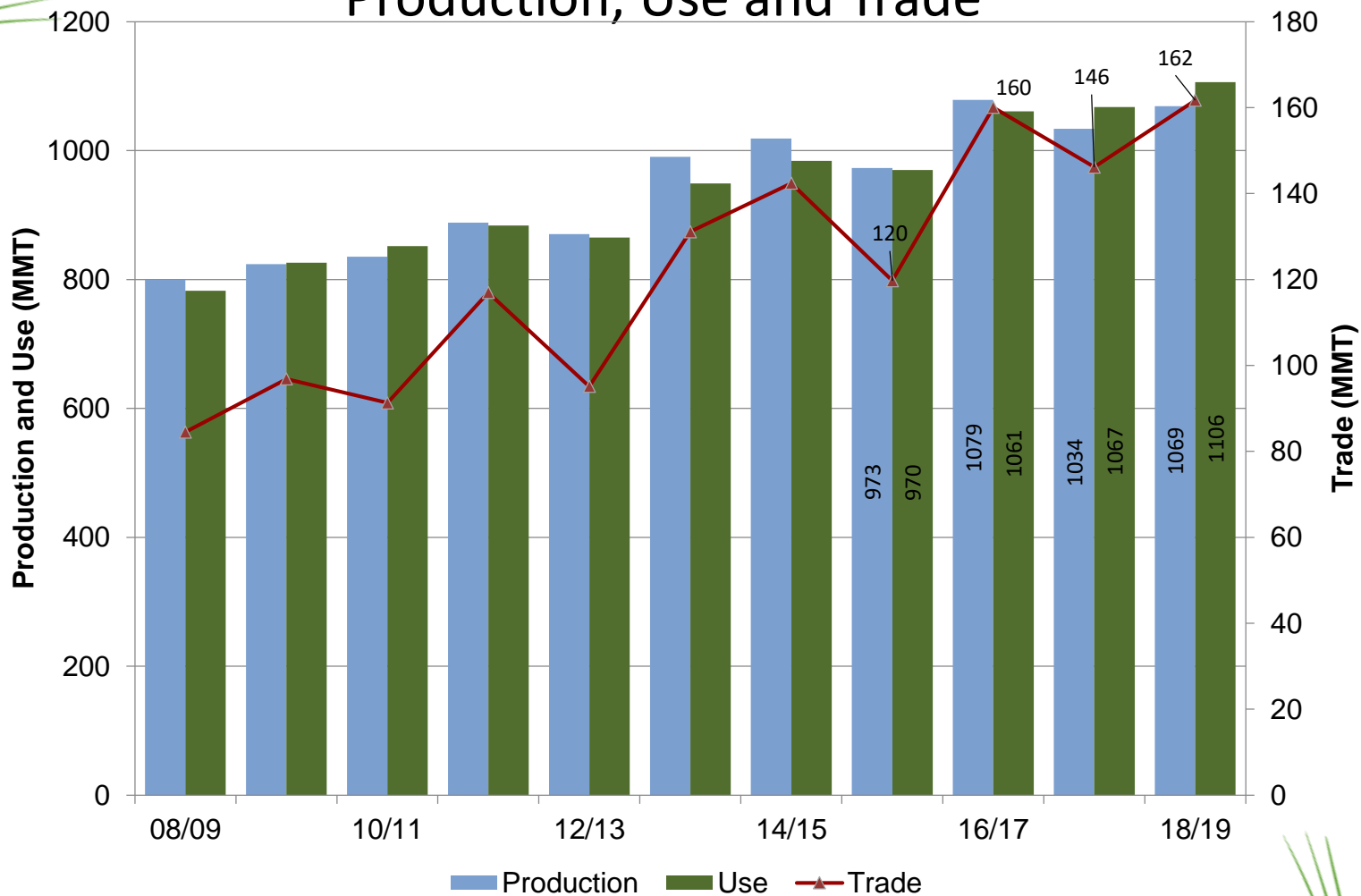
# World Wheat

## Production, Use and Trade



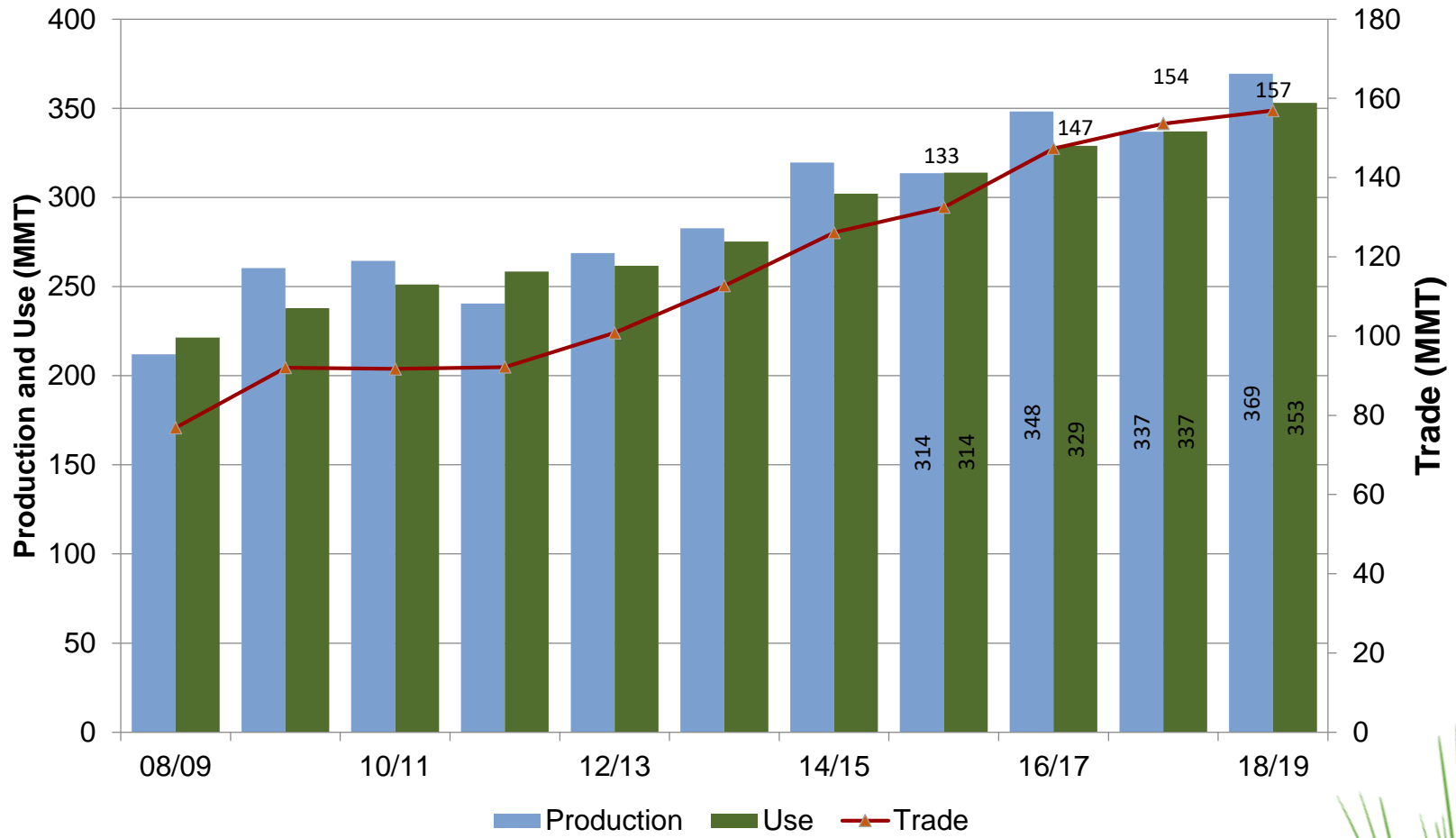
# World Corn

## Production, Use and Trade



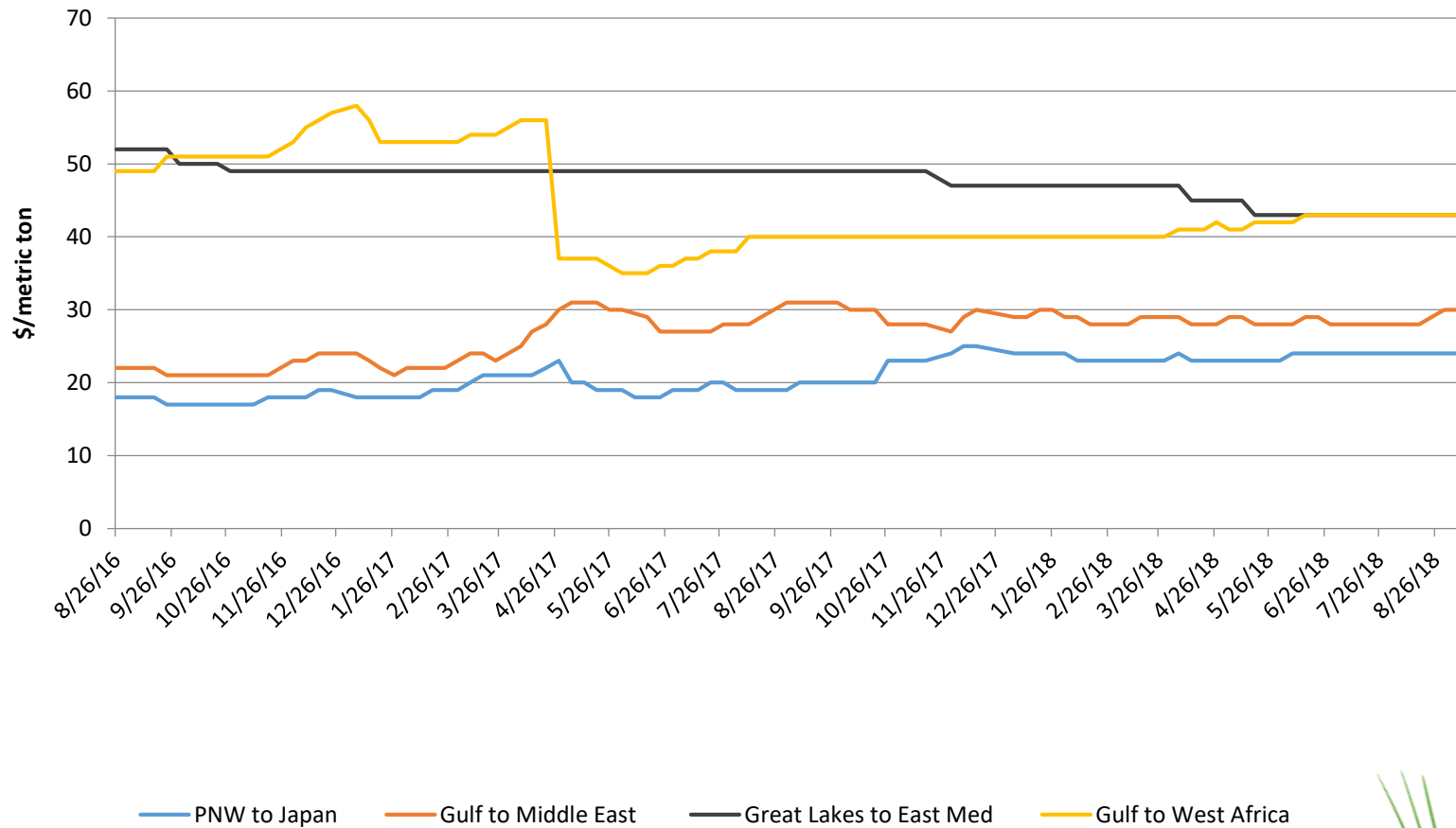
# World Soybeans

## Production, Use and Trade





# Ocean Freight Rates for Grains



# Summary

- **Global production to fall for first time in 5 years**

- Russian wheat production to fall to 71.0 MMT, 16% below 2017/18
- Wheat production in the U.S. to reach 51.1 MMT, 9% below the 5-year average

- **Global ending stocks to decline to 261 MMT, still 10% above the 5-year average**

- Ending stocks in the EU to fall to 10.1 MMT, 21% below the year prior, if realized
- U.S. ending stocks to decrease to 25.4 MMT, down 15% from 2017/18, if realized

- **World consumption expected to hit new record in 2018/19; world trade to remain at record high**

- Indonesian 2018/19 wheat imports to remain stable at 10.5 MMT, still 15% above the 5-year average
- U.S. 2018/19 exports to total 27.9 MMT, 7% above the 5-year average, if realized



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