

Wheat Market Outlook - Spring 2017

Industry Outlook Conference

Denver, Colorado – April 20, 2017

DANIEL O'BRIEN

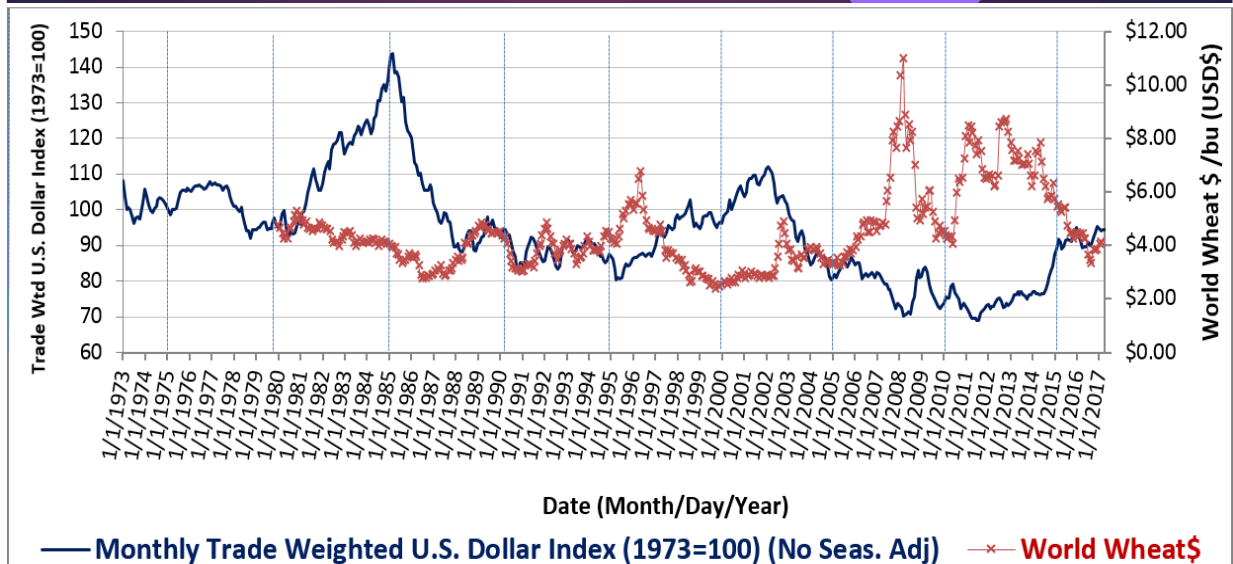
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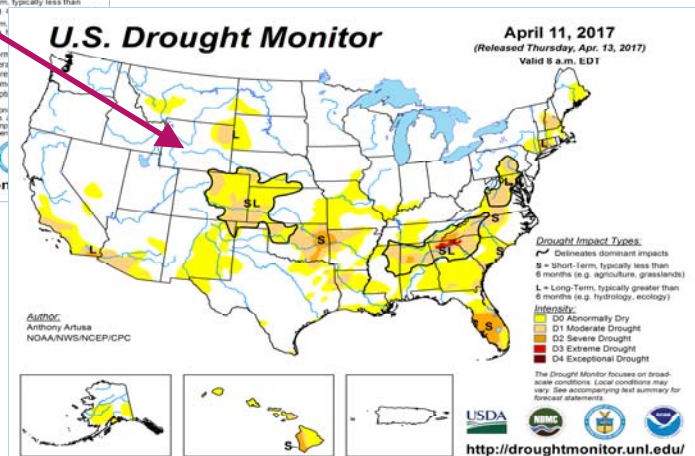
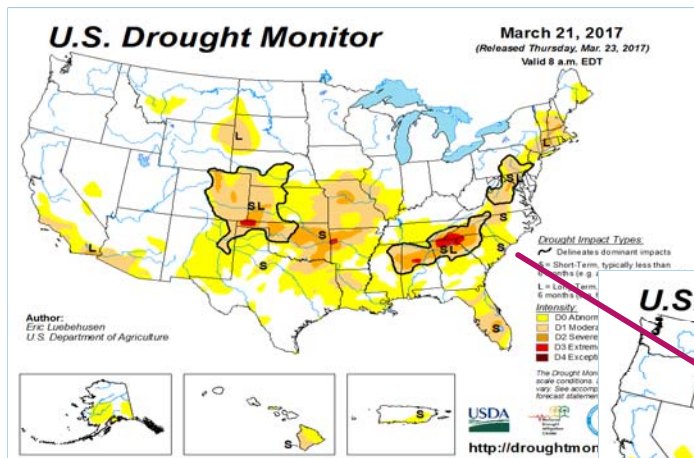
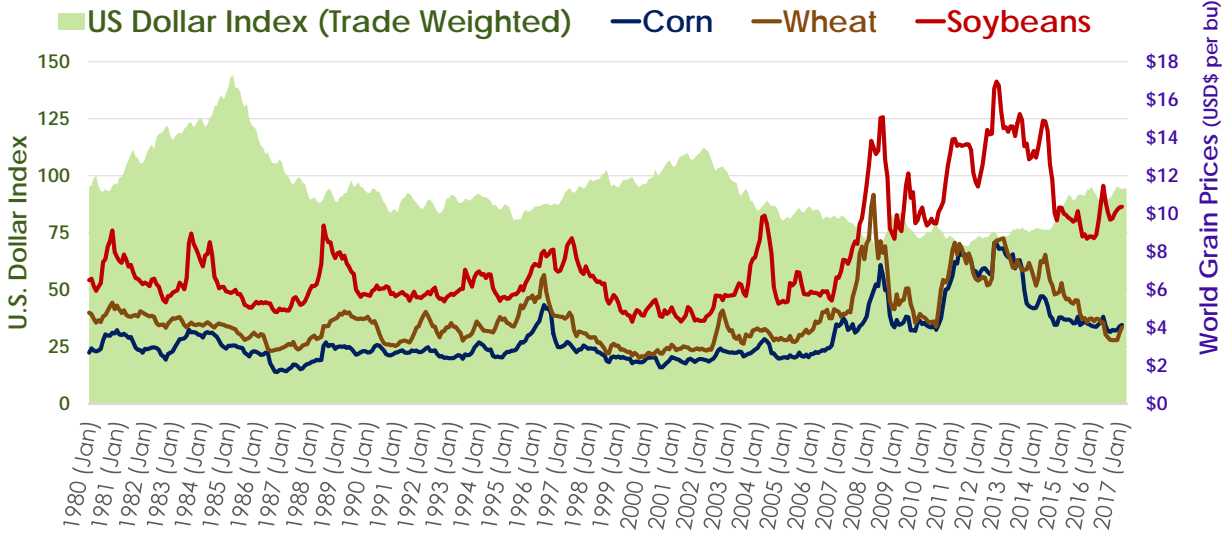
Department of Agricultural Economics

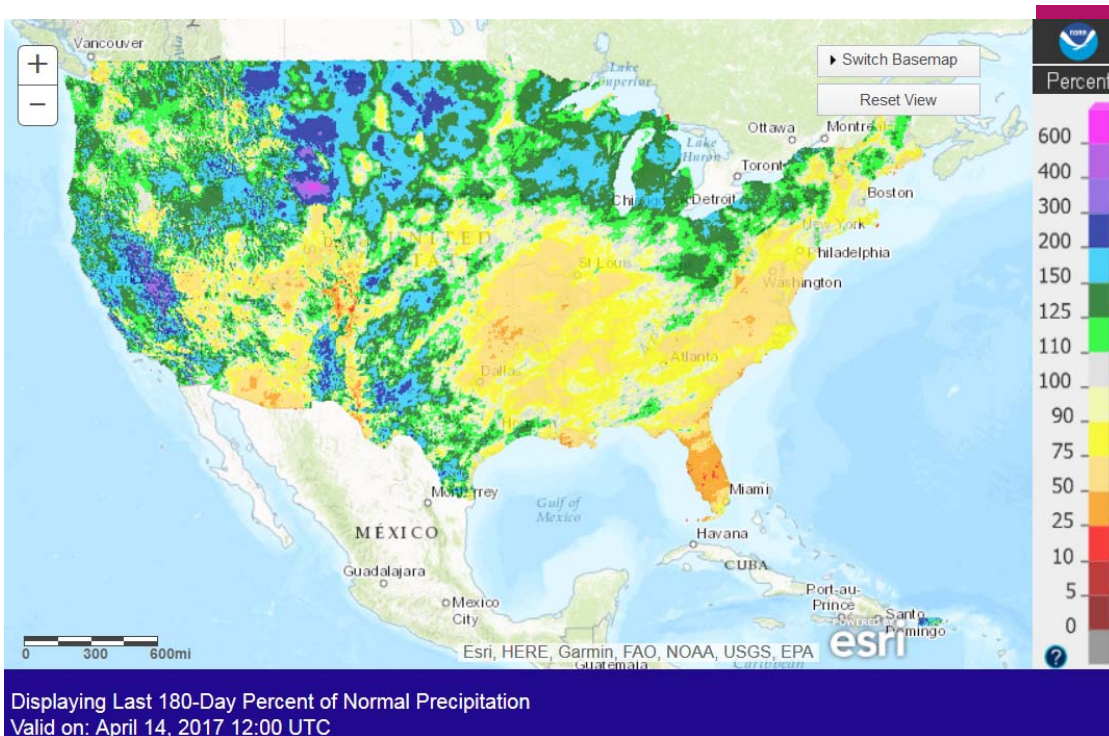


U.S. Dollar Index (Trade Weighted) 1973 – early April 2017

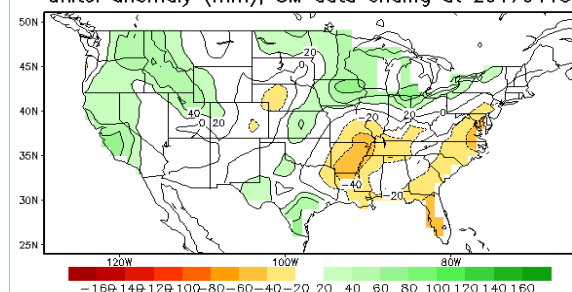


U.S. Dollar Index vs World Grain \$'s 1980 - Early April 2017

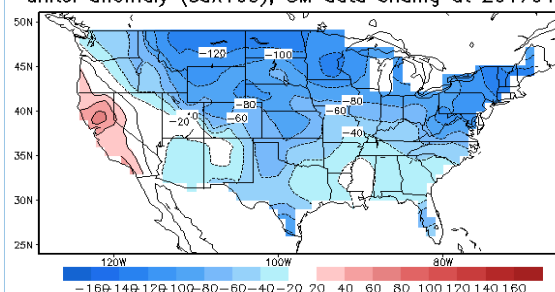




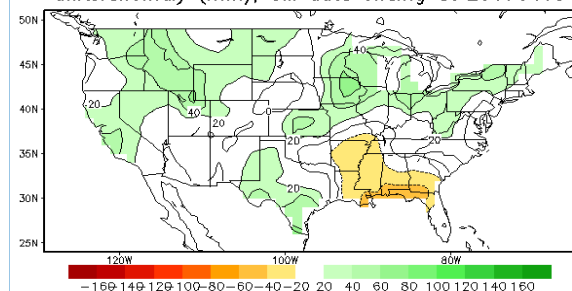
Lagged Averaged Soil Moisture Outlook for End of MAY2017
units: anomaly (mm), SM data ending at 20170413



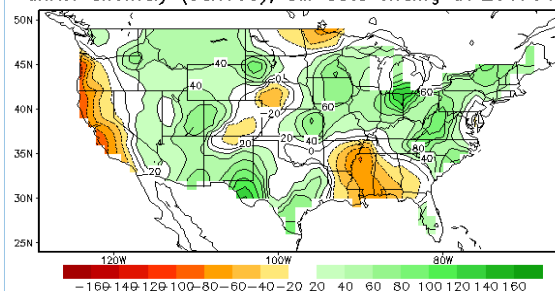
Lagged Averaged Temperature Outlook for MJJ 2017
units: anomaly (sdX100), SM data ending at 20170413



Lagged Averaged Soil Moisture Outlook for End of JUL2017
units: anomaly (mm), SM data ending at 20170413



Lagged Averaged Precipitation Outlook for MJJ 2017
units: anomaly (sdX100), SM data ending at 20170413



Wheat Markets



KANSAS STATE UNIVERSITY Department of Agricultural Economics



World Wheat Market Prospects:

Large Supplies \Rightarrow A "Buyer's Market" (w. Quality concerns)

- **Record World Supplies & Usage Forecast in 2016/17**
 - 4th consecutive record high World wheat crop
- **2017 Wheat Production & Supply Prospects**
 - Lower acres in U.S., but "few/no" emerging Non-U.S. threats "yet"
- **World wheat exports to remain a "buyer's market" unless or until World supplies & stocks tighten**
 - Alternative "All World" vs "World Less China" perspectives ???

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U.S. Wheat Quality & Exports

Moderate U.S. Exports *Quality Issues*, Large Stocks, & Low Prices



U.S. wheat exports have been “slowed” by large competitive World supplies of “fair” quality Wheat, but “*tight*” high protein

- U.S. HRW Wheat 2016: **11.5% protein / 60.5 lb/bu test weight**
 - Vs 2011-2015 year avg: 12.8% protein / 60.3 lb/bu test weight
- U.S. HRS Wheat 2016: **14.1% protein / 61.6 lb/bu test weight*****
 - Vs 2011-2015 year avg: 14.2% protein / 61.4 lb/bu test weight
- U.S. SRW Wheat 2016: **9.4% protein / 58.6 lb/bu test weight**
 - Vs 2011-2015 year avg: 10.0% protein / 58.5 lb/bu test weight

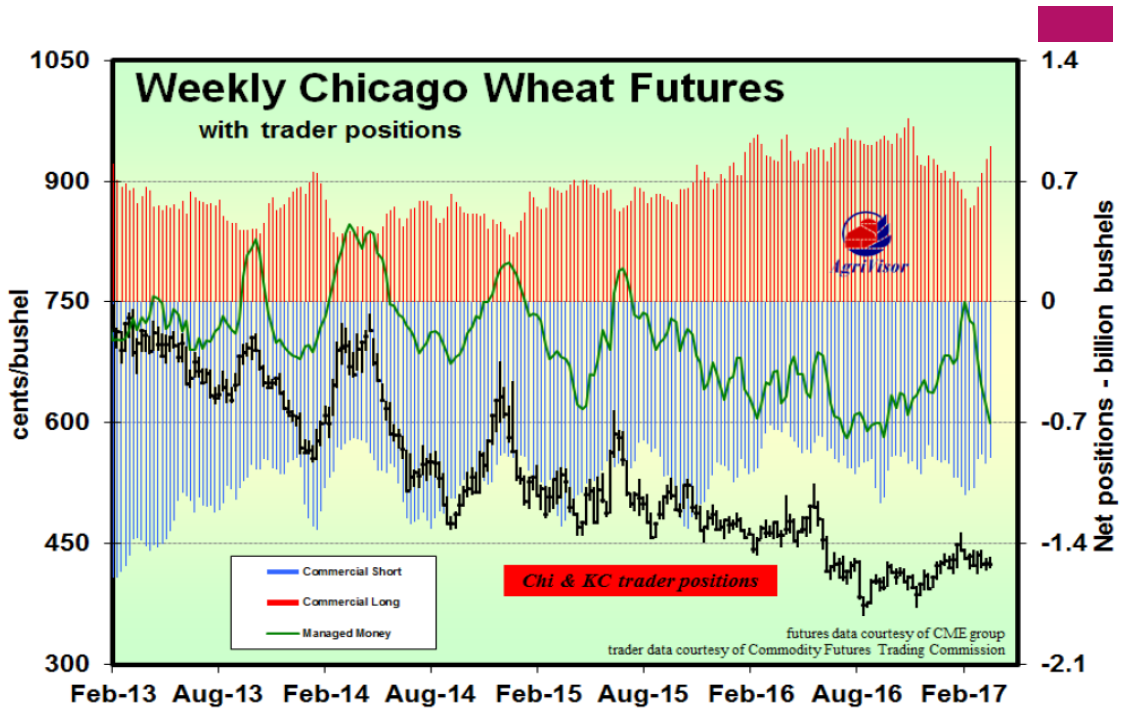
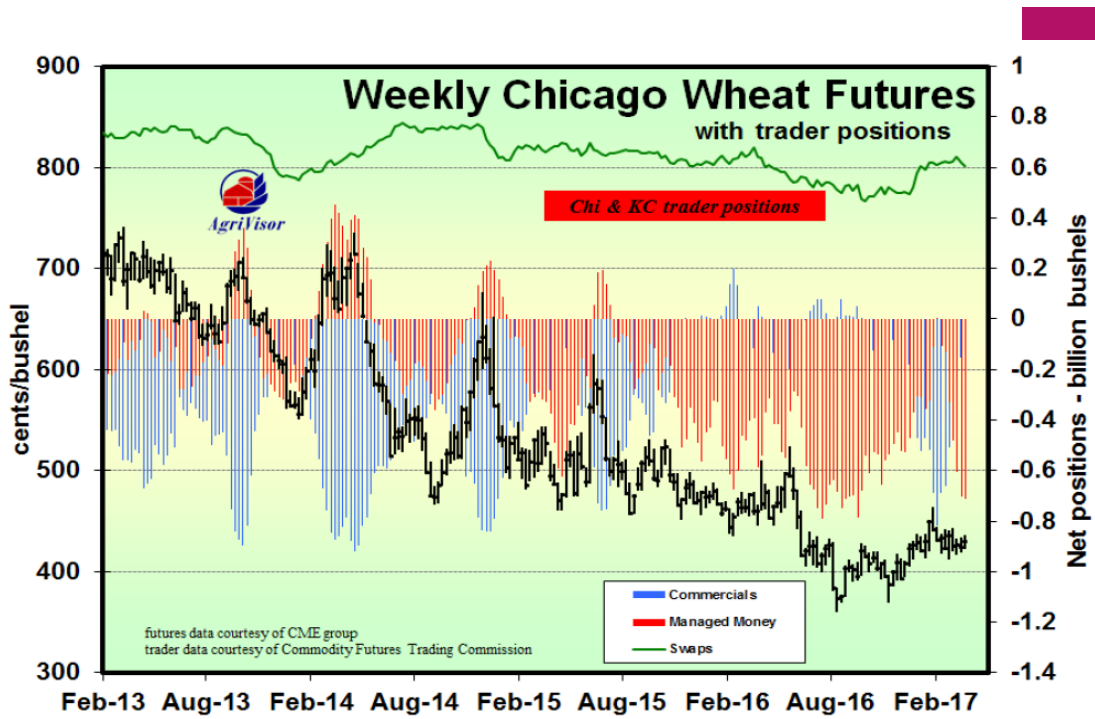


CME Kansas Hard Red Winter Wheat

Monthly Chart: February 2008 – March 2017 + 4/19/2017 close

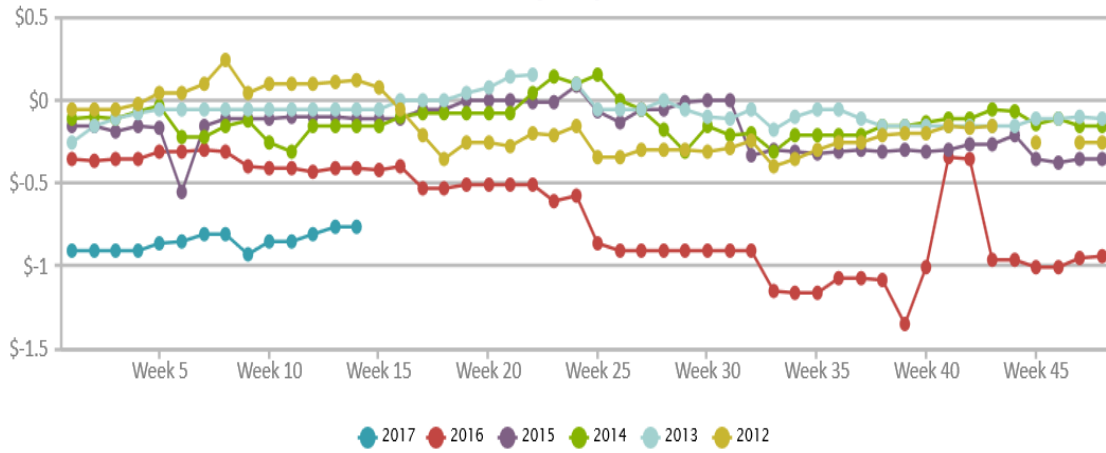


← \$4.33



HUTCHINSON, KS: Hard Red Winter Wheat Basis - CARGILL

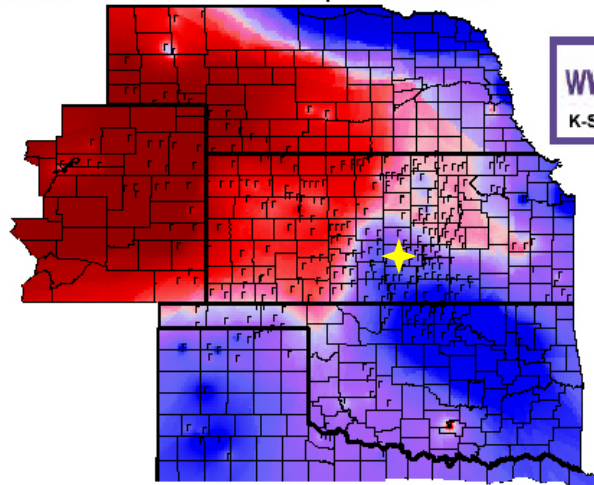
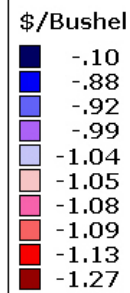
www.AgManager.info



Wheat Basis, 04-12-2017

Basis = Cash Price - Nearby Futures Price

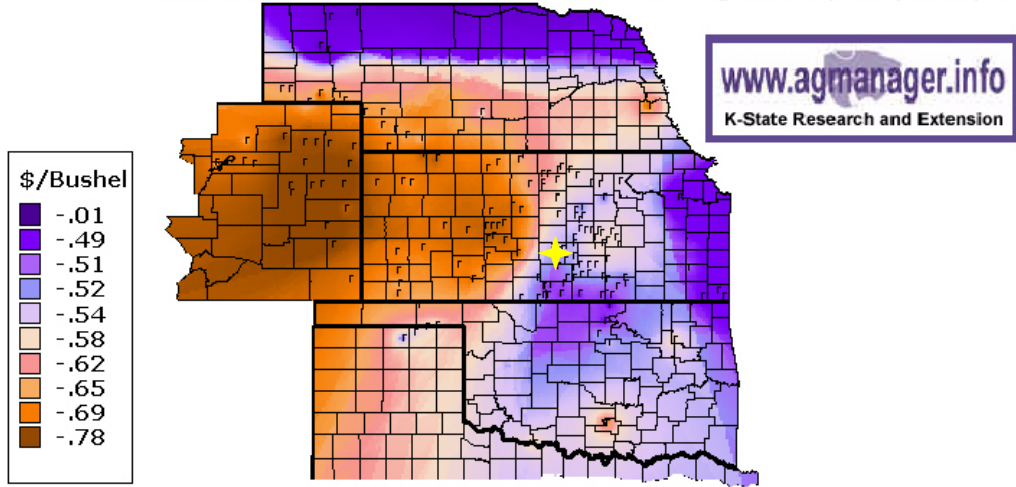
KCBT May
Futures
Price: \$4.30



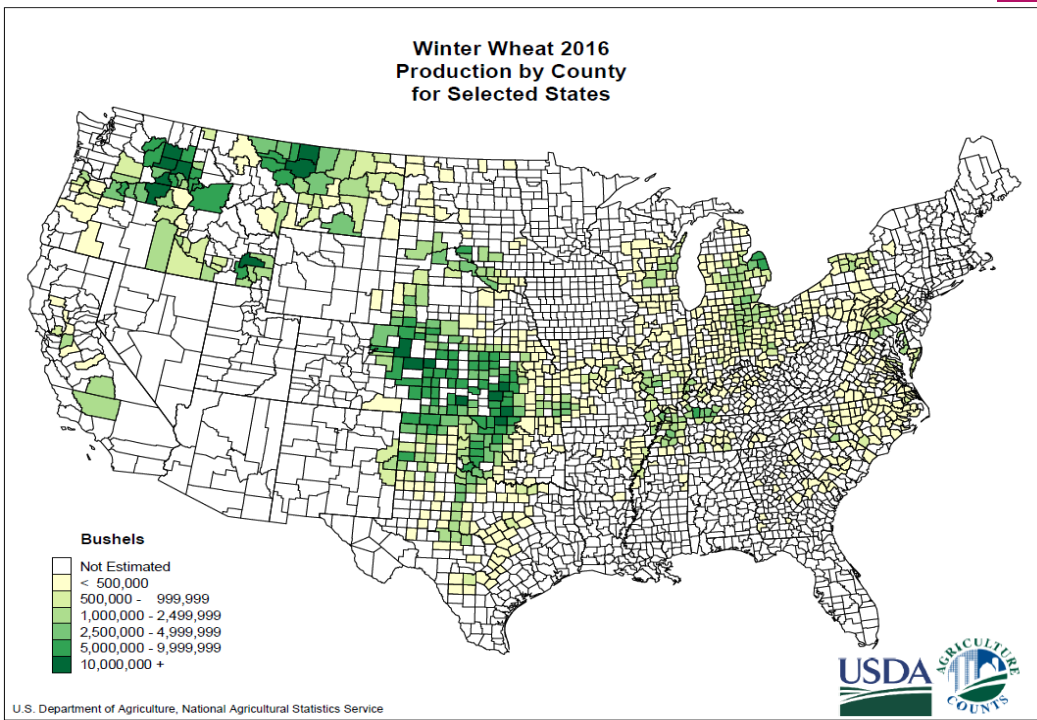
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Wheat Basis Deviation, 04-12-2017

Basis Deviation = Current Basis - 3 Year Average Basis (2014, 2015, 2016)

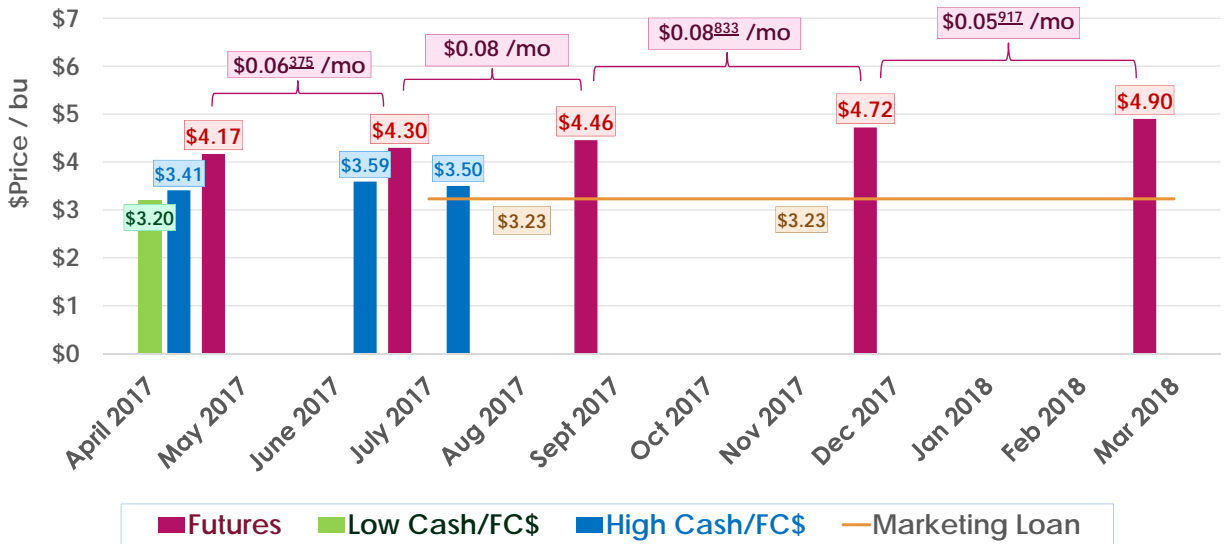


Winter Wheat 2016 Production by County for Selected States



HRW Wheat Cash & CME KS HRW Futures \$'s

Hutchinson, KS Local Elevators – April 19, 2017



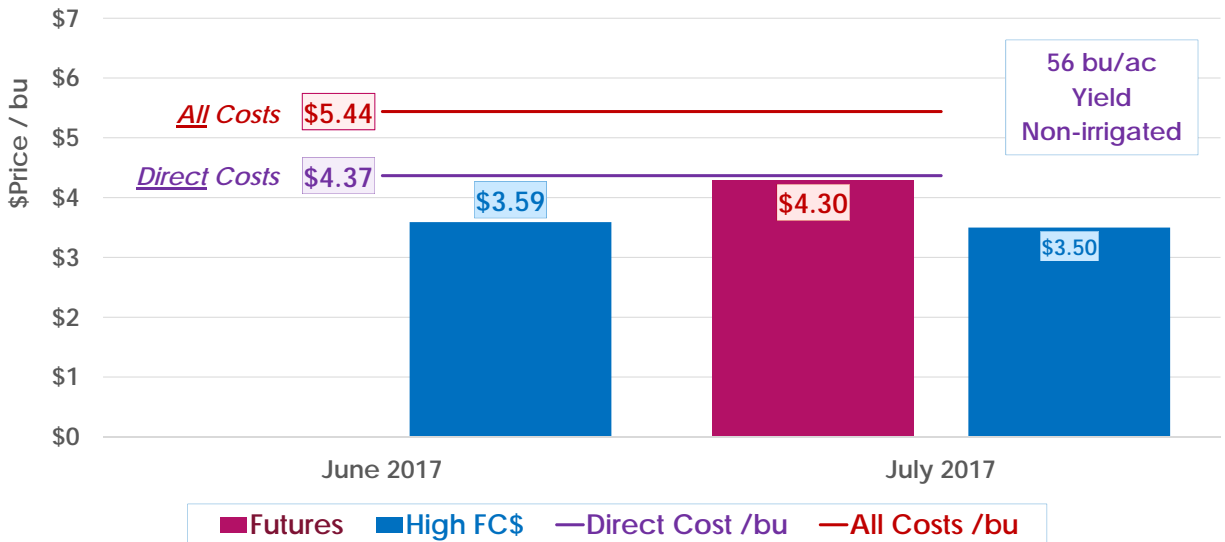
Kansas Wheat Seasonal Cash \$ Index

Monthly Prices: 1999/00 – 2015/16 + "Current" MY 2016/17



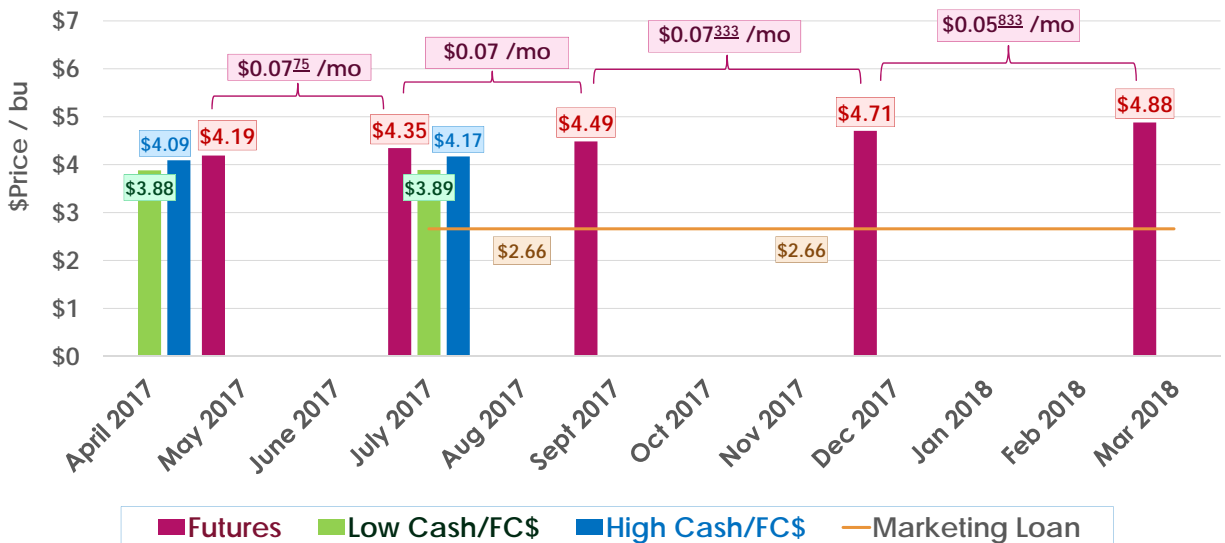
Wheat Prices & 2017 Costs^{KSU} – Hutchinson, KS

Local Elevators – April 19, 2017



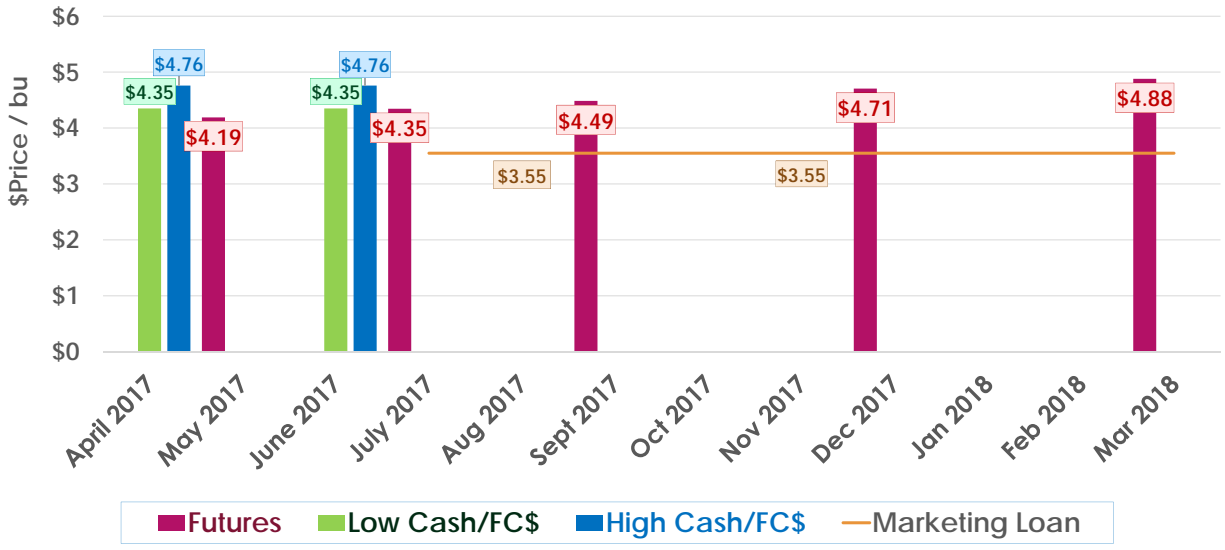
SRW Wheat Cash & Chicago Wheat Futures \$'s

Toledo, OH Local Elevators – April 19, 2017

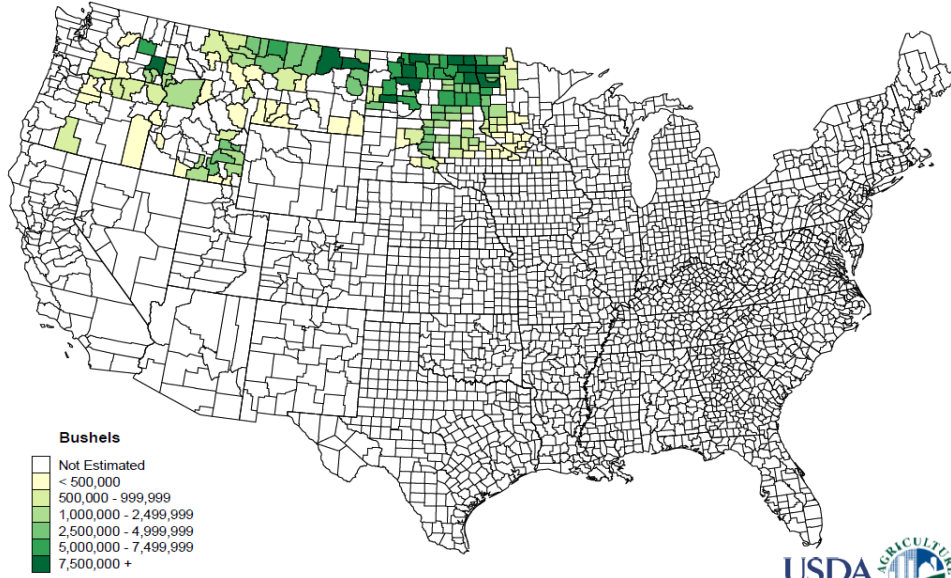


SWW Wheat Cash & Chicago Futures \$'s

Wasco, OR Local Elevators – April 19, 2017



Other Spring Wheat 2016
Production by County
for Selected States

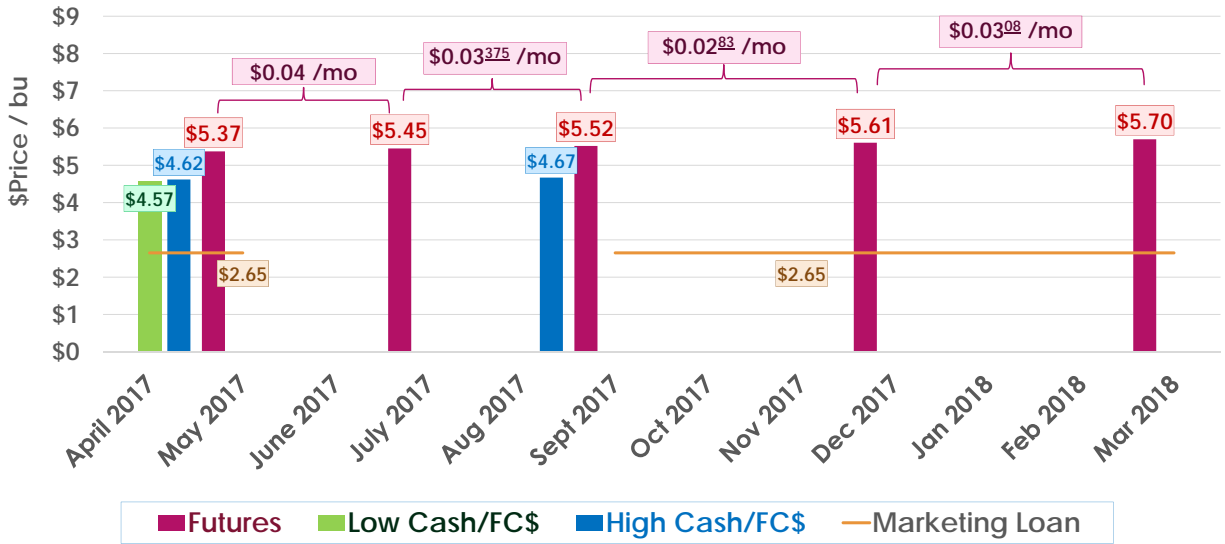


U.S. Department of Agriculture, National Agricultural Statistics Service

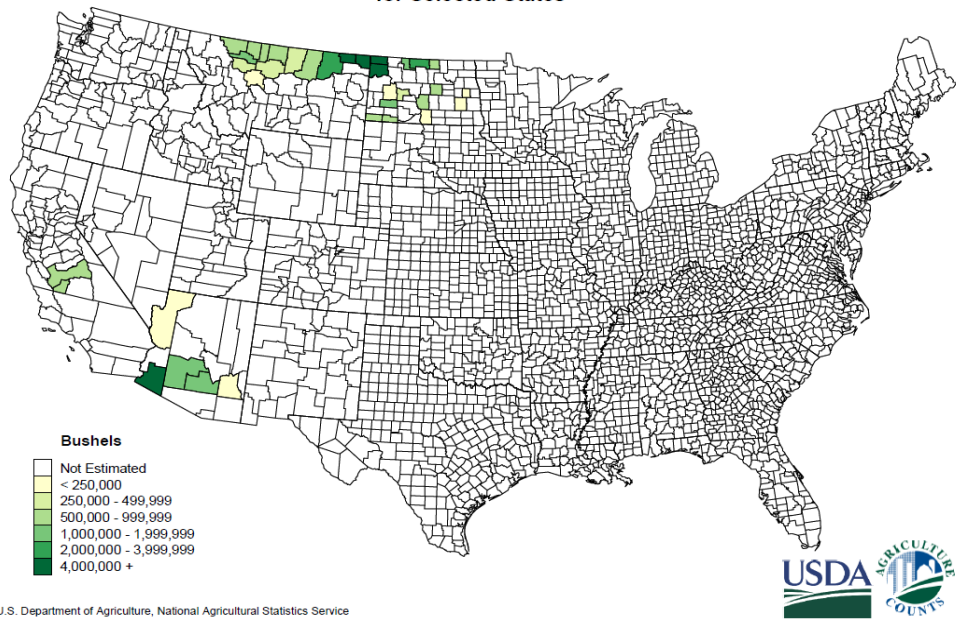


HRS Wheat Cash & Minneapolis Futures \$'s

Minot, ND Local Elevators – April 19, 2017

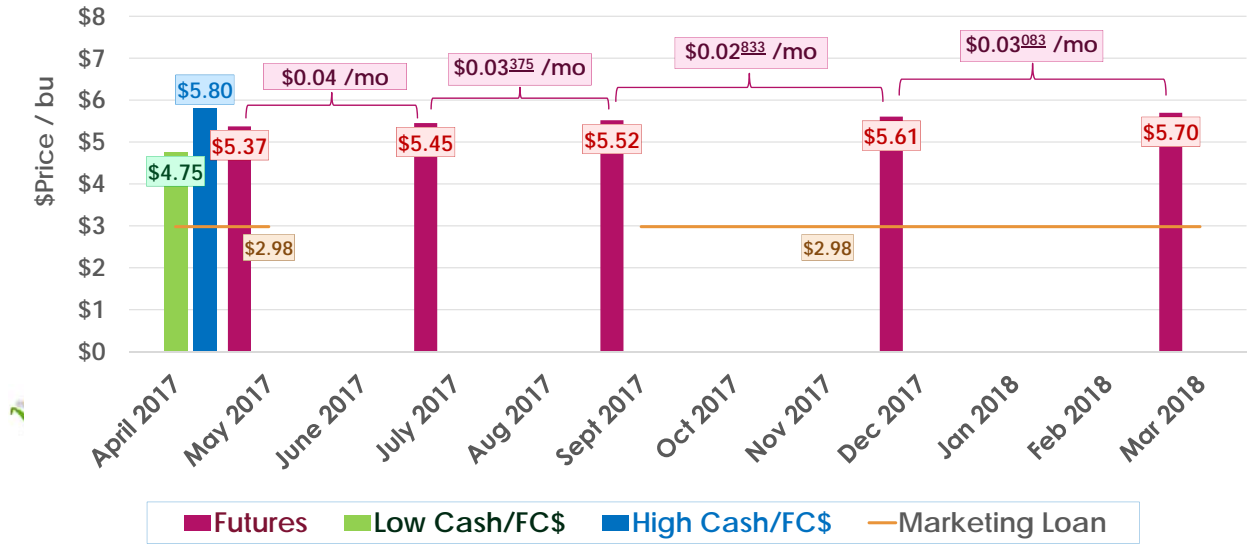


Durum Wheat 2016
Production by County
for Selected States

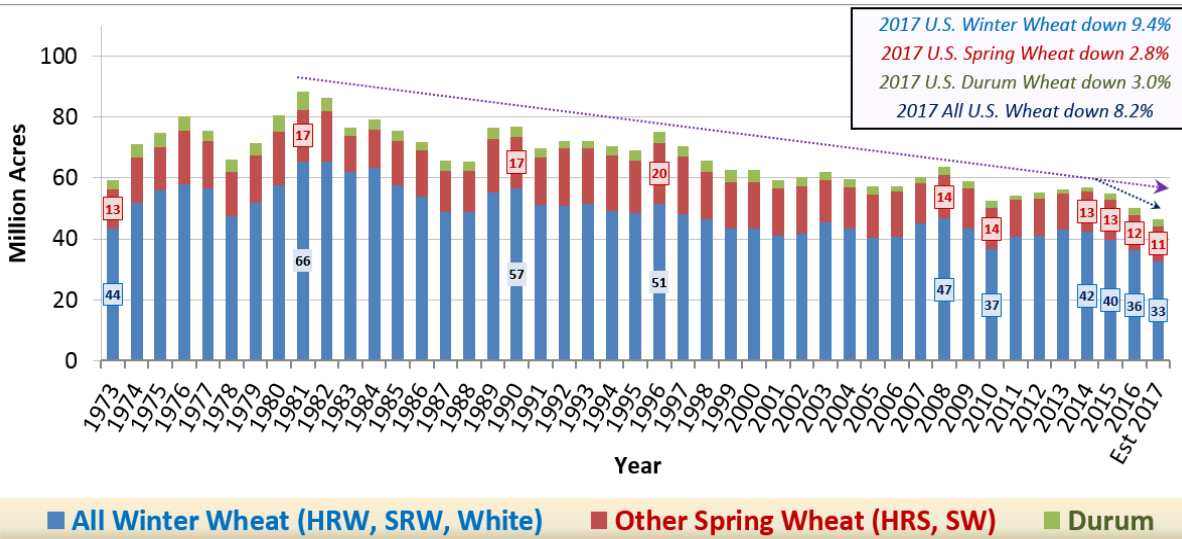


Durum Wheat Cash & Minneapolis Futures \$'s

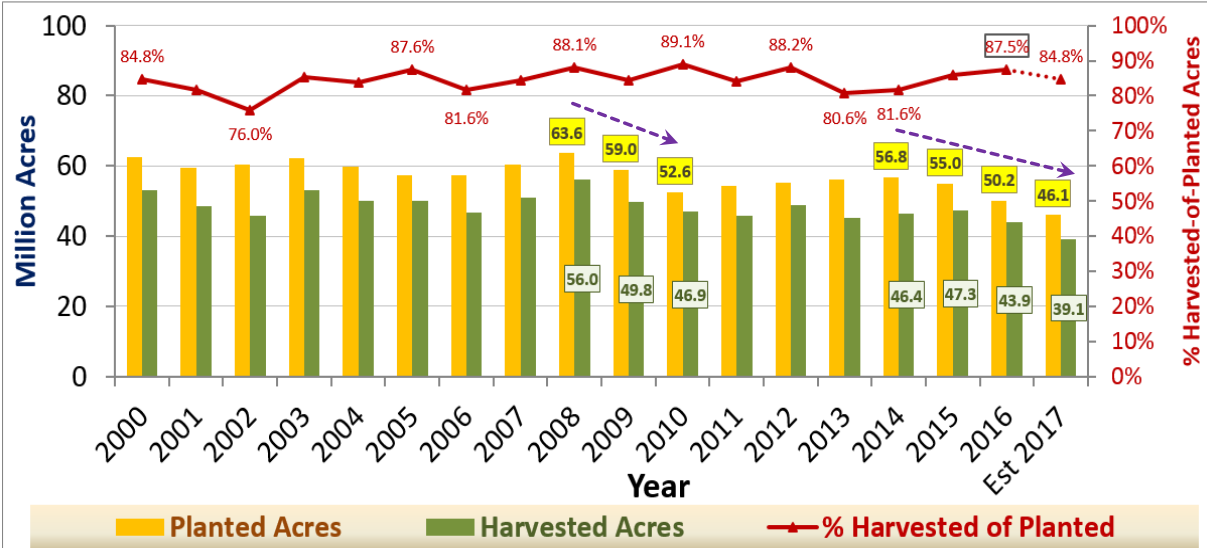
Williston, ND Local Elevators – April 19, 2017



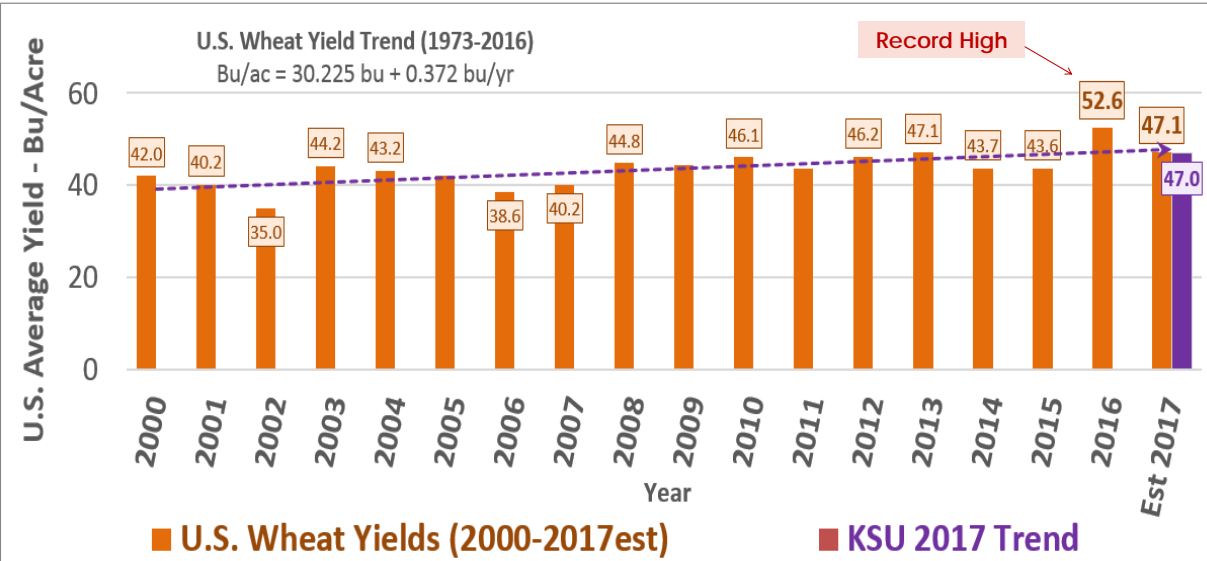
U.S. Wheat Seeded Acreage



U.S. Wheat Acreage: 2000-2017^{est}

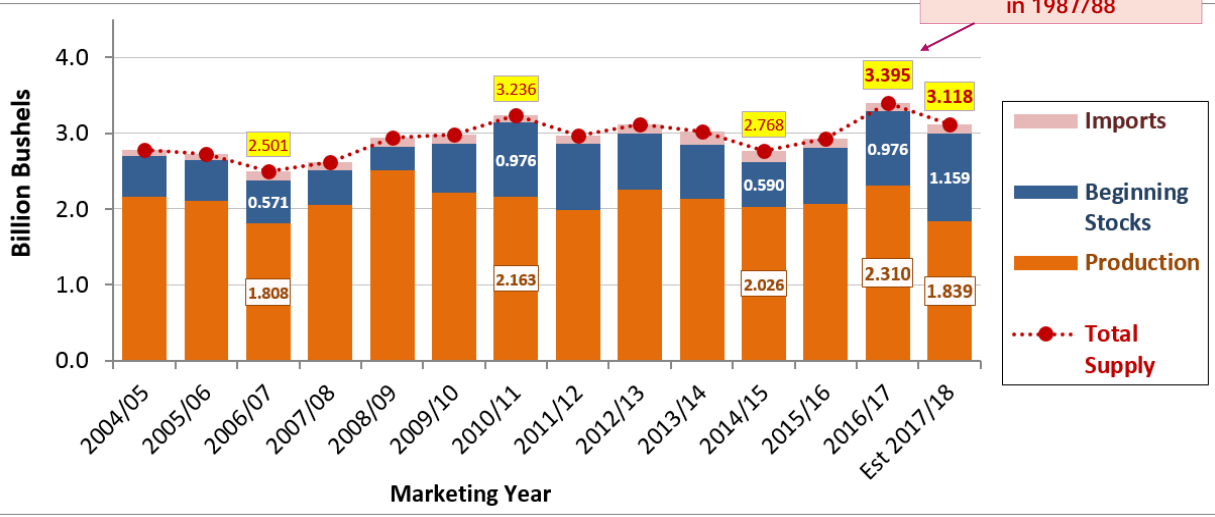


U.S. Wheat Yields: 2000-2017^{est}



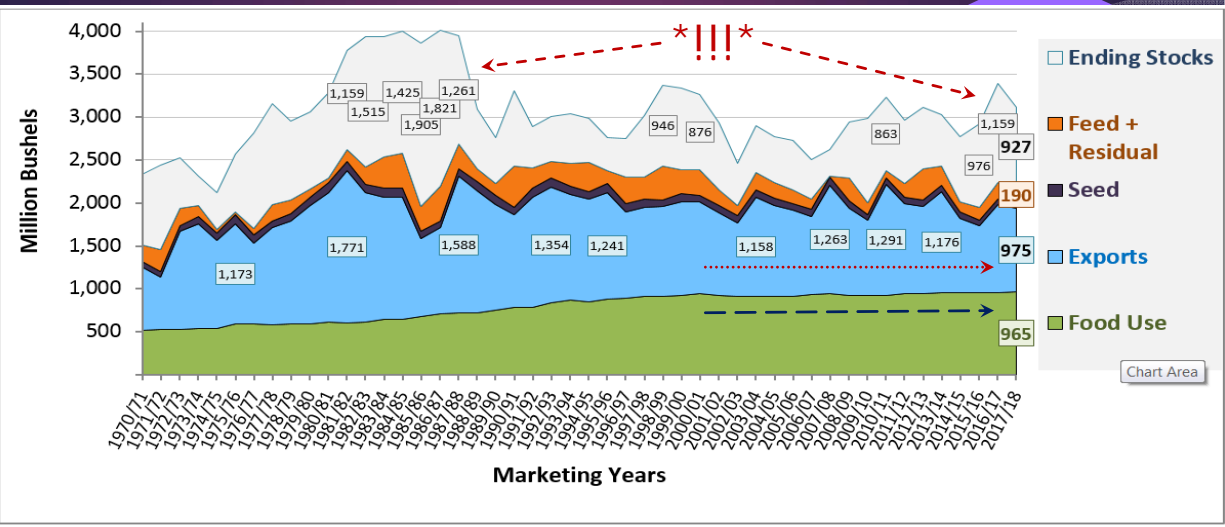
U.S. Wheat Production & Supplies

MY 2004/05 – “Next Crop” MY 2017/18



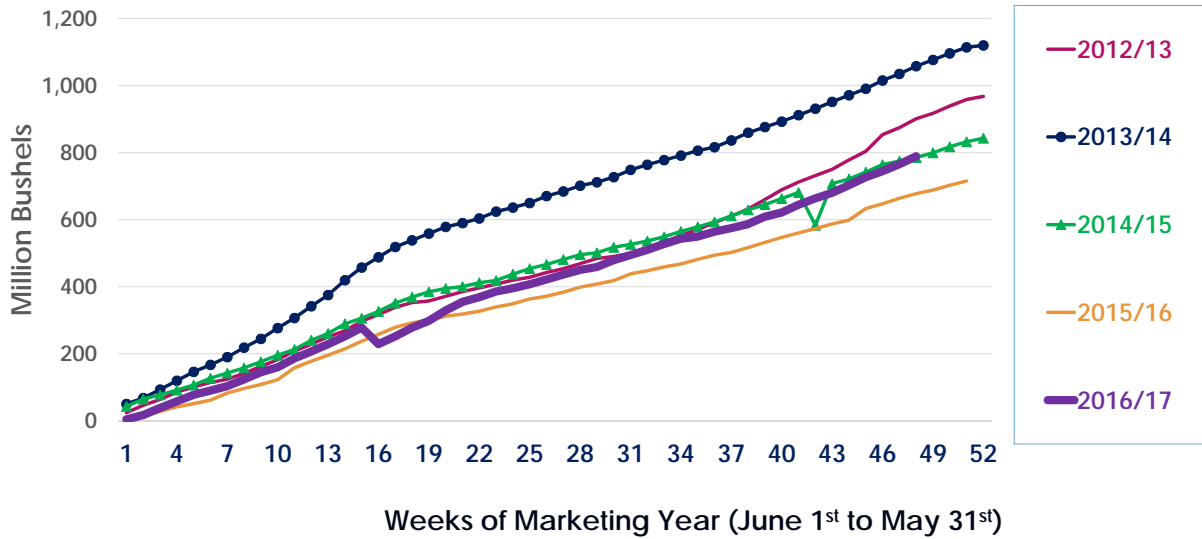
U.S. Wheat Use by Category & Stocks

MY 2004/05 – “Next Crop” MY 2017/18



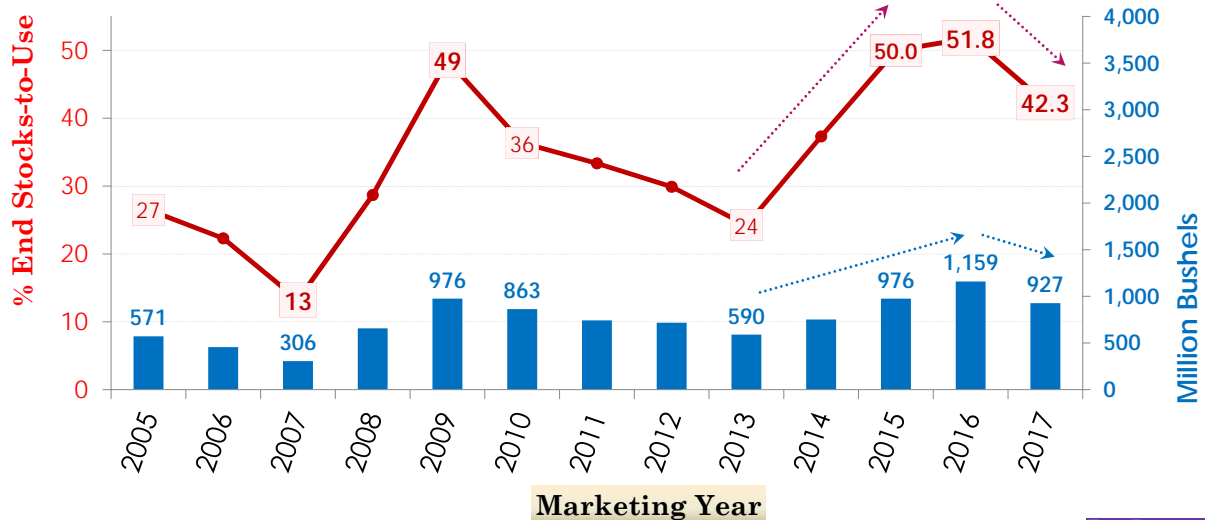
U.S. Wheat Export Shipments

MY 2012/13 thru MY 2016/17



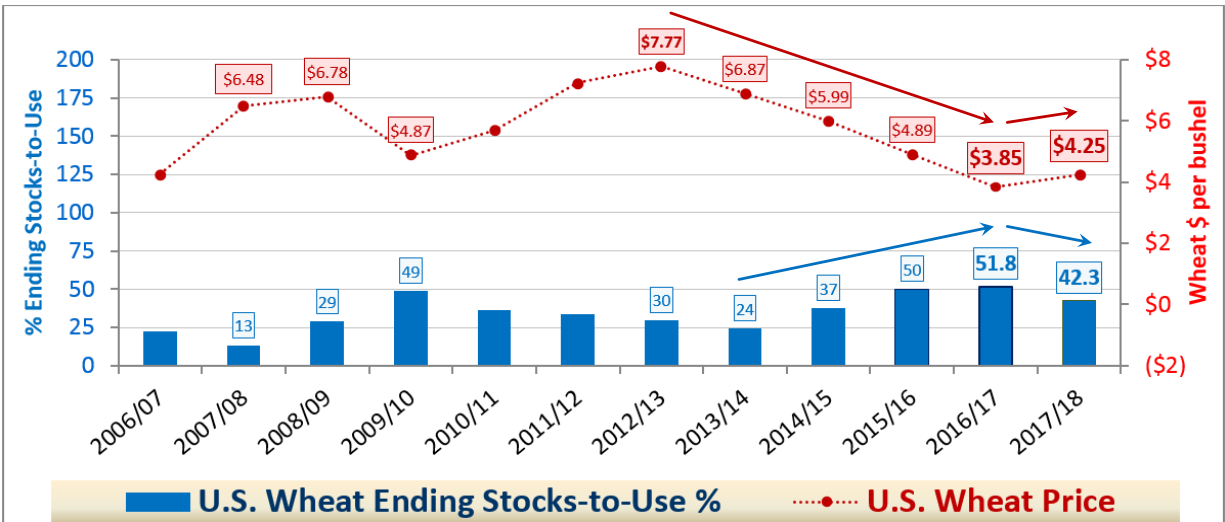
U.S. Wheat Ending Stocks & % Stocks/Use

MY 2005/06 – “Next Crop” MY 2017/18



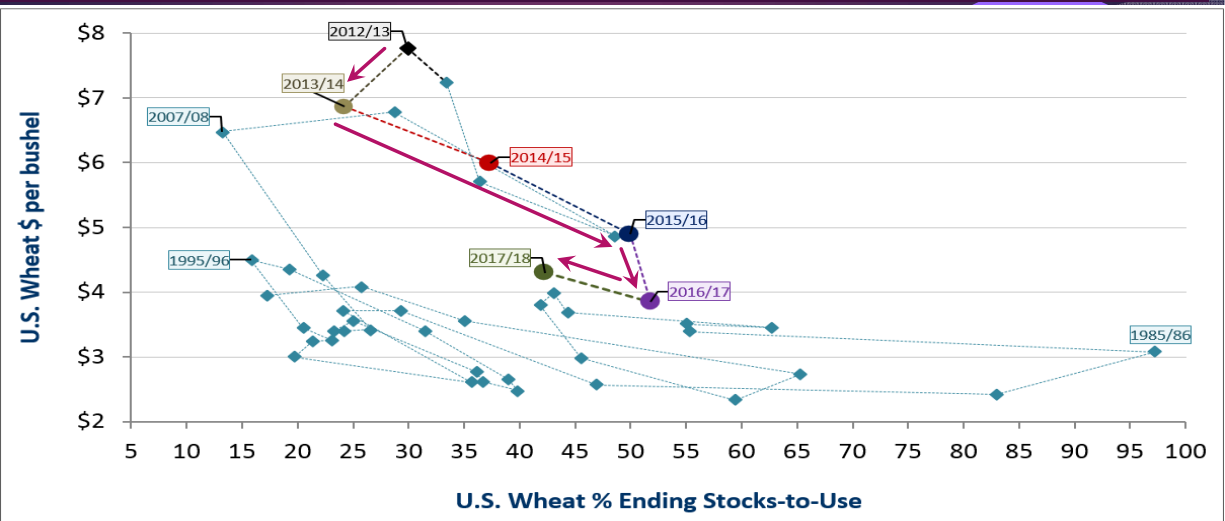
U.S. Wheat Ending Stocks & Prices

MY 2006/07 – “Next Crop” MY 2017/18 USDA

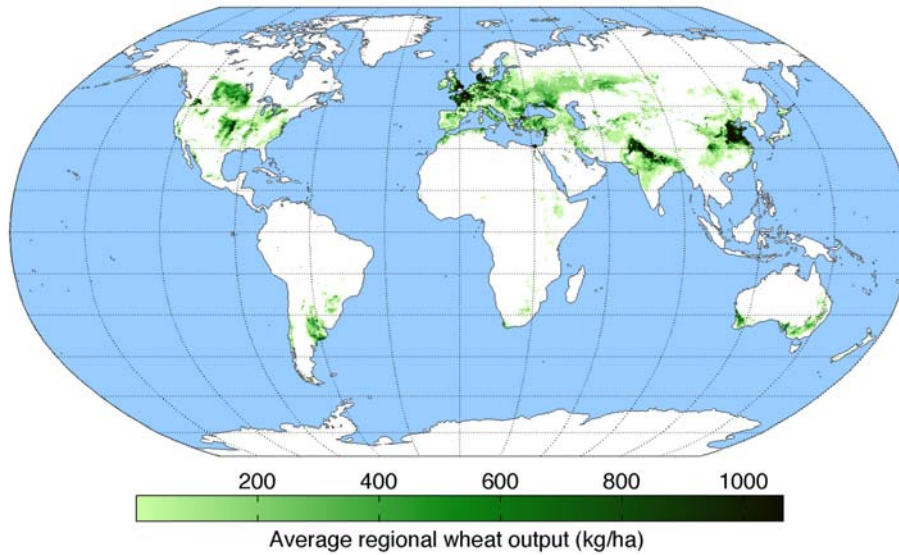


U.S. Wheat Price vs U.S. % Stocks-to-Use

MY 1973/74 – “Next Crop” MY 2017/18



World Wheat Production Regions



Monthly Crop Calendar for Wheat

| | Plant | | Headed | | | Harvest | | | | | | |
|----------------|-------|-----|----------|----------|----------|----------|-------|---------|-------|-----|-----|-----|
| | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb |
| Brazil | | P P | P P P | P P | | HE HE HE | H H | H H | H H | H H | | |
| Canada Spring | | | P P P | P | HE HE HE | | H H H | H | | | | |
| US Spring | | | P P P | | HE HE HE | H H H | | | | | | |
| Australia | | | P P P P | P | | | | | H H | H H | | |
| Russia Spring | | | P P P | HE HE HE | | H H H | H H | | | | | |
| Kazakhstan | | | P P | | | H H H | H H | | | | | |
| China Spring | | | P P P P | | | H H H H | | | | | | |
| Ukraine Spring | | | P P P HE | HE HE | | H H H | | | | | | |
| Argentina | | | P P P P | P P | | | HE HE | HE HE | H H | H H | H H | H H |
| Russia Winter | | | | HE HE HE | H H H | H P P | P P P | P | | | | |
| Ukraine Winter | | | | HE HE | | H H P | P P | | | | | |
| EU Winter | | | | | H H H H | H P P | P P P | P P P | | | | |
| Turkey | | | | H H | H H H | H H | P P | P P P | P P P | | | |
| Egypt | | H H | H H H | H H | | | P P P | P P P | | | | |
| US Winter | | | HE HE HE | HE H | H H H | H | | P P P | | | | |
| India | | H H | H H H | | | | | P P P | P P | P P | | |
| China Winter | | | H H H | H H | | | | P P P P | | | | |

Sources: USDA and AMIS

*Production estimates are in million metric tons and come from the FAS/USDA's most recent monthly World Agricultural Production report.

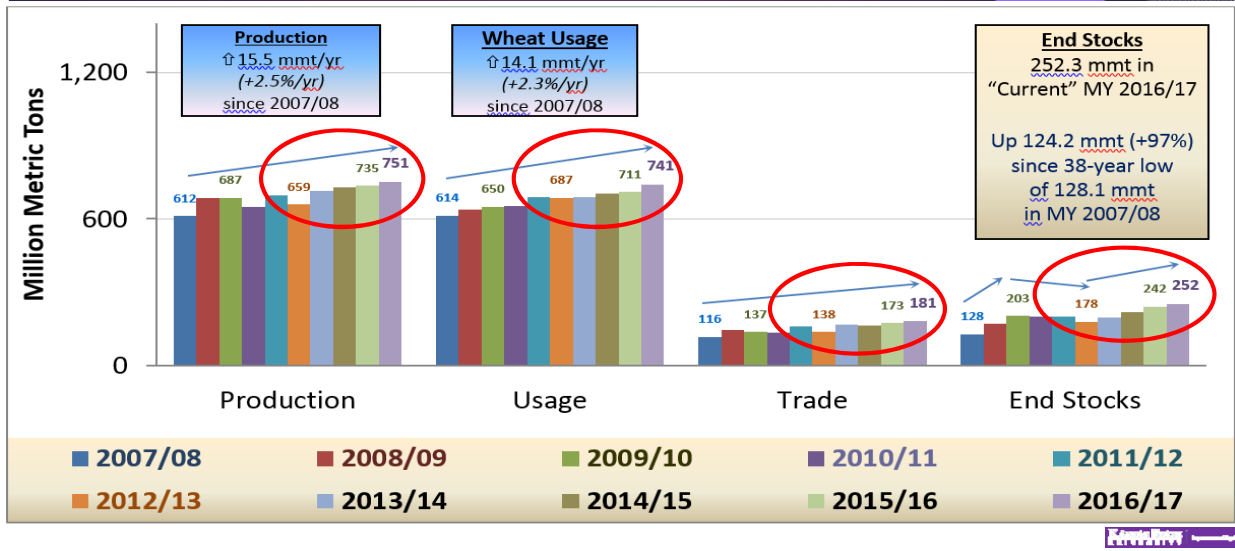
**Production estimates are for ALL WHEAT. Numbers will be listed next to the variety that comes first in the chart.

CHS CHS Hedging

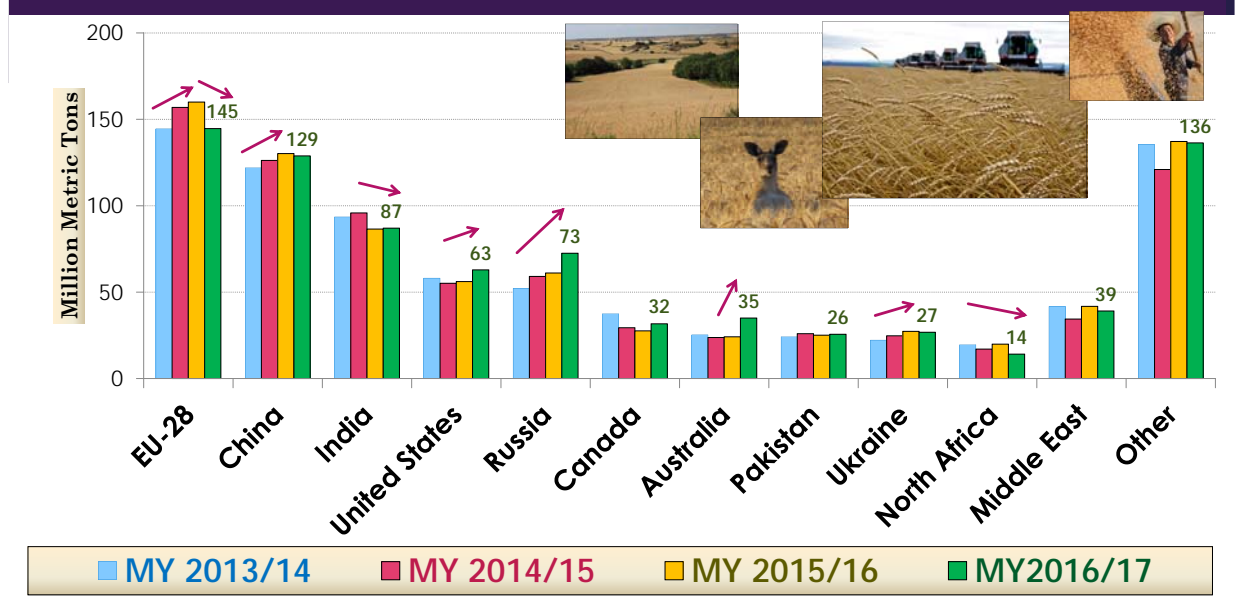
CHS CHS Hedging
Jenna Roe

World Wheat Supply, Use & End Stocks

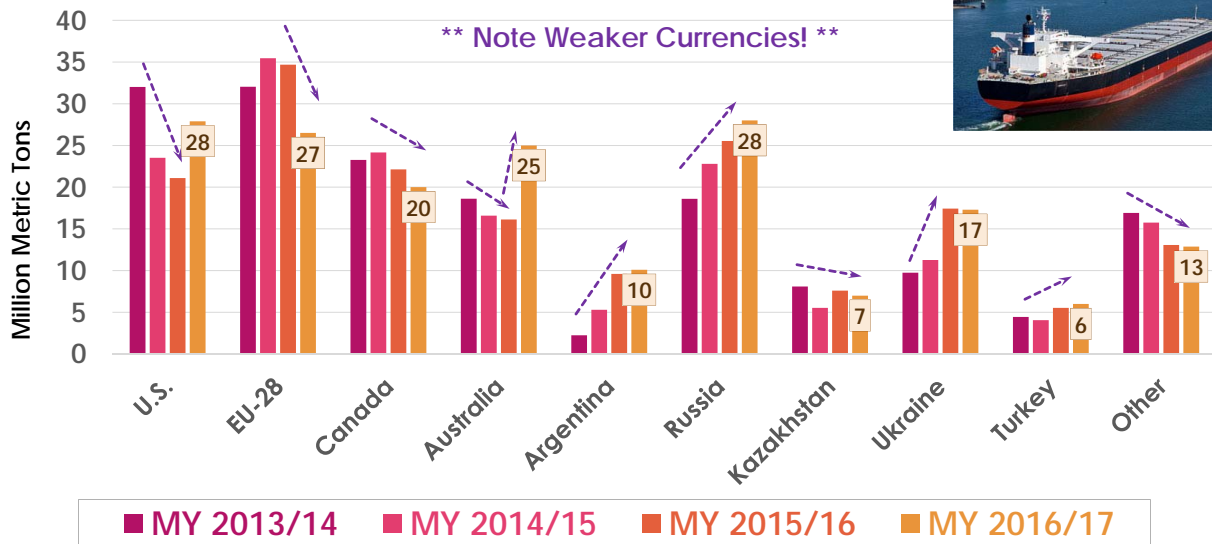
MY 2007/08 – “Current” MY 2016/17



World Wheat Producers: MY 2013/14 – 2016/17

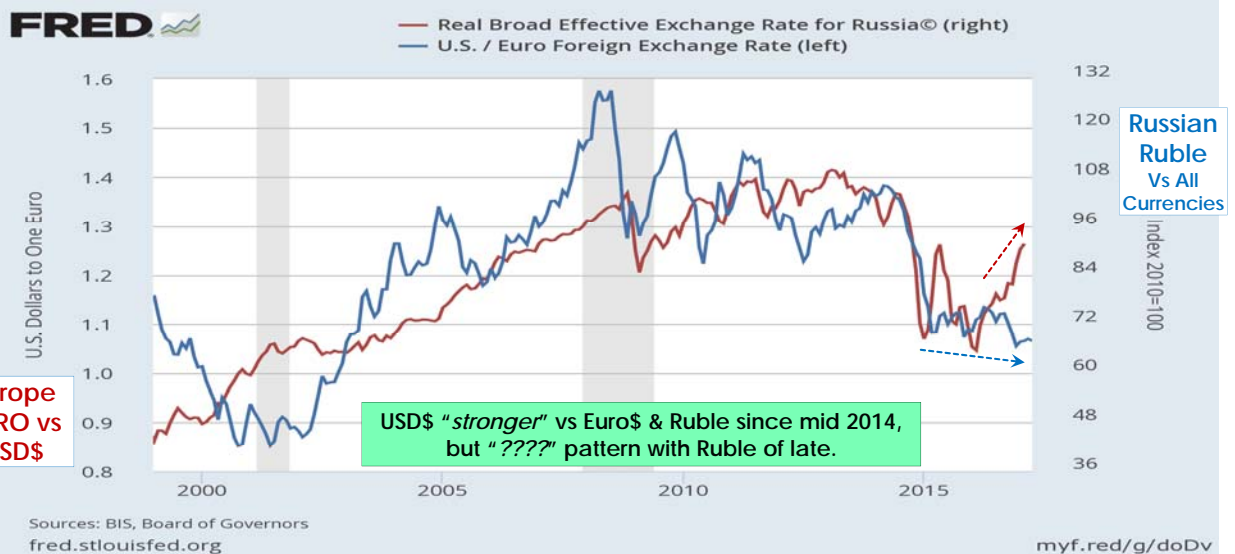


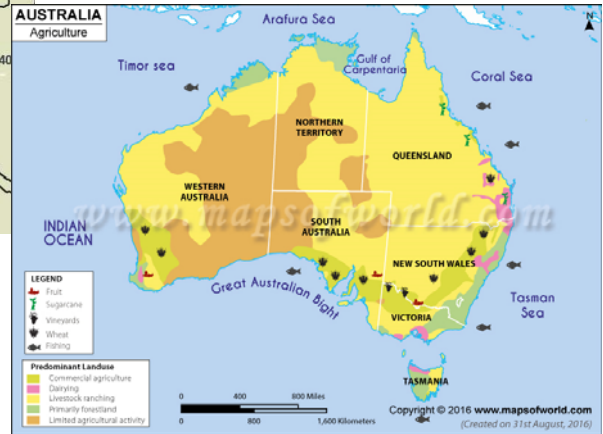
World Wheat Exporters - Since MY 2013/14



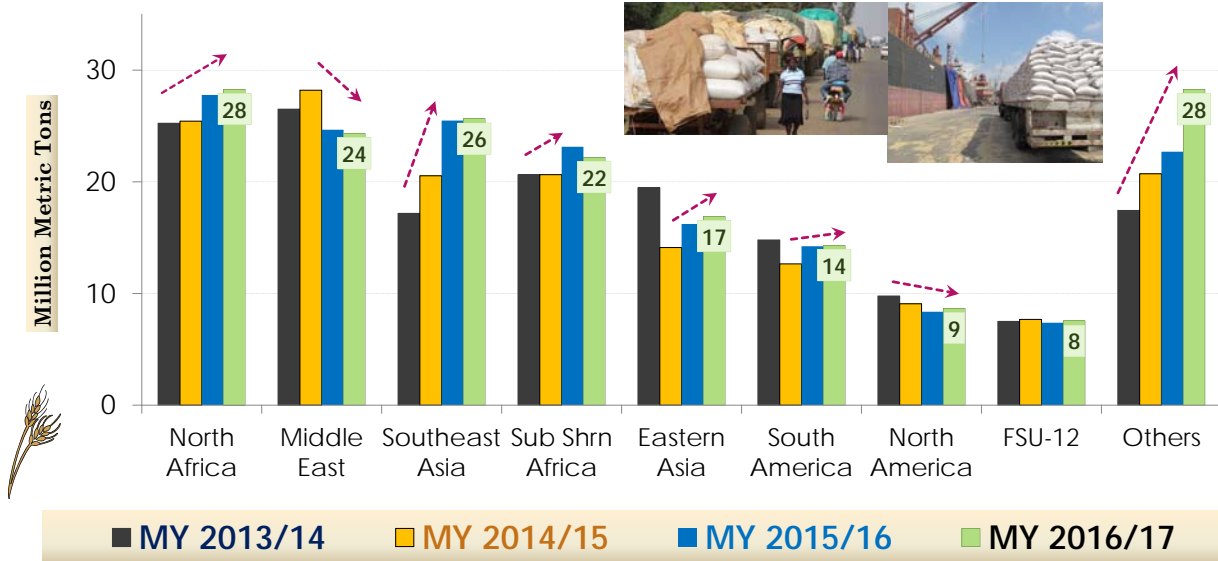
Euro & Russia Exchange Rates

EU: Wheat Exports/Soy Imports
Russia: Wheat Exports

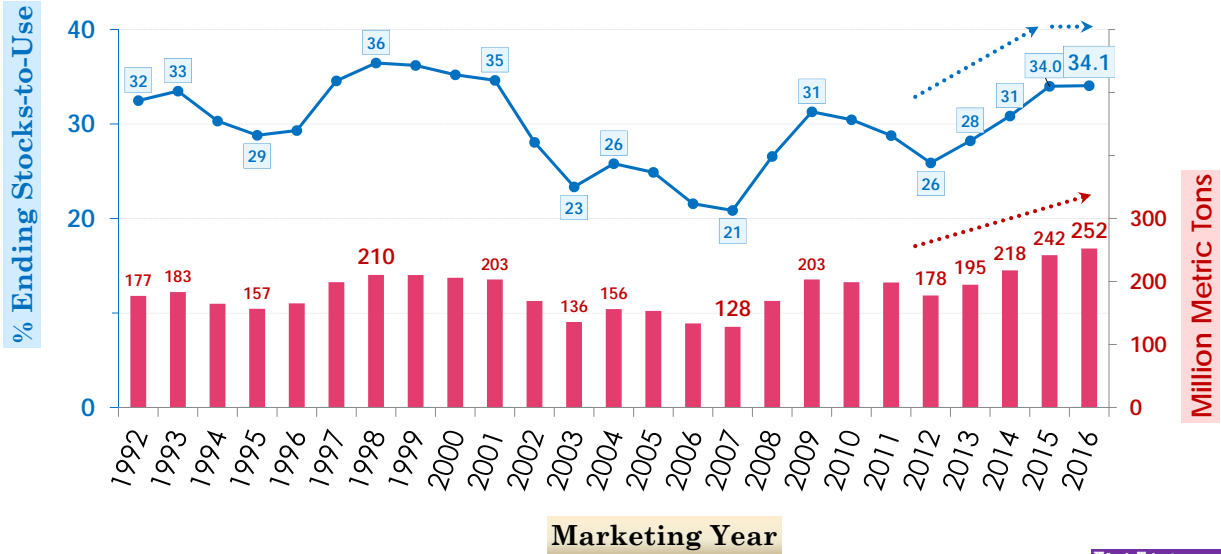




World Wheat Importers: MY 2013/14 – MY 2016/17

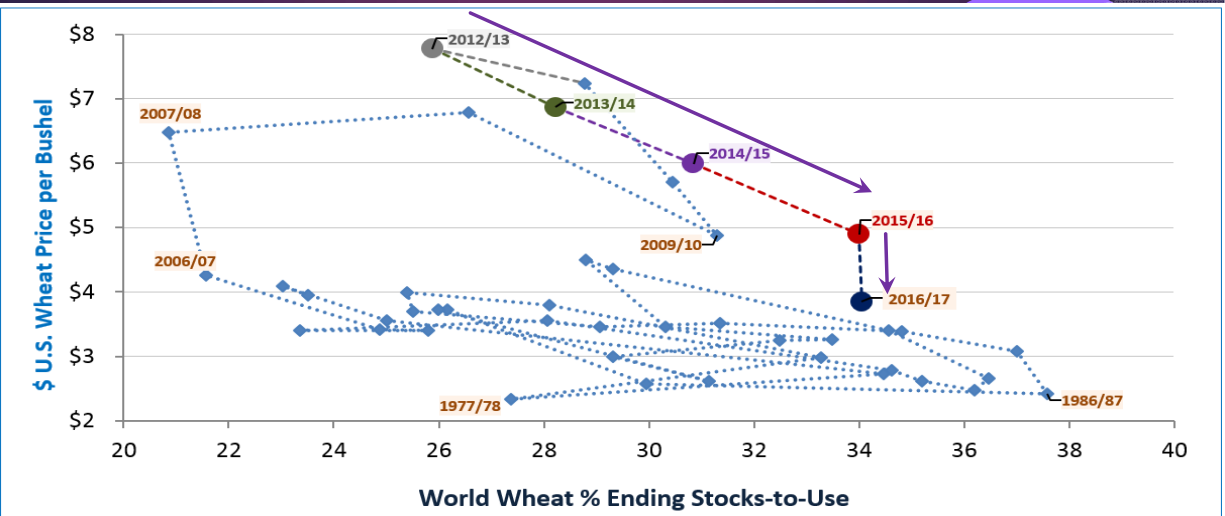


World Wheat Ending Stocks & % Stx/Use



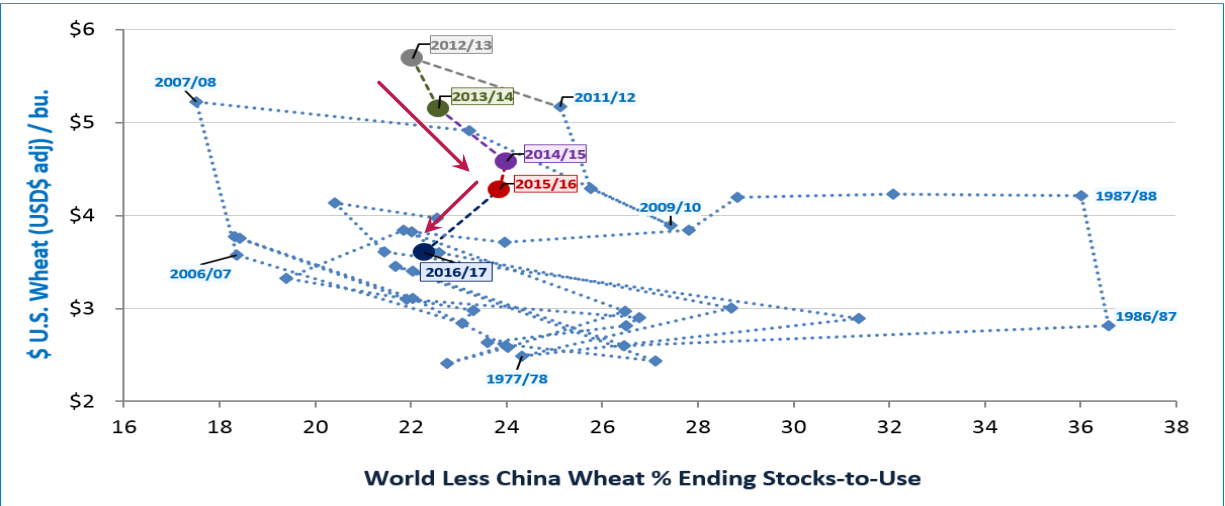
U.S. Wheat Price (\$) vs World %Stx/Use

MY 1973/74 – "Current" MY 2016/17



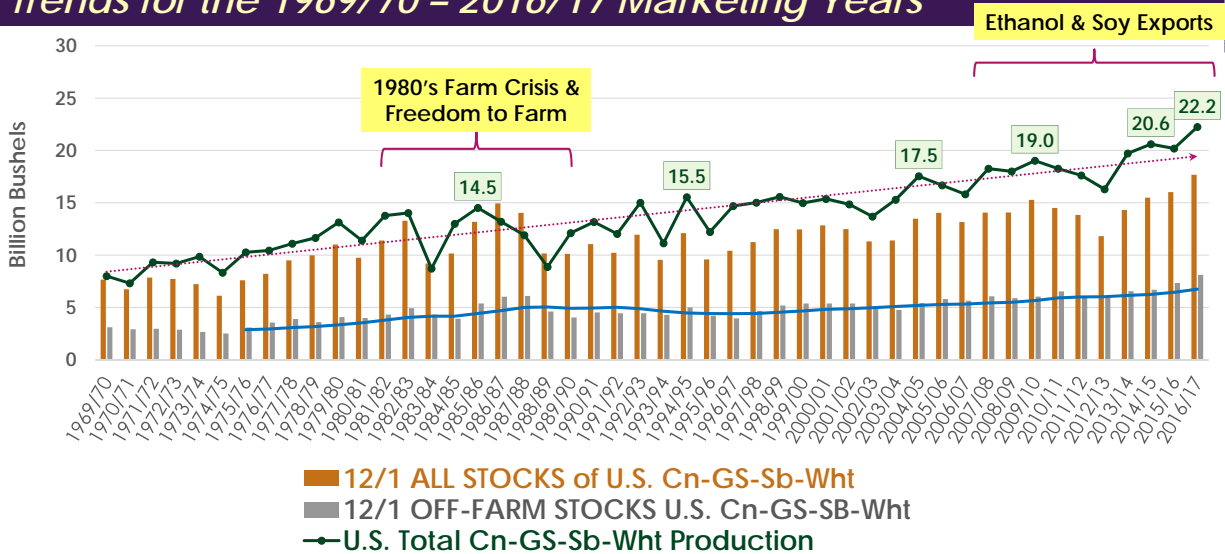
U.S. Wheat Price^{USD\$ adj} vs World Less China %Stx/Use

MY 1973/74 – "Current" MY 2016/17



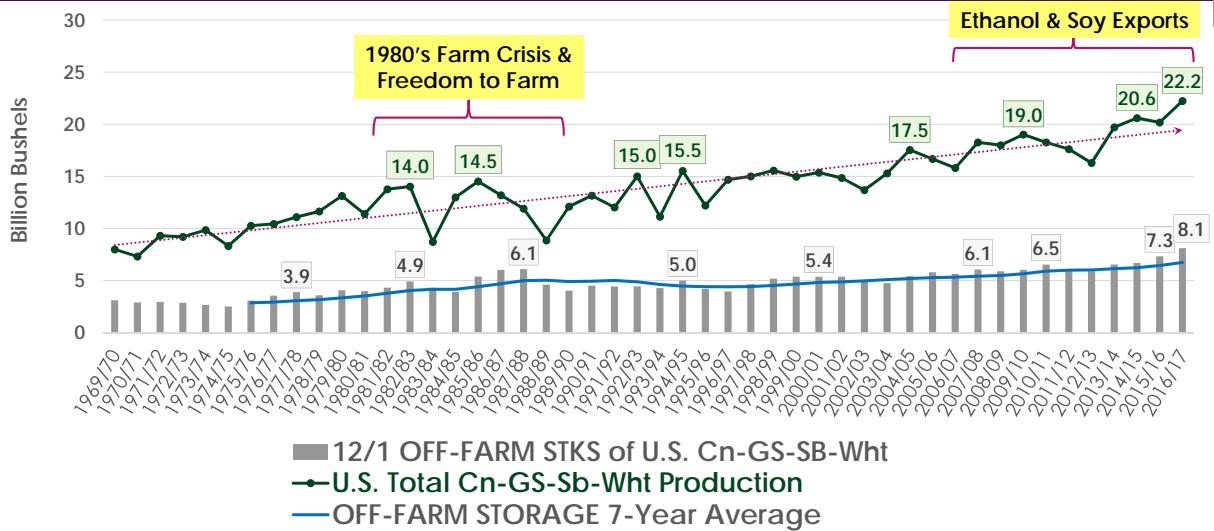
U.S. Grain Production & ALL Grain Stocks

Trends for the 1969/70 – 2016/17 Marketing Years



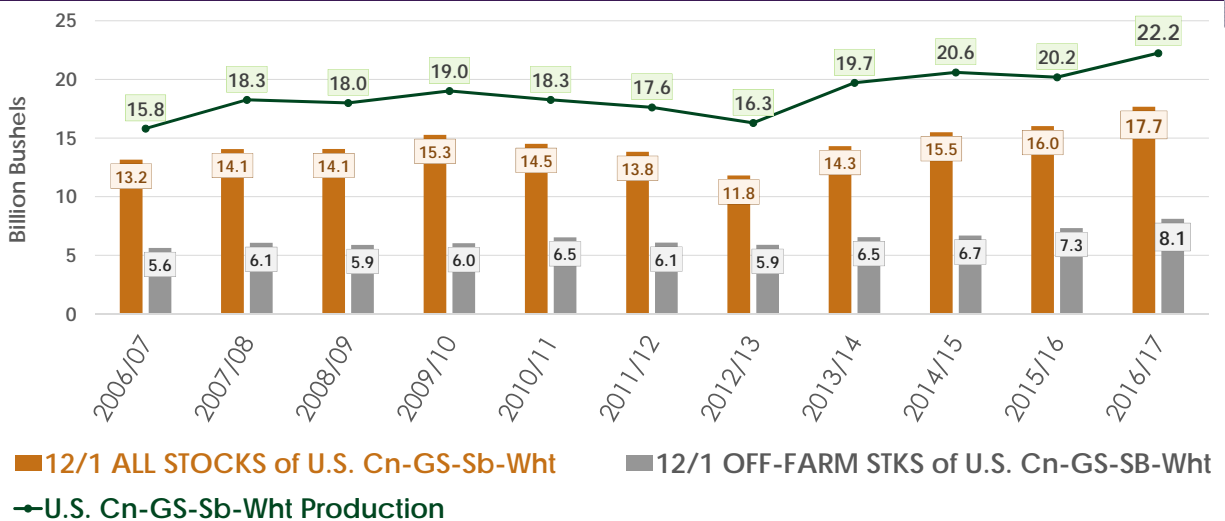
U.S. Grain Production & OFF-FARM Stocks

Trends for the 1969/70 – 2016/17 Marketing Years



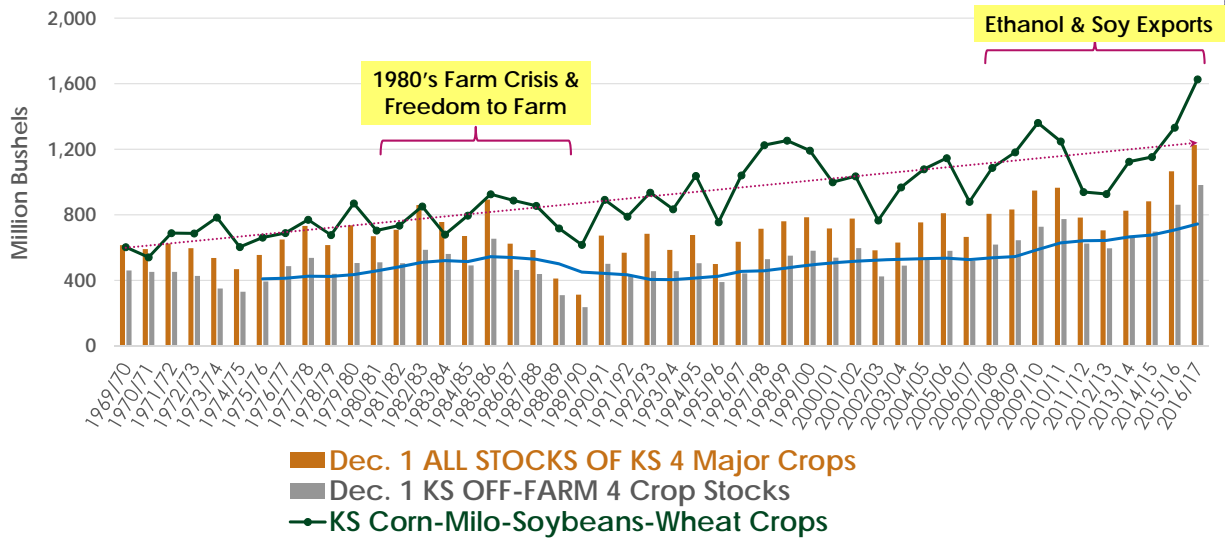
U.S. Grain Production & ALL Grain Stocks

Trends Since MY 2006/07 for Corn, Sorghum, Wheat & Soybeans



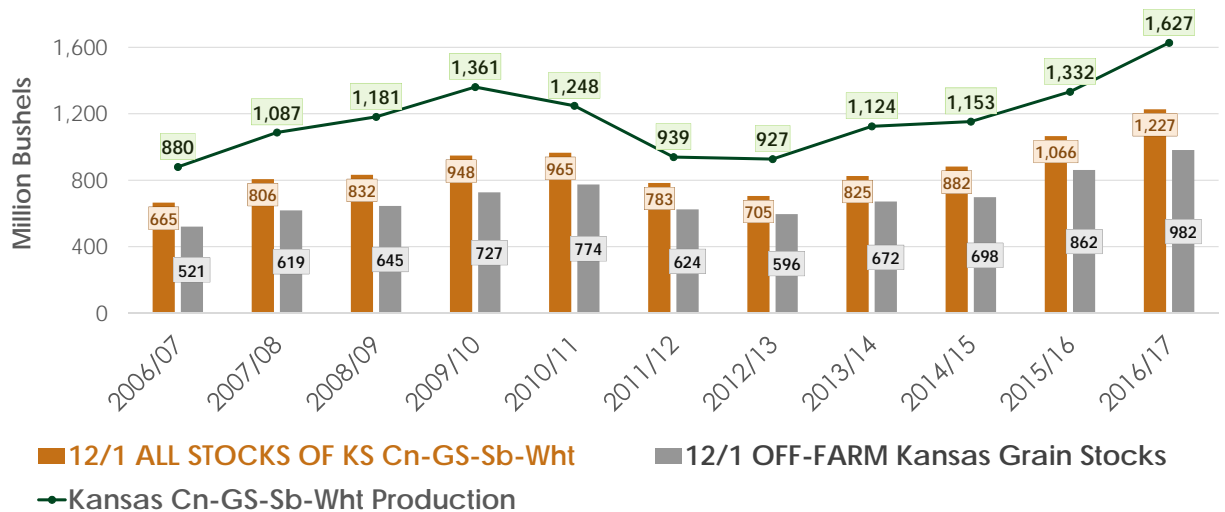
Kansas Production & Stocks of Major Crops

Trends for the 1969/70 – 2016/17 Marketing Years



Kansas Grain Production & OFF-FARM Stocks

Trends Since MY 2006/07



Questions?

Daniel O'Brien – Kansas State University

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