

2018 US Wheat Outlook

Ian Flagg

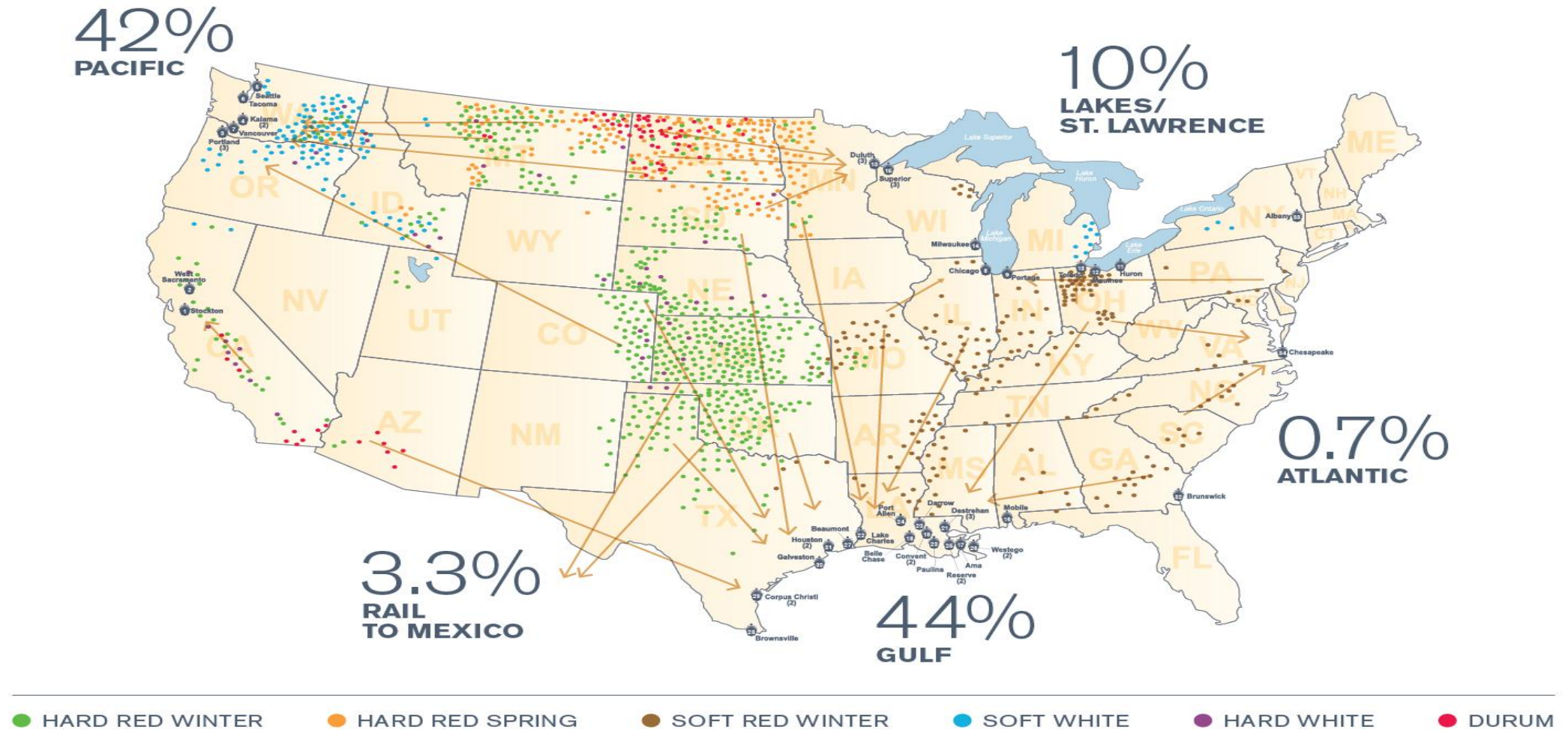
Regional Vice President, USW



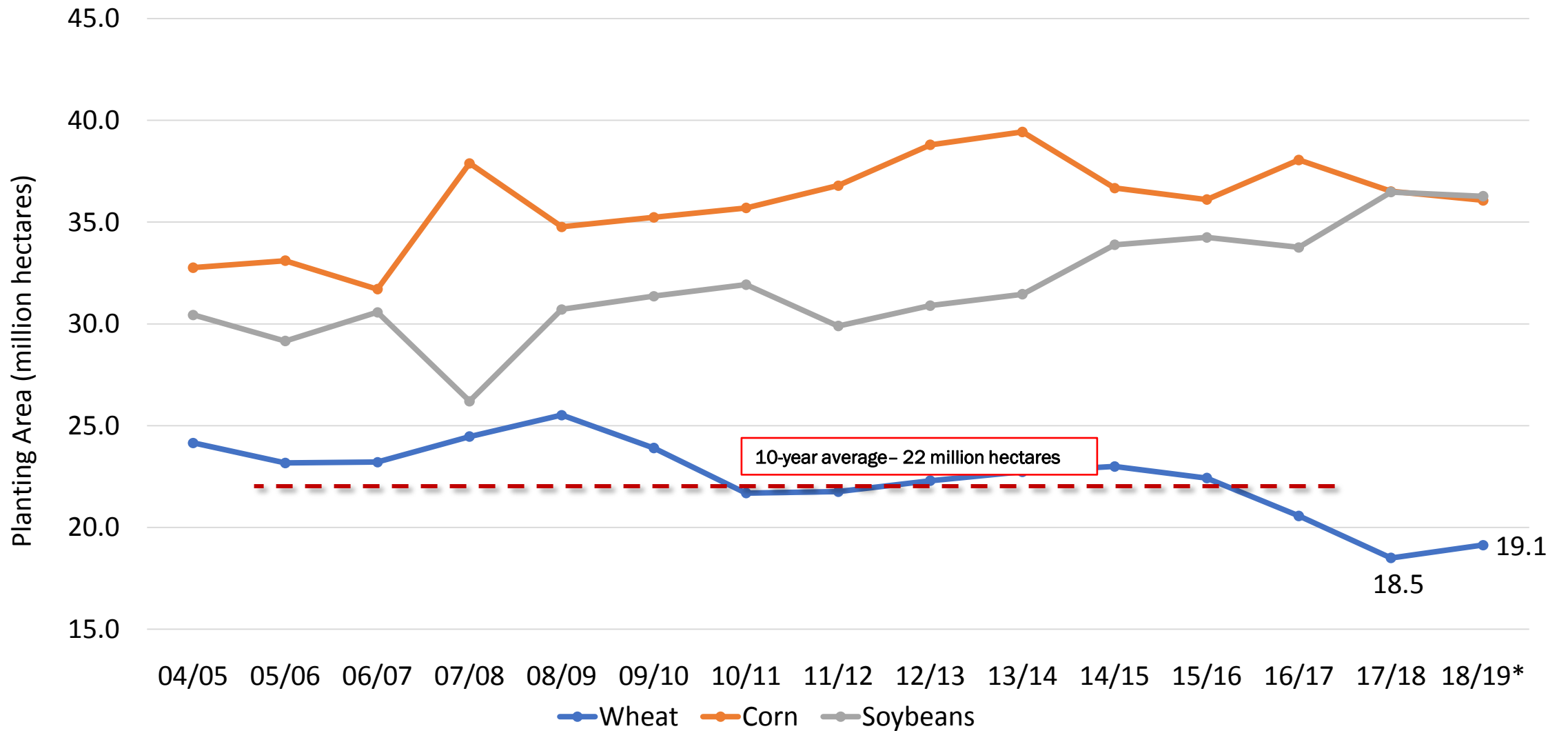
U.S. Situation and Outlook

- **2018/19 Review**
 - Planting and harvest conditions
 - U.S. Supply and Demand
 - Production and quality by U.S. wheat class
- 2019/20 winter wheat outlook

Six Classes; PNW, Gulf, Lakes, Atlantic

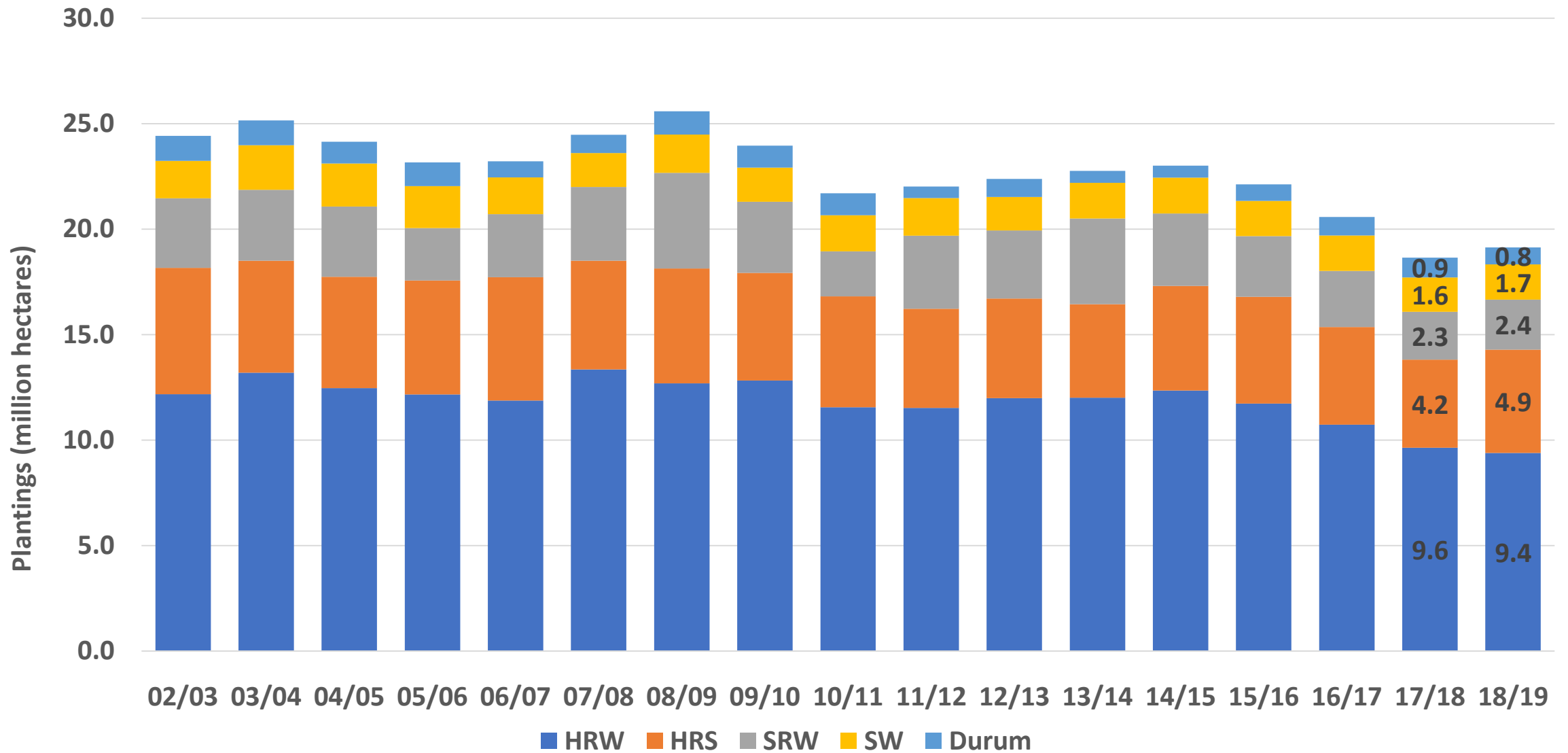


U.S. Crop Planted Area Comparison



*Source: USDA Acreage Report June 30, 2018

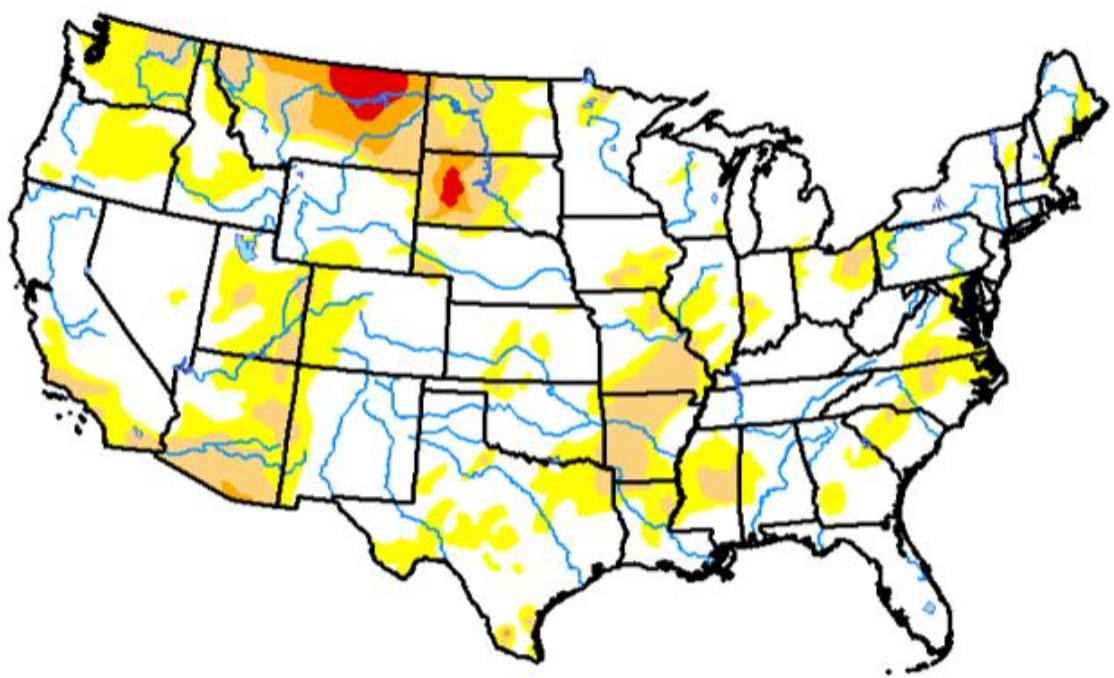
U.S. Wheat Plantings by Class



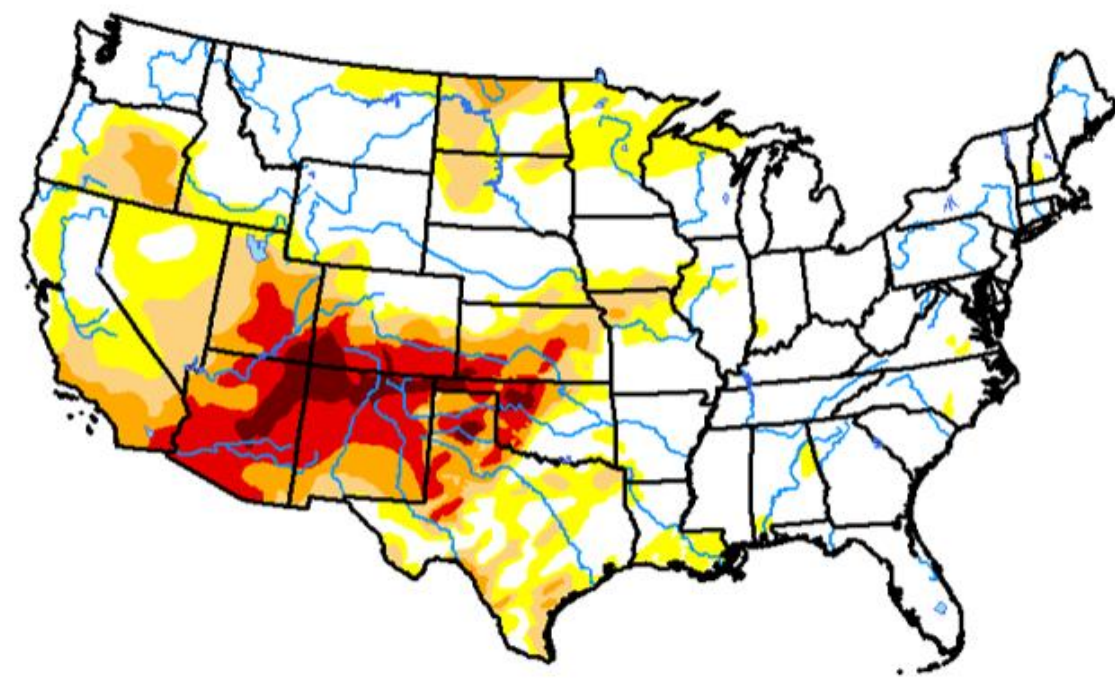
Drought Classification

None D0 (Abnormally Dry) D1 (Moderate Drought) D2 (Severe Drought) D3 (Extreme Drought) D4 (Exceptional Drought)

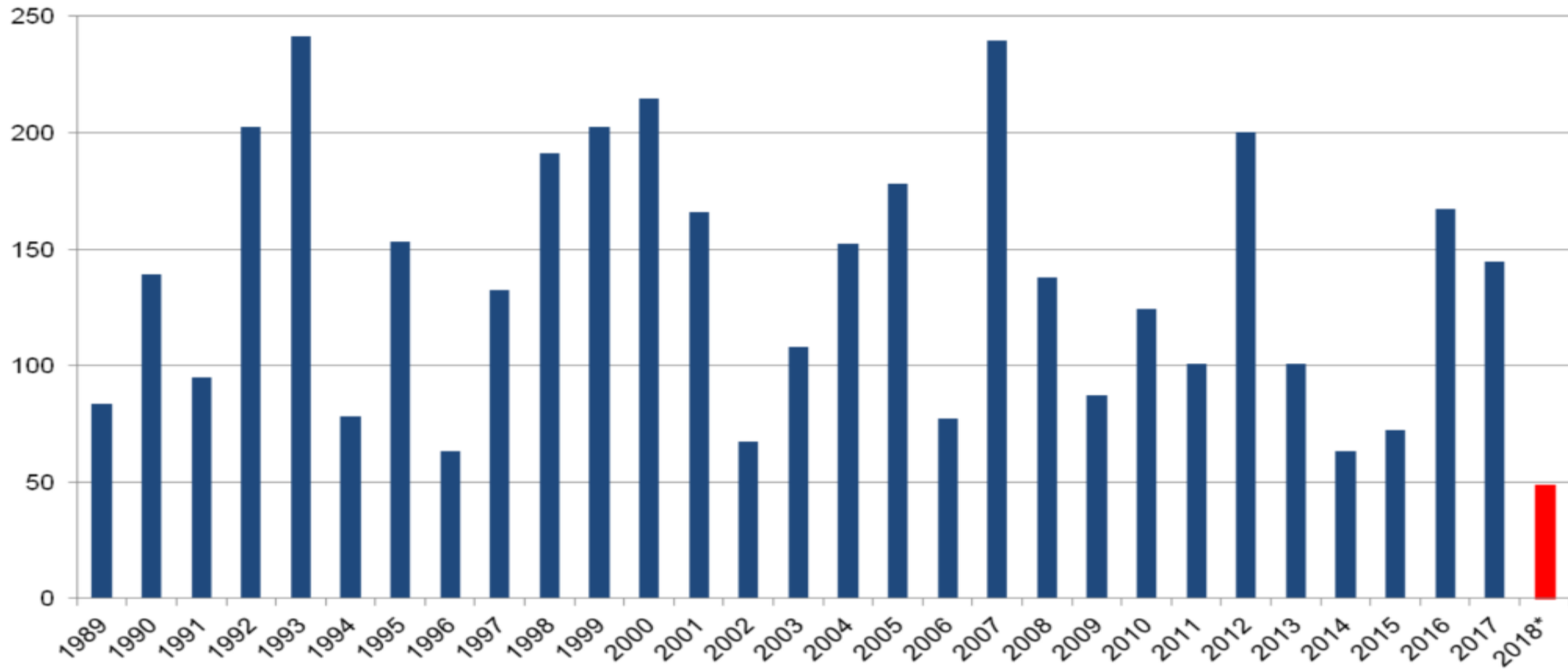
October 31, 2017



May 29, 2018

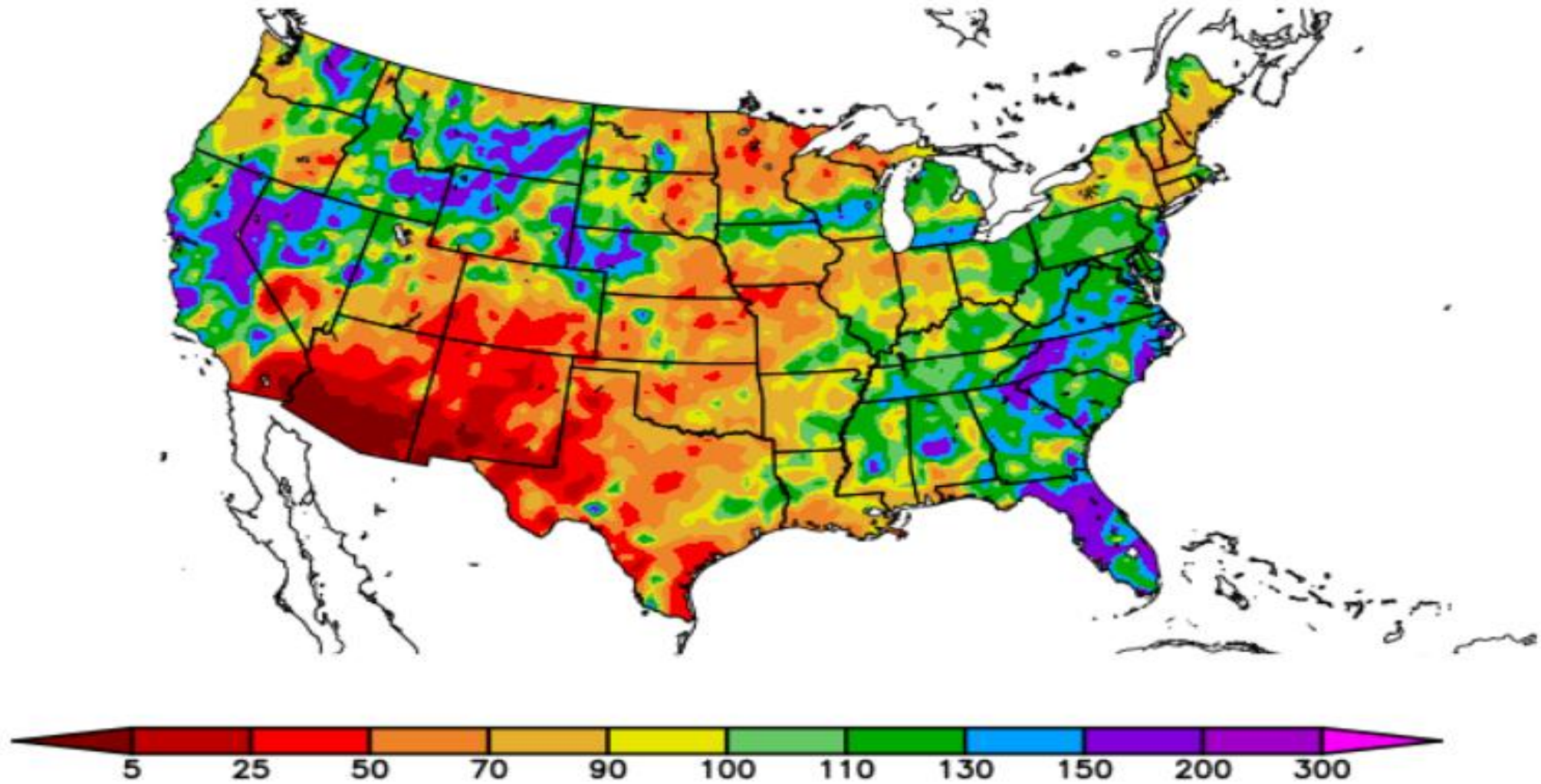


November to March Rainfall (mm) Kansas Winter Wheat



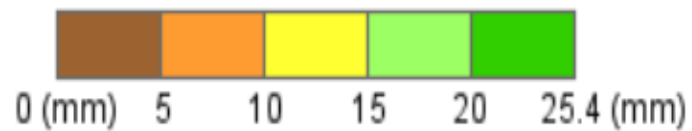
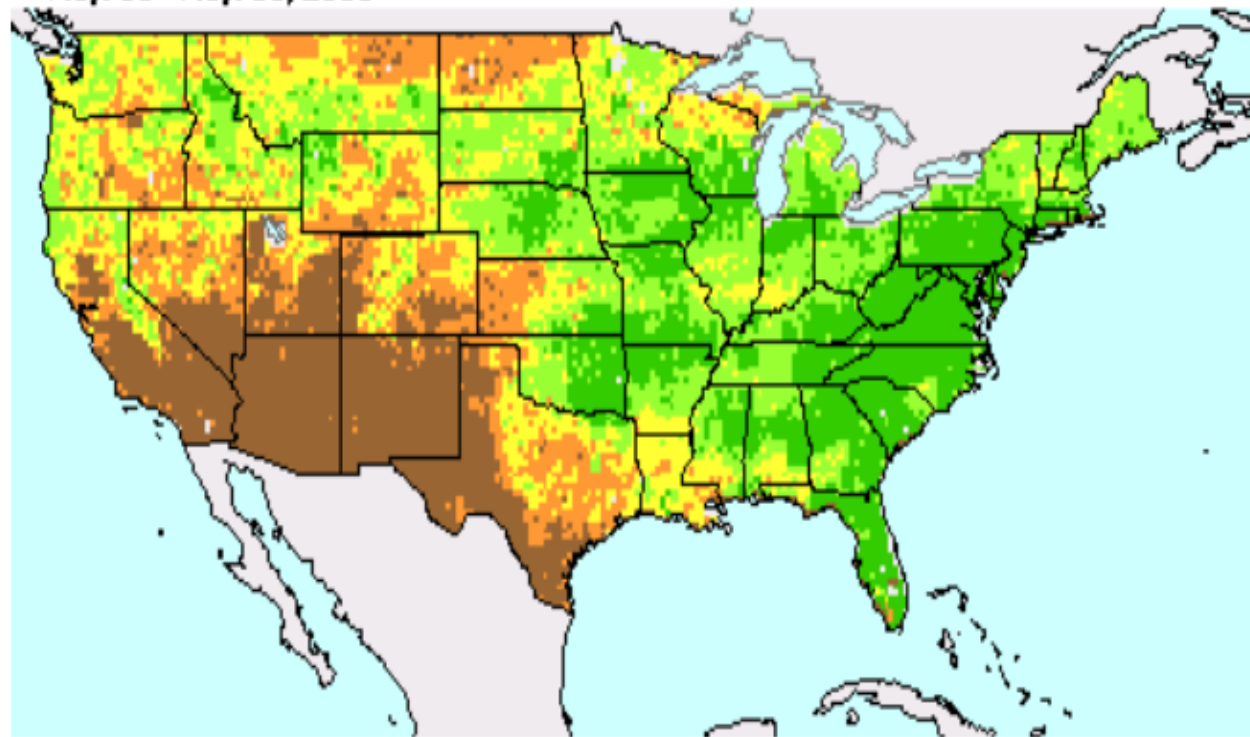
*November 2017 – February 2018. Precip is district-weighted by 2013-2017 production average.

Percent of Normal Precipitation (%)
3/1/2018 – 5/31/2018



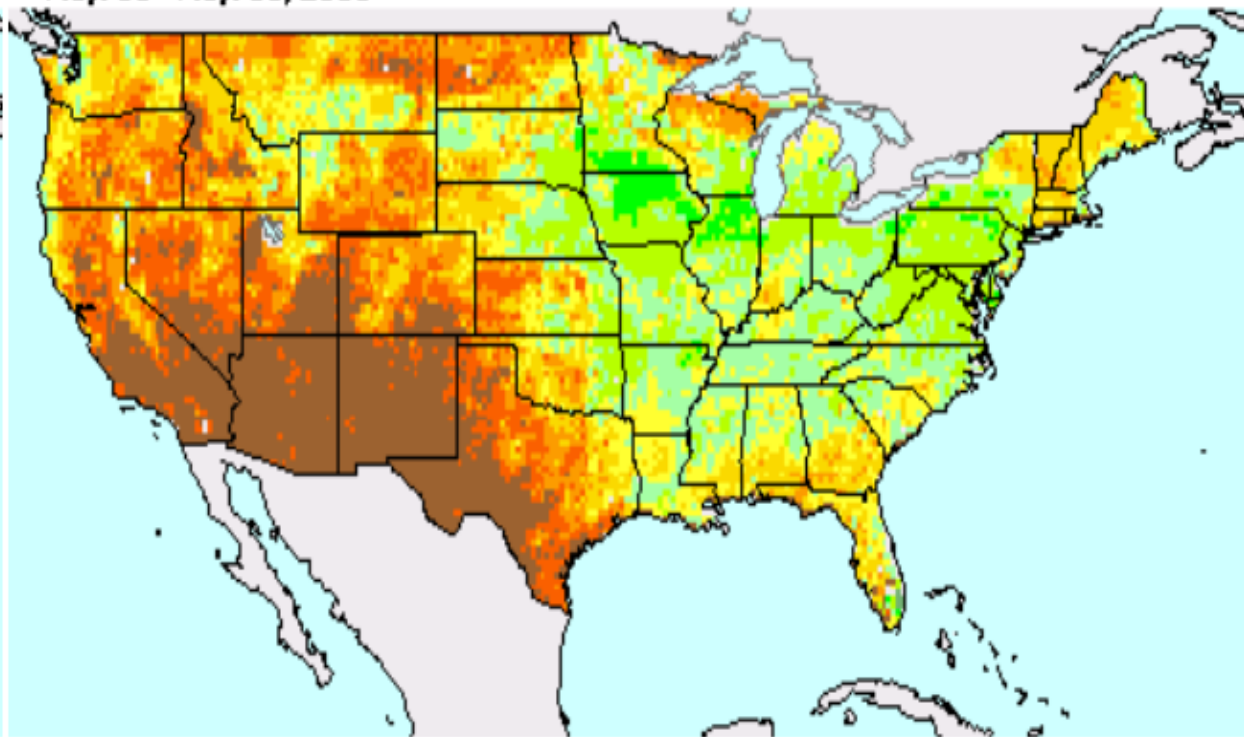
Surface Soil Moisture (SMAP)

May. 16 - May. 18, 2018

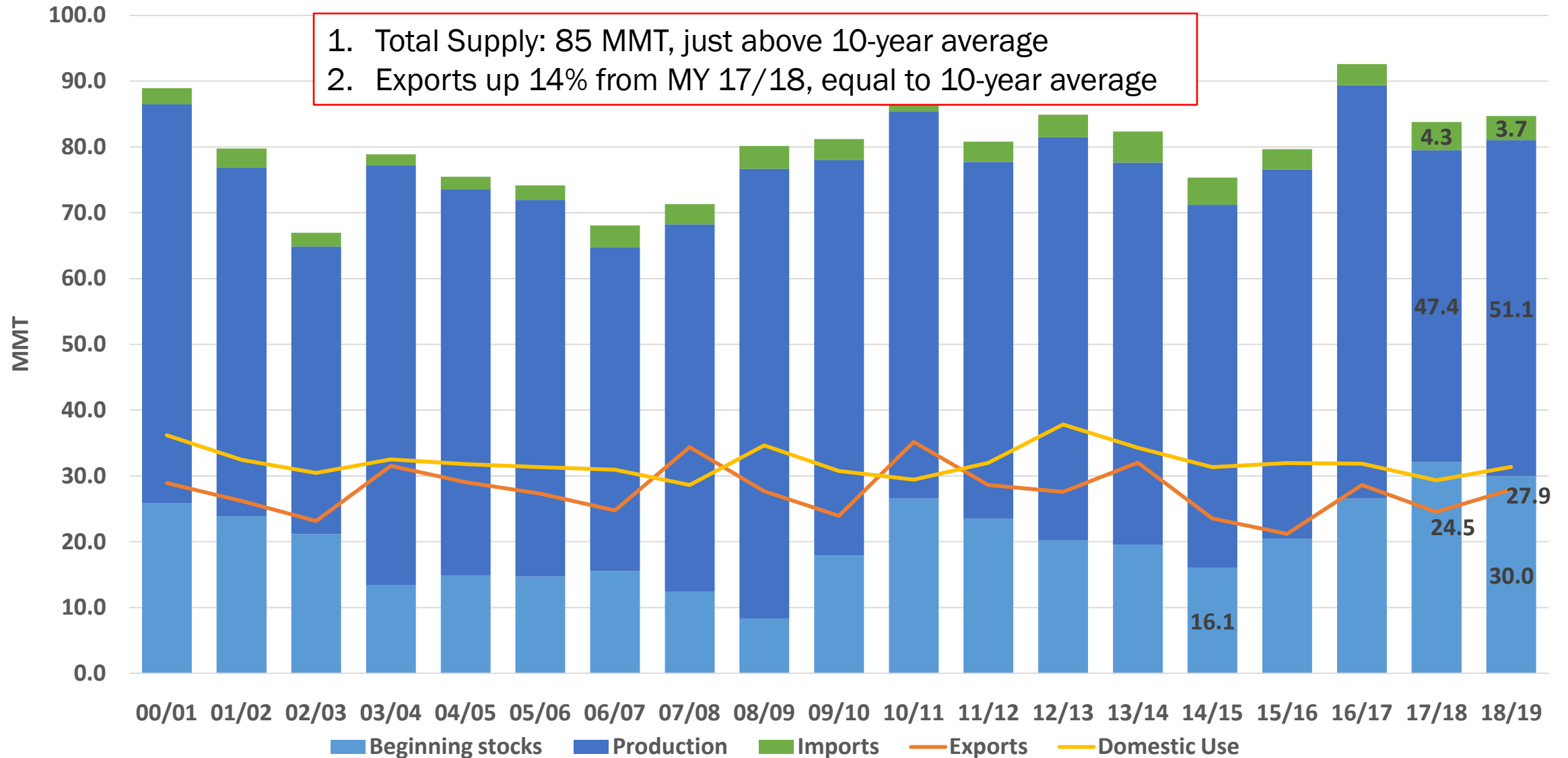


Subsurface Soil Moisture (SMAP)

May. 16 - May. 18, 2018



U.S. Situation



2018 Comments by Class

- 2018 Crop Quality Report and by class reports are posted at www.uswheat.org
- Over 2000 samples collected and tested



U.S. Hard Red Winter

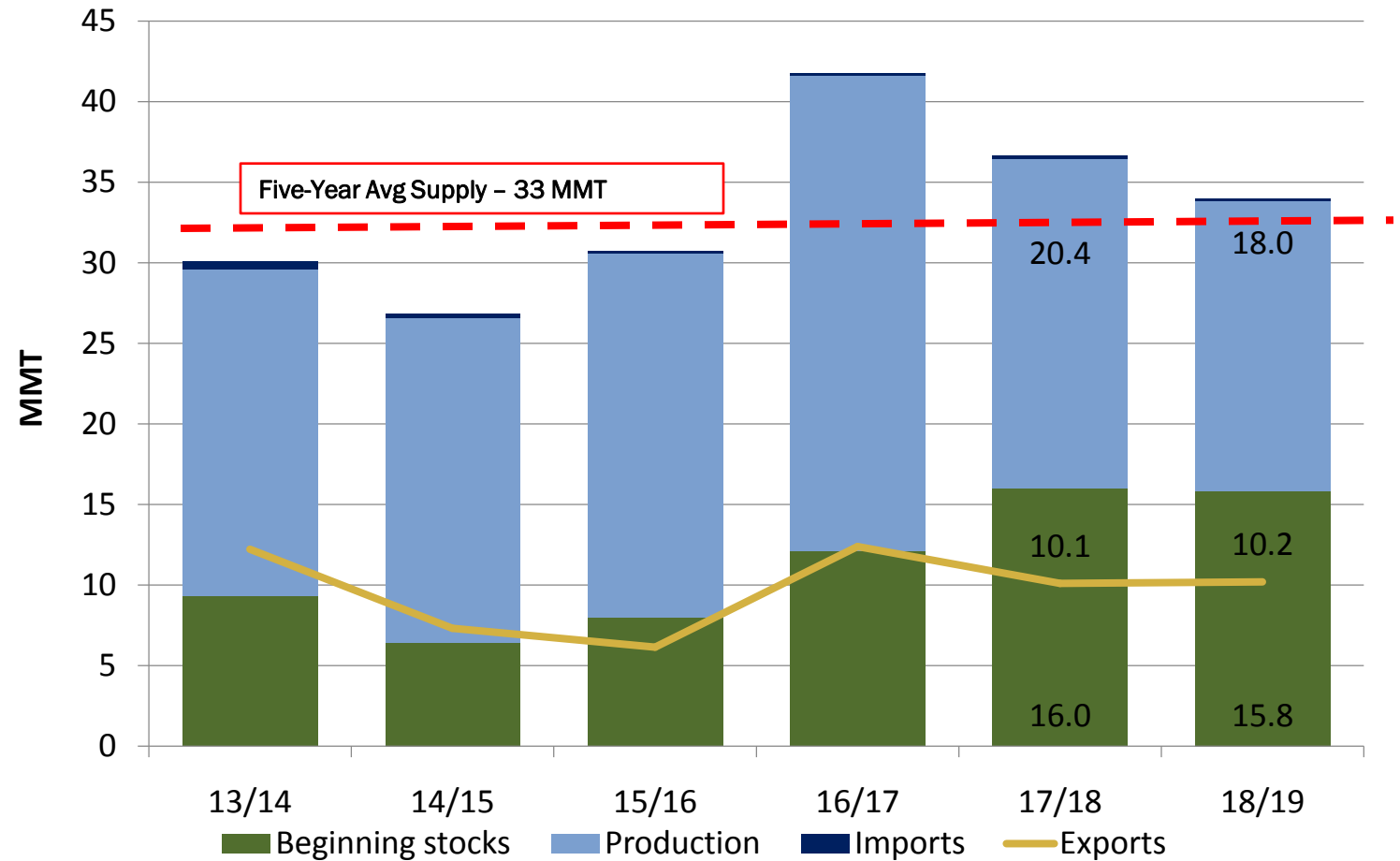
- Production

- Planted area down slightly from 17/18 but 20 percent below 10-year average
- 18.0 MMT, down 12 percent from previous year
- *Best quality in decades!*

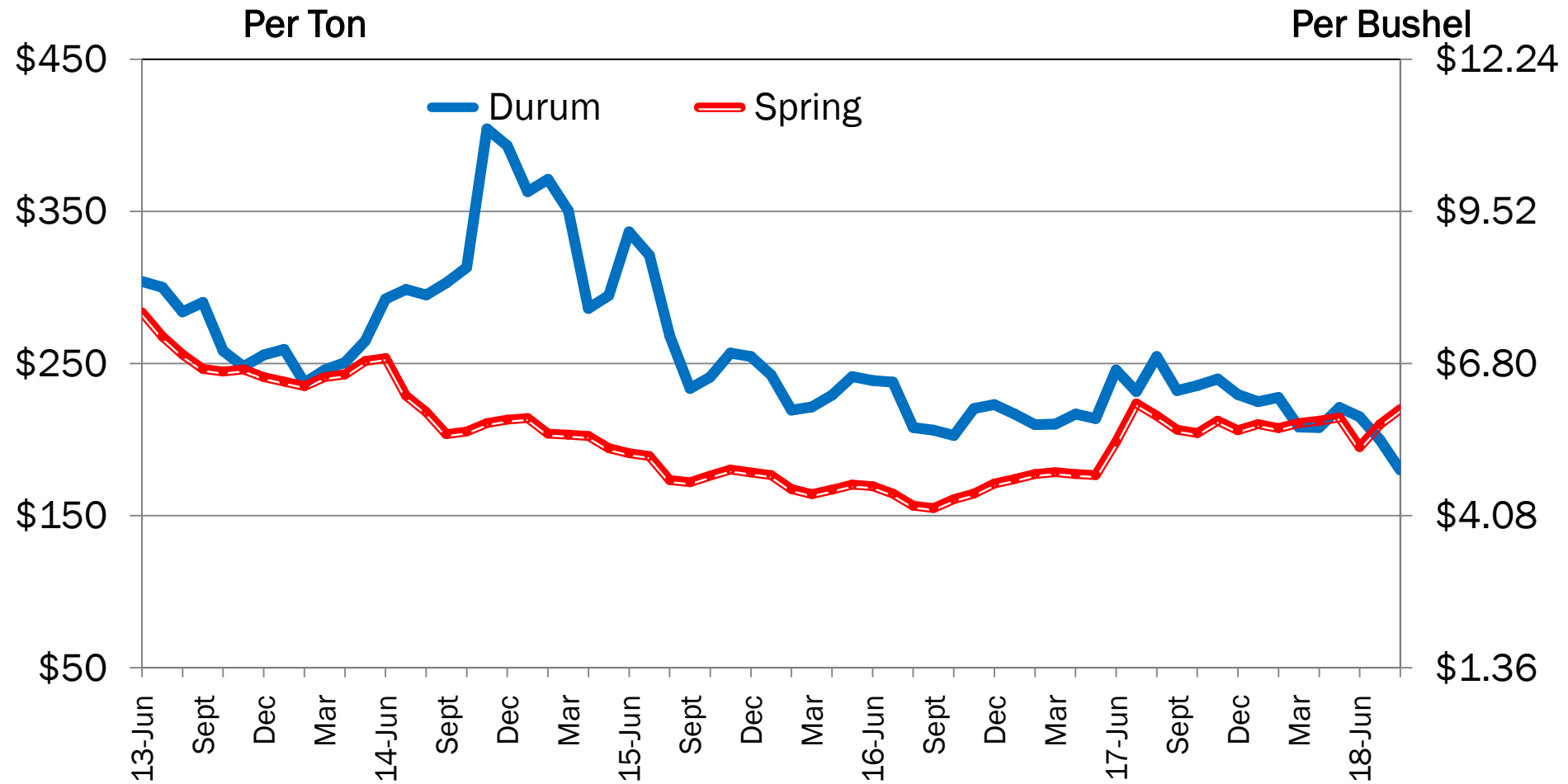
- Crop Development

- Dry conditions through out the growing season. June rain saved crop.

Quality	2018	2017	5-Year Avg
Protein (db)	14.1	13.0	14.1
TW (Kg/HL)	80.2	79.6	79.1
W-Value	280	199	228
Stability Time	12.2	6.1	8.3
Loaf Volume	901	806	843



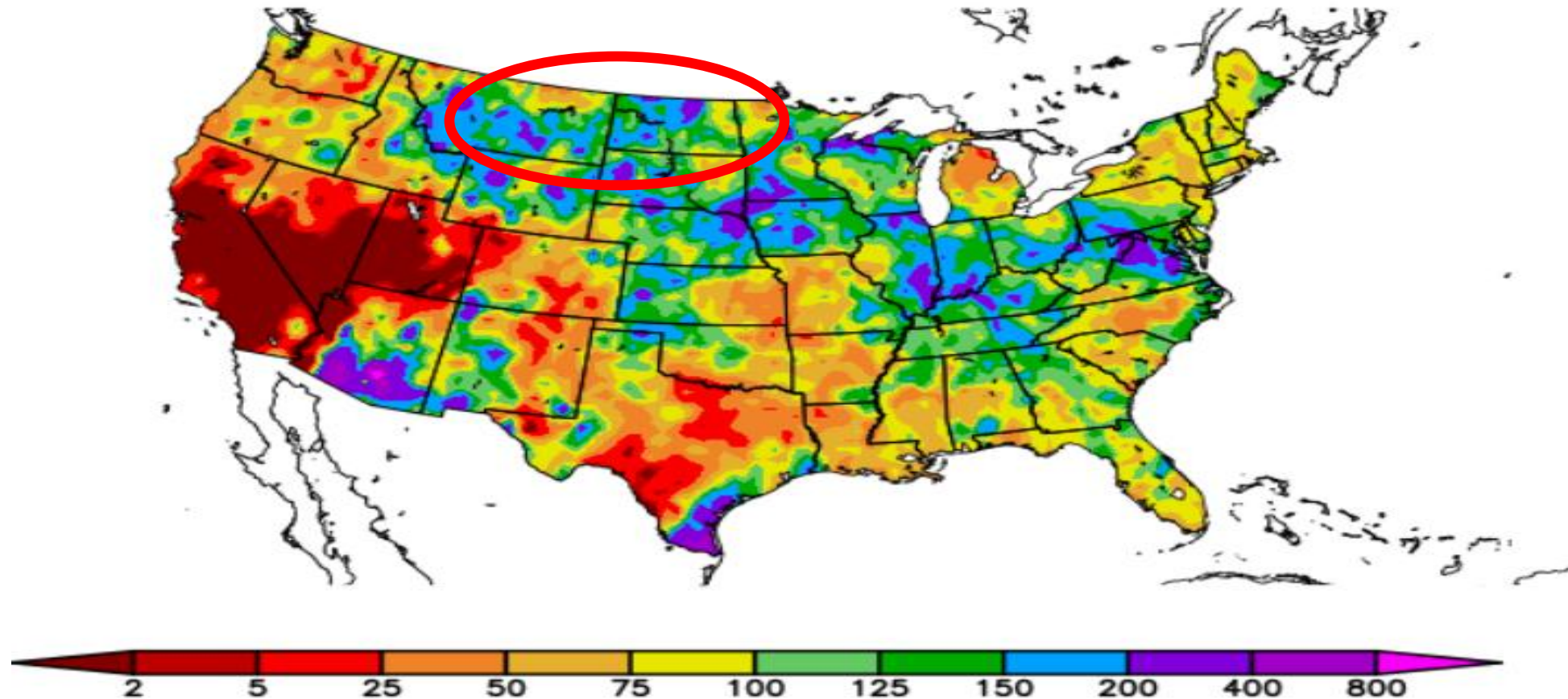
U.S. AVERAGE FARM PRICES



Source: USDA, Annual Price Summary
7/30/2018

Spring Wheat and Durum Conditions

Percent of Normal Precipitation (%)
6/1/2018 – 6/30/2018



U.S. Hard Red Spring

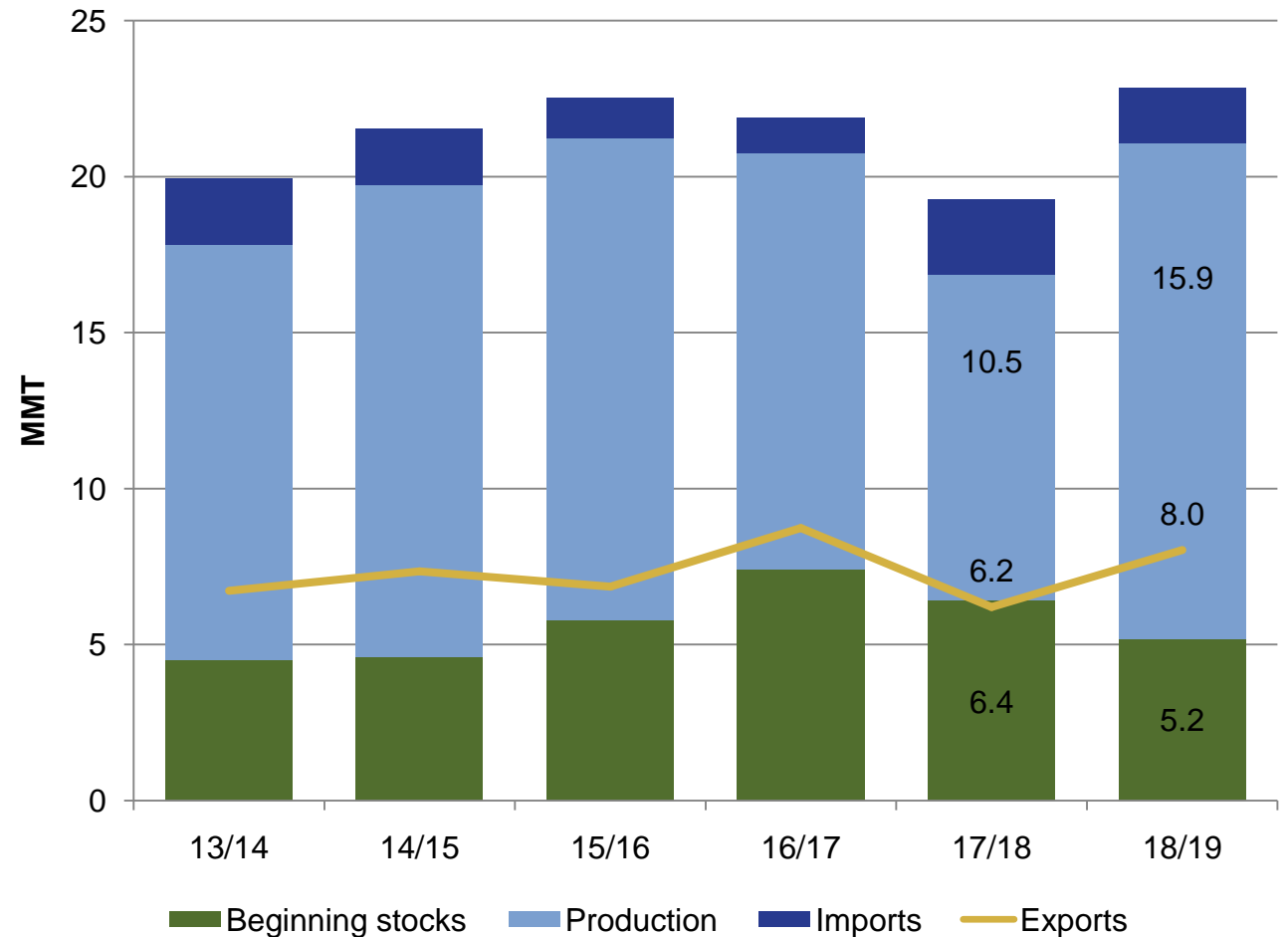
• Production

- Planted area up 20% to 5.3 mh
- Record national yield
- Production up 5.5 MMT to 16 MMT
- Crop grades #1DNS for third straight year

• Crop Development

- Growing season started dry, but June and early July brought frequent, above average precipitation
- Above average to record yields

Quality	2018	2017	5-Year Avg
Protein (db)	16.5	16.6	15.9
TW (Kg/HL)	81.7	81.0	81.1
W-Value	415	360	361
Stability Time	10.8	10.7	10.8
Loaf Volume	973	968	967

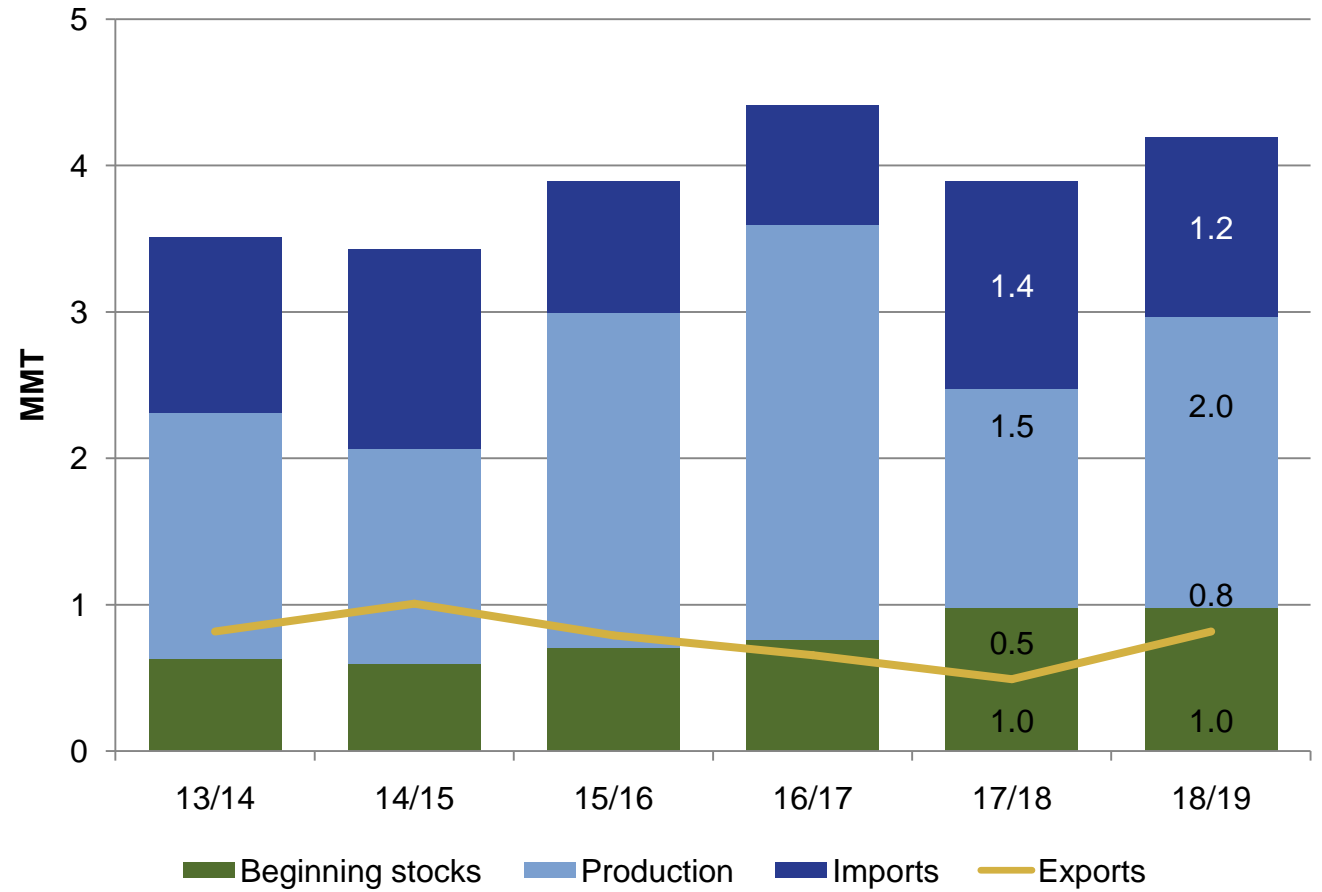


U.S. Durum

• Production

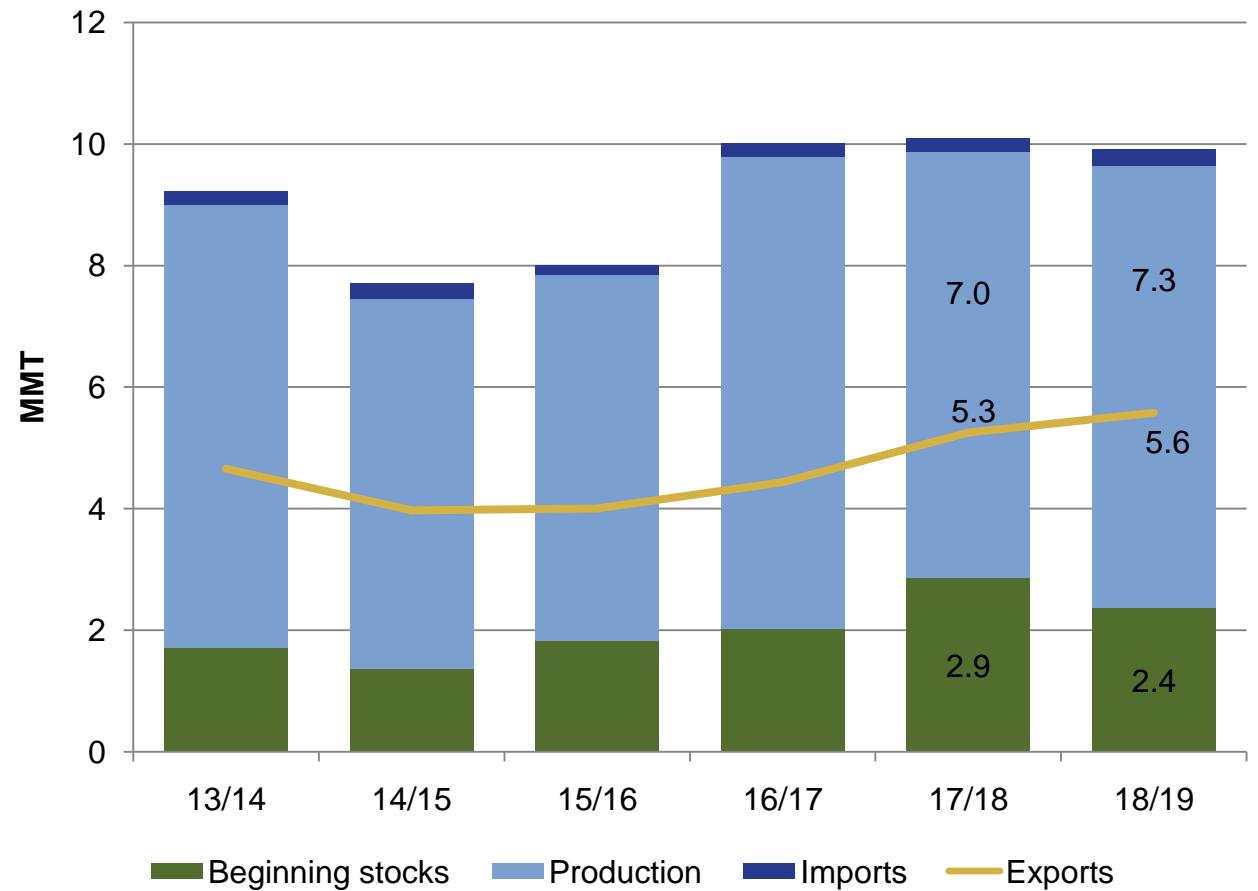
- 2.0 MMT
- Production up 33% from MY 17/18
- Grade #1 HAD
- Narrow price premium to hard wheat continues to discourage increased plantings

Quality	2018	2017	5-Year Avg
Protein (db)	16.4	16.5	15.4
TW (Kg/HL)	79.9	79.4	78.6
W-Value	162	180	143
Vitreous Kernel %	90	69	86
Semolina Ext.	69.3	68.5	66.3



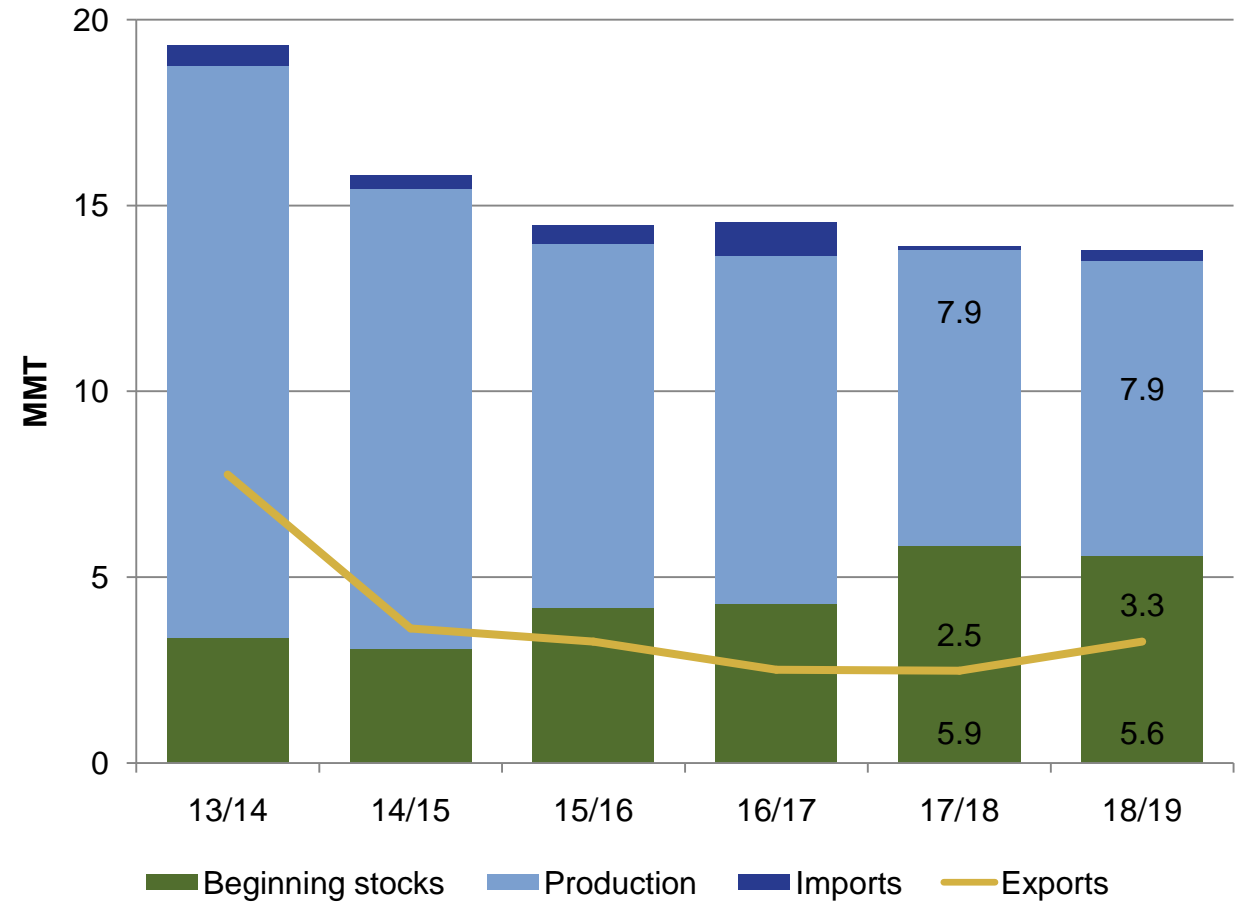
Soft White

Quality	2018	2017	5-Year Avg
Protein (db)	10.8	10.9	10.7
TW (Kg/HL)	81.1	80.1	79.6
P/L Ratio	26	60	44
SRC – Lactic Acid	102/75	95/74	105/79
Cookie Spread	9.4	10.4	9.7

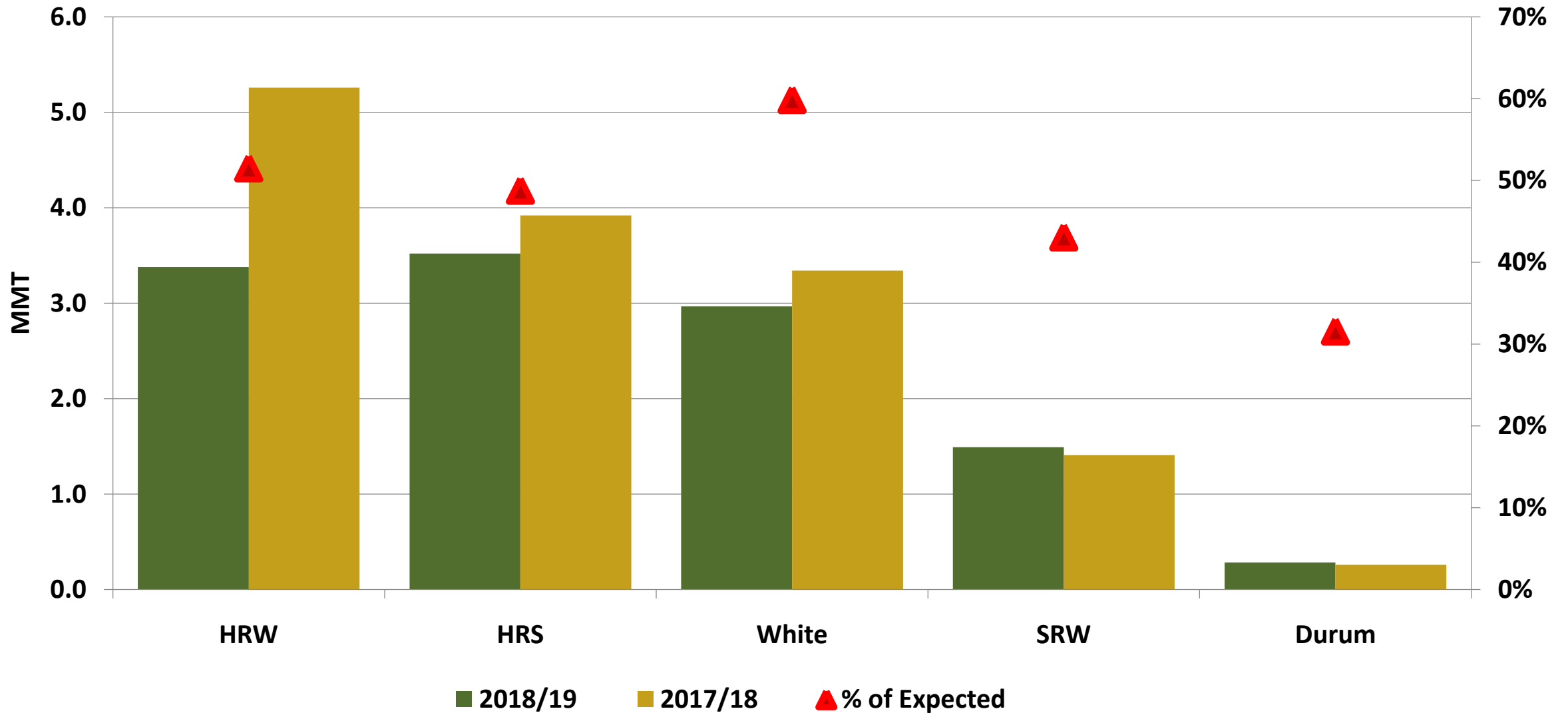


Soft Red Winter

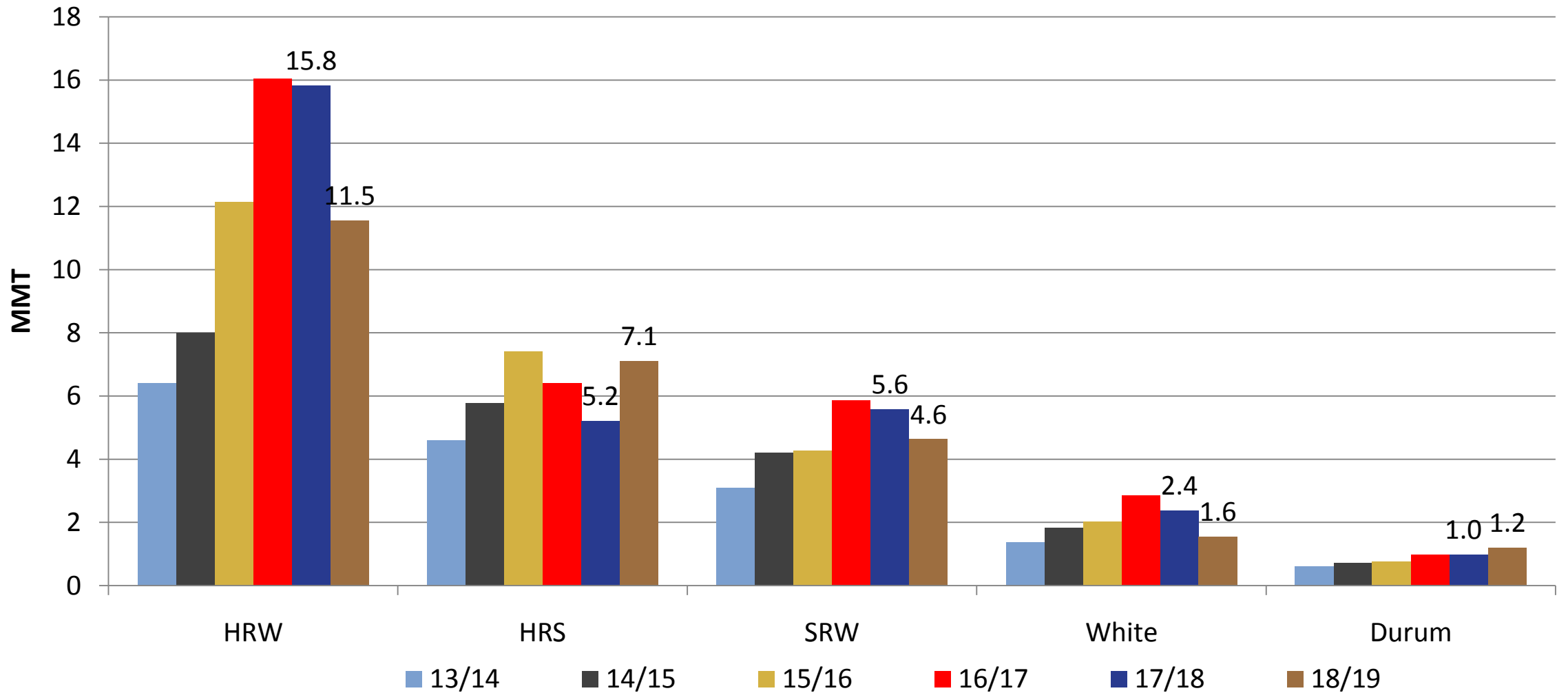
Quality	2018	2017	5-Year Avg
Protein (db)	10.8	10.9	10.7
TW (Kg/HL)	76.2	77.7	76.6
P/L Ratio	0.35	0.46	0.40
SRC – Lactic Acid	113/81	130/89	112/81
Cookie Spread	9.3	8.8	9.2



Sales Pace against expectations

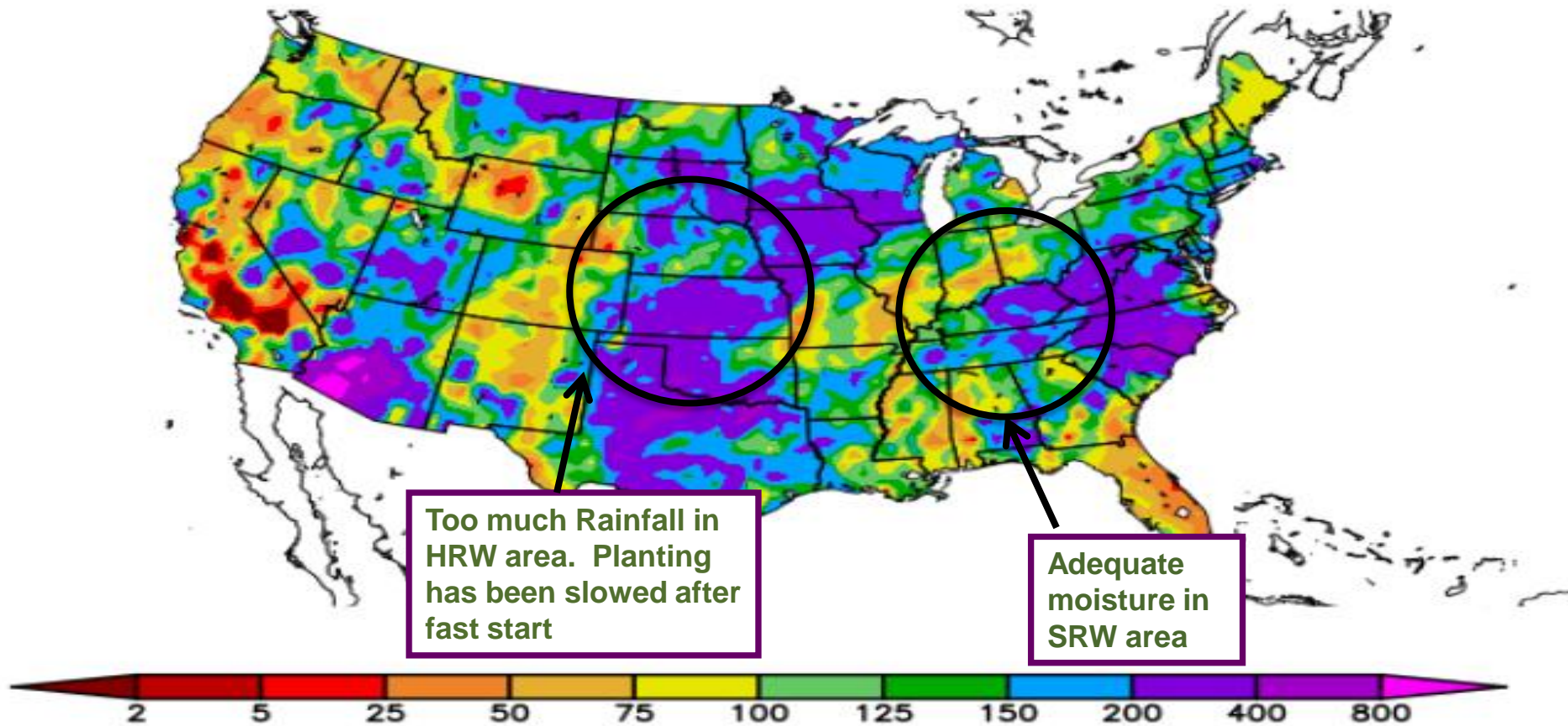


U.S. Wheat Ending Stocks by Class



U.S. Winter Wheat Plantings

Percent of Normal Precipitation (%)
9/14/2018 – 10/13/2018



- Winter wheat plantings are 72% complete
- Slightly behind 5-year average

Conclusion

- **US Wheat Planted area up slightly but well below 10-year average**
 - Low prices during planting, poor net farm return
- **US production up eight percent from MY 17/18**
 - Current production of 51.3 MMT; 11 percent below 10-year average
 - Big increase in Hard Red Spring production
- **Generally excellent quality**
 - HRS quality exceptional; high protein, w-values and stability time all improved
 - HRW quality improved from previous year with higher protein and better end-use performance
 - Stability time over 12 minutes
 - SRW grade #3
 - Low East Coast test weights brought down overall average
 - SRW sourcing should be done for Gulf tributary

Conclusion

- **US New Crop Plantings expected to rise**

- HRW planting expectations reduced due to excess moisture and early snowfall in Kansas; expected to be up 5 percent from MY 18/19
- HRS expected 10 percent or higher; challenges with soybeans, low durum prices

- **Evolving China trade dispute**

- US soybeans under pressure
- Lack of PNW export demand; limited bids since June 2018, no bids through Feb 2019.
- Storage space will be at a premium
- US wheat exports to China are zero compared to 600 TMT over the same period last year

Thank You ...Questions?

<http://www.uswheat.org>

Price Report: *<http://www.uswheat.org/prices>*

Wheat Letter: *<http://www.uswheat.org/wheatLetter>*

Email: *InfoCasablanca@uswheat.org*



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