

2019 US Wheat Outlook

Ian Flagg

Regional Vice President, USW

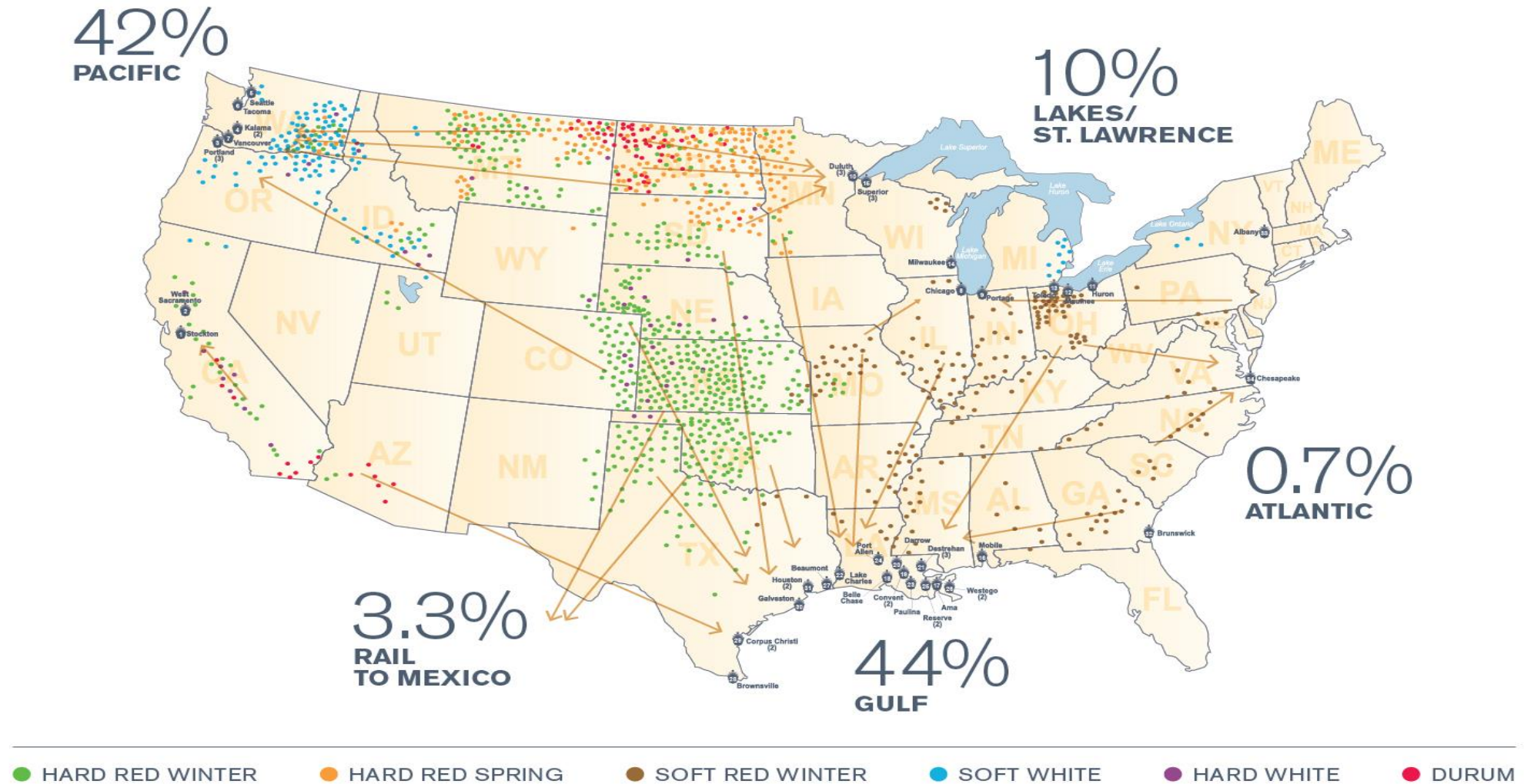


U.S. WHEAT
ASSOCIATES

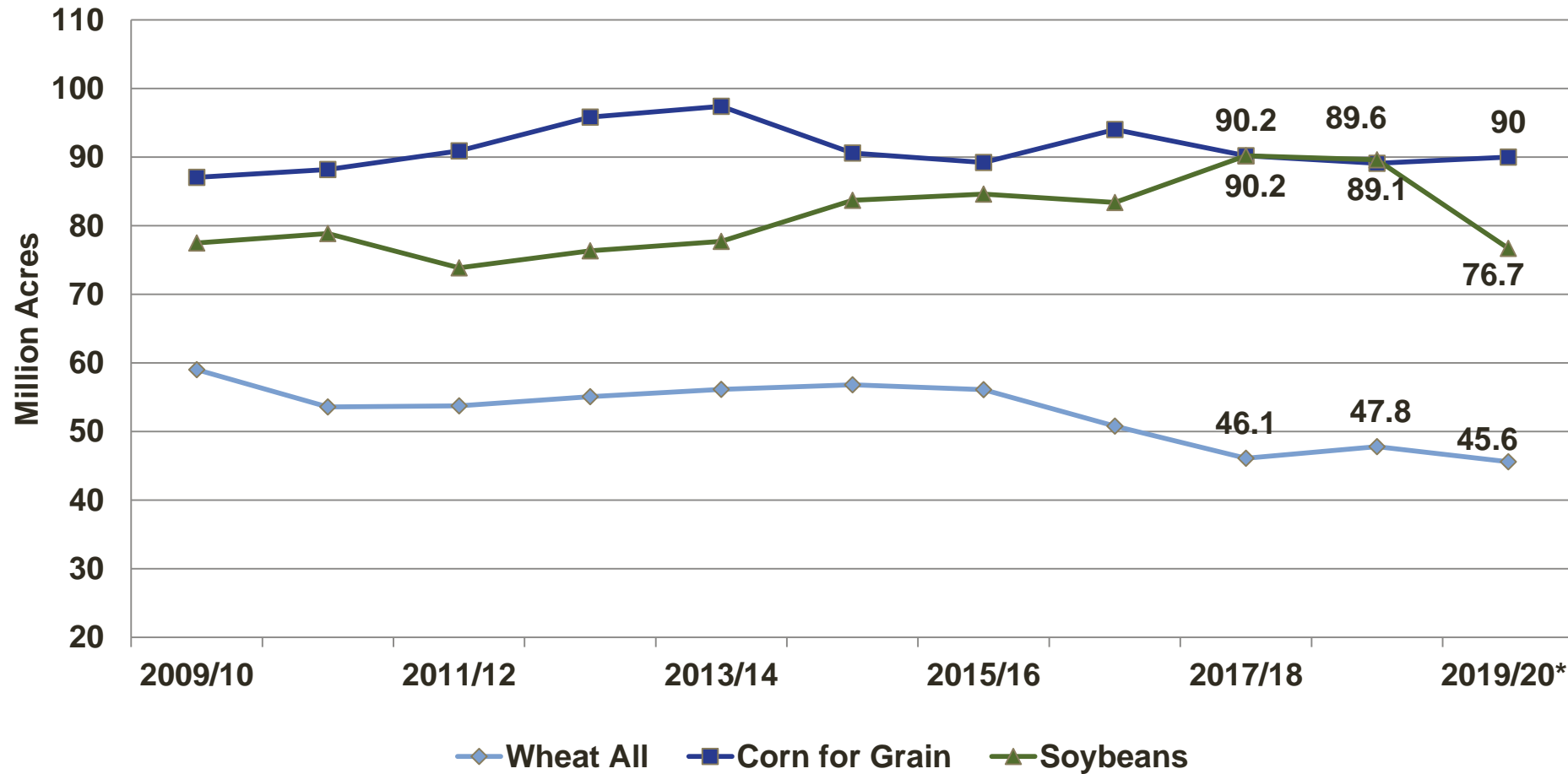
The world's most reliable choice.



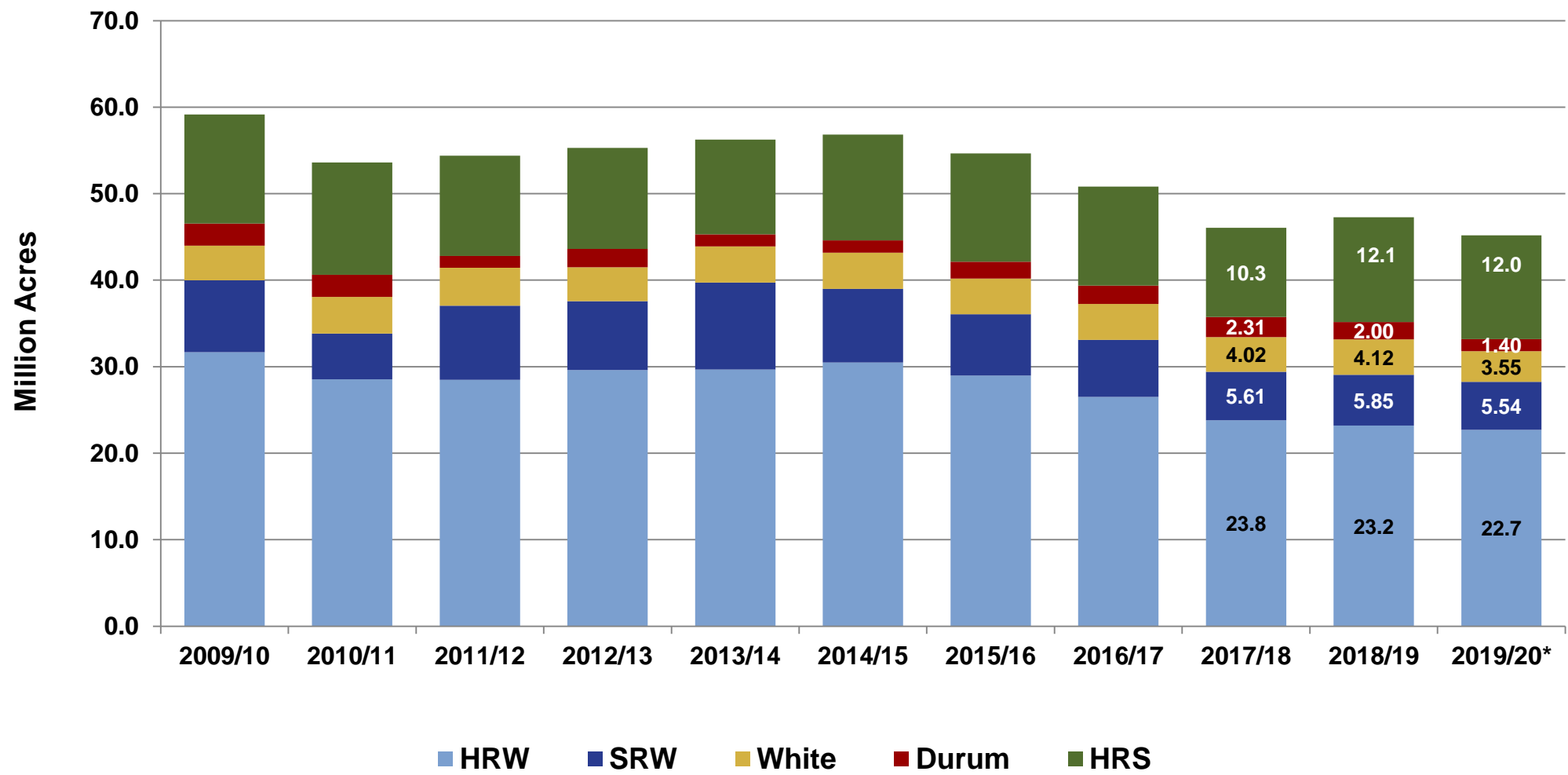
Six Classes; PNW, Gulf, Lakes, Atlantic



U.S. Crop Planted Area Comparison

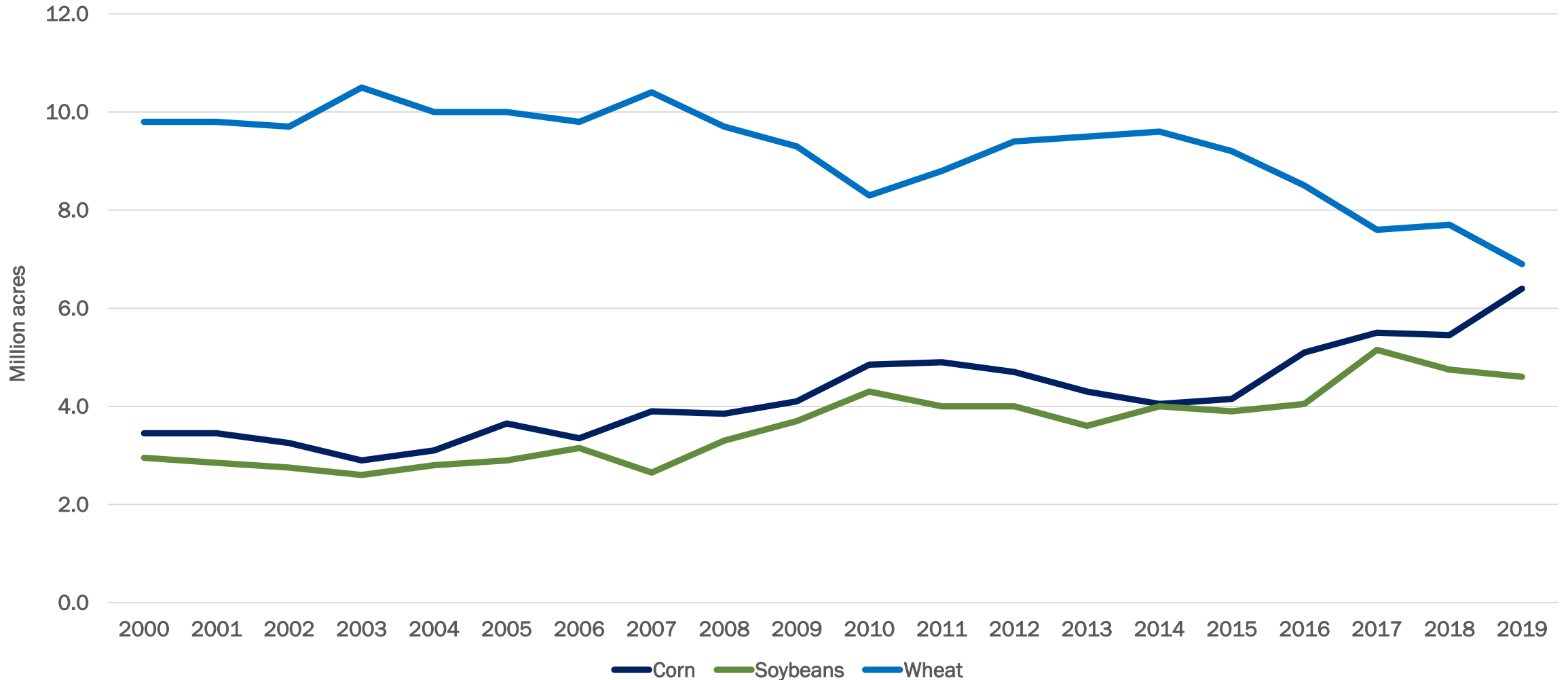


U.S. Wheat Plantings by Class

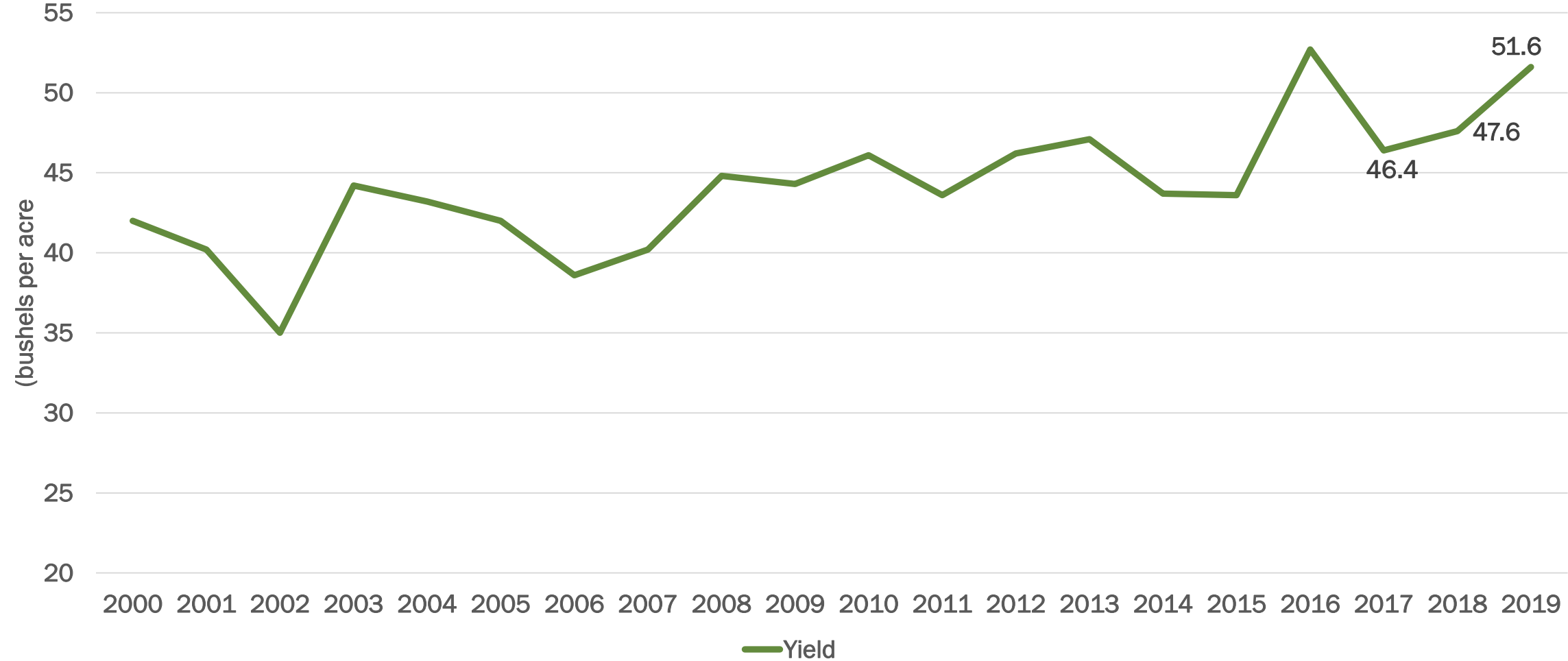


**Source: USDA Acreage Report, June 28, 2019*

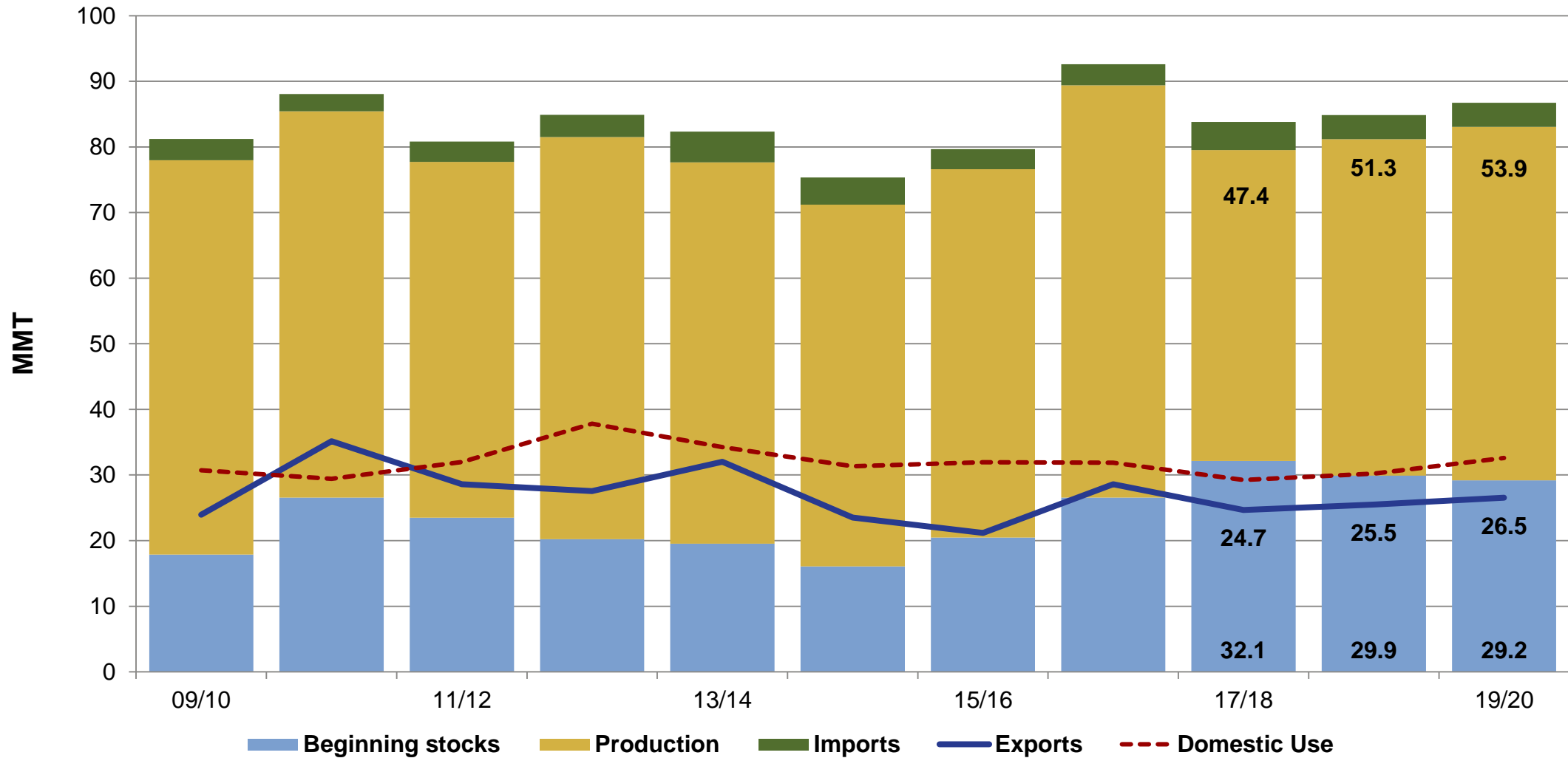
US Crop Planted Area Comparison - Kansas



U.S. Wheat Yield

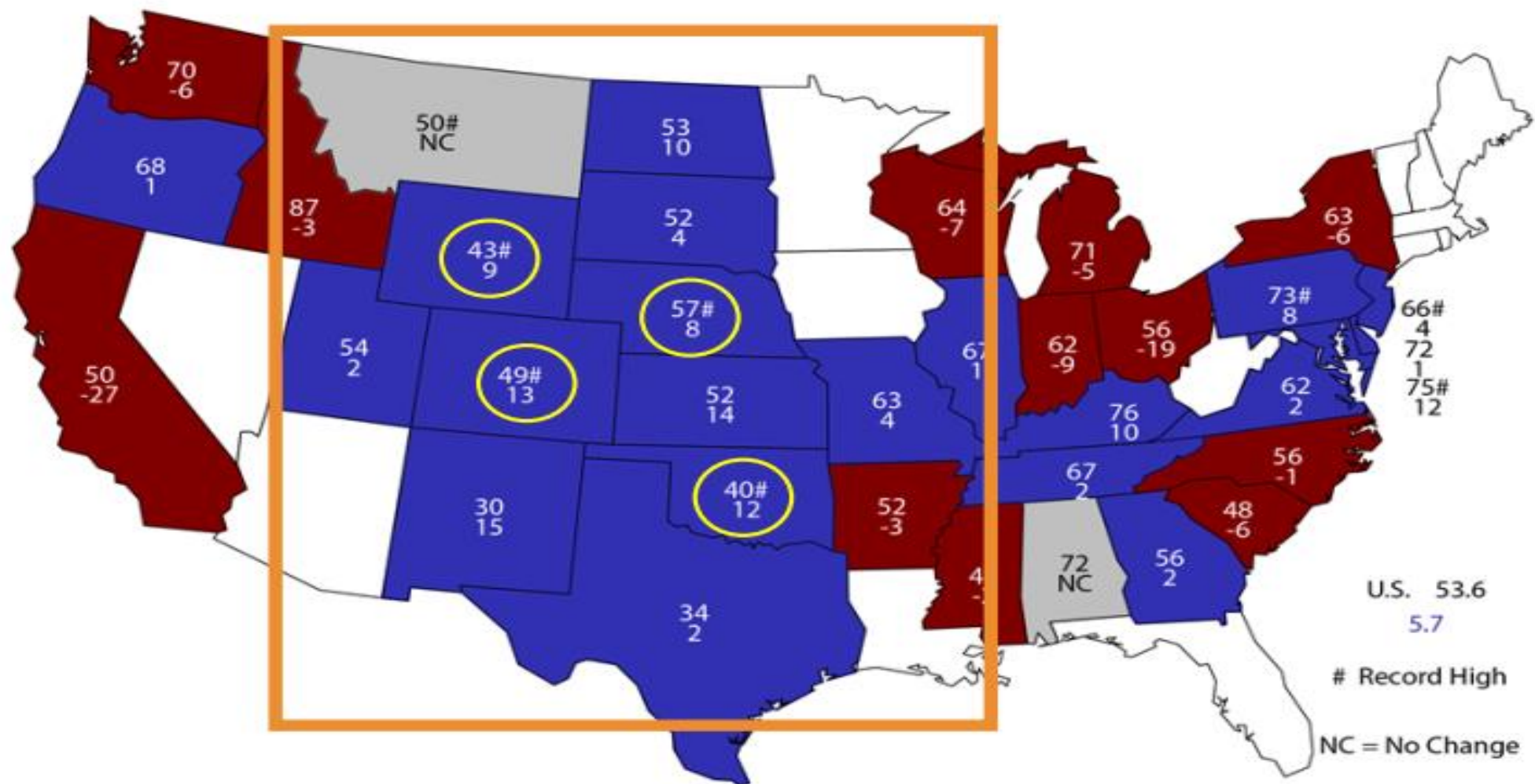


U.S. Situation



2019 Winter Wheat Yield

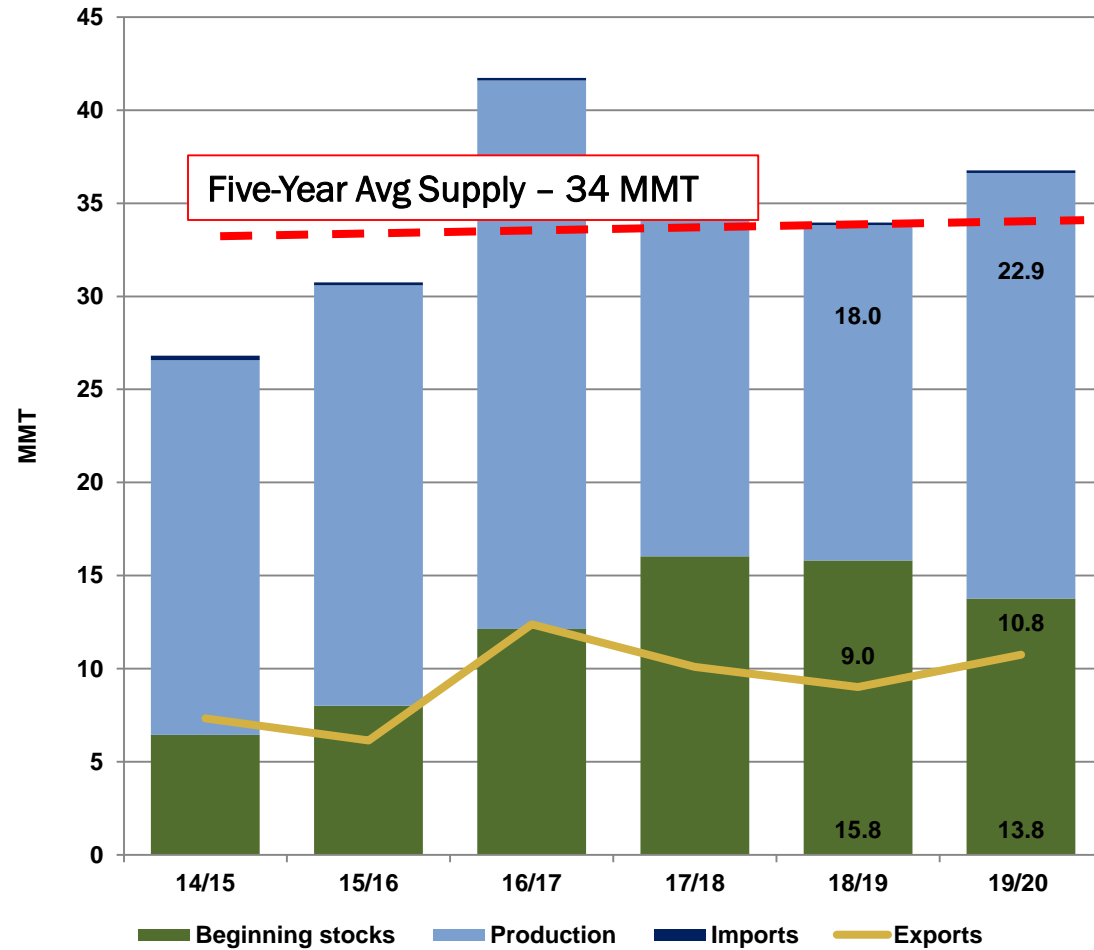
Bushels and Change From Previous Year



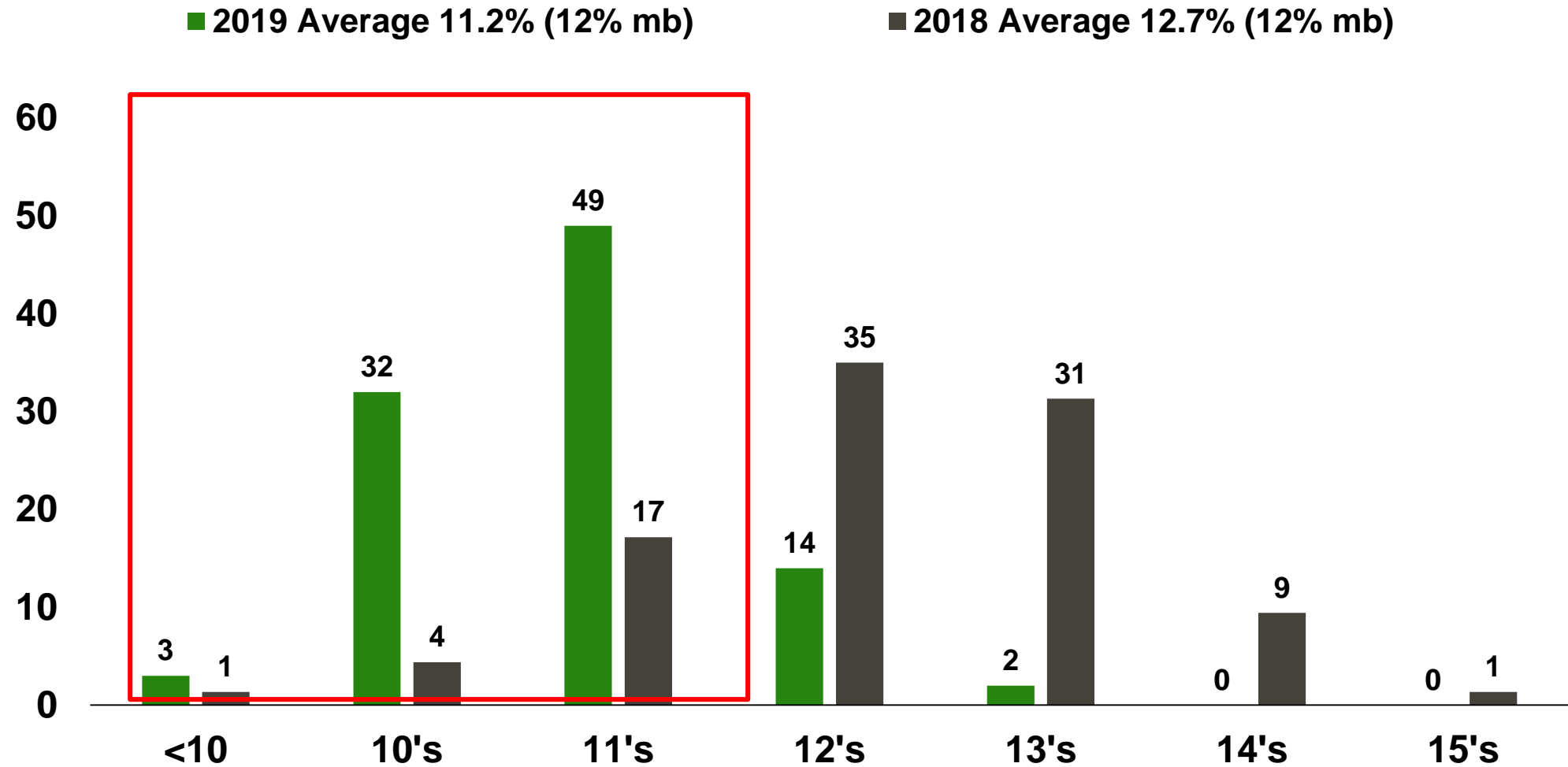
U.S. Hard Red Winter

- Production
 - 22.9 MMT
- Crop Development
 - The 2019 hard red winter (HRW) wheat crop received abundant moisture during the planting and growing season throughout the Great Plains
 - High yields resulted in lower protein

| Quality | 2019 vs. 5-Yr Avg. | |
|--------------|--------------------|------|
| Protein (db) | 12.8 | 14.5 |
| TW (Kg/HL) | 80.0 | 79.0 |
| W-Value | 211 | 227 |
| Loaf Volume | 858 | 859 |



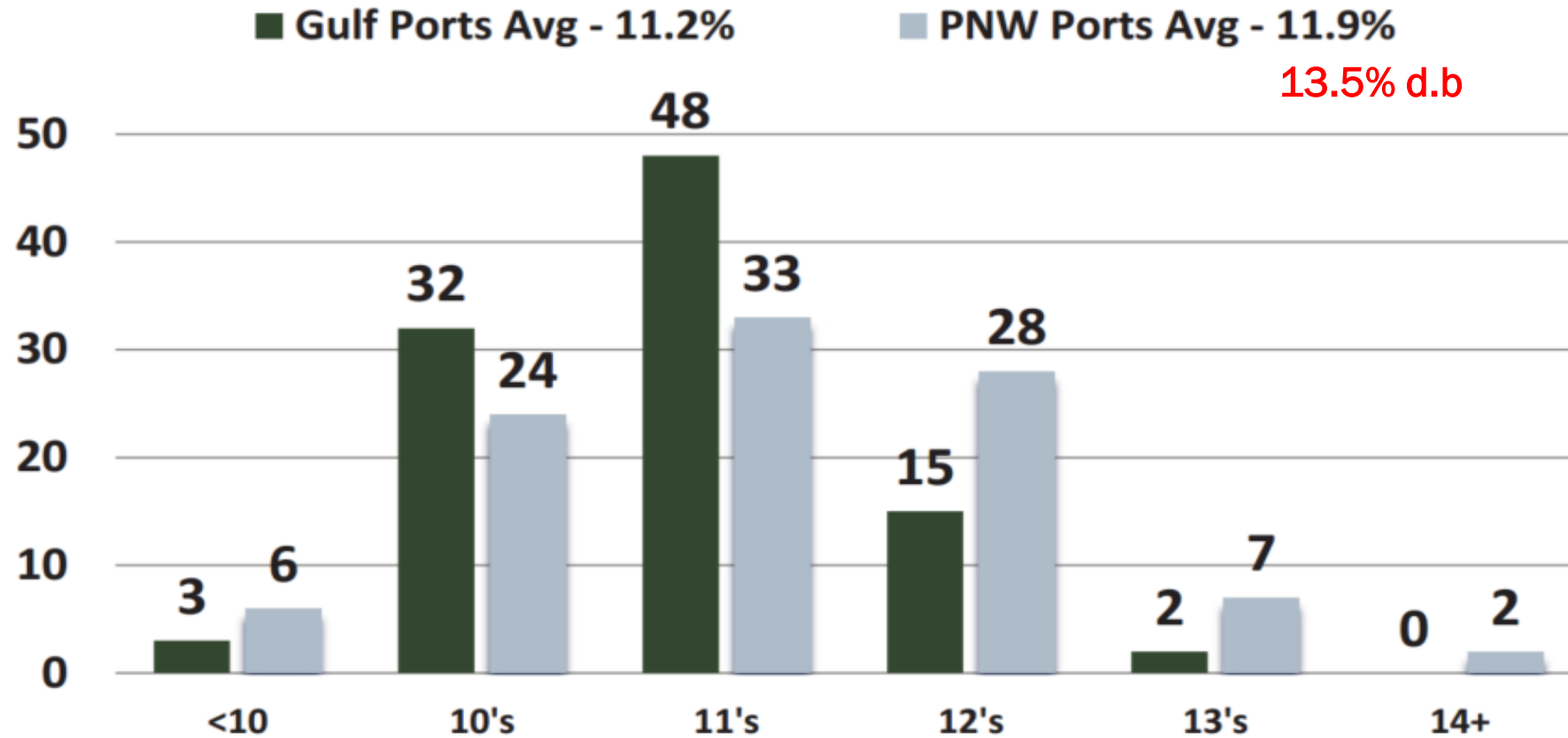
U.S. HRW Protein Distribution



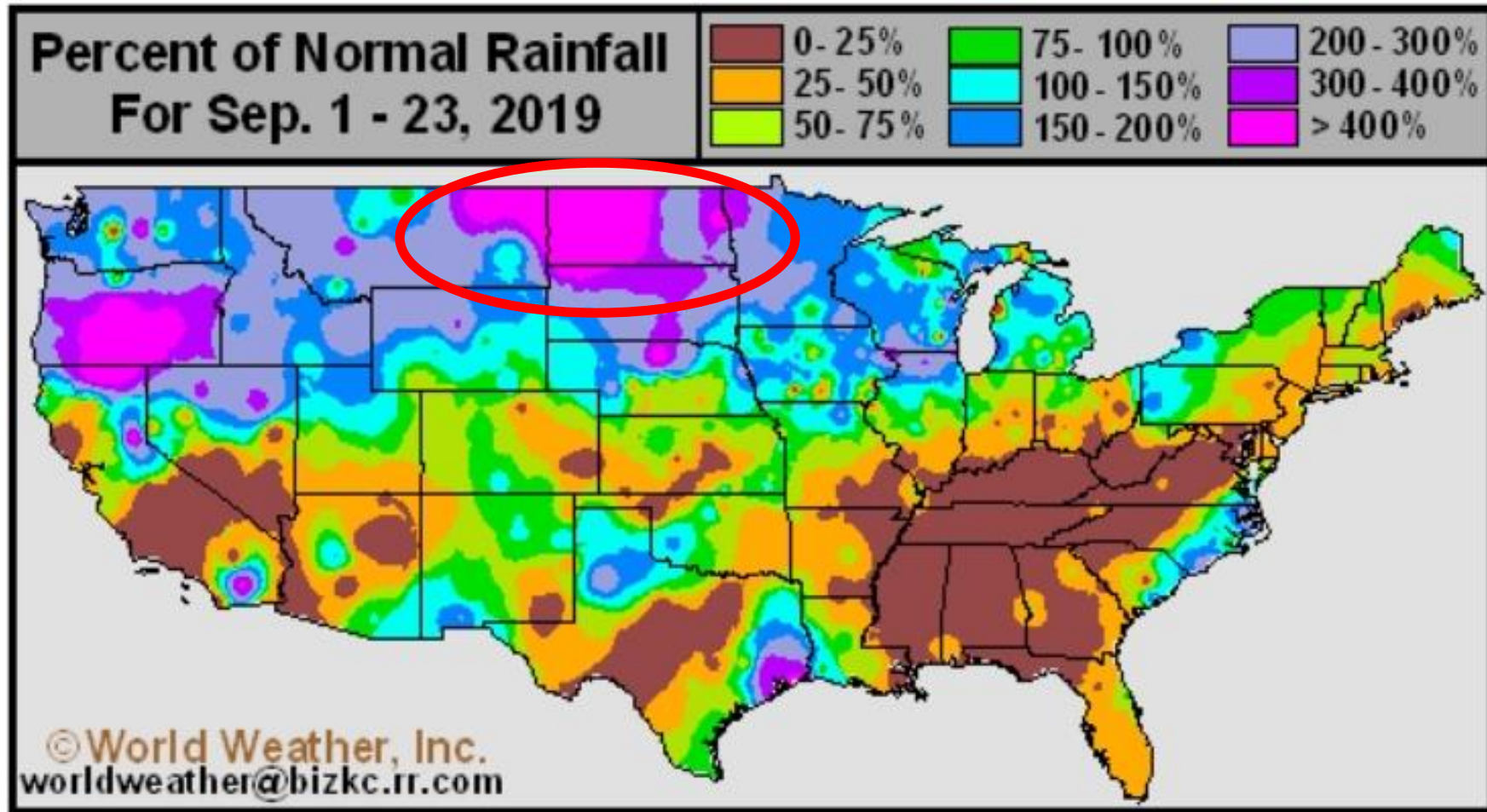
Gulf vs PNW Exportable

PROTEIN (12% MB)

Percent



HRS and Durum Excess Rainfall



HRS and Durum – Excess moisture delays harvest

- Cool August slowed crop development for both HRS and durum
- Extremely wet September delayed harvest and created pockets of lower quality
 - Only 70% of HRS harvested
 - Only 50% of durum harvested
- Due to delayed harvest, USW quality assessment is incomplete – only 80 percent of usual samples collected
 - Expect lower FN, lower DHV and greater risk of DON
 - Some unharvested durum will enter domestic feed supply
 - Expect reduced production estimates for both durum and HRS.

U.S. Hard Red Spring

Production

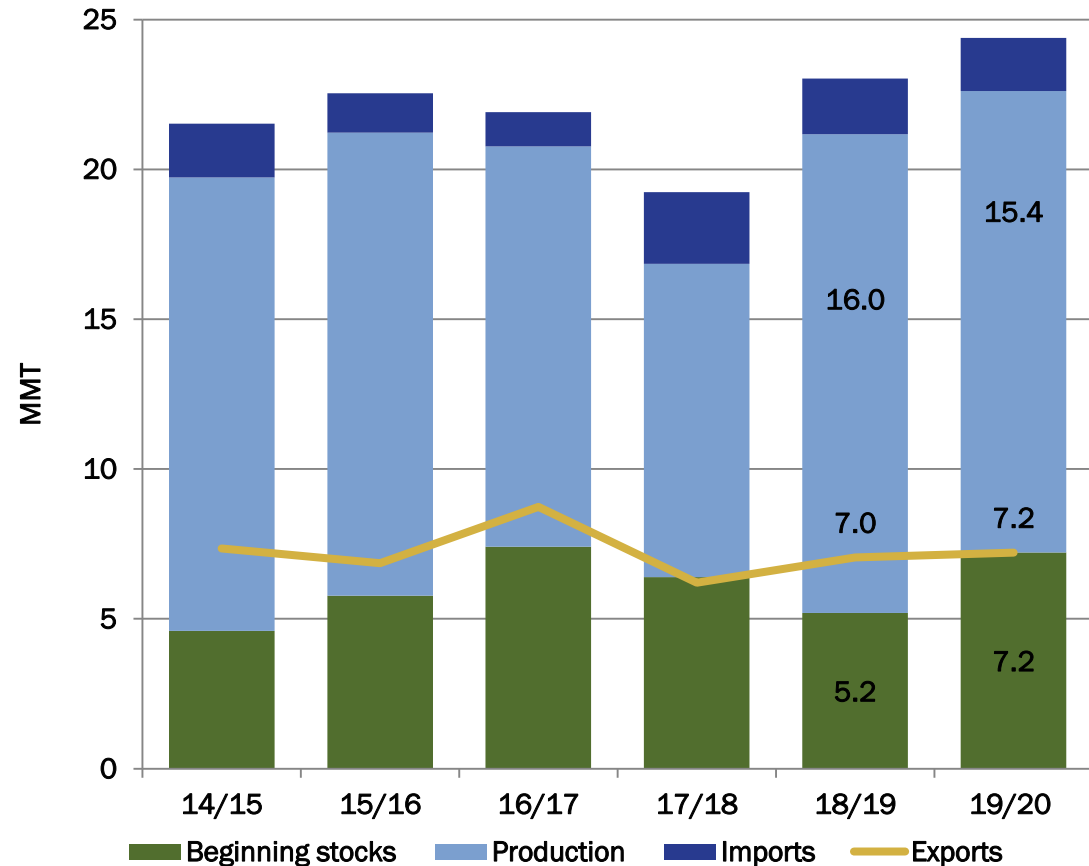
- 15.4 MMT

Crop Development

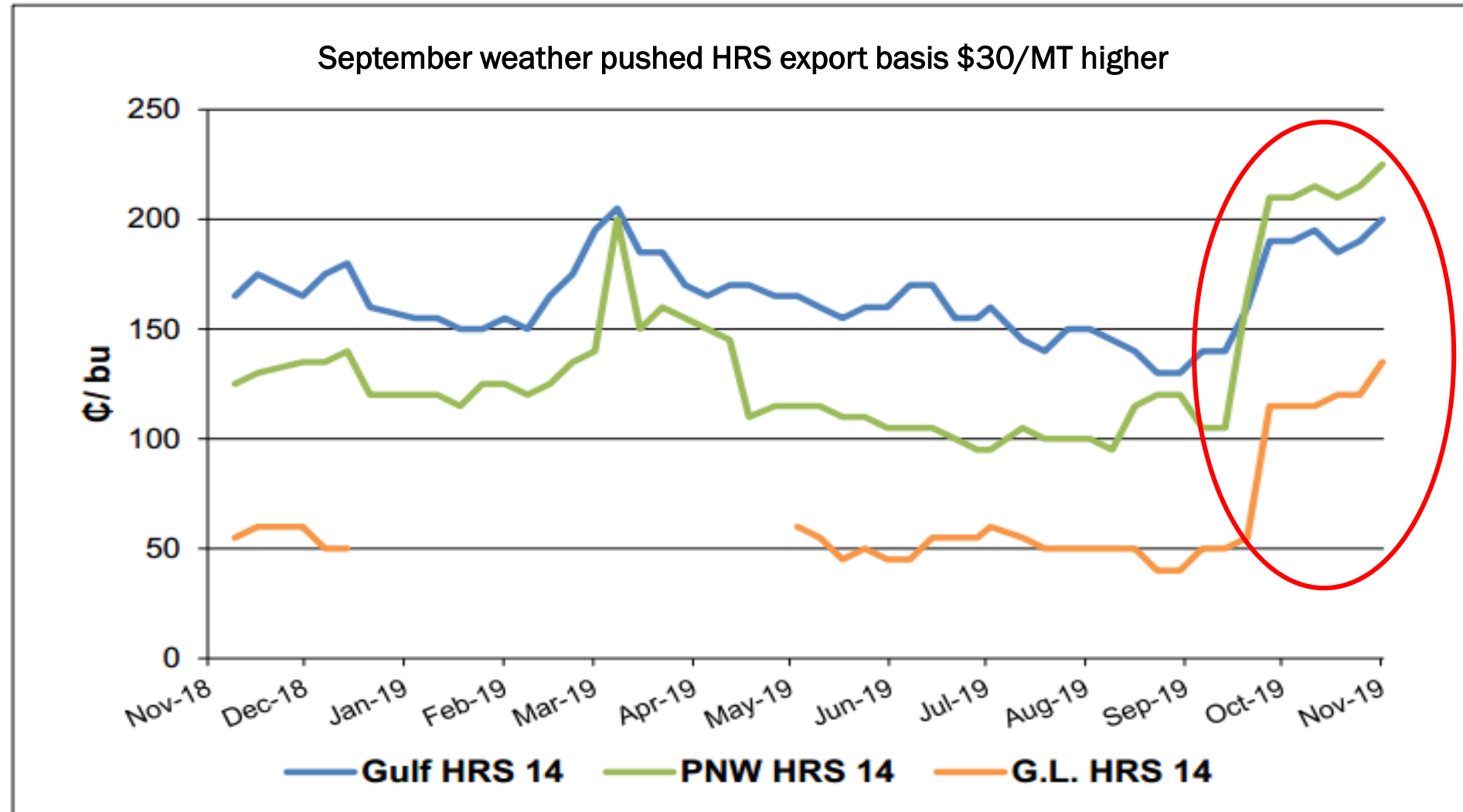
- Cool, wet spring delayed planting and slowed emergence
- Record September rainfall interrupted harvest and reduced quality

| Quality | 2019 vs. 5-Yr Avg. | |
|--------------|--------------------|------|
| Protein (db) | 16.3 | 16.1 |
| TW (Kg/HL) | 79.8 | 81.2 |
| DHV | 52 | 74 |
| W-Value | 342 | 375 |
| Loaf Volume | 1026 | 969 |

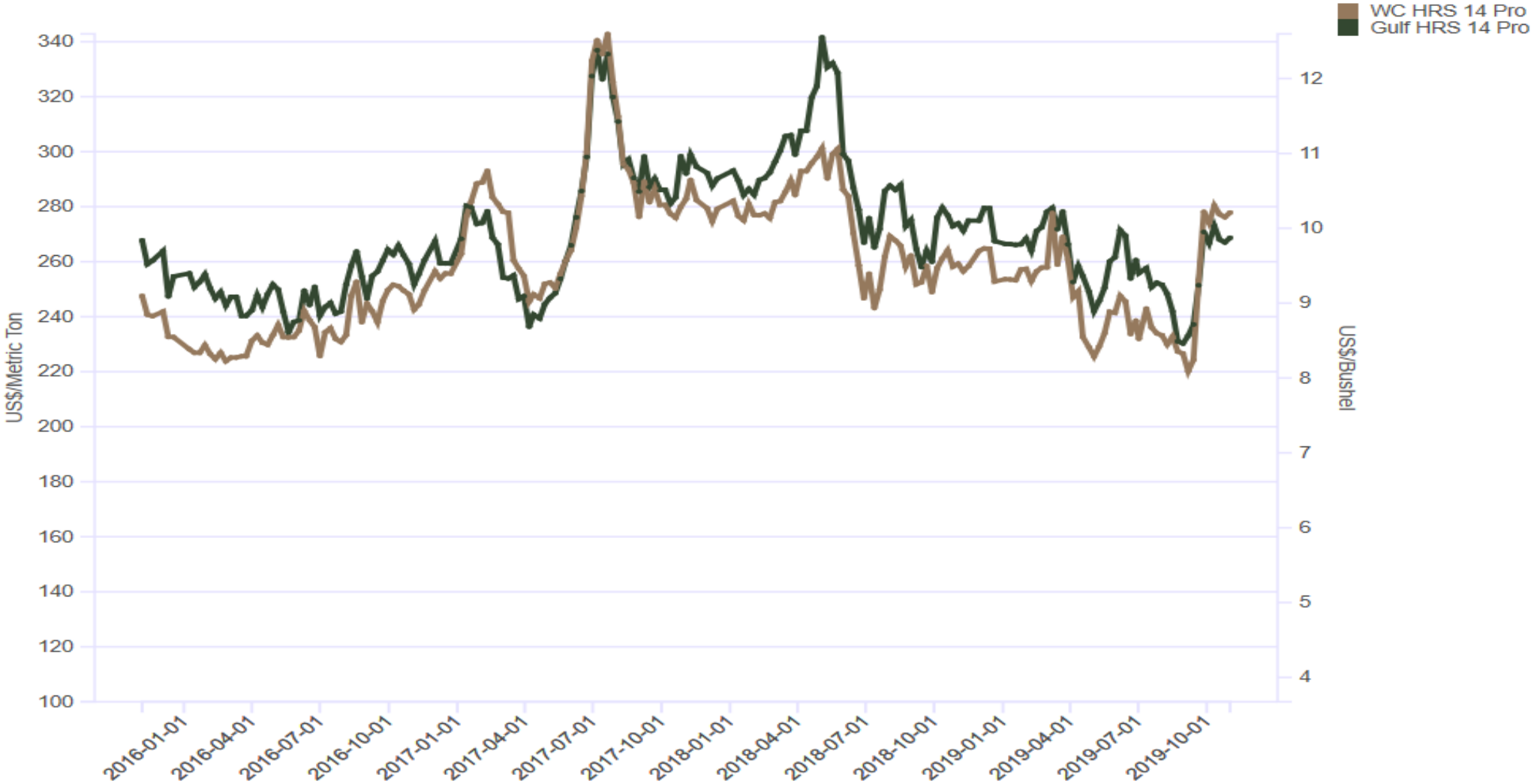
Hard Red Spring



HRS Export Basis for Nearby Delivery



HRS Export Prices

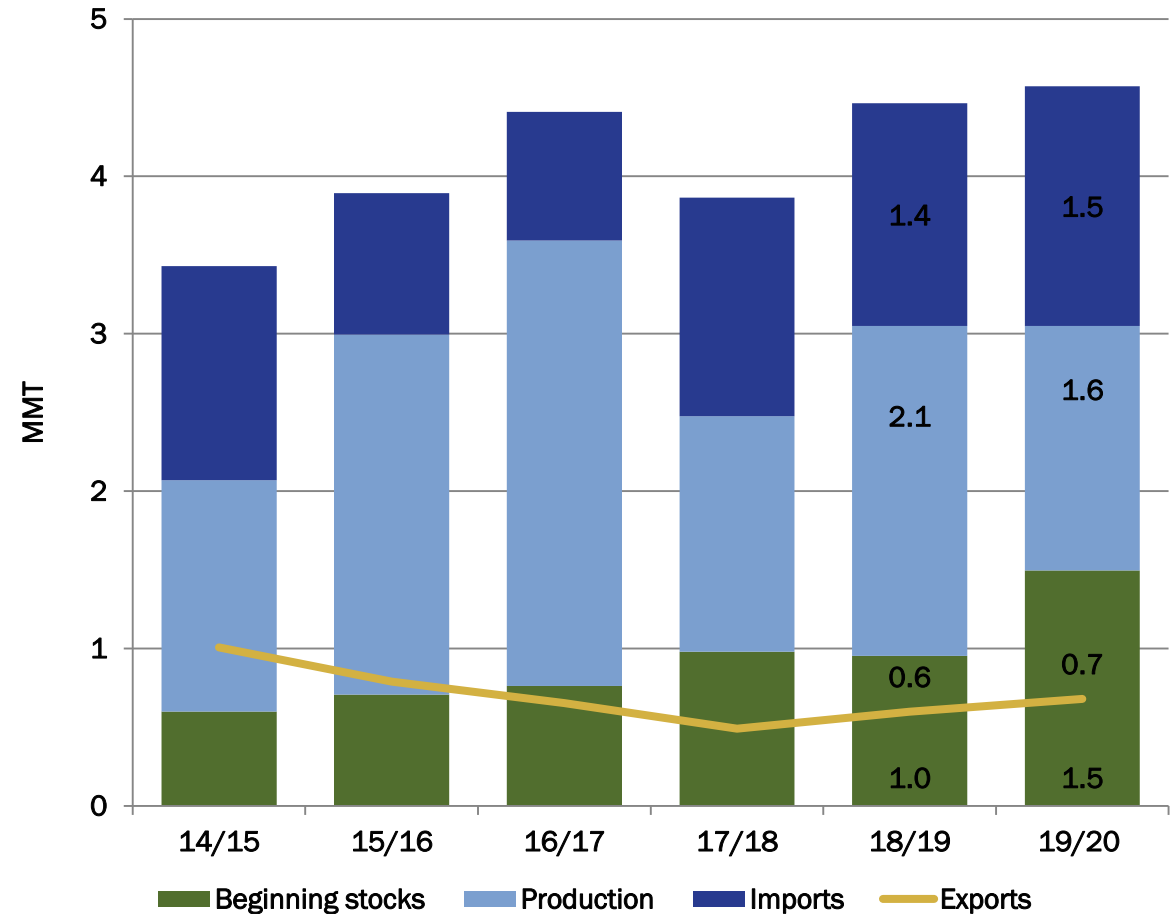


Courtesy of U.S. Wheat Associates

US Durum

Harvest Quality

- Only 77 percent of samples were collected due to late harvest
- Larger than usual amount of durum will enter feed channels
- Quality factors:
 - Average grade #2 AD
 - Lower DHV content and increased total defects
 - 15.8 percent protein, same as five-year average

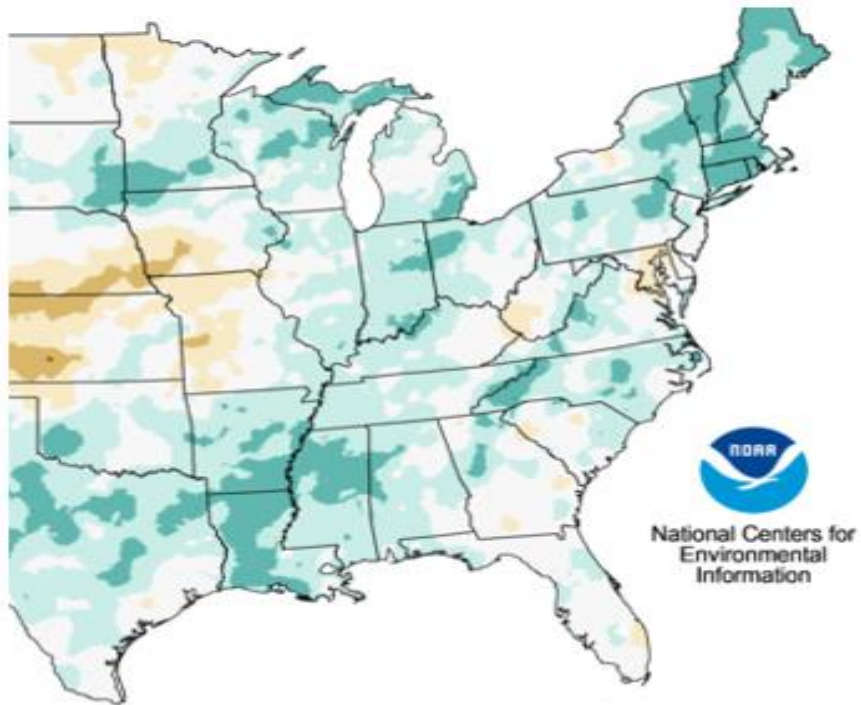


DTN Durum Cash Index

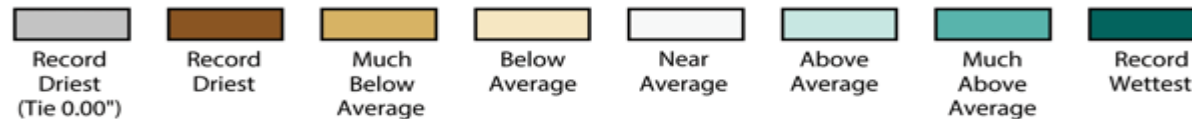
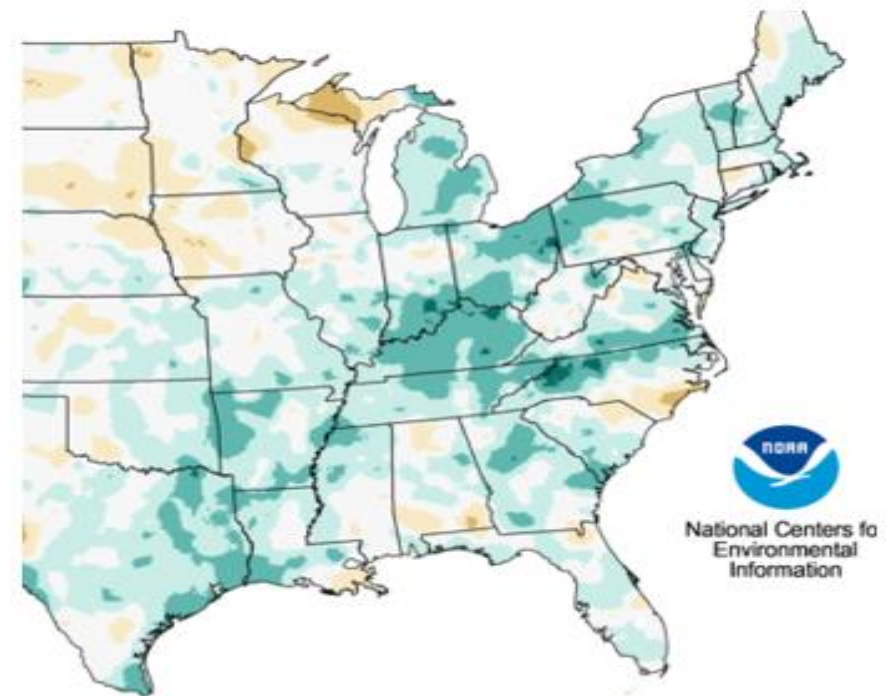


SRW – Excess moisture during harvest

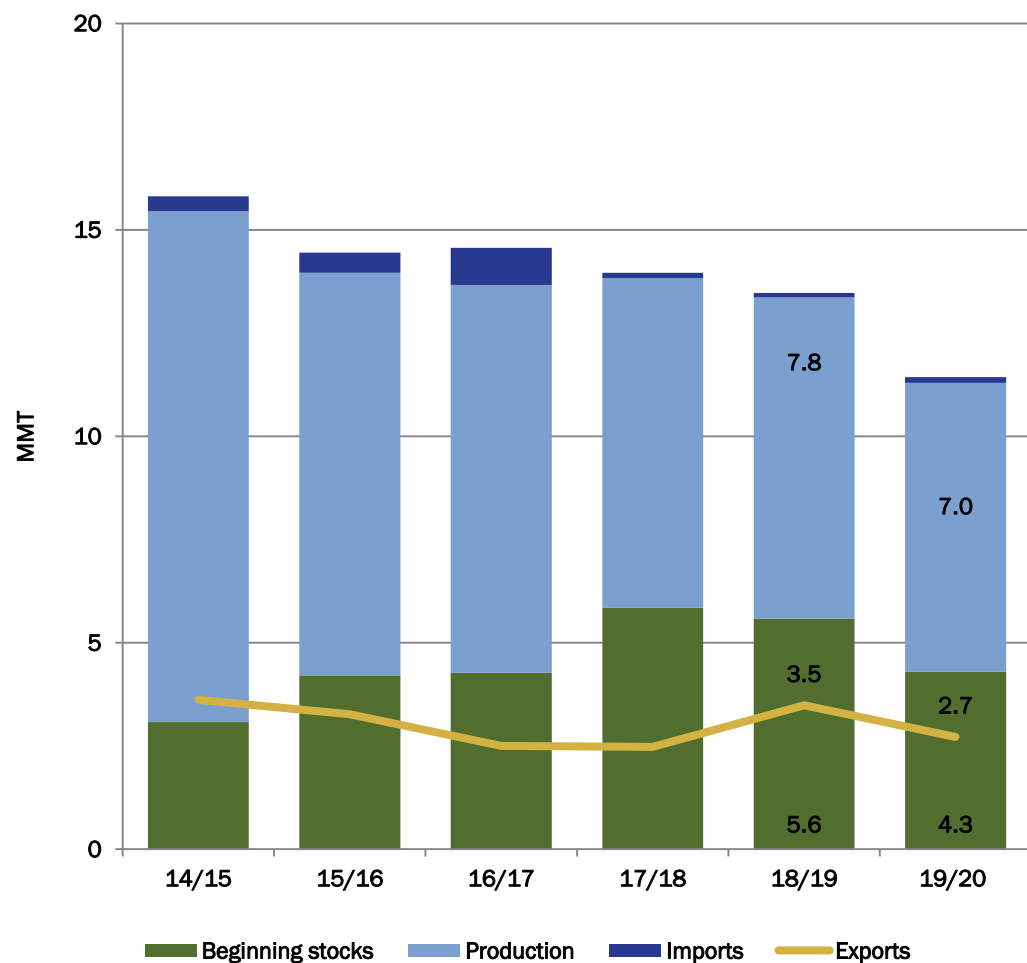
Growing (April)



Harvesting (June)

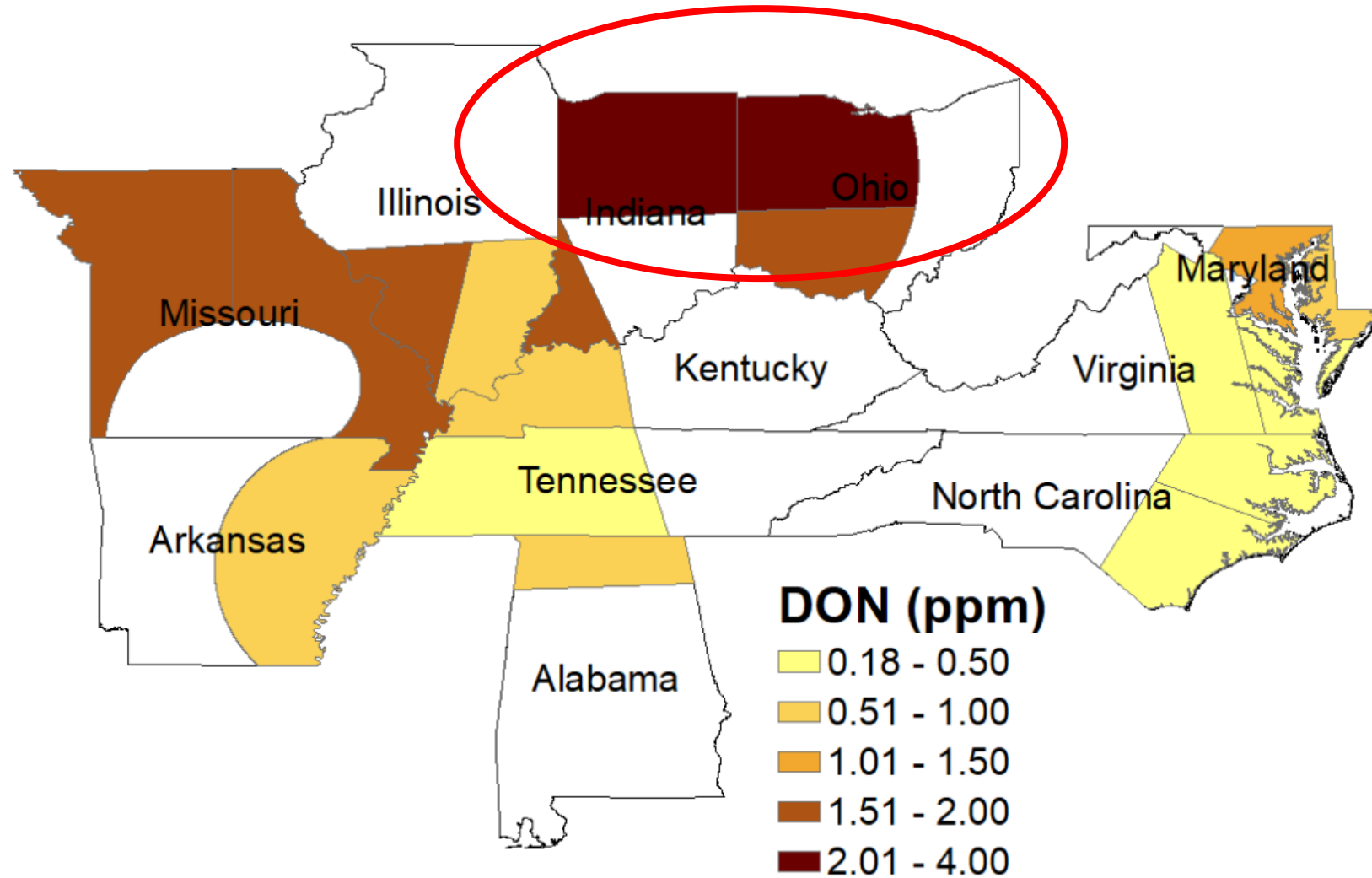


U.S. Soft Red Winter



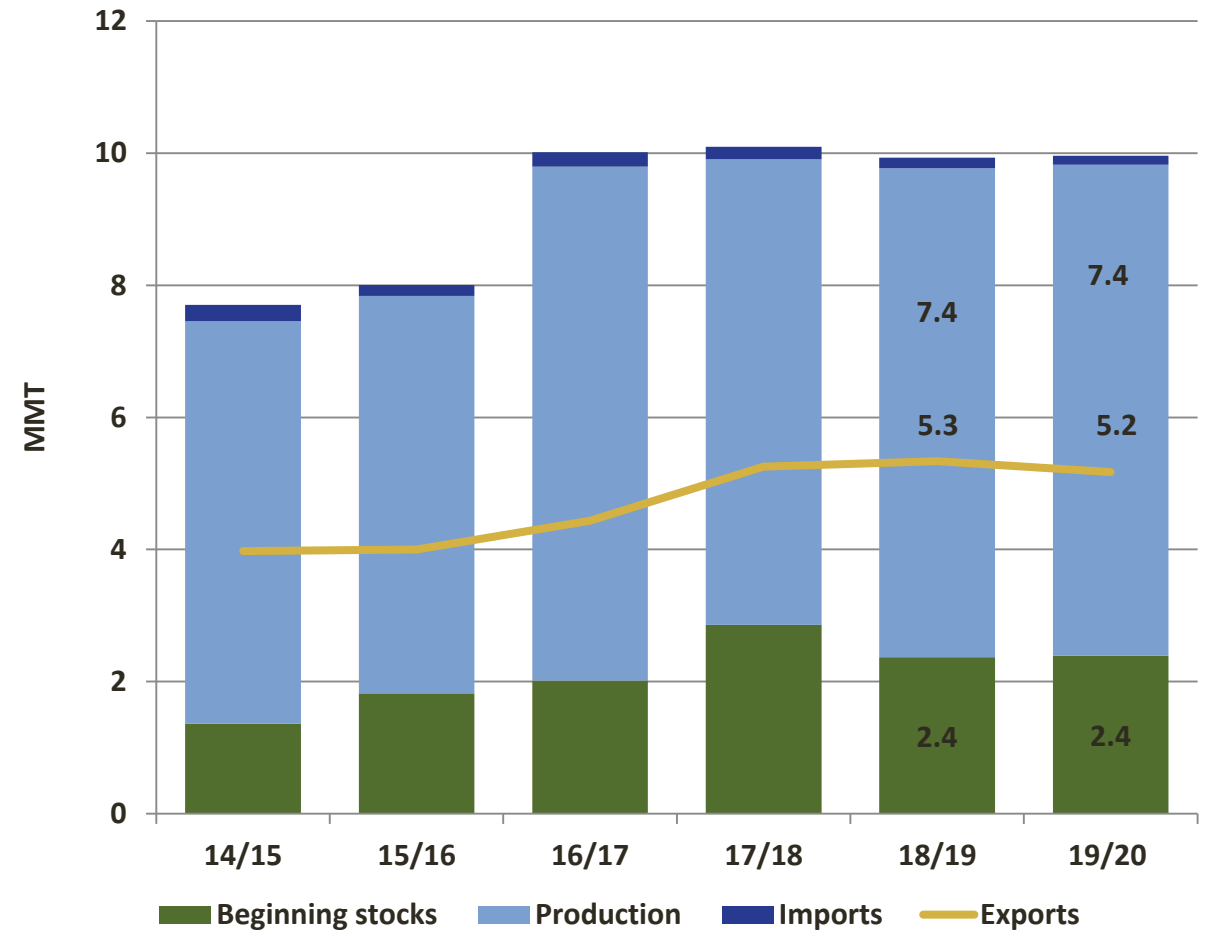
| Quality Factor | 2019 | 5-Year |
|---------------------|------|--------|
| Test Weight (kg/hl) | 76.5 | 76.9 |
| Total Defects | 1.4 | 2.0 |
| Protein (Dry Basis) | 10.8 | 11.0 |
| Moisture | 13.7 | 12.9 |
| SRC – Lactic Acid | 111 | 112 |
| Cookie Diameter | 9.0 | 9.2 |

U.S. Soft Red Winter

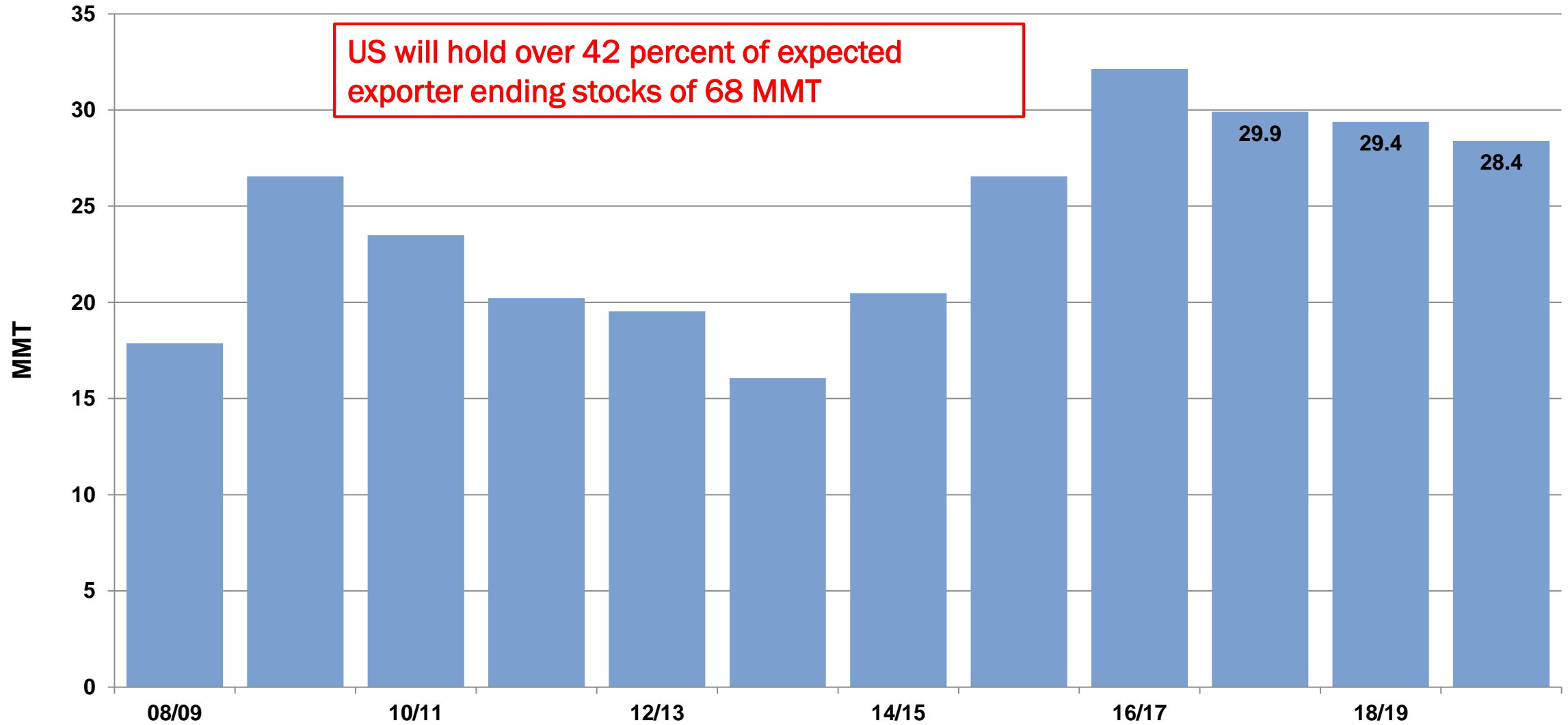


U.S. Soft White Production

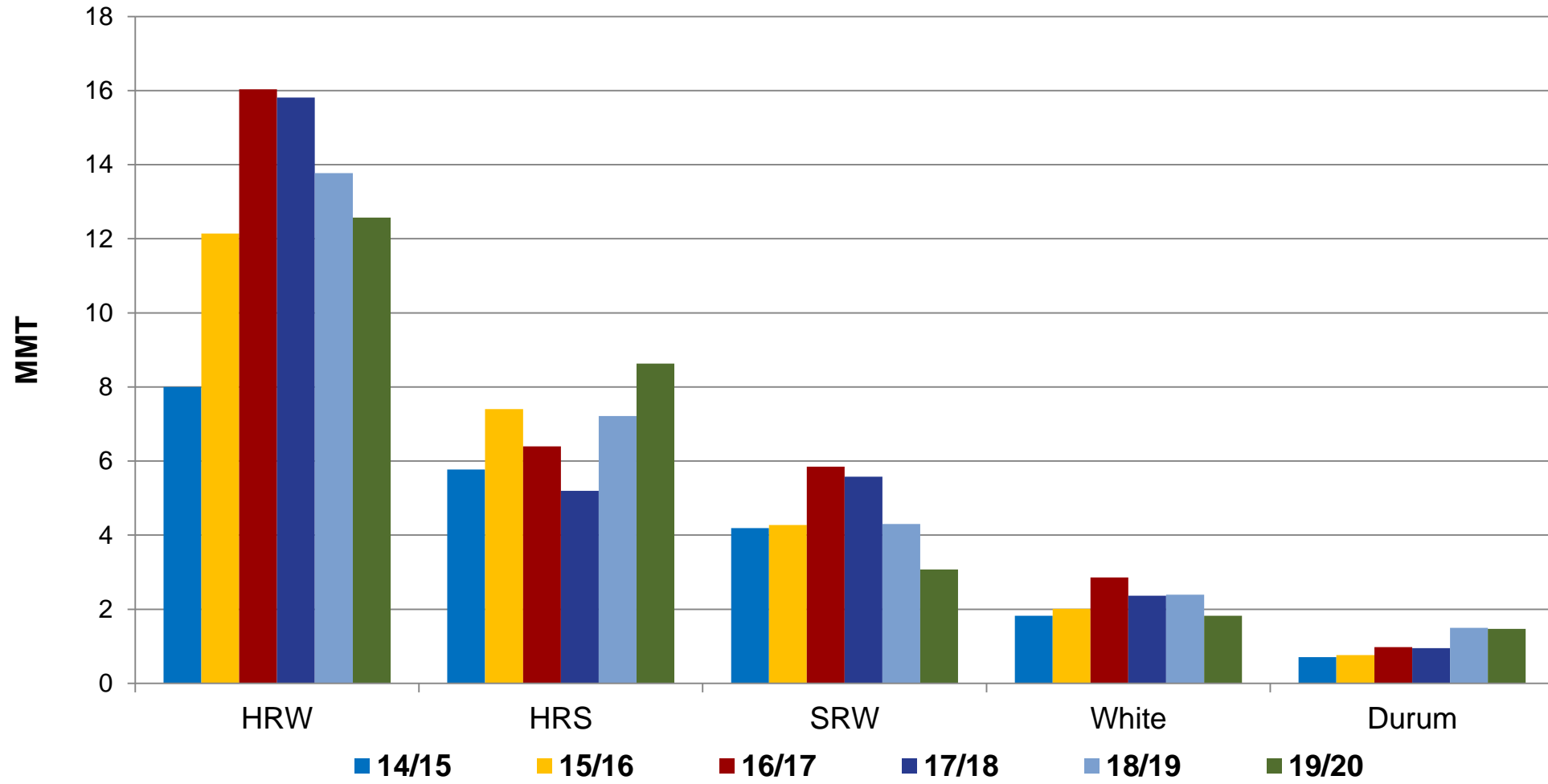
| Quality Factor | 2019 | 5-Year |
|---------------------|------|--------|
| Test Weight (kg/hl) | 81.0 | 81.1 |
| Total Defects | 0.5 | 0.7 |
| Protein (Dry Basis) | 11.4 | 11.5 |
| Moisture | 9.9 | 9.1 |
| SRC – Lactic Acid | 110 | 106 |
| Cookie Spread Ratio | 11.9 | 9.4 |



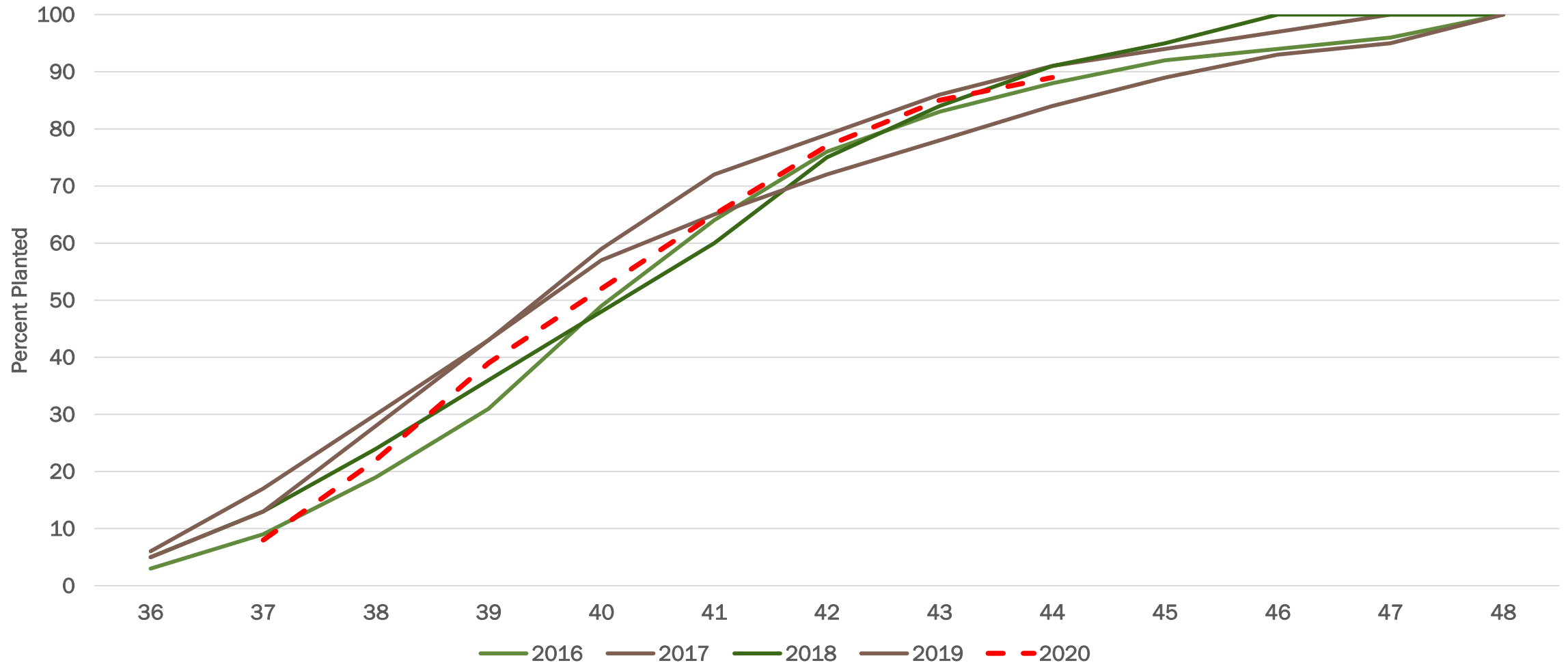
U.S. Ending Stocks



U.S. Wheat Ending Stocks by Class

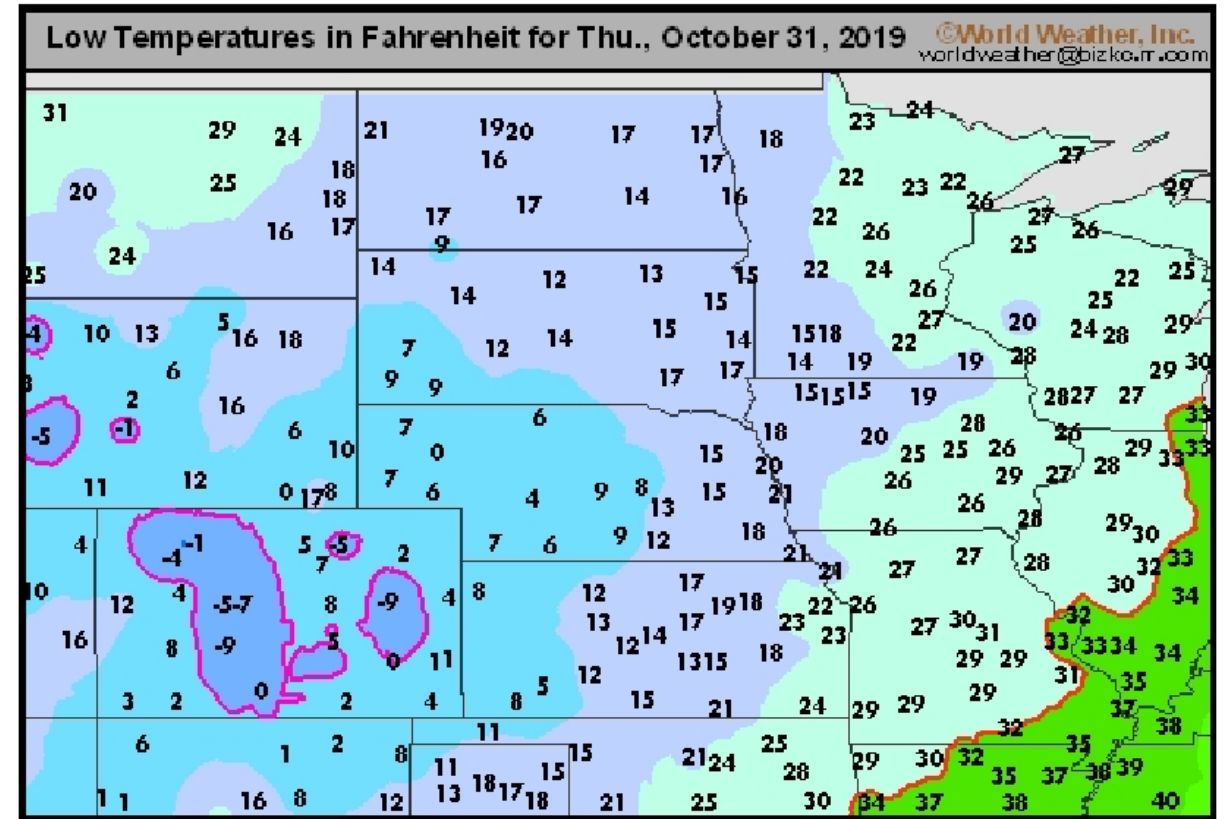


Winter Wheat Plantings



Winter Wheat Plantings

- Good early start to HRW planting, cold weather and snow slowed progress. Warming of soil temperatures needed for proper emergence.
- Area planted expected to be down 3-5 percent due to low returns compared to competing crops



Conclusion

- US Wheat Planted area down
 - U.S. HRW and SRW planted area continues to decline
- US production down slightly from five-year average
 - Current production of 47.3 MMT 20 percent below 10-year average
- Mixed harvest quality
 - Excess moisture reduced quality of SRW in some areas, but SRC values show good performance
 - Delayed HRS and durum harvest damaged 10-15 percent of crop. Early harvested crop is high quality.
 - HRW shows lower protein, but generally excellent quality
- Large carryover from 18/19 will balance out uneven quality for HRS and durum.

- 2019 Crop Quality Report and by class reports are posted at www.uswheat.org

