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3-6 NOVEMBER 2019  
DUBAI, UAE

DUBAI WORLD TRADE CENTER

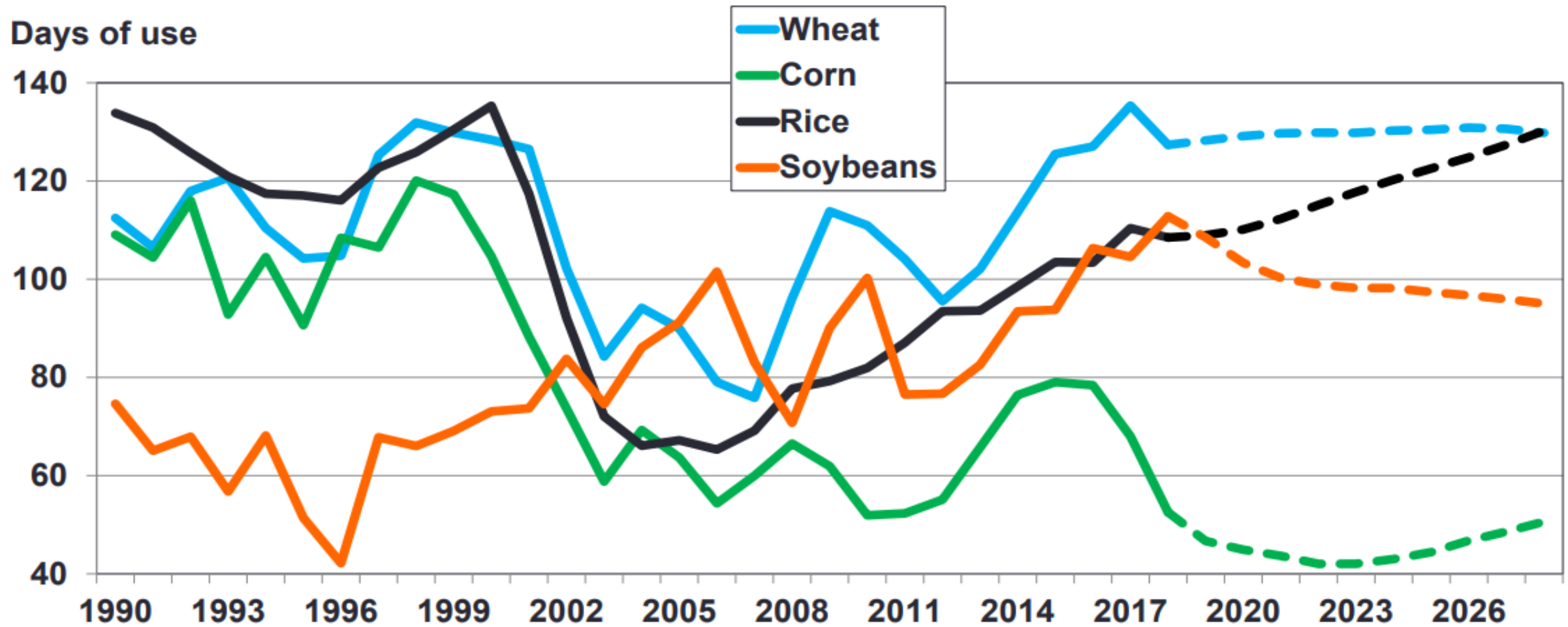


**World Politics Alters Grain Trade Flows; Trading an Abundance of World Wheat  
Amid Climate Change**

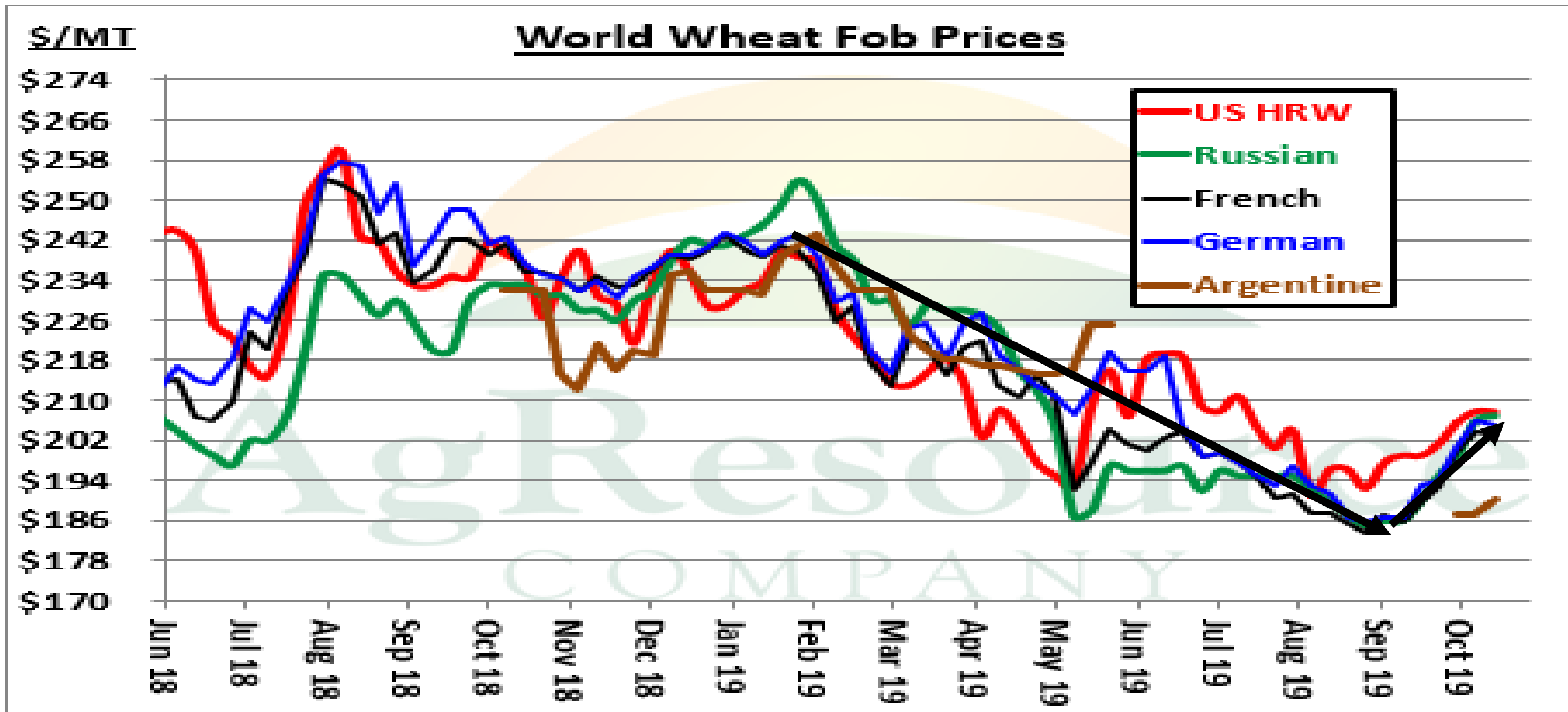
# 2019/20 Wheat Market Themes

- Political Chaos and Regional Trade protectionism adds to grain market volatility. The World has; Brexit, Trump, Xi, Fernandez, Putin, and Erdogan mixing politics into trade. Makes regional outlooks more difficult. For now its about **Nationalization – not Globalization! Capital Investment Slows on Indecision.**
- **Year 2;** The US is fighting a trade war with China. The US wants China to pledge ag purchases to lower the trade deficit. The US/China are Phasing their negotiations. They will start with the achievables such as the trade deficit. China will ramp up US ag purchases to **\$40-50 Bil by 2021?** Yet, how to do you push private importers to secure US ag goods at a higher price? Many unknowns?
- **Historically wet spring weather** reduced the '19 US corn crop by 31 MMTs and soybeans by 17 MMTs (from the May WASDE). Upside price risks remain into December. The old saying that **“short crops have long tails”** will apply to wheat/corn values in 2020. Lower prices without adverse S American weather.
- African Swine Fever is decimating China’s hog herd with losses estimated at **45-50% by yearend and 60-65% by the middle of 2020.** ASF will be highly important in coming months/years as world producers seed more grain acres to grain -- and less oilseeds.
- Iran has wheat import need for 2-3 MMTs, yet political sanctions makes such purchases difficult and barter trade seems to be the way forward. Vessels are awaiting discharge after weeks of demurrage.
- Short of a new weather problem, the world holds too much wheat and 2020 looks to hold a bearish bias without adverse weather for a major exporting nation. The world needs a new **ag demand driver or wheat/grain supplies will overwhelm in coming years!**

# Global Stock/Use of Corn and Soy Tightening into 2022 – Not Wheat!



# World Wheat Prices Rebound; Now What?



# GASC Tenders Confirm 6 Week Rally in World Wheat FOB Values; Highest Price Since February



# Thinking About the Next 10 Years – The Chaff from the Grain; The Next Demand Drive?



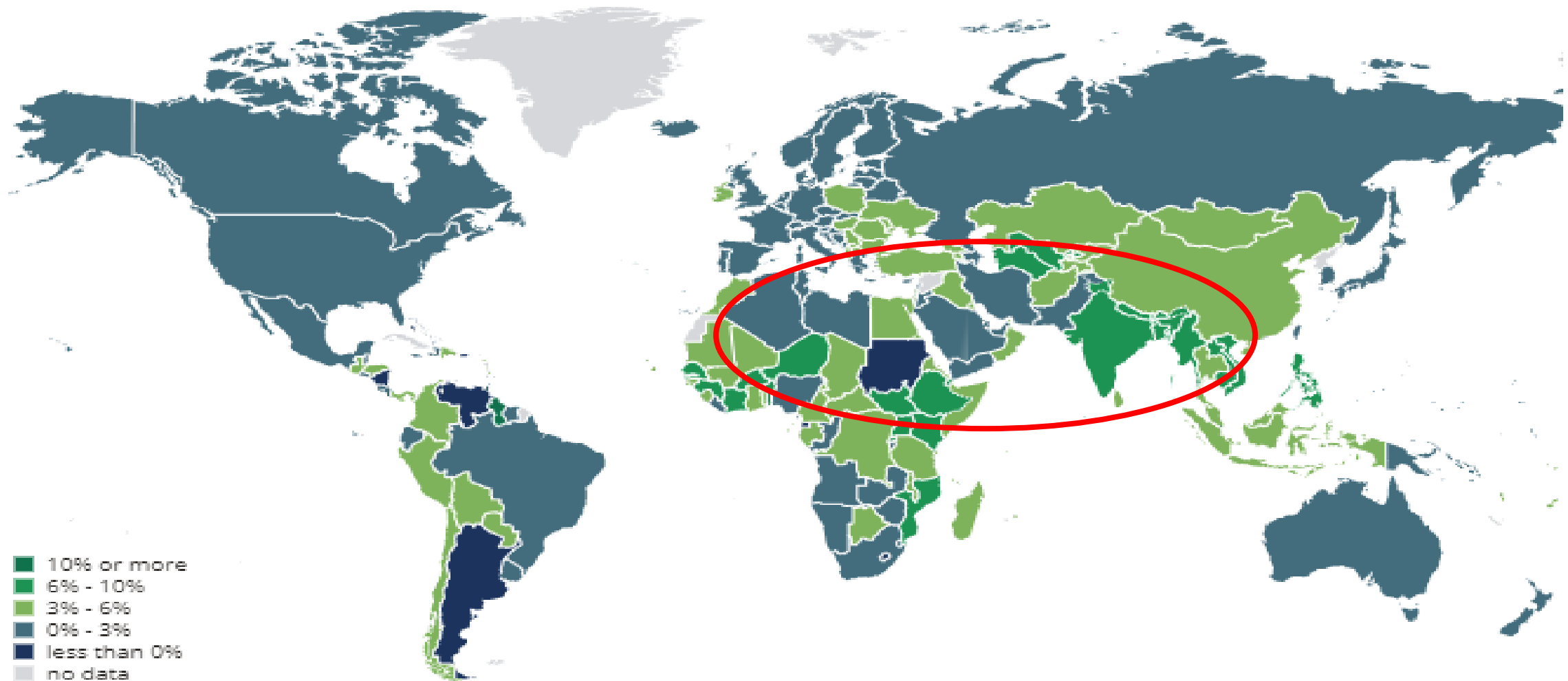
# Demand-Based Commodity Super-Cycle Awaits Development of India & Africa.



Country	2020	2030	2040	20-Year Change	Percentage Change
Ethiopia	115	149	188	73	64%
Nigeria	214	274	348	134	62%
Egypt	104	126	148	43	42%
Kenya	50	57	64	14	29%
Pakistan	214	243	269	56	26%
India	1,326	1,461	1,572	246	19%
Bangladesh	163	177	187	25	15%
Philippines	109	126	141	32	30%
Vietnam	99	106	110	11	11%
Indonesia	277	285	297	20	7%
USA	335	359	380	46	14%
China	1,394	1,407	1,404	10	1%
Russia	142	138	135	-7	-5%
Germany	80	78	75	-5	-7%
Japan	125	121	114	-11	-9%

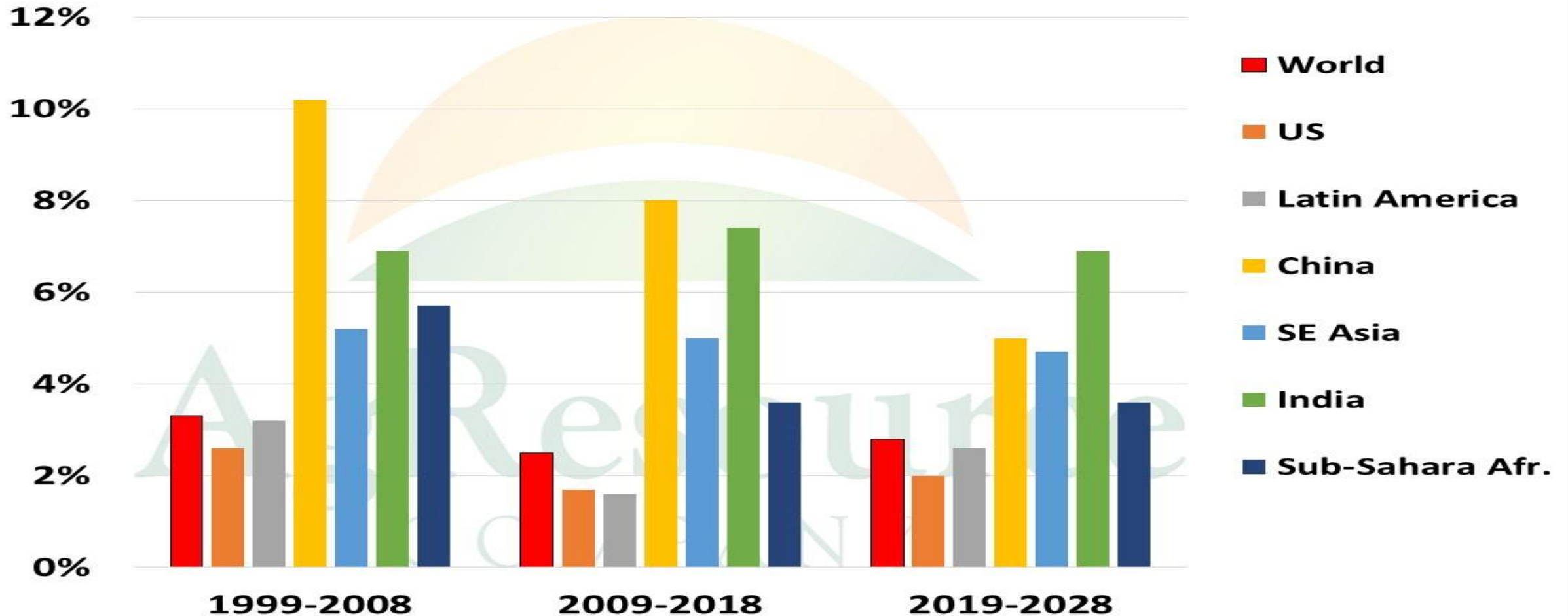
Source: U.S. Census Bureau International Programs Division

# World GDP Rates Held Down to 0-3% - Looks to Stagnate into 2024!

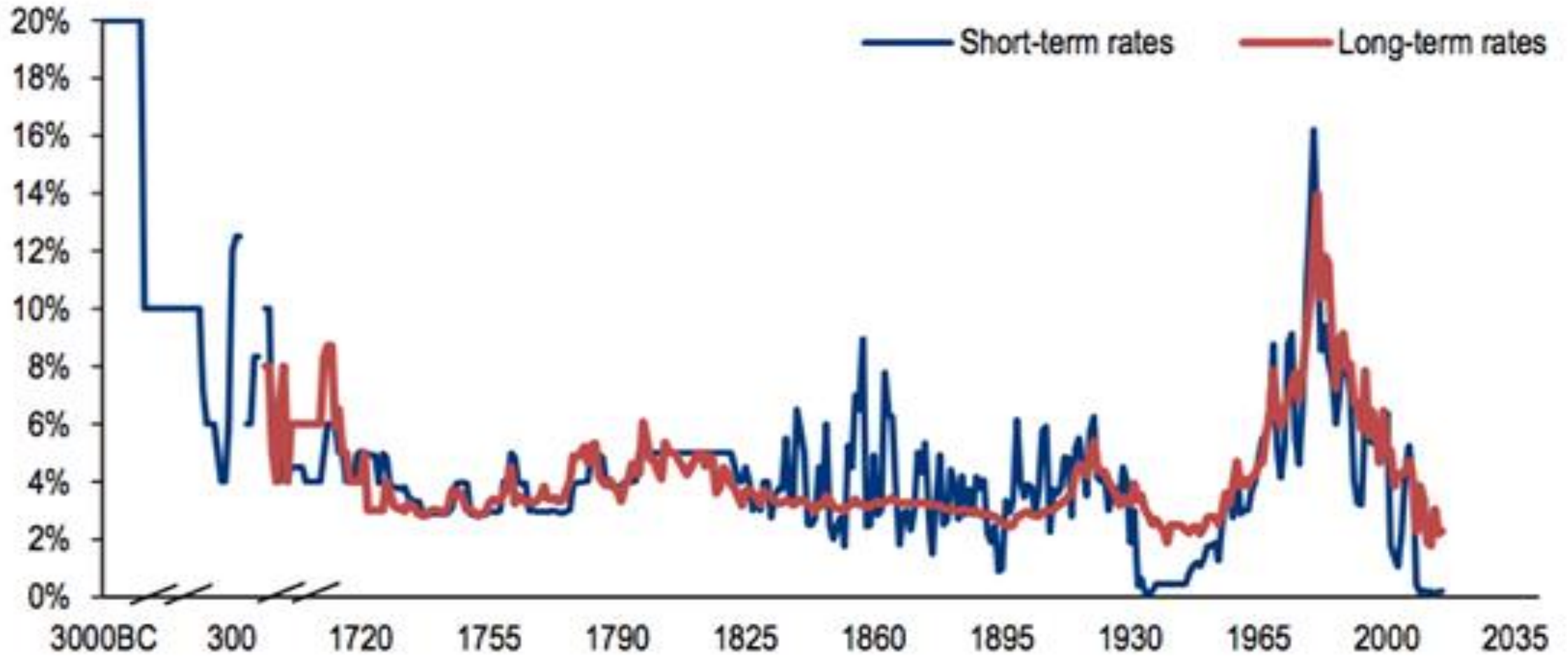


# China, India and Sub Sahara Africa GDP is slowing in Each Decade

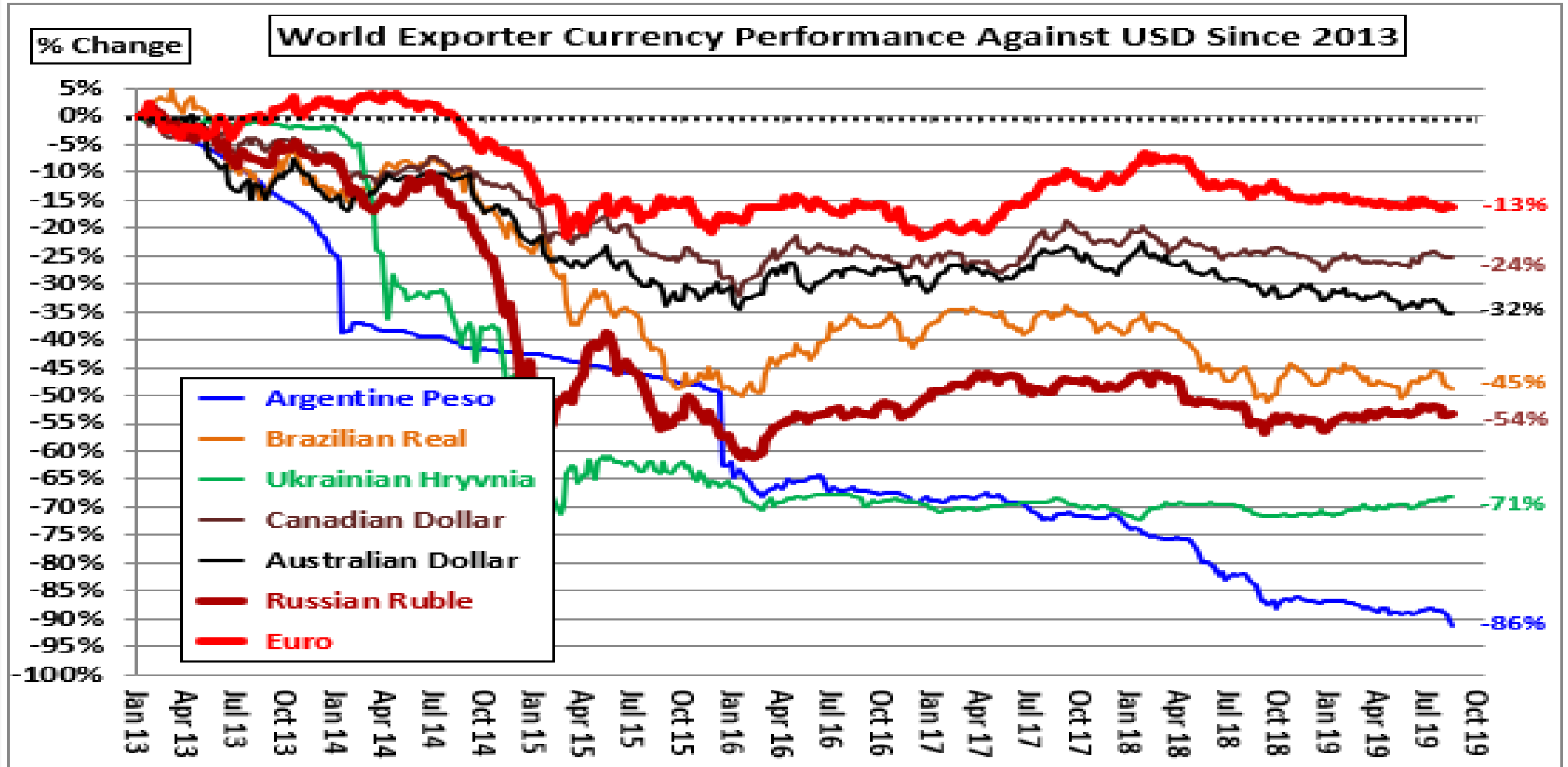
Real GDP Growth



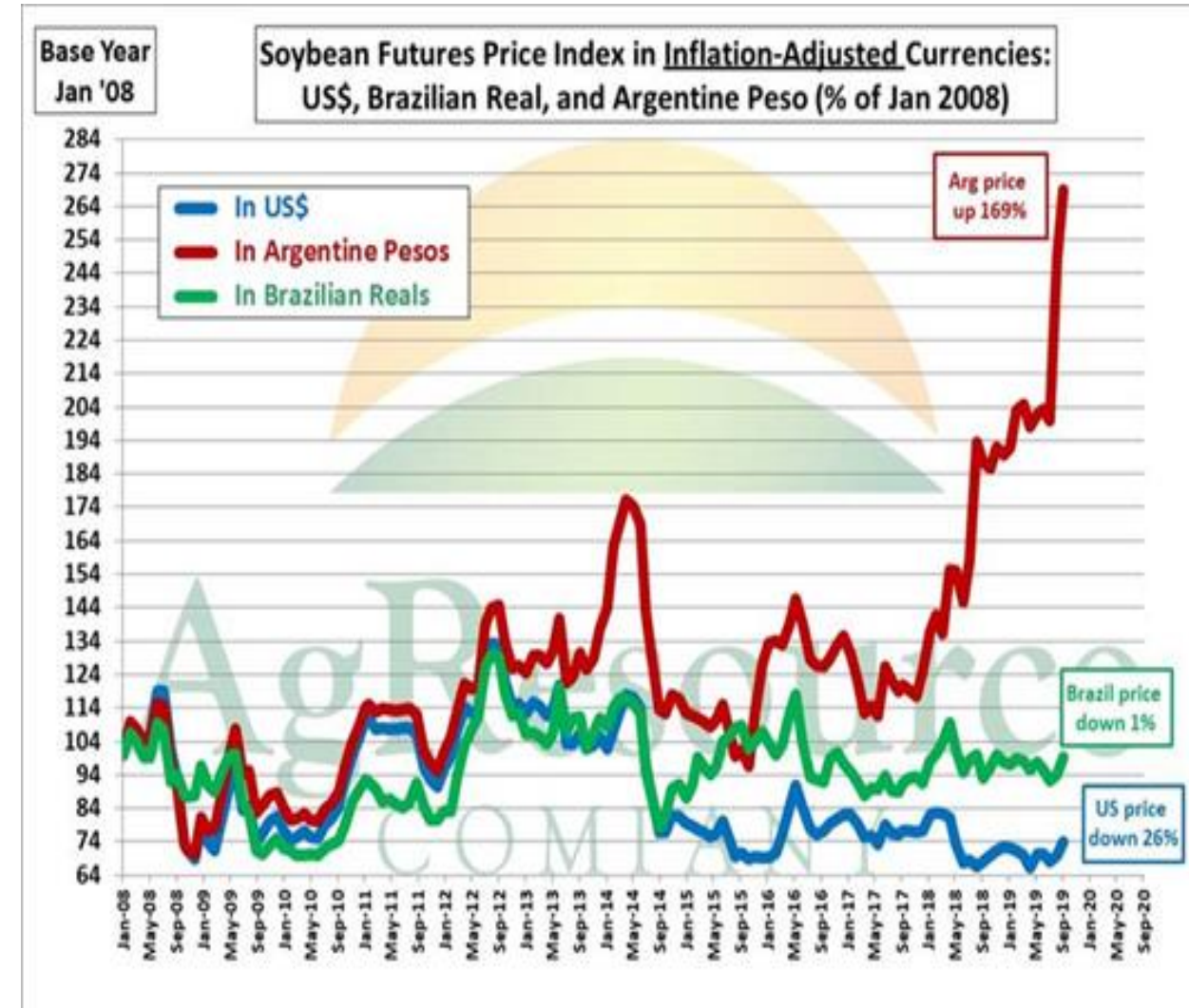
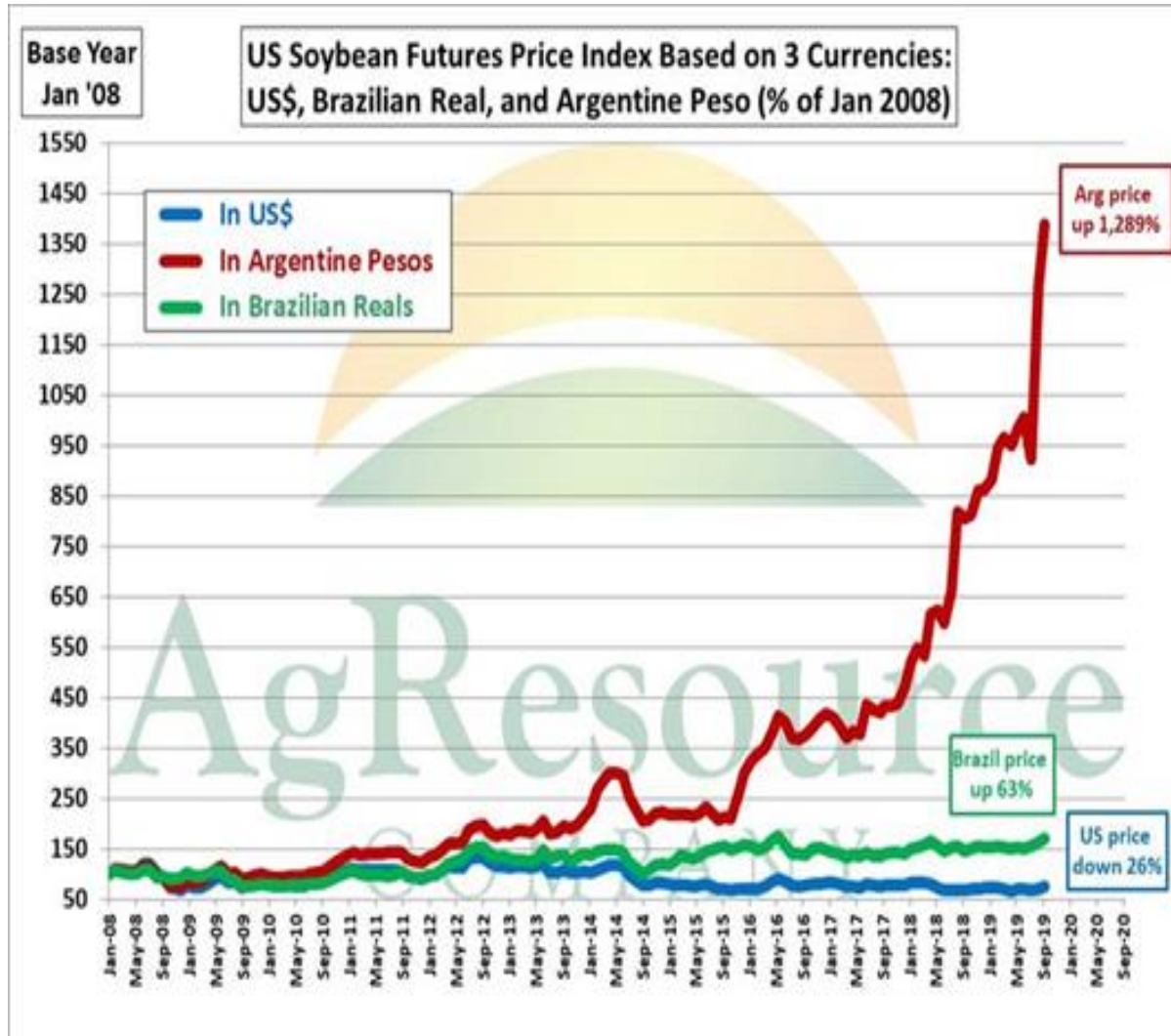
# Average World Bank Lending Rates – Since 3000 BC – 1/3 of World Negative Interest Rates TODAY! US Debt Reaches \$23 Trillion



# Exchange Rates Favor Non US Farmers – Margins Continue Expansion Overseas



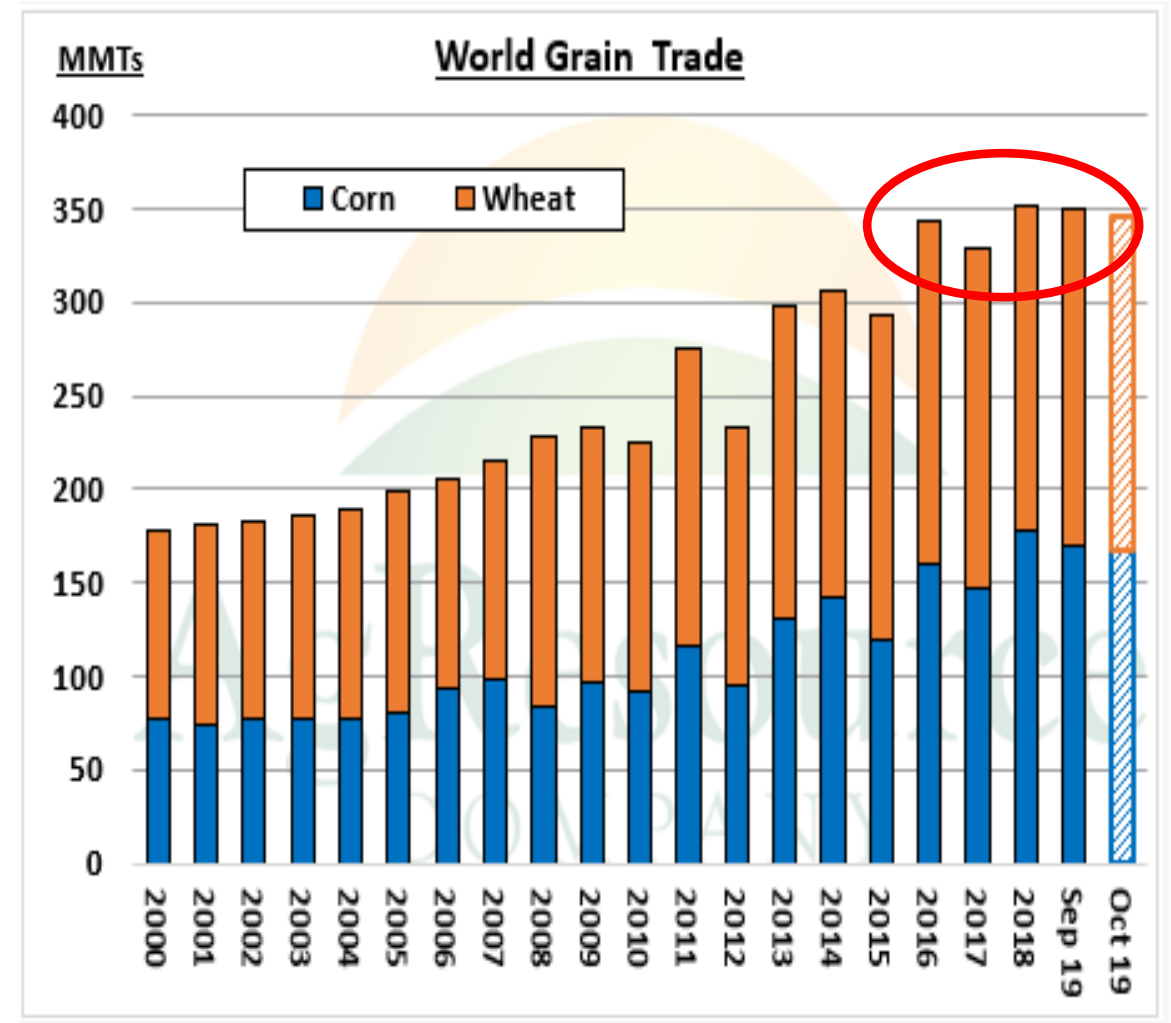
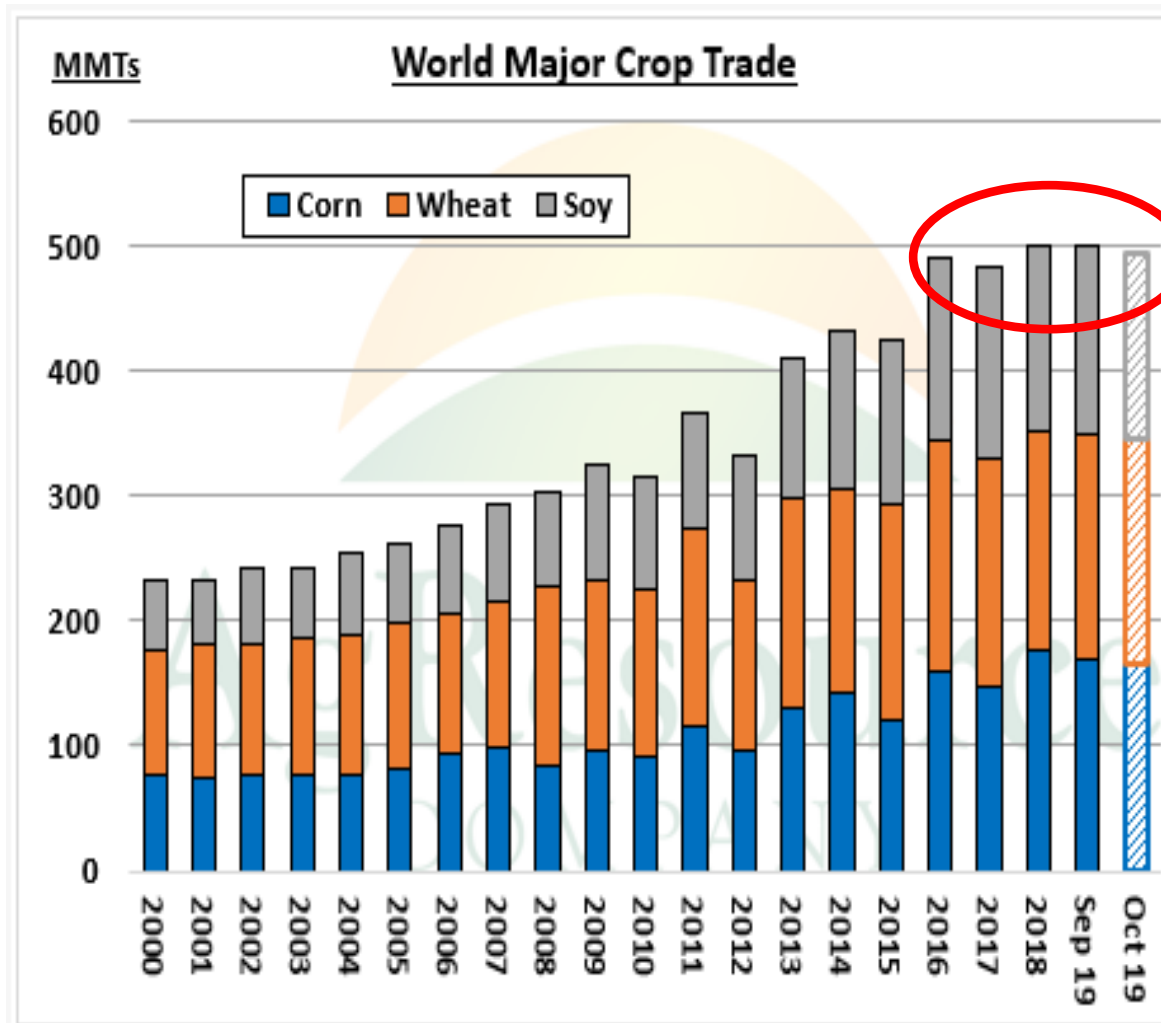
# Soybean Prices in 3 Currencies – The Impact on Producers is Dramatic !



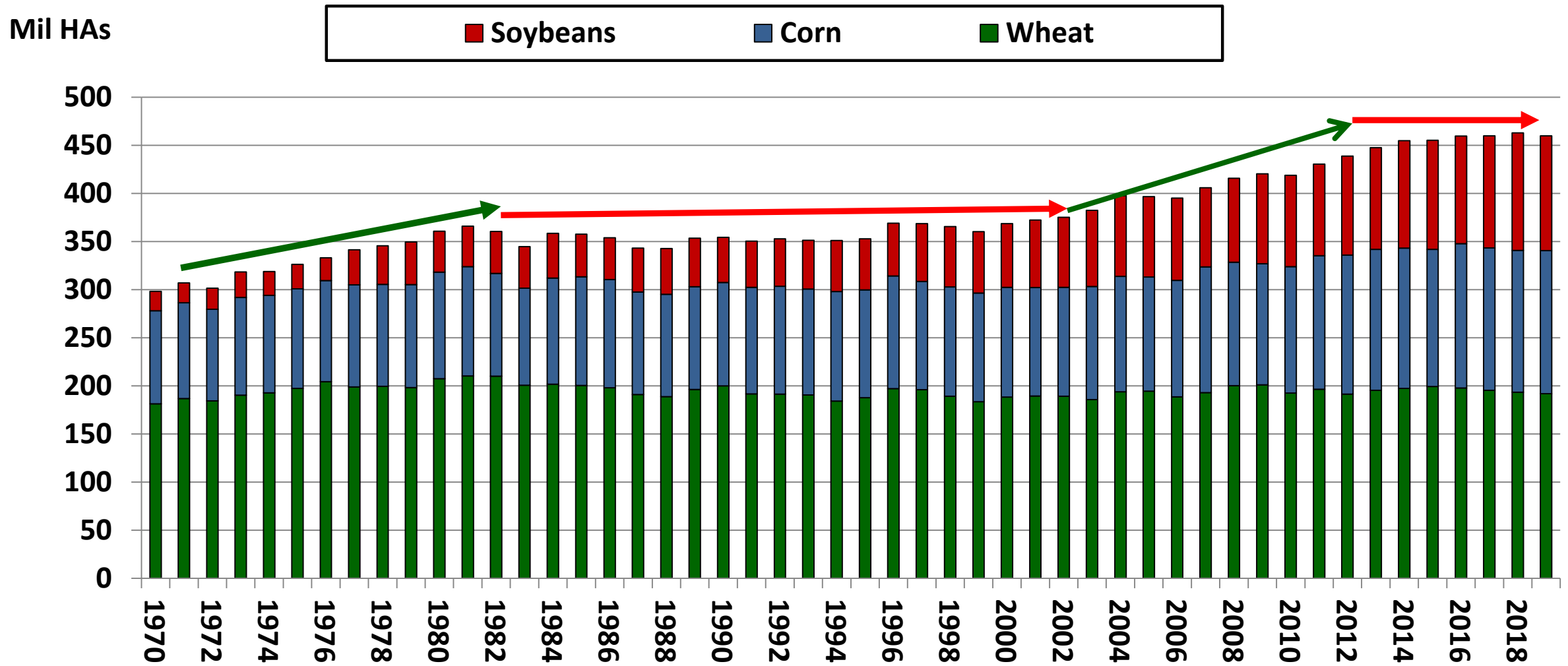
# Grains Need New Ag Demand Drivers! World Trade is Stagnating!



# Slowing World Major Crop and Grain Trade – Worry for Exporters!



# Global Major Grain Area Harvested Less China; Flattening of Seeded Acres Amid Low Margins



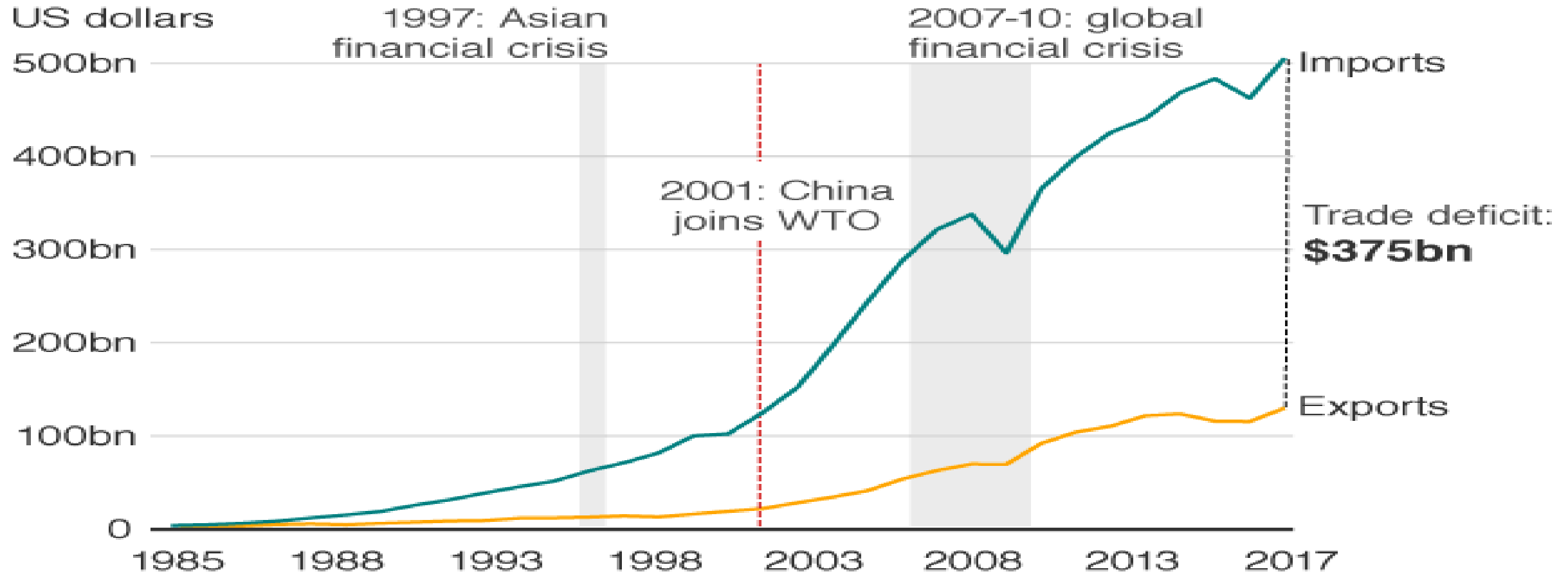
# Fighting for American Jobs

- China and India will be #1 and #2 in terms of the world economy in 10-15 Years. The US's political and economic prowess is in decline!
- Can the US Dollar remain the Reserve Currency?

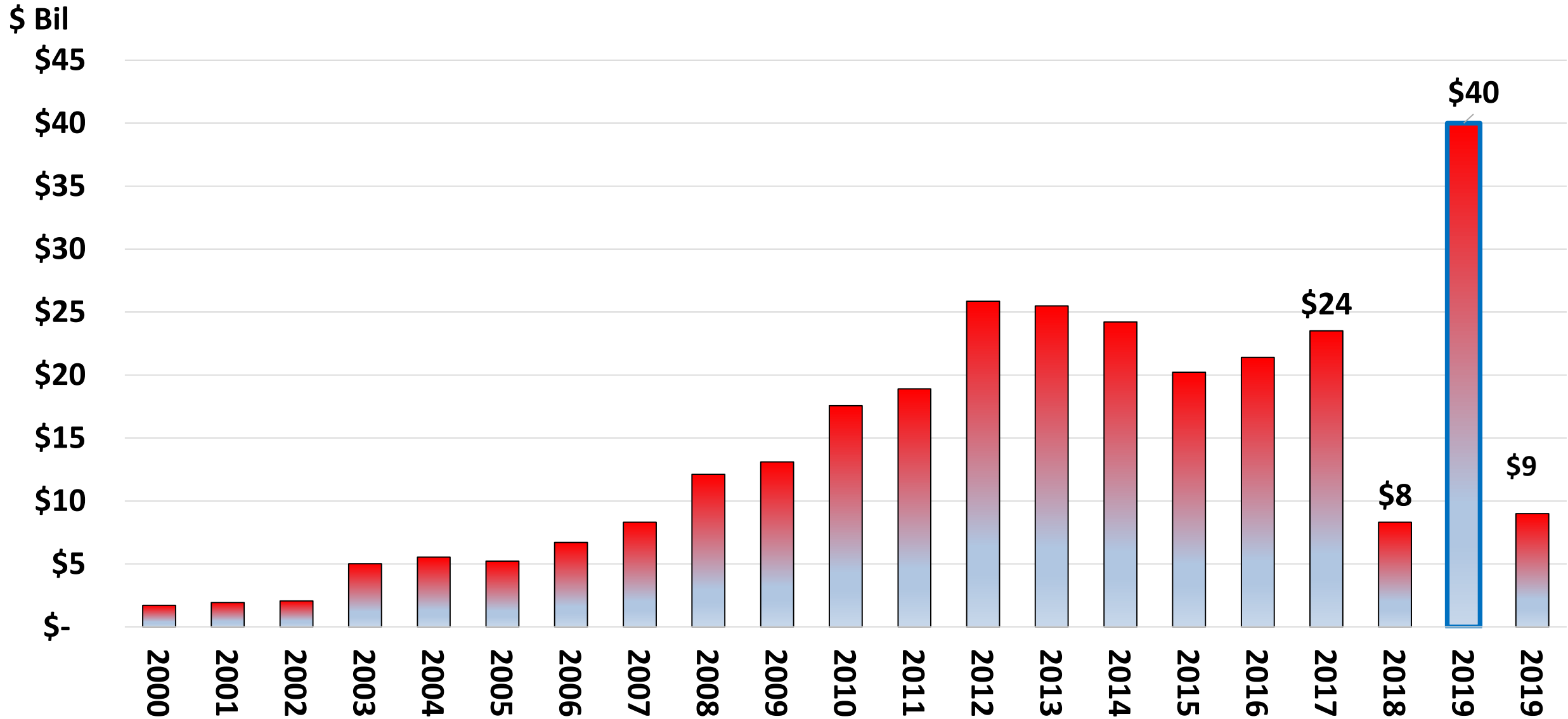


# Preliminary Estimate for 2018 is \$418 Bil US Trade Deficit with China

## US trade of goods with China



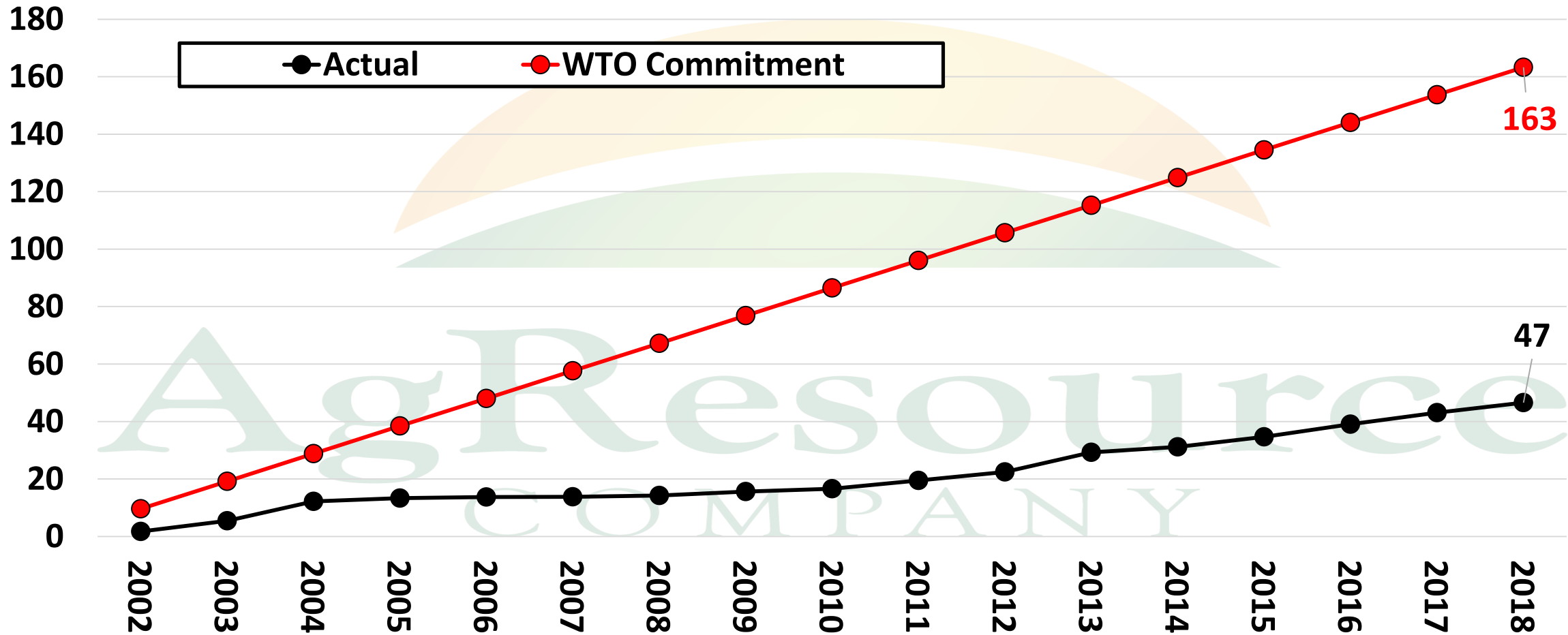
# Value of US Ag Exports to China



# China Agreed Annually to Import 9.6 MMTs of Wheat (**116 MMTs**) in 2001

MMTs

Chinese Wheat Imports



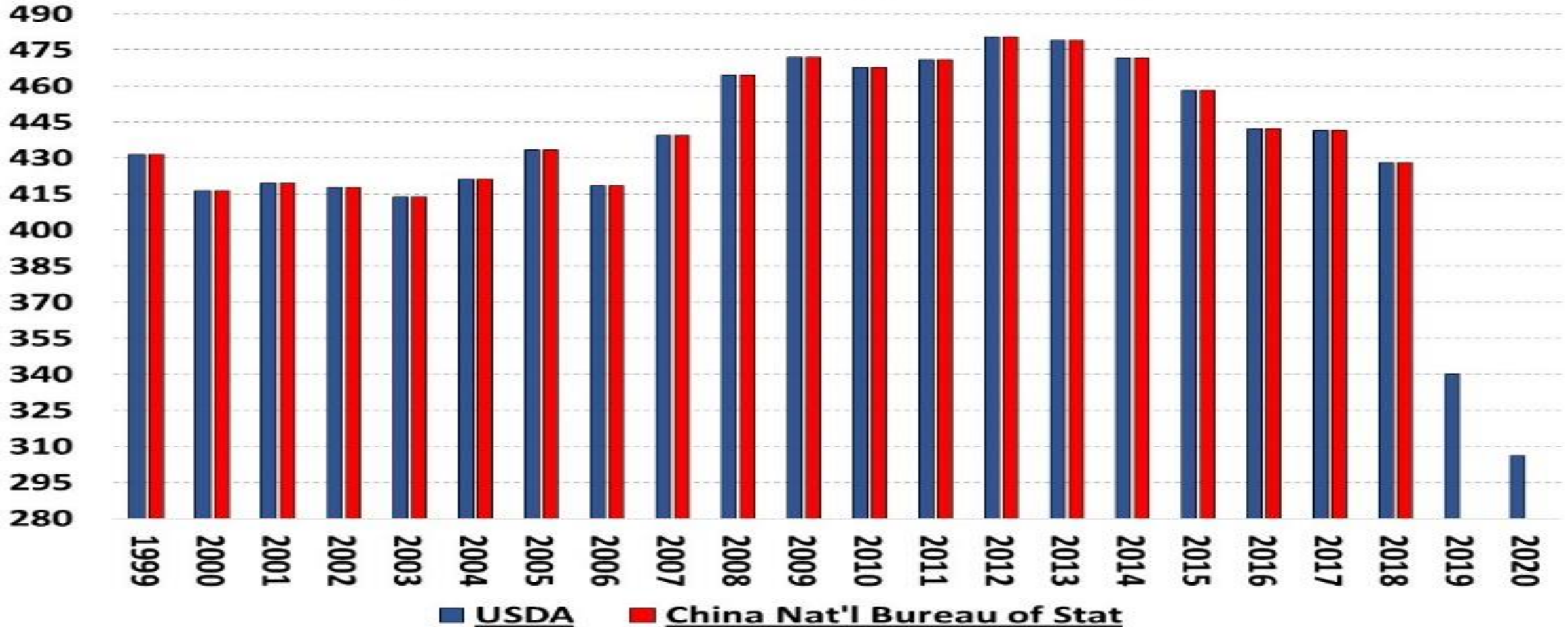
# China's Biggest Threat



# China Hog Herd in Freefall on ASF – And so is Feed Demand

Mil Head

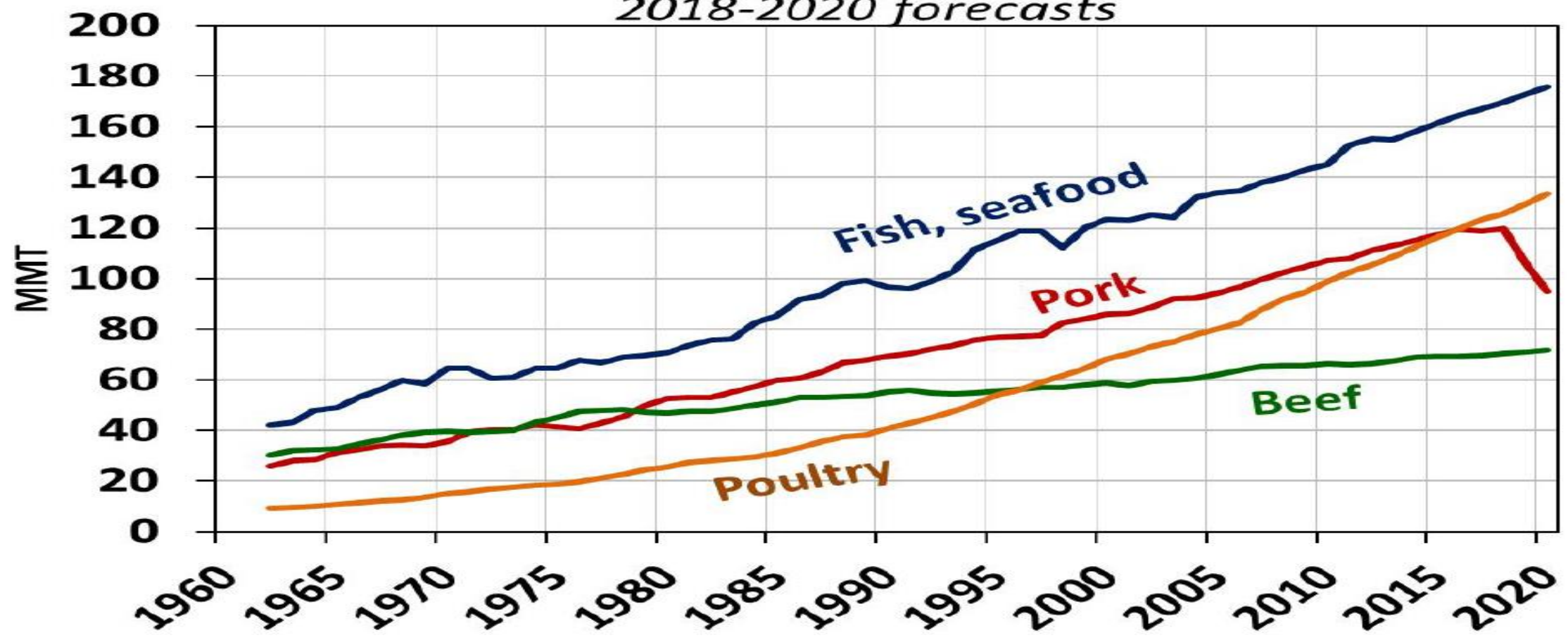
## China Year End Hog Inventory



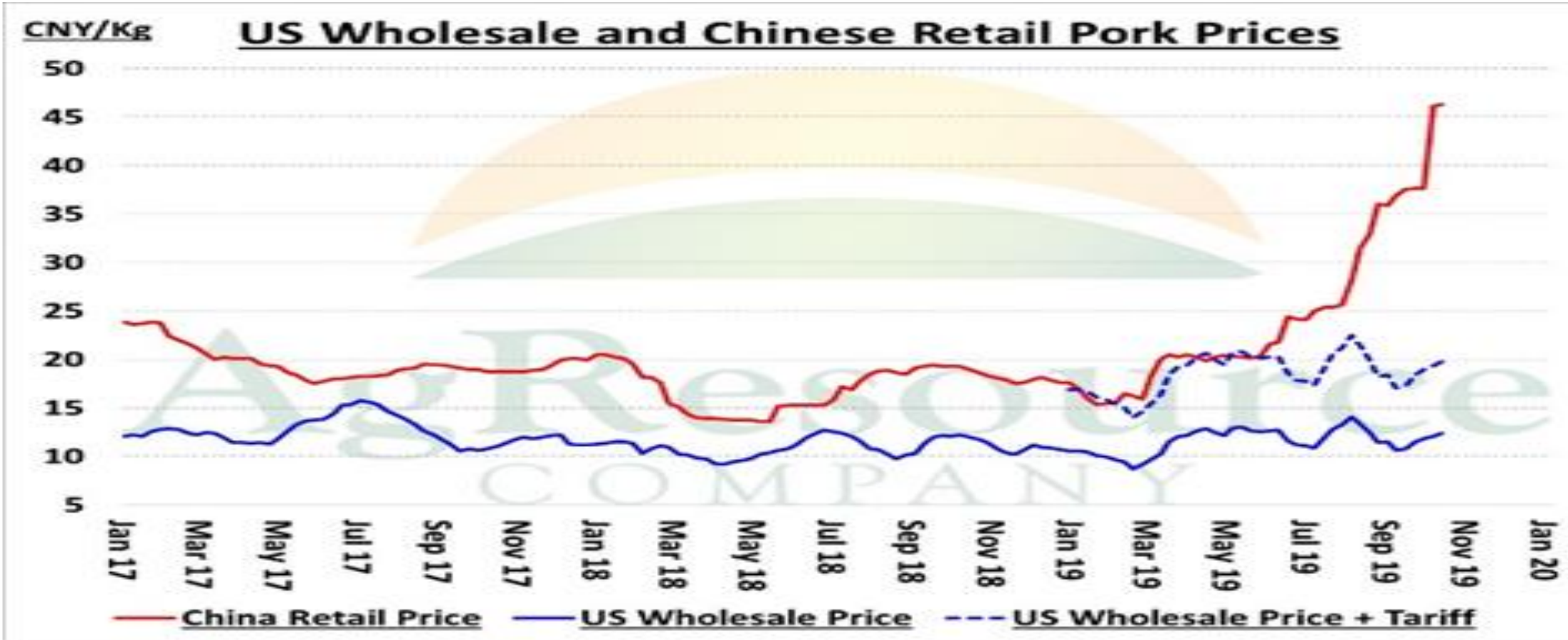
# The Decline in Global Pork Production is Important for Soy ; 25% of the World Hog Herd

## Global Protein Supplies

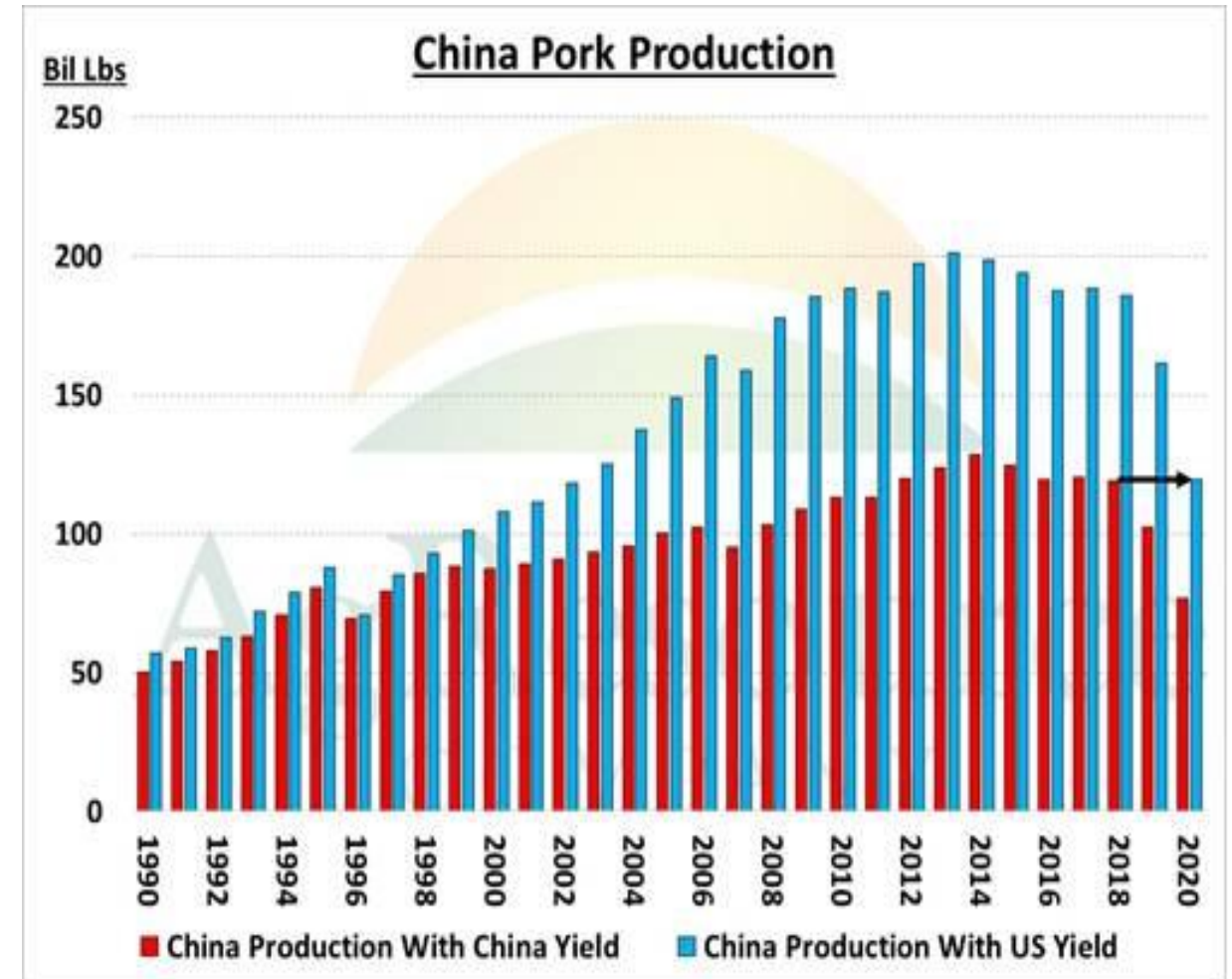
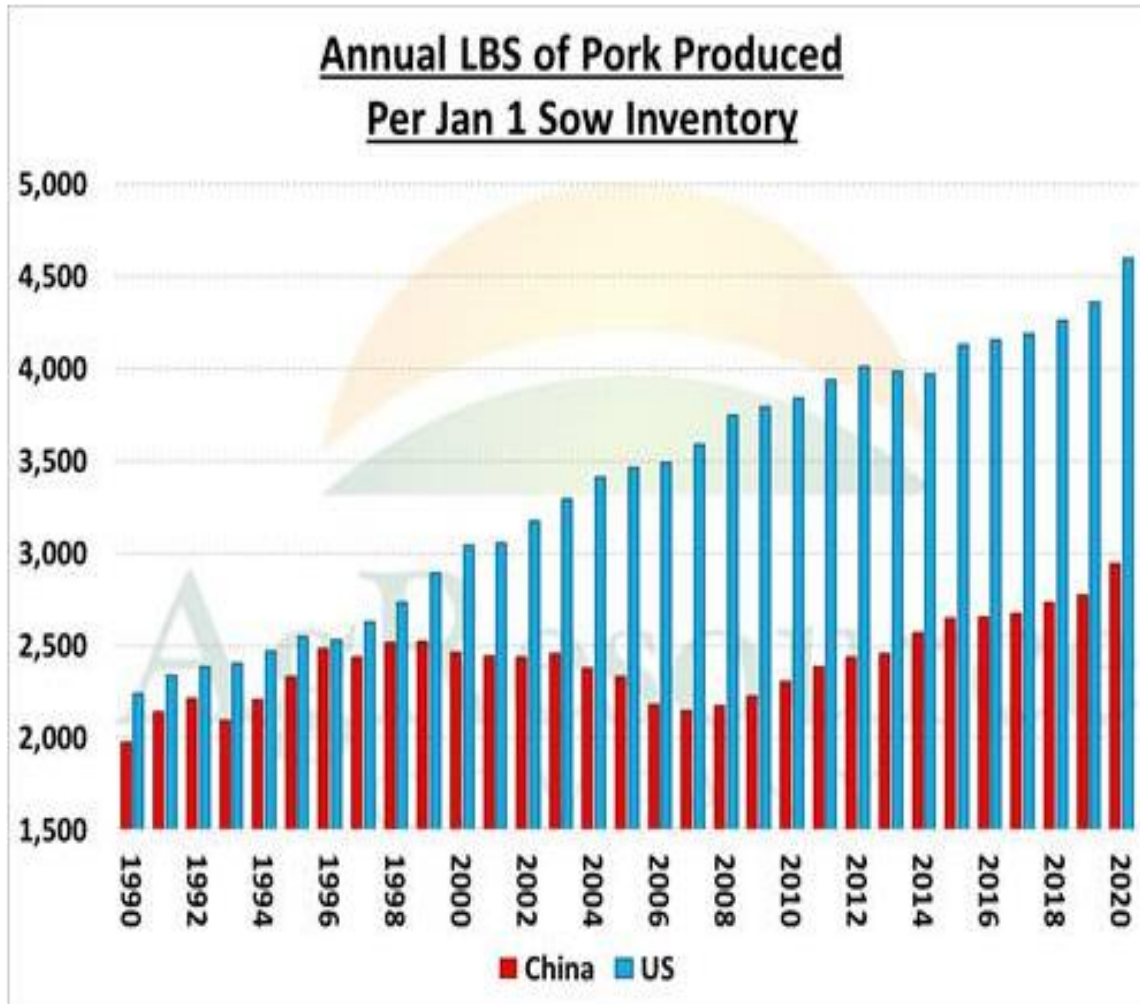
2018-2020 forecasts



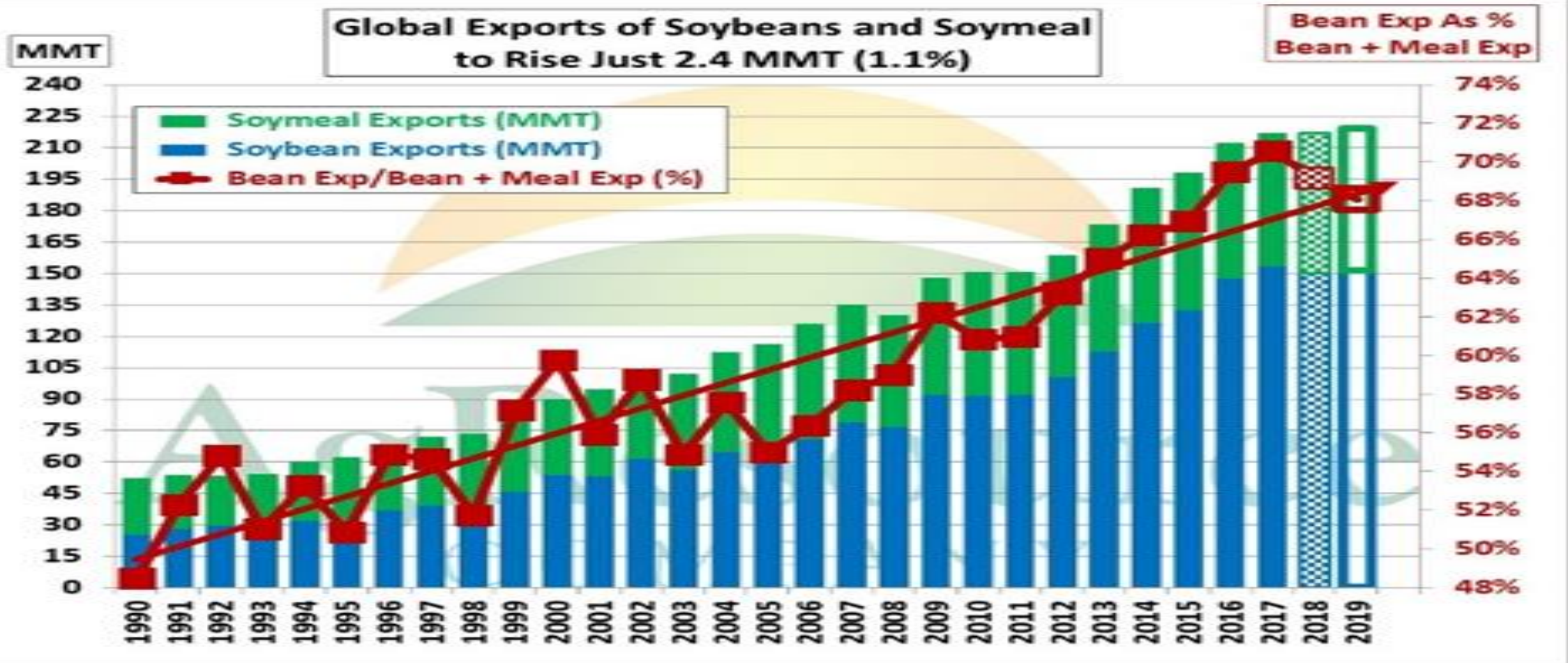
# China Pork Prices at Record Levels – Import Margins 2-3X



# 2021 Bottoming in China Pork Production—China Must Raise Productivity



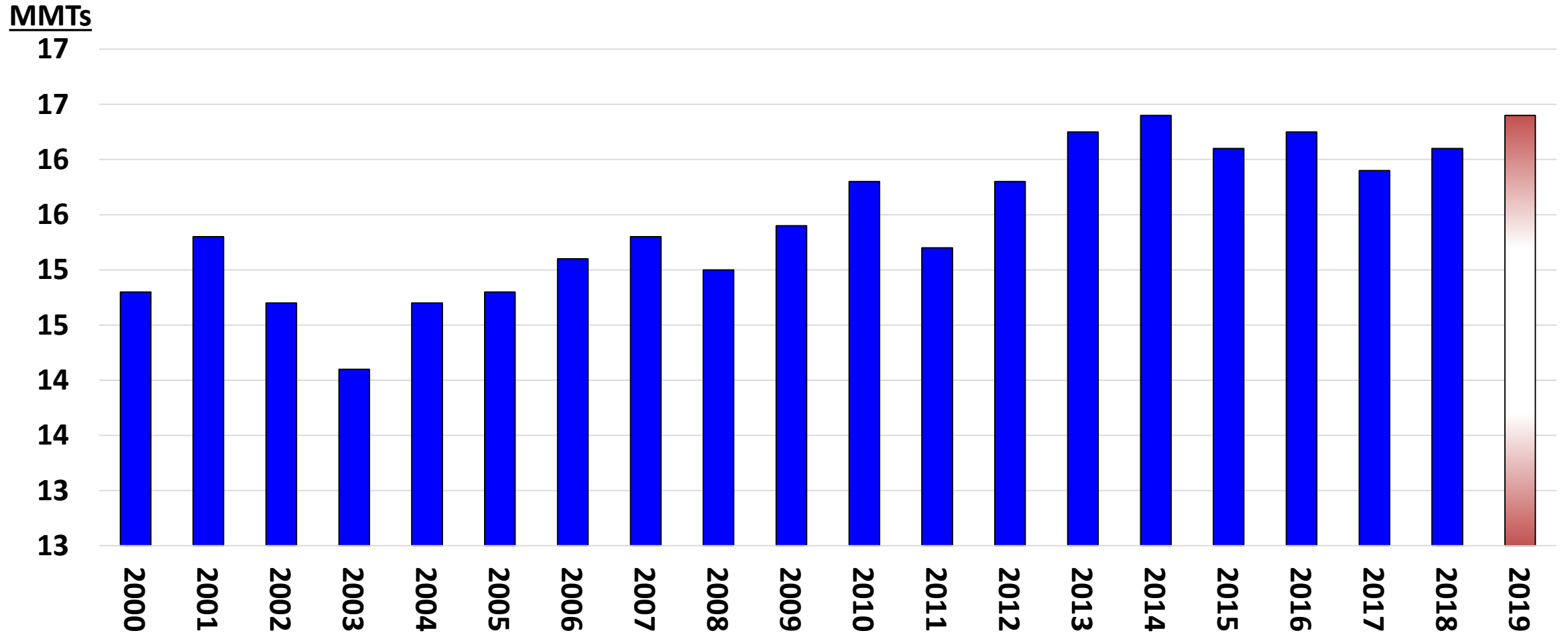
# Global Exports of Soy Slow on Curtailed China Demand



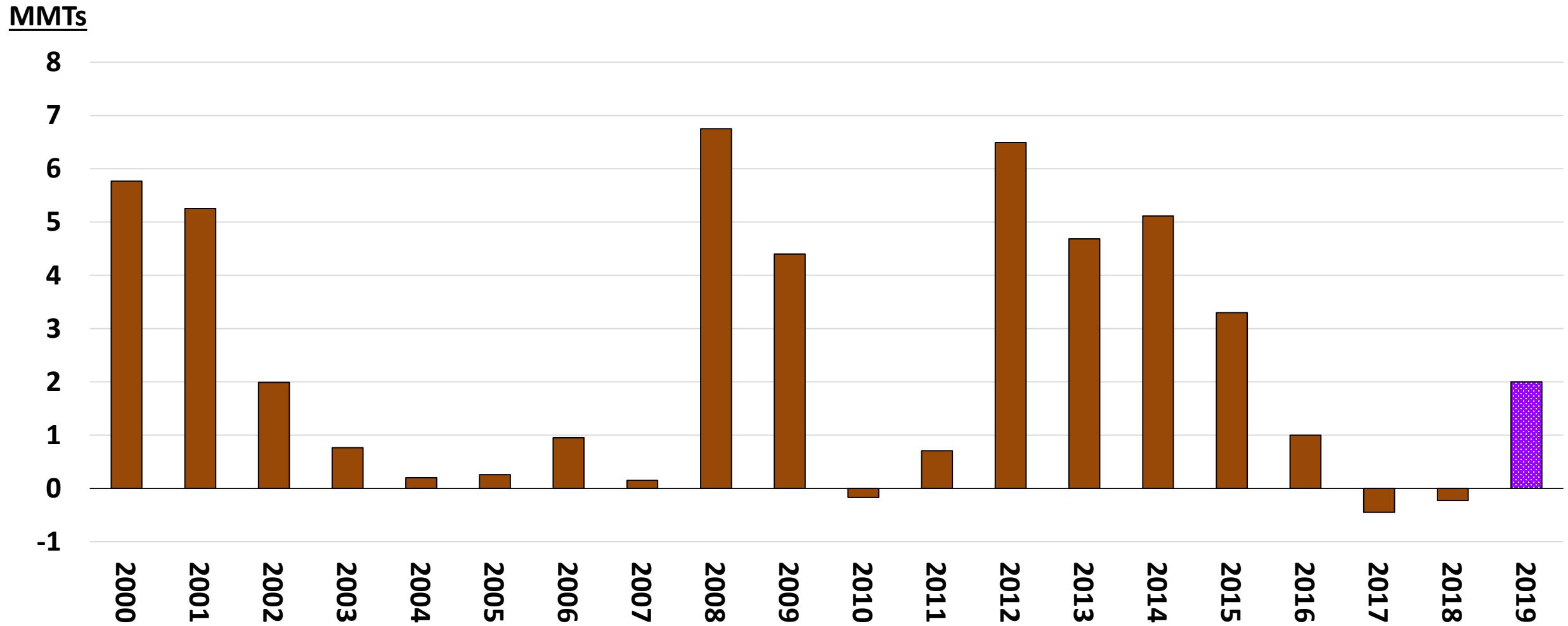
# Its not only a Trade Policy with China – It extends to Iran!



# Iran Domestic Wheat Consumption: Rising Near All Time High



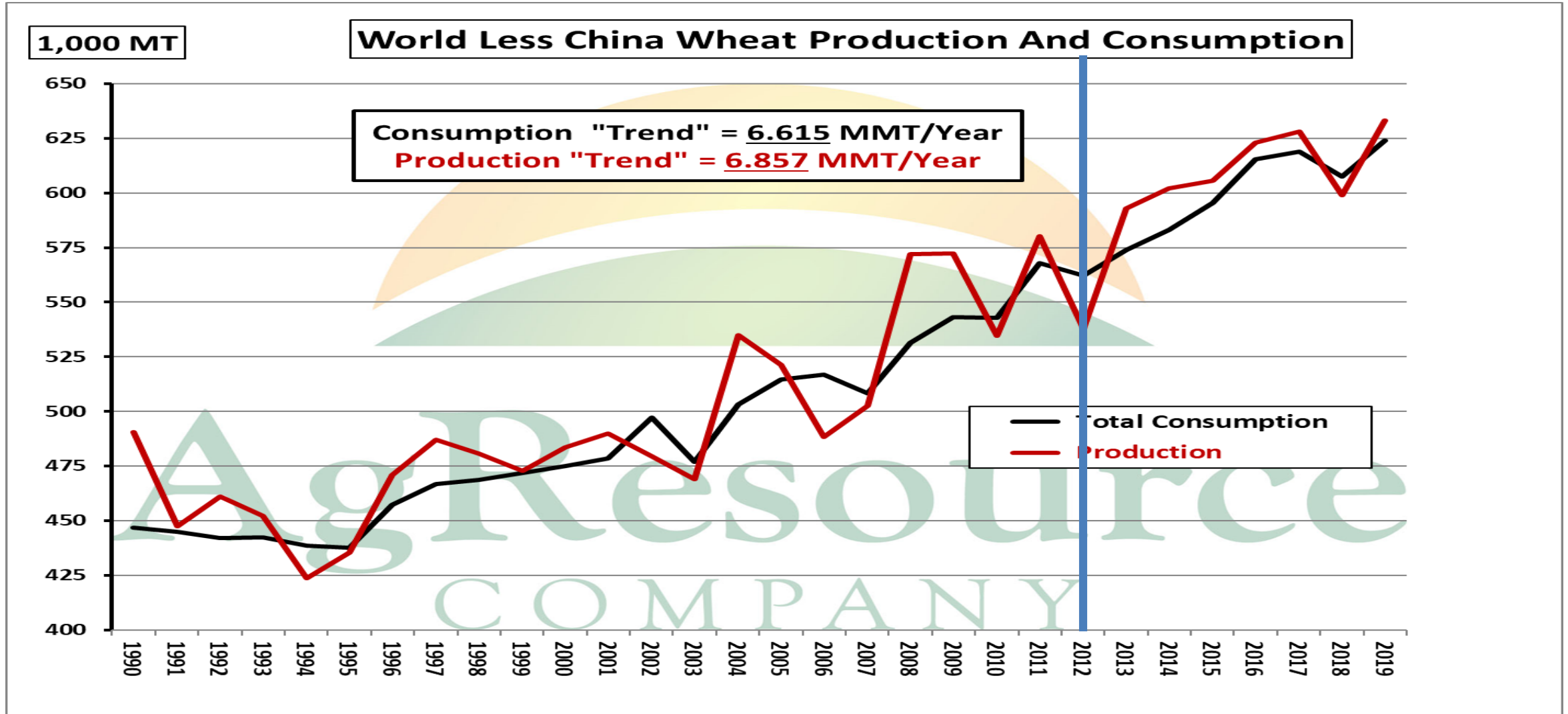
# Iran Wheat Net Imports; 2-3 MMTs of Black Sea Imports?



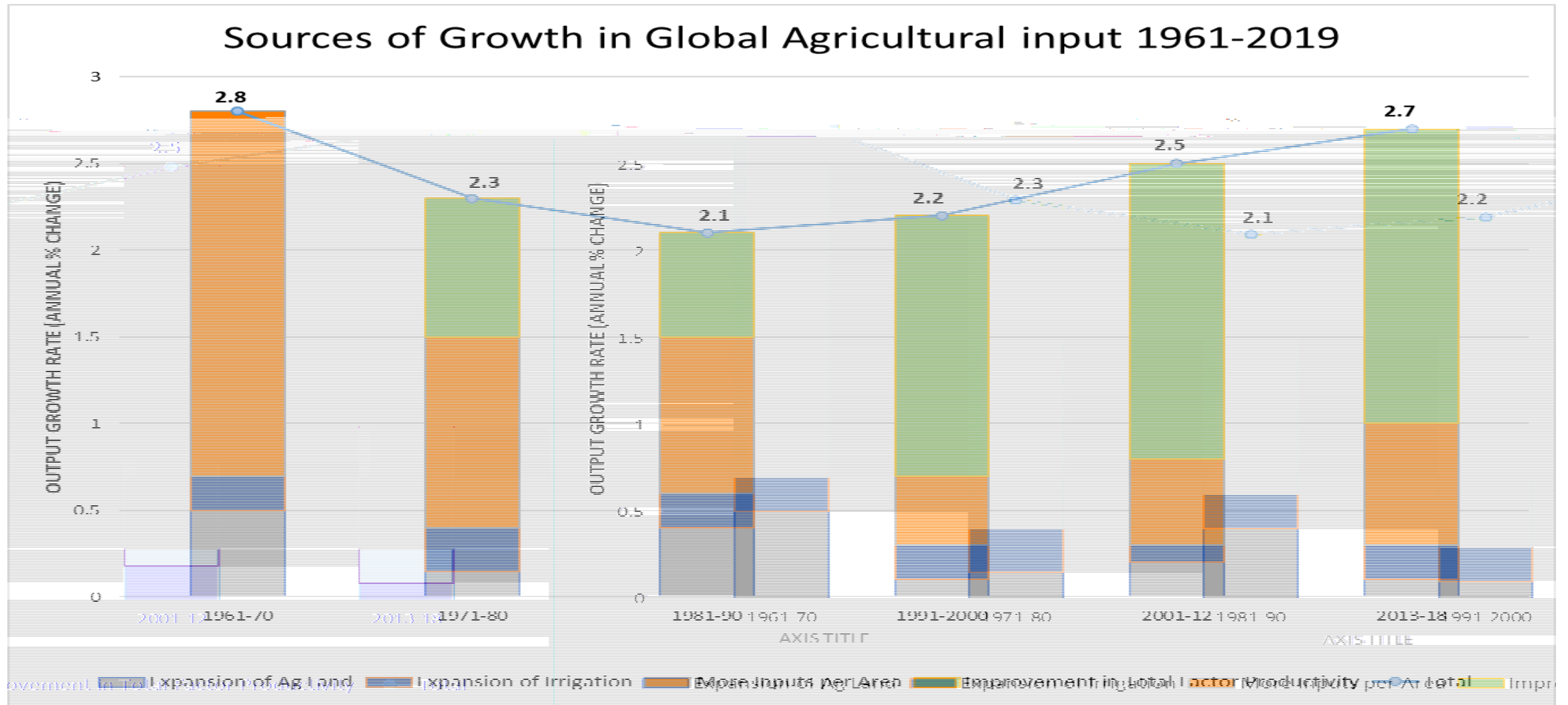


# World Grain Yield Exceeds Consumption

# Only "One Year" Since 2012 that World Wheat Demand Has Exceeded Supply

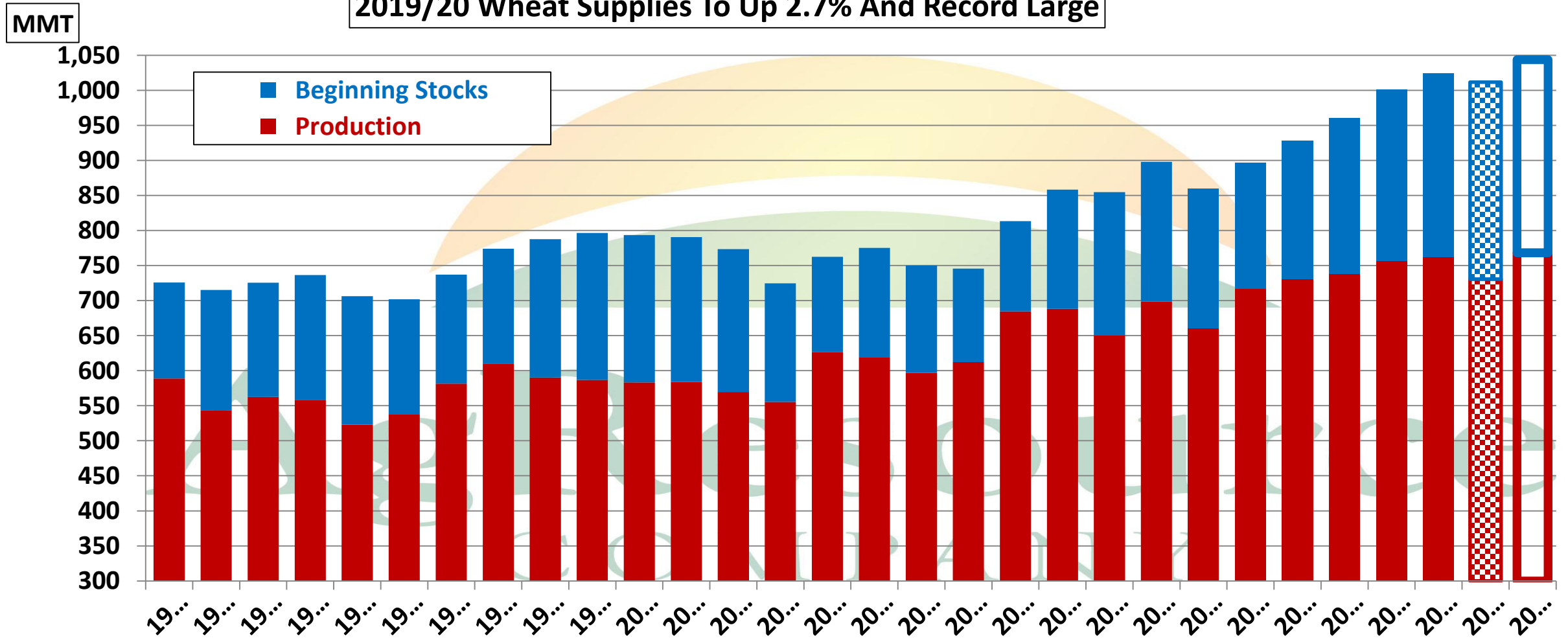


# World Grain Yields Back to Days of Green Revolution – Norman Borlaug!



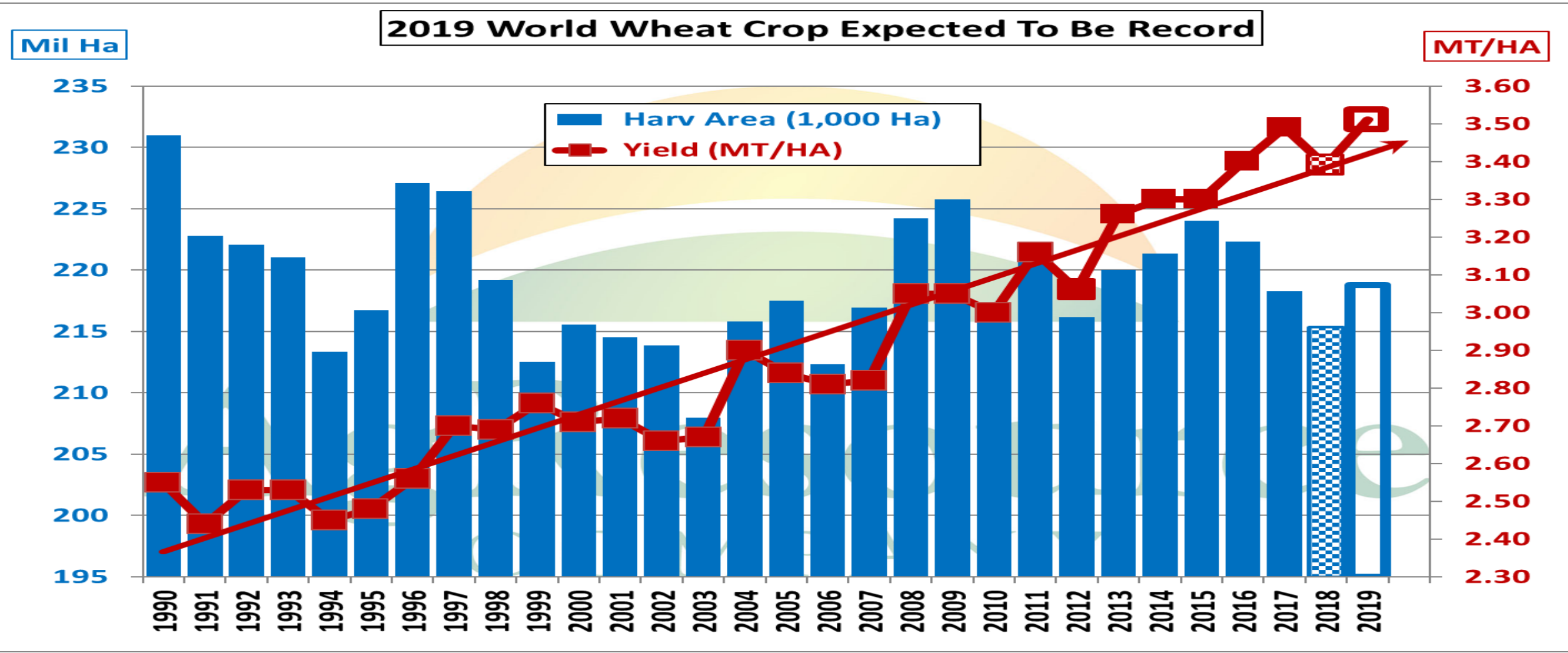
# World Wheat Supplies Are Record Large Amid Favorable N Hemisphere Harvests

2019/20 Wheat Supplies To Up 2.7% And Record Large

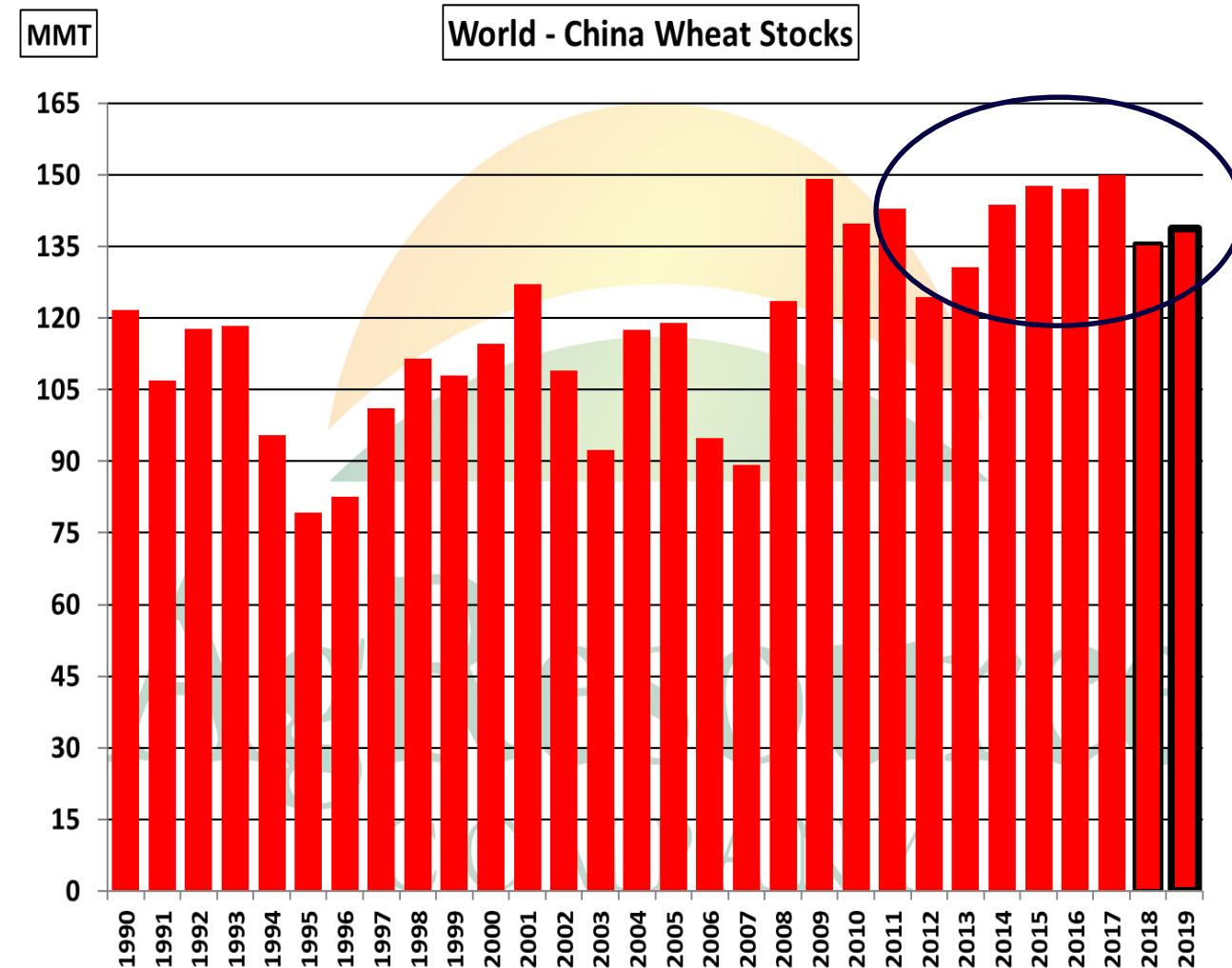
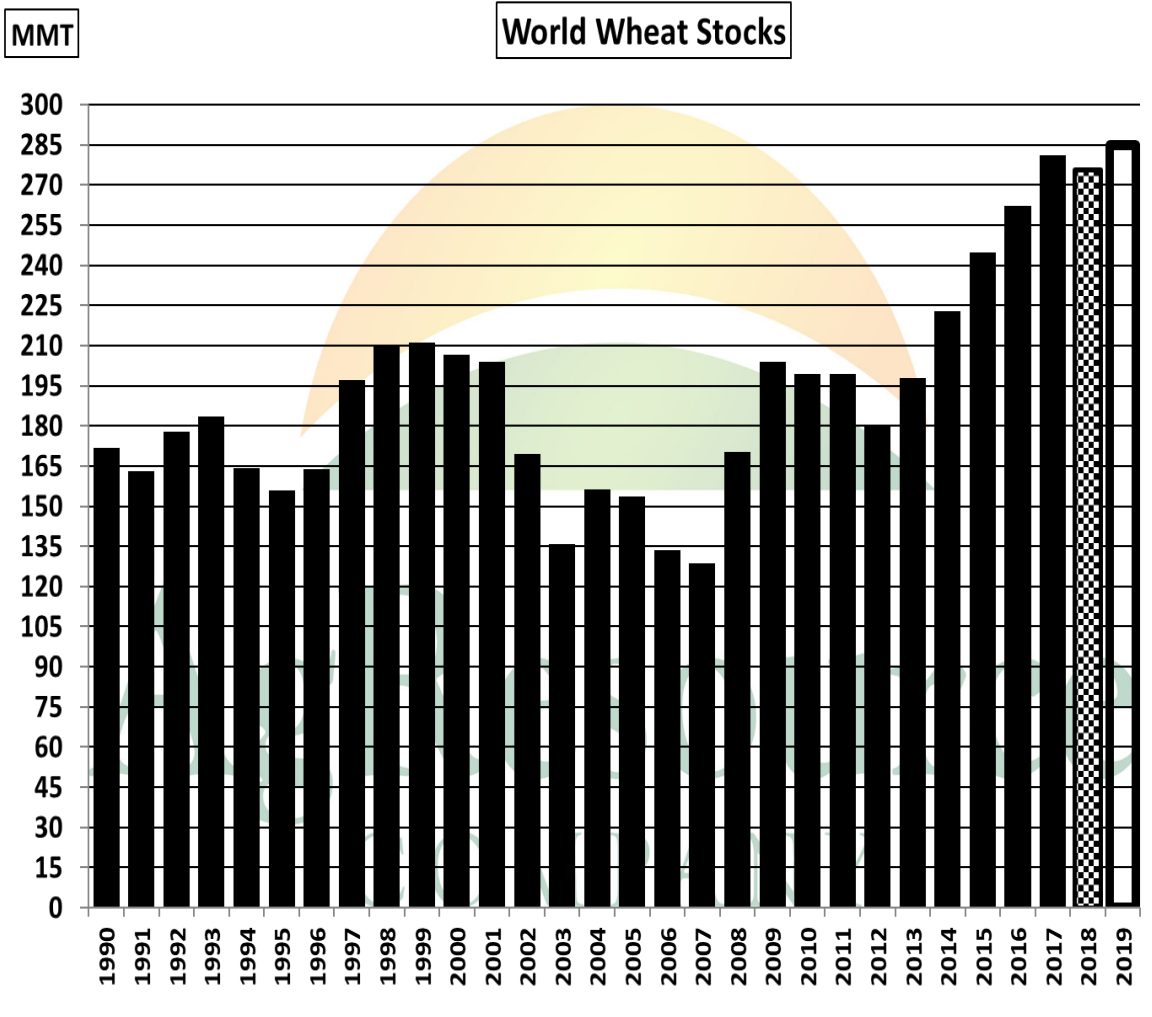


# 2019 World Wheat Yields Record

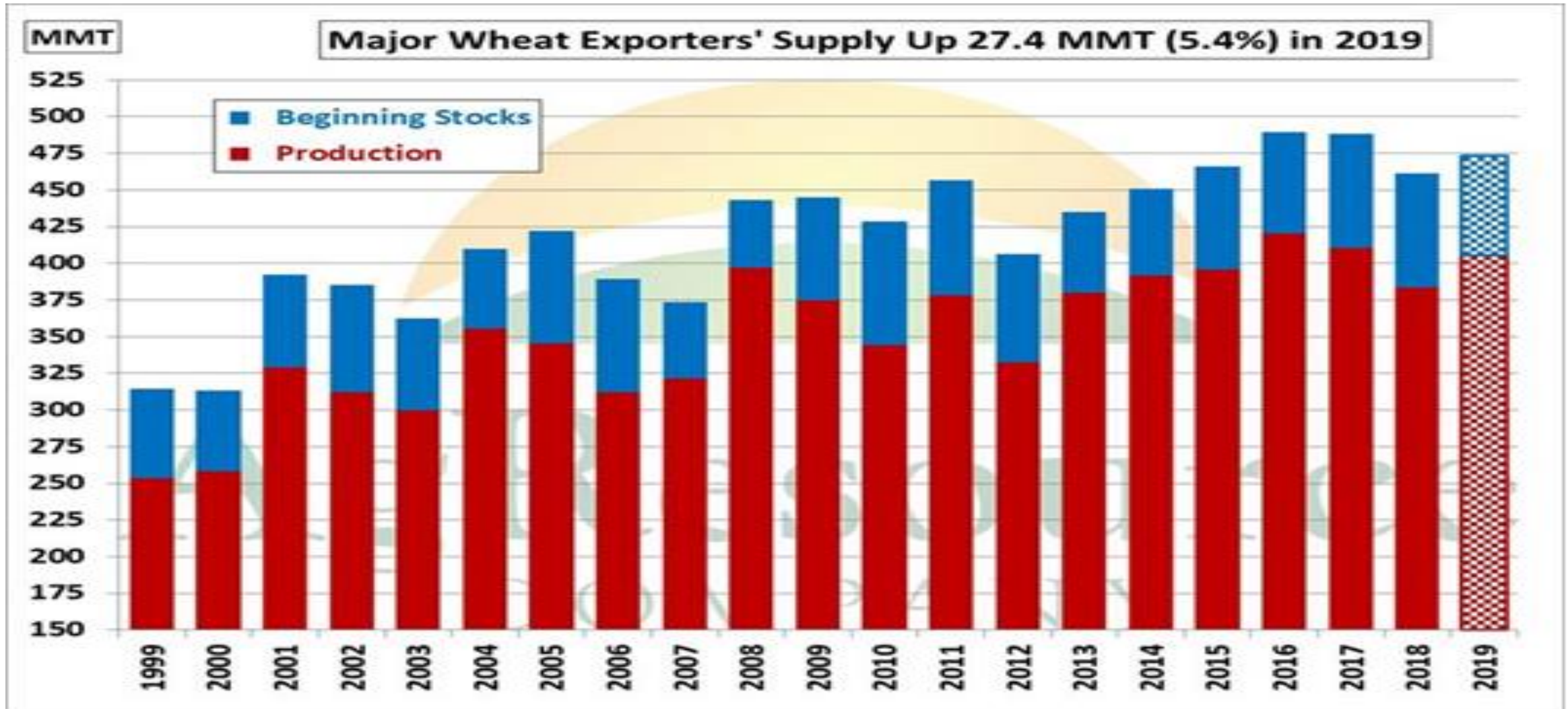
## Large 3.54 MTs/HA



# 2019/20 World Wheat Stocks Record Large; Excluding China up 4 MMTs – Sizeable!



# The World Holds an Abundance of Wheat With Selling Pressure in 2020



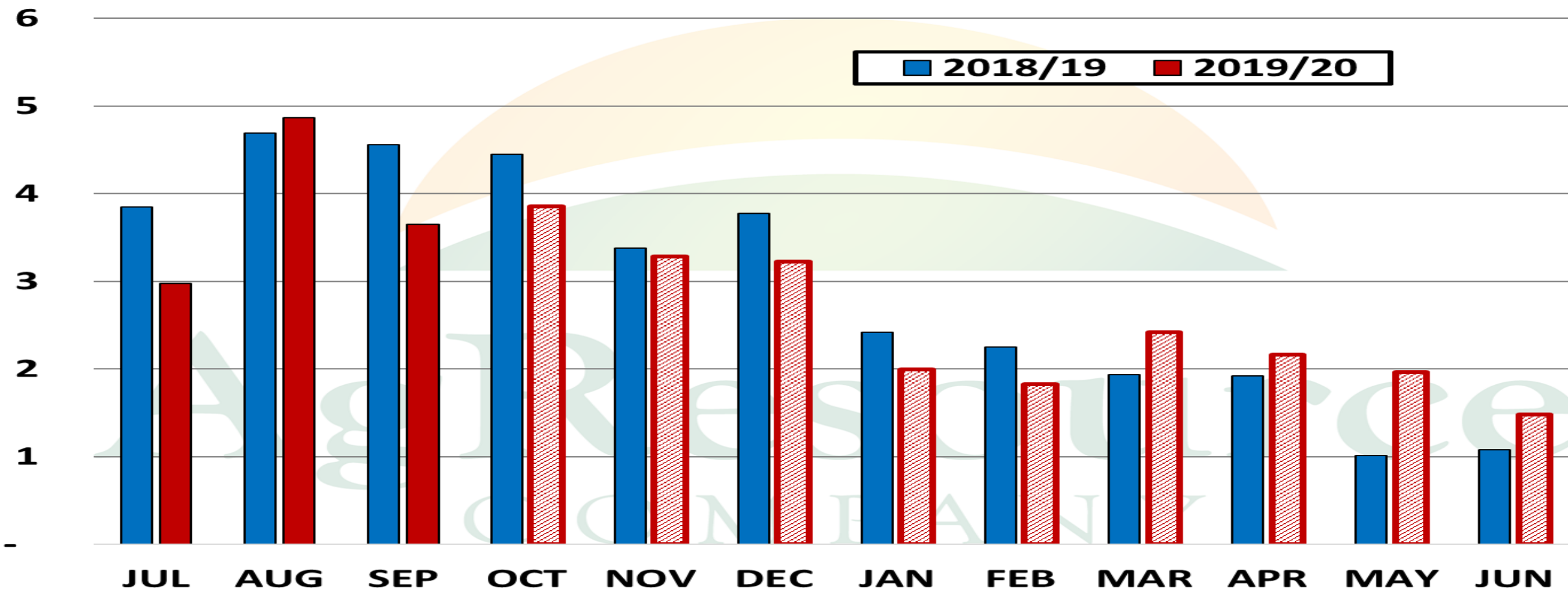
# Through October, World Wheat Trade Up 3.8 MMTs or 7.2% Above USDA Annual Forecast



# Russian Wheat Exports Slow on Farmer Holding/ High Cost Elevations, Reduced SE Russian Supply

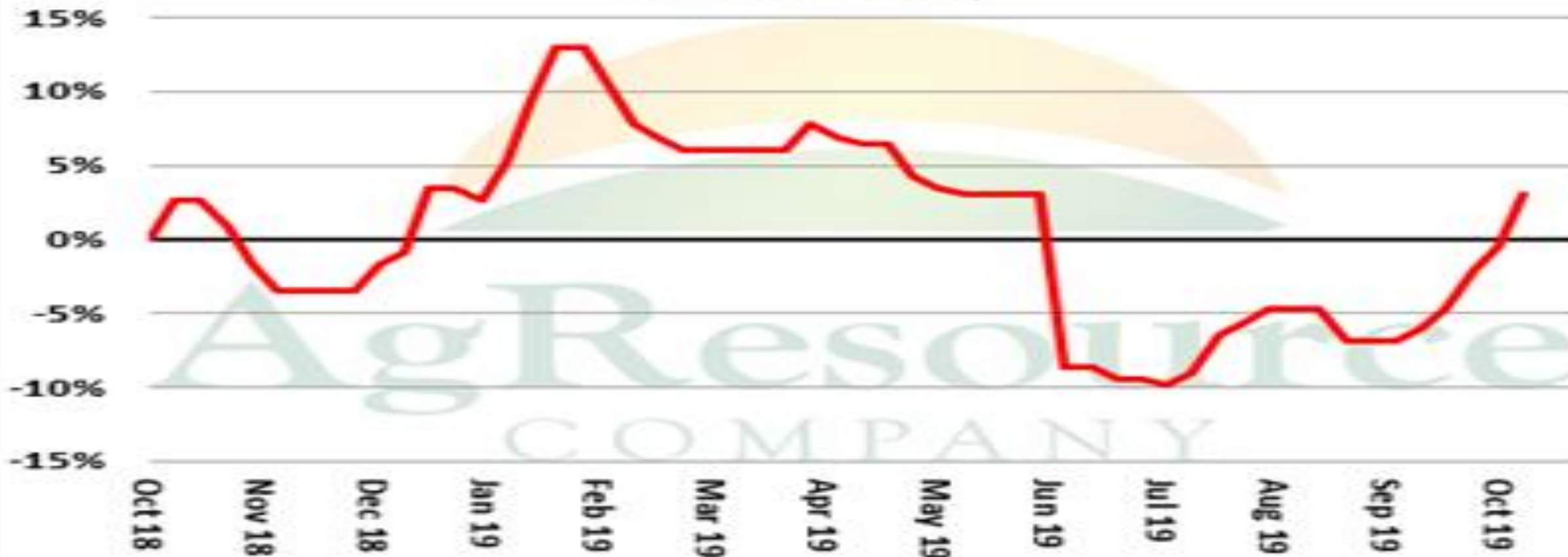
MMTs

Russian Monthly Wheat Exports

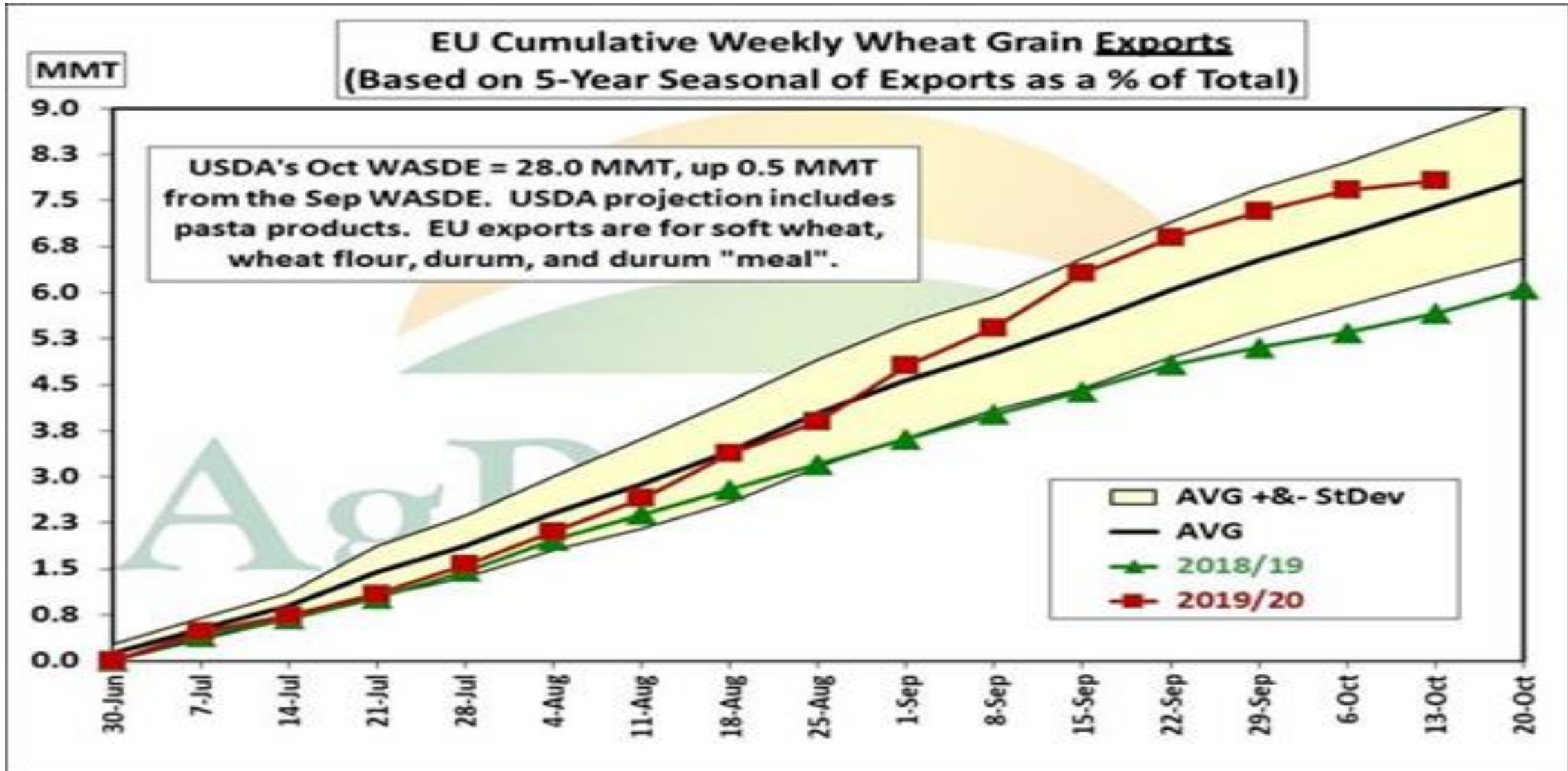


# Cash Prices To S Russian Farmers Above Last Year – Ruble Strengthens

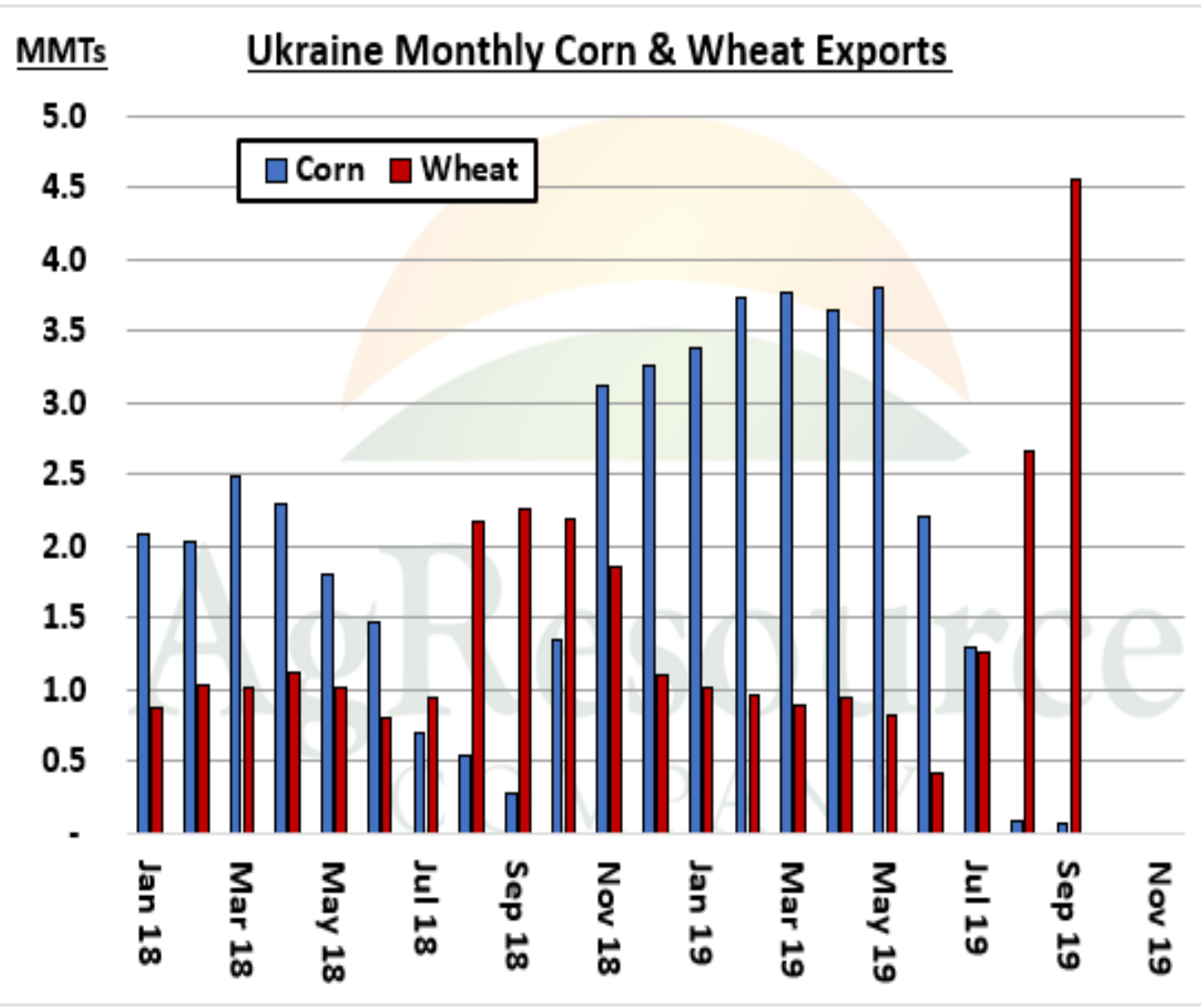
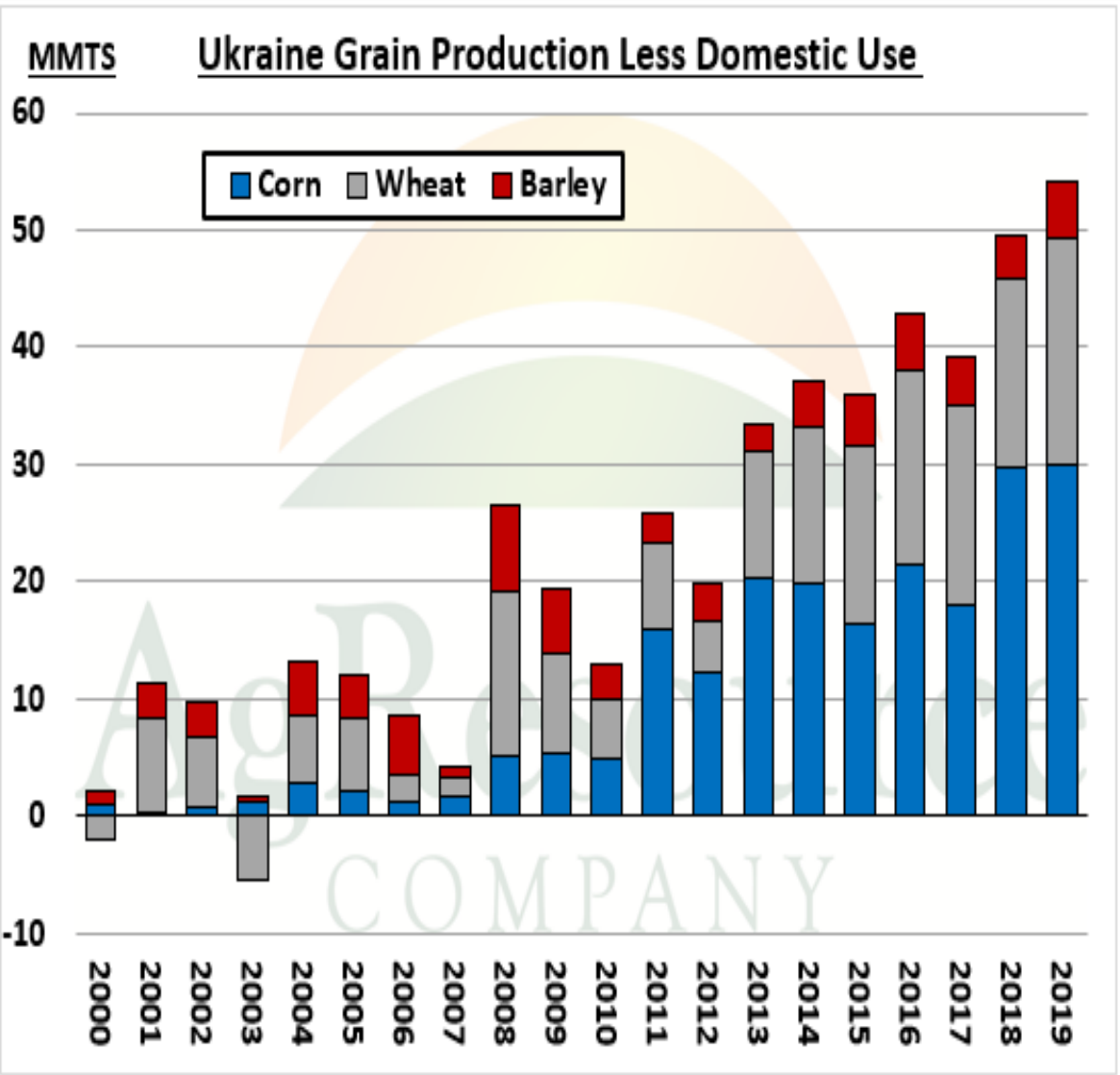
Southern Russian Cash Wheat Market Performance  
Last 12 Months



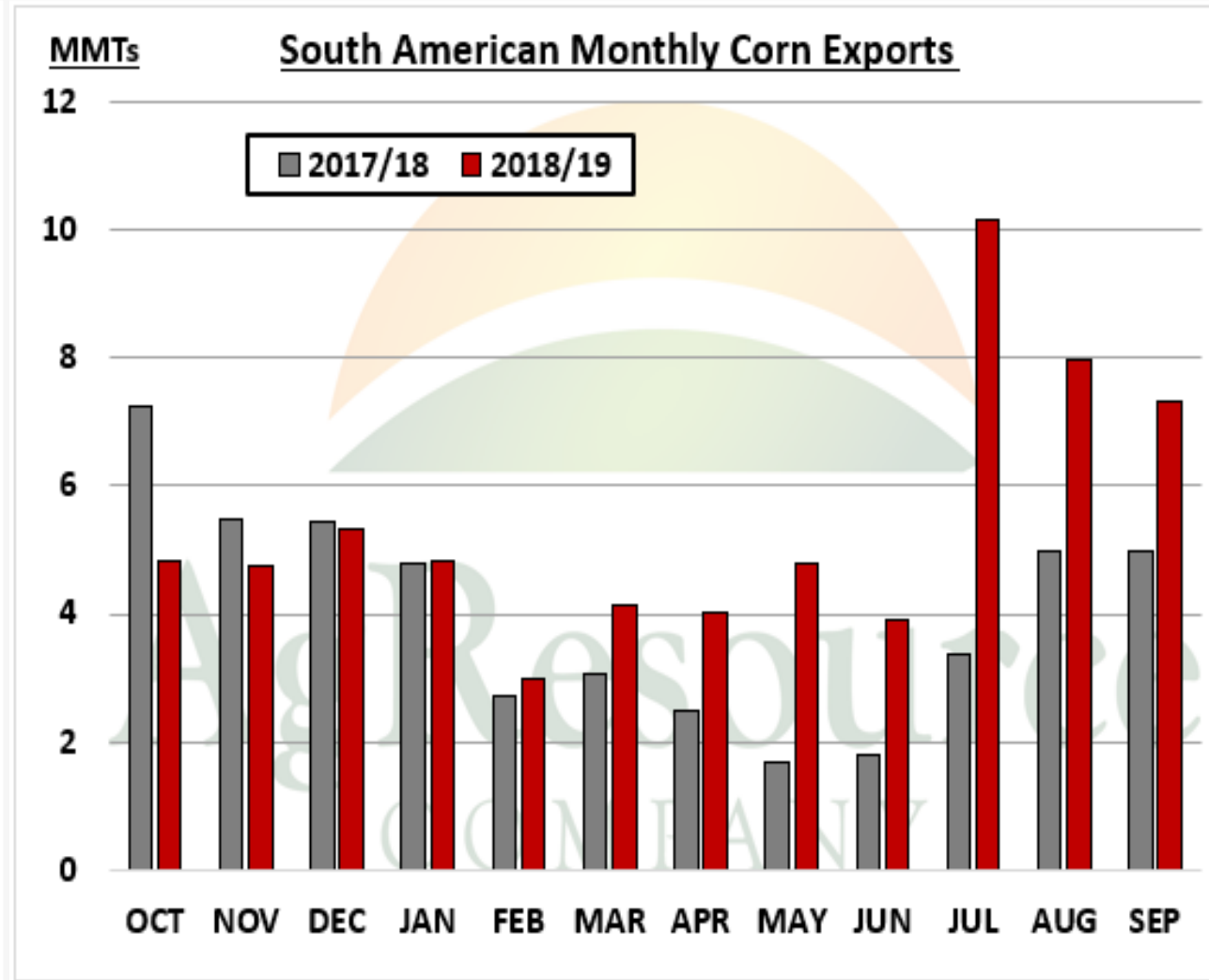
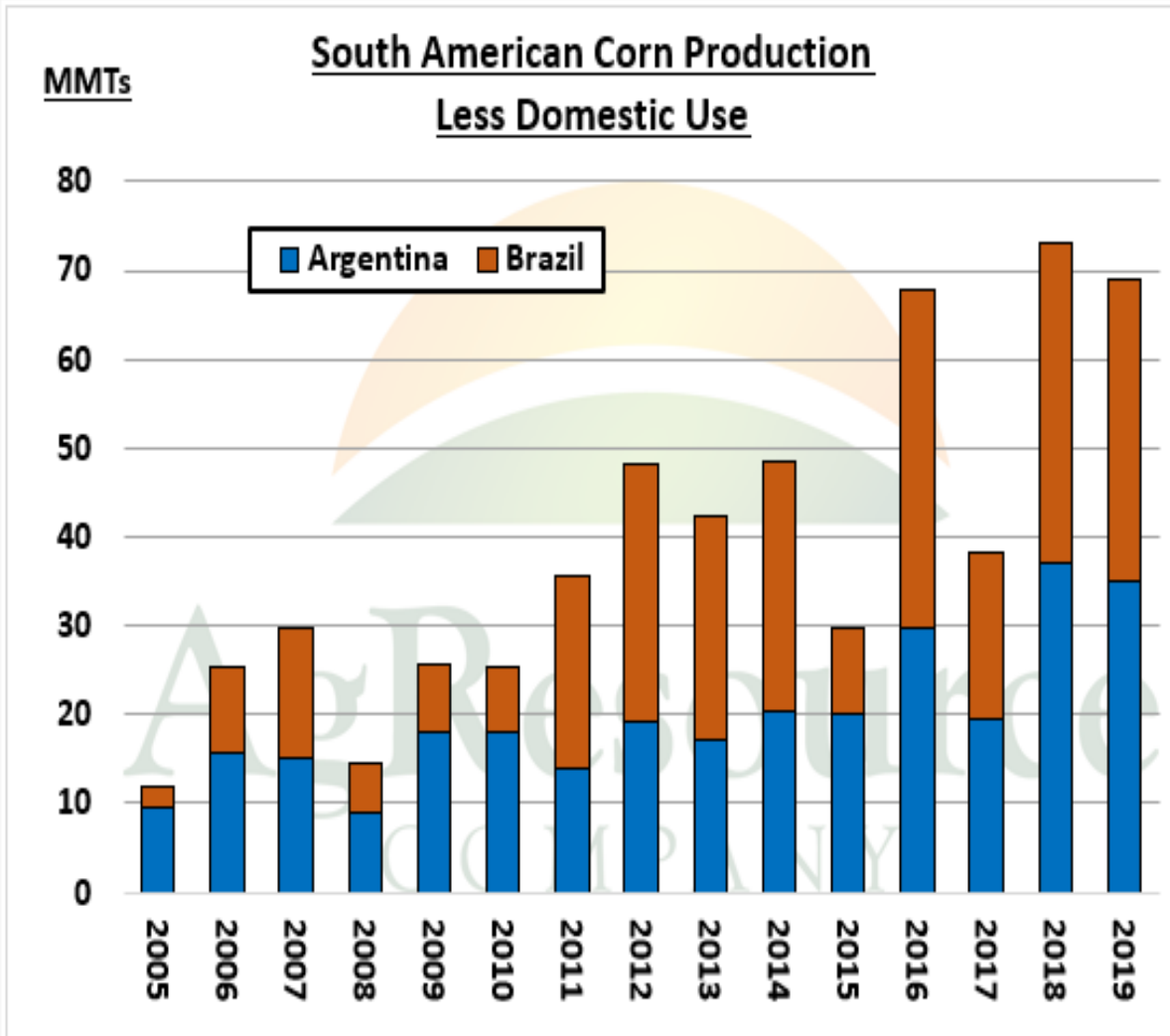
# EU Wheat Exports Replace Russia into Year End



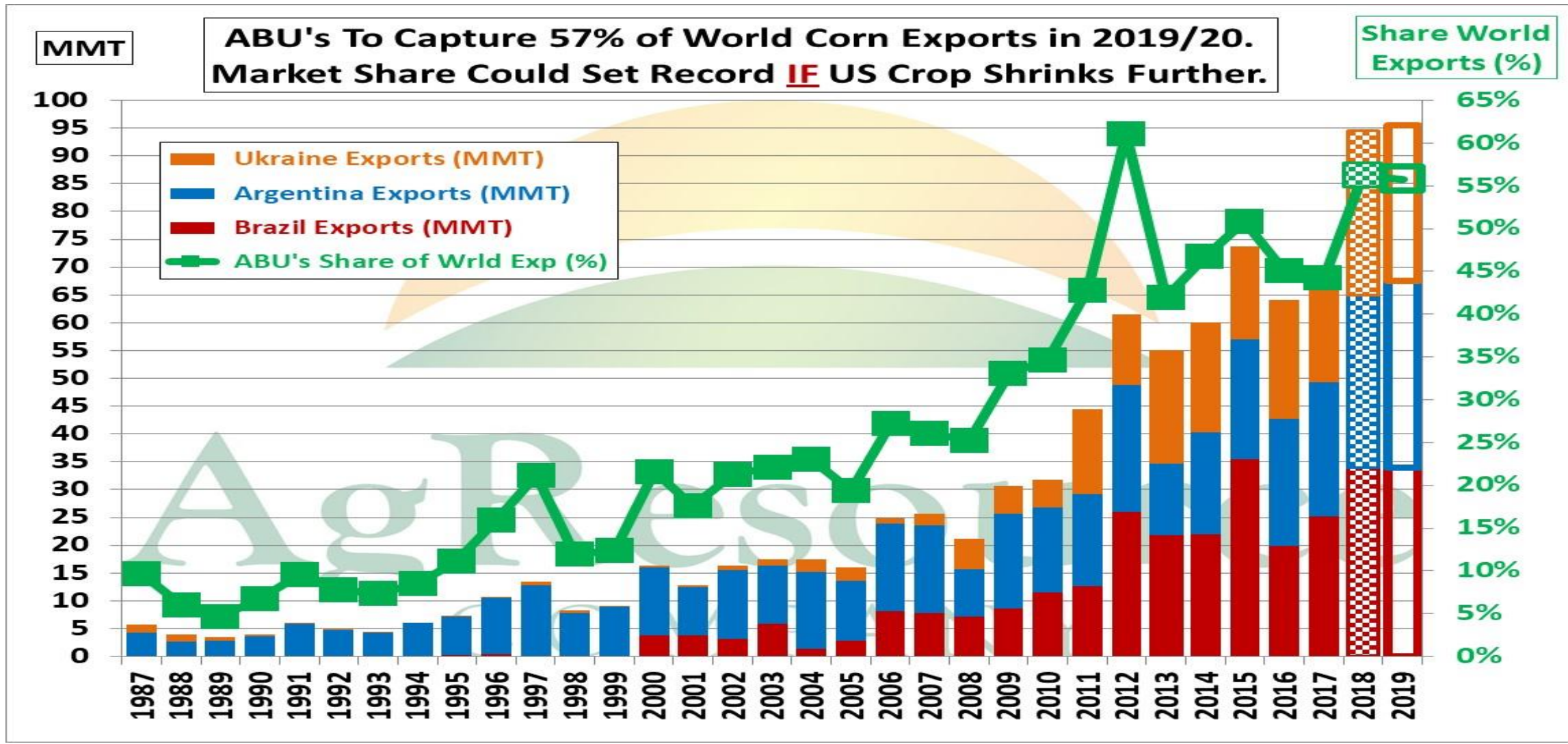
# Ukraine To Export 55 MMTs of Grain in 2020/21?



# South American Corn Exports to Reach 78 MMTs or 3,100 Mil Bu – Structural Supply Change!



# ABU's Account For Record % of Global Corn Trade!

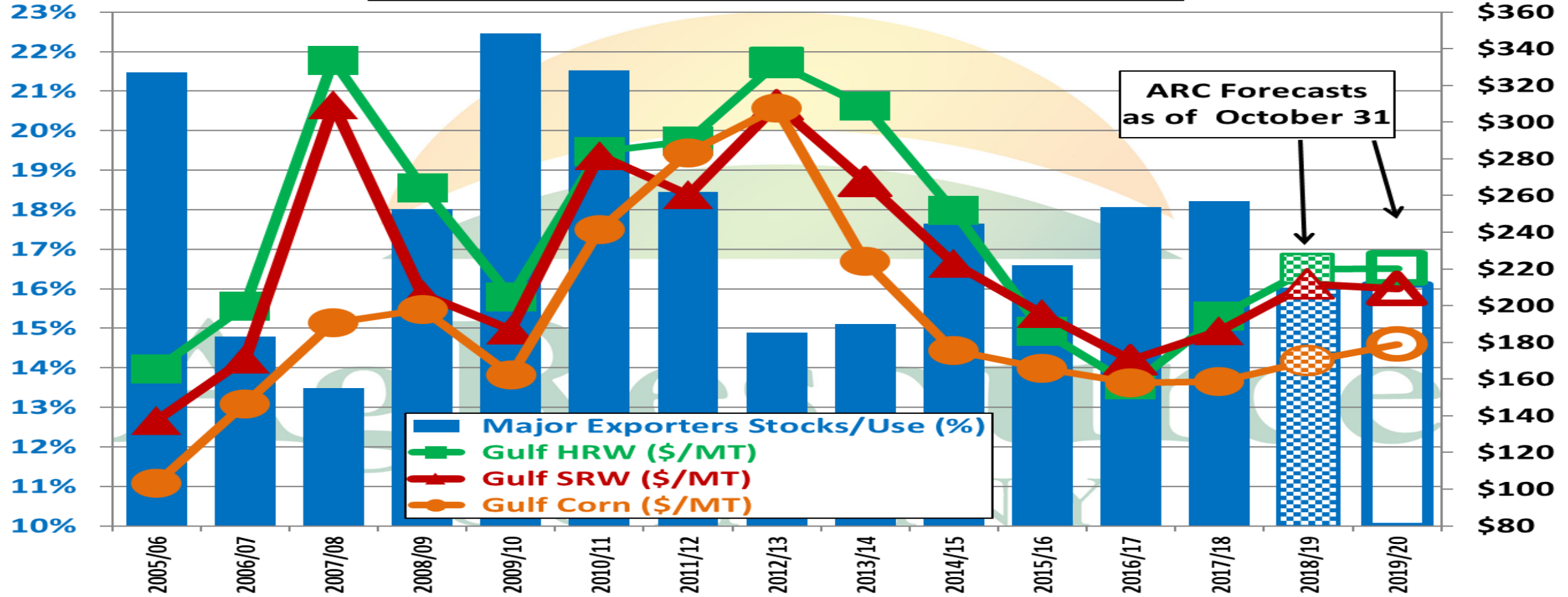


# Black Sea Wheat Prices To Peak \$212-217/MT in November/Early December

Stks/Use (%)

End Stocks/Use of Major Wheat Exporters and US Gulf Wheat and Corn Prices

U.S. Gulf (\$/MT)





**It's not enough to know the news.  
You need to trust the analysis.**

**Thank You**

