

# *Wheat Situation & Outlook*



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***Frayne Olson, PhD***

***Crop Economist/Marketing Specialist***

NDSU Extension Service

ND Agricultural Experiment Station

Dept. of Agribusiness & Applied Economics



## Today's Topics

- Review most recent USDA reports.
- Update on U.S. growing conditions and harvest progress.
- Update on Black Sea and Canadian production issues.
- Identify potential market movers for 2010/11 marketing year.



## All Wheat Supply & Demand Table

U.S. All Wheat	2009/2010	2010/2011 (Jun)	2010/2011(Jul)
Planted A.	59.1 Mill. A.	53.8 Mill. A.	54.3 Mill. A.
Harvested A.	49.9 Mill. A.	47.1 Mill. A.	48.3 Mill. A.
Yield/Harvest A.	44.4 bu.	43.9 bu.	45.9 bu.
Begin Stocks	657 Mill. Bu.	930 Mill. Bu.	973 Mill. Bu.
Production	2,216 Mill. Bu.	2,067 Mill. Bu.	2,216 Mill. Bu.
Imports	115 Mill. Bu.	110 Mill. Bu.	100 Mill. Bu.
<b>Total Supply</b>	<b>2,988 Mill. Bu.</b>	<b>3,107 Mill. Bu.</b>	<b>3,289 Mill. Bu.</b>
Food	920 Mill. Bu.	940 Mill. Bu.	940 Mill. Bu.
Seed	70 Mill. Bu.	76 Mill. Bu.	76 Mill. Bu.
Feed & Residual	159 Mill. Bu.	200 Mill. Bu.	180 Mill. Bu.
Exports	865 Mill. Bu.	900 Mill. Bu.	1,000 Mill. Bu.
<b>Total Use</b>	<b>2,014 Mill. Bu.</b>	<b>2,116 Mill. Bu.</b>	<b>2,196 Mill. Bu.</b>
Ending Stocks	973 Mill. Bu.	991 Mill. Bu.	1,093 Mill. Bu.

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HRW = 28.46 ≈ (10%)  
 HRS = 13.26 ≈ 5%  
 SRW = 5.83 ≈ (30%)  
 White = 4.08 ≈ 2%  
 Durum = 2.68 ≈ 5%

USDA – WASDA – July 9, 2010

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HRW = 38 vs. 42  
 HRS = 44 vs. 44  
 SRW = 56 vs. 55  
 White = 62 vs. 68  
 Durum = 45 vs. 40

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Seed	70 Mill. Bu.	76 Mill. Bu.	76 Mill. Bu.
Feed & Residual	<b>159 Mill. Bu.</b>	<b>Feed &amp; Res. = (21) M.B.</b> <b>Exports = (20) M.B.</b>	
Exports	<b>865 Mill. Bu.</b>		
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<b>Total Supply</b>	<b>2,988 Mill. Bu.</b>	<b>3,220 Mill. Bu.</b>	<b>3,289 Mill. Bu.</b>
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USDA – WASDA – July 9, 2010



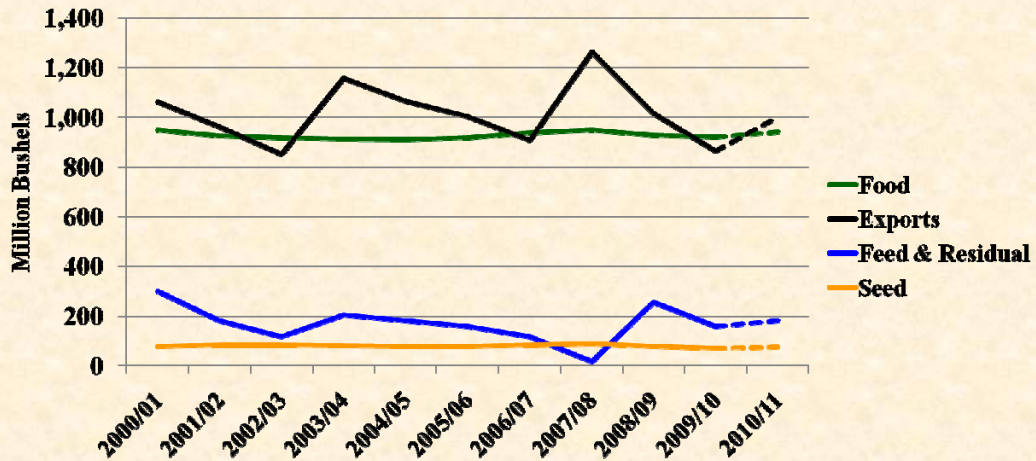
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**Ending Stocks continue to build!**  
**2010/11 Stocks-to-Use  $\approx$  49.8%**  
**15 yr. avg.  $\approx$  28.6%**

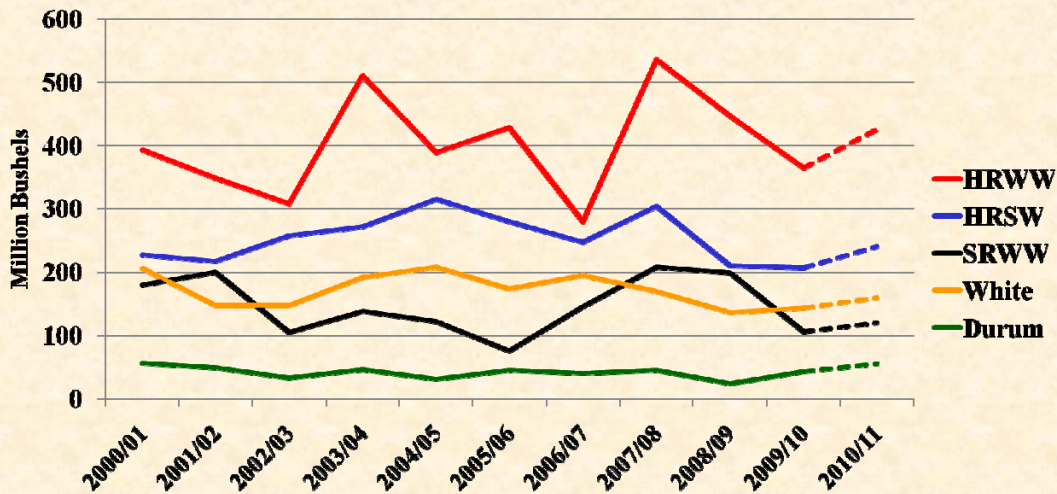
USDA – WASDA – July 9, 2010

## All Wheat Disappearance (Million Bushels)



USDA – WASDE – July 9, 2010 & USDA Wheat Yearbook -Table 5

## Exports By Class



USDA – WASDE – July 9, 2010 & USDA – Wheat Yearbook Tables 7 - 11

## HRWW Export Sales

Marketing Year of June 1 - May 31 (1,000 Metric Ton)

Country	2005/06	2006/2007	2007/2008	2008/2009	2009/10
Nigeria	2,622.3	1,884.1	2,103.2	2,127.0	<b>2,533.2</b>
Mexico	1,727.9	1,156.5	1,469.5	1,318.3	<b>1,077.3</b>
Japan	829.4	881.0	1,012.3	814.0	<b>928.7</b>
Peru	341.4	27.5	432.4	218.7	<b>470.7</b>
Morocco	0.0	94.2	506.7	0.0	315.8
Taiwan	270.9	269.2	311.9	189.2	<b>309.6</b>
<b>Iraq</b>	<b>2,337.5</b>	<b>798.5</b>	<b>1,964.2</b>	<b>1,205.0</b>	<b>306.7</b>
Columbia	431.5	261.7	522.3	452.3	<b>301.0</b>
Other	2,083.4	1,427.2	5,499.7	5,076.4	<b>2,328.8</b>
Total	10,644.3	6,799.9	13,822.2	11,400.9	<b>8,571.8</b>

USDA-FAS Marketing Year Rankings Report



## HRSW Export Sales

Marketing Year of June 1 - May 31 (1,000 Metric Ton)

Country	2005/06	2006/2007	2007/2008	2008/2009	2009/10
Japan	1,493.9	1,675.7	1,494.4	1,496.8	<b>1,423.3</b>
Philippines	955.5	961.7	816.5	797.8	<b>764.5</b>
Taiwan	522.5	590.1	606.1	423.8	<b>418.3</b>
Korean Rep.	361.5	363.1	381.2	335.1	<b>282.0</b>
<b>Canada</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>11.3</b>	<b>274.8</b>
<b>Venezuela</b>	<b>635.3</b>	<b>368.9</b>	<b>530.8</b>	<b>216.9</b>	<b>229.8</b>
Thailand	227.6	227.6	218.2	209.8	<b>212.9</b>
<b>Mexico</b>	<b>320.0</b>	<b>146.2</b>	<b>464.5</b>	<b>256.1</b>	<b>208.9</b>
Other	2,878.8	2,146.4	3,344.8	1,718.7	<b>1,594.6</b>
Total	7,395.1	6,479.7	7,856.5	5,466.3	<b>5,409.1</b>

USDA-FAS Marketing Year Rankings Report

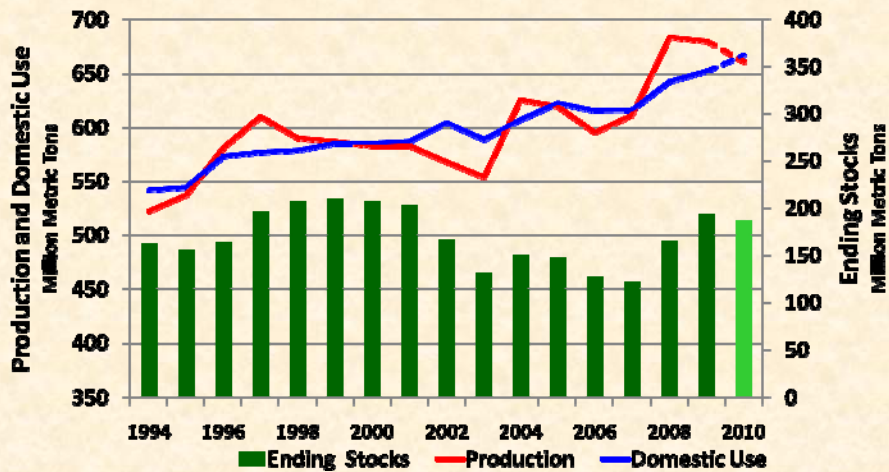
## SRWW Export Sales

Marketing Year of June 1 - May 31 (1,000 Metric Ton)

Country	2005/06	2006/2007	2007/2008	2008/2009	2009/10
Mexico	454.1	774.3	629.9	846.4	<b>683.7</b>
<b>Egypt</b>	<b>120.8</b>	<b>1,154.2</b>	<b>2,971.1</b>	<b>1,910.4</b>	<b>423.6</b>
Nigeria	337.5	389.6	312.5	384.8	<b>347.1</b>
Columbia	162.2	195.1	210.7	254.4	<b>188.8</b>
China	64.9	56.2	0.0	170.7	<b>124.0</b>
Brazil	20.5	25.4	111.6	236.6	<b>116.3</b>
<b>Venezuela</b>	<b>250.6</b>	<b>235.1</b>	<b>141.3</b>	<b>112.2</b>	<b>107.7</b>
Dom. Rep.	70.1	99.2	78.6	94.6	<b>100.9</b>
Other	572.2	936.4	1,140.9	1,163.5	<b>686.1</b>
Total	2,052.9	3,865.5	5,596.6	5,173.6	<b>2,778.2</b>

USDA-FAS Marketing Year Rankings Report

## World Wheat Production, Domestic Use and Ending Stocks

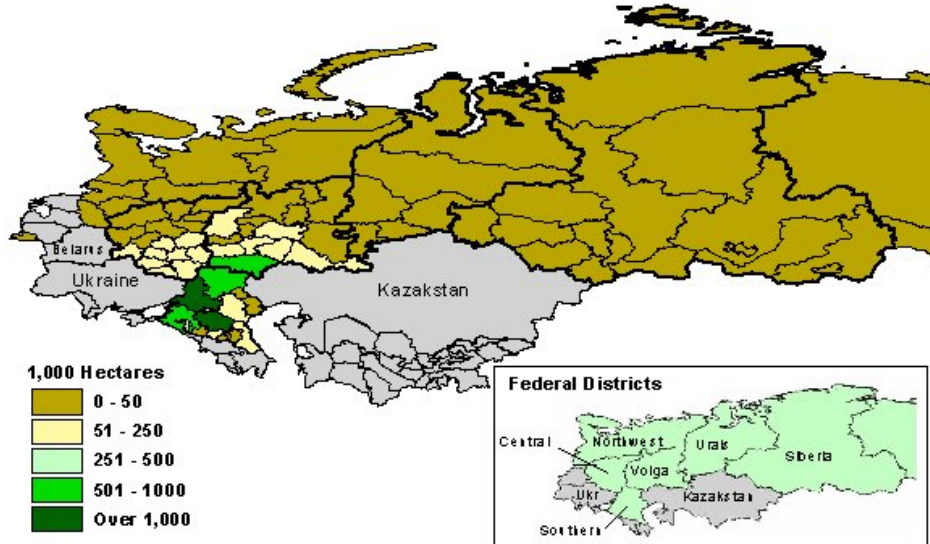


USDA – WASDE – July 9, 2010 & USDA – Wheat Yearbook Table 3

## Wheat “Market Movers”

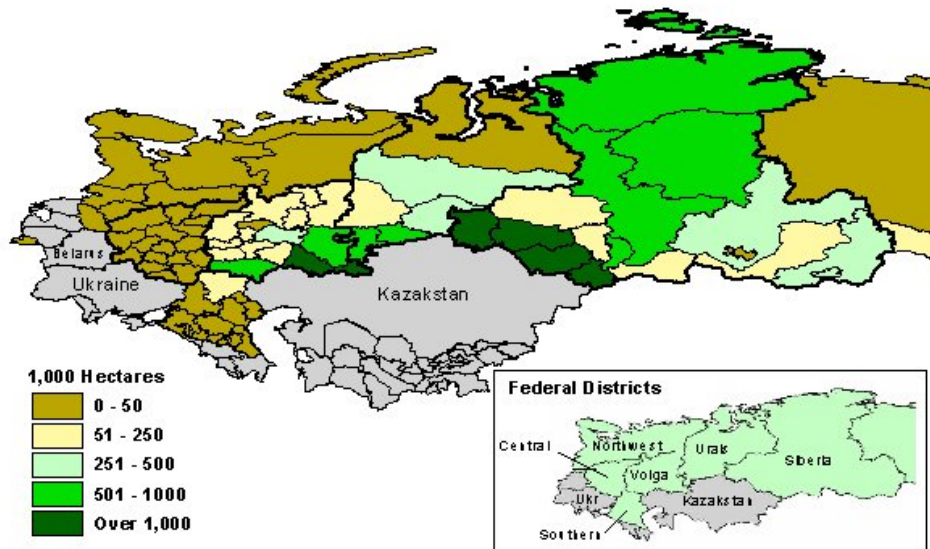
- Export sales will set price direction:
  - Exports account for **45.5%** of total use.
  - World wheat production estimates are dropping.
  - Western Kazakhstan and Russia are experiencing hot and dry conditions, reducing yield potential.
  - EU-27 production estimates are also dropping.
  - Canadian spring wheat crop has been under stress due to excessive spring/summer moisture.

### Russia: Estimated Winter Wheat Area by Oblast



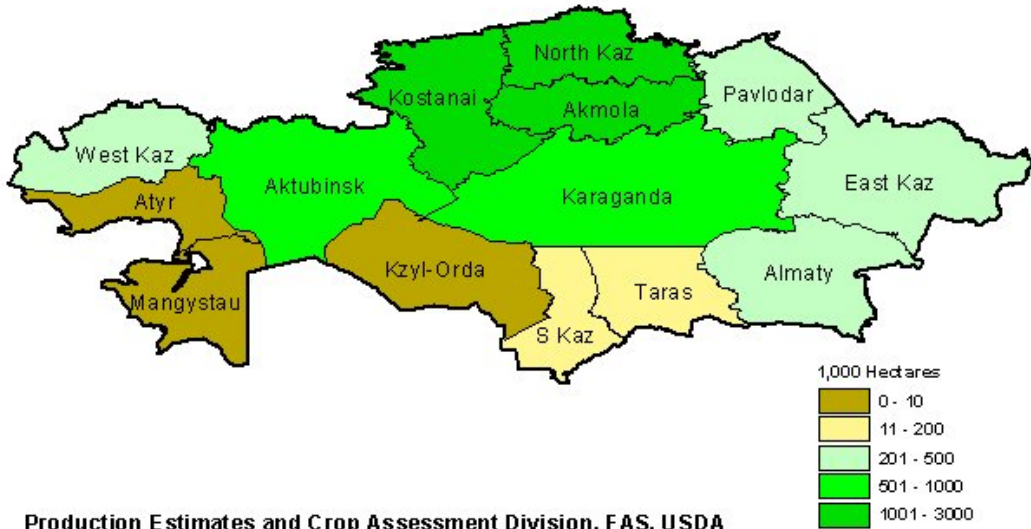
Production Estimates and Crop Assessment Division, FAS, USDA

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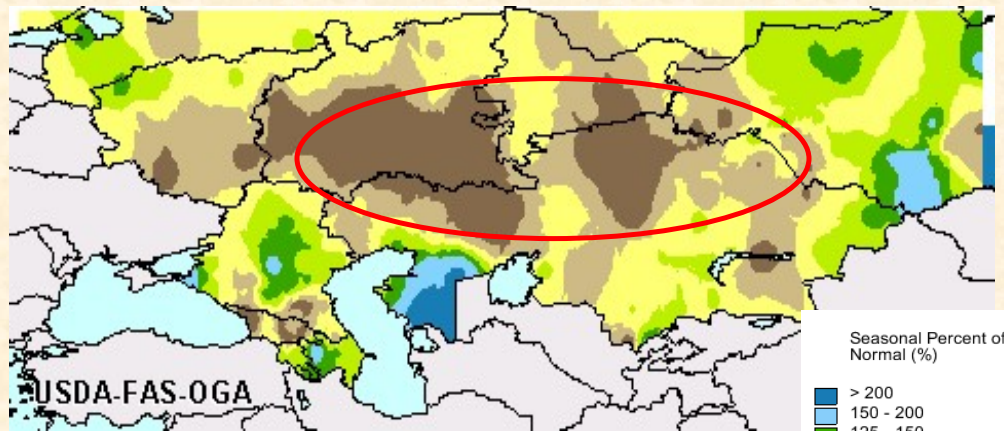


Production Estimates and Crop Assessment Division, FAS, USDA

### Kazakstan: Estimated Wheat Area by Region



### Percent of Normal Rainfall: Russian Federation & Kazakhstan



04/01/10 to 07/20/10

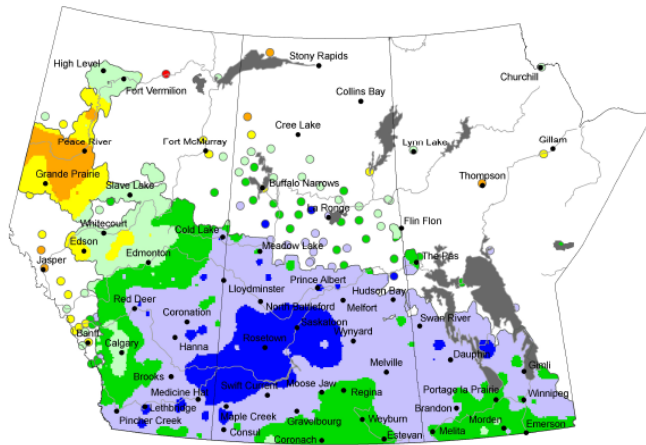


Agriculture and Agri-Food Canada / Agriculture et Agroalimentaire Canada

Canada

Percent of Average Precipitation (Prairie Region)

April 1, 2010 to July 20, 2010



- < 40%
- 40 - 60%
- 60 - 85%
- 85 - 115%
- 115 - 150%
- 150 - 200%
- > 200%
- Extent of Agricultural Land
- Lakes and Rivers

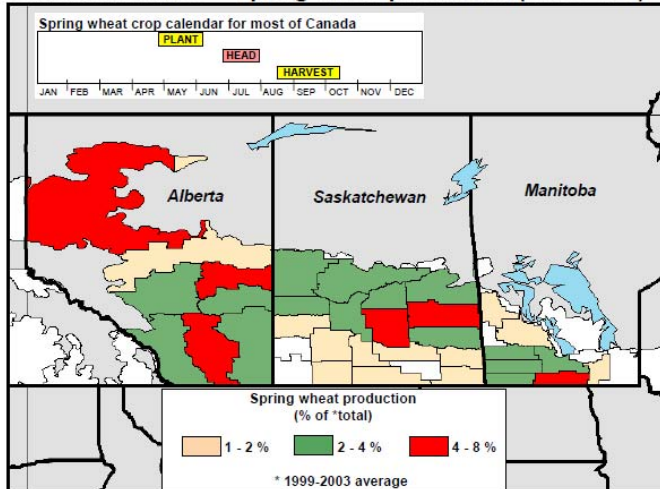
Produced using near real-time data that has undergone initial quality control. The map may not be accurate for all regions due to data availability and data error.

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Prepared by Agriculture and Agri-Food Canada's National Agroclimate Information Service (NAIS). Data provided through partnership with Environment Canada, Natural Resources Canada, and many Provincial agencies.

Created: 07/21/10  
www.agr.gc.ca/drought

Canadian Prairies – Spring wheat production (1999-2003)

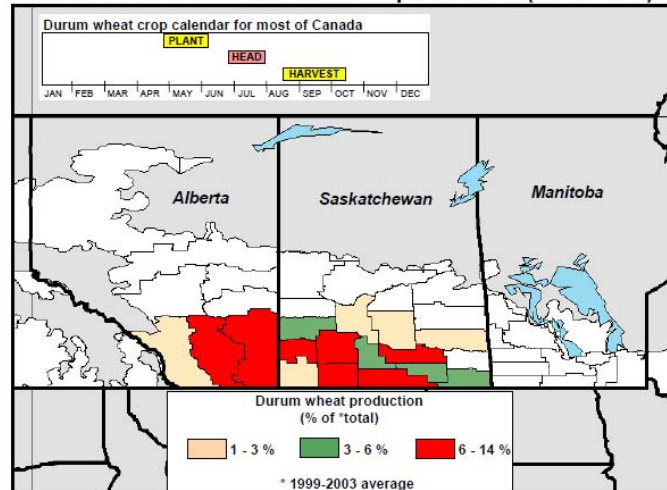


USDA World Agricultural Outlook Board  
Joint Agricultural Weather Facility

SOURCE: Stats Canada



### Canadian Prairies – Durum wheat production (1999-2003)



USDA World Agricultural Outlook Board  
Joint Agricultural Weather Facility

SOURCE: Stats Canada

## Wheat “Market Movers”

- Competition in the world market will continue to be intense, but will vary by class.
- Production problems in Black Sea region, Europe, and Canada may help Hard Red Winter and Hard Red Spring Wheat exports.
- Value of U.S. Dollar is very important for wheat export sales.
- Commodity Index and Hedge Fund “investment” in commodities – Watch the basis!



# ***QUESTIONS & COMMENTS?***

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***<http://www.ndsu.edu/cropeconomics>***