U.S. Wheat Outlook for 2013/14

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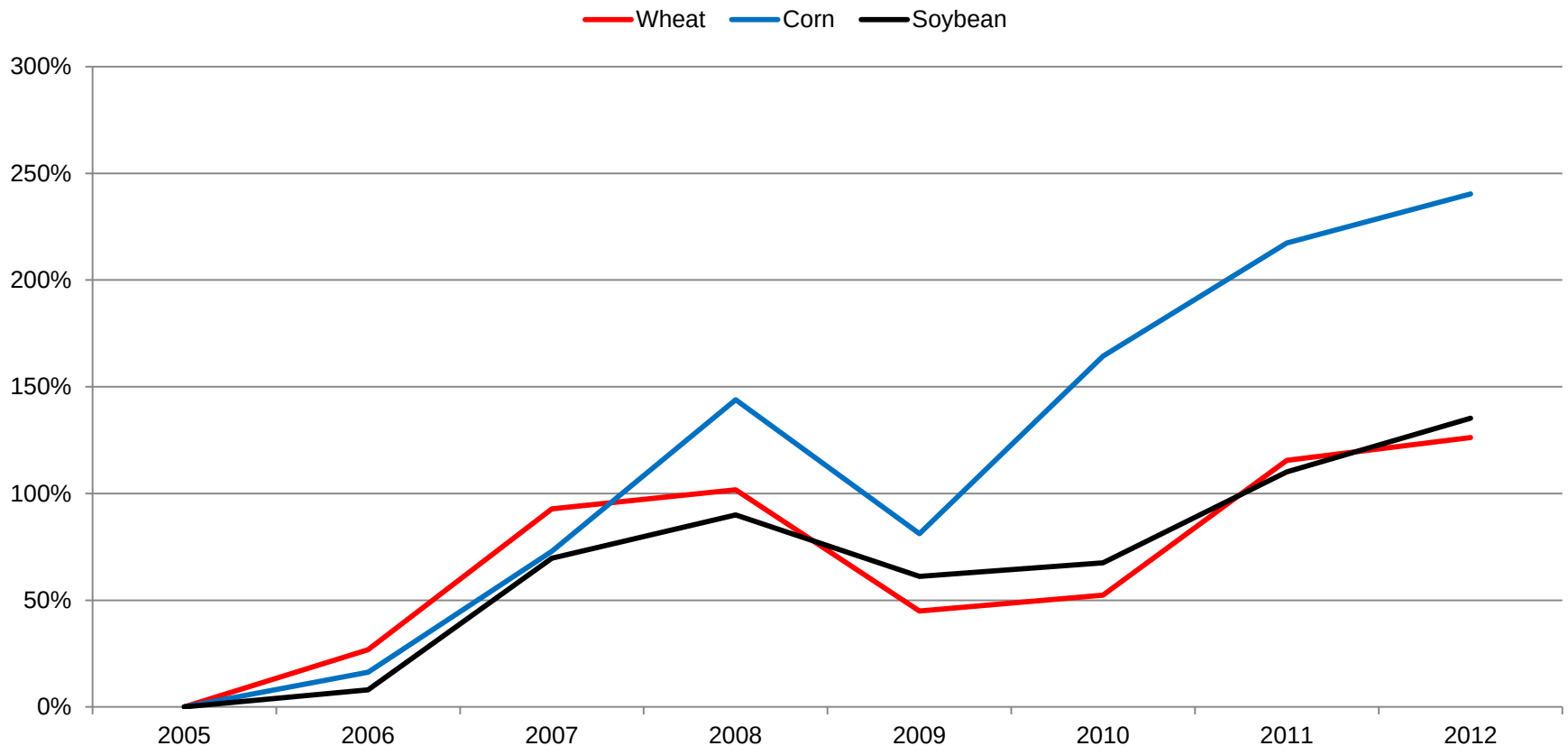
Senior Economist
American Farm Bureau Federation

Outline

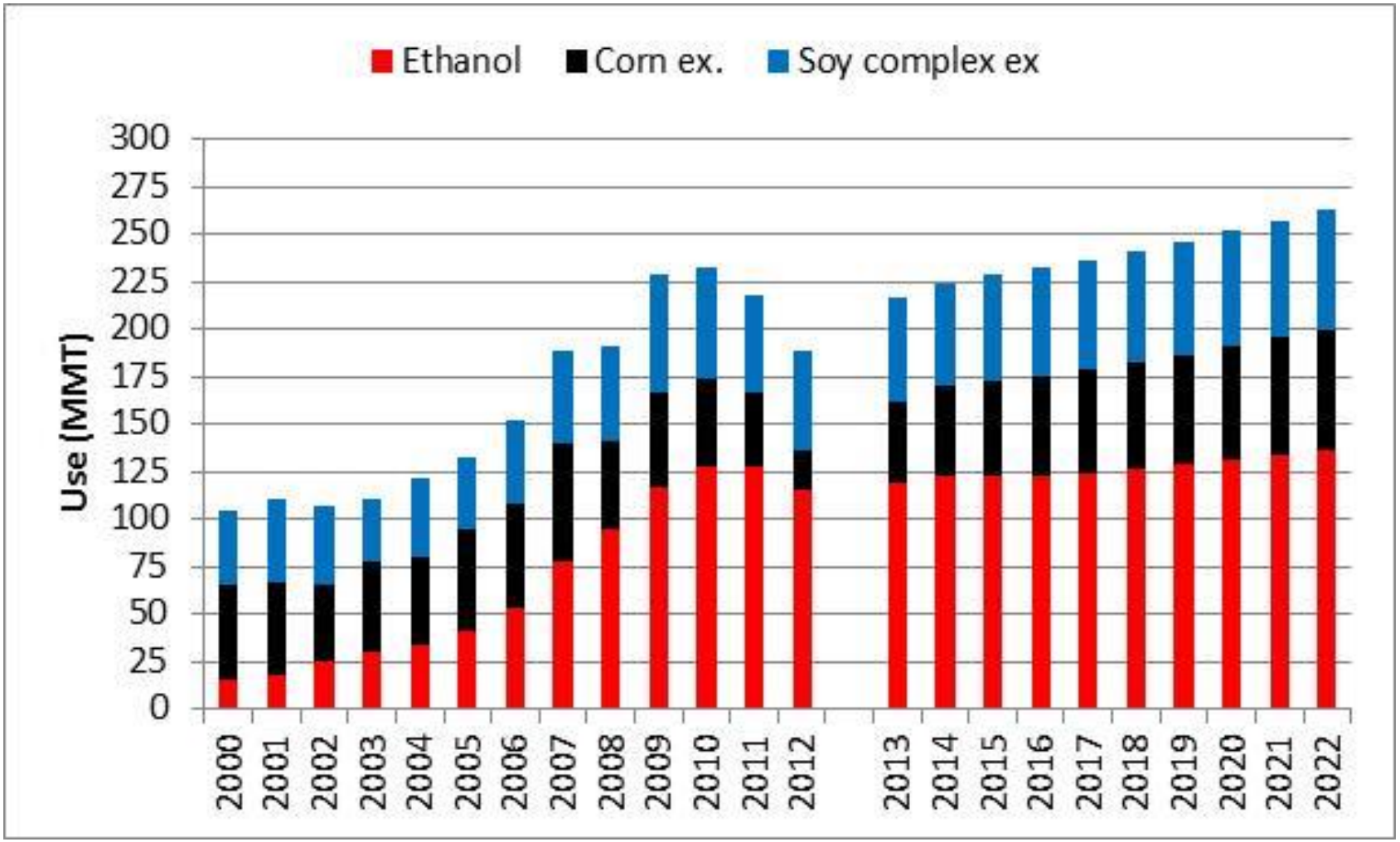
- Drivers of Corn and Soybean Demand and Impact on Wheat
- U.S. Wheat Supply and Demand Outlook

Percent Change in U.S. Farm Price from 2005 to 2012



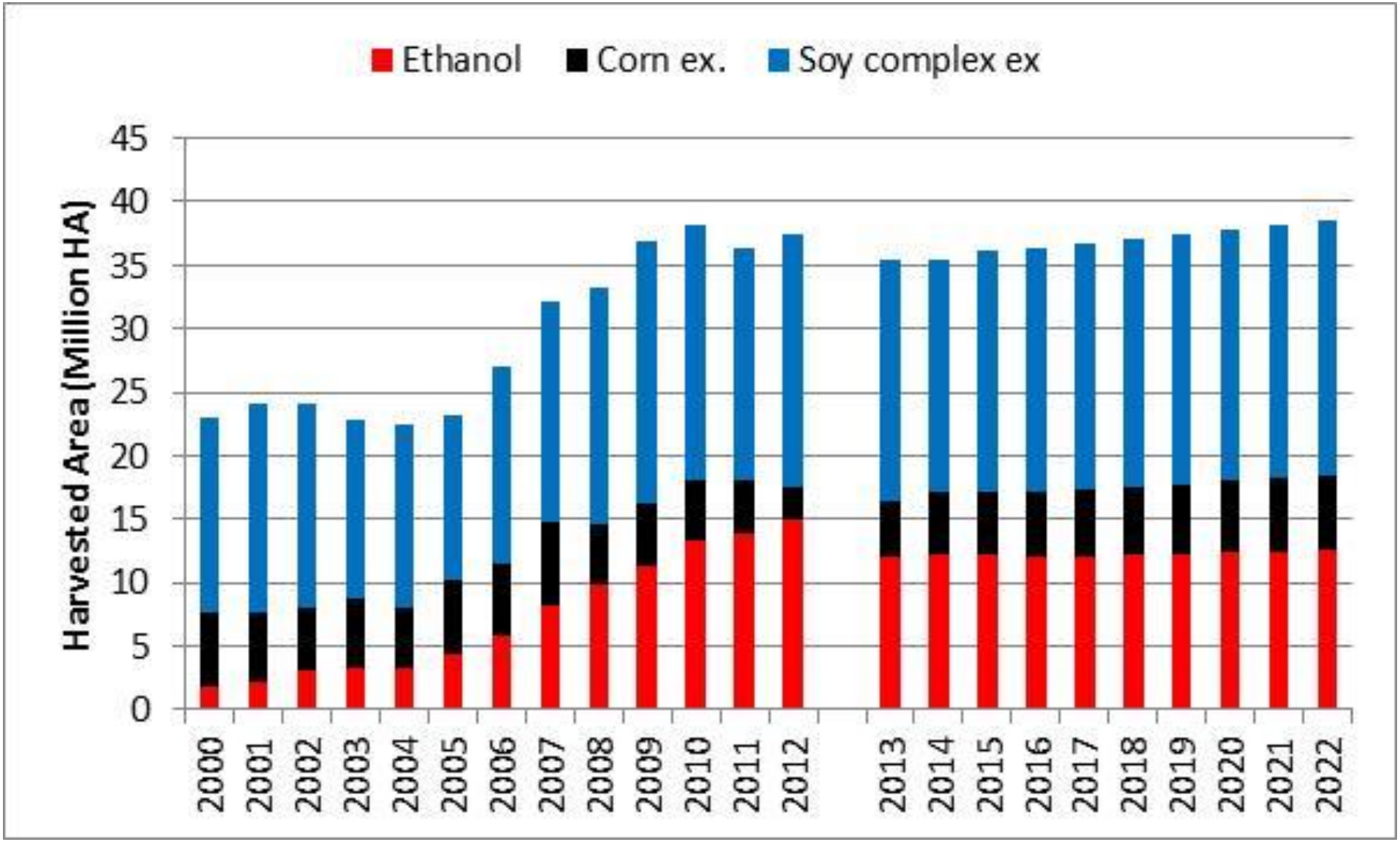
Source: USDA-NASS

Exports and Ethanol Driving Corn and Soybean Demand



Source: USDA: *WAOB and Baseline Projections*

Which Creates Demand for Hectares



Source: USDA: *WAOB and Baseline Projections*

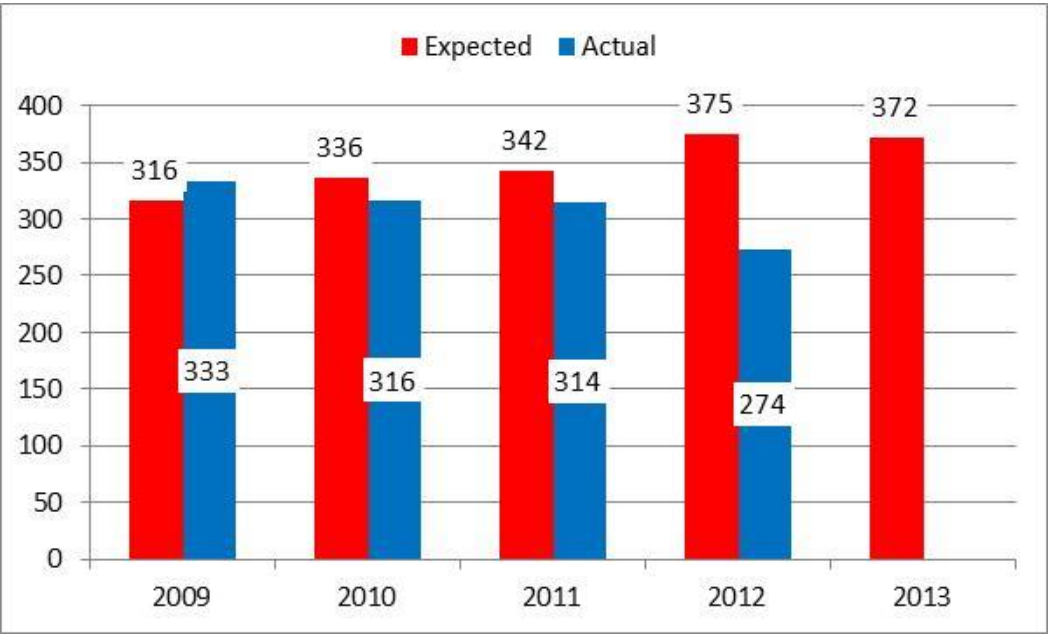
Change in Planted Hectares (1,000) from 2005 to 2012

	Corn	Soybeans	Cotton	Winter	Spring	Durum
United States	+6,222.45	+2,090.61	-768.09	+635.36	-540.26	-408.33
Illinois	+283	-182		+12		
Indiana	+142	-101		-4		
Iowa	+567	-283		-1		
Kansas	+425	+445	-7	-202		
Kentucky	+162	+93		+77		
Minnesota	+587	+61		+8	-182	
Missouri	+202	+182	-36	+81		
Nebraska	+607	+142		-190		
North Dakota	+886	+728		+178	-425	-259
Ohio	+182	+40		-146		
South Dakota	+688	+344		-93	-271	-4
Alabama	+36	+77	-69	+49		
Arkansas	+190	+69	-184	+134		
Georgia	+30	+16	+28	+4		
Louisiana	+81	+101	-154	+71		
Mississippi	+178	+146	-297	+121		
North Carolina	+45	+40	-93	+109		
Oklahoma	+28	+38	+20	-121		
Tennessee	+158	+53	-105	+73		
Texas	-81	-55	+236	+81		
Idaho	+51			+4	+20	-3
Montana	+16			+61	+142	-28
Oregon	+13			-10	-12	
Washington	+14			-61	+32	

Source: USDA: *WAOB*

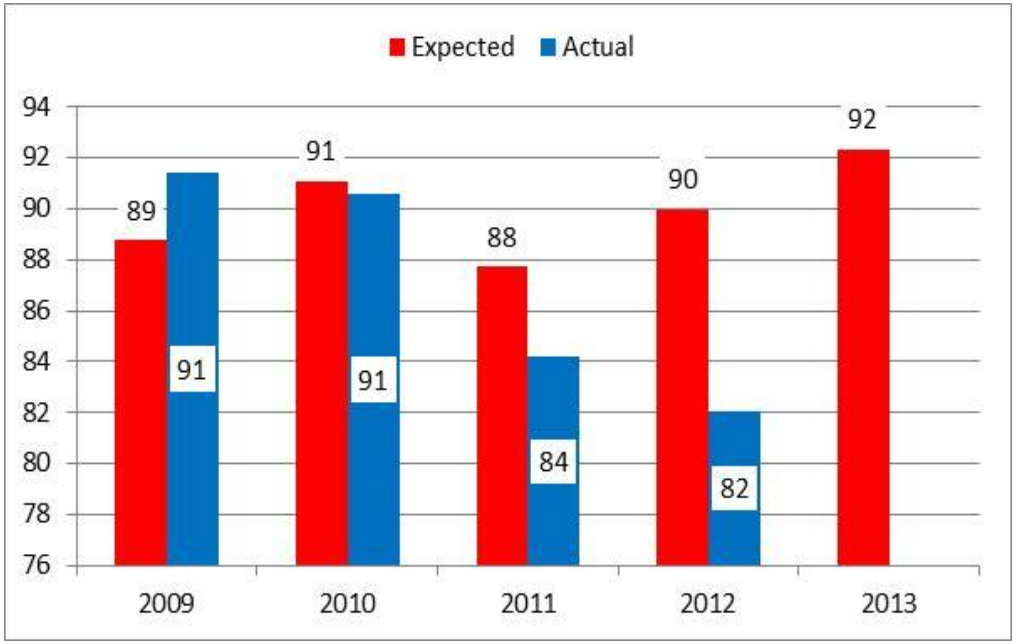
Expected and Actual Corn and Soybean Production from 2009-2012 (MMT)

Corn



Deficit of 149 MMT since 2009

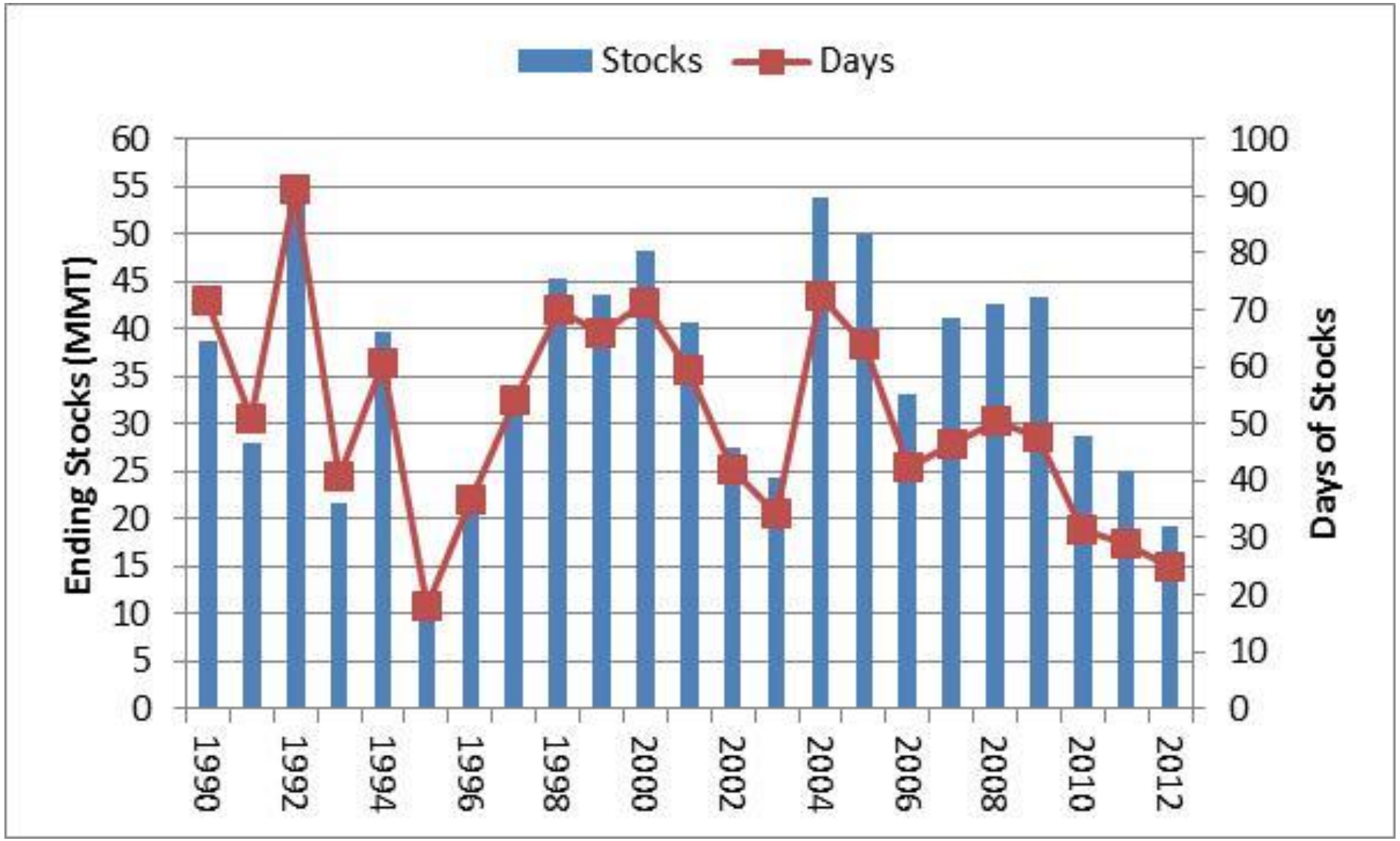
Soybeans



Deficit of 12 MMT since 2009

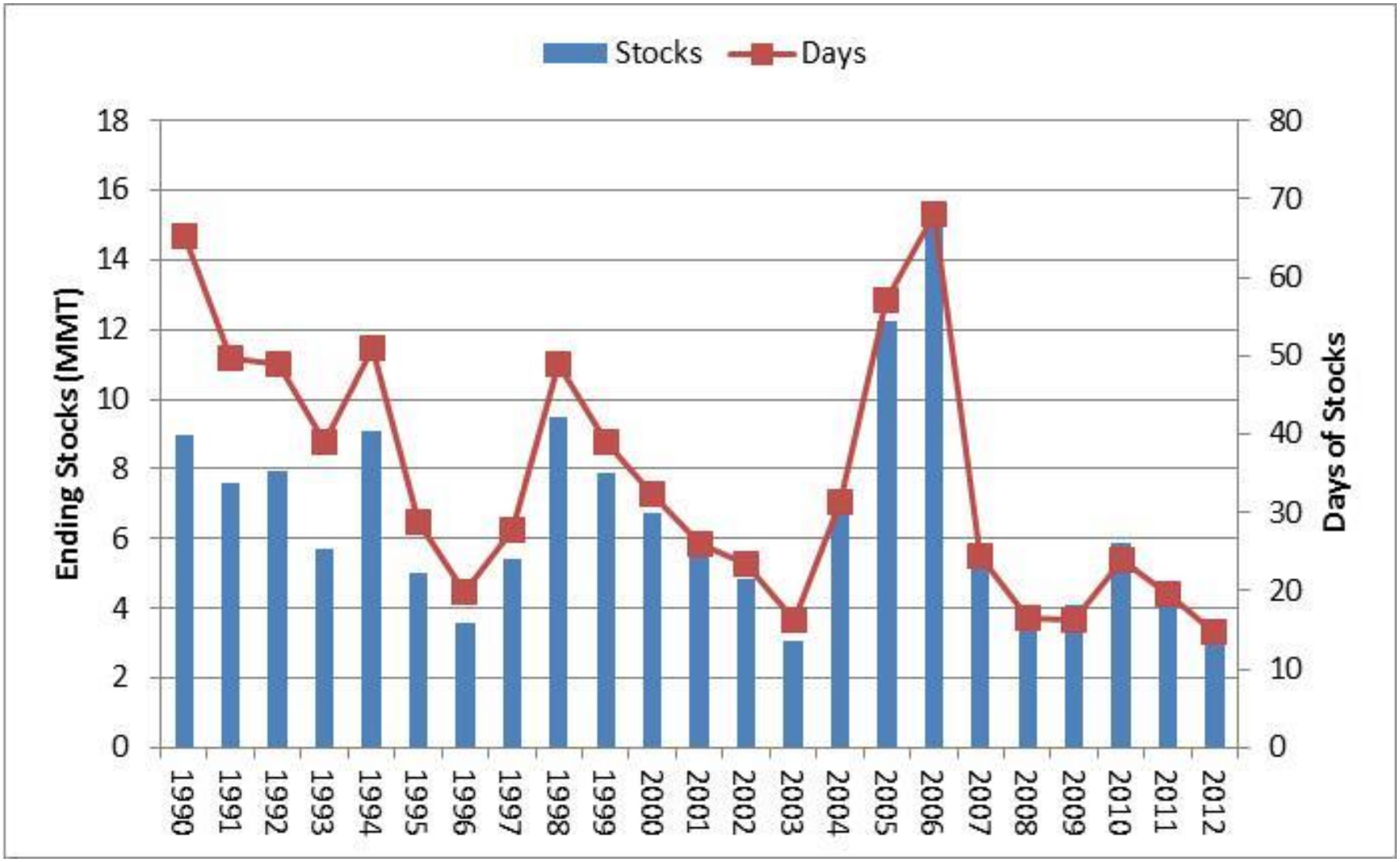
Source: USDA: *WAOB and USDA: NASS*

U.S. Corn Ending Stocks 1990-2012



Source: USDA: *WAOB*

U.S. Soybean Ending Stocks and Days of Stocks from 1990-2012



Source: USDA: *WAOB*

Slow Corn Planting Progress – Perhaps more Soybeans

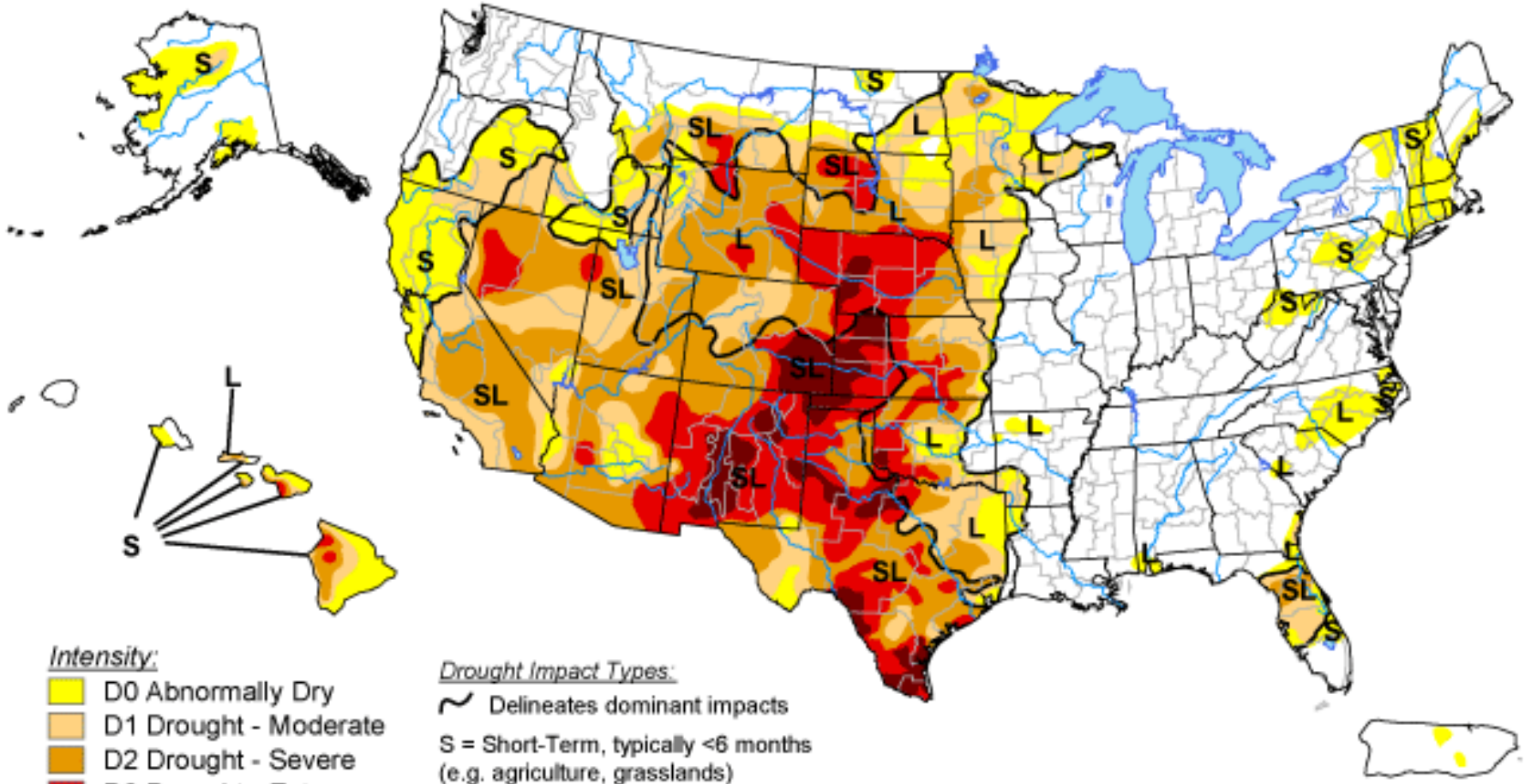
	2013	2012	Average 2007-11
United States	12%	69%	27%
Iowa	8%	62%	59%
Illinois	7%	88%	47%
Indiana	8%	82%	34%
Kansas	17%	72%	52%
North Dakota	1%	52%	22%
South Dakota	7%	53%	23%

Near Ames, Iowa on May 2, 2013

Source: USDA: *NASS*

U.S. Drought Monitor

April 30, 2013
Valid 7 a.m. EDT



Intensity:
- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

Drought Impact Types:

Delineates dominant impacts

S = Short-Term, typically <6 months (e.g. agriculture, grasslands)

L = Long-Term, typically >6 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

http://droughtmonitor.unl.edu/

Released Thursday, May 2, 2013

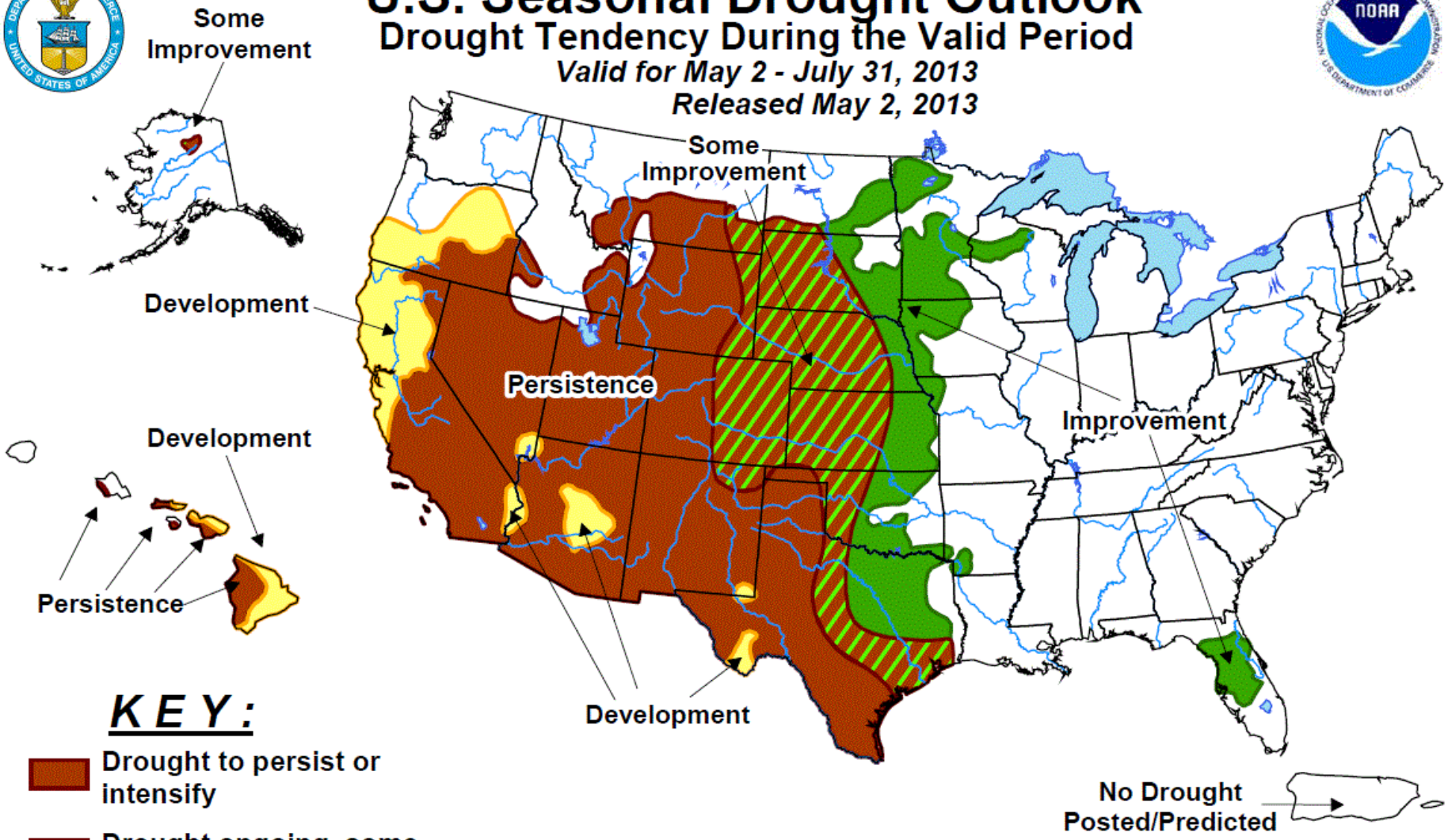
Author: Eric Luebehusen, U.S. Department of Agriculture

U.S. Seasonal Drought Outlook

Drought Tendency During the Valid Period

Valid for May 2 - July 31, 2013

Released May 2, 2013



KEY:

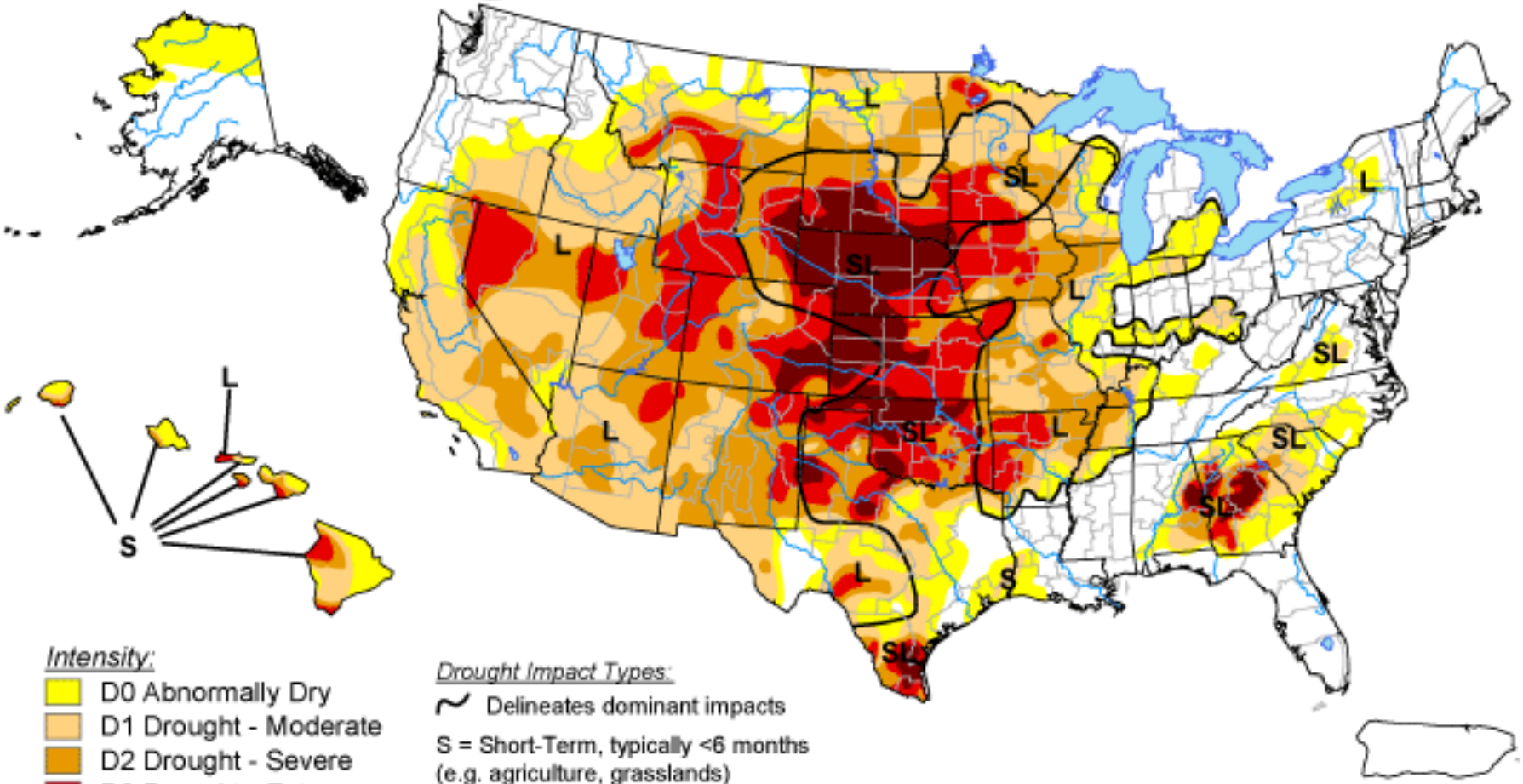
- **Drought to persist or intensify**
- **Drought ongoing, some improvement**
- **Drought likely to improve, impacts ease**
- **Drought development likely**

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events -- such as individual storms -- cannot be accurately forecast more than a few days in advance. Use caution for applications -- such as crops -- that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 intensity). For weekly drought updates, see the latest U.S. Drought Monitor. NOTE: the green improvement areas imply at least a 1-category improvement in the Drought Monitor intensity levels, but do not necessarily imply drought elimination.

2012-13 Wheat Situation and Outlook

U.S. Drought Monitor

November 6, 2012
Valid 7 a.m. EST



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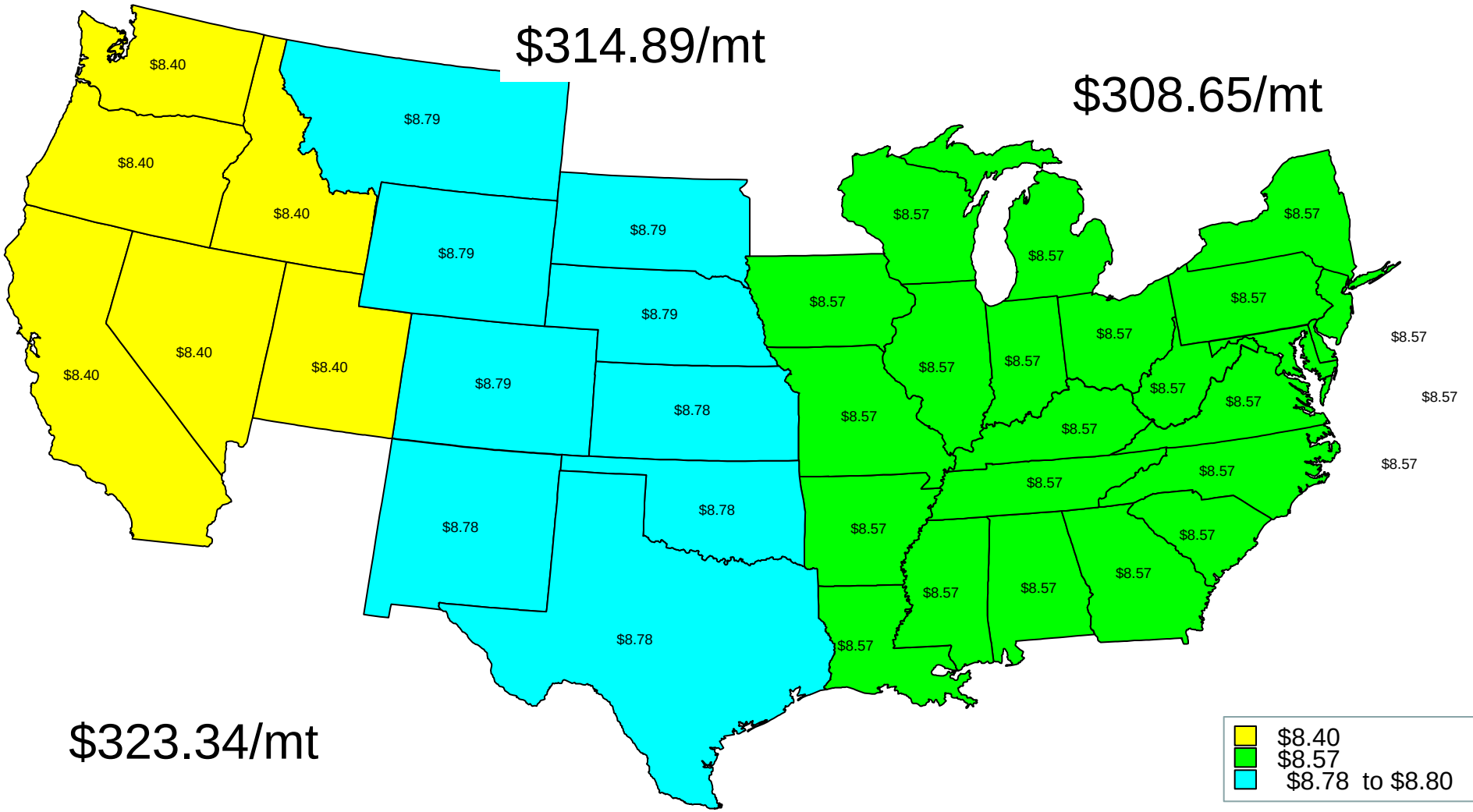
http://droughtmonitor.unl.edu/

Released Thursday, November 8, 2012

Author: David Miskus, NOAA/NWS/NCEP/CPC

2013 Winter Wheat Projected Price

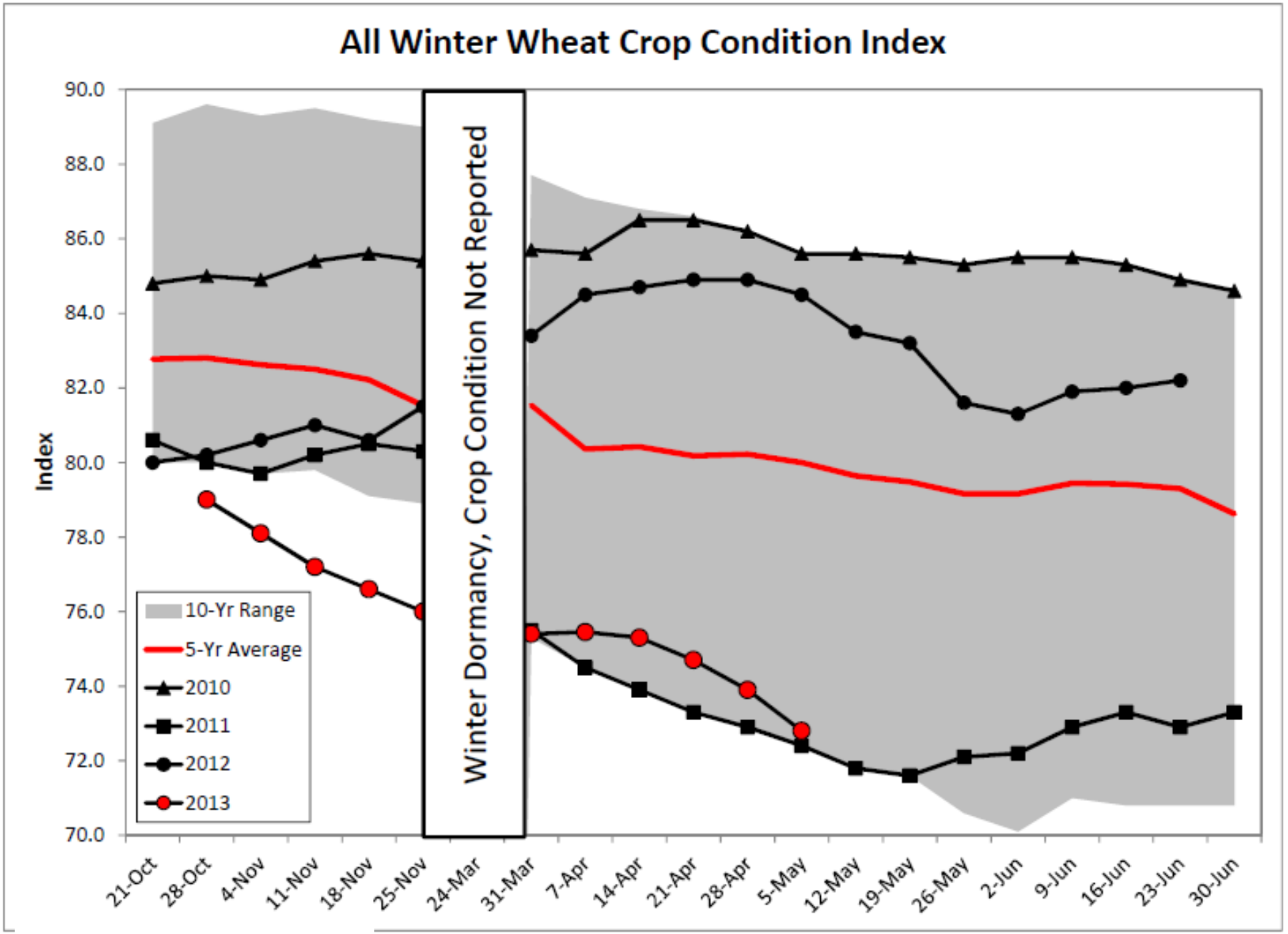


Source: USDA: *Risk Management Agency*

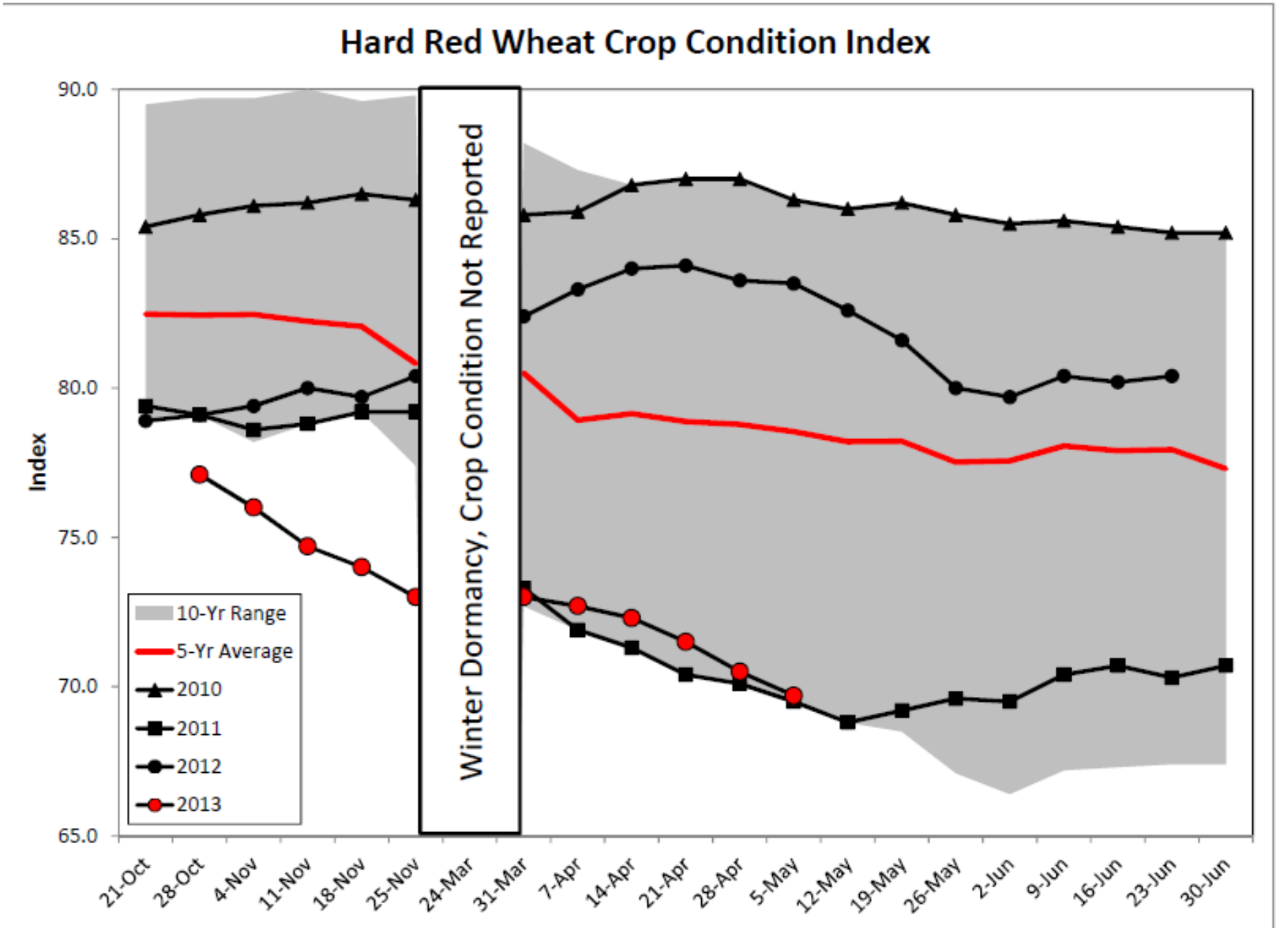
2013 Winter Wheat Seedings

	2012	2013	Change
	---------- Thousand Hectares ----------		
U.S. Winter Wheat	16,723	16,924	+201
Kansas	3,845	3,764	-81
Texas	2,307	2,347	+40
Oklahoma	2,185	2,226	+40
Colorado	951	890	-61
Montana	931	850	-81
Washington	688	668	-20
Nebraska	558	599	+40
South Dakota	534	486	-49
Missouri	320	405	+85

Source: USDA-NASS



Source: USDA: *NASS and Informa Economics*



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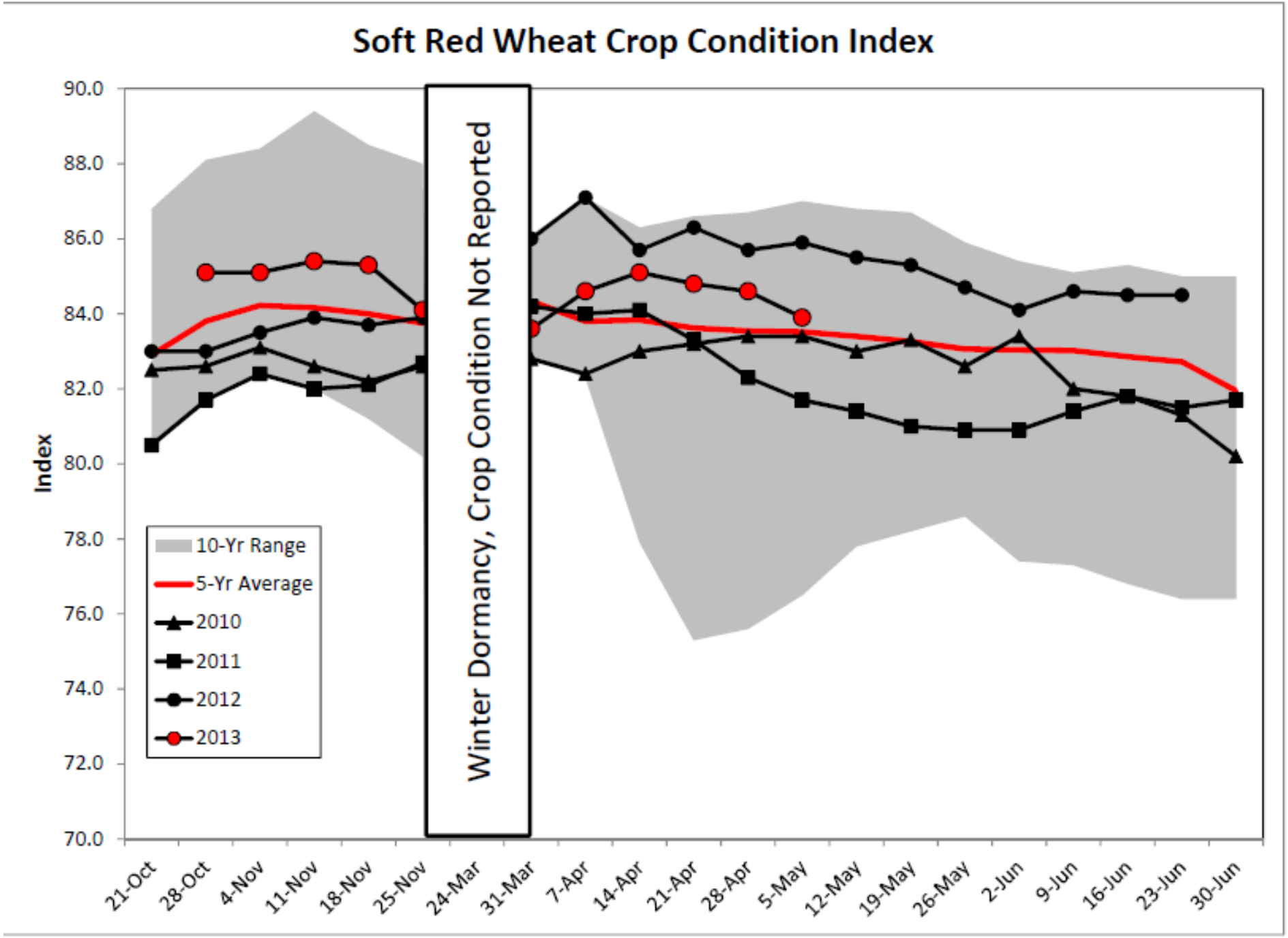
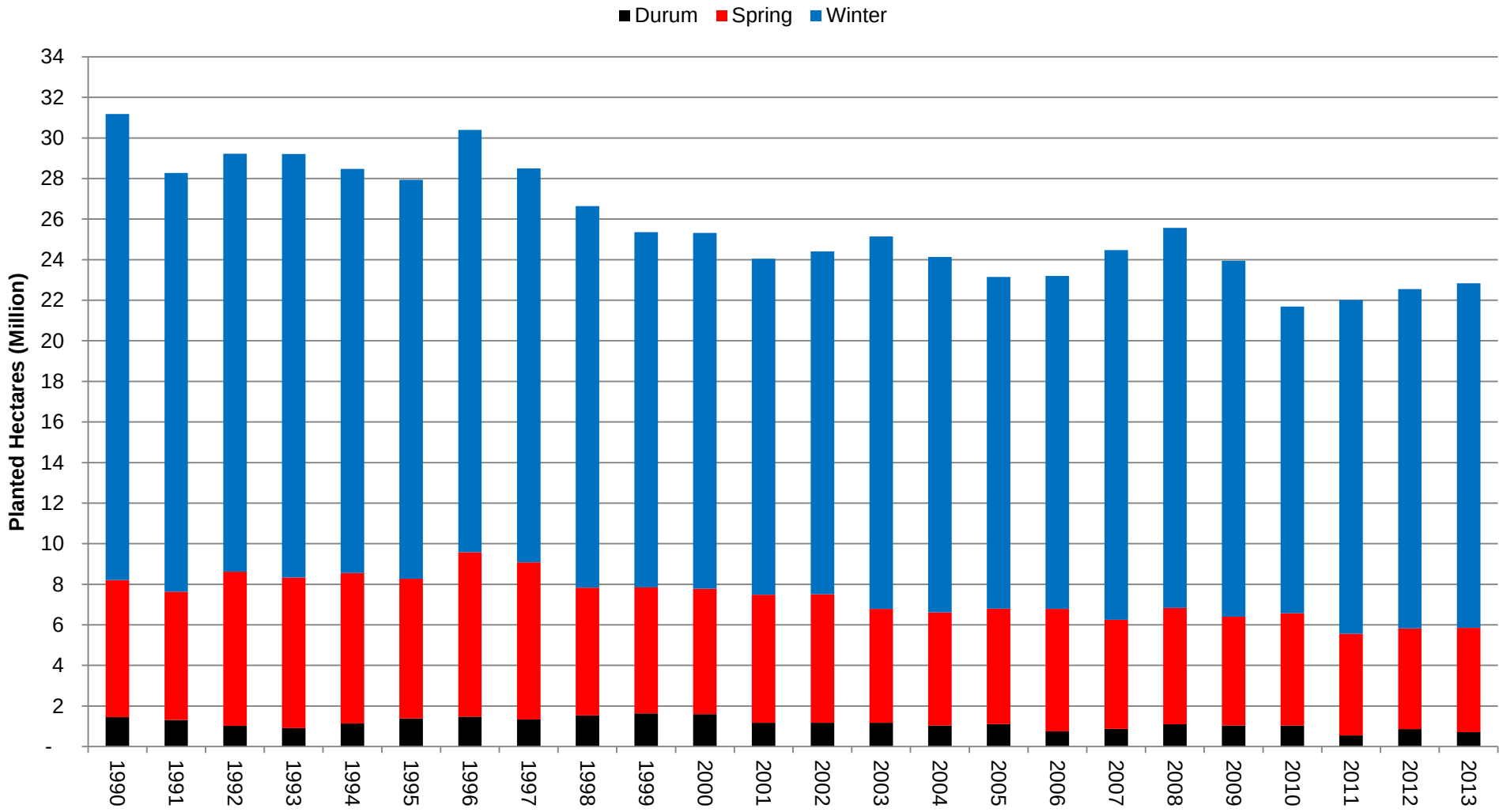


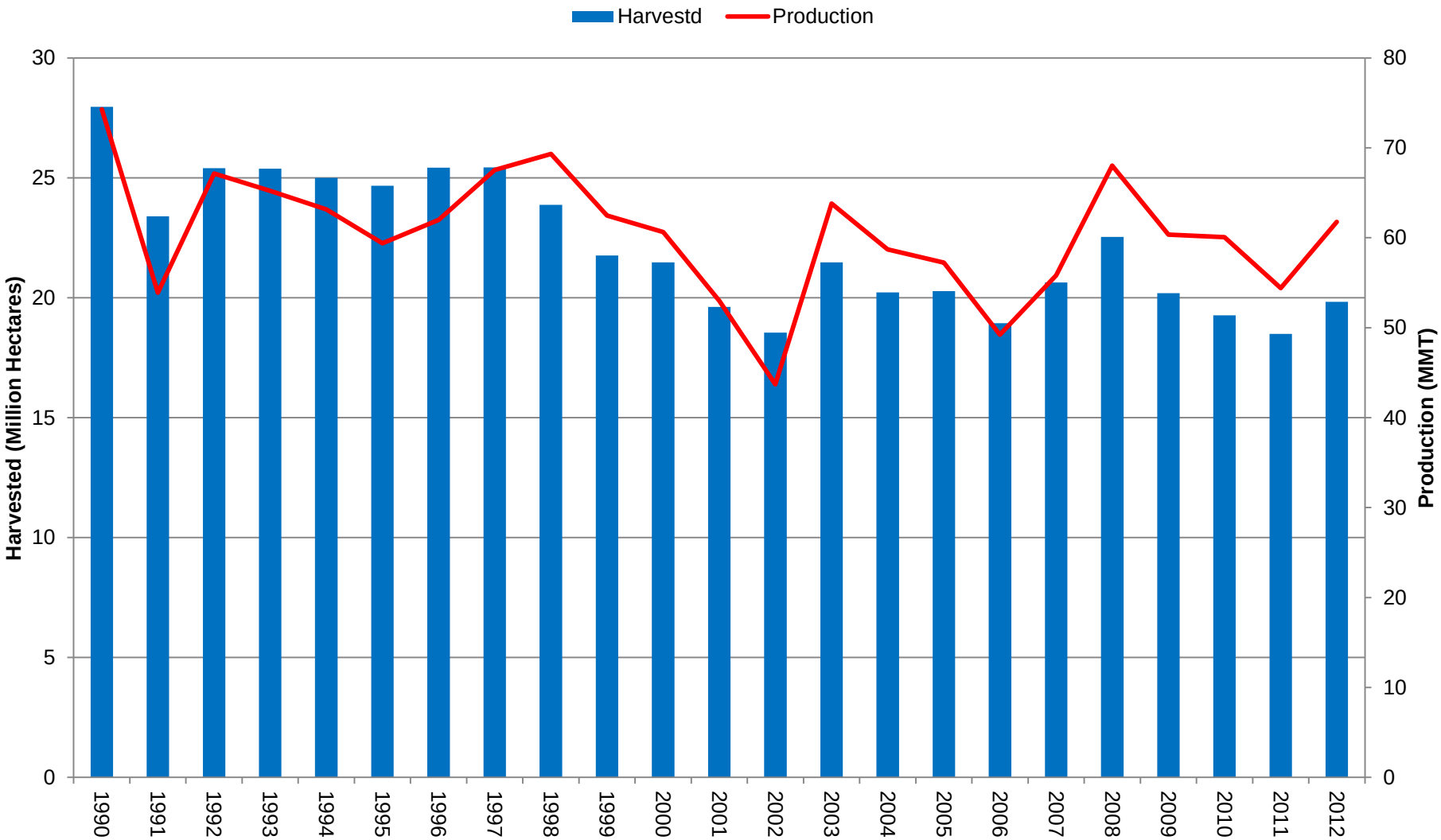
Source: USDA: *NASS and Informa Economics*

U.S. Wheat Planted Area by Class (1990 - 2013 Projected)



Source: USDA-NASS

U.S. Wheat Harvested Area and Production from 1990 - 2012



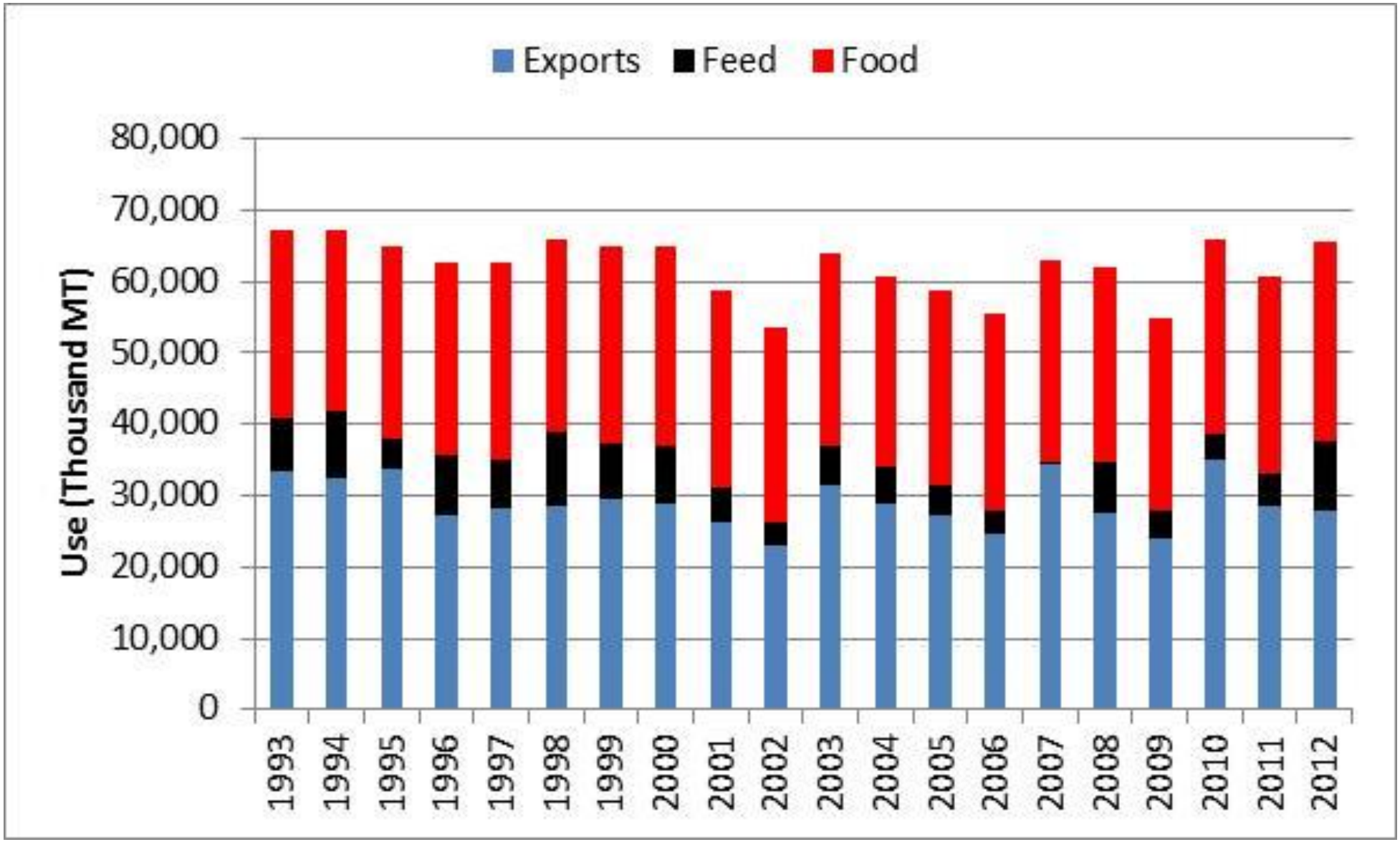
Source: USDA-NASS

U.S. Wheat Supply and Use

	2009-10 Actual	2010-11 Actual	2011-12 Estimated	2012-13 Apr. Forecast	Change from 2011-12
			Million Hectares		
Planted	24.0	21.7	22.0	22.5	+0.5
Harvested	20.2	19.3	18.5	19.8	+1.3
% Abandoned	-15.7%	-11.2%	-16.0%	-12.0%	+4.0%
			MT/HA		
Yield	3.0	3.1	2.9	3.1	+0.2
			Million MT		
Beginning Stocks	17.9	26.6	23.5	20.2	-3.2
Production	60.4	60.1	54.4	61.8	+7.3
Imports	3.2	2.6	3.0	3.5	+0.5
Total Supply	81.5	89.2	80.9	85.5	+4.6
Food	25.0	25.2	25.6	25.9	+0.2
Seed, Feed & Residual	6.0	5.5	6.5	11.9	+5.3
Exports	24.0	35.1	28.6	27.9	-0.7
Total Use	54.9	65.8	60.7	65.6	+4.9
Ending Stocks	26.6	23.5	20.2	19.9	-0.3
Avg. Farm Price	$178.94	$209.44	$266.02	$286.60	+$20.58
Stocks-Use	48.4%	35.7%	33.3%	30.3%	-3.0%
Days of Ending Stocks	177	130	122	111	-10.9

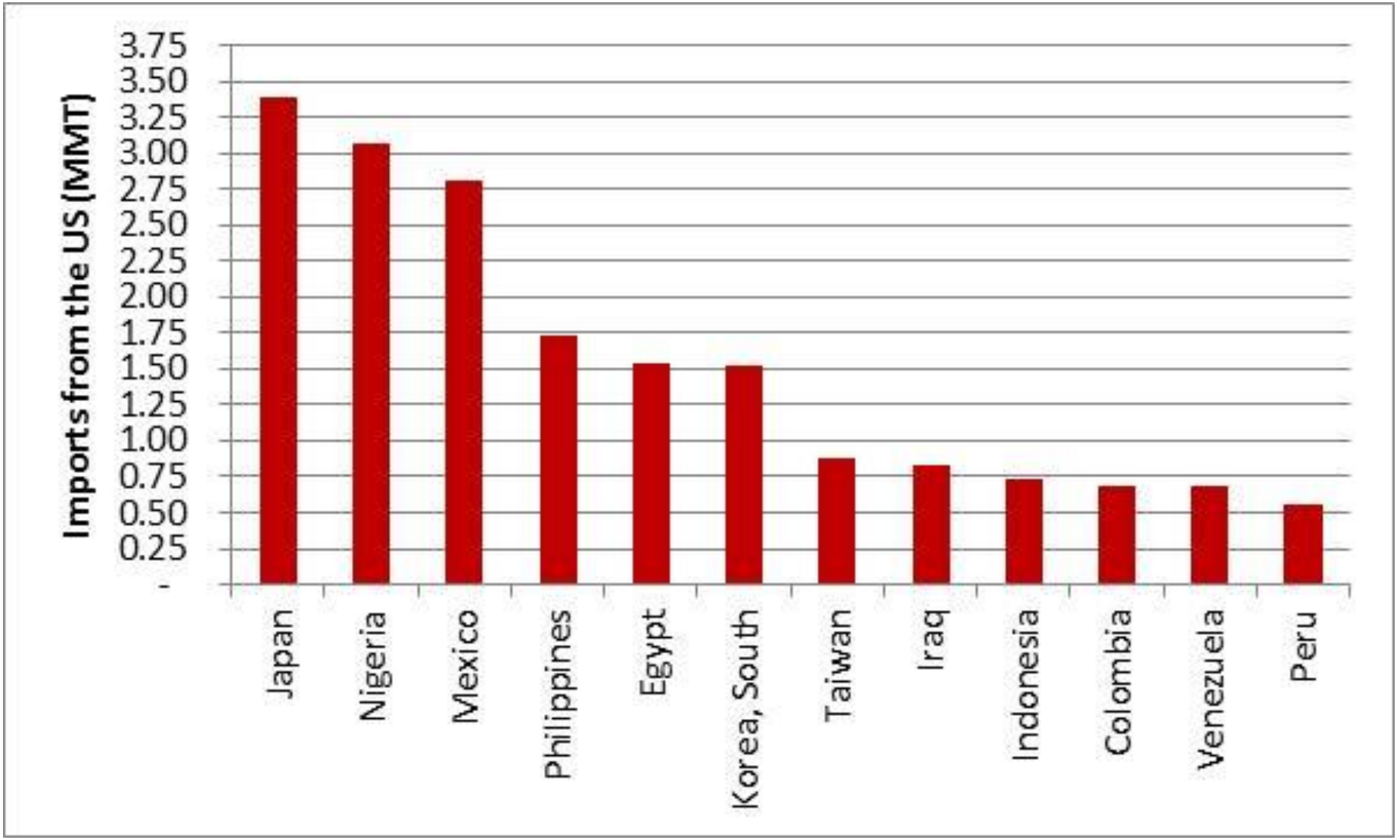
Source: USDA: *WAOB*

U.S. Wheat Use from 1993-2012 (Thousand MT)



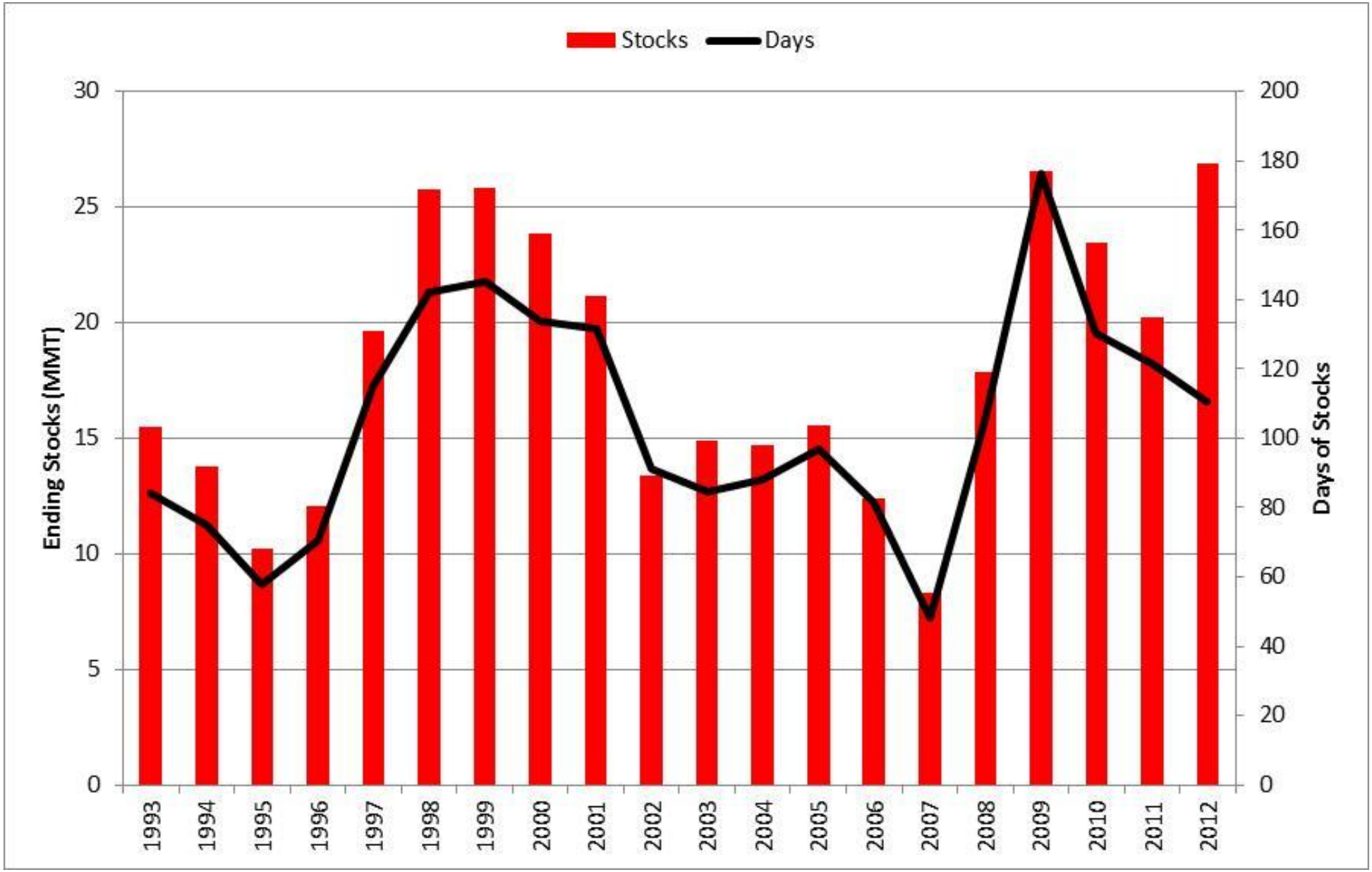
Source: USDA: *WAOB*

Top US Wheat Importers (2008-12 Average)



Source: USDA: *WAOB*

U.S. Wheat Ending Stocks from 1993-2012



Source: USDA-FAS. *PSD Database*

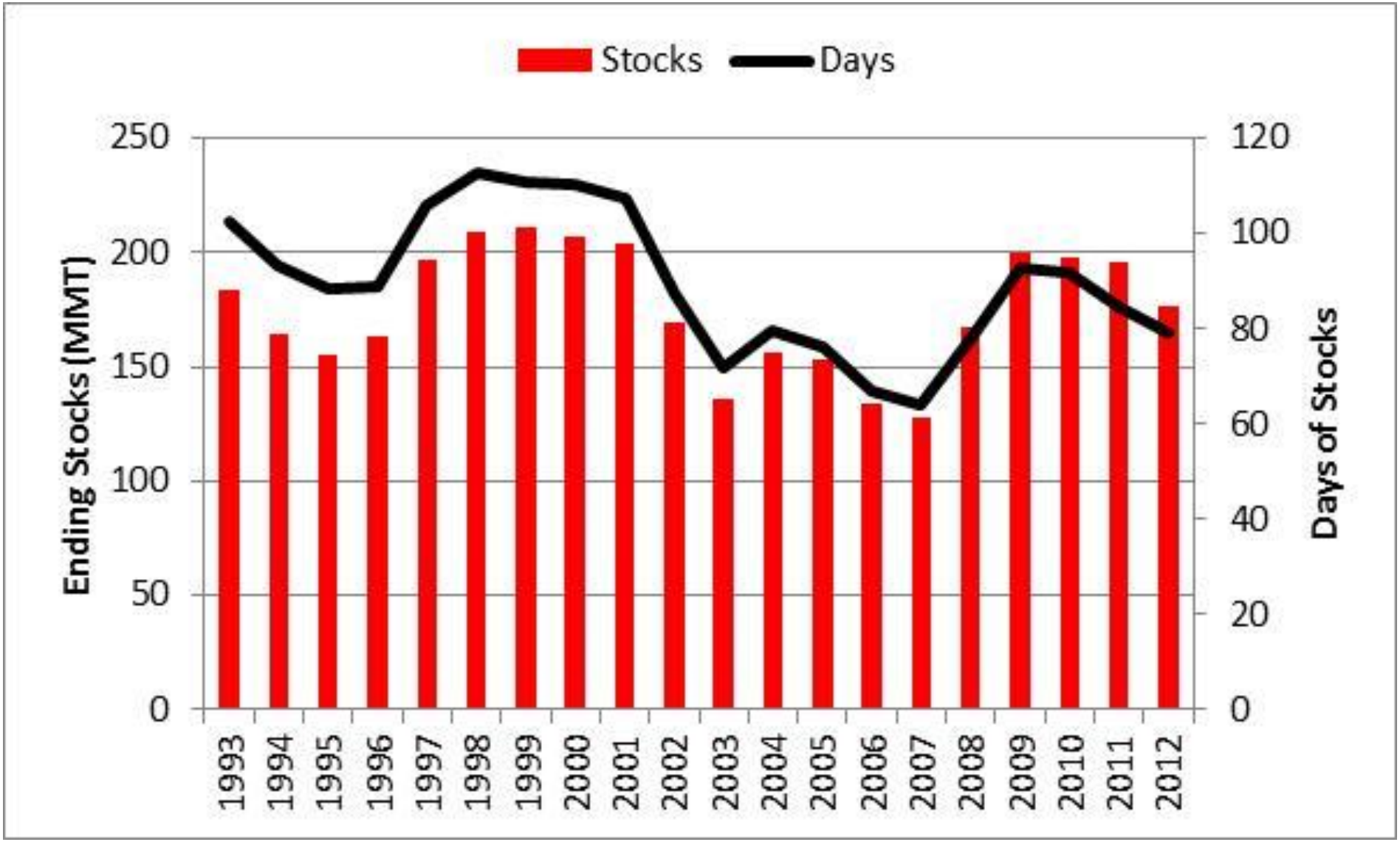
	Expected	Worse	Better
	Thousand Hectares		
Planted	22,840	22,840	22,840
Harvested	19,446	19,446	19,446
Yield (MT/HA)	2.97	2.82	3.03
	MMT		
Beg. Stocks	19.89	19.89	19.89
Production	57.67	54.79	58.83
Imports	3.40	3.40	3.40
Total Supply	80.97	78.09	82.12
Food Use	27.76	27.76	27.76
Feed & Residual	5.03	5.03	5.03
Exports	28.17	28.17	28.17
Total Use	60.96	60.96	60.96
Ending Stocks	20.01	17.12	21.16
	U$S / MT		
MYA Price ($/mt)			
If corn is	$157 to $177		
then Wheat is	$185 to $205		
If corn is	$217 to $236		
then Wheat is	$244 to $263		

World Wheat Production 2011 to 2013

	USDA 2011	USDA 2012	Informa 2013	Change from 2012
	---------- MMT ----------			
World	696.94	655.43	705.02	+49.59
U.S.	54.41	61.76	57.61	-4.15
Argentina	15.50	9.50	12.40	+2.90
Brazil	5.80	4.30	5.30	+1.00
Canada	25.29	27.20	29.38	+2.18
Australia	29.92	22.00	27.00	+5.00
EU	137.23	132.01	138.00	+5.99
China	117.40	120.60	120.00	-0.60
India	86.87	94.88	95.00	+0.12
FSU	115.03	77.21	109.08	+31.87
Russia	56.24	27.72	55.50	+27.78
Ukraine	22.32	15.76	22.40	+6.64
Kazakhstan	22.73	9.84	17.00	+7.16

Source: USDA: *WAOB and Informa Economics*

World Ending Stocks and Days of Stocks of Wheat



Source: USDA-FAS. *PSD Database*

Thank you! I will be happy to answer any questions you may have!