

# SASK WHEAT WORKSHOPS

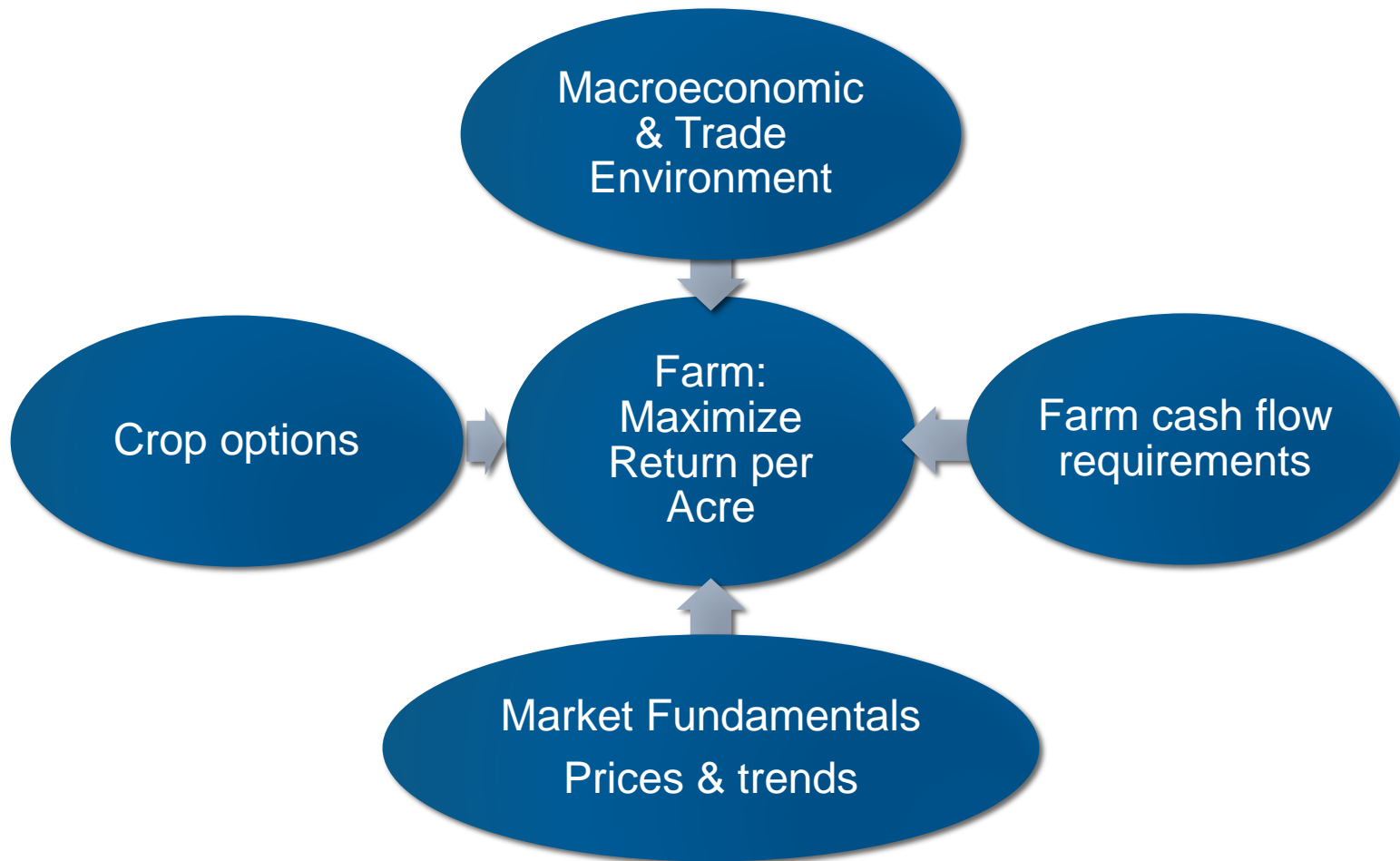
## BASICS GRAIN MARKETING

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# Steps to better marketing



Blend of farm management & marketing

# Outline

## **Step 1 – Covering the basics** of looking at the market

It starts with crop choice

### **A. COP analysis – determine costs/ identify returns**

- Tells us what price is needed to make a profit
- Tells us how much to sell to protect positive margins (for ex., ‘cover COP when forward price is favourable’); mitigates prod’n risk
- Allows to control costs (note current commodity environment)
- Crop ranking w.r.t. profitability
  - Disregards agronomics/ rotations

### **B. Cash-flow analysis – when need to sell**

- Capital management
- Shows when cash is needed through the year
- Avoids having to sell when markets are not favourable

# Outline cont'd

## Step 2 - Learning about the markets - **when to sell**

- A. What are the **wheat fundamentals** in the world?
  - Follow the crops you grow -- Reduce speculation
- B. Where are the **wheat prices in the marketplace**?
  - In *international markets* (not at the elevator)
  - How do these prices translate into inland positions (Sask. Elev.)
  - How is this calculated
  - Comparison to elevator bids
- C. What are the expected **price trends** and why
  - Influences timing of sales

# Outline cont'd

## **Step 3 – Execution of plan**

Which returns are acceptable

Reduce speculation

## **D. Contract execution/ logistics management**

- managing operating risks

## Step 1

### COP

## COP

- what price is needed to make a profit
- how much to sell to protect positive margin
- ranking crops w.r.t profitability

### Cash Flow

## Cash Flow

- capital management; counteracts necessity for untimely sales due cash flow problems

# COP exercise – 3 elements

## **Farm Financial Statements 101**

**What it takes to grow the crop**

**What it takes to get the job done**

**What it takes to be there**

**Net profit**

## Farm Financials 101

**Production x price  
= Revenue**

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-

**Variable input costs**

**Seed**

**Fertilizer**

**Chemical**

**Insurance**

=

**Gross Margin**

**What it takes to  
grow the crop**



## Farm Financials 101

### Labour, Power & Machinery

- Fuel
- Repairs
- Wages
- Depreciation
- Custom work
- Utilities
- Equipment lease

### Admin & Overhead

- Accountants,  
Lawyers, Office  
Expenses

**What it takes to get  
the job done**

## Farm Financials 101

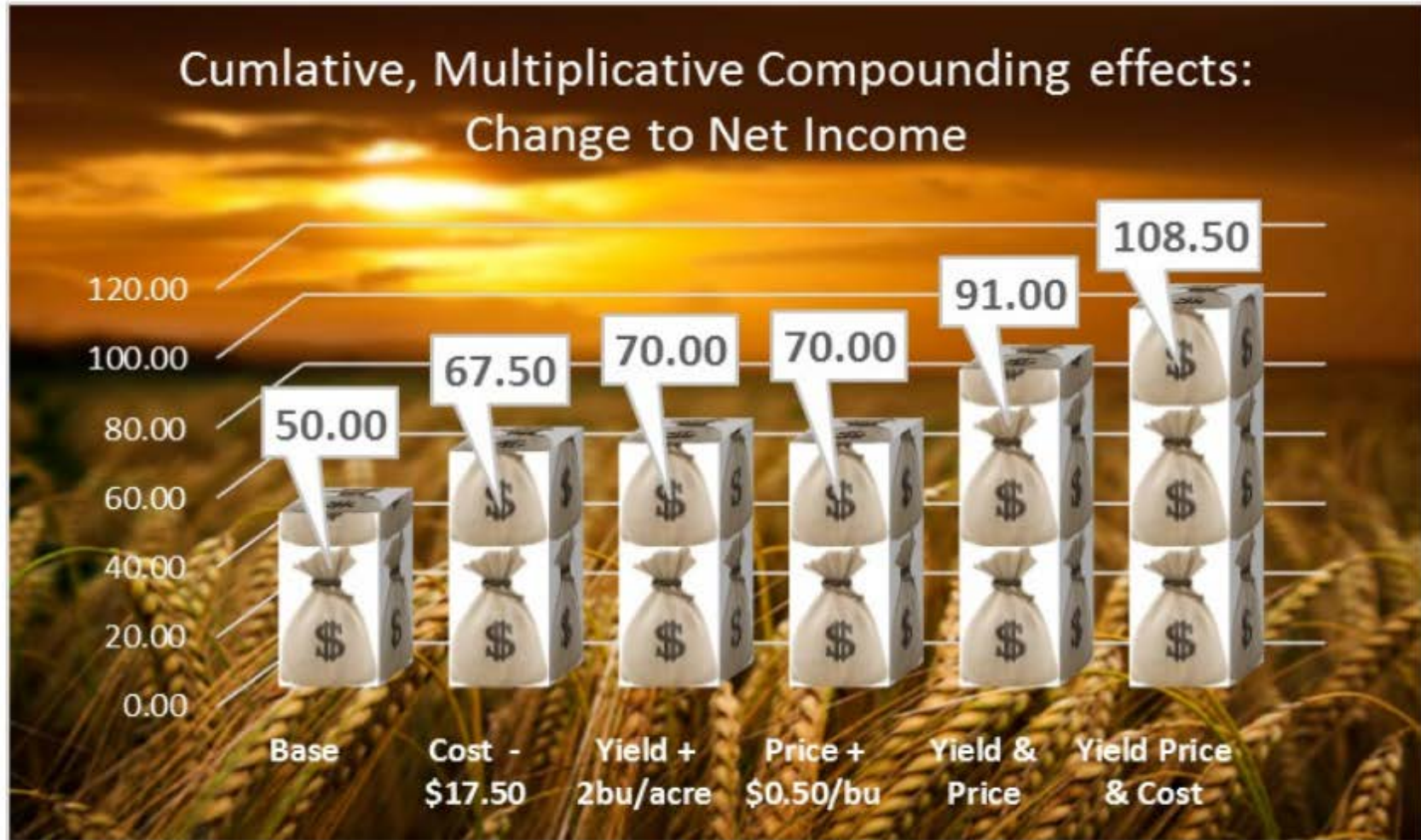
### Land, Buildings, Finance

- **Taxes**
- **Rent**
- **Interest**
- **Building  
depreciation &  
Repairs**

**What It Takes To  
Be There**

# 5% baby steps = BIG EFFECTS!

Cumulative, Multiplicative Compounding effects:  
Change to Net Income



2016	Winter Wheat	Durum	Hard Red	Malt Bly	Feed Bly	Canola	Specialty Canola	Yellow Peas	Green Peas	Flax	Oats	Lentils-Red	Lentils-Lrge.Grn.	Kab. Chickpeas	Mstdsd	Canaryseed
Yield	65.00	50.00	46.00	75.00	85.00	40.00	37.00	45.00	42.00	22.50	100.00	1,600.00	1,500.00	1,300.00	1,200.00	1,300.00
Price	\$5.50	\$8.00	\$6.50	\$5.50	\$4.10	\$10.00	\$11.00	\$10.00	\$7.75	\$12.00	\$2.85	\$0.36	\$0.45	\$0.27	\$0.45	\$0.26
Prices all FOB the yard																
<b>Total Revenue</b>	<b>357.50</b>	<b>400.00</b>	<b>299.00</b>	<b>412.50</b>	<b>348.50</b>	<b>400.00</b>	<b>407.00</b>	<b>450.00</b>	<b>325.50</b>	<b>270.00</b>	<b>285.00</b>	<b>576.00</b>	<b>675.00</b>	<b>351.00</b>	<b>540.00</b>	<b>338.00</b>
Nitrogen	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$2.50	\$2.50	\$50.00	\$45.00	\$15.00	\$15.00	\$2.50	\$40.00	
Phosphate	\$25.00	\$25.00	\$25.00	\$15.00	\$15.00	\$30.00	\$30.00	\$20.00	\$20.00	\$-	\$13.00	\$13.00	\$13.00	\$20.00	\$30.00	
Potassium	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$4.25	\$4.25	\$-	\$-	\$-	\$-	\$4.25	\$-	\$-
Sulfer	\$8.00	\$8.00	\$8.00	\$4.00	\$4.00	\$18.00	\$18.00	\$-	\$-	\$8.00	\$4.25	\$1.00	\$1.00	\$-	\$18.00	
<b>Total Fertilizer</b>	<b>\$88.00</b>	<b>\$88.00</b>	<b>\$88.00</b>	<b>\$74.00</b>	<b>\$74.00</b>	<b>\$103.00</b>	<b>\$103.00</b>	<b>\$26.75</b>	<b>\$26.75</b>	<b>\$58.00</b>	<b>\$62.25</b>	<b>\$29.00</b>	<b>\$29.00</b>	<b>\$26.75</b>	<b>\$88.00</b>	<b>\$45.00</b>
Herbicide	\$28.00	\$28.00	\$28.00	\$25.00	\$25.00	\$30.00	\$30.00	\$35.00	\$35.00	\$25.00	\$25.00	\$25.00	\$25.00	\$35.00	\$30.00	\$35.00
Insecticide	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fungicide	\$5.00	\$5.00	\$5.00	\$-	\$-	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$-	\$15.00	\$15.00	\$5.00	\$5.00	\$5.00
Repairs and Maintenance	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
Fuel	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00
Seed	\$24.00	\$24.00	\$24.00	\$24.00	\$24.00	\$48.00	\$48.00	\$55.00	\$55.00	\$22.00	\$20.00	\$30.00	\$30.00	\$35.00	\$48.00	\$24.00
Hail Insurance	\$9.50	\$9.50	\$9.50	\$9.50	\$9.50	\$13.00	\$13.00	\$9.50	\$9.50	\$13.00	\$7.50	\$13.00	\$13.00	\$9.50	\$13.00	\$9.50
Crop insurance	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
custom app.	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Interest	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Other	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
<b>total Variable costs</b>	<b>\$195.50</b>	<b>\$195.50</b>	<b>\$195.50</b>	<b>\$173.50</b>	<b>\$173.50</b>	<b>\$240.00</b>	<b>\$240.00</b>	<b>\$172.25</b>	<b>\$172.25</b>	<b>\$164.00</b>	<b>\$155.75</b>	<b>\$153.00</b>	<b>\$153.00</b>	<b>\$152.25</b>	<b>\$225.00</b>	<b>\$159.50</b>
land Costs	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00
Building Costs	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Equipment cost	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00
Long term Loan Interest	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Taxes	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Depreciation	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Building/equipment Insurance	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50
Management Fee	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Hired Labour	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
custom combining																
<b>Total Fixed costs</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>	<b>\$131.50</b>
<b>Total costs</b>	<b>\$327.00</b>	<b>\$327.00</b>	<b>\$327.00</b>	<b>\$305.00</b>	<b>\$305.00</b>	<b>\$371.50</b>	<b>\$371.50</b>	<b>\$303.75</b>	<b>\$303.75</b>	<b>\$295.50</b>	<b>\$287.25</b>	<b>\$284.50</b>	<b>\$284.50</b>	<b>\$283.75</b>	<b>\$356.50</b>	<b>\$291.00</b>
<b>Total operating margin per acre</b>	<b>\$162.00</b>	<b>\$204.50</b>	<b>\$103.50</b>	<b>\$239.00</b>	<b>\$175.00</b>	<b>\$160.00</b>	<b>\$167.00</b>	<b>\$277.75</b>	<b>\$153.25</b>	<b>\$106.00</b>	<b>\$129.25</b>	<b>\$423.00</b>	<b>\$522.00</b>	<b>\$198.75</b>	<b>\$315.00</b>	<b>\$178.50</b>
<b>Total net margin per acre over total costs</b>	<b>\$30.50</b>	<b>\$73.00</b>	<b>-\$28.00</b>	<b>\$107.50</b>	<b>\$43.50</b>	<b>\$28.50</b>	<b>\$35.50</b>	<b>\$146.25</b>	<b>\$21.75</b>	<b>-\$25.50</b>	<b>-\$2.25</b>	<b>\$291.50</b>	<b>\$390.50</b>	<b>\$67.25</b>	<b>\$183.50</b>	<b>\$47.00</b>
<b>Total Acres</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Net Revenue by Crop</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
<b>Ranking bss. Var. Costs</b>	<b>11</b>	<b>6</b>	<b>16</b>	<b>5</b>	<b>9</b>	<b>12</b>	<b>10</b>	<b>4</b>	<b>13</b>	<b>15</b>	<b>14</b>	<b>2</b>	<b>1</b>	<b>7</b>	<b>3</b>	<b>8</b>
<b>Ranking bss. Ttl Costs</b>	<b>11</b>	<b>6</b>	<b>16</b>	<b>5</b>	<b>9</b>	<b>12</b>	<b>10</b>	<b>4</b>	<b>13</b>	<b>15</b>	<b>14</b>	<b>2</b>	<b>1</b>	<b>7</b>	<b>3</b>	<b>8</b>

# Example wheat/ durum

2016	Winter Wheat	Durum	Hard Red
Yield	60.00	50.00	45.00
Price	\$ 5.00	\$ 7.50	\$ 6.50
Prices all FOB the yard			
<b>Total Revenue</b>	<b>300.00</b>	<b>375.00</b>	<b>292.50</b>
Nitrogen	\$ 55.00	\$ 55.00	\$ 55.00
Phosphate	\$ 25.00	\$ 25.00	\$ 25.00
Potassium	\$ -	\$ -	\$ -
Sulfur	\$ 8.00	\$ 8.00	\$ 8.00
Total Fertilizer	\$ 88.00	\$ 88.00	\$ 88.00
Herbicide	\$ 28.00	\$ 28.00	\$ 28.00
Insecticide	\$ -	\$ -	\$ -
Fungicide	\$ 5.00	\$ 5.00	\$ 5.00
Repairs and Maintenance	\$ 12.00	\$ 12.00	\$ 12.00
Fuel	\$ 17.00	\$ 17.00	\$ 17.00
Seed	\$ 24.00	\$ 24.00	\$ 24.00
Hail Insurance	\$ 9.50	\$ 9.50	\$ 9.50
Crop insurance	\$ 6.00	\$ 6.00	\$ 6.00
custom app.	\$ -	\$ -	\$ -
Interest	\$ 6.00	\$ 6.00	\$ 6.00
Other	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
<b>total Variable costs</b>	<b>\$ 195.50</b>	<b>\$ 195.50</b>	<b>\$ 195.50</b>
land Costs	\$ 35.00	\$ 35.00	\$ 35.00
Building Costs	\$ 15.00	\$ 15.00	\$ 15.00
Equipment cost	\$ 33.00	\$ 33.00	\$ 33.00
Long term Loan Interest	\$ 5.00	\$ 5.00	\$ 5.00
Taxes	\$ 2.00	\$ 2.00	\$ 2.00
Depreciation	\$ 20.00	\$ 20.00	\$ 20.00
Building/equipment Insurance	\$ 1.50	\$ 1.50	\$ 1.50
Management Fee	\$ -	\$ -	\$ -
Hired Labour	\$ 20.00	\$ 20.00	\$ 20.00
custom combining			
<b>Total Fixed costs</b>	<b>\$ 131.50</b>	<b>\$ 131.50</b>	<b>\$ 131.50</b>
<b>Total costs</b>	<b>\$ 327.00</b>	<b>\$ 327.00</b>	<b>\$ 327.00</b>
Total operating margin per acre	\$ 104.50	\$ 179.50	\$ 97.00
<b>Total net margin per acre over total costs</b>	<b>(\$27.00)</b>	<b>\$48.00</b>	<b>(\$34.50)</b>
Total Acres	0.00	0.00	0.00
<b>Total Net Revenue by Crop</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Ranking bss. Ttl. Rev. per crop	2	1	3

2016	Winter Wheat	Durum	Hard Red
Yield	60.00	50.00	45.00
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Prices all FOB the yard			
<b>Total Revenue</b>	<b>300.00</b>	<b>375.00</b>	<b>292.50</b>
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<b>Total net margin per acre over total costs</b>	<b>(\$27.00)</b>	<b>\$48.00</b>	<b>(\$34.50)</b>
revenue/costs	-8.3%	14.7%	-10.6%

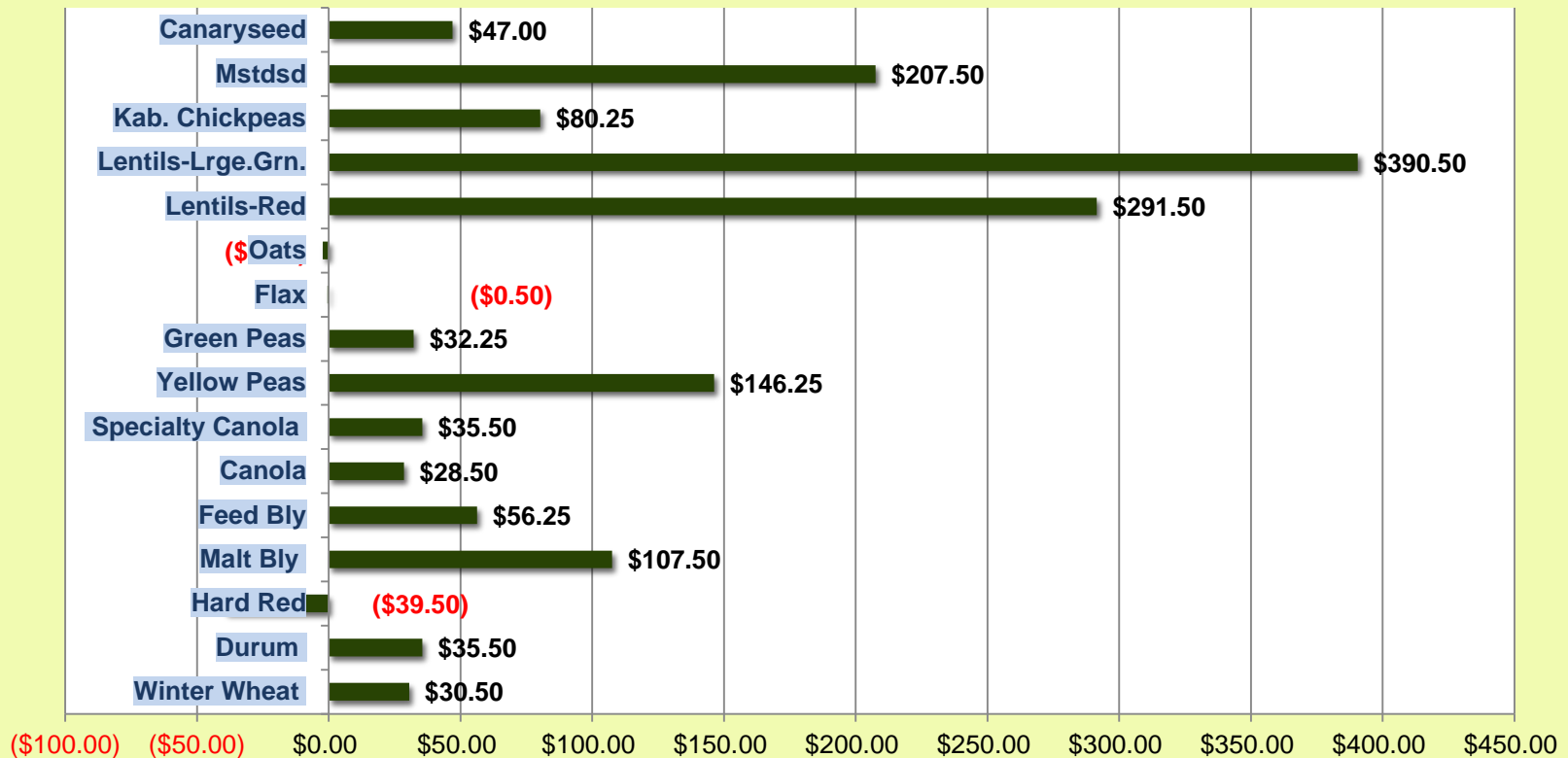
# Sales volume necessary to cover costs

	Winter Wheat	Durum	Hard Red	Malt Bly	Feed Bly	Canola	Specialty Canola
bushels sold to cover <b>total costs</b>	59.5	45.1	52.3	55.5	71.8	37.2	33.8
percent of expected yield	91%	90%	114%	74%	84%	93%	91%
bushels to sell to cover <b>variable costs</b>	35.5	27.0	31.3	31.5	40.8	24.0	21.8
percent of expected yield	55%	54%	68%	42%	48%	60%	59%
bushels to sell to cover <b>fixed costs</b>	23.9	18.1	21.0	23.9	30.9	13.2	12.0
percent of expected yield	37%	36%	46%	32%	36%	33%	32%

Yellow Peas	Green Peas	Flax	Oats	Lentils-Red	Lentils-Lrge.GrKab.	Chickpeas	Mstdsd	Canaryseed
30.4	38.0	24.0	100.8	790.3	632.2	1,013.4	758.5	1,119.2
68%	90%	100%	101%	49%	42%	78%	63%	86%
17.2	21.5	13.1	54.6	425.0	340.0	543.8	478.7	613.5
38%	51%	55%	55%	27%	23%	42%	40%	47%
13.2	16.4	11.0	46.1	365.3	292.2	469.6	279.8	505.8
29%	39%	46%	46%	23%	19%	36%	23%	39%

# Return per acre comparisons - ranking crops

**Margin per crop per acre over Total Costs, P2016**  
(on deferred futures & cash values)



# Crop ranking

2016	Winter Wheat	Durum	Hard Red	Malt Bly	Feed Bly	Canola	Specialty Canola	Yellow Peas
Crop Ranking	11	6	16	5	9	12	10	4

Green Peas	Flax	Oats	Lentils-Red	Lentils-Lrge.Grn	Kab. Chickpeas	Mstdsd	Canaryseed
13	15	14	2	1	7	3	8



# Crop returns

2016	Winter Wheat	Durum	Hard Red
Yield	60.00	50.00	45.00
Price	\$ 5.00	\$ 7.50	\$ 6.50
Prices all FOB the yard			
<b>Total Revenue</b>	<b>300.00</b>	<b>375.00</b>	<b>292.50</b>
<b>Total costs</b>	<b>\$ 327.00</b>	<b>\$ 327.00</b>	<b>\$ 327.00</b>
Total operating margin per acre	\$ 104.50	\$ 179.50	\$ 97.00
<b>Total net margin per acre over total costs</b>	<b>(\$27.00)</b>	<b>\$48.00</b>	<b>(\$34.50)</b>
revenue/costs	<b>-8.3%</b>	<b>14.7%</b>	<b>-10.6%</b>

# Cash Flow analysis — how it relates to marketing

*Estimate of all cash receipts and all cash expenditures during a certain time period; monthly*

- Forces to think through farming plans for the year
    - Tests farming plans: will you produce enough income to meet all your cash needs
  - Projects how much operating credit you will need and when projects when loans can be repaid
    - Provides a guide against which you can compare your actual cash flows
  - Helps communicate your farming plans and credit needs to your bank/ lender
- Provides framework/ guide for sales scheduling

# Cash flow cont'd

If overall positive, but seasonally negative, can:

- Shift timing of sales
- Shift timing of expenditures
- Increase short term borrowing
  - For period of negative cash flow with repayment in period of positive cash flow
- Delay due date of fixed debt payments to periods of positive net cash flows
- Line of credit

# Market environment

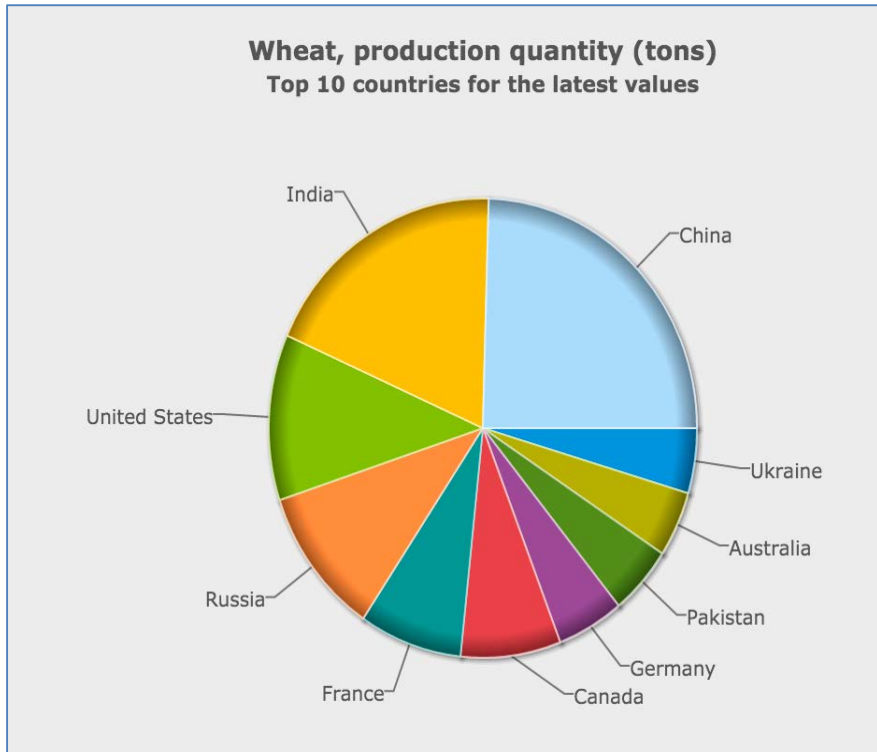
- what are the basics we need to know abt the markets?
- Wheat market fundamentals – global & domestic
  - **World supply & demand balance** (current crop & new crop)
    - General economic environment
    - Where are the biggest production gains (competition)
  - New crop acreage ideas
    - World & Canada

# Wheat market environment - % share

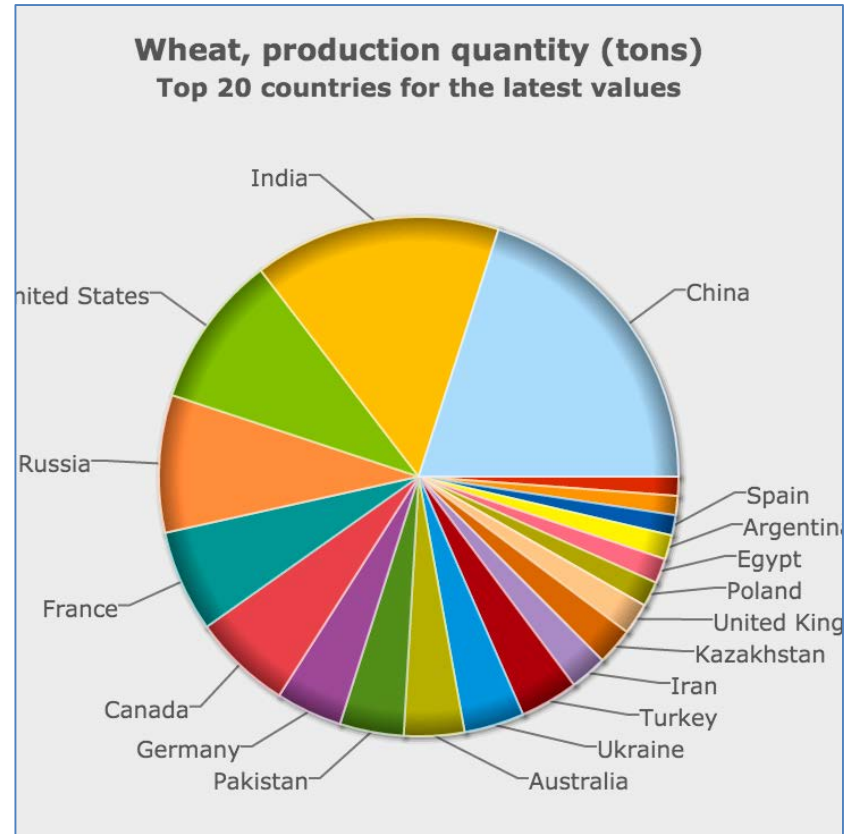
Ass'n: Canada is one of the biggest wheat producers

Source: factfish

## Top 10 wheat producers



## Top 20 wheat producers



**WORLD**  
**TOP TEN** Wheat Producing Countries



**LEGEND**

Country	Million Metric Tons (2015)	Country	Million Metric Tons (2015)
China	130.19	Ukraine	27.25
India	88.94	Australia	26
Russia	61	Pakistan	25.47
United States	55.84	Turkey	19.5
Canada	27.6	Iran	14

0 1500 3000 4500 Kilometers  
0 1500 3000 US survey miles  
Copyright © 2016 [www.mapsofworld.com](http://www.mapsofworld.com)  
(Updated on 17th Feb, 2016)

Source: <https://www.worldwheatproduction.com/>

# Durum is different

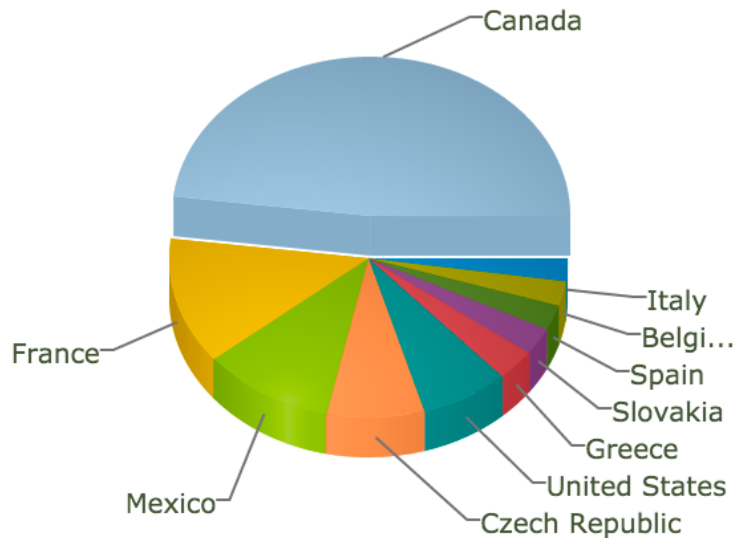


## Top 10 countries in the world

Canada is **#1** in the world ranking.

### Durum wheat, export weight (kg)

Top 10 countries in the world

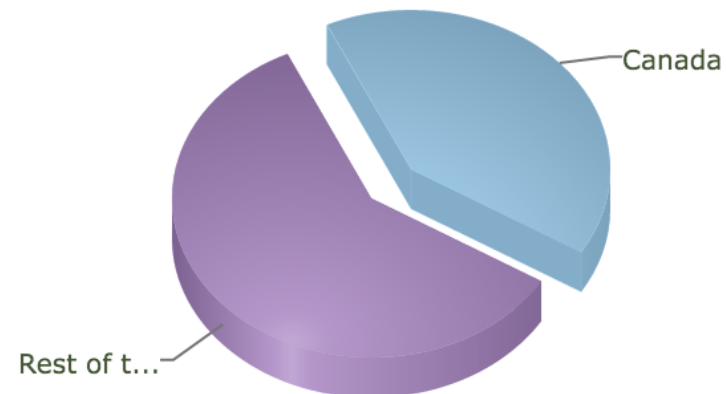


## World share for Canada

Canada has a world share of **40,6%**.

### Durum wheat, export weight (kg)

World share for Canada



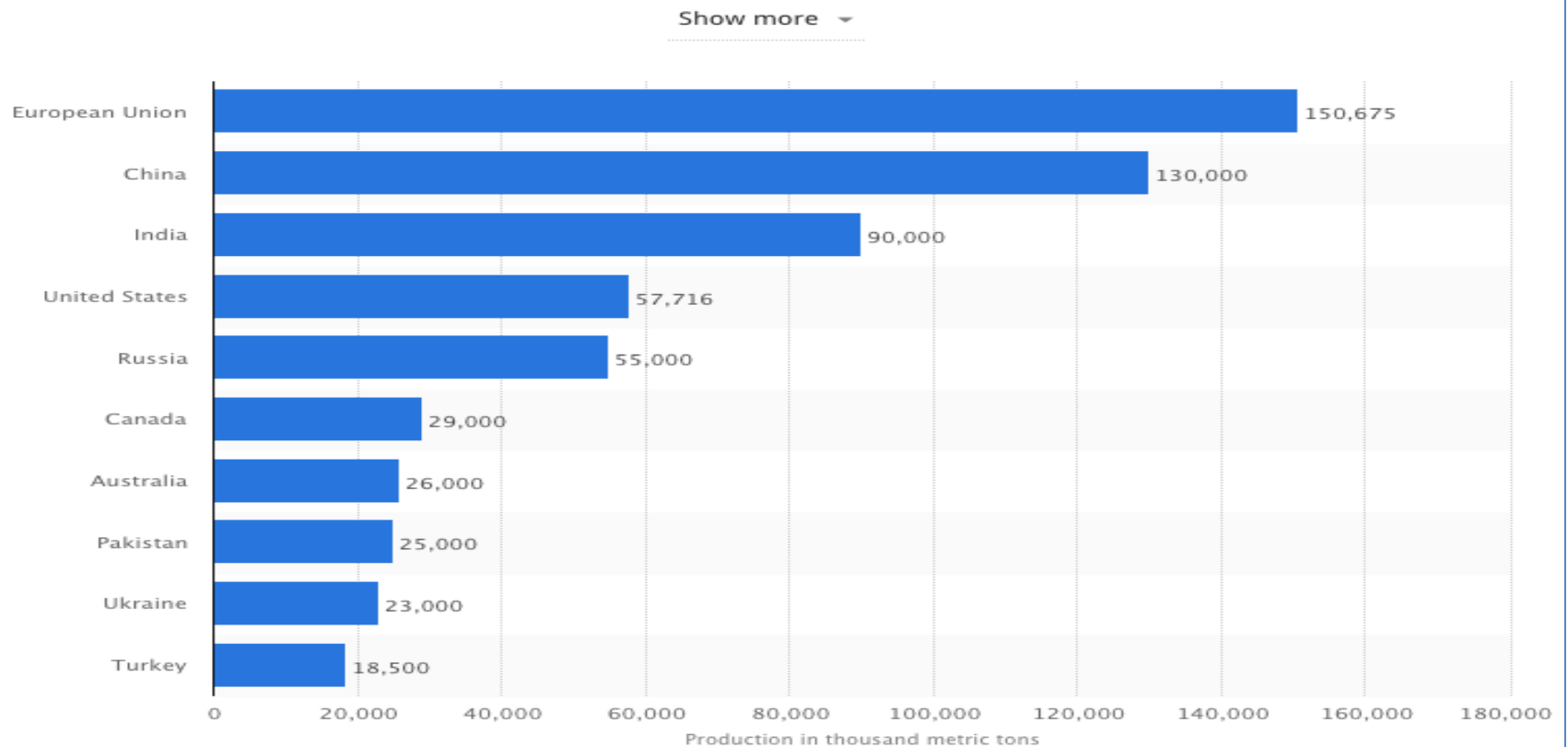
*This is an absolute data set, therefore the country comparisons are displayed as pie ch*

# Leading Wheat producers - volume

Source: Statista

## Projected leading 10 wheat producers worldwide in 2015/2016 (in 1,000 metric tons)\*

This statistic shows a projection for the global leading 10 wheat producing countries in 2015/2016, measured in thousand metric tons. In that marketing year, Australia is expected to produce about 26 million metric tons of wheat.

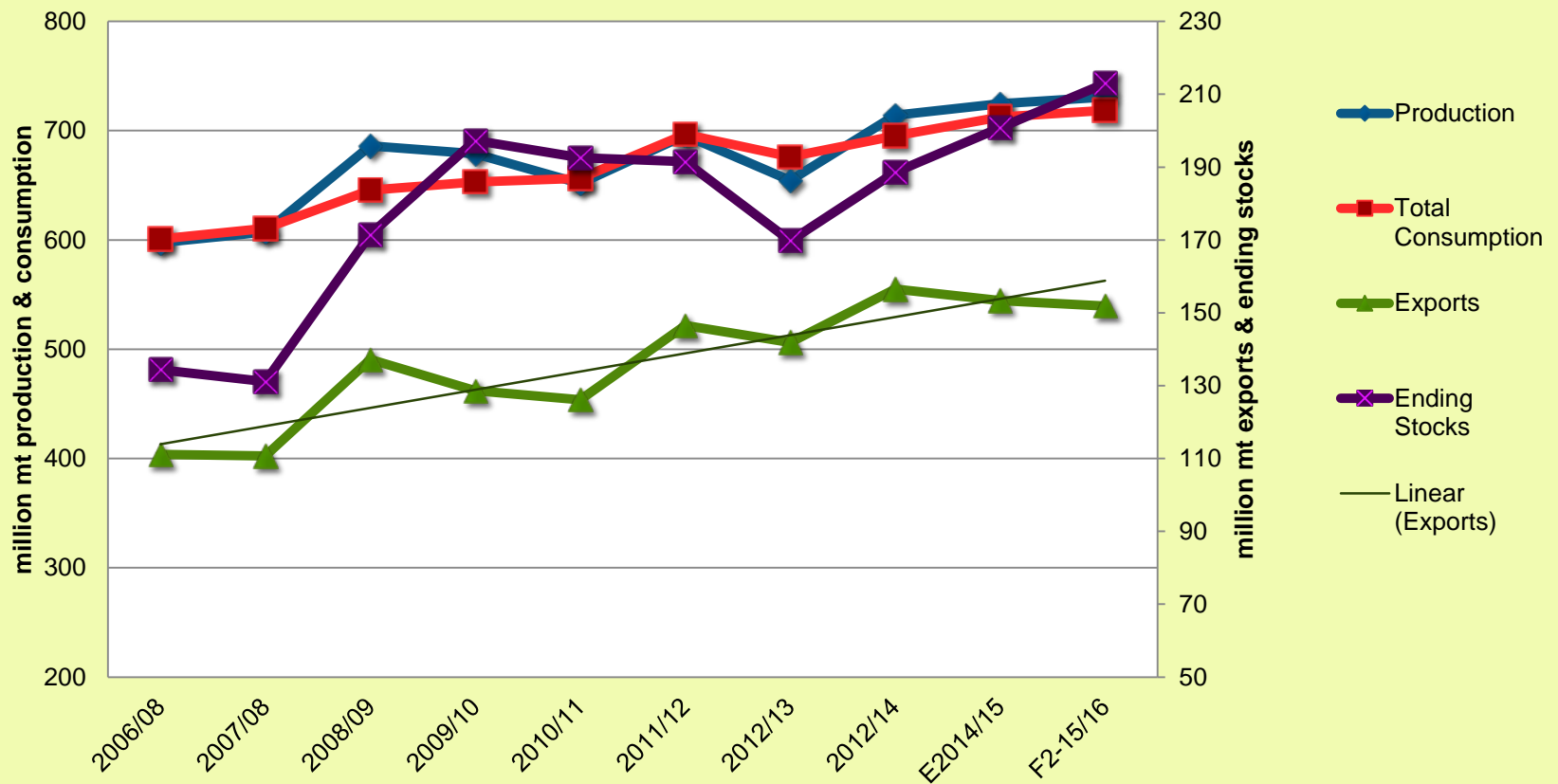




# World wheat balance sheet

Source: IGC #'s

World Wheat Balance Sheet, 2012/13-F2015/16



# World Wheat Balance Sheet, 2012/13-F2015/16

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15 (est.)	2015/16 (f'cast)
<b>mln. tons</b>										
Opening Stocks	138	134	131	172	197	193	192	170	189	201
Production	598	607	686	679	652	696	654	714	725	732
Imports	111	111	137	129	126	147	142	157	153	152
Total Availability	735	742	817	850	849	888	846	884	913	933
Food	434	441	443	450	452	458	462	472	479	484
Feed	95	92	118	119	118	153	133	133	141	145
Industrial	18	19	20	21	21	21	21	22	22	22
Seed	35	36	35	36	36	36	36	36	36	36
Other	19	23	29	28	29	29	23	32	35	32
<b>Total</b>										
Consumption	601	611	646	653	656	697	676	695	713	719
Exports	111	111	137	129	126	147	142	157	153	152
Ending Stocks	134	131	172	197	193	192	170	189	201	213

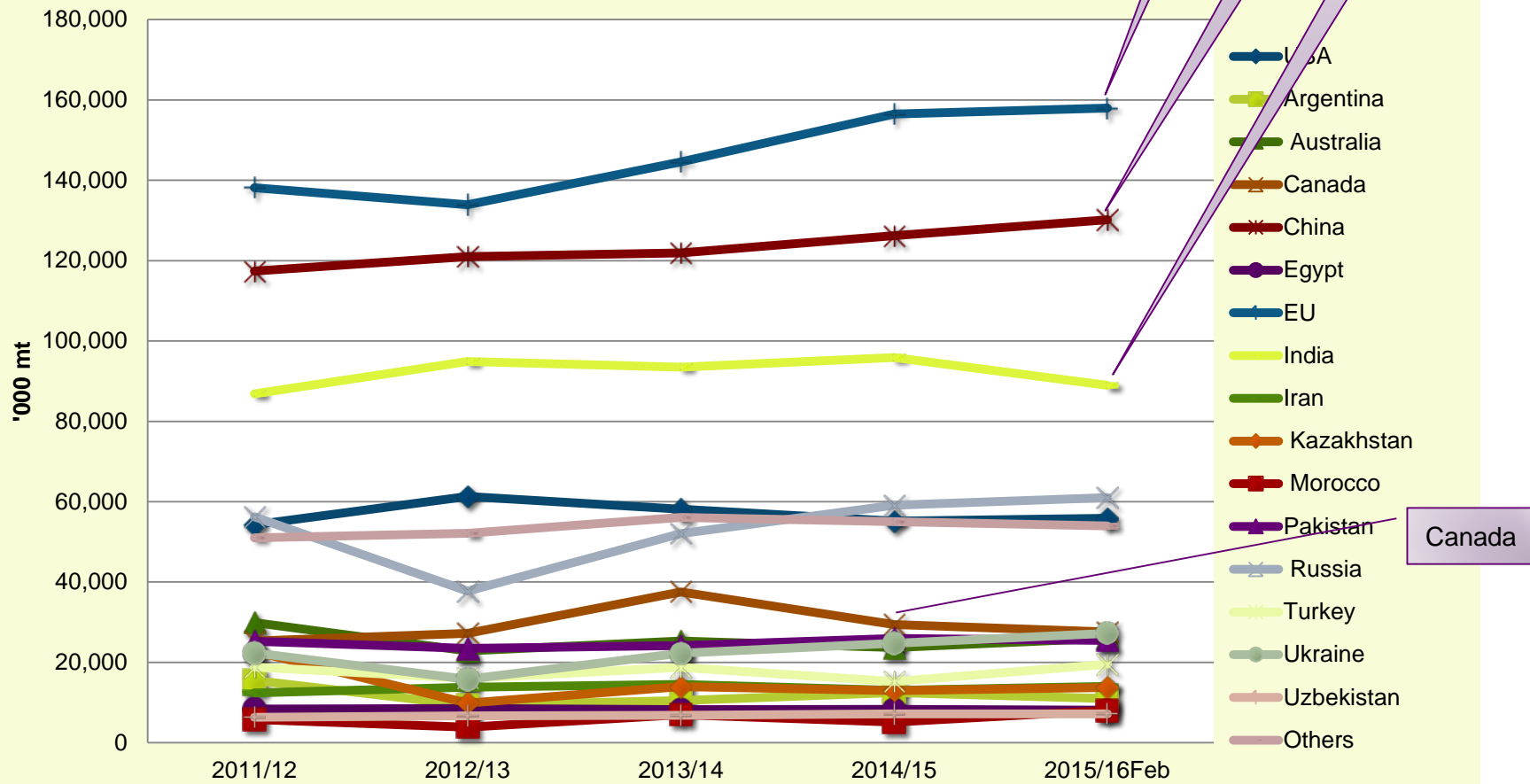
# Wheat markets

## Weak underlying fundamentals:

- Production, trade, consumption and carryover stocks: much larger supply situation than we had as late as 2012/'13
- Most importantly, in 2012/'13, world wheat production (blue line) was clearly lower than world wheat consumption (red line), and the world had depleted carryover stocks (purple line) to around 170 million mt
- Since then, production has risen above consumption, and stocks are building up again. This development is continuing into 2015/'16
- In addition, as domestic wheat production by importing nations has improved, traded volume is expected to slip (green line). This is a significant development for an export nation like Canada.

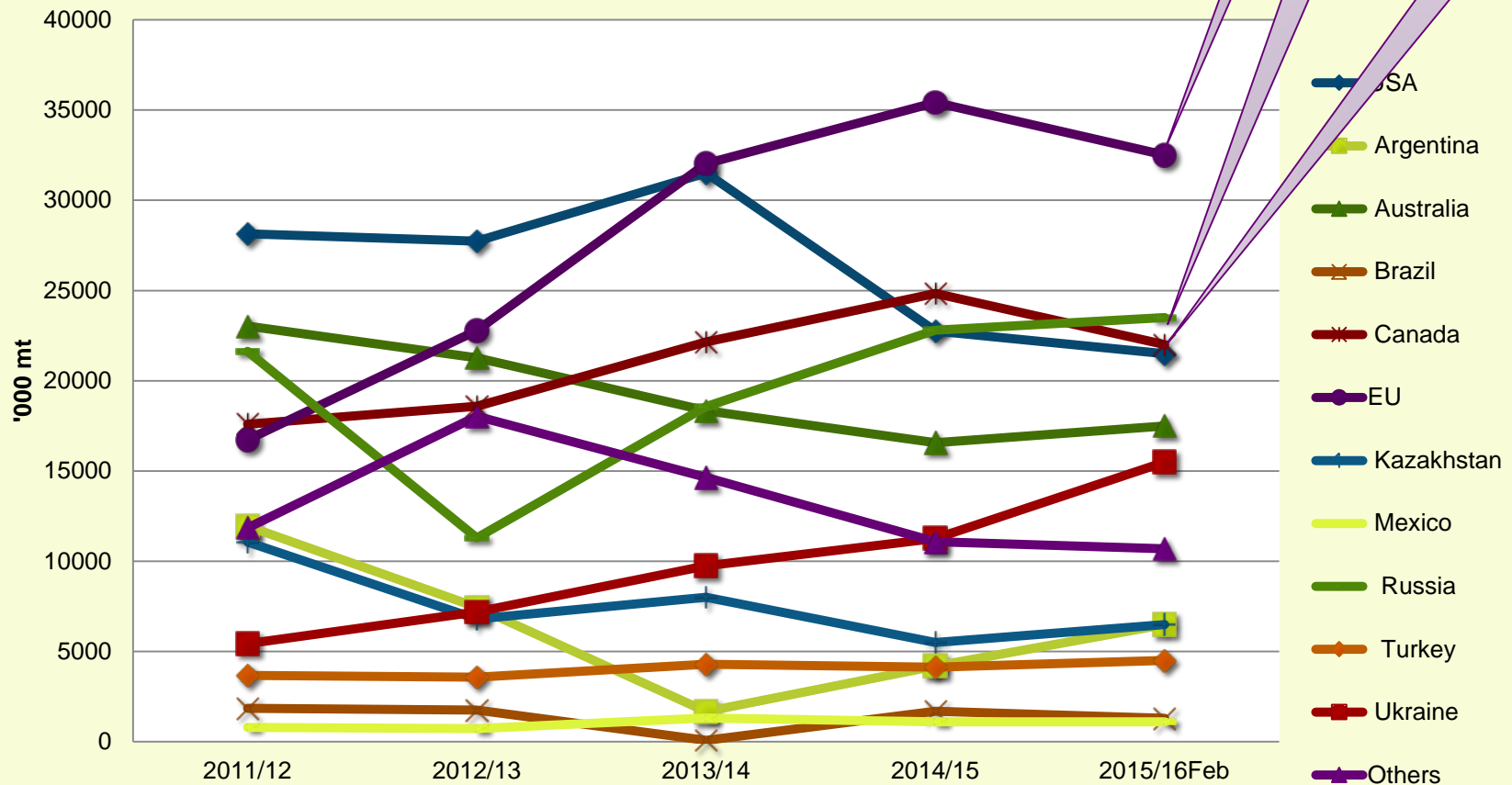
# World wheat prod'n overview

World wheat production by major producer, '11/12 - '15/16



# World wheat trade overview

World wheat trade, major exporters, '11/12-'15/16

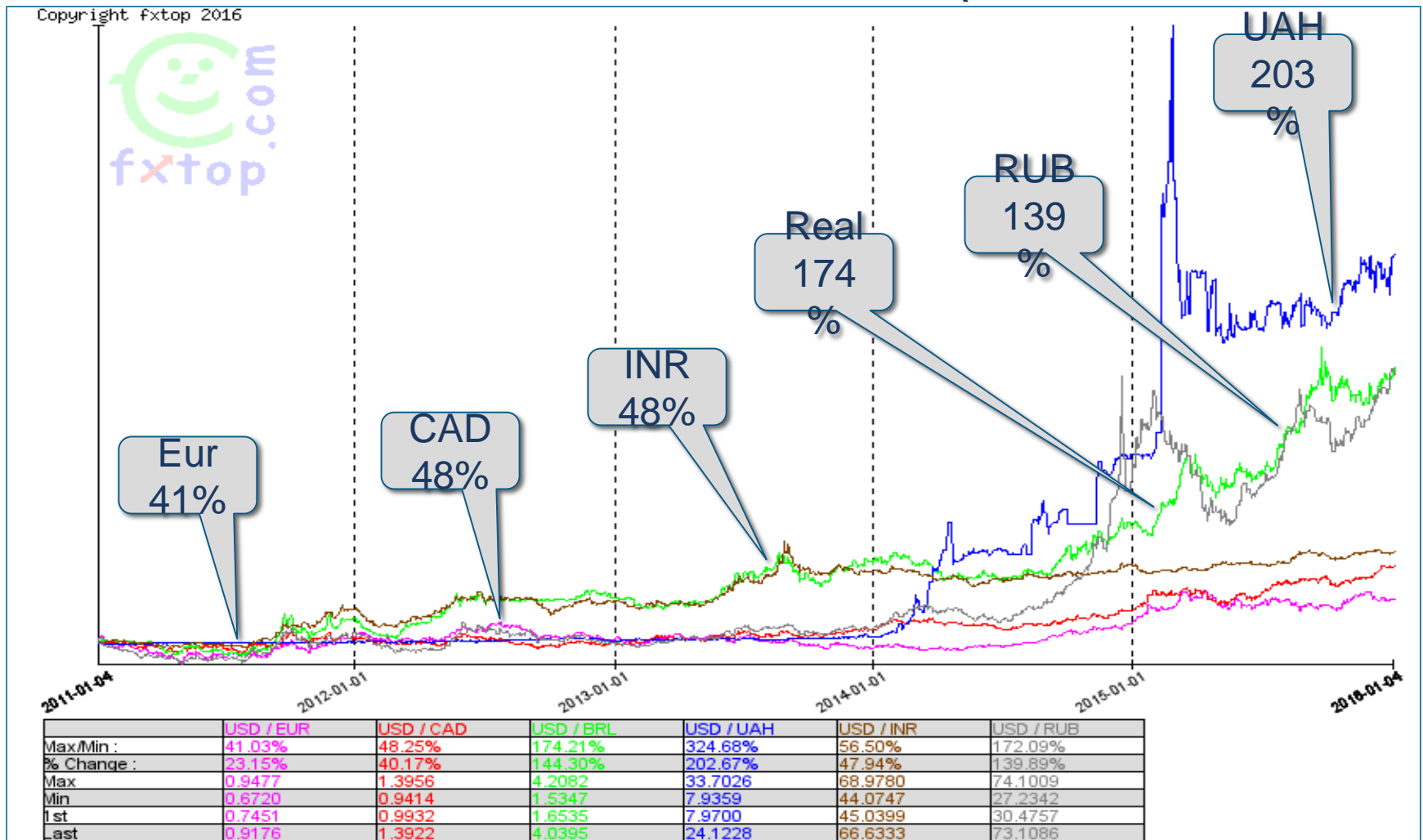


EU

Russia

Canada

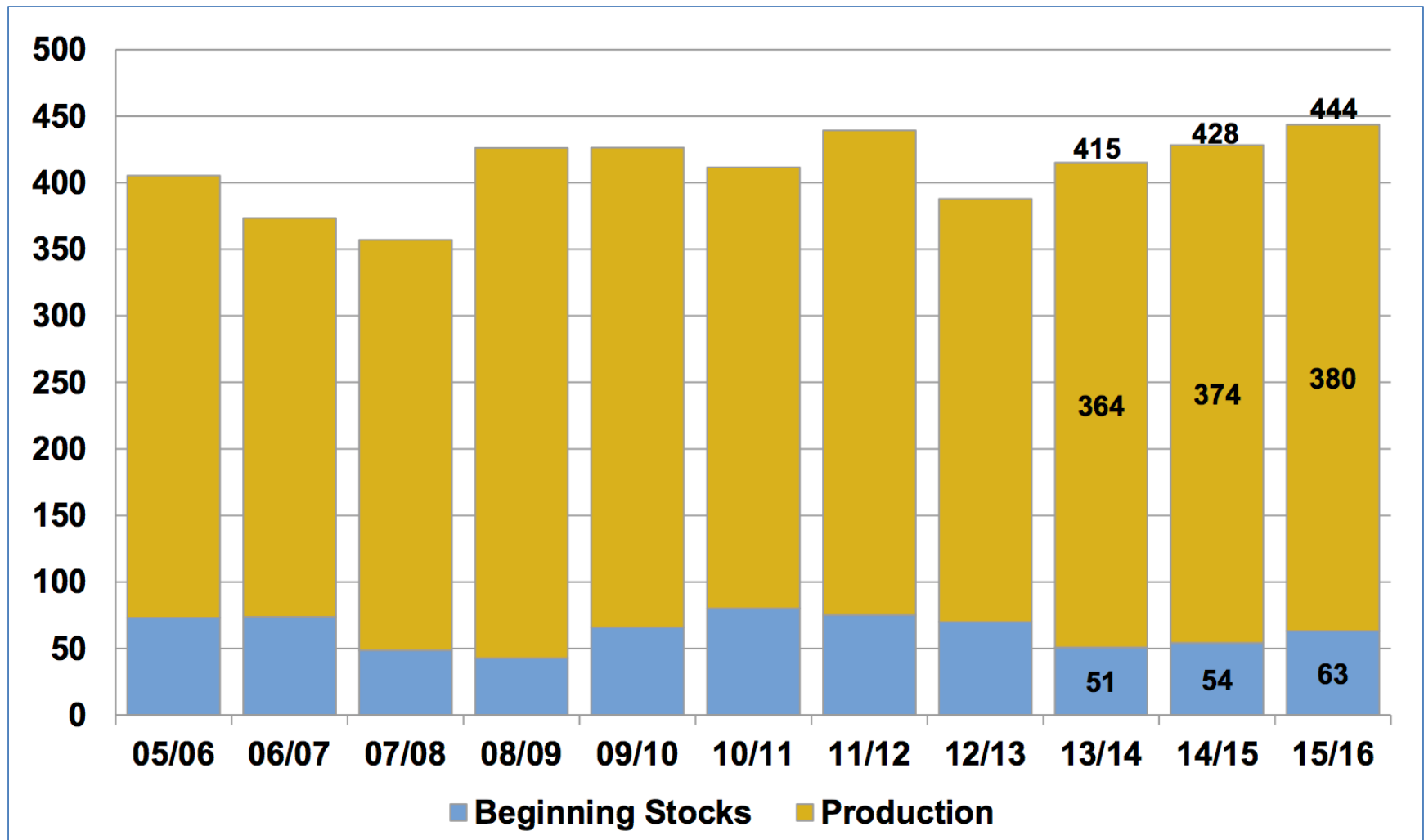
# USD to EUR, CAD, Real, Hryvnia, Rupee, RUB (2011 → Jan. 2016)



# Where was the production gain?

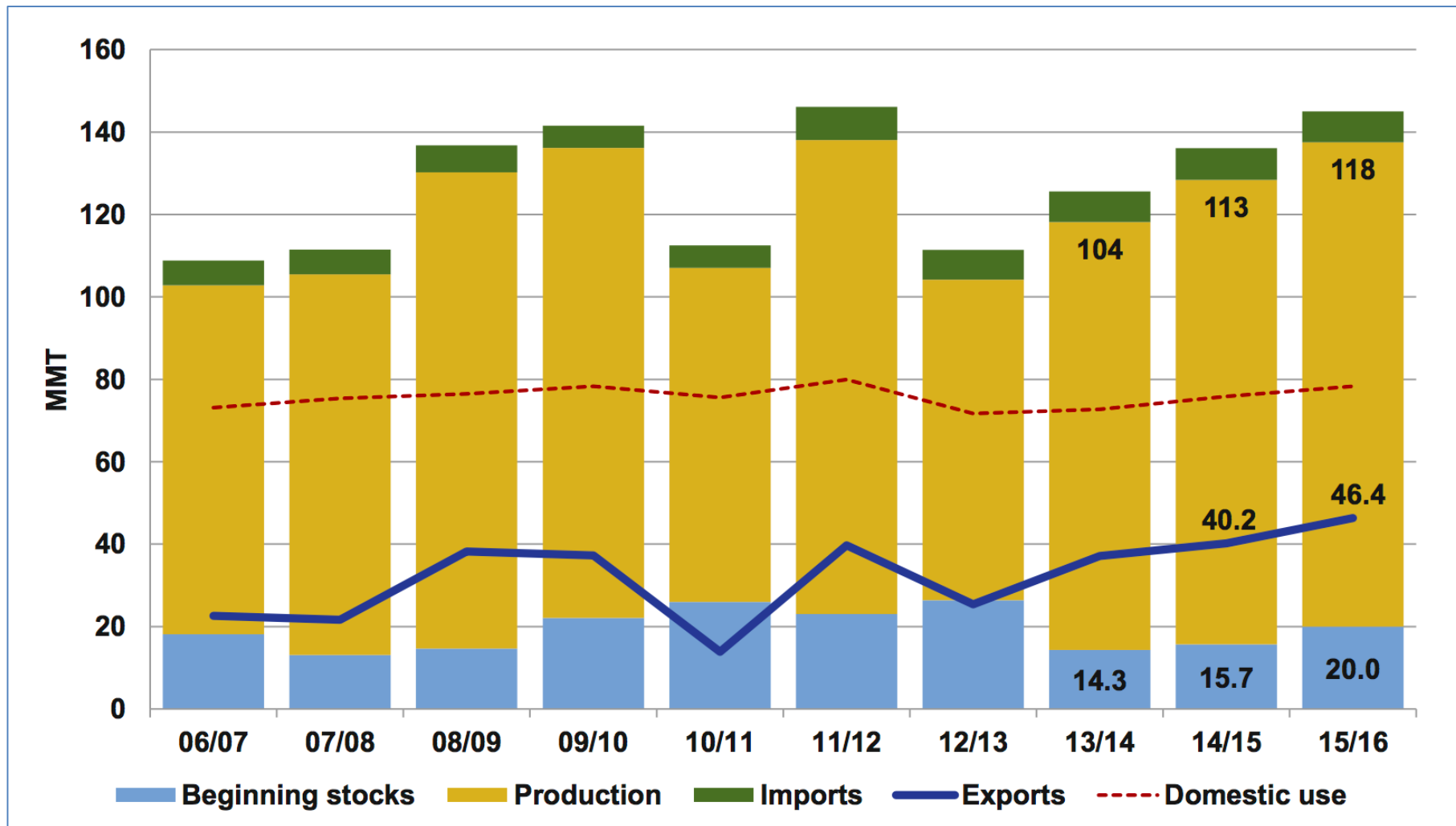
- The biggest gains in production this year have occurred in competing countries, namely [Russia](#), the [EU](#), [Kazakhstan](#), and [Turkey](#), for a total gain of ~10 million mt over last year.
- Canada, Argentina, and India saw reductions in wheat of ~9.6 million mt combined.
- Also relevant to Canada is that U.S. HRS production reached 15.4 million mt, the biggest HRS crop since 1996/97.
- U.S. HRW production at 22.5 million mt also is up by ~2.5 million mt this year over last year.

# Supplies top exporters: U.S., Canada, Australia, EU-27, Russia, Ukraine, Kazakhstan





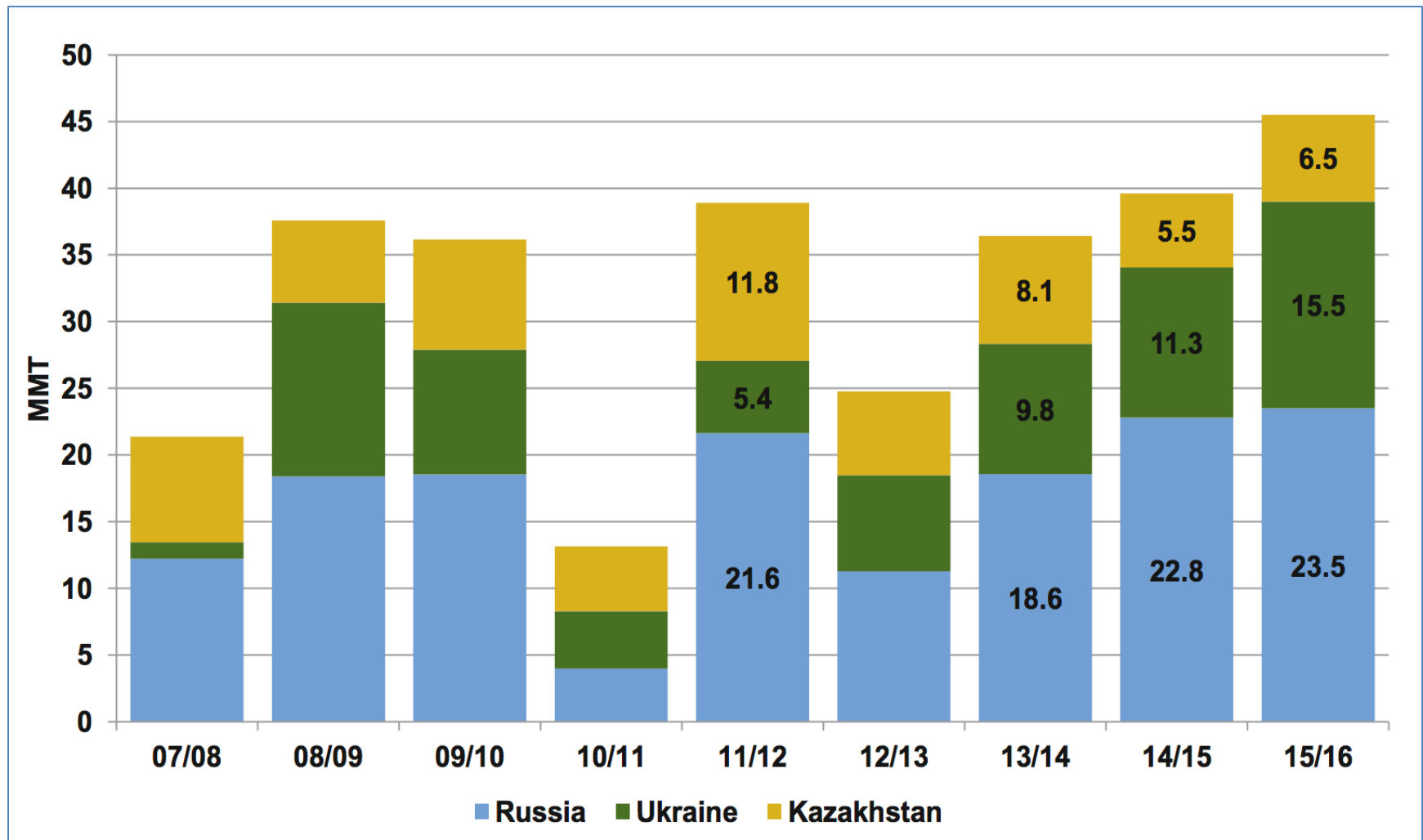
# Black Sea competition up significantly



# Effect big Black sea crop

- The larger than expected Eastern European crops made it difficult for North American wheat to compete.
- For example last fall, Russian wheat into the Middle East currently were valued U.S.\$4/mt below French wheat, \$11/mt below German wheat, and \$30/mt below U.S. SRW.
- The result is that US export sales are currently ~22% behind last year's pace, the EU is 23% behind, and Russia's September exports are ahead of last year.
- *Basically means that there is a lot of wheat in the world waiting for an opportunity to enter the markets.*

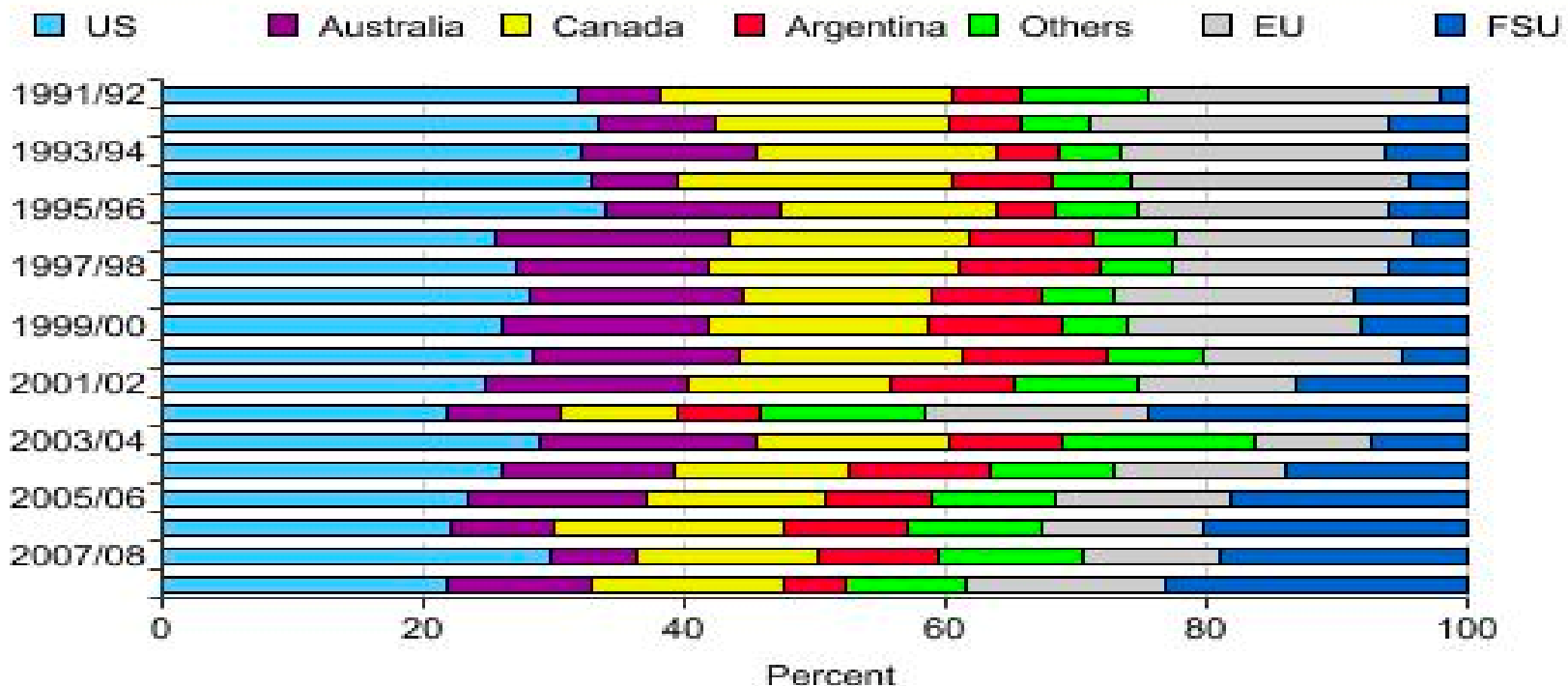
# Black Sea exports – note Russia



# Market shares exporters:

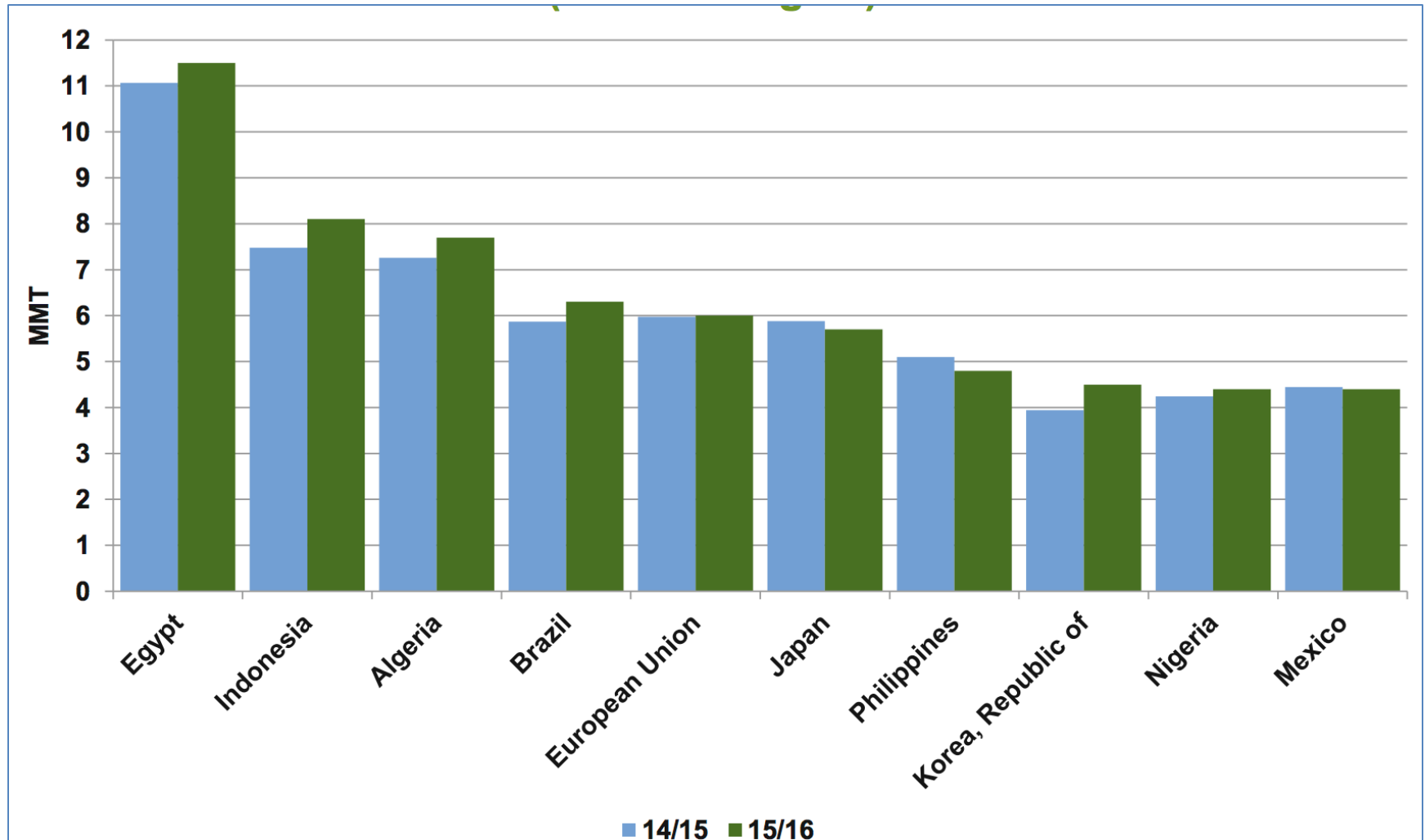
Most years, the United States, Canada, Australia, the EU-27, the former Soviet Union (including three major wheat exporters: Russia, Ukraine, and Kazakhstan), and Argentina account for about 90 percent of world wheat exports.

## Market share of major wheat exporters

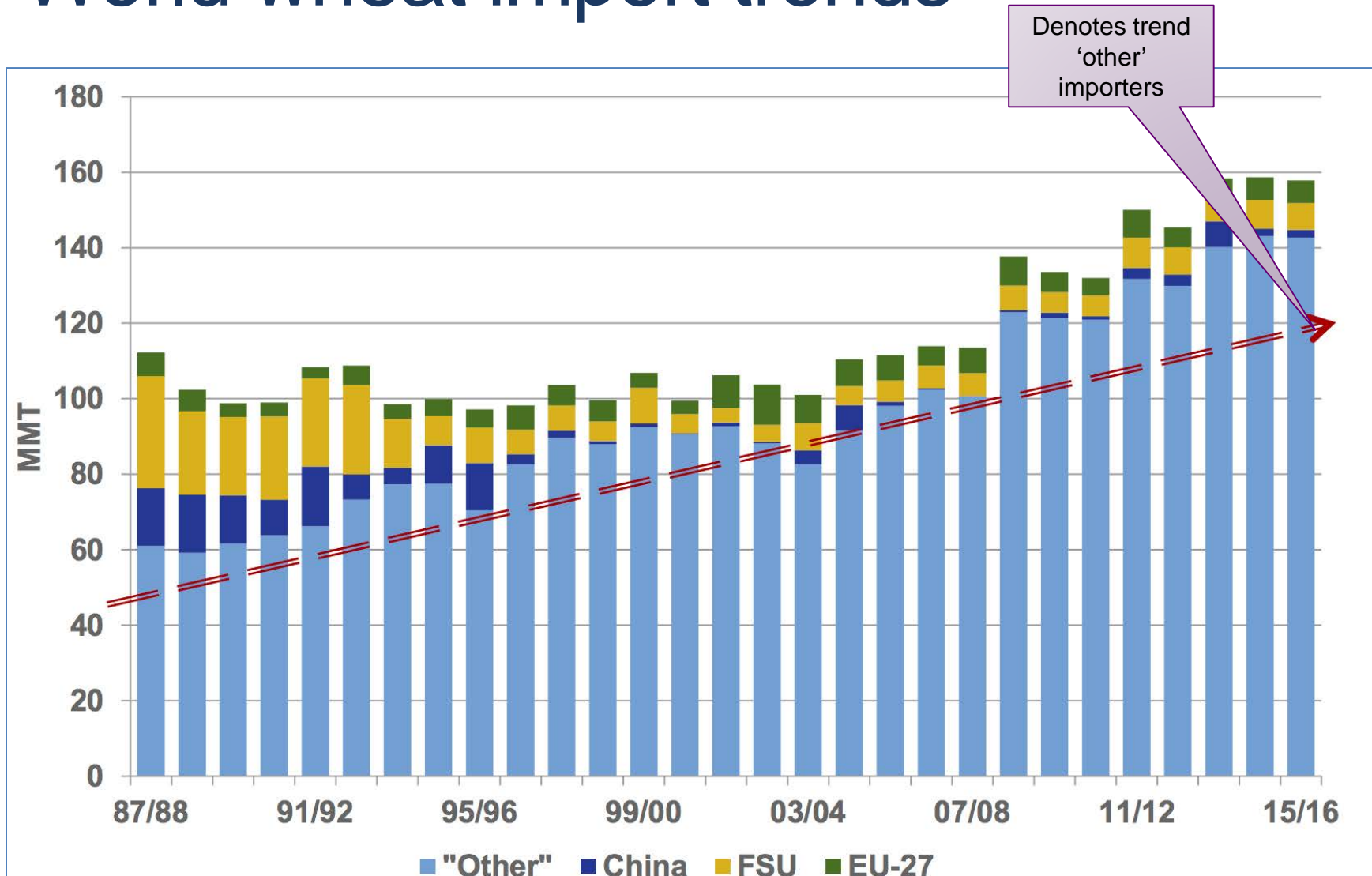


Source: USDA, Foreign Agricultural Service, Production, Supply, and Distribution (PS&D) database.

# Major world wheat importers (all origins)

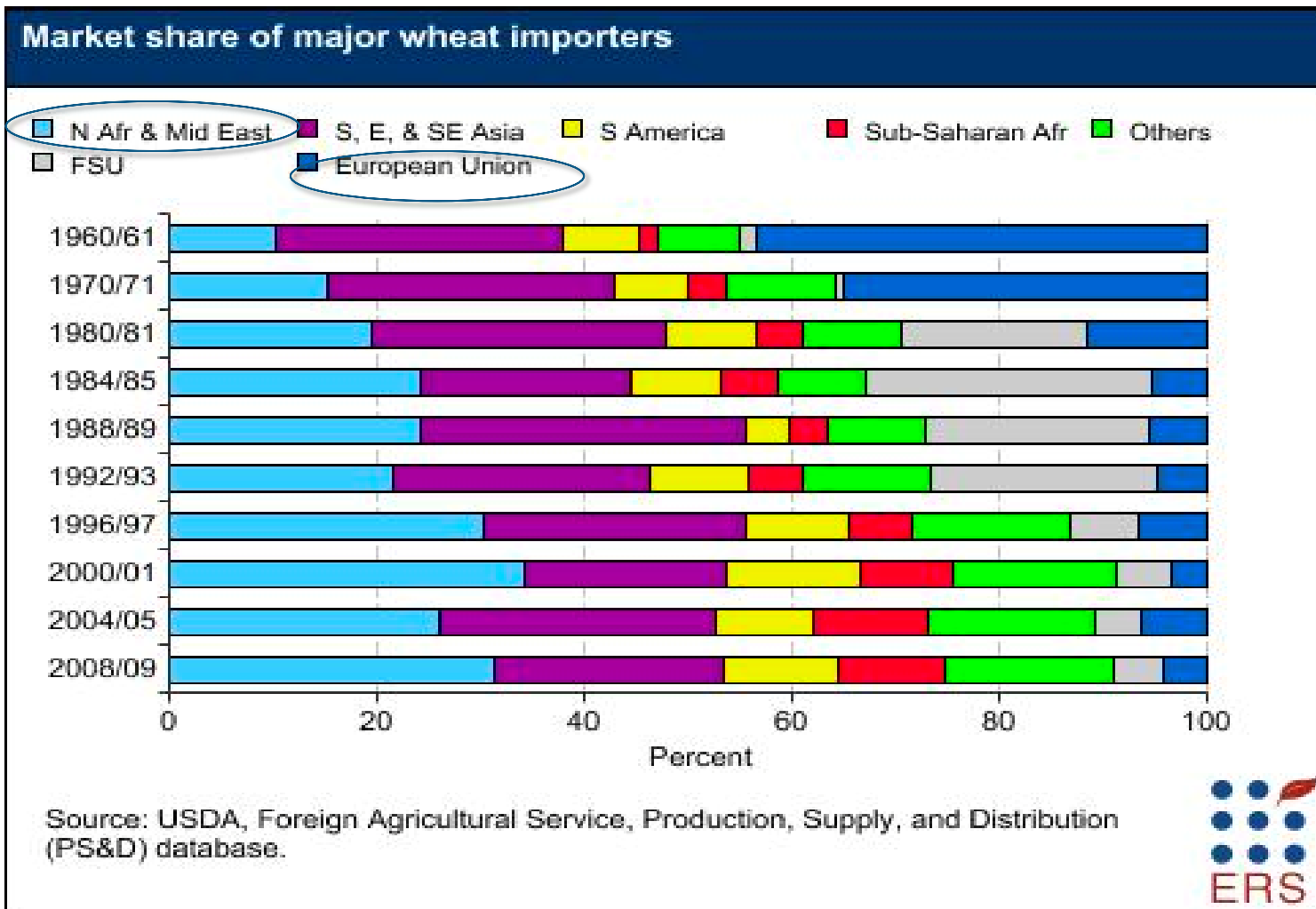


# World wheat import trends



# Market shares importers:

Population growth in Egypt, Algeria, Iraq, Brazil, Mexico, Indonesia, Nigeria, and other developing countries will be the basis of future expansion of world wheat trade.



# Growing wheat markets

## Wheat Exports by Country

Countries

Advantages

Opportunities

Companies

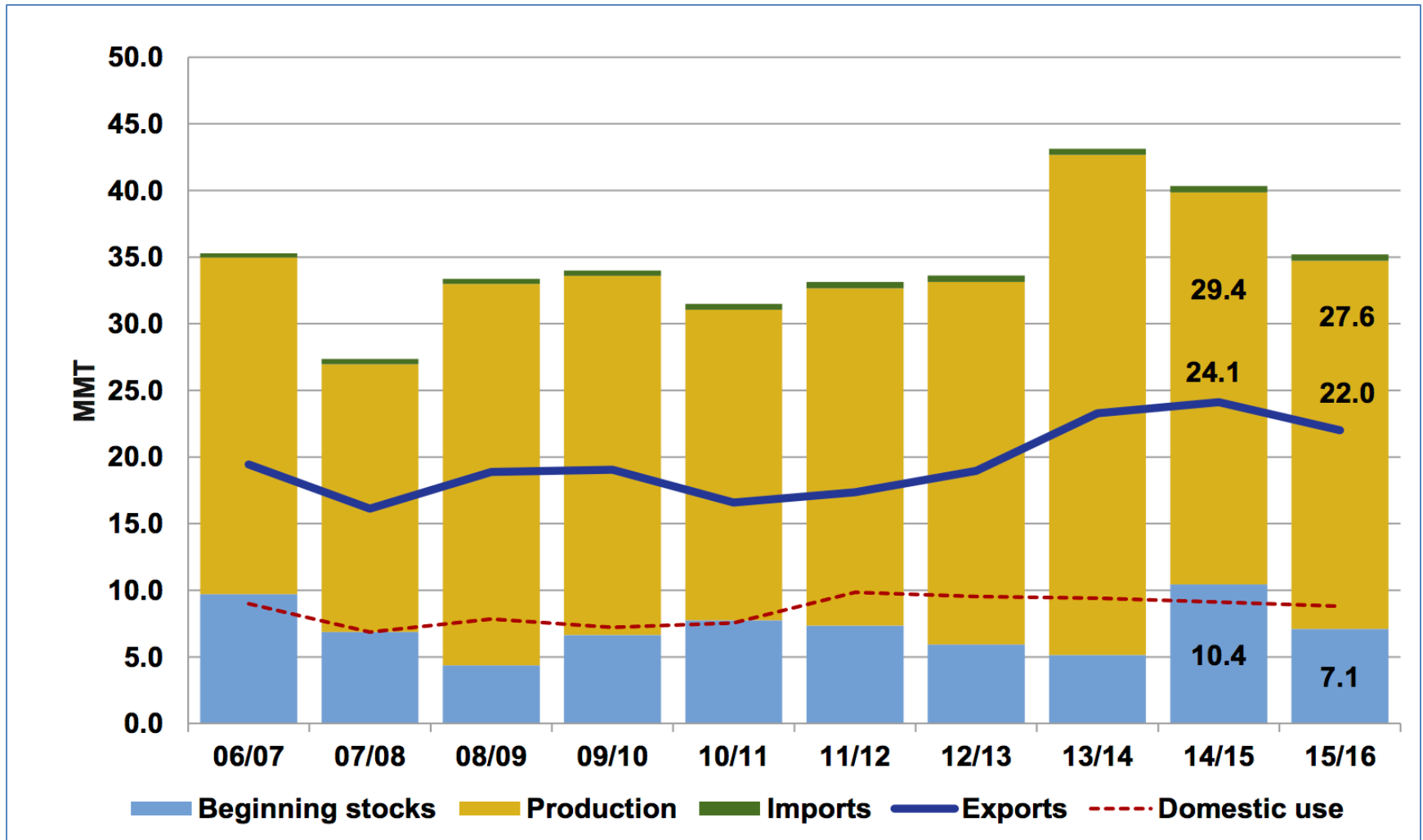
The following countries posted the highest negative net exports for wheat during 2014. Investopedia defines net exports as the value of a country's total exports minus the value of its total imports. Thus, the statistics below present the deficit between the value of each country's wheat import purchases and its exports for that same commodity.

1. Egypt: -US\$3.1 billion (net export deficit up 40.6% since 2010)
2. Indonesia: -\$2.4 billion (up 68.6%)
3. Algeria: -\$2.4 billion (up 89.6%)
4. Italy: -\$2.3 billion (up 29.4%)
5. Iran: -\$2 billion (up 1,026%)
6. Japan: -\$2 billion (up 18.2%)
7. Brazil: -\$1.7 billion (up 31.5%)
8. Turkey: -\$1.5 billion (up 232.9%)
9. Morocco: -\$1.5 billion (up 71.7%)
10. Nigeria: -\$1.3 billion (up 60.2%)
11. South Korea: -\$1.2 billion (up 13.4%)
12. Spain: -\$1.1 billion (up 19.0%)
13. China: -\$962.2 million (up 211.3%)
14. Mexico: -\$931.1 million (up 22.7%)
15. Philippines: -\$922.5 million (up 68.6%)

Egypt incurred the highest deficit in the international trade of wheat. In turn, this negative cashflow highlights Egypt's strong competitive disadvantage for this specific product category but also signals opportunities for wheat-supplying countries that help satisfy the powerful demand.



# Canadian Production – all wheat



# Canadian production by class

<b>Canada: wheat production by class</b>		
Statistics Canada	2014-15	2015-16
	thousand tonnes	
Hard Red Spring - CWRS	17,729	16,868
Winter *	2,929	2,243
Canada Prairie Spring	1,585	1,346
Soft White Spring	1,203	788
Hard Red Spring - CERS	342	512
Other Spring	310	292
Extra Strong	128	156
<b>Total</b>	<b>24,227</b>	<b>22,205</b>
*Mostly Hard Red and Soft Red, some Soft White		

# Quality wheat destinations

Wheat export by destination					
Country	2012	2013	2014	2015	comments
<b>World</b>	<b>13,939,217</b>	<b>15,326,015</b>	<b>18,574,595</b>	<b>19,040,813</b>	
United States	1,751,875	2,424,499	2,660,944	1,794,306	CWRs & E Cda soft wheat
Indonesia	885,316	1,293,999	1,394,543	1,776,348	
Japan	1,370,540	1,408,975	1,575,311	1,345,246	CWRS-quality buyer
Peru	397,015	607,494	1,106,530	1,310,111	
Bangladesh	471,967	740,407	969,362	1,175,415	
China	502,368	809,112	322,802	1,033,186	
Venezuela	523,114	688,992	770,369	841,887	
Colombia	609,900	625,678	1,071,957	943,622	
Mexico	850,644	950,101	988,642	891,198	
Philippines	109,873	235,871	91,341	662,925	
Nigeria	287,873	422,840	689,598	644,142	
Sri Lanka	816,513	343,562	558,476	646,525	
Ecuador	353,753	341,521	346,450	544,866	
Saudi Arabia	517,602	120,750	568,173	438,808	
Ghana	305,855	389,896	233,540	386,854	
United Kingdom	345,969	352,705	318,783	314,956	CWRS-quality buyer
Chile	113,650	119,015	357,995	381,075	
Thailand	187,072	131,092	109,184	348,565	
Sudan	315,672	408,915	674,285	293,852	
Viet Nam	74,530	173,506	44,866	305,594	
United Arab Emi	276,815	414,365	379,635	249,818	
South Africa	6,202	21,125	133,328	261,136	
Italy	135,217	121,993	132,652	229,897	
Cuba	193,345	209,884	215,843	212,516	
Korea, South	385,585	246,479	541,502	187,013	
Other	2,150,952	1,723,239	2,318,484	1,820,952	2,836,786

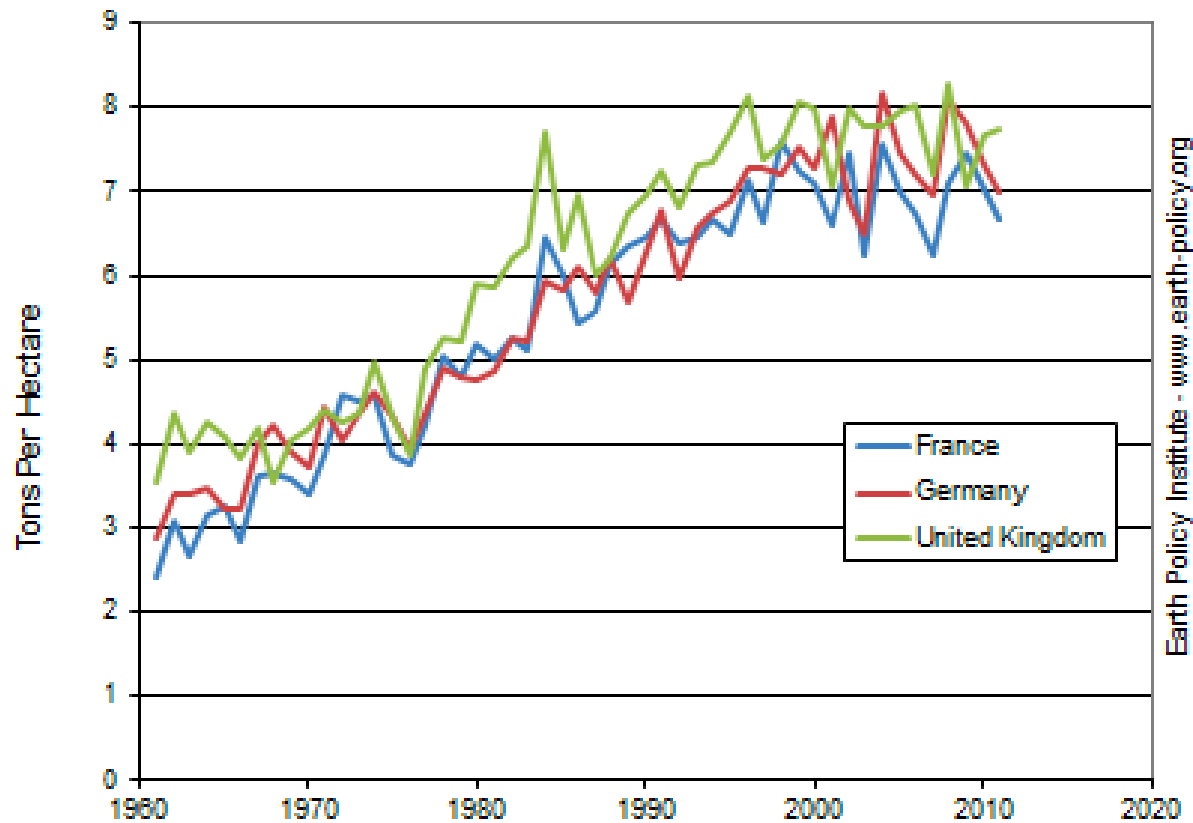
**Table 4. Wheat Exports by Class, 2010 to 2014**

Country	2010	2011	2012	2013	2014	Average	Share
	-----1,000 metric tons-----						%
Argentina/Common	9,482	12,922	3,548	2,180	5,995	6,825	4.5
Australia/Common	18,479	24,533	18,513	18,471	17,350	19,469	12.9
Canada							
All	16,131	16,864	18,487	22,792	22,520	19,359	12.8
Common	12,865	13,272	14,256	17,937	17,720	15,210	10.1
Durum	3,266	3,592	4,231	4,855	4,800	4,149	2.8
EU							
All	18,463	9,360	17,400	27,943	24,500	19,533	13.0
Common	17,963	9,669	18,175	28,843	25,350	20,000	13.3
Durum	500	-309	-775	-900	-850	-467	NA
United States							
All	32,501	25,572	24,233	27,438	20,278	26,005	17.3
HRW	16,769	10,793	9,916	11,625	8,002	11,421	7.6
HRS	8,492	5,661	5,144	4,573	5,580	5,890	3.9
SRW	2,177	3,620	4,790	7,131	3,811	4,306	2.9
White	4,763	5,743	4,573	4,464	3,838	4,676	3.1
Durum	299	-245	-191	-345	-953	-289	NA
Russia	3,959	21,077	10,117	17,734	19,800	14,537	9.6
Ukraine	3,894	5,352	7,145	9,687	10,950	7,406	4.9
Other Soviet	213	5,289	885	2,294	-295	1,677	1.1
Other Producers							
All	29,681	37,282	37,033	37,293	38,096	35,877	23.8
Total World							
All	132,803	158,251	137,361	165,832	159,194	150,688	100.0

Source: USDA

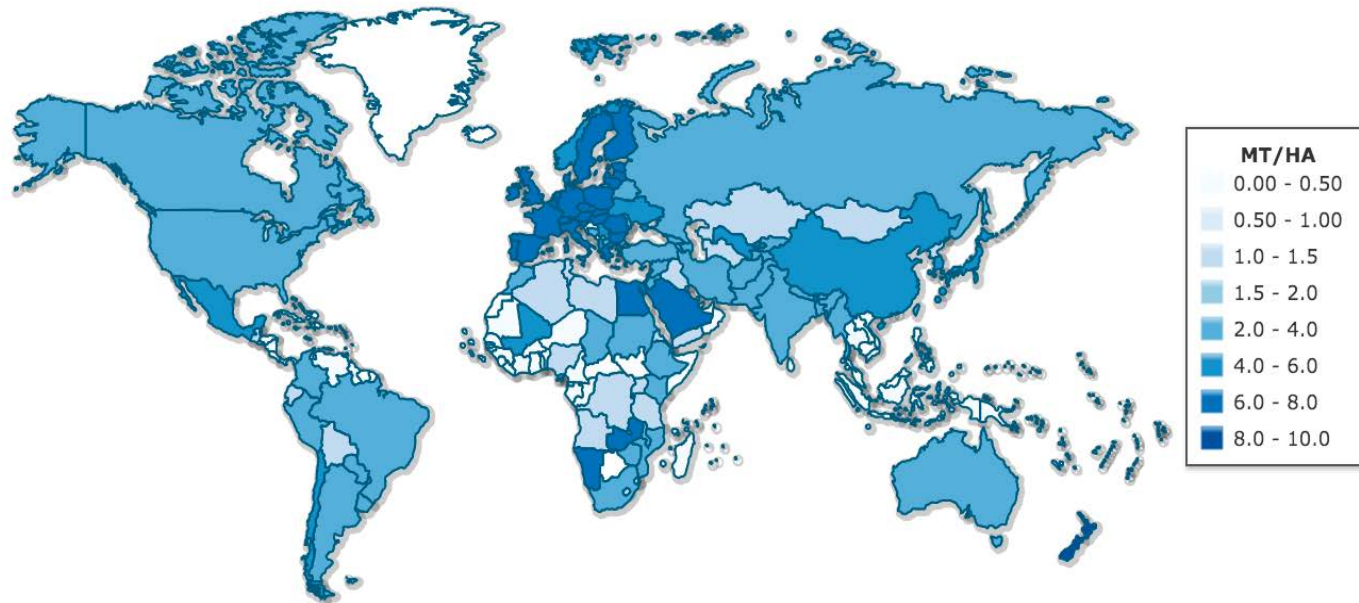
# Example Europe

Figure 7-1. Wheat Yields in France, Germany, and the United Kingdom, 1961-2011

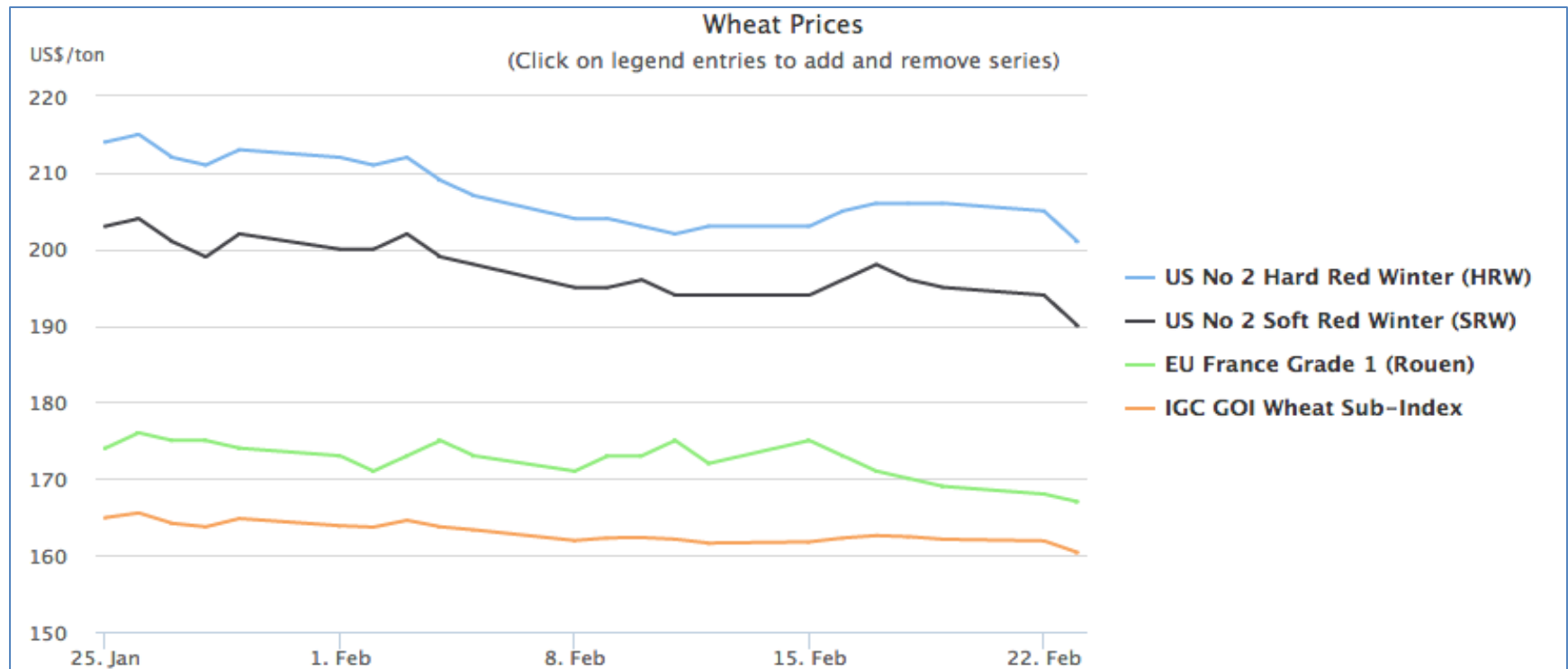


Source: FAO, USDA

# Mt yields per ha



# Prices



	23. Feb	Daily \$ Change	Annual Change	52 Week Low	52 Week High
US No 2 Hard Red Winter (HRW)	\$201	-4	-17 %	\$201	\$303
US No 2 Soft Red Winter (SRW)	\$190	-5	-18 %	\$190	\$290
EU France Grade 1 (Rouen)	\$167	-1	-22 %	\$167	\$254
Wheat sub-Index	160	-2	-20 %	160	201





# Domestic pricing – ‘cheap’ wheat

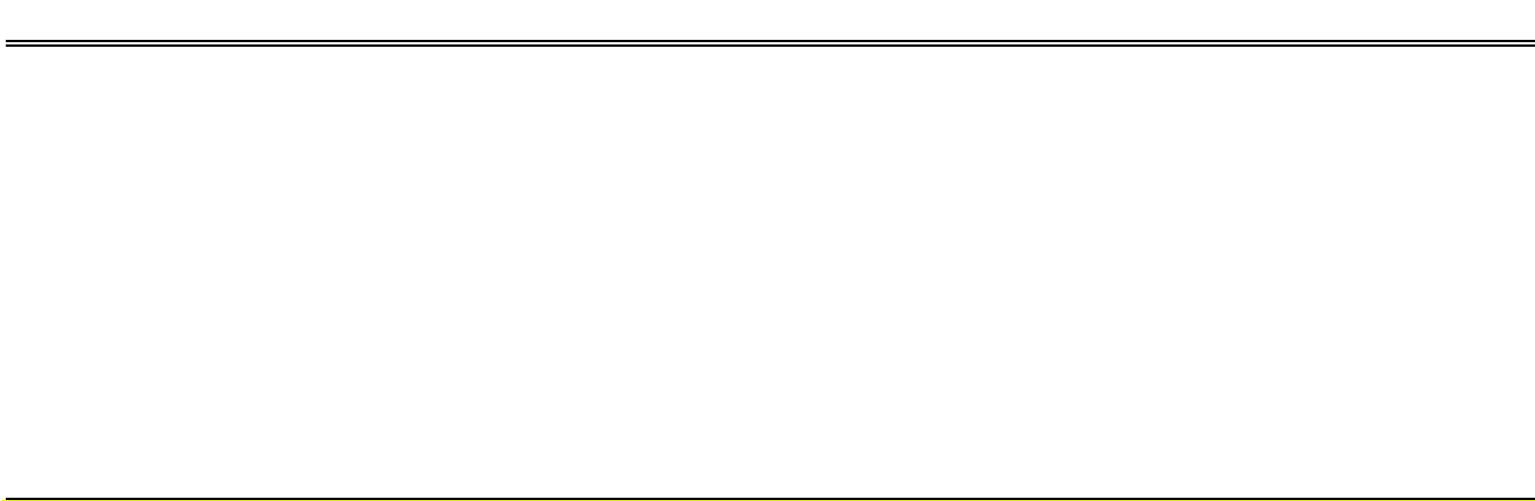
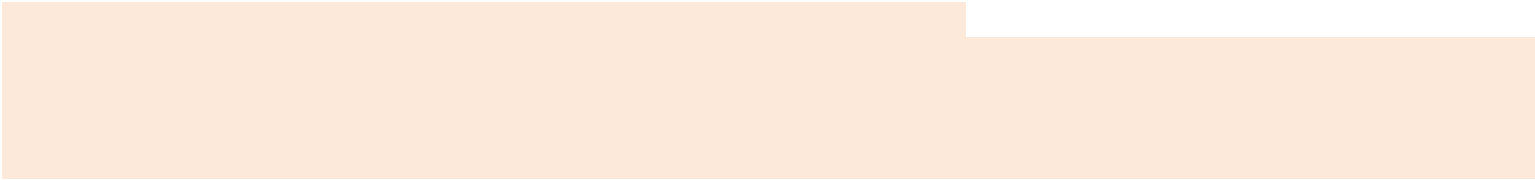
**Track wheat Bids in the Pacific North West**

[Variables in Blue](#)

**SWW**

PNW Basis over Mpls. futures USA funds track PNW elev:

	<b><u>march</u></b>	<b><u>16-Feb-16</u></b>	<b><u>may</u></b>	<b><u>sept</u></b>	<b><u>Newcrop</u></b>
	<b><u>\$5.21</u></b>		<b><u>\$5.30</u></b>	<b><u>\$5.32</u></b>	<b><u>Dec-16</u></b>



# What does it tell us?

- Wheat prices have fallen over the year, but they are not as bad internationally as we see on the Prairies
- Egypt's GASC buys 300,000 mt wheat in tender Feb. 25, avg px \$185.46/mt C&F
  - -60,000 mt of French wheat (Soufflet) at \$175/mt free-on-board (FOB) and **\$8.98/mt freight** equating to \$183.98/ mtC&F
  - -60,000 mt of Romanian wheat (Ameropa) at \$179.65/ mt FOB and **\$4.33/mt freight** equating to \$183.98/mt C&F
  - -60,000 mt of Romanian wheat (Ameropa) at \$179.65/ mt FOB and **\$4.33/mt freight** equating to \$183.98/mt C&F
  - -60,000 mt of Argentine wheat (BTG) at \$172/mt FOB and **\$15.70/mt freight** equating to \$187.70/mt C&F
  - -60,000 mt of Ukraine wheat (Louis Dreyfus) at \$179/mt FOB and **\$8.70/mt freight** equating to \$187.70/mt C&F

# YTD exports

<b>(CGC) Grain Handling Summary Wheat</b>		<b>Week 28</b>		<b>(to Feb. 14/'16)</b>	
<b>('000 mt)</b>	<b>Terminal</b>		<b>Dom.</b>		
	<b>Prod. Dlvs.</b>	<b>Rcpts.</b>	<b>Bulk exports</b>	<b>Disappearance</b>	
<b>Week 28</b>	<b>349.9</b>	<b>178.2</b>	<b>223.4</b>	<b>60.1</b>	
Week ago	361.2	254.3	320.1	52.2	
<b>YTD</b>	<b>10,652.9</b>	<b>9,596.2</b>	<b>8,886.7</b>	<b>1,819.7</b>	
Last YTD	10,363.7	10,996.0	8,687.5	1,964.1	
<b>YTD less Last YTD (k mt)</b>	<b>289.2</b>	<b>-1,399.8</b>	<b>199.2</b>	<b>-144.4</b>	
<b>YTD over Last YTD (%)</b>	<b>103%</b>	<b>87%</b>	<b>102%</b>	<b>93%</b>	

Mercantile based on weekly CGC Handling Data

# Looking forward: Next Years Acres

**Wheat:** 51.0 mil. acres planted, 43.4 mil. ac. harvested with 45.9 bu/ac for crop of 1.991 bil. bu., slightly more imports for 3.082 billion bu. total supply. Total use to rise to 2.093 bil. bu. (higher exports, & domestic use) for carryover of 989 mil. bu., highest since 1987/88. Avg. farm price: \$4.20 per bu.

**USDA Comments:** Production is expected to decrease in 2016 for HRW wheat, Hard Red Spring (HRS) wheat, and Durum, which will be partly offset by an increase in Winter White. Acreage for spring wheat (including Durum) is expected to decrease and a return to more normal yields will further reduce production.

**The wheat-to-corn price ratio is projected lower in 2016/17,** also encouraging expanded wheat feeding. US global market share to be limited by competition.

**Wheat prices are expected to remain under substantial pressure** from large world supplies of wheat and corn.

# Canada - acres

Acres	2014/15	2015/16	2016/17A AFC	merc 2016/17	difference
<b>Durum</b>	<b>4,660</b>	<b>5,750</b>	<b>5,841</b>	<b>5,635.0</b>	<b>-206.4</b>
<b>spring/winter</b>	<b>18,765</b>	<b>17,915</b>	<b>17,878</b>	<b>16,123</b>	<b>-1,754.4</b>
<b>Barley</b>	<b>5,278</b>	<b>6,672</b>	<b>6,054</b>	<b>6,672</b>	<b>617.8</b>
<b>Corn</b>	<b>3,032</b>	<b>3,242</b>	<b>3,113</b>	<b>3,323</b>	<b>209.5</b>
<b>Oats</b>	<b>2,254</b>	<b>2,607</b>	<b>3,113</b>	<b>2,737</b>	<b>-376.2</b>
<b>Rye</b>	<b>203</b>	<b>235</b>	<b>321</b>	<b>200</b>	<b>-121.7</b>
<b>Mixed grain</b>	<b>124</b>	<b>128</b>	<b>124</b>	<b>128</b>	<b>4.9</b>
<b>Canola</b>	<b>20,618</b>	<b>19,973</b>	<b>20,680</b>	<b>20,572</b>	<b>-107.5</b>
<b>Flax</b>	<b>1,534</b>	<b>1,596</b>	<b>1,693</b>	<b>1,564</b>	<b>-128.3</b>
<b>Soybeans</b>	<b>5,523</b>	<b>5,399</b>	<b>5,597</b>	<b>5,831</b>	<b>234.3</b>
<b>Peas</b>	<b>3,924</b>	<b>3,632</b>	<b>4,139</b>	<b>3,996</b>	<b>-143.3</b>
<b>Lentils</b>	<b>3,007</b>	<b>3,926</b>	<b>4,393</b>	<b>4,515</b>	<b>121.9</b>
<b>total</b>	<b>68,921</b>	<b>71,076</b>	<b>72,946</b>	<b>71,297</b>	<b>-1,649.4</b>

# Canada - production

<b>Production</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17A AFC</b>	<b>merc 2016/17</b>	<b>Difference</b>
<b>Durum</b>	5,193.0	5,389.0	5,900.0	<b>5,826.0</b>	<b>-74.0</b>
<b>spring/winter</b>	24,227.0	22,205.0	23,300.0	<b>20,617.9</b>	<b>-2,682.1</b>
<b>Barley</b>	7,119.0	8,226.0	8,400.0	<b>9,441.8</b>	<b>1,041.8</b>
<b>Corn</b>	11,487.0	13,559.0	12,100.0	<b>12,829.2</b>	<b>729.2</b>
<b>Oats</b>	2,979.0	3,428.0	3,400.0	<b>3,588.2</b>	<b>188.2</b>
<b>Rye</b>	218.0	226.0	330.0	<b>202.7</b>	<b>-127.3</b>
<b>Mixed grain</b>	155.0	156.0	155.0	<b>159.9</b>	<b>4.9</b>
<b>Canola</b>	16,410.0	17,231.0	16,800.0	<b>16,796.6</b>	<b>-3.4</b>
<b>Flax</b>	873.0	942.0	900.0	<b>834.5</b>	<b>-65.5</b>
<b>Soybeans</b>	6,049.0	6,235.0	5,750.0	<b>6,347.8</b>	<b>597.8</b>
<b>Peas</b>	3,810.0	3,201.0	4,100.0	<b>3,806.0</b>	<b>-294.0</b>
<b>Lentils</b>	1,987.0	2,373.0	2,850.0	<b>2,949.3</b>	<b>99.3</b>
<b>Total</b>	<b>80,507.0</b>	<b>83,171.0</b>	<b>83,985.0</b>	<b>83,399.9</b>	<b>-585.1</b>

# Cdn. wheat balance sheet

<b>spring/winter wheat</b>	<b><u>2013/14</u></b>	<b><u>2014/15</u></b>	<b><u>2015/16</u></b>	<b><u>2016/17AFC</u></b>	<b><u>Merc 2016/17</u></b>
carryin/over	3,985.0	8,666.0	6,119.0	3,000.0	3,400.0
Production	31,025.0	24,227.0	22,215.0	23,300.0	<b>20,617.9</b>
imports	50.0	80.0	80.0	80.0	80.0
total supply	35,060.0	32,973.0	28,414.0	26,380.0	24,097.9
domestic use	4,240.0	4,057.0	4,135.0	4,156.0	4,000.0
exports	18,423.0	18,768.0	17,500.0	16,000.0	<b>14,250.0</b>
f/s/w/	3,730.0	4,030.0	3,779.0	3,424.0	3,400.0
total use	26,393.0	26,855.0	25,414.0	23,580.0	21,650.0
carryout	8,667.0	6,118.0	3,000.0	2,800.0	<b>2,447.9</b>

# Cdn. durum balance sheet

<b>durum</b>	<b><u>2013/14</u></b>	<b><u>2014/15</u></b>	<b><u>2015/16</u></b>	<b><u>2016/17AAFC</u></b>	<b><u>merc 2016/17</u></b>
carryin/over	1,157.0	1,746.0	956.0	1,100.0	1,300.0
Production	6,505.0	5,193.0	5,389.0	5,900.0	5,826.0
imports	0.0	7.0	10.0	5.0	5.0
total supply	7,662.0	6,946.0	6,355.0	7,005.0	7,131.0
domestic use	422.0	427.0	420.0	420.0	420.0
exports	5,070.0	5,173.0	4,400.0	4,900.0	5,000.0
f/s/w/	390.0	383.0	435.0	372.0	350.0
total use	5,882.0	5,983.0	5,255.0	5,692.0	5,770.0
carryout	1,780.0	963.0	1,100.0	1,313.0	1,361.0



# Price outlook opinion

- Maj. analysts forecasting that wheat prices will hit a 6-year low in Chicago
- do not see prices on the CBOT for soft red winter wheat returning above US\$5.00/bu before the end of 2016.
- “ferocious” activity by exporting nations with weaker currencies – i.e. Russia, Ukraine, and even now Argentina – are dragging down the market
  - (potentially the reason that while Cargill is pulling out of the crop inputs business in the Black Sea, they are investing \$100M USD into a new grain terminal at a Ukrainian Black Sea port)..
- expect Chic wheat prices to end this cal. Yr. at around \$4.75 USD / bushel

# Canadian dynamics

- How big are our 'quality' markets
- Type of wheat we compete with in remaining markets
- Competition by Black Sea and EU (France)
  - Timing of sales
- Other:
  - who sells Cdn. Wheat (do we have a champion?),
    - Hard to compete with optional origin grain

# Sales/ CT execution

- Do not aim to hit **top price**; deliberate **ROI**, not price
  - Who sold \$18/bu canola?
- Carrying charges: Try to incl. in CT terms

# Review

- Step 1 – COP
  - Production costs & Returns
  - Identify crops to grow / options with best returns  
(spring wheat is difficult bec. compete with winter crop yields)
- Step 2 – Cash Flow Req's
  - When to sell
- Step 4 – Identify acceptable returns
  - Decide how to hedge & make hedge (ex. Lentils), then sell
  - Reduce speculation
- Step 5 - Simplify
  - Only follow crops that are planted
  - Follow wheat mkt for opportunity to sell
  - If our acres correct, the only have to export ~12 mln mt of wheat next year

# Factors to watch



- Markets change, so you or someone needs to keep on top of the changes
- 2015/'16 crop year: wheat C/O (excl. durum) expected down to 3 mln mt (6.1 mln mt 1st yr.)
- 2016/'17 crop year: We expect acres down; C/O could fall further





# Market environment

- what are the basics we need to know abt the markets?

## **Wheat trade basics**

- Percent wheat sold to 'quality' markets
- Type of wheat we compete with in remaining markets
- Competition by Black Sea and EU (France)
  - Timing of sales
- Freight Matrix
- Which are the growth markets
- Role FX
  
- Current markets



# Strategic management

- COP exercise
  - Crop options
  - Crop decisions
  - Cost management
- Cash flow management & pricing
  - Risk reduction
  - Supply chain partners
  - External market data
    - World market price and price trends
- Wheat market environment
  - Ww vs spring wht
  - How big are the premium markets
  - What compete against after that

# Strategic management cont'd

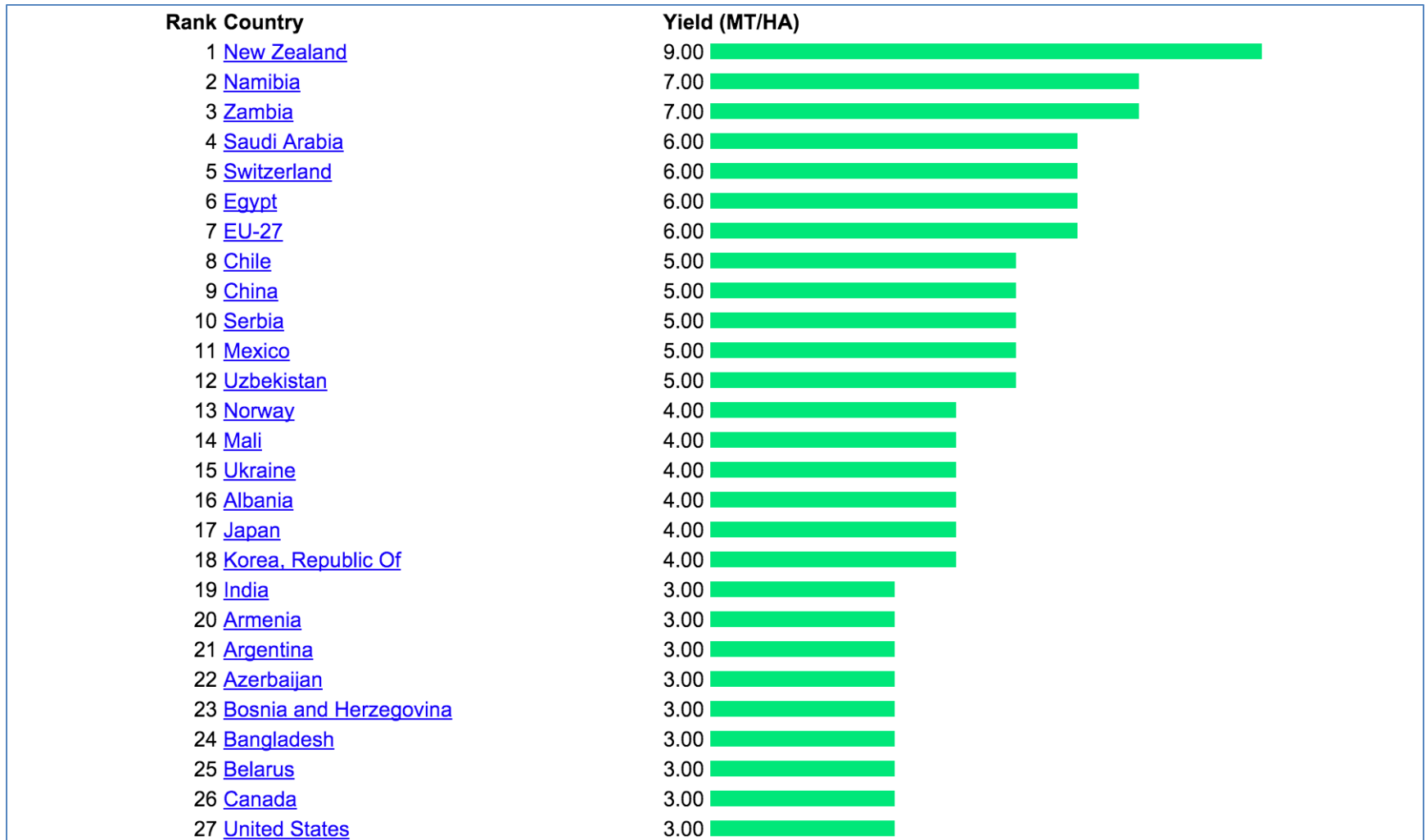
- Importance Transportation
  - Influence on px
  - Lack of public facilities

# Competitiveness – US wheat by class

	HRW		HRS		SRW	
	14/15	15/16	14/15	15/16	14/15	15/16
	<b>MMT</b>					
Beginning Stocks	6.5	8.0	4.6	5.8	3.1	4.2
Production	20.1	22.5	15.1	15.4	12.4	9.8
Imports	<u>0.2</u>	<u>0.2</u>	<u>1.8</u>	<u>1.2</u>	<u>0.4</u>	<u>0.5</u>
Supply Total	26.8	30.7	21.5	22.3	15.8	14.5
Domestic Use	11.5	13.0	8.4	7.8	8.0	6.5
Exports	<u>7.3</u>	<u>6.0</u>	<u>7.3</u>	<u>6.9</u>	<u>3.6</u>	<u>3.4</u>
Use Total	18.8	19.0	15.8	14.8	11.6	9.9
Ending Stocks	8.0	11.7	5.8	7.6	4.2	4.6
Stocks-to-Use	42%	61%	37%	51%	36%	47%

	White		Durum		Total	
	14/15	15/16	14/15	15/16	14/15	15/16
	<b>MMT</b>					
Beginning Stocks	1.4	1.8	0.6	0.7	16.1	20.5
Production	6.1	6.0	1.5	2.2	55.1	55.8
Imports	<u>0.2</u>	<u>0.2</u>	<u>1.4</u>	<u>1.0</u>	<u>4.1</u>	<u>3.3</u>
Supply Total	7.7	8.0	3.4	4.0	75.3	79.6
Domestic Use	1.9	2.7	1.7	2.1	31.5	32.2
Exports	<u>4.0</u>	<u>3.8</u>	<u>1.0</u>	<u>1.0</u>	<u>23.2</u>	<u>21.1</u>
Use Total	5.9	6.5	2.7	3.1	54.8	53.3
Ending Stocks	1.8	1.5	0.7	0.9	20.5	26.3
Stocks-to-Use	31%	23%	26%	30%	37%	49%

# Avg wheat yields by country



**Table 1. Wheat Production by Class, 2010 to 2014 (thousand tons)**

Country/Class	2010	2011	2012	2013	2014	Average	Share
Argentina							
Common	17,200	15,500	9,300	10,500	12,000	12,900	1.9
Australia							
Common	27,410	27,410	29,905	22,461	26,500	25,737	3.9
Canada							
Total	23,300	25,288	27,205	37,530	29,300	28,524	4.2
Common	20,275	21,116	22,578	31,025	24,107	23,820	3.5
Durum	3,025	4,172	4,627	6,505	5,193	4,704	0.7
EU							
Total	136,667	137,182	143,513	143,118	155,505	143,397	20.9
Common	128,252	129,957	135,538	135,016	146,881	135,129	19.7
Durum	8,415	8,225	7,975	8,102	8,624	8,268	1.2
United States							
Total	60,068	54,249	61,304	58,111	55,135	57,773	8.4
HRW	27,716	21,308	27,162	20,342	20,085	23,323	3.4
HRS	15,514	10,783	13,703	13,354	15,121	13,695	2.0
SRW	6,462	12,323	11,234	15,473	12,392	11,577	1.7
White	7,488	8,555	6,986	7,363	6,091	7,297	1.1
Durum	2,887	1,280	2,218	1,578	1,445	1,882	0.3
Russia	48,870	56,240	37,720	52,091	59,000	50,784	7.4
Ukraine	16,844	22,324	15,761	22,278	24,500	20,341	3.0
Other Soviet	22,675	36,421	24,321	29,504	28,100	28,204	4.1
Sub Total	287,525	320,159	309,012	339,766	333,344	317,961	46.3
Total World							
Total	640,559	695,773	658,041	715,359	723,384	686,623	100.0

Source: USDA

**Table 2. Harvested Area, Yields, and Production for Major Wheat Producing Countries/Regions**

	1970	1980	1990	2000	2010	2014	% Change
<b>Harvested Area</b> -----1,000 hectares-----							
Argentina	3,701	5,023	5,798	6,540	4,845	4,100	10.8
Australia	6,479	11,283	9,218	12,141	13,502	13,800	113.0
Canada	11,187	9,198	13,101	12,109	9,715	9,460	4.8
China	24,937	27,358	29,037	29,858	23,686	24,100	-17.4
EU	17,581	16,995	17,310	26,706	26,016	26,799	52.4
Russia			24,116	22,238	23,526	23,399	NA
Ukraine			6,591	6,064	5,862	6,300	NA
Other Soviet			16,338	15,043	16,696	16,940	NA
India	13,675	19,554	23,170	25,122	26,737	30,600	52.3
U.S.	20,324	22,286	26,493	24,829	20,403	18,770	-7.6
World	212,479	220,997	229,778	221,217	216,298	222,288	4.6
<b>Yield</b> -----metric tons/hectare-----							
Argentina	1.33	1.55	1.90	2.49	3.55	2.93	120.3
Australia	1.22	0.96	1.63	1.82	2.03	1.74	42.6
Canada	1.48	1.81	1.83	2.26	2.45	3.10	73.2
China	0.90	1.56	2.73	3.55	4.24	5.23	354.8
EU	2.59	3.97	5.15	4.97	5.25	5.81	124.3
Russia			1.77	1.70	2.04	2.23	NA
Ukraine			3.74	3.03	2.84	3.89	NA
Other Soviet			1.28	1.29	1.28	1.66	NA
India	0.90	1.36	1.85	2.44	2.73	3.13	158.7
U.S.	1.77	2.25	2.41	2.60	2.80	2.94	55.8
World	1.26	1.68	2.13	2.57	2.83	3.25	119.6
<b>Production</b> -----1,000 metric tons-----							
Argentina	4,922	7,786	11,016	16,285	17,200	12,000	144.1
Australia	7,904	10,832	15,025	22,097	27,409	26,500	203.8
Canada	16,153	16,626	24,073	27,415	23,764	29,300	81.6
China	22,492	42,718	79,238	106,119	100,504	126,000	275.5
EU	45,598	67,390	89,095	132,729	136,667	155,505	214.4
Russia			42,583	37,752	47,900	59,000	NA
Ukraine			24,785	18,347	16,656	24,500	NA
Other Soviet			17,573	16,255	25,268	28,100	NA
India	12,326	26,607	42,959	61,177	72,978	95,910	293.9
U.S.	36,795	64,798	74,292	60,641	60,062	55,135	43.9
World	267,528	371,075	489,283	568,283	611,744	723,384	129.7

Source: USDA

# Expected price trend forward

## World wheat production

	14/15		15/16	
	Jan	Feb	Jan	Feb
	US	55.15	55.15	55.84
EU-27	156.53	156.53	157.98	157.98
Canada	29.42	29.42	27.60	27.60
Australia	23.67	23.67	26.00	26.00
Argentina	12.50	12.50	10.50	11.00
China	126.21	126.21	130.19	130.19
FSU	112.73	112.73	117.53	117.53
India	95.85	95.85	88.94	88.94
Pakistan	25.50	25.50	25.48	25.48
Other	88.35	88.35	95.33	95.21
World	725.91	725.91	735.39	735.77

## World wheat S & D

	14/15		15/16	
	Jan	Feb	Jan	Feb
	Carry In	194.03	194.03	212.79
Production	725.91	725.91	735.39	735.77
Imports	158.82	158.80	159.67	161.27
Domestic	707.15	705.43	716.14	711.41
Exports	164.40	164.42	161.56	163.13
End Stocks	212.79	214.51	232.04	238.87