

The background of the slide is a photograph of rolling green hills under a clear sky. A small, blue and white biplane is flying across the middle of the frame, leaving a white contrail. The hills are covered in lush green grass, and there are some trees scattered across the landscape. The lighting suggests it might be early morning or late afternoon, with soft shadows.

Farm Bill Update and Wheat Market Outlook

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Work supported by the Washington Grain Commission

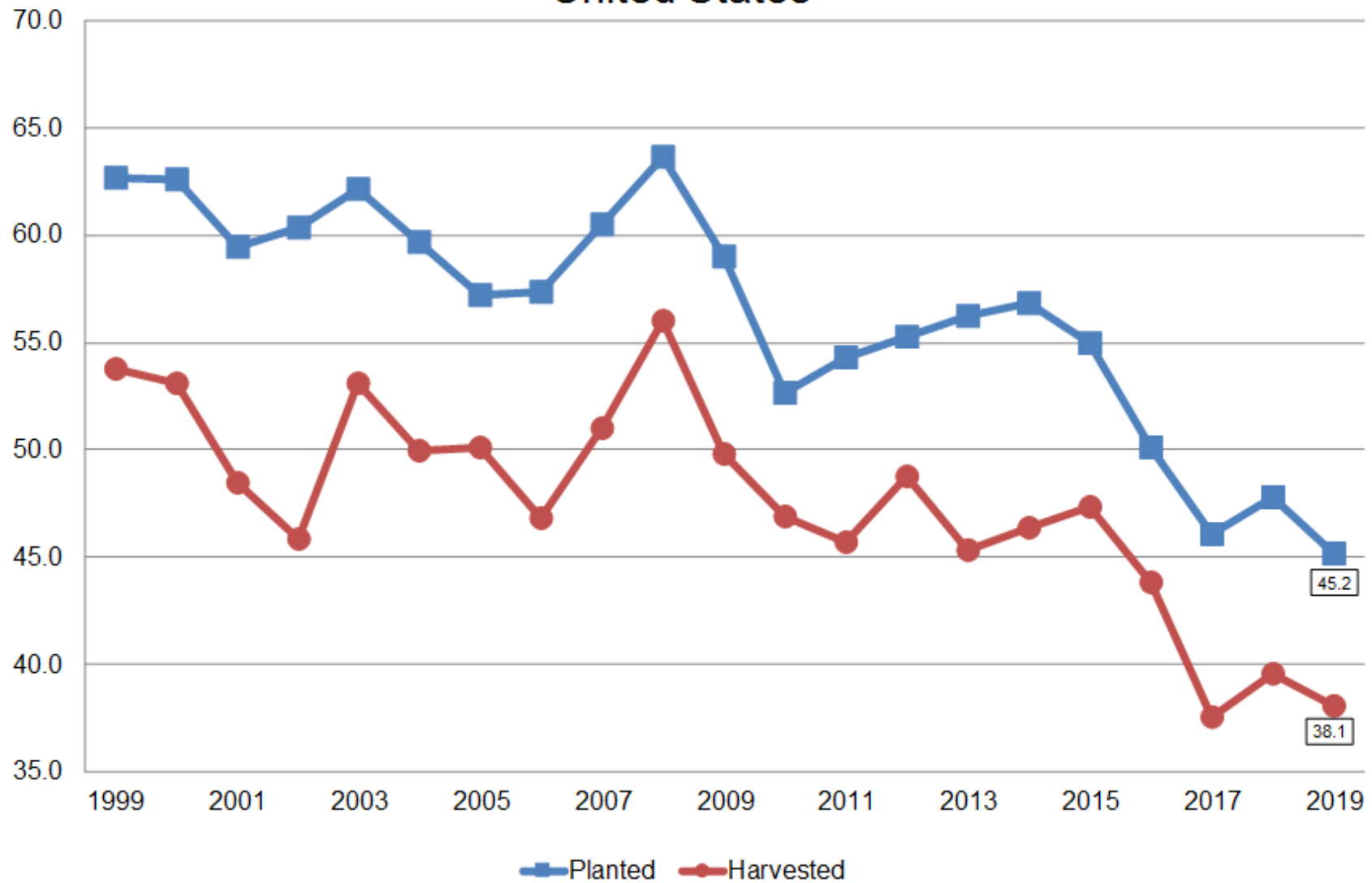
Based on Nov WASDE - USDA

Marketing Year	USDA 12/13	USDA 13/14	USDA 14/15	USDA 15/16	USDA 16/17	USDA 17/18	U Ja 1
Beg Stocks	743	718	590	752	976	1,181	
Imports	123	169	151	113	118	157	
Acres Planted	55.7	56.2	56.8	55	50.1	46.1	
Acres Harvested	48.9	45.3	46.4	47.3	43.8	37.6	
% Harvested	87.8%	80.6%	81.7%	86.0%	87.4%	81.6%	
Yield	46.3	47.1	43.7	43.6	52.7	46.4	
Production	2266	2,135	2,026	2,062	2,309	1,741	
Total Supply	3,131	3,021	2,768	2,927	3,402	3,080	
Food	945	951	958	957	949	964	
Seed	73	77	79	67	61	63	
Feed and Residual	384	228	114	149	160	47	
Exports	1,012	1,176	864	778	1,051	906	
Total Demand	2,414	2,432	2,015	1,951	2,222	1,981	



All Wheat Acres United States

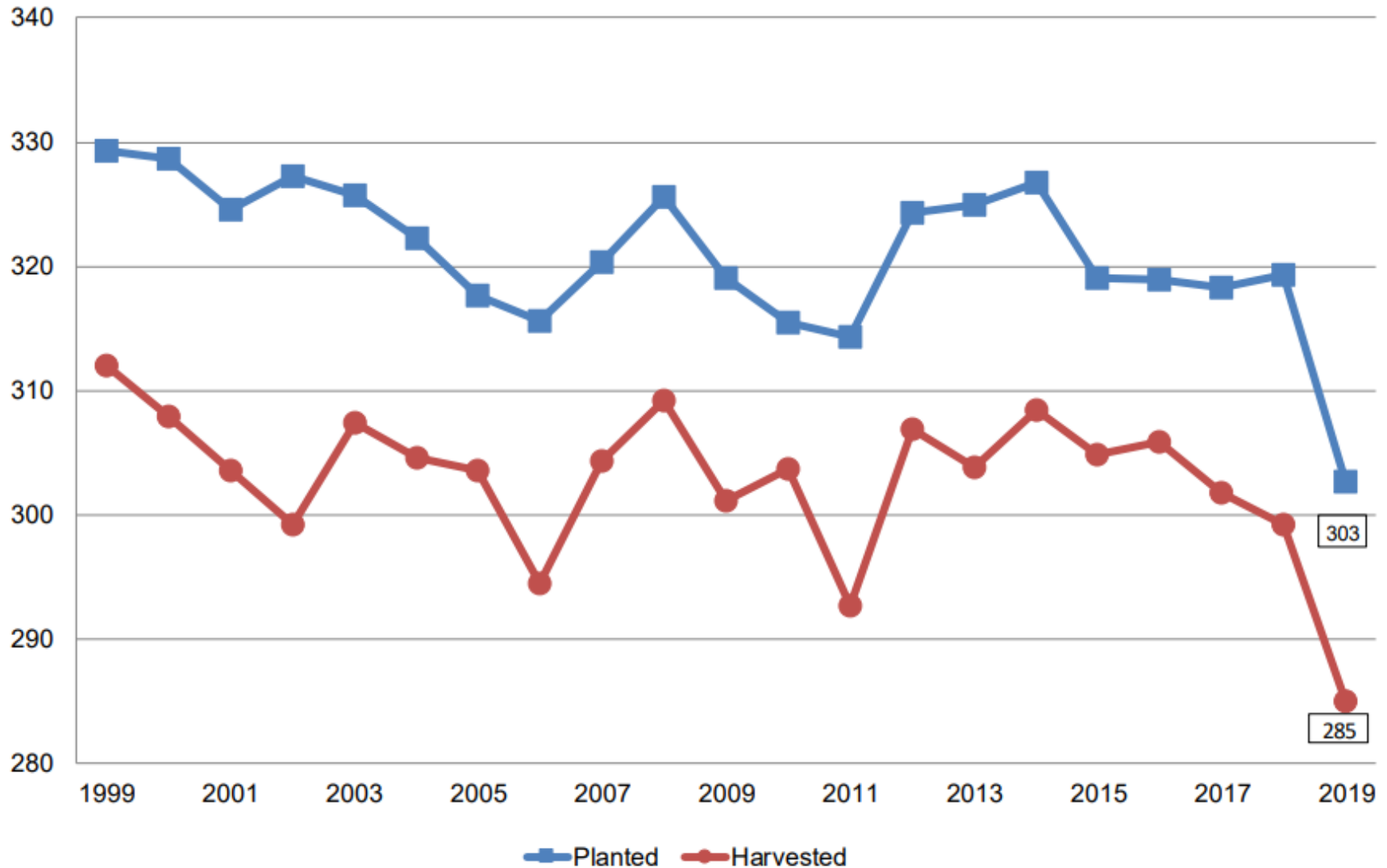
Million Acres



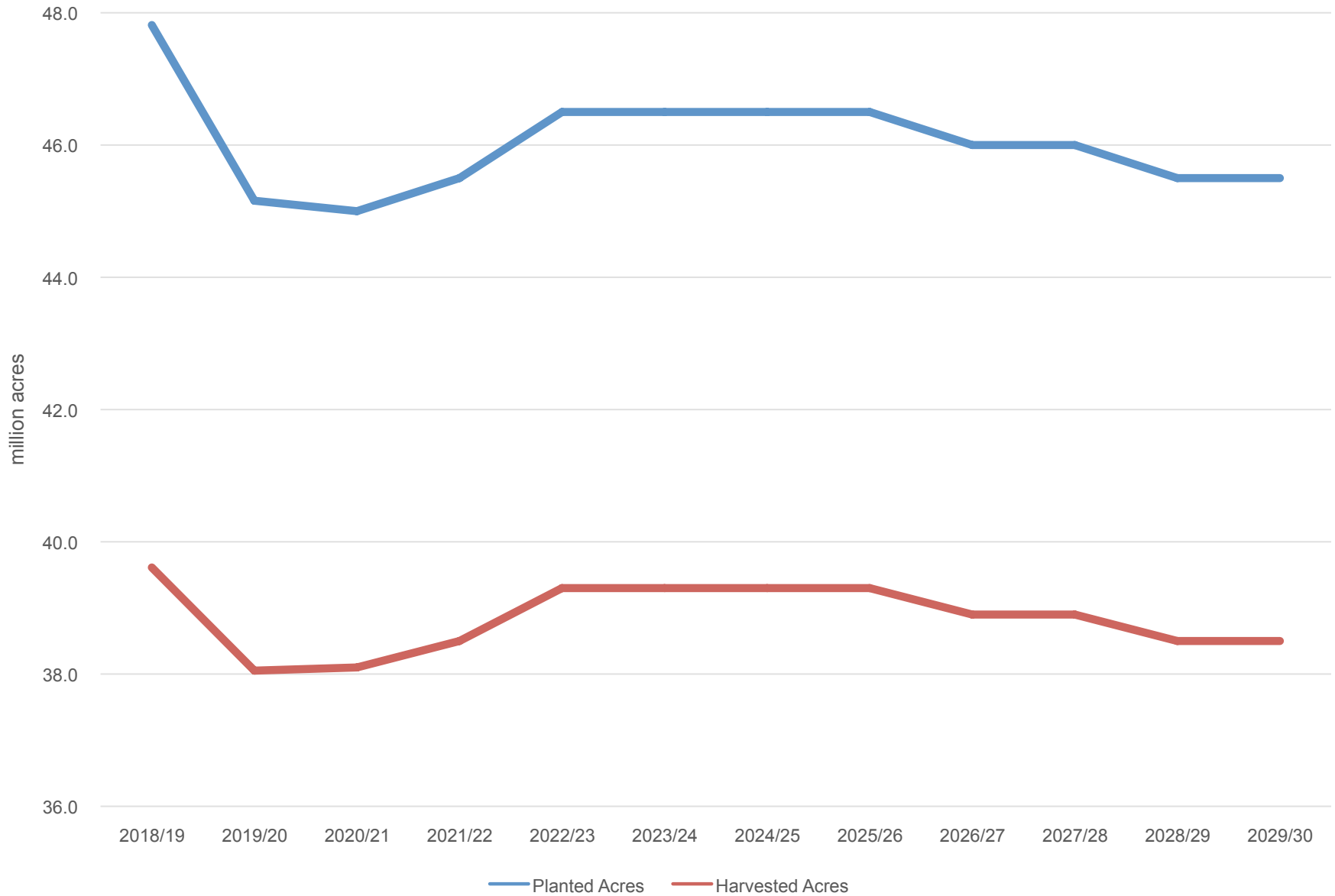


Principal Crops United States

Million Acres



U.S. Wheat Acres

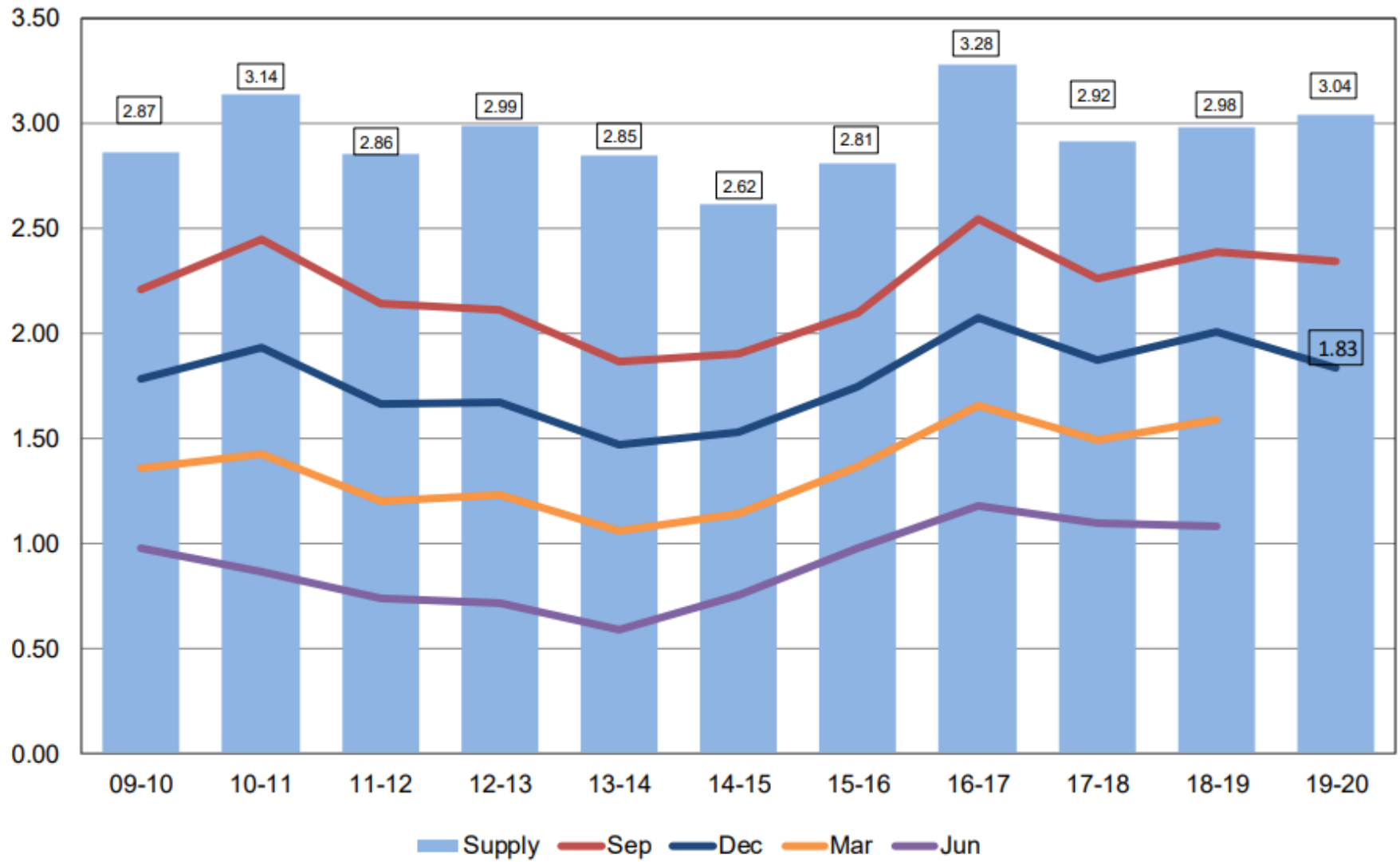


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All Wheat Stocks United States

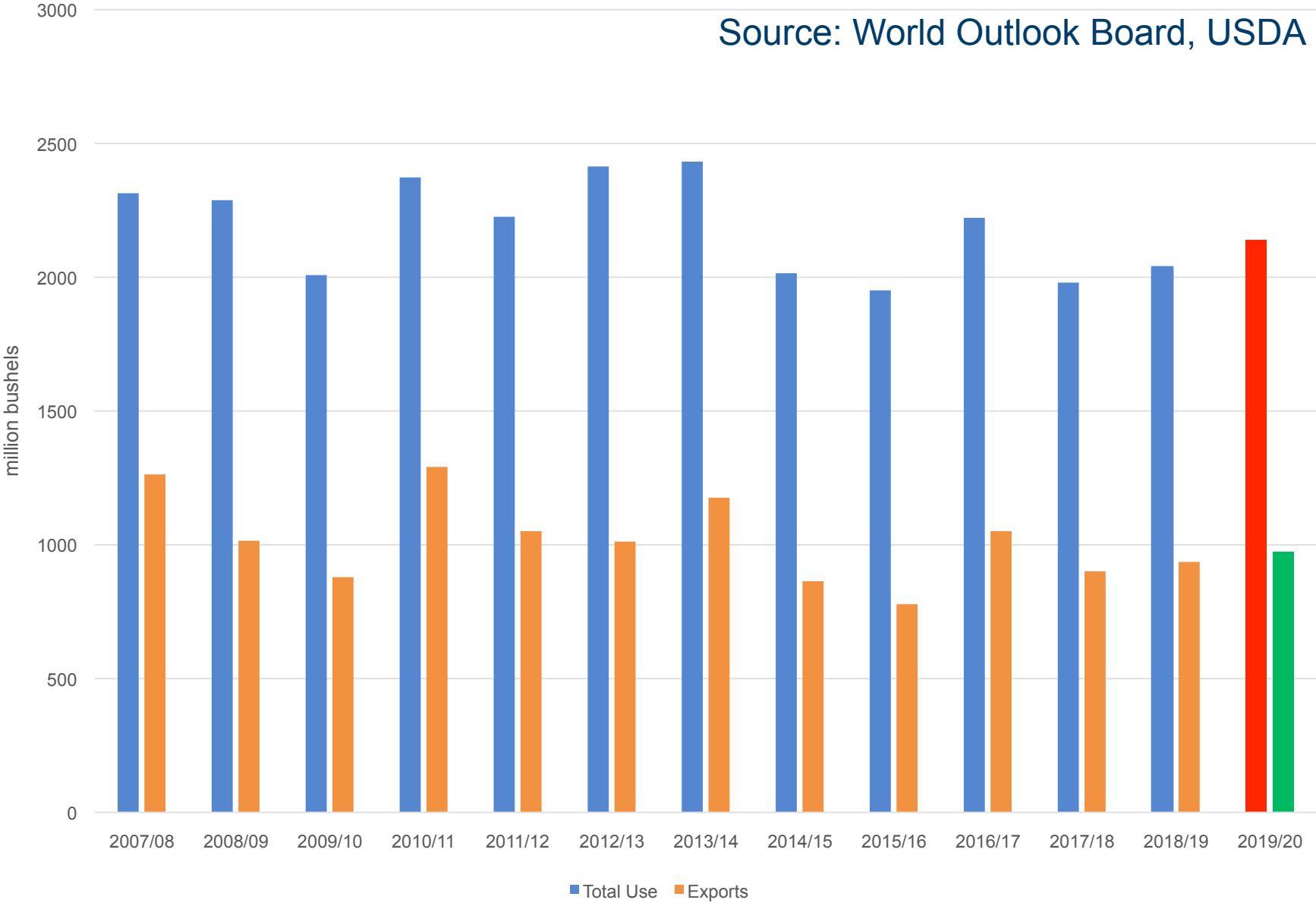
Billion Bushels



USDA-NASS
1-10-20

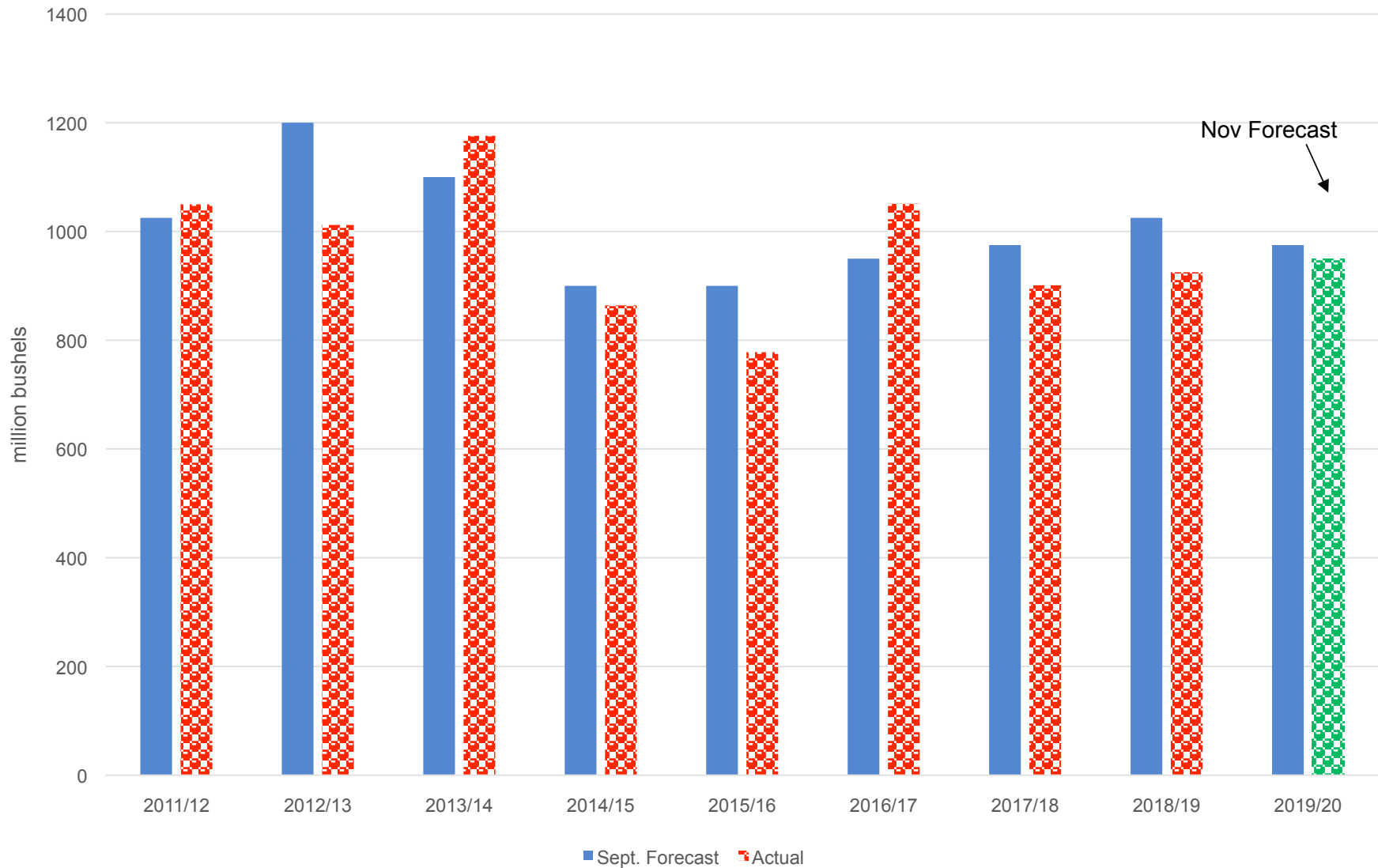
Demand for U.S. Wheat

Source: World Outlook Board, USDA



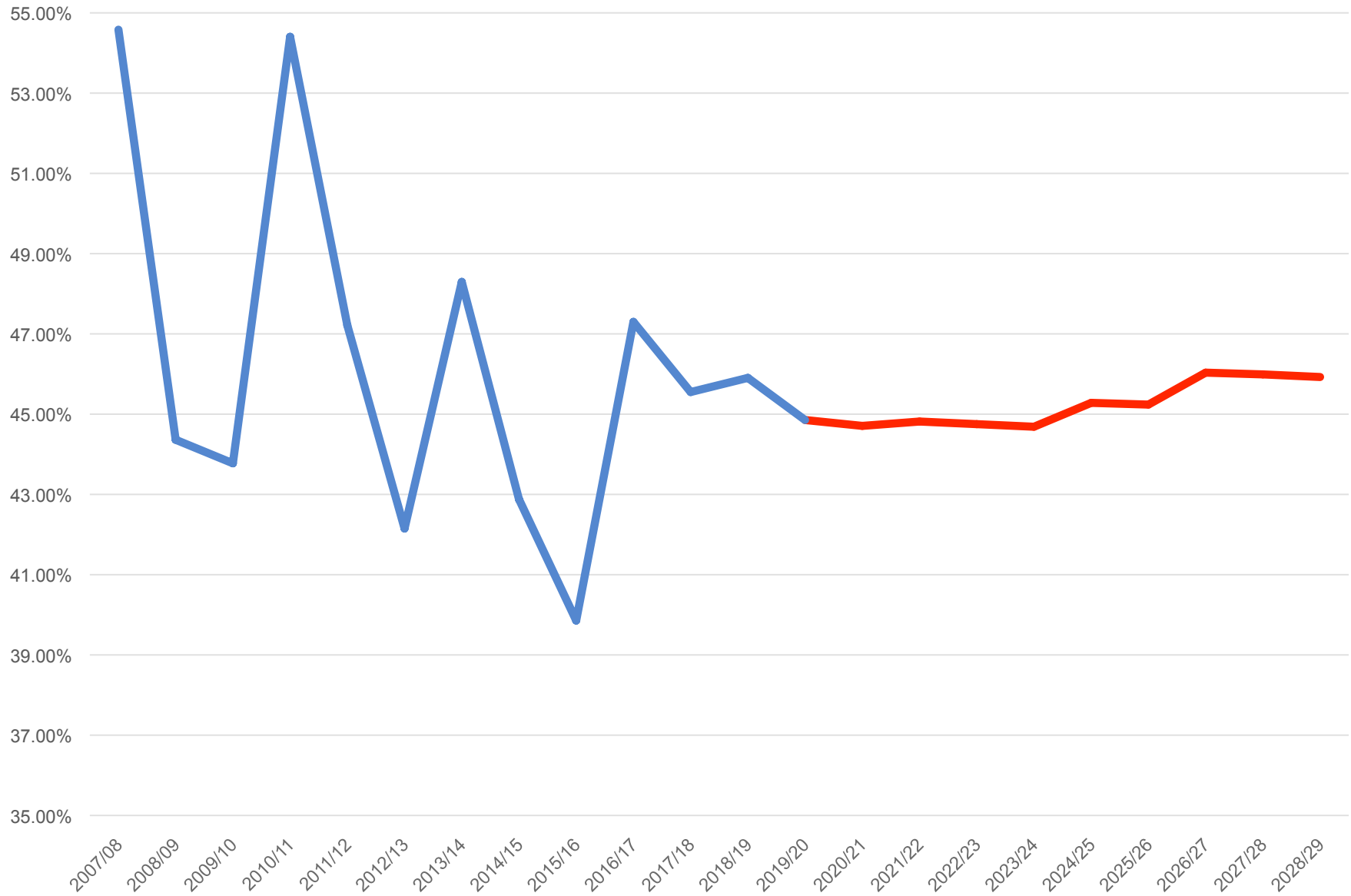
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U.S. Wheat Exports - World Outlook Board Forecasts



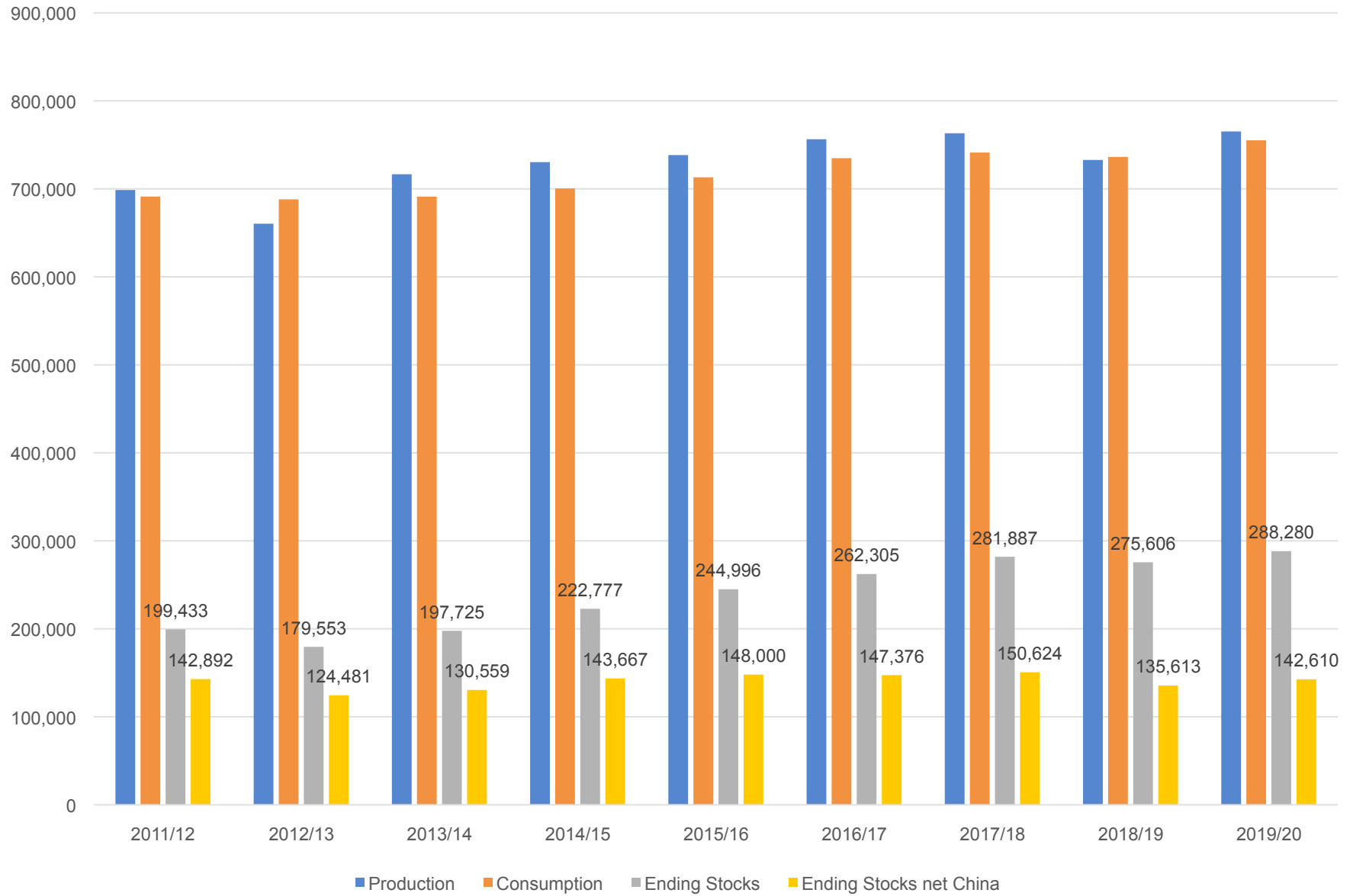
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U.S. Wheat Exports as a Percent of Total Use



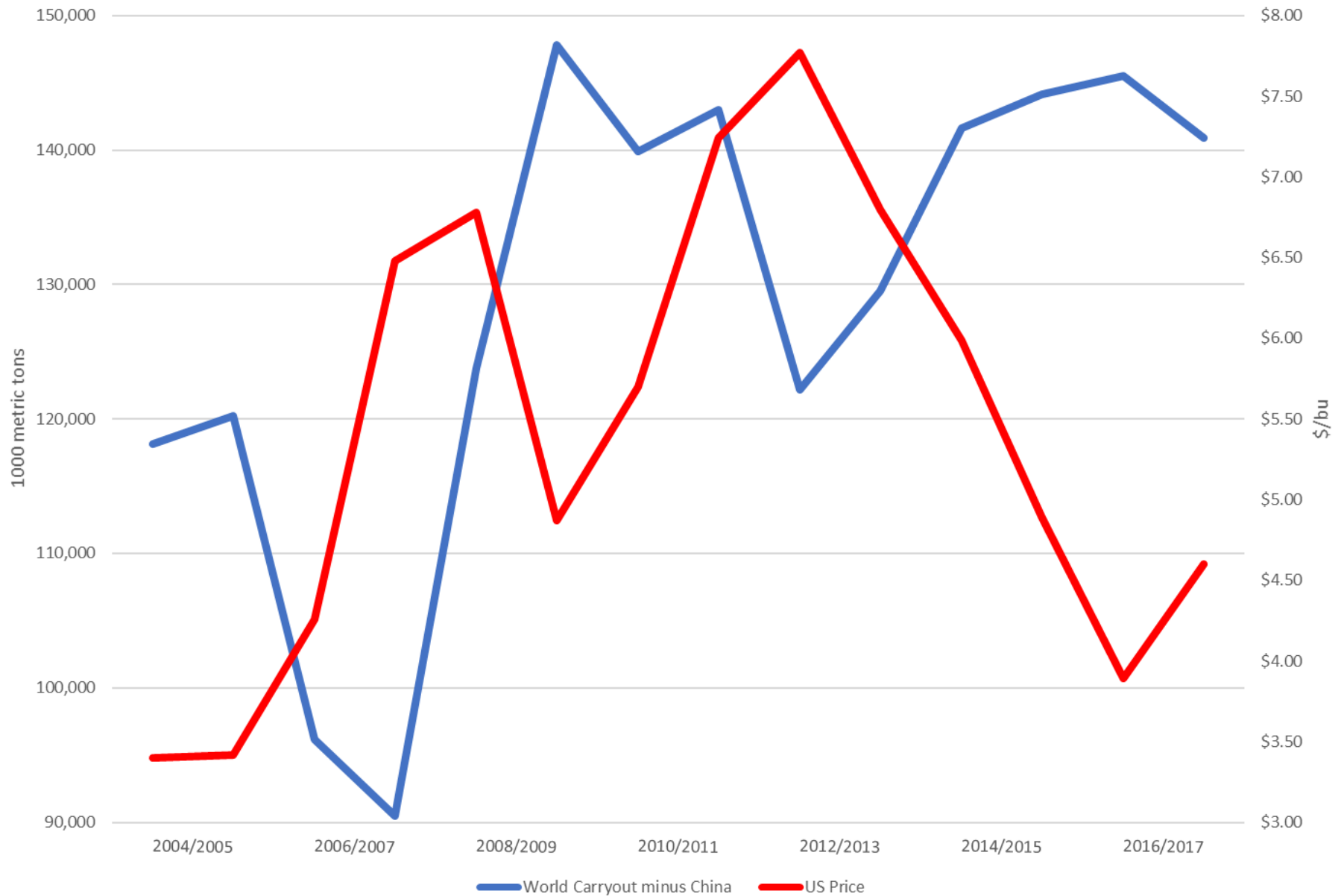
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World Wheat



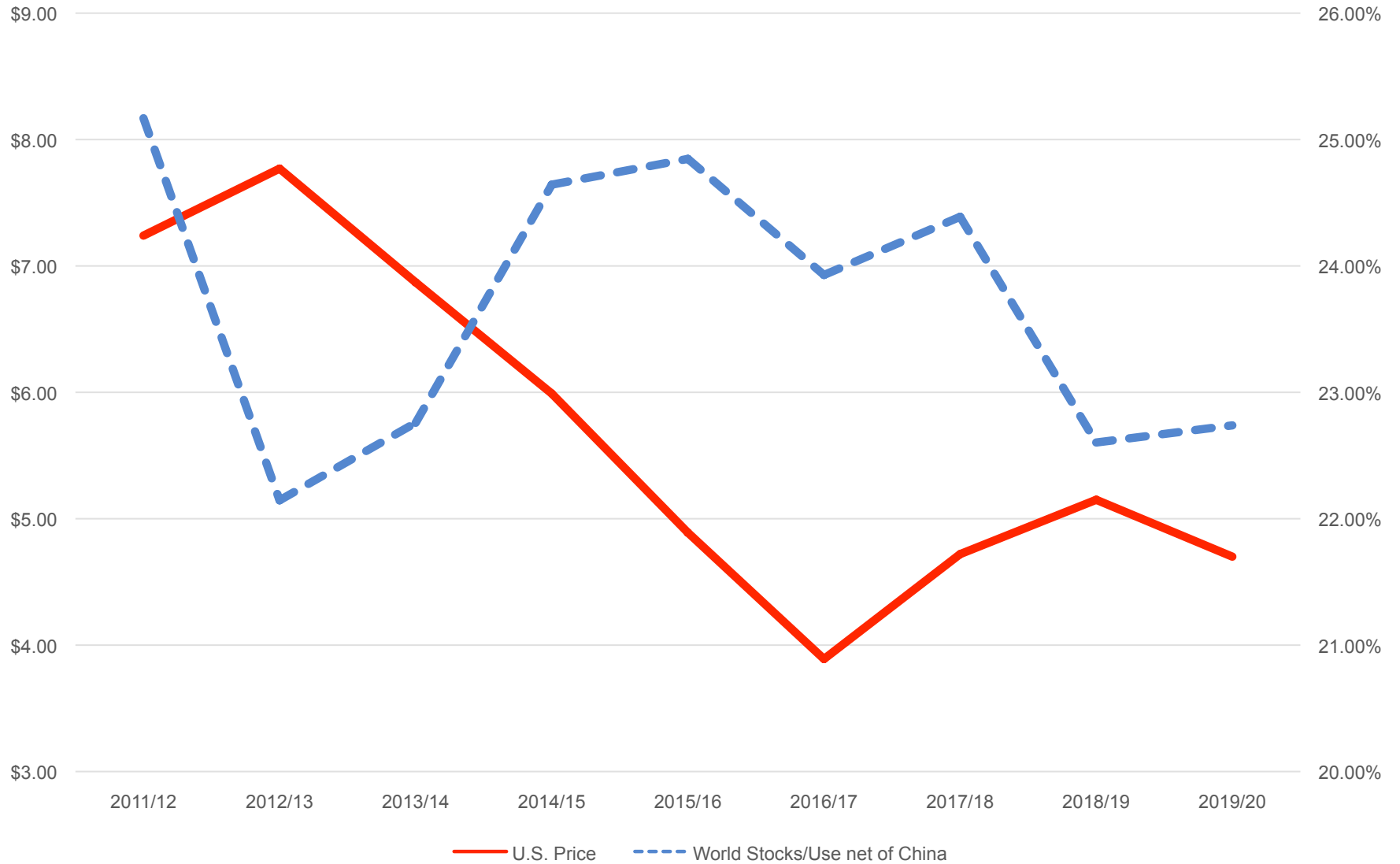
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Tradable World Wheat Carryout vs. U.S. Wheat Price



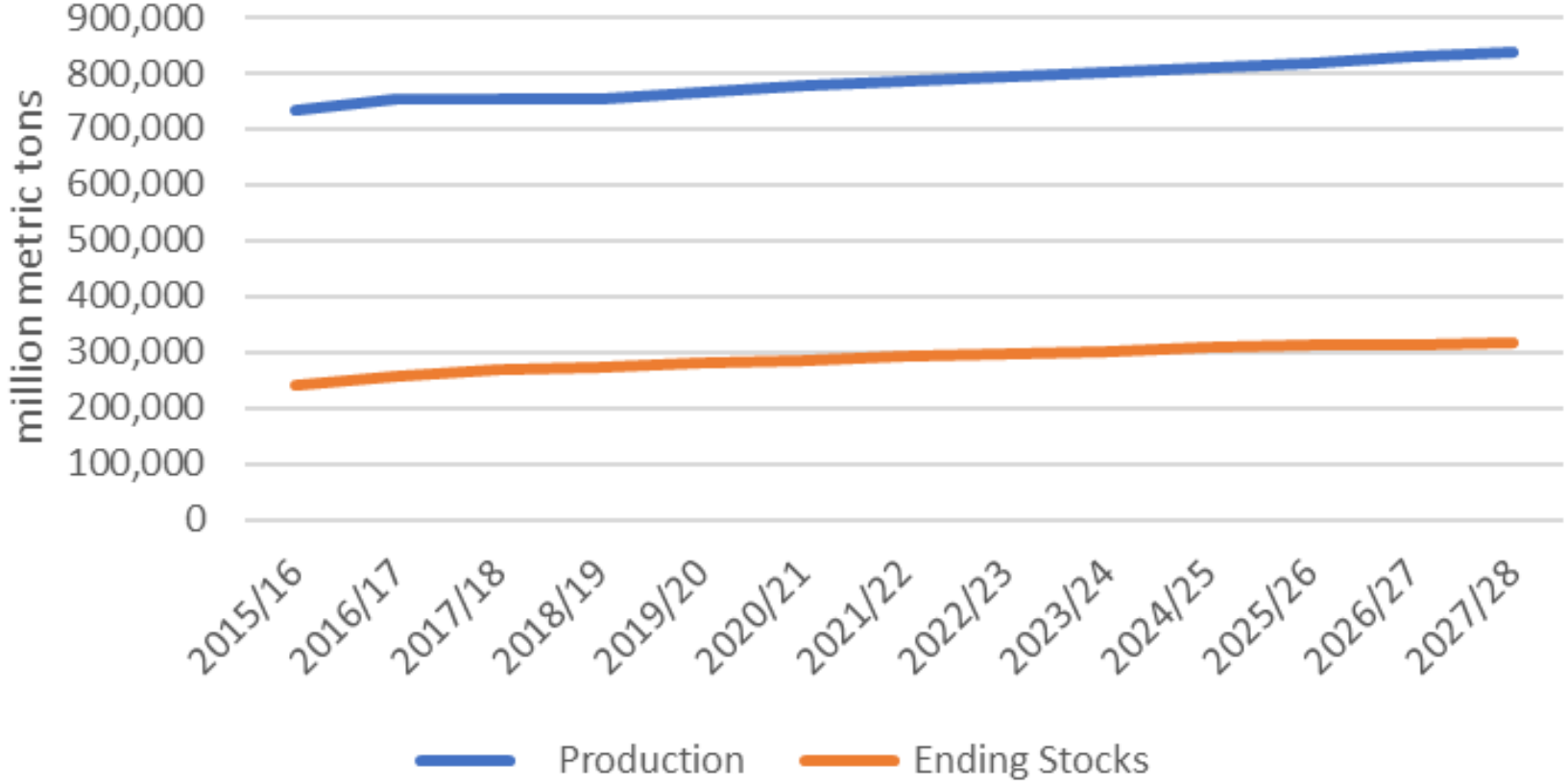
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Tradeable World Wheat Stocks to Use vs. U.S. Price



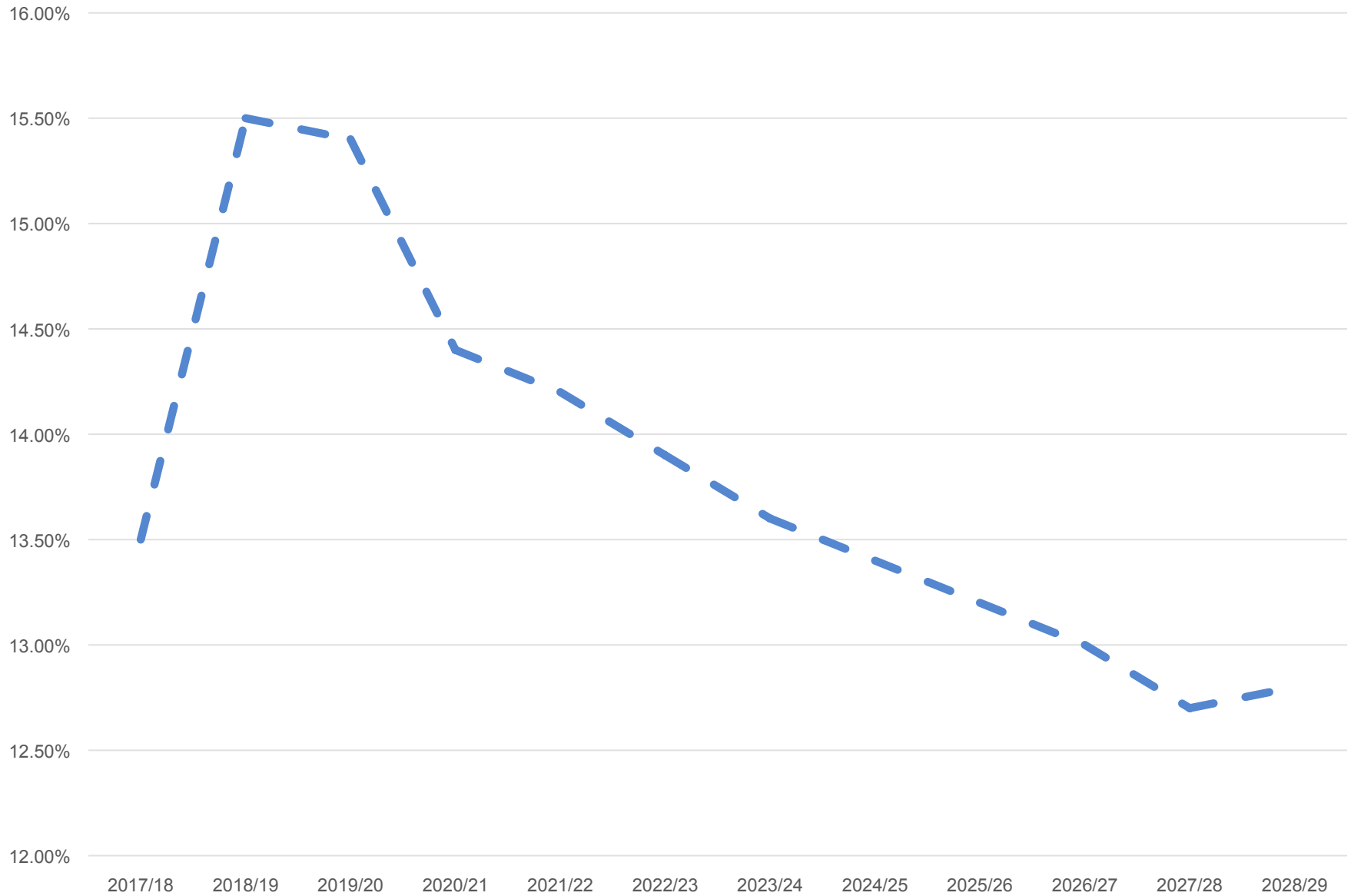
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World Wheat Projections



Source: USDA Economic Research Service

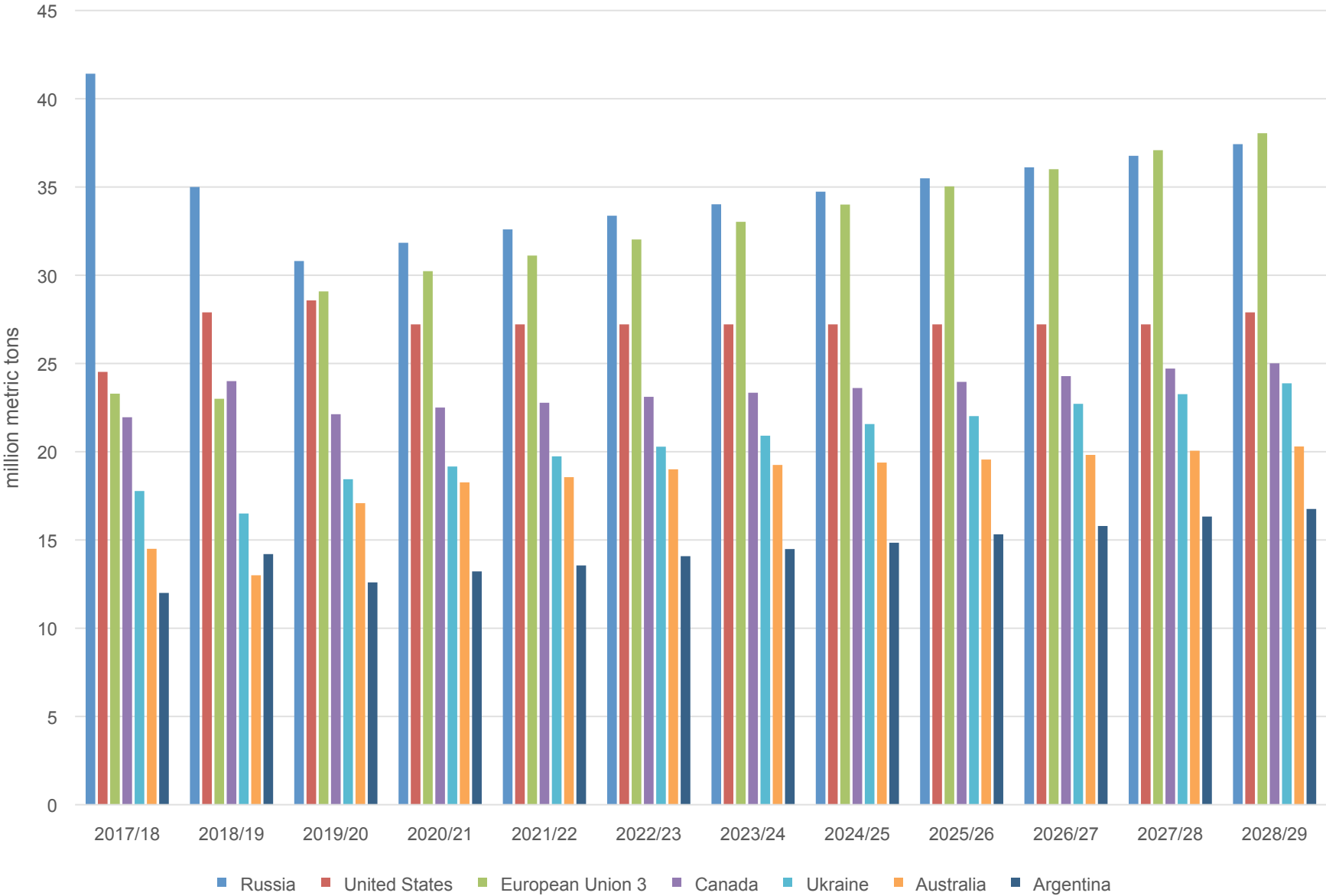
U.S. Share of World Wheat Exports



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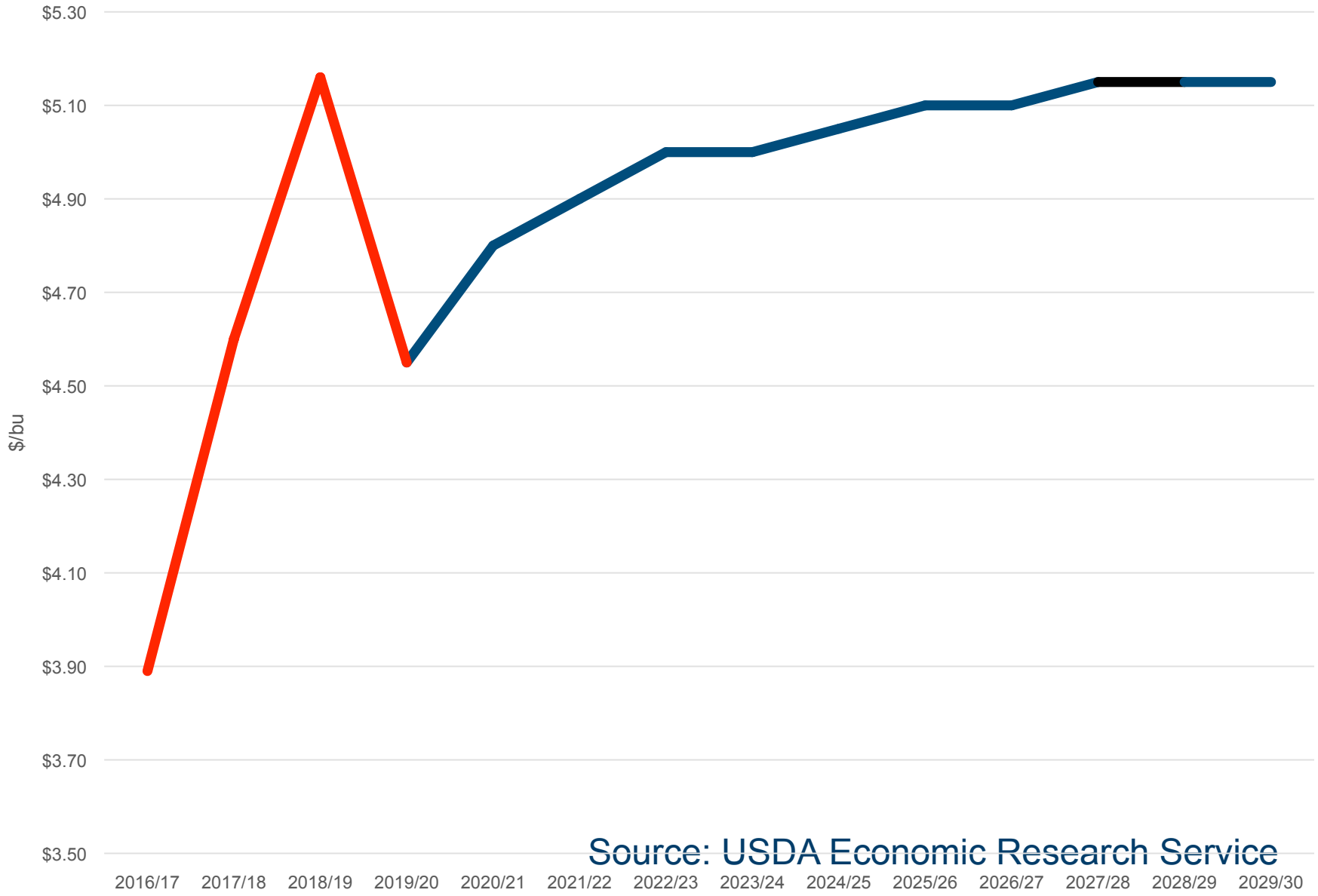


Wheat Exports



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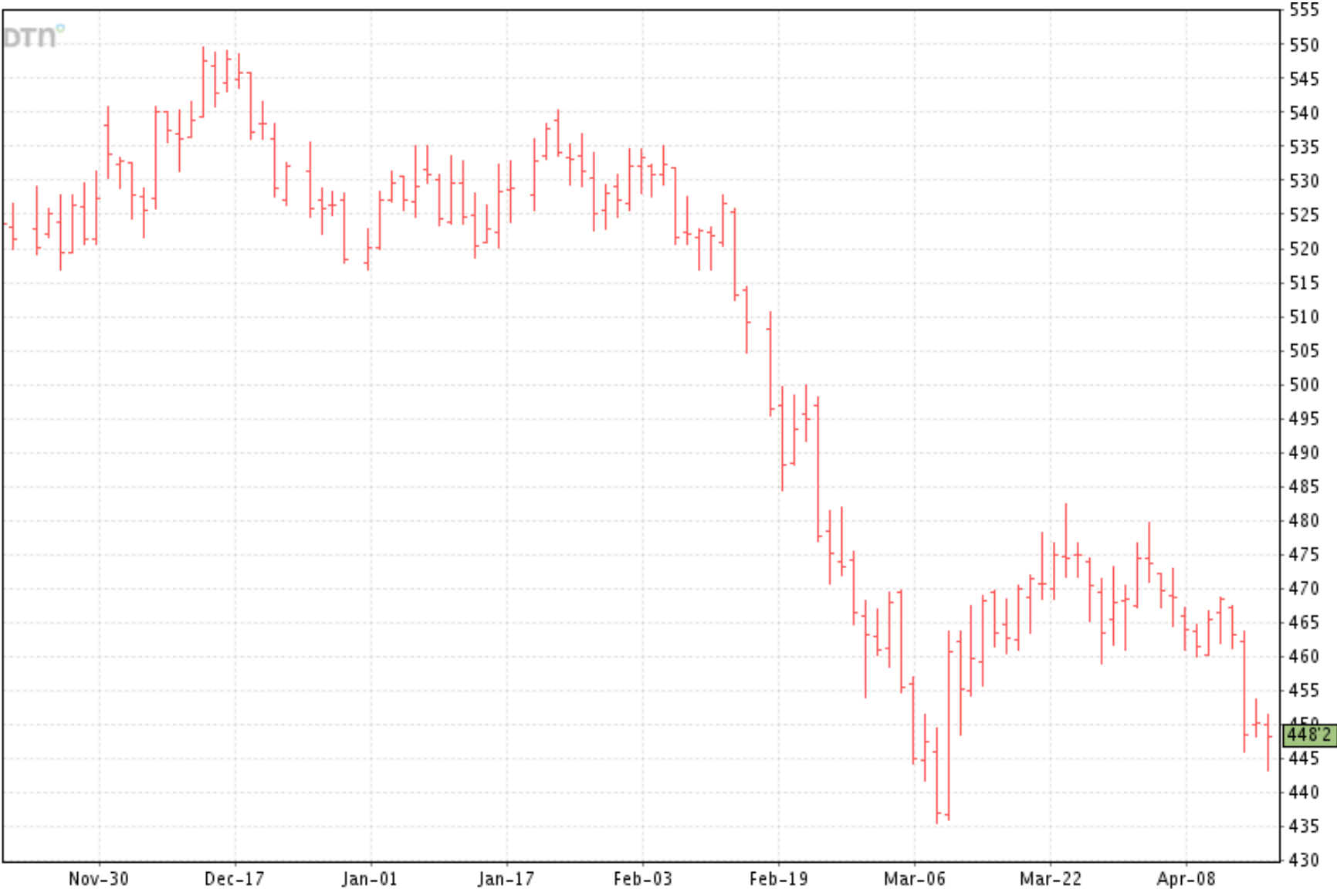
U.S. Wheat Price



Source: USDA Economic Research Service

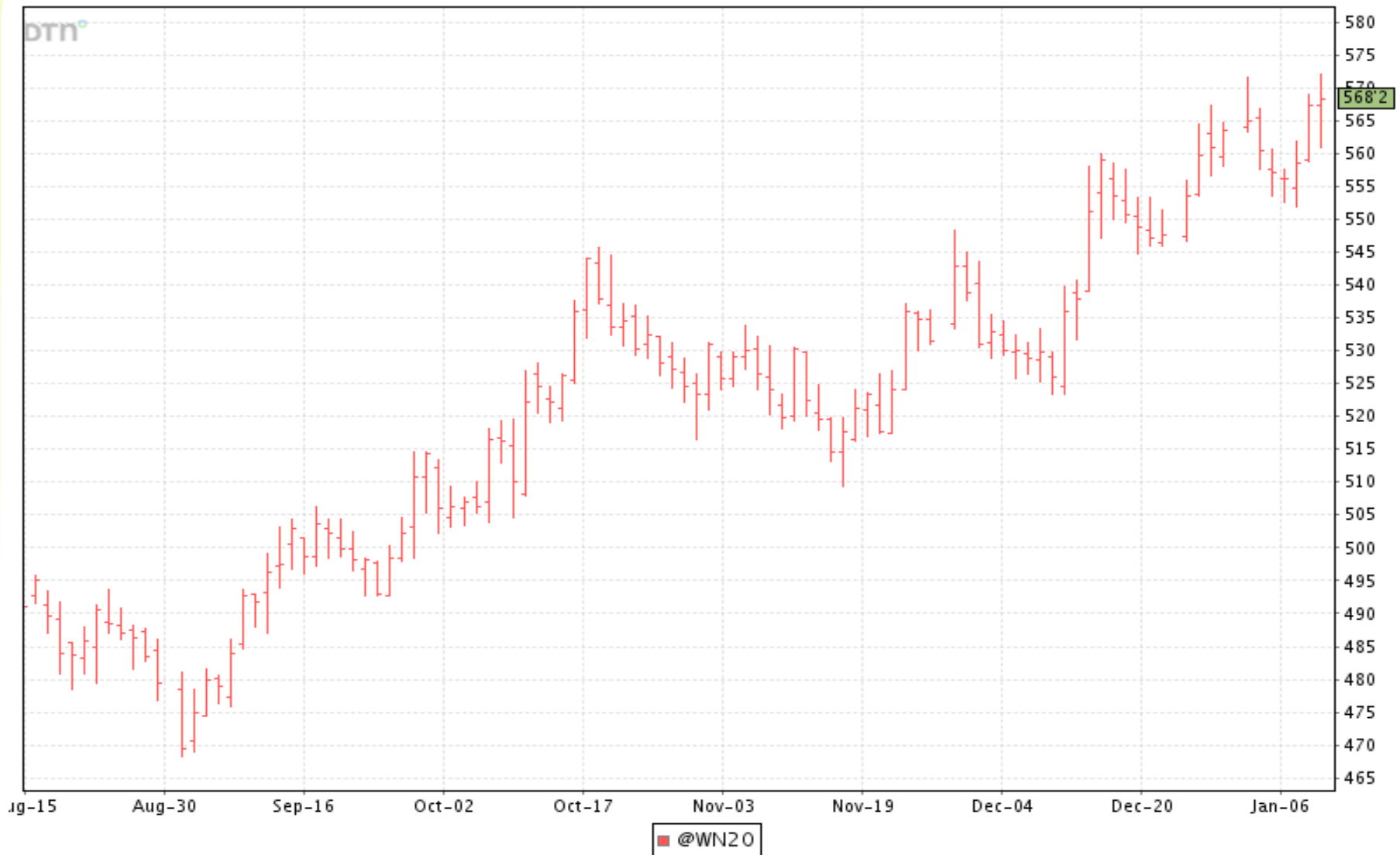
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July 2019 Soft Red Futures



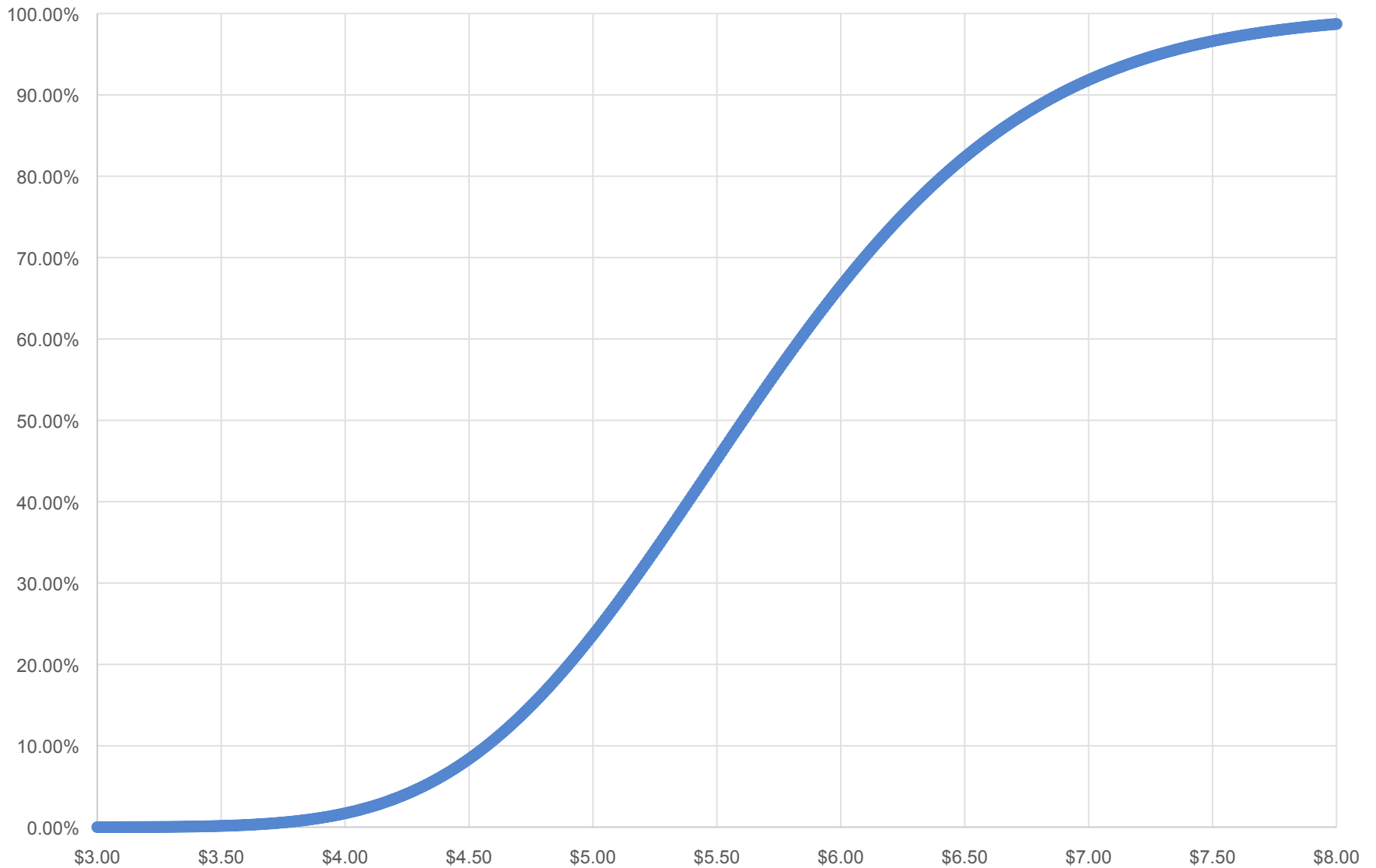
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July 2020 Soft Red Wheat Futures



Work supported by the Washington Grain Commission

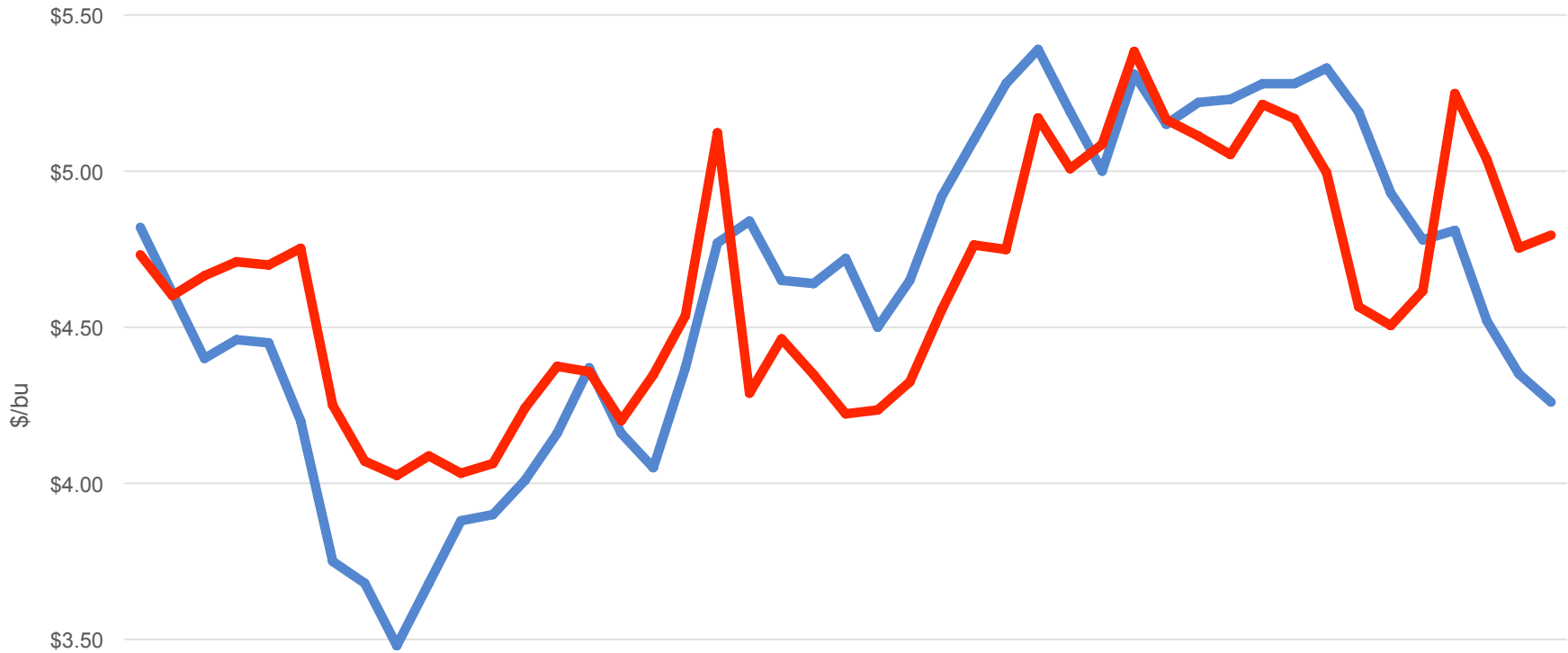
Probability Final Price Equal or Less Than Futures Price on Horizontal Axis



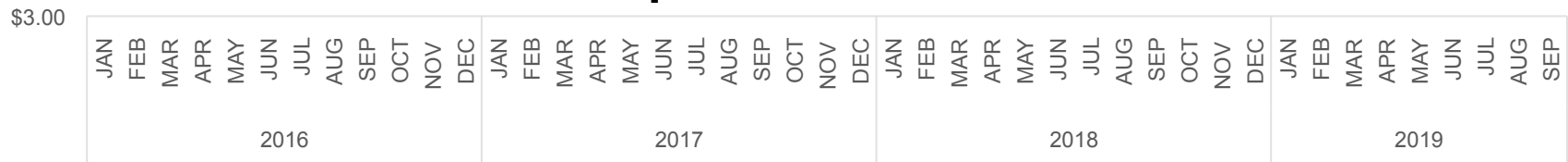
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National Average Wheat Cash Price vs. Nearby Wheat Futures



Implies a June 2020 Cash Price of about \$5.44



— Cash Price — Nearby Futures Price

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Conclusions

- Current export activity suggests USDA may have a better handle on marketing year exports this year compared to the last few.
- World wheat carryout will likely return to year-over-year increases, and this puts pressure on domestic prices.
- Despite that, current market sentiment seems to suggest the USDA's current marketing year price may be too pessimistic.
- None-the-less most wheat producers in Washington will probably elect PLC for the first two years of the 2019 Farm Bill program..



Thanks

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