



2012 U.S. Perspective on the World Wheat Situation

Antalya, Turkey ♦ 30 March 2012

Turkish Flour Industrialists' Federation Congress

Vince Peterson
V.P. of Overseas Operations



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World Wheat Situation

European
Economy

Oil and Energy
Markets

Black Sea Wheat
Situation

CONFUSED

UNCLEAR

DISORIENTED

LOST

UNSURE

PERPLEXED

BEWILDERED

Equity and
Financial Markets

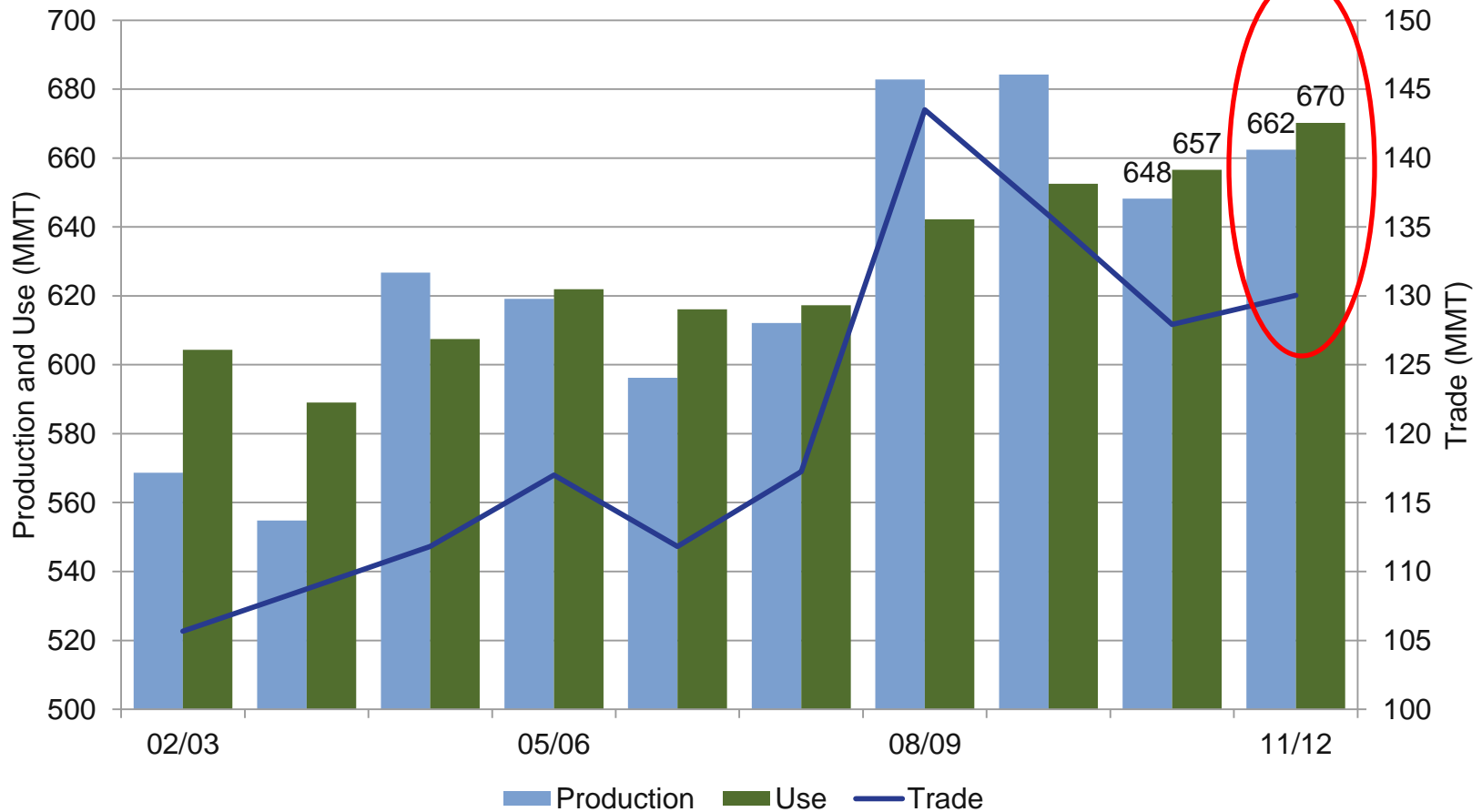
Corn and Feed
Prices

Mid-East Political
Changes

USA Economy

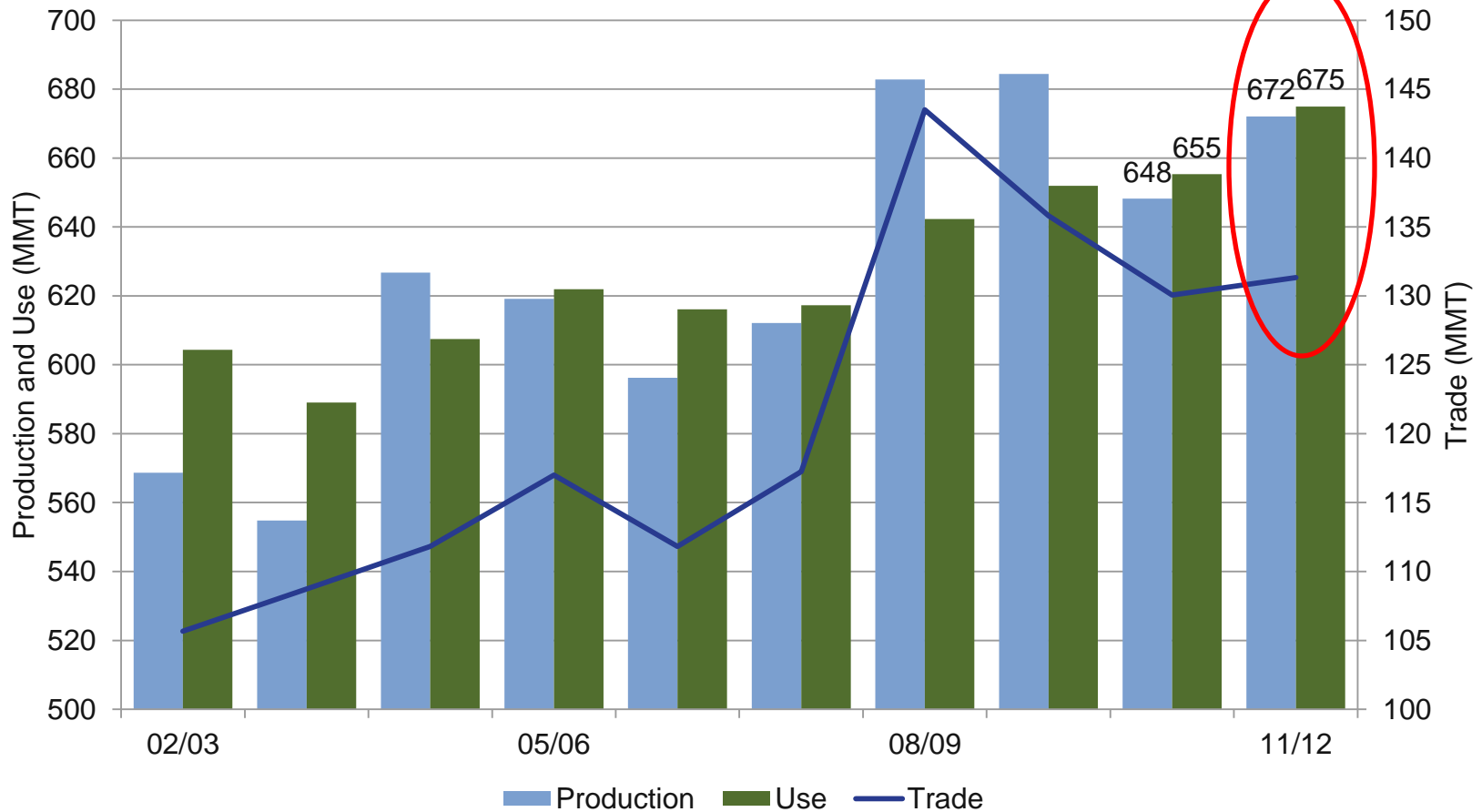
World Wheat Production, Use and Trade

July 2011



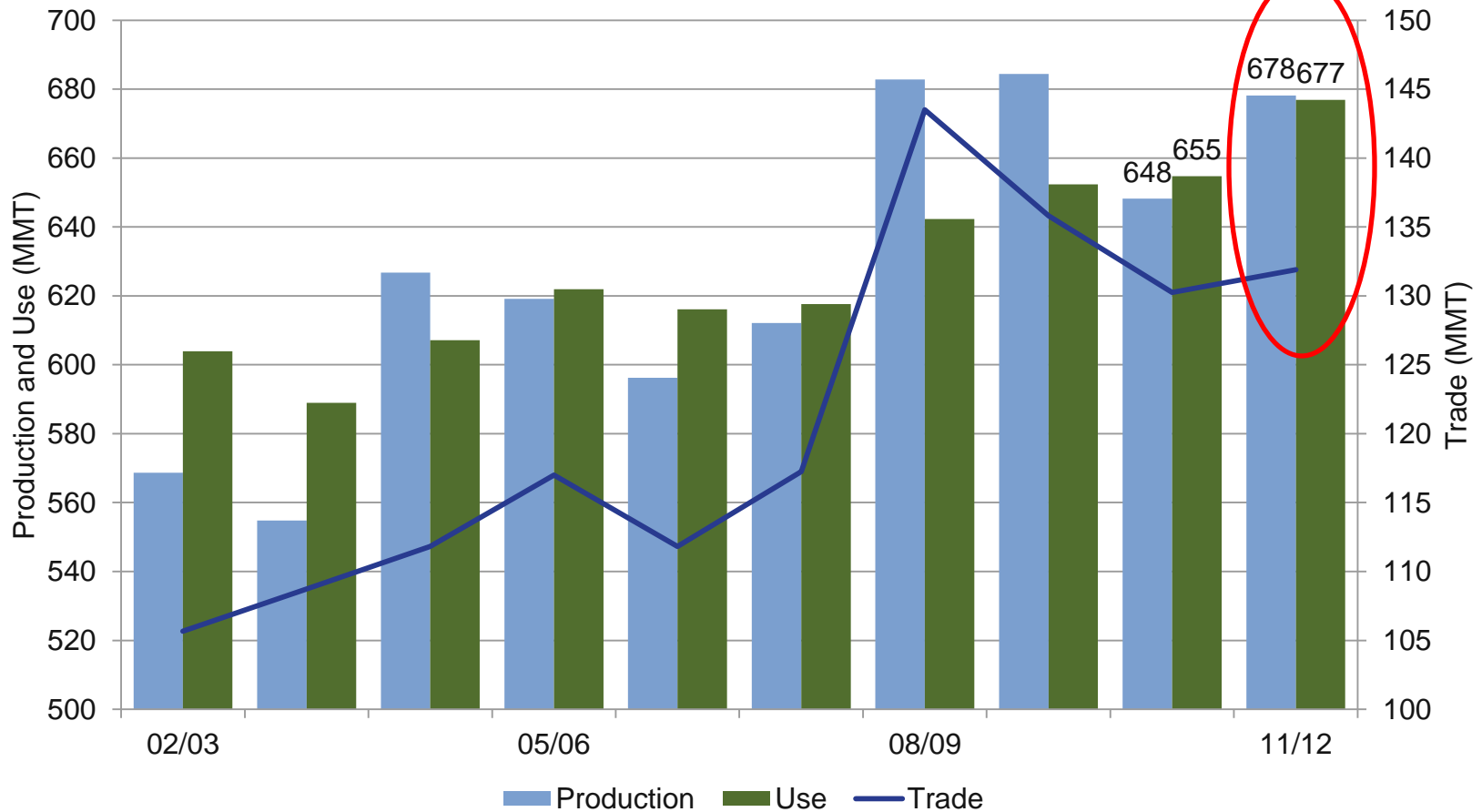
World Wheat Production, Use and Trade

August 2011



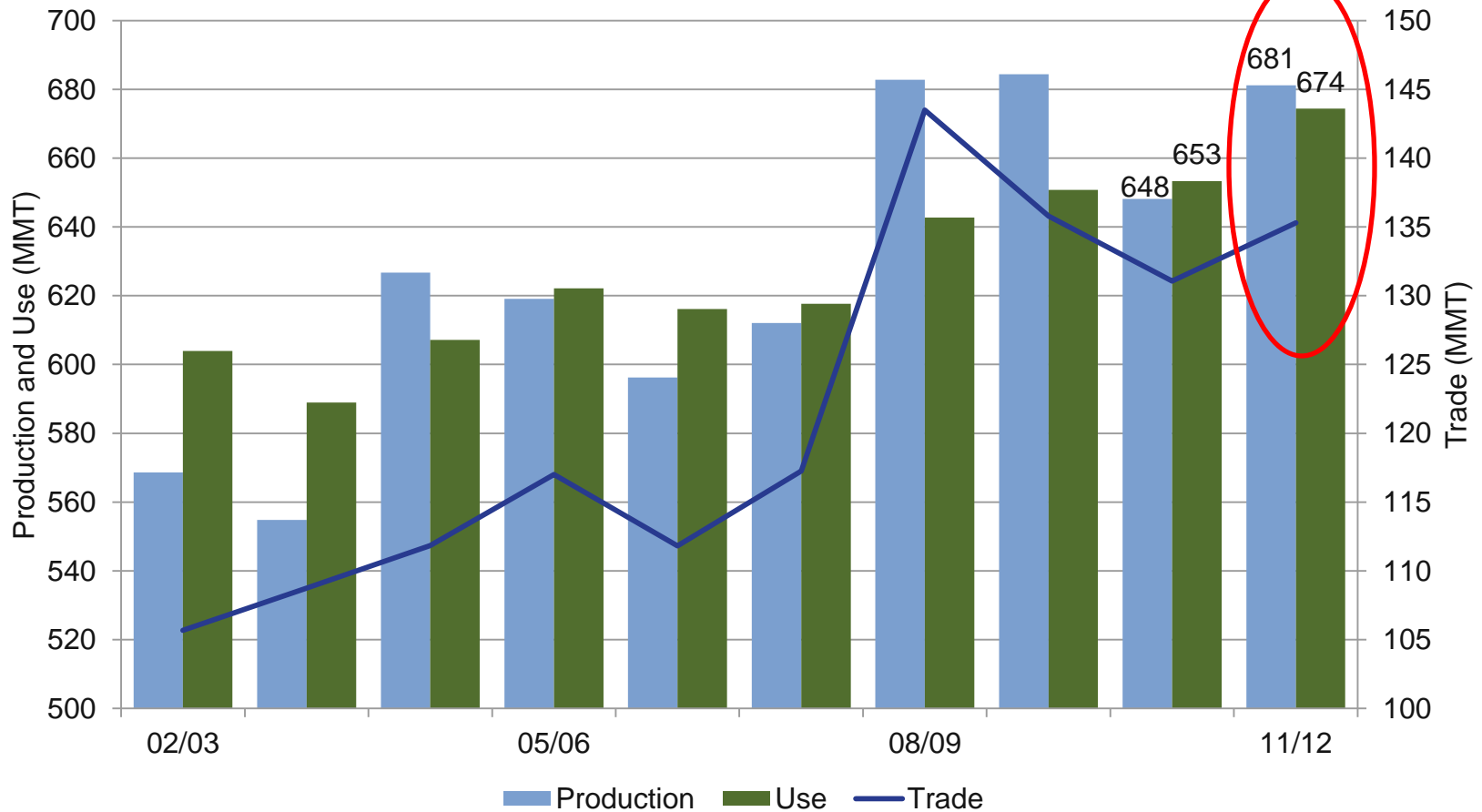
World Wheat Production, Use and Trade

September 2011



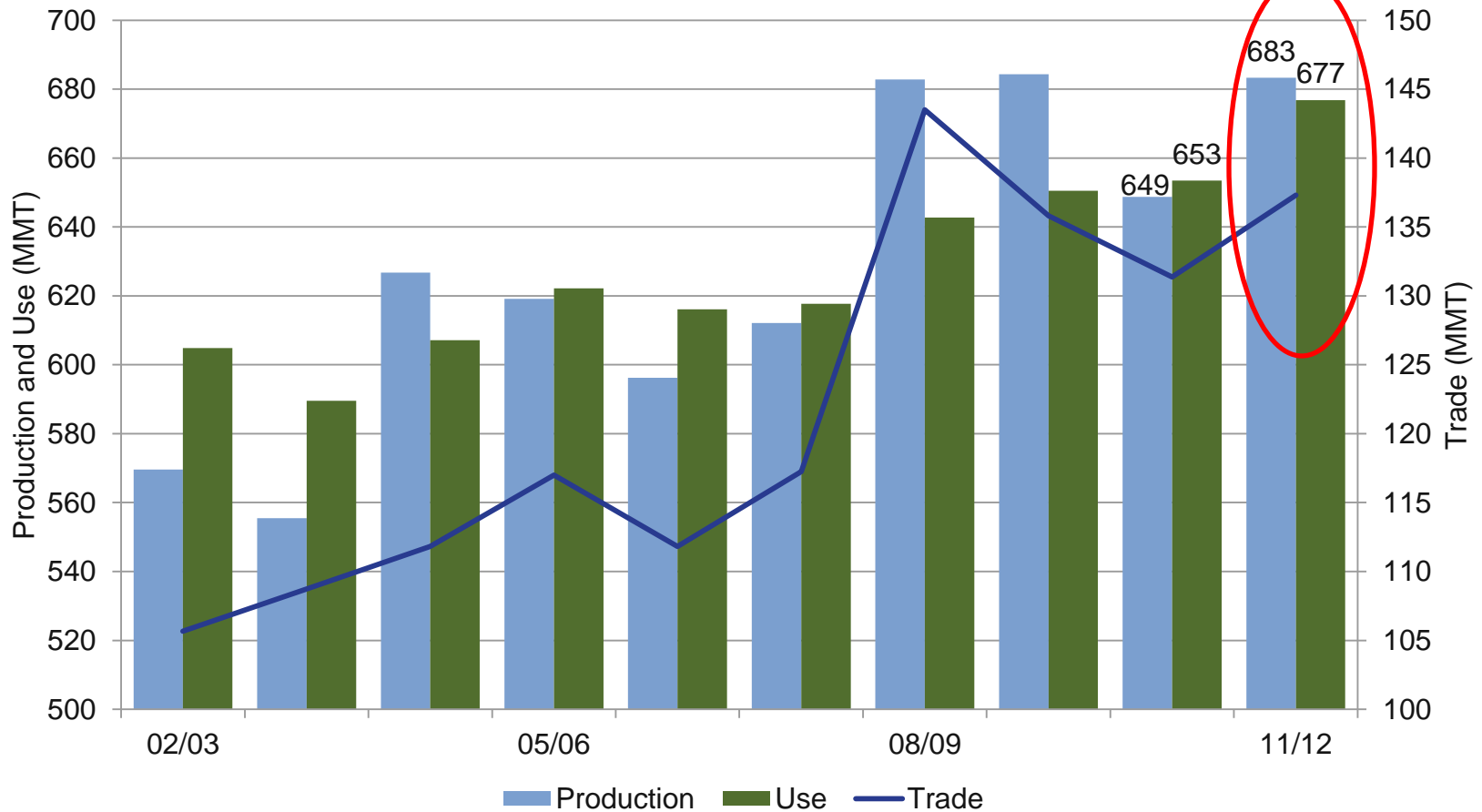
World Wheat Production, Use and Trade

October 2011



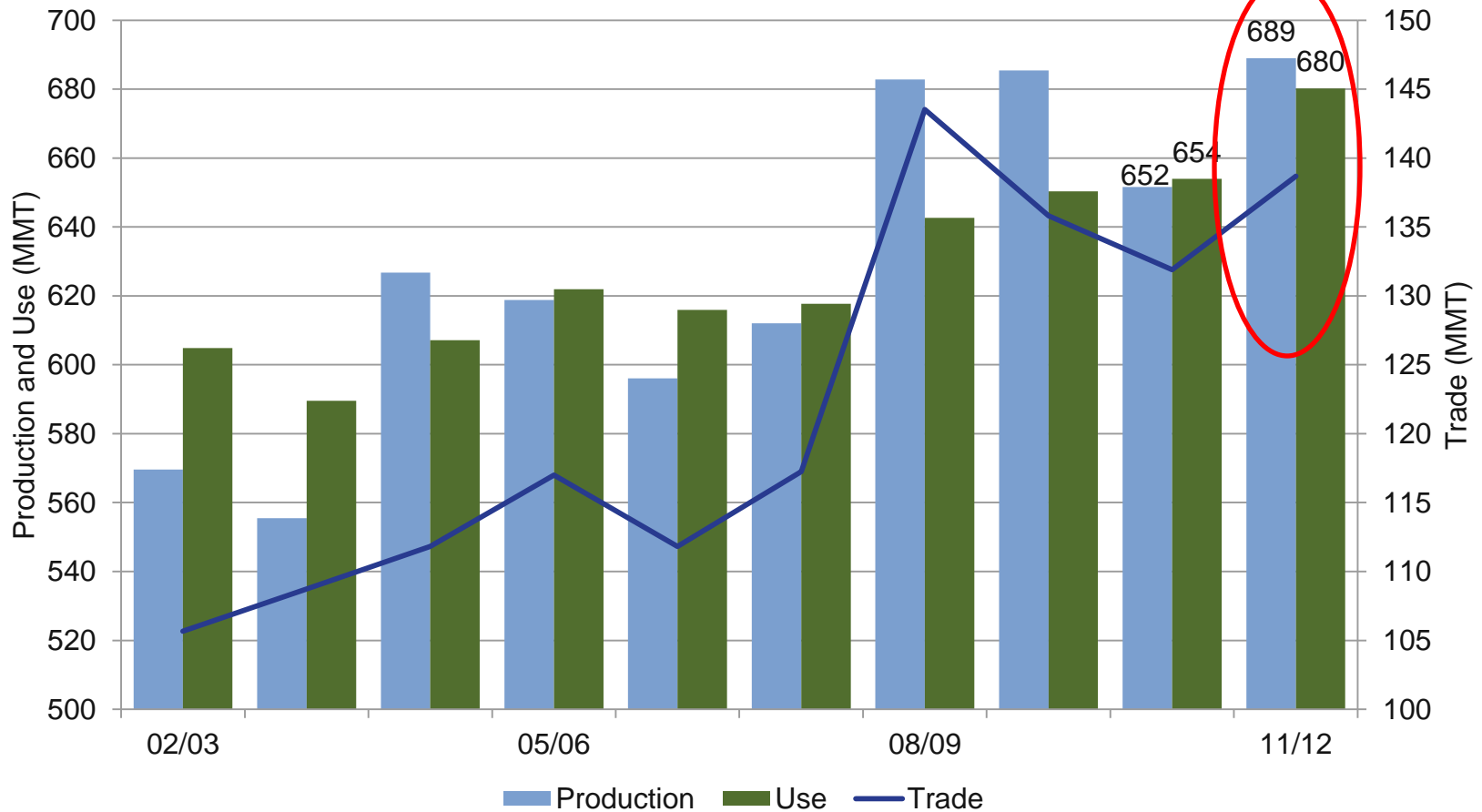
World Wheat Production, Use and Trade

November 2011



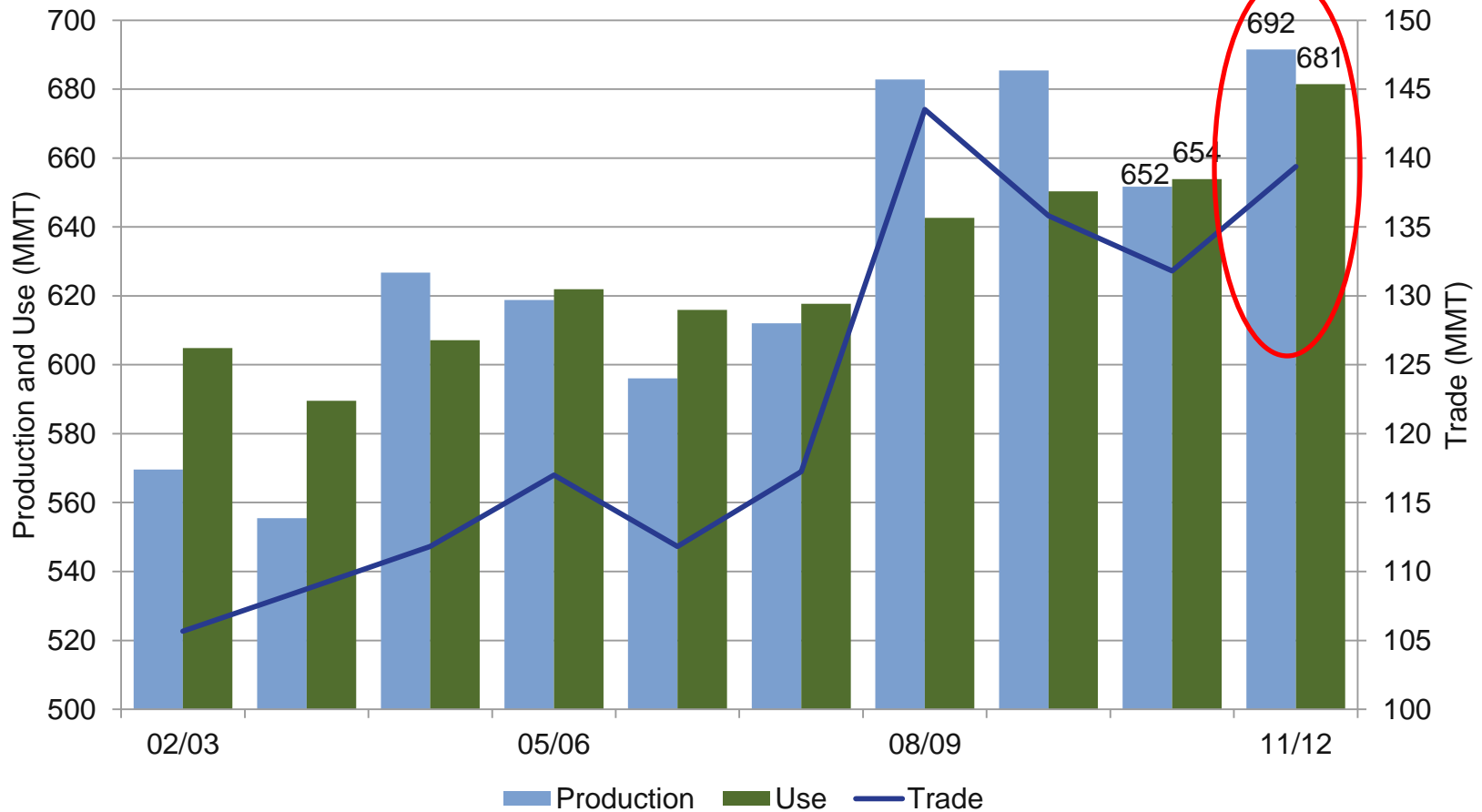
World Wheat Production, Use and Trade

December 2011



World Wheat Production, Use and Trade

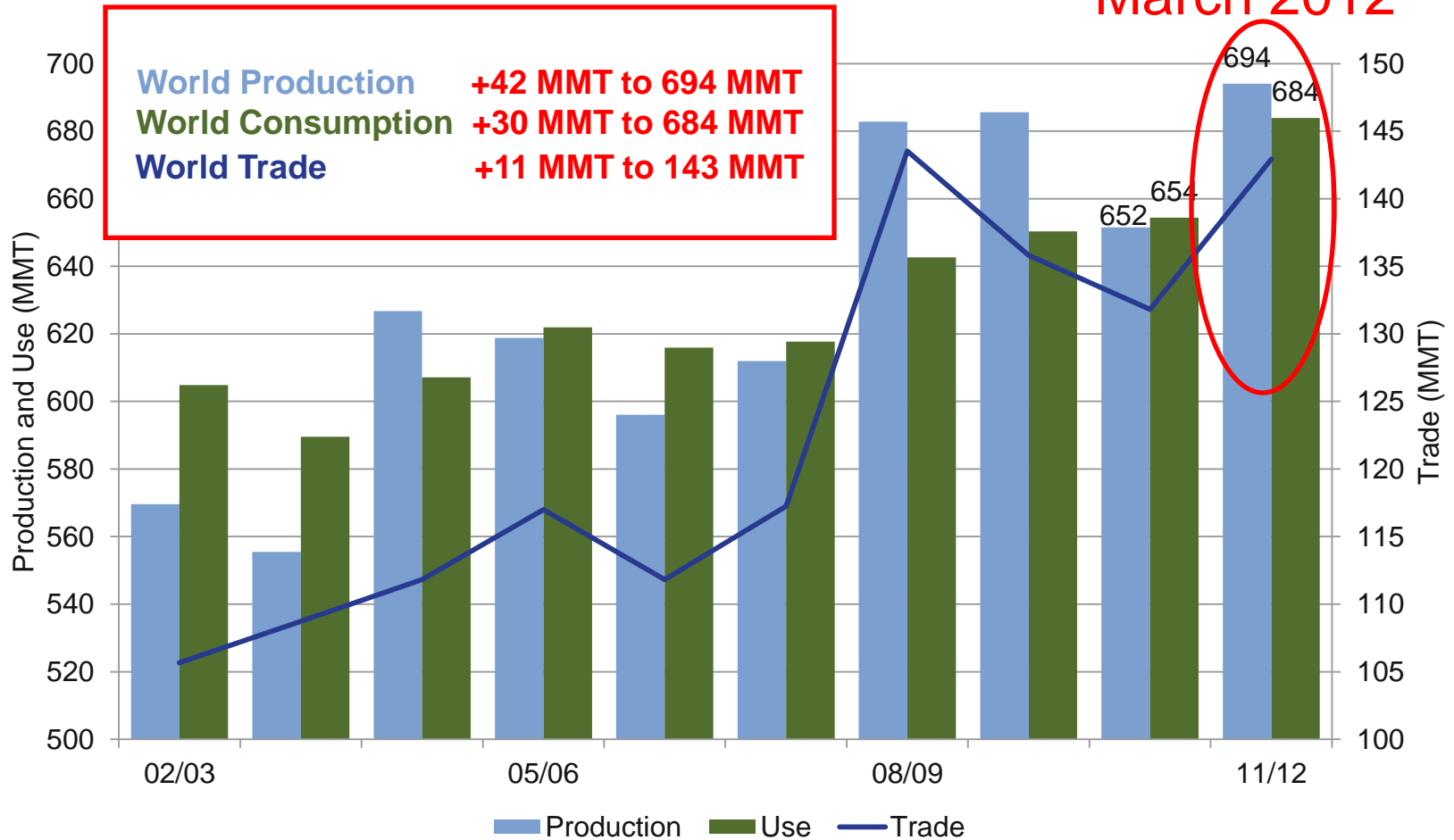
January 2012



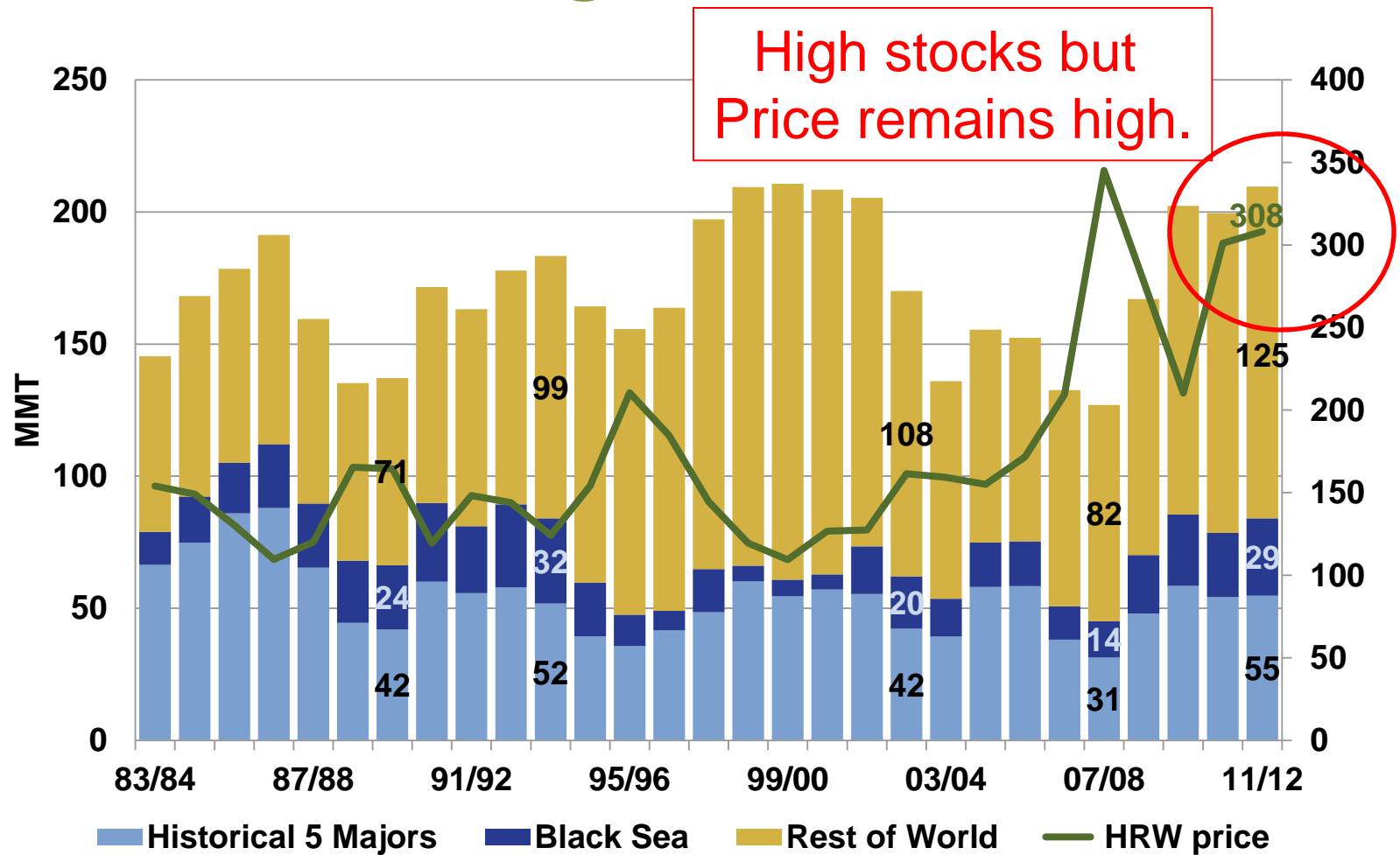
World Wheat

Production, Use and Trade

March 2012



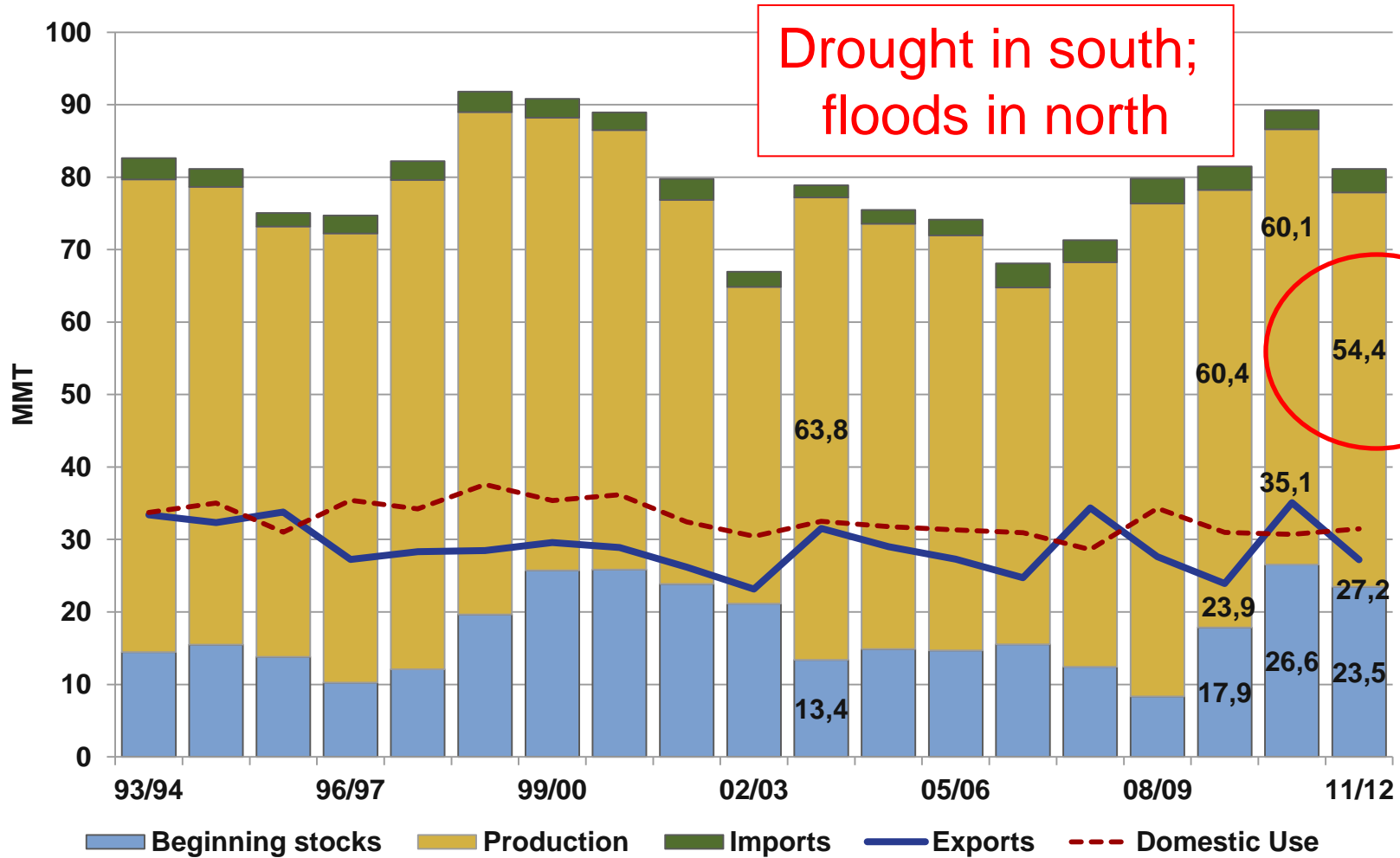
Global Ending Stocks and Price



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U.S. Situation

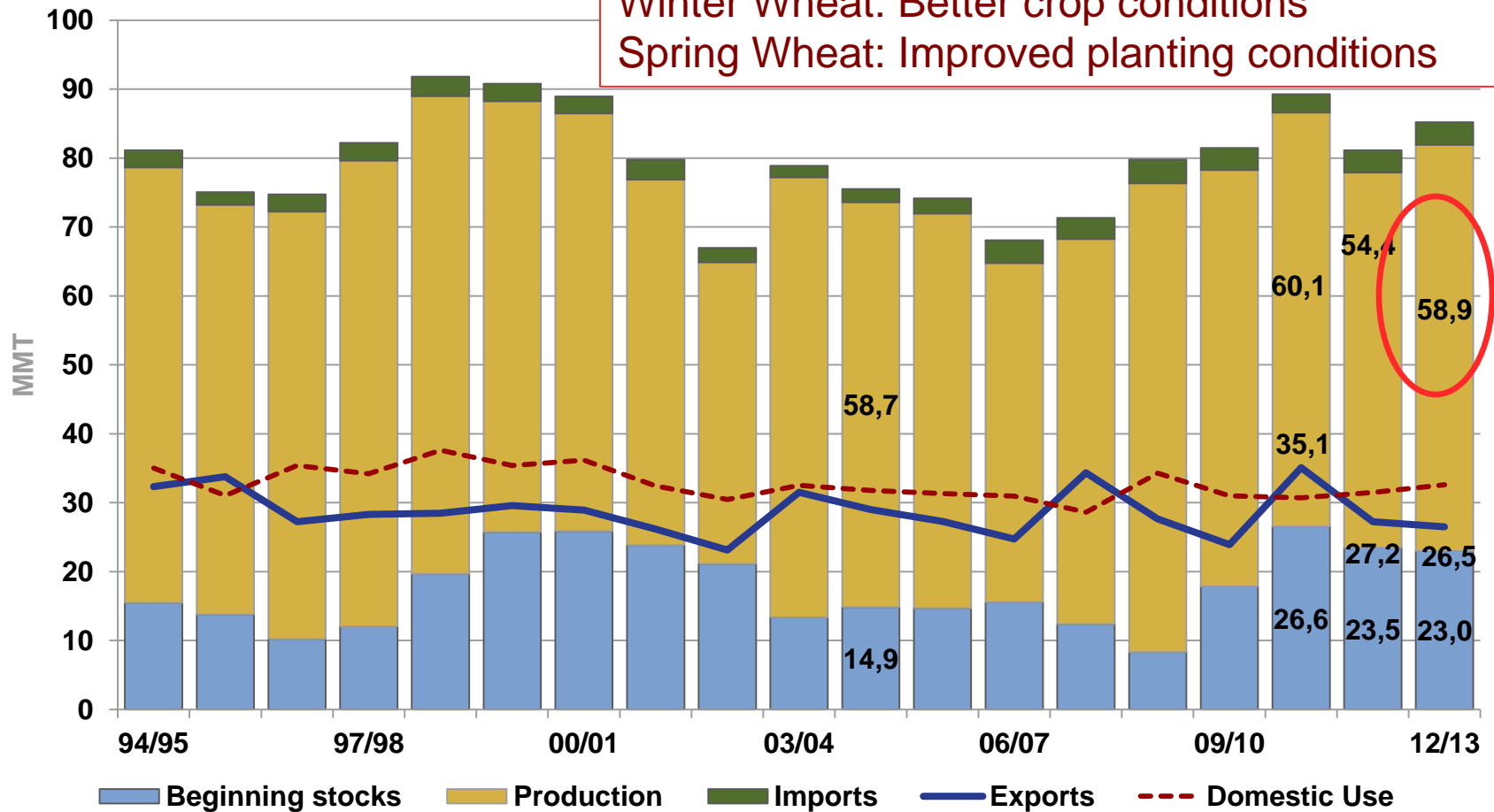


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U.S. Situation: 2012

Winter Wheat: Better crop conditions
Spring Wheat: Improved planting conditions

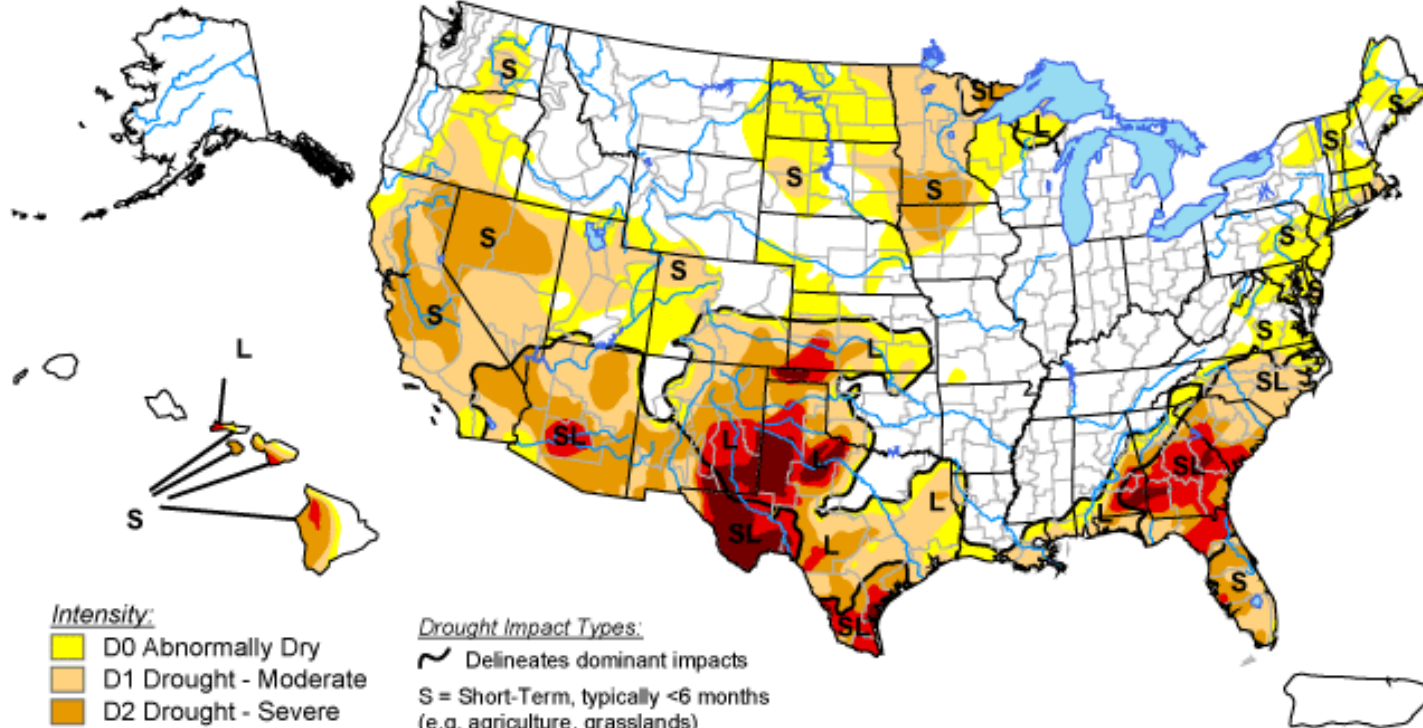


*Source: MY 12/13 Outlook - USDA Outlook Forum, February 2012






U.S. Drought Monitor

March 20, 2012


Valid 7 a.m. EDT



Intensity:

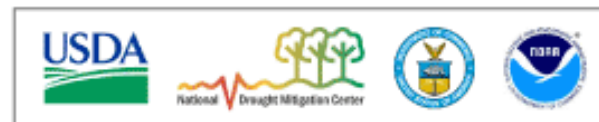
-  D0 Abnormally Dry
-  D1 Drought - Moderate
-  D2 Drought - Severe
-  D3 Drought - Extreme
-  D4 Drought - Exceptional

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, March 22, 2012

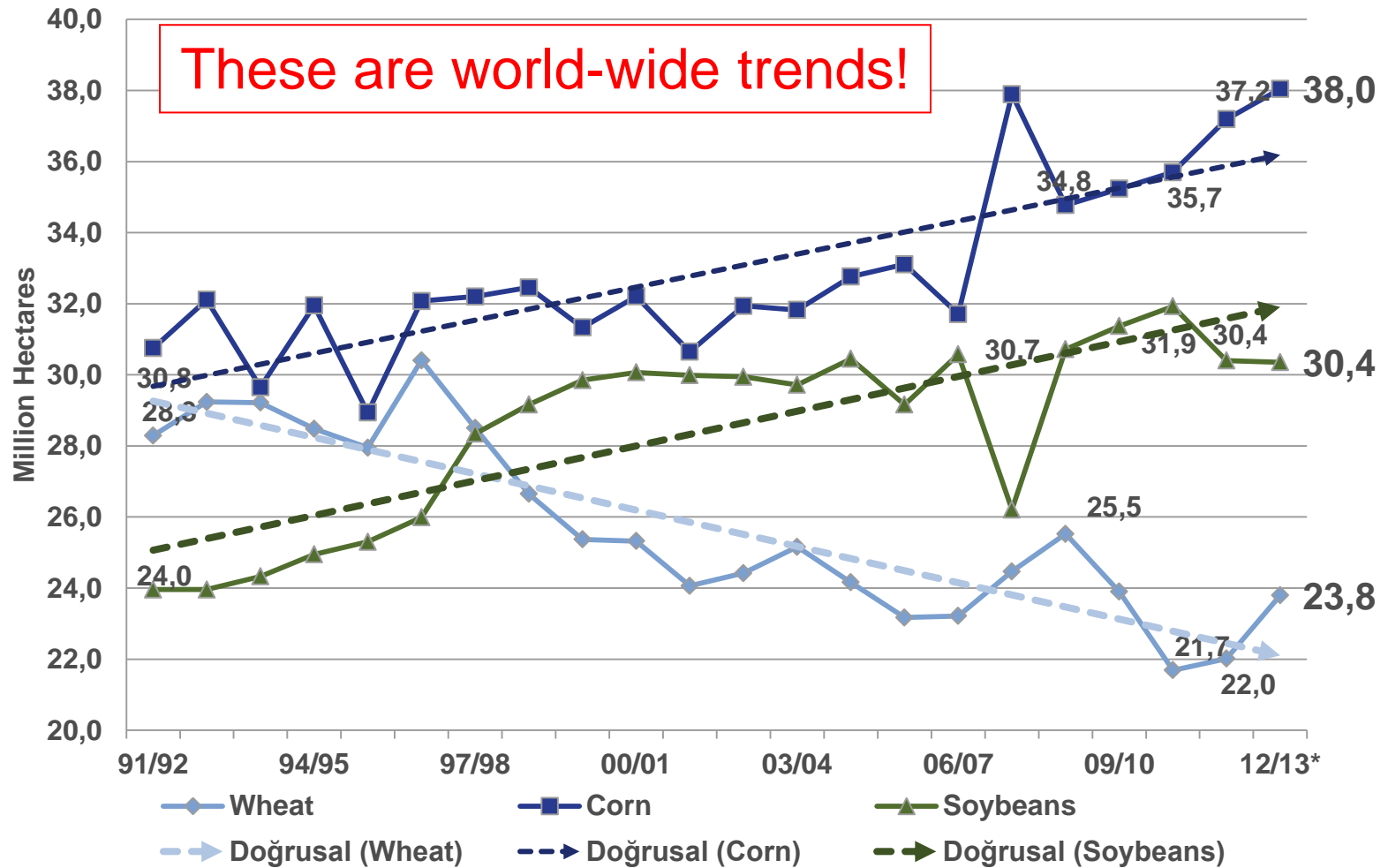
Author: Eric Luebehusen, U.S. Department of Agriculture



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U.S. Crop Planted Area Comparison



*Source: USDA Outlook Forum, February 2012

U.S. Northern Plains New Crop Returns

March , 2012 – S.E. North Dakota

	Wheat	Corn	Soybeans	Barley	Dry Beans
Yield (MT/HA)	3.5	8.4	2.2	3.8	1.8
Price	\$279	\$197	\$441	\$287	\$816
Revenue	\$982	\$1652	\$1006	\$1095	\$1504
Variable Costs	\$533	\$912	\$368	\$480	\$625
Return over Variable	\$449	\$740	\$638	\$615	\$879
Fixed Costs	\$348	\$396	\$343	\$358	\$366
Net per HA	\$101	\$344	\$295	\$257	\$513



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US Outlook by Class

- **Hard Red Winter**
 - Plantings up 5% from last year
 - Current crop conditions improved:
 - 46% good to excellent vs. 24% last year
- **Soft Red Winter**
 - Plantings down slightly; production expected lower
 - Less planting through the US corn belt
- **Hard Red Spring**
 - Plantings largely begin in April; current conditions significantly improved from last year when flooding lowered planted area
 - Plantings and production expected to increase
- **Durum**
 - Plantings expected to increase from lowest level in 50 years.
 - Increase will be limited due to price competition with HRS and other crops
- **Soft White**
 - Plantings slightly lower than last year



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Impact of Changes in Canada

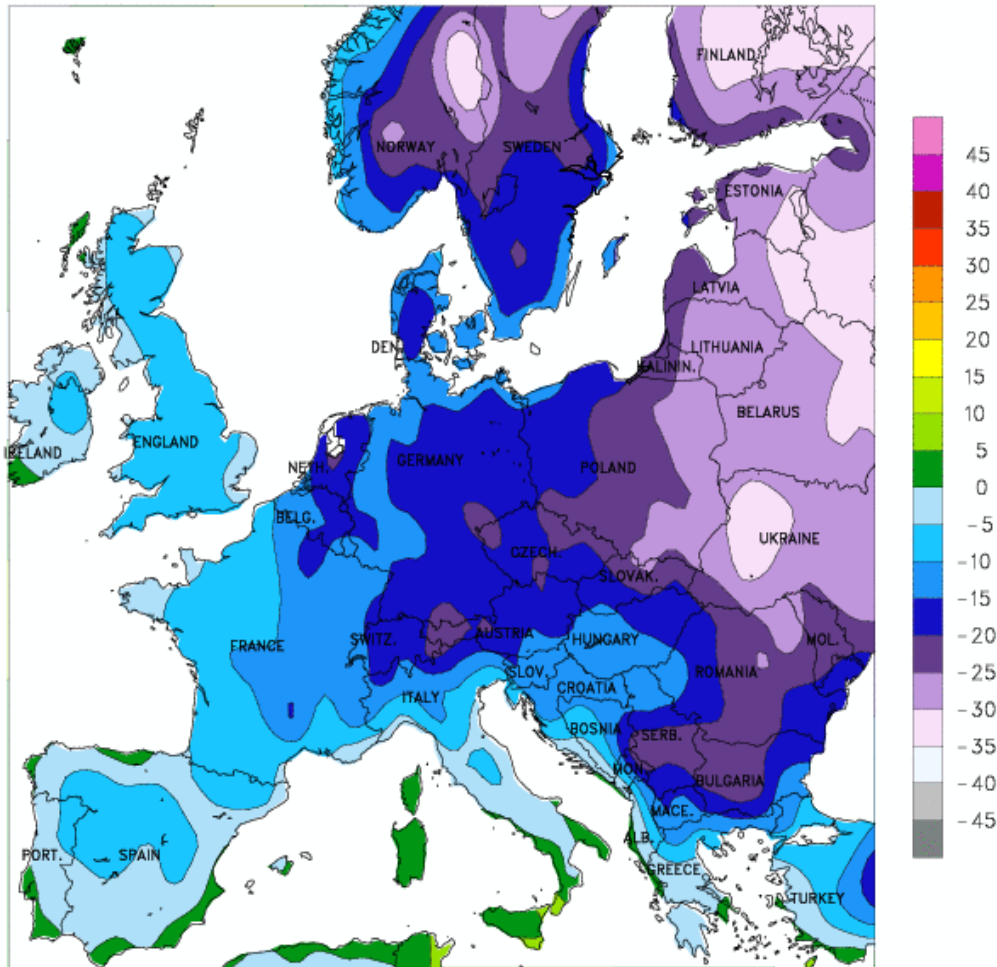
- **Loss of CWB marketing monopoly will impact HRS and durum**
 - Impact still unknown
- **Few possible outcomes:**
 - CWB Origin specific preferred pricing
 - New crop forward pricing for durum
 - Increased cross-boarder trade
 - Canadian farmers will be able to deliver to private US companies



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EUROPE
Extreme Minimum Temperature (°C)
JAN 29 - FEB 4, 2012



CLIMATE PREDICTION CENTER, NOAA
Computer generated contours
Based on preliminary data



Freeze in Central and East Europe

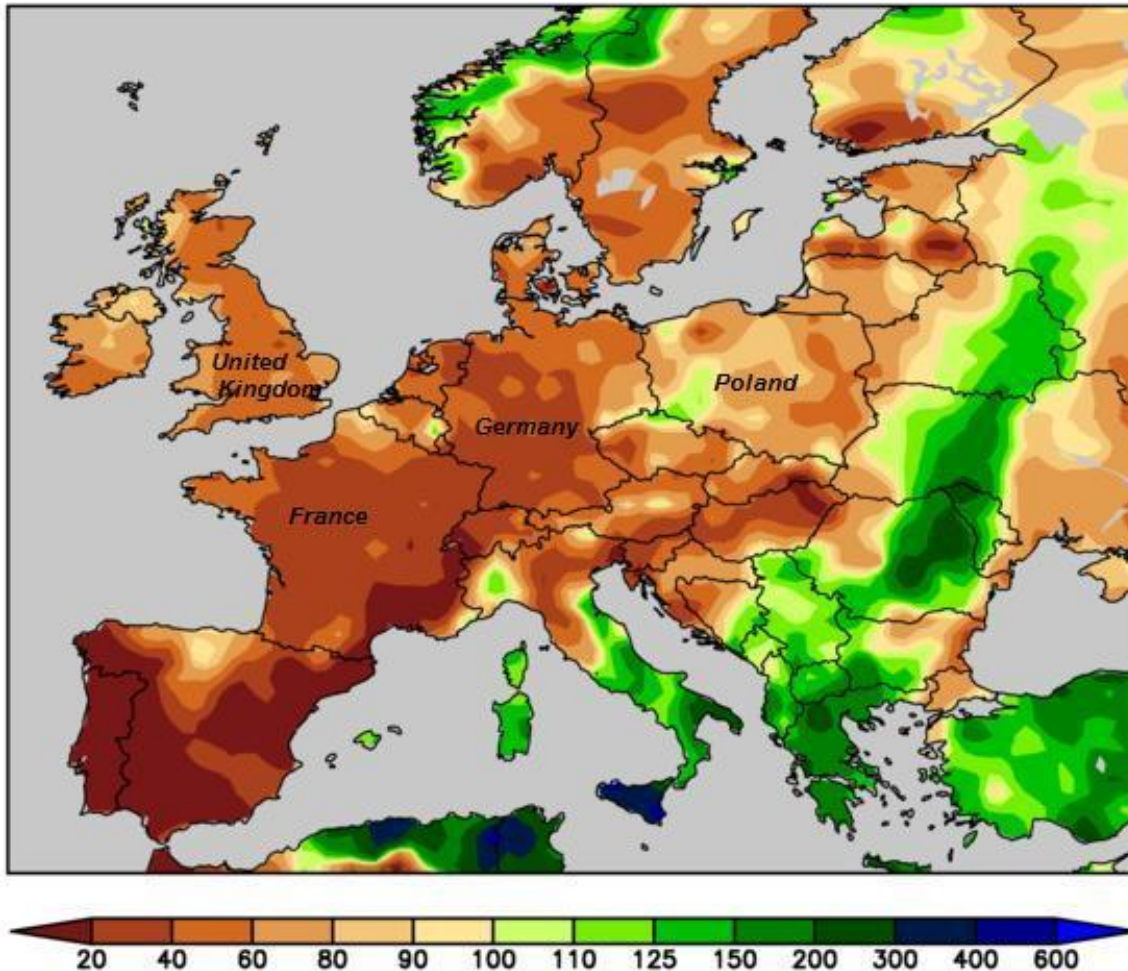
Jan - Feb, 2012
-20 to -35 Centigrade



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Martell Crop Projections
45-day Precipitation Analysis
Percent of normal through 13 March 2012



Drought in EU Wheat Belt

...and into N. Africa

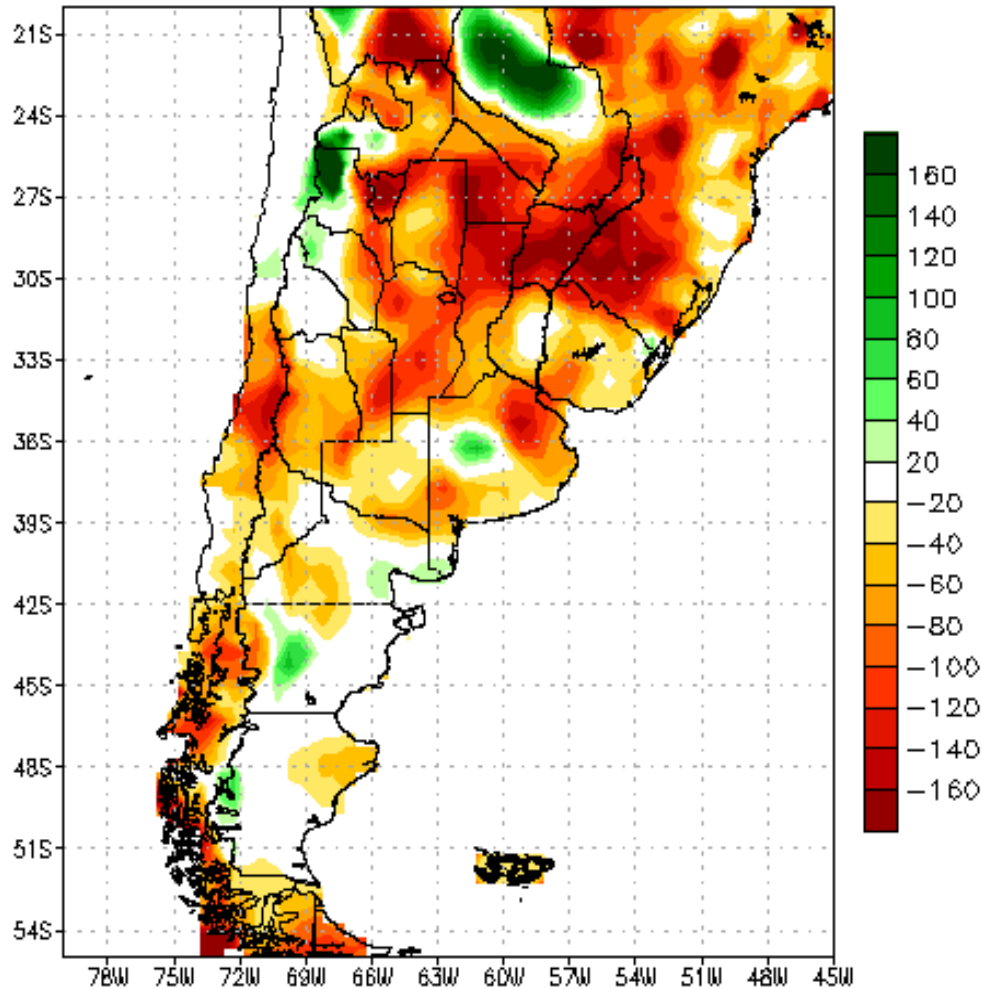
March 45 day analysis
20 to 40% of normal



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Calculated Soil Moisture Anomaly (mm) FEB, 2012



Drought in Argentina and Brazil

Impacts Corn and
Soybeans

Jan – Feb, 2012
-40 to -160% of normal

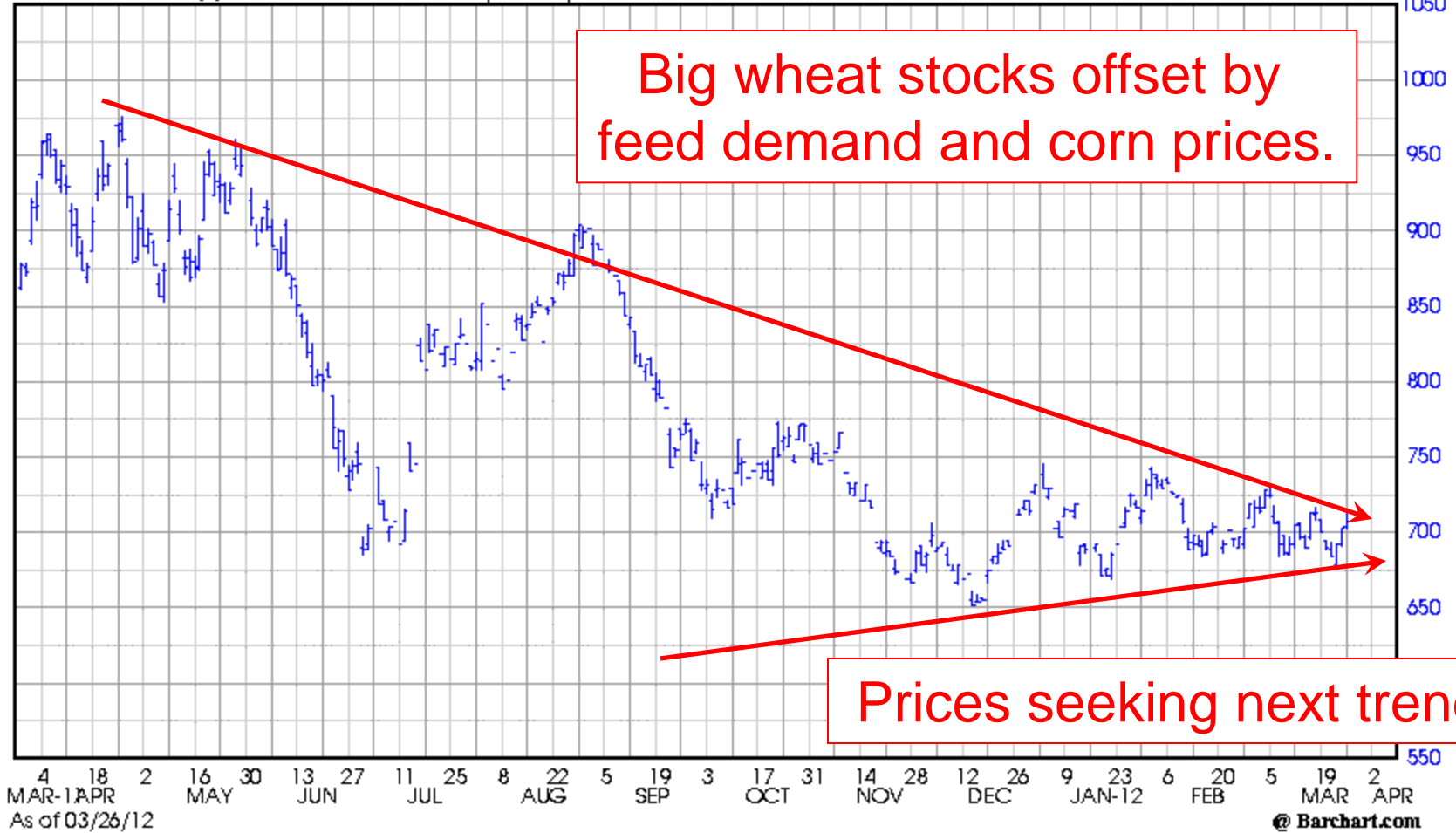


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KCBOT Continuous July Wheat Futures

KCBT RED WHEAT (P) JUL CONTINUATION .. daily OHLC plot



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Thank you for the invitation
and opportunity to discuss these
Very important issues.