2024-25 wheat supply
IAOM Southeast Asia 2024

Price discovery and global S&D analysis

Surabaya, 21st October

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argus

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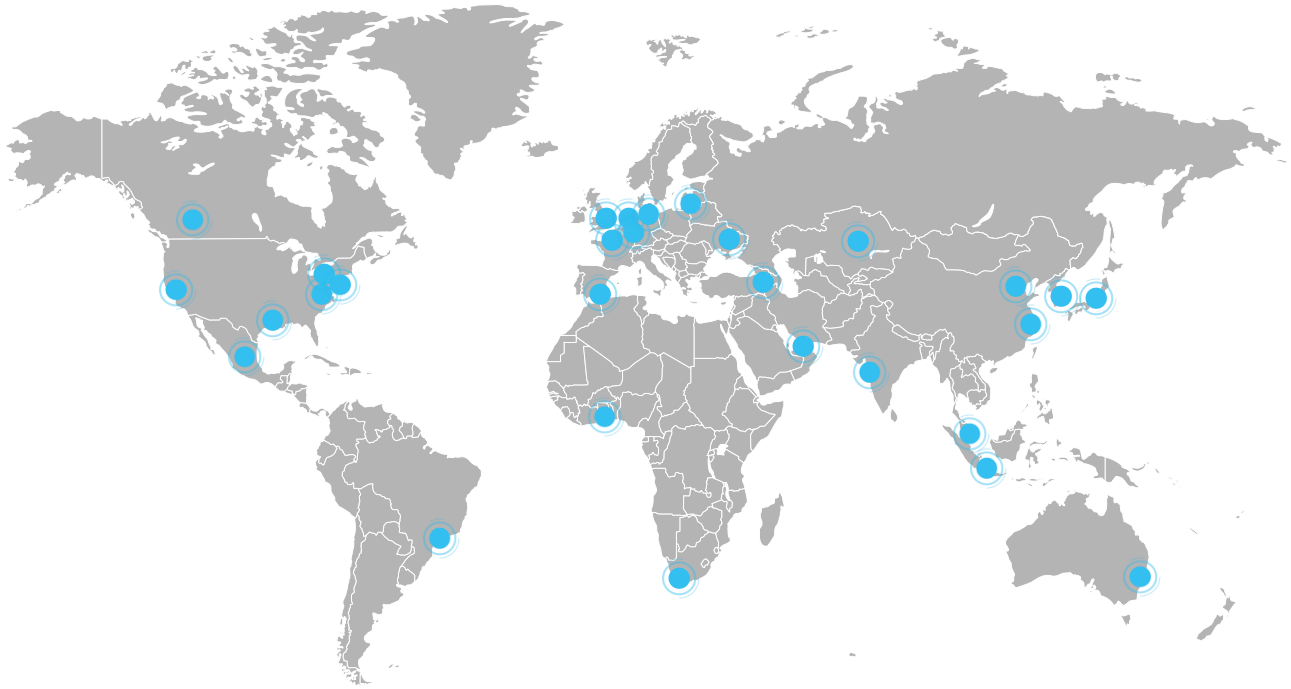

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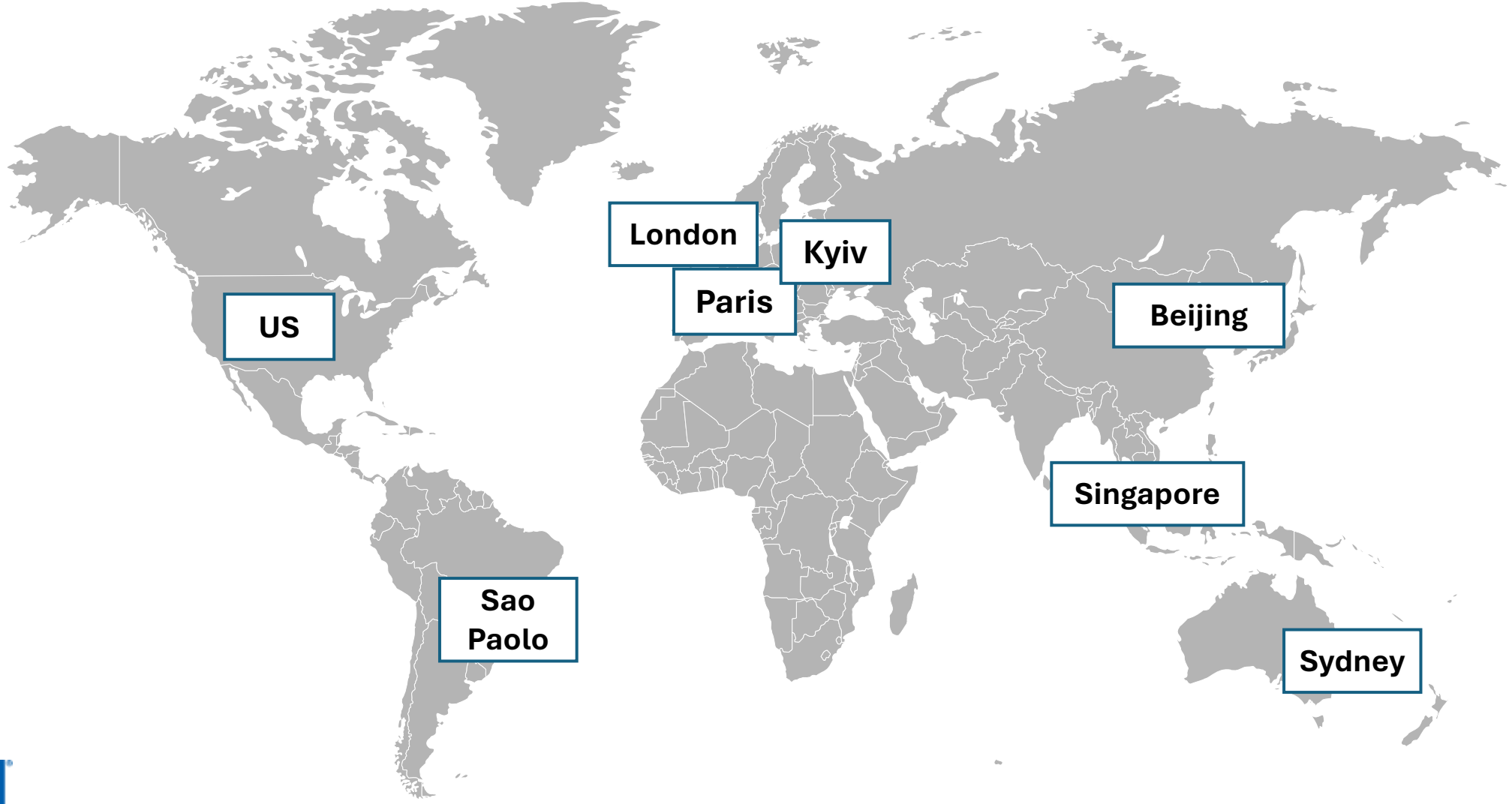
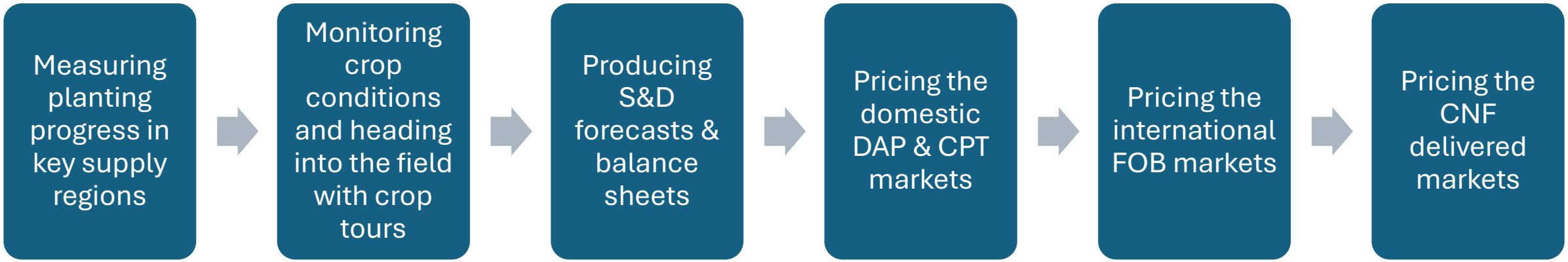
INVESTORS IN PEOPLE

50-strong global agricultural team with help of Agritel & Mercaris acquisitions



Argus agriculture: connecting the supply chain

We connect the supply chain from crop planting progress all the way through to CNF delivery

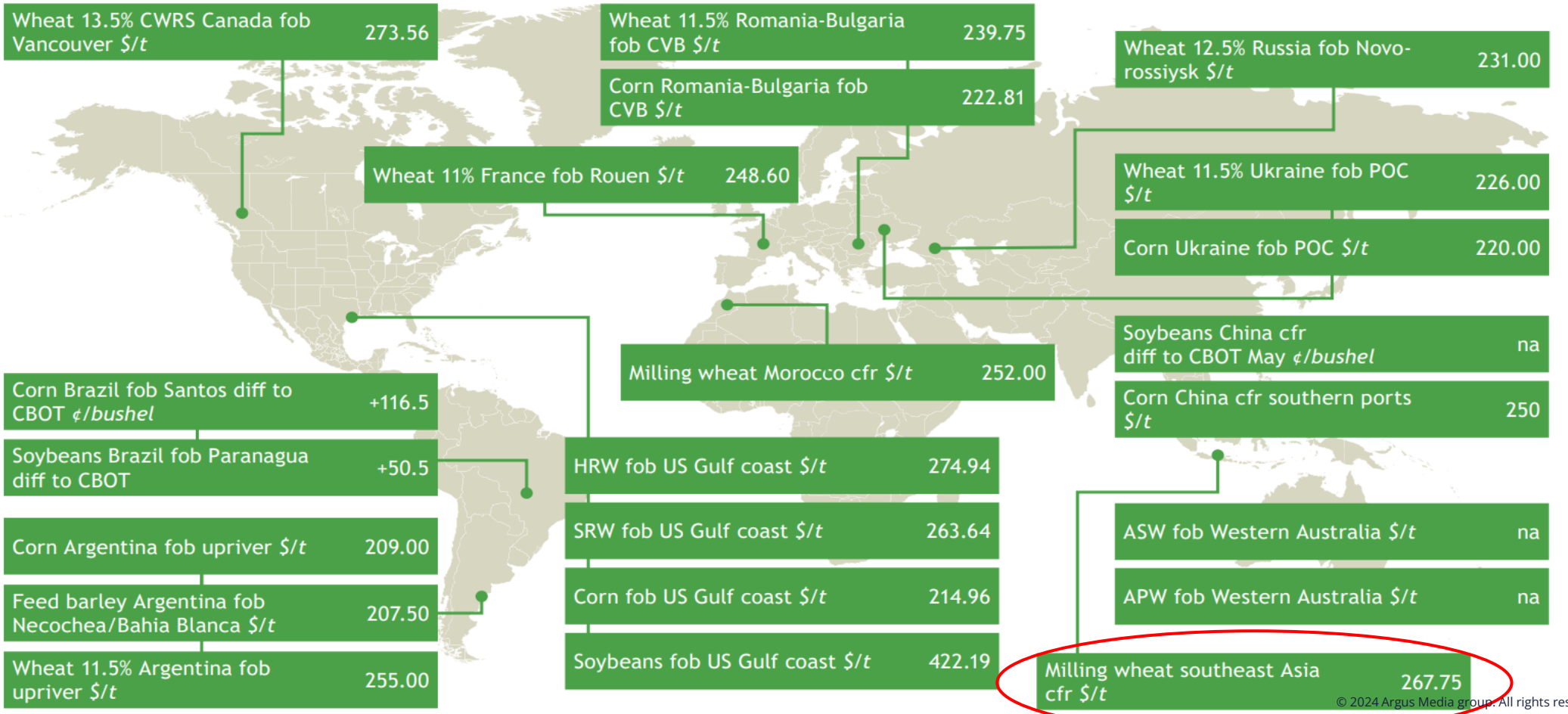


Independent daily FOB & CNF pricing for the global grains markets

Argus *AgriMarkets*

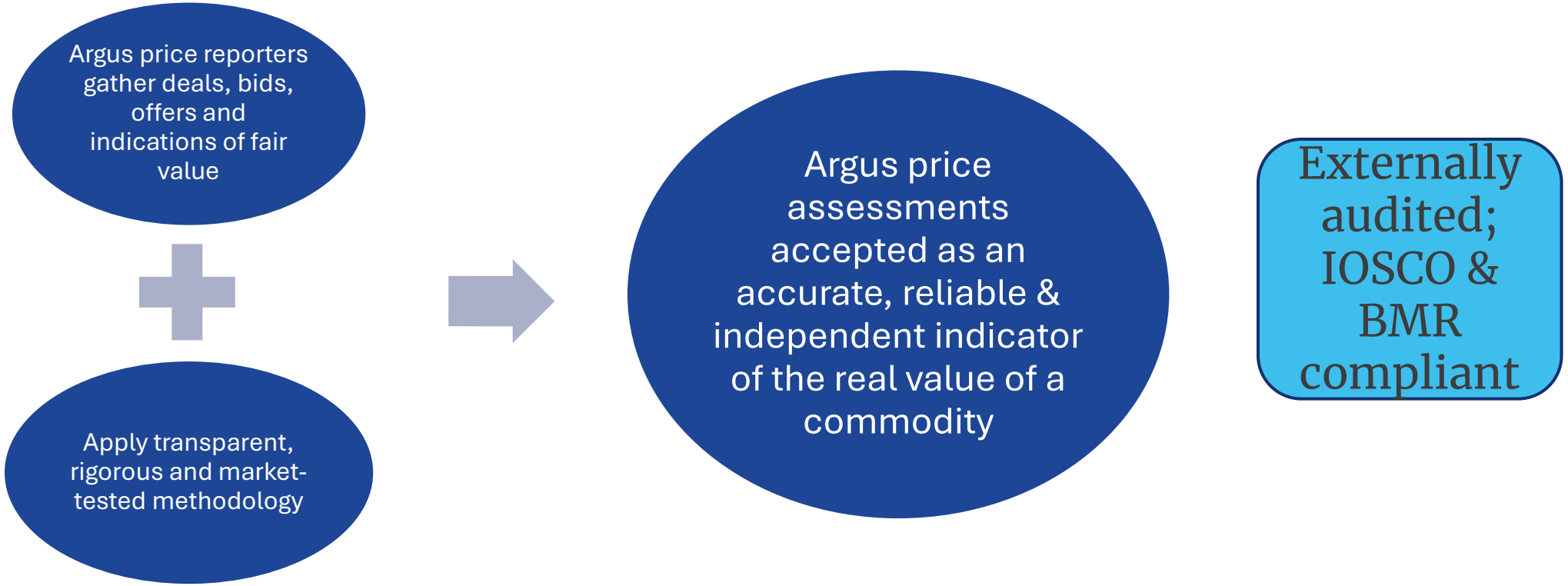
Issue 24-199 | Monday 7 October 2024

KEY PRICES



What does a price reporting agency (PRA) do?

Negotiating on price is difficult without a reference point…enter the PRA

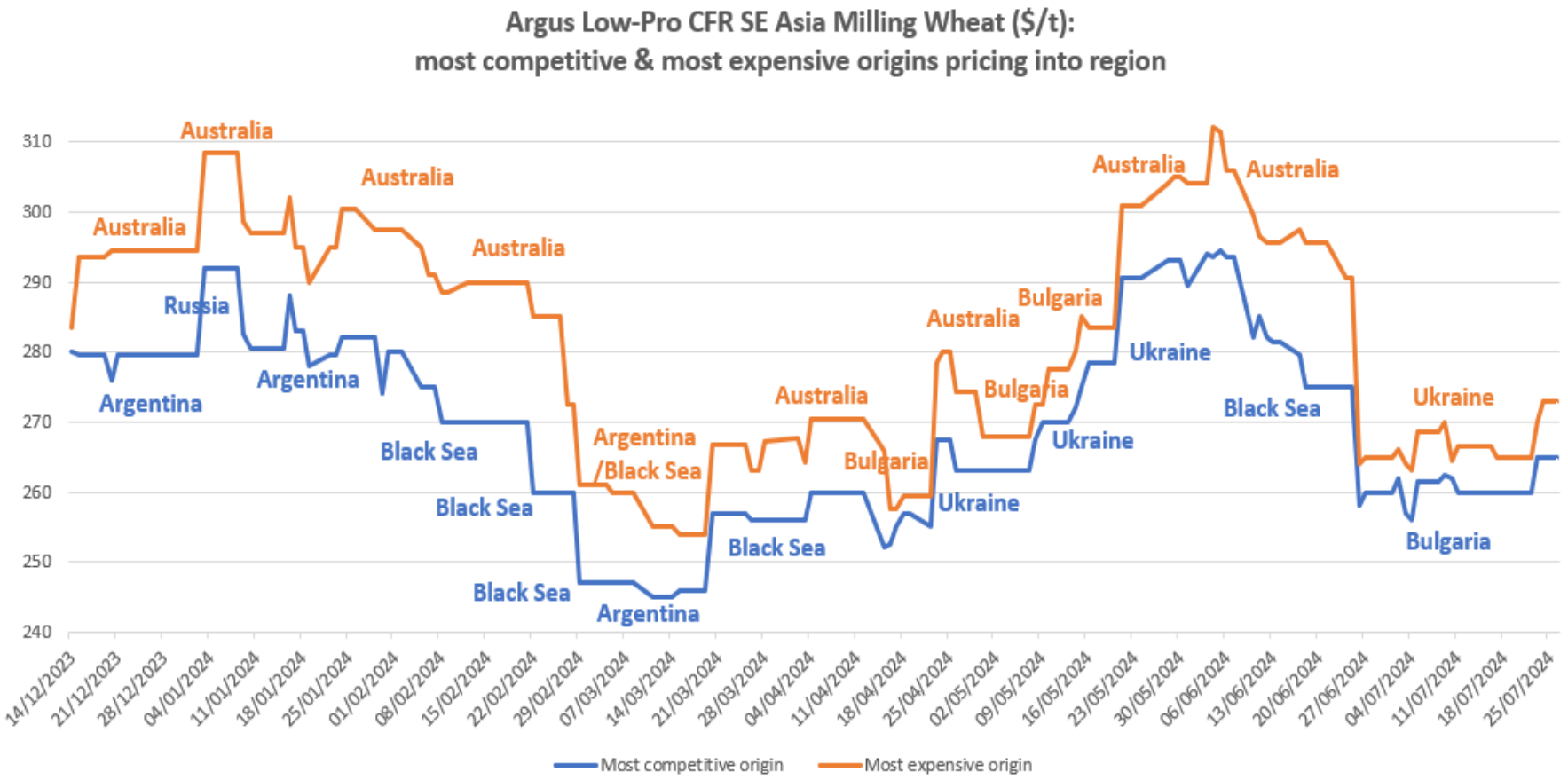


We respond to market conditions: introducing 1st delivered SE Asian (multi-origin, basis Java) milling wheat index

Enabling liquid year-round price discovery for a major importing region

Low = most competitive origin pricing into Southeast Asia

...and a multi-origin hedge



Market outlook:
Black Sea supply more sporadic, supply focus to shift to southern hemisphere

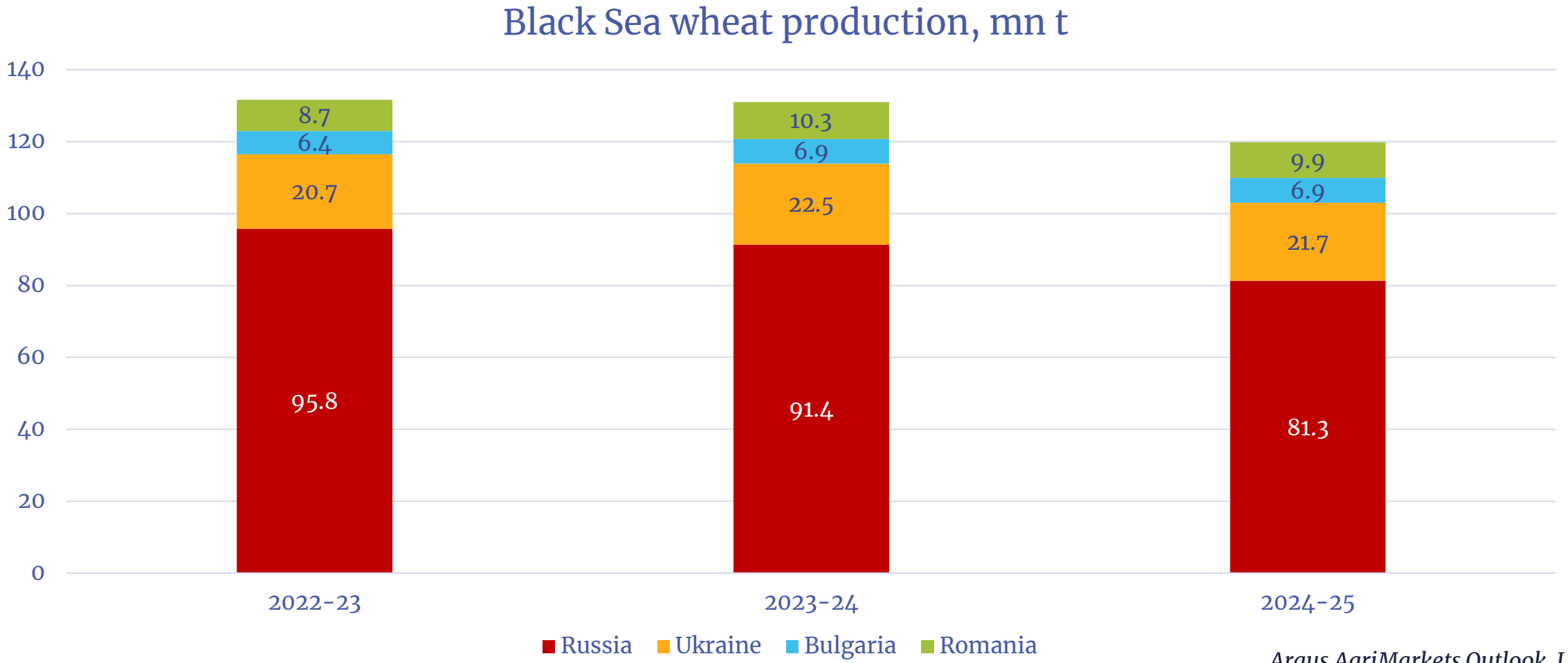
Executive summary

- Supply in the 2nd half of 2024-25 — declining availability from Black Sea exporters
  - Smaller Russian crop — but effects softened by high carry-in and improved crop quality in Ukraine, Romania, Bulgaria
  - Southern hemisphere likely to step in — but unchecked by consistent competition from Black Sea origins
  - Potential for more supply from North America
- Supply in 2025-26
  - Russian crop to watch — planting campaign in unfavourable weather
  - A weak La Nina in Australia — so far, little reason to expect a repeat of 2020-22
- Trend in farmer selling habits likely to add to volatility

Supply in the 2nd half of 2024-25 — declining availability from Black Sea exporters

Supply in the 2nd half of 2024-25 — declining availability from Black Sea exporters

Lower production among Black Sea exporters, particularly in Russia.



Argus AgriMarkets Outlook, USDA

Supply in the 2nd half of 2024-25 — declining availability from Black Sea exporters

- Smaller Russian crop — but effects softened by high carry-in and improved crop quality in Ukraine, Romania, Bulgaria

Supply in the 2nd half of 2024-25 — declining availability from Black Sea exporters

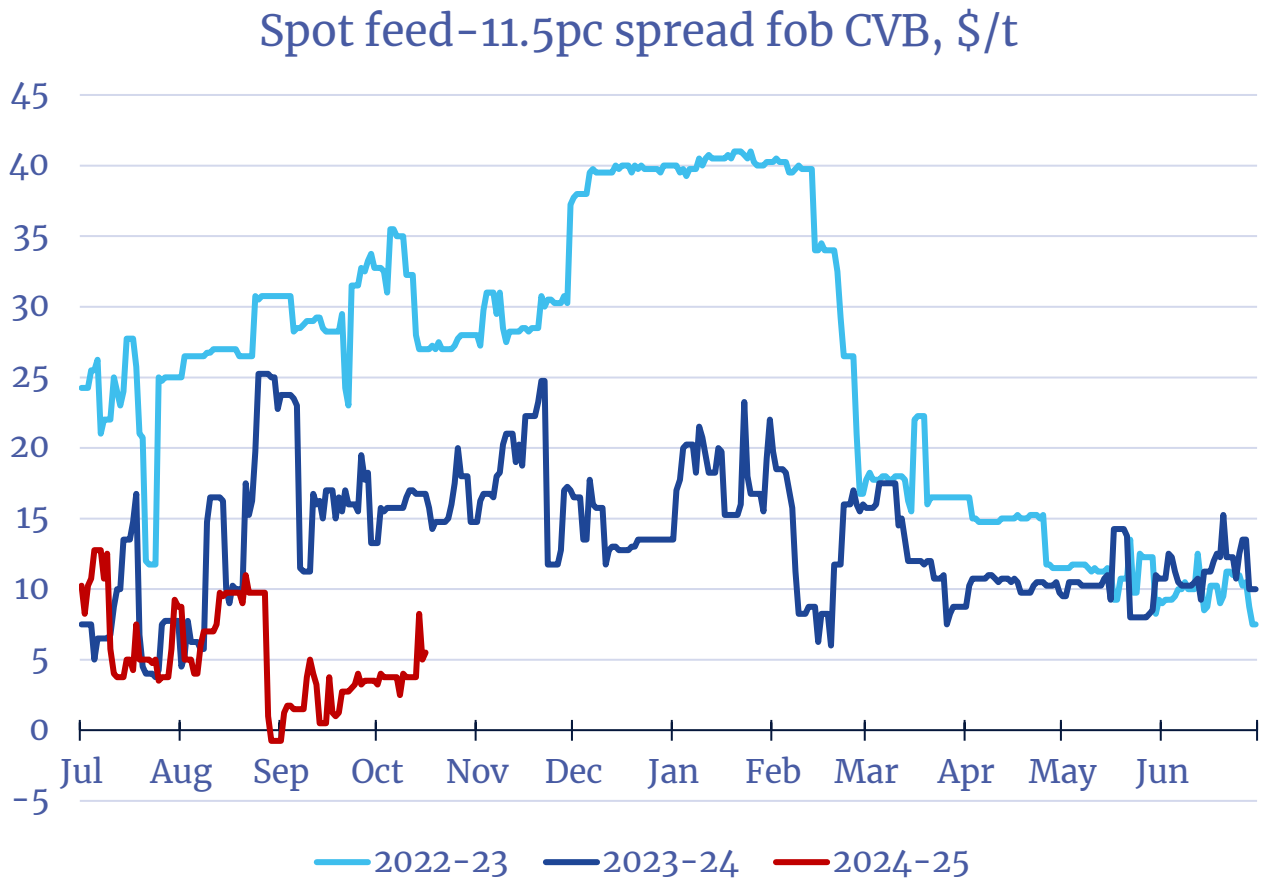
BUT — partly offset by large Russian carry-in…

Argus AgriMarkets Outlook, USDA

Supply in the 2nd half of 2024-25 — declining availability from Black Sea exporters

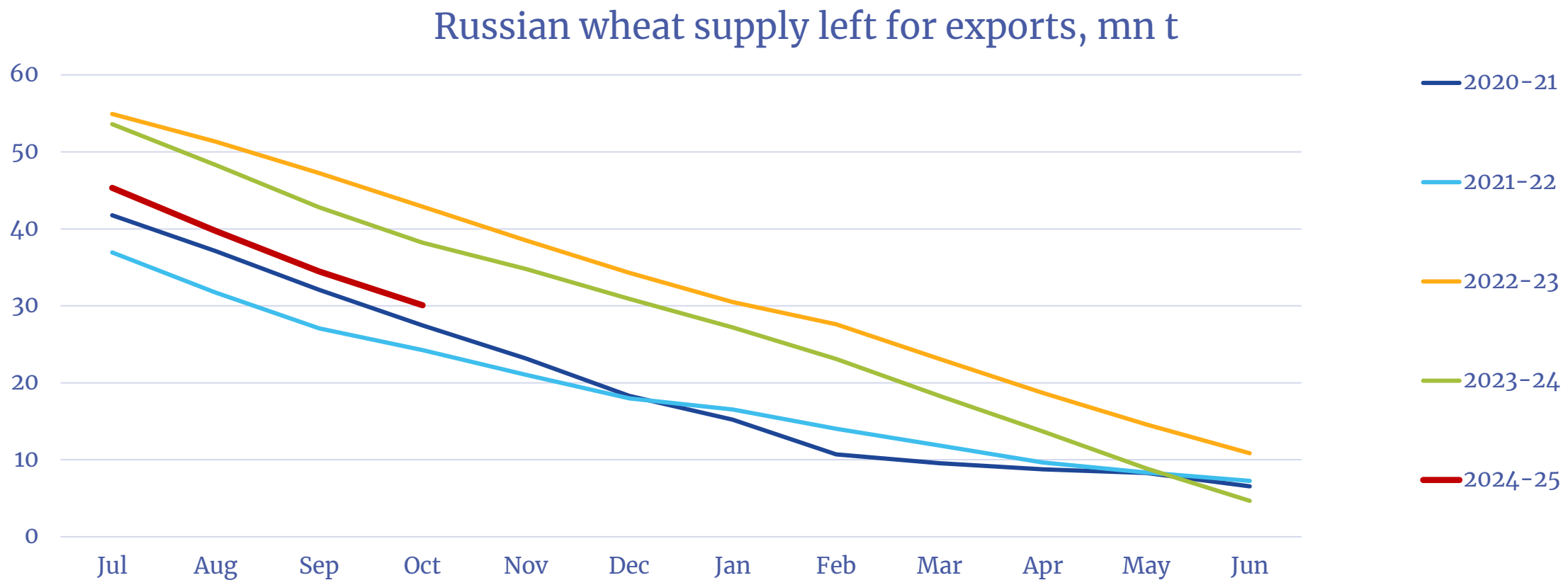
...and higher share of milling wheat in Ukrainian, Romanian and Bulgarian crops.

- Ukraine
  - 50% of crop milling wheat, compared with 35% in 2023-24
- Romania and Bulgaria
  - Feed-milling grade spread nearly collapsed this season
  - Significant difficulty sourcing EU origin feed wheat on fob at Constanta, Varna and Burgas



Supply in the 2nd half of 2024-25 — declining availability from Black Sea exporters

Leftover exportable surplus is dwindling — both in Russia…



Argus AgriMarkets Outlook, USDA, global customs data, port line-up data

Supply in the 2nd half of 2024-25 — declining availability from Black Sea exporters

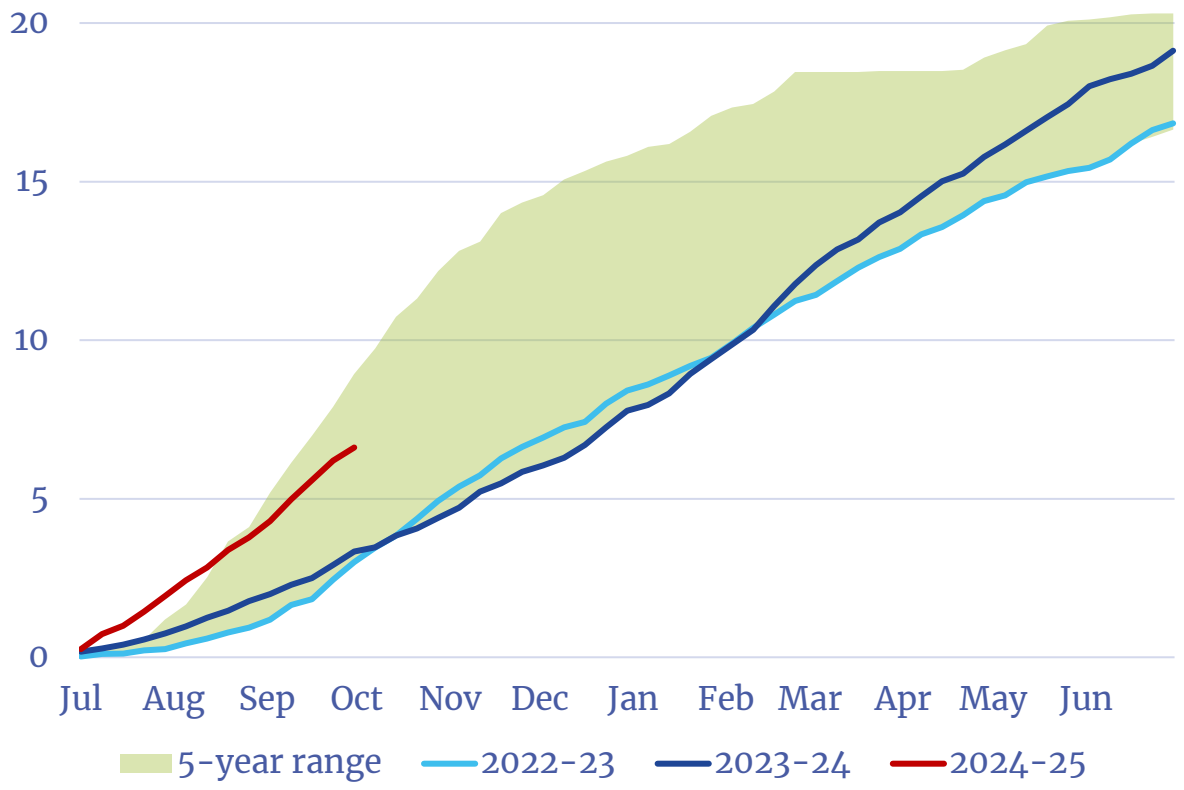
Leftover exportable surplus is dwindling — both in Russia…

- Egypt
- Tunisia
- Algeria
- Morocco
- Jordan
- Saudi Arabia
- Bangladesh
- Qatar
- Kuwait
- South Korea
- Pakistan
- India
- Iraq

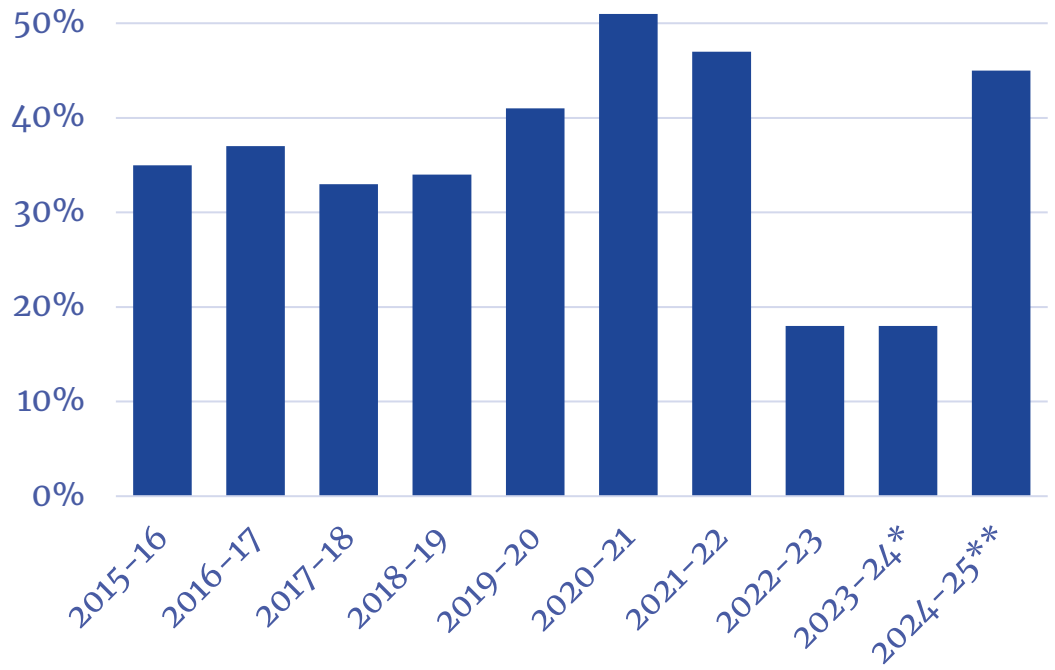
Supply in the 2nd half of 2024-25 — declining availability from Black Sea exporters

...and Ukraine...

Ukraine's wheat exports, mn t



Ukraine's wheat export pace by mid-October

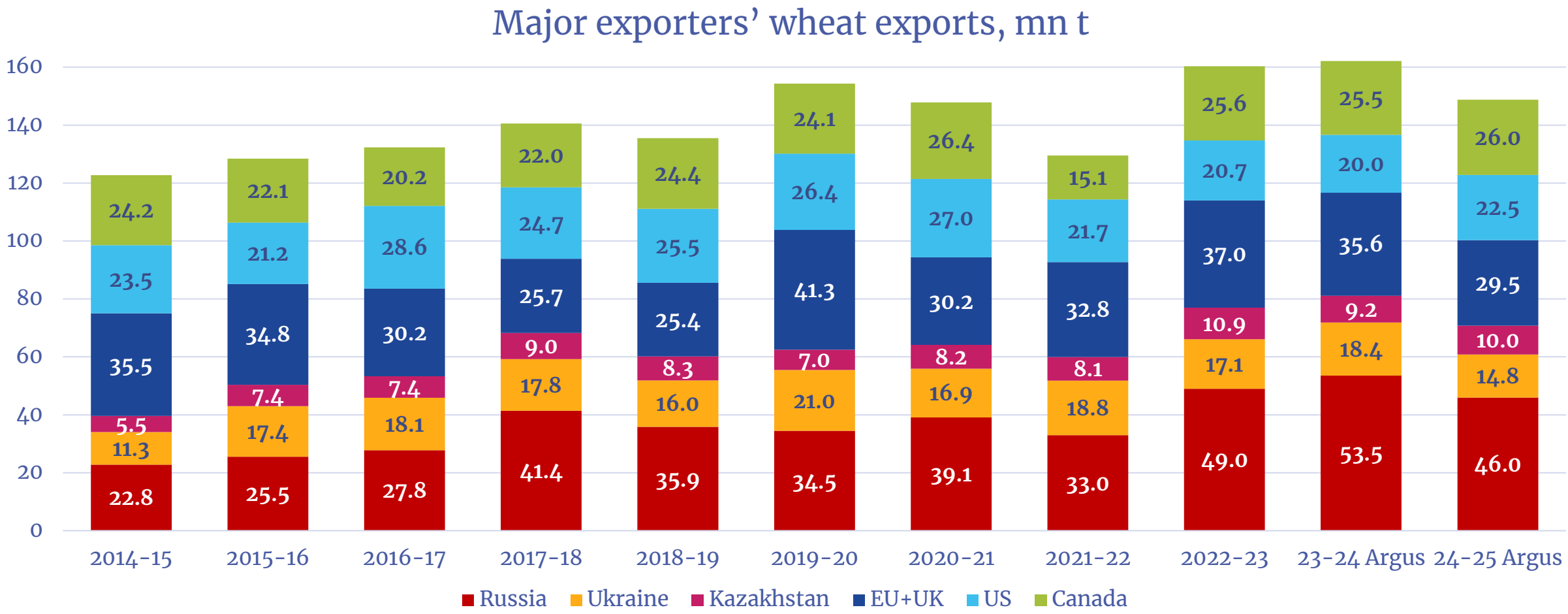


** — based on Argus estimate*
*** — based on Argus forecast*

Argus AgriMarkets Outlook, USDA, Ukrainian customs data

Supply in the 2nd half of 2024-25 — declining availability from Black Sea exporters

...and more demand for Black Sea wheat on lower EU exports.



Argus AgriMarkets Outlook, USDA

Potential for more supply from North America

More supply forecast from US and Canada, with farmer selling pace likely to play a key role in liquidity.

US wheat total supply and exports, mn t

Canada's wheat total supply and exports, mn t

Argus AgriMarkets Outlook, USDA

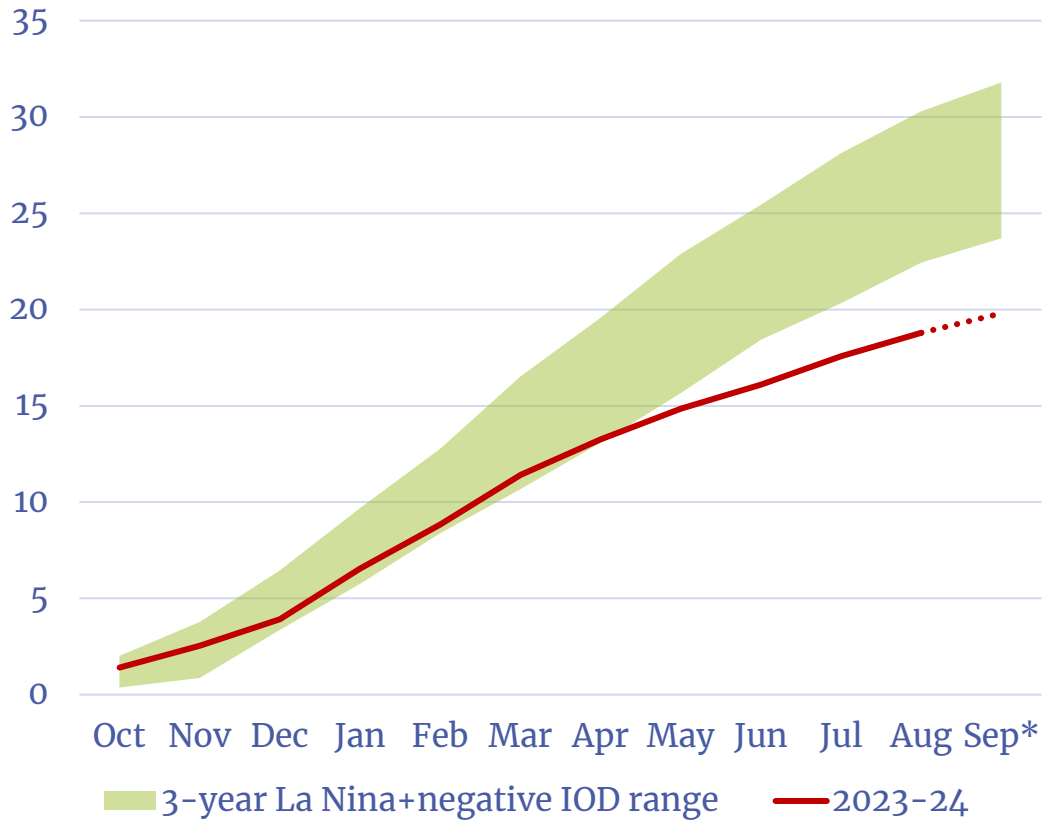
Supply in the 2nd half of 2024-25 — declining availability from Black Sea exporters

- Smaller Russian crop
- Southern hemisphere likely to step in — but unchecked by consistent competition from Black Sea origins

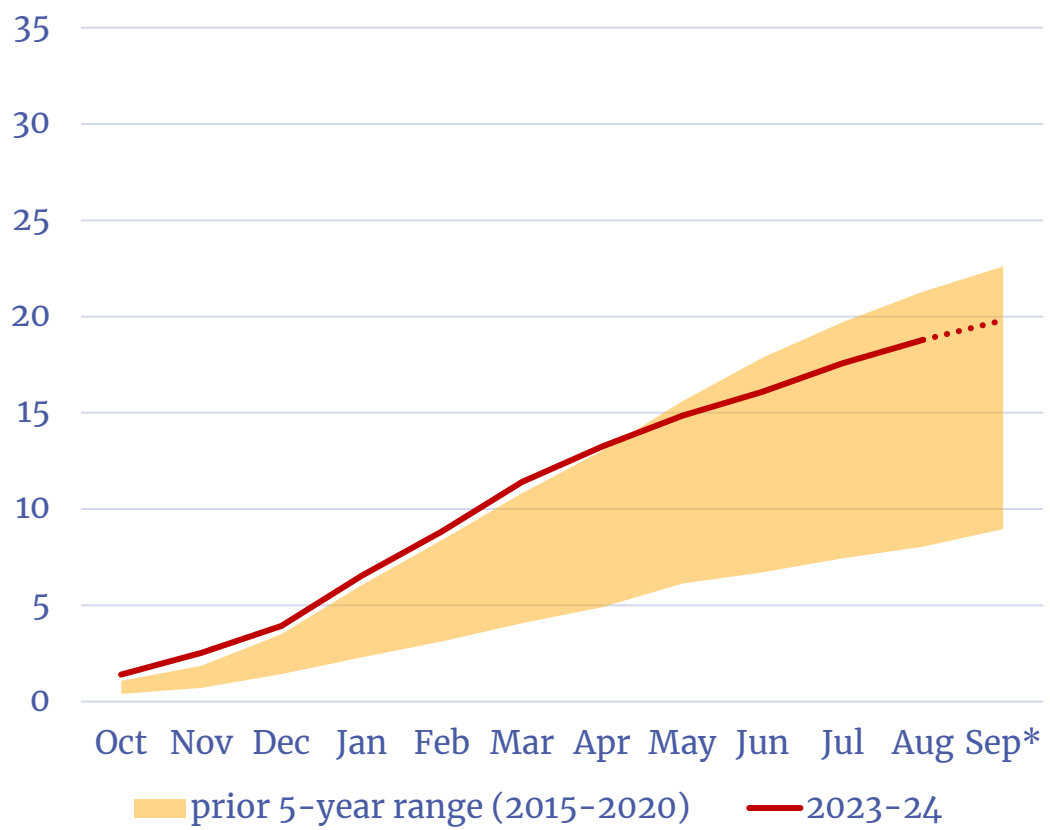
Southern hemisphere likely to step in

A y-o-y increased supply of Australian wheat could lift the 2024-25 export pace above last season…

Australia's wheat export pace, mn t



Australia's wheat export pace, mn t



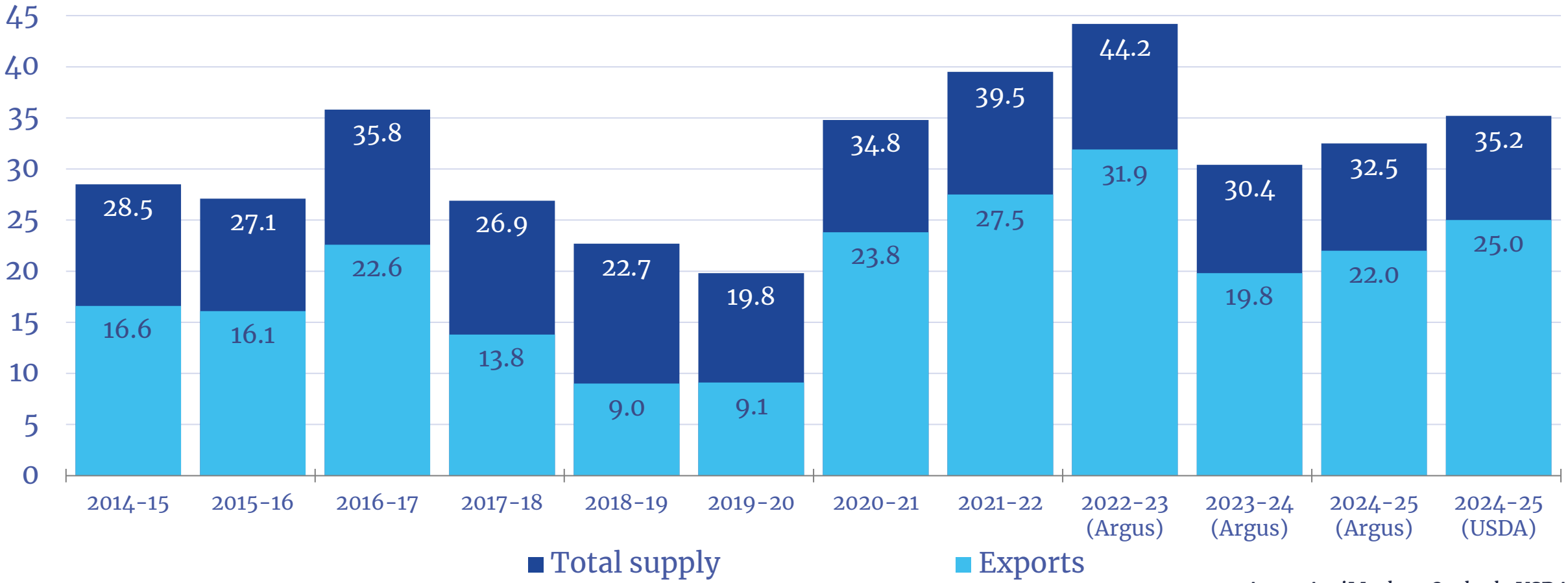
** — 2023-24 September data-point as forecast by Argus*

Global customs data

Southern hemisphere likely to step in

...even with unfavourable weather in September...

Australia's wheat estimates and forecasts, mn t

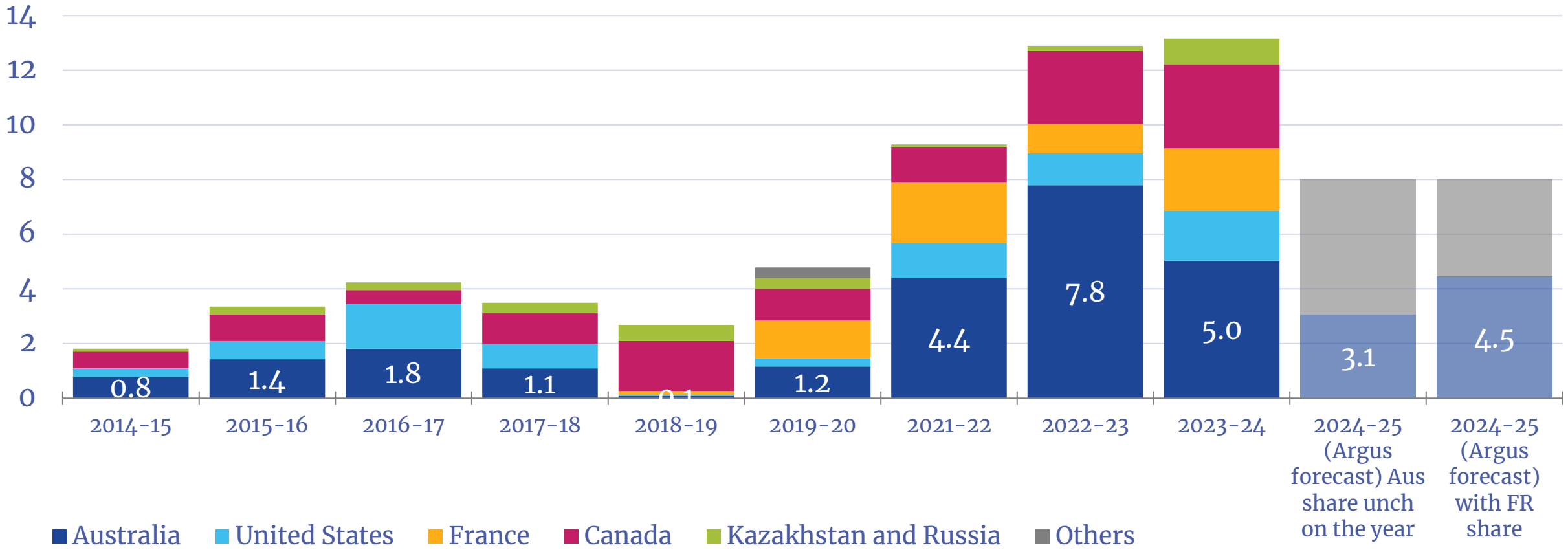


Argus AgriMarkets Outlook, USDA

Southern hemisphere likely to step in

...particularly given weaker China-bound demand.

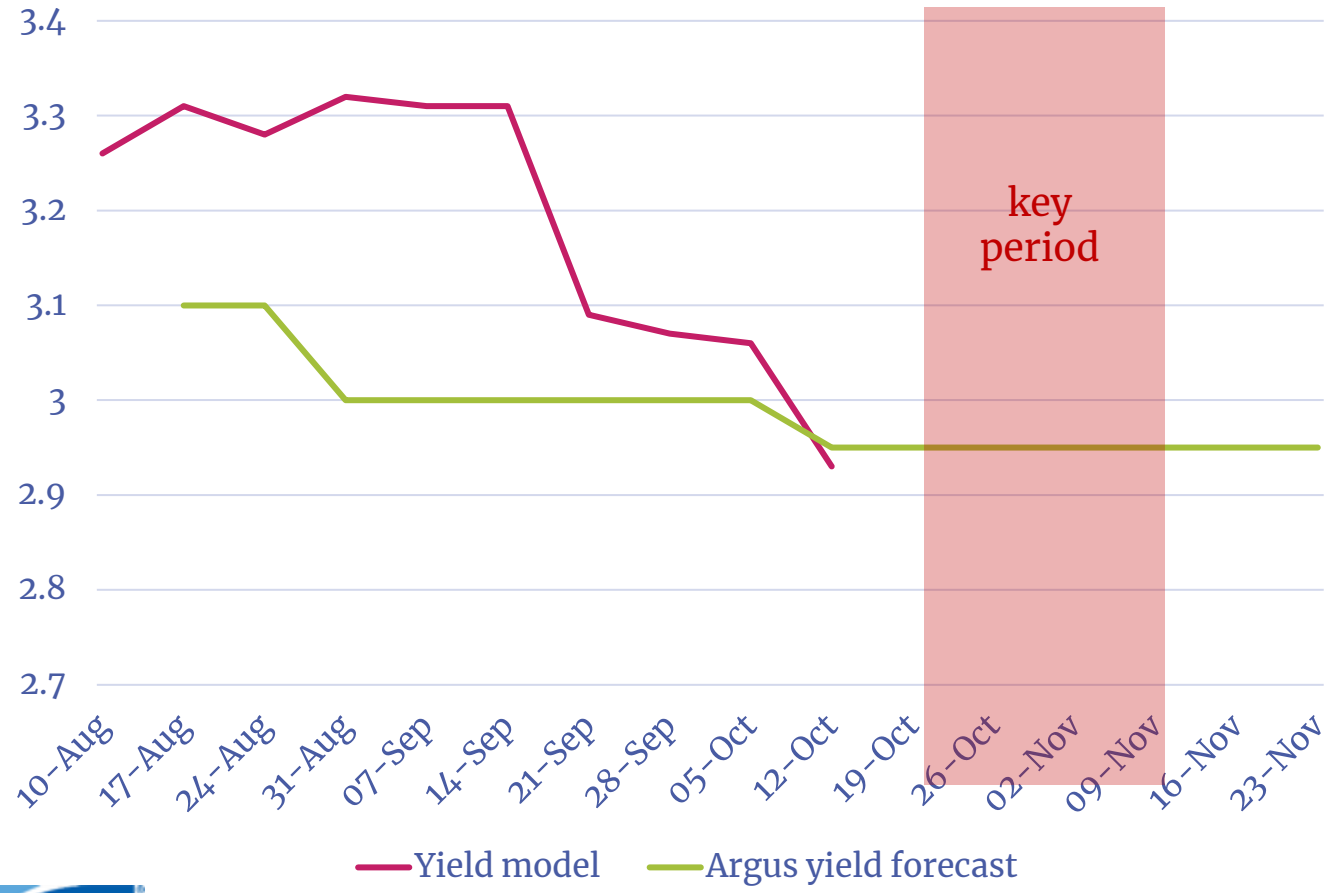
China's wheat imports by origin (Jul-Jun MY), mn t

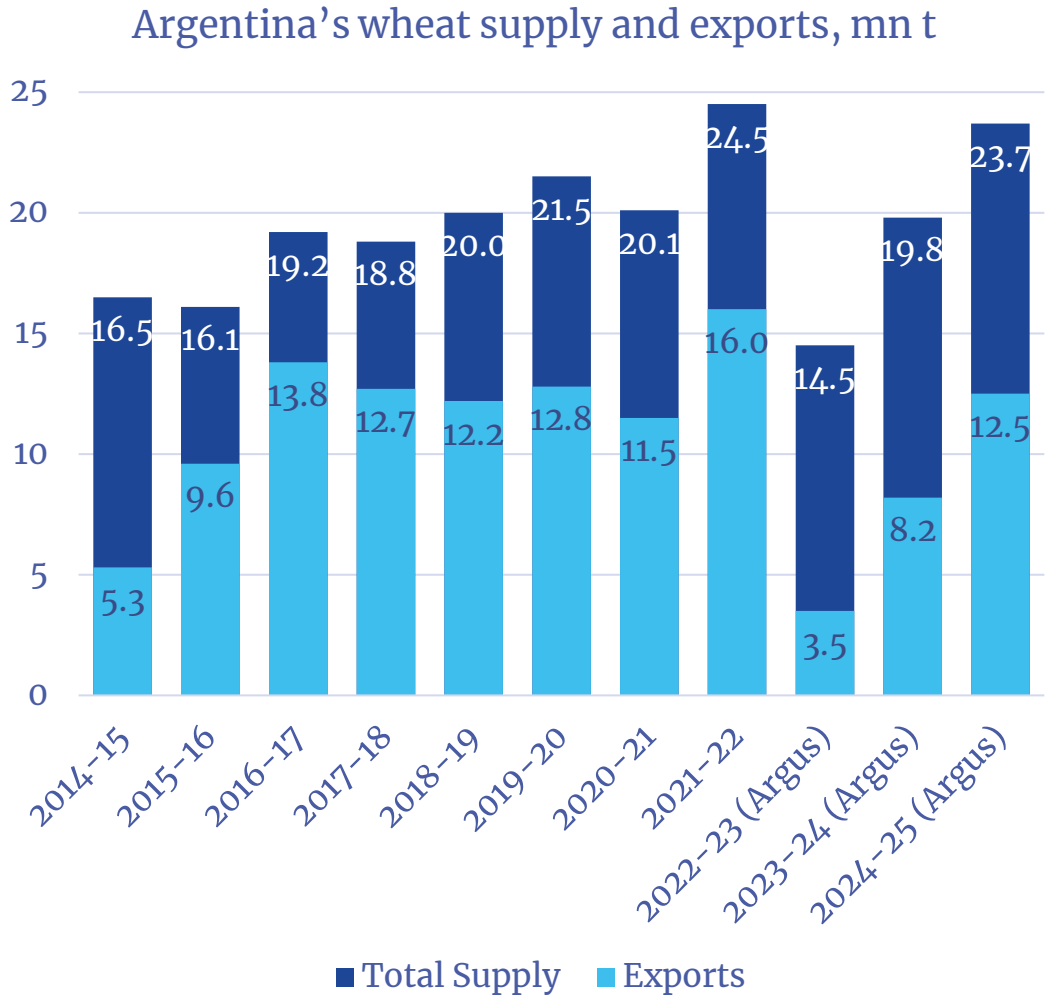


Argus AgriMarkets Outlook, global customs data

Southern hemisphere likely to step in

And more supply forecast in Argentina, despite some declines in yield projections.



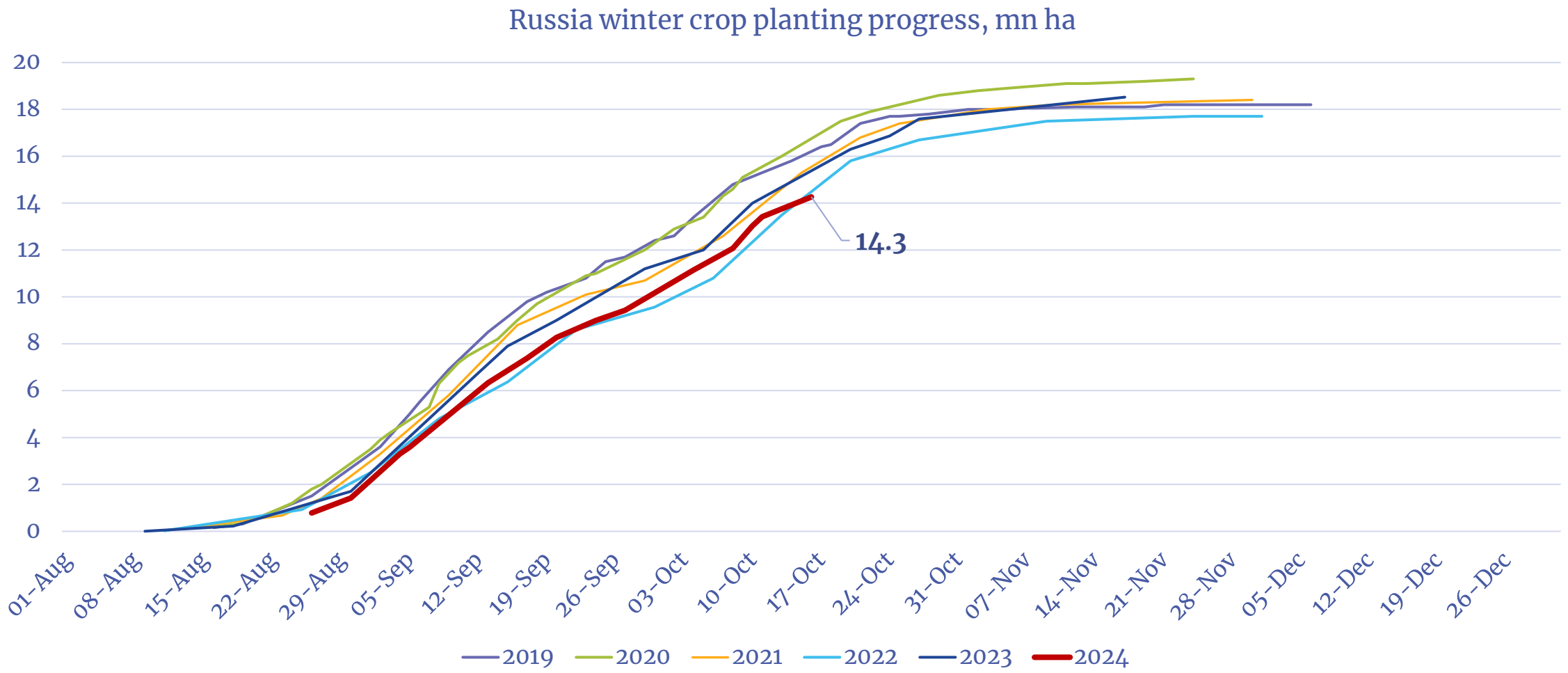


Argus AgriMarkets Outlook, USDA

Supply in 2025-26

Russian crop to watch — not a good start to planting so far

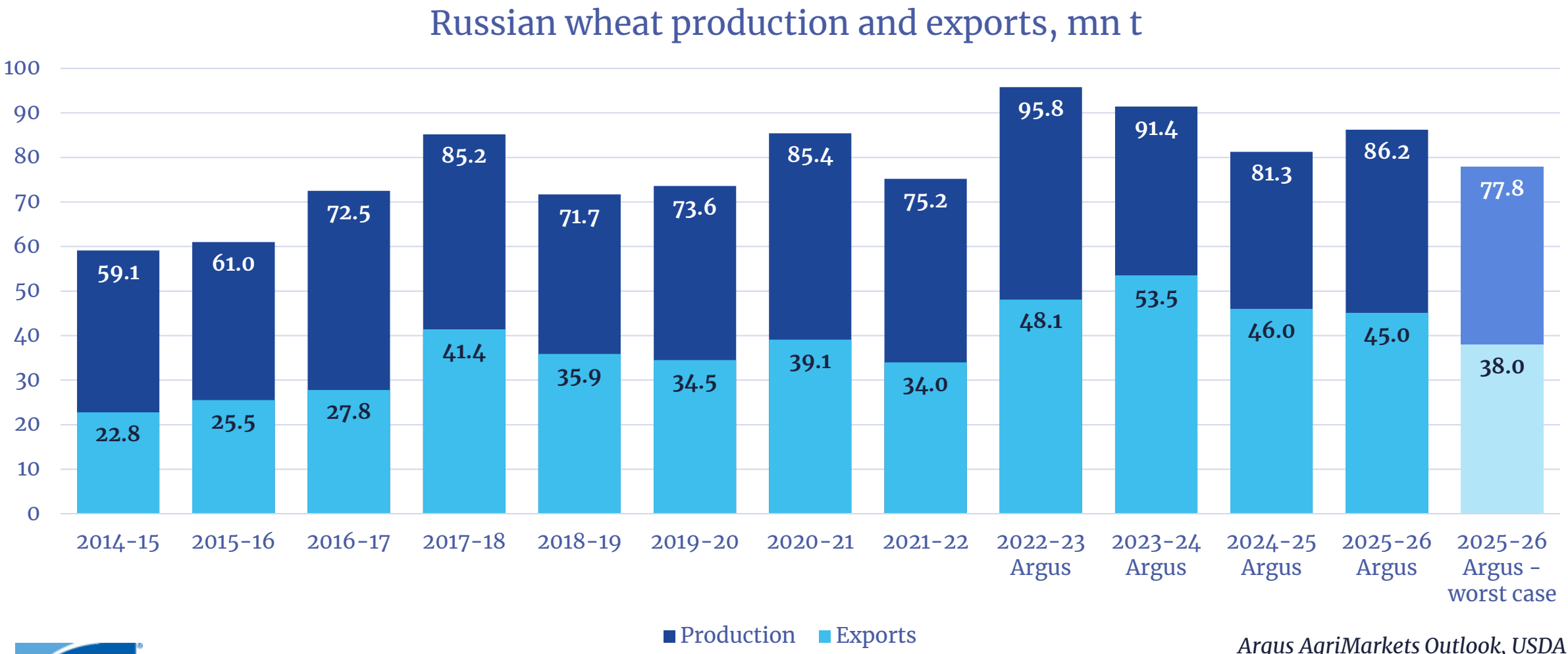
Weather risks for Russian winter crops could threaten 2025-26 wheat yields…



Argus AgriMarkets Outlook, Russia's Agriculture ministry (historical data)

Russian crop to watch — not a good start to planting so far

...but it is too early to tell yet — repeat of 2020, or a sharp drop in 2025-26.



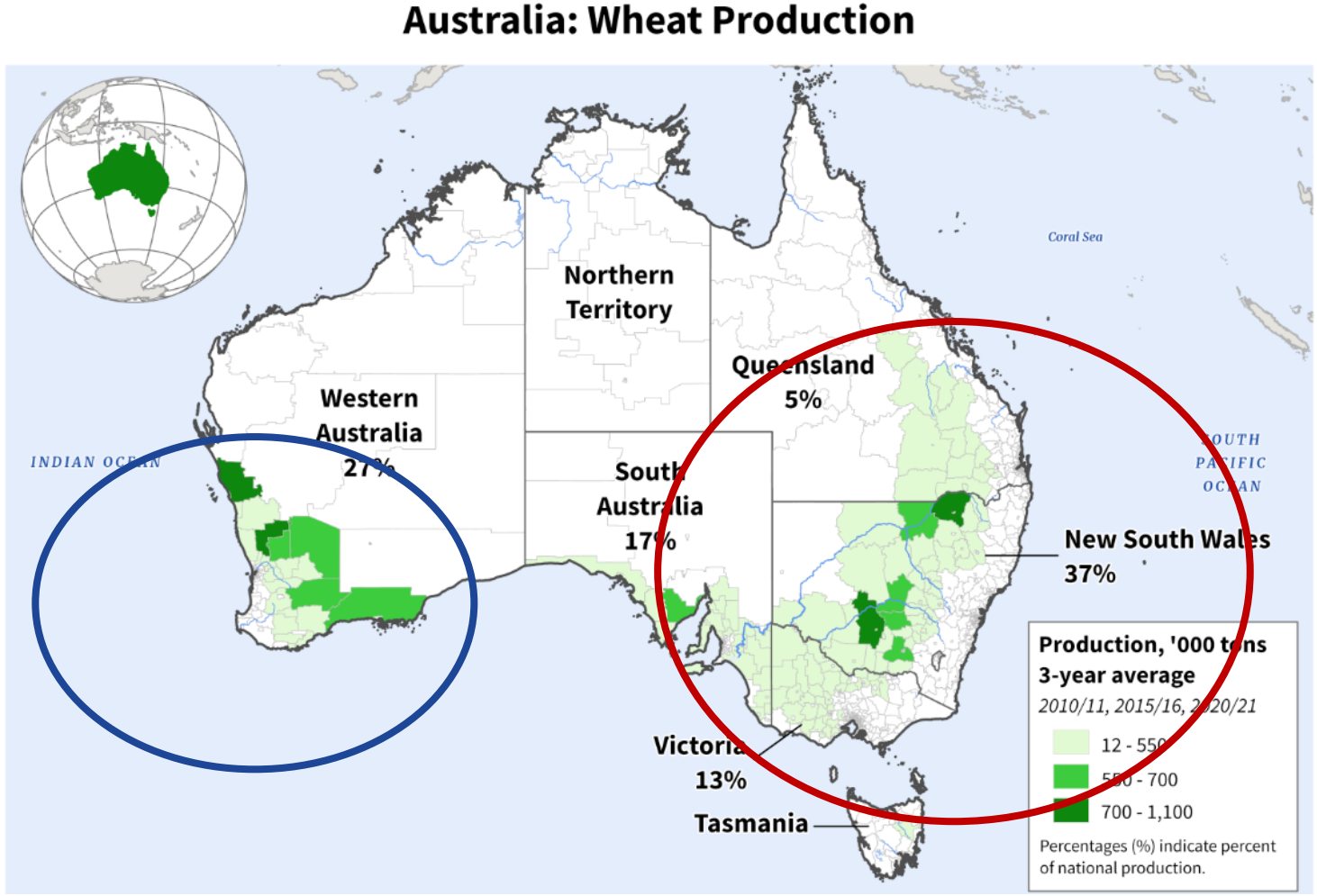
Argus AgriMarkets Outlook, USDA

Supply in 2025-26

- Russian crop to watch
- Australian weather patterns

A weak La Nina in Australia — so far, little reason to expect a repeat of 2020-22

A strong La Nina would now be too late for 2024-25 crop, and outlook for 2025-26 southern hemisphere remains unclear.



USDA

Supply in 2025-26

- Russian crop to watch
- A weak La Nina in Australia
- **Trend in seller and buyer behaviour likely to add to volatility**

Concluding thoughts

- Less supply from the Black Sea in 2024-25, and selling pace likely more sporadic than in previous years
  - Added risks from conflict intensification -> higher freight and insurance rates
- No constant supply pressure from the Black Sea on other origins this year
- Argentinian production to play a bigger role than last year — but Brazilian demand to watch
  - And Argentinian farmers are happy to hold back volumes in case of rising risks or perception of bullish trend
- Further out — Black Sea winter crop development to watch
  - Risks to Russian 2025-26 wheat are there, but situation so far has been similar to 2020, when autumn emerging raised concerns, but development in spring resulted in above-average quality and yields

Thank you

Further information

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