



# Wheat Industry Trends in Southeast Asia

*A Market Growing Like No Other*

***International Association of Operative Millers***

*October 7, 2019*

*Jakarta, Indonesia*

Joe Sowers

*Regional Vice President*



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# Indonesian wheat imports

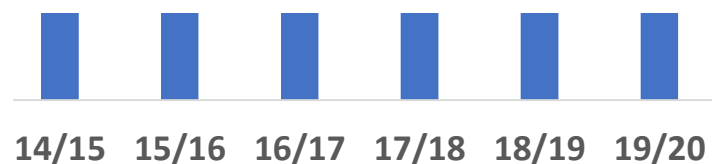
## Top ten wheat importers

1. Egypt
2. Indonesia
3. Brazil
4. Philippines
5. Algeria
6. Bangladesh
7. Japan
8. European Union
9. Mexico
10. Turkey



## Largest market for:

- Australia
- Ukraine
- Canada (CWRS)
- Argentina #3
- Russia #7
- US #9



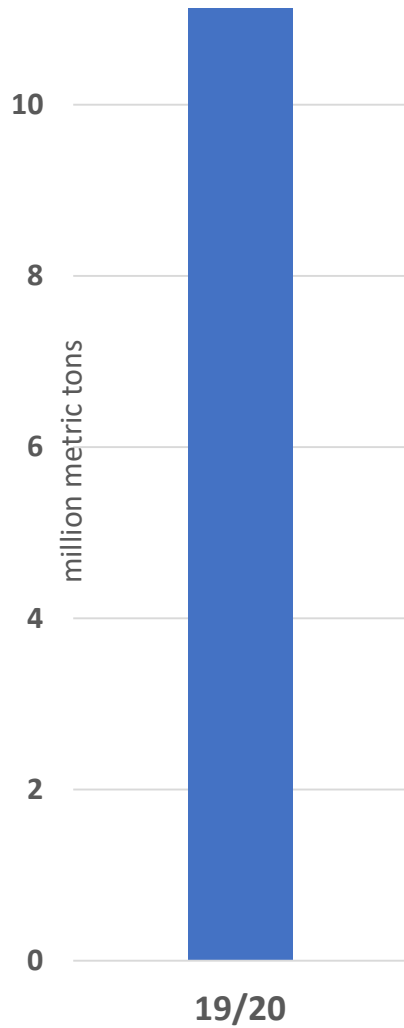
source: USDA PS&D



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# Indonesian wheat use



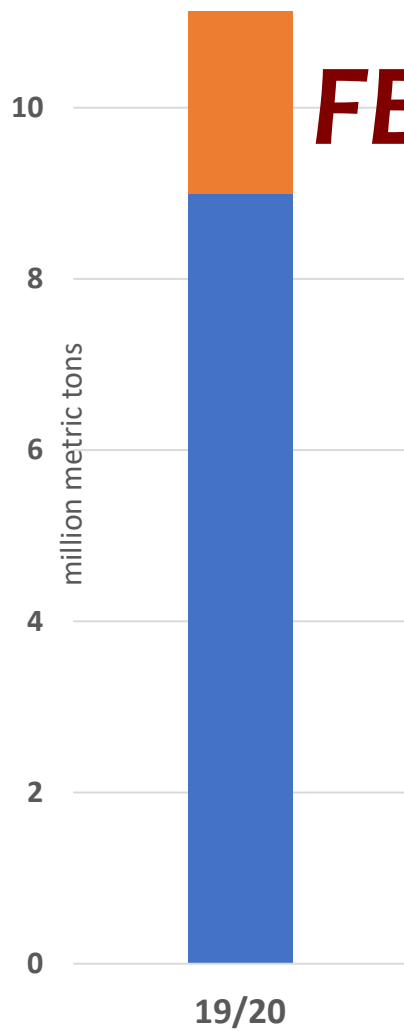
source: USDA PS&D



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# Indonesian wheat use



**FEED**



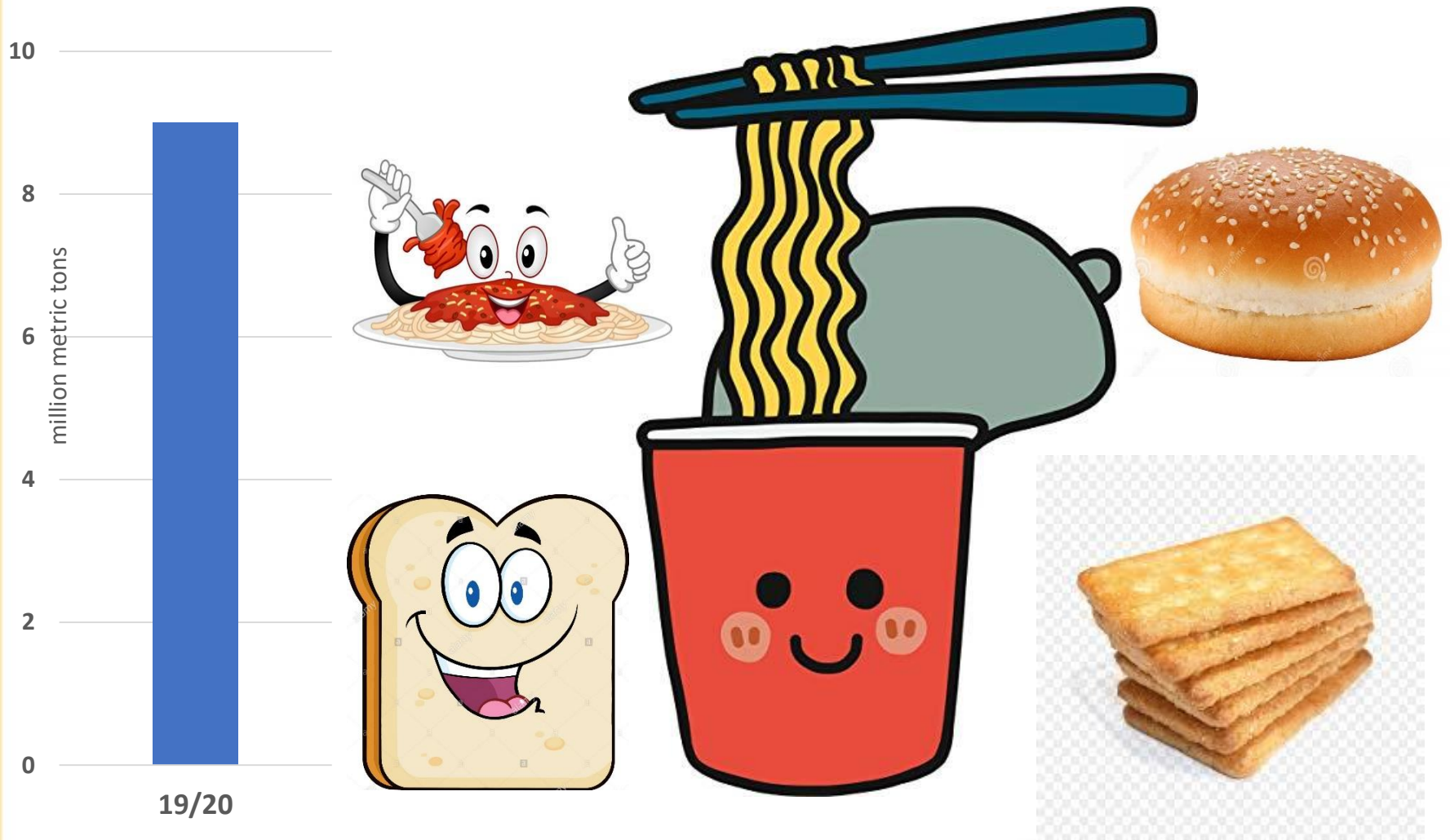
source: USDA PS&D



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# Indonesia milling wheat use



source: USDA PS&D



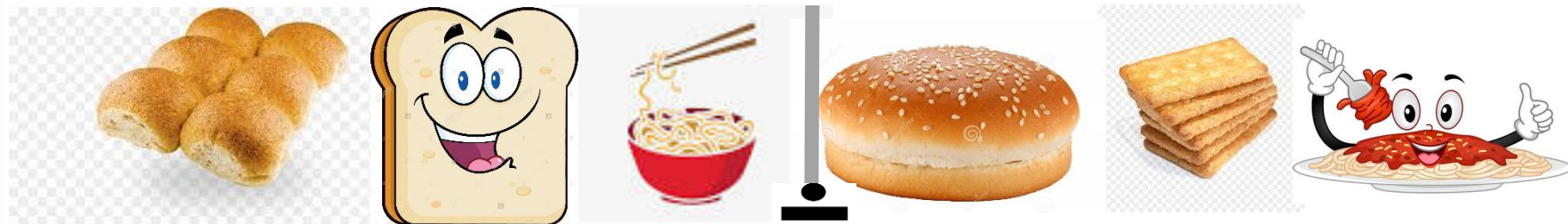
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# Indonesian per capita wheat use

9.0 MMT

source: USDA PS&D



269.1 million

source: EUROMONITOR INTERNATIONAL



34 kg/capita



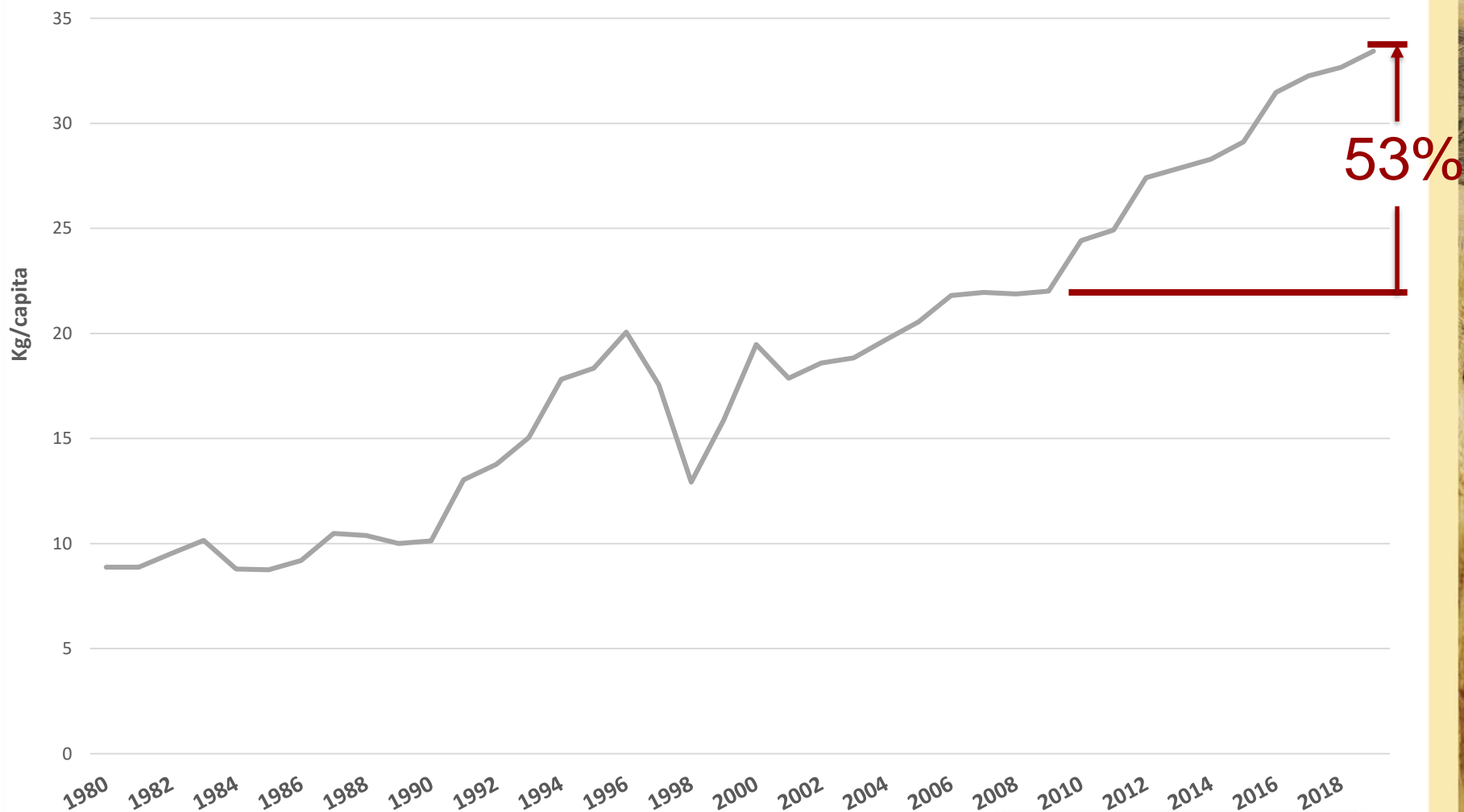
source: USDA/Euromonitor



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# Indonesian per capita wheat consumption



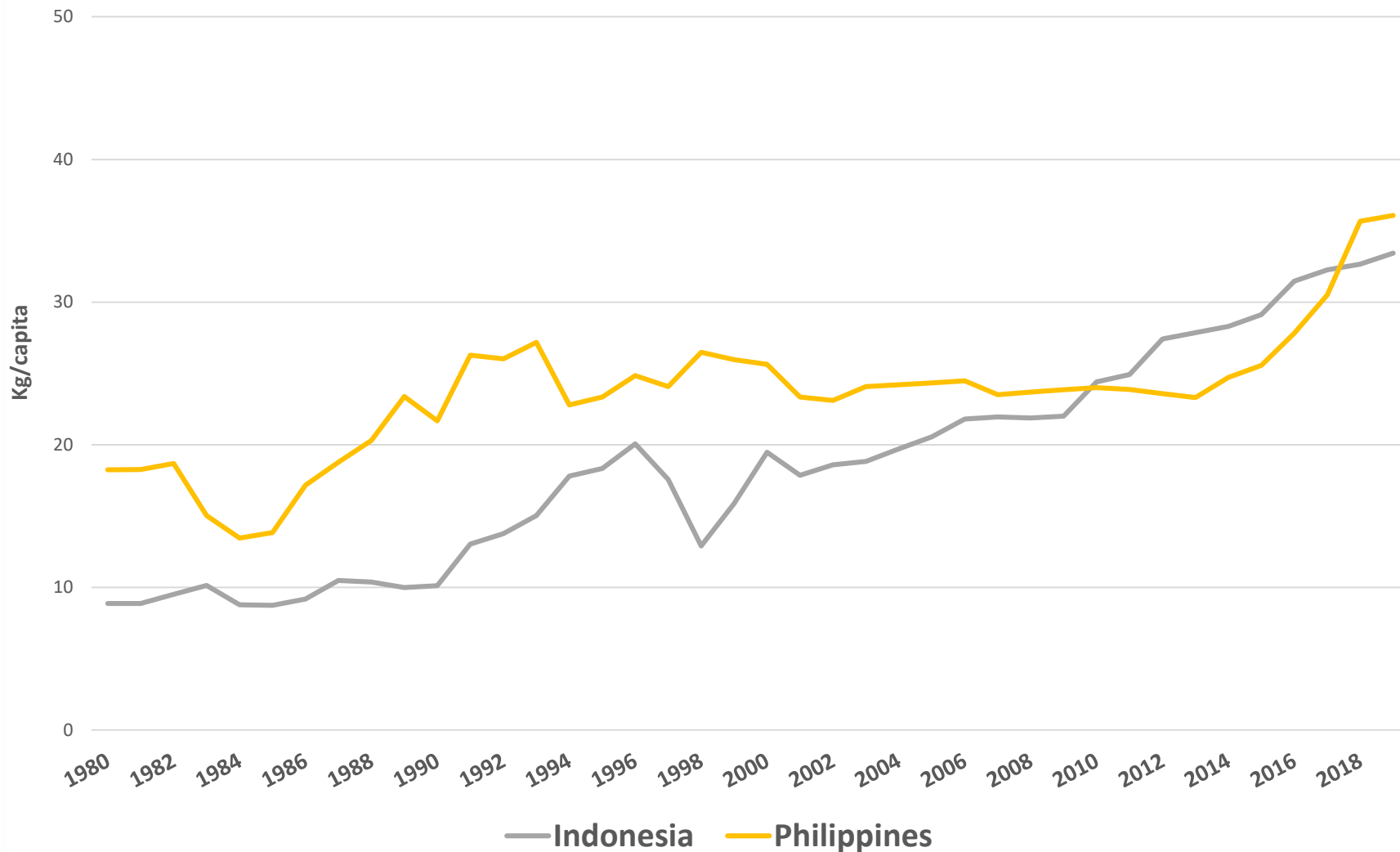
source: USDA/Euromonitor



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# Indo/Phil per capita wheat consumption



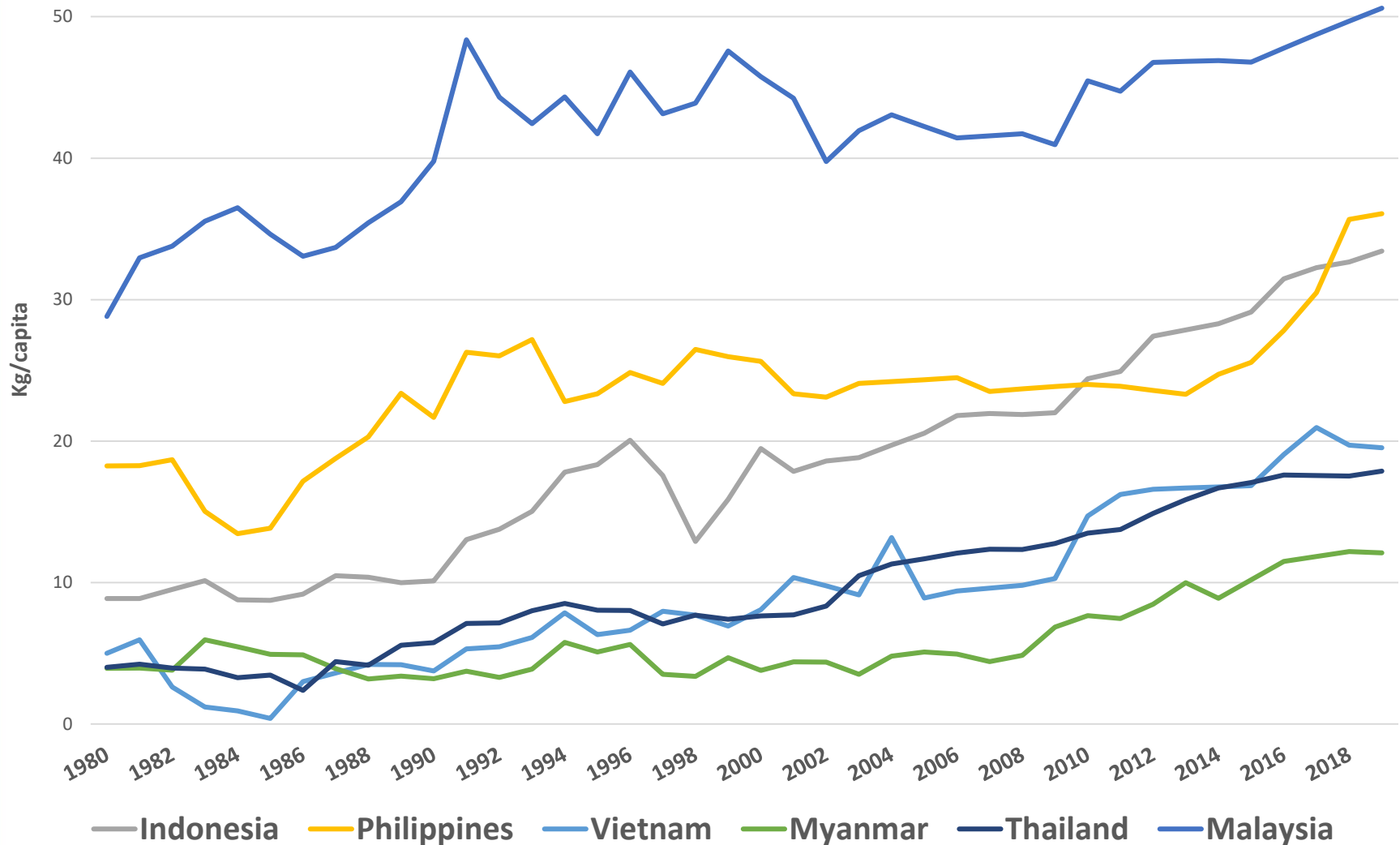
source: USDA/Euromonitor



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# ASEAN per capita wheat consumption



source: USDA/Euromonitor



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# Rise of the Middle Class

## MIDDLE CLASS CONSUMER SPENDING

OUTER RING: 2030 in trillions, USD (projected)

INNER RING: 2009 in trillions, USD



Source: OECD



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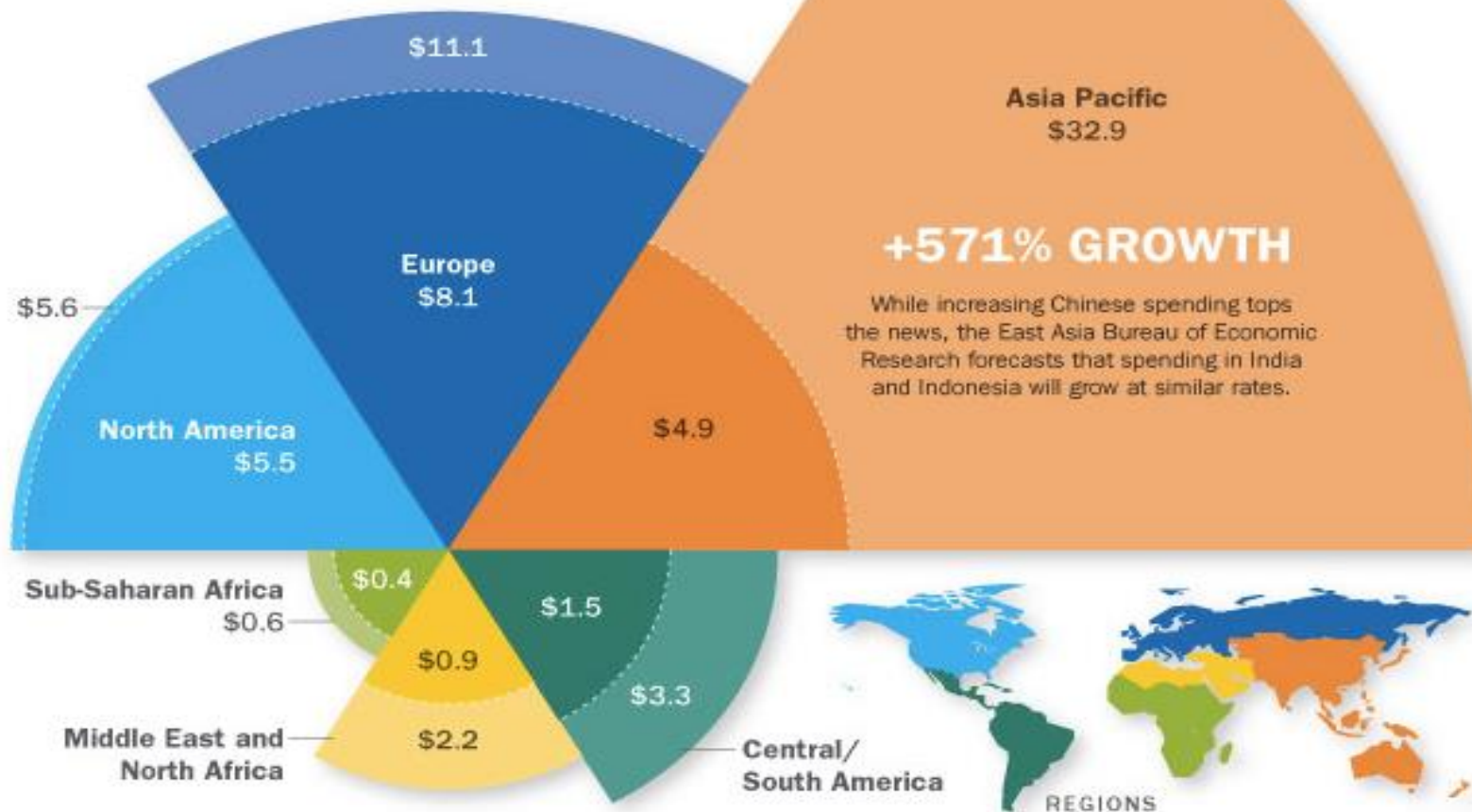
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# Rise of the Middle Class

## MIDDLE CLASS CONSUMER SPENDING

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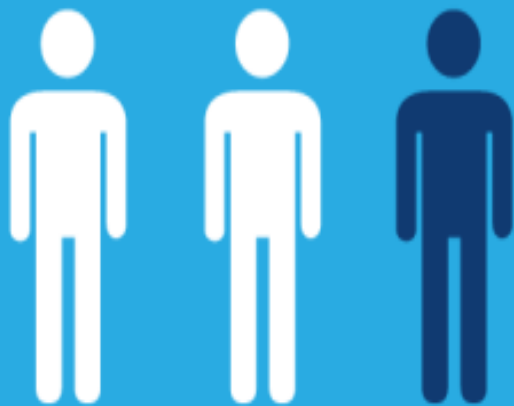


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# 88 percent of the next billion entrants into the middle class will be in Asia

By 2030, Asia could represent 2/3  
of the global middle class population.



BROOKINGS



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# ASEAN GDP

	PPP (trillion int. dollars)	Real growth rate					forecast
	GDP 2018	2014	2015	2016	2017	2018	2019
Indonesia	3.495	5.0	4.9	5.0	5.1	5.2	5.0
Thailand	1.320	1.0	3.1	3.4	4.0	4.1	3.2
Malaysia	0.999	6.0	5.1	4.4	5.7	4.7	4.5
Philippines	0.953	6.1	6.1	6.9	6.7	6.2	6.0
Vietnam	0.710	6.0	6.7	6.2	6.8	7.1	6.7
Singapore	0.565	3.9	2.9	3.0	3.7	3.1	1.0
Myanmar	0.331	8.0	7.0	5.9	6.8	5.5	6.7

Source: CIA World Factbook/Euromonitor



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# ASEAN Population Growth

	Population 2019 (millions)	Growth Rate	Median age
Indonesia	260,581	0.9%	30.2
Philippines	105,893	1.6%	23.5
Vietnam	96,160	0.9%	30.5
Thailand	68,414	0.3%	37.7
Myanmar	55,124	0.9%	28.2
Japan	126,451	(0.2%)	47.3
South Korea	51,181	0.5%	41.8
Taiwan	23,508	0.2%	40.7

Source: CIA World Factbook

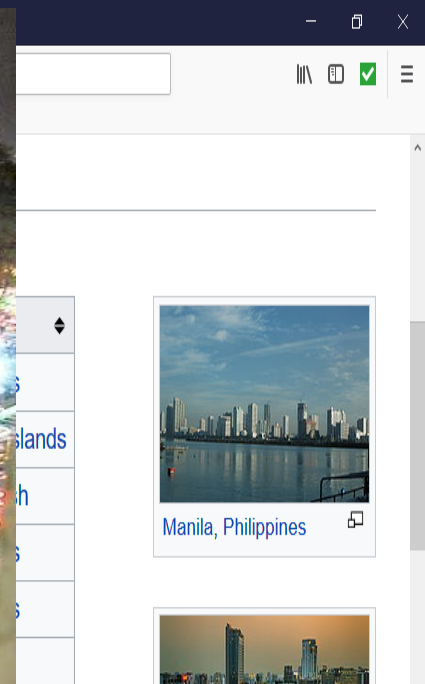
# World's most populous islands

Ranking ↕	Island ↕	Population ↕	Density (/km²) ↕	Country ↕
–	<i>Afro-Eurasia</i>	6,151,810,000 (2013)	72.4	
–	<i>Americas</i>	1,001,559,000 (2016)	23.5	
7	Mindanao	25,537,691 (2018) <sup>[8]</sup>	261.4	 Philippines
–	<i>Mainland Australia</i>	24,377,200 c. (2018)	3.2	 Australia
8	Taiwan	23,461,708 (2015 estimate) <sup>[6]</sup>	657	 Republic of China
9	Borneo	21,258,000 (2014) <sup>[6][9][10][11]</sup>	26.3	 Indonesia (Kalimantan),  Brunei,  Malaysia (Sabah, Sarawak)
10	Sri Lanka (Ceylon)	21,203,000 (2016) <sup>[12]</sup>	310	 Sri Lanka
11	Hispaniola	21,107,000 (2016)	277	 Dominican Republic,  Haiti
12	Sulawesi (Celebes)	18,455,058 (2014) <sup>[6][13]</sup>	97	 Indonesia
13	Salsette	15,111,974 (2012) <sup>[6][14]</sup>	24,414	 India (Maharashtra)
14	Kyūshū	13,200,000 (2010) <sup>[3][15]</sup>	371	 Japan
15	New Guinea	11,818,000 (2014 RI, 2015 PNG) <sup>[16][17]</sup>	15	 Papua New Guinea and  Indonesia (Western New Guinea)
16	Cuba	11,167,325 (2012) <sup>[6][18]</sup>	103.3	 Cuba




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Српски / Srpski

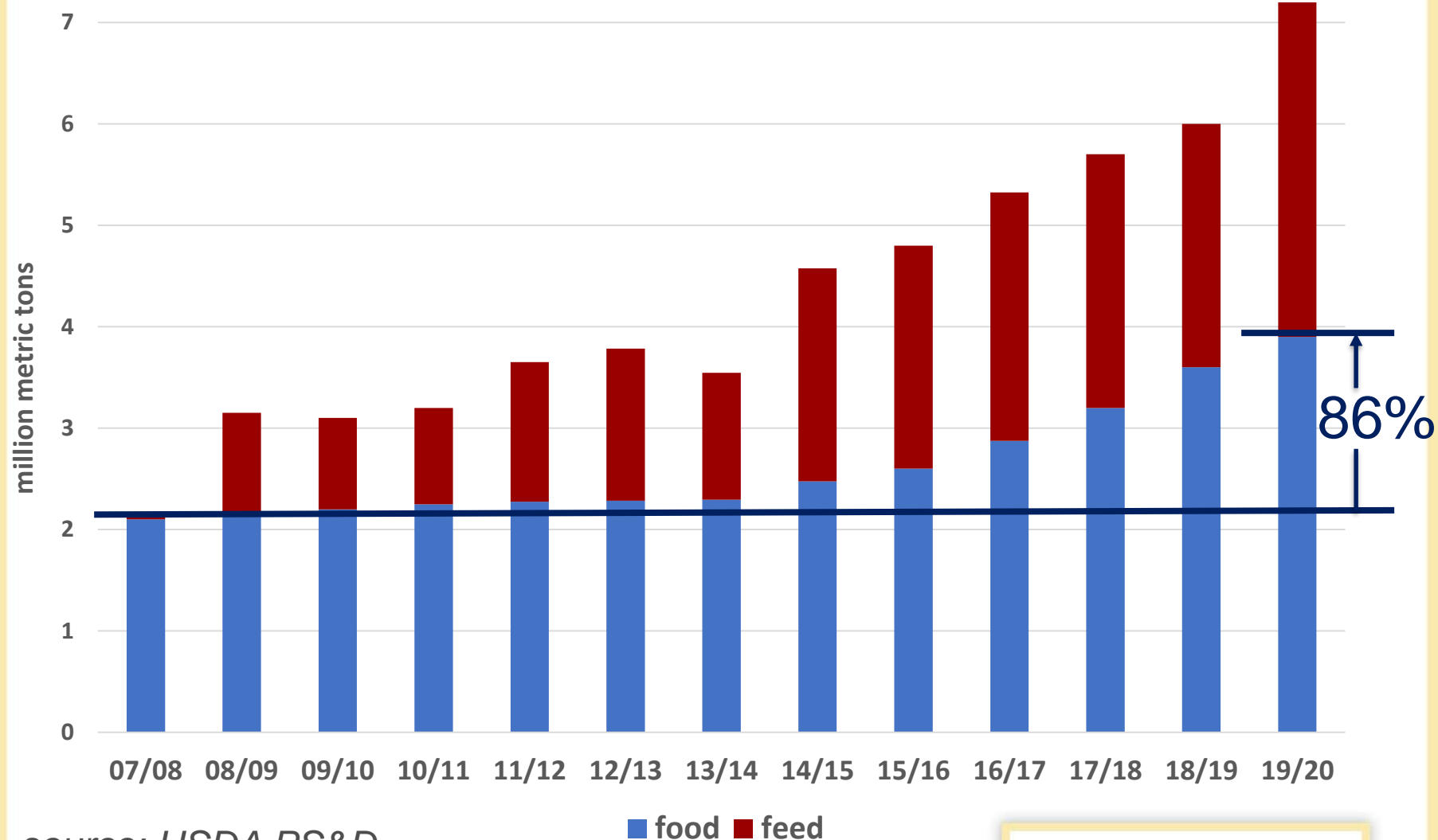
اردو

 Edit links

Bally	291,972 <sup>[7]</sup>	11.81
Kolkata	4,486,679 <sup>[7]</sup>	185 <sup>[16]</sup>
Saint-Josse-ten-Noode	27,548 <sup>[17]</sup>	1.14 <sup>[1]</sup>
Kathmandu	1,183,000 <sup>[19]</sup>	49.45
Subang Jaya	1,683,589 <sup>[20]</sup>	70.41
Neapoli	27,084 <sup>[20]</sup>	1.17
Montrouge	48,410 <sup>[21]</sup>	2.1 <sup>[21]</sup>



# Philippine wheat imports



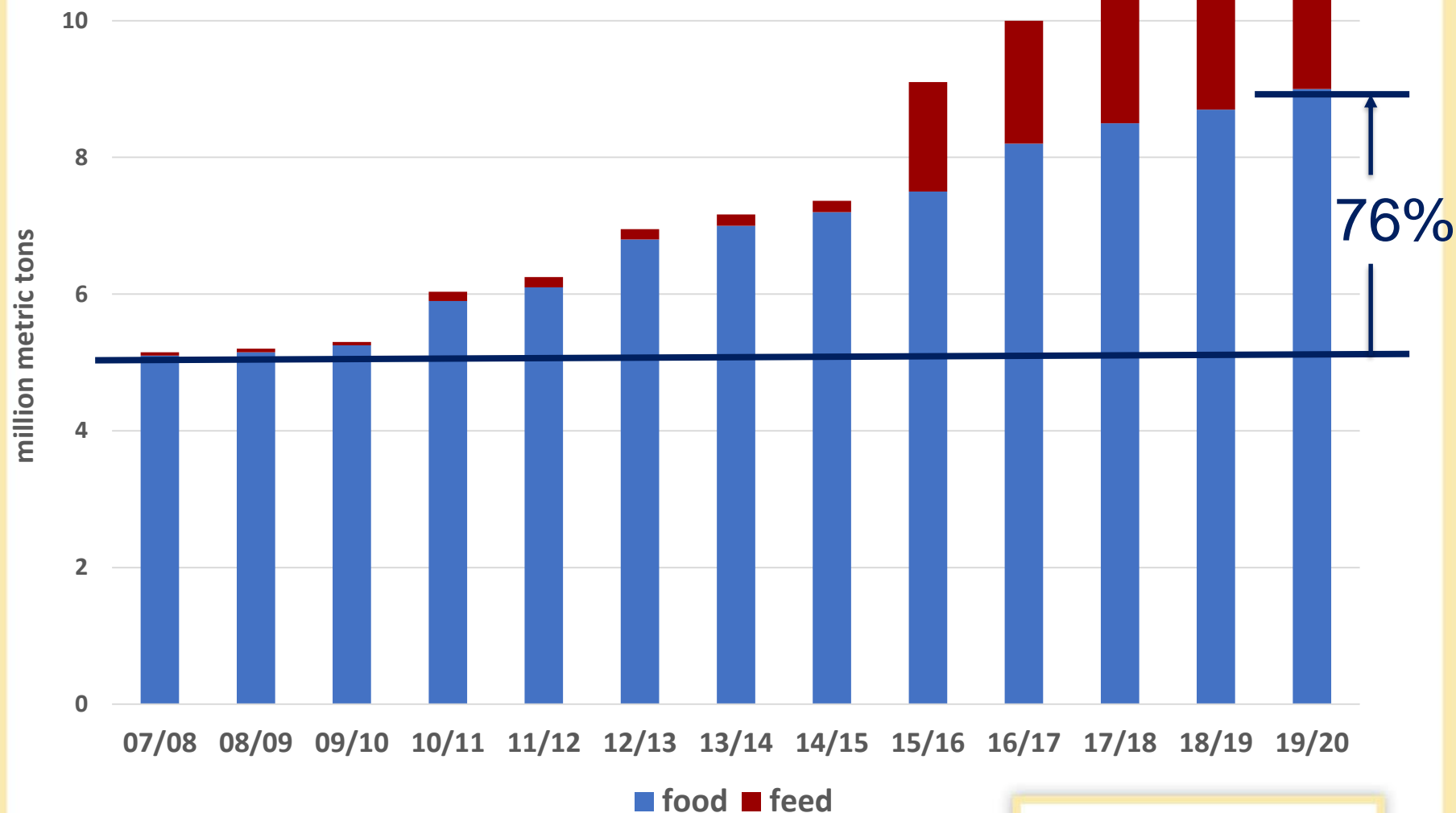
source: USDA PS&D



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# Indonesian wheat imports



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# Regional End Products

## Indonesia

<b>Total</b>	<b>8.5 MMT</b>
<b>Noodles</b>	<b>48%</b>
<b>Bakery</b>	<b>27%</b>
<b>Bisc/conf</b>	<b>15%</b>
<b>Others</b>	<b>10%</b>

## Malaysia

<b>Total</b>	<b>1.6 MMT</b>
<b>Noodles</b>	<b>50%</b>
<b>Bakery</b>	<b>30%</b>
<b>Bisc/conf</b>	<b>15%</b>
<b>Others</b>	<b>5%</b>

## Thailand

<b>Total</b>	<b>1.2 MMT</b>
<b>Noodles</b>	<b>35%</b>
<b>Bakery</b>	<b>25%</b>
<b>Bisc/conf</b>	<b>25%</b>
<b>Aqua</b>	<b>15%</b>

## Vietnam

<b>Total</b>	<b>2 MMT</b>
<b>Noodles</b>	<b>60%</b>
<b>Bakery</b>	<b>15%</b>
<b>Bisc/conf</b>	<b>10%</b>
<b>Aqua</b>	<b>15%</b>



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## Southeast Asia

Total	20 MMT
Noodles	50%
Bakery	30%
Bisc/conf	12%
Others	8%

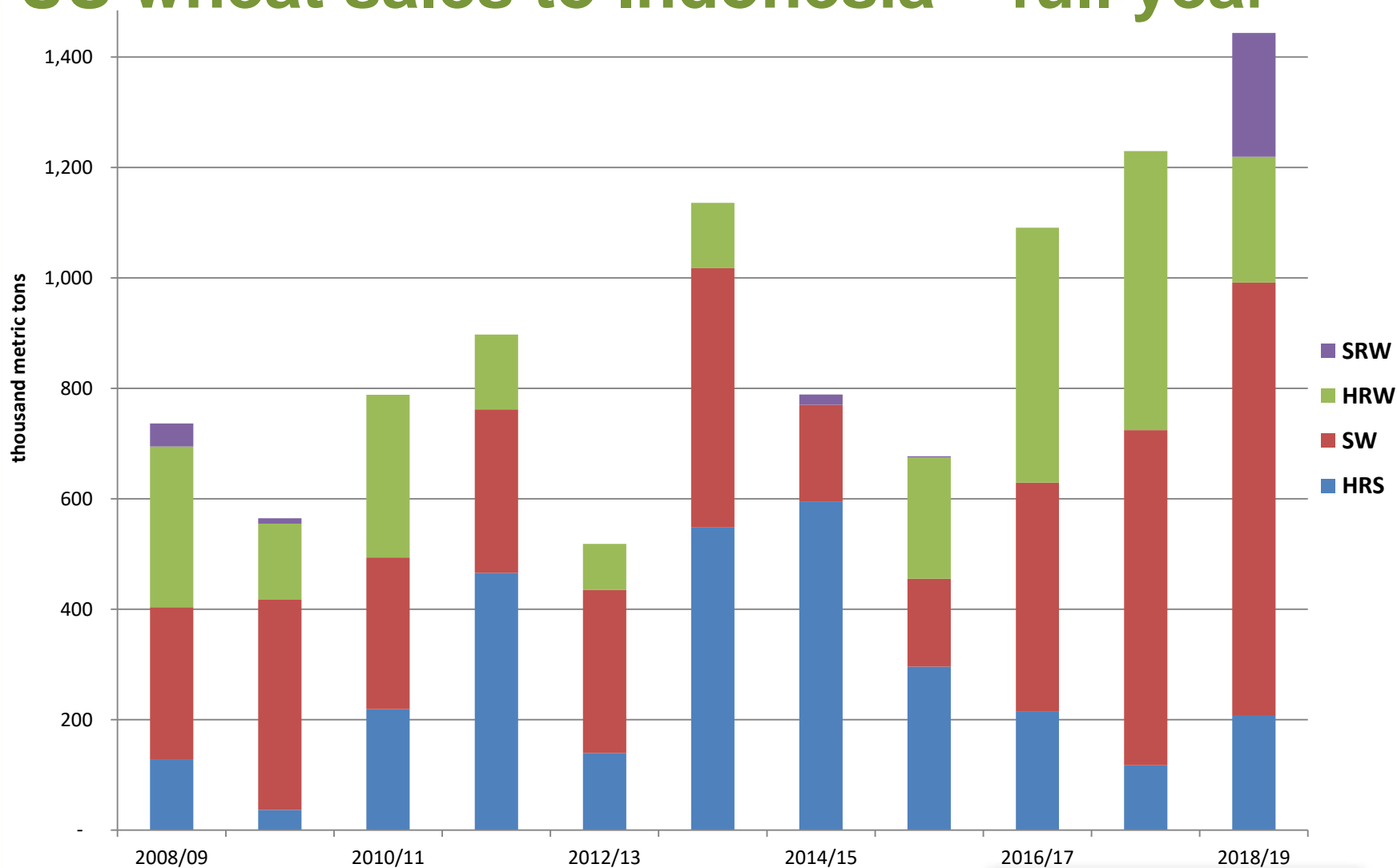
-Australian Grains Industry Conference 2018  
“I think the focus 100% should be on yield... if we focus on higher quality, we’ll lose out...”



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# US wheat sales to Indonesia – full year



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# Philippine Wheat Foods Use

	% of total use	1,000 MT (wheat equivalent)
Bakery products*	50%	1,400
Noodles	20%	550
Cookies & Crackers	20%	550
Pasta	4%	100
Others	6%	160
<div> <div>*bakery products detail</div> <div>% of bakery segment</div> </div>		
Pan de Sal and derivatives	35%	500
Loaf bread	30%	400
Buns and rolls	20%	250
Cakes and Pastries	10%	150
Chinese steamed buns (sio pao)	5%	70

Source: Industry sources



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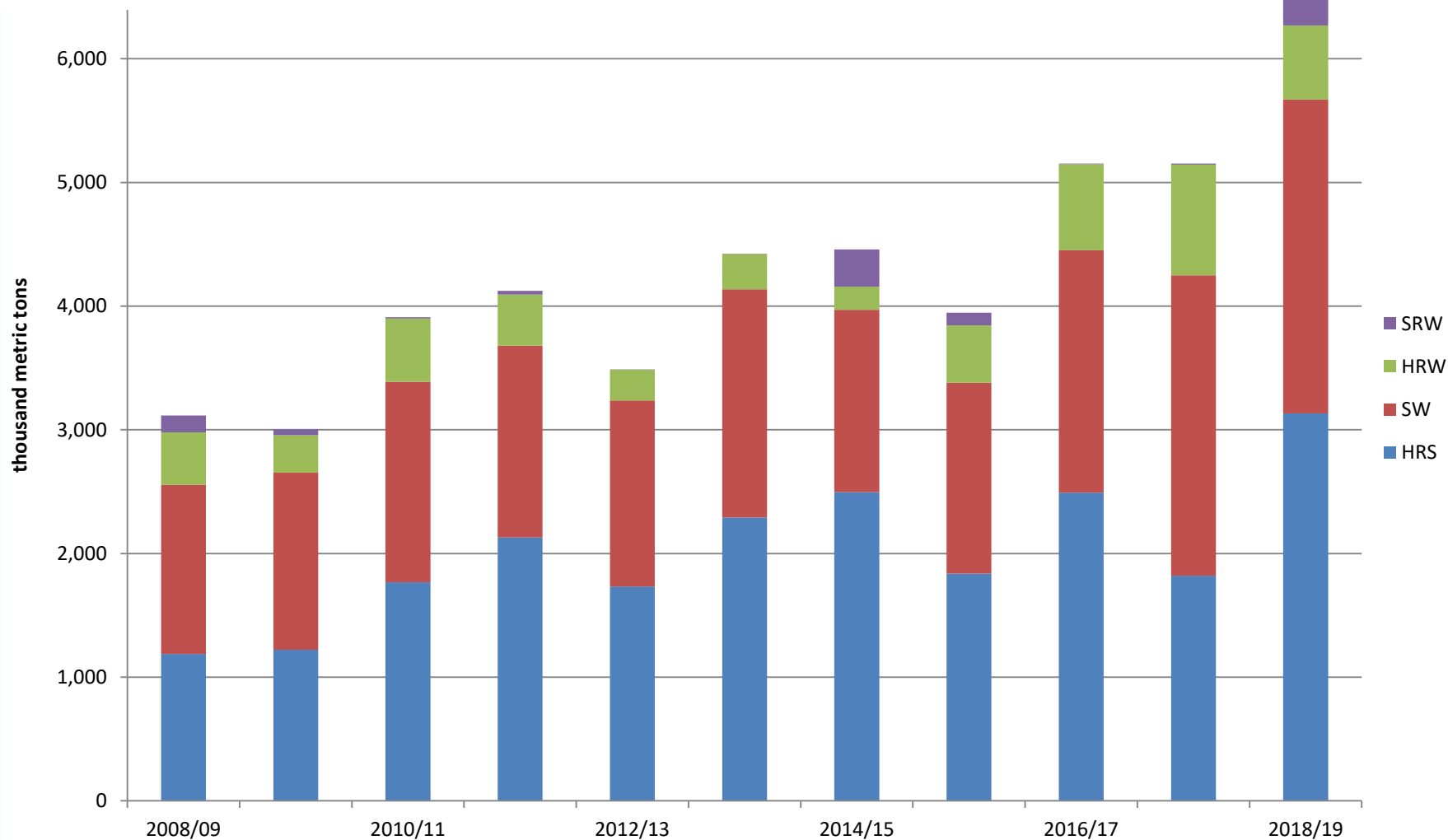
# US/China Trade War



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# US wheat sales to South Asia

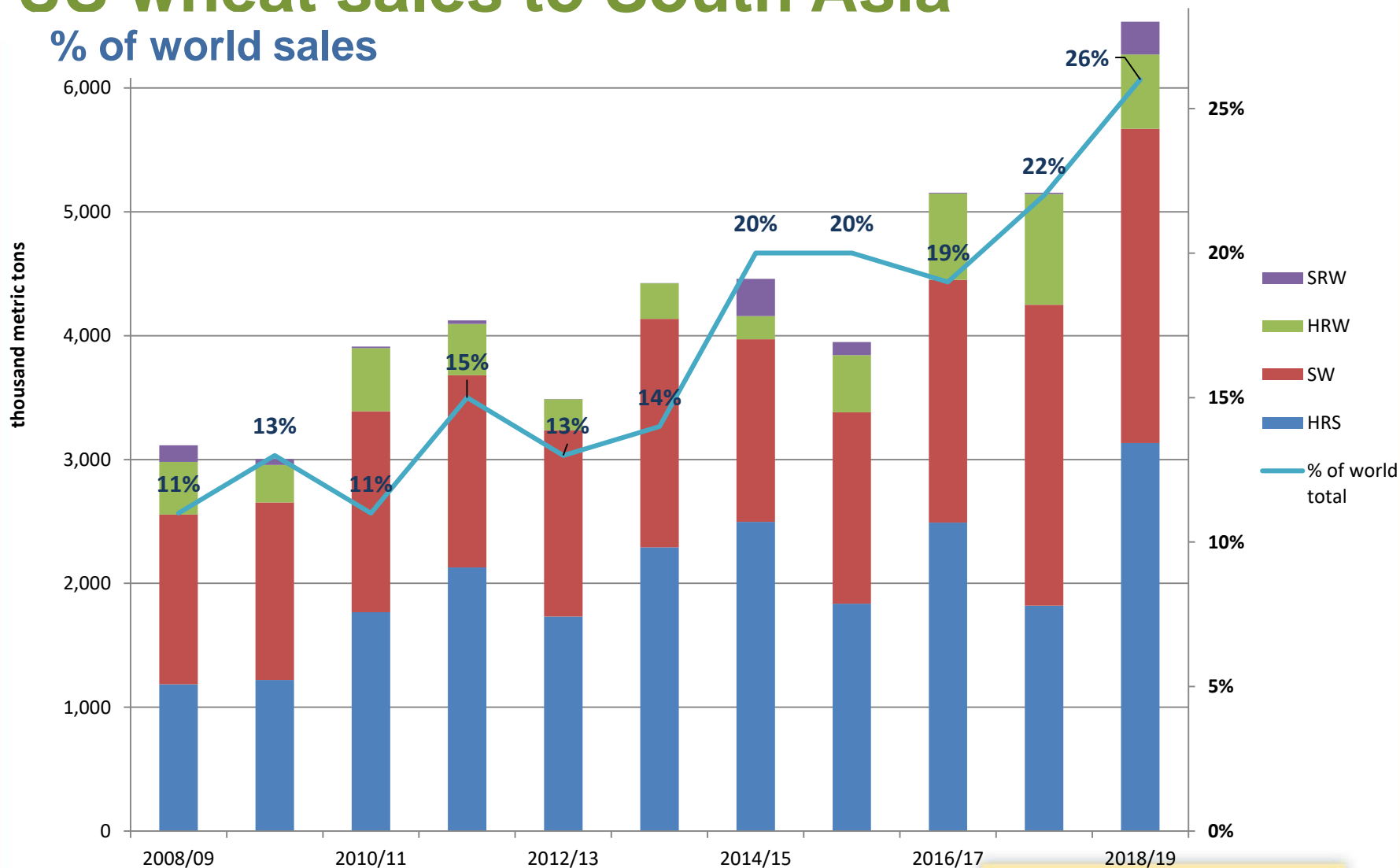


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# US wheat sales to South Asia

% of world sales



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# US wheat exports shift from Middle East and Africa...

United States  
wheat exports

2005-09\*  
5-year average

27.0 million tons

2014-16\*  
3-year average

24.1 million tons

Importing countries	2005- 09	2014- 16
Egypt	1.7	-
Iraq	1.3	-
Venezuela	0.8	-
Yemen	0.7	-
Japan	3.2	2.8
Nigeria	2.8	1.6
Others	7.6	6.2
Mexico	2.4	3.0
Philippines	1.6	2.4
Korea South	1.2	1.2
Taiwan	0.9	1.1
Colombia	0.7	0.8
Indonesia	0.7	0.8
Guatemala	0.5	0.5
Thailand	0.5	0.7
Brazil	-	1.0
China	-	0.9
Italy	-	0.6
Peru	-	0.5

... to Asia and Latin America

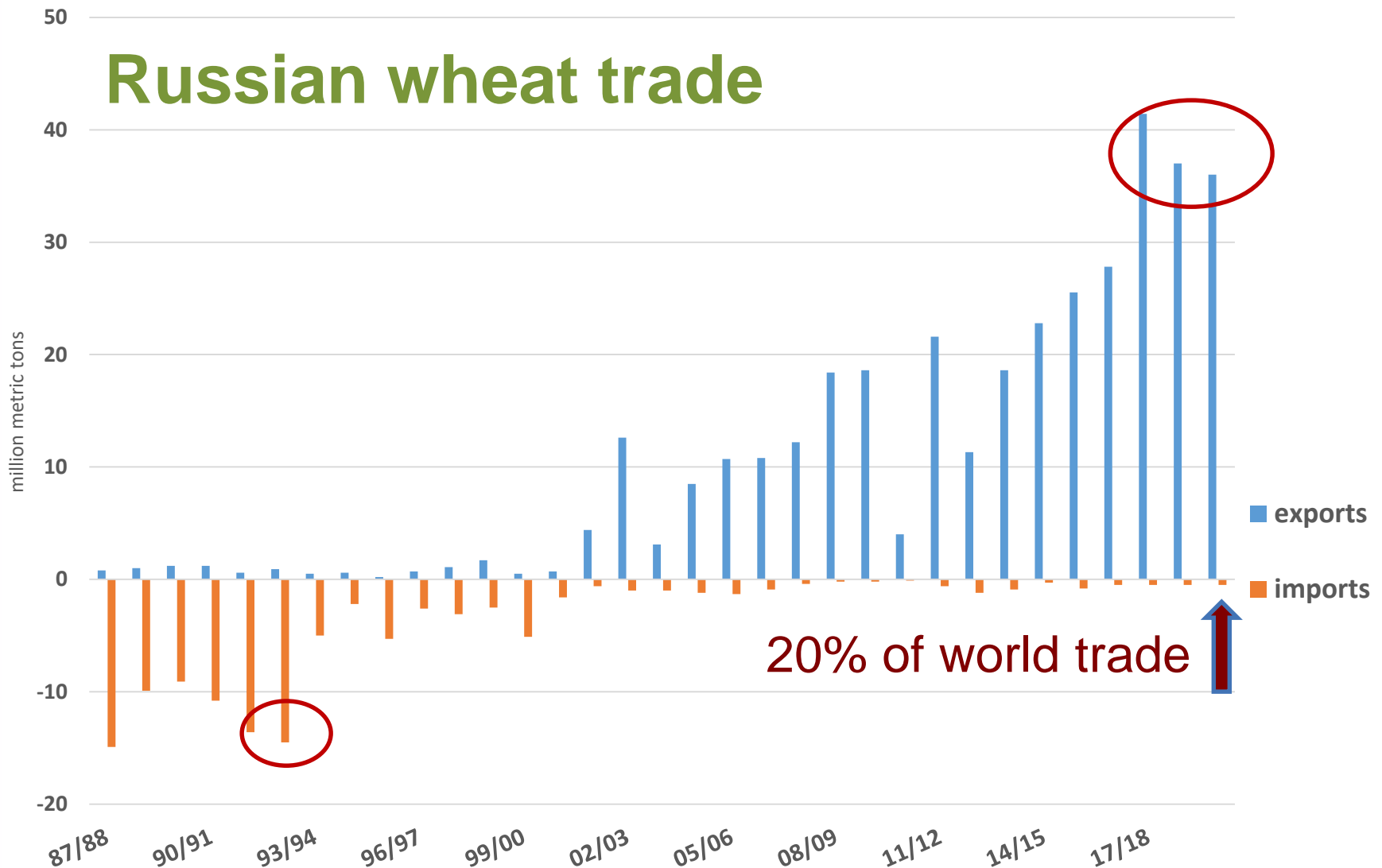
source: ERS



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# Russian wheat trade



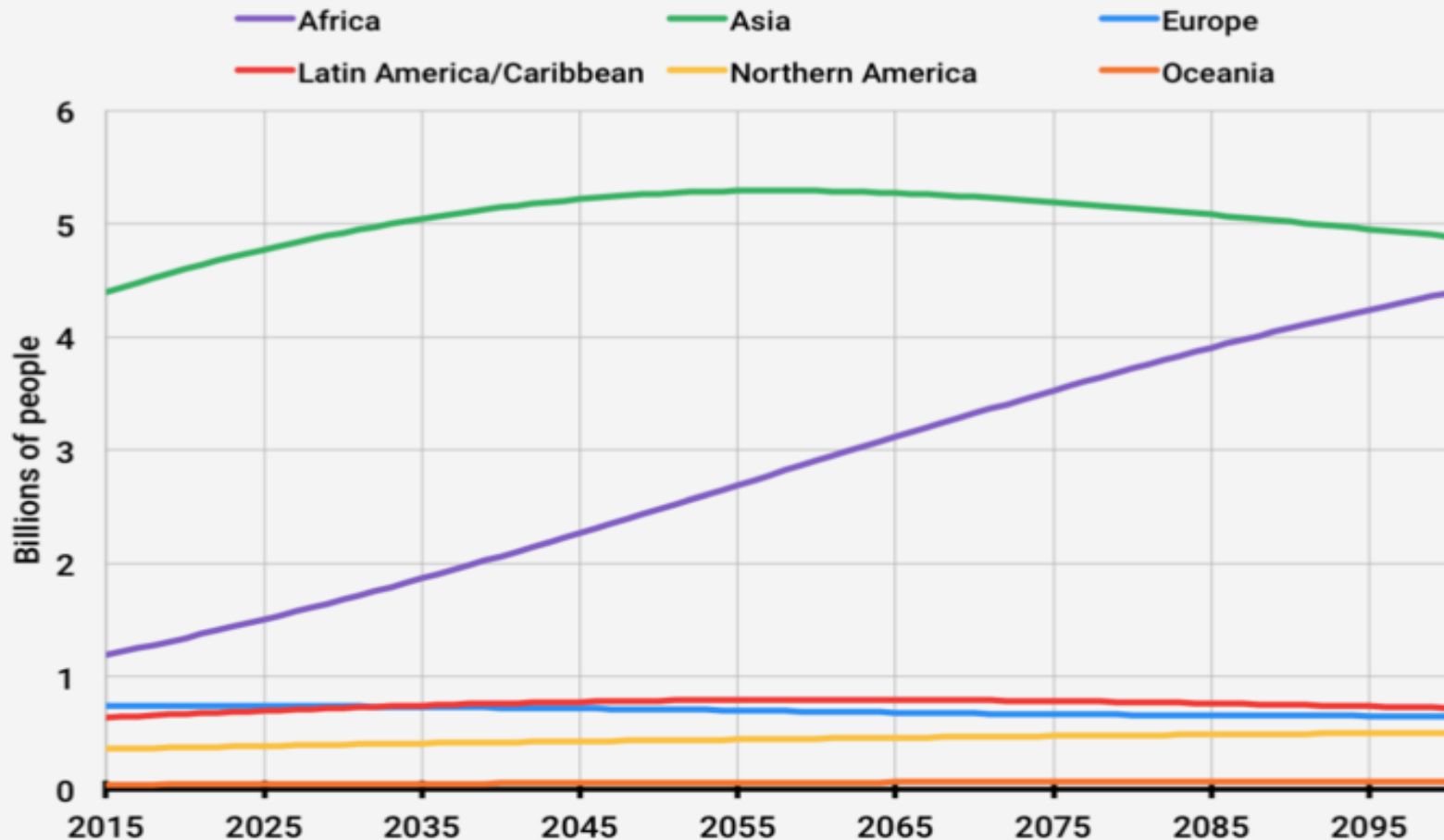
source: USDA



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# Population projections, 2015-2100



SOURCE: UN Population Division, "World Population Prospects, the 2015 Revision"

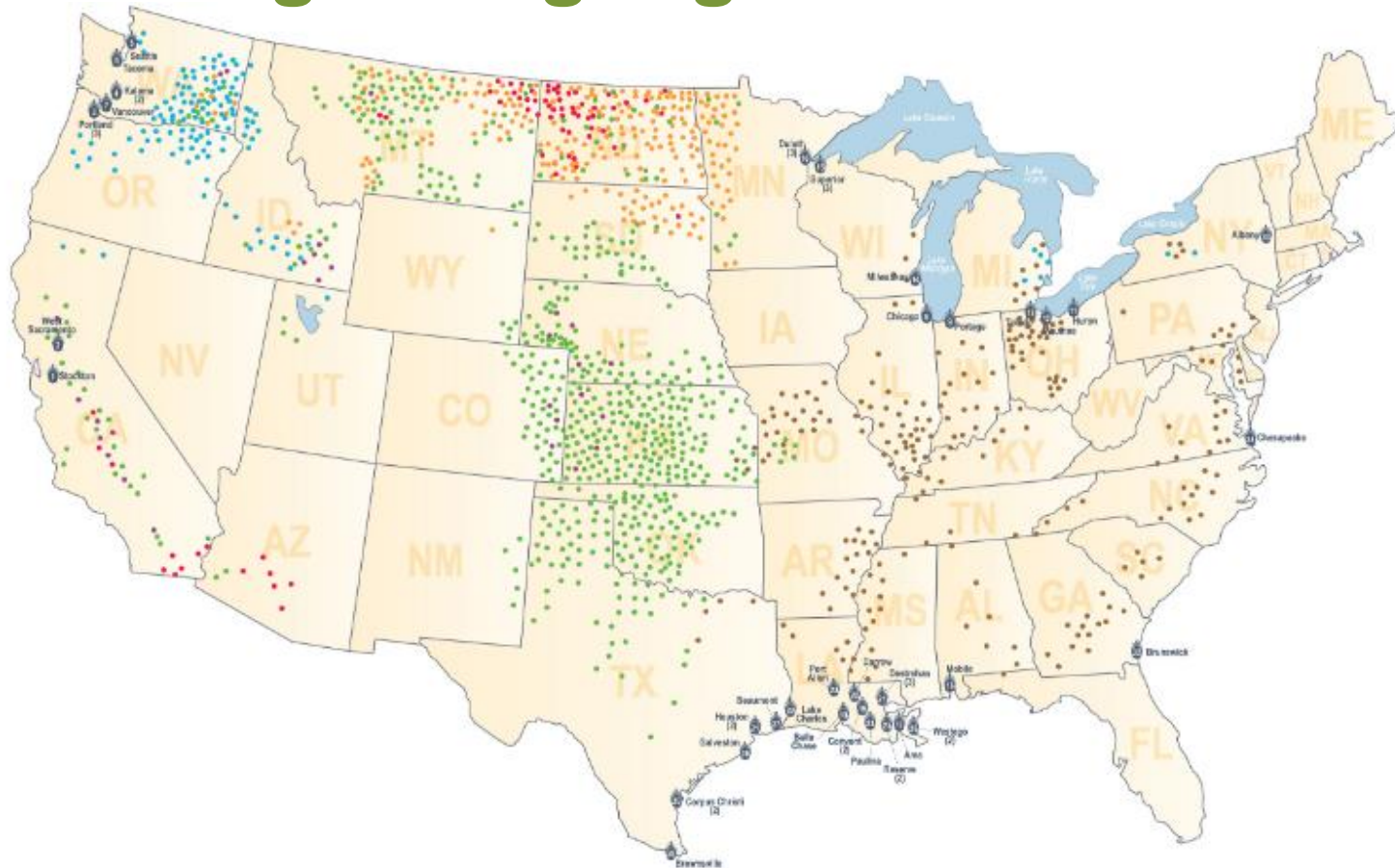
TECH INSIDER



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# US wheat growing regions



● HARD RED WINTER    ● HARD RED SPRING    ● SOFT RED WINTER    ● SOFT WHITE    ● HARD WHITE    ● DURUM



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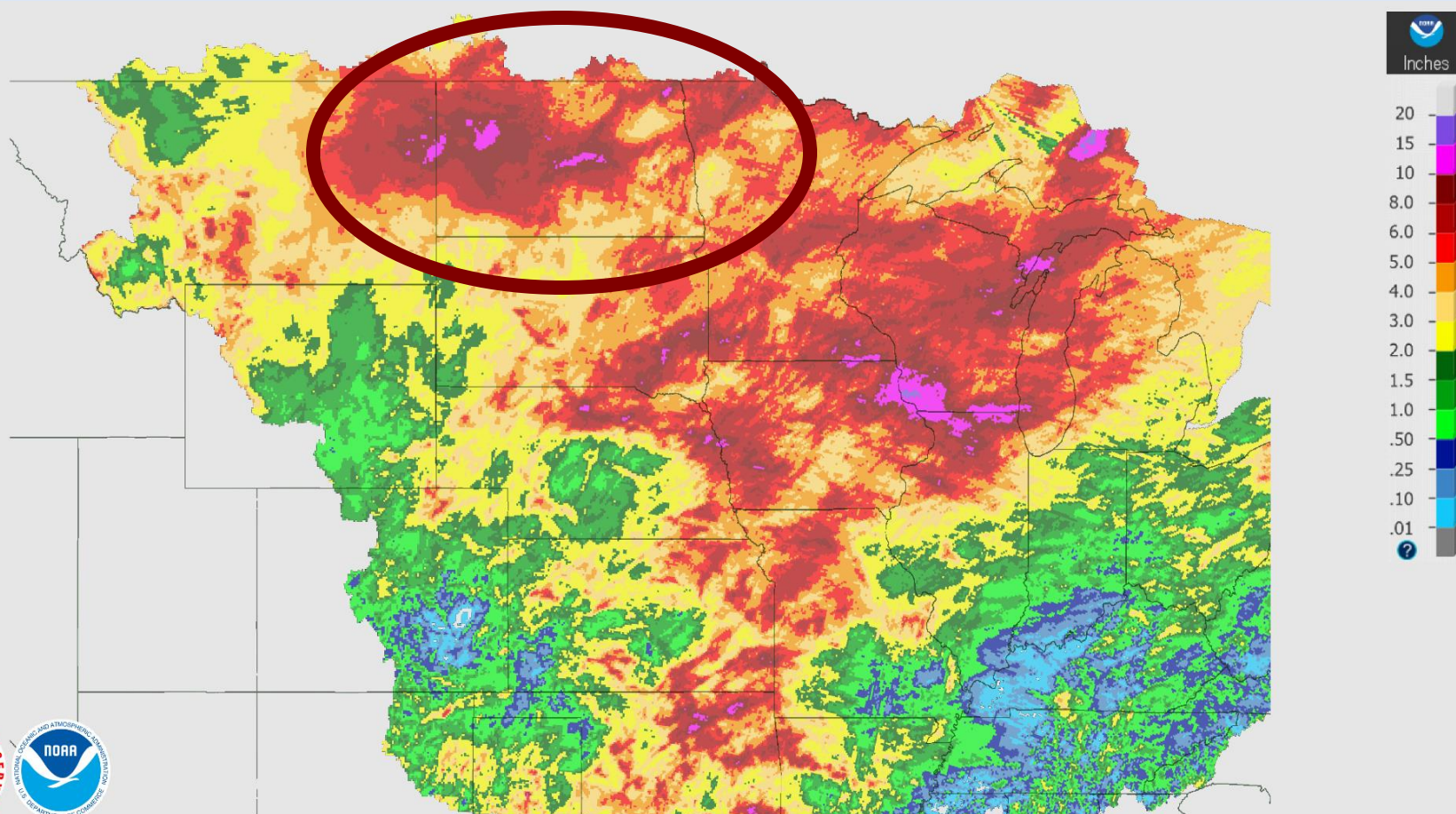
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# HRS Region – 30 Day Precipitation Totals

September 26, 2019 30-Day Observed Precipitation

Created on: September 26, 2019 - 13:46 UTC

Valid on: September 26, 2019 12:00 UTC

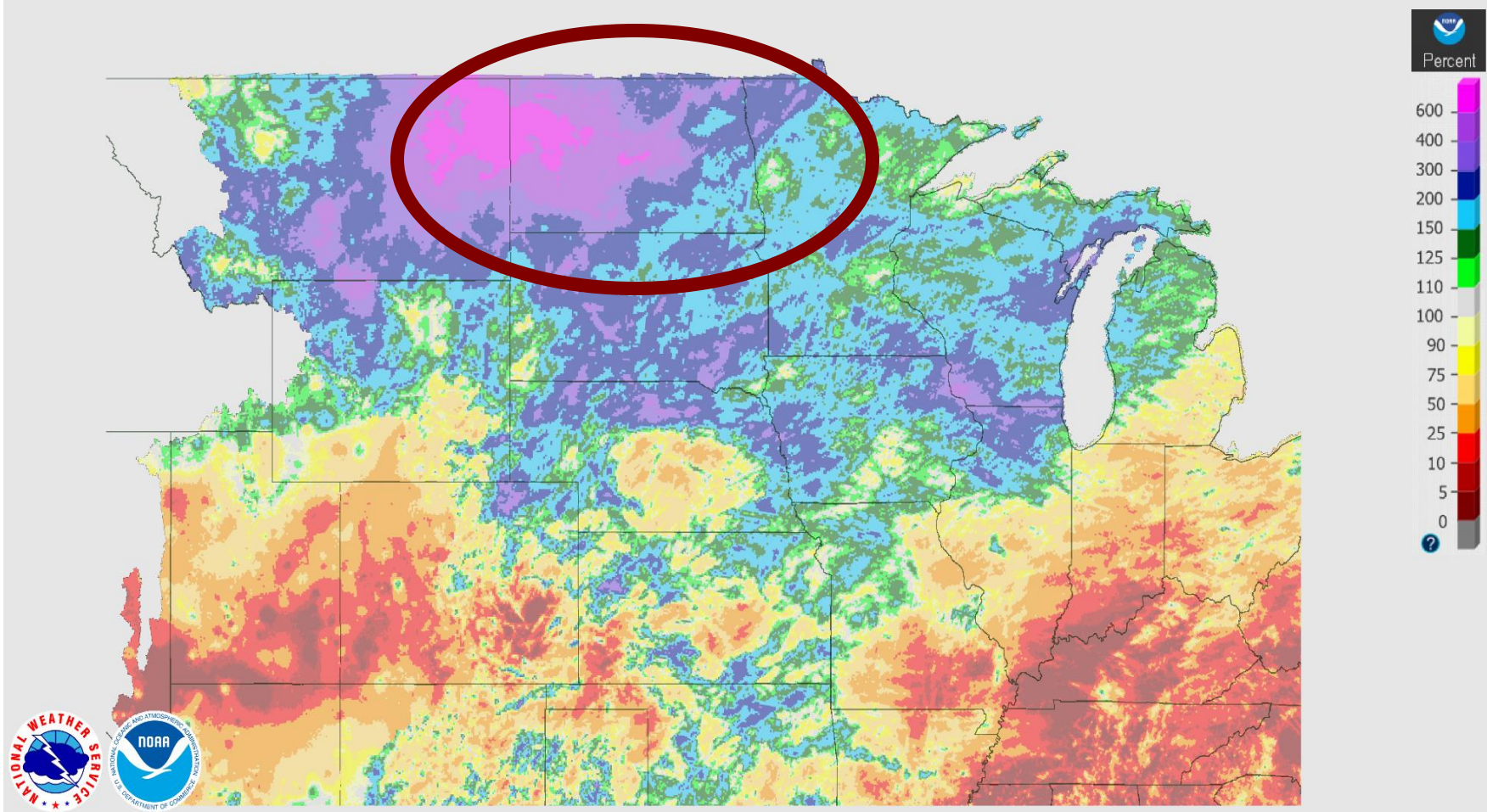


# HRS Region – % Normal Precipitation

September 26, 2019 30-Day Percent Precipitation

Created on: September 26, 2019 - 13:54 UTC

Valid on: September 26, 2019 12:00 UTC



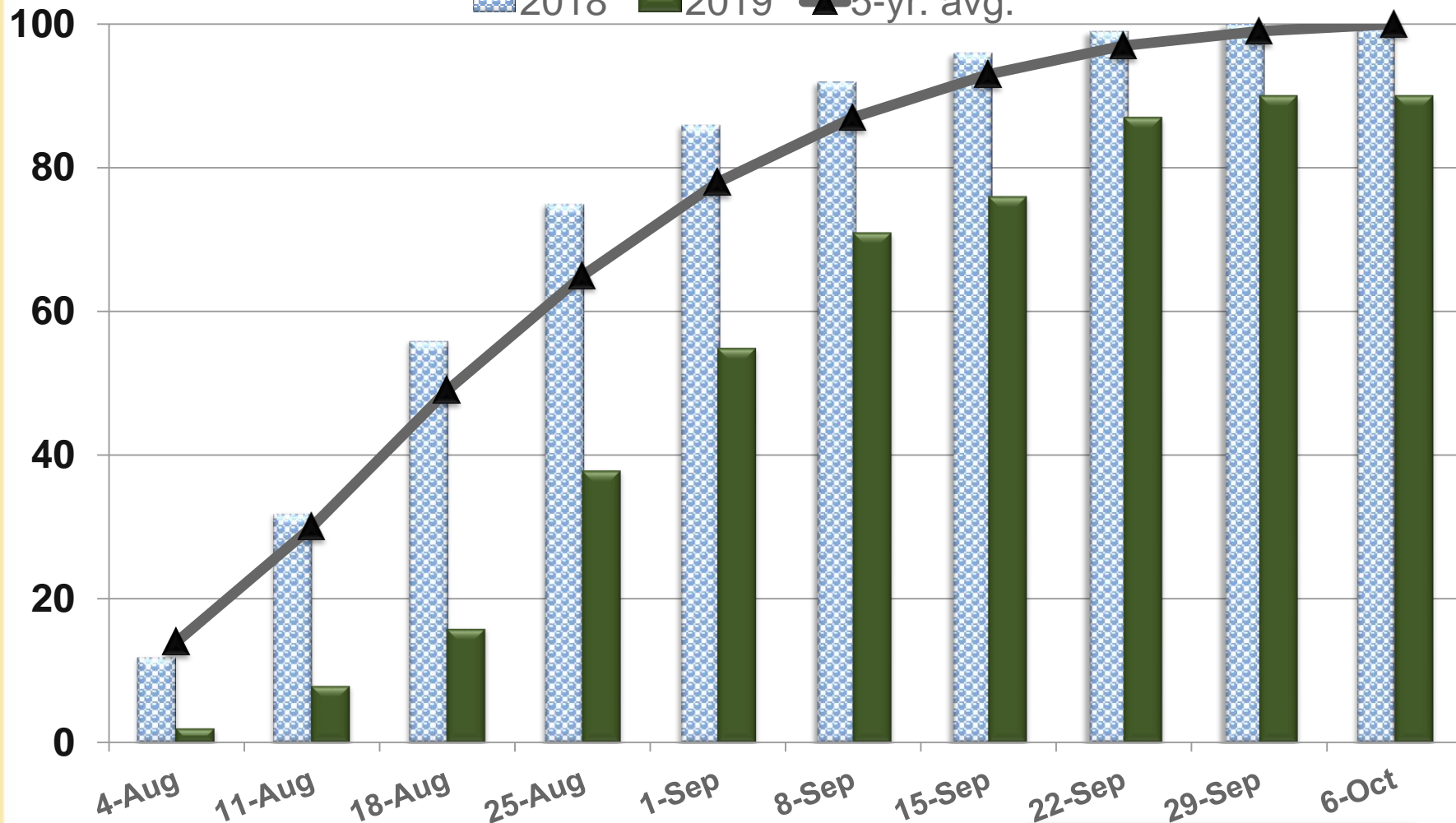
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# U.S. HRS Harvest Progress

Percent

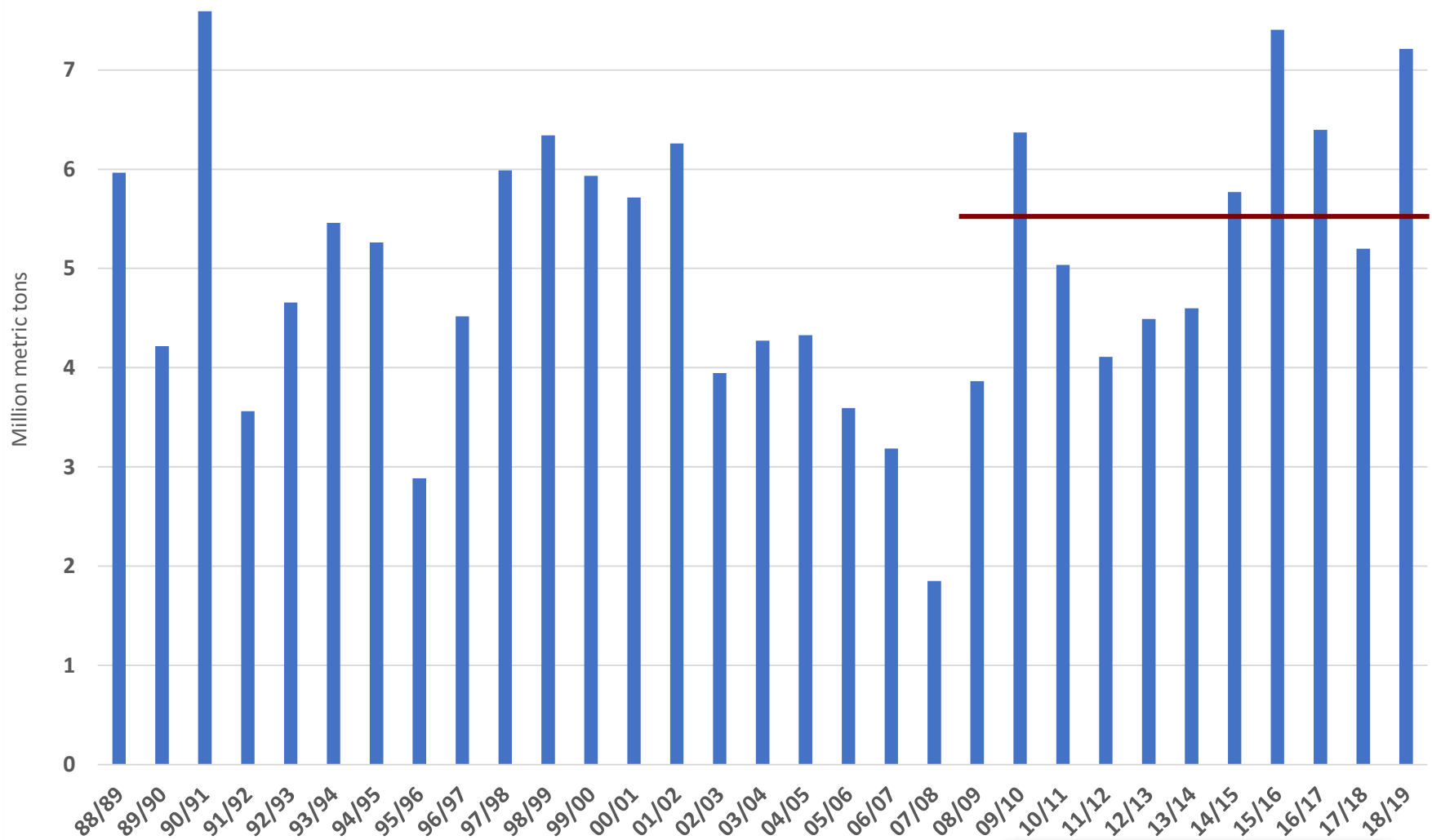
2018 2019 5-yr. avg.



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# HRS stocks



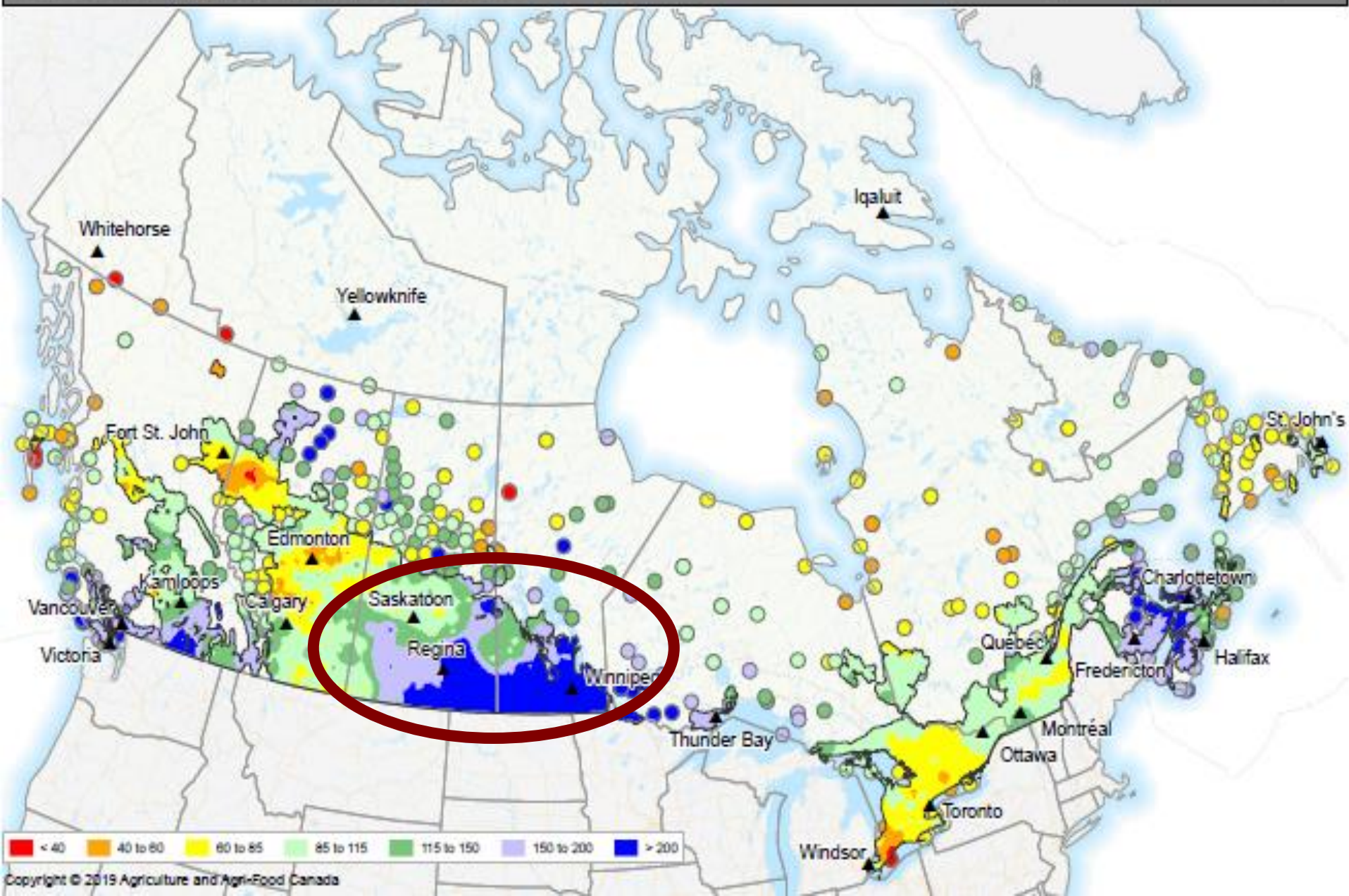
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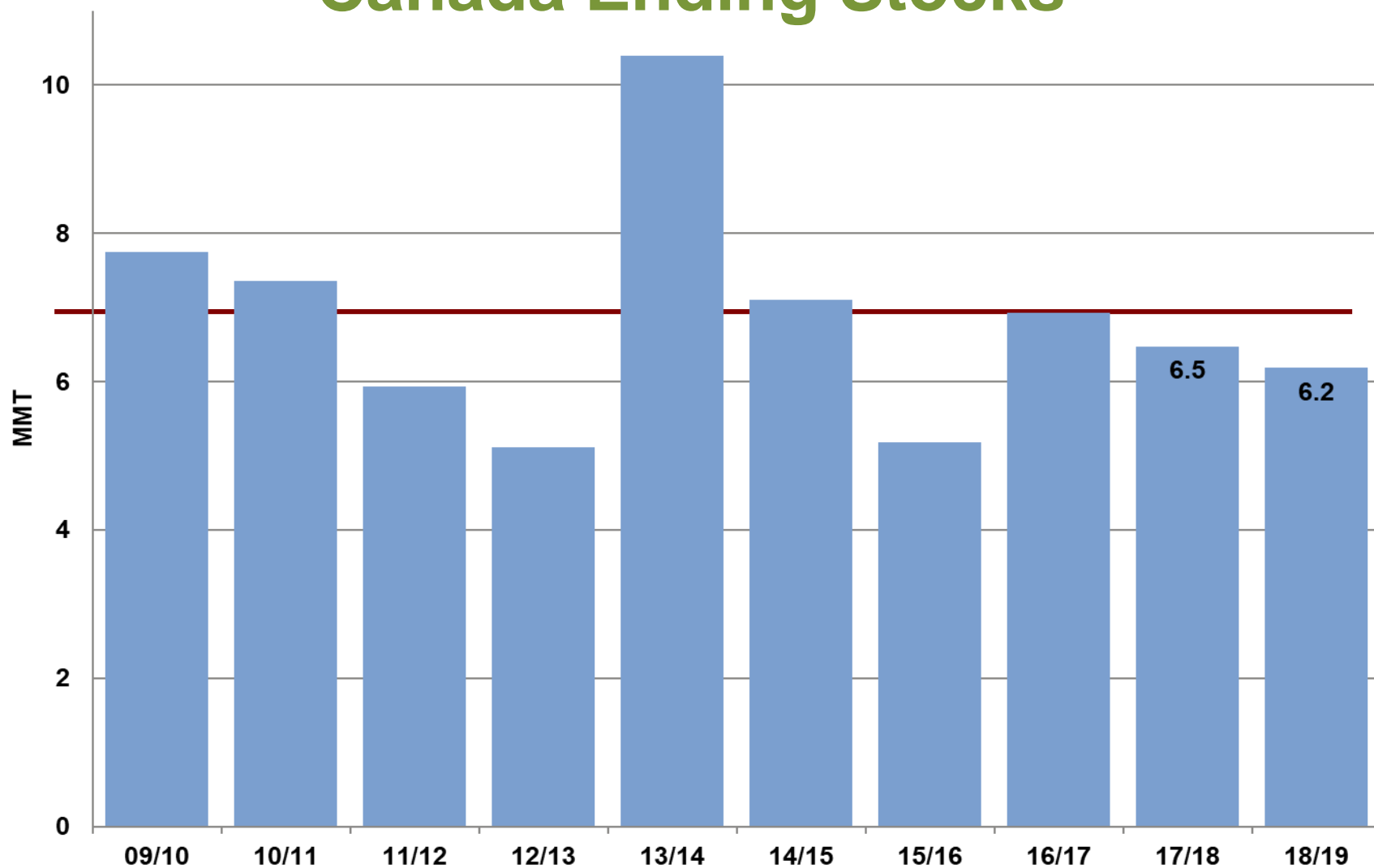


## Percent of Average Precipitation

in past 30 days, as of September 23, 2019



# Canada Ending Stocks



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# US HRS futures prices

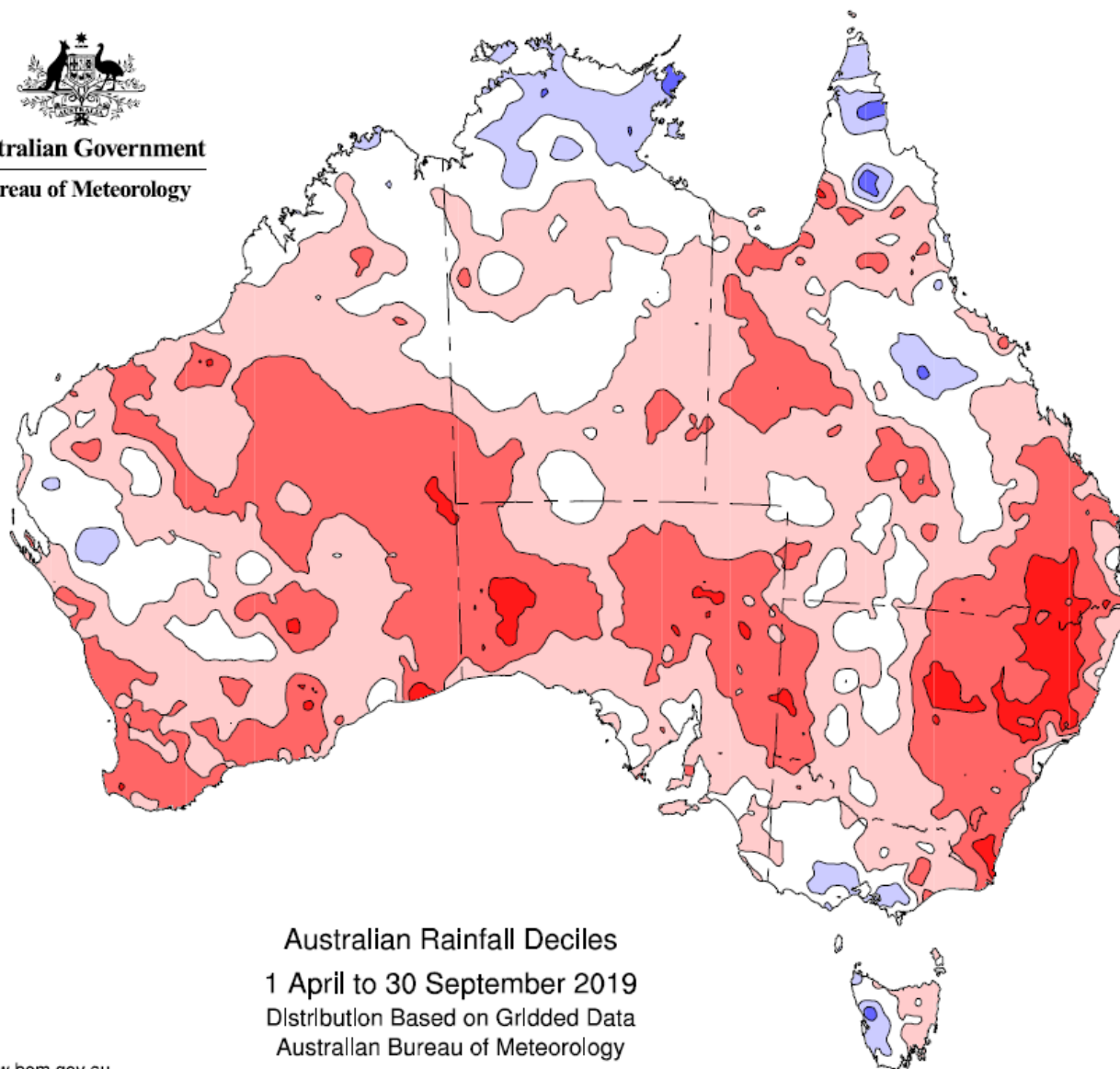


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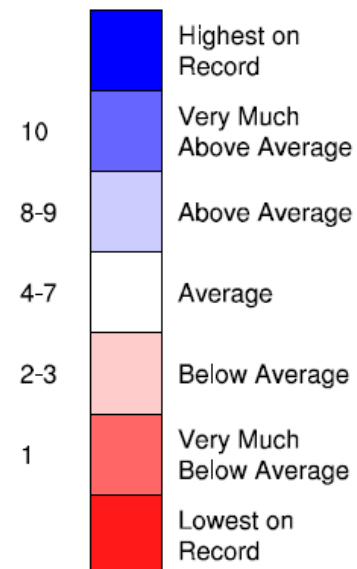
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Australian Government  
Bureau of Meteorology



Rainfall Decile Ranges



Australian Rainfall Deciles  
1 April to 30 September 2019  
Distribution Based on Gridded Data  
Australian Bureau of Meteorology

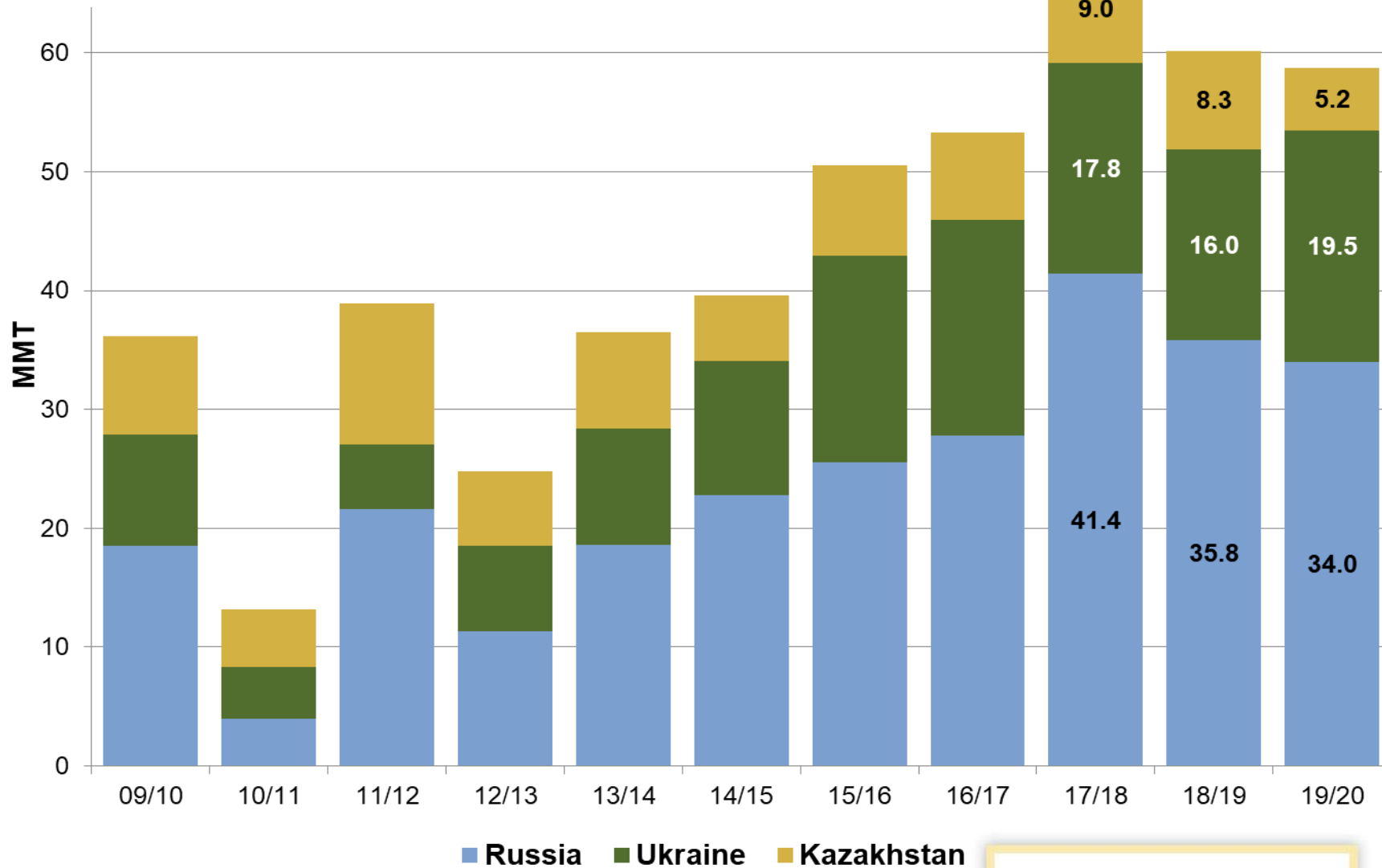
<http://www.bom.gov.au>



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# Black Sea Exports



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## Scarcity mentality

Wheat price

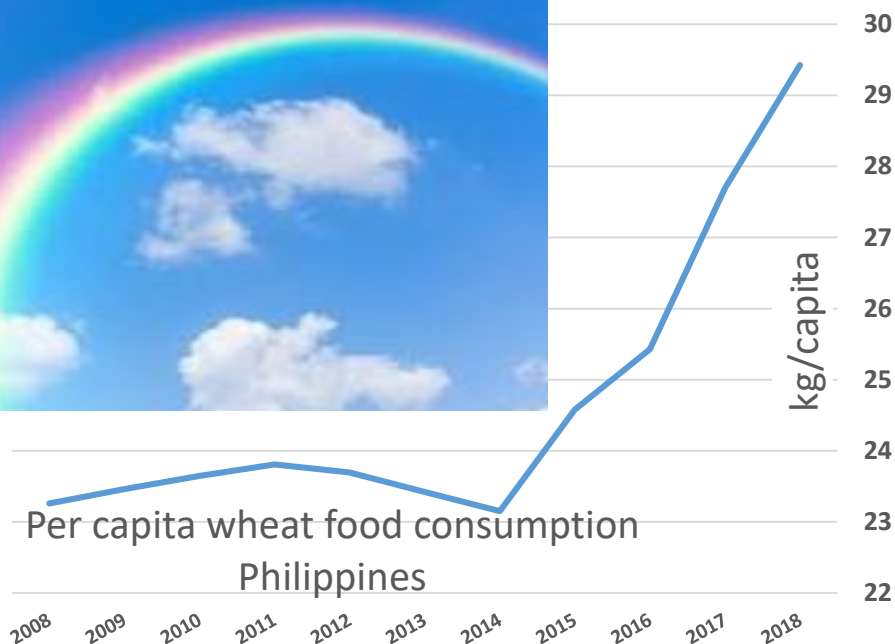


## Per capita GDP

purchasing power parity (USD)

Singapore	\$94,100
Malaysia	\$29,100
Thailand	\$17,900
Indonesia	\$12,400
Philippines	\$8,400
Vietnam	\$6,900
Myanmar	\$6,300

Source: CIA World Factbook



**Proving value to the consumer**

**Innovation/differentiation**  
**Margin and efficiency**  
**Peace of mind**



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# US wheat sales to North Asia



million me



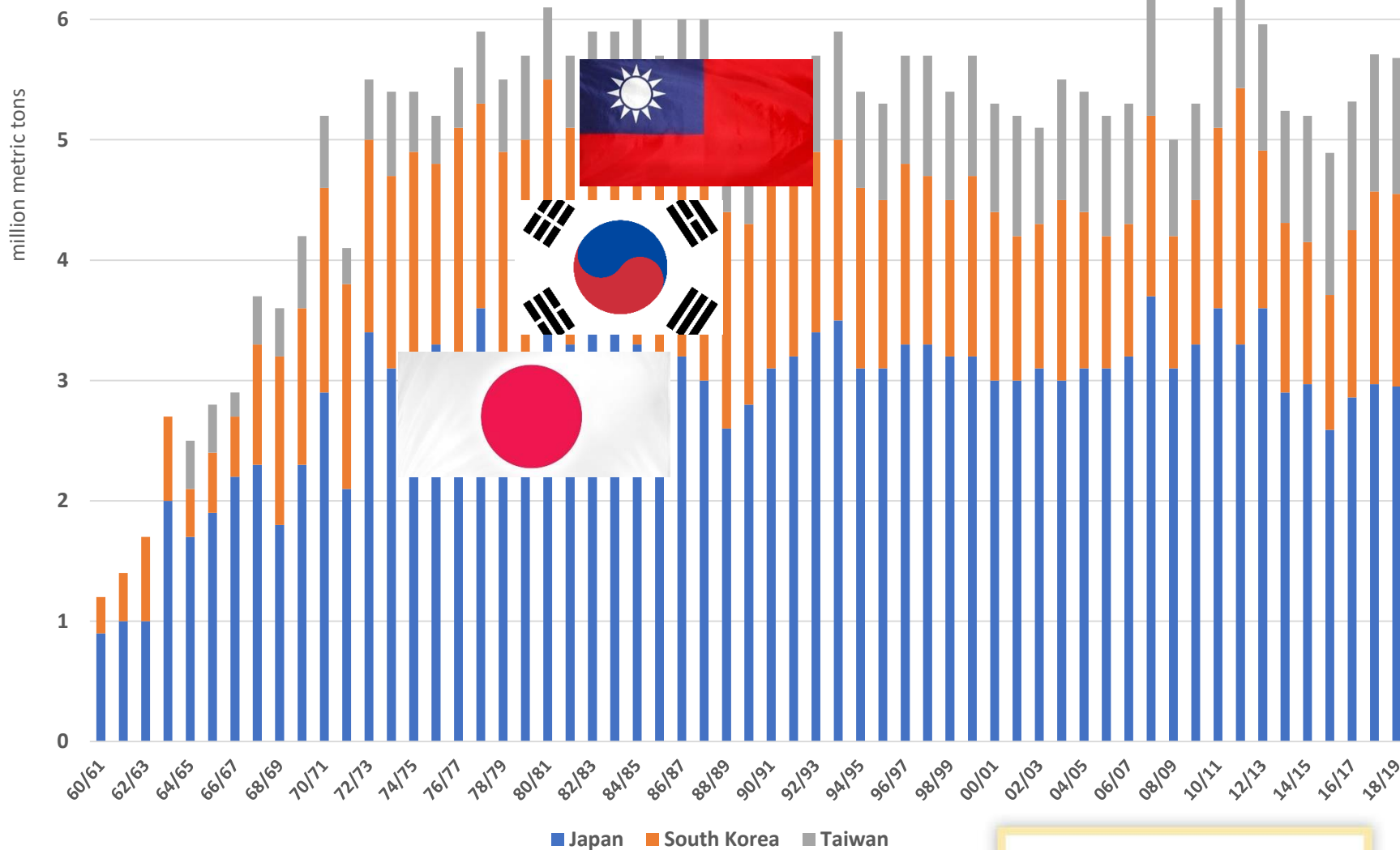
aiwan



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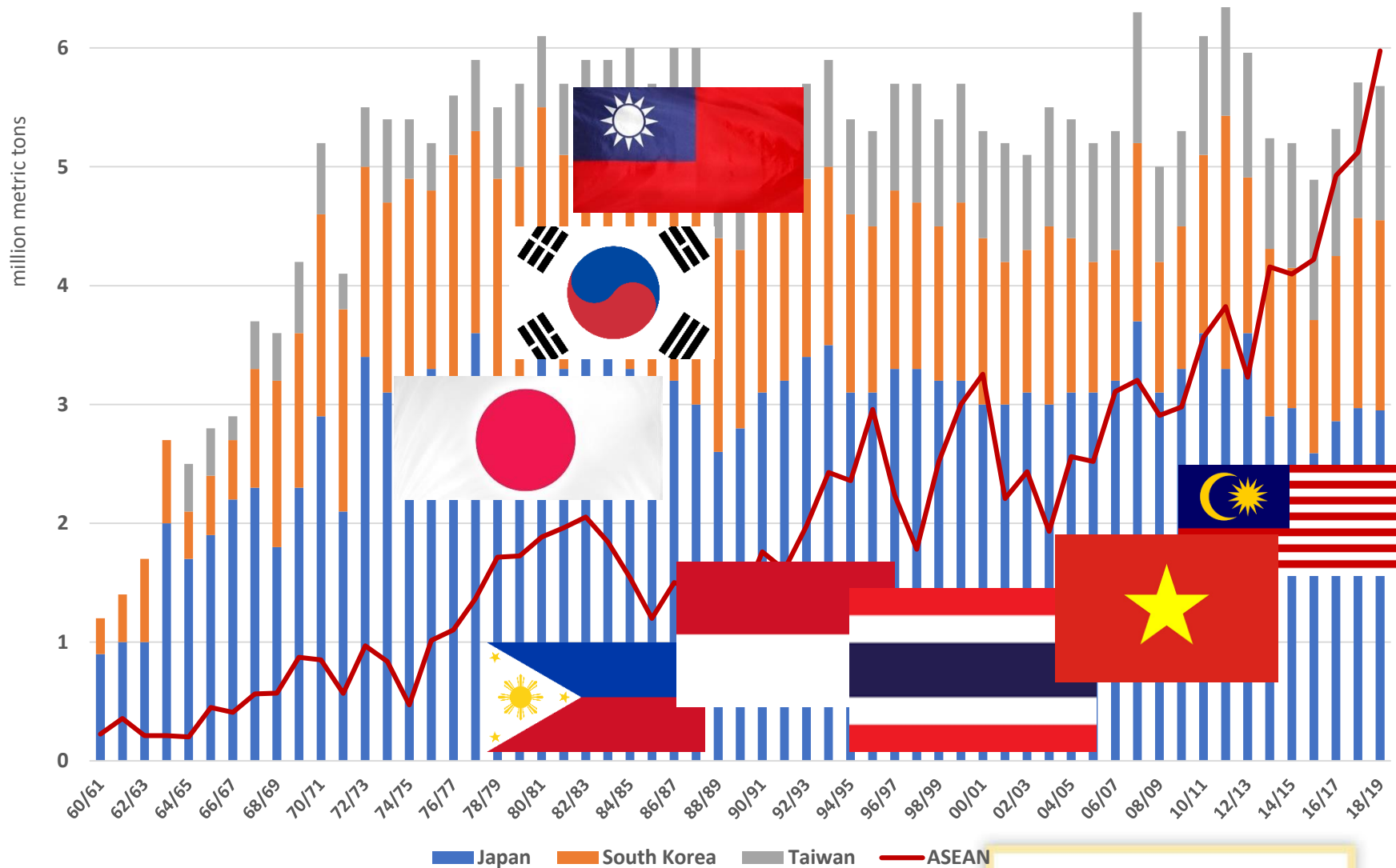
# US wheat exports to North and SE Asia



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# US wheat exports to North and SE Asia



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