



California Wheat

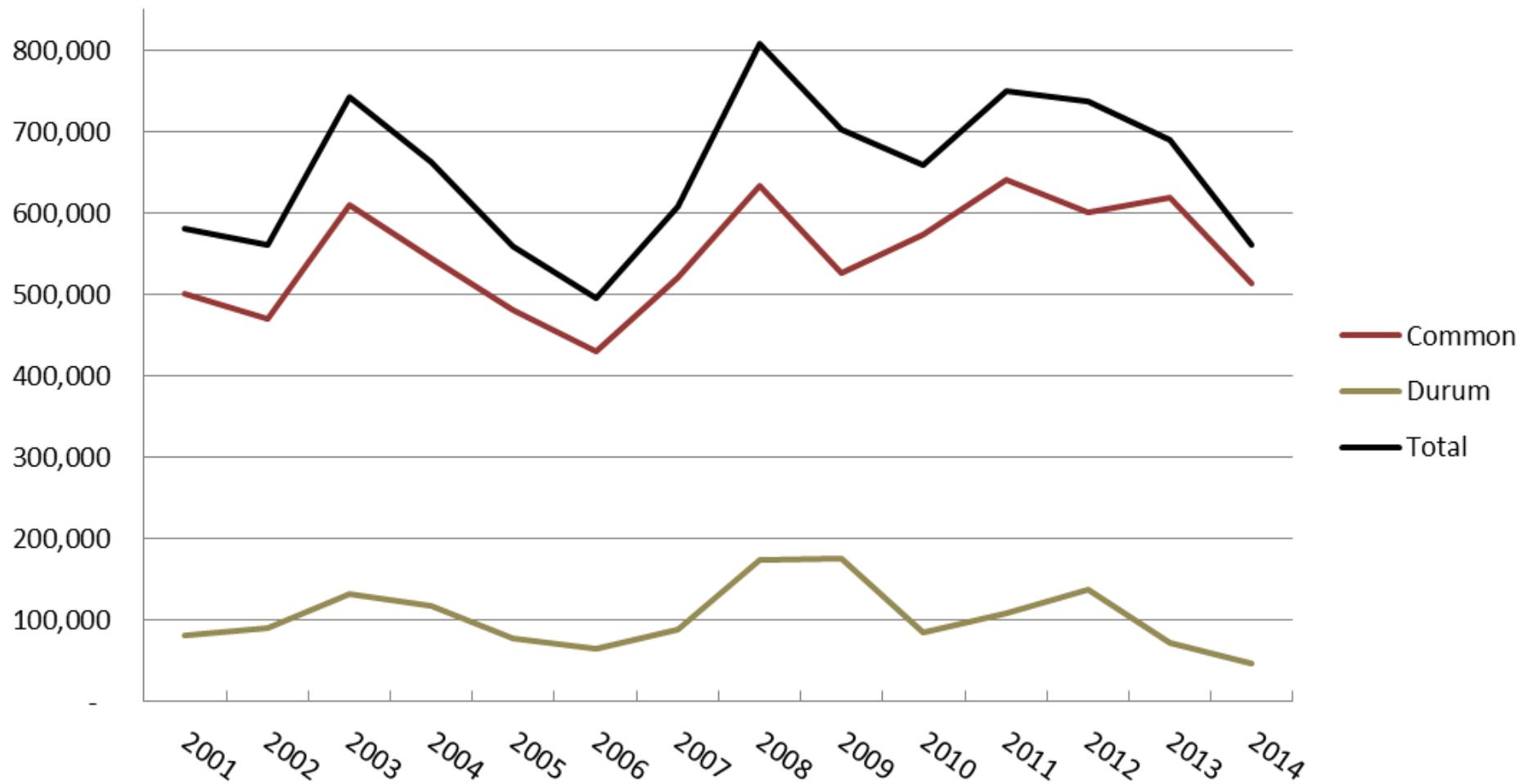
An Overview of Markets & Structural Changes Over the Past Year.

**2014 California Wheat Collaborator Meeting
November 6, 2014
UC Davis**

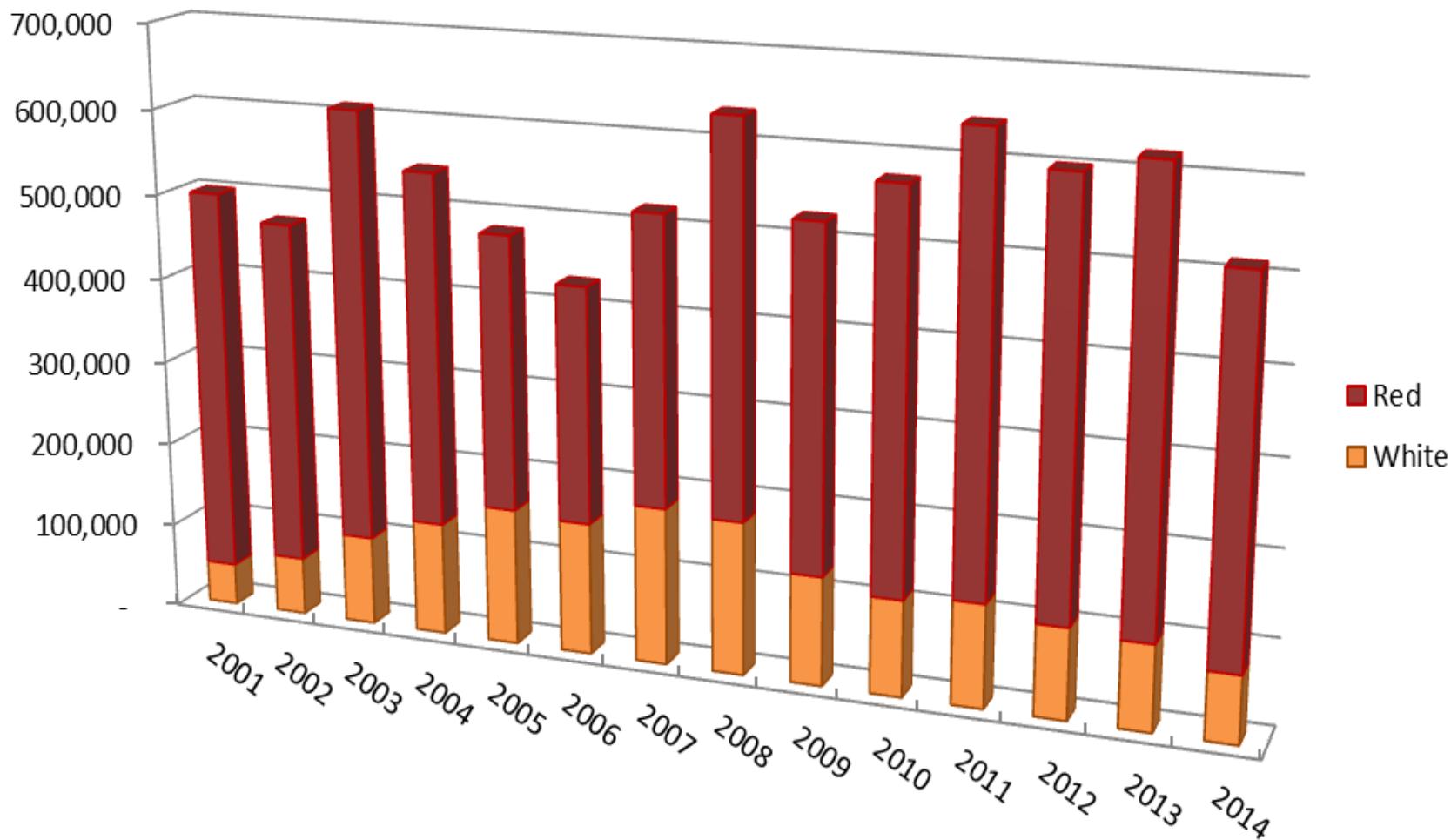
Topics of this Presentation

- We will:
 - Look at some production history of California wheat
 - Look at some wheat market price history
 - Look at wheat basis
 - Look at changes to milling ownership in the State
 - Discuss Implications
- We note:
 - History is easy to look at. It's the forward look that has significant error potential; but we all need a starting point to begin the dialog.

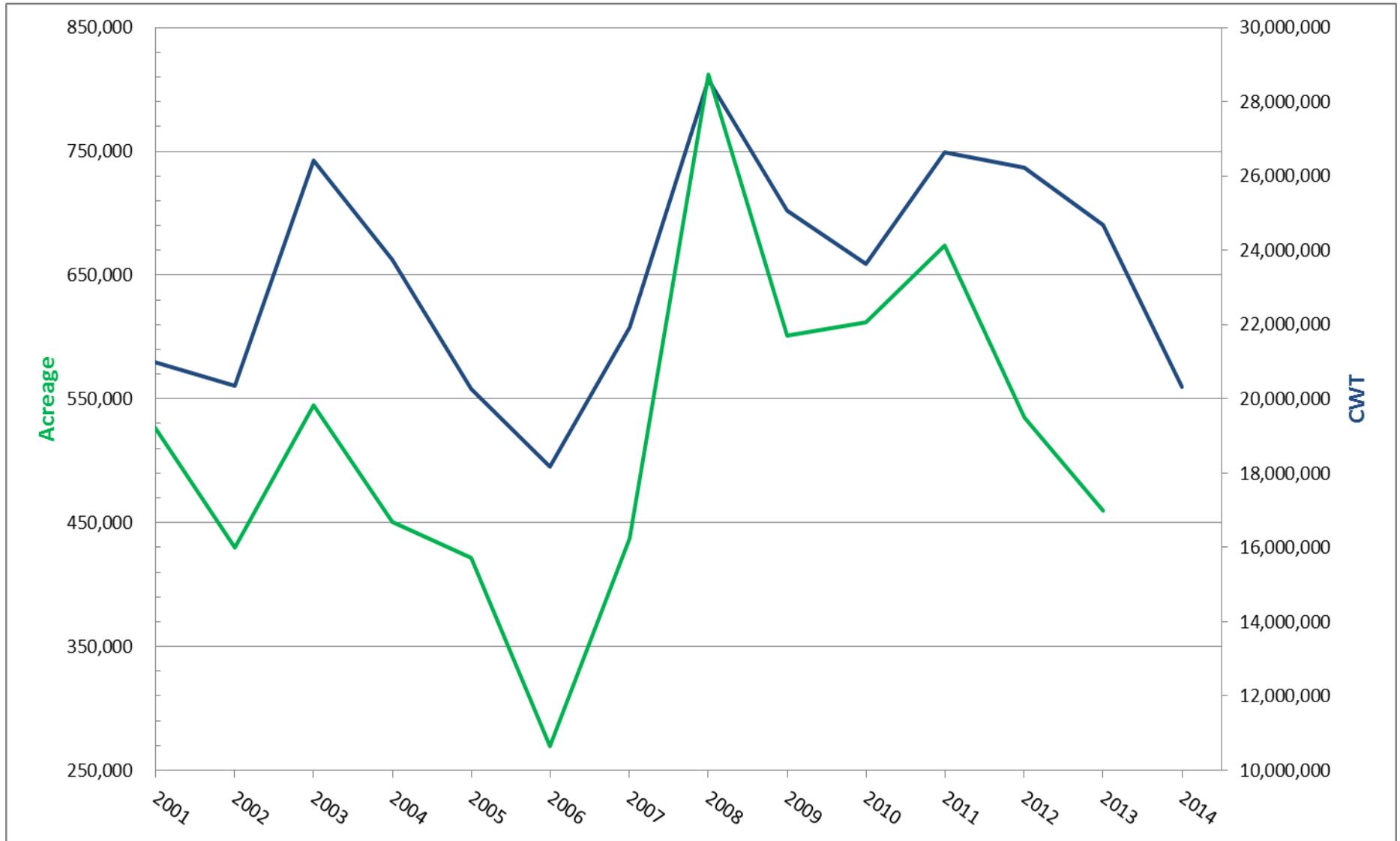
California Wheat Acreage Planted



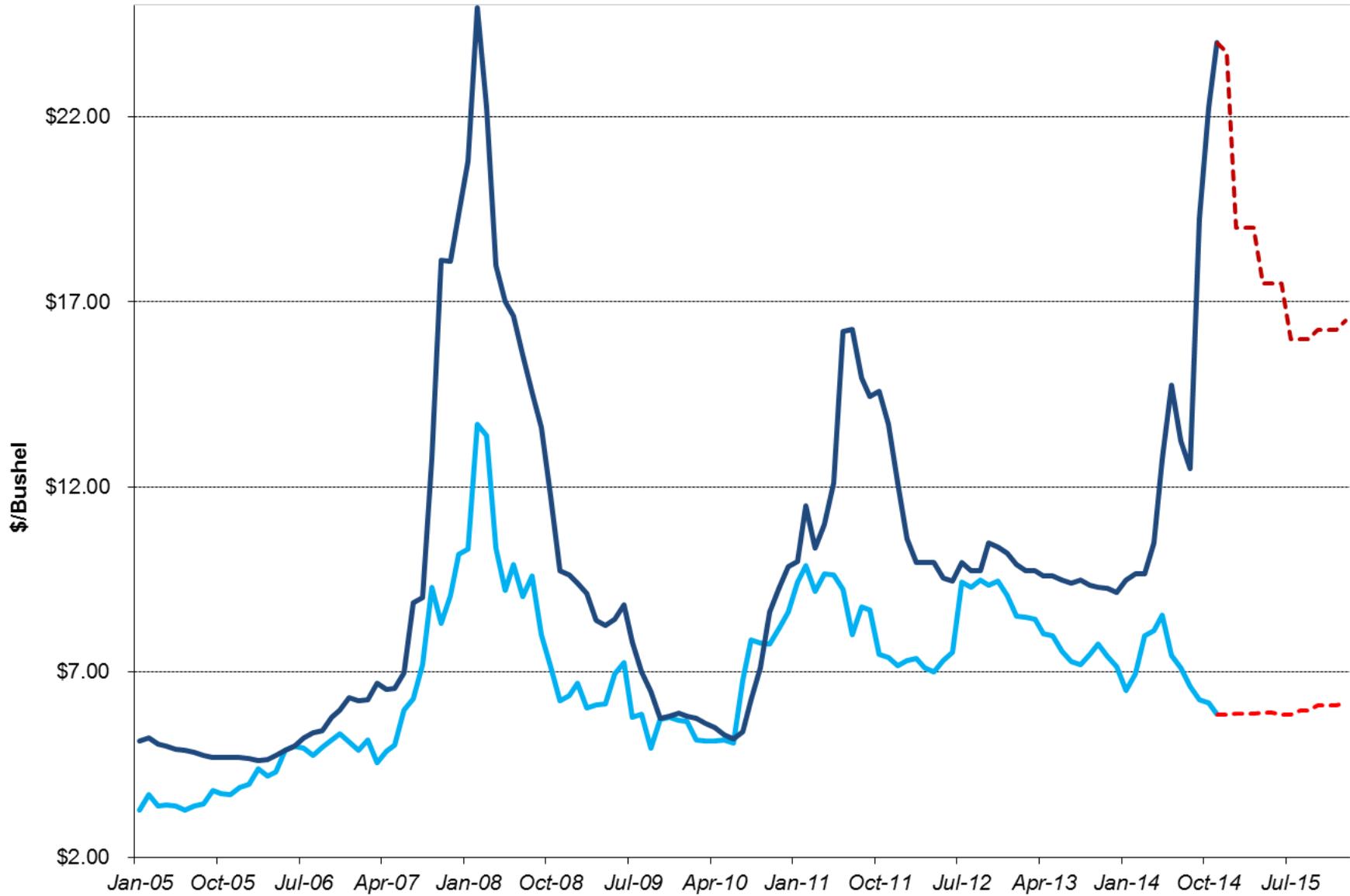
Acreage - White & Red Wheat Varieties



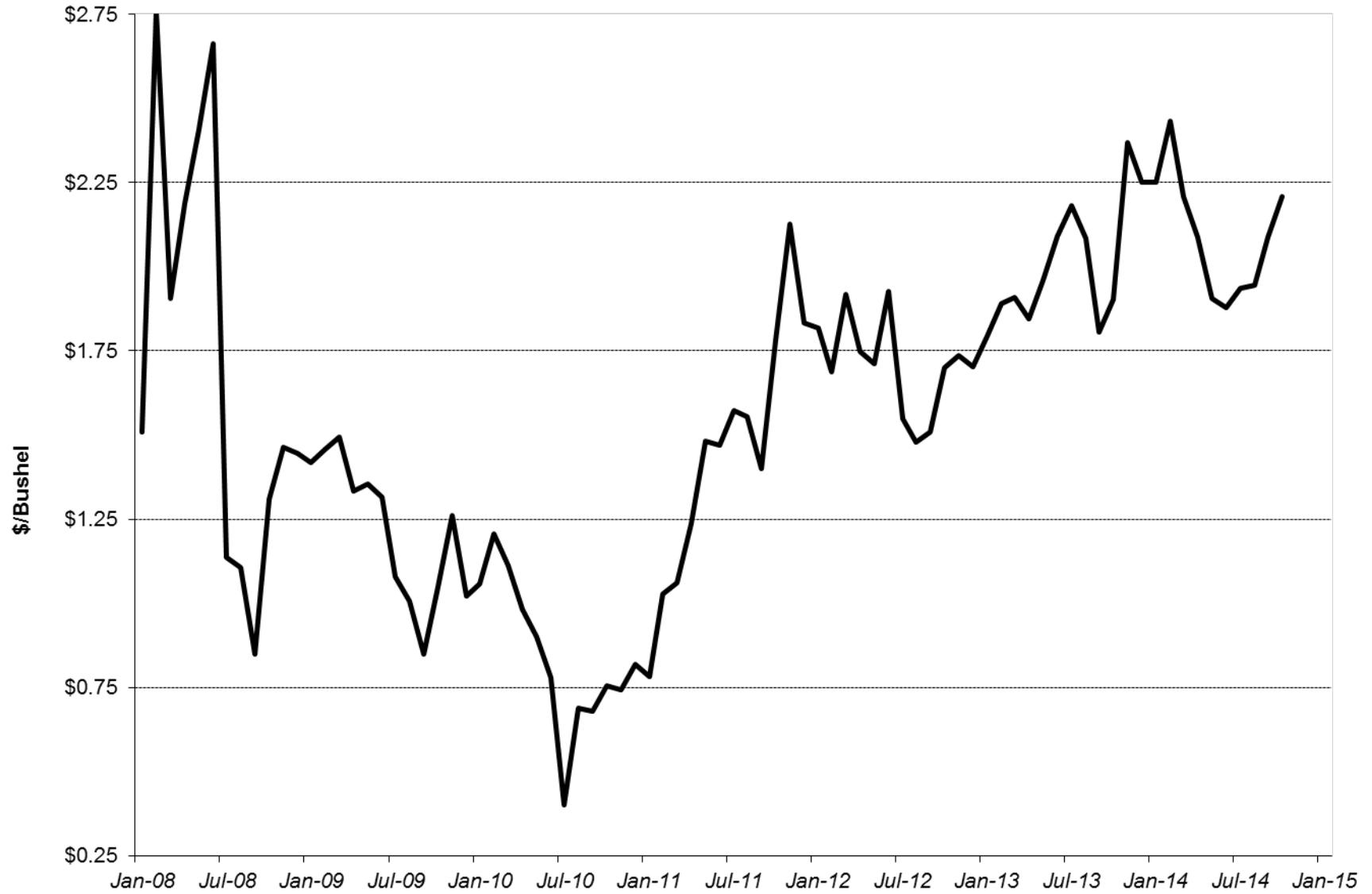
Wheat Acreage & Wheat Production



Wheat Market Prices (KC & Chicago Durum)



California Wheat Basis (Los Angeles)



Beginning of 2014:

- **Horizon Milling**
 - San Bernardino 18,500 cwt.
 - Stockton 15,000 cwt.
 - Los Angeles 15,000 cwt.
- **ConAgra Mills**
 - Colton 12,000 cwt.
 - Oakland 15,000 cwt.
- **Miller Milling**
 - Fresno 15,000 cwt.
- **Cereal Food Processors**
 - Los Angeles 14,700 cwt.
- **ADM Milling**
 - Los Angeles 11,800 cwt.
- **General Mills**
 - Los Angeles 10,700 cwt.
- **Giusto's Flour Mills**
 - San Francisco 2,500 cwt.
- **Lacey Milling**
 - Hanford 2,000 cwt.
- **Bay State Milling**
 - Woodland

November 2014:

- **Ardent Mills**
 - San Bernardino 18,500 cwt.
 - Stockton 15,000 cwt.
 - Colton 12,000 cwt.
- **Miller Milling**
 - Oakland 15,000 cwt.
 - Los Angeles 15,000 cwt.
 - Fresno 15,000 cwt.
- **Grain Craft**
 - Los Angeles 14,700 cwt.
- **ADM Milling**
 - Los Angeles 11,800 cwt.
- **General Mills**
 - Los Angeles 10,700 cwt.
- **Giusto's Flour Mills**
 - San Francisco 2,500 cwt.
- **Lacey Milling**
 - Hanford 2,000 cwt.
- **Bay State Milling**
 - Woodland

Many Questions Remain Open:

- Wheat moving to forage – what are implications?
- California Water Limitations – Drought resistance/tolerance a priority?
- Inflationary pressures vs. Offsetting factors.
- Recent Financial Analysis by GE Capital:
 - “Very bullish US\$ - beginning of a multi-year bull cycle for the US\$, thus in turn bearish US Commodity prices.
 - Positive US economy driven by:
 - Consumer wealth at all time high due to increased savings and paying down of debt – particularly mortgage debt over past 5 years.
 - Lower energy prices will provide money for consumers.
 - Fed will begin increasing interest rate 25 BP per quarter beginning in Q2, 2015 and increase 25 BP each quarter after for five consecutive quarters after.

Lots of Moving Parts....