

WASDE update: Argentine crops downgraded

The USDA's latest monthly WASDE report saw some large revisions lower to the Argentine soybean and corn crops. This has led to a tightening in the global soybean balance, whilst for corn, supply losses were offset by weaker demand



Weaker demand offsets supply losses for corn

Major revisions in the USDA's monthly WASDE report come from Argentina, where the agency revised lower its production estimate from 47mt to 40mt due to the hot and dry weather. However, supply gains elsewhere partially offset the losses from Argentina with global supply falling by 3.8mt. Revisions lower to demand were more aggressive, with global demand cut by 5.6mt for the 2022/23 season. As a result, global ending stocks for 2022/23 increased from 295.3mt to 296.5mt, which was above the roughly 293mt expected. This unexpected increase put pressure on corn prices following the release.

For the US, 2022/23 ending stocks were increased from 1.27b bushels to 1.34b bushels, which is slightly above the 1.3b bushels the market was expecting. This was driven by export estimates being cut by 75m bushels for the season.

Corn supply/demand balance

	2022/23 est latest	2022/23 est previous	Est revision MoM	2021/22 est	ΔYoY	2020/21
US (m bushels)						
Area harvested (m acres)	79.2	79.2	0.0	85.3	-6.1	82.3
Yield (bu/acre)	173.3	173.3	0.0	176.7	-3.4	171.4
Production	13,730	13,730	0.0	15,074	-1,344	14,111
Imports	50	50	0.0	24	26	24
Consumption	11,965	11,965	0.0	12,484	-519	12,074
Exports	1,850	1,925	-75.0	2,471	-621	2,747
Beginning stocks	1,377	1,377	0.0	1,235	142	1,919
Ending stocks	1,342	1,267	75.0	1,377	-35	1,235
Global (m tonnes)						
Production	1,147.5	1,151.4	-3.8	1,216.0	-68.5	1,129.4
- US	348.8	348.8	0.0	382.9	-34.1	358.5
- Brazil	125.0	125.0	0.0	116.0	9.0	87.0
- Argentina	40.0	47.0	-7.0	49.5	-9.5	52.0
Demand	1,156.8	1,162.4	-5.6	1,203.2	-46.4	1,144.0
- EU	78.1	78.1	0.0	82.7	-4.6	77.7
- China	297.0	297.0	0.0	291.0	6.0	285.0
Beginning stocks	305.7	306.3	-0.6	292.8	12.9	307.4
Ending stocks	296.5	295.3	1.2	305.7	-9.2	292.8

Source: USDA, ING Research

Argentina supply losses tighten soybean market

Major revisions were also made to the Argentine soybean crop due to the unfavourable weather conditions, which are expected to hurt yields. The USDA cut its forecast for Argentine production by 8mt to 33mt. This lower supply was partially offset by expectations of weaker demand. However, 2022/23 global ending stocks were still revised down from 102mt to 100mt, which was in line with market expectations.

The US soybean balance also looks tighter with the USDA increasing its export number by 25m bushels. This more than made up for weaker domestic demand. As a result, 2022/23 ending stocks were cut from 225m bushels to 210m bushels, below the roughly 220m bushels the market was expecting and also the lowest in seven years. The report should prove supportive for soybean prices.

Soybean supply/demand balance

	2022/23 est latest	2022/23 est previous	Est revision MoM	2021/22 est	ΔYoY	2020/21
US (m bushels)						
Area harvested (m acres)	86.3	86.3	0.0	86.3	0.0	82.6
Yield (bu/acre)	49.5	49.5	0.0	51.7	-2.2	51.0
Production	4,276	4,276	0.0	4,465	-189	4,216
Imports	15	15	0.0	16	-1	20
Consumption	2,340	2,350	-10.0	2,306	34	2,238
Exports	2,015	1,990	25.0	2,158	-143	2,266
Beginning stocks	274	274	0.0	257	17	525
Ending Stocks	210	225	-15.0	274	-64	257
Global (m tonnes)						
Production	375.2	383.0	-7.9	358.1	17.0	368.5
- US	116.4	116.4	0.0	121.5	-5.2	114.8
- Brazil	153.0	153.0	0.0	129.5	23.5	139.5
- Argentina	33.0	41.0	-8.0	43.9	-10.9	46.2
Demand	371.1	376.4	-5.3	362.3	8.9	364.0
- China	113.3	115.3	-2.0	107.6	5.7	112.7
- EU	16.2	16.2	0.0	17.0	-0.7	17.4
Beginning stocks	99.0	98.8	0.2	100.0	-1.0	95.0
Ending stocks	100.0	102.0	-2.0	99.0	1.0	100.0

Source: USDA, ING Research

US wheat balance left unchanged

The US wheat balance was left unchanged for the 2022/23 season. Ending stock estimates remain at 568m bushels, although the market was expecting a number closer to 573m bushels.

There were some larger revisions to the global balance. Both global output (+5.1mt) and demand (+2mt) were revised higher. However, a cut to beginning stocks following an increase in feed and residual usage in China during 2020/21 meant that global ending stocks for 2022/23 were cut from 269.3mt to 267.2mt. The market was expecting this number to remain largely unchanged.

Wheat supply/demand balance

	2022/23 est latest	2022/23 est previous	Est revision MoM	2021/22 est	ΔYoY	2020/21
US (m bushels)						
Area harvested (m acres)	35.5	35.5	0.0	37.1	-1.6	36.8
Yield (bu/acre)	46.5	46.5	0.0	44.3	2.2	49.7
Production	1,650	1,650	0.0	1,646	4	1,828
Imports	120	120	0.0	95	25	100
Consumption	1,125	1,125	0.0	1,088	37	1,117
Exports	775	775	0.0	800	-25	994
Beginning stocks	698	698	0.0	845	-147	1,028
Ending Stocks	568	568	0.0	698	-130	845
Global (m tonnes)						
Production	788.9	783.8	5.1	779.2	9.7	774.4
- US	44.9	44.9	0.0	44.8	0.1	49.8
- EU	134.7	134.7	0.0	138.2	-3.5	126.7
- Russia	92.0	92.0	0.0	75.2	16.8	85.4
Demand	793.2	791.2	2.0	792.7	0.5	787.7
- China	144.0	144.0	0.0	148.0	-4.0	155.0
- N Africa	47.2	47.2	0.0	47.0	0.2	46.6
Beginning stocks	271.5	276.7	-5.3	284.9	-13.5	298.2
Ending stocks	267.2	269.3	-2.1	271.5	-4.3	284.9

Source: USDA, ING Research

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