

WASDE update: Bearish numbers for corn and soybeans

The July WASDE was a largely bearish report, particularly for corn and soybeans, with both balances not appearing as tight as the market was expecting. Meanwhile, the global wheat market is set to see another year of tightening



Higher US corn output

The USDA revised up its US corn production estimates by 55m bushels to 15.32bn bushels. This increase was a result of larger acreage, which was largely expected following the USDA's recent acreage report. While the USDA also lowered its yield estimates for the US corn crop, the market was expecting the agency to be even more aggressive, given the dry weather and relatively poor condition of the corn crop. As a result, 2023/24 ending stock estimates for US corn were increased by 5m bushels to 2,262m bushels, which is above the 2,166m bushels the market was expecting.

Changes to the global corn balance were relatively more neutral. Global ending stocks for corn in 2023/24 were left largely unchanged at 314.1mt. However, this is still above the roughly 312mt the market was expecting. A slight increase in global production estimates for the season (+1.7mt) was largely offset by lower beginning stocks for the marketing year (-1.3mt).

Corn supply/demand balance

	2023/24 est latest	2023/24 est previous	Est revision MoM	2022/23 est	ΔYoY	2021/22
US (m bushels)						
Area harvested (m acres)	86.3	84.1	2.2	79.2	7.1	85.3
Yield (bu/acre)	177.5	181.5	-4.0	173.3	4.2	176.7
Production	15,320	15,265	55.0	13,730	1,590.0	15,074
Imports	25	25	0.0	25	0.0	24
Consumption	12,385	12,385	0.0	12,080	305.0	12,483
Exports	2,100	2,100	0.0	1,650	450.0	2,472
Beginning stocks	1,402	1,452	-50.0	1,377	25.0	1,235
Ending stocks	2,262	2,257	5.0	1,402	860.0	1,377
Global (m tonnes)						
Production	1,224.5	1,222.8	1.7	1,150.7	73.8	1,218.7
- US	389.2	387.8	1.4	348.8	40.4	382.9
- Brazil	129.0	129.0	0.0	133.0	-4.0	116.0
- Argentina	54.0	54.0	0.0	34.0	20.0	49.5
Demand	1,206.7	1,206.4	0.3	1,164.3	42.4	1,201.9
- EU	82.1	81.5	0.6	78.1	4.0	81.7
- China	304.0	304.0	0.0	299.0	5.0	291.0
Beginning stocks	296.3	297.6	-1.3	309.9	-13.6	293.1
Ending stocks	314.1	314.0	0.1	296.3	17.8	309.9

Source: USDA, ING Research

US soybean cuts, but not enough

The USDA slashed its US soybean production estimates by 210m bushels to 4,300m bushels due to lower acreage. Again, this was expected, given the USDA's recent acreage report, which highlighted a reduction in US soybean area. However, production estimates still came in above market expectations of 4,276m bushels. The reason behind this difference is the fact that the USDA decided to leave soybean yield estimates unchanged, despite the relatively poor condition of the domestic crop. Expectations for a lower crop mean that 2023/24 US ending stocks were lowered from 350m bushels to 300m bushels. However, this is still well above the roughly 206m bushels the market was expecting. So, it should be no surprise that CBOT soybeans settled almost 2.4% lower yesterday.

There were relatively small changes in the global soybean balance. The USDA reduced global soybean production estimates by 5.4mt to 405.3mt. However, this was driven by the US. Global ending stocks for 2023/24 were cut from 123.3mt to 121mt, which was broadly in line with market expectations.

Soybean supply/demand balance

	2023/24 est latest	2023/24 est previous	Est revision MoM	2022/23 est	ΔYoY	2021/22
US (m bushels)						
Area harvested (m acres)	82.7	86.7	-4.0	86.3	-3.6	86.3
Yield (bu/acre)	52.0	52.0	0.0	49.5	2.5	51.7
Production	4,300	4,510	-210.0	4,276	24.0	4,465
Imports	20	20	0.0	25	-5.0	16
Consumption	2,426	2,436	-10.0	2,340	86.0	2,312
Exports	1,850	1,975	-125.0	1,980	-130.0	2,152
Beginning stocks	255	230	25.0	274	-19.0	257
Ending Stocks	300	350	-50.0	255	45.0	274
Global (m tonnes)						
Production	405.3	410.7	-5.4	369.7	35.6	360.1
- US	117.0	122.7	-5.7	116.4	0.7	121.5
- Brazil	163.0	163.0	0.0	156.0	7.0	130.5
- Argentina	48.0	48.0	0.0	25.0	23.0	43.9
Demand	384.5	386.1	-1.6	362.8	21.7	363.8
- China	118.0	118.0	0.0	112.7	5.3	108.4
- EU	16.7	16.7	0.0	16.3	0.5	17.0
Beginning stocks	102.9	101.3	1.6	99.1	3.8	100.2
Ending stocks	121.0	123.3	-2.4	102.9	18.1	99.1

Source: USDA, ING Research

Another season of tightening for the global wheat balance

The US wheat balance is expected to loosen over the course of the 2023/24 season due to higher output, largely as a result of winter wheat. The USDA expects domestic wheat output to increase by 74m bushels to 1,739m bushels. As a result, ending stock estimates for the season have been raised from 562m bushels to 592m bushels. This is above the roughly 565m bushels the market was expecting.

The global wheat balance was more constructive with ending stock estimates for 2023/24 lowered from 270.7mt to 266.5mt, which is also lower than the more than 270mt the market was expecting. If realised, this would be the fourth consecutive year of declines in stocks. The revision lower was driven by expectations of lower output from the EU, Canada and Argentina, whilst demand is also expected to edge higher.

Wheat supply/demand balance

	2023/24 est latest	2023/24 est previous	Est revision MoM	2022/23 est	ΔYoY	2021/22
US (m bushels)						
Area harvested (m acres)	37.7	37.1	0.6	35.5	2.2	37.1
Yield (bu/acre)	46.1	44.9	1.2	46.5	-0.4	44.3
Production	1,739	1,665	74.0	1,650	89.0	1,646
Imports	130	135	-5.0	122	8.0	96
Consumption	1,132	1,112	20.0	1,131	1.0	1,093
Exports	725	725	0.0	759	-34.0	796
Beginning stocks	580	598	-18.0	698	-118.0	845
Ending Stocks	592	562	30.0	580	12.0	698
Global (m tonnes)						
Production	796.7	800.2	-3.5	790.2	6.5	781.1
- US	47.3	45.3	2.0	44.9	2.4	44.8
- EU	138.0	140.5	-2.5	134.3	3.7	138.2
- Russia	85.0	85.0	0.0	92.0	-7.0	75.2
Demand	799.5	796.1	3.3	793.5	6.0	792.5
- China	153.0	151.0	2.0	148.0	5.0	148.0
- N Africa	47.7	47.3	0.4	46.4	1.2	47.0
Beginning stocks	269.3	266.7	2.6	272.6	-3.3	284.1
Ending stocks	266.5	270.7	-4.2	269.3	-2.8	272.6

Source: USDA, ING Research

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