

WASDE update: Bearish release weighs on grains

The USDA's latest monthly WASDE report was bearish, with yield revisions for US corn and soybean seeing 2023-24 output estimates come in above market expectations. Meanwhile, US wheat ending stocks also came in higher than expected



The outlook for corn has been bearish for some time now, and yesterday's release has only reinforced this view

Record US corn crop

The USDA revised up its 2023/24 US corn production estimates by 170m bushels to a record 15.23bn bushels on account of rising yields. Yield estimates increased by 1.9bu/acre to 174.9bu/acre, whilst acreage was left unchanged at 87.1m acres. The market was expecting an increase in yield estimates – but not to the degree that the USDA revised them. Higher supply has also led to revisions higher on the demand side, with domestic consumption and exports increasing by 75m bushels and 50m bushels respectively.

Overall, ending stock estimates for 2023/24 were increased by 45m bushels from last month to 2.16bn bushels, higher than the roughly 2.14bn bushels expected. This would leave US ending stocks at their highest levels since 2018-2019.

For the global balance, 2023/24 ending stock projections were revised up from 312.4mt to 315mt

primarily due to larger supplies and higher beginning stocks. The market was expecting a number closer to 312mt. Global corn production was revised up by 6.3mt to 1,220.8mt. This was driven by the US (+4.3mt), Ukraine (+1.5mt) and Russia (+1.4mt). For Ukraine, higher output doesn't necessarily mean higher export supply, given the constraints in exporting to the world market at the moment.

The outlook for corn has been bearish for some time now, and yesterday's release has only reinforced this view.

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)	87.1	87.1	0.0	79.1	8.0	85.3
Yield (bu/acre)	174.9	173.0	1.9	173.4	1.5	176.7
Production	15,234.0	15,064.0	170.0	13,715.0	1,519.0	15,074.0
Imports	25.0	25.0	0.0	39.0	-14.0	24.0
Consumption	12,390.0	12,315.0	75.0	12,108.0	282.0	12,483.0
Exports	2,075.0	2,025.0	50.0	1,661.0	414.0	2,472.0
Beginning stocks	1,361.0	1,361.0	0.0	1,377.0	-16.0	1,235.0
Ending stocks	2,156.0	2,111.0	45.0	1,361.0	795.0	1,377.0
Global (m tonnes)						
Production	1,220.8	1,214.5	6.3	1,157.1	63.7	1,217.3
- US	387.0	382.7	4.3	348.4	38.6	382.9
- Brazil	129.0	129.0	0.0	137.0	-8.0	116.0
- Argentina	55.0	55.0	0.0	34.0	21.0	49.5
Demand	1,205.0	1,200.2	4.8	1,168.2	36.8	1,199.9
- EU	80.0	79.5	0.5	76.0	4.0	81.7
- China	304.0	304.0	0.0	299.0	5.0	291.0
Beginning stocks	299.2	298.1	1.1	310.3	-11.1	293.0
Ending stocks	315.0	312.4	2.6	299.2	15.8	310.3

Source: USDA, ING Research

US soybean stocks to edge higher

The USDA raised its 2023/24 US soybean production estimate from 4,104m bushels to 4,129m bushels as yields were increased marginally from 49.6bu/acre to 49.9bu/acre. However, this still saw output estimates coming in above expectations of around 4,108m bushels. As a result, ending stock estimates were revised up by 25m bushels to 245m bushels, which was above expectations for a number around 225m bushels. While stocks are higher than anticipated, they are still expected to fall year-on-year.

Meanwhile, global soybean ending stocks were lowered from 115.6mt to 114.5mt at the end of 2023/24, which is slightly lower than the 115.3mt that the market was expecting. While there were some small changes on the production and consumption side, the biggest change was driven by lower beginning stocks for 2023/24, which were cut by 1.6mt.

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)	82.8	82.8	0.0	86.2	-3.4	86.3
Yield (bu/acre)	49.9	49.6	0.3	49.6	0.3	51.7
Production	4,129.0	4,104.0	25.0	4,270.0	-141.0	4,465.0
Imports	30.0	30.0	0.0	25.0	5.0	16.0
Consumption	2,427.0	2,428.0	-1.0	2,309.0	118.0	2,312.0
Exports	1,755.0	1,755.0	0.0	1,992.0	-237.0	2,152.0
Beginning stocks	268.0	268.0	0.0	274.0	-6.0	257.0
Ending Stocks	245.0	220.0	25.0	268.0	-23.0	274.0
Global (m tonnes)						
Production	400.4	399.5	0.9	372.2	28.2	360.4
- US	112.4	111.7	0.7	116.2	-3.8	121.5
- Brazil	163.0	163.0	0.0	158.0	5.0	130.5
- Argentina	48.0	48.0	0.0	25.0	23.0	43.9
Demand	383.7	383.3	0.4	364.2	19.5	364.0
- China	120.5	120.0	0.5	116.5	4.0	108.4
- EU	16.6	16.6	0.0	15.9	0.7	17.0
Beginning stocks	100.3	101.9	-1.6	98.1	2.3	100.3
Ending stocks	114.5	115.6	-1.1	100.3	14.2	98.1

Source: USDA, ING Research

US wheat stocks come in higher than expected

The USDA increased its 2023/24 US ending stocks estimate from 670m bushels to 684m bushels following a drop in domestic use and lower net exports. The market had been expecting the estimate to be left unchanged, and this would explain the weakness seen in CBOT wheat following the release.

However, expectations still remain for the global market to tighten this season. While global wheat ending stock estimates for 2023/24 are expected to increase slightly from 258.1mt to 258.7mt, they are still lower than the 269.6mt seen at the end of 2022/23. In addition, global production estimates for this season were lowered by 1.45mt, despite Russian output being revised up by 5mt. We still believe that the wheat market is vulnerable given the continued tightening we are seeing in the global balance.

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)	37.3	37.3	0.0	35.5	1.8	37.1
Yield (bu/acre)	48.6	48.6	0.0	46.5	2.1	44.3
Production	1,812.0	1,812.0	0.0	1,650.0	162.0	1,646.0
Imports	145.0	135.0	10.0	122.0	23.0	96.0
Consumption	1,155.0	1,159.0	-4.0	1,130.0	25.0	1,093.0
Exports	700.0	700.0	0.0	759.0	-59.0	796.0
Beginning stocks	582.0	582.0	0.0	698.0	-116.0	845.0
Ending Stocks	684.0	670.0	14.0	582.0	102.0	698.0
Global (m tonnes)						
Production	782.0	783.4	-1.4	789.5	-7.5	781.0
- US	49.3	49.3	0.0	44.9	4.4	44.8
- EU	134.3	134.0	0.3	134.2	0.1	138.2
- Russia	90.0	85.0	5.0	92.0	-2.0	75.2
Demand	792.8	792.9	0.0	792.4	0.5	792.7
- China	153.0	153.0	0.0	148.0	5.0	148.0
- N Africa	47.3	47.3	0.0	46.4	0.9	47.0
Beginning stocks	269.6	267.6	2.0	272.4	-2.9	284.1
Ending stocks	258.7	258.1	0.6	269.6	-10.9	272.4

Source: USDA, ING Research

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