

WASDE update: Better supply prospects for wheat and corn

While overall the July WASDE was relatively bearish for prices, a surprise for the market was the larger-than-expected revisions seen in 2023/24 US ending stocks for corn and soybeans, which also meant lower 2024/25 ending stocks



USDA raises corn output but lowers stock estimates

The USDA revised higher its 2024/25 US corn production estimates by 240m bushels to 15.1bn bushels due to expectations for higher acreage. Harvested area estimates were increased by 1.3m acres to 83.4m acres, while yield estimates were left unchanged at 181bu/acres. Despite the increase in output numbers, the USDA still lowered its ending stock estimates for 2024/25 to 2.097b bushels, below the roughly 2.29b bushels the market was expecting. Lower ending stocks were driven by expectations of stronger demand, but more importantly due to lower estimates for 2023/24 ending stocks. While US corn balance numbers indicate a relatively tighter-than-expected market, the fact that stocks are still projected to exceed 2bn bushels suggests a comfortably supplied market.

Changes to the global corn balance came largely in line with expectations when it comes to stocks. 2024/25 corn ending stocks were increased from 310.8mt last month to 311.6mt, as was largely

expected. Global output estimates for 2024/25 were raised to 1,224.8mt (vs. 1,220.5mt), driven by higher US output. Stronger output was partly offset by lower beginning stocks.

Corn supply/demand balance

	2024/25 est latest	2024/25 est previous	Est revision MoM	2023/24 est	ΔYoY	2022/23
US (m bushels)						
Area harvested (m acres)	83.4	82.1	1.3	86.5	-3.1	78.7
Yield (bu/acre)	181.0	181.0	0.0	177.3	3.7	173.4
Production	15,100.0	14,860.0	240.0	15,342.0	-242	13,651.0
Imports	25.0	25.0	0.0	30.0	-5	39.0
Consumption	12,680.0	12,605.0	75.0	12,630.0	50	12,044.0
Exports	2,225.0	2,200.0	25.0	2,225.0	0	1,662.0
Beginning stocks	1,877.0	2,022.0	-145.0	1,360.0	517	1,377.0
Ending stocks	2,097.0	2,102.0	-5.0	1,877.0	220	1,360.0
Global (m tonnes)						
Production	1,224.8	1,220.5	4.3	1,225.5	-0.7	1,159.6
- US	383.6	377.5	6.1	389.7	-6.1	346.7
- Brazil	127.0	127.0	0.0	122.0	5.0	137.0
- Argentina	51.0	51.0	0.0	52.0	-1.0	36.0
Demand	1,222.3	1,222.2	0.1	1,218.7	3.6	1,171.0
- EU	78.1	78.7	-0.6	77.2	0.9	75.1
- China	313.0	313.0	0.0	307.0	6.0	299.0
Beginning stocks	309.13	312.4	-3.3	302.3	6.8	313.7
Ending stocks	311.6	310.8	0.9	309.1	2.5	302.3

Source: USDA, ING Research

Soybean ending stock estimates cut

The USDA revised lower its 2024/25 US soybean production estimate by 15m bushels to 4.44bn bushels due to lower acreage. Lower output and a revision in beginning stocks meant that ending stocks were also lowered from 455m bushels to 435m bushels, leaving it below market expectations of around 447m bushels.

For the global market, soybean production estimates were cut marginally from 422.3mt to 421.9mt for 2024/25. There was also only a marginal change in ending stock estimates, falling from 127.9mt to 127.8mt, which was broadly in line with what the market was expecting.

The WASDE numbers were mostly neutral to slightly supportive for soybeans with little change to the global balance and a slightly tighter than expected US market.

Soybean supply/demand balance

	2024/25 est latest	2024/25 est previous	Est revision MoM	2023/24 est	ΔYoY	2022/23
US (m bushels)						
Area harvested (m acres)	85.3	85.6	-0.3	82.4	2.9	86.2
Yield (bu/acre)	52.0	52.0	0.0	50.6	1.4	49.6
Production	4,435.0	4,450.0	-15.0	4,165.0	270	4,270.0
Imports	15.0	15.0	0.0	20.0	-5	25.0
Consumption	2,535.0	2,535.0	0.0	2,403.0	132	2,325.0
Exports	1,825.0	1,825.0	0.0	1,700.0	125	1,980.0
Beginning stocks	345.0	350.0	-5.0	264.0	81	274.0
Ending Stocks	435.0	455.0	-20.0	345.0	90	264.0
Global (m tonnes)						
Production	421.9	422.3	-0.4	395.4	26.4	378.4
- US	120.7	121.1	-0.4	113.3	7.4	116.2
- Brazil	169.0	169.0	0.0	153.0	16.0	162.0
- Argentina	51.0	51.0	0.0	49.5	1.5	25.0
Demand	401.5	401.6	-0.1	382.5	19.0	366.4
- China	126.8	126.8	0.0	121.7	5.1	117.5
- EU	17.0	17.0	0.0	16.2	0.8	15.9
Beginning stocks	111.3	111.1	0.2	100.61	10.6	92.6
Ending stocks	127.8	127.9	-0.1	111.3	16.5	100.6

Source: USDA, ING Research

Wheat market looking more comfortable

The WASDE report was relatively bearish for wheat. The USDA's numbers showed higher supplies and exports for 2024/25. US wheat output estimates were increased by 133m bushels to 2,008m bushels, while export projections were increased by 25m bushels to 825m bushels. As a result, 2024/25 domestic ending stock estimates were revised up by 98m bushels to 856m bushels, up 22% year-on-year and the highest since 2019/20. This is also above the roughly 785m bushels the market was expecting.

Similarly, 2024/25 global ending stocks also came in above market expectations. The USDA increased its ending stock estimates from 252.3mt to 257.2mt, while the market anticipated a number closer to 252mt. The increase was predominantly driven by revisions higher to output estimates.

Wheat supply/demand balance

	2024/25 est latest	2024/25 est previous	Est revision MoM	2023/24 est	ΔYoY	2022/23
US (m bushels)						
Area harvested (m acres)	38.8	38.0	0.8	37.3	1.5	35.5
Yield (bu/acre)	51.8	49.4	2.4	48.6	3.2	46.5
Production	2,008.0	1,875.0	133.0	1,812.0	196	1,650.0
Imports	105.0	120.0	-15.0	138.0	-33	122.0
Consumption	1,134.0	1,124.0	10.0	1,111.0	23	1,114.0
Exports	825.0	800.0	25.0	707.0	118	762.0
Beginning stocks	702.0	688.0	14.0	570.0	132	674.0
Ending Stocks	856.0	758.0	98.0	702.0	154	570.0
Global (m tonnes)						
Production	796.2	790.8	5.4	789.0	7.2	789.0
- US	54.7	51.0	3.6	49.3	5.3	44.9
- EU	130.0	130.5	-0.5	134.2	-4.2	134.3
- Russia	83.0	83.0	0.0	91.5	-8.5	92.0
Demand	799.9	798.0	1.9	799.0	1.0	791.3
- China	151.0	151.0	0.0	154.0	-3.0	148.0
- N Africa	46.7	46.8	-0.1	46.5	0.2	46.6
Beginning stocks	261.0	259.6	1.4	271.0	-10.0	273.3
Ending stocks	257.2	252.3	5.0	261.0	-3.8	271.0

Source: USDA, ING Research

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.