

WASDE update: Corn and soybean markets tighten

The USDA's latest monthly WASDE report was fairly constructive for corn and soybeans as lower supply pushed down global inventory estimates. Meanwhile, the report was largely neutral for wheat with slight upward revisions to both production and consumption estimates



Global corn balance tightens

For the global market, the USDA expects 2023/24 corn production to fall to 1,230.2mt this season, down from the earlier estimate of 1,232.6mt. Supply losses from South Africa (-1.3mt), Ukraine (-1mt), Mexico (-1mt), and Russia (-0.4mt) offset supply gains from Argentina (+1mt) and could tighten the global market. On the consumption side, the global corn demand estimates were revised up by 1.5mt to 1,212.2mt. The agency lowered the ending stocks estimates by 2.4mt to 319.6mt at the end of 2023/24. The market was expecting a number closer to 320.9mt. Meanwhile, global beginning estimates were increased from 300.3mt to 301.6mt for 2023/24.

Meanwhile, the domestic corn balance was left unchanged for the year. US 2023/24 ending stocks estimates were kept unchanged at 2,172m bushels, while the market was expecting a number closer to 2,155m bushels.

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)	86.5	86.5	0.0	78.7	7.8	85.0
Yield (bu/acre)	177.3	177.3	0.0	173.4	3.9	176.7
Production	15,342.0	15,342.0	0.0	13,651.0	1,691	15,018.0
Imports	25.0	25.0	0.0	39.0	-14	24.0
Consumption	12,455.0	12,455.0	0.0	12,045.0	410	12,427.0
Exports	2,100.0	2,100.0	0.0	1,661.0	439	2,472.0
Beginning stocks	1,360.0	1,360.0	0.0	1,377.0	-17	1,235.0
Ending stocks	2,172.0	2,172.0	0.0	1,360.0	812	1,377.0
Global (m tonnes)						
Production	1,230.2	1,232.6	-2.3	1,157.5	72.7	1,216.0
- US	389.7	389.7	0.0	346.7	43.0	381.5
- Brazil	124.0	124.0	0.0	137.0	-13.0	116.0
- Argentina	56.0	55.0	1.0	36.0	20.0	49.5
Demand	1,212.2	1,210.8	1.5	1,166.6	45.7	1,198.3
- EU	77.9	78.9	-1.0	75.5	2.4	81.7
- China	306.0	306.0	0.0	299.0	7.0	291.0
Beginning stocks	301.62	300.3	1.4	310.7	-9.0	292.9
Ending stocks	319.6	322.1	-2.4	301.6	18.0	310.7

Source: USDA, ING Research

No revisions to US soybeans

The USDA kept its 2023/24 domestic soybean ending stocks estimates unchanged at 315m bushels, lower than the average market expectations of around 319m bushels. The agency also left the production and demand estimates unchanged at 4,165m bushels and 2,424m bushels, respectively. Meanwhile, the beginning stock estimates were also left unchanged at 264m bushels for the year.

For the global markets, the USDA revised down the 2023/24 global inventory estimates from 116mt to 114.3mt. This was also marginally lower than the average market expectations of 114.7mt. Global soybean production estimates were reduced by 1.4mt to 396.9mt due to the lower supplies from Brazil (-1mt), and South Africa (-0.4mt). The agency also reduced global demand and beginning stock estimates to 381.9mt and 102.2mt, respectively.

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)	82.4	82.4	0.0	86.2	-3.8	86.3
Yield (bu/acre)	50.6	50.6	0.0	49.6	1.0	51.7
Production	4,165.0	4,165.0	0.0	4,270.0	-105	4,464.0
Imports	30.0	30.0	0.0	25.0	5	16.0
Consumption	2,424.0	2,424.0	0.0	2,313.0	111	2,311.0
Exports	1,720.0	1,720.0	0.0	1,992.0	-272	2,152.0
Beginning stocks	264.0	264.0	0.0	274.0	-10	257.0
Ending Stocks	315.0	315.0	0.0	264.0	51	274.0
Global (m tonnes)						
Production	396.9	398.2	-1.4	378.1	18.8	360.4
- US	113.3	113.3	0.0	116.2	-2.9	121.5
- Brazil	155.0	156.0	-1.0	162.0	-7.0	130.5
- Argentina	50.0	50.0	0.0	25.0	25.0	43.9
Demand	381.9	383.0	-1.1	365.9	16.0	365.8
- China	120.5	120.5	0.0	117.5	3.0	110.3
- EU	16.5	16.5	0.0	15.9	0.6	17.0
Beginning stocks	102.2	103.6	-1.4	93.93	8.2	98.3
Ending stocks	114.3	116.0	-1.8	102.2	12.1	93.9

Source: USDA, ING Research

US wheat exports soften

For the US market, the USDA increased its estimates for US wheat inventory at the end of 2023/24 to 673m bushels (+18% YoY), compared to earlier estimates of 658m bushels; higher than the market expectations of 658m bushels. The inventory estimates were revised higher largely on account of declining exports. The agency lowered the US wheat export estimates by 15m bushels to 710m bushels. Meanwhile, the production and consumption estimates were left unchanged at 1,812m bushels and 1,144m bushels, respectively, for the year.

For the global balance, wheat inventory estimates were revised down from 259.4mt to 258.8mt at the end of 2023/24, the lowest since 2015/16, primarily due to falling beginning stocks and a rise in demand. This is also lower than the average market expectations of 259.2mt. The USDA slightly lowered the beginning stock projections by 0.1mt to 271.1mt. The production estimates increased by 1mt to 786.7mt. The rise in the output from Australia (+0.5mt), Russia (+0.5mt), and Argentina (+0.4mt) were partially offset by Europe (-0.3mt). Meanwhile, global consumption estimates increased from 797.5mt to 799mt following the increased feed and residual use from Europe, and Indonesia for 2023/24.

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	1,646.0
Imports	145.0	145.0	0.0	122.0	23	96.0
Consumption	1,144.0	1,144.0	0.0	1,118.0	26	1,117.0
Exports	710.0	725.0	-15.0	759.0	-49	796.0
Beginning stocks	570.0	570.0	0.0	674.0	-104	845.0
Ending Stocks	673.0	658.0	15.0	570.0	103	674.0
Global (m tonnes)						
Production	786.7	785.7	1.0	789.2	-2.5	780.1
- US	49.3	49.3	0.0	44.9	4.4	44.8
- EU	133.7	134.0	-0.3	134.2	-0.5	138.2
- Russia	91.5	91.0	0.5	92.0	-0.5	75.2
Demand	799.0	797.5	1.5	790.8	8.1	791.2
- China	153.5	153.5	0.0	148.0	5.5	148.0
- N Africa	47.1	47.1	0.0	46.4	0.6	47.0
Beginning stocks	271.1	271.2	-0.1	272.8	-1.6	283.9
Ending stocks	258.8	259.4	-0.6	271.1	-12.3	272.8

Source: USDA, ING Research

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