

WASDE update: Higher US corn and soybean supplies

The USDA released a fairly bearish WASDE report on Friday with US ending stocks for both corn and soybeans coming in above expectations



Record US corn production

The USDA revised up its 2023/24 US corn production estimates by 108m bushels to a record 15.34bn bushels due to higher yields. This was above market expectations of around 15.22bn bushels. The yield estimates were increased by 2.4bu/acre to 177.3bu/acre. As a result, US ending stocks for 2023/24 were increased to 2.2bn bushels, up 31m bushels from the previous estimate, and above the roughly 2.1bn bushels the market was expecting.

For the global balance, 2023/24 ending stock estimates were revised up from 315.2mt to 325.2mt primarily due to larger supplies. The market was expecting a number closer to 313mt. Global corn production estimates rose by 13.7mt to 1,235.7mt, driven by an increase in the US (+2.7mt), and China (+11.8mt).

Revisions to both the US and global balance were bearish, which is well reflected in the price action following the release.

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	87.1	-0.6	78.7	7.8	85.0
Yield (bu/acre)	177.3	174.9	2.4	173.4	3.9	176.7
Production	15,342.0	15,234.0	108.0	13,651.0	1,691	15,018.0
Imports	25.0	25.0	0.0	39.0	-14	24.0
Consumption	12,465.0	12,390.0	75.0	12,045.0	420	12,427.0
Exports	2,100.0	2,100.0	0.0	1,661.0	439	2,472.0
Beginning stocks	1,360.0	1,361.0	-1.0	1,377.0	-17	1,235.0
Ending stocks	2,162.0	2,131.0	31.0	1,360.0	802	1,377.0
Global (m tonnes)						
Production	1,235.7	1,222.1	13.7	1,155.6	80.1	1,215.9
- US	389.7	387.0	2.7	346.7	43.0	381.5
- Brazil	127.0	129.0	-2.0	137.0	-10.0	116.0
- Argentina	55.0	55.0	0.0	34.0	21.0	49.5
Demand	1,211.1	1,207.0	4.1	1,165.6	45.5	1,198.3
- EU	79.2	80.2	-1.0	75.5	3.7	81.7
- China	306.0	304.0	2.0	299.0	7.0	291.0
Beginning stocks	300.56	300.1	0.5	310.5	-10.0	292.9
Ending stocks	325.2	315.2	10.0	300.6	24.7	310.5

Source: USDA, ING Research

US soybean stocks rise

The USDA raised 2023/24 US soybean production estimates from 4,129m bushels to 4,165m bushels with yields revised up from 49.9 bushels/acre to 50.6 bushels/acre. As a result, ending stock estimates for 2023/24 were increased by 35m bushels to 280m bushels. This was quite a bit higher than expectations of around 245m bushels.

Only marginal changes were seen in the global balance, which meant that global soybean ending stocks for 2023/24 increased by just 0.4mt to 114.6mt. Global production estimates were largely left unchanged at around 399mt as gains in Argentina, the US and Paraguay were offset by revisions lower in Brazilian supply.

Overall, larger-than-expected ending stocks in the release were bearish for the soybean market.

Soybeans 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	82.8	-0.4	86.2	-3.8	86.3
Yield (bu/acre)	50.6	49.9	0.7	49.6	1.0	51.7
Production	4,165.0	4,129.0	36.0	4,270.0	-105	4,464.0
Imports	30.0	30.0	0.0	25.0	5	16.0
Consumption	2,424.0	2,427.0	-3.0	2,313.0	111	2,311.0
Exports	1,755.0	1,755.0	0.0	1,992.0	-237	2,152.0
Beginning stocks	264.0	268.0	-4.0	274.0	-10	257.0
Ending Stocks	280.0	245.0	35.0	264.0	16	274.0
Global (m tonnes)						
Production	399.0	398.9	0.1	375.4	23.6	360.4
- US	113.3	112.4	1.0	116.2	-2.9	121.5
- Brazil	157.0	161.0	-4.0	160.0	-3.0	130.5
- Argentina	50.0	48.0	2.0	25.0	25.0	43.9
Demand	383.7	384.0	-0.3	364.7	18.9	363.9
- China	120.5	120.5	0.0	116.5	4.0	108.4
- EU	16.6	16.6	0.0	15.9	0.7	17.0
Beginning stocks	101.9	101.9	0.0	98.03	3.8	100.3
Ending stocks	114.6	114.2	0.4	101.9	12.7	98.0

Source: USDA, ING Research

Global wheat stocks edge higher

The USDA decreased its US ending stocks estimate for 2023/24 from 659m bushels to 648m bushels following a reduction in beginning stocks. This was lower than market expectations of around 659m bushels. Meanwhile, the agency left production and export estimates unchanged at 1.8bn bushels and 725m bushels, respectively.

For the global market, the USDA increased its 2023/24 ending stocks estimate from 258.2mt to 260mt, largely on account of higher stocks at the start of the year. The market had largely expected global ending stocks to remain roughly unchanged. The agency revised up its demand estimates to 796.4mt from 794.7mt, driven by India (+1.3mt), and the EU (+1mt). However, higher demand estimates were offset by an increase in production estimates from 783mt to 784.9mt. This was due to increases from Russia (+1mt), Ukraine (+0.9mt), and Saudi Arabia (+1.5mt).

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	1,154.0	1,155.0	-1.0	1,118.0	36	1,117.0
Exports	725.0	725.0	0.0	759.0	-34	796.0
Beginning stocks	570.0	582.0	-12.0	674.0	-104	845.0
Ending Stocks	648.0	659.0	-11.0	570.0	78	674.0
Global (m tonnes)						
Production	784.9	783.0	1.9	789.2	-4.3	780.1
- US	49.3	49.3	0.0	44.9	4.4	44.8
- EU	134.3	134.3	0.0	134.2	0.1	138.2
- Russia	91.0	90.0	1.0	92.0	-1.0	75.2
Demand	796.4	794.7	1.8	790.9	5.5	791.2
- China	153.5	153.5	0.0	148.0	5.5	148.0
- N Africa	47.3	47.3	0.0	46.4	0.9	47.0
Beginning stocks	271.6	269.9	1.7	273.3	-1.8	284.4
Ending stocks	260.0	258.2	1.8	271.6	-11.5	273.3

Source: USDA, ING Research

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