

WASDE update: Maintaining the status quo

Tuesday's WASDE report from the USDA was a fairly dull event, with marginal changes to the global balances for corn, soybeans and wheat. The market was expecting a more constructive release, but the lack of downward revisions to ending stocks saw corn and soybeans trade marginally lower



US corn balance unchanged

The USDA made no revisions to its US corn balance for 2020/21, with domestic production and ending stocks left unchanged at 14.18b bushels and 1.5b bushels, respectively. In the lead up to the release, market expectations were that ending stocks for the current marketing year would be revised down in the region of 30-40m bushels, leaving them at around 1.46-1.47b bushels.

Meanwhile, global ending stocks were revised marginally higher from the February report, with the USDA increasing ending stocks for 2020/21 by a little more than 1.1mt, leaving them at 287.67mt. Expectations were for a slight revision lower, with the market expecting global ending stocks somewhere around 284mt.

Corn supply/demand balance

	2020/21 est latest	2020/21 est previous	Est revision MoM	2019/20 est	ΔYoY	2018/19
US (m bushels)						
Area harvested (m acres)	82.5	82.5	0.0	81.3	1.2	81.3
Yield (bu/acre)	172.0	172.0	0.0	167.5	4.5	176.4
Production	14,182	14,182	0.0	13,620	562	14,340
Imports	25	25	0.0	42	-17	28
Consumption	12,025	12,025	0.0	12,185	-160	12,222
Exports	2,600	2,600	0.0	1,778	822	2,066
Beginning stocks	1,919	1,919	0.0	2,221	-302	2,140
Ending stocks	1,502	1,502	0.0	1,919	-417	2,221
Global (m tonnes)						
Production	1,136.3	1,134.1	2.3	1,116.5	19.8	1,125.0
- US	360.3	360.3	0.0	346.0	14.3	364.3
- Brazil	109.0	109.0	0.0	102.0	7.0	101.0
- Argentina	47.5	47.5	0.0	51.0	-3.5	51.0
Demand	1,151.8	1,150.5	1.3	1,134.6	17.2	1,144.8
- EU	77.0	77.0	0.0	81.0	-4.0	87.5
- China	289.0	289.0	0.0	278.0	11.0	274.0
Beginning stocks	303.1	303.0	0.1	321.2	-18.1	341.1
Ending stocks	287.7	286.5	1.1	303.1	-15.5	321.2

Source: USDA

Global soybean stocks slightly higher

Similarly for the US soybean balance, the USDA left it unchanged this month. This means that domestic ending stocks were left at 120m bushels, however the market was expecting a slight revision lower to somewhere in the region of 117m bushels.

Global ending stock estimates for soybeans this marketing year were increased by just 380kt to 83.74mt. Expectations were that ending stocks would be in the region of 82.65 and 82.9mt. The revisions higher were due to higher opening stocks, as well as a 1mt revision higher in the Brazilian production estimate. The USDA is now expecting that the Brazilian crop will total a record 134mt, while the market was expecting this estimate to remain unchanged at 133mt. However, there is downside risk to the Brazilian crop, with rain during the harvest raising concerns over quality and yields.

Soybeans supply/demand balance

	2020/21 est latest	2020/21 est previous	Est revision MoM	2019/20 est	ΔYoY	2018/19
US (m bushels)						
Area harvested (m acres)	82.3	82.3	0.0	74.9	7.4	87.6
Yield (bu/acre)	50.2	50.2	0.0	47.4	2.8	50.6
Production	4,135	4,135	0.0	3,552	583	4,428
Imports	35	35	0.0	15	20	14
Consumption	4,575	4,575	0.0	3,952	623	3,971
Exports	2,250	2,250	0.0	1,682	568	1,752
Beginning stocks	525	525	0.0	909	-384	438
Ending Stocks	120	120	0.0	525	-405	909
Global (m tonnes)						
Production	361.8	361.1	0.7	339.0	22.8	361.0
- US	112.6	112.6	0.0	96.7	15.9	120.5
- Brazil	134.0	133.0	1.0	128.5	5.5	119.7
- Argentina	48.0	47.5	0.5	48.8	-0.8	55.3
Demand	371.3	369.8	1.5	356.8	14.5	344.5
- China	116.7	117.7	-1.0	109.2	7.5	102.0
- EU	18.5	18.5	0.0	18.0	0.5	17.3
Beginning stocks	96.0	94.9	1.2	113.7	-17.7	100.2
Ending stocks	83.7	83.4	0.4	96.0	-12.3	113.7

Source: USDA

China drives global wheat stocks lower

The WASDE report was moderately more constructive for the wheat market, with the US wheat balance also seeing no changes, with ending stock estimates for 2020/21 left unchanged at 836m bushels. The market was expecting ending stocks to be revised higher to somewhere in the region of 838-839m bushels.

The global wheat balance was also mildly supportive, with the USDA revising lower 2020/21 ending stock estimates from 304.22mt to 301.19mt. Heading into the release, the market was expecting stocks to remain largely unchanged. While the USDA revised higher its expectation for the Australian wheat crop from 30mt to 33mt, Chinese domestic demand was increased by 5mt. This increase in Chinese domestic wheat consumption is driven by stronger feed demand, something which should not be too surprising, given the strength that we have seen in the domestic corn market.

Wheat supply/demand balance

	2020/21 est latest	2020/21 est previous	Est revision MoM	2019/20 est	ΔYoY	2018/19
US (m bushels)						
Area harvested (m acres)	36.7	36.7	0.0	37.4	-0.7	39.6
Yield (bu/acre)	49.7	49.7	0.0	51.7	-2.0	47.6
Production	1,826	1,826	0.0	1,932	-106	1,885
Imports	120	120	0.0	105	15	135
Consumption	1,153	1,153	0.0	1,123	30	1,102
Exports	985	985	0.0	965	20	937
Beginning stocks	1,028	1,028	0.0	1,080	-52	1,099
Ending Stocks	836	836	0.0	1,028	-192	1,080
Global (m tonnes)						
Production	776.8	773.4	3.3	763.9	12.9	731.0
- US	49.7	49.7	0.0	52.6	-2.9	51.3
- EU	135.8	135.8	0.0	154.5	-18.7	136.6
- Russia	85.4	85.3	0.0	73.6	11.7	71.7
Demand	775.9	769.3	6.6	746.9	29.0	734.7
- China	145.0	140.0	5.0	126.0	19.0	125.0
- N Africa	47.0	47.0	0.0	46.3	0.7	46.1
Beginning stocks	300.3	300.1	0.2	283.3	17.0	287.0
Ending stocks	301.2	304.2	-3.0	300.3	0.9	283.3

Source: USDA

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