

WASDE update: Release provides little support to markets

Grains have been unable to escape the selling pressure that we have seen across the commodities complex recently. The July World Agricultural Supply and Demand Estimates (WASDE) report had little in the way of surprises to provide support to the market



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

Corn supply edges higher

The United States Department of Agriculture (USDA) once again increased its US corn ending stocks for 2022/23 on the back of larger acreage, increasing from 89.5m acres to 89.9m acres. This increase in plantings was no surprise, given the acreage report which was released at the end of June. As a result, domestic corn production estimates were increased from 14.46b bushels to 14.51b bushels. These changes saw US ending stocks increase from 1.4b bushels to 1.47b bushels for 2022/23. The market was expecting a number closer to 1.43b bushels.

Globally, marginal changes were made to the ex-US balance sheet. The USDA increased estimates for global ending stocks from 310.5mt to 312.9mt, with the bulk of this driven by the US and an upward revision in beginning stocks. Global corn production was left largely unchanged at 1,185.9mt, as higher supply from the US (+1.1mt) was offset by lower supply from Russia (-1mt). Global demand was revised down by 1mt.

Corn supply/demand balance

	2022/23 est latest	2022/23 est previous	Est revision MoM	2021/22 est	ΔYoY	2020/21
US (m bushels)						
Area harvested (m acres)	81.9	81.7	0.2	85.4	-3.5	82.3
Yield (bu/acre)	177.0	177.0	0.0	177.0	0.0	171.4
Production	14,505	14,460	45.0	15,115	-610	14,111
Imports	25	25	0.0	25	0	24
Consumption	12,170	12,170	0.0	12,415	-245	12,068
Exports	2,400	2,400	0.0	2,450	-50	2,753
Beginning stocks	1,510	1,485	25.0	1,235	275	1,919
Ending stocks	1,470	1,400	70.0	1,510	-40	1,235
Global (m tonnes)						
Production	1,185.9	1,185.8	0.1	1,217.9	-32.0	1,129.0
- US	368.4	367.3	1.1	383.9	-15.5	358.5
- Brazil	126.0	126.0	0.0	116.0	10.0	87.0
- Argentina	55.0	55.0	0.0	53.0	2.0	52.0
Demand	1,185.2	1,186.3	-1.0	1,198.9	-13.6	1,143.2
- EU	79.4	79.6	-0.2	80.1	-0.7	77.4
- China	295.0	295.0	0.0	291.0	4.0	285.0
Beginning stocks	312.3	310.9	1.4	293.3	19.0	307.5
Ending stocks	312.9	310.5	2.5	312.3	0.7	293.3

Source: USDA

Soybean market less tight than expected

The USDA made some significant revisions to the US balance sheet yesterday. The USDA revised down production estimates from 4.64b bushels to 4.51b bushels as acreage was lowered from 91m acres to 88.3m acres, while yield estimates were left unchanged at 51.5bu/acre. This revision in acreage is not a surprise given it matches the number in the previously released acreage report. Lower domestic output estimates mean that export estimates were cut from 2.2b bushels to 2.14b bushels, while domestic demand was also marginally revised down by 10m bushels to 2.25b bushels. As a result, the agency lowered US ending stocks for 2022/23 from 280m bushels to 230m bushels. However, this is still above the roughly 214m bushels the market was expecting.

Global soybean ending stocks were revised down from 100.5mt to 99.6mt for 2022/23, largely due to the revisions made in the US balance. Global soybean production was revised down by around 4mt to 391.4mt with the majority of it coming from the US (down 3.7mt). Global demand for soybeans was left largely unchanged at around 377.8mt for 2022/23. Some revisions to the 2021/22 balance meant that beginning stocks for 2022/23 were increased from 86.2mt to 88.7mt.

Soybean supply/demand balance

	2022/23 est latest	2022/23 est previous	Est revision MoM	2021/22 est	ΔYoY	2020/21
US (m bushels)						
Area harvested (m acres)	87.5	90.1	-2.6	86.3	1.2	82.6
Yield (bu/acre)	51.5	51.5	0.0	51.4	0.1	51.0
Production	4,505	4,640	-135.0	4,435	70	4,216
Imports	15	15	0.0	15	0	20
Consumption	2,370	2,380	-10.0	2,322	48	2,243
Exports	2,135	2,200	-65.0	2,170	-35	2,261
Beginning stocks	215	205	10.0	257	-42	525
Ending Stocks	230	280	-50.0	215	15	257
Global (m tonnes)						
Production	391.4	395.4	-4.0	352.7	38.7	368.1
- US	122.6	126.3	-3.7	120.7	1.9	114.8
- Brazil	149.0	149.0	0.0	126.0	23.0	139.5
- Argentina	51.0	51.0	0.0	44.0	7.0	46.2
Demand	377.8	377.9	-0.1	363.1	14.6	363.9
- China	115.6	115.6	0.0	106.7	8.9	112.7
- EU	17.9	17.9	0.0	17.6	0.3	17.5
Beginning stocks	88.7	86.2	2.6	99.8	-11.1	94.7
Ending stocks	99.6	100.5	-0.8	88.7	10.9	99.8

Source: USDA

Small overall changes to wheat balance

There were only marginal changes to the US wheat balance for the year. Domestic ending stocks for 2022/23 were increased from 627m bushels to 639m bushels, largely in line with market expectations. The USDA increased production estimates from 1.74b bushels to 1.78b bushels on account of higher yields, although this was partly offset by lower acreage. As a result, export estimates were revised higher by around 25m bushels to 800m bushels.

Globally, the wheat balance sheet witnessed some large individual revisions, although the aggregate change was fairly small. Both global production and demand estimates were revised down by 1.8mt. The USDA revised lower production estimates for the EU and Ukraine by 2mt each to 134.1mt and 19.5mt, respectively. But these revisions were partly offset by increases from Russia (+1.5mt) and Canada (+1mt). Wheat demand in the EU and Ukraine was also revised down by around 1mt each. Global ending stocks for 2022/23 were increased from 266.9mt to 267.5mt largely on account of an upward revision in beginning stocks.

Wheat supply/demand balance

	2022/23 est latest	2022/23 est previous	Est revision MoM	2021/22 est	ΔYoY	2020/21
US (m bushels)						
Area harvested (m acres)	37.6	37.1	0.5	37.2	0.4	36.8
Yield (bu/acre)	47.3	46.9	0.4	44.3	3.0	49.7
Production	1,781	1,737	44.0	1,646	135	1,828
Imports	110	120	-10.0	95	15	100
Consumption	1,112	1,110	2.0	1,122	-10	1,120
Exports	800	775	25.0	804	-4	992
Beginning stocks	660	655	5.0	845	-185	1,028
Ending Stocks	639	627	12.0	660	-21	845
Global (m tonnes)						
Production	771.6	773.4	-1.8	779.0	-7.4	775.7
- US	48.5	47.3	1.2	44.8	3.7	49.8
- EU	134.1	136.1	-2.0	138.4	-4.3	126.7
- Russia	81.5	81.0	0.5	75.2	6.3	85.4
Demand	784.2	786.0	-1.8	790.5	-6.3	782.3
- China	144.0	144.0	0.0	148.0	-4.0	150.0
- N Africa	47.7	47.7	0.0	47.0	0.6	46.7
Beginning stocks	280.1	279.4	0.7	291.6	-11.5	298.2
Ending stocks	267.5	266.9	0.7	280.1	-12.6	291.6

Source: USDA

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