

WASDE update: Soybean yield revisions tighten up market

The USDA's latest monthly WASDE report was constructive for soybeans, with a lower-than-expected US production estimate tightening up 2024/25 US ending stocks



US corn exports left unchanged despite surge in export sales

The USDA has lowered its 2024/25 US corn ending stock estimates from 1,999m bushels to 1,938m bushels – but this was still above market expectations of around 1,921m bushels. Yield estimates were cut slightly, which saw production estimates revised down by 60m bushels to 15,143m bushels, slightly below market expectations. Surprisingly, export numbers were left unchanged, despite the strong export sales data seen over October.

Looking at the global balance, the USDA revised production and demand estimates upwards to 1,219.4mt (vs 1,217.2mt) and 1,229.5mt (vs 1,223.3mt) respectively. Upward supply revisions came from Uganda, Kenya, Cameroon, and Belarus, offsetting the supply losses from Mexico (-0.5mt), the US (-1.5mt), and the EU (-0.2mt). However, stronger demand pushed the 2024/25 ending stocks estimate down to 304.1mt from a previous estimate of 306.5mt and left it below market expectations of just under 306mt.

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)	82.7	82.7	0.0	86.5	-3.8	78.7
Yield (bu/acre)	183.1	183.8	-0.7	177.3	5.8	173.4
Production	15,143.0	15,203.0	-60.0	15,341.0	-198	13,651.0
Imports	25.0	25.0	0.0	28.0	-3	39.0
Consumption	12,665.0	12,665.0	0.0	12,676.0	-11	12,044.0
Exports	2,325.0	2,325.0	0.0	2,292.0	33	1,662.0
Beginning stocks	1,760.0	1,760.0	0.0	1,360.0	400	1,377.0
Ending stocks	1,938.0	1,999.0	-61.0	1,760.0	178	1,360.0
Global (m tonnes)						
Production	1,219.4	1,217.2	2.2	1,229.1	-9.7	1,163.0
- US	384.6	386.2	-1.5	389.7	-5.0	346.7
- Brazil	127.0	127.0	0.0	122.0	5.0	137.0
- Argentina	51.0	51.0	0.0	50.0	1.0	37.0
Demand	1,229.5	1,223.3	6.2	1,219.5	10.0	1,172.4
- EU	75.1	75.3	-0.2	77.1	-2.0	74.8
- China	313.0	313.0	0.0	307.0	6.0	299.0
Beginning stocks	314.22	312.7	1.6	304.6	9.6	314.0
Ending stocks	304.1	306.5	-2.4	314.2	-10.1	304.6

Source: USDA, ING Research

Lower US soybean yields tighten market

The USDA lowered its US soybean production estimates by 121m bushels for 2024/25 to 4,461m bushels, below market expectations of around 4,550m bushels. Expectations of lower output were driven by revisions in yield estimates, which were cut from 53.1bu/acre to 51.7bu/acre. Lower consumption and exports were not enough to offset weaker supply. As a result, 2024/25 ending stocks were cut by 80m bushels to 470m bushels, quite some distance below expectations of around 535m bushels. While CBOT soybeans initially rallied on the back of the WASDE release, the market gave back most of the gains. USD strength wouldn't have helped the market, along with the broader sell-off seen across large parts of the commodities complex on Friday.

For the global market, the USDA lowered production estimates to 425.4mt (vs. 428.9mt). The supply revision is largely due to the US, which was cut by 3.3mt. Lower supply also meant that 2024/25 ending stocks were lowered from 134.7mt to 131.7mt. The market was expecting a number of around 134mt.

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)	86.3	86.3	0.0	82.3	4.0	86.2
Yield (bu/acre)	51.7	53.1	-1.4	50.6	1.1	49.6
Production	4,461.0	4,582.0	-121.0	4,162.0	299	4,270.0
Imports	15.0	15.0	0.0	21.0	-6	25.0
Consumption	2,523.0	2,539.0	-16.0	2,410.0	113	2,325.0
Exports	1,825.0	1,850.0	-25.0	1,695.0	130	1,980.0
Beginning stocks	342.0	342.0	0.0	264.0	78	274.0
Ending Stocks	470.0	550.0	-80.0	342.0	128	264.0
Global (m tonnes)						
Production	425.4	428.9	-3.5	394.7	30.7	378.6
- US	121.4	124.7	-3.3	113.3	8.2	116.2
- Brazil	169.0	169.0	0.0	153.0	16.0	162.0
- Argentina	51.0	51.0	0.0	48.2	2.8	25.0
Demand	402.3	402.7	-0.4	384.2	18.1	366.4
- China	126.9	126.9	0.0	121.8	5.1	117.5
- EU	17.0	17.0	-0.1	16.1	0.8	15.9
Beginning stocks	112.4	112.4	0.0	101.0	11.4	92.6
Ending stocks	131.7	134.7	-2.9	112.4	19.3	101.0

Source: USDA, ING Research

Little change in wheat balances

The USDA increased its US 2024/25 ending stock estimate by 3m bushels to 815m bushels, while the market was expecting stocks to remain unchanged. The marginal change was driven by expectations for slightly stronger imports.

For the global wheat balance ending stocks were cut marginally from 257.7mt to 257.6mt. This still leaves stocks above expectations of around 256.8mt

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)	38.5	38.5	0.0	37.1	1.4	35.5
Yield (bu/acre)	51.2	51.2	0.0	48.7	2.5	46.5
Production	1,971.0	1,971.0	0.0	1,804.0	167	1,650.0
Imports	120.0	115.0	5.0	138.0	-18	122.0
Consumption	1,148.0	1,146.0	2.0	1,108.0	40	1,114.0
Exports	825.0	825.0	0.0	707.0	118	762.0
Beginning stocks	696.0	696.0	0.0	570.0	126	674.0
Ending Stocks	815.0	812.0	3.0	696.0	119	570.0
Global (m tonnes)						
Production	794.7	794.1	0.6	790.4	4.3	789.6
- US	53.7	53.7	0.0	49.1	4.6	44.9
- EU	122.6	123.0	-0.4	134.9	-12.3	134.3
- Russia	81.5	82.0	-0.5	91.5	-10.0	92.0
Demand	803.4	802.5	0.9	797.8	5.7	789.5
- China	151.0	151.0	0.0	153.5	-2.5	148.0
- N Africa	46.7	46.7	0.0	46.7	0.0	46.7
Beginning stocks	266.3	266.2	0.1	273.6	-7.3	273.5
Ending stocks	257.6	257.7	-0.2	266.3	-8.7	273.6

Source: USDA, ING Research

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.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.