

WASDE update: Supportive grain estimates for 2024/25

The USDA's first estimates for the 2024/25 marketing year were largely constructive for grains but bearish for soybeans. Wheat and corn ending stocks for both the US and global balance came in below expectations, while US and global soybean ending stocks came in higher than expected



US corn output set to fall

The USDA expects US corn production in 2024/25 to fall by over 3% year-on-year from last year's record crop. This shouldn't be too surprising with farmers expected to switch to soybeans. Planted area is estimated to fall from 94.6m acres last season to 90m acres. Lower acreage is partly offset by expectations of improved yields, however, obviously much will depend on how the weather evolves through the summer. As a result, output for the next marketing year is forecast at 14.86bn bushels, which is not too dissimilar to market expectations. Despite weaker domestic production and expectations for stronger demand, US ending stocks are still forecast to increase from 2.02bn bushels in 2023/24 to 2.1bn bushels in 2024/25, which would be the highest stock level since 2018/19. However, this is still below the close to 2.3bn bushels the market was expecting.

For the global balance, world production is estimated to total 1.2b tonnes in 2024/25, down 0.7%

YoY. The expected declines from the US (-12.2mt), Argentina (-2mt), and Ukraine (-4mt) are largely offset by gains from Brazil (+5mt), China (+3.2mt), South America, and the EU (+3.8mt). As a result, global ending stocks for 2024/25 are projected at 312.3mt, down just 0.8mt from 2023/24, but quite some distance from the almost 319mt the market was expecting.

Overall, the WASDE was constructive for corn due to lower-than-expected ending stocks for the 2024/25 season for both the US and global balance sheets.

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)	82.1	NA	-	86.5	-	78.7
Yield (bu/acre)	181.0	NA	-	177.3	-	173.4
Production	14,860.0	NA	-	15,342.0	-482	13,651.0
Imports	25.0	NA	-	25.0	0	39.0
Consumption	12,605.0	NA	-	12,555.0	50	12,045.0
Exports	2,200.0	NA	-	2,150.0	50	1,661.0
Beginning stocks	2,022.0	NA	-	1,360.0	662	1,377.0
Ending stocks	2,102.0	NA	-	2,022.0	80	1,360.0
Global (m tonnes)						
Production	1,219.9	NA	-	1,228.1	-8.2	1,157.9
- US	377.5	NA	-	389.7	-12.2	346.7
- Brazil	127.0	NA	-	122.0	5.0	137.0
- Argentina	51.0	NA	-	53.0	-2.0	36.0
Demand	1,220.8	NA	-	1,215.9	4.8	1,170.6
- EU	78.6	NA	-	77.9	0.7	75.2
- China	313.0	NA	-	307.0	6.0	299.0
Beginning stocks	313.08	NA	-	300.9	12.2	313.6
Ending stocks	312.3	NA	-	313.1	-0.8	300.9

Source: USDA, ING Research

US soybean supply to jump in 2024/25

The WASDE report was a bearish affair when it came to soybeans. The USDA forecasts that US soybean output in 2024/25 will increase by 285m bushels to 4.45bn bushels. This is on the back of higher planted area and expectations for improved yields. The numbers are largely in line with market expectations. And while it is expected that the domestic crush and exports grow YoY, 2024/25 ending stocks are forecast at 445m bushels, up from 340m bushels in 2023/24 – and also higher than the sub-440m bushels the market was expecting.

For the global market, the USDA forecasts 2024/25 soybean production to jump following higher output estimates from South America and the US for the season. The agency forecasts global soybean production to rise almost 6.4% YoY to 422.3mt (+25.3mt YoY) with higher supplies coming from Brazil (+15mt), Argentina (+1mt), the US (+7.8mt) and South Africa. As a result, global ending stocks for 2024/25 are forecast at 128.5mt, up from 111.8mt in 2023/24 and well above market expectations of roughly 119mt.

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)	85.6	NA	-	82.4	-	86.2
Yield (bu/acre)	52.0	NA	-	50.6	-	49.6
Production	4,450.0	NA	-	4,165.0	285	4,270.0
Imports	15.0	NA	-	25.0	-10	25.0
Consumption	2,535.0	NA	-	2,414.0	121	2,313.0
Exports	1,825.0	NA	-	1,700.0	125	1,992.0
Beginning stocks	340.0	NA	-	264.0	76	274.0
Ending Stocks	445.0	NA	-	340.0	105	264.0
Global (m tonnes)						
Production	422.3	NA	-	397.0	25.3	378.2
- US	121.1	NA	-	113.3	7.8	116.2
- Brazil	169.0	NA	-	154.0	15.0	162.0
- Argentina	51.0	NA	-	50.0	1.0	25.0
Demand	401.7	NA	-	383.5	18.2	366.0
- China	126.8	NA	-	121.7	5.1	117.5
- EU	17.0	NA	-	16.6	0.4	15.9
Beginning stocks	111.8	NA	-	100.53	11.3	92.6
Ending stocks	128.5	NA	-	111.8	16.7	100.5

Source: USDA, ING Research

Wheat stocks come in lower than expected

The USDA forecasts US wheat ending stocks for 2024/25 to rise by 78m bushels (+11% YoY) to 766m bushels, the highest in four years. However, this is still well below the roughly 780m bushels the market was expecting. US wheat production is projected at 1,858m bushels for 2024/25, up from 1,812m bushels in 2023/24. This increase was due to larger area and improved yields. However, the market was expecting output estimates to come in even higher

The global wheat balance is expected to tighten over 2024/25. The USDA forecasts ending stocks to fall from 257.8mt in 2023/24 to 253.6mt in 2024/25. This would be the lowest ending stocks since the 2015/16 season.

Overall, the report was constructive for wheat, with the release suggesting a tighter-than-expected market, both in the US and globally.

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)	38.0	NA	-	37.3	-	35.5
Yield (bu/acre)	48.9	NA	-	48.6	-	46.5
Production	1,858.0	NA	-	1,812.0	46	1,650.0
Imports	120.0	NA	-	140.0	-20	122.0
Consumption	1,124.0	NA	-	1,114.0	10	1,118.0
Exports	775.0	NA	-	720.0	55	759.0
Beginning stocks	688.0	NA	-	570.0	118	674.0
Ending Stocks	766.0	NA	-	688.0	78	570.0
Global (m tonnes)						
Production	798.2	NA	-	787.7	10.5	789.2
- US	50.6	NA	-	49.3	1.3	44.9
- EU	132.0	NA	-	134.2	-2.2	134.3
- Russia	88.0	NA	-	91.5	-3.5	92.0
Demand	802.4	NA	-	800.3	2.0	791.9
- China	150.0	NA	-	153.5	-3.5	148.0
- N Africa	47.0	NA	-	46.8	0.3	46.6
Beginning stocks	257.8	NA	-	270.4	-12.6	273.2
Ending stocks	253.6	NA	-	257.8	-4.2	270.4

Source: USDA, ING Research

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