

WASDE update: Unfavourable weather impacts US crop

The USDA's August WASDE report provided few surprises. The lowering of US corn and soybean yields was largely expected, so did little to provide support to the market. However, if looking for something moderately constructive, it would have been US soybean ending stocks coming in below market expectations



US corn yields cut

The USDA lowered its 2023/24 US corn production estimates by 209m bushels to 15.11b bushels as adverse weather conditions early in the growing season impacted yields. This is slightly lower than the roughly 15.13b bushels the market was expecting. Meanwhile, both consumption and export projections were cut by 45m bushels and 50m bushels to 12.34b bushels and 2.05b bushels, respectively. As a result, 2023/24 US ending stock estimates were reduced by 60m bushels to 2.2b bushels, which was not too dissimilar to what the market expected.

For the global corn balance, 2023/24 ending stocks were revised down from 314.1mt to 311.1mt at the end of 2023/24, below the roughly 314mt the market was expecting. Global production estimates were lowered from 1,224.5mt to 1,213.5mt with supply falling in the US (-5.3mt), the EU (-3.7mt) and China (-3mt).

However, the agency increased its corn production estimate for Ukraine by around 2.5mt to 27.5mt. Despite this increase in supply, Ukrainian export volumes were left unchanged, likely given the uncertainty over how exports evolve after Russia pulled out of the Black Sea Grain Initiative.

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)	86.3	86.3	0.0	79.2	7.1	85.3
Yield (bu/acre)	175.1	177.5	-2.4	173.3	1.8	176.7
Production	15,111	15,320	-209.0	13,730	1,381.0	15,074
Imports	25	25	0.0	35	-10.0	24
Consumption	12,340	12,385	-45.0	12,060	280.0	12,483
Exports	2,050	2,100	-50.0	1,625	425.0	2,472
Beginning stocks	1,457	1,402	55.0	1,377	80.0	1,235
Ending stocks	2,202	2,262	-60.0	1,457	745.0	1,377
Global (m tonnes)						
Production	1,213.5	1,224.5	-11.0	1,151.8	61.7	1,218.7
- US	383.8	389.2	-5.3	348.8	35.1	382.9
- Brazil	129.0	129.0	0.0	135.0	-6.0	116.0
- Argentina	54.0	54.0	0.0	34.0	20.0	49.5
Demand	1,200.4	1,206.7	-6.3	1,164.1	36.3	1,201.4
- EU	79.5	82.1	-2.6	77.1	2.4	81.7
- China	304.0	304.0	0.0	299.0	5.0	291.0
Beginning stocks	297.9	296.3	1.6	310.2	-12.3	292.9
Ending stocks	311.1	314.1	-3.1	297.9	13.1	310.2

Source: USDA, ING Research

US soybean ending stocks fall

For the US market, the USDA slashed its 2023/24 soybean production estimate from 4,300m bushels to 4,205m bushels due to lower yields. The market was expecting a number closer to 4,234m bushels. Lower supply led to a 25m bushel downward revision in export estimates, whilst domestic demand estimates were left unchanged at 2,426m bushels. As a result, the USDA reduced its 2023/24 US ending stocks estimate from 300m bushels to 245m bushels, which is below the roughly 260m bushels the market was expecting. As a result, the release was moderately supportive for soybeans.

For the global market, the USDA cut its 2023/24 ending stocks estimate from 121mt to 119.4mt, largely due to lower US supply. This is slightly lower than the roughly 120mt expected.

Soybean 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)	82.7	82.7	0.0	86.3	-3.6	86.3
Yield (bu/acre)	50.9	52.0	-1.1	49.5	1.4	51.7
Production	4,205	4,300	-95.0	4,276	-71.0	4,465
Imports	30	20	10.0	30	0.0	16
Consumption	2,426	2,426	0.0	2,340	86.0	2,312
Exports	1,825	1,850	-25.0	1,980	-155.0	2,152
Beginning stocks	260	255	5.0	274	-14.0	257
Ending Stocks	245	300	-55.0	260	-15.0	274
Global (m tonnes)						
Production	402.8	405.3	-2.5	369.7	33.1	360.2
- US	114.5	117.0	-2.6	116.4	-1.9	121.5
- Brazil	163.0	163.0	0.0	156.0	7.0	130.5
- Argentina	48.0	48.0	0.0	25.0	23.0	43.9
Demand	383.9	384.5	-0.6	363.3	20.7	364.0
- China	118.0	118.0	0.0	113.7	4.3	108.4
- EU	16.7	16.7	0.0	16.3	0.5	17.0
Beginning stocks	103.1	102.9	0.2	99.1	4.0	100.2
Ending stocks	119.4	121.0	-1.6	103.1	16.3	99.1

Source: USDA, ING Research

US wheat stocks come in higher than expected

There were marginal changes in the US wheat balance. The agency cut its US production forecast by 5m bushels to 1,734m bushels for 2023/24. However, the USDA also cut its demand numbers, reducing domestic consumption and export estimates by 3m bushels and 25m bushels, respectively. As a result, 2023/24 ending stocks were increased from 592m bushels to 615m bushels, above the roughly 595m bushels the market was expecting.

The global wheat balance saw the USDA cut its global production estimates by 3.3mt, with reductions from the EU (-3mt), China (-3mt) and Canada (-2mt). However, a revision higher in Ukrainian wheat output (+3.5mt) helped to offset these losses. However, as we saw with corn, Ukrainian wheat exports were left unchanged, given uncertainty over how exports perform in the months ahead in the absence of the Black Sea Grain Initiative. As a result, Ukraine is forecast to carry higher stocks through the end of the season.

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)	37.9	37.7	0.2	35.5	2.4	37.1
Yield (bu/acre)	45.8	46.1	-0.3	46.5	-0.7	44.3
Production	1,734	1,739	-5.0	1,650	84.0	1,646
Imports	130	130	0.0	122	8.0	96
Consumption	1,129	1,132	-3.0	1,131	-2.0	1,093
Exports	700	725	-25.0	759	-59.0	796
Beginning stocks	580	580	0.0	698	-118.0	845
Ending Stocks	615	592	23.0	580	35.0	698
Global (m tonnes)						
Production	793.4	796.7	-3.3	790.0	3.4	781.0
- US	47.2	47.3	-0.1	44.9	2.3	44.8
- EU	135.0	138.0	-3.0	134.1	0.9	138.2
- Russia	85.0	85.0	0.0	92.0	-7.0	75.2
Demand	796.1	799.5	-3.4	794.3	1.8	792.5
- China	152.0	153.0	-1.0	148.0	4.0	148.0
- N Africa	47.7	47.7	0.1	46.4	1.3	47.0
Beginning stocks	268.3	269.3	-1.0	272.6	-4.3	284.1
Ending stocks	265.6	266.5	-0.9	268.3	-2.7	272.6

Source: USDA, ING Research

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

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