

USDA WASDE Report November 10th, 2020

The USDA updated their estimates for grain production, demand, and ending stocks today. The report came with some major changes, and many surprises to the markets

Corn ending stocks saw a 465-million-bushel reduction, from October's estimate of 2.167 billion bushels down to 1.702 billion bushels. This reduction came from a drop in average yield, a drop in total production, and a 325-million-bushel increase in projected exports.

Trade analysts were expecting a decrease in ending stocks, but their guess ended up being over 300 million bushels too high at 2.033 billion bushels. With such a major shock, the markets rallied soon after the report was released. Before the report corn was sitting around 3 cents higher than open, and by market close it was 15.5 cents up. Pfizer's COVID-19 vaccine also adds to the hope that ethanol demand for corn will make a recovery into next year.

Bean ending stocks ended up seeing a 100-million-bushel decrease, from 290 million bushels in October down to 190 million. The reduction was almost entirely caused by the supply side, as average yield was reduced by 1.2 bpa which corresponded to just under a 100 million bushels drop in total production.

Exports were unchanged at 2.2 billion bushels. We currently have 81% of that estimate on the books with 10 months left to book the rest. It's possible bean exports are underestimated; we will have to watch closely in the coming months to see if this is the case.

Similar to corn, the bean prices saw a good rally after the release of the report as trade overestimated ending stocks. While midday beans prices were up 8 cents over opening price, by the end of the day they were up 33 cents. According the recent reports Brazil is out of beans until their harvest early next year, meaning the US is the only major supplier for the world. This combined with dwindling US stocks has certainly helped support the price of beans.

Wheat ending stocks also saw a reduction, although not to the scale of beans or corn with only a 6-million-bushel drop. This helped wheat prices gain a few extra cents, as it closed 10.5 cents higher than the open.

Below you will find a summary of the numbers.

USDA 2020-21 U.S. corn and soybean production

	USDA Nov. 2020-21 Estimate	Average of Analysts' Estimates	USDA Oct. 2020-21 Estimate
CORN			
Yield	175.8	177.7	178.4
Production	14.507	14.659	14.72
Harvested area	82.5	-	82.5
SOYBEANS			
Yield	50.7	51.6	51.9
Production	4.17	4.251	4.27
Harvested area	82.3	-	82.3

USDA 2020-21 U.S. grain and soybean ending stocks

	USDA Nov. 2020-21 end-stocks estimates	Average of analysts' estimates	USDA Oct. 2020-21 end-stocks Estimate
Corn	1.702	2.033	2.167
Soybeans	0.190	0.235	0.29
Wheat	0.877	0.881	0.883