

## USDA October 9<sup>th</sup>, 2020 Recap

The USDA updated their supply and demand estimates today. All good news but no major surprises to the markets.

Corn ending stocks were adjusted, lowered from 2.503 billion bushels to 2.167 billion bushels. The primary factor driving for this was a rather massive reduction in beginning stocks from two weeks ago. While bullish, the markets already had a premium built into the price to reflect this news. Average yield and harvested acres also saw slight reductions.

The general consensus is that corn has been carried by momentum in beans and wheat over the past few weeks. Moving forward, we will likely need some fresh good news to maintain the upward trend.

Bean ending stocks were dropped from 460 million bushels to 290 million bushels. Similar to corn, the primary factor behind this was the reduction in beginning stocks. Aside from this, the USDA increased their export estimate by 75 million bushels. Average yield was unchanged at 51.9, and harvested acres saw only a slight reduction from 83 million to 82.3 million.

The recent bean rally has been fueled by a few factors. A lack of rain in South America has delayed their planting season up to this point. If their bean crop is reduced enough, this could trigger China to start buying US crop again. Related to this, there is additional speculation that China will start another string of buying as they exit their weeklong holiday. A few sales to China this week seem to support these rumors. The current forecasts for Brazil have rain coming to the northern and central regions this coming week. It's hard to say how much this will impact the markets, only time will tell.

Wheat ending stocks also saw a reduction from 925 million to 833 million bushels. The primary factor behind this was reduction in beginning stocks, same as beans and corn.

Wheat prices have found support in dry weather in Russia, which has hindered their potential production.

Overall, the markets did a good job in their predictions prior to the report. Corn went into the report 5 cents higher and ended the day 8 cents higher. Beans saw no change, as they went into the report 15 cents above opening and ended 15 cents above opening. Only wheat saw a major shock, as they went from up 7 cents to down 1 cent after the report was released. In the end, the biggest surprise was that there wasn't any surprise.

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

	USDA Oct. 2020-21 Estimate	Average of Analysts' Estimates	USDA Sep. 2020-21 Estimate	Range of Analysts' Estimates
<b>CORN</b>				
Yield	178.4	177.7	178.5	174.8 - 179.2
Production	14.72	14.81	14.900	14.60 - 14.96
Harvested area	82.5	83.32	83.5	82.70 - 83.72
<b>SOYBEANS</b>				
Yield	51.9	51.6	51.9	50.5 - 52.4
Production	4.27	4.28	4.31	4.19 - 4.35
Harvested area	82.3	82.9	83.0	82.50 - 83.02

**USDA 2019-20 U.S. grain and soybean ending stocks**

	USDA Oct. 2019-20 end-stocks estimates	USDA Sep. 2019-20 end-stocks estimates
Corn	1.995	2.253
Soybeans	0.523	0.575

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

	USDA Oct. 2020-21 end-stocks estimates	Average of analysts' estimates	USDA Sep. 2020-21 end-stocks estimates	Range of analysts' estimates
Wheat	0.833	0.887	0.925	0.830 - 0.917
Corn	2.167	2.113	2.503	1.859 - 2.333
Soybeans	0.29	0.369	0.460	0.285 - 0.460