

USDA Summary January 12th, 2021

The USDA released their monthly supply and demand estimates, quarterly grain stocks estimates, and wheat acreage estimates today. A few surprises in these numbers led to an exciting end to the marketing day.

Corn ending stocks came in at 1.552 billion bushels, down from last month's estimate of 1.702 billion bushels and over 40 million bushels lower than the average trade estimate. This drop is mostly accounted for in a surprise 3.8 bu/ac reduction in average yield. To add to the bullish news, quarterly grain stocks were estimated at 11.321 billion bushels, over 600 million bushels lower than trader's average estimate. The markets responded very positively to this report. After entering the midday 3 cents above open, it ended the day up its limit of 25 cents!

Moving forward, attention will be turned back to South American weather patterns as they approach their harvest. Over the past few months, a series of dry spells has raised concern over their corn and soybean crops. Argentina had even briefly put a ban on all corn exports to secure domestic supply. They later removed the ban and put a 30,000 metric-ton/day cap in place instead. Early crop quality reports have not been promising, but forecasts have looked better recently; we will have to wait and see.

Soybean ending stocks were estimated at 140 million bushels, 35 million less than last month and right on trader's estimate. A slight reduction in average yield, and a slight increase in domestic crush and exports accounted for this change. We currently have over 90% of forecasted exports booked, and 65% shipped; an increase in exports was more than warranted. Quarterly stocks came in just over trade's estimate at 2.92 billion bushels. Soybean prices entered the midday 14 cents above open and ended 45 cents up.

Like corn, South American weather will be the focus for beans in the coming weeks. Right now, the concern is that lackluster Brazilian and Argentine production will drive more sales to the US. With ending stocks creeping lower every month, additional sales could seriously jeopardize domestic supply. After a few recent sales made to China, and initial yield reports in Brazil coming in on the lower side, this concern is certainly a possibility. That being said, forecasts have begun to look better. If things start to turn around, we could see a huge drop in price in the blink of an eye. Again, we will have to wait and see what happens; proceed with caution.

Wheat ending stocks were reported at 839 million bushels, down from last month's 862 million and below trader's estimate of 859 million. Quarterly stocks came in at 1.673 billion, and planted acres at 32 million. Wheat prices followed corn and beans today, entering the midday 16 cents above open before closing 30 cents higher.

Compared to corn and soybeans, wheat prices have had a much bumpier ride in the past few weeks. News that Russia may be increasing their wheat export duty from 30 euros/MT to 50 euros/MT combined with today's bullish reports gave certainly gave wheat a nice boost.

Sourced from MID-CO COMMODITIES INC. market commentaries.

USDA 2020-21 U.S. ending stocks (billion bushels)

	USDA Jan. end-stocks estimates	Average of analysts' estimates	USDA Dec. end-stocks estimates
Wheat	0.836	0.859	0.862
Corn	1.552	1.599	1.702
Soybeans	0.140	0.139	0.175

USDA 2020-21 U.S. production

	USDA Jan. 2020-21 Estimate	Average of Analysts' Estimates	USDA Nov. 2020-21 Estimate
CORN			
Yield	172	175.3	175.8
Production	14.182	14.470	14.507
SOYBEANS			
Yield	50.2	50.5	50.7
Production	4.135	4.16	4.17

USDA 2020-21 U.S. Brazil and Argentina Production (MMT)

	USDA Jan. 2020-21 Estimate	Average of Analysts' Estimates	USDA Dec. 2020-21 Estimate
Brazil			
Corn	109	107.74	110
Soybeans	133	131.42	133
Argentina			
Corn	47.5	47.41	49
Soybeans	48	48.44	50

USDA 2020-21 U.S. quarterly grain stocks (billion bushels)

	USDA Dec 1 st 2020. end-stocks estimates	Average of analysts' estimates	USDA Dec 1 st 2019. end-stocks estimates
Wheat	1.673	1.695	1.841
Corn	11.321	11.951	11.327
Soybeans	2.933	2.920	3.252