

USDA Summary March 9th, 2021

The USDA released their monthly supply and demand report today. Similar to February's report, they opted to keep the majority of their estimates unchanged.

Corn ending stocks were left completely unchanged this time around at 1.502 billion bushels, while trade was looking for a slight reduction. The main surprise here is the continued conservative estimates for corn exports. Last week exports were reported at 89.5% booked, with 42% already shipped. While we are very close to meeting and exceeding projected exports, the current pace has slowed considerably in the past few weeks, and the lack of shipments raises some concerns over cancellation. Corn prices took a hit upon the release of the report but rebounded by the end of the day to end right about where they started.

Looking at South American production the USDA also decided to keep their estimates unchanged. This was another surprise to traders, who were looking for reduction in both Brazilian and Argentinian production. In Brazil heavy rains have slowed their soybean harvest, and in turn their second planting of corn. In Argentina, another round of drought over the past week has raised concerns. Either way it seems the USDA prefers to wait and see on this one.

Soybeans carried the same story as corn with ending stocks unchanged while trade was looking for a reduction. Exports continue to be way ahead of schedule for soybeans, with 98.2% booked and 75% shipped. It is a lot harder to see the argument for keeping soybean exports this low. The amount of completed shipments greatly reduces the risk of cancellation, and even with export sales slowing it won't be long before exports could beat the USDA's estimate. Similar to corn, soybean prices dropped upon the release of the report, and rebounded by the end of the day.

There were a few changes to the USDA's South American soybean production estimates. Brazil's production saw a 1 million metric ton increase, while Argentina's production was cut by 500,000 metric tons. Brazil's soybean harvest has been slow due to heavy rainfall but is still making progress. Early data has been mixed but has leaned towards better-than-expected yields. In Argentina, the recent drought has been hard on their soybean crop, warranting a drop in production. While trade got the direction of the movements right in their guesses, the USDA was a bit more optimistic than expected.

On the wheat side, ending stocks also remained unchanged. Although there was worry over winterkill in the plains after the cold snap in February, most of the concern has since been alleviated.

The USDA will release another round of reports at the end of the month looking at American acreage and quarterly grain stocks. Trade has already turned its attention to these numbers as it looks past today's non-event.

Sourced from MIDCO Commodities Market

USDA 2020-2021 U.S. Ending Stocks (Billion Bushels)

	USDA Mar. End-Stocks Estimates	Average of Analysts' Estimates	USDA Feb. End-Stocks Estimates
Wheat	0.836	0.839	0.836
Corn	1.502	1.471	1.502
Soybeans	0.120	0.117	0.120

USDA 2020-2021 U.S. South American Production (Million Metric Tons)

	USDA Mar. End-Stocks Estimates	Average of Analysts' Estimates	USDA Feb. End-Stocks Estimates
BRZ Corn	109.0	108.39	109.0
BRZ Beans	134.0	133.14	133.0
ARG Corn	47.5	47.0	47.5
ARG Beans	47.5	47.44	48.0