



Corn, Soybean, and Wheat Export Projections Increased

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The USDA's monthly report of [World Agricultural Supply and Demand Estimates](#) (WASDE) was released today with market participants particularly eager to see four projections. These include the projections of 2013-14 marketing year U.S. exports of corn and soybeans and the projection of the size of 2014 South American corn and soybean crops.

The interest in the export projections was generated by the rapid pace of export sales so far this year, particularly for soybeans. Through the first 23 weeks of the marketing year, soybean exports had already reached 81 percent of the USDA's January projection of exports for the entire year. Export commitments (shipments plus outstanding sales) as of January 30 accounted for 106 percent of that January projection. With year-ending stocks already projected at a very tight 150 million bushels, market participants were eager to see how the USDA expected to see exports, ending stocks, and price reconciled. For corn, exports through the first 23 weeks of the marketing year had reached 42 percent of the USDA's January projection. Export commitments as of January 30, however, stood at 91 percent of that projection. While year-ending stocks of corn will be ample, an increase in the export projection was expected to result in the third consecutive month of a smaller projection for those stocks and provide support for old-crop corn prices.

The interest in the South American production forecasts was generated by late season weather issues that included excessive precipitation and flooding in parts of Argentina and excessive heat and dryness in parts of southern Brazil. Record large soybean crops that would help alleviate the tightness in U.S. supplies during the last half of the 2013-14 marketing year have been expected for both countries. The projected size of the Brazilian crop was increased last month and the projection of year-ending stocks was increased for both countries. Smaller production projections this month could result in lower projections of stocks for one or both countries. Corn production in both countries is expected to be less than that of last year, particularly in Brazil, but large enough to maintain an ample level of stocks. The projected size of the Argentine crop was reduced last month and the projection of year-ending stocks was reduced for both countries. Even smaller crops, then, would point to a further drawdown in those stocks.

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For soybeans, the USDA actually increased the projection of marketing-year U.S. exports by 15 million bushels, to a total of 1.51 billion bushels. That would be slightly larger than the record exports of 2010-11. The projection implies that at least 70 million bushels of outstanding export sales will be cancelled or rolled into the 2014-15 marketing year. Somewhat surprisingly, the projection of marketing year ending stocks remained at 150 million bushels. The projection of imports was increased by 5 million bushels and the projection of residual use was reduced by 10 million bushels, which brings that projection more in line with the very small residual use of the previous two years. The production forecast was reduced by 18.5 million bushels for Argentina and increased by 37 million bushels for Brazil. The projection of year-ending stocks was increased slightly for Argentina, based on expectations of smaller domestic consumption and exports and smaller stocks at the start of the year. The Brazilian export projection was increased by 37 million bushels and the Chinese import projection was unchanged. The projection of world ending stocks was increased slightly. The 2013-14 marketing-year average farm price of soybeans is expected to be in a range of \$11.95 to \$13.45, \$0.20 higher than the January projection. The un-weighted average price received during the first four months of the marketing year was \$12.88.

For corn, the projection of marketing-year U.S. exports was increased by 150 million bushels, to a total of 1.6 billion bushels, with the projection of year-ending stocks reduced by a similar amount. To reach the projected level, exports will need to average 33.9 million bushels per week during the last 29 weeks of the year. The average to date has been only 26.5 million per week. The projection of the Argentine crop was reduced by 39.5 million bushels, but the projection of year-ending stocks was increased by 20 million bushels due to a larger estimate of beginning stocks and a smaller export projection. The marketing-year average U.S. farm price of corn is projected in a range of \$4.20 to \$4.80, \$0.10 higher than the January projection. The un-weighted average price received during the first four months of the marketing year was \$4.69.

For wheat, the projection of U.S marketing year exports was increased by 50 million bushels, to a total of 1.175 billion bushels. To reach that level, exports will need to average 21.4 million bushels per week during the remaining 16 weeks of the year, slightly less than the average pace to date.

Taken together, the new projections are negative for soybean prices, suggesting that the recent rally has stalled at the same level as the December rally. In contrast, the new projections should provide modest support for old crop corn prices and for wheat prices, suggesting that the recent advances will hold.

References

USDA Office of the Chief Economist. "World Agricultural Supply and Demand Estimates (WASDE)." Released February 10, 2014. <http://usda.mannlib.cornell.edu/usda/waob/wasde/2010s/2014/wasde-02-10-2014.pdf>

Also available at:

<http://farmdoc.illinois.edu/marketing/weekly/html/021014.html>