11-Sep-14

Soybeans

US Soybean Supply/Demand

	13/14		14/15	
	Aug	**Sep**	**Aug**	**Sep**
Planted	76.5	76.5	84.8	84.8
Harvested	75.9	75.9	84.1	84.1
Yield	43.3	43.3	45.4	**46.6**
Production	3'289	3'289	3'816	**3'913**
Carry In	141	141	140	**130**
Imports	80	80	15	15
Crush	1'725	**1'730**	1'755	**1'770**
Seed/Resid	5	5	111	111
Exports	1'640	**1'645**	1'675	**1'700**
Carry Out	140	**130**	430	**475**

World Soybean Supply/Demand

	13/14		14/15	
	Aug	**Sep**	**Aug**	**Sep**
Carry In	56.80	56.84	67.09	66.91
Production	283.95	283.13	304.69	**311.13**
Imports	108.85	108.92	110.55	**112.50**
Domestic	269.80	269.05	283.40	**284.98**
Exports	112.73	112.93	113.32	**115.40**
Carry Out	67.09	66.91	85.62	**90.17**

World Soybean Production

	13/14		14/15	
	Aug	**Sep**	**Aug**	**Sep**
US	89.51	89.51	103.85	**106.50**
Argentina	54.00	54.00	54.00	**55.00**
Brazil	87.50	**86.70**	91.00	**94.00**
China	12.20	12.20	12.00	12.00
Others	40.74	40.72	43.84	43.63
World	283.95	**283.13**	304.69	311.13

World Soybean End Stocks

	13/14		14/15	
	Aug	**Sep**	**Aug**	**Sep**
US	3.82	3.55	11.71	**12.93**
Argentina	28.63	28.63	32.23	**33.23**
Brazil	17.11	17.23	23.51	**24.38**
China	13.29	13.24	13.09	**13.99**
Others	4.24	4.26	5.08	**5.64**
World	67.09	66.91	85.62	**90.17**

Note: **Blue signifies an increase**
Red signifies a decrease

Production: A near 7 Mmt increase in world production split between the US and S America.

Use: The US crush raised on expected higher meal exports (getting very close to full capacity), China unchanged.

Imports: With China's crush unchanged, it's not clear why USDA saw fit to increase Chinese14/15 imports by 1 Mmt to 74 Mmt.

Exports: World exports up 2.1 Mmt, split between the US and Brazil - Argentina was left unchanged.
Like the corn and wheat, USDA made a stunning comment on US bean exports which were raised "due to increased supplies". When will they understand that higher supplies never ever produced higher exports - only price can do that.
The real reason for the export increase was to keep US end stocks from going above 500 Mbu!

Stocks: World stocks raised 4.5 Mmt on last month, and are now projected to rise by 23 Mmt on the year.

Conclusion: The world oilseed cycle began its move into a long-term bear market back in May, and only the tightness of the US old crop S&D prevented an earlier and more dramatic price decline. With big crops getting bigger, US end stocks in excess of 600 Mbu are a real possibility, and the USDA's farm price projection of $9-11 is way, way too high.
Sub $9 CBOT beans look like a matter of "when", not "if".

11-Sep-14

Corn

US Corn Supply/Demand

	13/14		14/15	
	Aug	**Sep**	**Aug**	**Sep**
Planted	95.4	95.4	91.6	91.6
Harvested	87.7	87.7	83.8	83.8
Yield	158.8	158.8	167.4	**171.7**
Production	13'925	13'925	14'032	**14'395**
Carry In	821	821	1'181	1'181
Imports	35	35	30	30
Ethanol	5'120	**5'125**	5'075	**5'125**
Domestic	11'680	**11'675**	11'710	**11'855**
Exports	1'920	**1'925**	1'725	**1'750**
Carry Out	1'181	1'181	1'808	**2'002**

World Corn Supply/Demand

	13/14		14/15	
	Aug	**Sep**	**Aug**	**Sep**
Carry In	138.15	138.15	171.09	**173.08**
Production	984.37	**986.68**	985.39	**987.52**
Imports	119.64	121.22	114.22	**112.87**
Domestic	951.43	951.75	968.67	**970.69**
Exports	125.47	**128.65**	115.86	115.19
End Stocks	171.09	173.08	187.82	**189.91**

World Corn Production

	13/14		14/15	
	Aug	**Sep**	**Aug**	**Sep**
US	353.72	353.72	356.43	**365.66**
Argentina	24.00	**25.00**	26.00	**23.00**
Brazil	78.00	**79.30**	74.00	**75.00**
China	218.49	218.49	222.00	**217.00**
S. Africa	14.75	14.75	13.50	13.50
EU-27	63.99	63.99	67.05	**68.35**
FSU	46.90	46.90	44.16	**42.66**
Mexico	22.40	22.40	22.50	22.50
Other	162.12	162.13	159.75	159.85
World	984.37	986.68	985.39	**987.52**

World Corn End Stocks

	13/14		14/15	
	Aug	**Sep**	**Aug**	**Sep**
US	30.01	30.01	45.93	**50.84**
Argentina	3.53	**2.83**	4.54	**2.64**
Brazil	17.45	**17.75**	15.75	**17.05**
China	77.46	77.46	80.36	**77.36**
S. Africa	3.34	3.34	2.86	2.86
EU-27	5.38	**7.08**	6.93	**7.43**
FSU	3.31	3.31	3.99	**3.49**
Mexico	2.26	2.26	2.41	2.41
Other	28.35	29.04	25.05	25.83
World	171.09	**173.08**	187.82	**189.91**

Production: This year's Argentine and Brazilian crops raised 2.3 Mmt, next year's Argentine lowered 3 Mmt which looks OK, but to raise next year's Brazil crop looks crazy in view of the acreage talk down there. The US yield came in above trade guesses and argues for a final yield north of 175 bpa. China lowered 5 Mmt on CNGOIC's drought reduced number, Ukraine down 1 Mmt on dryness.

Usage: World usage was raised 2 Mmt, but with the US up almost 4 Mmt, in reality the non-US demand was lowered. Clearly the USDA believes that only the US is price responsive. (In fact the EU was raised 1 Mmt and China lowered 2 Mmt)

Import/Exports: US exports raised 25 Mbu on "reduced competition expected from S America later in the marketing year". The 2.5 Mbu (100 Mbu) increase in Argentine/Brazil exports from the current harvest just got lost in the wash, as did the fact that US corn doesn't compete.
As we projected last month, EU imports were lowered 1 Mmt and they will do this every month through to March 2015.

Stocks: Even the USDA's artificial demand increases could not stop US end stocks getting above 2 Bbu and there will be more to come in subsequent reports.

Conclusion: Big crops get bigger and only next week's FSA data can slow the path to much lower prices.

11-Sep-14

Wheat

US Wheat Supply/Demand

	13/14		14/15	
	Aug	**Sep**	**Aug**	**Sep**
Planted	56.2	56.2	56.5	56.5
Harvested	45.2	45.2	46.2	46.2
Yield	47.2	47.2	43.9	43.9
Production	2'130	2'130	2030	2030
Carry In	718	718	590	590
Imports	169	169	160	**170**
Domestic	1'250	1'250	1191	1191
Exports	1'176	1'176	925	**900**
Carry Out	590	590	663	**698**

World Wheat Supply/Demand

	13/14		14/15	
	Aug	**Sep**	**Aug**	**Sep**
Carry In	175.64	175.60	183.66	**186.45**
Production	714.07	714.05	716.09	**719.95**
Imports	156.48	156.61	149.87	**152.95**
Domestic	706.05	**703.20**	706.79	**710.01**
Exports	165.27	166.31	151.80	**154.83**
End Stocks	183.66	**186.45**	192.96	**196.38**

World Wheat Production

	13/14		14/15	
	Aug	**Sep**	**Aug**	**Sep**
US	57.96	57.96	55.24	55.24
EU-27	143.32	143.32	147.87	**150.97**
Canada	37.50	37.50	28.00	28.00
Australia	27.00	27.00	26.00	**25.50**
Argentina	10.50	10.50	12.50	12.30
China	121.93	121.93	126.00	126.00
FSU	103.75	103.75	110.17	**112.23**
India	93.51	93.51	95.85	95.85
Pakistan	24.00	24.00	24.50	24.50
Other	94.60	94.58	89.96	89.36
World	714.07	714.05	716.09	719.95

World Wheat End Stocks

	13/14		14/15	
	Aug	**Sep**	**Aug**	**Sep**
US	16.05	16.05	18.05	**19.01**
EU-27	10.09	10.16	12.96	**15.13**
Canada	8.99	**9.80**	6.72	6.53
Australia	5.37	5.37	5.72	5.22
Argentina	2.74	2.74	2.60	2.60
China	58.27	**60.27**	63.27	63.27
FSU	15.97	15.87	20.92	20.95
India	17.83	17.83	16.30	16.30
Pakistan	2.17	2.06	2.07	**2.66**
Other	46.18	46.30	44.35	44.71
World	183.66	**186.45**	192.96	**196.38**

Production: A new record high 720 Mmt up 4 Mmt from last month, essentially in the EU and FSU. But the FSU increase was in Ukraine not Russia ….!.

Consumption: World feed use raised 3.1 Mmt, with 2 Mmt in China and 700kt in the FSU (but not Russia, Ukraine or Kazak !!)

Trade: World imports raised 3 Mmt, essentially Pakistan, N Africa and the Mid East, which was equal to the increase in world exports. The EU was raised 1 Mmt (obviously no quality issues there then!), as was Canada and Ukraine - but Russia was left untouched. "Exports were raised due to larger supplies" - cites the USDA. They should maybe buy a book on the "Basics of Economic Theory"

Stocks: 2013/14 world stocks up 3 Mmt in China and Canada, and when adjusted for that, the 2014/15 world stocks were in fact little changed, albeit higher in the US and EU.

Conclusion: The global cycle in grains and beans turned down in May 2014 and without some major weather issues, this will be a multi-year affair.
The nail looks to be finally in the coffin for Ag markets, but it's the beans which today have the biggest downside.