10-Jul-15

USDA July Highlights

Soybeans

US Soybean Supply/Demand

	14/15		15/16	
	Jun	**July**	**Jun**	**July**
Planted	83.7	83.7	84.6	85.1
Harvested	83.1	83.1	83.7	84.4
Yield	47.8	47.8	46.0	46.0
Production	3'969	3'969	3'850	3'885
Carry In	92	92	330	**255**
Imports	30	30	30	30
Crush	1'815	**1'830**	1'830	**1'840**
Seed/Resid	136	**181**	130	130
Exports	1'810	**1'825**	1'775	1'775
Carry Out	330	**255**	475	**425**

World Soybean Supply/Demand

	14/15		15/16	
	Jun	**July**	**Jun**	**July**
Carry In	62.77	62.73	83.70	**81.68**
Production	318.25	318.60	317.58	**318.92**
Imports	114.60	115.91	119.70	120.77
Domestic	293.97	296.07	305.64	**306.23**
Exports	117.95	119.49	122.15	123.34
Carry Out	83.70	81.68	93.22	**91.80**

World Soybean Production

	14/15		15/16	
	Jun	**July**	**Jun**	**July**
US	108.01	108.01	104.78	**105.73**
Argentina	59.50	**60.00**	57.00	57.00
Brazil	94.50	94.50	97.00	97.00
China	12.35	12.35	11.50	11.50
Others	43.89	43.74	47.30	47.69
World	318.25	318.60	317.58	318.92

World Soybean End Stocks

	14/15		15/16	
	Jun	**July**	**Jun**	**July**
US	8.97	**6.94**	12.93	**11.58**
Argentina	32.95	**34.28**	33.85	**35.98**
Brazil	22.75	**21.60**	27.72	**25.57**
China	14.38	14.55	13.88	13.90
Others	4.65	4.31	4.84	4.77
World	83.70	**81.68**	93.22	**91.80**

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

Production: Just a 500kt increase in Argentina for 2014/15, and 1 Mmt in the US for 2015/16.

Use: All the usage increases were in the US crush

Exports: Despite the ongoing very slow pace of exports, the US was left unchanged on both beans and meal.

Stocks: Lower in the US and Brazil, higher in Argentina.

Conclusion: No real surprises although the cut in US old crop stocks was greater than expected.
As we have previously suggested, the report asked as many questions as it answered:
- the bulls don't believe the US acreage or yield, the bears don't believe the demand numbers.

And at current prices/exhcnage rates, Brazil + Argentina will be closer to 160 Mmt in 2016 than USDA's 154 Mmt.

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USDA July Highlights

Corn

US Corn Supply/Demand

	14/15		15/16	
	Jun	**July**	**Jun**	**July**
Planted	90.6	90.6	89.2	**88.9**
Harvested	83.1	83.1	81.2	**81.1**
Yield	171.0	171.0	166.8	166.8
Production	14'216	14'216	13'630	**13'530**
Carry In	1'232	1'232	1'876	**1'779**
Imports	25	27	25	25
Ethanol	5'175	**5'200**	5'200	**5'225**
Domestic	11'772	**11'846**	11'860	11'860
Exports	1'825	**1'850**	1'900	**1'875**
Carry Out	1'876	**1'779**	1'771	**1'599**

World Corn Supply/Demand

	14/15		15/16	
	Jun	**July**	**Jun**	**July**
Carry In	174.50	174.73	197.01	**193.95**
Production	999.45	**1'001.74**	989.30	**987.11**
Imports	115.65	116.47	118.73	120.83
Domestic	976.93	**982.51**	991.12	991.10
Exports	121.83	**125.07**	122.20	122.56
End Stocks	197.01	**193.95**	195.19	**189.95**

World Corn Production

	14/15		15/16	
	Jun	**July**	**Jun**	**July**
US	361.09	361.09	346.22	**343.68**
Argentina	25.00	25.00	25.00	25.00
Brazil	81.00	**82.00**	75.00	**77.00**
China	215.67	215.67	228.00	**229.00**
S. Africa	11.30	11.30	13.50	13.50
EU-27	73.67	**75.03**	68.14	**65.77**
FSU	43.47	43.47	42.66	42.66
Mexico	24.00	24.00	23.50	23.50
Other	164.25	**164.18**	167.28	167.00
World	999.45	1001.74	989.30	**987.11**

World Corn End Stocks

	14/15		15/16	
	Jun	**July**	**Jun**	**July**
US	47.65	**45.18**	44.98	**40.61**
Argentina	1.51	1.51	1.02	1.02
Brazil	20.27	**18.77**	15.07	**14.57**
China	79.96	79.96	90.91	**91.91**
S. Africa	1.58	1.71	2.20	2.33
EU-27	7.99	**8.85**	7.13	**6.12**
FSU	3.40	3.40	3.16	3.16
Mexico	2.64	2.64	1.99	1.99
Other	32.01	31.93	28.73	28.24
World	197.01	**193.95**	195.19	**189.95**

Production: The first ever 1 billion ton corn crop in 2014/15. World 15/16 production down 2 Mmt with losses in the US and EU partially offset by gains in Brazil and China. Ukraine left unchanged.

Usage: World raised 6 Mmt in 14/15, left unchanged in 15/16.
Perhaps USDA could explain just a 25 Mbu drop in residual on a 700 Mbu lower crop!

Import/Exports: EU imports up 500kt in 14/15 and 2 Mmt (to 14 Mmt) in 15/16.
US exports down 25 Mbu, still not enough. Brazil up 1 Mmt.

Stocks: World stocks down 5.3 Mmt mostly in the US.

Conclusion: The report was seen as supportive with both US and world stocks down on last month. The bulls also see scope for a decline in the US yield, but with exports way overstated, end stocks of 1.6 Bbu looks a 'reasonable' number.
And that is still a very comfortable stock level.
Interesting that USDA was prepared to make major changes to Chinese wheat, but did nothing on corn

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USDA July Highlights

Wheat

US Wheat Supply/Demand

	14/15		15/16	
	Jun	**July**	**Jun**	**July**
Planted	56.8	56.8	55.4	**56.1**
Harvested	46.4	46.4	48.0	**48.5**
Yield	43.7	43.7	44.2	**44.3**
Production	2'026	2'026	2121	**2148**
Carry In	590	590	712	**753**
Imports	148	148	140	**130**
Domestic	1'197	**1'152**	1234	**1239**
Exports	855	855	925	**950**
Carry Out	712	**753**	814	**842**

World Wheat Supply/Demand

	14/15		15/16	
	Jun	**July**	**Jun**	**July**
Carry In	189.98	**193.52**	200.41	**212.06**
Production	726.32	725.92	721.55	721.96
Imports	160.05	160.20	155.12	155.26
Domestic	715.89	**707.38**	719.56	**714.20**
Exports	163.85	163.94	158.41	158.07
End Stocks	200.41	**212.06**	202.40	**219.81**

World Wheat Production

	14/15		15/16	
	Jun	**July**	**Jun**	**July**
US	55.13	55.13	57.72	**58.46**
EU-27	156.45	156.45	150.68	**147.88**
Canada	29.30	29.30	29.00	**27.50**
Australia	24.00	**23.67**	26.00	26.00
Argentina	12.50	12.50	11.50	11.50
China	126.17	126.17	130.00	130.00
FSU	112.73	112.73	105.88	**109.88**
India	95.85	95.85	90.00	90.00
Pakistan	25.50	25.50	25.00	25.00
Other	88.69	88.62	95.77	95.74
World	726.32	725.92	721.55	721.96

World Wheat End Stocks

	14/15		15/16	
	Jun	**July**	**Jun**	**July**
US	19.39	**20.48**	22.16	**22.90**
EU-27	14.92	14.72	14.10	14.10
Canada	5.30	5.10	4.56	4.56
Australia	6.14	**4.18**	6.46	**4.50**
Argentina	3.68	3.68	2.36	2.36
China	**62.94**	**74.29**	71.64	**88.79**
FSU	19.26	19.26	17.41	**18.74**
India	16.50	**17.20**	11.90	11.90
Pakistan	3.22	3.22	2.72	**3.12**
Other	49.06	**49.93**	49.09	48.84
World	200.41	**212.06**	202.40	**219.81**

Production: World crop unchanged but with 3 Mmt less in the EU and 1.5 Mmt in Canada, offset by a 4 Mmt hike in the FSU and 750kt in the US.

Consumption: They inexplicably raised US feed/residual, but the big news was the 6 Mmt drop in China for 14/15 plus a further 5 Mmt down in 15/16.

Trade: USDA also inexplicably raised US exports, they added 2 Mmt to the FSU, took 1.5 Mmt off the EU and 1 Mmt off Canada.

Stocks: Aussie stocks are down 2 Mmt on crop adjustments going back to 2013/14, the US and FSU are higher, but as a result of the huge changes to domestic use, it's China which again stands out with a 2-year hike of 26 Mmt.

Conclusion: Record world stocks by a long way (although many would argue 17 Mmt in China doesn't affect the market), a totally wrong US S&D with feed/residual double last year and exports up 11% against current sales which are down 24% which is exactly a 300 Mbu spread.
Where the US will sell an extra 25 Mbu of HRW this season at $60 over Russian and no Brazilian demand is far from clear.
US wheat futures look way overpriced.