30 Jun 2015

USDA June Highlights

USDA Stocks and Plantings

US Stocks as of June 1st (Mill Bus)	Range of Trade Estimates	Average Estimate	**USDA Today**	Difference vs trade	Jun 2014	
Soybeans	604-773	679	**625**	-54	405	
Corn	4,350-4,700	4'557	**4'447**	-110	3'854	
Wheat	650-765	712	**753**	41	590	
US Planting Intentions ('000 acres)	Range of Trade Estimates	Average Estimate	**USDA Today**	Difference vs trade	Mar 2015	Final 2014
Soybeans	83,750-86,800	85'332	**85'139**	-193	84'635	83'701
Corn	88,100-91,742	89'136	**88'897**	-239	89'199	90'597
Spring Wheat	12,800-13,450	13'174	**13'505**	331	12'969	13'025
Durum	1,500-2,000	1'755	**1'954**	199	1'647	1'398
Winter Wheat	40,500-42,000	40'821	**40'620**	-201	40'751	42'399
All Wheat	55,100-56,800	55'707	**56'079**	372	55'367	56'822
Total		**230'175**	**230'115**	**-60**	**229'201**	**231'120**

Soybeans:

Stocks: 54 Mbu below the trade guess which will be seen as adequate justification for an overstated crop and old crop end stocks of 280 Mbu

Acreage: Below the trade but above March intentions. The issue here is that the trade will take around 1.5 mA off today's number due to the wet June, whilst USDA is obliged to use today's number in the July report.
And if the trade wants to use a yield of 44.5 bpa (which we think is trend) against USDA's 46 bpa last month, that's a 200 Mbu production spread.
Add in the lower carry-in and take the USDA demand numbers, and 2015/16 end stocks suddenly dive to 265 Mbu!
With the whole of July and August still to come, and the USDA having a reputation for understating demand, that's why beans rallied 50¢ today

Corn:

Stocks: Another surprise - although mild compared to previous years - at 110 Mbu below the trade.

Acreage: Like beans, corn trend yield in our view is below USDA at 164.5 bpa (USDA 166.8 bpa) which along with today's acreage takes 280 Mbu off the crop. Basis the lower carry-in and USDA's demand (which like the beans is way too high in our view), 2015/16 end stocks shrink to around 1.5 Bbu.
That's still plenty of corn, but this is only June!

Wheat:

Stocks: A 30 Mbu increase to stocks at the start of the 2015/16 campaign.

Acreage: Planted acres up a whopping 700kA from March but harvested up just 100k.
The combination puts US 2015/16 end stocks at 850 Mbu - even with no reduction to the heavily overestimated export number.

Conclusion: Still lots of unknowns, and no easy trades here but wheat looks like the most overpriced.

Note: NASS will re-survey KS, MO and AR for beans, but the results will be in the August report - not July.