

We return after a (UK) holiday shortened week to a world that seems only marginally changed from a Covid perspective at least. There are glimmers of improvement in certain parts of the globe, but normality still seems a long way off.

The intervening period has seen the latest iteration of WASDE updates in which few, if any, surprises were offered. Perhaps the headline should be reserved for the US 2020/21 corn stocks figure which was forecast at 3.3 billion bu, the highest number in more than 30 years. Wheat stocks also remained large at 909 million bu and soybean stocks more than adequate at 405 million bu. Global figures leave little in the way of concern for shortages with wheat at a record large figure, 310 million mt, up 15 million, corn up 25 million at 340 million mt whilst soybean stocks were forecast to decline 2 million mt to 98.4 million mt. Bullish is not a description we would use to describe this latest report!

Price direction appears as if the key drivers will come from central US and world weather conditions together with future Chinese commodity demand. Interestingly, the USDA is taking a “stepped” approach to its reductions in global demand due to Covid-19, and it may well be that they are perhaps being too optimistic at this time. Given that various Governments and the WHO have struggled to predict both the spread and control of the virus, we similarly struggle to quite see how the USDA could outthink the higher powers and come up with any better prediction.

From a crop production perspective, 2020/21 global wheat was estimated at a record 768 million mt including Russia at 77 million, Ukraine at 28 million and EU at 143 million mt. The Russian and EU numbers were generally in line with expectations given the wet winter and dry spring conditions. China is also anticipated to grow a record wheat crop at 135 million mt, and global stock excluding China at 150 million mt are far from bullish.

US corn output in 2020/21 is forecast close to 16 billion bu, another record, and WASDE’s forecast US farmgate price at \$3.20/bu is widely viewed as optimistic with many predicting prices to be sub \$3.00/bu. Brazil’s corn crop was forecast record large at 106 million mt with Argentina at 50 million and Ukraine’s output at 39 million mt. One interesting point is that WASDE appears to be not taking Covid-19 related demand cuts into account, and this could leave the way open for consumption cuts and related end stock increases in coming months.

USDA 2019-20 U.S. grain and soybean ending stocks

	USDA May	Average of	Range of	USDA April
	2019-20	analysts'	analysts'	2019-20
	end-stocks	estimates	estimates	end-stocks
	estimates			estimates
Wheat	0.978	0.969	0.925-1.041	0.970
Corn	2.098	2.224	2.092-2.457	2.092
Soybeans	0.580	0.488	0.430-0.542	0.480

USDA 2020-21 U.S. grain and soybean ending stocks

	USDA May	Average of	Range of	USDA April
	2020-21	analysts'	analysts'	2020-21
	end-stocks	estimates	estimates	end-stocks
	estimates			estimates
Wheat	0.909	0.814	0.696-0.971	NA
Corn	3.318	3.389	2.665-4.295	NA
Soybeans	0.405	0.430	0.299-0.635	NA

USDA 2019-20 world grain and soybean ending stocks

	USDA May	Average of	Range of	USDA April
	2019-20	analysts'	analysts'	2019-20
	end-stocks	estimates	estimates	end-stocks
	estimates			estimates
Wheat	295.12	292.33	290.00-293.50	292.78
Corn	314.73	305.74	300.00-325.00	303.17
Soybeans	100.27	99.73	97.50-101.13	100.45

USDA 2020-21 world grain and soybean ending stocks

	USDA May	Average of	Range of	USDA April
	2020-21	analysts'	analysts'	2020-21
	end-stocks	estimates	estimates	end-stocks
	estimates			estimates
Wheat	310.12	292.52	280.00-305.89	NA
Corn	339.62	319.56	289.00-365.00	NA
Soybeans	98.39	104.04	96.06-115.00	NA

Soybean numbers offered few shocks with US output increased 568 million bu to 4,135 million bu with trend yield at 49.8 bushels/acre. There are suggestions that actual seeded acres could well be above WASE's forecast, leaving room for growth in output which will be covered in the Acreage Report at the end of June. World carryout for the 2020/21 season sub 100 million mt driven by expected increased demand from China in both old and new crops was perhaps the most supportive figure in the report seeing as the figures are dependent on a successful US crop and a 131 million mt Brazilian crop later this year.

Overall, this was not a bullish report, how many "record large" references have there been in the report's numbers? Out of all the numbers it seems that corn is the biggest bear in the complex right now. It remains to be seen quite how the entire planting season, crop establishment and development pans out with whatever the weather forecasters have to offer in coming weeks.