Chicago markets in corn and soybeans continue to drift lower as do UK and Paris wheat futures. Chicago soybeans are displaying a more sideways to lower pattern. There is little doubt that pretty much all sectors are deeply oversold with fund mentality remaining on the side of short positions, and very large ones at that. We have previously stated that this does represent a risk, but there is no evidence so far that this risk is anywhere close to becoming an actuality. We need something to trigger a spark of interest; whether that spark comes from weather, geo-political sources, macro events or something else remains to be seen. Yesterday's (Thursday) USDA report could well have been that spark – but it wasn't.

Brazil's CONAB released their latest crop estimates, which contained little surprise; 2023/24 corn output was estimated at 113.7 million mt, a cut of 3.9 million month on month and down from 131.9 year on year, a more than 18 million mt drop. Soybeans were estimated at 149.4 million mt down from 155.3 million month on month and 154.6 million year on year. These represent drops of 5.9 million and 5.2 million mt respectively. More positively, CONAB increased 2023/24 Brazilian wheat output to 10.2 million mt from 8.1 million a month ago.

The USDA reported US 2023/24 corn stocks at 2.172 billion bu, above estimates of 2.146 billion and up from 2.162 million month on month. Global 2023/24 end stocks were estimated at 322.06 million mt, below estimates of 324.02 million and down from 325.22 million mt last month. The USDA increased the 2023/24 Ukrainian corn exports by 2 million mt to a total of 23 million, which in turn reduces the Ukrainian corn stocks by 1.5 million. Some will challenge the USDA estimates on Ukraine (output at 30.5 million mt vs. a consensus of 27-28 million).

The USDA 23/24 put Argentine corn output at 55 million mt, below estimates of 55.59 million and unchanged from last month. Brazilian 2023/24 Brazilian corn output was estimated at 124 million mt, below estimates of 124.32   down from 127 million last month.

The USDA estimated 2023/24 US soybean stocks at 315 million bu, above estimates of 284 million, and up from 280 million last month. Global 2023/24 soybean stocks were estimated at 116.03 million mt, above estimates of 112.48 million and up from 114.6 million last month. The USDA increased 2022/23 Brazilian soy output by 2 million mt, which fed into the world 2022/23 stocks, then carried over into 2023/24. Brazilian 2023/24 output was estimated at 156 million mt, above estimates of 153.15 million and down from 157 million last month. The USDA barely reduced this estimate, being above the consensus of 150-155 million mt, despite a few others now in a much lower 135-149 million range. Argentine 2023/24 soybean output was forecast at 50 million mt, below estimates of 50.84 and unchanged month on month.

2023/24 US wheat stocks were estimated at 658 million bu, above estimates of 647 million and up from 648 million last month. 2023/24 world wheat stocks were estimated at 259.44 million mt, just below estimates of 260.48 million and down from 260.03 million last month. The USDA reduced stocks for India, North Africa, China, and Ukraine.

There was, as always, a lot of data to wade through, but little in the way of fodder for the bulls – or the bears for that matter. It seems we are destined to be directed by the huge influence of the managed money for the time being, until they decide it is time for a fresh view. One consolation might just come from the fact that market reaction to the report was somewhat muted, which suggests to us that the neutral to bearish data has largely been digested and that focus will now return to S American yields, weather, and northern hemisphere plantings and crop development.