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WASDE Highlights

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The USDA's World Agricultural Outlook Board (WAOB) released the monthly report of World Agricultural Supply and Demand Estimates (WASDE) today. That report contained the first forecasts for the 2011-12 marketing year. Following are some of the highlights of that report.

Corn

For the current marketing year the forecast of exports was reduced by 50 million bushels, the forecast of imports was increased by 5 million, and the forecast of year-ending stocks was increased by 55 million bushels, to a total of 730 million. As indicated in the post on Monday, these changes are not a surprise.

For the 2011-12 marketing year, the USDA forecast a national average yield of 158.7 bushels, which reflects a linear trend of yields from 1990 through 2010, with an adjustment for planting progress. That forecast is 5.9 bushels above the 2010 average. The 2011 crop forecast of 13.505 billion bushels is 1.058 billion larger than the 2010 crop. Marketing year domestic use is expected to equal that of this year, but exports are forecast to drop 100 million bushels due to larger crops in the rest of the world, including Argentina, the former Soviet Union, China, Europe, and Mexico. Stocks at the end of the 2011-12 marketing are projected at 900 million bushels and the average farm price is projected in a range of \$5.50 to \$6.50, compared to \$5.10 to \$5.40 for the current year.

Soybeans

For the current marketing year, the projection of exports was reduced by 30 million bushels, reflecting the recent slow export activity and a larger estimate of the 2011 Brazilian crop. Year-ending stocks are projected at 170 million bushels, 30 million larger than the April projection, and the marketing year average farm price is projected at \$11.40. The projection of domestic use of soybean oil consumption was reduced by 300 million pounds, mostly in the methyl ester category, while the export projection was increased by 200 million pounds.

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For the 2011-12 marketing year, production is forecast at 3.285 billion bushels, reflecting an average yield of 43.4 bushels. The yield forecast is based on "1989-2010 trend analysis" and is 0.1 bushel below the 2010 average. The production forecast is 44 million bushels smaller than the 2010 crop. Consumption is expected to be very near that of the current year, leaving year-ending stocks at 160 million bushels. The marketing year average farm price is projected in a range of \$12.00 to \$14.00.

Wheat

No changes were made in the projections for the 2010-11 marketing year that ends at the end of this month. Year-ending stocks are forecast at 839 million bushels and the marketing year average farm price is forecast at \$5.65.

The National Agricultural Statistics Service (NASS) forecast the 2011 U.S. winter wheat crop at 1.424 billion bushels, 61 million smaller than the 2010 crop. The average yield forecast of 44.5 bushels is 2.3 bushels below the 2010 average. Large production increases are expected in states producing soft red winter wheat, while substantial reductions are expected in hard red winter wheat production states. Using a trend (excluding 2009 and 2010) yield forecast for spring wheat, the WAOB forecast production of all wheat in 2011 at 2.043 billion bushels, 165 million below that of 2010. U.S. wheat exports during the upcoming marketing year are expected to decline by 225 million bushels, reflecting prospects for larger crops in North Africa and prospects for much larger crops in Russia and Kazakhstan. Domestic wheat feeding is expected to increase by 50 million bushels and year ending stocks are projected to drop to 702 million bushels. The marketing year average farm price is expected to be in a range of \$6.80 to \$8.20.