AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
http://ageconsearch.umn.edu
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

farmdoc DAILY

Department of Agricultural and Consumer Economics, University of Illinois Urbana-Champaign

Weekly Outlook: Anticipating the USDA June Stocks and Acreage Reports

Darrel Good

Department of Agricultural and Consumer Economics
University of Illinois

June 17, 2013

***farmdoc daily* (3):116**

Recommended citation format: Good, D. "Anticipating the USDA June Stocks and Acreage Reports." *farmdoc daily* (3):116, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, June 17, 2013.

Permalink: http://farmdocdaily.illinois.edu/2013/06/anticipating-usda-june-stocks-acreage.html

http://farmdoc.illinois.edu/podcasts/weeklyoutlook/Weekly_Outlook_061713.mp3
On June 28, the USDA will release the June I *Grain Stocks* and June *Acreage* reports that will set the tone for both old and new crop corn and soybean prices. These reports have the potential to provide large surprises.

Expectations for the June 1 stocks estimates are based on the estimate of March 1 stocks, the magnitude of imports during the quarter, and estimated consumption during the quarter. Expectations sometimes vary considerably among analysts since estimates of consumption during the quarter vary and some analysts also try to anticipate "surprises". This is particularly the case for corn since feed and residual use of corn is not estimated on a continuing basis, but instead is revealed by the stocks estimate. Here the expectation of the June 1 corn stocks estimate is based on available estimates of other uses during the quarter and a calculation of feed and residual use based on the USDA's projection of use for the year and estimated use during the first half of the year. A surprise in the stocks estimate would be an indication that feed and residual use was occurring either more rapidly or more slowly than projected.

March 1 corn stocks were estimated at 5.399 billion bushels. Imports totaled 20 million bushels in March and April so may have totaled about 30 million bushels for the March-May quarter. If so, total corn supplies for the quarter totaled 5.429 billion bushels. Cumulative corn export inspections through May totaled about 541million bushels. Through April, cumulative Census Bureau export estimates for the marketing year exceeded inspections by 24 million bushels. If that margin persisted through May, cumulative exports totaled 565 million bushel and exports for the March-May quarter totaled 181 million bushels. Based on ethanol production estimates from the U.S. Energy Information Administration, ethanol production during the March-May quarter was 5.8 percent less than during the same quarter last year. Based on those estimates, corn consumption for ethanol and by-product production during the quarter is estimated at 1.175 billion bushels. Domestic use for other food and industrial products is estimated at 375 million bushels, which is consistent with the pace during the first half of the year.

For the year, the USDA projects feed and residual use of corn at 4.4 billion bushels, 145 million less than used last year. The estimate of use during the first half of the year was 227 million less than use during the same period last year. If the USDA's projection for the year is correct, use during the last half of the

We request all readers, electronic media and others follow our citation guidelines when re-posting articles from farmdoc daily. Guidelines are available here. The farmdoc daily website falls under University of Illinois copyright and intellectual property rights. For a detailed statement, please see the University of Illinois Copyright Information and Policies here.

year should be 82 million bushels larger than use of a year ago. Use during the final quarter of the year should be much larger than use last year when a large supply of the new crop was available in late summer. With the late planted crop this year, new crop supplies will be much smaller. If that is the case, the USDA projection would imply feed and residual during the March-May quarter of about 840 million bushels, down about 20 million from use of a year ago. Use at that level would result in total consumption for the quarter of 2.571 billion bushels and June 1 stocks of 2.858 billion bushels.

For soybeans, March 1 stocks were estimated at 999 million bushels and March-May imports were likely near 10 million bushels, resulting in total supplies of about 1.009 billion bushels. Export inspections through May totaled 1.268 billion bushels and Census Bureau estimates through April exceeded inspections by 3 million bushels. With exports of 1.15 billion bushels in the first half of the year, March-May exports are estimated at 121 million bushels. The National Oilseed Processors Association estimated the domestic soybean crush by its members during March-May to be 7.5 percent less than during the same quarter last year. The total crush for the quarter is estimated at 400 million bushels. With seed, feed, and residual use of 50 million bushels, total consumption during the quarter would have been near 571 million bushels, leaving June 1 stocks at 438 million bushels.

Expectations for planted and harvested acreage estimates will be based on the March report of planting intentions of 97.282 million acres for corn and 77.126 million acres for soybeans and likely changes from intentions based on the very late planting season. Since the survey for the estimates was conducted in the first half of June, estimates may still reflect intentions in some cases. It is difficult to form acreage expectations so a wide range of guesses is likely. Based on anecdotal reports, a few non-random private surveys, and historical evidence we would expect planted acreage of corn to be 2.5 to 3 million less than March intentions and soybean acreage to be as much as one million acres more than intentions.

The price reaction to the USDA reports will depend on the differences between expected and actual estimates. The estimates for corn hold the most potential for surprises.