



Negative Report: Larger than Expected Carry out for Corn, Soybeans, & Wheat

Issued Jan. 12, 2009 by the Agricultural Statistics Board of the U.S. Department of Agriculture, National Agricultural Statistics Service. **USDA's NASS may release updated acreage, yield, production and stocks estimates for corn and soybeans in the March 10 Crop Production report.** Previous estimates on January 12 were based on a sample of producers growing crops this past year.

When producers were surveyed in late November and early December, there was significant un-harvested acreage of corn in Illinois, Michigan, Minnesota, North Dakota, South Dakota and Wisconsin; and significant un-harvested acreage of soybeans in Georgia, North Carolina, South Carolina and Virginia. The un-harvested area and *expected* production were included in the totals released on January 12. NASS will re-contact respondents who previously reported acreage not yet harvested in these states. If the newly collected data justifies any changes, NASS will update the January 12 estimates in the March 10 report, except for South Dakota and North Dakota. Since the inclement weather has persisted in those two states, producers there will be re-interviewed at a later time.

2009-10		USDA US Grain Carryout (in billions of bushels)			
	USDA Jan 09/10	Average Trade Est.	Range of Trade Est.	USDA Dec 09/10	USDA 2008-09
Corn	1.762	1.613	1.424-1.731	1.675	1.674
Soybeans	0.245	0.237	0.170-0.329	0.255	0.138
Wheat	0.976	0.905	0.800 - 0.955	0.900	0.657

2009-10		USDA US Yield Estimates (in billions per acre)			
	USDA Jan 09/10	Average Trade Est.	Range of Trade Est.	USDA Dec 09/10	USDA 2008
Corn	165.20	162.50	160.0-164.5	162.9	153.9
Soybeans	44.00	43.40	40.0-44.7	43.3	39.7

2009-10		USDA US Production Estimates (in billions of bushels)			
	USDA Jan 09/10	Average Trade Est.	Range of Trade Est.	USDA Dec 09/10	USDA 2008
Corn	13.151	12.819	12.500-12.996	12.921	12.101
Soybeans	3.361	3.337	3.219 - 3.420	3.319	2.967

Dec 1		QTRLY USDA US Grain Carryout (in billions of bushels)			
	USDA Dec 09	Average Trade Est.	Range of Trade Est.	USDA Dec 08	USDA Oct 08
Corn	10.934	10.663	10.130 -11.390	10.078	1.674
Soybeans	2.337	2.411	2.377-2.449	2.276	0.138
Wheat	1.765	1.760	1.695-1.809	1.422	2.215

USDA World Grain Carryout (in million tonnes)				
	USDA Jan 09/10	USDA Dec 09/10	USDA Jan 08/09	USDA Oct 08/09
Corn	136.190	132.34	145.970	145.44
Soybeans	59.800	57.09	42.800	42.41
Wheat	195.600	190.91	163.94	163.75

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U.S. Corn 2009/10 production is estimated at a **record 13.2 billion bushels**, up 230 million bushels with higher area and yields with a **2.3 bushel-per-acre increase in the forecast yield to 165.2 bu./a.** Corn feed and residual is projected 150 million bushels higher based on September-November disappearance as indicated by the December 1 stocks. The 2009/10 marketing-year average farm price projection is raised 15 cents on each end of the range to \$3.40 to \$4.00 per bushel. Corn ending stocks are projected at 1,764 million bushels, up 89 million bushels and the largest since 2005/06. However, because of higher usage, stocks as a percentage of use are down year-to-year at 13.5 percent compared with 13.9 percent for 2008/09.

Global corn beginning stocks for 2009/10 are projected 3.9 million tons higher with more than half of the increase from rising U.S. stocks. Corn ending stocks are also raised for Brazil, Argentina, EU-27, Mexico, and India. World corn production is raised 6.3 million tons mostly reflecting the record U.S. crop. Argentina corn production is also raised 1.0 million tons as widespread rainfall encouraged producers to extend the planting season and abundant soil moisture raises prospects for yields.

Soybean 2009/10 production is estimated at a **record 3.361 billion bushels**, up 42 million bushels from last month based on higher yields. The soybean yield is estimated at a **record 44.0 bushels per acre.** Soybean exports are raised 35 million bushels to a record 1.375 billion led by strong sales and shipments to China and several other markets including Taiwan, Thailand, Egypt, and Canada. U.S. export sales have benefitted from tight competitor supplies resulting from last year's drought-reduced South American crop. The projected soybean crush is raised 15 million bushels to 1.710 billion reflecting increased soybean meal exports. Soybean ending stocks are projected at 245 million bushels

Global oilseed production for 2009/10 is projected at 431.6 million tons, up 3.0 million from last month. Increased soybean, peanut, and cottonseed production are only partly offset by reduced sunflower seed and rapeseed production. **Global soybean production is projected at a record 253.4 million tons**, up 3.1 million. Adding to increased U.S. soybean production, Brazil's soybean crop is projected at a record 65 million tons, up 2 million. The increase is mainly due to higher area reflecting favorable planting conditions and recent survey data from the Brazilian government.

U.S. wheat ending stocks for 2009/10 are projected 76 million bushels higher this month with lower expected domestic use and exports. Feed and residual use is projected 20 million bushels lower as December 1 stocks, reported in the January *Grain Stocks*, indicate lower-than-expected disappearance during September-November. Exports are projected 50 million bushels lower reflecting the slow pace of shipments and sales and strong foreign competition as relatively high prices limit opportunities for U.S. wheat. **At the projected 825 million bushels, 2009/10 exports would be the lowest since 1971/72. Ending stocks would be a 10-year high at the projected 976 million bushels**

Global wheat stocks for 2009/10 are projected 4.7 million tons higher mostly on larger expected stocks in the United States and Russia, up 2.1 million tons and 1.7 million tons, respectively. Higher ending stocks are also projected for Egypt, Brazil, and Argentina, up 0.5 million tons, 0.3 million tons, and 0.2 million tons, respectively. EU-27 ending stocks are lowered 0.4 million tons.



Corn

U.S. Corn 2009/10 production is forecast 332 million bushels higher with a 2.3 bushel-per-acre increase in the forecast yield from December to a record of 165.2 bushels per acre. Total production will be at a record 13.2 billion bushels, up 230 million bushels with higher area and yields. The 2009/10 marketing-year average farm price projection is raised 15 cents on each end of the range to \$3.40 to \$4.00 per bushel.

Record corn yields are forecast for GA 140; KY 165; IA 182; IN 171; MN 175; NE 178; OH 174; PA 143; SD 153; WI 153 Other state yields forecasts are: IL 175; MO 153;

We take an early look at a potential 2010 scenario with 2.5 million more corn acres and a hefty estimated increase in demand by 335 million bushels.

	U.S. Corn Supply / Demand (mb)					World Corn Supply/Demand (mmt)			
	USDA 06/07	USDA 07/08	Nov 09 USDA 08/09	Jan 10 USDA 09/10	Early Estimate 10/11	Jan USDA 07/08	Jan USDA 08/09	Dec USDA 09/10	Jan USDA 09/10
Planted	78.3	93.6	86.0	86.5	89.000				
Harvested	70.6	86.5	78.6	79.6	81.88				
% Harvested	90.2%	92.4%	91.4%	92.0%	92.0%				
Yield	149.1	151.1	153.9	165.2	163.0				
Carryin	1,967	1,304	1,624	1,674	1,764	108.86	129.60	145.44	145.97
Production	10,535	13,074	12,101	13,151	13,346	791.87	791.62	790.17	796.45
Imports	13	18	14	10	20	900.73	921.22	935.61	942.42
Supply	12,515	14,396	13,739	14,834	15,131				
Feed	5,598	6,002	5,231	5,550	5,350	496.33	479.18	489.41	492.52
Seed, Food, Ind	3,488	4,345	4,976	5,470	5,880				
Ethanol Use	2,117	3,000	3,700	4,200	4,500				
Exports	2,125	2,425	1,858	2,050	2,175				
Demand	11,211	12,772	12,065	13,070	13,405	771.13	775.25	803.27	806.23
Carryout	1,304	1,624	1,674	1,764	1,726	129.60	145.97	132.34	136.19
CO/Use	11.6%	12.7%	13.9%	13.5%	12.9%	0.168	0.188	0.165	0.169
CO/Days Use	42	46	51	49	47				
Price range	\$ 3.04	\$ 4.20	\$ 4.06	\$ 3.40	\$ 4.00	China Production: 09/10			155; unch
						BRZ Production: 09/10			51.0; unch

The 2009-10 corn carry out of 1,764 is 151 million above the average trade estimate of 1,613 and is considered slightly burdensome.

2009/10 ending stocks of 1,764 million bushel estimates provides for a 13.5% carry out as compared to a 12.9% Carry Out / Use ratio in December and represents 49 days of usage as compared to 47 days in December.

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Soybeans

U.S. 2009/10 soybean yield is projected at a record 44.0 bushels per acre, up 0.6 bushels from the previous estimate. Soybean production is forecast at a record 3.361 billion bushels, up 41.6 million from last month. The farm price range for 2009/10 was increased by \$.15 for both the lower end and upper end of the price range to \$ 8.90 - \$10.40 per bushel based on prices at the farm.

Record soybean yields are forecast for AL 40; GA 36; KS 44; KY 48; NE 52; OH 49; PA 46; SD 42
Other state yields forecasts are: IL 46; IA 51; LA 39; MI 40; MN 40; MO 43.5; ND 30; WI 40

We take an early look at a potential 2010 scenario with .5 million less soybean acres and an estimated decrease in demand by 91million bushels.

	U.S. Soybean Supply / Demand (mb)					World Soybean Supply/Demand (mmt)			
	USDA 06/07	USDA 07/08	Nov 09 USDA 08/09	Jan 10 USDA 09/10	Early Estimate 10/11	Jan USDA 07/08	Jan USDA 08/09	Dec USDA 09/10	Jan USDA 09/10
Planted	75.5	64.7	75.7	77.5	77.000				
Harvested	74.6	62.8	74.6	76.4	76.0				
% Harvested	98.8%	97.1%	98.6%	98.6%	98.8%				
Yield	42.7	41.7	39.7	44.0	42.5				
Carryin	449	574	205	138	245	62.80	52.95	42.41	42.87
Production	3,187	2,676	2,967	3,361	3,232	221.14	210.86	250.25	253.38
Imports	10	10	13	8	3	284.03	263.81	292.66	296.25
Supply	3,646	3,260	3,185	3,507	3,479				
Crush	1,806	1,802	1,662	1,710	1,690	201.87	192.88	202.95	203.86
Exports	1,118	1,150	1,283	1,375	1,300				
Seed	78	94	95	94	102				
Residual	70	9	6	84	80				
Demand	3,072	3,055	3,047	3,263	3,172	229.69	220.67	233.75	234.75
Carryout	574	205	138	245	307	52.95	42.87	57.09	59.80
CO/Use	18.7%	6.7%	4.5%	7.5%	9.7%	0.231	0.194	0.244	0.255
CO/Days Use	68	25	17	27	35				
Price range	\$ 6.43	\$ 10.15	\$ 9.97	\$ 8.90	\$ 10.40				
								Brazil Production: 09/10	65.0; +2.0
								Argentina Production: 09/10	53.0; unch

The 2009/10 soybean expected carry out of 245 is 8 million above the average trade estimate of 237 million and is considered by many as comfortable but not burdensome

With 2009/10 ending stocks estimated of 245 million bushel provides for a 7.5% Carry Out / Use ratio for the 2009 crop year as compared to 7.9% in December and represents 27 days of usage as compared to 29 days in December.

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Wheat

USDA increased the 2009/10 US Wheat expected carry out by 5 million to 976 million. The farm price range for 2009/10 was widened by \$.05 for both the lower end and upper end of the price range to \$ 4.70 - \$5.00 per bushel based on prices at the farm.

We take an early look at a potential 2010 scenario with 2.0 million less wheat acres and an estimated increase in demand of 128 million bushels driven primary from forecasted lower prices.

	U.S. Wheat Supply / Demand (mb)					World Wheat Supply/Demand (mmt)			
	USDA 06/07	USDA 07/08	USDA 08/09	Jan 10 USDA 09/10	Early Estimate 10/11	Jan USDA 07/08	Jan USDA 08/09	Dec USDA 09/10	Jan USDA 09/10
Planted	57.3	60.4	63.1	59.1	57.100				
Harvested	46.8	51	55.7	49.9	48.5				
% Harvested	81.7%	84.4%	88.3%	84.5%	85.0%				
Yield	38.7	40.5	44.9	44.4	43.0				
Carryin	571	456	306	657	976	127.59	121.07	163.75	163.94
Production	1,811	2,067	2,500	2,216	2,087	610.46	682.68	673.86	676.13
Imports	123	113	126	110	104	738.05	803.75	837.61	840.07
Supply	2,505	2,636	2,932	2,983	3,167				
Food	933	948	925	940	955				
Exports	909	1,264	1,015	825	950				
Seed	81	88	75	72	80				
Feed/Residual	125	30	260	170	150				
Demand	2,048	2,330	2,275	2,007	2,135	616.98	639.81	646.71	644.47
Carryout	457	306	657	976	1,032				
CO/Use	22.3%	13.1%	28.9%	48.6%	48.3%	121.07	163.94	190.90	195.60
CO/Days Use	81	48	105	178	176	0.196	0.256	0.295	0.304
Price range	\$ 4.26	\$ 6.41	\$ 6.78	\$ 4.70	\$ 5.00	AUS Production: 09/10		22.5; unch	
						ARG Production: 09/10		8.0; unch	

The U.S. 2009-10 wheat carry out of 976 million is considered burdensome at a time when world supply is also increasing compared to last year.

U.S. 2009/10 ending stocks estimated of 976 million bushel provides for a 48.6% Carry Out / Use ratio for the 2009 crop year as compared to 42.2% forecast in December and represents 178 days of usage as compared to 154 days forecast in December.

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Year to Year Acreage Change

We take an early look at a potential 2010 acreage scenario.

	USDA 06/07	USDA 07/08	USDA 08/09	USDA 09/10	Early Estimate 10/11	Year-Year Change
Planted Acres						
Corn	78.3	93.6	86.0	86.5	89.0	2.5
Soybean	75.5	64.7	75.7	77.5	77.0	-0.5
Wheat	57.3	60.4	63.1	59.1	57.1	-2.0
Total	211.1	218.7	224.8	223.1	223.1	0.0
Harvested Acres						
Corn	70.6	86.5	78.6	79.6	81.9	2.3
Soybean	74.6	62.8	74.6	76.4	76.0	-0.3
Wheat	46.8	51.0	55.7	49.9	48.5	-1.4
Total	192.0	200.3	208.9	205.9	206.5	0.6
% Harvested						
Corn	90.2%	92.4%	91.4%	92.0%	92.0%	0.0%
Soybean	98.8%	97.1%	98.6%	98.6%	98.8%	0.2%
Wheat	81.7%	84.4%	88.3%	84.5%	85.0%	0.5%
% Harvested	91.0%	91.6%	92.9%	92.3%	92.5%	0.3%
Carry Out Days Use						
Corn	42	46	51	49	47	-2.3
Soybean	68	25	17	27	35	8.0
Wheat	81	48	105	178	176	-1.1
Total	192	119	173	254	259	4.6

USDA World Grain Production (in million tonnes)

	USDA Jan 09/10	USDA Dec 09/10	USDA Jan 08/09	USDA Dec 08/09
Argentina Corn	15.00	14.00	12.60	12.60
Argentina Wheat	8.00	8.00	9.00	8.40
Argentina Soybeans	53.00	53.00	32.00	32.00
China Wheat	114.50	114.50	112.46	112.46
China Corn	155.00	155.00	165.90	165.90
Canada Wheat	26.50	26.50	28.61	28.61
EU Wheat	138.34	138.34	151.07	151.07
Australia Wheat	22.50	22.50	20.94	20.94
S. Africa Corn	11.50	11.50	12.57	12.57
Brazil Corn	51.00	51.00	51.00	51.00
Brazil Soybeans	65.00	63.00	57.00	57.00

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