



Larger than Expected Carry Out for Corn & Wheat  
Near Expected Carry Out for U.S. Soybeans

USDA's NASS released updated acreage, yield, production and stocks estimates for corn and soybeans in the March 10 *Crop Production* report. Reportedly from a re-sampling of states where un-harvested crop was an issue.

2009-10		USDA US Grain Carryout (in billions of bushels)			
	USDA Mar 09/10	Average Trade Est.	Range of Trade Est.	USDA Feb 09/10	USDA 2008-09
Corn	1.799	1.716	1.602-1.814	1.719	1.673
Soybeans	0.190	0.195	0.170-0.235	0.210	0.138
Wheat	1.001	0.971	0.876 - 1.001	0.981	0.657

2009-10		USDA US Yield Estimates (in billions per acre)			
	USDA Mar 09/10	Average Trade Est.	Range of Trade Est.	USDA Dec 09/10	USDA 2008
Corn	164.90	164.50	162.0-165.3	165.2	153.9
Soybeans	44.00	43.80	41.9 - 44.0	44.0	39.7

2009-10		USDA US Production Estimates (in billions of bushels)			
	USDA Mar 09/10	Average Trade Est.	Range of Trade Est.	USDA Jan 09/10	USDA 2008
Corn	13.131	13.081	12.838-13.200	13.151	12.101
Soybeans	3.359	3.350	3.210 - 3.375	3.361	2.967

USDA World Grain Carryout (in million tonnes)				
	USDA Mar 09/10	USDA Feb 09/10	USDA Mar 08/09	USDA Feb 08/09
Corn	140.150	134.04	145.880	145.88
Soybeans	60.670	59.73	41.640	41.64
Wheat	196.770	195.86	164.090	164.09

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Wednesday Mar 10, 2010

**U.S. Corn 2009/10 production** is estimated at a **record 13.13 billion bushels**, and after adjustments to yields with a **.3-bushel-per-acre decrease in the forecast yield to 164.9 bushels/acre**. Corn production is lowered 20 million bushels based on updated estimates of yields for Illinois and Minnesota, and harvested area for Michigan. U.S. corn exports are lowered 100 million bushels as larger foreign supplies increase competition. U.S. corn ending stocks for 2009/10 are projected 80 million bushels higher with the downward revision in production more than offset by reduced export prospects. Corn ending stocks are projected at 1,799 million bushels, up 80 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 13.8 percent compared with 13.9 percent for 2008/09. The projected 2009/10 marketing-year average farm price for corn is lowered 20 cents on the top end of the range to \$3.45 to \$3.75 per bushel.

**Global corn production for 2009/10** is **raised 5.9 million tons** with Argentina production increased 3.8 million and South Africa production increased 2.0 million. Harvested area and yield are raised for both countries as abundant soil moisture and lack of stressful heat during the past month supported crops through critical stages of development. Partly offsetting is a 0.5-million-ton reduction for India corn and the lower U.S. corn production estimate.

**U.S. Soybean 2009/10 ending stocks** are projected at 190 million bushels, down 20 million from last month. Soybean production is estimated at a **record 3.359 billion bushels**, down 2 million from the January estimate as reported in the *March Crop Production* report. The soybean yield is estimated at a **record 44.0 bushels per acre**. Soybean exports are raised 20 million bushels to a record 1.420 billion reflecting the strong export pace to date. Soybean crush is raised 10 million bushels to 1.730 billion based on a lower projected soybean meal extraction rate. Total soybean meal use remains unchanged as higher projected exports are offset by reduced domestic disappearance. Soybean oil stocks are projected higher due to increased production and lower domestic food use. Soybean oil used for biodiesel is unchanged at 2.2 billion pounds despite a drop in production in January resulting from the loss of the \$1.00 per gallon blending tax credit at the end of 2009. Offsetting production gains are expected later in the year as diesel suppliers increase blending to meet biodiesel mandates. The U.S. season-average soybean price range for 2009/10 is narrowed to \$8.95 to \$9.95 per bushel. The soybean meal price is projected at \$280 to \$310 per short ton compared with \$270 to \$320 previously. The soybean oil price is projected at 33.5 to 36.5 cents per pound, unchanged from last month.

**Global oilseed production for 2009/10** is at 435.3 million tons, **up 1.6 million tons** from last month. Higher projections for soybeans, peanuts, rapeseed, and palm kernel are only partly offset by lower cottonseed and sunflower seed production. Global soybean production is raised 0.9 million tons to 255.9 million. Soybean production for Brazil is projected at a record 67 million tons, up 1 million from last month based on higher yields and harvested area. Soybean production for Paraguay is reduced due to lower harvested area. Global cottonseed production is reduced mostly due to reductions for China and Uzbekistan.

**U.S. wheat ending stocks for 2009/10** are projected **20 million bushels higher** as a reduction in expected food use pushes ending stocks to 1 billion bushels. Projected food use is lowered 20 million bushels based on the latest mill grind data from the U.S. Bureau of Census. High flour extraction rates for a second straight year are reducing the amount of grain needed to produce flour. At the same time, declining per capita consumption is reducing demand for flour and wheat. The projected marketing-year average farm price is raised 5 cents on both ends of the range to \$4.80 to \$5.00 per bushel as prices received by producers remain stronger than expected. **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 1,001 million bushels.**

**Global wheat stocks for 2009/10** are projected **2.1 million tons higher** mostly reflecting higher beginning stocks in Russia and higher production in Argentina. Beginning stocks are raised 2.1 million tons for Russia. Argentina production for 2009/10 is raised 0.6 million tons on higher reported area. Global 2009/10 wheat consumption is raised 1.2 million tons with a 1.0-million-ton increase in China wheat feeding and a 0.8-million-ton increase in India food use. Global ending stocks are projected 0.9 million tons higher with larger stocks in Russia and the United States only partly offset by reductions elsewhere. **At 196.8 million tons, 2009/10 world stocks are up 73.5 million tons or 60 percent from the recent low in 2007/08.**

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**Corn**

**U.S. Corn 2009/10 production** is forecast 20 million bushels lower with a **.3-bushel-per-acre decrease in the forecast yield to 164.9 bushels/acre**. Total production will be at a **record 13.13 billion bushels**. Corn production is lowered 20 million bushels based on updated estimates of yields for Illinois and Minnesota, and harvested area for Michigan. U.S. corn exports are lowered 100 million bushels as larger foreign supplies increase competition. U.S. corn ending stocks for 2009/10 are projected 80 million bushels higher with the downward revision in production more than offset by reduced export prospects.

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 226 million bushels.

	U.S. Corn Supply / Demand (mb)					World Corn Supply/Demand (mmt)			
	USDA 06/07	USDA 07/08	USDA 08/09	Mar 10 USDA 09/10	USDA Outlook 10/11	March USDA 07/08	March USDA 08/09	Feb USDA 09/10	March USDA 09/10
<b>Planted</b>	78.3	93.6	86.0	86.5	89.000				
<b>Harvested</b>	70.6	86.5	78.6	79.6	81.74				
<b>% Harvested</b>	90.2%	92.4%	91.4%	92.0%	91.8%				
<b>Yield</b>	149.1	151.1	153.9	164.9	161.0				
<b>Carryin</b>	1,967	1,304	1,624	1,673	1,799	108.85	129.29	145.88	146.39
<b>Production</b>	10,535	13,074	12,101	13,131	13,160	792.31	794.52	797.83	803.69
<b>Imports</b>	13	18	14	10	14	901.16	923.81	943.71	950.08
<b>Supply</b>	12,515	14,396	13,739	14,813	14,974				
<b>Feed</b>	5,598	6,002	5,231	5,550	5,350	496.92	480.08	493.62	493.97
<b>Seed, Food, Ind</b>	3,488	4,345	4,976	5,564	5,790				
<b>Ethanol Use</b>	2,117	3,000	3,700	4,300	4,500				
<b>Exports</b>	2,125	2,425	1,859	1,900	2,100				
<b>Demand</b>	11,211	12,772	12,066	13,014	13,240	771.88	777.42	809.67	809.93
<b>Carryout</b>	1,304	1,624	1,673	1,799	1,734	129.28	146.39	134.04	140.15
<b>CO/Use</b>	11.6%	12.7%	13.9%	13.8%	13.1%	0.167	0.188	0.166	0.173
<b>CO/Days Use</b>	42	46	51	50	48				
<b>Price range</b>	\$ 3.04	\$ 4.20	\$ 4.06	\$ 3.45	\$ 3.60	China Production: 09/10		155; unch	
				\$ 3.75		BRZ Production: 09/10		51.0; unch	

The projected 2009/10 marketing-year average farm price for corn is lowered 20 cents on the top end of the range to \$3.45 to \$3.75 per bushel.

The 2009-10 corn carry out of 1,799 is 83 million above the average trade estimate of 1,716 and is considered slightly burdensome.

2009/10 ending stocks of 1,799 million bushel estimates provides for a 13.8% carry out as compared to a 13.1% Carry Out / Use ratio in February and represents 50 days of usage as compared to 48 days in February.

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## Wheat

USDA increased the 2009/10 US Wheat carry out 20 million bushels higher as a reduction in expected food use pushes ending stocks to 1 billion bushels. **Ending stocks would be a 10-year high at the projected 1,001 million bushels. At the projected 825 million bushels, 2009/10 exports would be the lowest since 1971/72.**

The projected marketing-year average farm price is raised 5 cents on both ends of the range to \$4.80 to \$5.00 per bushel as prices received by producers remain stronger than expected.

At 196.8 million tons, 2009/10 world stocks are up 73.5 million tons or 60 percent from the recent low in 2007/08.

We take an early look at a potential 2010 scenario with 5.3 million less wheat acres and an estimated increase in demand of 109 million bushels driven primary from forecasted lower prices.

### U.S. Wheat Supply / Demand (mb)

	USDA 06/07	USDA 07/08	USDA 08/09	Mar 10 USDA 09/10	USDA Outlook 10/11
<b>Planted</b>	57.3	60.4	63.1	59.1	53.800
<b>Harvested</b>	46.8	51	55.7	49.9	45.7
<b>% Harvested</b>	81.7%	84.4%	88.3%	84.5%	84.9%
<b>Yield</b>	38.7	40.5	44.9	44.4	42.6
<b>Carryin</b>	571	456	306	657	1,001
<b>Production</b>	1,811	2,067	2,500	2,216	1,945
<b>Imports</b>	123	113	126	115	110
<b>Supply</b>	2,505	2,636	2,932	2,988	3,056
<b>Food</b>	933	948	925	920	956
<b>Exports</b>	909	1,264	1,015	825	850
<b>Seed</b>	81	88	75	72	80
<b>Feed/Residual</b>	125	30	260	170	210
<b>Demand</b>	2,048	2,330	2,275	1,987	2,096
<b>Carryout</b>	457	306	657	1,001	960
<b>CO/Use</b>	22.3%	13.1%	28.9%	50.4%	45.8%
<b>CO/Days Use</b>	81	48	105	184	167
<b>Price range</b>	\$ 4.26	\$ 6.41	\$ 6.78	\$ 4.80 \$ 5.00	\$ 4.90

### World Wheat Supply/Demand (mmt)

March USDA 07/08	March USDA 08/09	Feb USDA 09/10	March USDA 09/10
129.77	123.27	164.01	165.57
610.42	682.65	677.44	678.01
740.19	805.92	841.45	843.58
616.93	640.35	645.60	646.80
123.26	165.57	195.85	196.78
0.200	0.259	0.303	0.304
AUS Production: 09/10			22.5; unch
ARG Production: 09/10			9.6; +0.6

The U.S. 2009-10 wheat carry out of 1,001 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 1,001 million bushel provides for a 50.4% Carry Out / Use ratio for the 2009 crop year as compared to 48.9% forecast in February and represents 184 days of usage as compared to 178 days forecast in February.

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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	Mar 10 USDA 09/10	USDA Outlook 10/11	Year-Year Change
<b>Planted Acres</b>						
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	53.8	-5.3
Total	211.1	218.7	224.8	223.1	219.8	-3.3
<b>Harvested Acres</b>						
Corn	70.6	86.5	78.6	79.6	81.7	2.1
Soybean	74.6	62.8	74.6	76.3	76.0	-0.3
Wheat	46.8	51.0	55.7	49.9	45.7	-4.3
Total	192.0	200.3	208.9	205.9	203.4	-2.5
<b>% Harvested</b>						
Corn	90.2%	92.4%	91.4%	92.0%	91.8%	-0.2%
Soybean	98.8%	97.1%	98.6%	98.5%	98.7%	0.2%
Wheat	81.7%	84.4%	88.3%	84.5%	84.9%	0.4%
% Harvested	91.0%	91.6%	92.9%	92.3%	92.5%	0.3%
<b>Carry Out Days Use</b>						
Corn	42	46	51	50	48	-2.7
Soybean	68	25	17	21	36	15.1
Wheat	81	48	105	184	167	-16.7
Total	192	119	173	255	251	-4.2

USDA World Grain Production (in million tonnes)				
	USDA Mar 09/10	USDA Jan 09/10	USDA Mar 08/09	USDA Jan 08/09
Argentina Corn	21.00	17.20	15.00	12.60
Argentina Wheat	9.60	9.00	9.00	9.00
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	138.14	138.22	151.08	151.08
Australia Wheat	22.50	22.50	20.94	20.94
S. Africa Corn	13.50	11.50	12.57	12.57
Brazil Corn	51.00	51.00	51.00	51.00
Brazil Soybeans	67.00	66.00	57.00	57.00

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