



USDA REPORT REVIEW (JANUARY 2010)

The USDA's ag commodity data dump last night was not supportive for prices. And with outside markets faltering, the direction for US grains, oilseeds and cotton futures was down. Down Heavily. US corn futures lost 7pct, CBOT wheat was lower by 6.4pct and soybeans were off 3pct. Cotton futures also were not spared, finishing the session lower by 2pct.

The general theme of the USDA's reports overnight was stronger than expected production and higher carryout stock estimates. Here is a summary of the key results:

- Wheat**
- *US winter wheat plantings (total) in 2009 (for harvest in 2010) surprised the market to the downside, coming in at only 37 million acres. This was nearly 3 ½ million acres less than forecast by analysts and 14pct (6.2 million) below plantings in 2008 of 43.3 million acres. The late row crop harvests last year and wet weather in most states delayed harvest. If there are weather concerns in late winter or spring these lower planting may support prices.*
 - *But US winter wheat ending stocks for 2009/10 forecasts were revised higher by 8pct from last month to 976m bushels, 6pct higher than trade estimates of 921m bushels. Also significantly higher (nearly double) than 08/09 ending stocks of 651m bushels. The higher stocks are a result of lower US wheat exports and also lower than expected US domestic consumption. The high level of US stocks will help compensate for lower plantings.*
 - *The world wheat supply has grown. The USDA raised their estimate of global production by over 2mt to 676.1mt, only slightly behind the record 08/09 crop of 682.7mt. Global use estimates for 09/10 have been trimmed by ~2mt to 644.5mt and exports have been cut by ~1.5mt.*
 - *Most significantly, global wheat ending stock estimates have been raised by nearly 5mt this month to 195.6mt, up from 163.9mt in 08/09. The stock to use ratio is pegged at over 30% vs. 26% in 08/09.*
- Corn**
- *The USDA raised US corn production estimates for 2009/10 to 13.15bn bushels vs. their previous forecast of 12.9bn bu. The trade had been expecting a reduction in production estimates to 12.8m bu. Yields have been estimated at a record 165.2bpa, 2pct higher than the previous forecast.*
 - *US corn ending stocks for 09/10 are estimated 1.76bn bushels, up 5pct from the prior forecast and 10pct more than average trade estimates. Higher ending stocks were largely a result of stronger production and higher imports as livestock feed use estimates were also raised slightly. US ethanol use was unchanged.*
 - *Global coarse grain production and ending stock projections for 09/10 were raised, largely a result of bigger US corn crops. The world coarse grain stocks to use ratio is pegged at 16.3pct this month vs 16pct last month and 17.6pct in 08/09.*
- Soybeans**
- *US soybean production for 09/10 has been raised to 3.36bn bushels, up from the prior forecast of 3.3bn and above the 08/09 crop estimate of 2.97bn. The latest forecast was also slightly higher than most trade estimates. It is the biggest crop ever, due to both record yields and record area planted.*
 - *US soybean 09/10 ending stock estimates have been lowered this month to 245m bushel from 255m last month. However despite the reduction, the USDA's ending stock estimate was still bigger than average trade estimates of 241m bushels. Higher US production was more than offset by an increase in crushing's and exports.*
 - *Global oilseed production for 09/10 is forecast at 431.6mt, up 3mt from last month and up from 395.2mt in 08/09. Global use estimates were raised marginally, but oilseed ending stock estimates for 09/10 were raised to 71.1mt, up 2mt from last month and 15 ½ mt more than 08/09. Brazil's soybean crop estimate was raised, as were China's import and use estimates.*
- Cotton**
- *US cotton production for the recently harvested 2009/10 crop was lowered to 12.4m bales, down from the prior estimate of 12.6m bales and below 08/09 production of 12.8m. Excessive wet harvest weather contributed to the reduction. The result was also a touch lower than trade estimates. US export estimates were left unchanged but ending stock projections were decreased slightly because of the lower production.*
 - *The global cotton balance sheet was left largely unchanged this month. Increases in Chinese and Brazilian production were mostly offset by decreases in Indian, US and Australian crops. Total consumption was lowered marginally, and ending stocks were lowered fractionally. The global stocks to use ratio is pegged at 45pct vs. 55pct last year.*



US 2009 Winter Wheat Planting Estimates - 2009/10

US WINTER WHEAT		2009	2009	2009	2008	2007
PLANTINGS 2009		USDA Actual	Avg Trade Est.	Range of Est.	USDA Actual	USDA Actual
All Winter Wheat	(m ac)	37.097	40.588	38.387-43.5	43.311	46.307
HRW	(m ac)	27.800	30.308	28.977-31.572	31.649	31.336
SRW	(m ac)	5.920	7.030	5.860-8.059	8.309	11.196
WW	(m ac)	3.330	3.480	3.200-4.500	3.353	3.775

Source: Bloomberg Survey (16 responses, 7 Jan)

US Corn Production & Yield Estimates - 2009/10

CORN DATA		2009/10	2009/10	2009/10	2009/10	2008/09
		USDA Jan Est.	Avg Trade Est.	Range of Est.	USDA Dec Est.	USDA Actual
Yield	(bpa)	165.200	162.50	160-164.5	162.90	153.90
Area Planted	(m ac)	86.482	~	~	86.40	86.00
Area Harvested (Implied)	(m ac)	79.630	~	~	79.30	78.57
Production	(bn bu)	13.151	12.84	12.576-12.997	12.92	12.09

Source: Bloomberg Survey (25 responses, 7 Jan)

US Soybean Production & Yield Estimates - 2009/10

SOYBEAN DATA		2009/10	2009/10	2009/10	2009/10	2008/09
		USDA Jan Est.	Avg Trade Est.	Range of Est.	USDA Dec Est.	USDA Actual
Yield	(bpa)	44.000	43.70	41.9-44.5	43.30	39.70
Area Planted	(m ac)	77.451	~	~	77.50	75.72
Area Harvested (Implied)	(m ac)	76.407	~	~	76.60	74.68
Production	(bn bu)	3.361	3.35	3.219-3.409	3.32	2.97

Source: Bloomberg Survey (25 responses, 7 Jan)

US Grain Ending Stock Estimates – 2009/10

US STOCKS (09/10)		2009/10	2009/10	2009/10	2009/10	2008/09
		USDA Jan Est.	Avg Trade Est.	Range of Est.	USDA Dec Est.	USDA Actual
Wheat	(bn bu)	0.976	0.921	0.866-0.975	0.900	0.657
Corn	(bn bu)	1.764	1.608	1.424-1.731	1.675	1.674
Soybeans	(bn bu)	0.245	0.241	0.170-0.329	0.255	0.138

Source: Bloomberg Survey (24 responses, 7 Jan)

US Quarterly Grain Supplies Estimate – Dec 1, 2009

US QTLY GRAIN SUPPLY		Dec 1, 2009	Dec 1, 2009	Dec 1, 2009	Sep 1, 2009	Dec 1, 2008
		USDA Actual	Avg Trade Est.	Range of Est.	USDA Actual	USDA Actual
Wheat	(m bu)	1,765	1,768	1,695-1,843	2,209	1,422
Corn	(m bu)	10,934	10,691	10,130-11,390	1,673	10,072
Soybeans	(m bu)	2,337	2,415	2,377-2,450	138	2,275

Source: Bloomberg Survey (24 responses, 7 Jan)

US Cotton Estimates – 2009/10

US COTTON (09/10)		2009/10	2009/10	2009/10	2009/10	2008/09
		USDA Jan Est.	Avg Trade Est.	Range of Est.	USDA Dec Est.	USDA Actual
Production	(m bale)	12.401	12.46	12.3-12.6	12.59	12.82
Exports	(m bale)	11.000	11.09	10.8-11.5	11.00	13.28
Stocks	(m bale)	4.300	4.29	3.9-4.6	4.50	6.34

Source: Bloomberg survey (10 responses, 7 Jan)

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