

USDA Ag Supply & Demand Estimates Summary –10 Feb 2010

■ US wheat stocks higher.

— The USDA raised its estimate of US wheat stocks to 981m bushels from 976m bushels last month, reflective of an upward revision to US wheat imports. The trade was expecting US stocks to fall to 971m bushels, thus the USDA's report is not supportive for US wheat prices. US wheat stocks this year are forecast nearly 50% higher than 08/09 stocks of 657m bushels. US wheat production, consumption and export estimates were left unchanged.

■ US corn stocks fall, reflecting stronger demand.

— US corn ending stocks for 09/10 are forecast at 1.719bn bushels, down 3% from last month and 2% less than average trade estimates. US corn used in ethanol production was revised higher, offsetting a slight reduction to projected exports. US corn stock to use is forecast lower at 13%.

■ US soybean stocks revised lower.

— The US soybean ending stocks are forecast 14% lower this month at 210m bushels, reflecting higher a crush and exports. The trade expected a slight upward revision to US soybean stocks. Production estimates were left unchanged this month.

■ US cotton stocks revised sharply lower.

— US cotton exports for 2009/10 have been revised higher from 11m bales to 12m bales this month. This has resulted in US ending stock estimates being slashed from 4.3m bales to 3.3m bales. This is 3m bales (50%) less than 08/09 ending stocks, and nearly 7m bales (70%) less than 07/08 levels. Such tight stocks are supportive for US cotton prices.

■ World wheat supplies rise.

— World wheat production has been increased by 1.3mt to 677.4mt, mostly reflecting a bigger Argentinean wheat crop.

— Global wheat ending stocks for 2009/10 have been increased to 195.9mt, around 400kt more than forecast in January. However global wheat use has also been raised (by 1.1mt to 645.6kt), resulting in the global stock to use ratio remaining forecast at just over 30%. This compares to 25.6% in 2008/09 and 19.6% in 2007/08.

■ World corn and coarse grain supply estimates lowered.

— World corn production has been revised higher by 1.4mt this month, largely reflecting a bigger Argentine crop. However consumption estimates are revised nearly 3.5mt higher, a result of stronger ethanol demand and higher livestock feeding.

— Global corn ending stocks for 2009/10 are forecast lower at 134mt, down nearly 2mt from the January estimate and nearly 3mt lower than average trade estimates. Stocks in 09/10 are estimated nearly 12mt lower than 08/09 levels. The 09/10 global stock to use ratio for corn has been revised lower to 16.5% from 16.9%. In 08/09 the global corn stock to use ratio was nearly 19%.

■ World soybean stocks unexpectedly trimmed.

— Global soybean production has been revised higher this month, mostly reflecting a bigger Brazilian crop, however this has been offset by lower beginning stocks and higher consumption estimates.

— The global soybean ending stock estimate has been trimmed to 59.73mt, around 500kt less than average trade estimates which were factoring in a slight increase in stocks. The ending stock to use ratio is now forecast at 25.4%, still significantly more than the 19% observed in 08/09.

■ Higher world cotton beginning stocks causes an upward revision to the final carryout number.

— Despite an upward revision to the world cotton consumption estimate, world ending stock estimates for 2009/10 have been revised higher by around 300k bales because of a 1.5m bale upward revision to the beginning stock estimate. The global cotton ending stock to use ratio is forecast at 45.1%, largely unchanged from last month.

Table 1: US Grain & Oilseed Ending Stocks

US STOCKS (09/10)		2009/10 USDA Feb Est.	2009/10 Avg Trade Est.	2009/10 Range of Est.	2009/10 USDA Jan Est.	2008/09 USDA Actual
Wheat	(bn bu)	0.981	0.971	0.876-1.002	0.976	0.657
Corn	(bn bu)	1.719	1.747	1.602-1.815	1.764	1.674
Soybeans	(bn bu)	0.210	0.221	0.170-0.245	0.245	0.138

Source: USDA 9 Feb 10

Table 2: US Cotton S&D

US COTTON (09/10)		2009/10 USDA Feb Est.	2009/10 Avg Trade Est.	2009/10 Range of Est.	2009/10 USDA Jan Est.	2008/09 USDA Actual
Production	(m bale)	12.40	12.34	12.15-12.5	12.40	12.82
Exports	(m bale)	12.00	11.19	11.0-11.7	11.00	13.28
Stocks	(m bale)	3.30	4.13	3.75-4.3	4.30	6.34

Source: USDA 9 Feb 10

Table 3: World Grain & Oilseed Ending Stocks

WORLD STOCKS (09/10)		2009/10 USDA Feb Est.	2009/10 Avg Trade Est.	2009/10 Range of Est.	2009/10 USDA Jan Est.	2008/09 USDA Actual
Wheat	(mt)	195.86	196.0	193.9-197.1	195.6	163.9
Corn	(mt)	134.04	136.8	130.9-140.0	136.2	146.0
Soybeans	(mt)	59.73	60.3	59.0-63.0	59.8	42.9

Source: USDA 9 Feb 10



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