



November 11, 2014

Lacklustre USDA report.

The monthly USDA WASDE global supply & demand update overnight was generally in line with market expectations with a slight reduction in US corn yield being the only notable surprise.

Global wheat production was lowered by 1.3 Mmt to 719.86 Mmt predominantly on the back of a 1.0 Mmt reduction for Australia and a 0.8 Mmt reduction for Egypt, which was offset by a 1.4 Mmt increase for the EU. Global wheat consumption was also lowered by 1.4 Mmt to 712.68 Mmt mainly due to reductions in Egyptian food & feed use via changes to their bread subsidy program. Global ending stocks for wheat were raised 0.3 Mmt to 192.9 Mmt with an accompanying increase to global stocks to use of 0.1% to 27.1%.

US wheat production was lowered slightly to 55.13 Mmt with an accompanying lowering of US ending stocks to 17.53 Mmt and the US stocks to use ratio of 30.1%. Wheat prices out of Chicago closed up 2.75c to close at 517 c/bu.

World mixed grain production was raised 1.3 Mmt due to increases out of the EU mainly on higher reported area & yields from Poland and Germany. World barley output was raised 0.6 Mmt and barley feed use was raised for China too.

Global corn production was lowered slightly to 990.32 Mmt with US and Chinese corn production down 1.7 Mmt and 3.0 Mmt respectively due to yield decreases and drought. This was offset by increases to corn production out of the EU and Ukraine by 2.0 Mmt each. Global corn consumption was down by 1.3 Mmt with the global corn ending stocks down slightly to 191.50 Mmt and the global stocks to use ratio increasing slightly to 19.7%. US corn prices lifted up 1.75c to close at 369 c/bu.

Global oilseed production for 14/15 is projected to be a record 528.9 Mmt due to very strong rapeseed and soybean production. Record global soybean production of 312.06 Mmt was lifted on the back of the USDA increasing US soybean yield to 47.5 bu/ac and raising US production to 107.73 Mmt. Global soybean consumption was also increased to 285.82 Mmt with global bean ending stocks dropping slightly to 90.28 Mmt with global stocks to use lowered to 31.6%. US beans lost 11c to close at 1025 c/bu.

The USDA crop progress report overnight added further confirmation of recent weather improvements significantly helping US crop progress with corn at 80% harvested in line with the 5 year average and up 15% from last week's rating. Progress on soybeans harvested also jumped 7% from last week's rating to sit at 90% harvested back in line with the 5 year average of 91% done by this time of year.

Winter wheat planting came exactly in line with the 5 year average of 93%, up 3% from last week with emerged wheat now sitting at 83% versus last week's 77% and above the 5 year average of 79% with the condition rating coming in at 60% good-to-excellent up 1% from last week's rating.

Locally we have yet to see the full extent of the recent rains and thunderstorms that we have had around the state will have on quality of the crops still to be harvested. The global theme of quantity versus quality still prevails and will be the dominant factor impacting price at least until the northern hemisphere winter crops come out of dormancy.

Sources: USDA.

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