

**Most grain analyst and traders at this point are quite familiar with market expectations ahead of the always important USDA WASDE report.** Many of our readers, however, do not follow the grain market on a daily basis and we thought it would be good to provide a quick recap ahead of the USDA report that will be released at noon, ET.

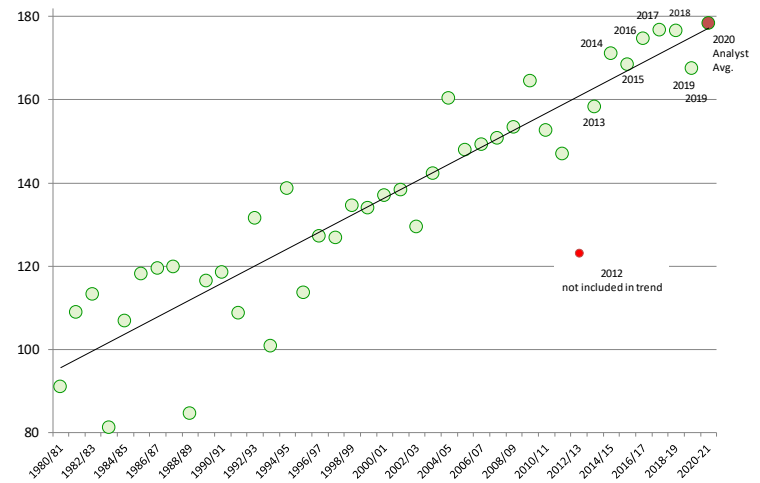
**All eyes on yield adjustments.** In August USDA was projecting corn yields to be 181.8 bushels per acre, an 8.6% increase compared to the previous year and above the long term trend in yields. However, Derecho storms in Iowa and drought pockets in both the Western and Eastern corn belt have caused market participants to adjust their expectations. The Pro Farmer crop tour that happens every year came in below USDA's numbers and the analysts polled by Reuters ahead of the report now expect corn yields to be 178.3 bu./acre, 3.5 bushels per acre or 1.9% lower than the previous forecast. This would represent a decline of 294 million bushels in the supply/demand balance sheet. Soybean yields are also expected to be revised lower. On average analysts now expect soybean yields to be down 1.5 bu/acre or 2.8% compared to what was presented in August. This would remove 124.5 million bushels from the balance sheet presented in August.

**Changes to harvested acres.** The Derecho storms in August caused significant damage to both crops and infrastructure. It will be interesting to see what USDA has found out through farmer surveys and information from personnel on the ground. Analysts expect corn harvested acres to be reduced by half a million acres to 83.5 million and soybean harvested acres are expected to be lowered by 100k.

**Is it too early to make big adjustments to new crop demand?** Usually at this time of year supply is the focus. Participants throw around all kinds of evidence, anecdotal or data based, to try to figure out the size of the new crop. Drought conditions have expanded recently, driving speculation that yields may suffer. Crop progress reports are added to the tea leaves. So are reports of early freezes in some parts. Demand, on the other hand, usually takes a back seat, at least until later in the year. However, this year we have seen a big jump in export orders for new crop beans and corn. This is mostly from China, which faces tighter grain supplies due to extreme flooding in key crop producing regions. USDA last month raised both corn and soybean exports. Corn is currently forecasted up 24% from a year ago at 2.225 billion bushels while soybeans are currently forecast at 2.125 billion bushels, 28.8% higher than last year. Much of the daily/weekly information on exports is in metric ton. For instance, USDA yesterday reported that there were an additional 1.593 million MT of soybean sales to China booked and total outstanding sales for the next marketing year currently are 15.474 million MT. This would be the equivalent of 569 million bushels that have already been booked, well ahead of the pace of recent years. Corn sales to China last week were 1.194 million MT and current outstanding sales for the next marketing year are 8.813 million MT or 347 million bushels. There are some calls in the market that China may need to purchase as much as 30 million MT next year or 1.181 billion bushels. Current forecast is for US corn exports to increase by 430 million bushels, reflecting in part the increase in commitments so far. It will be just as important when we review the noon report to note any downward revisions to supply in other competing countries, especially in South America and the Black Sea region.

## Corn Yields since 1980 AND 2020-21 Analyst Estimates Ahead of USDA Report

Corn Yields Since 1990. Latest USDA Forecast is from September 2018 WASDE



## Corn Supply & Use w/Sep. Analyst Estimates

Source: USDA & Reuters Estimates. Analysis by Steiner Consulting

	2019/20	2020/21		Analyst Estimates
	Actual	USDA Jul Est	USDA Aug Est	
million acres				
Planted	89.7	92.0	92.0	92.0
Harvested	81.3	84.0	84.0	83.5
bushels				
Yield	167.4	178.5	181.8	178.3
million bushels				
Beginning stocks	2,221	2,248	2,228	2,228
Production	13,617	15,000	15,278	14,888
Imports	45	25	25	25
<b>Supply, total</b>	<b>15,883</b>	<b>17,273</b>	<b>17,531</b>	<b>17,141</b>
Feed and residual	5,600	5,850	5,925	5,925
Ethanol for fuel	4,850	5,200	5,200	5,200
Food, seed, other	1,410	1,425	1,425	1,425
<b>Domestic use, total</b>	<b>11,860</b>	<b>12,475</b>	<b>12,550</b>	<b>12,550</b>
Exports	1,795	2,150	2,225	2,225
<b>Use, total</b>	<b>13,655</b>	<b>14,625</b>	<b>14,775</b>	<b>14,775</b>
Ending stocks	2,228	2,648	2,756	2,366
Stocks/Use	16.3%	18.1%	18.7%	16.0%

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