

# Analysis of the July 2010 USDA Crop Production & WASDE Reports

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## Summary of July 9, 2010 Crop Production & WASDE USDA Reports

In the July 9, 2010 Crop Production and World Agricultural Supply-Demand Estimate (WASDE) reports, the United States Department of Agriculture made changes in its supply-demand projections that have positive impacts on feedgrain price prospects, mixed neutral-to-positive effects on wheat price prospects, and a neutral effect on oilseed-soybean price outlook.

**Feedgrain Market Prospects:** The USDA projection for feed and residual use in MY 2009-10 increased markedly in the July WASDE report, more than offsetting a decline in projected ethanol use. Ending stocks for MY 2009-10 were projected at 1.478 billion bushels (bb), down 125 million bu (mb) and equaling 11.1% stocks-to-use. Corn production in the U.S. in 2010 was projected at 13.245 bb, down 125 mb from previous estimates due to reduced acreage. Ending stocks of corn in MY 2010-11 were projected to be 1.373 bb, equaling 10.3% stocks-to-use. Projected U.S. grain sorghum ending stocks for both MY 2009-10 and MY 2010-11 were both reduced, as were projected foreign ending stocks of coarse grains for MY 2010-11. Feedgrain price prospects were improved as a result of this report, with the USDA increasing both old and new crop corn and grain sorghum average prices for MY 2010-11 by \$0.15 per bushel.

**Wheat Market Prospects:** The impact of the July 9<sup>th</sup> USDA reports on wheat market prospects were mixed. Projected reductions in foreign wheat production, supplies and ending stocks provide support for wheat price prospects for MY 2010-11. However, projected increases in U.S. wheat beginning stocks and production more than offset improved U.S. export estimates to raise projected ending stocks to a 23 year high of 1.093 bb or 49.8% ending stocks-to-use in MY 2010-11. The USDA indicated that wheat price prospects were slightly improved as a result of this report, with U.S. average wheat prices for MY 2010-11 being raised by \$0.20 per bushel.

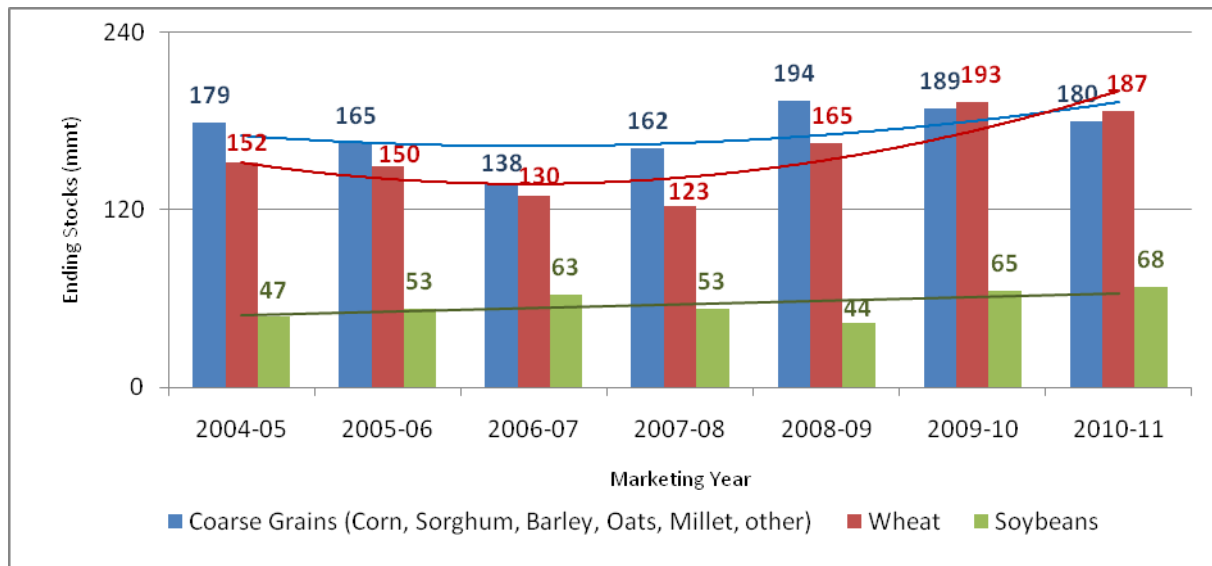
**Oilseed - Soybean Market Prospects:** The July 9<sup>th</sup> reports seem likely to have a neutral effect on oilseed and soybean market prospects. Changes in foreign and U.S. oilseed supply-demand balances present a mixed picture – with prospects for tighter foreign oilseed and soybean ending stocks being offset by increased U.S. soybean supply-demand balances. Foreign ending stocks of oilseeds and soybeans are projected to decline in MY 2010-11 by 5.3% and 4.3%, respectively compared to MY 2009-10. However, foreign MY 2010-11 oilseed and soybean ending stocks are still 31% and 45% greater, respectively than in MY 2008-09. In the U.S., oilseed and soybean ending stocks for MY 2010-11 are projected to increase by 82% and 106% over MY 2009-10, respectively, and by even greater amounts relative to MY 2008-09 U.S. ending stocks levels. The combination of moderate tightening in projected foreign oilseed and soybean ending stocks with projected increases in U.S. oilseed and soybean ending stocks has a neutral effect on U.S. soybean market prospects. The USDA indicated that soybean price prospects were slightly improved as a result of this report, with U.S. average soybean prices being raised by \$0.10 per bushel for MY 2010-11.

## World Ending Stocks of Coarse Grains, Wheat and Soybeans

**World Coarse Grain & Corn Stocks:** World coarse grain production and total supplies are both projected at record high levels of 1,118 mmt and 1,306 mmt, respectively, for MY 2010-11. These figures were lowered 10.81 mmt and 14.89 mmt, respectively, from the June WASDE report. World coarse grain production has increased by 3.6% over the benchmark 2007-08 marketing year. Likewise, World coarse grain total supplies are projected to have increased by 7.3% since MY 2007-08. Total use of World coarse grains are estimated to have increased in like fashion to production since MY 2007-08, with a projected total use of 1,126 mmt in MY 2010-11, down 3.2 mmt from the June WASDE report, but up 6.6% from MY 2007-08 (Figure 1). World coarse grain ending stocks are projected to be 180 mmt in MY 2010-11, down 11.8 mmt from the June WASDE report, and representing 16% stocks to use. This level of ending stocks is down from the previous 2 marketing years (189 - 194 mmt), but still 12% higher than during MY 2007-08.

**World corn** ending stocks are projected to be 141.1 mmt (17.0% S/U) in MY 2010-11, down 6.24 mmt from the June WASDE, and comparable to 139.6 mmt (17.1% S/U) in MY 2009/10 and 147.4 mmt (18.9% S/U) in MY 2008-09. World corn stocks are projected to account for 78.3% of total World coarse grain ending stocks in MY 2010-11, up from 73.9% in MY 2009-10 and 76.1% in MY 2008-09.

**Figure 1. World Ending Stocks of Coarse Grains, Wheat and Soybeans: MY 2004-05 through MY 2010-11** (July 9, 2010 USDA WASDE Report)



**World Wheat Stocks:** World wheat ending stocks for MY 2010-11 are projected to be 187.05 mmt (28% S/U), down 6.98 mmt from the June WASDE (Figure 1). World wheat ending stocks in MY 2010-11 are down 3.1% from 193.02 mmt (29.6% S/U) in MY 2009-10, but are substantially higher than 165.16 mmt (25.7% S/U) in MY 2008-09 and 124 mmt (20% S/U) in MY 2007-08, the benchmark comparison year for World wheat supply-demand in recent history. The types of wheat aggregated together to represent total wheat supplies include hard red winter, hard red spring, soft red winter, white wheat, and durum.

**World Oilseed & Soybean Stocks:** World oilseed ending stocks for MY 2010-11 are projected to be 77.32 mmt (20.9% S/U), down 0.20 mmt from the June WASDE report, but up from 75.94 mmt (21.5% S/U) in MY 2009-10 and from 56.03 mmt (16.5% S/U) in MY 2008-09. The category of “Oilseeds” includes soybeans, sunflowers, cotton, canola, flaxseed, peanuts, and other oilseed-type crops.

**World soybean** ending stocks are projected to be a record high 67.76 mmt (27.3% S/U) in MY 2010-11, up 0.77 mmt from the June WASDE report, and up from 65.35 mmt (27.7% S/U) in MY 2009-10 and from 43.66 mmt (19.8% S/U) in MY 2008-09.

**Perspective on World Ending Stocks for Major Grains & Oilseeds:** As shown in Figure 1, World soybean ending stocks are projected to remain at historically high levels in MY 2010-11. World coarse grain ending stocks are projected to decline in MY 2010-11 for the second consecutive marketing year, while World wheat ending stocks in MY 2010-11 are 3.1% lower than record highs in the previous marketing year. With signs of reduced World wheat production prospects, uncertainty about North American feedgrain, oilseed and spring wheat production prospects, and the possibility of higher grain-based ethanol production and associated feedgrain use being mandated in the U.S. sometime in the next 6-12 months, there remains some risk of a scenario of lower grain and oilseed supplies, tighter ending stocks, and higher prices occurring in MY 2010-11.

## Feedgrain Market Situation and Outlook

### **Corn & Grain Sorghum ⇒ Positive impact on feedgrain market outlook**

- **World Coarse Grain ending stocks in MY 2010/11 = 180 mmt (16% S/U)** (↓ 14.9 mmt vs June WASDE)
  - Versus 189 / 194 / 162 mmt (17% / 18% / 15% S/U) for MY 2009, 2008 & 2007, respectively
    - *Tighter world Coarse Grain stocks; tight 16% S/U nearly as tight as 15% S/U of MY 2007/08*
- **U.S. Corn ending stocks in MY 2010/11 = 1,373 mb (10.3% S/U)** (↓ 200 mb from June 2010 WASDE)
  - Versus 1,478 / 1,673 / 1,624 mb (11.1% / 13.9% / 12.7% S/U) for MY 2009, 2008 & 2007, respectively
  - U.S. Corn prices in \$3.45 - \$4.05 /bu range in MY 2010/11 (vs \$3.50 - \$3.60 in MY 2009/10)
  - U.S. Grain Sorghum prices in \$3.15 - \$3.75 /bu range in MY 2010/11 (vs \$3.10 - \$3.20 in MY 2009/10)
    - *Steady-to-strong ethanol use & exports of U.S. corn in both MY 2009-10 & MY 2010-11*
    - *Focus on U.S. crop production prospects & ethanol policy decisions (E-10 to E-12 or E-15?) thru fall*

**Projected Corn Supply-Demand for MY 2010-11:** In its June 1, 2010 Acreage report (released on June 30<sup>th</sup>), the National Agricultural Statistical Service (NASS) projected 2010 planted acreage for U.S. corn to be 87.872 million acres, with 2010 U.S. harvested corn acreage to be 81.005 million acres. Projected planted area of 87.872 mln ac was down 926,000 ac from the NASS March 31<sup>st</sup> Prospective Plantings and June WASDE reports, but 1.39 mln ac higher than in 2009. Projected harvested area of 81.005 mln ac was 1.415 mln ac higher than in 2009. Using adjusted trendline yields (163.5 bu./ac.), the July WASDE report projects 2010 U.S. corn production of 13.245 billion bushels (bb), down 125 mb from the June WASDE report, but still record high compared to the previous high of 13.110 bb in 2009 (Table 1).

For MY 2010-11, based on beginning stocks of 1.478 bb (down 125 mb from the June WASDE and down 195 mb from MY 2009-10), projected 2010 production of 13.245 bb, and imports of 10 mb, total supplies of U.S. corn are projected to be 14.733 bb (down 250 mb from the June WASDE report

and 60 mb from the record high in MY 2009-10). By category, projections of corn use for MY 2010-11 were for corn ethanol use of 4.7 bb (up 200 mb from MY 2009-10), non-ethanol food, seed and industrial use of 1.36 bb (up 20 mb from MY 2009-10), corn exports of 1.950 bb (down 50 mb from the June WASDE report but unchanged from MY 2009-10), and feed and residual use of 5.35 bb (down 175 mb from MY 2009-10). Projected total corn use of 13.360 bb was down 50 mb from the June WASDE report, but still 45 mb over the previous record high of 13.315 bb in MY 2009-10.

Ending stocks of U.S. corn are projected at 1.373 bb in MY 2010-11 (down 200 mb from the June WASDE report, and down 105 mb from MY 2009-10), representing 10.3% ending stocks-to-use (down from 11.7 in the June WASDE report and 11.1% in MY 2009-10). This would be the lowest % stocks-to-use figure for U.S. corn since MY 2003-04 (i.e., 9%). United States season average corn prices for MY 2010-11 were projected to be in the range of \$3.45-\$4.05 per bushel (up \$0.15 per bushel on both ends of the range), with a midpoint of \$3.75. This compares to estimated MY 2009-10 prices in the range of \$3.50-\$3.60 per bushel (midpoint of \$3.55).

**Adjustments in MY 2009-10 Corn Supply-Demand:** For MY 2009-10, projected use of U.S. corn for ethanol production was lowered 50 mb to 4.500 bb. Feed and residual use was projected to be 5.525 bb, up 175 mb from the June WASDE report, and 325 mb from MY 2008-09. The sizable increase in MY 2009-10 feed and residual use followed from the June 1<sup>st</sup> Grain Stocks report, where March-May 2010 U.S. corn use was greater than expected. Total corn use was projected at 13.315 bb (up 125 mb over the June WASDE report and 259 mb over MY 2008-09). Ending stocks were projected at 1.478 bb (11.1% S/U), down 125 mb from the June WASDE report and down 195 mb from MY 2008-09. Season average U.S. corn prices were projected to be in the range of \$3.50-\$3.60 per bushel (up \$0.05 per bushel on both ends of the range), with a midpoint of \$3.55.

**Table 1. U.S. Corn Supply-Demand Balance Sheet: MY 2007/08 through MY 2010/11**

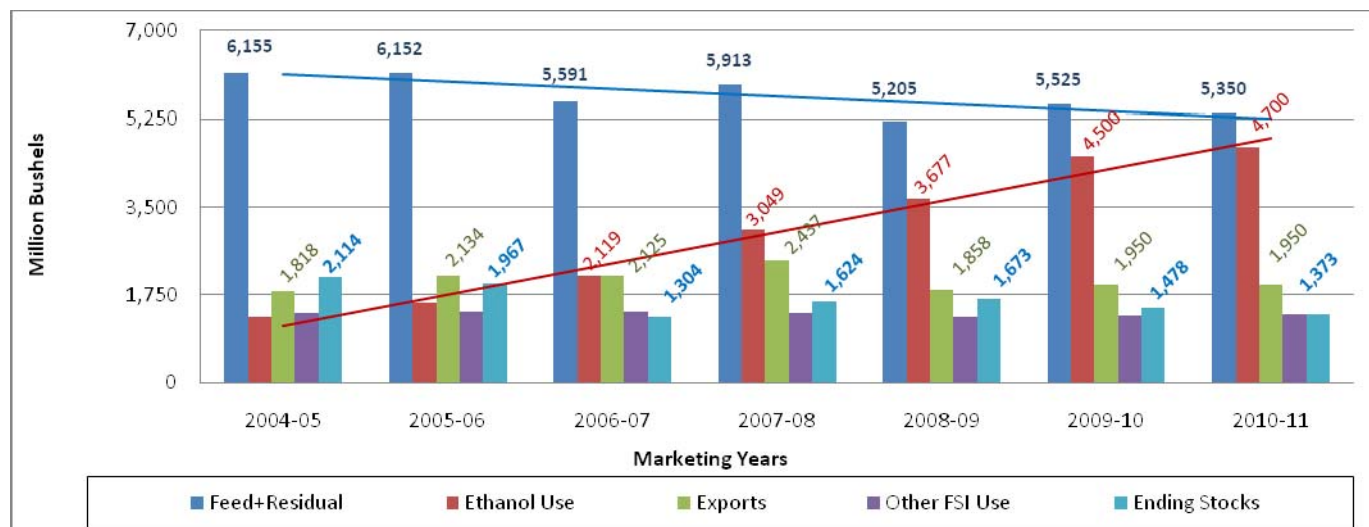
(July 9, 2010 USDA WASDE Report)

Item	2007-08	2008-09	2009-10	2010-11
Planted Area (million acres)	93.5	86.0	86.5	87.9
Harvested Area (million acres)	86.5	78.6	79.6	81.0
Yield per harvested acre (bushels/acre)	150.7	153.9	164.7	163.5
	million bushels			
Beginning Stocks	1,304	1,624	1,673	1,478
Production	13,038	12,092	13,110	13,245
Imports	20	14	10	10
<b>Total Supply</b>	<b>14,362</b>	<b>13,729</b>	<b>14,793</b>	<b>14,733</b>
Ethanol for fuel	3,049	3,677	4,500	4,700
Non-ethanol Food, Seed & Industrial	1,393	1,316	1,340	1,360
Exports	2,437	1,858	1,950	1,950
Feed & Residual	5,858	5,205	5,525	5,350
<b>Total Use</b>	<b>12,737</b>	<b>12,056</b>	<b>13,315</b>	<b>13,360</b>
Ending Stocks	1,624	1,673	1,478	1,373
% Ending Stocks-to-Total Use	12.8%	13.9%	11.1%	10.3%
U.S. Average Farm Price (\$/bushel)	\$4.20	\$4.06	\$3.50-\$3.60 <i>Midpoint = \$3.55</i>	\$3.45-\$4.05 <i>Midpoint = \$3.75</i>

**U.S. Corn Use and Ending Stocks Trends During MY 2004-05 through MY 2010-11:** Since MY 2004-05, U.S. feed and residual use of corn has generally declined, while use of corn for ethanol production has increased over the same period (Figure 2). Exports of U.S. corn have ranged from 1.818 bb to 2.437 bb since MY 2004-05, with an average of 2.039 bb per marketing year. Ending stocks of U.S. corn increased from MY 2006-07 to MY 2008-09 to a high of 1.673 bb, but have since declined to a projected level of 1.373 bb in MY 2010-11.

**Figure 2. Trends in U.S. Corn Use and Ending Stocks: MY 2004-05 through MY 2010-11**

(July 9, 2010 USDA WASDE Report)



**Projected Grain Sorghum Supply-Demand for MY 2010-11:** In its June 1, 2010 Acreage report, USDA NASS projected 2010 planted acreage for U.S. grain sorghum for grain to be 6.0 million acres, with 2010 U.S. harvested acreage of grain sorghum for grain to be 5.176 million acres. Projected planted area of 6.0 mln ac was down 360,000 ac from the NASS March 31<sup>st</sup> Prospective Plantings and June WASDE reports, and down 633,000 ac from 2009. Projected harvested area of 5.176 mln ac was down 344,000 ac from 2009. Using adjusted trendline yields (67.6 bu./ac.), the July WASDE report projects 2010 U.S. grain sorghum production of 350 mb, down 5 mb from the June WASDE report, and down 33 mb from 2009 (Table 2).

Based on beginning stocks of 28 mb (down 5 mb from the June WASDE and down 27 mb from MY 2009-10), total supplies of U.S. grain sorghum for MY 2010-11 are projected to be 378 mb (down 10 mb from the June WASDE and 60 mb from MY 2009-10). Total use of 345 mb consisted of food, seed and industrial use of 100 mb (including ethanol use), exports of 140 mb (down 30 mb from MY 2009-10), and feed and residual use of 105 mb (down 5 mb from the June WASDE and 35 mb from MY 2009-10).

Ending stocks of U.S. grain sorghum are projected at 33 mb in MY 2010-11 (down 5 mb from the June WASDE and 5 mb greater than for MY 2009-10), representing 9.6% ending stocks-to-use (up from 6.8% in MY 2009-10). Average grain sorghum prices for MY 2010-11 were projected to be in the range of \$3.15-\$3.75 per bushel (up \$0.15 per bushel on each end of the range from the June WASDE), with a midpoint of \$3.45.

**Adjustments in 2009-10 Grain Sorghum Supply-Demand:** Estimated grain sorghum feed and residual use for MY 2009-10 was raised to 140 mb (up 5 mb from the June WASDE). As a result of these changes, MY 2009-10 ending stocks were lowered 5 mb to 28 mb, representing 6.8% stocks to use. Estimated MY 2009-10 grain sorghum prices were projected to be in the range of \$3.10-\$3.20 per bushel (up \$0.05 per bushel on each end of the range).

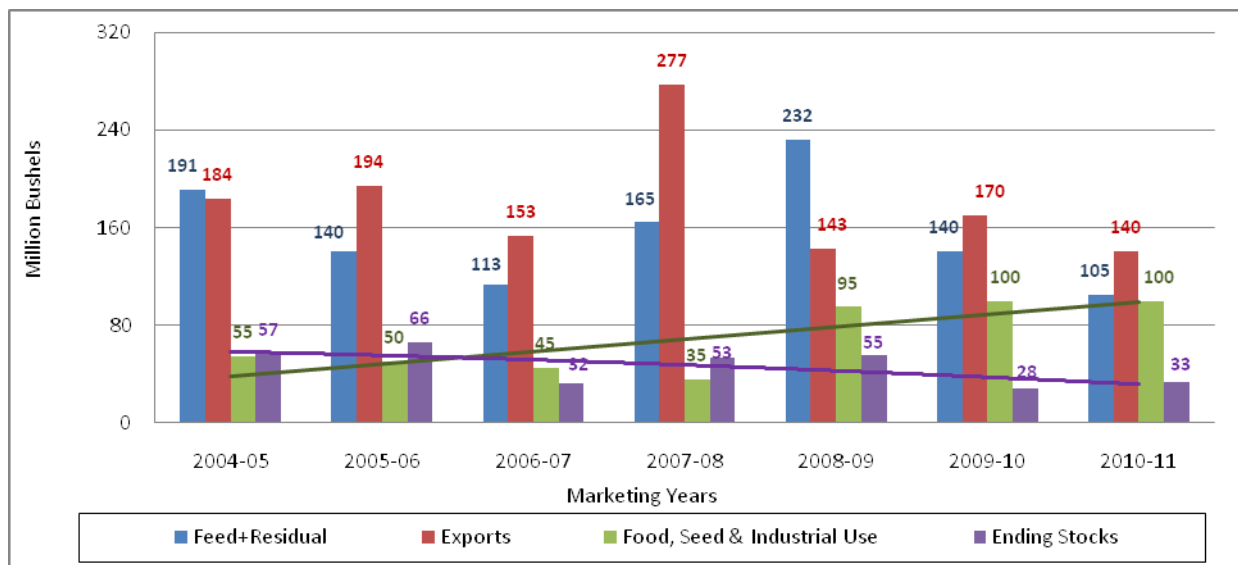
**Table 2. U.S. Grain Sorghum Supply-Demand Balance Sheet: MY 2007-08 through MY 2010-11**  
(July 9, 2010 USDA WASDE Report)

Item	2007-08	2008-09	2009-10	2010-11
Planted Area (million acres)	7.7	8.3	6.6	6.0
Harvested Area (million acres)	6.8	7.3	5.5	5.2
Yield per harvested acre (bushels/acre)	73.2	65.0	69.4	67.6
	million bushels			
Beginning Stocks	32	53	55	28
Production	497	472	383	350
Total Supply	530	525	438	378
Food, Seed & Industrial	35	95	100	100
Exports	277	143	170	140
Feed & Residual	165	232	140	105
Total Use	477	471	405	345
Ending Stocks	53	55	28	33
% Ending Stocks-to-Total Use	11.1%	11.7%	6.8%	9.6%
U.S. Average Farm Price (\$/bushel)	\$4.08	\$3.20	\$3.10-\$3.20 <i>Midpoint = \$3.15</i>	\$3.15-\$3.75 <i>Midpoint = \$3.45</i>

**U.S. Grain Sorghum Use and Ending Stocks During the MY 2004-05 through MY 2010-11 Period:**

Increasing use of grain sorghum in ethanol production is reflected by increased food, seed and industrial use beginning in MY 2008-09 and lasting through MY 2010-11 (Figure 3). Ending stocks for U.S. grain sorghum continue to trend gradually lower, but remaining in the range of 28 to 66 mb since MY 2004-05, with 33 mb of ending stocks (9.6% stocks-to-use) projected for MY 2010-11.

**Figure 3. Trends in U.S. Grain Sorghum Use & Ending Stocks During MY 2004-05 thru MY 2010-11**  
(July 9, 2010 USDA WASDE Report)



## Wheat Market Situation & Outlook

### Wheat Market Impact ⇒ Mixed neutral – to – positive impact on wheat market outlook

- **World wheat ending stocks in MY 2010/11 = 187 mmt (28% S/U)** (↓ 6.9 mmt from June WASDE)
  - Versus 193 / 165 / 124 mmt (30% / 26% / 20% S/U) for MY 2009, 2008 & 2007, respectively
    - Drop in World wheat stocks, possible beginning of trend toward lower World wheat supplies vs use
- **U.S. wheat ending stocks in MY 2010/11 = 1,093 mb (50% S/U)** (↑ 102 mb from June 2010 WASDE)
  - Versus 973 / 657 / 306 mb (45% / 29% / 13% S/U) for MY 2009, 2008 & 2007, respectively
  - U.S. wheat prices in \$4.20 - \$5.00 /bu range in MY 2010/11 (vs \$4.87 in MY 2009/10)
    - Large U.S. wheat stocks, but improving export prospects due to world wheat production problems
    - Facing storage, handling and some quality problems with HRW wheat supplies in southern & central plains (concerns about widening wheat basis levels)

**Projected Wheat Production for MY 2010-11:** In its July 9, 2010 Crop Production report, USDA NASS projected 2010 U.S. winter wheat production to be 1.505 bb, 17 mb below 2009 winter wheat production of 1.523 bb. The July 1<sup>st</sup> U.S. winter wheat yield projections of 46.9 bu./ac. is up 2.7 bu./ac. from 2009. By subcategory, U.S. hard red winter wheat production was projected to be 1.011 bb, up 92 mb from 2009. Soft red winter wheat production was projected to be 268 mb, down 136 mb from 2009. White wheat production was projected to be 266 mb, up 29 mb from 2009.

USDA NASS projected 2010 U.S. other spring wheat production to be 607 mb, up 22 mb from 2009, based on increased harvested acreage (13.59 mln ac - up 595,000 from 2009) and a projected average yield of 44.6 bu./ac. (down 0.5 bu from 2009). Projected 2010 U.S. durum wheat production

is 103.5 mb, down 5.5 mb from 2009, based on increased harvested acreage (2,588,000 ac, up 160,000 ac from 2009) and a projected average yield of 40 bu./ac. (down 4.9 bu from 2009).

Based on winter wheat production and spring wheat acreage projections from USDA NASS, the July WASDE projections for total U.S. wheat production for MY 2010-11 were 2.216 bb (up 149 mb from the June WASDE, and equal to MY 2009-10 (Table 3). The prediction is based on a planted area of 54.305 million acres as projected by NASS in the June 30<sup>th</sup> Acreage report (down 4.828 mln acres from MY 2009-10), harvested area of 48.263 mln ac. (down 1.605 mln acres from MY 2009-10), and projected yields of 45.9 bushels per acre (up 1.5 bu/ac. based on the July NASS Crop Production report).

**Projected Wheat Supply-Demand for MY 2010-11:** Based on beginning stocks of 973 mb (up 43 mb from the June WASDE, and up 316 mb from MY 2009-10) and imports of 100 mb (down 10 mb from the June WASDE and down 15 mb from MY 2009-10), total supplies of U.S. wheat for MY 2010-11 are projected to be 3.289 bb (up 182 mb from the June WASDE and up 301 mb from MY 2009-10). Total use of 2.196 bb (up 80 mb from the June WASDE and 182 mb from MY 2009-10) consisted of projections of food use of 940 mb (up 20 mb from MY 2009-08), seed use of 76 mb, exports of 1,000 mb (up 100 mb from the June WASDE and up 135 mb from MY 2009-10), and feed and residual use of 180 mb (down 20 mb from the June WASDE, but up 21 mb from MY 2009-10). Exports from the U.S. are projected to increase due to wheat production problems in other key wheat exporting counties in MY 2010-11.

Ending stocks of U.S. wheat are projected at 1.093 bb (49.8% S/U) in MY 2010-11 (up 102 mb from the June WASDE and up 120 mb from MY 2009-10). Ending stocks-to-use for U.S. wheat will have increased for the fourth consecutive marketing year if this projection holds true, rising from 13.2% to 28.9% to 48.3% to 49.8% from MY 2007-08 through MY 2010-11. Average U.S. wheat prices for MY 2010-11 were projected to be in the range of \$4.20-\$5.00 per bushel (up \$0.20 on each end of the range from the June WASDE report), with a midpoint of \$4.60. This compares to an estimated MY 2009-10 average price of \$4.87 per bushel (up \$0.02 from the June WASDE).

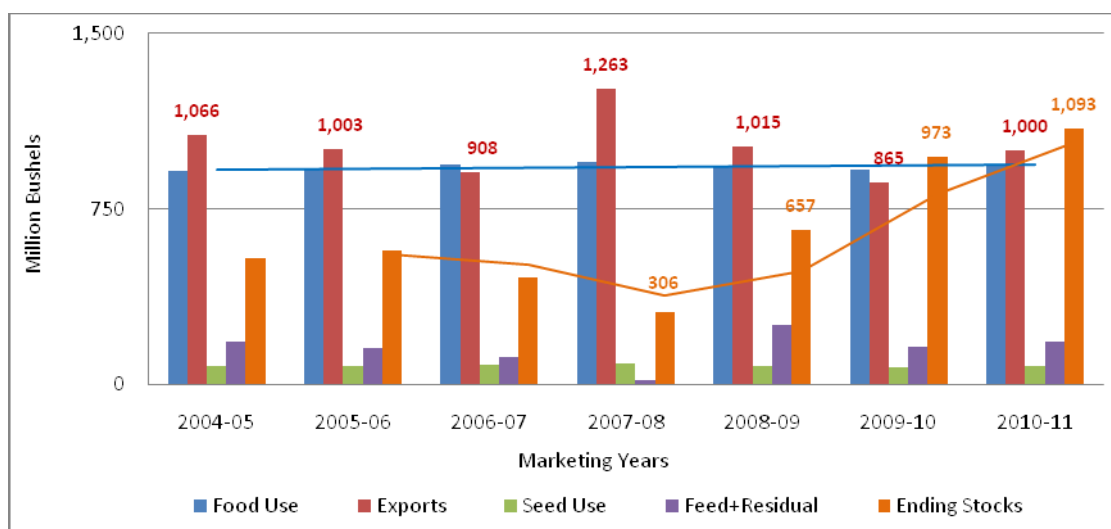
**Table 3. U.S. Wheat Supply-Demand Balance Sheet: MY 2007-08 through MY 2010-11**  
(July 9, 2010 USDA WASDE Report)

Item	2007-08	2008-09	2009-10	2010-11
Planted Area (million acres)	60.5	63.2	59.1	54.3
Harvested Area (million acres)	51.0	55.7	49.9	48.3
Yield per harvested acre (bushels/acre)	40.2	44.9	44.4	45.9
	million bushels			
Beginning Stocks	456	306	657	973
Production	2,051	2,499	2,216	2,216
Imports	113	127	115	110
<b>Total Supply</b>	<b>2,620</b>	<b>2,932</b>	<b>2,988</b>	<b>3,289</b>
Food Use	948	927	920	940
Seed Use	88	75	70	76
Exports	1,263	1,015	865	1,000
Feed & Residual	16	258	159	180
<b>Total Use</b>	<b>2,314</b>	<b>2,275</b>	<b>2,014</b>	<b>2,196</b>
Ending Stocks	306	657	973	1,093
<b>% Ending Stocks-to-Total Use</b>	<b>13.2%</b>	<b>28.9%</b>	<b>48.3%</b>	<b>49.8%</b>

U.S. Average Farm Price (\$/bushel)	\$6.48	\$6.78	\$4.87	\$4.20-\$5.00 <i>Midpoint = \$4.60</i>
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**U.S. Wheat Use and Ending Stocks Trends During MY 2004-05 through MY 2010-11 Period:** Food use of U.S. wheat has been consistently in the range of 910 to 948 mb since MY 2004-05, averaging 929 mb per MY (Figure 4). During the same period, exports of U.S. wheat have been more variable, ranging from 865 mb to 1.263 bb. A strong upward trend in U.S. wheat ending stocks has occurred since the 2007/08 marketing year. Ending stocks of U.S. wheat increased from 306 mb in MY 2007-08 to 657 mb in MY 2008-09 to 973 mb in MY 2009-10 to a projected level of 1,093 bb in MY 2010-11. Ending stocks have been greater than either food use or exports for two consecutive marketing years.

**Figure 4. Trends in U.S. Wheat Use and Ending Stocks: 2004-05 through 2010-11 Marketing Years**  
(July 9, 2010 USDA WASDE Report)



## Soybean Market Situation & Outlook

### Soybeans ⇨ Neutral impact on soybean market outlook

- **World Oilseed ending stocks in MY 2010/11 = 77.3 mmt (21% S/U)** (↓ 0.20 mmt vs June WASDE)
  - Versus 79 / 57 / 62 mmt (21.5% / 17% / 18% S/U) for MY 2009, 2008 & 2007, respectively
    - Continued large world Oilseed stocks due to large U.S. & South American production (absent 2010 U.S. crop problems)
- **U.S. Soybean ending stocks in MY 2010/11 = 360 mb (11.4% S/U)** (no change from June WASDE)
  - Versus 175 / 138 / 205 mb (5.2% / 4.5% / 7% S/U) for MY 2009, 2008 & 2007, respectively
  - U.S. Soybean prices in \$8.10 - \$9.60 /bu range in MY 2010/11 (vs \$9.55 in MY 2009/10)
    - U.S. Soybean crush & exports down in MY 2010/11 compared to MY 2009/10 due to world competition

**Projected Soybean Supply-Demand for MY 2010-11:** In its July 9, 2010 Crop Production report, USDA NASS projected 2010 U.S. soybean planted acreage at 78.868 million acres, up 770,000 acres from the

March 2010 Prospective Plantings report, and up 1.417 mln ac from 2009 (Table 4). Projected harvested area of 77.986 mln ac was 1.415 mln ac higher than in 2009. Using trendline yields (42.9 bu./ac.), the July WASDE report projects 2010 U.S. soybean production of 3.345 bb, up 35 mb from the June WASDE report, but down from 3.359 bb in 2009 (Table 4).

Based on beginning stocks of 175 mb (down 10 mb from the June WASDE, and up 37 mb from MY 2009-10) and imports of 10 mb, total supplies of U.S. soybeans for MY 2010-11 were projected to be 3.530 bb (up 25 mb from the June WASDE, and up 18 mb from MY 2009-10). Total use of 3.530 bb consisted of domestic crushings of 1.645 bb (up 5 mb from the June WASDE, but down 100 mb from MY 2009-10), exports of 1.370 bb (up 20 mb from the June WASDE, but down 90 mb from the record high 1.460 bb in MY 2009-10), seed use of 88 mb, and residual use of 67 mb (up 1 mb from MY 2009-10). Sizable declines in projected MY 2010-11 exports of soybean meal (8.9 mln. tons, down 23%) and soybean oil (2.1 billion lbs., down 35%) are reflected in the lower domestic soybean crushings projection for MY 2010-11. Use of soybean oil for biodiesel production in MY 2010-11 (in the form of methyl ester) is projected to be 2.9 billion lbs., up 45%.

Ending stocks of U.S. soybeans are projected to be 360 mb in MY 2010-11 (up 185 mb from MY 2009-10), representing 11.4% ending stocks-to-use (up from 5.2% in MY 2009-10 and 4.5% in MY 2008-09). Average U.S. soybean prices for MY 2010-11 are projected to be in the range of \$8.10-\$9.60 per bushel (up \$0.10 on each end of the range), with a midpoint of \$8.85. This compares to an estimated MY 2009-10 U.S. average price of \$9.55 per bushel (raised \$0.10 from the June WASDE report).

**Table 4. U.S. Soybean Supply-Demand Balance Sheet: 2007-08 through 2009-10 Marketing Years**  
(July 9, 2010 USDA WASDE Report)

Item	2007-08	2008-09	2009-10	2010-11
Planted Area (million acres)	64.7	75.7	77.5	78.9
Harvested Area (million acres)	64.1	74.7	76.4	78.0
Yield per harvested acre (bushels/acre)	41.7	39.7	44.0	42.9
	million bushels			
Beginning Stocks	574	205	138	175
Production	2,677	2,967	3,359	3,345
Imports	10	13	15	10
<b>Total Supply</b>	<b>3,261</b>	<b>3,185</b>	<b>3,512</b>	<b>3,530</b>
Domestic Crushings	1,803	1,662	1,745	1,645
Exports	1,159	1,283	1,460	1,370
Seed	89	90	92	88
Residual	5	12	41	67
<b>Total Use</b>	<b>3,056</b>	<b>3,047</b>	<b>3,338</b>	<b>3,170</b>
Ending Stocks	205	138	175	360
% Ending Stocks-to-Total Use	6.7%	4.5%	5.2%	11.4%
U.S. Average Farm Price (\$/bushel)	\$10.10	\$9.97	\$9.55	\$8.10-\$9.60 <i>Midpoint = \$8.85</i>

**U.S. Soybean Use and Ending Stocks Trends During the MY 2004-05 through MY 2010-11 Period:**

U.S. soybean exports were trending higher from MY 2005-06 to MY 2009-10, but are projected to decline on a year-to-year basis in MY 2010-11 (from 1.45 bb to 1.35 bb) (Figure 5). Projected MY

2010-11 ending stocks of 360 mb would be the largest since MY 2007-08, but lower than the levels of MY 2005-06 and MY 2006-07.

**Figure 5. U.S. Soybean Use and Ending Stocks: 2004-05 through 2010-11 Marketing Years**  
(July 9, 2010 USDA WASDE Report)

